



# Results Q4 2013

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# Agenda

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- Financials
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- Summary



# Highlights Q4 2013

- Revenues of £21.5m (Q4 2012: £27.8m) achieved on harvest volumes of 5,271 tonnes (8,336 tonnes)
- EBIT before Biomass Fair Value Adjustment and exceptional items was a loss of £1.0m in the quarter (loss of £0.4m in Q4 2012)
- Full year EBIT before Biomass Fair Value Adjustment and exceptional items was £3.3m (2012: £0.5m) on 3,120 tonnes less volume
- Additional licence obtained in the Western Isles, and a site extension and cycle change to a farm in Skye: the salmon will be harvested during the second half of 2015, and the first quarter of 2016 respectively
- Harvest volume guidance of 27,000 tonnes in 2014

# Financials



# Key Figures

£ 000's	Q4 2013	Q4 2012	FY 2013	FY 2012
Net operating revenues	21,515	27,751	82,401	79,491
Earnings before depreciation (EBITDA) and Exceptional Items	796	1,403	10,676	7,628
EBIT before fair value adj. biom and Exceptional Items	(1,024)	(394)	3,280	511
Earnings before interest and taxes (EBIT)	6,253	(1,247)	10,632	(1,723)
Net financial items	(1,988)	(595)	(6,342)	(2,516)
Exceptional Items	-	(1,719)	-	(2,624)
Earnings before taxes (EBT)	4,062	(1,933)	3,464	(4,698)
EBITDA before fair value adj. biom. %	3.7%	5.1%	13.0%	4.8%
EBIT before fair value adj. biom. %	-4.8%	-7.6%	4.0%	-2.7%
EBIT %	29.1%	-4.5%	12.9%	-2.2%
Net interest bearing debt	50,720	37,230	50,720	37,230
Book equity	62,640	59,674	62,640	59,674
Equity ratio	45%	49%	45%	49%
Harvest volume, HOG tonnes	5,271	8,336	20,825	23,945
EBIT before FV Adj. Biomass /kg (GWE) (£)	(0.19)	(0.05)	0.16	0.02
Number of shares in issue (million)	166.8	166.8	166.8	166.8
Basic Earnings per share (pence per share)	1.75	(0.83)	1.78	(1.74)
Diluted Earnings per share (pence per share)	1.75	(0.83)	1.78	(1.74)

# Statement of Comprehensive Income

£000's	Q4 2013	Q4 2012	FY 2013	FY 2012
<b>Operating income</b>	<b>21,515</b>	<b>27,751</b>	<b>82,401</b>	<b>79,491</b>
Cost of goods sold and operating cost	(20,719)	(26,348)	(71,725)	(71,863)
<b>Earnings before depreciation (EBITDA)</b>	<b>796</b>	<b>1,403</b>	<b>10,676</b>	<b>7,628</b>
%	4%	5%	13%	5%
Depreciation and Impairment of fixed assets	(1,820)	(1,797)	(7,396)	(7,128)
<b>Earnings before fair value adj. on biomass and exceptional items</b>	<b>(1,024)</b>	<b>(394)</b>	<b>3,280</b>	<b>511</b>
%	(5%)	(8%)	4%	(3%)
<b>Exceptional items</b>	-	(1,719)	-	(2,624)
<b>Earnings before interest and taxes (EBIT)</b>	<b>6,253</b>	<b>(1,247)</b>	<b>10,632</b>	<b>(1,723)</b>
	29%	(4%)	13%	(2%)
Interest and other financial expenses	(2,191)	(686)	(7,169)	(2,975)
<b>Earnings before taxes</b>	<b>4,062</b>	<b>(1,933)</b>	<b>3,464</b>	<b>(4,698)</b>
%	19%	(7%)	4%	(6%)
Discontinued Operations	-	-	-	-
<b>Net Earnings for Period</b>	<b>2,918</b>	<b>(1,389)</b>	<b>2,966</b>	<b>(2,895)</b>
Harvest Volume (HOG)	5,271	8,336	20,825	23,945
EBIT before FV adj per Kg	(0.19)	(0.05)	0.16	0.02
EBT per Kg	0.77	(0.23)	0.17	(0.20)

