

Q3 2020 Presentation

Klepp – 6 November 2020

Knut Nesse, CEO

Ronny Meinkøhn, CFO



Agenda

 Highlights

 Financial performance

 Outlook

 Q&A

BIOLOGY



TECHNOLOGY

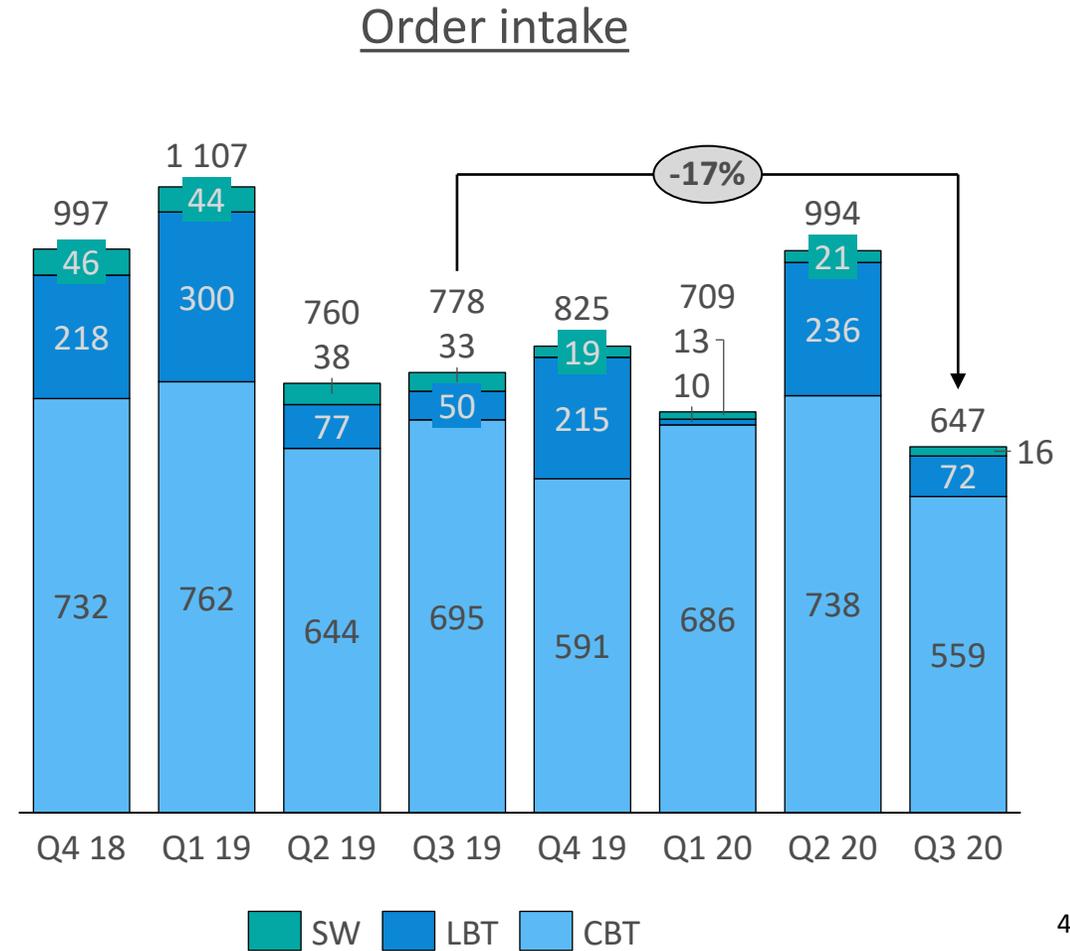


AKVA
GROUP

 **Highlights Q3 2020 – by CEO Knut Nesse**

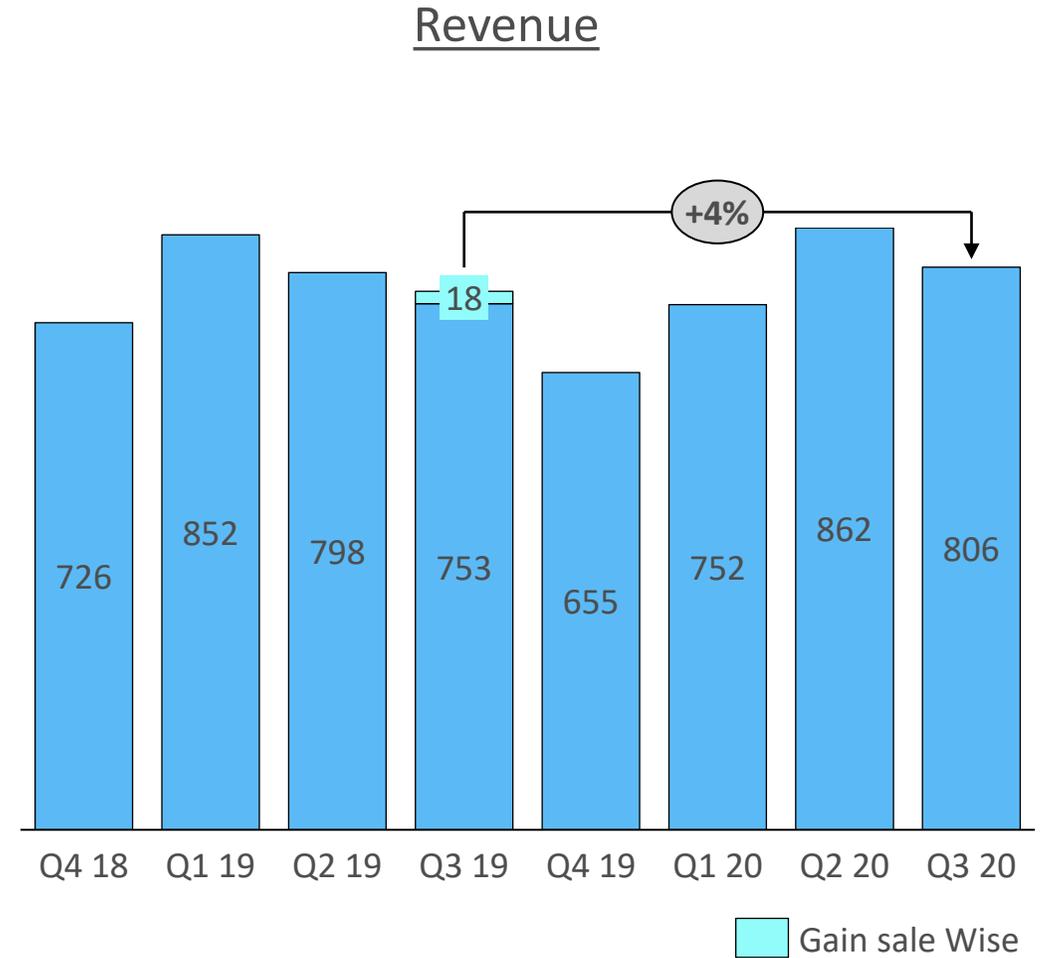
Order intake development

- Order intake of 647 MNOK
- Solid increase in the Cage Based Nordic business in Norway compared to Q3 2019
- Within Cage Based International, Chile and Canada experienced lower order intake compared to both Q2 2020 and Q3 2019
- Land Based with new engineering contract for full grow-out facility, order intake up 43% compared to Q3 2019
- Last twelve months order intake of 3,175 MNOK



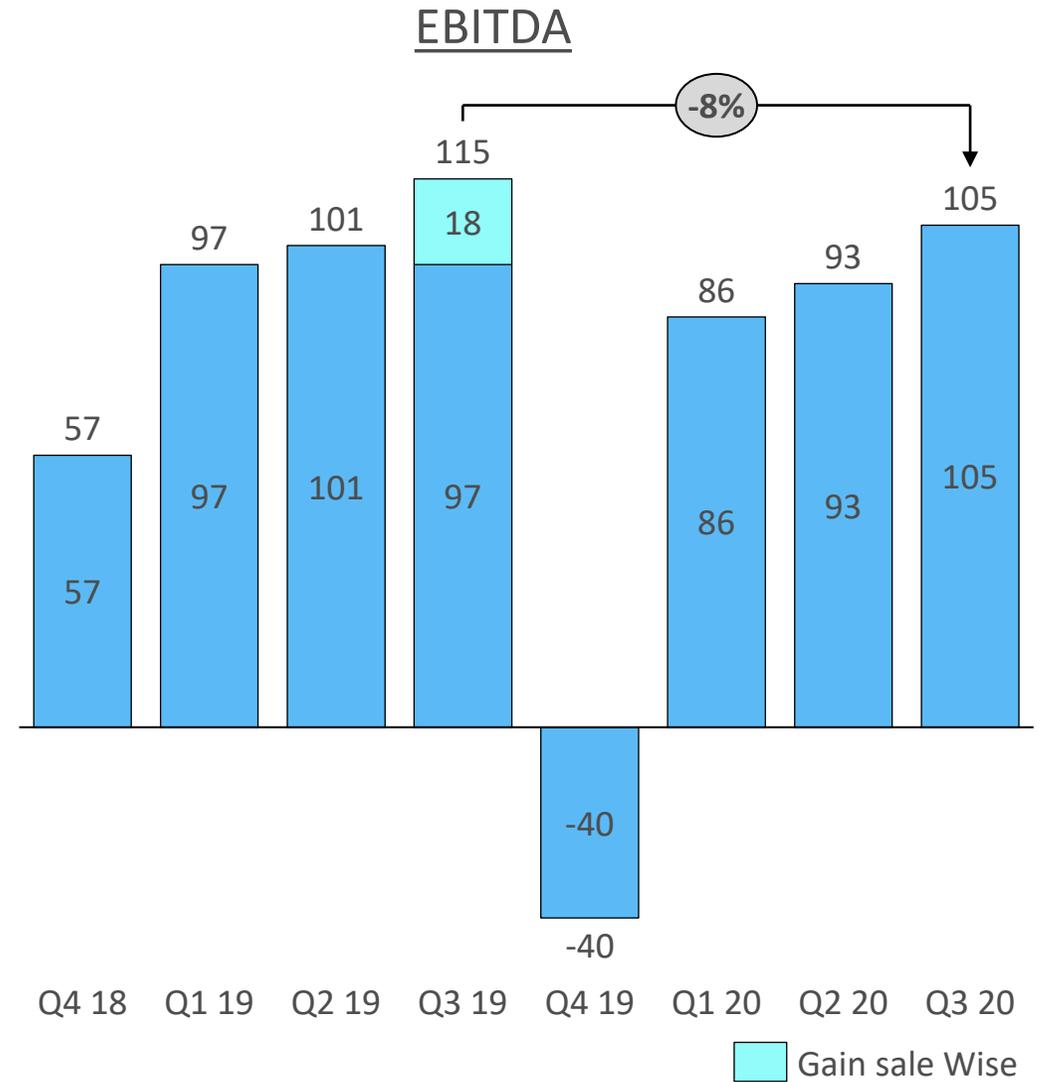
Revenue development

- The Cage Based Nordic business had a revenue increase of 6% versus Q3 2019
- Revenue remain high in Cage Based business in Americas with 32% increase compared to Q3 2019
- Land Based with increase in revenue, both versus Q2 2020 and Q3 2019



