

Eitzen Maritime Services ASA

Fourth Quarter 2009 Results Presentation

17 February 2010



EITZEN GROUP
Est. 1883

- **Highlights**
- **Financials**
- **Operations**
- **Going forward**



Q4 Highlights

- **Weak shipping markets; outlook remains uncertain**
- **Q4 results hit by margin pressure and extraordinary writedown**
- **Positive cash flow maintained**
- **Initiatives towards optimising organisation and operations move forward**



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Q4: Increased sales and margin pressure

<i>USD million</i>	<i>Q4 2009</i>	<i>Q3 2009</i>	<i>Q4 2008</i>	<i>Q4 on Q4</i>
Operating revenue	136.0	124.4	126.0	+8%
Gross result	28.5	25.7	33.3	-17%
EBITDA	-2.8	1.0	5.3	-153%
EBIT	-14.7	-0.4	3.2	-559%
Net result	-18.3	-5.3	5.5	-433%
Gross profit margin	21.0%	20.7%	26.4%	
EBITDA margin	-2.1%	0.8%	4.2%	

Key items for Q4;

- *Write down of goodwill with USD 9.4 million. Total depreciation /amortization USD USD 12.0 million vs USD 2.4 million in Q3*
- *Provision for bad debt included with USD 3.1 million*

Full Year: Revenue increase driven by military sales

<i>USD million</i>	<i>2009</i>	<i>2008</i>	
Operating revenue	511.3	408.1	+25%
Gross result	119.8	115.7	+4%
EBITDA	12.4	18.8	-34%
EBIT	-7.3	12.2	-160%
Net result	-19.9	9.2	-316%
Gross profit margin	23.4%	28.3%	
EBITDA margin	2.4%	4.6%	

Key items for 2010

- *Duty free operation was divested with effect from end of Q2 2009.*
- *Write down and depreciation included with USD 20.0 million vs USD 7.0 million 09*
- *Provision for bad debt included with USD 5.0 million vs USD 1.3 million 09*
- *seven Seas Shipchangers is included from June 2008.*

Ship Supply: Good top line but disappointing bottom line

<i>USD million</i>	<i>Q4 09</i>	<i>Q3 09</i>	<i>Q4 08</i>	<i>2009</i>	<i>2008</i>	<i>2009 on 2008</i>
Operating income	131.5	119.2	116.5	485.4	373.7	+30%
Gross Margin	21.7	21.2	24,4	94,4	82,4	15%
EBITDA	0.3	2.7	6.7	18.4	20.9	-12%
EBITDA ratio	0.2%	1.0%	5.7%	3.8%	5.6%	

Key comments to Q4 and the year;

- *Seven Seas Shipchangers is included from June 2008.*
- *Duty free operation was divested with effect from end of Q2 2009*
- *Gross margin rate 16.5% vs 17,8 % (Q3) and 21.0% (Q408) – 19.4% vs 22,1% (08)*
- *Solid performance from Seven Seas 13% revenue increase Q on Q – EBITDA level of 5-6% maintained – similar comments to year-on year performance*
- *Rest but particularly Europe have a weak quarter - 10% revenue increase Q on Q but negative EBITDA (partly due to Bad Debt provisions of USD 2.0)*

Ship Management: Shift to all Asian operation completed

<i>USD million</i>	<i>Q4 09</i>	<i>Q3 09</i>	<i>Q4 08</i>	<i>2009</i>	<i>2008</i>	<i>2009 on 2008</i>
Operating income	4.7	5.2	8.9	26.9	34.6	-22%
EBITDA	-2.1	-0.7	0.3	-2.1	3.7	-156%
EBITDA ratio	-45%	-14%	4%	-8%	11%	

Key comments to Q4 and full year

-Ship Management; Closing down of European operation completed in Q4 and shift to full Asian operation completed

