



Q2 2015 Presentation

Oslo - August 20th, 2015

Trond Williksen, CEO

Eirik Børve Monsen, CFO



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Q&A





Highlights Q2 2015 - by CEO Trond Williksen

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Best quarter & best first half ever – improved performance and growth continues

Second Quarter 2015 – Highlights

- Best Q2 and best Q ever
- All business segments and regions with good performance and positive development
- Chile – good profitability in Q2 – well underway in adjusting for challenges ahead
- Land based profitable and in positive development
- Possible strategic M&A on land based technology – LOI signed with Aquatec Solutions A/S. Transaction subject to due diligence and final SPA
- High market activity resulting in the best order backlog after a second quarter ever – 493 MNOK

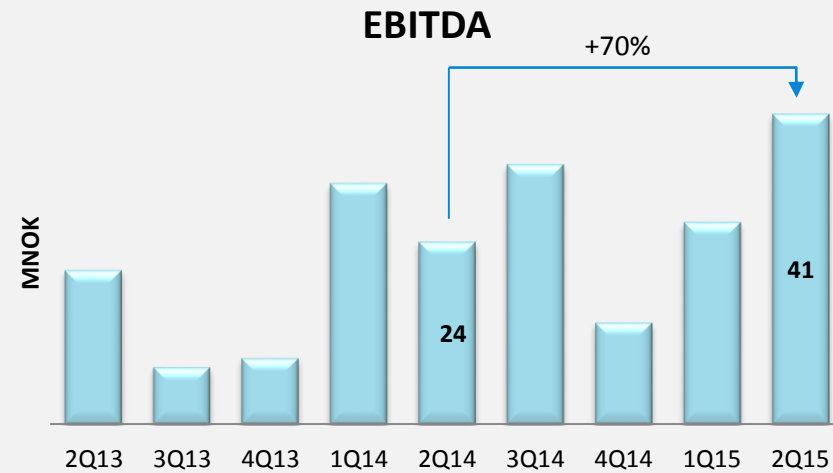
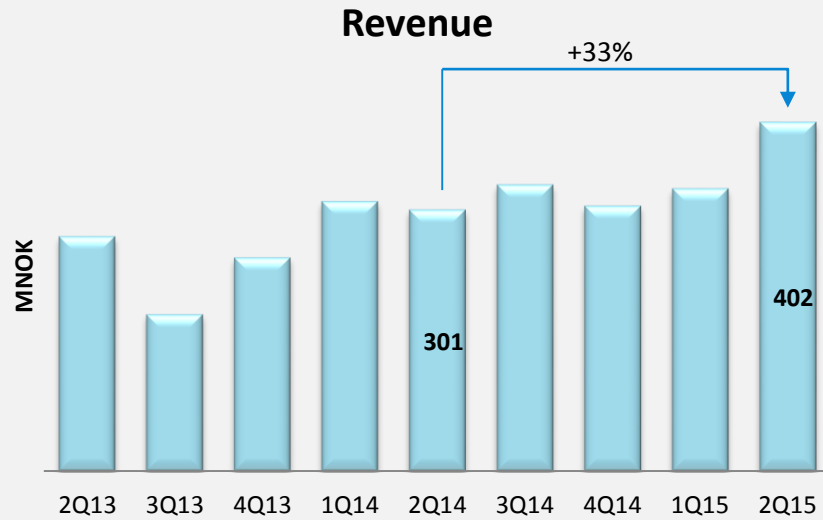
YTD 2015 – Highlights

- Best First Half ever – growth in revenues and earnings
- Strong financial position





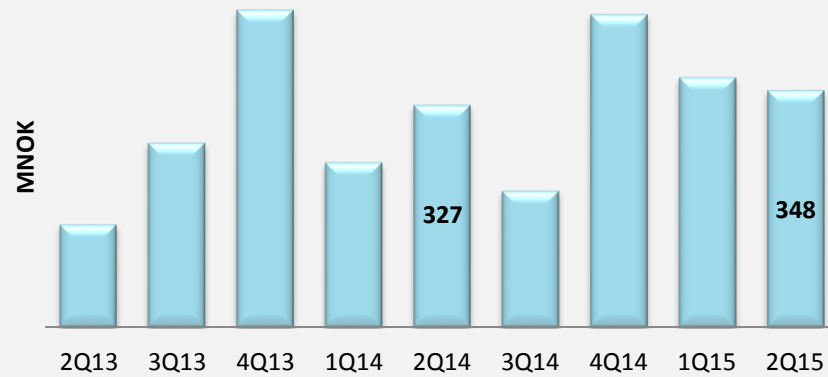
Best quarter & best first half ever – improved performance and growth continues



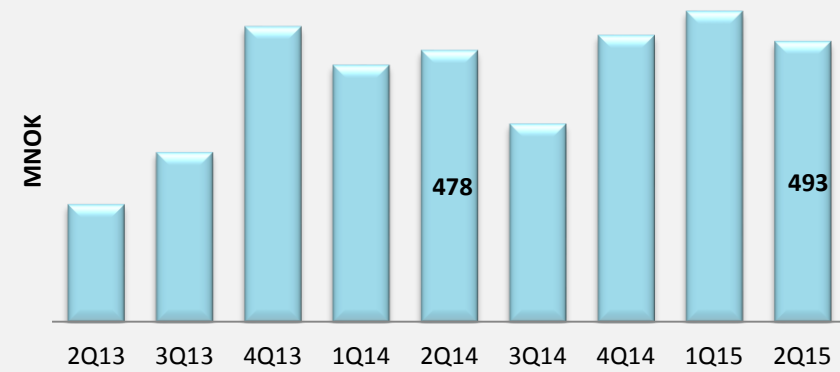


Best quarter & best first half ever – improved performance and growth continues

Order Inflow



Order Backlog



AKVA group – uniquely positioned for further 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
- 701 employees
- Market cap of NOK ~700m and net debt of NOK 76m

