



Consolidation of the Chilean Salmon Industry and Capital Markets

April, 2019



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Partner
LarrainVial

LarrainVial is the leading independent financial services firm in the Andean region

- A Latin American firm **established** in Chile in 1934
- Fully independent
- Privately held, 25 partners and more than 800 employees

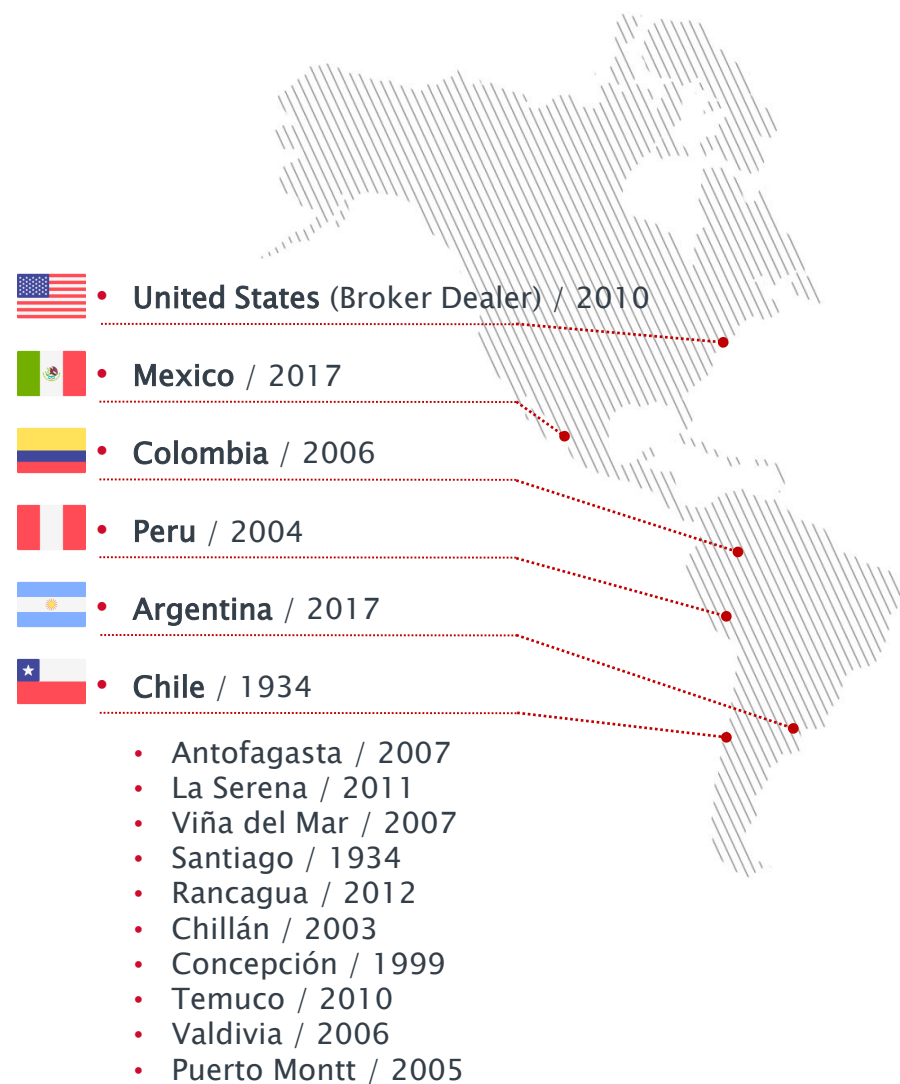
#1 leading independent Investment Bank in Chile

#1 leading Stock Broker with 22.5% of the traded volume on the Chilean Equity market


























84 years Experience in Equity markets

+32,000 clients world wide

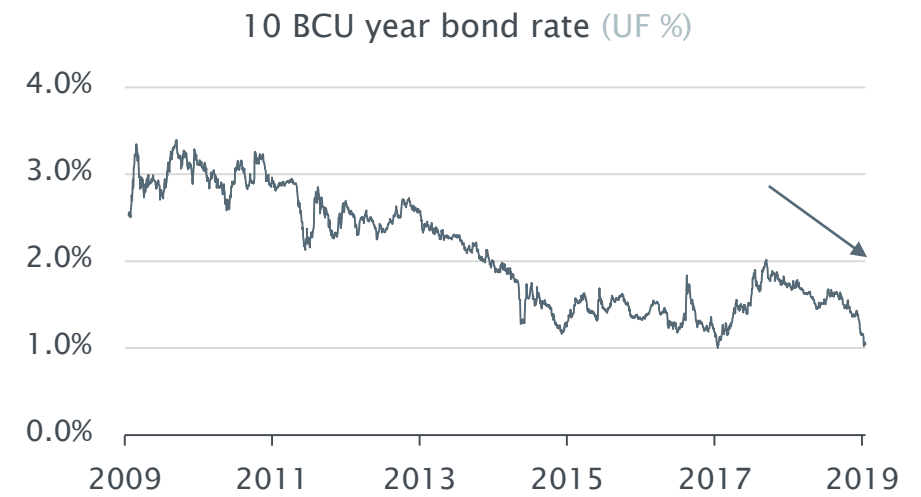
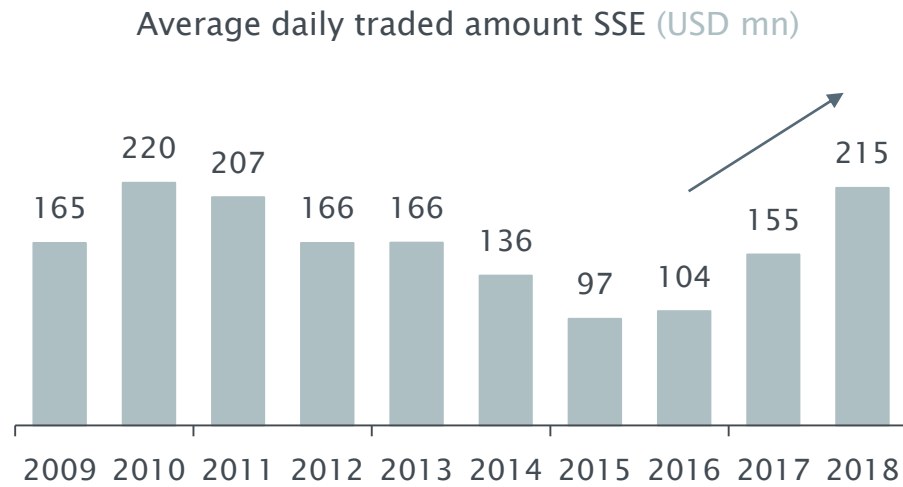
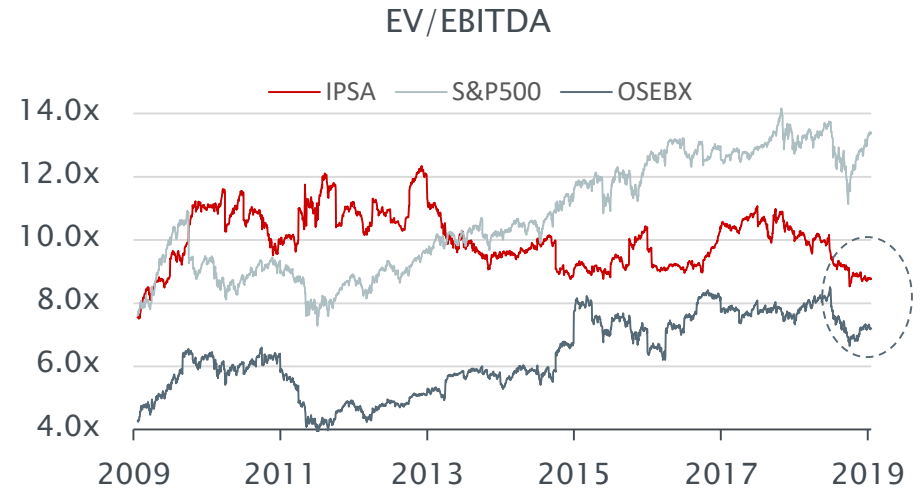
+USD 28bn assets under distribution



