

# Q3 2017 Presentation

Oslo – November 3<sup>rd</sup> 2017

Hallvard Muri, CEO

Simon Nyquist Martinsen, CFO



# Agenda

 Highlights

 Financial performance

 Outlook

 Q&A

BIOLOGY



TECHNOLOGY

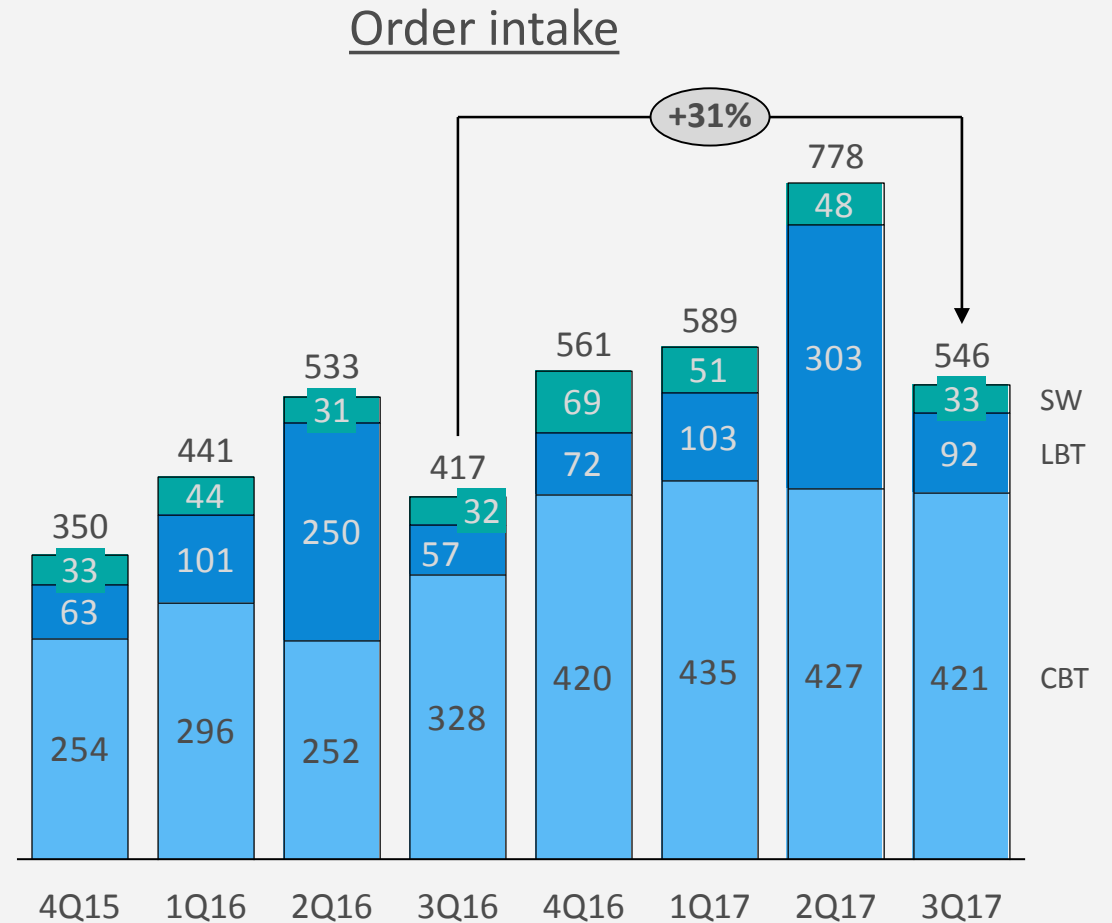


 **Highlights Q3 2017** – by CEO Hallvard Muri



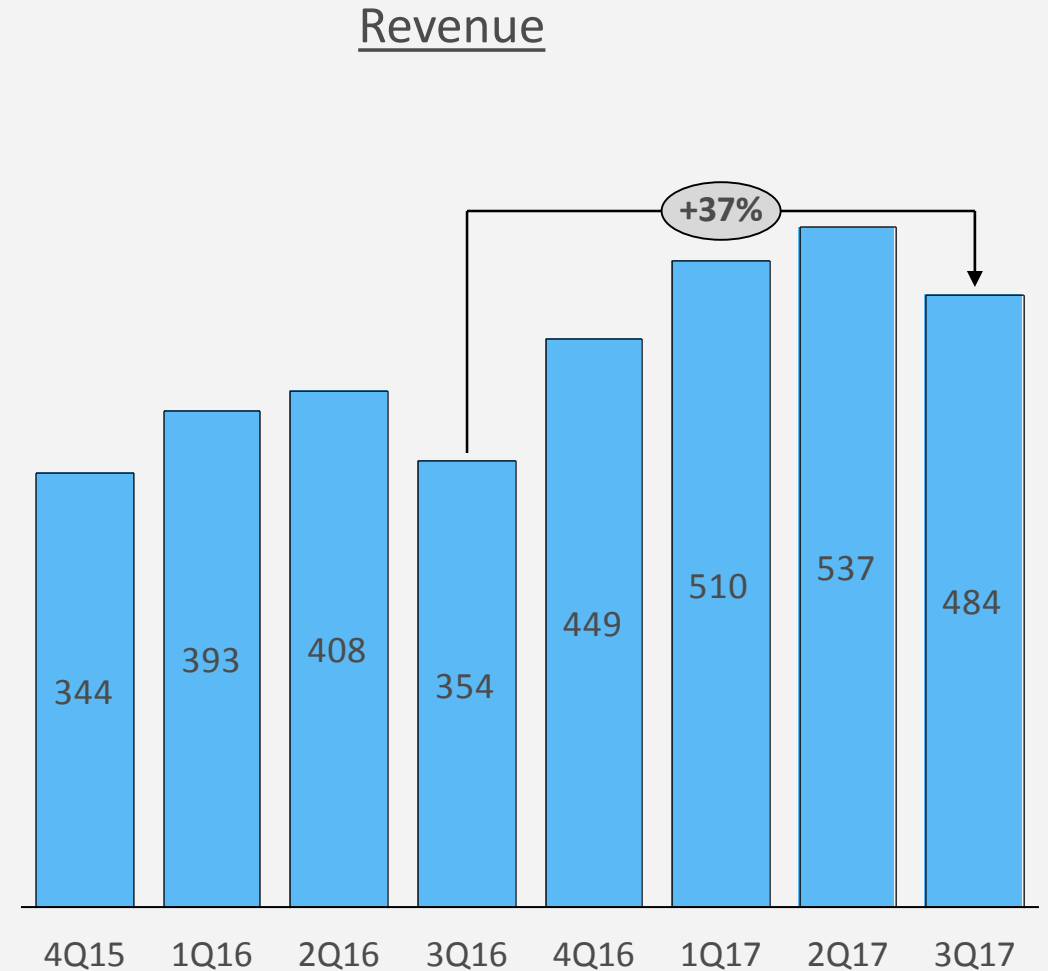
# Continued strong growth

- Overall increase in order intake of 31% compared to Q3 2016
- Strong order intake in Europe & Middle East with an order intake of 114 MNOK in the quarter
- Americas continue the good development with a strong order intake of 91 MNOK in Q3 2017 (almost three times the order intake in Q3 2016)
- In the Land Based segment the order intake in the quarter ends on 92 MNOK, up from 57 MNOK in Q3 2016
- YTD order intake of 1.9 BNOK (full year 2016 of 1,95 BNOK)



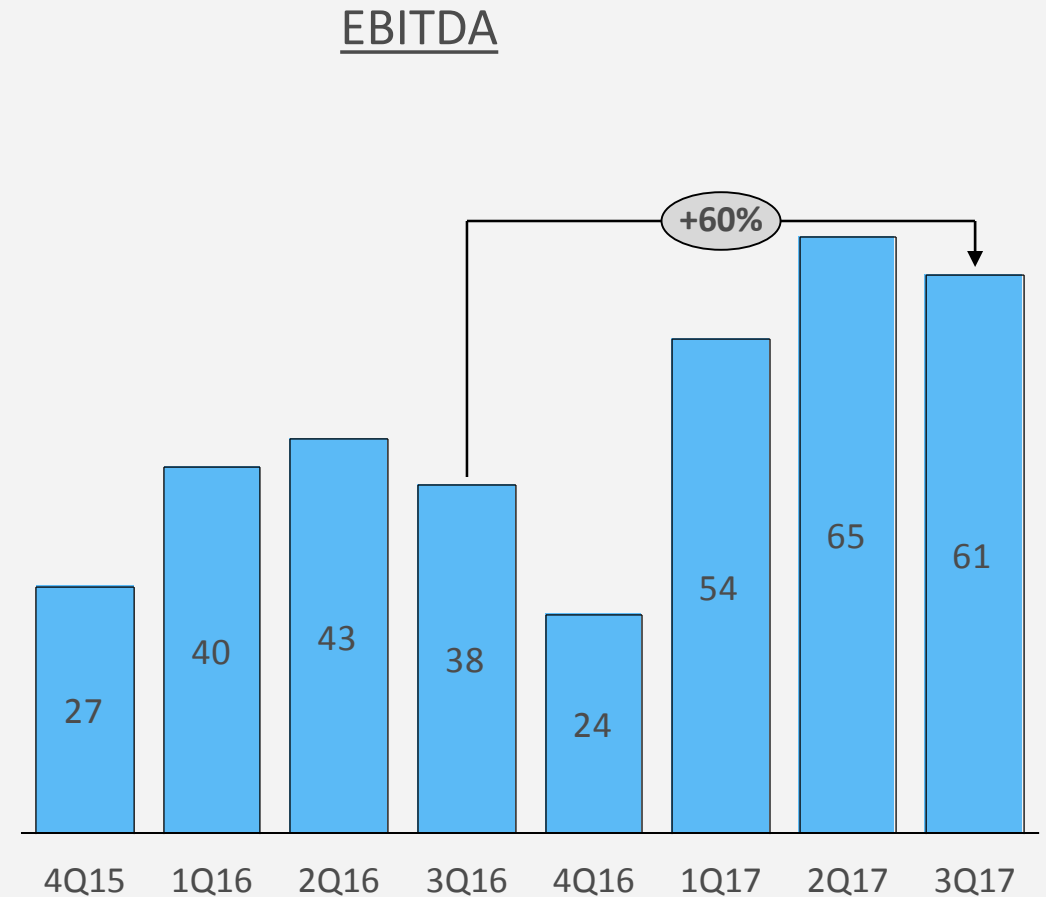
# Delivering on a strong order backlog

- **37 % increase in revenue compared to Q3 2016**
- Strong market in the Nordic region is a contributor to a 31% increase in revenue in Nordic YoY
- Strong quarter in Americas, revenue more than doubled from Q3 2016
- Land Based is gradually starting to deliver on the higher order backlog



