

Loch Duart suffers £7.7m loss in tricky year



Neil Ramsden

Scottish salmon farmer Loch Duart saw turnover fall in 2013 following a ‘major trading loss’ in Scotland and investments in overseas operations, it revealed in its 2013 year results.

Directors were disappointed to report a loss after tax of £7.7 million, which included costs incurred in securing funding for international ventures and, more significantly, a major trading loss in Scotland, the company said.

This refers to biological issues which affected the volumes of fish in the water, clarified one of the firm’s directors, Nick Joy, speaking to *Undercurrent News*.

Turnover was down year-on-year from £23.1m to £18.3m, while operating costs increased slightly from 2012, to £24.5m, causing a net operating loss of £6.3m. This caused the substantial year loss, compared to the previous year in which Loch Duart lost £384,660.

“What is important to note is that we still have the backing of our shareholders, which is very important after a bad year,” he said. “We’re through that year, out the other side, and things are looking much better.”

“The company continues to invest significantly in research and development to improve certain areas of production,” the firm said. This includes not just production processes but also strategic improvements.

“During the year, the company started to implement a development of its unique fallowing process in order to minimize the exposure of fish to sea lice and enhance the impact of fallow periods. The strategy will take a full production cycle to implement fully, but early indications are that it is having a positive impact.”

Markets for Loch Duart continued to strengthen, and despite poor production volumes in 2013 the brand allowed it to achieve high prices, the firm said. “It is important to the company to emerge rapidly from the last year’s performance.”

Investments made in 2012 are expected to bring the Scottish operations back to a normal working production level this year, for which the firm credited its staff for commitment and imagination in response to “extremely difficult conditions faced during the year”.

Loch Duart’s operation in Canada completed its first production cycle and saw its salmon accepted into the market at good prices. It is currently pursuing new sites, and until it finds them it will not stock any more fish in the sea.

The company’s joint venture in Mozambique, farming kob, has been successful in as much as it has grown fish to market size, with good metrics such as survival and feed conversion rates. None had been sold at market by year end (March 30, 2013), but market testing was positive and first harvests took place autumn 2013 at expected prices.

Investment partners are being sought to develop operations to a commercial scale, though Loch Duart noted the political situation, with elections imminent, is not ideal for investors. As a result the company has provided in full for its investment in the country, it said.

The company’s smokehouse also had issues with listeria in the second half of 2013, a first for its operation.

<http://www.undercurrentnews.com/2014/03/14/loch-duart-suffers-7-7m-loss-in-tricky-year/>