EBITDA development

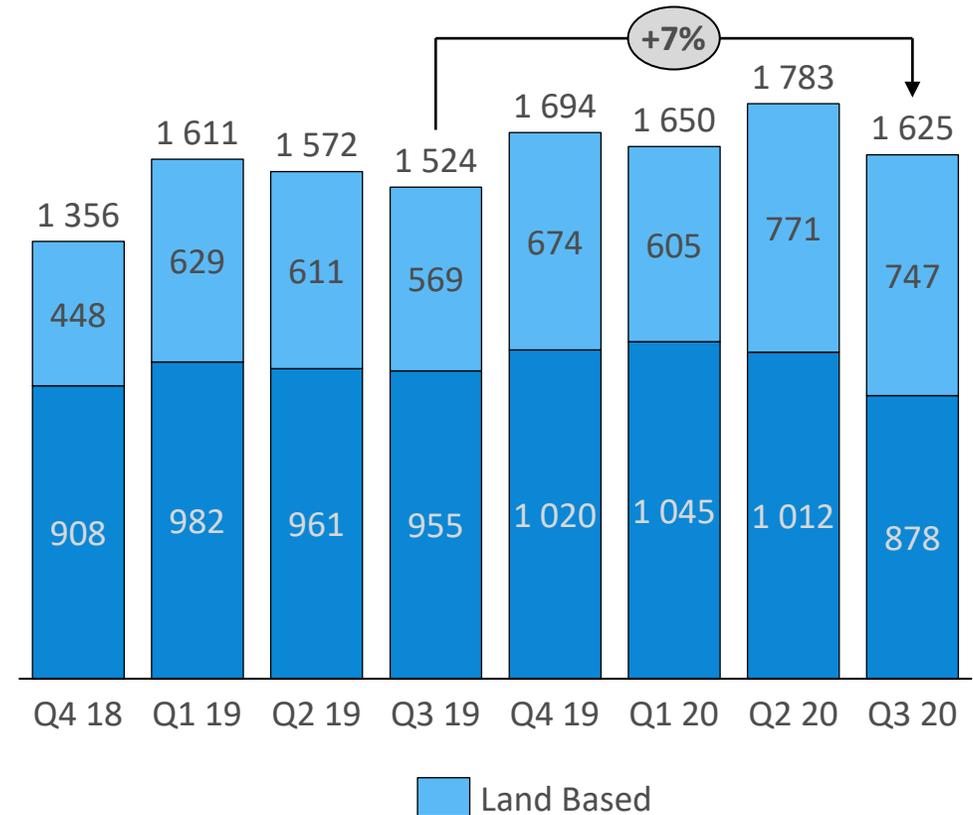
- EBITDA of 105 MNOK in the quarter
- The Cage Based Nordic business, including Egersund Net, with a solid contribution and increased EBITDA with 35% versus Q3 2019
- Within Cage Based International, Americas delivered 28% increased EBITDA compared to Q3 2019
- Land Based segment below last year with EBITDA of 0.2 MNOK in Q3 2020



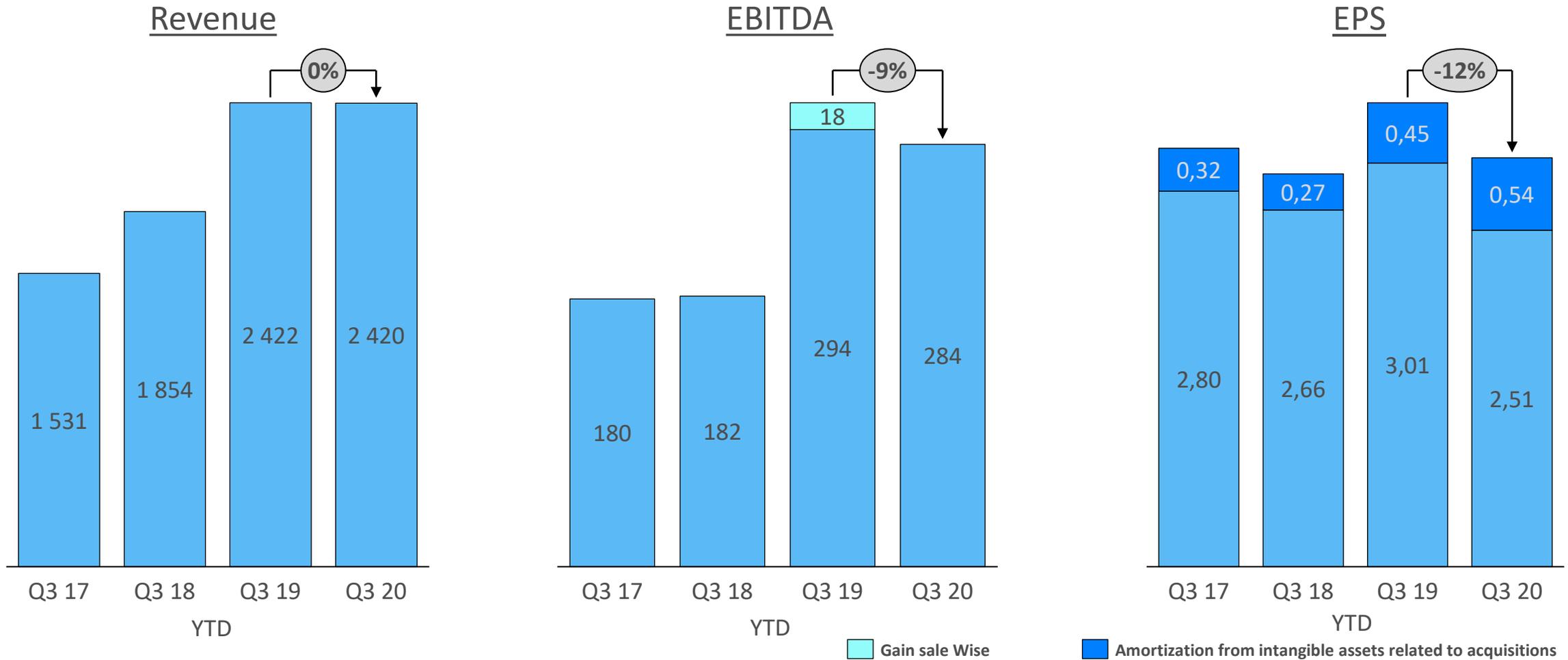
High order backlog

- Order backlog at end of Q3 2020 of 1.6 BNOK
- Strong momentum for the Cage Based Nordic business with 17% increase compared to end of Q3 2019
- Within Cage Based International, Export and the Mediterranean had a solid increase compared to end of Q3 2019
- Order backlog for Land Based segment is 46% of total backlog

Order backlog



Key financial metrics – year to date



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.

