



Q3 2014 Presentation

Oslo - October 31st, 2014

Trond Williksen, CEO

Eirik Børve Monsen, CFO



Agenda

- **Highlights Q3 2014**
Trond Williksen, CEO
- **Financial performance Q3 2014**
Eirik Børve Monsen, CFO
- **Outlooks**
Trond Williksen, CEO
- **Q & A**





Highlights Q3 2014

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Strong performance and growth continues

Third quarter 2014 - Highlights

- Strong financial performance continues
 - Best quarter ever – revenue and margins
- Continued good activity in Nordic, Canada and UK – and positive development in Chile
- Launch of rental model in Norway
- Launch of dividend policy

AC850 –new feedbarge



AC600PV – new design

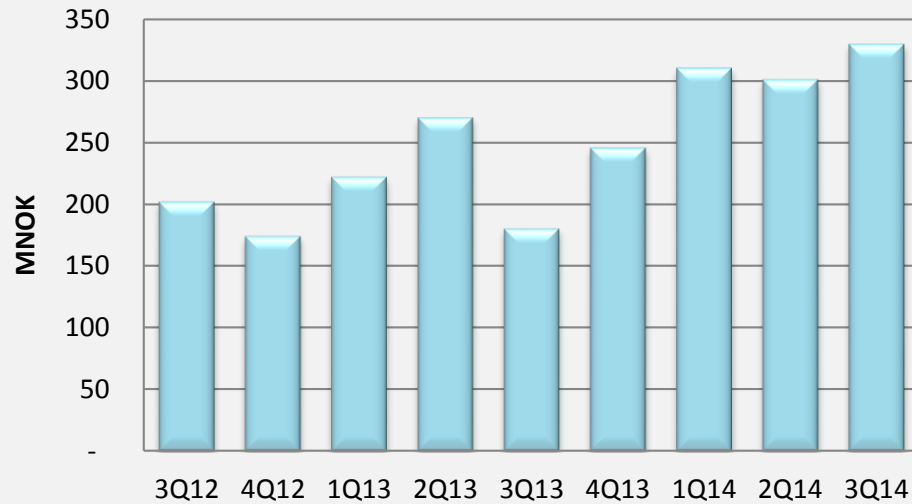




Strong performance and growth continues

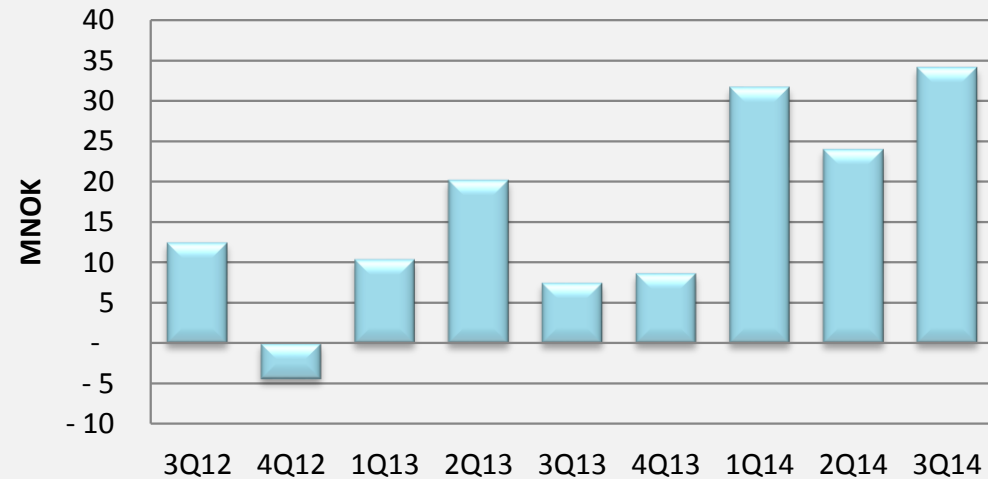
Third quarter 2014 – Highlights continued

Revenue



- Revenue of 330 MNOK (180 MNOK)

EBITDA



- EBITDA of 34 MNOK (8 MNOK)
 - EBITDA margin of 10.4% (4.2%)



Strong performance and growth continues

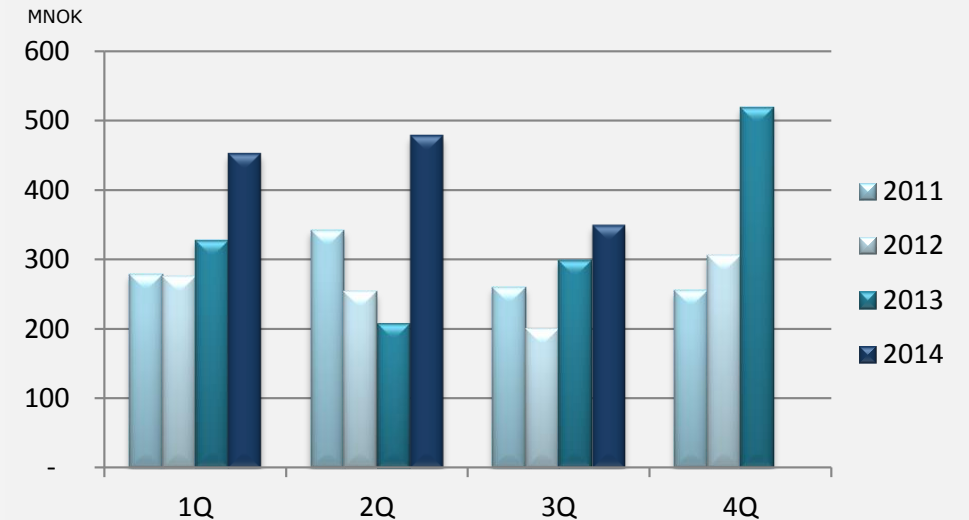
Third quarter 2014 – Highlights continued

