



I.M. Skaugen SE

Company Profile

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COMPANY OVERVIEW

I.M. Skaugen (IMS) is a marine transportation service company engaged in the transportation of petrochemical gases and liquid petroleum gas (LPG). It is also engaged in marine transfer of crude oil and liquefied natural gas (LNG). It is also into design and construction of smaller specialized marine vessels. IMS operates a fleet of 41 vessels worldwide, including petrochemical gas and LPG carriers, Aframax tankers, lightering support vessels, barges and tugs. The company operates in Norway, China, Singapore, the US, the UK and UAE. It is headquartered in Oslo, Norway, and employs around 2,000 people.

The company recorded revenues of \$117 million in the fiscal year ended December 2010, an increase of 8.3% over 2009. The company's operating loss was \$3.8 million in fiscal 2010, as compared to an operating profit of \$3.8 million in 2009. Its net loss was \$14.9 million in fiscal 2010, as compared to the net loss of \$10.1 million in 2009.

KEY FACTS

Head Office	I.M. Skaugen SE Karenslyst Alle 8 B 0277 Oslo NOR
Phone	47 2312 0400
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Web Address	http://www.skaugen.com
Revenue / turnover (USD Mn)	116.9
Financial Year End	December
Employees	2,000
Oslo Stock Exchange Ticker	IMSK

BUSINESS DESCRIPTION

I.M. Skaugen (IMS) is a fully integrated shipping company that designs, builds, owns, mans and manages its own ships. IMS provides marine transportation services including, transportation of petrochemical gases LPG and LNG, marine transfer of crude oil and LNG. The company also designs and constructs smaller marine vessels.

The company's fleet comprises 41 vessels including petrochemical gas and LPG carriers, Aframax tankers, lightering support vessels, barges and tugs. It operates under the brand names Norgas and SPT Skaugen PetroTrans. IMS operates recruitment and training facilities in St. Petersburg (Russia) and Wuhan (China) for the crewing of vessels.

IMS operates through three business segments: gas transportation activities, Skaugen China activities, and marine transfer activities.

The gas transportation activities segment offers maritime transportation of petrochemical gases and liquid petroleum gas (LPG) through the company's wholly-owned subsidiary, Norgas Carriers (Norgas). The segment also offers fleet management, training of seafarers in own training center, crew management and transport of LPG in Chinese domestic waters.

The company's Skaugen China activities are organized under Skaugen (China) Holding Company. This segment is engaged in ship building, manufacturing, crew training, LPG transport and marine equipment trading. The segment is responsible for all aspects of SMC (Skaugen Marine Construction) construction projects, including management of Chinese joint venture partnerships and alliances, and also offers various non-SMC activities in China such as LPG-transportation (TNGC), fleet management services and training activities. The Skaugen China segment offers third party construction activities and construction of the company's vessels for I.M. Skaugen Marine Services and Singco Gas.

The marine transfer activities segment operates through Skaugen Petro Trans (SPT), a jointly owned company of IMS (50%) and Teekay Shipping Corporation (50%). SPT provides providing marine transfer of crude oil and LNG, global support services and covers the management of port operations.

The company serves the customers in the oil and petrochemical industry through the offices in Bahrain (the UAE); Freeport and Houston (the US); Oslo and Stavanger (Norway); Singapore; Sunderland (the UK); and Nanjing, Shanghai, Taizhou, Zhangjiagang and Wuhan (China). IMS operates recruitment and training programmes in St. Petersburg (Russia) and Wuhan (China) for the crewing of vessels.

HISTORY

I.M. Skaugen (IMS) history dated back to 1916 when Isak Martinius Skaugen, established the company D/S-A/S Eikland.

The company ventured into the transportation of oil and in 1929 entered into a contract for the building of tanker, choosing the new diesel engine for power and propulsion. In the following years, the company delivered two more diesel-powered tankers.

The company delivered cargo liner on charter to the British Government in 1939. In the following year, when the Germans occupied Norway, the Skaugen fleet was placed under the control of the exiled Norwegian Government in the UK and became a valuable asset in the Allied war effort.

