



Q1 2017 Presentation

Oslo – May 11th, 2017

Hallvard Muri, CEO

Simon Nyquist Martinsen, CFO



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Highlights Q1 2017 - by CEO Hallvard Muri

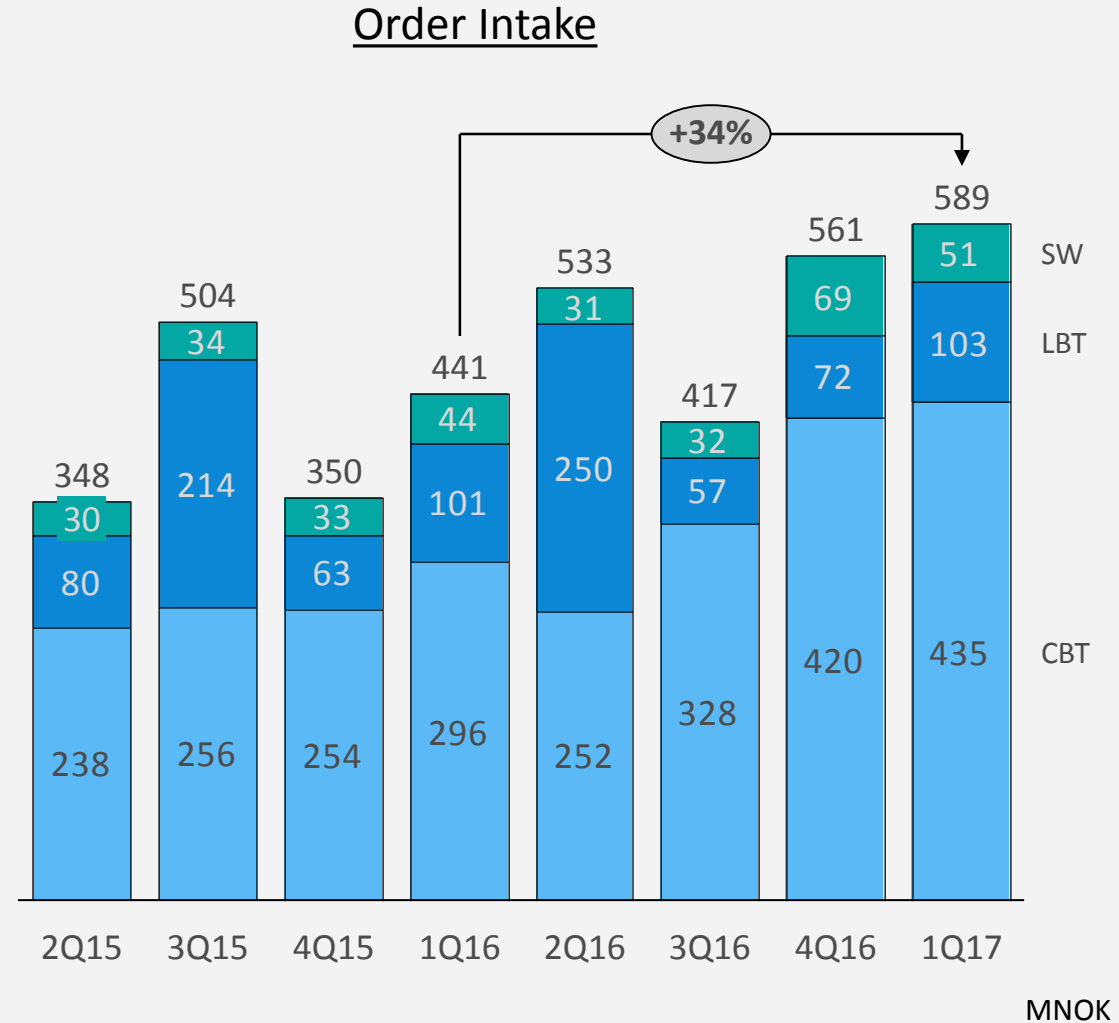
Your Aquaculture Technology and Service Partner

AKVAGROUP™₃



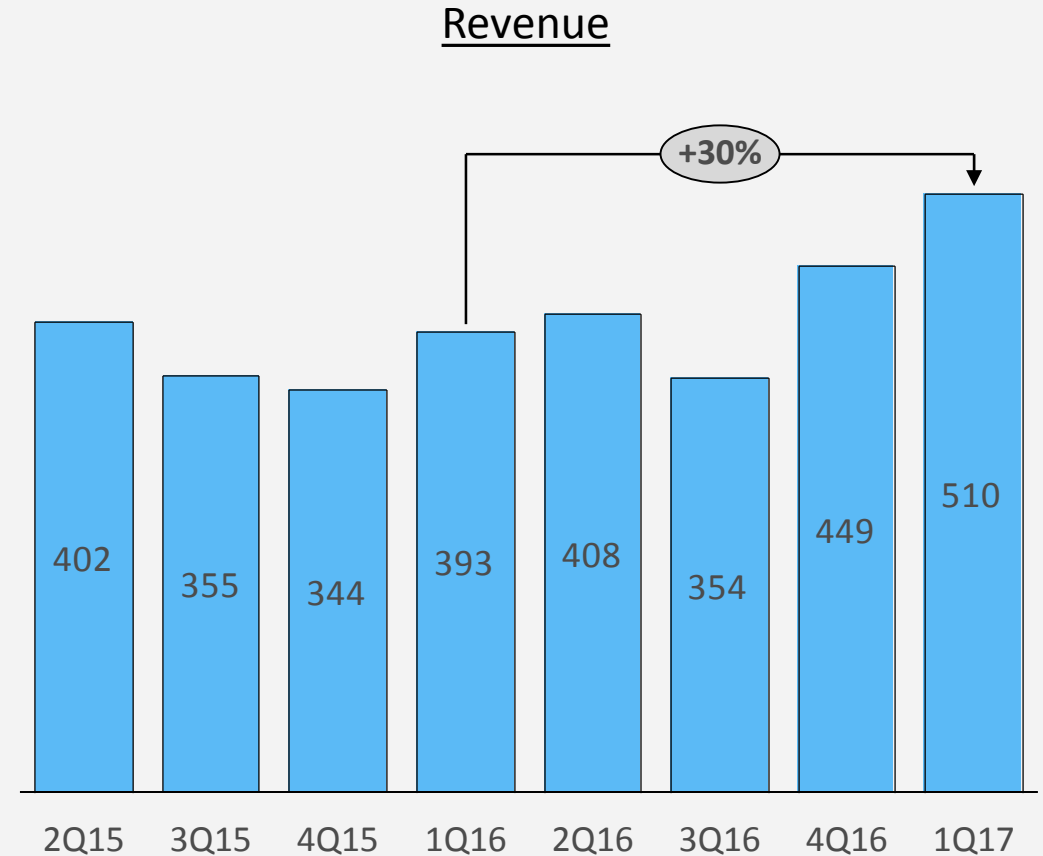
Continued high market activity

- **Order intake of 589 MNOK in Q1 2017 (441 MNOK in Q1 2016)**
- Record high order intake Q1
- Cage Based segment 435 MNOK in Q1, up 47% YoY
- The high activity in the Nordic region resulted in an order intake of 242 MNOK in Q1 2017
- Increased activity in Chile, resulting of an order intake of 80 MNOK in the quarter
- Software segment 51 MNOK, up 16 % YoY
- Land Based segment 103 MNOK in Q1, up 2% YoY. Significant increase in quoting activity



Strong quarter on revenue

- **Operating revenue of 510 MNOK in Q1 2017 (+117 MNOK from Q1 2016):**
 - Main increase from Cage Based segment Nordic region, +79 MNOK compared to Q1 2016
 - Positive development in Chile YoY (+23 MNOK), as positive market sentiment start giving effect
 - Increase of 5 MNOK in revenues in the Land Based segment YoY

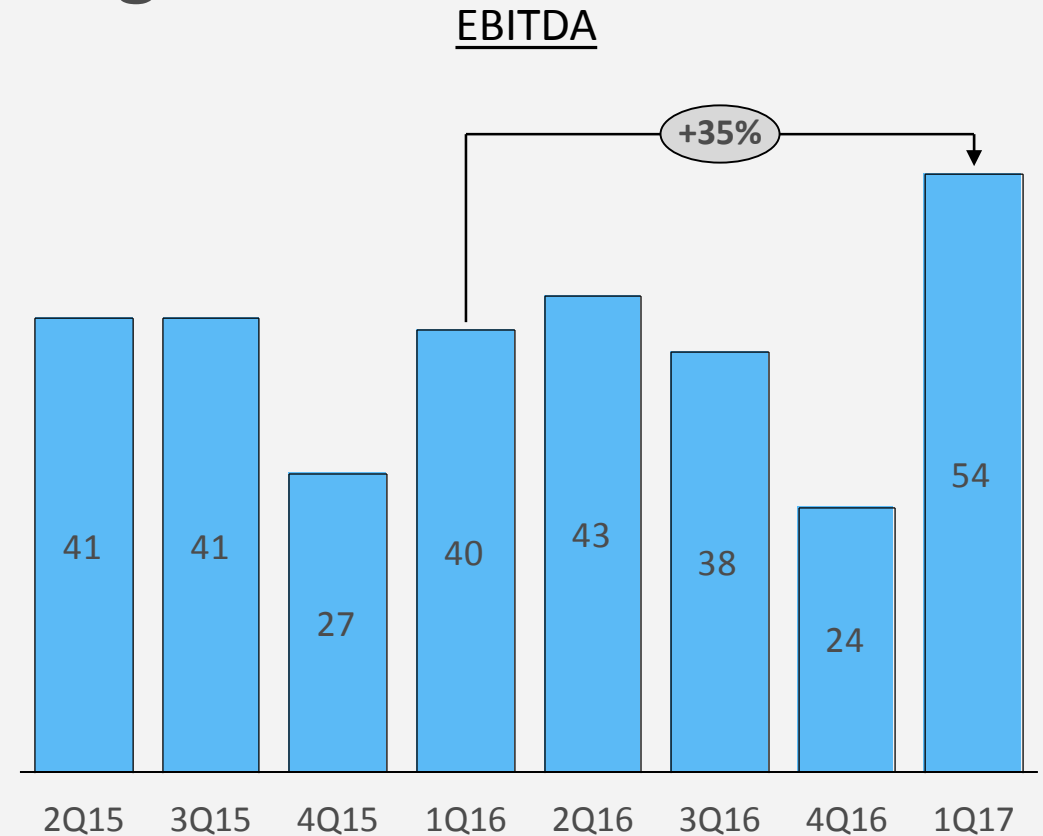


MNOK



Positive development in EBITDA margin

- **EBITDA of 54 MNOK in Q1 2017 (+14 MNOK from Q1 2016):**
 - Nordic region represents 42 MNOK of the EBITDA in the quarter
 - AKVA group Chile delivers an increase of 2.6 MNOK in EBITDA YoY
 - Positive development in Export, in particular Scotland
 - The Land Based segment ends the quarter with an EBITDA of 6.9 MNOK

