



Q4 2014 Presentation

Oslo - February 20th, 2015

Trond Williksen, CEO

Eirik Børve Monsen, CFO



Agenda

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Highlights

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Financial performance

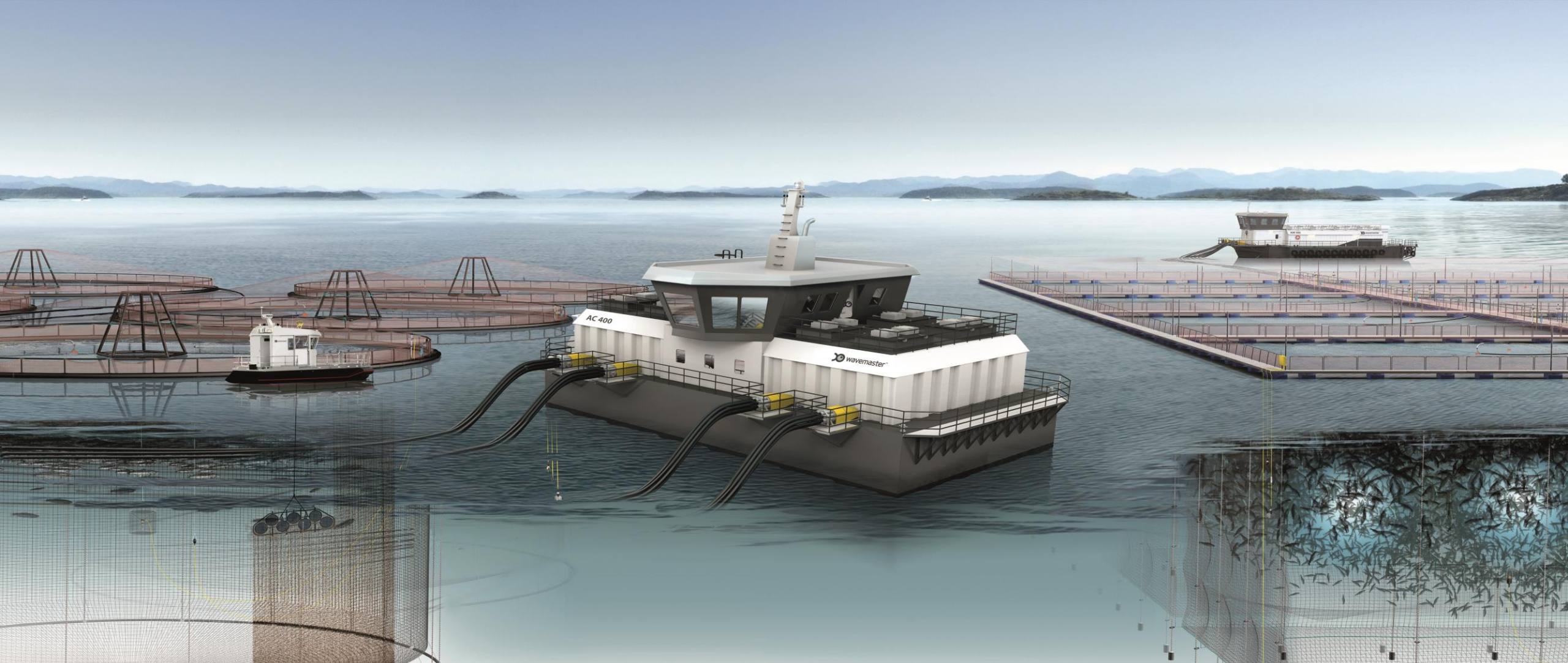
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Outlook