During the period 1946-49, the company replaced the lost tonnage and established new trade routes. Skaugen established Salen-Skaugen Line together with Sven Salen, the Swedish ship owner, to offer regular services between the US West Coast and ports in the Far East, combining general cargo and passengers. Another addition to this Trans Pacific line was the unfinished new building, 'Ostmark', discovered in Kiel in 1947, and subsequently purchased through the British Ministry of Transport, she was completed and renamed 'Skaugum'.

In the 1970s, the company established Skaugen Offshore and Skaugen Drilling. In the same period, Skaugen entered into long-term contracts with Ford and thus car decks were built into a number of the bulk carriers. The company formed Viking Car Carriers, a collaboration between Skaugen, C.T. Gogstad - another Norwegian owner, and Dominion Steamship Company of New York.

Skaugen established Norwegian Gas Carriers - NGC (now Norgas) in 1982. Also in the 1980's, the company together with Norwegian ship owner, Anders Jahre, established Jahre Skaugen Carriers to provide bulk carrier tonnage to service the long-term shipment of iron ore from Brazil to Japan contracted by the Norwegian bulk carrier pool - NBC. In addition, at this time, Ford Motors expressed interest once again in doing business with Skaugen and a new design concept of vessel was built, the 'Pure Car Carrier'.

Skaugen sold its interest in the Royal Caribbean Cruise Line in 1988 and acquired the conglomerate, Kosmos.

The privately-owned Skaugen family business merged with Kosmos Shipping to form I.M. Skaugen ASA (IMS) in 1990. Subsequently the company was registered on the Oslo Stock Exchange. At the same time, the Kosmos shuttle tanker operation based in Texas was spun-off, made public and registered as Skaugen PetroTrans (SPT).

IMS entered into the first Sino-foreign joint shipping venture in China with the Hubei Tianfa Group to transport liquid petroleum gas on the Yangtze River, in 1996.

In the period 2001 to 2003, the company joined forces with Teekay Shipping Corporation to jointly operate and expand its lightering business allowing Teekay to take a 50% stake in SPT.

IMS established Skaugen Marine Construction (SMC) for the marine construction activity in China, in 2006. In the same year, SPT purchased the UK-based lightering company, Melbourne Marine Services (re-named SPT Marine Services), and expanded into Europe, Russia and West Africa markets.

In 2007, I.M. Skaugen ASA was transformed from a Norwegian Joint Stock Public Company (ASA) to an European Joint Stock Public Company (Societas Europea (SE)), I.M. Skaugen SE (IMS). In the same year, the company established a 50/50 joint venture with GATX Third Aircraft Corporation.

The company established a holding company in China, Skaugen (China) Holding, in 2008. Also in 2008, IMS together with Teekay Corporation (Teekay) jointly developed the complete logistics solution for the carbon capture and storage demonstration project being lead by the UK affiliate of German power utility RWE npower.

In 2008, IMS sold two multigas carriers of 12,000 cbm size to Teekay LNG Partners L.P. (Teekay).

IMS named the first ship in its new series of Multigas carriers, the Norgas Innovation, in 2009.

KEY EMPLOYEES

Name	Job Title	Board
Morits Skaugen	Chief Executive Officer	Executive Board
Erik Eik	Chairman	Non Executive Board
Bertel O Steen	Vice Chairman	Non Executive Board
Liselott Kilaas	Director	Non Executive Board
Jon Aksel Torgersen	Director	Non Executive Board
Monica Skaugen	Director	Non Executive Board
Erik Falkenberg	Deputy Director	Non Executive Board
Bente Flo	Chief Financial Officer	Senior Management
Terje Orehagen	Chief Operation Officer	Senior Management
Leo Huisman	President, IMSPL	Senior Management
Sylvia Low	Chief Financial Officer, IMSPL	Senior Management
Richard Wang	President, SCHC	Senior Management
Sean Chen	General Manager, SMC	Senior Management
Christian Reksten-Monsen	Acting Chief Financial Officer, SCHC	Senior Management
Bard Norberg	Vice President, Business services and Technical Development	Senior Management
Morten Naes	Vice President, IT Services	Senior Management
Aleksander Roynesdal	Capital Markets Manager	Senior Management
J Majumdar	Vice President, Marketing Asia	Senior Management
Trygve Dyrлие	Vice President, Marketing Asia and LNGScheme	Senior Management
Hakan Werner	Vice President, BusinessDevelopment LNG	Senior Management
Alex Jalali	Vice President, Marketing, MENA, Europe and America	Senior Management
Naveen Kumar	Vice president, Fleet Manager	Senior Management

