

Frøy ASA – Company presentation

March 2021



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Presenting team



Helge Gåsø

Chief Executive Officer and Founder



Sondre Vevstad

Investor Relations

Frøy at a glance

Leading integrated aqua service provider to the Norwegian salmon farming industry

Provider of business-critical salmon farming services

- Frøy assists salmon farmers with maintaining efficient day-to-day farming operations at sea
- Service offering includes transportation of fish, sorting, counting, cleaning, treatment, inspection, installation and maintenance of sites

Leading market position

- Team of 670 specialized aqua service professionals – extensive hub of aqua service competence and know-how
- Modern fleet of wellboats and service vessels
- Broad geographical Norwegian coverage - 13 local offices along the Norwegian coast
- Resilient revenue model with diversified revenue streams across regions, clients, and services
- Attractive growth plan backed by long term TC contracts

+20-year industry track record

- Management and operational organization with seafood sector and aqua service track record since the early 2000s

NOK
1.6 bn.

2020⁴ revenues

NOK
0.6 bn.

2020⁴ EBITDA

NOK
5.4 bn.

Backlog incl. options

19 Wellboats¹

*Biological treatments
and transportation*



70 Service vessels²

*Biomass and site
infrastructure services*



4 Sea transport³

*Feed and general cargo
logistics*



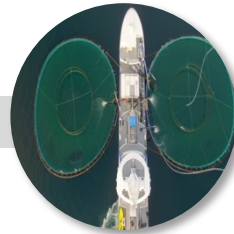
Locations

-  HQ
-  Offices



1) Including 5 newbuilds, 78% owned Steigen and chartered vessel Viktoria Lady 2) Including 8 newbuilds 3) Including rebuild Folla 4) Unaudited proforma 2020 figures

Integrated part of the salmon farming infrastructure



Installation & maintenance

- Installation of mooring, nets and other site infrastructure
- Maintenance and inspection of installed base of assets
- Cleaning and disinfection work



Smolt & Feed

- Safe and efficient transport of smolt to fish pen
- Feed and cargo transport



Treatment & sorting

- Biological treatments, removing sea lice and disease treatment
- Sorting, counting and MAB control



Harvest

- Transport of harvestable fish from pen to processing



Assisting salmon farmers with

1

Limiting and controlling biological risk - a key objective both for growth and profitability

2

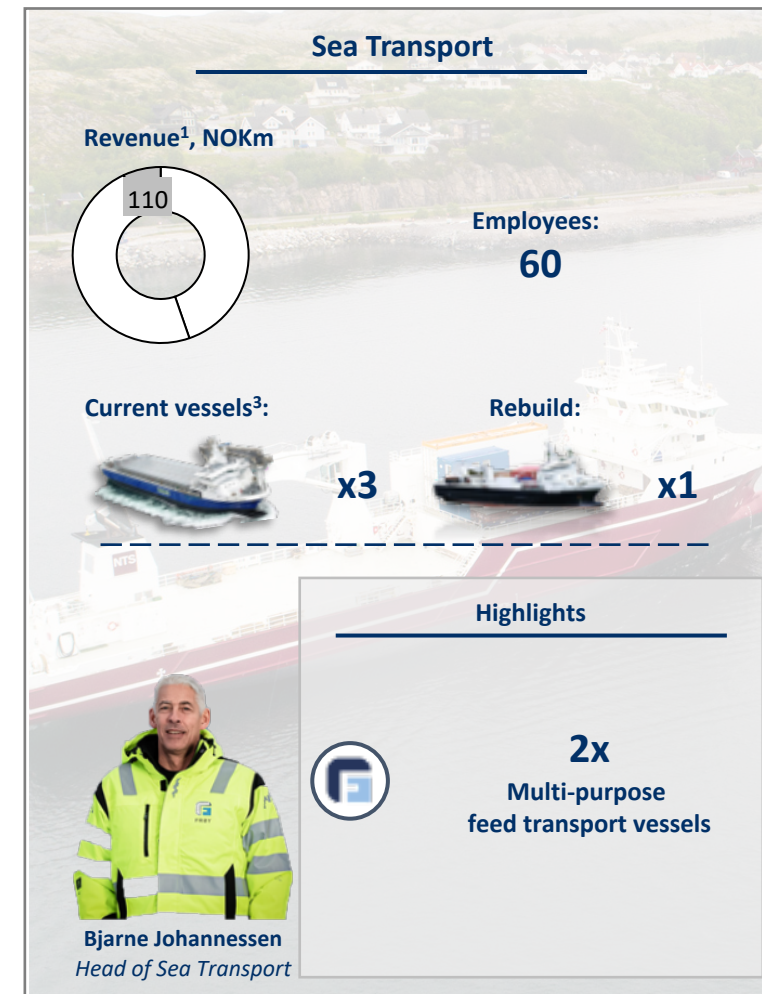
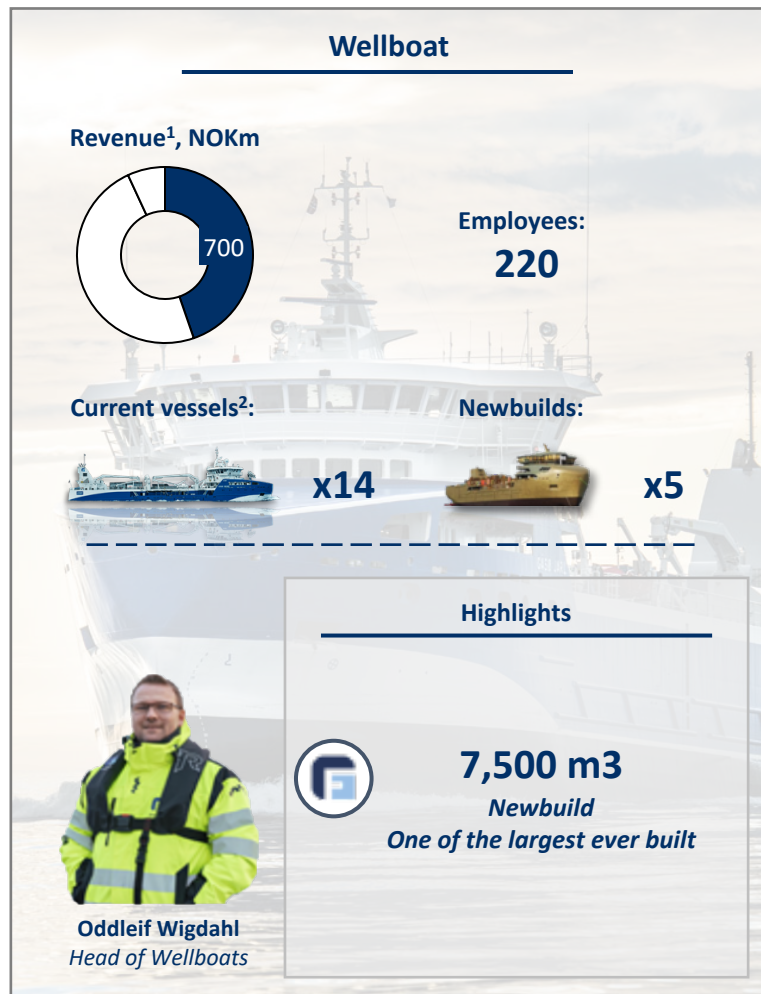
Maximizing utilization of assets and licenses through optimizing services on sites and biomass