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Q&A





Highlights Q4 2014 - by CEO Trond Williksen

Your Aquaculture Technology and Service Partner

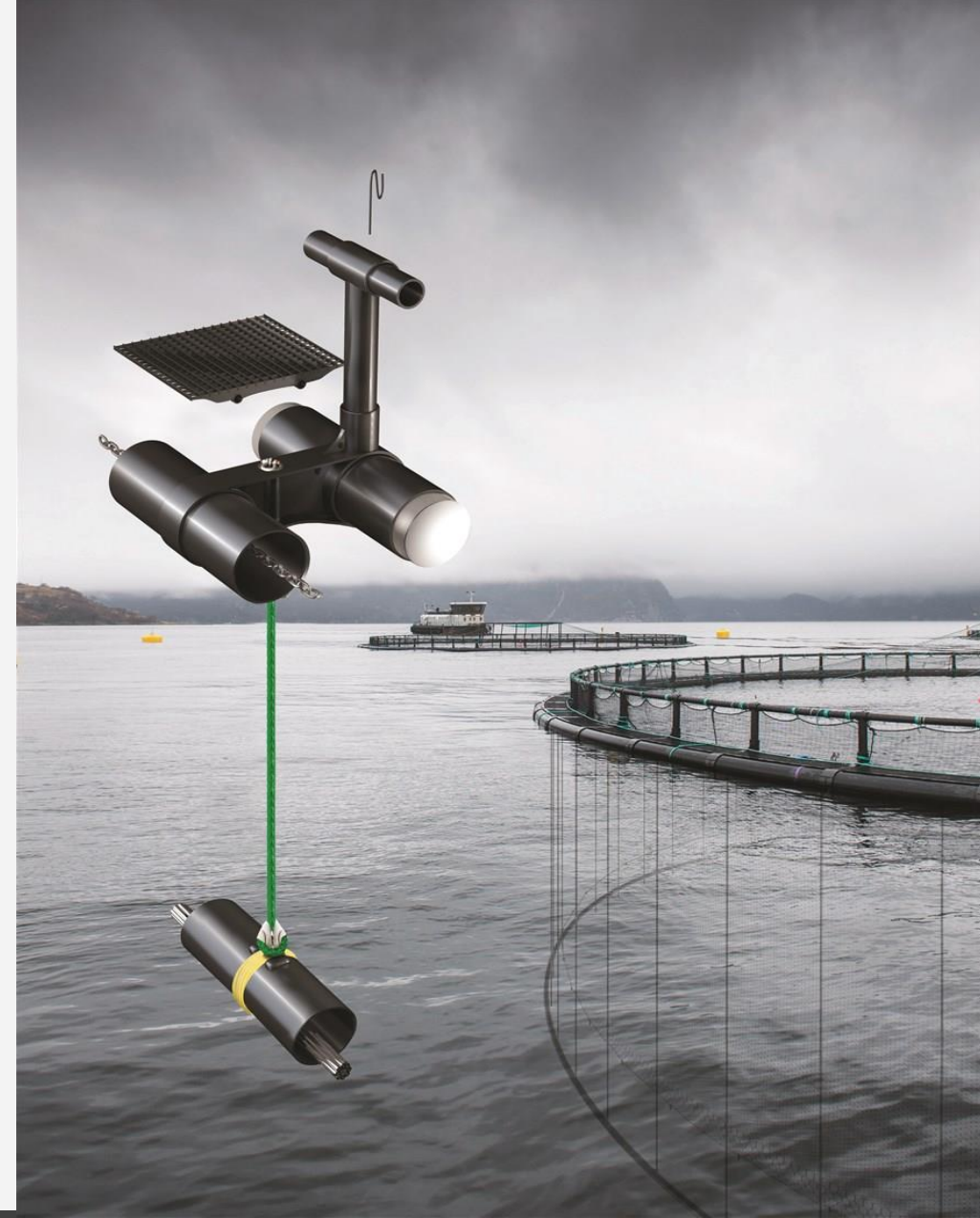
AKVAGROUP™₃



Completing the best year ever

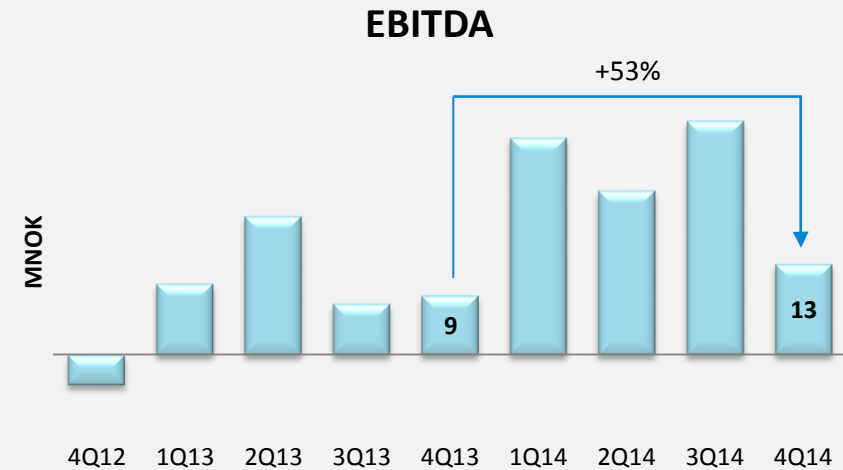
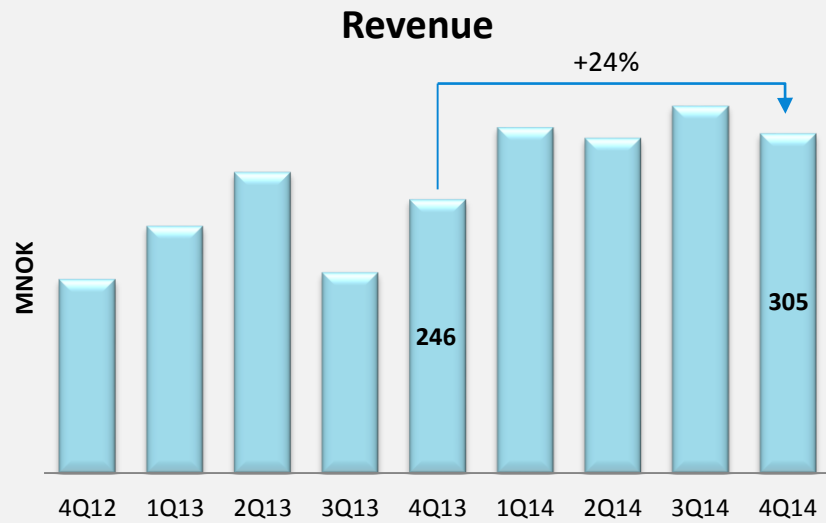
Fourth quarter and year end 2014 – Highlights

- Improved financial performance YoY in a traditionally low season quarter
- Positive development in Chile
- Strong order backlog
- Completing the best year ever for AKVA group ASA
- Dividend of 25.8 MNOK paid in December and launch of dynamic dividend policy





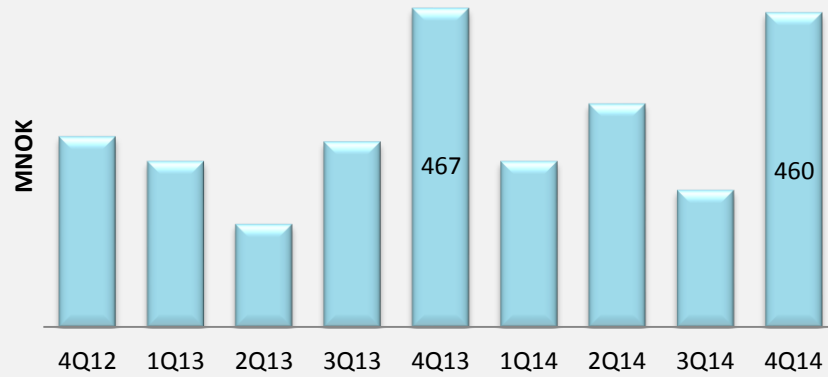
Completing the best year ever – Good development YoY in Q4



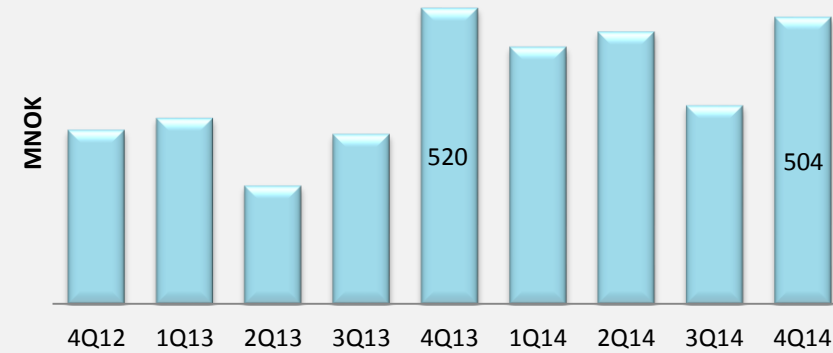


Completing the best year ever — Second highest order backlog ever

Order Inflow



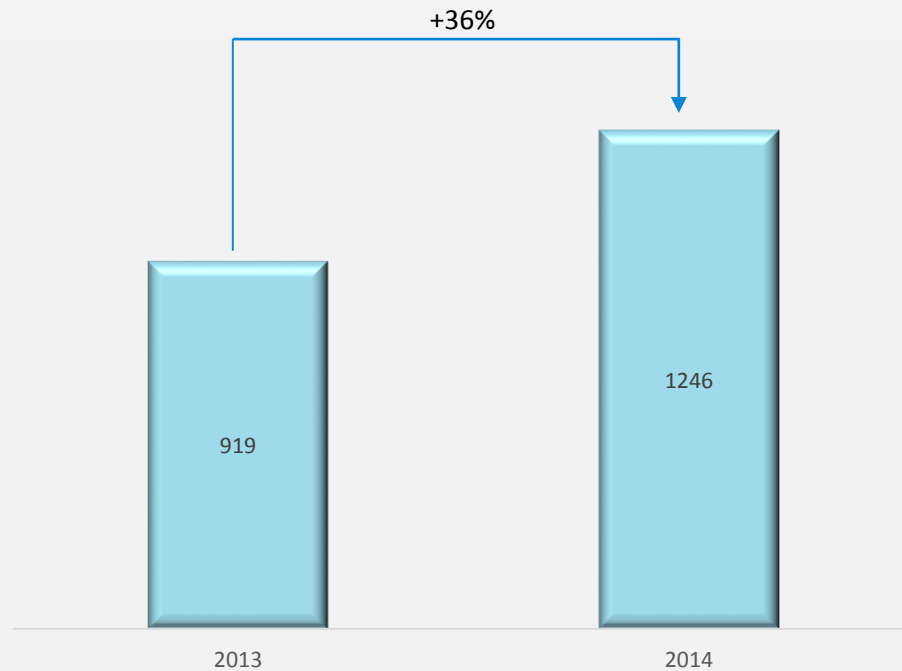
Order Backlog



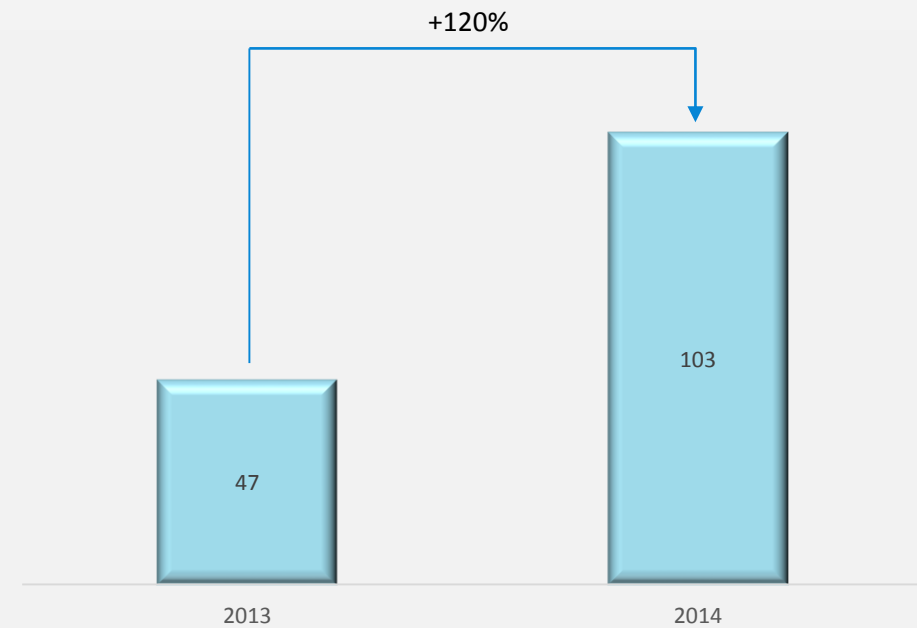


Completing the best year ever – strong development YoY in 2014

Revenues in MNOK



EBITDA in MNOK



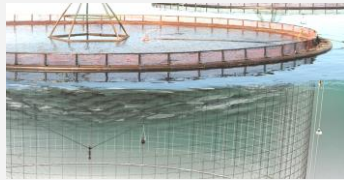


AKVA group – uniquely positioned for future growth

- The most recognized brand in aquaculture technology
- Leading technology solutions and service partner to the global aquaculture industry
- Global presence - subsidiaries in 8 countries
- 726 employees
- Market cap of NOK ~650m and net debt of NOK 88m

