



# 2H 2019 presentation

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# VOW

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# About Vow

- Deliver world leading technology that bring an end to waste and prevents pollution
- Provider of solutions to replace fossil fuel, producing renewables and clean energy
- Customers in cruise, aquaculture and a wide range of land-based industries
- Headquartered in Norway, with subsidiaries in US, France and Poland
- Listed on the Oslo Stock Exchange since 2014 under ticker VOW



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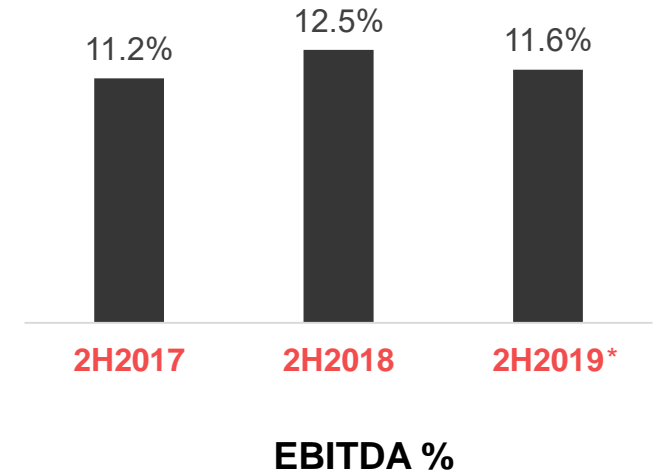
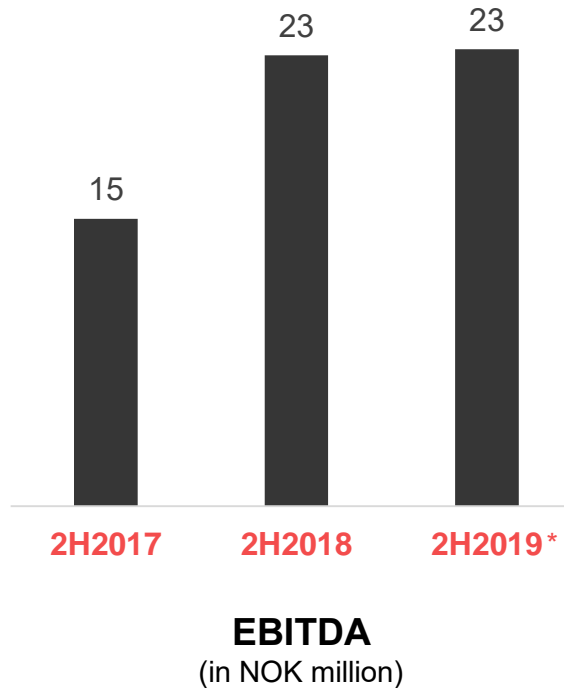
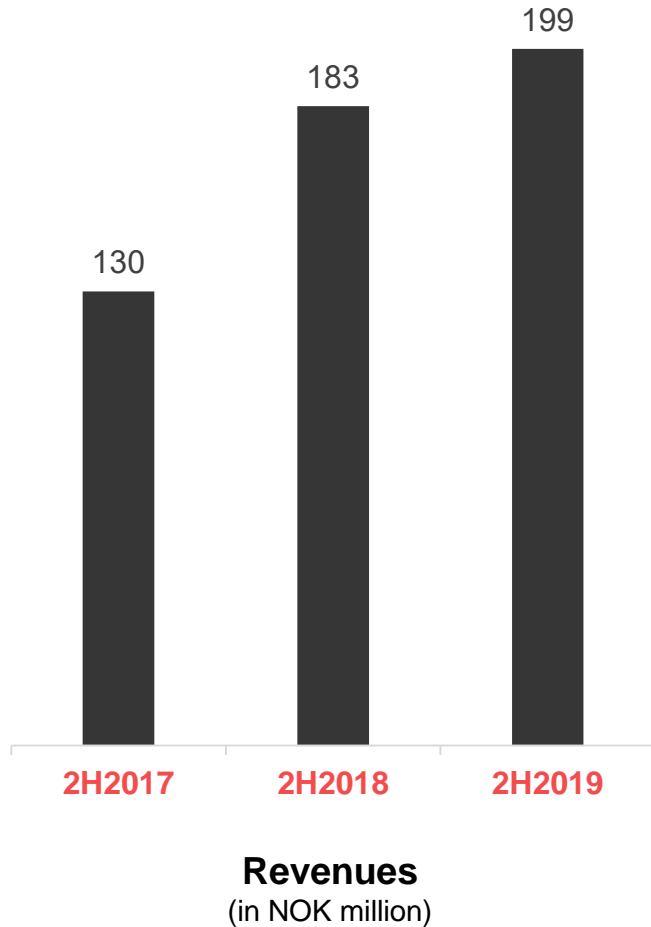
# Highlights 2H 2019

- Record high order backlog with approx. NOK 1.5 billion including options
- Strong backlog will drive growth in 1H 2020
- Acquisition of ETIA: access to new verticals with four break-through contracts already signed since takeover in October 2019
- Private placement in November raising capital for forward growth
- Extensive mapping of new verticals conducted by strategy consulting firm
- Customer relations established on landbased with large demand





