










MANAGERIAL ANALYSIS AND DISCUSSION AS AT THE FOURTH QUARTER 2016 PESQUERA EXALMAR S.A.A. (hereinafter, "the Company")

1. Indirect Human Consumption (IHC):

1.1. Second Season 2016 in the North-Central Region:

- The second season of 2016 in the north-central region began on November 15th and ended on January 27th, 2017. The sector caught 100% of the quota of 2,000 thousand MT allocated by PRODUCE in comparison to the second season 2015 in which 98% of the quota of 1,110 thousand MT was caught and the first season 2016 in which 51% of the quota was caught.
- By the end of the season, the Company had its own quota of 6.95% for the north-central region, due to rental operations carried out in January 2017. In this way, it reached 14.0% of participation in the total processing, which meant the third position in the fishing sector in terms of processing of fishmeal and fish oil in the second season.

Company	2nd Season 2016
 TASA	23.8%
 	21.9%
	14.0%
	11.4%
	10.9%
	7.9%
Otros	10.1%








Source: PRODUCE. Elaboration: own.

1.2. First Season 2016 in the North-Central Region:

- The first season 2016 in the north-central region began on June 26th and ended on July 27th, 2016. The sector caught approximately 51% of the quota of 1,800 thousand MT allocated by PRODUCE, in comparison to the first season 2015 in which 98% was caught. This low level of catch occurred as a consequence of the short season, due to a very late onset and its culmination at the end of July because of the usual beginning of the period of anchovy spawning.



- In this first season, the Company had its own quota of 6.67% for the north-central region and reached a participation of 11.1% in the total processing, being the fourth one in the fishing sector in terms of fishmeal and fish oil processing in the first season.

Company	1 st season 2016
 TASA	27.2%
 	20.0%
	12.1%
	11.1%
	10.6%
	8.8%
Otros	10.3%

Source: PRODUCE. Elaboration: own.

1.3. South Region:

- By means of Resolution No. 017-2016-PRODUCE published on January 20th, 2016, the beginning of the first fishing season 2016 in the south region was authorized, with a TMLAC (total maximum limit of allowable catch) of 382 thousand MT. This season began on February 2nd and ended on June 30th, 2016, with an effective catch of 40% of the companies in the sector.
- By means of Resolution No. 242-2016-PRODUCE published on July 1st, 2016, the beginning of the second fishing season 2016 in the south region was authorized, with a TMLAC (total maximum limit of allowable catch) of 382 thousand MT. This season began on July 7th and ended on December 31st, 2016, with an effective catch of 8% by companies of the sector.
- Likewise, by means of Resolution No. 010-2017-PRODUCE published on January 11th, 2017, the beginning of the first fishing season 2017 in the south region was authorized, with a TMLAC (total maximum limit of allowable catch) of 515 thousand MT. This season began on January 17th and will end once reached the TMLAC or, otherwise, it cannot exceed June 30th, 2017.

1.4. Catch and Processing:

- Considering that, in general, annual financial statements include the sales corresponding to the production of the second quota of the previous year and the first quota in the current year, in 2016 the financial statements of the companies from this sector included an effective quota of approximately 1,998 thousand MT, the lowest in 15 years; while in 2015 it was included an effective quota of 2,508 thousand MT.



Thousand of MT	As at December 31st , 2015		
	2 nd Season 2014	1 st Season 2015	Total
N-C Quota	0	2,580	2,580
Effective catch of the sector	0	2,508	2,508
Sector Quota Advance	0	97.2%	
Exalmar processing	0	324	324
Quota allocated to Exalmar	0	6.54%	
Participation of Exalmar		12.9%	
Season		09/04 - 31/07	

Thousand TM	As at December 31st, 2016		
	2 nd Season 2015	1 st Season 2016	Total
C-N Quota	1,110	1,800	2,910
Effective catch of the sector	1,084	914	1,998
Sector Quota Advance	97.6%	50.8%	
Exalmar processing	141	101	242
Quota allocated to Exalmar	6.61%	6.67%	
Participation of Exalmar	12.7%	11.1%	
Season	17/11-31/01	26/06- 27/07	

- As at December 31st, 2016, catch and processing volumes shown correspond to the second season 2015 (January), to the first season 2016 (June and July) and the second season 2016 (November and December).

Thousand MT	As at 4Q15	As at 4Q16	Variation
Own Catch	224.5	163.0	-27%
	54%	48%	
Purchase to Third Parties	193.0	173.9	-10%
	46%	52%	
Total processed	417.5	336.9	-19%
Fishmeal produced	94.8	78.0	-18%
Fish Oil produced	11.9	11.9	0%
Fishmeal Factor	4.4	4.3	-2%
Fish oil Factor	2.9%	3.5%	24%

1.5. Inventories:

- In 2016, there was an initial inventory of fishmeal of 32.1 thousand MT, as a result of the catch and processing corresponding to the second season 2015, in comparison to 2015 when there was a low inventory level, as a consequence of the suspension of the second fishing season in 2014.
- As at December 31st, 2016, such first inventory plus the production meant an available for sale of 110.1 thousand MT (101.9 thousand MT in the previous year), from which 65.0 thousand MT were sold, remaining a final inventory of 45.5 thousand MT.



- It is worth to mention that 59% of the fishmeal volume available for sale was sold, which corresponds to the production of the first season 2016 and the remainder of the second season 2015, remaining a something corresponding basically to a part of the production of the second season 2016.
- Sales of fish oil as at December 31st, 2016 were 7.3 thousand MT, remaining a final inventory of 6.7 thousand MT (2.2 thousand MT in the previous year).