3

Complying with government regulations and clients' ESG requirements

Enabled by +670 strong workforce, industry know-how and modern fleet

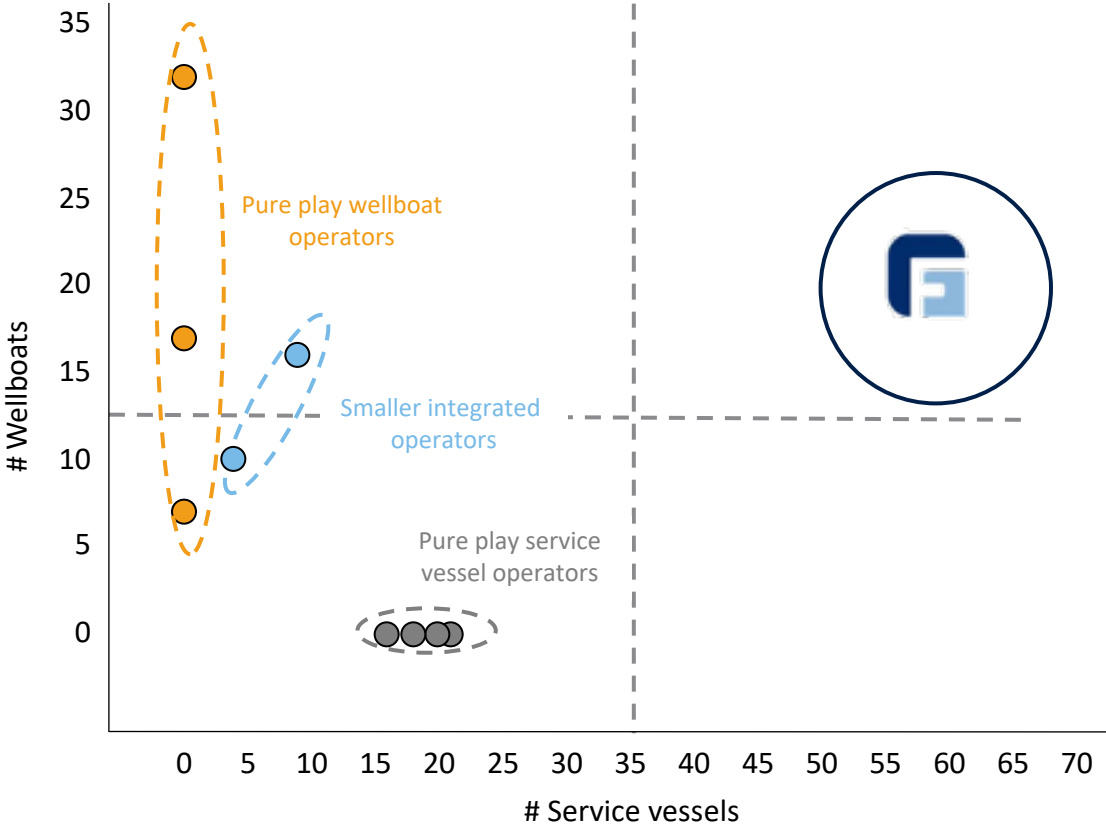
Frøy operates 3 business segments



Full-service provider with unparalleled scale and scope



Diversified fleet and broad service offering



Local presence combined with broad geographic footprint













Broad and complementing service offering across production areas provides scale and diversification benefits

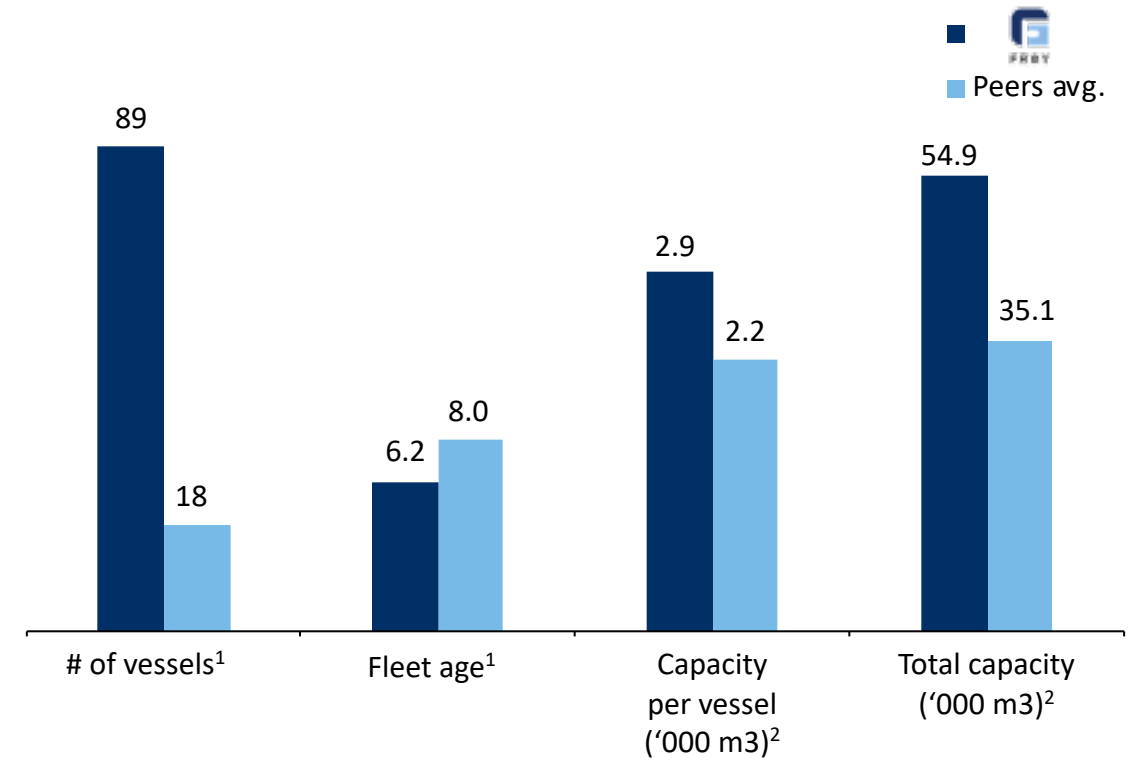
Source: Company filings and MarineTraffic

Modern and diversified fleet supporting the service model

Vessel type and average age

Wellboats	Existing ⁵		Newbuilds			
						
	14 vessels	5 vessels				
	Age ~5	Age ~0				
Service vessels	Large service	Service	Cleaners	Diveboats ³	Bareboat	Newbuilds
						
	#13	#20	#14	#11	#4	#8
	Age ~4	Age ~5	Age ~6	Age ~5	Age ~6	Age ~0
Sea Transport	Existing		Rebuild			
						
	3 vessels		1 vessel			
	Age ~19		Age ~14			

Peer-group fleet comparison



New fleet with large capacity facilitates efficient operations combined with gentle fish handling and minimal strain on fish

**A premium fleet enabling safe and efficient operations.
Vessel platform with flexibility to offer wide range of services and technologies**

Note: Peer group comprises Sjølvtrans, Rostein, DESS, AquaShip, Intership, AQS, Abyss, FSV and AKVA Marine Services 1) Wellboats and service vessels, including newbuilds 2) Wellboats only 3) Including two vessels held for sale 5) Including 78% owned Steigen, chartered Viktoria Lady and Reisa delivered in January 2021
Source: Company data, Salmonbusiness

Growth dependent on specialist competence and infrastructure

Industry trends and requirements


Volume growth

- ✓ Salmon farmers' volume growth dependent on increased MAB utilization
- ✓ Effective infrastructure and operations key to ensure sustainable growth


