



Written re-exam after 1st semester

Skriftlig reeksamen efter 1. semester

The basis for the company's sale /Virksomhedens salgsgrundlag

22nd June 2011/22. juni 2011

08.30-14.30

This exam case consists of 3 assignments carrying the following weights in the total assessment of the paper:

Denne eksamen består af 3 opgaver, der indgår i bedømmelsen af den samlede opgavebesvarelse med følgende vejledende vægte:

Assignment/Opgave 1:	60%
Assignment/Opgave 2:	20%
Assignment/Opgave 3:	20%

Assignments

(in Danish below)

Assignment 1 (60%)

Based on an analysis and an assessment of Vikings business model, supply chain and innovative structures and processes, please analyze and discuss the company's choice of trading partners as described in the case and the appendix documents.

In your answer you must include both a *sales-/marketing* point of view and an *organizational and logistical* point of view.

Assignment 2 (20%)

The world economic situation has continued to significantly influence the market in international maritime transport.

Assignment 2.1: Please provide an analysis of expected economic developments in the major economies in the world. Involve appendix 8 - Danske Bank's macroeconomic forecast.

Assignment 2.2: Vikings profit margin have declined over recent year and therefore, please provide suggestions for improving it. In your reply please include how Viking could benefit from doing ABC.

The shipping company Torm A/S has approached Viking as they want Viking to provide rescue and safety equipment for the company's many ships in the future. This is a very large contract for Viking running over the next 10 years and Torm A/S will be demanding a 6-month credit. To fulfill the contract Viking has to expand its capacity.

Assignment 2.3: Please provide a credit assessment of Torm A/S based on the key figures in Appendix 9, and provide a reasoned recommendation to either or not Viking should accept the order / the contract. If you need additional ratios you just calculate those.

Assignment 3 (20%)

As a market leader there might be some regulations in Denmark and within the EU that the company should take into account when the company e.g. develops general terms of sale or general terms of purchase or when it gives guidelines to the certified servicing stations.

Assignment 3.1: Please make an internal note to the Management regarding such questions.

A supplier from France has on the 4th of April 2011 forwarded an e-mail to Viking in Denmark with an offer of spare parts. The supplier has stated that acceptance must be received at latest on the 22nd of April 2011. Due to some misunderstanding in connection with the Easter holidays in Denmark the acceptance was forwarded by e-mail on the 26th of April 2011. On the 27th of April 2011 the head of the Purchase Department of Viking wanted to revoke the acceptance but the French supplier had in the morning already forwarded an order confirmation.

Assignment 3.2: Has a legally binding agreement now been made between Viking and the French supplier? Please give a justified answer.

Another French supplier has forwarded an offer by an ordinary letter also in the beginning of April 2011.

Assignment 3.3: Please give a legally justified explanation of how the French supplier might revoke such an offer.

The State France has approved the CISG

Opgaver

Opgave 1 (60%)

På baggrund af en analyse og vurdering af Vikings forretningsmodel, supply chain og innovative strukturer og processer bedes du analysere og diskutere virksomhedens valg af samhandelspartnere som beskrevet i casen og bilagene.

I din besvarelse skal du inddrage både en *salgs-/markedsføringsvinkel*, samt en *organisatorisk og logistisk vinkel*

Opgave 2 (20%)

Den økonomiske verdenssituation har fortsat væsentlig indflydelse på markedet for den internationale maritime transport.

Opgave 2.1: Du bedes foretage en analyse af den forventede økonomiske udvikling i de større økonomier i verden. Inddrag appendix 8, Danske Banks makroøkonomiske prognose.

Opgave 2.2: Da Vikings *profit margin* er faldet de seneste år bedes du komme med forslag til en forbedring heri. I din besvarelse bedes du inddrage hvordan Viking kan profitere af at indføre ABC.

Rederiet Torm A/S har henvendt sig, fordi de ønsker, at Viking fremover skal levere rednings- og sikkerhedsudstyr til rederiets mange skibe. Der er tale om en meget stor kontrakt løbende over de næste 10 år, og Torm A/S forlanger 6 måneders kredit. Ordren vil tillige kræve at Viking udvider deres kapacitet.

Opgave 2.3: Du bedes foretage en kreditvurdering af Torm A/S ud fra tallene i Appendix 9, samt give en begrundet anbefaling til om Viking skal acceptere ordren. Har du behov for yderligere nøgletal beregner du blot disse.

Opgave 3 (20%)

Som markedsleder kan der være nogle regler i Danmark og inden for EU, som virksomheden bør tage hensyn til, når de fx udvikler generelle salgsbetingelser eller generelle betingelser for køb, eller når de giver retningslinjer for de certificerede service-stationer.

Opgave 3.1: Lav et internt notat til ledelsen om sådanne spørgsmål.

En leverandør fra Frankrig sendte den 4. april 2011 en e-mail til Viking i Danmark med et tilbud på reservedele. Leverandøren har oplyst, at accept skal være modtaget senest den 22. april 2011. På grund af nogle misforståelser i forbindelse med påskeferien i Danmark blev accept først sendt via e-mail den 26. april 2011. Den 27. april 2011 ønskede lederen af Vikings indkøbsafdeling at tilbagekalde accepten, men den franske leverandør havde om morgenen allerede fremsendt en ordrebekræftelse.

Opgave 3.2: Er der en juridisk bindende aftale mellem Viking og den franske leverandør. Giv et juridisk begrundet svar.

