



## 2Q 2007 presentation

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polarCirkel



akvasmart

maritech



### Pro-forma



- Please note that unless otherwise stated all comments in this presentation are based on pro-forma numbers as if the merger between AKVAsmart, Helgeland Plast and the Wavemaster group had taken place 1 January 2005 and that the acquisition of Maritech had taken place before 1 January 2006.

## Agenda



- Background & highlights
- 2Q 2007 Financial review
- Acquisition of UNI Aqua
- Outlook
- Q&A session

## AKVA group in brief

### Cage systems



### Feed barges



### Recirculation systems



### AKVA group facts

- The leading aquaculture technology supplier
- The only player with global presence
- The largest supplier to the aquaculture industry
- High growth company
- Profitable
- Industry consolidator



### Software systems and services



### Sensors & cameras



### Feed systems



## 2Q highlights



- Operating revenue in 2Q increased to 244 MNOK and the period's EBITDA was 20.1 MNOK. The revenue for the first half was 460 MNOK and the periods EBITDA was 40.7 MNOK.
- The order backlog was 376 MNOK at the end of the 2Q, an increase of 84 MNOK compared to the end of 1Q.
- The outlook for the remainder of 2007 and 2008 is good. The long term outlook improved.
- Acquisition of Maritech finalised – making AKVA the leading software provider to the global seafood industry.
- Letter of intent signed to acquire UNI Aqua AS – AKVA taking a leading role in the high growth recirculation aquaculture system market.



- Background & highlights
- 2Q 2007 Financial review**
- Acquisition of UNI Aqua
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- Q&A session

## 2Q financials – P&L



P&L 2007 (Pro-forma) (MNOK)	2Q 2007	2Q 2006	YTD 2007	YTD 2006	Year 2006
<b>Operating revenues</b>	<b>243.6</b>	<b>186.7</b>	<b>458.8</b>	<b>333.1</b>	<b>703.8</b>
Operating costs excl. depreciation	-223.5	-155.9	-418.0	-284.8	-616.4
<b>EBITDA</b>	<b>20.1</b>	<b>30.7</b>	<b>40.7</b>	<b>48.3</b>	<b>87.4</b>
Depreciation & Amortisation	-6.1	-5.1	-11.1	-10.3	-21.1
<b>EBIT</b>	<b>14.0</b>	<b>25.6</b>	<b>29.7</b>	<b>38.0</b>	<b>66.3</b>
Net financial items	0.3	-1.6	0.6	-3.1	-4.2
<b>EBT</b>	<b>14.2</b>	<b>24.0</b>	<b>30.2</b>	<b>34.9</b>	<b>62.1</b>
Taxes	-3.6	-5.9	-6.7	-8.9	-13.5
<b>Net profit</b>	<b>10.6</b>	<b>18.1</b>	<b>23.6</b>	<b>25.9</b>	<b>48.6</b>
<i>Revenue growth</i>	30%		38%		
<i>EBITDA margin</i>	8.2%	16.4%	8.9%	14.5%	12.4%
<i>EBIT margin</i>	5.7%	13.7%	6.5%	11.4%	9.4%
<i>EPS (NOK)</i>	0.62		1.37		3.47
<i>Average # shares (1000)</i>	17 223		17 223		14 016

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## 2Q financials – P&L comments

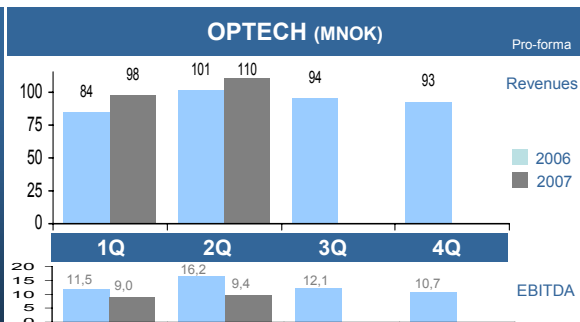


- **The demand for AKVA groups products increased in 2Q – the revenues increased by 30%.**
- **Margins lower than expected**
  - Due to unfavourable product mix and competitive pressure in INTECH the EBITDA margins decreased.
  - Delayed revenue growth for OPTECH
- **Increasing order backlog**
  - The order backlog increased from 294 MNOK to 375 MNOK.
- **One-off restructuring costs related to Maritech acquisition of 1,6 MNOK**