LarrainVial experience in the salmon industry

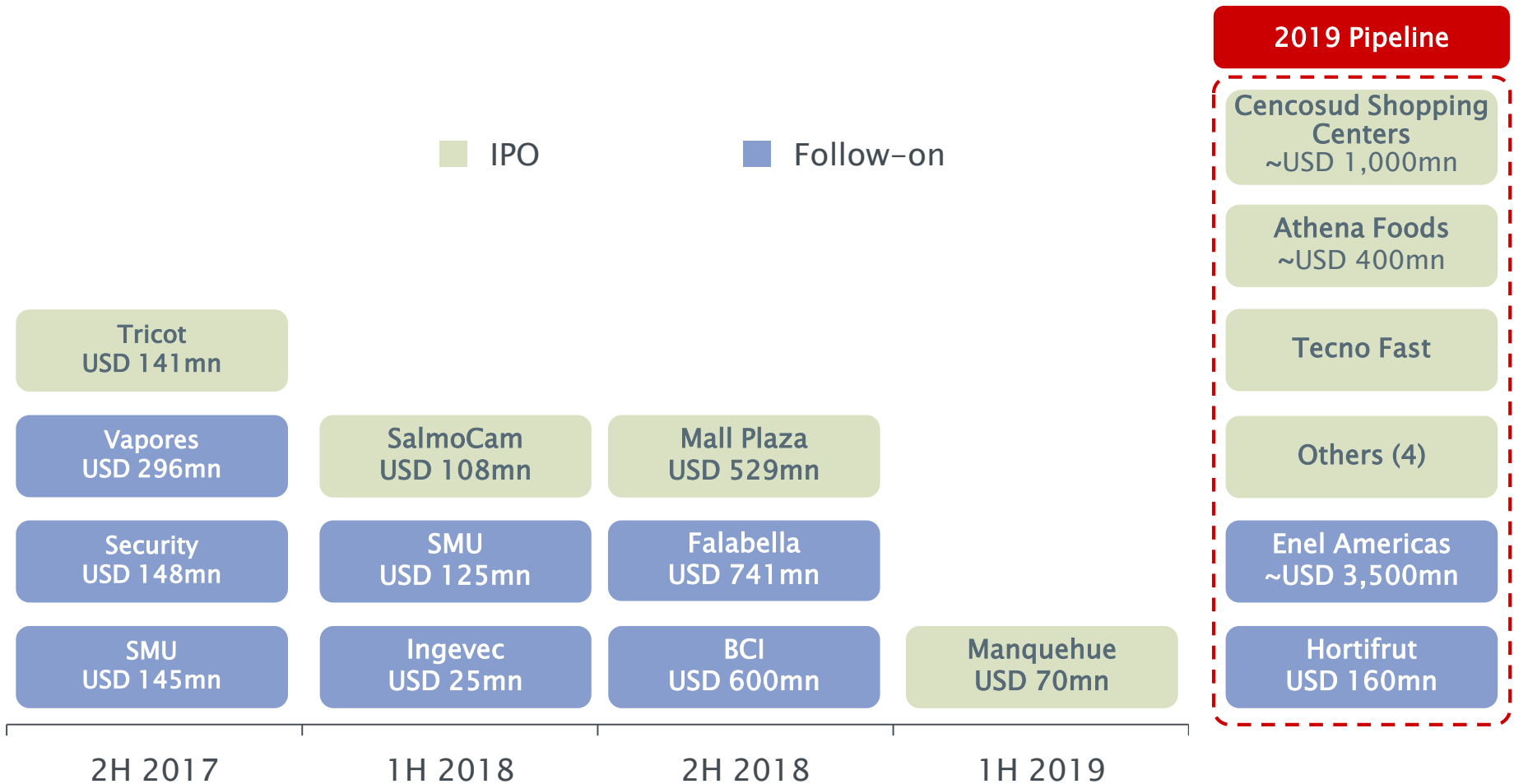
 <p>USD 880,000,000</p> <p>M&A</p> <p>Announced</p>	 <p>USD 235,000,000</p> <p>M&A</p> <p>2018</p>	 <p>USD 108,000,000</p> <p>IPO Chile – Norway</p> <p>2018</p>	 <p>USD 8,000,000</p> <p>Blocktrade</p> <p>2016</p>	 <p>USD 57,000,000</p> <p>Follow-on</p> <p>2016</p>	 <p>USD 101,000,000</p> <p>Follow-on</p> <p>2015</p>	 <p>Fairness Opinion</p> <p>2015</p>
 <p>Financial Advisory</p> <p>2015</p>	 <p>USD 32,000,000</p> <p>Follow-on</p> <p>2014</p>	 <p>USD 45,000,000</p> <p>M&A</p> <p>2014</p>	 <p>M&A</p> <p>2014</p>	 <p>USD 124,000,000</p> <p>M&A</p> <p>2014</p>	 <p>USD 183,000,000</p> <p>M&A</p> <p>2014</p>	 <p>USD 225,000,000</p> <p>Public Tender Offer</p> <p>2013</p>
 <p>USD 36,000,000</p> <p>Joint Venture</p> <p>2013</p>	 <p>USD 271,000,000</p> <p>M&A</p> <p>2013</p>	 <p>USD 56,800,000</p> <p>Follow-on</p> <p>2013</p>	 <p>Fairness opinion</p> <p>2012</p>	 <p>Fairness opinion</p> <p>2012</p>	 <p>USD 952,000,000</p> <p>M&A</p> <p>2011</p>	 <p>USD 71,000,000</p> <p>IPO</p> <p>2011</p>
 <p>Fairness opinion</p> <p>2011</p>	 <p>Fairness opinion</p> <p>2011</p>	 <p>USD 124,000,000</p> <p>M&A</p> <p>2011</p>	 <p>USD 215,000,000</p> <p>Senior Bonds</p> <p>2011</p>	 <p>USD 230,000,000</p> <p>IPO</p> <p>2010</p>	 <p>USD 92,000,000</p> <p>Follow-on</p> <p>2010</p>	 <p>M&A</p> <p>2010</p>
 <p>USD 55,500,000</p> <p>Blocktrade</p> <p>2010</p>	 <p>Fairness opinion</p> <p>2010</p>	 <p>M&A</p> <p>2010</p>	 <p>USD 295,000,000</p> <p>Debt restructuring</p> <p>2010</p>	 <p>USD 185,000,000</p> <p>Syndicated Loan</p> <p>2009</p>	 <p>Fairness opinion</p> <p>2009</p>	 <p>USD 95,000,000</p> <p>IPO</p> <p>2007</p>

