

**VIKING SUPPLY SHIPS AB  
(PUBL)  
INTERIM REPORT**

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**Q4**

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2017



**VIKING SUPPLY SHIPS**

**MORE**  
THAN A SHIPOWNER

THE  
**COOLEST**  
PLACE TO WORK

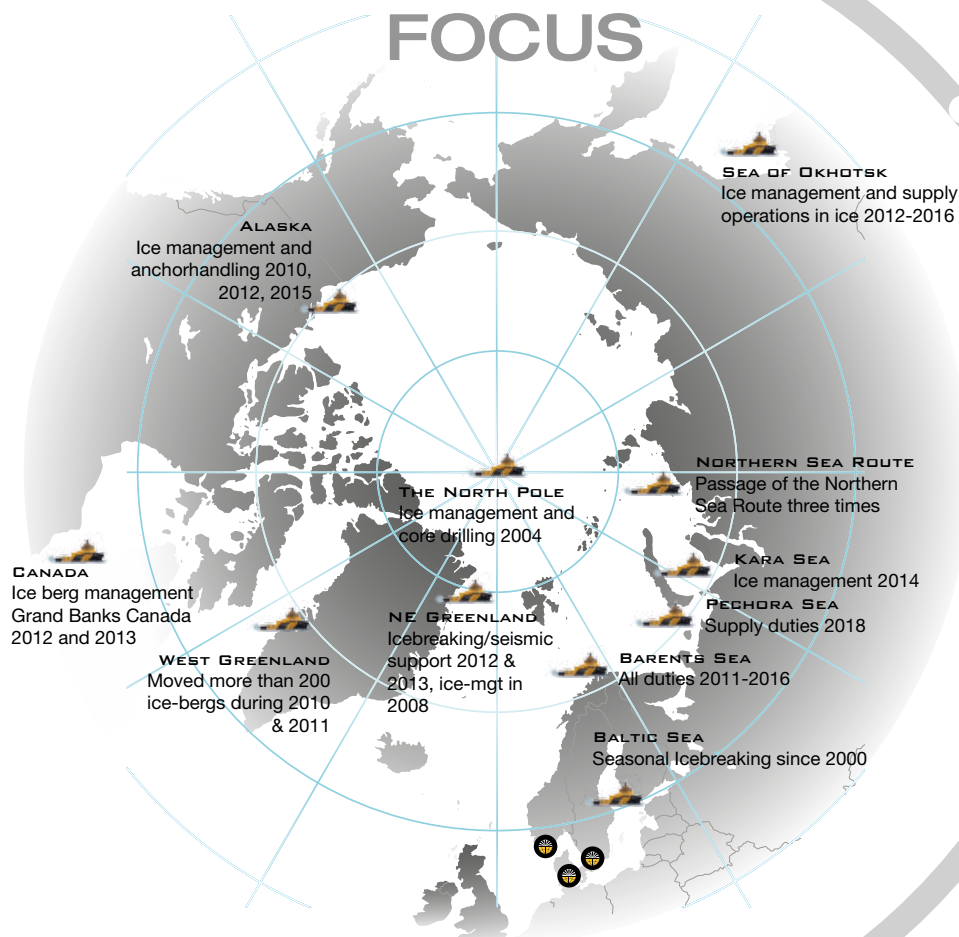
ALWAYS AHEAD OF  
**COMPETITION**

Q4

Q4

**REVENUE**  
**MSEK 67 (75)**  
 YTD: MSEK 331 (760)

## ARCTIC FOCUS



Q4

**EBITDA**  
**MSEK -61 (-52)**  
 YTD: MSEK -185 (160)

Q4

**RESULT FOR THE PERIOD**  
**MSEK -132 (-145)**  
 YTD: MSEK -332 (-406)

Q4

**EARNINGS PER SHARE AFTER TAX**  
**SEK -0.3 (-0.5)**  
 YTD: SEK -0.8 (-2.2)

Viking Supply Ships AB (publ) is a Swedish shipping company with headquarter in Gothenburg, Sweden. Viking Supply Ships AB (publ) is organized into four segments: Anchor Handling Tug Supply vessels (AHTS), Platform Supply Vessels (PSV), Services and Ship Management. The operations are focused on offshore and icebreaking primarily in Arctic and subarctic areas. Services and Ship Management has in total about 400 employees and the turnover in 2017 was MSEK 331. The company's B-share is listed on NASDAQ OMX Stockholm, segment Small Cap, [www.vikingsupply.com](http://www.vikingsupply.com).

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## CEO STATEMENT



**The fourth quarter resulted in a negative result for the Group. The weak market continued throughout the quarter, which impacted the Group's revenue, totalling MSEK 67 (75) for the quarter. Despite positive contributions from cost saving initiatives, EBITDA was MSEK -61 (-52). For the fourth quarter, profit after tax for the Group was MSEK -132 (-145).**

Viking Supply Ships A/S has during the majority of the second half of 2017 been in an ongoing dialogue with its lenders, during which the company has not paid installments and interest to its lenders. In December, Viking Supply Ships A/S received confirmation that it had obtained support for a restructuring proposal from all senior lenders. A final restructuring agreement was subject to final approval from the senior lenders' credit committees. Viking Supply Ships A/S has during January 2018 obtained credit committee approval from all senior lenders, signed a restructuring term sheet and signed amended loan agreements. The restructuring agreement will provide Viking Supply Ships with a platform to navigate through the potential challenging market until 2020.

The prolonged downturn within the offshore industry has forced the Group to implement several cost saving initiatives, which during the fourth quarter resulted in the AHTS Loke Viking being laid up. We are therefore very pleased that Viking Supply Ships A/S in late January 2018 entered into a contract with an international oil company for the charter of the Ice-class 1A-Super AHTS Brage Viking with prompt commencement. The duration is up to 140 days including optional periods. Securing this contract clearly emphasizes the competence and market position Viking Supply Ships has built up within the harsh environment offshore market.

In order to streamline the organization and further increase the commercial focus of the company it was in January 2018 decided

to re-locate Viking Supply Ships A/S' headquarter to Kristiansand (Norway). In combination with the above mentioned financial restructuring, this will ensure that Viking Supply Ships will be able to take advantage of future market opportunities. The re-location will increase the efficiency and add to the Group's focus on the Northern areas and harsh environment offshore regions. Safety and quality will remain a core focus going forward and the reorganization is assumed to enable Viking Supply Ships to deliver even higher quality to our clients.

### OUTLOOK

Viking Supply Ships expects that the North Sea offshore market will remain weak at least until the coming spring. Although the rig activity in the North Sea is anticipated to increase from the summer of 2018 it is unclear as to which degree this improvement will have on the market in the short term. There is currently a global oversupply of vessels which will require a significant increase in activity to be absorbed in the market. Until this materialize the spot market is likely to be vulnerable to vessels being reactivated from lay-up or coming in from other offshore regions. However, backed by the increased oil price Viking Supply Ships does see clear signs in the global offshore industry that the market will improve in the long run.

