

Q4 2020 Presentation

Klepp, 12 March 2021

Knut Nesse, CEO

Ronny Meinkøhn, CFO





Technology for sustainable biology

Agenda | Q4 2020

Highlights and Outlook

Knut Nesse, CEO

Financial Performance

Ronny Meinkøhn, CFO

Q&A Session



Highlights | Q4 2020

Operation



- Activity level increased by 18% in Q4 compared to Q4 2019
- EBIT impacted by a significant amount of quality costs within the Cage Based segment
- Delivery contract (50 mEUR) for Nordic Aqua Partners and additional two new pre-engineering contracts for grow-out facilities signed
- Cyber-attack combined with COVID-19 implications contribute to a challenging start to 2021

Innovation and Digital

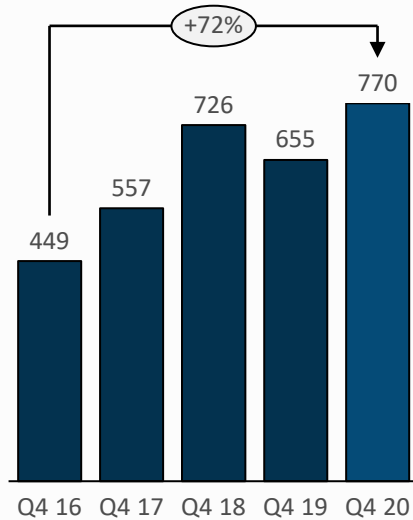


- Strengthened organizations both within Innovation and Digital
- Strategic important acquisition of equity stake in Observe Technologies completed
- Development of standard RAS module progressing according to plan
- Fish health established as a separate focus area

Key figures | Q4 2020

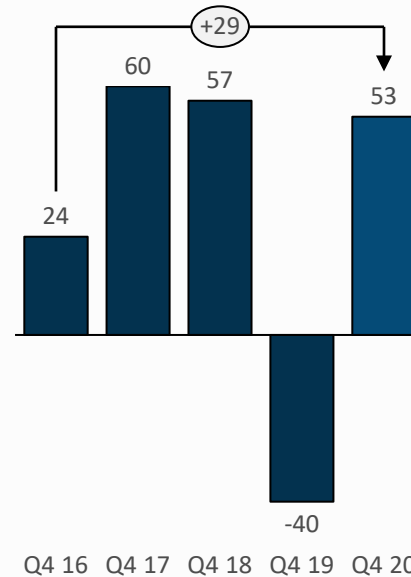
Revenue

770 MNOK



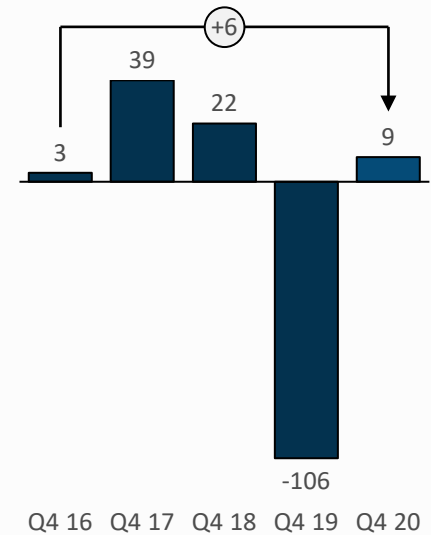
EBITDA

53 MNOK

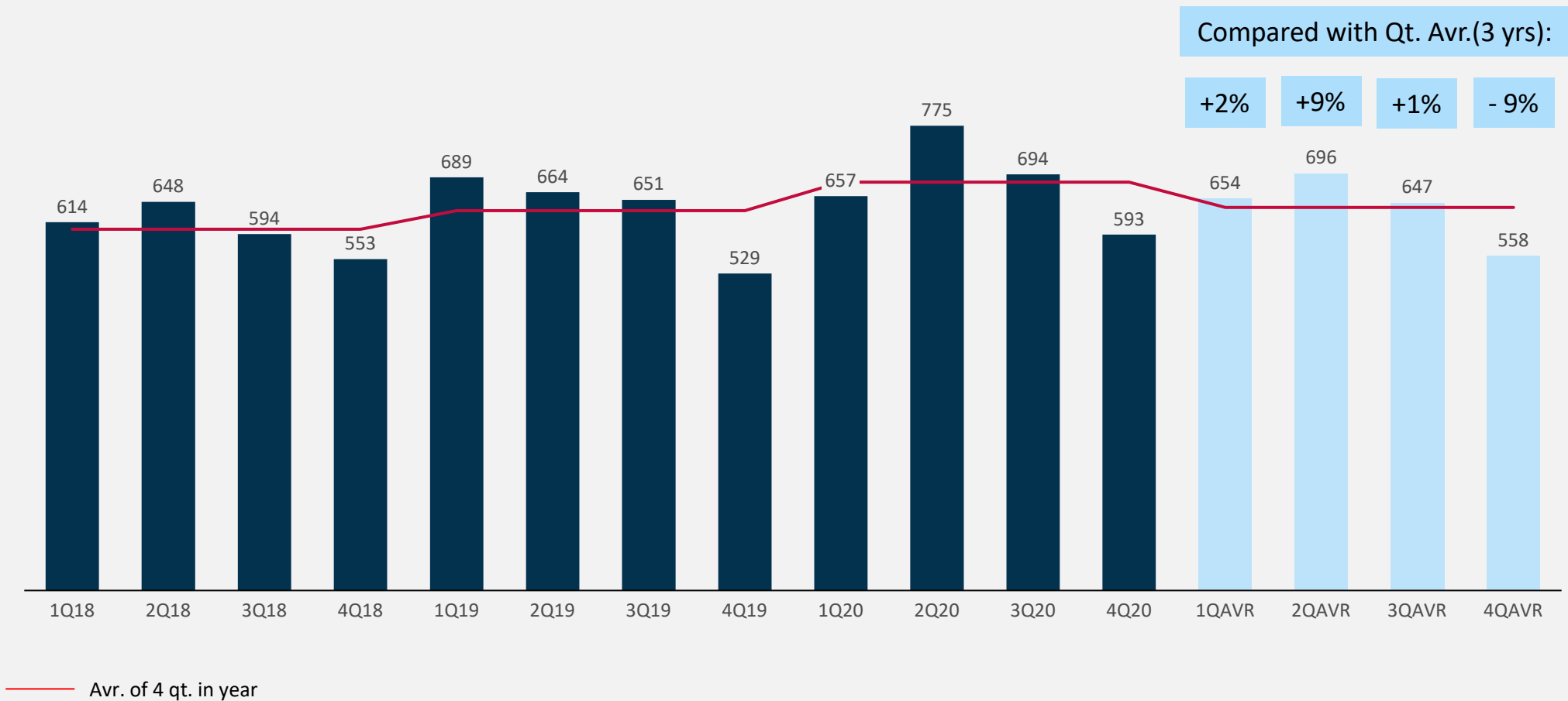


EBIT

9 MNOK



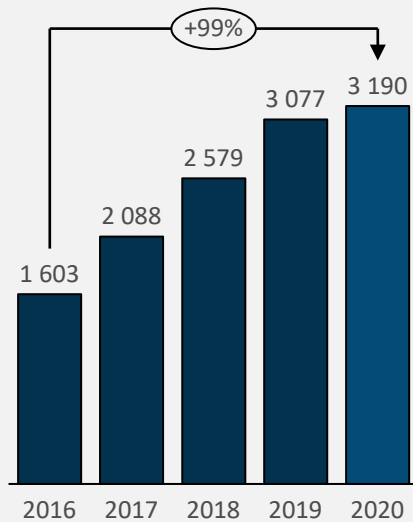
Cage Based business – revenue seasonality



