



## Q1 2016 Presentation

Oslo - May 11<sup>th</sup>, 2016

Trond Williksen, CEO

Eirik Børve Monsen, CFO



# Agenda

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Financial performance

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## Highlights Q1 2016 - by CEO Trond Williksen

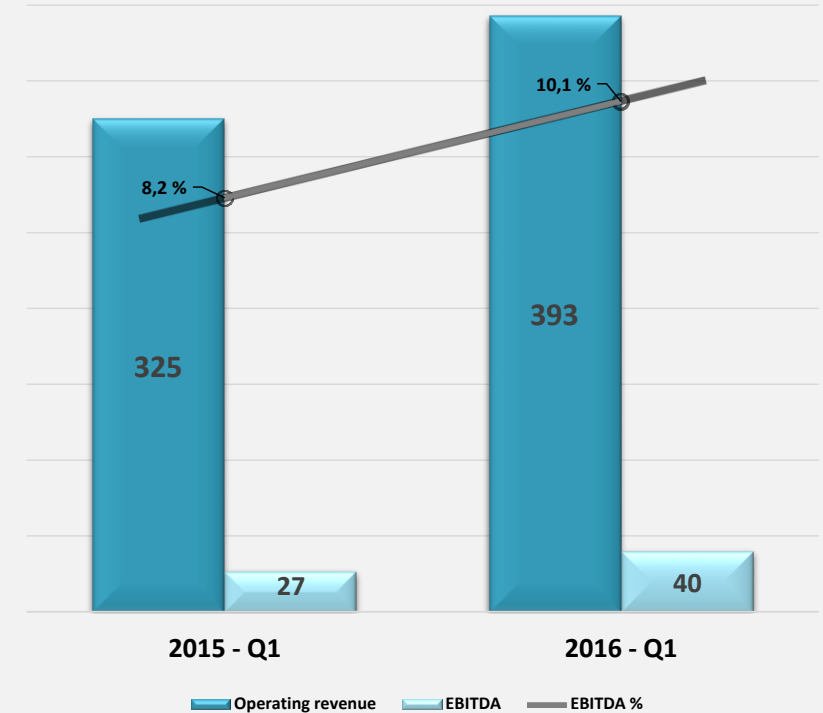
Your Aquaculture Technology and Service Partner

**AKVA**GROUP™<sub>3</sub>

# On track – with a good start of the year

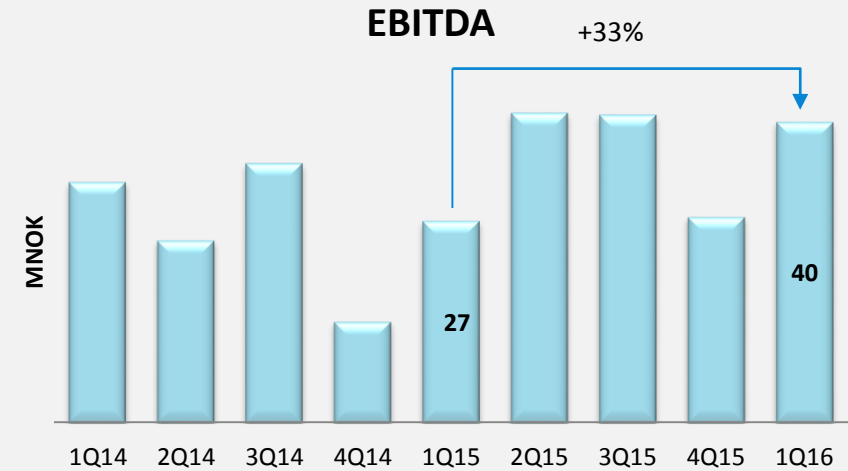
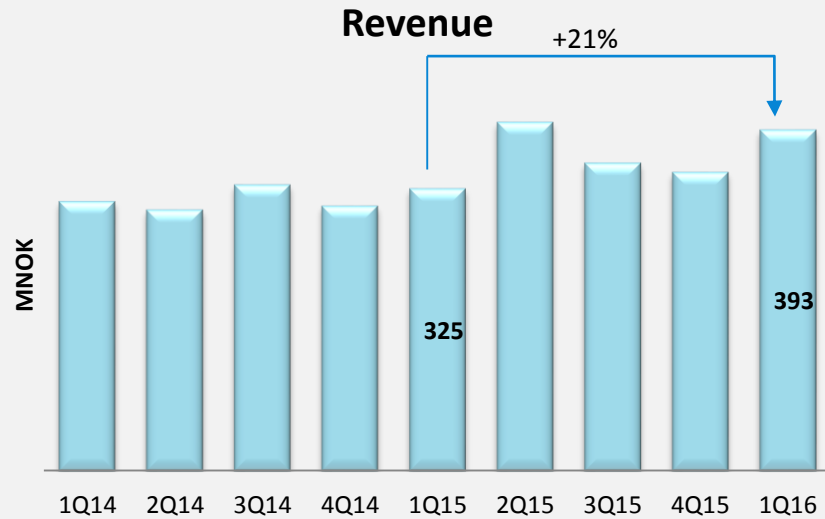
## First Quarter 2016 – Highlights

- All business segments are performing well – best Q1 ever
- A broad mix of products and services contribute financially – becoming a stronger and more diversified Group
- Mid term target of 10% EBITDA achieved over the last 12 months
- Land based had a a good quarter – becoming an important part of AKVA
- Farming Services – positioning ourselves for profitable growth
- Ending the quarter with the highest order backlog ever – the strong market activity continues into Q2
- Strong financial position



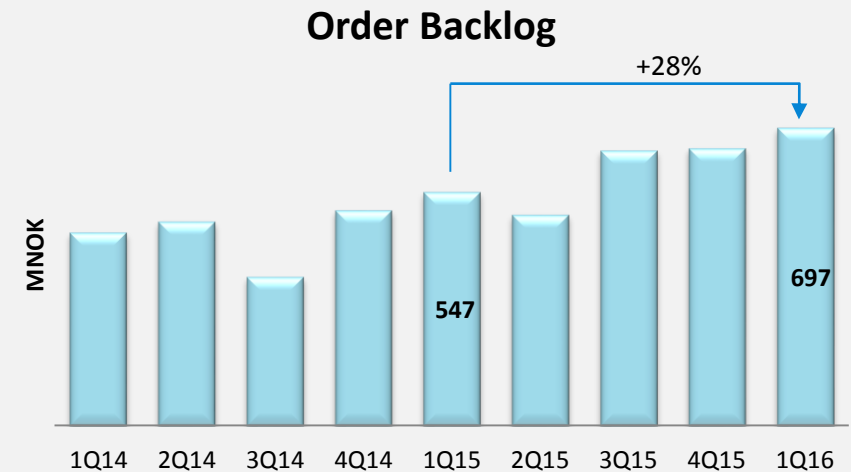
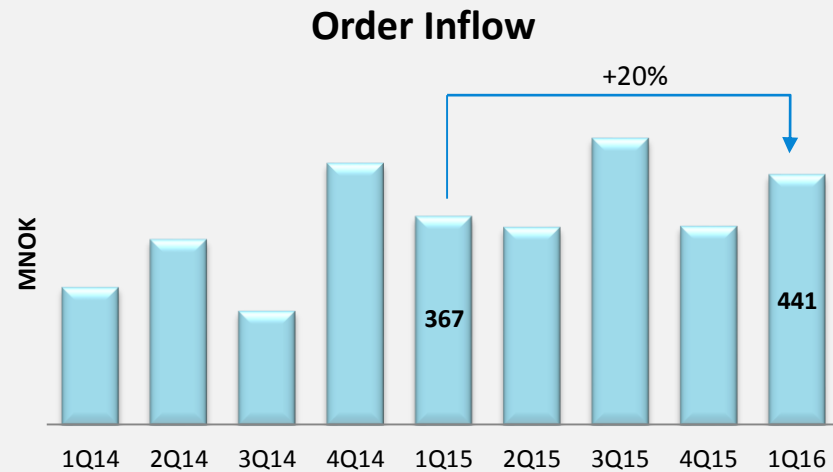


# Improved performance year on year





# Growth in order backlog continues



- The large Land based contract of ~ MNOK 186 (MDKK 150) announced in a stock notice on April 4<sup>th</sup>, 2016 is not included in the Q1 2016 order backlog. It will be included in the Q2 order backlog in the next quarterly report

# AKVA group – uniquely positioned for future growth

Leading technology solutions and service partner to the global aquaculture industry

Global presence - subsidiaries in 8 countries

669 employees

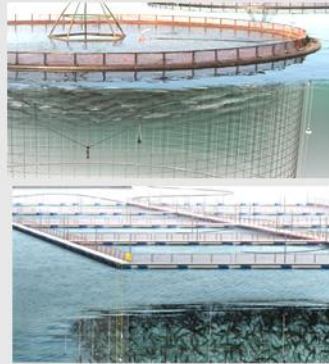
Market cap of NOK ~1500m and net debt of NOK 71m