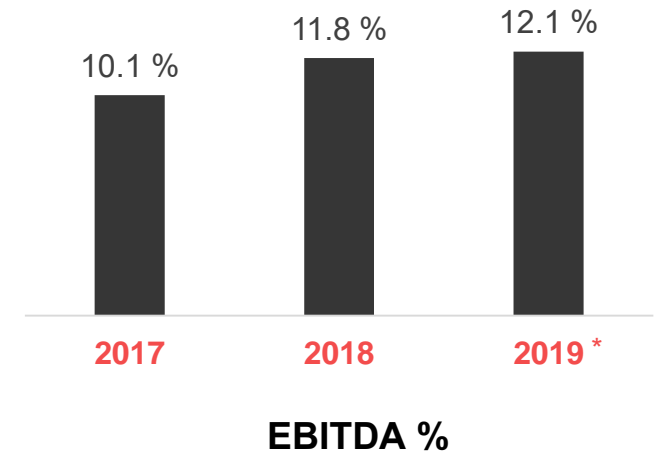
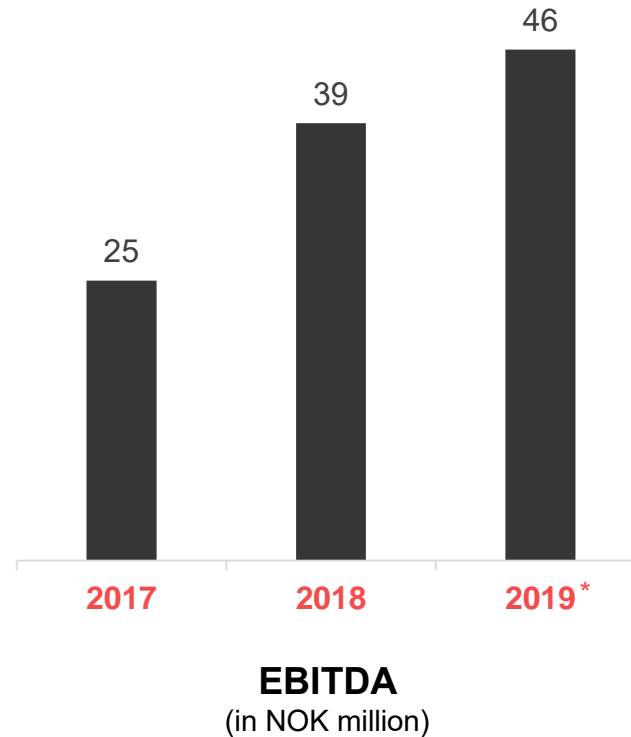
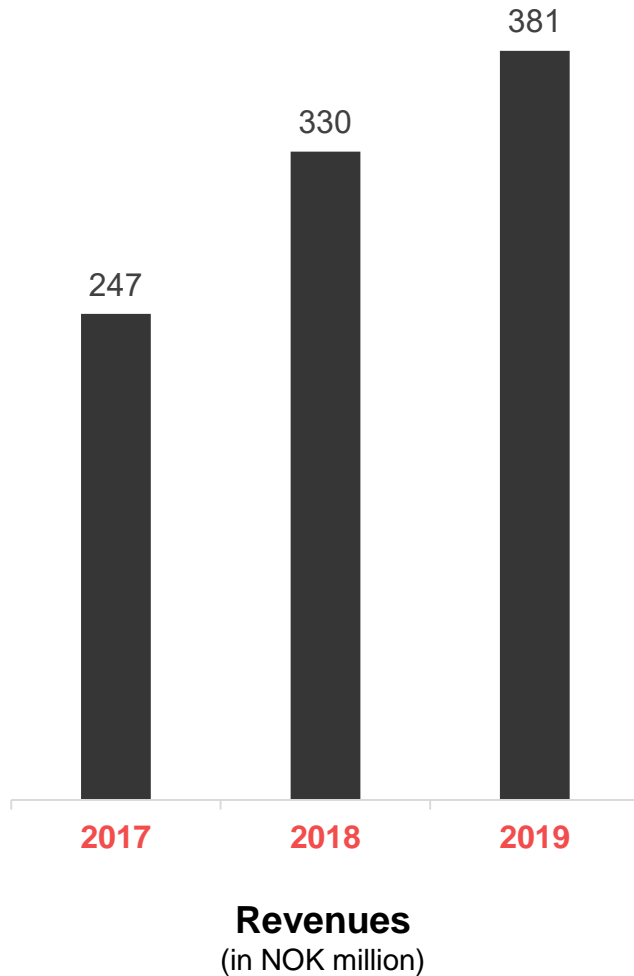
# Profitable growth continued in 2H2019



\* Adjusted for non-recurring costs of NOK 18.6 mill

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# Strong full year 2019 performance

