

# Q2 2020 Presentation

Oslo – 14 August 2020

Knut Nesse, CEO

A. Pierre Hatjoullis, Group Controller



# Agenda

 Highlights

 Financial performance

 Outlook

 Q&A

BIOLOGY



TECHNOLOGY

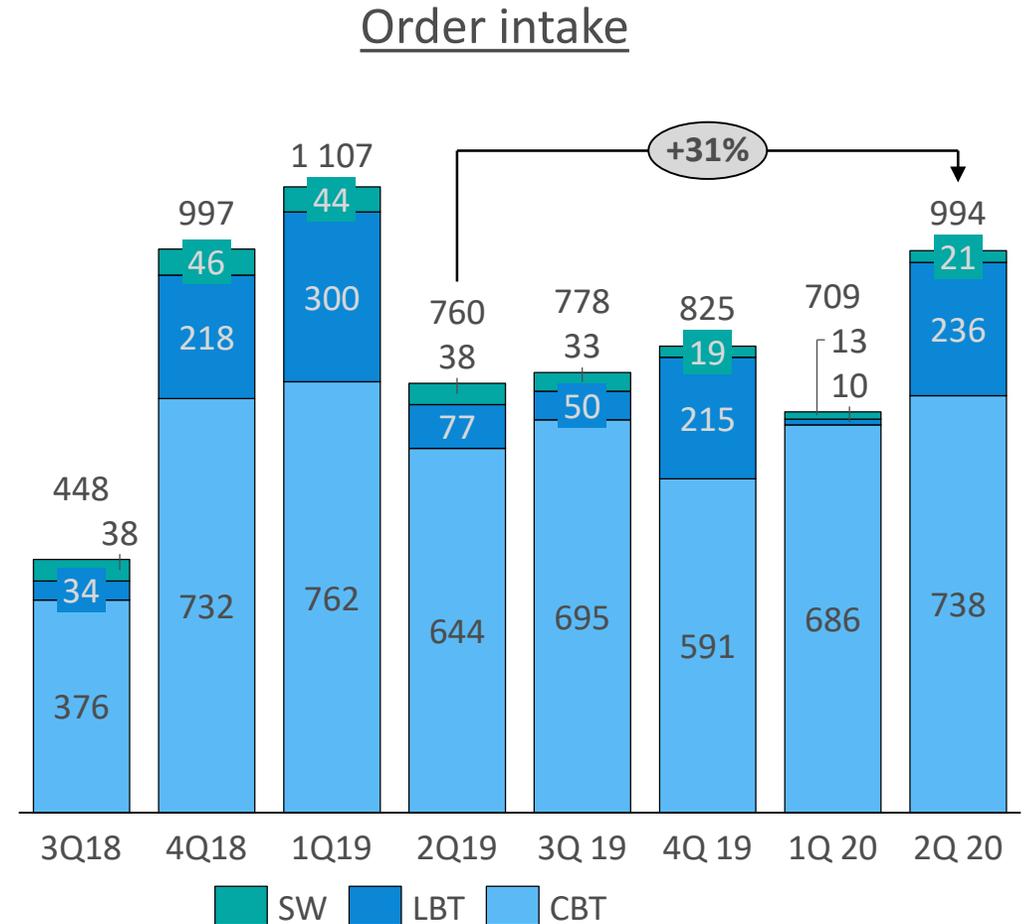


**AKVA**  
GROUP

 **Highlights Q2 2020 – by CEO Knut Nesse**

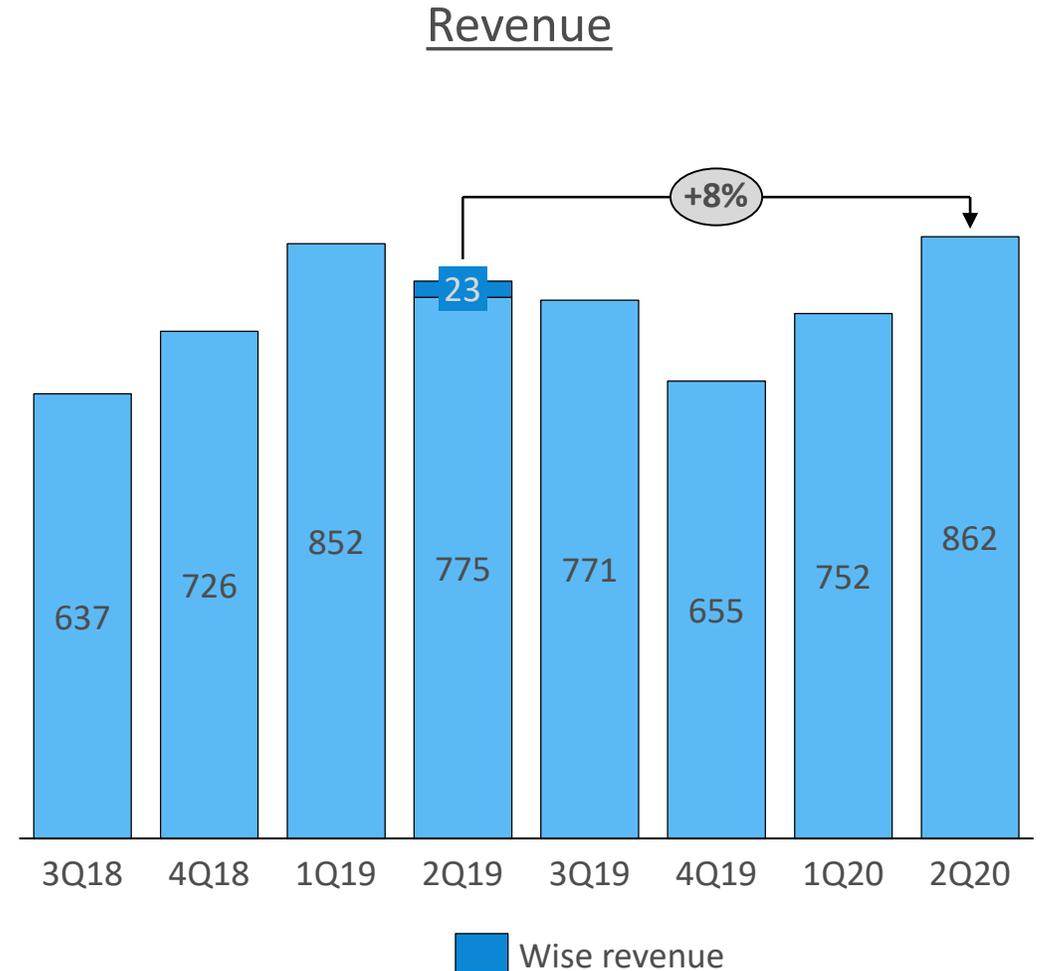
# Order intake development

- Order intake of 994 MNOK
- 100 MNOK contract for delivery of Tubenet™ in Norway
- Main increase in order intake is related to ASA Nordic and Land Based
- Last twelve months order intake of 3,251 MNOK



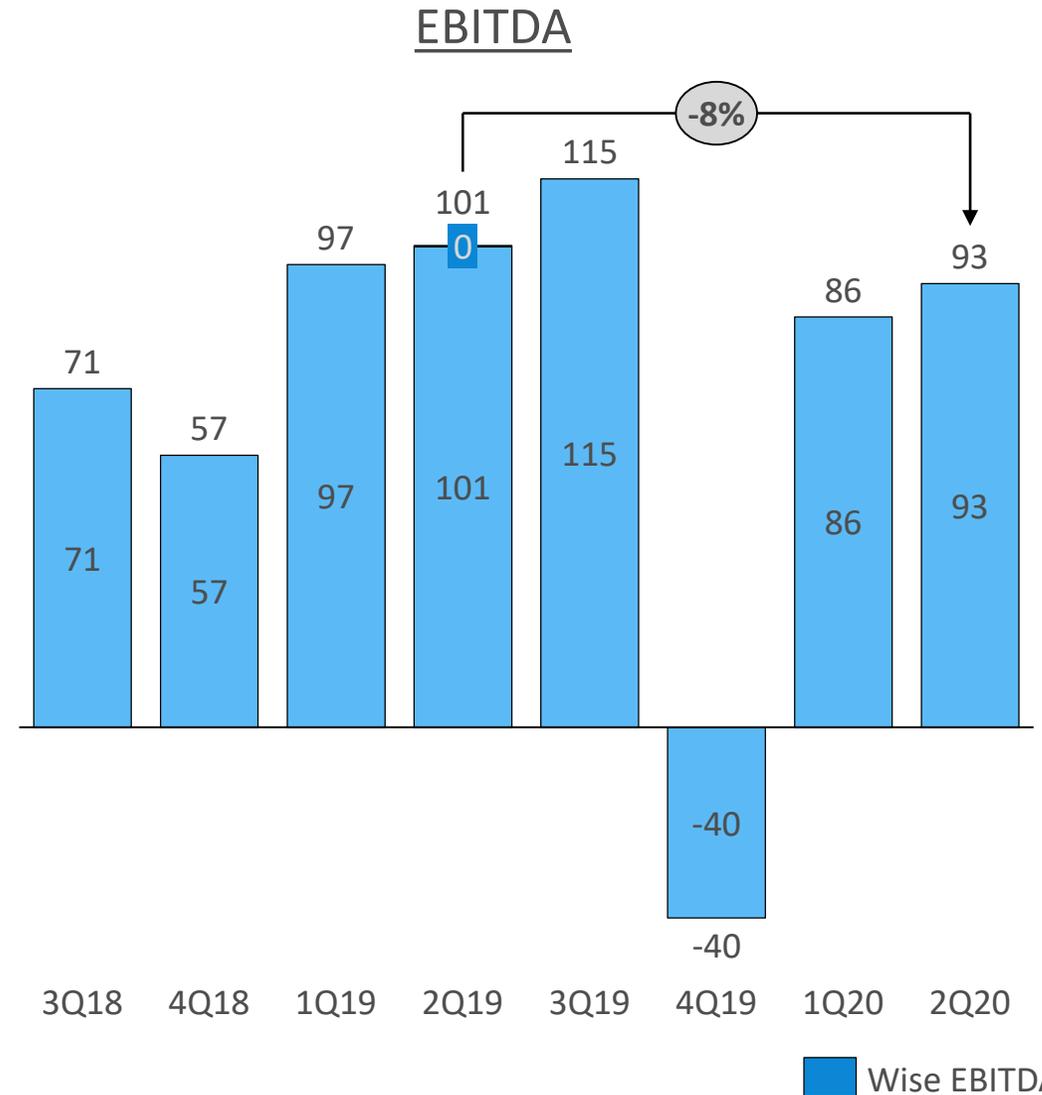
# Revenue development

- Record high revenue from Americas in Q2, with positive development in Chile and North America
- Increased revenue in Caged Based in Nordic versus Q2 2019
- Low revenue in Land Based due to early phase of new generation of projects and delayed projects
- The software business, Wise, sold in Q3 2019 was included with 23 MNOK in Q2 2019



