



Viking Supply Ships A/S

Financial Report

Q4 2014



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Viking Supply Ships (VSS) conducts operations in the North Sea, Arctic and in the global offshore sector. The fleet comprises of 13 offshore vessels that are equipped for and have the capacity to operate in areas with harsh environment, further 7 of the AHTS vessels are equipped to operate in Arctic areas. The AHTS fleet, combined with crew and ice management competence, is tailor-made to operate in ice conditions. There has been an increased contract activity in this niche. VSS is committed to have a substantial part of the fleet on longer term contracts, and have a focus on increasing the contract backlog.

For further information, please contact CEO, Christian W. Berg, ph: +45 41 77 83 80.

The interim financial statements have not been subject to audit or review.

Front picture: Balder Viking on ice-breaking duty

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SUMMARY OF EVENTS Q4

Total revenue for Q4 2014 was MNOK 476 (MNOK 259), of which vessel operations contribute with MNOK 396 (MNOK 234) and Services and Ship Management segments contribute with MNOK 80 (MNOK 25). The EBITDA for Q4 was MNOK 257 (MNOK 74).

The operating result (EBIT) for Q4 was MNOK 206 (negative MNOK 55). The net result for Q4 was MNOK 113 (negative MNOK 76).

The average fixture rate for the VSS AHTS fleet in Q4 was NOK 497,000 (NOK 330,000) and GBP 7,620 (GBP 9,400) for the VSS PSV fleet. The average utilization for the VSS AHTS fleet for Q4 was 73% (77%) and 49% (65%) for the VSS PSV fleet.

As previously communicated, VSS has received a compensation fee due to the cancellation of the 2014 drilling season for Tor Viking and also received an early termination of the contract for Loke Viking, Brage Viking, Magne Viking and Balder Viking for the 2015 and optional 2016 and 2017 drilling seasons, and is entitled to an early cancellation fee. These fees have been recognized in the Q4 2014 results.

Sakhalin Energy has exercised the second of three 4 months options on Vidar Viking. The vessel is now on firm contract until August 2015.

VSS has purchased the PSV vessel Freyja Viking, which has been on a long term bareboat contract to VSS. To finance the purchase, VSS has drawn the last tranche on the secured bank loan financing the PSV vessels.

The Kara Sea Consultancy Project was completed successfully for the 2014 drilling season but has been terminated for the 2015 drilling season.

OPERATIONAL HIGHLIGHTS FOR Q4

Anchor Handling Tug Supply vessels (AHTS)

Since four vessels returned from seasonal term contracts by the end of October, five vessels have been trading the North Sea spot market. Three vessels have been operating on term charters, two in the Sea of Okhotsk and one in the Norwegian Barents Sea.

VSS is currently pursuing additional term contracts for the AHTS vessels, and despite the reduced oil price VSS has a positive long term outlook for the harsh environment offshore market.

The North Sea spot market was characterized by high activity in the beginning of the quarter, with rates remaining solid through the first half of November. Activity was however reduced by the end of November, leading to an imbalance between supply and demand.

Q4 2014	Fixture rate (NOK)	Utilization (%)
AHTS vessels on term charters	536,000 (395,000)	100% (100%)
AHTS vessels on spot market	407,800 (267,000)	45% (63%)
Total AHTS fleet	497,000 (330,000)	73% (77%)

Platform Supply Vessels (PSV)

During the fourth quarter of 2014, all five vessels were trading in the North Sea spot market. Ample supply has given a challenging market for medium sized vessels in the region, and VSS is currently assessing possible term opportunities in the North Sea, as well as in nearby regions.

In the first two months of the quarter the North Sea spot market remained at the levels seen in previous quarters, but seasonally low activity in December meant that both rates and utilization were reduced during the last month of the quarter.

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Q4 2014	Fixture rate (GBP)	Utilization (%)
PSV vessels on term charters	- (10,600)	- (100%)
PSV vessels on spot market	7,620 (7,300)	49% (45%)
Total PSV fleet	7,620 (9,400)	49% (65%)

Services and Ship Management

In the Services segment the Kara Sea Consultancy Project has been progressing according to the project plan and the 2014 season of the Kara Sea Consultancy Project was completed successfully.

Despite the termination of the 2015 drilling season, VSS has initiated discussions with the client regarding a limited work scope for the 2015 season including services such as monitoring and maintenance. The Shore Operation Center in Moscow is now on stand-by.