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## Business areas - OPTECH

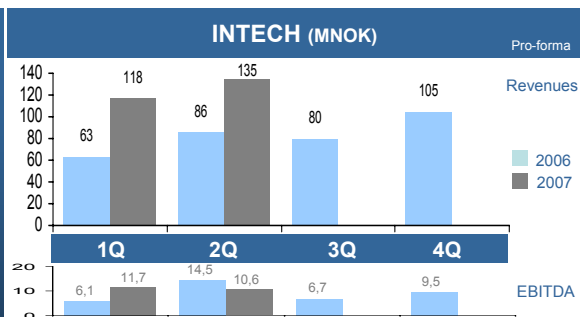
- OPTECH**
- Farm operations technology
  - 
  - Feed systems
  - Cameras
  - Sensors
  - Software
  - Etc.



- 2Q revenues within the main products were at approximately the same level as in 2Q 2006.
  - The growth mainly related to the sold Marel distribution (as of. 1 September 2007) which generally has lower margins than the main products
- The revenue growth was limited by capacity constraints of customers subcontractors in Chile and longer lead times in Norway in the production of barges and thus the deliveries are pushed into 2H.
- EBITDA margin of 8,6% which is down compared to 2Q 2006 due to increased capacity costs to manage the coming but delayed growth.

## Business areas - INTECH

- INTECH**
- Infrastructure technology
  - 
  - Steel cages
  - Plastic cages
  - Feed barges
  - Boats
  - etc.

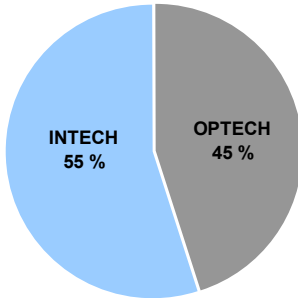


- Strong revenue growth compared 2Q 2006: +57%
- EBITDA margin of 7,8%.
- The margins were affected by competitive pressure in Chile and unfavourable product mix in the Norwegian market.