CAPEX based revenue

OPEX based revenue

1

Cage-based



Plastic and steel cages



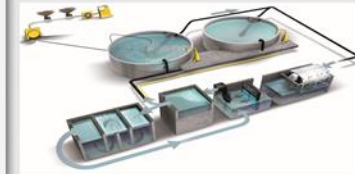
Feed systems, sensors and cameras



Infrastructure

2

Land-based



Land-based facilities



Land-based equipment

3 Software



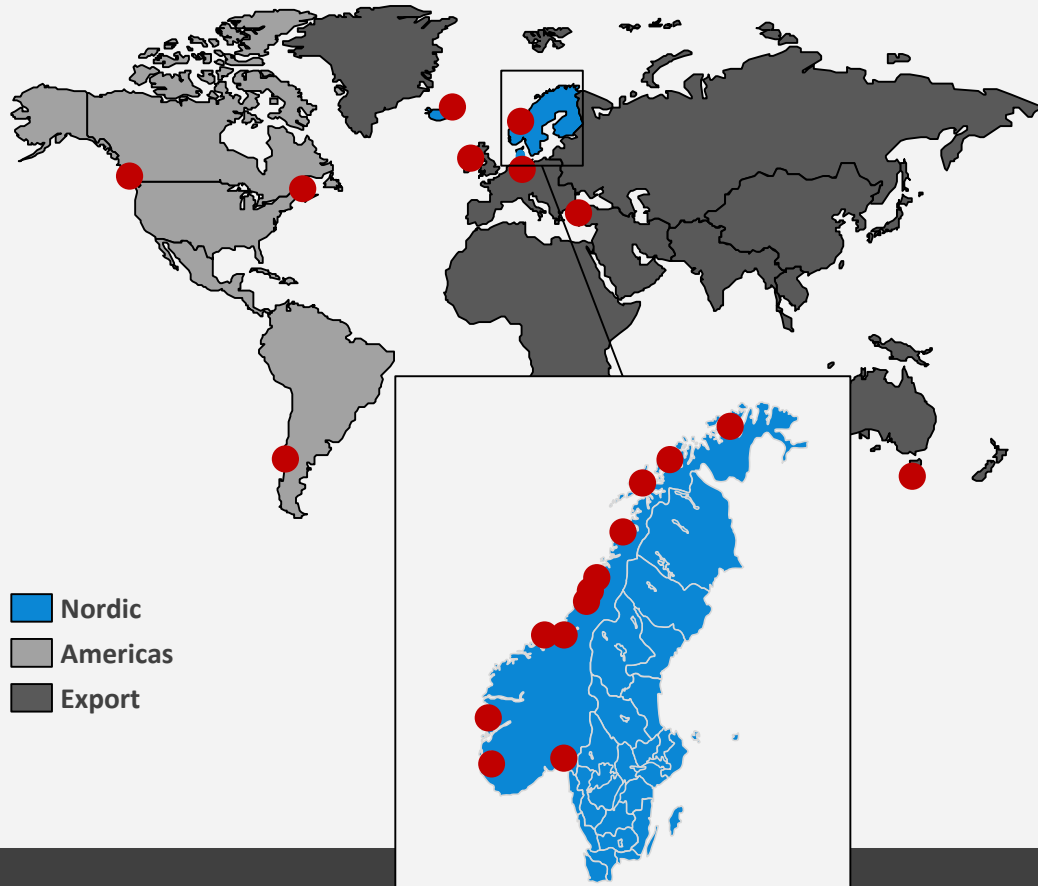
4 Technology and farming services



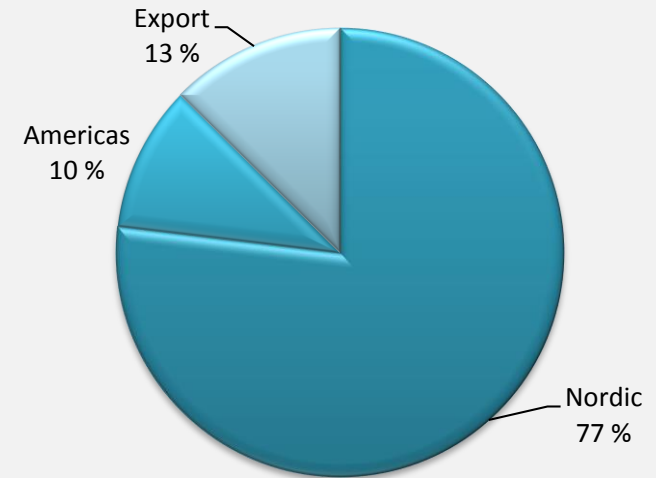


# Presence in all main farming regions

Map of activities



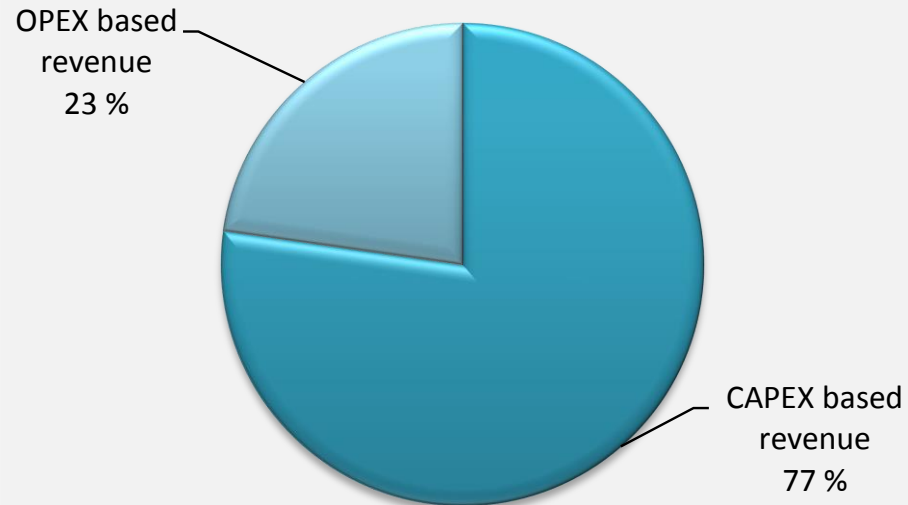
Revenue per region, Q1 2016





# Strategic priority to increase the proportion of OPEX based revenue

## OPEX based vs CAPEX based revenue, Q1 2016



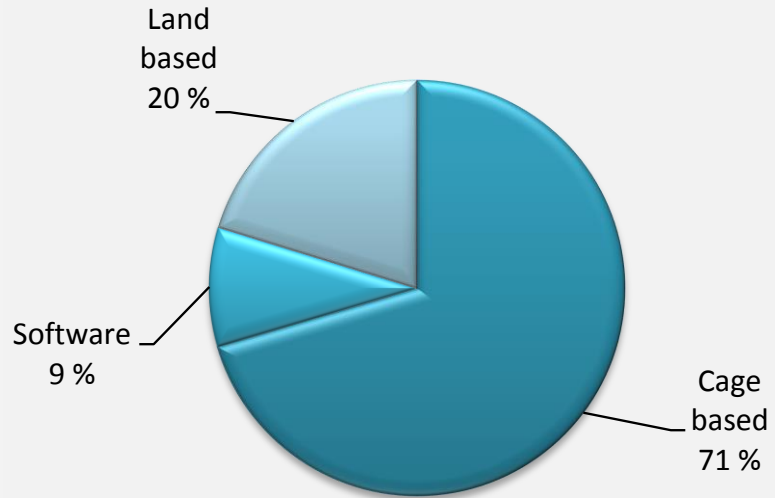
## Comments

- 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
- AKVA Marine Services, our 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



