



Q3 2016 Presentation

Oslo - November 3rd, 2016

Trond Williksen, CEO

Eirik Børve Monsen, CFO



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Highlights Q3 2016 - by CEO Trond Williksen

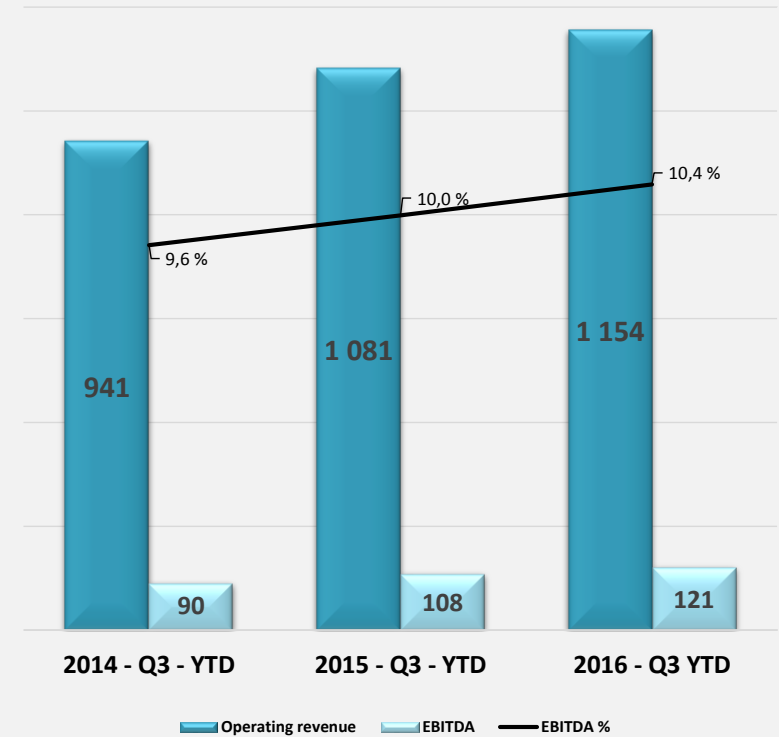
High market activity – growth strategy continued

Third quarter 2016 – Highlights

- Overall good financial performance - 10.8% EBITDA margin
- P&L growth softened by Americas and restructuring of AKVA group Denmark
- Growth strategy continues with acquisition of Sperre AS – the leading ROV provider, increased capacity in Helgeland Plast and increased presence in the Mediterranean
- High market activity – strong order inflow and best order backlog ever of MNOK 886

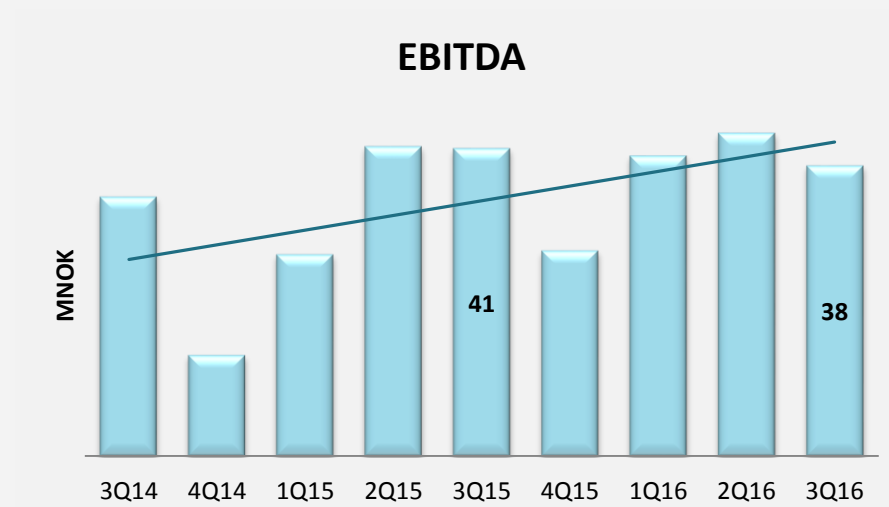
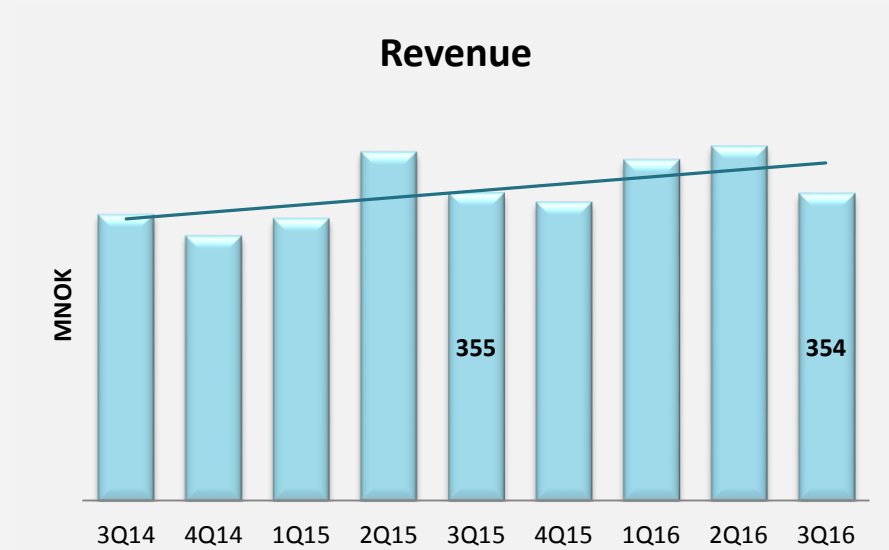
YTD 2016 – Highlights

- Best first nine months ever – revenue and EBITDA
- Strong financial position
- Dividend of NOK 0.75 per share paid in Q3 2016



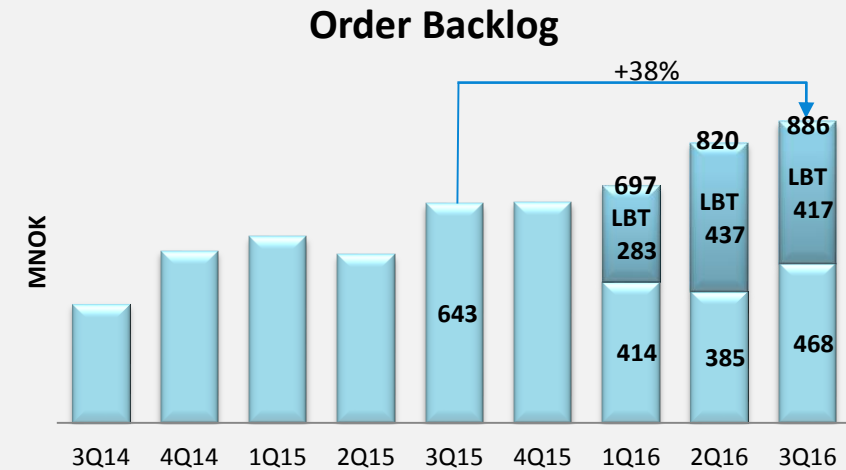
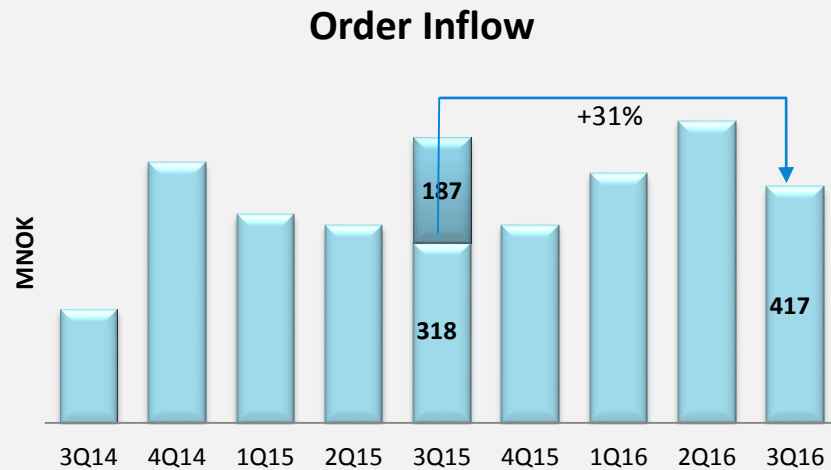


