



## **Q2 2014 Presentation**

Oslo - August 14<sup>th</sup>, 2014

Trond Williksen, CEO

Eirik Børve Monsen, CFO



# Agenda

- **Highlights Q2 2014**  
Trond Williksen, CEO
- **Financial performance Q2 2014**  
Eirik Børve Monsen, CFO
- **Outlooks**  
Trond Williksen, CEO
- **Q & A**





## Highlights Q2 2014

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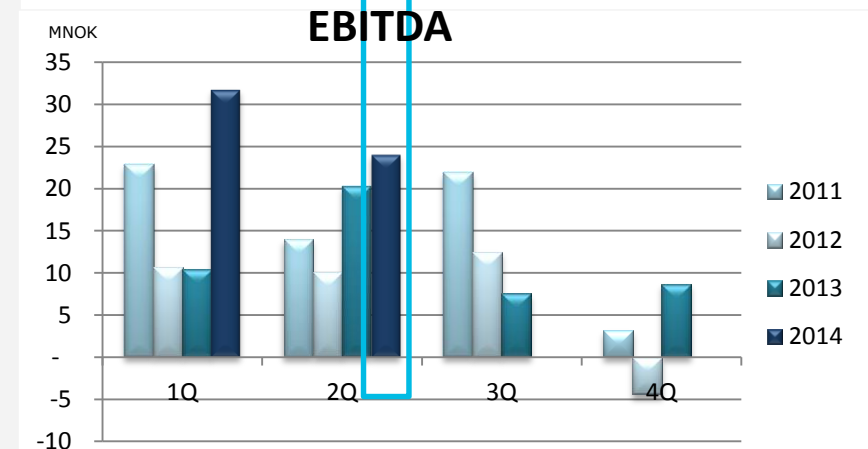
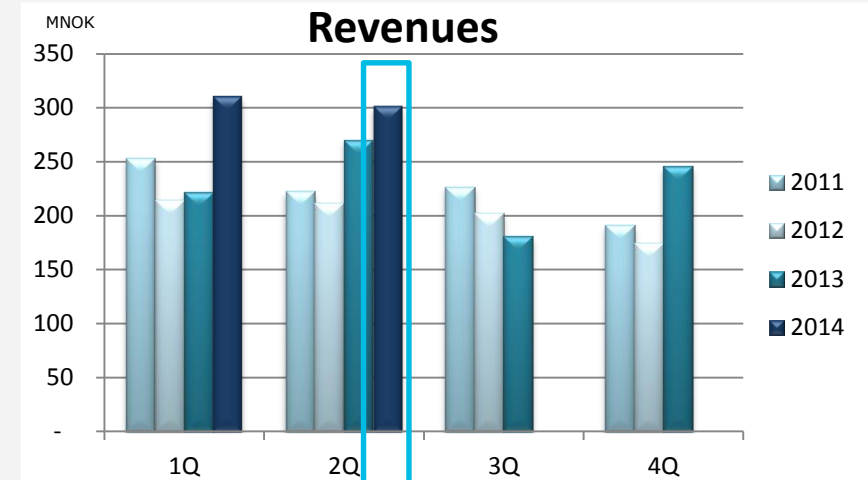
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# Best first half ever – steady performance and growth continues

## Second quarter 2014 - Highlights

- Strong financial performance continues
  - Revenue of 301 MNOK (270 MNOK)
  - EBITDA of 24 MNOK (20 MNOK)
    - EBITDA margin of 8.0% (7.5%)
- The operation is stabilizing on higher volumes and margins
- Continued good activity in Nordic, Canada and UK
- Positive development in Chile
- Strong financial position



\* The Q1 2012 revenue and EBITDA bars above are excluding the 29 MNOK gain related to the sale of the Norwegian Maritech business.



