

**PRESS RELEASE**  
**I.M. SKAUGEN ASA**

**Results 1st quarter 1997**

**I. M. Skaugen** is engaged in maritime transport of petrochemical gases, LPG and organic chemicals, as well as ship to ship transfer of crude oil for international oil refineries and the petrochemical industry. The Group's activities are centered in Europe, USA and Asia with branch offices in Singapore, Shanghai, Brussels, London, Seoul and Haugesund in addition to the main office which is located in Oslo. The Group operates a total of 28 units consisting of 16 gas vessels, 3 chemicals vessels, 5 Aframax tankers and 4 working ships engaged in the lightering business. NGC, being responsible for our gas transport, is one of the world's leading players in the segment of petrochemical gas transport, handling almost every fifth cargo of ethylene and every sixth propylene cargo world-wide. SPT is the leading player within the area of ship to ship transfer, with a market share of approx. 40%. The Group is also actively developing supplemental areas of activity. These new areas of activity, chiefly located in China, are not expected to impact on the P/L until 1998.

**Results**

I. M. Skaugen had a loss before taxes for the 1st quarter 1997 of NOK 18 mill., a reduction of NOK 36 mill. compared to the same period in 1996. The Group has a realized and unrealized net loss on foreign exchange of NOK 9 mill. in 1st quarter of 1997 compared to a net gain of NOK 36 mill. for the same period in 1996. Due to the change in the exchange rate NOK/USD since 31.12.96, the market value of the fleet in excess of book value, estimated by independent brokers, has increased by NOK 38 mill. Revenue and liabilities for the Group are mainly in US dollars, and the Group is therefore financially directed with dollars as the governing currency.

Gross freight revenue was NOK 211 mill. for the 1st quarter 1997, compared to NOK 189 mill. in the 1st quarter 1996. Operating profit was NOK 2 mill. in the 1st quarter of 1997, equal to NOK 2 mill. for the same period in 1996. The Group had a positive cash flow from operation of NOK 30 mill. against NOK 24 mill. for the same period last year.

<b>Results 1.1. - 31.3.97</b>	<b>Gas/chemicals</b>	<b>Lightering</b>	<b>Other</b>
Freight revenue on t/c basis	90	69	1
EBITDA	24	4	2
Operating result	1	2	(1)

The Aframax ship Rich Duchess which was acquired in January 1997 was sold in April 1997 at a net profit of NOK 60 mill. and with a net positive cashflow effect of NOK 102 mill. when allowing for the buy-out of the leasing obligation. The transaction will be reflected in the figures for 2nd quarter 1997. The vessel will continue its trade in the company's lightering business and has been rechartered for a period of up to 18 months at market rate, in line with the company's policy of using chartered tonnage in its lightering activities.

**Financials**

At the end of 1st quarter 1997 the Group had a total liquidity of NOK 352 mill. Liquidity ratio was 1.1 and book equity NOK 571 mill., with a book equity ratio of 37%. It is estimated by independent brokers that the fleet has a market value of NOK 227 mill. in excess of the book value of NOK 1,079 mill. (basis NOK/USD 6,64). The Group possesses a satisfactory capital base for the further development of its services, and will continue its

policy of prudent fleet renewal, primarily from the second-hand market, and will strive to maintain a debt ratio which will ensure financial flexibility.

The merger between Skaugen PetroTrans ASA and I. M. Skaugen ASA was formally concluded according to schedule on 17 February 1997. A merger related cash compensation in the amount of NOK 173 mill. was paid to the shareholders, corresponding to 20% of total merger compensation. In addition, the ordinary General Meeting on 11 March 1997 voted to declare a dividend of NOK 7.50 per share. Thus a total cash amount of NOK 223 mill. or NOK 33,- per share has been paid out to the shareholders during the 1st quarter of 1997, corresponding to 25% of the market value of the shares before the merger.

### **The market and business activities**

NGC's results for the 1st quarter of 1997 are marked by improved utilization of gas tonnage capacity. Idle days have numbered 6% during the 1st quarter of 1997, compared to 13% for the same period last year, 12% in the 4th quarter of 1996 and 15% for 1996 as a whole. Thus the increased activity has served to compensate for the reduction seen in the rate per ton transported. The improved capacity utilization had been foreseen and may be attributed to increased activity in the European/Transatlantic trade, with a total of 1.5% idle days during the 1st quarter of 1997 as compared to 13% in the 4th quarter of 1996. In order to take advantage of this increased activity, NGC moved 3 gas vessels from Asia to the Atlantic Ocean during the 1st quarter. Capacity is now distributed about equally between Asia and the Atlantic Ocean. Development in Asia has shown a weaker development of transport of petrochemical gases, ethylene in particular, and the number of idle days in Asia alone was about 86% of the total number of idle days. Average freight income on timecharter basis was USD 313.000 per month for 1st quarter 1997 compared to USD 326.000 per month for same period 1996.

