



Q2 2017 Presentation

Trondheim – August 16th, 2017

Hallvard Muri, CEO

Simon Nyquist Martinsen, CFO



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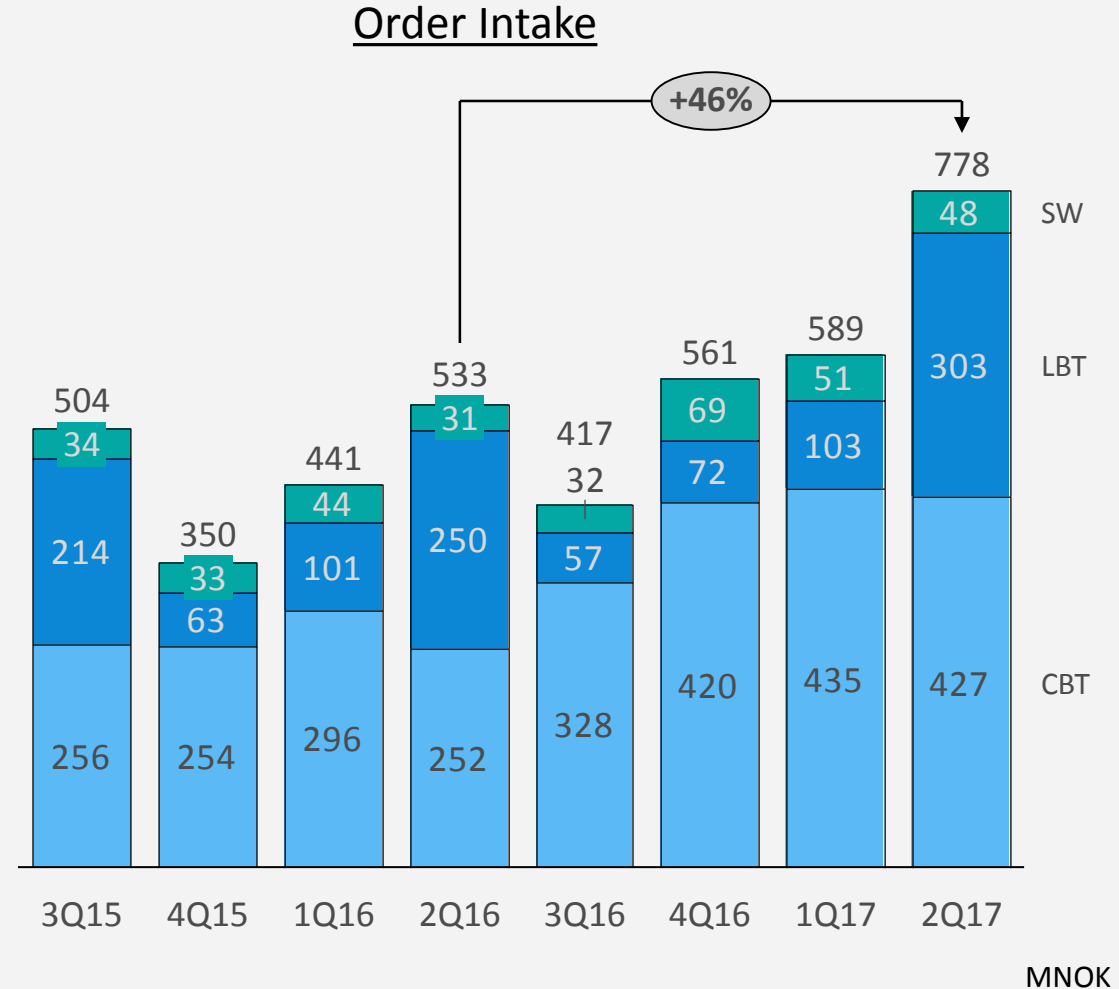


Highlights Q2 2017 - by CEO Hallvard Muri



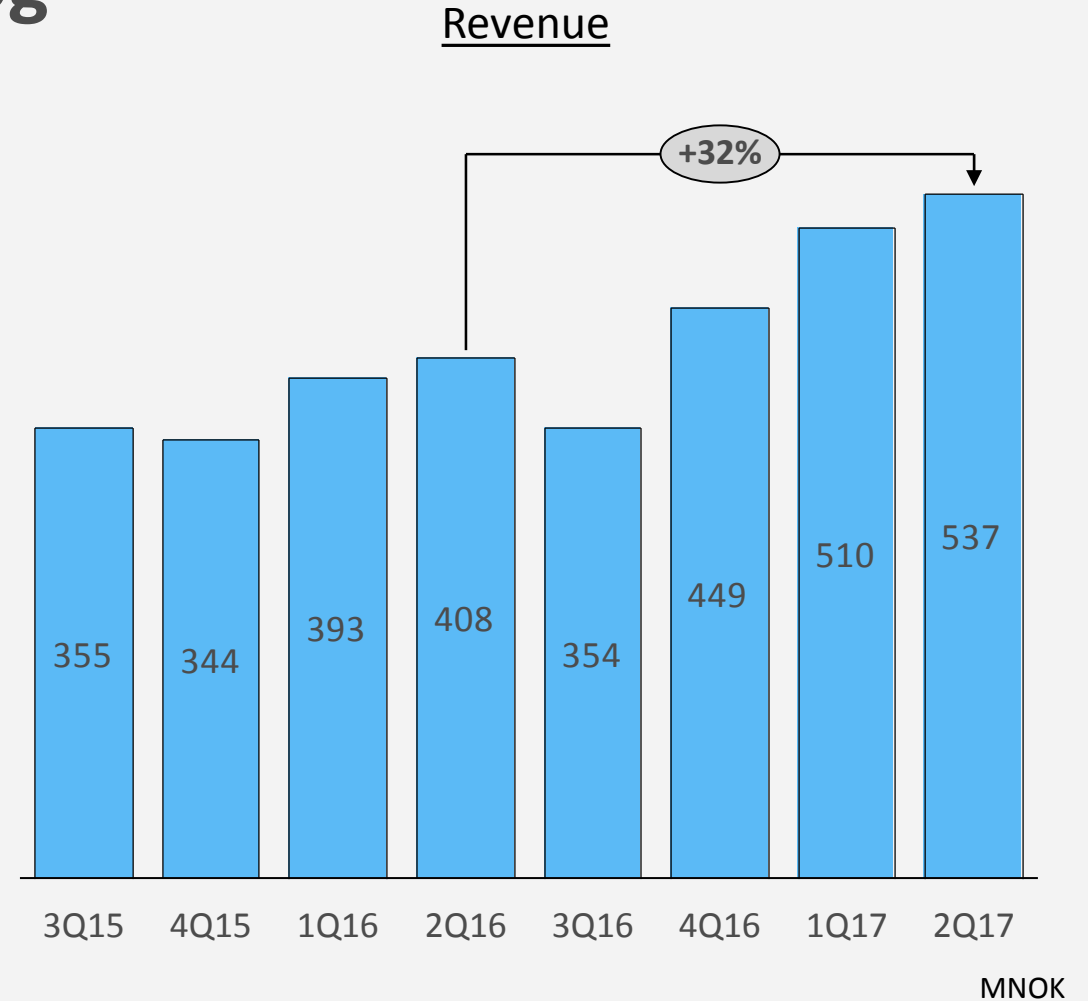
Strong performance in a good market

- Overall increase in order intake of 46% compared to Q2 2016
- Activity in the Nordic region remains strong, up 57% vs Q2 2016
- Good momentum in both Chile and North America more than doubling order intake from Q2 2016
- Increased Marketing & Sales focus start yielding some results for Software segment, up 55 % YoY
- High activity in Land Based segment and several new contracts secured in the quarter
 - Including Midt-Norsk Havbruk of 105 MNOK and Tytlandsvik Aqua 78 MNOK
- New office in Spain off to a good start



Delivering on a solid order backlog

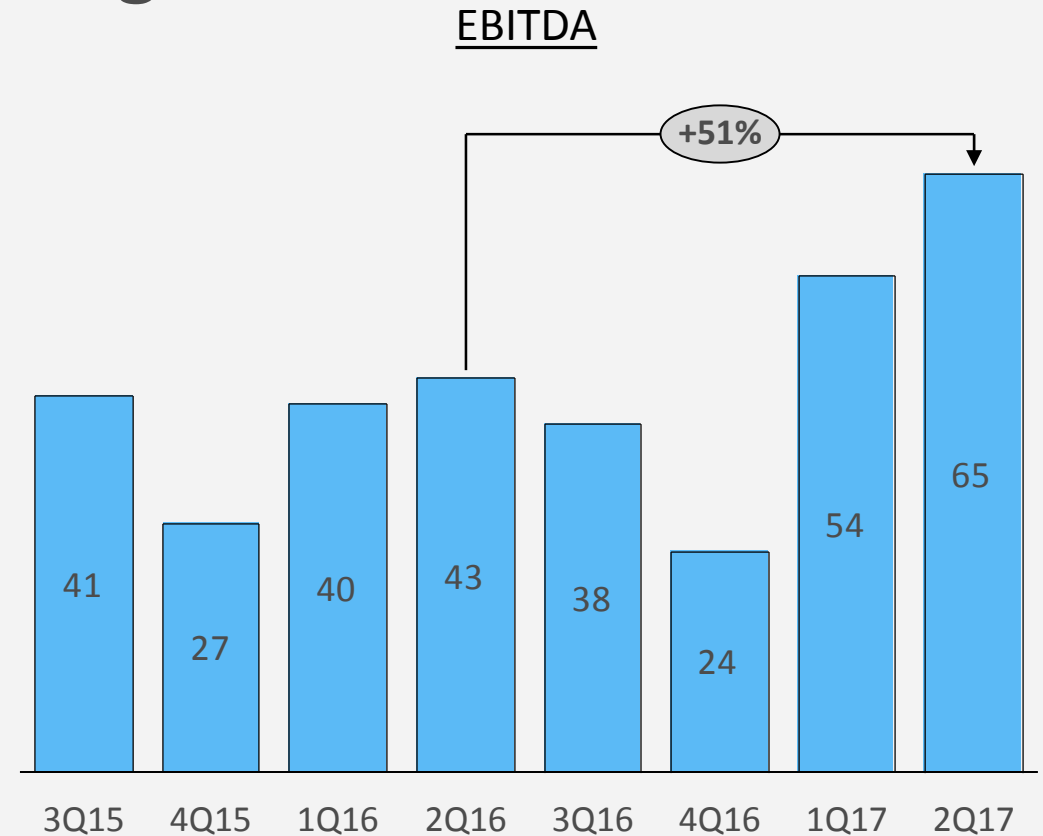
- **32% increase in operating revenue vs Q2 2016:**
 - Cage Based segment Nordic region continue to be main driver, up 43% vs Q2 2016
 - Positive market development in Chile last quarters start flowing trough
 - Aquatec Solutions main driver for Land Based segment in the quarter and year to date





Positive development in EBITDA margin

- EBITDA margin of 12,1% vs 10,4% in Q2 2016:
 - Operational leverage start giving effect
 - Strong quarter for ASA Nordic and Helgeland Plast
 - Solid contribution from Sperre and AKVA Marine Services
 - Americas (AKVA group Chile, North America and Australasia) improvement of 6,0 MNOK compared to Q2 2016
 - EBITDA for Land Based segment still lagging somewhat behind as they have been closing out on some old and challenging contracts