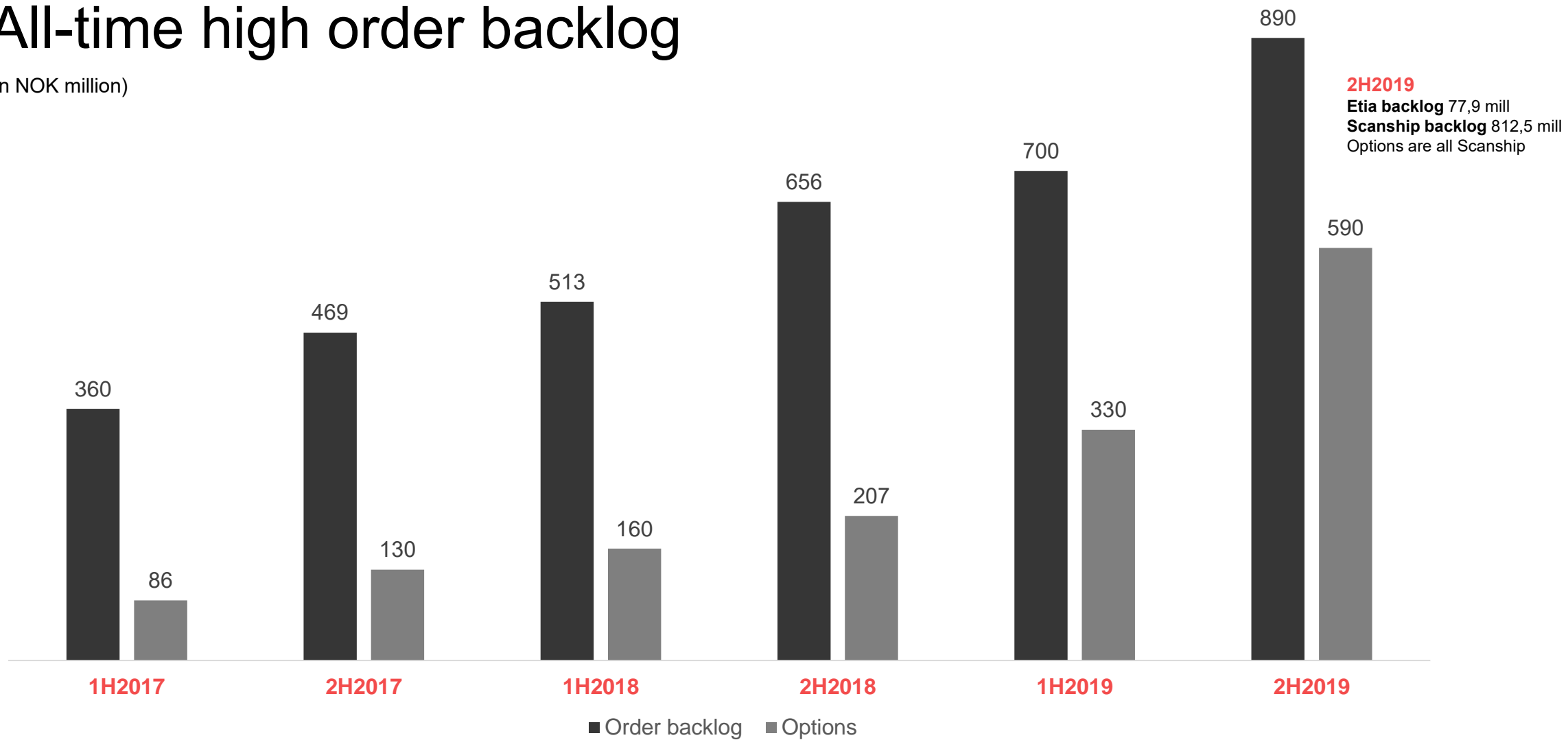


\* Adjusted for non-recurring costs of NOK 19.2 mill

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# All-time high order backlog

(in NOK million)



# Projects

## Cruise & Aquaculture

	Second half year		Full year	
<i>NOK Million</i>	2019	2018	2019	2018
<b>Revenues</b>	114.4	130.7	236.0	229.8
<b>EBITDA</b>	20.8	21.6	37.0	34.6
<b>EBITDA margin (%)</b>	18.2%	16.5%	15.7%	15.1%
<b>Backlog</b>	812.5	656.0	812.5	656.0

- Increase of margin yoy
- Revenues will vary between periods based on timing of deliveries
- Increased growth from orderbook in 1H 2020
- Total backlog increased with 23% yoy





# Landbased

	Second half year		Full year	
<i>NOK Million</i>	2019	2018	2019	2018
<b>Revenues</b>	19.1		19.1	
<b>EBITDA</b> before non-recurring items	-1.5		-1.5	
<b>EBITDA</b> before non-recurring items margin(%)	-7.8%		-7.8%	
<b>Backlog</b>	77.9		77.9	

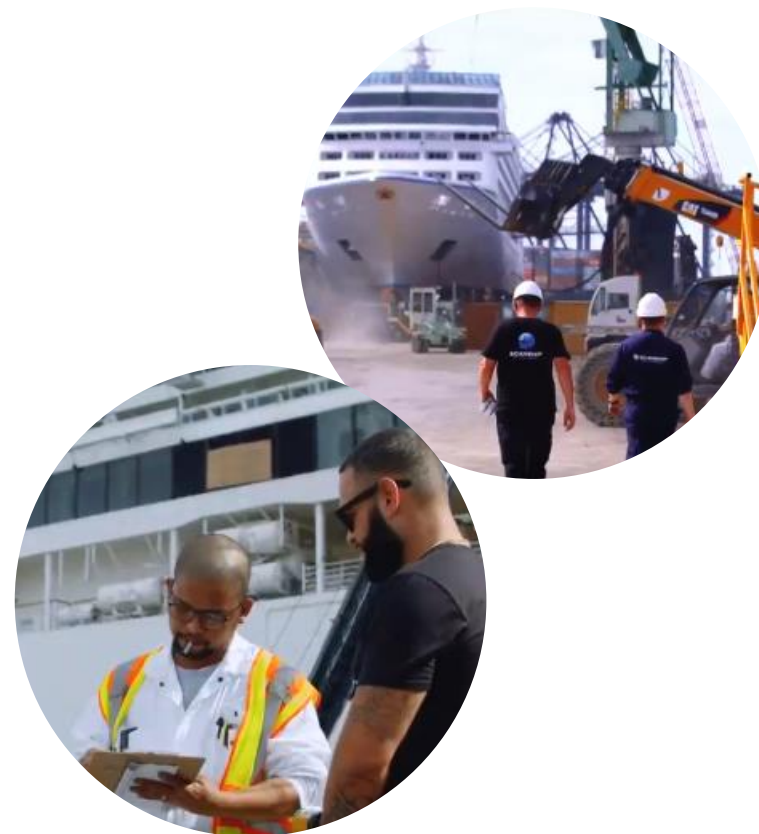
- ETIA revenues of NOK 19.1 million only for the fourth quarter of the year
- EBITDA for ETIA amounts to NOK 1.7 million (8,9%).
- EBITDA for the segment came in at NOK -20.1 million including non-recurring items of NOK 18.6 million related to acquisition cost and strategic process
- Segment includes certain activities and costs in Norway