KEY EMPLOYEE BIOGRAPHIES

Morits Skaugen

Board: Executive Board
Job Title: Chief Executive Officer
Since: 1992

Mr. Skaugen has been the Chief Executive Officer at I.M. Skaugen since 1992. He has experience in finance, industrial, shipping and marine-related service activities, nationally and internationally. He serves as a Director at CSAM Health, Creo Advisors; Chairman at Oslo Maritime Network; and the Managing Director and Board Member at Eikland. Mr. Skaugen also serves as a Chairman at Det Stavangerske Dampskipsselskap, Folke Hermansen, Herfo Finans and O.C. Ostraadt. He holds a degree in Business Administration from Seattle University, Washington, the US.

Erik Eik

Board: Non Executive Board
Job Title: Chairman
Since: 1999

Mr. Eik has been the Chairman at I.M. Skaugen since 1999. He serves as General Manager and Owner at E-Invest AS. Mr. Eik served as the Managing Director at FelleskjA Rogaland Agder from 1989 to 1995; Managing Director at Svacom from 1985 to 1987, Director at Statoil's economic/finance and administration staff from 1982 to 1985. Mr. Eik serves as a Chairman at Det Stavangerske Dampskipsselskap, Folke Hermansen, Herfo Finans and O.C. Ostraadt. Mr. Eik also serves as a Director at Tide ASA. He is an economist, graduated from the College of Business Administration and Economics in Bergen.

Bertel O Steen

Board: Non Executive Board
Job Title: Vice Chairman
Since: 2003

Mr. Steen has been the Vice Chairman at I.M. Skaugen since 2003. He serves as the Manager for various family owned investment companies, and is a Chairman and Director at several companies within shipping, property, industry, finance and trade. Mr. Steen has previously served in the Ministry of Trade and Industry's shipping department, been an Assistant Judge in the county of Orkdal, and an In-House Lawyer at Stolt-Nielsen Shipping Company. In 1982, he established his own law firm, which he ran until he joined Torkildsen, Tennoe & Co. as a Partner. Mr. Steen is a qualified lawyer admitted to the Supreme Court and also holds a MSc in Business Administration.

Liselott Kilaas

Board: Non Executive Board
Job Title: Director

Ms. Kilaas serves as a Director at I.M. Skaugen. Previously, she has held positions in the oil and gas industry, PA Consulting Group and Stento. Ms. Kilaas serves as a Board Member at Telenor, Adresseavisen and the Executive Board at Norges Bank. She holds a MSc from the University of Oslo and a Master of Business Administration from the International Institute for Management Development (IMD) in Lausanne.

Jon Aksel Torgersen

Board: Non Executive Board
Job Title: Director
Since: 2003

Mr. Torgersen has been a Director at I.M. Skaugen since 2003. He serves as the Chief Executive Officer at Astrup Fearnley. Mr. Torgersen has extensive experience as a Board Member and Board Chairman at a number of companies within the property, shipping, finance, industry and offshore sectors. He serves as a Chairman at Finnlines and Atlantic Container Line, and a Director at Norse Energy. Mr. Torgersen holds a Master of Business Administration, specialising in finance at Hochschule St. Gallen, Switzerland.

Monica Skaugen

Board: Non Executive Board
Job Title: Director
Since: 2010

Ms. Skaugen has been a Director at I.M. Skaugen since 2010. She serves as Chief Executive Officer and Owner at Frogner House Hotel in Oslo. She also serves as a Board member at Eikland. Ms. Skaugen holds a Degree in Housekeeping and Hotel Administration.

