

Q2 2018 Presentation

Oslo – August 15th 2018

Hallvard Muri, CEO

Simon Nyquist Martinsen, CFO




Agenda

 Highlights

 Financial performance

 Outlook


 Q&A

BIOLOGY



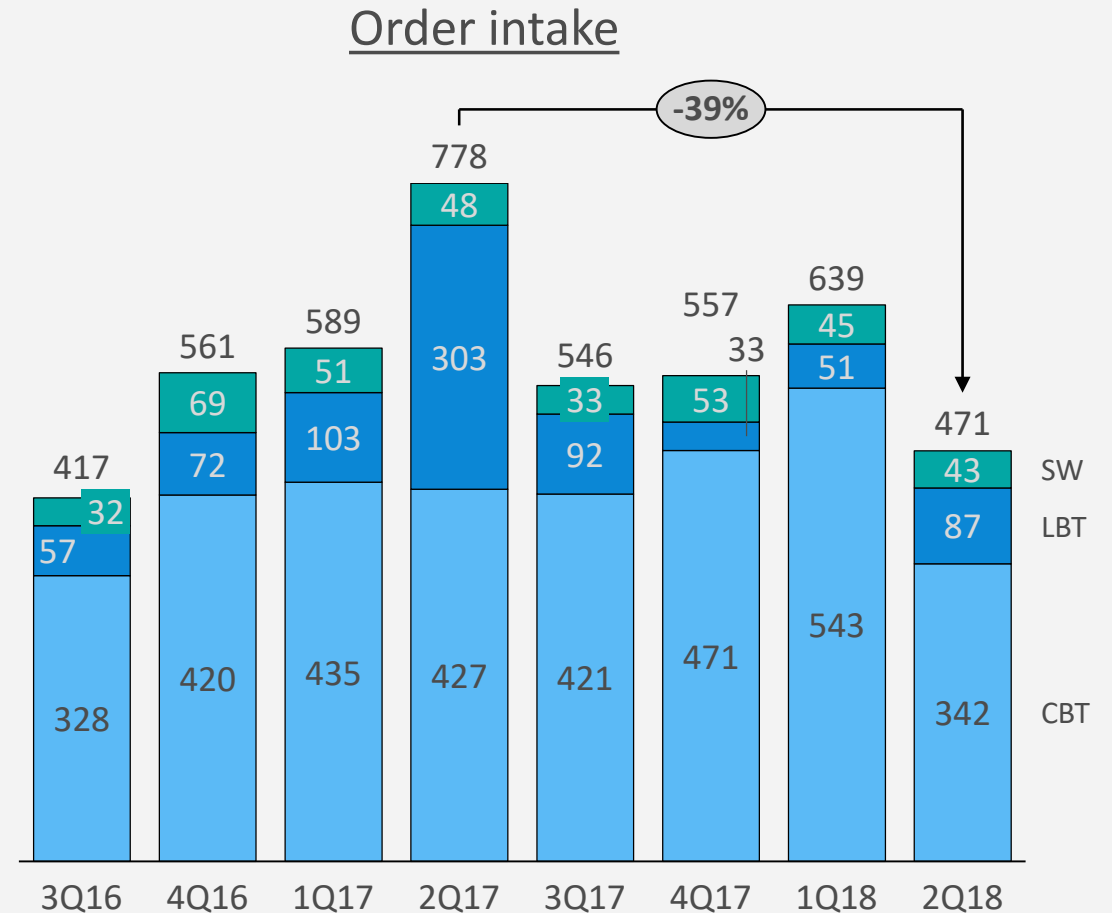
TECHNOLOGY



 **Highlights Q2 2018 – by CEO Hallvard Muri**

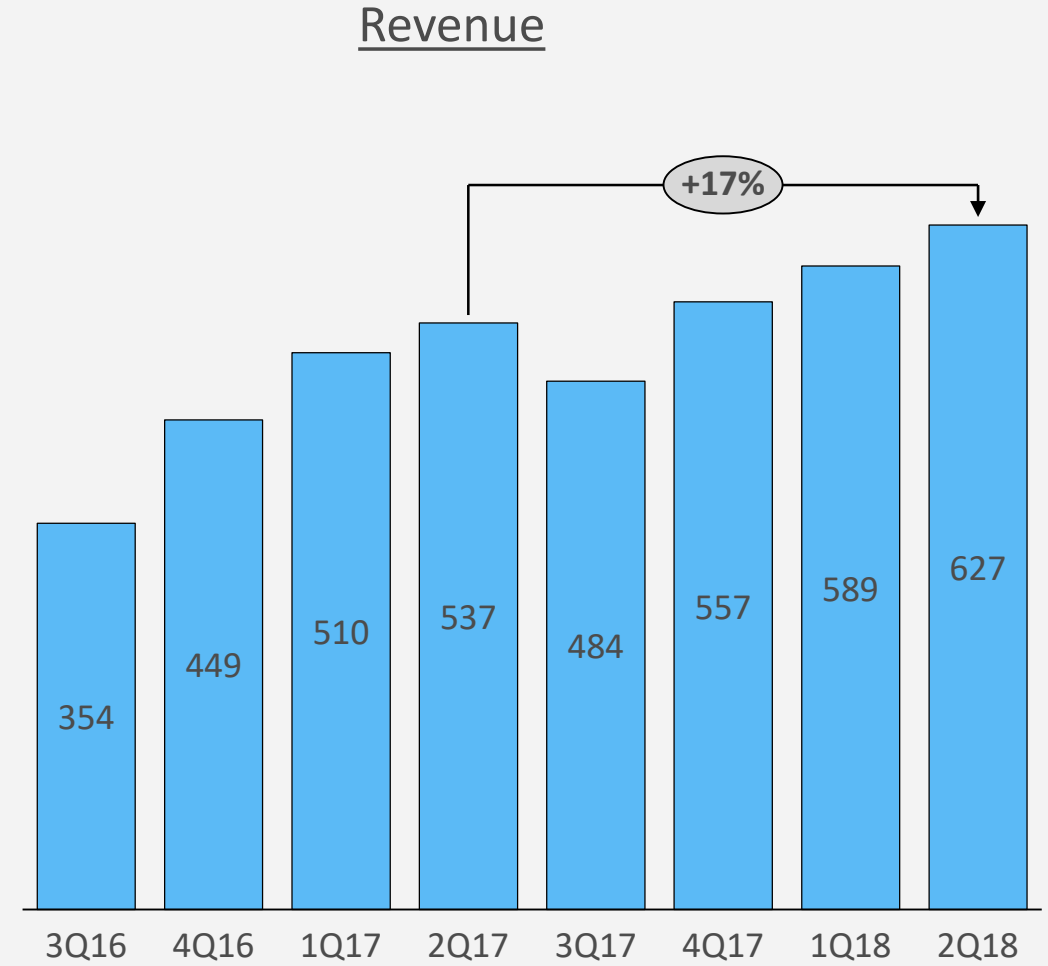
Order Intake development

- Order intake in Nordic CBT down compared to Q2 2017, but at solid level. At 512 MNOK YTD 2018 still up vs. H1 2017
- Positive trend remains in Americas with order intake of 139 MNOK in Q2 2018 (up from 128 MNOK same period LY), including several orders for the Land Based Segment
- As decisions for several Land Based projects in the Nordic region continue to be pushed out in time, segment is down compared to last year. Q2 2017 order intake was heavily influenced by two larger contracts signed for a total of 183 MNOK
- Last twelve months order intake of 2,213 MNOK, compared to 2,471 MNOK full year 2017



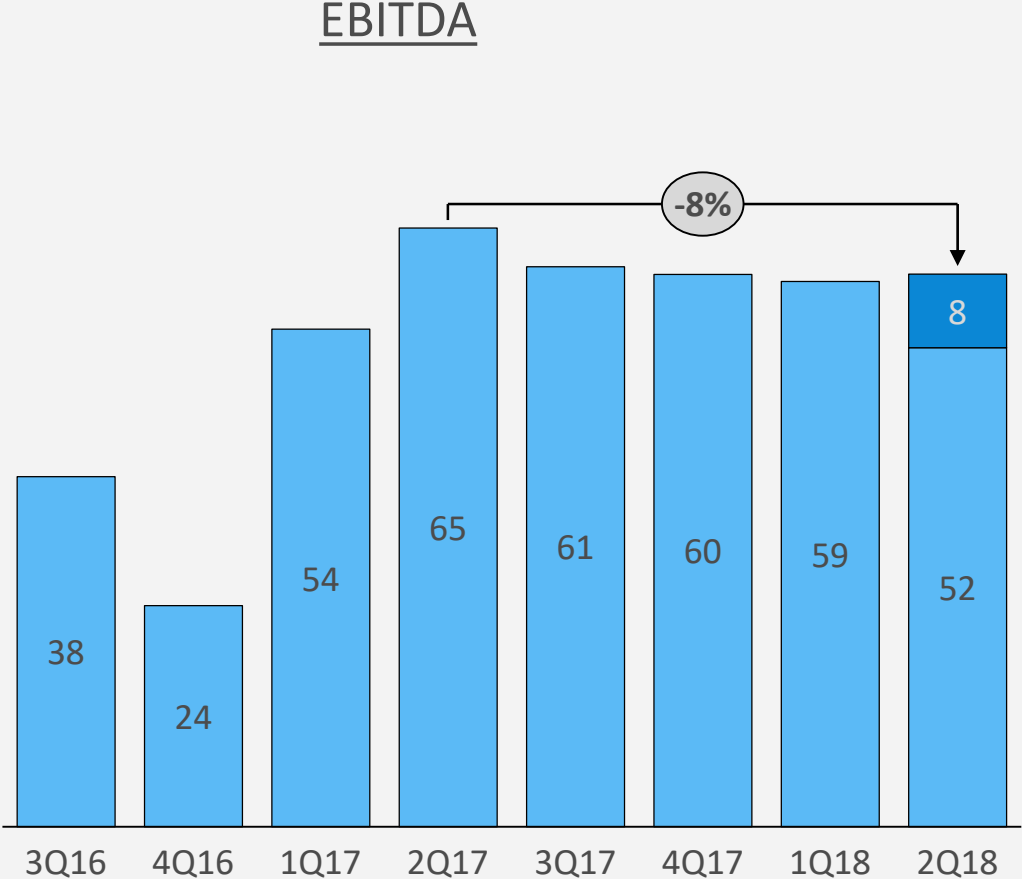
Backlog driving revenue

- **17% increase in revenue compared to Q2 2017**
- Europe & Middle East increased the revenue from 54 MNOK in Q2 2017 to 90 MNOK in Q2 2018
- Another strong quarter in Americas with revenue up 105% compared to Q2 2017
- Revenue for the Land Based segment stabilized on a higher level as we continue to deliver on the order book



EBITDA effected by acquisition cost

- Adjusted for 8 MNOK in acquisition costs related to the Egersund Net transaction EBITDA 60 MNOK in Q2
- Europe & Middle East EBITDA at 7 MNOK, up from 4 MNOK last year
- Land Based segment ends the quarter with an EBITDA of 12 MNOK compared to 5 MNOK in Q2 2017
- Americas came out with an EBITDA of 8 MNOK, up from 5 MNOK in Q2 2017
- Overall EBITDA margin impacted somewhat by change in revenue mix in the quarter