Positive scenario of the Chilean Capital Market



Many companies have taken advantage of the market

Relevant transactions in the Santiago Stock Exchange (USD mn)



Strength of Chile's Capital Market



Market Cap / GDP (2018)	153%	88%	75%
Market Cap ¹	USD 31 tn	USD 263bn	USD 324bn
P/E 2018	16.49x	16.50x	16.25x
EV/EBITDA 2018	11.80x	8.53x	6.65x

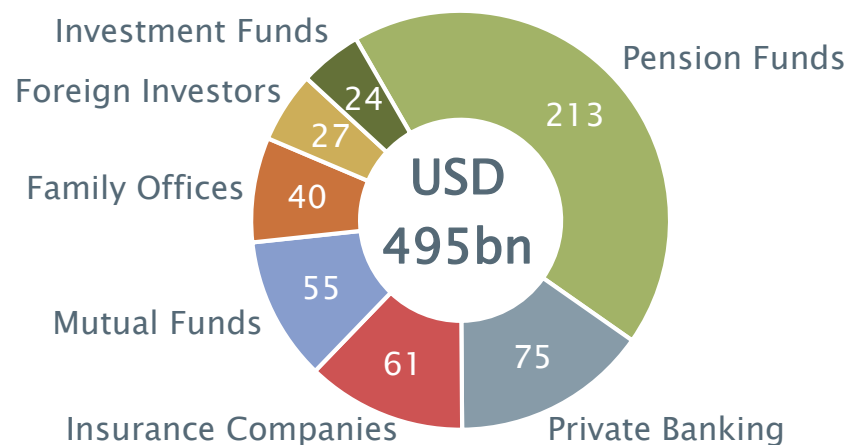


Market Cap / GDP (2018)	48%	41%	37%	29%	8%
Market Cap ¹	USD 894bn	USD 91bn	USD 124bn	USD 357bn	USD 44bn
P/E 2018	14.66x	19.37x	11.15x	15.29x	7.84x
EV/EBITDA 2018	7.55x	7.94x	7.05x	7.29x	2.78x

¹ Publicly traded companies

Chile's main qualified and institutional investors

Qualified and Institutional Investors
Distribution (Mar-19)



Chilean Small Cap Funds



PENSION FUNDS

- ✓ 10% of the portfolio invested in Local Equity
- ✓ USD 1.8bn invested in the last 12 months in Local Equities

INSURANCE COMPANIES

- ✓ Active in EM Equities, Latam Investments and Alternative products

FOREIGN INVESTORS

- ✓ USD 27bn invested in Chilean Equities
- ✓ MSCI Chile ETF manages USD 400mn

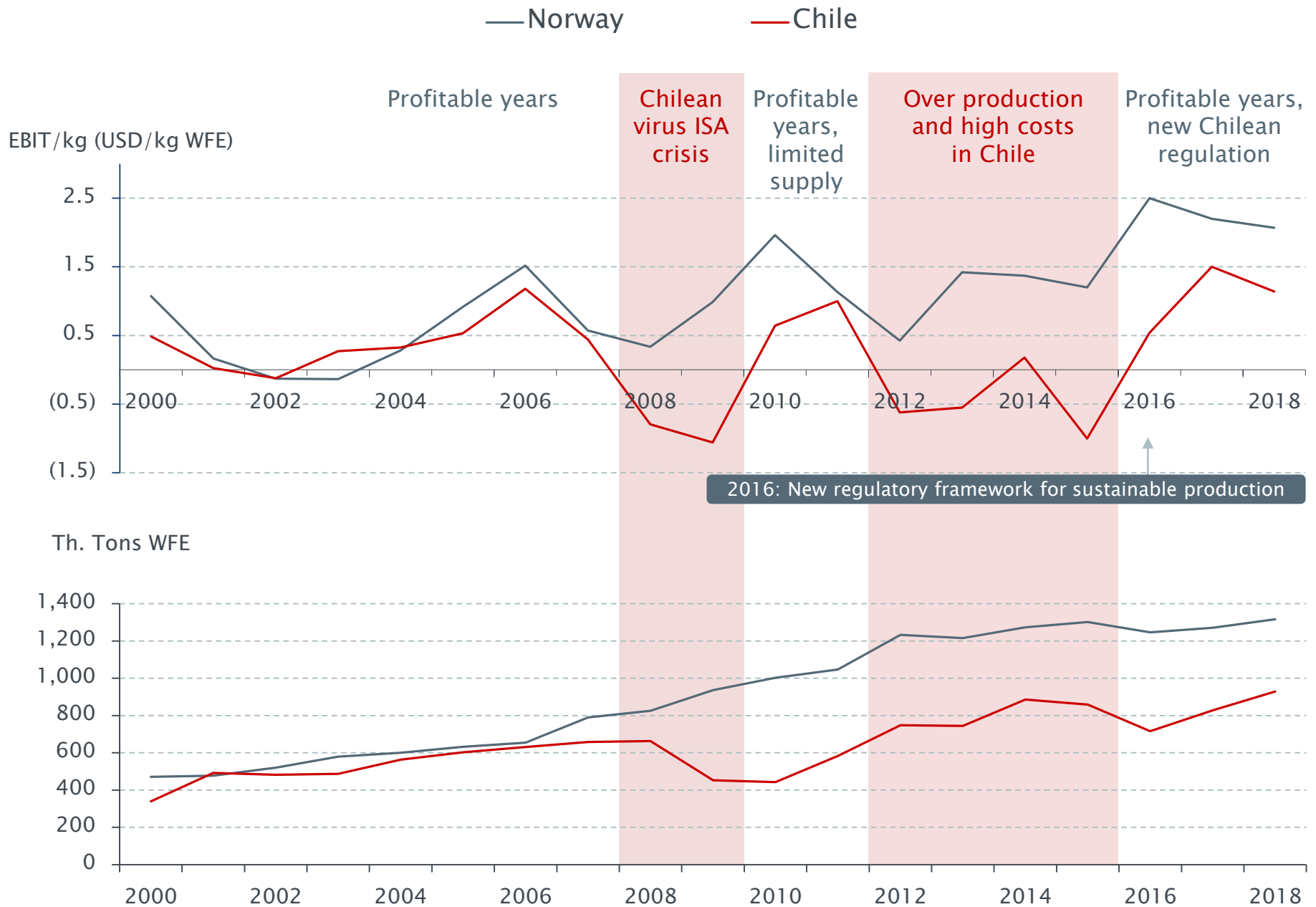
EQUITY FUNDS

- ✓ Local Small Cap Funds with record high in Assets Under Management (USD 4.1 bn)
- ✓ Top 10 Local Equity Mutual Funds manage USD 2.4bn

