



Q1 2015 Presentation

Oslo - May 8th, 2015

Trond Williksen, CEO

Eirik Børve Monsen, CFO



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Highlights Q1 2015 - by CEO Trond Williksen

Your Aquaculture Technology and Service Partner

AKVAGROUP™₃

On track - record high order backlog

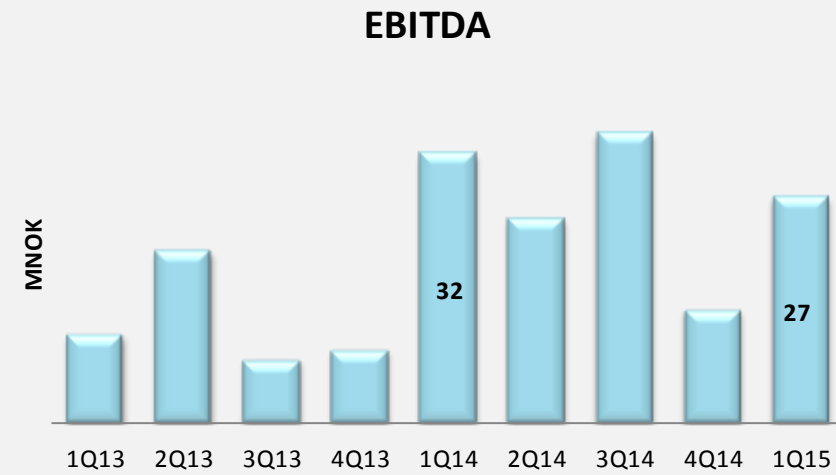
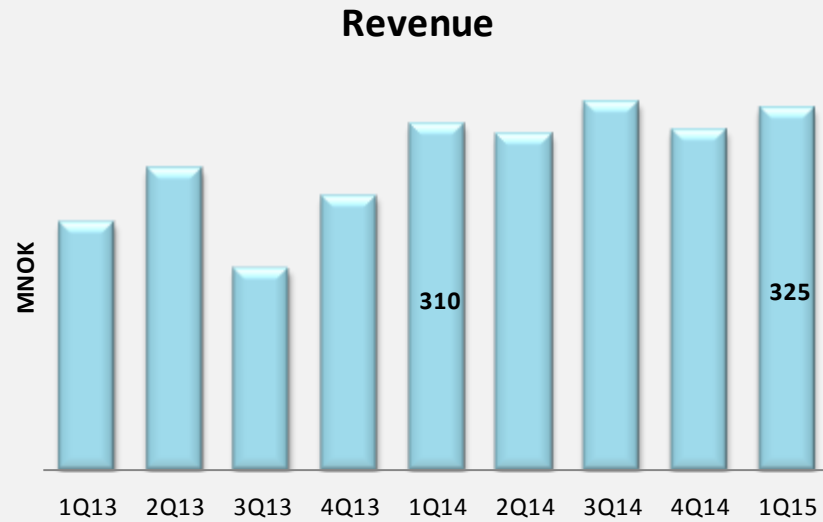
First quarter 2015 – Highlights

- Overall good performance – on track
 - Benefitting from being a diversified Group both geographically and product wise
- Strong first quarter in Chile, Canada and UK
- A good start for Cage Based segment in Norway, but
 - with a different product mix compared to Q1 2014, and
 - some of the deliveries moving in to Q2 2015
- Slow start for the Land Based segment and for export to emerging markets
- High market activity resulting in the best order backlog ever – 547 MNOK



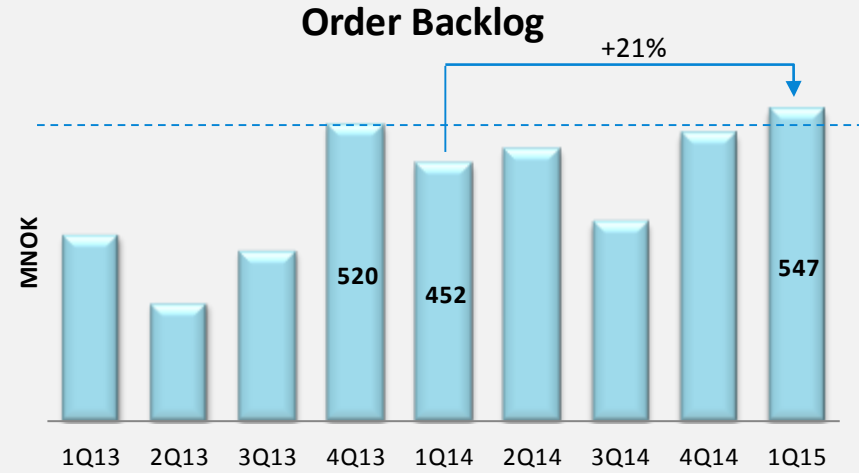
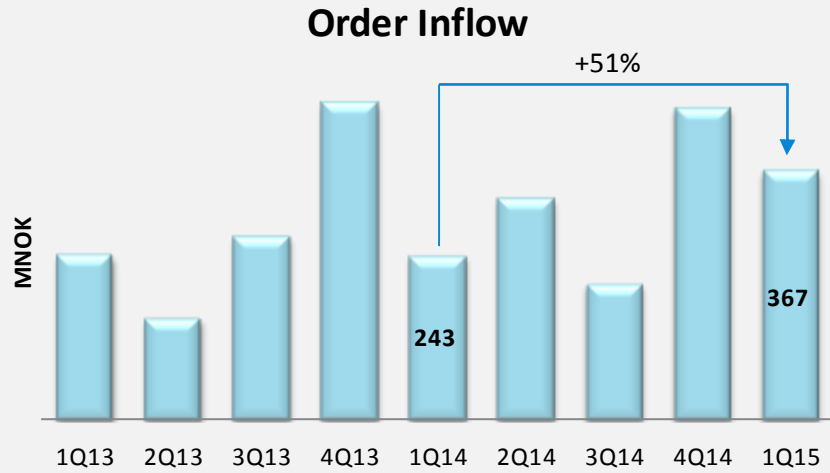


On track - record high order backlog





On track - record high order backlog





AKVA group – uniquely positioned for future growth

- The most recognized brand in aquaculture technology
- Leading technology solutions and service partner to the global aquaculture industry
- Global presence - subsidiaries in 8 countries
- 740 employees
- Market cap of NOK ~670m and net debt of NOK 82m

