

Presentation to AGM
26 March 2012



I.M. SKAUGEN SE
Innovative Maritime Solutions

www.skaugen.com

Summary

- During Q1, bonds have been refinanced – no refi risk until 2015
- Core focus is transportation of liquified gas and on East of Suez markets
- Newbuilding program finished: 6x LNG / Ethylene / LPG capable vessels
- Largest and one of the youngest fleet in the long-haul ethylene carrier market
- Pioneering small scale LNG concept with large growth potential

1. Introduction

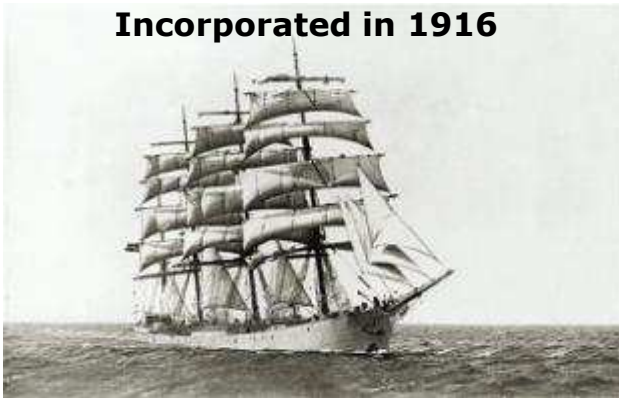
2. Liquid Gas Market Overview

3. Company Overview and Financials



A brief introduction to I.M. Skaugen SE and ...