# Best first half ever – steady performance and growth continues

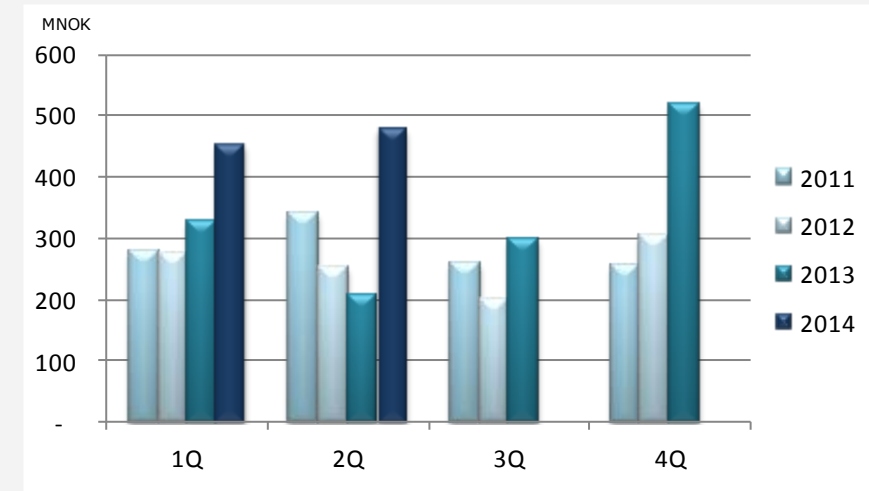
## Second quarter 2014 – Highlights continued

- Order backlog remains at all-time high level
  - Order backlog of 478 MNOK (208 MNOK)
  - Order inflow of 327 MNOK (151 MNOK)
- Positive shift on operational level expected to stay

## YTD 2014

- Best first half ever
  - Operational revenue of 611 MNOK compared to 492 in 1H 2013
  - Operational EBITDA of 56 MNOK versus 31 in 1H 2013

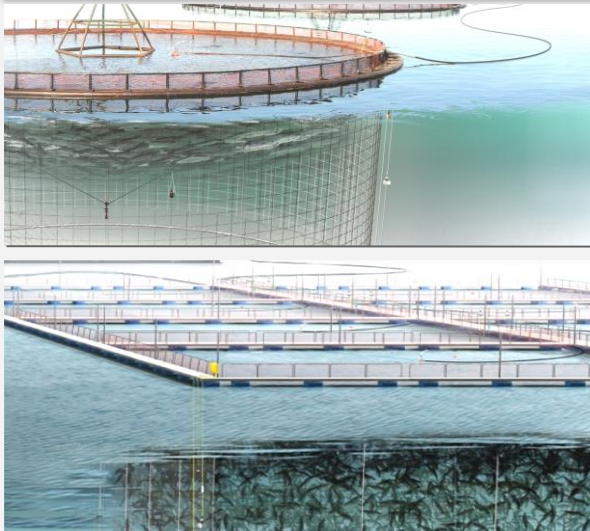
## Order backlog





# AKVA group – uniquely positioned for future growth

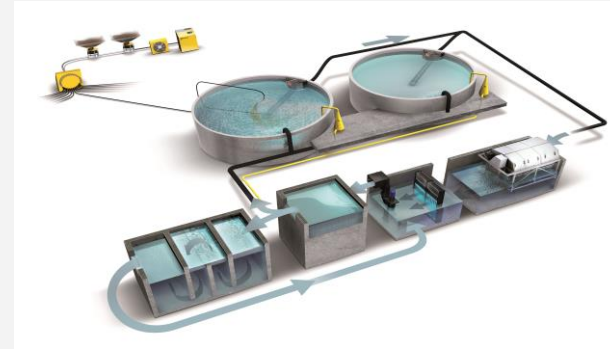
## Cage based farming Technology



## 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
- 630 employees

## Land based farming Technology



## Site infrastructure



## Feed systems, sensors & cameras



## Farming services



## Software systems & services





# Global presence – three regions

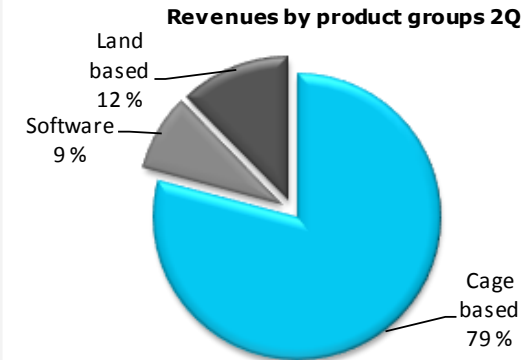




# Market segments - Revenue

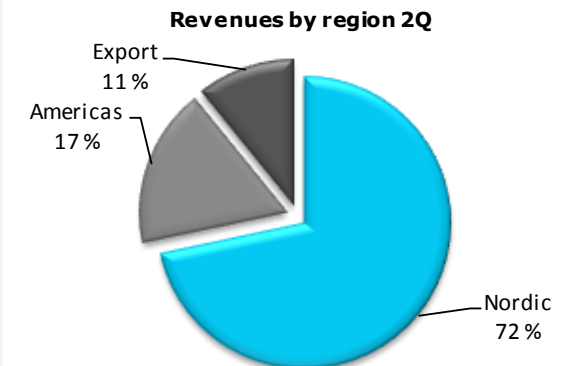
## By product groups – Q2 2014

- Land based technologies +3 percentage point, Cage based technologies -3 percentage point and Software unchanged vs Q2 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 – Q2 2014

