



Q4 2015 Presentation

Oslo - February 19th, 2016

Trond Williksen, CEO

Eirik Børve Monsen, CFO



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Highlights Q4 2015 - by CEO Trond Williksen

Your Aquaculture Technology and Service Partner

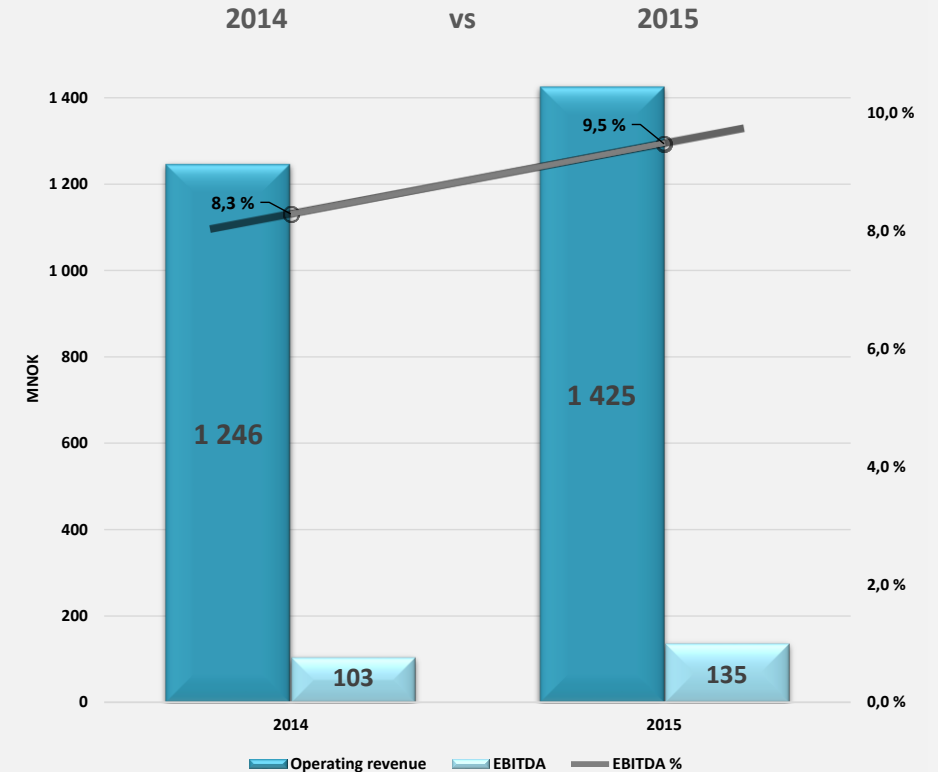
AKVAGROUP™₃



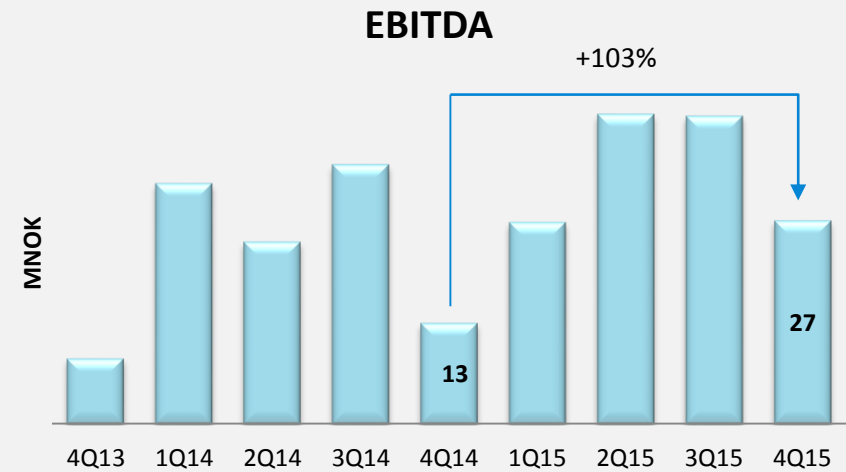
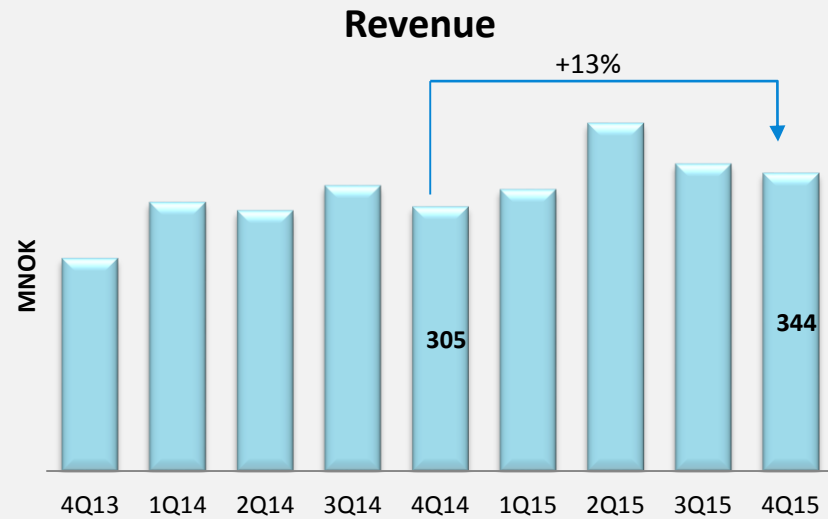
Best year ever - second year in a row

Fourth Quarter 2015 and year end – Highlights

- All business segments with good performance in Q4 – best Q4 ever
- A broader mix of products and services contributing to revenues in 2015 compared to earlier years – becoming a stronger and more diversified AKVA group
- Land based with best quarter ever – becoming an important part of AKVA
- Profitable Chile operation in 2015 despite challenging market conditions
- Ending the year with the best order backlog ever
- Dividend of NOK 1.00 per share paid in November
- Best year ever financially – growth in revenues and margins
- Strong financial position