Regulations

- ✓ Bio security and maintaining compliant within the increasingly complex regulatory framework
- Bio zone regulations favors larger operators


Site complexity

- ✓ Increased size and complexity of farming infrastructure
- ✓ Recurring need for specialist competence, inspection and maintenance


New farming methods

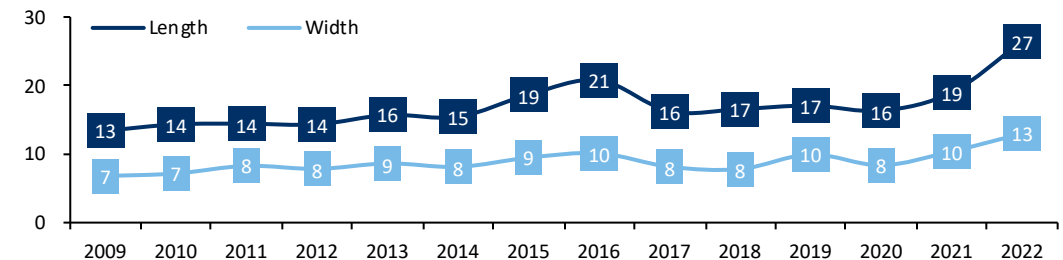
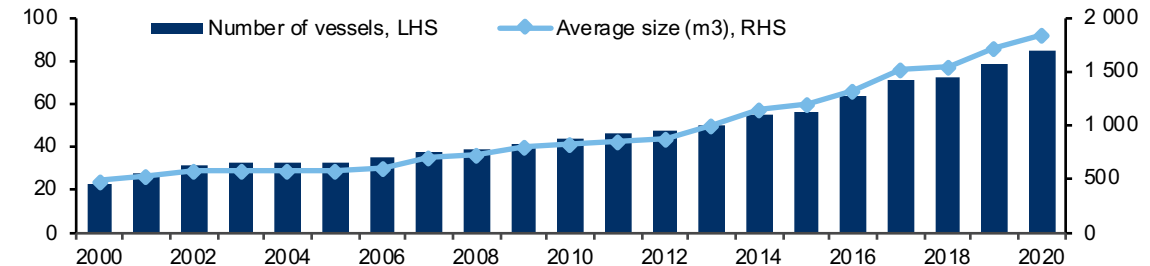
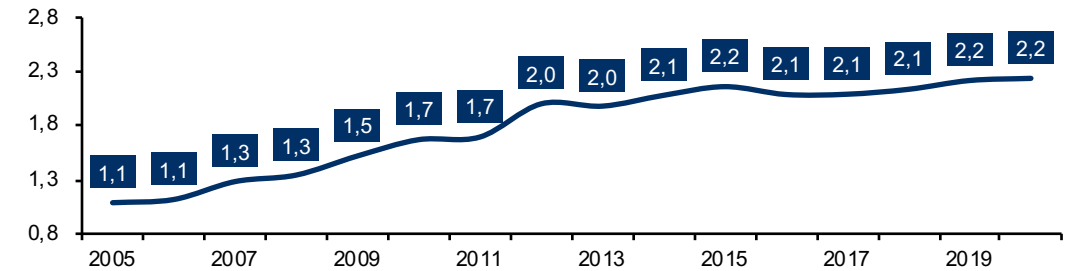
- ✓ Exposed Offshore farming likely driver for increased transport distances
- ✓ Post-smolt expected to increase both frequency and intensity of wellboat operations
- ✓ Consolidation of slaughter facilities likely driver of transport distances and intensity

Avg. biomass per locality¹

Wellboat fleet and average size

Service vessels size

Increased service intensity



Notes: 1) Norwegian localities, 1,000 tonnes WFE

Sources: Aqua service company websites, Kontali, Intrafish, Ilaks, Food Safety Authority, Fiskeridirektoratet, Kystverket, company data

Confidential

Frøy sees multiple avenues for growth

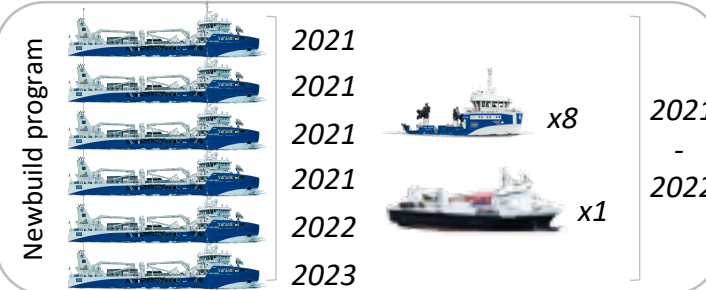
Growth avenues with significant long term value creation potential

