



Q2 2016 Presentation

Oslo - August 17th, 2016

Trond Williksen, CEO

Eirik Børve Monsen, CFO



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Highlights Q2 2016 - by CEO Trond Williksen

Your Aquaculture Technology and Service Partner

AKVAGROUP™₃



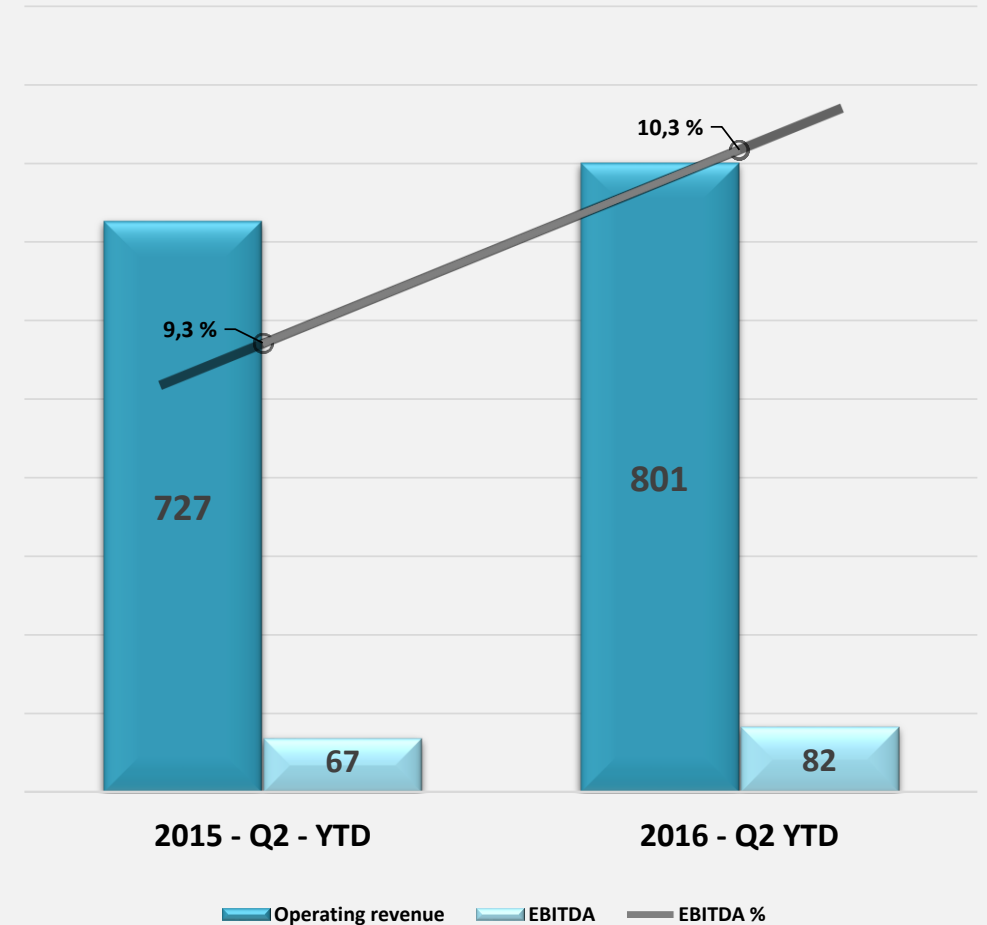
Improved performance and growth continues

Second quarter 2016 – Highlights

- Overall good performance - 10.4% EBITDA margin
 - Land based – strengthen P&L and high order backlog – becoming a significant part of AKVA
 - Software – continues to perform well
 - Cage based Nordic and Export - good performance
- Cage based Americas has been a challenge in Q2
 - Reduced performance YoY (MNOK 8 in reduced EBITDA in Q2 YoY)
- Best order backlog ever – MNOK 822

YTD 2016 – Highlights

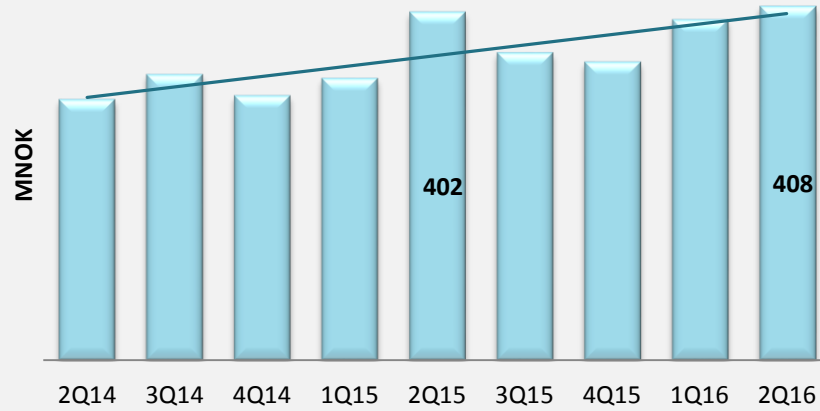
- Best first half ever – revenue and EBITDA
- Strong financial position
- Dividend of NOK 0.75 per share to be paid out in Q3 2016



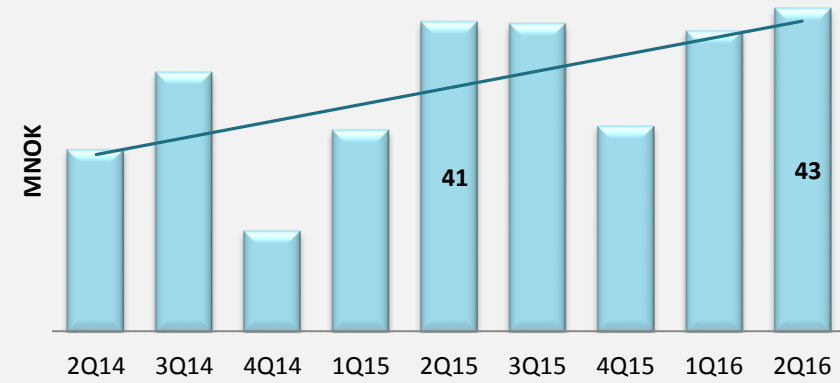


Improved performance and growth continues

Revenue

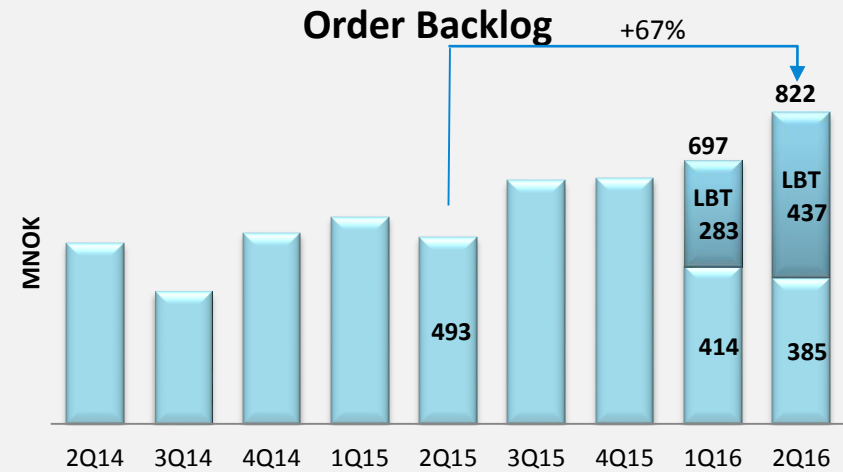
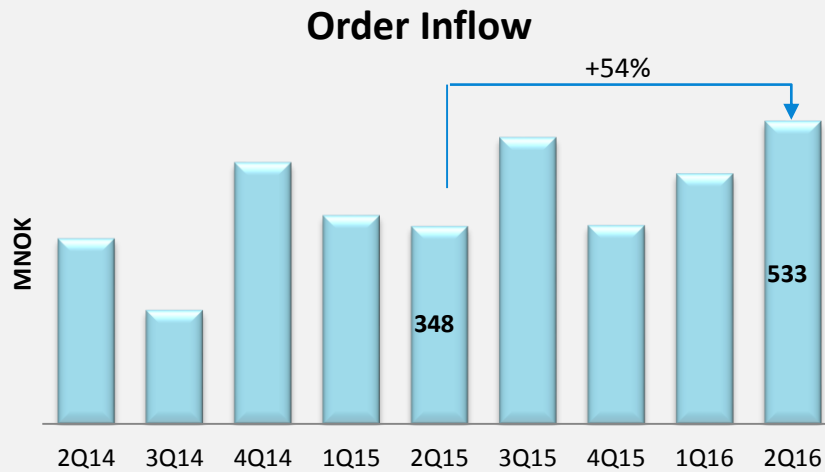


EBITDA





Growth in order backlog continues



AKVA group – uniquely positioned for future growth

Leading technology solutions and service partner to the global aquaculture industry

