

HAVgroup

# HAV GROUP ASA

Third quarter 2022

PRESENTERS:

Gunnar Larsen  
CEO

Pål Aurvåg  
CFO



A SUSTAINABLE FUTURE AT SEA

# AGENDA

1. Q3 highlights
2. HAV Group ASA in brief
3. Subsidiaries and market opportunity
4. Financials
5. Market outlook
6. Q&A



# Q3 HIGHLIGHTS



# Q3 HIGHLIGHTS

## Key developments Q3 22

- Approval documentation for the deck-based containerized hydrogen (H2) energy system for ships is submitted to DNV for approval in principle
- HAV Group terminated intent to acquire Høglund Marine Solutions.
- HAV Group hires head of R&D

## Milestones so far in 2022

- HAV Hydrogen is set to launch a deck-based containerized hydrogen (H2) energy system for ships in order to fast-track the commercial use of hydrogen as ship fuel
- USCG approval for Norwegian Greentech's Ballast Water Treatment System (BWTS)
- Norwegian Electric Systems (NES) signs its largest contract ever – approximate contract size of NOK 100 million
- NES establishes new company in Turkey
- Scandlines orders onshore ferry charging system from NES

REVENUES  
**NOK 137 MILLION**

EXTERNAL BACKLOG  
**NOK 481 MILLION**

EBIT  
**NOK 1 MILLION**

NUMBER OF SHAREHOLDERS  
**4 167**

CASH FROM OPERATIONS  
**NOK - 52 MILLION**

MARKET CAP AS OF 28 NOVEMBER  
**NOK 386 MILLION**

CASH BALANCE  
**NOK 258 MILLION**

# HAV GROUP ASA IN BRIEF



## A Sustainable Future at Sea



## HAV GROUP ASA



International provider of sustainable marine and maritime technologies and services



