

## Best Q1 ever – all time high order backlog



### First quarter 2014 – HIGHLIGHTS

- **Best Q1 ever**
  - Revenue of 310 MNOK (222 MNOK)
  - EBITDA of 32 MNOK (10 MNOK)
  - YoY increase in revenues of 40% and a YoY increase in EBITDA of 204%
- EBITDA margin of 10.2% (4.7%) – medium term EBITDA target achieved
- Order backlog remains at all time high level
  - Order backlog of 452 MNOK (327 MNOK)
  - Order inflow of 243 MNOK (243 MNOK)
- Land based continue to deliver positive results – high market activity
- Outlooks remains positive – with Chile in early awakening
- The acquisition of YesMaritime AS - completed
- Refinancing with Danske Bank - completed

## Revenues and profits for the Group

(Figures in brackets = 2013 unless other is specified)

positively affected by the one-off gain related to the sale of the Norwegian Maritech business of MNOK 29.

### Operations and profit

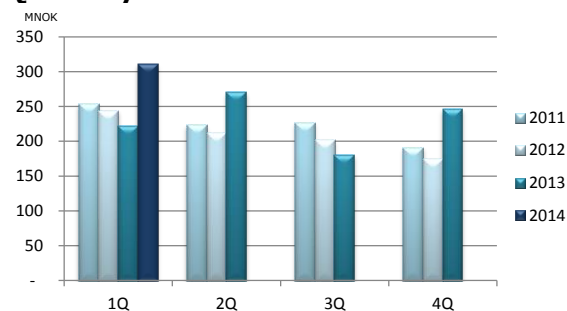
High activity coming in to the quarter materialized in record high revenue and margins in Q1 2014. AKVA group's medium term EBITDA target was achieved in Q1 with an EBITDA margin of 10.2%.

Q1 2014 is the second quarter in a row with record high order backlog. The market activity has continued to be high during Q12014.

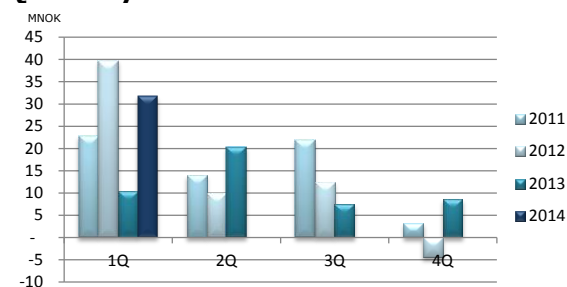
Total revenues in Q1 were 310.4 MNOK (222.1) with an EBITDA of 31.7 MNOK (10.4). EBIT was 23.5 MNOK (2.3).

Net financial items in Q1 was -2.9 MNOK (-2.3), resulting in a profit before tax of 20.5 MNOK (0.0). Net profit was 15.6 MNOK (0.0) after allowing for taxes of 4.9 MNOK (0.0).

### Quarterly revenue



### Quarterly EBITDA

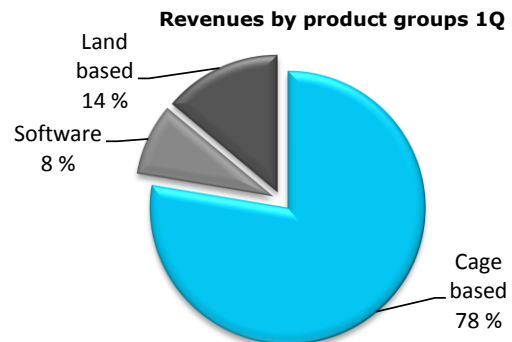


\* Please note that Q1 2012 revenue and EBITDA are

### Business segments

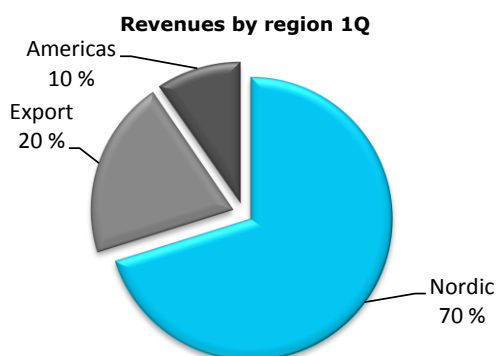
AKVA group has organized its business into three technology segments;

- Cage based technologies (CBT): Includes cages, barges, feed systems and other operational technologies and systems for cage based aquaculture,
- Land based technologies (LBT): Includes recirculation systems and technologies for land based aquaculture, and
- Software (SW): Includes software solutions and professional services.