En anden fransk leverandør har fremsendt et tilbud med almindeligt brev også i begyndelsen af april 2011.

Opgave 3.3: Giv en juridisk begrundet beskrivelse af, hvordan den franske leverandør måske kan tilbagekalde et sådant tilbud.

Staten Frankrig har godkendt CISG.

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Company description¹

Tage Sørensen founded VIKING Life-Saving Equipment (then called Nordisk Gummibådsfabrik) in 1960 to manufacture life rafts for fishing vessels. The portfolio grew to include lifesaving equipment for other markets. VIKING is owned by the Sørensen family in Esbjerg. VIKING is headed by a global management group reporting to the Board of Directors.

Today VIKING is a market leader in maritime safety, providing and servicing essential safety equipment for passenger and commercial vessels, offshore installations and vessels, the defence sector, industrial fire fighting as well as leisure yachts.

It is a private company headquartered in Denmark, with 1,400 employees worldwide. Products are manufactured in four locations: Esbjerg in Denmark, Bergen in Norway, Colorado in the US and Bangkok, Thailand. VIKING's unique global network includes 54 branch offices and 270 certified servicing stations.

Values – The VIKING Way

VIKING's values govern our actions and guide us in our role as safety experts. These values are the basis for our award-winning workplace characterised by mutual respect and room for diversity:

Global

The VIKING organization works together as a global team to provide a worldwide sales and support network at local levels. Country branches work as one global team to provide consistent service. Our global IT network provides all branches with real time information on production, stock and delivery.

Responsible

VIKING safety products are often the last resort in an emergency situation. Every VIKING knows that lives at sea depend on the work that we do. Quality control is essential. Risks cannot be tolerated - no matter how small.

VIKING is deeply committed to its environmental and social responsibility. We strive to minimize our footprint on the environment through constant focus on improvements in manufacturing methods and waste reduction. Working practices are monitored to ensure the best possible welfare for our employees.

We support local causes around the world through education, donations to projects, sponsorships and collections.

¹ Based on www.viking-life.com

Commitment

VIKING is committed to provide the highest possible level of safety and service to our customers. We are committed to improving the safety of all lives at sea and are actively involved in matters of international maritime safety.

Reliable

VIKING is a company you can trust your life to – and people do every day. We pride ourselves on keeping the promises that we make both within the company, and to our customers.

We have been in the life-saving business for over 45 years and have built up a well-deserved reputation for being a reliable safety partner. We can be relied upon to provide informed advice, quality products and service in the long term.

Caring

We are in the business of saving lives. We care about all the processes within VIKING from manufacturing to sales and delivery. VIKING continually monitors the quality of products already in service to ensure the highest possible level of safety even after sales.

Product Overview

Passenger Evacuation Systems

VIKING's advanced evacuation systems provide fast and easy evacuation, exceptional stability and are trusted by passengers and crew worldwide.



Liferafts

VIKING liferafts are found all over the globe - from the arctic to the tropics. Available in standard and top of the line automatically self-righting versions.



Offshore Evacuation Systems

VIKING offers total packages for new buildings, including unique evacuation and embarkation systems, the right combination of personal protective equipment and professional and convenient servicing and replacement.



Protective Clothing

VIKING offers a wide range of protective suits with a choice of materials and features for all needs. Our designers work in close cooperation with our international customers to ensure the right suit for each occasion.



Defence evacuation systems

VIKING's advanced evacuation systems combine fast and easy evacuation with the protection needed for vessels in combat action.



Life Saving Appliances

VIKING is a competitive and reliable global supplier of full package LSA, fire-fighting equipment and boats and davits.

Order our free catalogue.



Rescue Boats

Stability, strength and excellent seaworthiness for rough weather conditions. Combines modern features with traditional boat building principles.



Service

All VIKING products are supported by a unique global network of certified servicing stations, providing fast, reliable servicing when and where you need it.



ISO standards help ensure VIKING quality

VIKING Life-Saving Equipment is certified according to ISO 9001 standards and is regularly evaluated by Det Norske Veritas for compliance. All of our products and components are subject to prototype testing and quality control procedures.

Our quality system is certified according to the international quality standard DS/EN ISO 9001: 2008 encompassing design, development, manufacture, sales and maintenance of maritime evacuation systems, maritime liferafts, MOB² boats and personal protective and safety equipment. To ensure reliable quality throughout the entire process, the organisation is operated according to agreed and documented procedures at all levels - from production to management.

Our employees are key

VIKING products are manufactured with a combination of modern technology and skilled craftsmanship. The welfare of our employees is paramount to ensuring consistent, high quality products. Our management publishes a report concerning occupational health and safety every three years.

² MOB: Man over board

Viking research and development is based on innovation and technology

Research and Development's group of talented experts, each with their own specialty and individual approach, work together during the entire process to convert needs into solutions. VIKING uses the latest in IT technology to formulate ideas and translate them into working projects. New computer developments are used to study customer and market needs and design products to match.

VIKING designs products for the future

VIKING also cooperates closely with specialised partners to create state of the art life-saving equipment. We often work with customers to develop entirely new concepts to fulfill a new requirement or need.

Areas of expertise

Our research and development department has two areas of expertise; life-saving systems (e.g. evacuation chutes and slides) and personal protective equipment (e.g. lifejackets and immersion suits).

Our designers know their materials and they know maritime conditions

We have a long history of designing and manufacturing our own suits and VIKING has been learning from experience for decades.

