



Q2 2013 Presentation

Trondheim - August 16th, 2013

Trond Williksen, CEO

Eirik Børve Monsen, CFO



Agenda

- **Highlights Q2 2013**

Trond Williksen, CEO

- **Financial performance Q2 2013**

Eirik Børve Monsen, CFO

- **Outlooks**

Trond Williksen, CEO

- **Q & A**





Highlights Q2 2013

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Strong quarter – solid underlying operational performance

Second quarter 2013

- Significant improvement from Q2 last year – best quarter in 5 years
 - Revenue of 270 MNOK compared to 212 MNOK in Q2 2012
 - EBITDA of 20 MNOK (7.5%) compared to 10 MNOK (4.7%) in Q2 2012.
- Solid underlying operational performance in the Nordic cage based segment with improved top line and earnings
- Managing challenging times in Chile – reduced sales, but positive margins in Q2 and YTD
- Strong Export deliveries into emerging markets
- Canada and Scotland performing well with improved margins and revenues



AKVA flex is presented at Aqua Nor – at Skansen (Trondheim Harbour)



Strong quarter – solid underlying operational performance

Second quarter 2013, continued from previous slide

- Software continuing to perform well – with improved operational revenues and margins compared to Q2 2012
- Land based in a weak mid-season – Plastsveis AS included from Q2

YTD 2013

- Operational revenue of 492 MNOK compared to 426 in 1H 2012 *
- Operational EBITDA of 31 MNOK versus 21 in 1H 2012 *

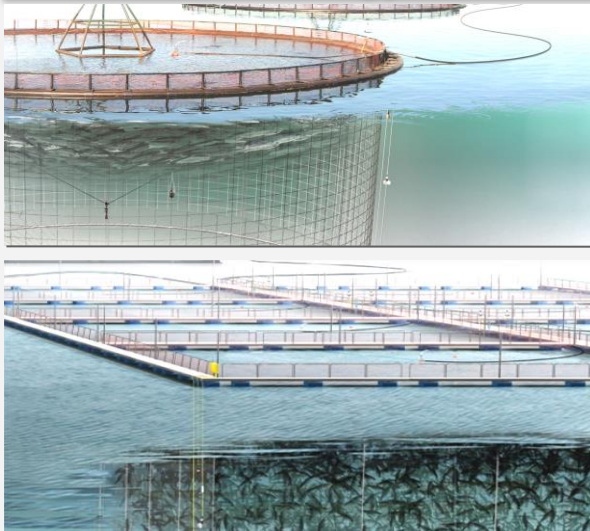
* 1H 2012 numbers above excluding the one-off gain of 29 MNOK from the sales of the Norwegian Maritech business in February 2012



The barge AC650 Panorama is presented at Aqua Nor – at Skansen (Trondheim Harbour)

AKVA group – uniquely positioned for future growth

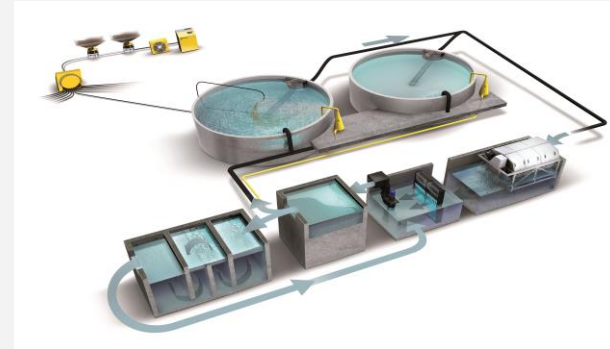
Cage based farming Technology



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 9 countries
- 2012 revenue of 832 MNOK and 2012 EBITDA of 58 MNOK
- 616 employees