- Order backlog remains at a high level – highest ever at the end of a 3rd quarter
 - Order backlog of 349 MNOK (299 MNOK)
 - Order inflow of 201 MNOK (271 MNOK)

YTD 30.09.2014

- Operational revenue of 941 MNOK compared to 673 MNOK YTD 30.09.2013
- Operational EBITDA of 90 MNOK versus 38 MNOK YTD 30.09.2013

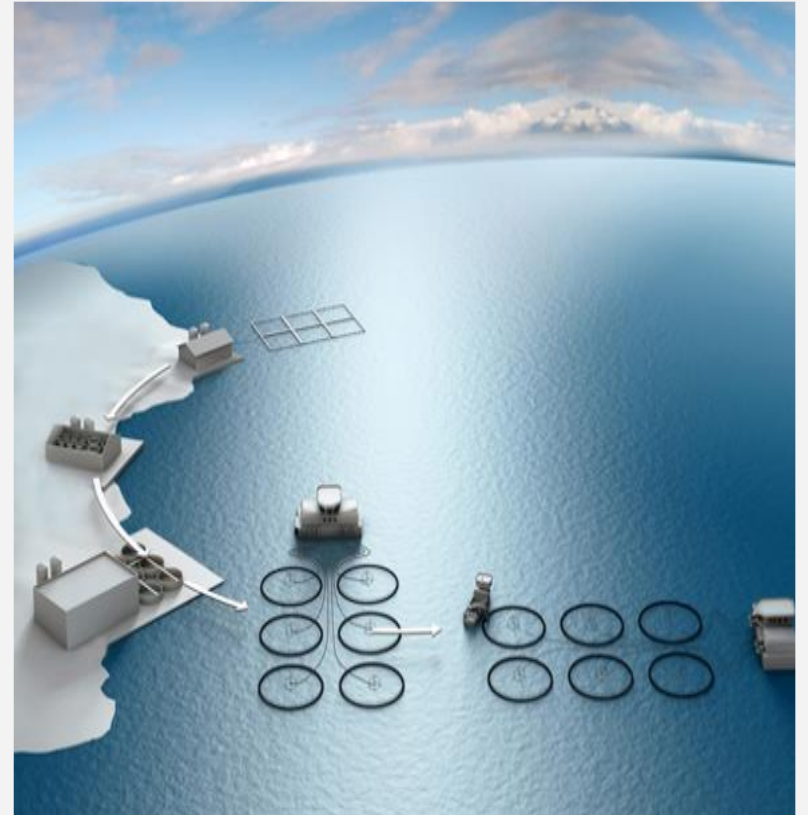
Order backlog





Launch of new rental model in Norway

- Part of AKVA group's reoccurring revenue strategy
- Rental of equipment for a limited time, i.e. 3, 4 or 5 years
- We will start with AKVAsmart products like cameras, lights, etc, but all kind of products could in the future be included in this model
- The rental is based on monthly rental payments where both equipment and services are bundled - we install and maintain equipment during the rental period
- Financial setup in place to build up volumes





Launch of dividend policy in AKVA group ASA

- *The Company's main objective is to maximize the return on the investment made by its shareholders through both increased share prices and dividend payments*
- Based on the financial performance and outlook for the company the Board propose to implement an active dividend policy for AKVA group ASA
- AKVA group ASA aims to pay out dividend twice every year, in Q2 and Q4
- Proposed dividend to be paid out in Q4 2014 is 1.00 NOK per share
- An Extraordinary General Meeting to approve the Q4 2014 dividend will be held on November 24th, 2014.
- The revised dividend policy will be included in AKVA group ASA's Corporate Governance Document when the yearly update is made in connection with the ordinary Annual General Meeting in May 2015

- *A two step policy:*

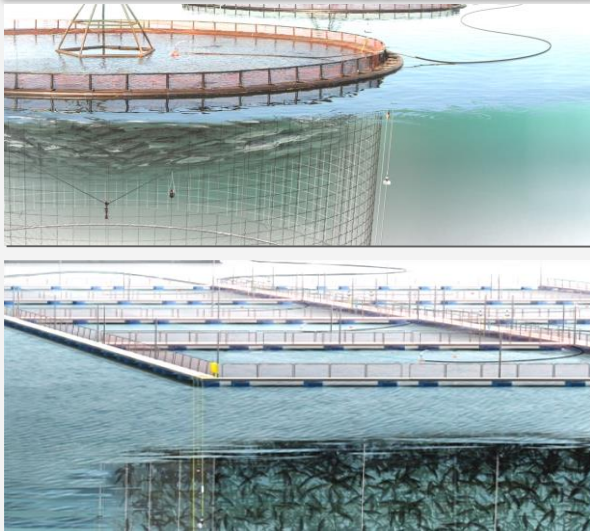
- *The dividend level shall reflect the present and expected future cash generating potential of AKVA group. AKVA group will target a net interest-bearing debt/equity ratio of less than 0.5x*
- *When the target debt vs. equity level is met, at least 60% of the annual free cash flow after operational and financial commitments is intended to be distributed as dividend*

