



Q1 2014 Presentation

Oslo - May 8th, 2014

Trond Williksen, CEO

Eirik Børve Monsen, CFO



Agenda

- **Highlights Q1 2014**
Trond Williksen, CEO
- **Financial performance Q1 2014**
Eirik Børve Monsen, CFO
- **Outlooks**
Trond Williksen, CEO
- **Q & A**





Highlights Q1 2014

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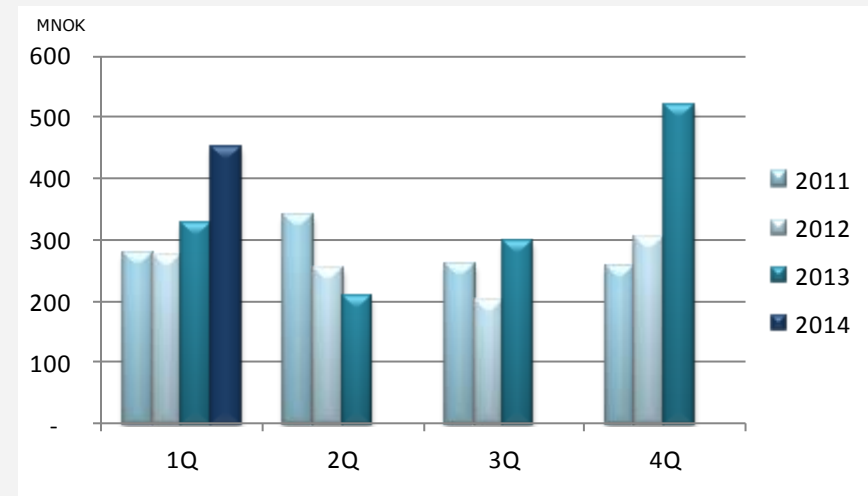


Best Q1 ever – all time high order backlog

First quarter 2014 - Highlights

- Best Q1 ever
 - Revenue of 310 MNOK (222 MNOK)
 - EBITDA of 32 MNOK (10 MNOK)
 - YoY increase in revenues of 40% and a YoY increase in EBITDA of 204%
- EBITDA margin of 10.2% (4.7%) – medium term EBITDA target achieved
- Order backlog remains at all time high level
 - Order backlog of 452 MNOK (327 MNOK)
 - Order inflow of 243 MNOK (243 MNOK)
- Land based continue to deliver positive results – high market activity
- Outlooks remains positive – with Chile in early awakening
- Refinancing with Danske Bank - completed

Order backlog





Acquisition of YesMaritime AS finalized

- Strategic move to strengthen the Service Segment - moving into the growing Farming Services industry
- Included in the Group Accounts from April 1st, 2014



EcoNet – promising potential

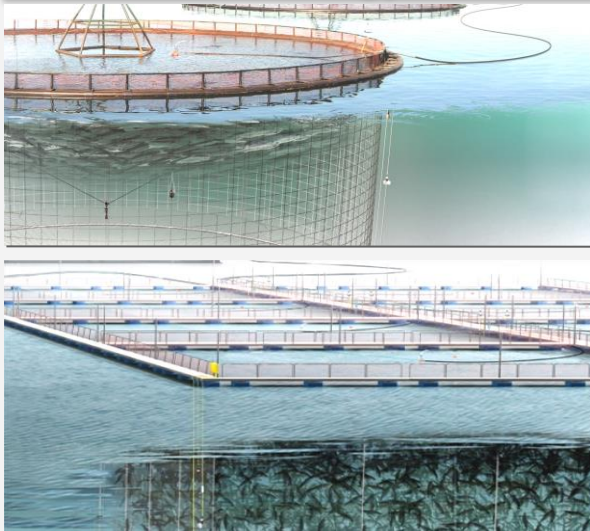
- First significant sale in Norway to Cermaq after proven operational results
- EcoNet included as new technology in many of the green licenses granted
- EcoNets are already in use in large scale by Tassal Group in Tasmania, Grieg Seafood Hjaltland on Shetland Islands and Fega Group in Indonesia, in addition to extensive use in Japan





