

AKVAGROUP



Q2 2011 Presentation
Oslo, August 09, 2011

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..... **AKVA**GROUP

 **Agenda**



- Highlights Q2 2011
- Financials Q2 2011
- Way forward
- Q & A


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→ Highlights

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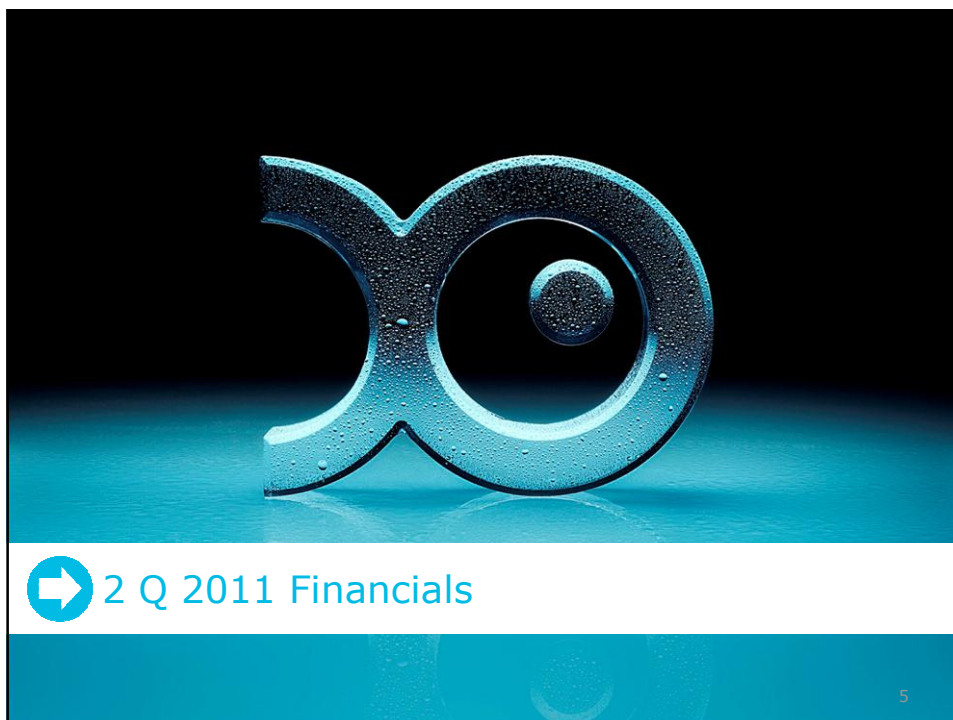
→ Recovery continues



- Growth in operating revenues – 2Q revenues 222.5 MNOK vs 176.3 last year – up 26%.
- EBITDA in 2Q was 14.0 MNOK compared to minus -11.9 MNOK last year - up 25,9 MNOK. EBIT was 6,0 MNOK versus minus -19.5 in 2Q 2010 - up 25,5 MNOK
- High activity and strong order inflow in Chile and Scotland
- The order backlog at the end of 2Q was 342 MNOK versus 316 MNOK at the end of 2Q last year – up 8,2%
- Continued focus on recovery - focus on cost, improving project execution, quality and customer service
- Rights issue successfully completed, over subscribed by 38% - focus on repositioning and long term development of AKVA as leading technology partner

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2 Q Financials – P&L group

P&L 2011 (MNOK)	2011 2Q	2010 2Q	2011 1H	2010 1H	2010 Total
OPERATING REVENUES	222,5	176,3	475,8	334,3	742,5
Operating costs ex depreciations	208,5	188,2	439,0	345,7	752,4
EBITDA	14,0	-11,9	36,8	-11,4	-9,9
Depreciation	8,0	7,5	15,8	15,0	31,0
EBIT	6,0	-19,5	21,0	-26,4	-40,9
Net interest expense	-3,1	-2,9	-6,2	-5,2	-12,0
Other financial items	0,8	1,4	0,7	1,6	2,0
Net financial items	-2,3	-1,4	-5,6	-3,6	-9,9
EBT	3,7	-20,9	15,5	-30,0	-50,9
Taxes	1,4	-4,6	3,1	-8,4	-13,3
NET PROFIT	2,3	-16,3	12,4	-21,6	-37,6
Revenue growth	26,2 %	7,3 %	42,3 %	5,6 %	23,9 %
EBITDA margin	6,3 %	-6,8 %	7,7 %	-3,4 %	-1,3 %
EPS (NOK)	0,14	-0,95	0,72	-1,25	-2,27

