

Q3 2018 Presentation


Oslo – November 2nd 2018

Hallvard Muri, CEO

Simon Nyquist Martinsen, CFO



Agenda

 Highlights

 Financial performance

 Outlook


 Q&A

BIOLOGY



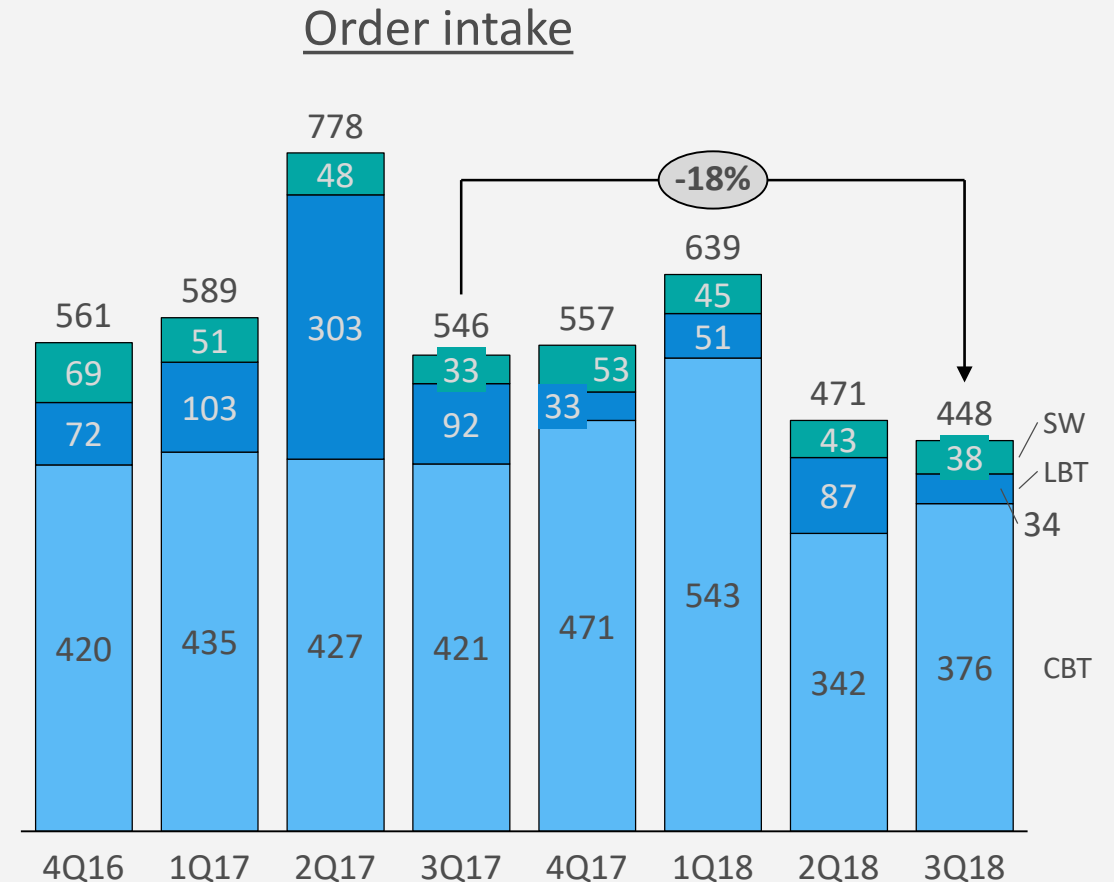
TECHNOLOGY



 **Highlights Q3 2018 – by CEO Hallvard Muri**

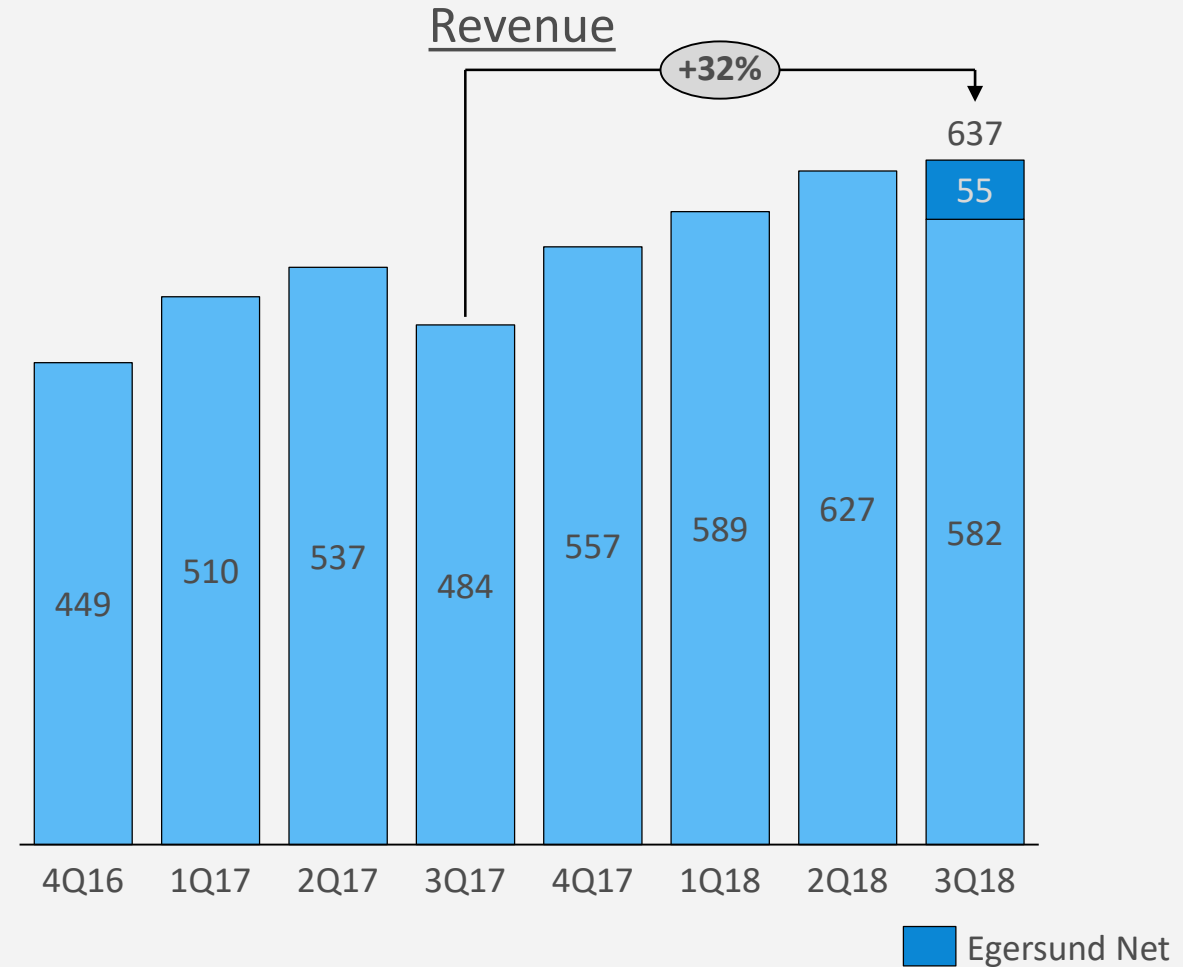
Order Intake development

- Order intake in Nordic CBT down compared to Q3 2017, but four barges signed in October for 80 MNOK
- Barge Supply and Sales Contract signed with Grieg NL Seafarms Ltd, not included in order backlog
- Included 95 MNOK in order intake from Egersund Net in the quarter (included in numbers from August 30th)
- As decisions for several large Land Based projects in the Nordic region continue to be pushed out in time, segment is down compared to last year
- Last twelve months order intake of 2,115 MNOK, compared to 2,471 MNOK full year 2017



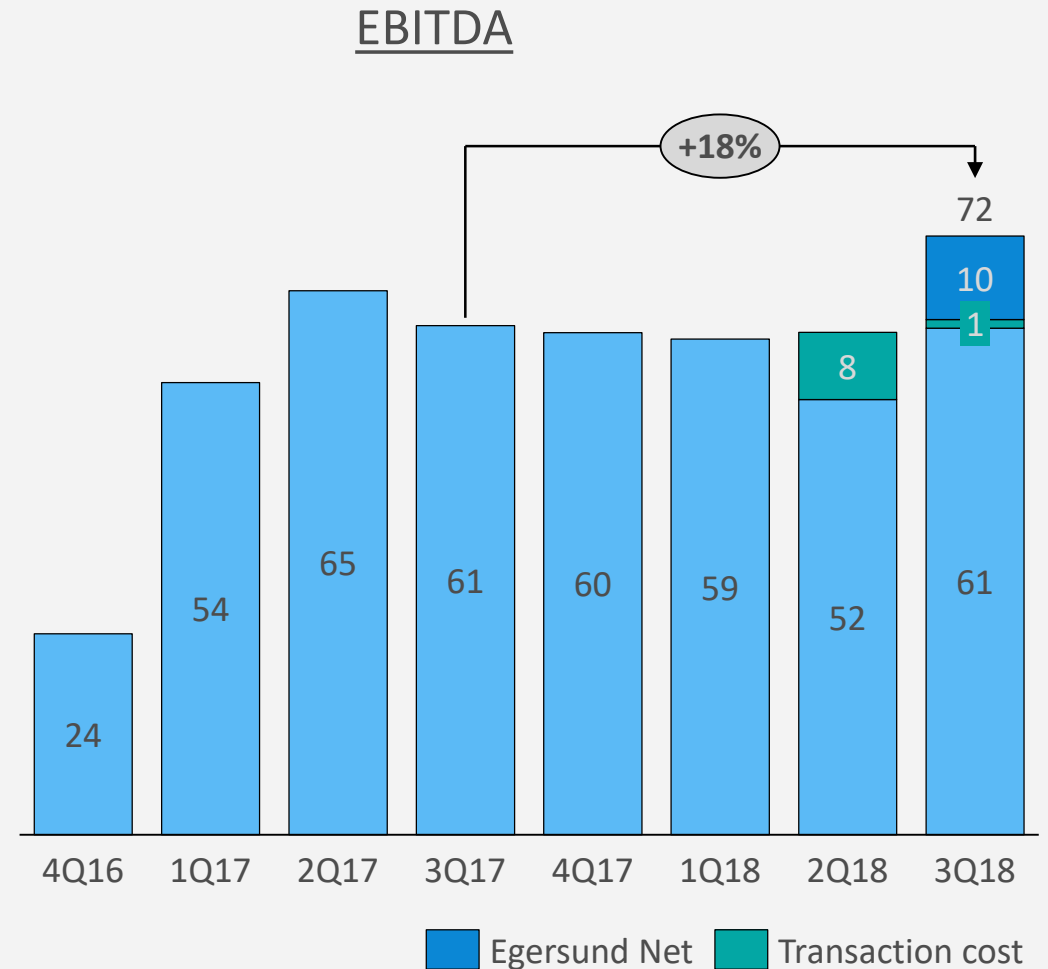
Backlog driving revenue

- 20 % organic increase in revenue compared to Q3 2017, 32 % increase including Egersund Net
- Europe & Middle East increased the revenue from 52 MNOK in Q3 2017 to 106 MNOK in Q3 2018
- Americas has another strong quarter with a revenue of 139 MNOK compared to 97 MNOK in Q3 2017
- Revenue for the Land Based segment with an increase of 49% YoY, ending the quarter with a revenue of 124 MNOK
- Egersund Net is included in the P&L figures from 01.09.2018



EBITDA with positive development

- EBITDA of 71 MNOK in the quarter, including 10 MNOK from Egersund Net in September
- Adjusted for 1 MNOK in acquisition costs related to the Egersund Net transaction, EBITDA ended at 72 MNOK in Q3 2018
- Europe & Middle East EBITDA at 8 MNOK, up from 6 MNOK last year
- Software with a strong quarter with 10 MNOK in EBITDA, compared to 8 MNOK in Q3 2017
- The positive development in the Land Based segment continues with an EBITDA of 13 MNOK compared to 8 MNOK in Q3 2017

