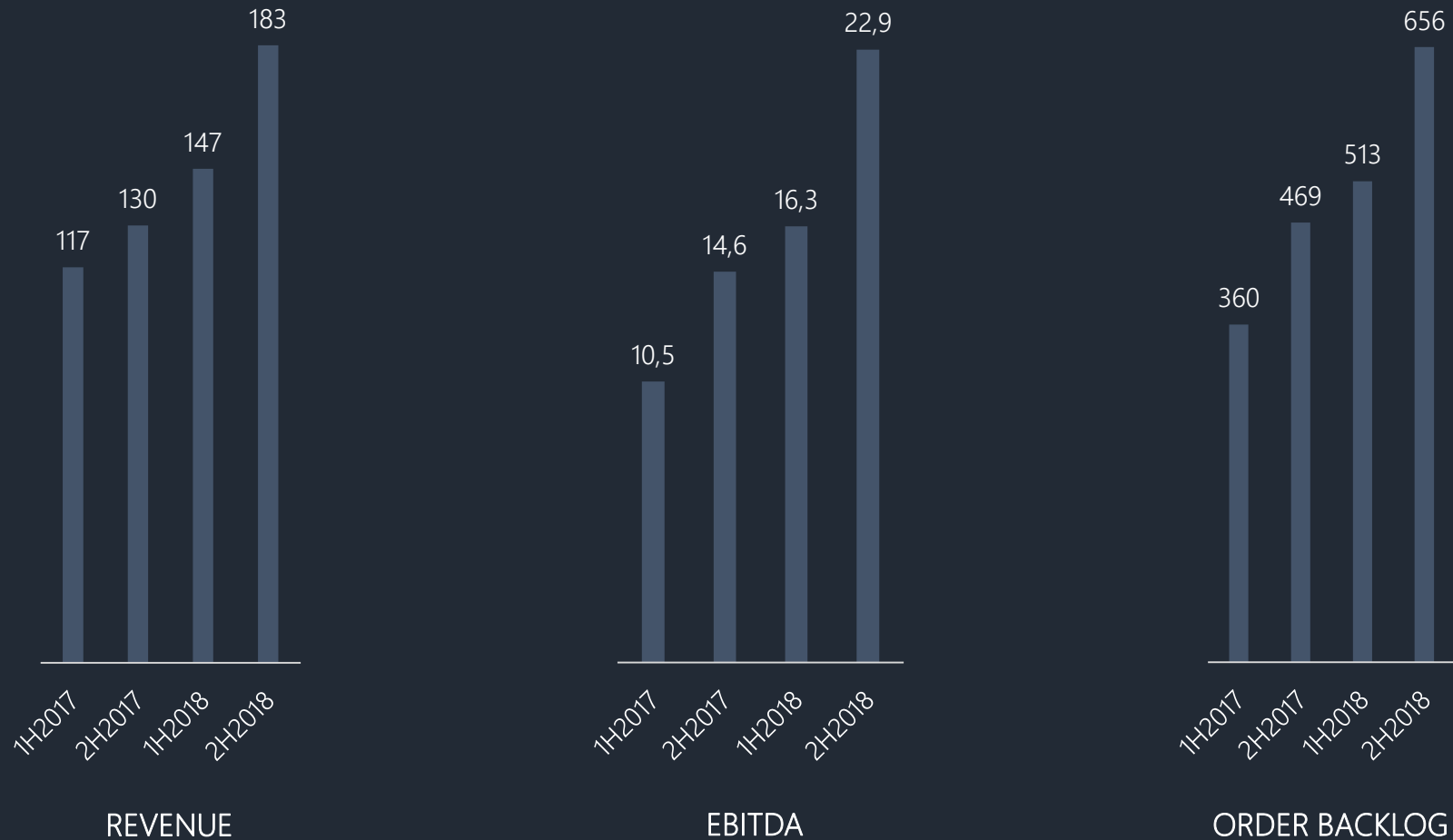




SCANSHIP HOLDING ASA
2H2018 Financial Presentation

Henrik Badin CEO
Erik Magelssen CFO

strong growth with all-time high 2H2018



about us

- technology provider for cleaner oceans in cruise and aquaculture industries enhancing UN SDG
- listed on Oslo Stock Exchange with ticker SSHIP
- headquartered in Norway with subsidiaries in US and Poland
- well positioned in cruise with environmental technologies on more than 100 ships in operation and backlog for additionally 36 newbuilds
- revenues from sale of systems, turnkey retrofits and life cycle services
- waste to energy carbon capture technology in pipeline to enable growth in multiple markets