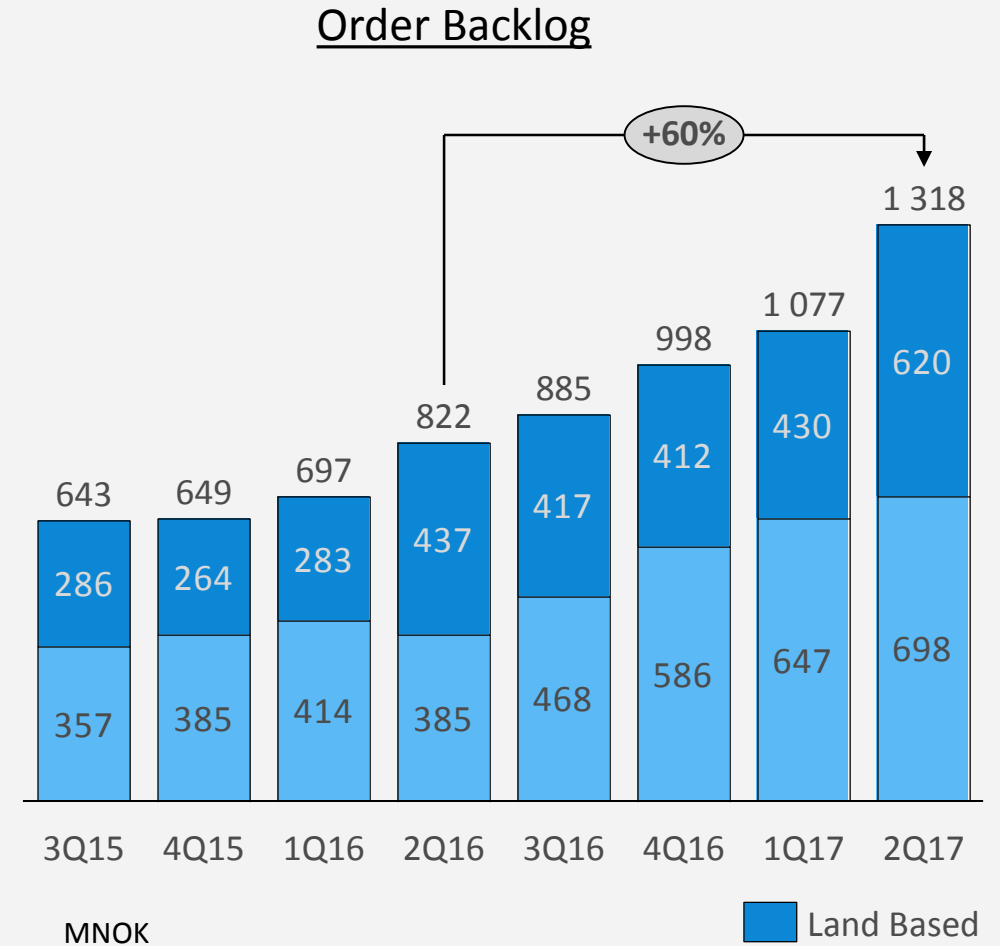


MNOK

Continued strong growth in order backlog

Second quarter 2017 – Highlights

- Strong sales and order intake
- Order backlog end of June of 1.3 BNOK
- EBITDA of 65 MNOK in the quarter



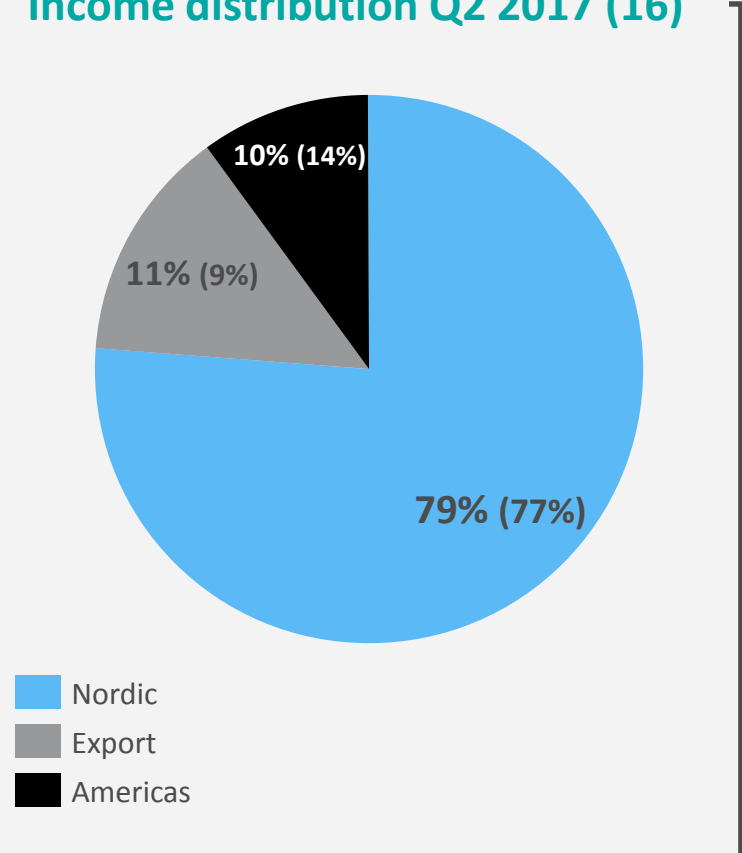


Where we deliver

AKVA group's geographical regions

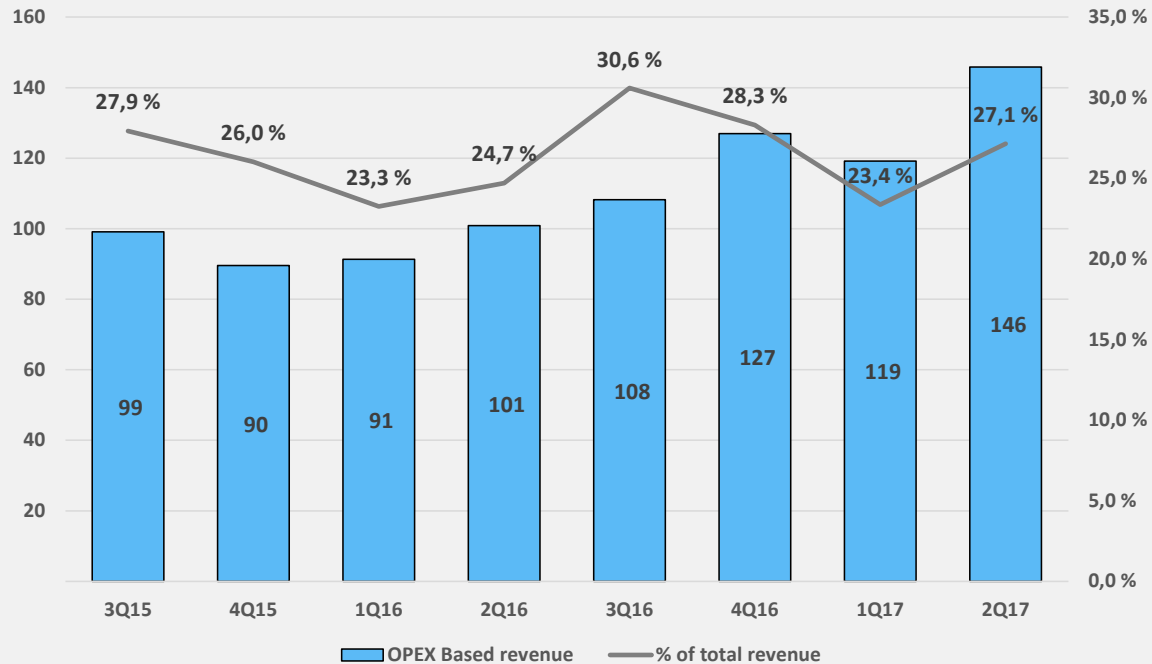


Income distribution Q2 2017 (16)



Development in OPEX based revenue

OPEX based vs CAPEX based revenue



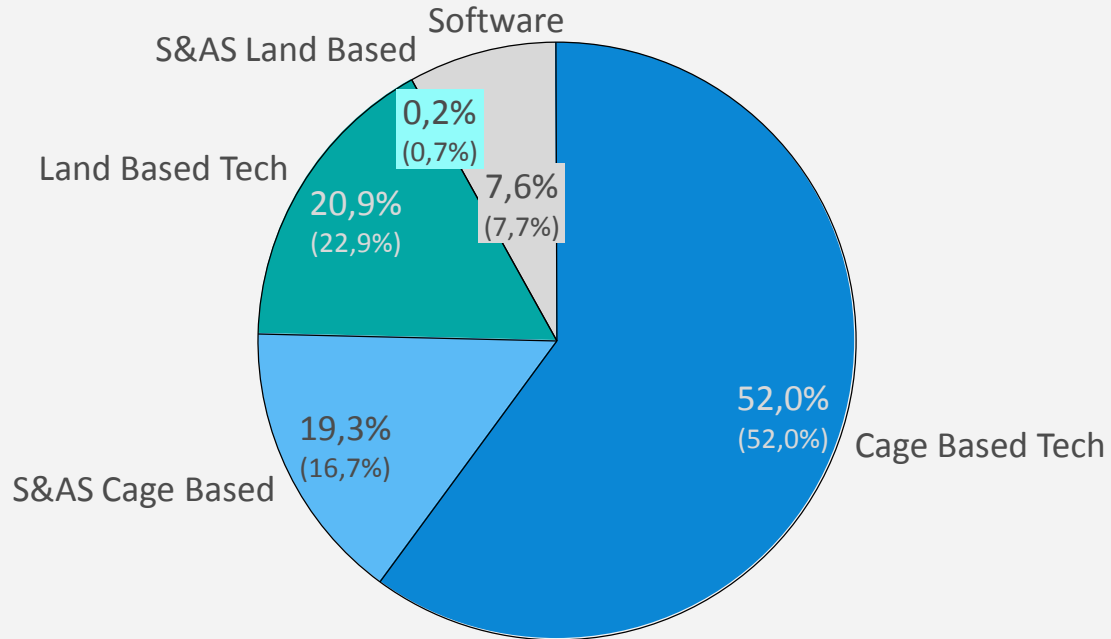
Comments

- AKVA Marine Services is growing and competitiveness is strengthening by introducing own manufactured net washers from Sperre
- We have now introduced Marine Services business in Chile
- Continued good development for the rental business in Scotland in 2017
- Marketing and sales activity slowly starting to yield effect for Software segment