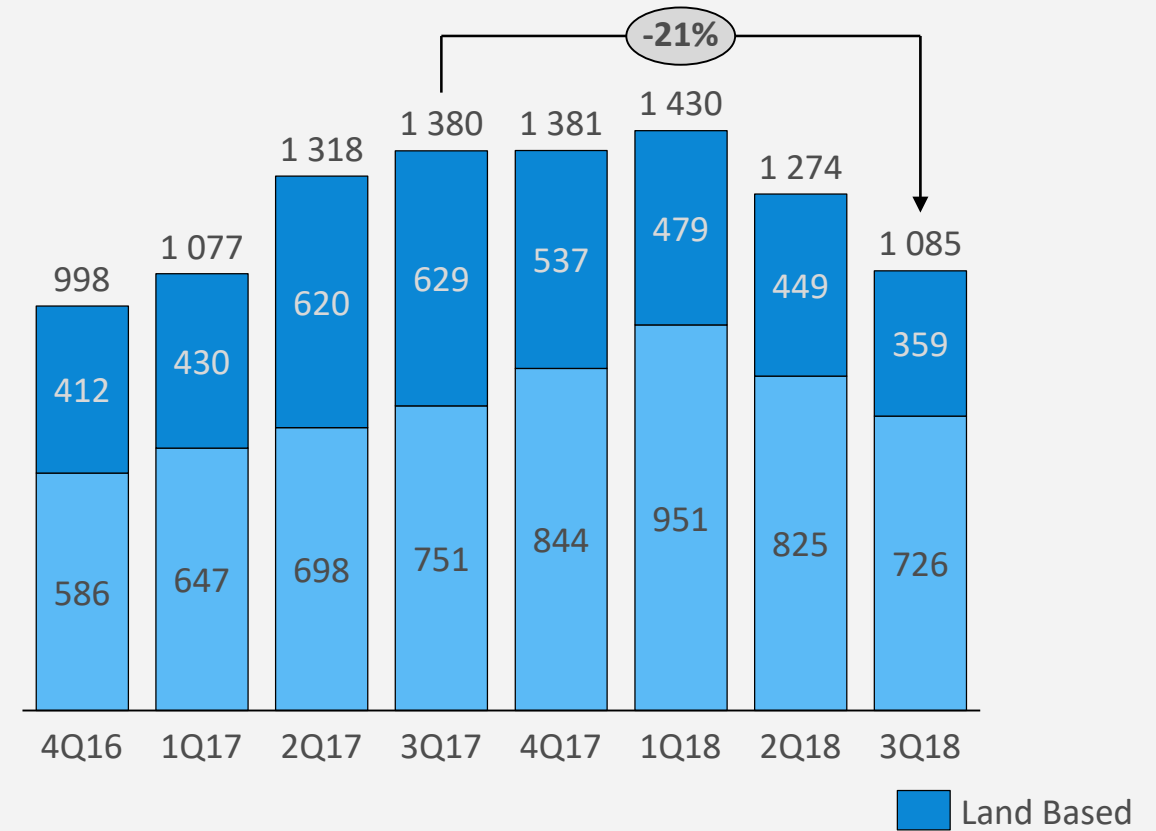


Order backlog development

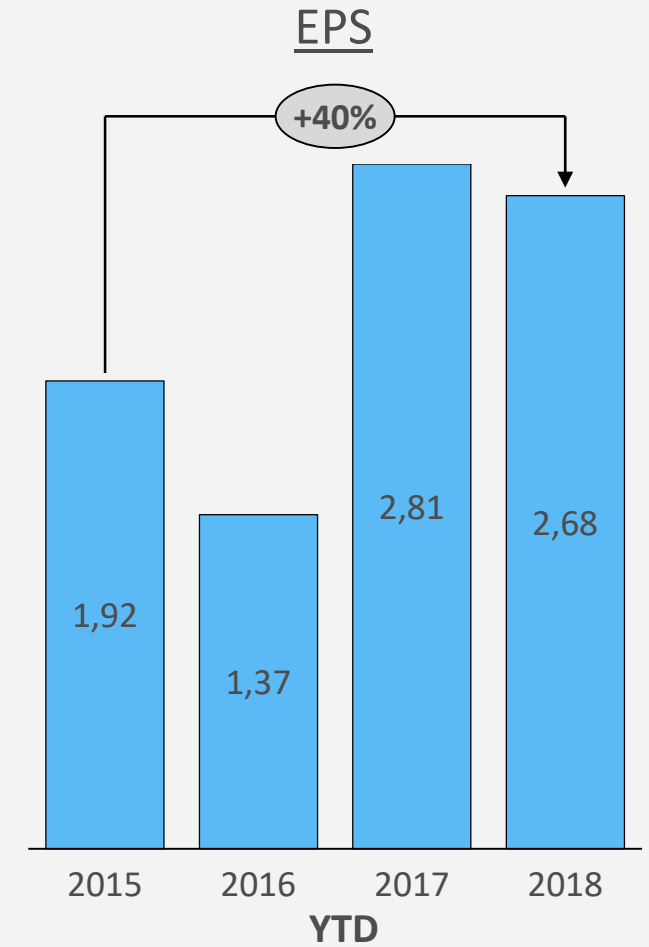
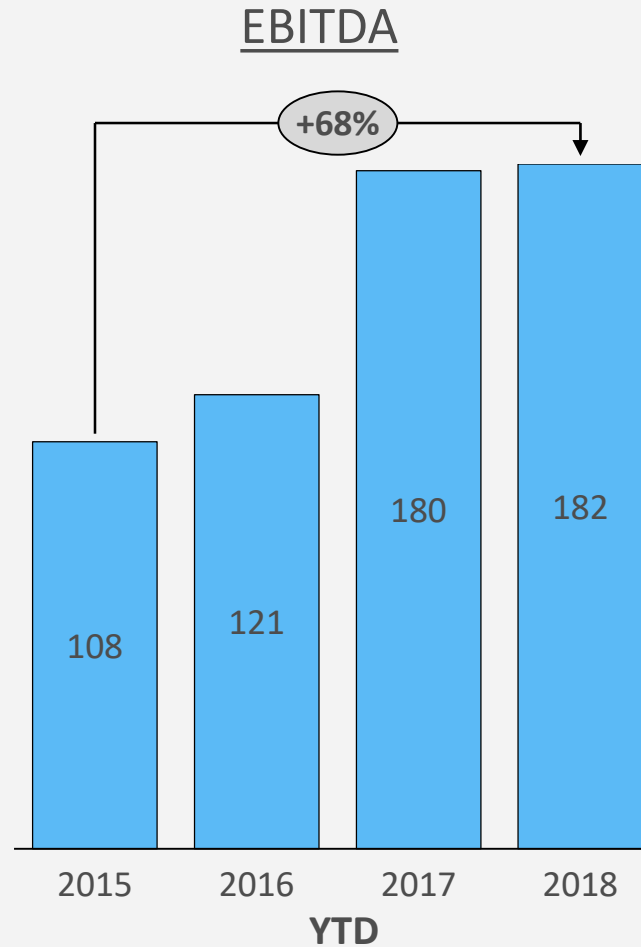
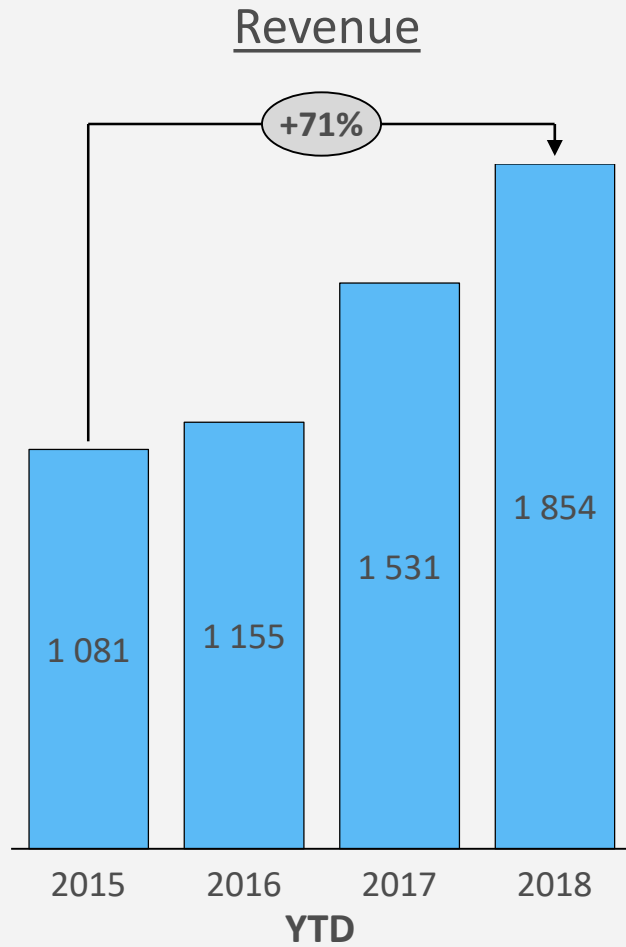
- **Third quarter 2018 – Highlights**

- Order backlog end of September of 1.1 BNOK
- Adjusted EBITDA of 72 MNOK in the quarter
- Dividend of 0.75 NOK paid out in September 2018
- Completion of transaction regarding acquisition of Egersund Net
- Entered into an agreement to divest Wise lausnir ehf
- Barge Supply and Sales Contract signed with Grieg NL Seafarms Ltd

Order backlog



Key financial metrics



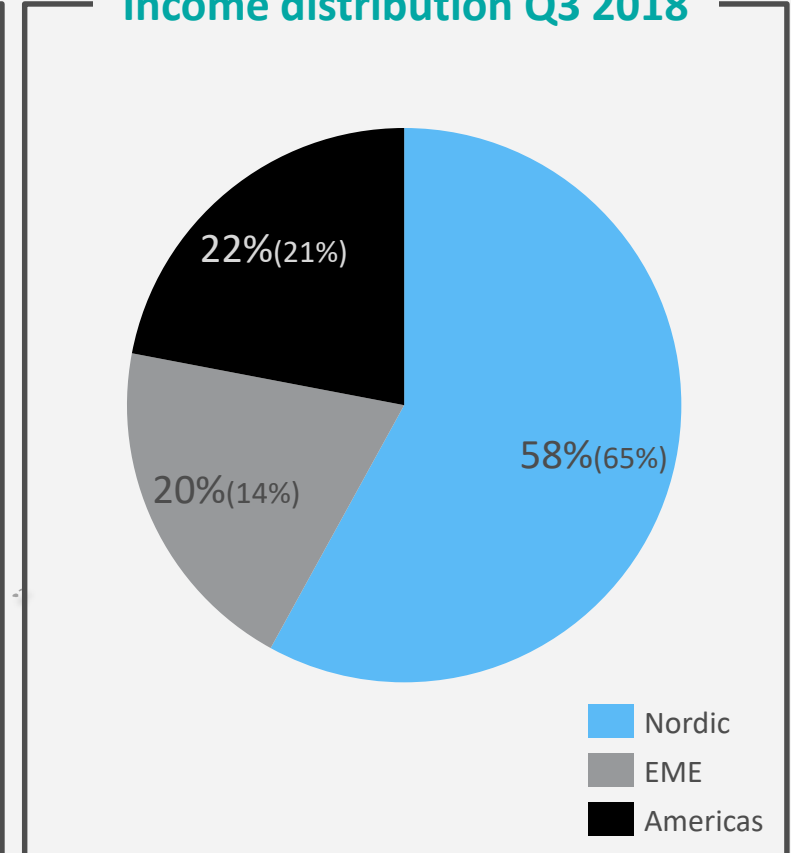
Not adjusted for acquisition costs related to the Egersund Net transaction