Key figures | 2020

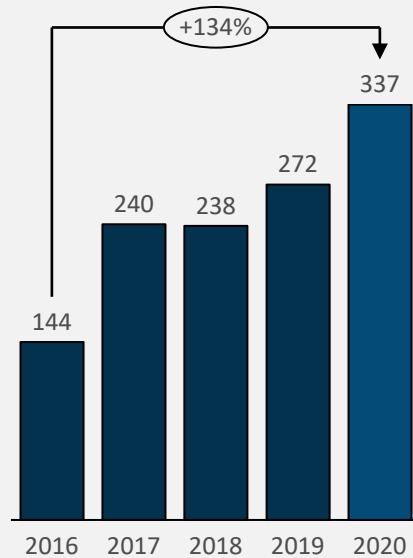
Revenue

3 190 MNOK



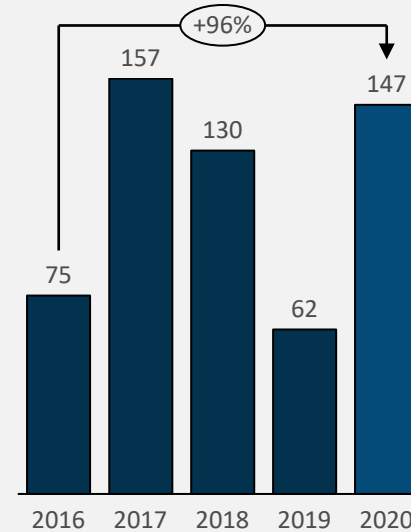
EBITDA

337 MNOK



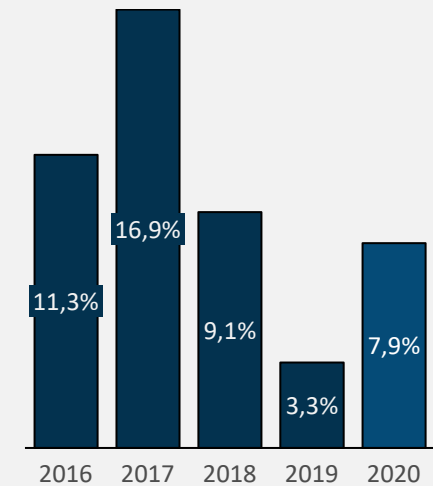
EBIT

147 MNOK



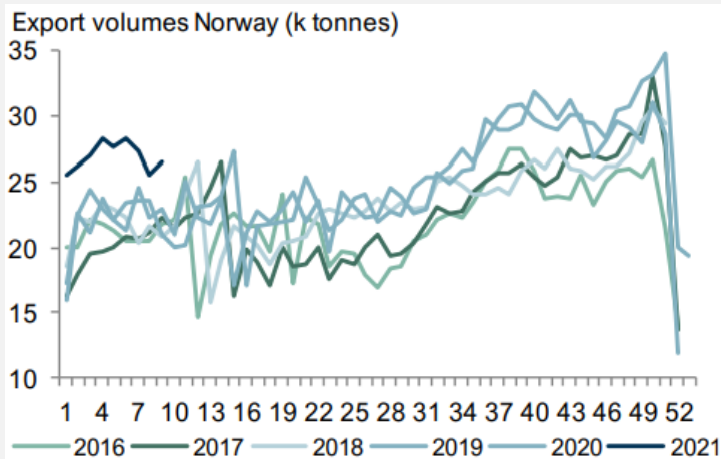
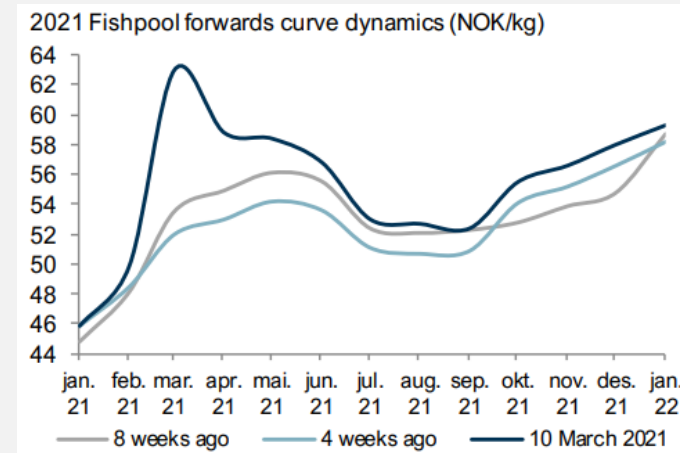
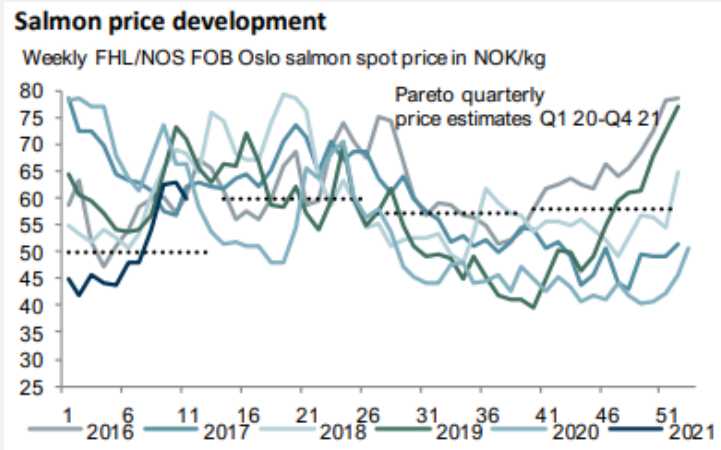
ROACE

7.9 %



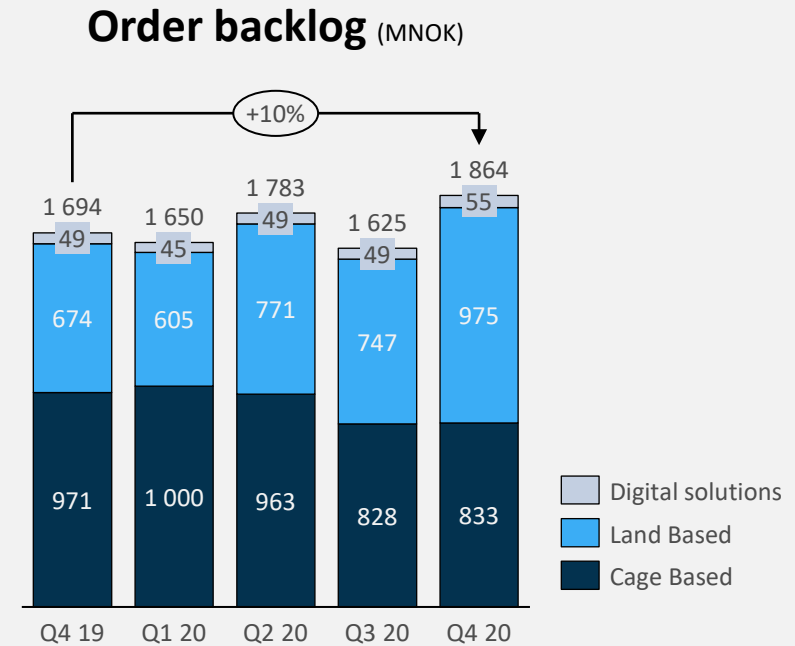
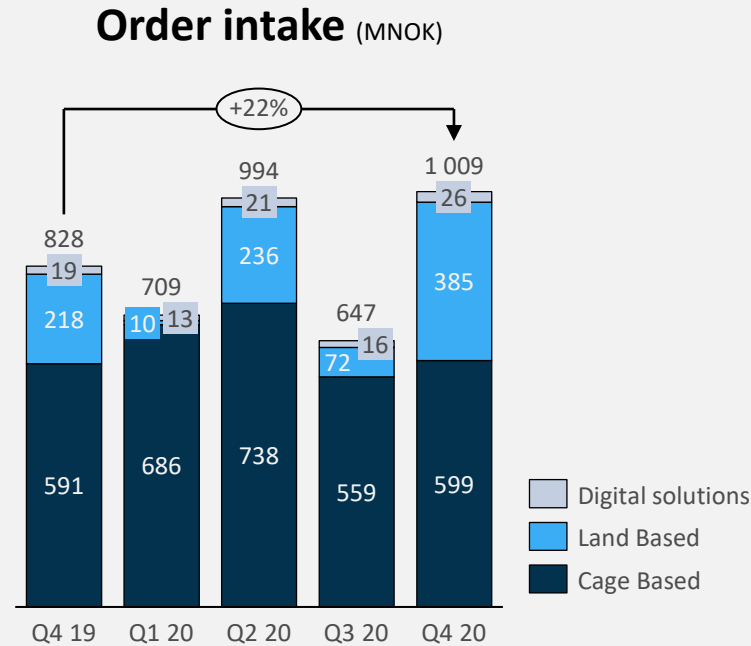
Note: IFRS 16 was implemented January 2019. Comparable figures for the period 2016-2018 have not been prepared

Market development – signs of improvement



Source: [Pareto Seafood Price Update](#) 11.03.2021

Strong order intake and order backlog



- High order intake of MNOK 1,009 in Q4 driven by the award of the delivery contract for Nordic Aqua Partners within Land Based
- Stable overall order intake in Cage Based segment, and significant increase in Chile and Canada in Q4 compared to Q4 2019
- Total order backlog of MNOK 1,864 at the end of Q4 and 10% increase compared to Q4 2019

Note: Order backlog Land Based segment is adjusted by approx. MNOK 150 in Q4

Cyber-attack | Significant non-recurring costs

- On Sunday 10 January AKVA group fell victim to a cyber extortion attack from a group of criminal hackers
- Most of AKVA group's internally hosted services were shut down and data, including backups, were encrypted
- Global and regional expertise, together with police, were engaged immediately
- IT systems were recovered in a safe environment with massive job on security environment
 - No data were lost, and main IT systems are now recovered
 - Support systems still to be recovered during the next month
- Significant non-recurring costs will be recognized in Q1
 - Direct costs is estimated to be MNOK 40-50
 - More details, including consequential operational costs, to be reported in the presentation of the Q1 results
- The cyber-attack will have no impact in Q2 and onwards

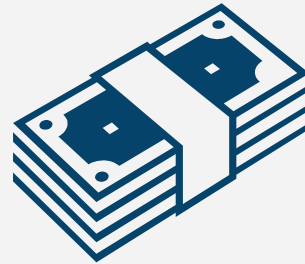
Strategic guidance



Organic topline growth



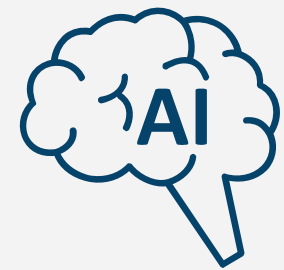
Operational excellence



- Deliver min. 25% EBIT-increase Y-o-Y
- Step by step improve ROACE to min. 15% by 2023.