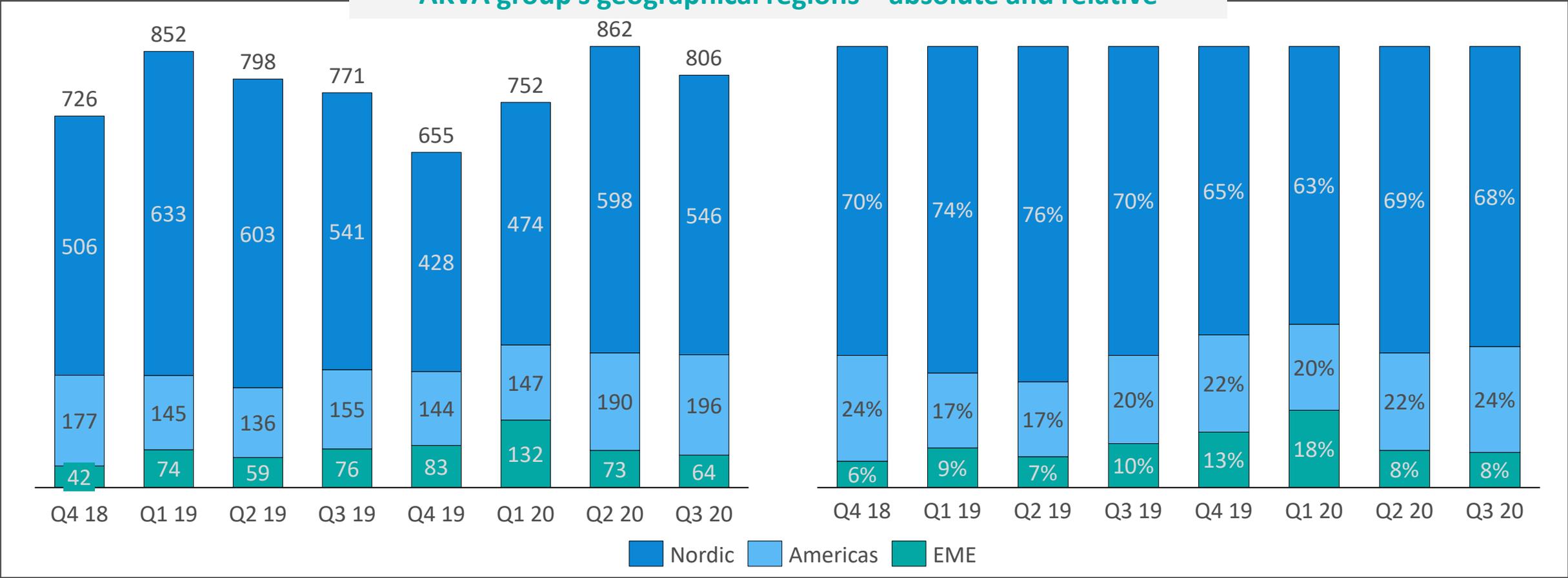
Our presence



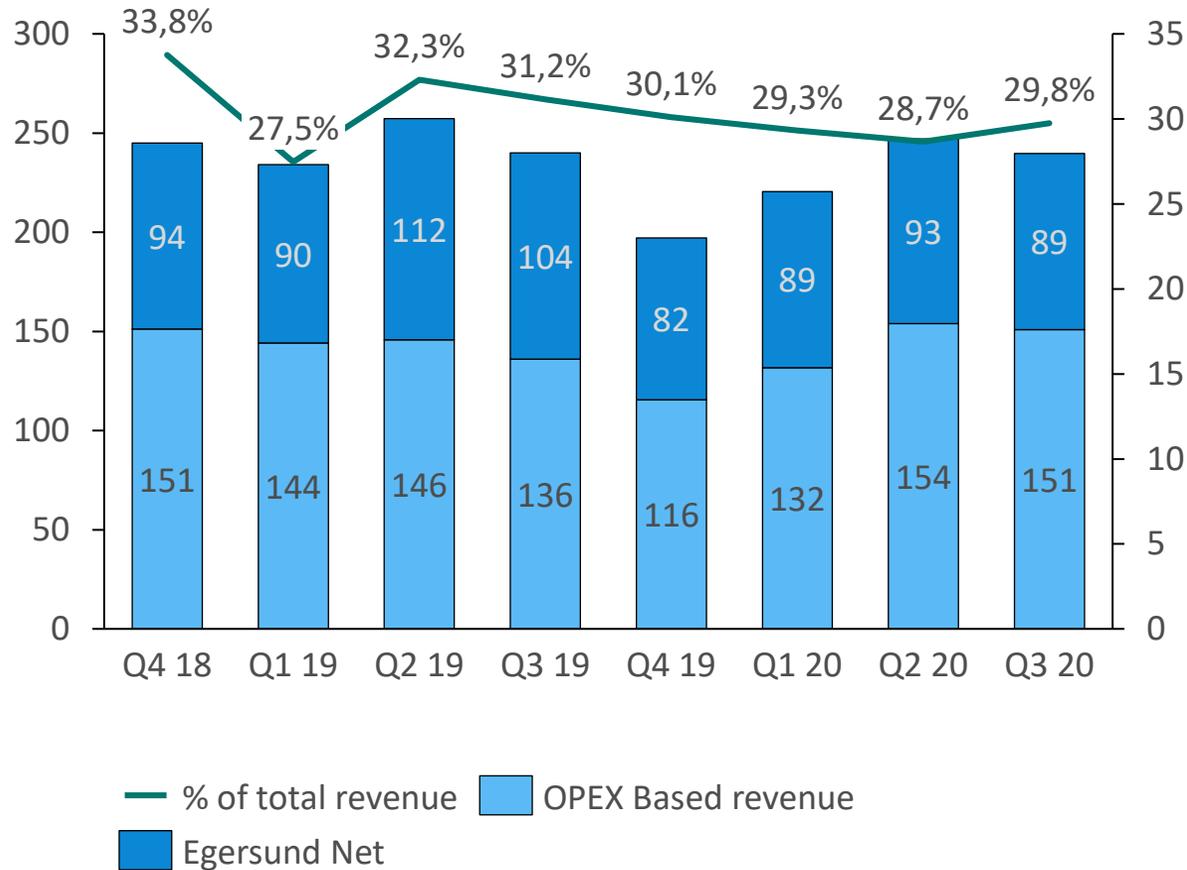
- AKVA group
- Agents and distributors

Revenue in geographical regions

AKVA group's geographical regions – absolute and relative

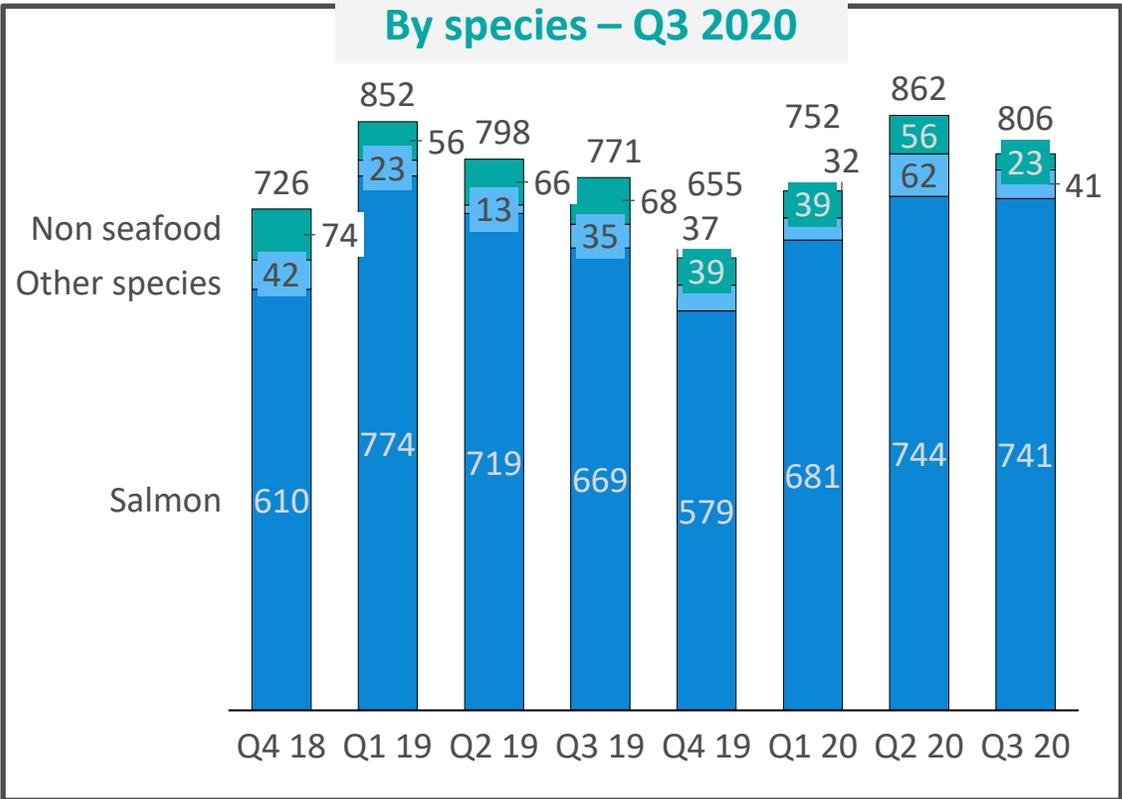
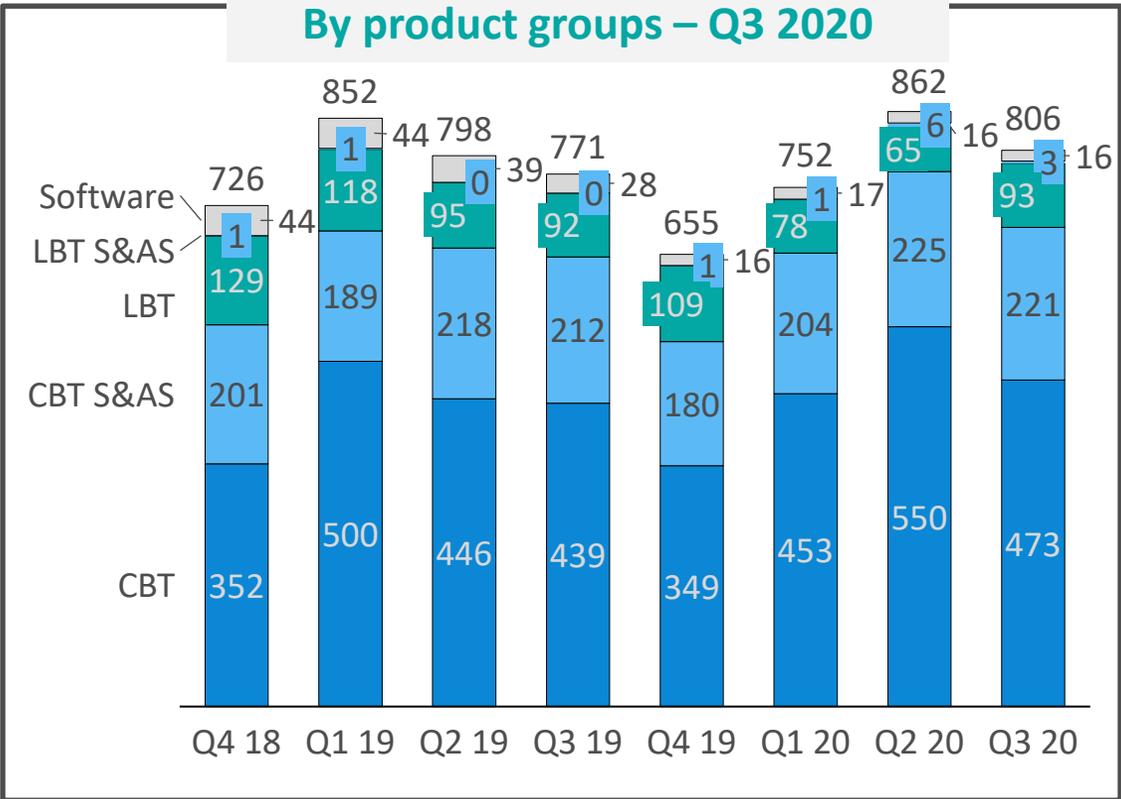


Development in OPEX based revenue



- Egersund Net contributing 89 MNOK in the quarter
- Increase in activity and margins in the Chilean service business
- AKVA group Software revenue on par with revenue in Q3 last year
- The Norwegian marine service business in high season and contributing positively

Revenue by product group and species



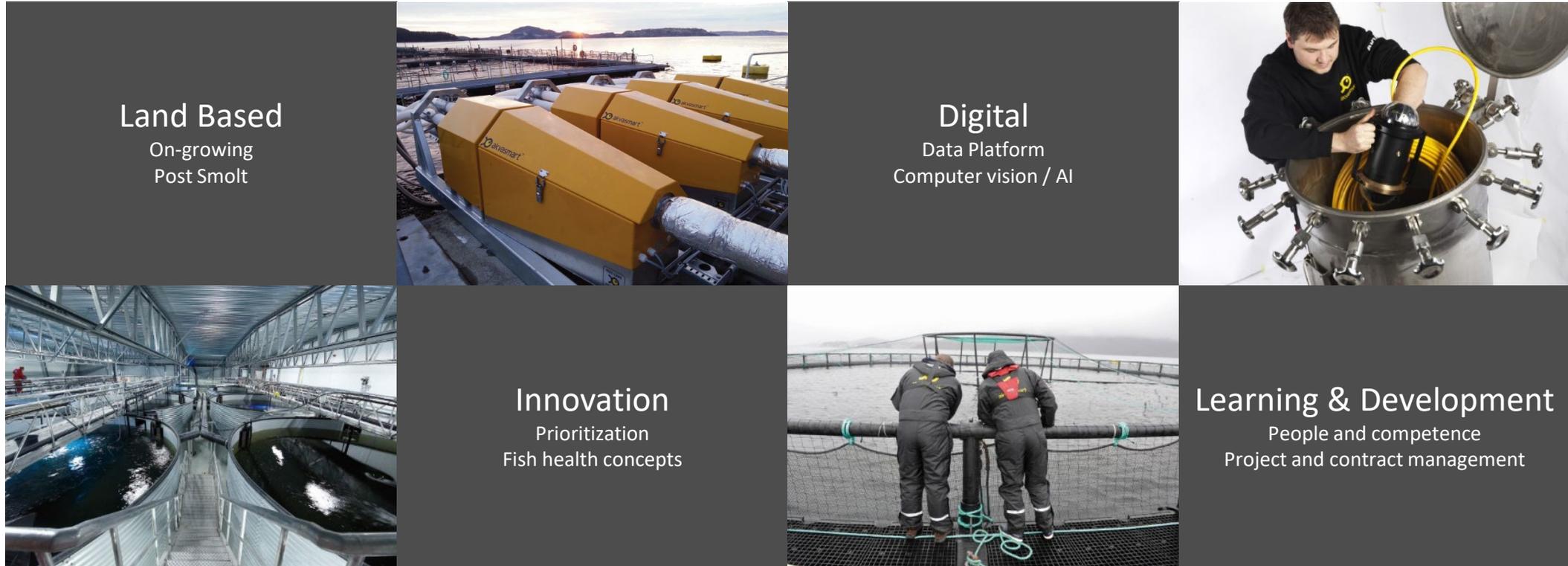
Cage Based Technology = Cages, barges, feed systems, nets and other operational systems for cage based aquaculture
S&AS Cage Based = Service and after sales for cage based aquaculture
Software = Software and software systems
Land Based Technology = Recirculation systems and technologies for land based 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

- Delivery of the 100 MNOK Tubenet™ contract continued throughout Q3
- The Cage Based Nordic business with solid performance in the quarter
- Cage based business in Chile continue with high activity despite the uncertainty of the COVID-19 outbreak
- Increased activity on design and engineering for full grow-out RAS facilities within the Land Based segment
- Financial position remains strong
- Strategic review of AKVA Marine Services to be conducted

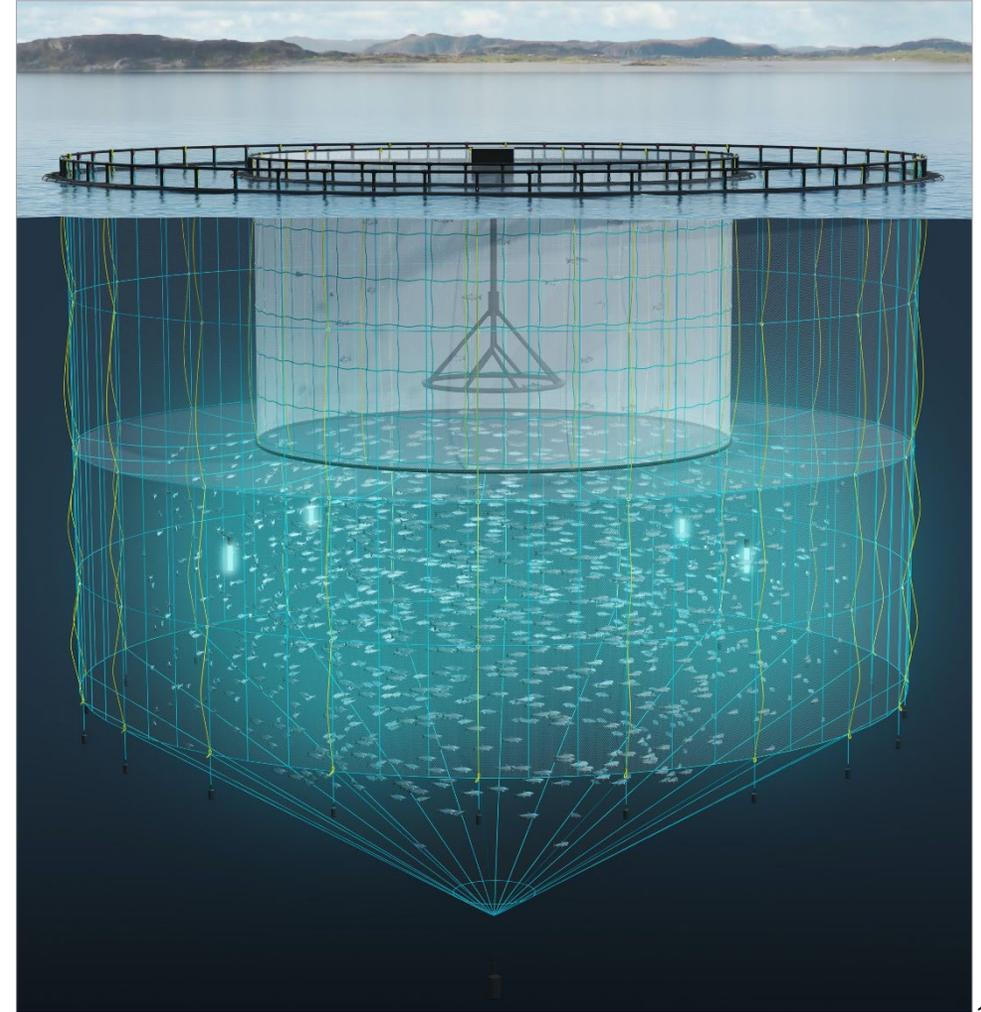
Group Strategy process initiated – key themes



Capital Markets Day to be webcasted on November 24th, 2020

Tubenet™

- A patented concept for improved fish welfare
- Proven to reduce lice infestation with 80%, with the potential to reduce the lice presence to almost 0 if the tube is deep enough
- Suitable for AGD treatment
- Reduced risk of escape: damages to the upper part of the net will not be a concern, as the fish is enclosed at the deeper part of the pen
- Reduced need for net cleaning
- Inner tube has been operated to 16 mtrs depth with great success
- Concept also includes subsea feeder and led lights to be operated for a full cycle