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

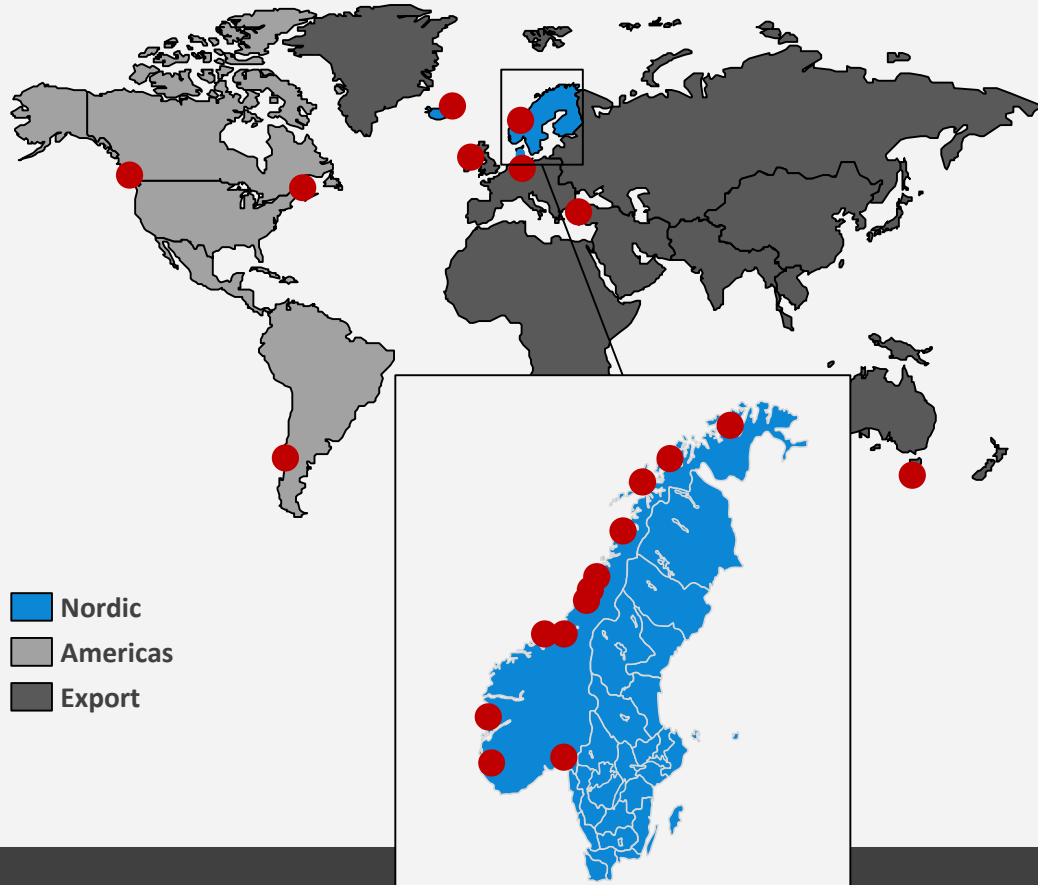


Technology and farming services

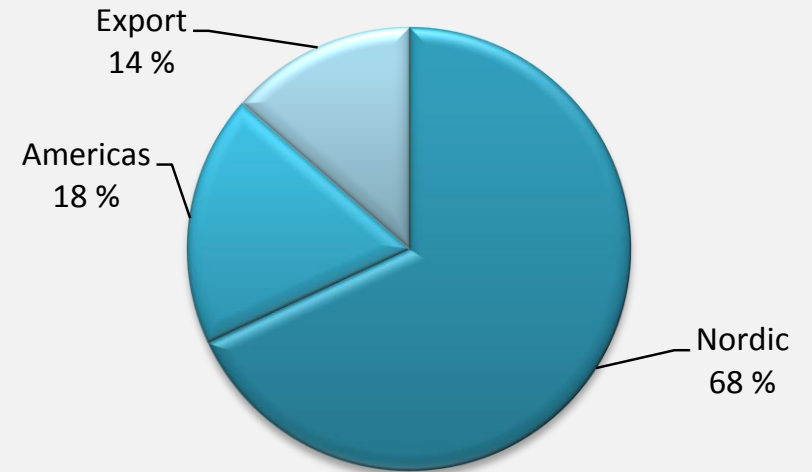


Presence in all main farming regions

Map of activities

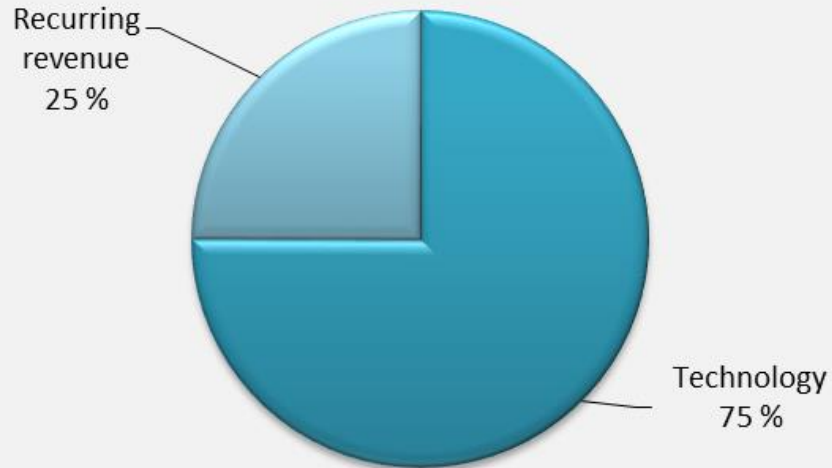


Revenue per region, Q2 2015



Strategic priority to increase the proportion of recurring revenue

Technology sale vs recurring revenue, Q2 2015



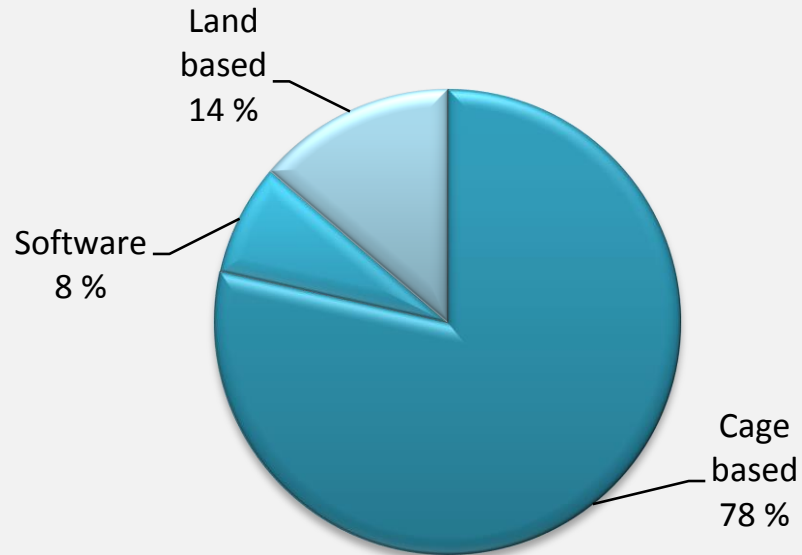
Comments

- Aim of increasing relative share of recurring revenue through software and services – by developing software, farming services, technology services and rental further
- Introduction of rental business model in Norway in Q4 2014. Already successfully introduced in UK and Canada.
- First installations of rental equipment in Norway done in 1H 2015
- 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 – opportunity for consolidation