Min. 50% increase in Innovation spending to support new Product development and Organic growth



3 Digital platforms: AKVAconnect, AKVA Observe and Fishtalk

High demand for Land Based technology capabilities



- Nordic Aqua Partners (Danish company)
- Full grow out facility in Ningbo, China
- Total capacity: 9,6 kt. Phase I: 4,8 kt.
- Delivery contract value of 50 MEUR (phase I) signed. Detailed design ongoing
- Equity participation up to 3,1 MEUR



- AquaCon AS (Norwegian company)
- Full grow out facility in Maryland, USA
- Total capacity: 45 kt. Phase I: 15 kt.
- Engineering contract and term sheet signed
- Potential delivery contract of 130 MUSD (phase I) pending financing
- Equity participation up to 3 MEUR

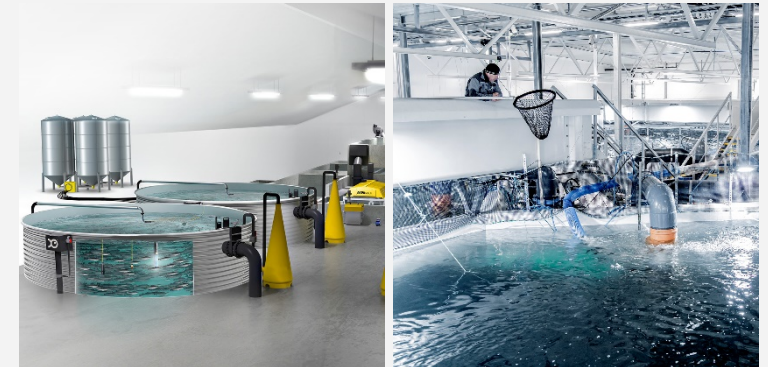


- Ecofisk AS (Norwegian company)
- Full grow out facility at Espevik, Norway
- Total capacity: 40 kt. Phase I: 10 kt.
- Engineering contract signed
- Potential delivery contract of 100 MEUR (phase I) pending financing
- Equity participation up to 3 MEUR



- Premium Svensk Lax (Swedish company)
- Full grow out facility in Värmland, Sweden
- Total capacity: 10 kt.
- Engineering contract signed
- Potential delivery contract of 95 MEUR pending financing
- Equity participation up to 3 MEUR

... and multiple other pre-projects opportunities and prospects



Strategic investment in Observe Technologies

- Total consideration of MGBP 3,5 and ownership of 33.67%

Data Available to Farmers



Fish behaviour & feeding practices

Integrate into:

- Sensor systems (4 major suppliers)
- Reporting tools (Fishtalk)
- Feed systems (ScaleAQ and AKVA feeding systems)
- Cameras (8+ suppliers globally)

Decision AI's



Action



Automatic systems to:

- Fully integrated control for farmers
- Perform complex automatic feed strategies

In development:

- *Optimally place feed cameras*
- *Sample biomass for cages*

Agenda | Q4 2020

Introduction and Highlights

Knut Nesse, CEO

Financial Performance

Ronny Meinkøhn, CFO

Q&A Session



4Q 2020 – Income statement

- Overall unsatisfactory financial performance in Q4 driven by low EBIT margin in the Cage Based segment
- Positive development in Land Based segment with both increased activity and EBIT compared to Q3 2020
- Reduced net financial items compared to Q4 2019 partly related to unrealized gain on investment in Nordic Aqua Partners of MNOK 8.3
- For the year in total, revenue increased by 4% compared to 2019 and EBIT increased by MNOK 85 (137%)

NOK million	2020 Q4	2019 Q4	2020 Total	2019 Total
Revenue	770	655	3 190	3 077
EBITDA	53	-40	337	272
EBITDA margin	6,8 %	-6,1 %	10,6 %	8,8 %
D & A ¹	43	65	190	210
EBIT	9	-105	147	62
EBIT margin	1,2 %	-16,1 %	4,6 %	2,0 %
Net Financial Items	-7	-16	-33	-49
Income (loss) before tax	3	-122	114	13
Income tax ²	-0	-36	28	-3
Net income (loss)	3	-85	87	17

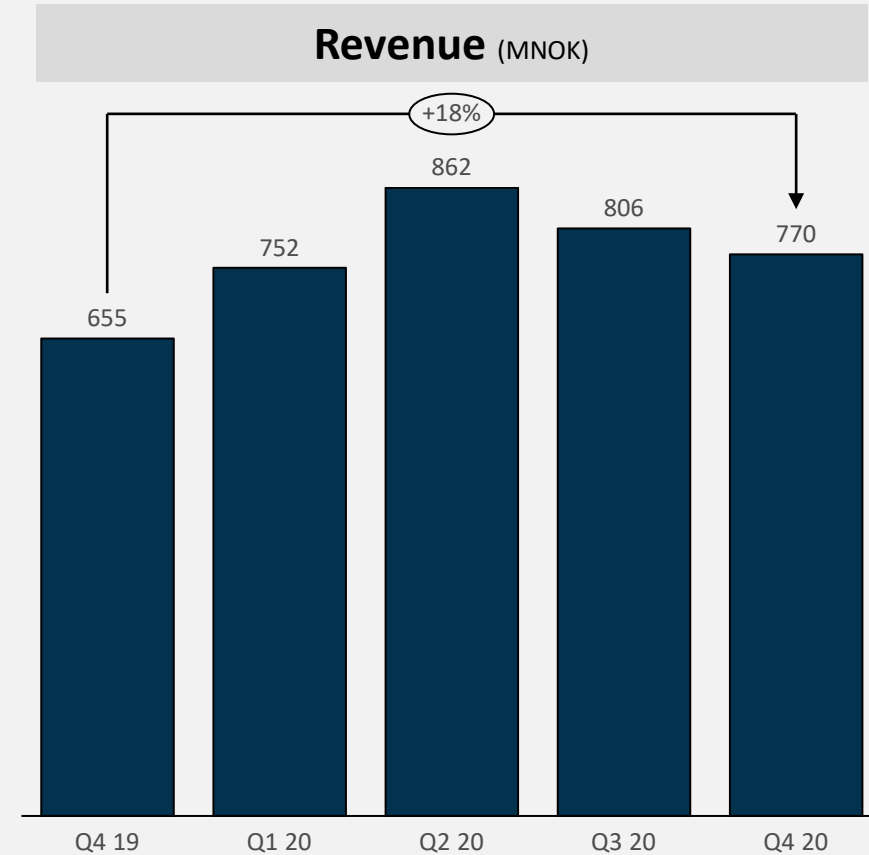
Earnings per share (NOK)	0,10	-2,57	2,63	0,44
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¹ 13 MNOK write-off related to control system modules in Q4 2019

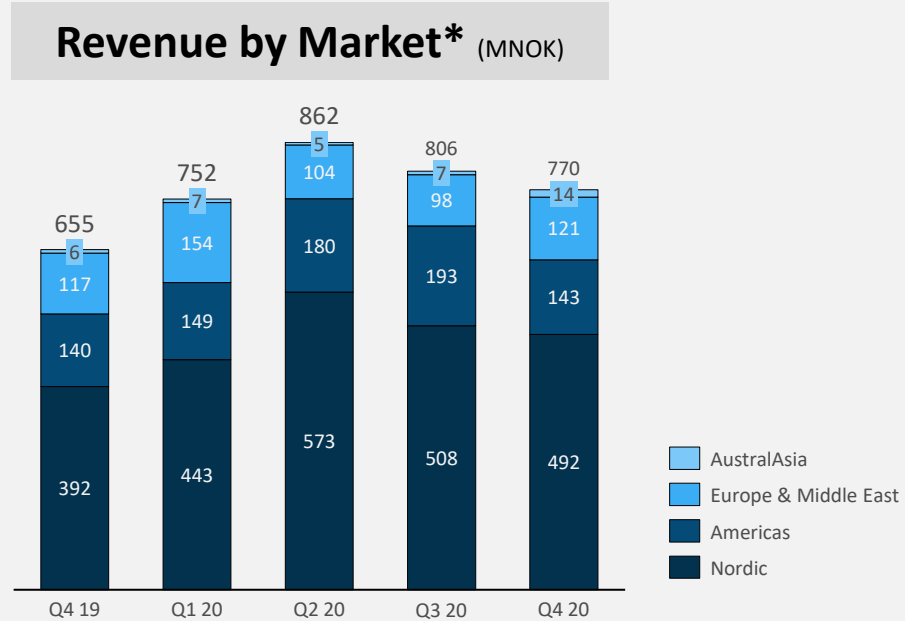
² Estimated tax expense in Q4 2020, based on profit before tax multiplied by the average tax rate for the group

Revenue development

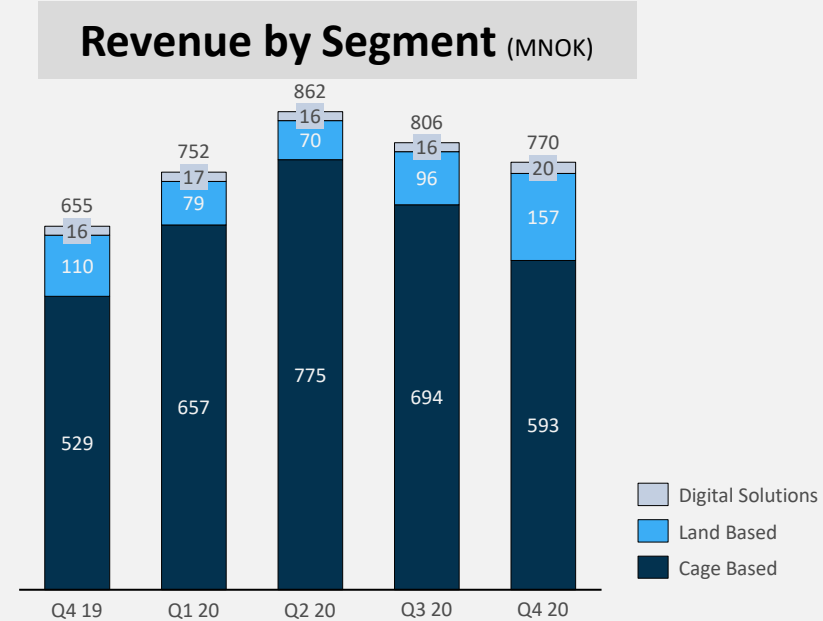
- Last twelve months order intake and revenue MNOK 3,361 and MNOK 3,190 respectively
- Revenue increased by 18% compared to Q4 2019
- Positive revenue development in all three business segments compared to Q4 2019



Revenue by Market and Segment



- Compared to Q4 2019 the increased revenue is mainly related to the Nordic market