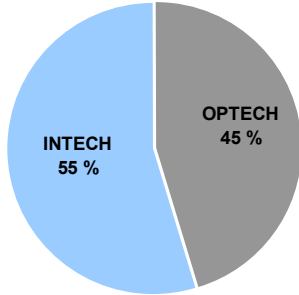
## Business segments



YTD 2007 Revenues



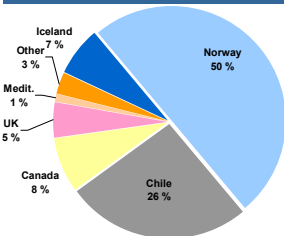
YTD 2007 Profits



## Market segments

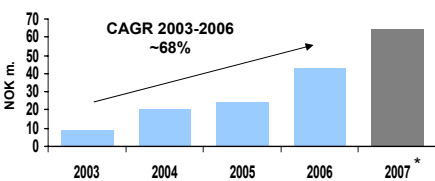


Geographic segments



- Norway and Chile – dominating segments
- UK and Canada growing

AKVA group revenues within other species



- Main species:
  - Sea bass & bream
  - Turbot
  - Cod
  - Other seafood

\* YTD 2Q Sales for delivery 2007



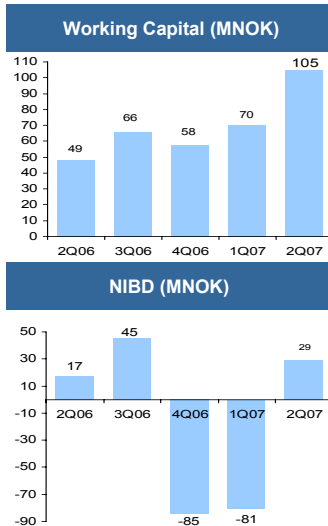
## Balance sheet



Balance sheet (legal) (MNOK)	30.06 2007	31.12 2006
Intangible fixed assets	224.0	148.4
Tangible fixed assets	28.5	22.3
Long term financial assets	1.3	1.4
<b>Fixed assets</b>	<b>253.7</b>	<b>172.2</b>
Stock	108.3	96.3
Receivables	176.6	114.0
Cash and bank deposits	127.6	141.5
<b>Current assets</b>	<b>412.5</b>	<b>351.8</b>
<b>Total assets</b>	<b>666.2</b>	<b>524.0</b>
<b>Shareholders' equity</b>	<b>310.5</b>	<b>295.0</b>
Long term debt	144.3	46.9
Short term debt	211.4	182.0
<b>Total liabilities</b>	<b>355.7</b>	<b>228.9</b>
<b>Total shareholders' equity and liabilities</b>	<b>666.2</b>	<b>524.0</b>
<i>Equity ratio</i>	46.6%	56.3%
<i>Net interest bearing debt</i>	29.3	-84.7
<i>Net working capital</i>	105.8	58.0

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## Balance sheet items



### Working Capital:

- Working capital represents 11,5% of pro-forma revenues.
- The increase is related to the acquisition of Maritech.
- Compared to annualised revenues the working capital % is stable.

### Net interest bearing debt (NIBD):

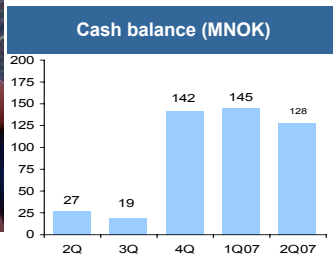
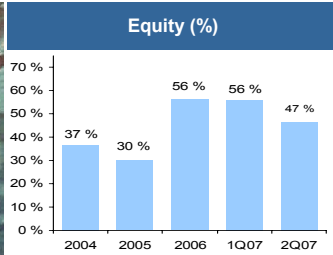
- The increase of NIBD is related to the acquisition of Maritech.
- The company has a low debt level.

### Financing

- 60% debt financing of the acquisition of Maritech

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## Strong financial position



- Equity:
  - Strong equity position

- Cash Position:
  - Very strong cash position
  - Increased overdraft facilities in 2Q giving better financial flexibility.
  - Available cash 173 MNOK.

## Cash flow statement



Cash flow statement (KNOK)	2007*	2006	2006
	2Q	2Q	Total
Net cash flow from operational activities	4 088	19 283	10 588
Net cash flow from investment activities	-8 738	-2 929	-23 637
Net cash flow from financial activities	22 566	-11 176	148 312
<b>Net cash flow</b>	<b>17 916</b>	<b>5 178</b>	<b>135 263</b>
Cash and cash equivalents beginning of period	109 709	6 199	6 199
<b>Cash and cash equivalents end of period</b>	<b>127 625</b>	<b>11 377</b>	<b>141 463</b>

- Legal cash flow statement is affected by the Maritech acquisition
- Pro forma cash flow statement 2007 is prepared as if Maritech was acquired before 1 January 2007.
- Investments well below depreciation

\* pro-forma



## Order backlog and inflow

Key performance indicators

nominal FCR      Mortality last 14 days

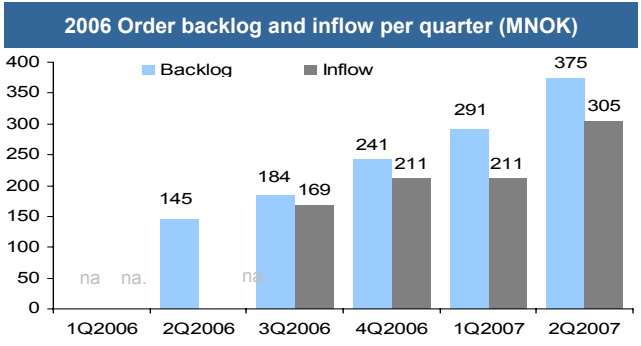
37	3075	12705
38	4475	14475
5	1037	
87	39410	13941