Stable performance and growth continues





Growth in order backlog continues



- NOK 1.4 billion in order inflow YTD 2016
- In Q3 2015 the order backlog of Aquatec Solutions was included for the first time (with MNOK 187)
- 31% YoY growth in operational order inflow when adjusting for Aquatec Solutions

AKVA group – uniquely positioned for future growth

Leading technology solutions and service partner to the global aquaculture industry

Global presence - subsidiaries in 8 countries


768 employees

Market cap of NOK ~2076m and net debt of NOK 213m


CAPEX based revenue

OPEX based revenue


1 Cage-based



Plastic and steel cages

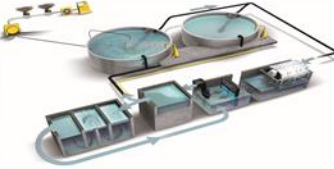


Feed systems, sensors and cameras




Infrastructure

2 Land-based



Land-based facilities



Land-based equipment

3 Software





4 Technology and farming services

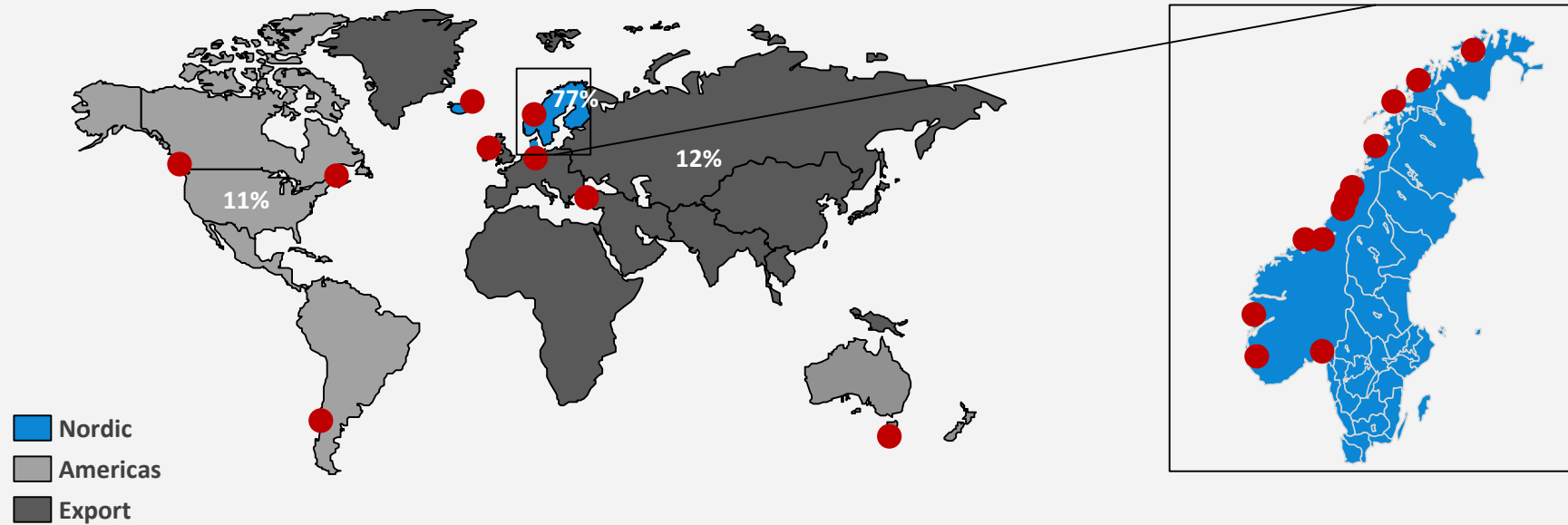






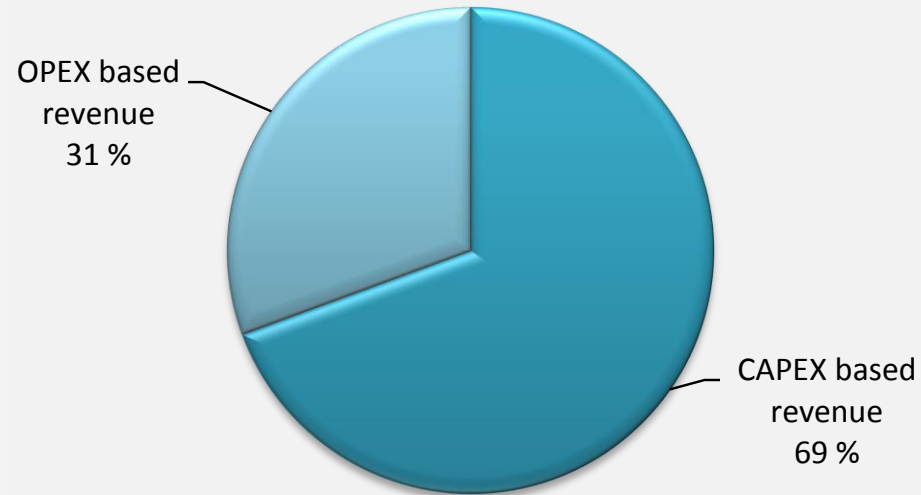
Presence in all main farming regions

Map of activities & revenue per region, Q3 2016



Strategic priority to increase the proportion of OPEX based revenue

OPEX based vs CAPEX based revenue, Q3 2016



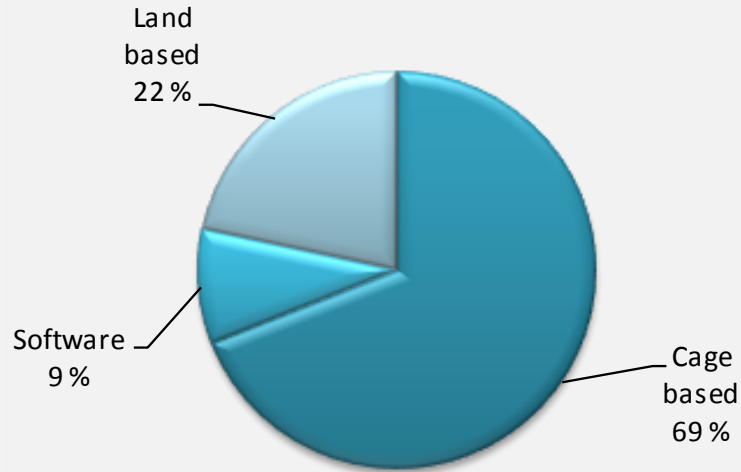
Comments

- OPEX based revenue defined as our revenue booked as OPEX in our customers P&L
- Aim of increasing relative share of OPEX based revenue through software and services – by developing software, farming services, technology services and rental further
- Introduction of rental business model in Norway in late 2014. Successfully introduced in UK and Canada before the introduction in Norway
- Rental is an “all inclusive” service providing for instance light or picture for an agreed period of time (2 to 5 years duration) - reducing both CAPEX and operational work for the customer
- AKVA Marine Services, our provider of diving, ROV and other services to the salmon farming sector (Farming Services)
- Development of Farming Services still in an early stage – opportunities for consolidation