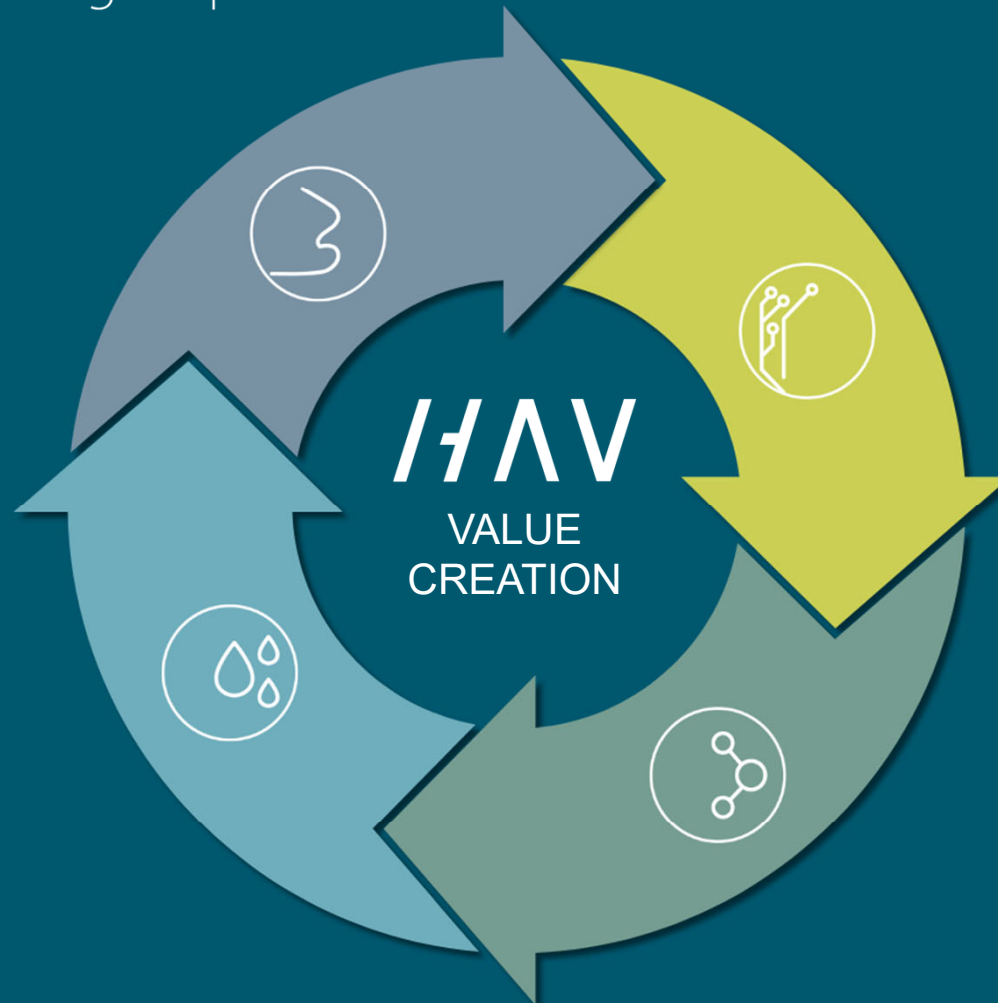
Vision:  
A Sustainable Future at Sea



Comprises four subsidiaries with several decades of combined industry experience



Special expertise in guiding the marine and maritime industries towards zero emissions



## HAV GROUP VALUE CREATION

### STRATEGIC DEVELOPMENT

Actively taking part in the companies' strategic development

### BUSINESS DEVELOPMENT / R&D PROCESSES

Stimulating intercompany business development and R&D processes

### SYNERGIES

Extracting synergies through economies of scale, standardization of processes and systems

### VALUE & GROWTH

Pursuing value accretive growth – organic and through consolidation

# EXPERIENCED MANAGEMENT TEAM

## Executive management

our group



**Gunnar Larsen**  
CEO, HAV Group

34 years of industry experience  
13 years with HAV



**Pål Aurvåg**  
CFO, HAV Group

16 years of industry experience  
6 years with HAV



**Frank-Levi Kvalsund**  
Senior VP HR/QHSE, HAV Group

22 years of industry experience  
10 years with HAV



**Marius Koksvik**  
VP Business Development, HAV Group

8 years of industry experience  
Started with HAV in 2021



**Stig Magne Espeseth**  
Managing Director, HAV Design

32 years of industry experience  
16 years with HAV Design



**Kristian Osnes**  
Managing Director, HAV Hydrogen

10 years of industry experience  
3 years with HAV



**Håvard Gjelseth**  
Managing Director, Norwegian Greentech

25 years of industry experience  
10 years with NGT



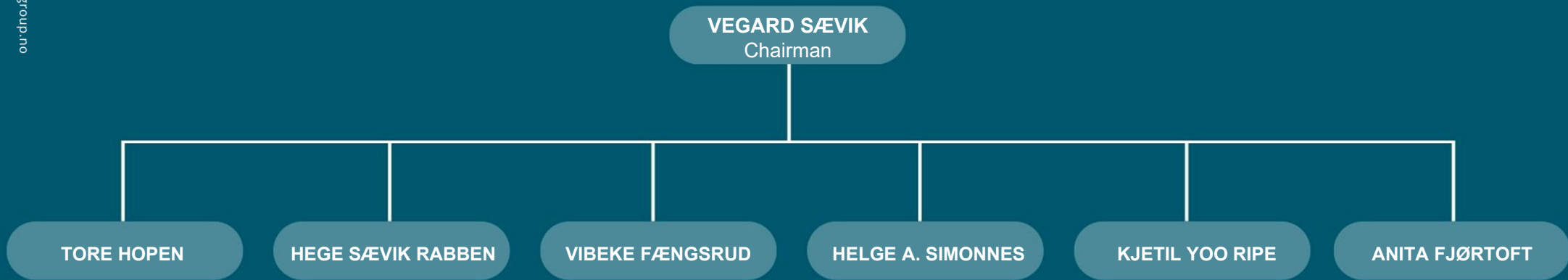
**Karsten Sævik**  
Managing Director, Norwegian Electric Systems

34 years of industry experience  
2 years with HAV



# BOARD OF DIRECTORS

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# SUBSIDIARIES & MARKET OPPORTUNITY



## SIMULATION BASED SHIP DESIGN

- Through a digital tool-kit, knowledge and innovation HAV Design offers environmentally friendly, safe and functional designs
- Sold designs for more than 120 vessels globally
- Designed 18 zero emission vessel designs and 11 vessel designs for renewable energy
- Leading positions within offshore wind, electric ferries and aquaculture
- Recent projects include windmill SOVs for ESVAGT, CSV for REM Offshore, electric ferries for Fjord1, hybrid-electric hydrogen-ready cruise vessels for Havila Kystruten, live fish carriers for Frøy and Greenland-based cargo vessels for Royal Arctic Line