Viking Supply Ships also sees increased tendering activity within its core regions of harsh environment offshore. The recent fixture of Brage Viking clearly confirms the market position the Group has obtained within the harsh environment offshore market and Viking Supply Ships is currently pursuing several contract opportunities and has a clear ambition to secure term contracts for further vessels in the fleet for 2018 and 2019.

Gothenburg, 13 February 2018.

  
Trond Myklebust  
CEO and President

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## FOURTH QUARTER

- Total revenue from continuing operations was MSEK 67 (75)
- EBITDA from continuing operations was MSEK -61 (-52)
- Result after tax including discontinued operations was MSEK -132 (-145)
- Result after tax per share including discontinued operations was SEK -0.3 (-0.5)

## YEAR TO DATE

- Total revenue from continuing operations was MSEK 331 (760)
- EBITDA from continuing operations was MSEK -185 (160)
- Result after tax including discontinued operations was MSEK -332 (-406)
- Result after tax per share including discontinued operations was SEK -0.8 (-2.2)

## SUMMARY OF EVENTS IN Q4

- EBITDA for Q4 from continuing operations was MSEK -61 (-52).
- The average fixture rate in Q4 was USD 22,100 (15,000) for the AHTS fleet and USD 0 (0) for the PSV fleet. The average utilization in Q4 was 30% (28) for the AHTS fleet and 0% (0) for the PSV fleet.
- During Q4 it was decided to reduce the capacity of the spot fleet by placing Loke Viking in stand-by mode in Uddevalla, Sweden. Part of the crew has been reassigned to other vessels in the fleet, while some crew has been terminated. Viking Supply Ships considers this to be an unfortunate, but necessary, step to preserve cash and influence the market balance in the region.
- An extraordinary general meeting was held on 6 November 2017. The extraordinary general meeting resolved in accordance with the Board of Directors' proposal on a rights issue of 123 MSEK, and two share issues with payment against set-off at the total amount of 8 MSEK.
- In December Viking Supply Ships received confirmation that it had obtained support for a restructuring proposal from all senior lenders. A final restructuring agreement was subject to final approval from the senior lenders' credit committees.
- During Q4 TransAtlantic AB concluded the sale of two partly owned small bulk vessels TransSonoro and TransVolante. This transaction will have limited financial impact on the Group.
- During Q4 an impairment charge of MSEK 19 was recognized related to the PSV fleet.

## SUBSEQUENT EVENTS

- The 123 MSEK rights issue and the two share issues with payment against set-off of total 8 MSEK were successfully completed in January 2018.
- In January 2018, credit committee approval from all senior lenders was obtained and a restructuring agreement was signed with all senior lenders. This finalized the financial restructuring.
- Following the financial restructuring, loans previously classified as short-term will in 2018 be reclassified as long-term debt in the balance sheet.
- In late January 2018 a contract was entered into with an international oil company for the charter of the Ice-class 1A-Super AHTS Brage Viking with prompt commencement. The duration is up to 140 days including optional periods. Securing this contract clearly emphasizes the competence and market position built up within the harsh environment offshore market.
- In order to streamline the organization and further increase the efficiency and the commercial focus of the company it was in January 2018 decided to relocate Viking Supply Ships A/S' headquarter from Copenhagen (Denmark) to Kristiansand (Norway).

## LIQUIDITY AND GOING CONCERN

The condensed interim financial statements for the year ending 31 December 2017 have been prepared using the going concern assumption.

Based on a continued belief in securing contracts within the core market segment, the Board of Directors and Management have concluded that both the company and the Group will be able to continue as going concern at least until 31 December 2018. This conclusion is based on the finalized debt restructuring, the current outlook for 2018 and the current uncertainties and risks (see note 1, Liquidity and going concern).

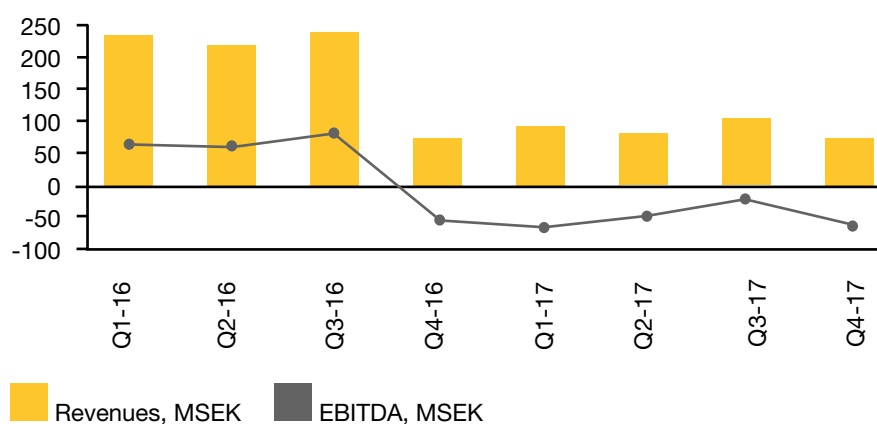
KEY FINANCIALS	Q4 2017	Q4 2016
Net sales, MSEK <sup>1)</sup>	67	75
EBITDA, MSEK <sup>1)</sup>	-61	-52
Result after tax, MSEK <sup>2)</sup>	-132	-145
Earnings per share after tax, SEK <sup>2)</sup>	-0.3	-0.5
Shareholders' equity per share, SEK	2.4	4.2
Return on equity, % <sup>2)</sup>	-47.8	-44.5
Equity ratio, % <sup>3)</sup>	33.7	39.0
Market adjusted equity ratio, % <sup>3)</sup>	32.0	48.2

1) Excludes discontinued operations

2) Includes discontinued operations

3) The calculation includes assets held for sale

### FINANCIAL DEVELOPMENT CONTINUING OPERATIONS



## RESULTS AND FINANCE

### RESULTS YEAR TO DATE 2017

Total revenue for the Group for the year was for continuing operations MSEK 331 (760).

The Group's EBITDA for the year was for continuing operations MSEK -185 (160).

Net financial items were for continuing operations MSEK 48 (-126). Financial items include a gain from bond settlement of MSEK 110.

The Group's result after tax including discontinued operations was MSEK -332 (-406). The result for the year was in addition to earlier mentioned financial items negatively impacted by an impairment loss on the PSV fleet of MSEK 51.

## OPERATIONAL HIGHLIGHTS FOR THE FOURTH QUARTER

### ANCHOR HANDLING TUG SUPPLY VESSELS (AHTS)

Total AHTS revenue was MSEK 31 (38) in Q4. Total EBITDA was MSEK -54 (-47).

