Viking Assistance Group AS

Quarterly Report

4Q17 October – December 2017

FOURTH QUARTER 2017 SUMMARY

→ Group revenues of MNOK 201,9
→ Group EBITDA* of MNOK 17,3
→ Improving gross margins in all geographic entities
→ Highest number of assistances since 1Q16
→ Solid assistance margins during the quarter

Amounts in NOK '000	***Oct – Dec 2017***	***Oct - Dec 2016***
Group revenue	201,9	179,5
COGS	127,8	113,5
Gross margin	36,7 %	36,8 %
EBITDA *	17,3	17,0
Total Assets	1 050	1 029

* Viking defines EBITDA as operating profit after adjustment of operating expenses for depreciation, amortization and impairment losses, foreign exchange differences recognized in income pertaining to revaluation of items in the balance sheet and non-recurring items.

Operational comments

The fourth quarter gave highest group assistances and revenues since the severe cold winter of 1Q16, with solid contribution from all geographic areas. Group revenues of MNOK 201,9 for the quarter are the highest quarterly performance in 2017 and 12,4 percent higher than same period last year of MNOK 179,5.

Total number of assistances during the fourth quarter was 88.800, 17 percent ahead of 3Q17 and 14 percent higher than same period last year. Organic growth in Sweden (+30 percent) and Denmark (+14 percent) is still driving the increased volume, although Norway performed well in 4Q17, outperforming 4Q16 by 9 percent.

The group average assistance gross margin for the fourth quarter was 35,5 percent and ended higher than the previous quarter (33,5 percent) and 4Q16 (35,1 percent). EBITDA margin for the group is affected by the reorganization of the call center during 4Q17 and establishment Finland, but end the quarter at 9 percent and ahead of same period last year (8,5 percent).

Gross margins in Denmark was positive in 4Q17 and showed a considerable improvement over 4Q16 at 28,3 percent. Gross margins in Norway and Sweden both moderately ahead of same period last year. Performance in Sweden was improving in line with increasing quality from call center and cost control activities in Spain, and as the accounting for the Swedish entities is now reorganized. The initiatives implemented throughout the Swedish operation should make for gross margin improvements also during 2018.

During the fourth quarter, the established subscription based platform proves successful and marketing activities yield results in line or above with expectations. At the end of December, Viking Assistance registered approximately 7.500 subscribers and we expect that number to increase as a result of the first-round marketing activity. The marketing and sales strategy for 2018 will go ahead as scheduled and activities will be launched successively.

Assistance volume in Sweden during the quarter is up by 30 percent compared to same period last year. The growth is related to new clients, growth from existing partners and increased brand awareness in the Swedish direct market. Denmark noted approximately 14 percent increase in volume compared to 4Q16. During the quarter, it was announced that Danish insurer Tryg has acquired Alka, and Viking expects volume to be transferred to Viking as soon as the transaction has been approved. Volume in Norway was solid through the quarter and ended 9 percent ahead of same period 2016.

Organizational changes during the quarter includes the internal recruitment of a new manager of the Norwegian subsidiary and appointment of new head of the call center operations in Spain.

Significant events during the period

- → Record group quarter activity level for the year with 88.800 assistances.
- → Performance in Sweden improving in line with increasing quality from call center and cost control activities in Spain.
- → Danish subsidiary sold off part of the non-core activities related to industrial transportation. The transaction was closed before year end and resulted in a positive sales gain booked in December.
- → Viking Assistance registering approximately 7.500 subscribers at year end 2017.

Significant events after the end of the period

- → Normalized winter condition continues in 1Q18 with assistance volume and revenue above 1Q17.
- → January booked group sales of MNOK 78 and EBITDA of MNOK 10,7.
- → Bonds issues were listed on the Oslo Stock exchange during February.

Personnel and organization

At the end of the period, the number of employees amounted to 272. Including external resources, such as dedicated people with contract suppliers and subcontractors, the Group employed ~285 people.

Investments

The Group's acquisition of intangible assets during the fourth quarter amounted to MNOK 2,7. Investments in tangible assets during the quarter amounted to MNOK 7,0. The investments are mainly related to development of the ERP system VIS and net investments in rescue vehicles in subsidiaries. Net financial investments for the third quarter amounted to MNOK 9,7 (5,0) and MNOK 20,4 YTD (18,2).

EBITDA

Non-recurring and other non-operational items identified during the fourth quarter amounted to MNOK 5,2. Non-recurring items are mainly related to sale of Danish Subsidiary, extraordinary costs related to the insourcing and establishment of Viking call center in Spain, establishing and branding of vehicles in Viking Finland and restructuring in the Swedish operations, including ex. ordinary provisions for losses on mature receivables.

Risks and factors of uncertainty

Viking Assistance Group's operations are exposed to certain risks that could have a varying impact on earnings or its financial position. These can be divided into industry, operational and financial risks; including regulatory and competitive risks.

