



I.M. SKAUGEN SE
Innovative Maritime Solutions
www.skaugen.com

I.M. Skaugen SE – 1H Result 2012
Presentation
17th July 2012



1. Highlights

2. Liquefied Gas Market Update
3. Other business activities
4. Financials
5. Outlook



2Q Highlights

Norgas

- Softer shipping rates in petchem markets in 2Q
 - Negative impact from Iran sanctions effective 1st of May
 - Declining crude oil, product and derivative prices
 - Euro crisis resulting in constrained financial markets
 - China trade growth declines
- Despite sluggish market Norgas performance improved
 - Increased export from Middle-East clients
 - Successful repositioning of fleet

SPT

- SPT's global support services mitigates depressed tanker market

Shenghui

- Shenghui increases EBIT to RMB 32m in 1H 2012 from RMB 16.1m in 1H 2011

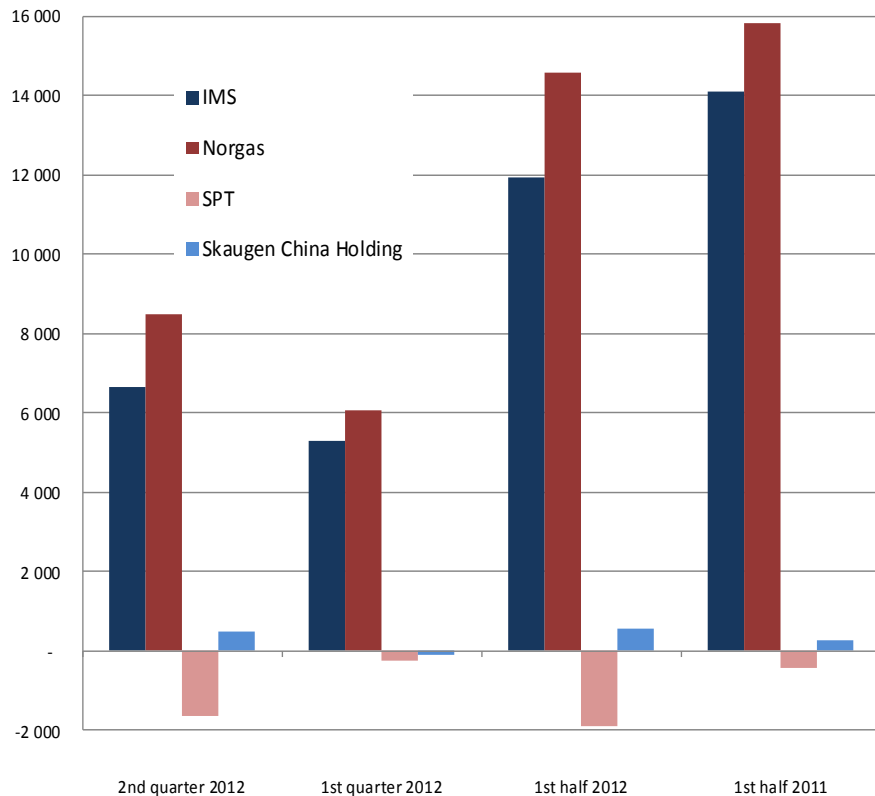
IMS

- IMS EBITDA of USD6.6m in 2Q, IMS EPS of USD(0.19) in 2Q



2Q Highlights (Cont'd)

EBITDA (USD '000)

