



**Quarterly report**  
Nr 2 – 2012

## Second quarter report 2012



## Highlights – Steady performance in slow market

- **Operating revenues in Q2 of 211.5 MNOK compared to 222.5 in Q2 last year**
- **EBITDA in Q2 of 10.0 MNOK compared to 14.0 MNOK in Q2 last year**
- **EBIT in Q2 of 1.6 MNOK compared to 6.0 in Q2 last year**
- **Nordic and Chile main drivers of group revenues**
  - **Nordic increased revenues compared to Q1 2012**
  - **Revenues in Chile stabilizing on a high level**
- **Exports pose an opportunity – despite relative low activity in emerging markets in Q2**
- **Software continues to deliver solid margins**
- **Focus on balance sheet continues to show results – improvement of all key indicators**
  - **Increased credit facility in Sandnes Sparebank of 25 MNOK to a total limit of 90 MNOK.**
- **Order backlog at the end of Q2 was 253 MNOK versus 328 MNOK at the end of Q2 last year. Order backlog kept fairly stable since end of Q3 2011 despite slower market.**

In the comments below on the financials, the 2011 figures are presented in brackets following the 2012 stated values when included.

AKVA group has organized its business into three technology segments; Cage based technologies (CBT): Includes cages, barges, feed systems and other operational technologies and systems for cage based aquaculture, Land based technologies (LBT): Includes recirculation systems and technologies for land based aquaculture, Software (SW): Includes software solutions and professional services related to this.

### Operations and profit

AKVA group achieved a steady operational and financial performance in a rather slow market in Q2 of 2012.

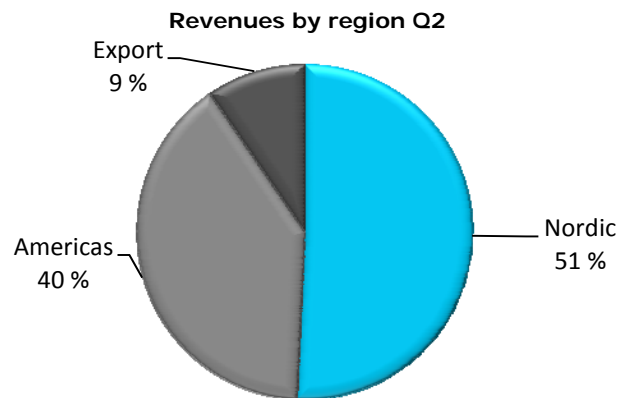
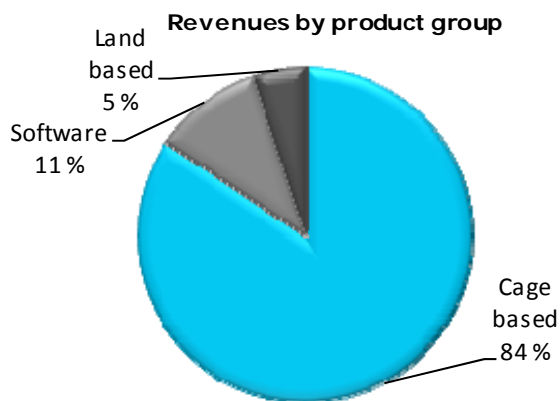
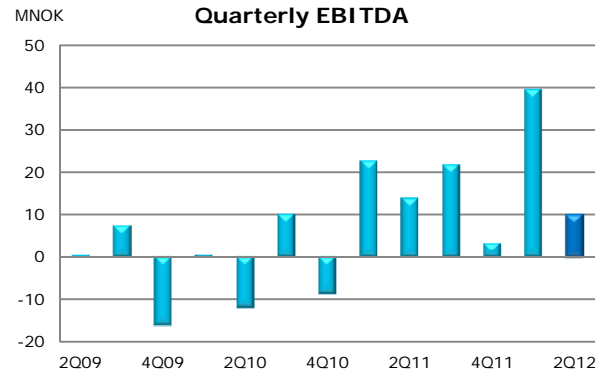
Total revenues in Q2 were 211.5 MNOK (222.5) with an EBITDA of 10.0 MNOK (14.0). EBIT was 1.6 MNOK (6.0).