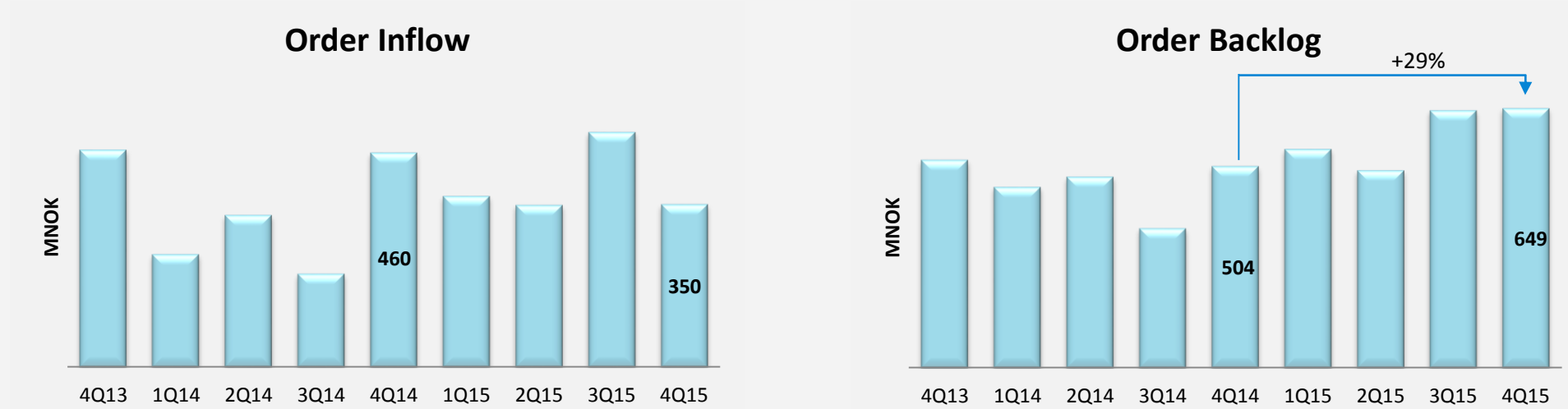


Best Q4 ever – more diversified - smoothing out some of the seasonality





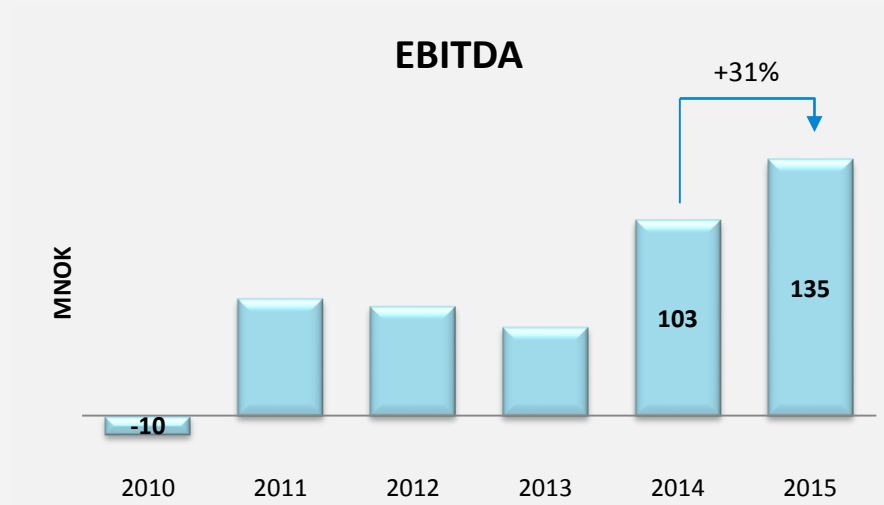
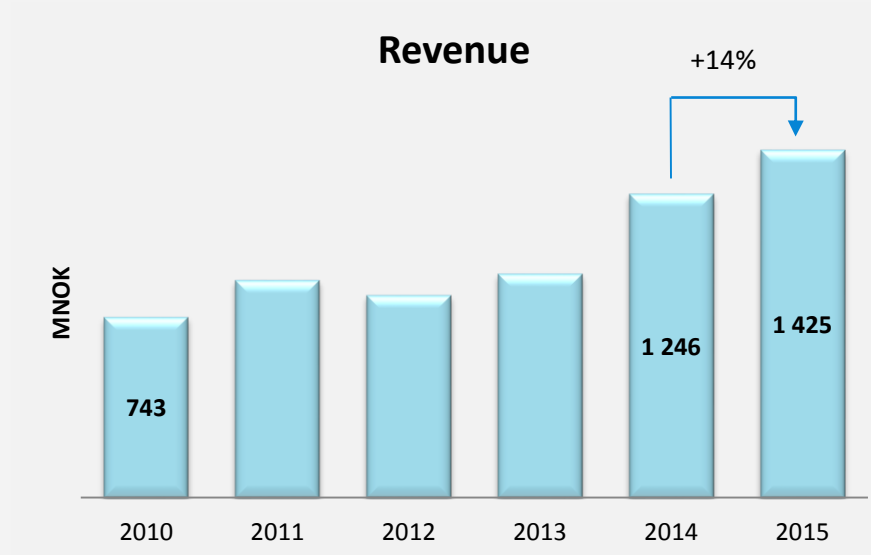
Best order backlog ever – higher degree of LBT and OPEX based revenue



- Good market activity and sales so far in the new year



Building a stronger AKVA - step by step



AKVA group – uniquely positioned for future growth

Leading technology solutions and service partner to the global aquaculture industry

Global presence - subsidiaries in 8 countries

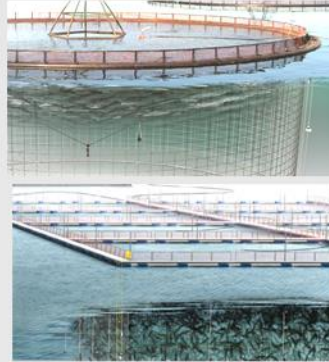
670 employees

Market cap of NOK ~1250m and net debt of NOK 134m

CAPEX based revenue

1

Cage-based



Plastic and steel cages



Feed systems, sensors and cameras



Infrastructure

2

Land-based



Land-based facilities



Land-based equipment

3 Software



4 Technology and farming services

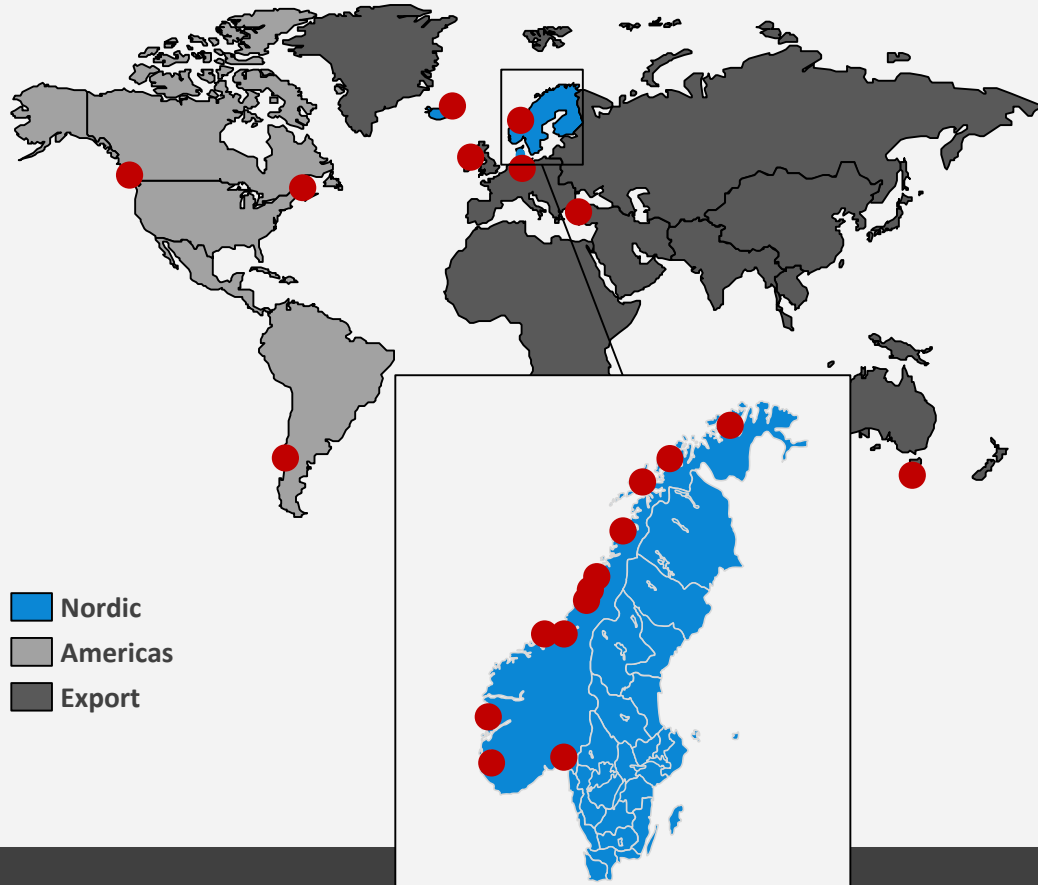


OPEX based revenue

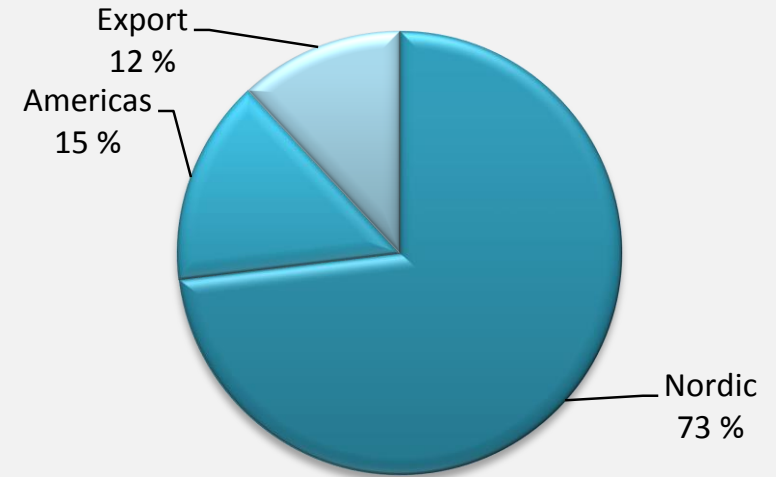


Presence in all main farming regions

Map of activities

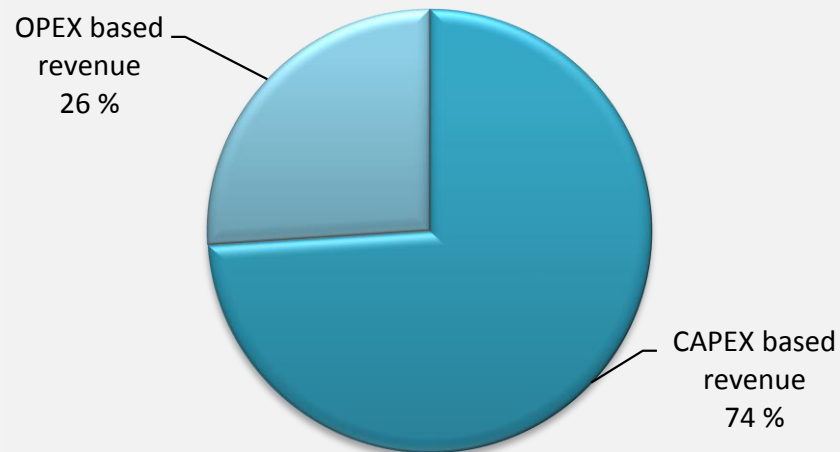


Revenue per region, Q4 2015



Strategic priority to increase the proportion of OPEX based revenue

OPEX based vs CAPEX based revenue, Q4 2015



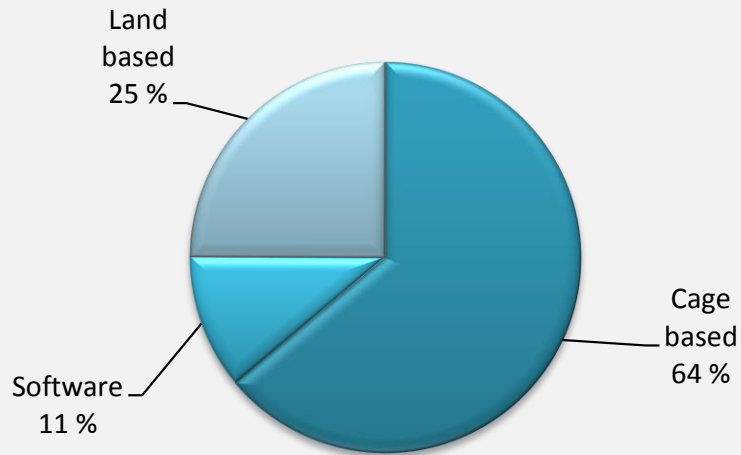
Comments

- OPEX based revenue defined as our revenue booked as OPEX in our customers P&L
- Aim of increasing relative share of OPEX based revenue through software and services – by developing software, farming services, technology services and rental further
- Introduction of rental business model in Norway in late 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) - reducing 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 – opportunities for consolidation