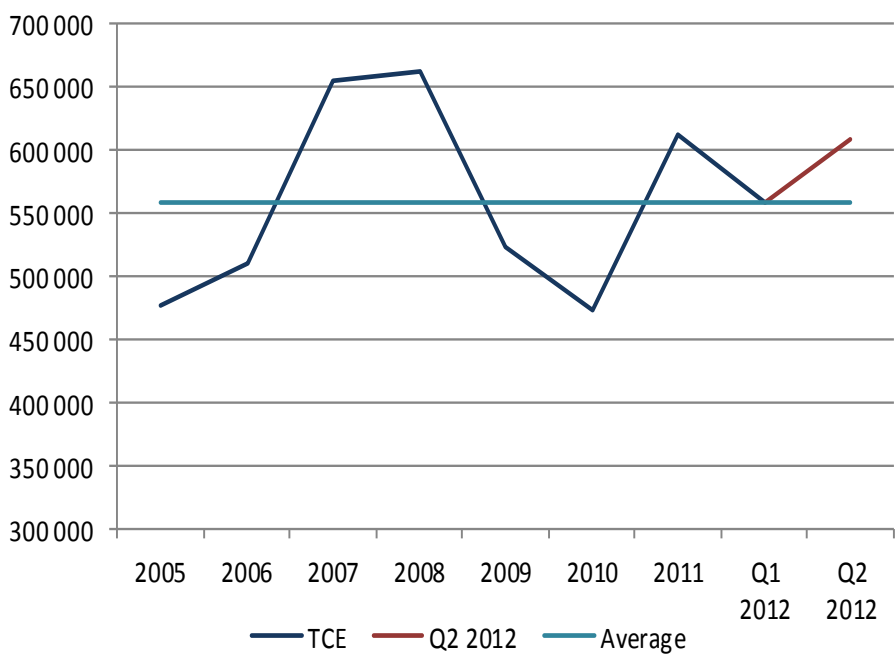


Comments

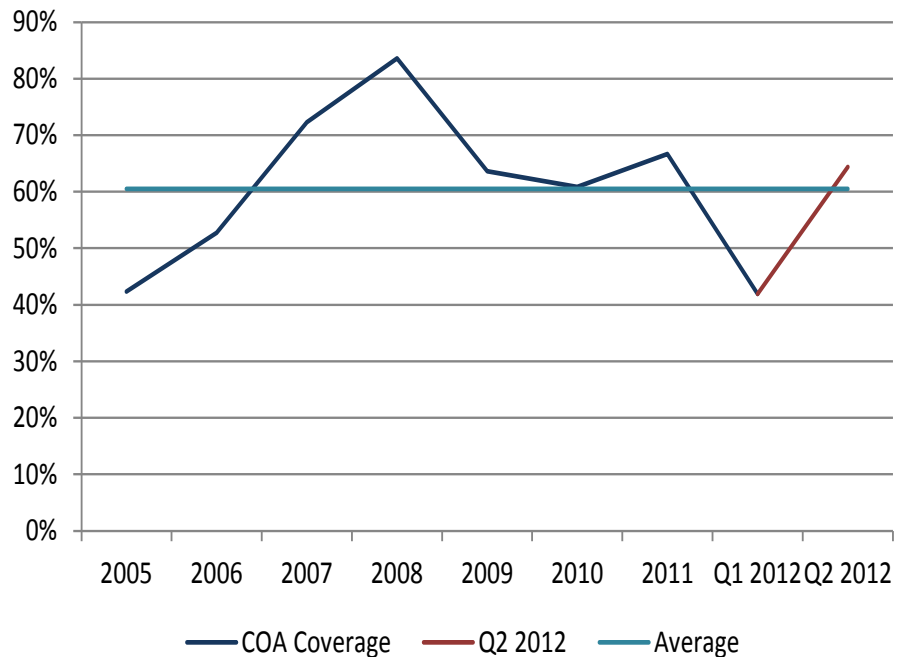
- 1H Norgas EBITDA USD 14.6m
 - 8% down vs 1H 2011
- 2Q Norgas EBITDA USD 8.5m
 - 40% up vs 1Q 2012
- 2Q SPT EBITDA USD (1.7)m
- 2Q Shenghui (China) EBITDA USD 0.5m
- 1H IMS EBITDA USD 11.9m
 - 16% down from 1H 2011
- 2Q IMS EBITDA USD 6.6m
 - 25% up from 1Q 2012

Increased TCE rates and COA coverage back to average level

Norgas TCE (USD/month)



COA coverage (%)



