

Q3 2019 Presentation

Oslo – 1 November 2019

Hallvard Muri, CEO

Simon Nyquist Martinsen, CFO



Agenda

 Highlights

 Financial performance

 Outlook


 Q&A

BIOLOGY



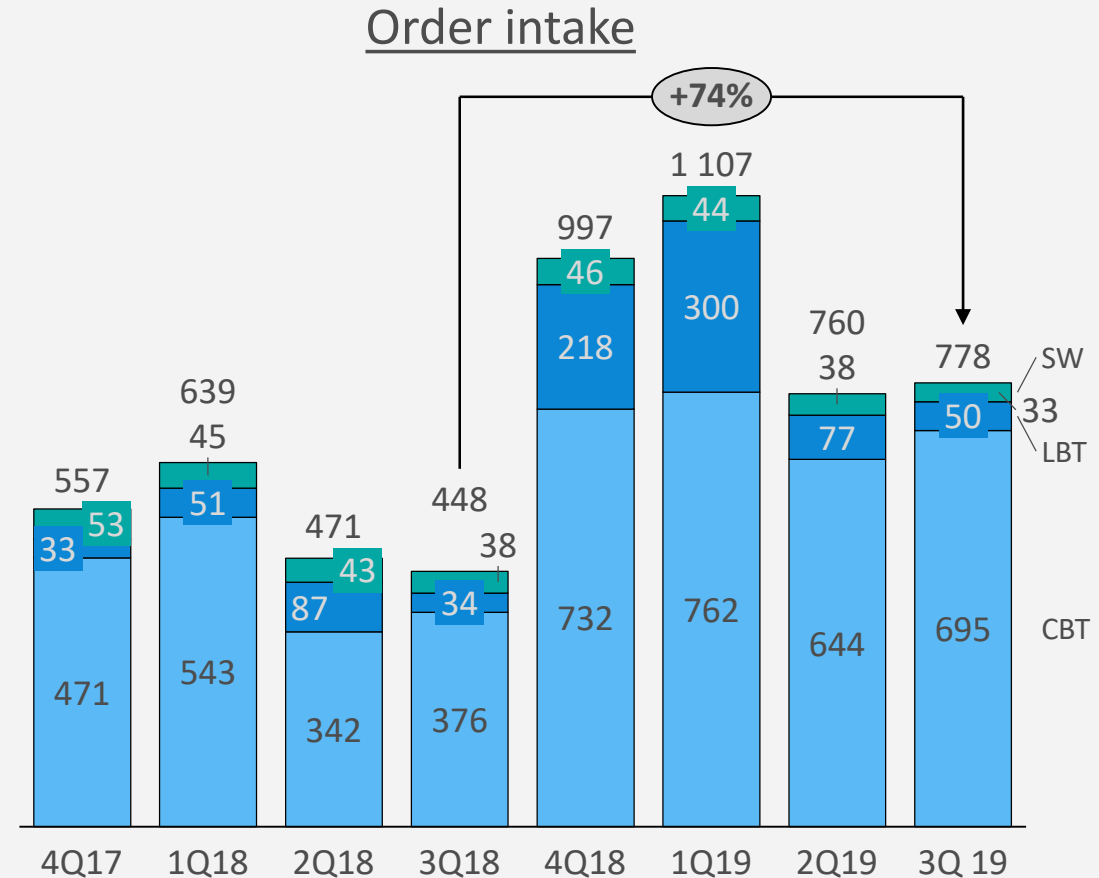
TECHNOLOGY



 Highlights Q3 2019 – by CEO Hallvard Muri

Solid order intake

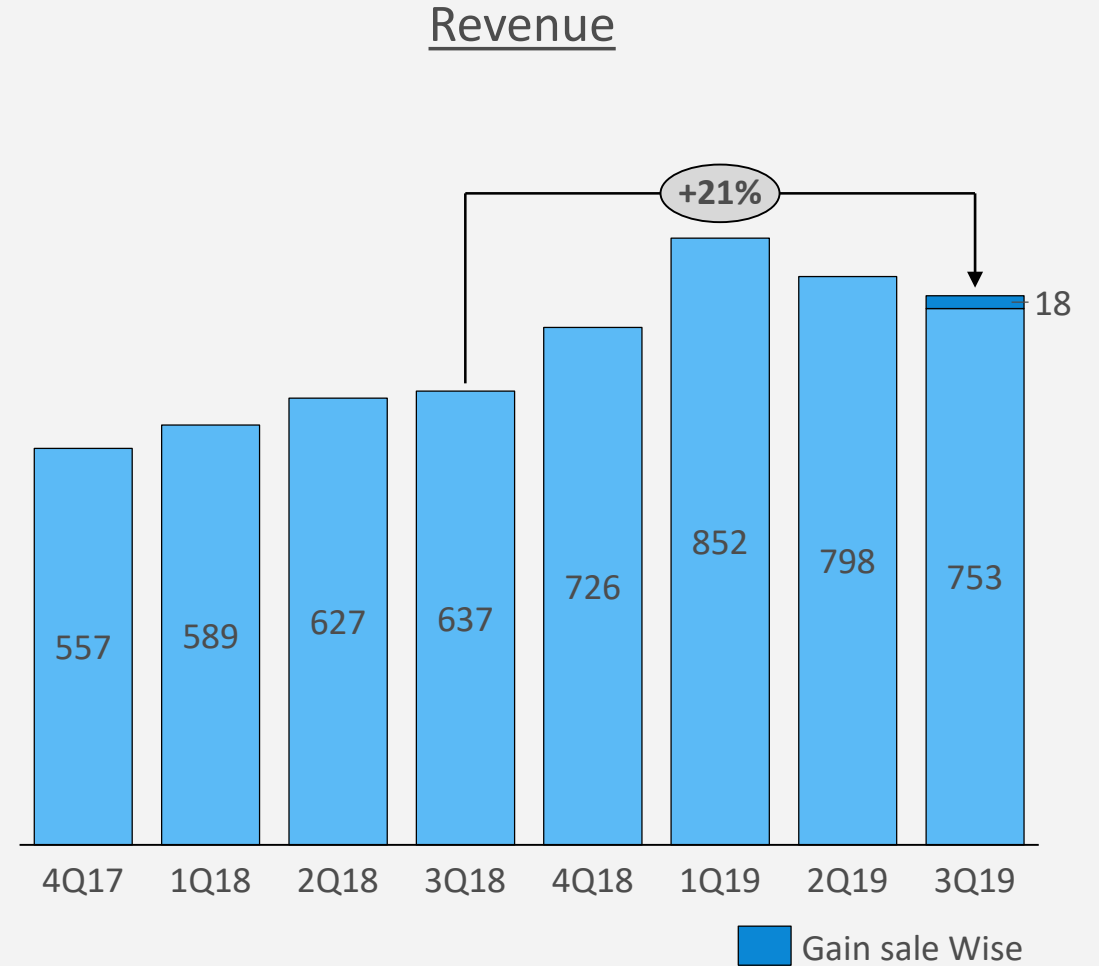
- Order intake of 778 MNOK*
- 3 year service agreement signed with Mowi for the Norwegian marine services
- Chile agreed significant barge contract with Australis Mar of 12.6 MUSD with estimated delivery in Q3/Q4 2020
- Barge Supply and Sales Contract signed with Grieg NL Seafarms Ltd in Q3 2018, first barge included in order backlog
- Co-operation agreement signed with Cooke Aquaculture in August, with potential for delivery of several larger land based smolt projects
- Last twelve months order intake of 3,586 MNOK, compared to 2,555 MNOK full year 2018



*Wise order backlog as of the sale, 55 MNOK will be accounted for as reduction in order intake, adjusted here.

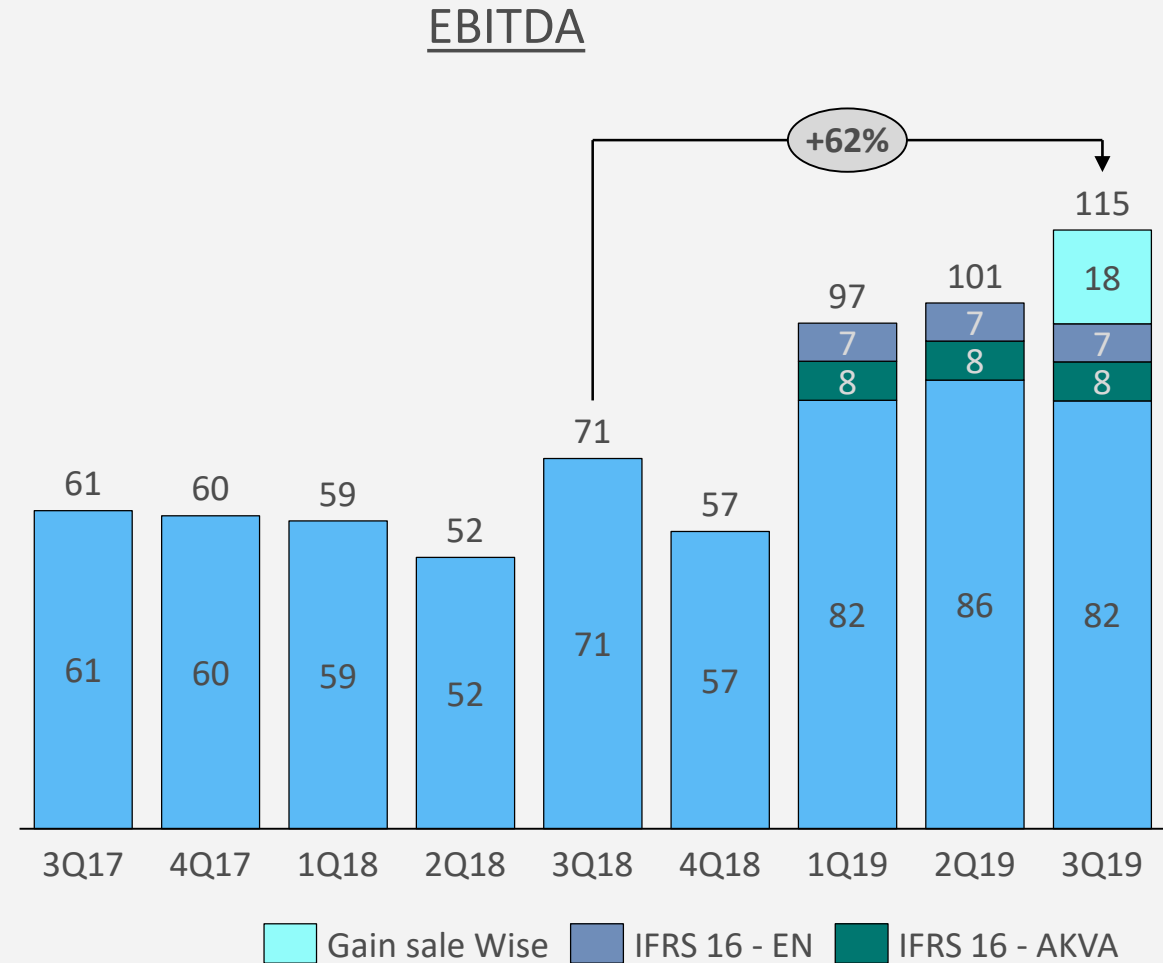
Activity level remains high

- **21% increase in revenue compared to Q3 2018**
- Egersund Net group of companies included from 1 September 2018
- Americas another positive quarter with revenue of 155 MNOK, up from 139 MNOK in Q3 2018
- Nordic CBT increase of 23 % compared to same quarter last year
- A decrease in land based revenue compared to Q3 2018 due to phasing of projects



EBITDA development

- EBITDA of 115 MNOK in the quarter, including 15 MNOK in effect of reclassification due to IFRS 16 (leases)
- Sale of Wise with impact of 18 MNOK in net gain
- Americas stabilized on a higher level due to improved margins, EBITDA of 14 MNOK compared to 10 MNOK in Q3 2019
- Nordic CBT segment 6 % increase in EBITDA YoY, with strong contributions by AKVA Marine Services and AKVA group ASA
- Egersund Net companies contributing strong with EBITDA of 42 MNOK
- The effect of IFRS 16 is 15 MNOK in the quarter, mainly related to property rental agreements. YTD effect of 44 MNOK