### SEGMENT INFORMATION

NOKm	Q3 2022	Q3 2021	2021
Operating income	61.8	58.8	627.1
EBIT	2.1	22.5	80.8
Profit before tax	-1.9	23.2	84.7

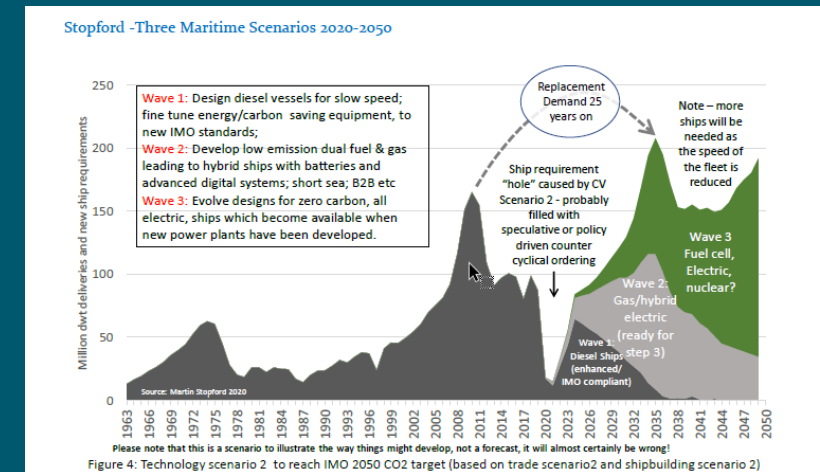
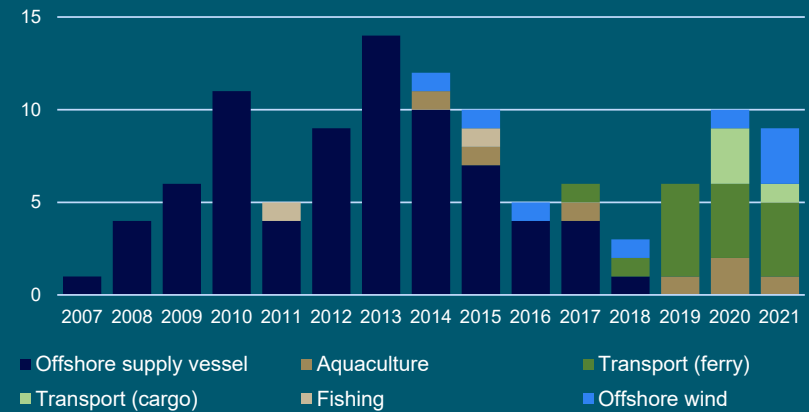


A SUSTAINABLE FUTURE AT SEA

## Positioned for further growth

HAV Design has developed its unique design philosophy and design process through years of experience, R&D investments and collaboration with leading ship owners.

- proprietary methods for configuration, simulation and model testing
- enabling strong ability to predict and document real life performance of the vessel
- established position within growth segments
- well-positioned for the further development within low and zero emission vessels within several segments




## YOUR EXPERT IN BWTS

- Norwegian Greentech (NGT) was established in 2010 and designs, delivers, installs and services highly energy-efficient compact ballast water treatment systems (BWTS)
- The in-house developed BWTS is particularly suited for retrofits due to its small size, flexible installation and low energy consumptions
- NGT has already secured fleet agreements for delivery of BWTS with several major international ship owners
- Typical revenue potential of NOK 0.5 – 2 million per vessel
- Large potential for aftermarket revenue due to increasing number and age of installed units
- NGT also deliver water treatment solutions for land-based aquaculture (control system, particle filters and UV-sterilization)
- NGT's BWTS is certified in accordance with IMO and USCG