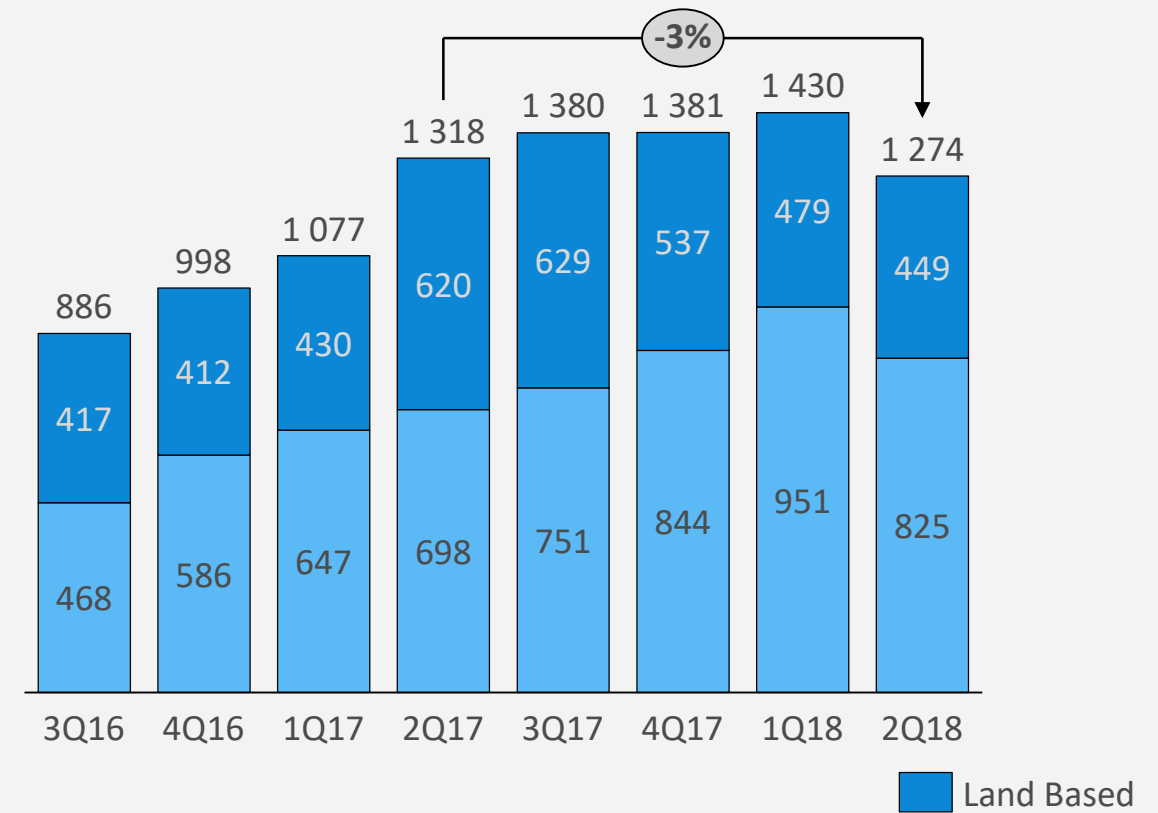


Outlook remain positive

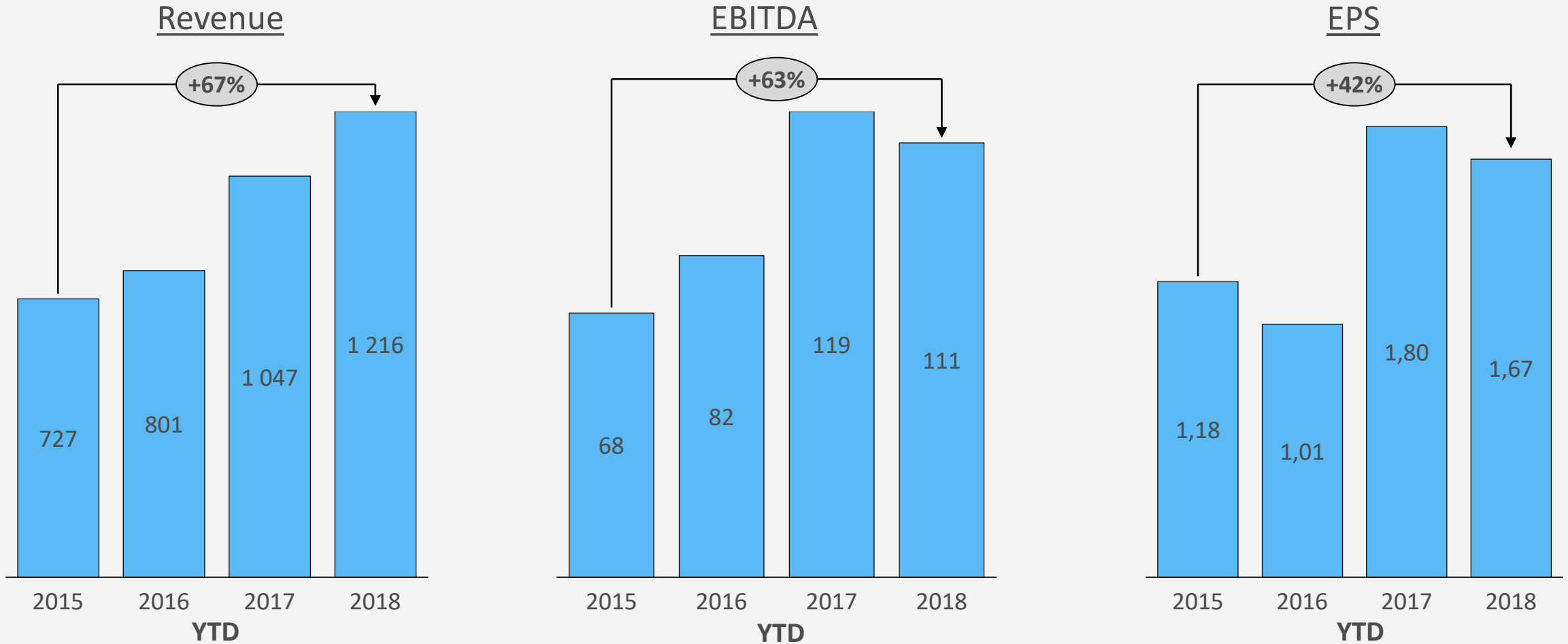
- **Second quarter 2018 – Highlights**

- Order backlog end of June of 1.27 BNOK
- Adjusted EBITDA of 60 MNOK in the quarter
- Signed transaction agreement with Egersund Group AS regarding the acquisition of Egersund Net AS
- Dividend of 0.75 NOK to be paid out in September 2018

Order backlog



Operational leverage and profitable growth



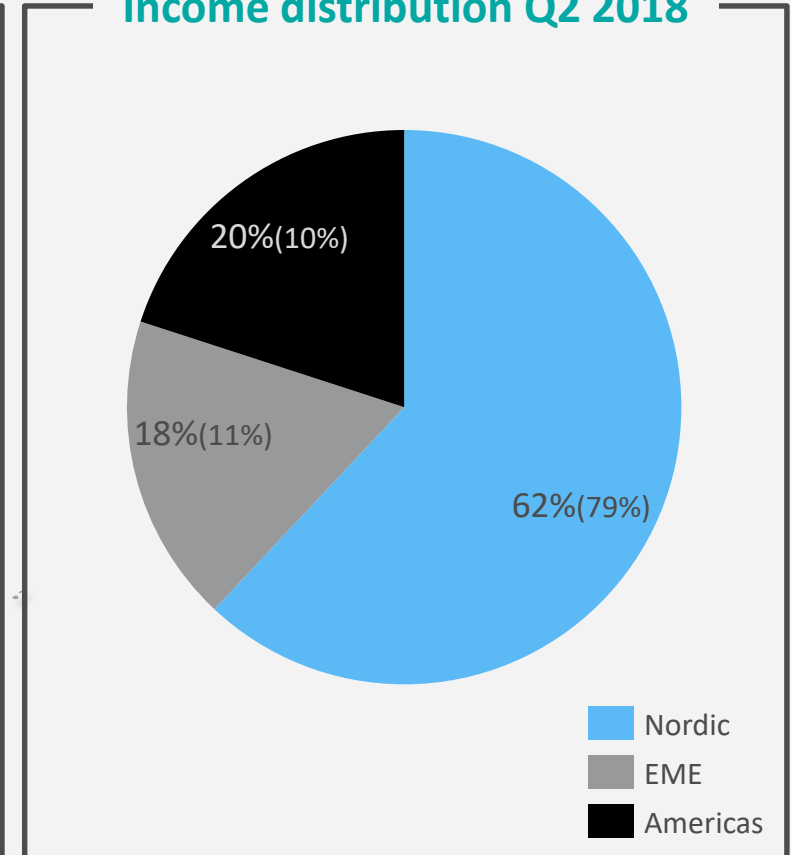
Not adjusted for acquisition costs related to the Egersund Net transaction