1

Cage-based



Plastic and steel cages



Infra-structure



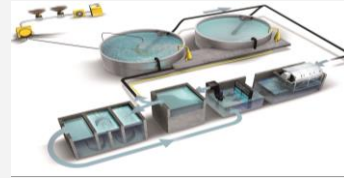
Feed systems, sensors and cameras

3



2

Land-based



Land-based facilities



Land-based equipment

4

Software



Software

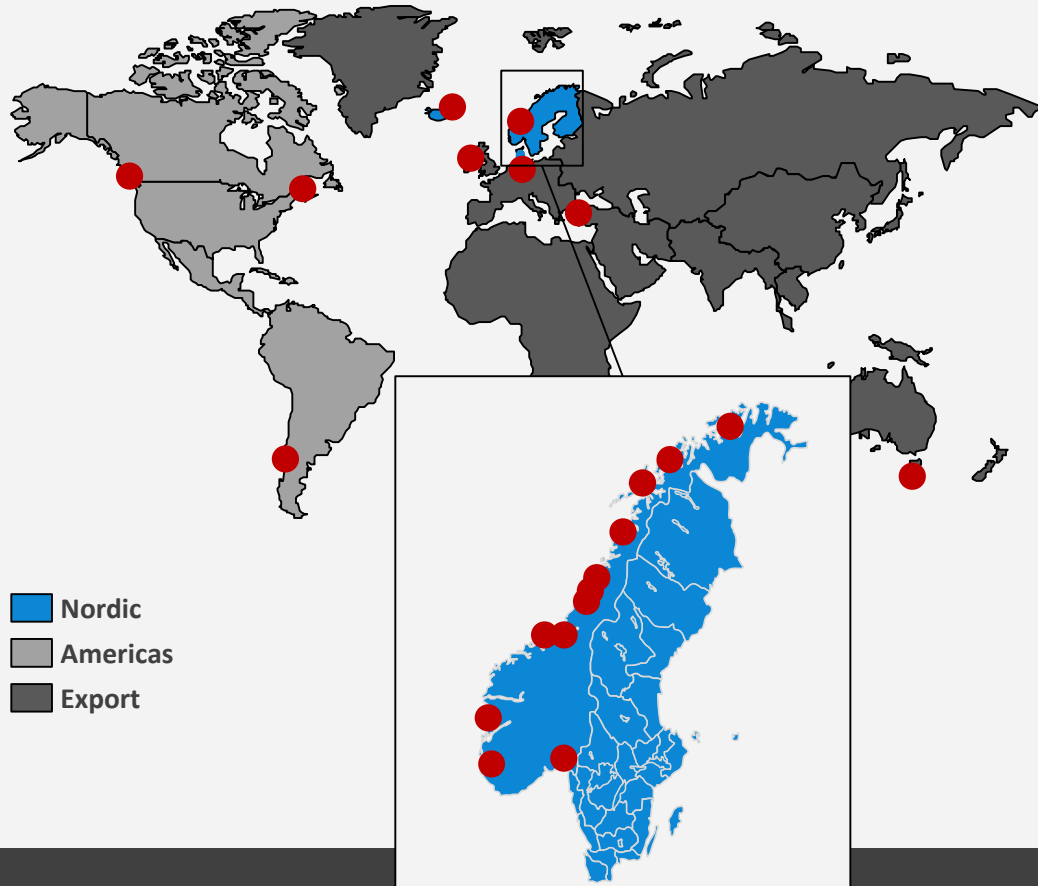


Technology and farming services

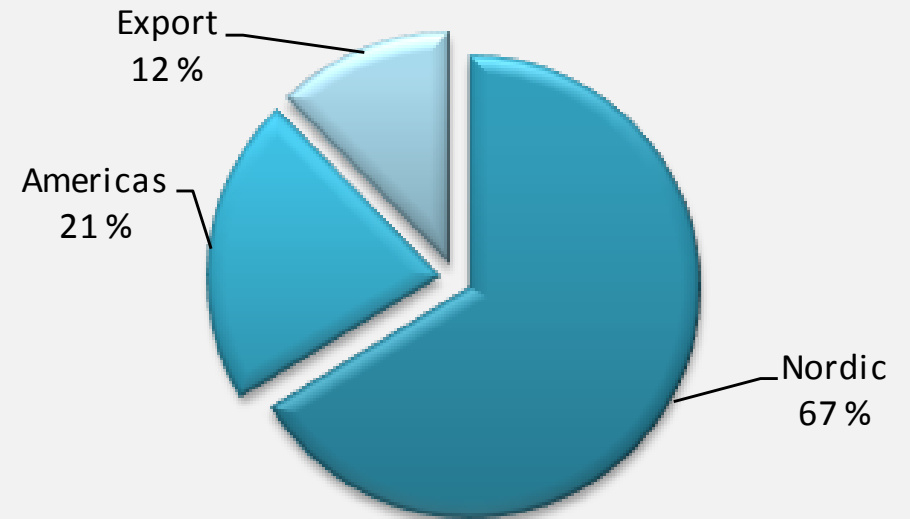


Presence in all main farming regions

Map of activities

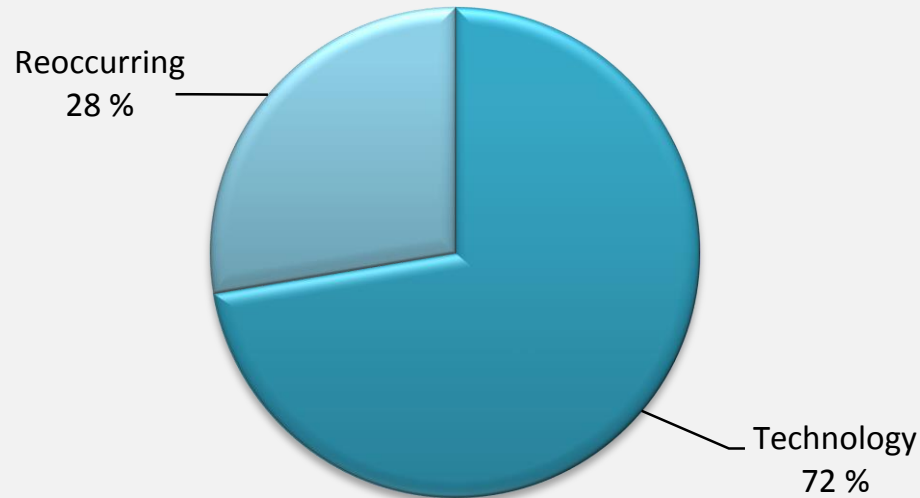


Revenue per region, Q1 2015



Strategic priority to increase the proportion of reoccurring revenue

Technology sale vs reoccurring revenue, Q1 2015



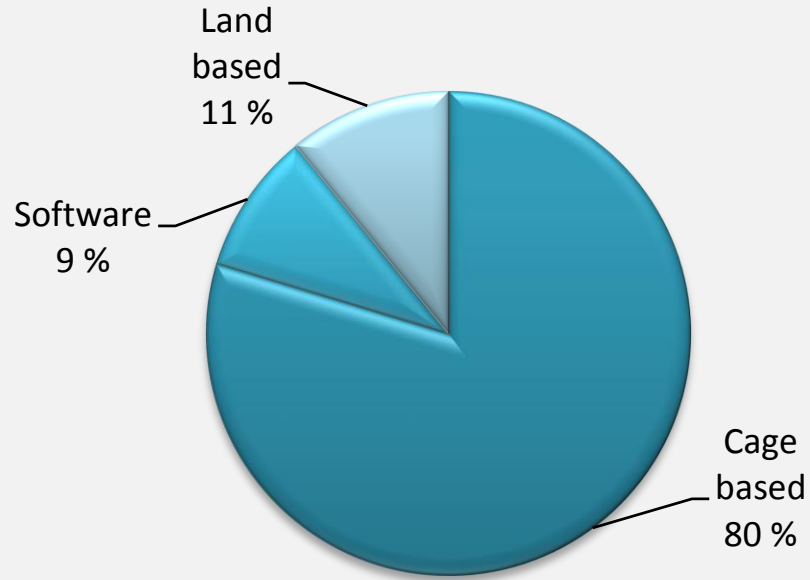
Comments

- Introduction of rental business model in Norway in Q4 2014. Already successfully introduced in UK and Canada.
- First installations of rental equipment in Norway done in Q1 2015
- Rental is an “all inclusive service” providing for instance light or picture for an agreed period of time (2 to 5 years duration) - reduced CAPEX and reducing operational work for the customer
- Acquisition of YesMaritime in 2014, a provider of diving, ROV and other services to the salmon farming sector (Farming services)
- Development of Farming Services still in an early stage – opportunity for consolidation
- Aim of increasing relative share of reoccurring revenue through software and services – by developing software, farming services, technology services and rental further



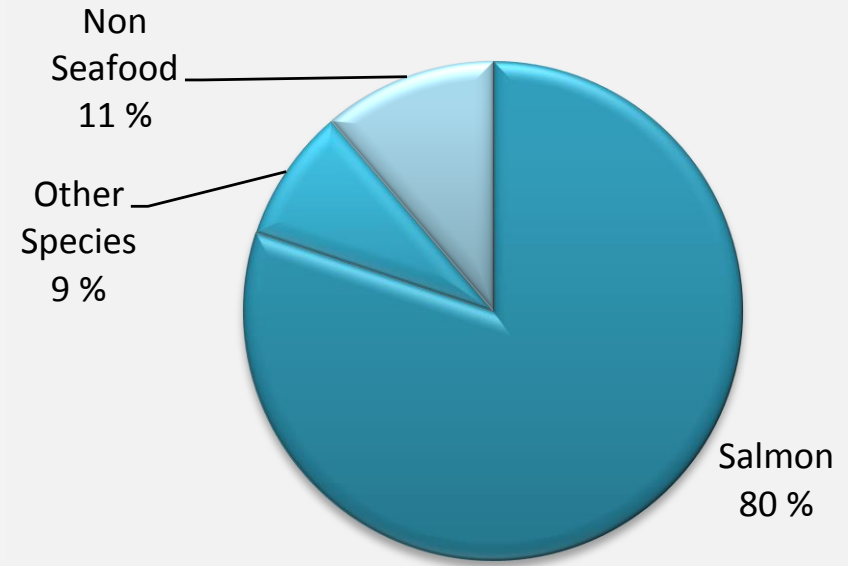
Revenue by product groups and species