- TCE above USD 600k / month in 2Q 2012

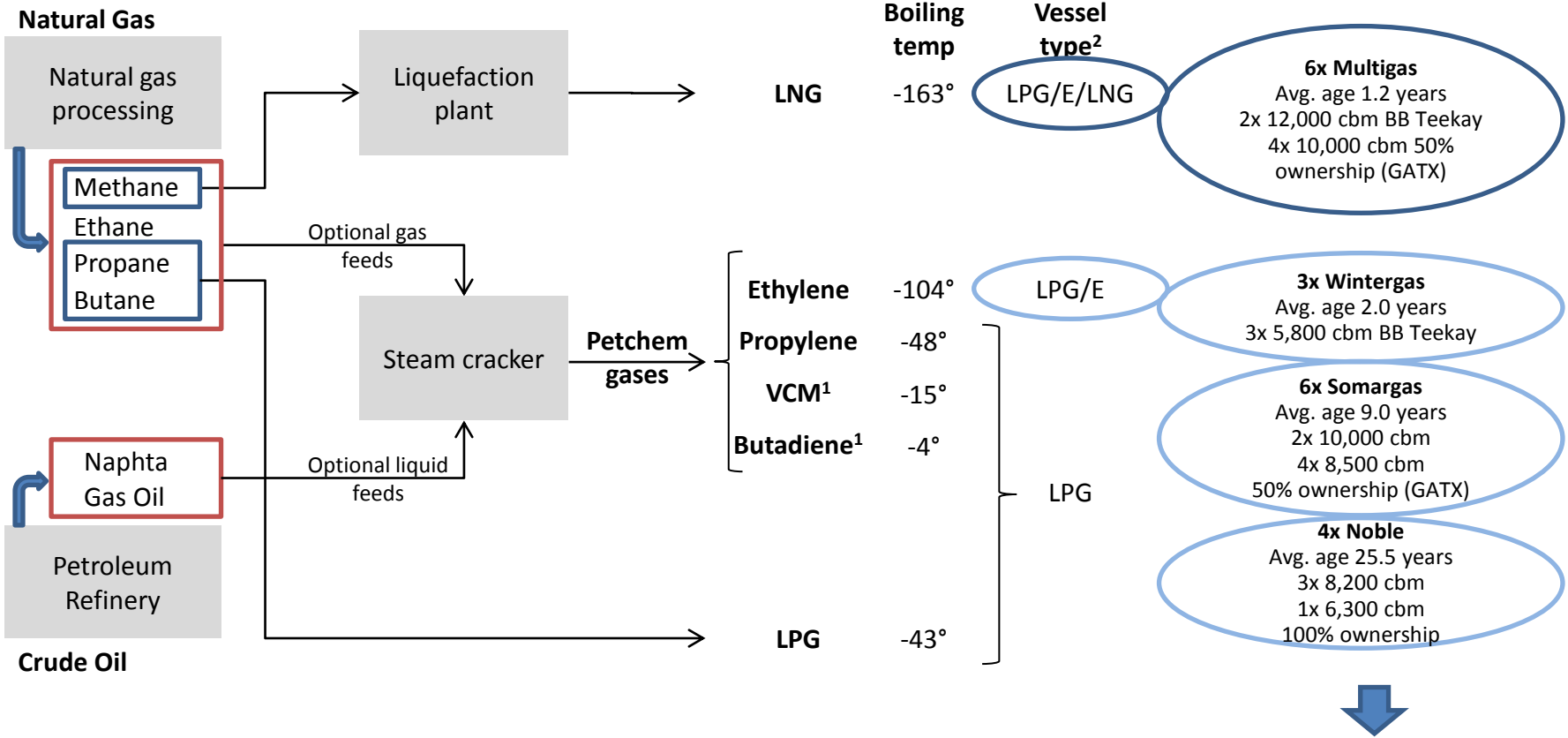
- Contract coverage above 60%

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Transportation of liquefied gas is core business

Overview of liquefied gases and their origin	Characteristics	IMS' positioning
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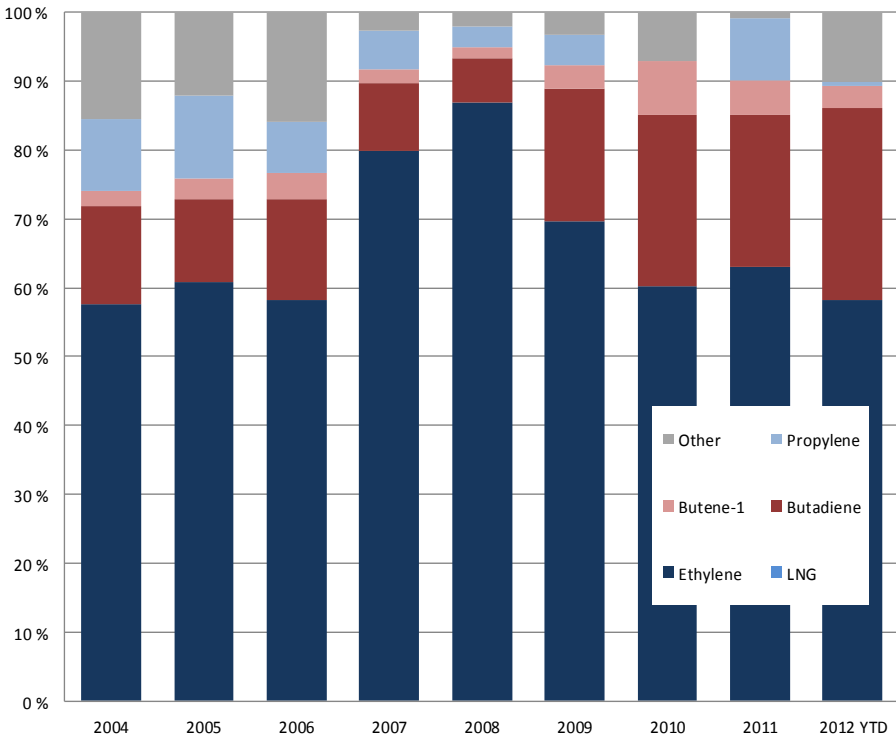


