



## News Release

### China Fishery revenue grows 13.7% led by strong Peruvian Fishmeal Operations

- Revenue from enlarged Peruvian Fishmeal Operations grows 162.5%
- Gross profit increases by 41.6%
- Group remains focused on further integration of fishmeal operations, increasing asset utilisation and reducing interest expense

**Singapore, 22 November 2014** – Leading global industrial fishing company, China Fishery Group Limited (“China Fishery” or the “Group”) (SGX: B0Z.SI), announced today a 13.7% year-on-year increase in revenue for the full year ended 28 September 2014 (“FY2014”), driven by the increased contribution from the Peruvian Fishmeal Operations.

Gross profit also rose by 41.6% from US\$146.0 million in FY2013 to US\$206.8 million in FY2014, mainly due to increased volume in the fishmeal operations and a tight focus on operational efficiencies.

#### Financial Highlights

US\$ Million	FY2014	FY2013	Change (%)
<b>Revenue</b>	630.8	555.0	+13.7
<b>Gross Profit</b>	206.8	146.0	+41.6
<b>EBITDA</b>	271.2	236.7	+14.6
<b>Net Profit</b>	63.7	78.4	-18.7

“It is pleasing to see the solid increase in revenues as we transform our business into one with a strong focus on the production of fishmeal and fish oil. Our gross profit is also benefiting from the synergies and efficiencies we are realising as we integrate our expanded Peruvian Fishmeal Operations,” said Mr. Ng Joo Siang, Group Managing Director.

“We aim to be the most efficient and cost effective producer in Peru, maximising our ability to generate strong cash flow for the future.”

“Looking ahead, we will continue our focus on maximising operating cash flow, tightly managing capital expenditure and enhancing asset utilisation. We also intend to redeem the Copeinca Senior Notes by March, 2015 in order to reduce future interest expense.”

### **Revenue by Business Segment**

Business segment contribution to China Fishery’s total revenue for the year was:

- Peruvian Fishmeal Operations – 68.9%
- Contract Supply Business – 24.4%
- China Fishery Fleet Operations – 6.7%

The Group’s Peruvian Fishmeal Operations saw revenue increase by 162.5% from US\$165.6 million in FY2013 to US\$434.9 million in FY2014, mainly due to higher contributions from the Group’s enlarged Peruvian Fishmeal Operations.

Revenue from the Contract Supply Business decreased by 57.4% from US\$361.4 million to US\$153.9 million in FY2014, due primarily to the termination and non-renewal of the Long Term Supply Agreements (the “LSAs”).

China Fishery Fleet operations’ revenue rose 50.8% from US\$27.9 million to US\$42.1 million, mainly as a result of higher catch and sales volume recorded from operations in Namibia.

For FY2014, despite a 13.7% increase in revenue, cost of sales and vessel operating costs increased marginally from US\$409.0 million to US\$424.1 million. This was mainly attributable to the higher contribution from the enlarged Peruvian Fishmeal Operations in the Group’s business.

Gross profit grew by 41.6% from US\$146.0 million to US\$206.8 million, and gross profit margin improved from 26.3% to 32.8%. The growth in profit was driven by increased sales volumes and improvement in operational efficiencies in the Peruvian Fishmeal Operations, including the relocation of production to the most cost efficient processing facilities.

EBITDA rose by 14.6% from US\$236.7 million to US\$271.2 million, while EBITDA margin increased slightly from 42.6% to 43.0%. The higher contribution and cost savings derived from the enlarged Peruvian Fishmeal Operations more than offset the impact of the termination and non-renewal of the LSAs under the Contract Supply Business.

Net profit decreased by 18.7% from US\$78.4 million to US\$63.7 million, due primarily to higher finance costs and income tax expenses, following the consolidation of Senior Notes issued by the Group’s subsidiary, Copeinca AS (“Copeinca”), and the term loan drawn to finance the acquisition of Copeinca.

## **Outlook for FY2015**

As a result of increased population, growing affluence and consumer acceptance of farmed seafood, global demand for fishmeal and fish oil for aquaculture and farmed animal production is continuing to strengthen. This demand will be a key driver of future growth for the fishmeal and fish oil market, and in particular for the Group.

Although the start of the 2014 second fishing season has been delayed and the total allowable catch for the season may also be reduced, the Peruvian Anchovy resource has shown itself to be sustainable and is well-managed under an effective fishery management policy adopted by the Peruvian Government.

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## **About China Fishery Group Limited**

Listed on the Mainboard of Singapore Stock Exchange since 2006, China Fishery is a global integrated industrial fishing company with access to fish in some of the world's most important fishing grounds, including the Anchovy fishery in Peru. Employing the latest catch and processing solutions, China Fishery sources, harvests, onboard-processes and delivers high quality catch to consumers around the world.

China Fishery is also one of the world's leading producers of fishmeal and fish oil through its processing plants located strategically along Peru's coastal areas.

### **For further inquiries, please contact:**

Katie Tsui  
China Fishery Group Ltd  
Direct: +852 2589 4191  
Email: [katie.tsui@chinafish.com](mailto:katie.tsui@chinafish.com)

Karen Yap  
Weber Shandwick  
Mobile: +65 9738 6291  
Email: [kyap@webershandwick.com](mailto:kyap@webershandwick.com)