1

Cage-based



Plastic and steel cages



Infra-structure



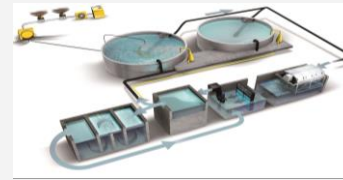
Feed systems, sensors and cameras

3



2

Land-based



Land-based facilities



Land-based equipment

4

Software



Software



Technology and farming services




Operational structure


AKVA GROUP

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

 PLASS 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

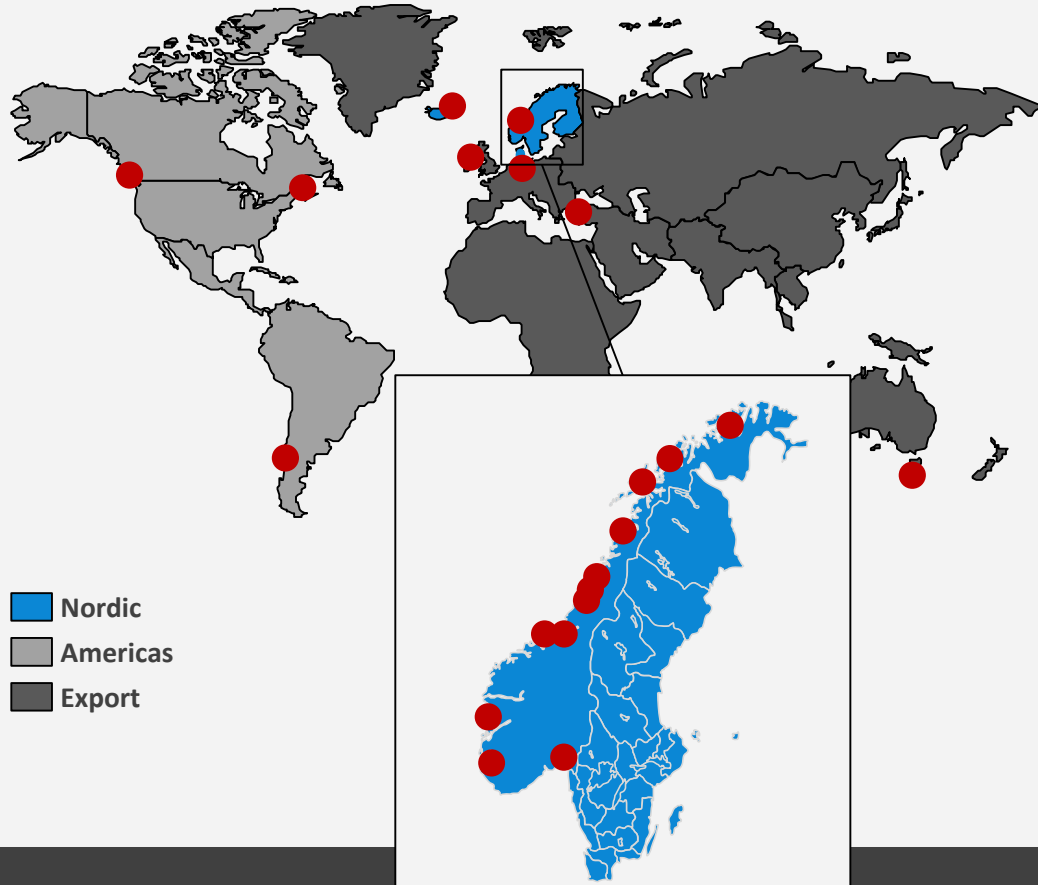
Technology sales
Projects
Service and aftersale

