

IMSK NO

Results Review

7 May 2014

I.M. Skaugen

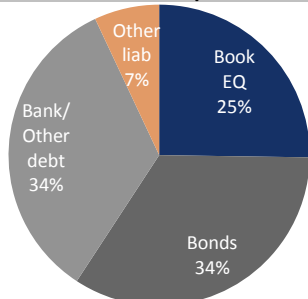
IMSK NO/Shipping/Norway

Gas

Credit rating
CCC+ / ACCUMULATE



Capital structure - Last reported



Enterprise value

MCap (USDK/NOKK)	42/249
Net debt FY1 (USDK/NOKK)	115/682
EV FY1 (USDK/NOKK)	157/931
Shares outst. (m)	27

Share data

Price (USD/NOK)	1.56/9.20
Target (USD/NOK)	-/-
Upside/Downside	-
52 wk range (NOK)	8.54-14.65
12m perf/OSEBX	-36%/20%

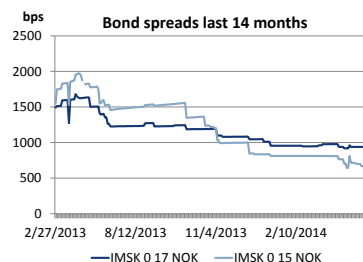
Valuation

NAV/sh (USD/NOK)	2.39/14.12
EV/GAV	-
P/NAV	0.65

Credit Metrics	2014e	2015e	2016e
Equity ratio	23%	21%	18%
NIBD / EBITDA	103.0	18.1	19.0
OCF/NIBD	-25%	-4%	-3%
EBITDA/Int.	0.1	0.6	0.6
Current ratio	1.4	2.7	0.8

Stock information

Free float	-
3 mth avg vol ('000)	11
Beta 1 yr	0.4
Spread 1 yr	2.22%
Velocity 1 yr	17%
Volatility 90 days	38%
Risk	High



Torbjørn S. Håland, Analyst
tsh@fearnleys.no
+47 2293 6480

Not quite there yet, but long-term potential remains strong

What's new: Reported 1q14 yesterday evening

Our take: Disappointing earnings due to lower export volumes from the MEG, company will need to address its financing situation soon

I.M. Skaugen reported 1q14 results below expectations, driven by lower TCE earnings from the core Norgas segment. The company points to lower ethylene exports from the MEG due to a combination of unannounced shut-downs, feed-stock shortages and plant optimizations. In addition, the company started to reposition parts of its fleet from the GCC region at the end of last year, which increased exposure to the spot market and increased idle time for the vessels. As such, we expect earnings to improve somewhat in the next quarter. Net interest bearing debt still came in close to our estimate, but this is due to the sale of the vessel Norgas Patricia in the quarter, which was made at a slightly higher price than our estimate.

IMSK is still in the process of getting approval for transferring the sales proceeds from the Shenghui sale out from China, and while this is taking longer than we had expected, we do not really view this as an issue as of now. The company continued to repay debt in the quarter and bought back bonds with a nominal value of NOK 68m. Consolidated mortgage debt at end of the quarter was USD 93m, compared to total liquidity of USD 62m.

More challenging is the reported equity ratio of 25.2%, just above the bond covenant of 25%. On our estimates the company will need to take measures to address this in order to stay compliant in the coming quarters. In addition, the company soon needs to consider refinancing options for the IMSK12 bond, which matures in February next year. A possible solution to both these issues could be to raise equity, but it also has the possibility to resort to further asset sales, although it is not ideal for the company to reduce the owned fleet further.

We share the company's view that there is a large potential for ethylene export from the US in a few years' time. In addition, lifting of Iranian sanctions could boost petrochemical export volumes from the MEG. However, the company will first need to address its financing situation. We maintain our CCC+/Accumulate credit rating on the company for the time being.

Key figures (USDK)	1Q14	1Q14E	Deviation	1Q13	2013	2014E	2015E
Revenue	11	17	-6	12	64	62	65
EBITDA	-4	2	-6	-3	0	1	7
EBIT	-6	0	-6	-4	-9	-5	1
Pre-tax profit	-7	-4	-3	25	19	-16	-11
Net profit	-9	-4	-5	-3	-12	-18	-11
EBITDA marg	-39.7%	10.6%	-50.3%	-23.0%	-0.7%	1.8%	10.4%
EBIT marg	-53.5%	-1.1%	-52.5%	-31.6%	-13.8%	-7.9%	1.2%
EPS adj.	-0.32	-0.14	-0.18	-0.12	-0.43	-0.65	-0.40
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EV/EBITDA (incl. wc)	-	33.4	ns	-	-	-	21.3
P/E adj.	-	-3.6	ns	-	-	-	-
Net interest bearing debt	112	113	-2	189	111	115	122
Net working capital	21	18	2	28	18	21	21
Capex	10	-1	10	0	0	8	-2