Global presence - subsidiaries in 8 countries

751 employees

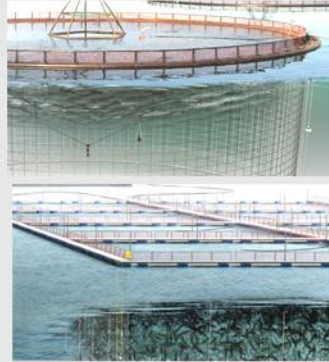
Market cap of NOK ~1800m and net debt of NOK 172m

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



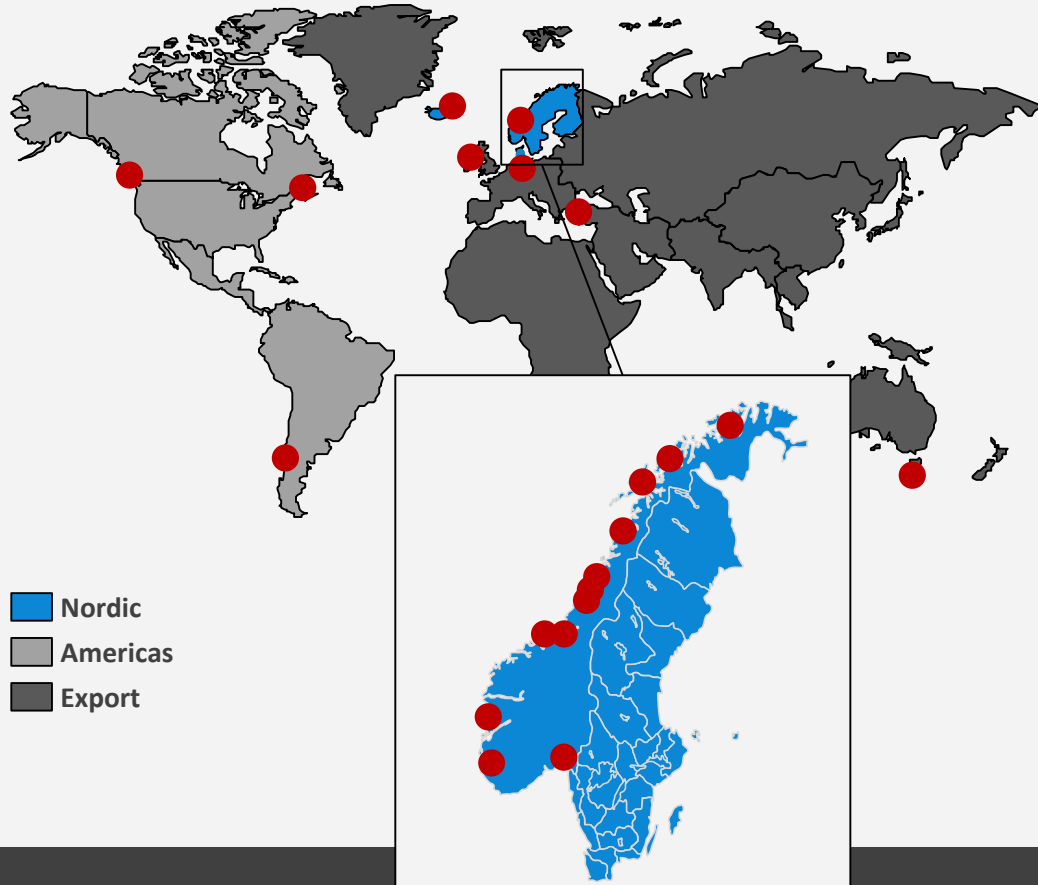
4 Technology and farming services



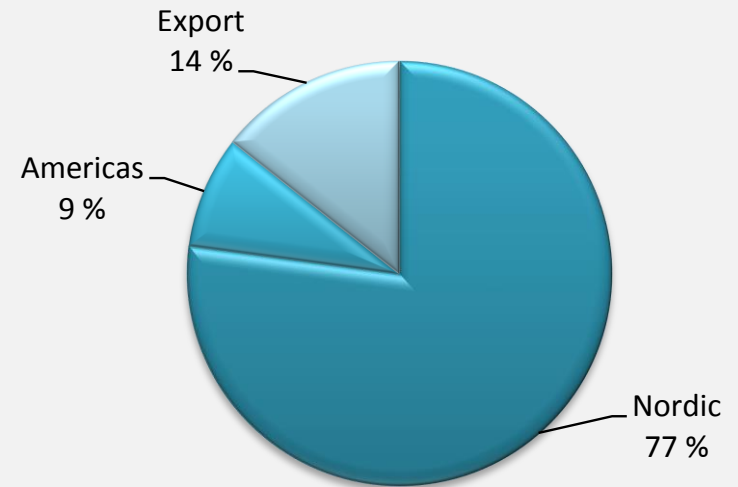


Presence in all main farming regions

Map of activities

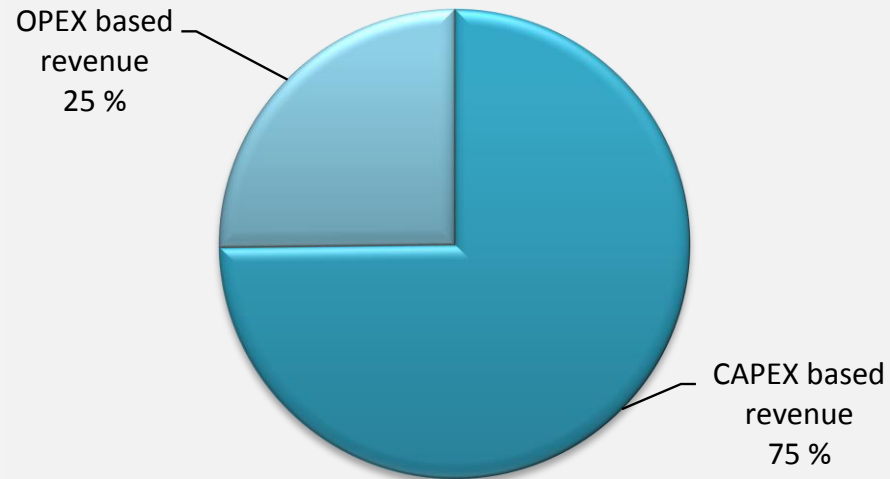


Revenue per region, Q2 2016



Strategic priority to increase the proportion of OPEX based revenue

OPEX based vs CAPEX based revenue, Q2 2016



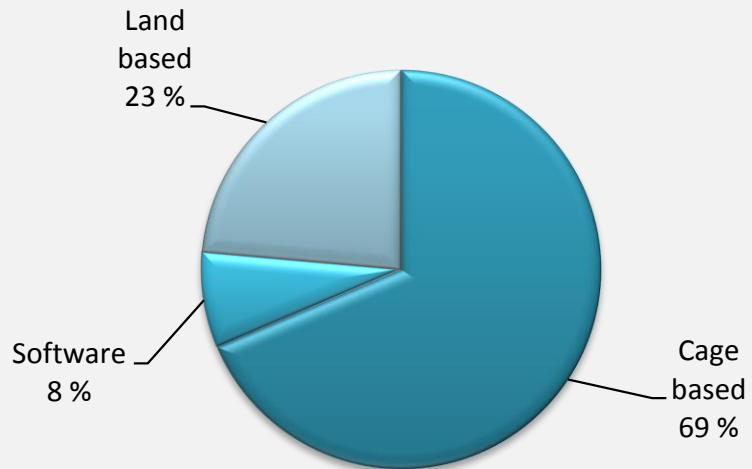
Comments

- 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



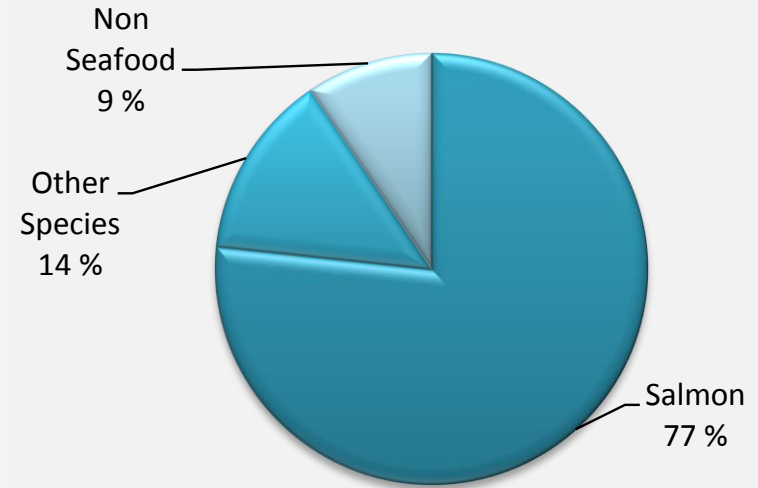
Revenue by product groups and species

By product groups – Q2 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 – Q2 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

