



Pesquera  
**EXALMAR**  
S.A.A.

# Conference Call: 1Q2014 Financial Results



# Highlights

1. Indirect Human Consumption.
2. Direct Human Consumption.
3. Financial Performance.
4. Advance of First Season 2014 and “Fenómeno del Niño”.



## Indirect Human Consumption



# North-Center Quota

Exalmar: 3rd largest producer of fishmeal and fish oil in Peru in terms of volume, supplementing its quota via buying anchovies caught from independent fishermen.

North-Center Quota

	Company	2 <sup>nd</sup> season 2013
1	TASA	14.10%
2	COPEINCA	10.76%
3	PESQUERA DIAMANTE	8.50%
4	AUSTRAL	6.86%
5	HAYDUK	6.51%
6	Pesquera EXALMAR	6.45%
7	CHINA FISHERY GROUP LIMITED	6.21%
8	Others	40.61%



% of Total Processed

	Company	1 <sup>st</sup> season 2013	2 <sup>nd</sup> season 2013
1	TASA	22.71%	23.77%
2	COPEINCA	15.24%	16.16%
3	Pesquera EXALMAR	10.83%	11.83%
4	HAYDUK	10.55%	9.85%
5	PESQUERA DIAMANTE	10.24%	8.25%
6	AUSTRAL	9.72%	8.70%
7	CHINA FISHERY GROUP LIMITED	7.57%	7.35%
8	Others	13.11%	14.09%

Source: Produce.

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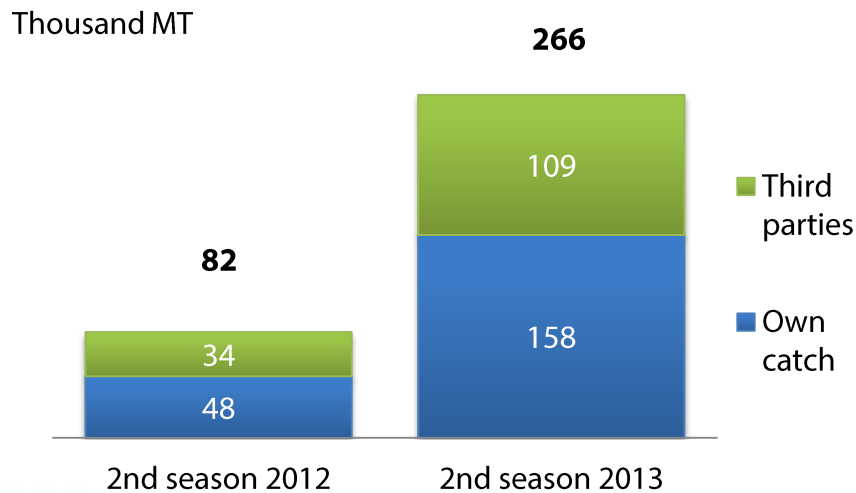
- Anchovy individual fishing quota: 6.45% in North- Center and 4.34% in the South.
- Independent fisherman typically sell their assigned quota to larger companies. Exalmar's ability to buy third party catch allows it to increase its share of national production.
- Strong business relationship with independent vessel owners: (i) Providing financial and operational advisory, (ii) Offering onshore and offshore fishing logistical support, (iii) Structuring tailor-made anchovy purchase agreements.



# North-Center Quota

Thousand MT	As of December 2013			As of December 2014		
	2nd season 2012	1st season 2013	Total	2nd season 2013	1st season 2014	Total
Global Quota	810	2,050	2,860	2,304	2,530	4,834
Effective catch	732	1,993	2,725	2,274		2,274
Effective catch/ Quota (%)	90.4%	97.2%	95.3%	98.7%		
Exalmar's catch participation	11.2%	10.8%		11.8%		
Season	22/11-31/01	17/05-31/07		12/11-31/01	23/04 - 31/07	

## Exalmar's own and third parties catch



- 2013 included a quota of 2,860 thousand MT, while 2014 will include 4,834 thousand MT (+69%).
- The quota of 2<sup>nd</sup> season 2013 (2,304 thousand MT) allowed an increase of production on November and December 2013, which was sold in the 1<sup>st</sup> quarter 2014.



## Direct Human Consumption



# Mackerel and Jack Mackerel

Mackerel and Jack Mackerel	2011	2012	2013	2014 (*)
Global quota C-N	240,000	160,000	106,000	152,000
Effective catch	233,660	112,310	60,329	
Exalmar's catch	9,270	6,777	3,941	
Exalmar's catch participation	4.0%	6.0%	6.5%	

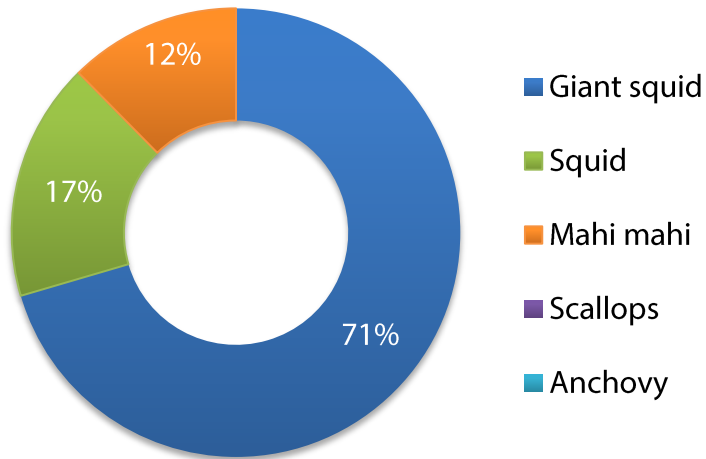
(\*) Season started on January 16th and will finished on December 31st.

- On February 6<sup>th</sup> 2014, Exalmar obtained the definitive license to operate the freezing fish plant of Tambo de Mora.
- Also, on February 27<sup>th</sup> obtained the final authorization to operate three more mackerel and jack mackerel fishing vessels for Direct Human Consumption.
- Until May 2014 the total catch of mackerel and jack mackerel was around 80 thousand tons and Exalmar's participation was 9.7%

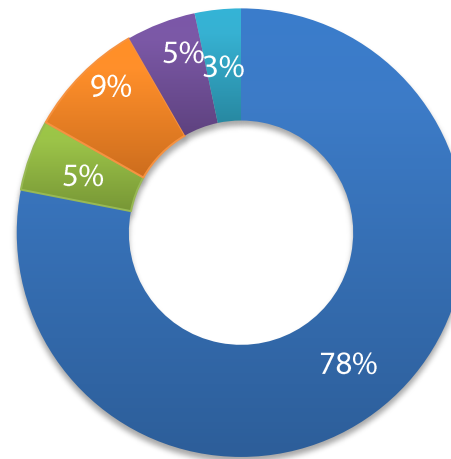


# Paita plant (other species)

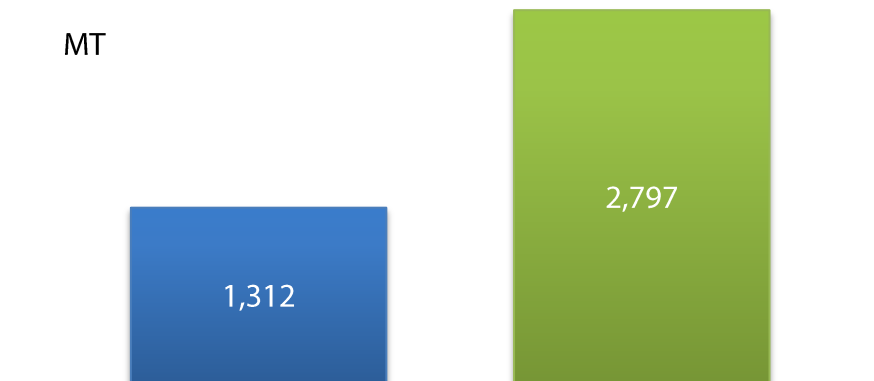
Production (as of 1Q2013)