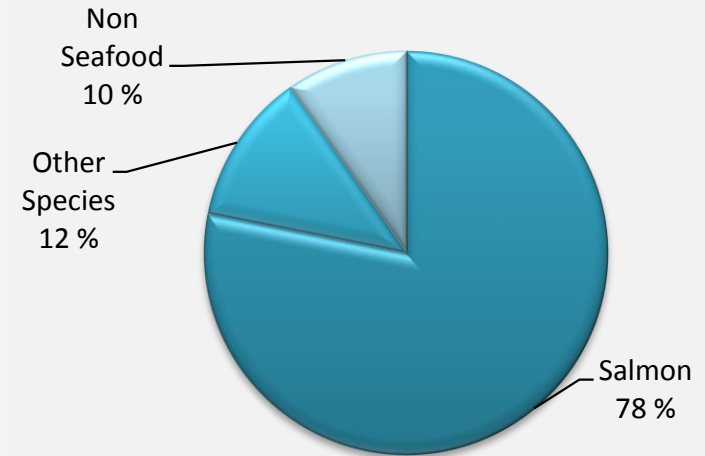
Revenue by product groups and species

By product groups – Q4 2015



- **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 2015

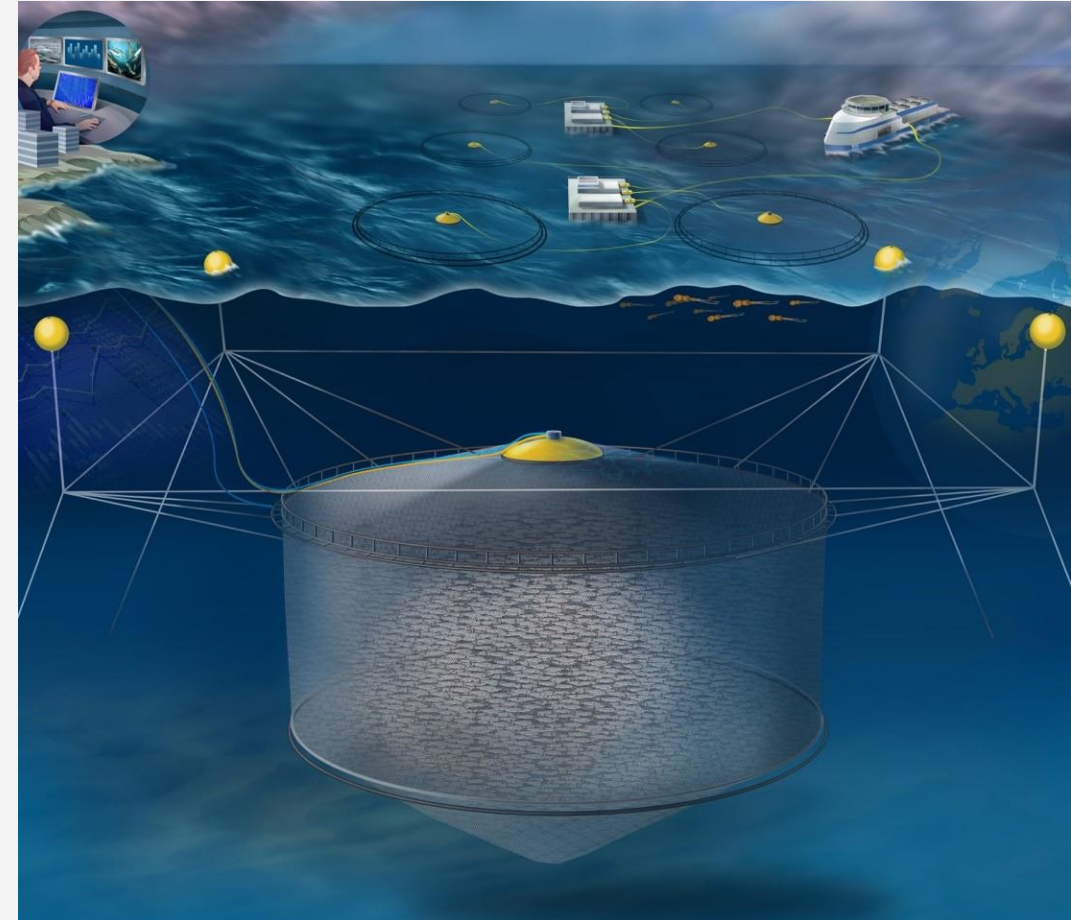


- **Salmon** = Revenue from technology and services sold to production of salmon
- **Other species** = Revenue from technology and services sold to production of other species than salmon
- **Non Seafood** = Revenue from technology and services sold to non seafood customers

ATLANTIS SUBSEA FARMING AS



- Established in partnership with the companies Sinkaberg-Hansen AS and Egersund Net AS – 33.3% of the shares each
- Purpose of developing submersible fish-farming facilities for salmon on an industrial scale
- Has applied for six development licences to enable large-scale development and testing of the new technology and operational concept
- Through its innovative development work, ATLANTIS aims both to contribute to better and more sustainable use of current farming sites as well as to enable use of more exposed sites than is currently possible. The goal is to achieve production gains and improve fish welfare by submerging the facilities, as they will be far less exposed to the environmental and physical conditions than in a surface position
- Although ATLANTIS represents a significant leap forward in terms of innovation, it is also an objective for the concept to keep costs at a level that helps strengthen the industry's competitive position. The aim is also that the technology and operating methods developed through ATLANTIS can be made available and adopted by the industry relatively quickly

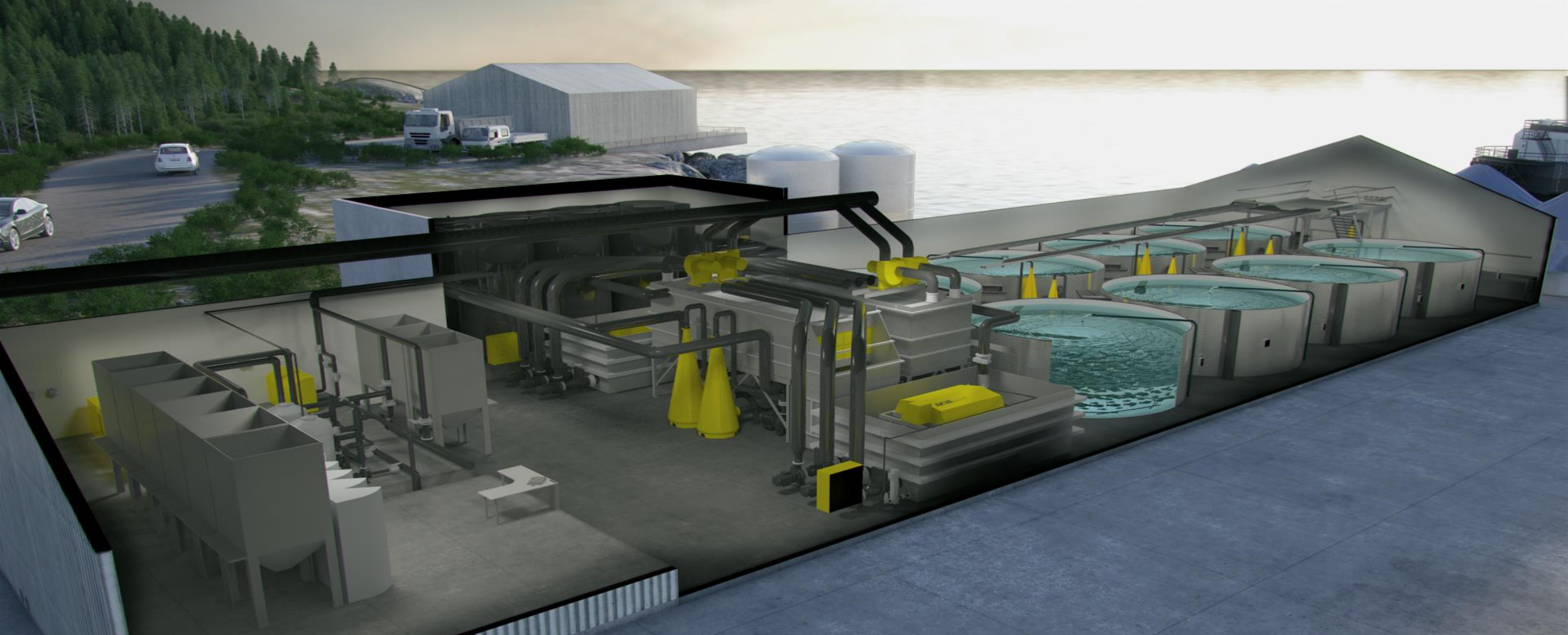




Minor adjustment in dividend policy

- Change of timing for the half yearly dividend policy to be based on 1st and 2nd half of the year (instead of Q4 – Q1 and Q2 – Q3)
- Rationale:
 - Gives a more intuitive division of the year with 2nd half dividend being announced in connection with the Annual General Meeting
 - Evens out more of the seasonality's in cash flow during the year
- Next possible dividend pay out will be after 1st half 2016, i.e. will be announced together with the 2016 Q2 financials