# Aftersales (Life cycle Services)

	Second half year		Full year	
<i>NOK Million</i>	2019	2018	2019	2018
<b>Revenues</b>	65.9	52.4	125.7	99.8
<b>EBITDA</b>	10.4	7.5	22.5	15.5
<b>EBITDA margin (%)</b>	15.7%	14.3%	17.9%	15.5%

- Revenues for segment increased 26% yoy
- Segment represents 33% of total FY revenues
- Sales of spares, consumables and service is growing with larger installed base
- EBITDA margin varies based on the mix of products and services sold



# Profit and loss

(in NOK million)

- Improvements in Gross Margin from all Segments
- Increase in employee expenses following inclusion of ETIA, but also prepared for future growth
- Non-recurring costs related to direct transactions costs for ETIA transaction and market mapping by strategy consulting firm
- Finance cost from fair value adjustment of conversion rights, due to increase in share price, but no cash effect

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 2H 2019	Unaudited 2H 2018	Unaudited FY 2019	Audited FY 2018
Revenue	199.4	183.1	380.8	329.6
<b>Total operating revenue</b>	<b>199.4</b>	<b>183.1</b>	<b>380.8</b>	<b>329.6</b>
Cost of goods sold	-131.0	-128.5	-259.3	-229.8
<b>Gross Profit</b>	<b>68.5</b>	<b>54.6</b>	<b>121.5</b>	<b>99.8</b>
- Gross Margin	34.3 %	29.8 %	31.9 %	30.3 %
Employee expenses	-29.3	-19.6	-47.8	-37.3
Other operating expenses	-16.0	-12.0	-27.8	-23.3
<b>EBITDA before non-recurring items</b>	<b>23.2</b>	<b>22.9</b>	<b>45.8</b>	<b>39.2</b>
- EBITDA margin	11.6 %	12.5 %	12.0 %	11.9 %
Non-recurring items	-18.6		-19.2	
<b>EBITDA</b>	<b>4.6</b>	<b>22.9</b>	<b>26.6</b>	<b>39.2</b>
Depreciation and amortisation	-7.4	-2.2	-11.0	-3.4
<b>Operating result (EBIT)</b>	<b>-2.8</b>	<b>20.7</b>	<b>15.6</b>	<b>35.8</b>
Net Financial items	-6.2	-3.0	-4.5	-2.4
Fair value adjustment conversion rights	-20.3		-20.3	
<b>Net Financial items</b>	<b>-26.4</b>	<b>-3.0</b>	<b>-24.8</b>	<b>-2.4</b>
<b>Result before tax</b>	<b>-29.3</b>	<b>17.7</b>	<b>-9.2</b>	<b>33.4</b>

# Balance sheet

(in NOK million)

- Increase in intangible assets and goodwill from ETIA acquisition
- Net interest-bearing debt at NOK 36.6 million at year-end 2019 with equity ratio at 38 %
- ETIA payment terms positive on net working capital position
- Convertible loan related to the ETIA transaction

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL STATEMENT

	<i>Unaudited</i> 31.12.19	<i>Audited</i> 31.12.18
<b>ASSETS:</b>		
Property, plant and equipment	20.5	3.2
Intangible assets	100.5	38.3
Goodwill	136.1	-
Right-of-use-assets	21.2	-
<b>Total non-current assets</b>	<b>278.2</b>	<b>41.5</b>
<b>Current assets:</b>		
Inventories	18.2	4.5
Trade receivables	133.5	62.6
Contracts in progress	51.9	62.5
Other receivables	32.6	16.0
Cash and cash equivalents	85.5	7.0
<b>Total current assets</b>	<b>321.8</b>	<b>152.6</b>
<b>Total assets</b>	<b>600.0</b>	<b>194.1</b>

	<i>Unaudited</i> 31.12.19	<i>Audited</i> 31.12.18
<b>EQUITY AND LIABILITIES</b>		
<b>Total equity</b>	<b>229.8</b>	<b>93.3</b>
Deferred tax liabilities	25.7	14.0
Long term borrowings	92.7	0.9
Non-current lease liabilities	14.9	-
<b>Total non-current liabilities</b>	<b>133.3</b>	<b>14.9</b>
Current borrowings	16.5	0.0
Trade creditors	67.2	44.3
Convertible loan	65.0	-
Contract accruals	36.8	25.7
Financial instruments	-0.1	3.4
Income tax payable	1.7	-0.3
Bank overdraft / Credit facility	22.4	2.1
Current lease liabilities	6.6	-
Other current liabilities	20.7	10.7
<b>Total current liabilities</b>	<b>236.8</b>	<b>85.9</b>
<b>Total equity and liabilities</b>	<b>600.0</b>	<b>194.1</b>