Production (as of 1Q2014)



MT



Paita Plant Production

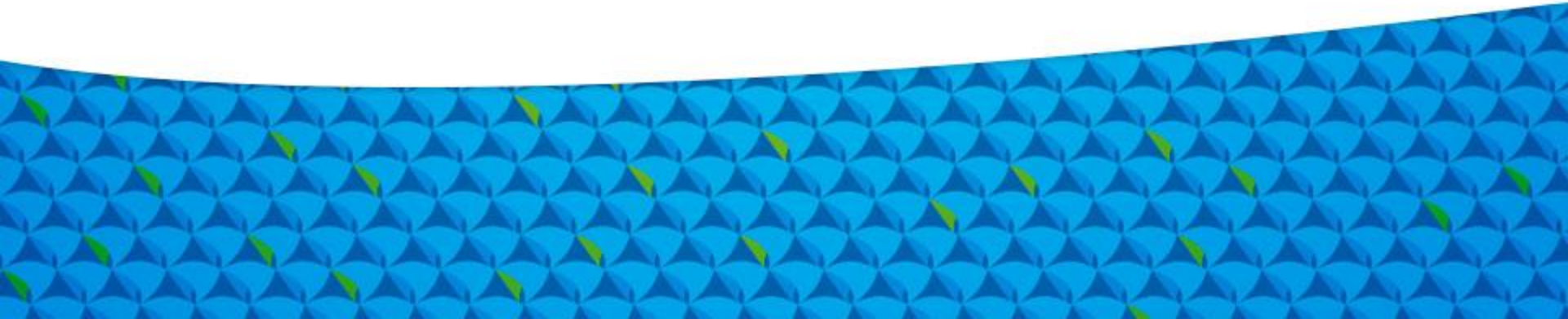
■ As of 1Q13   ■ As of 1Q14







## Financial Performance





# P&L Composition

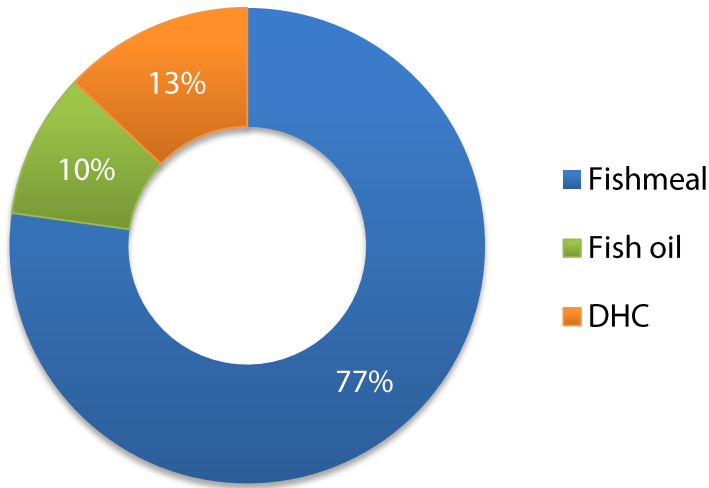
MM US\$	2012	2013	As of 1Q13	As of 1Q14	Var %
Revenues	217.0	168.9	31.0	87.0	180%
Gross Profit	58.6	40.9	2.6	27.6	966%
Operating Income	34.8	21.0	-0.6	22.2	3,720%
Pre-Tax Income	27.3	(4.8)	-4.1	18.0	544%
Net Income	21.2	0.7	-2.4	12.6	616%
EBITDA	60.6	41.6	3.7	26.7	620%
Gross Margin	27%	24%	8%	32%	
Operating Margin	16%	12%	-2%	26%	
Net Income Margin	10%	0%	-8%	14%	
EBITDA Margin	28%	25%	12%	31%	

- Revenues were affected by higher beginning stocks and production, because of the 2<sup>nd</sup> season 2013 higher quota of the (1,484 thousands tons more than 2<sup>nd</sup> season of 2012).
- Gross margin and net income were affected by higher revenues.

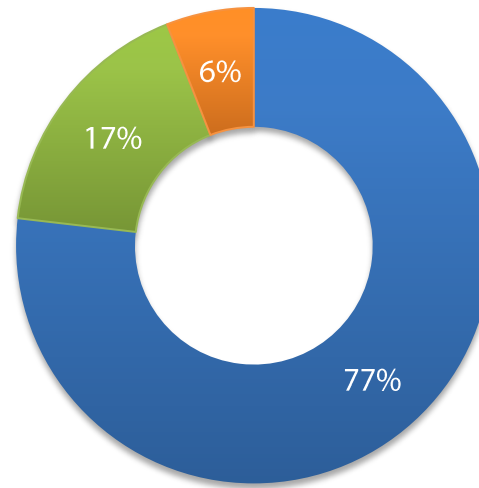


# Revenues Composition

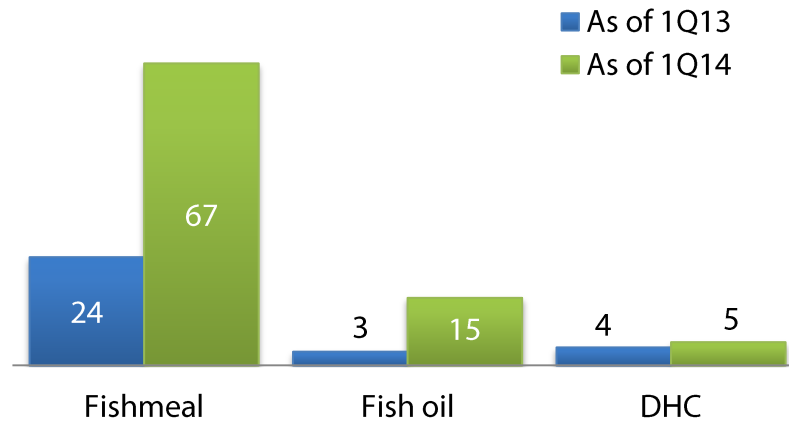
Revenues (as of 1Q13)



Revenues (as of 1Q14)



