



## **Q3 2013 Presentation**

Oslo - October 30<sup>th</sup>, 2013

Trond Williksen, CEO

Eirik Børve Monsen, CFO



# Agenda

- **Highlights Q3 2013**  
Trond Williksen, CEO
- **Financial performance Q3 2013**  
Eirik Børve Monsen, CFO
- **Outlooks**  
Trond Williksen, CEO
- **Q & A**





## Highlights Q3 2013

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# Strong growth in order inflow and backlog

## Third quarter 2013

- 82% YoY increase in order inflow
  - Order backlog of 299 MNOK (200 MNOK)
  - Order inflow of 271 MNOK (149 MNOK)
  - High market activity continue in to the fourth quarter
- Operationally and financially a slow quarter
  - Revenue of 180 MNOK (202 MNOK)
  - EBITDA of 8 MNOK (13 MNOK)
- The quarter is affected by:
  - The Nordic market being in between seasons
  - A challenging Chilean market – further actions taken to adjust the operation in Chile





# Strong growth in order inflow and backlog

## Third quarter 2013, continued from previous slide

- Software continuing to perform well with positive outlooks
- Land based performing below our expectations. Good increase in order backlog gives promising signals for the next quarters.

## YTD 2013

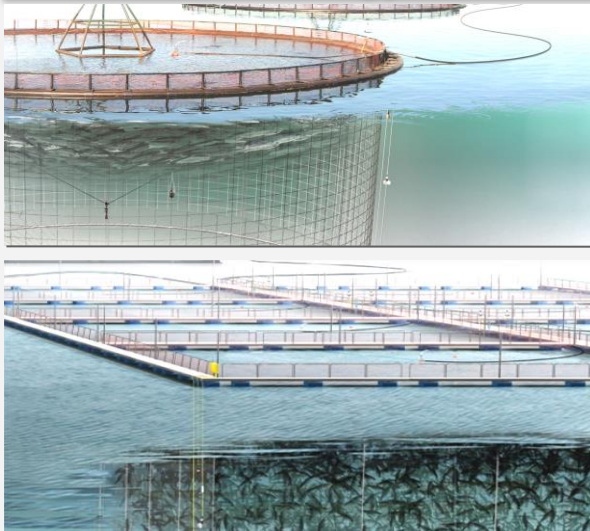
- Operational revenue of 673 MNOK compared to 628 in YTD 2012 \*
- Operational EBITDA of 38 MNOK versus 33 in YTD 2012 \*

\* 1H 2012 numbers above excluding the one-off gain of 29 MNOK from the sales of the Norwegian Maritech business in February 2012



# AKVA group – uniquely positioned for future growth

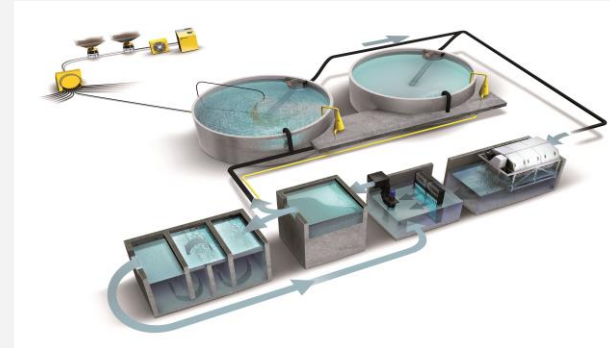
## Cage based farming Technology



## AKVA group in brief

- The most recognized brand in aquaculture technology
- Leading technology solutions and service partner to global aquaculture industry
- Global presence - subsidiaries in 8 countries
- 2012 revenue of 832 MNOK and 2012 EBITDA of 58 MNOK
- 596 employees

## Land based farming Technology



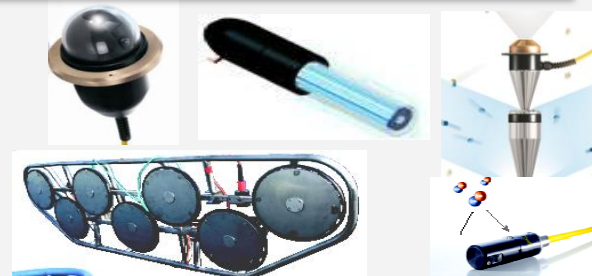
## Site infrastructure



## Feed systems



## Sensors & operational



## Software systems & services






# Operational structure


## AKVA GROUP™

### Technologies

#### Cage based technologies


 akvasmart<sup>®</sup> Akvasmart Feeding systems  
Akvasmart Lights  
Akvasmart Cameras & Sensors  
Akvasmart Net cleaners