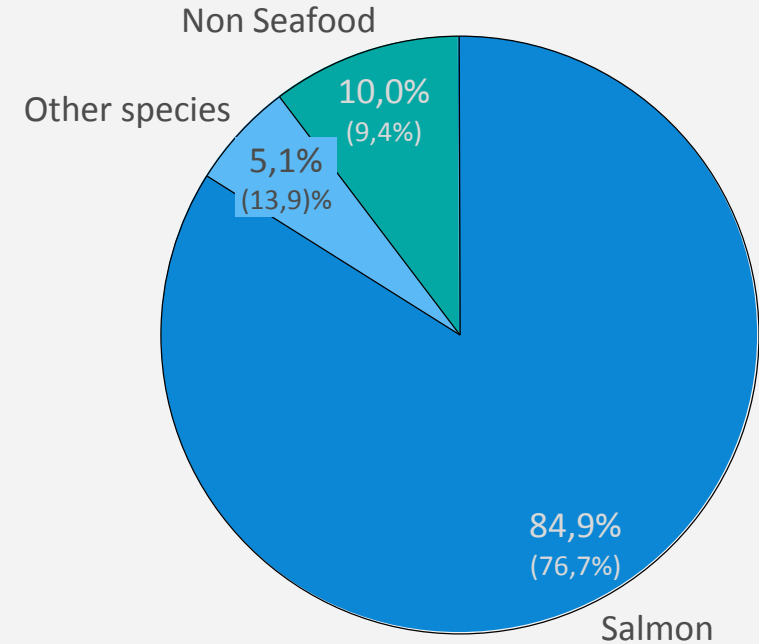
Revenue by product groups and species

By product groups – Q2 2017



- **Cage Based technologies** = Cages, barges, feed systems and other operational systems for cage based aquaculture
- **S&AS Cage Based** = Service and after sales for cage based aquaculture
- **Software** = Software and software systems
- **Land Based technologies** = Recirculation systems and technologies for land based aquaculture
- **S&AS Land Based** = Service and after sales for land based aquaculture

By species – Q2 2017



- **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



Q2 – Operational Highlights

- Management are strengthened and a new organization structure is implemented – focusing on our «Ability to Win» and «Will to Win» by developing and providing efficient solutions to our customers (A2W and W2W)
- A strategy process is initiated and an improvement program will follow in Q4
- Good progress made in export markets (Cage Based and Land Based), office opened in Spain and Greece will follow
- Expanding the Canadian business by opening an East Coast office
- Ramping up capacity investments at Helgeland Plast and investing in equipment for Marine Services
- Growing the land based organisation as orders and deliveries are increasing
- Atlantis – the Directorate has forwarded the appeal to the Norwegian Ministry of Trade, Industry and Fisheries. Investing 2,3 MNOK to further develop the concept

Risk management

1. Atlantis Subsea Farming AS applied for 6 development licenses the 29th of January 2016
2. The Norwegian Directorate of Fisheries have informed the company that the company's concept has progressed another step further in the process to get awarded development licenses.
3. The Directorate will go ahead with processing the application limited to 2 licenses, but have rejected the application in terms of the other 4 permits applied for.
4. On May 9th 2017 the company appealed the decision of rejecting the 4 permits.
5. On June 16th 2017 the Directorate forwarded the appeal to the Norwegian Ministry of Trade, Industry and Fisheries, for their final decision.

Submerge and raise the cage – safe and remote

Underwater feeding

Fish health operations

Daily operations (dead fish removal, surveillance, cleaning, etc)



Air to the salmon
Artificial air space



 **Financial performance Q2 2017 – by CFO Simon Nyquist Martinsen**

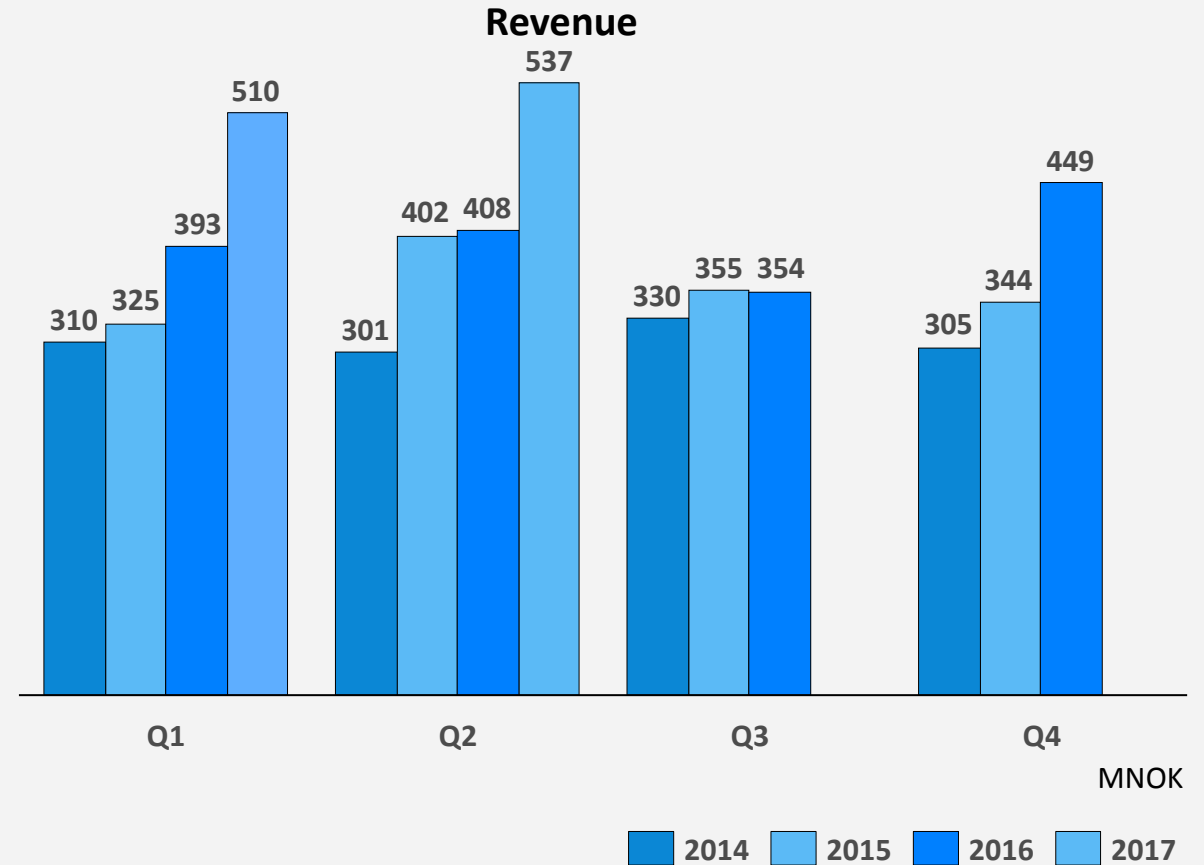
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Q2 2017 - Financial highlights

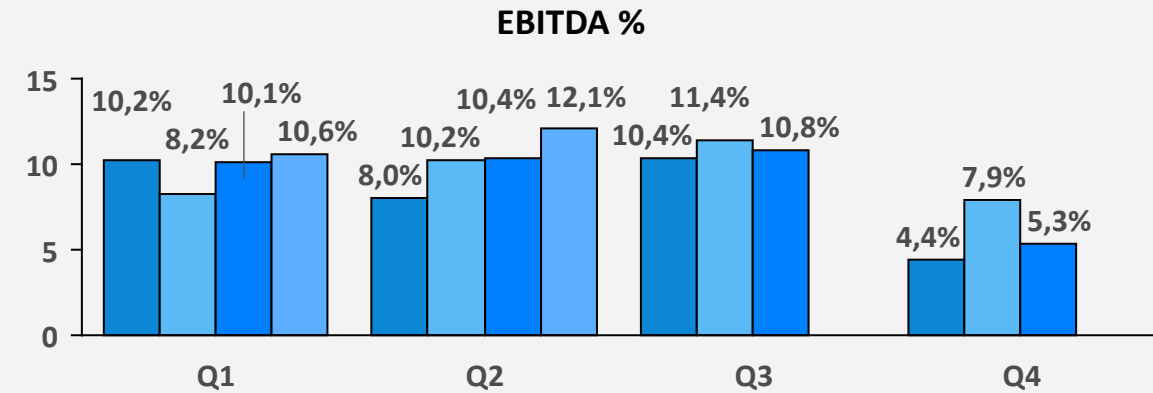
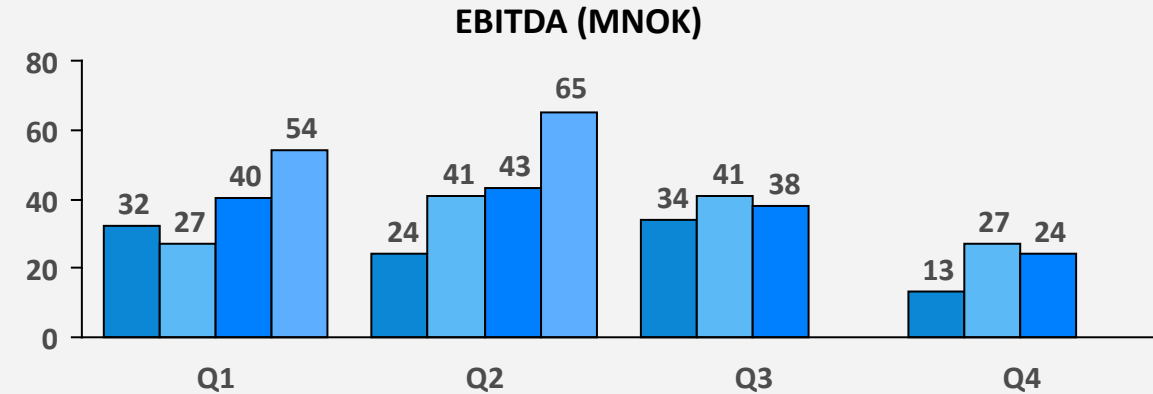
- 32% growth, strong contributions from Chile, Nordic and the Land Based segment
- Last twelve months order intake and sales now at 2,346 MNOK and 1,850 MNOK respectively
- The order book has grown to 1,318 MNOK at the end of Q2, which is 496 MNOK higher than at the end of Q2 2016





Q2 2017 - Financial highlights, continued

- Strong development in the Nordic region, good contribution from Helgeland Plast, AKVA Marine Services and Sperre
- Last twelve months EBITDA now at 181 MNOK up from 159 MNOK at end of Q1 2017 – last twelve months margins at 9,8% up from 9,2% at end of Q1 2017
- Good underlying performance in Aquatec Solution, although land based margins impacted negatively from some few older projects

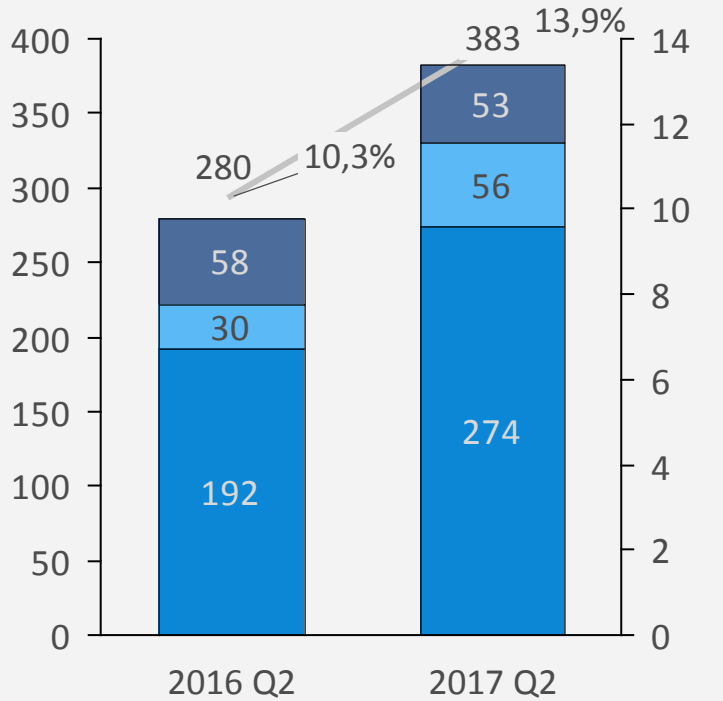


■ 2014 ■ 2015 ■ 2016 ■ 2017



Cage Based Technologies

CBT (Revenue and EBITDA%)