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

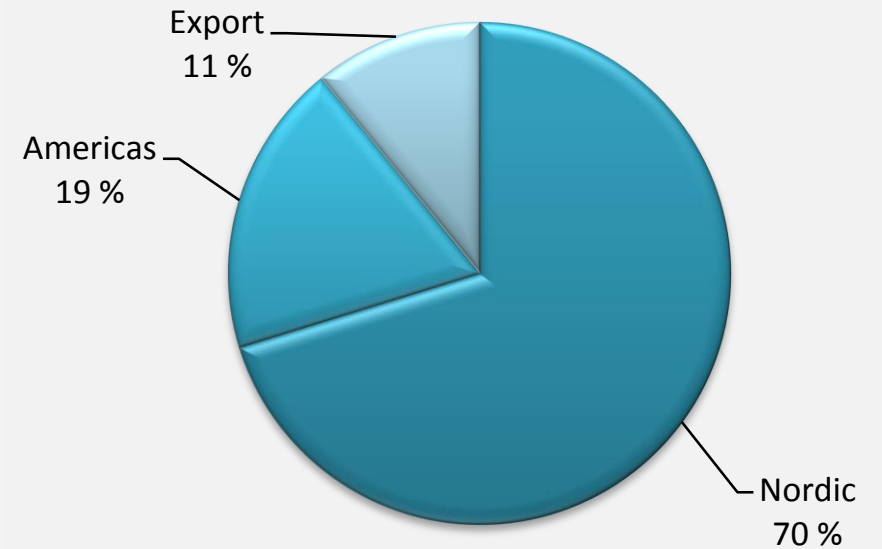


Presence in all main farming regions

Map of activities

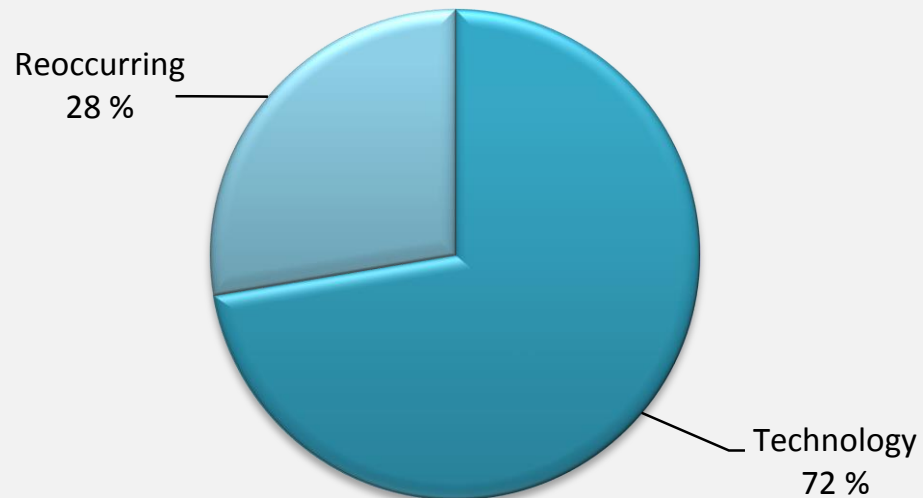


Revenue per region, Q4 2014



Strategic priority to increase the proportion of reoccurring revenue

Technology sale vs reoccurring revenue, Q4 2014



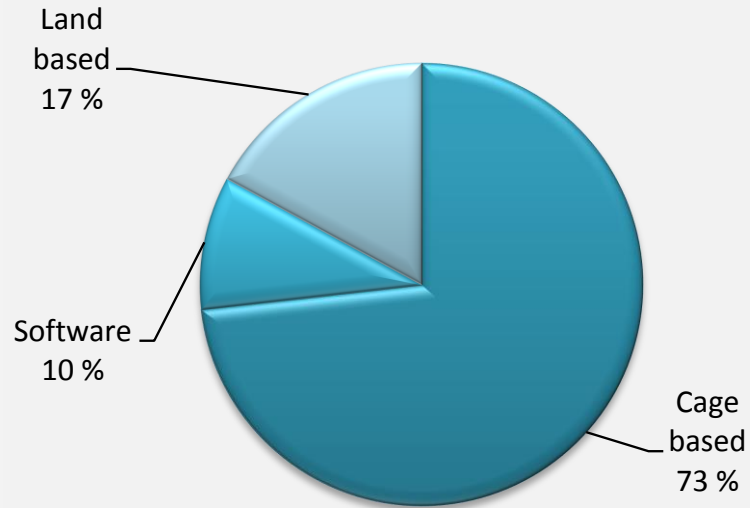
Comments

- Introduction of rental business model in Norway in Q4 2014. Already successfully introduced in UK and Canada
- Rental is an “all inclusive service” providing for instance light or picture for an agreed period of time (2 to 5 years duration) - reduced CAPEX and reducing operational work for the customer
- Acquisition of YesMaritime in 2014, a provider of diving, ROV and other services to the salmon farming sector (Farming services)
- Development of Farming Services still in an early stage – opportunity for consolidation
- Aim of increasing relative share of reoccurring revenue through software and services – by developing software, farming services, technology services and rental further



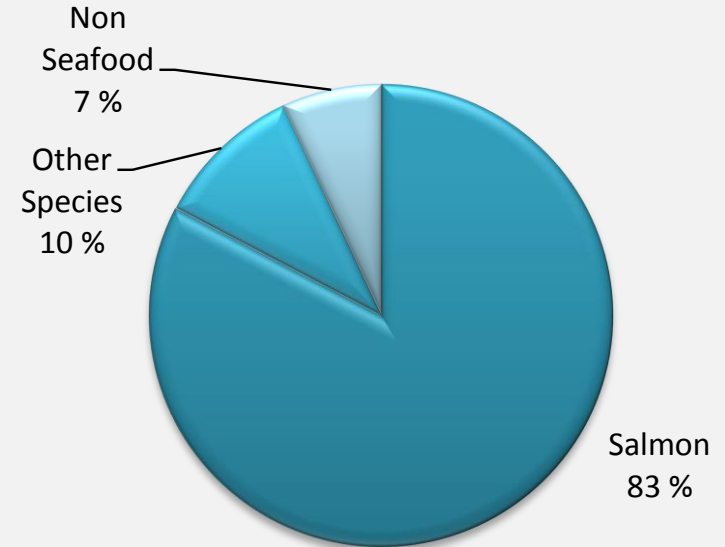
Revenue by product groups and species

By product groups – Q4 2014




- **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 species – Q4 2014



- **Salmon** = Revenue from technology and services sold to production of salmon
- **Other species** = Revenue from technology and services sold to production of other species than salmon
- **Non Seafood** = Revenue from technology and services sold non seafood customers



Disclosure of large shareholdings – Egersund Group’s reduction in shareholding completed

On February 4th, 2015 the following stock notice was issued by Egersund Group AS:

*Egersund Group AS have today sold 3.700.000 shares in AKVA group ASA (“AKVA”) to a price of 26.40 per share. **After this transaction Egersund Group AS owns 13.203.105 shares in AKVA corresponding to 51,11% of the shares outstanding, which is a long term desired level of ownership for Egersund Group AS. This reduction in shareholdings is in correspondence with what Egersund Group have communicated earlier. Egersund Group is represented in the Board of AKVA with Hans Kristian Mong (Chairman) and Frode Teigen (Board Member).***



Financial performance Q4 2014 – by CFO Eirik Børve Monsen



Financially the best year ever

Q4 2014 - Overall financial performance as expected

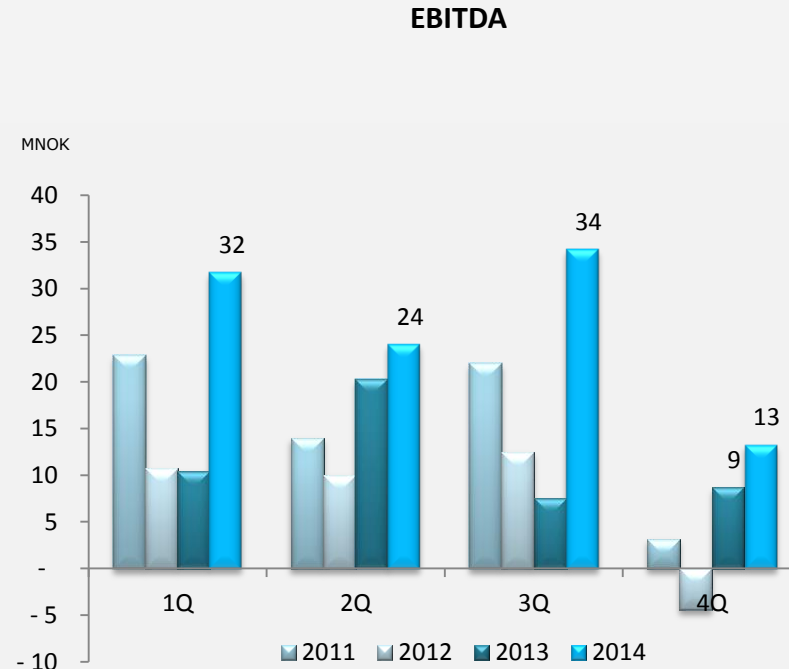
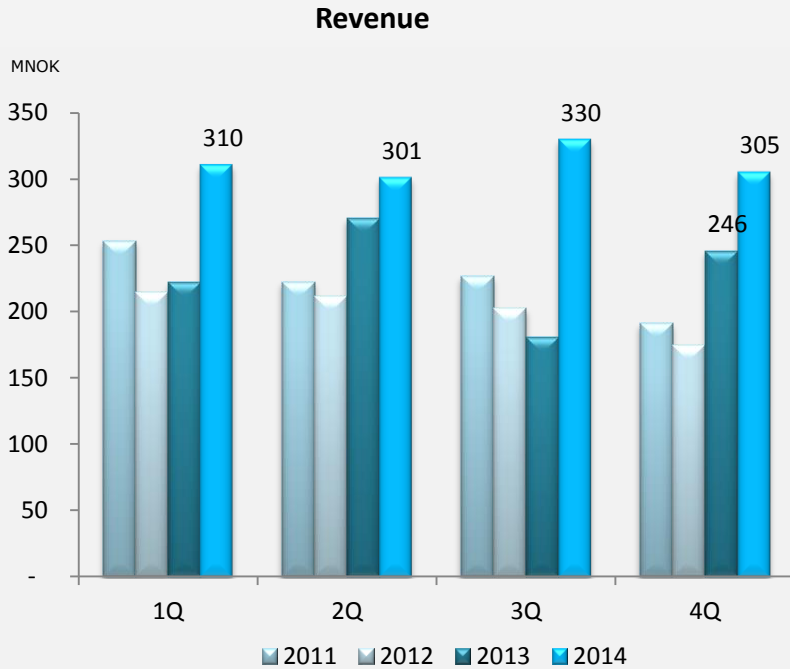
- Q4 has historically been low season for AKVA group
- Significantly increased revenues YoY
- Good nominal increase in EBITDA, however lower EBITDA margin compared to previous 3 quarters mainly due to CBT product mix and lower volume in CBT Nordic – both being low season effects
- However good Q4 development YoY
- Further potential in LBT segment
- Dividend of 25.8 MNOK paid

2014 – Financially the best year ever

- ...both P&L and balance
- EBITDA margin of 8.3% (5.1%)
- Deferred tax asset in Norway reduce payable tax and improve cash flow
- Able to capitalize deferred tax asset in Denmark gives reduced tax cost
- Significantly reduced Net Financial Items in the P&L
- Significantly improved net profit



Financially the best year ever



* The Q1 2012 revenue and EBITDA bars above are excluding the 29 MNOK gain related to the sale of the Norwegian Maritech business.