### SEGMENT INFORMATION

NOKm	Q3 2022	Q3 2021	2021
Operating income	40.0	47.5	167.5
EBIT	4.1	3.4	14.4
Profit before tax	5.4	2.7	11.9



norwegian  
greentech



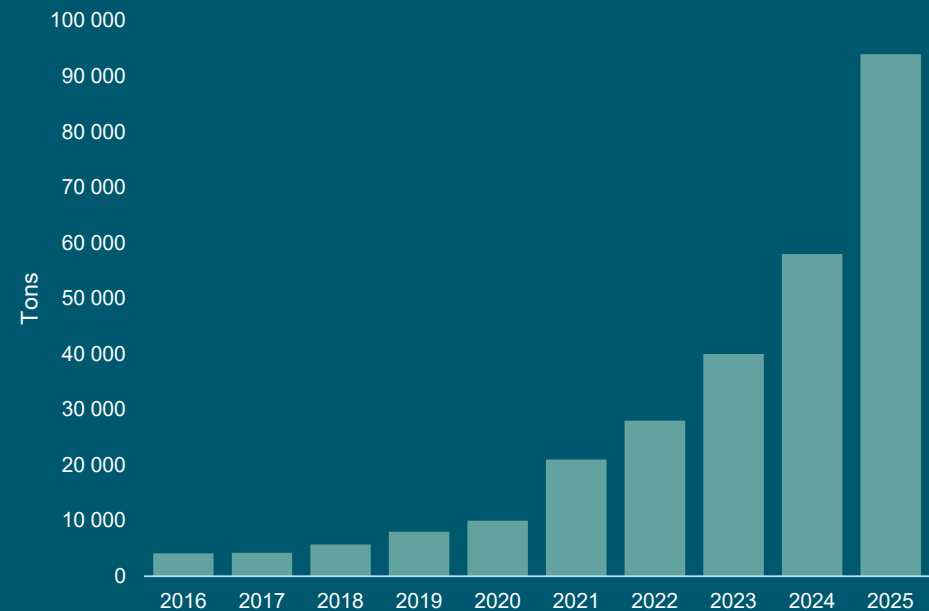
Passion for CLEAN WATER

## Water cleaning technology to be applied over a range of industries

### HIGH DEMAND FOR LAND-BASED SALMON

- NGT has supplied water treatment solutions for live fish carriers for more than 15 aquaculture projects
- Land-based salmon is set for stellar growth:
  - about 100 000 annual tons of land-based volumes expected by 2025
  - potentially multiplying by 3x-7x by 2030
- Water treatment systems are an essential part of land-based fish farming facilities
- NGT is positioned to take part in the massive expected growth in land-based fish farming
- NGT's technology is also applicable for the growing demand for treatment of public drinking water and wastewater facilities

### LAND-BASED FISH FARMING EXPECTED TO GROW 10X BY 2025



## GREEN INNOVATION FOR THE OCEANS

- Norwegian Electric Systems (NES) is a leading supplier of low and zero emission energy, propulsion and control systems for a wide range of vessels
- Designing optimal propulsion, energy and control systems to ensure efficiency and safety by smart and easy operation
- The preferred supplier of product and system solutions “from bridge to propeller”
- A leading supplier of maritime technology for digitalization and “the green shift”

### SEGMENT INFORMATION

NOKm	Q3 2022	Q3 2021	2021
Operating income	50.6	31.9	226.8
EBIT	-1.9	-9.5	2.4
Profit before tax	1.6	-9.0	0.9