Land based farming Technology



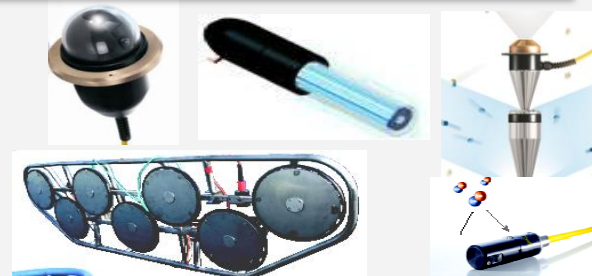
Site infrastructure



Feed systems



Sensors & operational



Software systems & services






Operational structure


AKVAGROUP™

Technologies

Cage based technologies


 akvasmart[®] Akvasmart Feeding systems
Akvasmart Lights
Akvasmart Cameras & Sensors
Akvasmart Net cleaners

 polarcirkel[®] Polarcirkel Cages
Polarcirkel boats


 wavemaster[®] Wavemaster Feed Barges
Wavemaster Steel Cages


Software (SW)

 fishtalk[®] Fishtalk

 wise WISE / WiseDynamics

Land based technologies

 akvasmart[®] 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

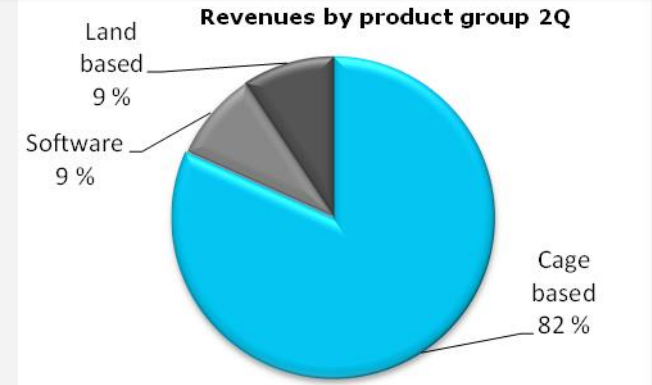




Market segments - Revenue

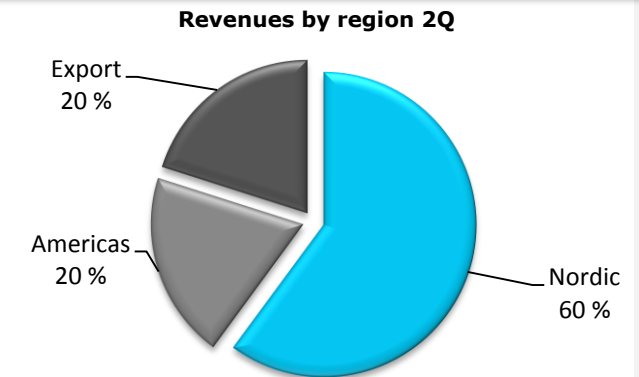
By product groups – Q2 2013

- Land based technologies +4 percentage point, Cage based technologies -2 and Software -2 percentage point vs Q2 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 – Q2 2013

- Export +11 percentage points, Nordic +9 percentage point and Americas -20 percentage point vs Q1 2012
- **Nordic** = the Nordic countries
- **Americas** = America and Oceania
- **Export** = UK, South Europe and all emerging markets (the rest of the world)