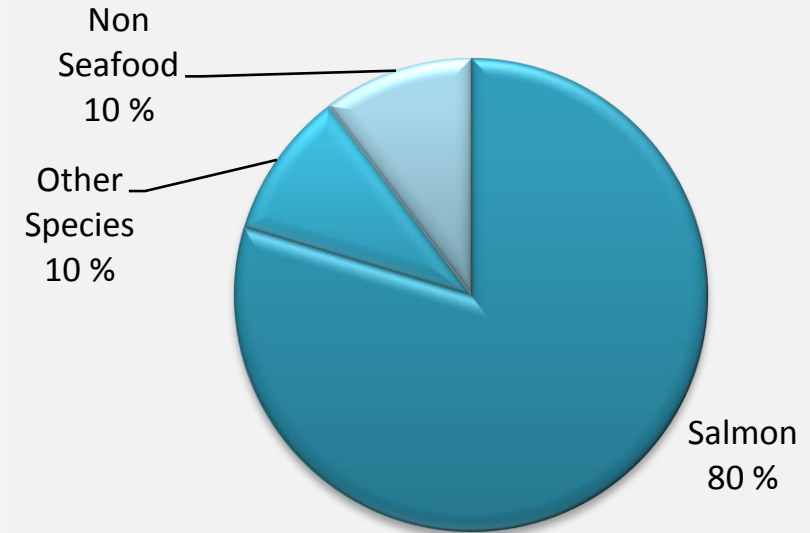
Revenue by product groups and species

By product groups – Q2 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 – Q2 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 non seafood customers

New product launches during AQUA NOR

- Several releases of new technologies and products during AQUA NOR, among them

AKVACONNECT feeding

- New software solution for feeding control and management, replacing AKVAControl
- Integration into the AKVAconnect automation platform, enabling a complete and dynamic feed control and management system
- Vast opportunities for customization of setups tailoring customer needs



AKVA Subsea Feeder

- New technology for underwater feeding, avoiding concentration of fish in upper part of water column in cages. Developed by Nærøysund Aquaservice AS.
- Fast and efficient underwater feeding with good distribution
- Large scale tests show promising results with significant reduction in sea lice levels in cages
- Integration to existing AKVA feeding technology and automation



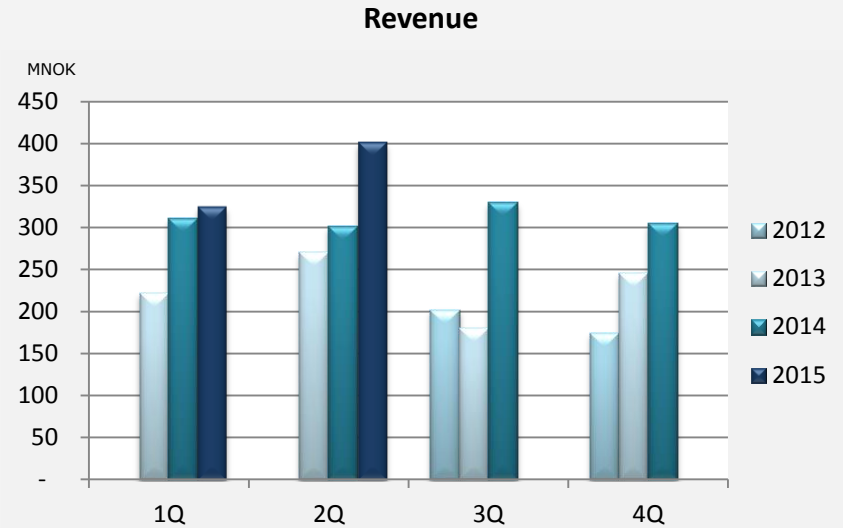


Financial performance Q2 2015 – by CFO Eirik Børve Monsen



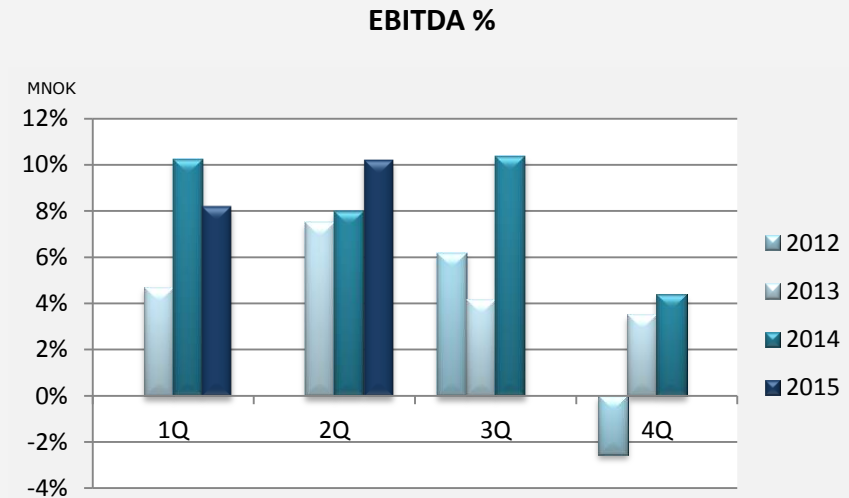
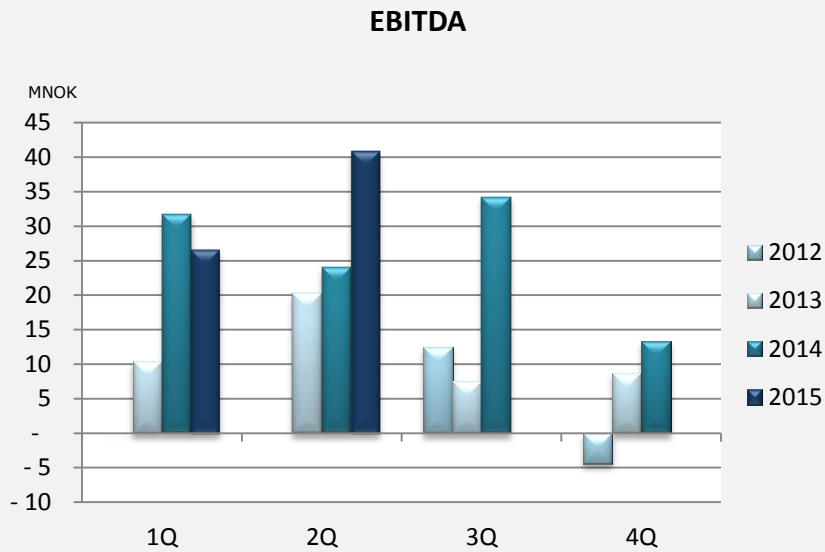
Q2 2015 - Financial highlights

- Good overall financial performance – taking advantage of the diversified operations
- Reducing cost / exposure in Chile again
- Strong balance sheet maintained - with improved working capital level