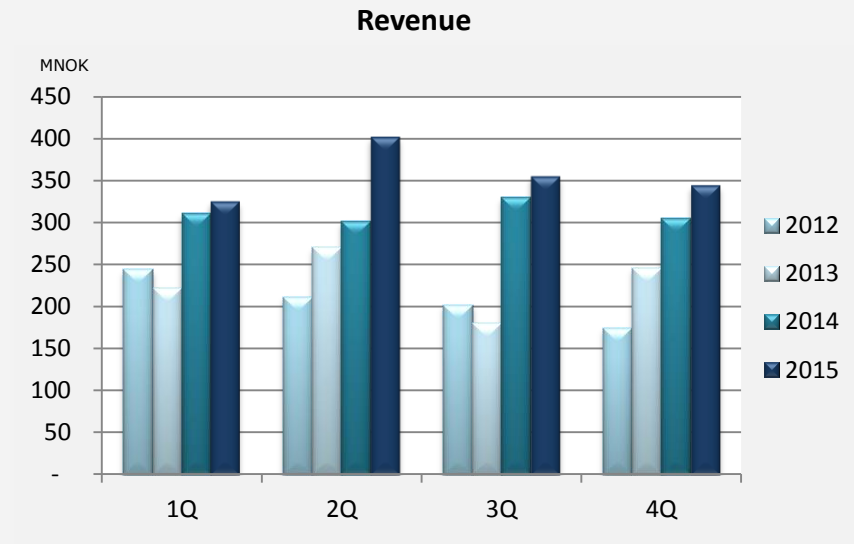


Financial performance Q4 2015 – by CFO Eirik Børve Monsen



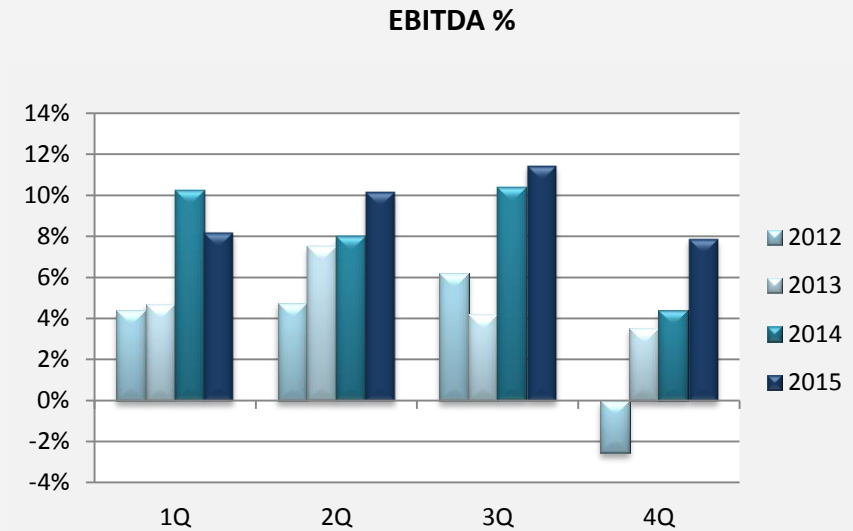
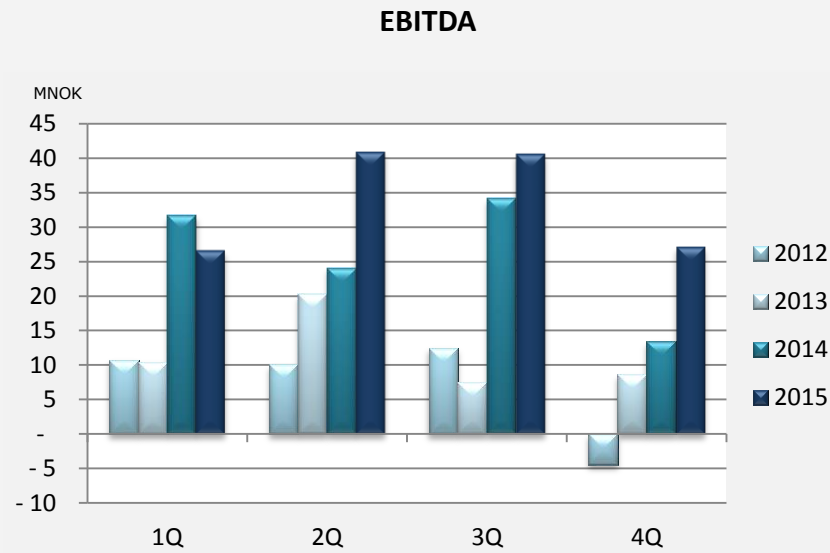
Q4 2015 - Financial highlights

- Good overall financial performance continues – taking advantage of the diversified operations
- Land based on track after first quarter with Aquatec Solutions included
- Profitable operation in Chile in 2015 despite challenging market conditions – due to higher level of service and tight cost control
- WiseDynamics in Canada divested in November 2015 – marginal impact on Group financials
- Share buyback program finalized in November 2015 – Shares awarded to employees in January 2016 according to the announced incentive scheme to employees
- Dividend – NOK 1 per share paid in November 2015





Q4 2015 - Financial highlights, continued



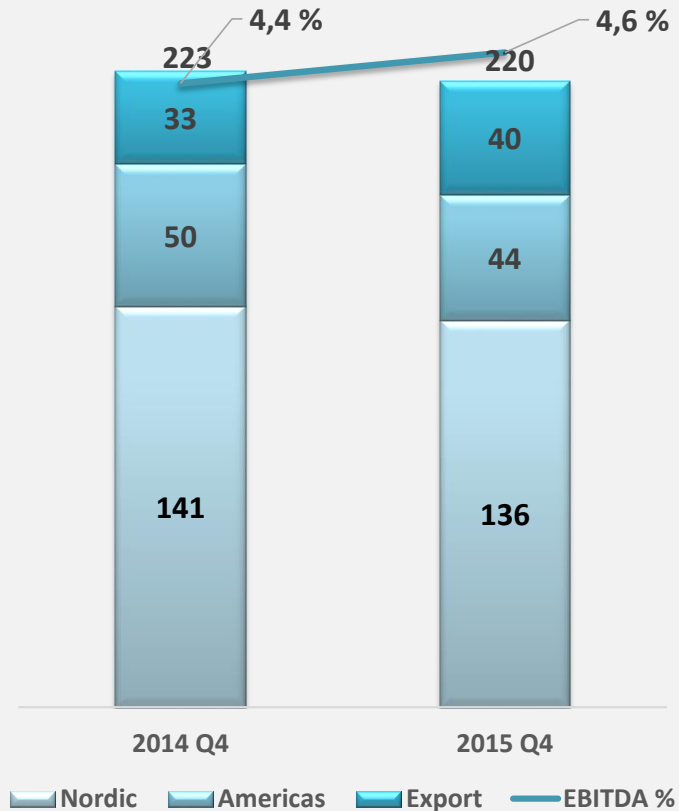
Stabilizing on a historical higher EBITDA-level both in NOK and in %

Getting close to the medium term target of 10% EBITDA on an annual basis



Cage Based Technologies

CBT (Revenue & EBITDA %)



Nordic

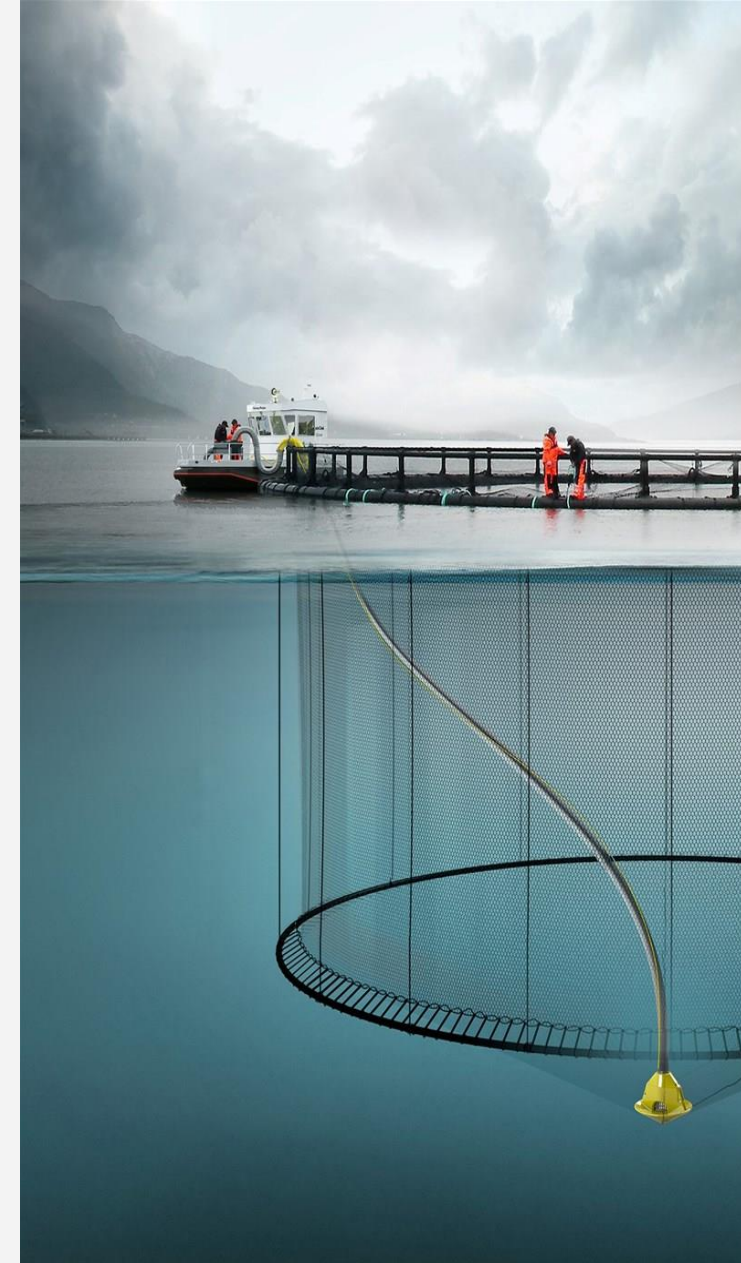
- Decent performance in Q4, which traditionally is a low season quarter in Nordic CBT
- Good performance continued with a slightly different product mix compared to 2014 - a wider range of products contribute to revenue and profit in 2015 vs 2014