- Operating revenues in 2Q 222.5 MNOK vs 176.3 MNOK last year
 - Main drivers Chile helped by the UK

- EBITDA in 2Q 14.0 MNOK vs minus 11.9 MNOK last year an increase of 25,9 MNOK
 - Improvement due to higher business volume and lower cost
 - 2Q last year influenced by restructuring charges of 6,3 MNOK

- Higher financial expenses due to on average higher NIBD and lower currency gain

2 Q P&L segments - Hardware

P&L 2011 (MNOK)	2011 2Q	2010 2Q	2011 1H	2010 1H	2010 Total
HARDWARE					
OPERATING REVENUES	184,3	136,8	383,4	254,7	574,5
Operating costs ex depreciations	167,0	135,8	347,7	251,2	557,6
EBITDA	17,3	1,0	35,7	3,6	16,8
Depreciation	5,9	4,6	11,6	9,2	19,7
EBIT	11,4	-3,6	24,0	-5,7	-2,9
EBITDA %	9,4 %	0,7 %	9,3 %	1,4 %	2,9 %
EBIT %	6,2 %	-2,6 %	6,3 %	-2,2 %	-0,5 %



- HW main driver in over all growth with 34,9% growth in revenues compered to Q2 2010.
- EBITDA increased to 17,3 MNOK compared with 1,0 MNOK in Q2 2010.
- Growth fueled particularly by strong development in Wavemaster steel cages in Chile and Polarcirkel cages in Norway and UK

2 Q P&L segments - Software

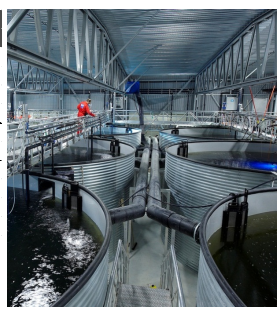
P&L 2011 (MNOK)	2011 2Q	2010 2Q	2011 1H	2010 1H	2010 Total
SOFTWARE					
OPERATING REVENUES	27,1	25,6	57,3	51,6	106,1
Operating costs ex depreciations	25,7	25,1	51,1	48,6	97,1
EBITDA	1,4	0,5	6,2	2,9	9,0
Depreciation	1,8	2,7	3,5	5,3	10,0
EBIT	-0,3	-2,2	2,7	-2,4	-1,0
EBITDA %	5,2 %	1,9 %	10,9 %	5,7 %	8,5 %
EBIT %	-1,2 %	-8,6 %	4,7 %	-4,6 %	-1,0 %



- Growth in revenues and earnings compared to Q2 2010.
- The market for software and professional services in Norway has remained fairly good with healthy earnings.
- Iceland slow due to economic downturn in the aftermath of financial crisis but with positive contribution
- Challenging to get volumes in other regions

2 Q P&L segments - RAS

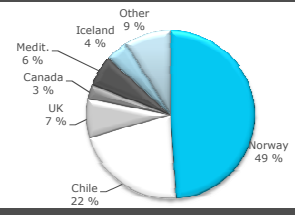
P&L 2011 (MNOK)	2011 2Q	2010 2Q	2011 1H	2010 1H	2010 Total
RAS					
OPERATING REVENUES	11,0	13,9	35,2	28,0	62,0
Operating costs ex depreciations	15,8	27,2	40,3	45,9	97,7
EBITDA	-4,7	-13,4	-5,1	-17,9	-35,8
Depreciation	0,3	0,2	0,6	0,5	1,3
EBIT	-5,1	-13,6	-5,7	-18,4	-37,0
EBITDA %	-43,0 %	-96,6 %	-14,4 %	-63,9 %	-57,7 %
EBIT %	-45,9 %	-98,4 %	-16,2 %	-65,7 %	-59,8 %



- Q2 used for consolidation focusing on completion projects and adjusting the organization
- Additional costs on old projects of 1 MNOK taken in the quarter
- Cost reduction measures implemented with an P&L effect of 0,3 MNOK with annual estimated saving around 4 MNOK
- High prospect portfolio

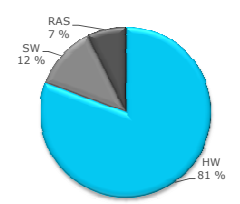
Market segments

Geographic segments 1H 2011



- Relative stable between regions from 1Q to 2Q
- Chile growing importance at the expense of the other regions
- 1H 2010 Chile represented 9%