Q2 2015 - Financial highlights, continued

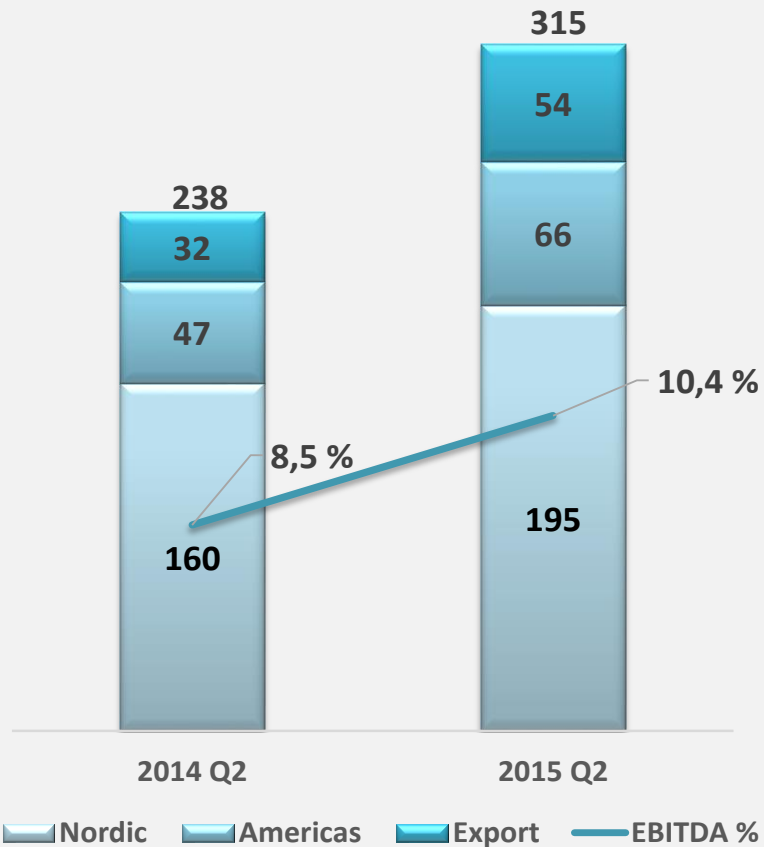


- Stabilizing on a historical higher EBITDA-level both in NOK and in %
- Medium term target of 10% EBITDA still valid



Cage Based Technologies

CBT (Revenue & EBITDA %)



Nordic

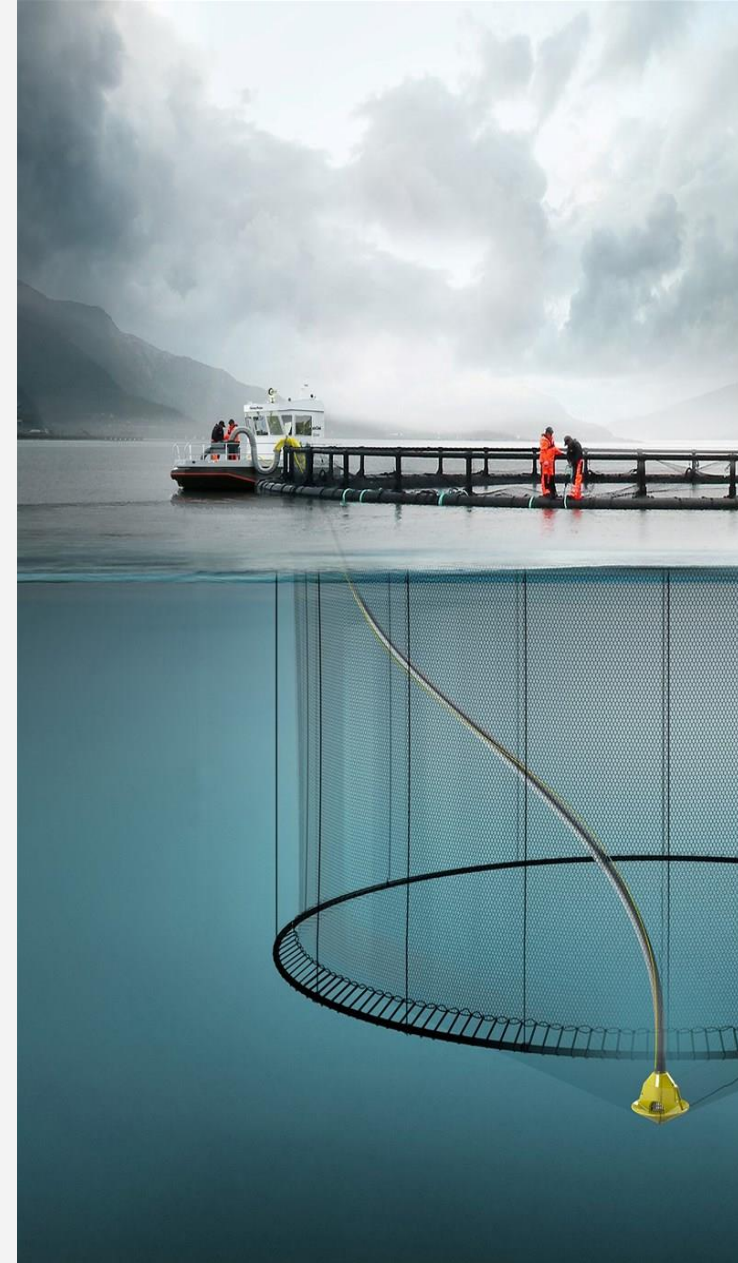
- Good first half 2015
- Slightly different product mix compared to 2014. A wider range of products contribute to revenue and profit in 2015 vs 2014.
- Good order backlog

Americas

- Strong H1 in Chile - the positive development in this market continued in Q2.
- Number of employees / cost base is reduced in Q2 to be prepared for expected reduced market activity in the second half of 2015
- Canada continues the good performance in Q2 with the best 1H ever with a high order backlog

Export

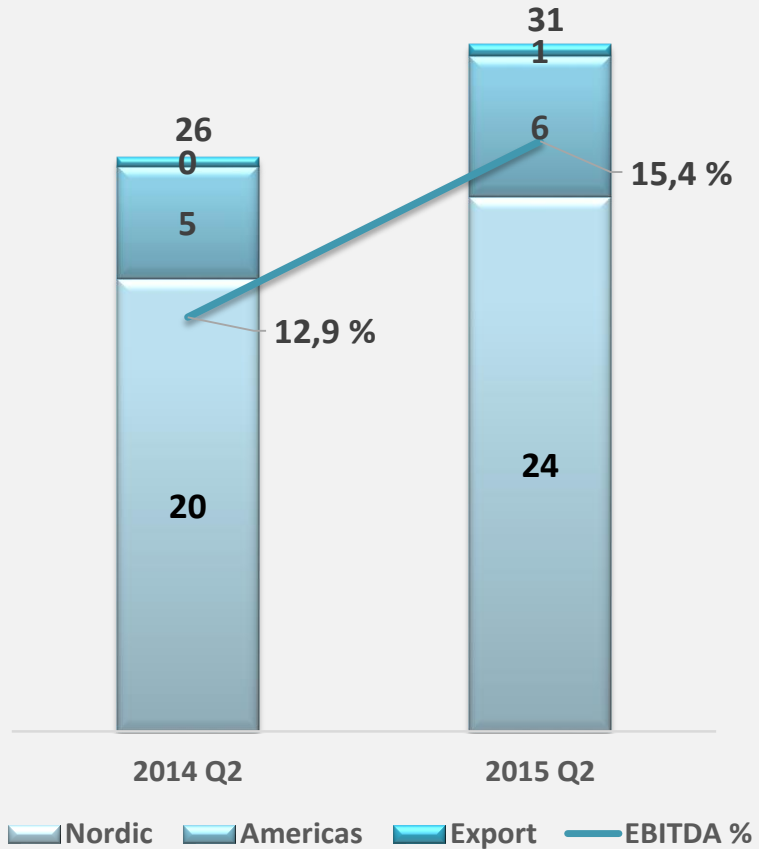
- UK continues the good performance in Q2 with the best 1H ever with a high order backlog
- Turkey had a very good Q2 and 1H
- Low activity in Export to emerging markets YoY