During Q4, six vessels have been operating in the North Sea spot market. Two AHTS vessels have remained in lay-up during the quarter. At the end of the quarter three vessels were in lay-up following the decision to place Loke Viking in standby mode.

The North Sea spot market was weak throughout the quarter. This has caused both fixture rates and utilization to remain on unsatisfactory levels.

AHTS Q4	Fixture rates (USD)	Utilization (%)
AHTS vessels on term charters	- (-)	- (-)
AHTS vessels on the spot market	22,100 (15,000)	30 (28)
<b>Total AHTS fleet</b>	<b>22,100 (15,000)</b>	<b>30 (28)</b>

The table above excludes three laid-up vessels.

	<div> <div>Firm contract</div> <div>Option</div> <div>Spot</div> <div>Layup</div> </div>											
AHTS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Tor Viking												
Balder Viking												
Vidar Viking												
Odin Viking												
Loke Viking												
Njord Viking												
Magne Viking												
Brage Viking												

Figures in the tables are as of 31 December 2017.

### PLATFORM SUPPLY VESSELS (PSV)

Total PSV revenue was MSEK 0 (0) in Q4. Total EBITDA was MSEK -4 (-4). During Q4 an impairment charge of MSEK 19 was recognized related to the PSV fleet.

VSS A/S does not have any PSVs in operation, but will continue to monitor the market for long term contract opportunities for these vessels.

The total PSV contract backlog at the end of the quarter was MSEK 0.

### SERVICES AND SHIP MANAGEMENT

Total Services and Ship Management revenue was MSEK 36 (37) in Q4. Total EBITDA was MSEK -3 (-1).

Viking Ice Consultancy (VIC) has during the fourth quarter continued the work on several smaller consultancy contracts, with a focus on ice management and implementation of the Polar Code. VIC will continue to develop and pursue further contract opportunities going forward.

The operations within the ship management segment proceeded as planned throughout the quarter.

### DISCONTINUED OPERATIONS (TRANSATLANTIC AB)

During 2016 it was decided to discontinue the remaining operations in the subsidiary TransAtlantic AB (TA AB). At the end of Q3 2016 the Group assessed that discontinuation was likely to be completed within the next 12 months. Due to this, the Group has in its financial reports as from Q3 2016 recognized TA AB as discontinued

operations and assets held for sale, according to IFRS 5 Assets Held for Sale and Discontinued Operations (see note 4, Discontinued operation and assets held for sale).

The remaining activities within the small bulk segment recorded revenues of MSEK 13 (49) in Q4. EBITDA was MSEK 1 (8).

## FINANCIAL POSITION AND CAPITAL STRUCTURE

At the end of the year, the Group's equity amounted to MSEK 971 (equivalent to 2.4 SEK/share). The equity decreased during the year by net MSEK 469 due to the loss for the year of MSEK 332, a negative change in the translation reserve of MSEK 141 attributable to currency differences on net investments in subsidiaries, mainly related to the weakened USD against SEK, and an increase related to the ongoing new share issue of 4 MSEK, net after expenses.

The 2016/2017 completed equity issue, of total 340 MSEK, brought liquidity to the Group of total MSEK 250 of which MSEK 207 was obtained in December 2016 and the remaining MSEK 43 in the beginning of January 2017. In January 2017 the outstanding bond debt, including accrued coupon interest, of total MSEK 220 was settled partly by cash redemption of total MSEK 38, and by way of the final set-off equity issue of MSEK 57. The redeemed bonds resulted in a financial gain of 110 MSEK.

Gross investments during the year amounted to MSEK 1 (11).

The loan amortizations during the year amounted to MSEK 40. New loans of total MSEK 55 were raised during the same period.

For further information of the Group's financial position see note 5, Interest bearing liabilities and note 6, Cash and cash equivalents.

Viking Supply Ships AB is obliged to publish this report in accordance with the Swedish Securities Act and/ or the Swedish Financial Instruments Trading Act. This report has been prepared in both Swedish and English versions. In case of variations in the contents between the two versions, the Swedish version shall govern. This report was submitted for publication at 8:30 am (CET) on 13 February, 2018.

The undersigned certify that the interim report gives a true and fair picture of the Group's financial position and results, and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

This interim report is unaudited.

Gothenburg, 13 February 2018

Viking Supply Ships AB

Bengt A. Rem  
Chairman

Folke Patriksson  
Deputy chairman

Erik Borgen  
Board member

Håkan Larsson  
Board member

Magnus Sonnorp  
Board member

Trond Myklebust  
CEO

Christer Lindgren  
Employee representative

**PRESS AND ANALYST CONFERENCE**

In conjunction with the publication of this interim report, an earnings call will take place on 13 February 2018 at 10.00 am (CET) with Viking Supply Ships AB's CEO Trond Myklebust and CFO Ulrik Hegelund. In connection with the conference, a presentation will be available on the company's website, [www.vikingsupply.com](http://www.vikingsupply.com). Please see Investor Relations/Reporting Center.

**FINANCIAL CALENDAR 2018**

4 May	Q1 Interim report
30 May	Annual General Meeting
8 August	Q2 Interim report
9 November	Q3 Interim report

**INVESTOR RELATIONS**

Please contact CFO, Ulrik Hegelund, ph. +45 41 77 83 97 or  
IR & Treasury Director, Morten G. Aggvin, ph. +47 41 04 71 25

The interim report is available on the company's website: [www.vikingsupply.com](http://www.vikingsupply.com)



## CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

(MSEK)	Note	Q4 2017	Q4 2016	Q1-Q4 2017	Q1-Q4 2016
Net sales		67	75	331	760
Other operating revenue		0	0	0	0
Direct voyage cost		-9	-11	-34	-36
Personnel costs		-71	-107	-334	-386
Other costs		-48	-8	-148	-177
Depreciation/impairment	2	-53	-86	-194	-409
<b>Operating result</b>		<b>-114</b>	<b>-137</b>	<b>-379</b>	<b>-248</b>
Net financial items		-18	-16	48	-126
<b>Result before tax</b>		<b>-132</b>	<b>-153</b>	<b>-331</b>	<b>-374</b>
Tax	8	0	5	1	4
<b>Result from continuing operations</b>	<b>3</b>	<b>-132</b>	<b>-148</b>	<b>-330</b>	<b>-370</b>
Result from discontinued operations	4	0	3	-2	-36
<b>Result for the period</b>		<b>-132</b>	<b>-145</b>	<b>-332</b>	<b>-406</b>
Earnings attributable to Parent Company's share-holders, per share in SEK (before and after dilution):					
-Result from continuing operations		-0.3	-0.4	-0.8	-2.0
-Result from discontinued operations		0.0	-0.1	0.0	-0.2
<b>Total</b>		<b>-0.3</b>	<b>-0.5</b>	<b>-0.8</b>	<b>-2.2</b>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(MSEK)	Note	Q4 2017	Q4 2016	Q1-Q4 2017	Q1-Q4 2016
<b>Result for the period</b>		<b>-132</b>	<b>-145</b>	<b>-332</b>	<b>-406</b>
Other comprehensive income for the period:					
<b>Items that will not be restored to the income statement</b>					
Revaluation of net pension obligations		0	-	0	1
<b>Items that later can be restored to the income statement</b>					
Change in translation reserve, net		13	15	-141	119
<b>Other comprehensive income</b>		<b>13</b>	<b>15</b>	<b>-141</b>	<b>120</b>
<b>Total comprehensive income for the period</b>		<b>-119</b>	<b>-130</b>	<b>-473</b>	<b>-286</b>

