

First quarter 2020

Vow delivers strong first quarter

Maintains positive outlook as projects continue largely unaffected by pandemic

Oslo, 28 April 2020 – Vow ASA reported revenues of NOK 116 million for the first quarter of 2020. The year-on-year growth of 24 % is mainly a result of the acquisition of ETIA, which was included in the accounts from 1 October 2019. EBITDA in the first quarter was NOK 14 million, representing a margin of 12 %.

The company was awarded several new contracts during the first quarter and projects continued mostly uninterrupted. Performance was particularly strong in Projects and Aftersales (Scanship) with a combined EBITDA margin of 16.1 %. Order backlog at the end of the first quarter was all-time high NOK 975 million, partly a result of currency effects.

“These are truly strange times. While people, businesses and governments across all continents are fighting the covid-19 pandemic, Vow is reporting a strong first quarter of 2020 and only minimal adjustments in our project portfolio. In the cruise segment, all deliveries during 2020 are for newbuilds scheduled to enter operations from 2022 and deliveries are being prepared according to plan,” says Henrik Badin, CEO of Vow.

“We are also experiencing continuing demand for our technology and solutions in land-based markets, and we remain optimistic about our plans for growth within several industry verticals,” he says.

“These are also uncertain times. Cruise ships are docked, and some shipyards have been temporarily closed. Meanwhile, we are currently tendering and in discussions with yards for deliveries to ships confirmed in their orderbooks. Our overall sound order backlog and positioning in new industry verticals constitute a strong foundation for continued growth,” Badin says.

Key figures

<i>Amounts in million NOK (except percentages)</i>	Q1 2020	Q1 2019	2019
Revenues	116.1	93.3	380.8
EBITDA before non-recurring items	14.0	11.1	45.8 ¹
<i>EBITDA margin %</i>	<i>12.0%</i>	<i>11.9%</i>	<i>12.0%</i>
Order backlog	975	680	890

¹ For the full year of 2019, Vow had non-recurring costs of NOK 19.2 million, mainly related to the ETIA transaction. EBITDA after these costs was NOK 26.6 million. There were no non-recurring costs recorded for the first quarter of 2019 or 2020.

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Operational update

Vow is organised in three operating segments; Projects, Aftersales and Landbased. Projects and Aftersales are the same as the two previously reported segments and based on the business of Scanship, while Landbased includes the ETIA operations as well as certain land-based operations in Norway. For the first quarter of 2020, Projects contributed by NOK 60.0 million, Aftersales by NOK 32.0 million and Landbased by NOK 24.1 million.

At the end of the first quarter, Vow had an order backlog of NOK 975million. In addition, shipowners have placed firm orders and options with shipyards on "Scanship equipped" sisterships amounting to NOK 680 million in future revenues.

During the first quarter, Vow's business continued mostly uninterrupted of the ongoing covid-19 pandemic. Existing newbuild projects continued with only minimal adjustments in the plans and the supply chain remained intact.

In March, Vow's subsidiary ETIA was awarded a contract to supply Unipetrol Group with its patented Biogreen process for plastic waste valorization technology. The technology will be used on Unipetrol's R&D project for recycling of plastic and polymeric waste into liquid fuel. In addition, the subsidiary Scanship was awarded a cruise contract with CSSC for the delivery of its waste management system including garbage handling and food waste processing to a cruise vessel that is planned to enter service in 2022. The vessel will service under the new brand CSSC Carnival; a joint venture between American cruise line Carnival Corporation & plc, Chinese sovereign wealth fund China Investment Corporation and the shipyard CSSC.

In February, Vow established a strategic partnership through an agreement between ETIA and the Spanish company PICVISA. The purpose of the partnership is to jointly develop robotics solutions for waste sorting onboard cruise ships as well as land applications.

In January, Vow expanded its presence on land-based markets in Scandinavia through a contract to provide a Biogreen system for biochar production from NSR (Nordvästra Skånes Renhållnings AB), a leading recycling company in Sweden.

Market outlook

Vow expects to benefit from the growing concern for climate and the environment in the cruise industry, and with the acquisition of ETIA, the company is now also increasingly relevant towards a wide range of land-based industries.

The corona pandemic (covid-19) has caused major disruptions to the world economy. The company is closely monitoring the situation, implementing measures to protect the people and operations, as well as to prepare for the potential operational and financial consequences of the situation.

As mentioned above, Vow's business is continuing mostly as planned, without any significant changes in the delivery schedule of systems to the cruise industry. The company expects

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meanwhile, that its Aftersales segment will be increasingly affected going forward, since most cruise ships have been docked since March. Meanwhile, Vow maintains that revenues in the first half of 2020 is expected to be higher than in the second half of 2019.

The cruise industry has continued to grow as cruise liners place new orders at European yards and now also Chinese yards. The total industry orderbook as of 27 April 2020 is 125 cruise ships to be delivered until 2027. Vow has firm orders on 38 newbuilds, additional options for 9 vessels and sister vessels, and is currently tendering for a significant number of newbuilds and retrofits.

Vow has an increasing base of systems installed on the fleet of cruise vessels worldwide, which in turn strengthens and builds up the recurring revenue stream within the Aftersales segment.

The acquisition of ETIA in October has given Vow access to both expertise and technology, as well as strengthened the access to land-based markets, including new geographies and verticals.

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About Vow ASA

In Vow and our subsidiaries Scanship and Etia we are passionate about preventing pollution and giving waste value. Our world leading solutions convert biomass and waste into valuable resources and generate clean energy for a wide range of industries.

Cruise ships on every ocean have Vow technology inside which processes waste and purifies wastewater. Fish farmers are adopting similar solutions, and public utilities and industries use our solutions for sludge processing, waste management and biogas production on land.

Our ambitions go further than this. With our advanced technologies and solutions, we turn waste into biogenetic fuels to help decarbonize industry and convert plastic waste into fuel, clean energy and high-value pyro carbon.

Our solutions are scalable, standardized, patented and thoroughly documented, and our capability to deliver is well proven. They are key to end waste and stop pollution.

Located in Oslo, the parent company Vow ASA is listed on the Oslo Stock Exchange (ticker SSHIP, VOW from 13 January 2020).

This information is subject to the disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act.