Fishmeal (Thousand MT)	As at 4Q15	As at 4Q16	Variation
First inventory	7.1	32.1	352%
Production	94.8	78.0	
Sales	70.0	65.0	-7%
Reprocessing	0.2	0.4	
Final Inventory	32.1	45.5	41%

Fish Oil (Thousand MT)	As at 4Q15	As at 4Q16	Variation
First Inventory	0.7	2.1	200%
Production	11.9	11.9	
Sales	10.5	7.3	-30%
Reprocessing	0.0	0.1	
Final Inventory	2.2	6.7	212%

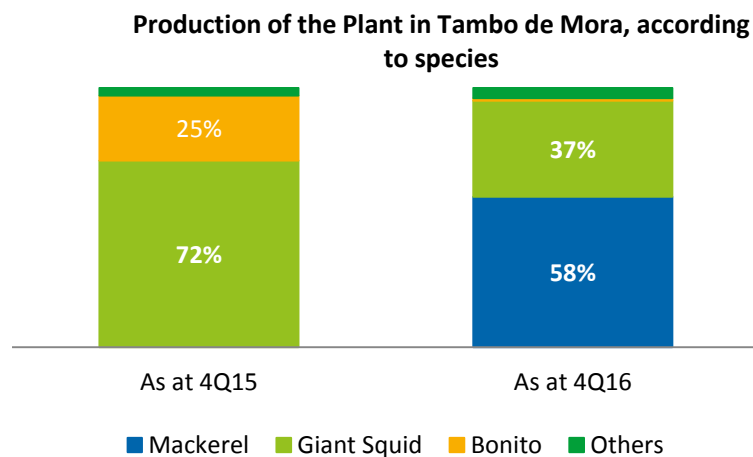
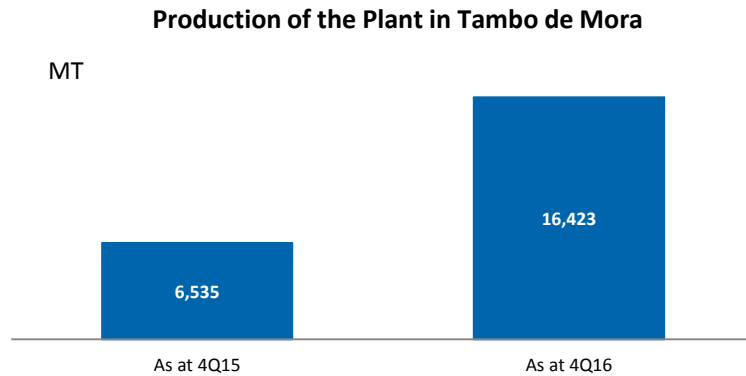
2. Direct Human Consumption (DHC):

- On January 4th, 2016, it was established the catch limit for jack mackerel and for mackerel in 93,000 MT and 44,000 MT respectively, applicable to extractive activities for Direct Human Consumption for the period from January 1st to December 31st, 2016. Afterwards, on August 25th, 2016, the catch limit for mackerel was extended to 114,000 MT and on October 26th, 2016, it was extended to 146,000 MT, adding 239,000 MT of jack mackerel and mackerel.
- On January 13th, 2017, the catch limit for jack mackerel was established in 100,000 MT, applicable to extractive activities for Direct Human Consumption for the period corresponding to 2017. Afterwards, on January 19th, 2017, the catch limit for mackerel in 110,000 MT, adding 210,000 MT of jack mackerel and mackerel.

Jack Mackerel and Mackerel				
MT	2014	2015	2016	2017
Quota	152,000	140,000	239,000	210,000
Effective Catch of the sector	89,700	1,080	110,814	
Sector Quota Advance	59.0%	0.8%	46.4%	
Exalmar's Catch	7,792	133	10,310	
Participation of Exalmar	8.7%	12.3%	9.3%	



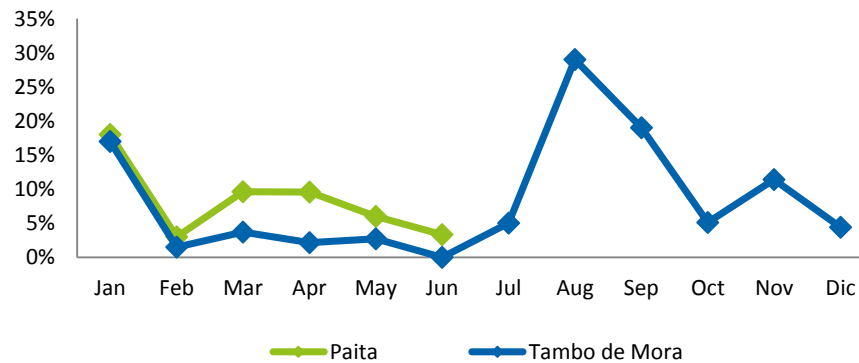
- The production of the Plant in Tambo de Mora reached 16,423 MT as at December 31st, 2016, increasing 151% in relation to the previous year, due to the availability of mackerel in the third quarter of the year.



- As at December 31st, 2016, there was a final DHC inventory of 5,704 MT of various species, in comparison to 1,740 MT as at December 31st, 2015.
- In Direct Human Consumption, the year 2016 has been significantly affected by the following:
 - Scarce presence of jack mackerel and mackerel until July.
 - Low availability of giant squid and other species, generating a decline in the use of the installed capacity of the Plant in Paita and its temporary closure until achieving a supply of raw material that allows an adequate use of the installed capacity.
- Given these difficulties and in order to continue the growth of this business unit, various efforts have been made to develop new markets and direct customers through products with high added value.