Where do we deliver

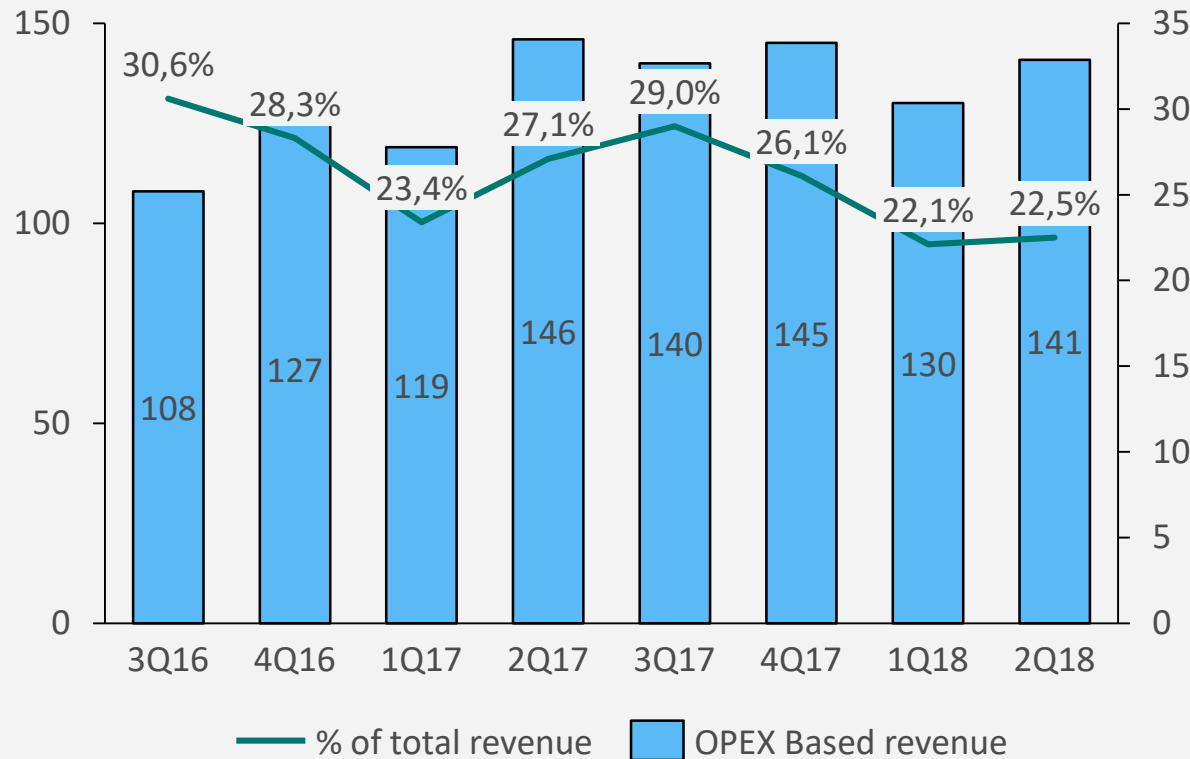
AKVA group's geographical regions



Income distribution Q2 2018

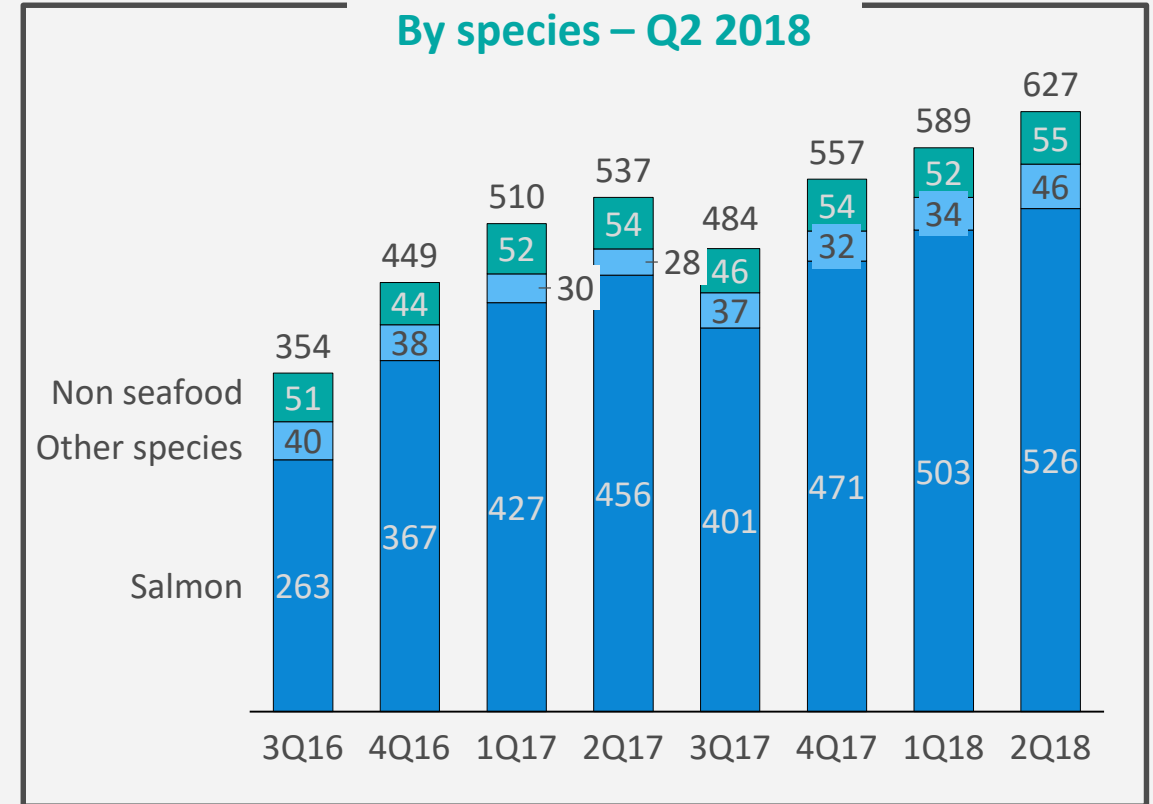
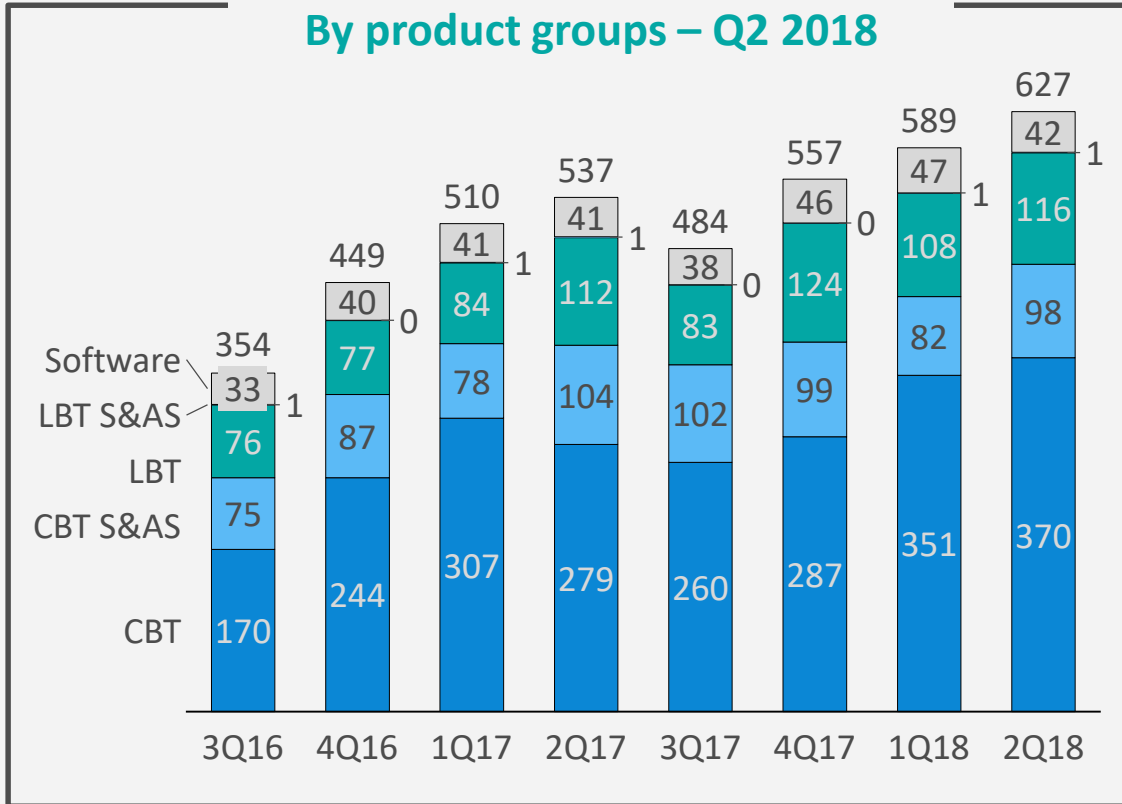


Development in OPEX based revenue



- The Marine Service business in Chile developing well and positive outlook for further growth
- Stable development for the rental business (Scotland and Norway) in 2018, but several good opportunities for growth in Norway
- Stable revenue from the Software business
- Lower activity level in the Norwegian marine service business in Q2 2018 compared to Q2 2017, but activity picked up significantly in Q3

Revenue by product group and species



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

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

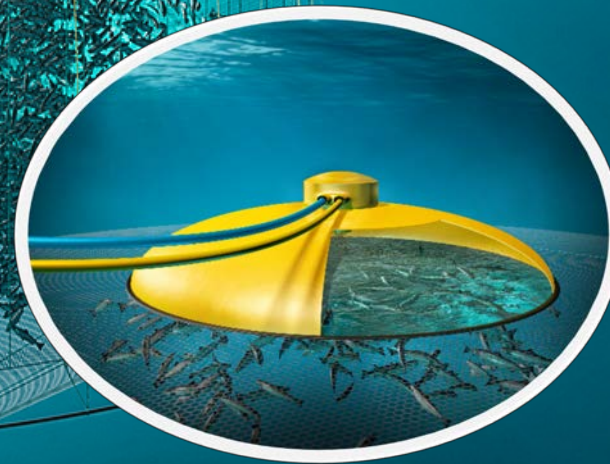
- Continued positive development in Americas / Chile in Q2, also for the Land Based segment
- Good outlook for Russia with new orders signed in Q3
- Pipeline of Land Based projects remains strong in Norway and other markets, but decisions continues to be pushed out in time
- Norwegian marine service business slower than 2017, but activity has been picking up in Q3
- Increased presence in eastern Canada as local Management continue to be supported by Senior Manager and Product Specialists. Several attractive prospects
- Implementation process of new manufacturing lines at HP & change in Management
- Operational challenges and geographical mix has lowered margins in the quarter
- Egersund Net process on track for August 31 closing. Integration planning well under way

Risk management

Underwater feeding

Fish health operations


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



Air to the salmon
Artificial air space

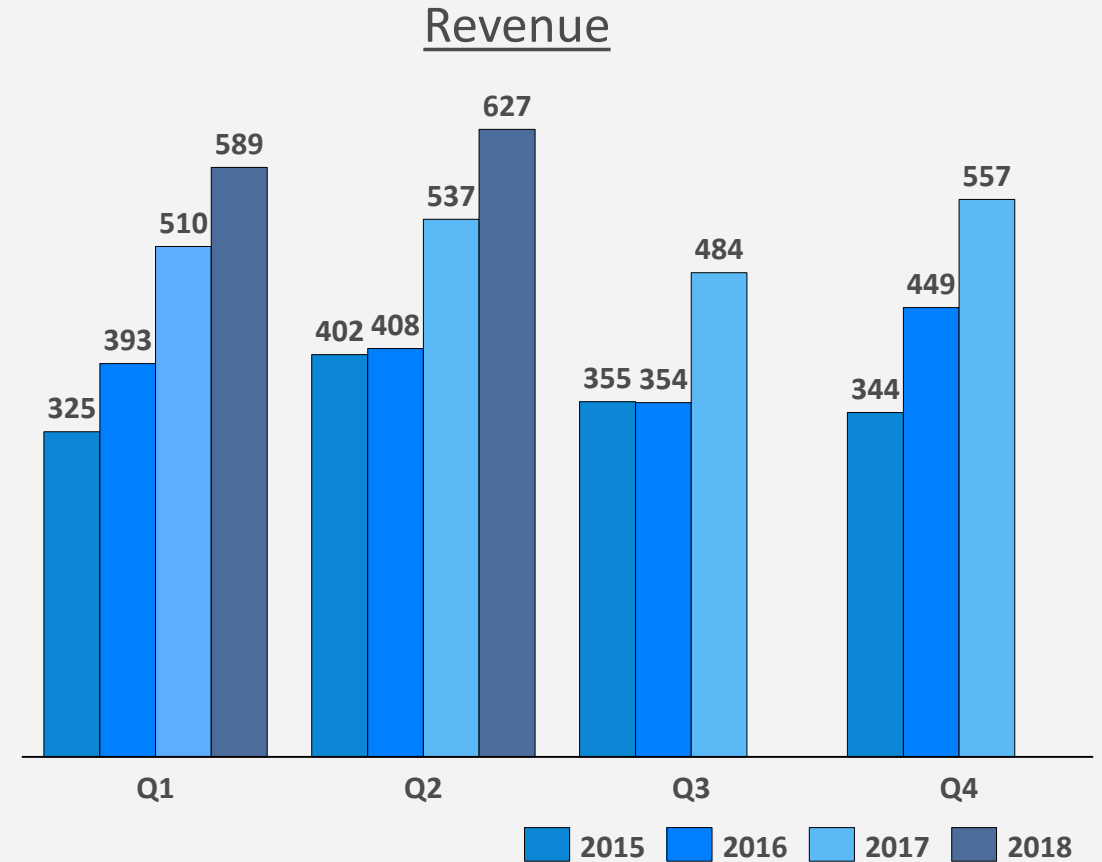
1. Atlantis Subsea Farming AS applied for 6 development licenses the 29th of January 2016
2. The Norwegian Directorate of Fisheries have informed the company that the company's concept has progressed another step further in the process to get awarded development licenses.
3. The Directorate will go ahead 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.
6. On December 18th 2017 The Ministry rejected the appeal. The decision is final and cannot be appealed.
7. On February 22nd 2018, The Directorate announced that the Company has been granted one license.
8. Atlantis Subsea Farming AS is now in a technology testing and planning phase with regards to execution of the project.