Americas

- Chile delivering one of the best years ever margin wise due to reduced cost base and higher level of service
- Canada with a great Q4 and ending the best year ever. Lean and efficient operation
- Australia small but profitable operation – best year ever

Export

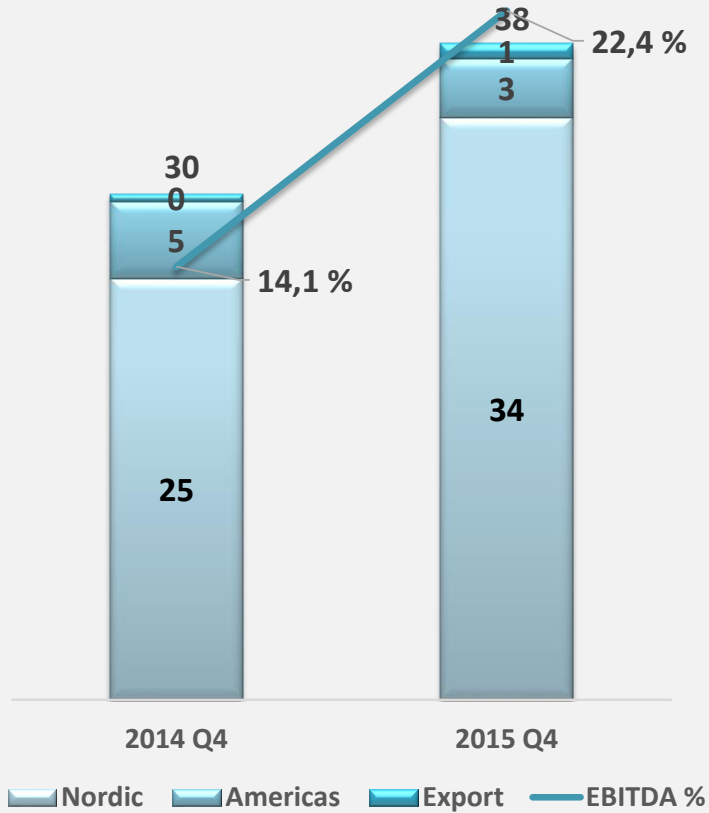
- UK also ended their best year ever with high level of OPEX based revenue
- Turkey – best year ever – experiencing increased activity in the Sea Bass and Sea Bream industry
- Export to emerging markets – slow, but some activity - Iran





Software

SW (Revenue & EBITDA %)



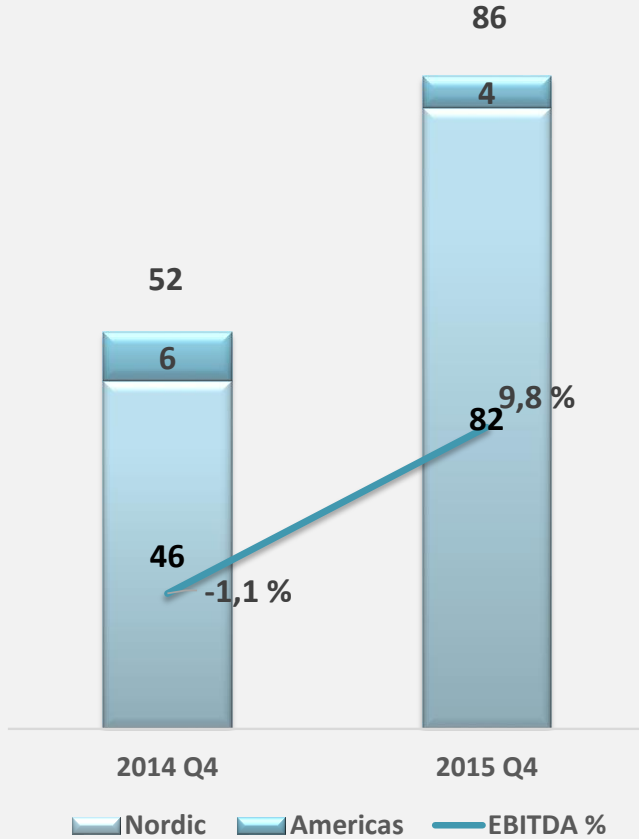
- AKVA group Software AS continues to deliver stable and high margins – with improved revenue and margins YoY
- Wise lausnir ehf – with improved performance YoY
- WiseDynamnics in Canada, a subsidiary of Wise ehf was divested in November 2015. Marginal numbers for the group and gave a marginal gain of MNOK 1.5 in Q4 EBITDA
- Software continues to invest in new product modules, which is expected to strengthen the financial performance of the SW segment further





Land Based Technologies

LBT (Revenue & EBITDA %)



- 25% of total Group revenue in Q4
- 9.8% EBITDA in Q4 - significant improved performance YoY and QoQ
- Plastsveis AS on track with good performance in 2015
- Aquatec Solutions A/S – included in the Group P&L from Q4 and onwards. Good performance as expected
- AKVA group Denmark A/S with a decent Q4. Still potential for further improvements financially





Financials – Detailed P & L

P&L (MNOK)	2015 Q4	2014 Q4	2015 Total	2014 Total
OPERATING REVENUES	344,1	305,0	1 425,3	1 246,1
Operating costs ex depreciations	316,9	291,7	1 290,2	1 142,7
EBITDA	27,1	13,4	135,2	103,4
Depreciation	14,0	9,5	47,5	35,7
EBIT	13,2	3,9	87,7	67,6
Net interest expense	-1,7	-0,7	-5,4	-4,8
Other financial items	-4,6	-0,9	-4,3	0,0
Net financial items	-6,3	-1,6	-9,6	-4,7
EBT	6,9	2,3	78,1	62,9
Taxes	-0,8	-6,4	19,7	8,4
NET PROFIT	7,6	8,6	58,4	54,5
Net profit (loss) attributable to:				
Non-controlling interests	0,4	-0,2	1,6	-0,6
Equity holders of AKVA group ASA	7,3	8,9	56,8	55,1
Revenue growth	12,8 %	24,1 %	14,4 %	35,6 %
EBITDA margin	7,9 %	4,4 %	9,5 %	8,3 %
EPS (NOK)	0,28	0,34	2,20	2,13

• Increased depreciation mainly due to increased rental CAPEX and amortization

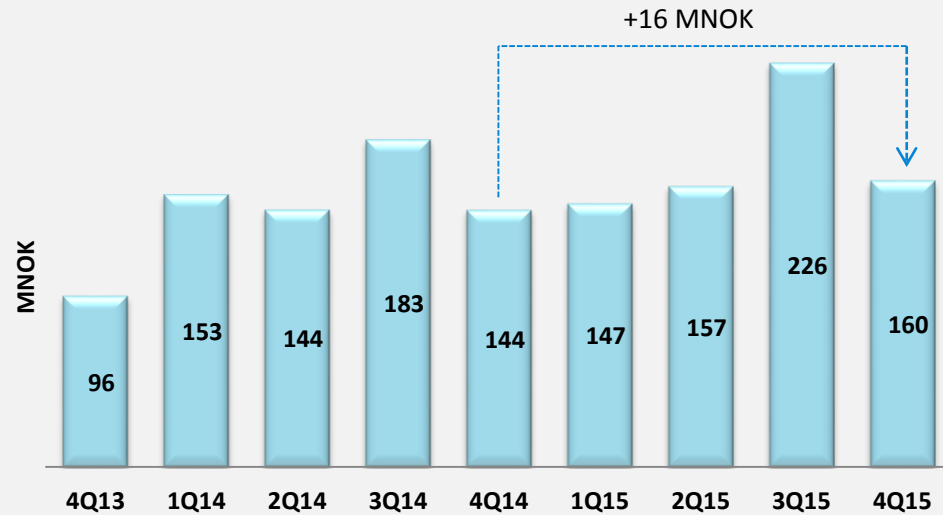
• Low interest cost due to low net debt and low interest rate. Increase explained by financial lease mostly related to rental