Current fleet

I.M. SKAUGEN FLEET							
Type and ownership	SAILING FLEET	Type	Built	Size (cbm)	Ownership	Ownership share	Economic interest
Multigas - TK BB (15-yr)	Norgas Unikum	LNG/Ethylene	2011	12 000	BB-in	0%	100%
Multigas - TK BB (15-yr)	Bahrain Vision	LNG/Ethylene	2011	12 000	BB-in	0%	100%
Multigas - GATX JV (Singco)	Norgas Innovation	LNG/Ethylene	2011	10 000	Owned	100%	100%
Multigas - GATX JV (Singco)	Norgas Creation	LNG/Ethylene	2010	10 000	Owned	100%	100%
Somargas - GATX JV	Norgas Napa	Ethylene	2003	10 208	Owned	100%	100%
Somargas - GATX JV	Norgas Petaluma	Ethylene	2003	8 556	Owned	100%	100%
Noble	Norgas Challenger	Ethylene	1984	6 363	Owned	100%	100%
Wintergas - TK BB (15-yr)	Norgas Pan	Ethylene	2009	5 800	BB-in	0%	100%
Wintergas - TK BB (15-yr)	Norgas Cathinka	Ethylene	2009	5 800	BB-in	0%	100%
Wintergas - TK BB (15-yr)	Norgas Camilla	Ethylene	2010	5 800	BB-in	0%	100%
Multigas - GATX JV (Singco)	Norgas Invention	LNG/Ethylene	2011	10 000	GATX	0%	0%
Multigas - GATX JV (Singco)	Norgas Conception	LNG/Ethylene	2011	10 000	GATX	0%	0%
Somargas - GATX JV	Norgas Shasta	Ethylene	2003	10 208	GATX	0%	0%
Somargas - GATX JV	Norgas Alameda	Ethylene	2003	8 556	GATX	0%	0%
Somargas - GATX JV	Norgas Orinda	Ethylene	2002	8 556	GATX	0%	0%
Total / Average			2006	133 847	15	5	10

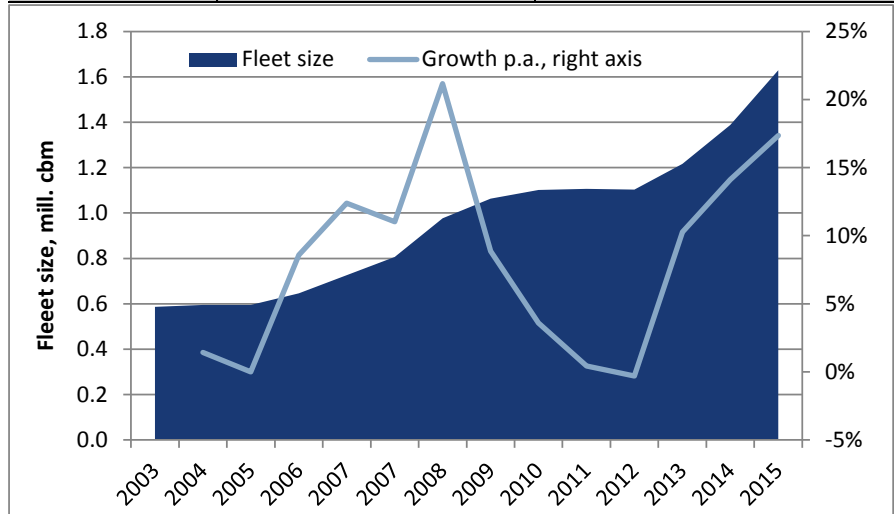
Net asset value and loan-to-value

NAV IMSK		
Market value gas carriers	USDm	132
Investments JV's	"	12
Other non-current assets	"	11
Current assets	"	39
Cash	"	62
Gross Asset Values		USDm 256
IB Debt	USDm	170
Other current liabilities	"	21
Shenghui		
SPT		
Gross Total Debt		USDm 191
NAV	USDm	65
Shares	m	27.1
NAV/share	USD	2.4
NAV/share (\$/NOK 6.0)	NOK	14.3
Net LTV	%	75%
Gross LTV		99%