VSS is pursuing other alternative consultancy contracts for the 2015 season.

It has been decided to establish the Services segment as a stand-alone legal entity within VSS effective as of January 2015. The legal entity is named Viking Ice Consultancy AS and is based in Kristiansand, Norway.

The Ship Management segment operated according to the plan with no major events during the fourth quarter.

FINANCIAL HIGHLIGHTS

Results for Q4 2014

Total revenue was MNOK 476 (MNOK 259) for Q4. The total operating costs were MNOK 219 (MNOK 184) and EBITDA MNOK 257 (MNOK 74). The operating result (EBIT) was MNOK 206 (negative MNOK 55).

Net financials were negative MNOK 88 (negative MNOK 19). Financial costs include unrealized currency loss of MNOK 62 (gain of MNOK 17) and realized value adjustment on interest rate swap of negative MNOK 3 (negative MNOK 3).

The net result for Q4 was MNOK 113 (negative MNOK 76).

Results for year-to-date 2014

Total revenue was MNOK 1,742 (MNOK 1,007) for year-to-date 2014. The total operating costs were MNOK 1,023 (MNOK 708) and EBITDA MNOK 718 (MNOK 299). The operating result (EBIT) was MNOK 524 (MNOK 44).

Net financials were negative MNOK 217 (negative MNOK 103). Financial costs include unrealized currency loss of MNOK 92 (gain of MNOK 34) and realized value adjustment on interest rate swaps of negative MNOK 11 (negative MNOK 4).

The net result for year-to-date 2014 was MNOK 292 (negative MNOK 52).

FINANCING AND CAPITAL STRUCTURE

Viking Supply Ships A/S is a 100% owned subsidiary of Rederi AB TransAtlantic (RABT). RABT is a limited liability company registered in Sweden, with its domicile in Gothenburg, and corporate registration number 556161-0113. RABT is listed on the Small Cap list of the NASDAQ OMX Nordic Exchange in Stockholm.

VSS book equity amounted to MNOK 2,025 (MNOK 1,719) as of 31st December 2014 and was impacted by the year-to-date result of MNOK 292 (negative MNOK 52) and currency effects of MNOK 13 (MNOK 48). The value adjusted equity ratio was 47% (46%).

At the time of reporting, no decision concerning dividend has been made.

SUBSEQUENT EVENTS

No material events have taken place after the balance date.

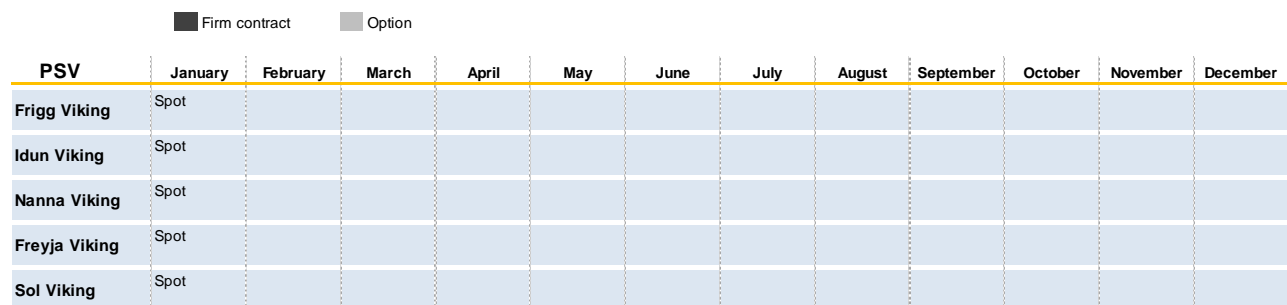
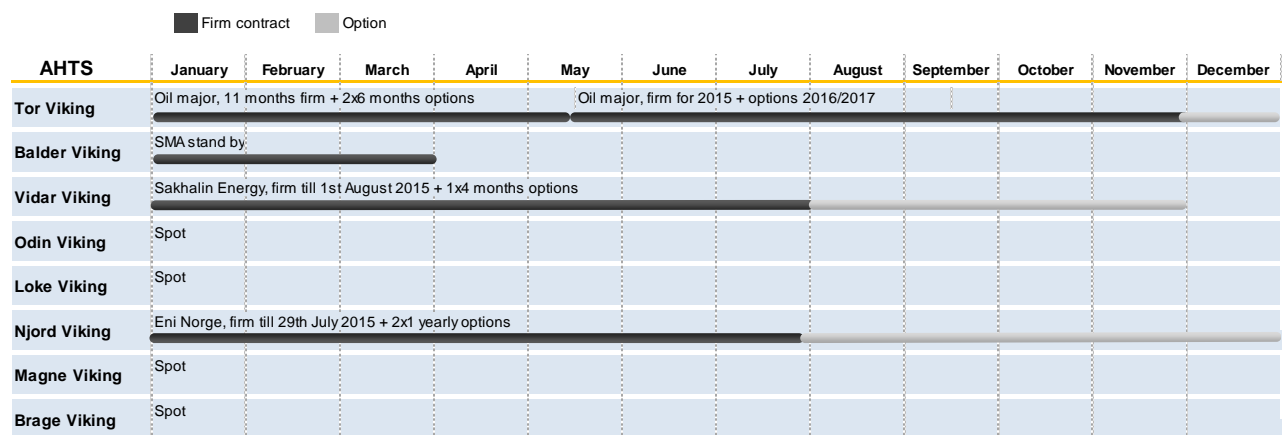
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CONTRACT BACKLOG