• Mostly currency and acquisition cost - considered as an acceptable level

• Minority shareholders (30%) in Plastsveis AS

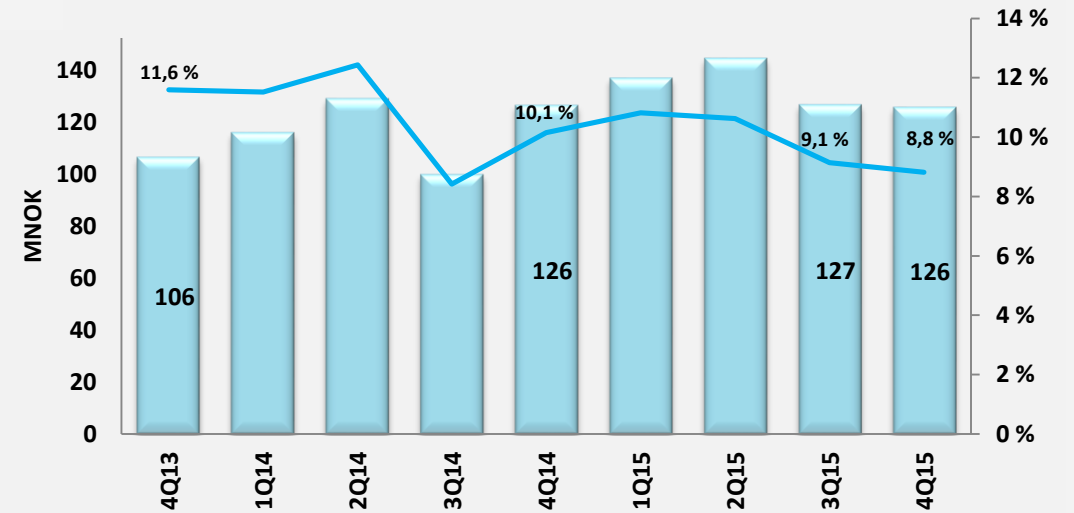
Group financial profile – remains strong

Available cash



- Including a 90 MNOK credit facility in Danske Bank
- Cash in Q3 2015 includes the financing of the adjustment amount in the Aquatec Solution acquisition

Working capital

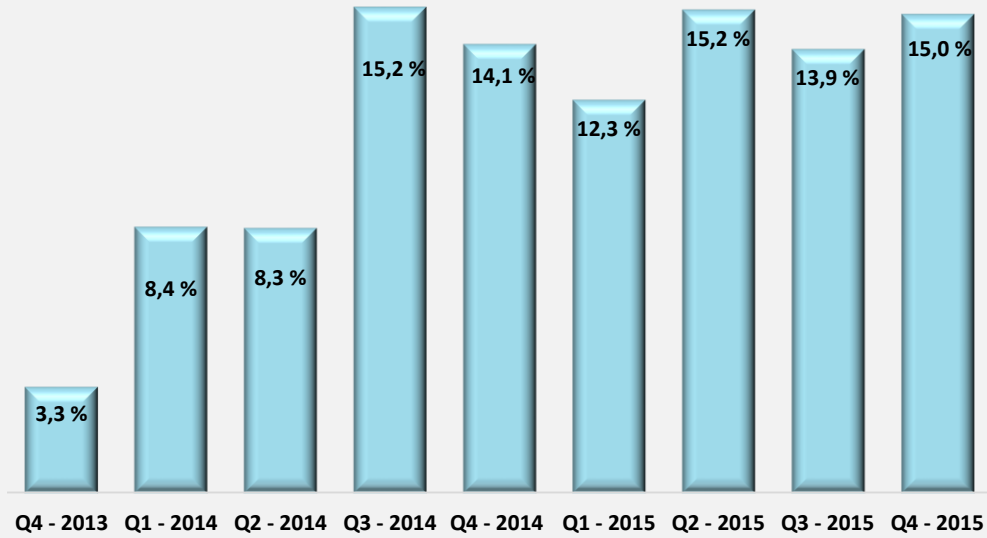


- Continued strong working capital level – despite record high activity
- Due to strong capital discipline

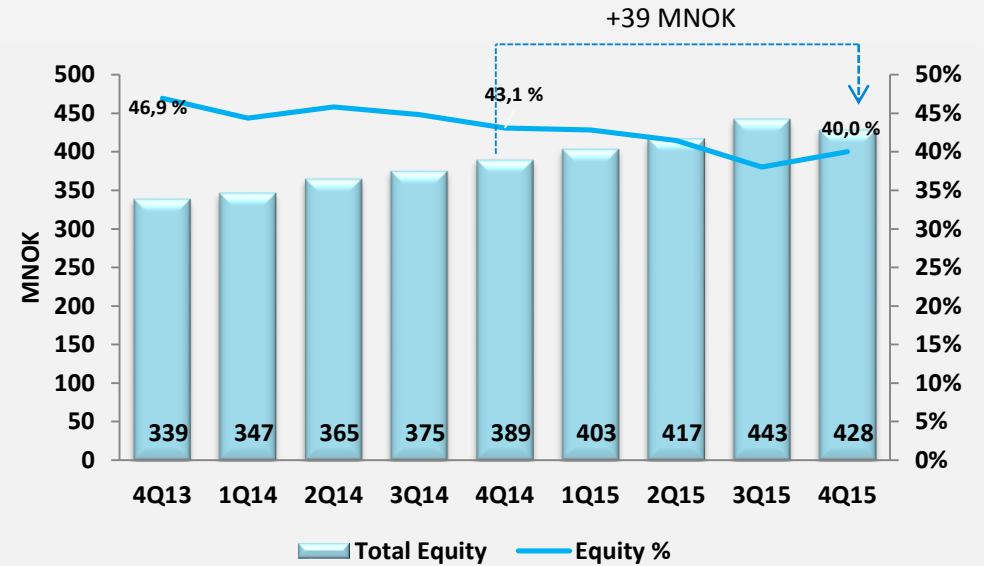


Group financial profile – remains strong, continued

ROCE



Equity

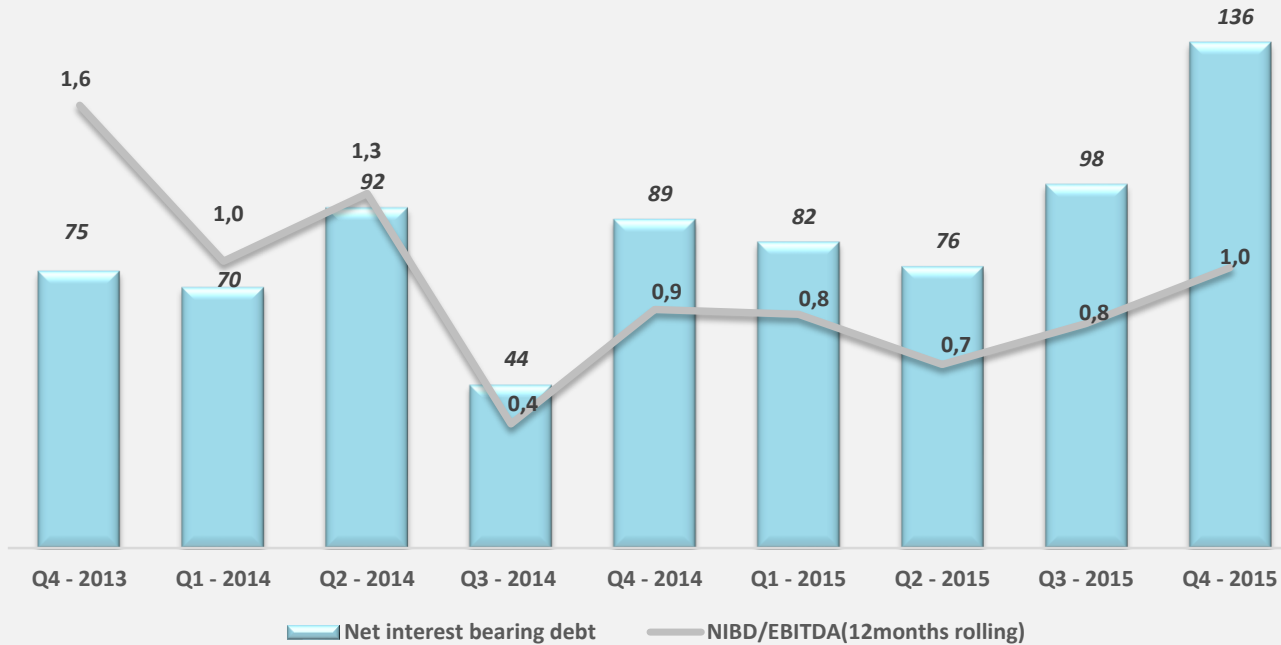


- Good nominal increase in equity YoY due to profitable operation
- Dividend payments of 25.7 MNOK in Q4 2015 and 25.8 MNOK in Q4 2014



Net debt/EBITDA of 1.0x

Net debt (MNOK) and net debt/EBITDA



Change in net debt (TNOK)