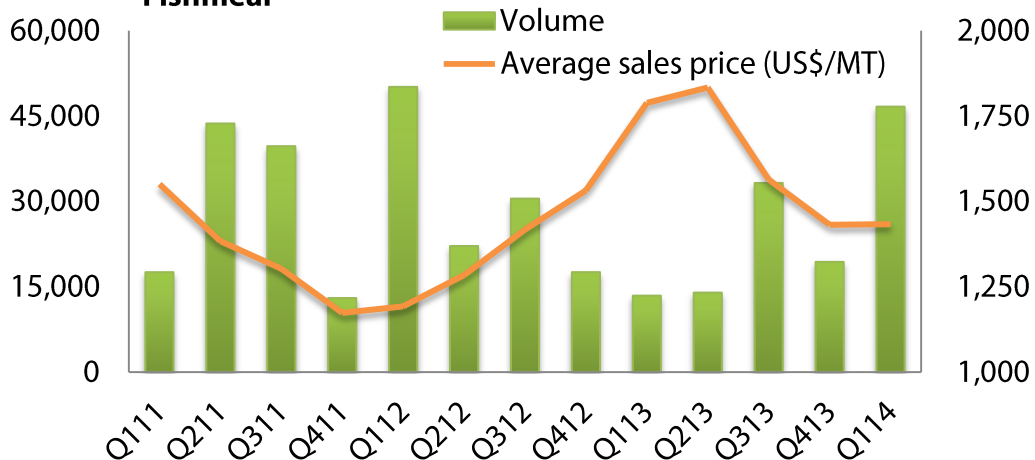
MM US\$





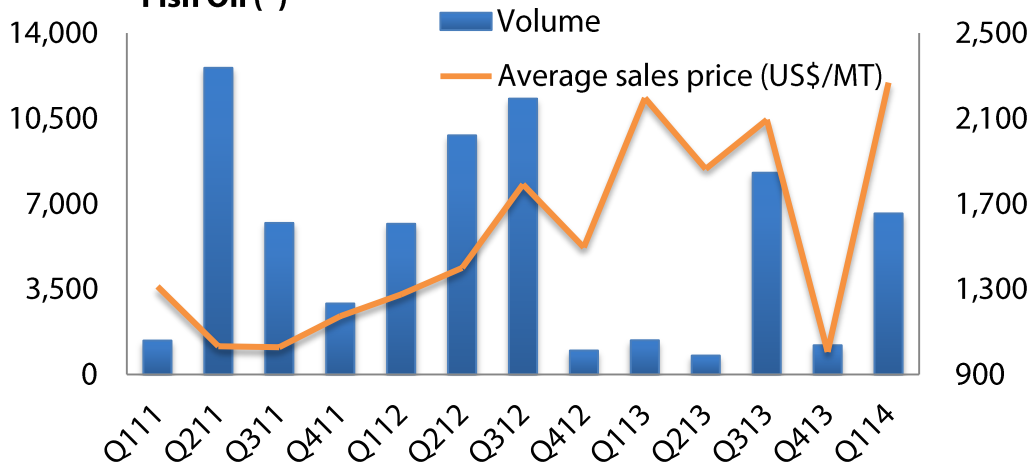
# IHC Revenues: Fishmeal & Fish Oil

### Fishmeal



Fishmeal Revenues		
Thousand MT	As of 1Q13	As of 1Q14
MT	13,402	46,634
US\$/MT	1,788	1,433
Fishmeal Revenues (US\$)	23,966	66,815

### Fish Oil (\*)



Fish Oil Revenues		
Thousand MT	As of 1Q13	As of 1Q14
MT	1,397	6,600
US\$/MT	2,195	2,267
Fish Oil Revenues (US\$)	3,066	14,963

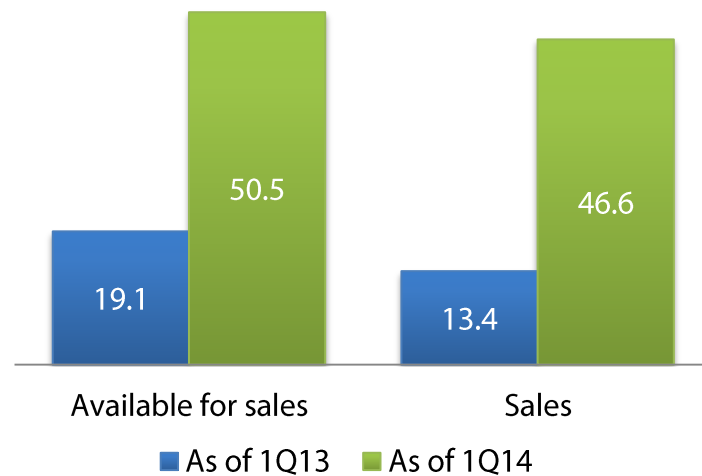
(\*) Fish oil considers also low quality production surplus.



# Fishmeal and Fish Oil Stocks & Sales

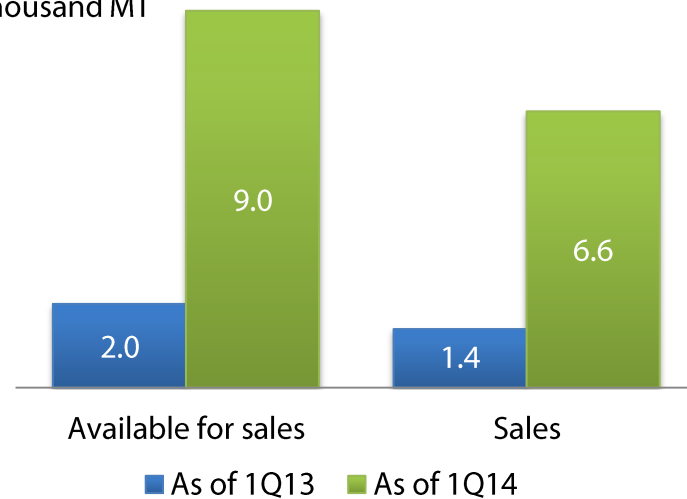
Fishmeal			
Thousand MT	As of 1Q13	As of 1Q14	Var.
Beginning stock	11.1	38.7	249%
Production	8.0	11.8	47%
Sales	13.4	46.6	248%
Reprocessing	0.9	0.1	
Ending stock	6.6	4.0	-40%

Thousand MT



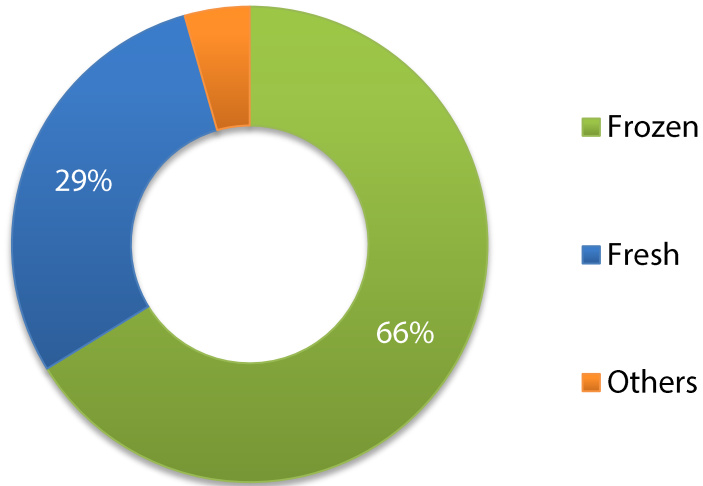
Fish oil			
Thousand MT	As of 1Q13	As of 1Q14	Var.
Beginning stock	1.0	6.5	547%
Production	1.0	2.5	156%
Sales	1.4	6.6	373%
Reprocessing	-0.1	0.1	0%
Ending stock	0.5	2.5	413%