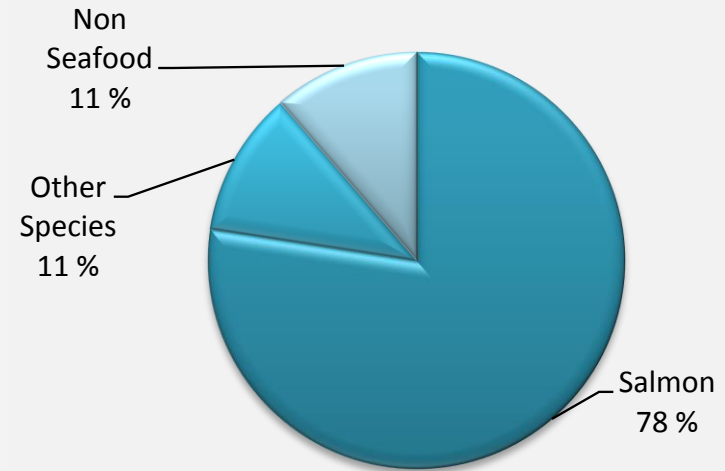
# Revenue by product groups and species

**By product groups – Q1 2016**



- **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

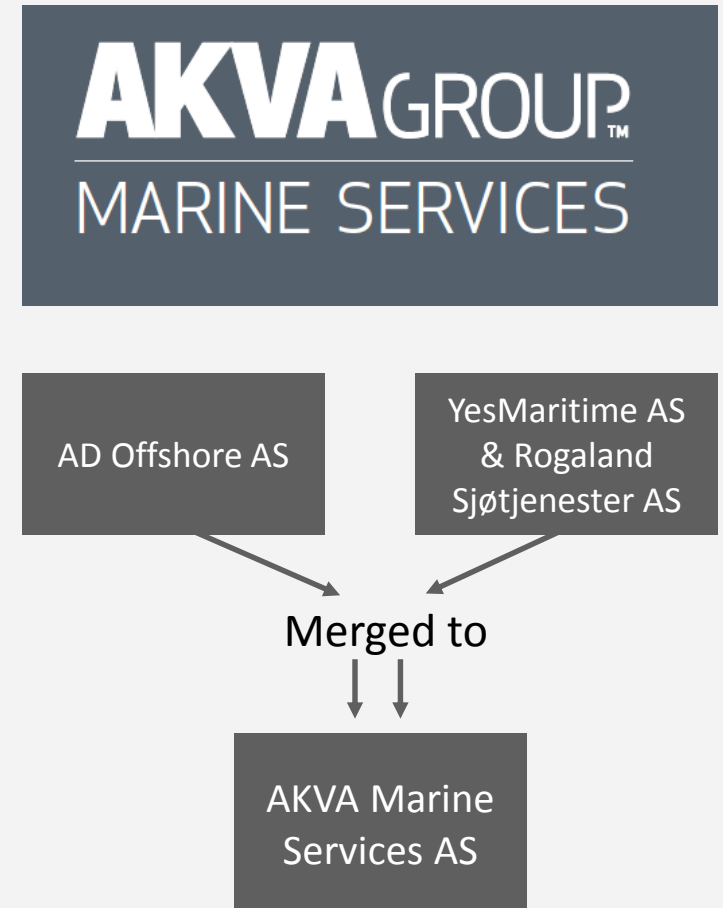
**By species – Q1 2016**



- **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

# AKVA Marine Services AS – our new Farming Services vehicle

- AKVA group ASA acquired 58% of AD Offshore AS on April 7<sup>th</sup>, 2016
- The acquisition of AD Offshore AS was a natural step in AKVA group's strategy to strengthen its position in the aquaculture industry service segment. We expect this market to grow in the coming years and we expect a consolidation of the players. Through this acquisition, AKVA group ASA will be well positioned to participate in this development. AD Offshore AS presents significant synergies with our existing activity in this segment
- The process of merging YesMaritime AS and Rogaland Sjøtjenester AS with AD Offshore AS is expected to be finalized in Q2 2016
- AKVA group ASA will own 65% of the new merged company
- The name of the new entity will be AKVA Marine Services AS
- AKVA Marine Services will be a lean and effective player in the Farming Services industry
- AKVA Marine Services will cover the farming services market in Rogaland and Hordaland





## AKVA Marine Services AS – Signed LOI with Techno Dive

- AKVA Marine Services AS entered into a letter of intent regarding a possible acquisition of an inshore/offshore diving and aquaculture farming services provider Techno Dive AS on May 10<sup>th</sup>, 2016. The parties aim to complete customary due diligence investigations and negotiations of a final purchase agreement by mid-June 2016, and if final terms are agreed, to complete the transaction by the end of June 2016. A transaction is expected to be settled in cash
- Techno Dive AS is a leading provider of safe and efficient subsea work. With worldwide experience through countless projects. The company is considered to be a good fit with AKVA Marine Services and is expected to strengthen its position in the Farming Services segment further.





## Plastsveis – exercising call option to buy the remaining 30% of the shares

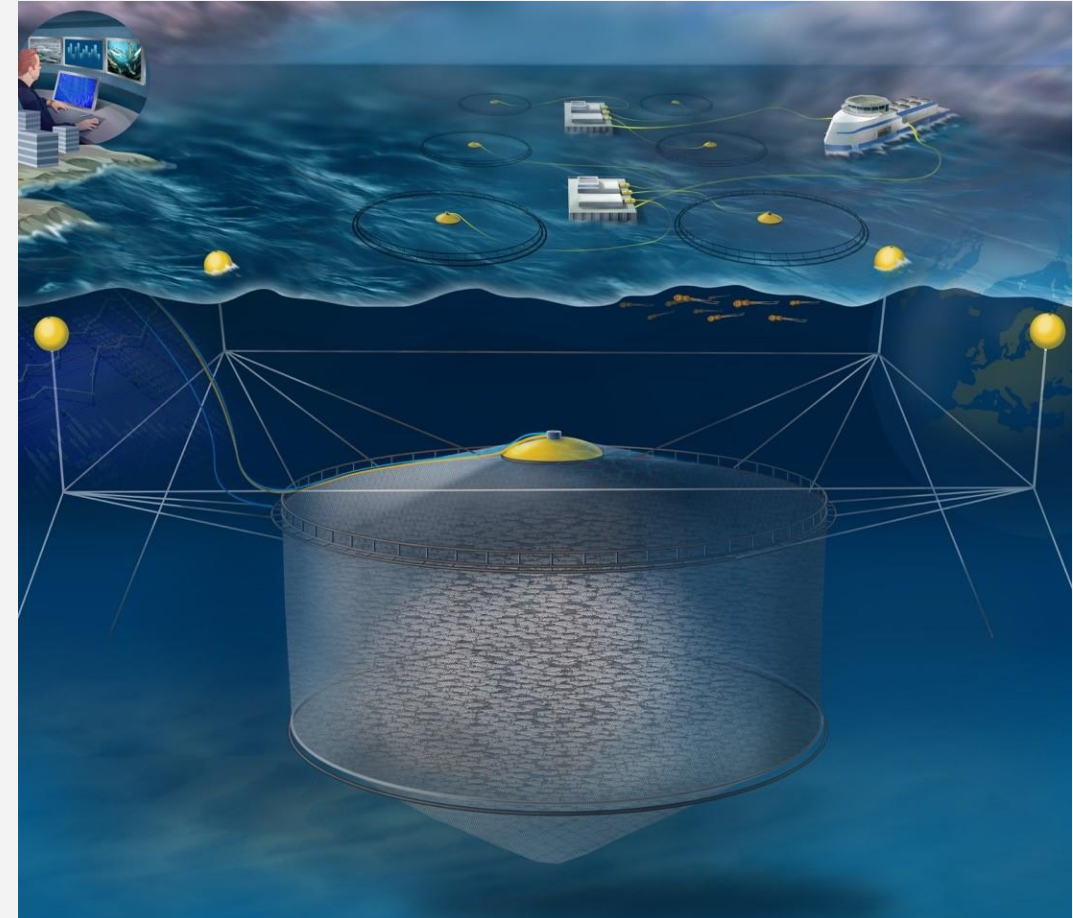
- AKVA group ASA has exercised a call option to buy the remaining 30% of the shares in Plastsveis
- The option could be exercised from January 2016 and onwards.
- The call option was exercised in March 2016 and the transaction was finalized on April 11<sup>th</sup>, 2016.
- AKVA group ASA paid MNOK 0,5 for the remaining 30% of the shares, giving a total price for 100% of the shares of MNOK 19.5. EBITDA in 2015 was MNOK 7.3