P & L segments – Cage Based Technologies



P&L 2014 (MNOK)	2014 4Q	2013 4Q	2014 Total	2013 Total
Cage based technologies				
Nordic operating revenues	140,8	108,4	640,1	403,9
Americas operating revenues	50,0	42,7	174,4	172,5
Export operating revenues	32,6	30,7	158,1	147,6
OPERATING REVENUES	223,3	181,8	972,6	724,0
Operating costs ex depreciations	213,6	181,3	884,8	693,5
EBITDA	9,8	0,6	87,8	30,5
Depreciation	7,0	6,1	26,7	26,0
EBIT	2,7	-5,6	61,1	4,4
<i>EBITDA %</i>	4,4 %	0,3 %	9,0 %	4,2 %
<i>EBIT %</i>	1,2 %	-3,1 %	6,3 %	0,6 %

Nordic

- Q4 is low season for CBT Nordic. However, revenue and margins are stabilizing on a higher level YoY. Change in product mix is the main explanation in reduced margin QoQ

Americas

- Chile had a good Q4 and the positive development in the market continues. However we continue to monitor the development closely
- Canada completed a very good year, despite a slightly slower Q4 due to lower technology deliveries in the quarter

Export

- Lower activity in Export. No P&L from the announced Russian contract is included in 2014
- UK continues with stable, but slightly slower performance than previous quarters. This quarter concludes a very good year for our UK operation
- Our Turkey operation have a good Q4 and a profitable year



P & L segments – Software



P&L 2014 (MNOK)	2014 4Q	2013 4Q	2014 Total	2013 Total
Software				
Nordic operating revenues	24,6	21,8	86,5	79,3
Americas operating revenues	4,5	3,9	18,3	16,8
Export operating revenues	0,5	0,4	1,9	1,6
OPERATING REVENUES	29,6	26,2	106,7	97,7
Operating costs ex depreciations	25,4	21,2	91,4	78,2
EBITDA	4,2	4,9	15,3	19,5
Depreciation	1,9	1,4	7,1	5,4
EBIT	2,3	3,5	8,2	14,1
<i>EBITDA %</i>	<i>14,1 %</i>	<i>18,8 %</i>	<i>14,3 %</i>	<i>19,9 %</i>
<i>EBIT %</i>	<i>7,7 %</i>	<i>13,3 %</i>	<i>7,7 %</i>	<i>14,4 %</i>

- AKVA group Software AS in Norway continues to deliver stable revenue and good margins in Q4 - ending another good year financially
- Wise Lausnr ehf in Iceland have had a good second half of 2014. This combined with a slightly slower start of the year completes a decent full year 2014 financially
- Software continues to invest in new product modules. These product modules will strengthen the financial performance of the SW segment further



P & L segments – Land Based Technologies



P&L 2014 (MNOK)	2014 4Q	2013 4Q	2014 Total	2013 Total
Land based technologies				
Nordic operating revenues	48,9	36,1	157,3	92,2
Americas operating revenues	3,2	1,8	9,4	4,8
Export operating revenues	-	-	-	-
OPERATING REVENUES	52,1	37,9	166,7	97,0
Operating costs ex depreciations	52,7	34,7	166,4	100,0
EBITDA	-0,6	3,2	0,3	-3,0
Depreciation	0,6	0,7	1,9	1,7
EBIT	-1,2	2,5	-1,6	-4,7
<i>EBITDA %</i>	<i>-1,1 %</i>	<i>8,4 %</i>	<i>0,2 %</i>	<i>-3,1 %</i>
<i>EBIT %</i>	<i>-2,2 %</i>	<i>6,6 %</i>	<i>-1,0 %</i>	<i>-4,9 %</i>

- Increased activity and improved performance in 2014 compared to previous years
- AKVA group Denmark is profitable in 2014
- Despite significant financial improvement over the last years, we are still not satisfied with the overall performance
- However, we believe improved land based organization, controlled cost and cash flow will secure a profitable operation going forward



Financials – Detailed P & L

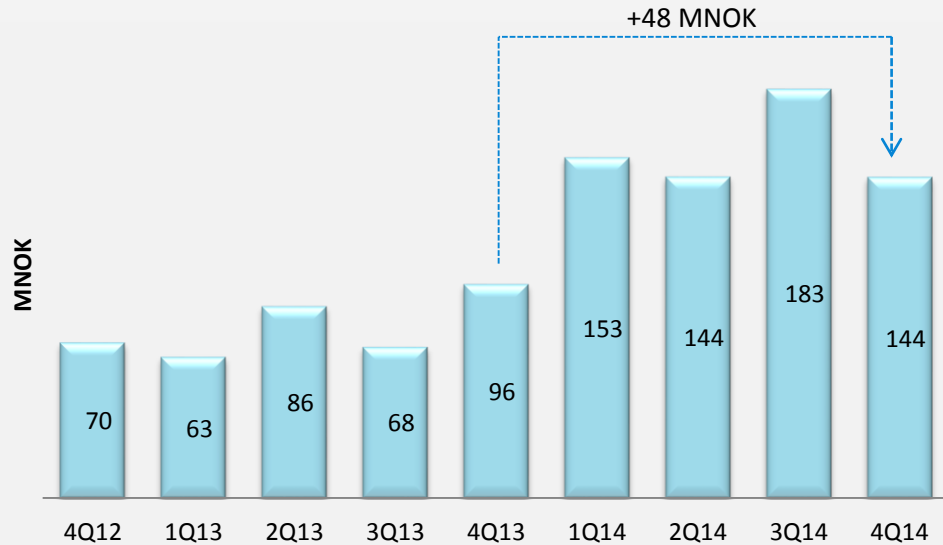
P&L 2014 (MNOK)	2014 4Q	2013 4Q	2014 Total	2013 Total
OPERATING REVENUES	305,0	245,9	1 246,1	918,7
Operating costs ex depreciations	291,7	237,2	1 142,7	871,8
EBITDA	13,4	8,7	103,4	46,9
Depreciation	9,5	8,3	35,7	33,1
EBIT	3,9	0,4	67,6	13,8
Net interest expense	-0,7	-1,8	-4,8	-7,6
Other financial items	-0,9	-1,1	0,0	-1,6
Net financial items	-1,6	-2,9	-4,7	-9,2
EBT	2,3	-2,4	62,9	4,6
Taxes	-6,4	-1,2	8,4	2,2
NET PROFIT	8,6	-1,3	54,5	2,4
Net profit (loss) attributable to:				
Non-controlling interests	-0,2	-0,1	-0,6	-0,5
Equity holders of AKVA group ASA	8,9	-1,2	55,1	2,9
Revenue growth	24,1 %	-10,7 %	35,6 %	10,5 %
EBITDA margin	4,4 %	3,5 %	8,3 %	5,1 %
EPS (NOK)	0,34	-0,05	2,13	0,11

- Significantly reduced Net Interest Expense in 2014 vs 2013 due to reduced cost of financing and reduced net debt.
- Reduced Other Financial Items mainly due to reduced currency exposure
- Reduced Taxes mainly due to capitalization of tax asset in AKVA group Denmark