## CONDENSED CONSOLIDATED BALANCE SHEET

MSEK	Note	Q4 2017	FY 2016
Vessels	2	2,715	3,229
Other tangible fixed assets		1	0
Financial assets		15	16
<b>Total fixed assets</b>		<b>2,731</b>	<b>3,245</b>
Other current assets	6	138	422
Assets held for sale	4	16	26
<b>Total current assets</b>		<b>154</b>	<b>448</b>
<b>TOTAL ASSETS</b>	<b>3</b>	<b>2,885</b>	<b>3,693</b>
<b>Shareholders' equity</b>		<b>971</b>	<b>1,440</b>
<b>Long-term liabilities</b>	<b>5</b>	<b>20</b>	<b>1,896</b>
Other current liabilities	5	1,891	342
Liabilities related to assets held for sale	4	3	15
<b>Total current liabilities</b>		<b>1,894</b>	<b>357</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>		<b>2,885</b>	<b>3,693</b>

## VALUATION OF FINANCIAL ASSETS AND LIABILITIES

The valuation of financial assets and liabilities in the balance sheet is based on acquisition value or fair value. The valuation of FX derivatives and interest rate derivatives is based on fair value. The balance items "Long-term liabilities" include derivatives of MSEK 5 (11). Valuation of other financial assets and liability items in the balance sheets are based on acquisition value.

## ASSESSMENT OF FAIR VALUE OF FINANCIAL INSTRUMENTS

The valuation of financial instruments is based on classification in three levels: Level 1, fair values based on market values, where the instruments are traded on an active market are available. Level 2, no market values based on an active market are available, valuations are instead based on measurements of discounted cash flows. Level 3, at least one variable is based on own assessments. The fair value valuation of the Group's FX- and interest rate instruments are based on input according to level 2.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MSEK	Note	Q4 2017	Q4 2016	Q1-Q4 2017	Q1-Q4 2016
Cash flow from operations before changes in working capital		-75	-57	-242	55
Changes in working capital		39	-14	-31	13
<b>Cash flow from current operations</b>		<b>-36</b>	<b>-71</b>	<b>-273</b>	<b>68</b>
Cash flow from investing activities		1	73	0	124
Cash flow from financing activities		34	-21	57	-21
<b>Changes in cash and cash equivalents from continuing operations</b>		<b>-1</b>	<b>-19</b>	<b>-216</b>	<b>171</b>
Cash-flow from discontinued operations:					
Cash flow from current operations		-1	-113	-4	-127
Cash flow from investing activities		0	110	0	151
Cash flow from financing activities		0	-104	0	-131
<b>Changes in cash and cash equivalents from discontinued operations</b>	<b>4</b>	<b>-1</b>	<b>-107</b>	<b>-4</b>	<b>-107</b>
Cash and cash equivalents at beginning of period		30	394	273	195
Exchange-rate difference in cash and cash equivalents		6	5	-19	14
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>6</b>	<b>34</b>	<b>273</b>	<b>34</b>	<b>273</b>

## CHANGES IN THE GROUP'S SHAREHOLDERS' EQUITY

Shareholders' equity (MSEK)	Note	Q4 2017	Q4 2016	Q1-Q4 2017	Q1-Q4 2016
Equity at beginning of period		1,086	1,249	1,440	1,386
New Share Issue, net after expenses <sup>1)</sup>		4	-2	4	340
Total comprehensive income for the period		-119	-130	-473	-286
<b>SHAREHOLDERS' EQUITY AT END OF PERIOD</b>		<b>971</b>	<b>1,117</b>	<b>971</b>	<b>1,440</b>

Share capital (MSEK)	Note	Q4 2017	Q4 2016	Q1-Q4 2017	Q1-Q4 2016
Share capital at beginning of period		410	177	344	177
New share issue <sup>1)</sup>		-	-	66	167
<b>Share capital at end of period</b>		<b>410</b>	<b>177</b>	<b>410</b>	<b>344</b>

Number of shares ('000)	Note	Q4 2017	Q4 2016	Q1-Q4 2017	Q1-Q4 2016
Number of outstanding shares at beginning of period		409,593	177,444	343,545	177,444
Number of new shares issued <sup>1)</sup>		-	-	66,048	166,101
<b>Total number of shares at end of period</b>		<b>409,593</b>	<b>177,444</b>	<b>409,593</b>	<b>343,545</b>
Average number of shares outstanding		409,593	177,444	408,534	181,297

1) At December 31, 27,346,464 shares for an amount of SEK 6,836,616 were subscribed for. At the balance date these shares were not registered. The amount is therefore disclosed among restricted reserves. The proceeds from the new share issue have been disclosed in the short term receivables as they are first available for the company after registration.

## DATA PER SHARE

(SEK)	Note	Q4 2017	Q4 2016	Q1-Q4 2017	Q1-Q4 2016
EBITDA <sup>1)</sup>		-0.1	-0.3	-0.5	0.9
Result after tax (EPS) <sup>1)</sup>		-0.3	-0.8	-0.8	-2.0
Equity <sup>2)</sup>		2.4	4.2	2.4	4.2
Operating cash flow <sup>1)</sup>		-0.2	-0.3	-0.3	0.2
Total cash flow <sup>1)</sup>		0.0	-0.2	-0.5	0.9

1) Calculated on continuing operations

2) The calculation includes assets held for sale

## PARENT COMPANY

The Parent Company's result after tax for the year was MSEK -986 (-344). The net financial items include impairment losses on shareholdings in subsidiaries of MSEK -984.

The activity in the Parent Company mainly consists of the shareholdings in Viking Supply Ships A/S and TA AB, as well as limited Group wide administration. The decline in the parent company's revenues and costs relates to the charter agreements of the three RoRo-vessels TransPaper, TransPulp and TransTimber which were novated to an external party in Q4 2016.