Software

SW (Revenue & EBITDA %)



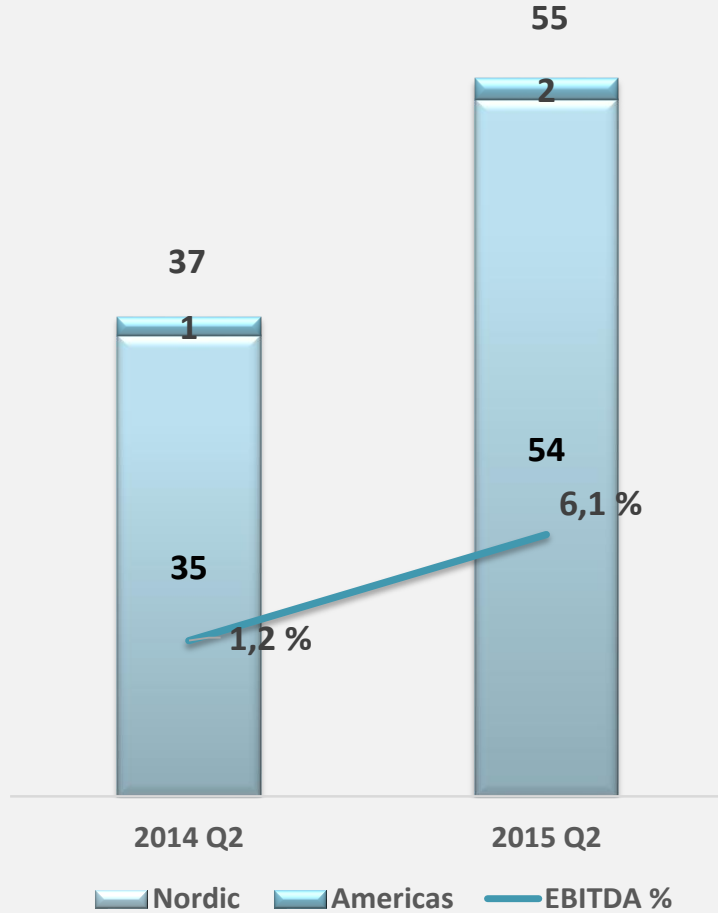
- AKVA group Software AS continues to deliver stable and high margins – with improved revenue and margins YoY
- Wise lausnir ehf had a good first half 2015 – with improved performance YoY
- Software continues to invest in new product modules, which is expected to strengthen the financial performance of the SW segment further





Land Based Technologies

LBT (Revenue & EBITDA %)



- Improved performance YoY and QoQ
- Good recovery in Q2 for AKVA group Denmark A/S after a slow start of the year in Q1. Continued good order backlog
- Plastsveis AS on track with profitable first half and a good order backlog





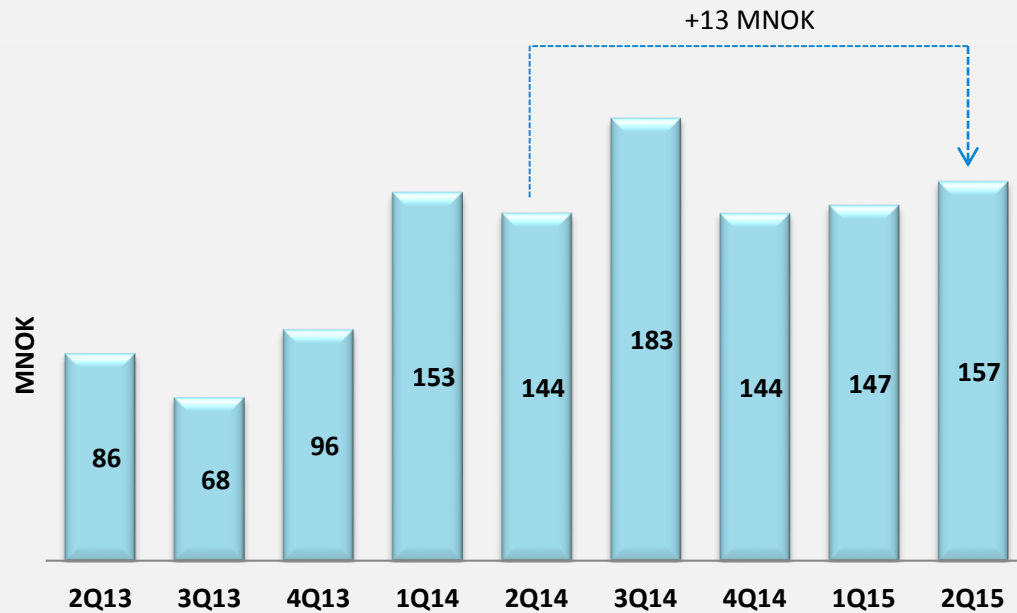
Financials – Detailed P & L

P&L (MNOK)	2015 Q2	2014 Q2	2015 YTD	2014 YTD	2014 Total
OPERATING REVENUES	401,5	300,9	726,5	611,3	1 246,1
Operating costs ex depreciations	360,7	276,9	659,1	555,6	1 142,7
EBITDA	40,9	24,0	67,5	55,8	103,4
Depreciation	10,8	8,9	21,3	17,2	35,7
EBIT	30,1	15,1	46,2	38,6	67,6
Net interest expense	-1,5	-1,4	-2,8	-2,9	-4,8
Other financial items	-1,5	0,8	-0,0	-0,6	0,0
Net financial items	-3,0	-0,6	-2,8	-3,5	-4,7
EBT	27,0	14,6	43,4	35,1	62,9
Taxes	7,5	2,5	12,4	7,5	8,4
NET PROFIT	19,5	12,0	30,9	27,7	54,5
Net profit (loss) attributable to:					
Non-controlling interests	0,4	-0,2	0,5	-0,1	-0,6
Equity holders of AKVA group ASA	19,1	12,2	30,4	27,7	55,1
Revenue growth	33,4 %	11,4 %	18,8 %	24,2 %	35,6 %
EBITDA margin	10,2 %	8,0 %	9,3 %	9,1 %	8,3 %
EPS (NOK)	0,74	0,47	1,18	1,07	2,13