Incorporated in 1916



The Skaugen Family



Managing 39 vessels



Managing USD 500m Turnover



2000 Employees

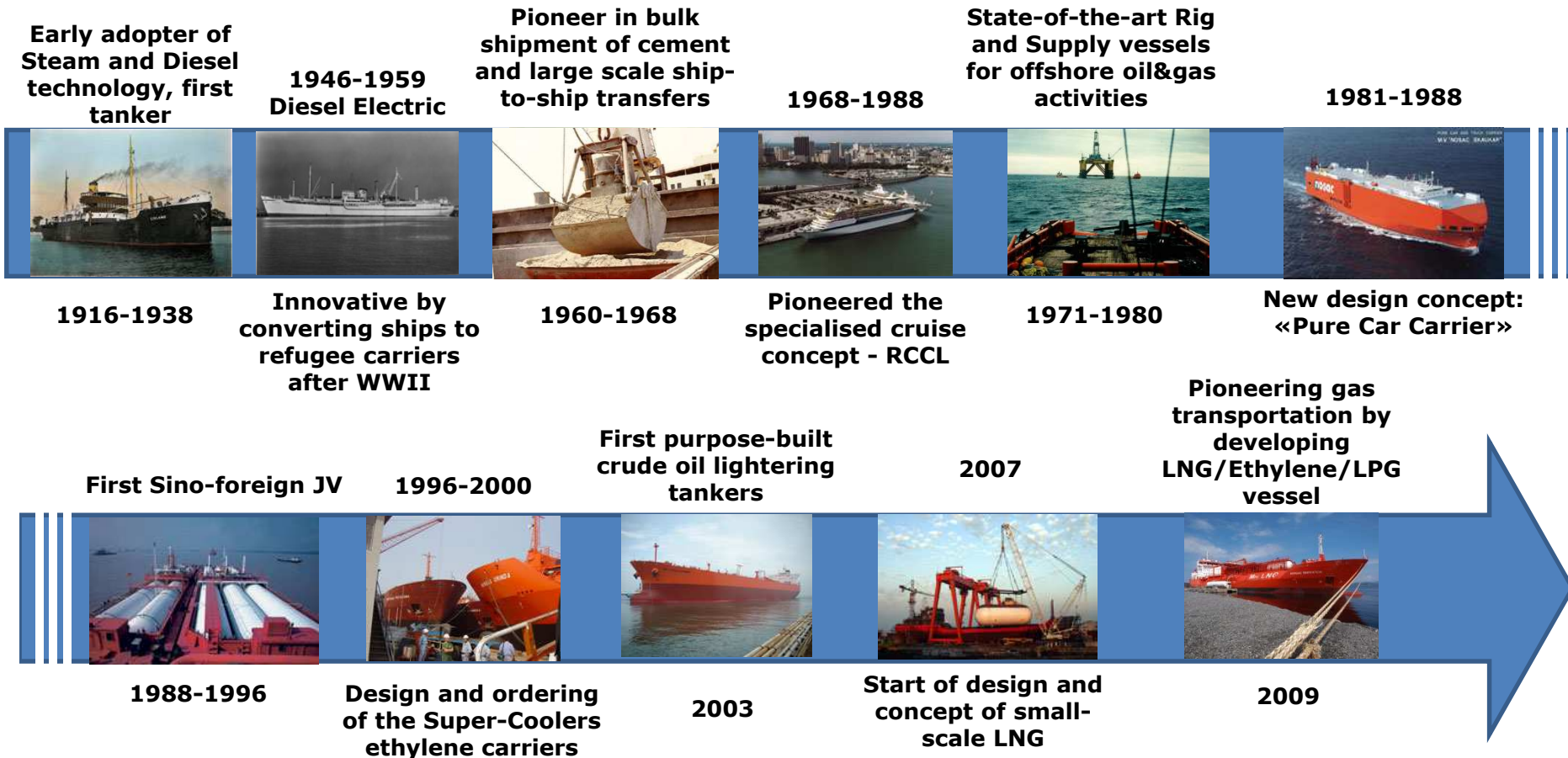


Over 20 Nationalities



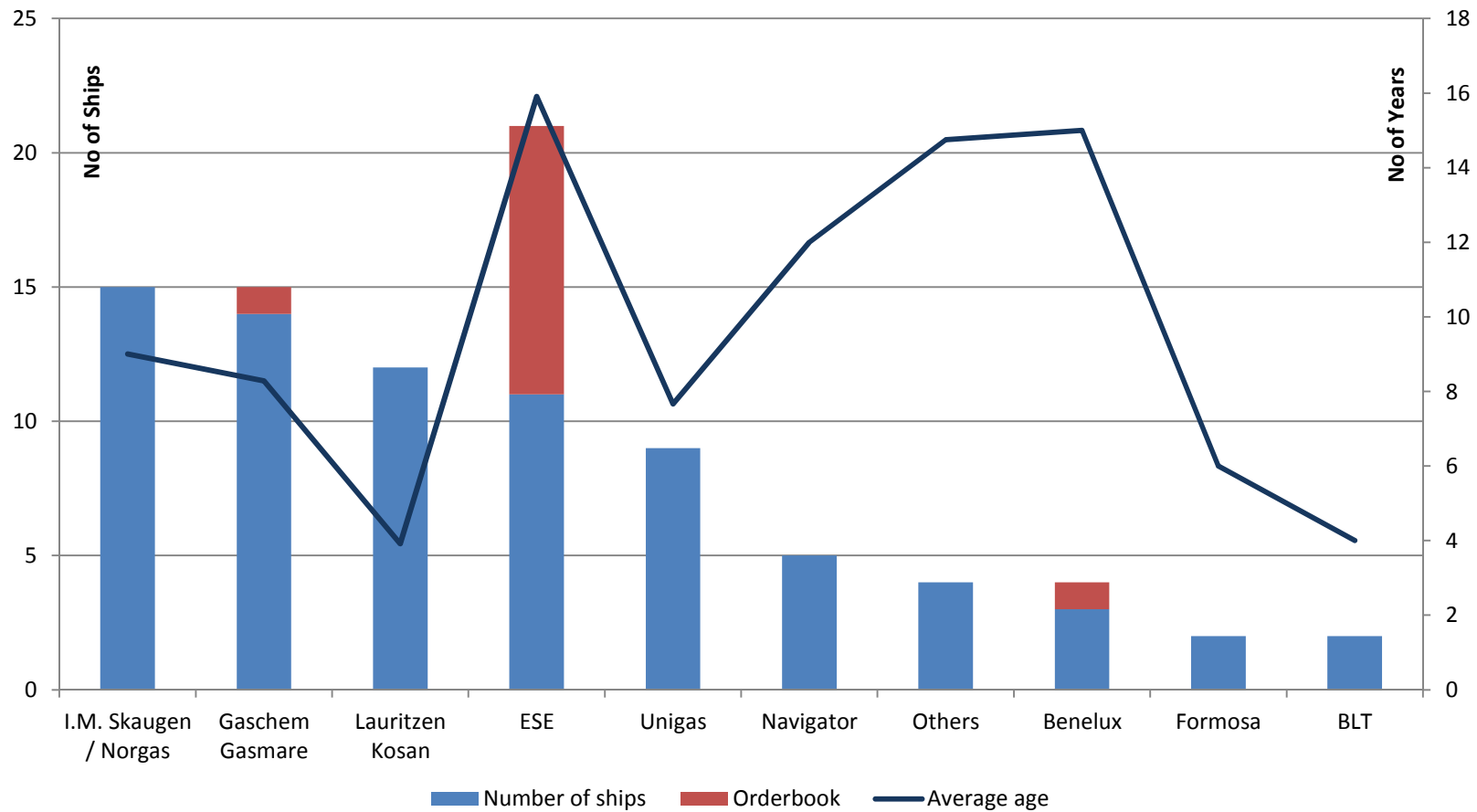
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... its history of Innovative Maritime Solutions