 polarcirkel<sup>®</sup> Polarcirkel Cages  
Polarcirkel boats


 wavemaster<sup>®</sup> Wavemaster Feed Barges  
Wavemaster Steel Cages


#### Software (SW)

 fishtalk<sup>®</sup> Fishtalk

 wise WISE / WiseDynamics

#### Land based technologies

 akvasmart<sup>®</sup> Landbased technology

 PLAST Landbased technology

### Nordic

Technology sales  
Production and projects  
Service and aftersale

Nordic countries

### Americas

Technology sales  
Production and projects  
Service and aftersale

North and South America,  
New Zealand  
Australia

### Exports

Technology sales  
Projects  
Service and aftersale

in all other regions, including UK,  
Mediterranean,  
Russia  
Asia



# Global presence – three regions



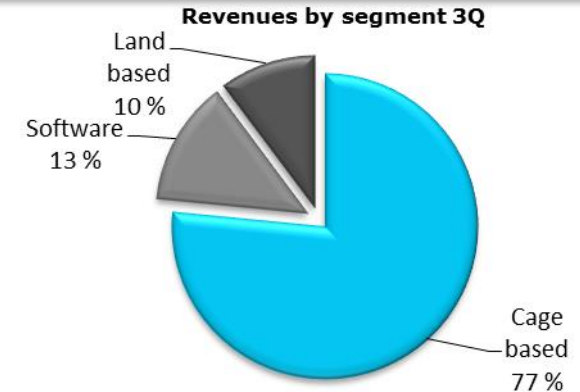




# Market segments - Revenue

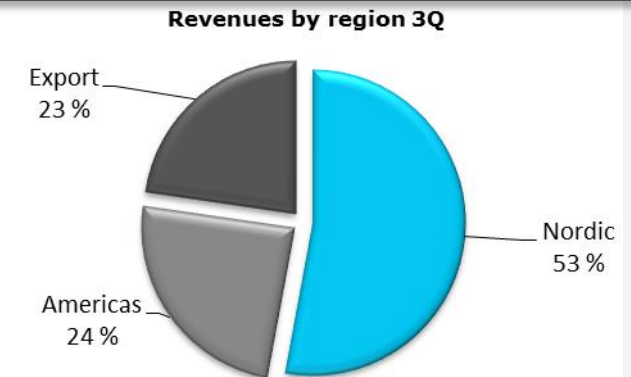
## By product groups – Q3 2013

- Land based technologies +4 percentage point, Cage based technologies -7 and Software +3 percentage point vs Q3 2012
- **Cage based technologies** = Cages, barges, feed systems and other operational systems for cage based aquaculture
- **Software** = Software and software systems
- **Land based technologies** = Recirculation systems and technologies for land based aquaculture



## By geographic regions – Q3 2013

- Export +17 percentage points, Nordic +1 percentage point and Americas -18 percentage point vs Q3 2012
- **Nordic** = the Nordic countries
- **Americas** = America and Oceania
- **Export** = UK, South Europe and all emerging markets (the rest of the world)