— EBITDA % ■ Export ■ Americas ■ Nordic

Nordic

- Revenue YoY up 43% in total for the region
- All entities contributing positively YoY
- The Farming Services operations is increasing and strengthening the Group delivering an EBITDA of 7.3 MNOK in the quarter

Americas

- Increased activity in Chile – improving the EBITDA with 4.9 MNOK in the quarter
- Our operations in Chile is ramped up to meet the higher activity level in the market
- Very good order intake in Chile and Canada in the quarter

Export

- UK ended another good quarter with a total of 5.1 MNOK in EBITDA and with an EBITDA YTD of 10.5 MNOK
- Turkey delivers according to plan in Q2 and more than 10 MNOK of orders has been won in our newly established office in Spain
- Export to emerging markets – with deliveries in Russia, but postponing deliveries in Iran into Q3/Q4 – high quote activity

B I O L O G Y

T E C H N O L O G Y

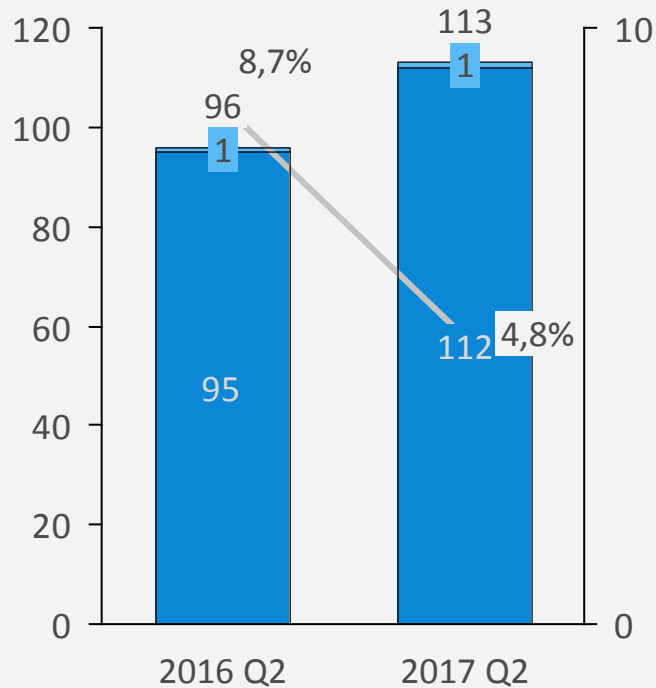
By developing technology focused on solving the biological challenges we contribute to the continued development of a sustainable industry with fish welfare as the most important success criteria. Good fish health is paramount in achieving good results and investing in our technology will help deliver both.

www.akvagroup.com **AKVA GROUP**



Land Based Technologies

LBT (Revenue and EBITDA%)



— EBITDA % Americas Nordic

- A very solid order intake at 303 MNOK in the quarter, including significant orders to Tytlandsvik and Midt-Norsk Havbruk
- Good underlying performance in Aquatec Solutions
- Cost reductions in AKVA group Denmark will have further effect in Q3
- The margin in Q2 is lower than expected, partly due to product mix, but mainly due to closing out two challenging older contracts as well as an increase in bad-debt provisions
- Margin in order backlog and margin expectations going forward is significantly better than Q2 actuals

BIOLOGY

TECHNOLOGY

By developing technology focused on solving the biological challenges we contribute to the continued development of a sustainable industry with fish welfare as the most important success criteria. Good fish health is paramount in achieving good results and investing in our technology will help deliver both.

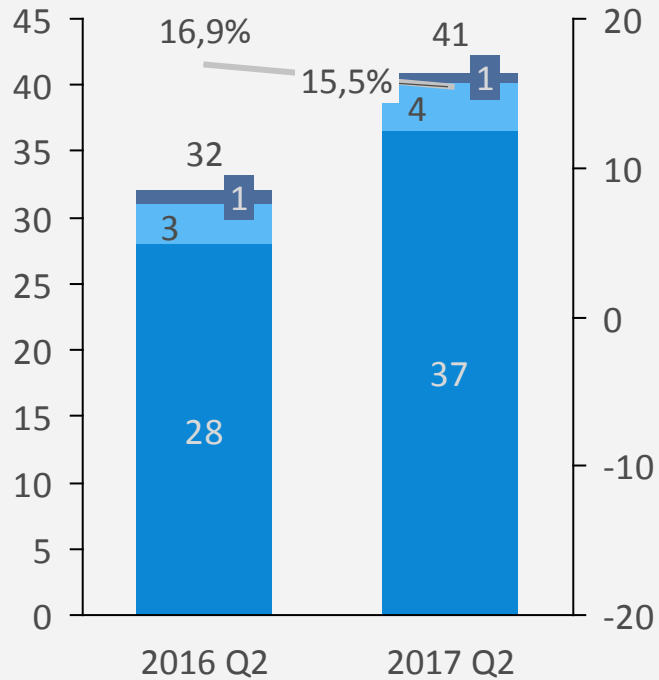
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Software

SW (Revenue and EBITDA%)



— EBITDA %
 ■ Export
 ■ Americas
 ■ Nordic

- Positive development in order intake and sales in AKVA group Software and Wise
- Several new customers and contracts secured for the Fish Talk modules in Q2
- Improved margins compared to Q1 2017 both in Wise and AKVA group Software

BIOLOGY

TECHNOLOGY

By developing technology focused on solving the biological challenges we contribute to the continued development of a sustainable industry with fish welfare as the most important success criteria. Good fish health is paramount in achieving good results and investing in our technology will help deliver both.

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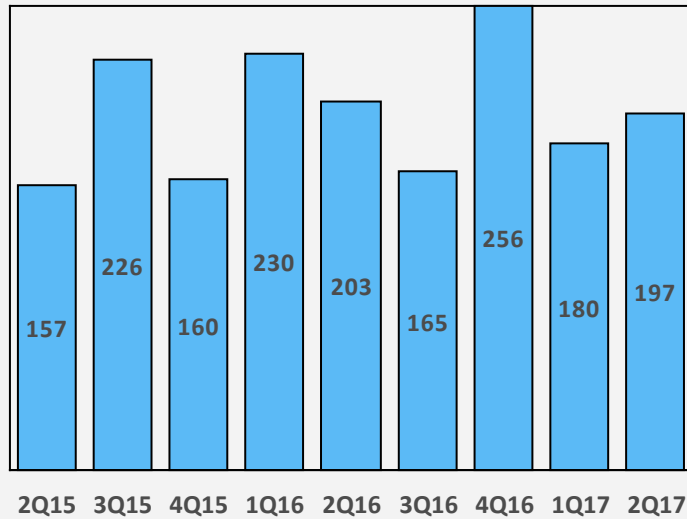
Financials – Detailed P & L

(MNOK)	2017 Q2	2016 Q2	2017 YTD	2016 YTD	2016 Total
Order backlog	1 317,7	822,0	1 317,7	822,0	997,7
Order intake	778,5	553,2	1 367,4	973,9	1 952,0
P&L					
OPERATING REVENUES	537,4	408,2	1 047,4	800,7	1 603,1
Operating costs ex depreciations	472,4	365,6	928,3	718,5	1 458,9
EBITDA	65,0	42,6	119,2	82,2	144,2
Depreciation and amortization	21,4	16,7	41,3	31,3	69,2
EBIT	43,5	25,9	77,8	50,9	75,0
Net interest expense	-3,5	-2,0	-6,1	-3,9	-6,6
Other financial items	-0,4	-3,8	-4,2	-11,5	-19,8
Net financial items	-4,0	-5,8	-10,2	-15,4	-26,4
EBT	39,6	20,1	67,6	35,5	48,6
Taxes	13,0	7,7	21,1	10,6	21,0
NET PROFIT	26,6	12,4	46,5	25,0	27,6
Net profit (loss) attributable to:					
Non-controlling interests	0,1	-1,9	0,1	-1,0	0,1
Equity holders of AKVA group ASA	26,5	14,3	46,4	26,0	27,5
Revenue growth	31,6 %	1,7 %	30,8 %	10,2 %	12,5 %
EBITDA margin	12,1 %	10,4 %	11,4 %	10,3 %	9,0 %
EPS (NOK)	1,03	0,55	1,80	1,01	1,06

- Whereof Land Based is 620 MNOK
- Increased depreciation mainly due to increased rental CAPEX, investments in AKVA Marine Services and amortization
- Increased due to higher net debt
- 2.9 MNOK relates to investment in Atlantis Subsea Farming AS
- Minority shareholders (49%) in Wise Blue AS

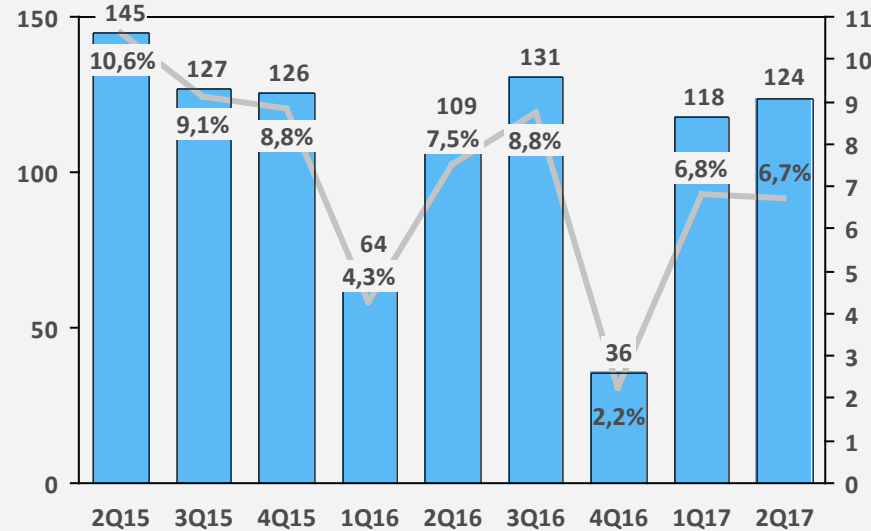
Group financial profile – remains strong

