




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



I.M. Skaugen SE
AGM 2015
Presentation
April 28th 2015

Agenda

Highlights

Core business



Restructuring efforts continued with positive effects

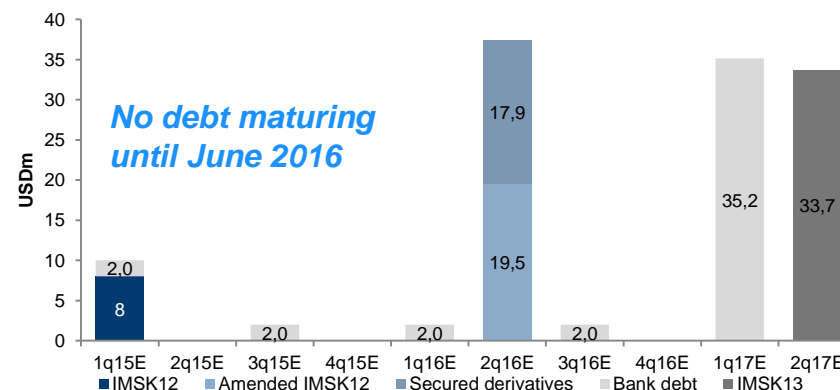
Leading to reduced financial expenses and a lower cost base

- Net interest bearing debt reduced with USD 21 mill to USD96 mill.
- Financial expenses in 2014 reduced with USD4 mill;
 - *excess liquidity used to reduce bond debt with USD18.5 mill - buying back bonds in the market*
 - *two vessels sold and leased back on bare boat charters, generating a net cash flow of USD40.8 mill*
- «Centralize and simplify program» delivering tangible results – leading to USD7 mill in reduced overhead and shore based expenses in 2015 compared to 2013
- No ships purchased or on order
- Equity ratio stable throughout the year
- Book equity per share at USD 1.63 (NOK 12.10) by year end

Feb 2015 - Extended maturity of IMSK12

- Agreed with bondholders to extend maturity of IMSK12 to June 2016
- Secured extension of cross currency swap in line with IMSK12 with no cash or material P&L effect
- Successfully concluded bond auction for NOK 60m at a discount to par
- **Providing sufficient working capital to execute on strategy and create value for stakeholders**