AKVA Marine Services AS – our new Farming Services vehicle

- The merger of our farming services entities (YesMaritime AS, Rogaland Sjøtjenester AS and AD Offshore AS) was completed in June 2016
- AKVA group ASA owns 65% of AKVA Marine Services AS
- The acquisition process with Techno Dive announced May 2016 has been terminated, however we are actively seeking other strategic opportunities
- We expect the farming services market to grow in the coming years and we expect a consolidation of the players
- AKVA group is well positioned to participate in this development and will pursue several opportunities



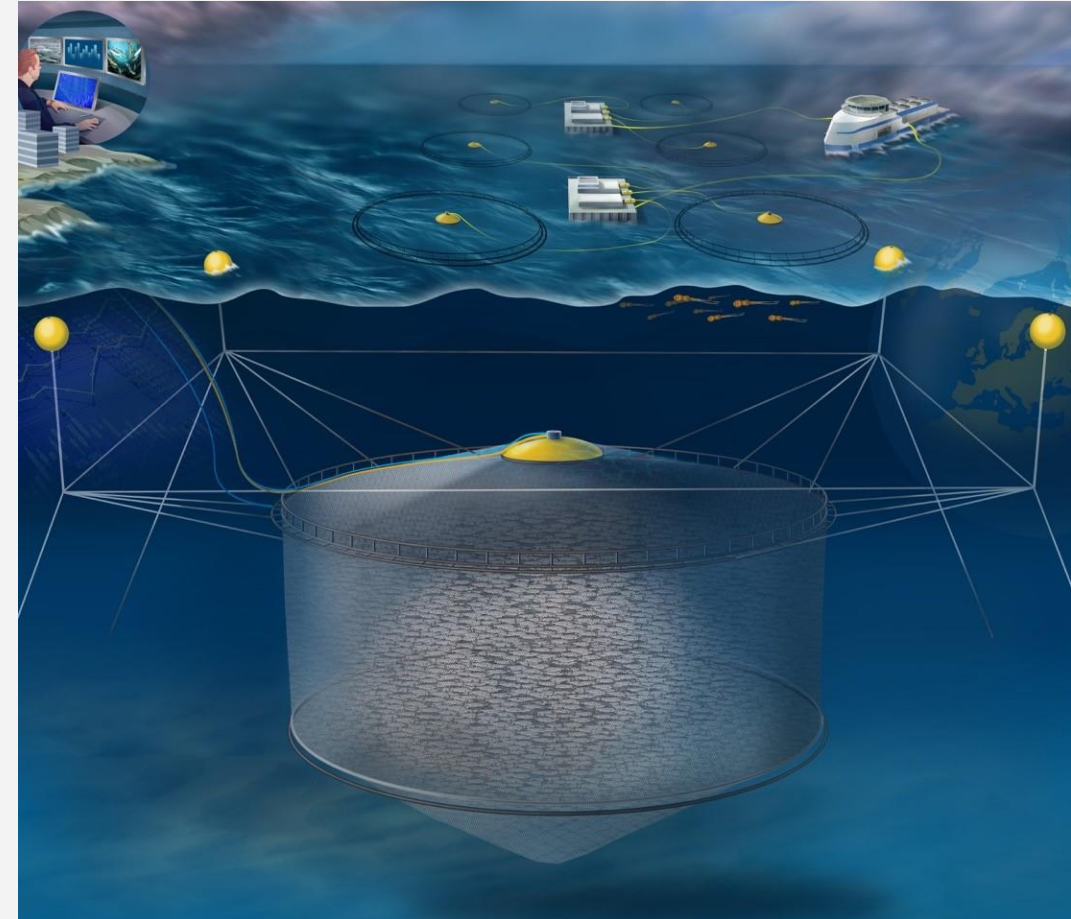
Atlantis Subsea Farming AS



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

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. The aim is also that the technology and operating methods developed through ATLANTIS can be made available and adopted by the industry relatively quickly





Announcement of Interim Dividend – 0.75 NOK per share

- Dividend to be paid out in Q3 2016 is 0.75 NOK per share.
- Total dividend pay out will be 19.4 MNOK

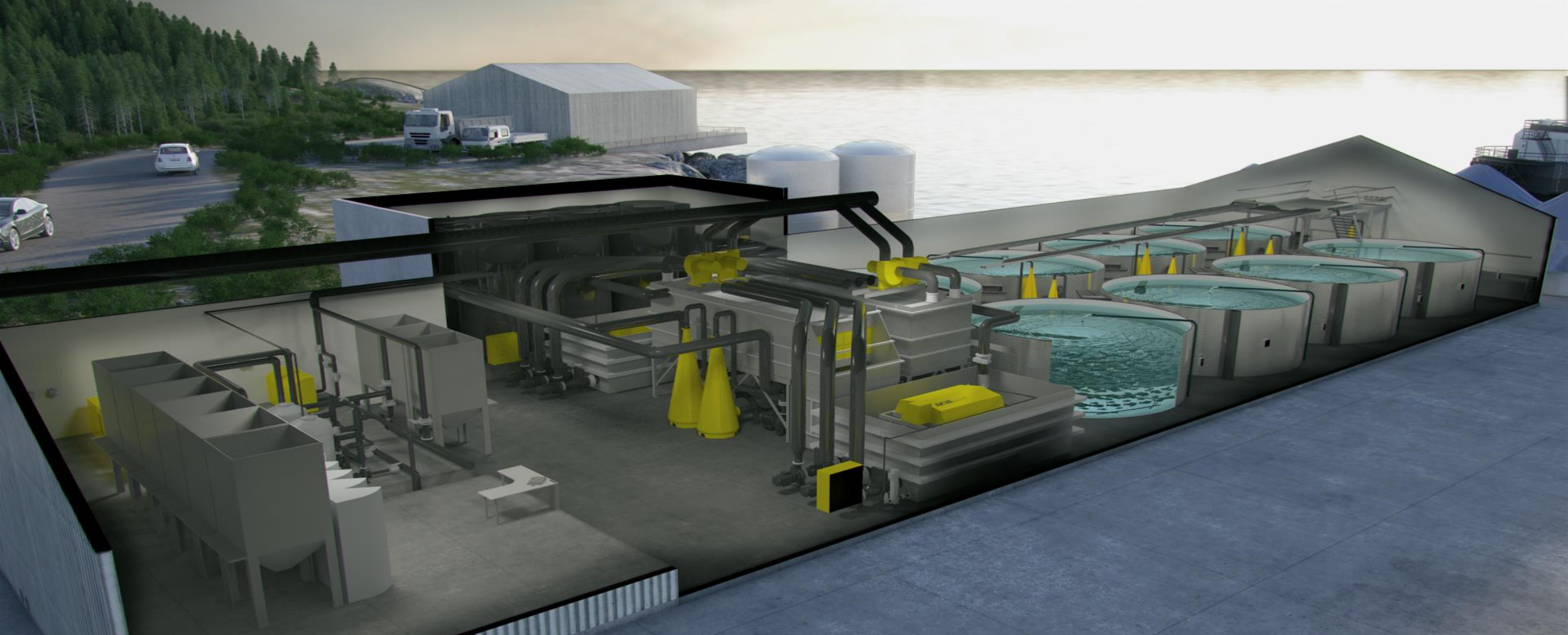
Dividend details		
Year	Cash Dividend	Payment date
2016	0.75	05.09.16
2015	1.00	20.11.15
2014	1.00	04.12.14
2008	1.00	05.05.08

AKVA group ASAs' current dividend policy:

The Company's main objective is to maximize the return on the investment made by its shareholders through both increased share prices and dividend payments

AKVA group ASA aims to pay out dividends twice every year, after the first half and the second half of the year