PRIVATE BANKS AND FFOO

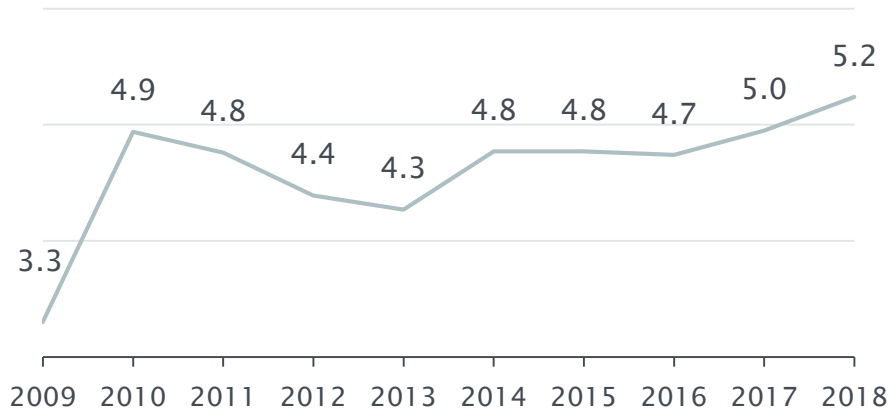
- ✓ Focusing in EM, passive vehicles in Equities and Alternative products

Brief history of Chilean salmon farming industry

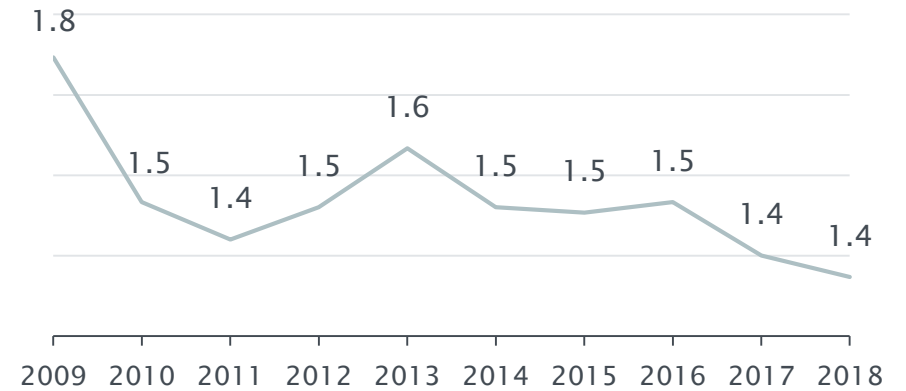


Chile dramatically improved its production performance in the last years

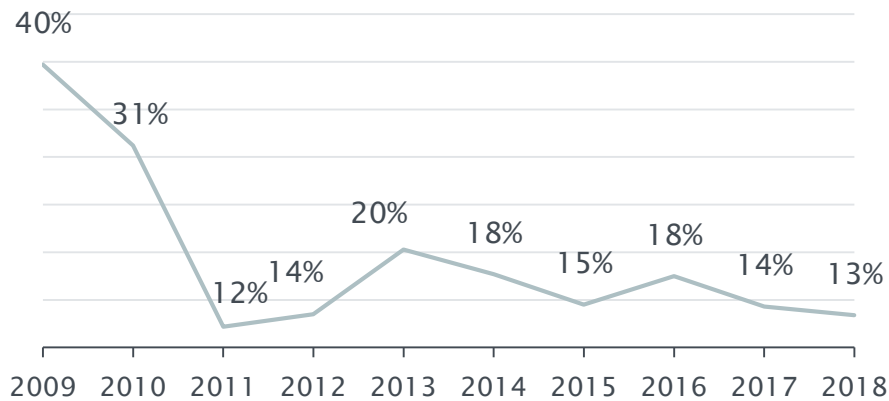
Harvest weight (kg WFE)



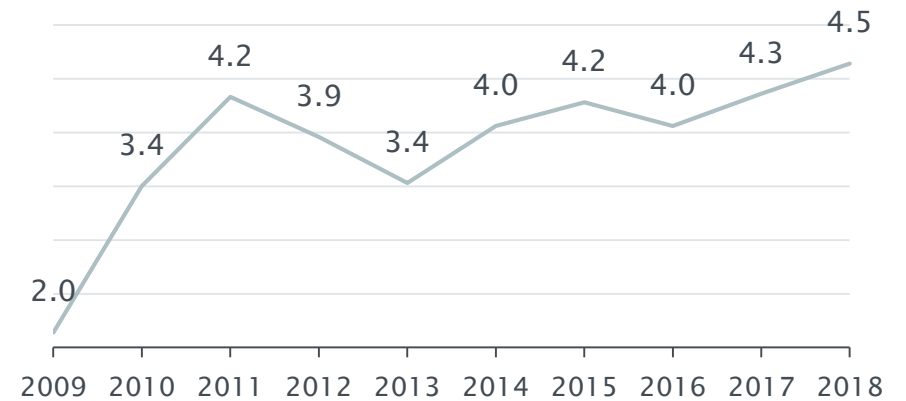
Feed Conversion Ratio (economic)



Mortality (% number)

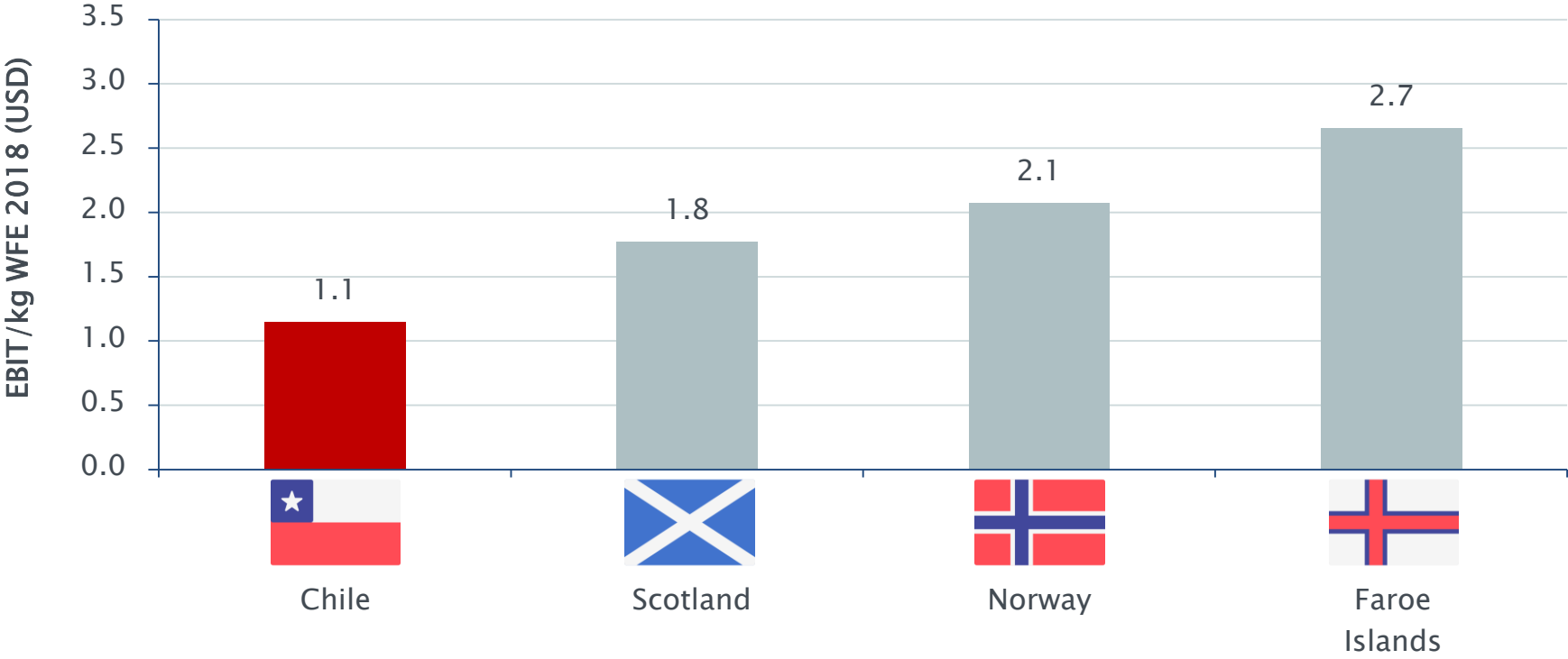


Smolt Yield (kg WFE/smolt)

