

# Eqva ASA

## Second quarter results 2023

25 August 2023



# Agenda

1. **Business update**
2. Operational and financial highlights
3. Outlook

## Enclosure

- Consolidated financial statements

# Q2 Highlights

Strong order book converting to higher revenues and increased margins

## Products, Solutions & Renewables

- **Significant volume increase** compared to previous year leads to increased profits
- **A strong quarter** with solid operational performance
- **Strong order book and outlook** for FY2023 going forwards into 2024
- **Signed letter of intent to acquire Kvinnherad Elektro**, to establish Eqva as a prominent and fully integrated system supplier within the piping, power and automation disciplines. Eqva and Kvinnherad Elektro combined will have yearly revenues at abt. NOK 1 billion and significant synergies going forwards.

## Maritime services

- **Launched strategic initiatives** to consolidate or divest our business – expected to be completed within the next 6 – 12 months
- **Hit by challenging market conditions** within service and maintenance market
- **Significant leads list** and pre-qualified for upcoming bids

## Q2 2023 key figures

(unaudited, amounts in mNOK)

Revenues YTD  
427 million

EBITDA YTD  
12.1 million

Order book  
30.06.2023  
441 million

Equity ratio  
43 %

# New contracts awarded

High activity on current projects

- **Products, Solutions & Renewables:**
  - Increased scope on existing customers like Boliden, Hydro and Aker Solutions
  - New contracts secured with key customers in process, offshore and land-based industries
  - Stable and high volumes on frame agreements with main customers
- **Maritime Services:**
  - Several smaller scale service and maintenance projects during the quarter



*One of the world's most climate-effective zinc plant to become even more climate-friendly, Odda*

# Sustainability is key to our continued growth

## Key ESG highlights

- ESG is integrated in corporate governance structures and industry strategies
- We work proactively with our customers in the transition process
- Eqva aims to be a frontrunner on ESG, and a strategic priority is to increase the quality of its sustainability reporting initiatives in 2023

### ESG activities in 2023

- Materiality assessment completed during Q2
- ESG work has started – report to be published on Eqva's web pages at the end of Q4
  - Full sustainability report will be made in reference to GRI recommendations



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# Strong operational performance

leading to solid results in challenging markets

## Q2 2023 Operational highlights

**Solid operational performance in Eqva** – mainly driven by volume increase in the Products, Solutions & Renewables segment.

- **Strong revenue growth and high activity** for Products, Solutions & Renewables on key strategic projects in Norway.
- **Promising orderbook development** – Eqva has a total orderbook of 441 MNOK per August 2023 (orderbook as of December 2022 was 345 MNOK). The order intake in 2023 has mainly been driven by BKS.
- **Maritime services** – strategic initiatives have been launched to consolidate or divest the business. Dialog is carried out with external parties. This process is expected to be completed within the next 6 – 12 months.
- Havyard Leirvik faced a market drop in the service- and maintenance market in Q2. To reduce the financial impact from activity drop, the yard carried out organizational- and cost cut initiatives. The refit of MF Vannes (Boreal) was completed in Q2.



# Becoming a prominent supplier within power and automation

Signed letter of intent to acquire Kvinnherad Elektro

Eqva will after the acquisition total ~240 dedicated employees within the power and automation segment – which accounted for approx. NOK 188 millions in 2022\* revenues.