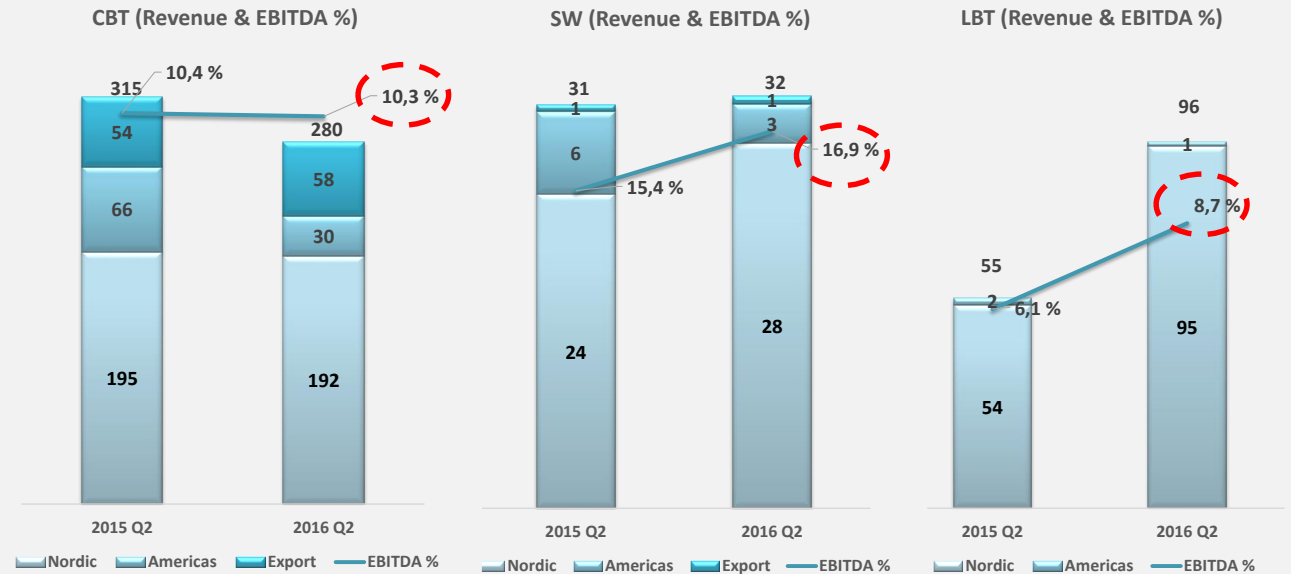


Financial performance Q2 2016 – by CFO Eirik Børve Monsen



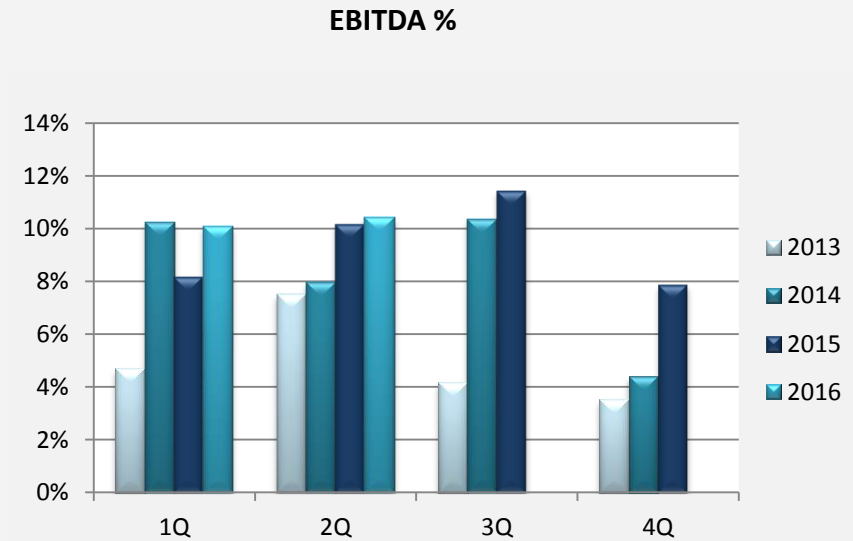
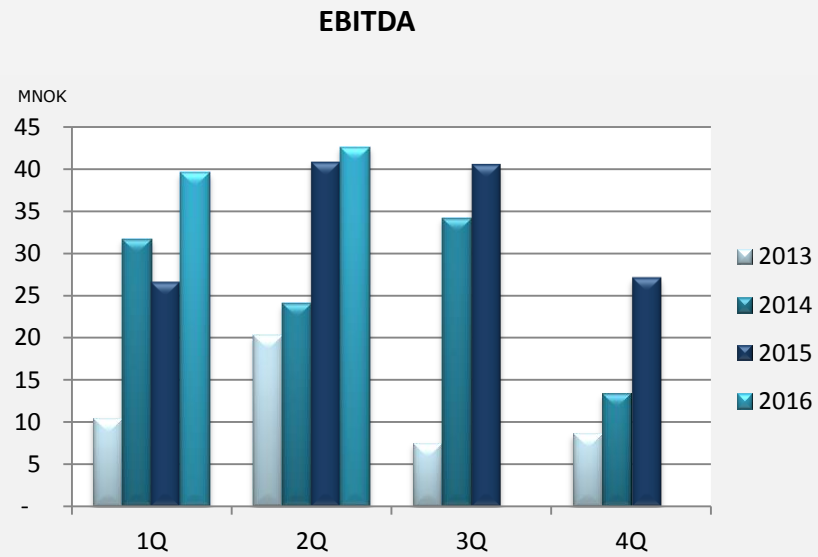
Q2 2016 - Financial highlights

- AKVA group's diversified operations stabilize revenue and margins – makes the Group more robust
- Stabilizing on a higher EBITDA margin - 10.4% in Q2
- On the negative side; Americas with weaker performance YoY (MNOK 8 in reduced EBITDA YoY in Q2) - Chile due to challenging market conditions and Canada due to lower activity in the quarter
- Land based on track – now with higher EBITDA contribution in NOK than SW
- Strong balance sheet - Acquisition of AD Offshore (part of the merged AKVA Marine Services) increase balance sheet with some impact on balance sheet KPIs
- Strong operational performance and cash flow gives interim dividend of 0.75 NOK per share to be paid out in Q3 2016





Q2 2016 - Financial highlights, continued



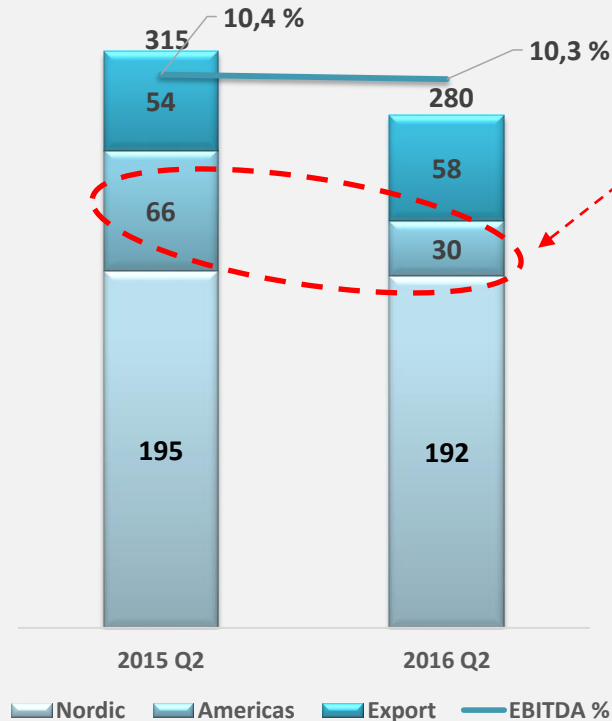
Stabilizing on a historical higher EBITDA-level both in NOK and in %

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



Cage Based Technologies

CBT (Revenue & EBITDA %)



Nordic

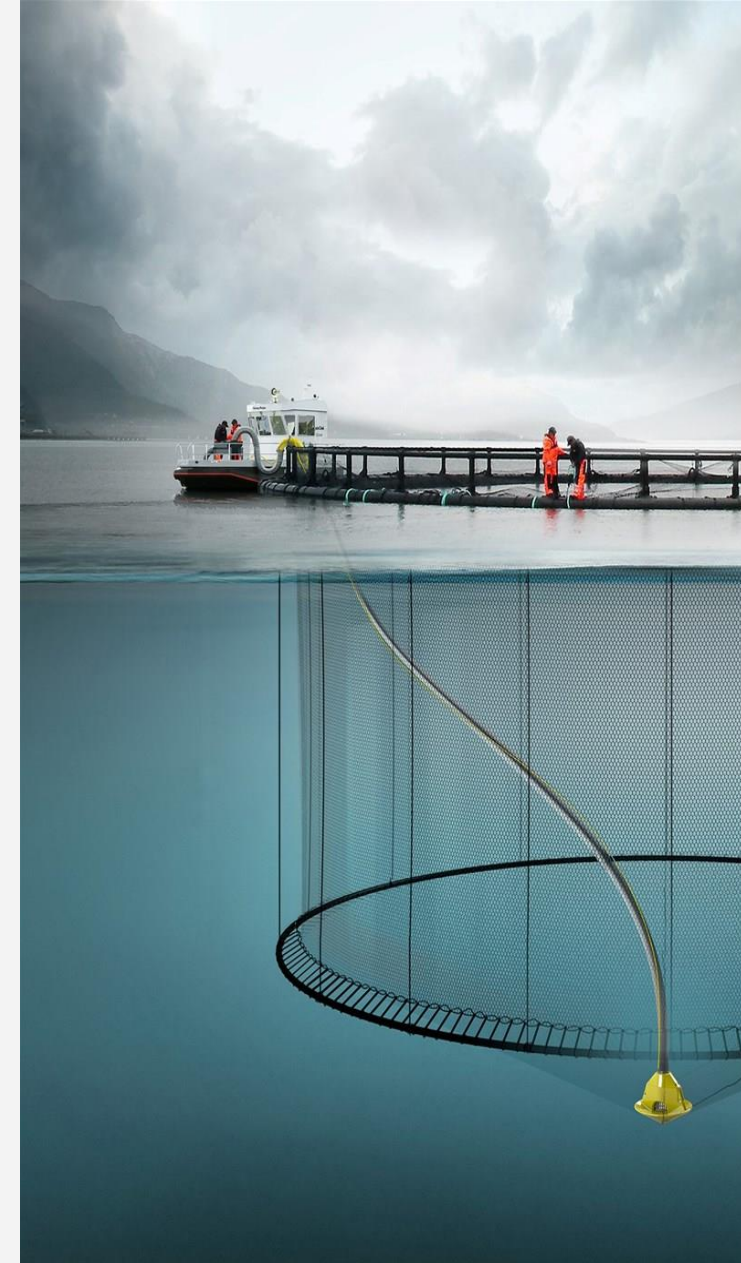
- Good performance in Q2
- A wide range of products continue to contribute financially – AKVAsmart products, Barges, Polarcirkel cages, service and rental