- Export -9 percentage points, Nordic +12 percentage point and Americas -3 percentage point vs Q2 2013
- **Nordic** = the Nordic countries
- **Americas** = America and Oceania
- **Export** = UK, South Europe and all emerging markets (the rest of the world)







## Financial performance Q2 2014

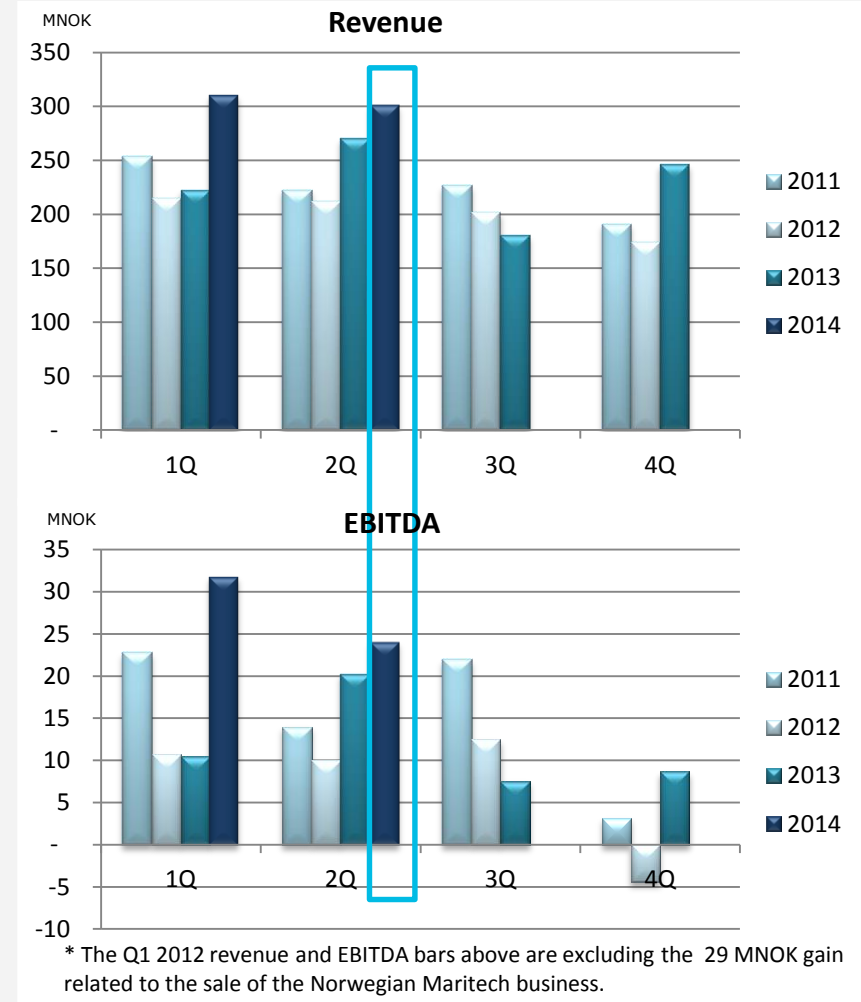
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# Strong financial performance

- Good operational performance - EBITDA YTD of 9.1% (6.2%)
  - CBT being main driver
- Strong financial position
  - Settlement of the YesMaritime AS acquisition impacting NIBD with 17.5 MNOK in Q2
  - Remaining part of Long term loan to Innovasjon Norge of 14.4 MNOK refinanced and moved to Danske Bank – with improved terms
  - All external long term financing in the Group is now at competitive market terms in Danske Bank