**SUSTAINABLE
DEVELOPMENT
GOALS**



large clients base driven by environmental megatrends

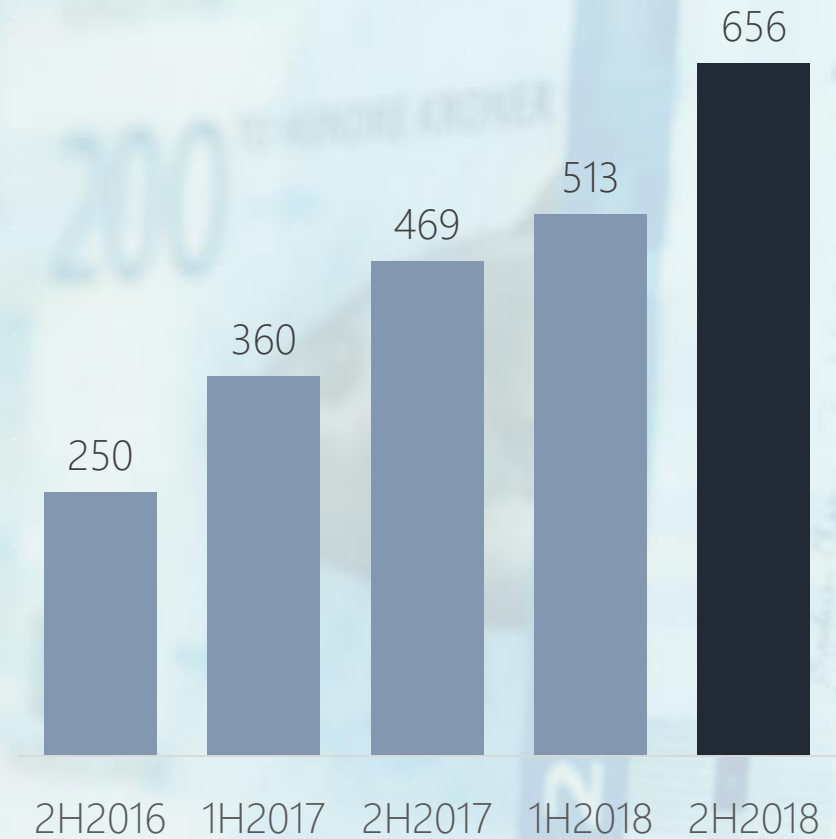


we help our clients meet
their environmental
sustainability targets



order backlog

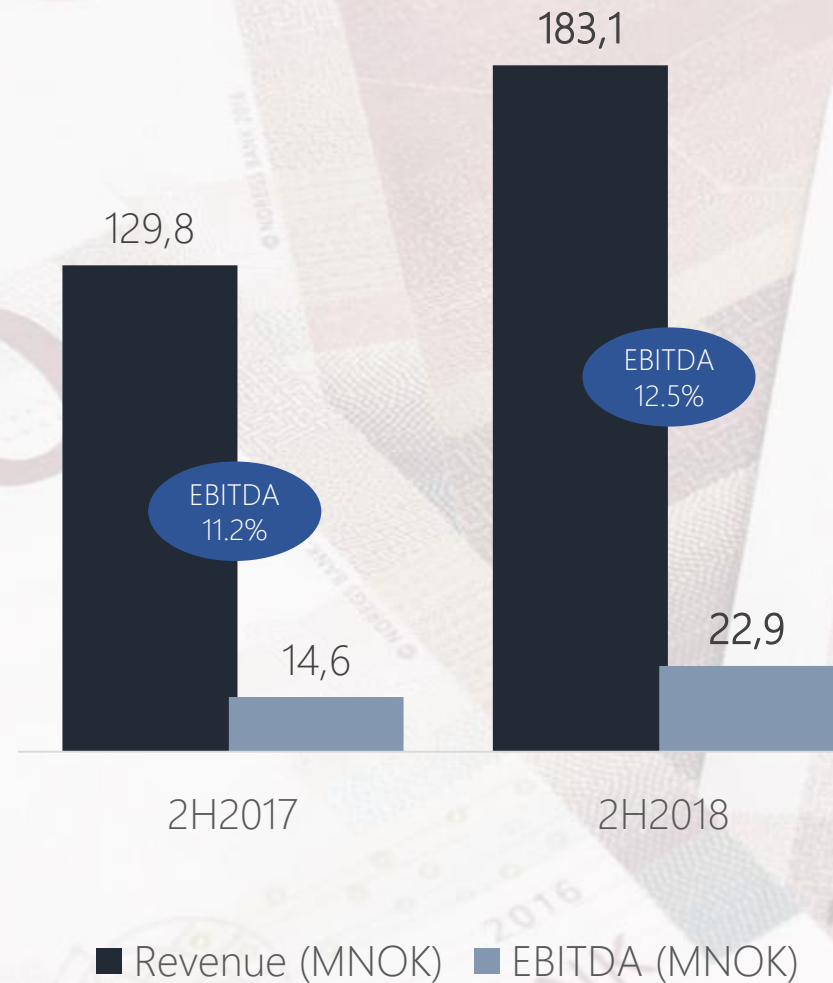
- all time high orderbook at 656 MNOK yearend 2018 with additional 200 MNOK of options
- strong growth in order buildup, 82% year on year
- order backlog includes equipment deliveries to 36 cruise newbuilds on contracts with