Net financial income in Q2 was 0.5 million (-2.3), resulting in a profit before tax of 2.1 MNOK (3.7). Net profit was 1.2 MNOK (2.3) after allowing for taxes of 0.9 MNOK (1.4).

YTD revenues for the first half of 2012 were 455.2 MNOK (475.8) with an EBITDA of 49.7 MNOK (36.8). YTD EBIT for the first half of 2012 was 32.8 MNOK (21.0).



Net financial cost in the first half of 2012 was 2.8 MNOK (5.6). The improvement in net financial costs is related to lower net interest-bearing debt and higher gain on currency in 2012 compared to 2011. Profit before tax for the first six months in 2012 was 30.0 MNOK (15.5). YTD net profit was 21.7 MNOK (12.4).



### Cage based technologies (CBT)

CBT had revenues in Q2 of 178.4 MNOK (184.3). Revenue in the Nordic region was 82.5 MNOK (110.7), in the Americas region 76.1 MNOK (53.0) and in the Export region 19.8 MNOK (20.6).

EBITDA for CBT in Q2 was 10.3 MNOK (17.3) resulting in an EBITDA margin of 5.8% (9.4%). EBIT in Q2 was 3.6 MNOK (11.4) representing an EBIT margin of 2.0% (6.2%).

Refill rate of new orders was lower than expected in the beginning of the quarter impacting the business volumes as well as earnings for the quarter. However, in the last half of the quarter the refill rate with new orders was picking up improving the entry into Q3.

In the Nordic region we experienced a growth in revenues compared to Q1 2012, whilst the high activity level in Chile in 2011 continued in Q2 2012.

We experienced increased pace in Canada, UK and Turkey in the last part of Q2 after a slow start of the year.

In Export outside Scotland and Turkey there has been low activity in Q2. Our efforts in order to develop emerging markets continue and still pose an exiting potential going forward.

YTD revenues for CBT for the first half of 2012 were 356.0 MNOK (383.4) with an EBITDA of 21.2 MNOK (35.7). EBIT was 7.9 MNOK (24.0) after depreciations of 13.4 MNOK (11.6).

### **Software (SW)**

Revenue for SW in Q2 was 22.4 MNOK (27.1). The EBITDA in Q2 was 1.7 MNOK (1.4) resulting in an EBITDA margin of 7.6% (5.2%). EBIT in Q2 was 0.2 MNOK (-0.3) representing an EBIT margin of 0.8% (-1.2%).

Software continues to deliver stable revenues and solid margins in what traditionally is a more marginal quarter. SW revenue in Q2 2012 is MNOK 4.3 higher than in Q2 2011 if revenue in Q2 2011 from Martiech Norway is excluded. The Maritech Norway operation was sold in Q1 2012.

YTD operating revenues for SW were 77.6 MNOK (57.3) with an EBITDA of 34.1 MNOK (6.2). EBIT was 31.0 MNOK (2.7) after depreciation of 3.1 MNOK (3.5).

### **Land Based Technologies (LBT)**

LBT had revenues in Q2 of 10.7 MNOK (11.0) with an EBITDA of -2.0 MNOK (-4.7). The Q2 EBIT was -2.2 MNOK (-5.1).

Revenue in Q2 is on same level as in Q2 2011. Improved EBITDA is explained by improved cost based over the last year.

AKVA group Denmark A/S signed a contract with Danish Salmon for delivering of a land based system in June with a contract value of 17.7 MNOK.

YTD operating revenues were 21.5 MNOK (35.2) and YTD EBITDA was -5.6 MNOK (-5.1). The YTD EBIT was -6.1 MNOK (-5.7)

LBT continues to be an area of focus and improvement for the group, with promising potential for substantial future growth.

### **Balance sheet and cash flow**

The focus on improving the balance sheet continues to show effect with improvement in all key ratios through the quarter.

The working capital in the group balance sheet, defined as non-interest bearing current assets less non-interest bearing current liabilities was 153.4 MNOK at the end of Q2 2012, down from 182.0 MNOK at the beginning of the year. The working capital has been reduced with 28.6 MNOK during 2012.





Net interest-bearing debt was 78.6 MNOK at the end of Q2 compared to 145.7 MNOK at the beginning of the year. Gross interest bearing debt was at the end of Q2 136.5 MNOK versus 182.9 MNOK at the beginning of the year.

