

# EARNINGS RELEASE

## 4Q18

April 2019



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2.	CONSOLIDATED RESULTS JAN-DEC 18
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4.	RESULTS PER BUSINESS SEGMENT



# Main Highlights



## 1. GROWTH STRATEGY

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- Regarding the Company's growth strategy, in July 2018 the **Purchase and Merger of the Blueberries Business of the Grupo Rocío in Peru** was materialized, through which 50% of Hortifrut Tal S.A.C. was acquired, completing 100% of participation in this company, in addition to a 100% of the blueberries business of Tal S.A., incorporating **1,450 of productive hectares** of blueberries into the Hortifrut property.
- **Hortifrut made progress in its Plantation Project in China**, developed thanks to the strategic alliance signed with its partner Joy Wing Mau (subsidiary of the Legend Group and leader in distribution of fruits and vegetables in China). At the end of 2018, **91 hectares out of 243 hectares approved for this project** are planted, and the first crop will be obtained on March 2019.

## 2. SUSTAINABILITY

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- Hortifrut Chile S.A. (subsidiary of Hortifrut S.A.) obtained in October 2018 the **B Corp Certification**, becoming the largest Chilean company to obtain this important international recognition.

## 3. DIVIDENDS

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- On November 2018, the Board of Directors agreed to pay the shareholders an **provisional dividend of US\$7.4 million** at a rate of US\$0.0140 for each share subscribed and paid, with charge to the profits of the year 2018.

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MAIN HIGHLIGHTS

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CONSOLIDATED RESULTS JAN-DEC 18

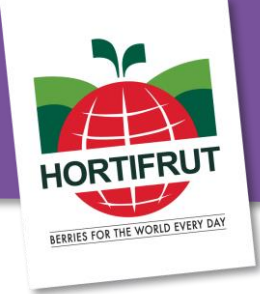
3.

CONSOLIDATED RESULTS JUL-DEC 18

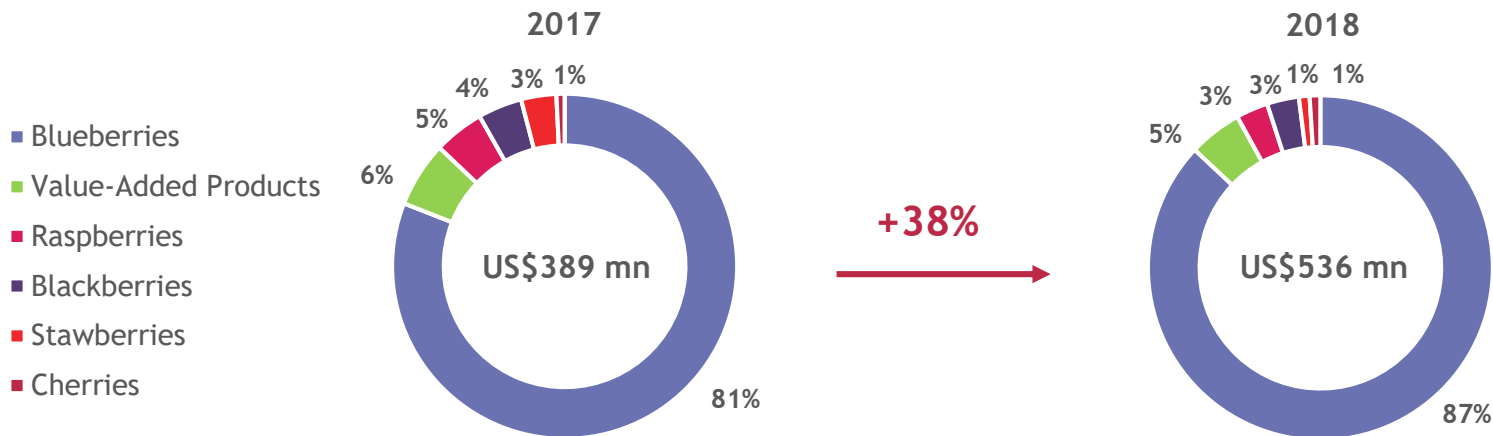
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RESULTS PER BUSINESS SEGMENT