# P & L segments – Cage Based Technologies



P&L 2013 (MNOK)	2014 2Q	2013 2Q	2014 YTD	2013 YTD	2013 Total
<b>Cage based technologies</b>					
Nordic operating revenues	159,6	119,9	314,4	237,0	403,9
Americas operating revenues	46,6	47,0	70,4	90,7	172,5
Export operating revenues	32,0	53,9	94,3	76,3	147,6
<b>OPERATING REVENUES</b>	<b>238,1</b>	<b>220,8</b>	<b>479,2</b>	<b>404,1</b>	<b>724,0</b>
Operating costs ex depreciations	217,9	200,3	432,7	376,9	693,5
<b>EBITDA</b>	<b>20,3</b>	<b>20,5</b>	<b>46,5</b>	<b>27,1</b>	<b>30,5</b>
Depreciation	6,7	6,7	12,8	13,3	26,0
<b>EBIT</b>	<b>13,5</b>	<b>13,8</b>	<b>33,7</b>	<b>13,8</b>	<b>4,4</b>
<i>EBITDA %</i>	8,5 %	9,3 %	9,7 %	6,7 %	4,2 %
<i>EBIT %</i>	5,7 %	6,3 %	7,0 %	3,4 %	0,6 %

## Nordic

- Revenue and margins seems to be stabilizing on a higher level – third quarter in a row with solid numbers - due to high market activity and a solid order backlog

## Americas

- Previous quarters decline in revenues in Chile is ended in Q2. There is positive development in market activity. However we continue to monitor the development closely
- Canada had a strong first half with good margins and a solid order backlog

## Export

- Slightly lower activity in Export this quarter. Deliveries of large contracts to emerging markets are proceeding according to plan
- UK is performing well - with improved performance YoY



## P & L segments – Software



P&L 2013 (MNOK)	2014 2Q	2013 2Q	2014 YTD	2013 YTD	2013 Total
<b>Software</b>					
Nordic operating revenues	20,4	18,6	42,0	38,2	79,3
Americas operating revenues	5,1	5,3	9,2	8,6	16,8
Export operating revenues	0,4	0,4	0,9	0,8	1,6
<b>OPERATING REVENUES</b>	<b>25,9</b>	<b>24,3</b>	<b>52,1</b>	<b>47,6</b>	<b>97,7</b>
Operating costs ex depreciations	22,6	20,2	45,8	39,7	78,2
<b>EBITDA</b>	<b>3,3</b>	<b>4,1</b>	<b>6,3</b>	<b>7,9</b>	<b>19,5</b>
Depreciation	1,7	1,3	3,5	2,5	5,4
<b>EBIT</b>	<b>1,6</b>	<b>2,8</b>	<b>2,8</b>	<b>5,4</b>	<b>14,1</b>
<i>EBITDA %</i>	<i>12,9 %</i>	<i>16,9 %</i>	<i>12,1 %</i>	<i>16,6 %</i>	<i>19,9 %</i>
<i>EBIT %</i>	<i>6,2 %</i>	<i>11,7 %</i>	<i>5,5 %</i>	<i>11,4 %</i>	<i>14,4 %</i>

- Software continues to deliver stable revenue and good margins – slightly reduced margins YoY 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 2Q	2013 2Q	2014 YTD	2013 YTD	2013 Total
<b>Land based technologies</b>					
Nordic operating revenues	35,7	24,0	77,1	38,3	92,2
Americas operating revenues	1,3	1,1	3,0	2,3	4,8
Export operating revenues	-	-	-	-	-
<b>OPERATING REVENUES</b>	<b>36,9</b>	<b>25,1</b>	<b>80,0</b>	<b>40,7</b>	<b>97,0</b>
Operating costs ex depreciations	36,5	29,4	77,0	45,0	100,0
<b>EBITDA</b>	<b>0,4</b>	<b>-4,3</b>	<b>3,0</b>	<b>-4,4</b>	<b>-3,0</b>
Depreciation	0,5	0,4	0,9	0,6	1,7
<b>EBIT</b>	<b>0,0</b>	<b>-4,7</b>	<b>2,1</b>	<b>-5,0</b>	<b>-4,7</b>
<i>EBITDA %</i>	<i>1,2 %</i>	<i>-17,2 %</i>	<i>3,8 %</i>	<i>-10,7 %</i>	<i>-3,1 %</i>
<i>EBIT %</i>	<i>0,0 %</i>	<i>-18,8 %</i>	<i>2,6 %</i>	<i>-12,2 %</i>	<i>-4,9 %</i>

