



AQUA BIO TECHNOLOGY ASA

First Quarter 2014 Results Presentation

21 May 2014



**A unique technology.
In the fastest growing segment
of a rapidly growing industry.**

Welcome to Aqua Bio Technology.

Q1 2014 Highlights

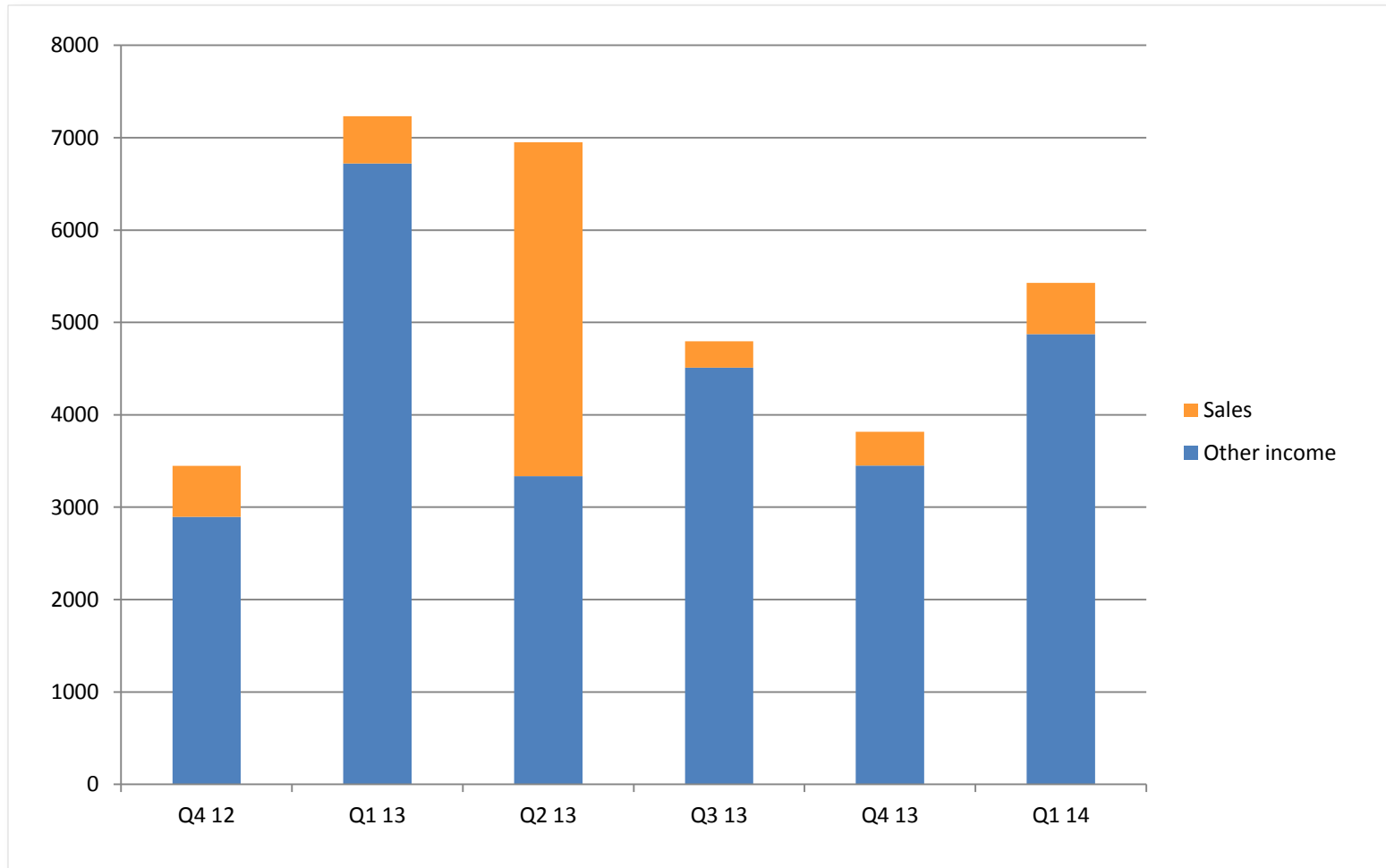
- Exclusivity and royalty payments received according to contracts
 - *Product sales income slightly improving from two previous quarters*
- Dermaclarine™ being rolled out globally
 - *New distributors provide extended market reach*
- Profits down from record quarter Q1 13, yet improved from previous quarter
- Strong financial position maintained
 - *MNOK 26.6 cash reserve*
 - *Equity ratio further improved*

