

Strong performance with EBITDA doubling in Cruise projects. Interest for landbased solutions firms up

Oslo, 27 October 2020 – Vow ASA’s overall financial results in the third quarter of 2020 are marked by strong performance in the cruise project business, an aftersales business which continues to be affected by the covid-19 pandemic, and increased interest from a growing number of customers in landbased industries.

Group revenues in the third quarter of 2020 was NOK 97.9 million, a 10.6 % year-on-year growth from NOK 88.5 million. EBITDA before non-recurring items was NOK 10.7 million, down from NOK 12.2 million in the same period last year, with a negative EBITDA in the Aftersales segment as the main factor explaining the decline.

The order backlog at the end of September 2020 was NOK 1 082 million, up from NOK 989 million three months before, and from NOK 644 million at the end of September last year. In addition to the firm backlog, shipowners have placed options on the newbuild series being equipped with Scanship systems amounting to NOK 619 million in likely future revenues.

“In the third quarter the trends from the previous quarters continued. Most cruise ships remain inactive, which means that demand for spares and chemicals for our aftersales business is low. On the other hand, newbuild projects continue at full speed at the yards, relatively unaffected by the pandemic”, says Henrik Badin, CEO of Vow ASA.

“A more structured and disciplined approach to business development has increased interest from customers in landbased industries and has resulted in a firmer pipeline of potential projects. Looking forward we now also see more cruise ships returning to sea, which will likely result in a gradual recovery of our aftersales business,” he continues.

Key figures – Vow Group

<i>Amounts in NOK million</i>	Q3 2020	Q3 2019	YTD 2020	YTD 2019	2019
Revenues	97.9	88.5	345.7	269.8	380.8
EBITDA <i>before non-recurring items</i>	10.7	12.2	35.3	34.8	45.8
EBITDA margin %	10.9 %	13.8 %	10.2 %	12.9 %	12.0%
Order backlog			1 082.3	644.0	890

Segments and operational update

Vow ASA is organised and report in three operating segments; Cruise Projects, Cruise Aftersales and Landbased. Cruise Projects and Cruise Aftersales comprise the Scanship business, while Landbased includes the ETIA operations as well as certain landbased operations in Norway.

Cruise Projects

<i>Amounts in NOK million</i>	Q3 2020	Q3 2019	YTD 2020	YTD 2019	2019
Revenues	69.9	55.8	230.0	177.5	236.0
EBITDA before non-recurring items	19.4	9.0	54.4	26.8	37.0
EBITDA margin %	27.8 %	16.1 %	23.7 %	15.1 %	15.7 %
Order backlog			1 044.9	644	

Cruise Projects delivered strong results in the third quarter this year and year-to-date, and an even stronger EBITDA before non-recurring items and EBITDA margin. The result is partly a result of phasing of projects, but also and more importantly, quality and efficient deliveries by the team.

In August, Scanship announced contracts with Fincantieri to deliver its state-of-the-art cleantech systems for waste management, food waste processing and advanced wastewater purification on four vessels for MSC Cruises' new luxury class vessels. The contracts include options for two additional vessels.

In September, Carnival Cruise Line commissioned Scanship to retrofit an advanced wastewater purification system on the *Carnival Magic* cruise ship. The system will be designed to purify wastewater from more than 5 000 people aboard.

These and other smaller contracts lifted the order backlog to a record high NOK 1 045 million at the end of September 2020 plus NOK 619 million in options and likely deliveries to sister ships.

Cruise Aftersales

<i>Amounts in NOK million</i>	Q3 2020	Q3 2019	YTD 2020	YTD 2019	2019
Revenues	5.2	32.9	44.9	92.5	125.7
EBITDA before non-recurring items	-4.2	7.1	0.6	17.4	22.5
EBITDA margin %	na	21.6 %	1.3 %	18.8 %	17.9 %

The pandemic hit Aftersales hard in the third quarter of 2020. Revenues dropped to a record-low NOK 5.2 million as most cruise ships lay idle, and this segment which usually delivers a strong EBITDA margin reported a loss. Vow estimates that under more normal circumstances, the year-to-date EBITDA would have been around NOK 19 million higher.

Vow has kept employees and capacity available for mobilisation on short notice throughout the third quarter. In the fourth quarter, there are some early signs of a gradual recovery, as passengers are returning and some ships have headed to the sea.