At the end of the fourth quarter the Parent Company's equity was MSEK 1,005 (1,986 on Dec 31, 2016), and total assets were MSEK 1,090 (2,055 on Dec 31, 2016). The equity decreased during the year by net MSEK 981 due to the loss for the year of MSEK 986, and an increase related to the ongoing new share issue of 5 MSEK, net after expenses. The completed equity issue, of total 340 MSEK, brought liquidity to the Group of total MSEK 250 of which MSEK 207 was obtained in December 2016 and the remaining MSEK 43 in the beginning of January 2017. The cash proceeds from these new share issues have been distributed to the subsidiaries as part of the financial restructuring.

The equity ratio on the balance day was 92 % (97 on Dec 31, 2016). Cash and cash equivalents at the end of the period was MSEK 0 (18 on Dec 31, 2016). The decline in cash holdings mainly relates to repaid client funds.

## PARENT COMPANY INCOME STATEMENT

(MSEK)	Note	Q4 2017	Q4 2016	Q1-Q4 2017	Q1-Q4 2016
Net sales		2	61	9	333
Personnel costs		-	-	-	-1
Other costs		-2	-60	-9	-334
<b>Operating result</b>		<b>0</b>	<b>1</b>	<b>0</b>	<b>-2</b>
Net financial items		-224	-36	-986	-342
<b>Result before tax</b>		<b>-224</b>	<b>-35</b>	<b>-986</b>	<b>-344</b>
Tax on result for the year		-	-	-	-
<b>RESULT FOR THE PERIOD</b>		<b>-224</b>	<b>-35</b>	<b>-986</b>	<b>-344</b>
<i>Other comprehensive income for the period:</i>					
<b>Items that will not be restored to the income statement</b>					
Revaluation of net pension obligations		0	0	0	0
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>-224</b>	<b>-35</b>	<b>-986</b>	<b>-344</b>

## PARENT COMPANY BALANCE SHEET

(MSEK)	Note	Q4 2017	FY 2016
Financial fixed assets		1,048	1,905
Current assets		42	150
<b>TOTAL ASSETS</b>		<b>1,090</b>	<b>2,055</b>
Shareholders' equity		1,005	1,986
Provisions		6	6
Long-term liabilities		13	15
Current liabilities		66	48
<b>TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES</b>		<b>1,090</b>	<b>2,055</b>

## CHANGES IN PARENT COMPANY SHAREHOLDERS' EQUITY

(MSEK)	Note	Q4 2017	Q4 2016	Q1-Q4 2017	Q1-Q4 2016
Equity at beginning of period		1,223	1,679	1,986	1,990
New share issue <sup>1)</sup>		6	342	5	340
<b>Total comprehensive income for the period</b>		<b>-224</b>	<b>-35</b>	<b>-986</b>	<b>-344</b>
<b>SHAREHOLDERS' EQUITY AT END OF PERIOD</b>		<b>1,005</b>	<b>1,986</b>	<b>1,005</b>	<b>1,986</b>

1) At December 31, 27,346,464 shares for an amount of SEK 6,836,616 were subscribed for. At the balance date these shares were not registered. The amount is therefore disclosed among restricted reserves. The proceeds from the new share issue have been disclosed in the short term receivables as they are first available for the company after registration.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. LIQUIDITY AND GOING CONCERN

The previous financial restructuring was completed on 12 January 2017 when the bond settlement by way of cash redemption and conversion to equity was completed.

The restructuring was intended to secure the Group with a stable financial platform until 2020, subject certain vessel income levels. The primary uncertainties and risks in relation to the going concern considerations included a prolonged weakening of the market conditions.

The continued challenging market conditions, including downward pressure on rates and utilization, have impacted the Group's liquidity 2017. As a consequence, Viking Supply Ships A/S shortly after the end of Q2 2017 initiated a dialogue with its lenders to secure a long-term stable financing solution.

At the end of Q3 2017, Viking Supply Ships A/S was not able to comply with events of default provisions in loan agreements, which rendered all borrowings short-term and payable on demand by the lenders.

Viking Supply Ships A/S has during the majority of the second half of 2017 been in an ongoing dialogue with its lenders, during which Viking Supply Ships A/S has not paid installments and interest to its lenders.

In December 2017, Viking Supply Ships A/S received confirmation that it had obtained support for a restructuring proposal from all senior lenders. A final restructuring agreement was subject to final approval from the senior lenders' credit committees. Viking Supply Ships A/S has during January 2018 obtained credit committee approval from all senior lenders, signed a restructuring term sheet and signed amended loan agreements. The signed restructuring term sheet, together with the completed equity issue in Viking Supply Ships AB and subsequent equity injection into Viking Supply Ships A/S, finalizes the financial restructuring.

The share issues in Viking Supply Ships AB that form part of the Viking Supply Ships A/S' financial restructuring comprised the following:

- A MUS\$ 15.0 rights issue.
- A share issues with payment against set-off to Viking Invest AS for financial services.
- A share issue with payment against set-off to Viking Invest AS for guarantee fee for the guarantee undertaking in the rights issue.
- Following these equity issues, the equity in Viking Supply Ships AB increased with MSEK 131.

The final agreement includes the following key terms:

- Viking Supply Ships A/S loan facilities are as currently due 31 March 2020.
- Viking Supply Ships A/S loan facilities will carry significant less cash interest and instalments until maturity on 31 March 2020. Limited cash interest and instalments will be paid until Q4 2018.
- Financial covenants on the loan facilities are amended to provide Viking Supply Ships A/S with ample room to operate under the present challenging market conditions.
- Cash at hand exceeding a certain level will through a cash sweep mechanism be distributed as repayment of the bank facilities.
- The bareboat charter in respect of the vessel Odin Viking will be amended to reflect that the charter hire of USD 10,000 per day will not be payable in cash, but added to the principal amount outstanding under the charter party as payment in kind. Further, Viking Supply Ships A/S will have the right to exercise the previously agreed purchase option in respect of Odin Viking before the end of the charter party. If the option is exercised, the bareboat charter will be terminated against a termination compensation equal to the accumulated and remaining charter hire and Viking Supply Ships A/S will replace Odin Viking SPV AS as borrower under the Odin Viking SPV AS facility with DVB Bank SE. The outstanding loan amount under the Odin Viking facility will be off-set against the termination compensation payable by Viking Supply Ships A/S.
- Viking Supply Ships A/S has received new capital in the amount of MUS\$ 15.0.

The restructuring agreement will provide the Group with a platform to navigate through the potential challenging market until 2020.

Based on a continued belief in securing contracts within the core market segment, the Board of Directors and Management have concluded that both the company and the Group will be able to continue as going concern at least until 31 December 2018. This conclusion is based on Management's assessment of the current outlook for 2018 and the uncertainties and risks described above.

## 2. TANGIBLE FIXED ASSETS

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 applied.

### Impairment test

At each reporting date the accounts are assessed whether there is an indication that an asset may be impaired. If any such indication exists, or when impairment testing for an asset is required, estimates of the asset's recoverable amount are done. The recoverable amount is the highest of the fair market value of the asset, less cost to sell, and the net present value (NPV) of future estimated cash flow from the employment of the asset ("value in use").