## Financial performance Q3 2013

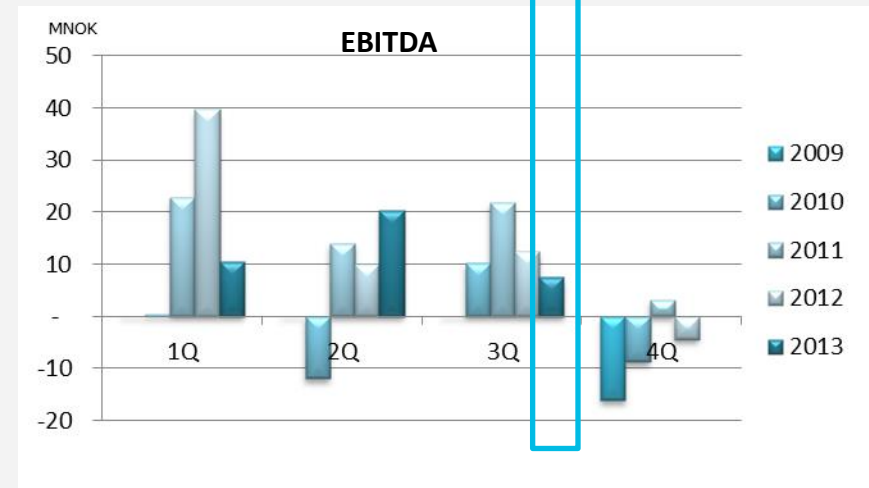
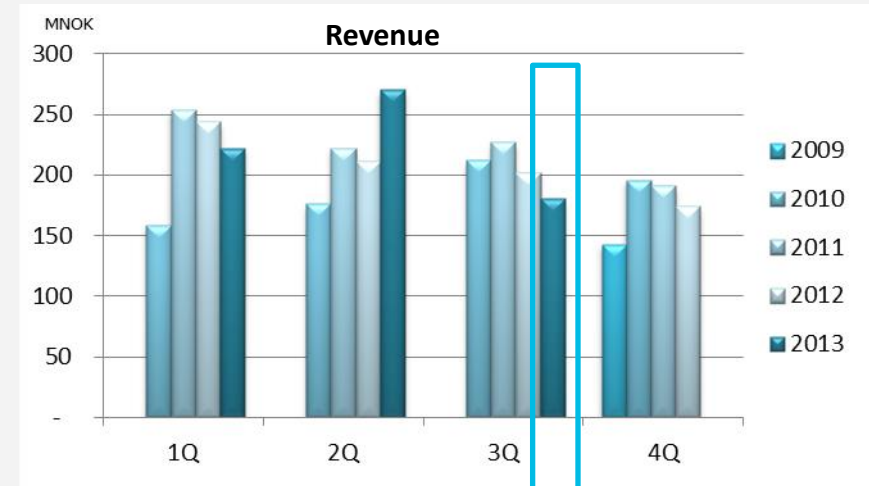
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# Financially a slow quarter

- Low volumes in cage based technology in Nordic and Chile
- Nordic market being in between seasons
- Continued challenging situation in Chile with customers struggling with financial, operational and biological issues – further actions taken to adjust operation
- Software continuing to perform well in all markets
- The balance sheet remains solid





# P & L segments – Cage Based Technologies



- A slow quarter in the Nordic segment in technology sale after a good second quarter. Significant increase in order backlog during the quarter build confidence for the next quarters
- Decline in revenues in Chile – as expected, but we continue to maintain positive margins . Further actions to adjust the operation is taken.
- Scotland and Turkey performing well in Q3
- Export signed the third contract with Russian Sea in October – with a total contract value of MNOK 50
- Delivery of large Export projects in the third quarter as expected – promising prospects ahead

P&L 2013 (MNOK)	2013 3Q	2012 3Q	2013 YTD	2012 YTD	2012 Total
<b>Cage based technologies</b>					
Nordic operating revenues	58,4	82,1	295,4	219,7	264,8
Americas operating revenues	39,1	74,7	129,8	234,6	302,7
Export operating revenues	40,6	12,3	116,9	70,9	89,5
<b>OPERATING REVENUES</b>	<b>138,1</b>	<b>169,2</b>	<b>542,2</b>	<b>525,2</b>	<b>657,0</b>
Operating costs ex depreciations	135,3	160,6	512,2	495,4	636,4
<b>EBITDA</b>	<b>2,8</b>	<b>8,5</b>	<b>29,9</b>	<b>29,8</b>	<b>20,6</b>
Depreciation	6,6	6,6	19,9	20,0	26,5
<b>EBIT</b>	<b>-3,9</b>	<b>2,0</b>	<b>10,0</b>	<b>9,8</b>	<b>-5,9</b>
<i>EBITDA %</i>	<i>2,0 %</i>	<i>5,1 %</i>	<i>5,5 %</i>	<i>5,7 %</i>	<i>3,1 %</i>
<i>EBIT %</i>	<i>-2,8 %</i>	<i>1,2 %</i>	<i>1,8 %</i>	<i>1,9 %</i>	<i>-0,9 %</i>



## P & L segments – Software



- Software continues to deliver stable revenue and margins
- AKVA group Software AS (Norway), Wise Ehf (Iceland) and Wise Dynamics Inc (Canada) are all continuing to contribute with positive margins
- Software continues to invest in new product modules to be launched throughout 2013. These product modules are strengthening the financial performance of the SW segment