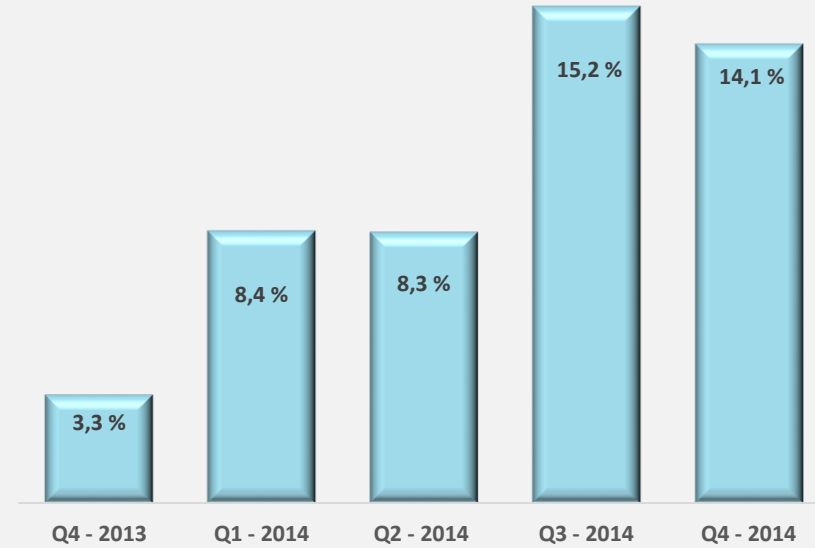


Group financial profile - strong

Available cash



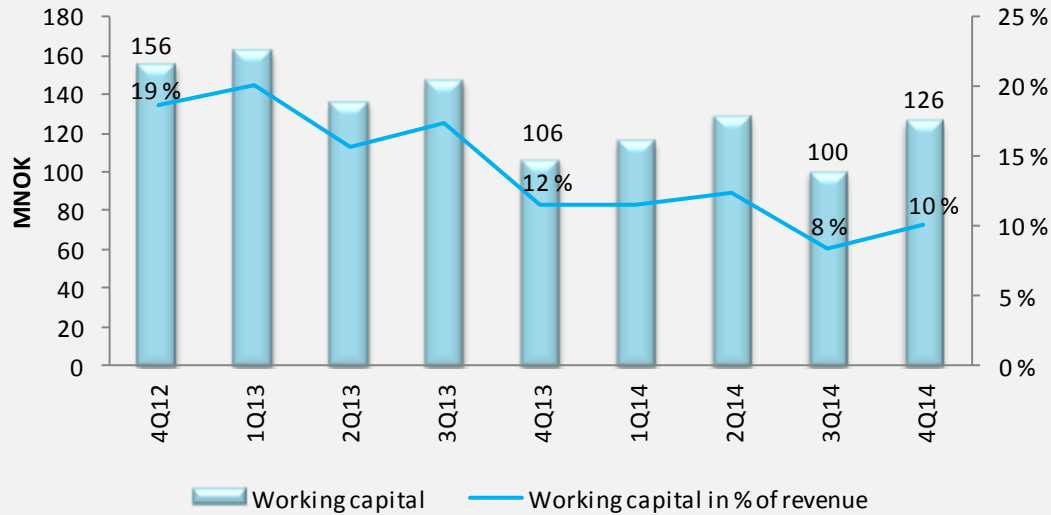
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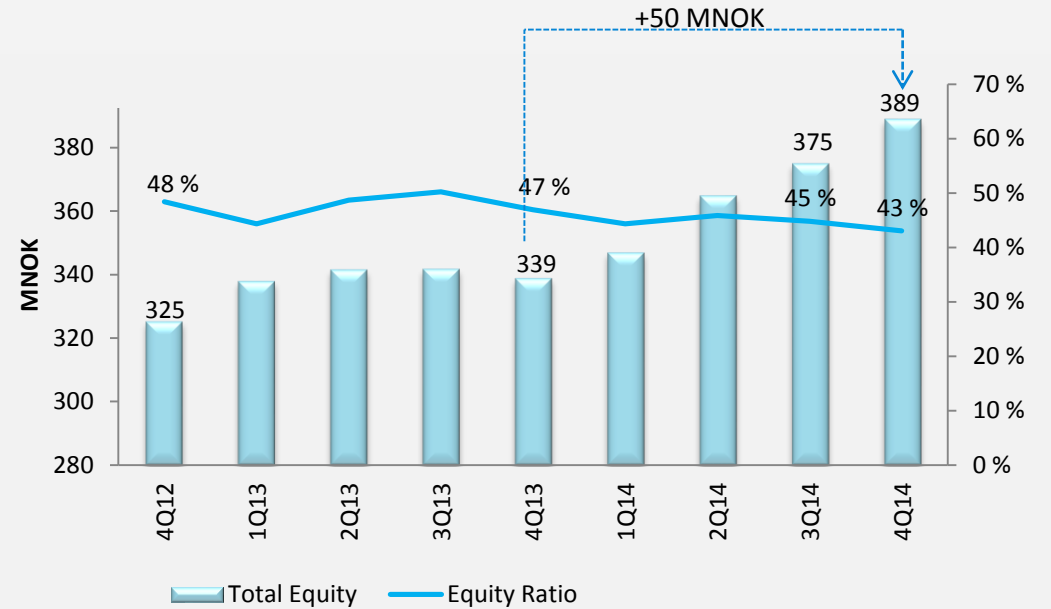
Group financial profile – strong, continued

Working capital



- Low working capital level – despite record high activity
- Due to strong capital discipline and less WC-intensive growth

Equity

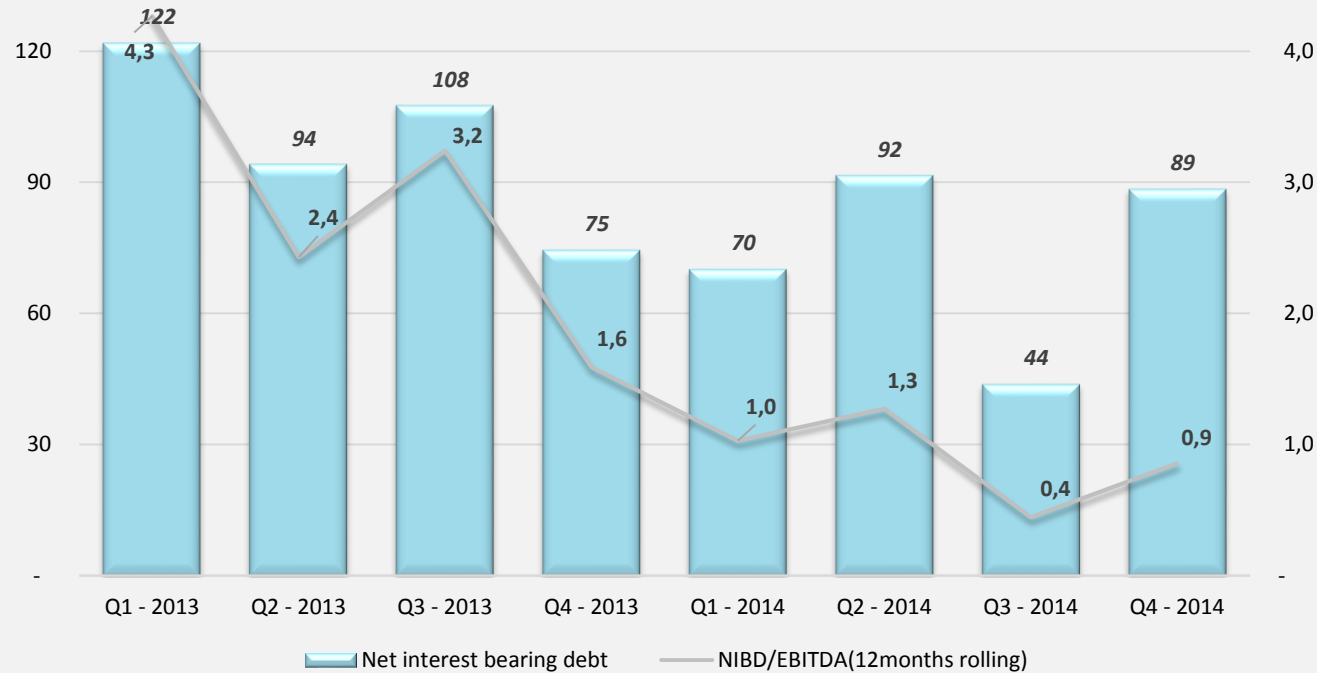


- Good nominal increase in equity YoY due to profitable operation



Net debt/EBITDA of 0.9x

Net debt (MNOK) and net debt/EBITDA



Change in net debt (TNOK)