A material part of the Group's revenues and profits is derived from operations outside Norway. Currency fluctuations may influence the reported figures in Norwegian Kroner to an increasing extent.

Please refer to the annual report of 2016 for a more detailed description of the risks identified.

Related party transactions

There were no related party transactions of material effect during the relevant period.

Legal disclaimer

Certain statements in this report are forward-looking and the actual outcomes may be materially different. In addition to the factors discussed, other factors could have an impact on actual outcomes. Such factors include developments for customers, competitors, the impact of economic and market conditions, national and international legislation and regulations, fiscal regulations, fluctuations in exchange rates and interest rates and political risks.

27 February 2018

The Board of Directors of Viking Assistance Group AS

Interim condensed consolidated statement of profit and loss

All amounts in NOK thousand	*Notes*	Q4 2017 *Unaudited*	Q4 2016 *Unaudited*	Full Year 2017 *Unaudited*	Full Year 2016 *Audited*
Revenue		201 850	179 548	754 978	731 637
Total revenue		**201 850**	**179 548**	**754 978**	**731 637**
Cost of goods sold and assistance cost		127 842	113 534	483 935	464 758
Salaries and personnel expense		34 935	30 943	124 644	120 676
Depreciation and amortisation expense		10 115	9 918	37 170	41 387
Other operating expense		27 010	22 196	85 666	70 015
Total operating expenses		**199 901**	**176 591**	**731 414**	**696 836**
Operating profit	*6*	**1 949**	**2 957**	**23 564**	**34 802**
Interest income		343	970	1 322	5 081
Other finance income		2 732	468	5 641	727
Total financial income		**3 075**	**1 438**	**6 963**	**5 807**
Interest expense		15 446	16 846	63 648	68 640
Other finance expense		7 275	724	25 848	9 930
Total financial expences		**22 721**	**17 570**	**89 496**	**78 570**
Profit before income tax		**-17 697**	**-13 175**	**-58 969**	**-37 961**
Income tax expense		-1 607	-2 735	-9 414	-6 570
Net profit/(loss) for the year		**-16 090**	**-10 440**	**-49 555**	**-31 391**
Profit/(loss) is attributable to:					
Equity holders of the parent company		-16 090	-10 440	-49 555	-29 640
Non-controlling interests		-	-	-	-1 751

Interim condensed consolidated statement of comprehensive income

All amounts in NOK thousand	*Notes*	Q4 2017 *Unaudited*	Q4 2016 *Unaudited*	Full Year 2017 *Unaudited*	Full Year 2016 *Audited*
Profit/(loss)		**-16 090**	**-10 440**	**-49 555**	**-31 391**
Other comprehensive income					
Remeasurement of pension liability		-2 503	-1 778	-493	176
Foreign currency rate changes		-838	-215	-1 875	1 539
Other comprehensive income - net of tax		**-3 341**	**-1 994**	**-2 368**	**1 715**
Total comprehensive income		**-19 430**	**-12 434**	**-51 922**	**-29 676**
Total comprehensive income is attributable to:					
Equity holders of the parent company		-19 430	-12 434	-51 922	-27 925
Non-controlling interests		-	-	-	-1 751

Interim condensed consolidated statement of financial position

All amounts in NOK thousand	Notes	31.12.17 *Unaudited*	31.12.16 *Audited*
ASSETS			
Non-current assets			
Trademark and franchise network		158 268	158 670
Contracts		101 792	119 927
Goodwill		495 868	495 967
Assistance vehicles, office machinery and equipment		74 533	70 890
Other long-term receivables		6 795	4 529
Total non-current assets		**837 256**	**849 983**
Current assets			
Inventories		1 402	710
Accounts receivable		153 332	126 950
Other receivables		28 750	17 085
Cash and bank deposits		29 445	33 993
Total current assets		**212 929**	**178 739**
Total assets		**1 050 185**	**1 028 721**
EQUITY AND LIABILITIES			
Equity			
Share capital		151	151
Share premium reserve		238 634	238 634
Other equity		-224 249	-172 326
Miority interests		-	-
Total equity		**14 536**	**66 459**
Non-current liabilities			
Deferred tax		47 538	57 102
Pension liabilities		8 261	8 839
Interest-bearing liabilities	*7*	705 317	242 660
Subordinated loan		-	343 580
Other non-current interest-bearing liabilities		-	44 100
Other non-current liabilities		34 094	29 092
Total non-current liabilities		**795 209**	**725 373**
Current liabilities			
Accounts payable		61 988	43 953
Interest-bearing liabilities to financial institutions		50 000	30 000
Prepaid assistance		41 506	60 209
Tax payable		-	326
Financial instruments		1 156	1 893
Public duties payable		19 234	17 415
Other short-term liabilities		66 556	83 094
Total current liabilities		**240 439**	**236 889**
Total equity and liabilities		**1 050 185**	**1 028 721**