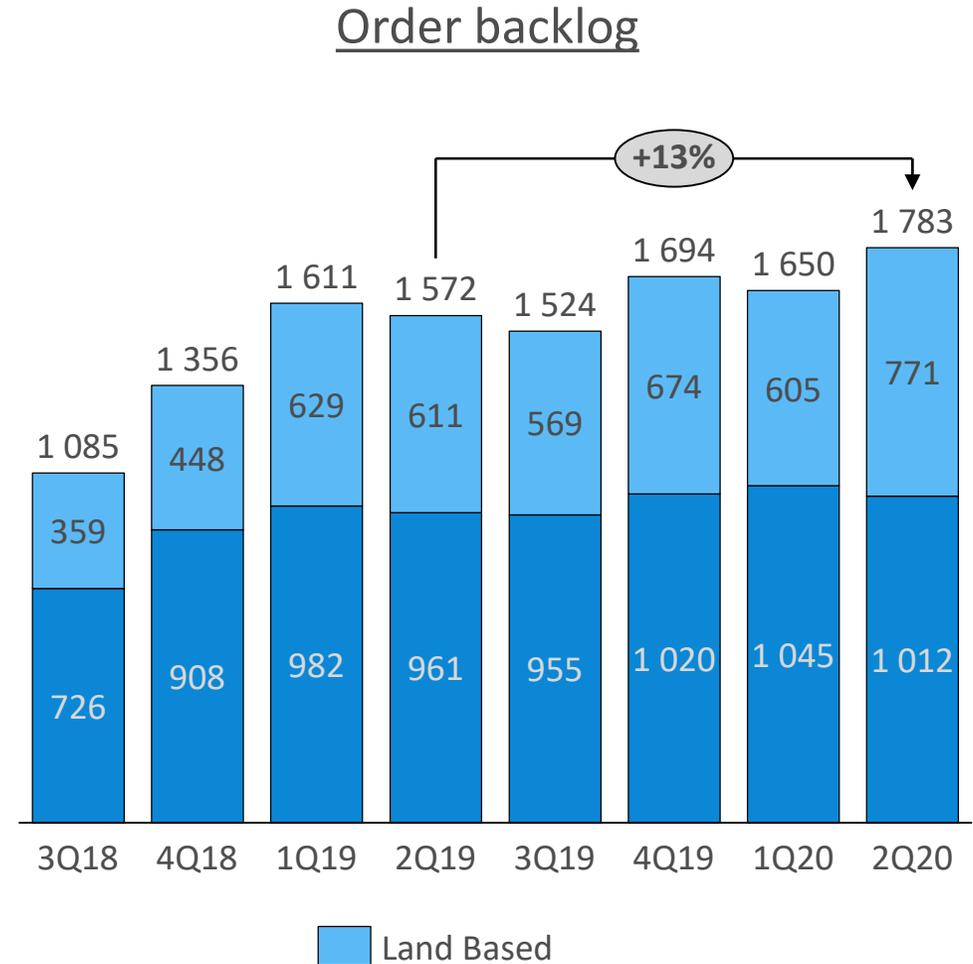
# EBITDA development

- EBITDA of 93 MNOK in the quarter
- Europe & Middle East have improved EBITDA compared to last year
- The Egersund Net companies with solid and improved margins compared to same period last year
- Negative margins in the Land Based segment, below both last year and expected margins

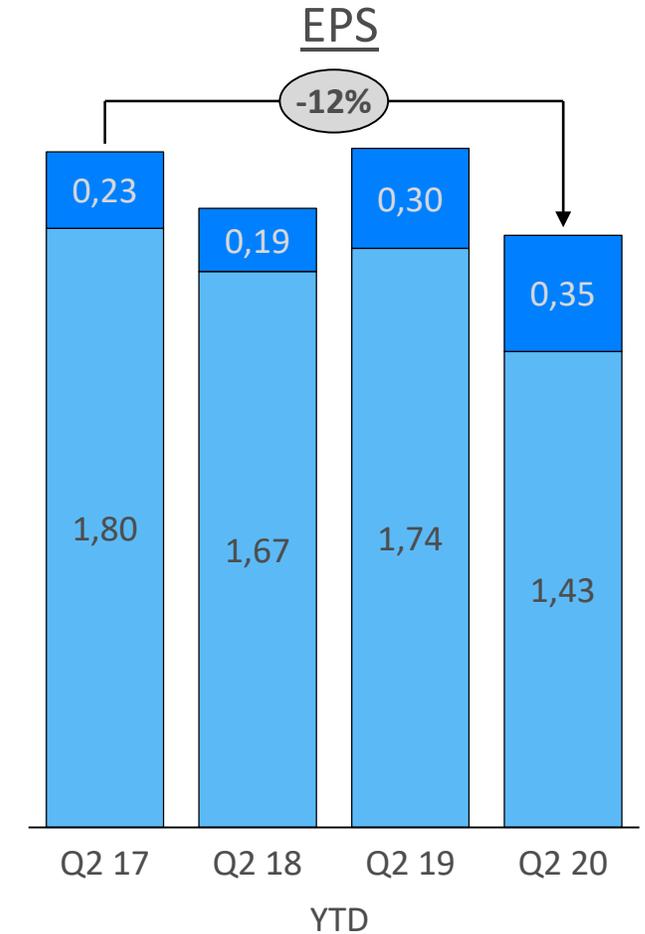
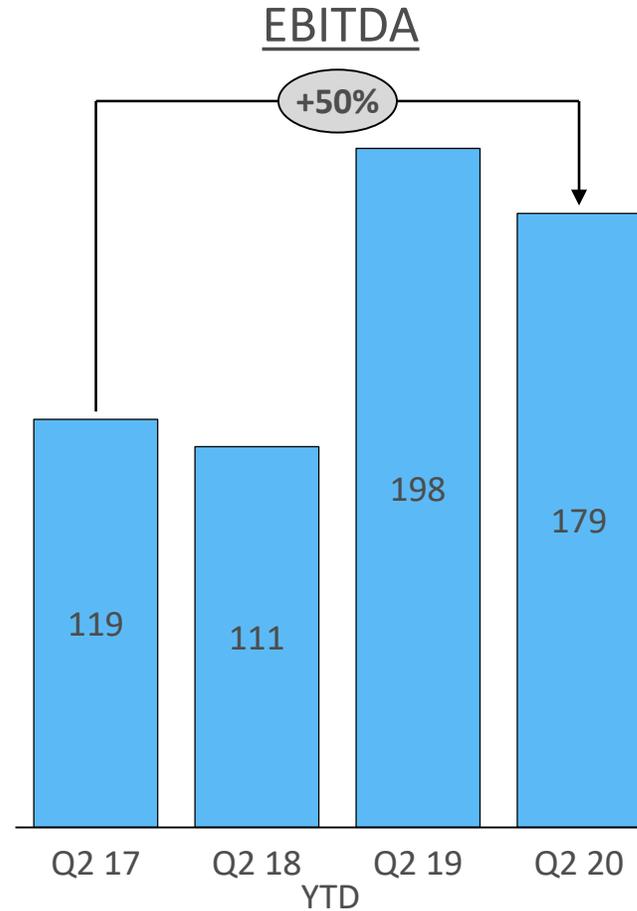
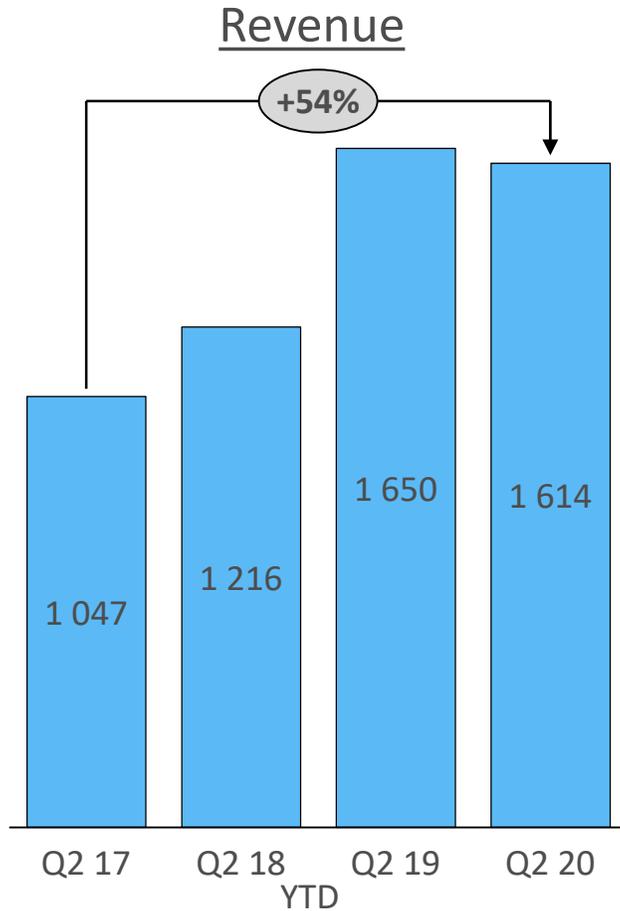


# High order backlog

- Order backlog at end of June of 1.8 BNOK
- Strong momentum for Egersund Net
- Order backlog in Americas region remains high
- Increased backlog for Land Based segment
- Tubenet™ sale in Norway included in order backlog in Q2 2020



# Key financial metrics



 Amortization from intangible assets related to acquisitions

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.