Use of Installed Capacity in DHC Plants



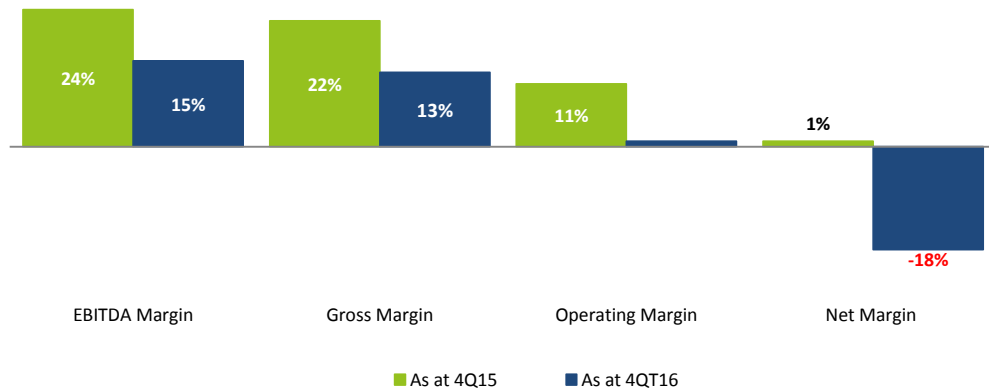
3. Financial Information:

- Financial Statements as at December 31st, 2016, show the effect of:
 - Reduction in sales (-13%) as a consequence of lower effective catch during the second season 2015 (1,084 thousand MT) and the first season 2016 (914 thousand MT), which implies a reduction of 20% in the effective catch in comparison to the previous year.
 - Increased number of closed days in 2016 due to the late start of the first season (256 closed days in 2016 in comparison to 206 days in 2015).
 - Low availability of resources for DHC processing, as well as the temporary closure of the plant in Paita.
- As at December 31st, 2016, EBITDA was US\$ 20.7 million, which includes an IHC EBITDA of US\$ 26.2 million and DHC EBITDA of US\$ -5.5 million. Despite the low availability of raw material for DHC processing, EBITDA for this business unit was increased by 103% in comparison to the previous year.

US\$ Million	4Q15	4Q16	As at 4Q15	As at 4Q16	Variation
Sales	24.8	14.9	156.2	136.1	-13%
Gross Profit	10.9	-1.5	34.6	17.1	-50%
Operating Profit	7.0	-5.3	17.9	0.9	-95%
Profit before Tax	-0.6	-14.5	-6.6	-21.2	-131%
Net Profit	3.4	-17.3	1.3	-24.7	-95%
EBITDA (*)	12.3	-0.3	38.2	20.7	-46%

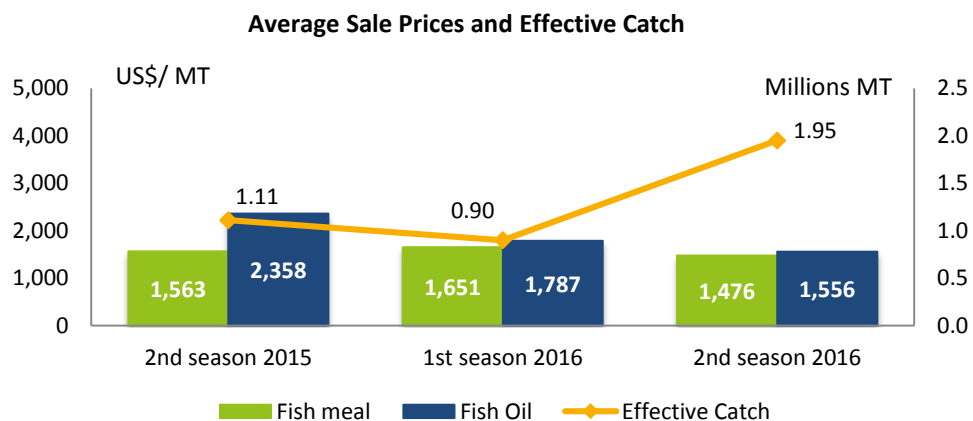
(*) Operating profit does not consider the other incomes/expenses.

(**) Estimated EBITDA does not consider the other incomes/expenses (because they are non-recurrent items) nor sharing to workers.



3.1 Sales:

- As at December 31st, 2016, total sales decreased by 13% in comparison to the previous year. IHC sales decreased by 14%, which was basically explained by a lower effective catch in the first season 2016 due to its late start.
- Because of the higher quota allocated in the second season 2016 and its 100% effective catch, the average sale prices of fishmeal for this season were reduced by 11% in comparison to the first season 2016 (effective quota of 914 thousand MT) and by 6% in comparison to the second season 2015 (effective quota of 1,084 thousand MT). The average prices of fish oil per season showed a significant reduction basically due to its lower quality.



- Sales value of fishmeal in 2016 was reduced by 12% in comparison to 2015, due to a sales volume lower than 7% and a price lower than 5%.
- As at December 31st, 2016, 59% of fishmeal volume available for sale was sold, mainly corresponding to the production of the second season 2015 and the first season 2016.



