

Viking Supply Ships A/S

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VIKING SUPPLY SHIPS
SHIP OWNERS

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Viking Supply Ships A/S in short

Founded
1974

Managed vessels
18

Ice classed AHTS
(1A)
4

Icebreaking
AHTS (Ice-10)
3

SMA Ice-
breakers
5



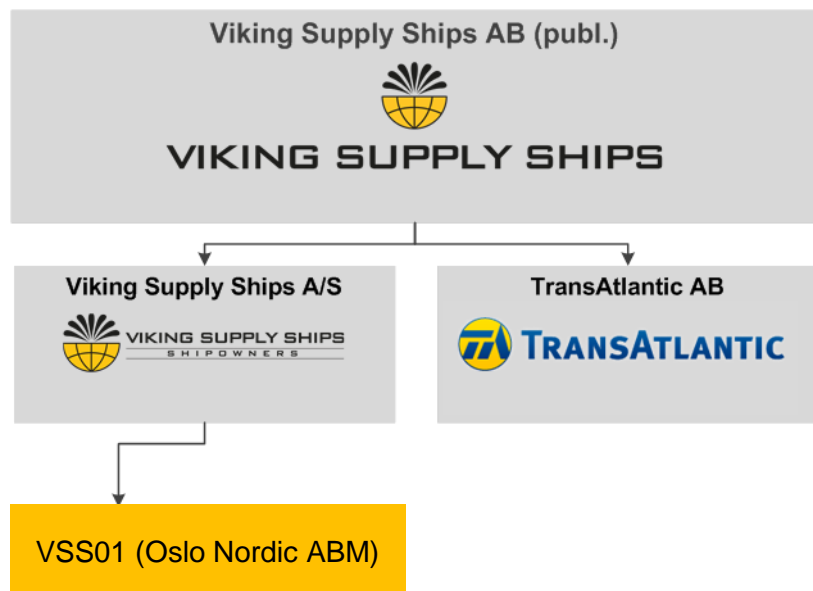
Net result 2014
MNOK 292

Majority owner
Kistefos AS

Main markets
**Arctic and
North Sea**

Headquarter
Copenhagen

Corporate structure



VIKING SUPPLY SHIPS

- Viking Supply Ships AB (former Rederi AB Transatlantic) is listed at NASDAQ OMX in Stockholm, ticker VSSAB.
- Market cap about MSEK 800.
- Earnings per share in Q2 was SEK 0.2.
- About 750 employees in the group.

VSS AB share 12 month development



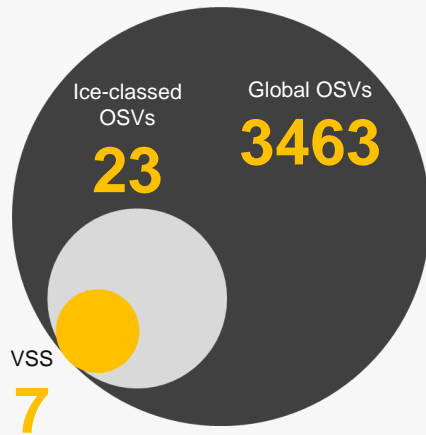
The world as **we** **see** it



-  VSS office location
-  Ongoing area of operation
-  Vessel operations

A unique business model

Limited competition, market barriers present

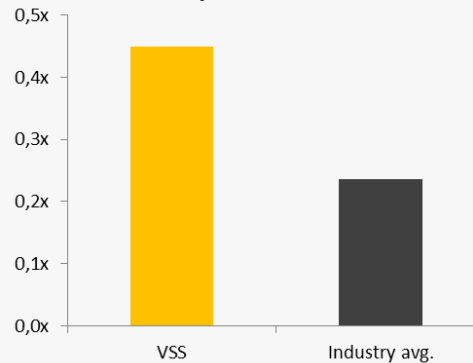


Ice classed vessels below 25 years, Ice class 1A or above.

High revenue / low capital intensity



Revenue/vessel book value



* 2014 FY figures).






Unique competence and service mix



- Attributed services increasing link towards clients.
- High Arctic competence among crew.
- Shared competence with SMA.