- Insurance Broker – best year ever

- Ship Management Asian operation delivers acceptable results despite fewer managed vessels this year; revenues USD 3.3 million vs 3.3 (Q3) – 15.3 vs 19.1 (08) – EBITDA Usd 0.4 million vs. 0.9 (Q3) – 3.9 vs 6.6 (08)

- Ship Management Europe – has been closed down in 2009 ; revenues USD 1.0 millions vs 1.2 (Q3) – 8.5 (09)vs 11.9 (08) – EBITDA USD –2.2 million vs -1.5 (Q3) – USD -6.5 million (09) vs -2.2 (08)

Balance Sheet:

<i>USD million</i>	<i>31.12.2009</i>	<i>31.12.2008</i>
Fixed assets	148.9	168.7
Accounts receivables	95.9	102.6
Inventories	46.4	44.9
Other short term assets	0.4	0.9
Cash	20.5	20.5
Total assets	312.0	337.7
Total equity	62.9	83.0
- of which minority interest	0.3	0.9
Interest bearing non-current liabilities	5.2	76.6
Other non-current liabilities	23.5	30.1
Interest bearing current liabilities	122.7	49.0
Other current liabilities	97.6	98.9
Total liabilities	249.1	254.7
Total equity and liabilities	312..0	337.7

- Fixed assets reduced with USD 20 million. Depreciation of assets USD 21 million, new investments USD 1 million.
- Account receivable reduced with provision for bad debt
- Equity at USD 62.9 million gives an equity ratio 20.2%.
- The equity is below required level in current bond loan
- Net interest bearing debt is USD 107.5 million
- Gearing ratio 1.7 times – higher than requirement in bond loan (1.4)
- All bond loan long term debt has been reclassified to short term



Cash Position: Cash generated from operation is channeled to reduce finance obligations and interest

<i>USD million</i>	<i>2009</i>	<i>2008</i>
Cash and cash equivalents at beginning of the year	20.5	12.1
Change from operations	+12.6	+20.4
Change from investments	-0.4	-88,4
Change from financing	-12.3	+76.5
Net cash change in year	0.0	8.4
Cash and cash equivalents at end of the year	20.5	20.5

Financial Challenges

- **Write-down of Ship Management goodwill brings EMS in breach with covenant requirements both on minimum equity and gearing ratio**
- **Carnegie has been mandated as financial advisor to develop a plan for long term financing**



Write-down of goodwill in ship management in Q4

Background

- Shipping crisis creates lower demand and margin pressure in ship management
- Significant reduction in fleet size during 2009
- Restructuring costs included in Q4 results
- Reduced fleet flexibility following recent incident

Current situation

- Entering 2010 EMS Ship Management will be an all Asian operation, except for a few crewing offices in Baltic and Russia

Write-down

- Write-down of Ship Management goodwill decided – USD 9.4 million

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Ship Supply

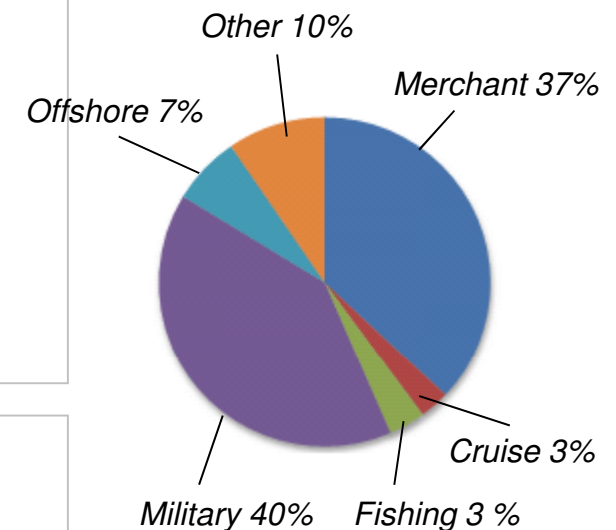
Q4 09 operations

- Lower volumes and margin pressure in the merchant fleet market
- Good performance in the Middle East, decline in Europe
- Merchant fleet decline offset by military and offshore segments
- Strong order backlog in military and offshore
- Constant drive towards improving efficiency, sourcing, logistics
- Number of renewed and awarded global accounts increasing