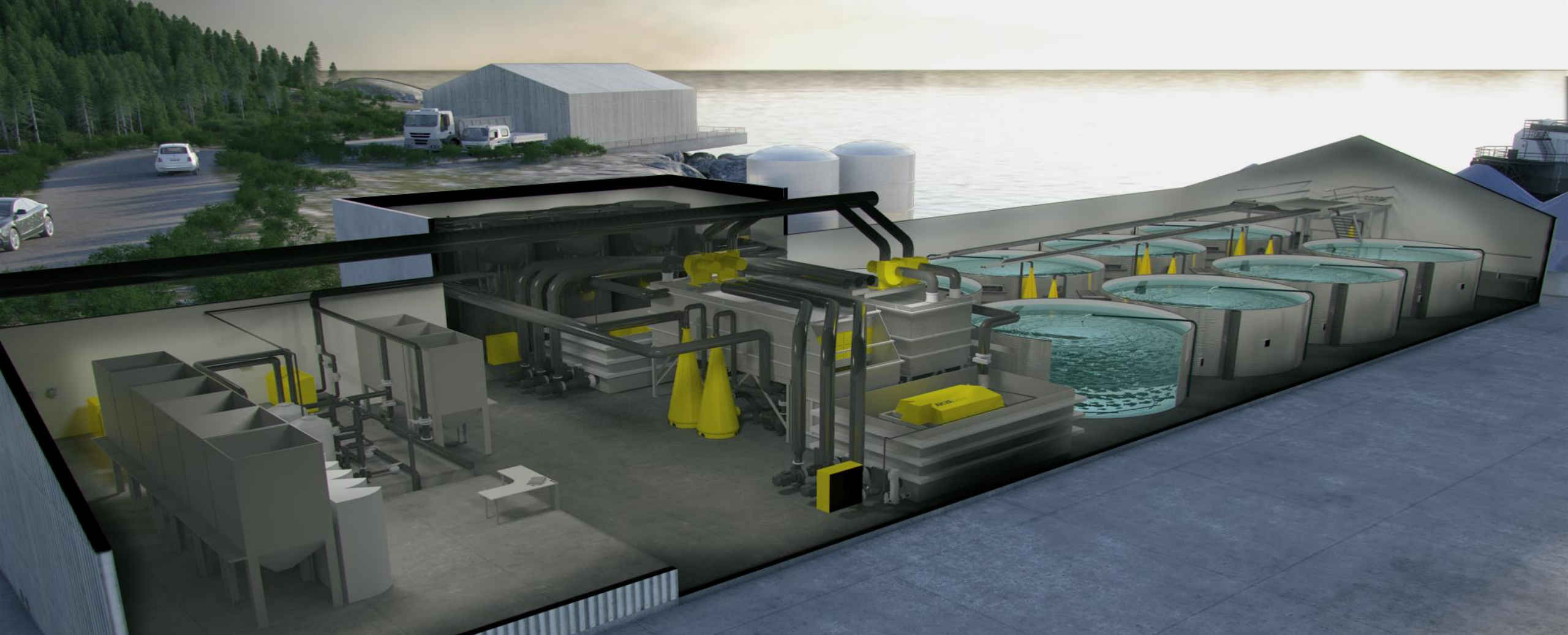


# Atlantis Subsea Farming AS



- Established in partnership with the companies Sinkaberg-Hansen AS and Egersund Net AS – 33.3% of the shares each on February 1<sup>st</sup>, 2016
- 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





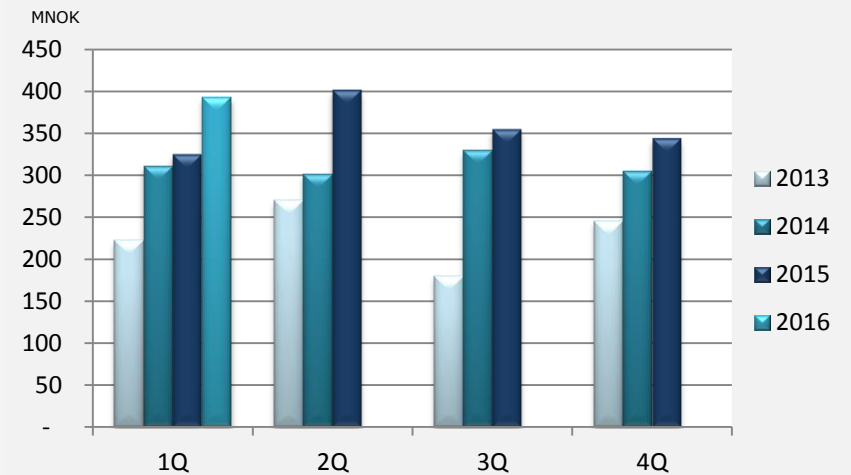
## Financial performance Q1 2016 – by CFO Eirik Børve Monsen



# Q1 2016 - Financial highlights

- 17.9% ROCE – profitable operations combined with strong capital discipline in all units
- All segments contributing to positive financial performance - taking advantage of a diversified operation
- Land based on track
- Controlling the operation in Chile through challenging market conditions

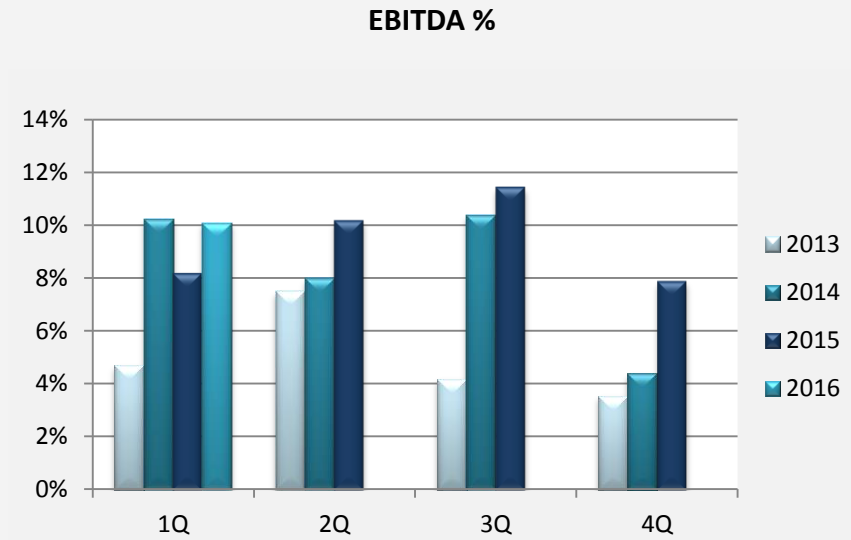
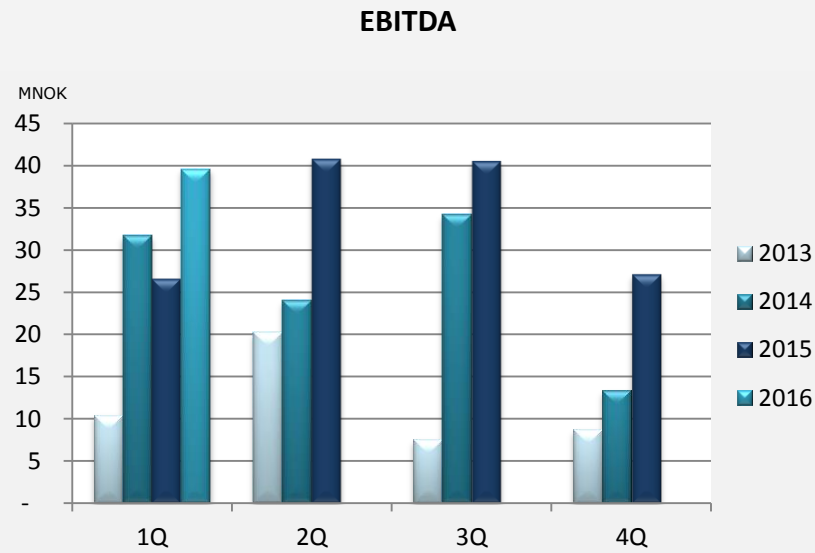
Revenue







# Q1 2016 - Financial highlights, continued



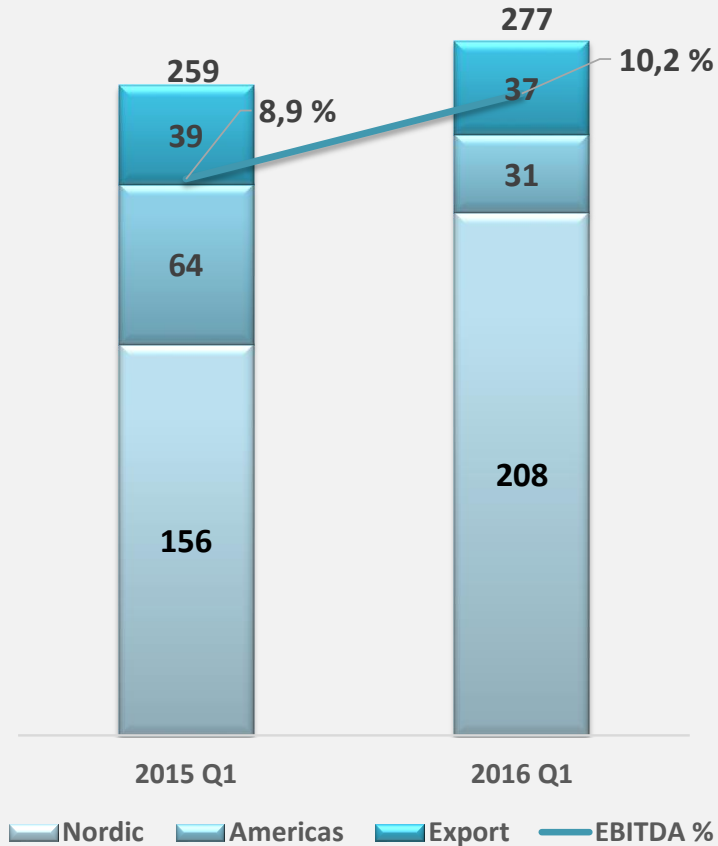
*Stabilizing on a historical higher EBITDA-level both in NOK and in %*

*The medium term target of 10% EBITDA on a annual basis – achieved in the last twelve months financials*



# Cage Based Technologies

CBT (Revenue & EBITDA %)