P&L 2012 (MNOK)	2013 3Q	2012 3Q	2013 YTD	2012 YTD	2012 Total
<b>Software</b>					
Nordic operating revenues	19,3	14,8	57,5	82,8	102,5
Americas operating revenues	4,2	5,7	12,8	14,5	18,3
Export operating revenues	0,4	0,4	1,2	1,2	1,6
<b>OPERATING REVENUES</b>	<b>23,9</b>	<b>20,9</b>	<b>71,5</b>	<b>98,5</b>	<b>122,4</b>
Operating costs ex depreciations	17,3	17,4	57,0	61,0	79,7
<b>EBITDA</b>	<b>6,6</b>	<b>3,4</b>	<b>14,5</b>	<b>37,5</b>	<b>42,7</b>
Depreciation	1,4	1,5	3,9	4,6	2,2
<b>EBIT</b>	<b>5,2</b>	<b>2,0</b>	<b>10,6</b>	<b>32,9</b>	<b>40,5</b>
<i>EBITDA %</i>	<i>27,7 %</i>	<i>16,5 %</i>	<i>20,3 %</i>	<i>38,1 %</i>	<i>34,9 %</i>
<i>EBIT %</i>	<i>21,8 %</i>	<i>9,3 %</i>	<i>14,8 %</i>	<i>33,4 %</i>	<i>33,1 %</i>

\* Q1 2012 financials includes one month of revenue in the Norwegian Maritech business and the gain related to the sale of this business in February 2012.



# P & L segments – Land Based Technologies



- Increased revenues YoY due to: increased activity in AKVA group Denmark AS and Plastsveis AS being included from Q2 2013
- Margins influenced by a weak midseason for land based technologies and delay in closing of significant new contract till the end of the quarter
- Good order inflow during the quarter is expected to materialize in increased financial performance going forward
- The Land Based Technology segment is significantly strengthened through acquisition of 70% of Plastsveis AS in Q1 2013

P&L 2012 (MNOK)	2013 3Q	2012 3Q	2013 YTD	2012 YTD	2012 Total
<b>Land based technologies</b>					
Nordic operating revenues	17,7	7,6	56,1	25,9	40,3
Americas operating revenues	0,7	4,4	3,0	7,6	11,8
Export operating revenues	-	-	-	-	-
<b>OPERATING REVENUES</b>	<b>18,4</b>	<b>12,0</b>	<b>59,1</b>	<b>33,5</b>	<b>52,1</b>
Operating costs ex depreciations	20,3	11,5	65,3	38,6	57,6
<b>EBITDA</b>	<b>-1,9</b>	<b>0,5</b>	<b>-6,2</b>	<b>-5,1</b>	<b>-5,5</b>
Depreciation	0,4	0,2	1,0	0,7	2,4
<b>EBIT</b>	<b>-2,2</b>	<b>0,3</b>	<b>-7,2</b>	<b>-5,8</b>	<b>-8,0</b>
<i>EBITDA %</i>	-10,2 %	4,1 %	-10,5 %	-15,2 %	-10,6 %
<i>EBIT %</i>	-12,1 %	2,1 %	-12,2 %	-17,4 %	-15,3 %



# Financials – Detailed P & L

<b>P&amp;L 2013</b> (MNOK)	<b>2013</b> <b>3Q</b>	<b>2012</b> <b>3Q</b>	<b>2013</b> <b>YTD</b>	<b>2012</b> <b>YTD</b>	<b>2012</b> <b>Total</b>
<b>OPERATING REVENUES</b>	<b>180,4</b>	<b>202,0</b>	<b>672,8</b>	<b>657,2</b>	<b>831,5</b>
Operating costs ex depreciations	172,9	189,6	634,5	595,0	773,7
<b>EBITDA</b>	<b>7,5</b>	<b>12,5</b>	<b>38,2</b>	<b>62,2</b>	<b>57,8</b>
Depreciation	8,4	8,3	24,8	25,3	31,1
<b>EBIT</b>	<b>-0,9</b>	<b>4,2</b>	<b>13,4</b>	<b>36,9</b>	<b>26,7</b>
Net interest expense	-2,3	-1,7	-5,8	-5,9	-8,2
Other financial items	1,2	-1,1	-0,5	0,5	-1,2
Net financial items	-1,2	-2,7	-6,4	-5,5	-9,3
<b>EBT</b>	<b>-2,1</b>	<b>1,4</b>	<b>7,0</b>	<b>31,5</b>	<b>17,4</b>
Taxes	-0,4	0,5	3,4	8,8	7,1
<b>NET PROFIT</b>	<b>-1,6</b>	<b>0,9</b>	<b>3,6</b>	<b>22,6</b>	<b>10,3</b>
<b>Net profit (loss) attributable to:</b>					
Non-controlling interests	-0,1	-	-0,4	-	-
Equity holders of AKVA group ASA	-1,6	0,9	4,1	22,6	10,3
Revenue growth	-10,7 %	-10,9 %	2,4 %	-6,5 %	-6,9 %
EBITDA margin	4,2 %	6,2 %	5,7 %	9,5 %	7,0 %
EPS (NOK)	-0,06	0,04	0,16	0,88	0,40