Net Sales – Indirect Human Consumption					
	4Q15	4Q16	As at 4Q15	As at 4Q16	Variation
Fishmeal					
MT	13,251	2,229	69,987	64,996	-7%
US\$/MT	1,606	1,597	1,663	1,578	-5%
Fishmeal Total (Thousand US\$)	\$21,283	\$3,560	\$116,385	\$102,580	-12%
% Total Sales	87%	24%	74%	75%	
Fish Oil					
MT	1,002	2,469	10,466	7,277	-30%
US\$/MT	1,911	1,584	1,694	1,970	16%
Total Fish Oil (Thousand US\$)	\$1,915	\$3,911	\$17,725	\$14,339	-19%
% Total Sales	8%	26%	11%	11%	
Anchovy					
MT	192	1,381	8,394	1,778	-79%
US\$/MT	271	270	281	267	-5%
Total Anchovy (Thousand US\$)	\$52	\$373	\$2,356	\$475	-80%
% Total Sales	0%	3%	2%	0%	
Quota Rent (Thousand US\$)	\$0	\$0	\$695	\$0	
% Total Sales	0%	0%	0%	0%	
TOTAL INDIRECT HUMAN CONSUMPTION (Thousand US\$)	\$23,250	\$7,844	\$137,161	\$117,394	-14%
% Total Sales	95%	53%	88%	86%	

Net Sales – Direct Human Consumption					
	4Q15	4Q16	As at 4Q15	As at 4Q16	Variation
Fresh Fish					
MT					
US\$/MT					
Total Fresh (Thousand US\$)	\$0	\$37	\$0	\$212	
% Total Sales					
Frozen Products (*)					
MT	1,232	6,636	16,235	11,943	-26%
US\$/MT	821	1,050	1,069	1,485	39%
Total Frozen (Thousand US\$)	\$1,012	\$6,966	\$17,359	\$17,739	2%
% Total Sales	4%	47%	11%	13%	
Others (Thousand US\$)	\$239	\$34	\$1,717	\$786	-54%
% Total Sales	1%	0%	1%	1%	
TOTAL DIRECT HUMAN CONSUMPTION (Thousand US\$)	\$1,251	\$7,037	\$19,076	\$18,737	-2%
% Total Sales	5%	47%	12%	14%	

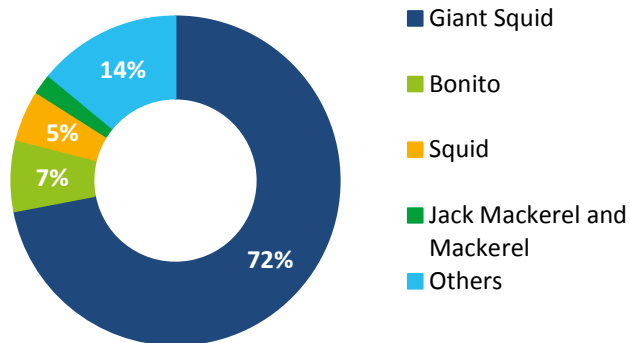
TOTAL (Thousand US\$)	\$24,501	\$14,881	\$156,237	\$136,131	-13%
------------------------------	-----------------	-----------------	------------------	------------------	-------------

(*)It includes jack mackerel, mackerel, sea scallops, mahi-mahi, squid, giant squid in various forms, among others. (**)It includes residual fishmeal and different services.



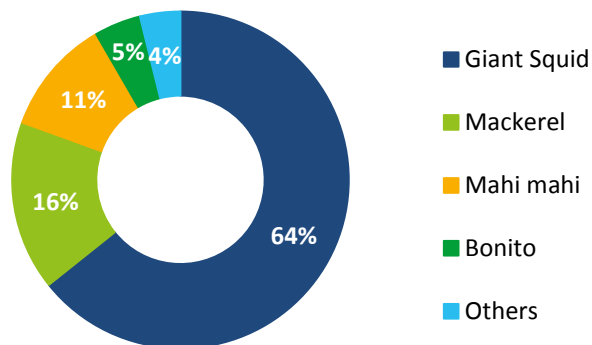
- DHC business sales were reduced by 2% regarding the same period in the previous year, due to a low availability of squid, mahi mahi, among others, which was partly compensated by the presence of mackerel in third quarter.
- It is worth to mention that during the last quarter of 2016, 4,728 MT of mackerel were sold, more than the same period of the previous year (436 MT).
- DHC sales represented 14% of total sales, 12% higher than the previous year.

DHC: Sale of frozen Products 2015 (*)



(*) Information in US\$ and as at December 31st, 2015.

DHC : Sale of Frozen Products 2016 (*)



(*) Information in US\$ and as at December 31st, 2016.

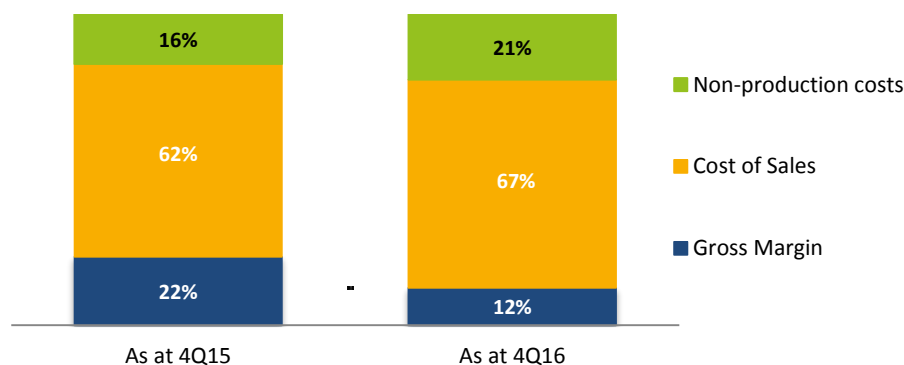


3.2 Gross Profit:

US\$ Million	4Q15	4Q16	As at 4Q15	As at 4Q16	Variation
Sales	24.8	14.9	156.2	136.1	-13%
Cost of Sales	14.3	10.8	97.3	90.8	-7%
Costs during non-production periods (*)	-0.3	5.6	24.3	28.2	16%
Gross Profit	10.9	-1.5	34.6	17.1	-50%
% On Sales					
Cost of Sales	58%	72%	62%	67%	7%
Costs during non-production periods (*)	-1%	37%	16%	21%	33%