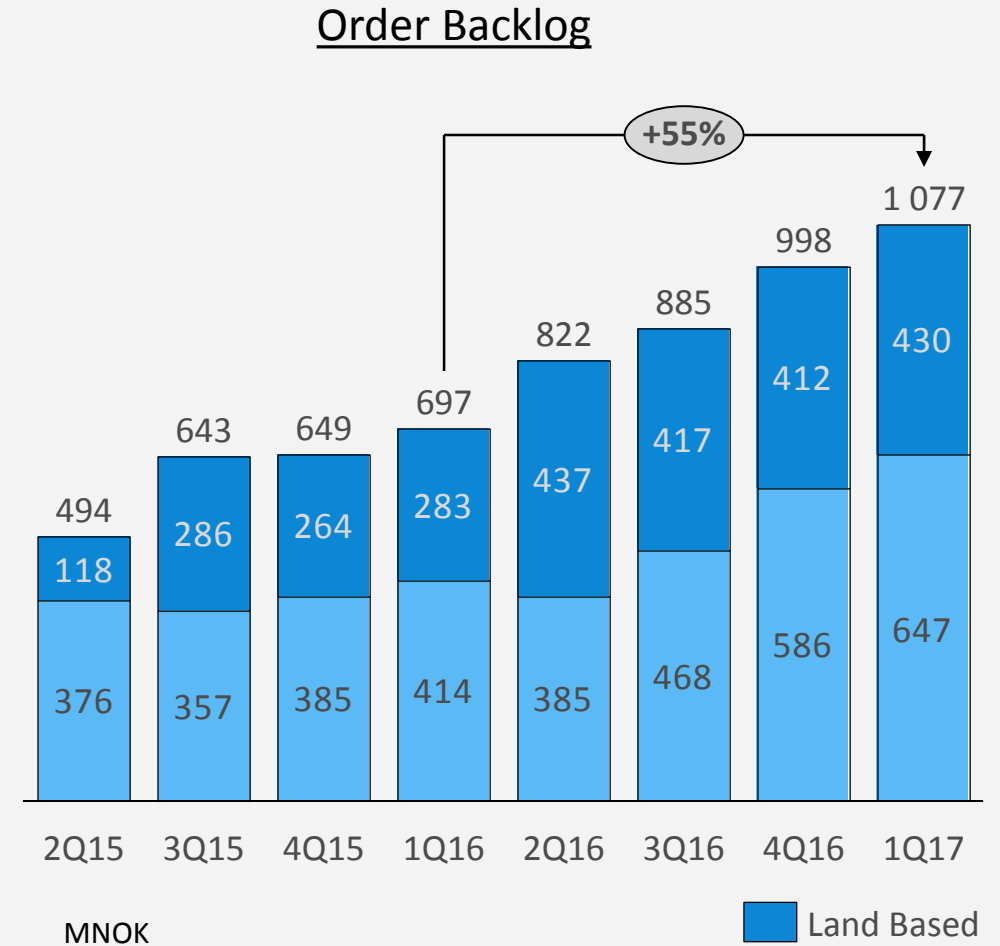


MNOK

High order backlog – good underlying performance

First quarter 2017 – Highlights

- Strong sales and order intake
- Order backlog end of March of 1.1 BNOK
- EBITDA of 54 MNOK in the quarter
- Dividend of 0.50 NOK per share paid in March



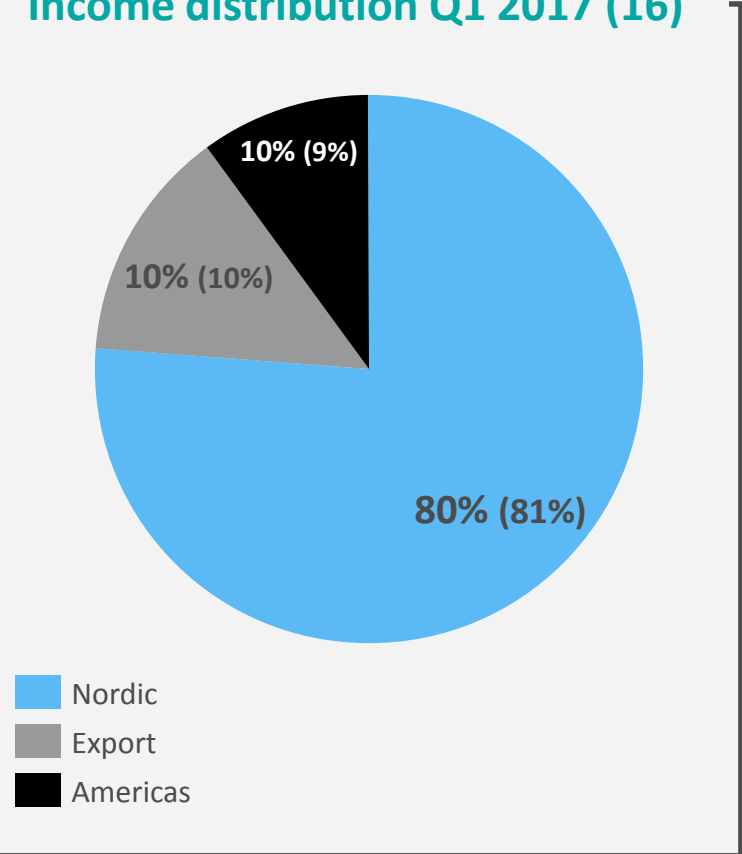


Where we deliver

AKVA group's geographical regions

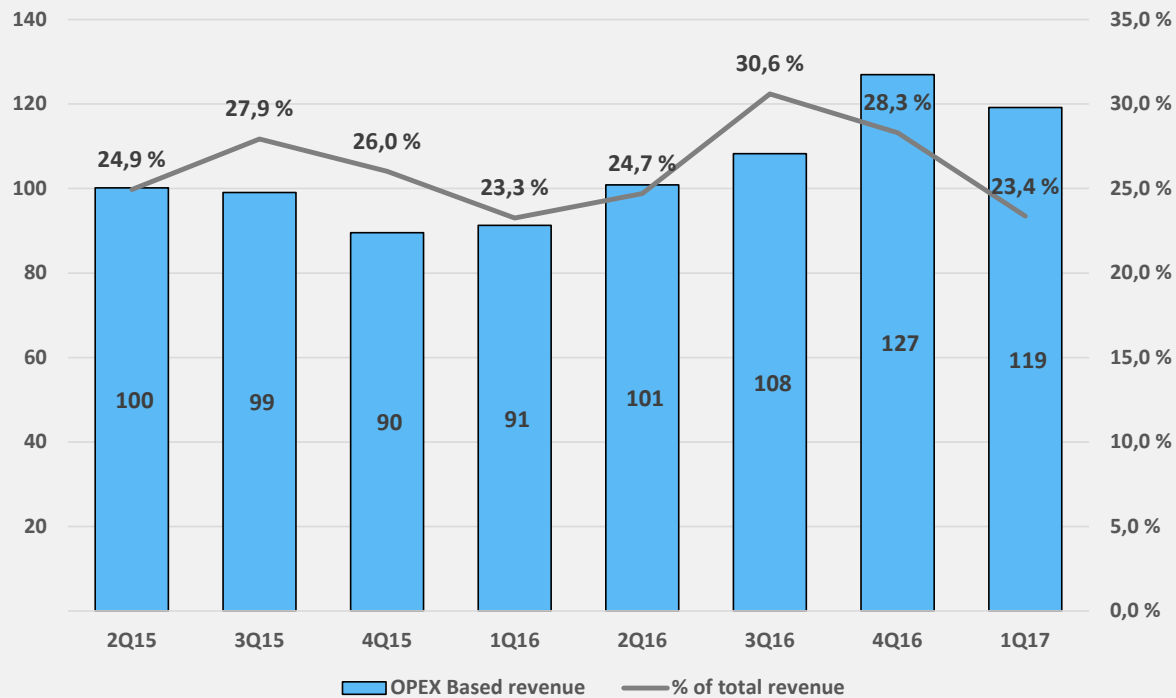


Income distribution Q1 2017 (16)



Strategic priority to increase OPEX based revenue

OPEX based vs CAPEX based revenue



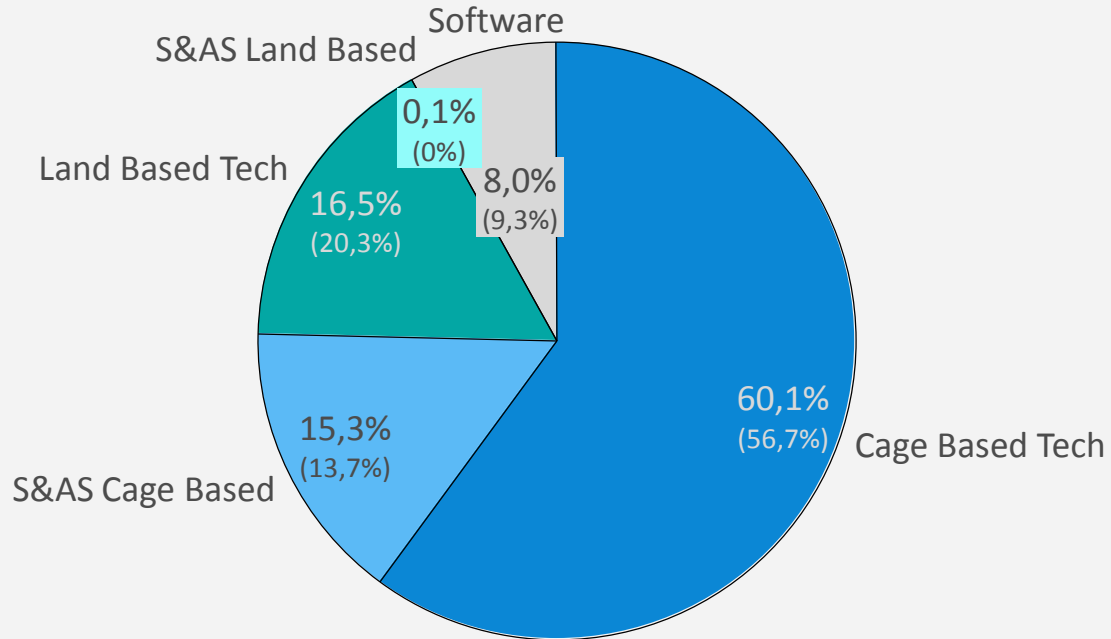
Comments

- Focus on increasing OPEX based revenue – by developing software sales, farming services, technology services and rental sales
- 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 is growing and competitiveness is strengthening by introducing own manufactured net washers from Sperre – both in Norway and Chile
- Very good development of the rental business in Scotland in 2016, continued in 2017
- Software is ready to capitalize on recent and current development of product modules, by ramping up sales activities