15% of World's Ethylene fleet

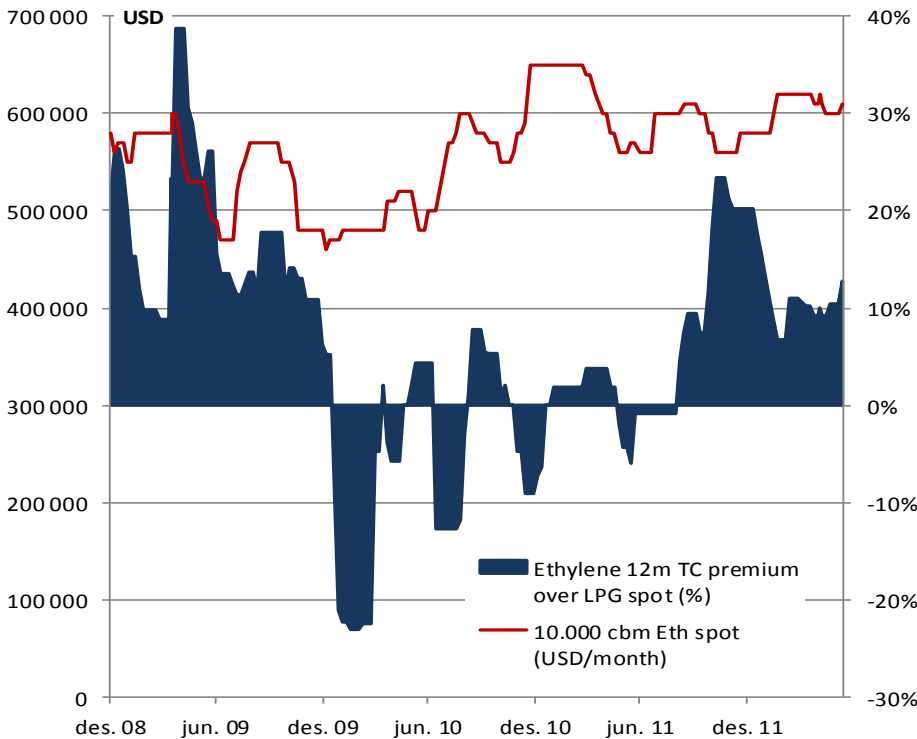
¹ Produced only by cracking any of the optional liquid feeds
² Boiling temperature of gas determines type of vessel that can transport it and the cost e.g. LPG/E can transport LPG and Ethylene, but not LNG