- Year to date volume 3,120 tonnes lower than last year and 3,065 tonnes lower than last year in Q4
- Full year revenue £2,910k higher than last year, £6,236k lower than last year in Q4
- Average sales price higher than Q4 2012, offsetting the effect of lower Q4 volumes
- EBITDA before FV adj and exceptional items for the quarter at £0.8m for Q4 (4%), £10.7m for the year (13%)
- EBIT before FV adj and exceptional items was a loss of £1.0m (-5%), £3.3m for the year (4%)

# Consolidated Statement of Financial Position

£000's	2013	2012
Total intangible assets	23,944	23,179
Total tangible assets	34,640	35,766
Investments	0	826
<b>Total non-current assets</b>	<b>58,584</b>	<b>59,771</b>
<b>Current assets</b>		
Biological assets & Inventory	68,011	46,425
Receivables	12,106	12,119
Cash and cash equivalents	67	2,750
<b>Total current assets</b>	<b>80,184</b>	<b>61,294</b>
<b>Total assets</b>	<b>138,768</b>	<b>121,065</b>
<b>Total equity</b>	<b>62,640</b>	<b>59,674</b>
<b>Non-current liabilities</b>		
Deferred taxes	4,833	4,899
Long-term interest bearing debt	44,479	33,833
<b>Total non-current liabilities</b>	<b>49,312</b>	<b>38,732</b>
<b>Current liabilities</b>		
Short-term interest bearing debt	6,241	6,147
Accounts payable & ST liabilities	19,903	16,422
Current Taxes	672	90
<b>Total current liabilities</b>	<b>26,816</b>	<b>22,659</b>
<b>Total liabilities</b>	<b>76,128</b>	<b>61,391</b>
<b>Total Equity and Liabilities</b>	<b>138,768</b>	<b>121,065</b>
Equity Ratio	45%	49%

- Decrease in tangible assets as depreciation exceeded capex by £1.3m in the year.
- Imbalance in production evident in biological assets and working capital movements
- Total assets £138.8m
- Total liabilities £76.1m due to draw down on loans in Q1 2013 and increase in trade creditors and accruals, in line with increase in stocks
- Equity ratio at 45%

# Cashflow

<b>£000's</b>	<b>Q4 2013</b>	<b>Q4 2012</b>	<b>FY 2013</b>	<b>FY 2012</b>
Cashflow from operations	(2,670)	3,530	(1,138)	3,342
Cashflow from investments	(2,093)	(1,205)	(6,869)	(10,910)
Cashflow from financing	(1,041)	(896)	3,571	4,555
<b>Net cash flow in the period</b>	<b>(5,804)</b>	<b>1,429</b>	<b>(4,436)</b>	<b>(3,013)</b>

- Cashflow from operations negative due to losses in the quarter plus building stock for 2014 harvesting
- Investments in the period are £1.3m less than depreciation year to date, and £0.5m less than Q4 2012. £0.8m spent on acquiring new licences in the quarter
- Financing cashflow is repayment of loans and interest in line with repayment schedule



# Outlook



# Outlook

- Key areas are:
  - fish health monitoring systems and processes surrounding husbandry techniques
  - production efficiencies, particularly in relation to fish nutrition
  - a drive to address the production imbalance including internal re-alignment



# Operational Developments

## Balance and Increase Production

Addressing production imbalance through achieving additional consent at Greanamull and internal swap at Portree