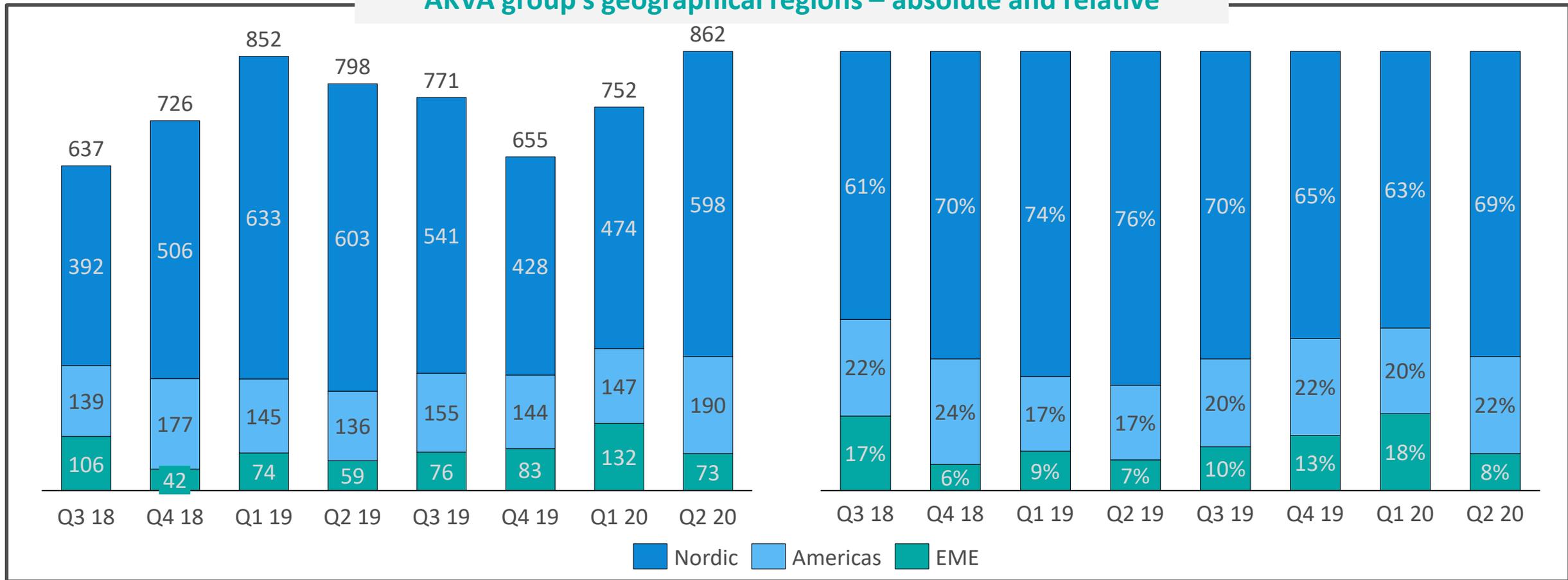
# Our presence



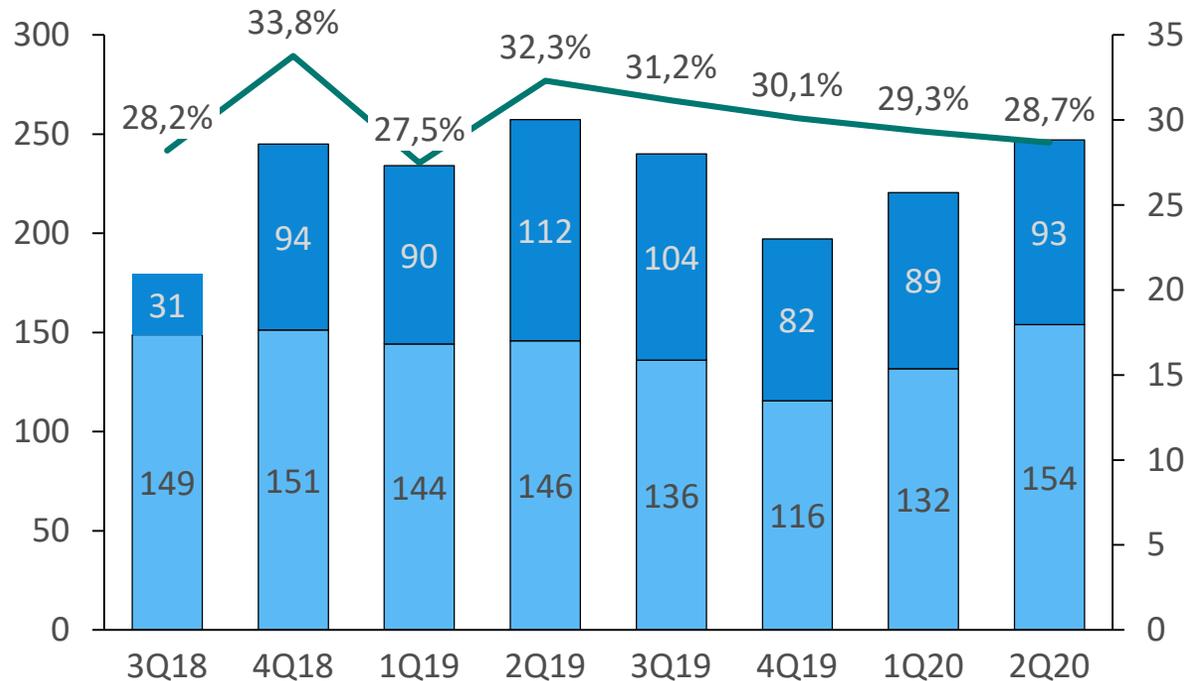
- AKVA group
- Agents and distributors

# Revenue in geographical regions

AKVA group's geographical regions – absolute and relative



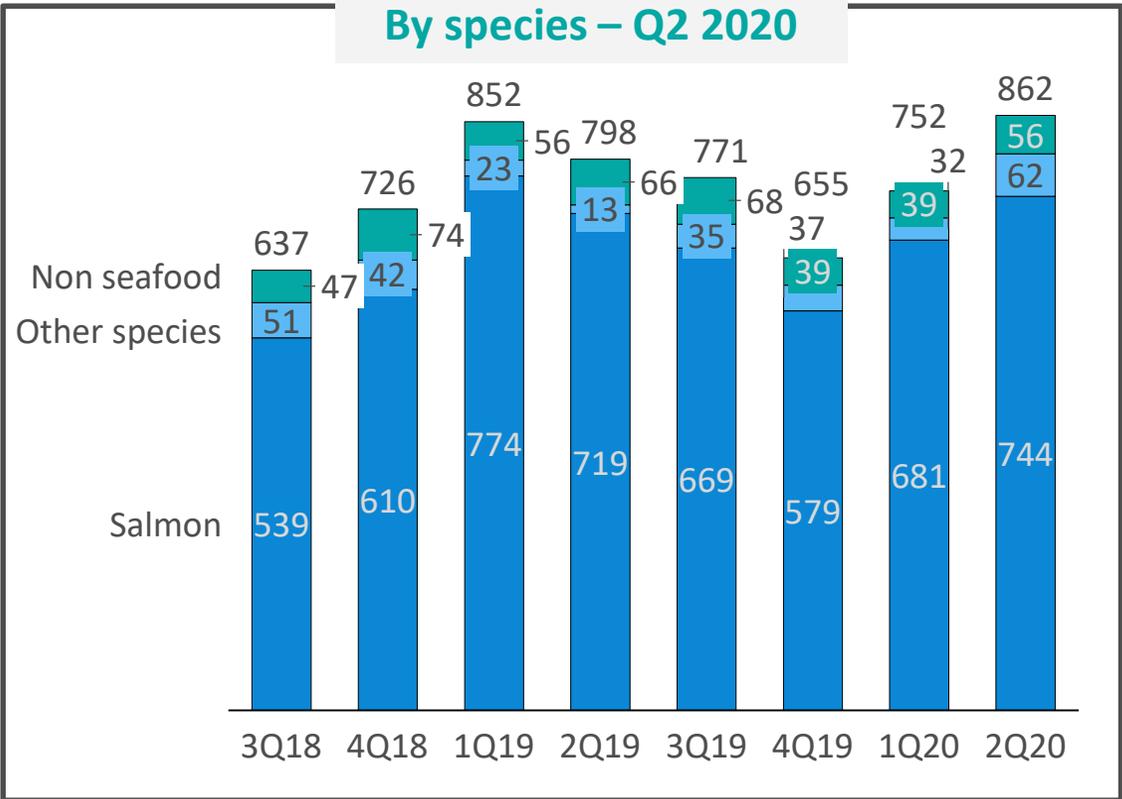
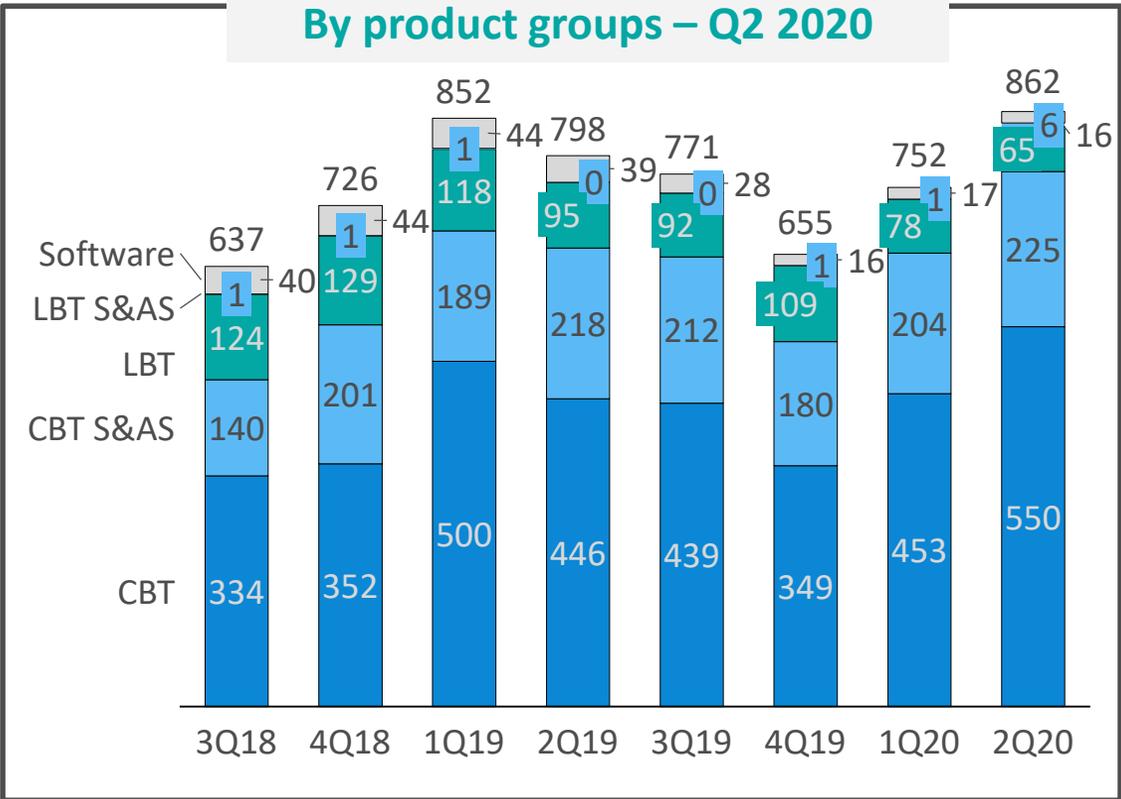
# Development in OPEX based revenue



— % of total revenue  
 ■ OPEX Based revenue  
 ■ Egersund Net

- Egersund Net contributing 93 MNOK in the quarter
- Stable development for the rental business (Scotland and Norway) in 2020
- AKVA group Software with stable revenue compared to Q2 last year
- The Norwegian marine service business with solid order backlog and increased revenues compared to Q2 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

# Q2 – Operational Highlights

- Tubenet™ contract of 100 MNOK signed in April 2020 – delivery started in Q2
- High activity within the Egersund Net business
- Cage based business in Chile with high activity despite the uncertainty of the COVID-19 outbreak
- Export out of Norway with solid order intake
- Land Based impacted by Covid-19 crisis, two large deliveries cancelled in April
- AKVA group exercised option to acquire remaining shares in Sperre AS in May 2020