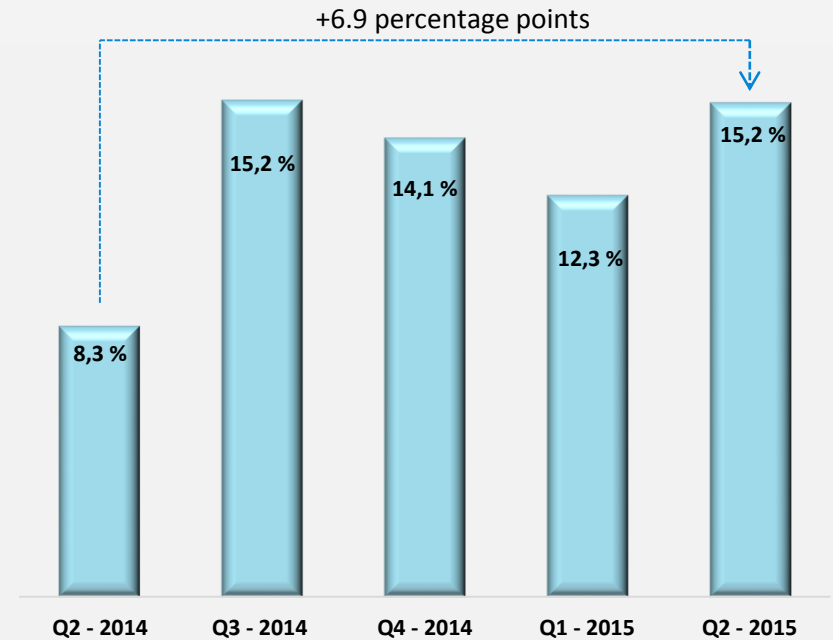
- Low interest cost due to low net debt and low interest rate
- Mainly currency – considered as an acceptable level
- Minority shareholders (30%) in Plastsveis AS

Group financial profile – remains strong

Available cash



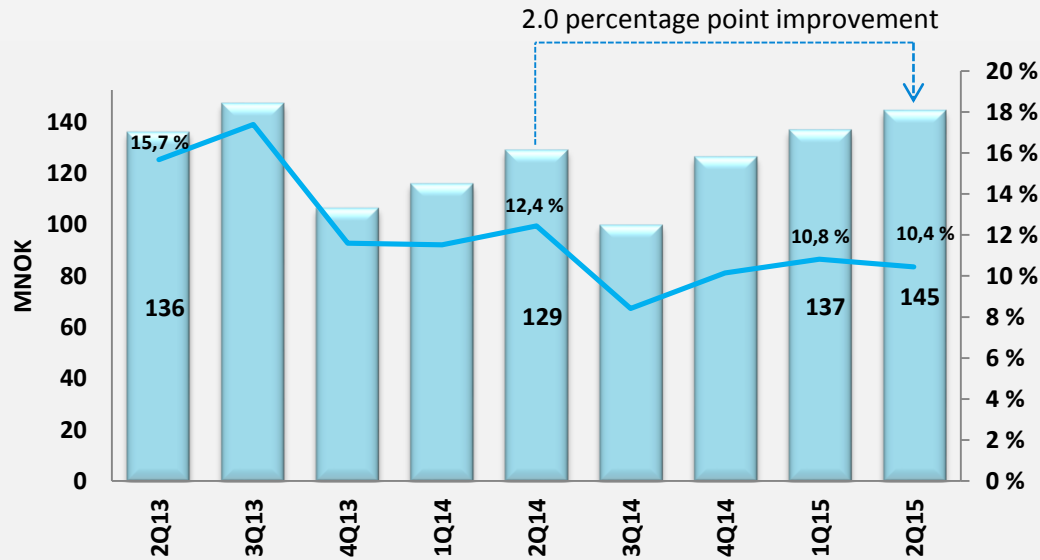
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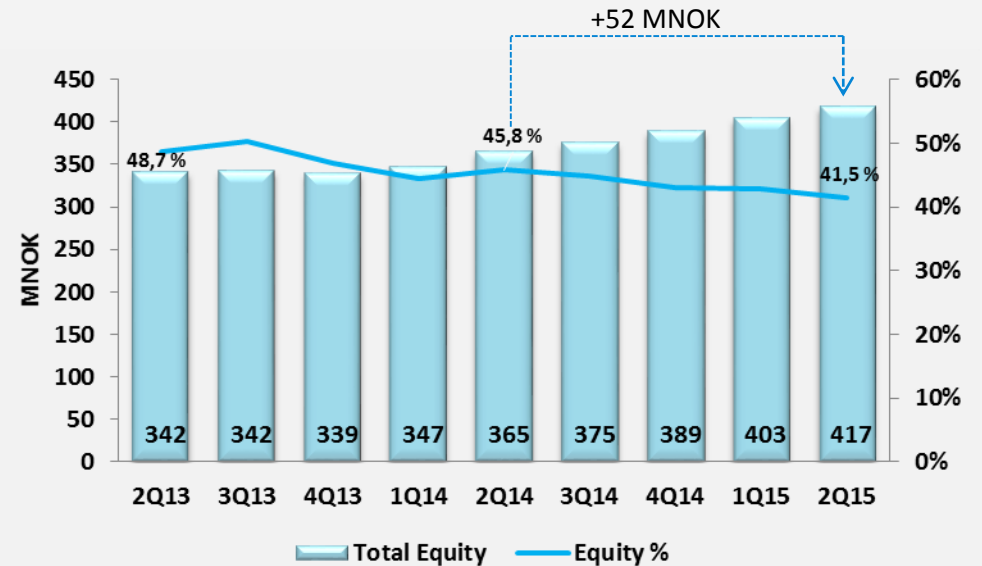
Group financial profile – remains strong, continued