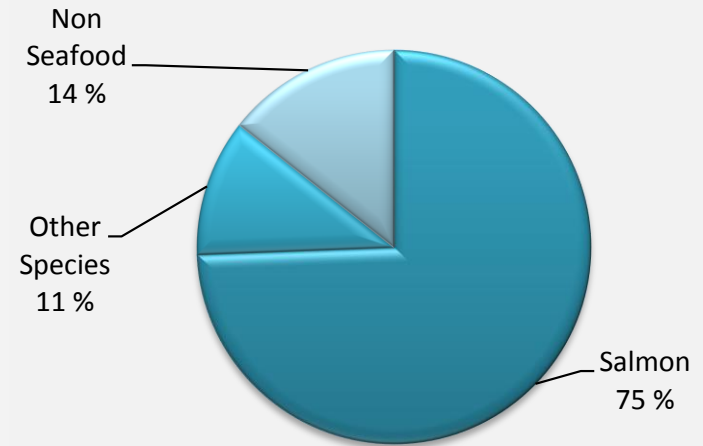
Revenue by product groups and species

By product groups – Q3 2016



- **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 – Q3 2016



- **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 to non seafood customers

Acquisition of Sperre AS – the leading ROV producer

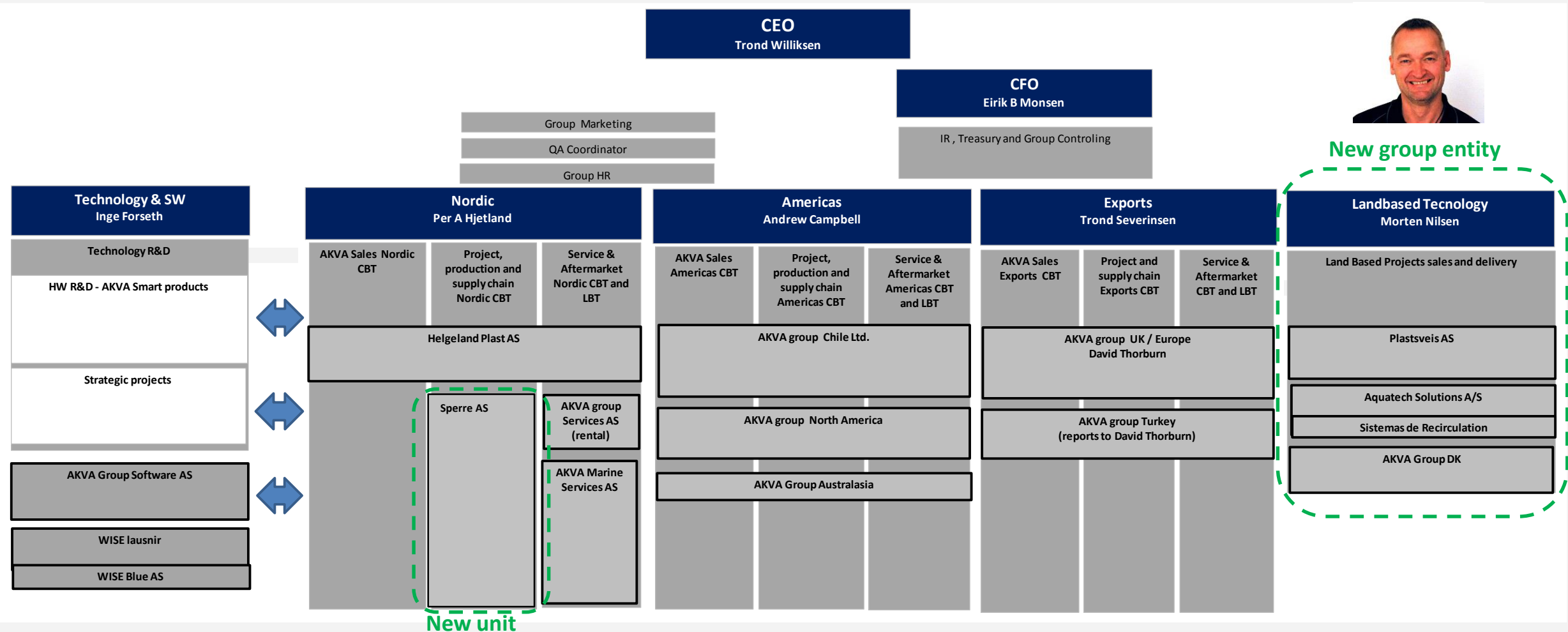


- Sperre AS becomes the “center of excellence” in AKVA group in terms of ROV technologies as well as relevant subsea technologies
- The intention and ambition is to develop undisputed industrial leadership in the ROV and subsea technology area within aquaculture
- AKVA group ASA acquires 66% of Sperre AS. Closing of the transaction will take place on November 4th, 2016
- The enterprise value for all the shares in Sperre AS is NOK 126.9 million. In addition AKVA will pay an adjustment amount based on the net debt and working capital position at closing
- AKVA group ASA have an option to buy the remaining shares after three years where the pricing is based on financial performance in the three year period
- The acquisition will be paid in cash and will be financed with a loan from Danske Bank





Changes in operational structure – LBT carved out as a separate Group entity



New group entity

New unit

Helgeland Plast – expanding capacity

- Investing in new factory facility - expanding capacity on cage, boat and pipe
- More efficient boat production
 - HP will double the production capacity of Polarcirkel Boats during 2017
 - Solved by streamlining and outsourcing parts of the production
 - Will reduce delivery time significantly
 - Gives us more flexibility
 - Enable us to deliver to new customer groups



Picture: Remote controlled boat delivered to the Norwegian Army



Picture: Illustration of new Longyearbyen harbor from Snøhetta



Expansion into the Mediterranean - new office in Spain



- AKVA group is about to establish an office on the east coast of Spain
- Due to positive signs in the Sea Bass and Sea Bream market in the Mediterranean
- This office will strengthen our position in this region
- We will have service resources on the ground to support our customer base in the region