Where do we deliver

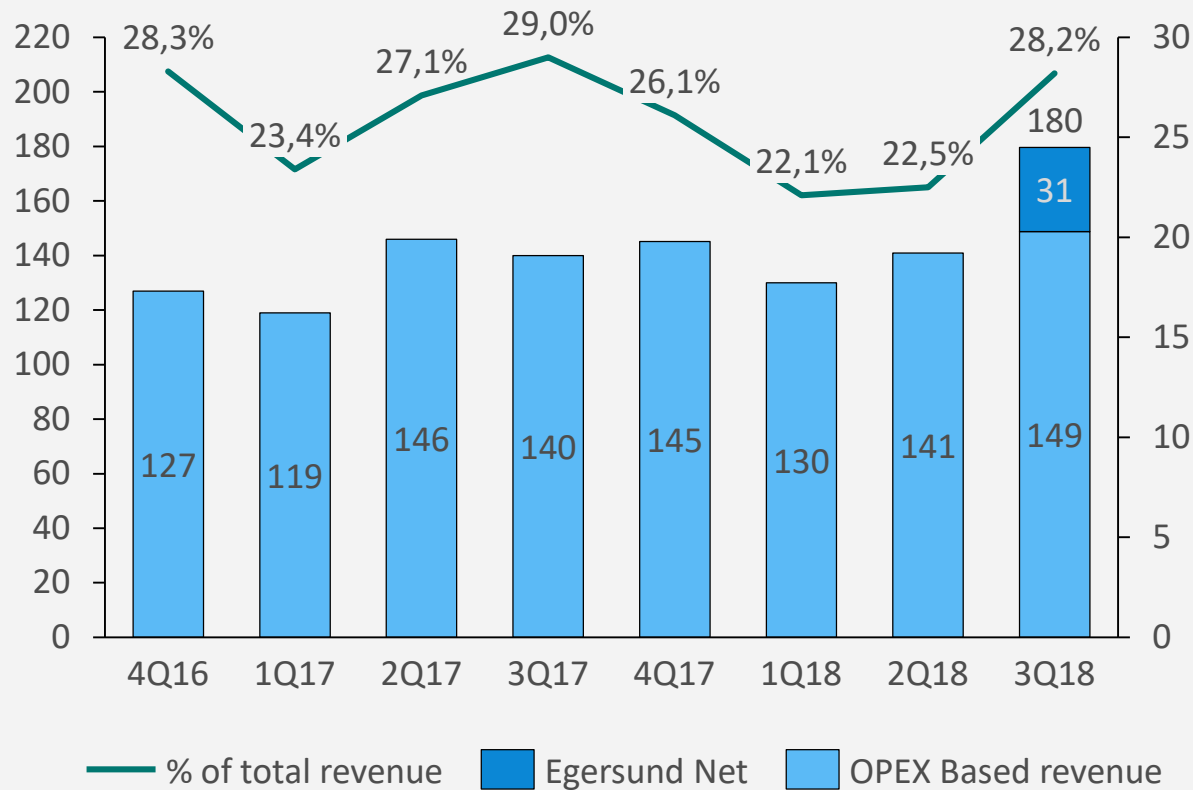
AKVA group's geographical regions



Income distribution Q3 2018

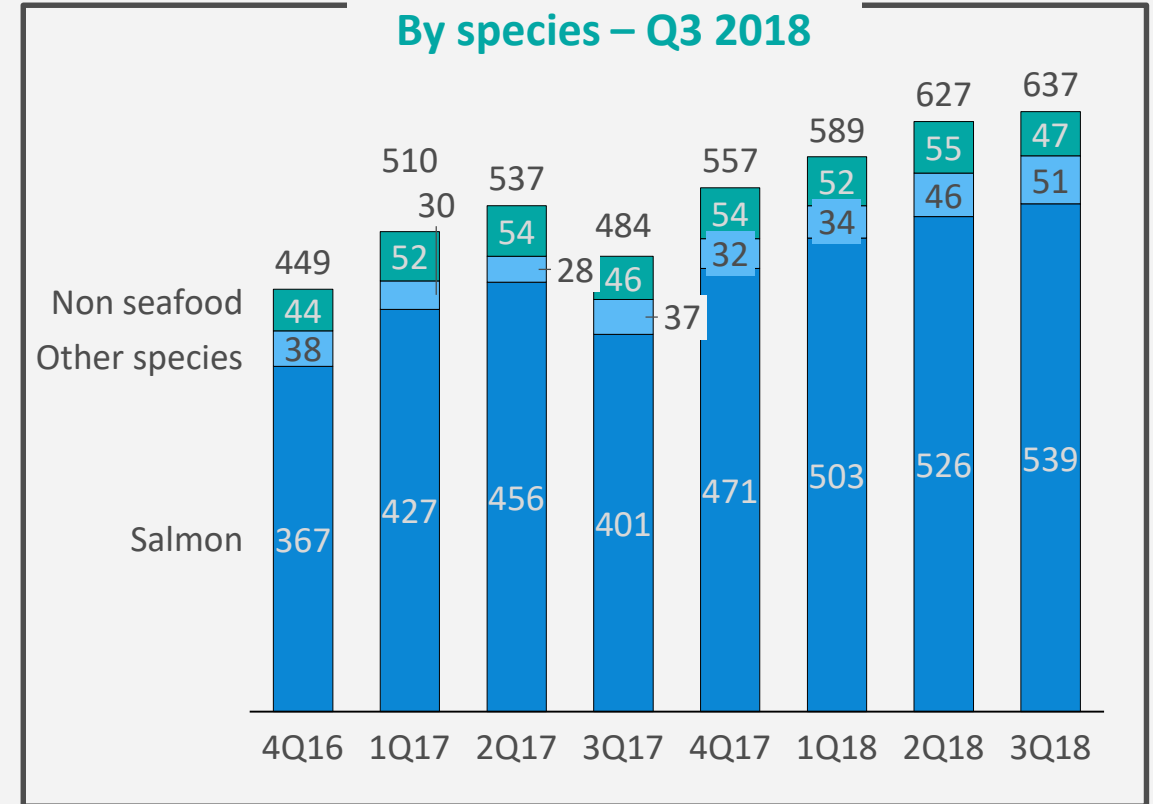
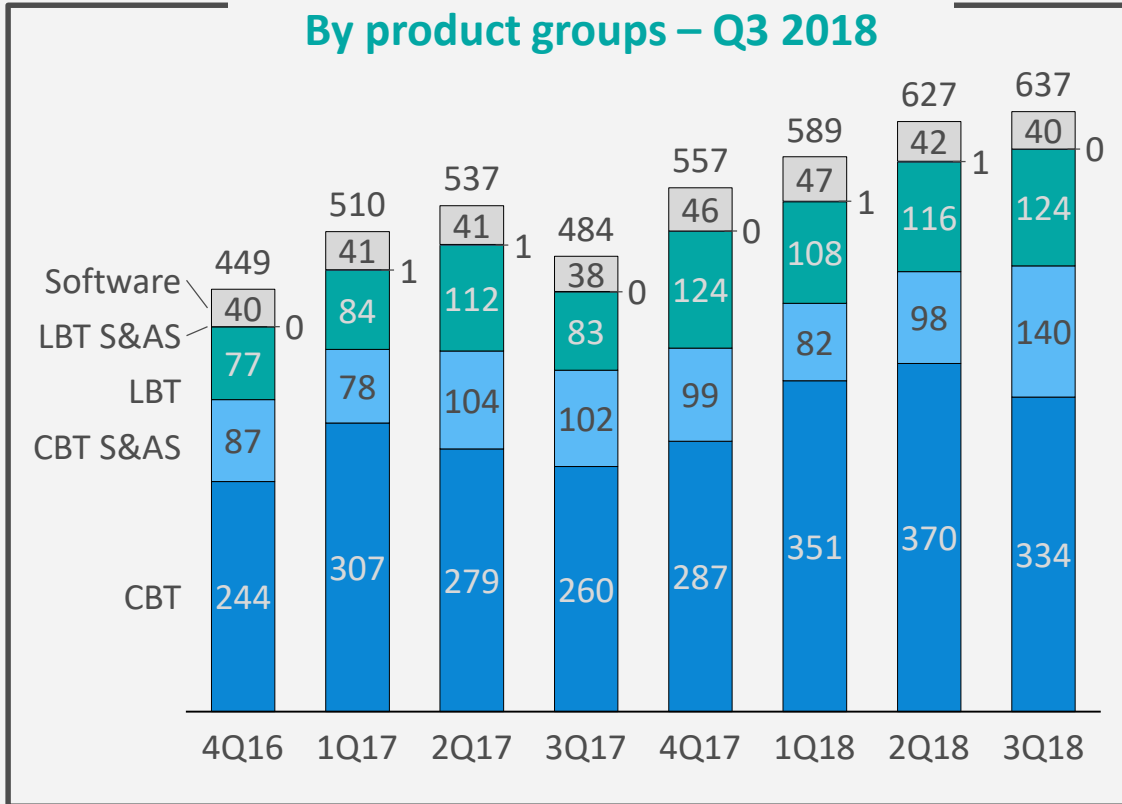


Development in OPEX based revenue



- The Marine Service business in Chile developing well and positive outlook for further growth
- Egersund Net is contributing with 31 MNOK in the quarter
- Stable development for the rental business (Scotland and Norway) in 2018, but several good opportunities for growth in Norway
- Stable revenue from the Software business, 40 MNOK in Q3 2018, compared to 38 MNOK in Q3 2017
- Lower activity level in the Norwegian marine service business in Q3 2018 compared to Q3 2017

Revenue by product group and species



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

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 development in Americas / Chile as well as for the Land Based segment
- Good outlook for Russia with new orders signed in Q3
- Pipeline of Land Based projects remains strong but decisions continues to be delayed
- Norwegian marine service business slower than 2017, but activity picked up in Q3
- Increased presence in eastern Canada as local Management continue to be supported by Senior Manager and Product Specialists
- Unexpected operational challenges relating to certain barge projects significantly impacted margins in Nordic/EME in the quarter
- Egersund integration process developing well

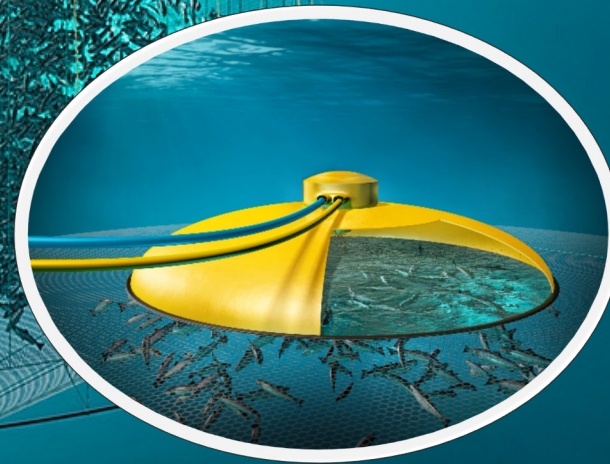
Risk management

Underwater feeding

Fish health operations


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

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.
6. On December 18th 2017 The Ministry rejected the appeal. The decision is final and cannot be appealed.
7. On February 22nd 2018, The Directorate announced that the Company has been granted one license.
8. Atlantis Subsea Farming AS is now in a technology testing and planning phase with regards to execution of the project.