Thousand MT

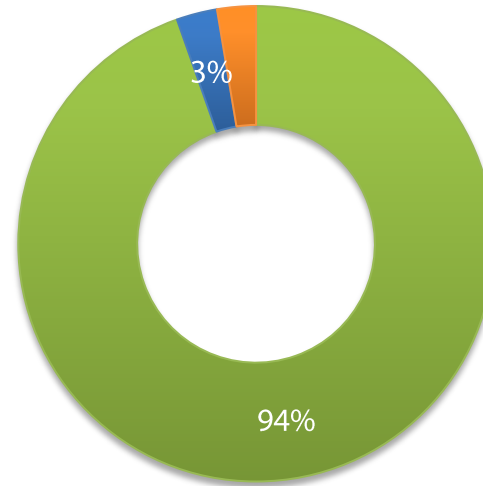


# DHC Revenues

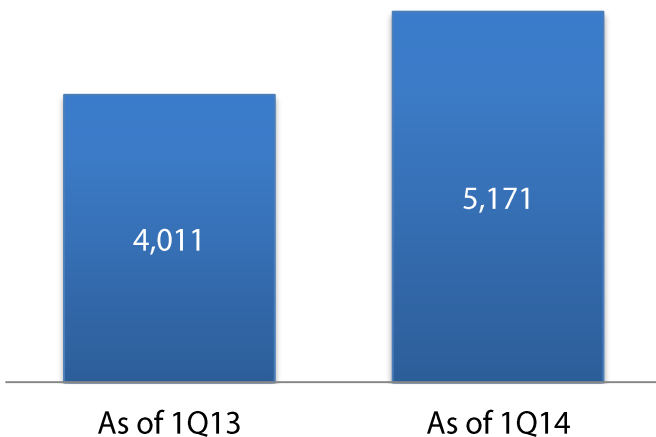
DHC Revenues (as of 1Q13)



DHC Revenues (as of 1Q14)



MM US\$



- Increase in revenues of 29%, explained by the higher production of Paita Plant (+113%).





# Cost of Production

	As of 1Q13	As of 1Q14	Var	
Ban days	60	60	0%	} <b>Ban &amp; Processed Volume</b>
Total Processed(*)	35.3	51.0	45%	
Own Catch*	21.9	42.9	96%	
Third Party*	13.4	8.0	-40%	
<b>Third parties buying price**</b>	408	268	-34%	} <b>Costs</b>
Catch Cost(**)	162.6	78.2	-52%	
<b>Cash Catch Cost(**)</b>	139.4	66.3	-52%	
Processing Cost (***)	205	213	4%	
<b>Cash Processing Cost (***)</b>	170	185	9%	
Ban Expenses (US\$MM)	7.7	8.4	9%	

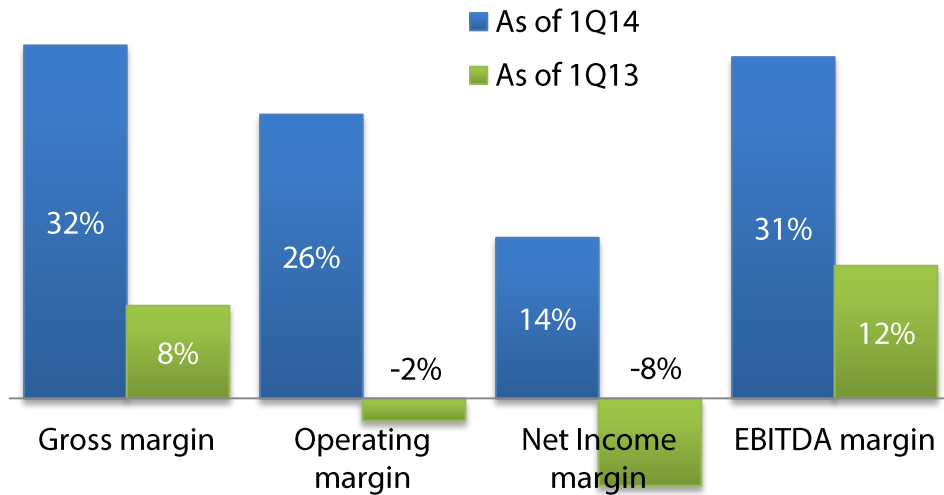
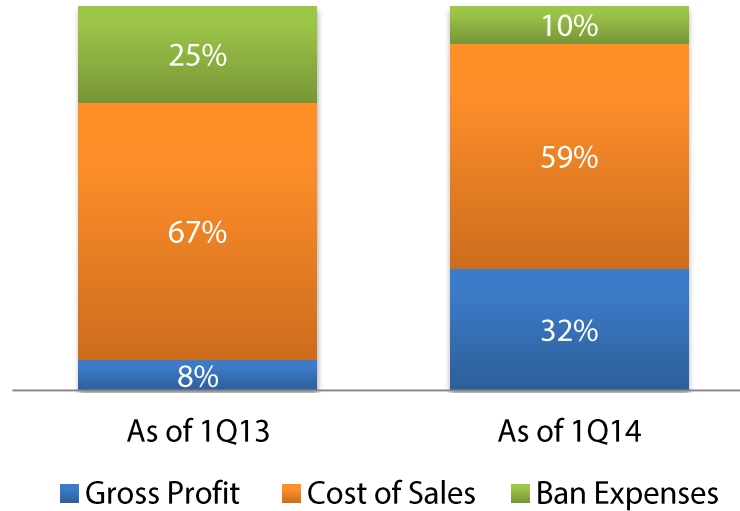
- The cost of catch was lower in 52% mainly due to the higher volume that decreased the fixed costs.
- The processing cost was higher in 9% because of higher costs of fuel, inspection and analysis.

(\*) Thousand MT. (\*\*) US\$/MT of anchovy. (\*\*\*) US\$/MT Fishmeal & Fish Oil.



# Gross Profit and margins

- Gross profit (+961%):
  - Higher quota of 2<sup>nd</sup> season 2013.
  - Higher revenues (+180%).



