



## News Release

### China Fishery Committed to Realising M&A Synergies and Reduction in Borrowings

- Net-debt-to-equity improved by 13.1%
- Selling of fishmeal and fish oil inventories at favourable market prices
- 1QFY2015 results impacted by reduced catch in the major Peru fishing season

**Singapore, 10 February 2015** – Leading global industrial fishing company, China Fishery Group Limited (“China Fishery” or the “Group”) (SGX: B0Z.SI), today reported its results for the first quarter ended 28 December 2014 (“1QFY2015”).

“During the quarter, we have successfully delivered on our commitment to improve operating cash flows, reduce cost and working capital requirements. This drove an improvement in net-debt-to-equity from 89.6% to 77.9%, and an increase in cash flow from operations by 44 times from US\$2.6 million in 1QFY2014 to US\$114.6 million in 1QFY2015. While we have more work to do, our efforts to date have set the stage for the Group to execute on the elements of our strategic plan, including ongoing deleveraging,” said Mr Ng Joo Siang, Group Managing Director.

“A temporary warming of the water in Peru caused the Anchovy to disperse and move south in the A Season (normally from April to July) of 2014 and as a result the entire industry in Peru was impacted.” said Mr Ng. “Nevertheless, through rigorous initiatives to reduce working capital and fixed overheads, we were able to achieve profitability despite the fact that we could only utilise 61% of our fishing quota in Peru in the 2014 A Season.” Mr. Ng added.

## **Financial Highlights**

US\$ Million	1QFY2015	1QFY2014	Change (%)
<b>Revenue</b>	123.9	145.2	(14.7)
<b>Gross Profit</b>	38.2	44.3	(13.7)
<b>EBITDA</b>	46.4	63.7	(27.1)
<b>Net Profit</b>	13.5	15.7	(13.7)

In 1QFY2015, gross profit margin increased from 30.5% to 30.9% despite a 13.7% decrease in gross profit. This was attributable mainly to higher average selling prices of fishmeal and fish oil. The temporary closure of the north-centre fishery further drove up the price of fishmeal and fish oil. The average selling prices of the Group's fishmeal and fish oil products increased by 40.5% and 20.3% respectively, compared to the same quarter last year.

For the China Fishery Fleet ("CF Fleet") operations in Namibia, the Group's fishing quota for 2014 was fully utilised. In addition, the Group expanded its fishing operations in Africa and commenced trial fishing in Angola, a country adjacent to Namibia. Revenue from the CF Fleet, which accounted for 10.0% of total revenue, decreased marginally by 0.8% from US\$12.5 million to US\$12.4 million.

Revenue from the Contract Supply Business, which accounted for 37.5% of total revenue, decreased by 21.1% from US\$58.9 million to US\$46.5 million, due primarily to the termination and non-renewal of the Group's Long Term Supply Agreements ("LSAs").

As of the end of the quarter, the refund of prepayments under the former LSAs was on schedule and US\$130 million had been received, which is more than half of the full amount to be refunded. The balance of approximately US\$111 million is due to be fully repaid by March 2016.

## **Outlook for 2QFY2015**

The Group's core objectives for FY2015 are to continue realising synergies from the further integration of our Peruvian Fishmeal Operations, improving operating cash flow, reducing borrowings, and strengthening the balance sheet.

The Peruvian Government decided not to open the B Season (normally from November to January) of 2014 in the major north-centre Anchovy fishery in Peru following a recommendation of the Peruvian Marine Institute, IMARPE. The Institute had assessed that a temporary warming for the water had caused the Anchovy to disperse and that there was a high presence of juvenile fish. IMARPE subsequently noted the progressive normalization of the environmental conditions and the steady recovery of the biological condition of the Anchovies.

Although the 2QFY2015 performance will be impacted by the Peruvian Government's decision not to open the B Season of 2014, the fishing industry in Peru is generally optimistic about the prospects and total catch for the entire 2015, with positive indicators seen for the A Season of 2015. This is particularly the case in view of the high percentage of juveniles found in IMARPE's late 2014 assessment.

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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.

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