Thanks to direct contact between sales, servicing and research and development, they know how products perform and what happens when they are serviced - even in extreme conditions from the arctic to the tropics. This provides invaluable information which means they can design the best products perfectly suited to our customers' real needs.

Decades of feedback mean that we know how our products work after years at sea

Design, production and servicing works as one global unit. Hands on information from servicing is passed right back up the chain to research and development. At VIKING we have our hands on our products, even where they have been in service for many years.

VIKING wins international award for improving passenger safety

Press release May 2007:

VIKING's innovative passenger evacuation system wins first prize at the international Safety at Sea Awards 2007

The prestigious Safety at Sea Award is given for excellence in saving and protecting life at sea. VIKING won the equipment category for demonstrating "an innovative and original development that has the potential either to reduce the risk of accidents, save or protect life at sea or improve on-board security".

Second award nomination for VIKING

For the second time in just two years VIKING LIFE-SAVING EQUIPMENT has been nominated for a major international award for product innovation. Last year the new combined helicopter and immersion suit for offshore made it onto the short list for the Seatrade Award. This year's win for passenger mass evacuation systems shows innovation across the board.

VIKING Grows for Seventh Straight Year

ANNUAL ACCOUNTS: In 2010, VIKING Life-Saving Equipment A/S, global manufacturer of safety equipment for the maritime, offshore and fire industries, once again generated growth in both its top and bottom lines.

Despite difficult market conditions, VIKING Life-Saving Equipment A/S secured a slice of the emerging upturn of the world market in 2010: the Group succeeded in achieving a record turnover of well over DKK 1,250 million, representing a growth of approximately 11% on 2009.

Last year's strategic focus areas – to increase the product range and expand the service solutions – thus had the intended effect, and an operating profit of DKK 97.6 million (a 6% increase on the previous year) was successfully achieved. In addition, the opening of new service stations and a significantly expanded production led to an increase in employees from 1237 in 2009 to just under 1500 at December 31, 2010.

	Viking				
	2010	2009	2008	2007	2006
Revenue	1.258.897	1.136.430	1.073.821	965.599	904.618
EBIT	97.567	92.071	91.616	78.613	69.310
Financials	-15.072	-13.811	-17.347	-11.715	-11.470
Result for the period	62.020	59.338	54.944	51.619	40.705
Inventories	263.625	213.166	281.446	267.003	274.533
Trade receivable	243.423	193.567	207.562	186.182	149.786
Equity	445.436	376.999	315.960	307.186	267.971
Total assets	939.608	823.304	856.900	799.206	732.464
Investment in assets	57.401	42.519	63.951	70.489	60.773

Profit margin /Ebit magin 7,75% 8,10% 8,53% 8,14% 7,66%

EBIT stands for Earnings Before Interest and Tax, also known as operating profit

Liquidity

Viking receivables is due to a particularly high activity in December, increased in 2010, while an expected high activity in the first quarter of 2011 resulted in a decision to increase inventories by 31.12.2010. There is continued focus on reducing and optimizing working capital tied up in and the risks around these assets. In 2010 there has been substantially investments in the U.S. and Germany, with the aim to support long-term growth strategies. Operating cash flow has not fully been able to finance the total investments in 2010.

Broader product and service range

In 2010 VIKING established two new servicing stations: one in Norfolk, Virginia, the strategically important hub for cargo shipyards and the US Navy, and one in Port Elizabeth, South Africa, thus raising the total number of sales and service agents to 54. The global network of certified service

stations now amounts to 253. Innovation in safety products and service concepts has helped VIKING maintain its position as a market leader.

“The market increasingly demands service and support standards, and we have met that need. Our major initiative, the Shipowner Agreements, is the widest and yet the most flexible service agreement available within marine safety equipment” says VIKING CEO Henrik Uhd Christensen. He continues:

“Our customers have welcomed the opportunity to customize their agreement both for product types and for geography with great enthusiasm. Once the agreement is signed, the customer is provided with a reliable operational concept which puts a minimum pressure on the shipyard's resources, allowing it to focus on its core business without compromising on staff security or the shipyard's operating costs.”

Widescale restructuring

VIKING has also strengthened its internal organization in 2010 by arranging its global sales and service functions into five regions: one in the US, one in the Far East, two in Europe, and one that covers the rest of the world. These organizational changes have affected the headquarters in Denmark, which has now been adjusted to suit the regional sales and support structure. All of VIKING's activities in Bramming, mainly the development and servicing of immersion suits and lifejackets, were also moved to the headquarters in Esbjerg at the beginning of 2011.

In the autumn of 2010, VIKING acquired the former competitor HYGRAPHIA Safety at Sea GmbH & Co., one of the world's leading independent wholesalers in marine safety equipment. The integration has been very successful: HYGRAPHIA continues under its own name but grants VIKING access to an expanded network and expertise, taking the Group a step closer to realizing its vision of becoming a one-stop shop for marine safety equipment.

Global growth – also as an employer

VIKING's ambition for 2011 is to continue to increase its product range, its innovation in services and its local presence worldwide. The organization is expected to increase even further in the year ahead, with the largest growth seen outside the borders of Denmark.

Appendix 1: Viking signs up Stolt Tankers³

11 Jan 2011



VIKING maintains a worldwide exchange pool for life raft servicing

VIKING Life-Saving Equipment in Esbjerg, Denmark, the marine and fire safety equipment manufacturer, is on a winning streak with its innovative 'shipowner agreement' servicing contracts being snapped up by shipowners.