Interim condensed consolidated statement of change in equity

All amounts in NOK thousand	Total paid-in equity *Unaudited*	Other equity *Unaudited*	Minority interests *Unaudited*	Total equity *Unaudited*
Balance at 1st January 2016	238 722	-144 401	1 751	96 072
Profit for the period YTD 2016	-	-29 640	-1 751	-31 391
Other comprehensive income	-	1 715		1 715
Change in own shares	63	-	-	63
Balance as of 31th December 2016	**238 785**	**-172 326**	**-**	**66 459**
Balance at 1st January 2017	238 785	-172 326	-	66 459
Profit for the period YTD 2017	-	-49 555	-	-49 555
Other comprehensive income	-	-2 368	-	-2 368
Balance as of 31th December 2017	**238 785**	**-224 249**	**-**	**14 536**

Interim condensed consolidated statement of cash flow

All amounts in NOK thousand	Note	Full Year 2017 *Unaudited*	Full Year 2016 *Audited*
Net cash flow from operations		182	23 418
Net cash flow from investmenst		-6 602	-9 345
Net cash flow from financing		1 872	-20 000
Net change in cash and cash equivavelents		**-4 548**	**-5 927**
Cash and cash equivavelents at the beginning of the period		33 993	39 920
Cash and cash equivavelents at the end of the period		**29 445**	**33 993**

Notes to the consolidated financial statement

Note 1 - Corporate information

Viking Redningstjeneste Topco AS and its subsidiaries's (together the "company" or the "Group") operating activities are mainly related to road assistance in Norway, Sweden and Denmark. Through franchise networks, Norway, Sweden and Denmark are covered by the Viking Group nationwide. In addition to road assistance, the Viking Group provides medical assistance and service calls through their customer centers in Norway, Sweden, Denmark and Spain.

All amounts in the interim financial statement are presented in NOK thousand unless otherwise stated. Due to rounding, there may be differences in the summation colomns.

Note 2 - Basis of preparations

These codensed interim financial statements for the three and twelve months ended 31 December 2017 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2016, which have been prepared in acoordance with IFRS as adopted by the European Union ('IFRS').

Note 3 - Accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the preparation of the annual IFRS financial statements for the year ended 31 December 2016. Amendments to IFRSs effective for the financial year ending 31 December 2017 are not expected to have material impact on the group.

Note 4 - Accounting estimates and judgments

The preparation of interim financial statements requires management to make judgements, estimates and assumtions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the condensed interim financial statements the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation unceirtanty were the same as those applied to the consolidated financial statements for the year ended 31 December 2016.

Note 5 - Financial risk factors

Through its activities, the group will be exposed to different types of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management plan is to ensure the ongoing liquidity in the group, defined as to being able to meet its obligations at any time. This also includes being able to meet the financial covenants related to the Group's borrowings.

Risk management of the group is maintained by a central Finance Function in accordance with the guidelines approved by the Board. The Group's Finance Function identifies, measures, mitigates and reports on financial risks in close cooperation with the various operating units.

Risk management policies and procedures are reviewed regularly to take into account changes in the market and the Group's activities.

Note 6 - Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who is responsible for the allocation of resources and the assessment of performance of the operating segments, is defined as the Board of Directors that makes strategic decisions.

The Group`s business is providing roadside assistance. The Group`s sales are made primarily from Group`s subsidiaries in Norway, Sweden and Denmark. The Group has also established a subsidiary in Finland and a call center i Spain in 2017. The Group's performance is reviewed by the chief operating decision makers as three geographical areas as of 31.12.17, which are Norway, Sweden and Denmark. Hence, the Viking Group defines their operating segments accordingly.

Key financial information 2017 (accumulated):

	Norway	Sweden	Denmark	Other	Total
Revenue	492 032	148 389	114 557	-	**754 978**
EBITDA*	74 564	-14 929	1 841	-743	**60 733**
Operating profit	44 168	-20 795	968	-777	**23 564**

Key financial information 2016 (accumulated):

	Norway	Sweden	Denmark	Other	Total
Revenue	494 164	129 519	107 954	-	**731 637**
EBITDA*	84 481	-4 974	-3 318	-	**76 189**
Operating profit	50 771	-9 786	-6 184	-	**34 802**

* EBITDA: Operating profit (loss) before interests, income tax, depreciation and amortisation

Note 7 - Interest-bearing liabilities

The Group refinancied their debt in april 2017. The new debt was raised by the parent company Viking Redningstjeneste TopCo AS, and consisted of two loans of respectively MNOK 500 and MSEK 207. As a result of the refinancing, the subordinated loan, the debt in DNB and the mezzanine debt to ICG was reedemed. Liquidity to pay off the existing debt was carried to the subsidiary company, Viking Assistance Group AS, through a capital increase of MNOK 200 and debt to Viking Redningstjeneste TopCo AS. Furthermore, Viking Assistance Group AS established a revolving facility of up to MNOK 50 and a guarantee facility of MNOK 10 through DNB for general corporate and working capital purposes for the Group.

Bonds issues were listed on the Oslo Stock exchange during February.

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