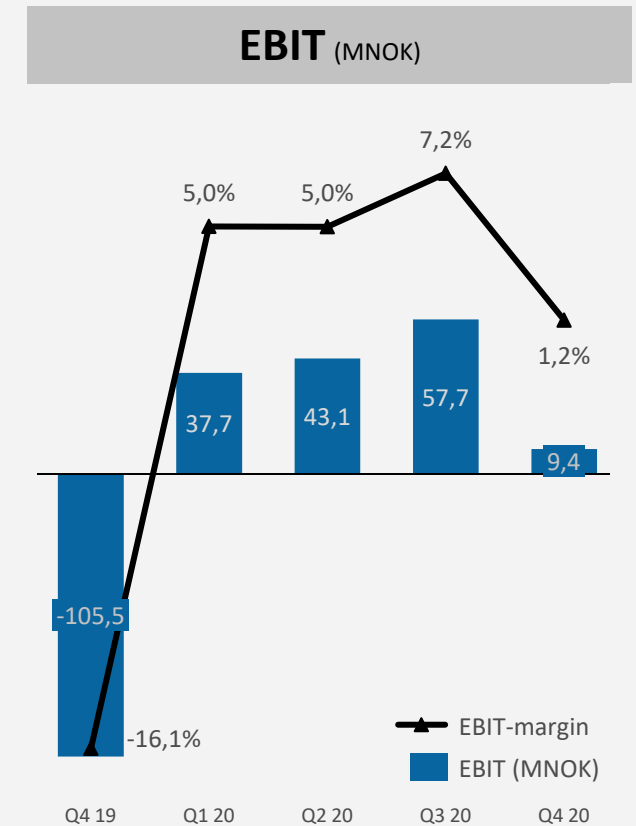
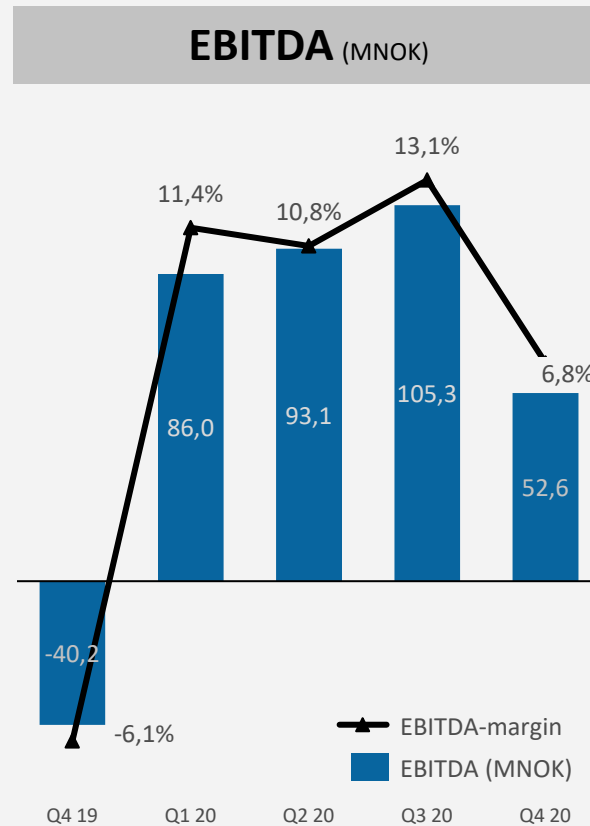


- Land Based activity continues the positive development
- Revenue from Cage Based business above Q4 2019 but below annual average due to normal seasonal fluctuations

* Note: Market definition is location of customer

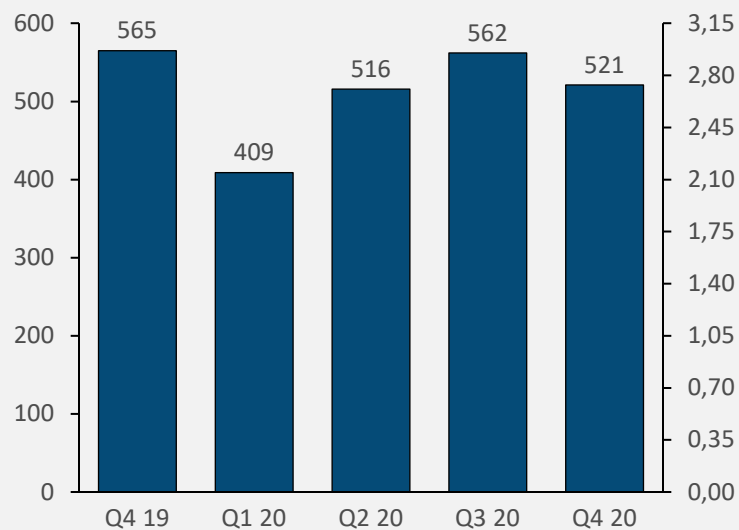
EBITDA and EBIT development

- Unsatisfactory profit margins mainly due to quality costs in Cage Based segment
- EBITDA in Cage Based segment of 6.3% in Q4 compared to 14.4% in Q3
- Several measures are implemented to improve processes and the quality of our deliveries
- Increased margin in Land Based segment and still strong margins within Digital Solutions



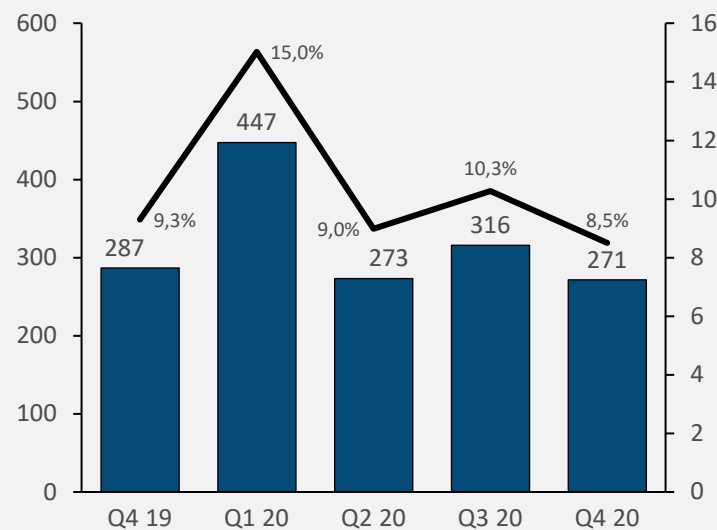
Cash flow and financial position

Available cash



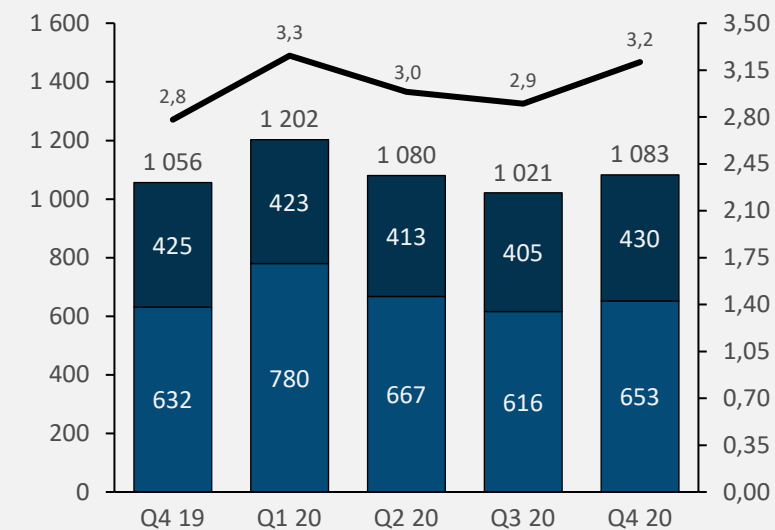
- Including a MNOK 300 unused credit facility in Danske Bank end of Q4 2020
- MNOK 200 revolving credit facility fully utilized end of Q4 2020

Net Working capital



- The graph shows absolute net working capital and working capital relative to last twelve months revenue

Net debt / EBITDA

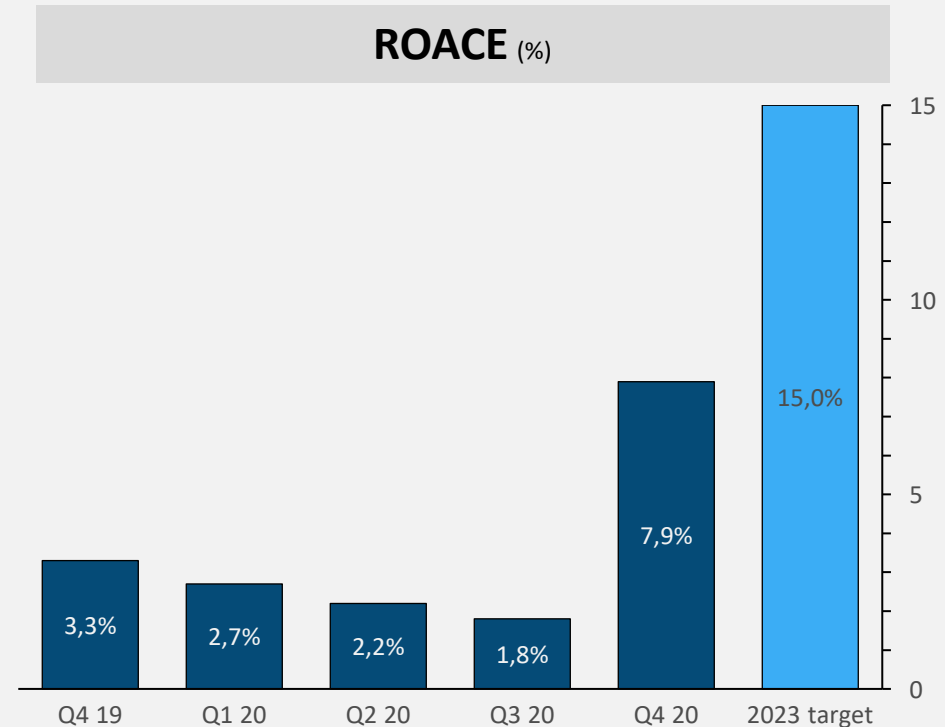


- NIBD/EBITDA (12 mth rolling)
- NIBD
- Right-of-Use Liability (IFRS 16)

Note: NIBD/EBITDA ratio for the period Q4 19 to Q3 20 is adjusted for non-recurring items