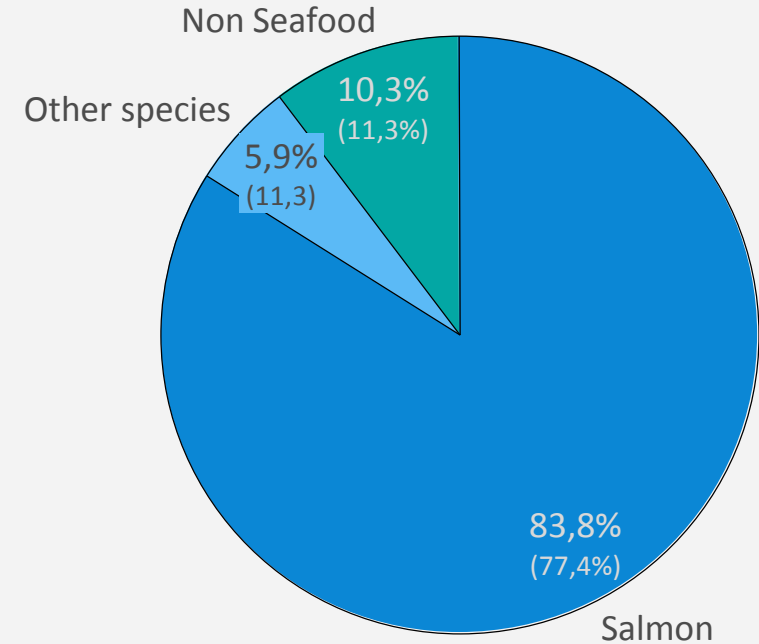
Revenue by product groups and species

By product groups – Q1 2017



- **Cage Based technologies** = Cages, barges, feed systems and other operational systems for cage based aquaculture
- **S&AS Cage Based** = Service and after sales for cage based aquaculture
- **Software** = Software and software systems
- **Land Based technologies** = Recirculation systems and technologies for land based aquaculture
- **S&AS Land Based** = Service and after sales for land based aquaculture

By species – Q1 2017



- **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

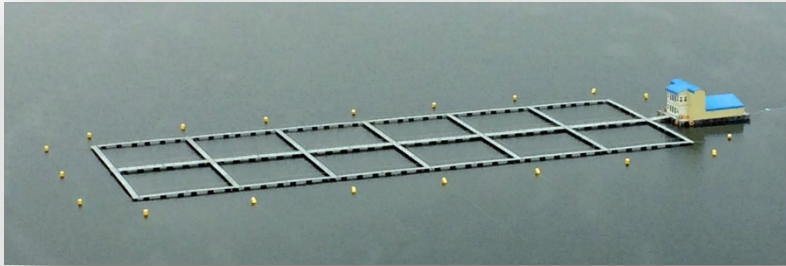
Q1 – Operational Highlights

- Expanding and focusing in export markets (Cage Based and Land Based)
- Atlantis – Update on development licenses



New office in Iran

Iranian market



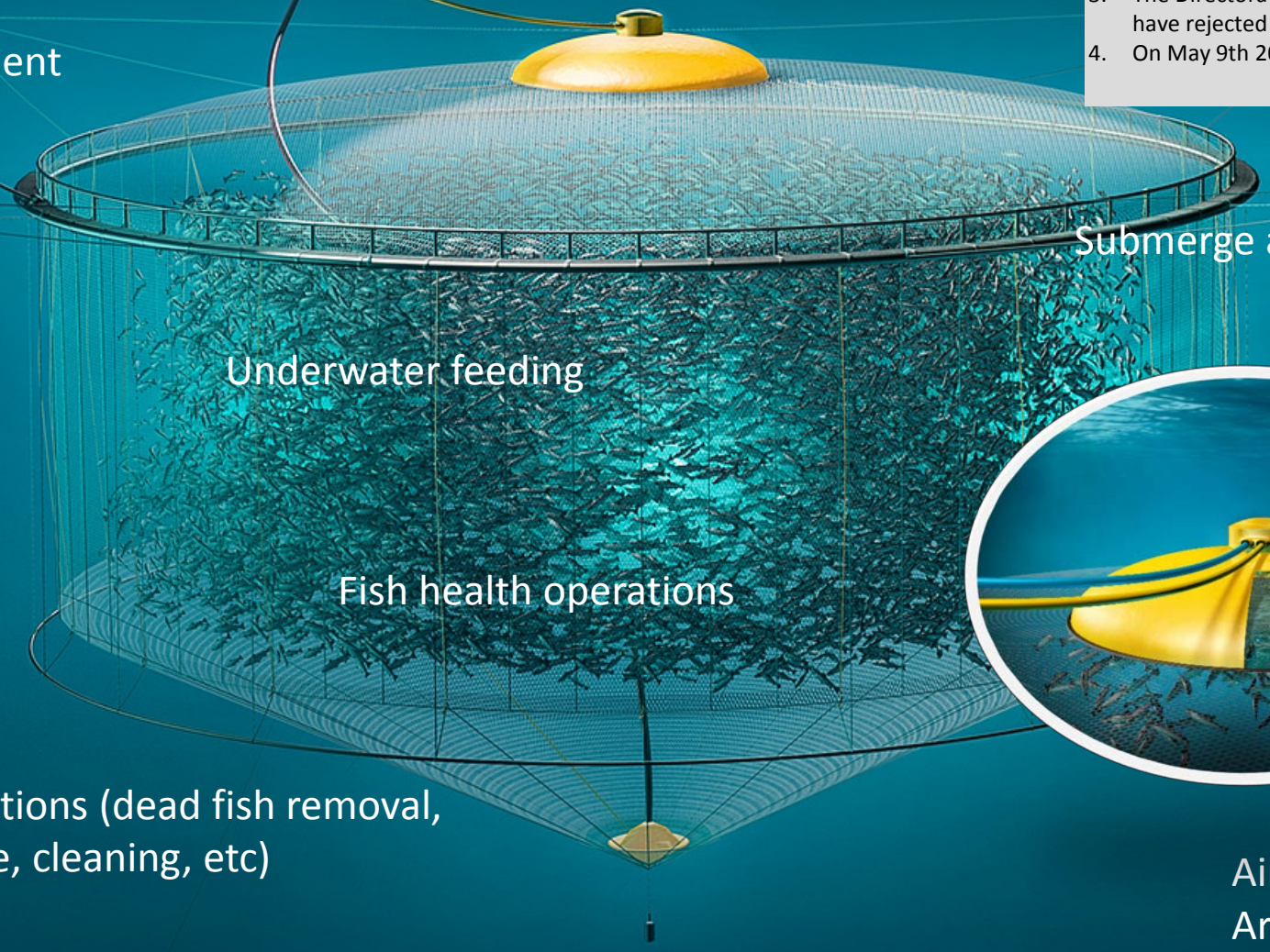
- Developing industrial scale fish farming is top government priority
 - Adopting the «salmon model»
 - Bigger farms
 - Scale of economy
 - Better equipment
 - RAS Land Based juvenile farms
- AKVA group Middle East LLC is about to be established



● AKVA group Middle East LLC to be established

Risk management

1. Atlantis Subsea Farming AS applied for 6 development licenses the 29th of January 2016
2. The Norwegian Directorate of Fisheries have informed the company that the company's concept has progressed another step further in the process to get awarded development licenses.
3. The Directorate will go ahead with processing the application limited to 2 licenses, but have rejected the application in terms of the other 4 permits applied for.
4. On May 9th 2017 the company appealed the decision of rejecting the 4 permits.



Submerge and raise the cage – safe and remote

Underwater feeding

Fish health operations



Daily operations (dead fish removal, surveillance, cleaning, etc)