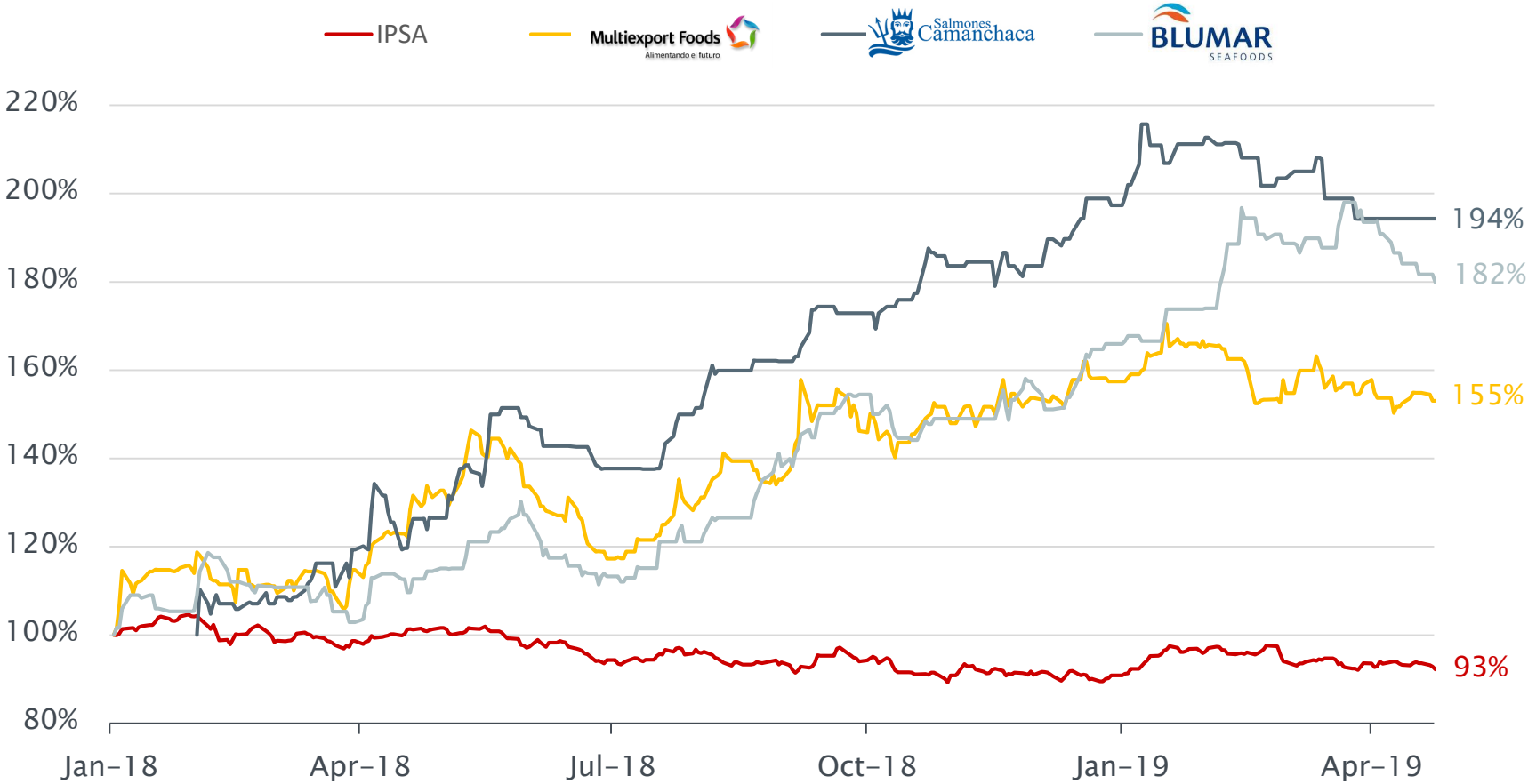


Note: Consider Atlantic salmon, Coho and Trout

There is a profitability upside for Chilean salmon farming industry



Chilean salmon companies outperformed IPSA Index during 2018



Valuation multiples of salmon farming companies in the world

<i>(In USD mn, except per share data)</i>		Stock Price		Current Market Cap	Current EV	Volume (Th. Tons WFE)	EV/Sales	EV/EBITDA	EV/EBIT Adj.	P/E Adj.	NFD/EBITDA	ADTV 3 months	Sales	EBITDA	Current EV Adj./kg	
Company	4/23 '19	2018 var (%)	(USD mn)	(USD mn)	'18	'18	'18	'18	'18	'18	'18	(USD mn)	'18	'18	'18	'19e
Norway		NOK	%													
Mowi ASA	189	35.6%	11,365	12,640	417	2.8x	11.6x	13.9x	15.9x	1.2x	32.7	4,492	1,069	30.3x	26.5x	
SalMar ASA	392	58.6%	5,157	5,386	173	4.4x	12.7x	14.5x	17.2x	0.4x	11.0	1,393	485	31.1x	29.8x	
Lerøy Seafood Group ASA	63	42.7%	4,368	4,927	188	2.2x	10.1x	12.0x	14.3x	0.6x	8.1	2,437	519	26.2x	24.4x	
Grieg Seafood ASA	103	42.8%	1,332	1,610	83	1.7x	9.9x	12.0x	15.0x	1.6x	4.1	935	164	19.3x	17.7x	
Norway Royal Salmon AS	191	41.9%	959	1,046	40	1.6x	11.3x	12.9x	15.7x	0.8x	2.4	624	90	26.2x	24.8x	
Average Norwegian companies			44.3%				2.5x	11.1x	13.1x	15.6x	0.9x	11.6			26.6x	24.6x
Median Norway			42.7%				2.2x	11.3x	12.9x	15.7x	0.8x	8.1			26.2x	24.8x
Chile		CLP														
Empresas AquaChile S.A.	491	51.0%	848	1,333	110	1.9x	10.4x	13.4x	13.1x	3.7x	-	716	128	11.9x	-	
Multiexport Foods S.A.	373	57.3%	786	1,040	82	1.9	8.9x	10.5x	10.0x	0.2x	0.3	537	117	12.7x	11.4x	
Australis Seafoods S.A.	83	62.7%	846	952	59	2.5	11.0x	13.2x	18.9x	1.3x	-	361	82	16.2x	11.3x	
Salmones Camanchaca S.A.	6,350	76.1%	626	665	54	2.0	7.8x	9.1x	13.9x	0.5x	0.2	332	83	12.2x	10.2x	
Blumar S.A.	300	79.1%	630	757	56	1.4	5.3x	6.5x	7.4x	0.8x	0.1	503	129	10.5x	15.5x	
Invermar S.A.	120	13.2%	261	267	34	1.1	5.2x	6.9x	12.1x	0.1x	-	230	50	7.1x	-	
Average Chilean companies			56.6%				1.8x	8.1x	9.9x	12.6x	1.1x	0.2			11.8x	12.1x
Median Chile			60.0%				1.9x	8.3x	9.8x	12.6x	0.6x	0.2			12.1x	11.4x
Faro Islands		NOK														
P/F Bakkafrost	439	26.4%	2,499	2,575	50	5.0x	12.5x	14.8x	19.3x	0.38x	6.1	503	202	51.5x	42.1x	
Average Faroese companies															51.5x	42.1x
Median Faroese															51.5x	42.1x
Scotland		NOK														
The Scottish Salmon Company PLC	18	122.5%	404	436	33	1.7x	5.4x	6.3x	7.3x	0.43x	0.3	240	75	13.1x	12.5x	
Average Scottish companies															13.1x	12.5x
Median Scotland															13.1x	12.5x