 **Financial performance Q2 2018 – by CFO Simon Nyquist Martinsen**

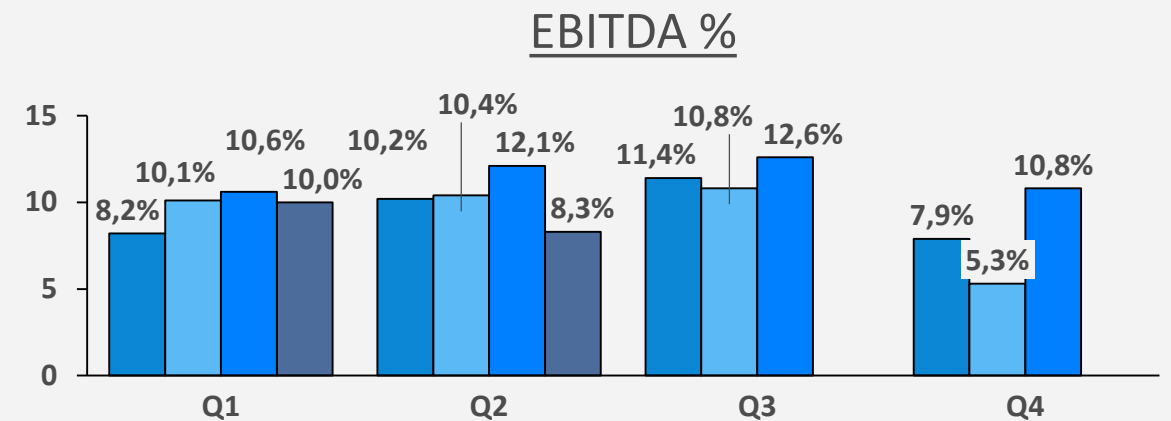
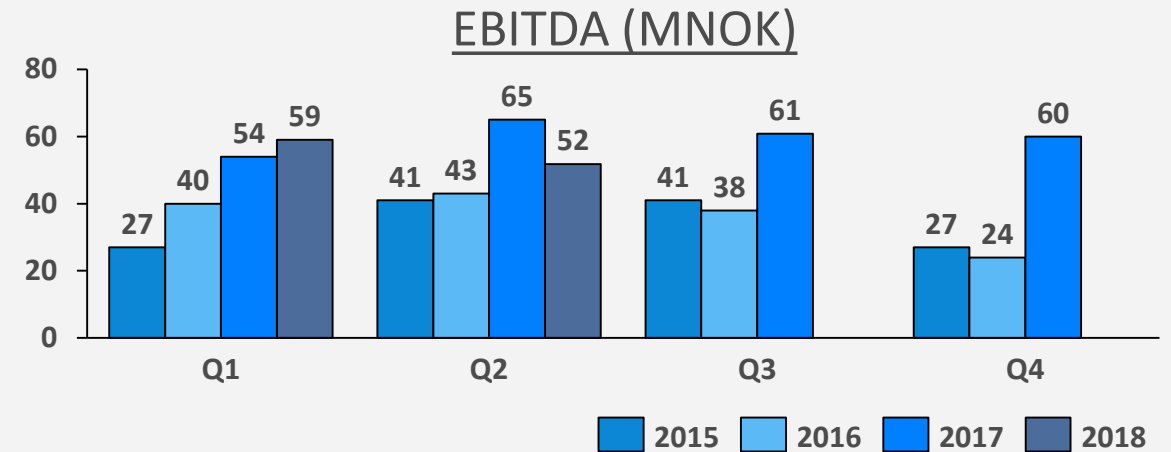
Q2 2018 – Financial highlights

- 17% growth, a new quarter with strong contributions from Americas and Europe & Middle East
- Last twelve months order intake and revenue now at 2,213 MNOK and 2,257 MNOK respectively
- The order book has decreased to 1,274 MNOK at the end of Q2 2018, which is 44 MNOK lower than at the end of Q2 2017

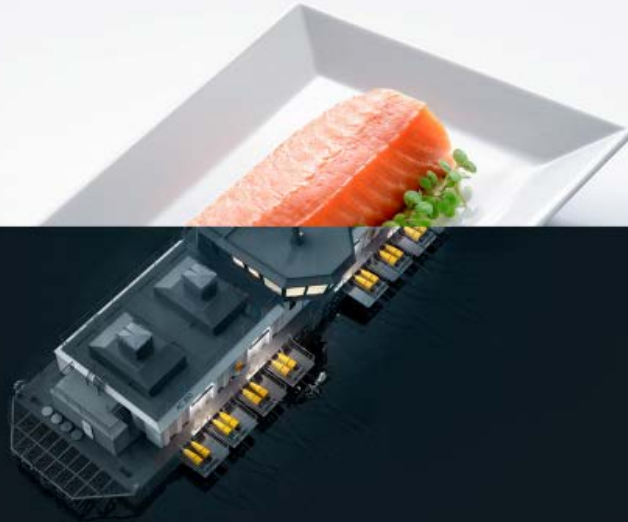


Q2 2018 – Financial highlights

- Adjusted for acquisition costs the EBITDA is 60 MNOK in the quarter, and the EBITDA margin is 9,6%
- Driven by a strong order book revenue and EBITDA is significantly up in Americas and EME, areas with lower relative margins than the Nordic region – thus the geographical mix is reducing margins
- The margins in the Land Based segment improved compared to Q2 2017, with an EBITDA margin of 10,5%



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.

Cage Based Technologies

Nordic

- Margins impacted by full 8 MNOK of acquisition costs
- Revenue in Nordic is down compared to 2017, although on a high level
- Investments in new manufacturing lines at Helgeland Plast, as well as ramping up the Marine Service business in Norway has impacted margins negatively
- Norwegian barge business with low margins in the quarter due to unexpected and ongoing manufacturing challenges
- Strong contribution from Sperre which ended the quarter with an EBITDA of 6.3 MNOK, compared to 6.0 MNOK in Q2 2017

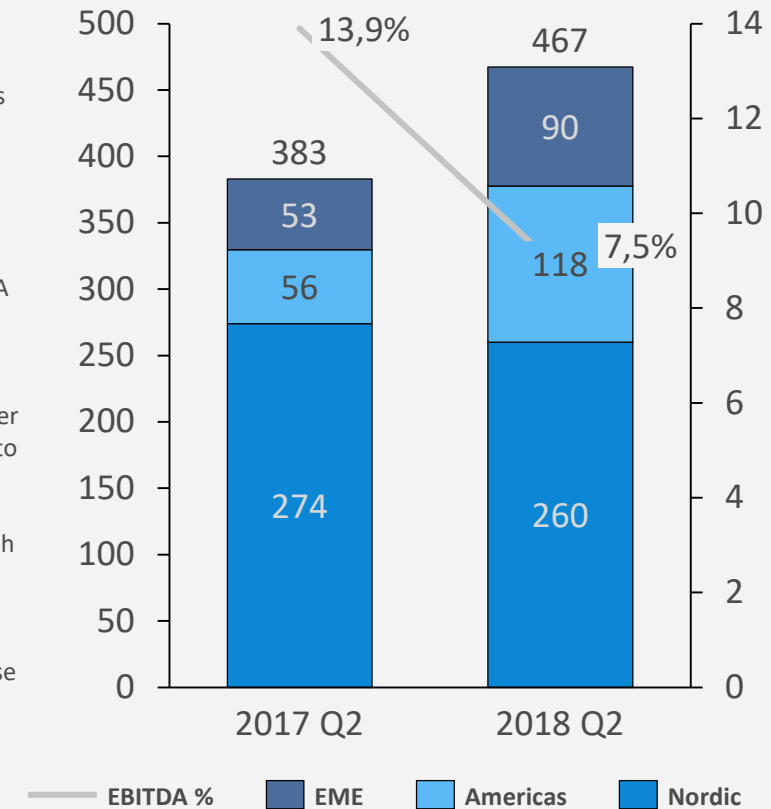
Americas

- Americas is significant up and deliver on a very strong backlog, while order intake continue to be strong. EBITDA almost doubled in Chile compared to last year
- The operation in North America and Australasia is ending the quarter with an EBITDA of 2.4 MNOK, compared to 1.5 MNOK last year

EME

- As for Americas EME is delivering on a very good backlog, with an increase in revenue of 67% compared to Q2 2017
- Our operations in Turkey, Greece, Spain and Middle East has shown another profitable quarter

Revenue and EBITDA %



BIOLOGY



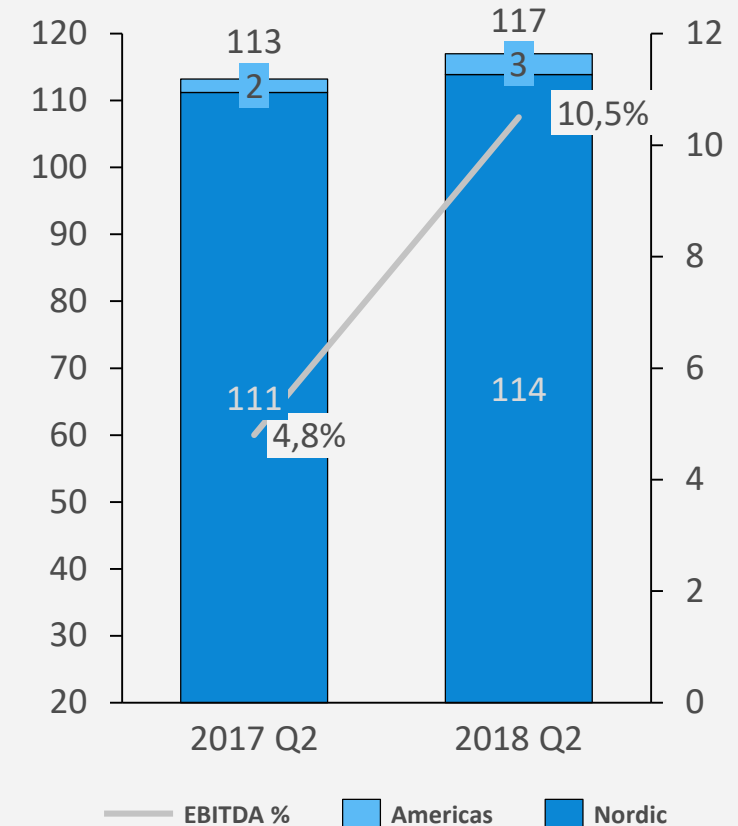
TECHNOLOGY

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Land Based Technologies

- Several medium sized orders won in Canada, Chile and Scotland in Q2, although decisions for larger post smolt orders in Norwegian pipeline has been delayed
- Pipeline of projects continue to be good
- Revenue increased slightly compared to both Q1 and second quarter last year
- Margins are improving compared to Q2 2017 and Q1 2018
- Order backlog of 449 MNOK by the end of Q2