Air to the salmon
Artificial air space

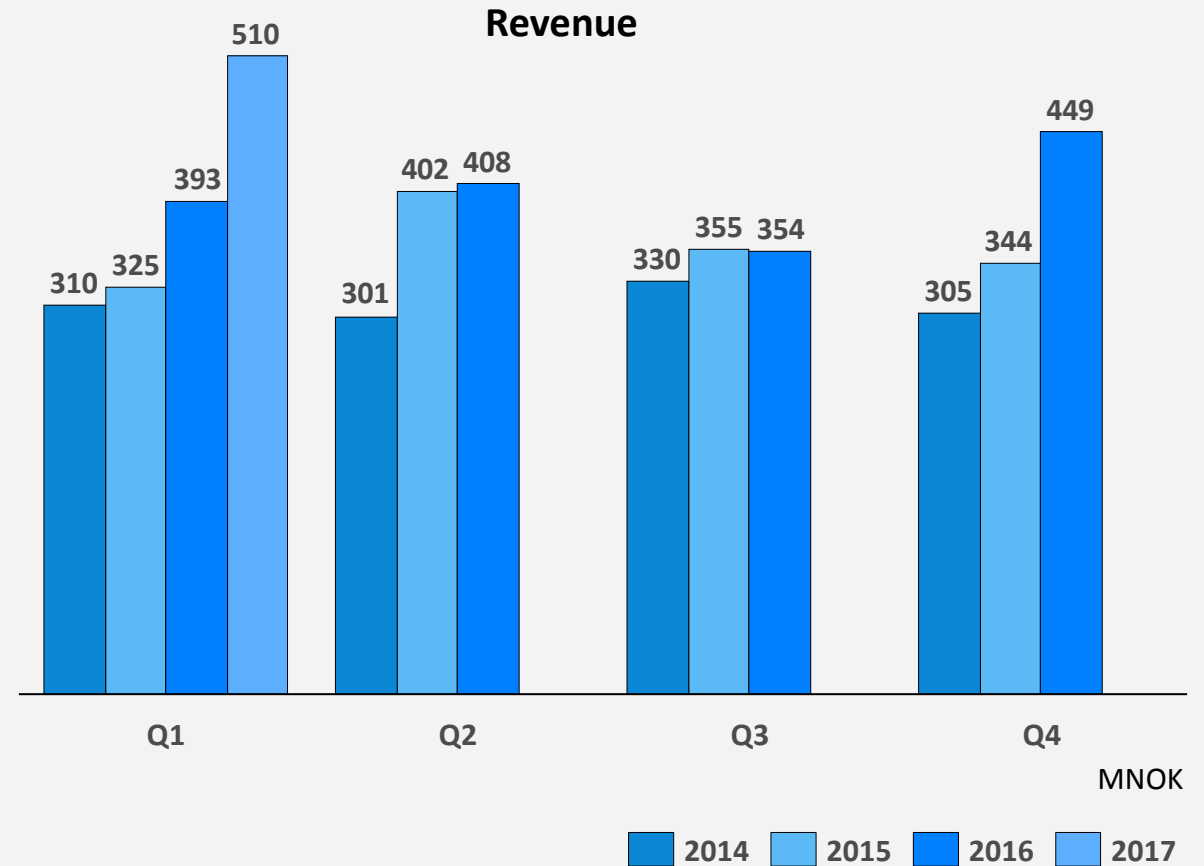


 **Financial performance Q1 2017 – by CFO Simon Nyquist Martinsen**



Q1 2017 - Financial highlights

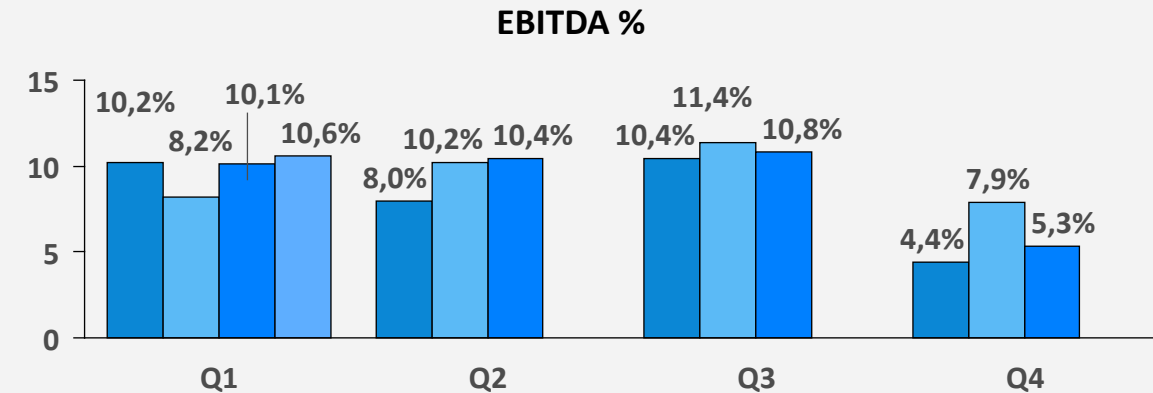
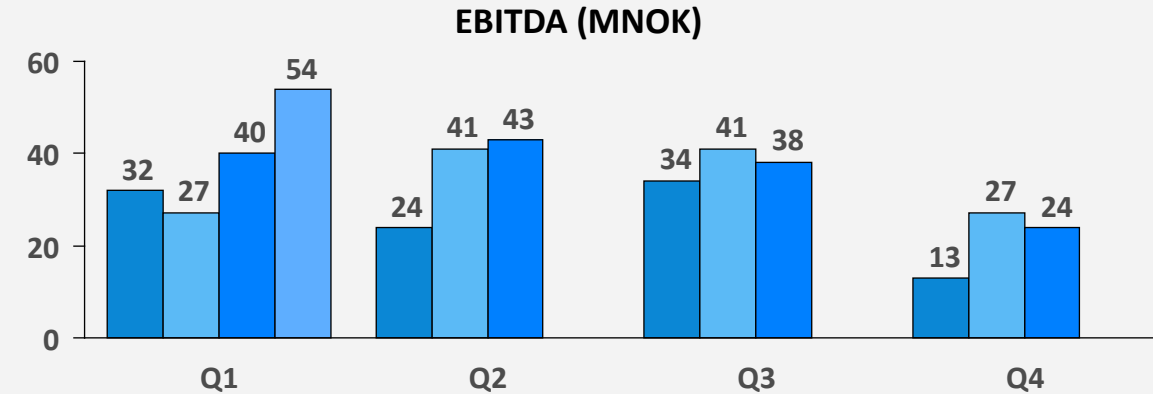
- Strong revenue in the first quarter on the back of a high opening order book
- All regions in the Group with increased revenue in the quarter YoY, largest impact from Cage Based Nordic
- Last twelve months order intake and sales now at 2,100 MNOK and 1,721 MNOK respectively
- Order book continue to grow YoY and compared to year end





Q1 2017 - Financial highlights, continued

- Strong development in the Nordic region, good contribution from AKVA Marine Services and Sperre
- Last twelve months EBITDA now at 159 MNOK up from 144 MNOK at year end – last twelve months margins at 9,2% up from 9% at year end 2016
- Improved contribution from Land Based – restructuring and adjustments to cost base in Denmark last year

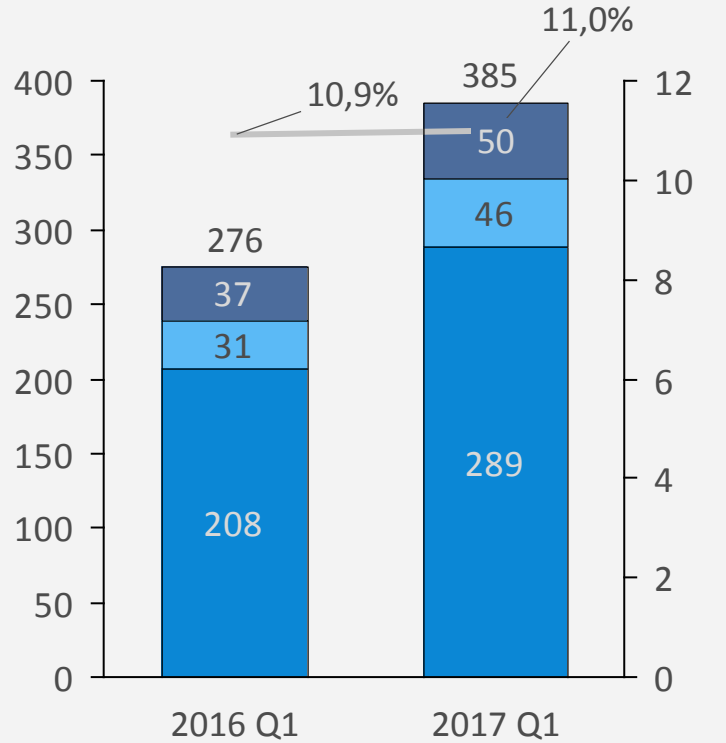


■ 2014 ■ 2015 ■ 2016 ■ 2017



Cage Based Technologies

CBT (Revenue and EBITDA%)



— EBITDA % ■ Export ■ Americas ■ Nordic

Nordic

- Revenue YoY up 38% (24% organic) in total for the region
- All entities contributing positively YoY with our wide range of products – makes the Group more diversified
- The Farming Services operations is increasing and strengthening the Group delivering an EBITDA of 4.6 MNOK in the quarter

Americas

- Increased activity in Chile – delivering a positive EBITDA of 1.9 MNOK in the quarter
- Our operations in Chile is ramped up to meet the higher activity level in the market
- Despite slow quarter in terms of revenue in Canada, the order intake was good

Export

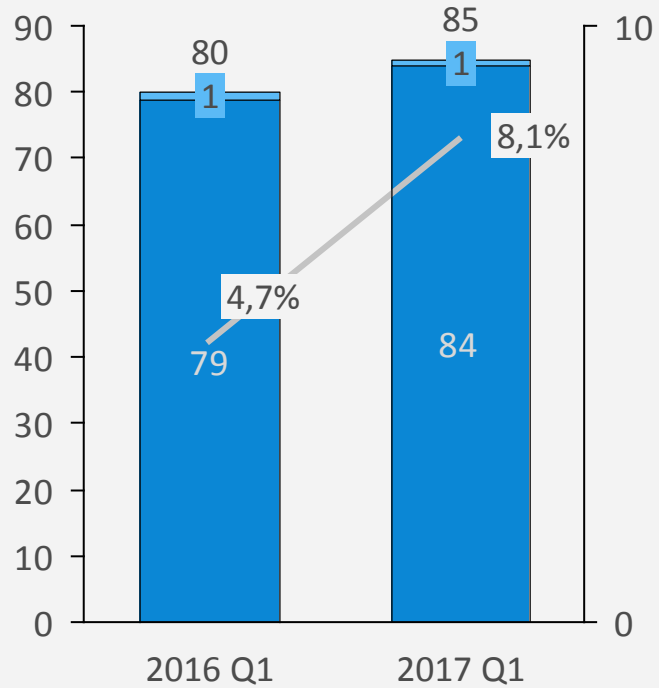
- UK ended a very good quarter with a total of 5.4 MNOK in EBITDA after a strong March
- Turkey has started the year a bit slower than expected, postponing deliveries into Q2
- Export to emerging markets – with deliveries in Russia and Iran in Q1 – high quote activity





Land Based Technologies

LBT (Revenue and EBITDA%)



— EBITDA % Americas Nordic

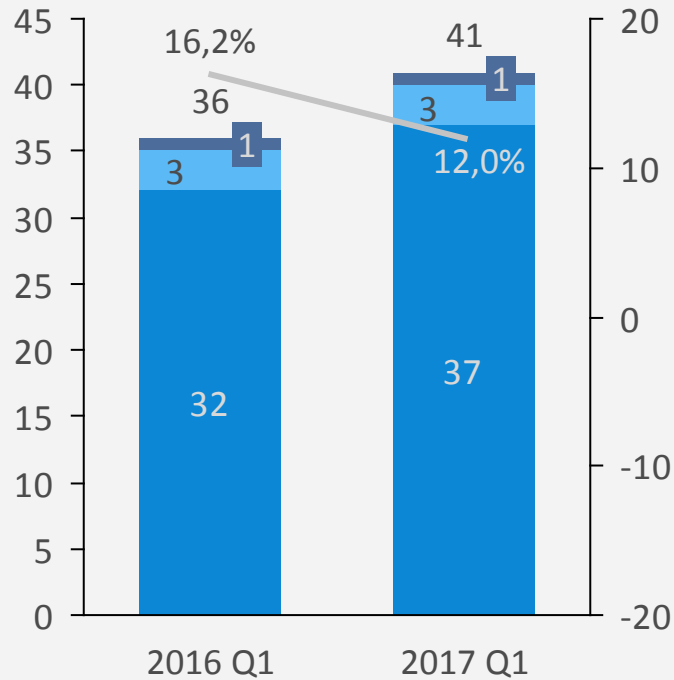
- Aquatec Solutions with a strong start of the year with an EBITDA of 5.8 MNOK in Q1, an increase of 3.9 MNOK YoY
- Plastsveis is ending the quarter with an EBITDA of 1.1 MNOK
- AKVA group Denmark has a slow start of 2017, with a negative EBITDA of -0.5 MNOK in Q1
- Sistemas de Recirculation, a subsidiary of Aquatec Solutions supplying installation work, has a strong start of the year with 1.2 MNOK in EBITDA





Software

SW (Revenue and EBITDA%)



— EBITDA % ■ Export ■ Americas ■ Nordic

- AKVA group Software AS with stable performance YoY
- Wise experienced lower EBITDA after pressure on margins and costs
- Ongoing investments in new product modules expected to strengthen the financial performance of the SW segment further, as sales activities are ramped up





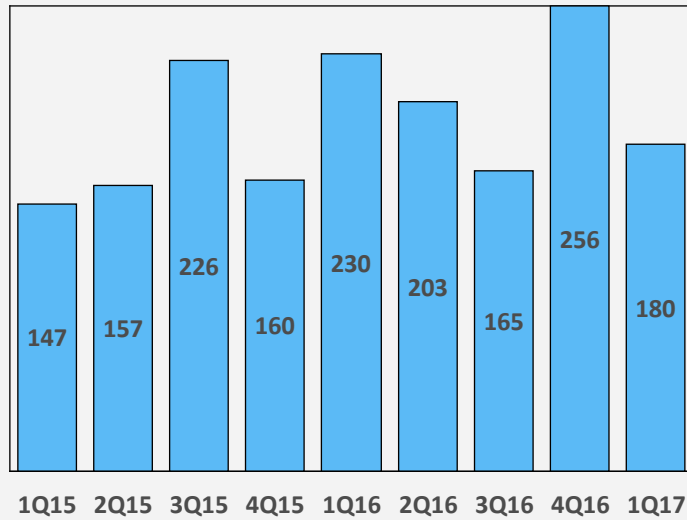
Financials – Detailed P & L

(MNOK)	2017 Q1	2016 Q1	2017 YTD	2016 YTD	2016 Total
Order backlog	1 076,7	697,0	1 076,7	697,0	997,7
Order intake	589,0	440,7	589,0	440,7	1 952,0
P&L					
OPERATING REVENUES	510,0	392,5	510,0	392,5	1 603,1
Operating costs ex depreciations	455,8	352,9	455,8	352,9	1 458,9
EBITDA	54,2	39,6	54,2	39,6	144,2
Depreciation and amortization	19,9	14,6	19,9	14,6	69,2
EBIT	34,3	25,0	34,3	25,0	75,0
Net interest expense	-2,6	-1,9	-2,6	-1,9	-6,6
Other financial items	-3,7	-7,7	-3,7	-7,7	-19,8
Net financial items	-6,3	-9,5	-6,3	-9,5	-26,4
EBT	28,0	15,4	28,0	15,4	48,6
Taxes	8,1	2,8	8,1	2,8	21,0
NET PROFIT	20,0	12,6	20,0	12,6	27,6
Net profit (loss) attributable to:					
Non-controlling interests	0,1	0,9	0,1	0,9	0,1
Equity holders of AKVA group ASA	19,9	11,7	19,9	11,7	27,5
Revenue growth	29,9 %	20,8 %	29,9 %	20,8 %	12,5 %
EBITDA margin	10,6 %	10,1 %	10,6 %	10,1 %	9,0 %
EPS (NOK)	0,77	0,45	0,77	0,45	1,06