## Nordic

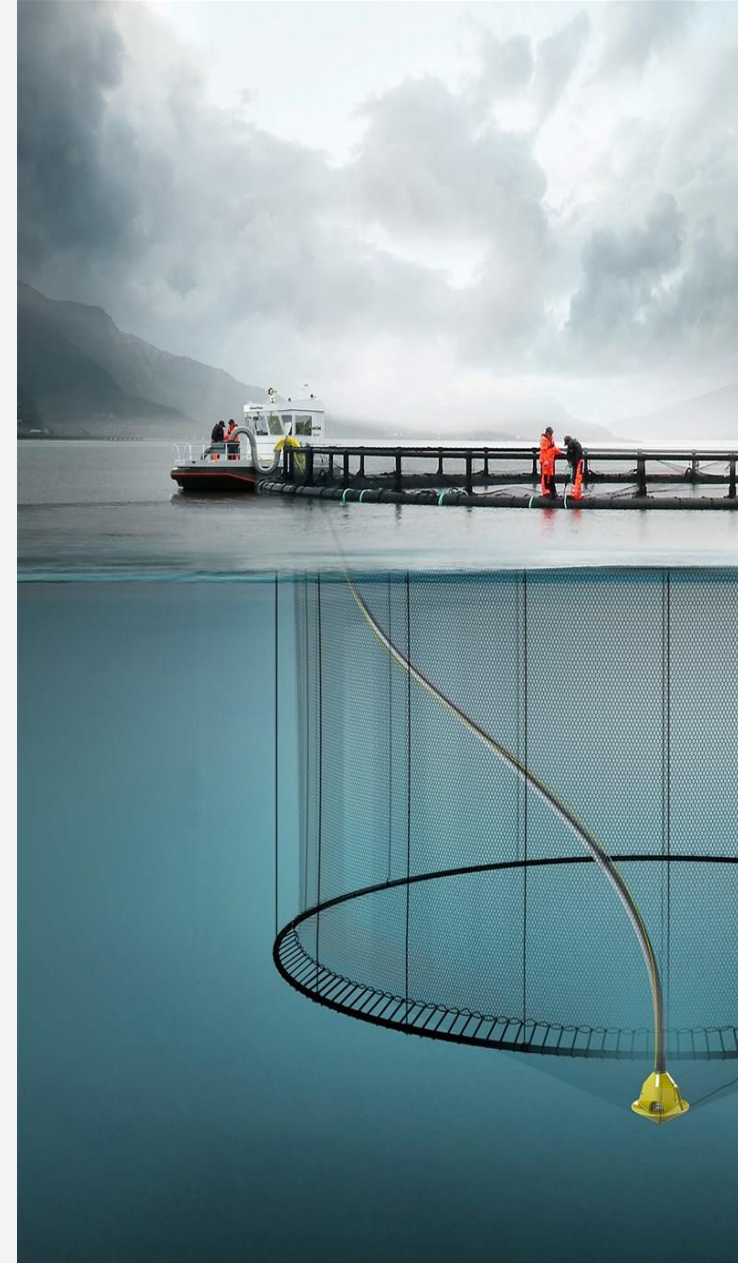
- Good performance in Q1 – traditional low season
- A wide range of products continue to contribute financially – AKVAsmart products, Barges and Polarcirkel cages

## Americas

- Low activity in Chile - mostly service sales
- Canada with similar start as last year – a lean and efficient operation
- Australia - a small but profitable operation

## Export

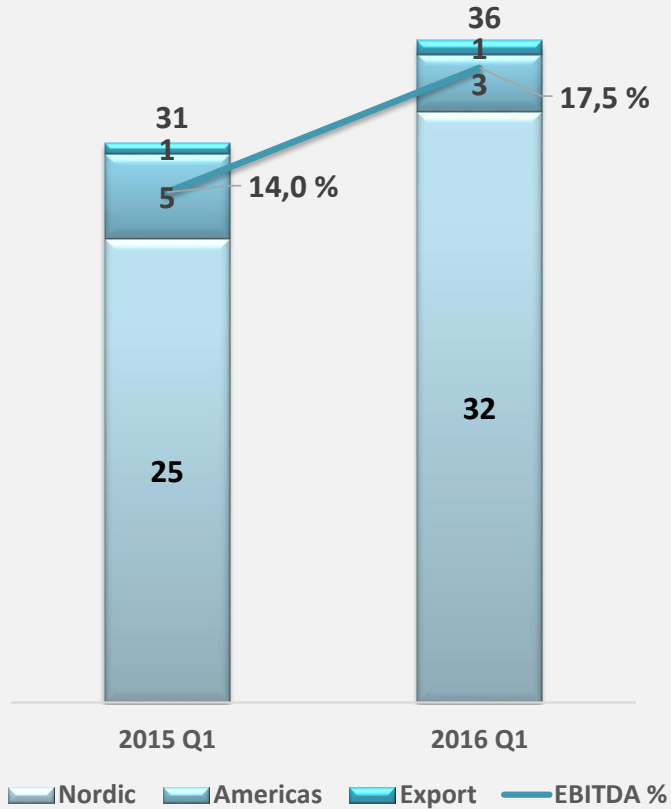
- UK with a decent start of the year – high level of OPEX based revenues
- Turkey with a very good start of the year - increased activity in the Sea Bass and Sea Bream industry
- Export to emerging markets – slow, but some activity - Iran





# Software

SW (Revenue & EBITDA %)



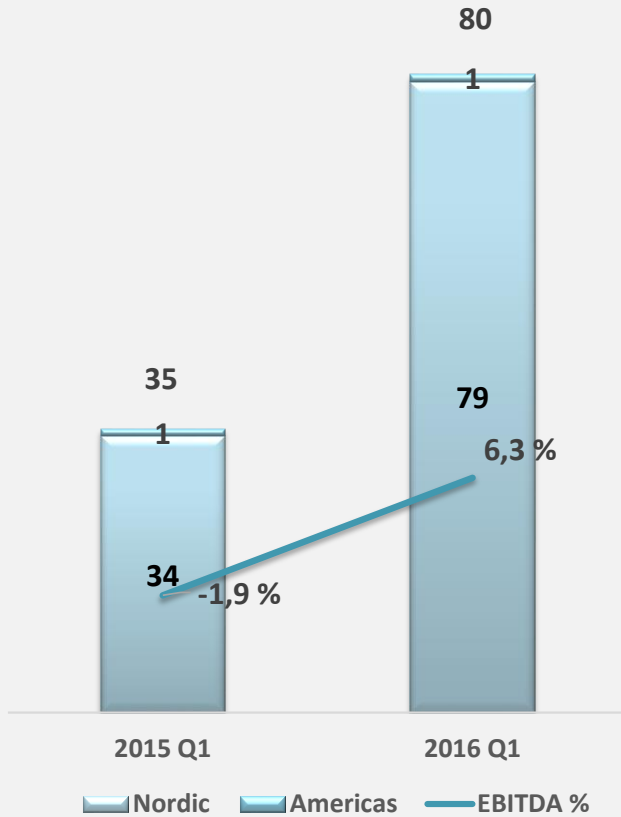
- AKVA group Software AS with good start of the year
- Wise lausnir ehf – with improved performance YoY
- WiseBlue – Norwegian subsidiary of Wise lausnir ehf – small but profitable
- Software continues to invest in new product modules, which is expected to strengthen the financial performance of the SW segment further





# Land Based Technologies

LBT (Revenue & EBITDA %)



- 20% of total Group revenue in Q1
- Significant improved financial performance YoY
- Plastsveis AS with a very good start of the year
- Aquatec Solutions A/S – with a good Q1
- AKVA group Denmark A/S with a decent Q1 – but with room for further improvement





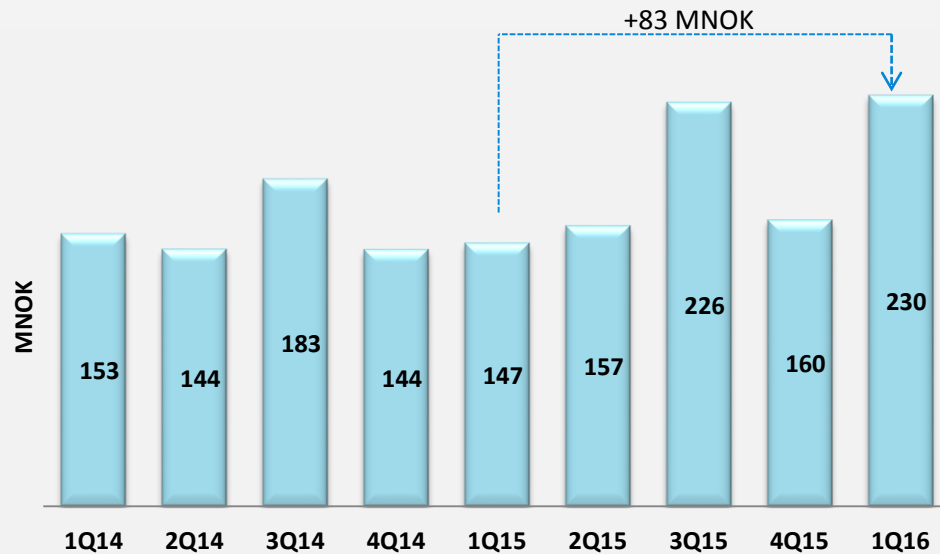
# Financials – Detailed P & L

P&L (MNOK)	2016 Q1	2015 Q1	2015 Total
<b>OPERATING REVENUES</b>	<b>392,5</b>	<b>325,0</b>	<b>1 425,3</b>
Operating costs ex depreciations	352,9	298,4	1 290,2
<b>EBITDA</b>	<b>39,6</b>	<b>26,6</b>	<b>135,2</b>
Depreciation	14,6	10,5	47,5
<b>EBIT</b>	<b>25,0</b>	<b>16,1</b>	<b>87,7</b>
Net interest expense	-1,9	-1,3	-5,4
Other financial items	-7,7	1,5	-4,3
Net financial items	-9,5	0,2	-9,6
<b>EBT</b>	<b>15,4</b>	<b>16,3</b>	<b>78,1</b>
Taxes	3,0	4,9	19,7
<b>NET PROFIT</b>	<b>12,5</b>	<b>11,4</b>	<b>58,4</b>
<b>Net profit (loss) attributable to:</b>			
Non-controlling interests	0,9	0,1	1,6
Equity holders of AKVA group ASA	11,6	11,3	56,8
Revenue growth	20,8 %	4,7 %	14,4 %
EBITDA margin	10,1 %	8,2 %	9,5 %
EPS (NOK)	0,45	0,44	2,20