AKVA group – uniquely positioned for future growth

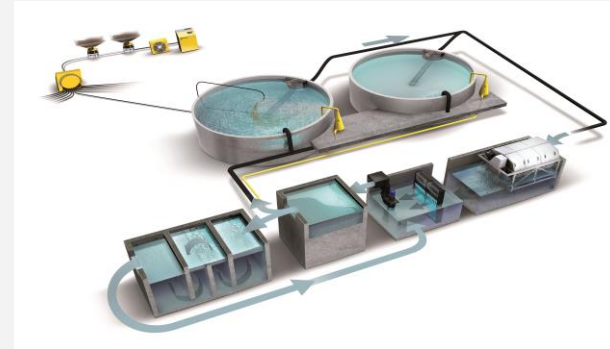
Cage based farming Technology



AKVA group in brief

- The most recognized brand in aquaculture technology
- Leading technology solutions and service partner to the global aquaculture industry
- Global presence - subsidiaries in 8 countries
- 600 employees

Land based farming Technology



Site infrastructure



Feed systems, sensors & cameras



Farming services



Software systems & services





Global presence – three regions

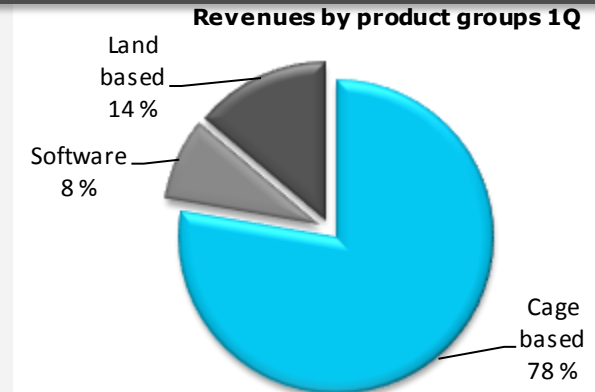




Market segments - Revenue

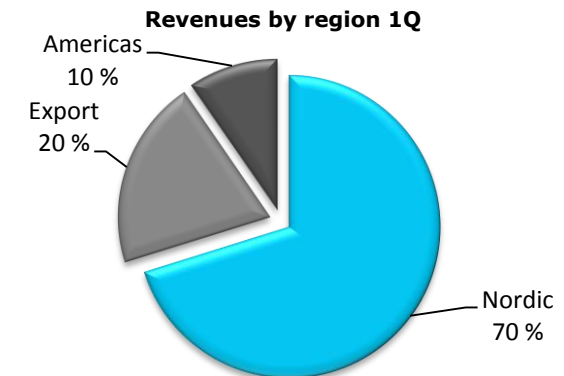
By product groups – Q1 2014

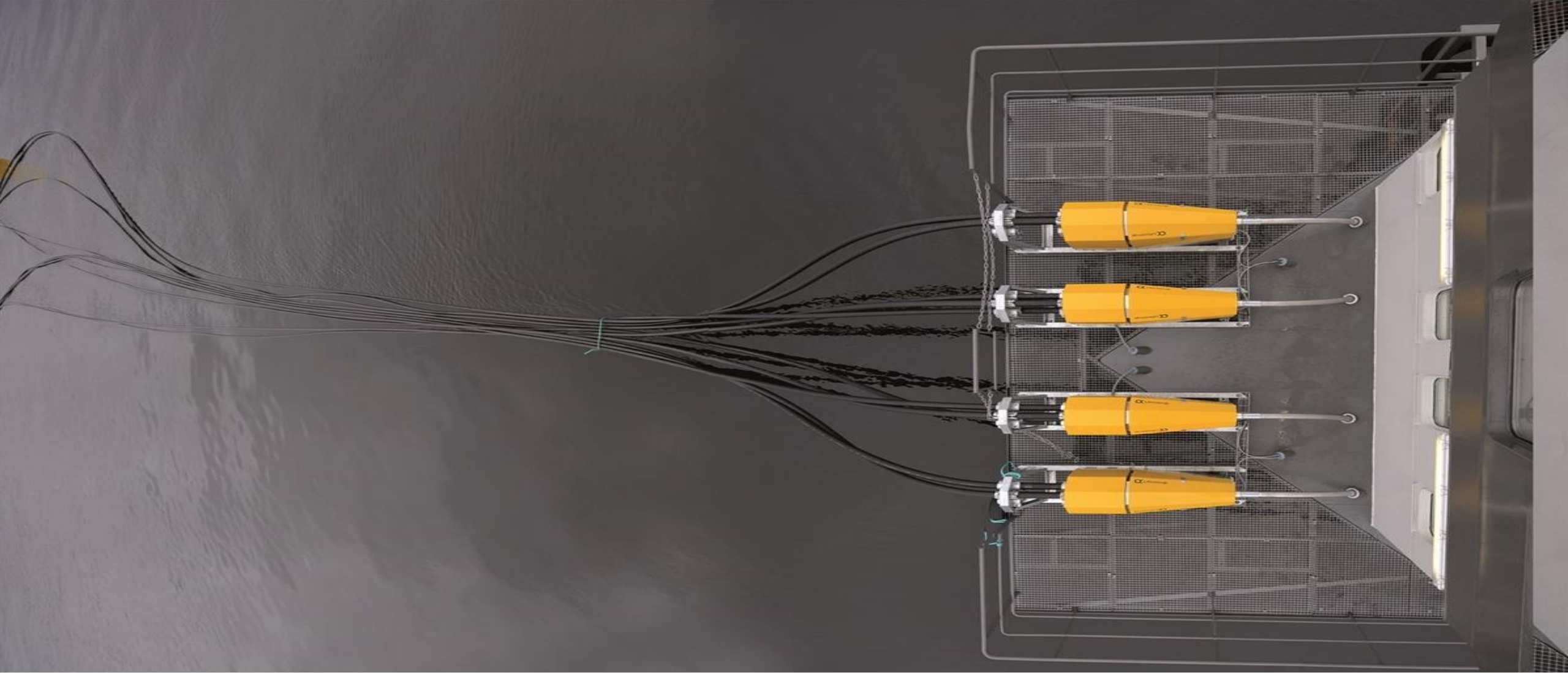
- Land based technologies +7 percentage point, Cage based technologies -5 and Software -2 percentage point vs Q1 2013
- Cage based technologies** = Cages, barges, feed systems and other operational systems for cage based aquaculture
- Software** = Software and software systems
- Land based technologies** = Recirculation systems and technologies for land based aquaculture