- Significantly increased activity and improved performance compared to 2013
- New projects in AKVA group Denmark A/S drive the improved performance
- Controlled cost and cash flow shall secure profitable operation going forward



# Financials – Detailed P & L

P&L 2013 (MNOK)	2014 2Q	2013 2Q	2014 YTD	2013 YTD	2013 Total
<b>OPERATING REVENUES</b>	<b>300,9</b>	<b>270,2</b>	<b>611,3</b>	<b>492,3</b>	<b>918,7</b>
Operating costs ex depreciations	276,9	250,0	555,6	461,7	871,8
<b>EBITDA</b>	<b>24,0</b>	<b>20,3</b>	<b>55,8</b>	<b>30,7</b>	<b>46,9</b>
Depreciation	8,9	8,3	17,2	16,4	33,1
<b>EBIT</b>	<b>15,1</b>	<b>11,9</b>	<b>38,6</b>	<b>14,3</b>	<b>13,8</b>
Net interest expense	-1,4	-2,0	-2,9	-3,5	-7,6
Other financial items	0,8	-0,9	-0,6	-1,7	-1,6
Net financial items	-0,6	-2,9	-3,5	-5,2	-9,2
<b>EBT</b>	<b>14,6</b>	<b>9,0</b>	<b>35,1</b>	<b>9,1</b>	<b>4,6</b>
Taxes	2,5	3,8	7,5	3,8	2,2
<b>NET PROFIT</b>	<b>12,0</b>	<b>5,2</b>	<b>27,7</b>	<b>5,3</b>	<b>2,4</b>
<b>Net profit (loss) attributable to:</b>					
Non-controlling interests	-0,2	-0,4	-0,1	-0,4	-0,5
Equity holders of AKVA group ASA	12,2	5,6	27,7	5,6	2,9
Revenue growth	11,4 %	-8,8 %	24,2 %	-6,9 %	10,5 %
EBITDA margin	8,0 %	7,5 %	9,1 %	6,2 %	5,1 %
EPS (NOK)	0,47	0,22	1,07	0,22	0,11

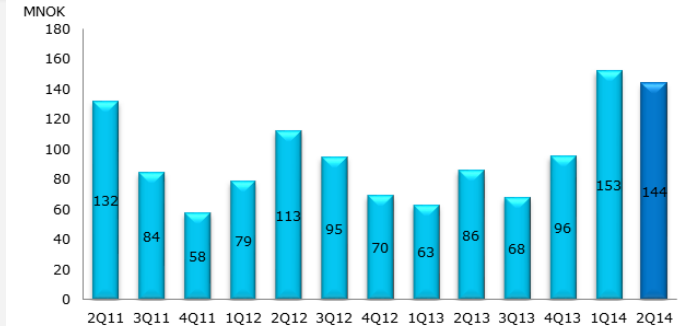
Minority interest - 30% of Plastsveis AS - is included from 01.04.2013.



# Group financial profile - strong

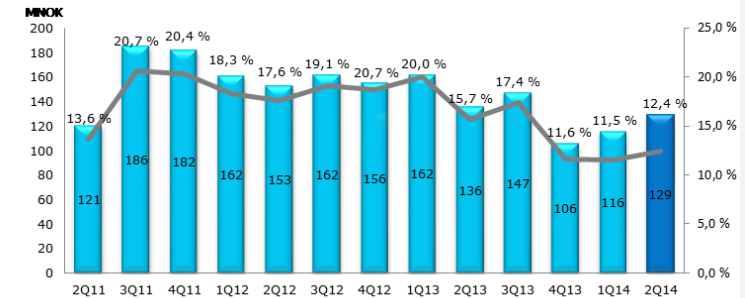
## Available cash (in MNOK)

- Total available cash, including available drawing facility, was 144 MNOK at the end of Q2 2014 vs 86 MNOK at the end of Q2 2013
- The acquisition of YesMaritime AS was finalized on April 1st, 2014. 8.5 MNOK of the total purchase price (of 17.5 MNOK) was paid in cash
- Significantly improved available cash during 1H 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)

- Working capital in percentage of 12 months rolling revenue remains on an acceptable level
- Small increase compared to Q1 2014 explained by high activity in the Nordic market
- We remain on the same working capital level as in early 2011, i.e before the previous ramp up in the Chilean market