# EBITDA margin stabilize on a higher level

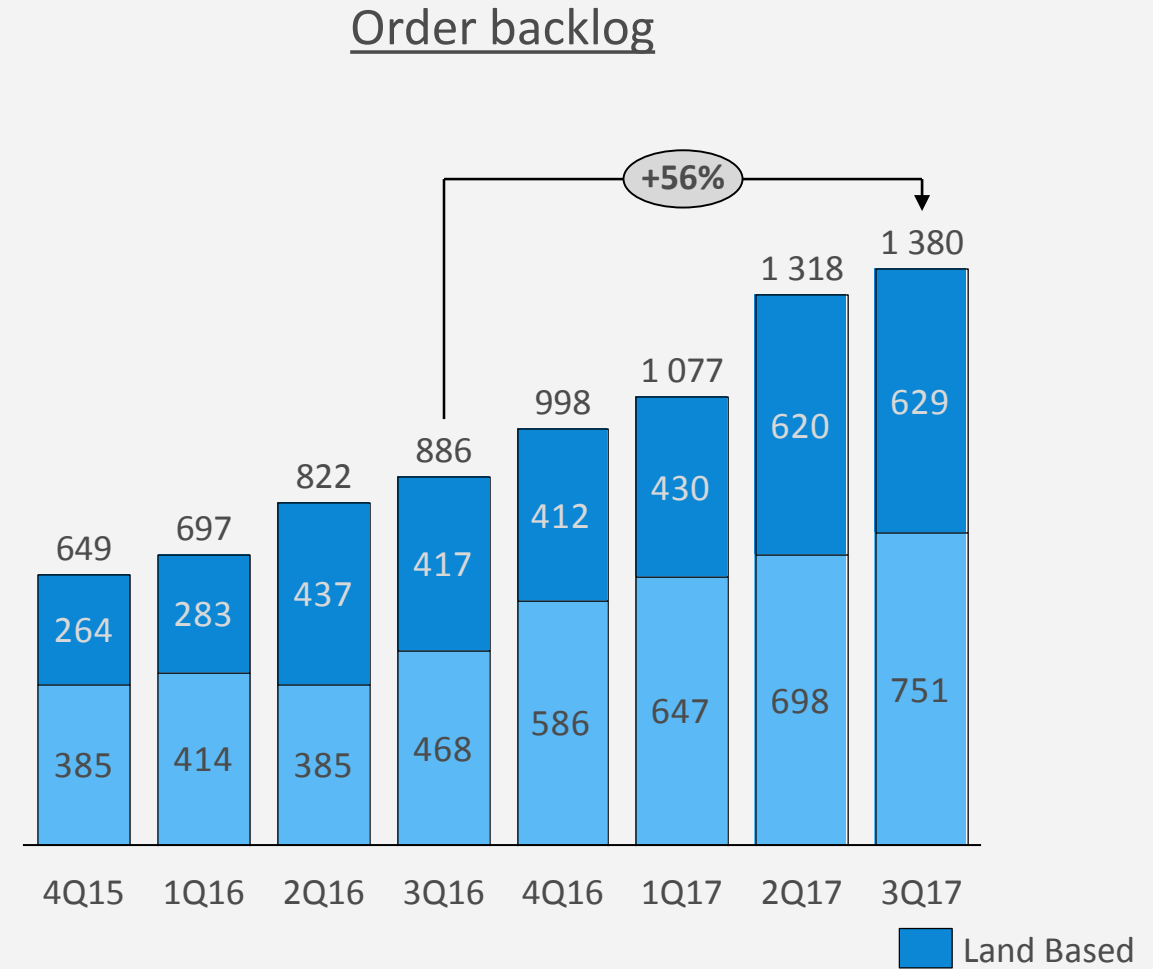
- EBITDA increase of 60% compared to Q3 2016
- EBITDA margin of 12,6 %, up from 10,8 % in Q3 2016
- Strong quarter in the Nordic region, with ASA Nordic and AKVA Marine Services as the main contributors. EBITDA doubled in the region from last year
- The Land Based segment ends the quarter with an EBITDA of 7,6 MNOK (9.1 % EBITDA margin)
- Americas (AKVA group Chile, North America and Australasia) with an improvement of 10,5 MNOK in EBITDA compared to last year



# Ninth quarter in a row with growth in order backlog

- **Third quarter 2017 – Highlights**

- Strong sales and order intake
- Order backlog end of September of 1.38 BNOK
- EBITDA of 61 MNOK in the quarter
- Dividend of 0.75 NOK per share paid out in September 2017