Start report period:  
End report period:

Events

- Culling
- Escape
- Fat and colour
- Harvest

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- Consolidation of Maritech accounts for approximately 35 MNOK of the increase in the order backlog.
- Norwegian market main growth driver
- Chilean market still strong and stable
- Mediterranean main market region outside the salmon market



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## Acquisition headlines



Tuna fish in recirculation fish farm



- **Binding LOI to acquire 85% of the shares of UNI Aqua AS from Scheel & Urup Holding ApS.**
  - UNI Aqua AS is a Danish limited private company.
  - The parties have started negotiations for the acquisition of the remaining 15 % of UNI Aqua AS.
  - The letter of intent is binding but subject to due diligence examinations. Expect to consummate the acquisition in Sep. 2007.
- **UNI Aqua AS is an important and leading supplier of aquaculture recirculation technology with expertise within both marine and fresh water recirculation systems.**
  - The market for recirculation technology is growing significantly in numerous markets.
- **The agreed consideration for the shares is DKK 11,730,000 which is conditional upon the EBITDA and revenue of the target company satisfying agreed levels.**
  - An additional consideration, earn-out, could become payable for 2008, 2009 and 2010.

## Acquisition headlines



- **Strategically important acquisition**
  - Enhancement / broadening of the product portfolio.
    - AKVA group has traditionally focused on the marine phase of the salmon industry. By this investment the company takes an important step towards the fresh water phase in salmon farming.
  - Creates important inroad to global markets non-salmon markets (both marine and fresh water).
  - Proven deliveries and designs to a number of fish species, such as: Salmon, trout, eel, turbot, sole, tuna, pike perch, king fish, blue fin tuna, barramundi, merluza, cod, halibut and abalone.
  - The company has delivered/designed systems to numerous countries over the last few years: Norway, Denmark, Chile, Canada, China, Iran, Australia, Spain, Portugal and South Africa
- **Entering Asian markets**
  - Based on AKVA group preliminary assessment the company believe that recirculation systems together with cage systems will be essential for a strong entry into Asian aquaculture markets.

## Acquisition headlines

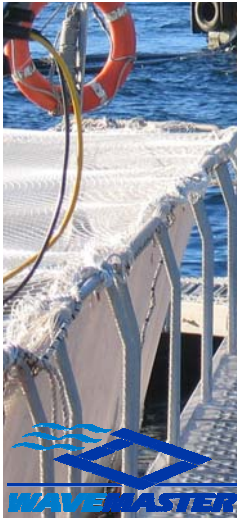


- **Adding volume to other AKVA group products**
  - Through product bundling the acquisition is expected to add volume to other AKVA group products, mainly within the OPTECH area.
  - Adding volume into existing distribution network
- **Strong growth within recirculation is expected going forward**
  - The growth is expected globally
  - And in the salmon industry in Norway and Chile
- **Further investments planned to develop UNI Aqua**
  - Management of UNI Aqua has, together with AKVA group worked out a plan for the further development of UNI Aqua. This plan includes additional future investments to develop UNI Aqua further to become the worlds leading supplier of recirculation systems.
- **UNI Aqua to be included in INTECH business area**