2012 Q1 revenue and margins are affected by the one of gain related to the sale of the Norwegian Maritech business. The gain was 29 MNOK.

Includes M&A costs related to the Plastsveis AS acquisition in Q1 2013. Foreign currency risk managed within acceptable limits.

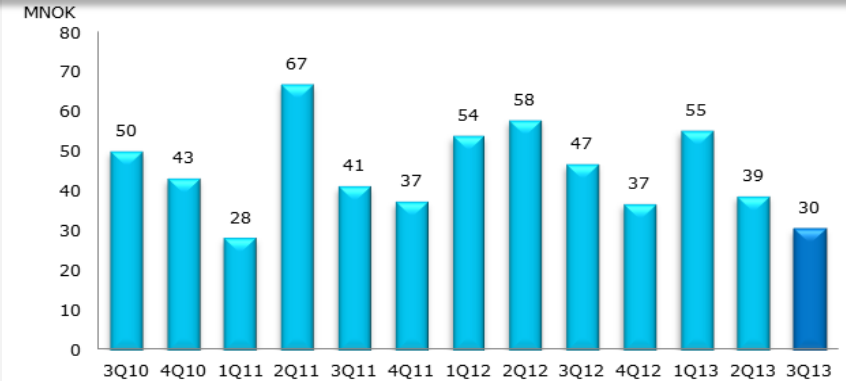
Minority interest - 30% of Plastsveis AS - is included from 01.04.2013.



# Group financial profile – solid balance sheet

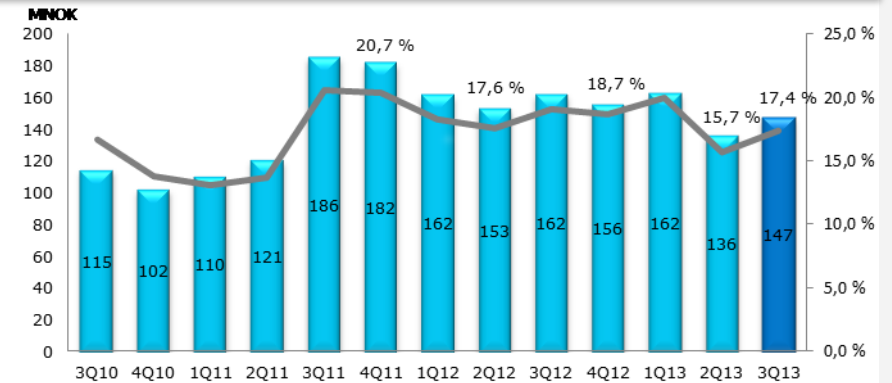
## Cash balance (in MNOK)

- Total available cash, including available drawing facility, was 68 MNOK at the end of Q3 2013 vs 95 MNOK at the end of Q3 2012
- Down payment of LTD as well as financing of the Plastsveis AS transaction impacting cash compared to Q3 2012



## Working capital (in MNOK & % of 12 months rolling revenue)

- Working capital in NOK and in percentage of 12 months rolling revenue is improved