1

Expand scale and scope of operations in Norway

Build on existing client relationships and expand into new clients

Selected opportunities



Additional newbuilds

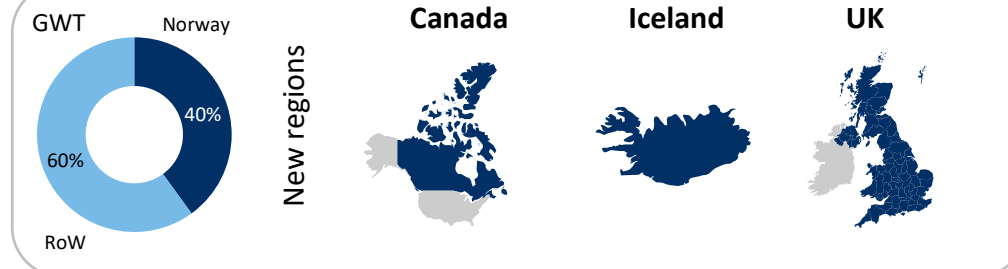


2

International expansion

Build on Norwegian track record and expand into new salmon farming regions

Selected opportunities



3

M&A

Highly fragmented industry, especially in the service segment

Selected opportunities

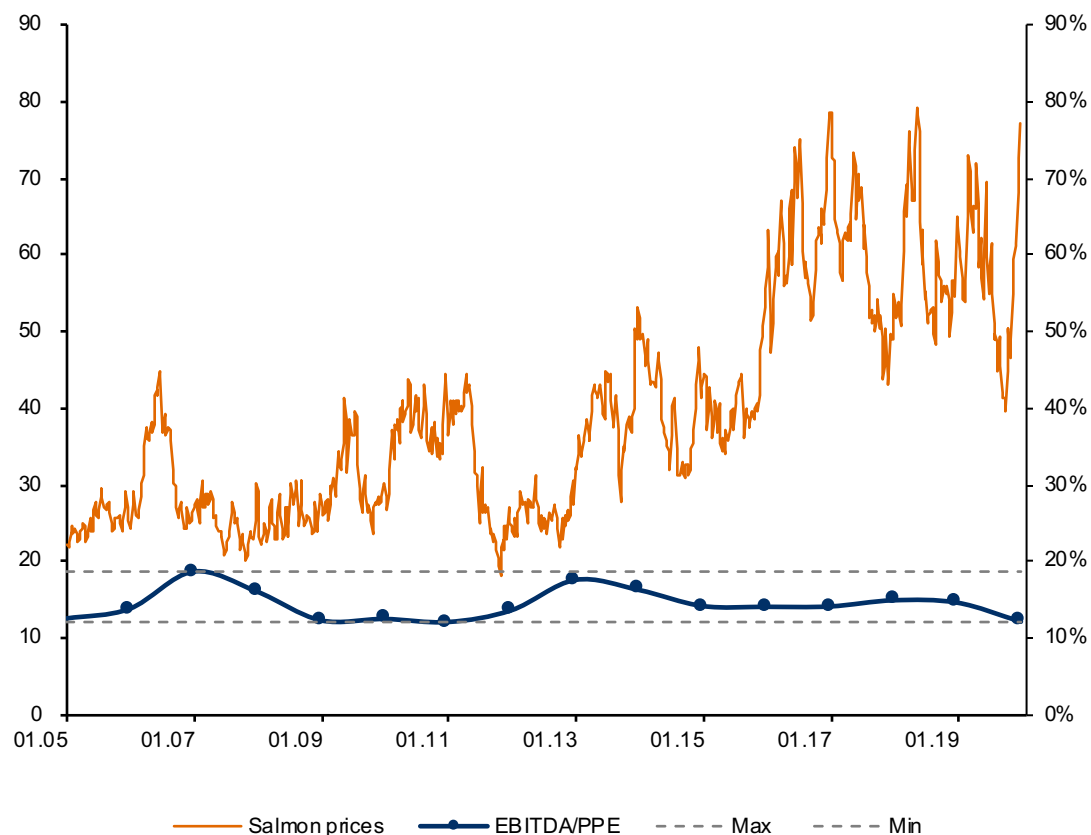
- M&A-targets
1. Bolt-on's to existing service offering
 2. Acquisition of specialists' environments
 3. Opportunistic international approach

Aqua service experiences a stability detached from salmon prices

Limited historical correlation to salmon prices

Oslo FCA Atlantic salmon, NOK/kg¹

Wellboat² EBITDA/PPE (%)



Demand characteristics of wellboats

Business critical

- Business critical service offering that covers all stages of the production phase
 - Smolt
 - Growth
 - Harvest

Few direct substitutes

- Limited direct substitutes that can perform similar tasks due to
 - Location of sites
 - Scale and complexity of operations

Cheap insurance

- Relatively small component of total production cost to salmon farmer
- Standby tool as lack of capacity constitutes the largest risk from a profitability perspective