**+ 100**  
Zero & low  
emission projects



**+ 100 MWh**  
of installed  
batteries



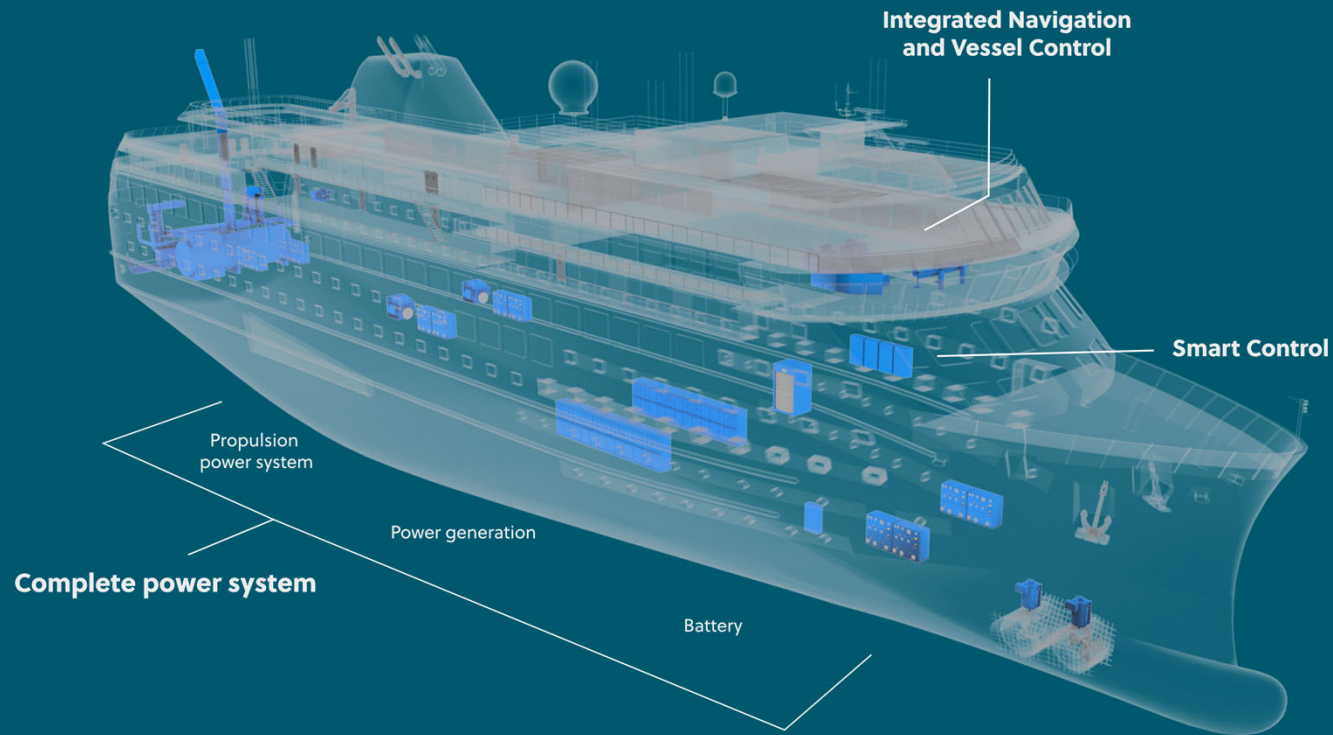
**3 Key drivers**  
Safety  
Efficiency  
Environment



Energy Design & Smart Control

## The one-stop shop to meet future IMO targets

- NES' fully integrated solutions enabling customers to meet greenhouse gas emission targets
- Emission reduction by **energy optimizing** and **digitization**





## Developing rapidly to meet the emerging hydrogen market

### APPROVAL

Approval documentation for the deck-based containerized hydrogen (H2) energy system for ships is submitted to DNV for approval in principle.

The approval process for the H2-system developed for the FreeCo2ast project will be used as a base case for further approval work.

HAV Group ASA has been granted Preliminary Approval for the hydrogen-based energy system developed in the FreeCo2ast project. The approval is a major step towards the commercial use of hydrogen fuel by a commercial vessel.