Available cash



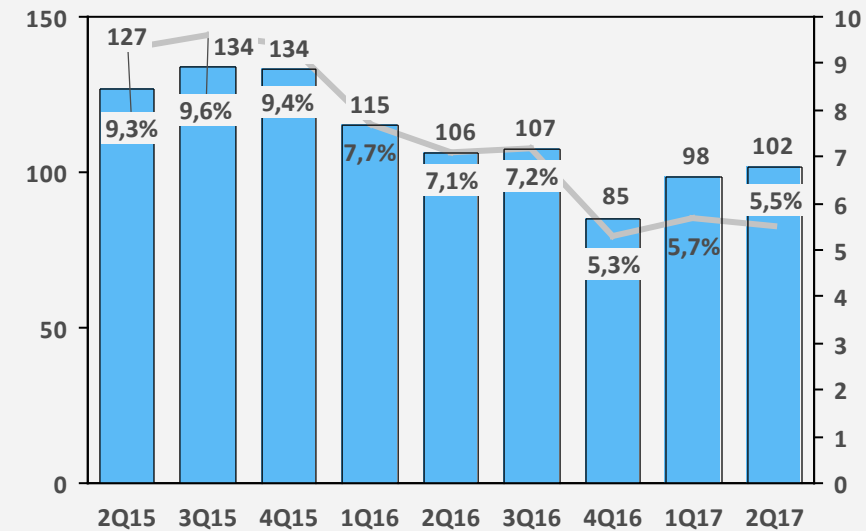
- Including 84 MNOK of a 90 MNOK credit facility in Danske Bank, as of Q2 2017
- Expect to secure around 237 MNOK in additional available cash (refinancing of long term loans, increased credit facility and established a revolving credit) in August

Working capital



- The graph shows absolute working capital and working capital relative to last twelve months revenue
- Continued strong capital discipline in the Group

Average working capital

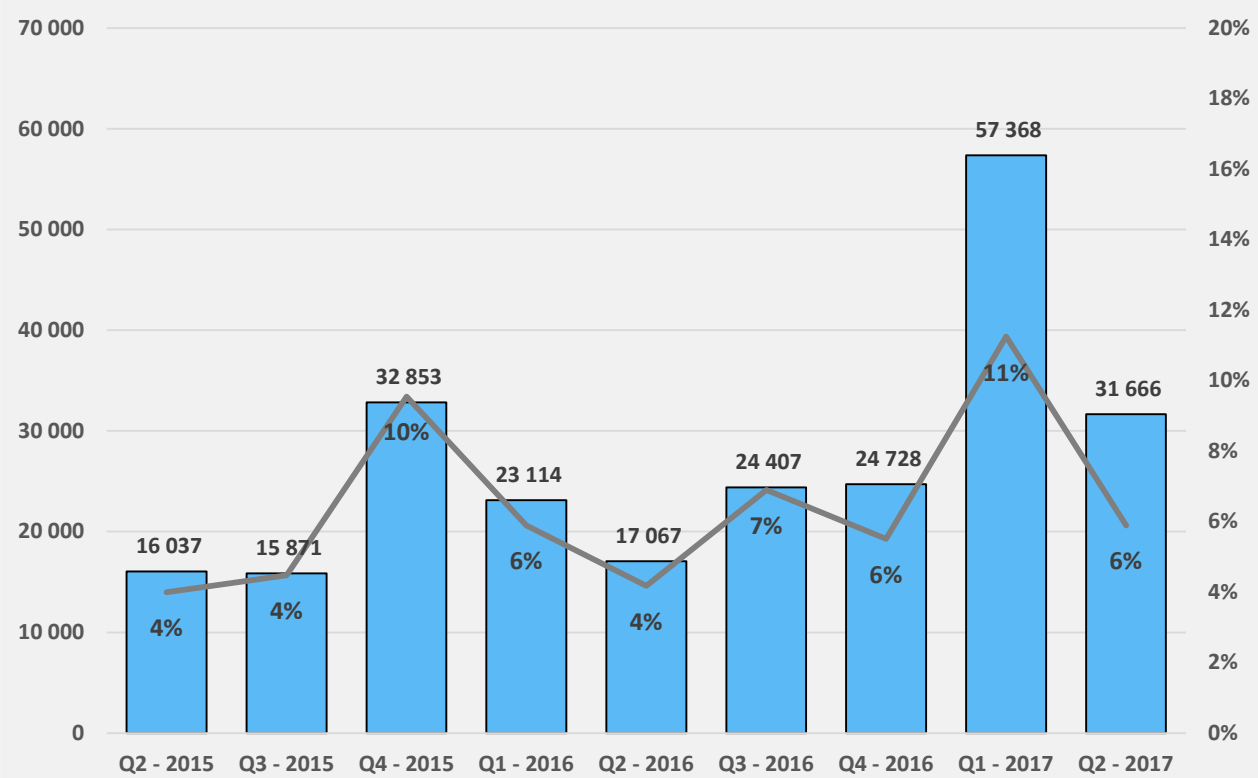


- The graph shows 12 months average working capital and average working capital relative to last twelve months revenue
- Continued positive relative working capital development

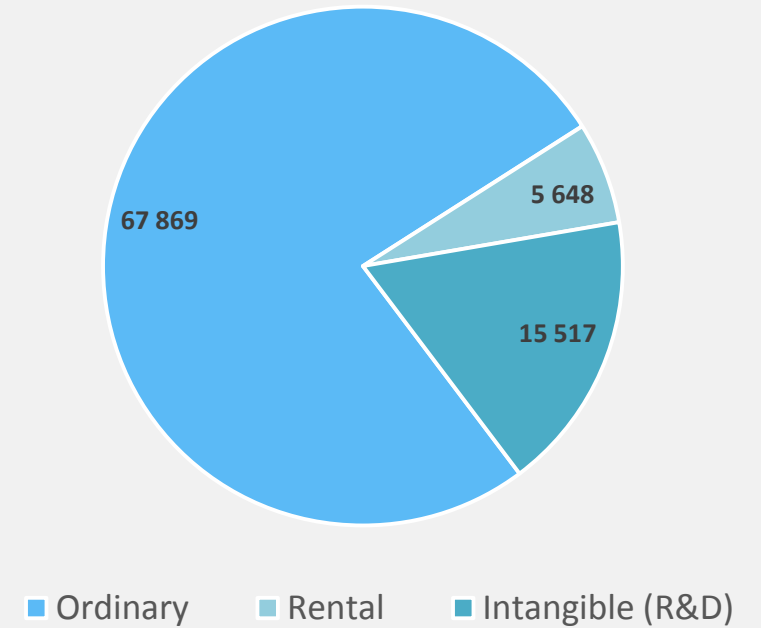


CAPEX

Capex (TNOK) and capex / sales (%)



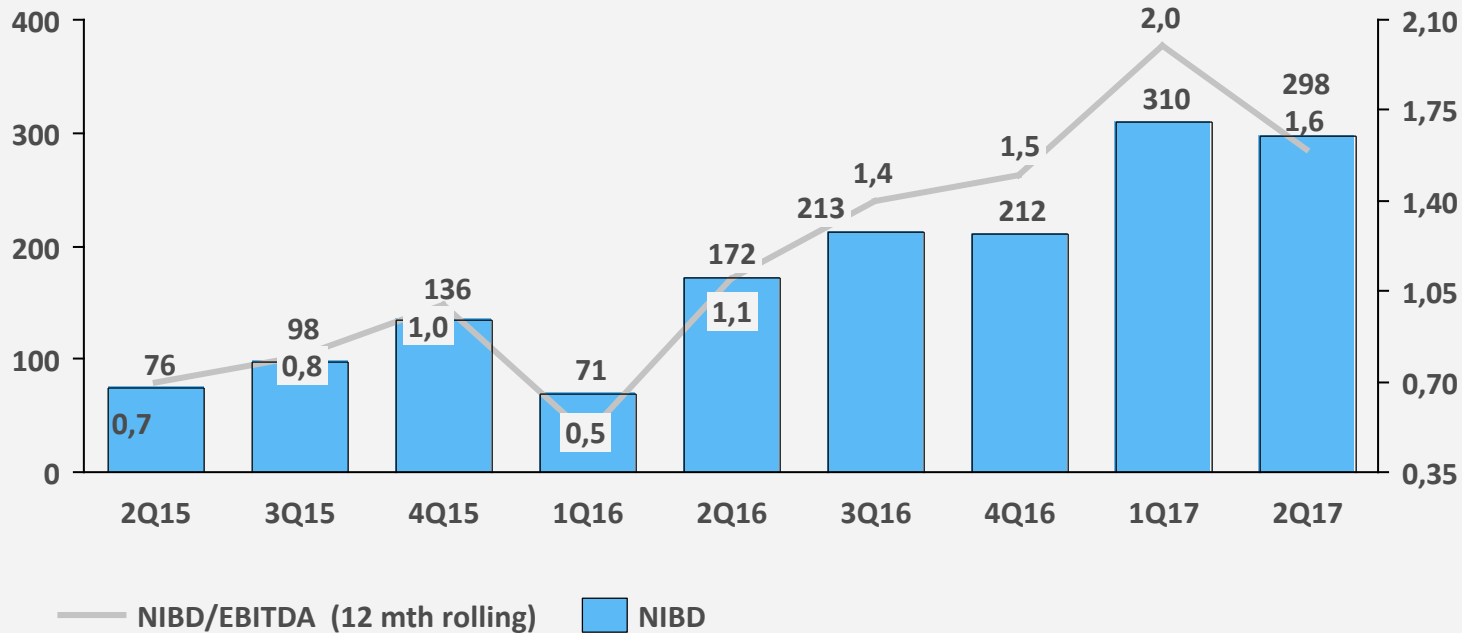
CAPEX breakdown 2017 YTD (TNOK)





Net debt/EBITDA of 1.6

Net debt (MNOK) and net debt/EBITDA



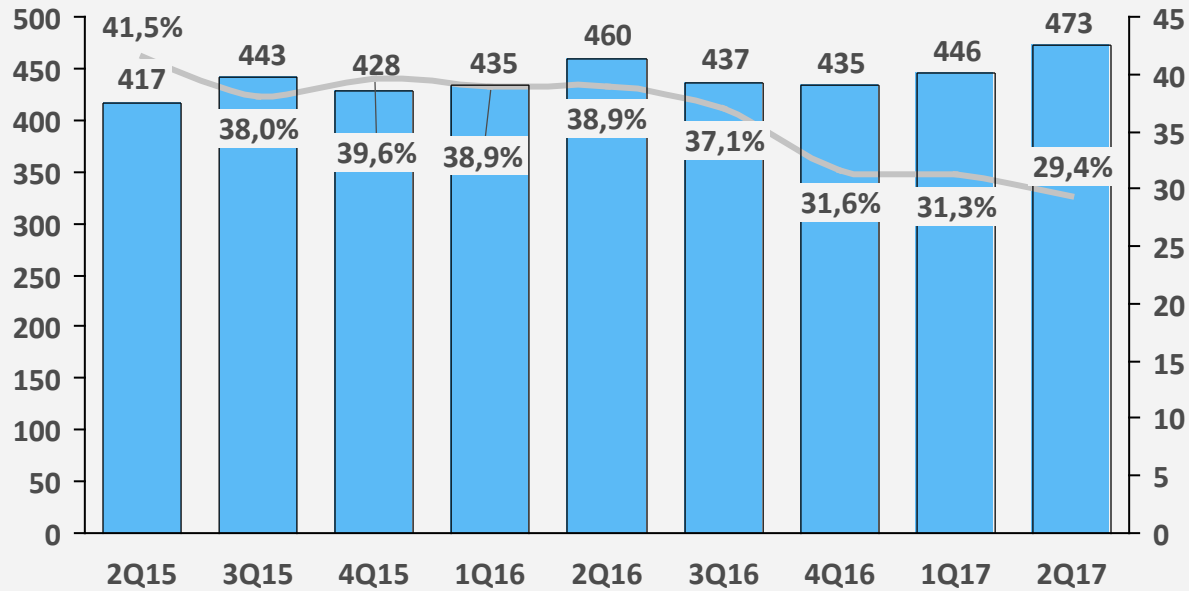
Change in net debt (TNOK)