Applicable statutory restrictions shall be observed



AKVA group – uniquely positioned for future growth

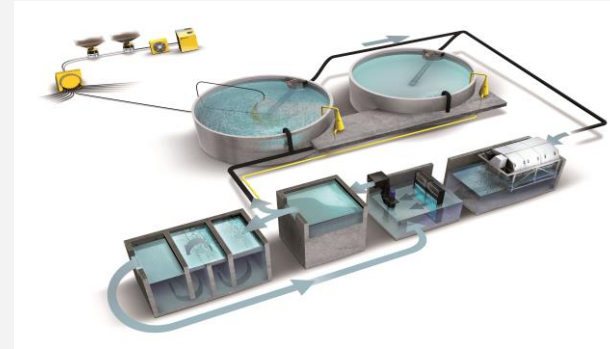
Cage based farming Technology



AKVA group in brief

- The most recognized brand in aquaculture technology
- Leading technology solutions and service partner to the global aquaculture industry
- Global presence - subsidiaries in 8 countries
- 695 employees

Land based farming Technology



Site infrastructure



Feed systems, sensors & cameras



Farming services



Software systems & 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



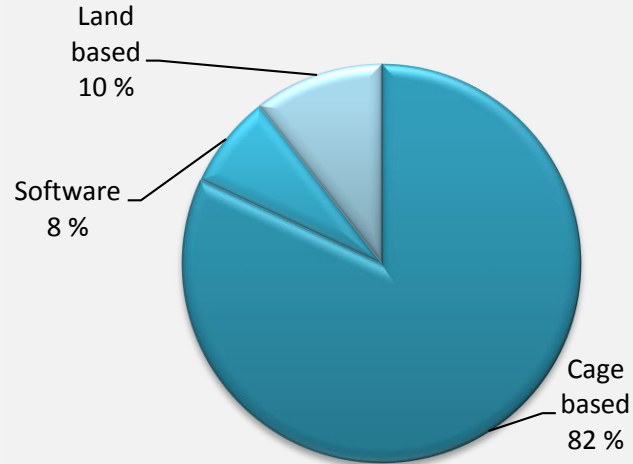
Global presence – three regions





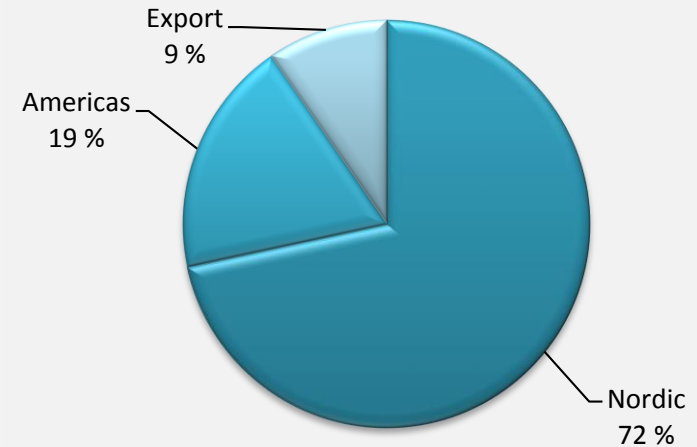
Market segments - Revenue

By product groups – Q3 2014



- Land based technologies unchanged, Cage based technologies +5 percentage points and Software -5 percentage point vs Q3 2013
- **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 2014

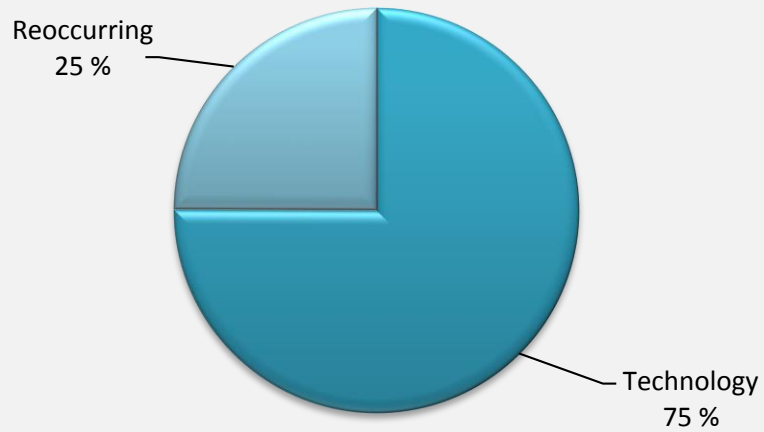


- Export -14 percentage points, Nordic +19 percentage points and Americas -5 percentage point vs Q3 2013
- **Nordic** = the Nordic countries
- **Americas** = America and Oceania
- **Export** = UK, South Europe and all emerging markets (the rest of the world)