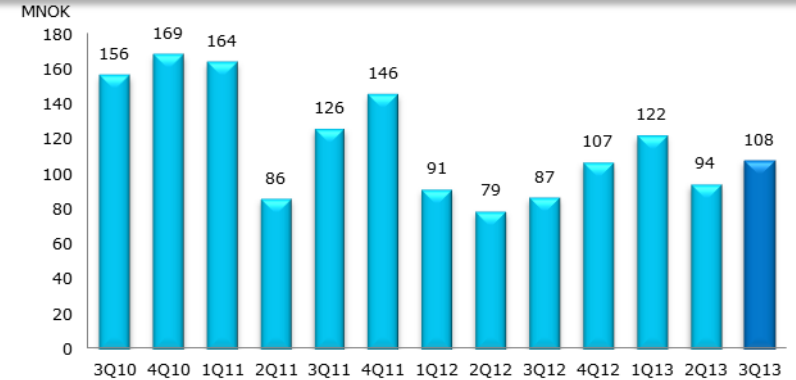




# Group financial profile – solid balance sheet, continued

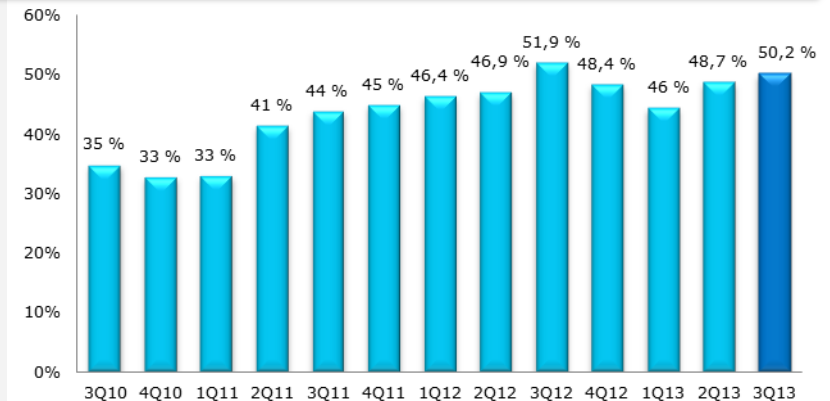
## Net interest bearing debt (NIBD in MNOK)

- Net interest bearing debt increased by 21 MNOK vs end of Q3 2012:
  - 18 MNOK in increased NIBD in Q2 due to the acquisition of Plastsveis AS
  - Adjustments in credit facility utilisation explains the remaining difference



## Equity ratio (in %)

- Equity reduced with 1.7 percentage points vs Q3 2012





# Balance sheet

<b>BALANCE SHEET</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>
<b>(MNOK)</b>	<b>30.09.</b>	<b>30.09.</b>	<b>31.12.</b>
Intangible fixed assets	224,1	200,4	201,2
Fixed assets	51,7	43,0	45,8
Long-term financial assets	27,8	29,9	31,5
<b>FIXED ASSETS</b>	<b>303,6</b>	<b>273,3</b>	<b>278,5</b>
Stock	158,8	177,4	161,7
Trade receivables	153,7	129,8	163,1
Other receivables	34,3	40,1	32,4
Cash and cash equivalents	30,5	46,8	36,8
<b>CURRENT ASSETS</b>	<b>377,3</b>	<b>394,0</b>	<b>394,1</b>
<b>TOTAL ASSETS</b>	<b>681,0</b>	<b>667,3</b>	<b>672,6</b>
Paid in capital	355,5	355,5	355,5
Retained equity	-16,1	-9,1	-30,3
Equity attributable to equity holders of AKVA group	339,5	346,5	325,3
Non-controlling interests	2,3	0,0	0,0
<b>TOTAL EQUITY</b>	<b>341,8</b>	<b>346,5</b>	<b>325,3</b>
Other long term debt	1,5	2,6	2,3
Long-term interest bearing debt	60,4	72,5	67,4
<b>LONG-TERM DEBT</b>	<b>62,0</b>	<b>75,1</b>	<b>69,8</b>
Short-term interest bearing debt	77,6	60,8	75,9
Other current liabilities	199,5	185,0	201,6
<b>SHORT-TERM DEBT</b>	<b>277,2</b>	<b>245,8</b>	<b>277,5</b>
<b>TOTAL EQUITY AND DEBT</b>	<b>681,0</b>	<b>667,3</b>	<b>672,6</b>
<i>Equity ratio including non-controlling interests</i>	<i>50,2 %</i>	<i>51,9 %</i>	<i>48,4 %</i>
<i>Net interest bearing debt</i>	<i>107,6</i>	<i>86,5</i>	<i>106,6</i>



# Cash flow statement

<b>CASH FLOW STATEMENT (NOK 1 000)</b>	<b>2013 3Q</b>	<b>2012 3Q</b>	<b>2013 YTD</b>	<b>2012 YTD</b>	<b>2012 Total</b>
Net cash flow from operations	6 588	9 932	31 578	17 492	16 995
Net cash flow from change in working capital	-11 494	8 039	17 319	28 949	24 648
Net cash flow from operating activities	-4 905	17 971	48 897	46 441	41 642
Net cash flow from investment activities	-8 440	-5 331	-46 403	18 340	-3 221
Net cash flow from financial activities	5 113	-8 507	-8 805	-44 002	-38 857
Net cash flow	-8 232	4 132	-6 310	20 779	-435
Cash and cash equivalents at the beginning of the period	38 718	53 879	36 797	37 232	37 232
Cash and cash equivalents at the end of the period	30 486	58 011	30 486	58 011	36 797