## Issue a broad specter of deliveries

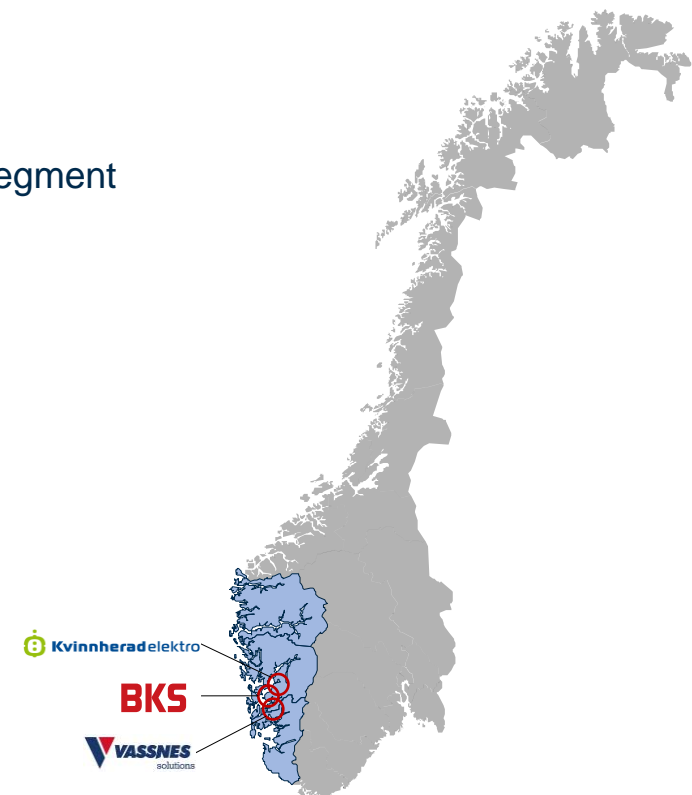
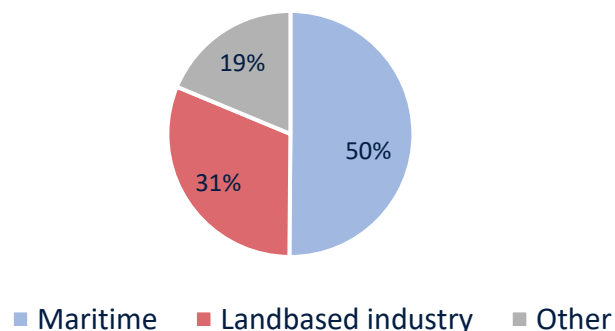
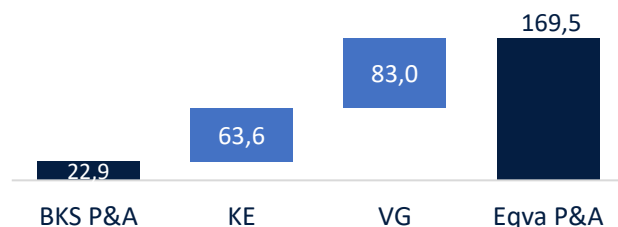
- Design of electrical installations
- Engineering / installation of electrical systems
- Installation of solar panels
- Instrumentation
- Staffing

## Well diversified power & automation portfolio

- BKS Power & Automation and Vassnes group have large, renown clients in the maritime sector
- All three companies deliver services to large customers in land-based industry
- Approximately half of Kvinnherad Elektro's projects are for smaller clients or households

## A strong orderbook

Total order book from 01.07.2023 of MNOK 169,5\*



Kvinnherad Elektro is located in Rosendal and Husnes, while Vassnes group is located in Ølen – both close to BKS's HQ location.