IMS has the largest and below average age long-haul fleet

Ethylene fleet 8,000 – 22,000 CBM



- Current total order book of ca. 12% of fleet

Source: Internal / Clarkson's



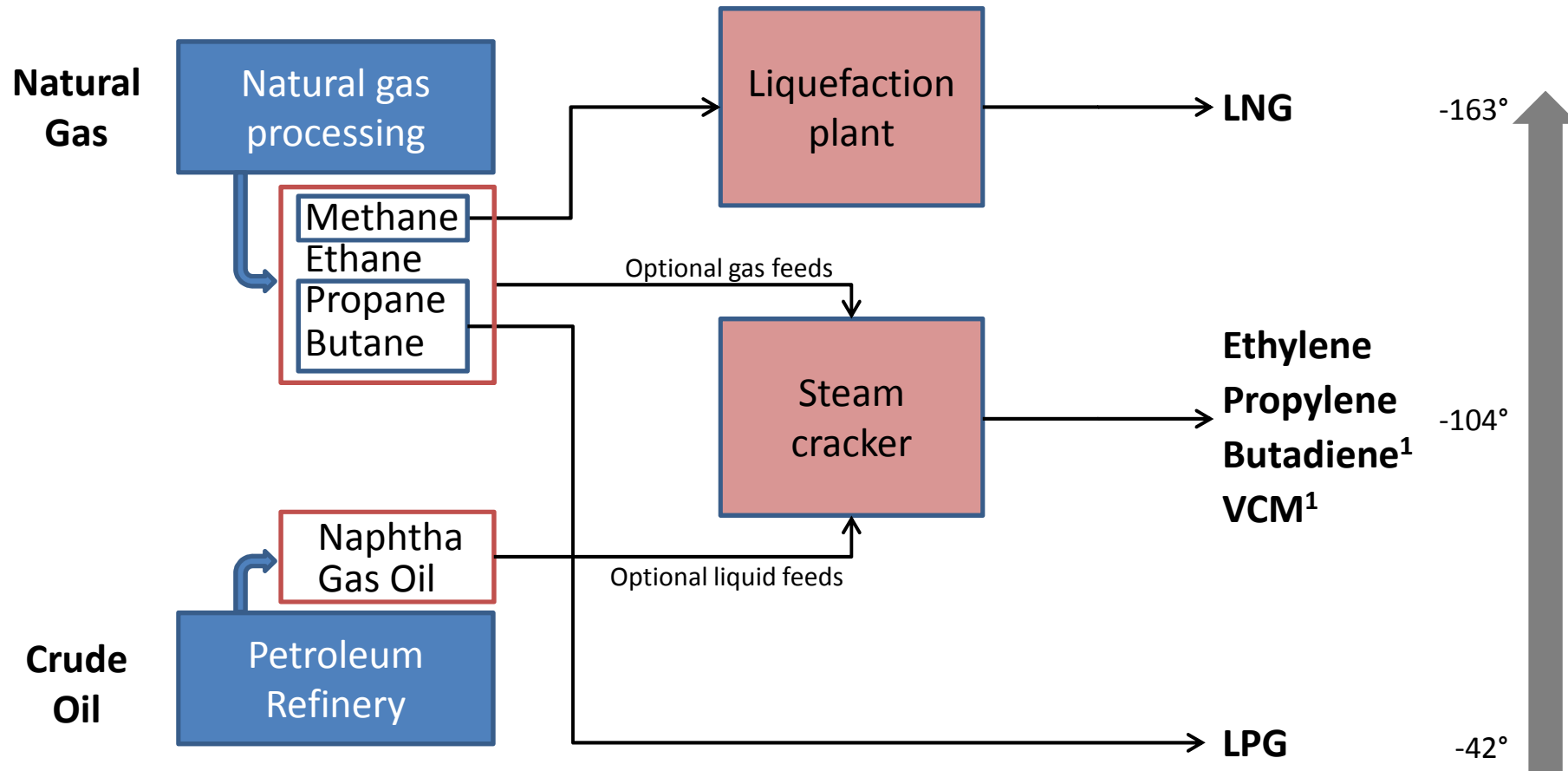
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Overview of the liquefied gases for maritime transportation...

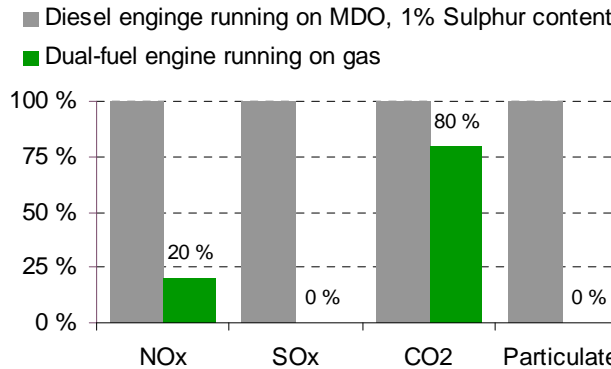
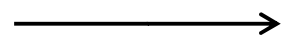
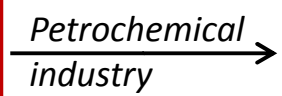
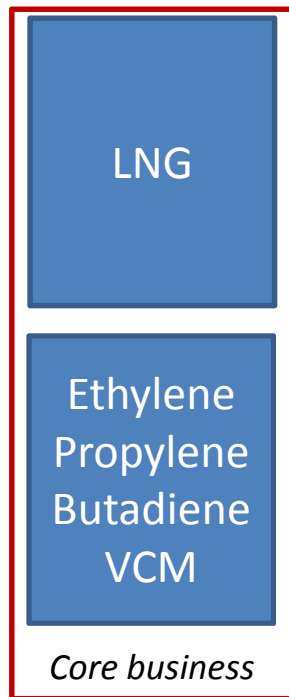


**IMS' newbuildings are unique to carry all the liquefied gases
Lower temperatures -> higher cost and complexity of vessels**