- Increased depreciation mainly due to increased rental CAPEX and amortization
- Increased due to higher net debt
- 2.9 MNOK relates to investment in Atlantis Subsea Farming AS
- Minority shareholders (49%) in Wise Blue AS

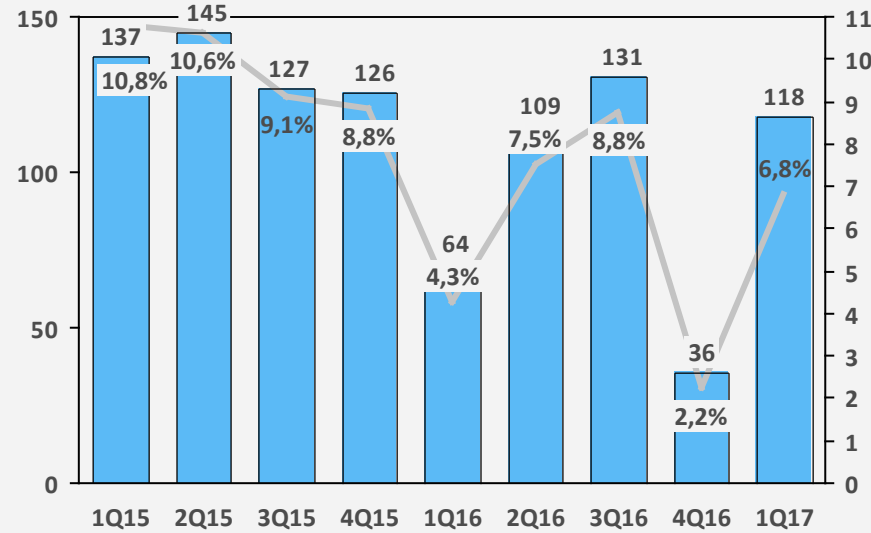
Group financial profile – remains strong

Available cash



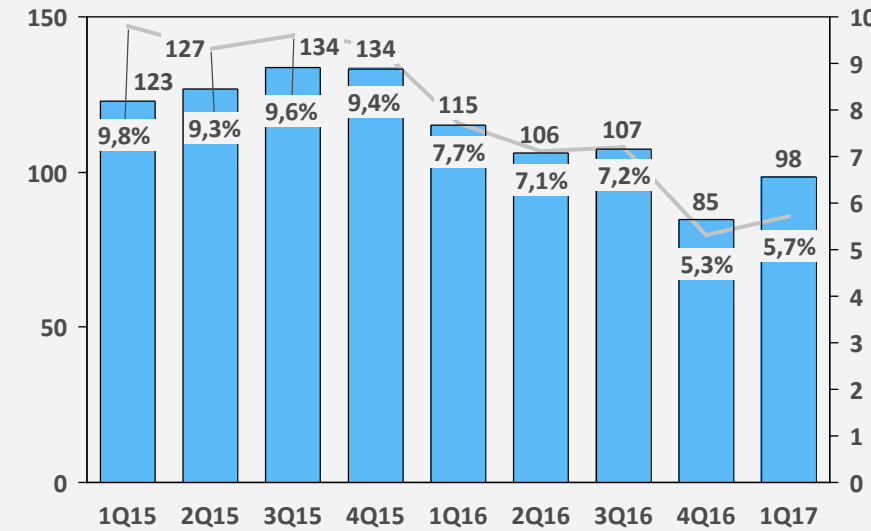
- Including 50 MNOK of a 90 MNOK credit facility in Danske Bank, as of Q1 2017

Working capital



- The graph shows absolute working capital and working capital relative to last twelve months revenue
- Continued strong capital discipline in the Group
- Expected working capital swing in Q1 after very low level at Q4 16

Average working capital

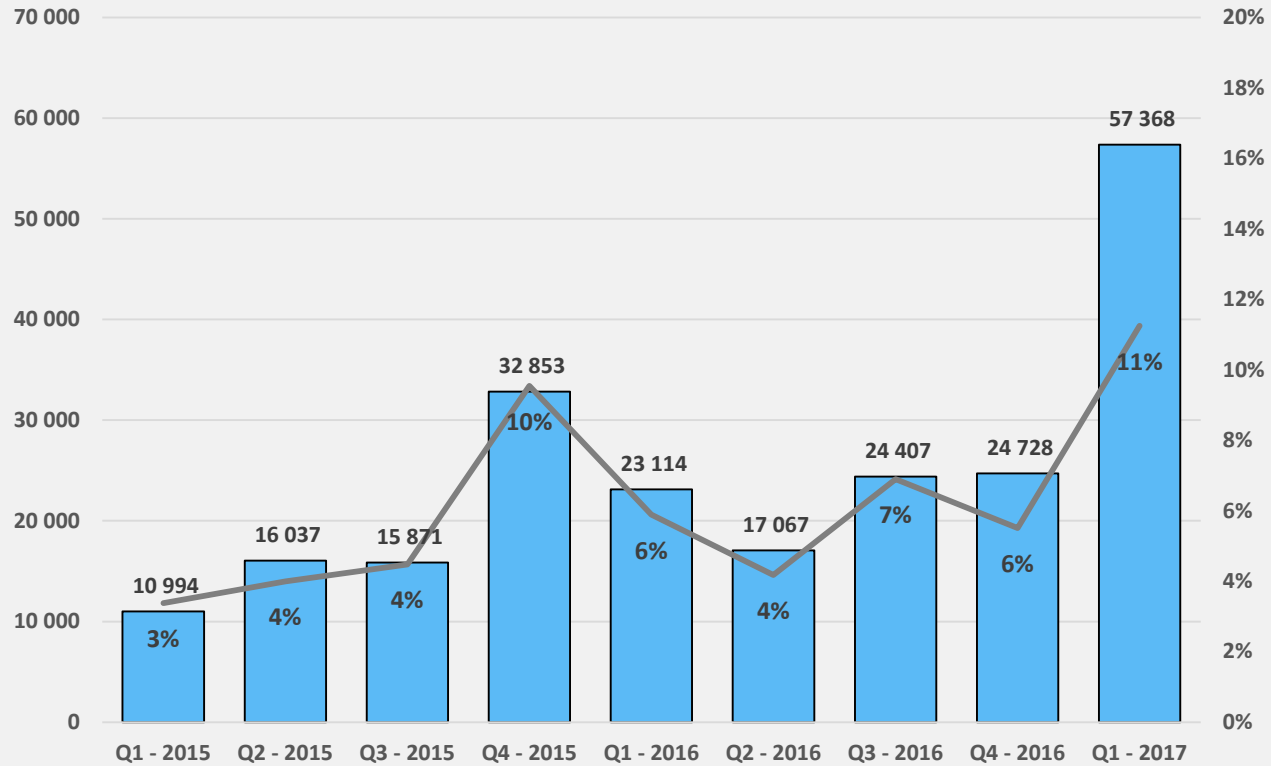


- The graph shows 12 months average working capital and average working capital relative to last twelve months revenue
- Continued positive relative working capital development

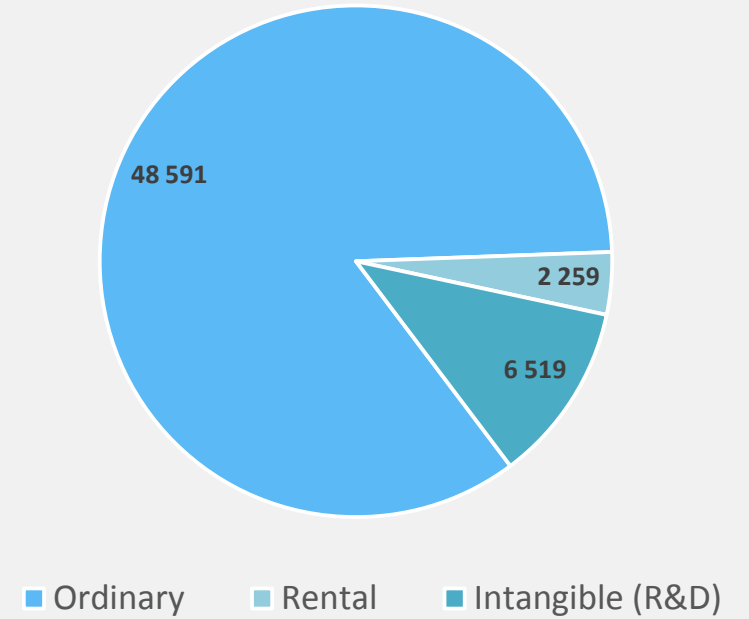


CAPEX

Capex (TNOK) and capex / sales (%)