\*Subject to final audit

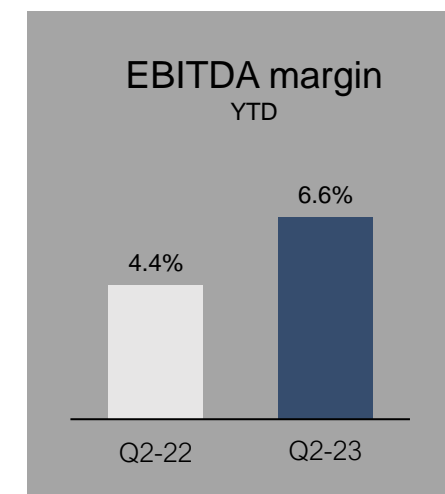
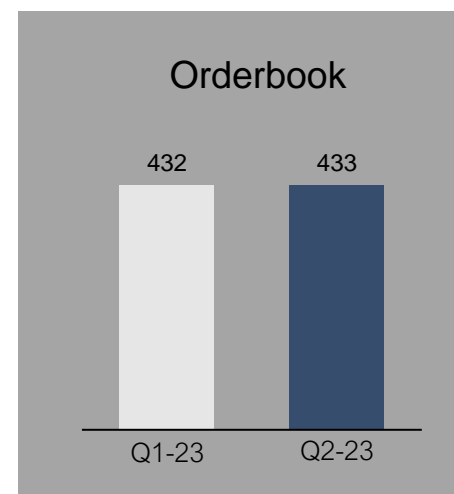
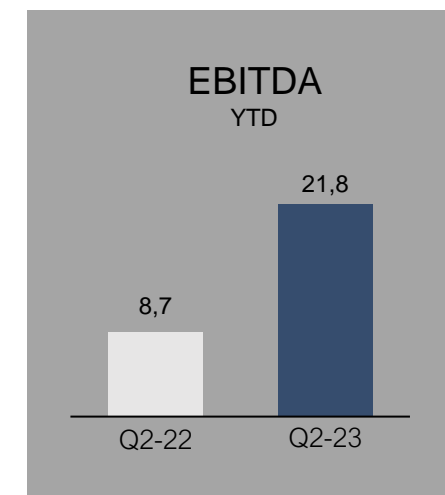
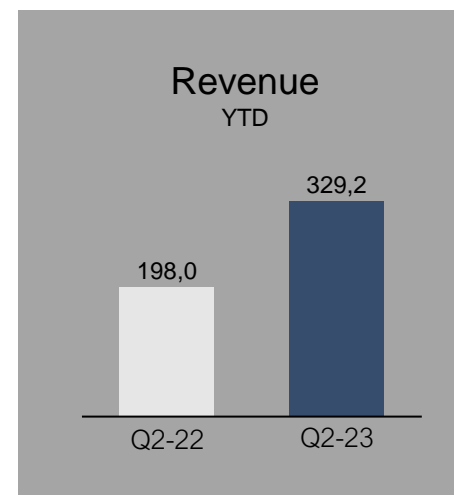
<b>BKS Power &amp; Automation (100 %)</b> NOK 42 millions	+	<b>Kvinnherad Elektro (100 %)</b> NOK 60 millions	+	<b>Vassnes group (51 %)</b> NOK 86 millions	=	<b>Eqva consolidated - Power &amp; Automation</b> NOK 188 millions in 2022* revenues
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# Products, Solutions & Renewables