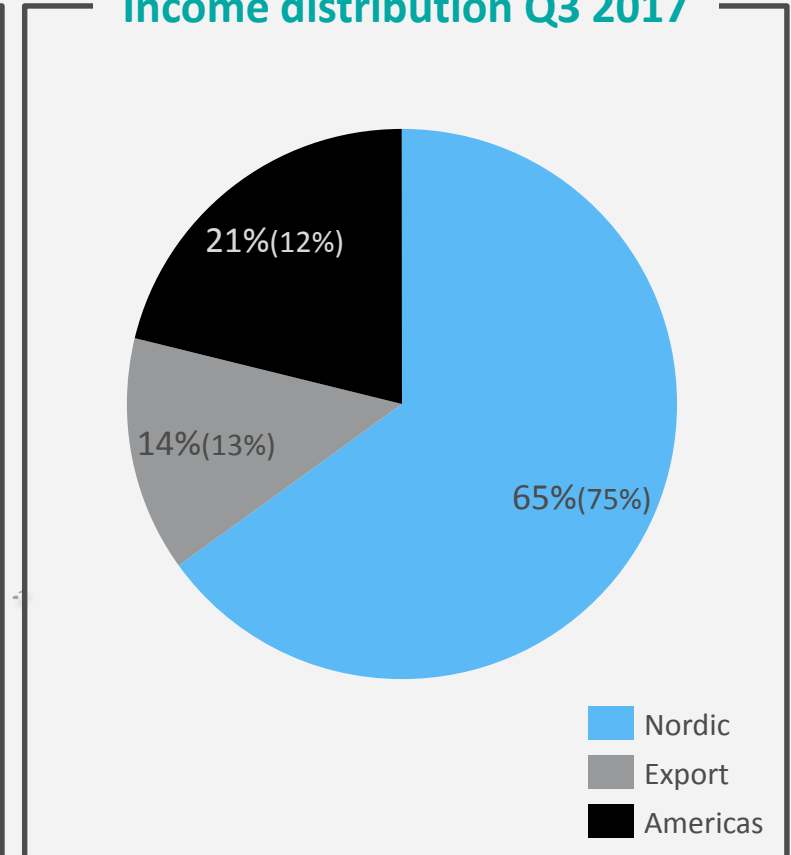


# Where do we deliver

## AKVA group's geographical regions

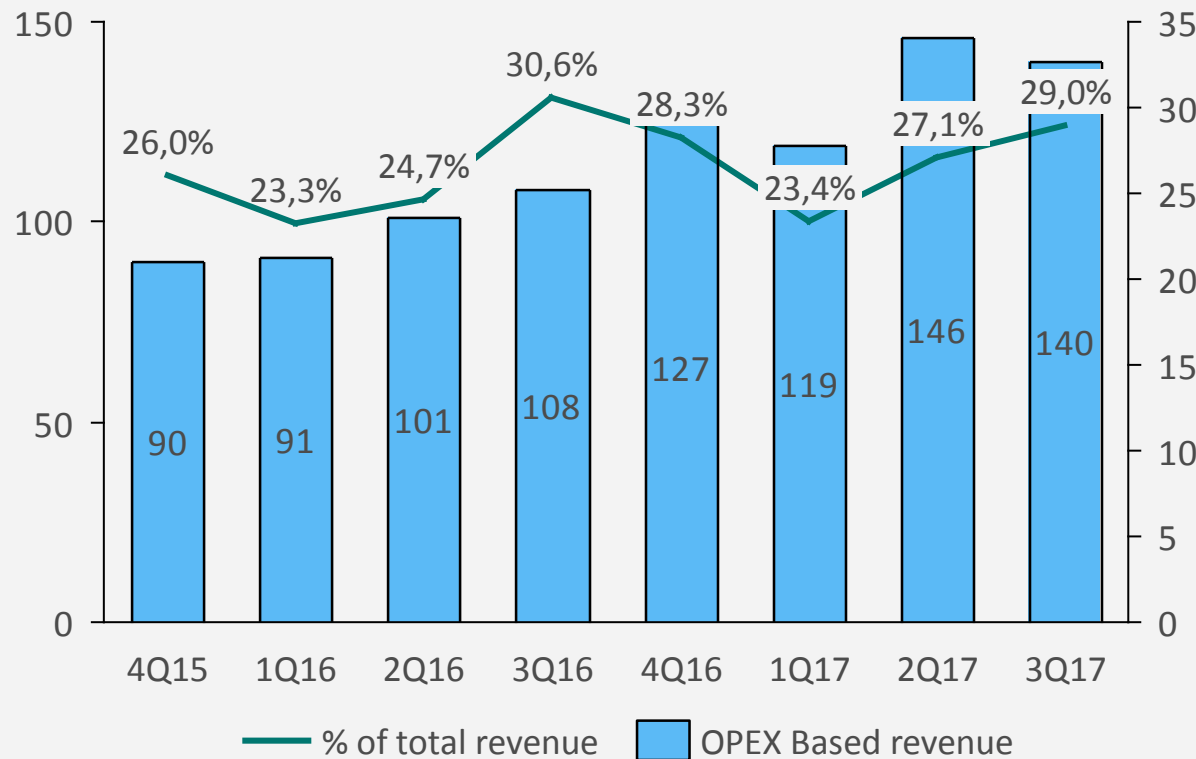


## Income distribution Q3 2017





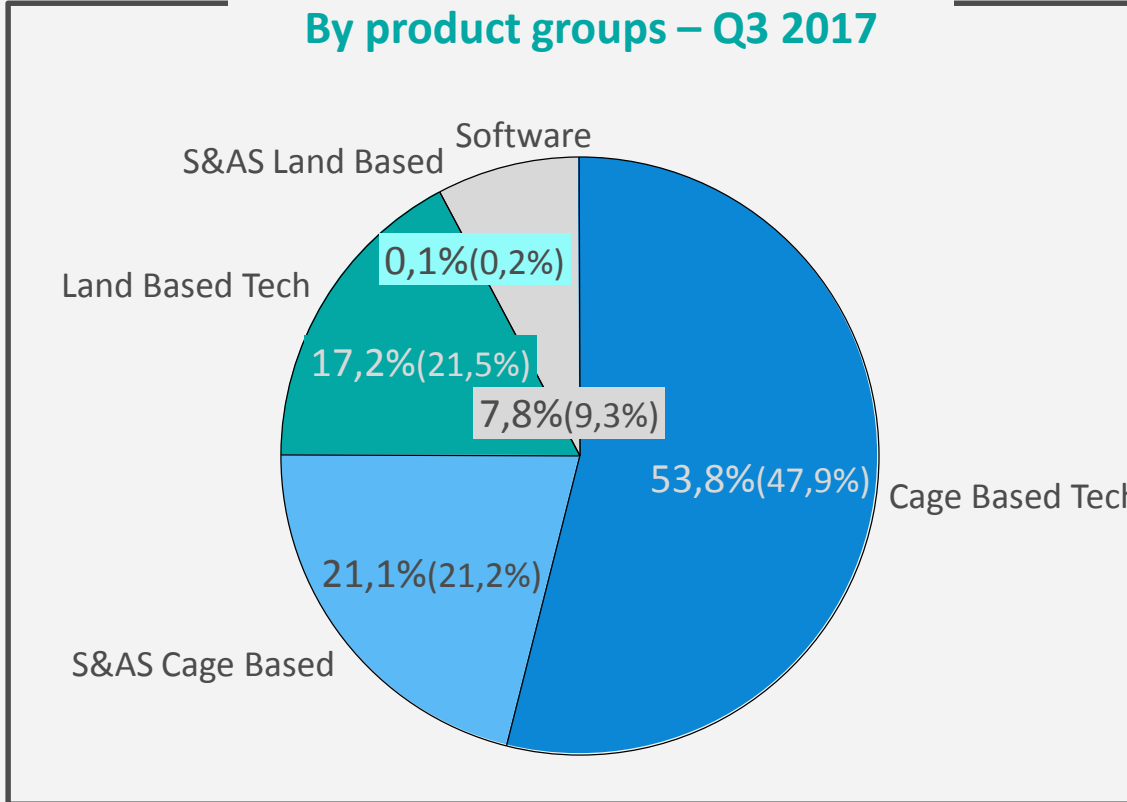
# Development in OPEX based revenue



- Growing revenue in the Marine Service business in Norway is contributing to the positive development over Q2
- The Marine Service business in Chile has started and business plans is under development to grow this segment
- Continued good development for the rental business in Scotland in 2017
- Marketing and sales activity slowly starting to yield effect for Software segment
- MNOK 32 (30%) absolute increase in revenue compared to Q3 LY

# Revenue by product group and species

By product groups – Q3 2017



**Cage Based technologies** = Cages, barges, feed systems and other operational systems for cage based aquaculture

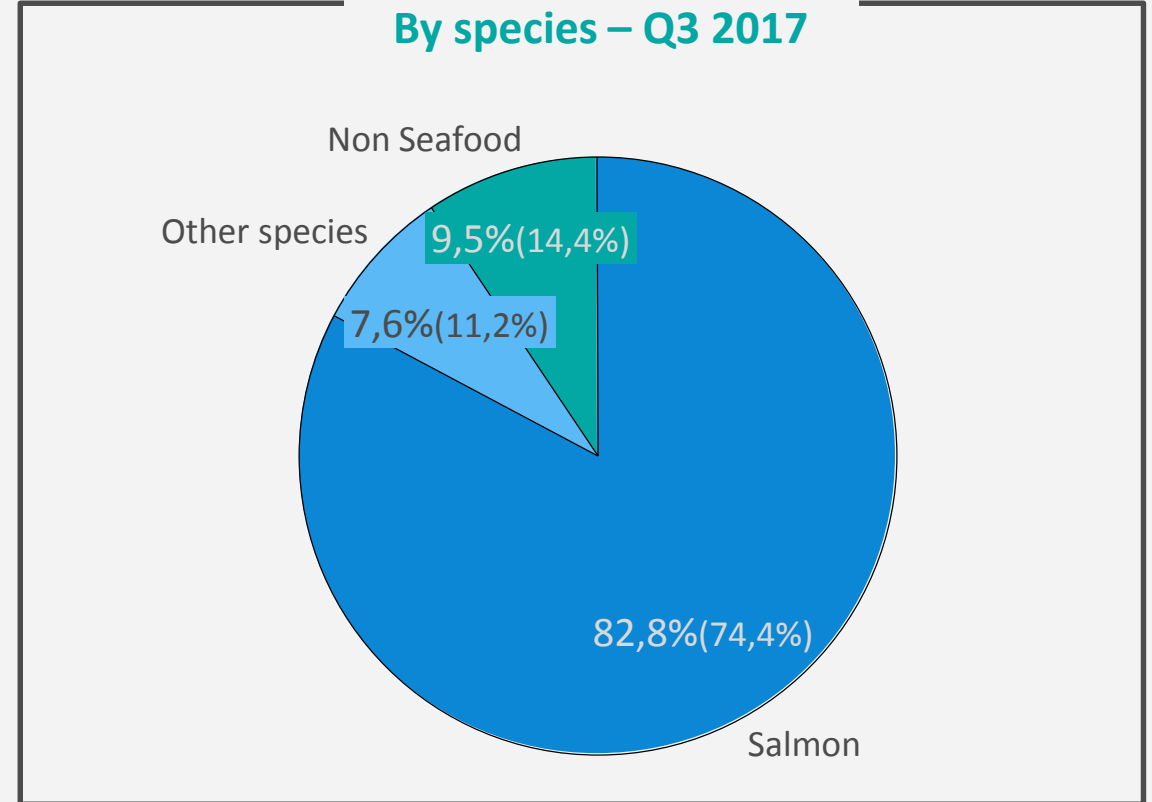
**S&AS Cage Based** = Service and after sales for cage based aquaculture

**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 – Q3 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

# Q3 – Operational Highlights

- Continued positive market development in Chile
- Stepping up activity and presence on the Canadian east coast
- New office in Spain developing well and established office in Greece to further focus on the Mediterranean market
- Continued good performance in Norway
- Land Based project pipeline in Norway strong, focus on post smolt. Early indications market in Chile is picking up
- Investing in new extruder capacity at Helgeland Plast
- Focus on sourcing, supply chain and manufacturing efficiency
- Group strategy process ongoing, to be operationalized by end of Q4 - from “AKVA group of companies to AKVA group”
- Atlantis – dialogue with the Ministry in the quarter, decision still not made

Risk management

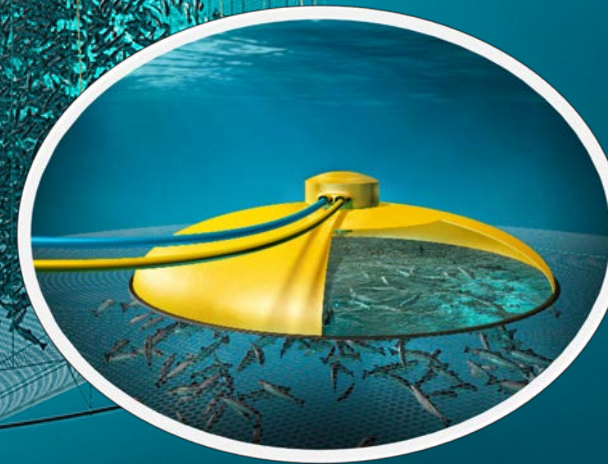
1. Atlantis Subsea Farming AS applied for 6 development licenses the 29th of January 2016
2. The Norwegian Directorate of Fisheries have informed the company that the company's concept has progressed another step further in the process to get awarded development licenses.
3. The Directorate will go ahead 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.
5. On June 16th 2017 the Directorate forwarded the appeal to the Norwegian Ministry of Trade, Industry and Fisheries, for their final decision.