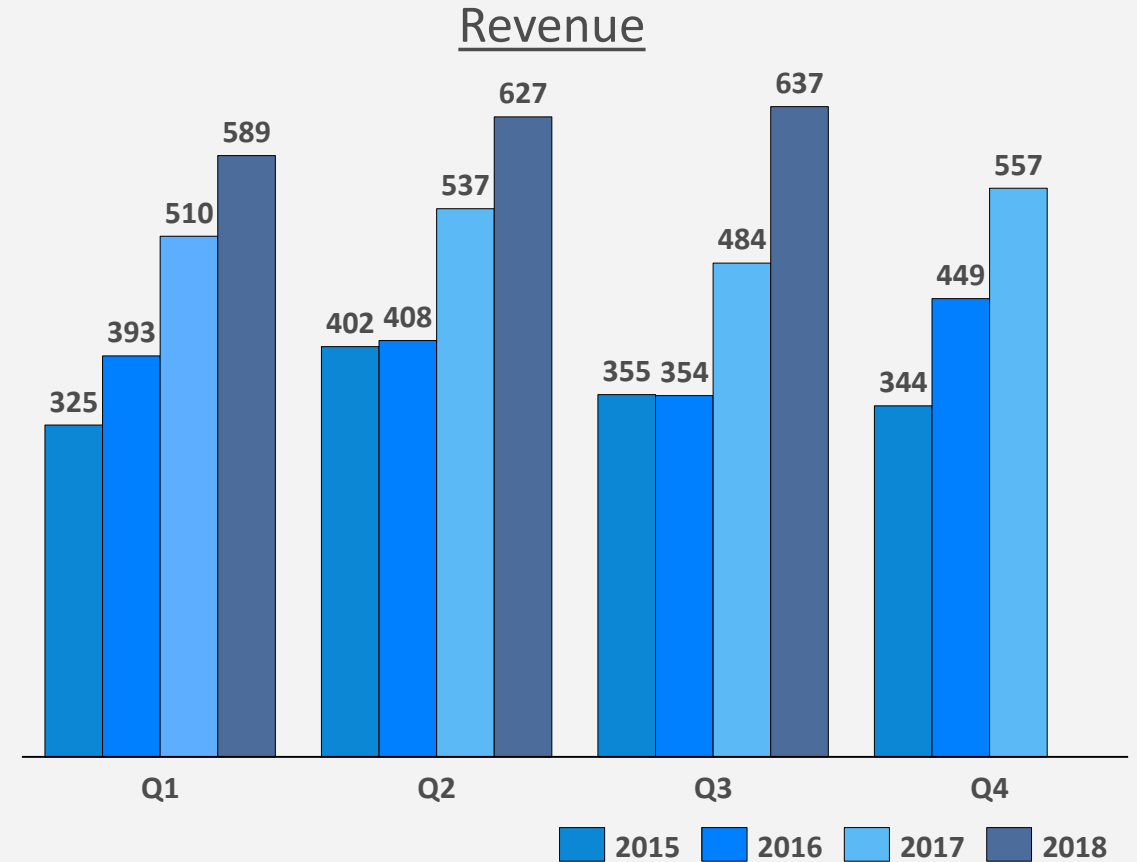
Air to the salmon
Artificial air space



 Financial performance Q3 2018 – by CFO Simon Nyquist Martinsen

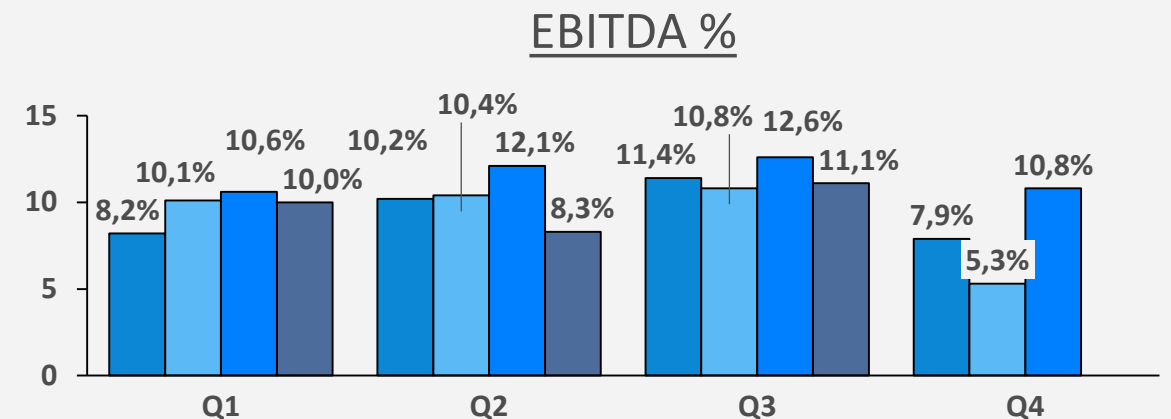
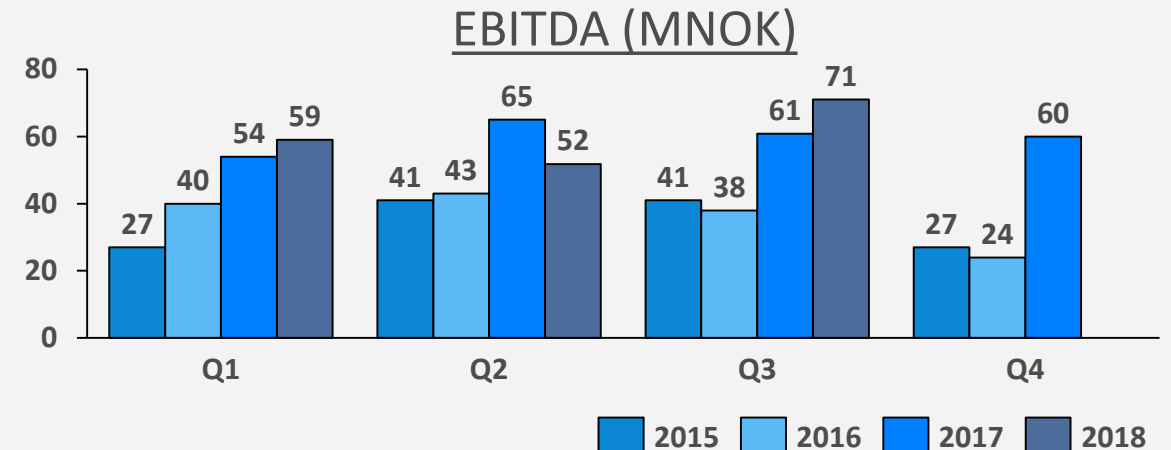
Q3 2018 – Financial highlights

- 20% organic growth, a new quarter with strong contributions from Americas, Europe & Middle East and Land Based
- Egersund Net is contributing with 55 MNOK in the quarter
- Last twelve months order intake and revenue now at 2,115 MNOK and 2,410 MNOK respectively
- The order book has decreased to 1,085 MNOK at the end of Q3 2018, which is 295 MNOK lower than at the end of Q3 2017

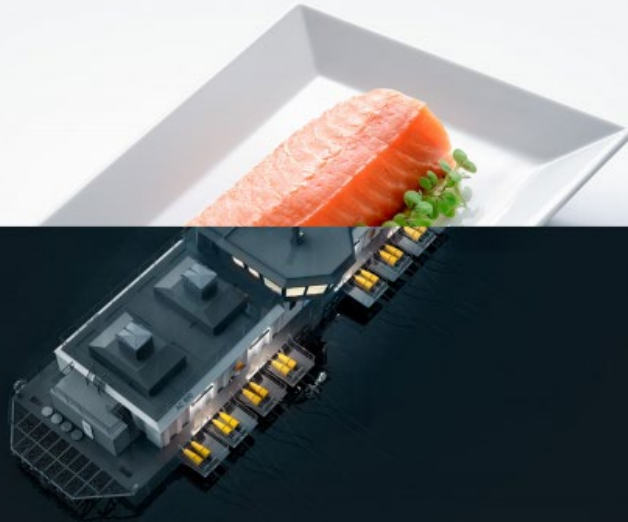


Q3 2018 – Financial highlights

- Adjusted for acquisition costs the EBITDA is 72 MNOK in the quarter, and the EBITDA margin is 11,3%
- Driven by a strong order book revenue is significantly up in Americas and EME, areas with lower relative margins than the Nordic region – thus the geographical mix is reducing margins
- Egersund Net is contributing with a total EBITDA of 10 MNOK in the quarter (one month).
- The margins in the Land Based segment continues to improve with an EBITDA margin of 10,5% in the quarter compared to 9,1% in Q3 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

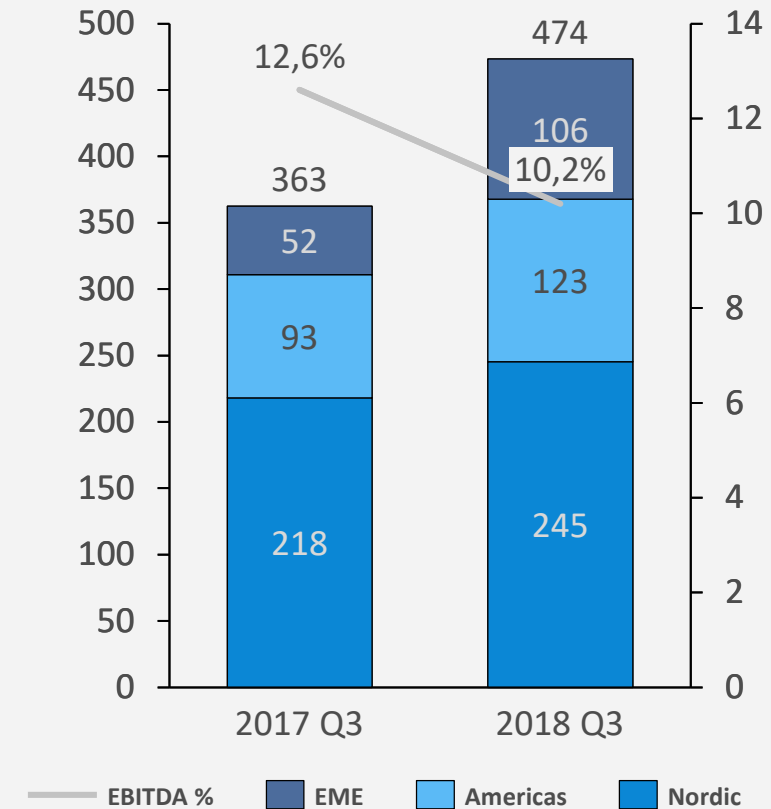
Nordic

- Margins impacted by 1 MNOK of acquisition costs in Q3 2018, in addition to 8 MNOK in Q2 2018
- Norwegian barge business with low margins in the quarter due to unexpected and ongoing manufacturing challenges
- Another strong quarter for Sperre with an EBITDA of 7 MNOK, compared to 5 MNOK in Q3 2017

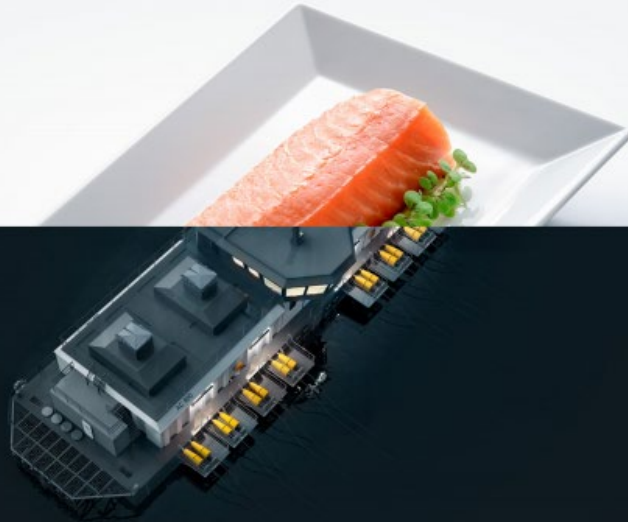
Egersund Net

- Included in the financials from 01.09.2018 with a total revenue of 55 MNOK and an EBITDA of 10 MNOK
- Egersund Net, Egersund Trading, UAB Egersund Net and Grading System fully consolidated
- Emel Balik and NOFI Oppdrettsservice is accounted for using the equity method due to ownership of 50% and not controlled by AKVA group

Revenue and EBITDA %



BIOLOGY



TECHNOLOGY

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Cage Based Technologies

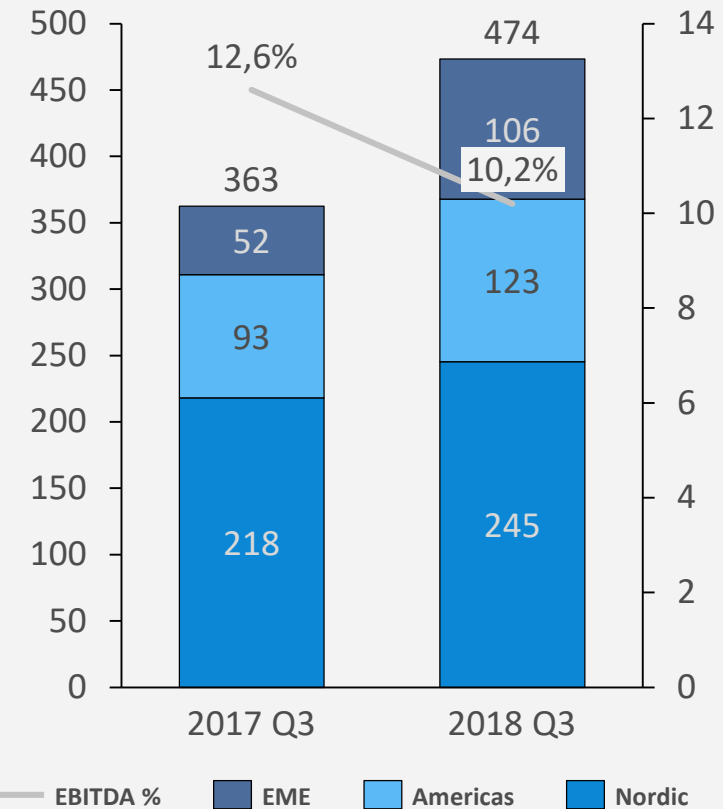
Americas

- Americas is significant up and has a growth in the revenue of 43% compared to the same quarter last year, on top of a strong order backlog of 169 MNOK at the end of the quarter
- Stock notice of signed Sales and Supply Contract with Grieg NFL, not included in order backlog
- The operation in Chile has a growth in EBITDA of 47% compared to the same quarter last year

EME

- EME has a strong growth in revenue with 106 MNOK in Q3, compared to 52 MNOK in the same quarter last year
- ASA Export impacted by barge challenges with deliveries to Russia
- The operations in Turkey, Greece, Spain and Middle East is performing according to plan, and is well positioned for growth in the area

Revenue and EBITDA %



BIOLOGY



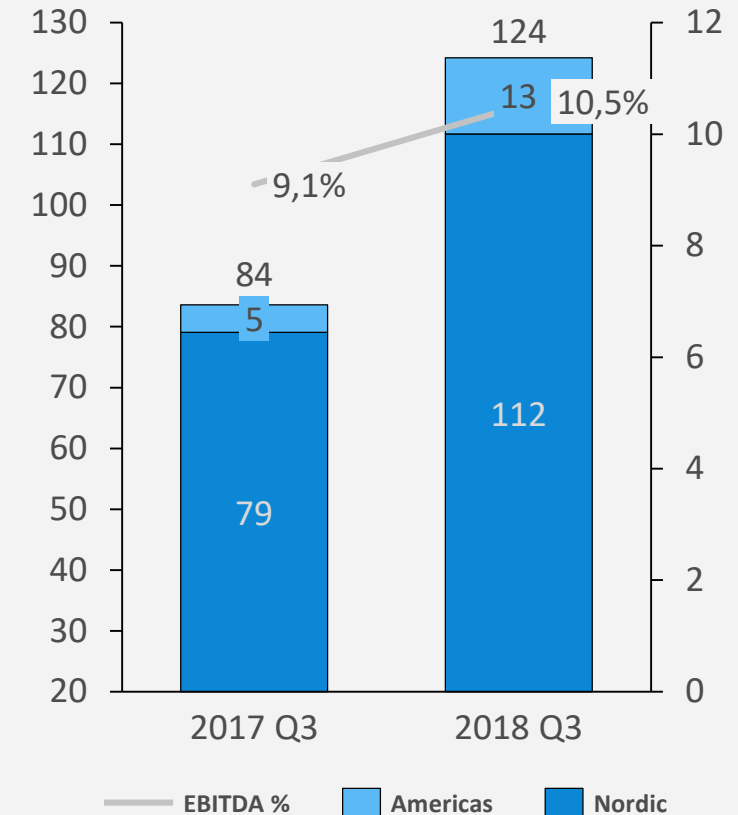
TECHNOLOGY

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Land Based Technologies

- Decisions for larger post smolt orders in Norwegian pipeline has been delayed
- Pipeline of projects continue to be good
- Strong increase in revenue from 84 MNOK in Q3 2017 to 124 MNOK in Q3 2018, a growth of 49% YoY
- Margins are improving quarter by quarter and stronger than full year 2017
- Order backlog of 359 MNOK by the end of Q3