The credit facility in Sandnes Sparebank was increased with 25 MNOK to a total limit of 90 MNOK in Q2. The increase improves AKVA group financial flexibility to develop and grow our business further.

Cash and unused credit facilities amounted to 108.0 MNOK at the end of Q2 versus 57.0 MNOK at the beginning of the year.

Total assets and total equity amounted to 738.9 MNOK and 346.9 MNOK respectively, resulting in an equity ratio of 46.9% vs 44.9% at the beginning of the year.

Investments in Q2 2012 amounted to 7.2 MNOK of which 2.5 MNOK was capitalized R&D expenses in accordance with IFRS. YTD investments in 2012 were 15.7 MNOK whereof 5.0 MNOK is capitalized R&D expenses in accordance with IFRS.

AKVA group was in compliance with the financial covenants for the credit facilities at the end of Q2.

### **Shareholder issues**

Earnings per share for Q2 were 0.05 NOK (0.14). The calculation is based on 25,834,303 (17,222,869) shares average.

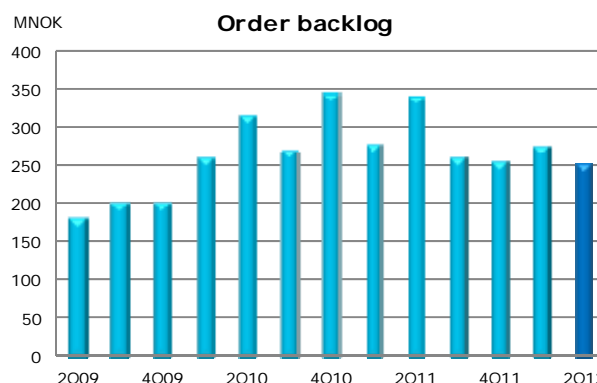
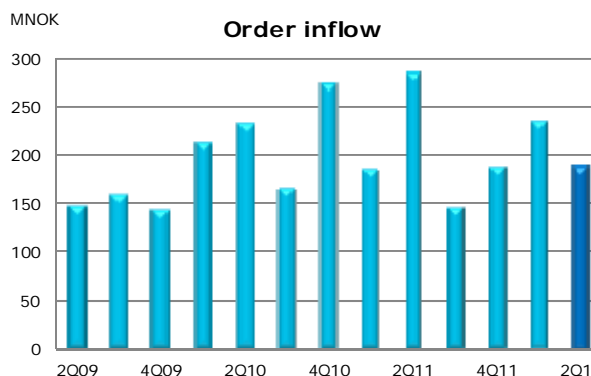
### **Market and future outlook**

The order backlog at the end of Q2 was 253 MNOK (328). The order inflow in Q2 was 189 MNOK (285), reflecting a slow inflow at the beginning of the quarter improving throughout the period. The order backlog has stayed fairly stable over the last quarters despite slower market.

There is an increased positive outlook in Nordic market due to optimistic sentiment created by medium to long term prospects for the salmon industry.

Chile is expected to stabilize on rather high business volumes for the rest of the year, but with more uncertainty for the quarters to come.

We expect improvements in our performance in UK and Canada in the rest of the year.



AKVA group continues to be hands on in second half of 2012 adjusting operations according to market development, focusing on long term performance, margins and customer relations.

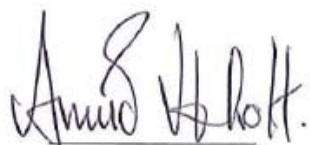
There will be continued focus on building service and after sales as a key business element.

The financial situation is now comfortable. However, we will continue to have strong focus on working capital and cash management.