AKVA group also has organized its business into three geographical segments;

- Nordic: Includes the Nordic countries,
- Americas: Includes Americas and Oceania, and
- Export: Includes the rest of the world.



The following information is divided into the three technology segments. Comments on the geographical segments are included if and when relevant.

### **Cage based technologies (CBT)**

CBT had revenues in Q1 of 241.1 MNOK (183.3). Revenue in the Nordic region was 154.8 MNOK (117.2), in the Americas region 23.9 MNOK (43.7) and in the Export region 62.4 MNOK (22.4).

EBITDA for CBT in Q1 was 26.2 MNOK (6.7) resulting in an EBITDA margin of 10.9% (3.6%). EBIT in Q1 was 20.1 MNOK (0.0) representing an EBIT margin of 8.4% (0.0%).

#### Nordic

Record high revenue and margins in the Nordic segment have continued from Q4 2013. This is mainly due to high activity, controlled costs and a solid order backlog.

#### Americas

We have experienced decline in revenues in Chile in Q1, as expected. Our exposure in Chile was significantly reduced during 2013, but we are well positioned for the future expected growth in this market.

Canada had a good start of the year with good margins and a solid order backlog.

#### Export

Deliveries of large contracts to emerging markets are proceeding according to plan and gives Export a good start of the year.

UK is performing well with improved performance compared to Q1 2013.

### **Software (SW)**

Revenue for SW in Q1 was 26.2 MNOK (23.3). The EBITDA was 3.0 MNOK (3.8) resulting in an EBITDA margin of 11.4% (16.3%) and an EBIT of 1.2 MNOK (2.6) representing an EBIT margin of 4.7% (11.0%).

Software continues to deliver stable revenue and good margins. However, we have experienced slightly reduced margins YoY in Q1 2014 due to delayed launch of new modules and slower start of 2014 in Iceland compared to expectations.

Software continues to invest in new product modules to be launched in 2014. These product modules will strengthen the financial performance of the SW segment further.

### **Land Based Technologies (LBT)**

LBT had revenues in Q1 of 43.1 MNOK (15.5) with an EBITDA of 2.6 MNOK (0.0) and an EBIT of 2.1 MNOK (-0.2).

LBT has had its second quarter in a row with positive margins. New projects in AKVA group Denmark A/S drive the improved performance.

Controlled cost and cash flow shall secure profitable operation going forward.

### Balance sheet and cash flow

The balance sheet is improved even more compared to previous quarters and is considered as strong.

The working capital in the group balance sheet, defined as non-interest bearing current assets less non-interest bearing current liabilities was 116.0 MNOK at the end of Q1 2014, compared to 162.4 MNOK at the end of Q1 2013. Working capital in percentage of 12 months rolling revenue is improved YoY from 20.0% to 11.5%. We are able to maintain low working capital during Q1 despite significant activity ramp up in the period.

Net interest-bearing debt was 70.2 MNOK at the end of Q1 2014 compared to 121.9 MNOK at the end of Q1 2013. Gross interest-bearing debt was at the end of Q1 2014 132.2 MNOK versus 177.0 MNOK at the end of Q1 2013. Improvement in debt level is explained by reduced working capital over the last 12 months together with improved operational performance.

Cash and unused credit facilities amounted to 153 MNOK at the end of Q1 2014 versus 63 MNOK at the end of Q1 2013. The total credit facility at Danske Bank is 90 MNOK. The refinancing with Danske Bank was completed in January 2014. The refinancing together with strong operational performance explains the significantly improved available cash situation during Q1 of 57 MNOK.

YesMaritime AS will be included in the consolidated balance sheet from April 1<sup>st</sup>, 2014.

Total assets and total equity amounted to 782.1 MNOK and 346.9 MNOK respectively, resulting in an equity ratio of 44.4% (44.3%) at the end of Q1 2014.

Investments in Q1 2014 amounted to 11.0 MNOK of which 4.6 MNOK was capitalized R&D expenses in accordance to IFRS. Total investments in 2013 were 39.9 MNOK whereof 16.5 MNOK was capitalized R&D expenses in accordance with IFRS.

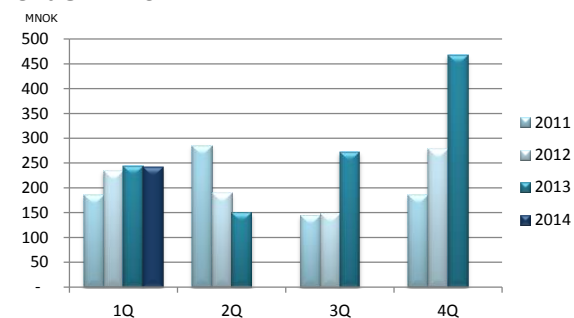
### Shareholder issues

Earnings per share for Q1 were 0.60 NOK (0.00). The calculation is based on 25,834,303 (25,834,303) shares average.