Capitalising on strong order book – increasing volumes and margins

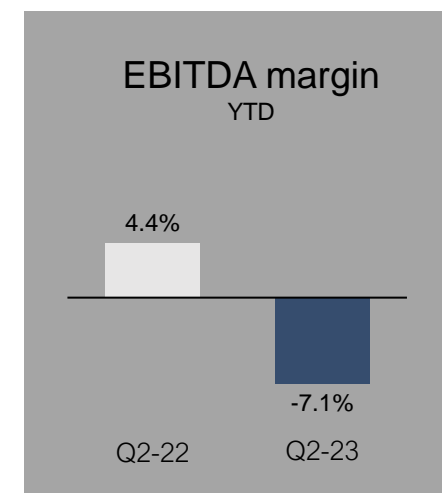
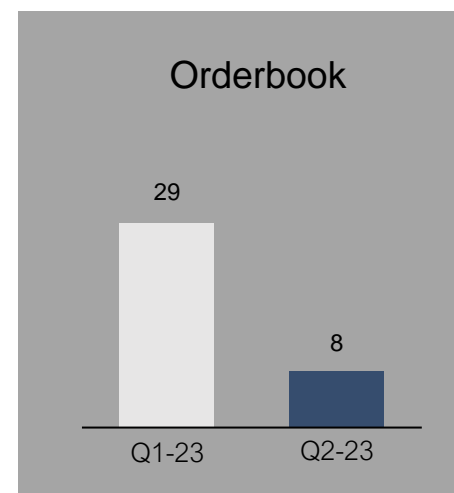
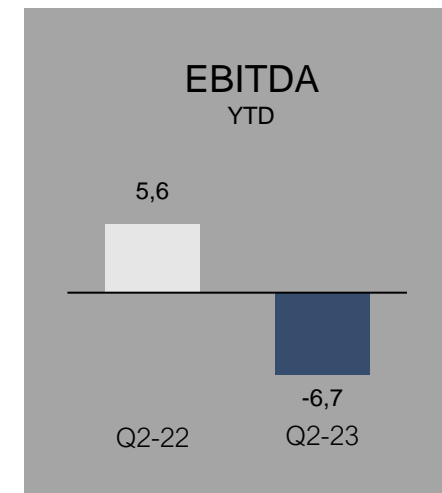
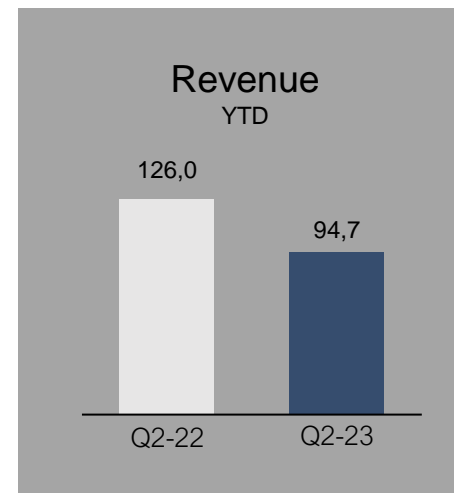
- **66 % revenue growth and 150 % EBITDA growth** in the segment compared to same period last year
- **Growth primarily driven by BKS** – increasing revenue growth and high activity levels on ongoing projects
  - Continued strong order intake and orderbook gives traction to sustain high activity level and further growth
  - Growth is capitalizing on current cost levels – significantly increasing profit margins
- **Fossberg Kraft** progress according to plan
  - Successfully finalized the construction and sale of Kvævebekken hydropower plant according to plan
  - Construction of Skjeggfoss plant progresses according to plan, while Haugsvær plant to start construction in Q3
  - In tender phase of new projects in hydro and solar power



# Maritime Services

Considering strategic alternatives due to challenging market conditions

- Current market conditions in service and maintenance are challenging, with low demand from ship owners
- Yard is well-positioned for upcoming projects with its diverse and broad service offering – several projects in the tender phase that are expected to bring in significant volumes late 2023 and 2024
- Eqva taking action to reduce exposure towards Maritime Services due to the challenging market conditions and lower than expected activity levels
  - Ongoing processes with concrete strategic alternatives to consolidate or divest Maritime Services division – expected to be completed within the next 6 – 12 months



# Segment overview

Key financial figures YTD Q2 2023

- Products, Solutions & Renewables delivers a strong quarter and first half of the year
  - 6.6 % EBITDA margin for the segment
- EBITDA margin for Eqva at 2.9 % due to negative impact from Maritime Services.
- EBITDA margin (pro-forma) Eqva ex. Maritime Services is 4.9%

NOK million	Products, solutions & renewables	Maritime Services	Other/elim.	Eqva group	Eqva group without Maritime Services*
<b>Revenues</b>	<b>329.2</b>	<b>94.7</b>	<b>3.4</b>	<b>427.4</b>	<b>330.0</b>
Materials and consumables	136.0	58.3	-	194.3	136.0
Payroll expenses	134.3	31.5	3.7	169.5	138.0
Other opex	35.8	11.7	2.7	51.5	39.8
<b>EBITDA</b>	<b>21.8</b>	<b>-6.7</b>	<b>-3.0</b>	<b>12.1</b>	<b>16.2</b>