Approx. 60% of cargo is ethylene

Cargo by volume transported

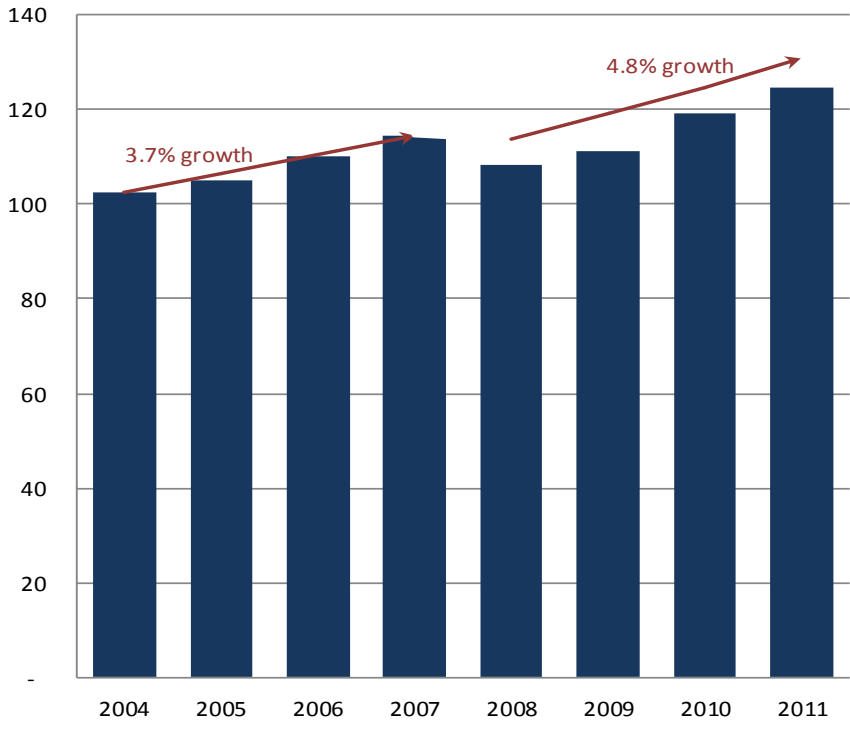


Vessel charter rates

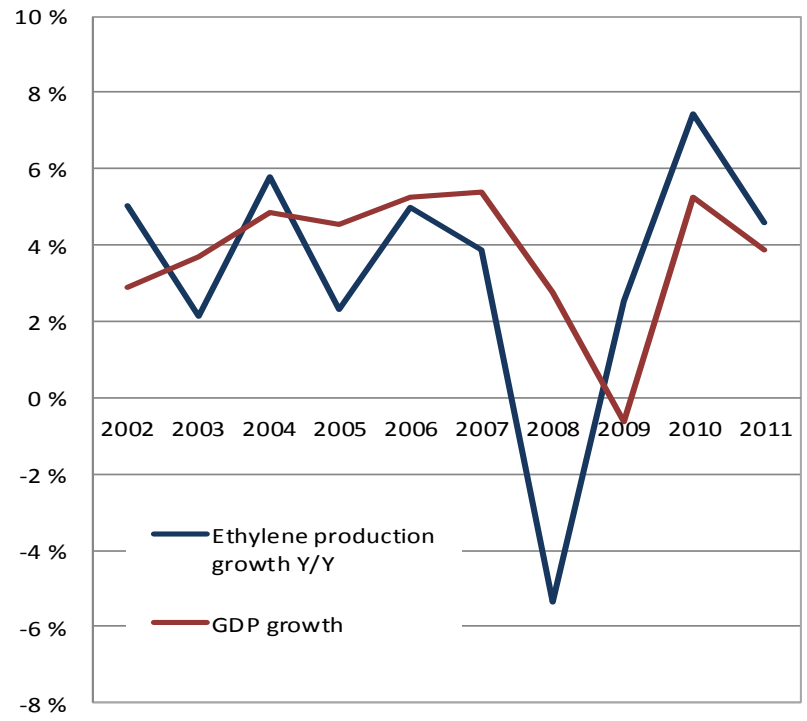


Global ethylene market is growing at 1.1-1.3x GDP equivalent to approx 4% p.a.

Global ethylene production (mMT)