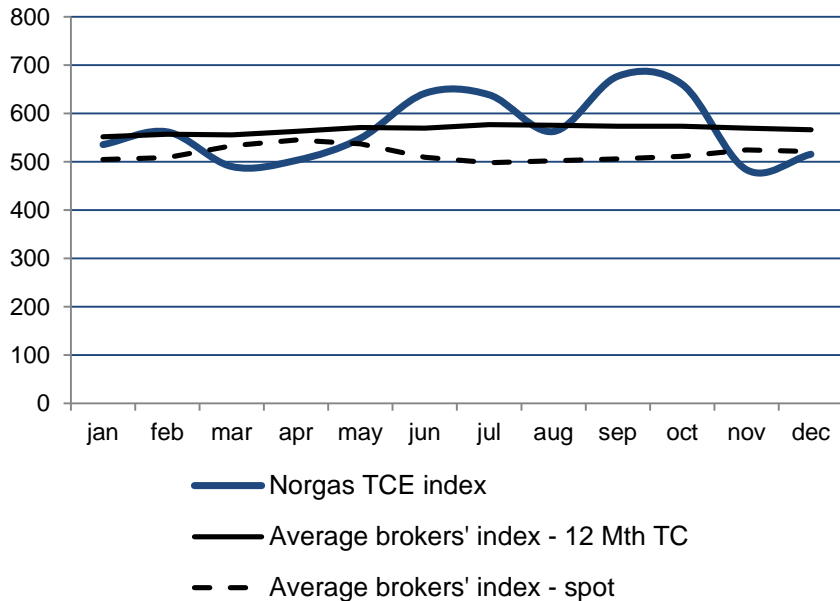
Maturity profile



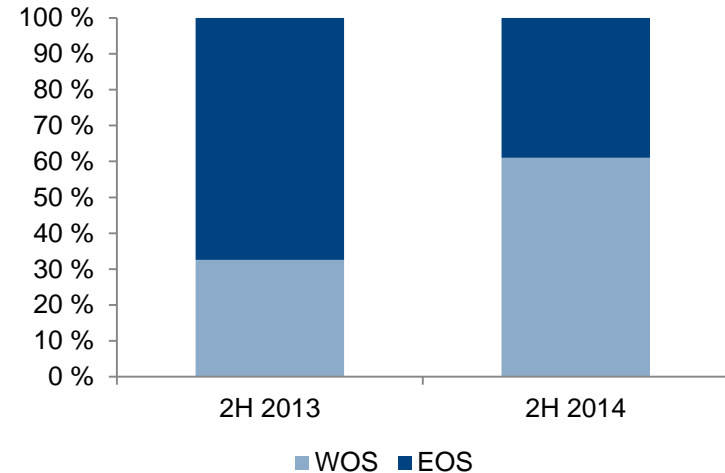
Right decision to reposition the fleet in late 2013

Now on the right track for growth

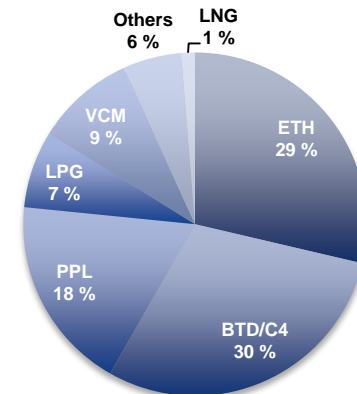
Vessel earnings improving



From Middle east and ethylene focus to a more balanced portfolio – products as well as geographies



- **Improving trend as of 2Q14 – increasing number of vessel earning days – October best month of the year**
- **Short term dip in Nov/Dec due to plunge in Oil price**
- **1Q15 back on track**
- **Utilisation improving – coming from an oversupplied market for vessels in our segment**



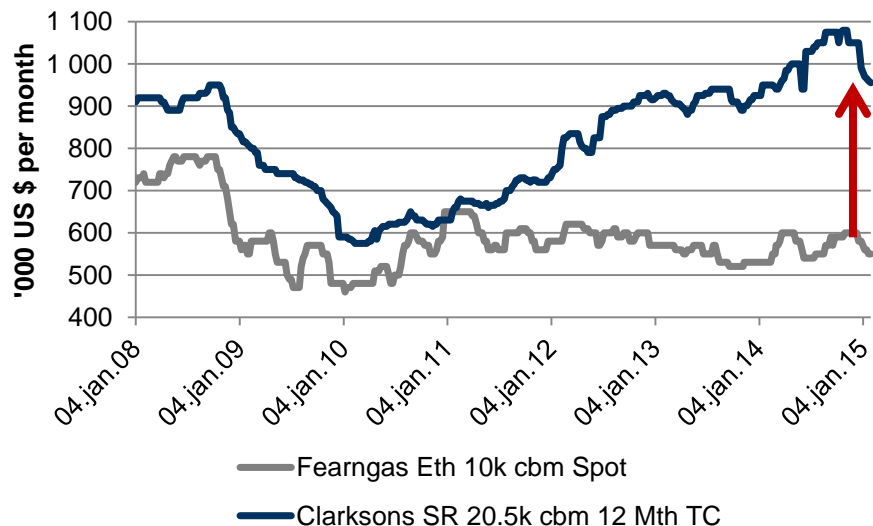
Fleet utilisation expected to continue to improve

Limited orderbook for vessels in our segment – demand growth in liquefied gas trade

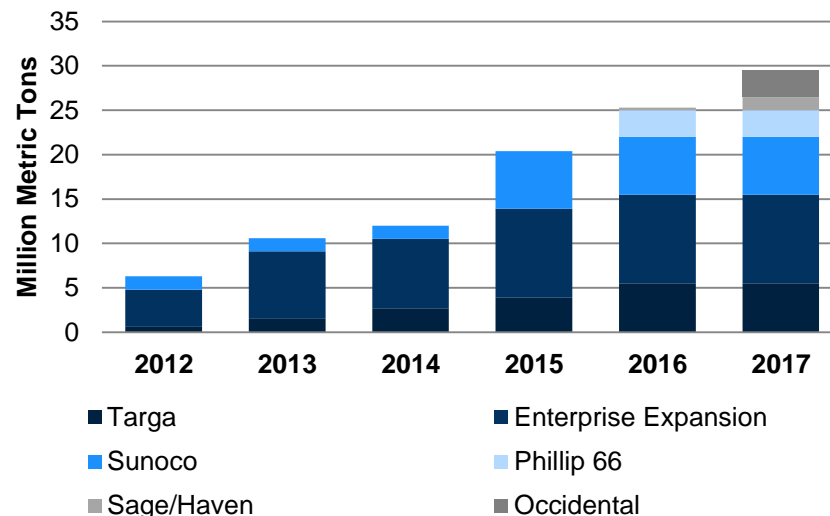
Limited orderbook in our segment of the market