# Group Strategy process initiated – key themes

## Land Based

On-growing  
Post Smolt



## Digital

Data Platform  
Computer vision / AI



## Innovation

Prioritization  
Fish health concepts



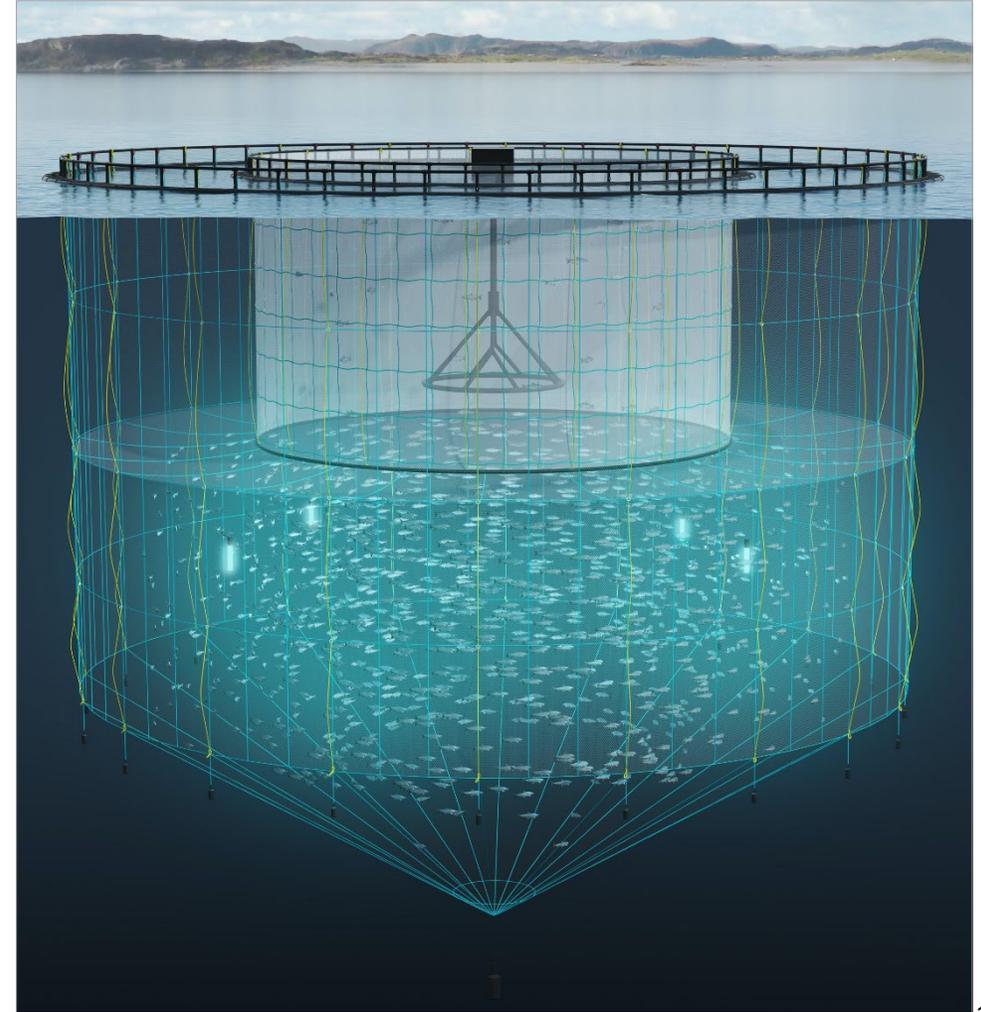
## Learning & Development

People and competence  
Project and contract management



# 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
- 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



# Covid-19

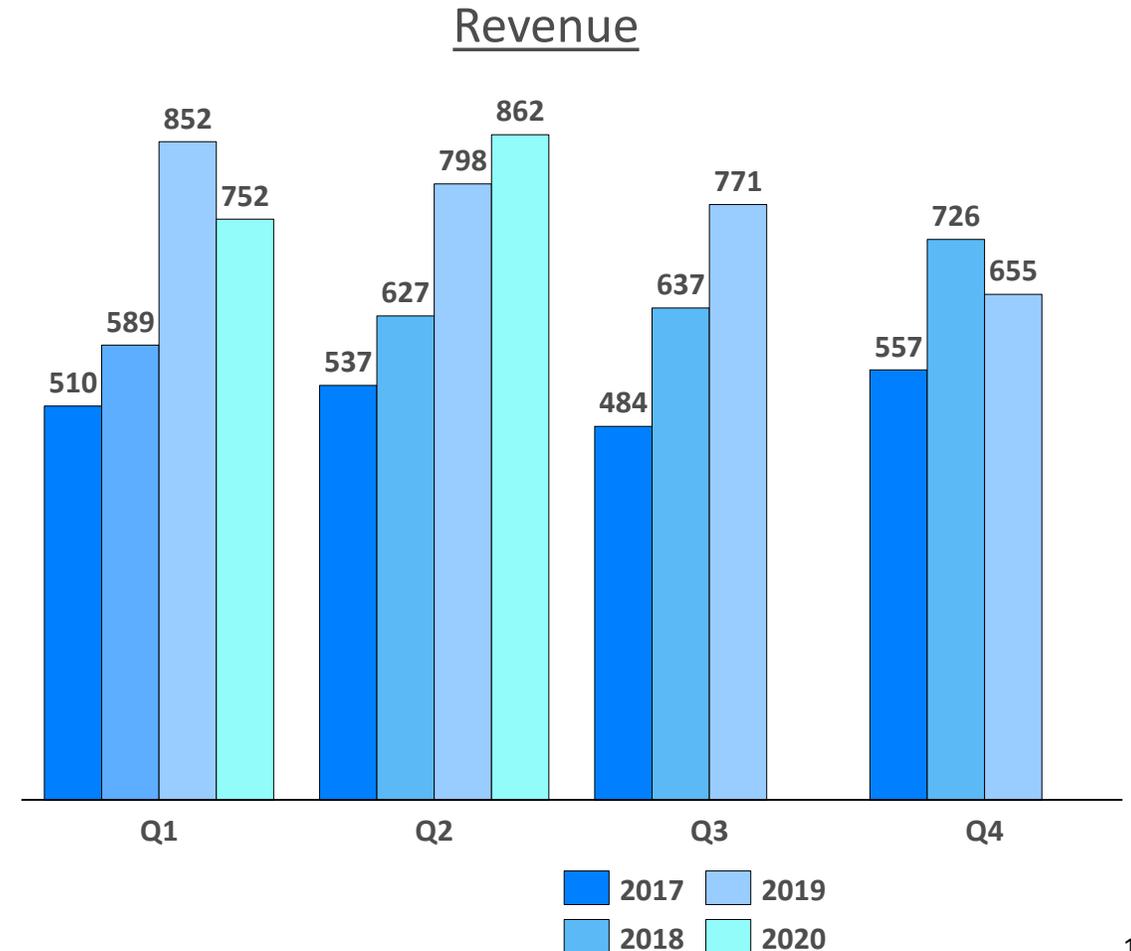
- ✓ The Covid-19 virus has had a massive impact around the globe. So far AKVA group has been moderately impacted. The major impacts financially for AKVA group has been related to two newly awarded RAS contracts on Land Based being cancelled. AKVA group has taken action with the following focus areas:
  - 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 Q2 2020 – by Group Controller  
Andreas Pierre Hatjoullis

# Q2 2020 – Financial highlights

- Last twelve months order intake and revenue now at 3,251 MNOK and 3,041 MNOK respectively
- Strong growth in revenues from Chile in the quarter versus last year
- Egersund Net with increase in revenues in Q2 2020 versus to Q2 2019
- The land based segment had a decrease in revenues of 26% compared to Q2 2019
- Last year software revenues included 23 MNOK from Wise, an Icelandic business which was sold in Q3 2019



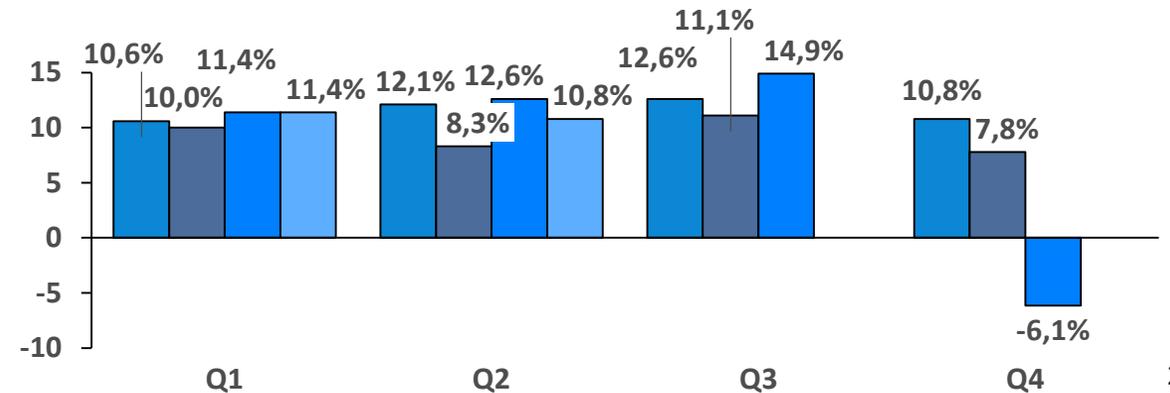
# Q2 2020 – Financial highlights

- Europe & Middle East improve margins in Q2
- Margins in Americas are slightly down in the period
- AKVA group ASA Nordic delivering improved EBITDA % compared to last year
- Egersund Net contributing with significant higher margins in the quarter compared to Q2 2019
- Land Based segment with low activity and negative margins in the quarter

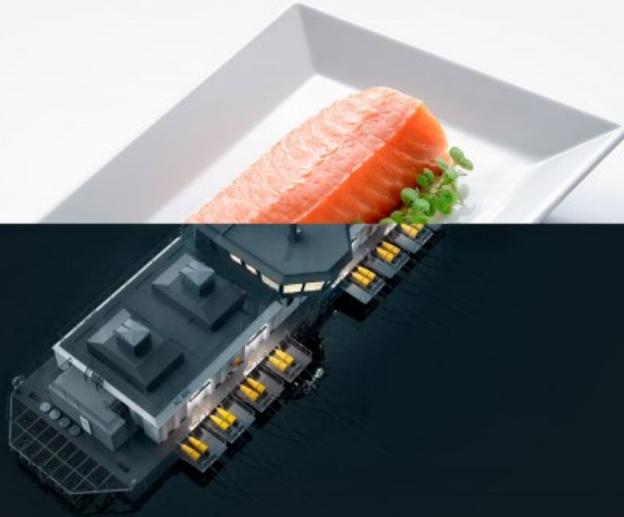
EBITDA (MNOK)



EBITDA %



## BIOLOGY



## TECHNOLOGY

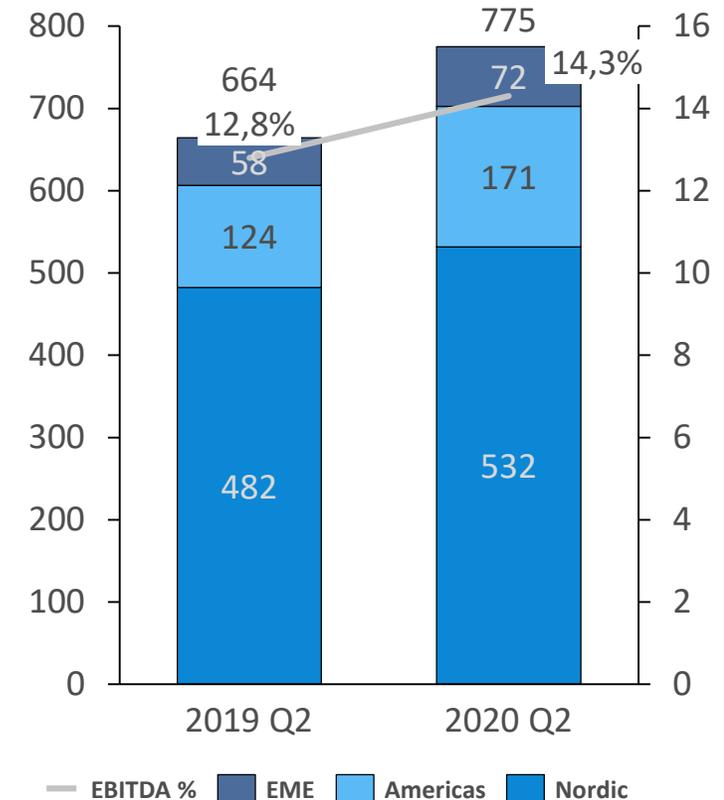
By developing technology focused on solving the biological challenges we contribute to the continued development of a sustainable industry with fish welfare as the most important success criteria. Good fish health is paramount in achieving good results and investing in our technology will help deliver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

# Cage Based Technology

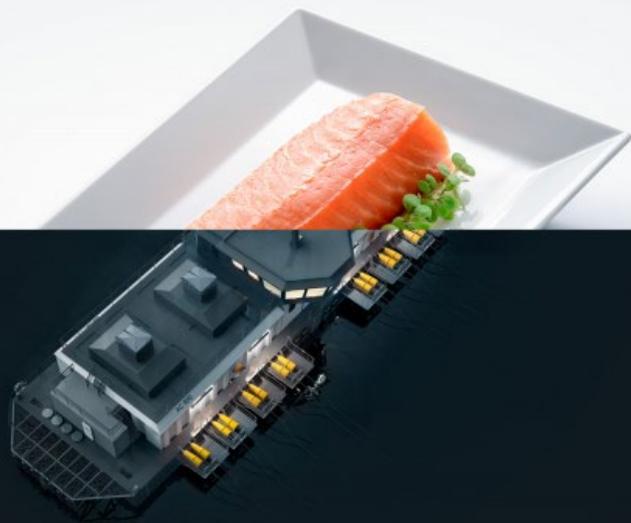
## Nordic

- Results in CBT Nordic up compared to Q2 2019 mainly due to higher EBITDA in AKVA group ASA and AKVA Marine Service
- An increase in order backlog from Q4 2019 and Q2 2019
- Egersund Net with solid contribution – also improved margins compared to Q2 2019

## Revenue and EBITDA %



## BIOLOGY



## TECHNOLOGY

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# Cage Based Technology

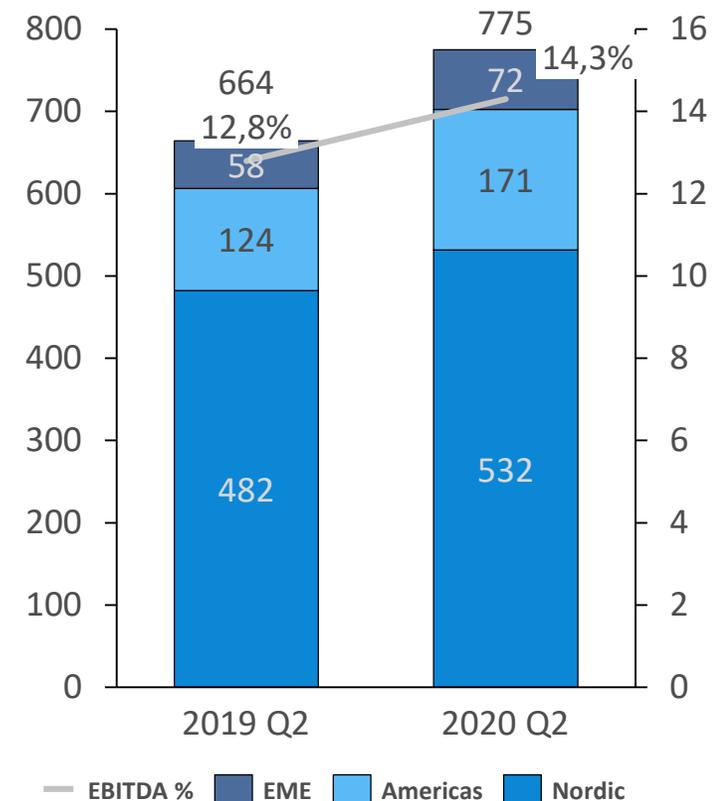
## Americas

- Revenues significantly higher than 2019 but with a slight decrease in EBITDA compared to last year
- Chile with reduced EBITDA margin in Q2 2020 compared to a solid Q2 last year
- Newfoundland Aqua Service with solid EBITDA margin in Q2

## EME

- The export activity out of Norway was high in Q2 2020, but margins are reduced compared to Q2 2019
- Scotland profit in Q2 2020 is down compared to same quarter in 2019
- Strong contribution from Turkey and Spain in Q2 2020