### PRODUCT DEVELOPMENT

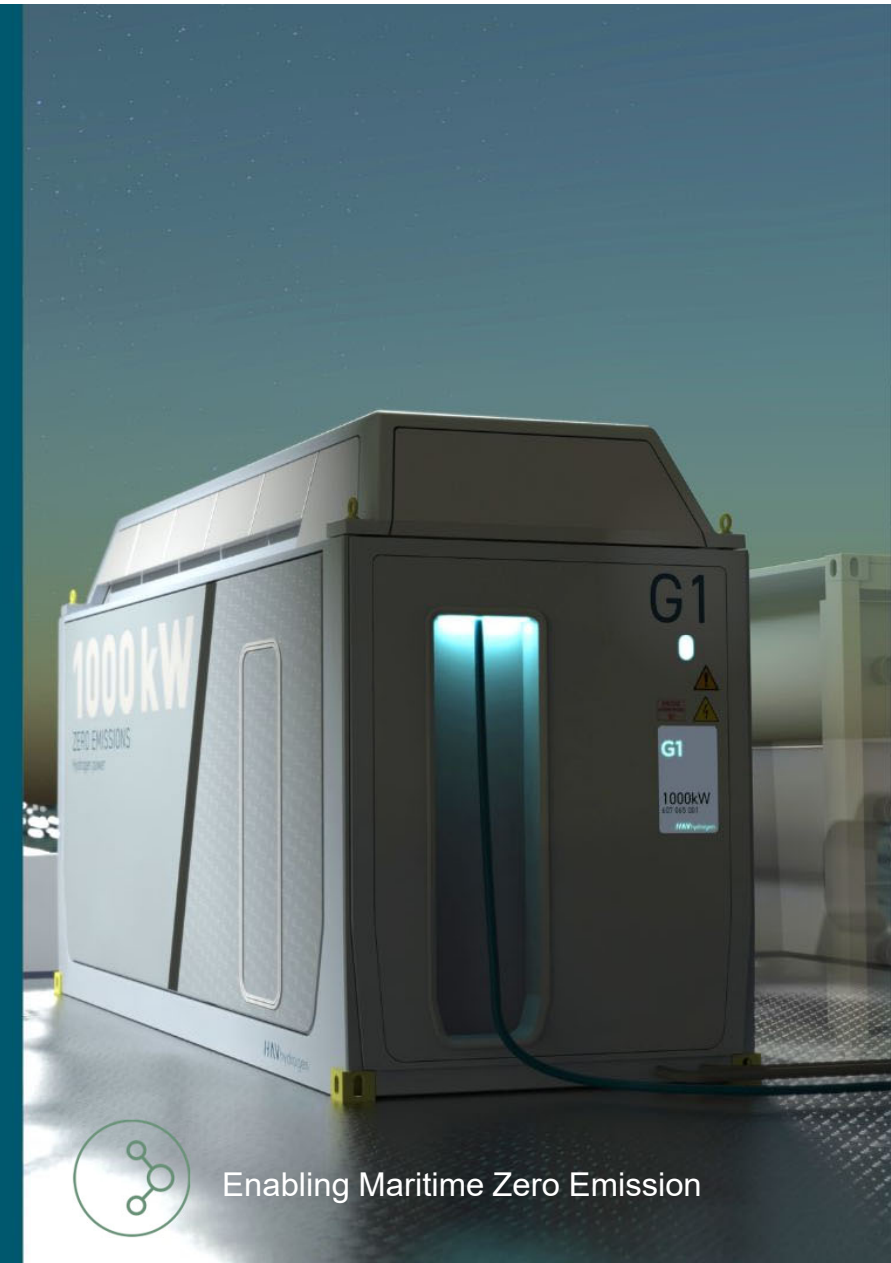
The first complete integrated fuel cell system modules are developed and quoted to clients.

HAV Hydrogen is set to launch a deck-based containerized hydrogen (H2) energy system for ships in order to fast-track commercial use of hydrogen as ship fuel.

### ORGANIZATIONAL DEVELOPMENT

Novel technology development requires thriving knowledge organizations.

HHY is expanding the organization gaining more expertise and will continue the successful cooperation with research institutions and the other competence hubs within the group.