Ethylene Fleet & orderbook	Sailing			Orderbook			
	No.	Cbm	Avg. built	No.	Cbm	OB %	Built
>20,000 cbm	7	152 465	2004	20	485 060	318%	2016
15-20,000 cbm	10	169 700	2008	4	68 000	40%	2016
~12,000 cbm	12	145 068	2007	11	132 000	91%	2015
~10,000 cbm	11	113 652	1998	0	0	0%	
8-10,000 cbm	43	368 439	2005	0	0	0%	
5-7,000 cbm	38	244 217	2005	0	0	0%	
Below 5k	33	107 674	1992	0	0	0%	
TOTAL	154	1 301 215	2002	35	685 060	53%	2016

Improvement in TC rates for the larger 20kcbm vessels is attractive for absorbing additional tonnage



US export capacity expected to be fully utilised



«Outlook for small LPG carriers increasingly attractive for 2015-2016. Given the underlying attractiveness for LPG shipping in general through 2016 with the global LPG trade expected to expand by at least 15% pa in 2015 and 2016, we believe the **outlook for small LPG carriers is increasingly attractive over the next 12-24 months as the increase in VLGC deliveries beginning in mid-2015 is likely to translate to increased demand for StealthGas' "last mile" small LPG carriers.**»

Source: Jefferies LLP, 27 Feb 2015

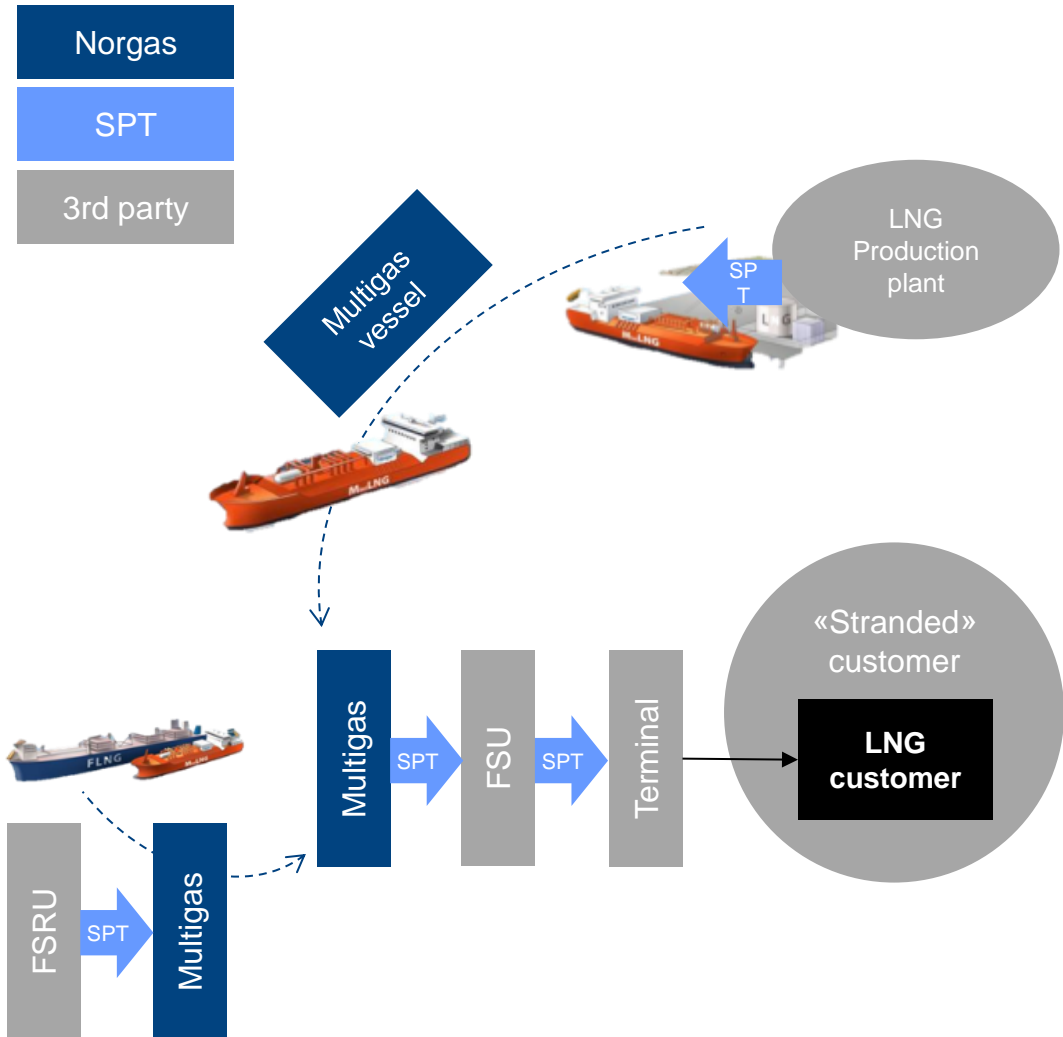
Aim to become the “go-to” specialists for regional LNG distribution