## Revenue and EBITDA %



## BIOLOGY



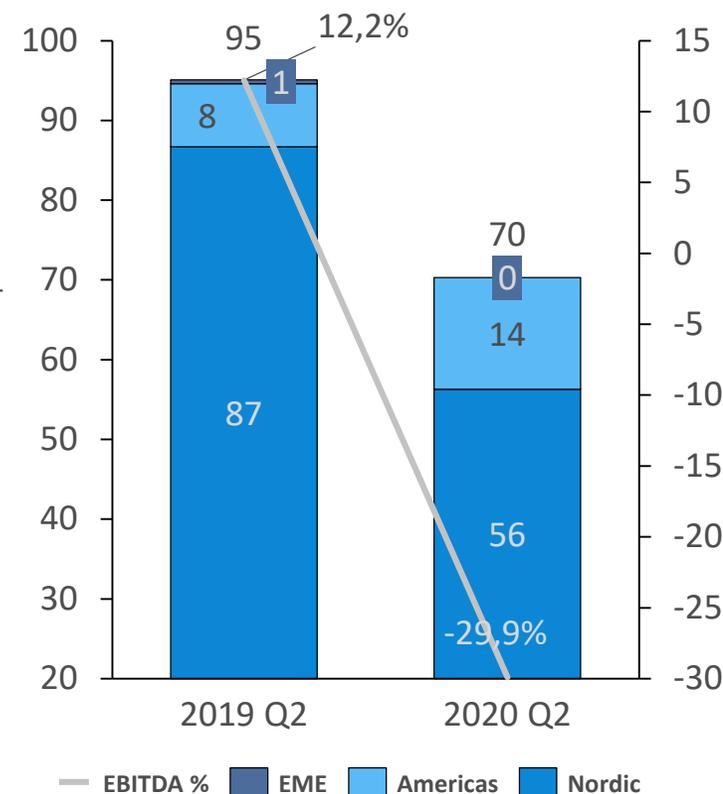
## TECHNOLOGY

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# Land Based Technology

- Strong order backlog of 771 MNOK at the end of Q2 2020 despite cancellation of contracts
- The low activity and negative margins due to several incidents
  - COVID-19; postponement and cancellation of contracts – most of the activity in Q2 2020 in Norway
  - Restructuring cost due to the pandemic
  - Closing of old projects and start-up of new generation of projects
- Acquisition of Austevoll Rørteknikk in May 2020

Revenue and EBITDA %



## BIOLOGY



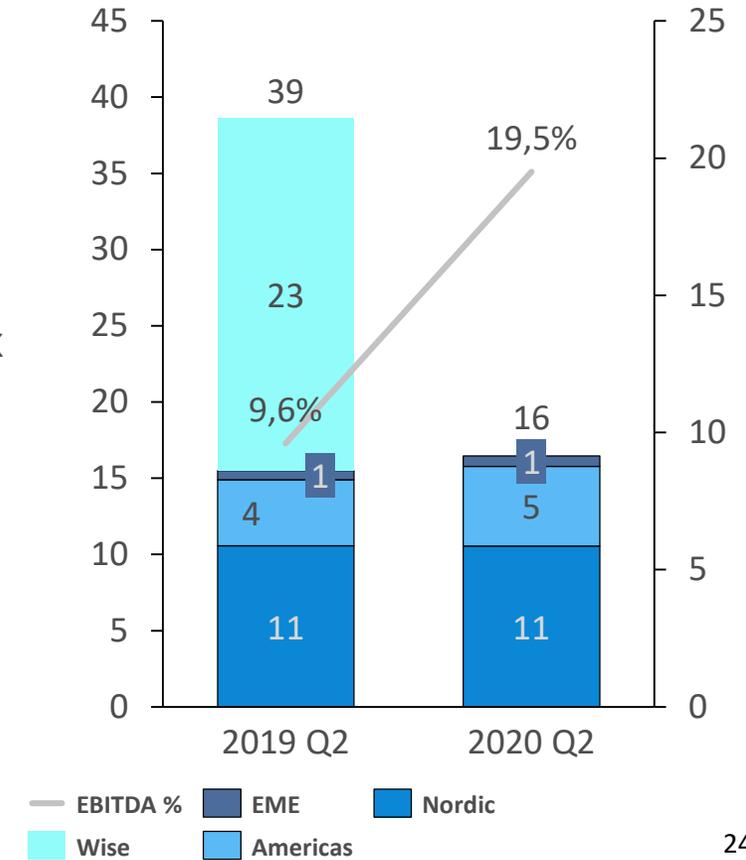
## TECHNOLOGY

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

- Renewal of Fishtalk has increased subscription sales in Q2
- Digital solutions integrated part of our product offerings
- Last year revenue and EBITDA included 23 MNOK and 0.3 MNOK respectively, from the divested software business, Wise, on Iceland

## Revenue and EBITDA %



# Financials – Detailed P&L

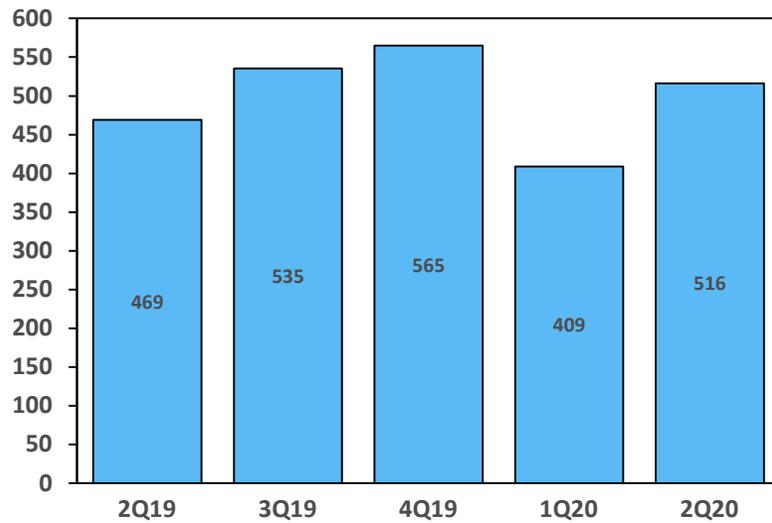
P&L (MNOK)	2020 Q2	2019 Q2	2020 YTD	2019 YTD	2019 Total
<b>OPERATING REVENUES</b>	<b>862</b>	<b>798</b>	<b>1 614</b>	<b>1 650</b>	<b>3 077</b>
Operating costs ex depreciations	769	697	1 435	1 453	2 805
<b>EBITDA</b>	<b>93</b>	<b>101</b>	<b>179</b>	<b>198</b>	<b>272</b>
Depreciation	17	21	33	45	64
Depreciation lease assets	21	14	42	27	84
Amortization	13	12	23	24	62
<b>EBIT</b>	<b>42</b>	<b>53</b>	<b>80</b>	<b>102</b>	<b>62</b>
Net interest expense	-7	-5	-13	-10	-22
Interest expense lease liabilities	-5	-5	-10	-10	-20
Other financial items	-1	-1	4	-1	-7
Net financial items	-13	-10	-19	-21	-49
<b>EBT</b>	<b>30</b>	<b>43</b>	<b>61</b>	<b>80</b>	<b>13</b>
Taxes	3	12	13	21	-3
<b>NET PROFIT</b>	<b>26</b>	<b>31</b>	<b>48</b>	<b>60</b>	<b>17</b>
<b>Net profit (loss) attributable to:</b>					
Non-controlling interests	0,0	1,1	0,4	1,5	2,0
Equity holders of AKVA group ASA	26	29	47	58	15
Number of shares	33 156	33 216	33 156	33 261	33 156
Revenue growth	8,0 %	27,3 %	-2,2 %	35,7 %	19,3 %
EBITDA margin	10,8 %	12,6 %	11,1 %	12,0 %	8,8 %
EPS (NOK)	0,79	0,88	1,43	1,74	0,44

Investment in associated companies accounted for by equity method YTD Q2 classified as other operating revenues of 8.4 MNOK

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

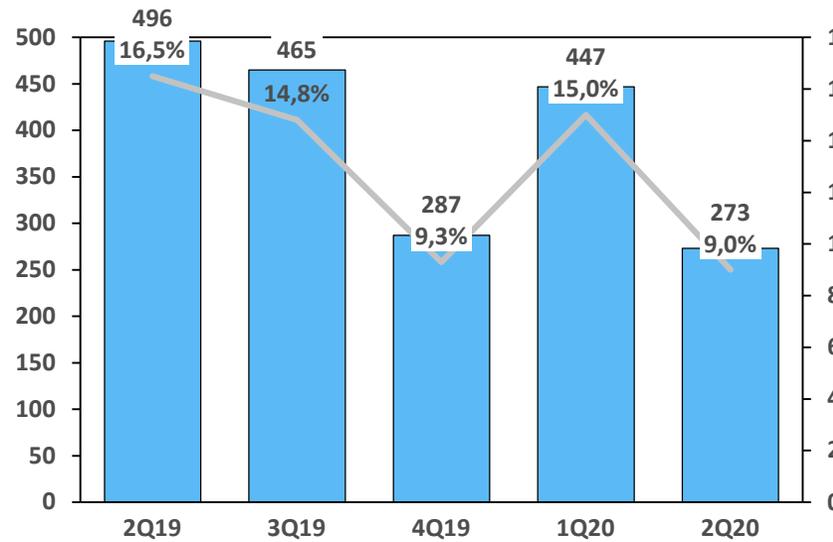
# Group financial profile – remains strong

## Available cash



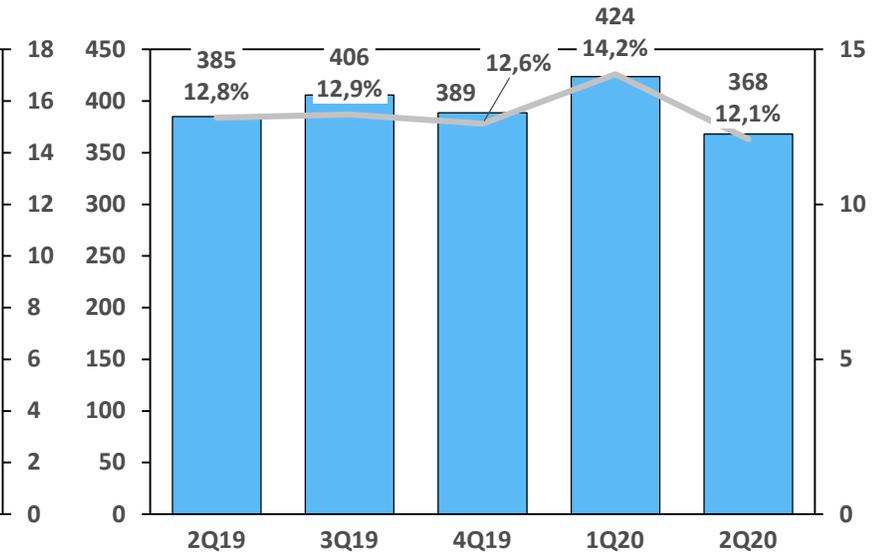
- Including a 300 MNOK unused credit facility in Danske Bank end of Q2 2020
- 200 MNOK revolving credit facility fully utilized end of Q2 2020