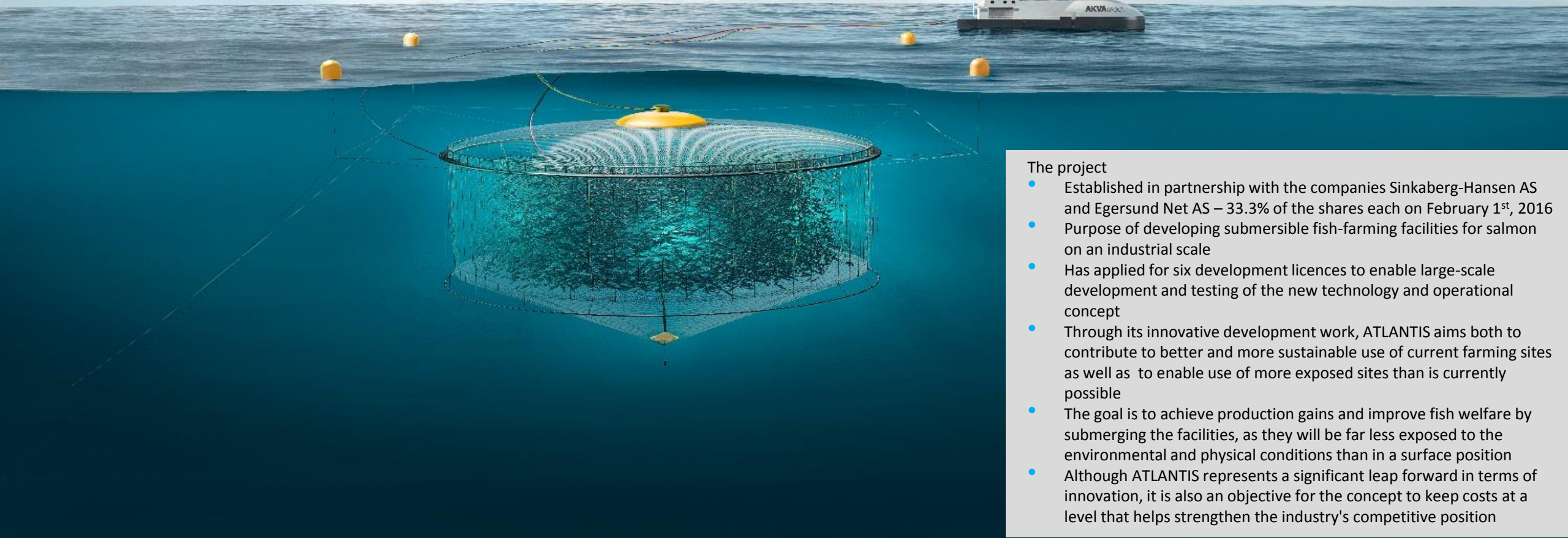
Deliveries into Iran

- AKVA group has worked actively in Iran for 2-3 years
- Second cage farm delivered (Bushehr Aramseyd Co. Reysali Delvari Dam)
- Sales of both cage based and land based technology
- Government strategy: Grow cage farming by 200.000 tons in 5 years (Barramundi, Sea Bream, Rainbow Trout, Sturgeon, etc)
- Already issuing licenses, providing financing and setting deadlines for starting-up
- Equally big market both for cage based and land based technology





- ATLANTIS is in dialogue with the Directorate of Fisheries and we are waiting for a final decision regarding development licences



The project

- Established in partnership with the companies Sinkaberg-Hansen AS and Egersund Net AS – 33.3% of the shares each on February 1st, 2016
- Purpose of developing submersible fish-farming facilities for salmon on an industrial scale
- Has applied for six development licences to enable large-scale development and testing of the new technology and operational concept
- Through its innovative development work, ATLANTIS aims both to contribute to better and more sustainable use of current farming sites as well as to enable use of more exposed sites than is currently possible
- The goal is to achieve production gains and improve fish welfare by submerging the facilities, as they will be far less exposed to the environmental and physical conditions than in a surface position
- Although ATLANTIS represents a significant leap forward in terms of innovation, it is also an objective for the concept to keep costs at a level that helps strengthen the industry's competitive position

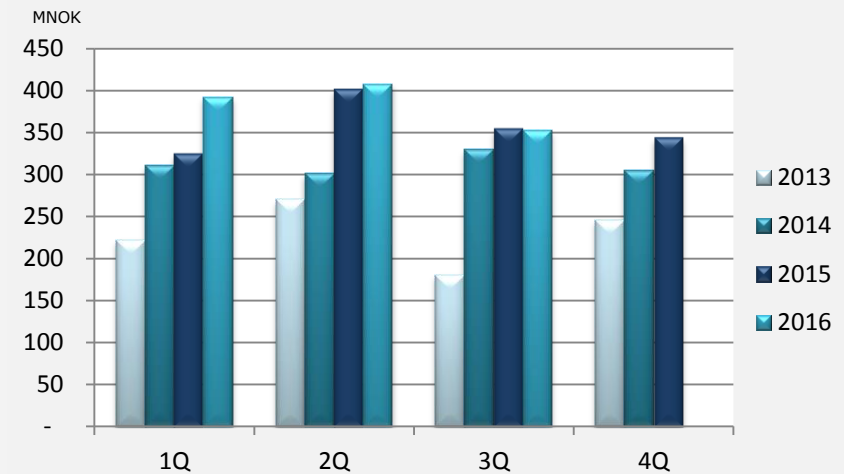


Financial performance Q3 2016 – by CFO Eirik Børve Monsen



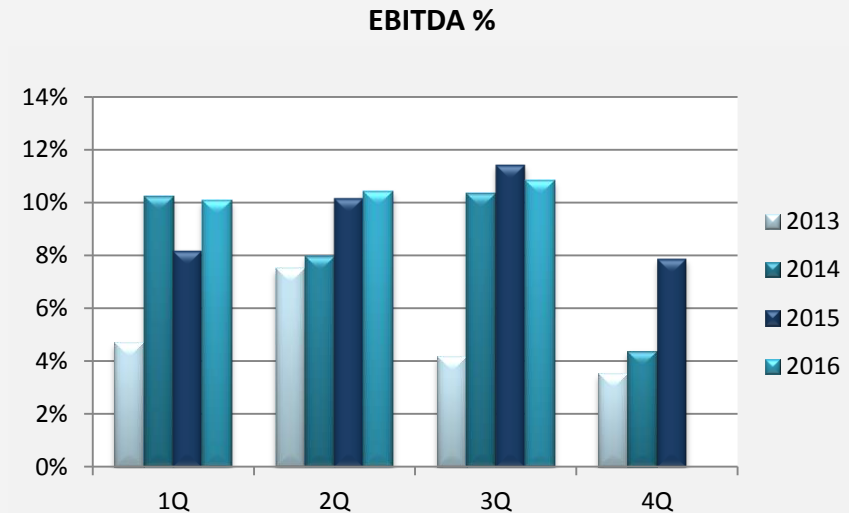
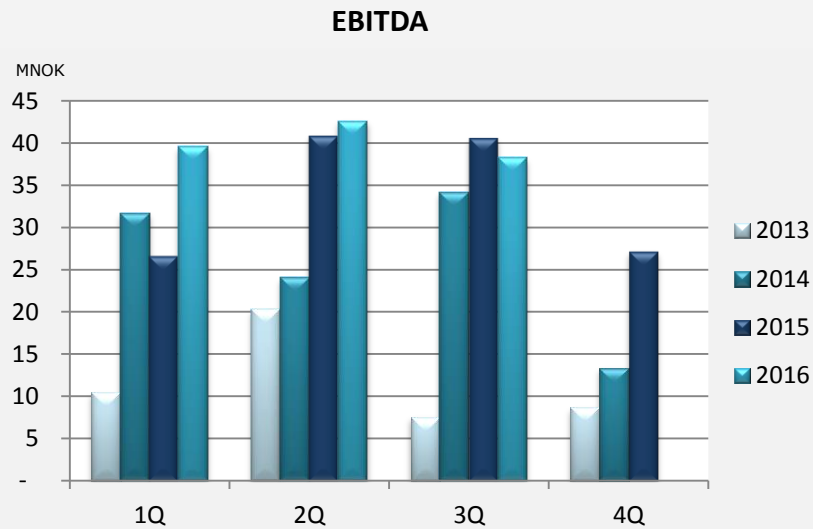
Q3 2016 - Financial highlights

- Stabilizing on a higher EBITDA margin - 10.8% in Q3
- AKVA group's diversified operations stabilize revenue and margins – makes the Group more robust
- On the negative side;
 - Americas with weaker performance YoY – due to challenging market conditions (MNOK 8.7 in reduced EBITDA YoY in Q3)
 - Restructuring of AKVA group Denmark - a step to make this a more efficient entity (MNOK 4.9 in negative EBITDA in Q3)
- Strong balance sheet
- A interim dividend of 0.75 NOK per share paid out in Q3 2016