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

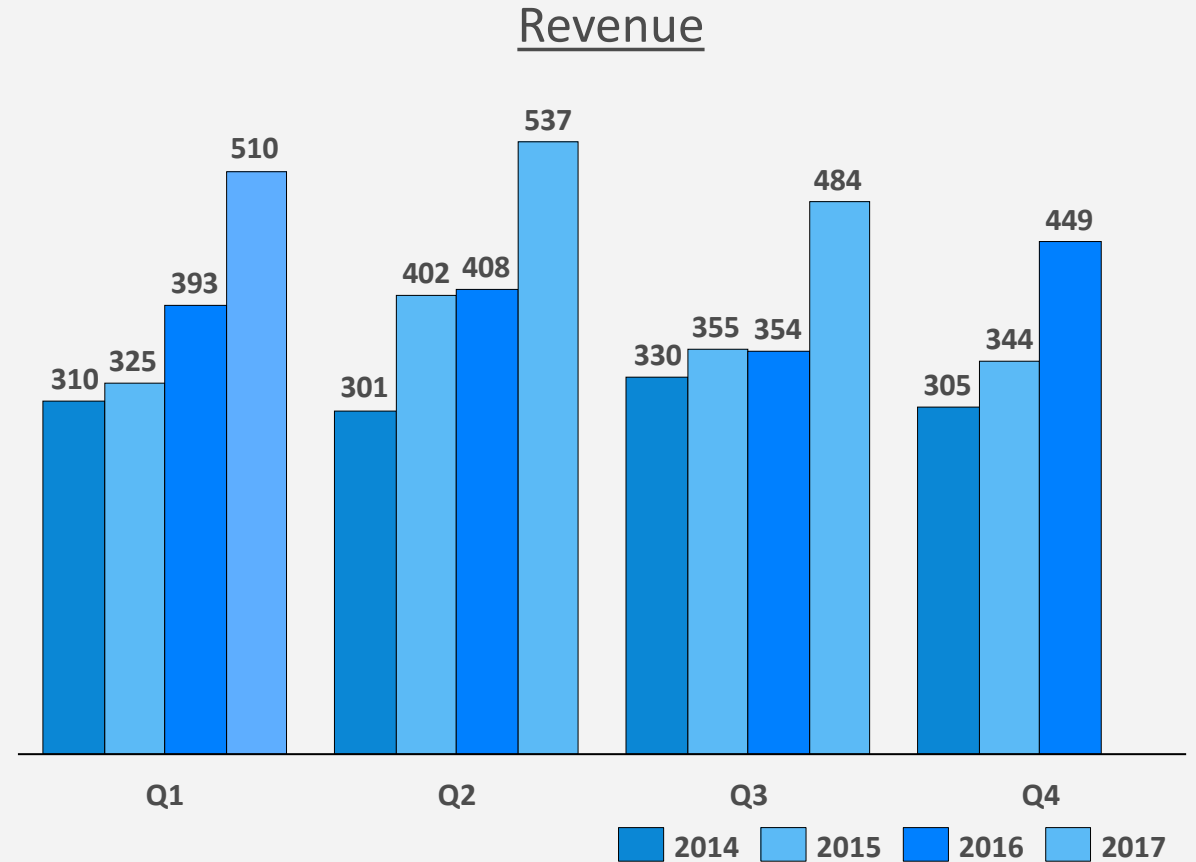




 **Financial performance Q3 2017** – by CFO Simon Nyquist Martinsen

# Q3 2017 – Financial highlights

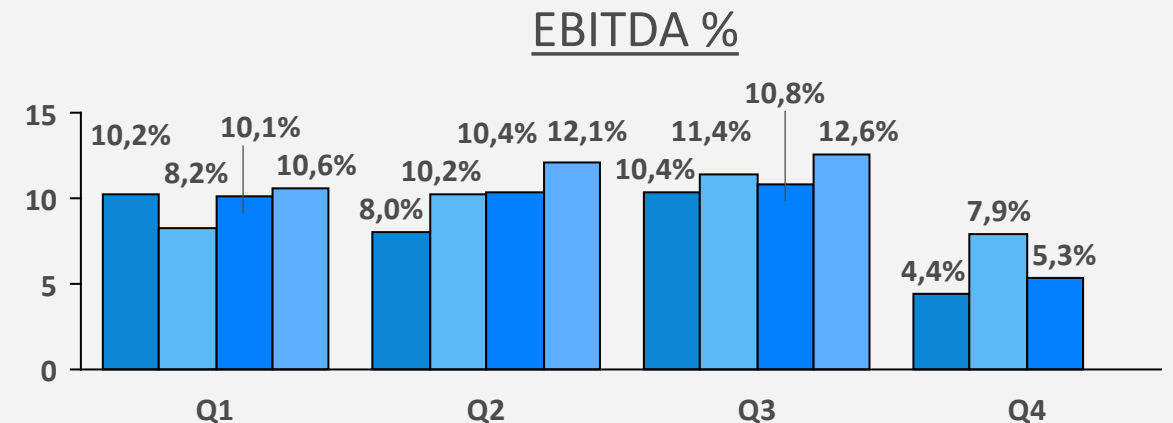
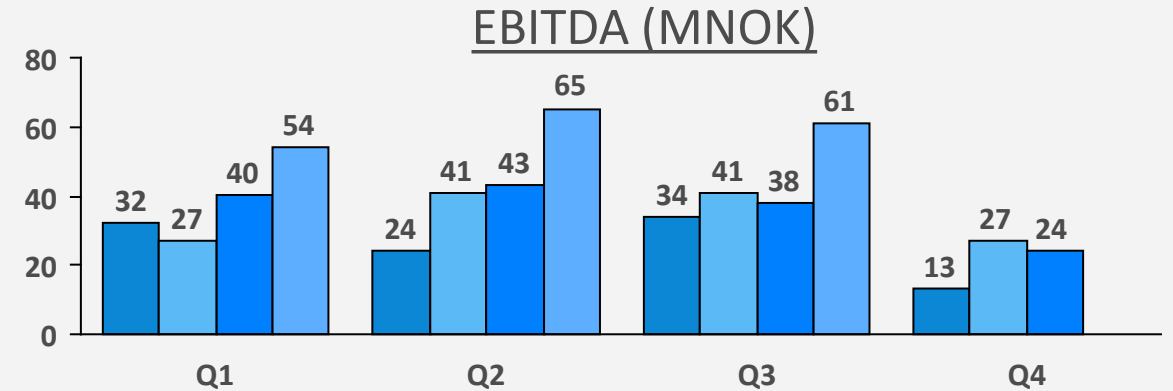
- 37 % growth, strong contributions from Nordic and Americas
- Last twelve months order intake and sales now at 2,474 MNOK and 1,980 MNOK respectively
- The order book has grown to 1,380 MNOK at the end of Q3, which is 494 MNOK higher than at the end of Q3 2016





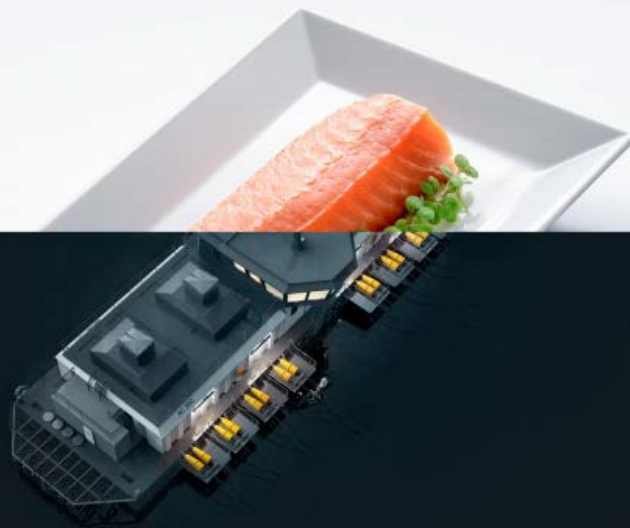
# Q3 2017 – Financial highlights

- A very strong quarter for AKVA Marine Services, ending the quarter with an EBITDA of 12 MNOK
- All entities in the Nordic region is performing above last year
- The entities in the Americas region has a very strong quarter compared to Q3 2016
- The margins in the Land Based segment is increasing quarterly, with strong underlying performance from Aquatec Solutions



■ 2014 ■ 2015 ■ 2016 ■ 2017

## BIOLOGY



## TECHNOLOGY

By developing technology focused on solving the biological challenges we contribute to the continued development of a sustainable industry with fish welfare as the most important success criteria. Good fish health is paramount in achieving good results and investing in our technology will help deliver both.

# Cage Based Technologies

## Nordic

- All entities contributing positively YoY
- Very strong quarter for AKVA Marine Services
- Revenue up 31% compared to Q3 2016

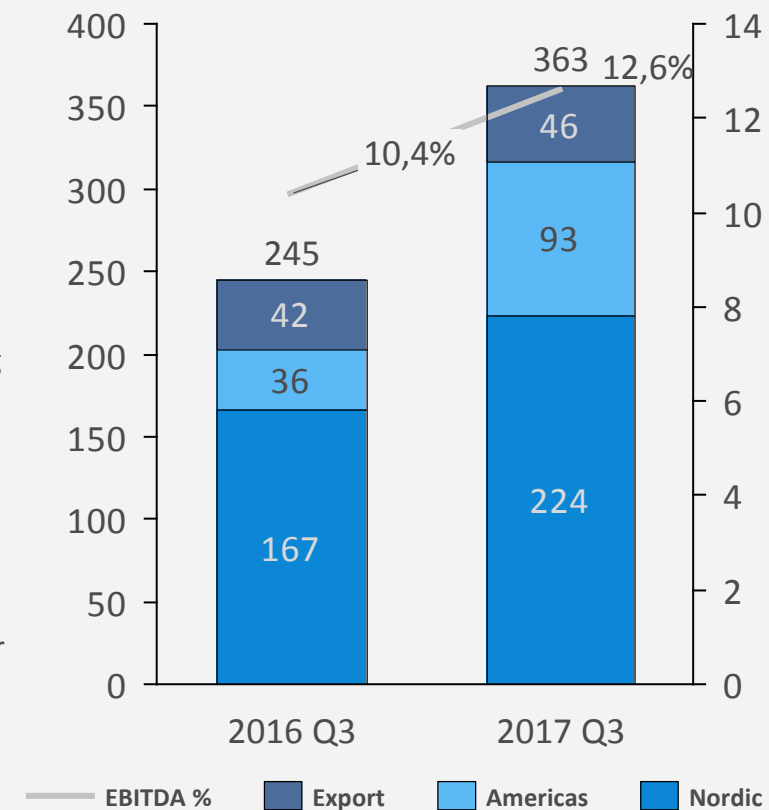
## Americas

- Another strong quarter in Chile, improving the EBITDA with 7.3 MNOK YoY
- The operation in North America and Australasia is ending the quarter with an EBITDA of 3.6 MNOK, compared to 0.3 MNOK last year

## Export

- UK ended another strong quarter with an EBITDA of 4,7 MNOK, an increase from 3.3 MNOK last year
- Turkey and Spain delivers according to plan in the quarter
- Export to emerging markets – minor deliveries in the quarter. Sold to barges to Russia in the quarter, increasing the order backlog

## Revenue and EBITDA %



## BIOLOGY



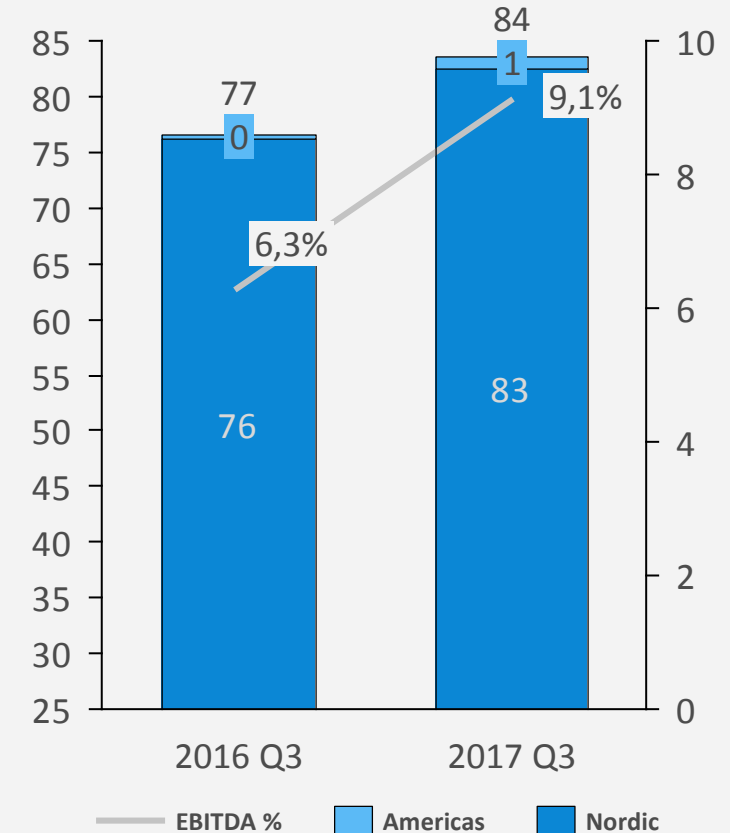
## TECHNOLOGY

By developing technology focused on solving the biological challenges we contribute to the continued development of a sustainable industry with fish welfare as the most important success criteria. Good fish health is paramount in achieving good results and investing in our technology will help deliver both.