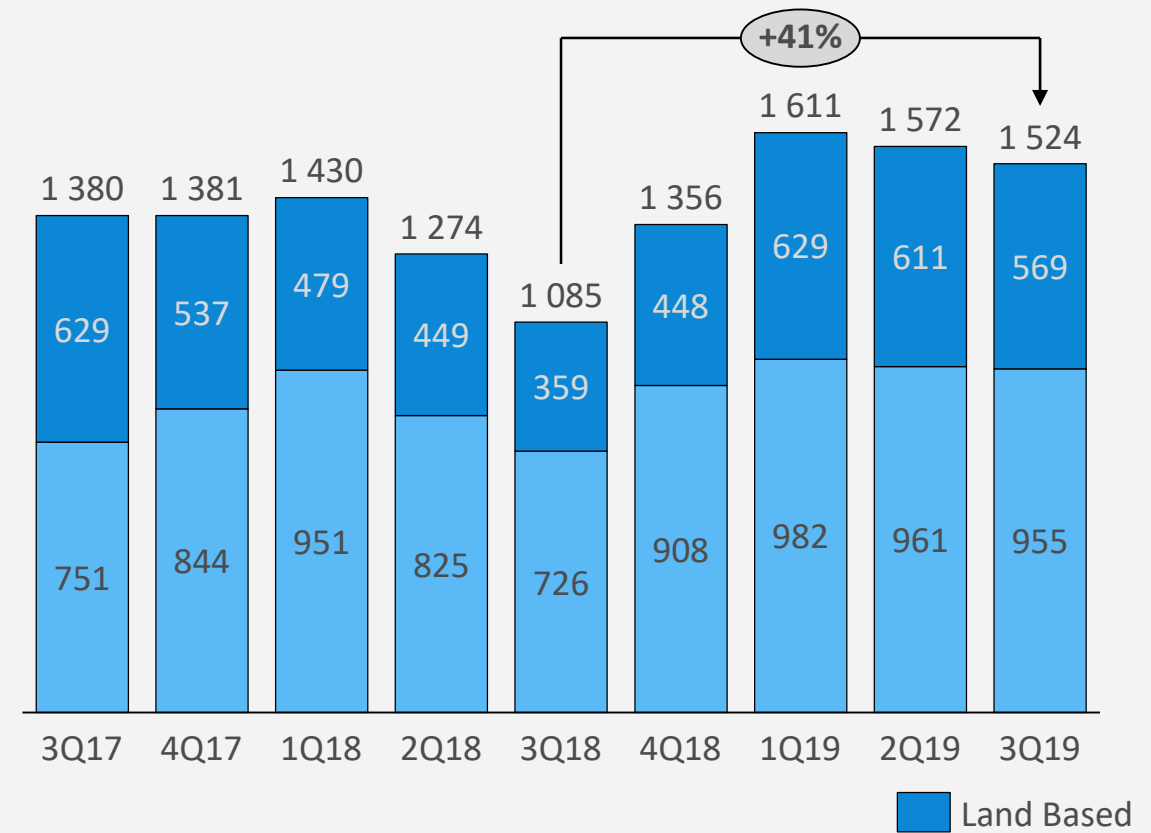


Continued high order backlog

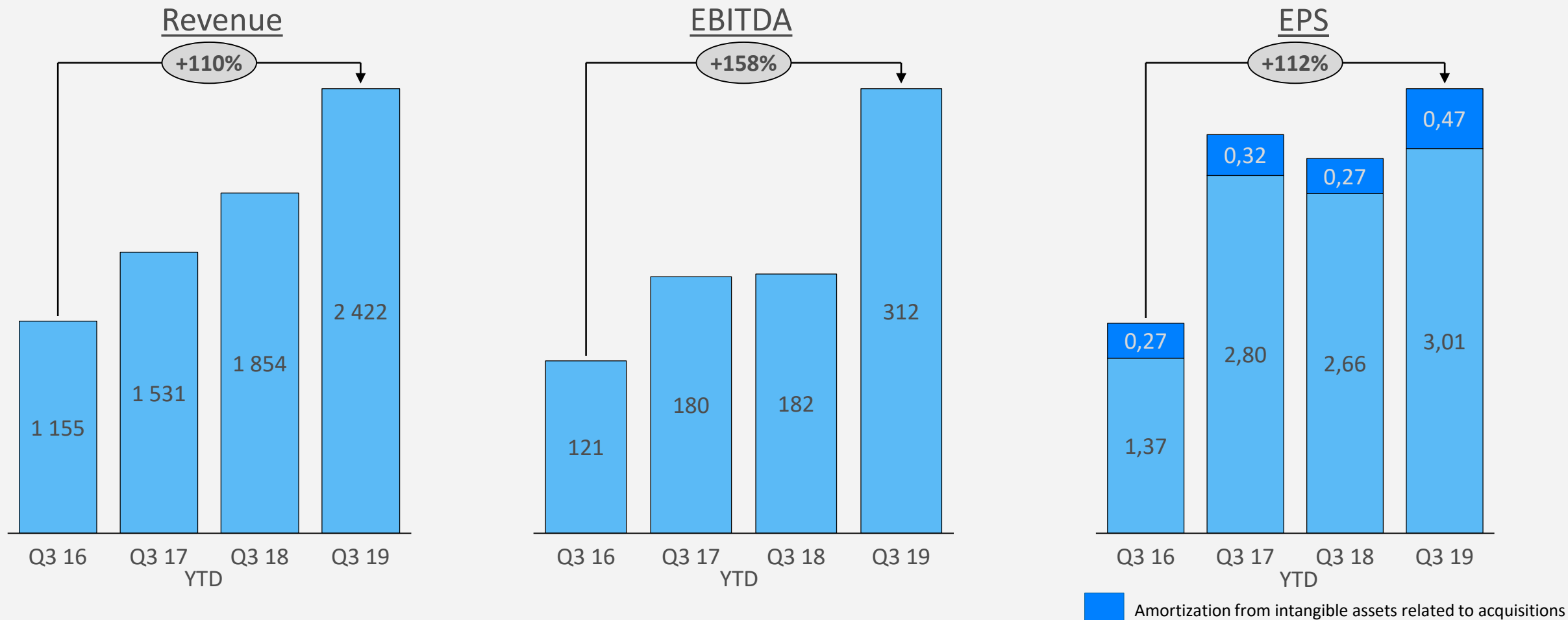
- **Third quarter 2019 – Highlights**

- Order backlog at end of September of 1.5 BNOK
- Signed 4 barges with Chilean customer September of 12.6 MUSD
- Won Land Based tender with Russian Sea of 11.9 MEUR in June, not yet in backlog
- Continued positive development in net sales and service
- Divestment of Wise lausnir ehf finalized, order backlog reduced with 55 MNOK

Order backlog

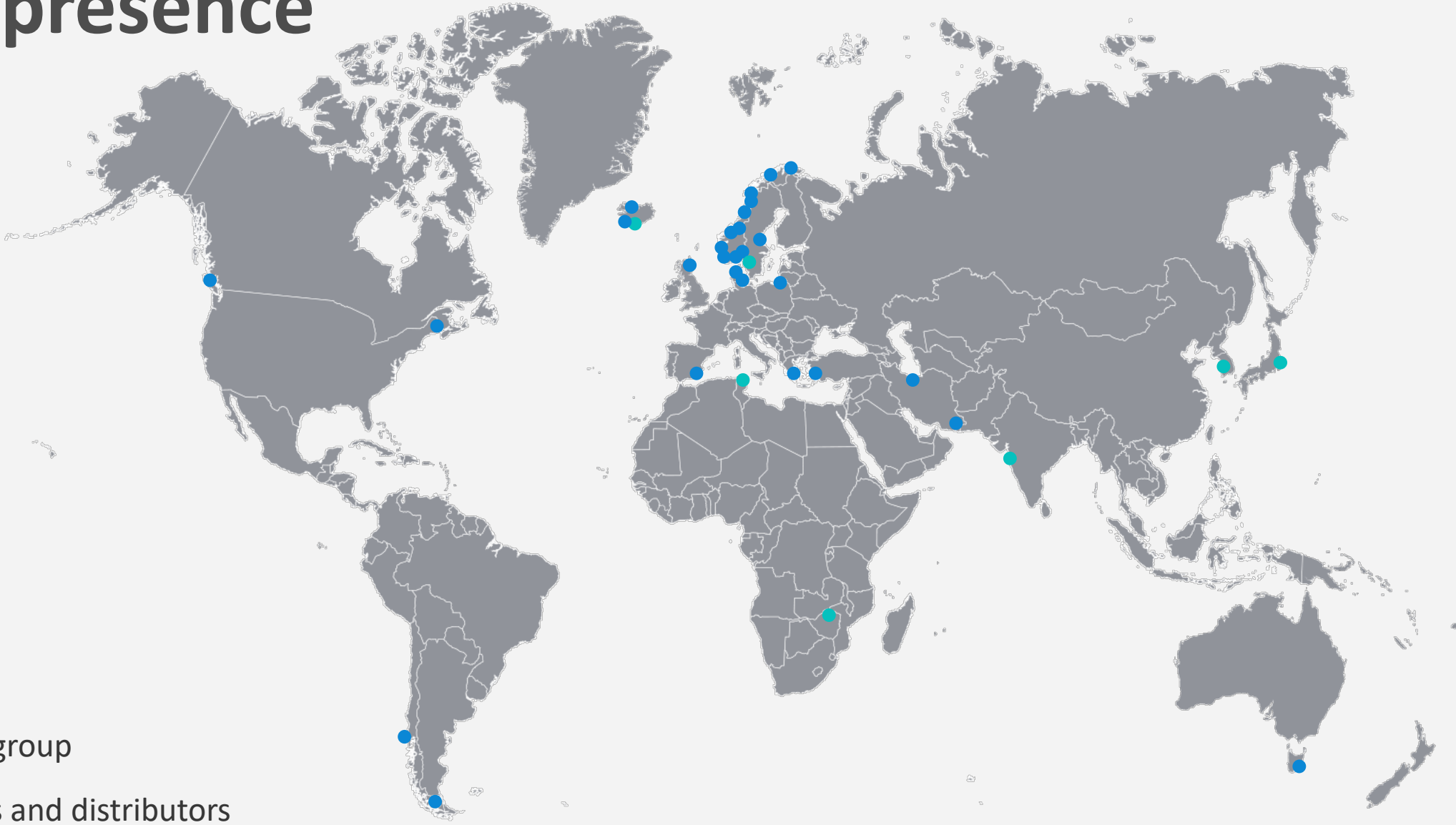


Key financial metrics



In August 2018, number of shares increased from 25 834 303 to 33 334 303. When calculating the EPS the monthly average shares outstanding has been used.