Americas

- Reduced activity in Americas this quarter - MNOK 8 in reduced EBITDA YoY
- Low activity in Chile – also reduced service sales this quarter
- Canada with an unusually slow quarter – some shift of deliveries and revenue to next quarter
- Australia - a small but profitable operation

Export

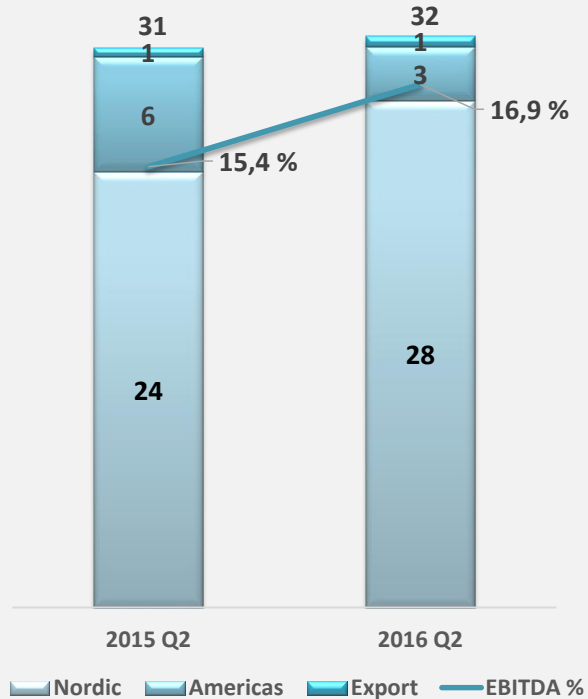
- UK with a decent first half of 2016 – high level of OPEX based revenues
- Turkey with a very good first half of 2016 - increased activity in the Sea Bass and Sea Bream industry in the Mediterranean
- Export to emerging markets – decent activity and margins in Q2





Software

SW (Revenue & EBITDA %)



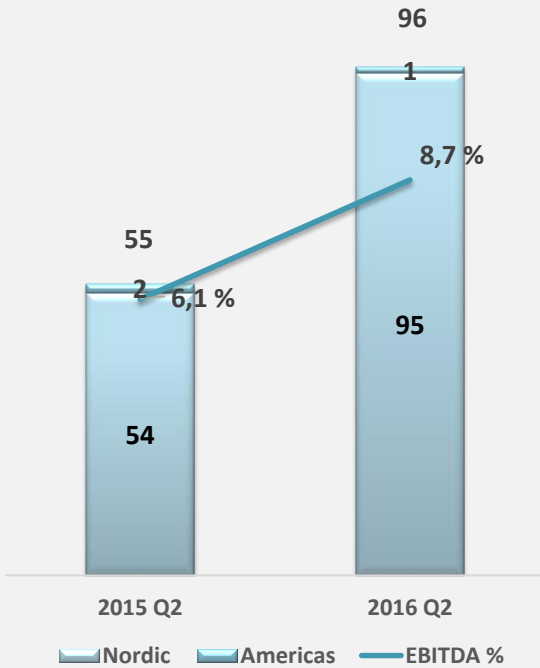
- Another good quarter
- AKVA group Software AS – improved performance YoY
- Wise lausnir ehf – with improved performance YoY
- WiseBlue – Norwegian subsidiary of Wise lausnir ehf – small but profitable
- Software continues to invest in new product modules, which is expected to strengthen the financial performance of the SW segment further





Land Based Technologies

LBT (Revenue & EBITDA %)



- Significantly improved financial performance YoY
 - Plastsveis AS with a good first half of 2016
 - Aquatec Solutions A/S – with a good first half of 2016
 - AKVA group Denmark A/S with a decent first half of 2016 – but with room for further improvement
- 74% increase in revenues YoY
- 23% of total Group revenue in Q2
- 53% of total order backlog





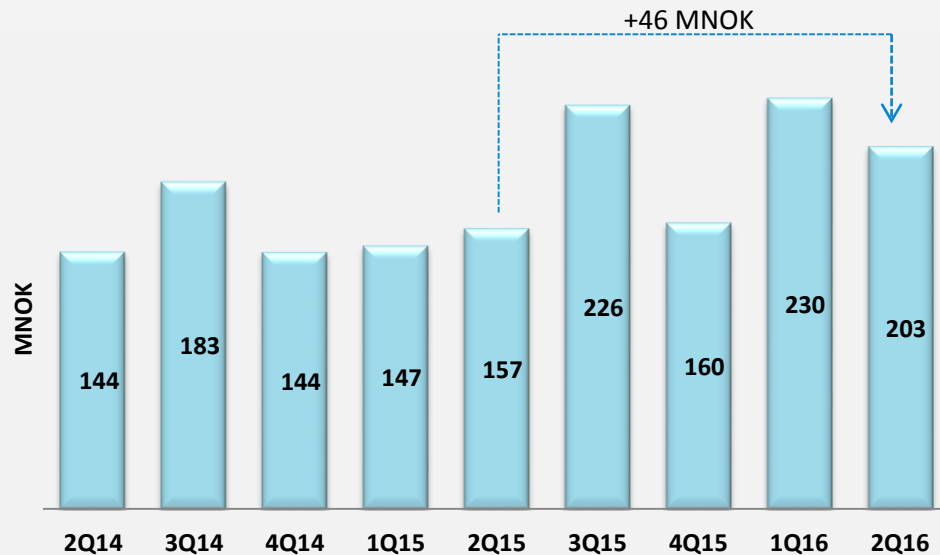
Financials – Detailed P & L

P&L (MNOK)	2016 Q2	2015 Q2	2016 YTD	2015 YTD	2015 Total
OPERATING REVENUES	408,2	401,5	800,7	726,5	1 425,3
Operating costs ex depreciations	365,6	360,7	718,5	659,1	1 290,2
EBITDA	42,6	40,9	82,2	67,5	135,2
Depreciation	16,7	10,8	31,3	21,3	47,5
EBIT	25,9	30,1	50,9	46,2	87,7
Net interest expense	-2,0	-1,5	-3,8	-2,8	-5,4
Other financial items	-3,8	-1,5	-11,5	-0,0	-4,3
Net financial items	-5,8	-3,0	-15,3	-2,8	-9,6
EBT	20,2	27,0	35,6	43,4	78,1
Taxes	7,8	7,5	10,6	12,4	19,7
NET PROFIT	12,4	19,5	25,0	30,9	58,4
Net profit (loss) attributable to:					
Non-controlling interests	-1,9	0,4	-1,0	0,5	1,6
Equity holders of AKVA group ASA	14,3	19,1	26,0	30,4	56,8
Revenue growth	1,7 %	33,4 %	10,2 %	18,8 %	14,4 %
EBITDA margin	10,4 %	10,2 %	10,3 %	9,3 %	9,5 %
EPS (NOK)	0,55	0,74	1,01	1,18	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

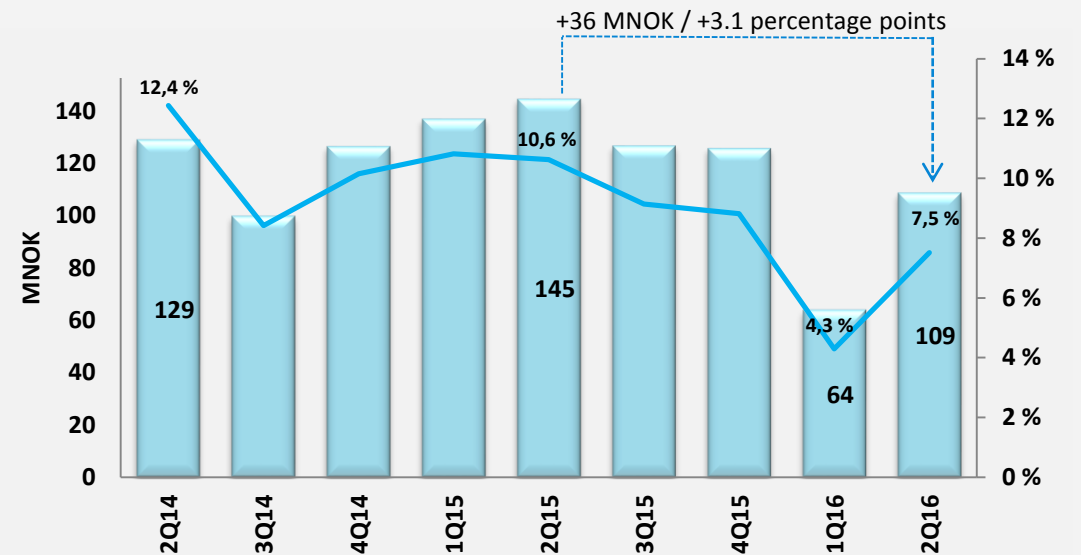
Group financial profile – remains strong