## Working capital



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

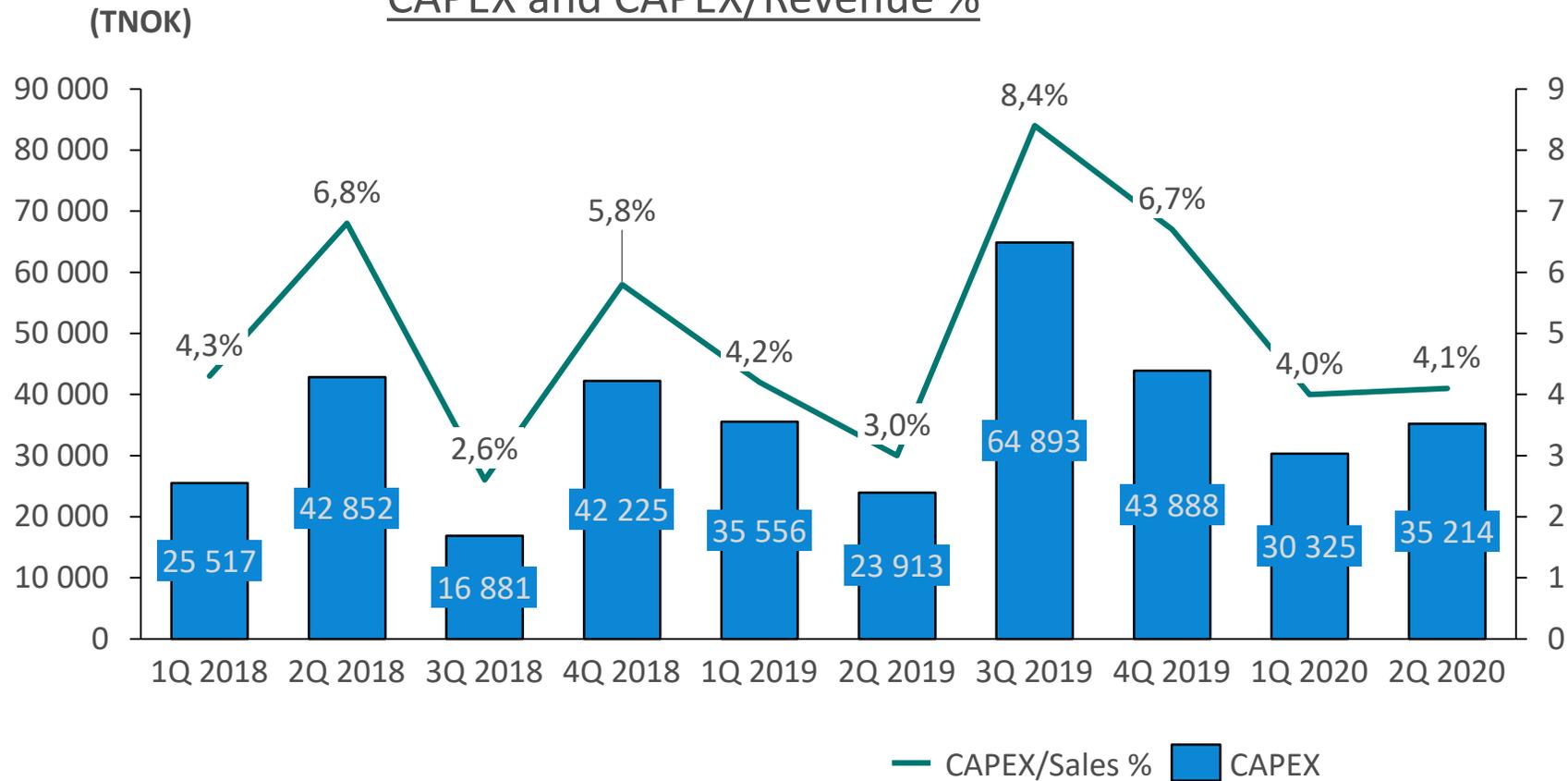
## Average working capital



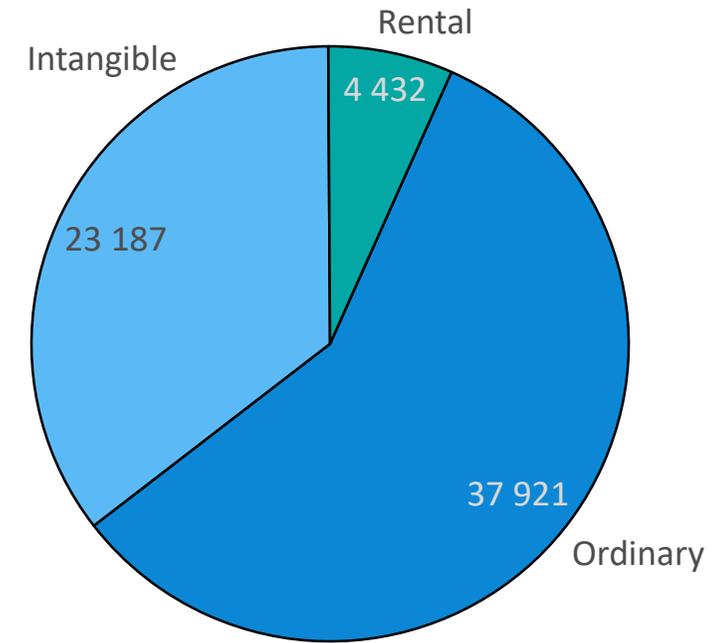
- The graph shows 12 months average working capital and average working capital relative to last twelve months revenue

# CAPEX

CAPEX and CAPEX/Revenue %

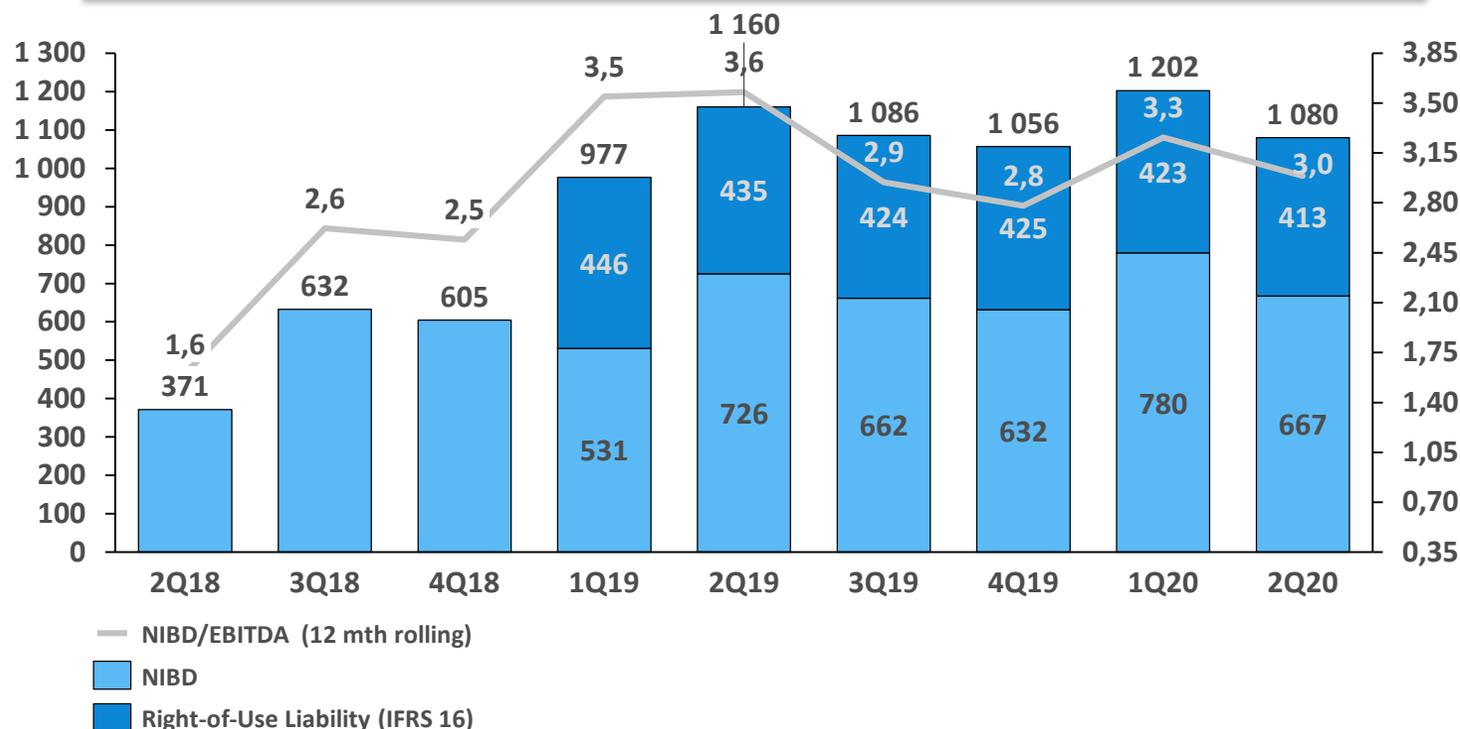


CAPEX breakdown 2020



# Net interest-bearing debt/EBITDA of 3,0

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



## Change in net interest bearing debt (TNOK)

<b>Net interest bearing debt 31.03.2020</b>	<b>779 513</b>
EBITDA	-93 087
Income taxes paid	1 569
Net interest paid	11 572
Capex	35 214
Acquisitions	75 066
Long-term financial assets	12 294
Paid dividend	-
Sale of fixed assets	-319
Currency effects	11 655
Other changes in working capital	<b>-166 400</b>
<i>Net change</i>	-112 435
<b>Net interest bearing debt 30.06.2020</b>	<b>667 078</b>
Right-of-Use Liability (IFRS 16)	413 101
<b>Total Net interest bearing debt 30.06.2020</b>	<b>1 080 179</b>

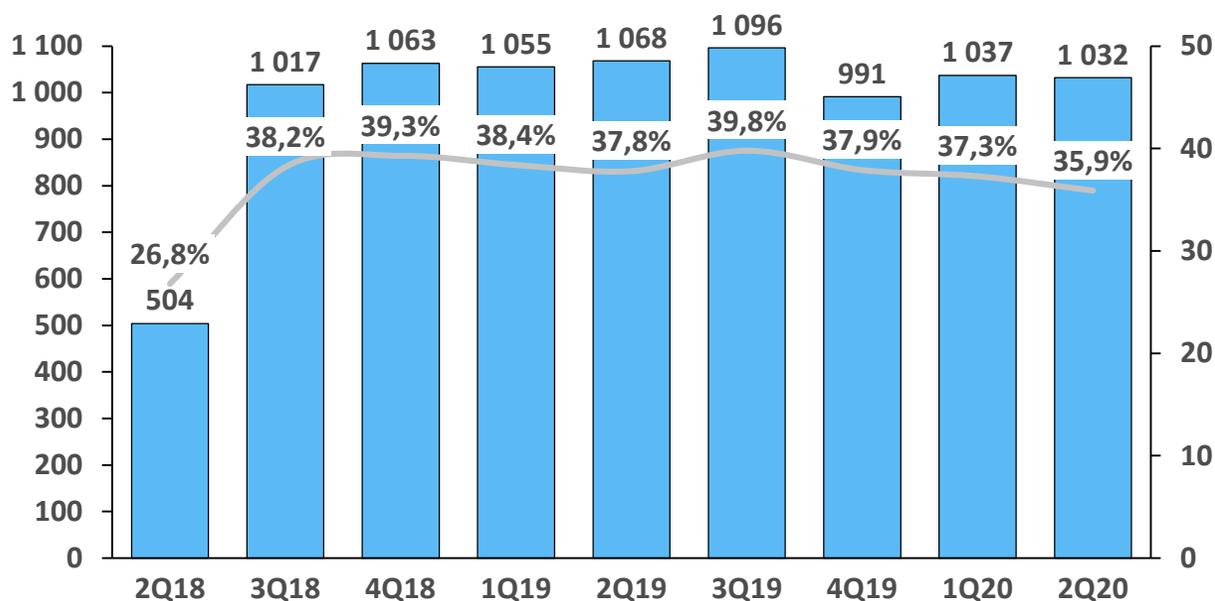
NIBD/EBITDA ratio based on agreement and methodology for calculation with Danske Bank

