

Q1 2020 Presentation

Webcast – 8 May 2020

Knut Nesse, CEO

Andreas Pierre Hatjoullis, CFO



Agenda

 Highlights

 Financial performance

 Outlook

 Q&A

BIOLOGY



TECHNOLOGY

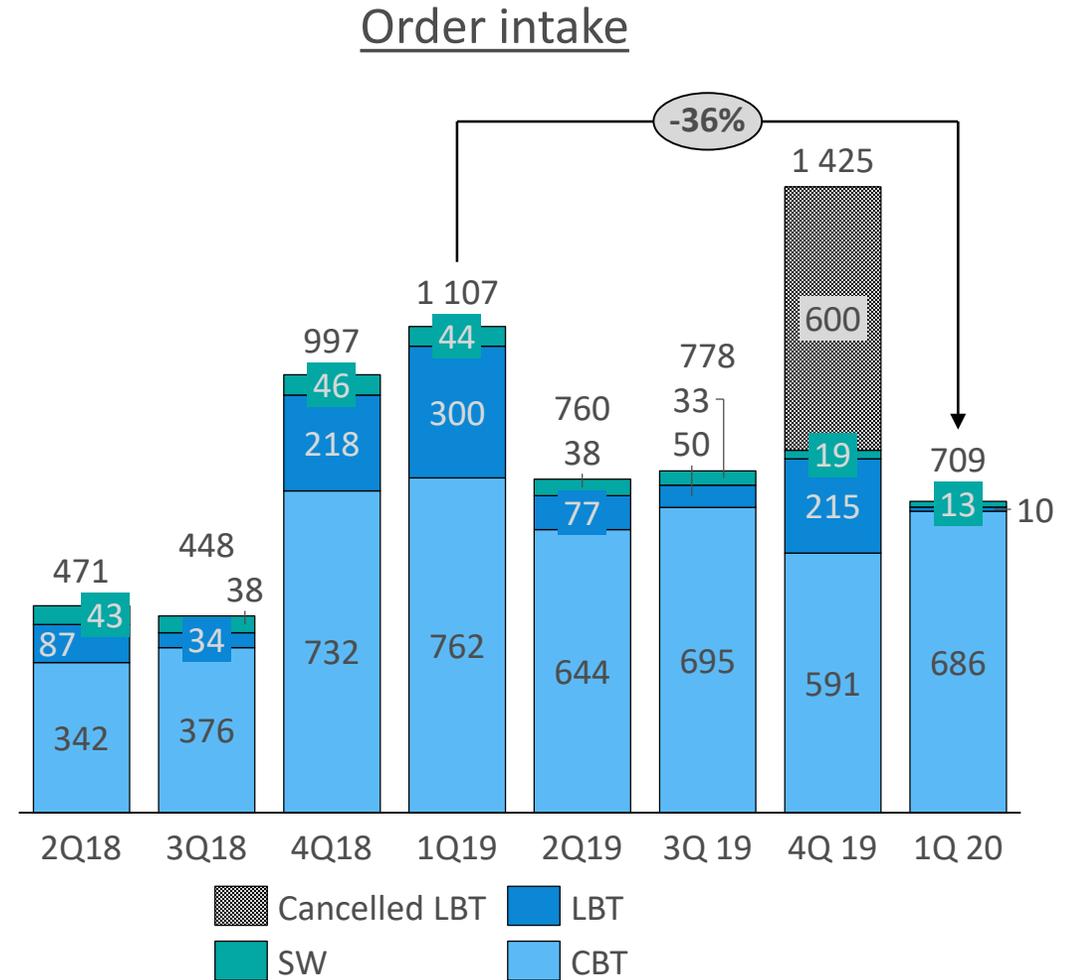


 Highlights Q1 2020 – by CEO Knut Nesse

Order intake development

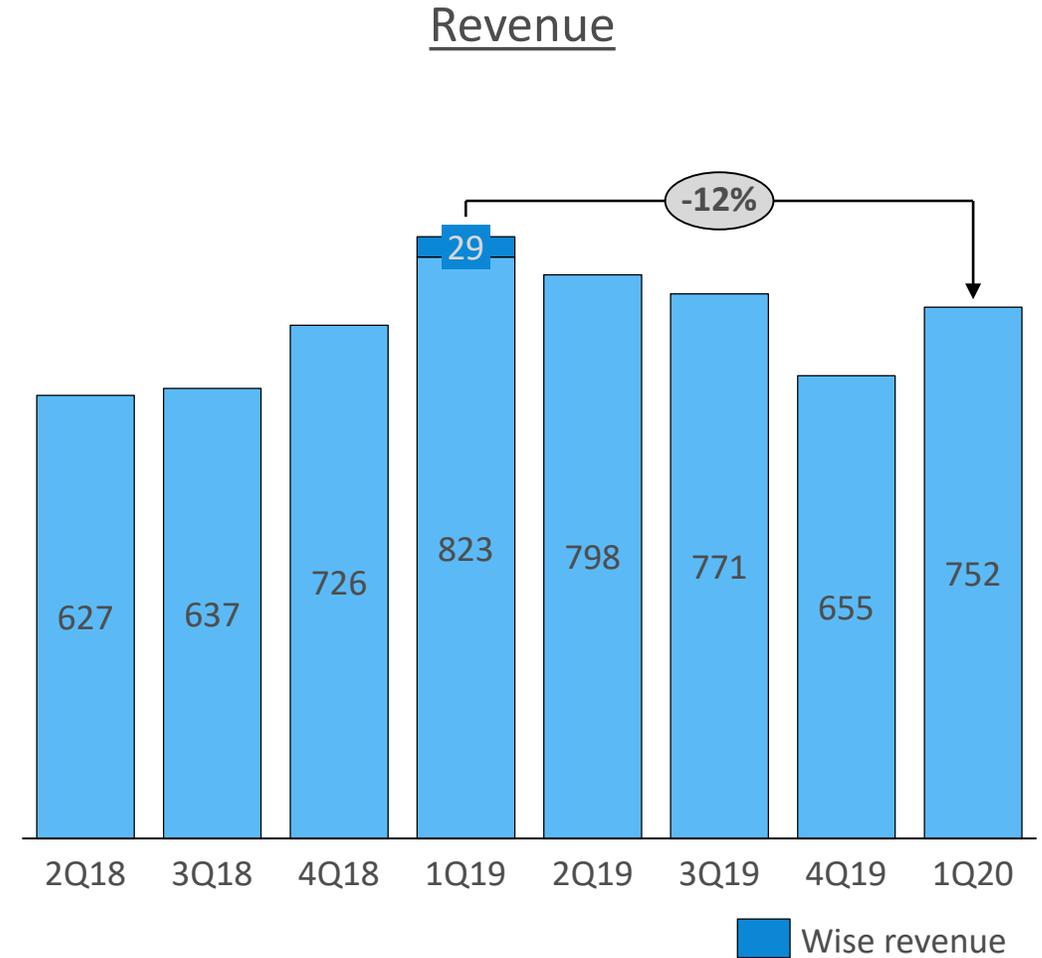
- Order intake of 709 MNOK
- 100 MNOK contract for delivery of Tube Net in Norway not included in order intake
- Strong quarter for Europe & Middle East, especially within export from Norway
- Contract with Cooke Aquaculture for RAS facility in Chile and Nordic Aqua Partners and China have been cancelled*
- Last twelve months order intake of 3,017 MNOK

*Both customers are indicating that it is likely the projects can start up again at a later stage



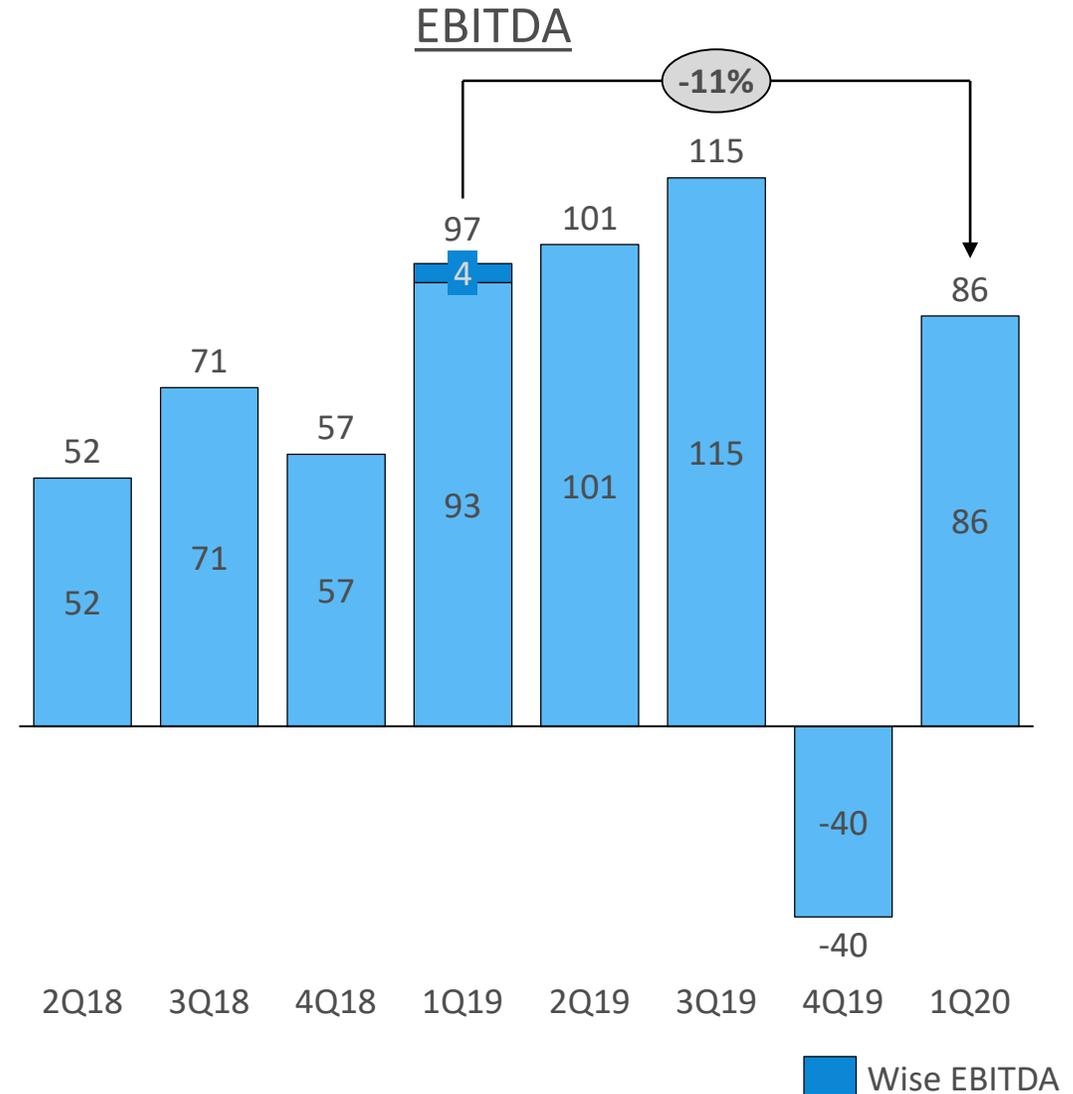
Revenue development

- Both Scotland and export from Norway have had a very good quarter
- Lower revenue in Caged Based in Nordic versus Q1 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 29 MNOK in Q1 2019