Fleet orderbook

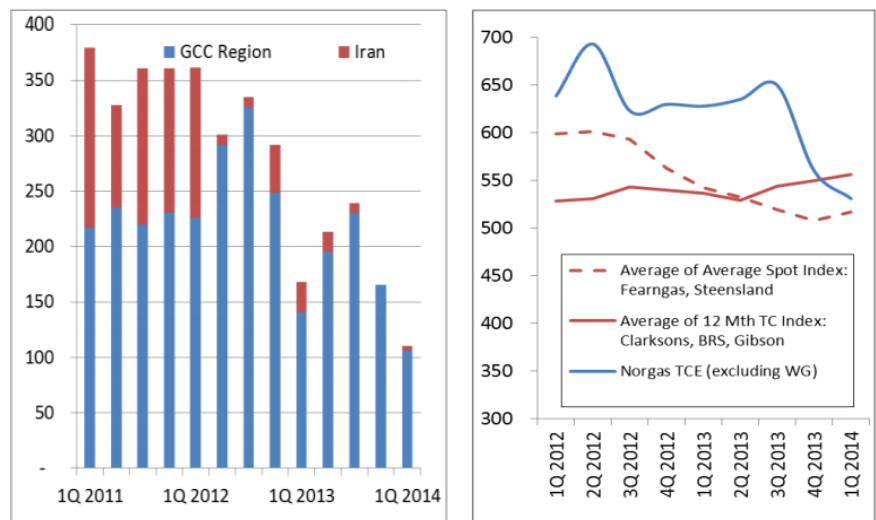
The current orderbook for the entire ethylene fleet stands at 57%, measured by volume. However, the vast majority of this relates to the larger vessel types, over >12,000 cbm. As we have pointed out earlier, we believe the larger ethylene capable vessels are likely to transport LPG initially (like the Navigator vessels) rather than to compete in the ethylene trades.

Ethylene Fleet & orderbook	Sailing			Orderbook			
	No.	Cbm	Avg. built	No.	Cbm	OB %	Built
~22,000 cbm	5	110 425	2000	14	355 000	321%	2015
16-18,000 cbm	10	168 536	2008	8	136 000	81%	2015
~12,000 cbm	8	96 840	2003	15	180 228	186%	2015
~10,000 cbm	11	113 580	1998	0	0	0%	
8-10,000 cbm	42	358 956	2004	1	9 000	3%	2014
5-7,000 cbm	40	257 708	2004	0	0	0%	
Below 5k	33	103 492	1990	2	9 400	9%	2014
TOTAL	149	1 209 537	2001	40	689 628	57%	2015



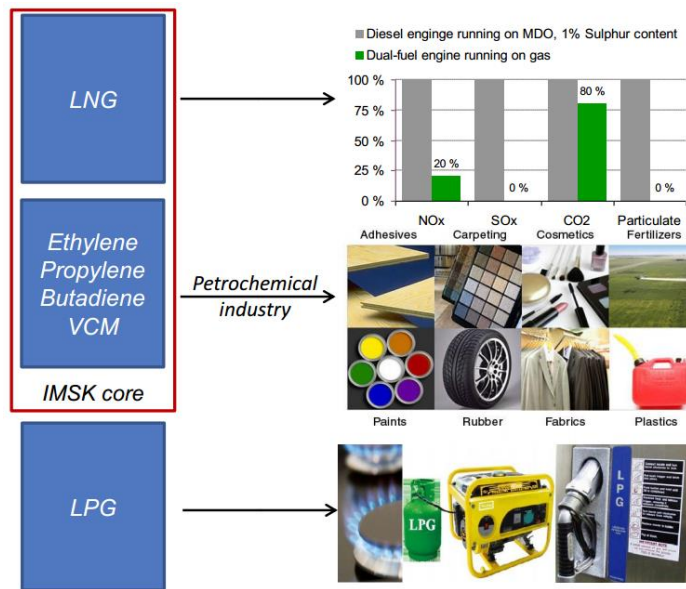
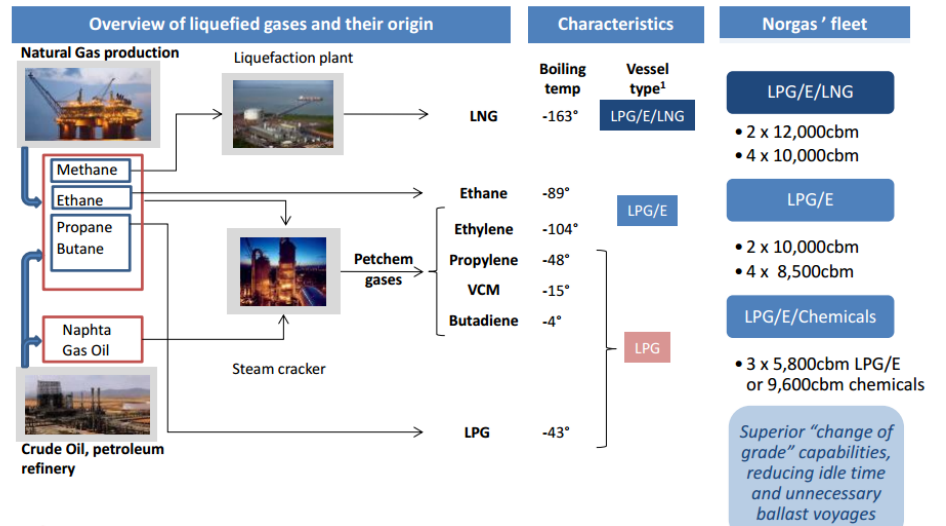
Source: Clarkson, Fearnley Securities