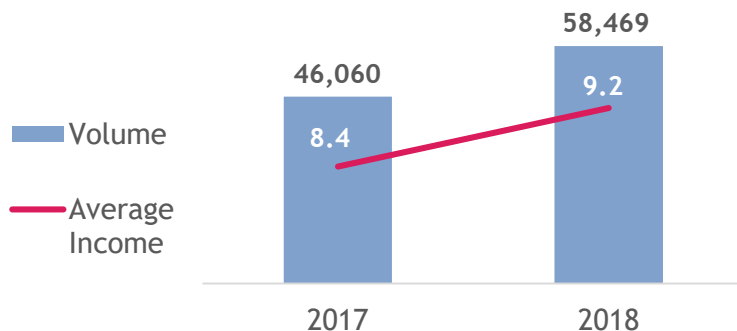




## 1. CONSOLIDATED REVENUE BY SEGMENT. (%)



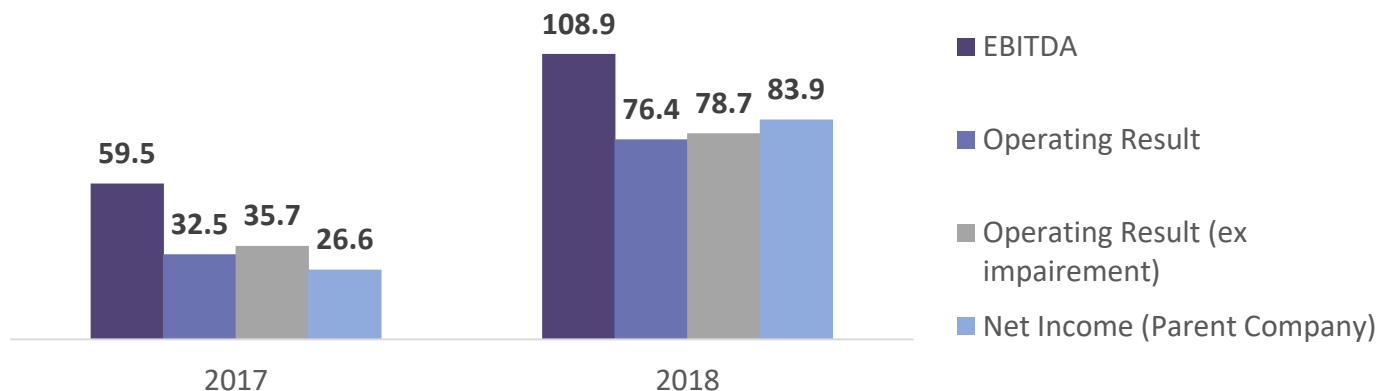
## 2. VOLUME / AVERAGE INCOME. (Tons - US\$/Kg)



- The increase in revenue is mainly explained by an increase of 27% in the volume distributed and an increase of 9% in the average income per kilo, mainly due to the acquisition of the blueberries business of the Grupo Rocío in Peru and the maturing of the Olmos Project.
- Revenue as of Dec18 includes US\$5.3 mn in fruit valorization in bearer plants, compared to US\$1.6 mn at Dec17, a rise explained by Peru.



## 1. CONSOLIDATED RESULT. (US\$ mn)



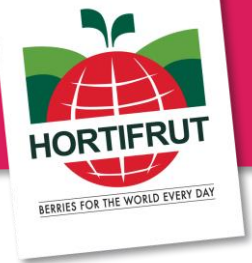
<b>EBITDA Variation</b>	+83% (higher distributed volume from Peru, besides valorization of fruit in “bearer plants”)
<b>Operating Result Variation</b>	+135% (the same effects as in EBITDA, plus US\$2.3 mn of asset impairment as of Dec18, which decreased compared to the US\$3.2 mn recorded in Dec17, in both cases associated with the pull up of productive hectares)
<b>Net Income (Parent Company) Variation</b>	+216% (effects on operating result, besides US\$44.5 mn of net income due to recognition of higher value in 50% of Hortifrut Tal S.A.C. that was already owned by Hortifrut, as a result of the purchase and merger in Peru)

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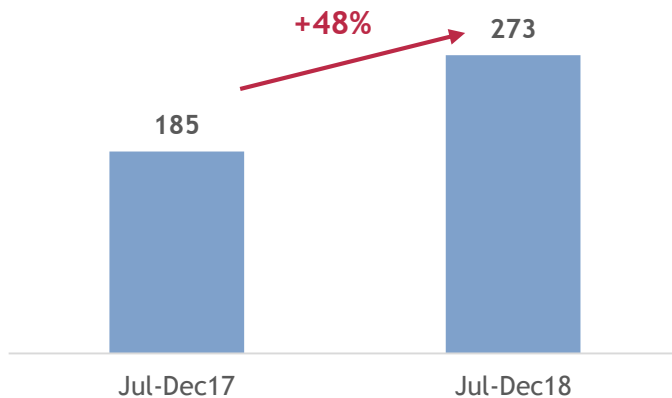


# EBITDA of US\$83 mn in Jul-Dec18

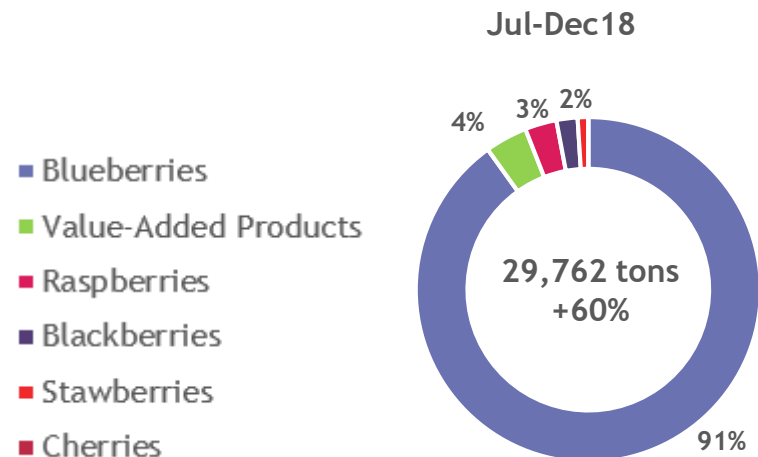


- **EBITDA increase in US\$61 mn** compared to Jul-Dec17 period, mainly associated with the higher distributed volume from own fields in Peru and the valorization of fruit in “bearer plants” for US\$5.3 mn (vs. US\$1.6 mn for this concept in the previous year).
- The **distributed volume increased 60% reaching 29,762 tons**, with growth of Blueberries, Raspberries and Blackberries segments.
- **Decrease of 10.2% of the average price per kilo**, with a fall in the prices of all the segments, except Strawberries and Cherries.