By geographic regions – Q1 2014

- Export +10 percentage points, Nordic +2 percentage point and Americas -12 percentage point vs Q1 2013
- Nordic** = the Nordic counties
- Americas** = America and Oceania
- Export** = UK, South Europe and all emerging markets (the rest of the world)





Financial performance Q1 2014

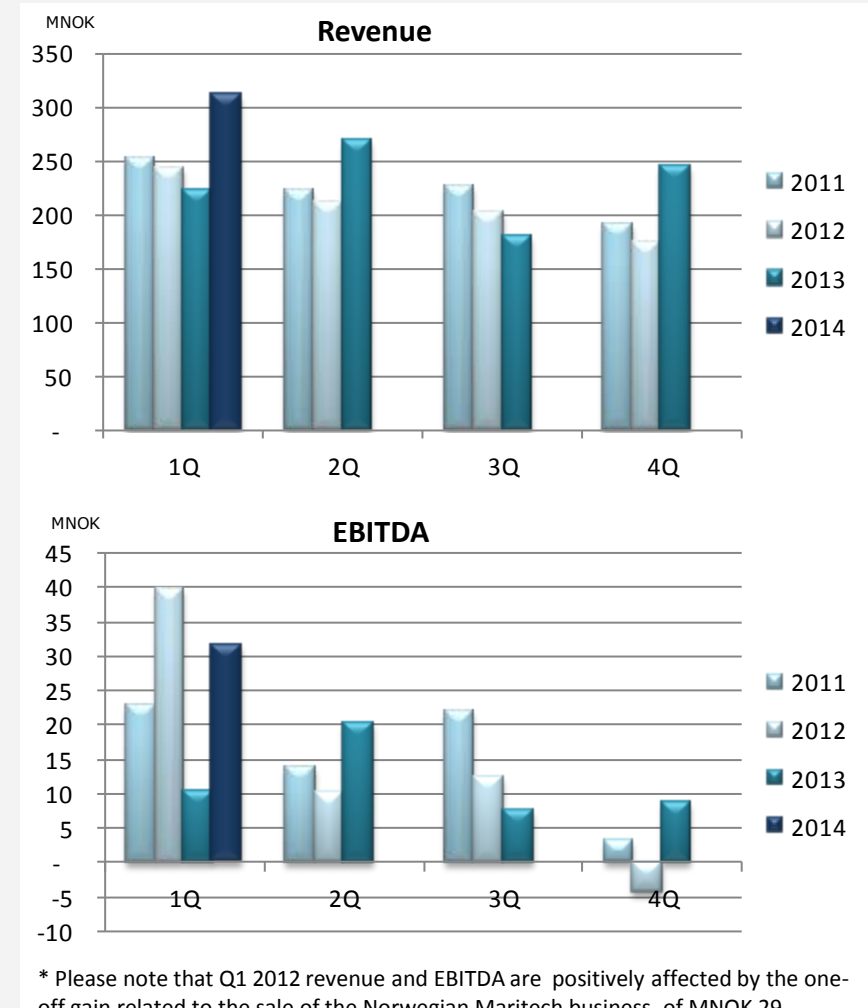
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Strong financial performance