Quarterly exports from MEG and TCE rates



Source: I.M. Skaugen, Fearnley Securities

Sources and uses of liquefied gases

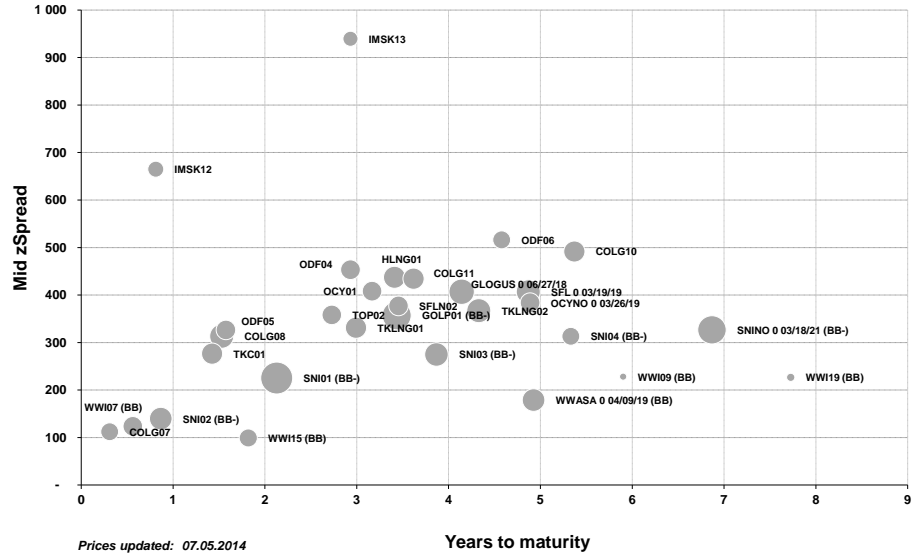


Source: I.M. Skaugen

Outstanding bonds - yield and spread

Ticker	Coupon	Rank	Maturity	CRN	Amount	FS Rating		As of 7.5.2014		
						Issuer	Issue Price	YTW	Z-spread	
IMSK12	3mN+8.25%	Sr Unsecured	27.02.2015	NOK	400	CCC+	101.23	8.4 %	665 bps	
IMSK13	3mN+9%	Sr Unsecured	11.04.2017	NOK	350	CCC+	99.00	11.2 %	939 bps	

Spread to Maturity - Selected Shipping Bonds (floating coupon)