MAJOR PRODUCTS AND SERVICES

I.M. Skaugen is a marine transportation service company. The company's key services include the following:

Services:

- Petrochemical gas transportation
- Small-scale LNG
- Manufacturing services
- Marine transportation services
- Shipbuilding
- Crew training
- Marine equipment trading
- Crude oil and LNG transfer services
- Support services

TOP COMPETITORS

The following companies are the major competitors of I.M. Skaugen SE

Neptune Orient Lines Limited
Stolt-Nielsen S.A.
A.P. Moller-Maersk A/S

COMPANY VIEW

A statement by Morits Skaugen, Chief Executive Officer at I.M. Skaugen is given below. The statement has been taken from the company's 2010 annual report.

Dear fellow shareholders, business partners and colleagues

2010 did not go down in history as “a good year for us”, but a year of immense challenges. Many unforeseen and some forewarned challenges and obstacles.

We have navigated through most of these challenges and circumvented a few; however we made it through the storms and navigated the uncharted waters! I have quite some reflections on how to improve in order to manage through the challenges next time and I am confident that if we aim to do things in a better way, learn from our mistakes and never be afraid of changes, we will pull it through in spite of any critical circumstances.

The winds are again changing. The aftermath of the “Financial crisis” has started to ease.

We now know that 2011 will be a better year – the “stars are aligned” on the horizon and we need to benefit from this. This will require that we all chip in - and “all hands on deck” as they say. There are no new business segments for IMS on the scene and we will continue to “make what is good even better” and get back to “Steady as she goes”. We have plenty of challenges and opportunities within our current field of operations and focus areas and see no need to depart from the course. On the contrary, we will continue to narrow down the scope of our activities and reduce the “non-core activities” and we have defined core activities even more narrowly to the “go East young man” or “East of Suez focus”. Nevertheless, we will continue to hold on to our strategy of being a cost and service leader to our customers worldwide. For a company that has existed for almost 100 years we are confident that with our competence, correct attitude and a mind constantly adopting changes, we will surge along the waves and forge full speed ahead in uncharted water.

Our views of the performance of the company in 2010 and the outlook for 2011 - “Steady as she goes”, but with an even more narrow focus on the opportunities “East of Suez” presents.

We have in 2009 and 2010 been experiencing the follow on, or aftershocks, of the “Great Recession” that started in the fall of 2008. The effects of this drop was also witnessed during 2009 and into the early part of 2010. The demand dropped at the same time as supply of ships increased due to capacity expansion and decisions made several years before. This created the “Output Gap” that many industries; not only international shipping suffered from. This overcapacity called the “Output gap” created difficulties in getting paid sufficiently for our services to render due return on capital employed; also for our key business areas at I.M. Skaugen Group.

Throughout 2010, the I.M. Skaugen Group thus experienced signs of improving trading conditions for our core business; the gas activities. This was especially noteworthy from 3Q10 and onwards.

The main reason is probably the decoupling of growth in the world; with OECD countries or “old economy” growing slowly and new economies or countries (that now often are called “BRIC”, “CIVETS” or “N-11”) are growing at high levels.

The rapid development of these large populated countries is driven by structural changes through urbanization and the successive rise of the BRIC consumers in an emerging middle class. We view the possibility that the growth in consumption in the emerging markets will outweigh the lack of growth in the OECD countries (primarily USA and Euro land) and thus the world trade and GDP will still grow at a reasonable pace. A study released by Goldman Sachs shows that if China succeeds in raising its consumption to GDP ratio over the next few years, the Chinese consumer alone could challenge the US in size and importance in the first half of 2020.

This is why we will continue to focus on clients benefiting from these trends and these markets, and will build even more on our “East of Suez” strategy in the years to come. We have undertaken establishment in the GCC region and other efforts have been made to gain more experience in China to enable us to exploit the growth in both of these regions. In 2010 we also started a process to reduce our involvement in certain investments now considered non-core and in the Nordic region to focus even more on our activities in Asia and other relevant emerging markets. We established a new joint venture. Skaugen Gulf Petchem Carriers B.S.C in Bahrain. The company will aim to participate in the growing energy needs for LNG in the region as well as the growing exports of petrochemical gases. A part of this strategy is also to attract capital - risk capital and debt - for further expansions both in the GCC-region and in China.