shipyards, 3 AWP retrofit turnkey projects with shipowners and 4 aquaculture projects
- provides good forward visibility



1) 2018 numbers are presented in accordance with IFRS 15

financial development 2H yoy

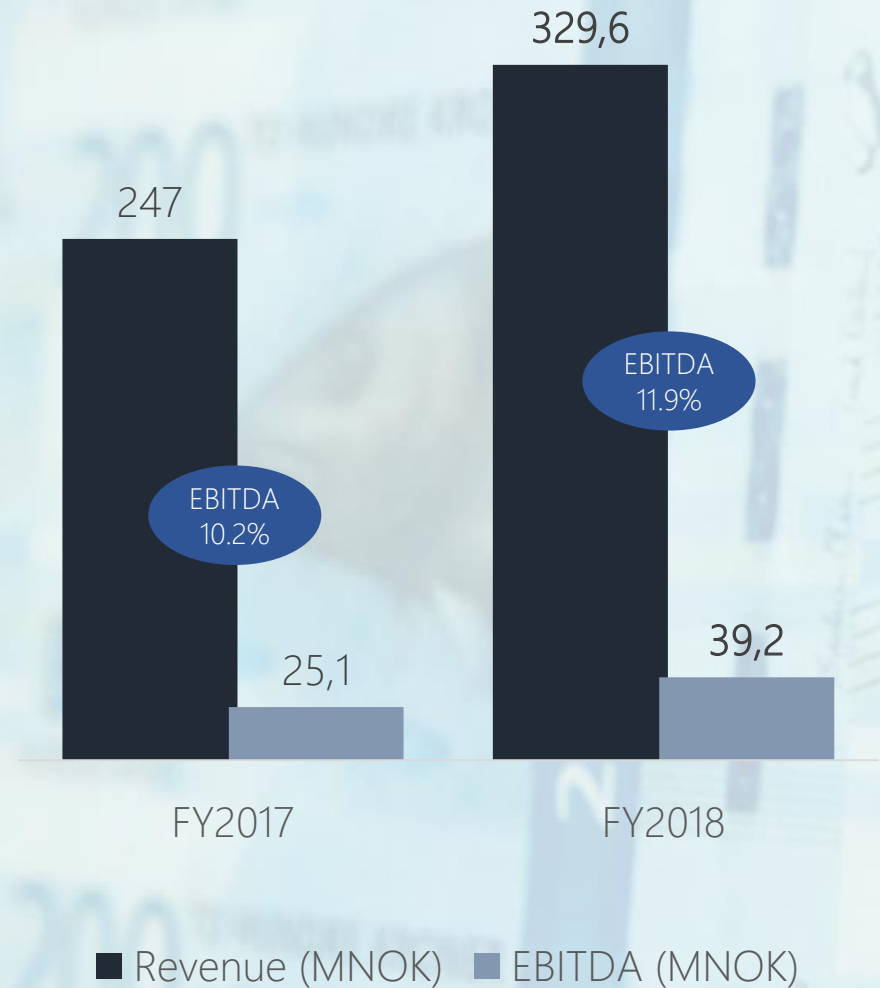
- revenues in 2H2018 is MNOK 183.1 representing an increase of 41% yoy
- EBITDA in 2H2018 at MNOK 22.9 representing an increase of 57% yoy
- EBITDA margin for the period at 12.5% and improvement from 11.2% same period last year