# Land Based Technologies

- Good underlying performance in Aquatec Solutions and Plastsveis in the quarter with a total EBITDA of 6.4 MNOK
- Cost reductions in AKVA group Denmark starting to give effect, ending the quarter with positive figures
- Order intake of 92.1 MNOK in the quarter resulting in an order backlog of 629 MNOK in the segment end of Q3 2017

Revenue and EBITDA %



## BIOLOGY



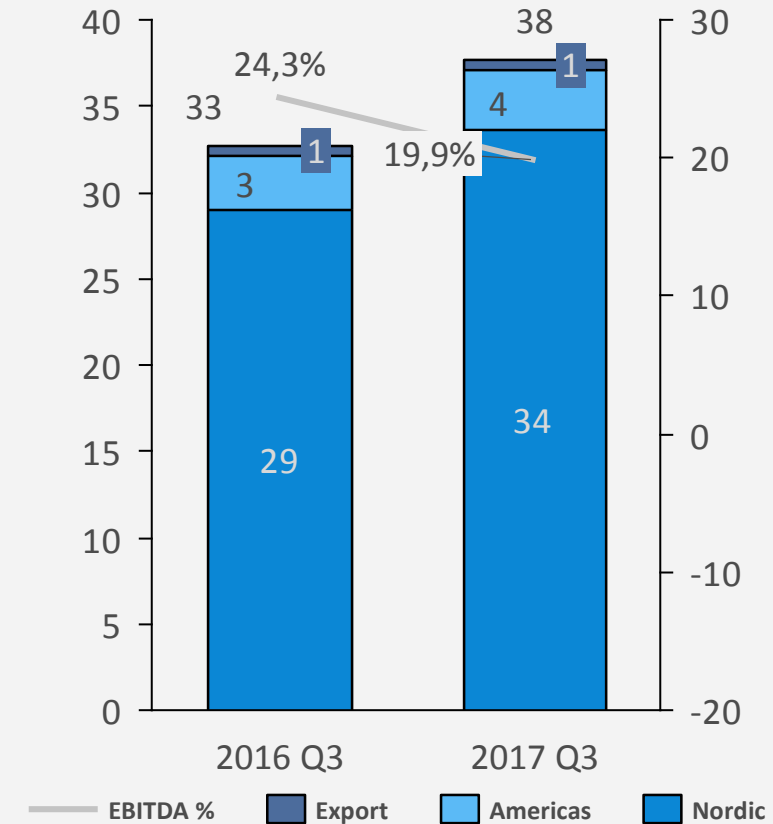
## TECHNOLOGY

By developing technology focused on solving the biological challenges we contribute to the continued development of a sustainable industry with fish welfare as the most important success criteria. Good fish health is paramount in achieving good results and investing in our technology will help deliver both.

# Software

- AKVA group Software ends the quarter with an EBITDA of 4.2 MNOK
- All entities with stronger margins in the third quarter, compared to both Q1 and Q2
- We are currently carrying out a strategic evaluation of Wise ehf in order to realize the potential of the business going forward

Revenue and EBITDA %



# Financials – Detailed P&L

(MNOK)	2017 Q3	2016 Q3	2017 YTD	2016 YTD	2016 Total
Order backlog	1 379,9	885,6	1 379,9	885,6	997,7
Order intake	546,0	417,4	1 913,5	1 391,2	1 952,0
<b>P&amp;L</b>					
<b>OPERATING REVENUES</b>	<b>483,9</b>	<b>353,8</b>	<b>1 531,3</b>	<b>1 154,5</b>	<b>1 603,1</b>
Operating costs ex depreciations	423,1	315,5	1 351,4	1 034,0	1 458,9
<b>EBITDA</b>	<b>60,8</b>	<b>38,3</b>	<b>180,0</b>	<b>120,5</b>	<b>144,2</b>
Depreciation and amortization	20,1	17,5	61,5	48,8	69,2
<b>EBIT</b>	<b>40,7</b>	<b>20,8</b>	<b>118,5</b>	<b>71,7</b>	<b>75,0</b>
Net interest expense	-3,2	-1,0	-9,2	-4,9	-6,6
Other financial items	-2,9	-3,6	-7,0	-15,0	-19,8
Net financial items	-6,0	-4,5	-16,3	-19,9	-26,4
<b>EBT</b>	<b>34,7</b>	<b>16,2</b>	<b>102,2</b>	<b>51,8</b>	<b>48,6</b>
Taxes	8,4	5,5	29,5	16,0	21,0
<b>NET PROFIT</b>	<b>26,2</b>	<b>10,8</b>	<b>72,8</b>	<b>35,7</b>	<b>27,6</b>
<b>Net profit (loss) attributable to:</b>					
Non-controlling interests	0,2	1,4	0,3	0,3	0,1
Equity holders of AKVA group ASA	26,0	9,4	72,4	35,4	27,5
Revenue growth	36,8 %	-0,3 %	32,6 %	6,8 %	12,5 %
EBITDA margin	12,6 %	10,8 %	11,8 %	10,4 %	9,0 %
EPS (NOK)	1,01	0,36	2,80	1,37	1,06

• Whereof Land Based is 629 MNOK

• Increased depreciation mainly due to increased rental CAPEX, investments in AKVA Marine Services and amortization

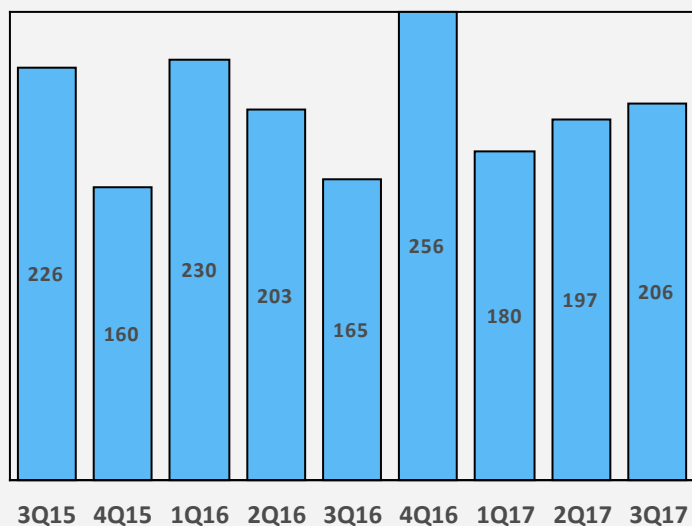
• Increased due to higher net debt

• 3.2 MNOK relates to investment in Atlantis Subsea Farming AS

• Minority shareholders (49%) in Wise Blue AS

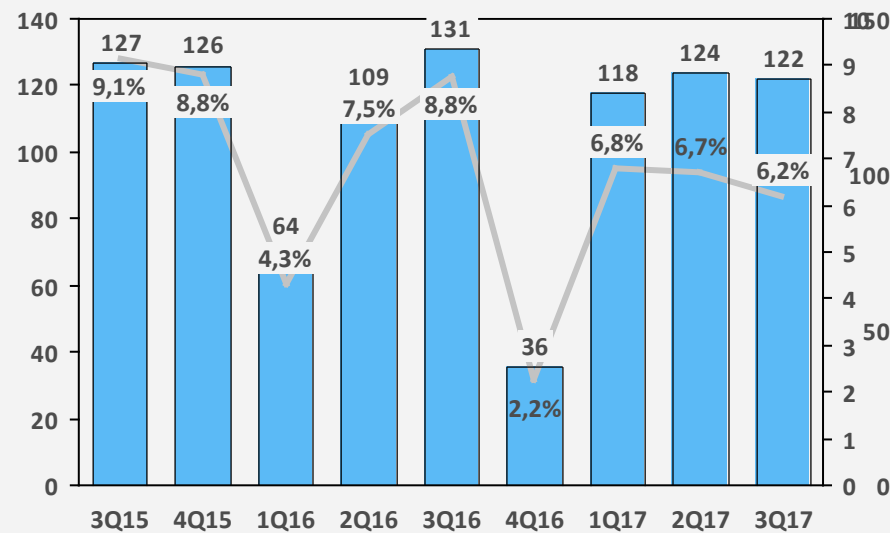
# Group financial profile – remains strong

## Available cash



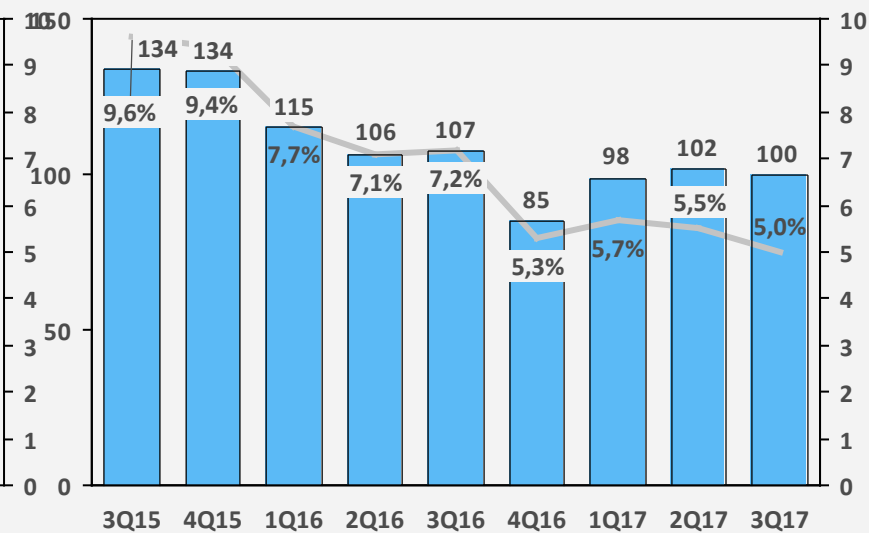
- Including 83 MNOK of a 90 MNOK credit facility in Danske Bank, as of Q3 2017
- Refinancing of long term loans, increased credit facility and established a revolving credit is finalized in October. Securing around 246 MNOK in additional available cash. E.g. cash reserve is close to 450 MNOK.