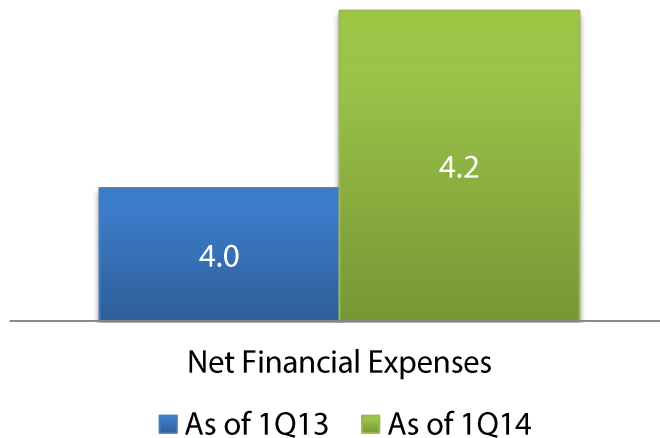




# Company debt

Indebtedness Position		
MM US\$	As of Q1-13	As of Q1-14
Short-Term Debt	33.2	30.6
	14%	13%
Long-Term Debt	200.6	203.6
Current Portion	1.9	2.2
Non-Current Portion	198.7	201.3
	86%	87%
Total Debt	233.8	234.2
Cash	31.0	6.2
<b>Net Debt</b>	<b>\$ 202.9</b>	<b>\$ 228.0</b>

MM US\$



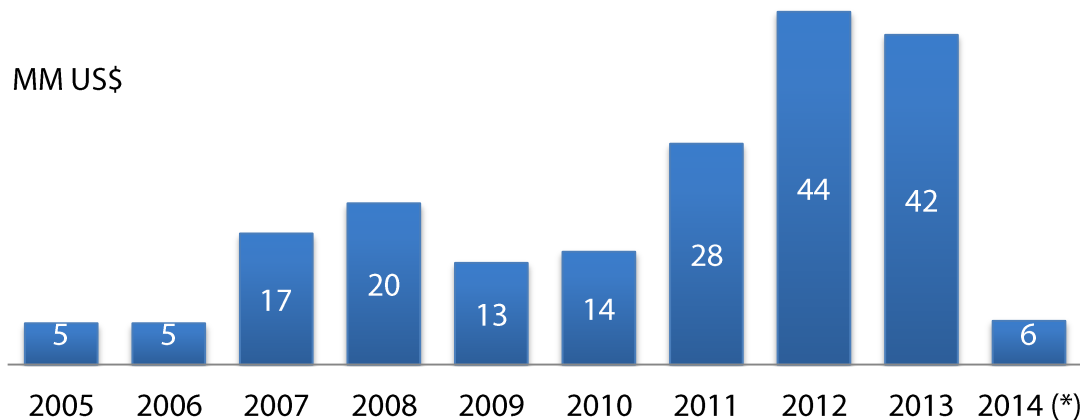
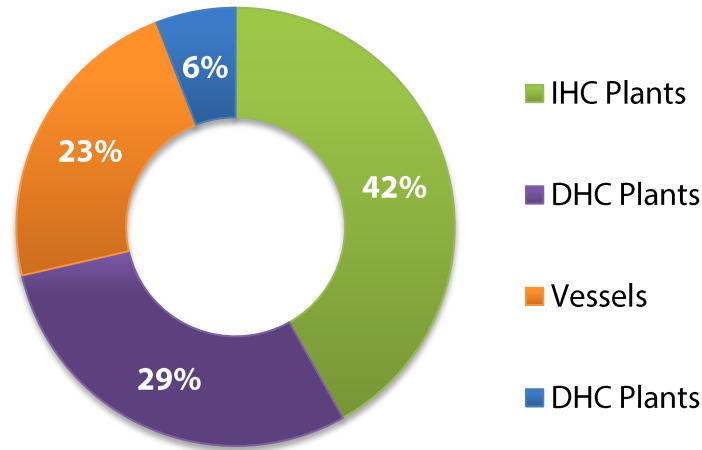
## Bonds

- Issuance: US\$ 200 MM in the international capital market.
- Issue Date: February 1<sup>st</sup>, 2013.
- Maturity Date: January 31<sup>st</sup>, 2020.
- Interest: 7.375% per annum.
- Use of proceedings: repay the syndicated loan (US\$ 140 MM), while balance will be used for several company investments.



### CAPEX 2013

- **IHC Investments:**
  - Maintenance work on fishing nets.
  - Environmental requirements.
  - Fishmeal plants.
- **DHC Investments:**
  - Tambo de Mora Plant.
  - Paita Plant.
  - RSW Vessels for DHC.



(\*) CAPEX executed as of March 31<sup>st</sup>, 2014.





## 1st season 2014 and situation of “Fenómeno del Niño”



# Advance of North- Center Quota

Company (*)	PMCE	LMCE (MT)	Advance (MT)	Advance (**)	Number of vessels	Efficiency
Austral Group	6.87%	173,745	96,616	56%	20	37%
Cfg Investment	6.20%	142,058	55,896	39%	16	36%
Pesquera Diamante	8.50%	215,133	100,240	47%	30	30%
Pesquera Hayduk	6.66%	168,550	77,517	46%	19	39%
Tasa	13.96%	353,274	176,331	50%	48	35%
Copeinca	10.67%	269,837	107,394	40%	22	41%
Exalmar	6.95%	175,846	78,116	44%	22	38%
<b>Total</b>	<b>59.81%</b>	<b>1,498,443</b>	<b>692,111</b>	<b>46%</b>	<b>177</b>	<b>36%</b>

(\*) Data as of 21.06.2014.

(\*\*) North- Center Quota: 2,530 thousand MT.

Source: PRODUCE.