¹ Produced only by cracking any of the optional liquid feeds

... and its end user applications with key drivers



- Price arbitrage
- Cleaner
- Security of supply
- Population growth
- Increased standard of living in Non-OECD population
- > Strong correlation with World GDP growth
- Traditional energy source
- Used for heating, cooking and fuel

Premium for LNG over Ethylene which again has a premium over LPG

Vessel earnings

- LNG: **20% - 30%** higher earnings potential than Ethylene
- Ethylene: **20% - 30%** higher earnings potential than LPG

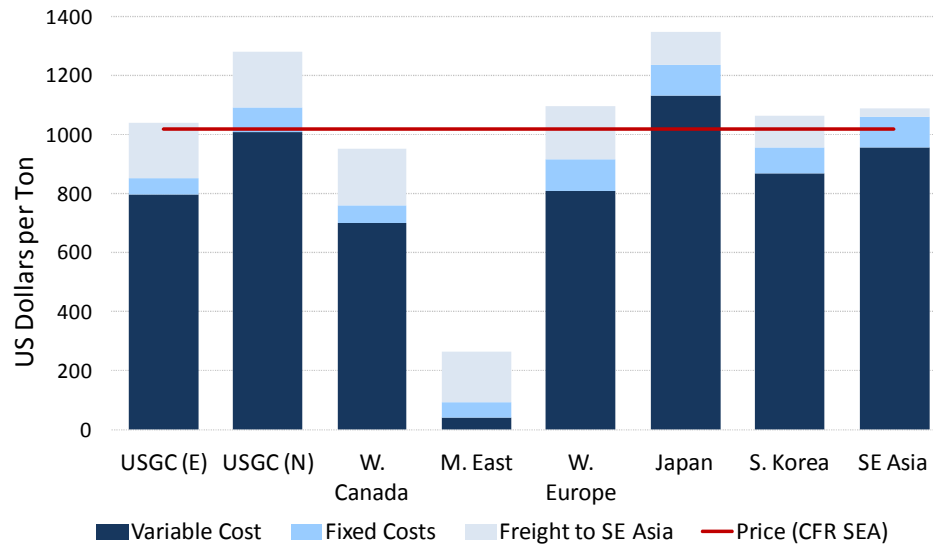
Newbuilding cost

- LNG vessel: aprox **10%** higher capex than Ethylene vessel
- Ethylene vessel: aprox **10%** higher capex than LPG vessel



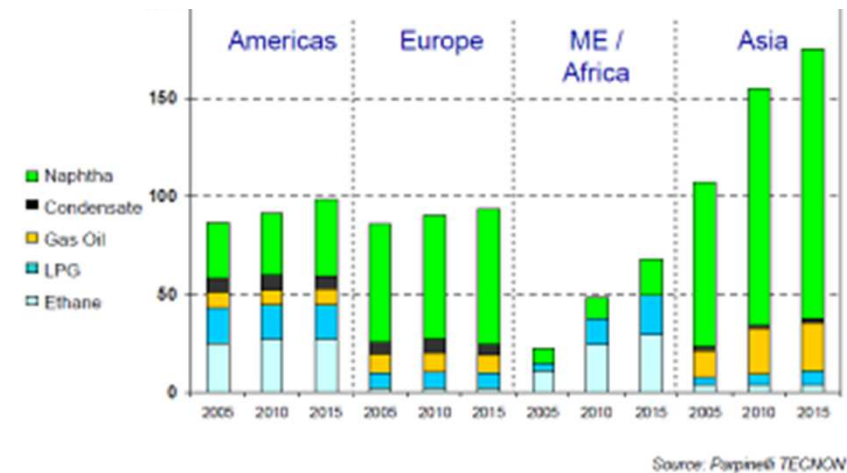
Ethylene export from Middle East at low cost...

Regional cost of ethylene production



Source: Nexant Chemsystems 4Q 2011

Ethylene cracker feedstock



- Lower cost of feedstock in the Middle East
- Attractive returns in producing ethylene

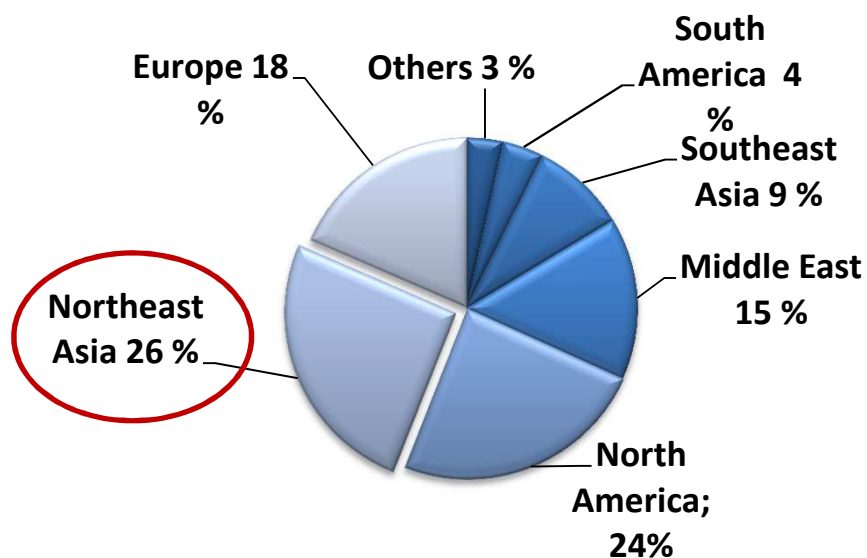
Opportunity for IMSK to schedule smart return voyages