Viking Supply Ships A/S is operating two groups of similar vessel types which in reality can all be used for the same kind of tasks, and are thus interchangeable. Each vessel generates its own cash streams, but the company's customers could, just as easily, have used another vessel from the relevant fleet type. Based on this Viking Supply Ships A/S has deemed it appropriate to consider each group of vessels as a separate cash generating unit. As a result, Viking Supply Ships A/S is performing impairment tests on a portfolio level rather than per vessel.

The key assumptions used in the value in use calculation and in the assessment of owned vessels, for 2017 are as follows:

- The cash flows are based on current tonnage.
- Estimates of fixture rates, utilization and contract coverage as well as estimated residual values are based on Management's extensive experience and knowledge of the market.
- Operating expenses and dry dock costs are estimated based on Management's experience and knowledge of the market as well as plans and initiatives outlined in the operating budgets.
- The weighted average cost of capital (WACC) used to discount the forecasted cash flows was 9% (2016: 9%). The pre- and post-tax discount factor is the same due to tonnage taxation.

As indication of fair market value valuations of owned vessels are obtained from internationally acknowledged shipbrokers on a quarterly basis.

### Impairment test PSV fleet in 2017

Based on fixtures rates, utilization, contract coverage, cost levels and currency exchange levels the Group has prepared discounted cash flow calculations covering the remaining useful lives of the vessels. All significant assumptions have been estimated using Management's best estimate in a challenging market. The cash flow projection shows negative cash flows for 2018-19 due to all PSV vessels in warm lay-up in 2018/H12019 and poor market conditions expected in H2 2019 with step-wise improving rates and utilization in 2020 and going forward. The value in use calculation based on discounted cash flows is very sensitive to changes in the underlying assumptions including the pace and timing of assumed market recovery and redeployment of vessels, which is uncertain due to the current challenging market conditions. The calculated value in use is MSEK 332.

The impairment test also consists of an assessment of average external vessel valuations, less cost to sell, from two internationally acknowledged shipbrokers showing a total PSV fleet value of MSEK 307 (ranging from MSEK 299 to MSEK 316). The valuations obtained from these shipbrokers are subject to more uncertainty than normal due to lack of sales and purchase transactions for comparable vessels.

Since the recoverable amount of MSEK 332 is higher than the carrying amount of MUSD 328 at the end of Q4 2017, no impairment charge should be recognized. Due to the sensitivity in the underlying assumptions in the value in use calculation an additional impairment charge of MSEK 19 has been recognized.

The impairment charge of MSEK 19 comes in addition to the impairment charge in Q3 2017 on the PSV fleet of MSEK 32.

The Group will continue to closely monitor the market development and impairment exposure of the PSV fleet's carrying amount.

#### Impairment test AHTS fleet in 2017

In Q4 2017 Management evaluated the AHTS fleet and concluded that the AHTS vessels are not impaired. Value in use calculations prepared for the AHTS fleet showed no indications that the carrying amount may not be fully recoverable. This was further supported by the external vessel valuations from two independent internationally acknowledged shipbrokers showing a total AHTS fleet value in excess of the carrying amount of the owned AHTS fleet (MSEK 2 406) by 2 % on average.

### 3. SEGMENT INFORMATION ABOUT CONTINUING OPERATIONS

The segment information about continuing operations is presented in four segments:

-The segments AHTS and PSV comprise 13 offshore vessels that are equipped for and have the capacity to operate in areas with harsh environment, further 7 of the Anchor Handling Tug Supply (AHTS) vessels are equipped to operate in Arctic areas.

-The segment Services provides ice management services and logistical support in the Arctic regions.

-The segment Ship Management is involved in commercial management of five icebreakers owned by the Swedish Maritime Administration.

For information about the previous segment TransAtlantic, which from this financial report is classified as discontinued operation and assets held for sale, please see note 4.

<b>Q4 MSEK</b>	<i>AHTS</i>	<i>PSV</i>	<i>Services</i>	<i>Ship Management</i>	<i>Continuing operations</i>
Net sales	31	0	2	34	<b>67</b>
EBITDA	-54	-4	-3	0	<b>-61</b>
Result before tax	-100	-28	-4	0	<b>-132</b>
Total assets	2,536	333	0	0	<b>2,869</b>

<b>Year to date MSEK</b>	<i>AHTS</i>	<i>PSV</i>	<i>Services</i>	<i>Ship Management</i>	<i>Continuing operations</i>
Net sales	181	0	15	135	<b>331</b>
EBITDA	-170	-12	-2	-1	<b>-185</b>
Result before tax	-239	-88	-3	-1	<b>-331</b>
Total assets	2,536	333	0	0	<b>2,869</b>

*There have been no significant transactions between the segments.*

### 4. DISCONTINUED OPERATION AND ASSETS HELD FOR SALE

During 2016 it was decided to discontinue the remaining operations in the subsidiary TransAtlantic AB in order to meet financing commitments related to these operations. At the end of Q3 2016 the Group assessed that discontinuation was likely to be completed within the next 12 months, subject the outcome of the ongoing discussions and negotiations. Due to this, the Group have in its financial reports as from Q3 2016 recognized TA AB as discontinued operations and assets held for sale, according to IFRS 5 Assets held for sale and discontinued operation, which means that TA AB is reported as a one-line item in the consolidated profit and loss statements. Assets and liabilities related to TA AB are also presented in two rows in the consolidated balance sheet. The consolidated cash flow statement is presented including TA AB, but with additional information about cash-flow from current operation and investing- and financing activities of TA AB. Comparative figures for prior periods are also presented in accordance with this classification in the consolidated profit and loss statement and cash-flow statement.

Two of the partly owned (38 %) small bulk vessels TransSonoro and TransVolante were sold during the fourth quarter. The sale of these vessels had limited financial impact on TransAtlantic AB.

The remaining operations, classified as discontinued operations and assets held for sale, comprised at the end of the year of three small bulk vessels bareboat-chartered by TA AB from a company in which TA AB owns 38% of the shares. The vessels are chartered out on a long-term time-charter.

Discontinued operations are in accordance with IFRS 5 measured at the lower of carrying amount and fair value less costs to sell. The assessment of the valuations of the remaining vessels assets are supported by independent broker valuations and an overall assessment from ongoing sales processes.