EBITDA development

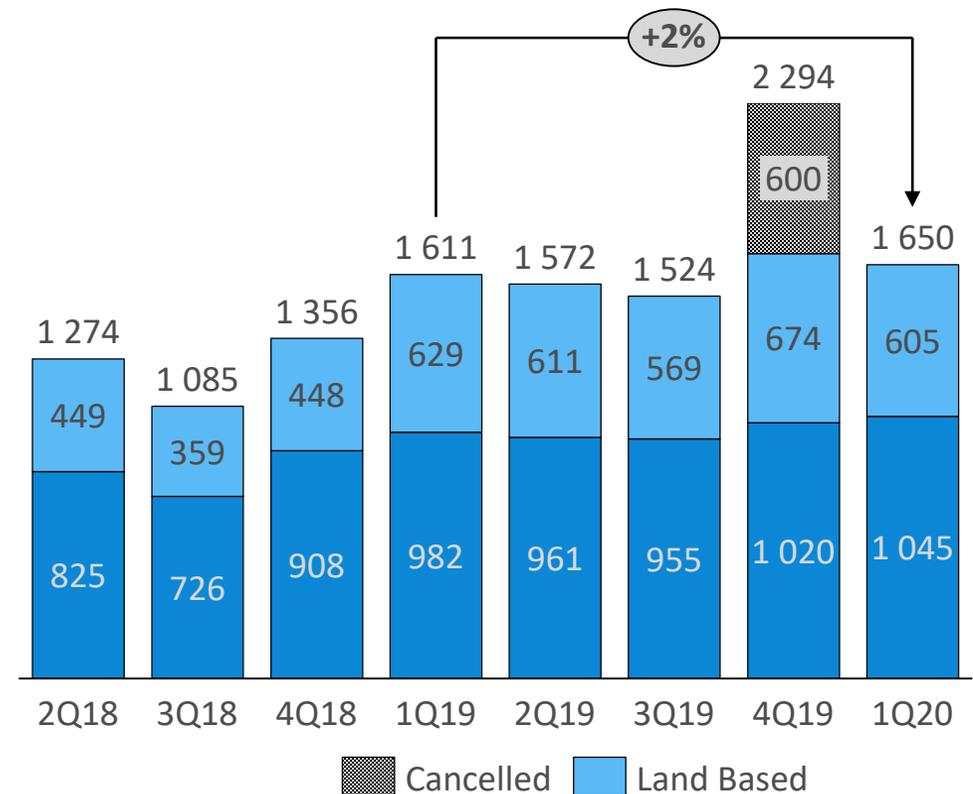
- EBITDA of 86 MNOK in the quarter
- Europe & Middle East have significantly improved EBITDA margins compared to last year – Scotland and export from Norway as the main contributors
- The Egersund Net companies have improved margins compared to same period last year
- The Land Based segment has delivered below both last year and expected margins due to postponement of projects and new generation of projects
- The software business, Wise, sold in Q3 2019 was included with 4 MNOK in Q1 2019



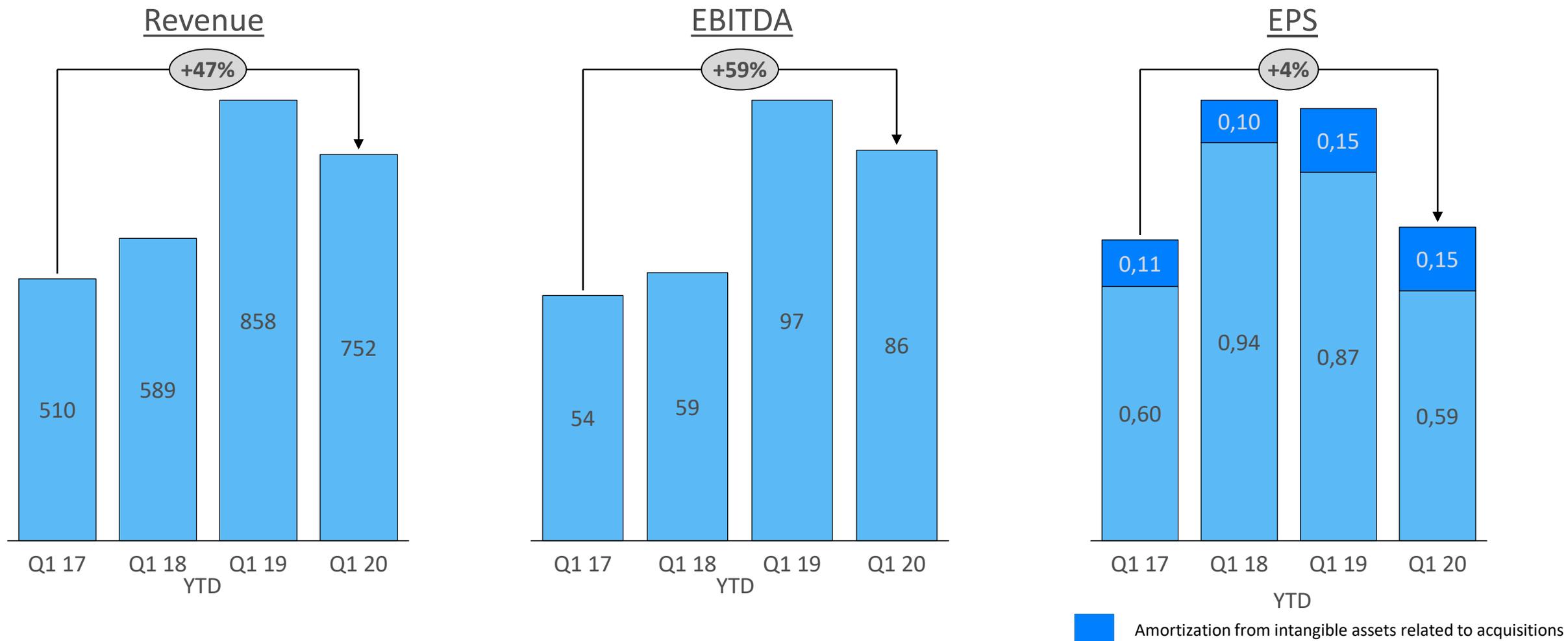
High order backlog

- Order backlog at end of March of 1.7 BNOK
- Strong momentum for Egersund Net
- Order backlog in Americas region remains high
- Tube Net sale in Norway in April valued at 100 MNOK, not yet included in backlog

Order backlog

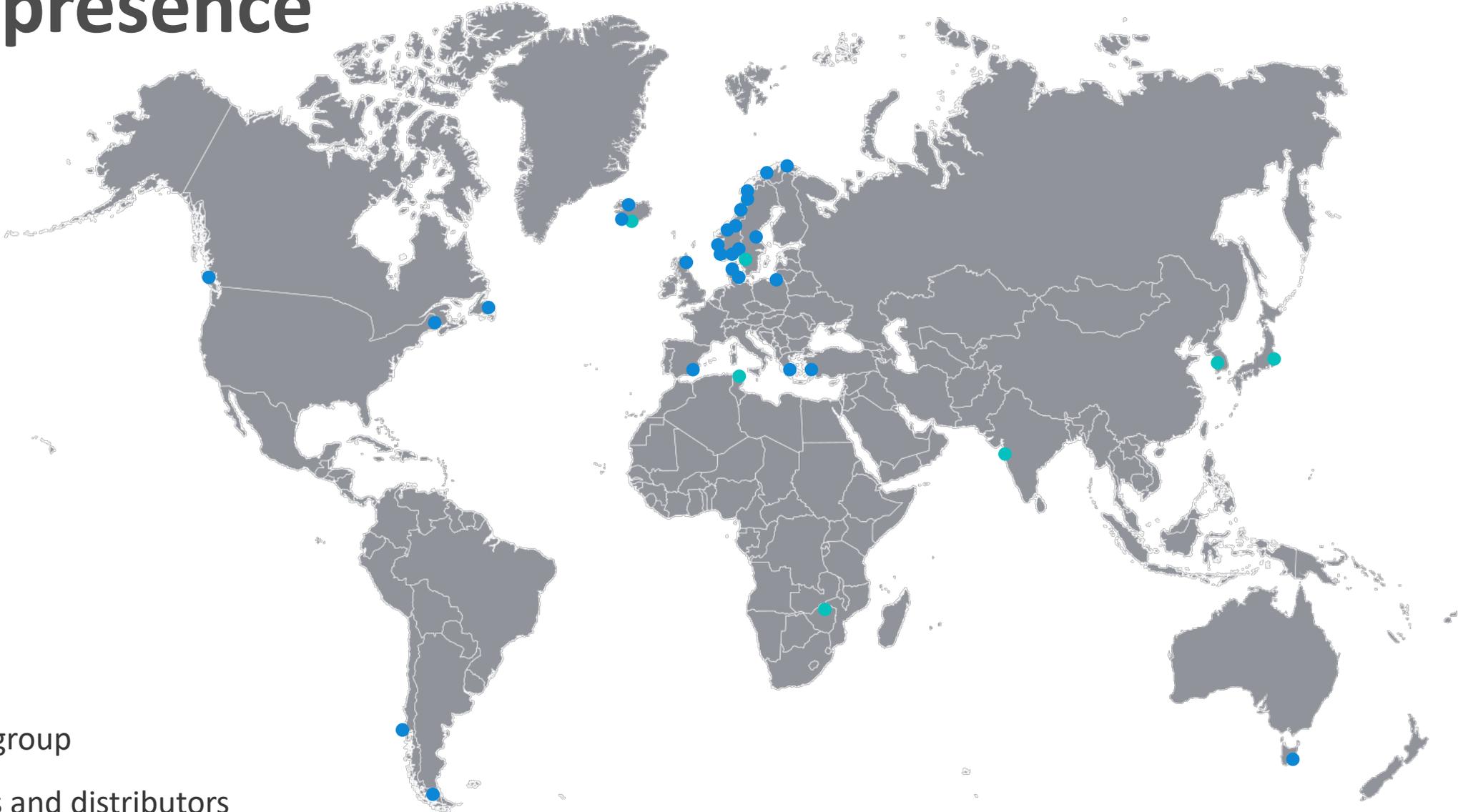


Key financial metrics



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.