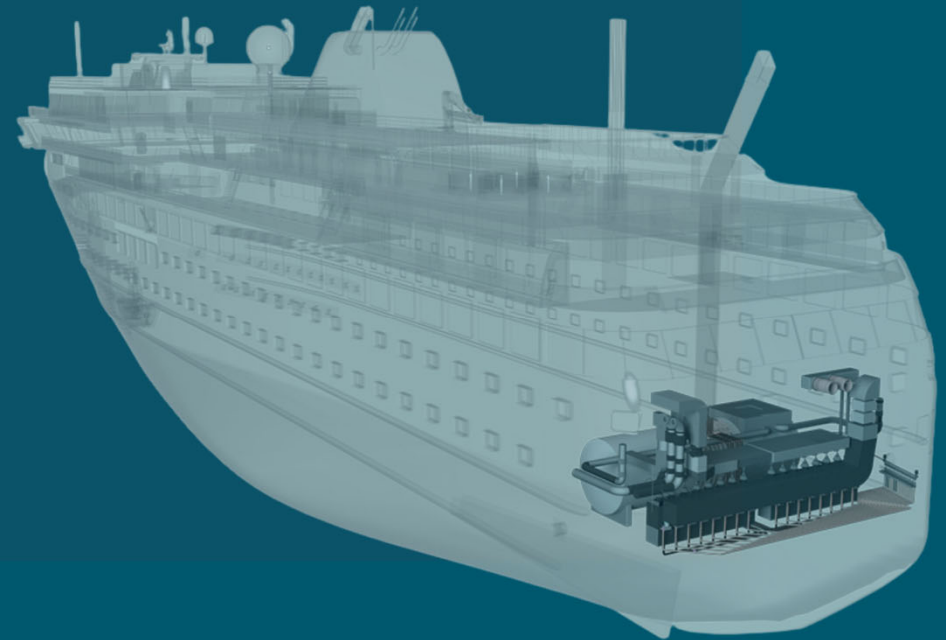


Enabling Maritime Zero Emission

## The world needs significant emission reduction

HAV Hydrogen in pole position to take part in upcoming hydrogen projects:

- offering risk reduction through significant R&D experience, approval expertise and turnkey system solutions
- established partnerships with industry majors
- efficient processes for reusing design and approval documentation, offensive R&D strategy and work systematically with sourcing
- the government aiming to facilitate emission free solutions along the Norwegian coast
- EU Green deal initiatives will stimulate zero-emission demand



# FINANCIALS



## Key financials (unaudited)

NOKm	Q3 2022	Q3 2021	2021
<b>Operating income</b>	<b>137</b>	<b>81</b>	<b>917</b>
EBITDA	5	14	108
EBIT	1	11	91
Net finance	0	0	-3
<b>Net profit</b>	<b>1</b>	<b>11</b>	<b>88</b>
<i>EBIT margin</i>	<i>0.6 %</i>	<i>13.4 %</i>	<i>10 %</i>

## Comments

- Operating income in Q3 is higher due to more trading deliveries
- Low margins due to lower capacity utilization
- EBIT margin 0.6% for the quarter

## Q3 2022 balance sheet

NOKm	Q3 2022	Q3 2021	2021
	unaudited	unaudited	audited
<b>Assets</b>			
<b>Non-current assets</b>			
Total intangible assets	75.7	86.3	82.7
<b>Fixed assets</b>			
Total tangible fixed assets	4.7	3.4	3.4
Financial fixed assets	2.2	0.2	0.1
<b>Total fixed assets</b>	<b>82.7</b>	<b>89.8</b>	<b>86.3</b>
<b>Current assets</b>			
Total receivables	153.8	190.5	126.4
Cash and bank deposit	257.5	404.5	375.9
<b>Total current assets</b>	<b>411.3</b>	<b>594.9</b>	<b>502.3</b>
<b>Total assets</b>	<b>493.9</b>	<b>684.8</b>	<b>588.5</b>

NOKm	Q3 2022	Q3 2021	2021
	unaudited	unaudited	audited
<b>Equity and liabilities</b>			
<b>Equity</b>			
<b>Total equity</b>	<b>135.1</b>	<b>134.7</b>	<b>152,5</b>
<b>Liabilities</b>			
<b>Total provision for liabilities</b>	<b>6.0</b>	<b>0.6</b>	<b>7.3</b>
<b>Total long term liabilities</b>	<b>57.5</b>	<b>71.1</b>	<b>74.0</b>
<b>Total current liabilities</b>	<b>301.4</b>	<b>479.1</b>	<b>362.0</b>
<b>Total liabilities</b>	<b>358.9</b>	<b>550.2</b>	<b>436.0</b>
<b>Total equity and liabilities</b>	<b>493.9</b>	<b>684.8</b>	<b>588.5</b>

## Comments

### Current assets:

- Increase in receivables and reduction in cash in 2022

### Equity:

- Equity reduced by NOK 17.4 million, mainly due to purchase of own shares and 100% of Norwegian Greentech

## Cash flow statement

NOKm	YTD Q3 2022	YTD Q3 2021	2021
	Unaudited	Unaudited	Audited
<b>Cash flow from operations</b>			
Net cash flow from/to operating activities	-51.8	298.1	274.8
<b>Cash flow from investments</b>			
Net cash flow used in investments activities	-19.2	-11.3	-13.0
<b>Cash flow from financing activities</b>			
Net cash flow used in financing activities	-47.3	86.7	80.2
<b>Net change in cash and cash equivalents</b>	<b>-118.4</b>	<b>373.5</b>	<b>341.9</b>
<b>Cash and cash equiv. recognized in the balance sheet</b>	<b>257.5</b>	<b>404.5</b>	<b>375.9</b>