## 1. CONSOLIDATED REVENUE. (US\$ mn)



## 2. DISTRIBUTED VOLUME. (%)

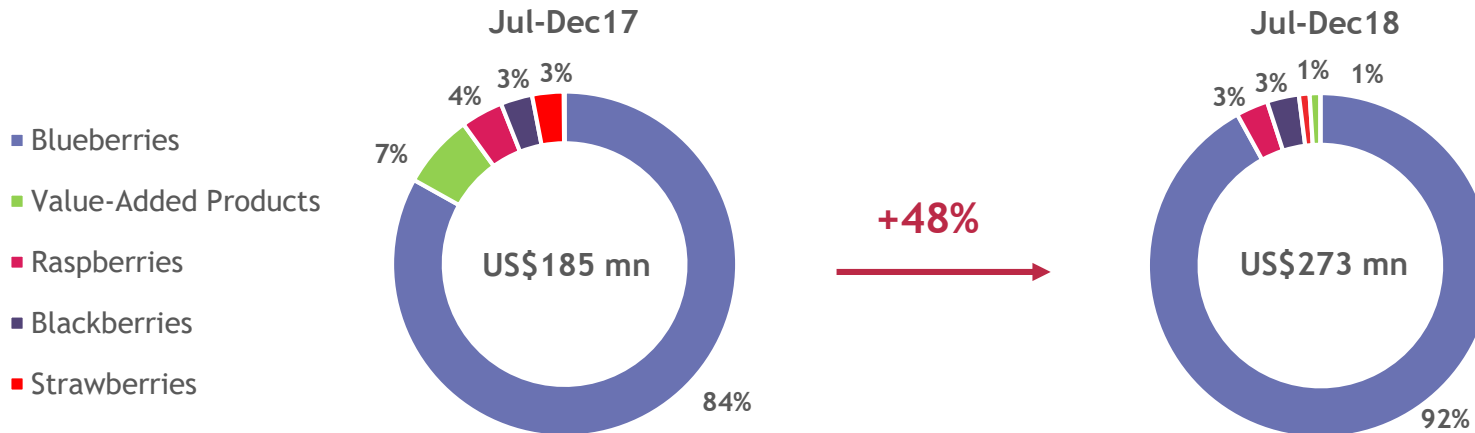




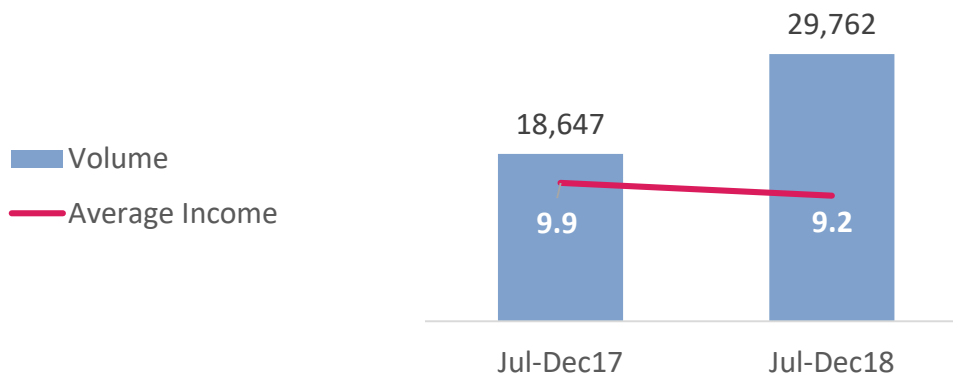
# Revenue Evolution Season Jul-Dec17/Jul-Dec18



