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Aqua Bio Technology: Increased income and EBITDA in 3rd quarter vs previous year

Aqua Bio Technology ASA continued its steady revenue stream in the third quarter 2016 and delivered an EBITDA margin of 58 percent in the period. Write-down of inventory did however have an adverse effect on ABT's financial results.

Aqua Bio Technology had a total income of NOK 12.0 million in the third quarter, compared to NOK 10.5 million in the same period last year. EBITDA for the quarter ended at NOK 6.9 million, corresponding to an EBITDA margin of 58 percent. EBITDA in last year's third quarter was NOK 5.0 million corresponding to an EBITDA margin of 48 percent.

ABT did a 50 percent inventory write-down in the third quarter, adversely affecting the financial results with NOK 12.7 million. A combination of several factors led to the write-down of inventory: An agreement in 2014 restricted marketing of ABT's proprietary technology towards the cosmetics industry, the Company has decided against pursuing medical applications for its technology in the near term and the contract with a U.S. based customer expired at the beginning of the year and the parties' dispute remains unresolved. Furthermore, ABT's focus going forward is on the commercialization of third party technology.

The Company's earnings before taxes in the third quarter ended at NOK -6.8 million including the write-off, compared to NOK 2.9 million in the corresponding quarter last year.

For the first nine months of 2016, ABT had total income of NOK 37.0 million, compared to NOK 28.6 million last year. EBITDA for the first nine months was NOK 13.6 million, including substantial non-recurring costs in the first two quarters related to the legal dispute in the United States. EBITDA for the first nine months of 2015 was NOK 14.9 million. Pre-tax profit for the first nine months ended at NOK -3.1 million, reflecting both the one-off costs in the United States and the inventory write-down. Last year's pre-tax profit was NOK 10.2 at the end of the third quarter.

Aqua Bio Technology is currently preparing the launch of several new ingredients for skin care products based on third party technology. Safety studies of the new products are completed, efficacy studies are ongoing and market launch of new products will commence in the first quarter 2017. ABT's main strategy is the commercialization of third party technology, and additional technology partners are expected to be signed up in the fourth quarter.

ABT expects to see revenues from third party technology throughout 2017. Revenues from the Company's proprietary technology will remain steady in the fourth quarter, before being reduced in 2017 compared to previous years.

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Aqua Bio Technology (ABT) has launched several cosmetic ingredients used in skin care products globally. Skin care is the fastest growing segment in the cosmetics industry, where ABT's ingredients have established a foothold. In addition to ingredients from its own technology, ABT also commercializes novel technologies/ingredients for partners, for use in skin care products. Aqua Bio Technology is listed on the Axess market of the Oslo Stock Exchange.