Net debt 30.09.2014	43 940
EBITDA	-13 378
Income taxes	-1 419
Net financial items	880
Capex paid	18 633
Paid dividend	25 834
Other changes in working capital	14 021
Net change	44 571
Net debt 31.12.2014	88 511



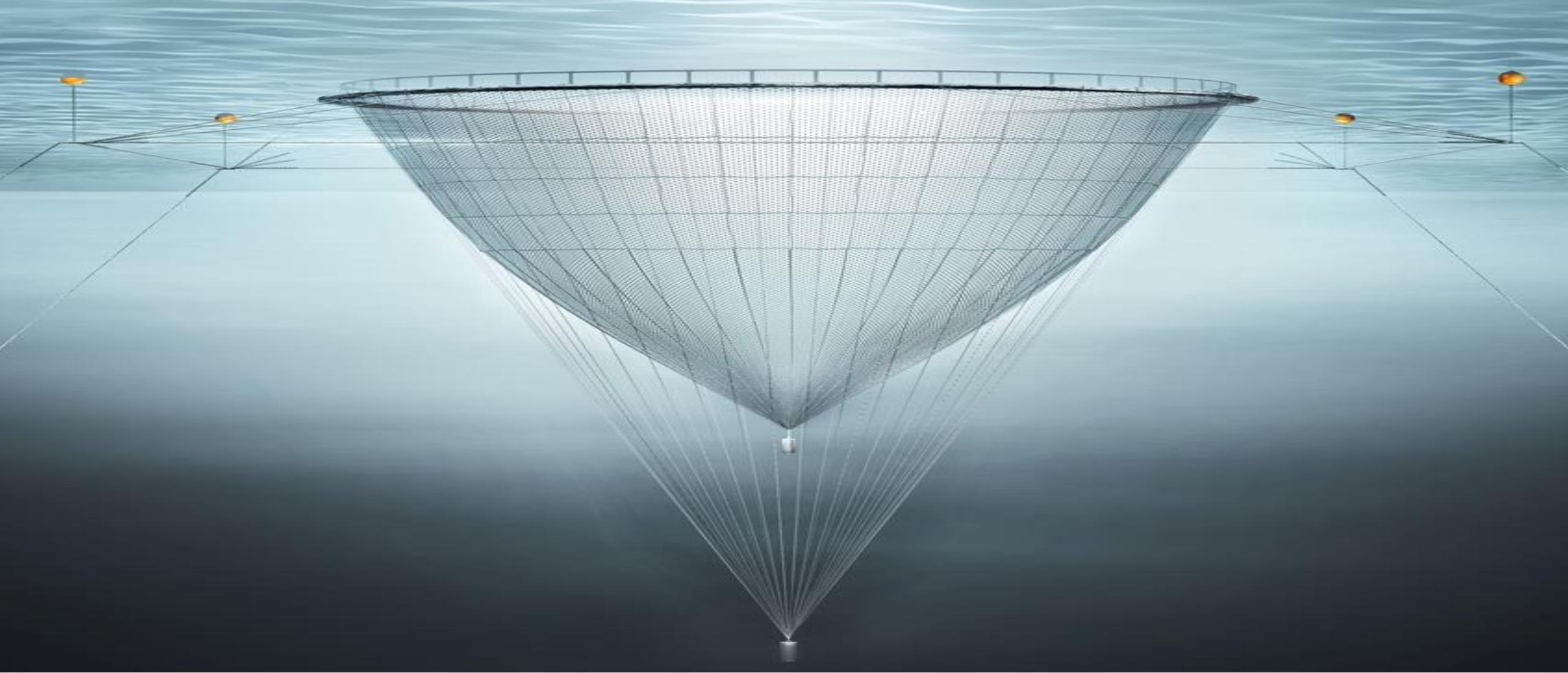
Balance sheet

BALANCE SHEET	2014	2013
(MNOK)	31.12.	31.12.

ASSETS	904	722
Intangible non-current assets	278	251
Tangible non-current assets	74	55
Financial non-current assets	2	2
Inventory	167	144
Receivables	329	212
Cash and cash equivalents	54	58
LIABILITIES AND EQUITY	904	722
Equity	388	337
Minority interest	2	2
Interest bearing liabilities	142	133
Non-interest bearing liabilities	372	250

CAPEX	Q4 2014	2014	2013
(MNOK)			

Total CAPEX	18,6	49,8	39,9
Ordinary CAPEX including rental	11,8	31,9	23,4
Capitalized R&D expenses	6,8	17,9	16,5



Outlooks – by CEO Trond Williksen

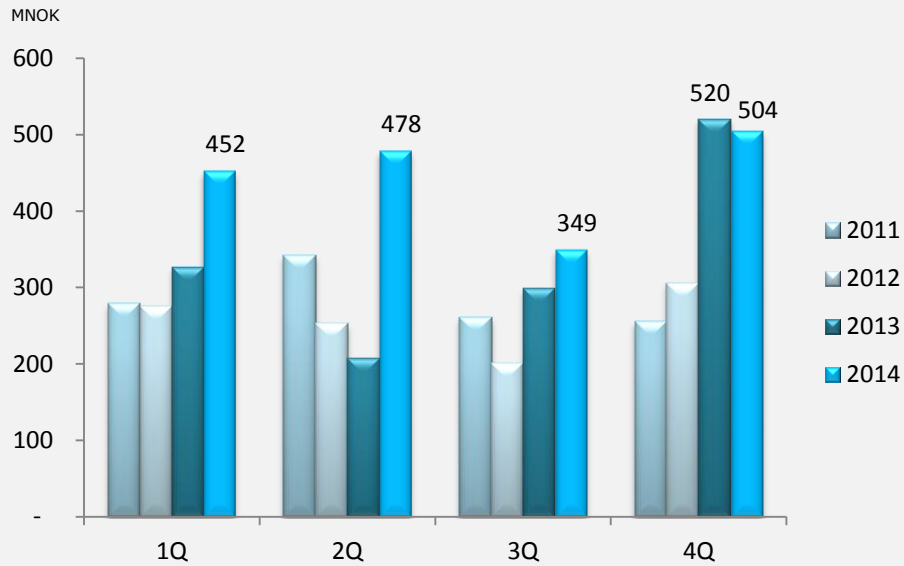
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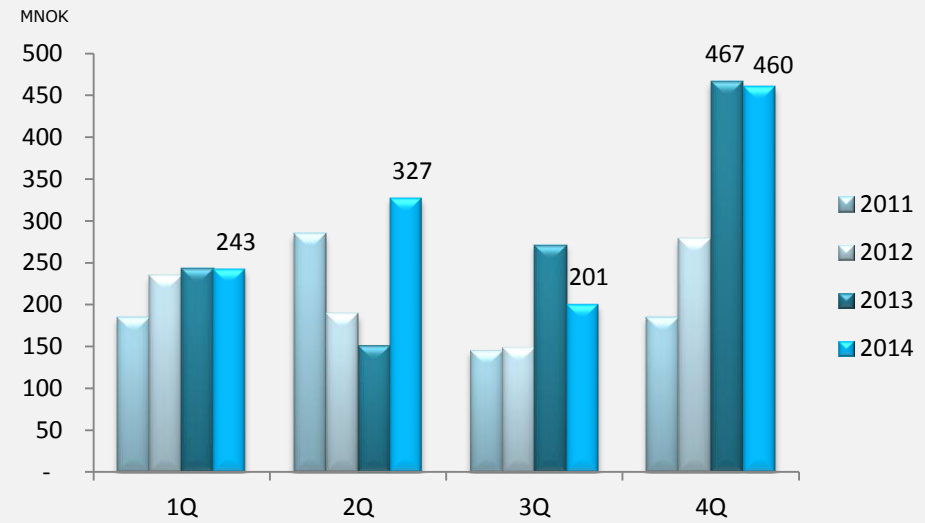
Order backlog and inflow