By product groups – Q1 2015



- **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 species – Q1 2015



- **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 non seafood customers



Centralized operations and wireless communication in the hotspot

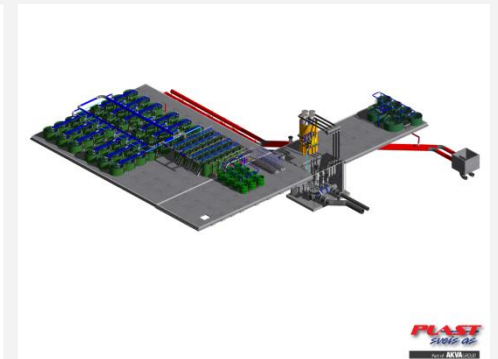
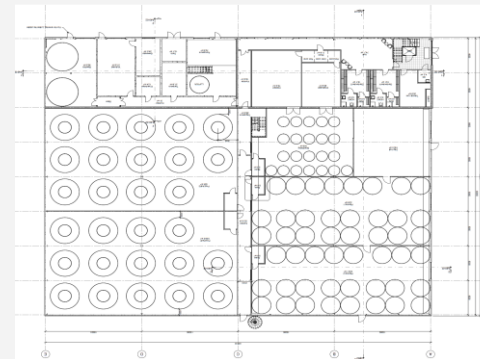
- Technology trend aimed at improving farming performance by enhancing overview, control and specialized feeding competence through centralized control centers
- AKVA group supports the trend through development of the new digital wireless communication system and AKVAconnect linking the operations in the farms to a centralized operation centers
- Trend supports a significant growth in sales for AKVA on sensors, cameras, control systems and solutions for automation as experienced in 2015





Contract on land based cleaner-fish facility – new sealice prevention technology

- Contract of 23.5 MNOK signed with Namdal Rensefisk AS for technology to new cleaner-fish production facility – owned and operated by Bjørøya Fiskeoppdrett AS, Aquagen AS, Midt Norsk Havbruk AS and Nova Sea AS
- Use of Cleaner-fish at the core of the strategy solving the sealice challenge facing the salmon industry
- Namdal Rensefisk AS is in the forefront of developing farming of cleaner fish as a sustainable way of handling sealice in the Norwegian salmon industry
- The land based facility holds new technologies enabling sustainable land based farming of cleaner fish