- Good operational performance in all segments - EBITDA of 10.2% in Q1 2014 (4.7%)
 - High revenue together with controlled direct and indirect costs
- Strong financial position
 - Refinancing completed – MNOK 153 in available cash
 - Record low working capital despite high activity





P & L segments – Cage Based Technologies

P&L 2013 (MNOK)	2014 1Q	2013 1Q	2013 Total
Cage based technologies			
Nordic operating revenues	154,8	117,2	403,9
Americas operating revenues	23,9	43,7	172,5
Export operating revenues	62,4	22,4	147,6
OPERATING REVENUES	241,1	183,3	724,0
Operating costs ex depreciations	214,9	176,6	693,5
EBITDA	26,2	6,7	30,5
Depreciation	6,0	6,6	26,0
EBIT	20,1	0,0	4,4
<i>EBITDA %</i>	<i>10,9 %</i>	<i>3,6 %</i>	<i>4,2 %</i>
<i>EBIT %</i>	<i>8,4 %</i>	<i>0,0 %</i>	<i>0,6 %</i>

Nordic

- Record high revenue and margins in the Nordic segment continues from Q4 2013 due to high activity and a solid order backlog

Americas

- Decline in revenues in Chile – as expected. Our exposure in Chile was significantly reduced during 2013
- Canada has a good start of the year - with good margins and a solid order backlog

Export

- Deliveries of large contracts to emerging markets are proceeding according to plan and gives Export a good start of the year
- UK is performing well - with improved performance YoY





P & L segments – Software

P&L 2013 (MNOK)	2014 1Q	2013 1Q	2013 Total
Software			
Nordic operating revenues	21,6	19,6	79,3
Americas operating revenues	4,1	3,3	16,8
Export operating revenues	0,5	0,4	1,6
OPERATING REVENUES	26,2	23,3	97,7
Operating costs ex depreciations	23,2	19,5	78,2
EBITDA	3,0	3,8	19,5
Depreciation	1,7	1,2	5,4
EBIT	1,2	2,6	14,1
EBITDA %	11,4 %	16,3 %	19,9 %
EBIT %	4,7 %	11,0 %	14,4 %

- Software continues to deliver stable revenue and good margins – slightly reduced margins YoY in Q1 2014 due to delayed launch of new modules and slower start of 2014 in Iceland compared to expectations
- Software continues to invest in new product modules to be launched in 2014. These product modules will strengthen the financial performance of the SW segment further