**Statement from the Board and Chief Executive Officer**

We confirm that, to the best of our knowledge, the condensed set of financial statements for the period 1 January to 30 June, which have been prepared in accordance with IAS 34 Interim Financial Statements gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Trondheim, 14 August - 2012  
 Board of Directors, AKVA group ASA



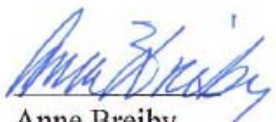
Amund Skarholt  
(chairperson)



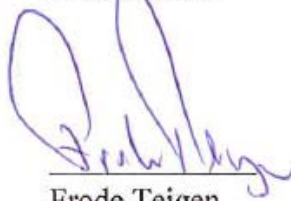
Aino Olaisen



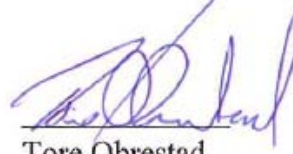
Hans Kristian Mong



Anne Breiby  
(Deputy chairperson)



Frode Teigen



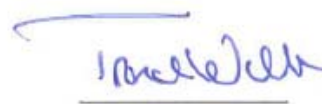
Tore Obrestad



Kjell Arne Corneliussen



Eivind Brendryen



Trond Williksen  
(CEO)

INCOME STATEMENT		2012	2011	2012	2011	2011
(NOK 1 000)		2Q	2Q	YTD	YTD	Total
<b>OPERATING REVENUES</b>		<b>211 474</b>	<b>222 463</b>	<b>455 181</b>	<b>475 839</b>	<b>893 552</b>
Operating costs ex depreciations		201 435	208 475	405 446	439 013	831 600
<b>OPERATING PROFIT BEFORE DEPR.(EBITDA)</b>		<b>10 039</b>	<b>13 989</b>	<b>49 734</b>	<b>36 826</b>	<b>61 953</b>
Depreciation		8 414	7 988	16 963	15 781	32 700
<b>OPERATING PROFIT (EBIT)</b>		<b>1 625</b>	<b>6 001</b>	<b>32 772</b>	<b>21 045</b>	<b>29 253</b>
Net interest expense		-2 088	-3 118	-4 292	-6 238	-11 400
Other financial items		2 567	823	1 538	675	-3 596
Net financial items		479	-2 296	-2 754	-5 563	-14 996
<b>PROFIT BEFORE TAX</b>		<b>2 105</b>	<b>3 705</b>	<b>30 018</b>	<b>15 482</b>	<b>14 256</b>
Taxes		863	1 376	8 324	3 073	2 771
<b>NET PROFIT</b>		<b>1 242</b>	<b>2 329</b>	<b>21 694</b>	<b>12 409</b>	<b>11 485</b>
Earnings per share		0,05	0,14	0,84	0,72	0,53
Average number of shares outstanding (in 1 000)		25 834	17 223	25 834	17 223	21 529

BALANCE SHEET		2012	2011	2011
(NOK 1 000)		30.6.	30.6.	31.12.
Intangible fixed assets			203 880	207 189
Fixed assets			42 796	41 004
Long-term financial assets			29 724	37 830
<b>FIXED ASSETS</b>			<b>276 401</b>	<b>286 023</b>
Stock			192 619	181 380
Trade receivables			173 186	234 050
Other receivables			38 830	3 371
Cash and cash equivalents			57 834	66 825
<b>CURRENT ASSETS</b>			<b>462 470</b>	<b>485 625</b>
<b>TOTAL ASSETS</b>			<b>738 871</b>	<b>771 648</b>
Paid in capital			355 549	355 549
Retained equity			-8 688	-36 526
<b>TOTAL EQUITY</b>			<b>346 861</b>	<b>319 023</b>
Other long term debt			4 306	1 754
Long-term interest bearing debt			77 599	123 205
<b>LONG-TERM DEBT</b>			<b>81 905</b>	<b>124 958</b>
Short-term interest bearing debt			58 860	29 436
Other current liabilities			251 245	298 231
<b>SHORT-TERM DEBT</b>			<b>310 105</b>	<b>327 667</b>
<b>TOTAL EQUITY AND DEBT</b>			<b>738 871</b>	<b>771 648</b>

CHANGES IN EQUITY		2012	2011	2012	2011	2011
(NOK 1 000)		2Q	2Q	YTD	YTD	Total
Book equity at the beginning of the period		341 534	231 348	323 771	227 561	227 561
The period's net profit		1 242	2 329	21 694	12 409	11 485
Capital increase		-	94 726	-	94 726	94 726
Share issue costs		-	-6 264	-	-6 264	-6 264
Gains/(losses) on cash flow hedges (fair value)		-120	-1 534	-120	53	-
Utbytte/Dividend		-	-	-	-	-
Change in pension liability recorded against equity		-	-	-	-	-119
Recording of option agreement		-	-	-	-	30
Translation differences		4 201	-1 582	1 512	-9 461	-3 649
Book equity at the end of the period		346 857	319 023	346 857	319 023	323 771