Order backlog



- Second highest order backlog ever

Order inflow

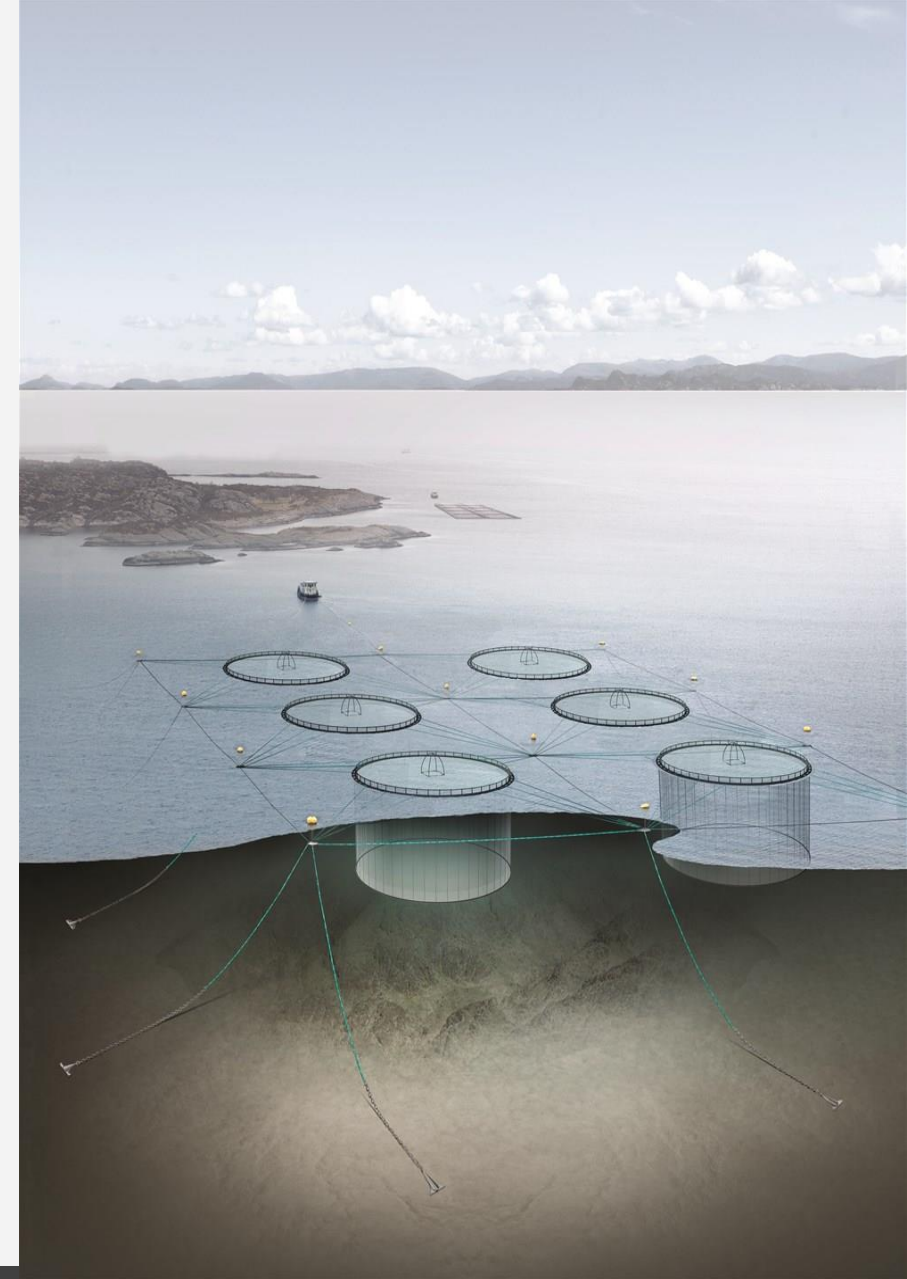


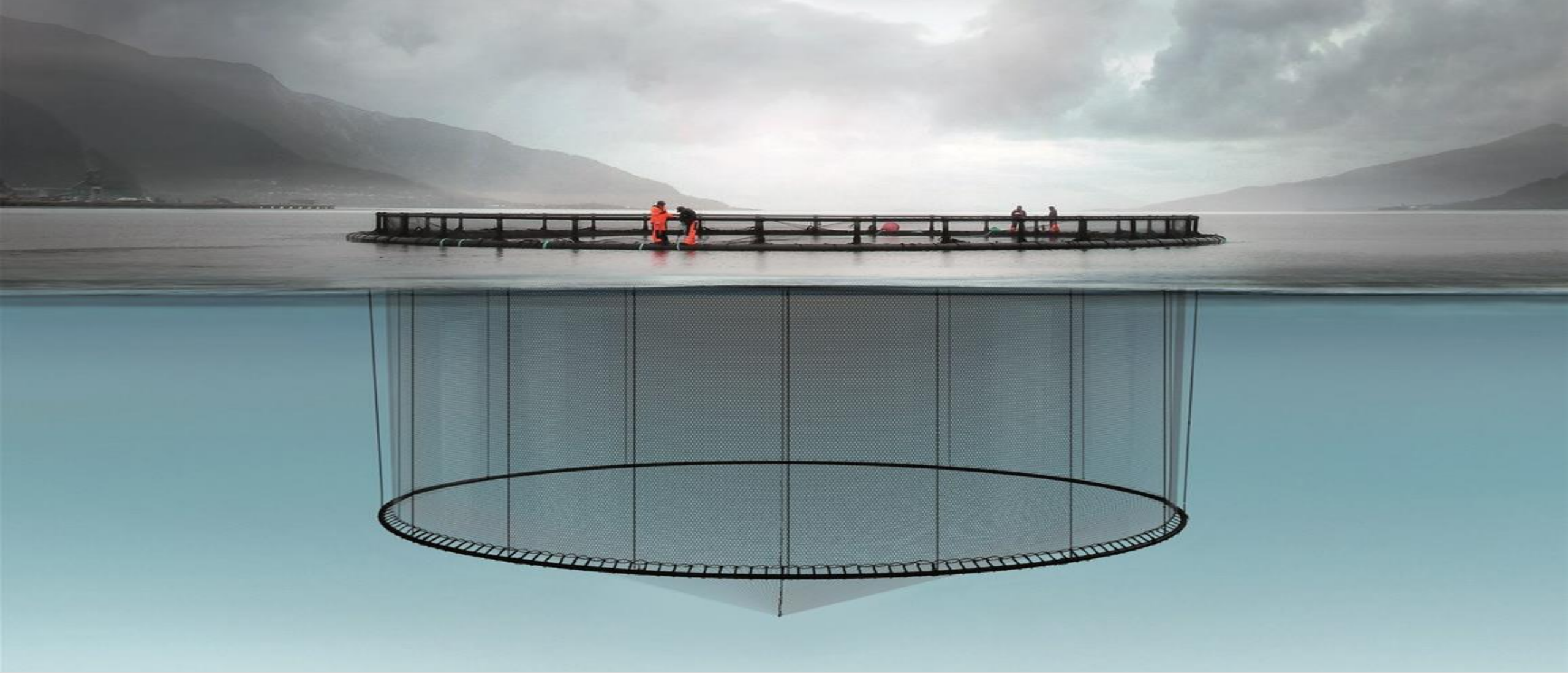
- Second highest quarterly order inflow ever
- Only 5.9 MNOK of the Russian contract announced in November 2014 with updated announcement in January 2015 is included in Q4 order inflow / order backlog



Maintaining positive outlook

- Positive outlook in all main market segments maintained
- Strong demand in the Nordic market is expected to last into the next quarters. The demand is driven by high salmon prices, which is fuelling investments in increased efficiency and sustainable solutions for cage based and land based operations
- Strong development expected in the Chilean market, driven by increased investments by main players to extend and enhance more sustainable operations. 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 with a significant order backlog and a large portion of reoccurring business
- Land based is expected to have a positive development with a growing prospect mass in several market segments. Prospects in the salmon industry are growing in particular. Earnings are expected to be more stable going forward
- Exports to emerging markets will continue to fluctuate short term, but represents a large potential over time
- We continue our effort to build service and after sales as a key business element in all markets and segments. Introduction of rental model in the Norwegian market expected to give positive effects going forward





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