Financial performance Q2 2013

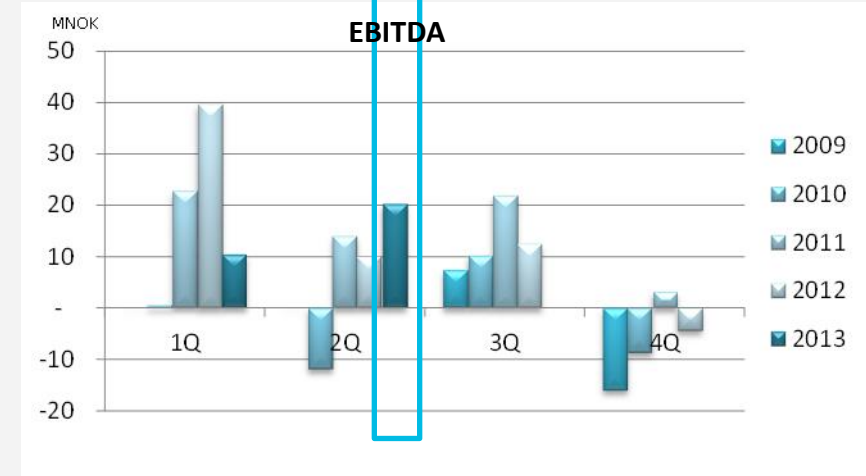
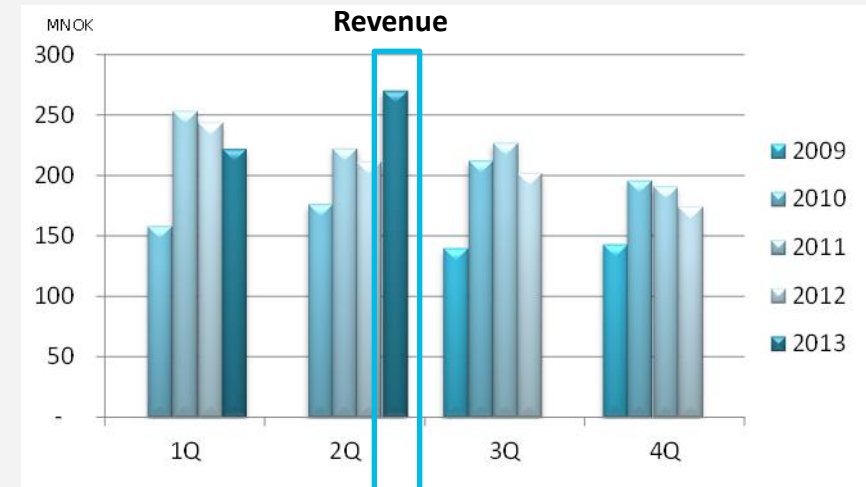
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Financially a good quarter

- Strong growth in CBT revenue and earnings in all markets except Chile.
- Managing to steer through challenging times in Chile with positive earning – significant adjustments done on the cost side in Chile
- Software continuing to perform well
- Improved balance sheet





P & L segments – Cage Based Technologies



- Strong growth in the Nordic segment both in technology sale and service & aftersales
- Decline in revenues in Chile – as expected, but managing to maintain positive margins. Main challenges in Chile is impact of low prices on salmon, trout and coho earlier this year as well as increased financial and biological uncertainty
- Canada and Scotland performing well in Q2
- Delivery of large Export projects in the second quarter as expected – promising prospects ahead

P&L 2013 (MNOK)	2013 2Q	2012 2Q	2013 YTD	2012 YTD	2012 Total
Cage based technologies					
Nordic operating revenues	119,9	82,5	237,0	137,5	264,8
Americas operating revenues	47,0	76,1	90,7	159,9	302,7
Export operating revenues	53,9	19,8	76,3	58,6	89,5
OPERATING REVENUES	220,8	178,4	404,1	356,0	657,0
Operating costs ex depreciations	200,3	168,1	376,9	334,8	636,4
EBITDA	20,5	10,3	27,1	21,2	20,6
Depreciation	6,7	6,7	13,3	13,4	26,5
EBIT	13,8	3,6	13,8	7,9	-5,9
<i>EBITDA %</i>	9,3 %	5,8 %	6,7 %	6,0 %	3,1 %
<i>EBIT %</i>	6,3 %	2,0 %	3,4 %	2,2 %	-0,9 %