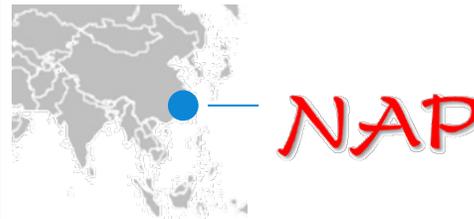


Separate focus on full grow out RAS facilities

- AquaCon AS (Norwegian company)
- Full grow out facility in Maryland, USA
- Total capacity of 45,000 tonnes, whereof first phase of 15,000 tonnes
- Bridge financing in place, whereof AKVA group has participated with 5.5 MNOK
- Term sheet and Engineering Contract signed with AKVA group, and design started
- Potential contract for AKVA group of 1,3 BNOK for the first phase – subject to financing



- Nordic Aqua Partners A/S (Danish company)
- Full grow out facility in Ningbo, China
- Total capacity of 9,600 tonnes, whereof first phase of 4,800 tonnes
- Bridge financing in place, whereof AKVA group will participate with 0.65 MEUR
- Engineering Contract signed with AKVA group, and detailed design ongoing
- Potential contract for AKVA group of 500 MNOK for the first phase - subject to financing



High market activity for full grow out RAS facilities

- A cooperation and engineering contract signed with Vikings Investment Holding Ltd.
 - RAS grow-out facilities in the Middle East
 - Phase one 5,000 tonnes



- Engineering contract signed with Ecofisk AS
 - RAS grow-out facility at Tysvær, Rogaland, Norway
 - Phase one 5,000 tonnes
 - Ecofisk hold a license for 40,000 tonnes
 - Bridge financing in place, whereof AKVA group has participated with 5.5 MNOK



- Several other prospects which could enter the engineering and design phase in the coming quarters

Covid-19

- ✓ The Covid-19 virus has had a massive impact around the globe. So far AKVA group has been moderately impacted. The major impacts financially for AKVA group has been related to two newly awarded RAS contracts on Land Based being cancelled. AKVA group has taken action with the following focus areas:
 - The core of AKVA group is its employees, therefore AKVA group's main focus is the safety and health of our employees
 - AKVA group has put in place a program to monitor and optimize the overall liquidity in the company
 - AKVA group has implemented actions to maintain the security of supply during this crisis
 - A steady order intake is paramount to ensure work for all AKVA employees and a prerequisite for the other focus areas

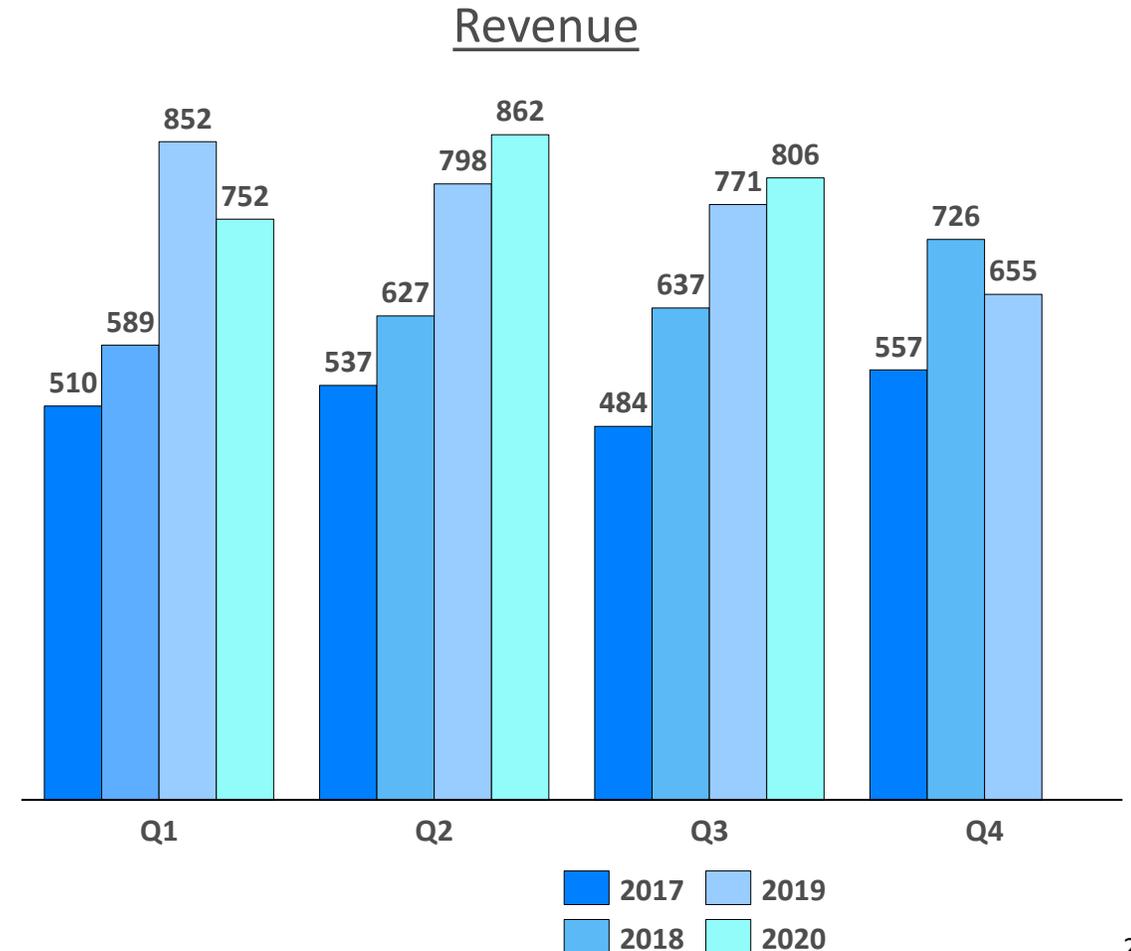


Financial performance Q3 2020 – by CFO Ronny Meinkøhn



Q3 2020 – Financial highlights

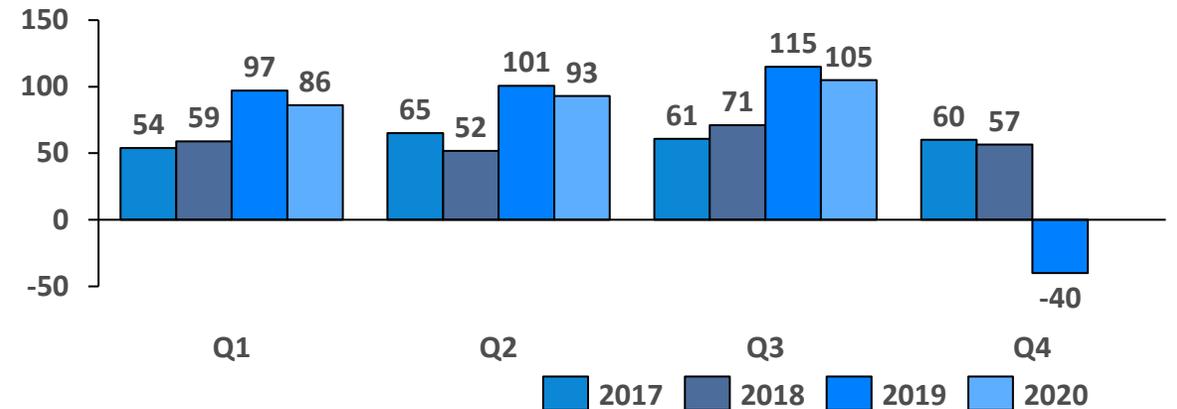
- Last twelve months order intake and revenue now at 3,175 MNOK and 3,075 MNOK respectively
- Growth in revenues of 6% in the Cage Based Nordic business compared to Q3 2019
- Cage Based business in Americas contributing with solid growth of 32% compared to Q3 2019
- The Land Based segment with a slight increase in revenues compared to Q3 2019



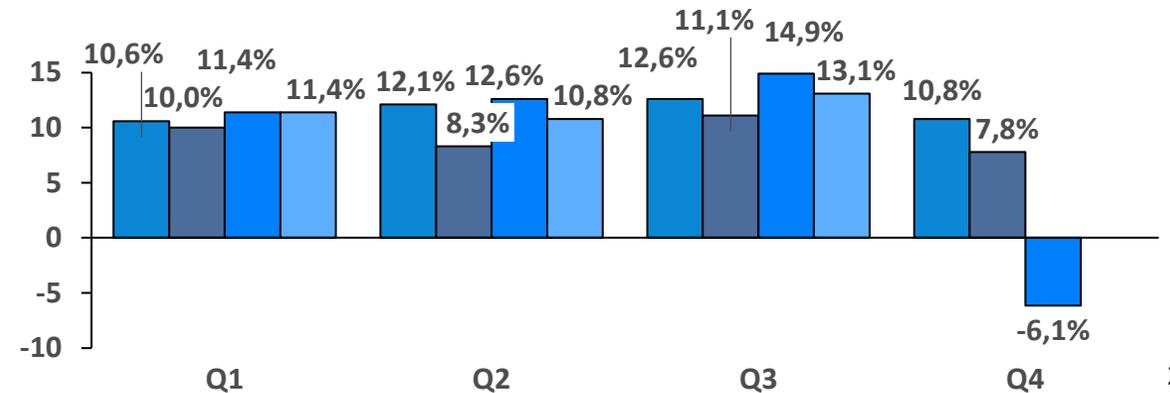
Q3 2020 – Financial highlights

- Cage Based Nordic with solid performance
- Americas region with increased margins both compared to Q2 2020 and Q3 2019
- Land Based segment with EBITDA of 0.2 MNOK in the quarter
- A net gain of 18 MNOK included in Q3 2019 related to sale of the Icelandic software business Wise

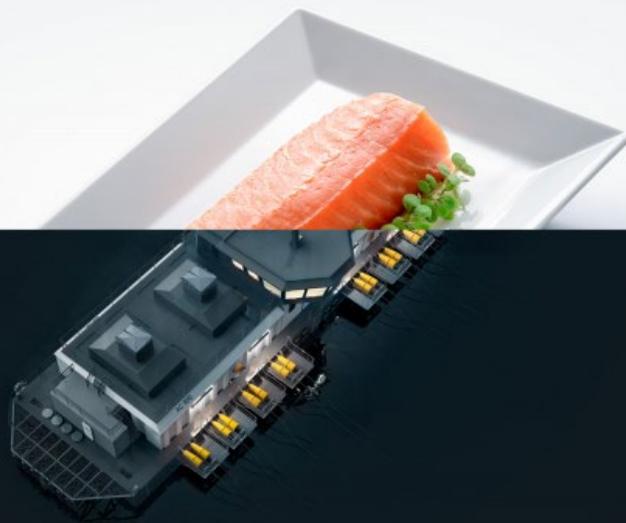
EBITDA (MNOK)



EBITDA %



BIOLOGY



TECHNOLOGY

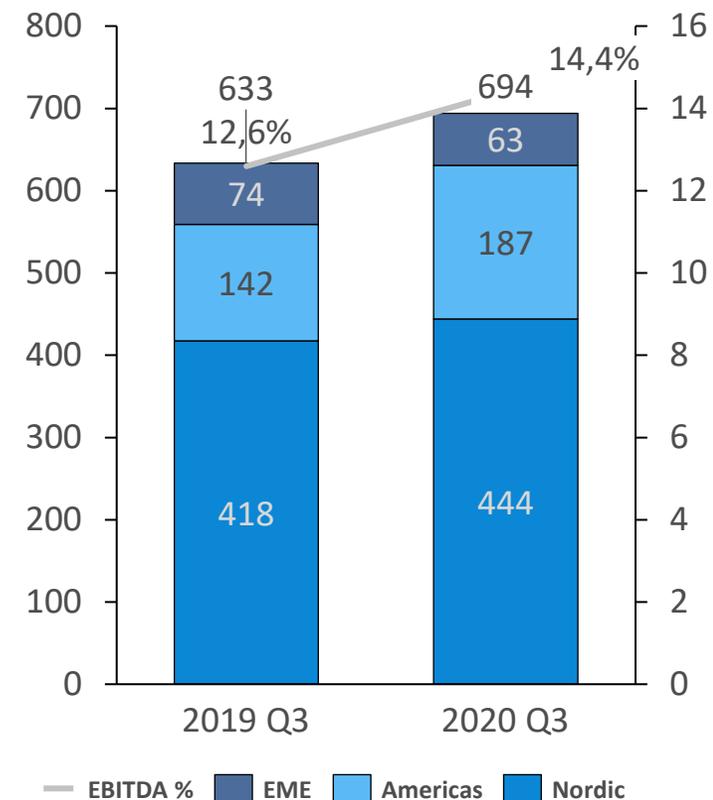
By developing technology focused on solving the biological challenges we contribute to the continued development of a sustainable industry with fish welfare as the most important success criteria. Good fish health is paramount in achieving good results and investing in our technology will help deliver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