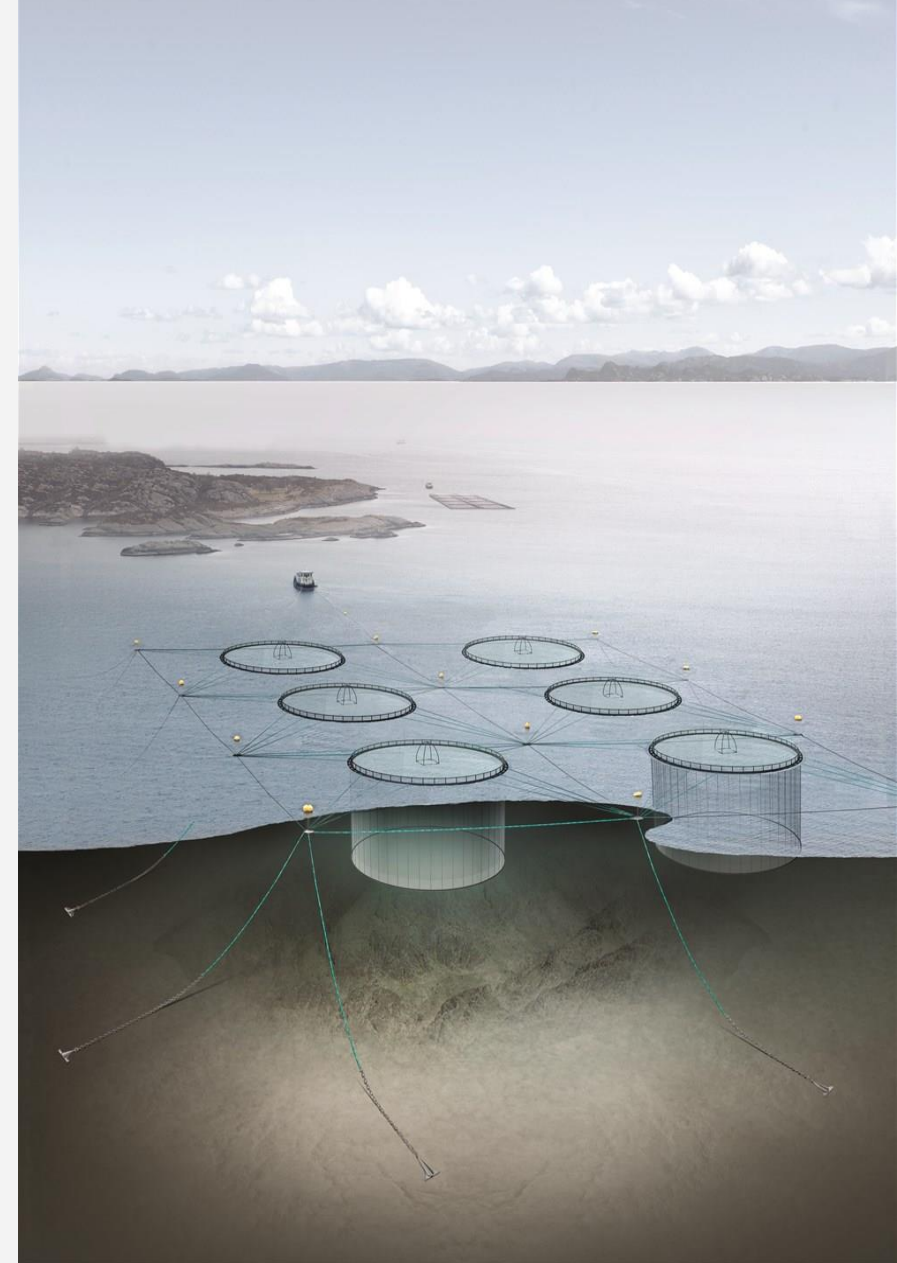
Net debt 30.09.2015	97 877
EBITDA	-27 130
Income taxes paid	1 182
Net interest paid	1 736
Capex paid	32 853
Acquisitions / Divestments	-5 500
Paid dividend	25 736
Buyback own shares	3 264
Sale of fixed assets	-855
Currency effects	-4 023
Other changes in working capital	10 976
Net change	38 240
Net debt 31.12.2015	136 117



Balance sheet

BALANCE SHEET	2015	2014
(MNOK)	31.12	31.12

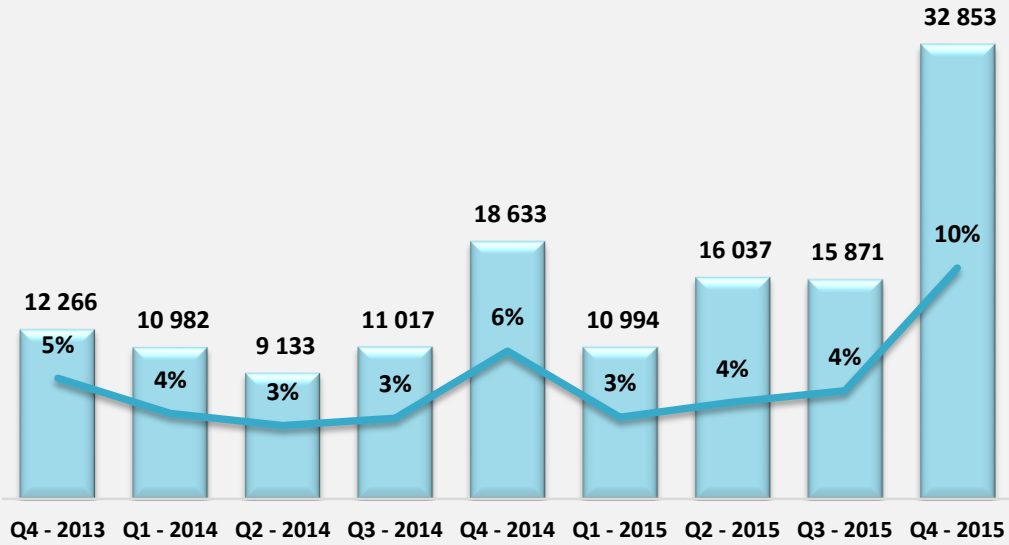
ASSETS	1 070	904
Intangible non-current assets	348	278
Tangible non-current assets	103	74
Financial non-current assets	8	2
Inventory	181	167
Receivables	320	329
Cash and cash equivalents	110	54
LIABILITIES AND EQUITY	1 070	904
Equity	425	388
Minority interest	3	2
Long-term interest bearing debt	188	129
Short-term interest bearing debt	57	14
Non-interest bearing liabilities	396	372



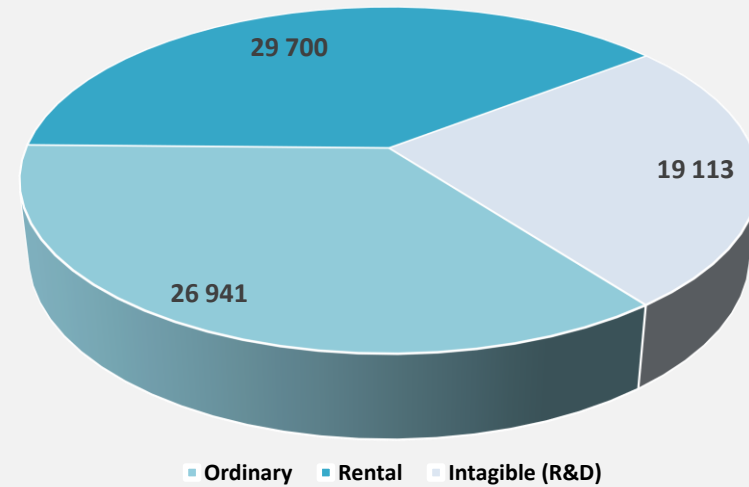


CAPEX

Capex (TNOK) and capex / sales (%)



CAPEX breakdown 2015 (TNOK)



- MNOK 13 of Q4 2015 CAPEX is rental
- MNOK 46 of 2015 CAPEX is not rental – i.e. in line with previous years



Largest shareholders

20 largest shareholders

No of shares	%	Account name	Type	Citizenship
13 203 105	51,1 %	EGERSUND GROUP AS		NOR
3 900 000	15,1 %	WHEATSHEAF INVESTMENT		GBR
814 886	3,2 %	VERDIPAPIRFONDET ALFRED		NOR
539 300	2,1 %	MP PENSJON PK		NOR
518 000	2,0 %	SKANDINAVISKA ENSKILDA		LUX
489 417	1,9 %	EIKA NORGE		NOR
397 904	1,5 %	STATOIL PENSJON		NOR
390 000	1,5 %	VERDIPAPIRFONDET DNB		NOR
301 700	1,2 %	VPF NORDEA KAPITAL		NOR
300 000	1,2 %	MERTOUN CAPITAL AS		NOR
238 692	0,9 %	OLE MOLAUG EIENDOM AS		NOR
208 100	0,8 %	VERDIPAPIRFONDET EIKA		NOR
196 300	0,8 %	DAHLE BJØRN		NOR
180 000	0,7 %	VPF NORDEA AVKASTNING		NOR
173 550	0,7 %	ROGALAND SJØ AS		NOR
166 000	0,6 %	HAVBRUKSCONSULT AS		NOR
146 537	0,6 %	UBS (LUXEMBOURG) S.A	NOM	LUX
130 000	0,5 %	SIX SIS AG	NOM	CHE
123 000	0,5 %	AKVA GROUP ASA		NOR
114 752	0,4 %	MOLAUG OLE		NOR
22 531 243	87,2 %	20 largest shareholders		
3 303 060	12,8 %	Other		
25 834 303	100,0 %	Total number of shares as per 31.12.2015		