1) 2018 numbers are presented in accordance with IFRS 15

financial development FY yoy

- revenues for FY2018 is MNOK 329.6 representing an increase of 33% yoy
- EBITDA for FY2018 at MNOK 39.2 representing an increase of 56% yoy
- EBITDA margin in 2018 was 11.9%, and improvement from 10.2% reported for 2017
- generates healthy profits from existing market supporting self-financed growth



2H2018 P&L

- strong second half year with significant improvements
- revenue increasing 41 % from 2H 2017, all-time high
- mix of projects and aftersales between the periods giving variance in GM%, however in line on yearly average
- operating expenses increasing according to plan
- improved EBITDA margin

(MNOK)	Unaudited 2H 18	Unaudited 2H 17
Revenue	183.1	129.8
Total operating revenue	183.1	129.8
Cost of goods sold	-128.5	-88.5
Gross Profit	54.6	41.3
- <i>Gross Margin</i>	29.8 %	31.8 %
Employee expenses	-19.6	-15.7
Other operating expenses	-12.0	-11.0
EBITDA	22.9	14.6
- <i>EBITDA margin</i>	12.5 %	11.2 %
Depreciation and amortisation	-2.2	-2.0
Operating result (EBIT)	20.7	12.6
Net Financial items	-3.0	-2.9
Result before tax	17.7	9.7

FY2018 P&L

- continuing strong growth path
- revenue increasing 33 % from FY 2017, driven by growth both within Projects and Aftersales
- significant improvement in operational efficiency increasing the EBITDA margin to 11.9 %
- EBITDA at MNOK 39.2 representing an increase of 56 % from 2017
- lower net financial cost in 2018 contributing to an increase in result before tax of 87 %

(MNOK)	Unaudited FY 2018	Audited FY 2017
Revenue	329.6	247.0
Total operating revenue	329.6	247.0
Cost of goods sold	-229.8	-171.2
Gross Profit	99.8	75.9
- <i>Gross Margin</i>	30.3 %	30.7 %
Employee expenses	-37.3	-29.0
Other operating expenses	-23.3	-21.8
EBITDA	39.2	25.1
- <i>EBITDA margin</i>	11.9 %	10.1 %
Depreciation and amortisation	-3.4	-3.2
Operating result (EBIT)	35.8	21.9
Net Financial items	-2.3	-4.0
Result before tax	33.4	17.9

balance sheet

- non-current assets includes MNOK 38.3 in intangible assets, in which the MAP system is the most significant
- non-current liabilities primarily consist of deferred tax liability of MNOK 14.0
- improved cash flow from operations has reduced the drawn amount on the short-term credit facilities.
- net cash position per 31.12.18
- significantly improved equity level, equity ratio at 48 % per 31 December 2018