Viking Supply Ships – Fleet overview

12 of 18 vessels either high ice-class or ice-breaker

	Loke Viking class	Tor Viking class	Odin Viking	Frigg Viking class	SMA Icebreakers
					
	With it's high ice-class and winterization the Loke Viking class is the ideal vessel for sub-arctic operations	Combined Ice-breaker and AHTS suitable in harsh environment operations as well as the arctic	Medium sized AHTS suitable for world-wide operations, with a proven track-record in the North Sea	Medium sized PSV vessels with DP-2.	Icebreakers for the Baltic Sea owned by Swedish Maritime Administration
Vessels	4	3	1	5	5
Design	VS-4622L	KMAR 808	Moss Mar 424	VS-470 Mk II	Icebreaker
Built	2010-2012	2000-2001	2003	2003-2007	1973-1989
Ice-class	Ice 1A, deice C	Icebreaker Ice-10	N/A	N/A	1A Super – Arc3
BP/ deck	235-257 tonnes bollard pull	202 tonnes bollard pull	180 tonnes bollard pull	710 sq. meters	50-250 tonnes bollard pull

More than a shipowner



VIKING
ICE CONSULTANCY



VIKING
ICE ACADEMY



VIKING
ICE COUNCIL



Viking Ice Consultancy

- Viking Ice Consultancy delivers total solutions within ice-management and logistics for Arctic offshore operations.



Viking Ice Academy

- Specialized training program for operations in ice and harsh environments.



Viking Ice Council

- Viking Ice Council is an independent advisory board focusing on developing future practices for operations in the Arctic.

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Services segment
provide
VSS with reduced
capital
intensity and
increased market
standing.

VSS approach to a weaker market

Reduced activity, challenging OSV market

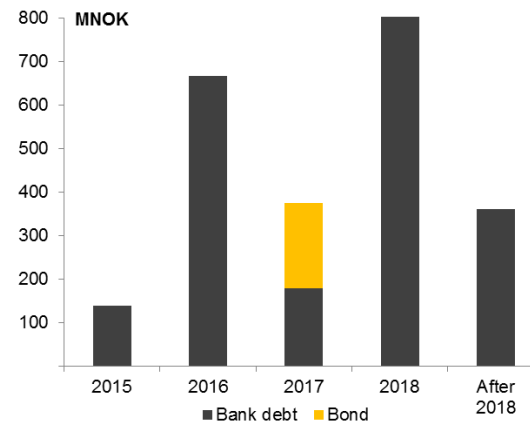


- Downturn longer and harder than first assumed.
- PSV segment influenced most.
- Little support from Brazil or other major offshore regions.
- Conventional OSV markets depending on scrapping to rebalance.
- Still demand in core regions, but sanctions prove to be a challenge for increased activity in Russia.

Risk mitigation already initiated

- Cost saving measures on general G&A being implemented.
- Reorganizing the PSV segment, Aberdeen office closed.
- Considering layup of the PSV fleet.
- Ship operating costs begin being scrutinized.
- Focus on term coverage.
- Refinancing of 3 facilities completed in 2014, improved maturity profile.

Debt maturity per 30th June 2015



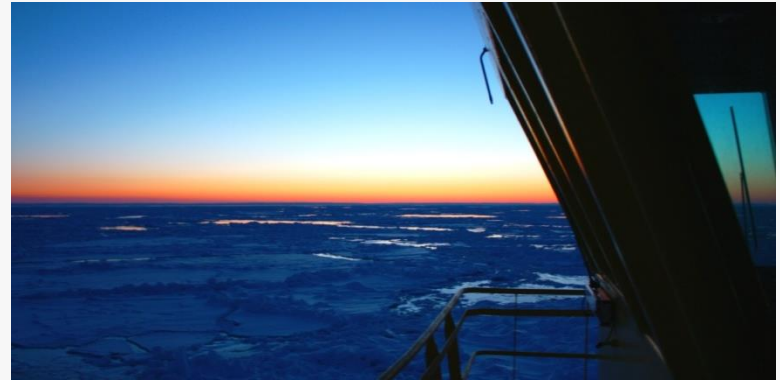
Significant contract awards in a generally challenging market

Contract awards in Arctic regions



- Brage Viking fixed to Oil major for up to 4 years and 2 months including options (firm till 15th December 2017).
- Vidar Viking extended with Oil major to 1st August 2016, plus 6 months options.
- Balder Viking fixed to Pechora Sea for shorter contract with Gazprom at solid rate.
- Management contract with SMA extended with 7 years.
- Njord Viking extended to Eni, firm till 31st December 2016, with 2 x 6 months options.