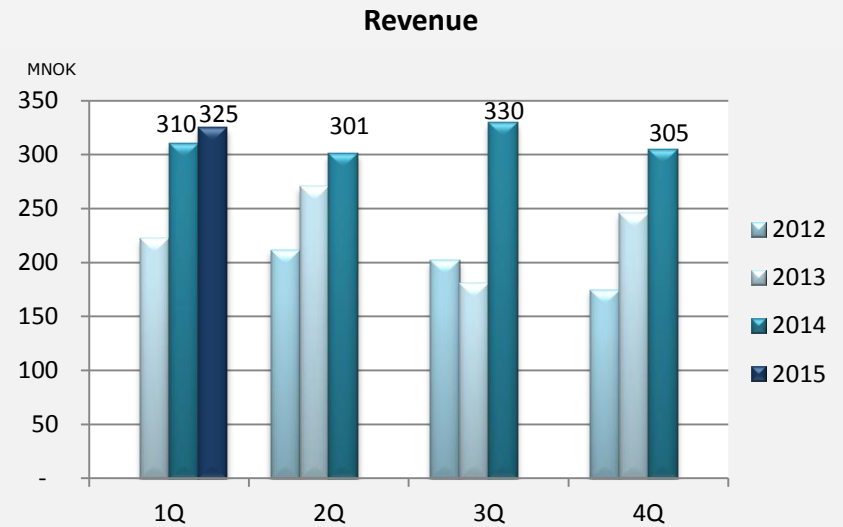


Financial performance Q1 2015 – by CFO Eirik Børve Monsen



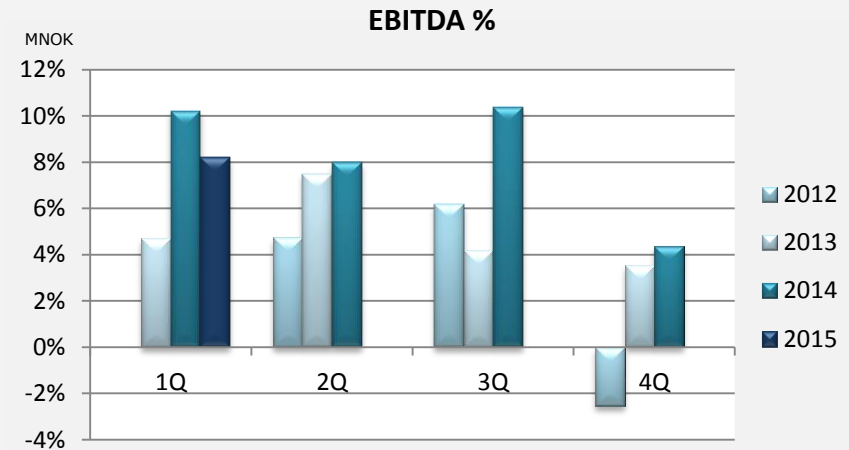
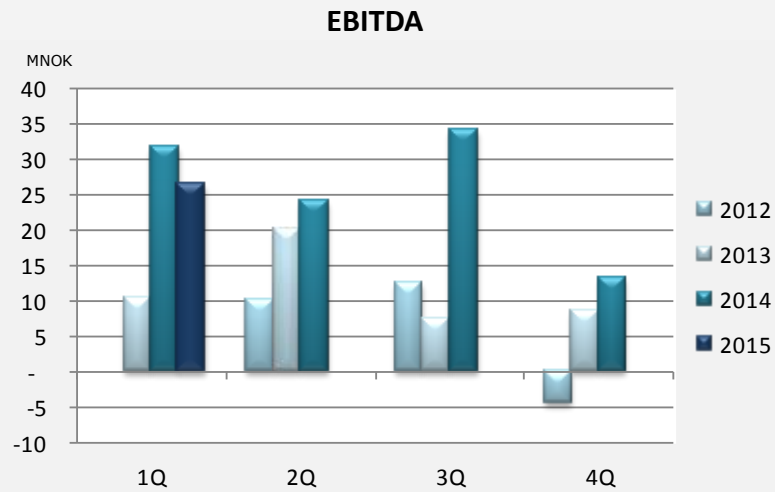
Q1 2015 - Financial highlights

- Good overall financial performance – taking advantage of the diversified operations
- Rental business in Norway with a good start – with P&L impact from next quarter
- Strong balance sheet maintained





Q1 2015 - Financial highlights, continued

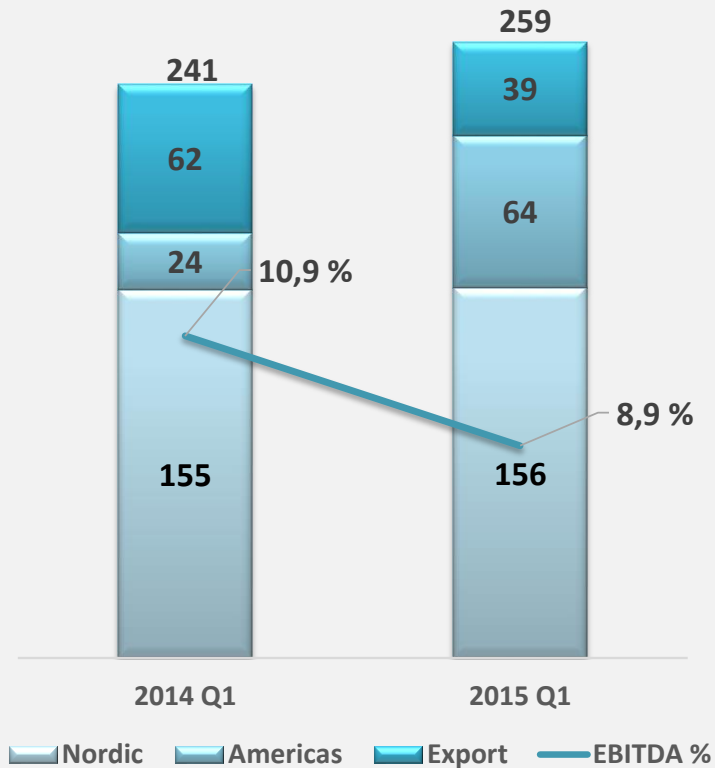


- Stabilizing on a historical higher EBITDA-level both in NOK and in %
- Medium term target of 10% EBITDA still valid



Cage Based Technologies

CBT (Revenue & EBITDA %)



Nordic

- Good start of the year, but with slightly different product mix YoY

Americas

- Strong Q1 in Chile - the positive development in this market continues. However we continue to monitor the development closely
- Canada continues the good performance from 2014 with the best Q1 ever