Development return on capital employed

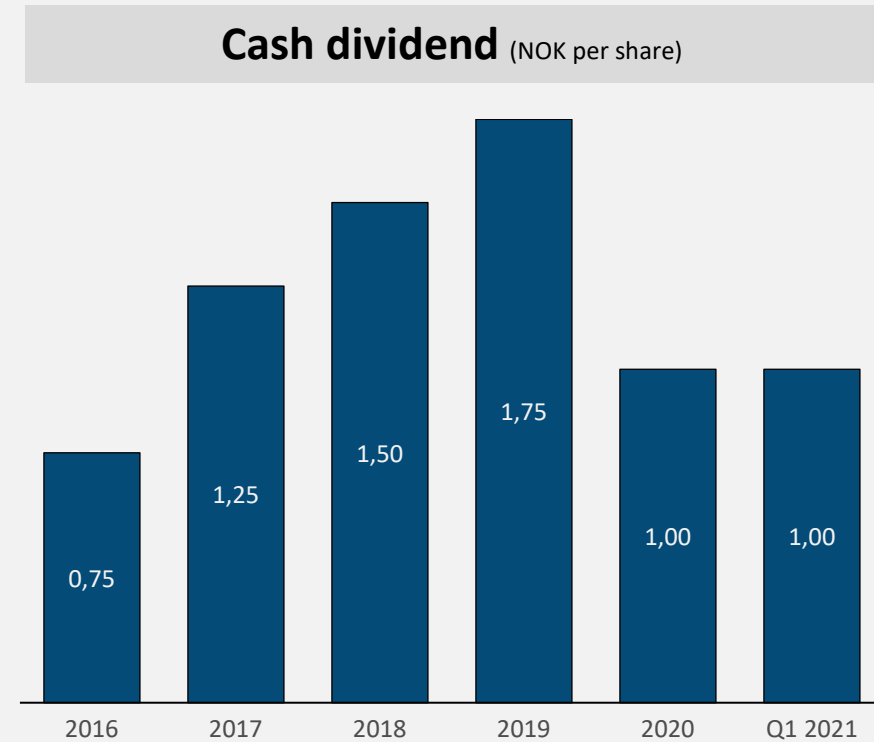
- ROACE increased from 1.8% at the end of Q3 to 7.9% at the end of Q4
- Net working capital will still have a high focus going forward and several new initiatives have been implemented



- ROACE is calculated with the average balance sheet items last four quarters
- ROACE is calculated ex balance sheet items of IFRS 16

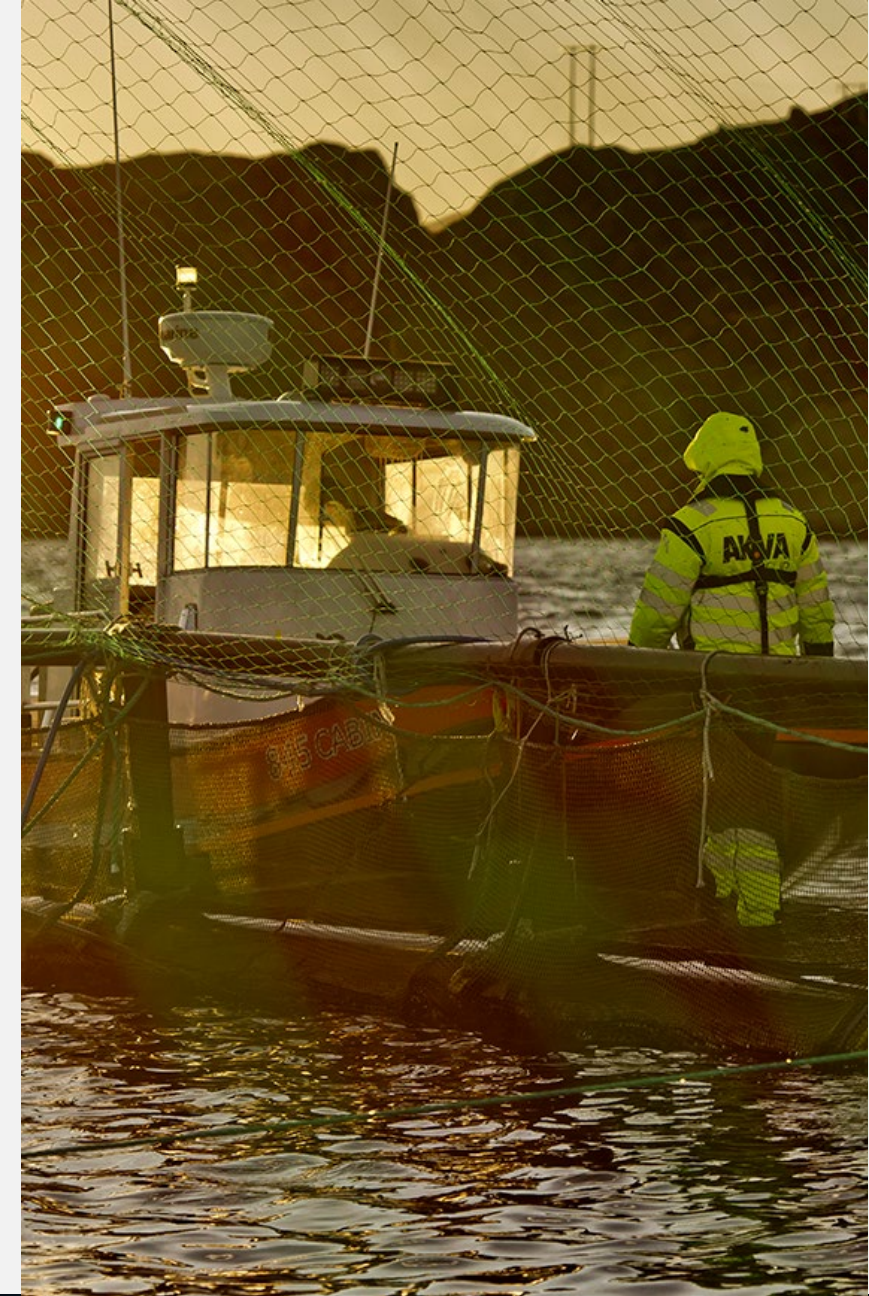
Dividend

- The company has decided to pay a dividend of NOK 1.00 per share at the start of Q2 2021



Update on divestment of AKVA Marine Services

- Thorough process headed by Danske Bank
- Cyber-attack has delayed the process with 1 month
- Marketing and management presentations scheduled for Q2





Business segments

Cage Based Technology

- Order intake at the same level as last year while revenue increased by 12%
- EBITDA improved from 5.9% to 6.3%

Nordic

- Revenue increase of 12% in Q4 compared to Q4 2019 mainly related to net sales & services
- Total order intake of MNOK 350 and 8% decline compared to Q4 2019

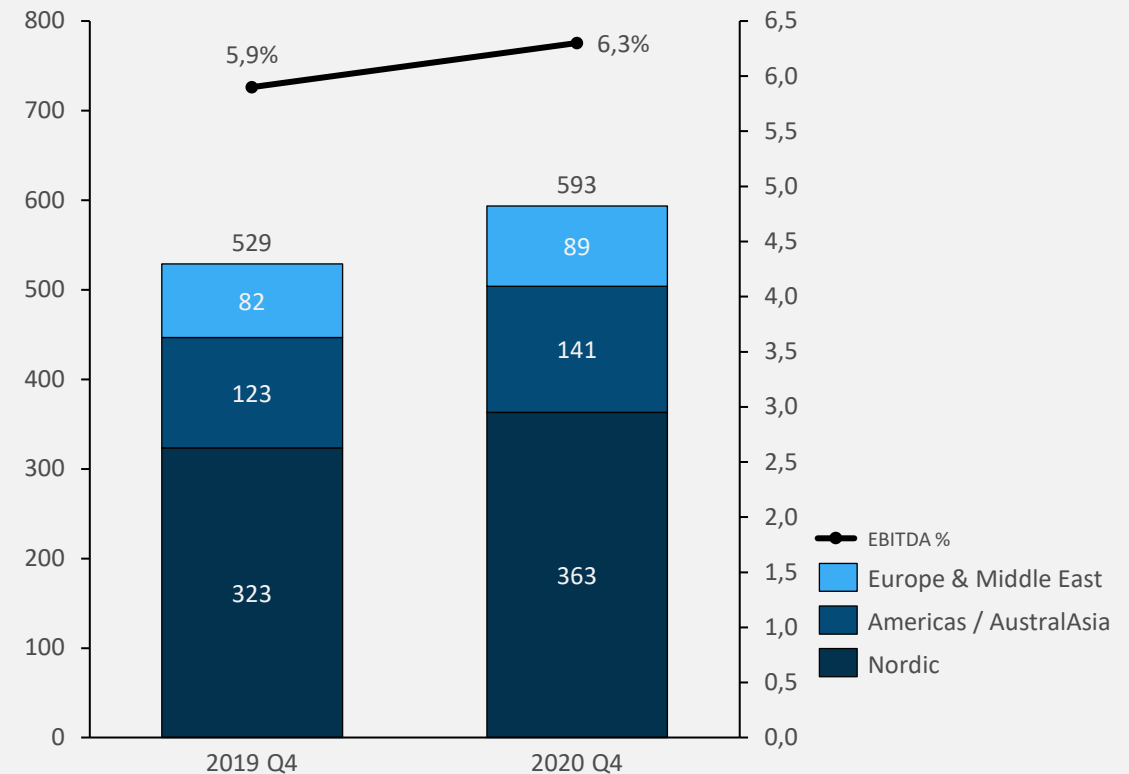
Americas

- 14% increase in revenue in Q4 compared to Q4 2019 primarily related to Chile and Canada
- Increase in order intake of 164% in Q4 compared to Q4 2019