1st Quarter 2014 Results

<i>NOK million</i>	<i>Q1 2014</i>	<i>Q1 2013</i>	<i>2013</i>
Income	5.4	7.2	22.8
Operating costs	-4.2	-3.3	-15.0
EBITDA	1.2	3.9	7.8
EBIT	-0.4	2.6	1.8
EBT	-0.4	2.7	2.8
Net result	-0.4	2.7	2.8
EBITDA margin	21.6%	54.1%	34.2%

- Revenues will fluctuate from quarter to quarter, due to ABT's early phase position and customer structure

Income development last six quarters



Balance Sheet

<i>NOK million</i>	<i>31 Mar 2014</i>	<i>31 Dec 2013</i>	<i>31 Mar 2013</i>
Fixed assets	16.4	16.6	20.7
Current assets	60.5	61.7	56.3
- of which is cash	26.6	27.0	17.6
Total equity	65.6	65.9	64.8
Long term debt	8.5	9.0	9.6
Short term debt	2.8	3.4	2.7
Total balance	76.9	78.3	77.1
Equity ratio	85.3%	84.2%	84.0%

Cash flow

<i>NOK million (Year to date)</i>	2014	2013
Cash at beginning of period	27.0	21.0
From operations	1.5	-3.1
From investments	-1.4	-0.2
From financing	-0.6	-0.1
Cash at end of period	26.6	17.6
Cash change in period	-0.4	-3.4

Strategy: Rejuvenating the skin care industry

1. Further develop unique position in marine, sustainable ingredients
 - *Maintain strong IP protection of proprietary technology*
2. Multiple approach to marketing and distribution
 - *Visibility in industry meeting places*
 - *Direct dialogue with industry majors*
 - *Distributor network covering more than 80% of relevant world market*
 - *Partial or full exclusivity for selected ingredients in return for large, secure volumes*
3. Enhance industry reach by expanding product portfolio
 - *Three products from proprietary technology currently in the market, in various stages of commercialization*
 - *New products to be expected*
4. Become a competence centre for commercialization of new bio technology for the cosmetics industry through partnerships (in-licensing)
 - *Discussions with potential technology partners ongoing*

ABT well adapted to industry growth trends

- Skin care is the largest and fastest growing product class globally
- Due to an increased demand for activity and efficacy, the specialty actives market is expected to grow faster than the rest of the overall personal care industry
- Specialty actives in personal care target a wide variety of performance benefits - although anti-aging functionality dominates and accounts for around 60% of specialty actives targeted functionality in Europe and the USA *
- The majority of focus in the skin care product class is directed towards maintaining a youthful appearance
 - *Anti-aging and acne treatment products continue to be in vogue*
- Industry trend towards substituting petroleum based ingredients
 - *Sustainability issues*
 - *Health and safety/ side effect issues*

Q1 2014 operational update

Aquabeautine XL

- Complaint filed with US court by exclusivity partner Restorsea
- Amway's Artistry skin care series performs well after Q4 launch in Asia Pacific markets

Dermaclarine

- Additional distributor agreements signed
- Global distributor network build-up close to completion
- Product volumes on the increase

Beauty Propelline

- Unique features of the ingredient recognized by the industry
- Discussions with potential partners ongoing
- The final commercial solution for BP not yet concluded

In-licensing

- Technology partners identified and advanced to firm discussions
- Objective is to launch new products based on in-licensing agreements

Restorsea lawsuit update

- Restorsea filed complaint with New York court on 7 February 2014
 - *Alleged breach of contract, more than USD 5.9 million damage claim*
- ABT finds lawsuit substantively and procedurally deficient
 - *Court dismissal requested by ABT*
- Dialogue with Restorsea is established
 - *Additional technical documentation provided by ABT*
- A court-supervised mediation initiated; effort to avoid full legal process
 - *Legal process on hold, pending outcome of court-supervised mediation*

Outlook

- **Attractive market outlook**
 - A unique technology, in the fastest growing segment of a rapidly growing industry
 - ABT well adapted to industry's sustainability trend

- **Growing revenues expected**
 - 2014-2017 contracted income stream substantial
 - Increasing product sales and new products represent additional revenues over time
 - Q on Q top line development still expected to fluctuate for some time

- **Restorsea complaint causes uncertainty**
 - Process requires resources and management attention

- **Solid financial position**
 - Equity ratio well above 80 pst; strong cash position

2nd Quarter 2014 Results

20 August 2014



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