

# Viking Supply Ships

RS Platou 26<sup>th</sup> February 2015



**VIKING SUPPLY SHIPS**  
SHIP OWNERS

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# Key message

## Building the future VSS; More than a shipowner

### Solid financial position



- Net result of MNOK 292 in 2014.
- Strong balance sheet, equity ratio of 43% (47% market value adjusted).
- Completed refinancing of three facilities during 2014, significant improvement of maturity profile.

### Industrialise knowledge



- Viking Ice Consultancy established.
- More services to be developed over the next few years.
- Stabilize cash flow at higher levels.
- Less capital intensive.

### Lean organization



- Re-organization of the PSV organization.
- Support functions being moved to Copenhagen.
- Technical and crewing of vessels to be decided.
- Sold SBS Cirrus, further de-investments within the segment being considered.

### Still arctic opportunities



- Reduced market outlook, but still high offshore activity.
- Still opportunities within core areas.
- Limited number of modern vessels available.

# Viking Supply Ships in short

Founded  
**1974**

Vessels  
**13**

Ice classed AHTS  
(1A)  
**4**

Icebreaking  
AHTS (Ice-10)  
**3**

Fleet value  
**BNOK 4**



Headquarter  
**Copenhagen**

Majority owner  
**Kistefos**

Main markets  
**Arctic and  
North Sea**

Total staff  
**550**

# The world as **we** **see** it

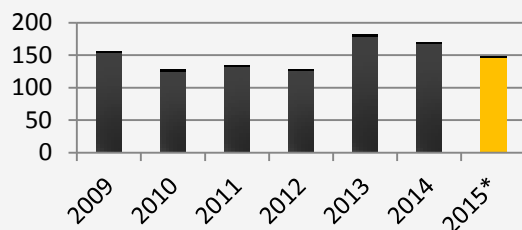


# VSS approach to a weaker market

## Reduced activity



- Downturn to hit rigmarket and oil-service harder than OSV.
- Bigger downside risk in 2016/17.
- Of arctic projects VSS expected, mainly Russian projects being delayed.

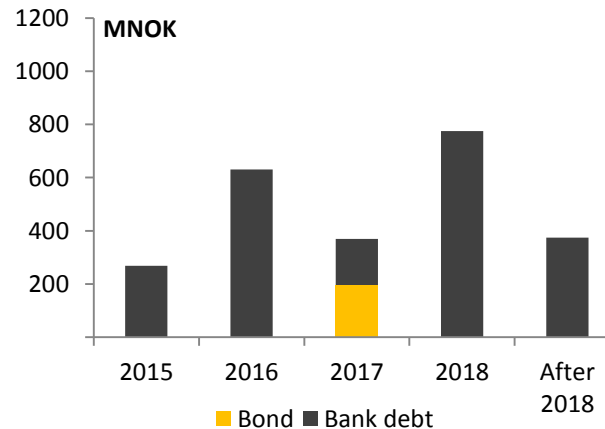


\*NPD forecast for drilling NCS

## Risk mitigation already initiated

- Cost saving measures on general G&A being considered.
- Re-organizing the PSV segment, closing Aberdeen office and moving functions to Copenhagen.
- Focus on term coverage.
- Refinancing of 3 facilities completed in 2014, improved maturity.

## Updated debt maturity per 31st December



# A future for Arctic E&P?

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Long term prices is the leading indicator



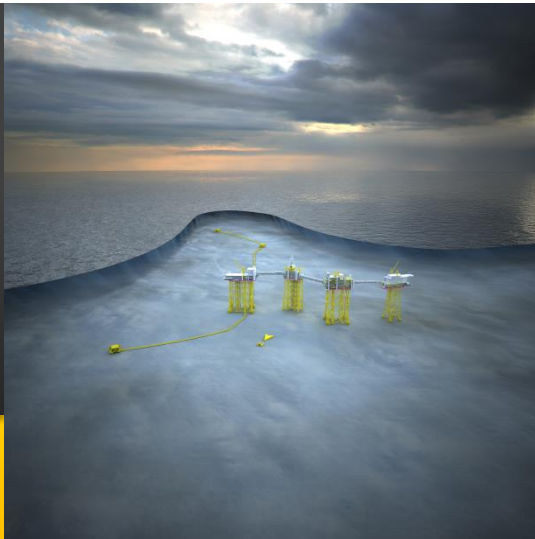
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Cost reduction brings budget prices down – Also for arctic oil



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Economies of scale – Large investments , but also large potential rewards



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Growing energy demand combined with depleting production



# The geopolitical situation in Russia

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Vessels are not directly impacted by the current sanctions.



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Lack of equipment and capital is reducing activity in the short run.



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Difficult to predict near term outlook, no obvious keys to the political situation.