Quarterly information									
Assumptions	1Q14	2Q14E	3Q14E	4Q14E	1Q15E	2Q15E	3Q15E	4Q15E	1Q16E
Average TCE rates	15 980	15 980	15 980	16 703	16 521	16 521	16 521	16 521	16 521
Sales (USDK)	1Q14	2Q14E	3Q14E	4Q14E	1Q15E	2Q15E	3Q15E	4Q15E	1Q16E
Gas Activities	11	17	17	17	16	16	16	16	16
China Activities	0	0	0	0	0	0	0	0	0
Marine Transfer Activities	0	0	0	0	0	0	0	0	0
Unallocated/Overhead	0	0	0	0	0	0	0	0	0
Total	11	17	17	17	16	16	16	16	16
EBITDA (USDK)	1Q14	2Q14E	3Q14E	4Q14E	1Q15E	2Q15E	3Q15E	4Q15E	1Q16E
Gas Activities	-4	2	2	3	2	2	2	2	2
China Activities	0	0	0	0	0	0	0	0	0
Marine Transfer Activities	0	0	0	0	0	0	0	0	0
Unallocated/Overhead	-1	-1	-1	-1	-1	-1	-1	-1	-1
Total	-4	2	2	2	2	2	2	2	2
EBITDA margin	1Q14	2Q14E	3Q14E	4Q14E	1Q15E	2Q15E	3Q15E	4Q15E	1Q16E
Gas Activities	-33%	14%	14%	16%	15%	15%	15%	15%	15%
Unallocated/Overhead	nm	nm	nm	nm	nm	nm	nm	nm	nm
Total margin	-40%	10%	10%	11%	10%	10%	10%	10%	10%
EBIT (USDK)	1Q14	2Q14E	3Q14E	4Q14E	1Q15E	2Q15E	3Q15E	4Q15E	1Q16E
Gas Activities	-5	1	1	1	1	1	1	1	1
China Activities	0	0	0	0	0	0	0	0	0
Marine Transfer Activities	0	0	0	0	0	0	0	0	0
Unallocated/Overhead	-1	-1	-1	-1	-1	-1	-1	-1	-1
Total	-6	0	0	0	0	0	0	0	0
EBIT margin	1Q14	2Q14E	3Q14E	4Q14E	1Q15E	2Q15E	3Q15E	4Q15E	1Q16E
Gas Activities	-47%	6%	6%	7%	5%	5%	6%	6%	5%
Unallocated/Overhead	nm	nm	nm	nm	nm	nm	nm	nm	nm
Total margin	-54%	2%	2%	2%	1%	1%	1%	1%	1%
Yearly information									
Assumptions	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Average TCE rates			19 390	25 314	28 983	17 845	16 160	16 521	16 521
Sales (USDK)	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Gas Activities			64	84	94	73	62	65	65
China Activities			105	111	51	0	0	0	0
Marine Transfer Activities			38	43	35	0	0	0	0
Unallocated/Overhead			0	0	0	0	0	0	0
Total	0	0	100	92	51	64	62	65	65
EBITDA (USDK)	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Gas Activities			22	30	24	8	4	10	10
China Activities			3	4	1	0	0	0	0
Marine Transfer Activities			0	-1	-2	0	0	0	0
Unallocated/Overhead			-5	-3	-3	-2	-3	-3	-3
Total			-8	-7	-10	0	1	7	7
EBITDA margin	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Gas Activities			34%	36%	26%	12%	6%	15%	15%
China Activities			3%	4%	2%				
Marine Transfer Activities			-1%	-2%	-6%				
Unallocated/Overhead			nm	nm	nm	nm	nm	nm	nm
Total margin			-8%	-8%	-20%	-1%	2%	10%	10%
EBIT (USDK)	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Gas Activities			10	19	13	-1	-2	4	4
China Activities			0	1	-2	0	0	0	0
Marine Transfer Activities			-2	-3	-4	0	0	0	0
Unallocated/Overhead			-5	-3	-3	-2	-3	-3	-3
Total			-16	-13	-15	-9	-5	1	1
EBIT margin	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Gas Activities			16%	23%	13%	-2%	-3%	5%	6%
China Activities			0%	1%	-3%				
Marine Transfer Activities			-6%	-7%	-12%				
Unallocated/Overhead			nm	nm	nm	nm	nm	nm	nm
Total margin			-16%	-14%	-29%	-14%	-8%	1%	1%

Quarterly estimates									
PROFIT & LOSS (USDK)	1Q14	2Q14E	3Q14E	4Q14E	1Q15E	2Q15E	3Q15E	4Q15E	1Q16E
Gross revenues	17.9	24.2	24.4	23.7	23.1	23.3	23.5	23.5	23.3
Voyage costs	-7.1	-7.1	-7.1	-7.1	-7.1	-7.1	-7.1	-7.1	-7.1
Total operating revenue	10.8	17.1	17.3	16.6	16.0	16.2	16.4	16.4	16.2
COGS & other expenses	-14.4	-14.7	-14.8	-14.0	-13.7	-13.8	-14.0	-14.0	-13.8
SG&A	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7
EBITDA	-4.3	1.8	1.8	1.9	1.7	1.7	1.7	1.7	1.7
Depr. & Amort.	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5
EBIT	-5.8	0.3	0.3	0.4	0.2	0.2	0.2	0.2	0.2
Income from associates /JV's	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net interest expense	-3.2	-3.3	-3.3	-3.2	-3.1	-2.9	-2.8	-2.8	-2.8
Other net financials	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-recurring items	2.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	-6.7	-3.0	-3.0	-2.8	-2.9	-2.7	-2.6	-2.6	-2.6
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	-6.7	-3.0	-3.0	-2.8	-2.9	-2.7	-2.6	-2.6	-2.6
Net earnings adj.	-8.8	-3.0	-3.0	-2.8	-2.9	-2.7	-2.6	-2.6	-2.6