## Comments

### Negative cash from operations

- Mainly related to project progress – NOK 52 million

### Negative cash from investments

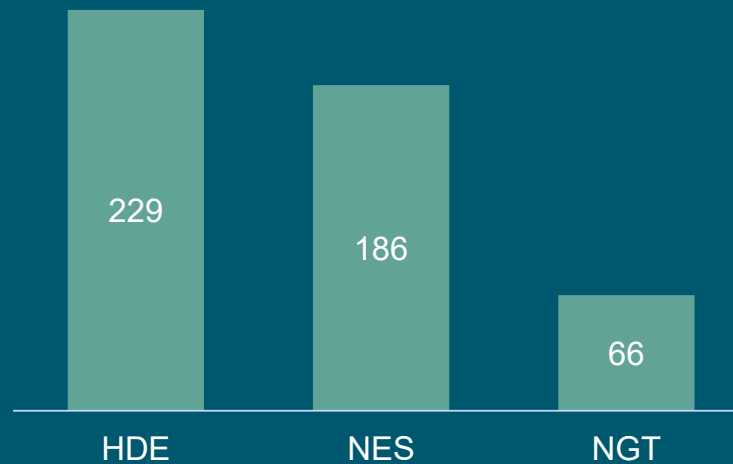
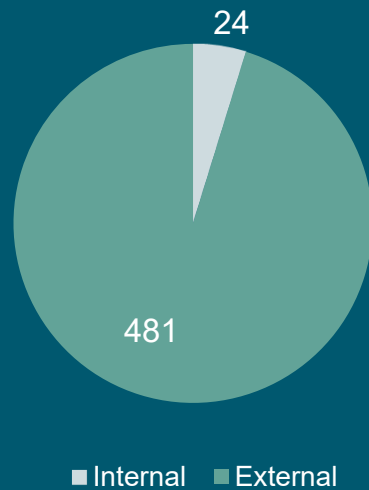
- Purchase of shares in Norwegian Greentech
- Activated cost related to R&D

### Negative cash from financing

- Purchase of own shares – NOK 29.9 million
- Installments & interest payments – NOK 17.5 million

## External backlog of NOK 481 million

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### Comments

- The external order backlog was NOK 481 million as of the end of Q3 2022, a decrease from 557 in Q2.
- The "fleet-agreements" signed by different ship-owners for future purchases of BWTS from NGT are not included in the official backlog figures.

# MARKET OUTLOOK





## Summary and outlook

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<p><b>STRONG FUNDAMENTALS FOR MARITIME CLEANTECH</b></p>	<ul style="list-style-type: none"> <li>• The maritime and marine industries are subject to tremendous regulatory, economic and public opinion pressure to reduce the environmental impacts of its operations</li> <li>• HAV Group is a diversified maritime technology company renowned for innovative solutions to these industries since 2005</li> <li>• Short term, the market and company performance is characterized by the general uncertainty and some postponements, while the overall outlook remains firm</li> </ul>
<p><b>ESTABLISHED COMPANIES WITH LEADING OFFERING</b></p>	<ul style="list-style-type: none"> <li>• World leading supplier of low/zero emission energy, propulsion and control systems</li> <li>• Pioneering innovations in design and construction of zero-emission vessels and energy optimized ship designs</li> <li>• Supplier of highly energy-efficient, compact water cleaning systems in collaboration with technological leaders</li> </ul>
<p><b>PROFITABLE OPERATIONS AND ROBUST BALANCE SHEET</b></p>	<ul style="list-style-type: none"> <li>• Q3 2022 EBIT of NOK 0.8 million – YTD NOK 22.7 million</li> <li>• Robust balance sheet and a cash balance at NOK 258 million</li> </ul>
<p><b>SOLID POSITION FOR VALUE CREATION</b></p>	<ul style="list-style-type: none"> <li>• Several important tenders in the market to be awarded over the next months – important for the capacity utilization in 2023</li> <li>• Solid momentum for sustainable solutions in shipbuilding is generating good opportunities for HAV Group’s technology and services</li> <li>• HAV Group reiterates the 2025 revenue outlook of NOK 1.3 billion, with periodic fluctuations reflecting the project-driven business</li> </ul>

# Q&A

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