Q3 2016 - Financial highlights, continued



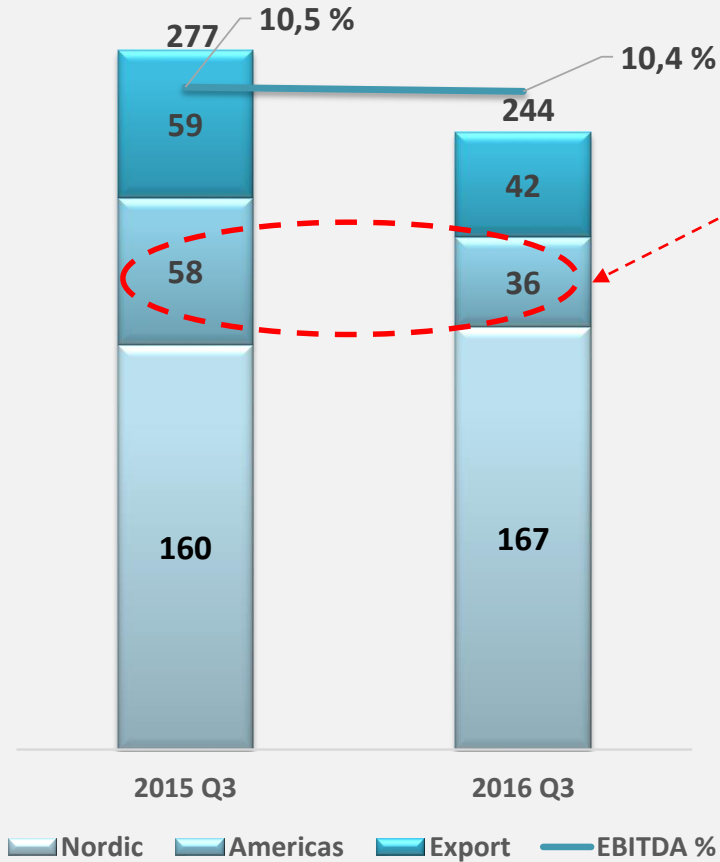
Stabilizing on a historical higher EBITDA-level both in NOK and in %

The medium term target of 10% EBITDA on a annual basis – achieved for the third quarter in a row



Cage Based Technologies

CBT (Revenue & EBITDA %)



Nordic

- Good performance in Q3
- A wide range of products continue to contribute financially – AKVAsmart products, Barges, Polarcirkel cages, service and rental
- The Farming Services area with AKVA Marine Services is performing well

Americas

- Reduced activity in Americas this quarter - MNOK 8.7 in reduced EBITDA YoY in Q3 and MNOK 23.2 in reduced EBITDA YoY YTD 2016
- Low activity in Chile – reduced service and technology sales due to challenging market conditions
- We have over the last years reduced our financial exposure in Chile significantly. The Chilean operation is now leaner and well prepared for an upturn in the market when this happens
- Canada with another slow quarter
- Australia - a small but profitable operation

Export

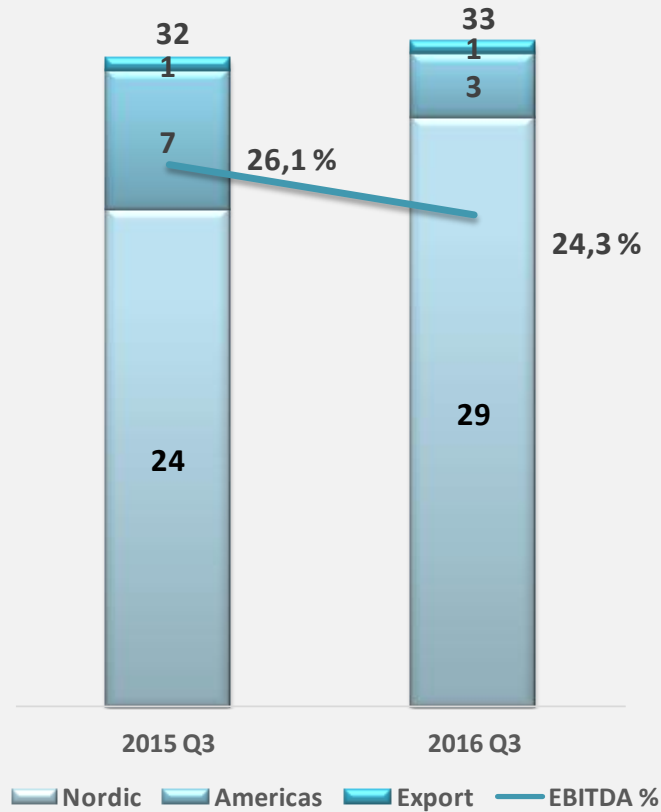
- UK with another decent quarter – high level of OPEX based revenues
- Turkey continues with another very good quarter
- We experience increased activity in the Sea Bass and Sea Bream industry in the Mediterranean
- Export to emerging markets – small but profitable impact in Q3





Software

SW (Revenue & EBITDA %)



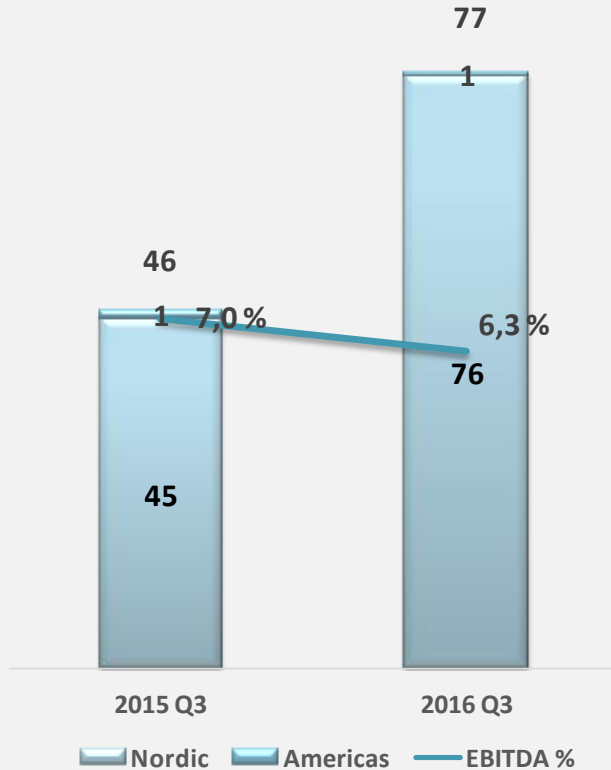
- Another good quarter
- AKVA group Software AS and Wise lausnir ehf – with improved performance YoY
- YTD improved performance, both topline and margins, despite divesting WiseDynamics in November 2015
- Software continues to invest in new product modules, which is expected to strengthen the financial performance of the SW segment further





Land Based Technologies

LBT (Revenue & EBITDA %)



- Good performance in Aquatec Solutions and Plastsveis - and the high market activity continues
- Weak quarter for AKVA group Denmark A/S due to restructuring to make the unit more efficient (MNOK 4.9 in negative EBITDA in Q3). The work to improve and make this a more streamlined entity will continue into Q4
- Land based is becoming a significant part of the Group, with:
 - 85% increase YoY in revenues YTD 2016
 - 22% of total Group revenue in Q3
 - 47% of total order backlog
 - An area with high market activity