Offering a unique value proposition combining the Norgas LNG capable vessels with the competence of the Group’s SPT company

Company’s key focus areas and opportunities

- The IMS group is in the process of migrating its business towards the energy markets with a focus on new business areas like **Small Scale LNG (“SSLNG”)** in particular.
- Goal is to become a leading and "go-to" specialist for regional LNG logistics solutions within the next few years.
- IMS offers value creating proposals for selected clients to deliver natural gas in the form of LNG – replacing diesel / and/or naphtha for power generation and industrial use.
- **IMS is dialog with several parties for the long term commitment and chartering of both 100% owned LNG vessels and its other LNG capable ships under control.**
 - Prospective contracts will be attractive compared to employment in the petrochemical trade of the Norgas Pool, both in terms of rates and contract duration.

IMS in the Small Scale LNG value chain



Agenda

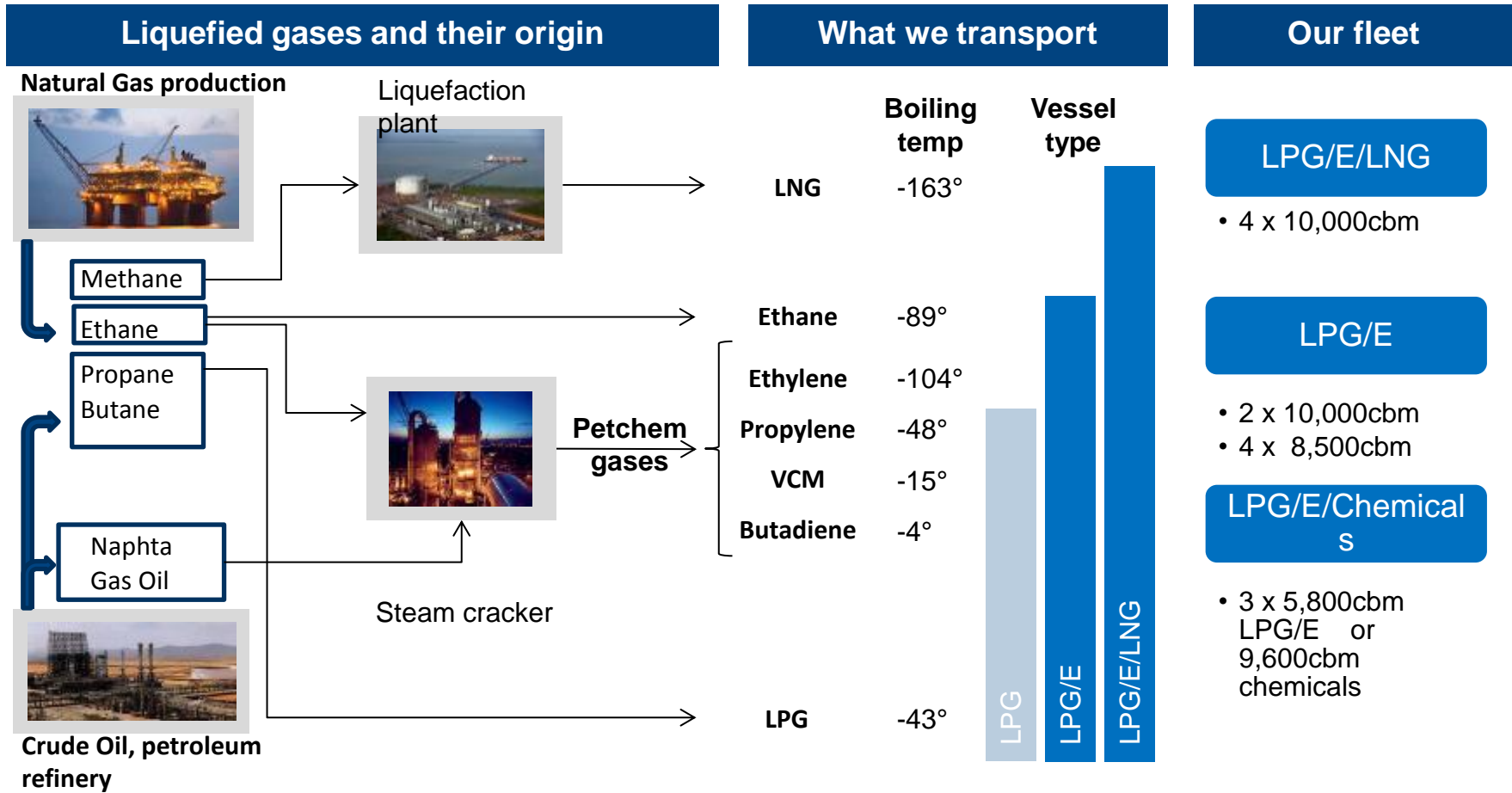
Highlights

Core business



Our modern fleet of 15 advanced gas carriers

Transporting the full range of liquefied gases including LNG



“Superior capabilities to efficiently change between products transported, creating new opportunities”