## Working capital



- The graph shows absolute working capital and working capital relative to last twelve months revenue
- Continued strong capital discipline in the Group

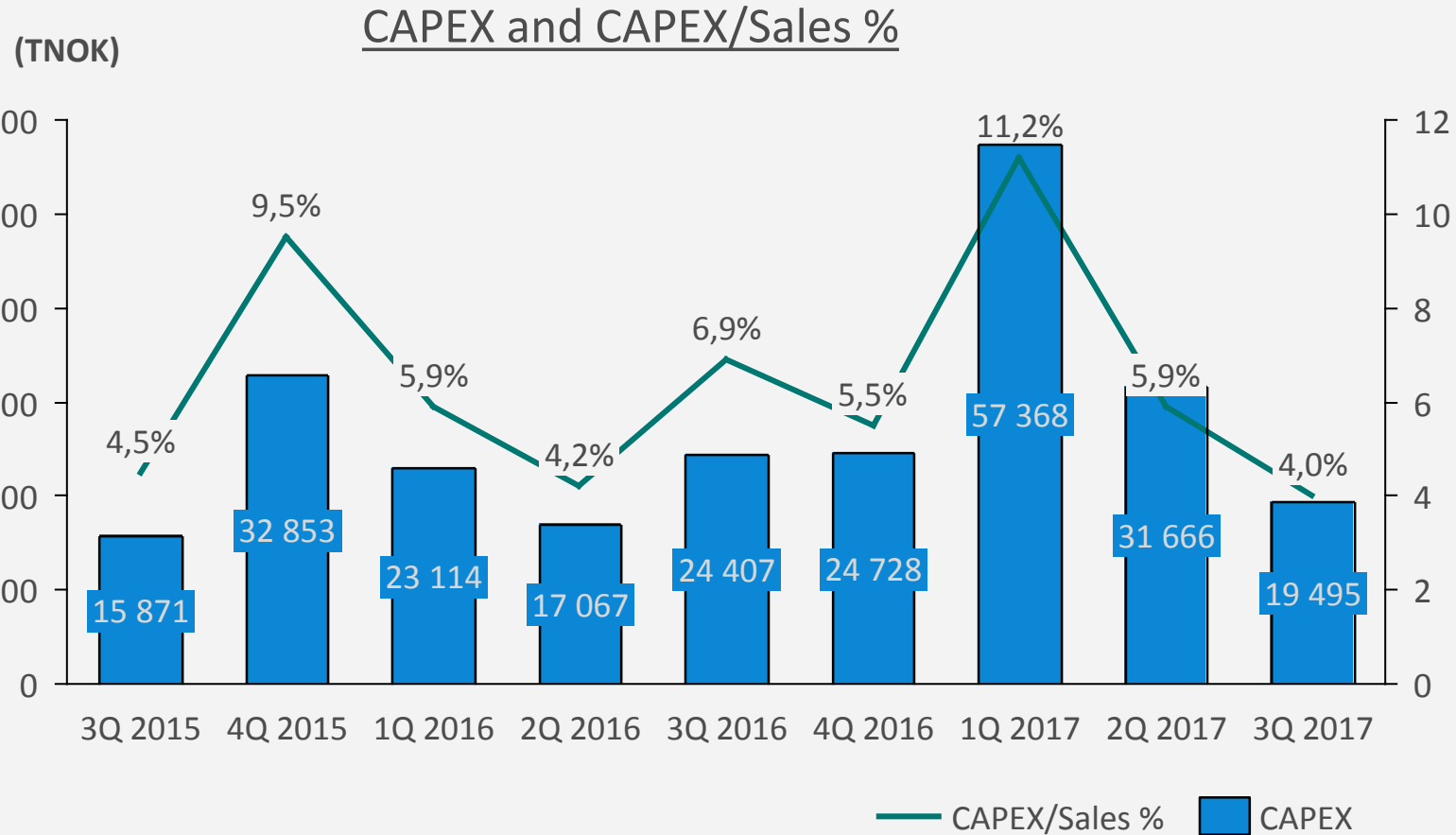
## Average working capital



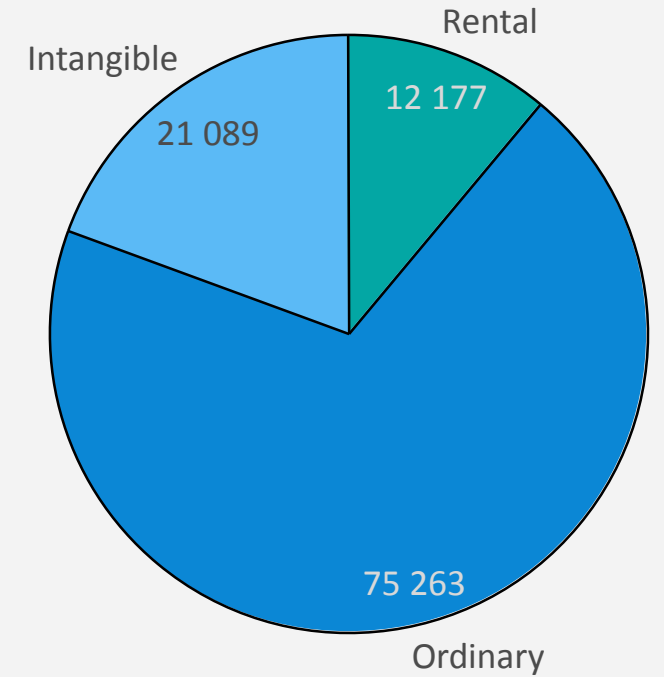
- The graph shows 12 months average working capital and average working capital relative to last twelve months revenue
- Continued positive relative working capital development