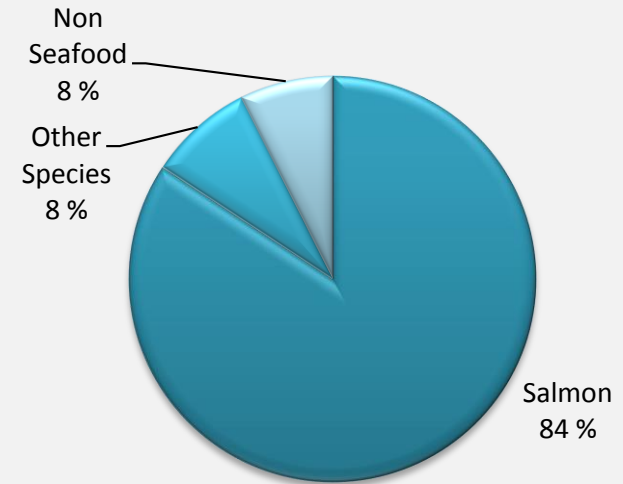
Market segments – Revenue continued

By technology and reoccurring – Q3 2014

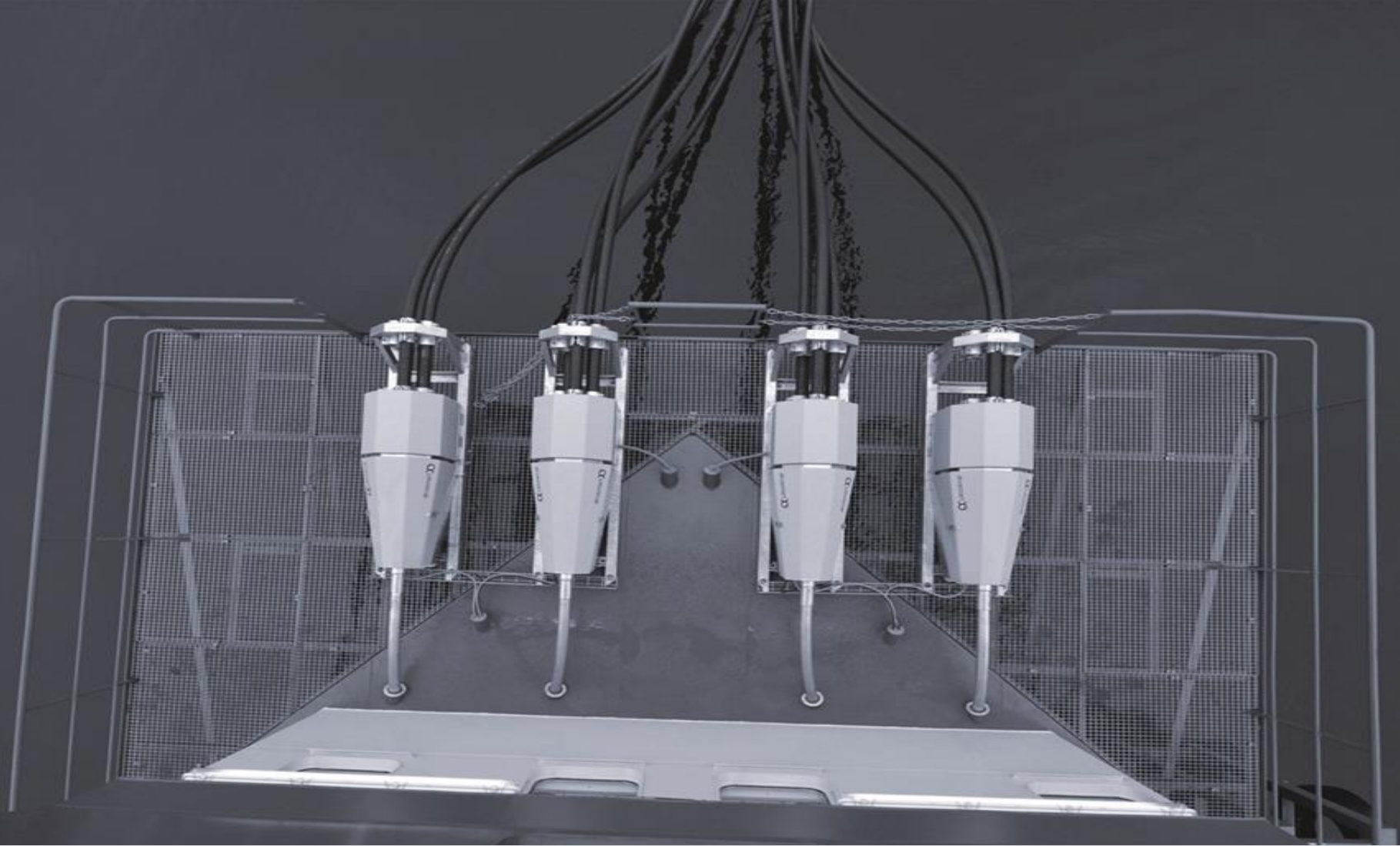


- **Technology** = Revenue based on one-off sales
- **Reoccurring** = Revenue based on a reoccurring revenue stream

By species – Q3 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



Financial performance Q3 2014

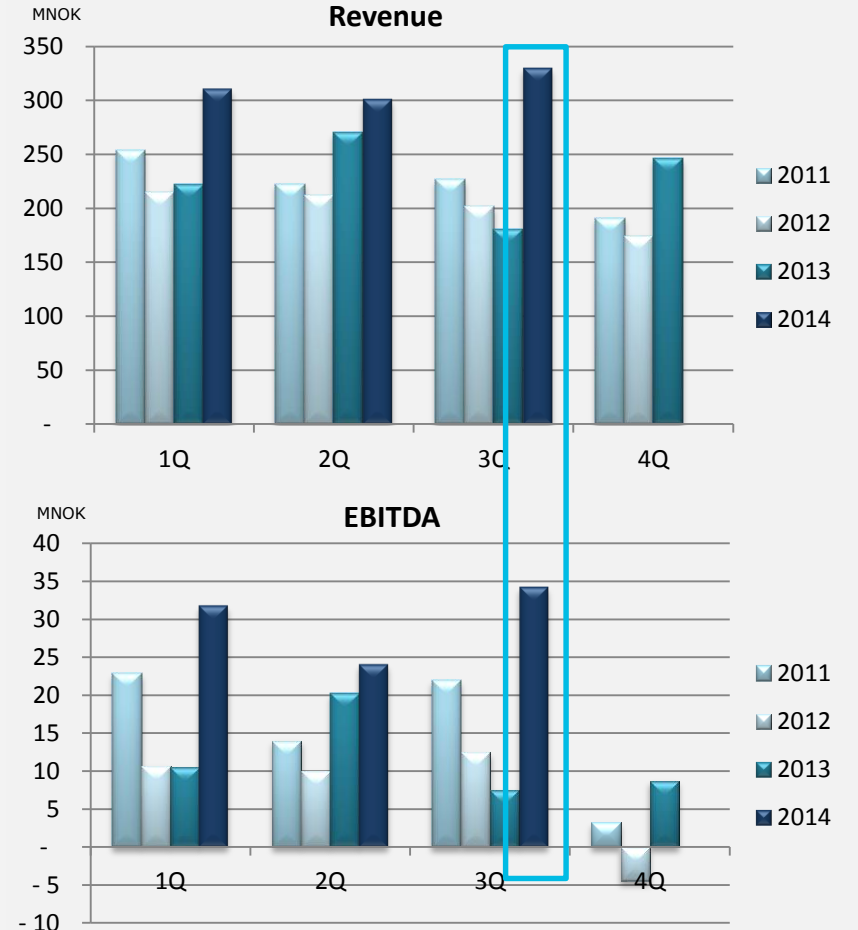
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Continued strong financial performance