... and rapid increase in demand from none-OECD countries - especially China

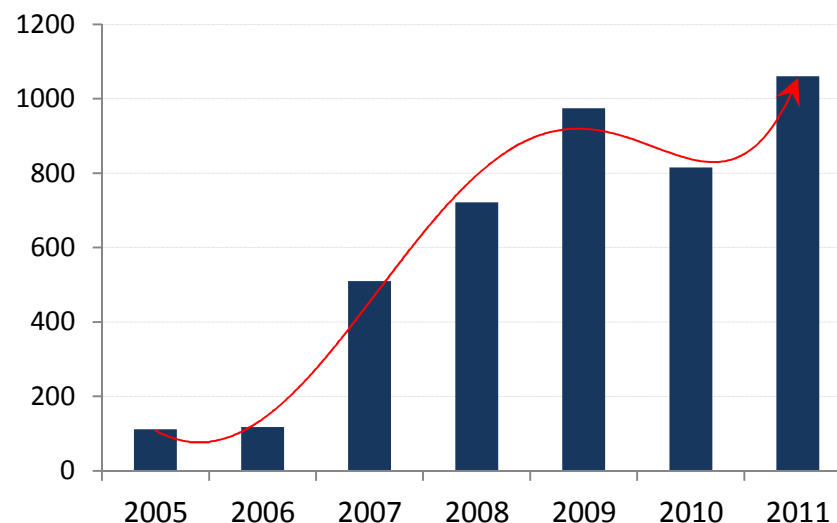
Northeast Asia with China on Top-now Largest Ethylene Consuming Region Globally

2010 Ethylene Demand by Region, '000



Source: MMSA Dec2011

China Historical Ethylene Imports per year

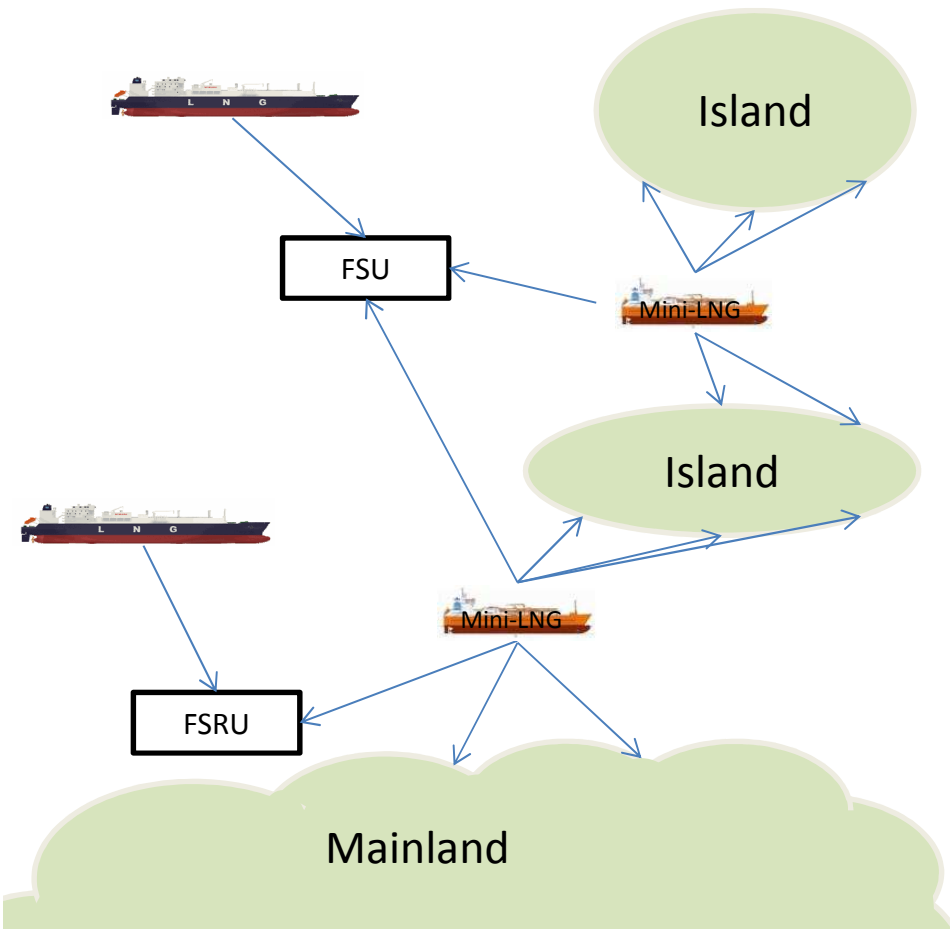


Source: China Customs Dec 2011

The small scale LNG concept:

Decoupling of LNG sourcing and infrastructure caters for flexibility and optionality

