

The Scottish Salmon Company PLC

Operational Update Q3 2018



Strong performance continues in the third quarter

Highlights

- Revenues of £39.4m, driven by higher harvest volumes
- EBIT/kg improved to £0.95, up 36% from Q3 2017
- Annual tonnage target for 2018 revised to 29,500 tonnes
- Awarded two-star Best Aquaculture Practices (BAP) certification to include processing plants
- Strategic acquisition of a hatchery and freshwater site during November 2018

Key financials

	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Net operating revenues	39 360	39 031	137 636	111 050	150 946
EBITDA	8 776	6 723	46 327	30 016	38 669
EBIT before fair value adjustments	6 762	4 747	39 994	23 932	30 476
Equity ratio	68%	60%	68%	60%	59%
NIBD	18 866	35 814	18 866	35 814	38 519
Harvested volume	7 091	6 781	22 868	18 398	25 272
EBIT/kg before fair value adjustments	0.95	0.70	1.75	1.30	1.21

Status and outlook

- Revenue for the third quarter 2018 was £39.4m (Q3 2017: £39.0m). Harvest volumes increased 5% to 7,091 tonnes (Q3 2017: 6,781 tonnes), while revenue per kilo decreased to £5.55/kg (Q3 2017: £5.76 /kg). Revenue per kilo was impacted by lower average harvest weight during the period.
- Costs/kg was £4.31 for the quarter (Q3 2017: £4.76/kg). SSC changed its accounting basis for mortalities from Q1 2018 to be in line with industry standards resulting in 2018 costs being transitionally lower by £0.24/kg year to date. Re-phasing harvests and lower mean weights also impacted on costs during the quarter.
- The underlying demand for Scottish salmon remains strong. Export volumes accounted for 51% of total sales during the period, up from 47% in Q3 2017. SSC continues to develop overseas markets, particularly in North America and the Far East. Exports to markets outside Europe were lower in the third quarter than earlier in 2018 due to smaller harvest sizes.
- Good growth continues in the standing biomass. The annual tonnage target for 2018 is revised to 29,500 tonnes from the previously stated 28,000 tonnes.
- SSC achieved a two-star Best Aquaculture Practice (BAP) certification including marine sites and processing plants.
- SSC continues to develop its operational platform and acquired a hatchery and fresh-water site in the North of Scotland during November 2018 which will increase smolt production capacity by around 1.5 million, further developing its freshwater infrastructure.

CEO comment

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

“Historically, the third quarter has been the most challenging for The Scottish Salmon Company. However, whilst the third quarter this year has not been without issues, on balance it was a solid quarter. Overall biological performance has been good and we are increasing our harvest volume guidance for the full year to 29,500 tonnes.”

“The demand for Scottish salmon remains strong. Based on our Scottish provenance we continue to develop and promote our brands and products and build long term relationships with customers. An effective operational platform is fundamental to our strategy, securing consistent sustainable production of high quality salmon with efficient flow throughout the value chain.”

“We are pleased to further strengthen our operations with the addition of a freshwater facility in the North reflecting our focus on responsible business growth, improving operations, streamlining activities and increasing capacity.”

For more information, please contact:

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About The Scottish Salmon Company

The Scottish Salmon Company is the leading producer of quality Scottish Salmon with all operations 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 550 people are employed by the Company, approximately 250 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 Stock Exchange.