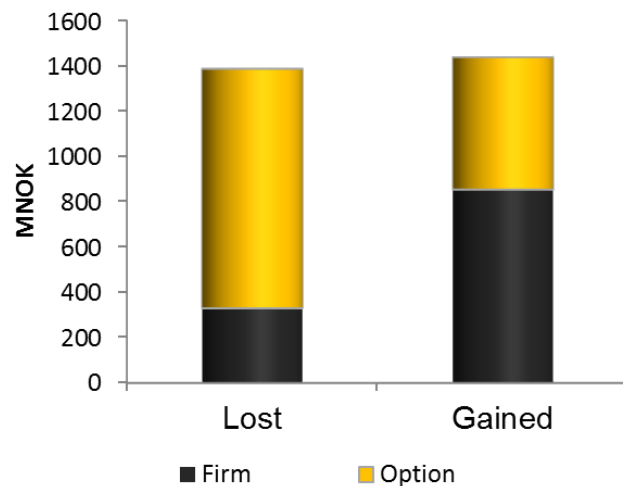
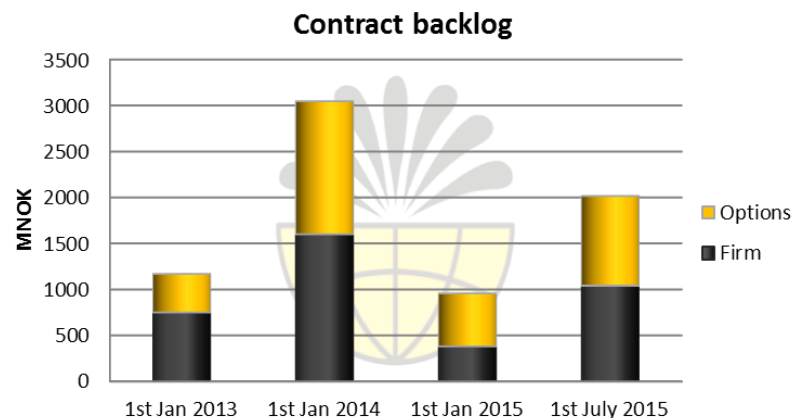
Increased market position



- Strong contract awards in a generally challenging OSV market supports the company's strategic position within its segment.
- Ice classed vessels obtain solid rates despite market downturn.
- The company still sees opportunities in Arctic and Sub-Arctic regions.