- Good operational performance
 - Revenue YTD of 941 MNOK vs 919 MNOK for full year 2013 – 40% revenue growth YoY
 - EBITDA YTD of 90 MNOK (38 MNOK) / 9.6% (5.7%)
 - CBT being main driver with economies of scale – being able to utilize production capacity
 - Controlled cost
 - Land Based Technology with an underlying profitable operation YTD 2014
- Strong financial position
 - Once again significantly improved balance sheet
 - ROCE of 15.4%
 - Launch of a dynamic dividend policy



* 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 3Q	2013 3Q	2014 YTD	2013 YTD	2013 Total
Cage based technologies					
Nordic operating revenues	184,9	58,4	499,3	295,4	403,9
Americas operating revenues	54,0	39,1	124,5	129,8	172,5
Export operating revenues	31,1	40,6	125,5	116,9	147,6
OPERATING REVENUES	270,1	138,1	749,2	542,2	724,0
Operating costs ex depreciations	238,5	135,3	671,2	512,2	693,5
EBITDA	31,5	2,8	78,0	29,9	30,5
Depreciation	6,9	6,6	19,7	19,9	26,0
EBIT	24,6	-3,9	58,3	10,0	4,4
<i>EBITDA %</i>	<i>11,7 %</i>	<i>2,0 %</i>	<i>10,4 %</i>	<i>5,5 %</i>	<i>4,2 %</i>
<i>EBIT %</i>	<i>9,1 %</i>	<i>-2,8 %</i>	<i>7,8 %</i>	<i>1,8 %</i>	<i>0,6 %</i>

Nordic

- Revenue and margins are stabilizing on a higher level – economies of scale and controlled cost being main drivers for improved margins

Americas

- Previous quarters decline in revenues in Chile seems to be ended in Q2. Chile had a decent Q3 and there is positive development in market activity. However we continue to monitor the development closely
- Canada continues with another strong quarter – good revenue and margins YTD 2014 and a solid order backlog

Export

- Slightly lower activity in Export. Deliveries of large contracts to emerging markets are proceeding according to plan
- UK continues with another strong quarter – good revenue and margins YTD 2014



P & L segments – Software



P&L 2014 (MNOK)	2014 3Q	2013 3Q	2014 YTD	2013 YTD	2013 Total
Software					
Nordic operating revenues	19,9	19,3	61,9	57,5	79,3
Americas operating revenues	4,6	4,2	13,8	12,8	16,8
Export operating revenues	0,5	0,4	1,4	1,2	1,6
OPERATING REVENUES	25,0	23,9	77,1	71,5	97,7
Operating costs ex depreciations	20,2	17,3	66,0	57,0	78,2
EBITDA	4,8	6,6	11,1	14,5	19,5
Depreciation	1,7	1,4	5,2	3,9	5,4
EBIT	3,1	5,2	5,9	10,6	14,1
<i>EBITDA %</i>	<i>19,2 %</i>	<i>27,7 %</i>	<i>14,4 %</i>	<i>20,3 %</i>	<i>19,9 %</i>
<i>EBIT %</i>	<i>12,4 %</i>	<i>21,8 %</i>	<i>7,7 %</i>	<i>14,8 %</i>	<i>14,4 %</i>

- Software continues to deliver stable revenue and good margins – slightly reduced margins YoY 2014 due to delayed launch of new modules and slower start of 2014 in Iceland compared to expectations
- Wise ehf in Iceland had a good Q3
- 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 3Q	2013 3Q	2014 YTD	2013 YTD	2013 Total
Land based technologies					
Nordic operating revenues	31,4	17,7	108,4	56,1	92,2
Americas operating revenues	3,2	0,7	6,2	3,0	4,8
Export operating revenues	-	-	-	-	-
OPERATING REVENUES	34,6	18,4	114,6	59,1	97,0
Operating costs ex depreciations	36,7	20,3	113,8	65,3	100,0
EBITDA	-2,1	-1,9	0,9	-6,2	-3,0
Depreciation	0,4	0,4	1,4	1,0	1,7
EBIT	-2,6	-2,2	-0,5	-7,2	-4,7
<i>EBITDA %</i>	-6,2 %	-10,2 %	0,8 %	-10,5 %	-3,1 %
<i>EBIT %</i>	-7,5 %	-12,1 %	-0,4 %	-12,2 %	-4,9 %