	2015	2016
Total contract backlog (MNOK)	957	450
AHTS contract backlog (MNOK)	957	450
PSV contract backlog (MNOK)	-	-
Total contract coverage (%)	25%	13%
AHTS contract coverage (%)	41%	22%
PSV contract coverage (%)	0%	0%

Table is basis 31st December 2014. All figures above include firm period and options.

EMPLOYMENT OVERVIEW



Overviews are basis 31st December 2014.

OUTLOOK

The winter season is usually characterized by low activity and we expect a weak market throughout the first quarter of 2015. The demand for offshore supply vessels is also expected to continue in a soft trend looking further ahead, though with periodically tight periods. The market is affected by the weak oil market, increased cost efficiency focus from oil companies and prevailing fleet overcapacity. Nevertheless, VSS still sees several project initiatives in ice and harsh environment areas and are actively pursuing such contract opportunities.

Copenhagen, 12th February 2015

Board of Directors:

Christen Sveaas
Chairman

Anders Folke Patriksson
Vice chairman

Tom Ruud

Lars Håkan Larsson

Per Magnus Sonnororp

Managing Director:

Christian W. Berg

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

(MNOK)	Note	Q4 2014	FY 2014	Q4 2013	FY 2013
Total Revenue		475,9	1.741,5	258,6	1.006,9
Direct voyage costs		-12,1	-48,5	-11,6	-43,6
Operating costs		-206,5	-974,8	-172,6	-663,9
Total operating costs		-218,6	-1.023,3	-184,2	-707,5
Operating profit before depreciation (EBITDA)		257,3	718,2	74,4	299,4
Net gain on sale of fixed assets		-	0,9	-	-
Depreciation	1	-51,5	-194,7	-48,9	-175,6
Impairment	1	-	-	-80,0	-80,0
Operating profit (EBIT)		205,8	524,4	-54,5	43,8
Financial income		2,1	2,8	1,4	2,8
Financial costs		-89,8	-220,0	-20,6	-105,7
Net financials		-87,7	-217,2	-19,2	-102,8
Pre-tax result		118,1	307,2	-73,7	-59,0
Taxes		-5,0	-15,3	-2,6	7,4
Result for the period	2	113,1	291,8	-76,3	-51,6

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(MNOK)	Q4 2014	FY 2014	Q4 2013	FY 2013
Result for the period	113.1	291.8	-76.3	-51.6
Translation effect foreign operations	6.5	13.4	11.8	48.0
Other comprehensive income net of tax	6.5	13.4	11.8	48.0
Total comprehensive income for the period	119.6	305.2	-64.5	-3.6

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(MNOK)	Q4 2014	FY 2014	Q4 2013	FY 2013
Cash flow from operating activities	289.7	539.0	79.4	121.7
Cash flow from investing activities	-177.8	-333.4	-8.3	-49.4
Cash flow from financing activities	-67.7	-126.9	-47.4	-31.2
Net changes in cash and cash equivalents	44.2	78.7	23.7	41.1
Cash and cash equivalents at the start of period	272.7	238.2	214.5	197.1
Cash and cash equivalents at the end of the period	316.9	316.9	238.2	238.2