BALANCE SHEET (USDK)	1Q14	2Q14E	3Q14E	4Q14E	1Q15E	2Q15E	3Q15E	4Q15E	1Q16E
Intangibles	0	0	0	0	0	0	0	0	0
Tangible fixed assets	132	131	130	127	126	125	124	123	122
Deferred income tax assets	3	3	3	3	3	3	3	3	3
Tax refunds non current	0	0	0	0	0	0	0	0	0
Other non current assets	21	21	21	21	21	21	21	21	21
Total non-current assets	156	155	154	150	149	148	147	147	146
Inventory	0	0	0	0	0	0	0	0	0
Receivables	29	29	29	29	29	29	29	29	29
Assets held for sale	0	0	0	0	0	0	0	0	0
Tax refunds current	0	0	0	0	0	0	0	0	0
Other current assets	10	10	10	10	10	10	10	10	10
Cash and cash equivalents	62	58	54	53	40	36	33	29	26
Total current assets	100	97	93	91	78	75	71	68	64
Total assets	256	251	246	242	228	223	219	214	210
Shareholders equity	65	62	59	56	53	50	48	45	42
Minority interest	0	0	0	0	0	0	0	0	0
Interest-bearing debt	89	125	123	122	150	148	146	144	143
Deferred income tax liability	0	0	0	0	0	0	0	0	0
Other long-term debt	0	0	0	0	0	0	0	0	0
Total non-current debt	89	125	123	122	150	148	146	144	143
Interest-bearing debt	85	47	47	47	7	7	7	7	7
Trade payables	0	0	0	0	0	0	0	0	0
Other payables	0	0	0	0	0	0	0	0	0
Liability associated with assets held for sale	0	0	0	0	0	0	0	0	0
Other current liabilities	18	18	18	18	18	18	18	18	18
Total current debt	102	65	65	65	25	25	25	25	25
Total liabilities & equity	256	251	246	242	228	223	219	214	210

CASH FLOW (USDK)	1Q14	2Q14E	3Q14E	4Q14E	1Q15E	2Q15E	3Q15E	4Q15E	1Q16E
Cash earnings	-6	-2	-1	-1	-1	-1	-1	-1	-1
Change in working capital	-2	0	0	0	0	0	0	0	0
Net cash from operations	-9	-2	-1	-1	-1	-1	-1	-1	-1
Investments in fixed assets	10	-1	-1	-1	-1	-1	-1	-1	-1
Proceeds from sale of asset	0	0	0	3	0	0	0	0	0
Other investments	0	0	0	0	0	0	0	0	0
Net cash from investments	10	-1	-1	2	-1	-1	-1	-1	-1
Free cash flow	1	-2	-2	1	-2	-2	-2	-2	-2
Net change in Equity	0	0	0	0	0	0	0	0	0
Net change in Debt	1	-2	-2	-2	-11	-2	-2	-2	-2
Other items	0	0	0	0	0	0	0	0	0
Net cash from financials	1	-2	-2	-2	-11	-2	-2	-2	-2
Currency effect on cash	0	0	0	0	0	0	0	0	0
Net change in cash	3	-4	-4	-1	-13	-4	-3	-3	-3

Yearly estimates									
PROFIT & LOSS (USDK)	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Gross revenues			117.0	116.8	83.9	96.3	90.2	93.4	93.6
Voyage costs			-17.3	-24.8	-32.8	-32.6	-28.4	-28.4	-28.4
Total operating revenue	0.0	0.0	99.6	92.0	51.1	63.7	61.8	65.0	65.2
COGS & other expenses			-103.5	-95.5	-58.3	-61.7	-57.9	-55.5	-55.6
SG&A			-4.6	-3.4	-2.8	-2.5	-2.8	-2.8	-2.8
EBITDA			-8.4	-6.9	-10.0	-0.4	1.1	6.8	6.8
Depr. & Amort.			-7.2	-5.9	-4.7	-8.3	-6.0	-6.0	-6.0
EBIT			-15.7	-12.8	-14.7	-8.8	-4.9	0.8	0.8
Income from associates /JV's			11.9	12.9	13.6	9.7	-0.5	0.0	0.0
Net interest expense			-10.8	-10.8	-16.6	-13.6	-13.0	-11.6	-11.1
Other net financials			-0.1	0.5	-0.2	1.8	0.7	0.0	0.0
Non-recurring items			0.3	0.8	2.0	30.0	2.1	0.0	0.0
Pre-tax profit			-14.3	-9.5	-15.8	19.1	-15.5	-10.8	-10.3
Minority interests			0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax expense			-0.6	-0.3	-0.1	-0.7	0.0	0.0	0.0
Net earnings			-14.9	-9.8	-15.9	18.4	-15.5	-10.8	-10.3
Net earnings adj.			-15.2	-10.6	-17.9	-11.5	-17.6	-10.8	-10.3
BALANCE SHEET (USDK)									
	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Tangible fixed assets			41	38	27	139	127	123	119
Deferred income tax assets			3	3	3	3	3	3	3
Tax refunds non current			0	0	0	0	0	0	0
Other non current assets			120	120	118	22	21	21	21
Total non-current assets			163	160	147	164	150	147	143
Inventory			0	0	0	0	0	0	0
Receivables			23	32	30	30	29	29	29
Assets held for sale			0	0	0	0	0	0	0
Tax refunds current			0	0	0	0	0	0	0
Other current assets			49	0	13	10	10	10	10
Cash and cash equivalents			40	41	23	59	53	29	16
Total current assets			113	73	65	99	91	68	54
Total assets			276	233	212	263	242	214	197
Shareholders equity			78	69	55	71	56	45	35
Minority interest	0	0	1	1	0	0	0	0	0
Interest-bearing debt			115	70	132	159	122	144	95
Deferred income tax liability			0	0	0	0	0	0	0
Other long-term debt			0	6	0	0	0	0	0
Total non-current debt			115	76	132	159	122	144	95
Interest-bearing debt			71	65	11	11	47	7	50
Trade payables			0	4	0	0	0	0	0
Other payables			0	0	0	0	0	0	0
Liability associated with assets held for sale			0	0	0	0	0	0	0
Other current liabilities			11	18	15	21	18	18	18
Total current debt			82	87	26	32	65	25	68
Total liabilities & equity			276	233	212	263	242	214	197
CASH FLOW (USDK)									
	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Cash earnings			-19	-17	-28	-23	-27	-5	-4
Change in working capital			-12	43	-6	9	-2	0	0
Net cash from operations			-31	26	-34	-15	-29	-5	-4
Investments in fixed assets			0	-5	-1	0	8	-2	-2
Proceeds from sale of asset			3	3	4	83	3	0	0
Other investments			-1	15	6	4			
Net cash from investments			2	13	9	87	10	-2	-2
Free cash flow			-29	39	-25	72	-19	-7	-7
Net change in Debt			-27	-38	7	-45	-4	-17	-7
Other items			0	0	0	0	0	0	0
Net cash from financials			-27	-38	7	-45	-4	-17	-7
Currency effect on cash			0	0	0	0	0	0	0
Net change in cash			-56	1	-18	27	-23	-24	-14