The 20 largest shareholders are presented in note 4 in this report.

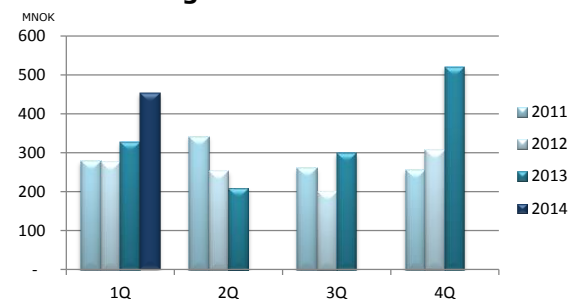
### Market and future outlook

#### Order inflow



We have experienced continued good activity in the market in Q1 despite record high activity in the second half of 2013. The order inflow in Q1 was 243 MNOK (243). The order backlog at the end of Q1 was 452 MNOK (327).

### Order backlog



We maintain a positive outlook in the Nordic market. Continued high salmon prices, granting of green licenses, as well as expected openings for general growth, drives demand for technology and services. The normal seasonal pattern with slower order inflow during summer months and main investment period during the fall is anticipated also this year.

There are signs of awakening in the Chilean market. However, we have modest expectations and we are monitoring the market closely and will adjust our operation according to the development.

UK and Canada are expected to continue to perform well in the next quarters.

Land based is also expected to continue the positive development and we experience high market activity in the Land based segment.

We continue our effort to build service and aftersales as a key business element in all markets and segments.

### Acquisition of YesMaritime AS

The acquisition of YesMaritime AS is finalized and the company will be included in the Group accounts from April 1<sup>st</sup>, 2014 and onwards.

The acquisition is a strategic move to strengthen the Service Segment by moving into the growing Farming Services industry.

### EcoNet with promising potential

The new EcoNet is made from strong PET plastic monofilament with several unique operational advantages such as high durability and escape prevention, increased water flow to the fish, no anti-fouling and no net changes.

The first significant sale of EcoNet in Norway to Cermaq was announced on April 29<sup>th</sup>, 2014. This sale was completed after proven operational results together with Cermaq.

EcoNet is included as new technology in many of the green licenses granted in Q1 2014.

EcoNets are already in use in large scale by Tassal Group in Tasmania, Grieg Seafood Hjaltdland on Shetland Islands and Fega Group in Indonesia, in addition to extensive use in Japan.

### Selected disclosure notes

*Note 1 General information and basis for preparation*

AKVA group consists of AKVA group ASA and its subsidiaries. There have been no significant changes in the Group's legal structure since year-end 2013. YesMaritime AS will be included as a 100% owned subsidiary of AKVA group ASA from April 1<sup>st</sup>, 2014. Please see the Q4 2013 report and notifications to the Oslo Stock Exchange in Q1 2014 for more details about the YesMatitime AS acquisition.

The condensed consolidated interim financial statements are unaudited. As

a result of rounding differences, numbers or percentages may not add up to the total. The consolidated financial statements for the Group for the year ended 31 December 2013 are available upon request from the company's registered head office at Nordlysveien 4, 4340 Bryne, Norway or at [www.akvagroup.com](http://www.akvagroup.com).

These interim financial statements are prepared in accordance with International Financial Reporting Standards and interpretations (IFRS), as issued by the International Accounting Standards Board (IASB) and as adopted by EU (EU-IFRS), including International Accounting Standard 34, Interim Financial Reporting. The quarterly report does not include all information and disclosures required in the annual financial statements and should be read in connection with the Group's Annual Report for 2013.

#### *Note 2 Business segments*

AKVA group is organized in three business segments; Cage based

technologies, Software and Land based technologies.

The same accounting principles as described for the Group financial statements have been applied for the segment reporting. Inter-segment transfers or transactions are entered into under normal commercial terms and conditions, and the measurement used in the segment reporting is the same as used for the actual transactions.

#### *Note 3 Recognition and measurement of assets and liabilities in connection with the Plastsveis AS acquisition*

The recognition and measurement of assets and liabilities in connection with the Plastsveis AS acquisition is final in the consolidated financial statement as of December 31<sup>st</sup>, 2013. IFRS 3 permits adjustments to items recognized in the original accounting for business combination, for a maximum of one year after the acquisition date, if and when new information about facts and circumstances existing at the acquisition date is obtained.