CONDENSED CONSOLIDATED BALANCE SHEET

(MNOK)	Note	FY 2014	FY 2013
ASSETS			
Vessels and equipment		3,887.5	3,669.8
Tangible fixed assets	1,2	3,887.5	3,669.8
Financial fixed assets	4	75.7	68.8
Total fixed assets		3,963.2	3,738.6
Inventories		21.7	24.2
Accounts receivables		305.8	118.7
Other current receivables		90.6	83.8
Cash and cash equivalents	4	316.9	238.2
Total current assets		735.0	464.9
Total assets		4,698.2	4,203.5

(MNOK)	Note	FY 2014	FY 2013
EQUITY AND LIABILITIES			
Share capital		0.5	0.5
Retained earnings and reserves		2,024.0	1,718.7
Total equity		2,024.5	1,719.2
Long-term bond loan	3	191.9	359.9
Long-term debt to credit institutions	3	1,932.7	1,647.4
Other non-current liabilities		28.6	33.1
Non-current liabilities		2,153.2	2,040.4
Short-term bond loan	3	-	98.8
Short-term debt to credit institutions	3	268.7	189.6
Accounts payable		154.0	38.4
Other current liabilities		97.8	117.1
Current liabilities		520.5	443.9
Total liabilities		2,673.7	2,484.3
Total equity and liabilities		4,698.2	4,203.5

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**1. Depreciation**

Tangible fixed assets are recognized at cost or after deductions for accumulated depreciation according to plan and possible impairment. Straight-line amortization according to plan is based on the following useful lives:

- Vessels 25–30 years with residual value
- Docking and major overhaul measures 2.5–5 years
- Other equipment 5–10 years

Impairment test as at 31st December shows no need for impairment or reversal of previous impairment.

2. Segment information

The segment information is presented in accordance with the internal reporting structure and includes four segments.

(MNOK)	Q4 AHTS	Q4 PSV	Q4 Services	Q4 Ship Mgmt.
Total Revenue	375.3	20.9	48.1	31.6
Direct voyage costs	-8.9	-3.2	-	-
Operating costs	-107.6	-28.6	-38.7	-31.6
Total operating costs	-116.5	-31.8	-38.7	-31.6
Operating profit before depreciation (EBITDA)	258.8	-10.9	9.4	-
Net gain on sale of fixed assets	-	-	-	-
Depreciation	-39.7	-11.8	-	-
Operating profit (EBIT)	219.1	-22.7	9.4	-
Financial income	2.1	-	-	-
Financial costs	-85.9	-8.3	4.4	-
Net financials	-83.8	-8.3	4.4	-
Pre-tax result	135.3	-31.0	13.8	-
Taxes	4.4	-	-9.4	-
Result for the period	139.7	-31.0	4.4	-

(MNOK)	YTD AHTS	YTD PSV	YTD Services	YTD Ship Mgmt.
Total Revenue	1,151.9	159.1	311.8	118.7
Direct voyage costs	-39.0	-9.5	-	-
Operating costs	-429.0	-148.0	-279.1	-118.7
Total operating costs	-468.0	-157.5	-279.1	-118.7
Operating profit before depreciation (EBITDA)	683.9	1.6	32.7	-
Net gain on sale of fixed assets	-	0.9	-	-
Depreciation	-153.9	-40.8	-	-
Operating profit (EBIT)	530.0	-38.3	32.7	-
Financial income	2.8	-	-	-
Financial costs	-205.8	-19.1	4.8	-
Net financials	-203.0	-19.1	4.8	-
Pre-tax result	327.0	-57.4	37.5	-
Taxes	-5.9	-	-9.4	-
Result for the period	321.1	-57.4	28.1	-

(MNOK)	AHTS	PSV	Services	Ship Mgmt.
Total tangible fixed assets	3,006.0	881.5	-	-
Total interest bearing debt	1,926.9	466.4	-	-

There are no significant revenue transactions between the segments.

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3. Interest bearing liabilities

The vessels owned by VSS are primarily financed through bank loans with pledge in the vessels. Further securities have been given in the form of pledge in revenue and insurance policies. The interest-bearing debt in VSS per Q4 2014 is MNOK 2,393 (MNOK 2,296).

VSS' loan agreements have a number of financial and other covenants, according to which VSS must fulfill certain key data. At the balance date all covenants were in compliance. Further, one of VSS' loan agreements has an employment clause that will require deposit of additional security in 2015, unless the term contract coverage requirement is met by VSS securing alternative term contracts.