# Cashflow

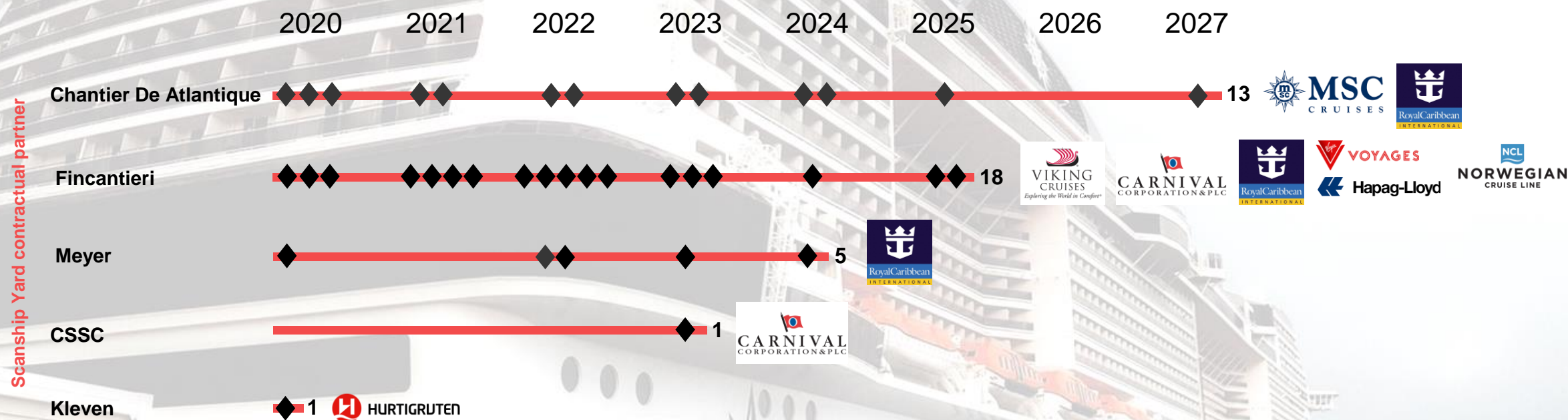
(in NOK million)

- Net cash flow from operations NOK 16.8 million in 2H 2019 excluding non-recurring costs.
- Investing activities in 2H 2019 primarily related to the acquisition of ETIA, in addition to NOK 11.7 million made on R&D projects
- Private placement of net NOK 100.9 million in November, in addition to debt financing for the ETIA transaction affecting financing cash flow.

## CONSOLIDATED CONDENSED CASH FLOW STATEMENT

	<i>Unaudited</i> 2H 2019	<i>Audited</i> 2H 2018
<i>Result before tax</i>	-29,3	17,7
Net cash flow from operating activities	-1,8	5,9
Net cash flow from investing activities	-103,0	-5,7
<u>Net cash flow from financing activities</u>	<u>180,7</u>	<u>0,5</u>
<u>Net change in cash and cash equivalents</u>	<u>75,9</u>	<u>0,7</u>
Effect of exchange rate changes on cash	-0,1	-
<u>Cash and cash equivalents at start of period</u>	<u>9,7</u>	<u>6,3</u>
<u>Cash and cash equivalents at end of period</u>	<u>85,5</u>	<u>7,0</u>

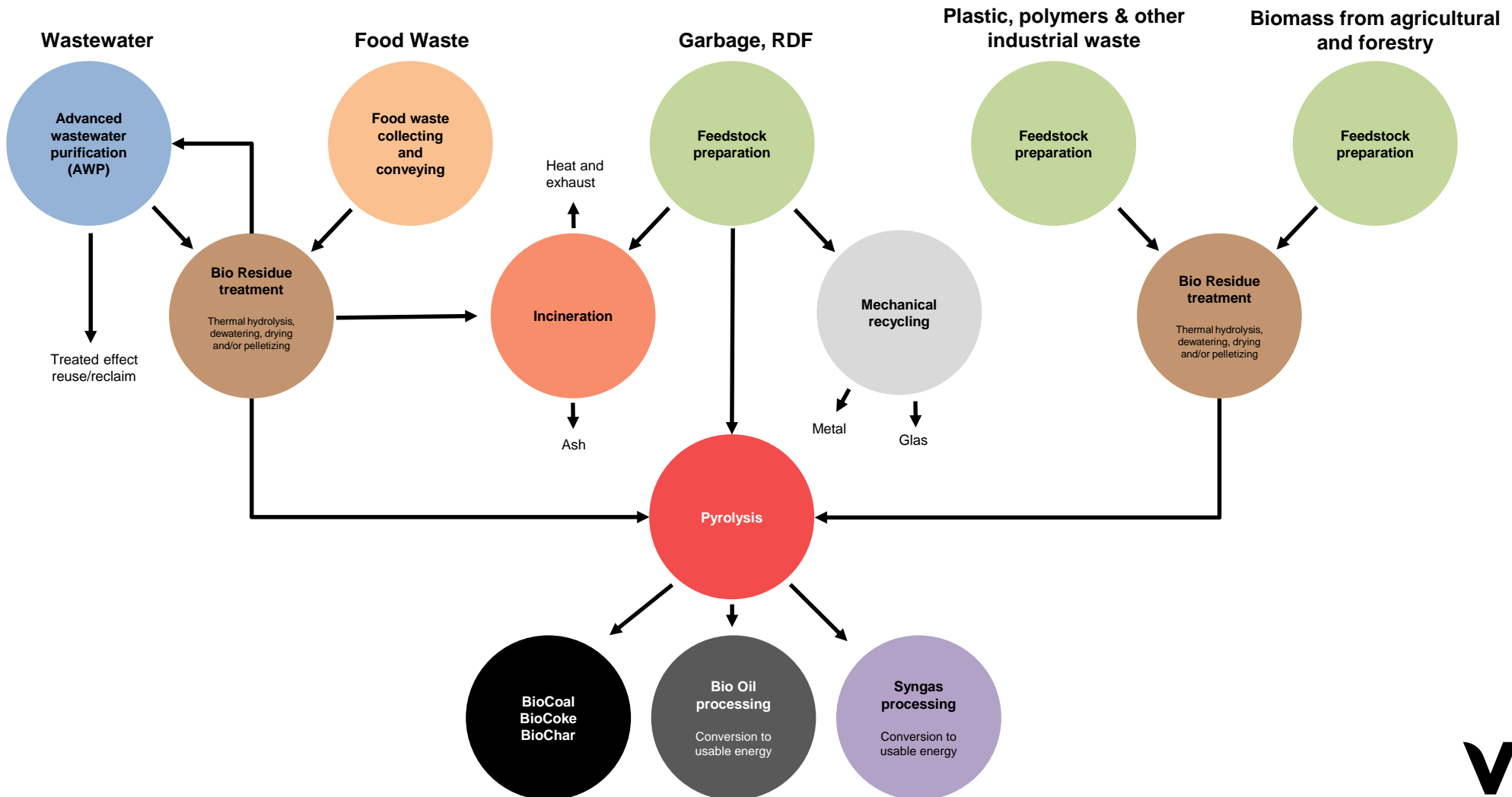
# Strong order backlog foundation for further growth in the cruise market



