

Viking Redningstjeneste Topco AS

Interim financial statements 1Q 2018

Quarterly report

January – March 2018

FIRST QUARTER 2018 SUMMARY

- Group revenues of MNOK 226,4
- Group EBITDA* of MNOK 29,8
- Record high group assistances at 104 000
- Volume and gross margin in Sweden improving
- Stable gross margins in other geographic areas

<i>Amounts in NOK '000</i>	<i>Jan – Mar 2018</i>	<i>Jan – Mar 2017</i>
Group revenue	226 472	188 602
COGS	142 913	117 126
Gross margin	37,0 %	37,9 %
EBITDA *	29,8	23,9
Total Assets	1 055	1 012

* 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 first quarter of 2018 ended with record high revenues of MNOK 226, 13 percent ahead of 4Q17 and 20 percent higher than same quarter last year. First quarter adjusted earnings (EBITDA) was satisfactory at MNOK 29,8 and 24 percent higher than same period last year.

Total number of assistances during the first quarter was 104 000, 18 percent ahead of 4Q17 and 28 percent higher than same period last year. All areas contribute to assistance volume growth during the quarter. Total assistance volume in Norway during the quarter was 24 percent higher than same period last year. Sweden experiencing solid growth of 54 percent (QoQ) as a result of both new clients and increasing activity from existing portfolio. Assistance volume in Denmark was positive with quarterly growth of 12 percent and 21 percent ahead of 1Q17.

The group average assistance gross margin for the first quarter was 35,7 percent and in line with the previous quarter (35,4 percent) and slightly behind 1Q17 (37 percent). EBITDA margin for the group ended at 13,1 percent and above same period last year.

New clients and the restructuring of the Swedish operations during 2017 has resulted in higher revenues and improving margins during the quarter. Sales in Sweden grew by 28 percent compared to 1Q17 and gross margin increased by 37 percent. Growth was particularly strong in the subscription based segment, SMB clients and within field sales. A new country manager was in place during the quarter and is contributing to increasing market activities in Sweden.

In Denmark, sales developed positively during the quarter with healthy growth compared to 1Q17. Revenues ended up 17 percent to MDKK 32,8 while earnings more than doubled to MDKK 1,6. The subsidiary Copenhagen station is adapting the operations after the divestment at year end, ending the quarter with earnings down compared to same period last year.

Activity in Norway was solid through the quarter and volume ended 24 percent ahead of same period 2017. Revenues from Norwegian operations ended at MNOK 151 and 19 percent higher than 1Q17. Assistance gross margin ended at 35,6 and was 50 bps higher than same period last year.

The newly established subscription based platform is growing successfully and at the end of 1Q18, Viking Assistance registered approximately 13.500 subscribers and we expect that number to increase substantially during the coming quarters.

Market activity was high during the quarter and several potential clients was tendering for Nordic contracts. Viking was awarded several new contracts during the quarter with selected high profile contracts covering Norway, and the Nordics expected to add volume during the 2nd half of 2018.

Organizational changes during the quarter includes the recruitment of a new country manager Sweden and the head of the new business area Viking Kontroll.

Significant events during the period

- High activity level in all areas resulting in groups assistances surpassing 100 000.
- Volume and performance improving in Sweden from existing and new clients.
- Denmark increasing volume from existing clients and high activity in tenders.
- Growth is continuing in the subscription segment with approximately 13 500 subscribers at end 1Q18.
- Company callable bonds were listed on the Oslo Stock exchange during February.

Significant events after the end of the period

- There was no significant events after the end of the quarter.

Personnel and organization

At the end of the period, the number of employees amounted to 269. Including external resources, such as dedicated people with contract suppliers and subcontractors, the Group employed ~283 people.

Investments

The Group's acquisition of fixed assets during the first quarter amounted to MNOK 3,6. 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 first quarter amounted to MNOK 3,5 (1,2).

EBITDA

Non-recurring and other non-operational items identified during the first quarter amounted to MNOK 2,6. Non-recurring items are mainly related to extraordinary costs related to special projects (MNOK 1), recruiting/non-competition agreements (MNOK 0,65), Finland entry (MNOK 0,3) and other (MNOK 0,6).