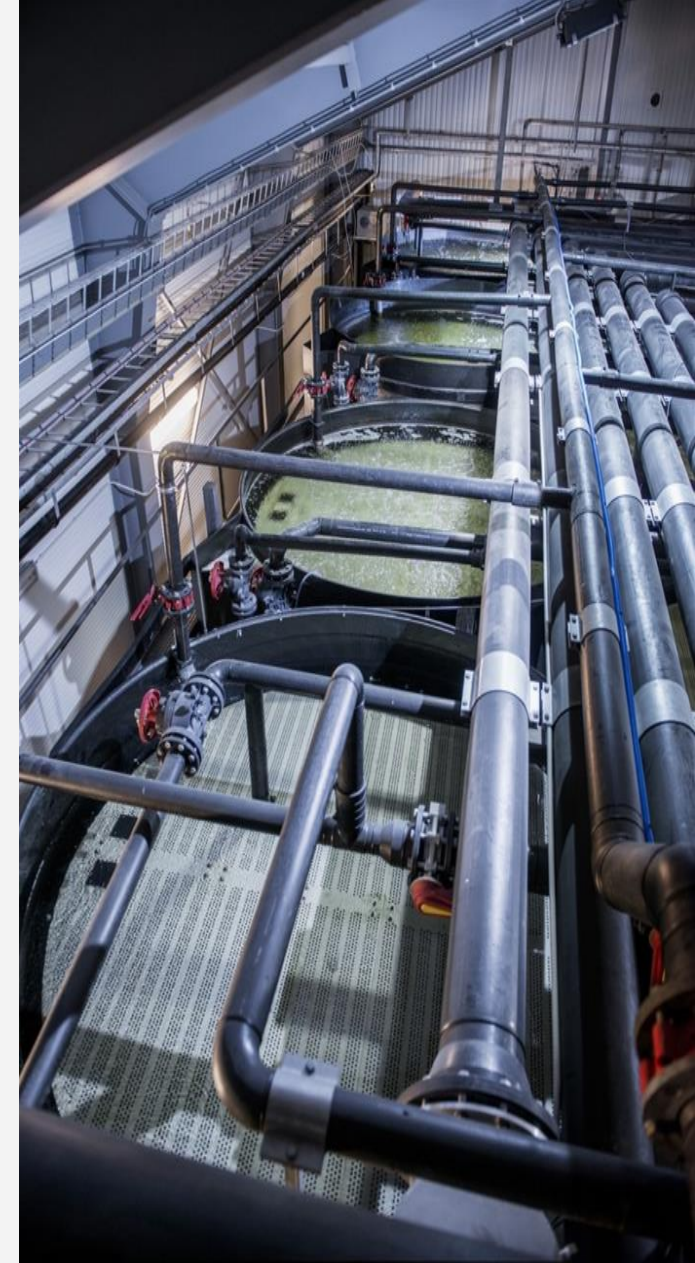




P & L segments – Land Based Technologies

P&L 2013 (MNOK)	2014 1Q	2013 1Q	2013 Total
Land based technologies			
Nordic operating revenues	41,4	14,4	92,2
Americas operating revenues	1,7	1,2	4,8
Export operating revenues	-	-	-
OPERATING REVENUES	43,1	15,5	97,0
Operating costs ex depreciations	40,5	15,6	100,0
EBITDA	2,6	0,0	-3,0
Depreciation	0,5	0,2	1,7
EBIT	2,1	-0,2	-4,7
<i>EBITDA %</i>	5,9 %	-0,2 %	-3,1 %
<i>EBIT %</i>	4,9 %	-1,6 %	-4,9 %

- Second quarter in a row with positive margins
- New projects in AKVA group Denmark A/S drive the improved performance
- Controlled cost and cash flow shall secure profitable operation





Financials – Detailed P & L

P&L 2013 (MNOK)	2014 1Q	2013 1Q	2013 Total
OPERATING REVENUES	310,4	222,1	918,7
Operating costs ex depreciations	278,7	211,7	871,8
EBITDA	31,7	10,4	46,9
Depreciation	8,3	8,1	33,1
EBIT	23,5	2,3	13,8
Net interest expense	-1,5	-1,5	-7,6
Other financial items	-1,4	-0,8	-1,6
Net financial items	-2,9	-2,3	-9,2
EBT	20,5	0,0	4,6
Taxes	4,9	0,0	2,2
NET PROFIT	15,6	0,0	2,4
Net profit (loss) attributable to:			
Non-controlling interests	0,1	-	-0,5
Equity holders of AKVA group ASA	15,5	0,0	2,9
Revenue growth	39,7 %	-8,8 %	10,5 %
EBITDA margin	10,2 %	4,7 %	5,1 %
EPS (NOK)	0,60	0,00	0,11

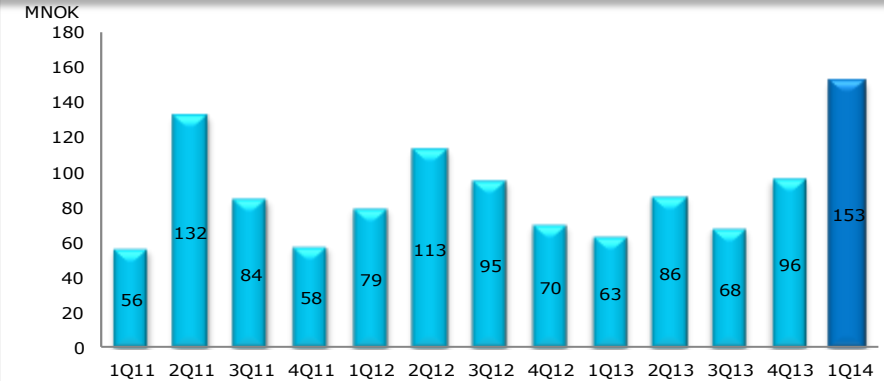
Minority interest - 30% of Plastsveis AS - is included from 01.04.2013.