P & L segments – Software

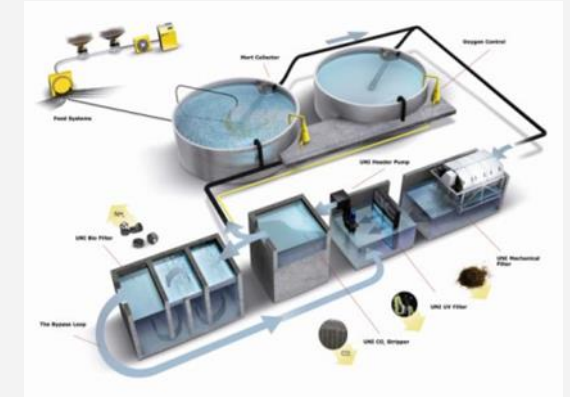


- Software continues to deliver stable revenue and margins
- AKVA group Software AS (Norway), Wise Ehf (Iceland) and Wise Dynamics Inc (Canada) are all contributing positively in Q2 2013
- Software continues to invest in new product modules to be launched throughout 2013. These product modules will further strengthen the financial performance of the SW segment
- 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 2012 (MNOK)	2013 2Q	2012 2Q	2013 YTD	2012 YTD	2012 Total
Software					
Nordic operating revenues	18,6	16,7	38,2	68,0	102,5
Americas operating revenues	5,3	5,3	8,6	8,8	18,3
Export operating revenues	0,4	0,4	0,8	0,8	1,6
OPERATING REVENUES	24,3	22,4	47,6	77,6	122,4
Operating costs ex depreciations	20,2	20,7	39,7	43,6	79,7
EBITDA	4,1	1,7	7,9	34,1	42,7
Depreciation	1,3	1,5	2,5	3,1	2,2
EBIT	2,8	0,2	5,4	31,0	40,5
<i>EBITDA %</i>	16,9 %	7,6 %	16,6 %	43,9 %	34,9 %
<i>EBIT %</i>	11,7 %	0,8 %	11,4 %	39,9 %	33,1 %



P & L segments – Land Based Technologies



- Improved revenues in AKVA group Denmark and Plastsveis being included from Q2 2013
- Margins influenced by a weak midseason for land based technologies
- Growing prospect mass gives signals of increased interest in the market expected to materialize during the fall of 2013 and into 2014
- The Land Based Technology segment is positioned for future profitable growth and significantly strengthened through acquisition of 70% of Plastsveis AS in Q1 2013

P&L 2012 (MNOK)	2013 2Q	2012 2Q	2013 YTD	2012 YTD	2012 Total
Land based technologies					
Nordic operating revenues	24,0	8,1	38,3	18,3	40,3
Americas operating revenues	1,1	2,6	2,3	3,2	11,8
Export operating revenues	-	-	-	-	-
OPERATING REVENUES	25,1	10,7	40,7	21,5	52,1
Operating costs ex depreciations	29,4	12,6	45,0	27,1	57,6
EBITDA	-4,3	-2,0	-4,4	-5,6	-5,5
Depreciation	0,4	0,2	0,6	0,5	2,4
EBIT	-4,7	-2,2	-5,0	-6,1	-8,0
<i>EBITDA %</i>	-17,2 %	-18,5 %	-10,7 %	-26,0 %	-10,6 %
<i>EBIT %</i>	-18,8 %	-20,4 %	-12,2 %	-28,2 %	-15,3 %



Financials – Detailed P & L

P&L 2013 (MNOK)	2013 2Q	2012 2Q	2013 YTD	2012 YTD	2012 Total
OPERATING REVENUES	270,2	211,5	492,3	455,2	831,5
Operating costs ex depreciations	250,0	201,4	461,7	405,4	773,7
EBITDA	20,3	10,0	30,7	49,7	57,8
Depreciation	8,3	8,4	16,4	17,0	31,1
EBIT	11,9	1,6	14,3	32,8	26,7
Net interest expense	-2,0	-2,1	-3,5	-4,3	-8,2
Other financial items	-0,9	2,6	-1,7	1,5	-1,2
Net financial items	-2,9	0,5	-5,2	-2,8	-9,3
EBT	9,0	2,1	9,1	30,0	17,4
Taxes	3,8	0,9	3,8	8,3	7,1
NET PROFIT	5,2	1,2	5,3	21,7	10,3
Net profit (loss) attributable to:					
Non-controlling interests	-0,4	-	-0,4	-	-
Equity holders of AKVA group ASA	5,6	1,2	5,6	21,7	10,3
Revenue growth	27,8 %	-4,9 %	8,2 %	-4,3 %	-6,9 %
EBITDA margin	7,5 %	4,7 %	6,2 %	10,9 %	7,0 %
EPS (NOK)	0,22	0,05	0,22	0,84	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.