Small scale LNG setup



Small scale LNG project scope

- LNG vessels
- LNG terminals, on- and off-shore
- LNG lightering
- LNG bunkering

Bahrain LNG *(Pioneer project)*

Operations:

- Invested USD 10m
- Approx. 100,000 design hours
- IMS in final round
- Decision expected mid-2012

Economics:

- Utilisation of current Multigas vessels
- Expected TCE of USD 1.250m/month per vessel (12,000 cbm)

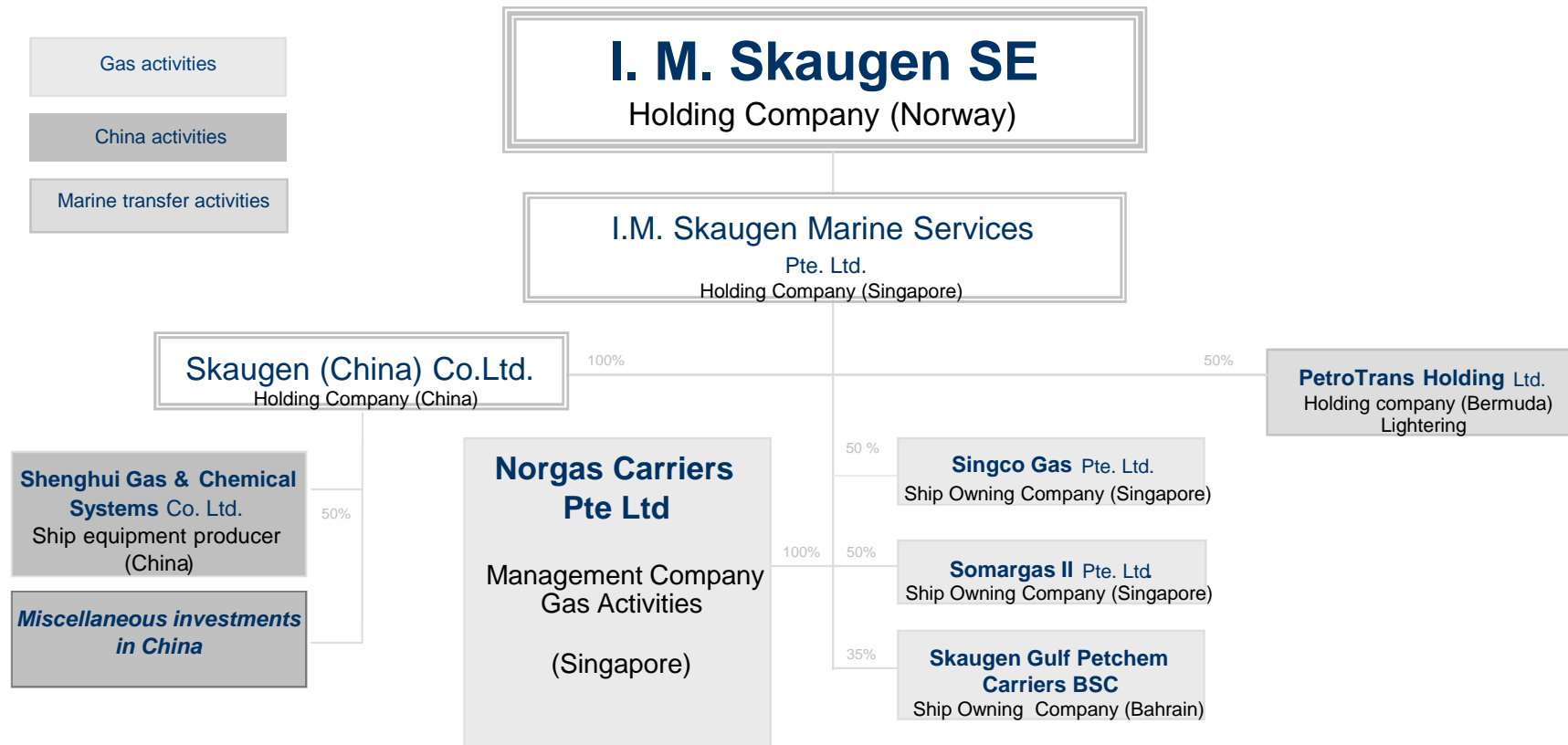
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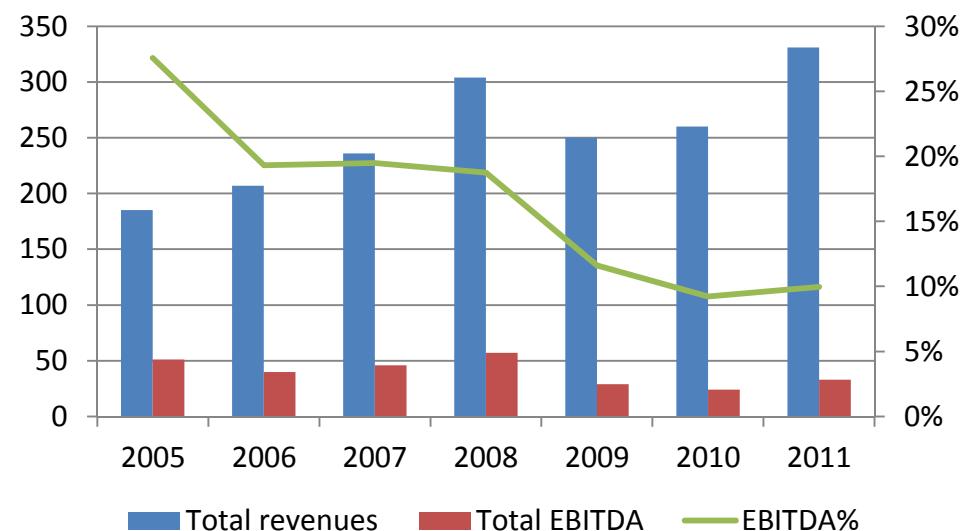
Corporate Structure