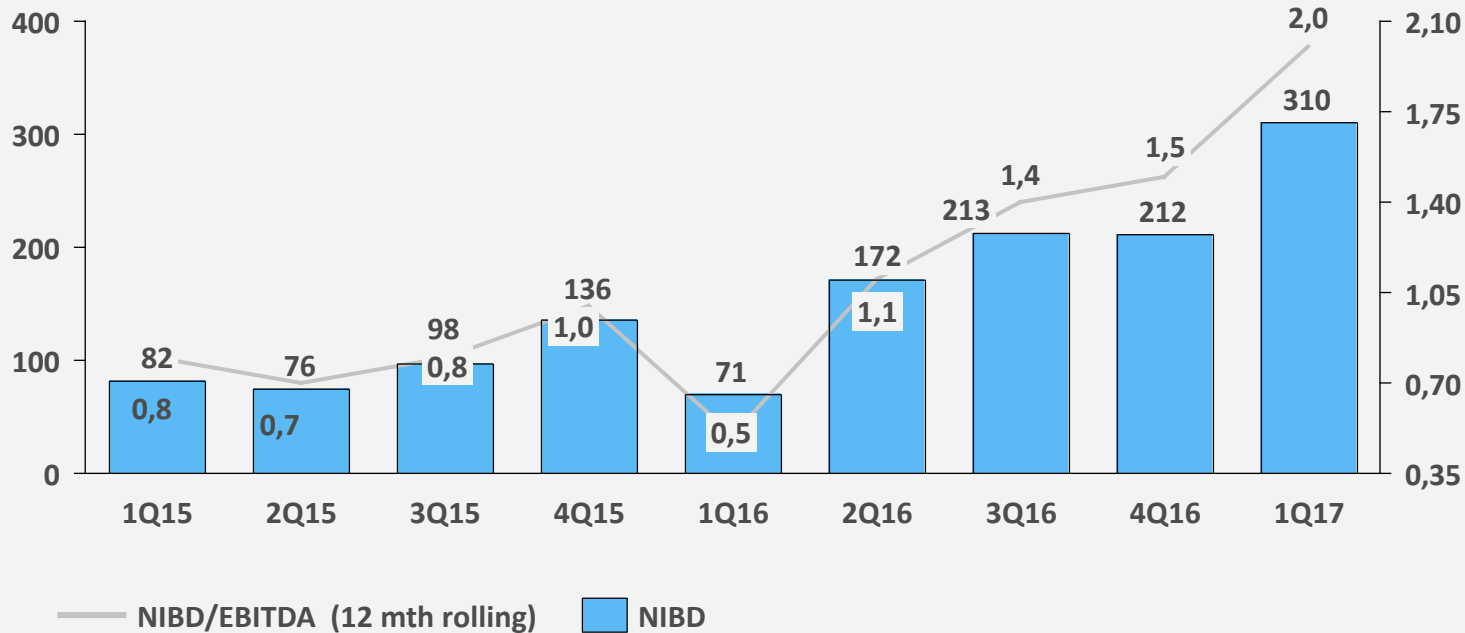
CAPEX breakdown 2017 YTD (TNOK)





Net debt/EBITDA of 2.0

Net debt (MNOK) and net debt/EBITDA



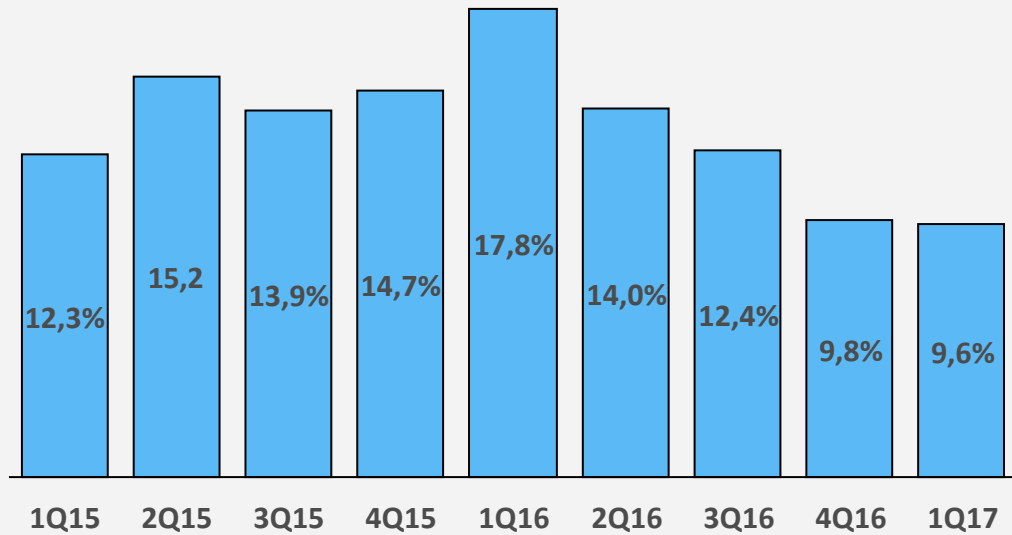
Change in net debt (TNOK)

Net debt 31.12.2016	212 332
EBITDA	-54 186
Income taxes paid	4 886
Net interest paid	2 553
Capex	57 368
Acquisitions / Divestments	-
Paid dividend	12 917
Sale of fixed assets	-
Currency effects	-552
Other changes in working capital	74 738
Net change	97 724
Net debt 31.03.2017	310 056

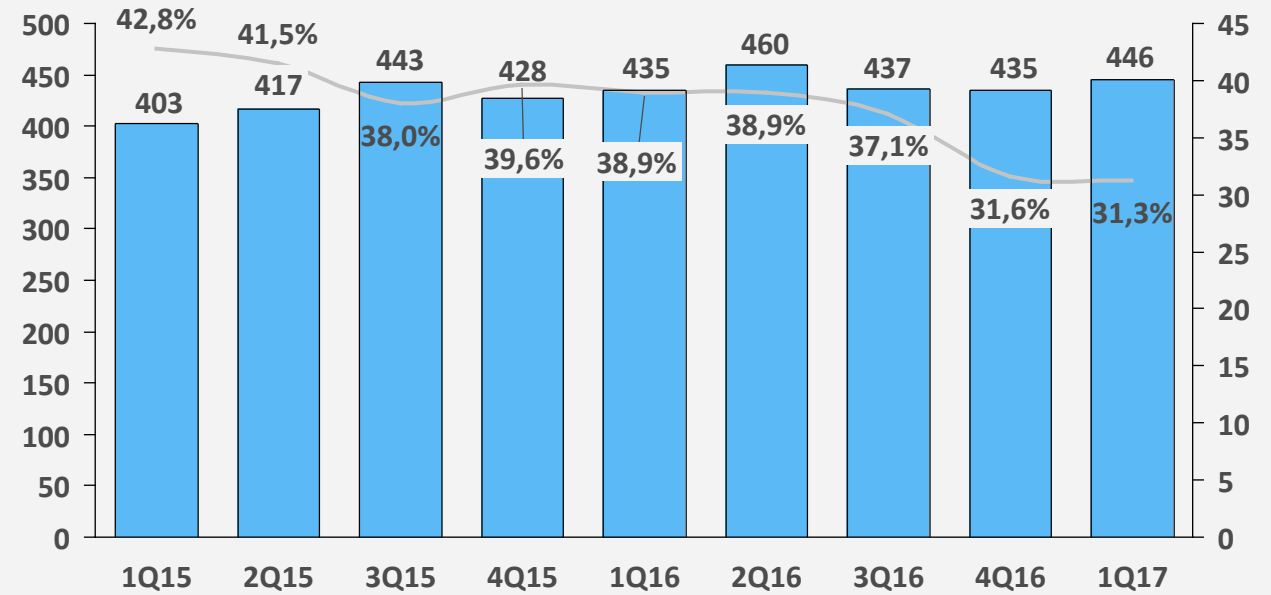


Group financial profile – remains strong, continued

ROCE



Equity



■ Dividend of 12.9 MNOK paid in Q1 2017



Cash flow statement

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (NOK 1 000)	Note	2017 Q1	2016 Q1	2017 YTD	2016 YTD	2016 Total
Net cash flow from operations		43 049	20 428	43 049	20 428	105 596
Net cash flow from change in working capital		-74 738	65 766	-74 738	65 766	106 050
Net cash flow from operational activities		-31 689	86 193	-31 689	86 193	211 645
Net cash flow from investment activities	1,3	-22 831	-29 957	-22 831	-29 957	-260 324
Net cash flow from financial activities		19 761	-13 288	19 761	-13 288	105 646
Net change in cash and cash equivalents		-34 759	42 948	-34 759	42 948	56 967
Net foreign exchange differences		174	-1 763	174	-1 763	-941
Cash and cash equivalents at the beginning of the period		165 543	109 517	165 543	109 517	109 517
Cash and cash equivalents at the end of the period		130 958	150 702	130 958	150 702	165 543



Balance sheet

BALANCE SHEET	2017	2016
(MNOK)	31.03	31.12

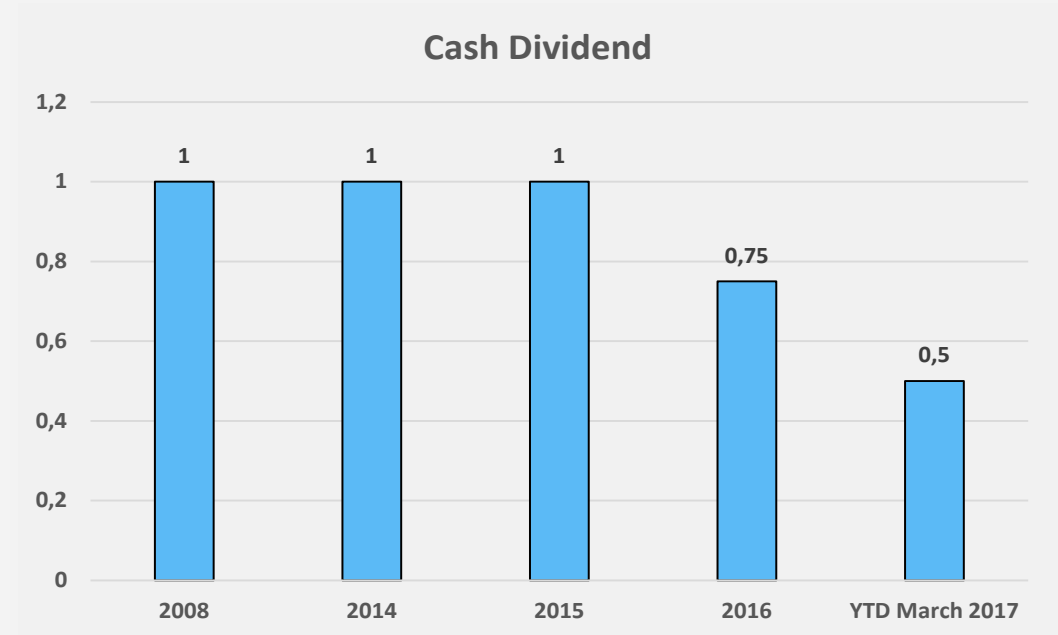
ASSETS	1 425	1 376
Intangible non-current assets	573	575
Tangible non-current assets	189	151
Financial non-current assets	3	6
Inventory	204	186
Receivables	327	292
Cash and cash equivalents	131	166
LIABILITIES AND EQUITY	1 425	1 376
Equity	445	435
Minority interest	0	0
Long-term interest bearing debt	370	348
Short-term interest bearing debt	71	30
Non-interest bearing liabilities	539	563





Dividend

- The dividend level shall reflect the present and expected future cash generating potential of AKVA group
- AKVA group ASA aims to pay out dividends twice a year, after the 1st and the 2nd half of the year
- Dividend in 2016 is allocated as follows:
 - 0.75 NOK was paid out per share in 3Q 2016 based on 1st half financials
 - 0.50 NOK paid out in 1Q 2017 based on the 2nd half financials