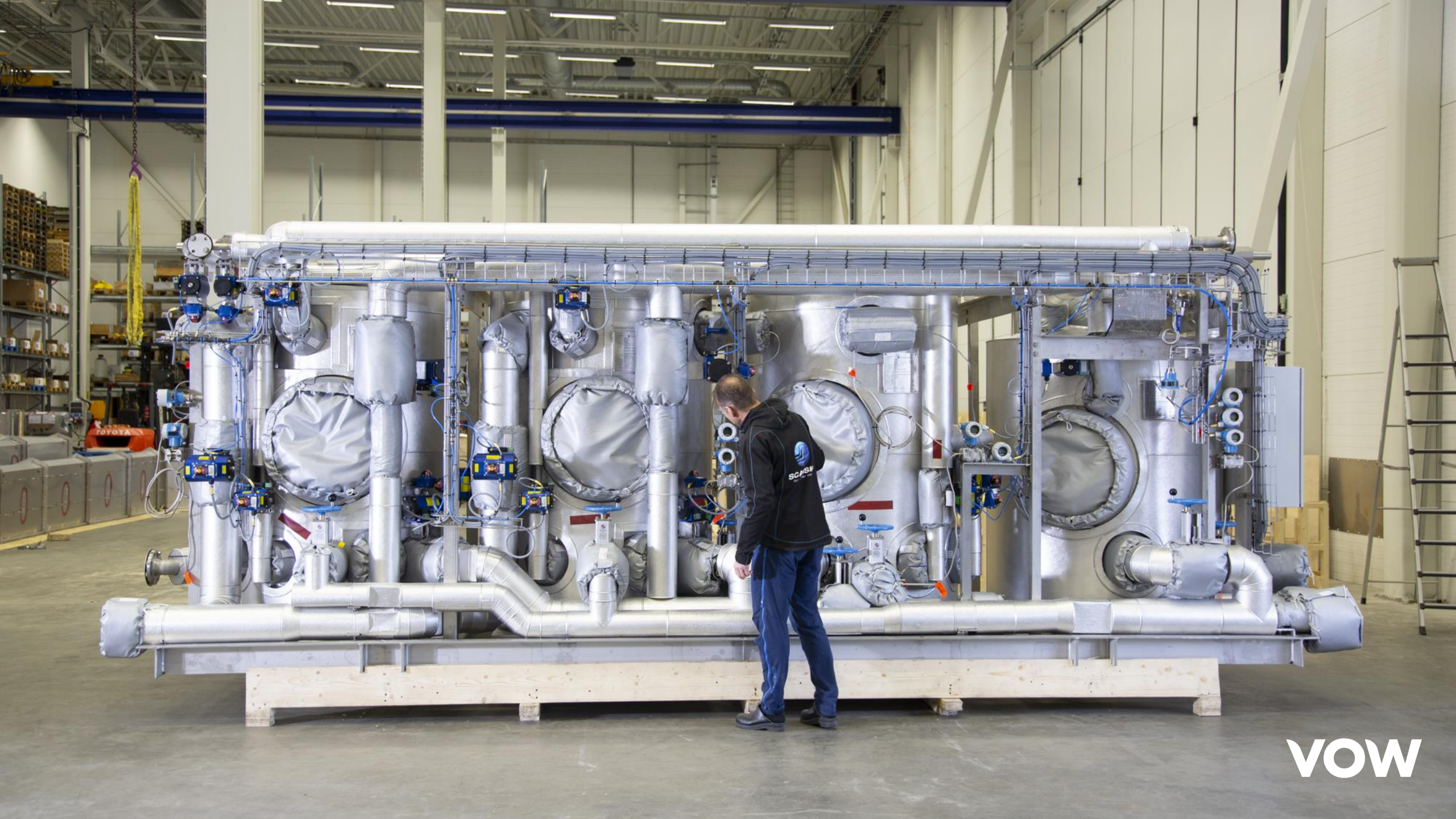
◆ Vessel deliveries with Scanship systems inside  
Total of 38 newbuilds and 125 Scanship systems