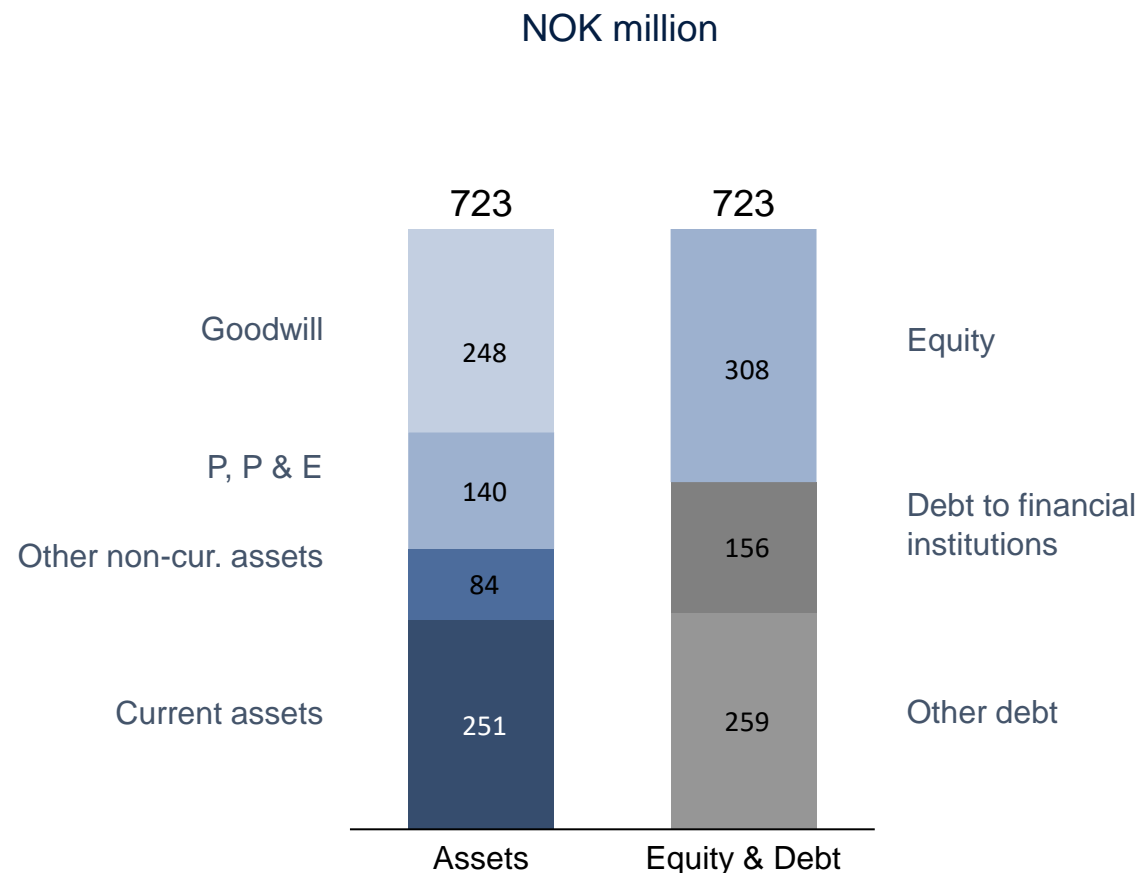
\*Pro-forma



# Solid financial position

Balance sheet as of 30 June 2023

- Equity ratio of 43 per cent at the end of Q2
- Net interest-bearing debt was NOK 116 million
- Cash position of NOK 42 million as at Q2
- Repaid NOK 7 million loans during Q2 according to ordinary schedules
- Strong cash generation expected in Q4 2023