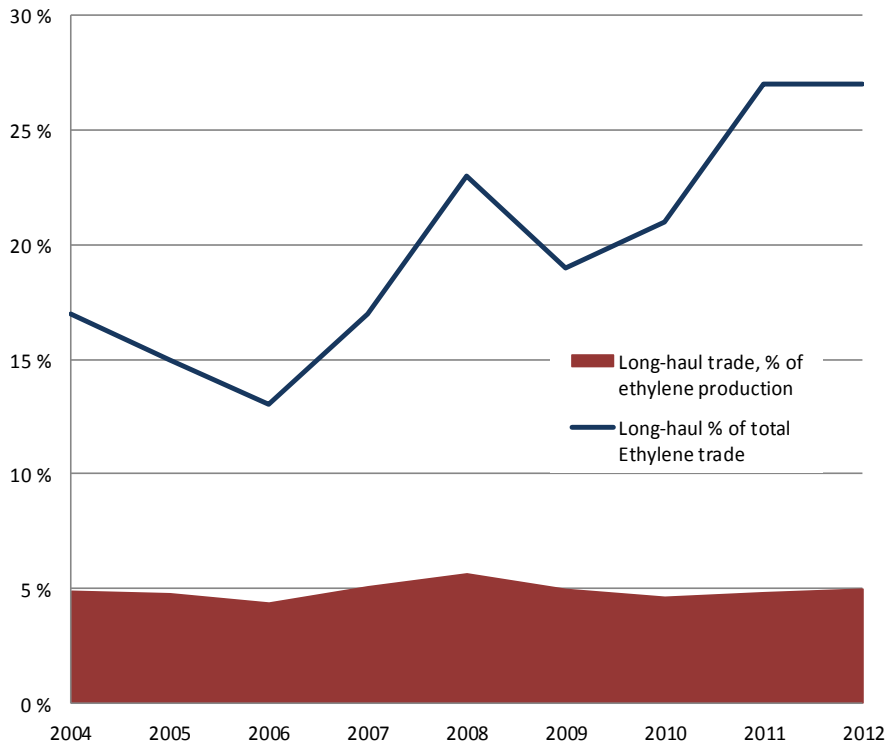


GDP as key driver

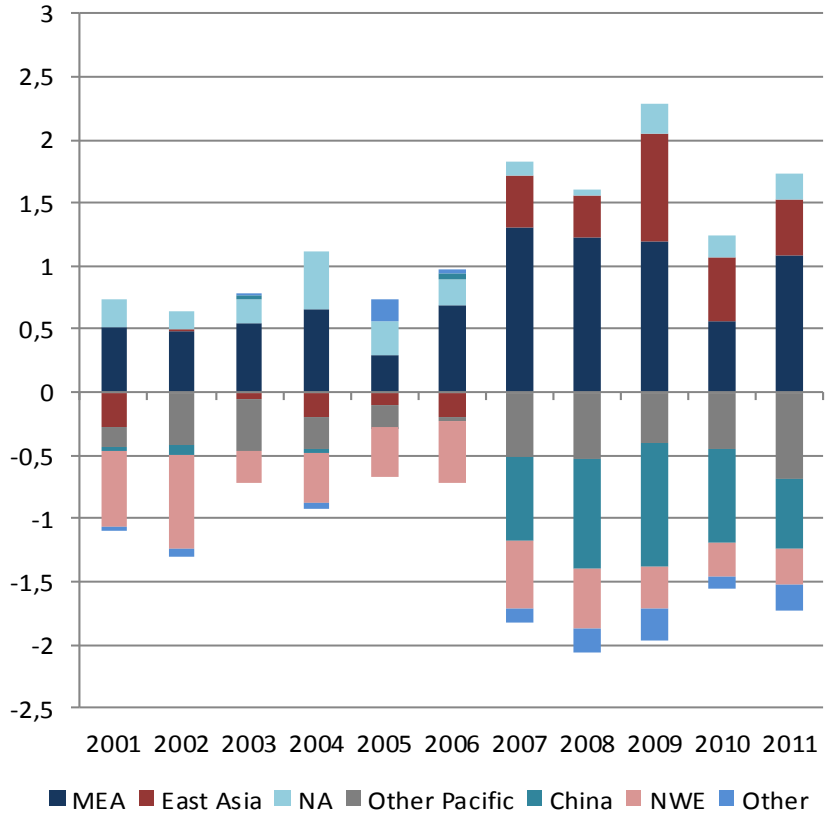


Increased ton-mile given longer distances – long-haul market is growing by approx 9% p.a.

Long-haul transportation (8-22,000cbm)



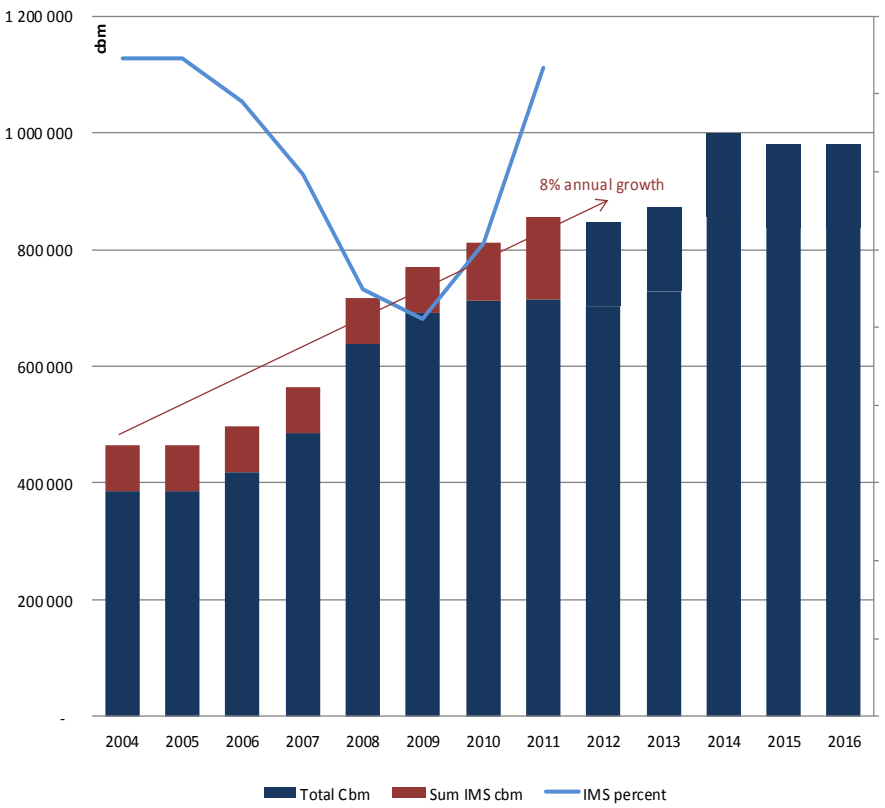
Gross export¹ (mMT)