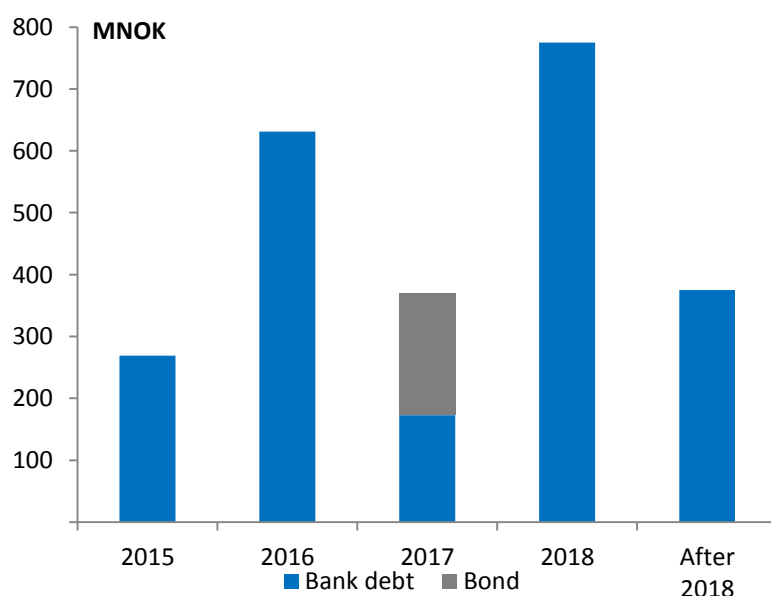
In March 2012 VSS issued a 5 year senior unsecured bond loan in the Norwegian capital market, with maturity in March 2017, totaling MNOK 300. The bond agreement has a limit of MNOK 750. The net proceeds from the bond shall be employed for investments, capital expenditures related to fleet expansion and general corporate purposes. The bond was listed on Nordic ABM in Oslo on 28th June, 2012. In March 2013 an additional MNOK 85 was drawn in a tap issue. As at balance date VSS is holding nominal MNOK 189 MNOK of this bond, consequently 196 MNOK is outstanding.

In June 2013 VSS issued a 15 month senior unsecured bond loan in the Norwegian capital market, with maturity on 24th September 2014, totaling MNOK 100. The bond was listed on Nordic ABM in Oslo on 25th June, 2013. During Q3 2014 the full MNOK 100 was repaid.

VSS has 40% (11%) of its interest bearing debt in USD and 19% (0%) in GBP. The remaining loans are denominated in NOK. VSS has 10% (33%) of the total loan portfolio swapped into fixed interest rate.

3.1. Classification by type of debt

(MNOK)	FY 2014	FY 2013
Long-term bond loan	191.9	359.9
Short-term bond loan	-	98.8
Long-term debt to credit institutions	1,932.7	1,647.4
Short-term debt to credit institutions	268.7	189.6
Total interest bearing liabilities	2,393.3	2,295.7

3.2. Debt maturity

4. Cash and cash equivalents

(MNOK)	FY 2014	FY 2013
Restricted cash *	-	37.2
Free cash and cash equivalents	316.9	238.2
Cash and cash equivalents	316.9	275.4

* The amount is included in the item "Financial fixed assets" in the balance-sheet

5. Operational and financial risk

VSS is characterized by a high degree of international operations and is thus exposed to a number of operational and financial risks. VSS works actively to identify, assess and manage these risks.

VSS is exposed to changes in the freight rates. To mitigate this operational risk, VSS has a clear focus on increasing the number of vessels on term contracts.

Long-term loans are the principal form of financing. Accordingly, interest rate fluctuations have an impact on VSS' earnings and cash flow. To reduce this risk the Group aims to actively manage the interest exposure through various types of hedging instruments.

Part of the VSS' cash flow is generated in currencies other than NOK which is VSS' functional currency. This means that currency fluctuations have an impact on VSS' earnings and cash flows. The foreign exchange risk is primarily reduced by matching the exposure to revenues in various currencies with costs in the corresponding currency. In the same manner, assets in a certain currency are primarily matched with liabilities in the same currency.

6. Basis of preparation

These condensed interim financial statements for the 12 months ending 31st December 2014 have been prepared in accordance with the accounting principles as described in the VSS Annual Report for 2013.