## 1. CONSOLIDATED REVENUE BY SEGMENT. (%)



## 2. VOLUME / AVERAGE INCOME. (Tons - US\$/Kg)

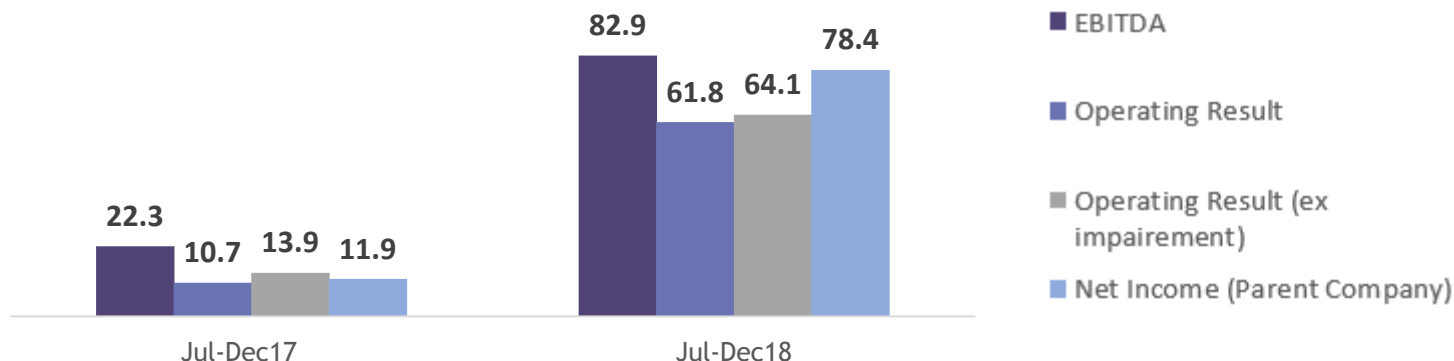


- The increase in revenue is mainly explained by an increase of 60% in the volume distributed, partially offset by a 7.4% reduction in average revenue per kilo, mainly due to the higher volume of blueberries in the industry in the sales window of Peruvian fruit.
- Revenue of Jul-Dec18 includes US\$5.3 mn in fruit valorization in bearer plants, compared to US\$1.6 mn of Jul-Dec17, a rise explained by Peru.

# Consolidated Results Season Jul-Dec17/Jul-Dec18

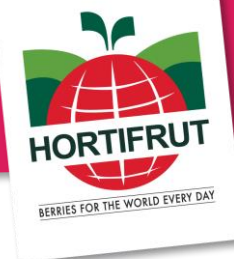


## 1. CONSOLIDATED RESULT. (US\$ mn)



<b>EBITDA Variation</b>	+272% (higher volume of fruit from Peru, due to incorporation of new fields in Trujillo and by maturation of the Olmos Project, in addition to increase in the valorization of fruit in “bearer plants”, by Peru)
<b>Operating Result Variation</b>	+476% (same effects as in EBITDA, added to a lower impairment of asset associated with the extraction of productive hectares, partially offset by higher depreciation due to the incorporation of Peruvian asset)
<b>Net Income (Parent Company) Variation</b>	+561% (due to the higher operational result, in addition of US\$44.5 mn of net income due to recognition of higher value in 50% of Hortifrut Tal S.A.C. that was already owned by Hortifrut, as a result of the purchase and merger in Peru)

# Non-Operating Result for the Season

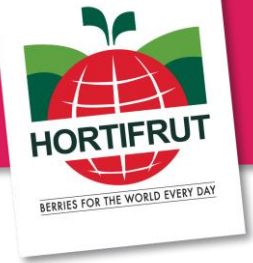


	Jul-Dec17 (US\$ mn)	Jul-Dec18 (US\$ mn)	Var %
Financial income	1,046	273	-745
Financial expenses	(3,132)	(12,272)	292%
Share of profit (loss) of equity accounted investees	9,315	(3,044)	-
Other Profit (Loss)	(198)	60,873	-
Exchange rate differences	(2,927)	1,560	-
<b>Non-Operating Result</b>	<b>889</b>	<b>45,073</b>	<b>4,970%</b>

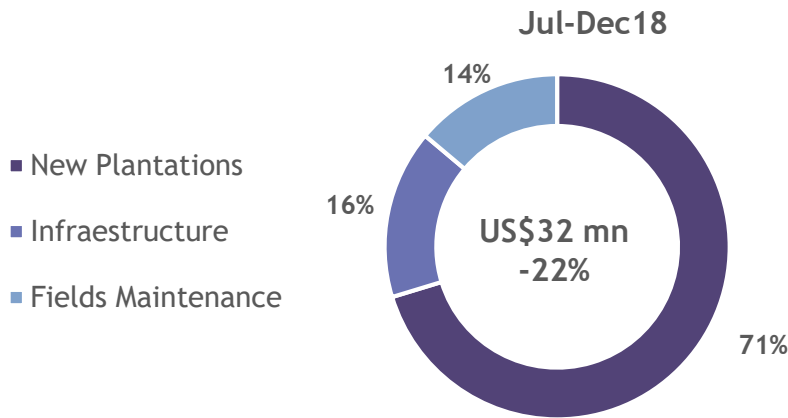
## MAIN VARIATIONS

- **Net Financial Expenses:** increased due to a higher level of average debt, linked to the financing of the purchase and merger of the blueberries business of Grupo Rocío in Peru, to the incorporation of the existing debt in the businesses acquired in this transaction and to the working capital necessary for the operations in Peru and to the increase in interest rates on short-term debt.
- **Share of profit (loss) of equity accounted investees:** the decreased is mainly explained because Hortifrut Tal S.A.C. was included in the perimeter of consolidation in the financial statements of Hortifrut due to the transaction in Peru, company that generated most of the profit in associates registered during Jul-Dec18.
- **Other Profit (Loss):** the profit of the period Jul-Dec18 its associated with the recognition at fair value of the 50% of Hortifrut Tal S.A.C. which was owned by Hortifrut before the merger.
- **Exchange rate differences:** during the Jul-Dec18 period, this result was influenced by the depreciation of the Euro, Chilean Peso and Mexican Peso against the United States Dollar, compared with an opposite movement of those Exchange rates in the same period of 2017.