Financials – Detailed P & L

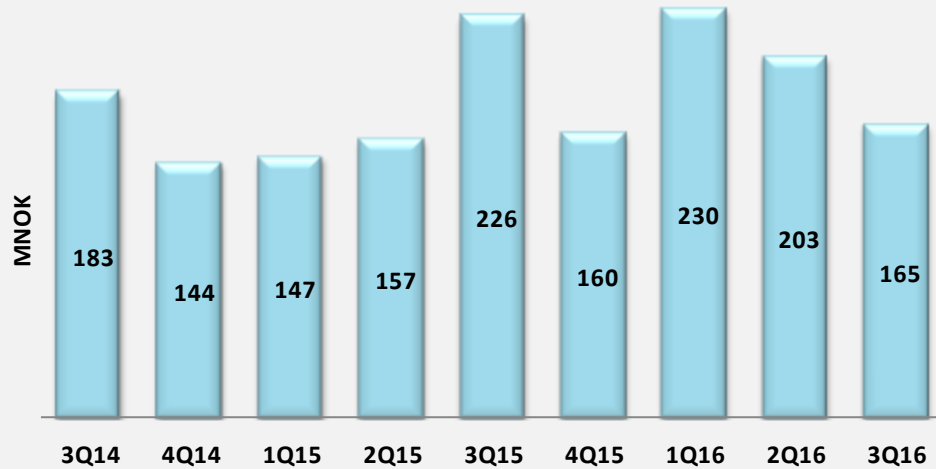
P&L (MNOK)	2016 Q3	2015 Q3	2016 YTD	2015 YTD	2015 Total
OPERATING REVENUES	353,8	354,7	1 154,5	1 081,3	1 425,3
Operating costs ex depreciations	315,5	314,2	1 034,0	973,2	1 290,2
EBITDA	38,3	40,6	120,5	108,0	135,2
Depreciation	17,5	12,2	48,8	33,5	47,5
EBIT	20,8	28,4	71,7	74,5	87,7
Net interest expense	-1,0	-0,8	-4,9	-3,6	-5,4
Other financial items	-3,6	0,3	-15,0	0,3	-4,3
Net financial items	-4,5	-0,5	-19,9	-3,3	-9,6
EBT	16,2	27,8	51,8	71,2	78,1
Taxes	5,5	8,0	16,0	20,4	19,7
NET PROFIT	10,8	19,8	35,7	50,8	58,4
Net profit (loss) attributable to:					
Non-controlling interests	1,4	0,7	0,3	1,2	1,6
Equity holders of AKVA group ASA	9,4	19,2	35,4	49,6	56,8
Revenue growth	-0,3 %	7,6 %	6,8 %	14,9 %	14,4 %
EBITDA margin	10,8 %	11,4 %	10,4 %	10,0 %	9,5 %
EPS (NOK)	0,36	0,74	1,37	1,92	2,20

- Increased depreciation mainly due to increased rental CAPEX and amortization
- Increased due to higher net debt
- Mostly currency and acquisition cost - higher than normal
- Minority shareholders from Q2 2016 and onwards (35%) in AKVA Marine Services AS and (49%) in Wise Blue AS



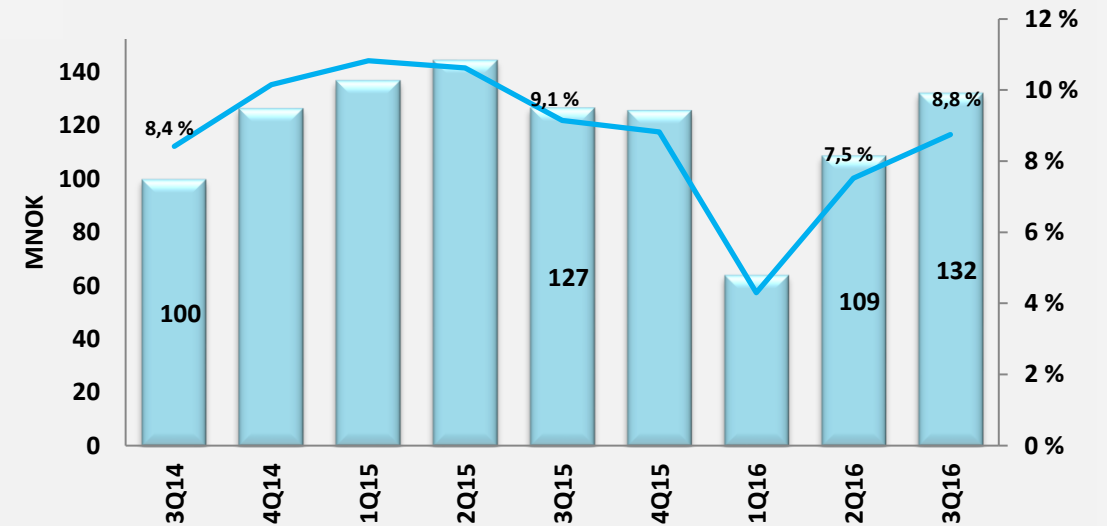
Group financial profile – remains strong

Available cash



- Including a 90 MNOK credit facility in Danske Bank

Working capital

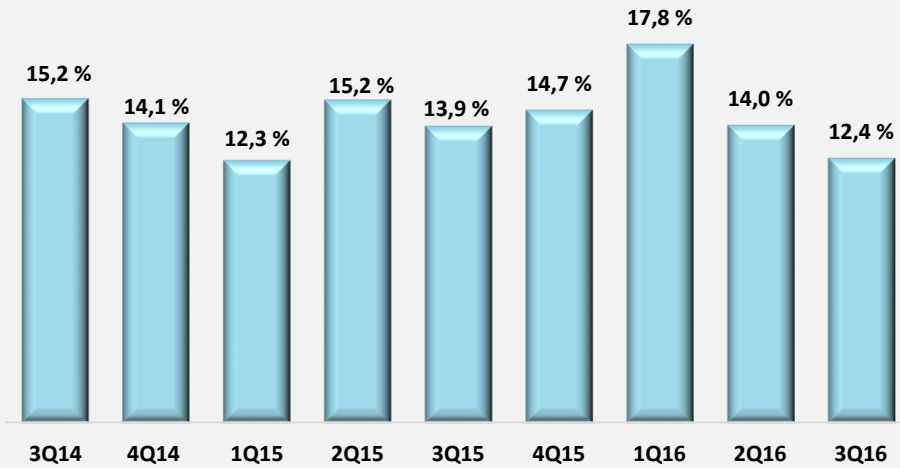


- Strong working capital level – despite record high activity
- Due to strong capital discipline in the Group