(*) As at December 31st, 2016, closed season expenses are registered as deferred assets (US\$ 3.7 billion) which will be charged to the inventory values in the second season 2016. Since the presentation of the audited annual financial statements for 2015, they are not considered closed season expenses; there are only non-production costs. Variation of costs incurred in non-production periods is explained in section 3.4.

- As at December 31st, 2016, gross profit decreased by 50% in comparison to the previous year, as a result of a lower effective catch during the second season 2015 (1,084 thousand MT) and the first season 2016 (914 thousand MT), directly impacting on the financial results of 2016.
- It is worth mentioning that gross profit corresponding to DHC was US\$ -4.8 million in 2016, a higher percentage than 2015 (US\$ -8.7 million).





US\$ million	4Q15	4Q16	As at 4Q15	As at 4Q16	Variation
Sales	24.8	14.9	156.2	136.1	-13%
IHC	23.4	7.8	137.2	117.4	-14%
DHC	1.5	7.0	19.1	18.7	-2%
Costs of Sales	14.3	10.8	97.3	90.8	-7%
IHC	13.0	5.7	75.9	75.3	-1%
DHC	1.3	5.0	21.4	15.5	-27%
Non-production costs (*)	-0.3	5.6	24.3	28.2	16%
IHC	-2.5	3.7	17.9	20.2	13%
DHC	2.2	1.9	6.4	8.0	25%
Gross Profit	10.9	-1.5	34.6	17.1	-50%
IHC	12.9	-1.5	43.3	21.9	-49%
DHC	-2.0	0.1	-8.7	-4.8	81%

% On Sales	4Q15	4Q16	As at 4Q15	As at 4Q16	
Costs of Sales	58%	72%	62%	67%	
IHC	56%	72%	55%	64%	
DHC	90%	73%	111%	83%	
Non-productions costs (*)	-1%	37%	16%	21%	
IHC	-11%	47%	13%	17%	
DHC	147%	26%	33%	43%	
Gross Margin	44%	-10%	22%	13%	
IHC	55%	-20%	32%	19%	
DHC	-137%	1%	-46%	-26%	

(*)As at December 31st, 2016, closed season expenses are registered as deferred assets (US\$ 3.7 billion) which will be charged to the inventory values in the second season 2016. Since the presentation of the audited annual financial statements for 2015, they are not considered closed season expenses; there are only non-production costs. Variation of costs incurred in non-production periods is explained in section 3.4.

3.3 Costs of Sales :

- As at December 31st, 2016, 256 closed days were registered against to 206 days in the previous year, due to the late start of the first season 2016.
- As at December 31st, 2016, the cost of IHC sales represented 64% of IHC sales, higher than the 55% registered in 2015. At the end of 2016, the unit cost of IHC sales increased to US\$ 1,053 per MT¹, against to US\$ 944 per MT in the previous year, because of lower production volumes and less fishing days.
- As at December 31st, 2016, the cost of anchovy catch per MT increased by 25%, due to a lower volume caught as a result of the short first fishing season 2016 and a lower quota allocated in the second season 2015. The lower volume also generated higher fuel costs due to lower efficiency and higher maintenance costs.

¹Considering MT of fishmeal and fish oil sold.



	Costs of own catch		
	As at 4Q15	As at 4Q16	Variation
Own catch (MT)	224,509	162,977	-27%
Cost of own catch (thousand US\$)	24,116	23,220	-4%
US\$/MT	107.4	142.5	33%
Depreciation	2,535	3,583	41%
Dep/ MT	11.3	22.0	95%
US\$/MT (without depreciation)	96.1	120.5	25%
Others:			
Personnel	10,880	7,857	-28%
Personnel /MT	48.5	48.2	-1%
Maintenance	2,422	3,100	28%
Maintenance /MT	10.8	19.0	76%
Fuel	5,964	6,006	1%
Fuel/MT	26.6	36.9	39%
Others	2,315	2,674	16%
Others /MT	10.3	16.4	59%

(*) As at December 31st, 2016, the costs of own catch corresponding to the second fishing season 2016 include a part of the deferred assets considered as at September 30th, 2016 (before considered as closed season expenses).

- As at December 31st, 2016 the purchase to third parties explained 52% of the total processed volume. The cost per MT of purchase to third parties decreased by 10% in comparison to the previous year, due to lower prices of fish meal.

	Costs of Purchase to Third Parties		
	As at 4Q15	As at 4Q16	Variation
Purchase to third parties (MT)	192,982	173,887	-10%
Cost of purchase to third parties (thousand US\$)	57,241	46,324	-19%
US\$/MT	296.6	266.4	-10%

- The processing cost per MT as at December 31st, 2016 (excluding raw materials) increased by 21% regarding the previous year, due to a lower processing volume for the short period of the first season 2016. The lower volume also generated higher personnel and maintenance costs.