Driving profitability in ship supply

- Purchasing power; pool volume and supply from central warehouses
- Global sales; key account and cross region selling
- Quick response, on time deliveries
- Global infrastructure; common IT platform

Q4 segment distribution

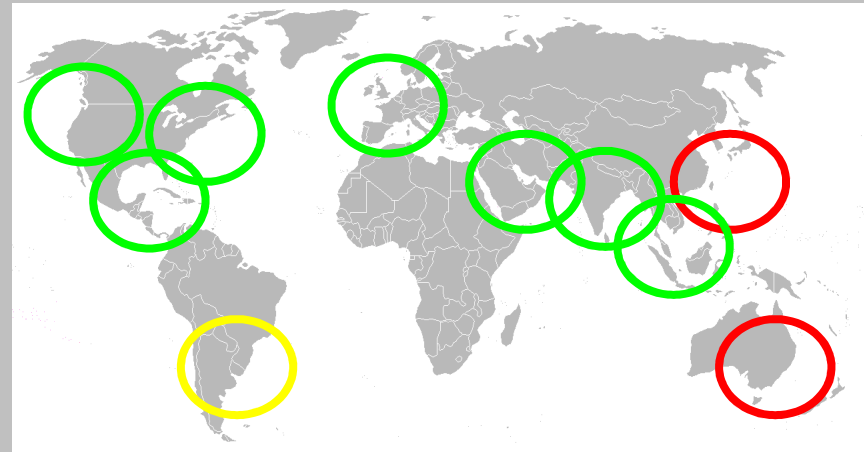


Covering the World

Ship Supply

- Strong Europe and SEA base from the outset
- The Mediterranean, Iberian peninsula, Americas included 2007
- The Middle East included 2008
- North America reinforced 2009 through partnership

Key areas, maritime services

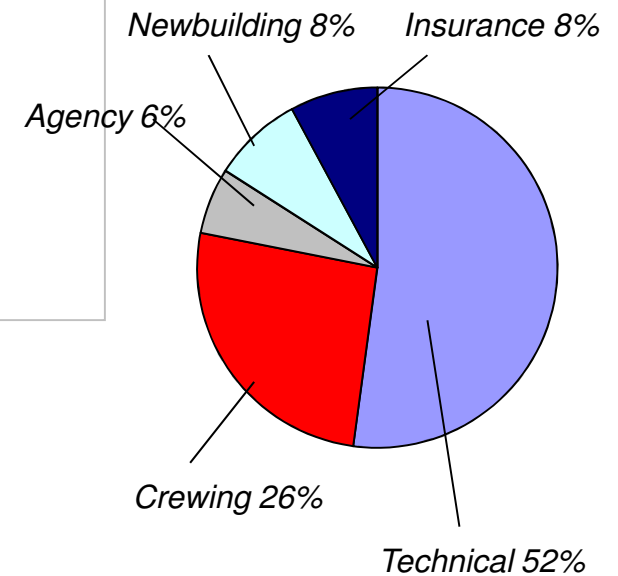


- Covered by EMS
- Some EMS coverage
- Not yet covered by EMS

Ship Management riding rough seas

Q4 09 operations

- Affected by current weak shipping market; volume and margin pressure
- Portfolio at par with previous quarter
 - *53 ships on technical, 210 ships on crew management*
- Closing of the Denmark office affected Q4 results
- Asian operations are profitable.
- Reduced fleet flexibility following recent incident



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Outlook remains uncertain

- **Shipping crisis seems to continue; volume and margin pressure**
- **Low merchant fleet demand offset by strong order backlog in military and offshore segments**
- **Reduced market risk**
 - More robust portfolio
 - Strong contract base
- **Limited growth in ship management**



1st Quarter 2010 Presentation
28 April 2010

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