Recent transactions in the Chilean salmon farming industry

LarrainVial 

JOYVIO
A MEMBER OF LEGEND HOLDINGS

acquires


australis
SEAFOODS

USD 880 mn
Announced



acquires

Salmones
ICEVal

USD 51 mn
January 2019



acquires

AQUACHILE 

USD 850 mn
December 2018

AQUACHILE 

acquires


SALMONES
MAGALLANES

USD 259 mn
June 2018

LarrainVial 



acquires


FRIOSUR

USD 235 mn
June 2018

LarrainVial 


Salmones
Camanchaca

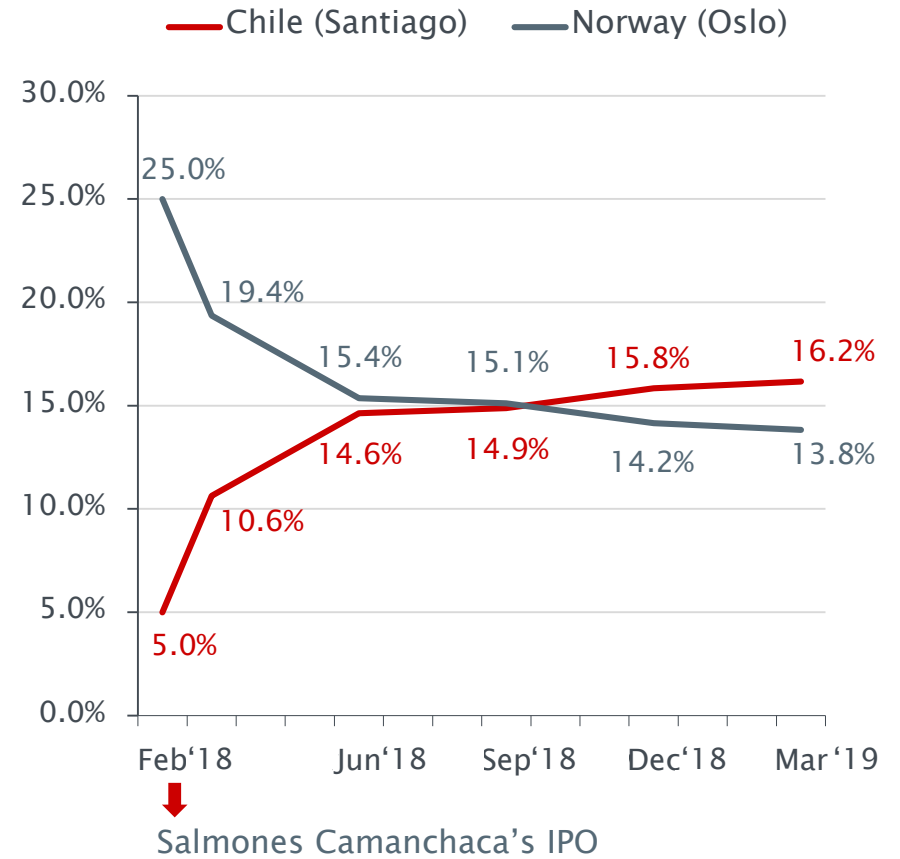
IPO

USD 108 mn
February 2018

Impact on publicly listed Chilean salmon farming companies

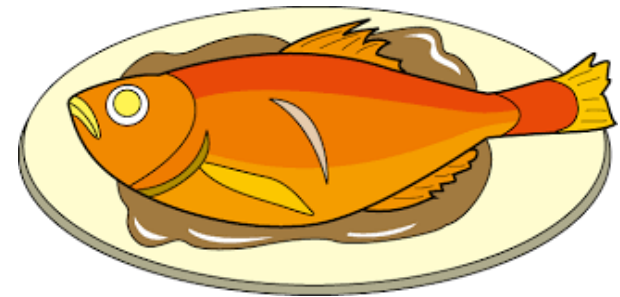


Evolution of Salmones Camanchaca's free float



Opportunities for new issuers to list in Santiago Stock Exchange. Funds are currently underweighted and willing to increase their stakes in salmon farming companies

If you are not at the table, you are on the menu



Is it now a good starting point?

Net Financial Debt / EBITDA (Dec-18)

 Salmones Camanchaca	0.45x
 Multiexport Foods Alimentando el futuro	0.24x
 BLUMAR SEAFOODS	0.78x
 australis SEAFOODS	1.30x
 INVERMAR	0.12x