	Processing Costs		
	As at 4Q15	As at 4Q16	Variation
Fishmeal and Fish Oil Processing MT	106,699	89,850	-16%
Processing Cost (Thousand US\$)	19,757	21,152	7%
US\$/MT	185.2	235.4	27%
Depreciation	3,102	4,148	34%
Dep/ MT	29.1	46.2	59%
US\$/MT (without depreciation)	156.1	189.2	21%
<u>Others:</u>	2,317	3,042	31%
Personnel	21.7	33.9	56%
Personnel/MT	611	1,181	93%
Maintenance	5.7	13.1	130%
Maintenance/MT	6,761	6,510	-4%
Fuel	63.4	72.5	14%
Fuel/MT	1,630	1,015	-38%
Inspections and analysis	15.3	11.3	-26%
Inspections and analysis /MT	6,966	6,271	-10%
Others	65.3	69.8	7%
Others/MT	106,699	89,850	-16%

(*) As at December 31st, 2016, processing costs corresponding to the second fishing season 2016 include a part of the deferred assets considered as at September 30th, 2016 (before considered as closed season expenses).

- Regarding DHC, the abovementioned fall in the use of the capacity installed, due to the low availability of giant squid and other species, affected the results of this Business Unit. This was partially compensated by the presence of mackerel in the third quarter.

DHC (US\$ million)	As at 4Q16		
Sales	18.7		18.7
Variable cost of sales	-14.0		-14.0
Contribution Margin	4.7		4.7
Sale Expenses	-3.2		-3.2
	Cost	Deprec.	Total
Non-production Costs	-4.7	-3.3	-8.0
Fixed Cost of Sales	-1.2	-0.2	-1.4
Administrative Expenses	-1.1	-0.4	-1.5
Fixed Costs	-7.0	-3.9	-10.9
EBITDA	-5.5		
Operating Profit			-9.4



3.4 Non-production Costs:

- In order to standardize the accounting criteria to the current tax regulations, as of the presentation of the audited annual financial information for the year 2015, expenses incurred during closed seasons are considered as necessary expenses for the production of the following season, so they are now activated as inventory value. Therefore, closed season expenses have been reclassified to the costs of production (catch and processing), inventories and subsequent impact on cost of sales.
- “Non-production costs” correspond to expenses in the plants during non-production days and to non-operating vessels during fishing seasons.
- Non-production costs increased by 16% in comparison to the previous year, due to: (i) intermittent fishing during 2016; and (ii) higher costs of DHC non-production due to the low use of the capacity installed in the plants of Tambo de Mora and Paita.

US\$ million	As at 4Q15	As at 4Q16	Variation
Fleet non-production cost (*)	8.3	8.0	-4%
Plant non-production cost (*)	9.6	12.2	27%
Costs of DHC Non-production	6.4	8.0	26%
Non-production Costs	24.3	28.2	16%

(*) As of the presentation of the 2015 audited annual financial statements, they are no longer considered closed season expenses; there are only non-production costs. As at December 31st 2016, closed season expenses are recorded as deferred assets (US\$ 3,7 million), which will be charged to the inventory value in the second season 2016.

3.5 Operating Expenses:

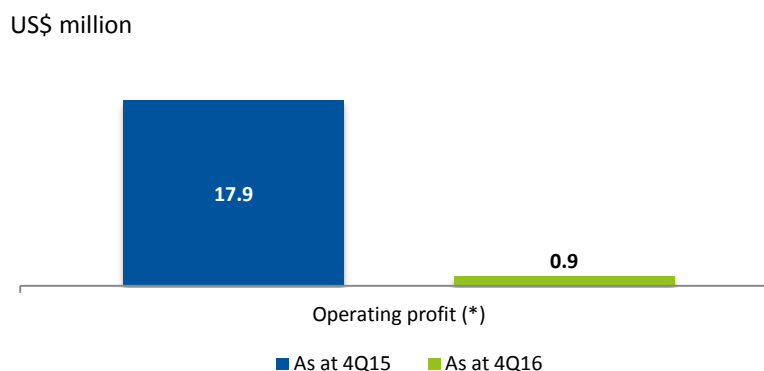
- As at December 31st, 2016, administrative expenses increased by 8% regarding the previous year, mainly due to temporary increases in services to third parties.
- Sale expenses are kept in 6% regarding the sales.

US\$ million	4Q15	4Q16	As at 4Q15	As at 4Q16	Variation
Sale expenses	2.0	1.9	9.6	8.5	-12%
% On Sales	8%	13%	6%	6%	1%
Administrative Expenses	1.9	2.0	7.1	7.7	8%

3.6 Operating Profit (*):



- As at December 31st, 2016, the operating profit was reduced by 95% regarding the previous year, having an operating margin of 1% (11% as at December 31st, 2015), as a result of the lower volume processed.



(*) Operating profit does not consider the other incomes/expenses.

3.7 Financial Expenses:

- Net financial expenses had an increase of 20%, representing 16% of sales (12% in the previous year), due to extraordinary expenses for the repurchase transaction of US\$ 30 million of corporate bonds, as well as for the credit obtained to do such transaction.
- This repurchase of bonds at the nominal value meant extraordinary incomes for US\$ 7 million approximately, which are recorded in the account Other Incomes.