Revenue and EBITDA %



BIOLOGY



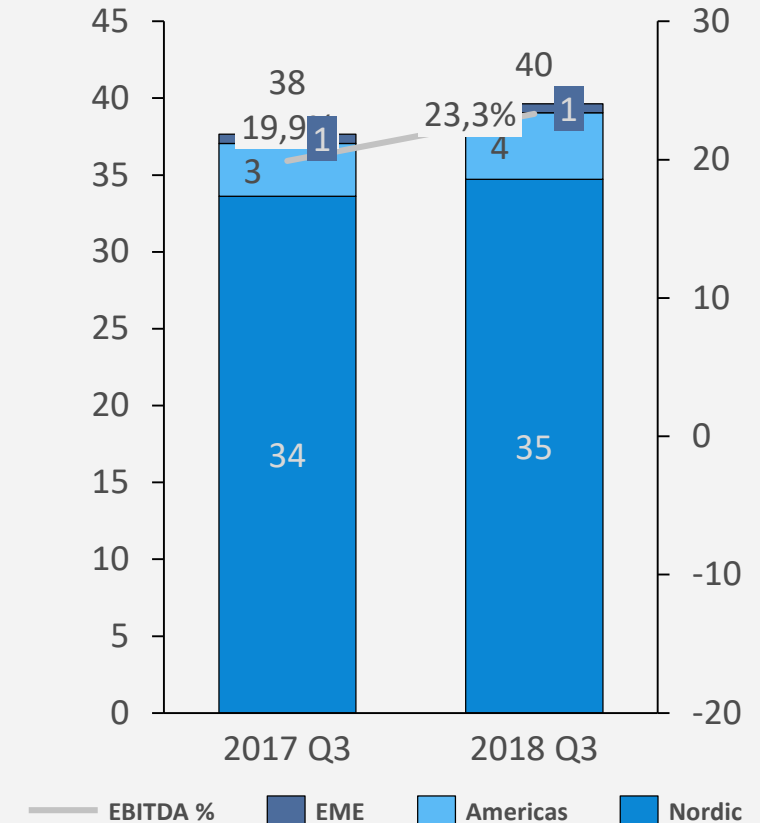
TECHNOLOGY

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Software

- AKVA group Software ends the quarter with an EBITDA of 6 MNOK compared to 4 MNOK in Q3 2017
- Wise ehf ends the quarter with an EBITDA of 4 MNOK compared to 3 MNOK in the same quarter in 2017
- As noted in stock notice of 06.09.2018 AKVA group has entered into an agreement to divest Wise lausnir ehf. The transaction is conditional on clearance from Icelandic Competition Authority

Revenue and EBITDA %



Financials – Detailed P&L

(MNOK)	2018 Q3	2017 Q3	2018 YTD	2017 YTD	2017 Total
Order backlog	1 085	1 380	1 085	1 380	1 381
Order intake	448	546	1 558	1 913	2 471
P&L					
OPERATING REVENUES	637	484	1 854	1 531	2 088
Operating costs ex depreciations	567	423	1 672	1 351	1 848
EBITDA	71	61	182	180	240
Depreciation and amortization	26	20	74	61	83
EBIT	44	41	108	118	157
Net interest expense	-4	-3	-10	-9	-11
Other financial items	-2	-3	-6	-7	-10
Net financial items	-5	-6	-16	-16	-22
EBT	39	35	92	102	136
Taxes	11	8	21	29	36
NET PROFIT	28	26	71	73	100
Net profit (loss) attributable to:					
Non-controlling interests	-0,3	0,2	-0,4	0,3	0,1
Equity holders of AKVA group ASA	28	26	71	72	100
Revenue growth	31,7 %	36,8 %	21,1 %	32,6 %	30,2 %
EBITDA margin	11,1 %	12,6 %	9,8 %	11,8 %	11,5 %
EPS (NOK)	1,00	1,01	2,68	2,81	3,86

• Of which Land Based is 359 MNOK

• Includes 9 MNOK of acquisition costs related to the Egersund Net transaction

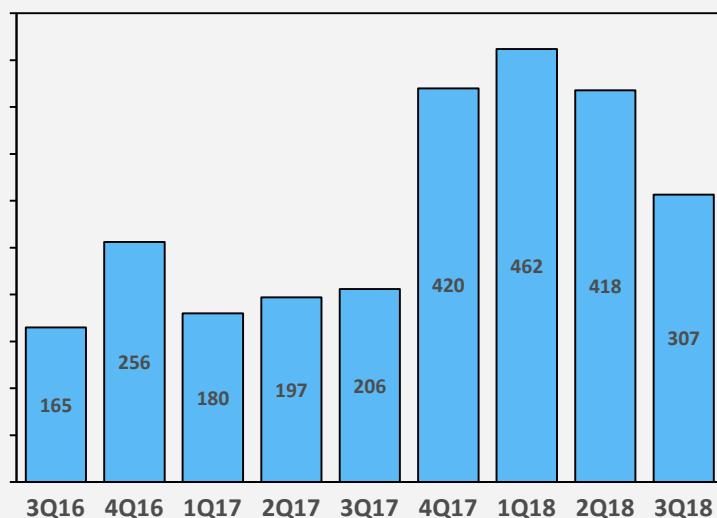
• Increased depreciation mainly due to increased rental CAPEX, investments in AKVA Marine Services and amortization. Amortization/depreciation related to the acquisition of Egersund Net is included with 2.3 MNOK

• Investment in subsidiaries accounted for by equity method YTD Q2 is reclassified from finance to operating revenues with -1.6 MNOK

• Minority shareholders (49%) in Wise Blue AS and (30%) in Grading Systems Ltd

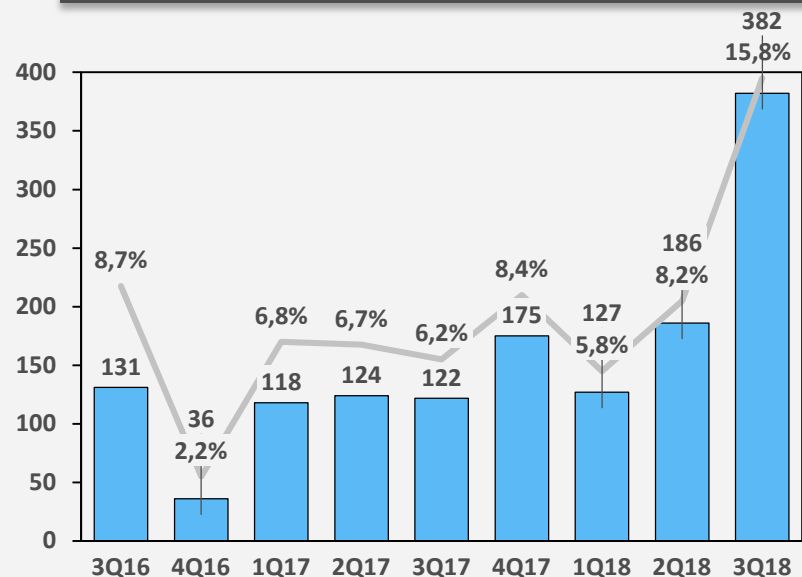
Group financial profile – remains strong

Available cash



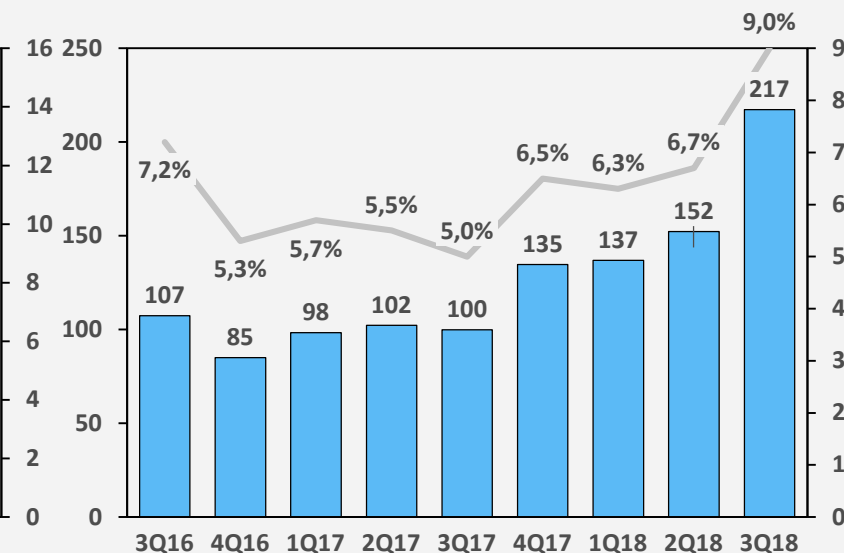
- Including 151 MNOK of a 303 MNOK(+100 MNOK in quarter) credit facility in Danske Bank, as of Q3 2018
- Refinancing of long term loans, increased credit facility and established a revolving credit was finalized in October 2017. The revolving facility was used in August 2018 to finance acquisition of Egersund Net

Working capital



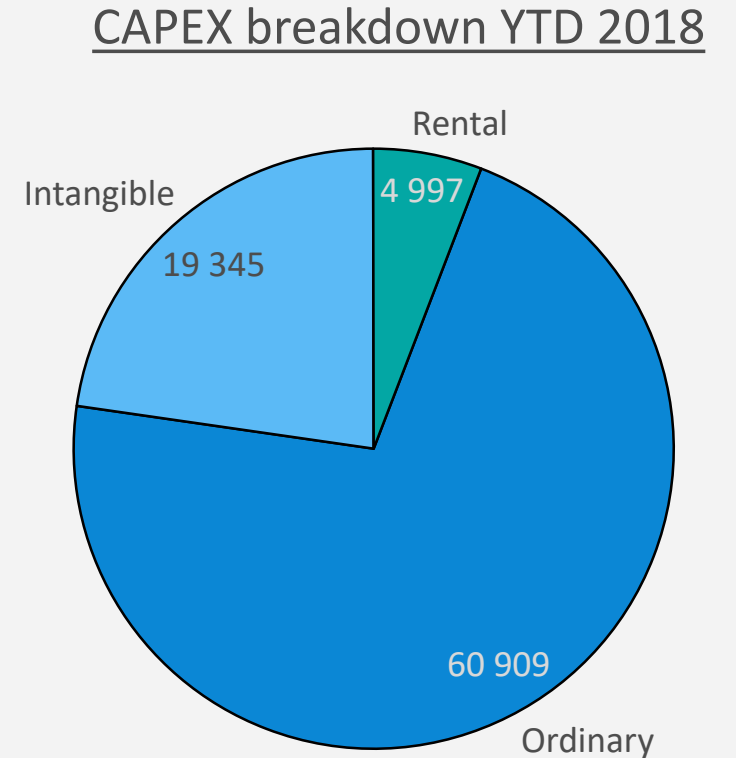
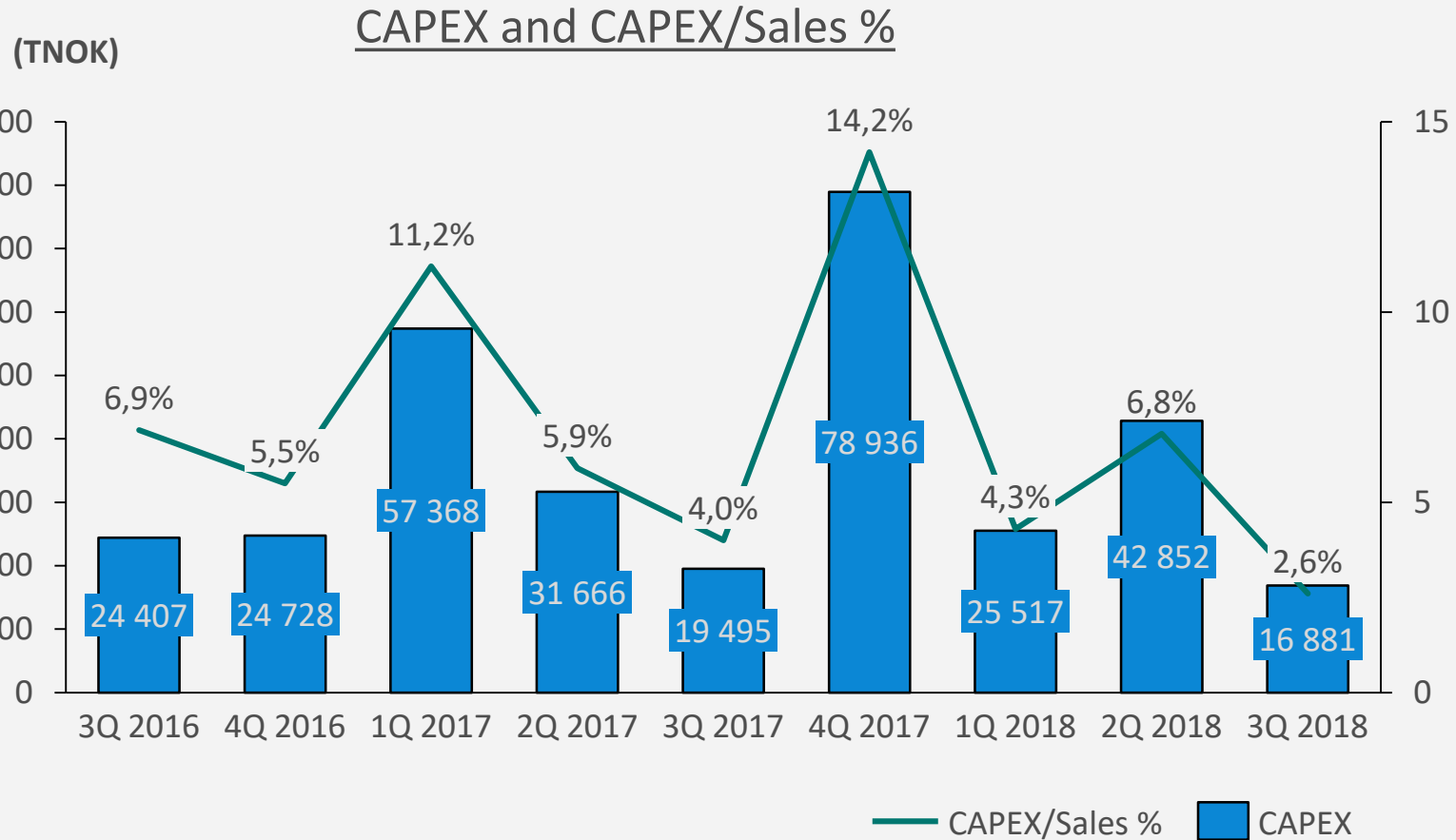
- The graph shows absolute working capital and working capital relative to last twelve months revenue
- One month of revenue included in the % graph, while the balance sheet is included in total. With revenue of 12 months included it would be 13%
- Working capital in AKVA group of 227 MNOK and 155 MNOK in Egersund Net