Our presence

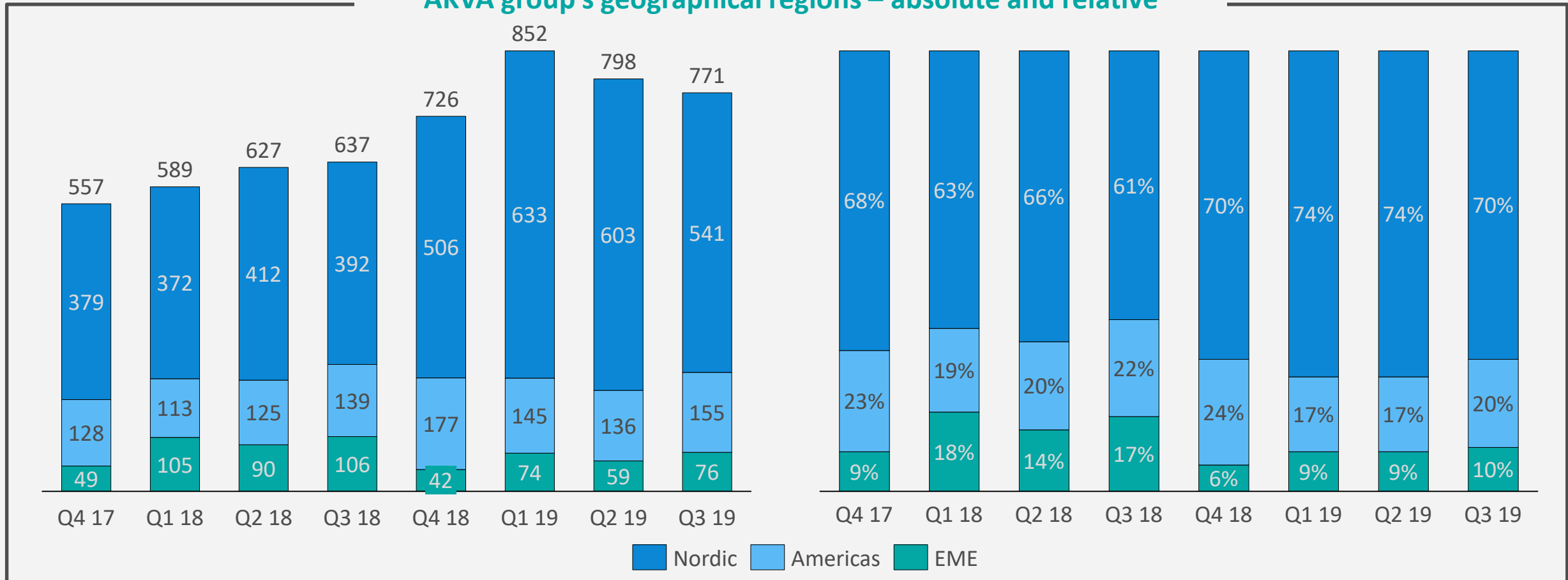


● AKVA group

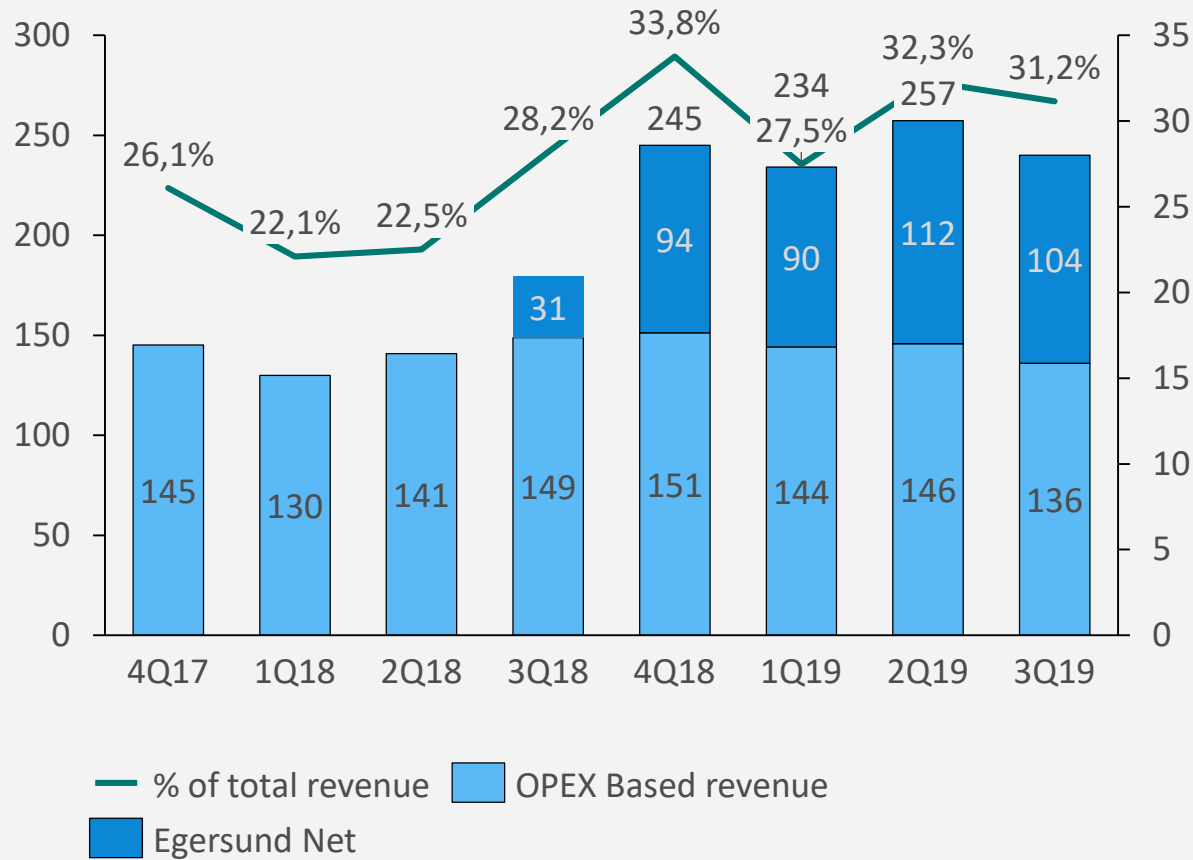
● Agents and distributors

Revenue in geographical regions

AKVA group's geographical regions – absolute and relative

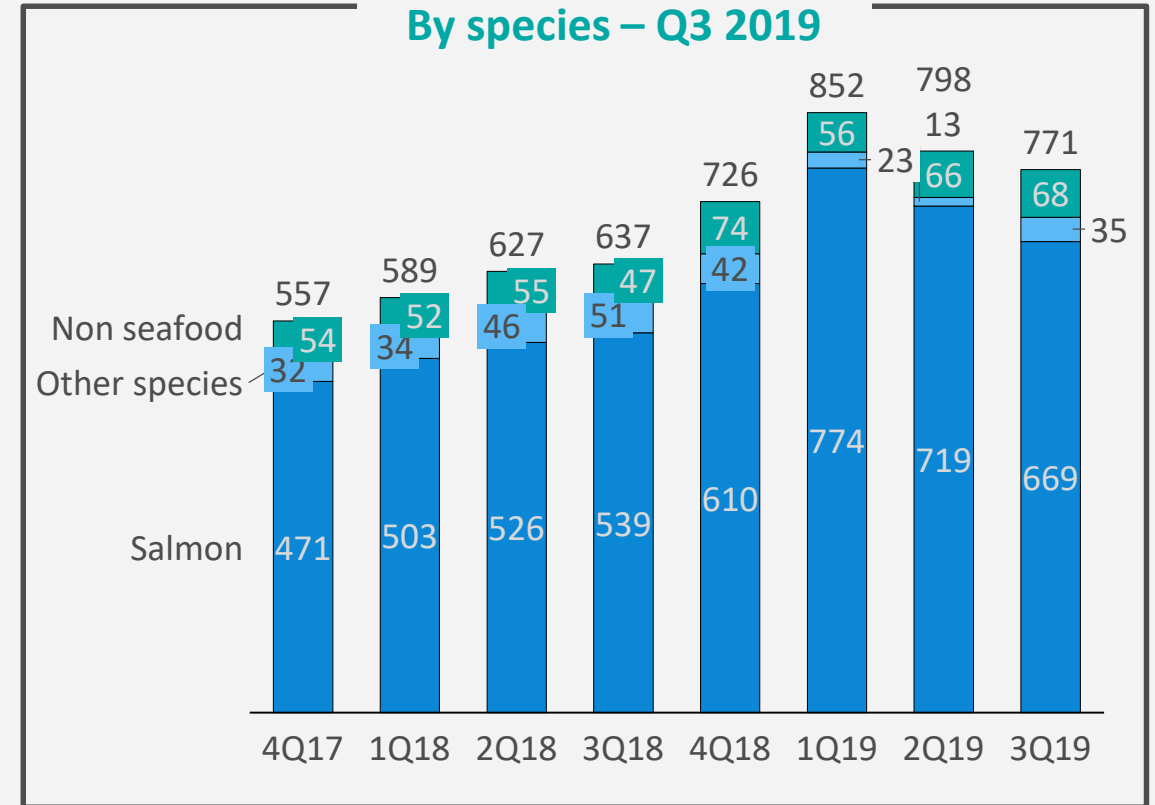
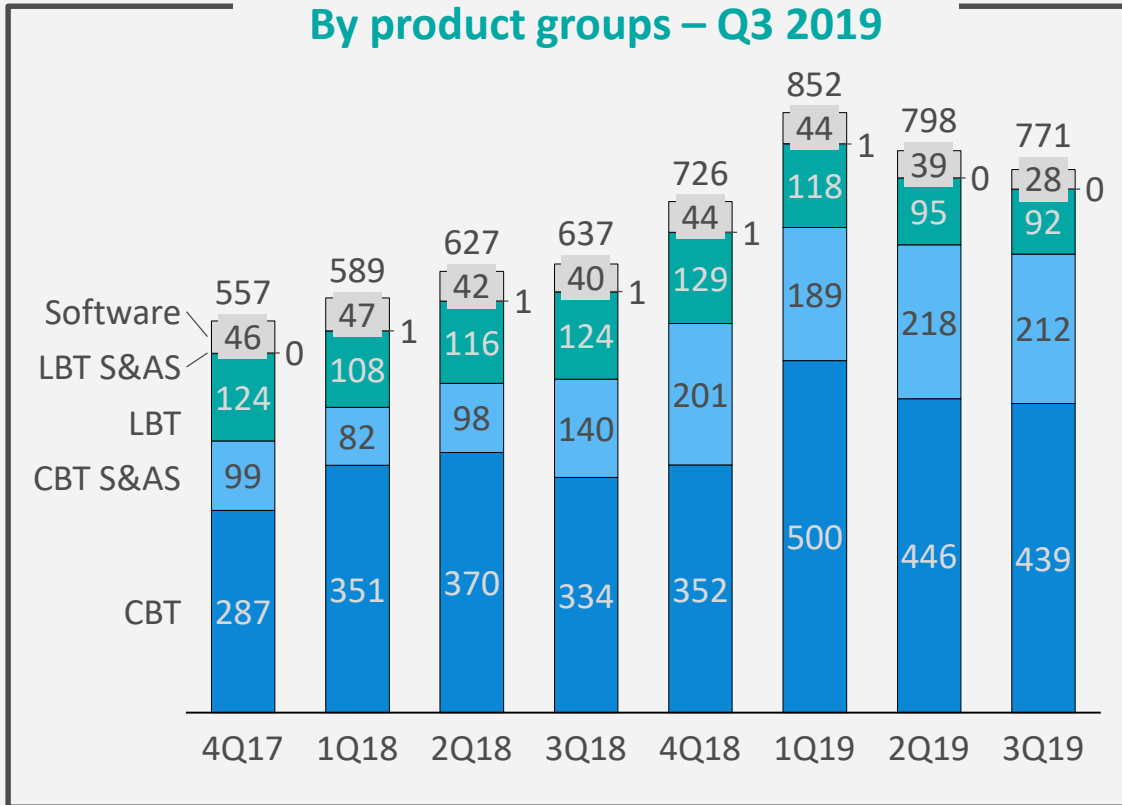


Development in OPEX based revenue



- Egersund Net contributing 104 MNOK in the quarter
- Stable development for the rental business (Scotland and Norway) in 2019
- Service in ASA Nordic continued to deliver high revenue and margins
- AKVA group Software with revenue increase of 14 % compared to Q3 last year, and increased margins
- High activity level in the Norwegian marine service business with improved margins 2019 compared to Q3 2018, and with strong order backlog
- Wise lausnir ehf excluded from 1 September 2019

Revenue by product group and species



Cage Based Technology = Cages, barges, feed systems, nets 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 Technology = 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

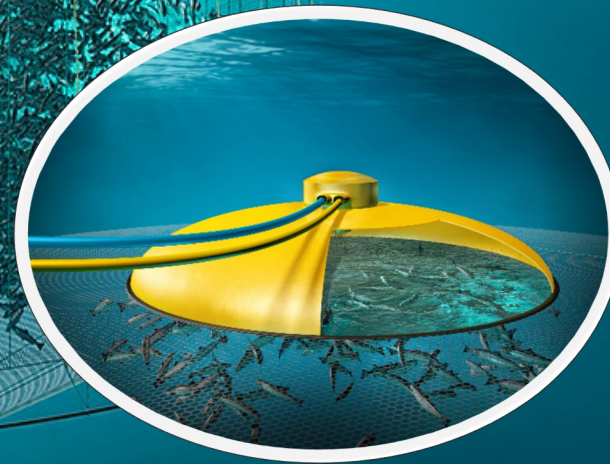
- Wise lausnir ehf an Icelandic subsidiary was sold in Q3
- “First” barge contract signed in Chile, delivery from new partner in Vietnam
- Co-operation agreement for Land Based projects entered into with Cooke Aquaculture
- 3 years frame agreement signed for Norwegian marine services
- Good progress made on establishing service business on New Foundland
- Good progress made of renewal of Fishtalk and AKVAconnect platforms, further contracts with Observe AI (intelligent feeding) agreed
- Continued solid performance in net and net service business and progress made of exploring net service business in Chile
- New products launched at Aqua Nor, new cage concept and waterborne feeding

Risk management

Underwater feeding

Fish health operations


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



Air to the salmon
Artificial air space

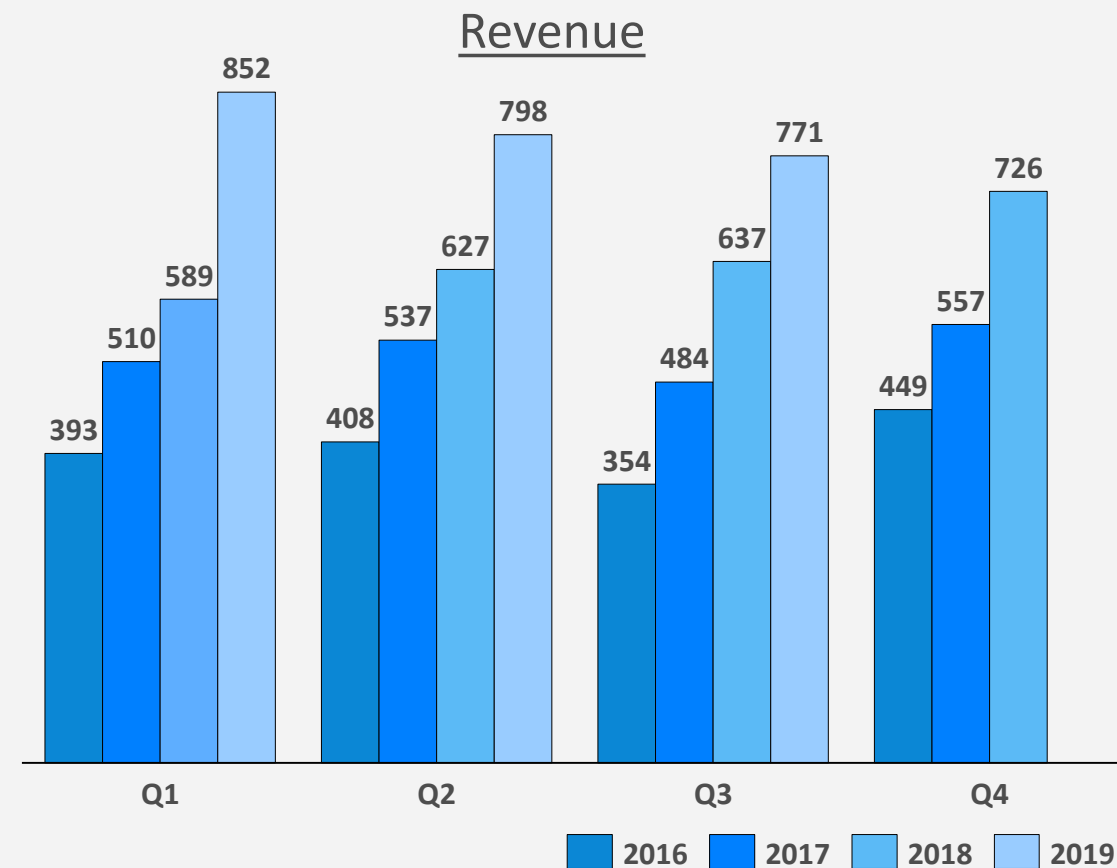
1. Atlantis Subsea Farming AS applied for 6 development licenses the 29th of January 2016
2. The Norwegian Directorate of Fisheries have informed the company that the company's concept has progressed another step further in the process to get awarded development licenses.
3. The Directorate will go ahead 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 phase with regards to execution of the project.