Working capital



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

Equity

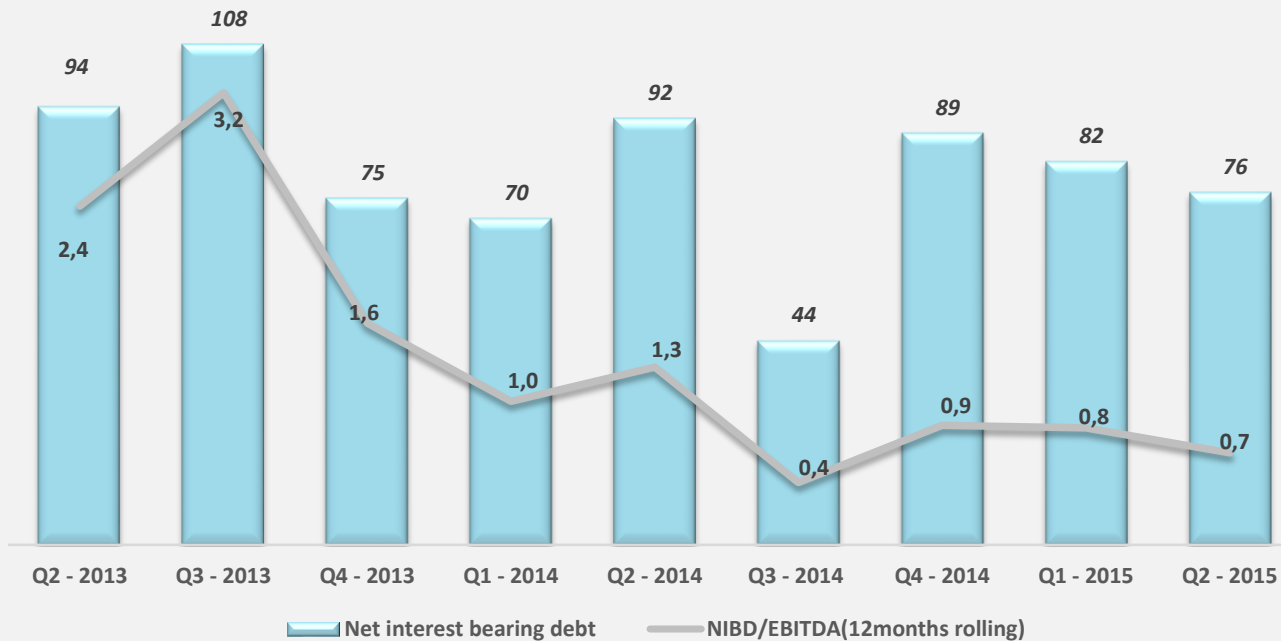


- Good nominal increase in equity YoY due to profitable operation
- Note: Dividend payment of 25.8 MNOK in Q4 2014



Net debt/EBITDA of 0.7x

Net debt (MNOK) and net debt/EBITDA



Change in net debt (TNOK)

Net debt 31.03.2015	82 416
EBITDA	-40 855
Income taxes paid	3 362
Net interest paid	1 473
Capex paid	16 037
Paid dividend	-
Sale of fixed assets	-521
Currency effects	2 025
Other changes in working capital	11 858
Net change	-6 621
Net debt 30.06.2015	75 795

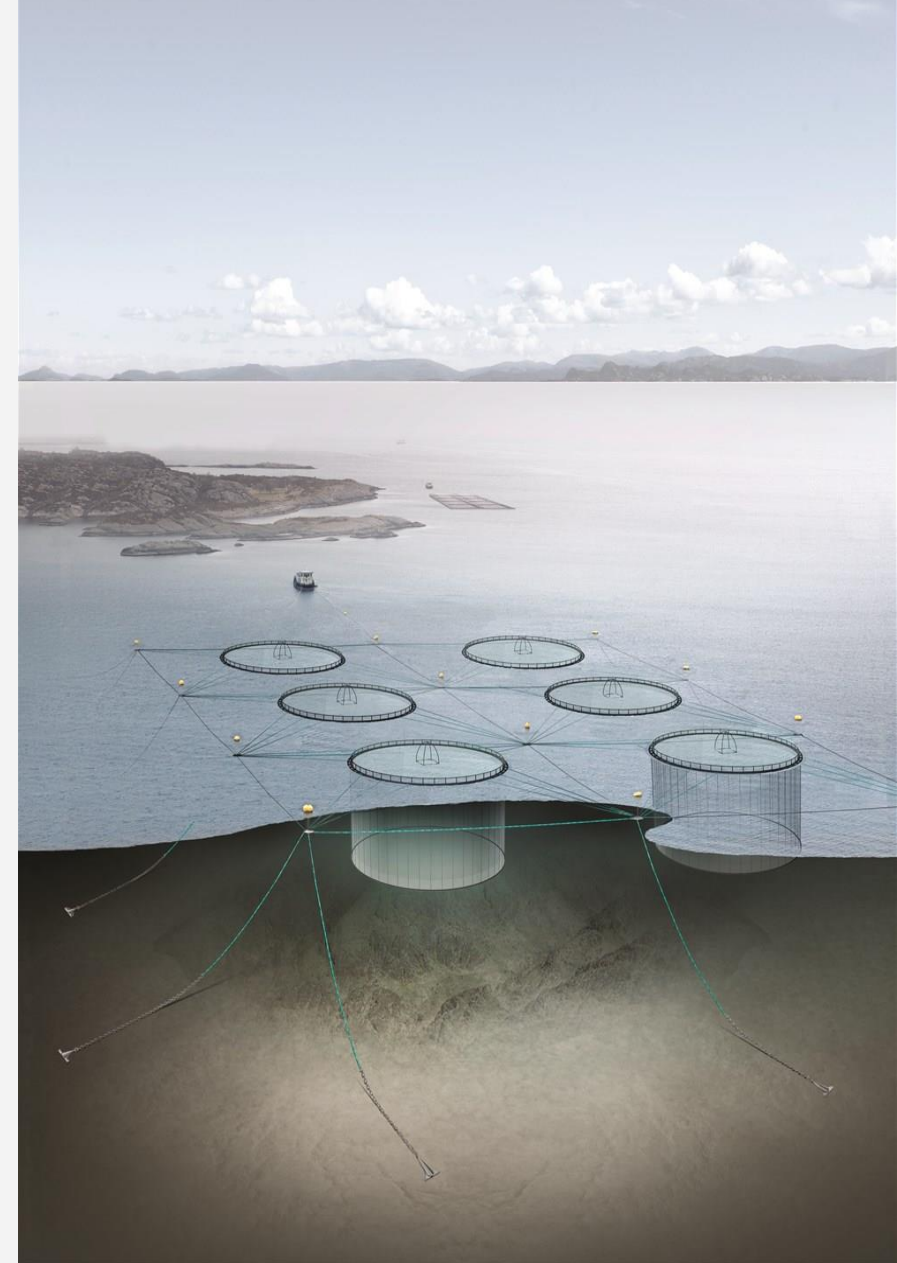
- Next possible dividend pay-out will according to the new dividend policy be in Q4