# Fenómeno de Niño

## ENFEN (\*)

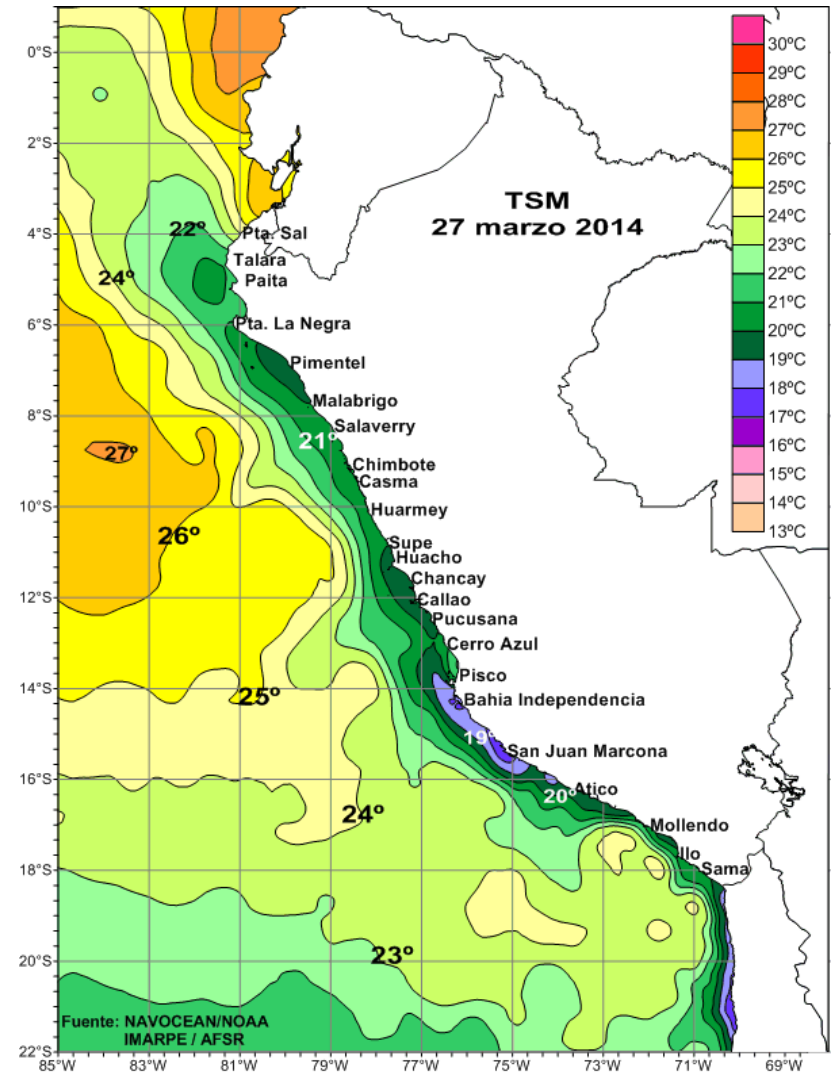
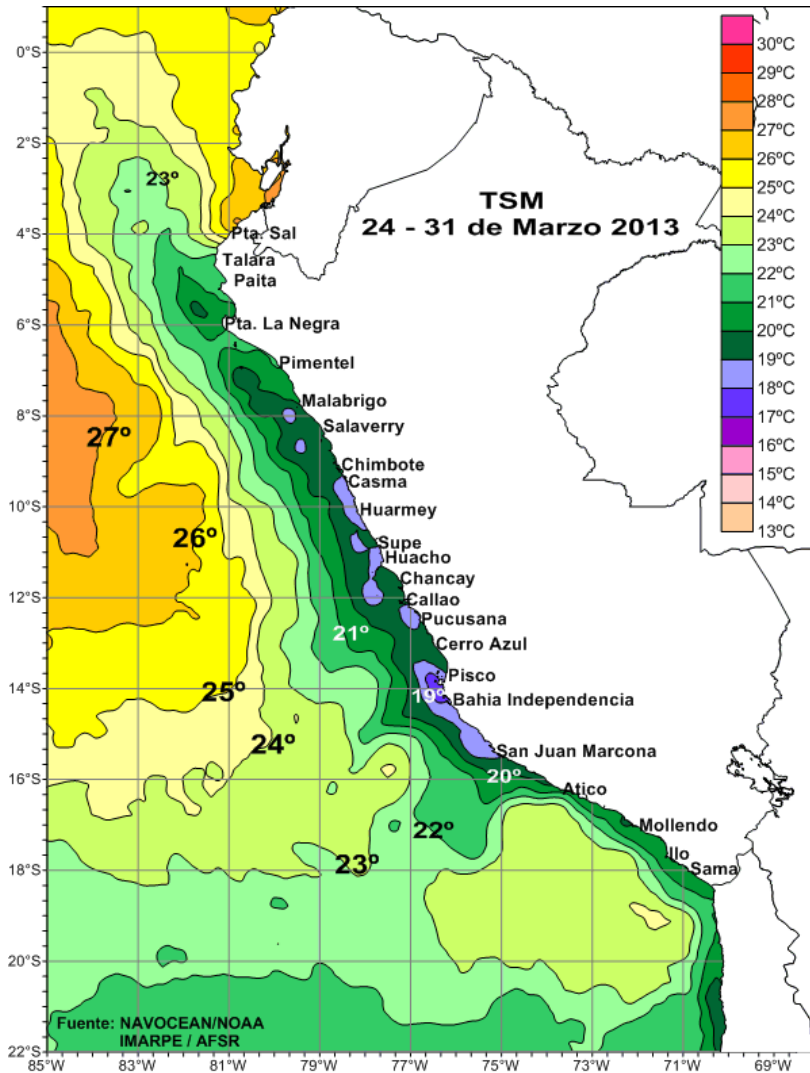
- “Increases of sea temperatures are maintained throughout the Peruvian coast”.
- “The mean sea level presented a decrease since second week of May”.
- “Development of a Niño which is expected to be weak to moderate”.
- “Also, in spite of the alarming news, it is maintained the forecast for end-year which doesn’t develop an extraordinary El Niño”.
- Anomalies in peruvian sea surface temperatures maintain between 1 and 3 degrees Celsius.

(\*) ENFEN: Comité Multisectorial encargado del Estudio Nacional del Fenómeno del Niño, in charge of the study of El Niño in Perú. ENFEN’s report was published on June 4th, 2014.



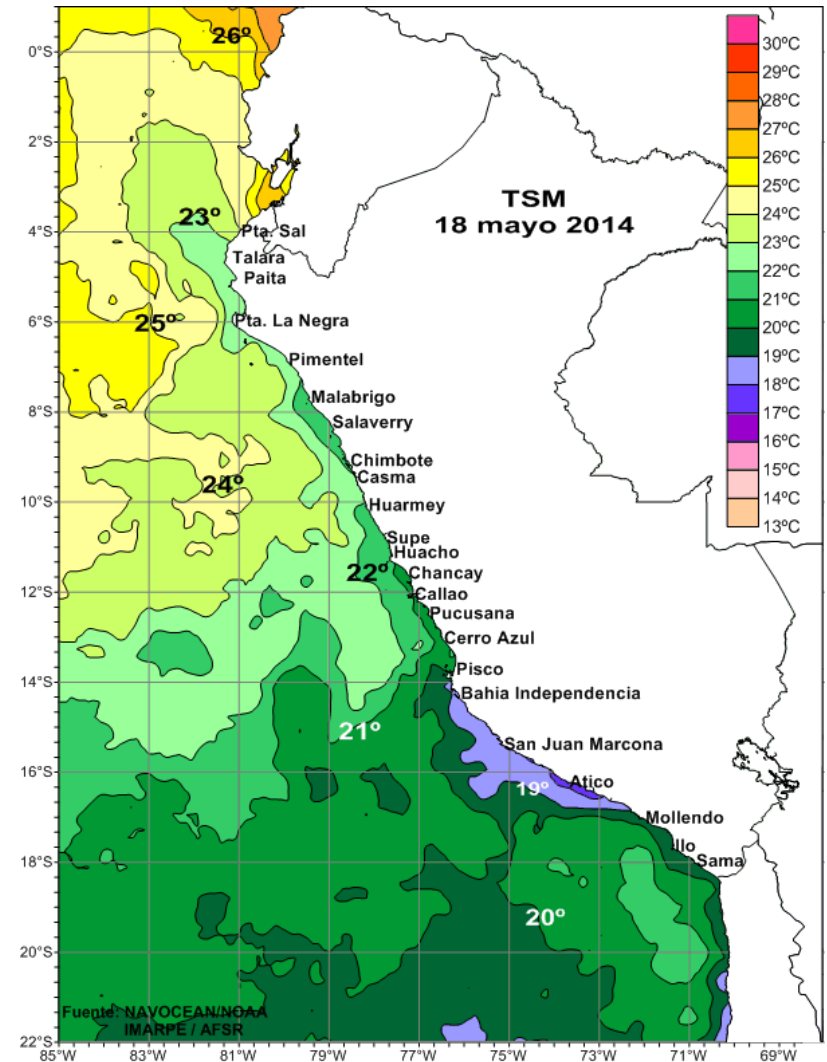
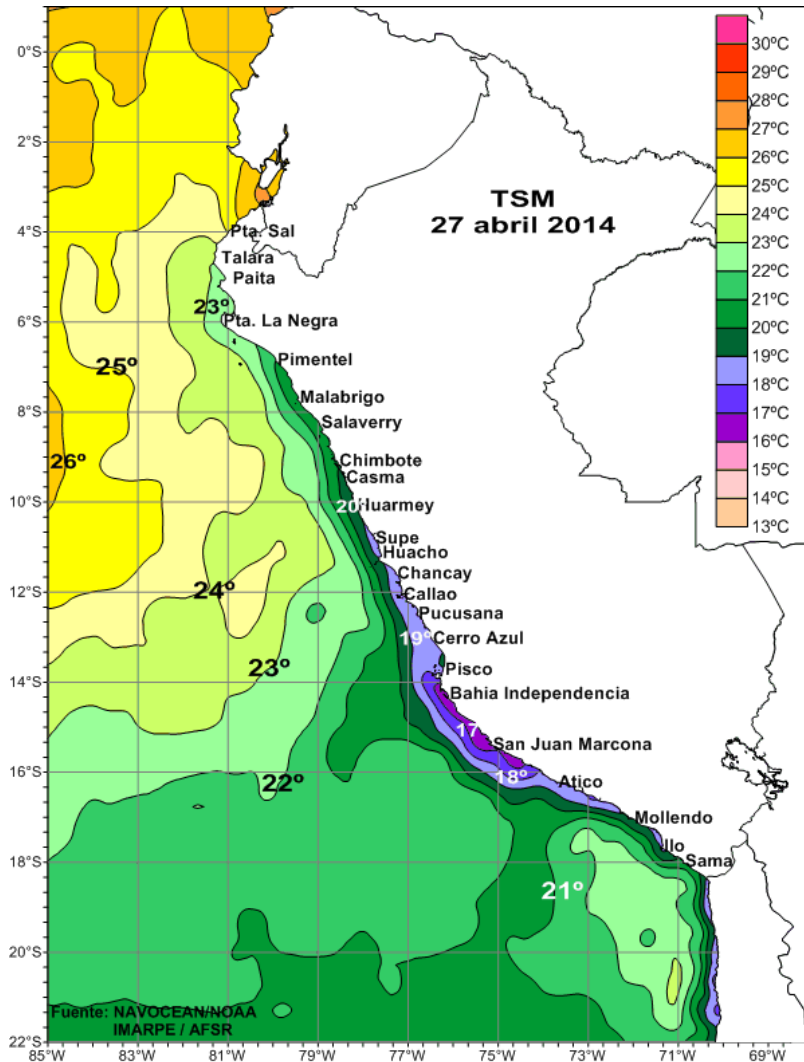