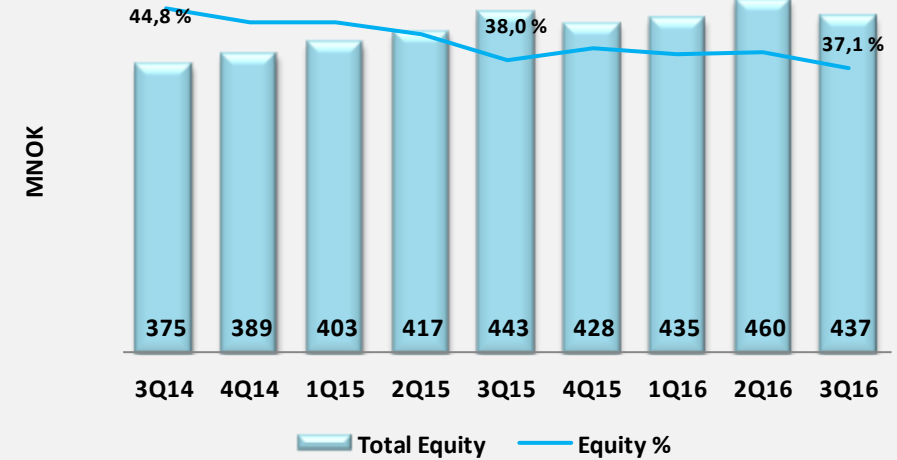


Group financial profile – remains strong, continued

ROCE



Equity

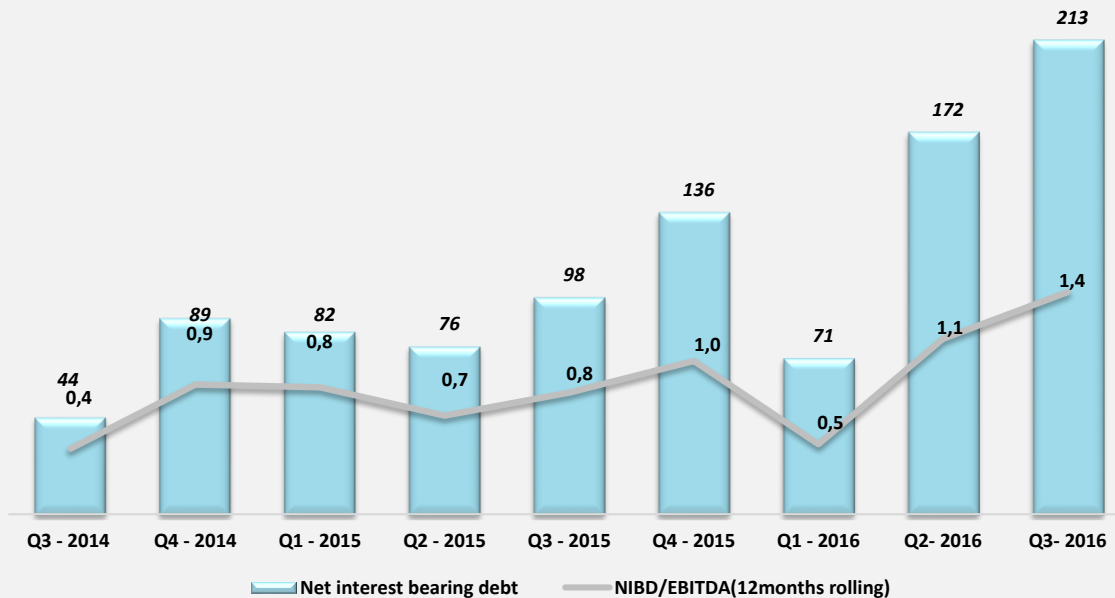


- Two dividends paid during the last 12 months of total 45.1 MNOK



Net debt/EBITDA of 1.4

Net debt (MNOK) and net debt/EBITDA



Change in net debt (TNOK)

Net debt 30.06.2016	172 172
EBITDA	-38 287
Income taxes paid	-447
Net interest paid	985
Capex paid	24 407
Acquisitions / Divestments	884
Paid dividend	19 376
Sale of fixed assets	-
Currency effects	7 634
Other changes in working capital	26 768
<i>Net change</i>	41 319
Net debt 30.09.2016	213 491



Balance sheet

BALANCE SHEET	2016	2015
(MNOK)	30.09	30.09

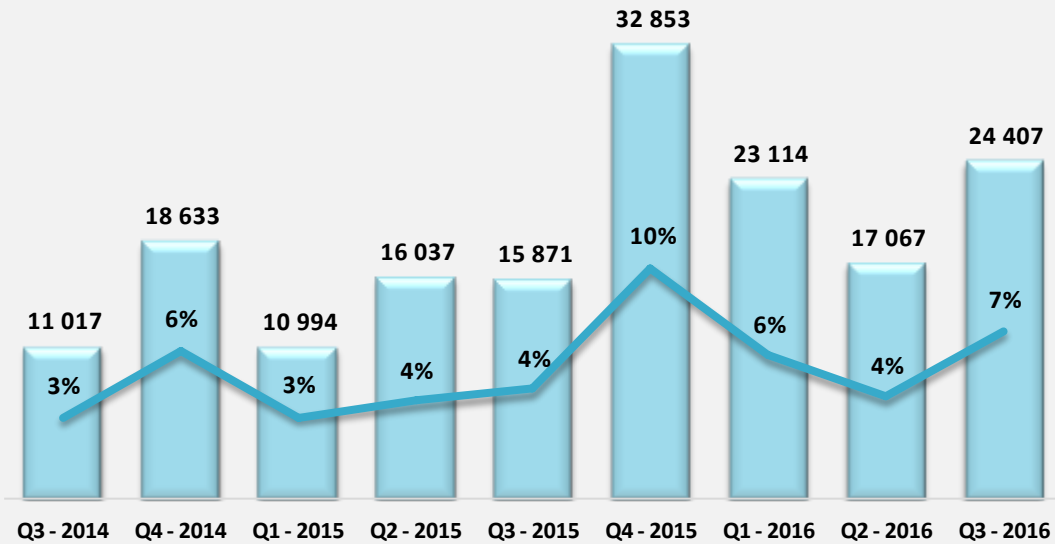
ASSETS	1 179	1 163
Intangible non-current assets	411	340
Tangible non-current assets	138	88
Financial non-current assets	5	8
Inventory	178	209
Receivables	321	382
Cash and cash equivalents	126	136
LIABILITIES AND EQUITY	1 179	1 163
Equity	427	439
Minority interest	11	3
Long-term interest bearing debt	265	188
Short-term interest bearing debt	75	46
Non-interest bearing liabilities	402	487



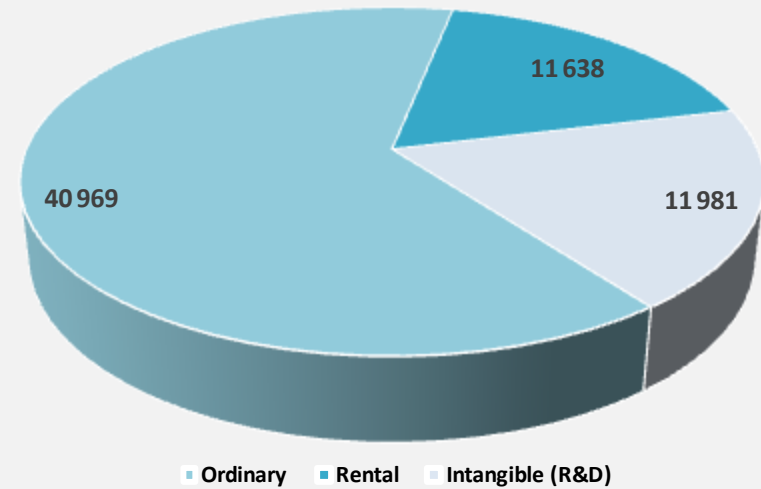


CAPEX

Capex (TNOK) and capex / sales (%)



CAPEX breakdown 2016 YTD (TNOK)





Largest shareholders

20 largest shareholders

No of shares	%	Account name	Type	Citizenship
13 203 105	51,1 %	EGERSUND GROUP AS		NOR
3 900 000	15,1 %	WHEATSHEAF INVESTMENTS LIMITED		GBR
969 049	3,8 %	VERDIPAPIRFONDET ALFRED BERG GAMBA		NOR
554 000	2,1 %	SKANDINAVISKA ENSKILDA BANKEN S.A.	Nominee	LUX
489 417	1,9 %	EIKA NORGE		NOR
484 470	1,9 %	STATOIL PENSJON		NOR
350 356	1,4 %	VERDIPAPIRFONDET DNB SMB		NOR
334 300	1,3 %	MP PENSJON PK		NOR
317 411	1,2 %	VPF NORDEA KAPITAL		NOR
300 000	1,2 %	MERTOUN CAPITAL AS		NOR
238 692	0,9 %	OLE MOLAUG EIENDOM AS		NOR
230 608	0,9 %	VPF NORDEA AVKASTNING		NOR
173 550	0,7 %	ROGALAND SJØ AS		NOR
172 961	0,7 %	DAHLE BJØRN		NOR
172 094	0,7 %	ARCTIC FUNDS PLC		BEL
139 535	0,5 %	VERDIPAPIRFONDET EIKA ALPHA VPF		NOR
125 608	0,5 %	STATOIL FORSIKRING A.S		NOR
122 595	0,5 %	J.P. MORGAN LUXEMBOURG S.A.	Nominee	GBR
115 354	0,4 %	FORTE TRØNDER		NOR
114 752	0,4 %	MOLAUG OLE		NOR
22 507 857	87,1 %	20 largest shareholders		
3 326 446	12,4 %	Other		
25 834 303	100,0 %	Total number of shares as per 30.09.2016		