The latest, and one of the largest of its kind, is the signing of a liferaft exchange contract with Stolt Tankers BV worldwide. With a global fleet of more than 70 deep sea parcel tankers, and more than 80 coastal tankers and inland tankers, Stolt Tankers operates one of the most technically advanced tanker fleets in the world.

VIKING maintains a worldwide exchange pool for life raft servicing at VIKING stations in 42 strategic ports across the globe. Stolt Tankers vessels will receive VIKING life rafts, which will simply be exchanged as their certificates expire.

Stolt Tankers procurement management team believes the new contract offers many advantages for their company. "Having a single point of contact for Stolt Tankers for all its life raft management will save us a lot of time and reduce the number of interventions alongside the vessel. At the same time, the transparency and fixed cost basis of the 'shipowner agreements' make it much easier for us to predict our servicing costs over the next decade. And in this business, predictability can be worth gold."

The choice of VIKING as supplier of the contract was influenced by the company's wide range of options within the agreement, and by the quality of advice provided by VIKING's safety experts. "We feel very comfortable with the way VIKING has addressed our servicing requirements," says Stolt Tankers procurement team. "They have been in the marine safety business for fifty-odd years, so they were able to demonstrate both the experience and the flexibility we were looking for."

³ <http://www.motorship.com/news101/viking-signs-up-stolt-tankers>

Appendix 2: Stolt-Nielsen Limited. (Stolt Tankers)⁴

Stolt-Nielsen Limited (SNL) is the world's leading provider of integrated transportation and storage solutions for specialty and bulk liquid chemicals and a wide range of other liquid products. SNL's aquaculture division is a leading high-tech producer of turbot and other premium fish and fish products.

Founded in 1959, Stolt-Nielsen Limited's relationships with its customers reflect the Company's sustained focus on innovation, quality, safety and service.

SNL employs more than 5,000 staff in 33 offices around the world, and is listed on the Oslo Stock Exchange (Oslo Børs: SNI). The main subsidiaries of the Company are:

- Stolt Tankers operates the world's largest and most sophisticated global fleet of deep-sea, regional, coastal and inland parcel tankers, providing safe, reliable, high quality transportation services to the world's leading manufacturers of chemicals and other bulk liquids.
- Stolthaven Terminals' global network of state-of-the-art terminals provides high quality storage and distribution services to customers worldwide.
- Stolt Tank Containers (STC) operates the world's largest fleet of stainless steel ISO tank containers and is the leading global provider of logistics and transportation services for door-to-door shipments of bulk-liquid chemicals and food-grade products.
- Stolt-Nielsen Gas (SNG) entered the market for the transportation of liquefied petroleum gas (LPG) in late 2009, building on the company's global expertise in the safe and efficient transportation of cargoes with specialised handling requirements.
- Stolt Bitumen Services (SBS) focuses on the high quality, safe and reliable distribution of bitumen using modern bitumen tankers, bitutainers and storage terminals in Asia Pacific.
- Stolt Sea Farm (SSF) is one of the world's most advanced high-tech aquaculture companies, specialising in the production of high quality turbot, sole, sturgeon and caviar.

Our History

Stolt-Nielsen has a long and rich history dating back more than half a century when Jacob Stolt-Nielsen built from the ground up three companies that led the way in dynamic and emerging industries. He invented the modern parcel tanker, built a leading offshore services company and pioneered the aquaculture industry.

Today the Stolt-Nielsen name is synonymous with innovation, quality, leadership and success.

Stolt Tankers

Stolt Tankers operates one of the world's largest and most sophisticated global fleet of deep-sea, regional, coastal and inland parcel tankers, providing safe, reliable, high quality transportation services to the world's leading manufacturers of chemicals and other bulk liquids. By working in concert with Stolthaven Terminals and its worldwide network of high efficiency terminals, the Stolt Tankers fleet of more than 140 ships and barges functions as an integral and vital part of our customers' global supply chains.

Stolt Tankers' focus on safety and environmental protection enables us to meet the most stringent demands of our customers, as well as all applicable local and international regulatory requirements.

⁴ <http://www.stolt-nielsen.com/>

Meeting the transportation and storage needs of our customers in a manner that is safe for both people and the environment is our foremost objective.

Our tanker fleet is equipped with sophisticated handling equipment, including heating and cooling systems, specialised cleaning equipment, and nitrogen generators. These capabilities, combined with the unrivalled experience of our officers and crew, enable Stolt Tankers to safely handle virtually any liquid cargo, including speciality chemicals, petrochemicals, commodity chemicals, oleo chemicals, vegetable oils, clean petroleum products, lubricating oils and acids.

Reducing port time — and increasing efficiency — is a major strategic focus for Stolt Tankers, given that a deep-sea parcel tanker spends roughly one-third of each voyage in port loading and unloading. The integration of Stolt Tankers and Stolthaven Terminals is a key element of this effort, by giving us complete control over the tanker/terminal interface. This control, combined with our in-depth knowledge of our customers' supply-chain flows, gives us a significant competitive advantage in meeting customer needs.

Stolt Tankers also benefits from its unrivalled product-information and cleaning database. This database — based upon decades of accumulated operational experience — enables us to efficiently handle and clean even the most difficult cargoes with a quick turnaround.

www.wallstreet-online.de:

LONDON, April 7, 2011 - Stolt-Nielsen Limited (Oslo Børs: SNI) today reported unaudited results for the first quarter ended February 28, 2011. Net profit attributable to shareholders in the first quarter was \$31.2 million, with revenue of \$458.7 million, compared with \$33.0 million and \$459.4 million, respectively, in the fourth quarter of 2010.