 Financial performance Q3 2019 – by CFO Simon Nyquist Martinsen

Q3 2019 – Financial highlights

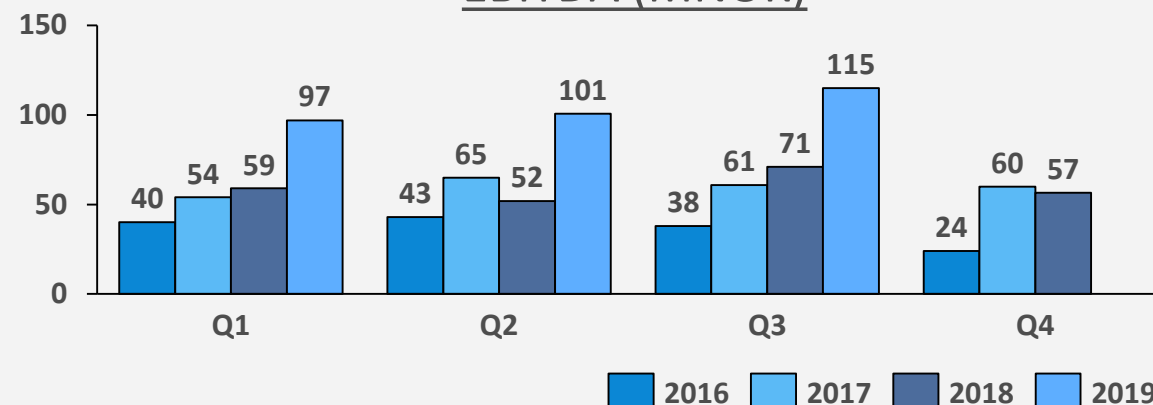
- Last twelve months order intake and revenue now at 3,586 MNOK and 3,148 MNOK respectively
- The order book has decreased to 1,524 MNOK at the end of Q3 2019, sale of Wise impacts decrease with MNOK 55
- Strong growth in the Nordic and Americas region, decline in EME and Land Based (due to phasing of orders)
- Egersund Net with an 18% increase in year to date revenue compared to 2018 (pro forma compared to last year)
- Net gain from sale of Wise included with 18 MNOK in Q3



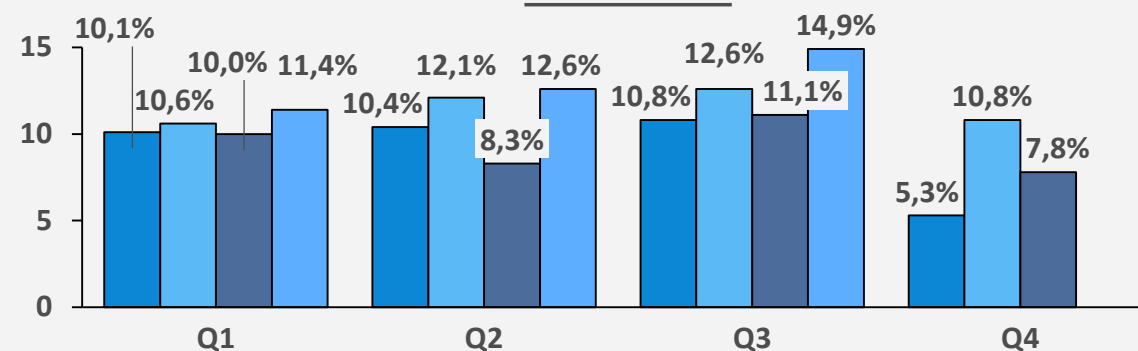
Q3 2019 – Financial highlights

- As in first half of 2019, strong contributions from Americas
- Strong improvements and contribution in the quarter from net washing in sea and the Nordic part of AKVA group ASA
- Egersund Net with strong margins, improved from both Q1 and Q2 this year
- Margins in the Land Based segment slightly below Q3 2018 and at same level as full year 2018
- EBITDA positively affected by 15 MNOK due to implementation of IFRS 16 in the quarter (44 MNOK YTD)
- A net gain of 18 MNOK included on the sale of Wise, EBITDA margin at 12,9% excluding the gain

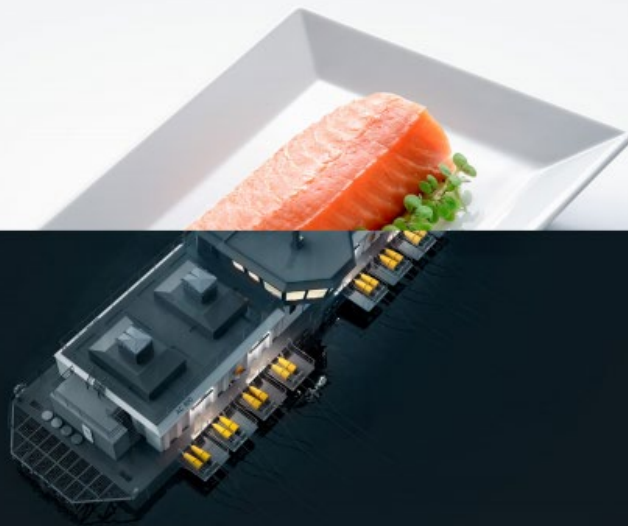
EBITDA (MNOK)



EBITDA %



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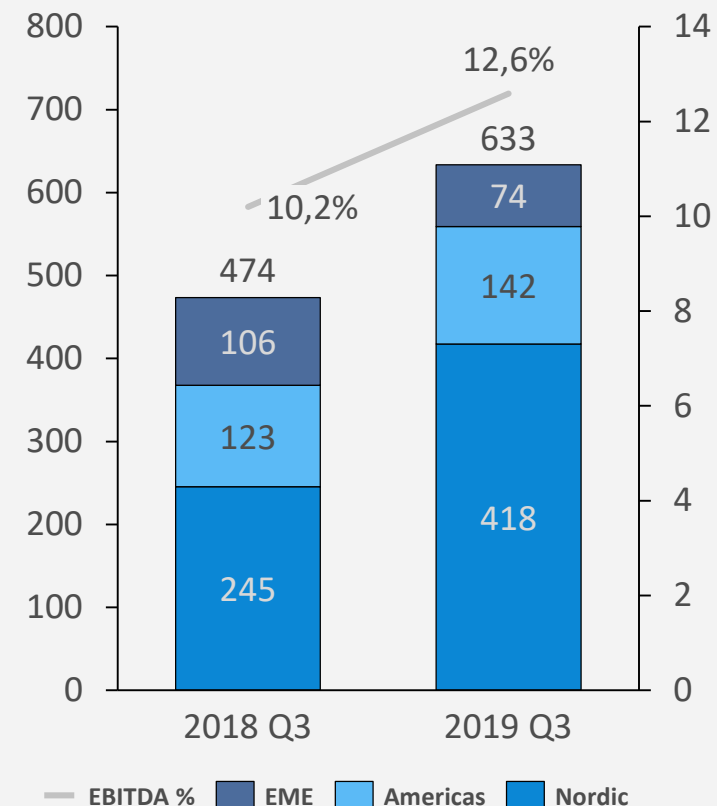
By developing technology focused on solving the biological challenges we contribute to the continued development of a sustainable industry with fish welfare as the most important success criteria. Good fish health is paramount in achieving good results and investing in our technology will help deliver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

Cage Based Technology

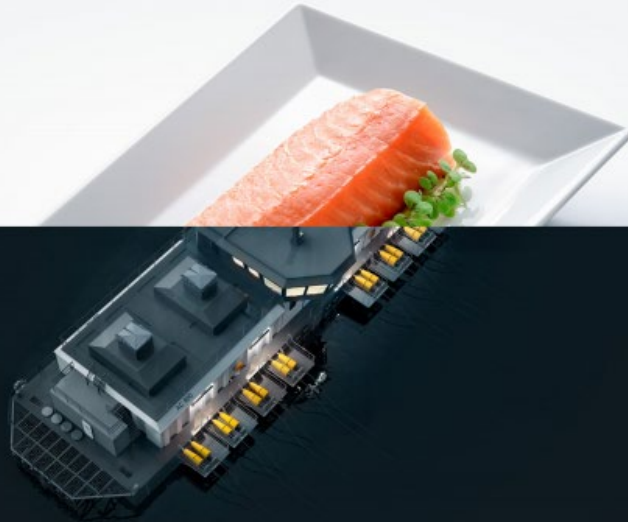
Nordic

- Improved margins in our Norwegian barge business compared to Q3 2018, but still strong focus on operational improvement potential
- Strong improvement in quarter from AKVA Marine Services (net cleaning in sea)
- Egersund Net, Egersund Trading, UAB Egersund Net and Grading System fully consolidated. Partly included in figures in Q3 2018. Solid contribution in Q3 2019
- Emel Balik (Turkey) and NOFI Oppdrettsservice (Skjervøy) 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 Technology

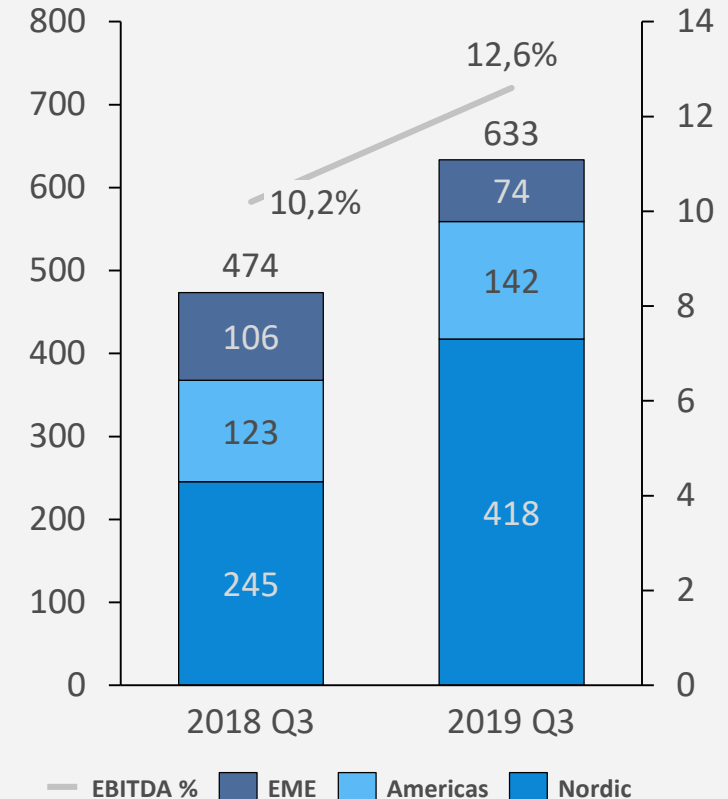
Americas

- AKVA group Chile signed agreement for delivery of four barges, order backlog of MNOK 346 at end of Q3 2019
- Revenue has increased with 16 % compared to YTD Q3 2018
- EBITDA margins improved with 56% compared to last years Q3, also improved compared to second quarter in 2019

EME

- On the back of solid order intake in Q2 AKVA group Turkey came in with an increase in revenue compared to third quarter last year
- AKVA group Scotland with increase in both revenue and margins compared to first two quarter of 2019