Revenue and EBITDA %



BIOLOGY



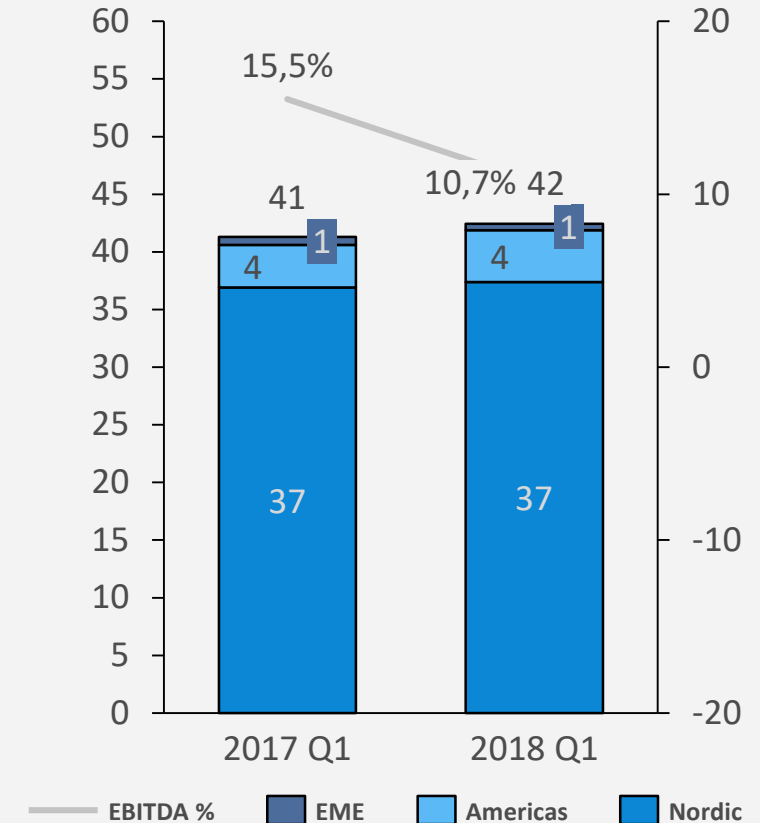
TECHNOLOGY

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.

Software

- AKVA group Software ends the quarter with an EBITDA of 2.4 MNOK compared to 3.4 MNOK in Q2 2017
- Wise ehf ends the quarter with an EBITDA of 1.7 MNOK compared to 2.5 MNOK in the same quarter in 2017
- Margins impacted by level of development activity not capitalized and implementation costs of new contract with Egersund Group (one off)
- We are currently carrying out a strategic evaluation of Wise ehf in order to realize the potential of the business going forward, no conclusions made yet

Revenue and EBITDA %



Financials – Detailed P&L

(MNOK)	2018 Q2	2017 Q2	2018 YTD	2017 YTD	2017 Total
Order backlog	1 274	1 318	1 274	1 318	1 381
Order intake	471	778	1 110	1 367	2 471
P&L					
OPERATING REVENUES	627	537	1 216	1 047	2 088
Operating costs ex depreciations	575	472	1 105	928	1 848
EBITDA	52	65	111	119	240
Depreciation and amortization	25	21	47	41	83
EBIT	27	44	64	78	157
Net interest expense	-3	-4	-6	-6	-11
Other financial items	-1	-0	-5	-4	-10
Net financial items	-4	-4	-11	-10	-22
EBT	23	40	53	68	136
Taxes	4	13	10	21	36
NET PROFIT	19	27	43	47	100
Net profit (loss) attributable to:					
Non-controlling interests	-0,1	0,1	-0,1	0,1	0,1
Equity holders of AKVA group ASA	19	26	43	46	100
Revenue growth	16,7 %	31,6 %	16,1 %	30,8 %	30,2 %
EBITDA margin	8,3 %	12,1 %	9,1 %	11,4 %	11,5 %
EPS (NOK)	0,73	1,03	1,67	1,80	3,86

• Of which Land Based is 449 MNOK

• Includes 8 MNOK of acquisition costs related to the Egersund Net transaction

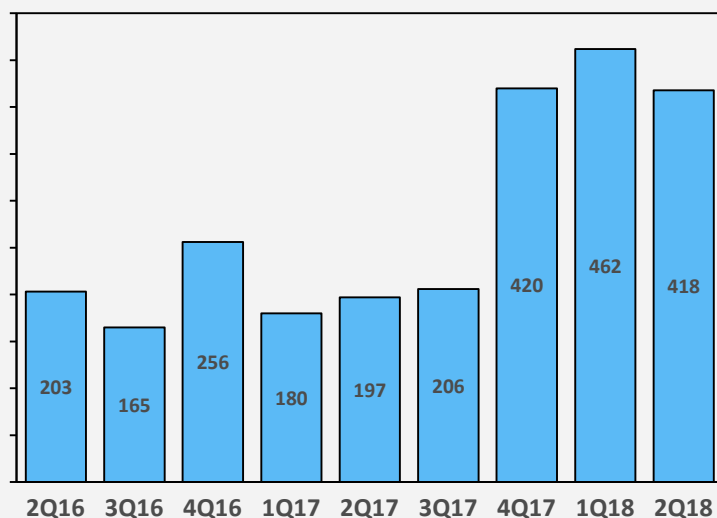
• Increased depreciation mainly due to increased rental CAPEX, investments in AKVA Marine Services and amortization

• 1.6 MNOK relates to investment in Atlantis Subsea Farming AS and 1 MNOK in investment in associated company

• Minority shareholders (49%) in Wise Blue AS

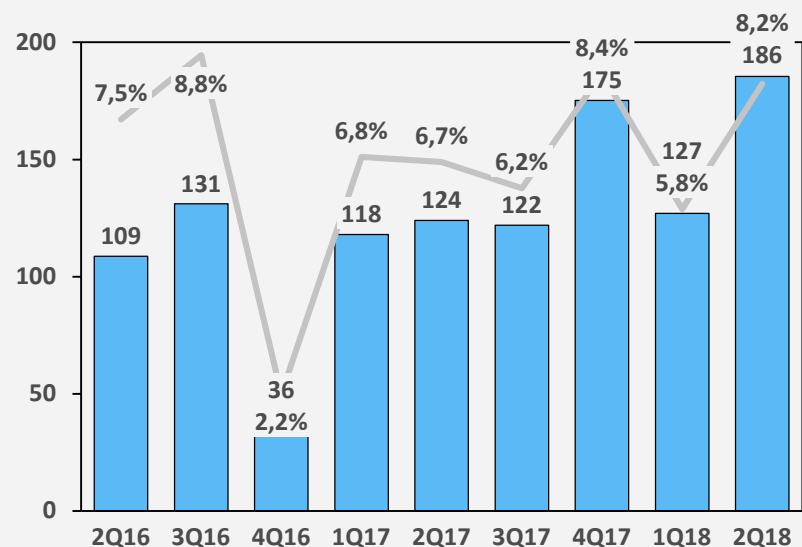
Group financial profile – remains strong

Available cash



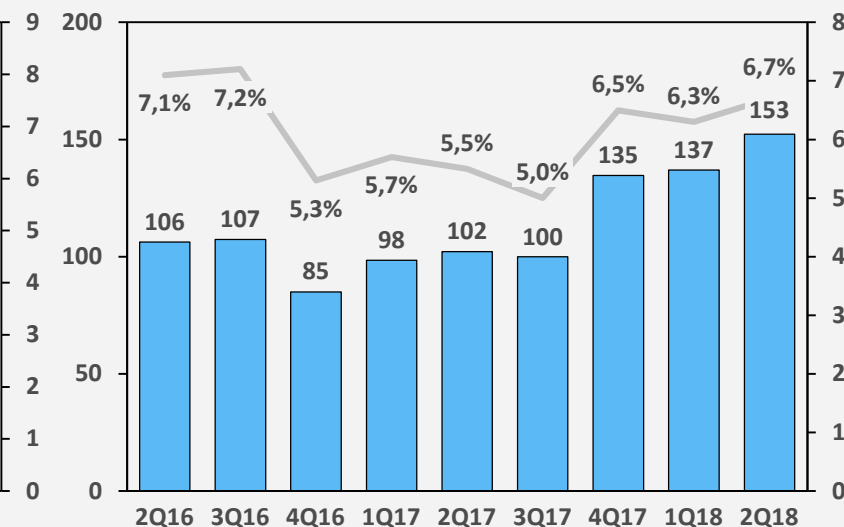
- Including 61 MNOK of a 200 MNOK credit facility in Danske Bank, as of Q2 2018 and a 200 MNOK revolving credit facility
- Refinancing of long term loans, increased credit facility and established a revolving credit was finalized in October 2017

Working capital



- The graph shows absolute working capital and working capital relative to last twelve months revenue

Average working capital

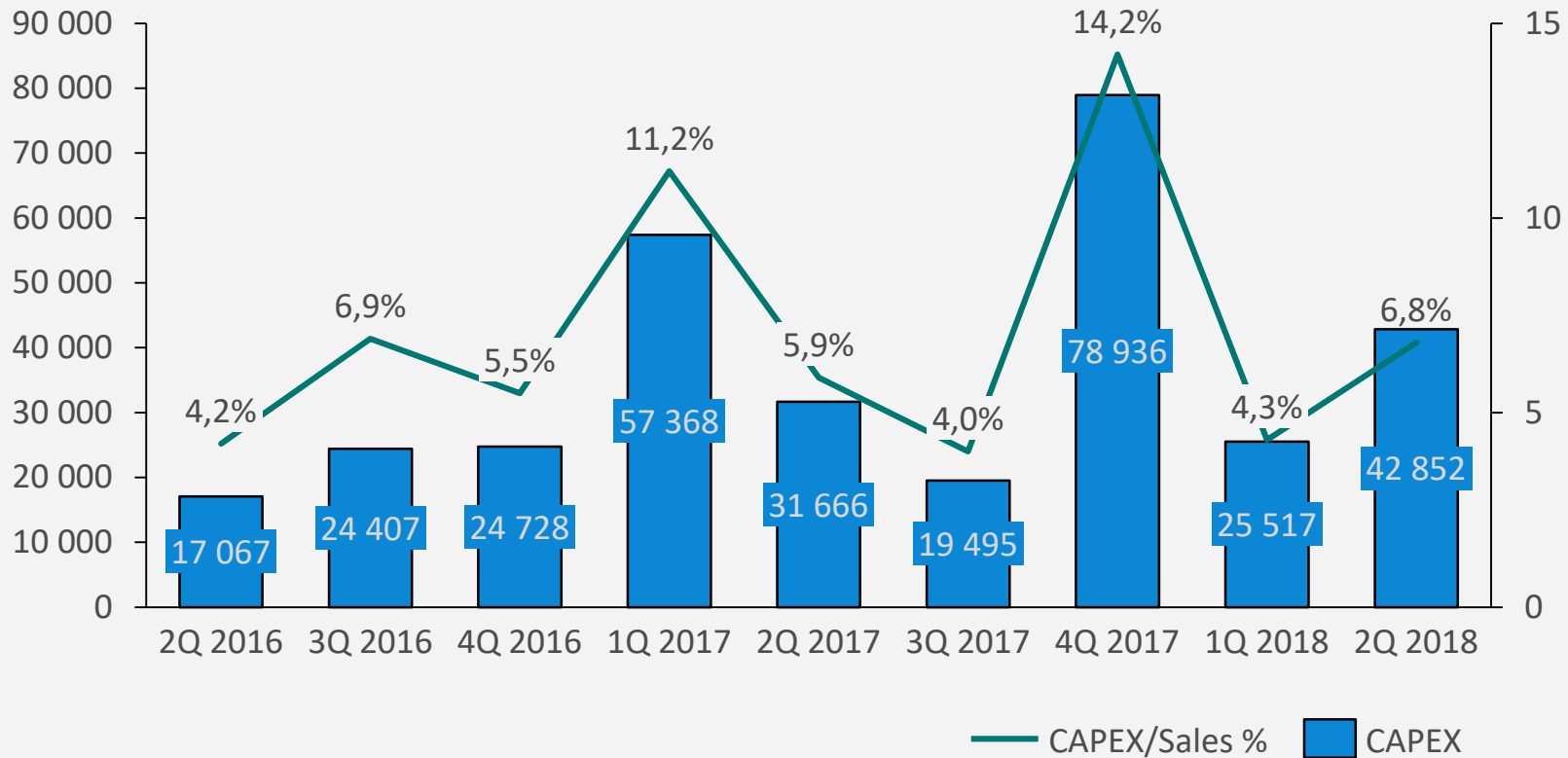


- The graph shows 12 months average working capital and average working capital relative to last twelve months revenue