Appendix 3: Viking signs agreement with MSC⁵

MARITIME INDUSTRY: Marine and fire safety equipment market leader Viking Life-saving Equipment has announced the signing of the largest Viking Shipowner Agreement to date. This time it is the turn of Swiss-based Mediterranean Shipping Company – MSC.

Following in the wake of record-breaking contracts recently signed by Viking with leading lines such as Stolt Tankers and E.R. Schiffahrt, this latest deal is especially remarkable in that it stretches over a ten-year period.

“For Viking, this is a particularly important win, since MSC is one of the leading global carriers of the world”, says Viking’s Vice President Henk van der Drift.

“At the same time, the deal recognizes the unique strength and breadth of our company’s servicing offerings which, given the speed with which our network and servicing products are expanding, have become a hard act to follow for our competitors.”

The terms of the fixed price agreement call for all of the shipowner’s existing life rafts to be replaced with Viking life rafts from three main ports. MSC has also taken advantage of the financing options available under the Viking Shipowner Agreements.

⁵ Source: Viking Group / maritimedanmark.dk 08-02-2011

Appendix 4: Mediterranean shipping company (MSC)⁶

MSC was founded in 1970 as a private company by Gianluigi Aponte when he bought his first ship, *Patricia*, followed by *Rafaella*, with which Aponte began a shipping line operating between the Mediterranean and Somalia. The line subsequently expanded through the purchase of second-hand cargo ships. By 1977, the company operated services to northern Europe, Africa and the Indian Ocean. The expansion continued through the 1980s; by the end of the decade, MSC operated ships to North America and Australia.

In 1989, MSC purchased the cruise ship operator Lauro Lines, renamed to Mediterranean Shipping Cruises (MSC Cruises) in 1995, and subsequently increased the cruising business.

In 1994, the line ordered its first newly constructed ships, which were delivered beginning in 1996 with *MSC Alexa*. They were built by Italian shipbuilder, Fincantieri.

Today, MSC serves 270 ports worldwide on the six continents. 350 local offices, employing a total of 29,000 people, provide an agency network representation. Vessels with up to a capacity of 13,800 TEU, including one of the largest container ships, *MSC Emanuela* and her sistership *MSC Beatrice*. The company remains independent and wholly owned by its president Aponte and his family.

The line was named shipping line of the year in 2007 for the sixth time in eleven years by Lloyds Loading List, which is an achievement not matched by any other shipping line. The line has just also placed orders for eleven new vessels that will be able to carry up to 15,000 TEUs each, which are some of the largest container vessels in the world.

⁶ Source: Wikipedia.com

Appendix 5: E.R. Schiffahrt goes global with Viking⁷

February 23, 2011

When it came time to renew its safety equipment servicing contracts, Germany's E.R. Schiffahrt, a leading shipowner and ship management company, chose to take a leading edge approach.

By custom-tailoring a Shipowner Agreement servicing contract offered by VIKING Life-Saving Equipment, the shipping company has managed to create a global servicing agreement supported at 42 locations with a single point of contact.

Working closely with VIKING analysts, E.R.Schiffahrt's team went over the numbers, drawing upon their own experience and the advice of VIKING safety experts. The deal the two companies came up with is a comprehensive one covering life rafts, lifeboats, immersion suits, lifejackets and marine fire systems and equipment such as fire extinguishers on more than 30 vessels of the shipowner's fleet. The plan is for VIKING to manage not just service notifications, but also the coordination of all servicing.

While lifeboats and marine fire equipment will be covered under a fixed-price servicing arrangement, E.R. Schiffahrt saw advantages in replacing other brand life rafts with VIKING products. Together with the immersion suits, these new life rafts will be serviced via fixed-price exchange, which sees products simply being swapped out as their certificates expire. VIKING maintains a worldwide exchange pool for life raft servicing at VIKING-owned stations in 42 strategic ports. A number of new builds are also included in the tailored Shipowner Agreement.

Lutz Mentzel, E.R.Schiffahrt's Procurement Manager, commented "Our company strategy drives us to constantly find new ways to lead the market and so we naturally apply the same thinking to our servicing contracts. A Shipowner Agreement made a lot of sense to us, particularly in terms of time-savings and the predictability of servicing costs. And VIKING's insightful analysis helped us to customize the contract for our exact needs."

"It's exciting for us that far-sighted shipowners like E.R. Schiffahrt have the business acumen to revisit the way safety equipment servicing is structured and managed," says Jorgen Holm, Sales Director. "There's a lot to be gained by dropping conventional approaches and adopting new best practices."

VIKING is experiencing heavy demand for its innovative Shipowner Agreements, which offer a large range of options and can include additional flexibility during the life of the agreement to cater for shipowners' changing requirements.

⁷ <http://www.maritimesun.com/news/e-r-schiffahrt-goes-global-with-viking/>

Appendix 6: E.R. Schiffahrt⁸



E.R. Schiffahrt is a ship owning and ship management company with activities in container, bulk and offshore segments. Sole shareholder of the company is the financial holding company E.R. Capital Holding. E.R. Schiffahrt currently controls 110 vessels in service and under construction.