- Increased depreciation mainly due to increased rental CAPEX and amortization
- Low interest cost due to low net debt and low interest rate.
- Mostly currency and acquisition cost - considered to be on the higher side
- Minority shareholders (30%) in Plastsveis AS and Wise Blue AS. Plastsveis AS will be a 100% owned company from Q2 2016 and onwards.

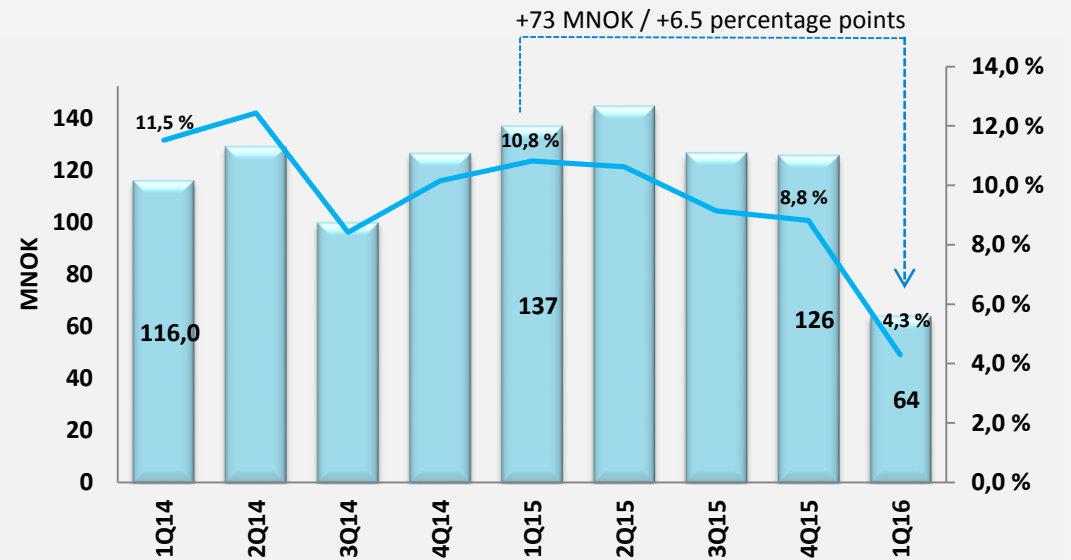
# Group financial profile – remains strong

## Available cash



- Including a 90 MNOK credit facility in Danske Bank

## Working capital

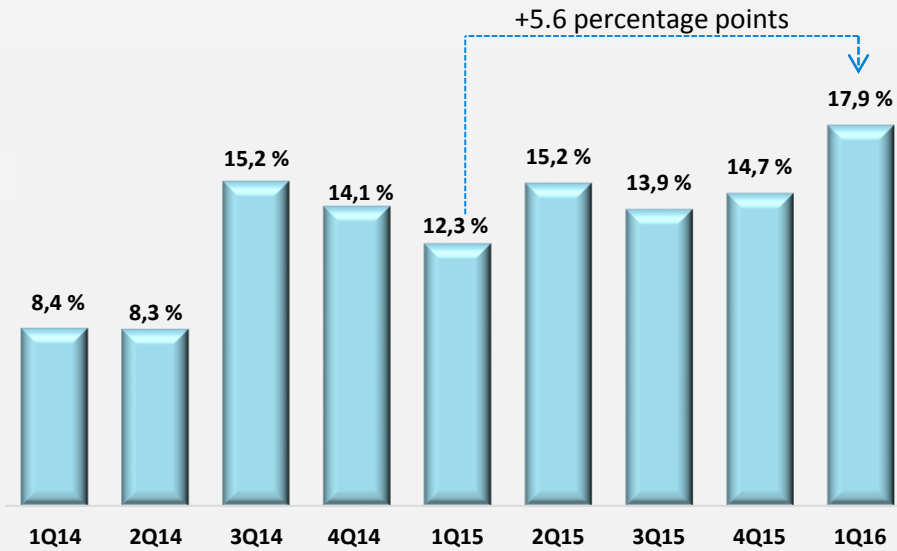


- Strong working capital level – despite record high activity
- Due to strong capital discipline in the Group

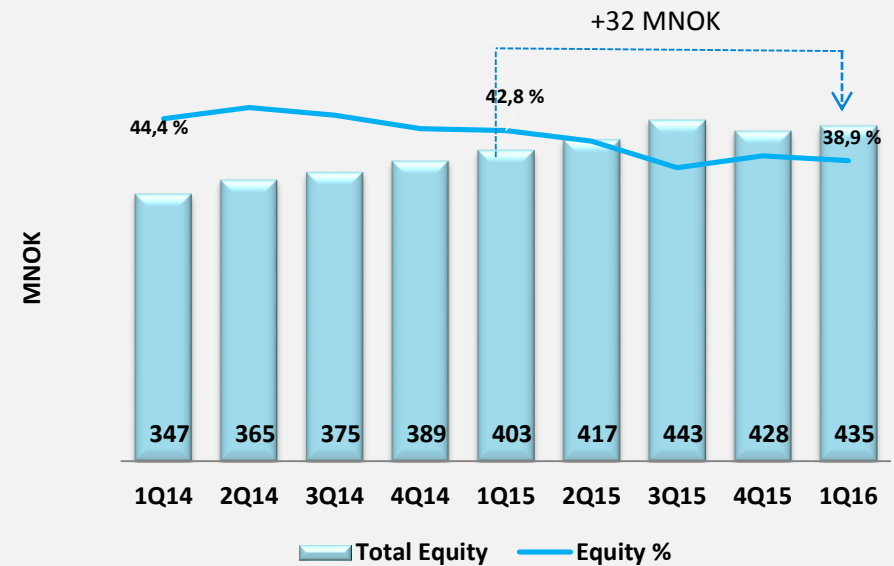


# Group financial profile – remains strong, continued

## ROCE



## Equity

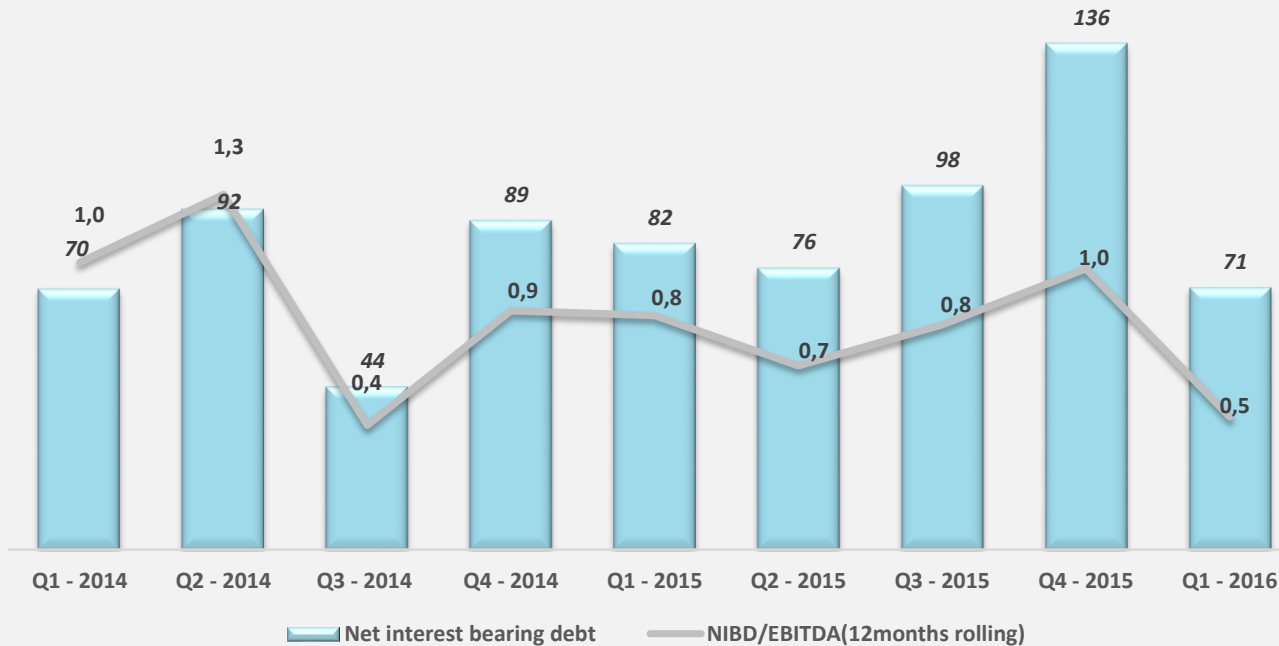


- Good nominal increase in equity YoY due to profitable operation
- Dividend payments of 25.7 MNOK in Q4 2015 and 25.8 MNOK in Q4 2014