# Strong balance sheet

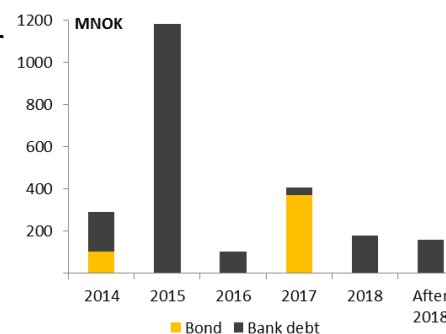
ASSETS (MNOK)	FY 2014	FY 2013	FY 2012
Vessels and equipment	3 887,5	3 669,8	3 773,8
<b>Tangible fixed assets</b>	<b>3 887,5</b>	<b>3 669,8</b>	<b>3 773,8</b>
<b>Financial fixed assets</b>	<b>75,7</b>	<b>68,8</b>	<b>91,3</b>
<b>Total fixed assets</b>	<b>3 963,2</b>	<b>3 738,6</b>	<b>3 865,1</b>
Inventories	21,7	24,2	12,1
Accounts receivables	305,8	118,7	111,8
Other current receivables	90,6	83,8	51,2
Cash and cash equivalents	316,9	238,2	197,1
<b>Current assets</b>	<b>735,0</b>	<b>464,9</b>	<b>372,2</b>
<b>Total assets</b>	<b>4 698,2</b>	<b>4 203,5</b>	<b>4 237,3</b>

EQUITY AND LIABILITIES (MNOK)	FY 2014	FY 2013	FY 2012
<b>Total equity</b>	<b>2 024,5</b>	<b>1 719,2</b>	<b>1 722,9</b>
Long-term bond loan	191,9	359,9	295,6
Long-term debt to credit institutions	1 932,7	1 647,4	1 807,4
Other non-current liabilities	28,6	33,1	58,4
<b>Non-current liabilities</b>	<b>2 153,2</b>	<b>2 040,4</b>	<b>2 161,4</b>
Short-term bond loan	-	98,8	-
Short-term debt to credit institutions	268,7	189,6	187,1
Accounts payable	154,0	38,4	27,9
Other current liabilities	97,8	117,1	138,1
<b>Current liabilities</b>	<b>520,5</b>	<b>443,9</b>	<b>353,1</b>
<b>Total equity and liabilities</b>	<b>4 698,2</b>	<b>4 203,5</b>	<b>4 237,3</b>

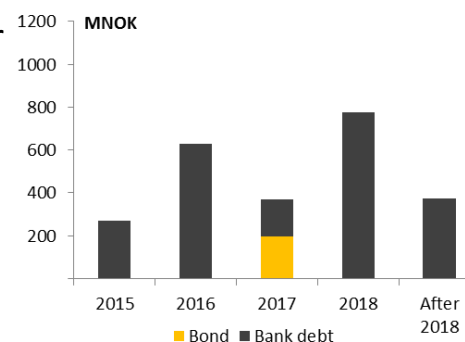
- Equity ratio of 43%.
- Vessels obtaining premium rates, thus less exposed to the expected decrease in vessel values on the back of a weaker market for traditional OSVs.