- YTD significantly increased activity and improved performance compared to previous years
- Extra cost in Q3 2014 of 2.1 MNOK in AKVA group Denmark related to postponed progress of a specific project
- Improved land based organization, controlled cost and cash flow shall secure profitable operation going forward



Financials – Detailed P & L

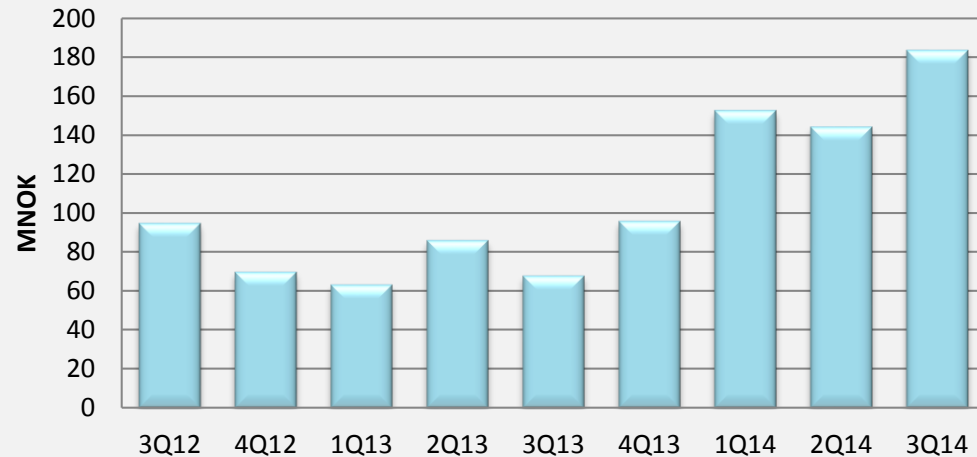
P&L 2014 (MNOK)	2014 3Q	2013 3Q	2014 YTD	2013 YTD	2013 Total
OPERATING REVENUES	329,7	180,4	941,0	672,8	918,7
Operating costs ex depreciations	295,5	172,9	851,0	634,5	871,8
EBITDA	34,2	7,5	90,0	38,2	46,9
Depreciation	9,1	8,4	26,2	24,8	33,1
EBIT	25,1	-0,9	63,8	13,4	13,8
Net interest expense	-1,2	-2,3	-4,0	-5,8	-7,6
Other financial items	1,5	1,2	0,9	-0,5	-1,6
Net financial items	0,4	-1,2	-3,1	-6,4	-9,2
EBT	25,5	-2,1	60,6	7,0	4,6
Taxes	7,3	-0,4	14,8	3,4	2,2
NET PROFIT	18,2	-1,6	45,9	3,6	2,4
Net profit (loss) attributable to:					
Non-controlling interests	-0,3	-0,1	-0,3	-0,4	-0,5
Equity holders of AKVA group ASA	18,5	-1,6	46,2	4,1	2,9
Revenue growth	82,7 %	-10,7 %	39,9 %	2,4 %	10,5 %
EBITDA margin	10,4 %	4,2 %	9,6 %	5,7 %	5,1 %
EPS (NOK)	0,71	-0,06	1,79	0,16	0,11



Group financial profile - strong

Available cash

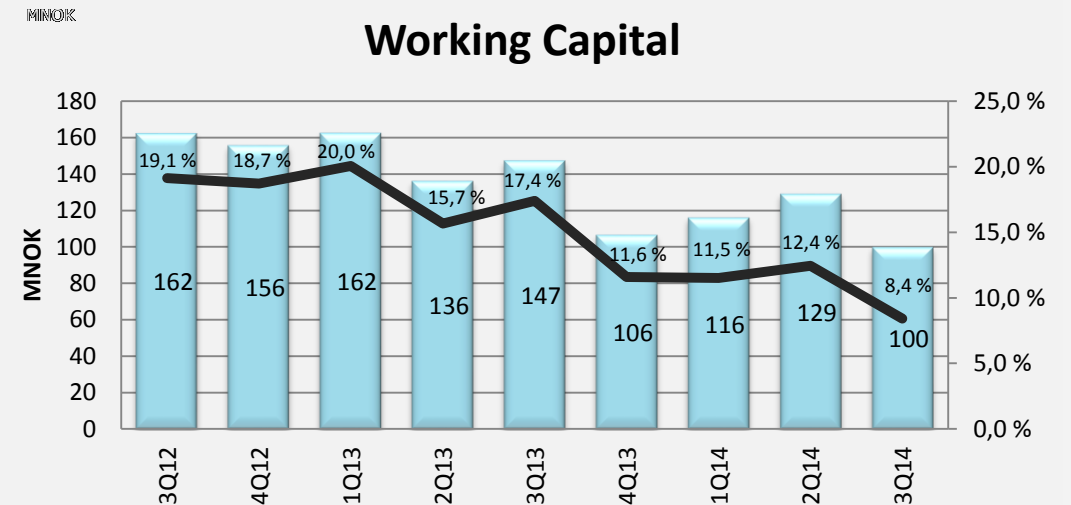
Available cash



- Total available cash, including available drawing facility, of 183 MNOK (68 MNOK) – an increase of 115 MNOK YoY
- Significantly improved available cash YTD 2014 mainly due to strong cash flow from operations

Working capital (in % of 12 months rolling revenue)