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 2017 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 May 2018

The Board of Directors of Viking Assistance Group AS

Interim condensed consolidated statement of profit and loss

<i>All amounts in NOK thousand</i>	<i>Notes</i>	Q1 2018 <i>Unaudited</i>	Q1 2017 <i>Unaudited</i>	Full Year 2017 <i>Audited</i>
Revenue		226 472	188 602	759 935
Total revenue	6	226 472	188 602	759 935
Cost of goods sold and assistance cost		142 913	117 126	483 935
Salaries and personnel expense		36 351	29 216	124 644
Depreciation and amortisation expense		10 488	9 952	41 150
Other operating expense		20 060	20 376	86 642
Total operating expenses		209 812	176 669	736 371
Operating profit	6	16 660	11 933	23 563
Interest income		635	197	1 322
Other finance income		14 941	269	7 161
Total financial income		15 576	466	8 483
Interest expense		15 366	17 000	77 460
Other finance expense		6 609	811	13 556
Total financial expenses		21 975	17 811	91 016
Profit before income tax		10 261	-5 412	-58 969
Income tax expense		3 727	-1 071	-9 990
Net profit/(loss) for the year		6 534	-4 340	-48 979
Profit/(loss) is attributable to:				
Equity holders of the parent company		6 534	-4 340	-48 979

Interim condensed consolidated statement of comprehensive income

<i>All amounts in NOK thousand</i>	<i>Notes</i>	Q1 2018 <i>Unaudited</i>	Q1 2017 <i>Unaudited</i>	Full Year 2017 <i>Audited</i>
Profit/(loss)		6 534	-4 340	-48 979
Other comprehensive income				
Remeasurement of pension liability		457	76	-493
Foreign currency rate changes		2 800	-668	-1 875
Other comprehensive income - net of tax		3 258	-592	-2 368
Total comprehensive income		9 791	-4 932	-51 347
Total comprehensive income is attributable to:				
Equity holders of the parent company		9 791	-4 932	-51 347

Interim condensed consolidated statement of financial position

All amounts in NOK thousand

	Notes	31.03.2018 Unaudited	31.03.2017 Unaudited	31.12.2017 Audited
ASSETS				
Non-current assets				
Trademark and franchise network		158 047	158 478	158 268
Customer contracts		97 258	115 393	101 693
Goodwill		495 967	495 967	495 967
Assistance vehicles, office machinery and equipment		71 170	67 289	74 533
Other long-term receivables		5 878	4 229	6 795
Total non-current assets		828 319	841 356	837 256
Current assets				
Inventories		958	2 159	1 402
Accounts receivable		168 838	115 479	155 779
Other receivables		24 575	21 062	26 303
Cash and bank deposits		32 660	32 109	29 445
Total current assets		227 030	170 809	212 929
Total assets		1 055 350	1 012 165	1 050 185
EQUITY AND LIABILITIES				
Equity				
Share capital		151	151	151
Share premium reserve		238 634	238 634	238 634
Other equity		3 727	3 727	3 727
Retained earnings		-217 609	-180 986	-227 400
Total equity		24 903	61 526	15 112
Non-current liabilities				
Deferred tax		48 167	56 399	45 639
Pension liabilities		8 648	8 696	8 261
Interest-bearing liabilities	7	698 512	228 328	705 967
Subordinated loan	7	-	392 652	-
Other non-current interest-bearing liabilities	7	29 846	72 031	31 526
Total non-current liabilities		785 173	758 107	791 392
Current liabilities				
Accounts payable		70 111	46 199	61 988
Interest-bearing liabilities to financial institutions	7	61 655	39 143	49 350
Prepaid assistance		40 170	55 907	41 506
Tax payable		1 338	326	1 323
Financial instruments		746	1 823	1 156
Public duties payable		19 363	17 903	19 234
Other short-term liabilities		51 890	31 231	69 125
Total current liabilities		245 273	192 532	243 681
Total equity and liabilities		1 055 350	1 012 165	1 050 185

Interim condensed consolidated statement of change in equity

All amounts in NOK thousand

	Total paid-in equity <i>Unaudited</i>	Other equity <i>Unaudited</i>	Total equity <i>Unaudited</i>
Balance at 1st January 2017	238 785	-172 327	66 459
Profit for the period YTD 2017	-	-4 340	-4 340
Other comprehensive income	-	-592	-592
Balance as of 31th March 2017	238 785	-177 259	61 526
Balance at 1st January 2018	238 785	-223 673	15 112
Profit for the period YTD 2018	-	6 534	6 534
Other comprehensive income	-	3 258	3 258
Balance as of 31th March 2018	238 785	-213 882	24 903