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## ➔ Outlook

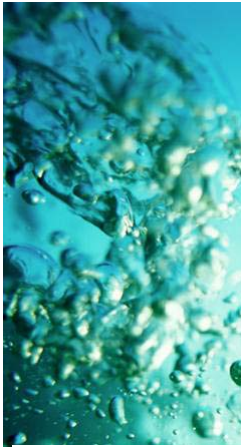


- **Favourable market conditions in the salmon markets**
  - Norway – Market growth continues, large investments indicated by customers over the next years
  - Chile – still growing but uncertainties (see below)
  - UK and Canada – Sound development
  - In all markets customers are restructuring and investing to lower their cost of production
- **Uncertainties in Chile due to challenging health situation**
  - The outbreak of ISA in Chile is a serious challenge to the Chilean industry.
  - The situation could lead to reduced investments, however it may very well also lead to increased pace of investments to speed up the moving into uninfected waters in region XI.
  - At the moment there are no signs of such effects.
- **Norway, long term outlook improved**
  - Now negotiating many significant contracts for delivery in 2008 and 2009
  - Balanced growth in production. The Norwegian production capacity within existing licenses fully utilised in 2009.
  - Major replacement of equipment necessary in Norway in before 2012 to comply with required technical standard (NS 9415).
  - New production licenses to be announced in 2009. Technology deliveries to be expected in 2010 and 2011.

## ➔ Outlook



- **Growth also in the Mediterranean markets**
  - Turkey - Sea bass, bream – important contracts won in 2Q
  - Spain - Sea bass, bream and turbot – sound development
  - Consolidation trend in sea bass and sea bream farming. AKVA views this development as positive for the company's business in the region.
- **Emerging cod industry contributing to growth**
  - Norway main region but others are upcoming
- **Continued good order inflow in all main markets.**
  - UNI Aqua expected to contribute with significant growth in new markets going forward.
  - Global markets growing strongly in recirculation.
- **The organic revenue growth is stronger than anticipated.**
  - 2H revenues are expected to be above 1H revenues.
- **Margins expected to improve in 2H.**
  - OPTECH margins improve with higher volume
  - Margins expected to be in line with 2H 2006



**maritech**

Background & highlights

2Q 2007 Financial review

Acquisition of UNI Aqua

Outlook

**Q&A session**



**Appendix**



## Legal accounts - P&L

### Hovedtall fra regnskapet

### Main figures from financial accounts

\*(Includes Maritech from 1 May 2007)

RESULTATREGNSKAP / INCOME STATEMENT (NOK 1 000)	2007 2Q	2006 2Q	2007 YTD	2006 YTD	2006 Total
<b>DRIFTSINTEKTER / OPERATING REVENUES</b>	<b>226 228</b>	<b>69 288</b>	<b>386 983</b>	<b>123 112</b>	<b>355 961</b>
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	207 106	57 595	350 128	103 906	311 177
<b>DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)</b>	<b>19 122</b>	<b>11 693</b>	<b>36 854</b>	<b>19 206</b>	<b>44 784</b>
Avskrivninger / Depreciation	5 136	1 864	8 764	3 658	9 882
<b>DRIFTSRESULTAT / OPERATING PROFIT (EBIT)</b>	<b>13 986</b>	<b>9 829</b>	<b>28 090</b>	<b>15 548</b>	<b>34 902</b>
Netto rentekostnad / Net interest expense	36	-454	350	-1 069	-1 677
Andre finansielle poster / Other financial items	-1 026	-517	-972	-607	322
Sum finansielle poster / Net financial items	-990	-971	-622	-1 676	-1 355
<b>RESULTAT FØR SKATT / PROFIT BEFORE TAX</b>	<b>12 996</b>	<b>8 858</b>	<b>27 468</b>	<b>13 872</b>	<b>33 547</b>
Skattekostnad / Taxes	2 790	2 322	5 822	3 887	5 279
<b>RESULTAT ETTER SKATT / NET PROFIT</b>	<b>10 206</b>	<b>6 537</b>	<b>21 646</b>	<b>9 985</b>	<b>28 268</b>
Resultat per aksje / Earnings per share	0,59	1,11	1,26	1,70	3,17
Gj.snitt antall utestående aksjer (i 1000)/ Average number of shares outstanding (in 1 000)	17 223	5 870	17 223	5 870	8 918