Export

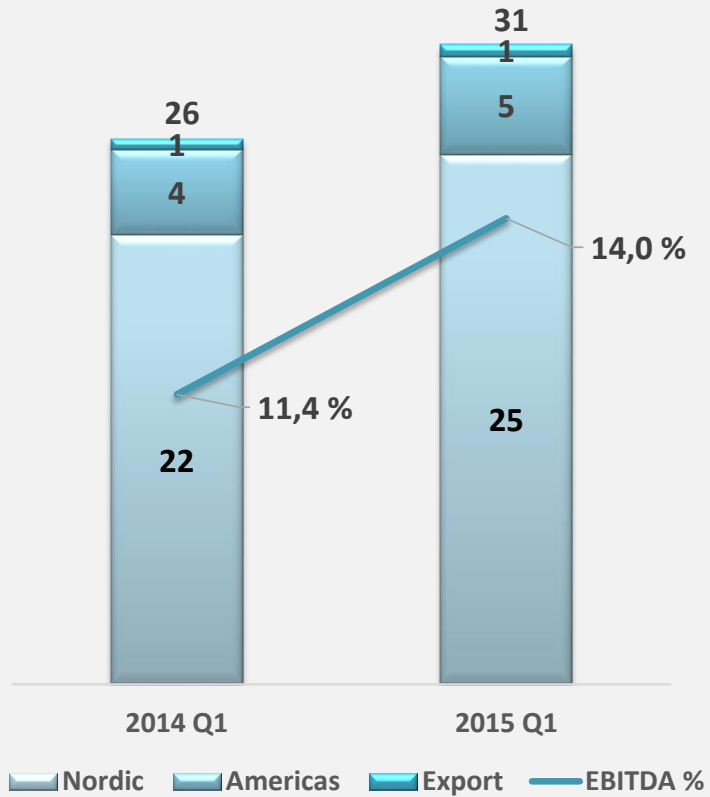
- UK continues the good performance from 2014 with the best Q1 ever
- Turkey have a profitable Q1 with good sales
- Low activity in Export to emerging markets YoY





Software

SW (Revenue & EBITDA %)



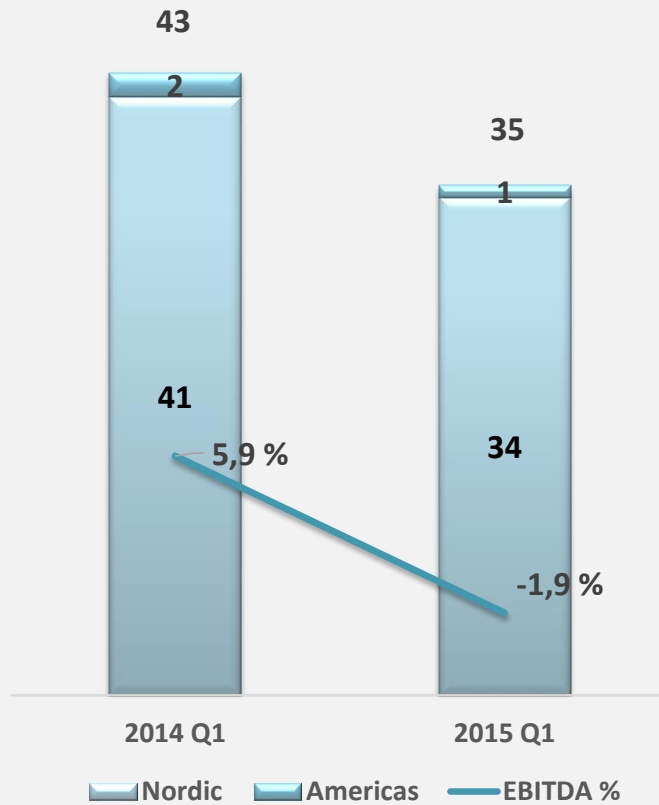
- AKVA group Software AS continues to deliver stable and high margins – with improved revenue and margins YoY
- Wise lausnir ehf have a good start of the year – with improved performance YoY
- Software continues to invest in new product modules, which is expected to strengthen the financial performance of the SW segment further





Land Based Technologies

LBT (Revenue & EBITDA %)



- Overall a slow start for LBT segment in Q1
- AKVA group Denmark have a good order backlog, however delayed start-up and progress in some projects explains the low margin in LBT in Q1
- Plastsveis is on track with a profitable Q1 and a good order backlog





Financials – Detailed P & L

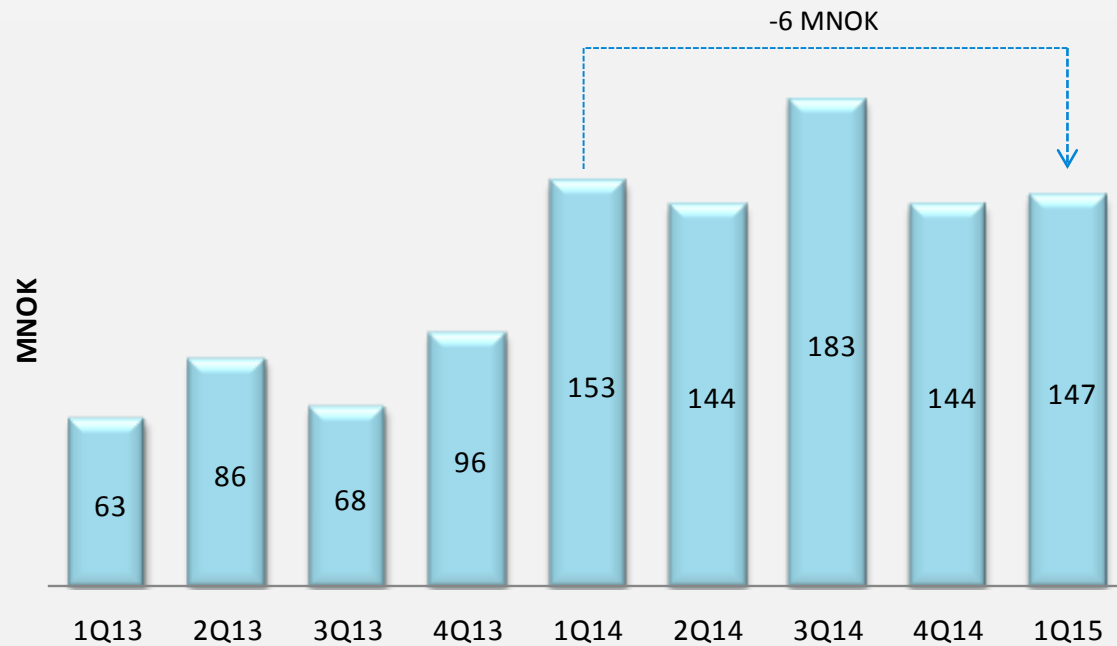
P&L (MNOK)	2015 Q1	2014 Q1	2014 Total
OPERATING REVENUES	325,0	310,4	1 246,1
Operating costs ex depreciations	298,4	278,7	1 142,7
EBITDA	26,6	31,7	103,4
Depreciation	10,5	8,3	35,7
EBIT	16,1	23,5	67,6
Net interest expense	-1,3	-1,5	-4,8
Other financial items	1,5	-1,4	0,0
Net financial items	0,2	-2,9	-4,7
EBT	16,3	20,5	62,9
Taxes	4,9	4,9	8,4
NET PROFIT	11,4	15,6	54,5
Net profit (loss) attributable to:			
Non-controlling interests	0,1	0,1	-0,6
Equity holders of AKVA group ASA	11,3	15,5	55,1
Revenue growth	4,7 %	39,7 %	35,6 %
EBITDA margin	8,2 %	10,2 %	8,3 %
EPS (NOK)	0,44	0,60	2,13