Revenue and EBITDA %



BIOLOGY



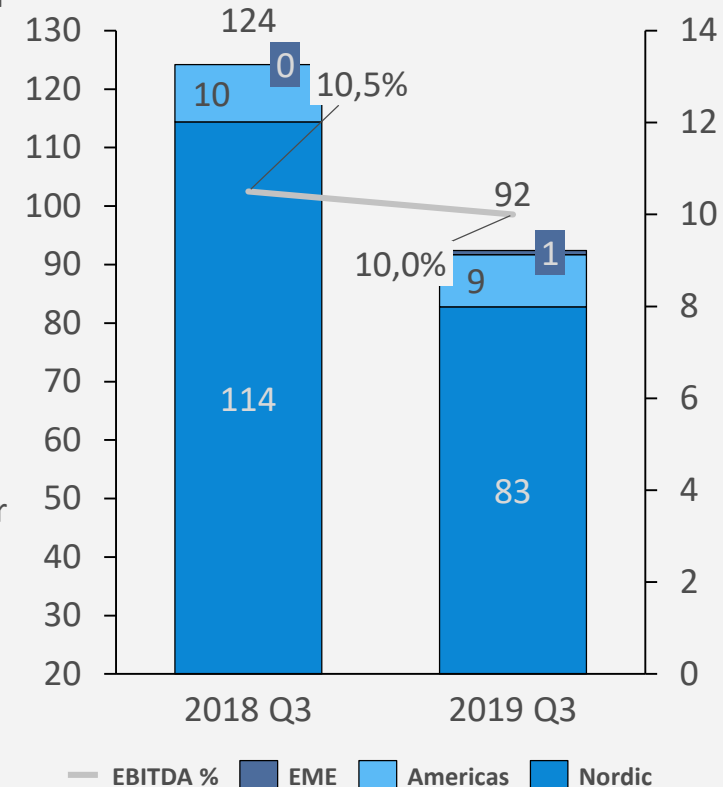
TECHNOLOGY

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Land Based Technology

- Contract for tender with Russian Sea of 11,9 expected to be signed in Q4 19/Q1 20, this project is not included in the order backlog
- Co-operation agreement signed with Cooke Aquaculture in August, with potential for delivery of several larger land based smolt projects, which the first is expected to be signed in Q4
- Strong order backlog of 569 MNOK by the end of Q3, up from 359 at end of second quarter last year
- Decrease in revenue for Q3 compared to third quarter last year due to phasing of projects
- Margins still stronger than full year 2018 of 9.9%
- Pipeline of projects continue to be good in several regions

Revenue and EBITDA %



BIOLOGY



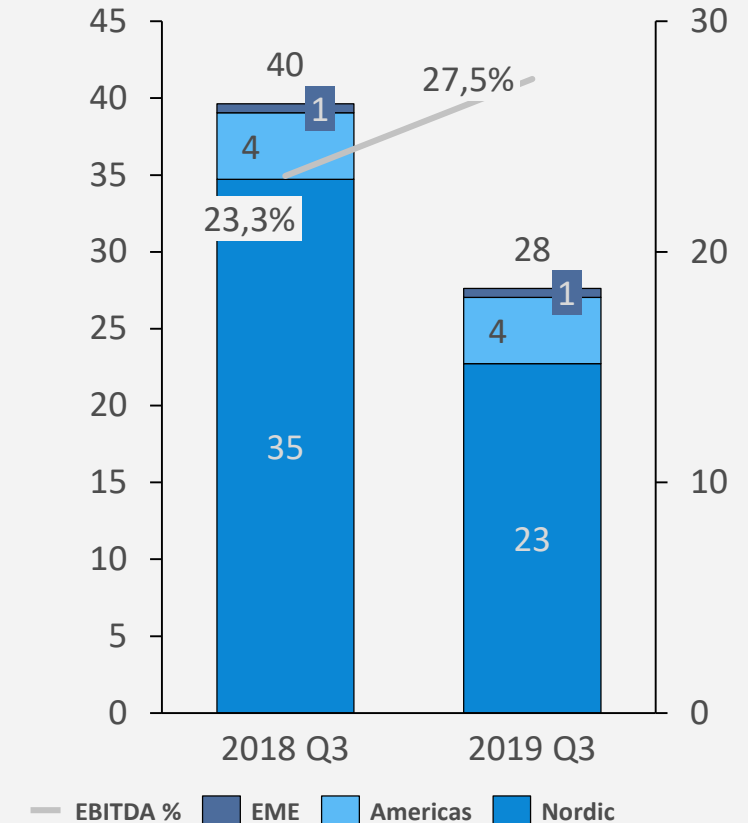
TECHNOLOGY

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Software

- AKVA group Software with increased revenue and margins in the quarter compared to Q3 2018
- First version of modernized Fishtalk delivered, with open, cloud based API and new modern app's
- Brand new control system, AKVAconnect was launched at Aqua Nor in August
- Digital solutions in Software integrated with control systems and AI solutions create stronger combined offerings
- The divestment of Wise lausnir ehf was finalized at end of the quarter

Revenue and EBITDA %



Financials – Detailed P&L

(MNOK)	2019 Q3	2018 Q3	2019 YTD	2018 YTD	2018 Total
Order backlog	1 524	1 085	1 524	1 085	1 356
Order intake	723	448	2 589	1 558	2 555
P&L					
OPERATING REVENUES	771	637	2 422	1 853	2 579
IFRS 16 OPEX*	-15	-	-44	-	-
Operating costs ex depreciations	672	567	2 154	1 672	2 342
EBITDA	115	70	312	181	238
Depreciation	22	17	67	47	69
IFRS 16 Depreciation*	14	-	41	-	-
Amortization	13	9	37	27	39
EBIT	66	44	168	108	130
Net interest expense	-6	-4	-16	-10	-14
IFRS 16 Interest expense*	-5	-	-15	-	-
Other financial items	0	-2	-1	-6	-4
Net financial items	-11	-5	-33	-16	-18
EBT	55	38	135	91	112
Taxes	13	11	33	21	22
NET PROFIT	42	27	102	70	89
Net profit (loss) attributable to:					
Non-controlling interests	0,5	-0,3	2,0	-0,4	-0,3
Equity holders of AKVA group ASA	42	28	100	71	90
Number of shares	33 140	28 306	33 221	26 640	28 306
Revenue growth	21,1 %	31,6 %	30,7 %	21,0 %	23,5 %
EBITDA margin	14,9 %	11,0 %	12,9 %	9,8 %	9,2 %
EPS (NOK)	1,27	0,98	3,01	2,66	3,17

Of which Land Based is 569 MNOK

Investment in subsidiaries accounted for by equity method YTD Q3 classified as other operating revenues of 3.3 MNOK

Net gain on divestment of Wise of MNOK 18

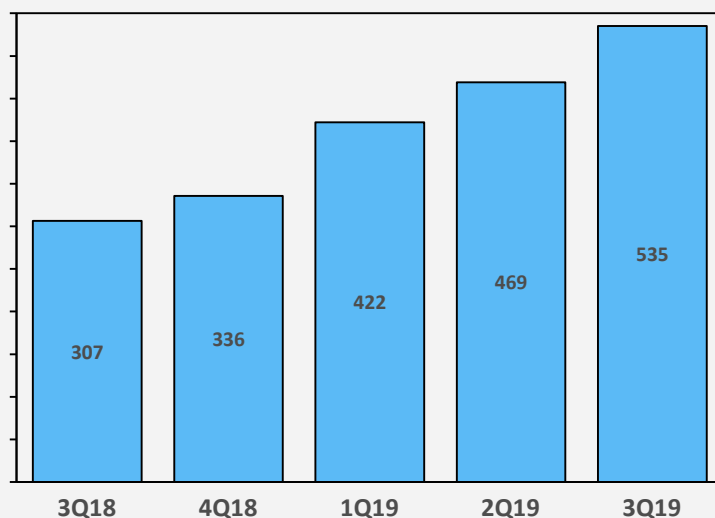
Increased depreciation mainly due to investments in AKVA Marine Services/Helgeland Plast and depreciation/amortization including Egersund Net and subsidiaries (4.9 MNOK in quarter)

*IFRS 16 changes are affecting the EBITDA positively by 15 MNOK in the quarter, and the Net profit negatively by 4 MNOK

Minority shareholders (30%) in Grading Systems Ltd

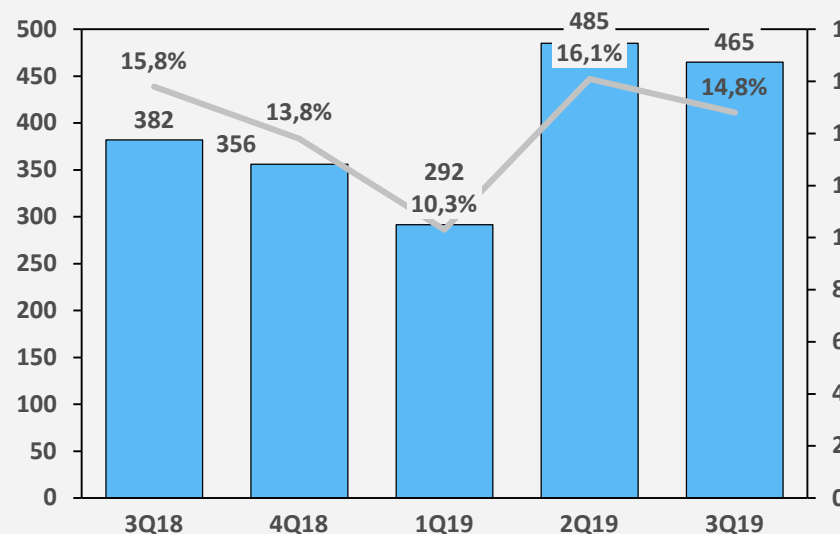
Group financial profile – remains strong

Available cash



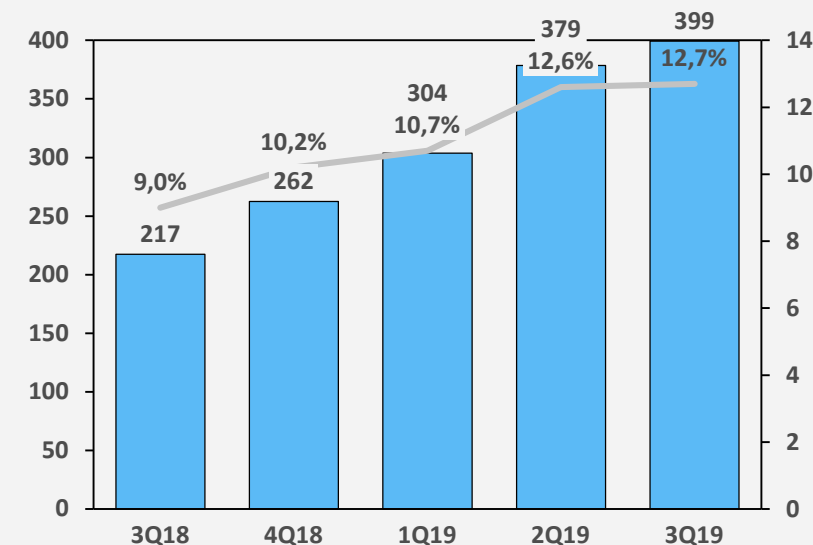
- Including 177 MNOK of a 300 MNOK credit facility in Danske Bank and unused revolving facility of 200 MNOK, as of Q3 2019
- Secured additional 100 MNOK of long term loans and established a new 200 MNOK revolving credit facility, in Q2

Working capital



- The graph shows absolute working capital and working capital relative to last twelve months revenue
- Revenue from Egersund Net is now included with 12 months revenue