Europe & Middle East

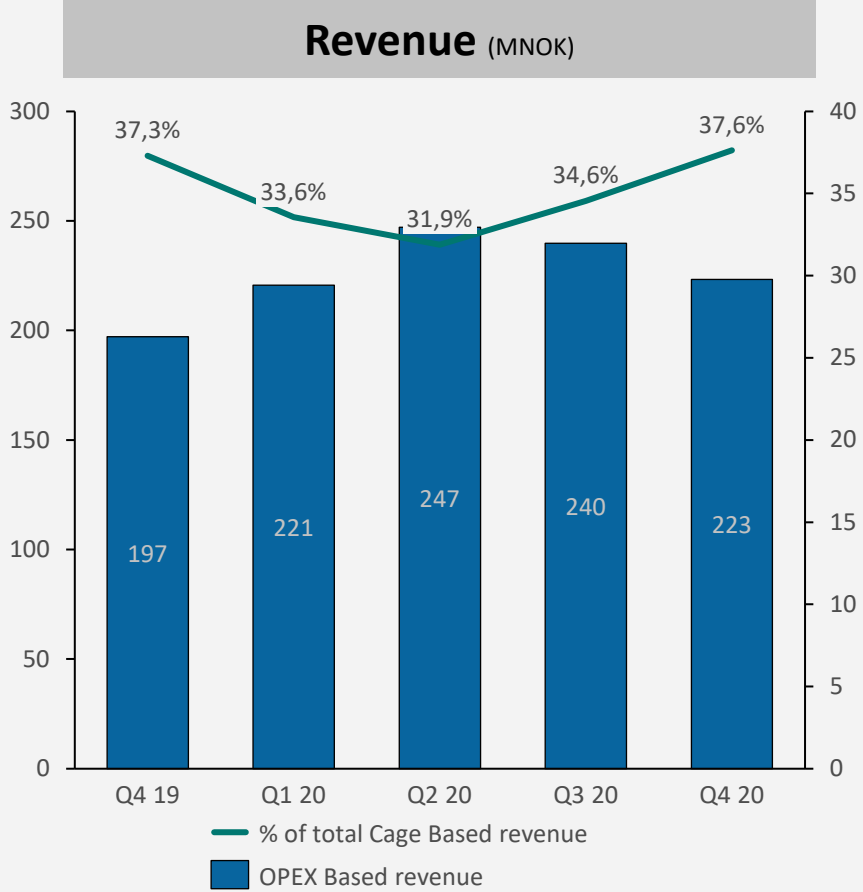
- Despite decline in order intake of 38% compared to Q4 2019 the region experienced an increase in revenue of 9%

Revenues (MNOK) and EBITDA-margin (%)



Development OPEX based revenue

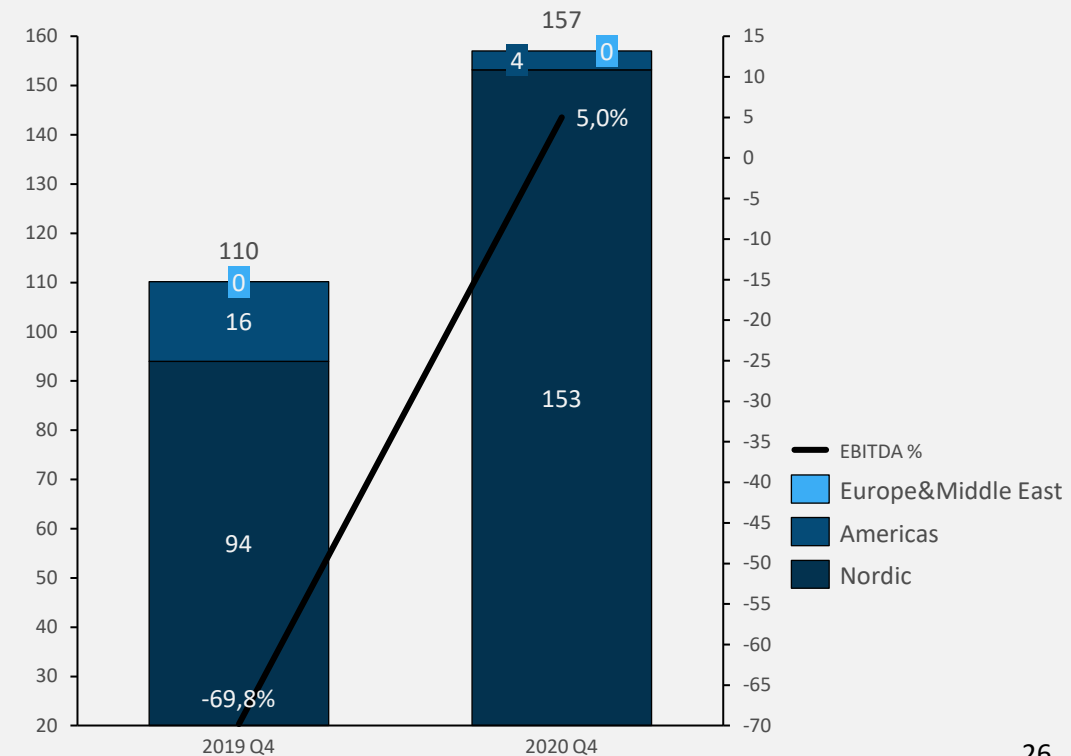
- The positive trend of increasing share of recurring revenue continued in Q4
- Our planned and ongoing investments in two new service stations in Norway will further strengthen this part of the business



Land Based Technology

- Order intake was high in the quarter and 76% above Q4 last year
- Revenue increased by 42% in Q4 2020 compared to Q4 2019
- EBITDA of MNOK 7.9 in the quarter compared to 0.2 MNOK in Q3
- The margin is still somewhat negatively impacted by recruitment and development of the Land Based organization

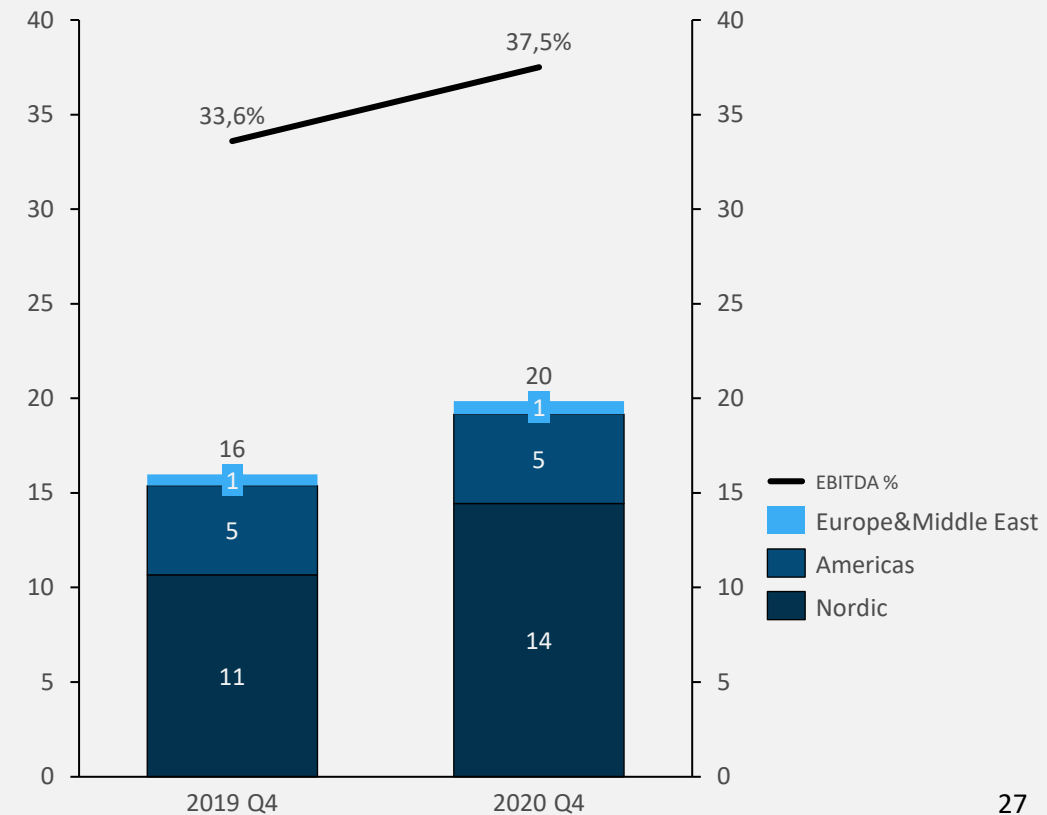
Revenues (MNOK) and EBITDA-margin (%)



Digital Solutions

- Positive development in both revenue and margins compared to Q4 2020
- EBITDA of MNOK 7.5 in the quarter

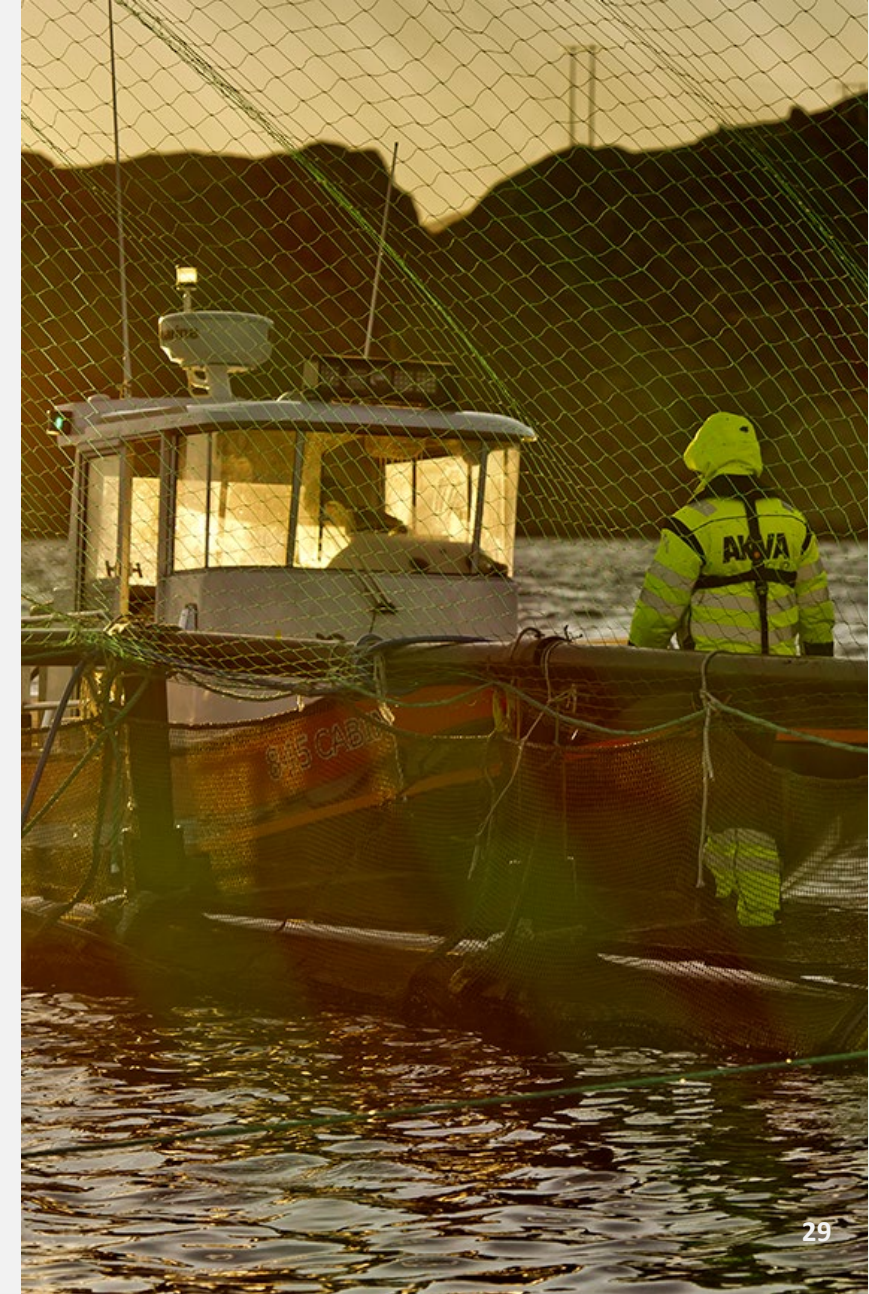
Revenues (MNOK) and EBITDA-margin (%)