Average working capital



- The graph shows 12 months average working capital and average working capital relative to last twelve months revenue
- With revenue of 12 months of Egersund Net it would be 7,2%

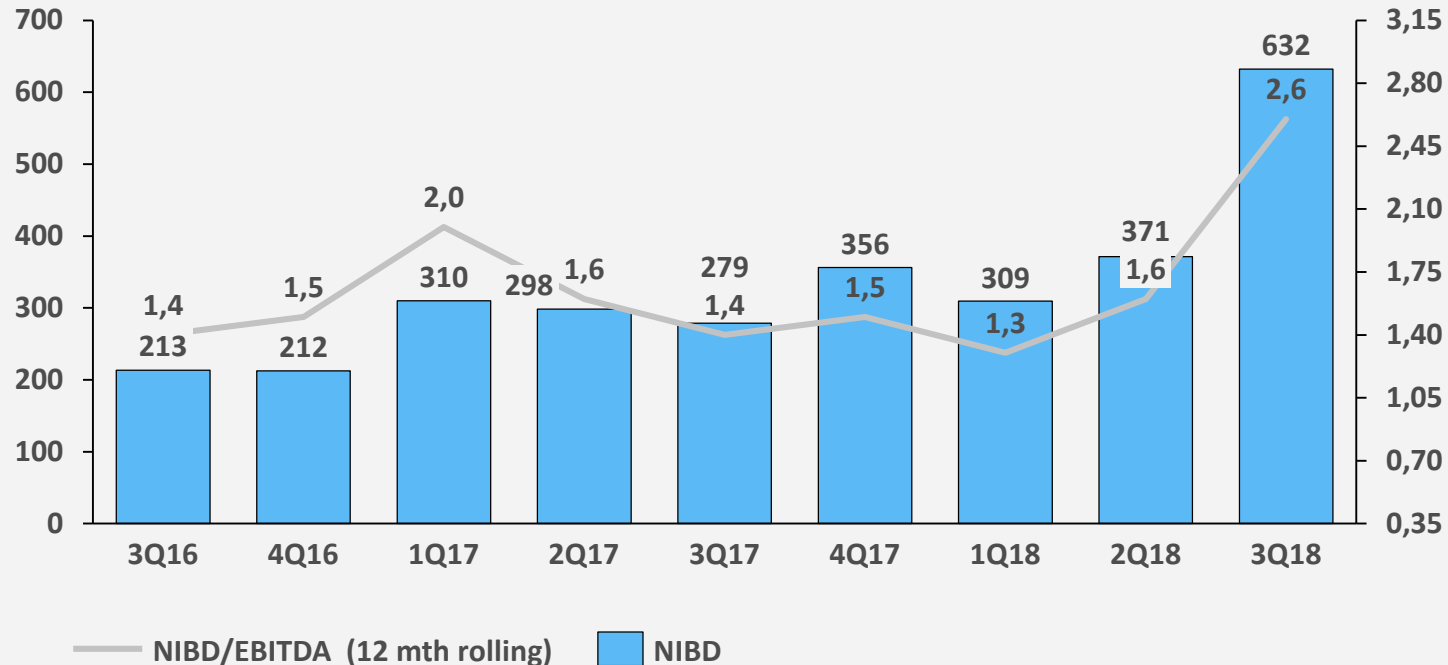
CAPEX



*Ordinary includes investment in new facilities in Helgeland Plast

Net interest bearing debt/EBITDA of 2.6

Net interest bearing debt (MNOK) and net debt/EBITDA



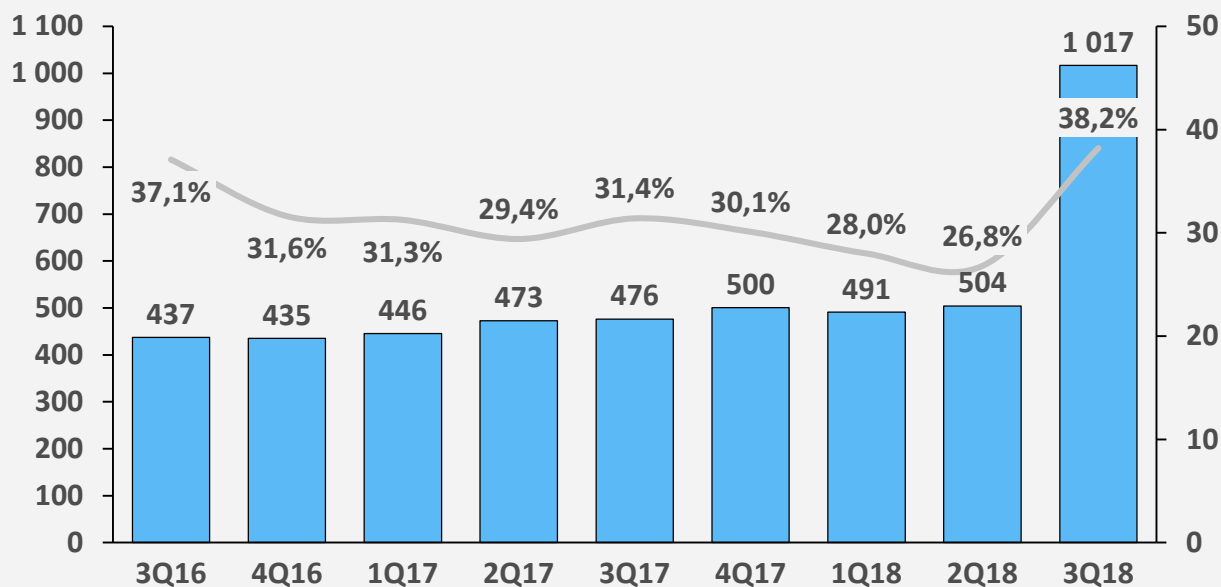
- NIBD/EBITDA of 1,9 with inclusion of full year Egersund Net EBITDA

Change in net interest bearing debt (TNOK)

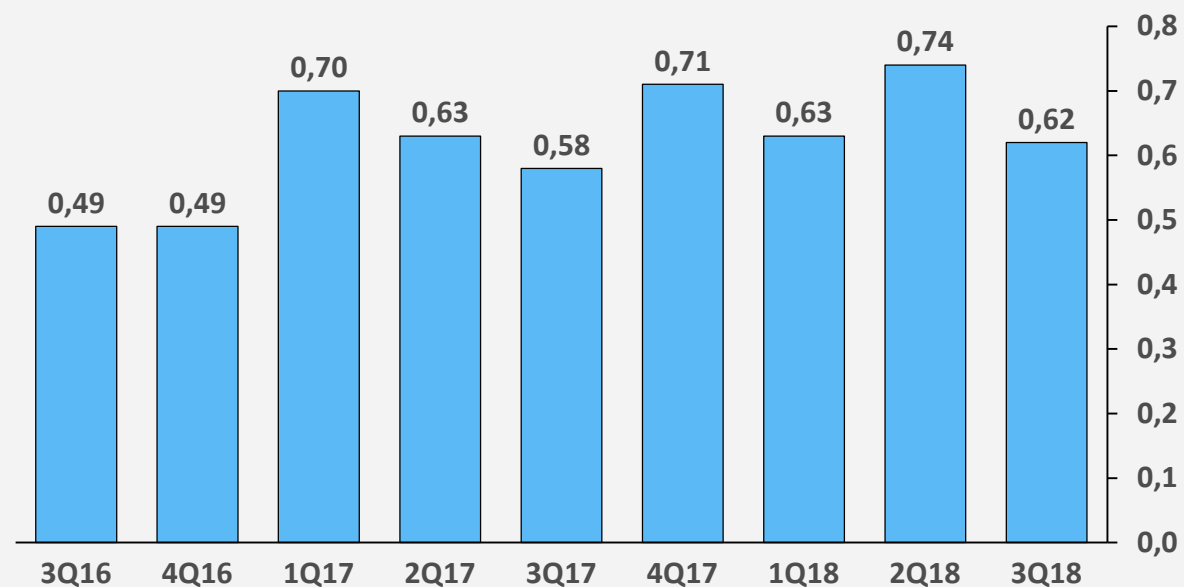
Net interest bearing debt 30.06.2018	371 270
EBITDA	-70 739
Income taxes paid	210
Net interest paid	3 684
Capex	16 881
Acquisitions / Divestments	225 364
Paid dividend	24 980
Sale of fixed assets	-61
Currency effects	5 118
Other changes in working capital	55 555
<i>Net change</i>	260 991
Net interest bearing debt 30.09.2018	632 261

Group financial profile – remains strong, continued

Equity and Equity / Total Balance

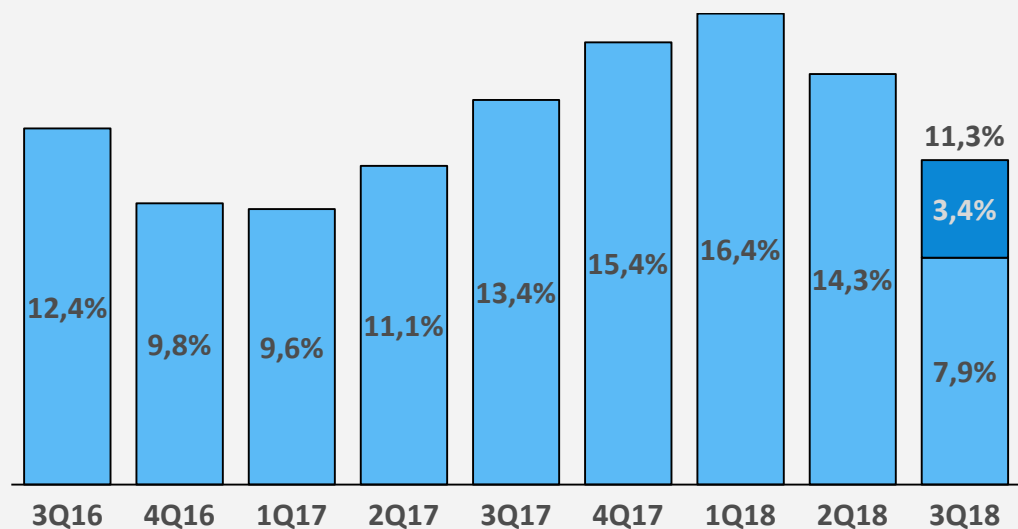


NIBD / Equity



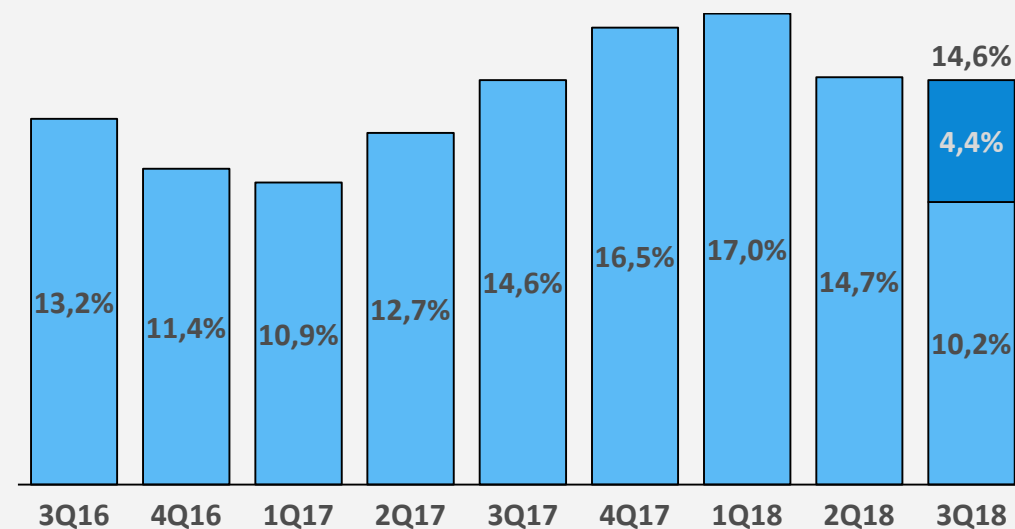
Group financial profile – remains strong, continued