# Amended NIBD/EBITDA covenant

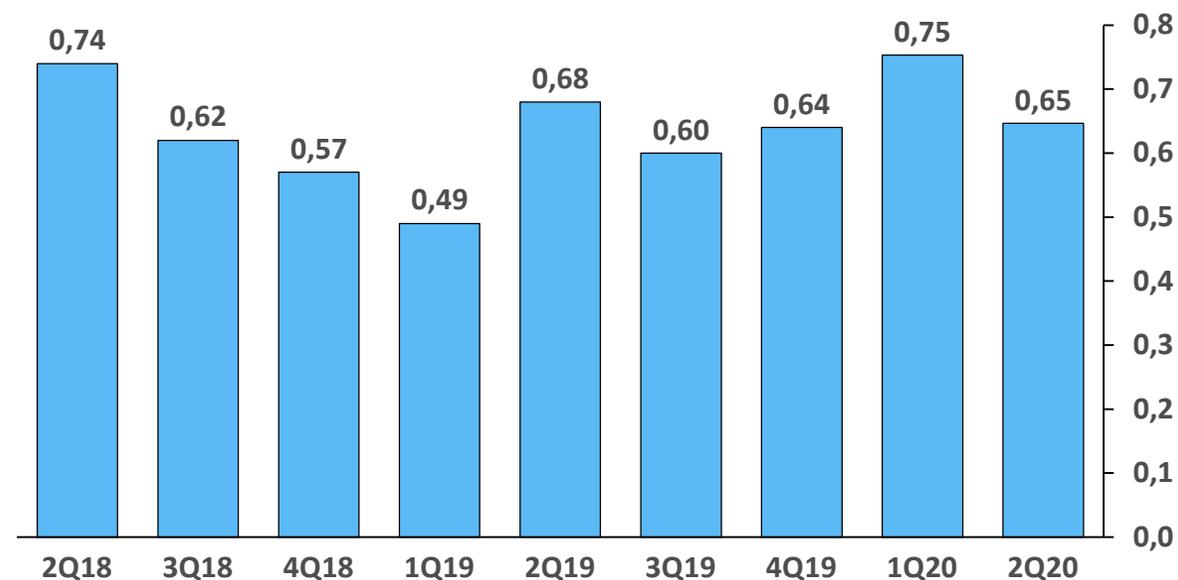
- ✓ An amended agreement is settled in Q2 2020 with Danske Bank in regards of the impact of IFRS 16 on the net interest-bearing debt/12 months EBITDA covenant
- ✓ The lease liabilities due to the introduction of IFRS 16 is to be included in interest-bearing debt
- ✓ The covenant ratio to be increased from 3,0 to 4,25

# Group financial profile – remains strong, continued

## Equity and Equity / Total Balance



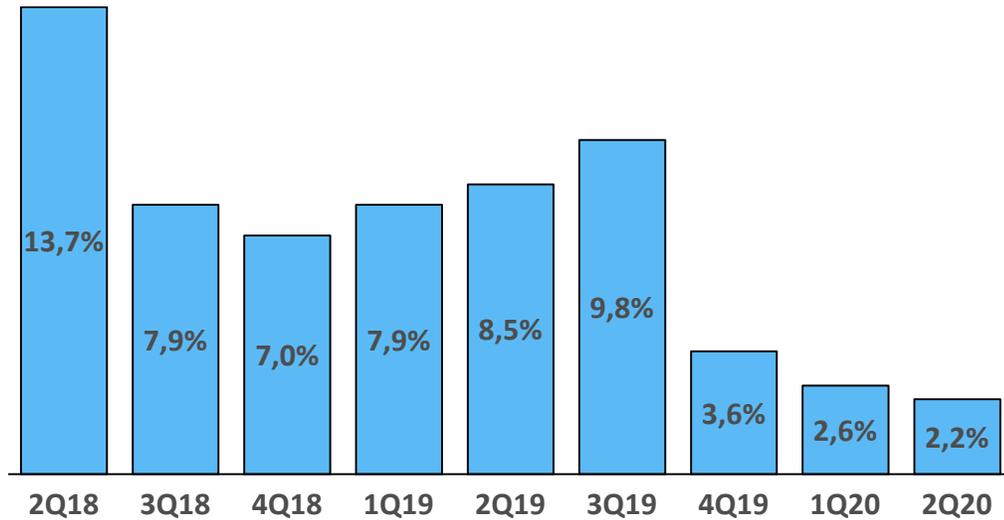
## NIBD / Equity



- Total effect of IFRS 16 on the balance sheet end of June 2020 is 413 MNOK, negatively affecting the equity ratio when comparing to quarters before 2019. Not included in graph above
- Equity ratio would be 31,4% including IFRS 16 liabilities

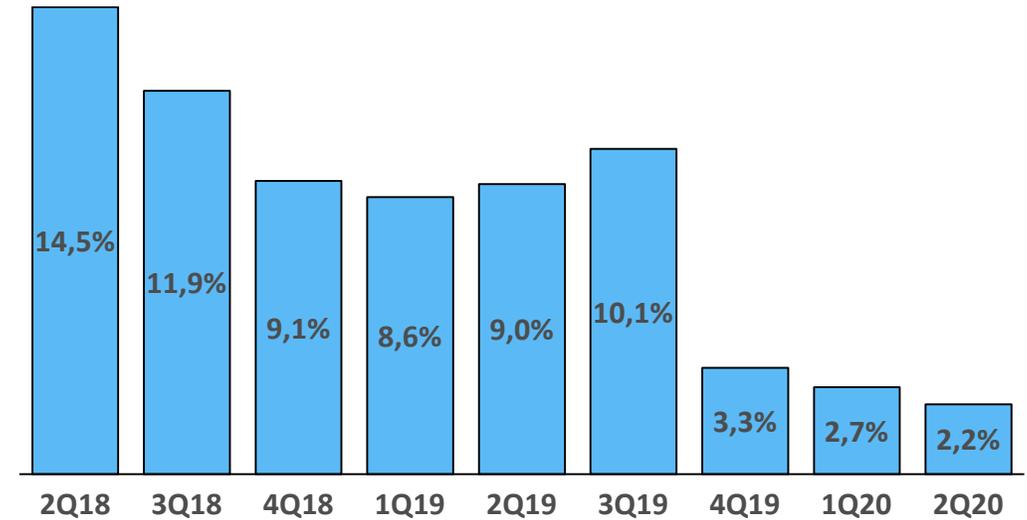
# Group financial profile, continued

## ROCE



- Exceptional items impacting Q4 2019 EBIT with effect on subsequent ROCE calculations until Q3 2020
- 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

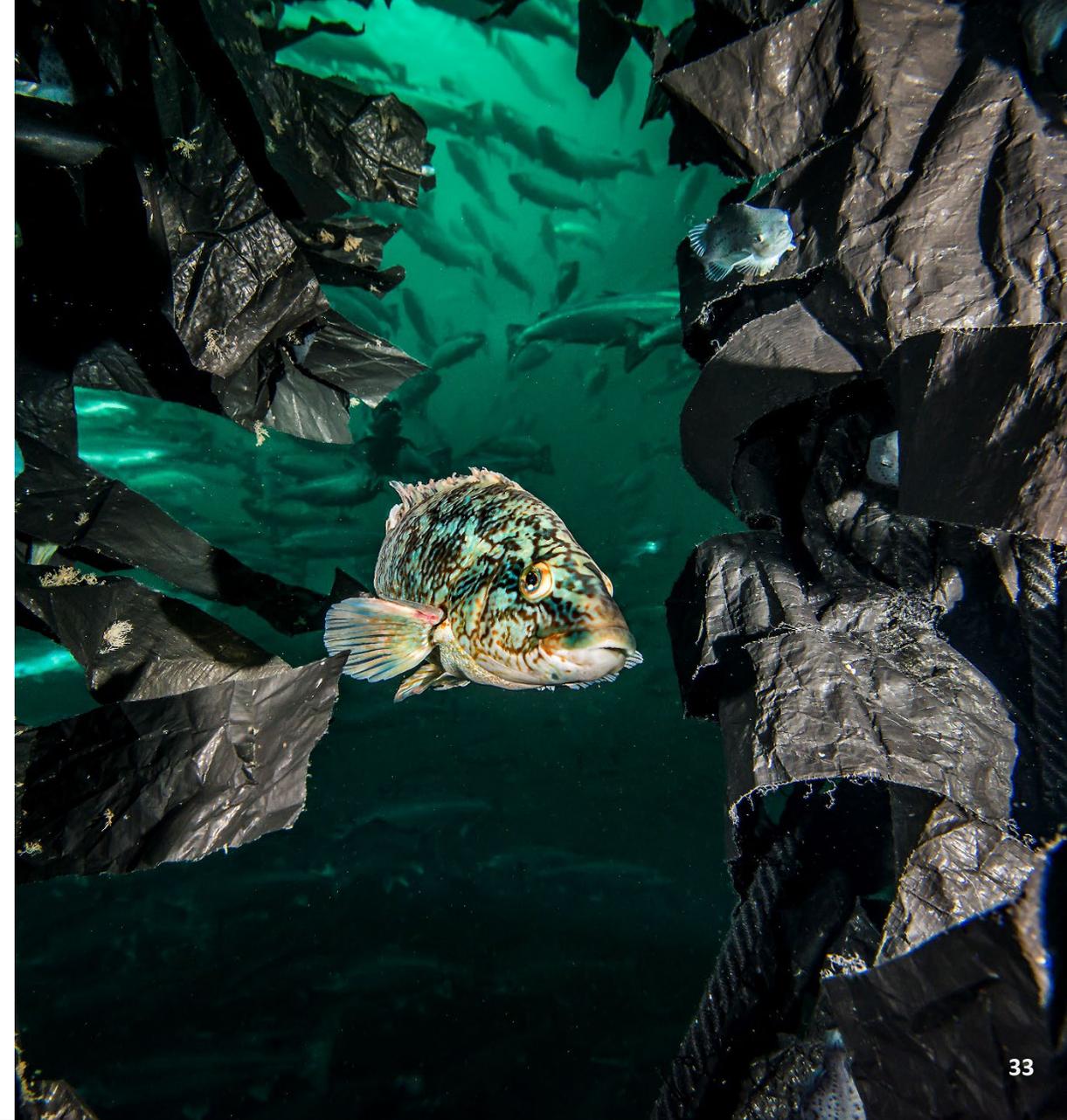
# Cash flow statement

<b>CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW</b> (NOK 1 000)	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>Q2</b>	<b>Q2</b>	<b>YTD</b>	<b>YTD</b>	<b>Total</b>
Net cash flow from operations	78 724	74 090	155 208	153 039	180 151
Net cash flow from change in working capital	166 400	-189 702	19 281	-132 556	30 617
Net cash flow from operational activities	245 124	-115 612	174 489	20 483	210 768
Net cash flow from investment activities	-122 256	-63 330	-177 729	-86 025	-140 099
Net cash flow from financial activities	-56 198	195 795	52 072	93 448	-65 868
Net change in cash and cash equivalents	66 670	16 853	48 831	27 906	4 800
Net foreign exchange differences	-6 395	-959	5 962	-4 288	-664
Cash and cash equivalents at the beginning of the period	155 516	164 587	160 999	156 862	156 862
Cash and cash equivalents at the end of the period	215 792	180 481	215 792	180 481	160 999

# Balance sheet

BALANCE SHEET (MNOK)	2020	2019	2019
	30.06	30.06	31.12

<b>ASSETS</b>	<b>3 282</b>	<b>3 260</b>	<b>3 034</b>
Intangible non-current assets	1 072	1 080	1 028
Tangible non-current assets	372	324	364
Right-of-Use Asset	405	430	417
Financial non-current assets	97	68	75
Inventory	508	434	514
Receivables	612	719	476
Cash and cash equivalents	216	155	161
Assets held for sale	-	47	-
<b>LIABILITIES AND EQUITY</b>	<b>3 282</b>	<b>3 260</b>	<b>3 034</b>
Equity	1 028	1 066	986
Minority interest	4	2	4
Long-term interest bearing debt	851	833	665
Short-term interest bearing debt	32	242	127
Right-of-Use Liability	413	435	425
Non-interest bearing liabilities	954	657	825
Liabilities held for sale	-	25	-