- Low interest cost due to low net debt and low interest rate
- Mainly currency – considered as acceptable level
- Minority shareholders (30%) in Plastsveis AS

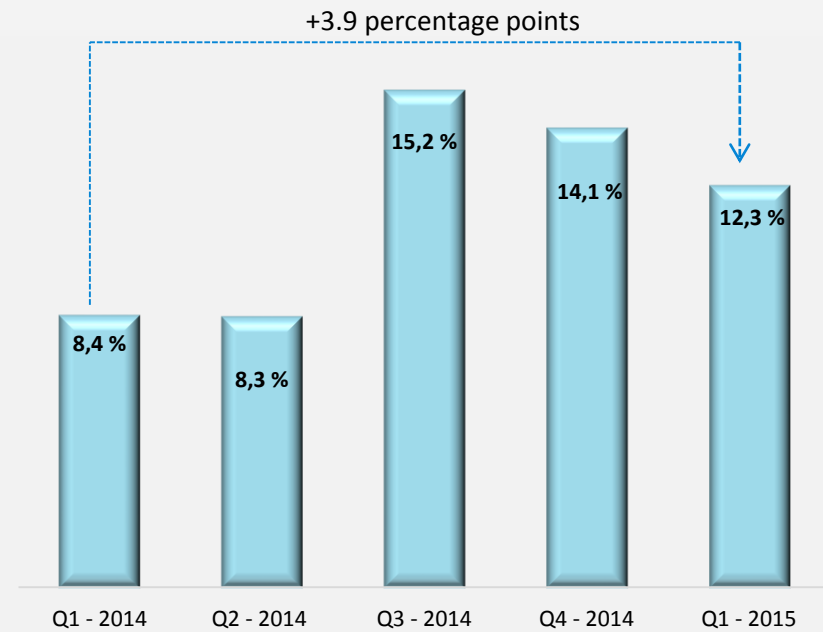


Group financial profile - strong

Available cash



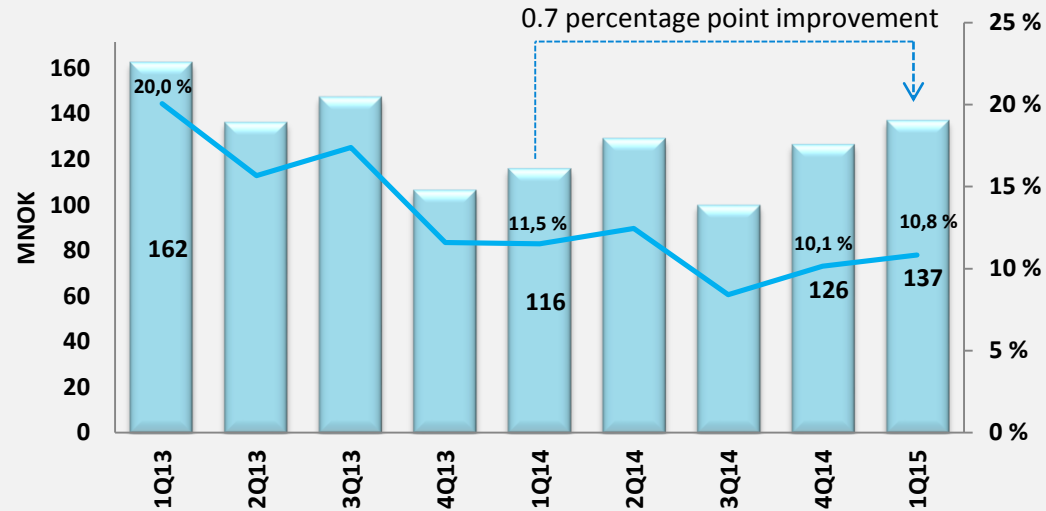
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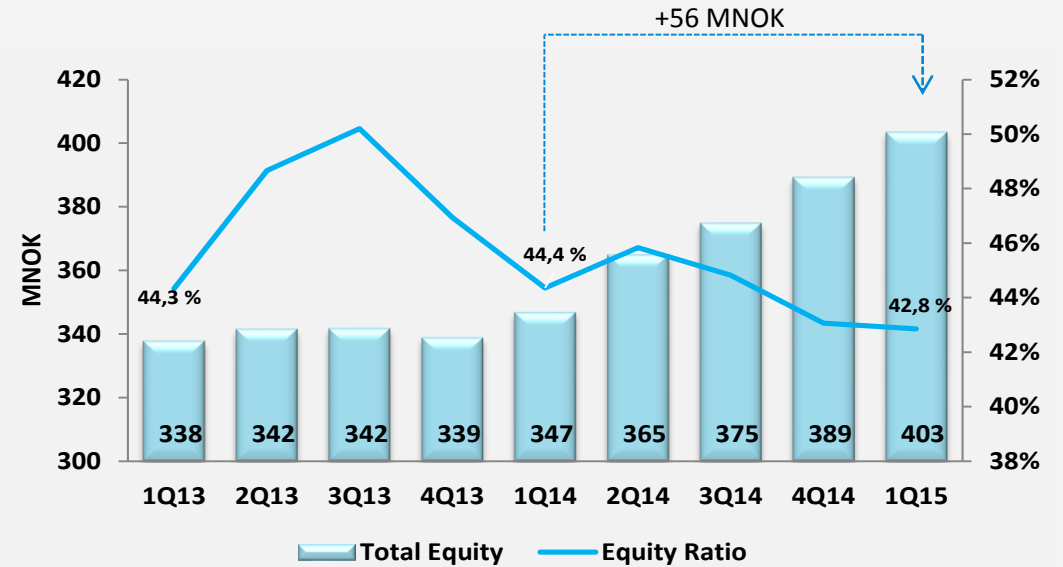
Group financial profile – strong, continued

Working capital



- Overall low working capital level – despite record high activity
- Due to strong capital discipline
- Increased activity in Chile gives WC-intensive growth