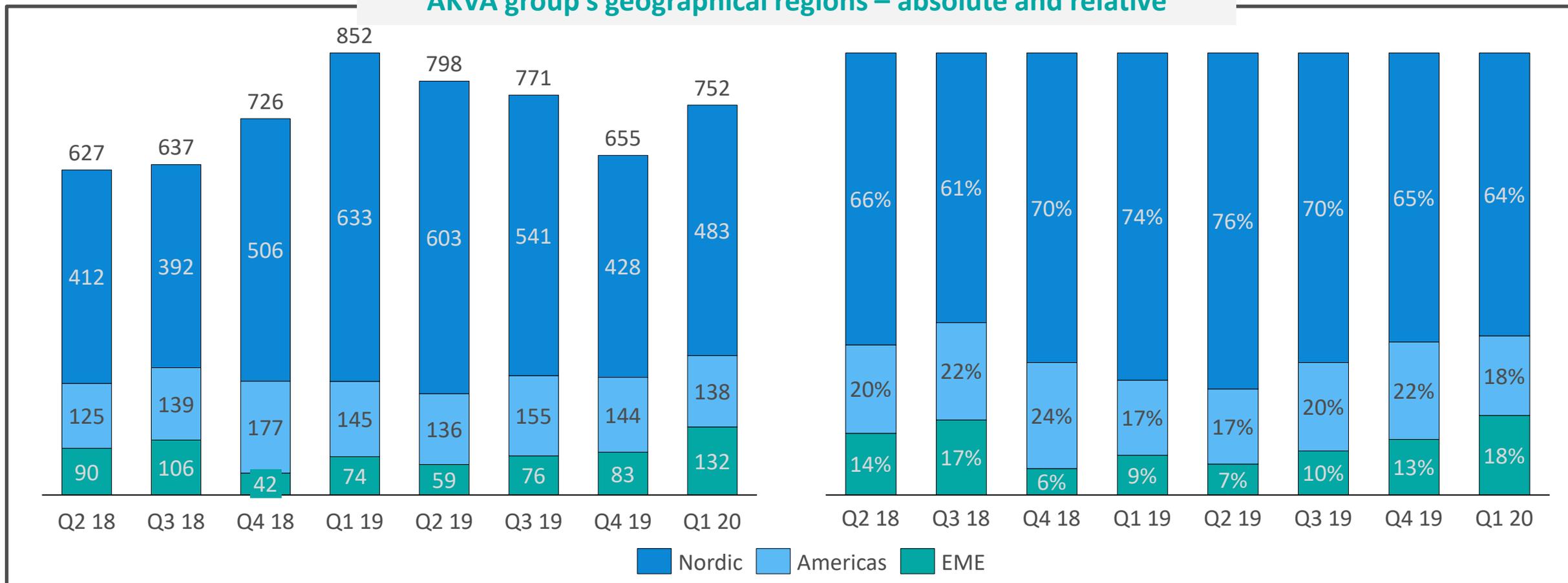
Our presence



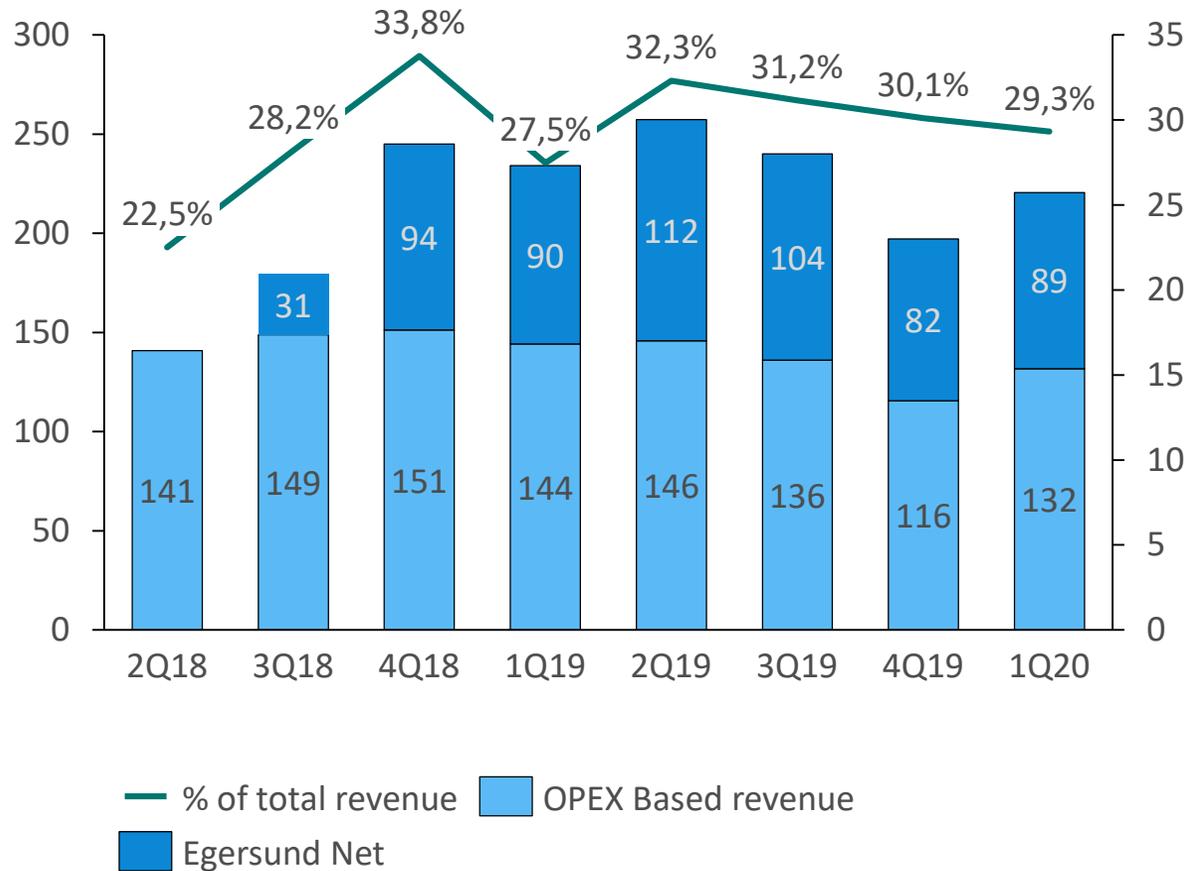
- AKVA group
- Agents and distributors

Revenue in geographical regions

AKVA group's geographical regions – absolute and relative

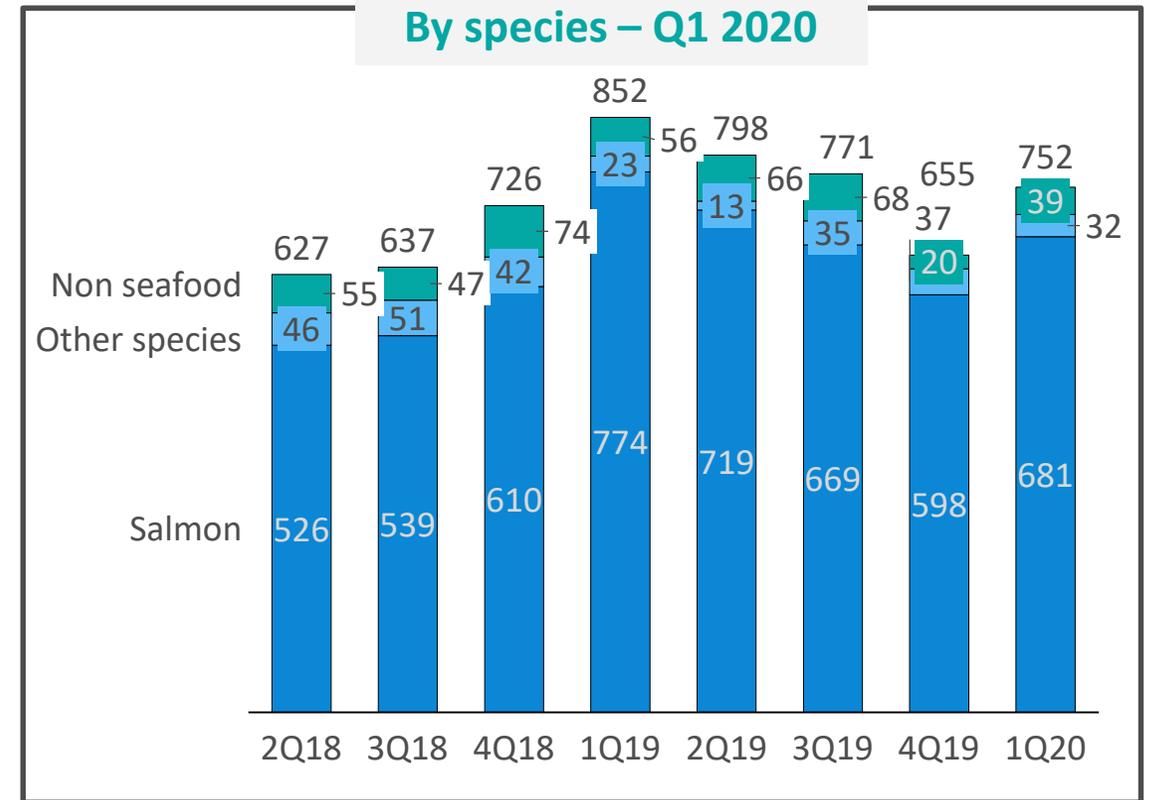
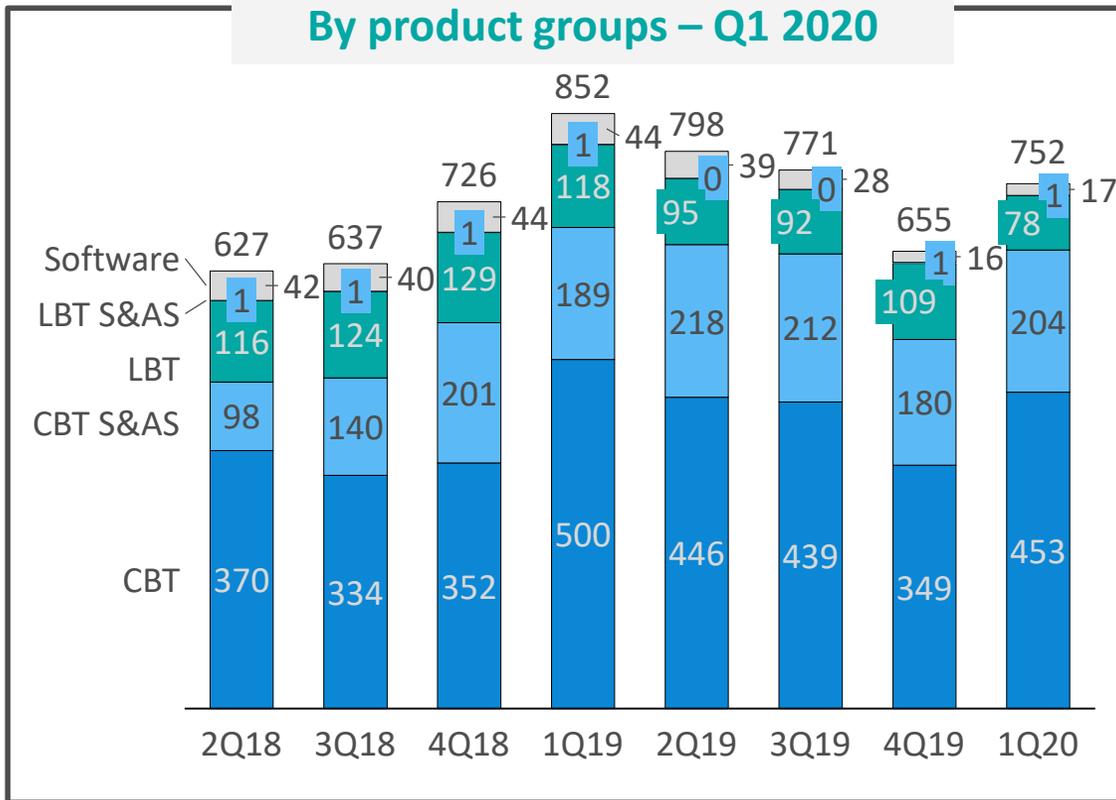


Development in OPEX based revenue



- Egersund Net contributing 89 MNOK in the quarter
- Stable development for the rental business (Scotland and Norway) in 2020
- AKVA group Software with stable revenue compared to Q4 last year
- Due to weather conditions in Norway lower activity within service & after sales and the marine service business
- The Norwegian marine service business with solid order backlog

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

Q1 – Operational Highlights

- Next generation Tube Net solution ready for market, contract of 100 MNOK signed in April 2020
- High activity within the Net service business
- Cage based business in Chile continued on same high level as for 2019
- Export out of Norway with solid order intake and margins
- Land Based ending the quarter with some uncertainty caused by Covid-19 crisis, two large deliveries cancelled
- Completed acquisition of Newfoundland Aqua Service Ltd.
- Development of new camera system and AKVAconnect control system, progressing well
- Dividend of 1.00 NOK per share paid on 3 March 2020, before the main outbreak of Covid-19 in Norway