 Outlook

Outlook

- Order backlog remains sound and forms a good foundation for our organic growth strategy
- In the short term, the company expects some headwind both in relation to the ongoing COVID-19 implications and costs related to the cyber-attack
- Long term fundamentals remain however unchanged as presented in our Capital Markets Day in November
- The market for full grow-out facilities is strong and the company is currently working on several pre-engineering contracts with potential delivery contracts
- Digital products is an important part of AKVA groups total product offering and the company will continue to invest and improve our solutions
- Finance profile remains strong and the company is fully financed to execute our strategy



Agenda | Q4 2020

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Appendix

AKVA group in brief



Leading
technology
and service
partner



Listed on
Oslo stock
exchange
since 2006



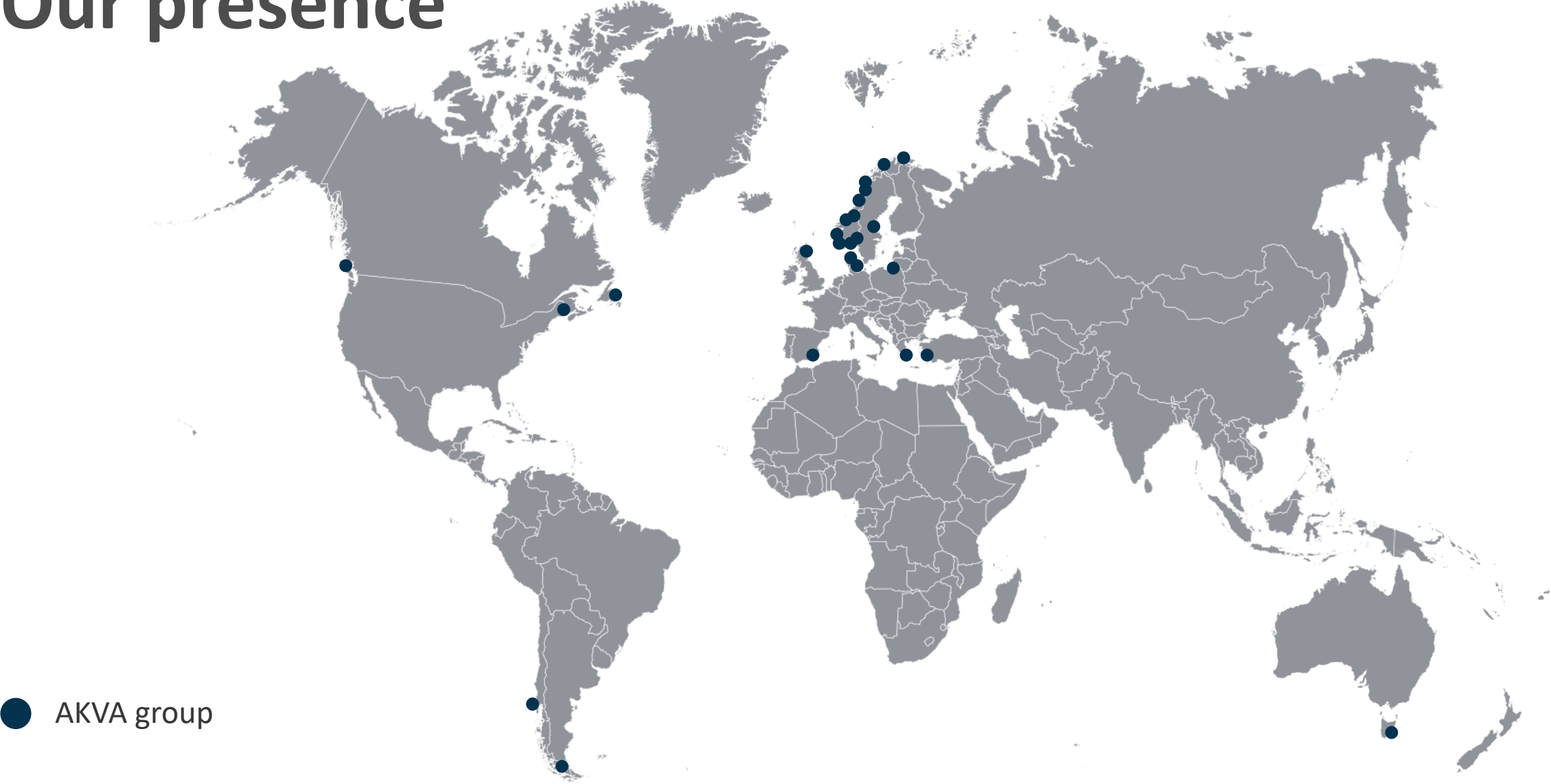
Deliveries
in 65
countries
over 40
years