Balance sheet

BALANCE SHEET	2015	2014
(MNOK)	30.06	30.06

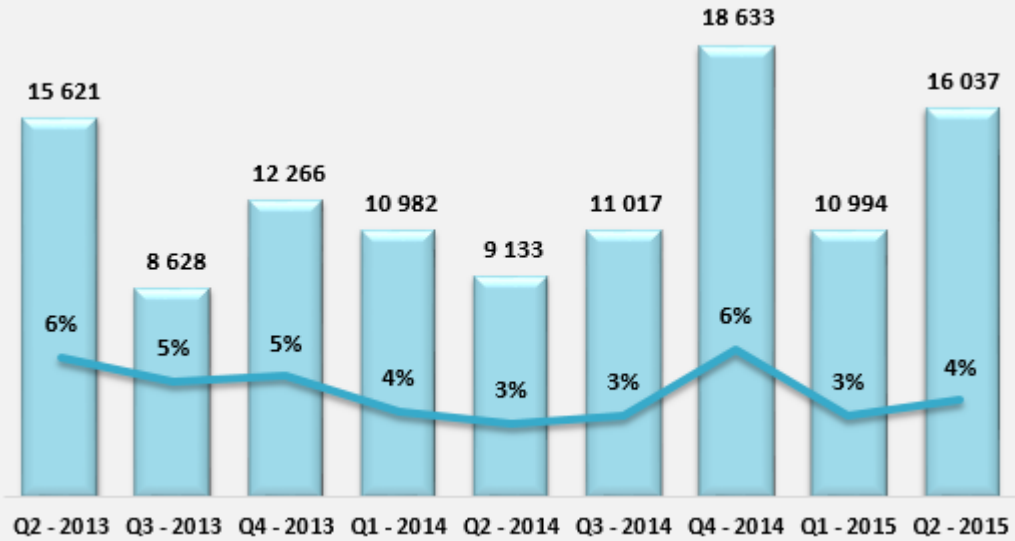
ASSETS	1 007	796
Intangible non-current assets	266	263
Tangible non-current assets	83	65
Financial non-current assets	2	2
Inventory	203	129
Receivables	385	283
Cash and cash equivalents	67	54
LIABILITIES AND EQUITY	1 007	796
Equity	415	363
Minority interest	2	2
Long-term interest bearing debt	127	130
Short-term interest bearing debt	16	16
Non-interest bearing liabilities	446	286



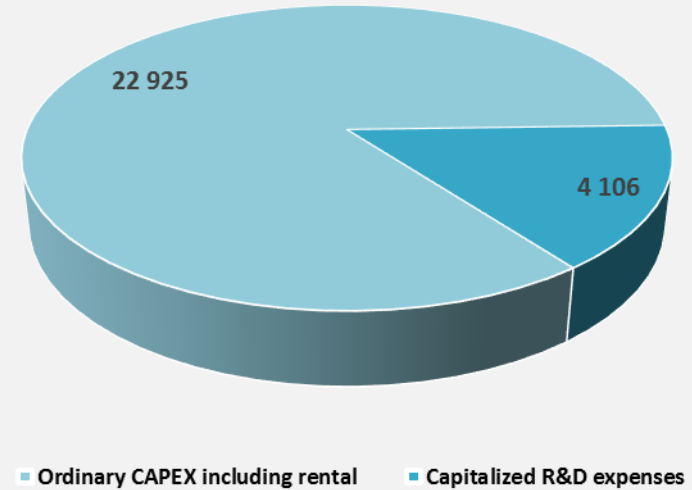


CAPEX

Capex (TNOK) and capex / sales (%)



CAPEX breakdown YTD Q2 2015 (TNOK)





Outlooks – by CEO Trond Williksen

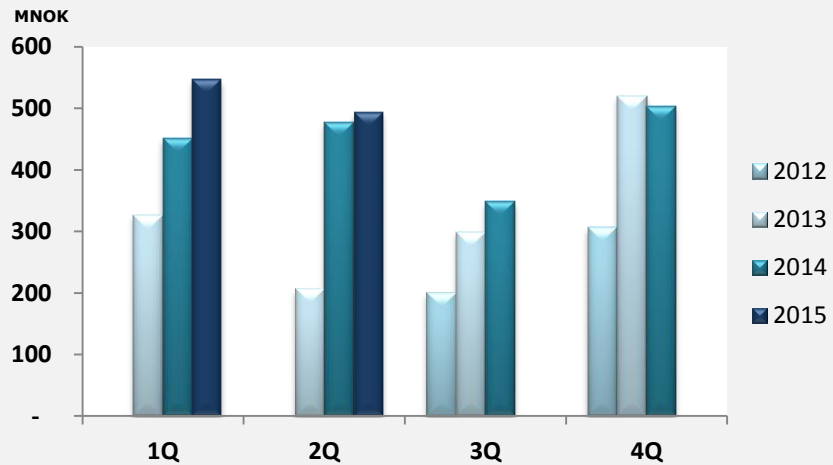
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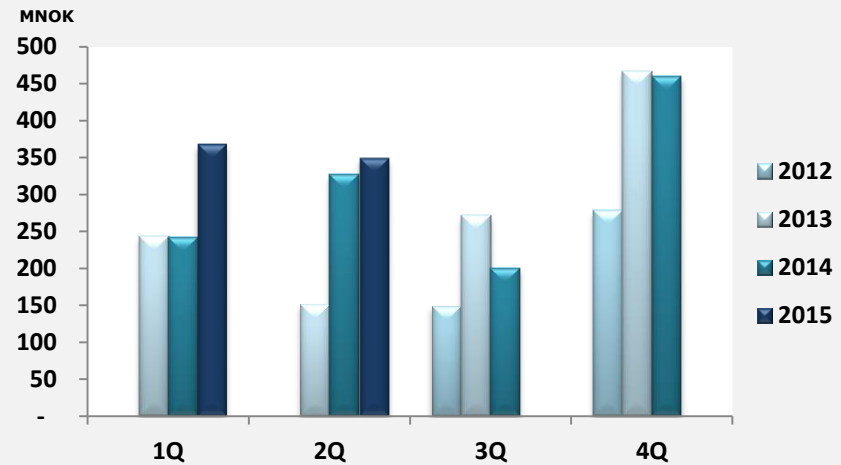


Order backlog and inflow

Order backlog



Order inflow



- Highest order inflow and order backlog ever after a second quarter
- The good market activity continues



Maintaining positive outlook

- Strong overall short term outlook due to high market activity and order backlog. Our target remains to outperform 2014
- Strong demand in the Nordic market is expected to continue, with shift towards more investment in Land Based Technology
- UK and Canada are expected to continue to perform well in the next quarters with a significant order backlog and a large portion of recurring business
- Low expectations in Chile. Majority of our Chilean customers struggle with loss making operations and a need to restructure the industry. Situation expected to last. We are well underway to adjust our resources, costs and activity level to the situation
- Land based segment is expected to have a positive development with a growing order backlog and prospect mass. There is historically high market interest for land based technology
- Exports to emerging markets will continue to fluctuate short term, but improved project activity is expected in second half of the year
- We continue our effort to build service and after sales as a key business element in all markets and segments







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