# Investments S1819 & Net Financial Debt Evolution

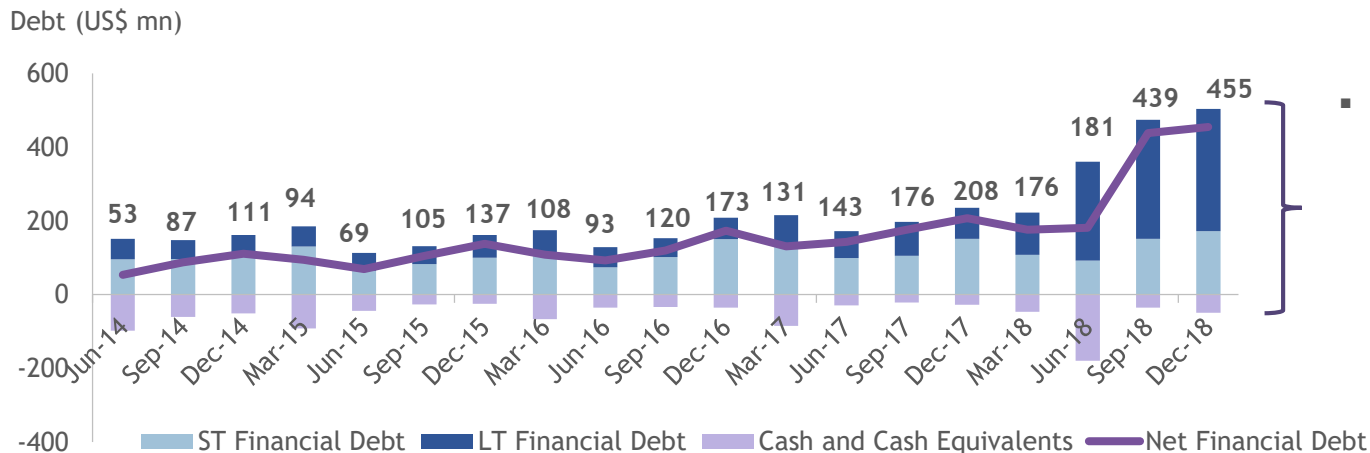


## 1. INVESTMENTS BY TYPE. (%)



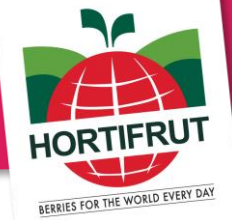
- The investment in new plantations correspond mainly to projects in Peru and China.
- The reduction compared to the period Jul-Dec17 is associated with the completion of investments in Peru and the USA.

## 2. FINANCIAL DEBT EVOLUTION. (US\$ mn)



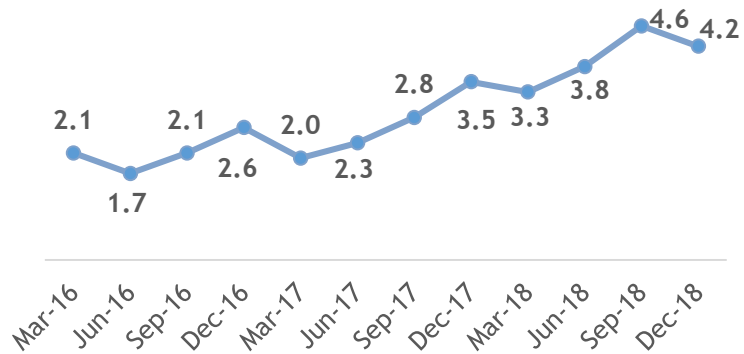
- Increase in net financial debt due to the financing of the purchase and merger in Peru, existing debt in business acquired and working capital of operations in Peru.

# Debt Covenants



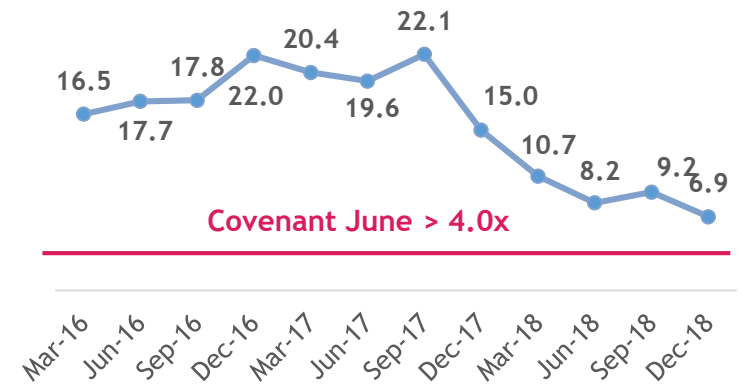
## 1. NET FINANCIAL DEBT/EBITDA. (times)