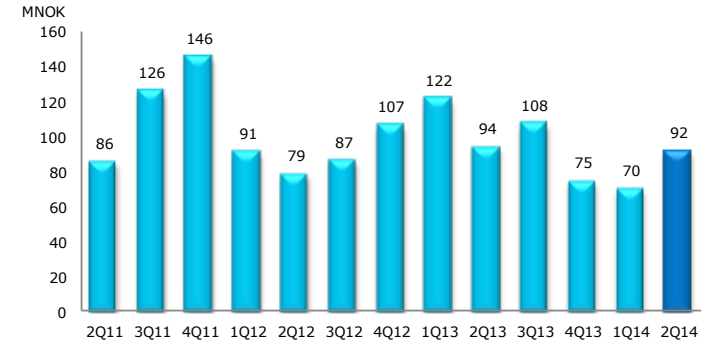




# Group financial profile – strong, continued

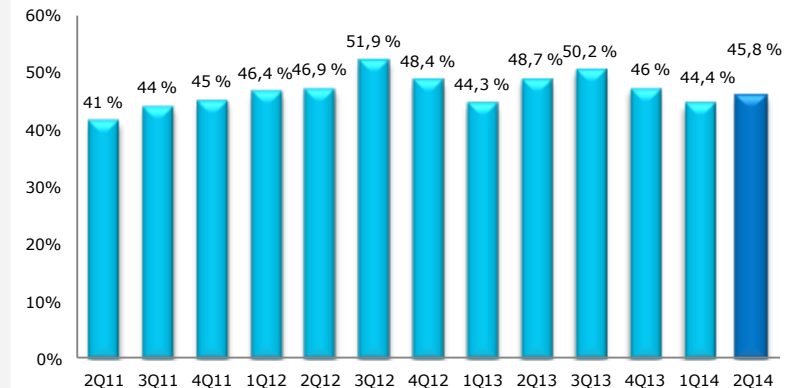
## Net interest bearing debt (NIBD in MNOK)

- The acquisition of YesMaritime AS was finalized on April 1<sup>st</sup>, 2014. 8.5 MNOK of the total purchase price was paid in cash and the remaining 9 MNOK is a 2 year loan to Egersund Group AS at market terms. This has in total a negative effect of 17.5 MNOK on NIBD in Q2 2014



## Equity ratio (in %)

- Continued solid equity ratio
- Small change quarter by quarter mainly explained by seasonal variations activity also having impact on total balance sheet







# Balance sheet

<b>BALANCE SHEET</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
(MNOK)	<b>30.6.</b>	<b>30.6.</b>	<b>31.12.</b>
Intangible fixed assets	262,9	248,4	250,8
Fixed assets	65,2	50,9	55,0
Long-term financial assets	1,8	1,8	2,0
<b>FIXED ASSETS</b>	<b>329,8</b>	<b>301,2</b>	<b>307,8</b>
Stock	129,2	161,9	144,2
Trade receivables	202,6	159,0	155,5
Other receivables	80,5	41,0	56,1
Cash and cash equivalents	54,1	38,7	58,3
<b>CURRENT ASSETS</b>	<b>466,4</b>	<b>400,6</b>	<b>414,2</b>
<b>TOTAL ASSETS</b>	<b>796,2</b>	<b>701,8</b>	<b>722,0</b>
Paid in capital	355,5	355,5	355,5
Retained equity	7,2	-16,4	-18,9
Equity attributable to equity holders of AKVA group	362,7	339,2	336,6
Non-controlling interests	2,2	2,4	2,3
<b>TOTAL EQUITY</b>	<b>364,9</b>	<b>341,6</b>	<b>338,9</b>
Other long term debt	2,4	1,6	0,9
Long-term interest bearing debt	130,1	65,3	55,0
<b>LONG-TERM DEBT</b>	<b>132,5</b>	<b>66,9</b>	<b>55,9</b>
Short-term interest bearing debt	15,6	67,6	77,8
Other current liabilities	283,2	225,8	249,4
<b>SHORT-TERM DEBT</b>	<b>298,8</b>	<b>293,4</b>	<b>327,2</b>
<b>TOTAL EQUITY AND DEBT</b>	<b>796,2</b>	<b>701,8</b>	<b>722,0</b>
<i>Equity ratio including non-controlling interests</i>	45,8 %	48,7 %	46,9 %
<i>Net interest bearing debt</i>	91,7	94,2	74,6
<i>Net working capital</i>	129,1	136,1	106,5