CASH FLOW STATEMENT (NOK 1 000)	2012	2011	2012	2011	2011
	2Q	2Q	YTD	YTD	Total
Net cash flow from operations	9 932	10 191	17 492	29 903	44 993
Net cash flow from change in working capital	8 039	-11 008	28 949	-21 078	-80 879
Net cash flow from operational activities	17 971	-817	46 441	8 825	-35 886
Net cash flow from investment activities	-5 331	-7 971	18 340	-12 743	-28 183
Net cash flow from financial activities	-8 507	47 475	-44 002	27 583	58 142
Net cash flow	4 132	38 686	20 779	23 665	-5 927
Cash and cash equivalents at the beginning of the period	53 879	28 138	37 232	43 159	43 159
Cash and cash equivalents at the end of the period	58 011	66 825	58 011	66 825	37 232

BUSINESS SEGMENTS (NOK 1 000)	2012	2011	2012	2011	2011
	2Q	2Q	YTD	YTD	Total
<b>Cage based technologies</b>					
Nordic operating revenues	82 544	110 719	137 539	232 802	327 181
Americas operating revenues	76 073	52 989	159 865	103 890	255 892
Export operating revenues	19 806	20 590	58 618	46 667	137 201
<b>OPERATING REVENUES</b>	178 423	184 298	356 022	383 359	720 274
Operating costs ex depreciations	168 104	166 986	334 780	347 686	657 740
<b>OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)</b>	10 319	17 312	21 242	35 673	62 534
Depreciation	6 697	5 919	13 376	11 630	24 329
<b>OPERATING PROFIT (EBIT)</b>	3 622	11 393	7 866	24 043	38 205
<b>Software</b>					
Nordic operating revenues	16 705	23 971	67 994	50 880	98 601
Americas operating revenues	5 251	2 801	8 831	5 571	12 147
Export operating revenues	429	362	820	829	1 608
<b>OPERATING REVENUES</b>	22 384	27 134	77 644	57 280	112 356
Operating costs ex depreciations	20 689	25 711	43 567	51 051	101 105
<b>OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)</b>	1 695	1 422	34 077	6 229	11 251
Depreciation	1 511	1 751	3 097	3 524	7 101
<b>OPERATING PROFIT (EBIT)</b>	184	-329	30 979	2 706	4 150
<b>Land based technologies</b>					
Nordic operating revenues	8 104	6 333	18 284	21 528	42 843
Americas operating revenues	2 564	4 699	3 231	13 672	18 079
Export operating revenues	-	-	-	-	-
<b>OPERATING REVENUES</b>	10 668	11 032	21 515	35 200	60 922
Operating costs ex depreciations	12 642	15 777	27 099	40 275	72 754
<b>OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA)</b>	-1 974	-4 745	-5 584	-5 076	-11 832
Depreciation	206	318	490	628	1 270
<b>OPERATING PROFIT (EBIT)</b>	-2 181	-5 063	-6 073	-5 704	-13 102

**AKVA group ASA,**  
Nordlysvn.4  
P.O. Box 271,  
N-4349 Bryne  
Norway

Tel +47 51 77 85 00.  
Fax +47 51 77 85 01.

E-mail: [info@akvagroup.com](mailto:info@akvagroup.com)  
[www.akvagroup.com](http://www.akvagroup.com)

**Other AKVA group offices:**

---

AKVA group, Trondheim	Tel (+47) 73 84 28 00
AKVA group, Brønnøysund	Tel (+47) 75 00 66 00
AKVA group, Sandstad	Tel (+47) 72 44 11 00
AKVA group, Mo i Rana	Tel (+47) 75 13 95 00
AKVA group, Denmark	Tel (+45) 755 13 211
AKVA group Chile, Puerto Montt.	Tel (+56) 65 250 250
AKVA group UK, Inverness.	Tel (+44) 1463 221 444
AKVA group North America, Campbell River, Canada	Tel (+1) 250 286 8802
AKVA group North America, Halifax, Canada	Tel (+1) 902 482 2663
AKVA group Turkey, Bodrum	Tel (+90) 252 374 6434

---