Group Strategy process initiated – key themes

Land Based

On-growing
Post Smolt



Digital

Data Platform
Computer vision / AI



Innovation

Prioritization
Fish health concepts



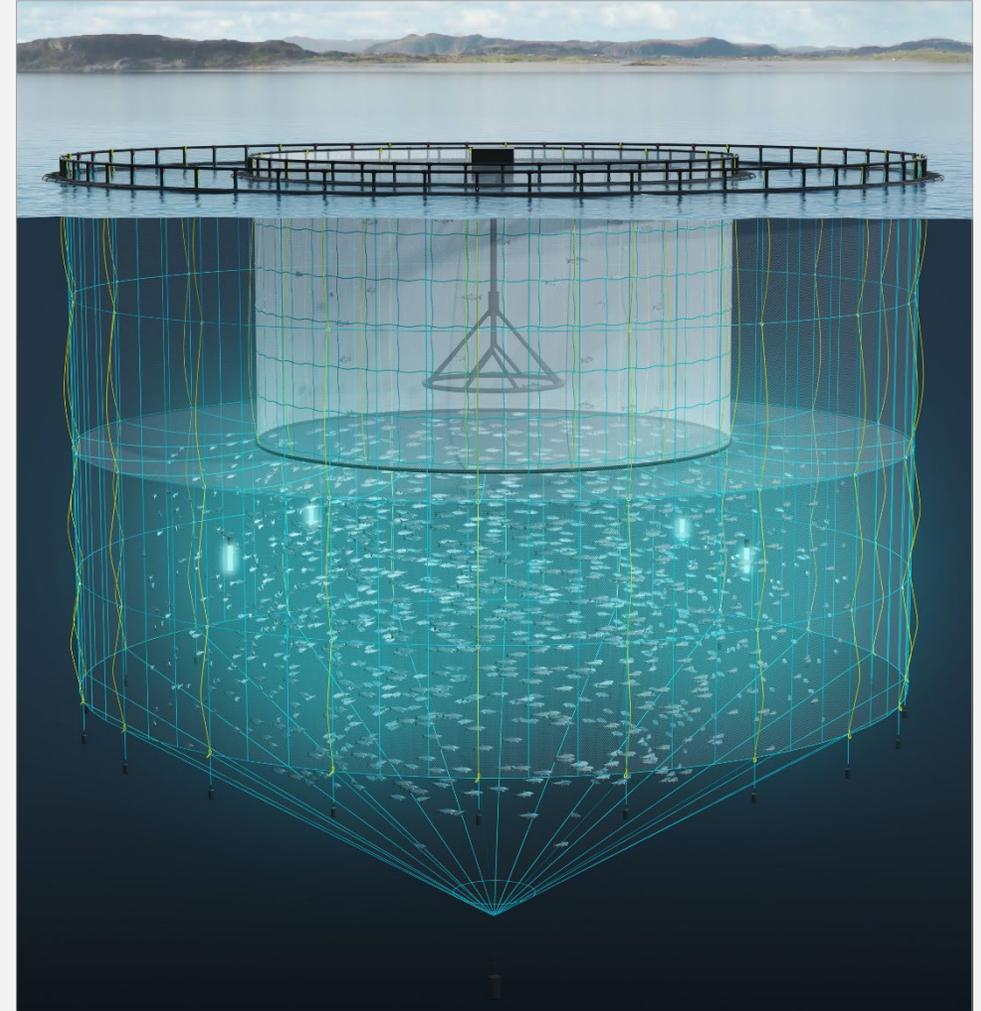
Learning & Development

People and competence
Project and contract management



Tube Net

- **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



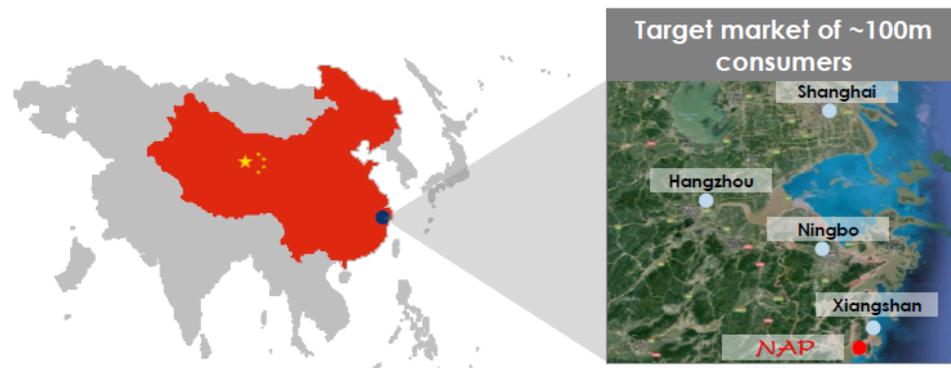
Separate focus on full grow out RAS facilities

Nordic Aqua Partners at a glance

Unique setup for land based salmon farming in China

- First fully-integrated and commercially viable large scale RAS facility in China
- Based on state-of-the art RAS technology by world-leading supplier AKVA Group
- World class management team with complementary skillset
- Investor-backing from two global industry players
- Substantial support from local government (land, infrastructure, facilities)
- Attractive export credit financing

Nordic Aqua Partners is poised to take a leading position in the world's most attractive market for Atlantic Salmon with unparalleled land based advantages



- AKVA as strategic partner in NAP
- Potential equity stake to secure partnership and successful execution
- Learning and developing by a close follow-up on all technical, operational and biological performance measures
- Final financing is still pending
- Additional projects in pipeline

Covid-19

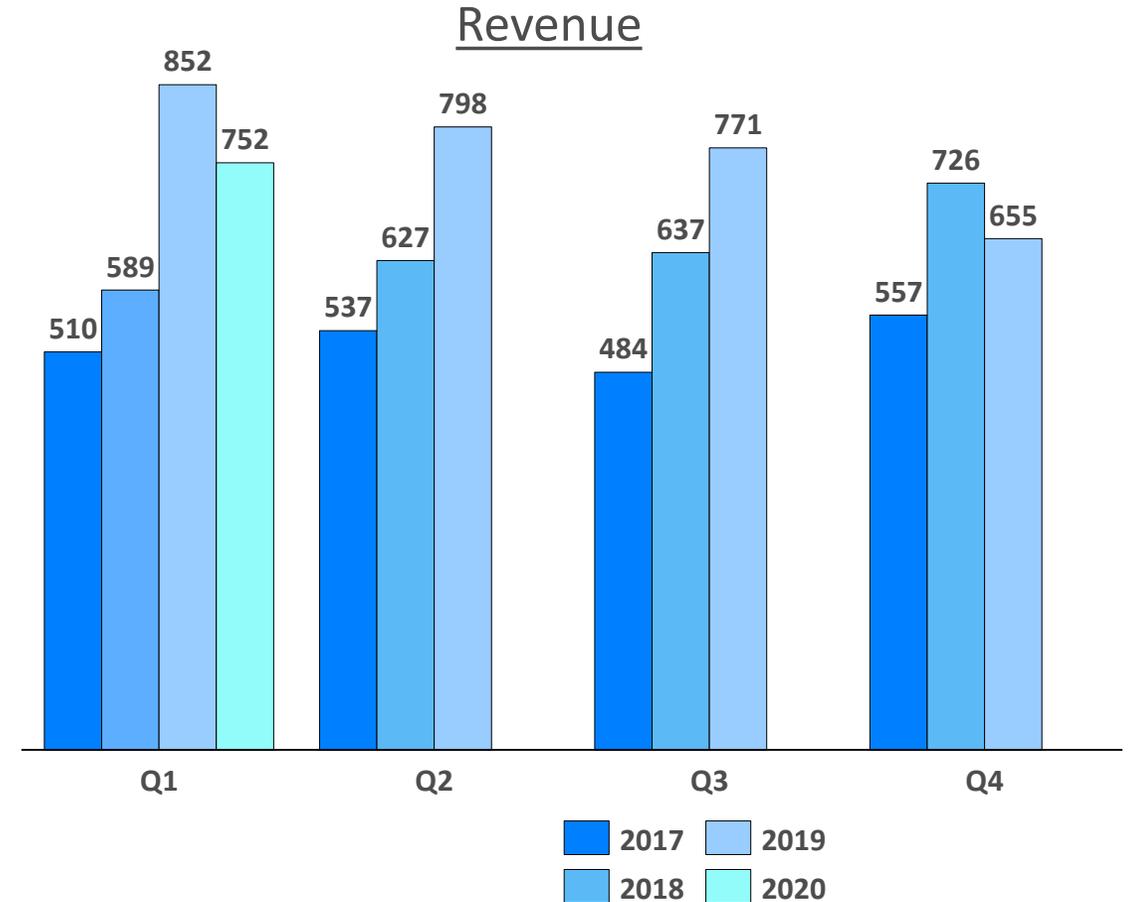
- ✓ The Covid-19 virus together with a total collapse of the global oil price has had a massive impact around the globe. So far AKVA group has been moderately impacted. The major impacts financially for AKVA group has been related to two newly awarded RAS contracts on Land Based being cancelled. AKVA 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 Q1 2020 – by CFO Andreas Pierre Hatjoullis

Q1 2020 – Financial highlights

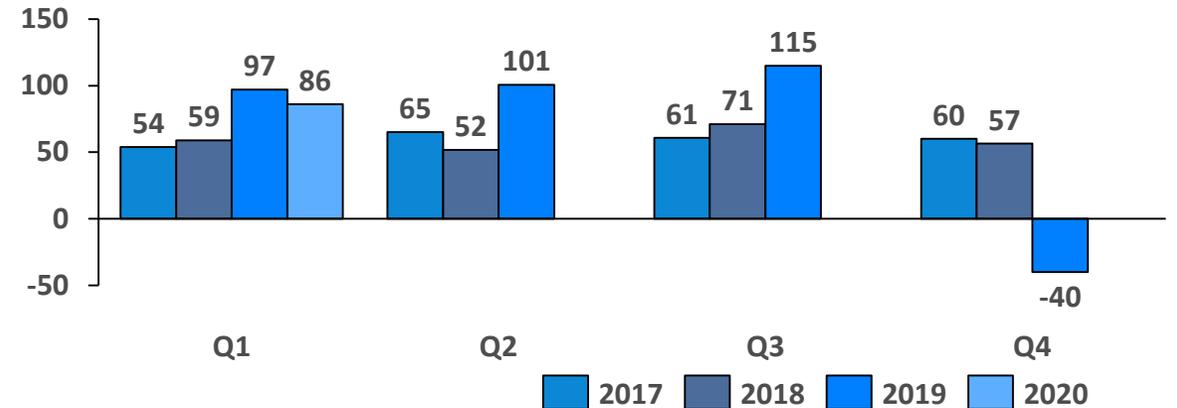
- Last twelve months order intake and revenue now at 3,017 MNOK and 2,977 MNOK respectively
- Nordic and Chile with decline in revenue compared to last years Q1
- Strong growth in export out of Norway and Scotland in the quarter
- Egersund Net with lower revenue in Q1 2020 versus to Q1 2019
- The land based segment had a revenue of 79 MNOK in the period, down from 119 MNOK in Q1 2019
- Last year software revenues included 29 MNOK from Wise, an Icelandic business which was sold in Q3 2019



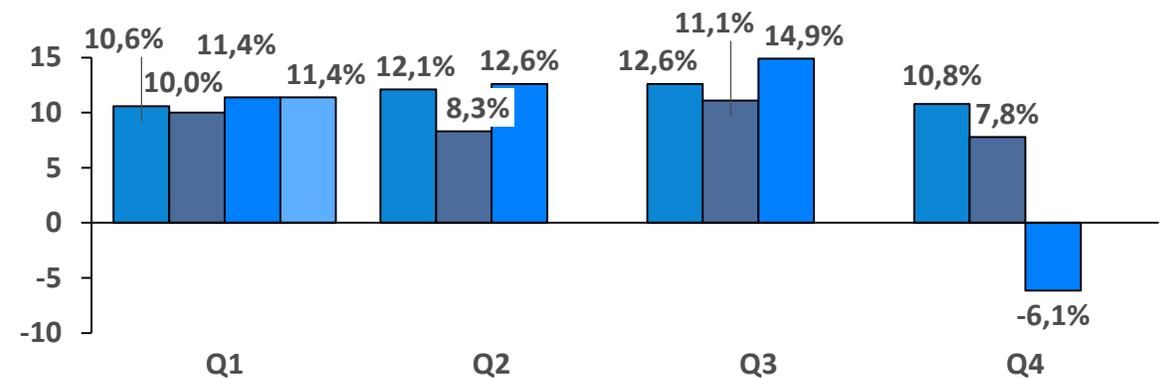
Q1 2020 – Financial highlights

- Europe & Middle East with solid performance in Q1
- Margins in Americas are slightly down in the period
- AKVA group ASA Nordic delivering improved EBITDA %
- Egersund Net contributing with higher margins in the quarter compared to Q1 2019
- Low activity in the Land Based segment, amongst others due to one specific project being temporarily delayed