# Net debt/EBITDA of 0.5x

## Net debt (MNOK) and net debt/EBITDA



## Change in net debt (TNOK)

<b>Net debt 31.12.2015</b>	<b>136 117</b>
EBITDA	-39 615
Income taxes paid	9 646
Net interest paid	1 856
Capex paid	23 114
Acquisitions / Divestments	-
Paid dividend	-
Buyback own shares	-4 155
Sale of fixed assets	-140
Currency effects	7 691
Other changes in working capital	-64 003
<b>Net change</b>	<b>-65 605</b>
<b>Net debt 31.03.2016</b>	<b>70 512</b>

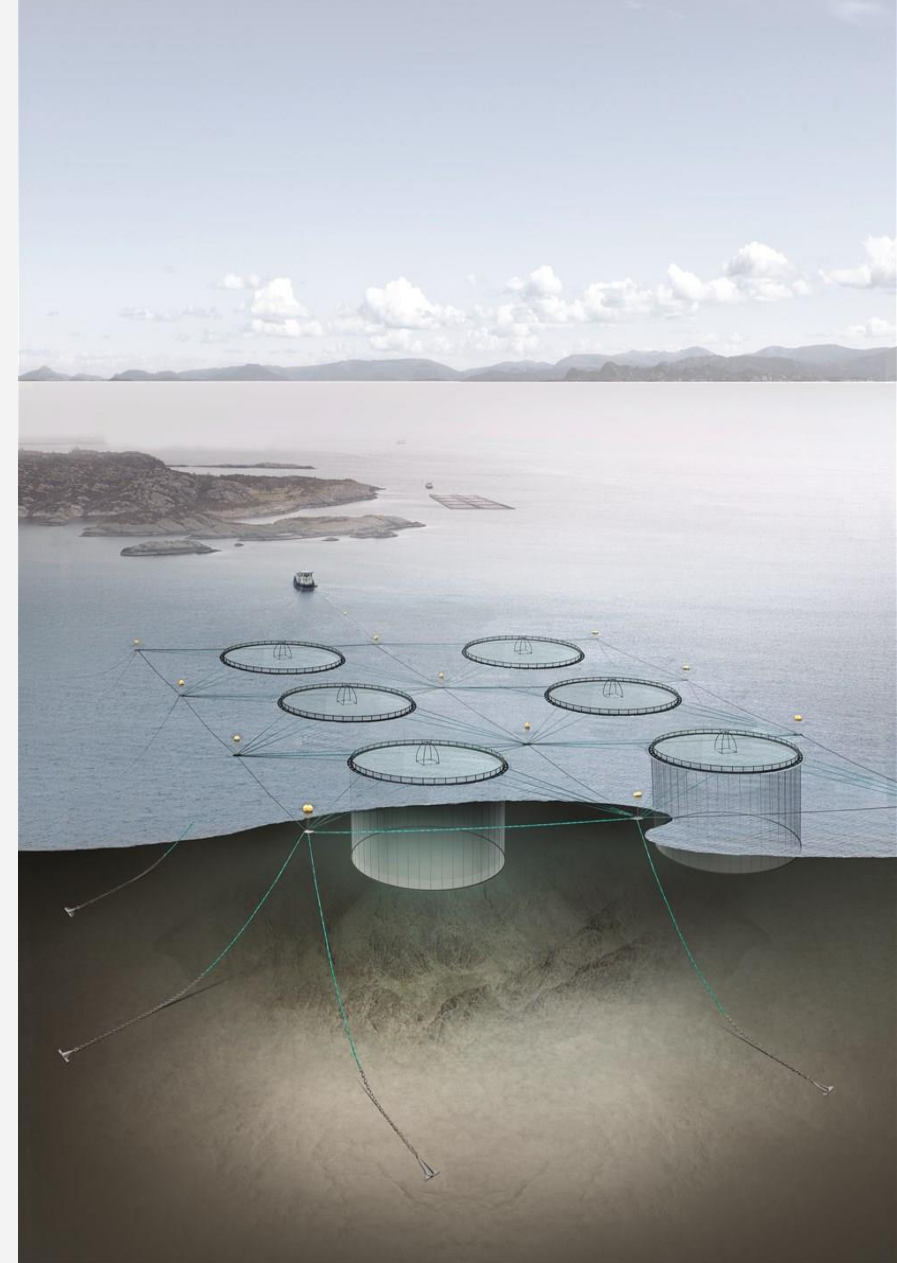




# Balance sheet

<b>BALANCE SHEET</b>	<b>2016</b>	<b>2015</b>
(MNOK)	<b>31.03</b>	<b>31.03</b>

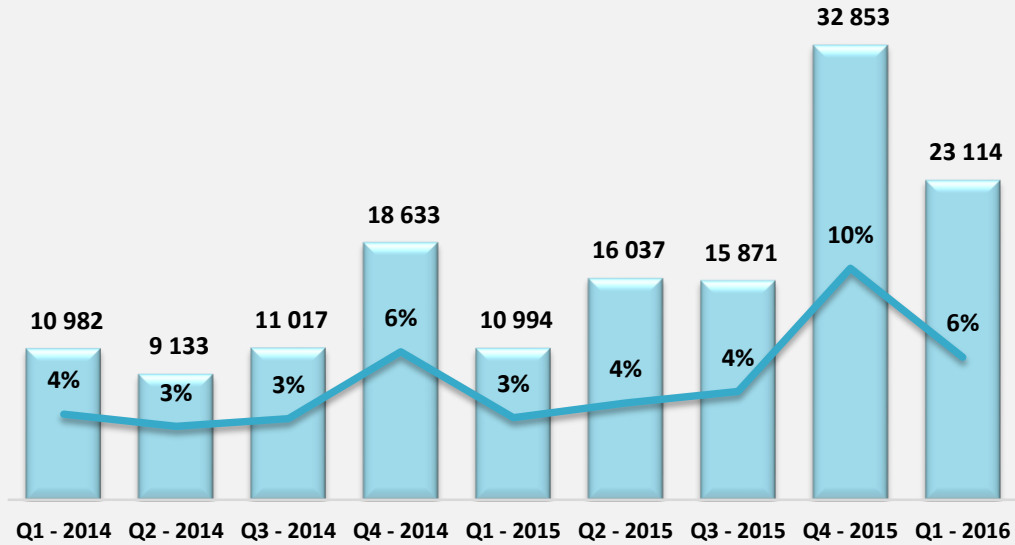
<b>ASSETS</b>	<b>1 117</b>	<b>942</b>
Intangible non-current assets	360	274
Tangible non-current assets	110	76
Financial non-current assets	10	2
Inventory	180	183
Receivables	306	349
Cash and cash equivalents	151	57
<b>LIABILITIES AND EQUITY</b>	<b>1 117</b>	<b>942</b>
Equity	431	402
Minority interest	4	2
Long-term interest bearing debt	192	126
Short-term interest bearing debt	30	14
Non-interest bearing liabilities	461	398