Cage Based Technology

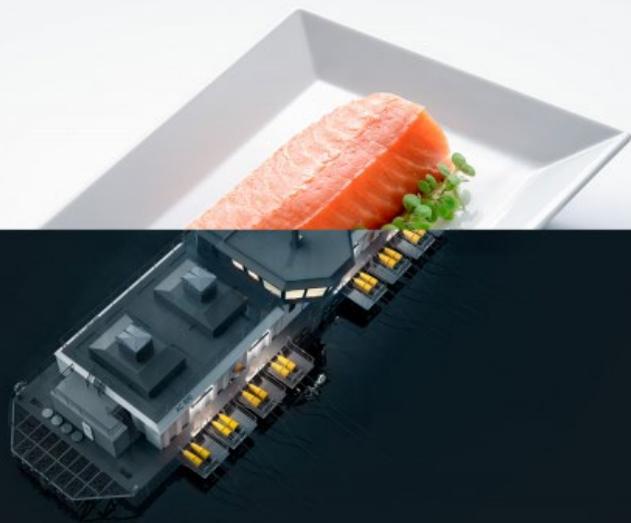
Nordic

- Cage based business in Nordic with solid performance and increase in both revenues and EBITDA compared to Q3 2019
- Net sales out of Egersund contributing strongly with an increase in EBITDA of 46% compared to Q3 2019
- Order backlog increased with 17% compared to Q3 2019

Revenue and EBITDA %



BIOLOGY



TECHNOLOGY

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Cage Based Technology

International

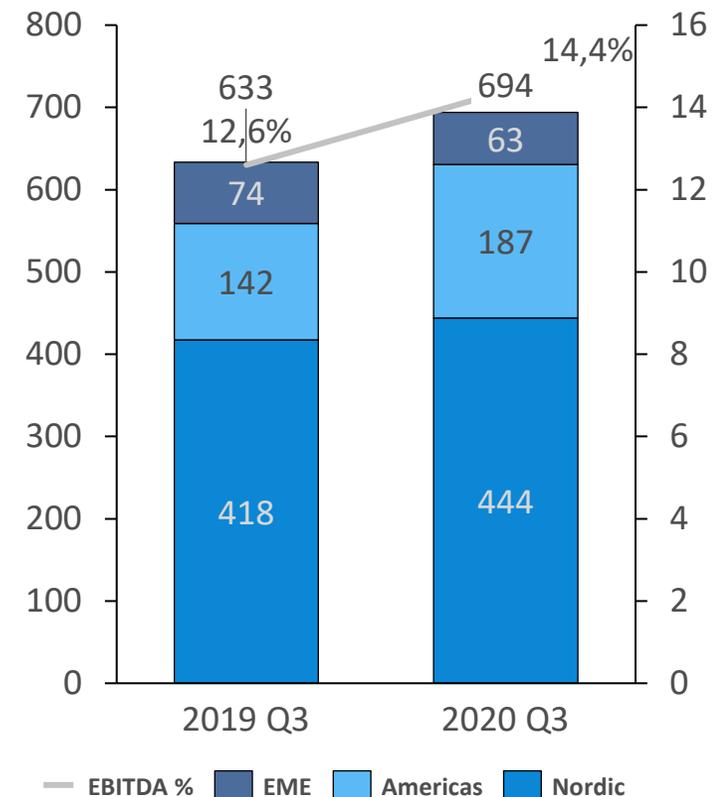
Americas

- Chile with increased revenue and margins compared to Q3 2019
- Increased activity in Canada with higher revenue compared to Q3 last year

EME

- The region had nominal increase in margins both versus Q2 2020 and Q3 2019
- Turkey continue with solid margins, 103% increase in EBITDA versus Q3 2019
- Solid increase in order backlog, up 19% compared to Q3 2019

Revenue and EBITDA %



BIOLOGY



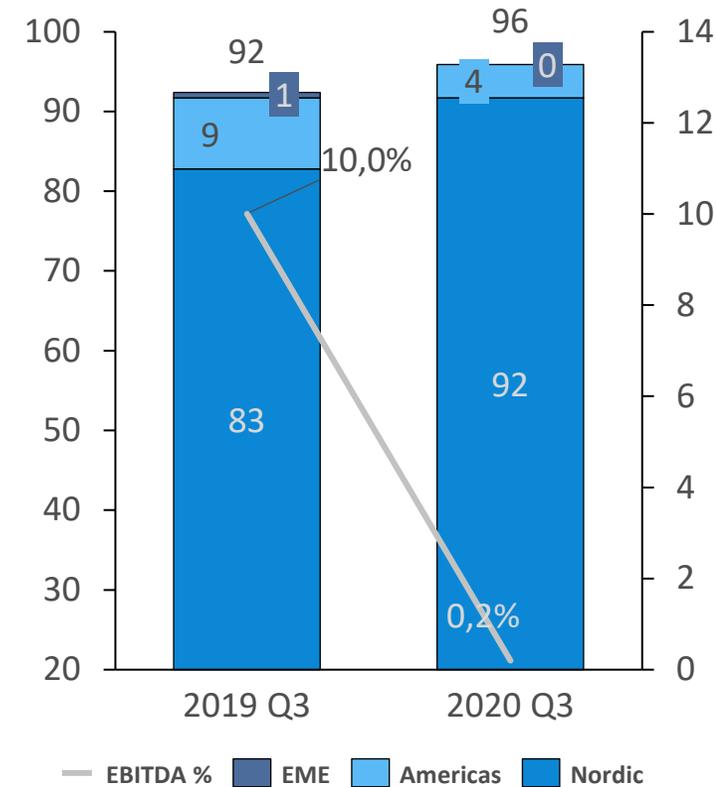
TECHNOLOGY

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.

Land Based Technology

- Order backlog remains strong at 746 MNOK at the end of Q3 2020
- Increased activity compared to both Q2 2020 and Q3 2019
- Several engineering contracts signed and started on for full grow-out facilities
- EBITDA of 0.2 MNOK in the quarter
- The margin was negatively impacted by recruitment of approx. 20 engineers during Q3 (recruitment costs, training costs / unproductive time)

Revenue and EBITDA %



BIOLOGY



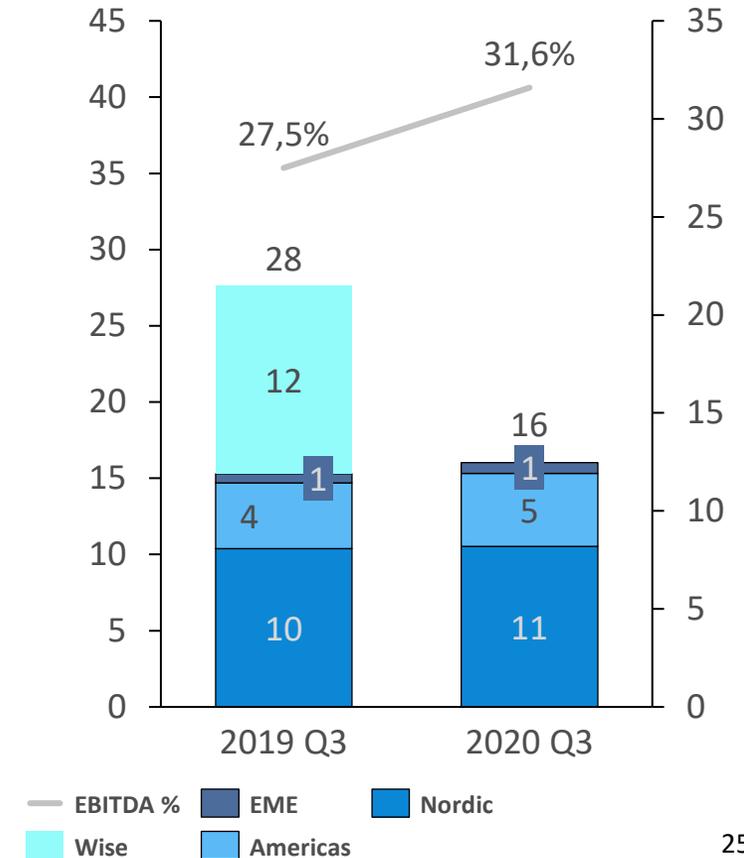
TECHNOLOGY

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.

Software

- Increase in revenue from our Fishtalk products compared to same quarter last year
- Digital solutions integrated part of our product offerings
- Last year revenue and EBITDA included 12 MNOK and 0.5 MNOK respectively, from the divested software business, Wise, on Iceland

Revenue and EBITDA %



Financials – Detailed P&L

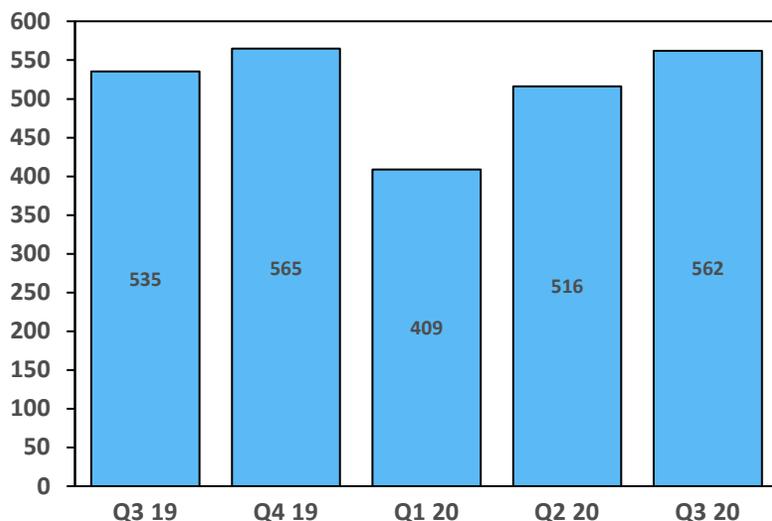
P&L (MNOK)	2020 Q3	2019 Q3	2020 YTD	2019 YTD	2019 Total
OPERATING REVENUES	806	771	2 420	2 422	3 077
Operating costs ex depreciations	701	657	2 136	2 110	2 805
EBITDA	105	115	284	312	272
Depreciation	25	22	58	67	64
Depreciation lease assets	10	14	53	41	84
Amortization	13	13	36	37	62
EBIT	58	66	138	168	62
Net interest expense	-5	-6	-18	-16	-22
Interest expense lease liabilities	-4	-5	-14	-15	-20
Other financial items	2	0	6	-1	-7
Net financial items	-7	-11	-26	-33	-49
EBT	51	55	112	135	13
Taxes	15	13	28	33	-3
NET PROFIT	36	42	84	102	17
Net profit (loss) attributable to:					
Non-controlling interests	0,2	0,5	0,5	2,0	2,0
Equity holders of AKVA group ASA	36	42	83	100	15
Number of shares	33 156	33 140	33 156	33 221	33 205
Revenue growth	4,4 %	21,1 %	-0,1 %	30,7 %	19,3 %
EBITDA margin	13,1 %	14,9 %	11,8 %	12,9 %	8,8 %
EPS (NOK)	1,08	1,27	2,51	3,01	0,44

Investment in associated companies accounted for by equity method YTD Q3 classified as other operating revenues of 3.7 MNOK

Minority shareholders (30%) in Grading Systems Ltd and Newfoundland Aqua Service Inc. (1,5%)

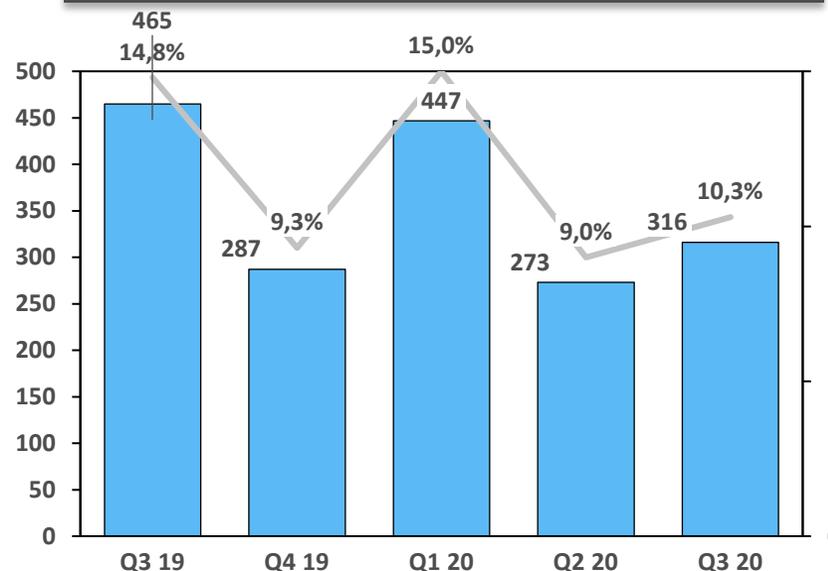
Group financial profile – remains strong