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 INVESTMENT		GBR
1 051 141	4,1 %	VERDIPAPIRFONDET ALFRED BERG		NOR
489 417	1,9 %	EIKA NORGE		NOR
461 396	1,8 %	STATOIL PENSJON		NOR
412 861	1,6 %	VPF NORDEA KAPITAL		NOR
381 300	1,5 %	MP PENSJON PK		NOR
379 238	1,5 %	NORRON SICAV - TARGET		LUX
314 623	1,2 %	VPF NORDEA AVKASTNING		NOR
300 000	1,2 %	MERTOUN CAPITAL AS		NOR
271 649	1,1 %	VERDIPAPIRFONDET DNB		NOR
238 692	0,9 %	OLE MOLAUG EIENDOM AS		NOR
193 924	0,8 %	ARCTIC FUNDS PLC		IRL
191 748	0,7 %	FORTE TRØNDER		NOR
178 098	0,7 %	NORDEA 1 SICAV		LUX
176 485	0,7 %	VERDIPAPIRFONDET NORDEA		NOR
150 000	0,6 %	DAHLE BJØRN		NOR
145 653	0,6 %	ROGALAND SJØ AS		NOR
127 000	0,5 %	NORRON SICAV - SELECT		LUX
120 182	0,5 %	STATOIL FORSIKRING AS		NOR
22 686 512	87,8 %	20 largest shareholders		
3 147 791	12,2 %	Other		
25 834 303	100,0 %	Total number of shares as per 31.03.2017		

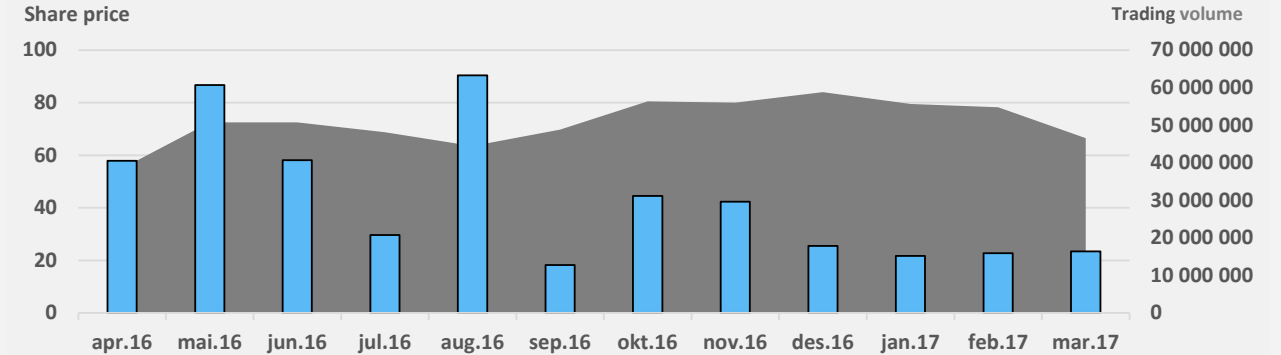
Origin of shareholders, 5 largest countries

No of shares	%	Origin	No of shareholders
20 220 206	78,3 %	Norway	937
4 223 318	16,3 %	Great Britain	23
589 675	2,3 %	Luxembourg	5
239 675	0,9 %	Belgium	6
199 915	0,8 %	Switzerland	7
361 514	1,4 %	Other	73

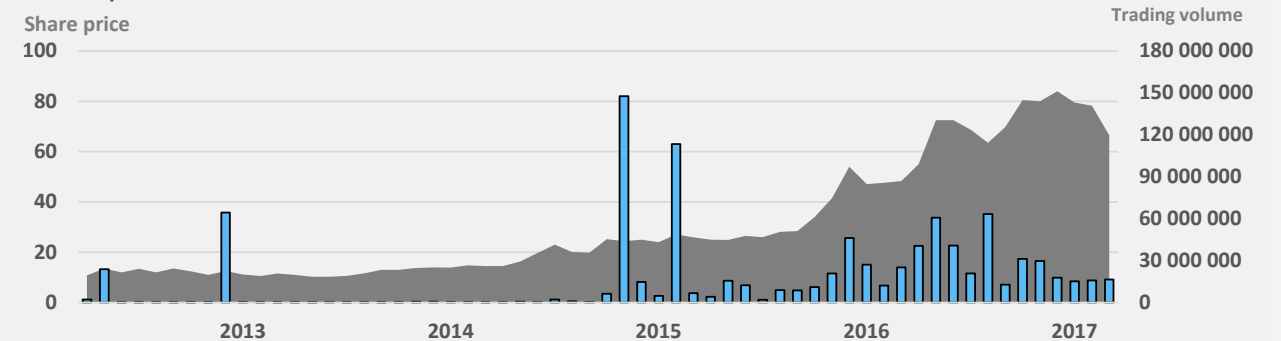
Total number of shareholders: 1051 - from 22 different countries

Share development

Last 12 months



Last 5 years



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Outlook – by CEO Hallvard Muri

Your Aquaculture Technology and Service Partner

AKVAGROUPTM₂₉

- **Leading technology and service partner to the global aquaculture industry**
- **Global presence and subsidiary in 9 countries**
- **Deliveries in over 65 countries during the last 40 years**
- **842 employees**
- **2016 revenues of 1 603 MNOK**
- **Listed on Oslo Stock Exchange since 2006**
- **Market cap of ~1 748 MNOK and net debt of 310 MNOK**