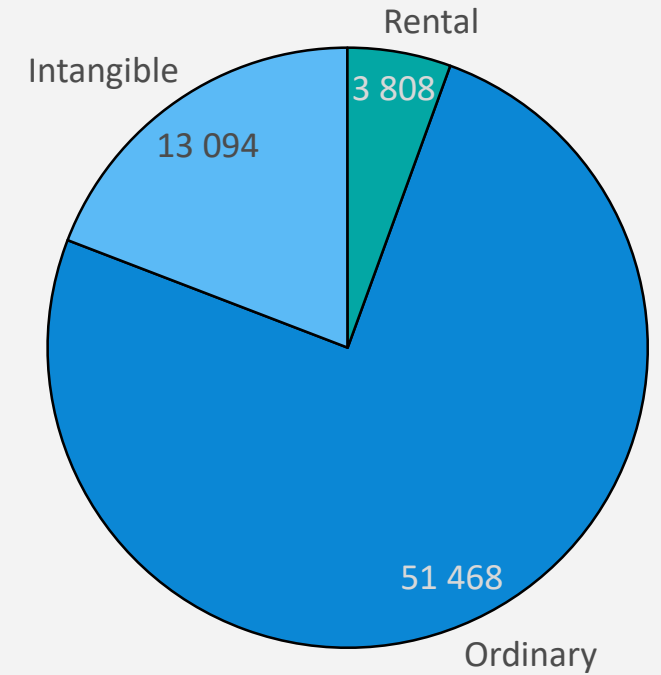
CAPEX

CAPEX and CAPEX/Sales %

(TNOK)



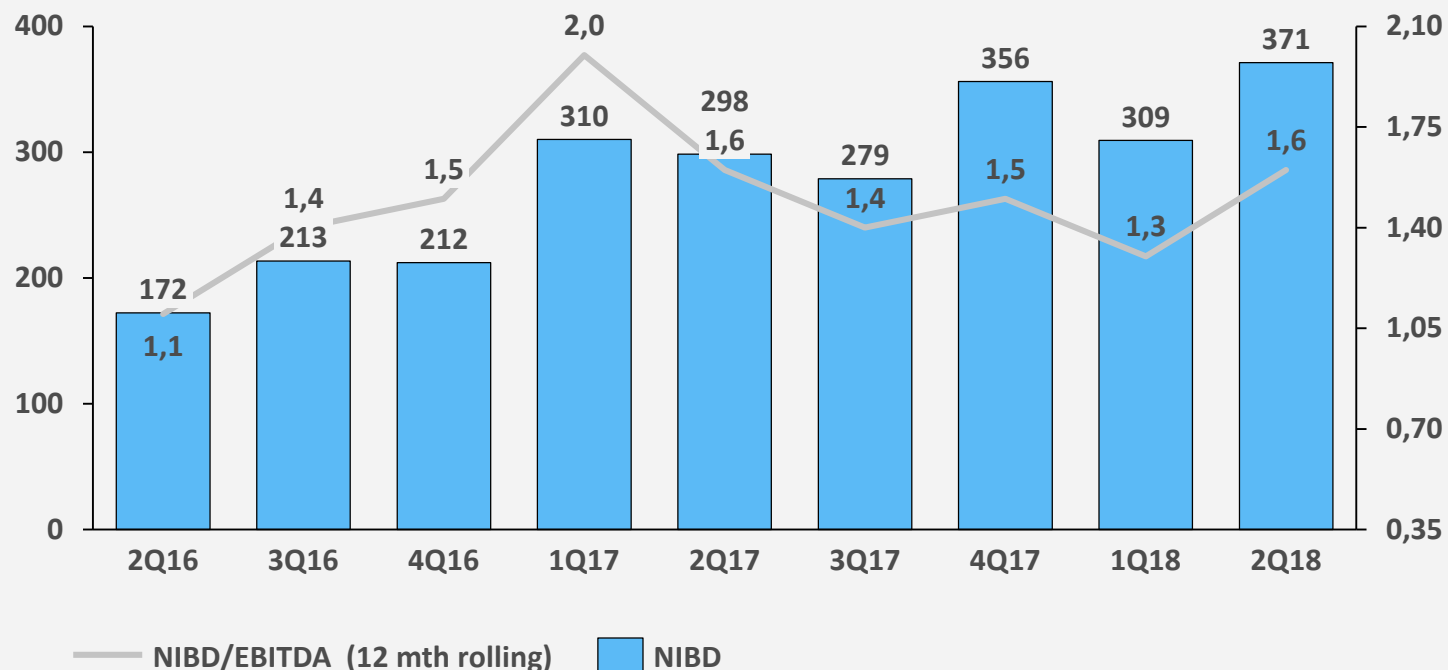
CAPEX breakdown YTD 2018



*Ordinary includes investment in new facilities in Helgeland Plast

Net interest bearing debt/EBITDA of 1.6

Net interest bearing debt (MNOK) and net debt/EBITDA

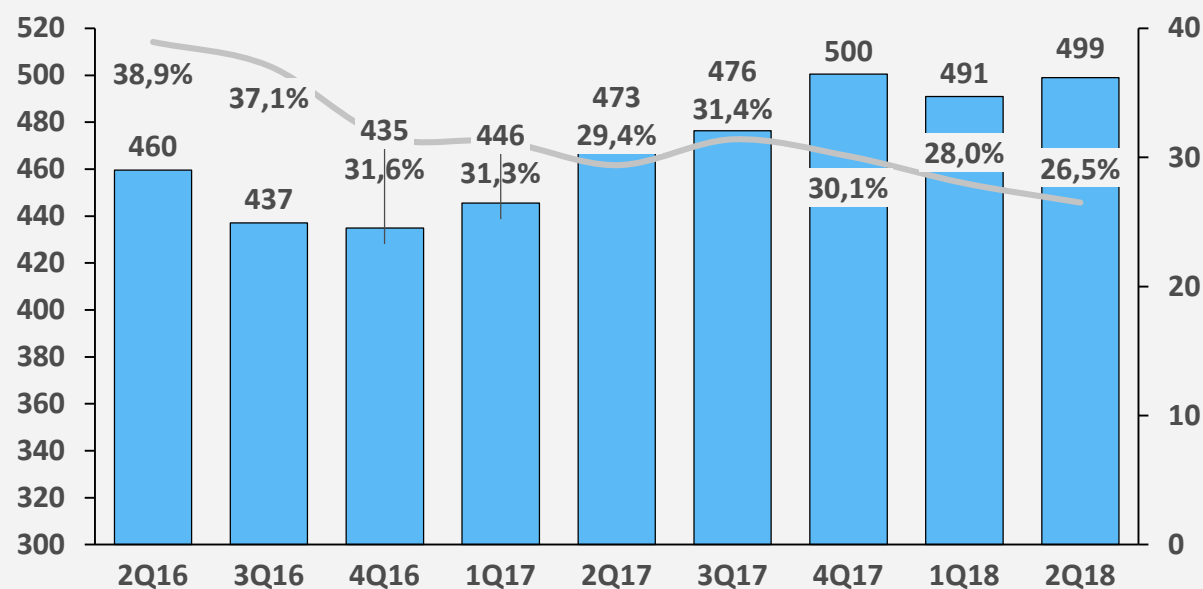


Change in net interest bearing debt (TNOK)

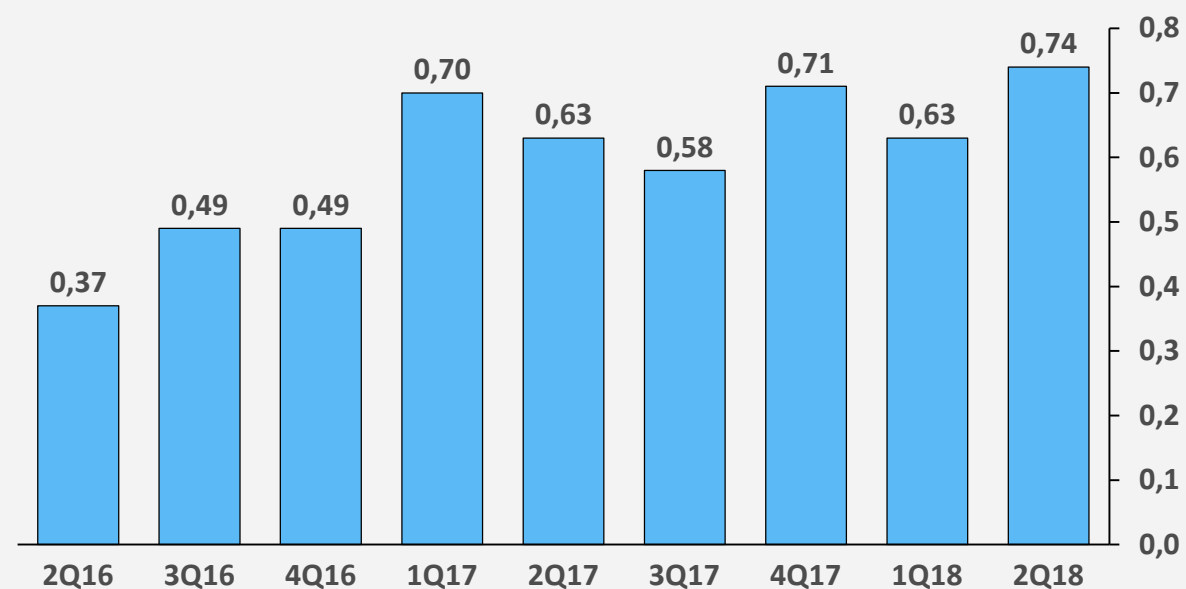
Net interest bearing debt 31.03.2018	309 371
EBITDA	-51 830
Income taxes paid	3 877
Net interest paid	3 368
Capex	42 852
Acquisitions / Divestments	-
Long-term financial assets	-
Paid dividend	-
Buyback own shares	-
Sale of fixed assets	-126
Currency effects	4 203
Other changes in working capital	59 554
<i>Net change</i>	61 900
Net interest bearing debt 30.06.2018	371 270