Covenant December < 5.25x



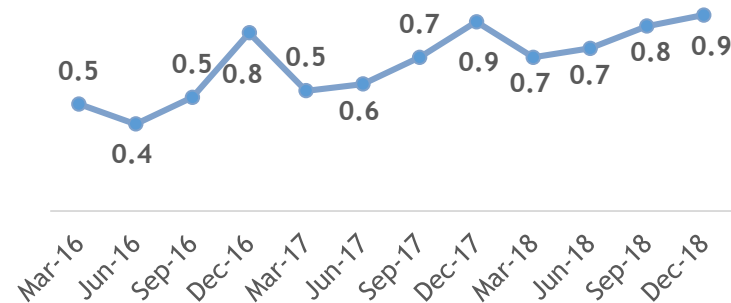
## 2. EBITDA/NET FINANCIAL EXPENSES. (times)

Covenant June > 4.0x



## 3. NET DEBT /TOTAL EQUITY. (times)

Covenant June < 1.0x



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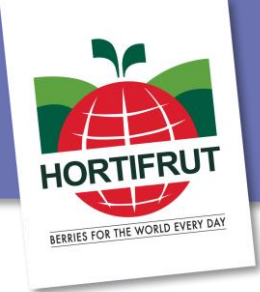
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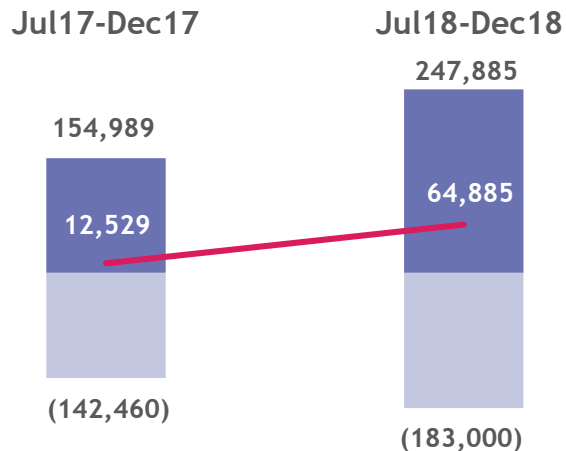


# Blueberries



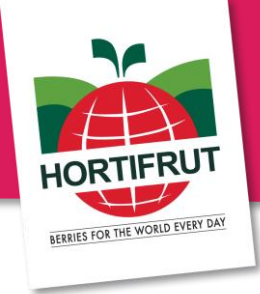
- **60% increase in sales:** +89% volume and -18% of average price per kilo, in addition to US\$5.3 mn of valorization of fruit in “bearer plants”, compared with US\$1.6 mn on the previous year.
- The increase in the distributed volume is mainly due to the increase of fruit from Peru, both by the purchase and merger operation carried out recently, and by the maturation of the plantations that were owned by Hortifrut before this transaction (HFTal and Olmos).
- The decrease of the average price per kilo is associated with the higher volume of this fruit available in the market in this production window, due to the increase of volumes in the Peruvian market.

## OPERATIONAL RESULT. (US\$ mn)



Blueberries	Jul17-Dec17	Jul18-Dec18	Var (%)
Sales volume (Kg)	12,874,621	24,359,127	89%
Percentage of the total	69%	82%	-
Average price (US\$/Kg)	11.35	9.31	(18%)

■ Costs (ThUS\$) 
 ■ Revenue (ThUS\$) 
 — Operating Result (ThUS\$)



# Raspberries

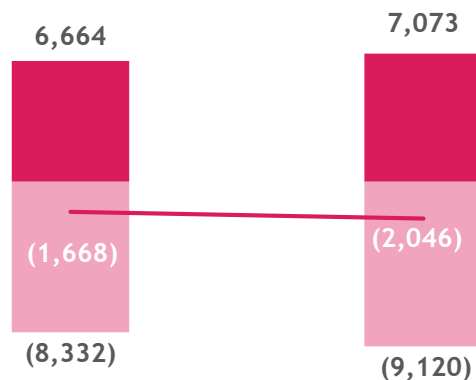


- **Revenue increase of 6%:** +15% volume and -7.5% average price per kilo.
- The increase in volume is explained by the good performance of our own plantations in Mexico during Jul-Dec8 period, recording higher levels of productivity than in previous years.
- The average price per kilo decreased due to higher availability of fruit in the US market.
- The operating margin decreased due to differences in the methodology of cost activation of the season, impacting the monthlyzation of the results, but not the result of the entire season.