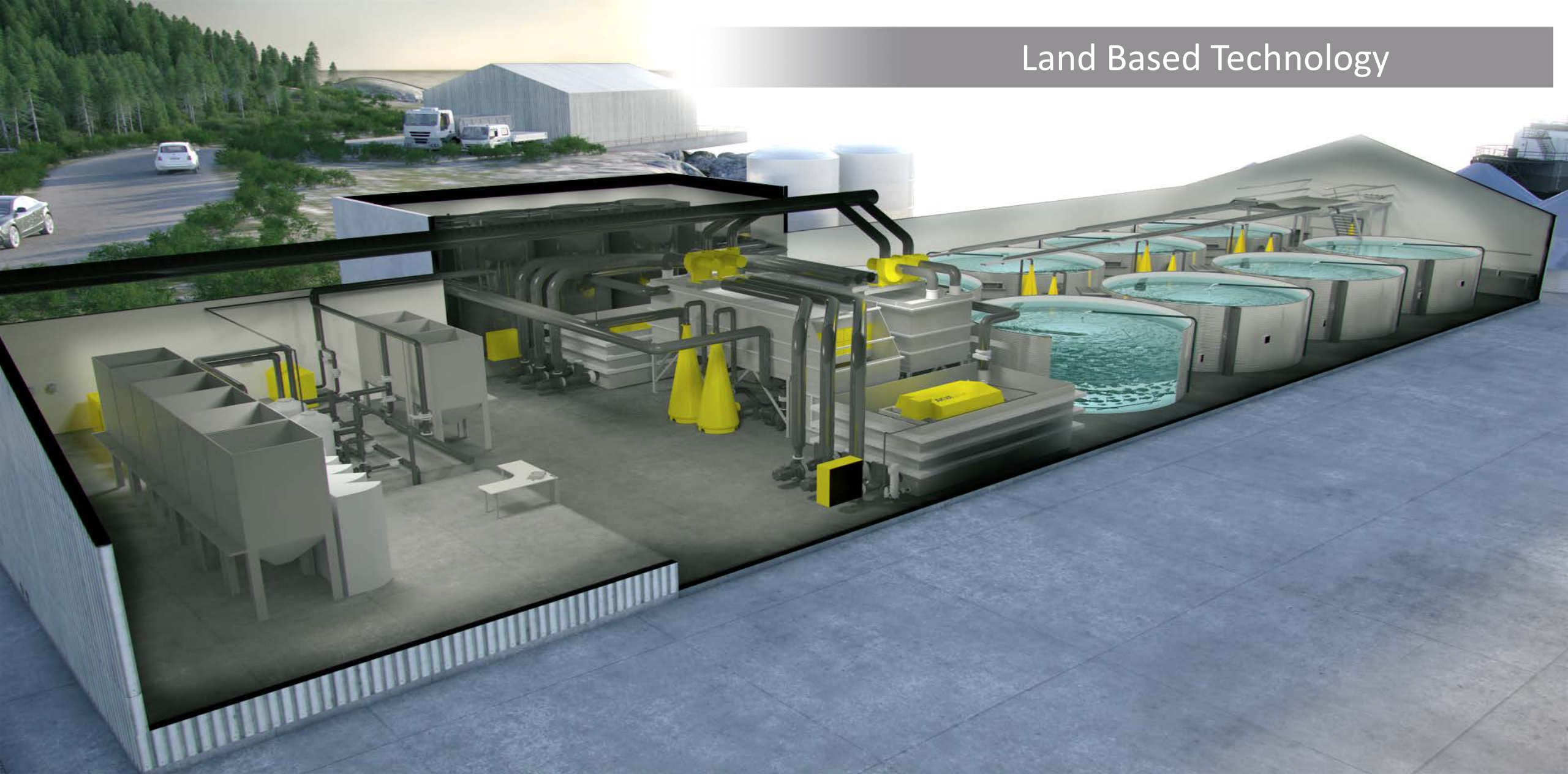
Cage Based Technology



Your Aquaculture Technology and Service Partner

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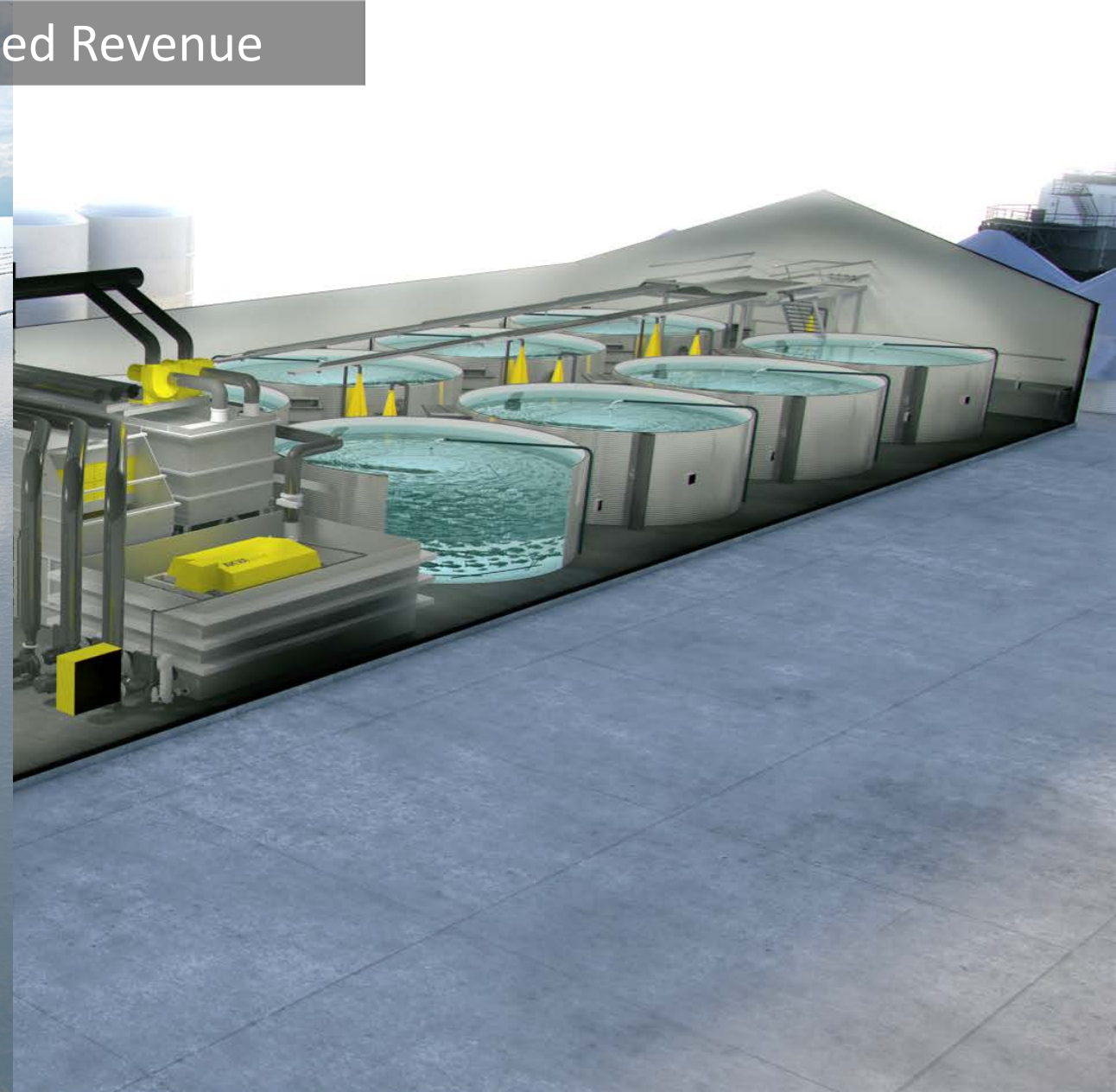
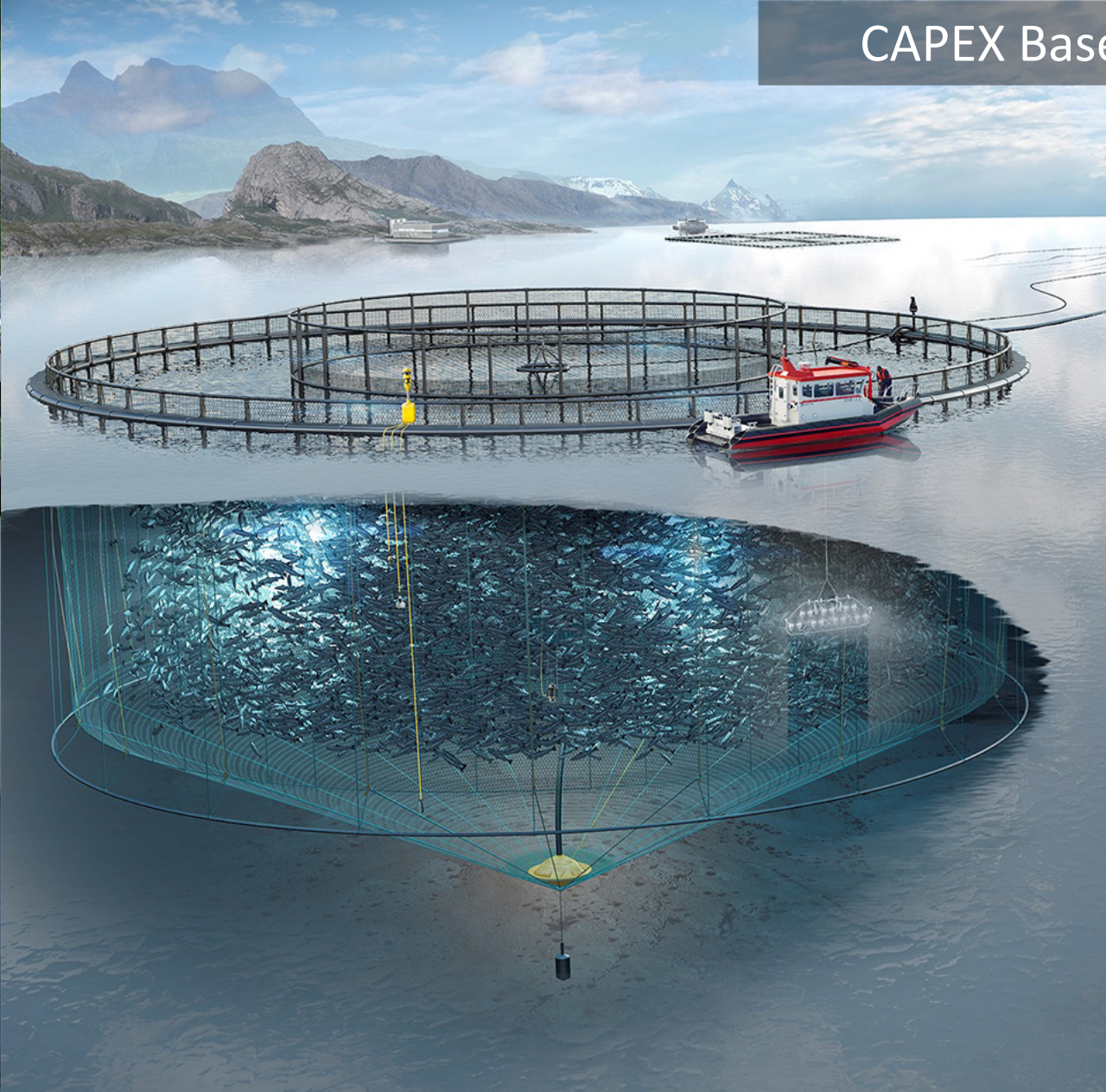
Land Based Technology



Your Aquaculture Technology and Service Partner

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CAPEX Based Revenue



Your Aquaculture Technology and Service Partner

AKVAGROUP™

CAPEX Based Revenue

OPEX Based Revenue

SOFTWARE



Fishtalk



AKVAconnect



Support

MARINE SERVICES & AFTER SALES SERVICE



Marine Services



Rentals

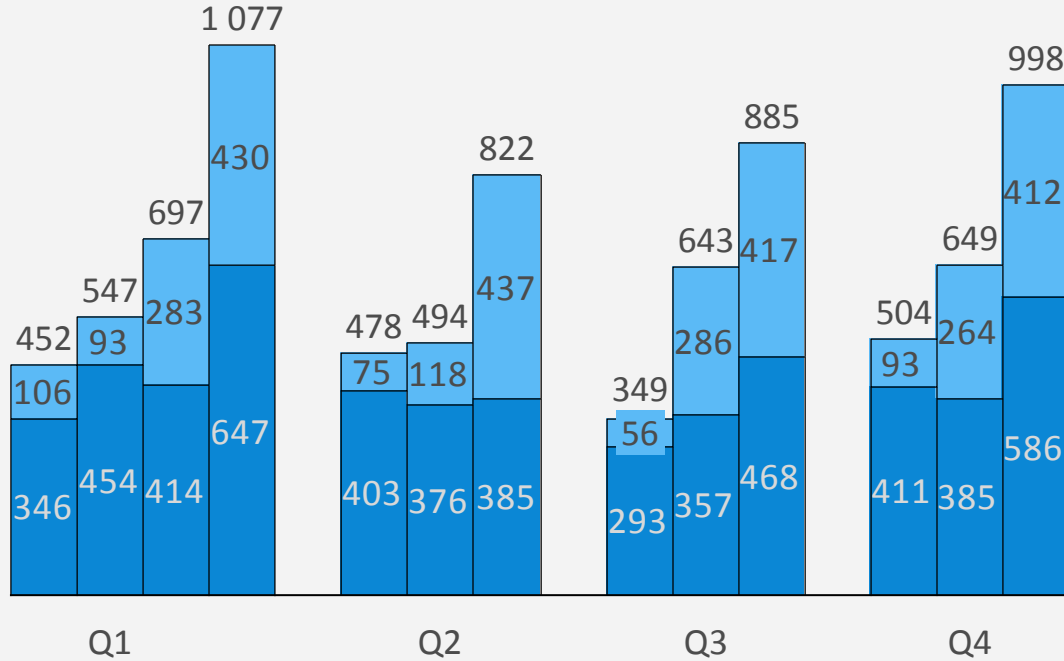


After Sales Service



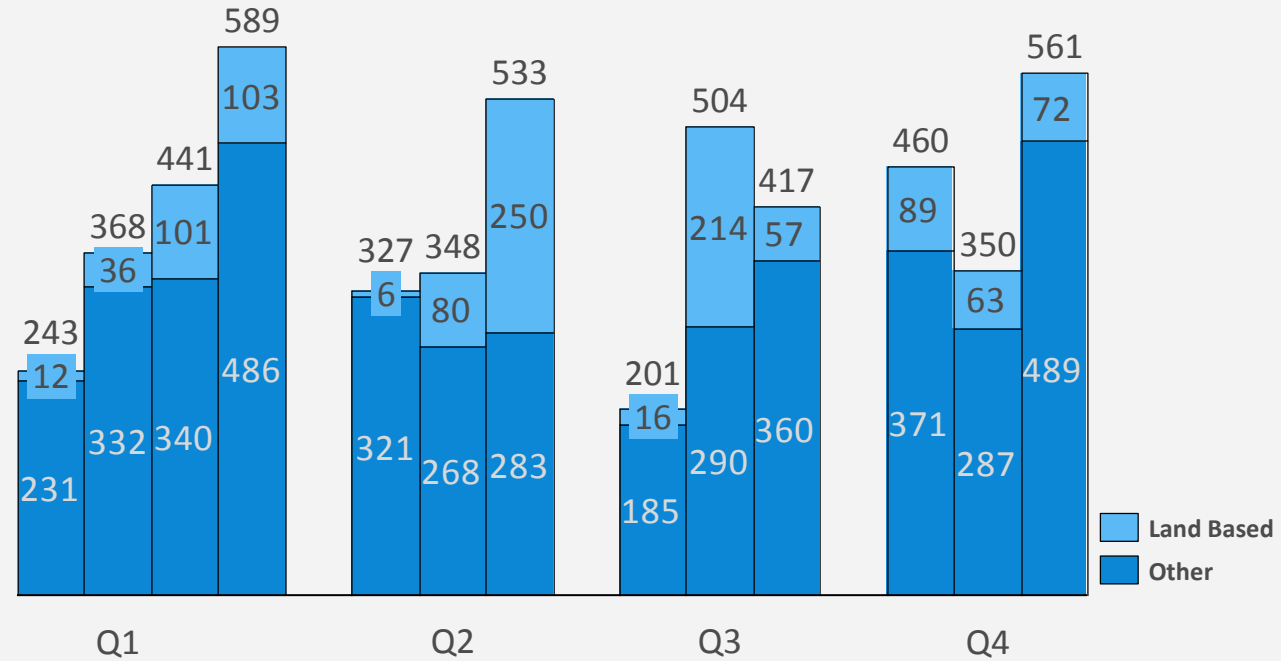
Order backlog and inflow, 2014 through 2017

Order backlog



- Strong order back log, 1,077 MNOK
- 40% of total order backlog relates to Land based technology (LBT)
- The strong market activity continues into Q2

Order intake



- High market activity and order intake of 589 MNOK

Outlook – AKVA group

- Continued good outlook for most markets
- Strengthening the organization and focusing on improving competitive position across all markets
- Increased focus on supply chain, sourcing and manufacturing efficiency
- Land Based focus on post smolt segment, high quote bank
- Export, expand business in established and growing clusters
- Continue to evaluate opportunity for new products to fit in core business