US\$ million	4Q15	4Q16	As at 4Q15	As at 4Q16	Variation
Financial incomes	0.0	0.0	0.1	0.0	-63%
Financial expenses	5.3	5.1	18.5	22.1	20%
Net Financial Expenses	-5.2	-5.1	-18.4	-22.1	20%
% On Sales	21%	34%	12%	16%	38%

3.8 Other incomes and expenses:

- As at December 31st, 2016, the net of other incomes and expenses was US\$ -2.2 million, lower than the previous year (US\$ -4.4 million). The main items in 2016 were the following:
 - Extraordinary Income of US\$ 7.1 million, resulting from the repurchase of 15% of the original issue of bonds at a price below the nominal value.
 - Provision of contingencies of US\$ 2.6 million, due to administrative sanctions in process.

3.9 Net Profit:



- As at December 31st, 2016, the income tax was US\$ -3.5 million, higher than the previous year (US\$ 7.9 million), as a consequence of a negative effect on the Company's deferred liabilities, due to the increase in the income tax rate which varied from 28% to 29.5% for 2017 and beyond. In 2015 the effect was positive because in that year the income tax rate was reduced from 30% to 28%.
- As at December 31st, 2016, the net profit was US\$ -24.8 million, lower than the previous year (US\$ 1.3 million), due to a lower effective catch in 2016 and less availability of species oriented to Direct Human Consumption.

3.10 Indebtedness:

- As at December 31st, 2016, the total net debt amounted to US\$ 264.3 million. The long-term debt (current and non-current part) was US\$ 204.0 million, from which US\$ 5.6 million correspond to leasing operations and US\$ 25 million to a 6-year loan for the repurchase of bonds.
- The short-term debt related to working capital increased by 143% in comparison to the previous year (US\$ 67.1 million) and the cash increased by 298% (US\$ 6.7 million), due to the increase in the fishing quota corresponding to the second season 2016 regarding the previous year (2.0 million MT against 1.1 million MT), which implied a greater need for financial resources to cover catch and production operations, as well as a greater purchase of raw material to third parties.
- As at December 31st, 2016, the Company has a committed line of working capital with Scotiabank for US\$ 20.0 million, covering any eventual need of liquidity. Up to that date, only US\$ 5 million from the above mentioned line have been used.

Debt Position			
US\$ million	As at 4Q15	As at 4Q16	%
Short-term Debt (*)	27.6	67.1	143%
	12%	25%	
Long-term Debt	211.0	204.0	-3%
Current part	3.2	1.8	-39%
Non-current part	207.8	202.2	-2%
	88%	75%	
Total Debt	238.7	271.1	14%
Cash	1.7	6.7	298%
NET DEBT	237.0	264.3	12%

- It should be noted that the repurchase of bonds led to a reduction in the long-term debt for the corporate bonds from US\$ 200 million to US\$ 170 million, while the long-term debt to banks increased to US\$ 25 million (credit arranged to 6 years, with 1 year of grace and a balloon quota of 20%).
- As at December 31st, 2016, the short-term bank debt was covered at 152% with inventories, cash and accounts receivable, mostly supported by Credit Letters.



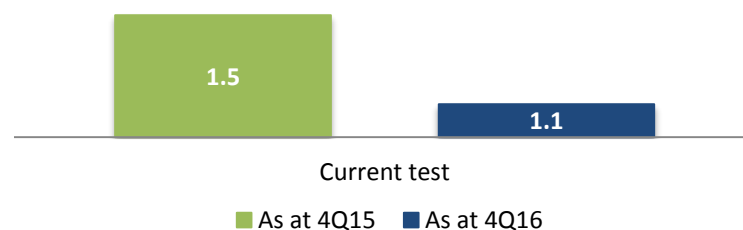
US\$ million	As at 4Q15	As at 4Q16	%
Short-term Debt (Working Capital)	27.6	67.1	143%
Net Trade Accounts Receivable	2.2	2.3	3%
Valued Inventory (US\$)	61.3	92.1	51%
Fishmeal stock (thousand MT)	32.1	45.5	42%
Fish Oil stock (thousand MT)	2.1	6.6	211%
DHC stock (thousand MT)	2.9	5.7	97%
Fishmeal Valued Inv. (*)	53.5	71.7	34%
Oil Fish Valued Inv. (*)	3.6	13.1	262%
DHC Inv. (**)	4.2	7.4	76%
Receivables + Valued Inventory + Cash	65.2	101.4	56%
Short-term Debt Hedge	236%	151%	

(*) Valued at average sale prices. (**) Valued at inventory costs.

3.11 Financial Indicators:

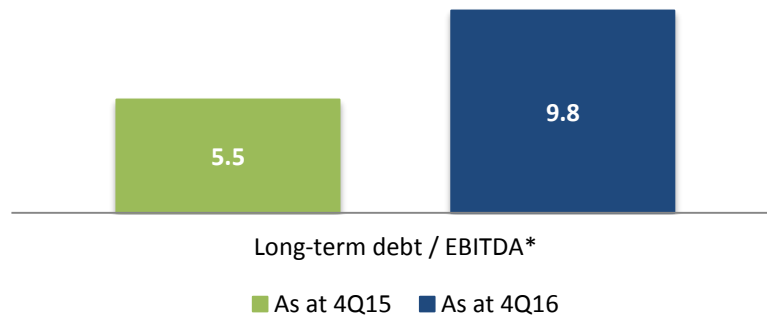
- Liquidity:**

The current test (current assets / current liabilities) was slightly reduced due to higher working capital requirements, resulting from the late start of the first fishing season 2016.