Working Capital



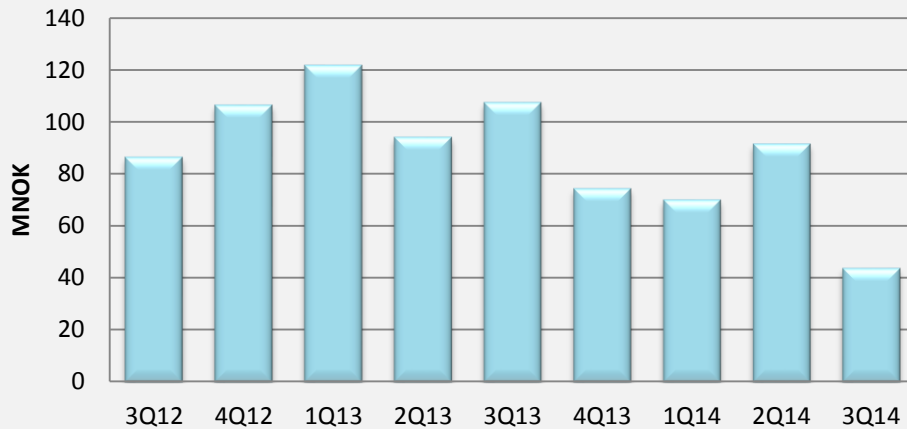
- Record low WC – despite record high activity in the Group
- Due to strong capital discipline and less WC-intensive growth in Nordic vs Chile



Group financial profile – strong, continued

Net interest bearing debt (NIBD)

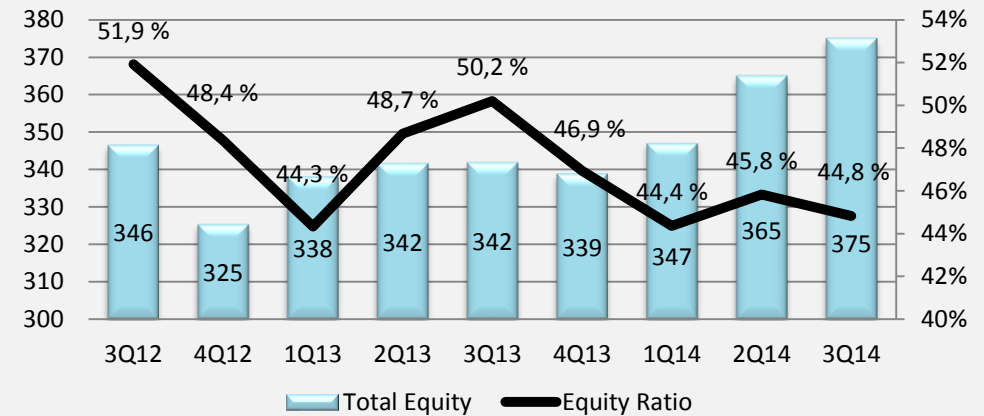
Net Interest Bearing Debt



- NIBD of 44 MNOK (108 MNOK) – an improvement of 64 MNOK YoY
- Significantly improved NIBD YTD 2014 mainly due to strong cash flow from operations

Equity ratio (in %)

Equity



- Continued solid equity ratio



Balance sheet

BALANCE SHEET	2014	2013	2013
(MNOK)	30.9.	30.9.	31.12.
Intangible fixed assets	254,5	250,1	250,8
Fixed assets	65,2	51,7	55,0
Long-term financial assets	1,8	1,8	2,0
FIXED ASSETS	321,4	303,6	307,8
Stock	134,7	158,8	144,2
Trade receivables	222,4	153,7	155,5
Other receivables	60,4	34,3	56,1
Cash and cash equivalents	97,5	30,5	58,3
CURRENT ASSETS	515,0	377,3	414,2
TOTAL ASSETS	836,4	681,0	722,0
Paid in capital	355,5	355,5	355,5
Retained equity	17,4	-16,1	-18,9
Equity attributable to equity holders of AKVA group	373,0	339,5	336,6
Non-controlling interests	1,9	2,3	2,3
TOTAL EQUITY	374,9	341,8	338,9
Other long term debt	2,5	1,5	0,9
Long-term interest bearing debt	125,8	60,4	55,0
LONG-TERM DEBT	128,2	62,0	55,9
Short-term interest bearing debt	15,7	77,6	77,8
Other current liabilities	317,6	199,5	249,4
SHORT-TERM DEBT	333,3	277,2	327,2
TOTAL EQUITY AND DEBT	836,4	681,0	722,0
<i>Equity ratio including non-controlling interests</i>	44,8 %	50,2 %	46,9 %
<i>Net interest bearing debt</i>	43,9	107,6	74,6
<i>Working capital</i>	99,9	147,3	106,5
<i>ROCE</i>	15,4 %	0,7 %	3,3 % ← New KPI
<i>NIBD/Equity</i>	11,7 %	31,5 %	22,0 % ← New KPI
<i>NIBD / EBITDA (12 months)</i>	0,4	2,4	1,6 ← New KPI



Cash flow statement

CASH FLOW STATEMENT (NOK 1 000)	2014 3Q	2013 3Q	2014 YTD	2013 YTD	2013 Total
Net cash flow from operations	34 798	6 588	89 043	31 578	37 789
Net cash flow from change in working capital	23 622	-11 494	-3 762	17 319	56 441
Net cash flow from operating activities	58 419	-4 905	85 282	48 897	94 230
Net cash flow from investment activities	-10 771	-8 440	-47 764	-46 403	-58 638
Net cash flow from financial activities	-4 244	5 113	1 630	-8 805	-14 060
Net cash flow	43 404	-8 232	39 147	-6 310	21 533
Cash and cash equivalents at the beginning of the period	54 073	38 718	58 330	36 797	36 797
Cash and cash equivalents at the end of the period	97 477	30 486	97 477	30 486	58 330