Average: 0.58x

Optimal conditions to finance transactions

Some alternatives for the future

1. Organic and inorganic growth

- ✓ Multiexport Foods
- ✓ Hortifrut

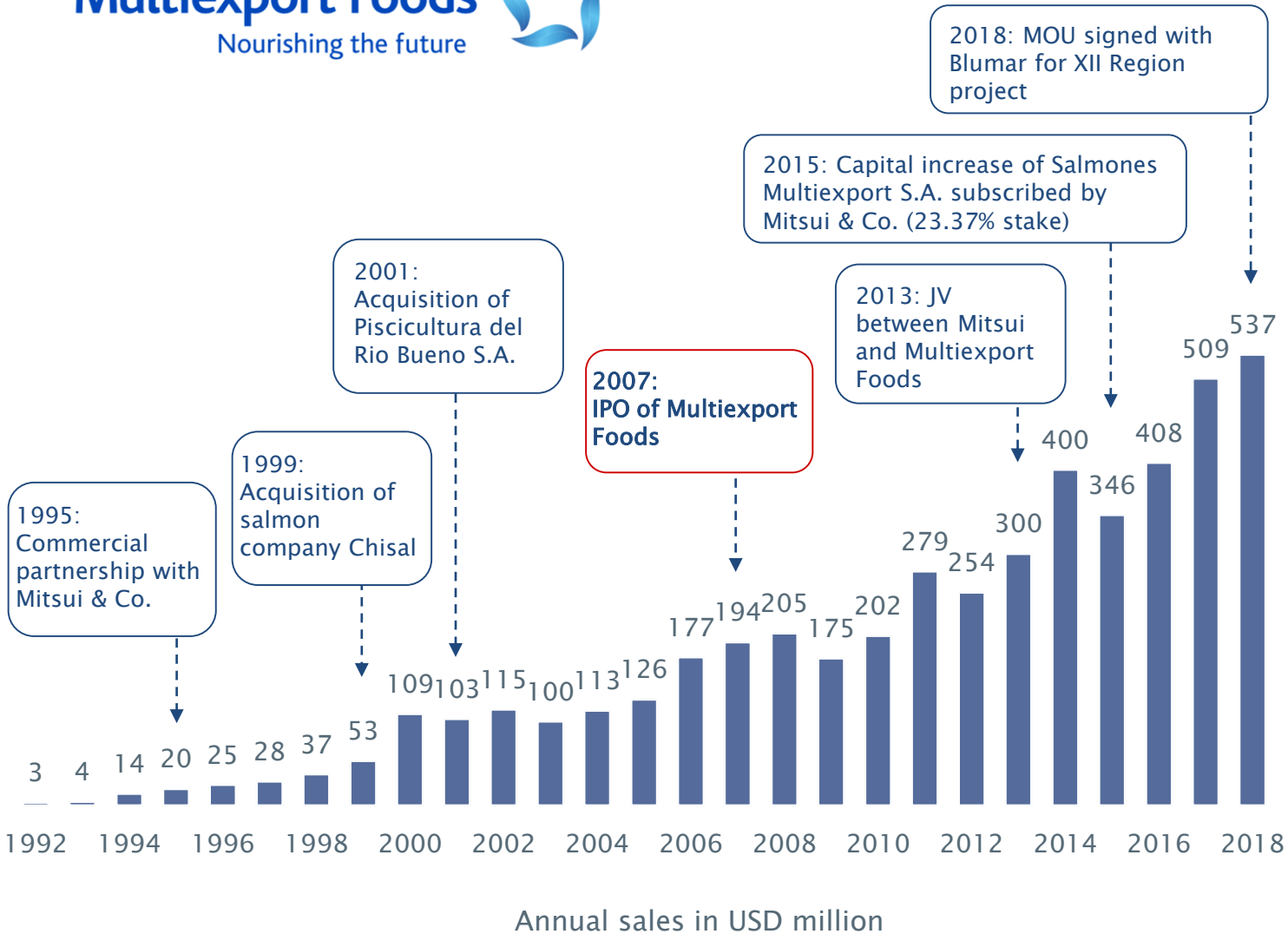
2. Integration along the value chain

- ✓ Viña Concha y Toro
- ✓ Kverva

3. Expansion to other proteins

- ✓ Cooke
- ✓ Agrosuper

1. Organic and inorganic growth



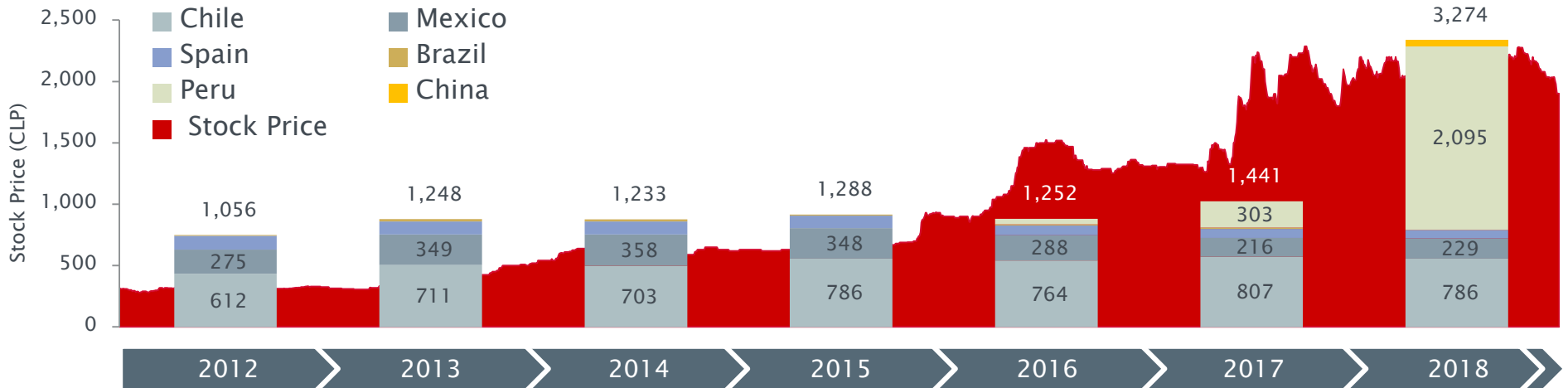
1. Organic and inorganic growth

Hortifrut: a history of value creation



Strong activity of mergers, acquisitions and JV's to support an accelerated growth (USD mn)

Hectares per country and stock price



	2012	2013	2014	2015	2016	2017	2018
Market Cap	227	237	231	445	399	893	1,504
Revenue	215	262	336	349	429	389	536
EBITDA	23	37	44	46	67	60	109

M&A and JV

IPO (USD 67 mn)		Merger		JV (700 has)		JV		JV		JV		Merger	
2012		2013		2014		2014		2014		2016		2018	

2. Integration along the value chain

Concha y Toro: global vertically integrated business

3 Productive Origins

130 Countries of Destination

14 Distribution Subsidiaries



	2000	2003	2006	2009	2012	2015	2018
Market Cap	637	687	1,143	1,739	1,502	1,140	1,592
Revenue	186	264	474	698	935	898	885
EBITDA	40	51	78	125	112	136	122
Volume (mn 9 lt boxes)	11	15	21	29	31	34	33

M&A and JV

- digrans** (Mexico) JV 2011
- BANFI VINTNERS** (USA) JV 2011
- FETZER VINEYARDS** (USA) M&A USD 238 mn 2011
- CELESTERIA LAZARUS** (Chile) M&A 2011
- Chartron Hobbs** (Canada) JV 2014
- MITSUBISHI Mercian** (Japan) JV 2014
- EXCELSIOR WINES** (USA) M&A USD 40.5mn 2018