Quarterly valuation									
PER SHARE DATA (USD)	1Q14	2Q14E	3Q14E	4Q14E	1Q15E	2Q15E	3Q15E	4Q15E	1Q16E
Shares outstanding dil.	27	27	27	27	27	27	27	27	27
EPS	-0.25	-0.11	-0.11	-0.11	-0.11	-0.10	-0.10	-0.10	-0.10
EPS adj.	-0.32	-0.11	-0.11	-0.11	-0.11	-0.10	-0.10	-0.10	-0.10
CEPS	-0.2	-0.1	-0.1	0.0	-0.1	0.0	0.0	0.0	0.0
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BVPS	2.4	2.3	2.2	2.1	2.0	1.9	1.8	1.7	1.6
VALUATION	1Q14	2Q14E	3Q14E	4Q14E	1Q15E	2Q15E	3Q15E	4Q15E	1Q16E
Price (NOK)	9.7	9.2	9.2	9.2	9.2	9.2	9.2	9.2	9.2
P/E	nm	nm	nm	nm	nm	nm	nm	nm	nm
P/E adj.	nm	nm	nm	nm	nm	nm	nm	nm	nm
P/CE	nm	nm	nm	nm	nm	nm	nm	nm	nm
P/Sales	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6
EV/Sales, incl. wc	2.5	2.6	2.7	2.5	2.4	2.4	2.5	2.5	2.5
EV/EBITDA, incl. wc	nm	nm	nm	nm	19.6	20.0	20.5	21.3	21.4
EV/EBITDA	nm	nm	nm	nm	22.5	23.0	23.5	24.3	24.5
EV/EBIT, incl. wc	nm	nm	nm	nm	nm	nm	nm	nm	nm
P/B	0.7	0.7	0.7	0.8	0.8	0.8	0.9	0.9	1.0
FCF yield	2.4%	-5.1%	-4.9%	1.4%	-4.6%	-4.1%	-4.0%	-4.0%	-4.0%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
MARGINS AND GROWTH	1Q14	2Q14E	3Q14E	4Q14E	1Q15E	2Q15E	3Q15E	4Q15E	1Q16E
Return on equity (ROE)	nm	nm	nm	nm	nm	nm	nm	nm	nm
Return on capital employed (ROCE)	nm	nm	nm	nm	0.6%	0.5%	0.5%	0.4%	0.4%
Sales growth YOY	1.5%	-21.5%	-9.9%	14.1%	29.0%	-3.7%	-3.7%	-0.8%	0.8%
EBITDA margin	-39.7%	10.3%	10.3%	11.4%	10.3%	10.4%	10.4%	10.4%	10.4%
EBIT margin	-53.5%	1.5%	1.6%	2.4%	1.0%	1.2%	1.3%	1.3%	1.2%
Net margin	-61.7%	-17.7%	-17.2%	-17.2%	-18.0%	-16.5%	-16.1%	-16.0%	-16.2%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
GEARING AND CREDIT	1Q14	2Q14E	3Q14E	4Q14E	1Q15E	2Q15E	3Q15E	4Q15E	1Q16E
Net interest-bearing debt	112	114	116	115	117	119	121	122	124
Gross interest-bearing debt	174	172	170	168	157	155	153	152	150
Equity ratio	25.2%	24.5%	23.8%	23.1%	23.2%	22.5%	21.7%	21.0%	20.2%
NIBD / EBITDA	-57.8	-41.0	-31.9	103.0	16.6	17.0	17.4	18.1	18.3
NIBD / Total assets	44%	45%	47%	48%	51%	53%	55%	57%	59%
Operating cash flow/NIBD	-30.5%	-5.4%	-5.1%	-4.7%	-4.8%	-4.0%	-3.8%	-3.7%	-3.6%
Interest coverage ratio (EBITDA)	-1.3	0.5	0.5	0.6	0.5	0.6	0.6	0.6	0.6
Current ratio	1.0	1.5	1.4	1.4	3.1	3.0	2.8	2.7	2.6