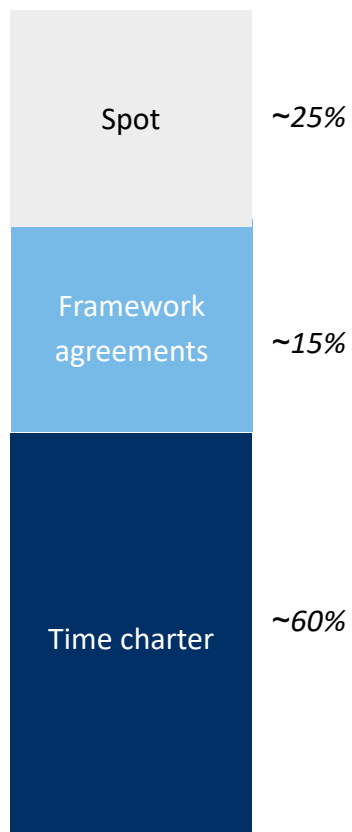
Regulatory alignment

- Increased regulatory requirements implicitly results in vessels needed on standby

Frøy has a balanced revenue model with diversified revenue streams

Revenue model

Adj. 2020 revenues¹



Framework agreements

- *Mainly smaller aqua services vessels*
- *Typical services include regular maintenance operations;*
 - *Cleaning of nets/pens*
 - *Inspections*
 - *Biological treatments*
 - *Other maintenance services*

Time charter agreements

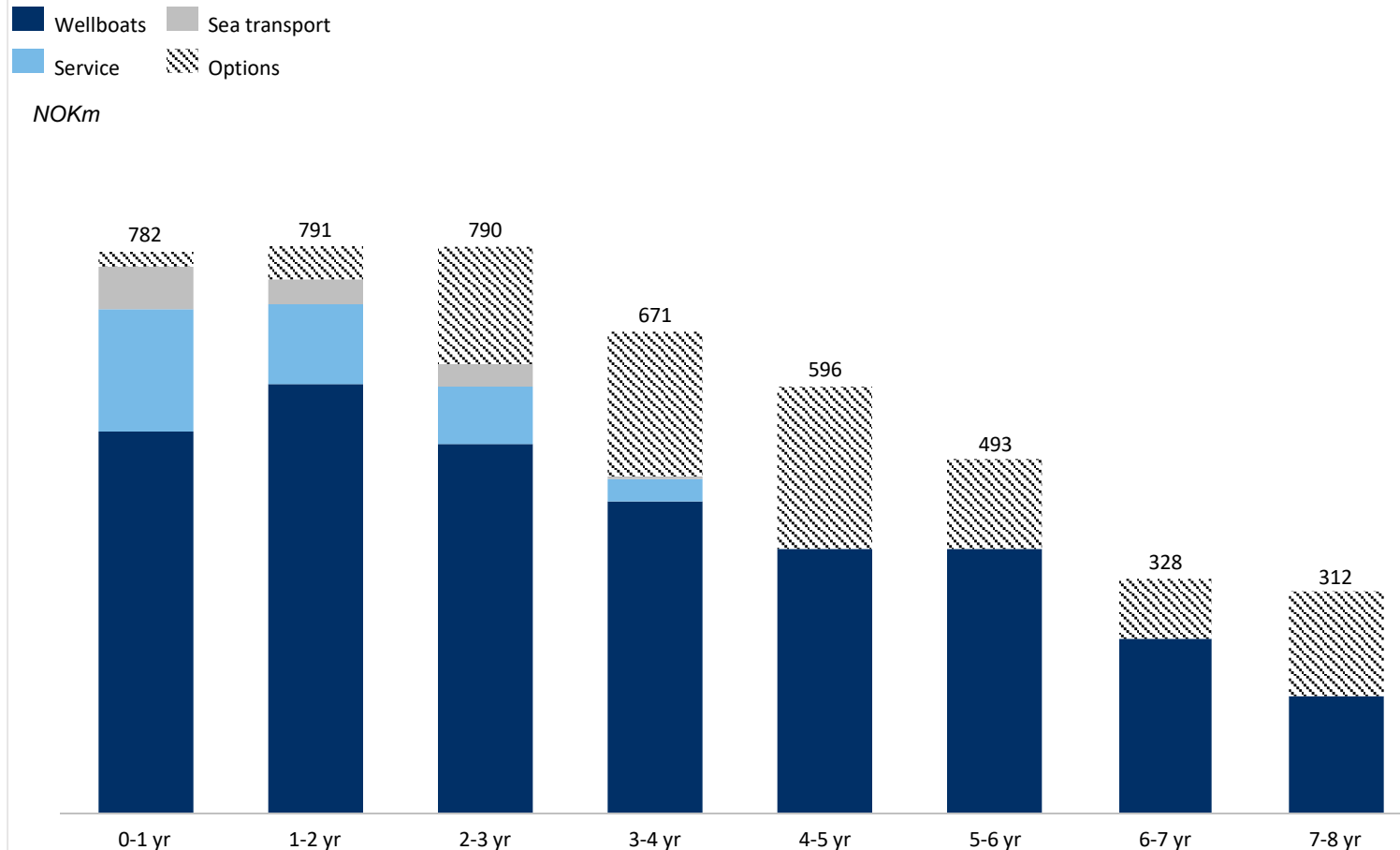
- *Mainly relevant for larger services vessels and wellboats*
- *Typically, 3-8-year contracts*
- *Of wellboat newbuilds*
 - *5 - 8 year contracts*