## OPERATIONAL RESULT. (US\$ mn)

Jul17-Dec17

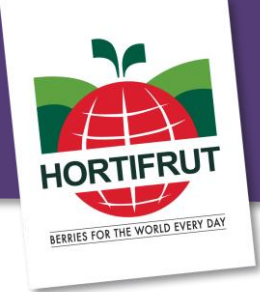
Jul18-Dec18



Raspberries	Jul17-Dec17	Jul18-Dec18	Var (%)
Sales volume (Kg)	747,106	857,584	15%
Percentage of the total	4%	3%	-
Average price (US\$/Kg)	8.92	8.25	(8%)

Costs (ThUS\$) Revenue (ThUS\$) Operating Result (ThUS\$)





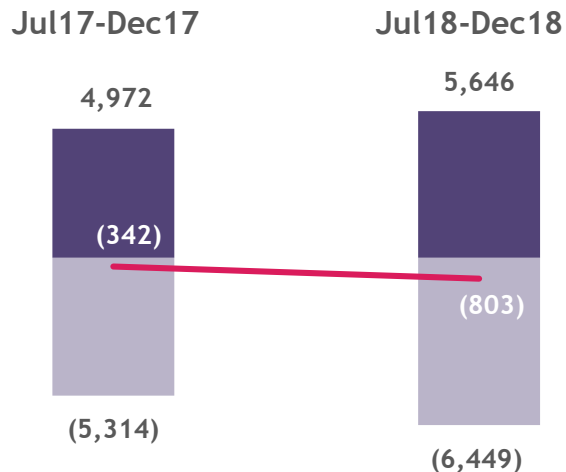
# Blackberries



- **Increase of 14% in sales:** 52% volumen and -25% average price per kilo.
- The increase in volume is explained by an increase in the volume captured by third-party producers in Mexico, associated with the own variety delivery plan (Madeleine) that began to be executed during S17/18.
- The reduction in the sale price is associated with the higher volume of fruit available in the US market, as well as some quality problems at the beginning of the season (due to adverse weather events).

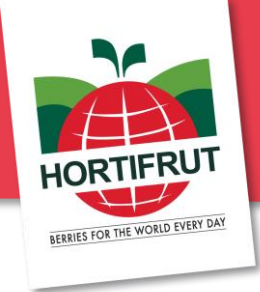


## OPERATIONAL RESULT. (US\$ mn)



■ Costs (ThUS\$) ■ Revenue (ThUS\$) — Operating Result (ThUS\$)

Blackberries	Jul17-Dec17	Jul18-Dec18	Var (%)
Sales volume (Kg)	717,680	1,090,665	52%
Percentage of the total	3.8%	3.7%	-
Average price (US\$/Kg)	6.93	5.18	(25%)



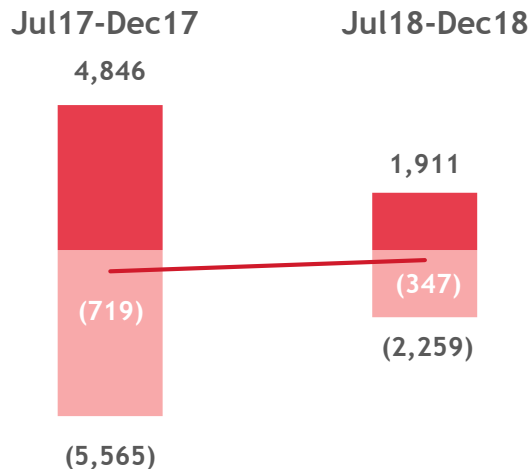
# Strawberries



- **Decrease of 61% in sales:** -62% volume and +5% average price per kilo.
- The decrease in the volume traded is explained by less planted hectares compared with the last season, besides a delay in the harvest of this fruit in Chile due to adverse weather events.
- The higher sale price is explained by the lower availability of this fruit in the Chilean market, the main origin and destination of the Hortifrut strawberries during the second half of the year.

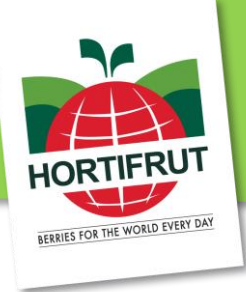


## OPERATIONAL RESULT. (US\$ mn)



Costs (ThUS\$) Revenue (ThUS\$) Operating Result (ThUS\$)

Strawberries	Jul17-Dec17	Jul18-Dec18	Var (%)
Sales volume (Kg)	940,346	353,749	(62%)
Percentage of the total	5%	1.2%	-
Average price (US\$/Kg)	5.15	5.40	5%



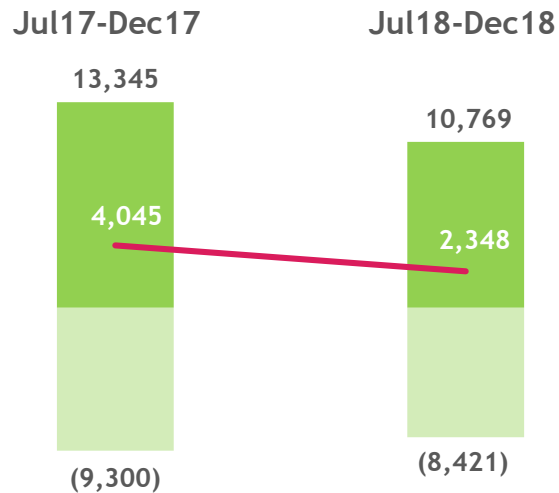
# Value-Added Products



- **Decrease of 19% in sales:** -8% volume and -12% average price per kilo.
- The decrease in volume is mainly explained by lower demand for frozen products in the North American market during the second half of 2018
- Additionally, the lower volume was complemented by a fall in prices due to the increase in the share of conventional fruit in the sales mix, which is sold at lower prices than organic fruit.