ROCE



- Including only one month of EBIT from Egersund Net
 - 11,3% based on full year EBIT inclusion of Egersund Net

ROACE



- Including only one month of EBIT from Egersund Net
 - 14,6% based on full year EBIT inclusion of Egersund Net

Cash flow statement

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (NOK 1 000)	2018 Q3	2017 Q3	2018 YTD	2017 YTD	2017 Total
Net cash flow from operations	65 246	54 275	155 756	159 382	195 535
Net cash flow from change in working capital	-55 555	1 550	-69 513	-80 277	-108 130
Net cash flow from operational activities	9 692	55 825	86 243	79 105	87 404
Net cash flow from investment activities	-178 786	-21 585	-228 523	-74 688	-117 392
Net cash flow from financial activities	169 618	-20 998	187 223	-46 325	-22 346
Net change in cash and cash equivalents	524	13 241	44 943	-41 908	-52 334
Net foreign exchange differences	-1 994	-2 648	-6 510	-404	3 759
Cash and cash equivalents at the beginning of the period	156 872	112 638	116 969	165 543	165 543
Cash and cash equivalents at the end of the period	155 402	123 232	155 402	123 232	116 969

Balance sheet

BALANCE SHEET	2018	2017	2017
(MNOK)	30.09	30.09	31.12

ASSETS	2 663	1 521	1 663
Intangible non-current assets	1 088	578	596
Tangible non-current assets	325	197	246
Financial non-current assets	66	10	7
Inventory	427	223	238
Receivables	601	389	459
Cash and cash equivalents	155	123	117
LIABILITIES AND EQUITY	2 663	1 521	1 663
Equity	1 017	476	500
Minority interest	0	1	1
Long-term interest bearing debt	612	358	351
Short-term interest bearing debt	176	44	122
Non-interest bearing liabilities	858	642	689



Largest shareholders

20 largest shareholders

No of shares	%	Account name	Type	Citizenship
20 703 105	62,1 %	EGERSUND GROUP AS		NOR
3 900 000	11,7 %	WHEATSHEAF INVESTMENT		GBR
1 072 857	3,2 %	VERDIPAPIRFONDET ALF		NOR
575 414	1,7 %	VPF NORDEA KAPITAL		NOR
540 642	1,6 %	SIX SIS AG	Nominee	CHE
477 623	1,4 %	VPF NORDEA AVKASTNING		NOR
470 246	1,4 %	EIKA NORGE		NOR
407 232	1,2 %	STATOIL PENSJON		NOR
381 300	1,1 %	MP PENSJON PK		NOR
319 953	1,0 %	NORDEA 1 SICAV		LUX
300 000	0,9 %	NORDEA NORDIC SMALL		FIN
288 140	0,9 %	VERDIPAPIRFONDET NOR		NOR
274 850	0,8 %	NORRON SICAV - SELEC		LUX
211 300	0,6 %	METZLER EURO SMALL +		IRL
183 994	0,6 %	VERDIPAPIRFONDET DNB		NOR
150 000	0,4 %	DAHLE BJØRN		NOR
125 000	0,4 %	UBS EUROPE SE	Nominee	LUX
107 871	0,3 %	VERDIPAPIRFONDET EIK		NOR
107 346	0,3 %	STATOIL FORSIKRING AS		NOR
100 000	0,3 %	ASKVIG AS		NOR
30 696 873	92,1 %	20 largest shareholders		
2 637 430	7,9 %	Other		
33 334 303	100,0 %	Total number of shares as per 30.09.2018		

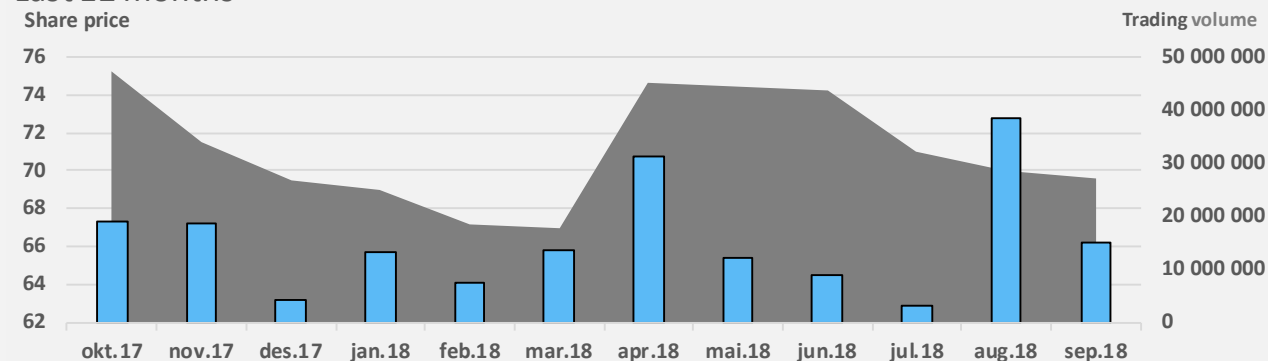
Origin of shareholders, 5 largest countries

No of shares	%	Origin	No of shareholders
26 897 580	80,7 %	Norway	1031
3 946 562	11,8 %	Great Britain	20
799 750	2,4 %	Luxembourg	5
652 673	2,0 %	Switzerland	7
366 114	1,1 %	Finland	6
671 624	2,0 %	Other	110

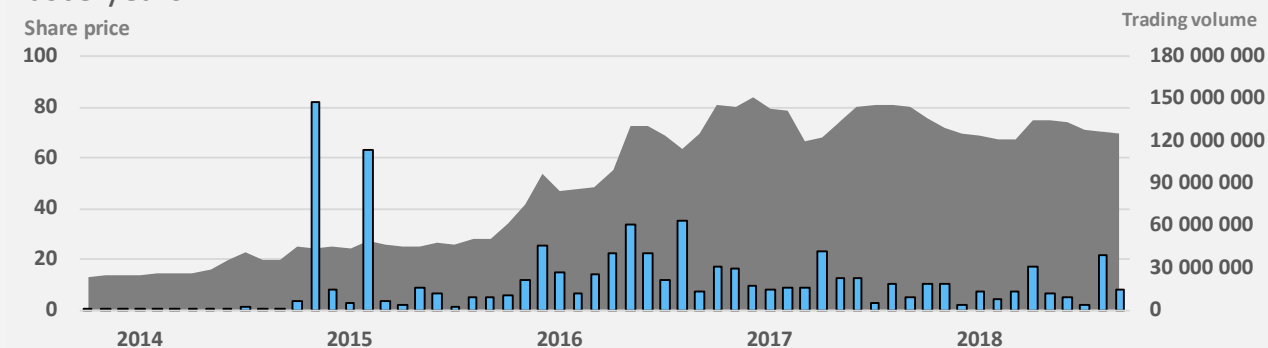
Total number of shareholders: 1 179 - from 28 different countries

Share development

Last 12 months

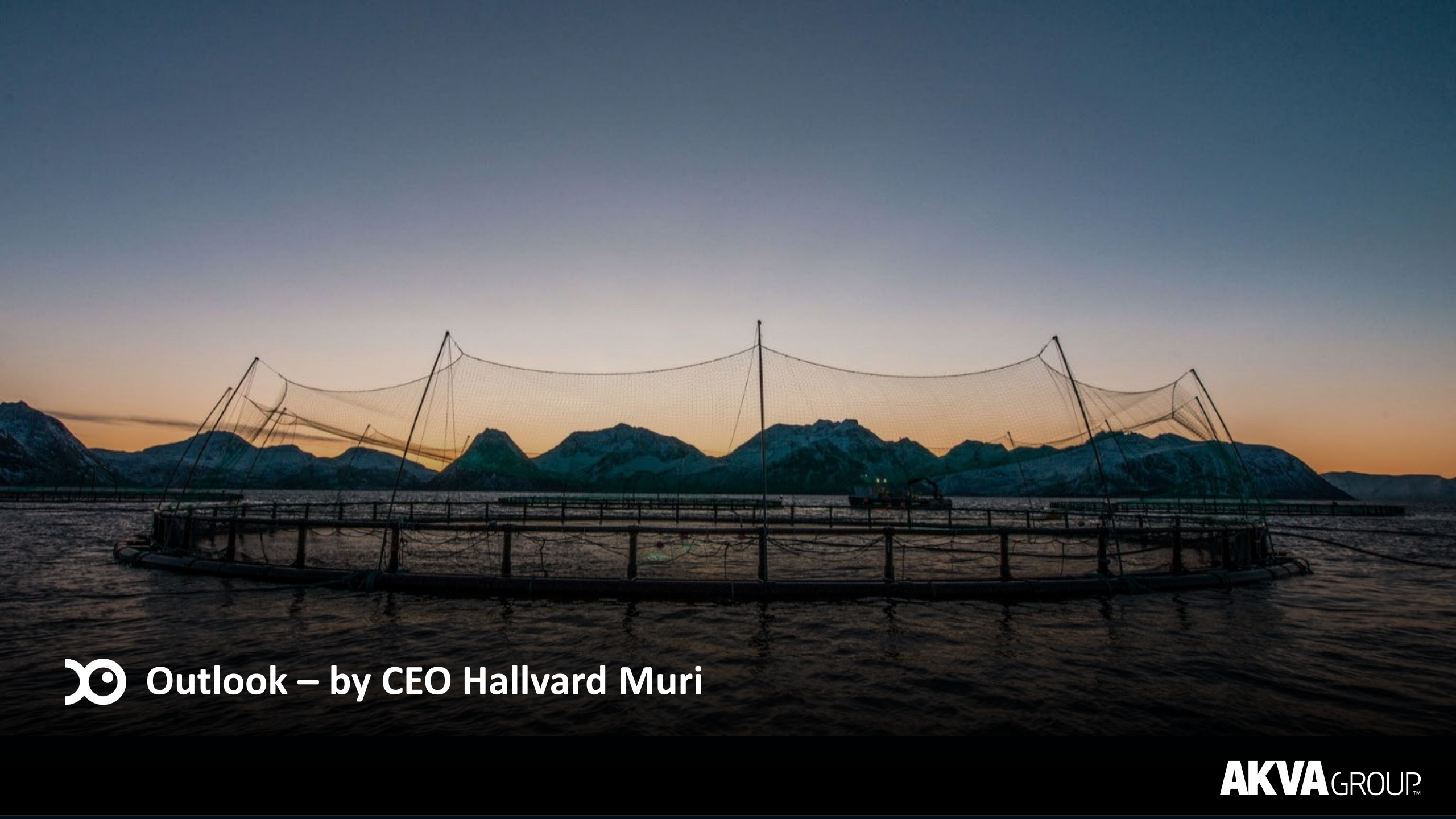


Last 5 years



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 Outlook – by CEO Hallvard Muri

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 12
countries.
1 491
employees