Interim condensed consolidated statement of cash flow

All amounts in NOK thousand

	Note	Q1 2018 <i>Unaudited</i>	Q1 2017 <i>Unaudited</i>	Full Year 2017 <i>Audited</i>
CASH FLOW FROM OPERATIONS				
Profit before income taxes		10 261	-5 412	-58 969
+ Depreciation, intangible and fixed assets		10 488	9 952	41 150
+/- Change in retirement benefit obligations		99	130	519
+/- Fair value (gains)/losses on financial assets at fair value through P/L		-413	-70	-704
- Taxes paid		-	-	-326
+/- Interest expensed and borrowing costs expensed		16 318	17 811	77 460
+/- Currency conversion difference		-10 413	-	9 360
+/- Change in prepaid assistance		-1 335	-4 302	-18 704
+/- Change in accounts receivable		-13 059	11 471	-28 829
+/- Change in inventory		444	-1 449	-692
+/- Change in accounts payable		8 123	2 247	18 036
+/- Change in other accruals		-3 340	-9 720	-11 345
- Interest paid		-10 461	-5 666	-32 086
Net cash flow from operations		6 711	14 992	-5 129
CASH FLOW FROM INVESTMENTS				
- Purchase of fixed assets		-3 614	-1 829	-14 102
+ Sale of fixed assets		118	-	8 083
- Purchase of intangible assets		-	-47	-583
Net cash flow from investmenst		-3 496	-1 876	-6 602
CASH FLOW FROM FINANCING				
+ Proceeds from loans		-	-	732 431
- Repayment of loans		-	-15 000	-725 248
Net cash flow from financing		-	-15 000	7 183
Net change in cash and cash equivalents		3 215	-1 884	-4 548
Cash and cash equivalents at the beginning of the period		29 445	33 993	33 993
Cash and cash equivalents at the end of the period		32 660	32 109	29 445

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 columns.

Note 2 - Basis of preparations

These condensed interim financial statements for the three months ended 31 March 2018 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 2017, which have been prepared in accordance 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 2017. Amendments to IFRSs effective for the financial year starting 1 January 2018 are not expected to have material impact on the group. The standard, IFRS 15 Revenue from Contracts with Customers, is effective for accounting periods beginning on or after 1 January 2018. The Viking Group has evaluated their different revenue streams in order to determine eventual effects of IFRS 15, and concluded on that the adoption of IFRS 15 has no material effect.

Note 4 - Accounting estimates and judgments

The preparation of interim financial statements requires management to make judgements, estimates and assumptions 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 uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2017.

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 are responsible for the allocation of resources and the assessment of performance of the operating segments, are 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 established a subsidiary in Finland and a call center in Spain in 2017. The Group's performance is reviewed by the chief operating decision makers as three geographical areas, which are Norway, Sweden and Denmark. Hence, the Viking Group defines their operating segments accordingly.

Key financial information Q1 2018:

	Norway	Sweden	Denmark	Other	Total
Revenue	151 659	41 997	32 816	-	226 472
EBITDA*	26 271	-436	1 560	-248	27 147
Operating profit	17 480	-1 709	1 224	-336	16 660

Key financial information Q1 2017:

	Norway	Sweden	Denmark	Other	Total
Revenue	127 614	32 895	28 093	-	188 602
EBITDA*	21 640	-494	739	-	21 885
Operating profit	13 286	-1 650	297	-	11 933

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

Note 7 - Net debt reconciliation

<i>Net debt reconciliation</i>	Q1 2018 <i>Unaudited</i>	Q1 2017 <i>Unaudited</i>	Full Year 2017 <i>Audited</i>
Cash and cash equivalents	32 660	32 109	29 445
Liquid investments	-746	-1 823	-1 156
Borrowings - repayable within one year (including overdraft)	-62 255	-39 143	-62 074
Borrowing - repayable after one year	-739 176	-702 911	-749 212
Net debt	-769 517	-711 767	-782 997
Cash and liquid investments	31 913	30 287	28 289
Gross debt - fixed interest rates	-209 330	-397 039	-217 687
Gross debt - variable interest rates	-592 100	-345 014	-593 599
Net debt	-769 517	-711 767	-782 997

Note 8 - Significant events after balance sheet date

No significant events after balance sheet date.

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All financial information is posted on www.vikingassistance.com immediately after publication.