Available cash



- Including a 90 MNOK credit facility in Danske Bank

Working capital

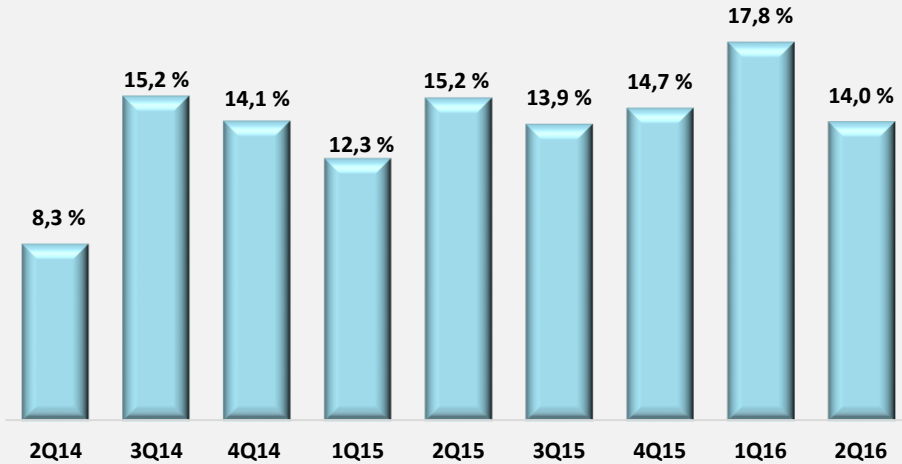


- Strong working capital level – despite record high activity
- Due to strong capital discipline in the Group

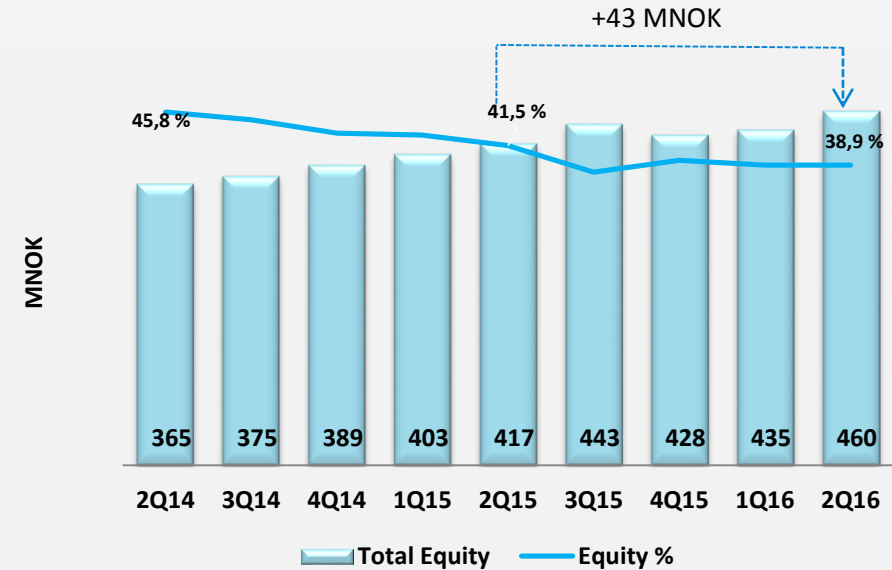


Group financial profile – remains strong, continued

ROCE



Equity

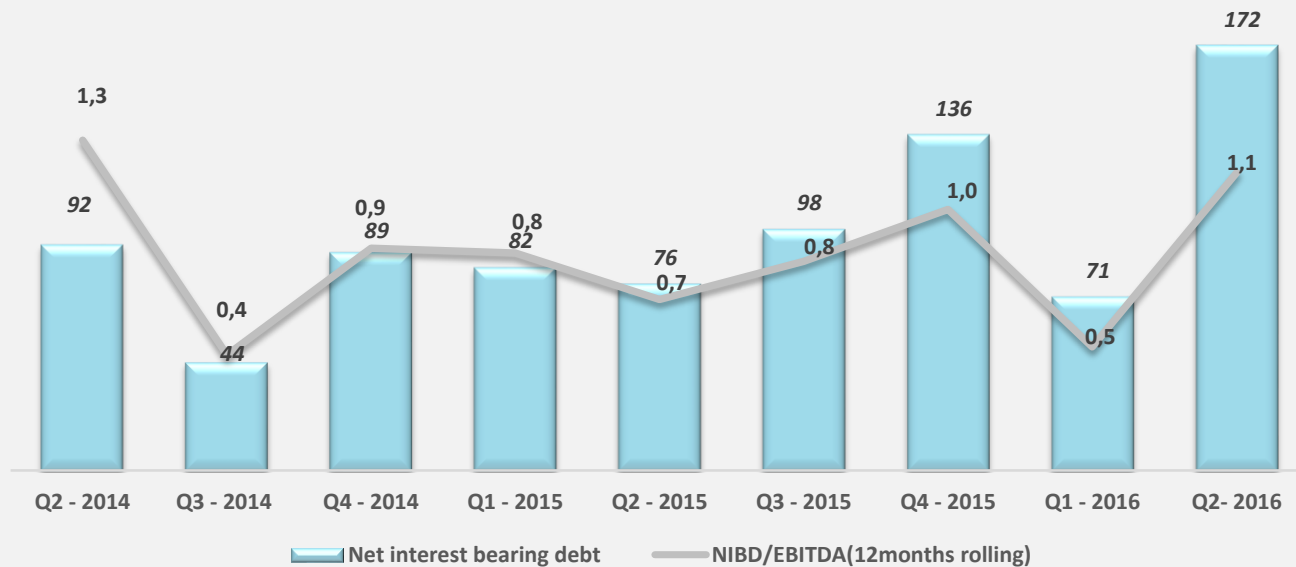


- Good nominal increase in equity YoY due to profitable operation
- Dividend payments of 25.7 MNOK in Q4 2015 and 25.8 MNOK in Q4 2014



Net debt/EBITDA of 0.5x

Net debt (MNOK) and net debt/EBITDA



Change in net debt (TNOK)

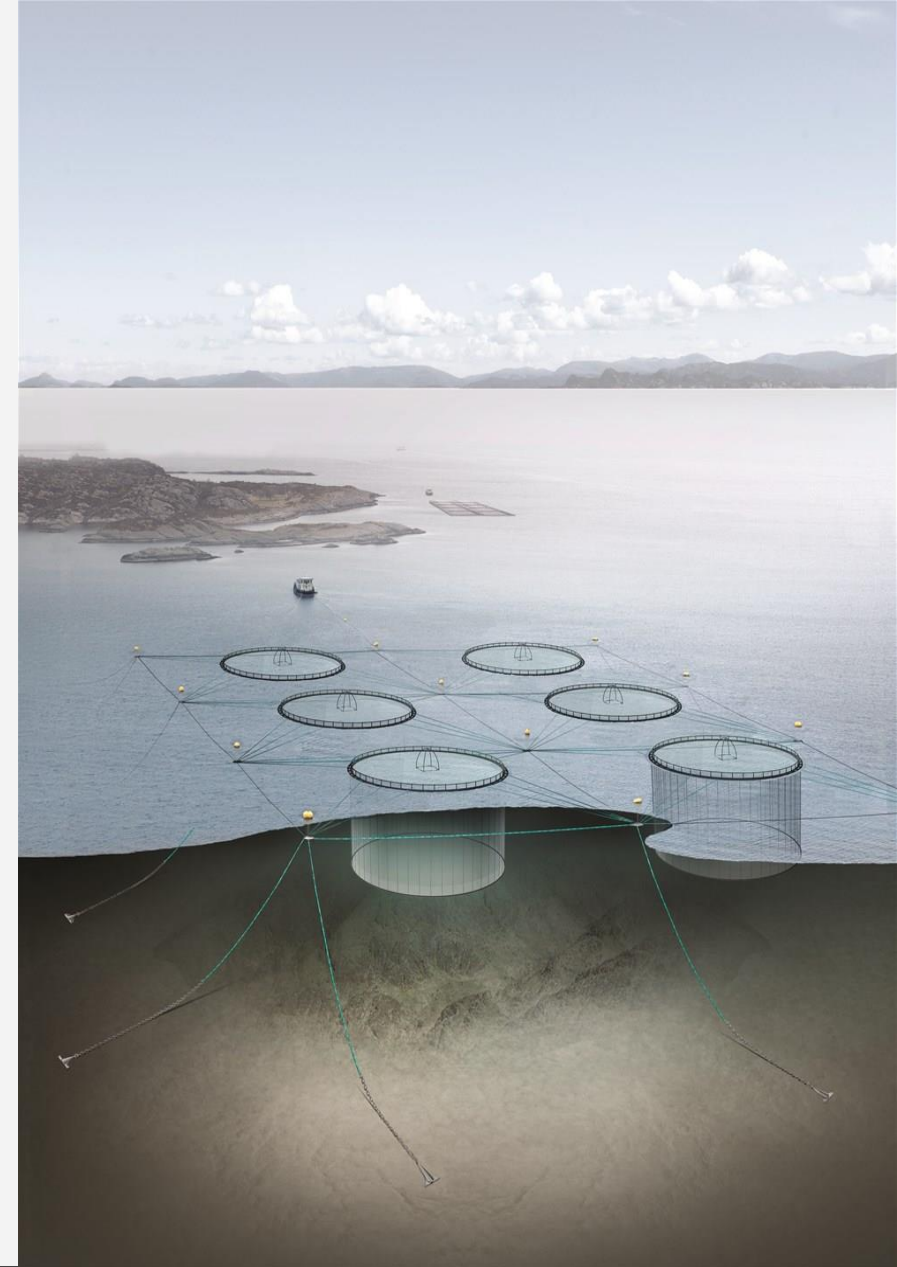
Net debt 31.03.2016	70 512
EBITDA	-42 612
Income taxes paid	3 161
Net interest paid	1 970
Capex paid	17 067
Acquisitions / Divestments	87 674
Sale of fixed assets	-316
Currency effects	4 911
Other changes in working capital	29 805
<i>Net change</i>	101 660
Net debt 30.06.2016	172 172