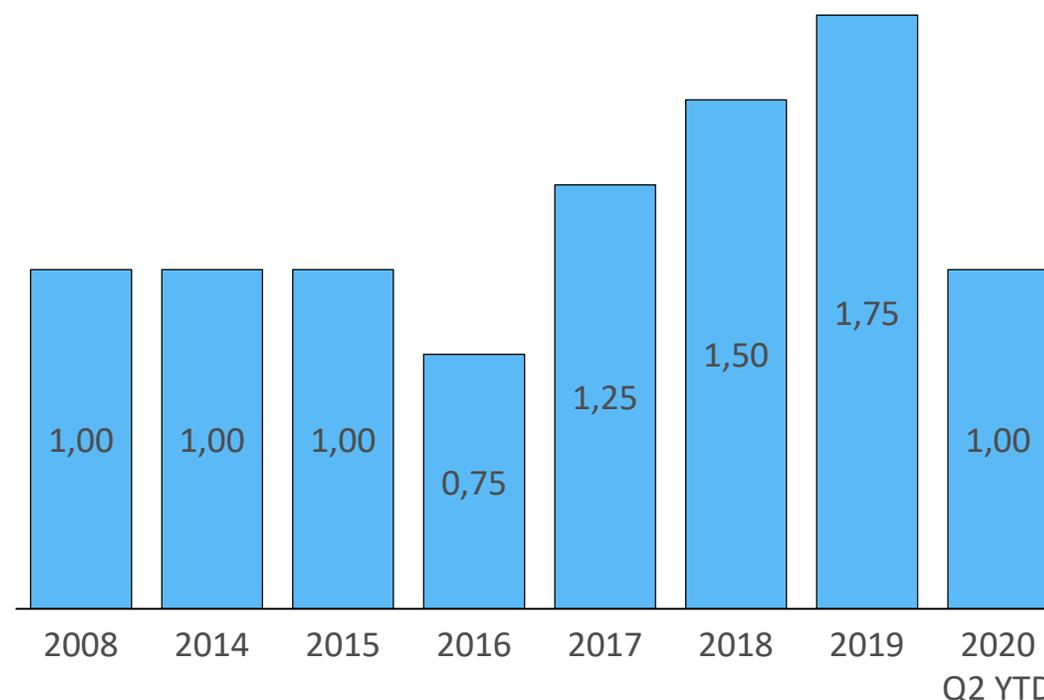


# Dividend and dividend policy

## 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
1 192 893	3,6 %	SIX SIS AG	Nominee	CHE
959 058	2,9 %	VERDIPAPIRFONDET NORDEA KAPITAL		NOR
825 932	2,5 %	VERDIPAPIRFONDET ALFRED BERG GAMBA		NOR
697 341	2,1 %	VERDIPAPIRFONDET NORDEA AVKASTNING		NOR
482 840	1,4 %	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
218 002	0,7 %	Norron Sicav - Select		LUX
177 883	0,5 %	AKVA GROUP ASA		NOR
150 000	0,4 %	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
79 990	0,2 %	NORSK LANDBRUKSKJEMI AS		NOR
<b>31 183 699</b>	<b>93,5 %</b>	<b>20 largest shareholders</b>		
2 150 604	6,5 %	Other		
<b>33 334 303</b>	<b>100,0 %</b>	<b>Total number of shares as per 30.06.2020</b>		

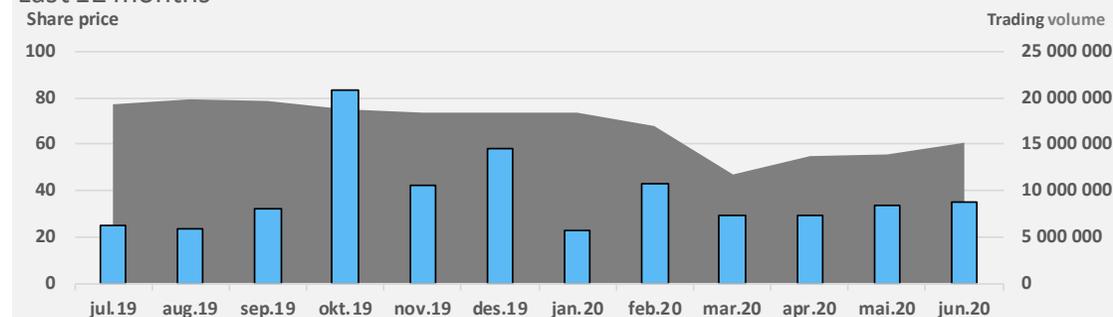
## Origin of shareholders, 5 largest countries

No of shares	%	Origin	No of shareholders
26 567 337	79,7 %	Norway	1060
3 906 755	11,7 %	Great Britain	16
1 268 891	3,8 %	Switzerland	5
684 662	2,1 %	Luxembourg	4
350 020	1,1 %	Finland	3
556 638	1,7 %	Other	123

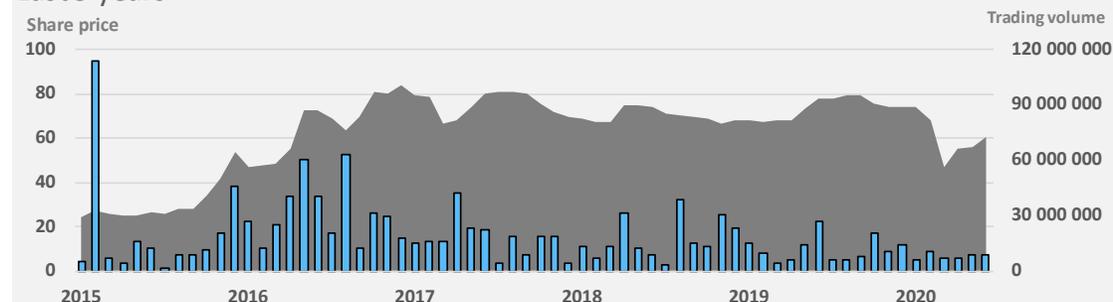
Total number of shareholders: 1211 - from 29 different countries

## Share development

### Last 12 months



### Last 5 years



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 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.  
1 431  
employees

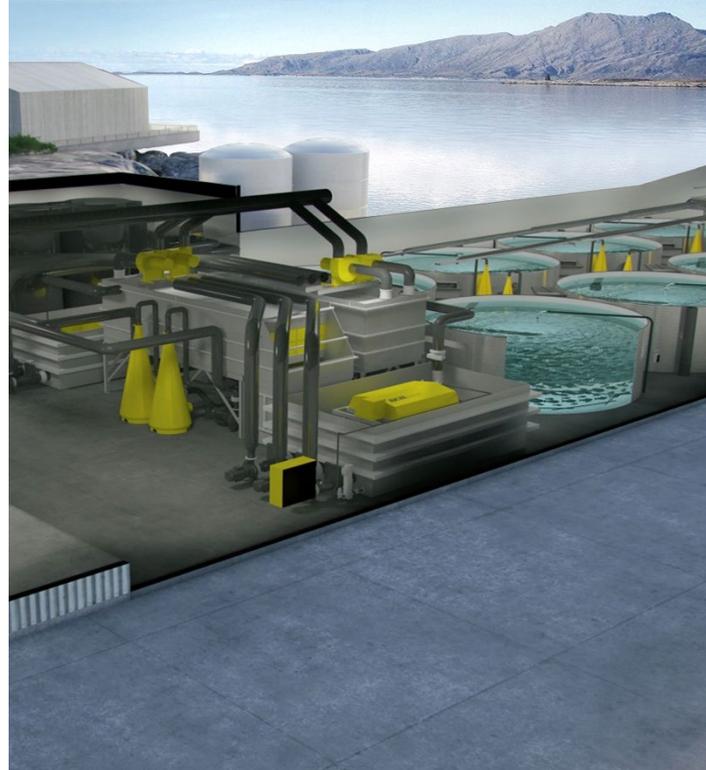


# Solutions

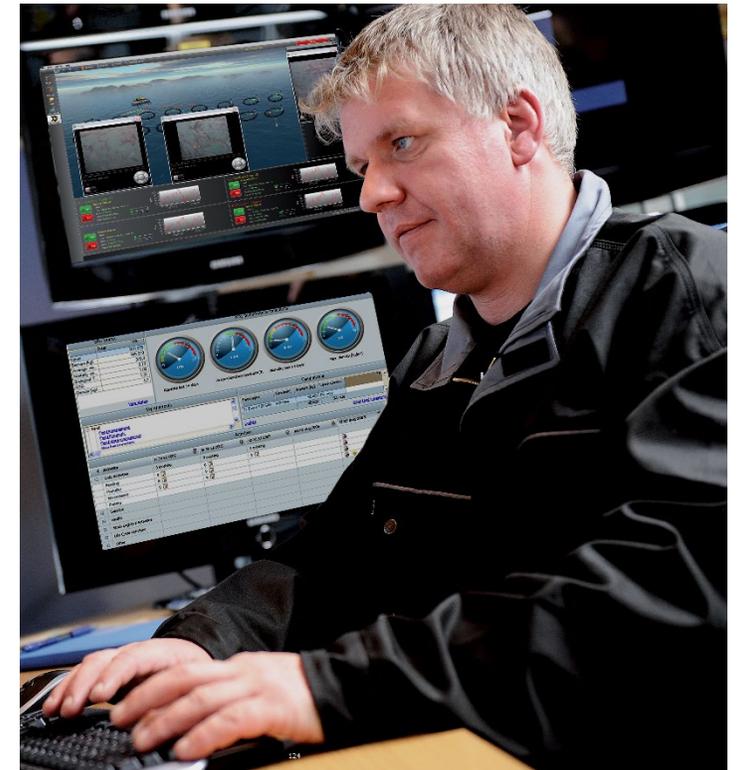
Cage Based Technology



Land Based Technology



Software



CAPEX Based Revenue

CAGE BASED TECHNOLOGY



LAND BASED TECHNOLOGY



**SOFTWARE:** Fishtalk  
AKVAconnect  
Support



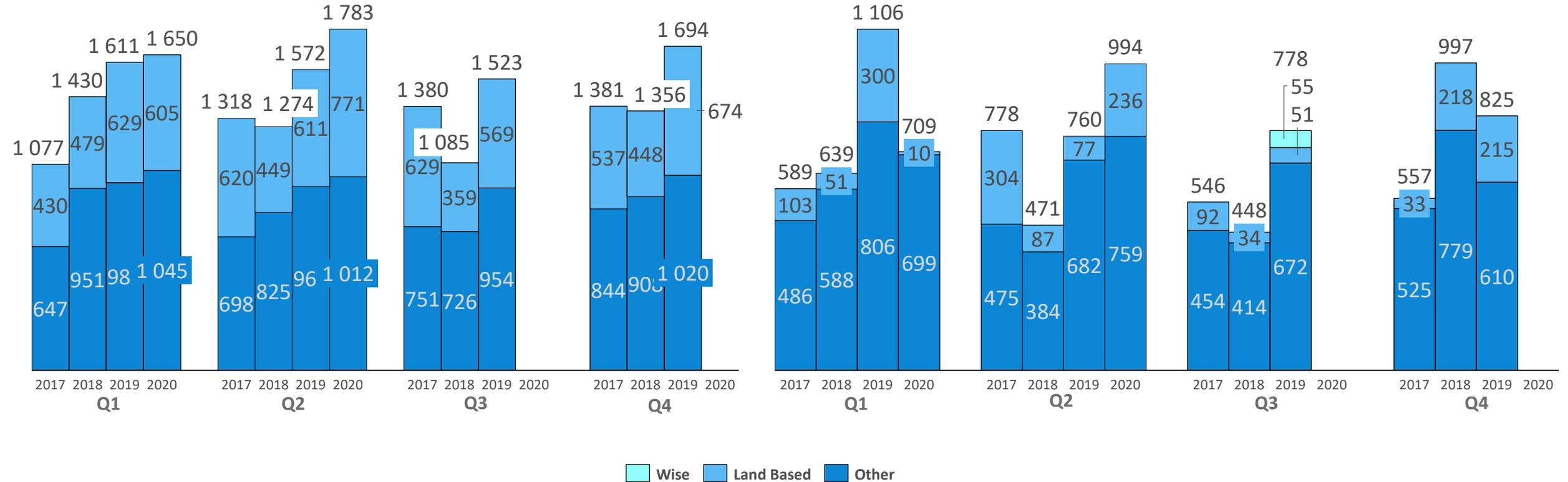
**MARINE SERVICES  
& AFTER SALE  
SERVICE:** Marine services  
Rentals  
After sale services

OPEX Based Revenue

# Order backlog and inflow, 2017 through 2020

## Order backlog

## Order intake



# Outlook – AKVA group

- Order backlog remains high
- Service station for nets being built in northern Norway (with partner), plans for additional station underway
- Signed non-binding Term Sheet with the Norwegian company AquaCon AS for a potential supply of equipment, engineering and design to a new land based grow-out facility valued at 130 MUSD
- Tubenet™ solution (preventive sea lice solution) launched, strong interest in the market and contract of 100 MNOK signed in April 2020
- Integration of the Newfoundland Aqua Services Ltd on the east-coast of Canada goes as planned
- Maintained focus on full grow out RAS facilities within the Land Based segment
- Digitalization strategy important part of AKVA groups total product offering
- Currently very low salmon price causing some uncertainty on customers willingness to invest in technology
- Finance profile remains strong



**CUSTOMER FOCUS**  
**AQUACULTURE**  
**∞ KNOWLEDGE**  
**RELIABILITY**  
**ENTHUSIASM!**