Reduced interest cost due to reduced interest brearing debt.

Includes M&A costs related to the Plastsveis AS acquisition in Q1 2013.

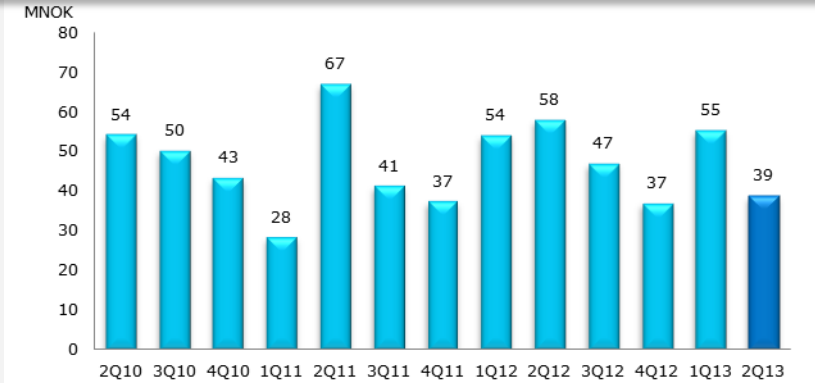
Minority interest - 30% of Plastsveis AS - is included from 01.04.2013.



Group financial profile – solid balance sheet

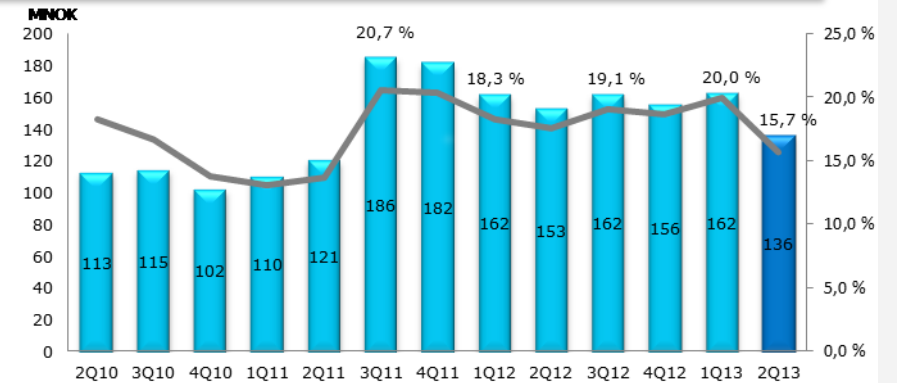
Cash balance (in MNOK)

- Total available cash, including available drawing facility, was 86 MNOK at the end of Q2 2013 vs 108 MNOK at the end of Q2 2012
- Down payment of LTD as well as financing of the Plastsveis AS transaction impacting cash compared to Q2 2012



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

- WC in NOK and in percentage of 12 months rolling revenue improved significantly during the quarter