# CAPEX

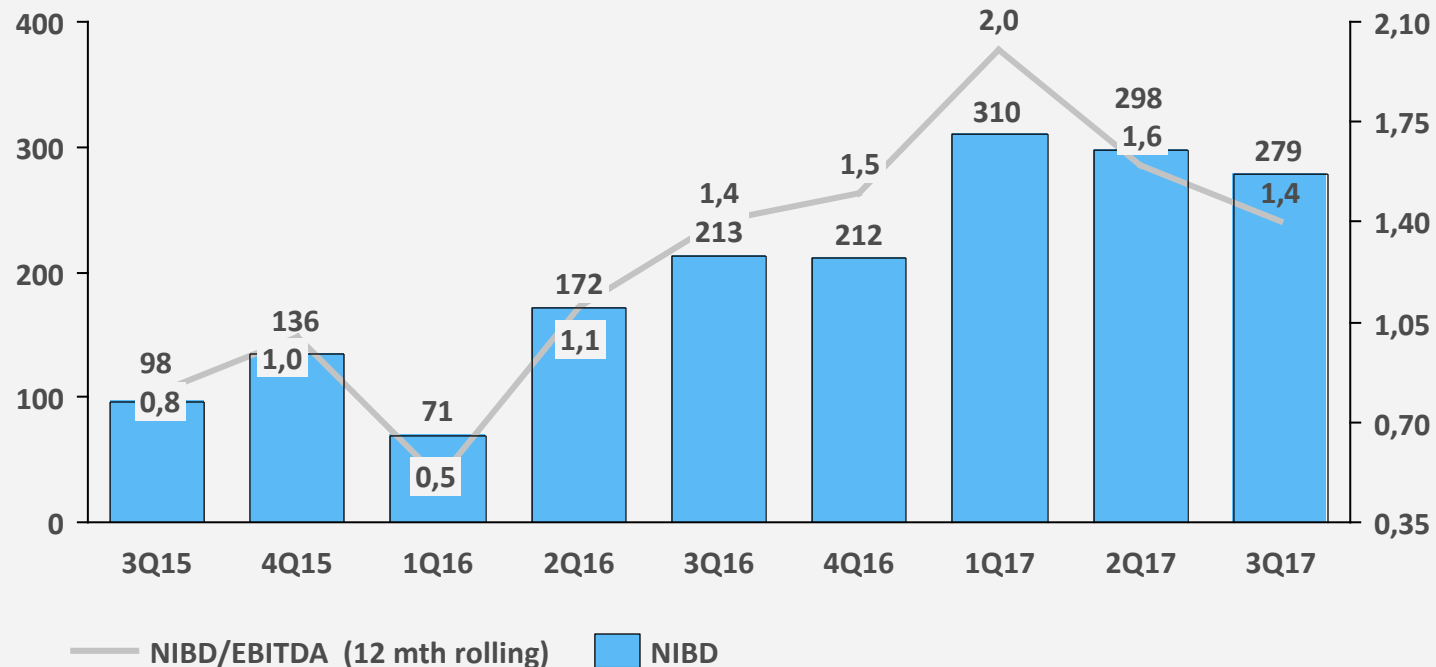


CAPEX breakdown YTD 2017



# Net debt/EBITDA of 1.4

## Net debt (MNOK) and net debt/EBITDA

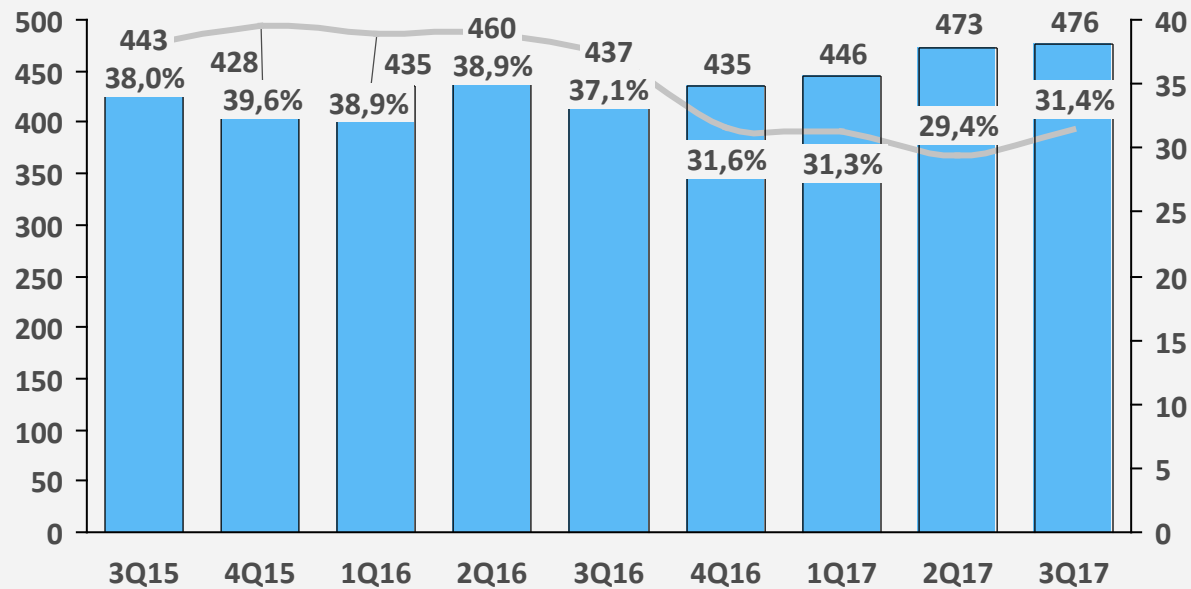


## Change in net debt (TNOK)

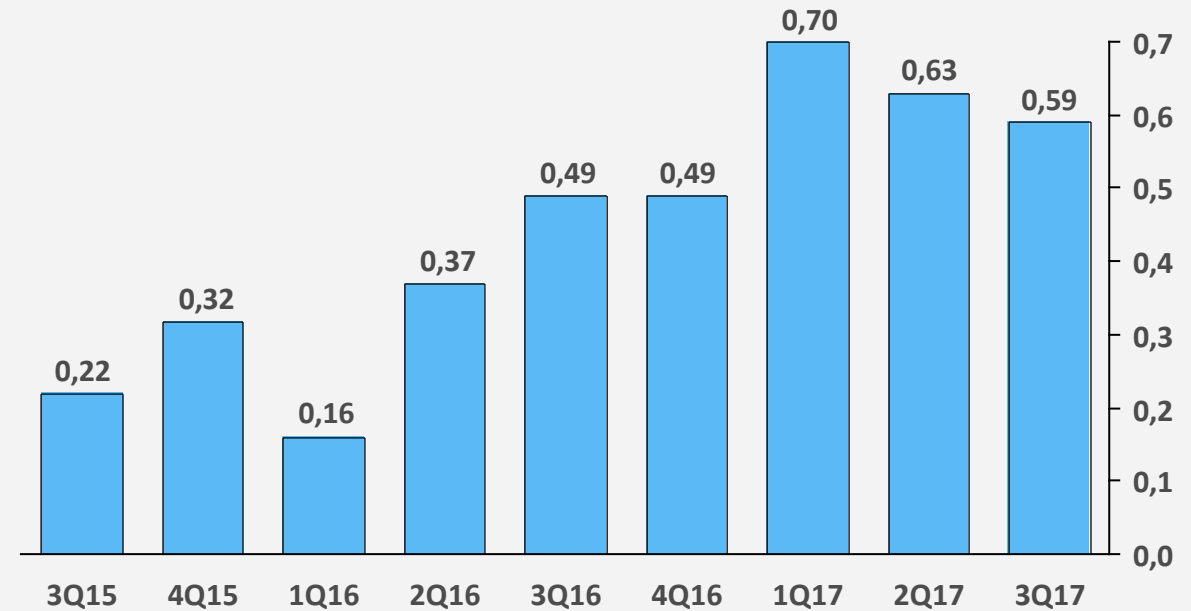
<b>Net debt 30.06.2017</b>	<b>298 368</b>
EBITDA	-60 804
Income taxes paid	1 125
Net interest paid	3 151
Capex	19 495
Acquisitions / Divestments	-
Long-term financial assets	-
Paid dividend	19 354
Buyback own shares	-5 473
Sale of fixed assets	-
Currency effects	5 096
Other changes in working capital	-1 550
<b>Net change</b>	<b>-19 605</b>
<b>Net debt 30.09.2017</b>	<b>278 762</b>

# Group financial profile – remains strong, continued

## Equity and Equity / Total Balance

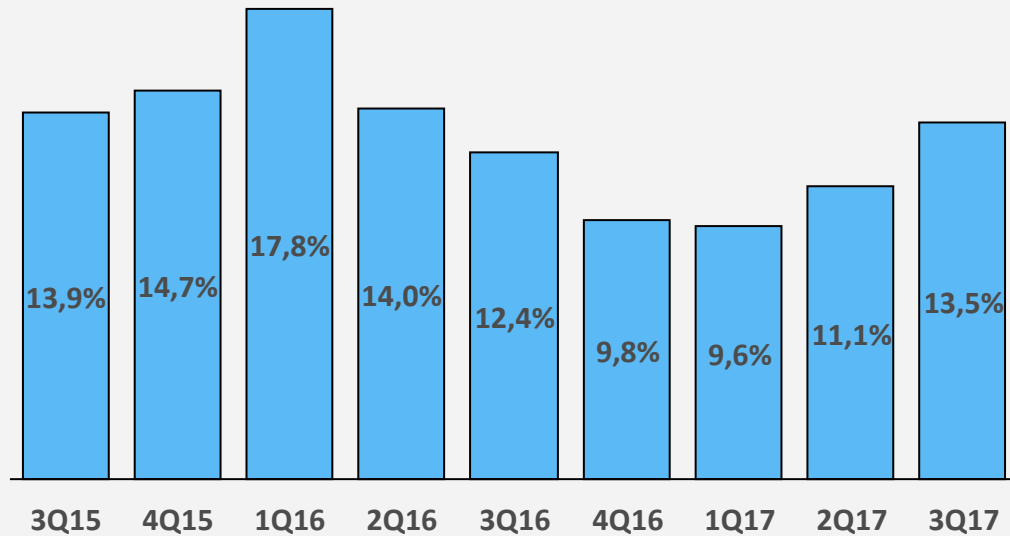


## NIBD / Equity

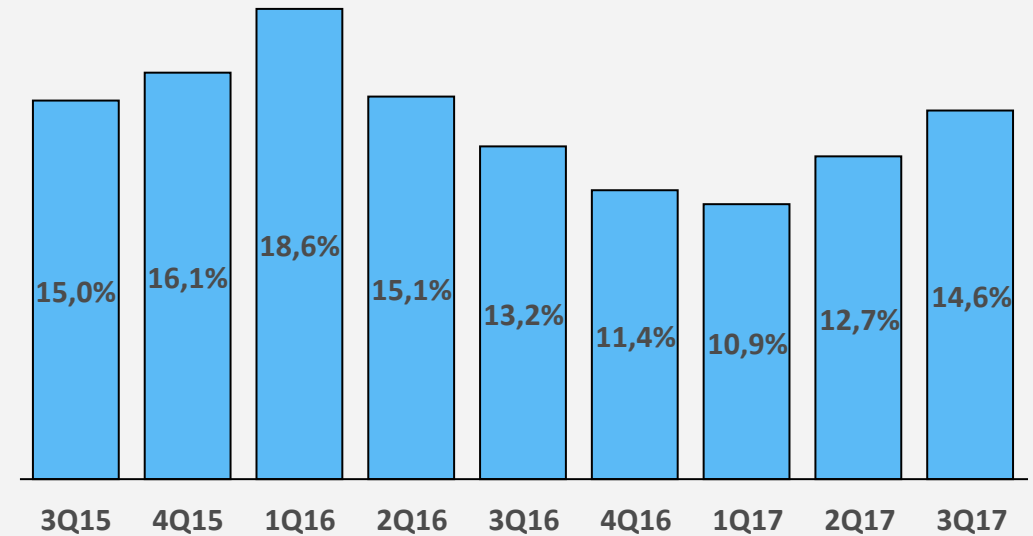


# Group financial profile – remains strong, continued

## ROCE



## ROACE



# Cash flow statement

<b>CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW</b> (NOK 1 000)	<b>Note</b>	<b>2017</b> <b>Q3</b>	<b>2016</b> <b>Q3</b>	<b>2017</b> <b>YTD</b>	<b>2016</b> <b>YTD</b>	<b>2016</b> <b>Total</b>
Net cash flow from operations		54 275	33 221	159 382	93 664	105 596
Net cash flow from change in working capital		1 550	-25 355	-80 277	10 404	106 050
Net cash flow from operational activities		55 825	7 866	79 105	104 067	211 645
Net cash flow from investment activities	1,3	-21 585	-17 271	-74 688	-136 999	-260 324
Net cash flow from financial activities		-20 998	-13 646	-46 325	53 576	105 646
Net change in cash and cash equivalents		13 241	-23 051	-41 908	20 645	56 967
Net foreign exchange differences		-2 648	-2 412	-404	-3 974	-941
Cash and cash equivalents at the beginning of the period		112 638	151 651	165 543	109 517	109 517
Cash and cash equivalents at the end of the period		123 232	126 187	123 232	126 187	165 543

# Balance sheet

<b>BALANCE SHEET</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
(MNOK)	30.09	30.09	31.12

ASSETS	1 521	1 179	1 376
Intangible non-current assets	578	411	575
Tangible non-current assets	197	138	151
Financial non-current assets	10	5	6
Inventory	223	178	186
Receivables	389	321	292
Cash and cash equivalents	123	126	166
LIABILITIES AND EQUITY	1 521	1 179	1 376
Equity	476	427	435
Minority interest	1	11	0
Long-term interest bearing debt	358	265	348
Short-term interest bearing debt	44	75	30
Non-interest bearing liabilities	642	402	563





# 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
1 139 565	4,4 %	VERDIPAPIRFONDET ALFRED BERG		NOR
470 246	1,8 %	EIKA NORGE		NOR
460 414	1,8 %	VPF NORDEA KAPITAL		NOR
459 942	1,8 %	STATOIL PENSJON		NOR
381 300	1,5 %	MP PENSJON PK		NOR
367 623	1,4 %	VPF NORDEA AVKASTNING		NOR
300 000	1,2 %	MERTOUN CAPITAL AS		NOR
300 000	1,2 %	NORDEA NORDIC SMALL		FIN
257 444	1,0 %	NORDEA 1 SICAV		LUX
257 388	1,0 %	VERDIPAPIRFONDET DNB		NOR
198 315	0,8 %	VERDIPAPIRFONDET NOR		NOR
188 625	0,7 %	OLE MOLAUG EIENDOM A		NOR
164 455	0,6 %	ARCTIC FUNDS PLC		IRL
157 156	0,6 %	SIX SIS AG	Nominee	CHE
155 700	0,6 %	FORTE TRØNDER		NOR
150 000	0,6 %	DAHLE BJØRN		NOR
145 653	0,6 %	ROGALAND SJØ AS		NOR
121 900	0,5 %	METZLER EURO SMALL +		IRL
<b>22 778 831</b>	<b>88,2 %</b>	<b>20 largest shareholders</b>		
3 055 472	11,8 %	Other		
<b>25 834 303</b>	<b>100,0 %</b>	<b>Total number of shares as per 30.09.2017</b>		

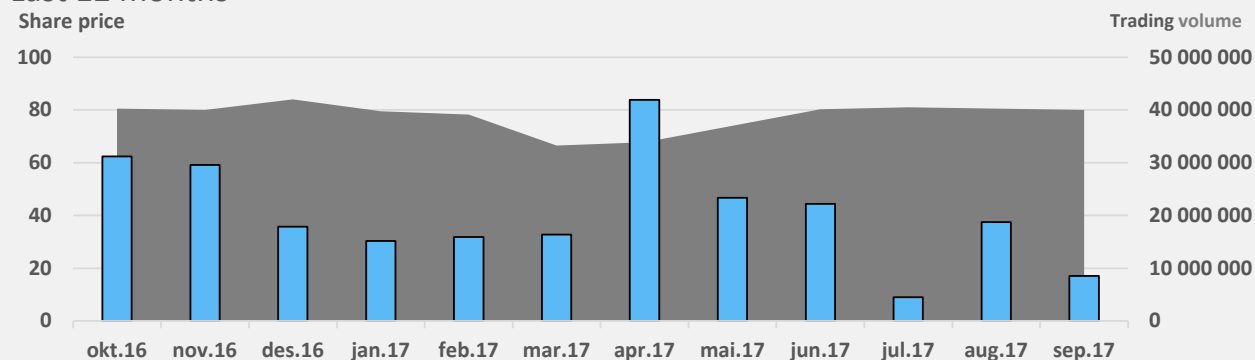
## Origin of shareholders, 5 largest countries