Yearly valuation									
PER SHARE DATA (USD)	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Shares outstanding dil.			27	27	27	27	27	27	27
EPS			-0.55	-0.36	-0.59	0.68	-0.57	-0.40	-0.38
EPS adj.			-0.56	-0.39	-0.66	-0.43	-0.65	-0.40	-0.38
CEPS			-0.7	-0.6	-1.0	-0.9	-1.0	-0.2	-0.2
DPS			0.0	0.0	0.0	0.0	0.0	0.0	0.0
BVPS			2.9	2.5	2.0	2.6	2.1	1.7	1.3
VALUATION	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Price (NOK)	36.0	40.2	36.4	29.8	19.0	9.4	9.2	9.2	9.2
P/E			nm	nm	nm	2.3	nm	nm	nm
P/E adj.			nm	nm	nm	nm	nm	nm	nm
P/CE			nm	nm	nm	nm	nm	nm	nm
P/Sales			1.7	1.5	1.8	0.7	0.7	0.6	0.6
EV/Sales, incl. wc			2.6	2.5	3.7	2.1	2.2	2.2	2.3
EV/EBITDA, incl. wc			nm	nm	nm	nm	nm	21.3	22.1
EV/EBITDA			nm	nm	nm	nm	nm	24.3	25.2
EV/EBIT, incl. wc			nm	nm	nm	nm	nm	nm	nm
P/B			2.2	2.0	1.7	0.6	0.8	0.9	1.2
FCF yield			-17.3%	28.8%	-27.1%	171.1%	-45.0%	-16.7%	-15.5%
Dividend yield			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
MARGINS AND GROWTH	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Return on equity (ROE)				nm	nm	29.3%	nm	nm	nm
Return on capital employed (ROCE)				nm	nm	nm	nm	0.4%	0.5%
Sales growth YOY				-0.2%	-28.2%	14.8%	-6.3%	3.6%	0.2%
EBITDA margin			-8.5%	-7.5%	-19.6%	-0.7%	1.8%	10.4%	10.4%
EBIT margin			-15.7%	-13.9%	-28.7%	-13.8%	-7.9%	1.2%	1.2%
Net margin			-15.0%	-10.6%	-31.0%	28.9%	-25.1%	-16.6%	-15.8%
Tax rate			nm	nm	nm	3.6%	0.0%	0.0%	0.0%
GEARING AND CREDIT	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Net interest-bearing debt	0	0	146	95	120	111	115	122	129
Gross interest-bearing debt			186	136	142	170	168	152	144
Equity ratio			28.3%	29.8%	25.7%	27.2%	23.1%	21.0%	17.6%
NIBD / EBITDA			-17.3	-13.6	-12.0	-252.5	103.0	18.1	19.0
NIBD / Total assets			53%	41%	56%	42%	48%	57%	65%
Operating cash flow/NIBD			-21.5%	27.3%	-28.8%	-13.3%	-25.4%	-4.0%	-3.4%
Interest coverage ratio (EBITDA)			-0.5	-0.4	-0.6	0.0	0.1	0.6	0.6
Current ratio			1.4	0.8	2.5	3.1	1.4	2.7	0.8

Disclaimers

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Issued by Fearnley Securities AS on 3 December 2012

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Company Name	Analyst's holding		Others		Last updated
	Equities	Bonds	Equities	Bonds	
AWILCO LNG	-	-	5 135 050	-	17.01.2014
PANORO ENERGY	12 500	-	-	-	17.01.2014

The shares in Awilco LNG are held by a parent company and represents 7,60% of the total equity in this issuer.

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- Songa Offshore

Last updated: 20.02.2014

Statistics

Disclosure requirements pursuant to the Investment Recommendation Regulation § 2-5 (4)

The following table shows quarterly statistics on the overall ratio of Fearnley Securities' recommendations of equities, including a split with respect to issuers where Fearnley Securities has provided investment banking services the last 12 months.

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Buy	Accumulate	Reduce	Sell	Buy	Accumulate	Reduce	Sell
48%	20%	16%	16%	86%	14%	0%	0%

Last updated: 3 March 2014