## Debt maturity profile

31<sup>st</sup> December  
2013



31<sup>st</sup> December  
2014



# Strong development in revenue and cash flow

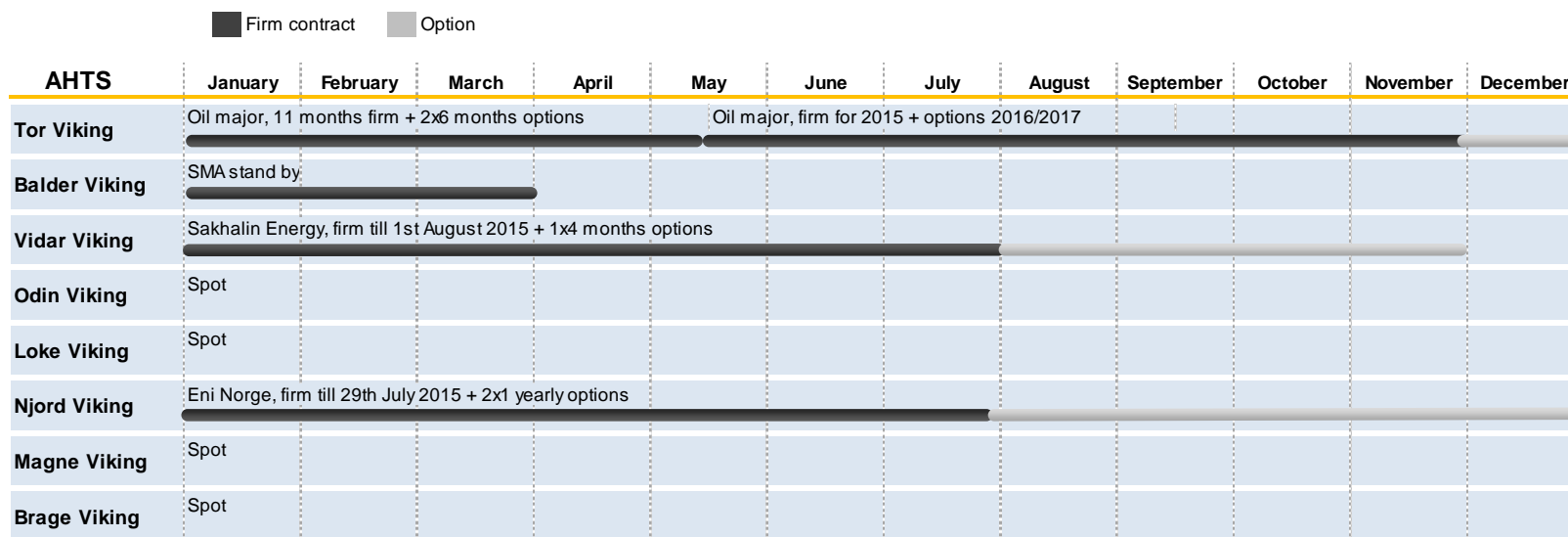
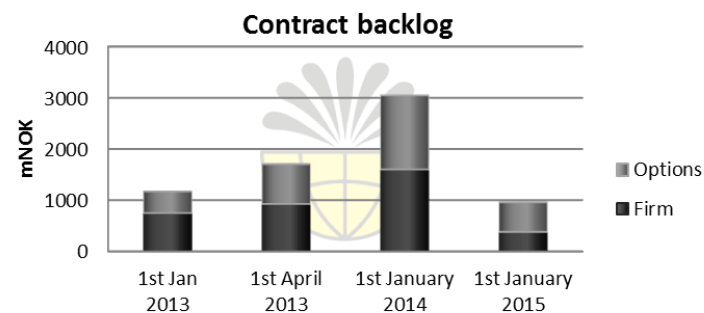
(MNOK)	FY 2014	FY 2013	FY 2012
<b>Total Revenue</b>	<b>1 741,5</b>	<b>1 006,9</b>	<b>897,6</b>
Operating costs	-1 023,3	-707,5	-701,3
<b>EBITDA</b>	<b>718,2</b>	<b>299,4</b>	<b>196,3</b>
Depreciation	-194,7	-175,6	-177,2
Impairment & sale of assets	0,9	-80,0	-13,6
<b>EBIT</b>	<b>524,4</b>	<b>43,8</b>	<b>5,5</b>
Net financials	-217,2	-102,8	-162,7
Taxes	-15,3	7,4	-
<b>Result for the year</b>	<b>291,8</b>	<b>-51,6</b>	<b>-157,2</b>

(MNOK)	FY 2014	FY 2013	FY 2012
Cash flow from operating activities	539,0	121,7	36,6
Cash flow from investing activities	-333,4	-49,4	277,3
Cash flow from financing activities	-126,9	-31,2	-231,6
<b>Net changes in cash and cash equivalents</b>	<b>78,7</b>	<b>41,1</b>	<b>82,3</b>
Cash and cash equivalents at the start of period	238,2	197,1	114,7
<b>Cash and cash equivalents at the end of the period</b>	<b>316,9</b>	<b>238,2</b>	<b>197,1</b>

- Revenue in 2014 was MNOK 1.742 compared to MNOK 1.007 in 2013 (+73%)
- EBITDA in 2014 was MNOK 718 compared to MNOK 299 in 2013 (+140%)
- Net result in 2014 was MNOK 292, compared to MNOK -52 in 2013
- Operational cash flow in 2014 was MNOK 539 compared to MNOK 122 in 2013 (+342%)

# Contract coverage status

- Unchanged contract coverage for off-season, as cancelled project were not commencing before late-May.
- Currently pursuing term contracts to replace Kara Sea project.



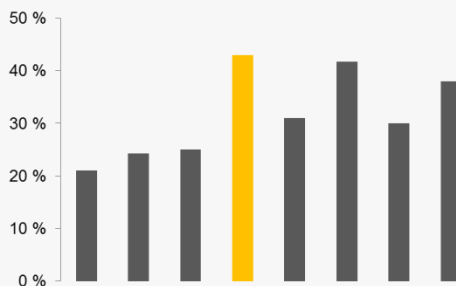
# Summary

## Reduced overhead costs



- Reorganizing PSV segment.
- Considering cost efficient measures also in other segments in line with rest of the industry.

## Strong balance sheet



VSS equity ratio vs industry peers (VSS in yellow).

## Term opportunities



- Still opportunities in core areas.
- Term vessels obtain premium rates.
- Still high share of term coverage (value adjusted) for 2015.

# MORE



THAN A SHIPOWNER

THE  
**COOLEST**  
PLACE TO WORK

ALWAYS AHEAD OF  
**COMPETITION**



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SHIPOWNERS

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