Strategy

- ✓ **Frøy has disciplined focus on long-term contracts for all new wellboats and large service vessels**
- ✓ **Smaller aqua service vessels mainly operate on framework agreements and in the spot market**
- ✓ **Diversified portfolio of services, geographies and clients to secure high utilization and stable margins and profitability**

Long term contracts provides visibility and stability

Firm revenue backlog with a large portion of extension options that historically have been exercised



Fixed backlog

- Total fixed revenue commitments in excess of NOK 3,700 million
- Wellboat fleet with weighted avg. backlog coverage of +5 years¹
- All newbuilds on long term contracts
- Smaller service vessels chartered on framework agreements are not included in backlog

Options

- Most of the fixed time charters include extension options
- Total options of approx. NOK 1,650m
- Historically, most options have been exercised

Renewal of wellboat TC contracts

- 2021: 6 vessels coming off charter, of which 4 have been extended
- 2022: 3 vessels coming off charter

Segment financials

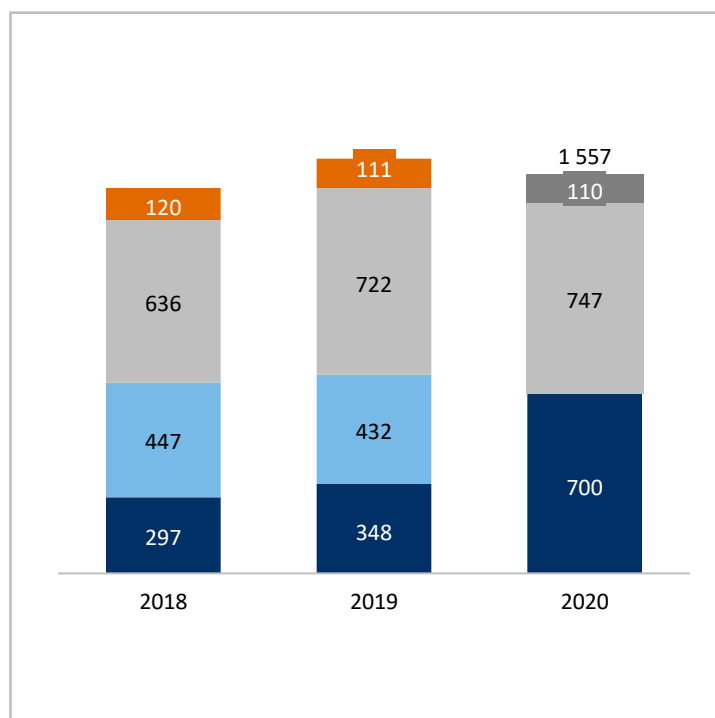
Revenue⁵

Adjusted EBITDA⁴

Comments

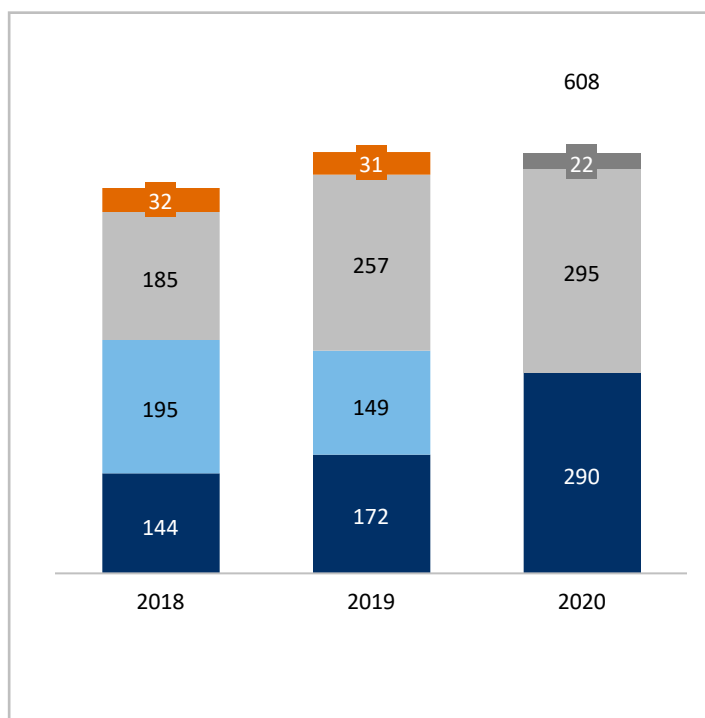
Positive top line performance

NOKm



Stable profitability level

NOKm



FrøY delivered a consolidated EBITDA margin of 39% in 2020

- Revenue growth in service driven by newbuilds and organic growth
- Stable revenue development in wellboats (excl. gain on sale of 4 older vessels)
- FrøY's ambition is to
 - Continue its disciplined focus on long-term contracts on wellboats
 - Continue improving operational efficiency in Service
 - Aim to reduce spot work and increase share of longer-term contracts in Sea transport

Notes: 1) FrøYgruppen wellboat segment consists of FrøY Rederi AS and Fisketransport AS, NTS wellboat segment consists of Norsk Fisketransport AS. 2) FrøYgruppen service segments consists of FrøY Akvaservice AS, FrøY Akvaressurs AS, FrøY Vest and FrøY Nord. 3) NTS Sea transport segment consists of NTS Shipping AS. 4) 2018 and 2019 Revenue and EBITDA adjusted for gain on sale of wellboats, 2020 EBITDA adjusted for NOK 24m cost related to delayed newbuild and mechanical failure on vessel. Overview does not include FrøYgruppen AS and corporate costs.