Net debt 31.03.2017	310 056
EBITDA	-64 965
Income taxes paid	-1 059
Net interest paid	3 530
Capex	31 666
Acquisitions / Divestments	-
Long-term financial assets	6 846
Paid dividend	-
Buyback own shares	7 586
Sale of fixed assets	-
Currency effects	-2 382
Other changes in working capital	7 089
Net change	-11 689
Net debt 30.06.2017	298 368

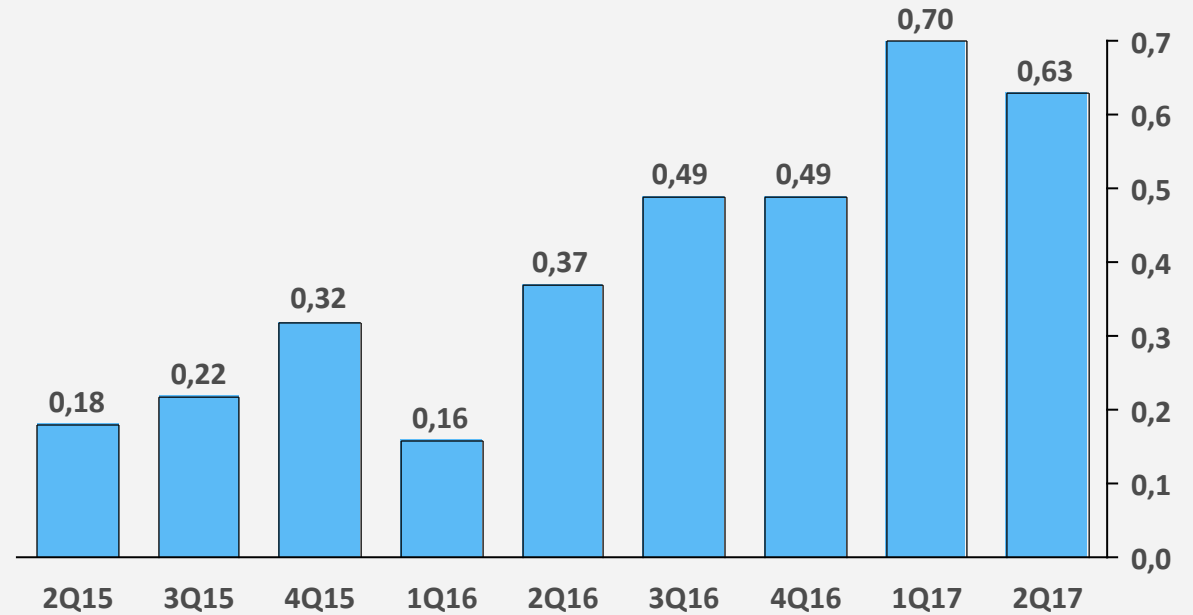


Group financial profile – remains strong, continued

Equity and Equity / Total Balance



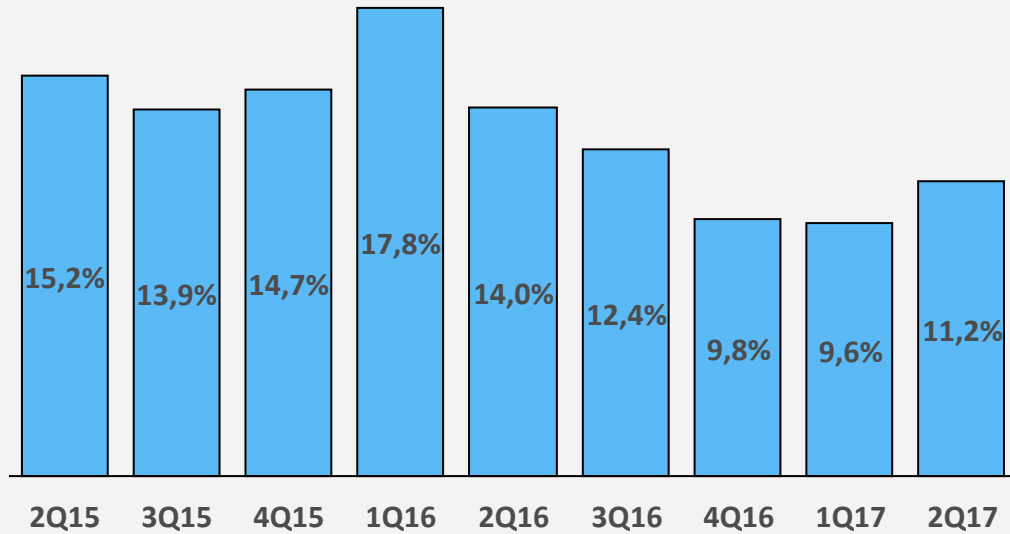
NI BD / Equity



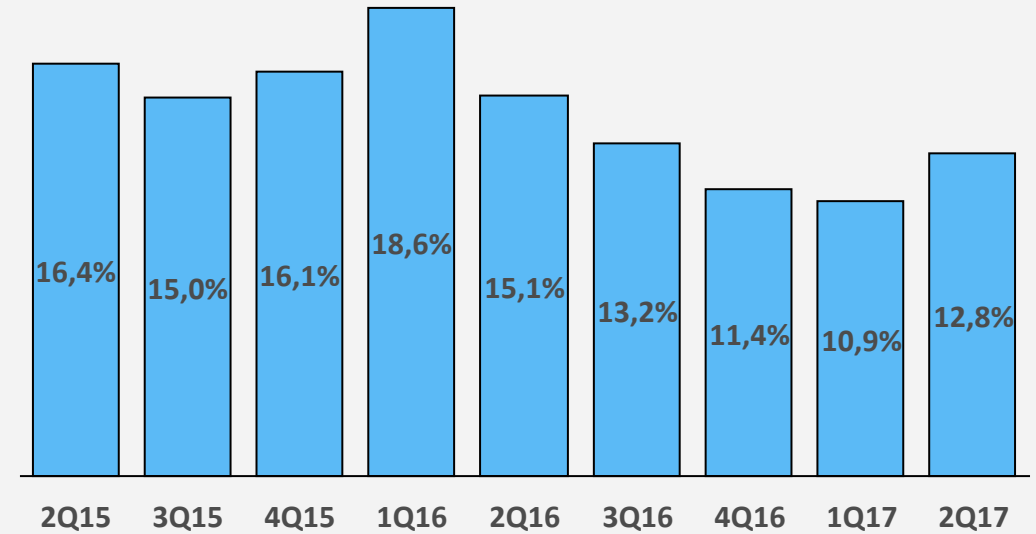


Group financial profile – remains strong, continued

ROCE



ROACE





Cash flow statement

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (NOK 1 000)	Note	2017 Q2	2016 Q2	2017 YTD	2016 YTD	2016 Total
Net cash flow from operations		62 059	40 014	105 107	60 442	105 596
Net cash flow from change in working capital		-7 089	-30 006	-81 827	35 759	106 050
Net cash flow from operational activities		54 970	10 008	23 280	96 201	211 645
Net cash flow from investment activities	1,3	-30 273	-89 770	-53 103	-119 727	-260 324
Net cash flow from financial activities		-45 088	80 510	-25 327	67 222	105 646
Net change in cash and cash equivalents		-20 391	748	-55 150	43 696	56 967
Net foreign exchange differences		2 071	201	2 245	-1 562	-941
Cash and cash equivalents at the beginning of the period		130 958	150 702	165 543	109 517	109 517
Cash and cash equivalents at the end of the period		112 638	151 651	112 638	151 651	165 543



Balance sheet

BALANCE SHEET	2017	2016	2016
(MNOK)	30.06	30.06	31.12

ASSETS	1 606	1 180	1 376
Intangible non-current assets	583	417	575
Tangible non-current assets	197	128	151
Financial non-current assets	10	5	6
Inventory	211	166	186
Receivables	491	313	292
Cash and cash equivalents	113	152	166
LIABILITIES AND EQUITY	1 606	1 180	1 376
Equity	472	451	435
Minority interest	1	9	0
Long-term interest bearing debt	372	264	348
Short-term interest bearing debt	39	60	30
Non-interest bearing liabilities	722	397	563

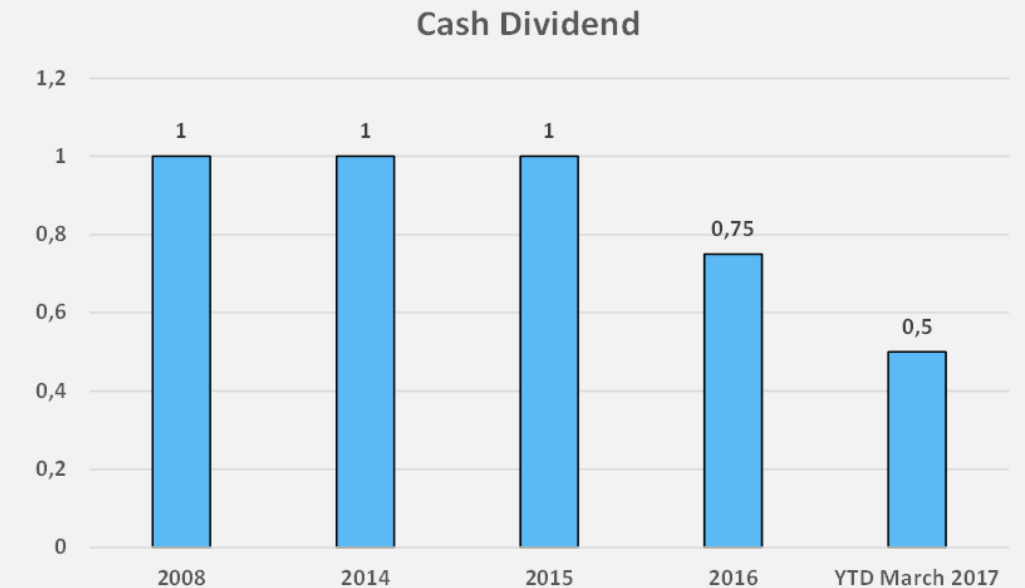




Dividend and dividend policy

Dividend Policy

- The company is aiming to give the shareholders a competitive return on investment by a combination of cash dividend and share price increase
 - The company's dividend policy shall be stable and predictable
 - When deciding the dividend the Board will take into consideration expected cash flow, capital expenditure plans, financing requirements/compliance, appropriate financial flexibility, and the level of net interest bearing debt
 - The company need to be in compliance with all legal requirements to pay dividend
 - The company will target to pay dividend twice a year
-
- A dividend of NOK 0.75 per share is to be paid out in Q3 2017