The vessels are chartered by leading liner and bulk shipping companies and offshore customers with whom E.R. Schiffahrt maintain close strategic partnerships. As an integral part of our partners' logistics networks we have a major responsibility for their quality of service.



E.R. Schiffahrt aims to be one of the best ship management companies in the shipping industry. About 3,000 crew members at sea and employees ashore work as a team and are dedicated to securing safety, reliability and performance for the benefit of our business partners worldwide.

Container vessels

Including some of the world's biggest container vessels the fleet of E.R. Schiffahrt consists of 73 container vessels in service and under construction, aggregating some 412,000 teu.

Bulk carrier

The dry bulk division consists of 24 supramax and capesize vessels, aggregating some 2.600.000 dwt.

Offshore vessels

The offshore unit of E.R. Schiffahrt manages 13 ships in service. The fleet includes 11 modern platform supply vessels (PSV) and 2 Anchor Handling Tug Supply Vessels (AHTS).

⁸ <http://www.supplyvessel.net/companies/er-schiffahrt>

Appendix 7: Viking: Innovation is the key to success⁹

Increased innovation will drive growth for Danish company Viking, the world's largest manufacturer of rescue equipment for the maritime sector that despite a struggling market expects to double its development expenditure in the coming years. Through unique solutions and concept development, Viking is seeking to differentiate itself from its competitors, so that the group can continue to gain market share.

By Anne Klejsgård Hansen

Red numbers on recent quarterly financial statements from the world's largest shipping companies bear witness to a catastrophic year for international shipping, and that is not exactly pleasant reading for the Danish company Viking Life-Saving Equipment, which has supplied rescue equipment for the maritime sector for 50 years. Viking's managing director Kjeld Amann acknowledges that the market is significantly smaller and the competition correspondingly tougher, but that is not causing him to curb his ambitions. Quite the contrary.

"Our ambition is to continuously gain market share, and that also applies this year. But when tough times knock at the door, love goes out the window, and we clearly feel that competition on the market has intensified," says Kjeld Amann.

"It increases the need to constantly differentiate ourselves from our competitors, and that requires development and innovation. So despite the financial crisis, we will be doubling our development budget in the coming years to keep ourselves a step ahead. Because as we see it, innovation is essential for success."

Record year

Viking had a record year last year, when revenues topped DKK 1 billion (EUR 134 million) for the first time. Kjeld Amann does not expect revenues this year to equal that achievement, but expects them to reach "a reasonable level".

The company's aim is to maintain its leading position on the rescue equipment market while significantly growing its two other areas, equipment for the offshore industry, and equipment for the fire service, civil defence and the armed forces.

"We will continue to be primarily a supplier of safety and rescue equipment for the maritime sector, but our strategy is to spread out the product portfolio so that our other focus areas will represent a greater proportion of the business," says Kjeld Amann.

Today between 65 and 70 per cent of the company's revenue is generated from equipment for the maritime sector, while equipment for the offshore market accounts for 15-20 per cent and equipment for fire service, civil defence and other institutional units accounts for the rest.

Concept development

The money Viking is planning to invest in development and innovation is not solely earmarked for product development, since the company is focusing increasingly on concept development of indi-

⁹ Source: <http://www.netpublikationer.dk/um/9517/html/chapter03.htm> March 2009

vidual package solutions for customers. It is in the latter area that the lion's share of the development budget will be used.

In recent years the company has evolved from being a product supplier to primarily a supplier of one-stop-shop safety packages, and now the ambition is to supply package solutions to customers.

"Technological competence is essential, but in today's world it is no longer sufficient to guarantee a gain in market share. We constantly have to develop ourselves, and concept development plays a key role," says Kjeld Amann.

Today, Viking invests a lot of time in customer dialogue, which often develops into collaboration. The company can offer the customer exactly the required solution, and Kjeld Amann sees that as a great benefit for both parties.

"Customers are generally a lot more satisfied with the product when they have been involved in its entire development, and we also gain insight into what customers actually want," says Kjeld Amann.

Individual solutions

Viking's focus on individual solutions tailored to customer needs is an important competition parameter for the company.

"The intense competition for customers means that the demands on us are constantly increasing, and we believe that it is the offer of individual solutions that makes customers choose us," says Kjeld Amann.

For example, there is a major difference in rescue and safety equipment needs between a passenger ferry and a container ship.

A ferry typically has routes only within a limited geographical area, which can have safety measures that are very necessary, while others can be very unnecessary. A container ship on the other hand typically transports goods over long distances, which can have different climatic and safety-related challenges, and so needs another type of rescue and safety equipment.

Two of Viking's largest and most recent orders are from the British service company Serco, which has ordered 200 life rafts for 90 Royal Navy support vessels, and from the Norwegian Civil Defence, which has ordered 2,100 fire retardant work suits, that are used for rescue and military operations.

Customer needs in focus

It is not only in relation to the product itself that Viking focuses on individual solutions. The company also aims to offer customers a tailored package in relation to authority approvals, financing and service.

"In collaboration with the customer, we aim to develop a total solution which at the same time as fulfilling the customer's wishes regarding the product itself, also makes the entire process as easy as possible for the customer," says Kjeld Amann.

Since safety in the maritime sector is subject to a very detailed set of rules, in most cases determined by the International Maritime Organization (IMO), it is often very arduous and time-consuming for the customer to keep up to date with the rules in order to ensure the necessary authority approvals. Viking therefore offers to help customers obtain the necessary documentation.