Small scale LNG market

A growing market and with a proven premium time charter equivalent rate over petrochemicals

The small scale LNG market is growing

Existing market, proven technologies



Developed in Scandinavia last 15 years. China and South East Asia fastest growing markets.

Oil majors now on the scene



Oil & Gas majors officially going for SSLNG; Shell, GdF Suez and Gazprom.

Terminals being developed



Conventional terminals developing new business from re-loading to ships. Smaller import terminals for re-distribution are being built.

Switch to gas driven by economics and emission legislation



“Stranded” power plants converted from oil/diesel to gas (Indonesia, India, Central America and Malta). LNG as fuel for shipping growing from 0.1 to 5 million tons per year by 2020 due to ECA zones.

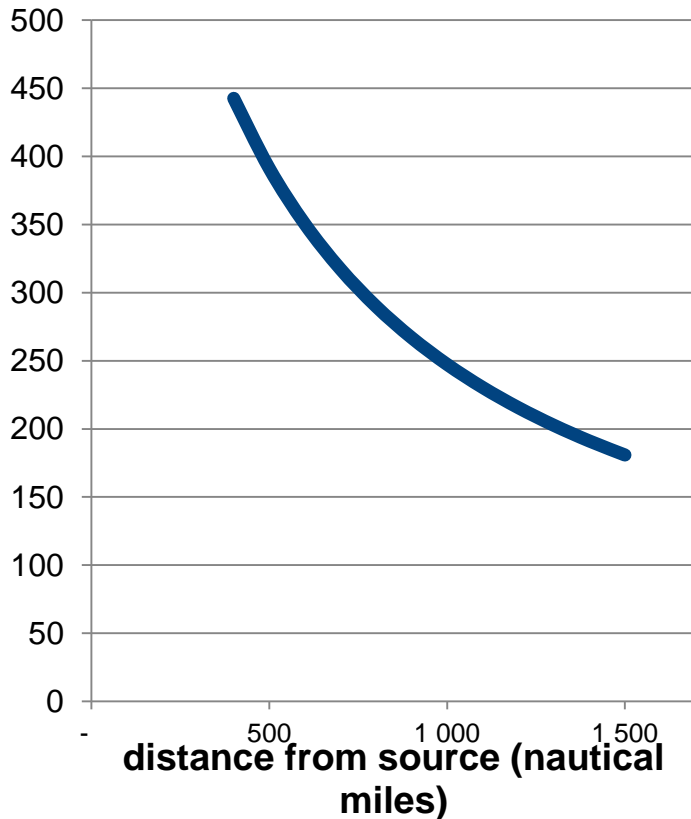
IMS 6 x Multigas

- Largest SSLNG tonnage provider and only one **with available ships.**
- **Premium achieved** on 3 X charters (USD1m TCE per month on a 10k cbm Multigas vessel).
- **Achievable** due to SSLNG value chain economics driven by the favorable cost difference between LNG and alternative fuels (i.e. diesel and naphtha).