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# Well proven and complimentary technology







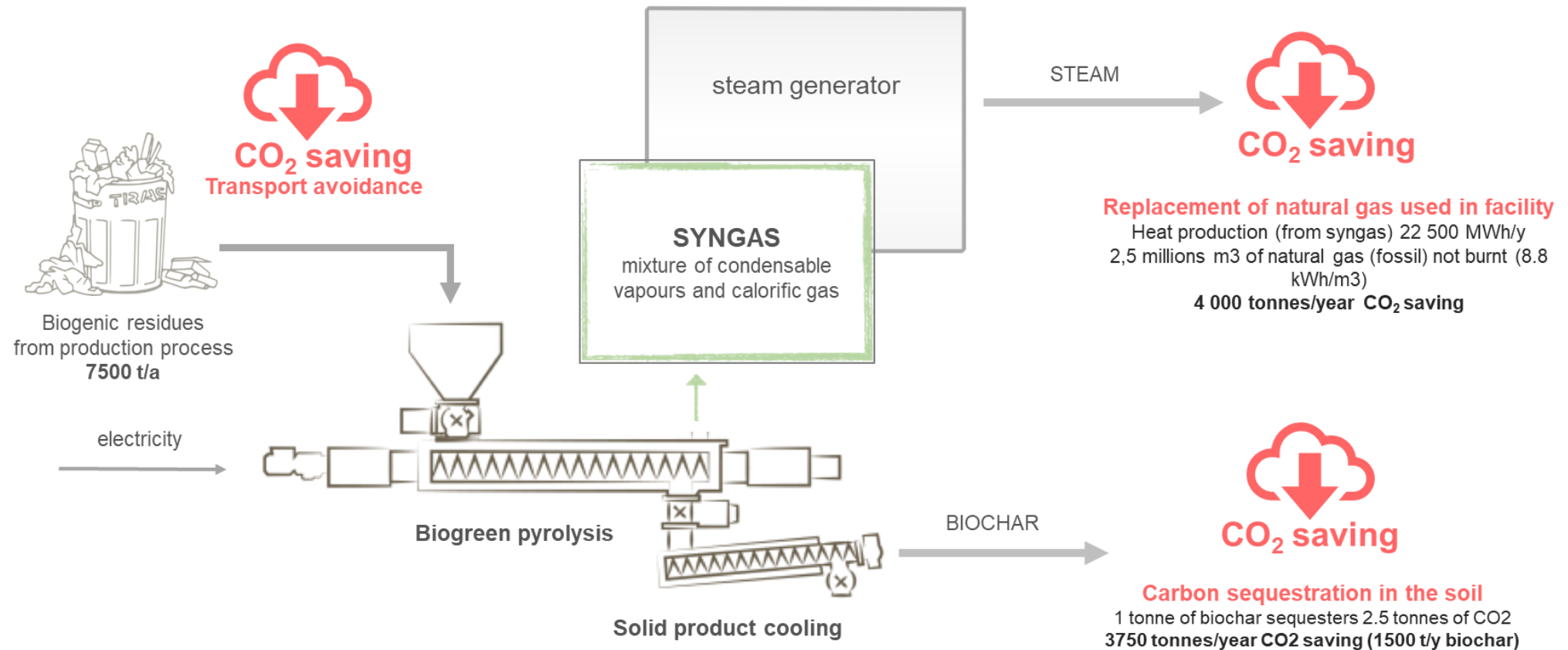
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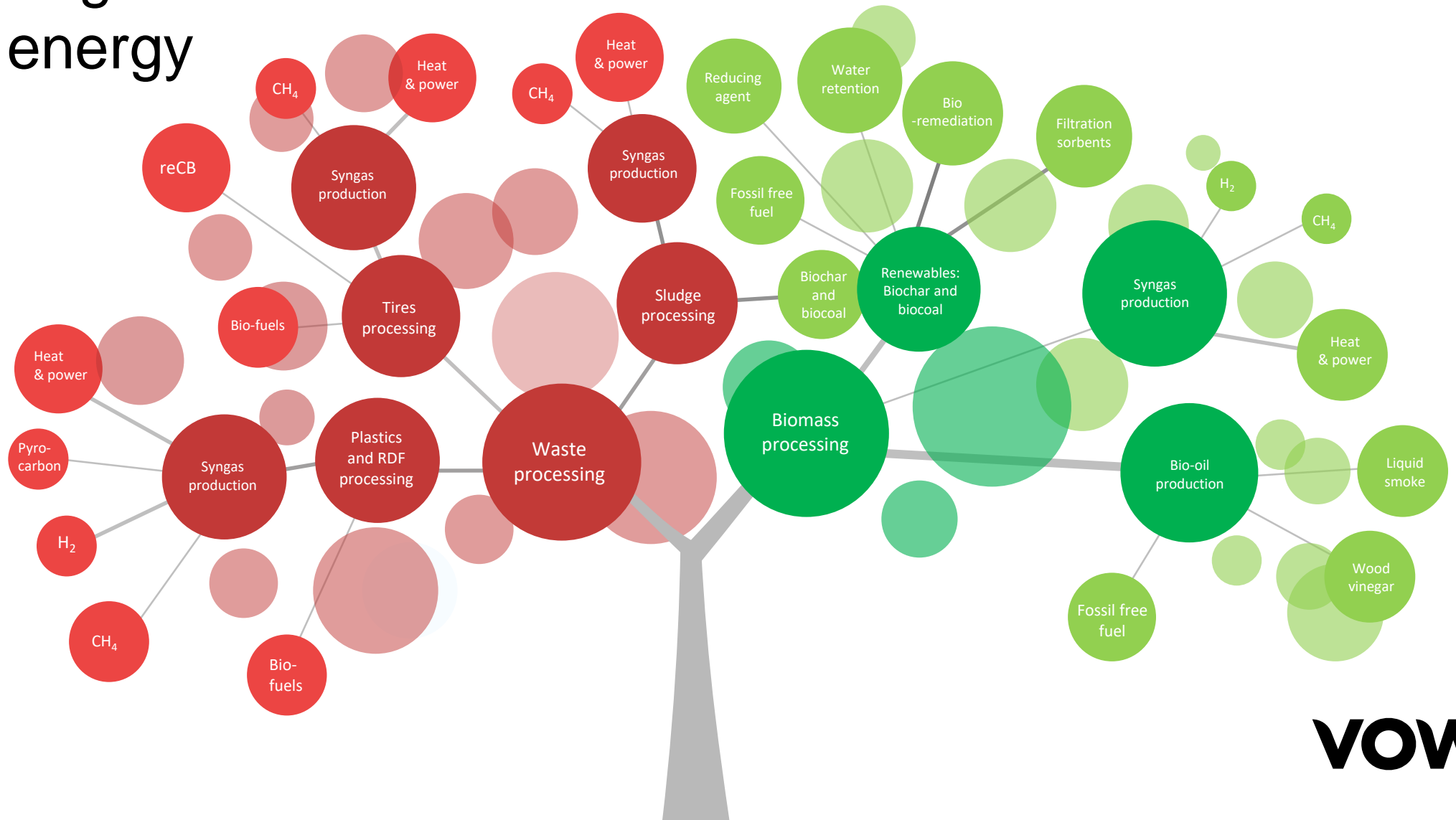
# Increasing carbon tax is the dominant market driver