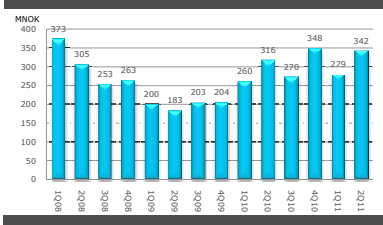
Business segments 1H 2011



- HW= Hardware deliveries and services
Cages, barges, Feed Systems and other operational systems
- SW = Software and software systems
- RAS = Recirculation systems

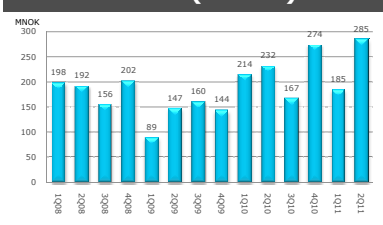
Order backlog and inflow

Order backlog (MNOK)



- The order backlog was 342 MNOK at the end of 2 Q.
- Up 8,2 % from 2010

Order inflow (MNOK)

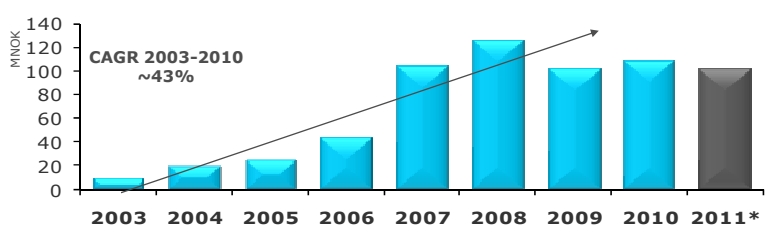


- Strong order inflow
- Total order inflow in 2Q 2011 was 285 MNOK vs. 225 MNOK in 2010.
- Chile main driver



New markets

AKVA group revenues within other species



* Sales and order backlog for delivery in 2011 per 1Q2011.





- The positive development within other species than salmon continues in 2011.