Group financial profile – remains strong, continued

Equity and Equity / Total Balance

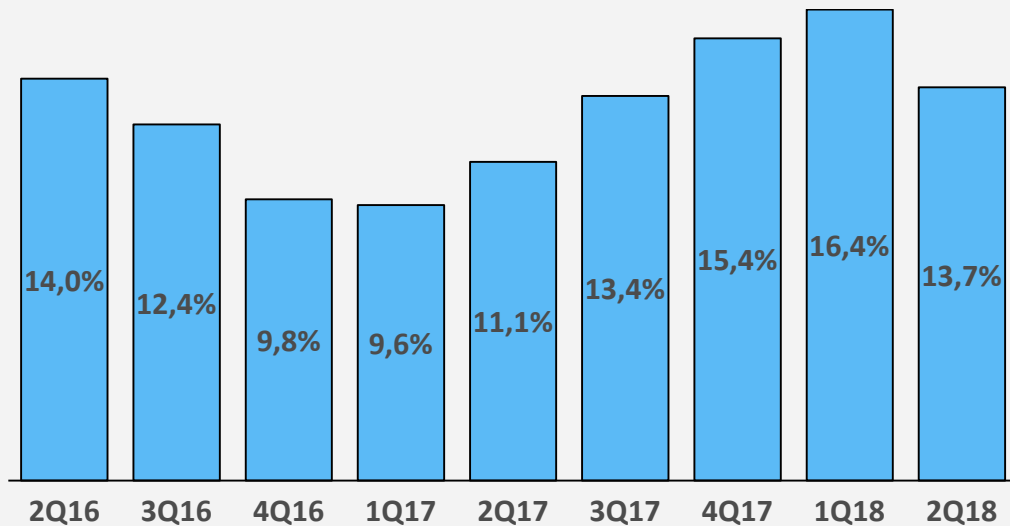


NIBD / Equity

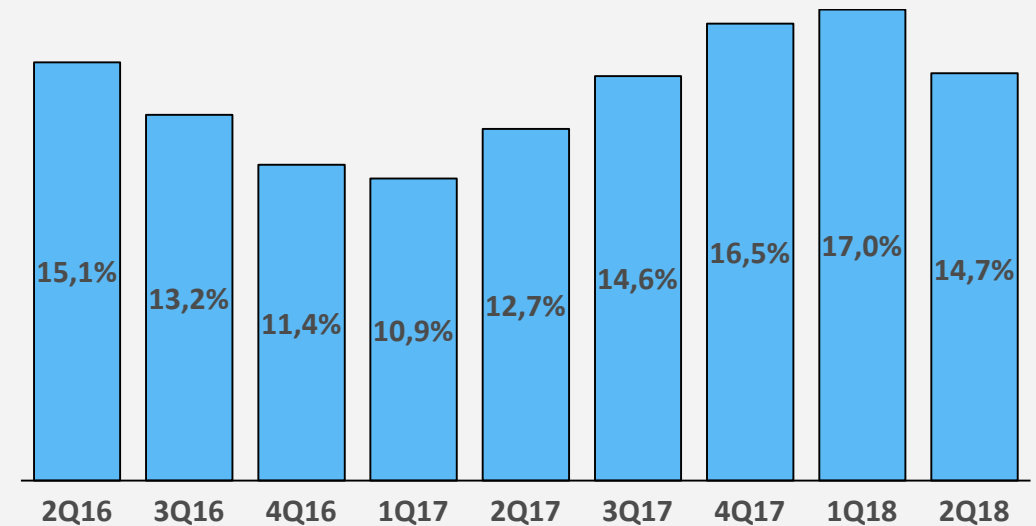


Group financial profile – remains strong, continued

ROCE



ROACE



Cash flow statement

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (NOK 1 000)	2018	2017	2018	2017	2017
	Q2	Q2	YTD	YTD	Total
Net cash flow from operations	43 846	62 059	90 510	105 107	195 535
Net cash flow from change in working capital	-59 554	-7 089	-13 959	-81 827	-108 130
Net cash flow from operational activities	-15 709	54 970	76 551	23 280	87 404
Net cash flow from investment activities	-26 382	-30 273	-49 737	-53 103	-117 392
Net cash flow from financial activities	73 618	-45 088	17 605	-25 327	-22 346
Net change in cash and cash equivalents	31 527	-20 390	44 419	-55 149	-52 334
Net foreign exchange differences	-1 675	2 071	-4 516	2 245	3 759
Cash and cash equivalents at the beginning of the period	127 020	130 958	116 969	165 543	165 543
Cash and cash equivalents at the end of the period	156 872	112 638	156 872	112 638	116 969

Balance sheet

BALANCE SHEET (MNOK)	2018	2017	2017
	30.06	30.06	31.12

ASSETS	1 881	1 606	1 663
Intangible non-current assets	583	583	596
Tangible non-current assets	268	197	246
Financial non-current assets	10	10	7
Inventory	257	211	238
Receivables	607	491	459
Cash and cash equivalents	157	113	117
LIABILITIES AND EQUITY	1 881	1 606	1 663
Equity	498	472	500
Minority interest	0	1	1
Long-term interest bearing debt	361	372	351
Short-term interest bearing debt	167	39	122
Non-interest bearing liabilities	854	722	689



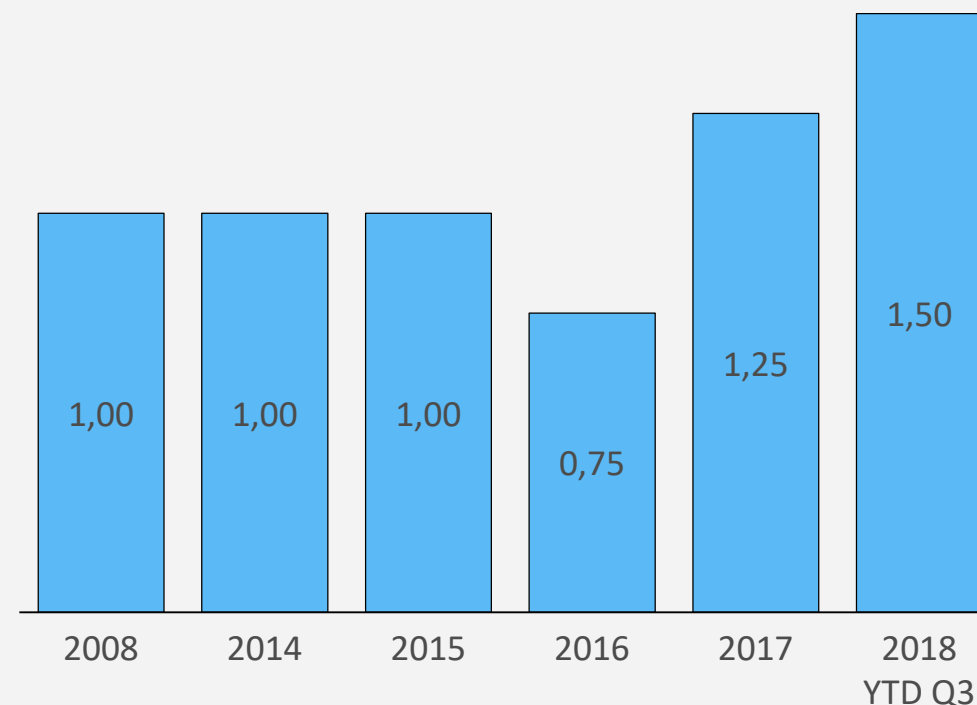
Dividend and dividend policy

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 needs 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 2018

Cash Dividend



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
1 199 372	4,6 %	VERDIPAPIRFONDET ALF		NOR
555 414	2,1 %	VPF NORDEA KAPITAL		NOR
470 246	1,8 %	EIKA NORGE		NOR
450 667	1,7 %	VPF NORDEA AVKASTNING		NOR
407 232	1,6 %	STATOIL PENSJON		NOR
381 300	1,5 %	MP PENSJON PK		NOR
319 953	1,2 %	NORDEA 1 SICAV		LUX
300 000	1,2 %	NORDEA NORDIC SMALL		FIN
288 140	1,1 %	VERDIPAPIRFONDET NOR		NOR
282 100	1,1 %	METZLER EURO SMALL +		IRL
250 202	1,0 %	SIX SIS AG	Nominee	CHE
193 000	0,7 %	NORRON SICAV - SELEC		LUX
187 729	0,7 %	VERDIPAPIRFONDET DNB		NOR
150 000	0,6 %	DAHLE BJØRN		NOR
146 500	0,6 %	FORTE TRØNDER		NOR
125 000	0,5 %	UBS EUROPE SE	Nominee	LUX
107 871	0,4 %	VERDIPAPIRFONDET EIK		NOR
107 346	0,4 %	STATOIL FORSIKRING AS		NOR
23 025 177	89,1 %	20 largest shareholders		
2 809 126	10,9 %	Other		
25 834 303	100,0 %	Total number of shares as per 30.06.2018		

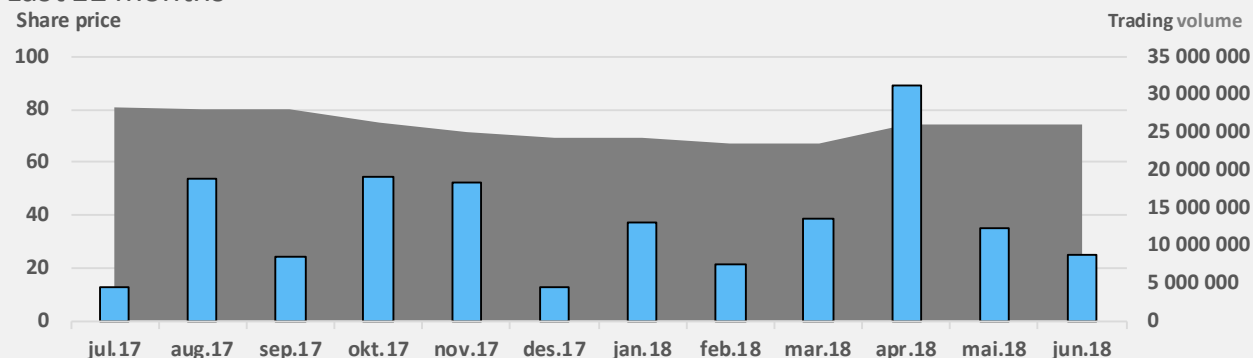
Origin of shareholders, 5 largest countries

No of shares	%	Origin	No of shareholders
19 701 327	76,3 %	Norway	1001
3 946 062	15,3 %	Great Britain	18
742 200	2,9 %	Luxembourg	6
365 864	1,4 %	Finland	6
351 152	1,4 %	Ireland	4
727 698	2,8 %	Other	112