Group financial profile – strong

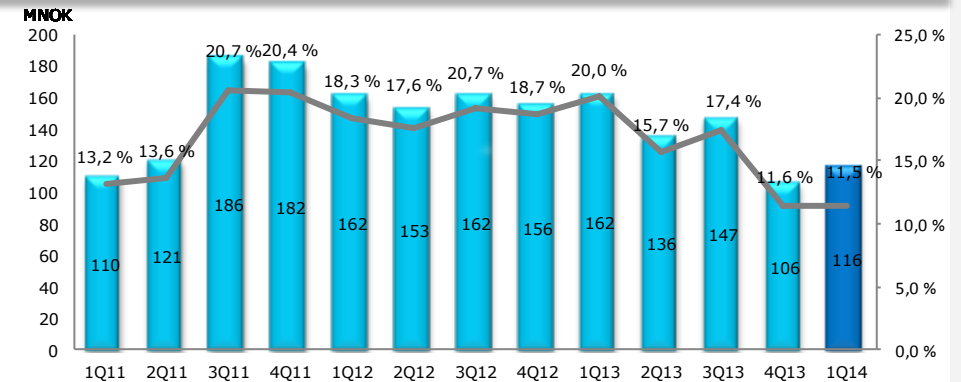
Available cash (in MNOK)

- Total available cash, including available drawing facility, was 153 MNOK at the end of Q1 2014 vs 63 MNOK at the end of Q1 2013
- Significantly improved available cash during Q1 2014 due to strong cash flow from operations and completion of the refinancing in January 2014



Working capital (in MNOK & in % of 12 months rolling revenue)

- Record low working capital in percentage of 12 months rolling revenue -> 11.5% in Q1 2014 vs 20.0% in Q1 2013
- Low WC despite significant activity ramp up in the Nordic area in Q1 2014
- Back to same working capital level as in early 2011, i.e. before the previous ramp up in the Chilean market

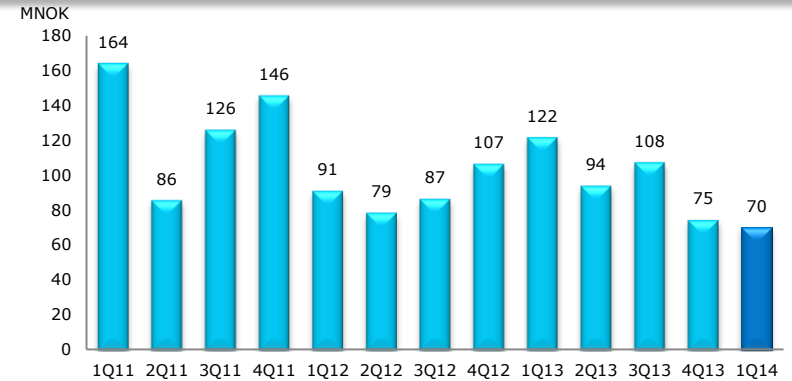




Group financial profile – strong, continued

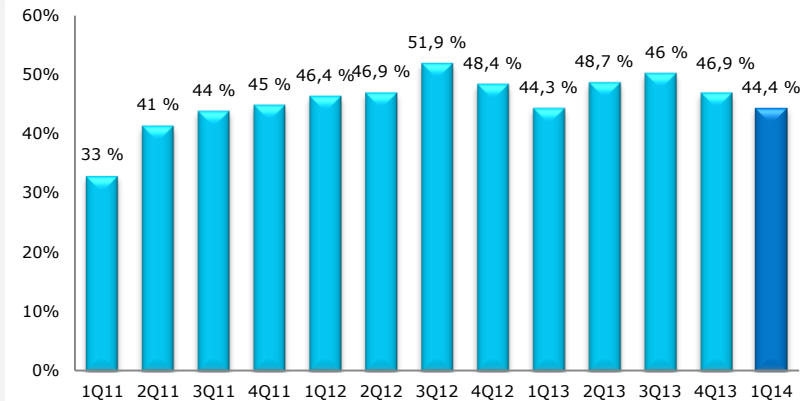
Net interest bearing debt (NIBD in MNOK)

- NIBD reduced with 52 MNOK vs end of Q1 2013 due to positive earnings and reduced working capital
- Lowest level in 6 years



Equity ratio (in %)

- Continued solid equity ratio
- Small decrease in percentage due to increased total balance sheet mainly due to high activity in the Nordic segment





Balance sheet

BALANCE SHEET	2014	2013	2013
(MNOK)	31.3.	31.3.	31.12.
Intangible fixed assets	244,8	248,4	250,8
Fixed assets	55,8	49,0	55,0
Long-term financial assets	1,9	1,9	2,0
FIXED ASSETS	302,5	299,2	307,8
Stock	151,3	170,2	144,2
Trade receivables	167,3	185,6	155,5
Other receivables	99,0	52,0	56,1
Cash and cash equivalents	62,0	55,1	58,3
CURRENT ASSETS	479,6	462,9	414,2
TOTAL ASSETS	782,1	762,2	722,0
Paid in capital	355,5	355,5	355,5
Retained equity	-11,1	-20,4	-18,9
Equity attributable to equity holders of AKVA group ASA	344,5	335,2	336,6
Non-controlling interests	2,4	2,8	2,3
TOTAL EQUITY	346,9	337,9	338,9
Other long term debt	1,4	1,8	0,9
Long-term interest bearing debt	121,9	70,3	55,0
LONG-TERM DEBT	123,2	72,2	55,9
Short-term interest bearing debt	10,4	106,7	77,8
Other current liabilities	301,6	245,4	249,4
SHORT-TERM DEBT	312,0	352,1	327,2
TOTAL EQUITY AND DEBT	782,1	762,2	722,0