## Investment in Hatchery

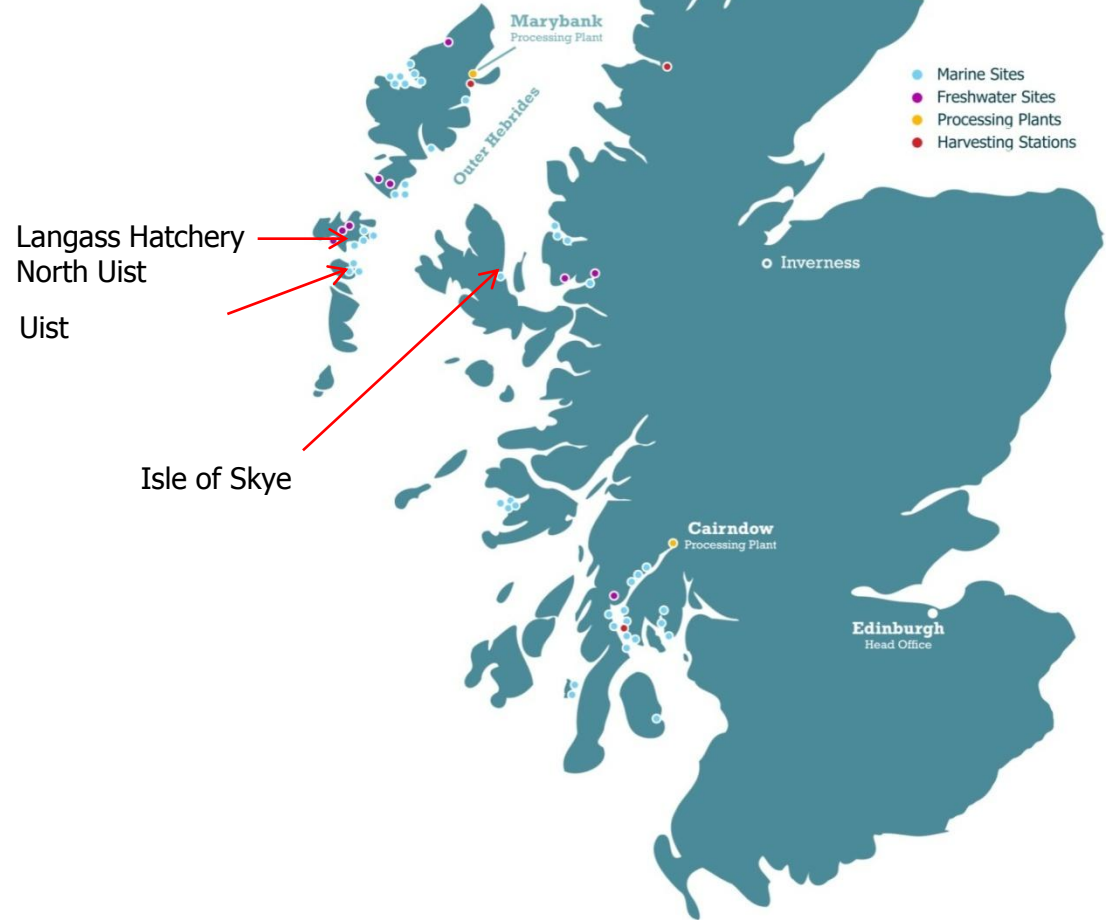
New Fresh Water facilities with Langass Hatchery

## Operational Efficiency

Introduction of Logistical Efficiencies with additional well boat for on site harvesting

Langass Hatchery  
North Uist  
Uist

Isle of Skye



# Summary

- EBIT before Biomass Fair Value Adjustment and Exceptional Items was £3.3m
- Firm sales prices have offset high costs in the quarter
- Additional licence obtained in Uist (Western Isles), with consent of 2,400 tonnes. The salmon are due to be harvested during the second half of 2015. Along with the cycle change in Skye, this will positively address the imbalance in production
- 60% contracted for 2014 with strong market
- Volume guidance for 2014 27,000 tonnes



# Appendix



[www.scottishsalmon.com](http://www.scottishsalmon.com)

# Board of Directors

Robert Brown III Chairman

Merete Myhrstad

Campbell Shirlaw

Phillip Smith

Viacheslav Lavrentyev



# Executive Team

Craig Anderson, Managing Director

Clare White, Interim CFO