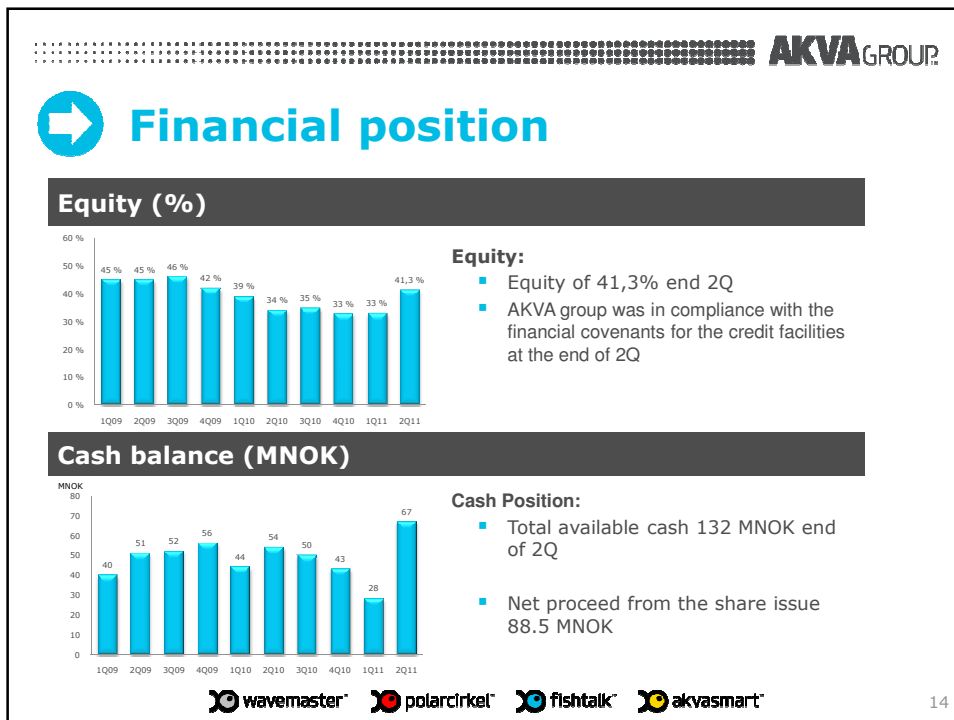


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Balance Sheet

BALANCE SHEET (MNOK)	2011 30.06.	2010 30.06.	2010 31.12.
Intangible fixed assets	207,2	214,0	215,9
Fixed assets	41,0	38,3	41,6
Long-term financial assets	37,8	29,5	39,4
FIXED ASSETS	286,0	281,8	297,0
Stock	181,4	138,3	157,7
Trade receivables	234,0	162,1	177,8
Other receivables	3,4	44,6	19,6
Cash and cash equivalents	66,8	54,4	43,2
CURRENT ASSETS	485,6	399,4	398,2
TOTAL ASSETS	771,6	681,2	695,2
Paid in capital	355,5	267,1	267,1
Retained equity	-36,5	-33,2	-39,5
TOTAL EQUITY	319,0	233,9	227,6
Other long term debt	1,8	4,1	2,4
Long-term interest bearing debt	123,2	148,3	134,5
LONG-TERM DEBT	125,0	152,4	136,9
Short-term interest bearing debt	29,4	62,5	77,3
Other current liabilities	298,2	232,4	253,5
SHORT-TERM DEBT	327,7	294,9	330,8
TOTAL EQUITY AND DEBT	771,6	681,2	695,2
Equity ratio	41,3 %	34,3 %	32,7 %
Net interest bearing debt	85,8	156,3	168,6
Net working capital	120,6	112,6	101,6





Cash flow statement

CASH FLOW STATEMENT (NOK 1 000)	2011	2010	2011	2010	2010
	2Q	2Q	YTD	YTD	Total
Net cash flow from operational activities	-817	-16 428	8 825	-4 667	-793
Net cash flow from investment activities	-7 971	-4 706	-12 743	-8 901	-23 175
Net cash flow from financial activities	47 475	31 998	27 583	9 843	8 966
Net cash flow	38 686	10 864	23 665	-3 725	-15 002
Cash and cash equivalents at the beginning of the period	28 138	43 571	43 159	58 161	58 161
Cash and cash equivalents at the end of the period	66 825	54 436	66 825	54 436	43 159

- Investments in 1H were 13.1 MNOK whereof 5.4 MNOK is capitalized R&D expenses in accordance with IFRS.



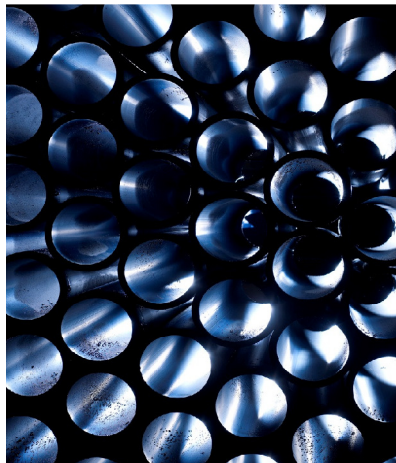
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Way ahead

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➔ Cautious optimists




- Market fundamentals in main market - the salmon industry – remains fairly good even if the salmon prices have fallen from record high levels
- The Chilean market developed very strong in 2Q and business volume in 2011 will be well over 2010
- Other markets shows positive development, especially in Scotland and Canada
- Remains cautious optimists - focus on cost, improvements in project execution and customer service
- Due to seasonal variations, normally the activity level in 3Q is expected to be higher than in 4Q and especially towards the yearend.

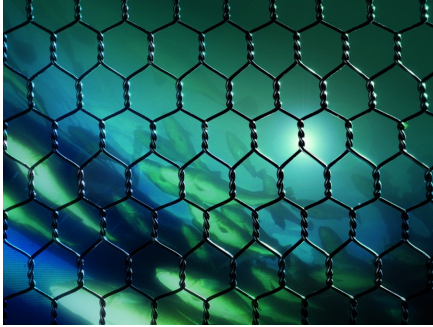
➔ Development and long term positioning of AKVA group







- Rights issue successfully completed, over subscribed with 38% - focus on repositioning and long term development of AKVA as leading technology partner
- Development through investments in core products and business areas
 - Improvements in existing products priority
- Service and aftermarket

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 **Polarcirkel EcoNet**







- Polarcirkel EcoNet introduced at Aqua Nor in Trondheim. Innovation within net technology providing:
 - High durability
 - Escape prevention
 - Maximized water flow
 - No need of antifouling
 - Easily recyclable
- A practical solution on main challenges for the industry





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 **Recommendation Mandatory Bid**

- The Board of Directors' statement published in a separate notice this morning.





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