Operation of NGC ships has continued without any major problems during this period. Injury figures for personnel, equipment and cargo continue to show a satisfactory trend. Total operating cost is as forecast, and the quality of the operating units develops in a satisfactory manner. There have been no dockings during the 1st quarter. For the whole of 1997 3 dockings are programmed.

SPT today enjoys the benefits of the last few years' efforts to improve efficiency and marketing. The lightering business achieved an acceptable result in the 1st quarter 1997 with an EBITDA of NOK 4 mill. as compared to NOK 1 mill. in the same period last year and break-even for the final quarter of 1996. For the core fleet the lightering business shows a utilization ratio of 90.6% for the period, compared to 86.8% for the same period last year. SPT has carried out 62 operations and moved a total of 48 mill. barrels of crude oil during 1st quarter 1997, compared with 67 operations and 51 mill. barrels of crude oil during the same period of 1996. Looking to the year 1997, the company holds a market position, a cost level and contractual coverage promising continued improved results.

**Princess Carriers** had its third chemicals vessel, Princess of Rotterdam, delivered towards the end of the 1st quarter 1997. The chemicals business will be operated out of Shanghai and is expected to contribute positively to the Group's operating profit for 1997.

TNGC, the Group's joint venture effort in China, contracted a 2,000 cbm LPG ship at the Wuchang yard in Wuhan, and has secured an option for delivery of a further 3 similar vessels. These ships are designed for domestic transport of LPG and will operate under Chinese flag on the Yangtze River. The first vessel is expected to be delivered during the 1st quarter 1998. It is not expected that this operation will impact on the Group's P/L until 1998.

The **I. M.Skaugen** companies will continue their focus on service and the development of IT as a tool in their dialogue with the Group's customers. The execution of freight assignments, lightering and harbour operations are being analyzed in close cooperation with the customers, in order that efficiency and quality of service and profit margins may be continually improved.

Should you have further questions, please contact Hege Anfindsen, tel. 22 83 30 60 or e-mail address: [hege.anfindsen@ngc.no](mailto:hege.anfindsen@ngc.no) or

X.400:G=HEGE;S=ANFINDSEN;P=NGC;A=TELEMAX;C=NO

This press release and other information concerning I. M. Skaugen ASA are also available on the Internet: [http://hugin.sol.no/SKA/index\\_e.shtml](http://hugin.sol.no/SKA/index_e.shtml)

Oslo, 16 April 1997

I. M. Skaugen ASA  
Board of Directors

# I M Skaugen Consolidated

## Statement of Income

NOK million (Exchange rate NOK/USD 6,64 Average 1st Quarter 1997)

	1997 1.1 - 31.03	1996 1.1 - 31.03	1996 1.1 - 31.12
Gross freight revenue	211	189	817
Voyage-related expenses	(51)	(43)	(177)
<b>Net revenue on T/C-basis</b>	<b>160</b>	<b>146</b>	<b>640</b>
T/C-hire	(49)	(46)	(199)
Other operating expenses	(63)	(58)	(247)
Administration costs	(18)	(18)	(65)
<b>EBITDA (Earnings before interest/taxes/depr.and allocations)</b>	<b>30</b>	<b>24</b>	<b>129</b>
Depreciation	(28)	(24)	(107)
Profit/(loss) from disposal of vessels	0	2	5
Restructuring/merger expenses	0	0	-7
<b>Operating result</b>	<b>2</b>	<b>2</b>	<b>20</b>
Financial income	7	4	30
Financial expenses	(17)	(24)	(83)
Net result on foreign exchange - realized	0	31	27
Net result on foreign exchange - unrealized	(9)	5	(1)
Net financial items	(19)	16	(27)
Extraordinary Income/Taxes/Minorities	(1)	0	114
<b>Result this period</b>	<b>(18)</b>	<b>18</b>	<b>107</b>

## Balance sheet

NOK million (Exchange rate NOK/USD 6,67 as per 31.03.97)

Cash and bank deposits	352	338	651
Other current assets	126	99	155
Vessels and other fixed assets	1079	1056	1.085
<b>Total assets</b>	<b>1.557</b>	<b>1.493</b>	<b>1.891</b>
Current liabilities	440	221	540
Dividend from result/merger	0	212	223
Long term debt	500	458	487
Subordinated unsecured loan/Convertible loan	44	44	44
Minority interest	2	1	1
Shareholders' equity	571	557	596
<b>Total liabilities and shareholders' equity</b>	<b>1.557</b>	<b>1.493</b>	<b>1.891</b>