## OPERATIONAL RESULT. (US\$ mn)



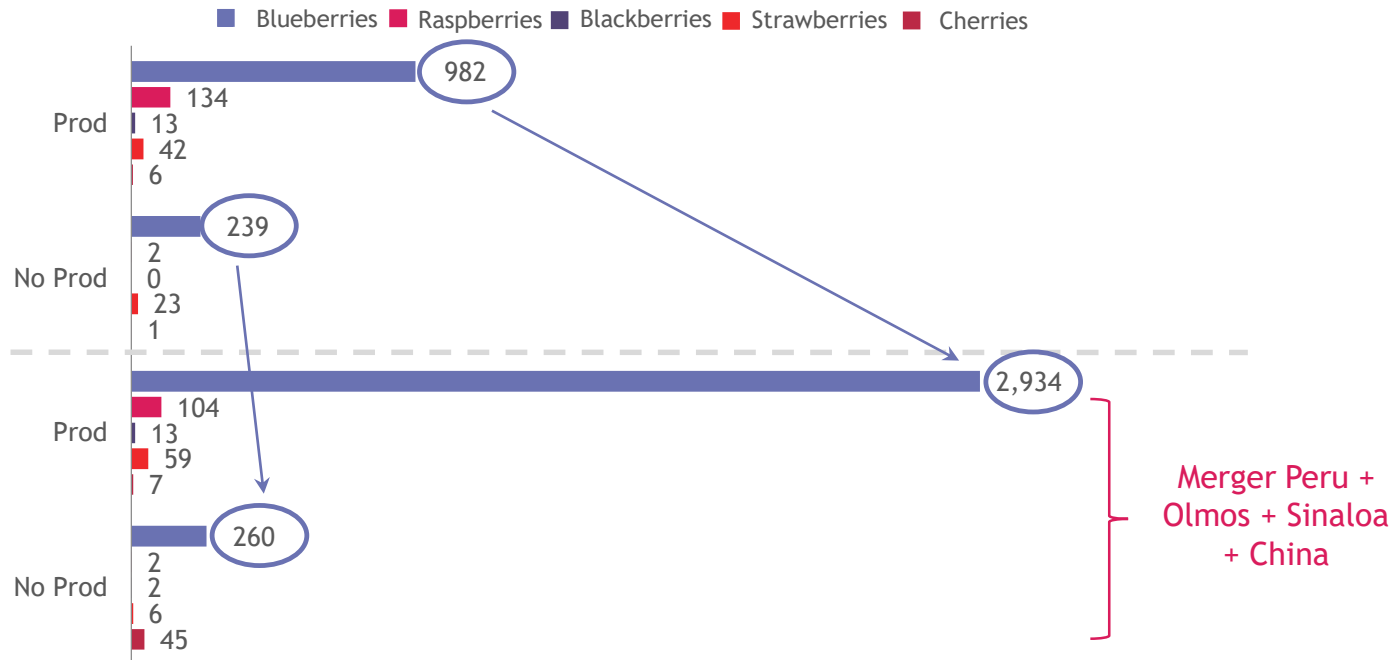
Value-Added Products	Jul17-Dec17	Jul18-Dec18	Var (%)
Sales volume (Kg)	3,349,378	3,085,735	(8%)
Percentage of the total	18%	10%	-
Average price (US\$/Kg)	3.98	3.49	(12%)

Costs (ThUS\$) Revenue (ThUS\$) Operating Result (ThUS\$)

# Evolution of Planted Hectares

**Dec17**  
1,441 has.

**Dec18**  
3,431 has.



- In addition to the previous surface, there are 331 hectares planted (329 hectares in productive status) in projects belonging to associated companies, which do not consolidate in the Hortifrut Financial Statements:
  - 237 hectares of blueberries in pots in Munger Hortifrut NA LLC. (USA), all of which are in a productive status.
  - 17 hectares of raspberries and blackberries in Hortifrut Berries Maroc S.R.L. (Morocco), of which 15 hectares were in productive status.
  - 77 hectares of blueberries in Margesi S.A. (Argentina), all of which are in a productive status.

# Conclusions

## EBITDA

US\$ 82.9 mn during 2H18 (+US\$ 60.6 mn) due to:

- Higher volume of fruit from Peru (Trujillo and Olmos)
- Reduction of prices in blueberries, associated with volume increase in the productive window
- US\$ 5.3 mn of valorization of fruit in bearer plants (US\$1.6 mn in 2H17)

## PRODUCTION IN PERU

Important increase in volume from this country, but with a delay in the harvest curve and certain quality problems, due to a colder and more humid season than all the Peruvian industry had experienced to date.

## CHINA PROJECT

The first harvest of the project in this country has already begun, estimating 240 tons. of production of the first 30 hectares of the project (0.8kg/plant in its first year of production).



# EARNINGS RELEASE

## 4Q18

April 2019