Effect of refinancing the interest bearing debt in January 2014 is reduced short term debt and increased long term debt

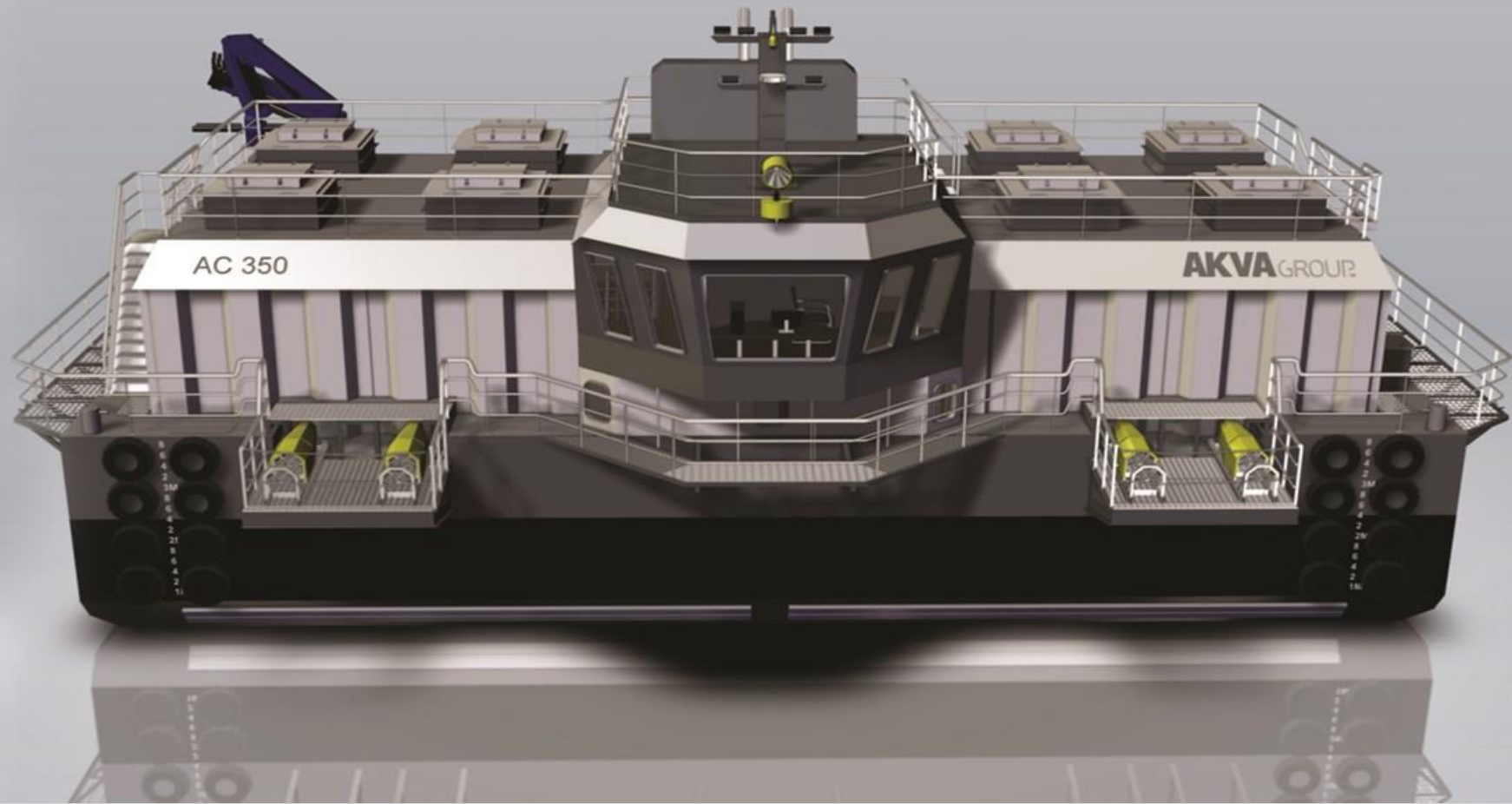
Short term debt is now only next 12 months instalment of the LT interest bearing debt