Equity

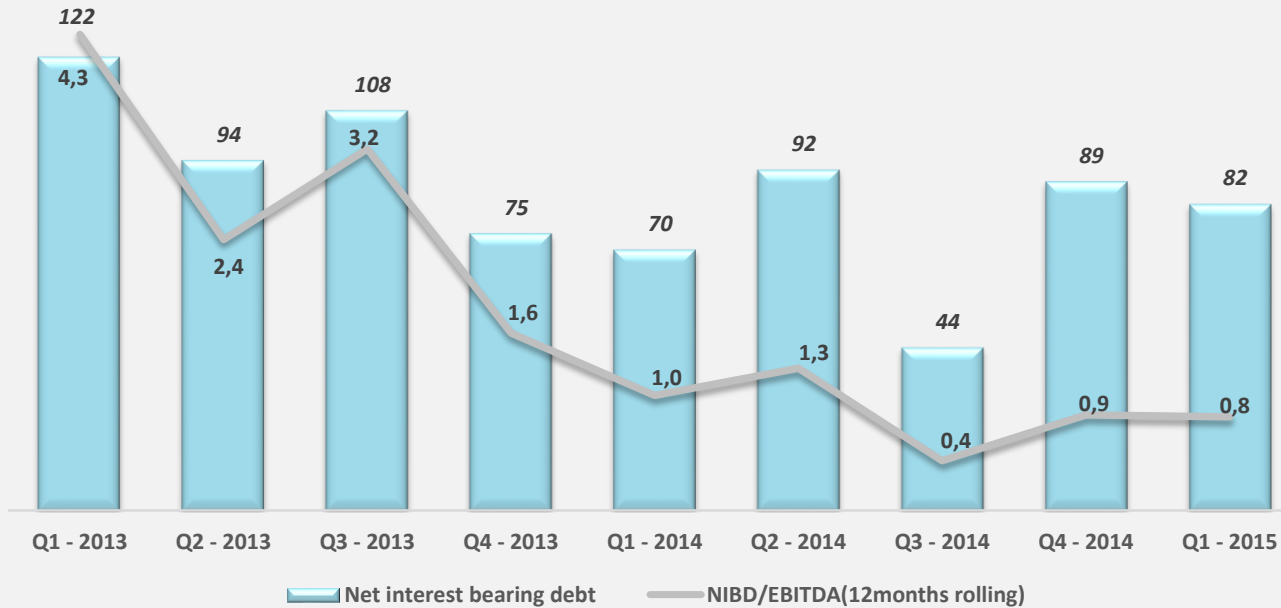


- Good nominal increase in equity YoY due to profitable operation
- Note: Dividend payment of 25.8 MNOK in Q4 2014



Net debt/EBITDA of 0.8x

Net debt (MNOK) and net debt/EBITDA



Change in net debt (TNOK)

Net debt 31.12.2014	88 511
EBITDA	-26 610
Income taxes paid	-32
Net interest paid	1 309
Capex paid	10 994
Paid dividend	-
Sale of fixed assets	-698
Currency effects	-1 841
Other changes in working capital	10 784
Net change	-6 095
Net debt 31.03.2015	82 416

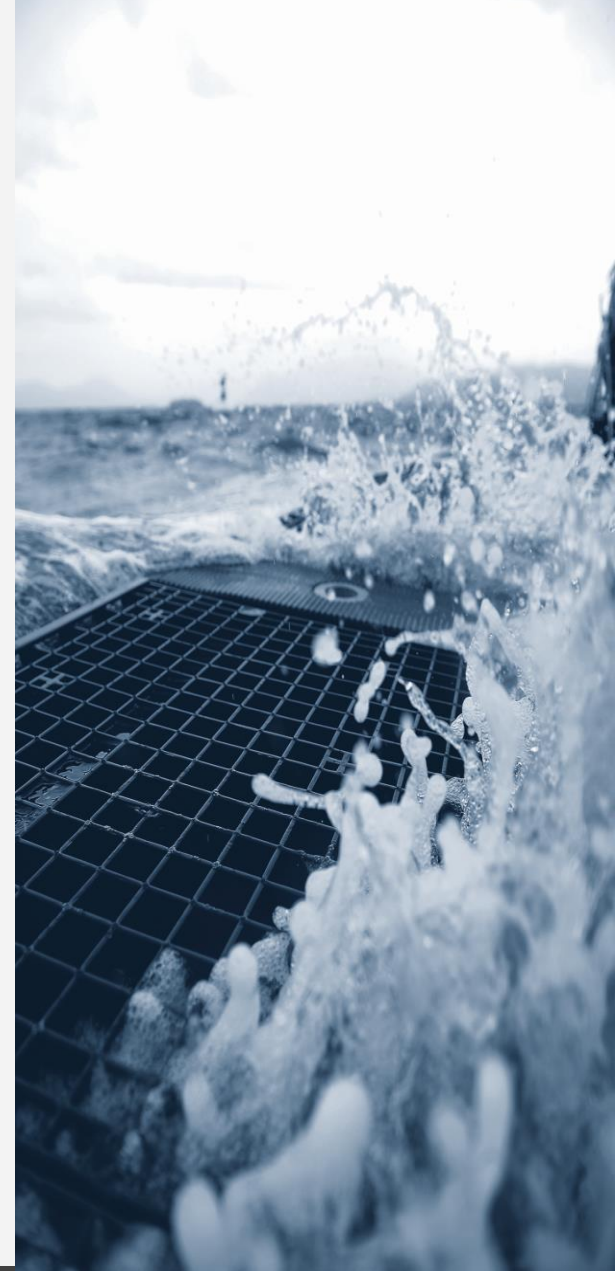
- No dividend disbursement in Q2. Next possible dividend pay-out will according to the new dividend policy be in Q4 – based on the cash flow in Q2 and Q3