(MNOK)	Unaudited 31.12.18	Audited 31.12.17
ASSETS:		
Total non-current assets	41.6	33.7
Current assets:		
Inventories	4.5	3.9
Trade receivables	62.6	58.8
Contracts in progress	62.5	43.3
Other Receivables	15.9	10.1
Cash and cash equivalents	7.0	5.6
Total current assets	152.4	121.6
Total assets	194.0	155.3
EQUITY AND LIABILITIES		
Total equity	93.3	57.9
Total non-current liabilities		
	14.9	8.3
Current liabilities		
Trade creditors	44.0	47.6
Contract accruals	25.7	10.6
Financial instruments	3.4	1.5
Income tax payable	-0.3	1.4
Bank overdraft / Credit facility	2.1	20.8
Other Current liabilities	10.9	7.1
Total Current Liabilities	85.8	89.0
Total liabilities	100.7	97.4
Total equity and liabilities	194.0	155.3

cash flow statement

- strong cash flow from operations
- significant improvements in the net working capital in the group, and increased EBITDA level
- higher investment level on the MAP system in 2018
- cash flow from financing activities includes the reduction in the bank overdraft
- BOD recommends dividend payment

(MNOK)	<i>Unaudited</i> 2018	<i>Audited</i> 2017
<i>Result before tax</i>	33.4	17.9
Net cash flow from operating activities	31.1	10.1
Net cash flow from investing activities	-11.4	-4.8
Net cash flow from financing activities	-18.5	-3.3
Net change in cash and cash equivalents	1.2	2.0
Effect of exchange rate changes on cash	0.2	-0.2
Cash and cash equivalents at start of period	5.6	3.8
Cash and cash equivalents at end of period	7.0	5.6

largest shareholders

- management and board invested in Scanship
- management with CEO, COO and CDO holds total 31.500.000 shares
- chairman and board member holds total 31.500.000 shares

	NUMBER OF SHARES	% OF TOTAL	TYPE	COUNTRY
INGERØ REITEN INV. COMPANY AS	31,500,000	32.94%	Comp.	NOR
BADIN INVEST LIMITED	10,500,000	10.98%	Comp.	NOR
DALER INN LIMITED	10,500,000	10.98%	Comp.	NOR
EXPROCO LIMITED	10,500,000	10.98%	Comp.	NOR
TRETHOM AS	4,211,111	4.40%	Comp.	NOR
GOLDMAN SACHS INTERNATIONAL	2,408,246	2.52%	Nom.	GBR
VICAMA AS	1,812,500	1.90%	Comp.	NOR
FONDSAVANSE AS	1,562,500	1.63%	Comp.	NOR
BERGEN KOMMUNALE PENSJONSKASSE	1,500,000	1.57%	Comp.	NOR
DZ PRIVATBANK S.A.	1,150,000	1.20%	Nom.	LUX
MP PENSJON PK	1,028,225	1.08%	Comp.	NOR
CITIBANK, N.A.	905,904	0.95%	Nom.	USA
THOM EIGEL INGVAR	841,111	0.88%	Priv.	NOR
TRAPESA AS	713,000	0.75%	Comp.	NOR
PUNTE HOLDING AS	550,000	0.58%	Comp.	NOR
BIRKELAND ODD KNUT	500,000	0.52%	Priv.	NOR
SKANDINAVISKA ENSKILDA BANKEN AB	500,000	0.52%	Nom.	FIN
TOR H BJØRNSTAD AS	457,706	0.48%	Comp.	NOR
SWENSEN HARALD	415,000	0.43%	Priv.	NOR
BAUMANN INVEST AS	400,000	0.42%	Comp.	NOR
OTHERS	13,685,222	14.31%		
TOTAL NUMBERS OF SHARES	95,640,525	100%		

growth in cruise

- tripled in size last twenty years reaching 27 million going cruising in 2018 (CAGR 5.7%) translated into industry orderbook of 125 newbuilds for delivery until 2027
- Scanship firm orders on 36 newbuilds, options for 8 vessels and are tendering for additionally 22 newbuilds
- industry under scrutiny many places around the world and environmental sustainability has become major growth barrier
- CLIA reports (2018) 53% of global fleet (386 vessels) equipped with AWP and 7% in compliance with the new Baltic standard
- shipowners sustainability goals, changes in regulatory environments combined with overall industry growth drives markets both in newbuild and retrofits



