

# The Scottish Salmon Company PLC

## Operational Update Q1 2018



### Record Revenues driven by Higher Harvesting Volumes and Strong Prices

#### Highlights

- Record revenues of £43.4m, driven by higher harvest volumes and strong prices
- EBIT/kg improved to £1.83, 10% growth from Q1 2017
- Introduced “Lochlander” export brand into the North American market
- SSC awarded “Best Aquaculture Practice” (BAP) certification
- Dividend payment of NOK 0.34 per share, first dividend since 2011

#### Key financials

	Q1 2018	Q1 2017	FY 2017
Net operating revenues	43 374	35 134	150 946
EBITDA	15 166	11 460	38 669
EBIT before fair value adjustments	13 089	9 496	30 476
Equity ratio	62%	60%	59%
NIBD	39 632	43 711	38 519
Harvested volume	7 136	5 685	25 272
EBIT/kg before fair value adjustments	1.83	1.67	1.21

#### Status and outlook

- Revenues for the first quarter 2018 were £43.4m (Q1 2017: £35.1m). The increase is mainly driven by higher harvest volumes of 7,136 tonnes (Q1 2017: 5,685 tonnes). Revenue per kg for Q1 2018 remains strong at £6.08/kg (Q1 2017: £6.18 /kg).
- Costs/kg ended at £4.24/kg (Q1 2017: £4.51/kg). From Q1 2018, SSC changed its basis accounting estimate for mortalities to be more in line with its competitors. Only exceptional mortality will be booked as incurred. Consequently, mortality costs will be transiently low in 2018. The impact is £0.24/kg in the quarter.
- EBIT per kg before fair value adjustment came in at £1.83 (Q1 2017: £1.67/kg).
- Mortalities have reduced since last quarter, due to colder sea water temperatures since the start of the year and initiatives taken to improve the biological situation.
- SSC awarded “Best Aquaculture Practice” (BAP) certification for all its marine sites. BAP is the world’s most trusted, comprehensive and proved 3rd party aquaculture certification programme.
- Export volumes accounted for 61% of total sales during the period, up from 47% in Q1 2017. SSC has stated ambitions to increase exports worldwide underpinned by provenance and a strategy of brand development. During the quarter Lochlander salmon was successfully introduced to the North American market. In Q1, exports to markets outside Europe increased to 20%.
- SSC paid a dividend of NOK 0.34 per share in the quarter, the Company’s first dividend since 2011.
- Going forward, the Company will continue its focus on operational and biological improvements. The anticipated harvest volumes remain at 26,500 tonnes in 2018.

## CEO comment

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

*“Our long term strategy to grow our business and to offer premium branded quality products produced in a sustainable way remains. Harvest volumes during the first three months of 2018 increased for the fifth consecutive quarter”*

*“Growing exports and strengthening our presence in overseas markets continues to be a key priority. This strategy is based on development of long term partnerships, promotion of our brands and strong customer relations. During the quarter, our new Lochlander brand was introduced into the USA and was well received.”*

*“Operational efficiency is key, we continue to work to improve performance and efficiency throughout the value-chain.”*

*“Demand for Scottish salmon as a premium product remains strong. We aim to capitalise on this through continued development of our premium brands.”*

## Financial calendar

11.05.2018 – Annual General Meeting

31.08.2018 – Half-yearly report

### **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 BAP accreditation scheme, which includes excellence in fish husbandry and animal welfare.

Over 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 supports the development of health and wellbeing in the local communities in which staff work and live.

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