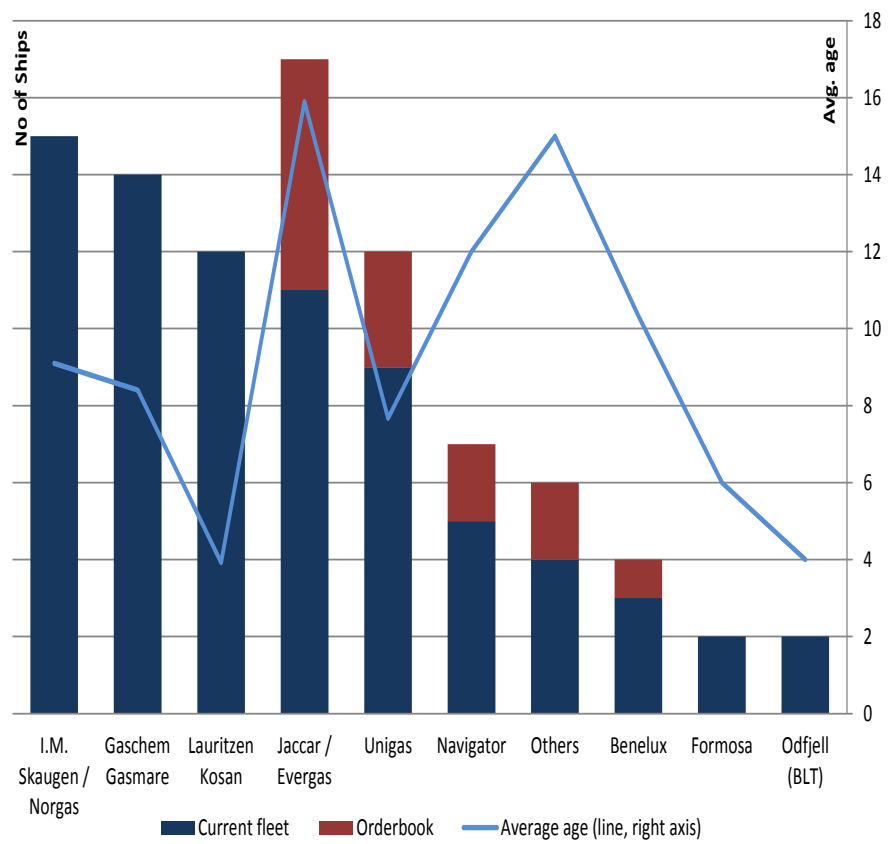
¹ Production less (-) Consumption

Long-haul ethylene fleet has grown by approx 8% p.a.
 Current net orderbook at 14% of fleet (and over 3-4 yrs)

Long-haul fleet development



Current long-haul fleet



LNG initiatives

LNG value proposition

- World's largest mini LNG fleet
 - 2x12,000 cbm and 4x10,000 cbm LNG/E/LPG vessels
 - Immediate availability
- Economic beneficial for:
 - Transportation of LNG within 12,000 nautical miles
 - Shallow water: 7m draft
- LNG lightering
- LNG terminal operations
- Independent advisors for marine interfaces related to FSRU projects

Projects

- Bahrain LNG tender has expired
 - IMS has not received any information nor advice if a decision will be made
 - Drop in oil prices, fiscal challenges for Bahrain and turbulence in the region

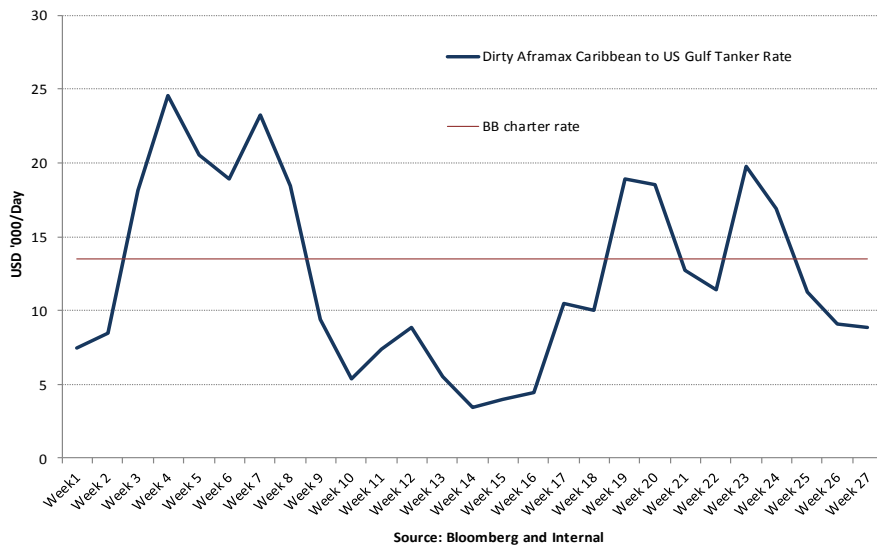


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SPT and Shenghui

SPT



- In a difficult market SPT's support service business compensated for depressed tanker rates
- SPT delivered a negative EBITDA of 1.7m (based on IMS' 50% ownership)