# Surface temperatures (March 2013 vs. March 2014)



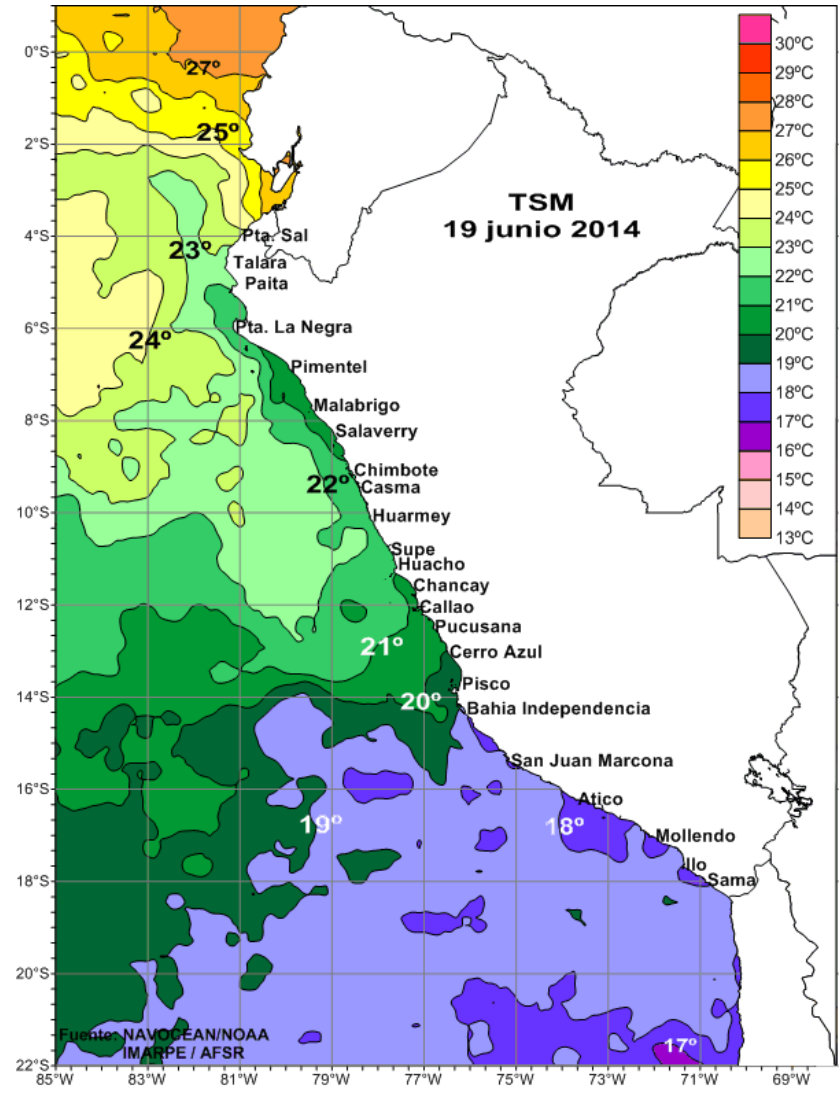
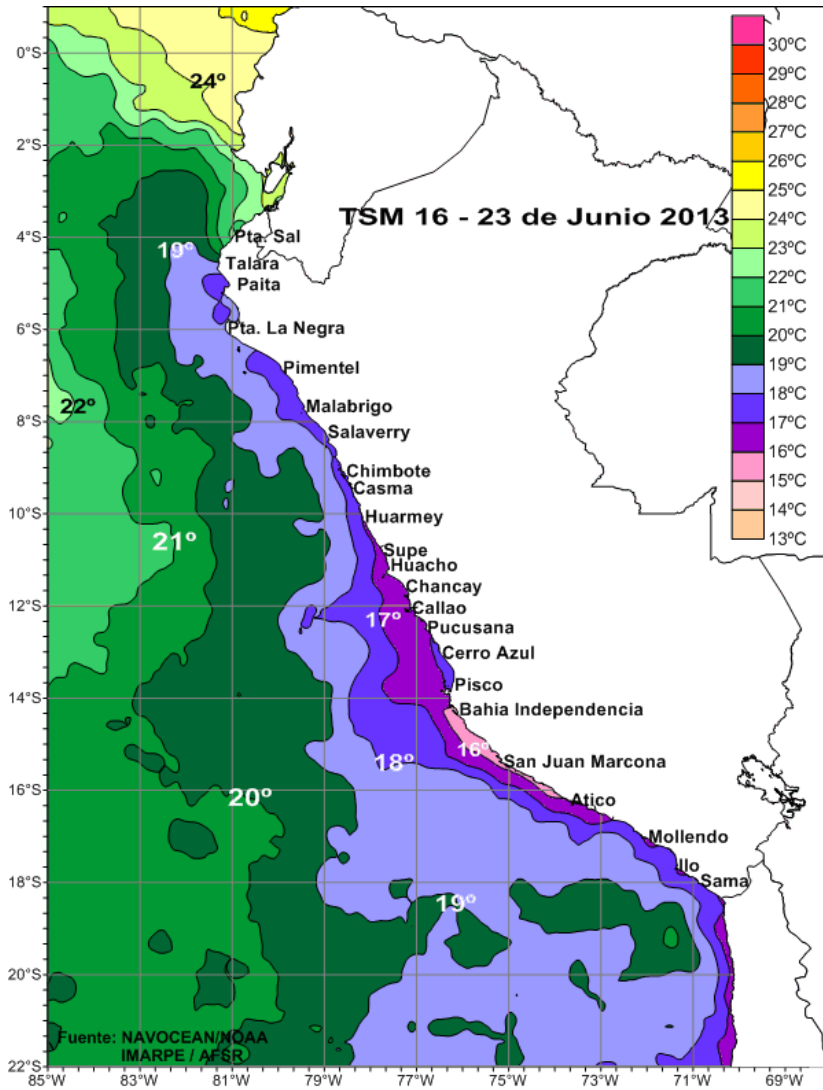