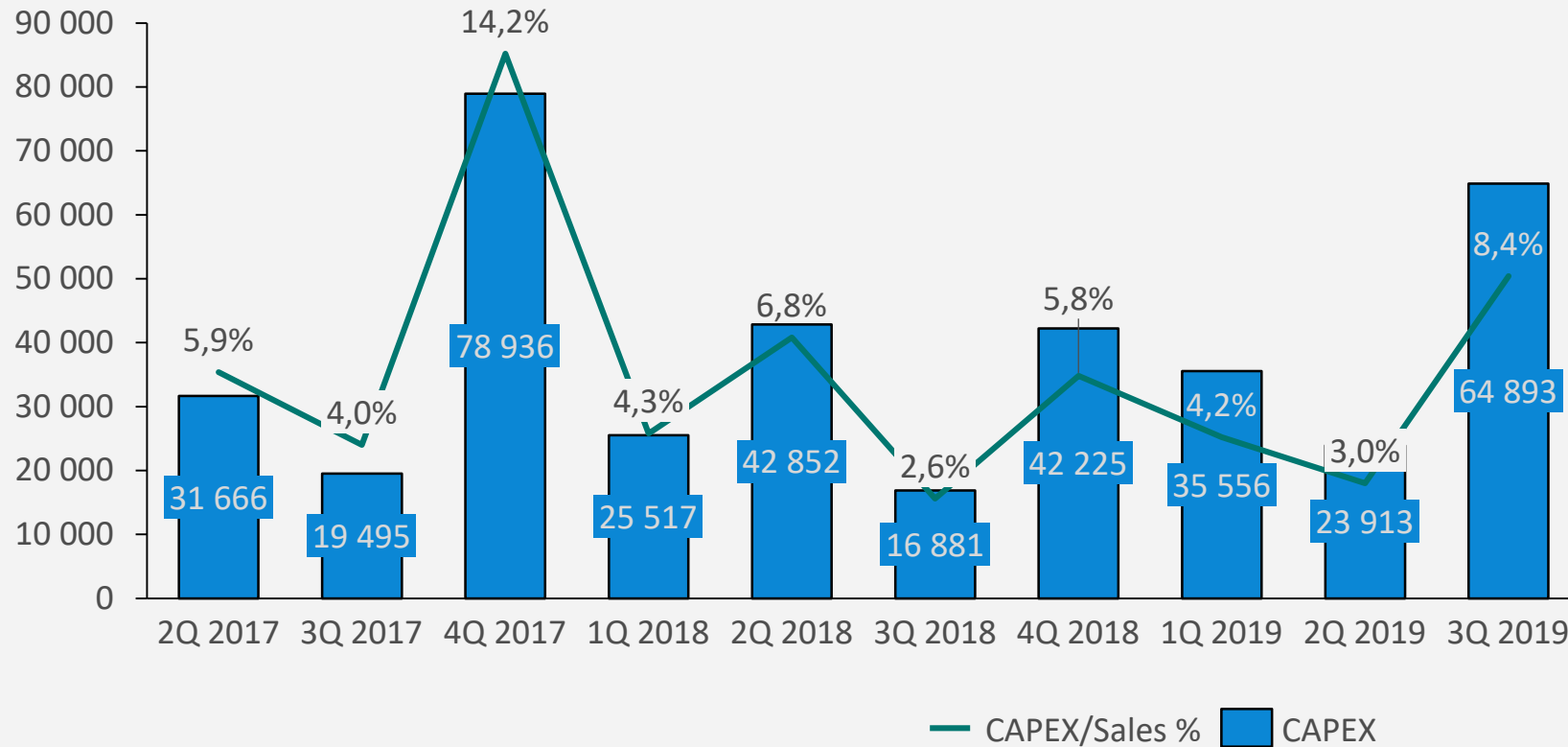
Average working capital



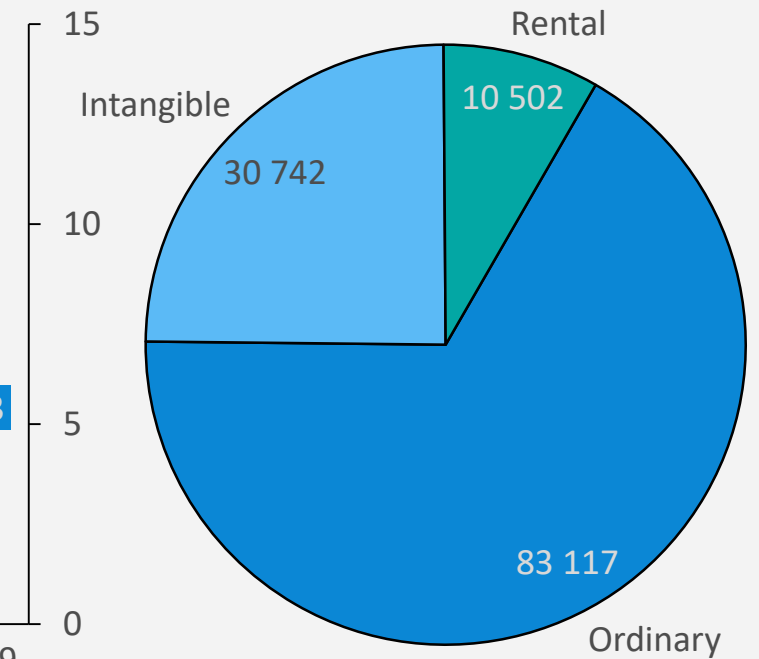
- The graph shows 12 months average working capital and average working capital relative to last twelve months revenue

CAPEX

(TNOK) CAPEX and CAPEX/Revenue %

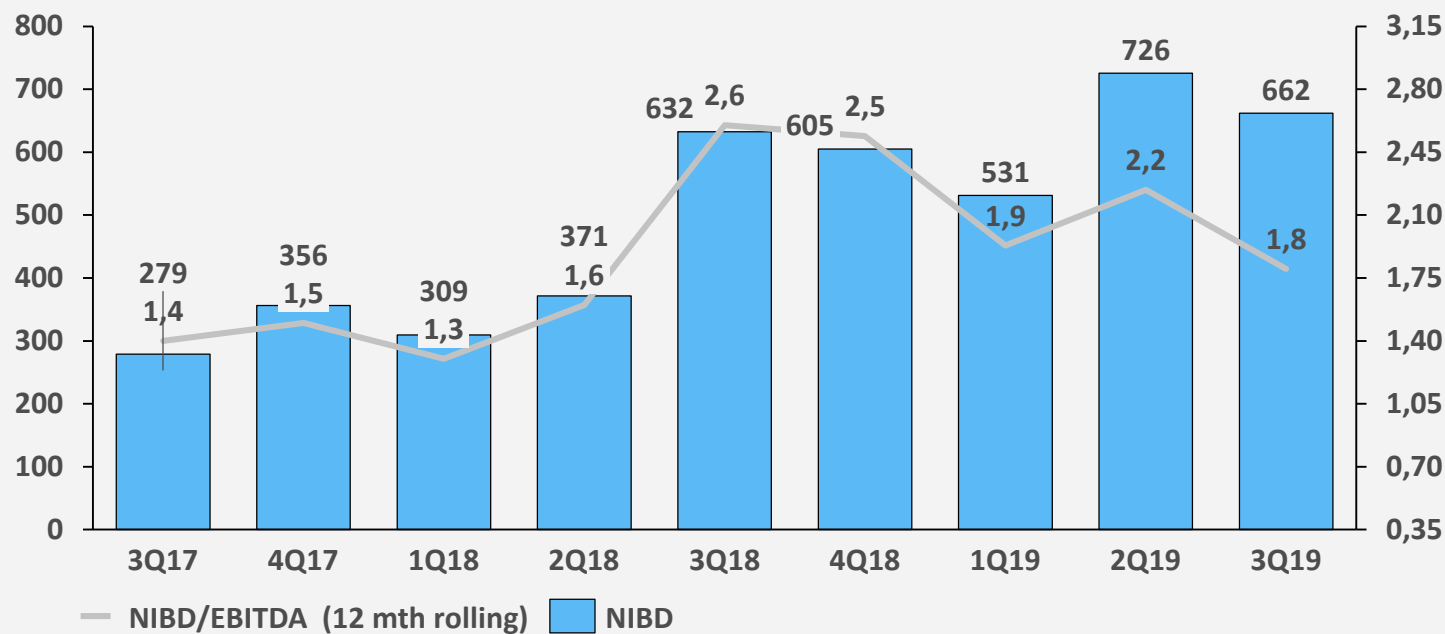


CAPEX breakdown 2019



Net interest bearing debt/EBITDA of 1.8

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



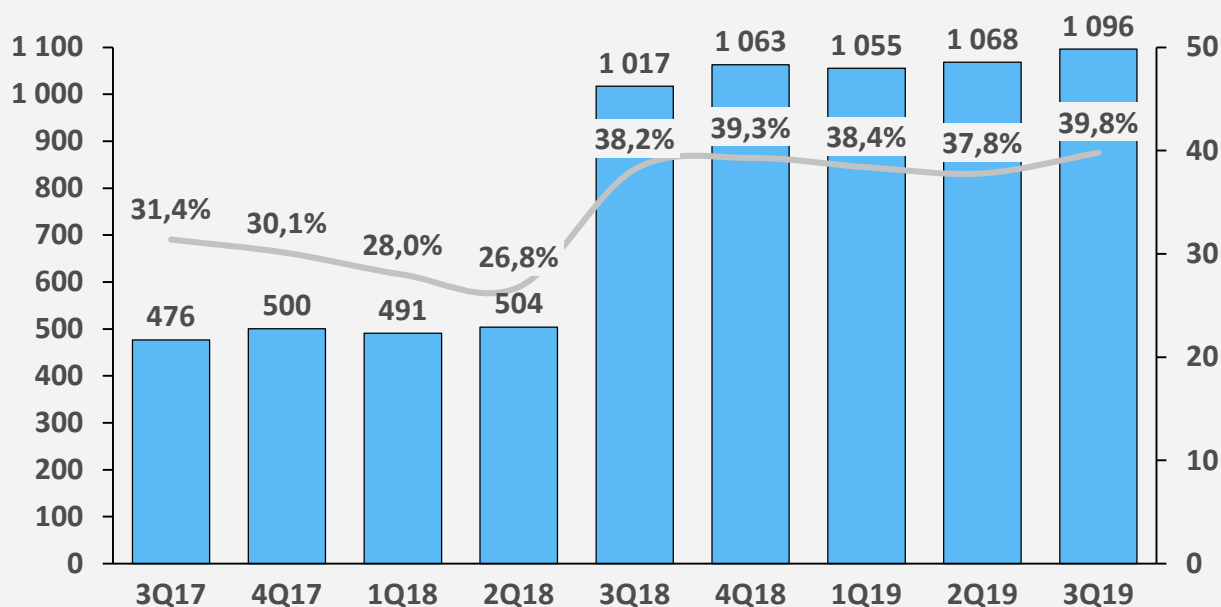
■ Excluding IFRS 16 liabilities

Change in net interest bearing debt (TNOK)

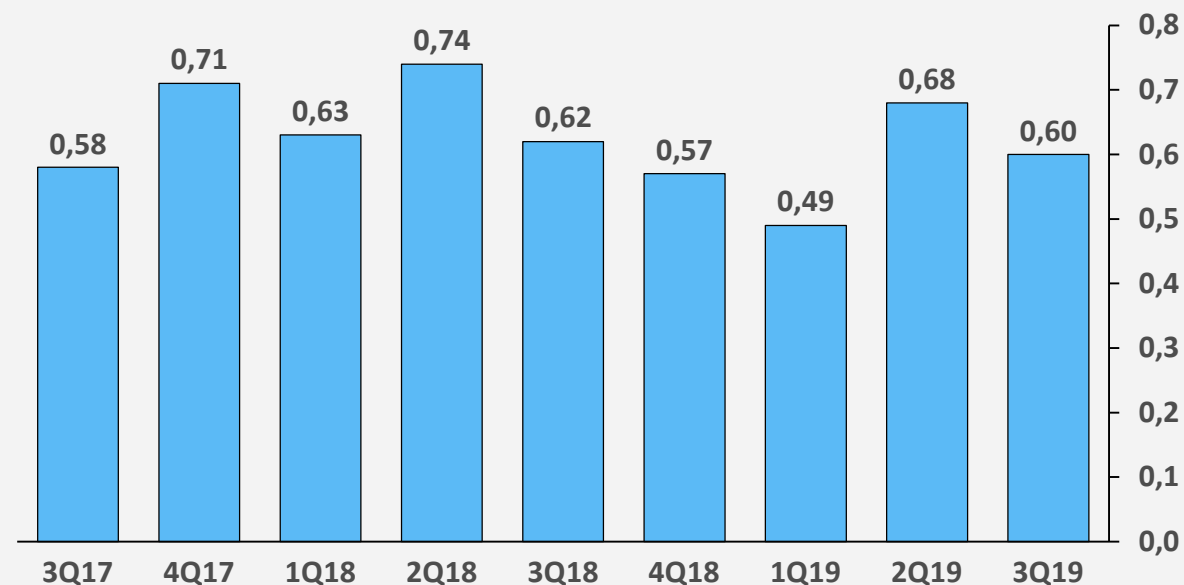
Net interest bearing debt 30.06.2019	725 517
EBITDA	-96 420
Income taxes paid	8 435
Net interest paid	10 384
Capex	64 893
Divestment	-41 736
Paid dividend	33 156
Buyback/sale own shares	-1 977
Sale of fixed assets	-168
Currency effects	-2 500
Other changes in working capital	-37 779
<i>Net change</i>	-63 713
Net interest bearing debt 30.09.2019	661 805

Group financial profile – remains strong, continued

Equity and Equity / Total Balance



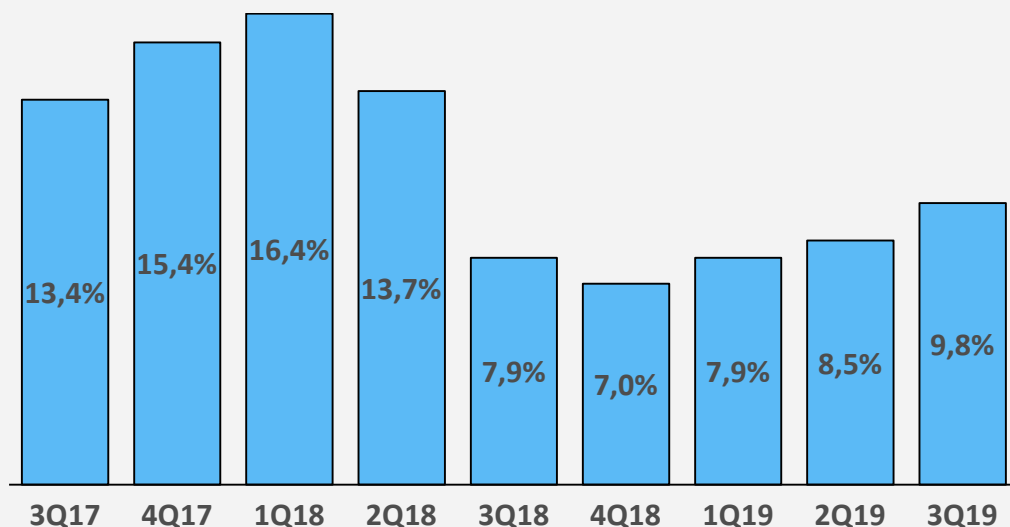
NIBD / Equity



- Total effect of IFRS 16 on the balance sheet end of September 2019 is 418 MNOK, negatively affecting the equity ratio when comparing to previous quarters. Not included in graph above
- Equity ratio would be 34,5% including IFRS 16 liabilities