2. Integration along the value chain

Kverva: vertical integrated company along all the salmon farming value chain

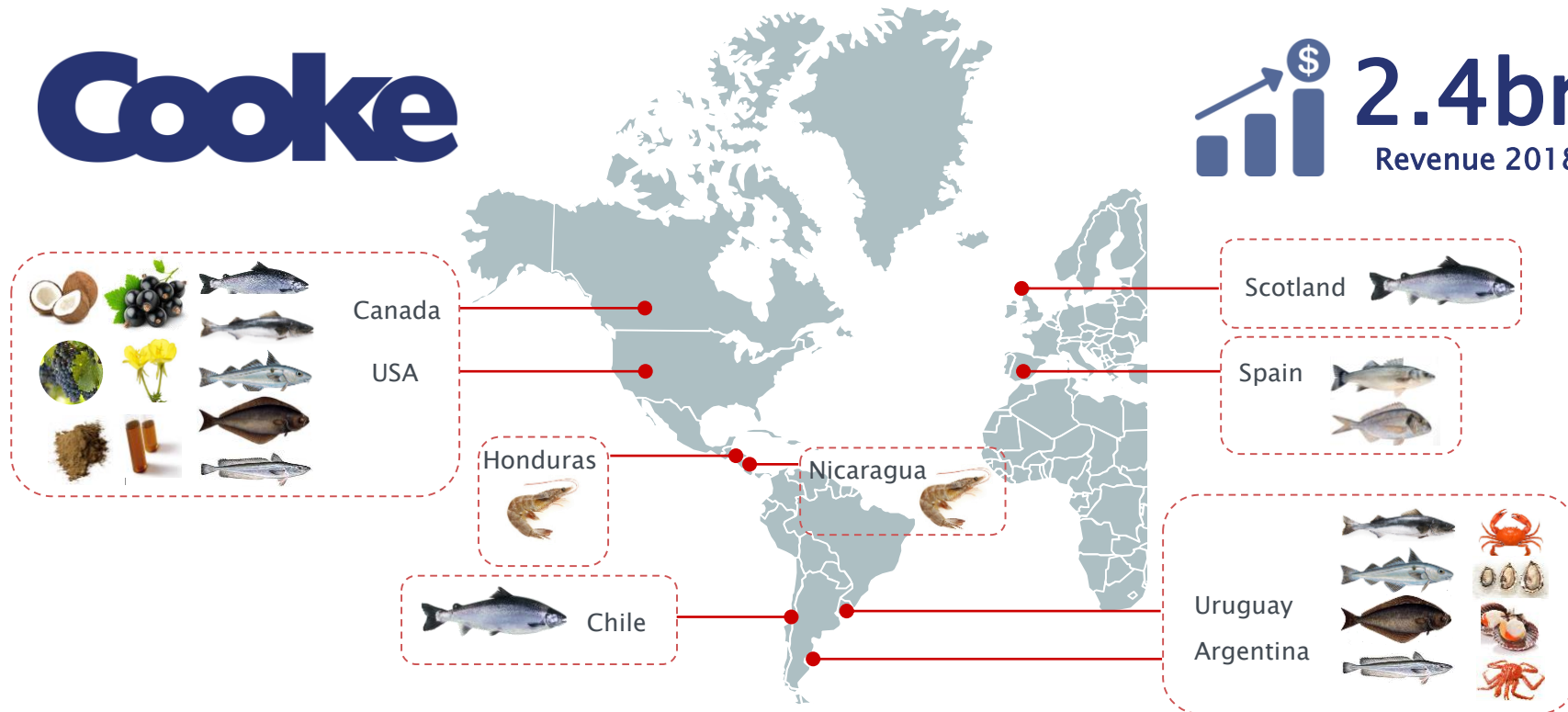


3. Expansion to other proteins

Cooke: global aquaculture, seafood and fishing company



2.4bn
Revenue 2018

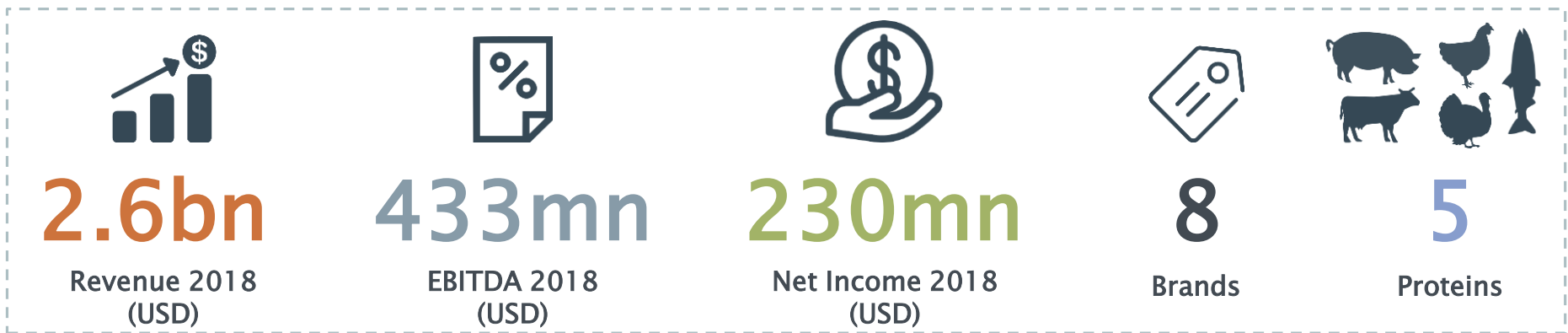
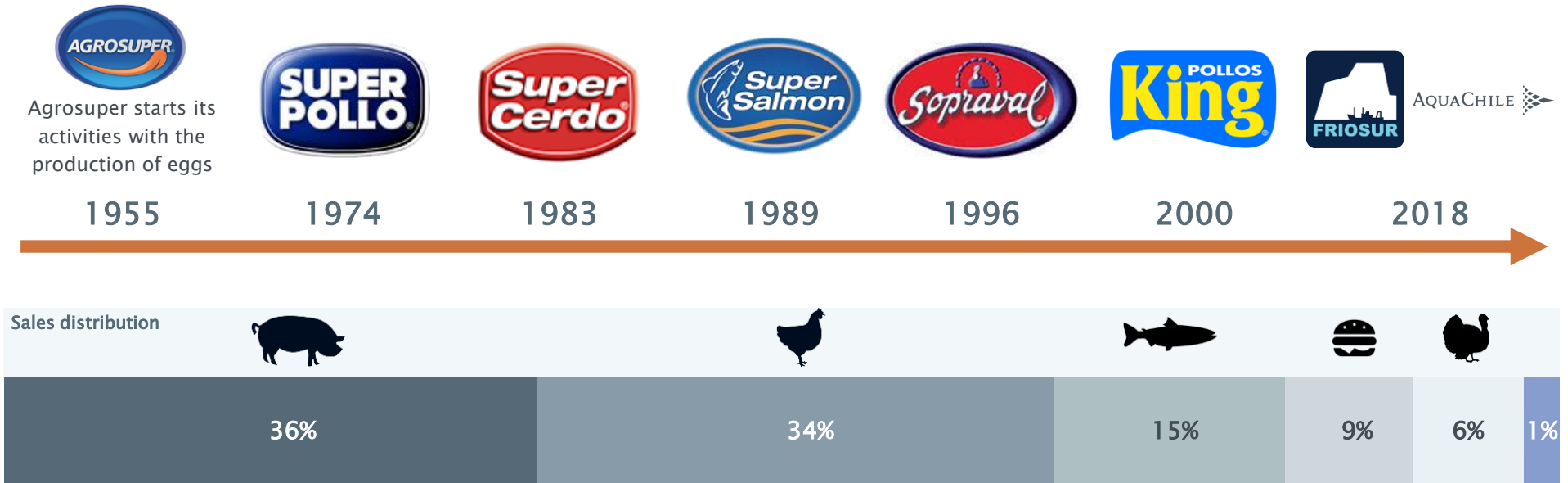


A history of acquisitions



3. Expansion to other proteins

Agrosuper: Multiprotein player vertically integrated with feed



Conclusions

- I. **Optimal conditions to issue Debt / Equity from Chile's Capital Market**
 - a) Strength and depth of the Chilean capital market
 - b) High market liquidity
 - c) Low interest rates

- II. **Optimal conditions for salmon farming companies to take advantage of Capital Markets**
 - a) Competitive and healthy companies with profitable operations
 - b) Attractive valuation
 - c) Underweighted funds in salmon farming companies' holdings



- 1. Organic and inorganic growth
- 2. Integration along the value chain
- 3. Expansion to other proteins

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