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## Legal accounts – Business segments and cash flow

FORRETNINGSOMRÅDER / BUSINESS SEGMENTS (NOK 1 000)	2007 2Q	2006 2Q	2007 YTD	2006 YTD	2006 Total
<b>FARM OPERATION TECHNOLOGY (OpTech)</b>					
<b>DRIFTSINTEKTER / OPERATING REVENUES</b>	<b>91 391</b>	<b>53 932</b>	<b>134 537</b>	<b>97 013</b>	<b>196 123</b>
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	82 870	41 819	119 954	77 473	161 607
<b>DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)</b>	<b>8 521</b>	<b>12 113</b>	<b>14 583</b>	<b>19 540</b>	<b>34 516</b>
Avskrivninger / Depreciation	3 516	1 864	5 522	3 658	7 829
<b>DRIFTSRESULTAT / OPERATING PROFIT (EBIT)</b>	<b>5 005</b>	<b>10 248</b>	<b>9 060</b>	<b>15 881</b>	<b>26 688</b>
<b>INFRASTRUCTURE TECHNOLOGY (InTech)</b>					
<b>DRIFTSINTEKTER / OPERATING REVENUES</b>	<b>134 837</b>	<b>15 356</b>	<b>252 446</b>	<b>26 099</b>	<b>159 837</b>
Driftskostnader eks. avskrivninger / Operating costs ex depreciations	124 237	15 776	230 174	26 433	149 570
<b>DRIFTSRESULTAT FØR AVSKRIVNINGER / OPERATING PROFIT BEFORE DEPRECIATION (EBITDA)</b>	<b>10 601</b>	<b>-420</b>	<b>22 272</b>	<b>-334</b>	<b>10 267</b>
Avskrivninger / Depreciation	1 620	-	3 242	-	2 053
<b>DRIFTSRESULTAT / OPERATING PROFIT (EBIT)</b>	<b>8 981</b>	<b>-420</b>	<b>19 030</b>	<b>-334</b>	<b>8 214</b>
<b>KONTANTSTRØMOPPSTILLING / CASH FLOW STATEMENT (NOK 1 000)</b>	<b>2007 2Q</b>	<b>2006 2Q</b>	<b>2007 YTD</b>	<b>2006 YTD</b>	<b>2006 Total</b>
Netto kontantstrøm fra operasjonelle aktiviteter / Net cash flow from operational activities	-14 564	5 477	-14 102	19 283	10 588
Netto kontantstrøm fra investeringsaktiviteter / Net cash flow from investment activities	-96 402	-1 716	-100 870	-2 929	-23 637
Netto kontantstrøm fra finansieringsaktiviteter / Net cash flow from financial activities	93 987	-6 461	101 134	-11 176	148 312
Netto kontantstrøm / Net cash flow	-16 980	-2 700	-13 838	5 178	135 263
Betalingsmidler ved periodens begynnelse / Cash and cash equivalents at the beginning of the period	144 605	14 078	141 463	6 199	6 199
Betalingsmidler ved periodens slutt / Cash and cash equivalents at the end of the period	127 625	11 377	127 625	11 377	141 463

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## Vision statement and strategy

*“The global leader in aquaculture technology”*

- Lead the technological development
- Lead the consolidation of the global aquaculture supply industry
- Realise cost benefits through economies of scale
  - Marketing and sales network
  - Operations
  - R&D
- Attract, motivate and retain competent employees
- Profitable growth



## Key growth drivers

- Strong underlying growth in salmon farming
  - Long term growth trend
  - Strong outlook for investments by salmon farming industry
- Further industrialisation
  - Larger fish farming companies require higher degree of control
  - Larger production units require increased use of technology
  - Increased technology penetration in Chile
- Significant untapped potential within other fish species
  - Represents about 10% of AKVA group revenues and currently growing at more than 50% annually
  - Strong growth in a number of species
  - Salmon industry is the model for industrialisation of other sea based fish farming