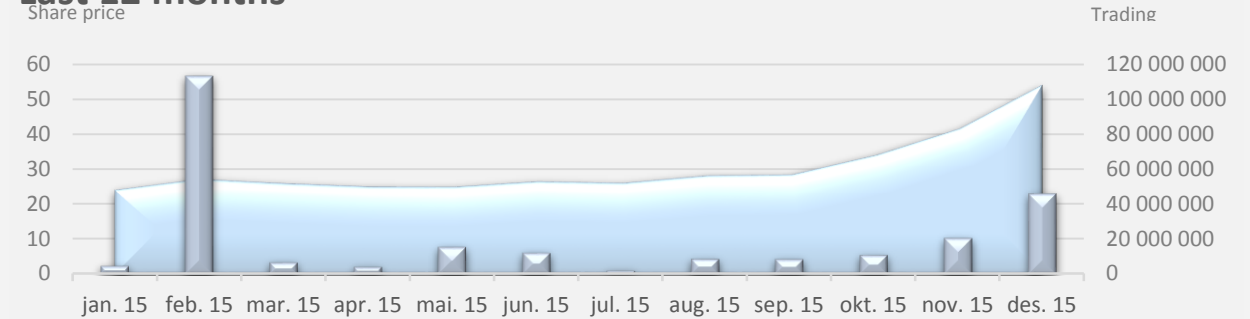
Origin of shareholders, 5 largest countries

No of shares	%	Origin	No of shareholders
20 419 531	79,0 %	Norway	800
4 013 502	15,5 %	Great Britain	12
675 577	2,6 %	Luxembourg	3
251 280	1,0 %	USA	8
215 225	0,8 %	Switzerland	5
259 188	1,0 %	Other	41

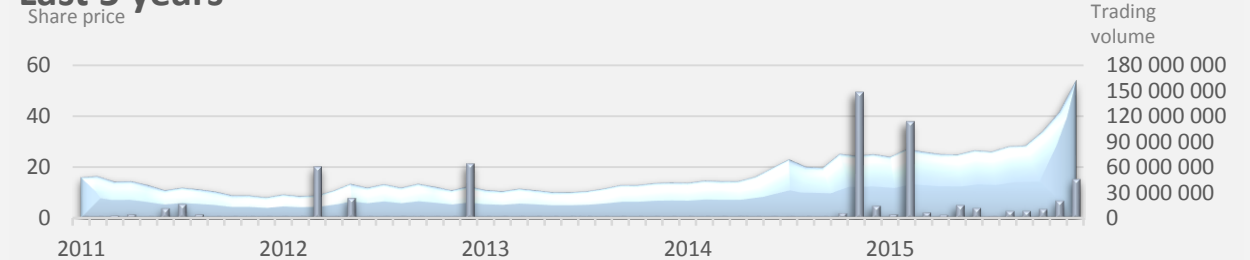
Total number of shareholders: 869 - from 20 different countries

Share development

Last 12 months

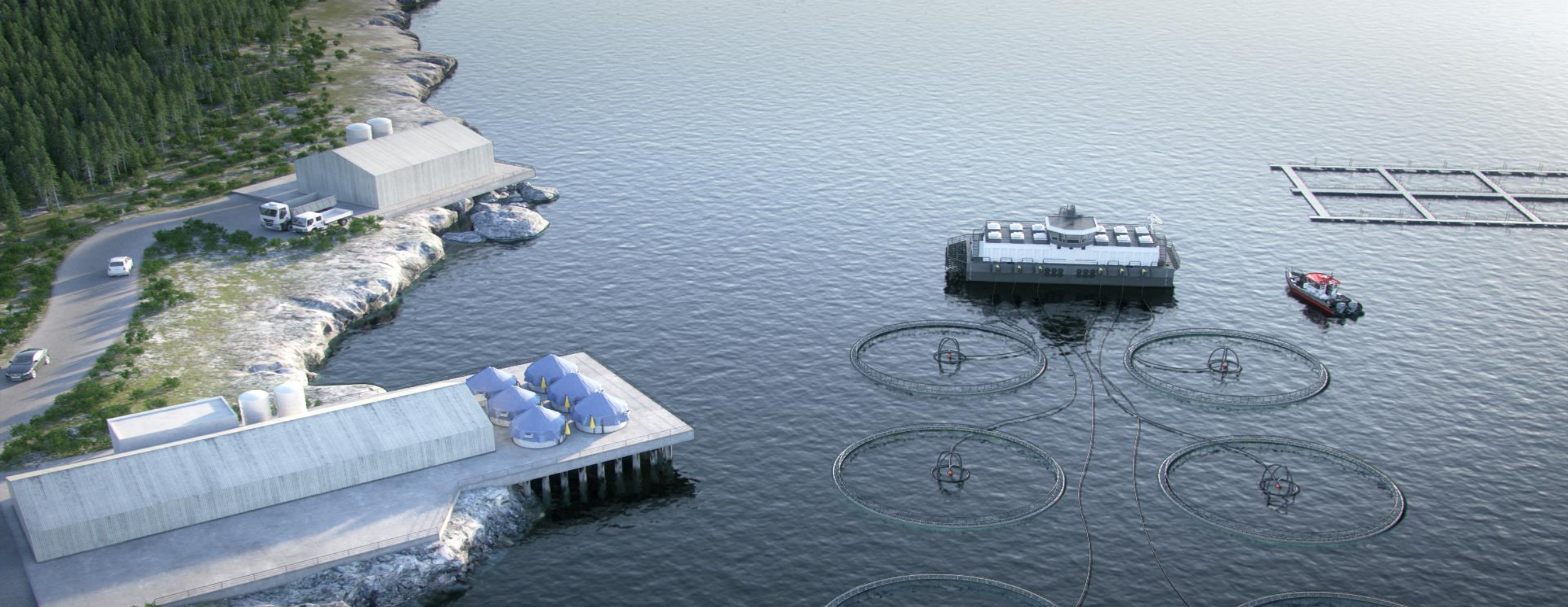


Last 5 years



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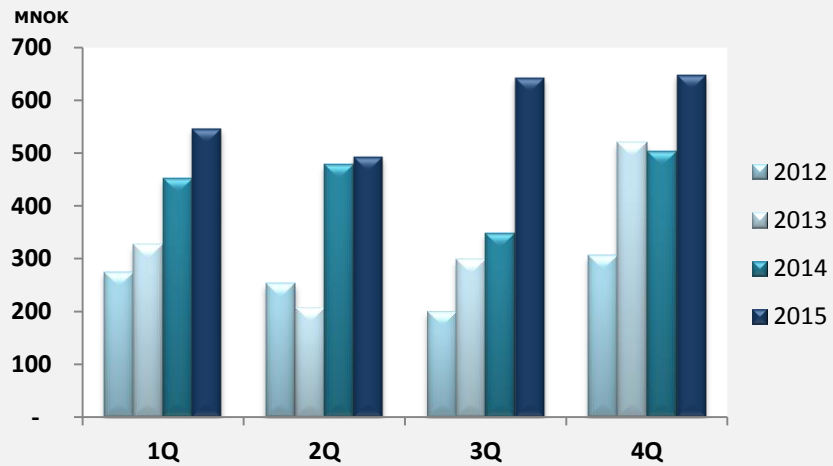


Outlooks – by CEO Trond Williksen

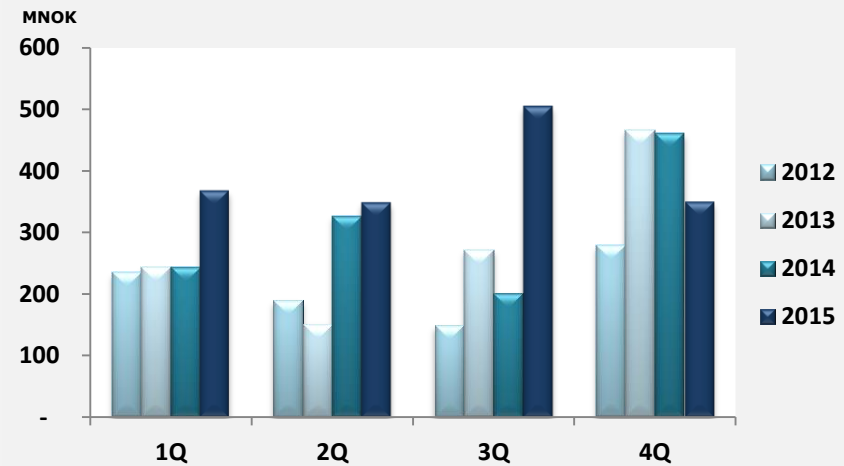


Order backlog and inflow

Order backlog



Order inflow



- Highest order backlog ever
- Best second half order inflow ever - MNOK 854 in order inflow in 2H 2015 vs MNOK 661 in 2H 2014
- The good market activity continues



Maintaining positive outlook

- Good mid term outlook due to high market activity and large order backlog, especially in the Nordic market segment
- Strong demand in the Nordic cage based segment continues into the new year, with shift towards sale of technology for more efficient production
- Land based segment with growing activity - is expected to continue - becoming a larger part of AKVA
- UK and Canada experience slightly less project sales so far compared to last year – still expected to perform well
- Continued low expectations in Chile due to challenging situation for our Chilean customers. Our exposure in Chile is reduced over the last years
- Turkey and Australia are expected to continue to perform well in the next quarters with good order backlog
- Exports to emerging markets with a more optimistic start of the year. Activity still expected to fluctuate due to nature of business
- We continue our effort to build service and after sales as a key business element in all markets and segments







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