Shenghui

- Shenghui Gas and Chemical Systems:
 - EBIT of RMB 22.4m in 2Q12
 - Compared to RMB 9.6m in 1Q12
 - EBIT of RMB 32.0m in 1H12
 - Compared to RMB16.1m in 1H11
- There is an ongoing process that will enable us to visualize our value creation in this company

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Gross P&L

Total IMS Group					
USD '000	2Q12	2Q11	1H12	1H11	2011
Gross Freight Revenue	64 848	49 196	123 567	91 679	204 879
Operating revenue construction services	20 095	14 321	32 531	32 587	120 854
Revenues	84 943	63 517	156 098	124 266	325 733
Voyage related expenses	-28 417	-16 996	-51 643	-32 441	-76 182
Other operating cost and t/c hire	-32 538	-25 631	-64 037	-46 602	-105 836
Cost of goods sold	-16 667	-12 115	-27 197	-29 606	-110 280
Unallocated	-684	-689	-1 288	-1 529	-7 060
Segment profit (EBITDA)	6 638	8 087	11 933	14 089	26 374
Depreciation and amortisation	-4 762	-3 664	-9 319	-7 772	-17 577
Operating profit	1 876	4 423	2 614	6 317	8 798
Gain from sale of vessels	-	-	2 203	-	791
Depreciation	-15	-9	-15	-12	-63
Share of profit/(loss) of non-strategic associates	-	235	2 855	333	403
Net financial items	-7 180	-5 187	-12 894	-11 050	-18 295
Exchange gain/losses	173	1 099	173	611	-
Others	-250	-206	-250	-309	-1 121
Net result before taxes	-5 396	355	-5 314	-4 111	-9 487



Balance Sheet

USD 000					
Balance Sheets - Equity method	30.6.2012	30.6.2011	31.3.2012	31.3.2011	31.12.2011
Non-current assets					
Deferred tax assets	2 500	2 500	2 500	2 500	2 500
Tangible fixed assets	34 257	39 219	35 228	39 494	37 616
Investments in associates and joint ventures	114 464	110 912	111 335	118 772	112 148
Non-current financial assets	12 370	4 649	12 370	4 100	7 383
Total non-current assets	163 591	157 280	161 433	164 866	159 647
Current Assets					
Projects under construction	-	52 933	-	52 795	-
Receivables and other current assets	33 415	29 969	38 076	26 660	32 362
Cash and Bank deposits	29 156	40 679	35 761	34 499	41 002
Total Current Assets	62 571	123 581	73 837	113 954	73 364
Total Assets	226 162	280 861	235 270	278 820	233 011
Equity					
Paid in equity	81 319	81 319	81 319	81 319	81 319
Retained earnings	(31 210)	(20 218)	(25 818)	(20 538)	(25 918)
Other reserves	14 300	12 461	14 092	12 838	14 072
Minority interest	588	631	595	639	610
Total Equity	64 997	74 193	70 188	74 258	70 083
Liabilities					
Long term liabilities	119 298	134 622	132 527	178 824	70 154
Current interest bearing liabilities	10 178	68 098	12 610	18 466	65 373
Derivative financial instruments	14 259	(10 185)	4 840	(5 608)	9 621
Other current liabilities	17 430	14 133	15 105	12 880	17 780
Total Liabilities	161 165	206 668	165 082	204 562	162 928
Total Equity and Liabilities	226 162	280 861	235 270	278 820	233 011



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Overview of debt and credit ratios

- IMS' outstanding bond debt totals USD 133.2m:
 - IMSK 09: USD 0.4m
 - IMSK 10: USD 9.9m
 - IMSK 12: USD 64.3m
 - IMSK 13: USD 58.5m
- Bond refinancing cost of USD 1.2m in 2Q
- IMS' share of debt in JVs totals: USD 150m
 - Somargas/Singco (JV with GATX): USD 106m
 - Shenghui: USD 39m
 - SPT: USD 5m



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Outlook

- Short term challenging given Iran sanctions and current financial turmoil
- Long term attractive fundamentals in petrochemical market
 - Growth in ethylene demand
 - Demand higher than supply with current fleet growth
 - IMS is taking advantage of recent fleet renewal
 - No CAPEX or capital commitments
- Positioning for growth in small-scale LNG



The I.M. Skaugen Company

Founded in 1916

Listed on Oslo Stock Exchange (ticker: IMSK)



Steady as she goes