# Surface temperatures (April 2014 vs. May 2014)





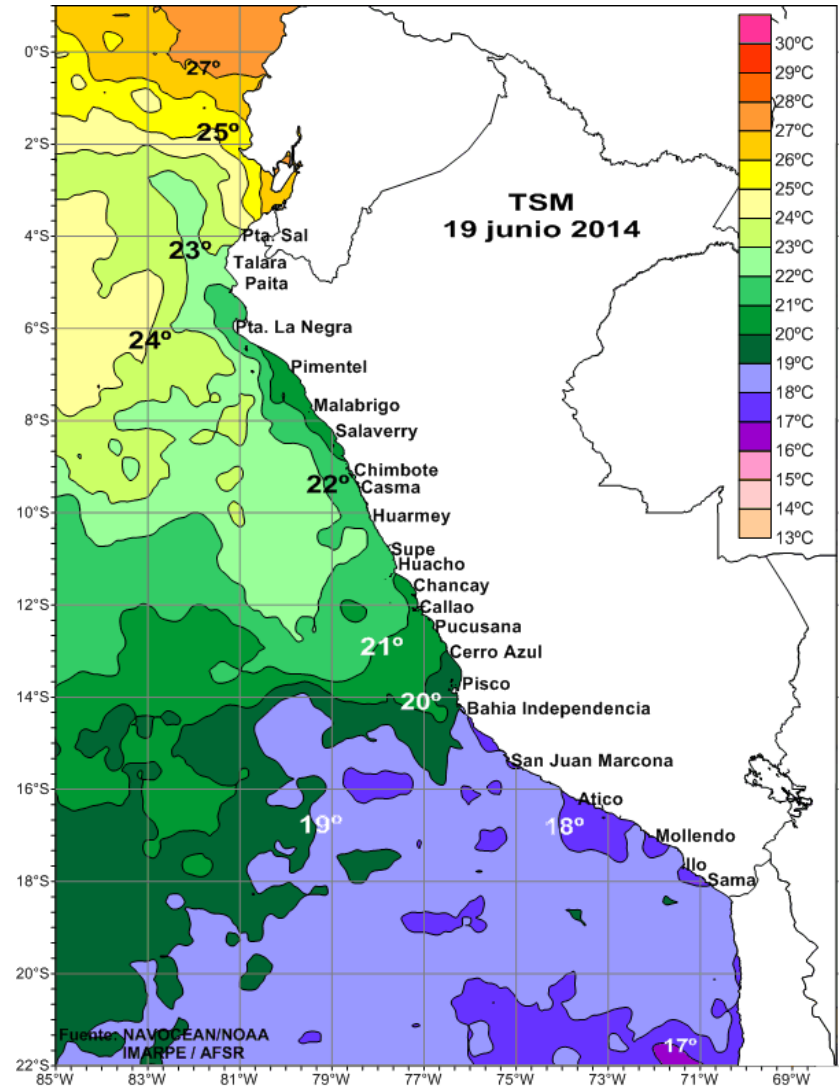
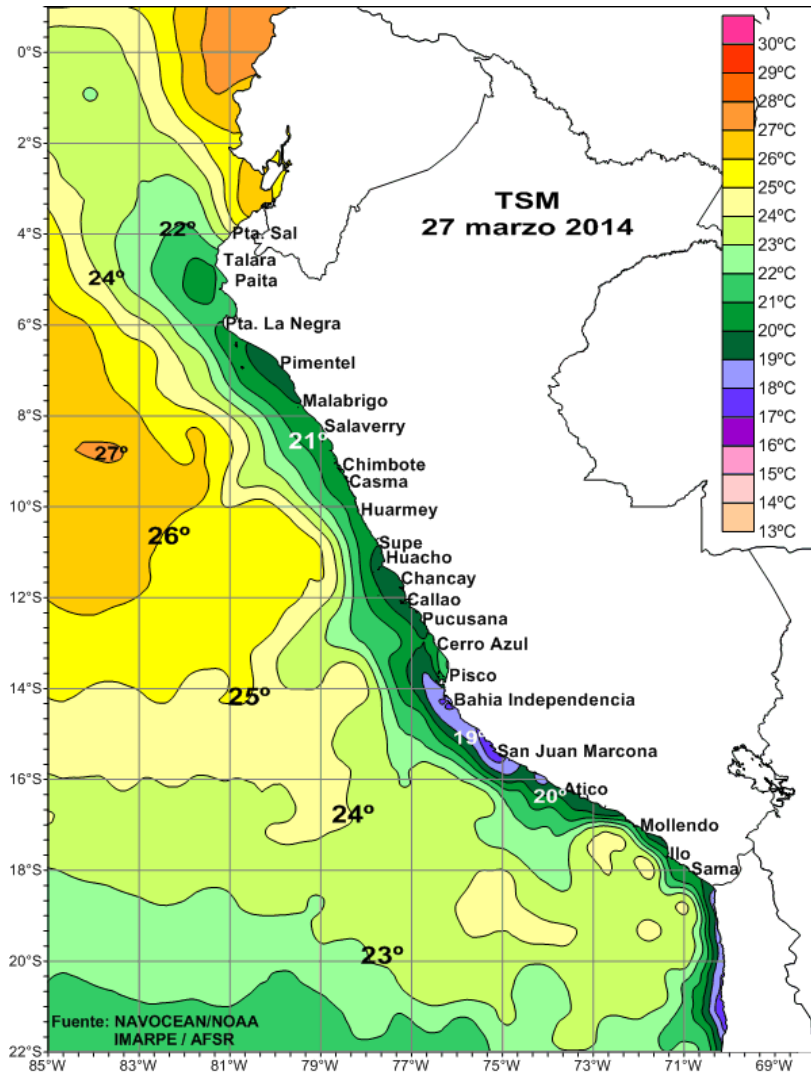
# Surface temperatures (June 2013 vs. June 2014)







# Surface temperatures (March 2014 vs. June 2014)





- ▶ T. (511) 441.4420
- ▶ F. (511) 441.4643
- ▶ W. [www.exalmar.com.pe](http://www.exalmar.com.pe)
- ▶ D. Av. Víctor Andrés Belaunde 210, San Isidro, Lima Perú