Balance sheet

BALANCE SHEET	2016	2015
(MNOK)	30.06	30.06

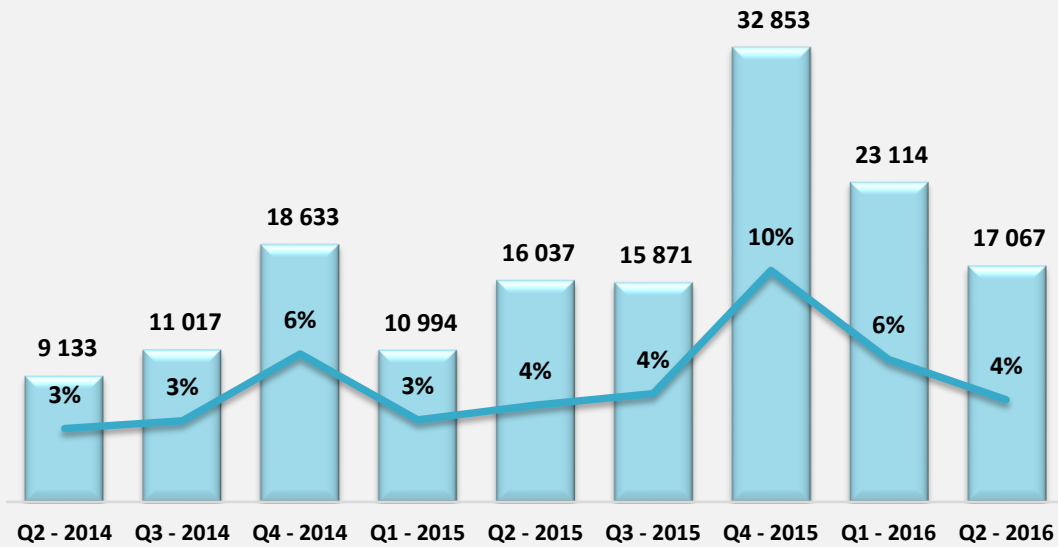
ASSETS	1 180	1 007
Intangible non-current assets	417	266
Tangible non-current assets	127	83
Financial non-current assets	5	2
Inventory	166	203
Receivables	313	385
Cash and cash equivalents	152	67
LIABILITIES AND EQUITY	1 180	1 007
Equity	450	415
Minority interest	9	2
Long-term interest bearing debt	264	127
Short-term interest bearing debt	60	16
Non-interest bearing liabilities	397	446



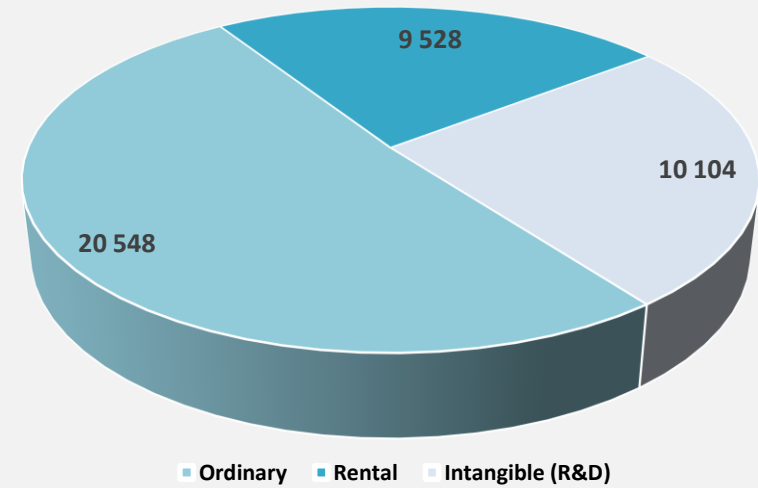


CAPEX

Capex (TNOK) and capex / sales (%)



CAPEX breakdown 2016 YTD (TNOK)





Dividend in AKVA group ASA

AKVA group ASAs' current dividend policy:

The Company's main objective is to maximize the return on the investment made by its shareholders through both increased share prices and dividend payments

AKVA group ASA aims to pay out dividends twice every year, after the first half and the second half of the year

A two step policy:

- *The dividend level shall reflect the present and expected future cash generating potential of AKVA group. AKVA group will target a net interest-bearing debt/equity ratio of less than 0.5x*
- *When the target debt vs. equity level is met, at least 60% of the annual free cash flow after operational and financial commitments is intended to be distributed as dividend*

Applicable statutory restrictions shall be observed

- Step one: NIBD/equity - ratio = 0.38
- Step two: good underlying performance gives good operational cash flow in 1H 2016
- A dividend according to the dividend policy to be paid out in Q3 2016 of 0.75 NOK per share. This amounts to a total distribution of 19.4 MNOK
- The board of directors was in the AGM in May 2016 authorised, pursuant to the Public Limited Companies Act § 8-2(2), to approve the distribution of dividends based on the Company annual accounts for 2015. The authorisation also includes distribution in the form of repayment of paid-in-capital. The authorisation may be used to approve the distribution of dividends up to an aggregated amount of NOK 75.000.000
- The shares in the company will be traded "ex dividend" as from August 26th, 2016
- Payment of the dividend shall be made no later than September 5th, 2016



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 INVESTMEN		GBR
969 049	3,8 %	VERDIPAPIRFONDET ALF		NOR
489 417	1,9 %	EIKA NORGE		NOR
484 300	1,9 %	MP PENSJON PK		NOR
482 485	1,9 %	STATOIL PENSJON		NOR
467 991	1,8 %	SKANDINAVISKA ENSKIL	Nominee	LUX
361 073	1,4 %	VERDIPAPIRFONDET DNB		NOR
300 000	1,2 %	MERTOUN CAPITAL AS		NOR
277 514	1,1 %	NORDEA NORDIC SMALL		GBR
253 815	1,0 %	VPF NORDEA KAPITAL		NOR
238 692	0,9 %	OLE MOLAUG EIENDOM A		NOR
198 501	0,8 %	VPF NORDEA AVKASTNIN		NOR
196 300	0,8 %	DAHLE BJØRN		NOR
173 550	0,7 %	ROGALAND SJØ AS		NOR
140 000	0,5 %	VERDIPAPIRFONDET EIK		NOR
130 280	0,5 %	ARCTIC FUNDS PLC		BEL
128 180	0,5 %	J.P. MORGAN LUXEMBOU	Nominee	GBR
127 593	0,5 %	STATOIL FORSIKRING A		NOR
114 752	0,4 %	MOLAUG OLE		NOR
22 636 597	87,6 %	20 largest shareholders		
3 197 706	12,4 %	Other		
25 834 303	100,0 %	Total number of shares as per 30.06.2016		