No of shares	%	Origin	No of shareholders
20 214 827	78,2 %	Norway	973
3 954 198	15,3 %	Great Britain	19
403 978	1,6 %	Luxembourg	6
342 207	1,3 %	Ireland	5
326 945	1,3 %	Finland	4
592 148	2,3 %	Other	109

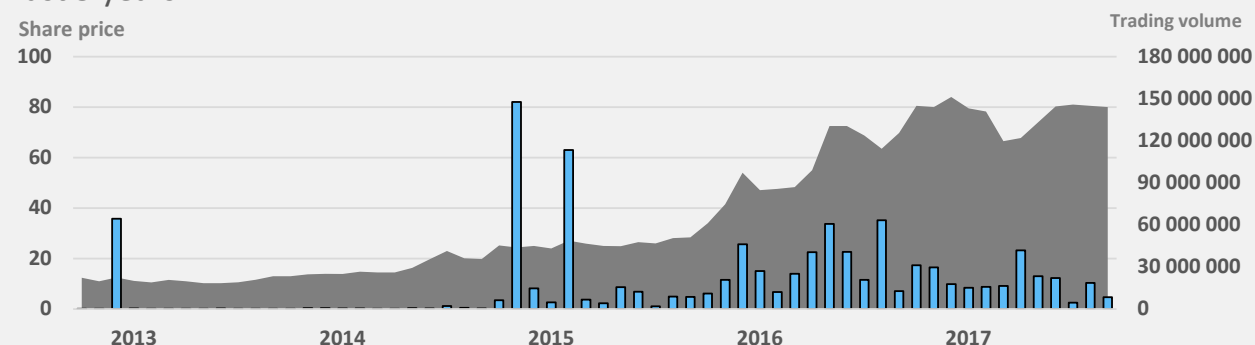
Total number of shareholders: 1116 - from 25 different countries

## Share development

### Last 12 months



### Last 5 years



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 **Outlook** – by CEO Hallvard Muri

**AKVA**GROUP™

# AKVA group in brief



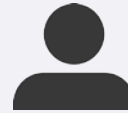
Leading  
technology  
and service  
partner



Listed on  
Oslo stock  
exchange  
since 2006



Deliveries  
in 65  
countries  
over 40  
years



Companies  
in 11  
countries.  
927  
employees





# Turn-key solutions

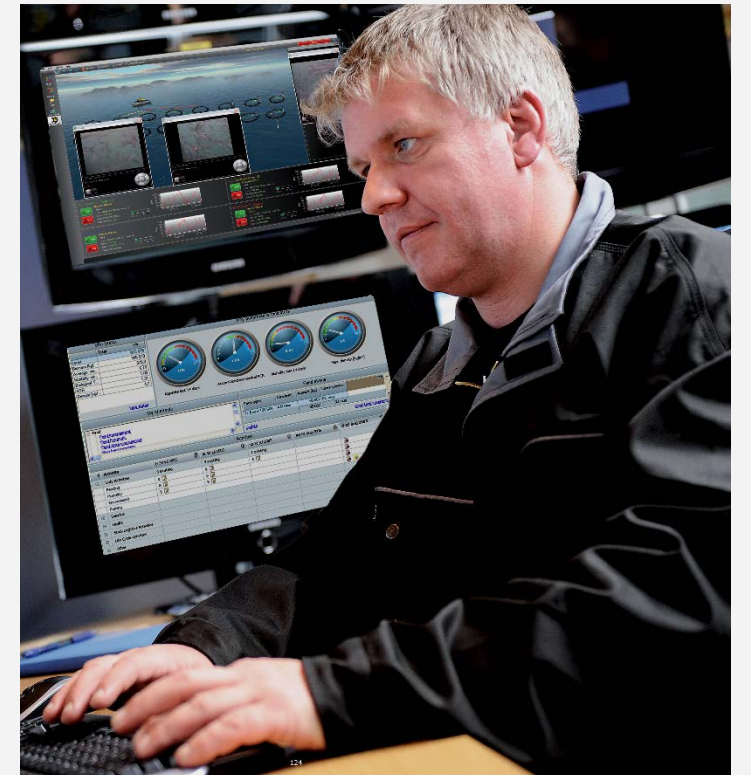
## Cage Based Technology



## Land Based Technology



## Software



CAPEX Based Revenue

CAGE BASED TECHNOLOGY



LAND BASED TECHNOLOGY



**SOFTWARE:** Fishtalk  
AKVAconnect  
Support

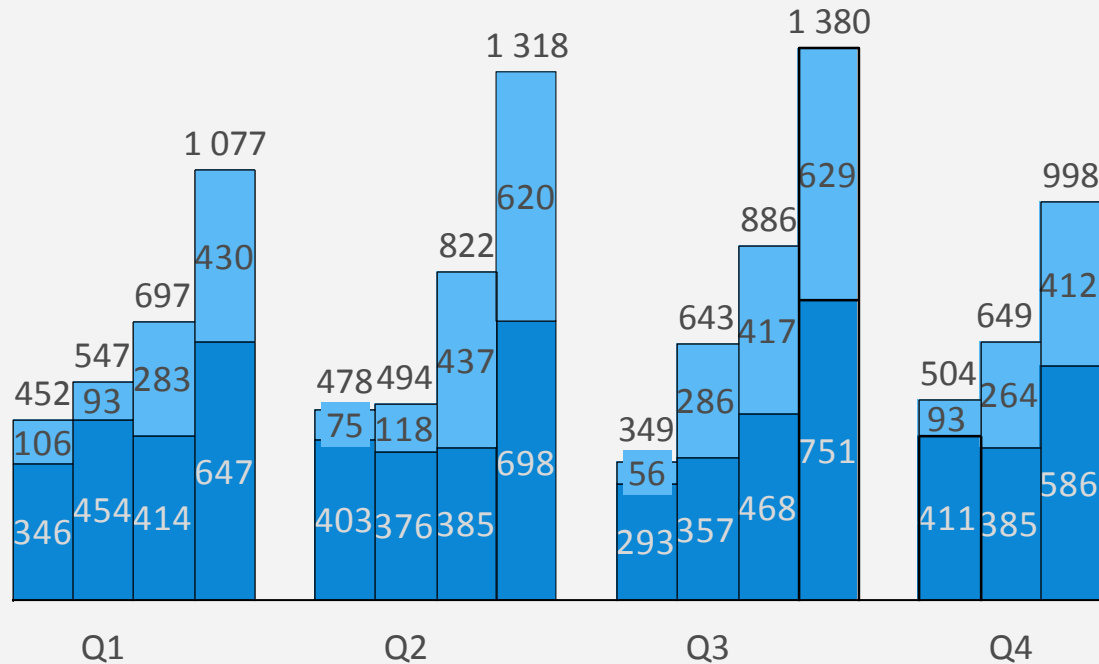


**MARINE SERVICES  
& AFTER SALE  
SERVICE:** Marine services  
Rentals  
After sale services

OPEX Based Revenue

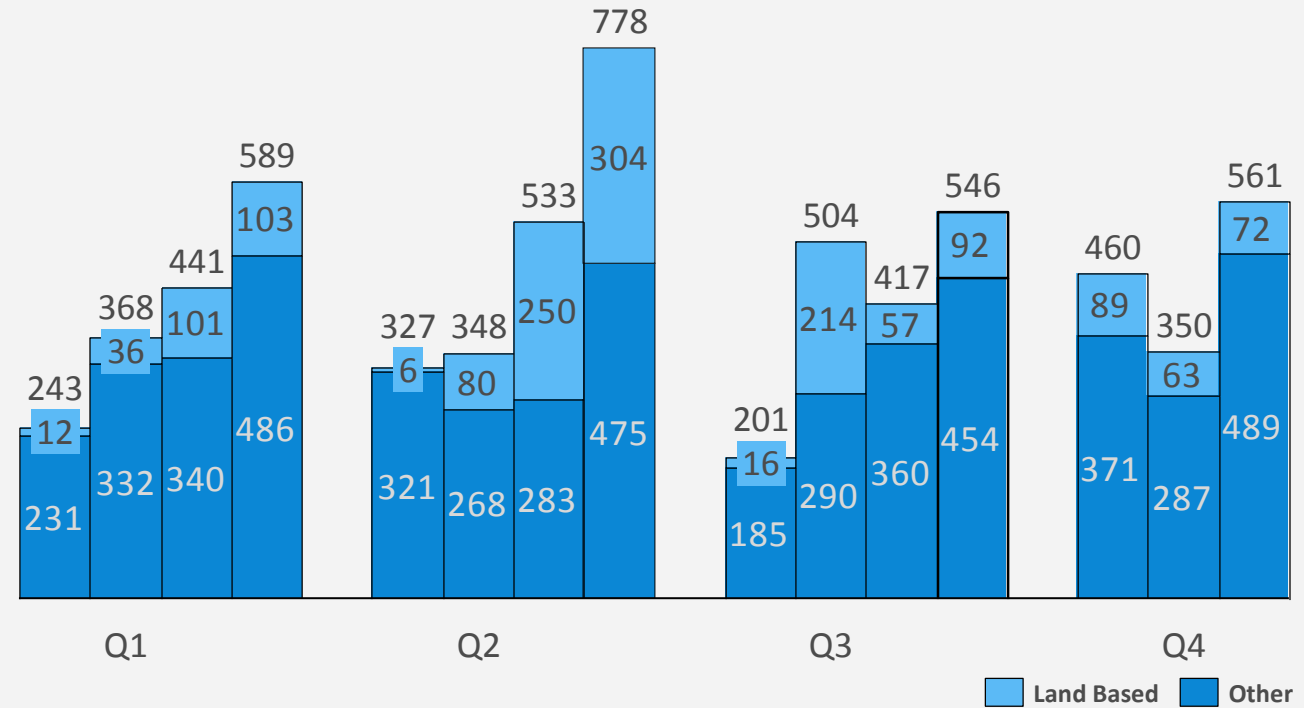
# Order backlog and inflow, 2014 through 2017

## Order backlog



- Strong order backlog, 1,380 MNOK
- 46% of total order backlog relates to Land Based Technology (LBT)

## Order intake



- High market activity and order intake of 546 MNOK

Land Based Other



# Outlook – AKVA group

- Underlying market assumptions continue to be strong
- Customers are increasing investments in Land Based and post smolt
- The Atlantis project is still at the Ministry for final decision
- Strategy process to be concluded in Q4
- Continued focus on internal improvements





**CUSTOMER FOCUS**  
**AQUACULTURE**  
**∞ KNOWLEDGE**  
**RELIABILITY**  
**ENTHUSIASM!**