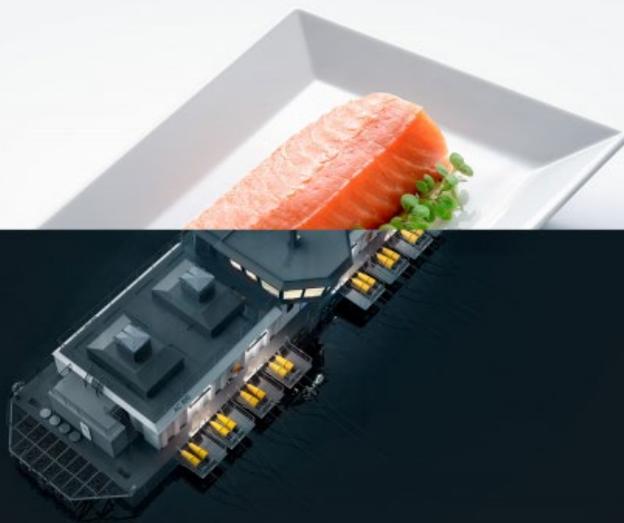
EBITDA (MNOK)



EBITDA %



BIOLOGY



TECHNOLOGY

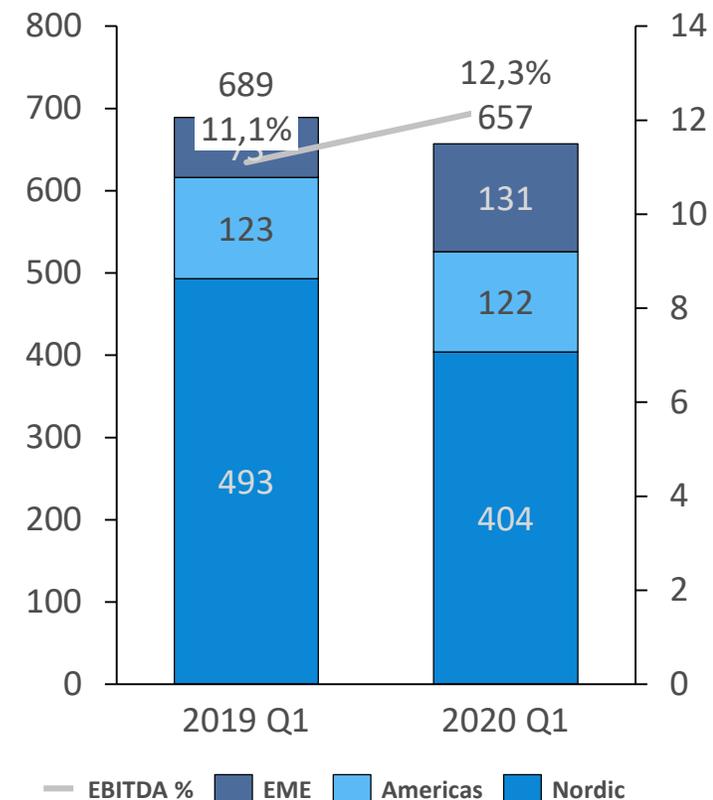
By developing technology focused on solving the biological challenges we contribute to the continued development of a sustainable industry with fish welfare as the most important success criteria. Good fish health is paramount in achieving good results and investing in our technology will help deliver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

Cage Based Technology

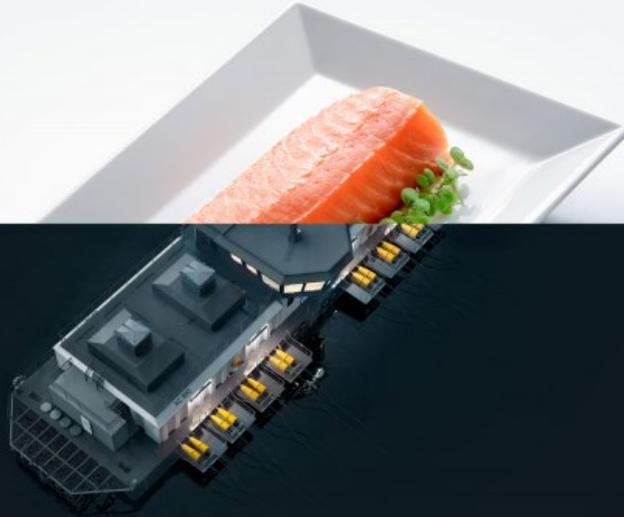
Nordic

- Reduction in results in CBT Nordic mainly due to lower revenue in all entities in Q1 2020
- An increase in order backlog from Q4 2019 and stable compared to Q1 2019
- Egersund Net with a solid improvement in EBITDA from Q1 2019
- High activity in the net service business
- Lower activity in marine service business due to weather conditions

Revenue and EBITDA %



BIOLOGY



TECHNOLOGY

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Cage Based Technology

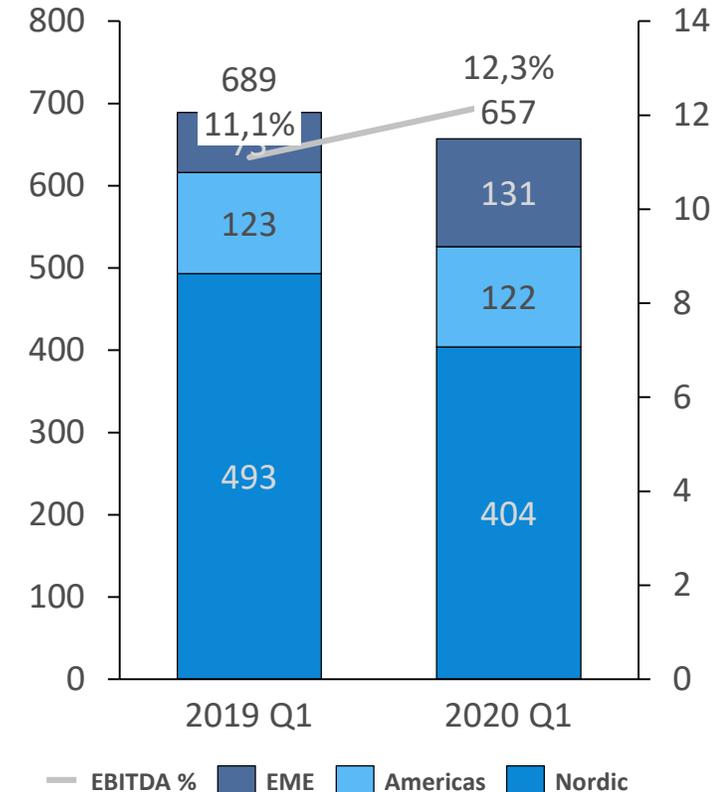
Americas

- Revenues almost on same level as 2019. A slight decrease in EBITDA compared to last year
- Stabilized EBITDA margin in Chile, Q1 2020 on same level as Q1 last year
- Newfoundland Aqua Service is included from 1 March 2020

EME

- The export from Norway was exceptionally high in Q1 2020 with high margins
- Scotland doubled its profit in Q1 2020 compared to same quarter in 2019
- Strong contribution from Europe & Middle East

Revenue and EBITDA %



BIOLOGY



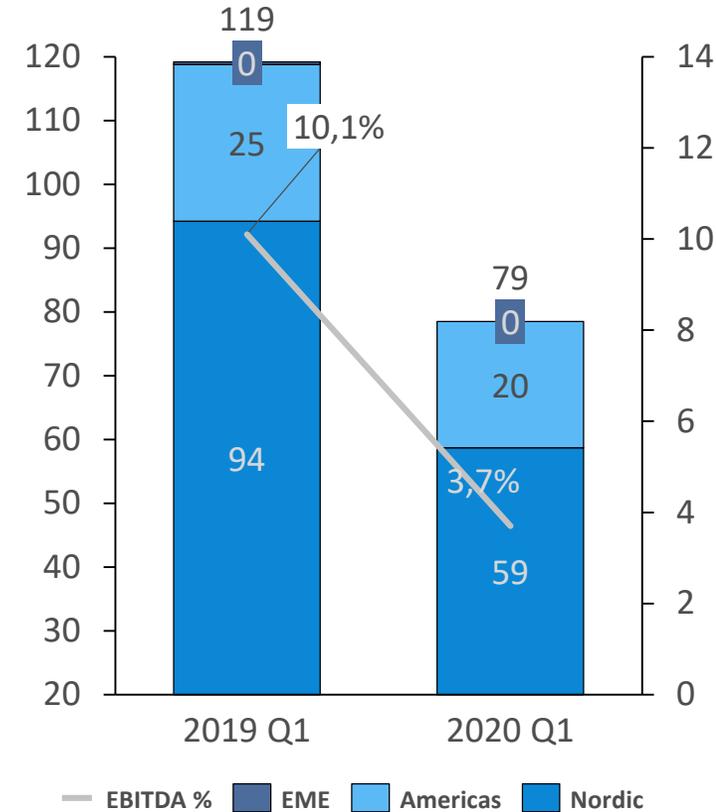
TECHNOLOGY

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Land Based Technology

- Strong order backlog of 605 MNOK at the end of Q1 2020 despite cancellation of order for RAS in Chile from Cooke and deliveries to Nordic Aqua Partners in China
- Decrease in revenue and margins due to postponement in project delivery and cancellation of contract
- New company formed in January 2020, AKVA group Land Based Americas. Split out from AKVA group Chile

Revenue and EBITDA %



BIOLOGY



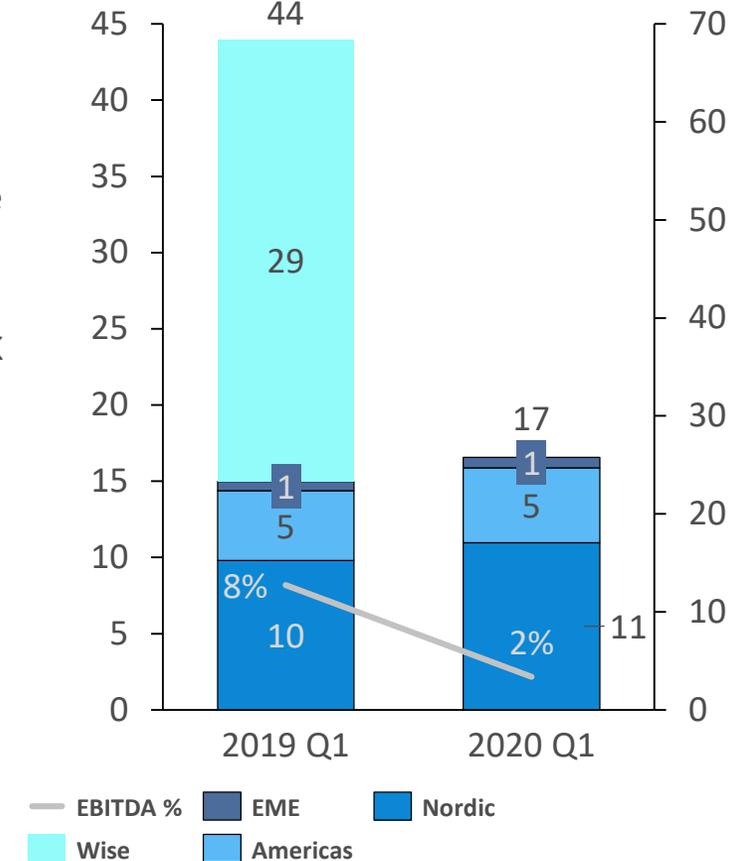
TECHNOLOGY

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 starting to materialize in increased sales
- Leads and pipeline for Precision feeding software (Observe) is increasing
- Last year revenue and EBITDA included 29 MNOK and 4 MNOK respectively, from the divested software business, Wise, on Iceland