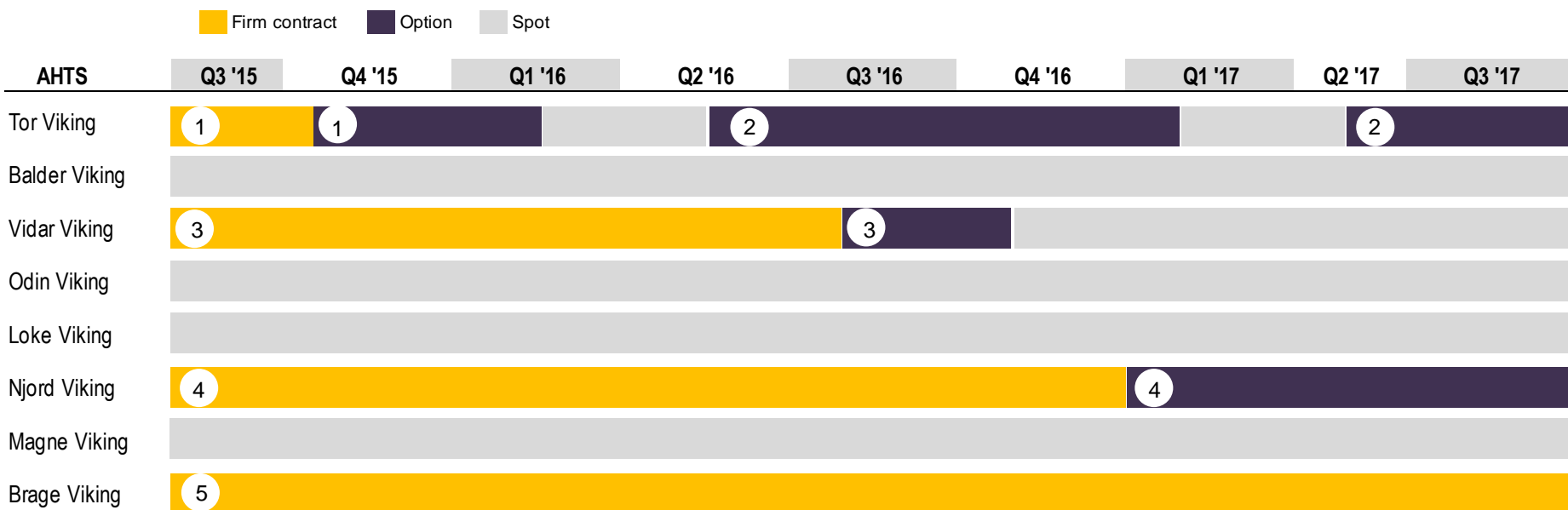
Contract backlog development

- Firmed up more new contract backlog than lost in the cancellation of the Kara Sea project.
- All optional periods that have been up for renewal have been confirmed in 2015.
- The company still see opportunities within core regions.
- Ongoing focus to increase backlog.
- PSV segment is challenging, with all possibilities being scrutinized.



Revenue lost from Kara Sea cancellation vs. gained from alternative contracts ytd in 2015.

Contract coverage overview



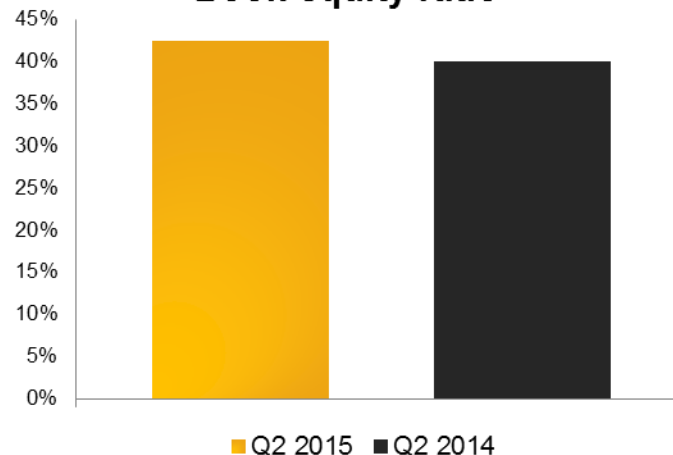
1. Oil major, firm drilling season + 8 weekly options
2. Oil major, options for seasons 2016/2017
3. Oil major, firm till 1st August 2016 + 1x6 months option
4. Oil major, firm till 31st December 2016 + 2 x 6 months options
5. Oil major, 2 year 8 months firm + 1 x 6 option + 1 x 12 months option

- PSV fleet operating in the North Sea spot market, VSS currently assessing alternatives.

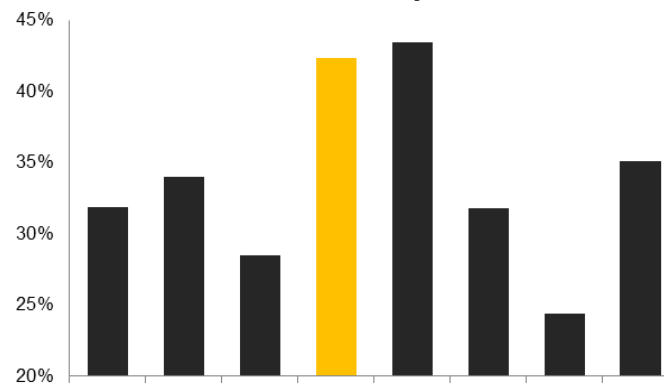
Solid balance sheet

- Book equity ratio of 42%, up from 40% in corresponding period in 2014.
- Market value adjusted equity is 47%, up from 45% in corresponding period in 2014.
- Market value of Ice-classed vessels so far not affected by the current offshore market conditions.

Book equity ratio



Peer comparison

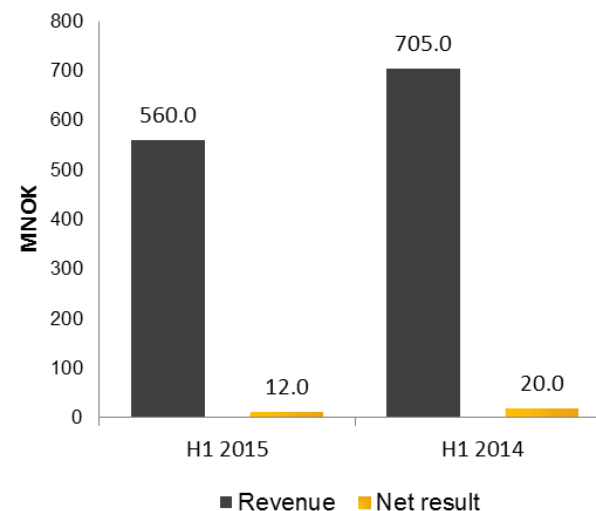


Book equity ratio among industry peers, VSS in yellow.