# Orderbook remains solid

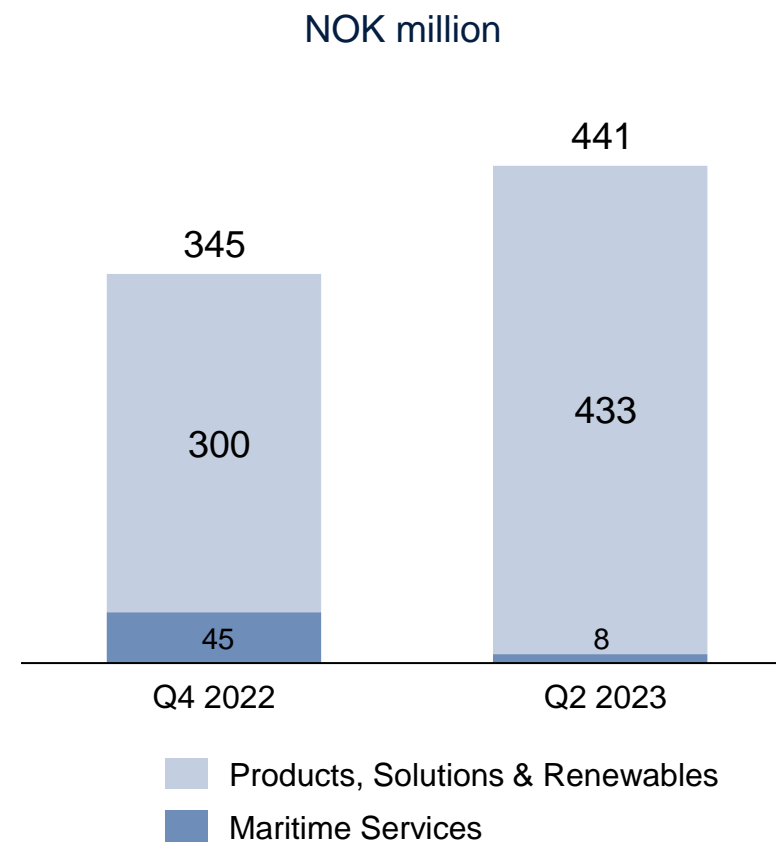
Supports continued optimistic outlook in turbulent market sentiment

- **Products, Solutions & Renewables**

- **BKS** orderbook at NOK 416 million
- **Fossberg Kraft** orderbook for execution in 2023 at NOK 17 million

- **Maritime Services**

- Orderbook at NOK 8 million
- Shorter horizons for Maritime Service segment, typical for this type of business



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# 2023 Outlook

Reiterate full year guidance

Financial guidance for 2023 as of Q2 2023

FY'2023 revenue (million)

**650-750**

FY'2023 EBITDA margin

**4-7%**

Long-term EBITDA margin target for the group at 7-9 per cent

# Concluding remarks

Solid first half of the year

- **Firm order book and order intake** supports reiteration of Eqva's FY2023 revenue guidance
- **Strong orderbook bodes well for 2023**, expected to sustain high activity, particularly for Products, Services & Renewables
- **Signed letter of intent to acquire Kvinnherad Elektro**, which establishes Eqva as a prominent and fully integrated system supplier within the piping, power and automation disciplines
- **Weaker market sentiment in maritime sector in Norway** impacts short-term demand for Maritime Services. Ongoing processes with concrete strategic alternatives for the Maritime Services division – expected to be completed within the next 6 – 12 months.
- **Well-positioned for long-term value creation** by scaling our benefits as a group, while also maintaining local ownership and nurturing company independence/autonomy
- **We are proactively pursuing M&A opportunities** and have identified various high-potential companies along the coast for value creation



| Thank you



Please direct any questions to [eirik.saevareid@eqva.no](mailto:eirik.saevareid@eqva.no)

