

IMSK: Long-term Small Scale LNG contract for three Multigas vessels.

I.M. Skaugen SE (the "Company") announces that on 23 January 2017 it has signed long-term contracts for the time charter of three Multigas (MG) vessels for a project representing a "proof of concept" of its Small Scale LNG logistics solutions (SSLNG) - providing natural gas for power generation. The revenues under these SSLNG contracts will be about USD 42 mill annualized and thus about USD 420 mill for 10 years.

The time charter contracts are for two 10,000 cbm and one 12,000 cbm MG vessels currently operated by the Company. The Company will provide shuttle/feeder services, floating storage support, as well as storage and offloading of LNG with a client sponsored by two existing gas fired power plants in Africa. The power plants are new and made for burning natural gas and have been idle because of lack of gas supply. In addition, the Company has been requested to perform the complete Project Management of this "virtual pipeline" to be established, encompassing the entire supply chain from the sourcing of LNG supply to the delivery of gas to the power plants. Start-up of the contract is planned for in late March or early April 2017 by our Company arranging delivery of first LNG.

The successful contract win is a result of our Company's unique position with flexible small-scale LNG vessels available for immediate commencement in combination with our small-scale LNG competence of operating such "virtual pipelines" and our know-how developed over the past 10 years.

The project is a very good illustration of the type of SSLNG projects targeted by the Company, whereby its high specification fleet of MG vessels is the key part of a "virtual pipeline" to supply power plants with cleaner and cheaper gas vs alternative fuel sources, as a result of gas not being locally available, or of diesel proving to be too expensive and polluting. A typical "virtual pipeline" involves feeder vessels transporting the LNG from a nearby source of LNG, such as an LNG terminal or an FSU offshore to an in-port storage vessel, from which the LNG is discharged into trucks and transported to the power plants where LNG is re-gasified at site.

The agreed charter rates for the 3 vessels reconfirm the premium earnings available for our MG vessels when trading in the Small Scale LNG markets, both due to the more complex operation compared to the LPG/petrochemical markets, as well as the more attractive competitive dynamics in the Small Scale LNG shipping market. The LNG rates are in line with the Charter hire paid to vessels owners on other small scale LNG projects (not related to IMS) and also to the many LNG voyages the Company has performed within Asia in 2015/2016; which all have typically been about 60-70% higher than what is achieved in the LPG trades.

While the Company is still in the process of completing the customary and required due diligence on the project and the charterer, the Company feels assured that the economic viability of the project is sustainable, and that the Company and the charterer will manage to launch the "virtual pipeline" to support power plants in the region. The contract is subject to the client securing the relevant and necessary governmental approvals and financial close.

Further information will be provided when the process has been completed.

If you have any questions, please contact:

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I.M. Skaugen SE is a Norway based Marine Transportation Service Company, with a focus on Innovative Maritime Solutions. Our core business activity is to provide logistics solutions for seaborne regional distribution of liquefied gases such as LNG, petrochemical gases, ethane as well as LPG.

The Skaugen Group of companies currently operates a fleet of 15 advanced gas carriers. In this fleet we have 6 innovative and unique vessels with the capacity to transport LNG in addition to petrochemical gases and LPG. We recruit, train and employ our own team of seafarers.

IMS employs approximately 500 team members globally and with nearly 30 nationalities represented. We manage and operate our activities and service our clients from our offices in Singapore and Oslo.