- Investments in Q3 were 8.5 MNOK whereof 3.4 MNOK is capitalized R&D expenses in accordance to IFRS.
- YTD investments were 28.5 MNOK whereof 13.4 MNOK is capitalized R&D expenses in accordance to IFRS
- Total investments in 2012 were 39.8 MNOK whereof 15.8 MNOK is capitalized R&D expenses in accordance to IFRS.



 **Outlooks**

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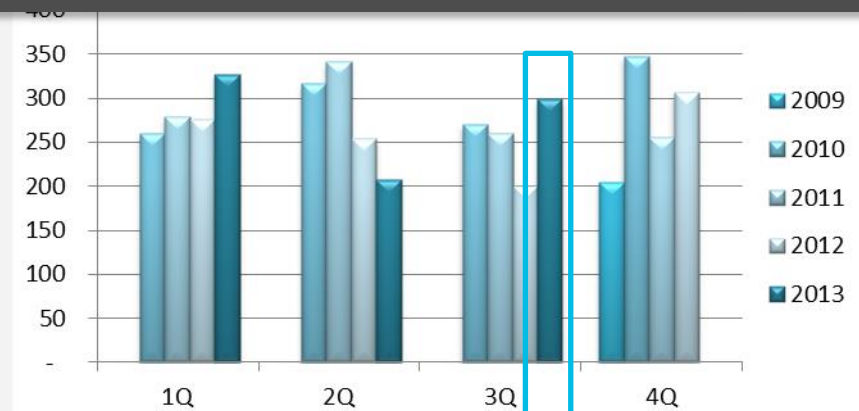
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# Order backlog and inflow

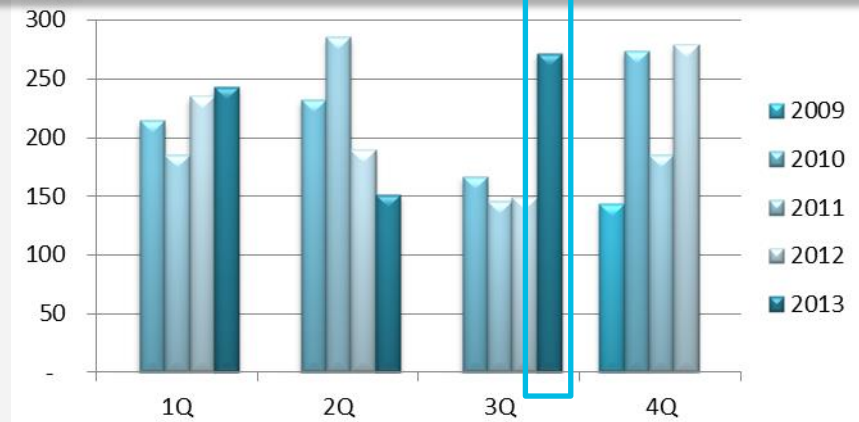
## Order backlog (in MNOK)

- Order backlog 299 MNOK vs 200 MNOK by end of Q3 2012



## Order inflow (in MNOK)

- Total order inflow of 271 MNOK vs 149 MNOK in Q3 2012
- High market activity has materialized in a good order inflow – + 82% YoY
- Strong order inflow continues into Q4
- Nordic and Exports being main drivers





## Maintaining optimistic outlook

- We maintain our positive outlook in the Nordic market for the coming quarters. Significant growth in salmon prices into 2013 drives demand for technology and services. Last quarters increase in order backlog and continued high activity in the market in to Q4 strengthen this assumption.
- In Chile the industry and investments are influenced by financial, operational and biological uncertainty. We are monitoring the market closely and adjusting our operation further according to the development.
- UK and Canada expected to perform well the next quarters
- Performance in Export is expected to be good in the next quarters due to deliveries of large projects and an interesting prospect mass
- Land based expected to have positive development. Good order inflow supports this expectation.
- Continued effort to build service and aftersales as a key business element in all markets and segments – starts to pay off





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