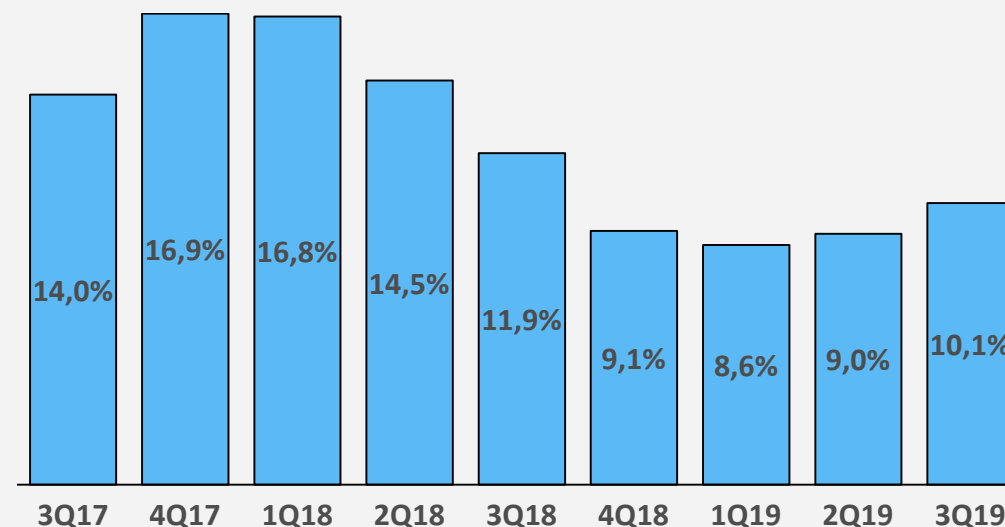
Group financial profile – remains strong, continued

ROCE



- Q3 including twelve months of EBIT from Egersund Net for first time since acquisition in August 2018
- ROCE is calculated ex balance sheet items of IFRS 16

ROACE



- Q3 including twelve months of EBIT from Egersund Net
- ROACE is calculated with the average balance sheet items last four quarters
- ROACE is calculated ex balance sheet items of IFRS 16

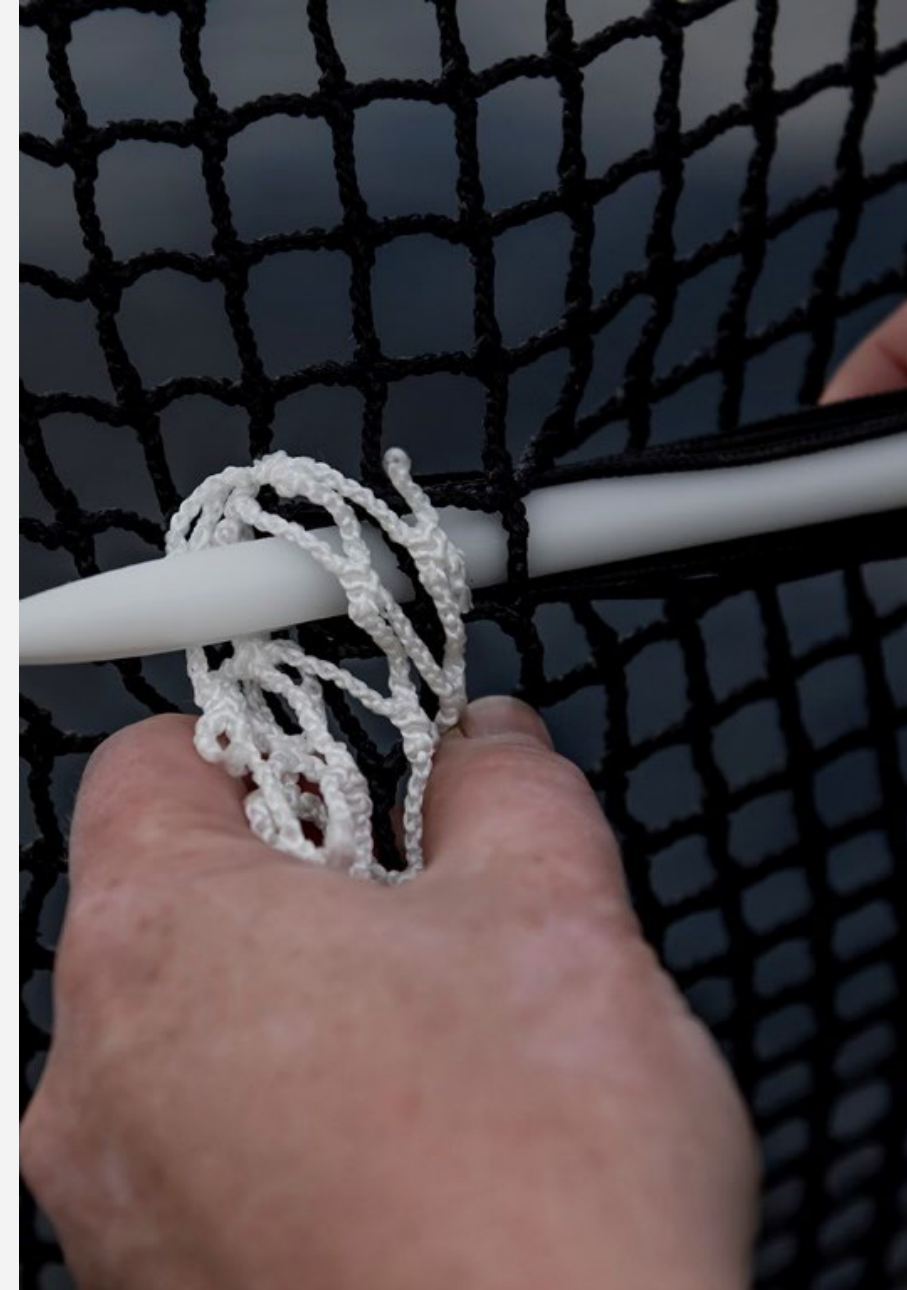
Cash flow statement

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (NOK 1 000)	2019	2018	2019	2018	2018
	Q3	Q3	YTD	YTD	Total
Net cash flow from operations	76 905	65 246	229 944	155 756	204 735
Net cash flow from change in working capital	37 779	-55 555	-94 777	-69 513	-50 821
Net cash flow from operational activities	114 684	9 692	135 167	86 243	153 913
Net cash flow from investment activities	-10 089	-178 786	-96 114	-228 523	-270 673
Net cash flow from financial activities	-132 108	169 618	-38 660	187 223	158 880
Net change in cash and cash equivalents	-27 513	524	393	44 943	42 121
Net foreign exchange differences	5 095	-1 994	807	-6 510	-2 227
Cash and cash equivalents at the beginning of the period	180 481	156 872	156 862	116 969	116 969
Cash and cash equivalents at the end of the period	158 062	155 402	158 062	155 402	156 862

Balance sheet

BALANCE SHEET	2019	2018	2018
(MNOK)	30.09	30.09	31.12

ASSETS	3 175	2 663	2 703
Intangible non-current assets	1 047	1 080	1 085
Tangible non-current assets	361	324	332
Financial non-current assets	74	64	73
IFRS 16 - RoU Asset	418	-	-
Inventory	453	427	462
Receivables	663	588	571
Cash and cash equivalents	158	136	133
Assets held for sale	-	44	47
LIABILITIES AND EQUITY	3 175	2 663	2 703
Equity	1 092	1 017	1 062
Minority interest	4	0	0
Long-term interest bearing debt	666	612	360
Short-term interest bearing debt	154	176	401
IFRS 16 - Lease Liability	424	-	-
Non-interest bearing liabilities	835	835	855
Liabilities held for sale	-	23	24



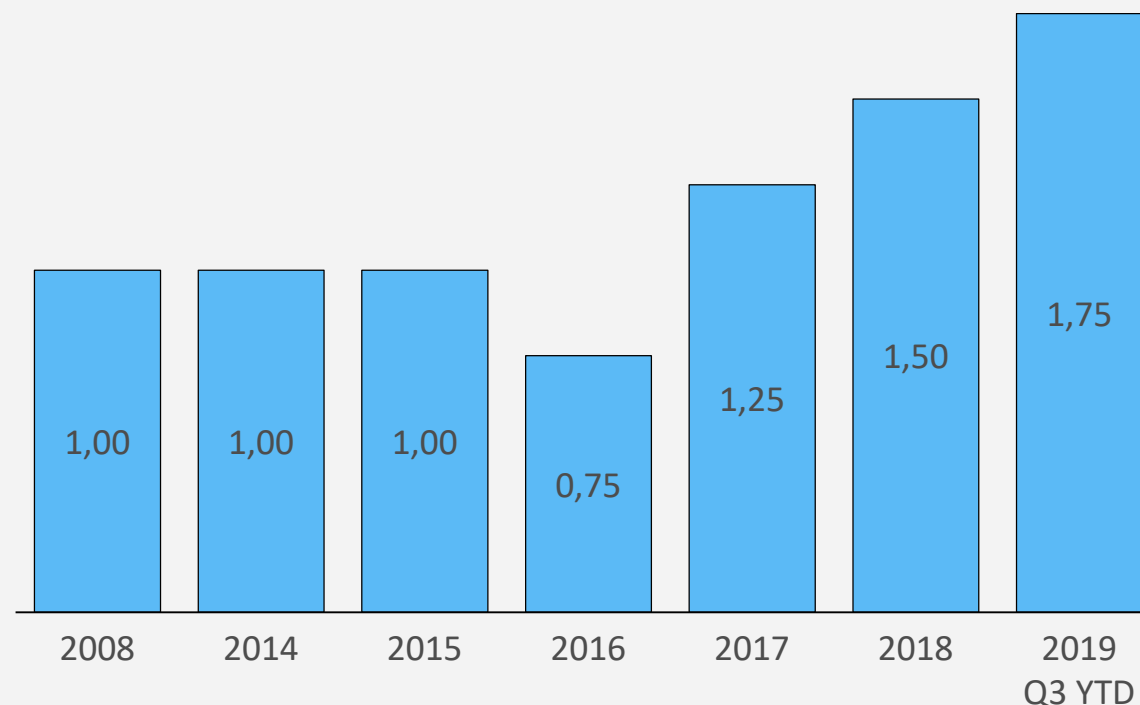
Dividend and dividend policy

Dividend Policy

- The company is aiming to give the shareholders a competitive return on investment by a combination of cash dividend and share price increase
- The company's dividend policy shall be stable and predictable
- When deciding the dividend the Board will take into consideration expected cash flow, capital expenditure plans, financing requirements/compliance, appropriate financial flexibility, and the level of net interest bearing debt
- The company needs to be in compliance with all legal requirements to pay dividend
- The company will target to pay dividend twice a year

-
- A dividend of NOK 1.00 per share was paid in September 2019

Cash Dividend



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 INVESTMENTS LIMITED		GBP
992 392	3,0 %	SIX SIS AG	Nominee	CHE
825 932	2,5 %	VERDIPAPIRFONDET ALFRED BERG GAMBA		NOR
718 491	2,2 %	VERDIPAPIRFONDET NORDEA KAPITAL		NOR
570 123	1,7 %	VERDIPAPIRFONDET NORDEA AVKASTNING		NOR
415 000	1,2 %	Norron Sicav - Select		LUX
400 640	1,2 %	VERDIPAPIRFONDET NORDEA NORGE PLUS		NOR
391 883	1,2 %	EQUINOR PENSIJON		NOR
356 300	1,1 %	MP PENSIJON PK		NOR
329 950	1,0 %	J.P. Morgan Bank Luxembourg S.A.	Nominee	LUX
300 000	0,9 %	NORDEA NORDIC SM CAP FD		FIN
177 883	0,5 %	AKVA GROUP ASA		NOR
150 000	0,4 %	BJØRN DAHLE		NOR
142 769	0,4 %	VERDIPAPIRFONDET DNB SMB		NOR
107 610	0,3 %	METZLER EURO SMALL + MICRO CAP		IRE
100 000	0,3 %	UBS Europe SE	Nominee	LUX
100 000	0,3 %	ASKVIG AS		NOR
100 000	0,3 %	BERGEN KOMMUNALE PENSIJONSKASSE		NOR
90 312	0,3 %	STATOIL FORSIKRING A.S		NOR
30 872 390	92,6 %	20 largest shareholders		
2 461 913	7,4 %	Other		
33 334 303	100,0 %	Total number of shares as per 30.06.2019		