Available cash



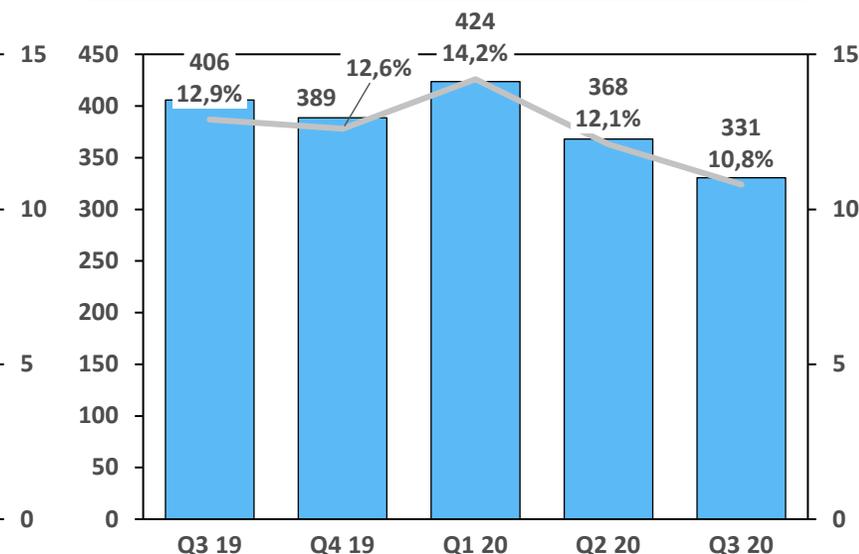
- Including a 300 MNOK unused credit facility in Danske Bank end of Q3 2020
- 200 MNOK revolving credit facility fully utilized end of Q3 2020

Working capital



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

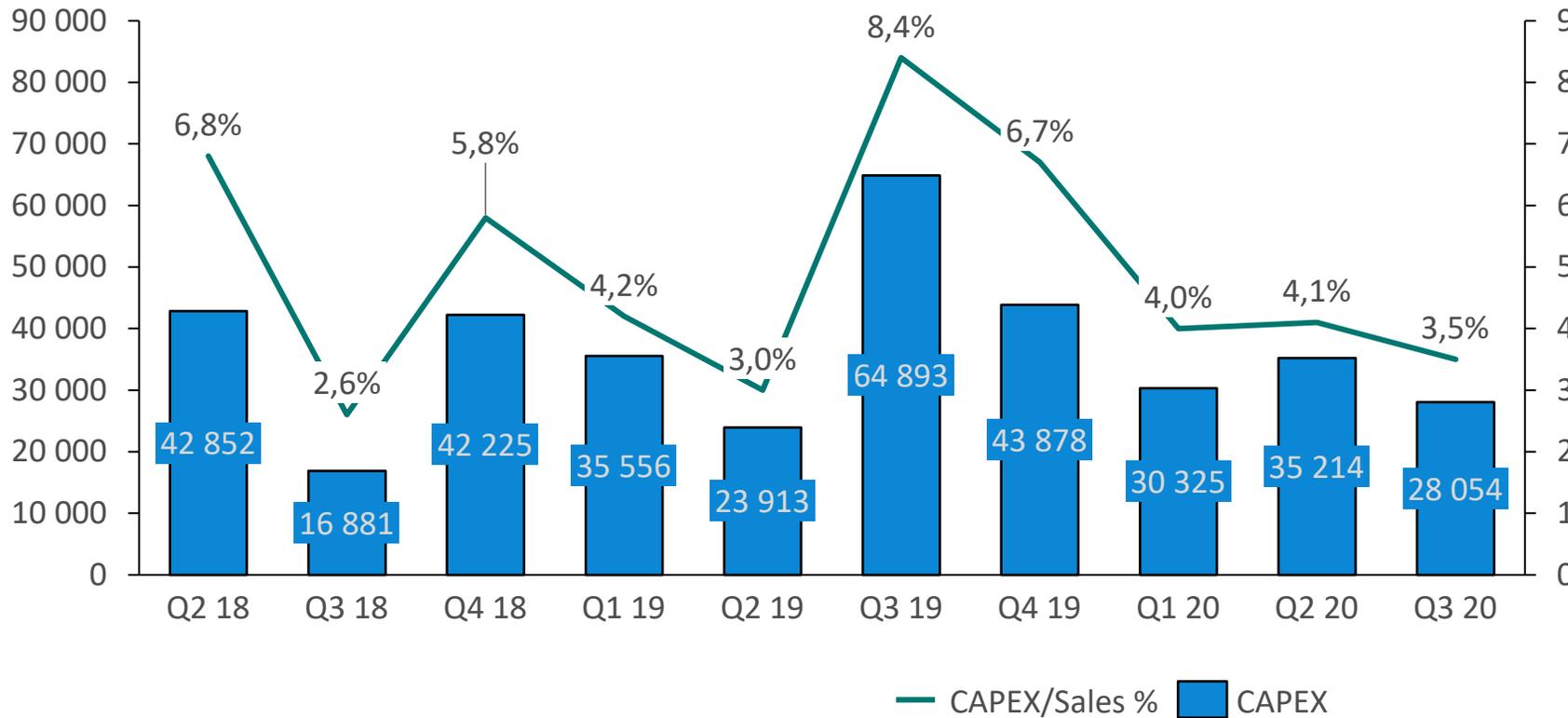
Average working capital



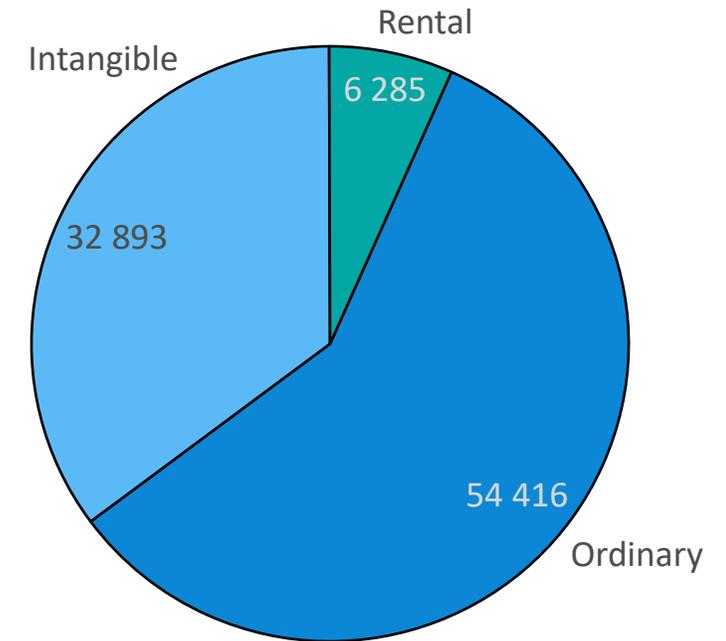
- The graph shows 12 months average working capital and average working capital relative to last twelve months revenue

CAPEX

(TNOK) CAPEX and CAPEX/Revenue %

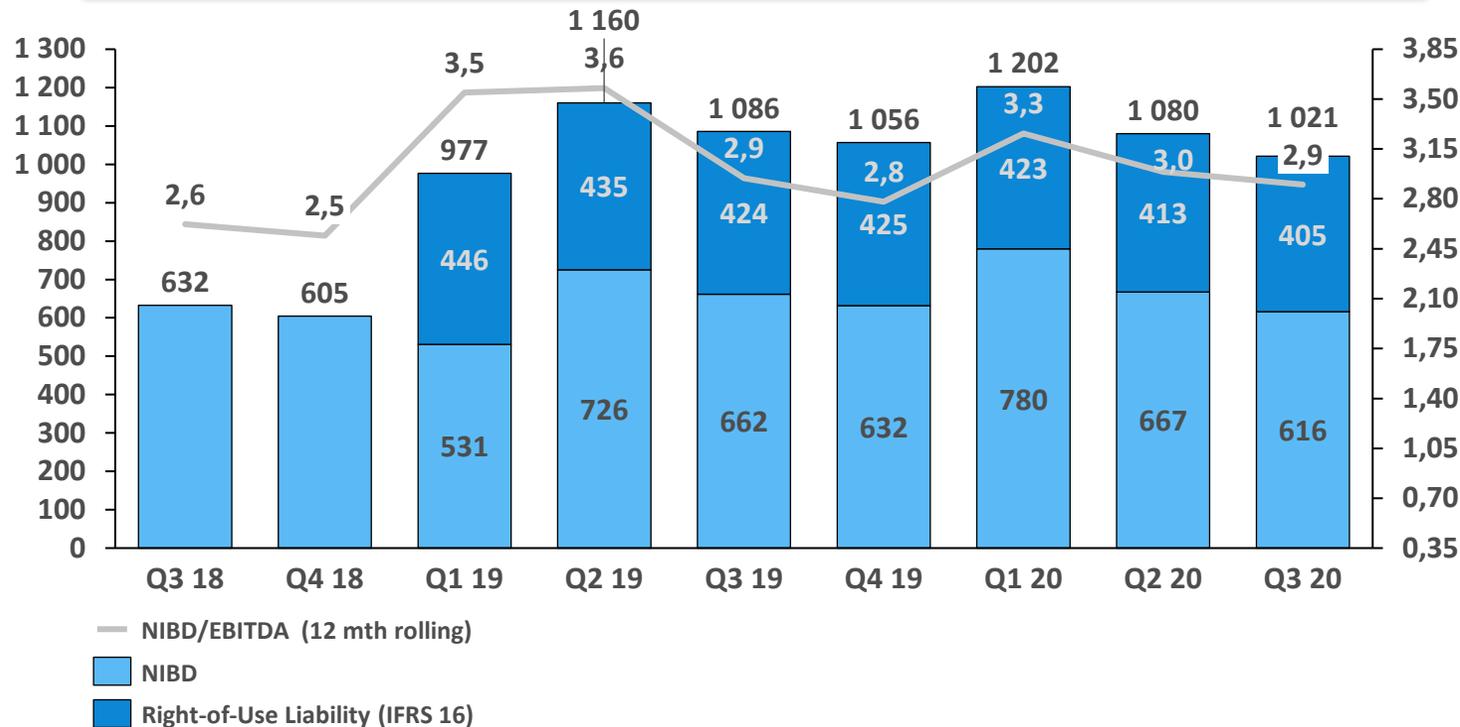


CAPEX breakdown 2020



Net interest-bearing debt/EBITDA of 2,9

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



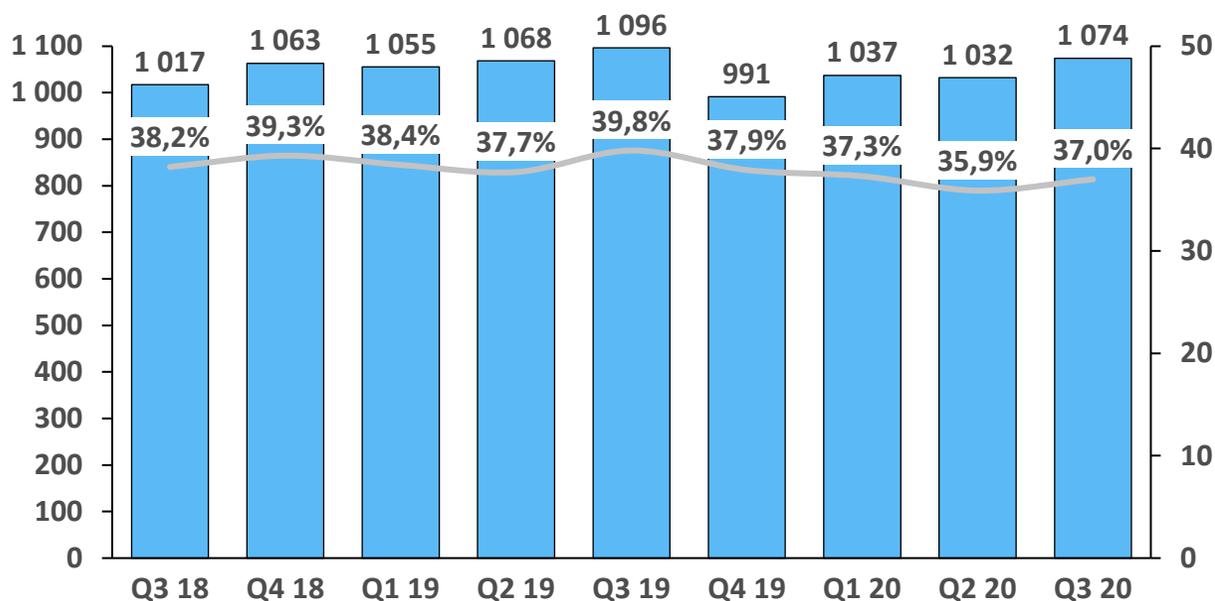
NIBD/EBITDA covenant threshold of 4,25

Change in net interest bearing debt (MNOK)

