

The Scottish Salmon Company PLC

Operational Update Q1 2017



Earnings driven by high prices and operational improvements

Highlights

- Net Q1 operating revenues of £35.1m (Q1 2016: £29.1m)
- EBIT/kg before fair value adjustment of £1.67 (Q1 2016: £0.30)
- 5,685 tonnes harvested (Q1 2016: 6,741 tonnes)
- Market prices expected to remain robust
- Guiding of 25,000 tonnes in 2017 maintained

Key financials

	Q1 2017	Q1 2016	FY 2016
Net operating revenues	35,134	29,105	109,921
EBITDA	11,460	4,213	8,939
EBIT before fair value adjustments	9,496	2,039	672
Equity ratio	60%	55%	55%
NIBD	43,711	40,797	42,904
Harvested volume	5,685	6,741	24,342
EBIT/kg before fair value adjustments	1.67	0.30	0.03

Status and outlook

- Revenues for the first quarter 2017 were £35.1m (Q1 2016: £29.1m) on harvested volumes of 5,685 tonnes (Q1 2016: 6,741 tonnes). Increased revenue has been driven by further development of the export market, increased contract prices with a focus on customer partnerships together with consistently higher market prices.
- Also driven by operational improvements, EBIT/kg was £1.67 (Q1 2016: £0.30), the best result in the history of The Scottish Salmon Company. However, industry wide biological challenges remain a challenge and had an impact on costs in 2016 and which followed through into the first quarter 2017.
- The Scottish Salmon Company remains focused on biological improvements, introducing a number of proactive and reactive strategies including: the lease of an additional well boat to ensure operational flexibility and the commissioning of a dedicated hydrolicer and targeted feed regime and the further introduction of cleaner fish throughout marine sites.
- During the quarter The Scottish Salmon Company received a positive decision notice for a site at Portree on the Isle of Skye with an additional 2,000 tonnes of consent. This brings the operations in that location to over 4,000 tonnes capacity. Smolt release will commence in September 2018, with first harvests anticipated to start in late 2019.
- In Q1 2017, export sales accounted for 47% of value, compared to 43% in Q1 2016. The Scottish Salmon Company continues to target overseas markets, leveraging the value of its provenance and the continued demand for quality Scottish produce. Together with our sales of Label Rouge salmon, Native Hebridean salmon is a key driver of export growth. Developed through a unique native brood stock programme offering 100% traceable Hebridean heritage.
- The outlook is for a continued strong demand and with limited global supply growth this paves the way for continued firm prices throughout 2017 and into 2018.
- The Scottish Salmon Company expects to harvest about 25,000 tonnes in 2017.

CEO comment

Craig Anderson, Chief Executive Officer at The Scottish Salmon Company, said:

"We remain firmly focused on our long term growth strategy and new site development is an integral part of this strategy. The development of the site at Portree demonstrates this and complements our existing Hebridean operations."

"We have made positive steps to address the biological challenges introducing new initiatives including the commissioning of a hydrolicer and an additional well boat to increase operational efficiencies and increase flexibility."

"The global salmon market remains strong and prices are forecast to remain firm. Demand at home and overseas for Scottish salmon as a premium food product continues. Our aim remains to capitalise on this with our continued drive on exports together with a focus on developing long term customer partnerships. Our Native Hebridean development complements the increasing trend of food provenance which is core to our marketing drive for overseas sales."

Financial calendar

On 23 May, the Company will host an investor presentation in Oslo, providing an update on strategic development and operational and financial status. See <http://www.scottishsalmon.je/investor-presentation/> for registration.

The Company will release its first half 2017 results on 30 August 2017. There will be a webcast and telephone conference followed by a Q&A session.

For more information, please contact:

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Notes:

The Scottish Salmon Company is the leading producer of premium salmon with operations only in Scotland. The Company is engaged in all stages of the value chain from smolt production through freshwater and marine farming to harvesting and processing, as well as sales and marketing activity. It is dedicated to producing the highest quality Scottish salmon.

All of The Scottish Salmon Company's farms and processing facilities are audited and approved by the internationally acclaimed GlobalG.A.P. accreditation scheme, which includes excellence in fish husbandry and animal welfare.

The Scottish Salmon Company supports the development of health and wellbeing in the local communities in which staff work and live. Around 500 people are employed by the Company, approximately 230 of whom are in the Hebrides with its head office in Edinburgh.

The Scottish Salmon Company Limited is a subsidiary of The Scottish Salmon Company PLC, which is listed on the Oslo Børs stock exchange.