#### *Note 4 Top 20 shareholders as of April 4<sup>th</sup>, 2014*

Shareholders	Citizenship	Number of	Ownership
EGERSUND GROUP AS	NOR	22 240 105	86,09
MOLAUG KNUT	NOR	404 838	1,57
MP PENSJON PK	NOR	380 000	1,47
ROGALAND SJØTJENESTE	NOR	343 550	1,33
OLE MOLAUG EIENDOM A	NOR	338 692	1,31
MOLAUG OLE	NOR	167 192	0,65
HAVBRUKSCONSULT AS	NOR	166 000	0,64
KLUGE GUNNAR	NOR	145 590	0,56
UBS AG A/C OMNIBUS-DISCLOSE	CHE	111 000	0,43
NEDREBØ ANNE HELGA	NOR	101 750	0,39
HAVREVOLL INGRID	NOR	99 750	0,39
SKJÆVELAND ODD	NOR	75 750	0,29
GILJE BERGLJOTMOLAUG	NOR	67 644	0,26
MOLAUG INGRID	NOR	66 950	0,26
GJØVIK JAN ARVE	NOR	63 961	0,25
FAGERHEIMARNE MELVIN	NOR	54 478	0,21
KIELLAND BERNHARD	NOR	52 079	0,20
QUINTER THOMAS FIDEL	CHE	50 220	0,19
MOLAUG GUNHILD HELEN	NOR	48 300	0,19
KVERNELAND AKSEL	NOR	40 164	0,16
<b>20 largest shareholders</b>		<b>25 018 013</b>	<b>96,84</b>
Other shareholders		816 290	3,16
<b>Total shares</b>		<b>25 834 303</b>	<b>100,00</b>

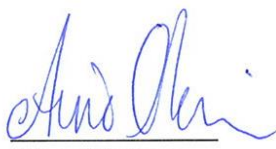
### Statement from the Board and Chief Executive Officer

We confirm that, to the best of our knowledge, the condensed set of financial statements for the period 1 January to 31 March 2014, which have been prepared in accordance with IAS 34 Interim Financial Statements gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

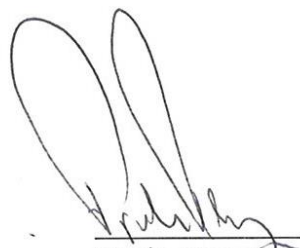
Bryne, May 7<sup>th</sup>, 2014  
Board of Directors, AKVA group ASA



Hans Kristian Mong  
(Chairperson)



Aino Olaisen



Frode Teigen



Anne Breiby  
(Deputy Chairperson)



Ingvald Løyning



Tore Obrestad



Kjell Arne Corneliussen



Eivind Brendryen



Trond Williksen  
(CEO)