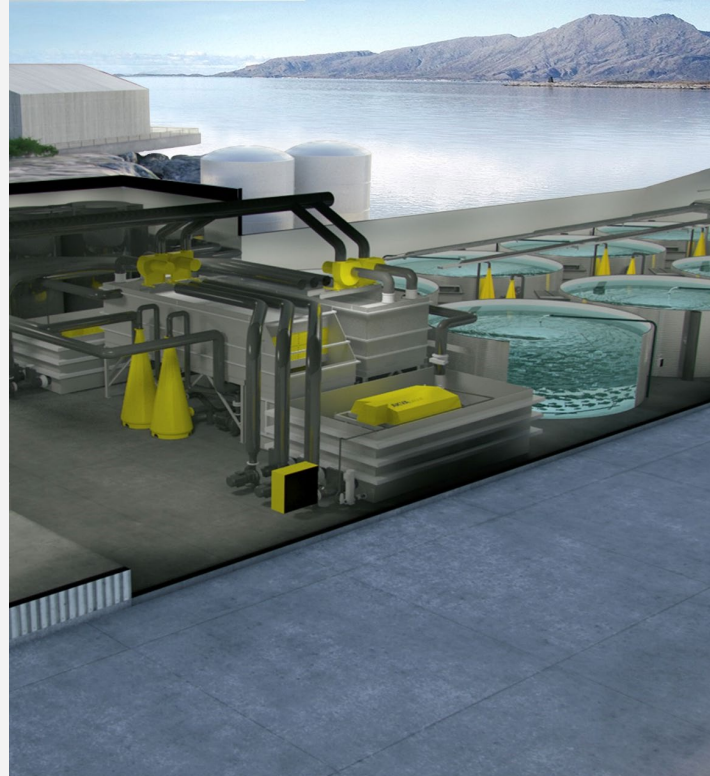


Solutions

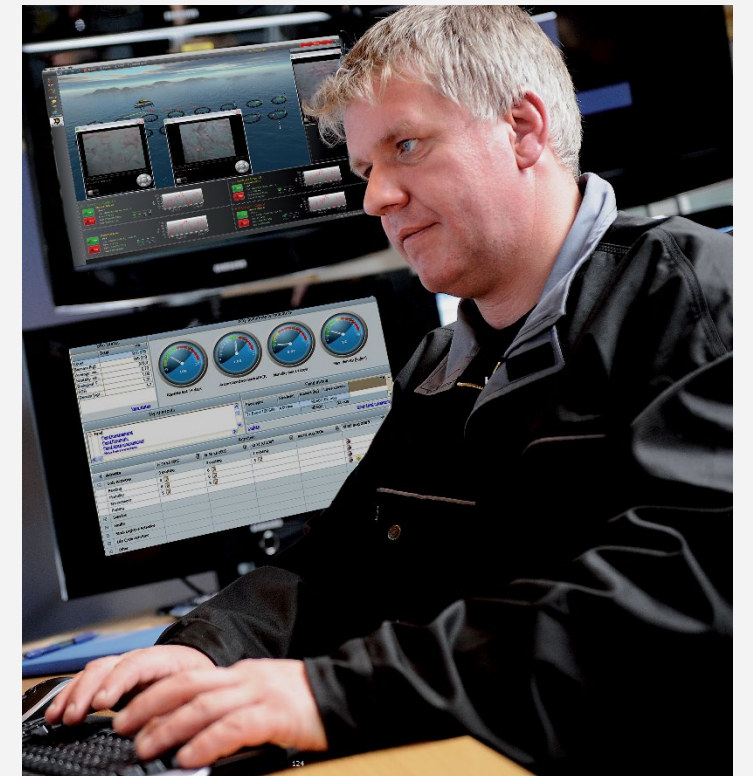
Cage Based Technology



Land Based Technology



Software



CAPEX Based Revenue

CAGE BASED TECHNOLOGY



LAND BASED TECHNOLOGY



SOFTWARE: Fishtalk
AKVAconnect
Support



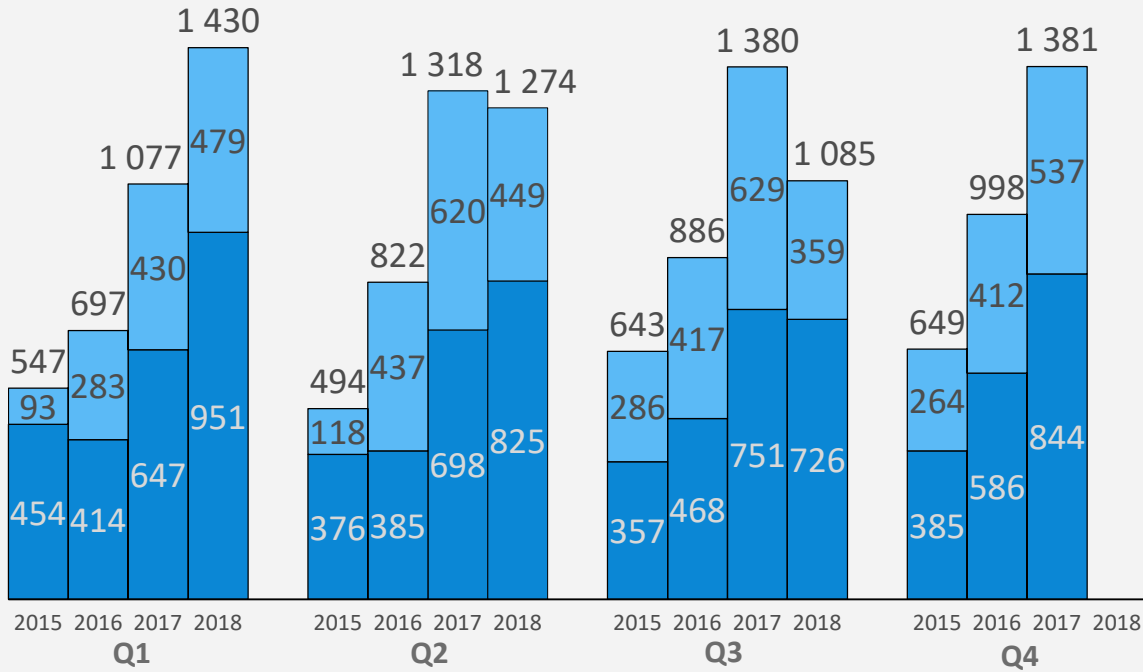
**MARINE SERVICES
& AFTER SALE
SERVICE:**

Marine services
Rentals
After sale services

OPEX Based Revenue

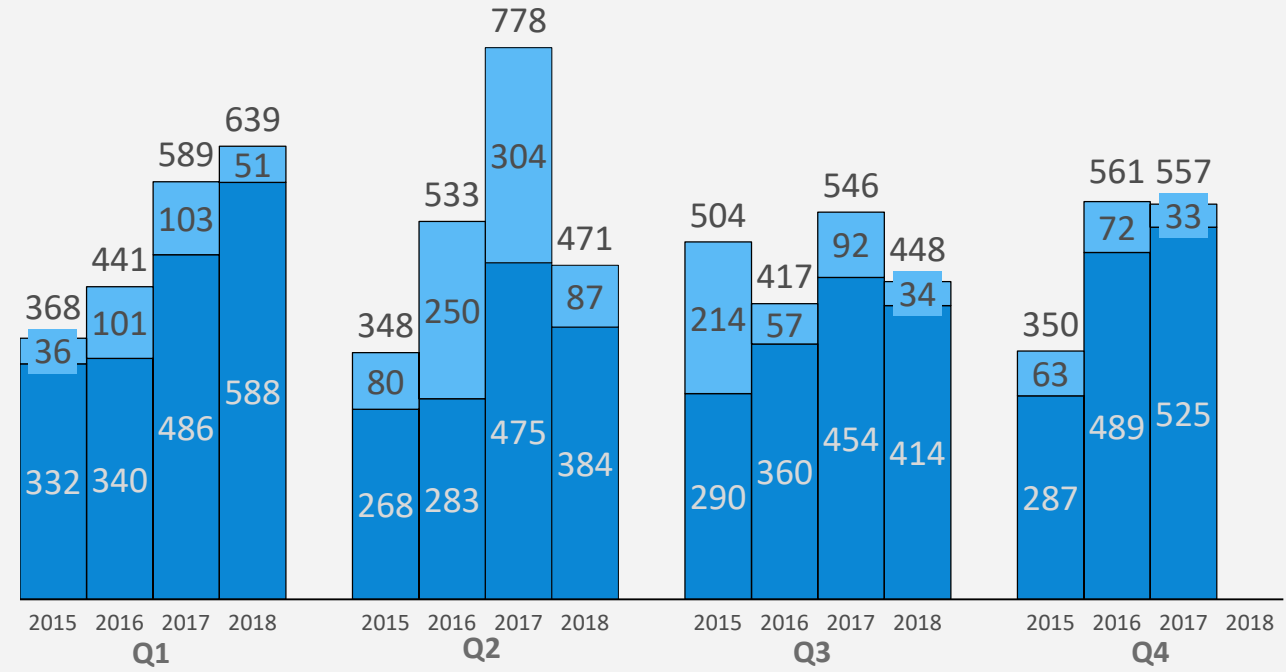
Order backlog and inflow, 2015 through 2018

Order backlog



- 33% of total order backlog relates to Land Based Technology (LBT)
- 40 MNOK of the total order backlog relates to Egersund Net and subsidiaries

Order intake

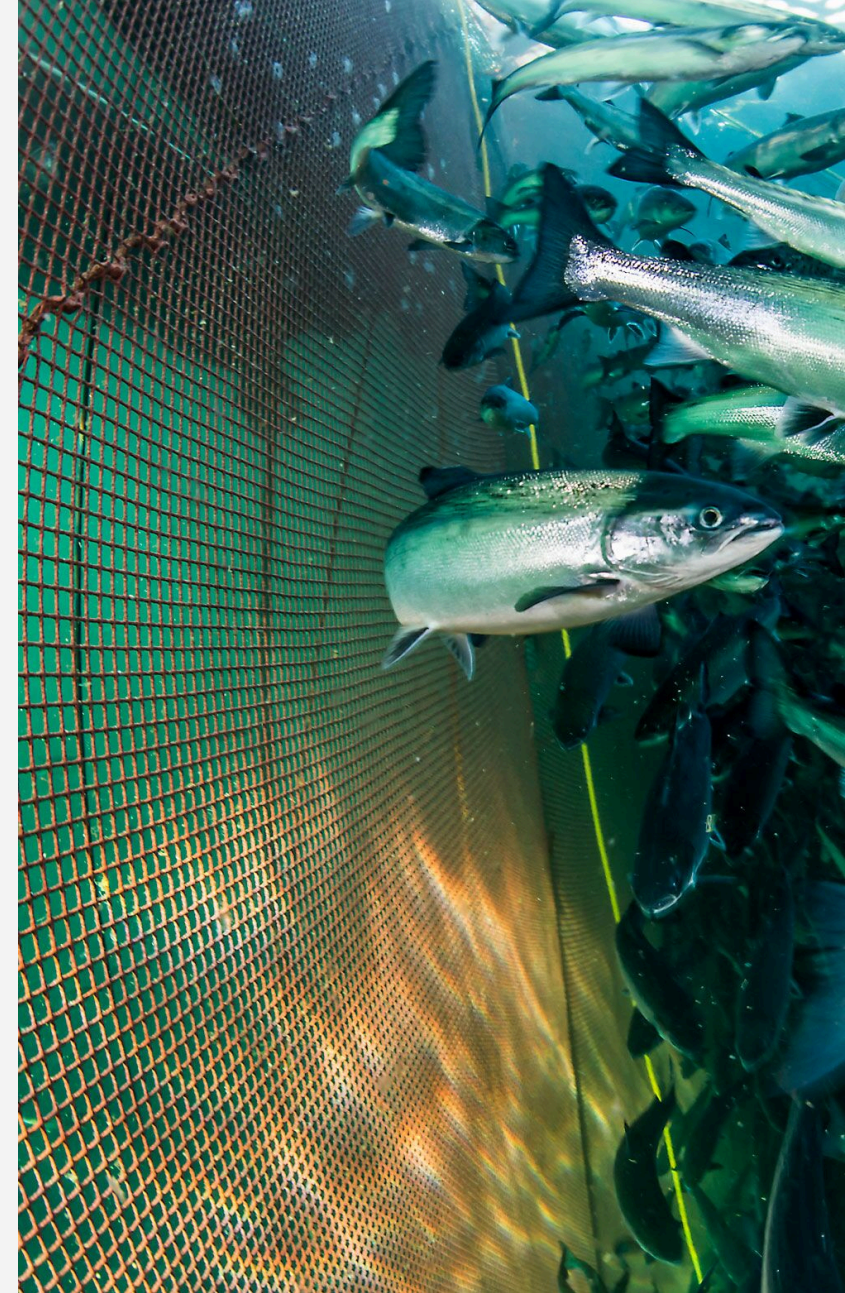


- Order intake of 448 MNOK in Q3 2018
- Order intake of 95 MNOK in Egersund Net in the quarter

Land Based Other

Outlook – AKVA group

- Egersund Net integration process developing well
- Continued positive outlook for most markets, good opportunities to grow on the Canadian east coast
- Land Based – focus on post smolt, still high quote bank
- Execution of improvement programs, manufacturing, sourcing and logistics
- Increasing focus and growth outside Nordic Markets
- Expanding services and OPEX based business
- Product improvements and optimization



CUSTOMER FOCUS

AQUACULTURE

∞ KNOWLEDGE

RELIABILITY

ENTHUSIASM!