Cash flow statement

CASH FLOW STATEMENT (NOK 1 000)	2014 1Q	2013 1Q	2013 Total
Net cash flow from operations	28 427	7 945	37 789
Net cash flow from change in working capital	-12 238	-9 665	56 441
Net cash flow from operating activities	16 188	-1 720	94 230
Net cash flow from investment activities	-10 879	-9 995	-58 638
Net cash flow from financial activities	-1 636	30 030	-14 060
Net cash flow	3 673	18 315	21 533
Cash and cash equivalents at the beginning of the period	58 330	36 797	36 797
Cash and cash equivalents at the end of the period	62 003	55 112	58 330

- Investments in Q1 were 11.0 MNOK whereof 4.6 MNOK is capitalized R&D expenses in accordance to IFRS.
- Total investments in 2013 were 39.9 MNOK whereof 16.5 MNOK is capitalized R&D expenses in accordance to IFRS



Outlooks

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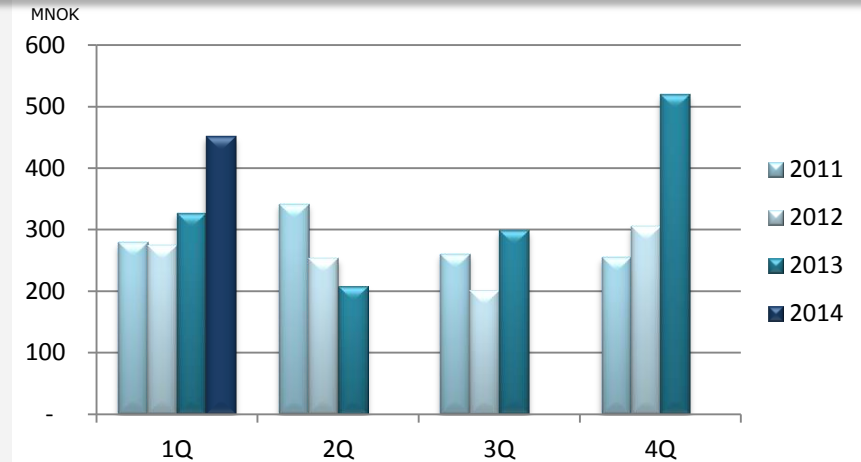
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Order backlog and inflow

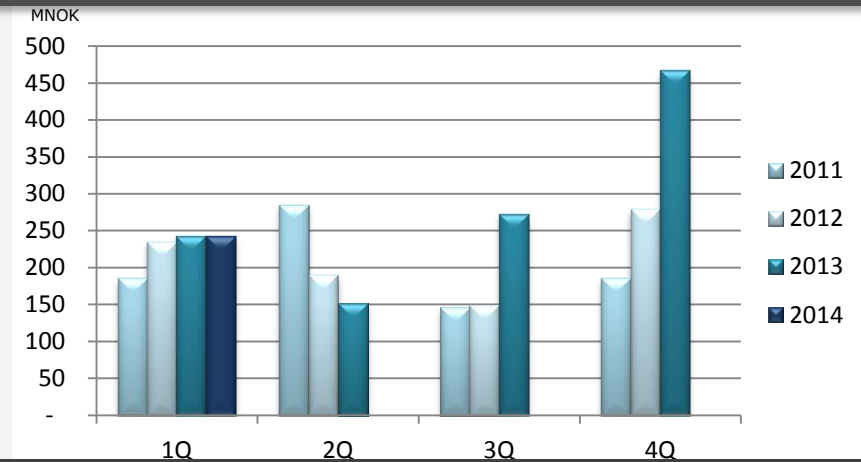
Order backlog (in MNOK)

- Order backlog 452 MNOK vs 327 MNOK by end of Q1 2013
- Highest order backlog in Q1 ever
- Nordic and Export being main drivers



Order inflow (in MNOK)