Small scale LNG

significant transport capacity for regional distribution of gas at competitive costs

Size of power plant (in MW) that ONE Multigas 10k vessel can supply



A Multigas vessel can load LNG at most conventional sources of LNG

Conventional large scale LNG plants



Conventional large scale LNG import terminals

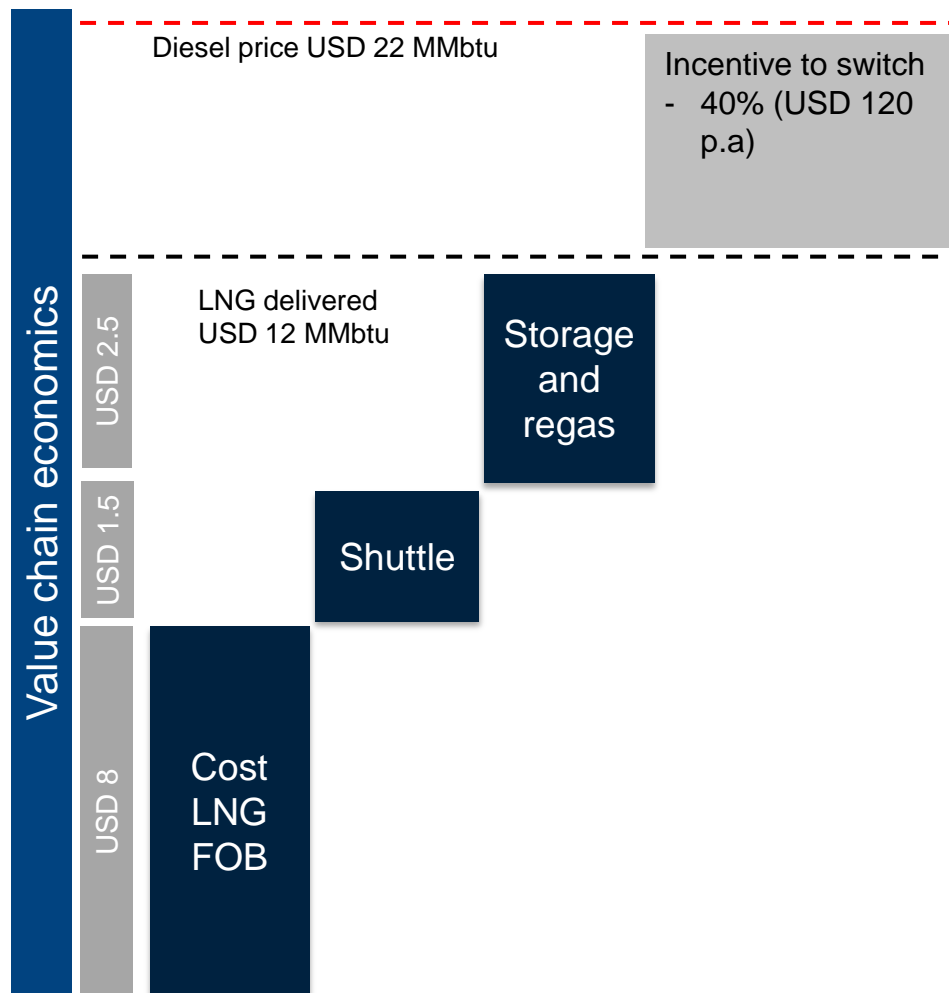


FSRU based LNG import terminals



Supplying gas to a 250 MW power plant

The powerplant will save about USD 120m annually vs. current diesel cost



We can offer a fast-tracked integrated logistics solution commanding premium returns:

- Diesel fuel plants converted to gas fuel can reduce fuel costs for power plants, with savings of approximately US\$5.4 billion per year.
- One should take into account the very tangible and also quantifiable benefits of gas used as a fuel; lower emissions, higher efficiency, easier to use (including less maintenance) and in many cases also lower taxes.
- With the availability of IMS Multigas vessels we will be able to fast-track the logistics chain by more than 2 years (equal to USD 240m savings)

Source: IMS LNG team calculations



IMS focus areas for Small Scale LNG

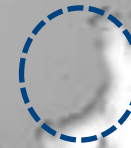
- *ECA zone as of 1 Jan 2015*
- *Import terminals ready for re-loads*
- *Additional smaller re-distribution terminals being built*

NWE



- *Growing energy demand and push for lower emissions*
- *Regional imbalances for LNG supply*
- *Infrastructure for LNG in place and growing*

China



India



Indonesia



- *Growing energy demand and lowering of fuel subsidies*
- *Lack of pipeline infrastructure*
- *Import terminals ready for re-loads*

US shale development impacting our line of business

Already have and will provide more opportunities in the future

Surplus of all gasses

• Surplus of LPG

- Fast growing export requiring more and more gas carriers – also smaller tonnage
- Growth in new PDH plants (propylene directly from LPG) both in the US and Asia – increased trade in propylene

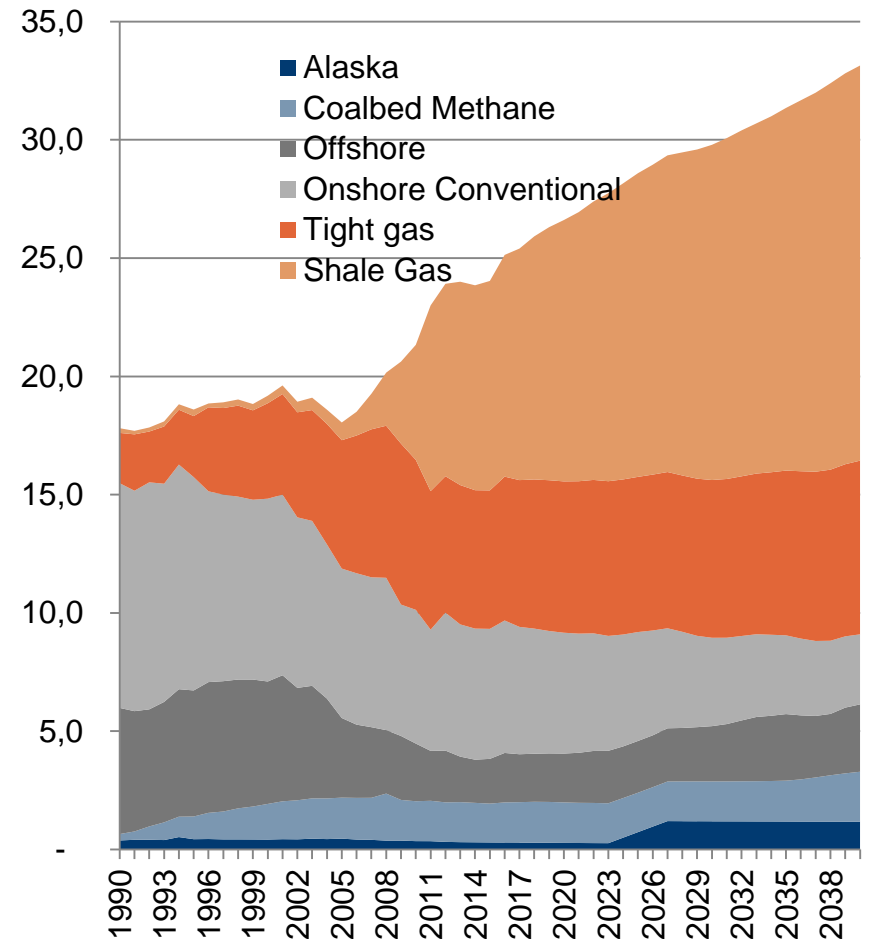
• Surplus of ethane

- Driving investment in new ethylene plant capacity and export of ethylene
- Which leads to structural shortage of butadiene – to be imported
- Regional exports of ethane as feed stock or as fuel for power plants

• Surplus of natural gas

- Provides source for future export of LNG regionally

US natural gas production by source (tcf)



Integrity – honesty in all we do

Teamwork – the way we ensure our success