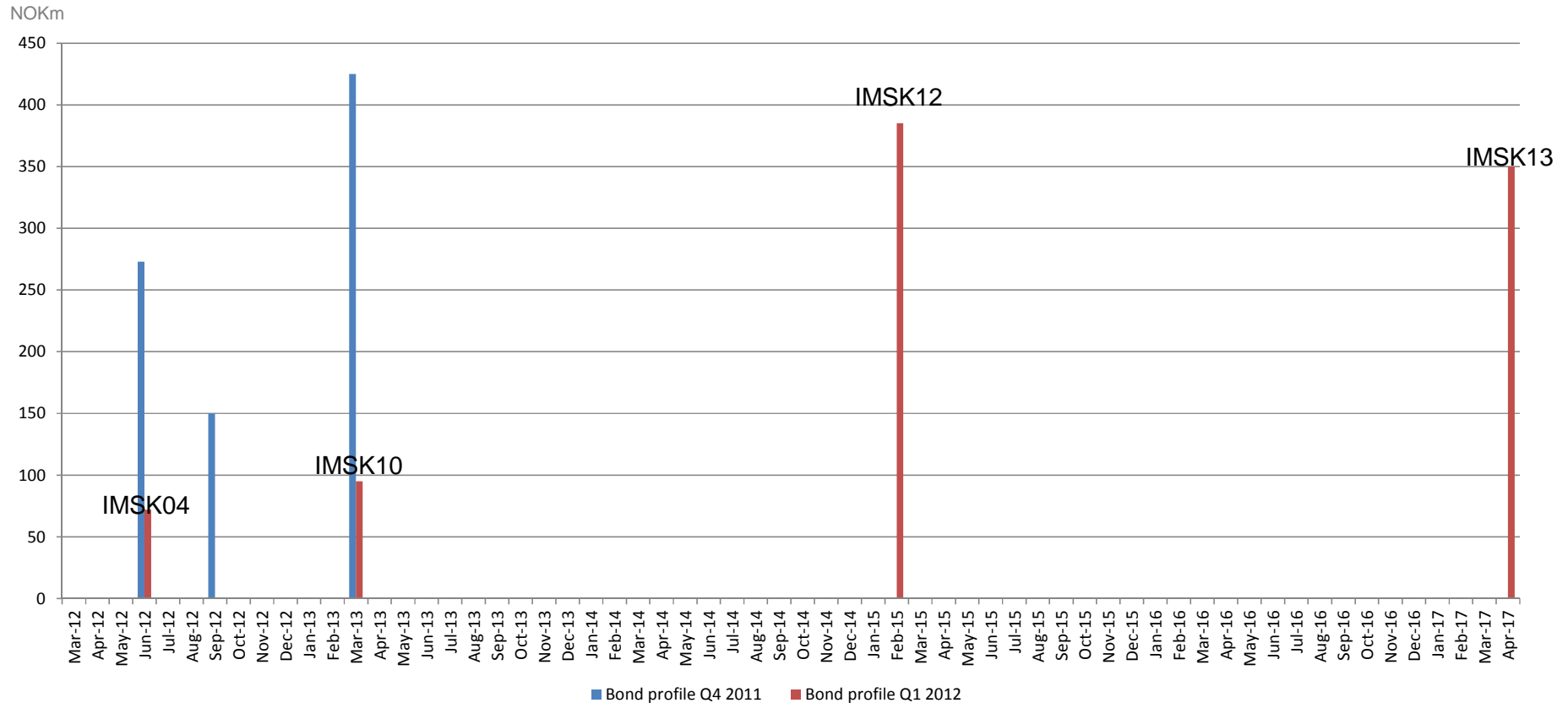
P&L Summary – Turning point reached

- Liquefied gas transportation is the core business
- Exit alternatives explored for China Activities ~ value ca. USD 50m
- Marine Transfer to continue its focus on profitable lightering service activities during challenging tanker markets
- Strong growth in revenues in 2011 driven by deliveries of new vessels with higher earnings potential
- Historical low EBITDA% in 2010:
 - EBITDA has been exposed to construction risk of newbuildings
 - Turning point reached
 - Potential future newbuilding program with turnkey contract