## CONSOLIDATED INCOME DISCONTINUED OPERATIONS

(MSEK)	Q4 2017	Q4 2016	Q1-Q4 2017	Q1-Q4 2016
Net sales	13	49	50	309
Other operating revenue	0	34	0	34
Direct voyage cost	0	2	0	-4
Personnel costs	0	-4	0	-9
Other costs	-12	-73	-51	-330
Depreciation/impairment	-	-	-	-8
Impairment to fair value less selling costs <sup>1)</sup>	-	-	-	-19
<b>Operating result</b>	<b>1</b>	<b>8</b>	<b>-1</b>	<b>-27</b>
Net financial items	-1	-5	-1	-9
<b>Result before tax</b>	<b>0</b>	<b>3</b>	<b>-2</b>	<b>-36</b>
Tax	0	0	0	0
<b>RESULT FROM DISCONTINUED OPERATIONS</b>	<b>0</b>	<b>3</b>	<b>-2</b>	<b>-36</b>
Earnings attributable to Parent Company's shareholders, per share in SEK (before and after dilution):				
-Result from discontinued operations	0.0	-0.1	0.0	-0.2

1) Not tax deductible

## ASSETS HELD FOR SALE AND LIABILITIES RELATED TO ASSETS HELD FOR SALE

(MSEK)	Q4 2017	FY 2016
Other tangible fixed assets	0	0
Intangible fixed assets	1	1
Financial assets	9	9
<b>Total fixed assets</b>	<b>10</b>	<b>10</b>
Current assets	6	16
<b>ASSETS HELD FOR SALE</b>	<b>16</b>	<b>26</b>
Current liabilities	3	15
<b>LIABILITIES RELATED TO ASSETS HELD FOR SALE</b>	<b>3</b>	<b>15</b>

## CASH-FLOW FROM DISCONTINUED OPERATIONS

(MSEK)	Q4 2017	Q4 2016	Q1-Q4 2017	Q1-Q4 2016
Cash flow from current operations	-1	-113	-4	-127
Cash flow from investing activities	0	110	0	151
Cash flow from financing activities	0	-104	0	-131
<b>NET CASH FLOW FROM DISCONTINUED OPERATIONS</b>	<b>-1</b>	<b>-107</b>	<b>-4</b>	<b>-107</b>

## 5. INTEREST BEARING LIABILITIES

The vessels owned by the Group are 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 total interest-bearing debt at the end of the year was MSEK 1,748 (1,927 on Dec 31, 2016).

The interest bearing liabilities are associated with financial covenants, according to which the Group must fulfill certain key ratios. Due to the current weak market conditions, Viking Supply Ships A/S at the end of Q2 2017 registered a breach on its twelve month rolling EBITDA ratio which is to be positive.

At the end of Q3 2017, Viking Supply Ships A/S was not able to comply with events of default provisions in loan agreements, which rendered all borrowings short-term and payable on demand by the lenders (see note 1, liquidity and going concern).

Viking Supply Ships A/S has during the majority of the second half of 2017 been in an ongoing dialogue with its lenders, during which Viking Supply Ships A/S has not paid installments and interest to its lenders.

In December 2017, Viking Supply Ships A/S received confirmation that it had obtained support for a restructuring proposal from all senior lenders. A final restructuring agreement was subject to final approval from the senior lenders' credit committees. Viking Supply Ships A/S has during January 2018 obtained credit committee



approval from all senior lenders, signed a restructuring term sheet and signed amended loan agreements. The signed restructuring term sheet, together with the completed equity issue in Viking Supply Ships AB and subsequent equity injection into Viking Supply Ships A/S, finalizes the financial restructuring.

As part of the financial restructuring the following has taken place in terms of the interest bearing liabilities:

- Viking Supply Ships A/S loan facilities are as currently due 31 March 2020.
- Viking Supply Ships A/S loan facilities will carry significant less cash interest and instalments until maturity on 31 March 2020. Limited cash interest and instalments will be paid until Q4 2018.
- Financial covenants on the loan facilities are amended to provide Viking Supply Ships A/S with ample room to operate under the present challenging market conditions.
- Cash at hand exceeding a certain level will through a cash sweep mechanism be distributed as repayment of the bank facilities.

Following the financial restructuring, loans previously classified as short-term will in 2018 be reclassified as long-term debt in the balance sheet.

As part of the 2016 financial restructuring the cash redemption of the bond was partly funded by a loan of MNOK 20 provided by one of Viking Supply Ships A/S' existing lenders. The loan was raised in January 2017.

As a result of an agreement that was resolved by the bondholders in conjunction with the key terms of the 2016 debt restructuring plan, the bond agreement was changed in 2016 and the bond was delisted from Nordic ABM on 12 January 2017.

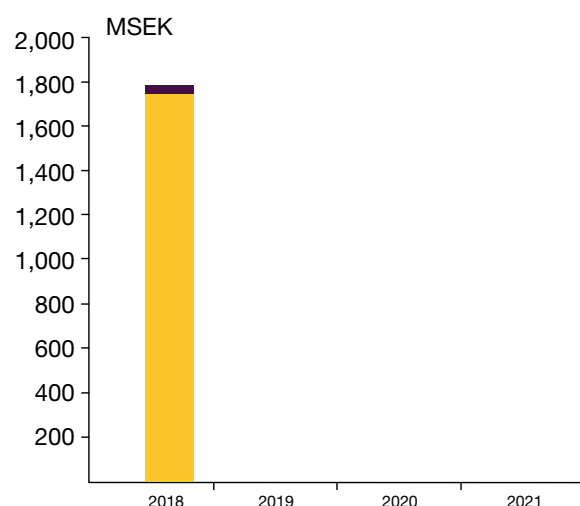
The Group has 99% (100%) of its interest-bearing debt in USD 1% in NOK (0%). The Group has 100% (100) of the total loan portfolio swapped into fixed interest rates within the interval of 90 days up to three years and 0% (0) of the total loan portfolio swapped into fixed interest rates for more than 3 years.

### 5.1. Classification by type of debt

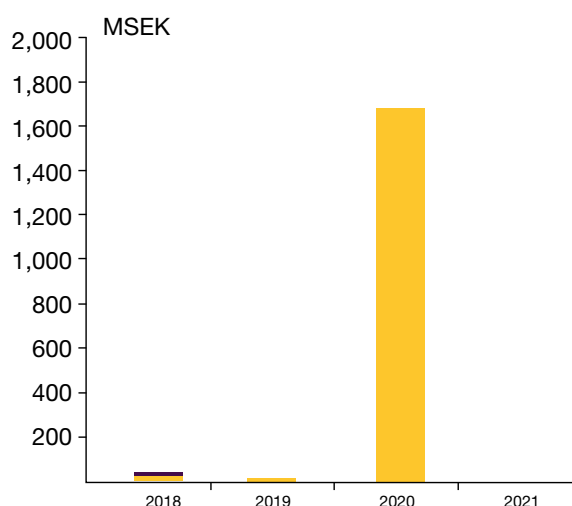
MSEK	Q4 2017	Q4 2016
Short-term bond loan	-	1,868
Long-term debt to credit institutions	1,715	59
Short-term debt to credit institutions	33	-
<b>TOTAL INTEREST BEARING LIABILITIES</b>	<b>1,748</b>	<b>1,927</b>

### 5.2. Debt maturity

Bank debts Other debts



Current debt maturity



Debt maturity after restructuring

## 6. CASH AND CASH EQUIVALENTS

Consolidated cash and cash equivalents available at the end of the year amounted to MSEK 34 (273). The cash assets include client funds of MSEK 24.