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
1 058 579	4,1 %	VERDIPAPIRFONDET ALFRED BERG		NOR
470 246	1,8 %	EIKA NORGE		NOR
461 396	1,8 %	STATOIL PENSJON		NOR
455 414	1,8 %	VPF NORDEA KAPITAL		NOR
381 300	1,5 %	MP PENSJON PK		NOR
327 983	1,3 %	VPF NORDEA AVKASTNING		NOR
300 000	1,2 %	NORDEA NORDIC SMALL		FIN
300 000	1,2 %	MERTOUN CAPITAL AS		NOR
257 388	1,0 %	VERDIPAPIRFONDET DNB		NOR
207 156	0,8 %	SIX SIS AG	Nominee	CHE
192 444	0,7 %	NORDEA 1 SICAV		LUX
188 625	0,7 %	OLE MOLAUG EIENDOM AS		NOR
186 485	0,7 %	VERDIPAPIRFONDET NOR		NOR
164 455	0,6 %	ARCTIC FUNDS PLC		IRL
160 007	0,6 %	FORTE TRØNDER		NOR
150 000	0,6 %	DAHLE BJØRN		NOR
145 653	0,6 %	ROGALAND SJØ AS		NOR
115 182	0,4 %	STATOIL FORSIKRING AS		NOR
22 625 418	87,6 %	20 largest shareholders		
3 208 885	12,4 %	Other		
25 834 303	100,0 %	Total number of shares as per 30.06.2017		

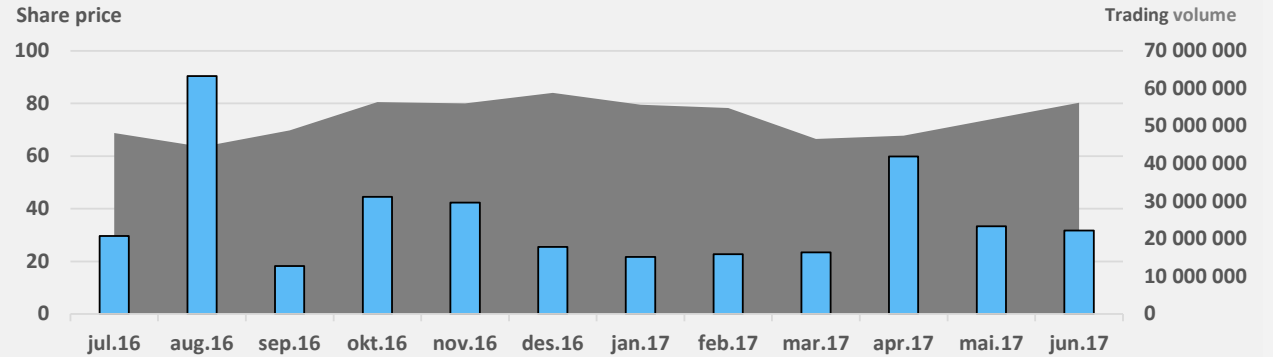
Origin of shareholders, 5 largest countries

No of shares	%	Origin	No of shareholders
20 298 485	78,6 %	Norway	980
3 950 671	15,3 %	Great Britain	11
319 678	1,2 %	Luxembourg	6
314 442	1,2 %	Ireland	5
312 830	1,2 %	Finland	4
638 197	2,5 %	Other	87

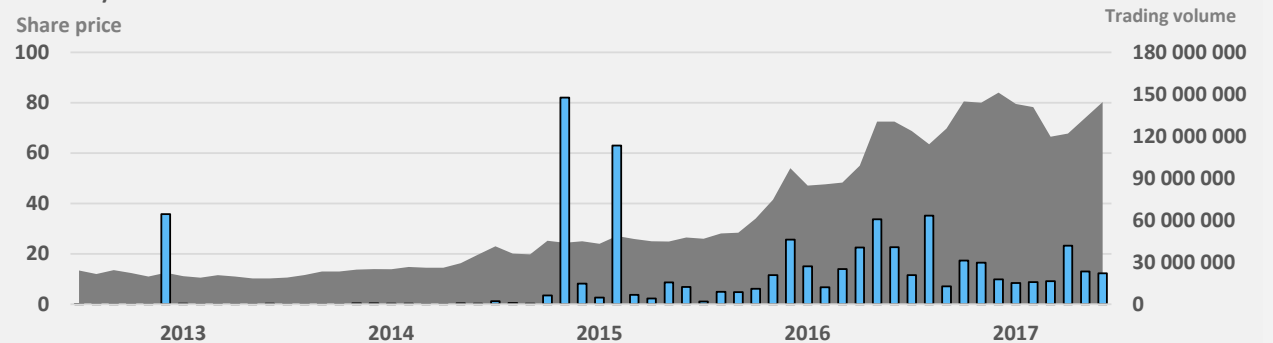
Total number of shareholders: 1093 - from 22 different countries

Share development

Last 12 months



Last 5 years



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Outlook – by CEO Hallvard Muri

Your Aquaculture Technology and Service Partner

AKVA GROUPTM 29

- **Leading technology and service partner to the global aquaculture industry**
- **Global presence and subsidiary in 9 countries**
- **Deliveries in over 65 countries during the last 40 years**
- **882 employees**
- **2016 revenues of 1 603 MNOK**
- **Listed on Oslo Stock Exchange since 2006**
- **Market cap of ~2 046 MNOK and net debt of 298 MNOK**