# Consolidated statement of profit and loss

Q2 2023

(NOK 1,000)	Note	2023 YTD Unaudited	2022 YTD Unaudited	2022 Audited
Revenues	3,4	424 386	128 976	456 431
Other operating revenues		3 002	339	2 562
<b>Operating income</b>	<b>3,4</b>	<b>427 388</b>	<b>129 315</b>	<b>458 994</b>
Materials and consumables		194 268	84 132	228 756
Payroll expenses		170 889	35 851	172 360
Other operating expenses		50 142	15 937	67 219
<b>Operating expenses</b>		<b>415 300</b>	<b>135 920</b>	<b>468 335</b>
<b>Operating profit/loss before depreciation and amortisation (EBITDA)</b>	<b>3</b>	<b>12 088</b>	<b>-6 605</b>	<b>-9 342</b>
Impairment of non-current assets		0	0	0
Depreciation		6 732	1 540	9 860
<b>Operating profit/loss (EBIT)</b>	<b>3</b>	<b>5 357</b>	<b>-8 145</b>	<b>-19 202</b>
Financial income	3,5	356	609	4 138
Financial expenses	3,5	-3 262	-7 070	-21 045
Share of profit/loss of associate	3	-4 823	-3 003	668
<b>Profit / loss before tax</b>	<b>3</b>	<b>-2 372</b>	<b>-17 609</b>	<b>-35 441</b>
Income tax expense	7	0	-16 781	-15 796
<b>Profit from continued operations</b>	<b>3</b>	<b>-2 372</b>	<b>-828</b>	<b>-19 647</b>
<b>Profit from discontinued operation</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Profit for the period</b>	<b>3</b>	<b>-2 372</b>	<b>-828</b>	<b>-19 647</b>
<b>Attributable to :</b>				
Equity holders of parent		-2 372	-828	-21 410
Non-controlling interest		0	0	1 763
<b>Total</b>		<b>-2 372</b>	<b>-828</b>	<b>-19 647</b>

Share of profit/loss of associate: Main reason for negative figure is (unrealized) agio loss in the underlying investment.

	2023 YTD Unaudited	2022 YTD Unaudited	2022 Audited
Earnings per share (NOK)	-0,03	-0,01	-0,30
Diluted earnings per share (NOK)	-0,03	-0,01	-0,30
<b>Earnings from continued operations</b>			
Earnings per share (NOK)	-0,03	-0,01	-0,30
Diluted earnings per share (NOK)	-0,03	-0,01	-0,30

# Consolidated statement of financial position

30 June 2023

ASSETS	Note	2023 YTD Unaudited	2022 Audited
<b>Non-current assets</b>			
Deferred tax benefit		0	0
Goodwill		248 260	248 260
Licenses, patents and R&D		32 982	32 208
Property, plant and equipments		140 298	128 927
Right of use assets	10	10 193	10 933
Investment in associates		20 406	25 544
Loan to associates		9 040	4 840
Investment in financial assets	6	3 000	16 163
Other non-current receivables		13 328	2 648
<b>Total non-current assets</b>		<b>477 507</b>	<b>469 523</b>
<b>Current Assets</b>			
Inventory		10 361	13 681
Accounts receivables		123 053	90 955
Other current receivables		33 689	25 552
Contract assets customer contracts		36 856	51 537
Cash and cash equivalents		42 309	61 117
<b>Total current assets</b>		<b>246 269</b>	<b>242 843</b>
<b>TOTAL ASSETS</b>		<b>723 777</b>	<b>712 366</b>

EQUITY AND LIABILITIES	Note	2023 YTD Unaudited	2022 Audited
<b>Equity</b>			
Share capital	8	3 599	3 599
Share premium reserve		195 175	195 175
Treasury shares	8	-35	-16
Retained earnings		105 147	109 991
Non-controlling interests		4 611	3 387
<b>Total equity</b>		<b>308 498</b>	<b>312 136</b>
<b>Non-current liabilities</b>			
Deferred tax liability	7	1 759	0
Lease liabilities	9,10	8 584	9 624
Loans and borrowings	9	118 142	152 868
Other long-term liabilities	9	37 638	41 474
<b>Total non-current liabilities</b>		<b>166 123</b>	<b>203 967</b>
<b>Current liabilities</b>			
Accounts payables		99 226	56 147
Tax payables	7	130	1 360
Public duties payables		52 990	37 524
Loans and borrowings, current	9	27 931	22 498
Contract liabilities		0	861
Lease liabilities	9,10	1 444	1 619
Other current liabilities		67 434	76 255
<b>Total current liabilities</b>		<b>249 155</b>	<b>196 263</b>
<b>Total liabilities</b>		<b>415 279</b>	<b>400 230</b>
<b>TOTAL EQUITY AND</b>		<b>723 777</b>	<b>712 366</b>