I.M. Skaugen has for many years invested substantial amounts of resources and money into “R&D” and business development and it is now time to gain on many of the initiatives we have undertaken. The associated expenses have been charged to the “P&L” of the company and have for the most not been capitalized. With proper execution we should be able to generate better returns due to some of these initiatives and this should come to directly benefit of our shareholders. These developments cover amongst others technology and business solutions for “Small scale LNG” transportation, development of combination ships for LNG and petrochemical gases (MG ships) and for chemicals and petrochemical gases (WG ships) as well as ship building in China.

LNG

As a company we believe that crude oil in the future will be too much of a valuable commodity to be used for transportation, power generation and heating. Crude oil should be used for life sciences and petrochemicals. Today we see heavy fuel, diesel and coal being used for power generation and transportation. We envision that natural gas will be used in the future to cover marginal demands and substitute where possible. We tend to view business opportunities arising from this vision. Hence, our desire to be in the petrochemical fields and in the distribution of LNG.

With a sustained wide price ratio between crude oil and natural gas, this surge in oil demand for power generation provide ample opportunities for the substitution of gas for oil in the near future, with important market implications in 2011 and beyond.

Over the past two years we have seen a dramatic divergence between natural gas and crude oil prices, driven by the shale gas expansions in the U.S and increased demand of natural gas.

There has already been a rapid substitution of gas for oil in the petrochemical sector in the US. Where the large price divergence is prompting a switch to ethane-based petrochemical output during 2010, and thus improving the competitiveness of the US producers. This will impact global petrochemical trade flows, and development of new projects in the years to come. On the other hand the ramp up of LNG production in Qatar and other similar projects, potentially leading to the substitution of LNG for oil in the transportation and power sector.

These developments should make our own initiatives to make an entry into small scale LNG rather more promising and we see many relevant and interesting projects on the horizon for our company in 2011. We will in 2011 have 6 LNG capable gas carriers in our fleet and a company-wide expertise and know how within LNG logistics covering most of our business units. Our plan is to complete the construction of a total of 10 LNG capable carriers and we are currently working on finding a suitable financial solution to order 4 more vessels to complete our program.

LOCATIONS AND SUBSIDIARIES

Head Office

I.M. Skaugen SE
Karenslyst Alle 8 B
0277 Oslo
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F:47 2312 0401
<http://www.skaugen.com>

Other Locations and Subsidiaries

I.M. Skaugen Marine Services Pte Ltd 78 Shenton Way 17 03 Lippo Centre Singapore 079120 SGP	Norgas Limited BMU
Norgas Carriers AS Karenslyst Alle 8 B 0277 Oslo NOR	Norgas Asia Pte Ltd 78 Shenton Way 17 03 Lippo Centre Singapore 079120 SGP
Norgas Americas Inc Two Houston Center 909 Fannin 3300 Houston Texas 77010 USA	IMS Marine Services AS NOR
Creotel Investment AS NOR	Cidron Star A NOR
Changhang Skaugen Ship Management Co. Ltd. 27 East Yidong Mansion 6 Chezhan Road Jiangan District Wuhan 430017 CHN	Skaugen Marine Construction Co. Ltd 1610 UC Tower 500 Fushan Road Pudong Shanghai 200122 CHN

<p>Taizhou Skaugen Wuzhou Shipbuilding Co Ltd CHN</p>	<p>Skaugen (Shanghai) Trading Co Ltd CHN</p>
<p>Skaugen China Holding Co.Ltd 1610 UC Tower 500 Fushan Road Pudong Shanghai 200122 CHN</p>	<p>Skaugen Wuzhou Shipbuilding 57 Yanjiang Road Qiansuo street Jiaojiang District Taizhou City Zhejiang 318000 CHN</p>
<p>Shenghui Gas Chemical Systems No 3 Linjiang Road Jingang Town Zhangjiagang City Jiangsu 215632 CHN</p>	<p>SPT Inc. Two Houston Center 909 Fannin 3300 Houston Texas 77010 USA</p>
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