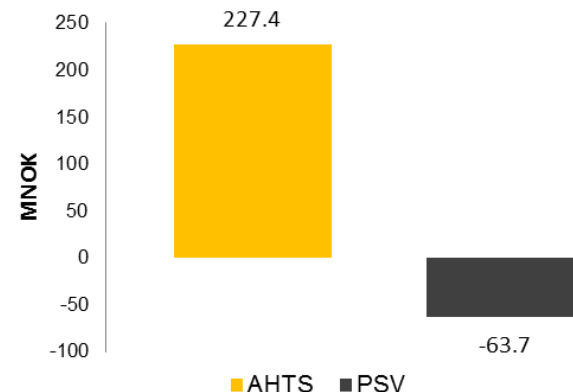
Positive net result and operating cash flow in H1 2015

- Net result of MNOK 12.0 (MNOK 20.0).
- Revenue decline in H1 2015 compared to H1 2014 is entirely due to lower revenue in the services segment. Fleet earnings in H1 2015 is on par with the level in H1 2014.
- Significant revenue increase from AHTS, MNOK 473.5 in H1 2015 vs MNOK 409.3 in H1 2014.
- Significant revenue decrease from PSV, MNOK 12.7 in H1 2015 vs MNOK 91.5 in H1 2014.

Fleet earnings on par with H1 2014

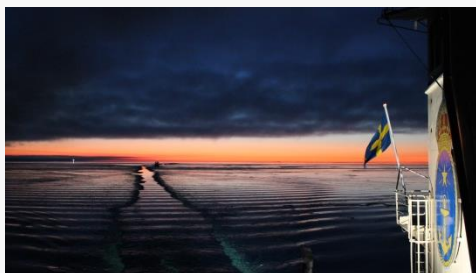


EBITDA per segment H1 2015



Market outlook

No sunset for oil, but mid-term outlook challenging



- Oil price downturn likely to have bigger impact than first anticipated.
- Long term demand for oil is still considered positive, but 2016-2017 will likely be challenging.

Still market opportunities within core regions



- Long term strategy towards the Arctic seems to be unchanged.
- Still contract opportunities for 2016-2017 in core areas.

Challenging conventional OSV market



- Drilling activity is expected to continue downward trend in the medium term.
- Still high fleet growth within PSVs.
- North Sea AHTS market has been slightly better, but rates impacted from negative market psychology.

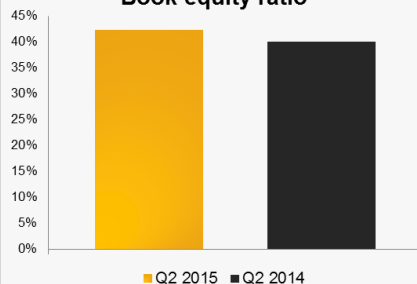
Key message

Building the future VSS through the down cycle

Solid financial position



Book equity ratio

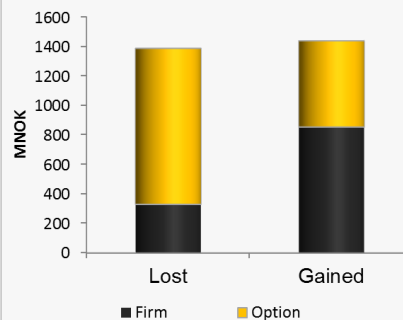


Reduced overhead



- Closed down Aberdeen PSV office.
- General cost initiatives have been implemented.
- Lay-ups being considered.

Increased contract backlog



Revenue lost from Kara Sea cancellation vs. gained from alternative contracts ytd in 2015.

Still Arctic opportunities



- Still attractive opportunities within core areas.
- Limited number of modern ice-classed vessels available.
- Firmed up more contract backlog than lost due to Kara Sea cancellation.



MORE

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THE
COOLEST
PLACE TO WORK

ALWAYS AHEAD OF
COMPETITION



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