Revenue and EBITDA %



Financials – Detailed P&L

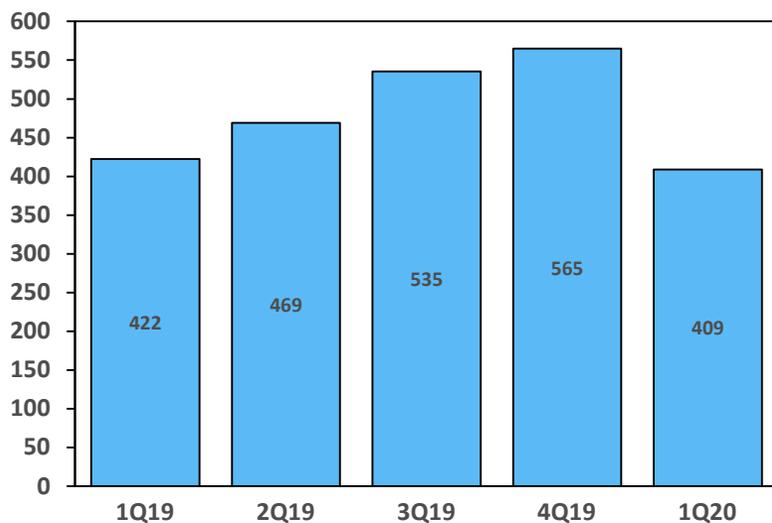
P&L (MNOK)	2020 Q1	2019 Q1	2019 Total
OPERATING REVENUES	752	852	3 077
Operating costs ex depreciations	666	755	2 805
EBITDA	86	97	272
Depreciation	17	23	64
Depreciation lease assets	21	14	84
Amortization	10	12	62
EBIT	38	49	62
Net interest expense	-6	-5	-22
Interest expense lease liabilities	-5	-5	-20
Other financial items	5	-0	-7
Net financial items	-6	-11	-49
EBT	32	38	13
Taxes	10	9	-3
NET PROFIT	21	29	17
Net profit (loss) attributable to:			
Non-controlling interests	0,3	0,4	2,0
Equity holders of AKVA group ASA	21	29	15
Number of shares	33 156	33 306	33 156
Revenue growth	-11,7 %	44,6 %	19,3 %
EBITDA margin	11,4 %	11,4 %	8,8 %
EPS (NOK)	0,63	0,87	0,44

- Investment in subsidiaries accounted for by equity method YTD Q1 classified as other operating revenues of 2.1 MNOK

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

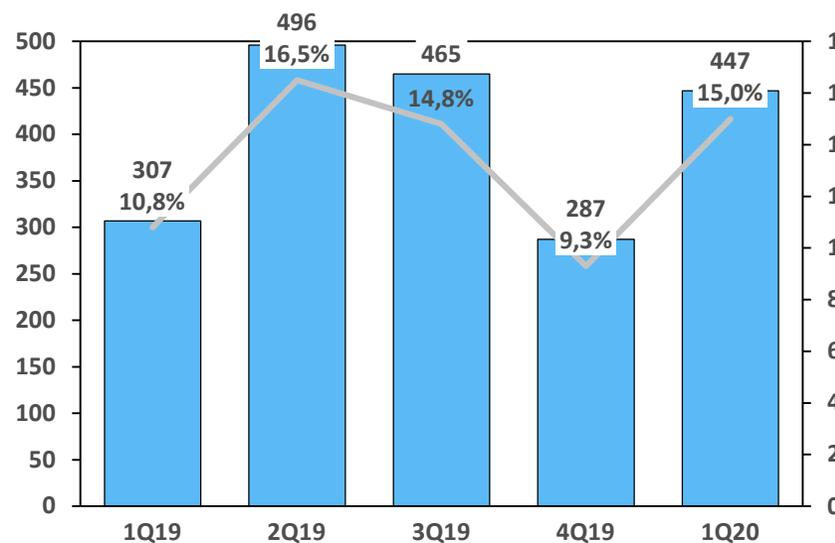
Group financial profile – remains strong

Available cash



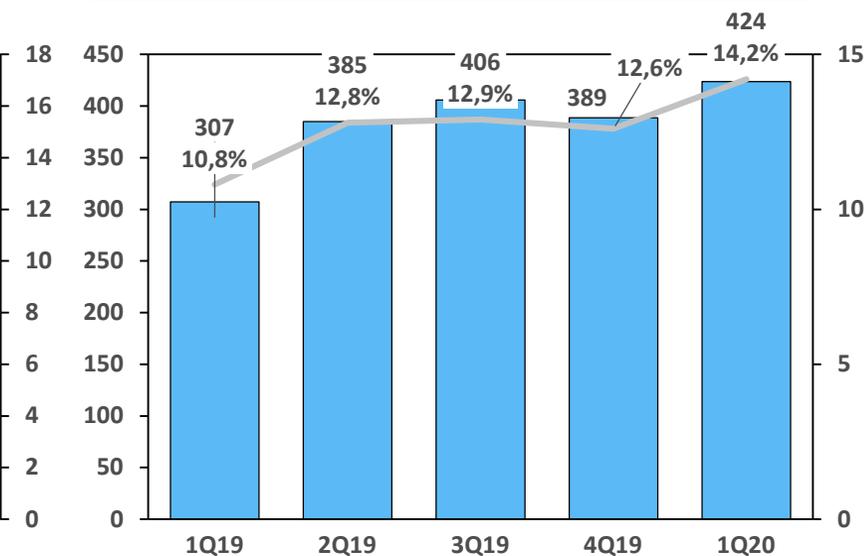
- Including 253 MNOK of a 300 MNOK credit facility in Danske Bank, as of Q1 2020
- 200 MNOK revolving credit facility fully utilized in Q1 2020

Working capital



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

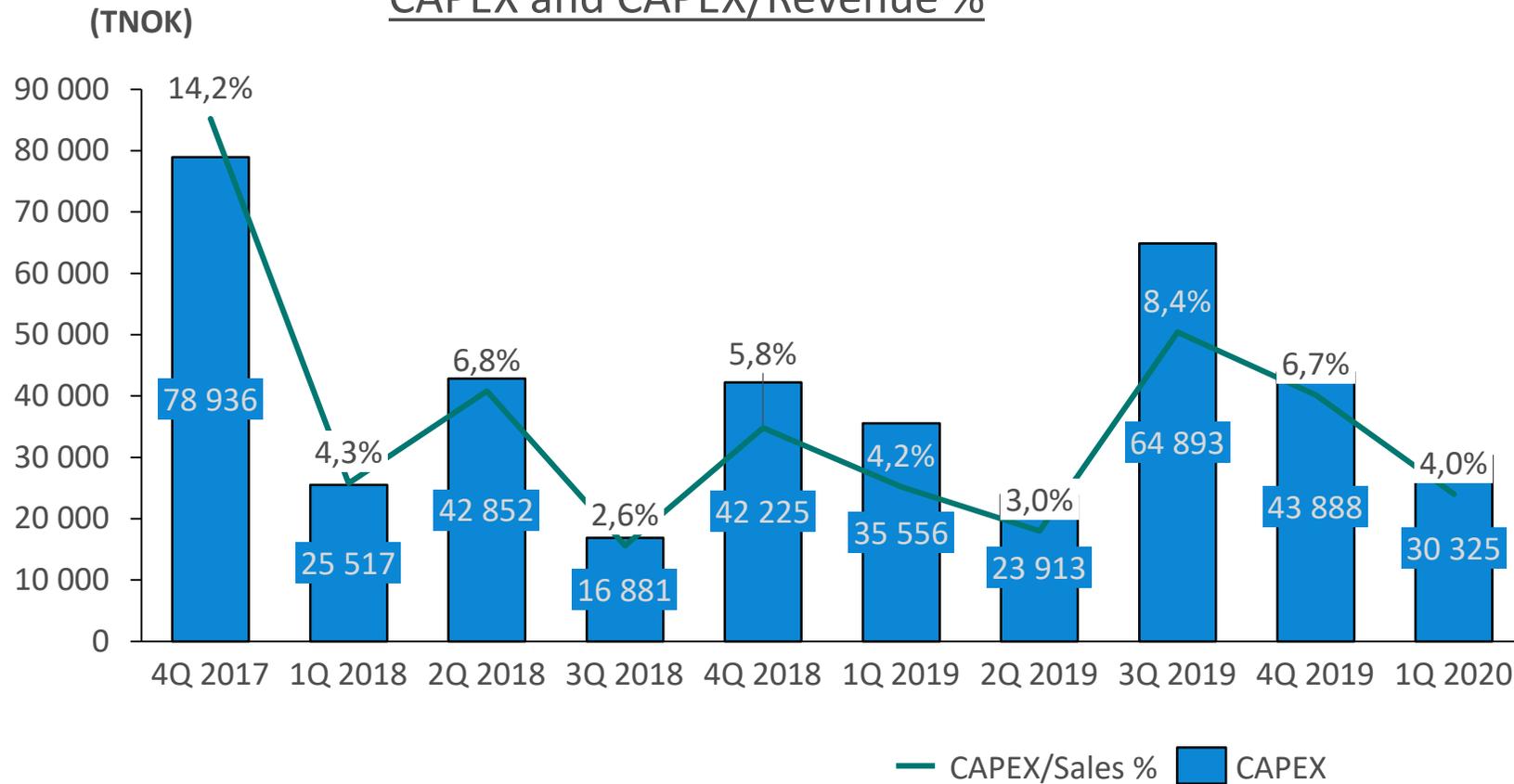
Average working capital



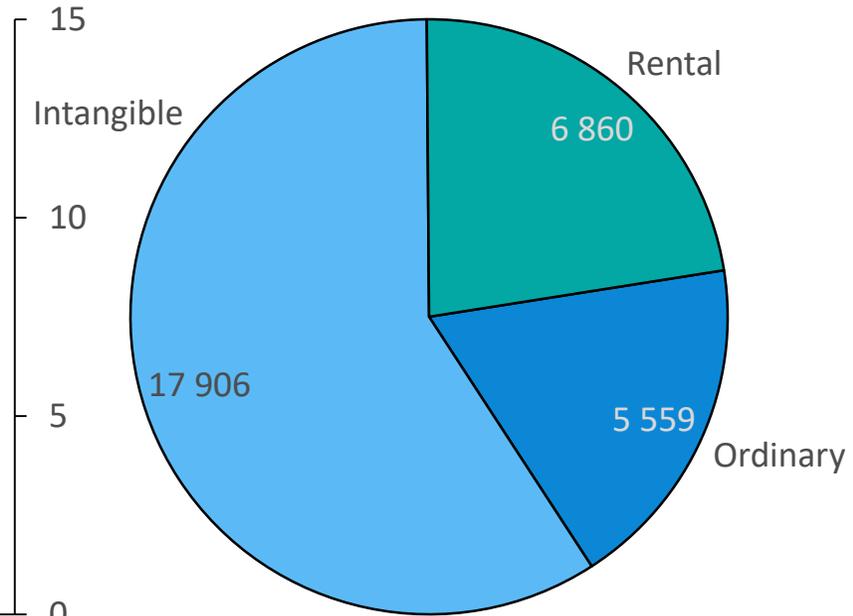
- The graph shows 12 months average working capital and average working capital relative to last twelve months revenue