# Cash flow statement

<b>CASH FLOW STATEMENT (NOK 1 000)</b>	<b>2014 2Q</b>	<b>2013 2Q</b>	<b>2014 YTD</b>	<b>2013 YTD</b>	<b>2013 Total</b>
Net cash flow from operations	25 819	17 045	54 246	24 990	37 789
Net cash flow from change in working capital	-15 145	38 478	-27 383	28 813	56 441
Net cash flow from operating activities	10 674	55 523	26 862	53 803	94 230
Net cash flow from investment activities	-26 114	-27 968	-36 993	-37 963	-58 638
Net cash flow from financial activities	7 510	-43 948	5 874	-13 918	-14 060
Net cash flow	-7 930	-16 393	-4 257	1 922	21 533
Cash and cash equivalents at the beginning of the period	62 003	55 112	58 330	36 797	36 797
Cash and cash equivalents at the end of the period	54 073	38 718	54 073	38 718	58 330

- Investments in Q2 were 9.1 MNOK whereof 1.7 MNOK is capitalized R&D expenses in accordance to IFRS.
- Investments YTD were 20.1 MNOK whereof 6.3 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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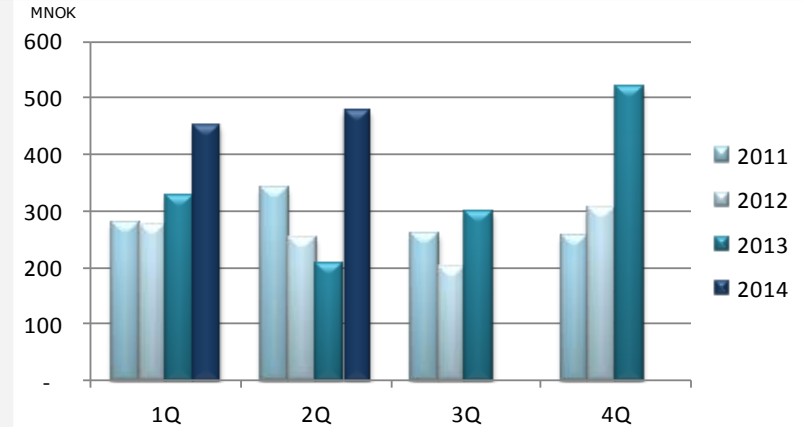
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# Order backlog and inflow

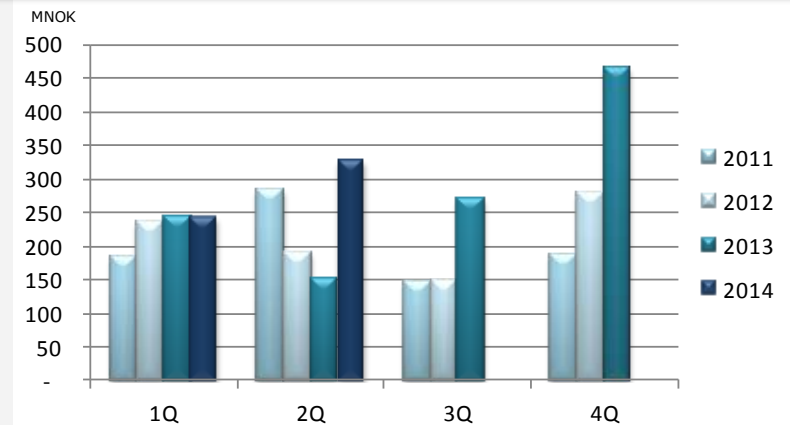
## Order backlog (in MNOK)

- Order backlog 478 MNOK vs 208 MNOK by end of Q2 2013
- Highest order backlog in second quarter ever



## Order inflow (in MNOK)

- Total order inflow of 327 MNOK vs 151 MNOK in Q2 2013
- Continued good activity in the market in Q2 despite record high activity in the previous 3 quarters
- Positive development also in the Chilean market





# Maintaining positive outlook

- Positive outlook in all market segments
- Demand in the Nordic market is still expected to be good in the next quarters despite turmoil after the Russian import stop of food and fish. Investments are expected to be driven by green licenses as well as openings for general growth in the industry
- AKVAs market risk is diversified due to presence in multiple markets
- Positive development in the Chilean market. We maintain positive but 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 with a significant order backlog and a large portion of reoccurring business
- Land based is expected to have a continued positive development with a growing prospect mass in several market segments. Prospects in the salmon industry are growing in particular
- We continue our effort to build service and aftersales as a key business element in all markets and segments





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