MSEK	Q4 2017	Q4 2016
Free cash and cash equivalents	34	273
<b>TOTAL</b>	<b>34</b>	<b>273</b>

## 7. OPERATIONAL AND FINANCIAL RISK

The Group operates in highly competitive markets and is exposed to various operational and financial risk factors. The financial risk is mainly related to liquidity risk, funding risk and currency risk. The Group works actively to identify, assess and manage these risks.

The main operational risk factors relate to the overall macroeconomic market conditions, degree of competition, flow of goods in prioritized market segments and finally the overall balance of supply and demand of vessels, affecting rates and profit margins. The objective of the overall risk management policy of the Group is to ensure a balanced risk and return relationship.

The offshore market is to a high degree dependent on the investment level in the oil industry which in turn is driven by the oil price development on the global market. The recent decline in the offshore market has impacted the Group's profitability and liquidity. The Group has a clear focus on increasing the number of vessels on term contracts within the offshore operations to mitigate fluctuations in rates and utilization.

The remaining business activity in the TransAtlantic segment operates in a competitive market with profit margins under pressure.

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

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.

## 8. OTHER INFORMATION

### Company information

Viking Supply Ships AB is a limited liability company registered in Sweden, with its domicile in Gothenburg, and corporate registration number 556161-0113. Viking Supply Ships AB is listed on the Small Cap list of the NASDAQ OMX Nordic Exchange in Stockholm under the ticker VSSAB.

### Corporate tax

The general situation for the Group is that taxes payable are limited to foreign entities. The tax losses carry forward for Swedish entities amounted at end of the period to MSEK 1,057 (1,048 on Dec 31, 2016). There are no tax assets capitalized in the balance sheet related to these tax losses carry forward. The recognized deferred tax liability for the operations outside Sweden amounted to MSEK 0 (0 on Dec 31, 2016).

### Transactions with closely related parties

The Group has entered into a long-term bareboat charter agreement with a subsidiary to Kistefos AS, Odin Viking SPV AS, in relation to hire of the AHTS vessel Odin Viking. The nominal minimum lease hire payments amount to MSEK 198 until expiry on 2 August 2024. The Group has until December 31, 2017 paid charter hire of total MSEK 30. As part of the financial restructuring agreement, this bareboat charter contract has been amended, please also see note 5. The Group has during the fourth quarter raised a short-term loan of 33 MSEK on marked conditions from a subsidiary to Kistefos AS, Viking Invest AS. The loan carried an interest-rate of 12 % and was repaid in January 2018. Kistefos AS has during the fourth quarter 2017, through consultancy agreements, made financial services available during the restructuring process for which a compensation of MSEK 7 has been set off as a part of the share issues in January 2018. Further Viking Invest AS has, as a part of the restructuring process, entered into a share subscription guarantee agreement. The compensation for this guarantee amounted to MSEK 1 and was set off as part of the share issues in January 2018.

### Accounting policies

This interim report for the Group was prepared in accordance with the application of IAS 34 Interim Financial Reporting and applicable rules in the Swedish Annual Accounts Act and for the Parent Company, in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The accounting policies applied for the Group and the parent company correspond, unless otherwise stated below, with the accounting policies applied in the preparation of the latest annual report.

Viking Supply Ships applies IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in accounting for discontinued operations for the segment TransAtlantic AB. Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than from continuing use. An asset is classified as held for sale if it is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. These assets are recognized on a separate line as current assets or current liabilities in the consolidated balance sheet. On initial classification as held for sale, non-current assets are recognized at the lower of carrying amount and fair value less costs to sell. A discontinued operation is a component of the Group's business that represents a separate business segment or major line of business within a geographical area of operations or a subsidiary acquired exclusively with a view to sell. Classification as a discontinued operation occurs upon disposal or, if earlier, when the operation meets the criteria to be classified as held for sale. When an operation is classified as discontinued, the presentation of the consolidated income statement for the comparative year is changed so that the discontinued operation is recognized as if it had been discontinued at the start of the comparative period. The presentation of the consolidated balance sheet for preceding periods is not changed in a corresponding manner.

The same accounting policies for both the Group and the Parent Company have been applied as those used in the most recent Annual Report.

Viking Supply Ships A/S publishes a separate report as a result of the issued debt certificates. Some values in that report are not comparable to the values in this report, as a result of different acquisition values and depreciation schedules between Viking Supply Ships A/S and the Group. Viking Supply Ships A/S has as of Q3 2011 been built through Group-internal transfers of vessels and operations at then current market prices, which is why differences in acquisition values have arisen.

### Number of employees

The average number of full time employees in the Group for year-to date was 364 (Jan-Dec 2016: 464).

### Number of shares

Share distribution on December 31, 2017:

Number of Series A shares	20,684,348
Number of Series B shares, listed	388,908,612
<b>Total number of shares</b>	<b>409,592,960</b>

## DEFINITIONS

### AHTS

Anchor Handling Tug Supply vessel

### EARNINGS PER SHARE

Profit after financial items less 1) current tax, 2) tax on profit for the year (current and deferred tax) in accordance with the consolidated income statement

### EBIT

Earnings before interest and taxes

### EBITDA

Earnings before interest, taxes, depreciation and amortization, corresponding to profit/loss before capital expenses and tax

### EQUITY RATIO

Shareholders' equity divided by total assets

### THE GROUP

Viking Supply Ships AB, a Limited Liability Company registered in Sweden, with all subsidiaries

### IFRS

International Financial Reporting Standards – an international accounting standard used by all listed companies. Some older standards included in IFRS include IAS (International Accounting Standards)

### MARKET ADJUSTED EQUITY RATIO

Shareholders' equity divided by total assets, adjusted for asset market valuations

### OPERATING CASH FLOW

Profit/loss after financial income/expense adjusted for capital gains/losses, depreciation/amortization and impairment

### OPERATING COST

Operating cost consists of crew, technical and administration costs

### OPERATING PROFIT/LOSS

Profit/loss before financial items and tax

### OSV

Offshore Support Vessels

### PROFIT MARGIN

Profit after financial items divided by net sales

### PSV

Platform Supply Vessel

### RETURN ON EQUITY

Profit after financial items less tax on profit for the year, divided by average shareholders' equity

### RORO

Roll-on/roll-off ships are vessels designed to carry wheeled cargo, such as automobiles, trucks etc.

### TOTAL CASH FLOW

Cash flow from operating activities, investing activities and financing activities





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