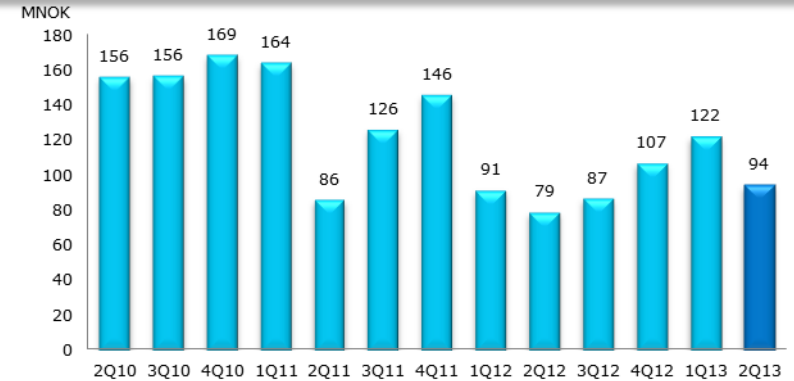




Group financial profile – solid balance sheet, continued

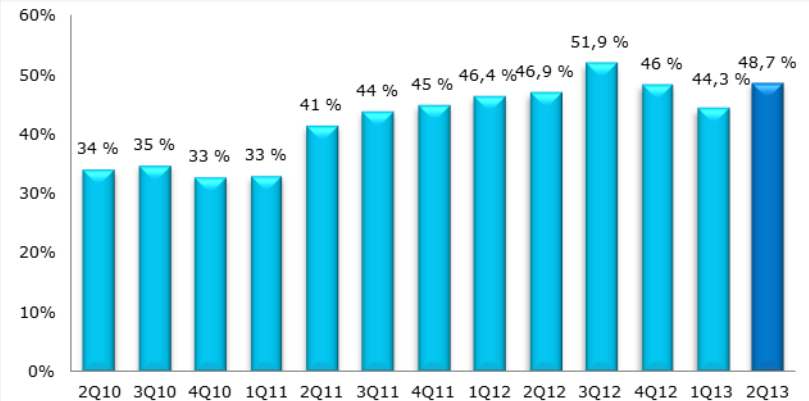
Net interest bearing debt (NIBD in MNOK)

- Net interest bearing debt increased by 15 MNOK in Q2 vs Q2 2012:
 - 18 MNOK in increased NIBD in Q2 due to the acquisition of Plastsveis AS
 - Quarterly down payment of LTD and adjustments in credit facility utilisation explains the remaining difference



Equity ratio (in %)

- Equity in % increased compared to Q2 2012 mainly due to decreased balance sheet as a result of reduced activity in Chile





Balance sheet

BALANCE SHEET	2013	2012	2012
(MNOK)	30.06.	30.06.	31.12.
Intangible fixed assets	223,0	203,9	201,2
Fixed assets	50,9	42,8	45,8
Long-term financial assets	27,3	29,7	31,5
FIXED ASSETS	301,2	276,4	278,5
Stock	161,9	192,6	161,7
Trade receivables	159,0	173,2	163,1
Other receivables	41,0	38,8	32,4
Cash and cash equivalents	38,7	57,8	36,8
CURRENT ASSETS	400,6	462,5	394,1
TOTAL ASSETS	701,8	738,9	672,6
Paid in capital	355,5	355,5	355,5
Retained equity	-16,4	-8,7	-30,3
Equity attributable to equity holders of AKVA group ASA	339,2	346,9	325,3
Non-controlling interests	2,4	0,0	0,0
TOTAL EQUITY	341,6	346,9	325,3
Other long term debt	1,6	4,3	2,3
Long-term interest bearing debt	65,3	77,6	67,4
LONG-TERM DEBT	66,9	81,9	69,8
Short-term interest bearing debt	67,6	58,9	75,9
Other current liabilities	225,8	251,2	201,6
SHORT-TERM DEBT	293,4	310,1	277,5
TOTAL EQUITY AND DEBT	701,8	738,9	672,6
<i>Equity ratio including non-controlling interests</i>	<i>48,7 %</i>	<i>46,9 %</i>	<i>48,4 %</i>
<i>Net interest bearing debt</i>	<i>94,2</i>	<i>78,6</i>	<i>106,6</i>