growth in aquaculture

- Norway was farming 1.2 million tons (50%) of global salmon production in 2018, aiming for 4 million tons in 2030
- environmental sustainability major fwd growth barrier
- industry trend towards seabased closed cage farms and moving production onshore
- the world is running out of mineral phosphorous and 9000 tons of phosphorous is lost to sea in Norwegian aquaculture industry (10 times discharge from municipal wastewater) drives Scanship technology deployment
- Scanship is on worlds largest smolt facility (Sjotroll) and to be world largest landbased fishfarm (Atlantic Sapphire)



$$\text{MAP} = \text{w2e} + \text{ccs} + \text{eow}$$

- proprietary MAP microwave assisted pyrolysis technology provides opportunities in multiple markets
- pyrolytic process converts garbage, foodwaste, wastewater sludge to energy and bio-char
- end-of-waste solution by degrading micropollutants and plastics to carbon
- relevant solution to meet maritime industry targets of 50% CO2 reduction
- solution to eliminate the plastic problem on sewage and foodwaste biogas plants (~40% of 17.400 plants in Europe are faced with this challenge)
- bio-char acts as sorbent and soil enrichment with multiple reuse opportunities, provides income along with carbon offsets



ccs carbon capture storage

4 PER 1000 CARBON SEQUESTRATION IN SOILS FOR FOOD SECURITY AND THE CLIMATE

The quantity of carbon contained in the atmosphere increases by 4.3 billion tons every year

+4.3 bn tons carbon / year

CO₂ emissions

Human activities (emission) (emission) (emission) (emission)

Deforestation (emission)

Forests (absorption) (absorption)

Oceans (absorption) (absorption)

① absorption ② emission

The world's soils contain 1 500 billion tons of carbon in the form of organic material

absorption of CO₂ by plants

storage of organic carbon in soils

1 500 bn tons carbon

While pursuing the indispensable effort to decrease drastically the green house gases (GHG) emissions due to human activities, increasing soil organic carbon sequestration could make a substantial contribution to GHG mitigation efforts. A theoretical annual increase of the world soil organic carbon stock by 0.4% of its value would be larger than the 2015 annual increase in CO₂ in the atmosphere, which is a major contributor to the greenhouse effect and climate change : this is the origin of the "4 per 1000" title of this initiative.

increased absorption of CO₂ by plants : farmlands, meadows, forests...

+4% carbon storage in the world's soils soils better able to cope with the effects of climate change = less CO₂ in the atmosphere



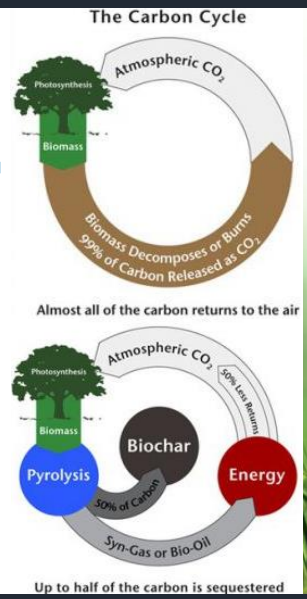
In Praise of Carbon: Review
Resilience - 5. feb. 2019
The authors advocate making **biochar** from plant waste and burying it in agricultural soils (Bates discussed this **carbon sequestration** pathway ...)



UCD gets \$4.7M to study storing greenhouse gases in soil
Davis Enterprise - 26. jan. 2019
To do that, greenhouses gases like **carbon** dioxide will need to be removed ... compost and **biochar** — to **sequester** greenhouse gases like **carbon** dioxide in soil ...



The Water in Your Toilet Could Fight Climate Change One Day
WIRED - 23. jan. 2019
On its own, a person's poop is carbon neutral (save for emissions from ... When added to soil, **biochar** can improve crop yields, and as a nice bonus, ... who has researched wastewater treatment and **carbon sequestration**.