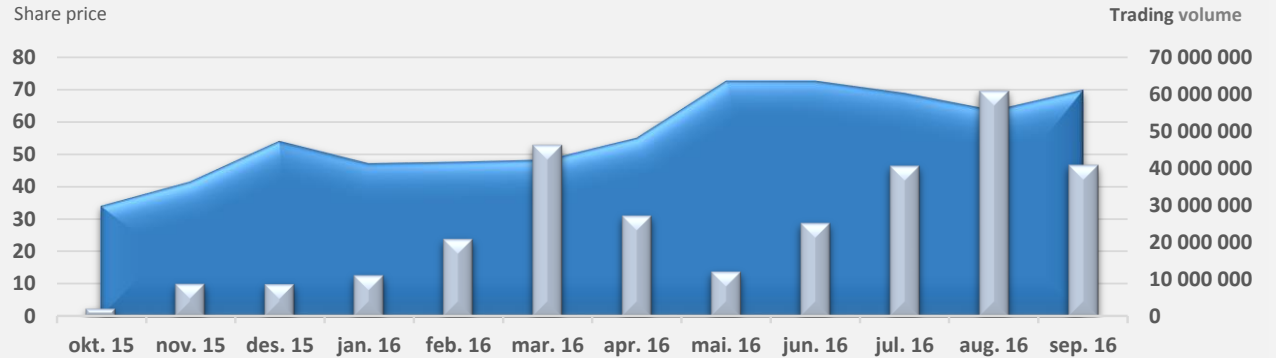
Origin of shareholders, 5 largest countries

No of shares	%	Origin	No of shareholders
20 180 381	78,1 %	Norway	1037
4 148 809	16,1 %	Great Britain	26
638 537	2,5 %	Luxembourg	4
235 519	0,9 %	USA	11
217 742	0,8 %	Belgia	6
413 315	1,6 %	Other	82

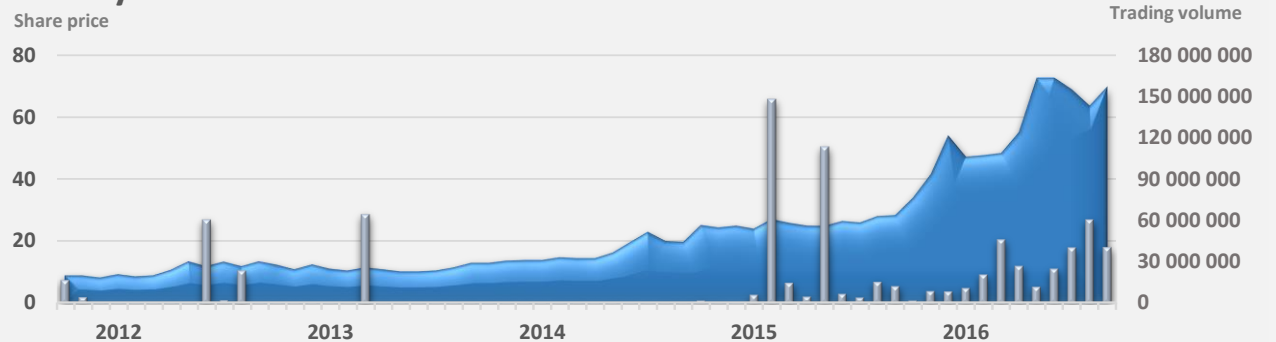
Total number of shareholders: 1166 - from 21 different countries

Share development

Last 12 months



Last 5 years



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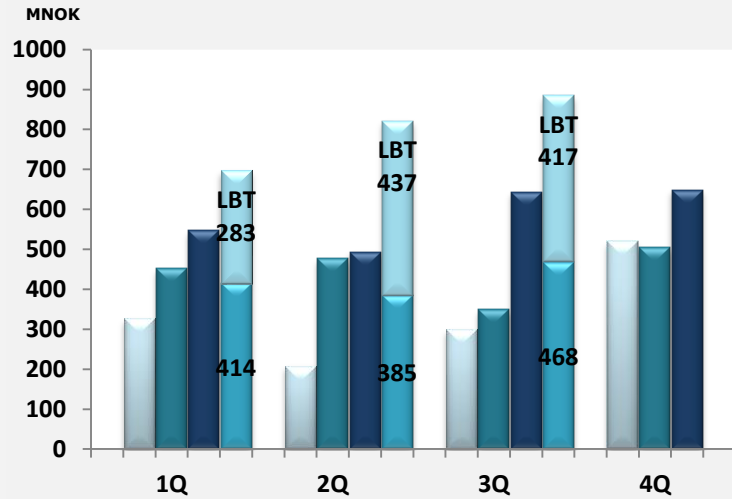


Outlook – by CEO Trond Williksen



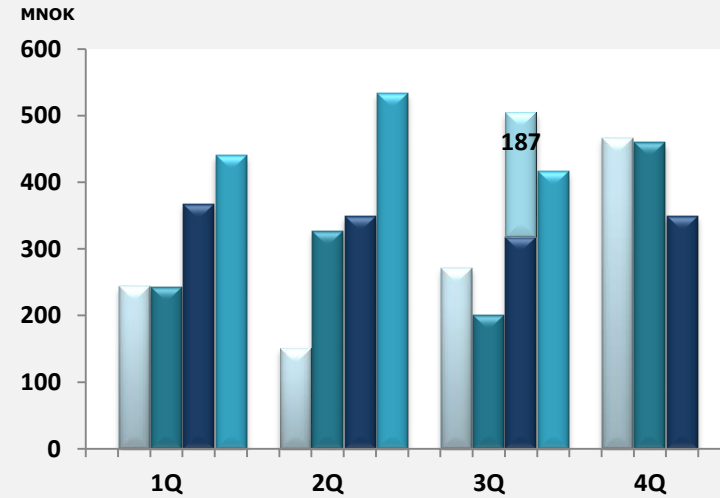
Order backlog and inflow

Order backlog



- Highest order backlog ever
- 47% of total order backlog relates to Land based technology (LBT)
- The strong market activity continues into Q4

Order inflow



- NOK 1.4 billion in order inflow YTD 2016
- In Q3 2015 the order backlog of Aquatec Solutions was included for the first time (with MNOK 187)
- 31% YoY growth in operational order inflow when adjusting for Aquatec Solutions

Positive outlook maintained

- Good mid term outlook due to high market activity and large order backlog
- Good demand in the Nordic cage based segment continues
- Land based segment with growing activity - is expected to continue and is becoming a larger part of AKVA
- UK and Europe is expected to perform well going forward with growing order backlog
- Canada experience slightly less project sales so far compared to last year – moderate expectations going forward
- Still low expectations in Chile, but clear signs of improvement. Our financial exposure in Chile is reduced over the last years
- Turkey and Australia are expected to continue to perform well in the next quarters with good order backlog
- Exports to emerging markets with a more optimistic view than last year. Activity still expected to fluctuate due to nature of business
- We continue to actively seek strategic M&A opportunities within relevant segments
- We continue our effort to build service and after sales as a key business element in all markets and segments



