

The Scottish Salmon Company PLC

Operational Update Q4 2017



Earnings driven by operational improvements

Highlights

- EBIT/kg improved compared to prior quarter to £0.95
- Record revenues of £39.9m, driven by higher harvest volumes and strong prices
- Mortalities and accelerated harvesting impact costs
- Successful positioning of premium brands in overseas markets
- Target harvest volume of 26,500 in 2018

Key financials

	Q4 2017	Q4 2016	FY 2017	FY 2016
Net operating revenues	39 895	27 209	150 946	109 921
EBITDA before fair value adjustments	8 650	1 175	38 669	8 939
EBIT before fair value adjustments	6 542	(994)	30 476	672
Equity ratio	59 %	55 %	59 %	55 %
NIBD	38 519	42 904	38 519	42 904
Harvested volume	6 874	5 733	25 272	24 342
EBIT/kg before fair value adjustments	0.95	(0.17)	1.21	0.03

Status and outlook

- Revenues for the fourth quarter 2017 were £39.9m (Q4 2016: £27.2m). The increased revenue is partly due to higher harvest volumes 6,874 tonnes (Q4 2016: 5,733 tonnes) and also continued strong selling prices. Revenue for Q4 2017 at £5.80/kg (Q4 2016: £4.75/kg), a £1.05/kg uplift.
- Costs/kg and volume harvested were impacted by mortalities and lower average harvest weights due to accelerated harvesting.
- During the quarter, mortalities reduced compared to Q3 2017. These mortalities were site specific and in line with our standard practice, are accounted for as they occur. The impact continues into 2018.
- Focus on biological improvements remains a priority, a new position of Director of Biology was filled during the quarter further strengthening our fish health expertise.
- To support the further development of the Native Hebridean Broodstock Programme, an agreement with Hendrix Genetics, a leading international breeding technology company was confirmed during the quarter.
- The new fillet line at the processing plant in the south started operations. This new facility will further improve the Company's offering and flexibility to meet customer requirements on a continuous basis and provide increased capacity in this growing offering.
- In Q4 2017, export accounted for 58% of sales, compared to 44% in Q4 2016. SSC has a continued focus to expand exports to overseas markets. Positive feedback on the unique Native Hebridean salmon has captured attention in these export markets.
- The Company will continue its focus on cost and efficiency improvements, and guides on a harvest volume of 26,500 tonnes in 2018.

CEO comment

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

“We remain loyal to our long-term strategy to grow our business, and to offer premium quality products produced in a sustainable way. Harvest volumes increase steadily and Q4 volumes were the highest in more than two years.”

“We remain dedicated to our ambitions to improve operational efficiency by continuously developing our value-chain infrastructure and teaming up with leading partners to further develop our broodstock programme.”

“We continue to pursue our ambitions to expand exposure to overseas markets. Introduction of our premium brands has been well received in both American and Far East markets.”

“Demand for Scottish salmon as a premium food product continues to be strong and we aim to capitalise on this through continuing our export drive of our premium brands.”

For more information, please contact:

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Notes:

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

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.