- Solvency:**

Solvency rates increased due to lower levels of EBITDA for the last twelve months.



(*) EBITDA for the last twelve months is considered.

- **Profitability:**

Profitability ratios decreased, due to the late start of the first fishing season 2016 in comparison to the previous year.

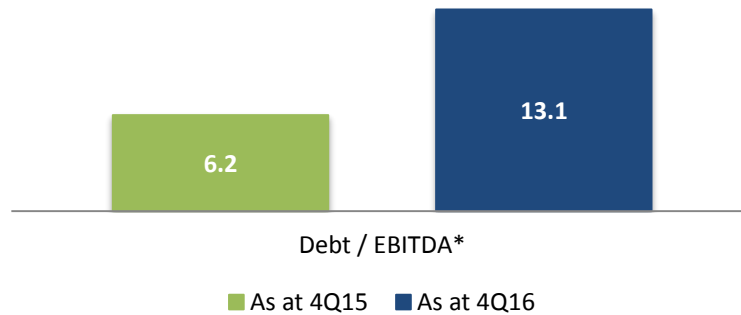
Profitability Position		
	As at 4Q15	As at 4Q16
ROE	1%	-11%
ROA	0%	-6%
Net Margin	1%	-18%

- **Covenants:**

In the international bond issuance for US\$ 200 million, incurrence covenants were agreed into the issuance agreement.

- **Total Debt / LTM EBITDA:**

It shows the relation between funds obtained through third parties and operating results. In case this relation is greater than 3.5, we shall not assume more debt, except for the authorized by the baskets made for that purpose, and which are indicated in the corresponding prospectus.

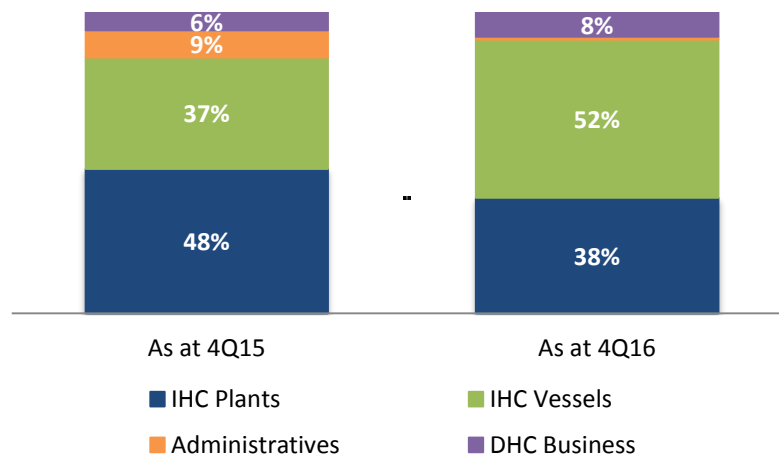


(*) EBITDA for the last twelve months is considered.

As at December 31st, 2016, the indicator increased from 6.2x to 13.1x, compared to the same period in 2015, as a result of greater initial stocks regarding the previous year.

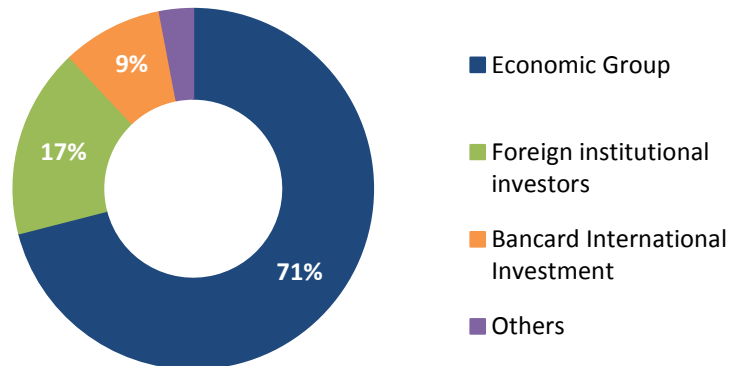
3.12 CAPEX:

- Regarding CAPEX, as at December 31st, 2016 there has been investments for US\$ 17.8 million (US\$ 8.0 million as at December 31st, 2015), mainly aimed to IHC vessels due to usual maintenance work and others.



4. Share capital, shareholders and share evolution:

- As at December 31st, 2016, the fully subscribed and paid-up capital of the Company amounted to S/. 295'536,144, divided into 295'536,144 common shares with voting rights and a nominal value of S/. 1.00 each one. All shares provide their holders the same rights and liabilities.
- The company's shares are quoted on the Lima Stock Exchange. As at December 31st, 2016, the market value of the 295'536,144 shares was S/.1.19 per share, while as at December 31st, 2015, it was S/. 1.01.



5. Other Relevant Facts:

- On October 18th, Exalmar nomination was announced as a finalist for the IFFO annual awards, recognizing the commitment and leadership of the company in the field of Good Corporate Governance.
- On November 9th, 2016, the authorization of the beginning of the second fishing season 2016 corresponding to the north central region, which began on November 15th and ended on January 27th, was released as a Significant Event.
- On November 14th, a conference call was held with the Company's investors, with information on financial results for the third quarter of 2016.
- On November 21st, the report issued by the risk classifier Moody's Investors Service, which kept the rating of Pesquera Exalmar S.A.A corporate bonds in the B3 classification with negative perspective, was published as a Significant Event.
- Between January 18th and 20th the company participated in the event "XXI Annual Latin American Conference", organized by Santander in Cancun, Mexico.