Cool Terra can help to:

OPTIMIZE WATER RETENTION

Enhance soil water-holding capacity
Limit evaporative loss

BUILD LASTING SOIL STRUCTURE

Increase nutrient retention in the root zone
Reduce fertilizer leaching and runoff

PROVIDE AN ENVIRONMENT FOR MICROBIAL GROWTH

Introduce a porous habitat for beneficial microbes that can protect against stressors

IMPROVE THE ENVIRONMENT

Sequester carbon and provide long-lasting impact

removing carbon from the carbon cycle – climate change impact

plastic residues in biofertilizer – the new plastic whale?



Matavfall-gjødsel med mikroplast

Gjødselen som produseres av matavfallet som Årim samler inn, inneholder mikroplast. Plasten kommer dels fra matavfallsposene og dels fra plast som feilaktig har blitt kasta i matavfallet.

AKTUELT

TEKST KENNETH KAMP

(09/05/2018)



Hullet i gjødselverforskrifta

Gjødselprodusentene er i dag pliktige til å følge gjødselverforskrifta. Den sier at gjødselen skal inneholde maksimalt 0,5 prosent plast-, glass-, og metallbiter med en størrelse på mer enn fire millimeter. Når det gjelder mindre biter enn dette, sier ikke forskrifta noe som helst. Mikroplast er definert som plast som er mindre enn fem millimeter, så de største mikroplastbitene dekkes av forskrifta, men ikke de som er under fire millimeter. I teorien kan altså organisk gjødsel selges fullt lovlig selv om den er proppfull av mikroplast.



Fant masse plastbiter i plantejord fra Lindum

- Ja, her blir det blomster, bringebær og plast i uskjønn forening, sukker Gunilla Holm Platou i videoen hun la ut på Facebook.

end-of waste solution

executive management team



Henrik Badin
Chief Executive Officer CEO

After joining Scanship in 2001 and serving various management positions in Scanship Environmental, Mr. Badin was appointed CEO of Scanship in 2008. Mr. Badin has 20 years of experience related to environmental engineering onshore and in the maritime industries. He holds a Master of Science degree in Civil engineering from NTH (NTNU).



Erik Magelssen
Chief Financial Officer CFO

Before joining Scanship in 2017, Mr. Magelssen has more than 15 years of experience as CFO in the companies VIA Travel Group ASA and Kongsberg Automotive ASA. He also held the position of Group Finance Manager in Wilh. Wilhelmsen ASA. Mr. Magelssen has a BA degree from Heriot Watt University in Edinburgh, and has attended the Norwegian School of Economics, NHH (CPA, "Statsautorisert revisor") and the Executive education program at Harvard Business School.



Jonny Hansen
Chief Operating Officer COO

Mr. Hansen joined Scanship in 2006 and became COO in 2007 until the end of 2012. Coming out of employment as COO in Vissim and VP Supply Chain in OceanSaver, he rejoined Scanship in 2017 as responsible for strategic initiatives. In April 2018 he returned to the COO position. Mr. Hansen holds a mini MBA DIP from Probana Business School.



Bjørn Abraham Bache
Chief Commercial Officer CCO

Mr. Bache joined Scanship February 2018. He has more than twenty-five years of experience from international business, serving in leading positions in companies like Unitor/Wilhelmsen, Mettler-Toledo, Jotun and Elkem. During his career, he has lived 13 years outside Norway. Mr. Bache holds a Master of Science degree in Mechanical Engineering from Glasgow University.



Asgeir Wien
Chief Development Officer CDO

Mr. Wien has held technical and R&D positions with Scanship since 2002. He has more than 25 years' experience within advanced tertiary waste water treatment, potable water production, bio-residue treatment, garbage handling and R&D studies. Mr. Wien holds a Master of Science degree in Civil engineering from NTH (NTNU) and an engineering degree in Aquaculture.



Henning Mohn
Chief Technical Officer CTO

Before being appointed as CTO in Scanship in 2016, Mr. Mohn held other manager roles in Scanship and positions with DNVGL, NIVA Norwegian Institute for Water Research and Eurofins laboratory. He has 22 years of experience related to environmental engineering and from the international maritime industry. Mr. Mohn holds a Master of Science degree in Civil engineering from NTH (NTNU) and a Master of Science degree from the University of Washington in Environmental engineering.



Thank you for the attention !

www.scanship.no