Land-based

<i>Amounts in NOK million</i>	Q3 2020	Q3 2019	YTD 2020	YTD 2019	2019
Revenues	22.8	-	70.8	-	19.1
EBITDA before non-recurring items	-2.1	-	-9.2	-	-1.5
EBITDA margin %	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>
Order backlog			37.4	-	

In the third quarter of 2020, ETIA reported revenues in line with previous quarters and EBITDA before non-recurring items slightly less negative. The pipeline of prospective clients is firming up, as Vow continued to deliver on several milestone projects.

In October this year, Vow marked the start-up of two pyrolysis plants at Lindum's municipal waste facility in Norway. These plants, fully owned by Vow, will be used in a project funded by the Research Council of Norway under the "Bix-X-Bærekraft" program. This is a joint industry project with Lindum, NGL, SINTEF and VEAS to demonstrate valorization of organic waste into sustainable products for clean-up of contaminated water, soil, and air.

In the same period, Vow has delivered a newly developed dryer system at the Lindum site sponsored by the EU under the Horizon 2020 programme and a sludge thermal process being tested in the wastewater treatment facility at Gardermoen.

In the UK, commissioning of an end-of-life-tires Biogreen solution is underway for Murfitts Industries at the UK's largest tyre recycling operation. Biogreen is the brand name for various solutions based on ETIA's pyrolysis technology.

A Biogreen pyrolysis solution is currently being installed in Switzerland for an international consumer goods company which will use its waste streams to generate biochar and syngas for steam generation. In Sweden, equipment is being installed at Envigas' facility which will convert forestry waste into renewable coke that replaces fossil coal in metallurgical industries.

Production of Biogreen equipment is also well underway for Unipetrol's plastic-to-liquid fuel facility in the Czech Republic, for Circular Carbon's biomass valorization and renewable energy system in Germany for the chocolate industry and for Nordvästra Skånes Renhållnings plant in Sweden, where green waste will be converted into biochar and renewable energy.

Vow is pursuing a long-term strategy for this segment, which involves a systematic and disciplined growth of sales and business development capacity. This is required to match an increasing number of requests for co-operation from leading players in a wide range of land-based industries.

One such example materialised in October this year, when Vow and Tinfos entered into a cooperation agreement to distribute ETIA's onshore 'Plastic to Electricity' solution in selected countries and markets, starting with Indonesia. The solution converts plastic waste to electricity through pyrolysis and will replace diesel in local power production. Vow expects that the agreement will result in delivery of several such units during the coming years.

Other financials

Corporate administrative costs not allocated to any of the operating segments amounted to NOK 2.4 million in the third quarter this year, compared with NOK 3.9 million in the corresponding quarter last year.

Vow is currently in the process of delivering several projects which are expected to result in continued net positive cashflow from operations going forward, and the company is sufficiently capitalised.

Outlook

The strong order intake in 2020, despite the covid-19 pandemic, confirms that Vow continues to benefit from the growing concern for the climate and environmental awareness in the cruise industry and in land-based industries.

In the short to medium term, the covid-19 pandemic is likely to continue to affect the aftersales market. While there are some early signs of recovery, a significant rebound is not expected until well into 2021. In the longer term, however, Scanship's large installed base, represents a solid foundation for aftersales.

While the cruise industry is continually looking for ways to make tourism more environmentally sustainable, businesses across all industries are chasing technologies and solutions that will help them reduce their CO2 emissions, prevent pollution and become more involved in the circular economy. All these trends create a strong pull for Vow's solutions and the company's proven and scalable delivery model.

"We are very pleased to see an increasing demand from more landbased clients wanting to valorise their waste streams while reducing their independence of fossil fuels as part of their decarbonizing strategies", says Henrik Badin, CEO of Vow ASA.

For further queries, please contact:

Henrik Badin - CEO

Vow ASA

Tel: + 47 90 78 98 25

Email: henrik.badin@vowasa.com

About Vow ASA

In Vow and our subsidiaries Scanship and Etia we are passionate about preventing pollution and giving waste value. Our world leading solutions convert biomass and waste into valuable resources and generate clean energy for a wide range of industries.

Cruise ships on every ocean have Vow technology inside which processes waste and purifies wastewater. Fish farmers are adopting similar solutions, and public utilities and industries use our solutions for sludge processing, waste management and biogas production on land.

Our ambitions go further than this. With our advanced technologies and solutions, we turn waste into biogenetic fuels to help decarbonize industry and convert plastic waste into fuel, clean energy and high-value pyro carbon.

Our solutions are scalable, standardized, patented and thoroughly documented, and our capability to deliver is well proven. They are key to end waste and stop pollution.

Located in Oslo, the parent company Vow ASA is listed on the Oslo Stock Exchange (ticker VOW from 13 January 2020).

This information is subject to the disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act.