- Investments in Q3 were 11.0 MNOK whereof 4.8 MNOK is capitalized R&D expenses in accordance to IFRS.
- Investments YTD were 31.1 MNOK whereof 11.1 MNOK is capitalized R&D expenses in accordance to IFRS.
- Total investments in 2013 were 39.9 MNOK whereof 16.5 MNOK is capitalized R&D expenses in accordance to IFRS



Dividend in AKVA group ASA

- *A two step policy:*

- *The dividend level shall reflect the present and expected future cash generating potential of AKVA group. AKVA group will target a net interest-bearing debt/equity ratio of less than 0.5x*
- *When the target debt vs. equity level is met, at least 60% of the annual free cash flow after operational and financial commitments is intended to be distributed as dividend*

Applicable statutory restrictions shall be observed

- AKVA group ASA aims to pay out dividend twice every year, in Q2 and Q4
- An extraordinary dividend according to this dividend policy to be paid out in Q4 2014 of 1.00 NOK per share. This amounts to a total distribution of 25,834,303 NOK
- An Extraordinary General Meeting to approve the Q4 2014 extraordinary dividend will take place on November 24th, 2014
- The shares in the company will be traded "ex dividend" as from November 25th, 2014
- Payment of the dividend shall be made no later than December 4th, 2014



Outlooks

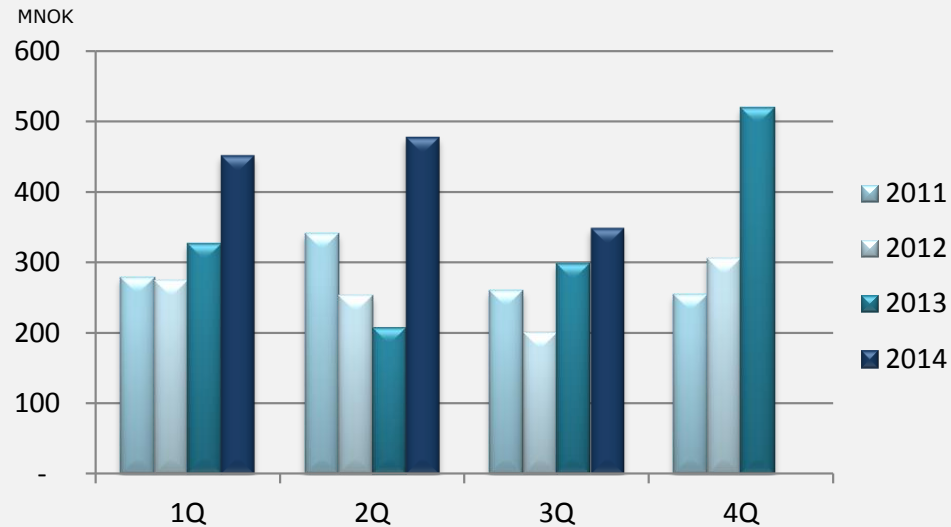
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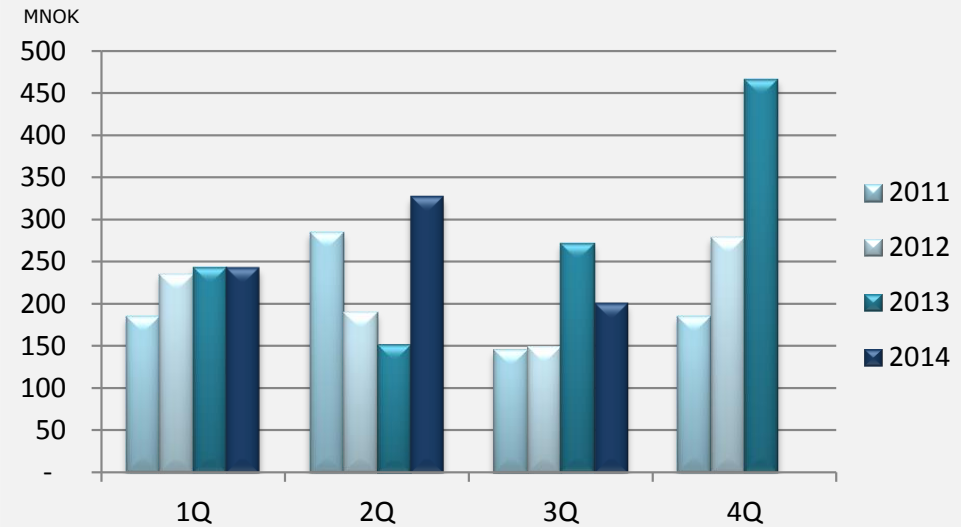
Order backlog and inflow

Order backlog (in MNOK)



- Order backlog 349 MNOK vs 299 MNOK by end of Q3 2013
- Highest order backlog at end of a third quarter ever

Order inflow (in MNOK)



- Total order inflow of 201 MNOK vs 271 MNOK in Q3 2013
- Good activity in the market in Q3 despite record high activity in the previous 4 quarters



Maintaining positive outlook

- Positive outlook in all market segments maintained
- Demand in the Nordic market is expected to be good in the next quarters. However, fourth quarter continues to be low season for deliveries in the Nordic market with the usual impact on the P&L in this quarter. Investments going forward are expected to be driven by green licenses as well as openings for general growth in the industry
- Positive development in the Chilean market. We maintain positive but 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 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 expected to be more stable going forward
- We continue our effort to build service and after sales as a key business element in all markets and segments – including introduction of rental model





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