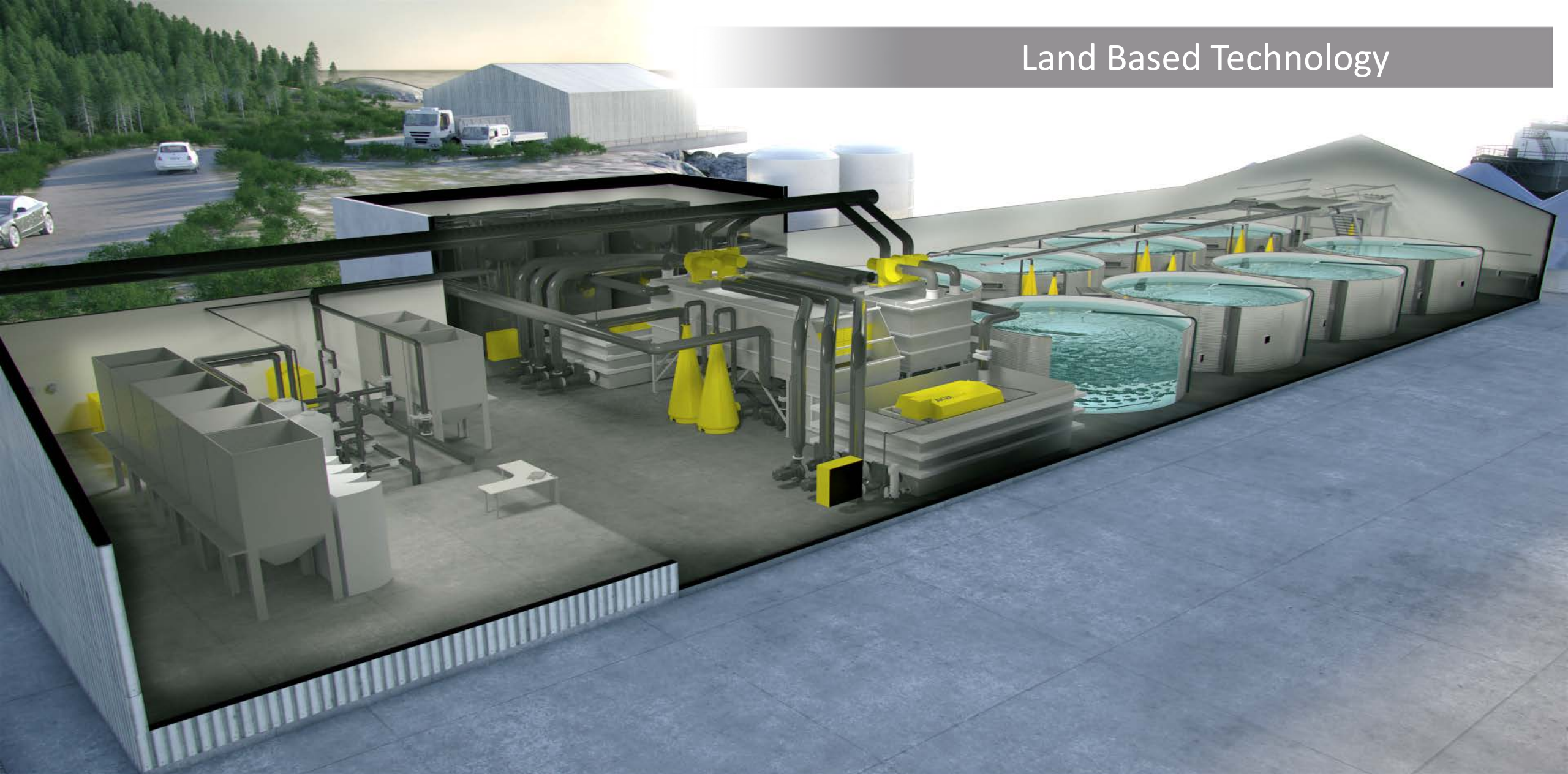
Cage Based Technology



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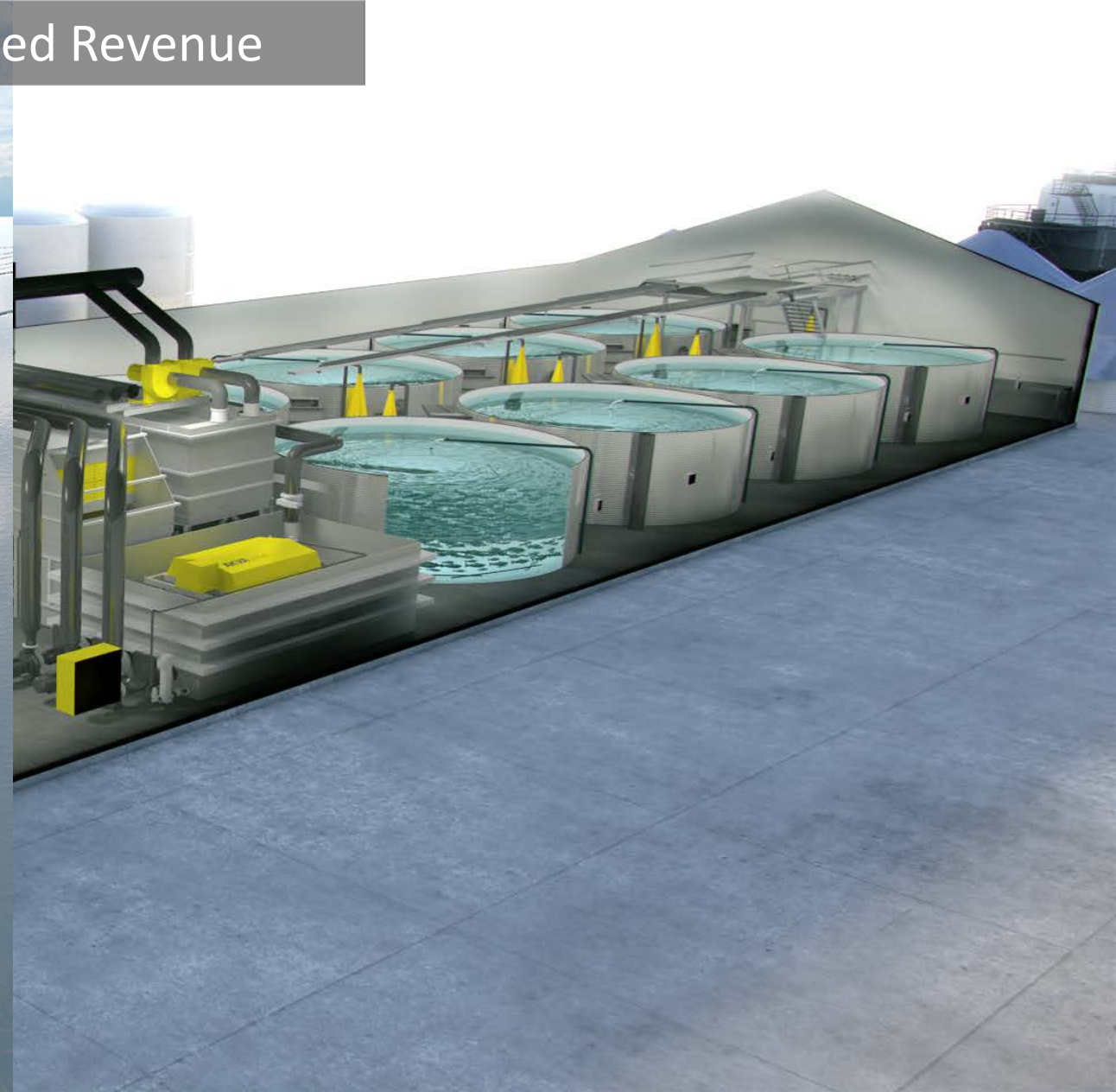
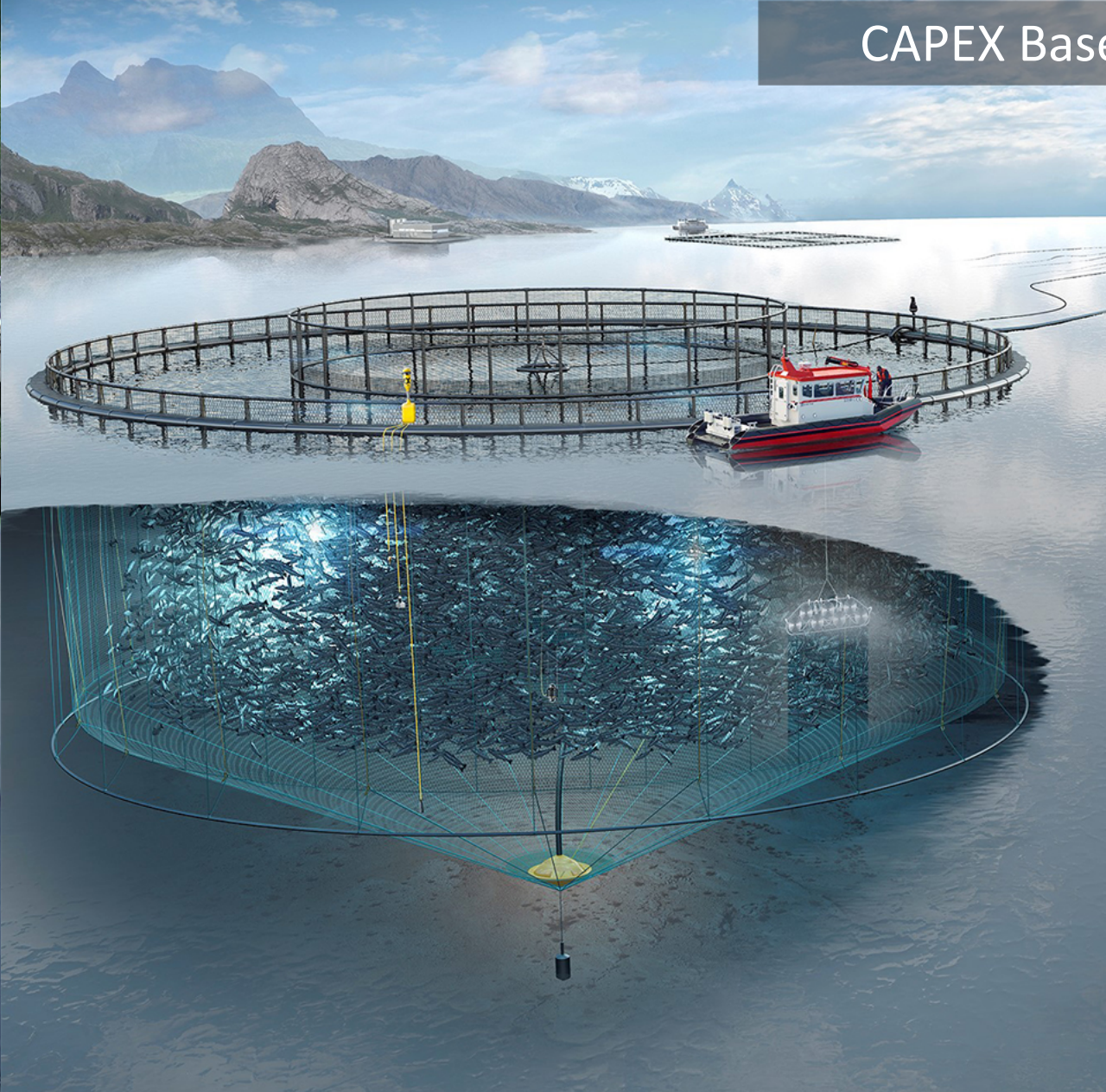
Land Based Technology



Your Aquaculture Technology and Service Partner

AKVAGROUP™

CAPEX Based Revenue



Your Aquaculture Technology and Service Partner

AKVAGROUP™

CAPEX Based Revenue

OPEX Based Revenue

SOFTWARE



Fishtalk



AKVAconnect



Support

MARINE SERVICES & AFTER SALES SERVICE



Marine Services



Rentals



After Sales Service

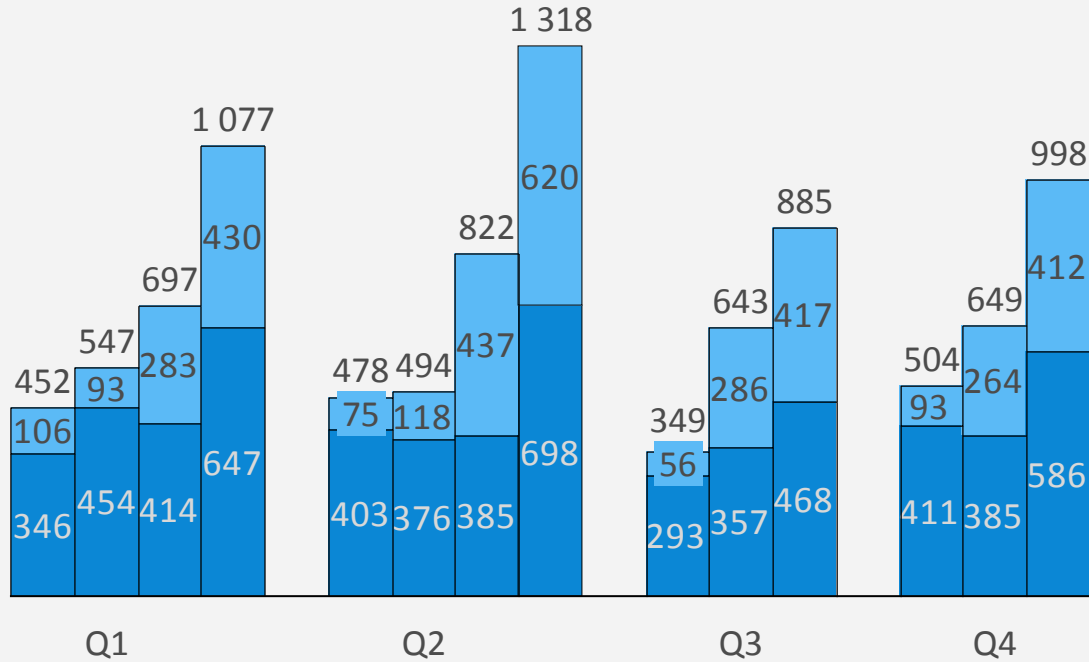
Your Aquaculture Technology and Service Partner

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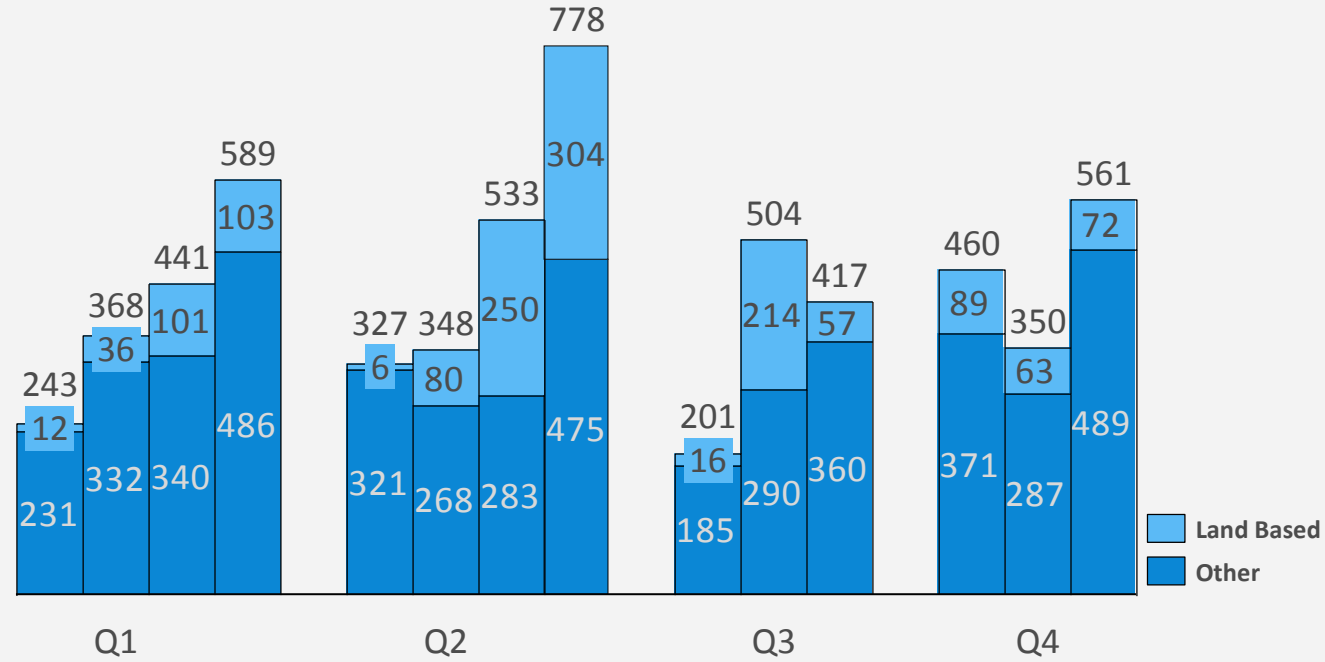
Order backlog and inflow, 2014 through 2017

Order backlog



- Strong order backlog, 1,318 MNOK
- 47% of total order backlog relates to Land based technology (LBT)

Order intake



- High market activity and order intake of 778 MNOK

Outlook – AKVA group

- Continued good outlook for most markets
- Strengthening the organization and focusing on improving competitive position across all markets
- Increased focus on supply chain, sourcing and manufacturing efficiency
- Land Based focus on post smolt segment, high quote bank
- Export, expand business in established and growing clusters
- Continue to evaluate opportunity for new products to fit in core business

