

Update on lender dialogue in Viking Supply Ships A/S

Press release

As previously communicated, Viking Supply Ships A/S (VSS) has for some time been engaged in a dialogue with its creditors with a view to agreeing on a financial restructuring of the company. As part of this process, VSS has made repeated attempts to engage in a dialogue with the bondholders in the bond issue "Viking Supply Ships A/S 2012-17 FRN". The process towards the banks has been very constructive and a framework for a solution is agreed in all material respects subject to agreement with the bondholders. The discussions with the bondholders, however, have been quite challenging.

There has been contact between VSS and a committee of three core bondholders. VSS has on several occasions offered a solution which has involved a deferral of the maturity of the bonds, as demanded by the secured creditors, and part of the interest payments being made in-kind as a part of a global solution for the restructuring of the Group balance sheet. Since the recovery of the unsecured creditors in the event of a bankruptcy is likely to be extremely limited, or in effect zero, VSS believes this proposal, which does not involve any reduction of any part of the bondholders' claim, to be a fair and attractive offer. This offer has, however, on several occasions been flatly rejected by the above-mentioned committee of bondholders.

They have expressed that the only solution they are willing to discuss is one where the bonds are redeemed in cash, albeit at a somewhat discounted price. The amount of new equity raised, as demanded by the secured creditors, will allow for necessary working capital and early repayment of secured loans in exchange for eased amortization over the next four years. If the bondholders do not move from this position, it will not be possible to arrive at a restructuring which will allow VSS to survive as a going concern.

VSS would therefore strongly encourage the bondholders to engage in a constructive dialogue on realistic premises to seek to find a solution which will allow a financial restructuring of VSS. VSS is willing to explore various alternatives, including a conversion of bonds into shares in Viking Supply Ships AB, listed on NASDAQ OMX Stockholm segment Small Cap, at present market values, respectively 36% of par value and SEK 1.70 per share, but is not in a position to offer redemption for cash. However, shares received can be freely sold by the recipients. Should a solution not be reached the only realistic outcome is bankruptcy of VSS.

VSS will shortly summon to a bondholder meeting to provide an updated status of the company, as well as present a restructuring proposal to the holders of the bond. To secure your interests, we strongly urge you to participate and engage in the process.

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Viking Supply Ships AB (publ) is a Swedish company with headquarter in Gothenburg, Sweden. Viking Supply Ships A/S is a subsidiary of Viking Supply Ships AB (publ). In addition Viking Supply Ships AB (publ) has the subsidiary TransAtlantic AB. The operations are focused on offshore and icebreaking primarily in Arctic and subarctic areas as well as on Shipping services mainly between the Baltic Sea and the Continent. The company has in total about 500 employees and the turnover in 2015 was MSEK 1,977. The company's B-shares are listed on the NASDAQ Stockholm, Small Cap segment. For further information, please visit: www.vikingsupply.com

This information is information that Viking Supply Ships AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 17:30 CET on 3 July 2016.