In addition, Viking can provide assistance with financing in certain cases.

“We don’t want to play at being a bank, but we are a solid company and that gives us some advantages which we can use in a negotiation situation. But we are naturally aware that a longer credit period increases risk, and so we are busily involved with hedging at the moment,” says Kjeld Amann.

He also points out that Viking’s after sales service offer, an agreement where Viking handles all servicing of the rescue and safety equipment free of charge for a number of years, has a major value to customers in the current market.

“When we offer our customers an after sales service agreement, we can tell them that we have existed for 50 years, and that we fully intend to be here in 50 years time. That makes customers feel secure, which is an important parameter today,” says Kjeld Amann.

Focus on CSR gave Thai award

Although rules for safety, pollution and general working conditions are not exactly a focus area in all the places where Viking operates, the group maintains that its Corporate Social Responsibility (CSR) effort is not just something that applies to Danish staff.

“Our key principle is that we are not venturing into the world to evade European environmental rules. We equip our factories according to European norms in relation to working environment, emissions and staff relations,” says Kjeld Amann, managing director of Viking, the world’s largest manufacturer of rescue and safety equipment for shipping.

That attitude was rewarded this summer when Viking won the Thai Good Environmental Governance Award 2009 for its production plant in Laem Chabang in Thailand, for exceeding the national standard for environmental efforts and social responsibility.

“We are very delighted with the award. It shows that it is possible to maintain European standards without losing competitiveness,” says Kjeld Amann.

The Industrial Estate Authority of Thailand gave the award to Viking, which competed with 138 Thai companies in Laem Chabang’s industrial area south of Bangkok.

Most of Viking’s rescue products, from fire-fighter suits to life rafts, are now produced in Thailand.

Appendix 8: Danske Bank's macroeconomic forecast

Macroeconomic forecast

Macro forecast, Scandinavia													
	Year	GDP ¹	Private cons. ¹	Public cons. ¹	Fixed inv. ¹	Stock build. ²	Ex-ports ¹	Im-ports ¹	Infla-tion ¹	Unem-pleym. ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
Denmark	2010	2.1	2.2	1.0	-4.0	0.6	3.5	2.8	2.3	6.0	-2.7	43.6	5.5
	2011	2.1	1.5	-0.2	1.4	0.3	5.9	4.6	2.9	5.9	-4.1	42.4	5.8
	2012	1.6	1.9	0.0	1.5	0.0	4.6	4.3	1.9	5.8	-2.9	45.2	5.3
Sweden	2010	5.3	3.6	2.2	4.6	2.1	10.7	12.7	1.2	8.4	-0.1	42.0	2.4
	2011	3.5	2.5	0.6	5.9	0.1	6.9	7.3	2.2	7.4	0.3	37.0	3.1
	2012	2.0	2.2	0.4	3.6	0.0	4.8	4.9	1.7	6.8	0.1	36.0	3.2
Norway	2010	2.2	5.6	2.2	-8.9	3.4	-1.3	8.7	2.5	3.6	11.8	31.0	16.0
	2011	3.5	3.8	2.6	7.2	0.0	0.2	4.2	1.8	3.3	13.0	31.0	14.7
	2012	3.6	4.0	2.0	7.2	0.0	0.9	5.8	1.5	2.9	13.5	-	14.5
Macro forecast, Euroland													
	Year	GDP ¹	Private cons. ¹	Public cons. ¹	Fixed inv. ¹	Stock build. ²	Ex-ports ¹	Im-ports ¹	Infla-tion ¹	Unem-pleym. ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
Euroland	2010	1.7	0.7	0.7	-0.9	1.4	9.7	10.1	1.6	10.0	-6.8	85.3	-0.6
	2011	2.0	1.3	0.3	3.8	0.1	6.6	6.0	2.5	9.8	-5.8	88.9	-0.4
	2012	1.8	1.5	0.2	4.1	0.0	5.0	4.7	1.9	9.4	-5.0	90.5	-0.1
Germany	2010	3.5	0.4	2.0	11.8	-0.1	14.4	13.8	1.2	7.3	-3.7	75.7	4.8
	2011	3.0	1.6	1.1	7.5	0.0	8.6	8.5	1.6	6.7	-3.0	76.0	4.3
	2012	2.3	1.9	1.0	6.0	0.0	6.0	6.2	1.8	6.2	-2.4	75.5	4.0
France	2010	1.5	1.6	1.4	-1.6	0.5	9.9	7.7	1.7	9.6	-7.7	83.0	-3.3
	2011	2.1	2.0	0.4	5.0	0.1	6.8	5.9	1.6	9.4	-6.5	87.0	-3.1
	2012	1.9	2.0	0.3	3.4	0.0	5.8	5.7	1.7	9.1	-6.0	90.0	-3.0
Italy	2010	1.1	0.7	-0.4	3.0	0.1	7.9	8.1	1.7	8.4	-5.0	118.9	-3.2
	2011	1.6	1.0	0.1	3.9	0.1	7.7	6.4	1.8	8.5	-4.0	120.5	-3.0
	2012	1.7	1.2	0.0	4.4	0.0	6.2	6.1	1.8	8.3	-3.5	120.4	-2.8
Spain	2010	-0.1	1.5	-0.7	-7.0	0.1	10.3	5.4	1.7	20.1	-9.3	64.4	-4.8
	2011	0.9	0.6	-0.9	-1.9	0.0	6.2	2.7	1.4	21.0	-6.9	70.0	-4.0
	2012	1.3	1.0	-0.1	3.0	0.0	5.1	4.3	1.3	20.5	-5.8	73.5	-3.5
Finland	2010	3.1	2.6	0.4	0.8	0.0	5.1	2.6	1.2	8.4	-2.5	48.4	2.9
	2011	3.2	1.6	0.3	6.0	0.0	5.0	4.0	3.2	7.4	-1.5	51.0	2.1
	2012	2.5	1.8	0.0	4.0	0.0	5.5	3.5	2.4	7.0	-1.0	52.5	2.3
Macro forecast, Global													
	Year	GDP ¹	Private cons. ¹	Public cons. ¹	Fixed inv. ¹	Stock build. ²	Ex-ports ¹	Im-ports ¹	Infla-tion ¹	Unem-pleym. ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
USA	2010	2.9	1.7	1.0	3.9	1.4	11.7	12.6	1.6	9.6	-8.8	88.6	-3.2
	2011	3.1	3.1	-0.2	7.4	-0.1	10.4	7.0	2.3	8.6	-10.7	95.5	-3.4
	2012	3.4	3.2	-0.5	9.3	0.2	9.1	8.4	1.3	8.0	-6.7	97.8	-3.7
Japan	2010	-4.3	1.9	2.2	0.3	0.6	24.2	1.1	-1.0	4.7	-8.0	220.0	3.1
	2011	1.7	0.7	1.1	2.3	0.1	7.9	6.9	0.3	4.3	-5.2	220.4	2.3
	2012	1.8	1.4	0.8	1.8	0.0	6.4	5.6	0.6	-	-	-	2.3
China	2010	10.3	-	-	-	-	-	-	3.7	4.3	-3.3	23.6	4.8
	2011	9.3	-	-	-	-	-	-	4.5	4.0	-2.2	20.5	5.0
	2012	9.0	-	-	-	-	-	-	2.9	-	-	-	5.4
UK	2010	1.3	0.8	0.8	3.0	1.5	5.3	8.5	3.3	8.0	-9.9	80.3	-2.5
	2011	1.4	0.5	-0.2	4.1	0.0	8.7	6.8	4.0	7.6	-8.0	88.2	-2.7
	2012	1.7	1.4	-1.0	6.4	-0.2	5.6	4.1	2.7	7.5	-	-	-2.9
Switzer-land	2010	2.0	1.8	0.5	2.1	-0.7	7.0	5.0	1.0	3.8	-1.0	40.0	9.0
	2011	1.7	1.6	1.0	1.5	-0.2	4.0	4.0	1.2	3.5	-0.5	39.0	10.0
	2012	-	-	-	-	-	-	-	-	-	-	-	-