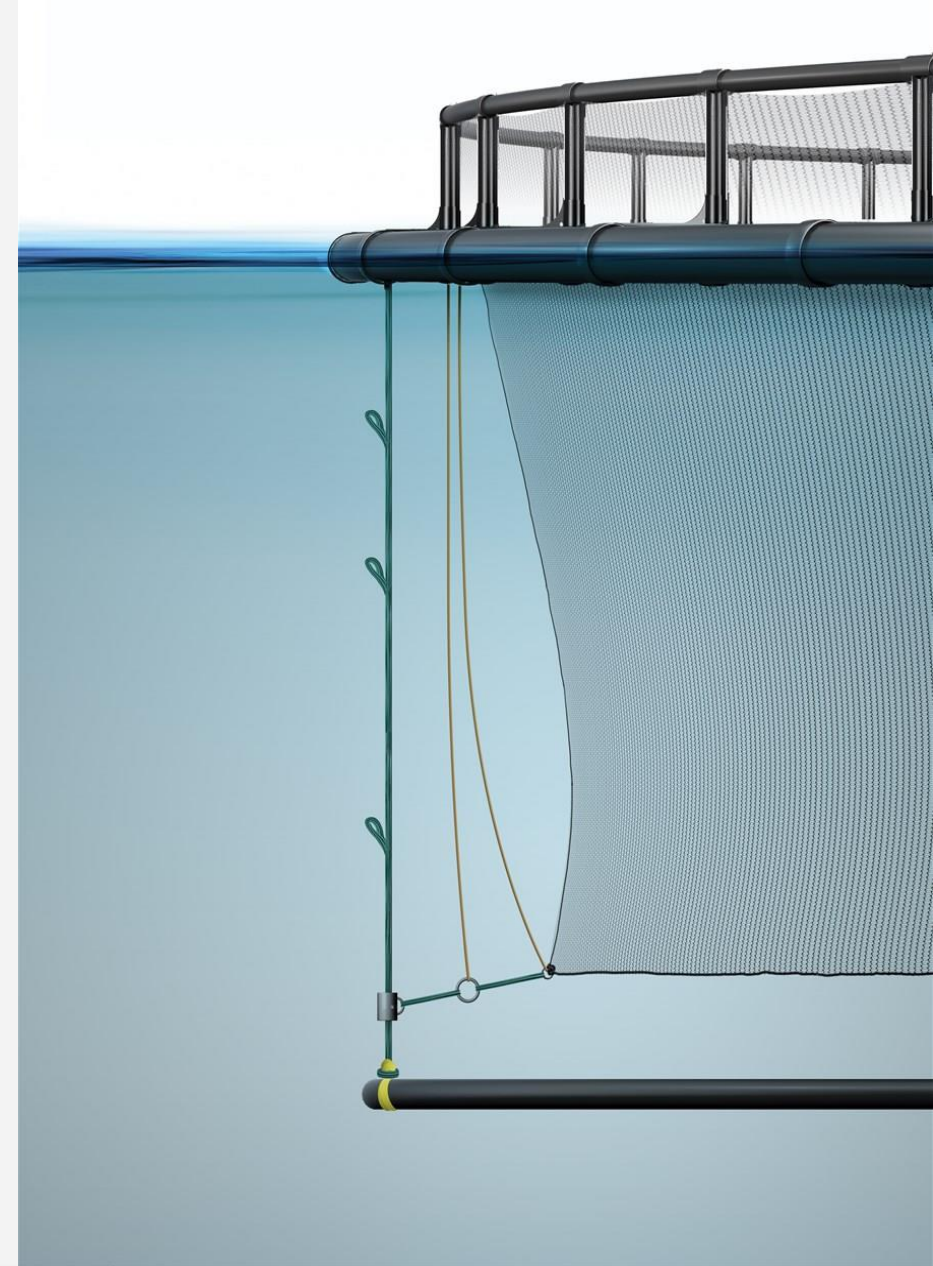
- Total order inflow of 243 MNOK – on same level as in Q1 2013
- Continued good activity in the market in Q1 despite record high activity in 2H 2013
- Chile in early awakening





Maintaining optimistic outlook

- We maintain a positive outlook in the Nordic market. Continued high salmon prices, granting of green licenses as well as expected openings for general growth drives demand for technology and services. Normal seasonal pattern with slower order inflow during summer months and main investment period during the fall is anticipated
- Signs of awakening in the Chilean market. Modest expectations and we are monitoring the market closely and will adjust our operation according to the development
- UK and Canada are expected to continue to perform well in the next quarters
- Land based is also expected to continue the positive development. We experience high market activity
- We continue our effort to build service and aftersales as a key business element in all markets and segments. Including YesMaritime AS in the Group in Q2 2014 is expected to strengthen or service segment further





 Q & A

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