Financial targets and capital allocation

1

Organic growth



- Build gradually in the wellboat segment based on long-term contracts
- Increase market share in service

2

Profitability



- FrøY targets return on equity of 10-18% depending on client, project structure and contract length (risk)
- New growth projects are subject to satisfactory return profiles

3

Financial



- The company will target an overall leverage at or below NIBD/EBITDA 3.5x on a fully invested basis

4

Dividend



- Minimum 50% of net profit provided that: I) The fully invested NIBD/EBITDA is below 3.5x and II) sufficient liquidity to meet future obligations

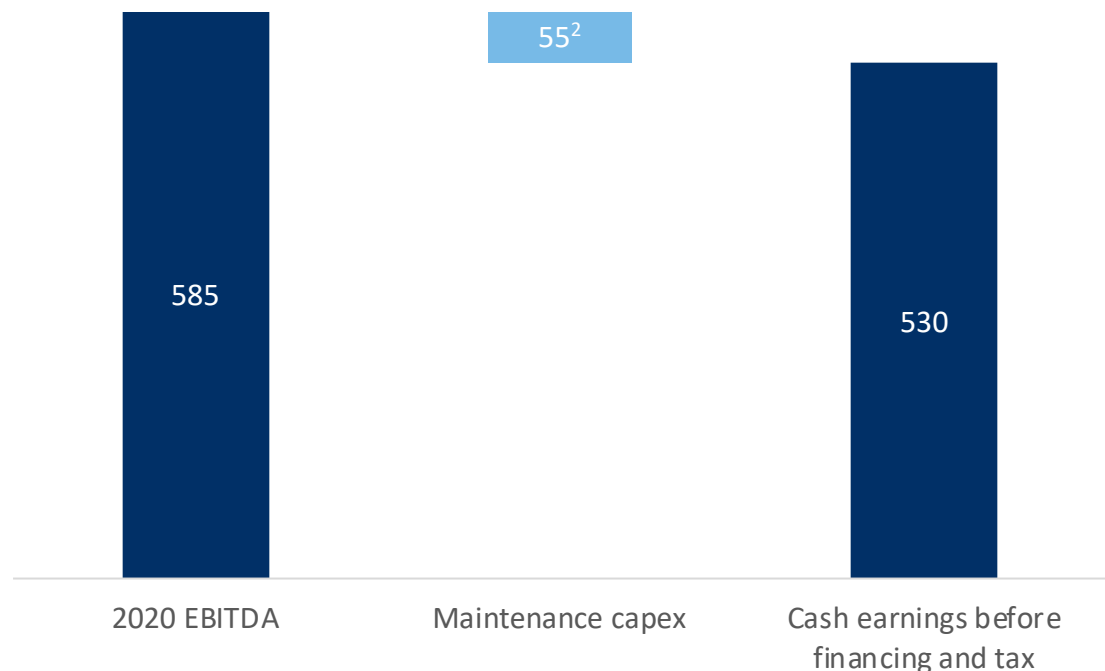
Ongoing growth initiatives

Segment	Growth initiative	Financial impact
Wellboat	<ul style="list-style-type: none"> • 6 newbuilds scheduled to be delivered 2021-2023 • Total capex of approx. NOKm 2,800, of which NOKm 2,240¹ remains 	<ul style="list-style-type: none"> • Minimum ROE requirement of 10-18% implies EBITDA contribution of NOK 200-240m
Service	<ul style="list-style-type: none"> • 8 newbuilds scheduled to be delivered 2021-2022 • Total capex of approx. NOKm 200 • Scandi Texel refitting and 2.5 year contract • Total capex of approx. NOKm 182 	<ul style="list-style-type: none"> • Minimum ROE requirement of 10-18% and contracts implies EBITDA contribution of NOK 40-50m
Sea Transport	<ul style="list-style-type: none"> • 1 new vessel acquired and to be rebuilt • Total capex of approx. NOKm 150 	<ul style="list-style-type: none"> • Minimum ROE requirement of 10-18% implies EBITDA contribution of NOK 12-15m

Significant cash flow generation - disciplined capital allocation

Illustrative cash conversion¹ excl. newbuild program

NOKm



Disciplined capital allocation



Target of minimum 50% of net profit to be paid as dividend provided;



Fully invested NIBD / EBITDA at or below 3.5x



Future liquidity requirements are covered

Priority to deliver stable and growing dividends to shareholders