Gross Figures (MUSD)	2010	2011	Growth	% of total 2011
Gas transportation	93,8	135,9	45 %	41 %
China Activities	104,5	128,3	23 %	39 %
Marine Transfer	61,4	67,2	9 %	20 %
Total revenues	259,7	331,4	28 %	
Gas transportation	21,5	30,1	40 %	89 %
EBITDA margin	23 %	22 %		
China Activities	3,0	4,1	38 %	12 %
Marine Transfer	-0,4	-0,7	102 %	-2 %
Total EBITDA	24,4	33,7	38 %	

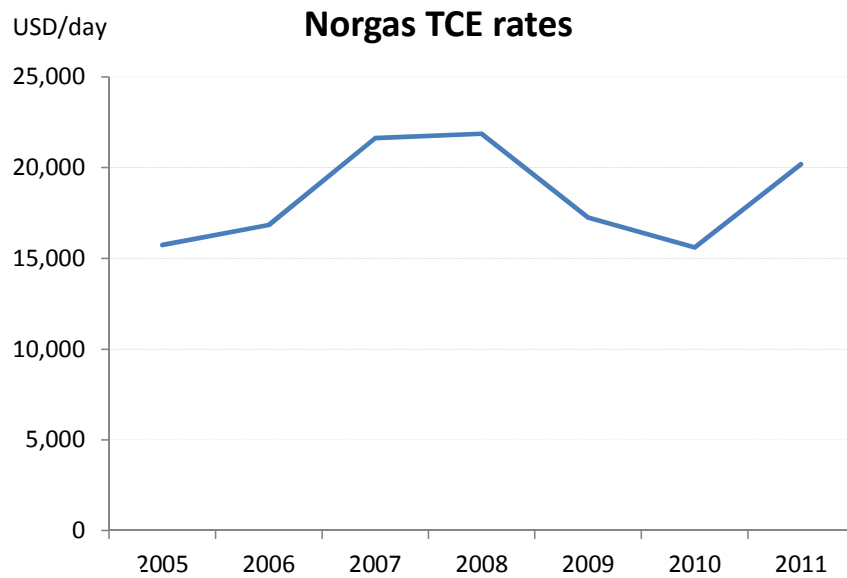


Current bond profile – no refinancing risk until 2015

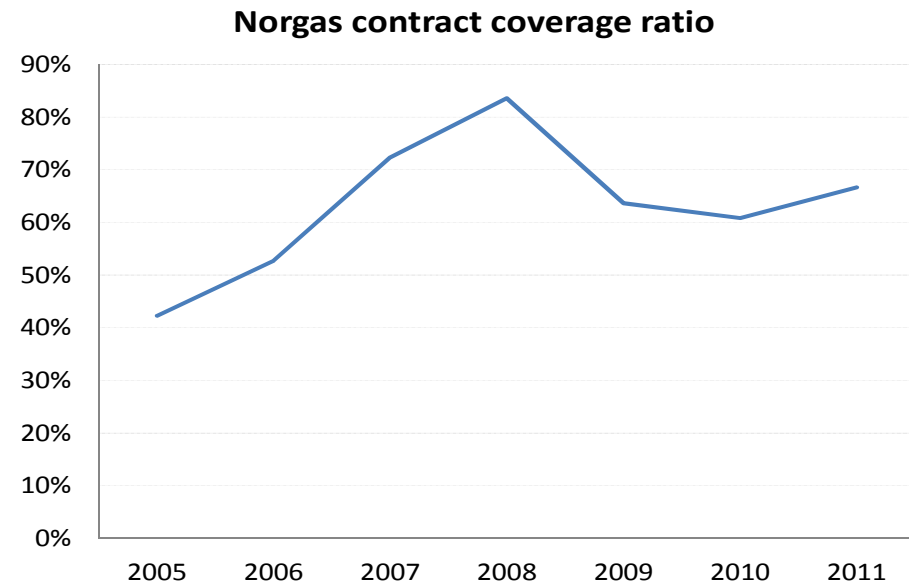


- IMS' current bond debt: NOK 902m
- IMS' share of gross debt in JVs:
 - Somargas / Singco: USD 110m
 - Shenghui: USD 37m
- Net debt / EBITDA = 7.7x

Historical earnings and contract coverage



- Average TCE of USD 560' / month or 18,445 USD/day



- Average contract coverage of 63%

Long term solid major clients with limited exposure to Iran:



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Source: Internal

Significant higher earnings potential

This is due to not only size of the vessels, but also their operational capabilities



The past

*Norgas Energy – Built 1979, Retired 2012
Ethylene / LPG carrier
6,126 cbm cargo tanks*



The present

*Norgas Sonoma – Built 2003
Ethylene / LPG carrier
8,556 cbm cargo tanks*



The future

*Bahrain Vision – Built 2011
LNG/ Ethylene/ LPG carrier
12,000 cbm cargo tanks*

- Over the last **10 years** Norgas Energy had an **average annual EBITDA** of ca. **USD500,000**

- **The Somargas has an average annual EBITDA** of USD4.4 million

- The new Multigas vessels are expected to generate even **higher** earnings based on its unique Mini LNG feature which will add a **LNG premium** to the existing ethylene capacity.

x8.8

x8-10?

The I.M. Skaugen Company

Founded in 1916

Listed on Oslo Stock Exchange (ticker: IMSK)