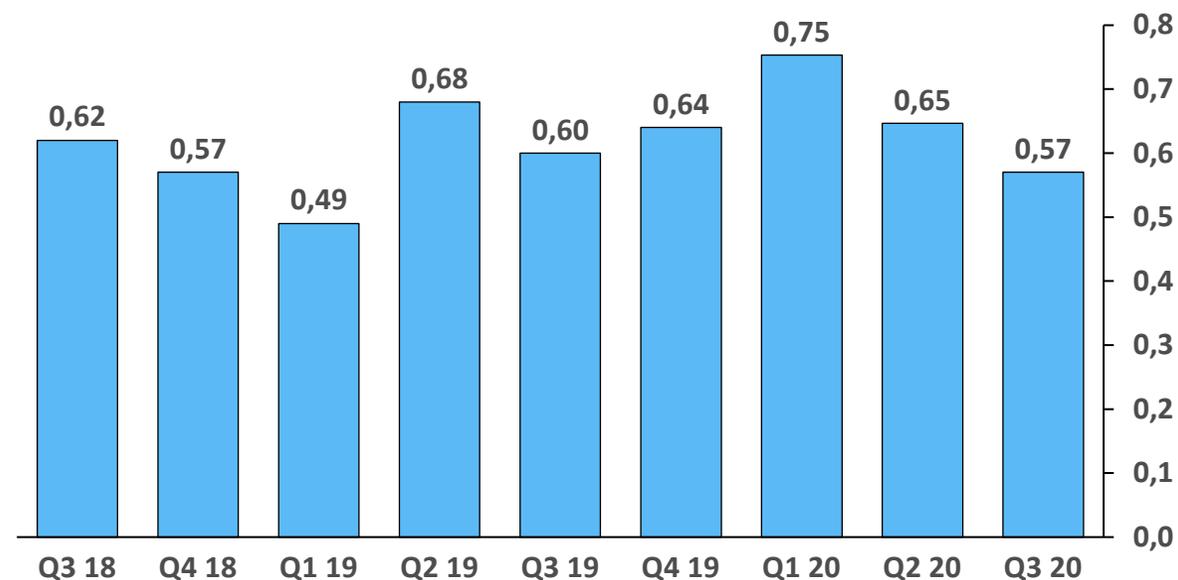
Net interest bearing debt 30.06.2020	667
EBITDA	-105
Income taxes paid	9
Net interest paid	9
Capex	28
Long-term financial assets	8
Sale of fixed assets	-37
Currency effects	-3
Other changes in working capital	41
<i>Net change</i>	-51
Net interest bearing debt 30.09.2020	616
Right-of-Use Liability (IFRS 16)	405
Total Net interest bearing debt 30.09.2020	1 021

Group financial profile – remains strong, continued

Equity and Equity / Total Balance



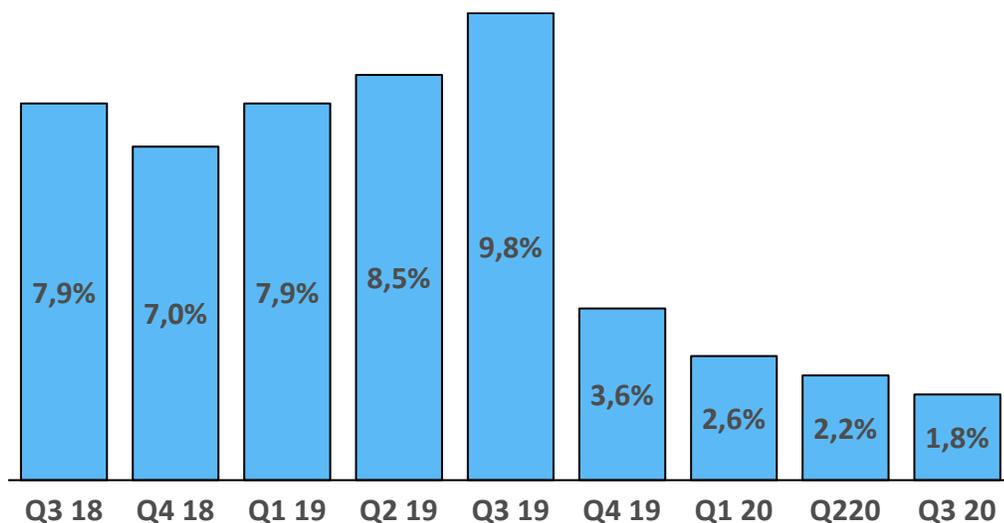
NIBD / Equity



- Total effect of IFRS 16 on the balance sheet end of September 2020 is 398 MNOK, negatively affecting the equity ratio when comparing to quarters before 2019. Not included in graph above
- Equity ratio is 32,5% including IFRS 16 liabilities

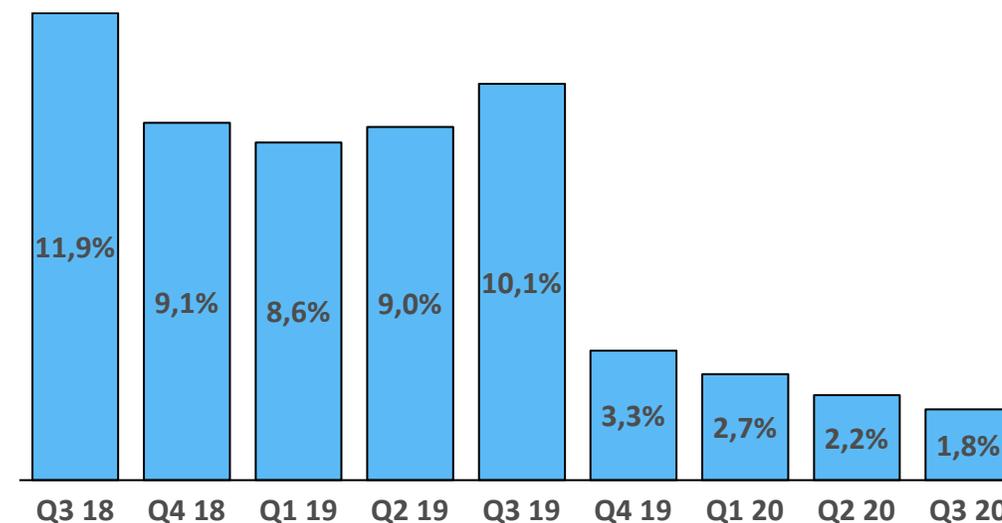
Group financial profile, continued

ROCE



- Exceptional items impacting Q4 2019 EBIT with effect on subsequent ROCE calculations until Q3 2020
- The ROCE and ROACE would be 8.5% and 8.3% respectively if adjusting for these exceptional items
- ROCE is calculated ex balance sheet items of IFRS 16

ROACE



- 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)	2020	2019	2020	2019	2019
	Q3	Q3	YTD	YTD	Total
Net cash flow from operations	89 503	76 905	244 711	229 944	180 151
Net cash flow from change in working capital	-40 586	37 779	-21 305	-94 777	30 617
Net cash flow from operational activities	48 918	114 684	223 406	135 167	210 768
Net cash flow from investment activities	8 193	-10 089	-169 536	-96 114	-140 099
Net cash flow from financial activities	-12 138	-132 108	39 934	-38 660	-65 868
Net change in cash and cash equivalents	44 973	-27 513	93 804	393	4 800
Net foreign exchange differences	1 333	5 095	7 295	807	-664
Cash and cash equivalents at the beginning of the period	215 792	180 481	160 999	156 862	156 862
Cash and cash equivalents at the end of the period	262 097	158 062	262 097	158 062	160 999

Balance sheet

BALANCE SHEET (MNOK)	2020 30.09	2019 30.09	2019 31.12
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ASSETS	3 302	3 175	3 034
Intangible non-current assets	1 073	1 047	1 028
Tangible non-current assets	327	361	364
Right-of-Use Asset	398	418	417
Financial non-current assets	105	74	75
Inventory	492	453	514
Receivables	645	663	476
Cash and cash equivalents	262	158	161
LIABILITIES AND EQUITY	3 302	3 175	3 034
Equity	1 071	1 092	986
Minority interest	4	4	4
Long-term interest bearing debt	846	666	665
Short-term interest bearing debt	32	154	127
Right-of-Use Liability	405	424	425
Non-interest bearing liabilities	945	835	825

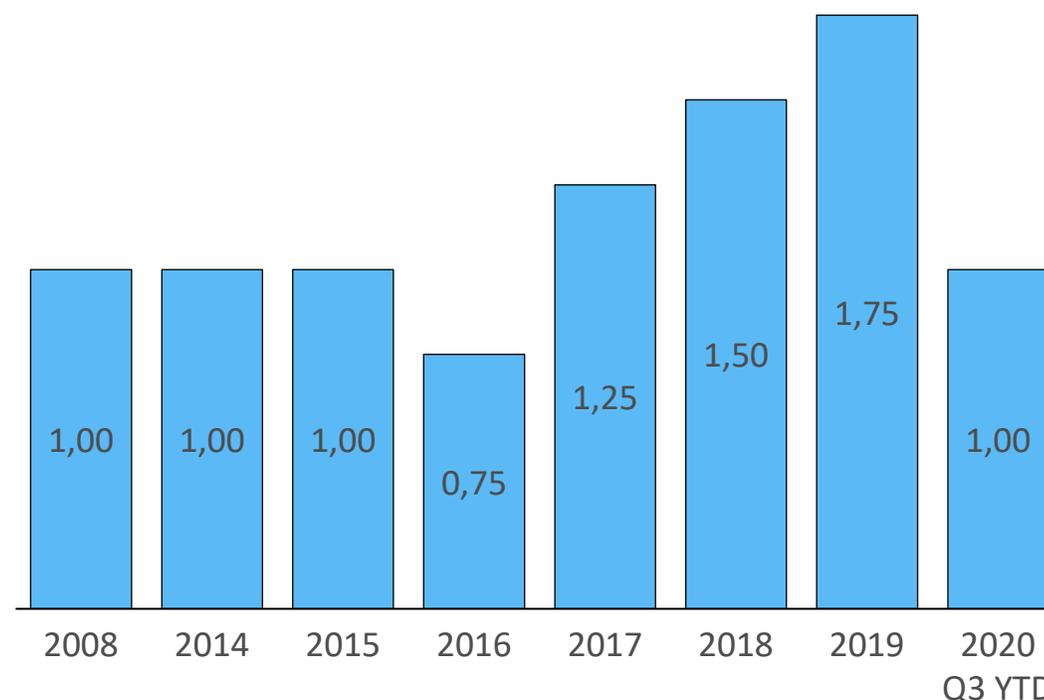


Dividend and dividend policy

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 on 3 March 2020, before the main outbreak of Covid-19 in Norway
 - Due to the overall uncertainty caused by COVID-19 the company has decided not to pay any dividend in second half

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
1 192 593	3,6 %	SIX SIS AG	Nominee	CHE
974 558	2,9 %	VERDIPAPIRFONDET NORDEA KAPITAL		NOR
825 932	2,5 %	VERDIPAPIRFONDET ALFRED BERG GAMBA		NOR
759 011	2,3 %	VERDIPAPIRFONDET NORDEA AVKASTNING		NOR
492 840	1,5 %	VERDIPAPIRFONDET NORDEA NORGE PLUS		NOR
356 300	1,1 %	MP PENSJON PK		NOR
344 883	1,0 %	EQUINOR PENSJON		NOR
327 950	1,0 %	J.P. Morgan Bank Luxembourg S.A.	Nominee	LUX
300 000	0,9 %	J.P. Morgan Bank Luxembourg S.A.	Nominee	FIN
243 295	0,7 %	Norron Sicav - Select		LUX
177 883	0,5 %	AKVA GROUP ASA		NOR
150 000	0,4 %	BJØRN DAHLE		NOR
100 000	0,3 %	UBS Europe SE	Nominee	LUX
100 000	0,3 %	ASKVIG AS		LUX
100 000	0,3 %	BERGEN KOMMUNALE PENSJONSKASSE		NOR
85 610	0,3 %	VERDIPAPIRFONDET DNB SMB		NOR
81 912	0,2 %	EQUINOR INSURANCE AS		NOR
79 528	0,2 %	LEIA HOLDING AS		NOR
31 295 400	93,9 %	20 largest shareholders		
2 038 903	6,1 %	Other		
33 334 303	100,0 %	Total number of shares as per 30.09.2020		