Balance sheet

BALANCE SHEET	2015	2014
(MNOK)	31.03	31.03

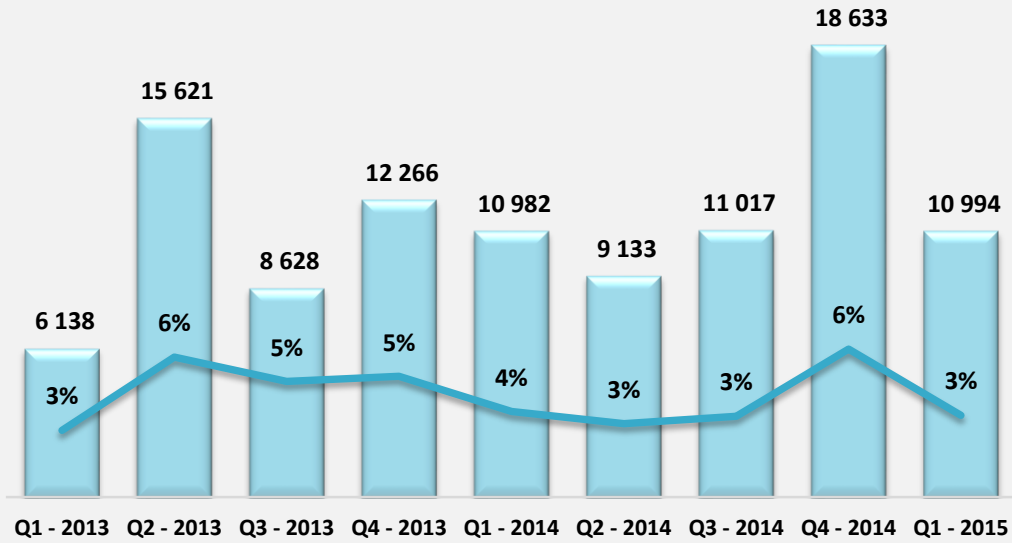
ASSETS	942	782
Intangible non-current assets	274	245
Tangible non-current assets	76	56
Financial non-current assets	2	2
Inventory	183	151
Receivables	349	266
Cash and cash equivalents	57	62
LIABILITIES AND EQUITY	942	782
Equity	402	344
Minority interest	2	2
Long-term interest bearing debt	126	122
Short-term interest bearing debt	14	10
Non-interest bearing liabilities	398	303



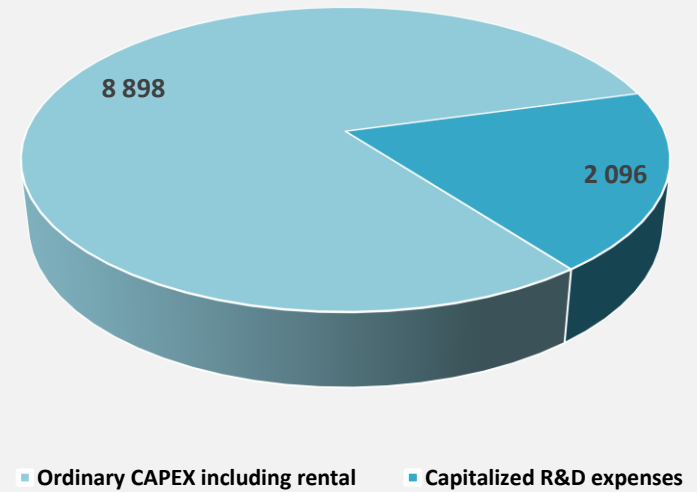


CAPEX

Capex (TNOK) and capex / sales (%)



CAPEX breakdown Q1 2015 (TNOK)





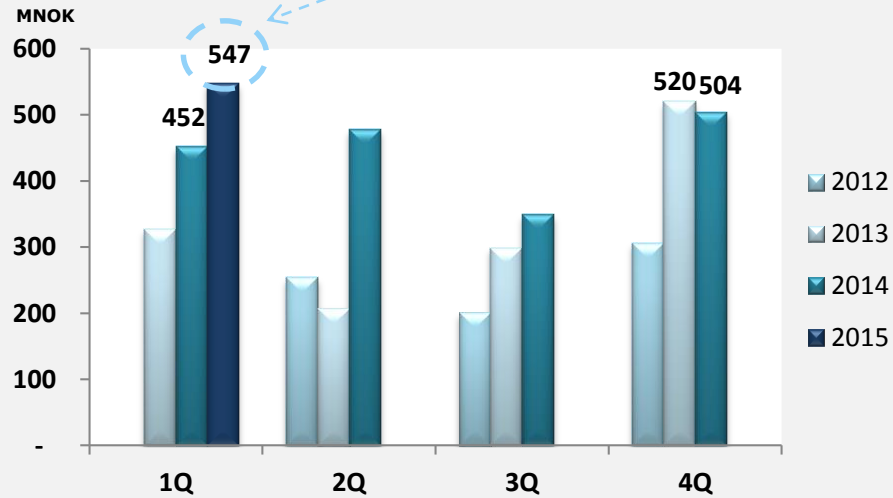
Outlooks – by CEO Trond Williksen

Your Aquaculture Technology and Service Partner

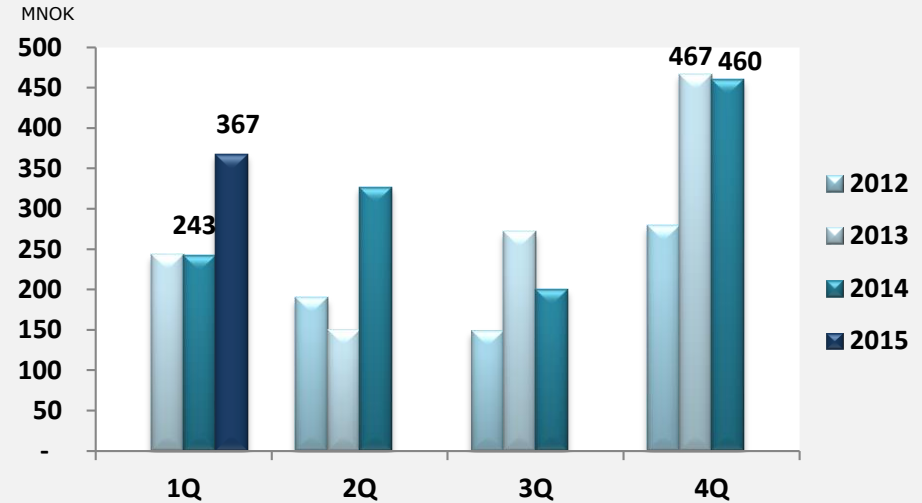
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Order backlog and inflow – Highest order backlog ever

Order backlog



Order inflow



- Highest order backlog ever
- The good market activity continues



Maintaining positive outlook

- Strong overall short term outlook due to high market activity and order backlog. Our target is to outperform 2014
- Strong demand in the Nordic market is expected to continue
- Positive operational development in the Chilean market is expected to continue in the next quarters due to a solid order backlog. However, our Chilean customer's struggle with low earnings brings some uncertainty to investments in the medium term. The Volcano eruption in Chile might have a small impact short term on CBT investments, but pose an opportunity for LBT. We are monitoring the Chilean 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 positive development with a growing order backlog and prospect mass. Historically high market interest for LBT
- Exports to emerging markets will continue to fluctuate short term, but represents a large potential over time. New geographical regions continuously emerge as markets for our technology
- We continue our effort to build service and after sales as a key business element in all markets and segments





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AKVA GROUPTM 28