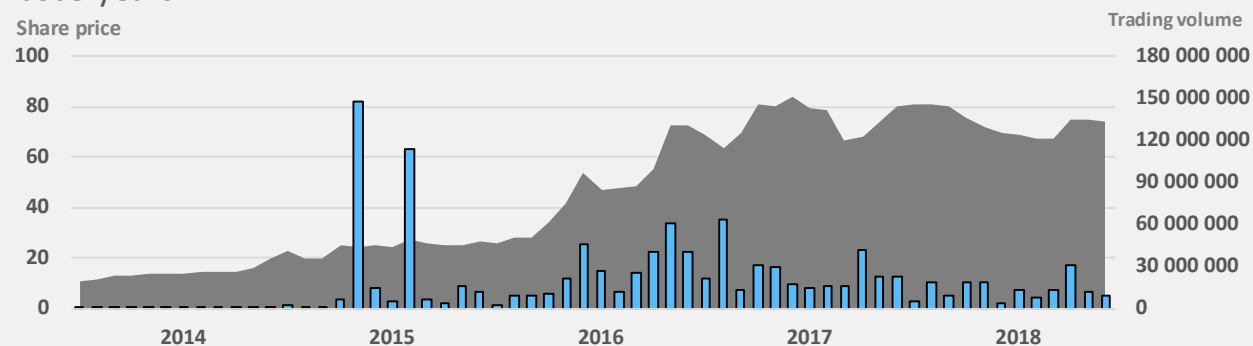
Total number of shareholders: 1 147 - from 26 different countries

Share development

Last 12 months



Last 5 years



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 Outlook – by CEO Hallvard Muri

AKVA group in brief



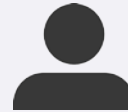
Leading
technology
and service
partner



Listed on
Oslo stock
exchange
since 2006



Deliveries
in 65
countries
over 40
years



Companies
in 11
countries.
1 012
employees

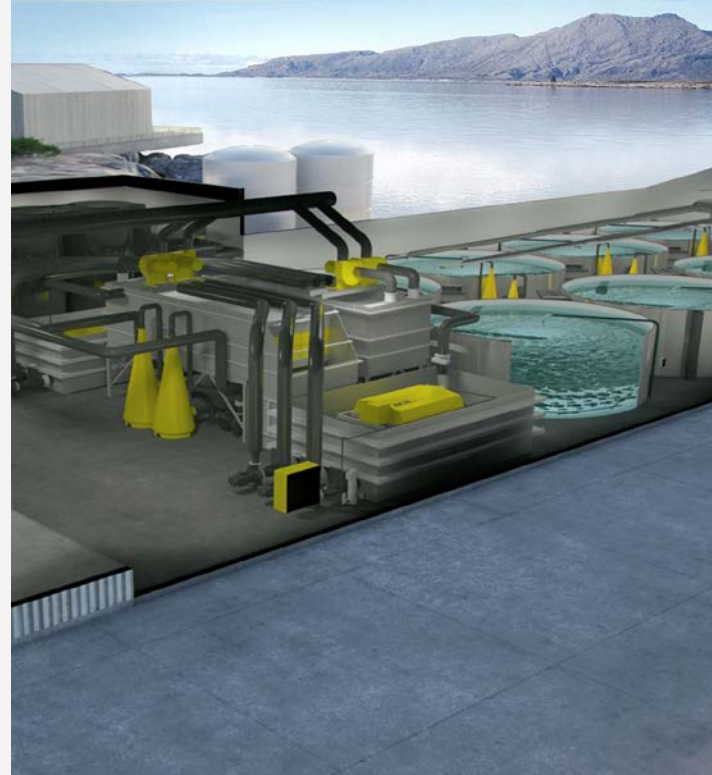


Solutions

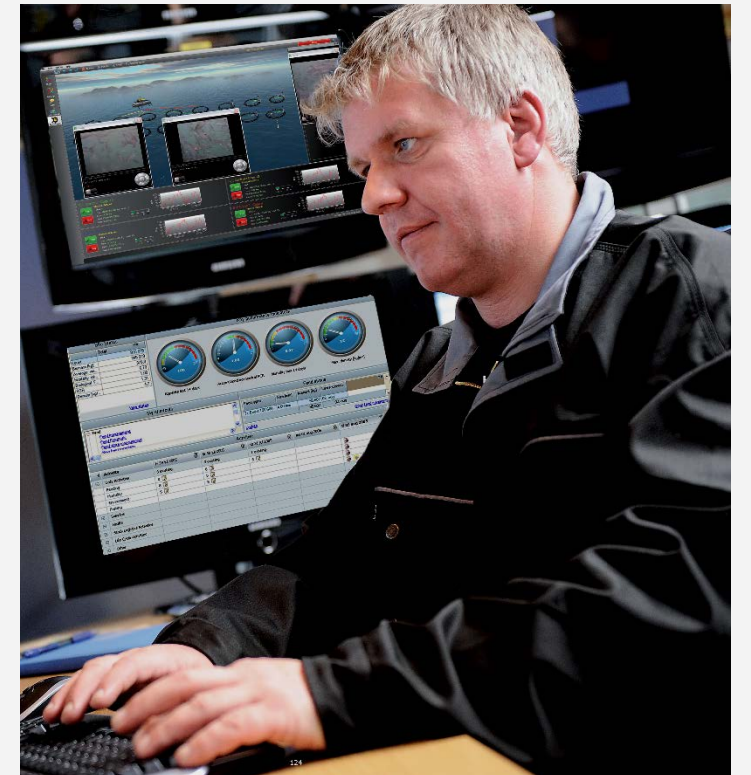
Cage Based Technology



Land Based Technology



Software



CAPEX Based Revenue

CAGE BASED TECHNOLOGY



LAND BASED TECHNOLOGY



SOFTWARE: Fishtalk
AKVAconnect
Support

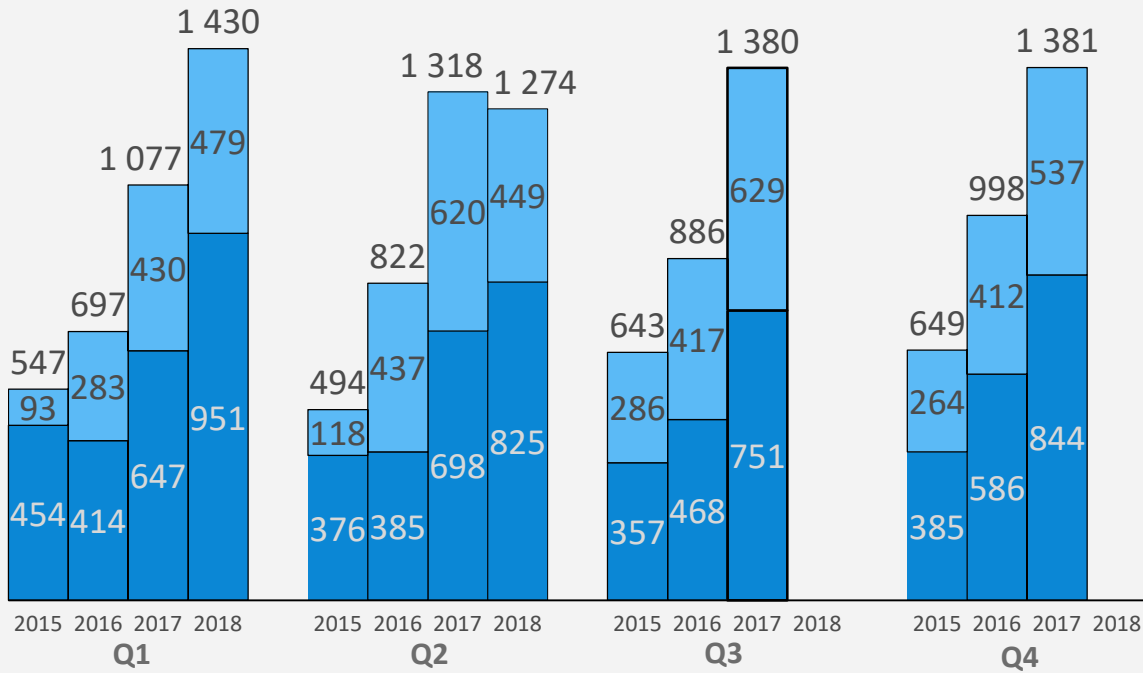


**MARINE SERVICES
& AFTER SALE
SERVICE:** Marine services
Rentals
After sale services

OPEX Based Revenue

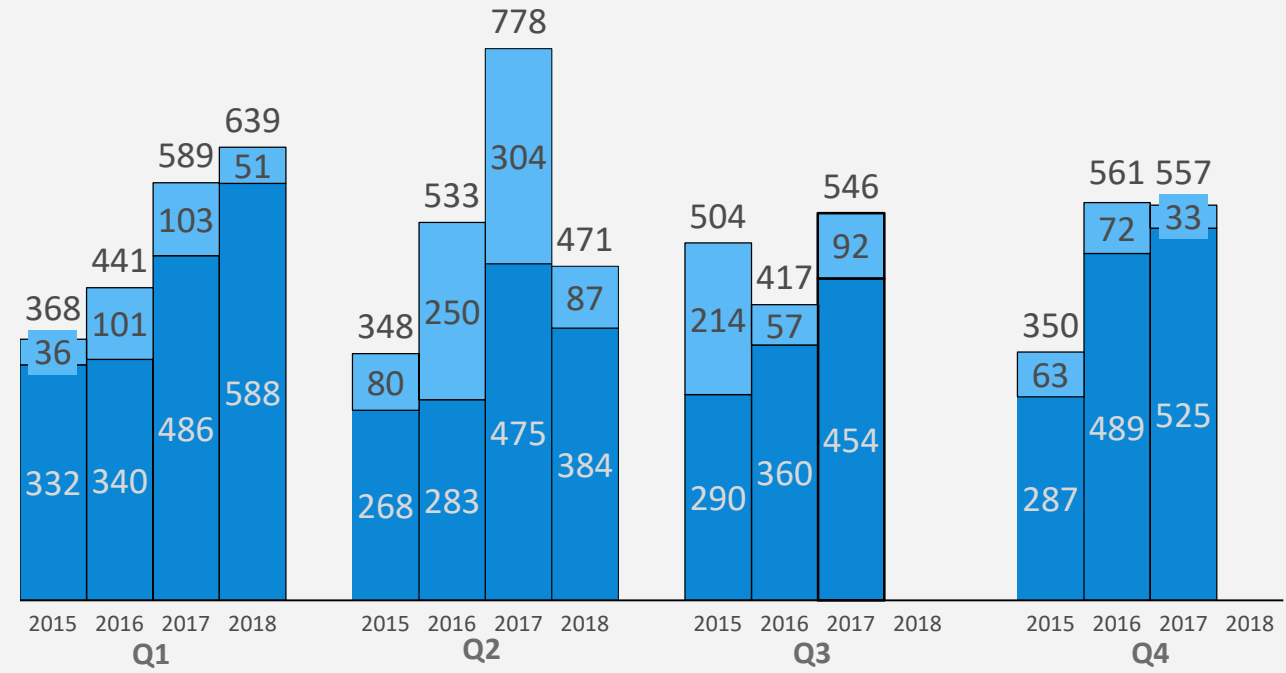
Order backlog and inflow, 2015 through 2018

Order backlog



35% of total order backlog relates to Land Based Technology (LBT)

Order intake



Order intake of 471 MNOK in Q2 2018

Land Based Other

Outlook – AKVA group

- Egersund Net integration planning well advanced
- Continued positive outlook for most markets, good opportunities to grow on the Canadian east coast
- Land Based – focus on post smolt, still high quote bank
- Execution of improvement programs, manufacturing, sourcing and logistics
- Increasing focus and growth outside Nordic Markets
- Expanding services and OPEX based business, investing in Marine Services
- Product improvements and optimization



CUSTOMER FOCUS
AQUACULTURE
∞ KNOWLEDGE
RELIABILITY
ENTHUSIASM!