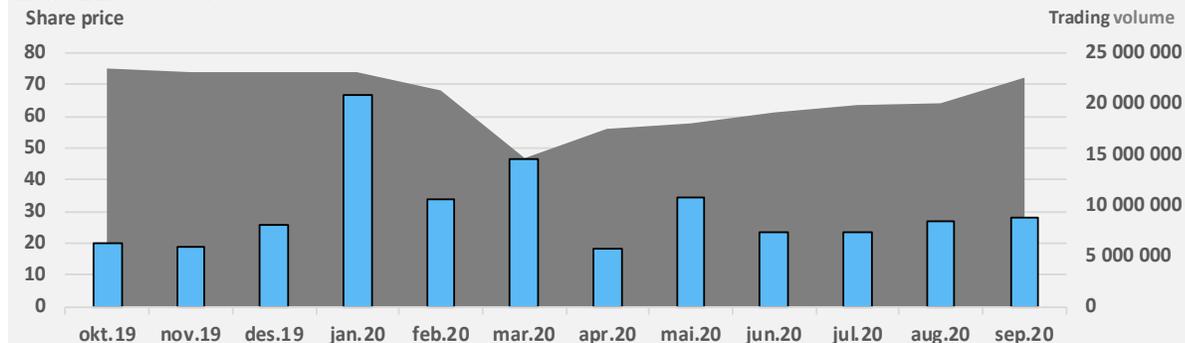
Origin of shareholders, 5 largest countries

No of shares	%	Origin	No of shareholders
26 628 671	79,9 %	Norway	1058
3 906 601	11,7 %	Great Britain	17
1 272 223	3,8 %	Switzerland	5
710 095	2,1 %	Luxembourg	4
350 020	1,1 %	Finland	3
466 693	1,4 %	Other	123

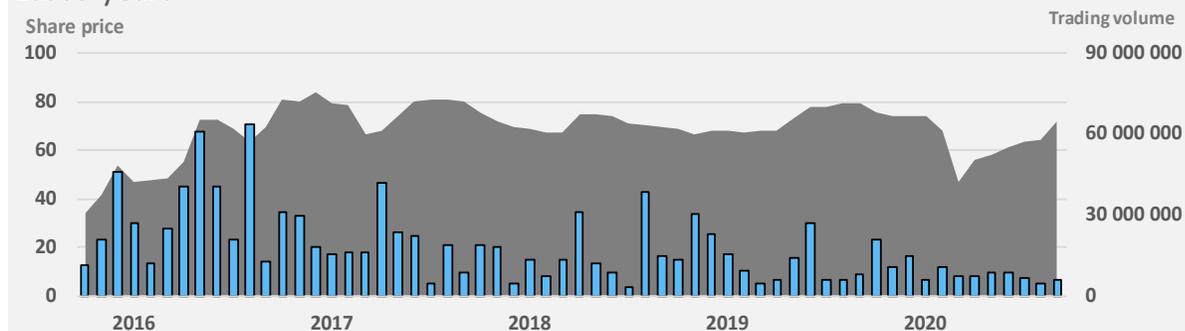
Total number of shareholders: 1210 - from 31 different countries

Share development

Last 12 months



Last 5 years



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 Silo 08
Föringslinje 06

 Outlook – by CEO Knut Nesse

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.
1 449
employees



Solutions

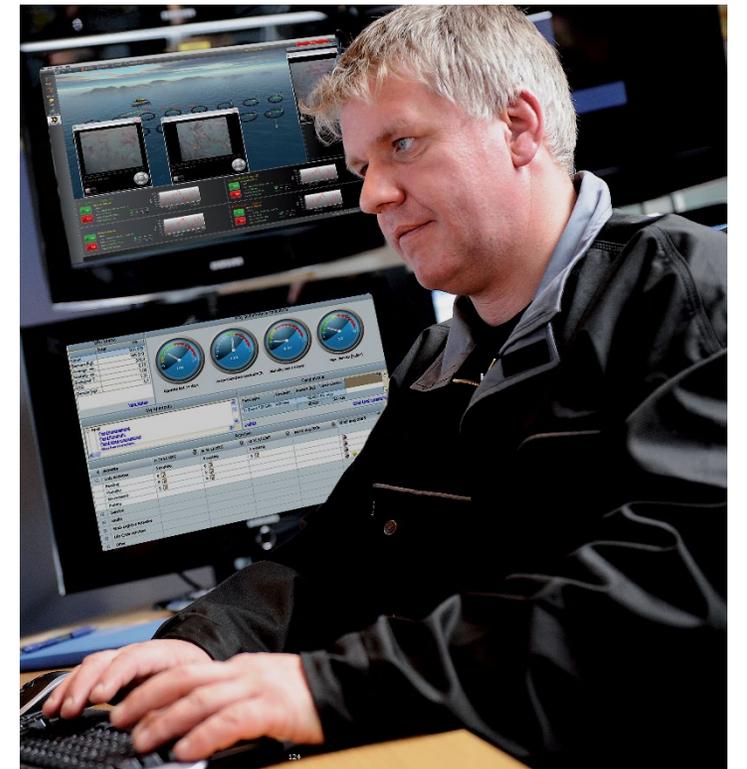
Cage Based Technology



Land Based Technology



Software



CAPEX Based Revenue

CAGE BASED TECHNOLOGY



LAND BASED TECHNOLOGY



SOFTWARE: Fishtalk
AKVAconnect
Support



**MARINE SERVICES
& AFTER SALE
SERVICE:**

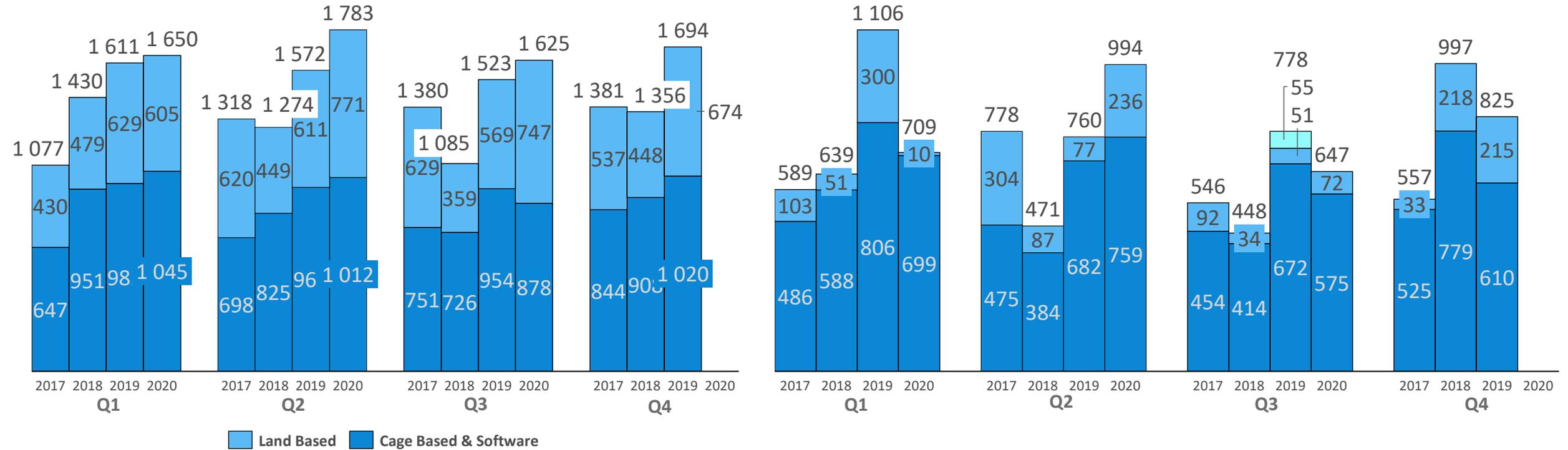
Marine services
Rentals
After sale services

OPEX Based Revenue

Order backlog and inflow, 2017 through 2020

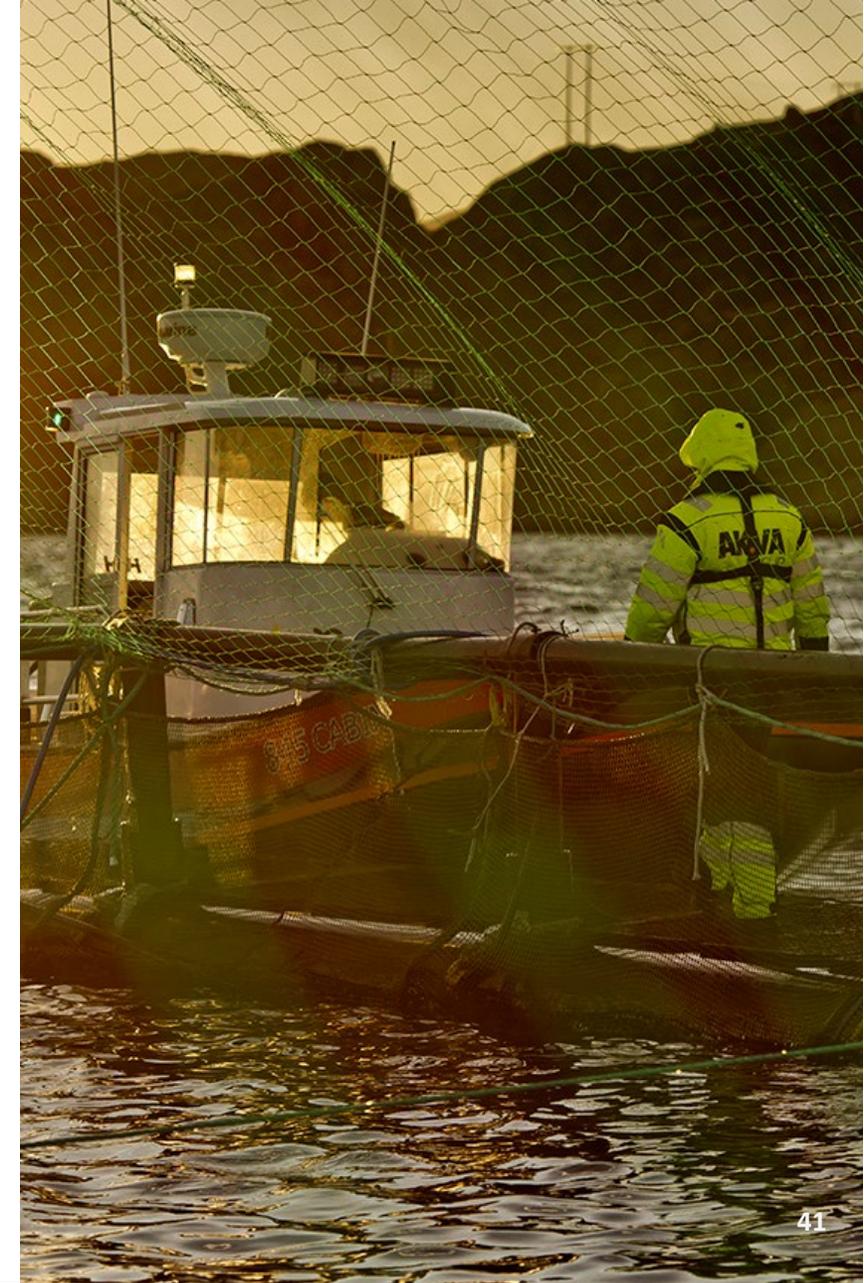
Order backlog

Order intake



Outlook – AKVA group

- Order backlog remains high
- Strong interest in the market for the Tubenet™ solution (preventive sea lice solution)
- Signed engineering and design contract with the Norwegian company Ecofisk AS with potential delivery contract and equity participation from AKVA
- Maintained focus on full grow out RAS facilities within the Land Based segment, several engineering and design contracts signed
- Capital Markets Day to be webcasted on November 24th, 2020
- Currently very low salmon price causing some uncertainty on customers willingness to invest in technology
- Digitalization strategy important part of AKVA groups total product offering
- Finance profile remains strong



CUSTOMER FOCUS
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RELIABILITY
ENTHUSIASM!