## Main figures from financial accounts

<b>INCOME STATEMENT</b>	2014	2013	2013
(NOK 1 000)	1Q	1Q	Total
<b>OPERATING REVENUES</b>	<b>310 398</b>	<b>222 144</b>	<b>918 670</b>
Operating costs ex depreciations	278 666	211 703	871 765
<b>OPERATING PROFIT BEFORE DEPR.(EBITDA)</b>	<b>31 732</b>	<b>10 441</b>	<b>46 905</b>
Depreciation	8 251	8 092	33 088
<b>OPERATING PROFIT (EBIT)</b>	<b>23 482</b>	<b>2 349</b>	<b>13 817</b>
Net interest expense	-1 493	-1 511	-7 615
Other financial items	-1 440	-812	-1 635
Net financial items	-2 934	-2 324	-9 250
<b>PROFIT BEFORE TAX</b>	<b>20 548</b>	<b>25</b>	<b>4 568</b>
Taxes	4 917	7	2 193
<b>NET PROFIT</b>	<b>15 631</b>	<b>18</b>	<b>2 374</b>
<b>Net profit (loss) attributable to:</b>			
Non-controlling interests	138	-	-501
Equity holders of AKVA group ASA	15 493	18	2 875
Earnings per share equity holders of AKVA group ASA	0,60	0,00	0,11
Average number of shares outstanding (in 1 000)	25 834	25 834	25 834
<b>BALANCE SHEET</b>	2014	2013	2013
(NOK 1 000)	31.3.	31.3.	31.12.
Intangible fixed assets	244 824	248 387	250 831
Fixed assets	55 780	48 970	55 003
Long-term financial assets	1 864	1 886	1 967
<b>FIXED ASSETS</b>	<b>302 468</b>	<b>299 243</b>	<b>307 801</b>
Stock	151 296	170 189	144 188
Trade receivables	167 297	185 610	155 539
Other receivables	98 989	52 030	56 123
Cash and cash equivalents	62 003	55 112	58 330
<b>CURRENT ASSETS</b>	<b>479 585</b>	<b>462 941</b>	<b>414 180</b>
<b>TOTAL ASSETS</b>	<b>782 052</b>	<b>762 185</b>	<b>721 981</b>
Paid in capital	355 549	355 549	355 550
Retained equity	-11 074	-20 377	-18 949
Equity attributable to equity holders of AKVA group ASA	344 475	335 172	336 601
Non-controlling interests	2 394	2 757	2 255
<b>TOTAL EQUITY</b>	<b>346 869</b>	<b>337 929</b>	<b>338 856</b>
Other long term debt	1 360	1 816	886
Long-term interest bearing debt	121 864	70 337	55 048
<b>LONG-TERM DEBT</b>	<b>123 224</b>	<b>72 153</b>	<b>55 934</b>
Short-term interest bearing debt	10 354	106 670	77 840
Other current liabilities	301 606	245 434	249 351
<b>SHORT-TERM DEBT</b>	<b>311 960</b>	<b>352 104</b>	<b>327 191</b>
<b>TOTAL EQUITY AND DEBT</b>	<b>782 052</b>	<b>762 185</b>	<b>721 981</b>
<b>CHANGES IN EQUITY</b>	2014	2013	2013
(NOK 1 000)	1Q	1Q	YTD
Book equity before non-controlling interests at the beginning of the period	336 601	325 274	325 274
The period's net profit	15 493	18	2 875
Capital increase	-	-	-
Non-controlling interests arising on a business combination	-	-	-2 756
Share issue costs	-	-	-
Gains/(losses) on cash flow hedges (fair value)	468	359	1 251
Utbytte/Dividend	-	-	-
Change in pension liability recorded against equity	-	-	271
Recording of option agreement	-	-	62
Translation differences	-8 087	9 520	9 624
Equity before non-controlling interests	344 475	335 172	336 601
Non-controlling interests	2 394	2 757	2 255
Book equity at the end of the period	346 869	337 929	338 856



<b>CASH FLOW STATEMENT</b>	2014	2013	2013
(NOK 1000)	1Q	1Q	YTD
Net cash flow from operations	28 427	7 945	37 789
Net cash flow from change in working capital	-12 238	-9 665	56 441
Net cash flow from operational activities	16 188	-1 720	94 230
Net cash flow from investment activities	-10 879	-9 995	-58 638
Net cash flow from financial activities	-1 636	30 030	-14 060
Net change in cash and cash equivalents	3 673	18 315	21 533
Cash and cash equivalents at the beginning of the period	58 330	36 797	36 797
Cash and cash equivalents at the end of the period	62 003	55 112	58 330

<b>BUSINESS SEGMENTS</b>	2014	2013	2013
(NOK 1000)	1Q	1Q	YTD
<b>Cage based technologies</b>			
Nordic operating revenues	154 820	117 175	403 873
Americas operating revenues	23 857	43 704	172 520
Export operating revenues	62 388	22 401	147 594
<b>TOTAL OPERATING REVENUES HARDWARE</b>	241 065	183 280	723 987
Operating costs ex depreciations	214 875	176 617	693 508
<b>OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)</b>	26 190	6 663	30 479
Depreciation	6 045	6 639	26 047
<b>OPERATING PROFIT (EBIT)</b>	20 145	24	4 432

<b>Software</b>			
Nordic operating revenues	21 597	19 604	79 323
Americas operating revenues	4 106	3 301	16 763
Export operating revenues	524	410	1 595
<b>OPERATING REVENUES</b>	26 227	23 315	97 699
Operating costs ex depreciations	23 243	19 514	78 248
<b>OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)</b>	2 984	3 801	19 451
Depreciation	1 749	1 231	5 362
<b>OPERATING PROFIT (EBIT)</b>	1 234	2 570	14 089

<b>Land based technologies</b>			
Nordic operating revenues	41 426	14 371	92 192
Americas operating revenues	1 681	1 178	4 792
Export operating revenues	-	-	-
<b>OPERATING REVENUES</b>	43 106	15 549	96 984
Operating costs ex depreciations	40 548	15 572	100 009
<b>OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)</b>	2 558	-23	-3 025
Depreciation	456	222	1 679
<b>OPERATING PROFIT (EBIT)</b>	2 103	-245	-4 704

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