# Carbon negative process



# Solutions to replace fossil fuel, producing renewables and clean energy













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# Example projects within new strategic verticals

The vertical	Example project	Description and status
<ul style="list-style-type: none"> <li>EU green deal to decarbonize the European gas grid drives growth in both existing infrastructure and new</li> <li>Target market is composed of 500 plants with a full potential of EUR 900 Million of revenues</li> </ul>		<ul style="list-style-type: none"> <li>Scanship selected as technology partner in Vow project at Lindum to demonstrate technology to convert waste digestate into products for soil enrichment, remediation and sorbents</li> <li>Strong value proposition for increasing energy production and to eliminate digestate disposal cost</li> </ul>
<ul style="list-style-type: none"> <li>Solution for chemical recycling of plastic waste in a European 17Mt-year market projected to grow single digits in the next year</li> <li>Addressable market for Scanship is a sizable subset of what today goes to WtE plants for incineration equal to 7Mt-year with an estimated cost of disposal EUR 650-850 Million per year</li> </ul>		<ul style="list-style-type: none"> <li>ETIA have delivered full scale plastic waste to electricity in Vernon, France</li> <li>ETIA selected as technology partner for CITEO in a three year project to demonstrate high temperature pyrolysis of plastic to hydrogen and pyro carbon</li> <li>Largest refining and petrochemical group in the Czech Republic will develop application for plastic to fuel technology based on ETIA Biogreen pyrolysis technology</li> </ul>
<ul style="list-style-type: none"> <li>Collecting services and recyclers</li> <li>Manufacturers searching for new products</li> <li>Estimated 1.0 Mt-year granulate produced from ELT (end-of-life-tires) in Europe</li> </ul>		<ul style="list-style-type: none"> <li>Production of reCB from ELT granulate increases product value, improves environmental performance and produces energy</li> <li>First pilot in UK under commissioning</li> </ul>

# Example projects within new strategic verticals

The vertical	Example project	Description and status
<ul style="list-style-type: none"> <li>Metallurgic industry consuming fossil coal and under strong CO2 emissions scrutiny</li> <li>Search for carbon neutral fuels to replace the conventional coal</li> </ul>		<ul style="list-style-type: none"> <li>Production of carbon-neutral fuels for metallurgic industry</li> <li>Ongoing project in Sweden, full scale plant to be operational this year</li> </ul>
<ul style="list-style-type: none"> <li>Industrial facilities producing the consumer goods</li> <li>Need to be independent from fossil – derived natural gas and prove the business sustainability</li> </ul>		<ul style="list-style-type: none"> <li>Industry decarbonization in consumer goods production. Offsetting natural gas and carbon sequestration.</li> <li>Ongoing project in Switzerland for major consumer goods manufacturer, plant to be operational this year</li> </ul>
<ul style="list-style-type: none"> <li>Waste management providing the collection and recycling services for industry and communities</li> <li>Need for turning collected waste to added value resources</li> <li>Conversion of biomass and waste into renewable products; biocoal and biochar</li> </ul>		<ul style="list-style-type: none"> <li>Turning urban garden waste into value. NSR project for processing the wood residues into biochar for agronomic applications.</li> <li>Ongoing project in Sweden (Helsingborg), plant to be operational early next year</li> <li>Contract to deliver a first Biogreen system in Germany</li> </ul>





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# Concluding remarks

- Profitable growth continues
- Record high backlog
- Expanding into new verticals already in 2020
- Customer relations established on landbased with large demand