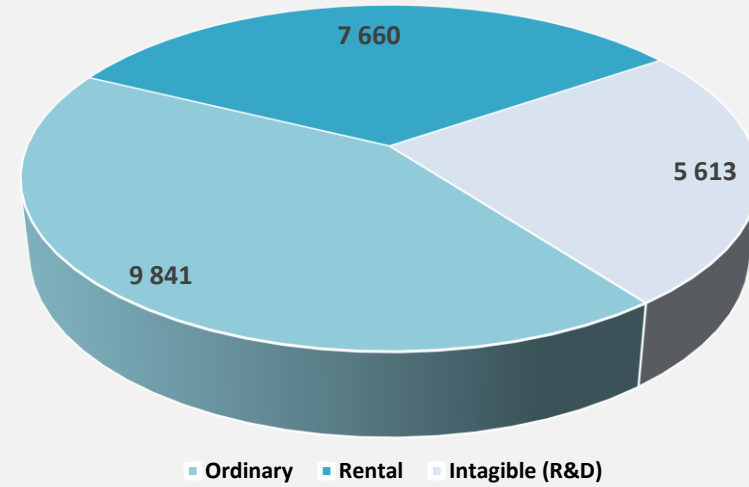


# CAPEX

### Capex (TNOK) and capex / sales (%)



### CAPEX breakdown 2016 YTD (TNOK)



- Annualized CAPEX as % of revenue in 2015 was 5%



# 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 INVESTMENTS LIMITED		GBR
853 662	3,3 %	VERDIPAPIRFONDET ALFRED BERG GAMBA		NOR
539 300	2,1 %	MP PENSIJON PK		NOR
489 417	1,9 %	EIKA NORGE		NOR
457 400	1,8 %	SKANDINAVISKA ENSKILDA BANKEN S.A.	Nominee	LUX
397 904	1,5 %	STATOIL PENSIJON		NOR
370 447	1,4 %	VERDIPAPIRFONDET DNB SMB		NOR
321 576	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 ALPHA VPF		NOR
196 300	0,8 %	DAHLE BJØRN		NOR
181 000	0,7 %	VPF NORDEA AVKASTNING		NOR
173 550	0,7 %	ROGALAND SJØ AS		NOR
166 000	0,6 %	HAVBRUKSCONSULT AS		NOR
130 000	0,5 %	SIX SIS AG	Nominee	CHE
114 752	0,4 %	MOLAUG OLE		NOR
110 579	0,4 %	KLUGE GUNNAR		NOR
102 096	0,4 %	STATOIL FORSIKRING A.S		NOR
<b>22 453 880</b>	<b>86,9 %</b>	<b>20 largest shareholders</b>		
3 380 423	13,1 %	Other		
<b>25 834 303</b>	<b>100,0 %</b>	<b>Total number of shares as per 31.03.2016</b>		

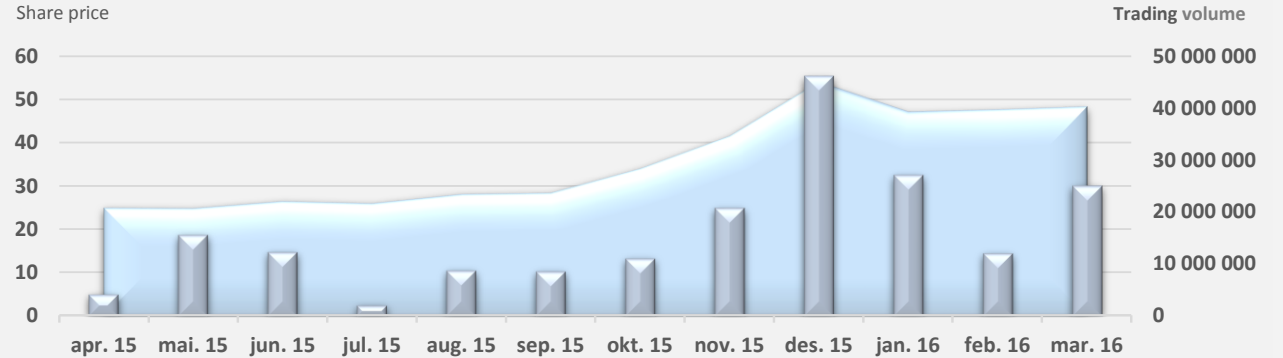
## Origin of shareholders, 5 largest countries

No of shares	%	Origin	No of shareholders
20 502 409	79,0 %	Norway	930
4 026 854	15,5 %	Great Britain	22
571 898	2,6 %	Luxembourg	3
226 180	1,0 %	USA	10
217 427	0,8 %	Switzerland	6
289 535	1,0 %	Other	83

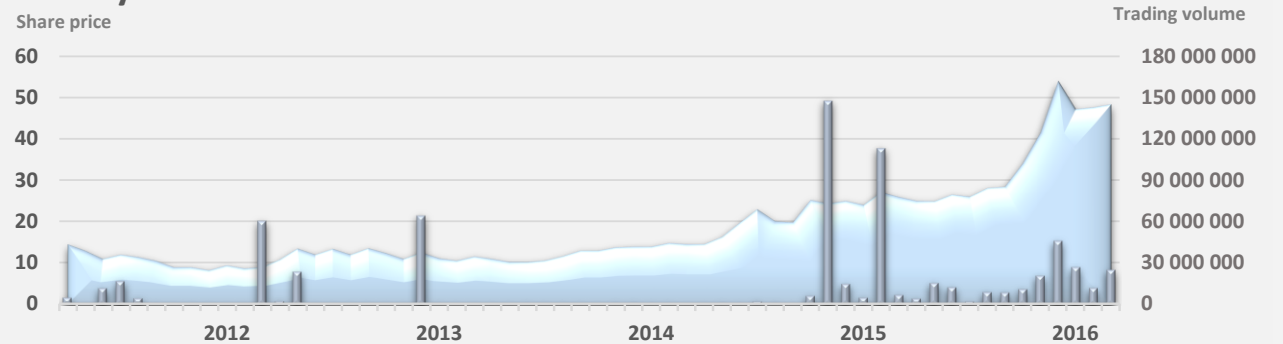
Total number of shareholders: 1054 - from 23 different countries

## Share development

### Last 12 months



### Last 5 years



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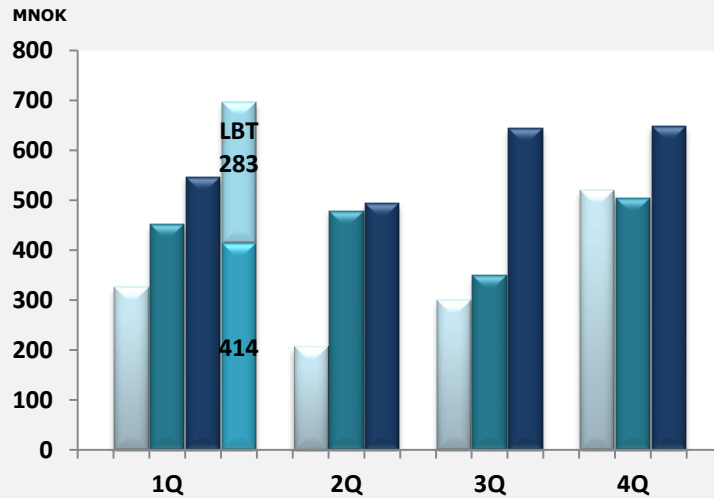


## Outlook – by CEO Trond Williksen

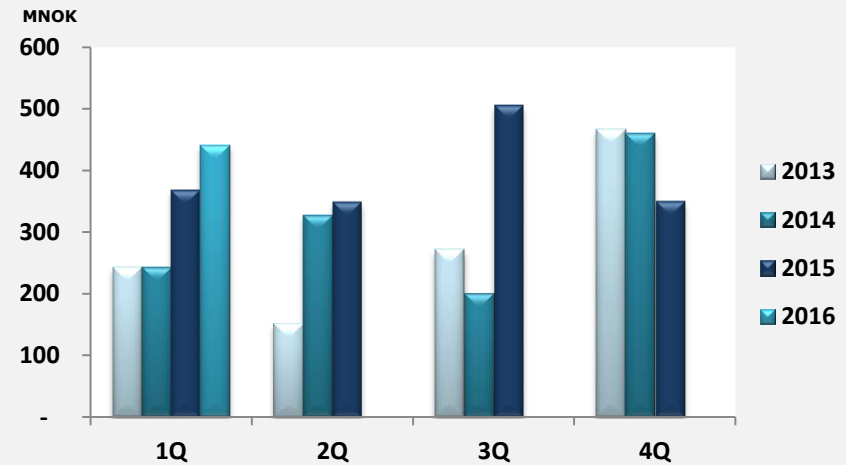


# Order backlog and inflow

## Order backlog



## Order inflow



- Highest order backlog ever
- The good market activity continues
- MNOK 283 of total order backlog at end of quarter is related to Land based technology (LBT)
- The large Land based contract of approximately MNOK 186 (MDKK 150) announced in a stock notice on April 4<sup>th</sup>, 2016 is not included in the Q1 2016 order backlog. It will be included in the Q2 order backlog



# Maintaining positive outlook

- Good mid term outlook due to high market activity and large order backlog, especially in the Nordic market segment
- Good demand in the Nordic cage based segment continues, 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





# AKVA group Capital Markets Day – Agenda

0930 – 0940	Welcome (CEO)
0940 – 1020	AKVA – status and main strategies going forward (CEO & CFO)
1020 – 1030	Break
1030 – 1100	Land based technologies – status and potentials for the salmon industry (GM Aquatec Solution)
1100 - 1130	Atlantis Subsea Farming – a solution to more exposed sites? (COO TnS)
1130 – 1200	Emerging market – AKVA’s potentials are outside salmon? (COO Export)
1200 - 1215	Break
1215 – 1245	Automation – a key to increased efficiency? (COO TnS & Technical Manager)
1245 – 1315	Rental – a key to grow recurring revenues (CFO)
1315 - 1330	Closing Q&A
1330 / 1430	Seafood lunch



You are welcome – at Bryne on May 30<sup>th</sup>, 2016