Companies
in 10
countries.
1 437
employees



Our presence



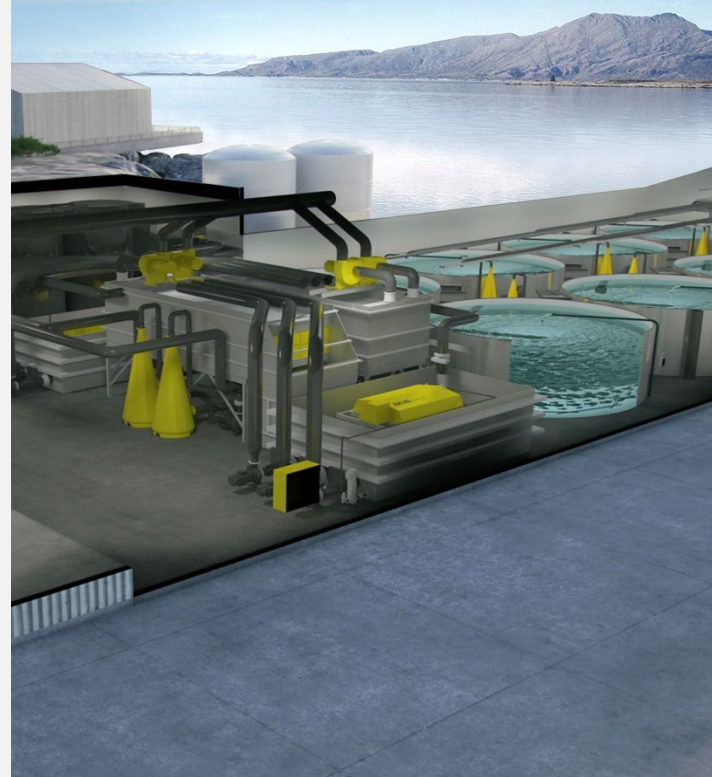
● AKVA group

Solutions

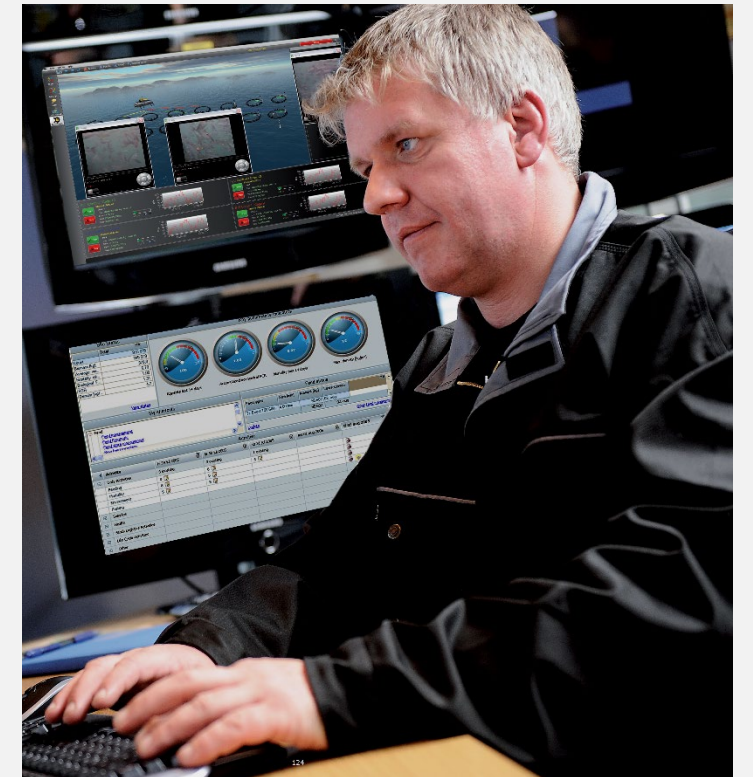
Cage Based Technology



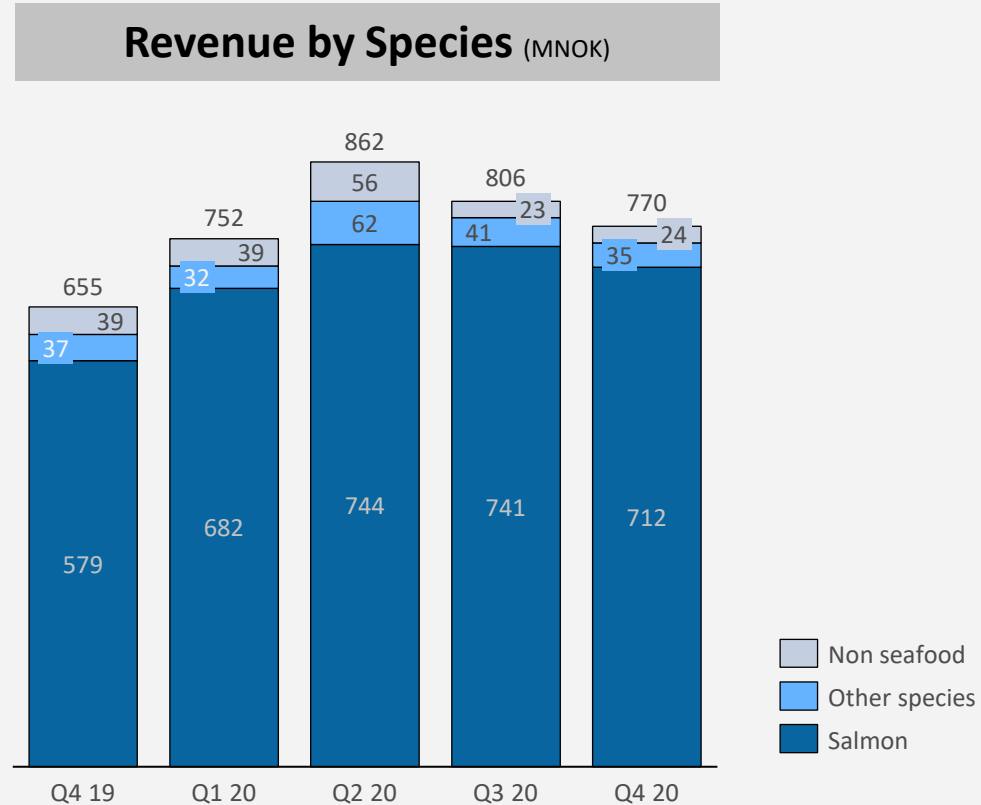
Land Based Technology



Digital Solutions



Revenue by species



Balance sheet

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
	2020	2019
(NOK 1 000)	31.12.	31.12.
Intangible fixed assets	1 043 804	1 011 252
Deferred tax assets	12 181	16 354
Fixed assets	740 319	781 105
Long-term financial assets	148 430	74 785
FIXED ASSETS	1 944 734	1 883 496
Stock	469 376	513 549
Trade receivables	554 370	382 405
Other receivables	68 740	93 185
Cash and cash equivalents	221 009	160 999
CURRENT ASSETS	1 313 495	1 150 138
TOTAL ASSETS	3 258 229	3 033 634
Paid in capital	880 174	880 372
Retained equity	141 291	105 968
Equity attributable to equity holders of AKVA group ASA	1 021 465	986 340
Non-controlling interests	172	4 165
TOTAL EQUITY	1 021 636	990 505
Deferred tax	84 057	55 791
Other long term debt	27 382	67 442
Lease Liability - Long-term	374 506	374 996
Long-term interest bearing debt	844 574	665 315
LONG-TERM DEBT	1 330 518	1 163 545
Short-term interest bearing debt	29 136	127 252
Lease Liability - Short-term	55 894	49 884
Other current liabilities	821 044	702 448
SHORT-TERM DEBT	906 074	879 583
TOTAL EQUITY AND DEBT	3 258 229	3 033 634

Cash flow statement

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (NOK 1 000)	2020	2019	2020	2019
	Q4	Q4	YTD	YTD
Net cash flow from operations	36 281	-49 793	280 992	180 151
Net cash flow from change in working capital	17 455	125 394	-3 849	30 617
Net cash flow from operational activities	53 736	75 601	277 142	210 768
Net cash flow from investment activities	-68 554	-43 985	-238 091	-140 099
Net cash flow from financial activities	-18 985	-27 208	20 949	-65 868
Net change in cash and cash equivalents	-33 803	4 407	60 001	4 800
Net foreign exchange differences	-7 285	-1 471	10	-664
Cash and cash equivalents at the beginning of the period	262 097	158 062	160 999	156 862
Cash and cash equivalents at the end of the period	221 009	160 999	221 009	160 999

Largest shareholders

20 largest shareholders

No of shares	%	Account name	Type	Citizenship
20 703 105	62,1 %	EGERSUND GROUP AS		NOR
1 614 718	4,8 %	PARETO AKSJE NORGE VERDIPAPIRFOND		NOR
1 037 411	3,1 %	VERDIPAPIRFONDET NORDEA KAPITAL		NOR
987 116	3,0 %	SIX SIS AG	Nominee	CHE
975 932	2,9 %	VERDIPAPIRFONDET ALFRED BERG GAMBA		NOR
800 014	2,4 %	VERDIPAPIRFONDET NORDEA AVKASTNING		NOR
587 640	1,8 %	VERDIPAPIRFONDET NORDEA NORGE PLUS		NOR
475 000	1,4 %	FORSVARETS PERSONELLSERVICE		NOR
430 000	1,3 %	VERDIPAPIRFONDET ALFRED BERG NORGE		NOR
381 300	1,1 %	MP PENSJON PK		NOR
377 883	1,1 %	AKVA GROUP ASA		NOR
327 950	1,0 %	J.P. Morgan Bank Luxembourg S.A.	Nominee	LUX
323 883	1,0 %	EQUINOR PENSJON		NOR
300 000	0,9 %	J.P. Morgan Bank Luxembourg S.A.	Nominee	FIN
161 200	0,5 %	JAKOB HATTELAND HOLDING AS		NOR
150 000	0,4 %	BJØRN DAHLE		NOR
100 000	0,3 %	ASKVIG AS		NOR
100 000	0,3 %	BERGEN KOMMUNALE PENSJONSKASSE		NOR
97 200	0,3 %	BKK PENSJONSKASSE		NOR
91 941	0,3 %	Verdipap Equinor Aksjer Norge		NOR
30 022 293	90,1 %	20 largest shareholders		
3 312 010	9,9 %	Other shareholders		
33 334 303	100,0 %	Total shares		

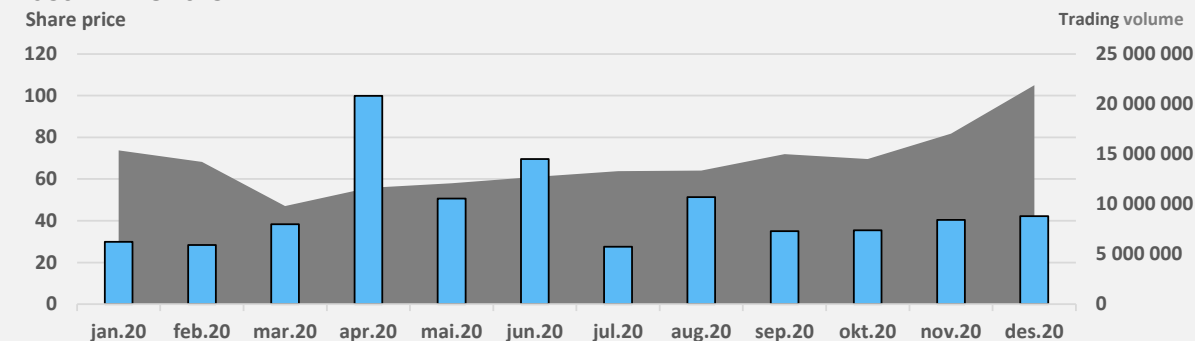
Origin of shareholders, 5 largest countries

No of shares	%	Origin	No of shareholders
30 952 014	92,9 %	Norway	1419
1 084 374	3,3 %	Switzerland	7
448 263	1,3 %	Luxembourg	4
350 120	1,1 %	Finland	3
22 576	0,1 %	United Kingdom	18
476 956	1,4 %	Other	131

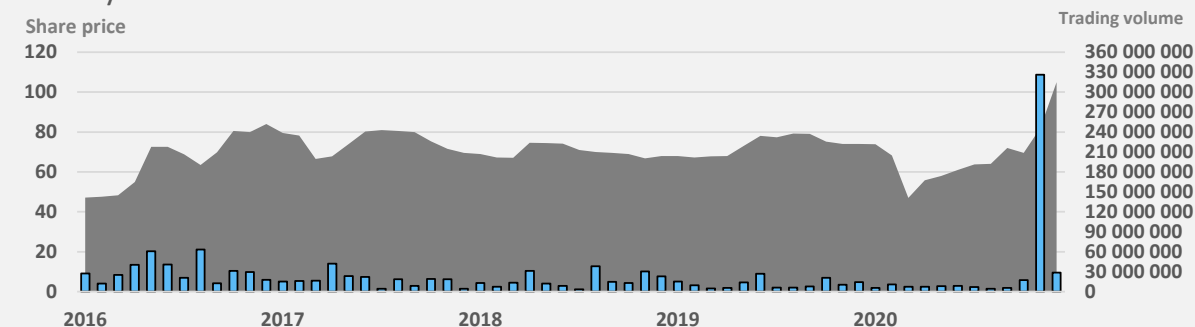
Total number of shareholders: 1582 - from 27 different countries

Share development

Last 12 months



Last 5 years



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

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

CUSTOMER FOCUS
AQUACULTURE
∞ KNOWLEDGE
RELIABILITY
ENTHUSIASM!