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



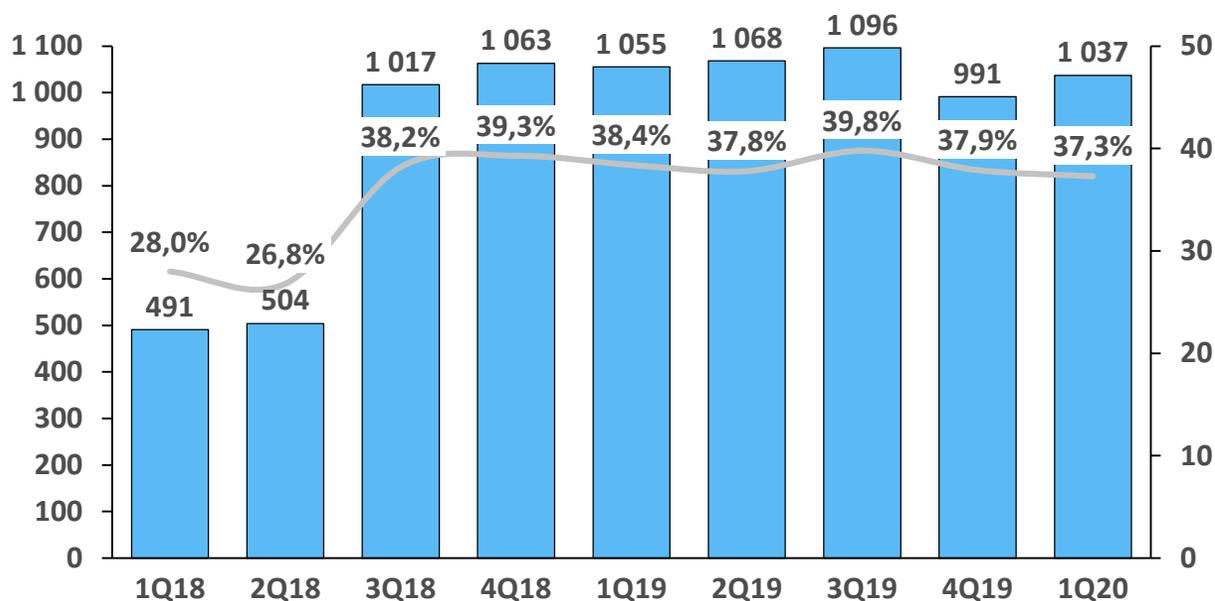
- Excluding IFRS 16 liabilities

Change in net interest bearing debt (TNOK)

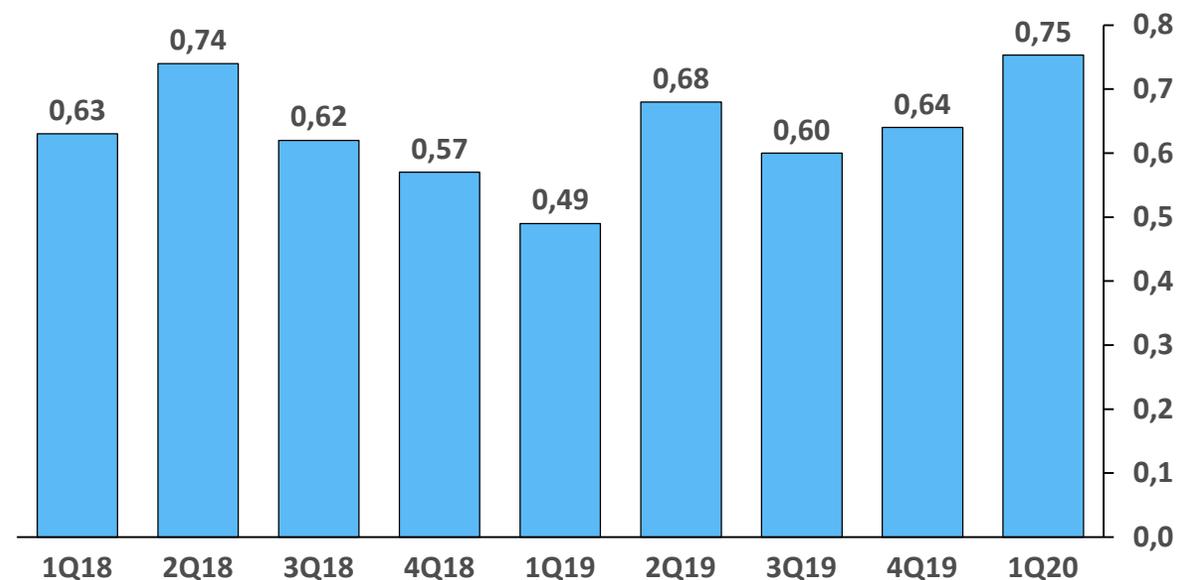
Net interest bearing debt 31.12.2019	631 567
EBITDA	-86 000
Income taxes paid	3 389
Net interest paid	11 080
Capex	30 325
Acquisitions	15 458
Long-term financial assets	9 818
Paid dividend	34 955
Sale of fixed assets	-129
Currency effects	-18 071
Other changes in working capital	147 119
<i>Net change</i>	147 945
Net interest bearing debt 31.03.2020	779 513

Group financial profile – remains strong, continued

Equity and Equity / Total Balance



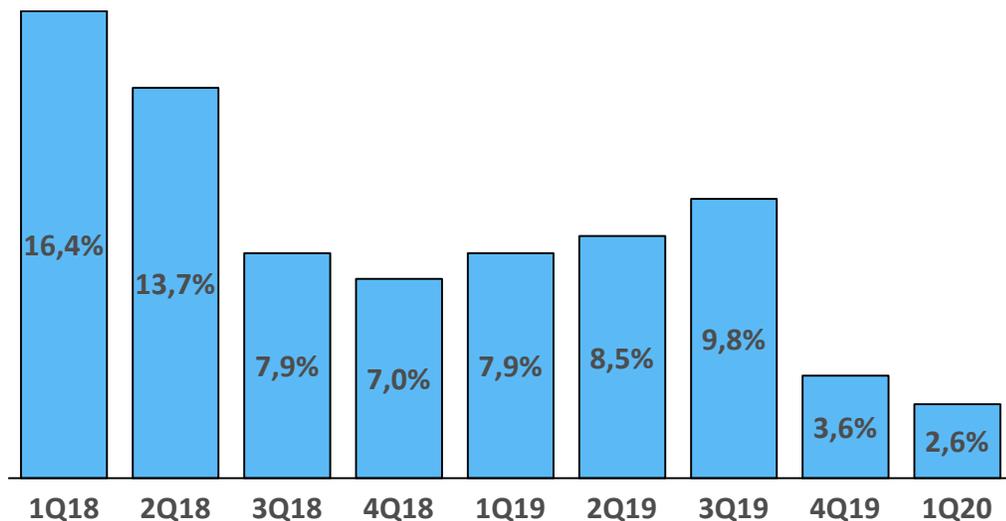
NIBD / Equity



- Total effect of IFRS 16 on the balance sheet end of March 2020 is 423 MNOK, negatively affecting the equity ratio when comparing to quarters before 2019. Not included in graph above
- Equity ratio would be 31,2% including IFRS 16 liabilities

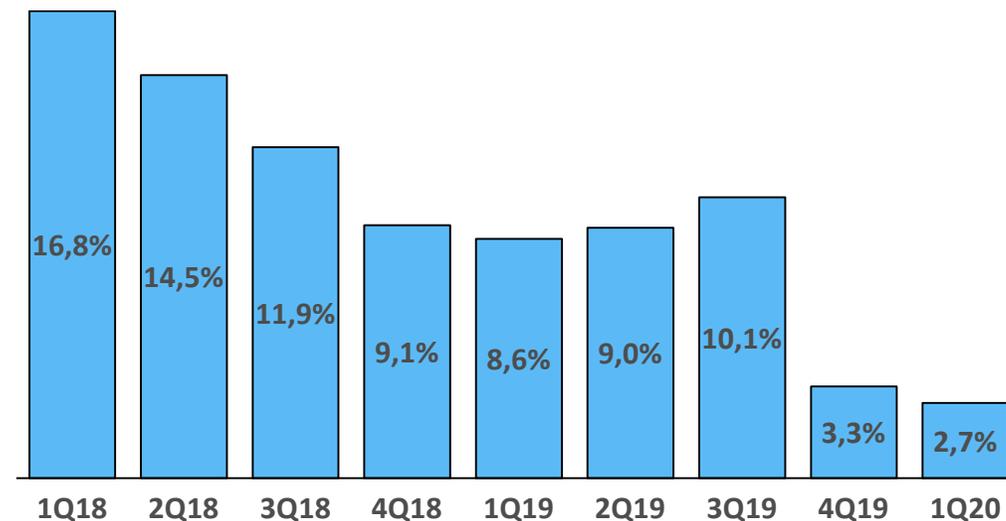
Group financial profile, continued

ROCE



- Exceptional items impacting Q4 ROCE
- 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 Q1	2019 Q1	2019 Total
Net cash flow from operations	76 484	78 950	180 153
Net cash flow from change in working capital	-147 119	57 145	30 616
Net cash flow from operational activities	-70 635	136 095	210 769
Net cash flow from investment activities	-55 474	-22 695	-140 099
Net cash flow from financial activities	108 270	-102 347	-65 868
Net change in cash and cash equivalents	-17 839	11 053	4 801
Net foreign exchange differences	12 357	-3 329	-664
Cash and cash equivalents at the beginning of the period	160 999	156 862	156 862
Cash and cash equivalents at the end of the period	155 517	164 587	160 999

Balance sheet

BALANCE SHEET	2020	2019	2019
(MNOK)	31.03	31.03	31.12

ASSETS	3 327	3 196	3 034
Intangible non-current assets	1 094	1 085	1 028
Tangible non-current assets	241	336	364
Financial non-current assets	85	74	75
IFRS 16 - RoU Asset	547	443	417
Inventory	573	455	514
Receivables	633	637	476
Cash and cash equivalents	156	165	161
LIABILITIES AND EQUITY	3 327	3 196	3 034
Equity	1 034	1 055	986
Minority interest	4	1	4
Long-term interest bearing debt	862	579	665
Short-term interest bearing debt	73	117	127
IFRS 16 - Lease Liability	423	446	425
Non-interest bearing liabilities	932	999	825

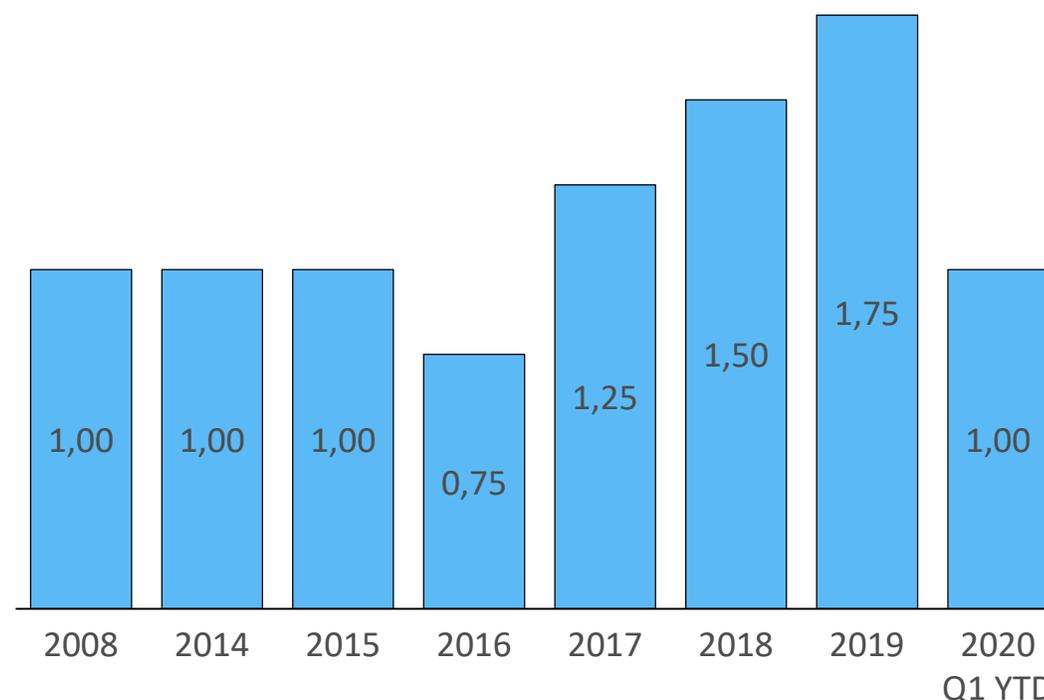


Dividend and dividend policy

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

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
899 058	2,7 %	VERDIPAPIRFONDET NORDEA KAPITAL		NOR
825 932	2,5 %	VERDIPAPIRFONDET ALFRED BERG GAMBA		NOR
659 231	2,0 %	VERDIPAPIRFONDET NORDEA AVKASTNING		NOR
435 740	1,3 %	VERDIPAPIRFONDET NORDEA NORGE PLUS		NOR
356 300	1,1 %	MP PENSJON PK		NOR
344 883	1,0 %	EQUINOR PENSJON		NOR
329 950	1,0 %	J.P. Morgan Bank Luxembourg S.A.	Nominee	LUX
300 000	0,9 %	J.P. Morgan Bank Luxembourg S.A.	Nominee	FIN
298 000	0,9 %	Norron Sicav - Select		LUX
177 883	0,5 %	AKVA GROUP ASA		NOR
150 000	0,4 %	DAHLE		NOR
110 214	0,3 %	VERDIPAPIRFONDET DNB SMB		NOR
100 000	0,3 %	UBS Europe SE	Nominee	LUX
100 000	0,3 %	ASKVIG AS		NOR
100 000	0,3 %	BERGEN KOMMUNALE PENSJONSKASSE		NOR
81 912	0,2 %	EQUINOR INSURANCE AS		NOR
81 401	0,2 %	NORSK LANDBRUKSKJEMI AS		NOR
31 146 502	93,4 %	20 largest shareholders		
2 187 801	6,6 %	Other		
33 334 303	100,0 %	Total number of shares as per 31.03.2020		