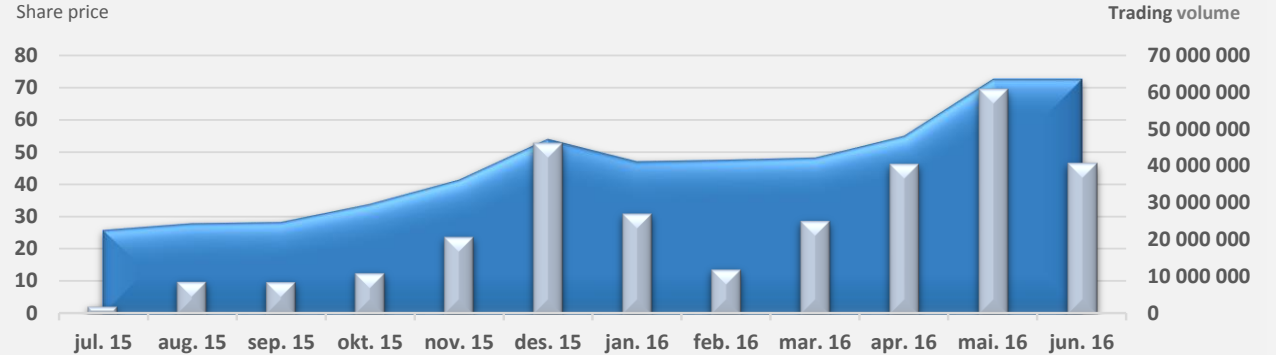
Origin of shareholders, 5 largest countries

No of shares	%	Origin	No of shareholders
19 872 312	76,9 %	Norway	992
4 490 621	17,4 %	Great Britain	33
577 328	2,2 %	Luxembourg	4
256 069	1,0 %	USA	12
195 752	0,8 %	Switzerland	6
442 221	1,7 %	Other	88

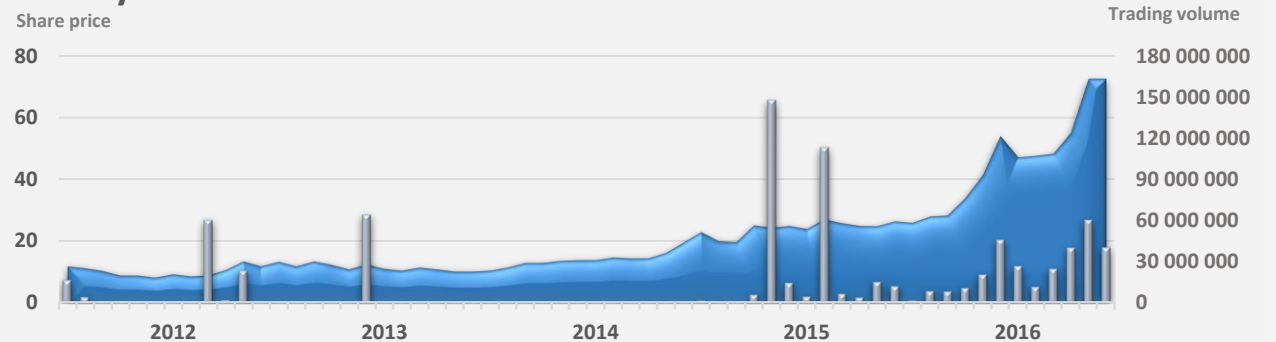
Total number of shareholders: 1135 - from 21 different countries

Share development

Last 12 months

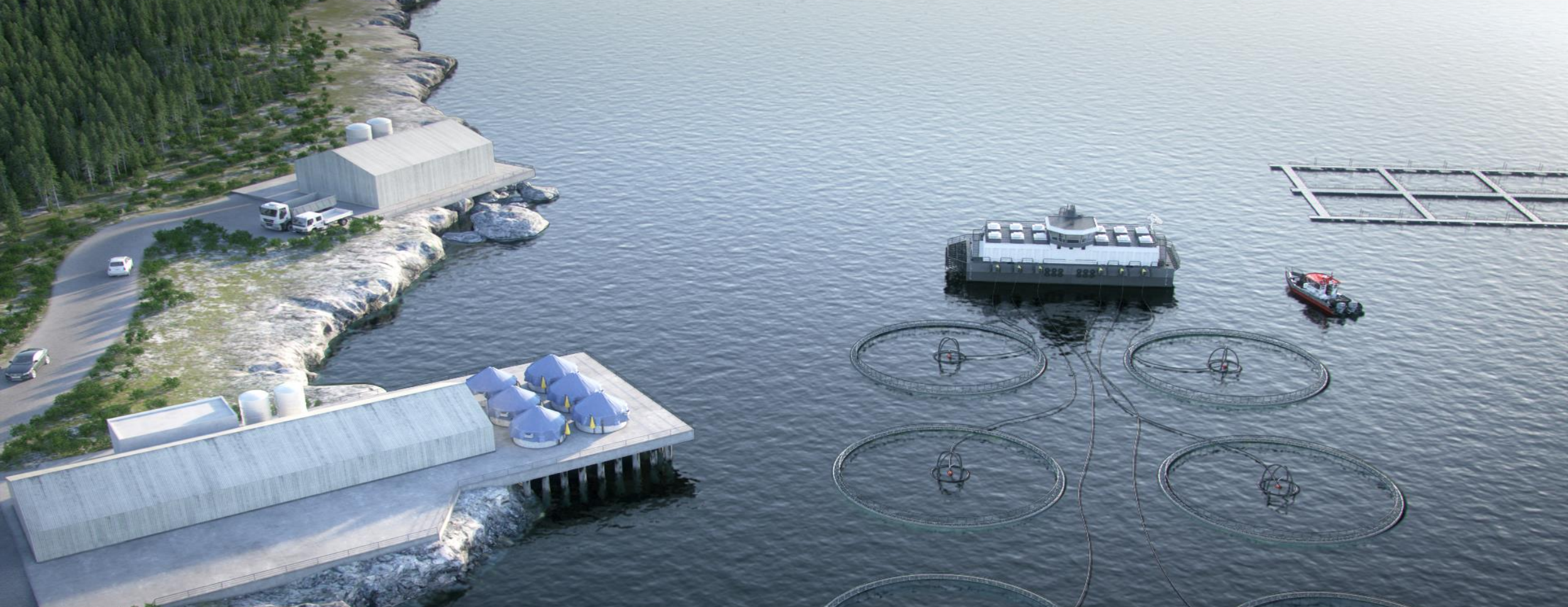


Last 5 years



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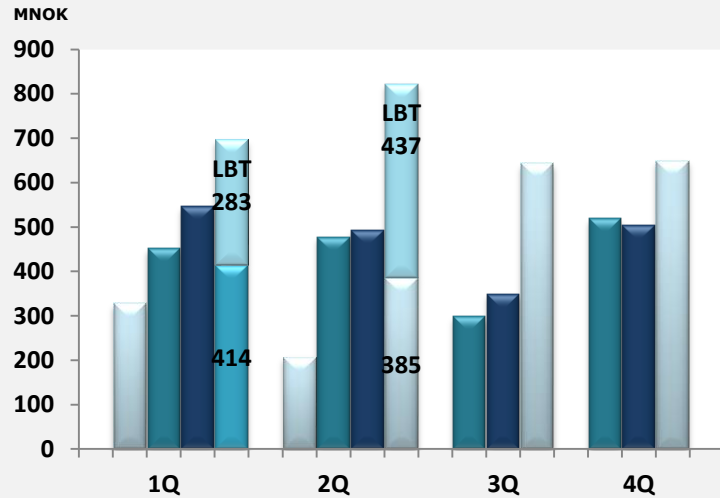


Outlook – by CEO Trond Williksen

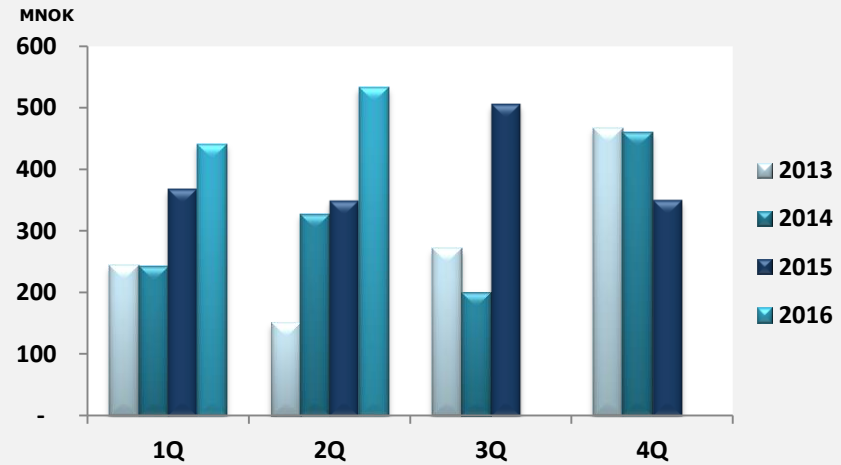


Order backlog and inflow

Order backlog



Order inflow



- Highest order backlog ever
- 53% of total order backlog relates to Land based technology (LBT)
- The strong market activity continues

Positive outlook

- Good mid term outlook due to high market activity and large order backlog
- Good demand in the Nordic cage based segment continues, with a shift towards sale of technology for more efficient production
- 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 some positive signs towards the end of the year. Our 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 start of the year. Activity still expected to fluctuate due to nature of business
- Actively seeking 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