Cash flow statement

CASH FLOW STATEMENT (NOK 1 000)	2013 2Q	2012 2Q	2013 YTD	2012 YTD	2012 Total
Net cash flow from operations	17 045	9 932	24 990	17 492	16 995
Net cash flow from change in working capital	38 478	8 039	28 813	28 949	24 648
Net cash flow from operating activities	55 523	17 971	53 803	46 441	41 642
Net cash flow from investment activities	-27 968	-5 331	-37 963	18 340	-3 221
Net cash flow from financial activities	-43 948	-8 507	-13 918	-44 002	-38 857
Net cash flow	-16 393	4 132	1 922	20 779	-435
Cash and cash equivalents at the beginning of the period	55 112	53 879	36 797	37 232	37 232
Cash and cash equivalents at the end of the period	38 718	58 011	38 718	58 011	36 797

- Investments in Q2 were 10.0 MNOK whereof 4.5 MNOK is capitalized R&D expenses in accordance to IFRS.
- YTD investments were 20.0 MNOK whereof 10.0 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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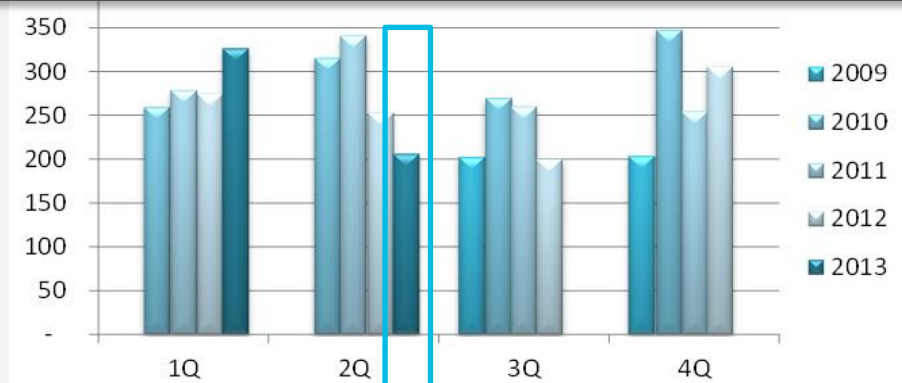
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Order backlog and inflow

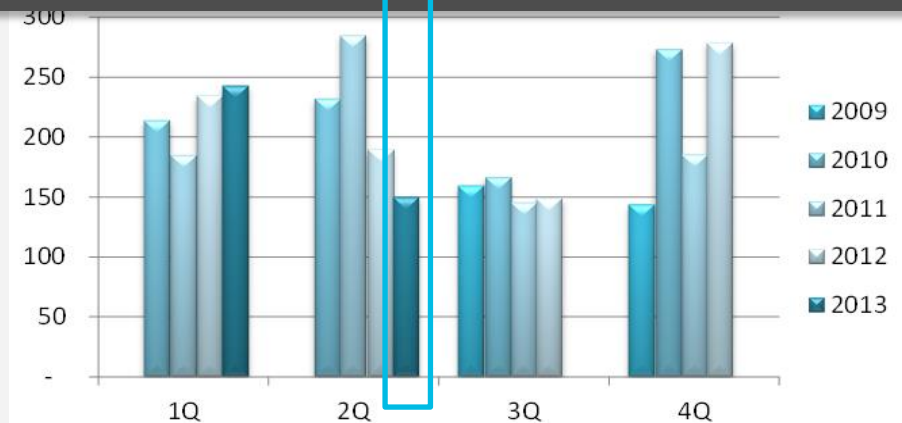
Order backlog (in MNOK)

- Order backlog 208 MNOK by end of Q2 vs 253 MNOK by end of Q2 2012.
- Reduction in CBT Chile explains most of the reduction
- Normal mid season order intake in Nordic



Order inflow (in MNOK)

- Total order inflow in Q2 of 151 MNOK vs 190 MNOK in Q2 2012
- High market activity gives expectations of good inflow in next quarter





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.
- We see some positive signals in Chile after significant decline in volumes of sales and deliveries in 1H 2013 compared to 2012. Industry and investments influenced by financial and biological uncertainty, but strong increase in salmon prices is easing the situation. We are monitoring the market closely and adjusting according to the development.
- Increased expectations in 2H 2013 in UK and Canada
- 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 strong development in 2H 2013
- 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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