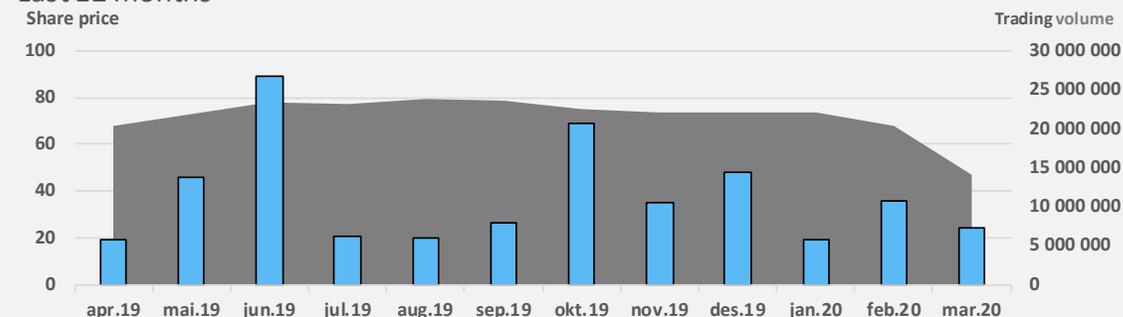
Origin of shareholders, 5 largest countries

No of shares	%	Origin	No of shareholders
26 338 237	79,0 %	Norway	823
3 915 920	11,7 %	Great Britain	17
1 281 470	3,8 %	Switzerland	5
758 500	2,3 %	Luxembourg	4
362 463	1,1 %	Finland	5
677 713	2,0 %	Other	68

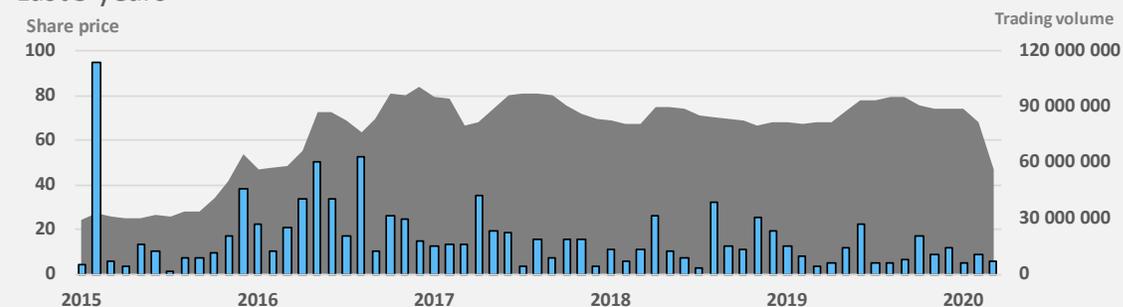
Total number of shareholders: 968 - from 28 different countries

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.
1 444
employees

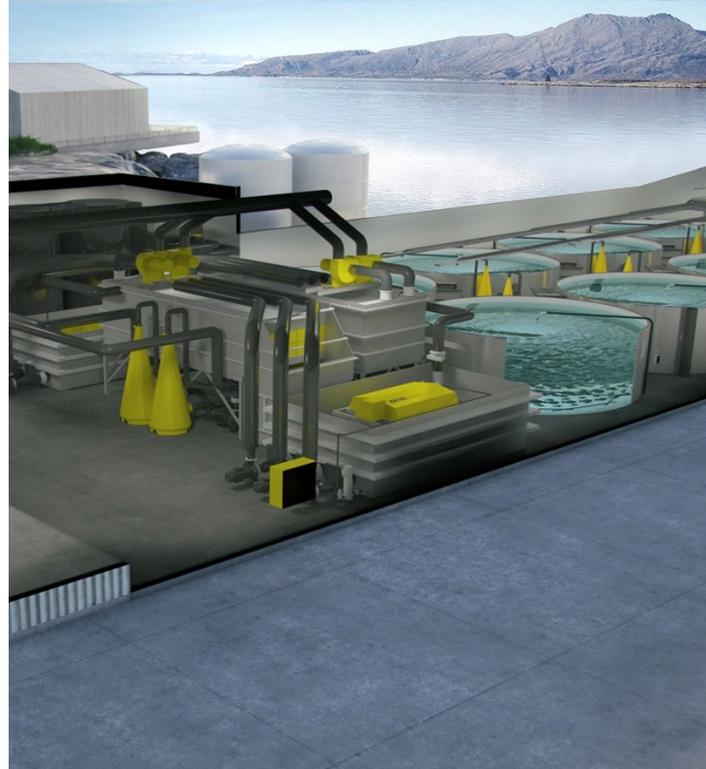


Solutions

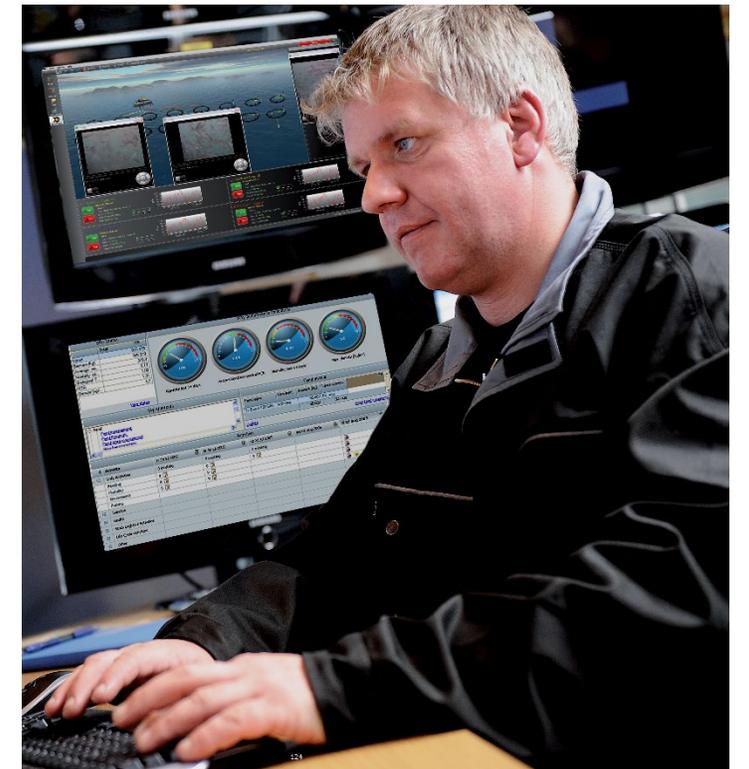
Cage Based Technology



Land Based Technology



Software



CAPEX Based Revenue

CAGE BASED TECHNOLOGY



LAND BASED TECHNOLOGY



SOFTWARE: Fishtalk
AKVAconnect
Support



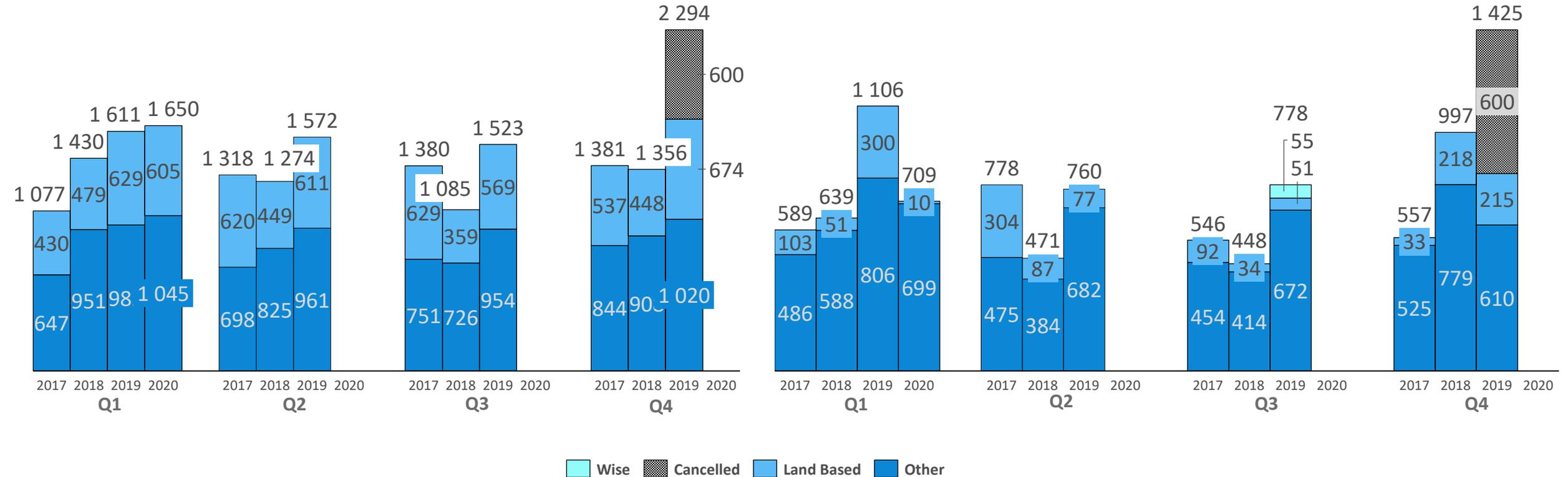
**MARINE SERVICES
& AFTER SALE
SERVICE:** Marine services
Rentals
After sale services

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 to be built in northern Norway (with partner), plans for additional station underway
- New generation tube net (preventive sea lice solution) launched, strong interest in the market and contract of 100 MNOK signed in April 2020
- Presence in eastern Canada, completed the purchase of 70% of the shares in Newfoundland Aqua Service Ltd in February
- Cost savings program initiated
- Maintained focus on full grow out RAS facilities within the Land Based segment, despite setback on China project
- Digitalization strategy making further progress with additional installations for Precision feeding – pipeline is growing



AKVA's input to Norwegian authorities

Norway should strengthen and evolve our natural comparative advantages in the aftermath of Covid-19 by granting new innovation permits for coastal farming. This will:

- Advance Norway's natural advantages and affirm the position as the technological leader of fish farming
- Help promote focus on sustainable fish farming with new innovative ways to design, build and operate
- Create activity and incentives for supplier industry and start-ups

CUSTOMER FOCUS
AQUACULTURE
∞ KNOWLEDGE
RELIABILITY
ENTHUSIASM!