Source: OECD and Danske Bank. 1) % v/v. 2) % contribution to GDP growth. 3) % of labour force. 4) % of GDP.

Appendix 9: Financial key figures, Torm A/S

FIVE-YEAR KEY FIGURES

USD million

	2010	2009	2008	2007	2006
INCOME STATEMENT					
Revenue	856	862	1,184	774	604
Time charter equivalent earnings (TCE)	561	633	906	604	454
Gross profit	180	243	538	334	270
EBITDA	97	203	572	288	301
Operating profit (EBIT)	-80	50	446	199	242
Financial items	-57	-69	-86	605	-1
Profit/(loss) before tax	-136	-19	360	804	241
Net profit/(loss) for the year	-135	-17	361	792	235
Net profit/(loss) for the year excl. impairment charge	-100	3	361	792	235

BALANCE SHEET

Non-current assets	2,984	2,944	2,913	2,703	1,970
Total assets	3,286	3,227	3,317	2,959	2,089
Equity	1,115	1,247	1,279	1,081	1,281
Total liabilities	2,171	1,981	2,038	1,878	808
Invested capital	2,987	2,926	2,822	2,618	1,300
Net interest-bearing debt	1,875	1,683	1,550	1,548	663
Cash and cash equivalents	120	122	168	105	32

KEY FINANCIAL FIGURES *1

Gross margins:					
TCE	65.5%	73.4%	76.5%	78.0%	75.2%
Gross profit	21.0%	28.2%	45.4%	43.2%	44.7%
EBITDA	11.3%	23.5%	48.3%	37.2%	49.8%
Operating profit	-9.3%	5.8%	37.7%	25.7%	40.1%
Return on Equity (RoE)	-11.4%	-1.3%	30.6%	67.1%	21.5%
Return on Invested Capital (RoIC) **1	-2.7%	1.7%	16.4%	10.2%	19.5%
Equity ratio	33.9%	38.6%	38.6%	36.5%	61.3%
Exchange rate USD/DKK, end of period	5.61	5.19	5.28	5.08	5.66
Exchange rate USD/DKK, average	5.62	5.36	5.09	5.44	5.95

*1) Key figures are calculated in accordance with the recommendations from the Danish Society of Financial Analysts. The comparative figures are restated to reflect the change in the denomination of the Company's shares from DKK 10 per share to DKK 5 in May 2007.

**1) Return on Invested Capital. Defined as: Operating profit divided by average Invested capital, defined as average of beginning and ending balances of (equity plus Net interest bearing debt less Non-operating assets).

Additional balance sheet data you can use for assessment of the Liquidity :

	2010	2009	2008	2007	2006
Current assets	302	283	404	256	119
Current liabilities	335	263	463	891	106