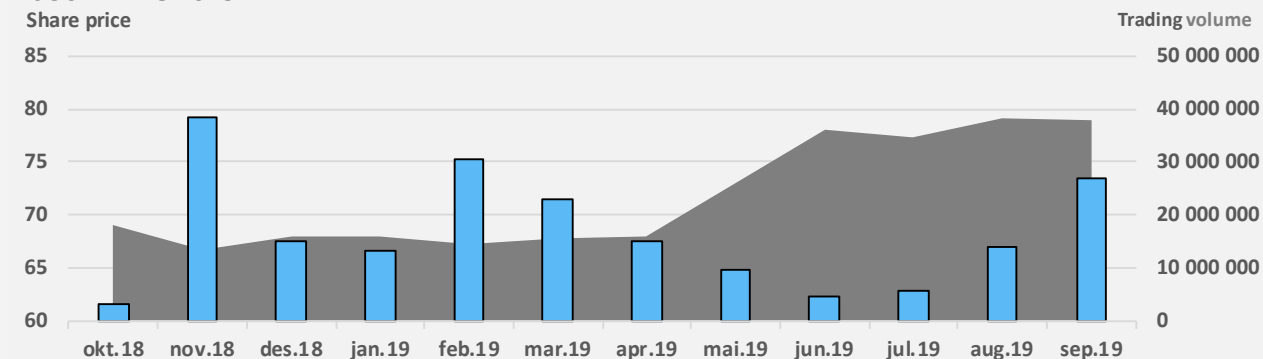
Origin of shareholders, 5 largest countries

No of shares	%	Origin	No of shareholders
26 249 997	78,7 %	Norway	755
3 919 940	11,8 %	Great Britain	19
1 068 772	3,2 %	Switzerland	5
907 800	2,7 %	Luxembourg	5
362 020	1,1 %	Finland	4
825 774	2,5 %	Other	109

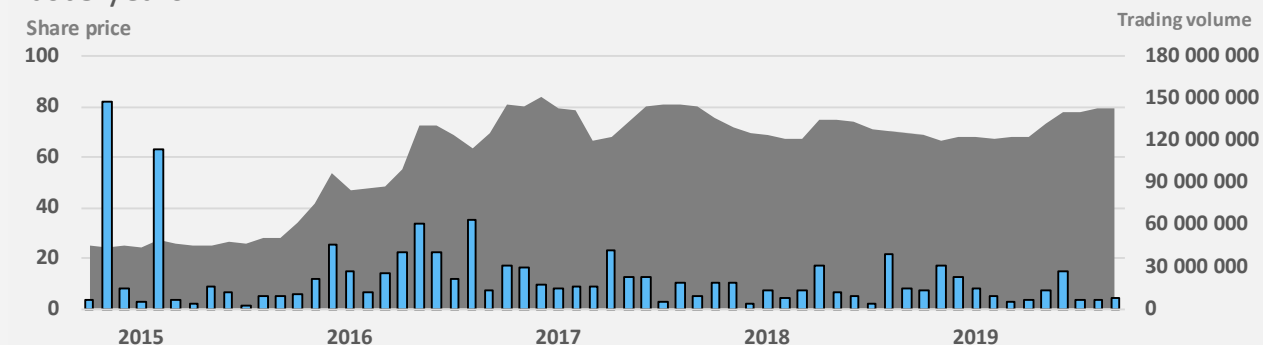
Total number of shareholders: 897 - from 26 different countries

Share development

Last 12 months



Last 5 years



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<http://ir.akvagroup.com/investor-relations/subscribe>



 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 11
countries.
1 443
employees

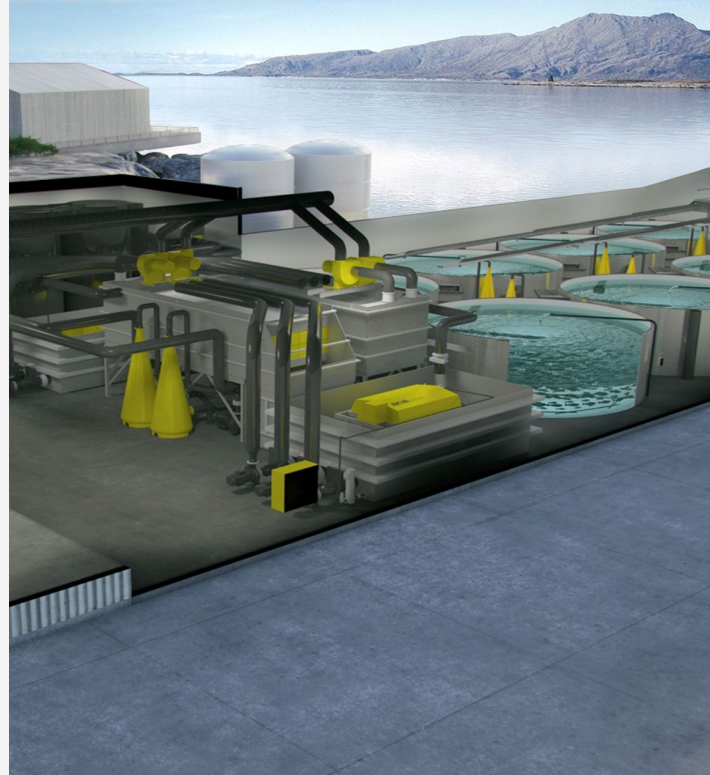


Solutions

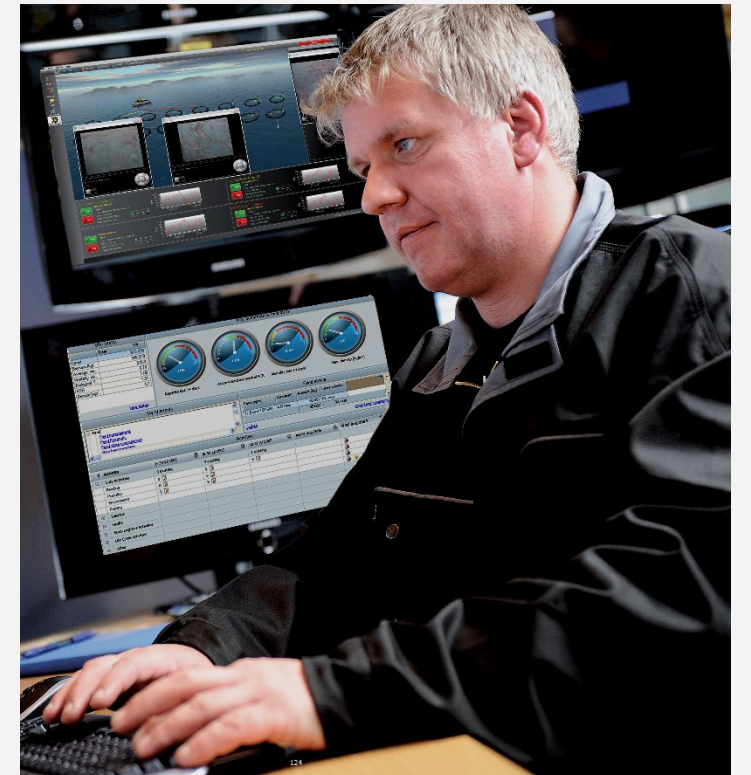
Cage Based Technology



Land Based Technology



Software



CAPEX Based Revenue

CAGE BASED TECHNOLOGY



LAND BASED TECHNOLOGY



SOFTWARE: Fishtalk
AKVAconnect
Support

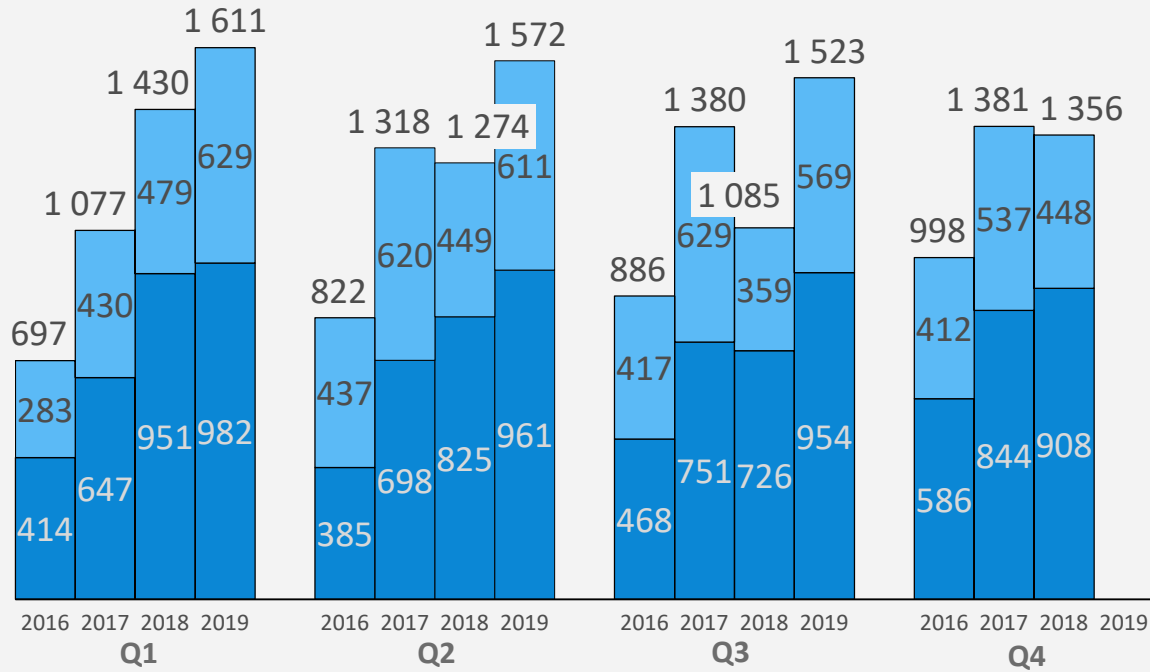


**MARINE SERVICES
& AFTER SALE
SERVICE:** Marine services
Rentals
After sale services

OPEX Based Revenue

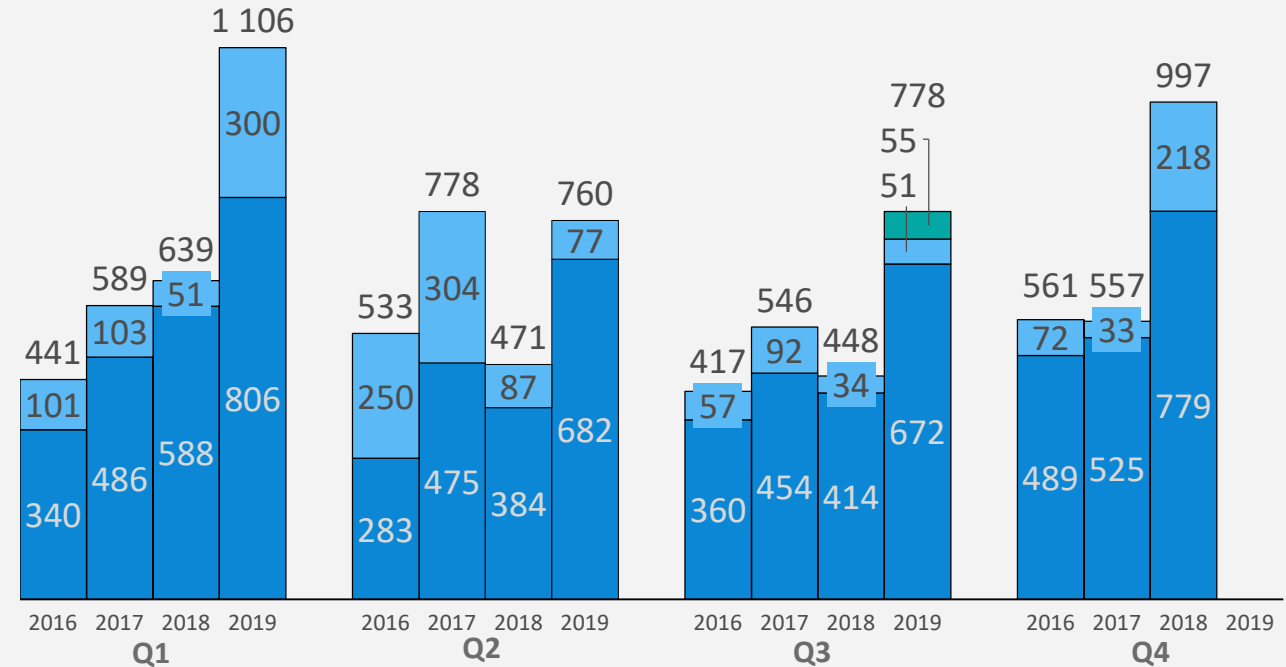
Order backlog and inflow, 2016 through 2019

Order backlog



- 37% of total order backlog relates to Land Based Technology (LBT)

Order intake



- Order intake of 723 MNOK in Q3 2019
- Co-operation agreement signed with Cooke Aquaculture in August, with potential for delivery of several larger land based smolt projects, which the first is expected to be signed in Q4

Outlook – AKVA group

- Digitalization strategy making further progress with additional installations for Intelligent feeding (also in Norway)
- Competitive position strengthened by new cage concept and waterborne feeding, launched Q3
- Strong position for net sales and net services, growth potential by increasing manufacturing capacity and plans developed for new service station in North of Norway
- Plans underway to broaden offering in Chile, investigations ongoing for establishing net services
- Presence in eastern Canada, good progress made in the quarter with regards to establishing a service business
- Pipeline for Land Based continue to be good
- Atlantis project in execution mode – fish in the sea



CUSTOMER FOCUS

AQUACULTURE

∞ KNOWLEDGE

RELIABILITY

ENTHUSIASM!

