



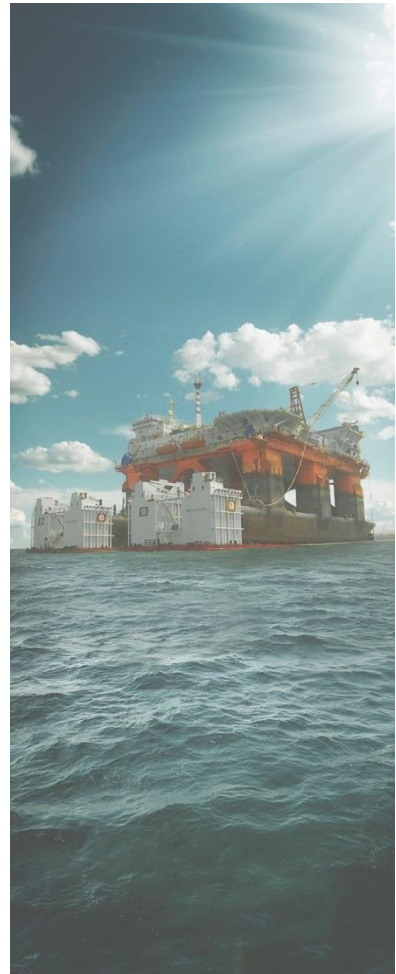
**BOA**

# Quarterly Report

**Boa OCV AS**

**1Q - 2018**

Org.nr. 984 158 939



# BOA OCV AS

## CEO'S REPORT – 1Q 2018

### **General information:**

The unaudited interim report is prepared in accordance with NGAAP.

### **Nature and location of activities:**

The company owns and subsequently charters out the offshore construction vessels "Boa Deep C" and "Boa Sub C". Management of the vessels is undertaken by Boa Management AS.

### **Review of first quarter 2018 accounts:**

Operating income in the period was mNOK 29,1 (mNOK 82,7 in the same period in 2017).

EBITDA for the period was mNOK -8,3 (mNOK 24,5).

Operating expenses were mNOK 51,7 (mNOK 73,4).

Operating Profit/EBIT was mNOK -22,6 (mNOK 9,3).

Net financial items were mNOK -27,8 (mNOK -9,9).

Profit before tax was mNOK -50,4 (mNOK -0,6).

### **Cash flow in the period:**

Net cash flow from operating activities was mNOK -6,6 (mNOK -16,2 in the same period 2017).

Net cash flow from investing activities was mNOK -18,2 (mNOK -2,6).

Net cash flow from financing activities was mNOK 0,0 (mNOK 0,0).

Net change in cash was mNOK -24,8 (mNOK -18,8).

### **Balance sheet 31.03.2018:**

Total assets per 31.03.2018 were mNOK 950 (mNOK 1 416 per 31.03.2017). Interest bearing debt was mNOK 1.105 (mNOK 1.000), and the equity mNOK -216 (mNOK 192).

Cash and Cash equivalents per 31.03.2018 were mNOK 101,9 (mNOK 26,2 per 31.03.2017).

### **Financial risk:**

#### *Interest risk*

At present the interest cost is fixed and is carried as non-cash PIK-interest.

#### *Currency risk*

The company is exposed to currency risk as revenues and costs are denominated in various currencies. Most of the company's earnings are in USD and EUR. However this currency risk is to a certain degree reduced by the company also having certain operating costs denominated in USD and EUR. The company continuously monitors the currency markets and reduces currency exposure when appropriate by entering into forward agreements or other financial contracts to reduce currency risk.

#### *Liquidity risk*

The company's liquidity position of 31.03.2018 is mNOK 101,9. The company is financed by debt and equity. The company has a bond of mNOK 1 200 listed at Oslo Stock Exchange Nordic ABM with maturity date in 2020, and outstanding bond amount per 31.03.2018 is mNOK 1 105.

### *Credit risk*

The company is exposed to the risk that the contracting parties will not have the financial means to meet their obligations. No agreements have been entered into or other financial means established to minimize the company's credit risk.

### **Events after the balance sheet date:**

There have been no significant events after the end of the first quarter that have material impact on the evaluation of the company's profit and loss account or balance sheet as of 31.03.2018.

### **TBK Asset realization – update:**

Boa Eiendom AS (Eiendom) has sold all significant assets except their Boa Unsec' bonds holding. In this quarter Eiendom has received its part of the TBK asset realization (gross mNOK 12,0).

Det Nordenfjeldske Dampskibsselskab AS (NFDS), former Boa Investment AS and the subsidiary Nordenfjeldske Luftfart AS (NFL); NFL has previously sold their shares in Helitrans AS, and as a total of five helicopters are sold externally as well. The remaining helicopters are on a dry lease to Helitrans until February 2020. The lease has a three month termination clause for the lessee and also a first right to buy the helicopters. The sales process continues. The current cash position in NFDS/NFL is approximately mNOK 20.

Intercompany claims in NFL/NFDS are or will be settled as part of the process, and to the extent agreed upon with financial creditors in the respective companies.

The total distribution has so far been mNOK 57,5 and the estimated total distribution from the TBK Asset realization is unchanged and still in the range of mNOK 80-120.

### **Future development:**

The medium term outlook for Boa OCV AS has improved sequentially on the back of increasing oil prices over the last 6-12 months. It is expected to see an increase in tendering activity during second half of 2018 and in 2019, along with sanctioning of new offshore projects. However, the short-term picture is still relatively challenging as demand is recovering from a very low level and needs to catch up with a significant overcapacity of vessels.

The long-term market outlook for the subsea segment remains prospective. Deepwater oil and gas reserves come at a marginal cost lower than a number of other sources of oil and gas, and a significant part of discovered oil and gas reserves over the last decade has been made in offshore deepwater. Thus we believe that deepwater and subsea will remain important for oil companies also in the future. The cost curve of new offshore developments has shifted down significantly over the last three years, and should in coming years effect demand positively even with oil prices below the current mid to high USD70/bbl.

For Boa OCV, Boa Sub C has since the previous quarterly report been awarded a new 5 month contract with Adwen in the North Sea Offshore Wind market. The vessel commenced operations in mid-April. Boa Deep C continues working on a 6+ 6 months contract in West Africa and commenced work in January. The number of opportunities for new work in 2H18, 2019 and 2020 have improved somewhat sequentially. However, competition for these contracts is still relatively tough.

### **Statement from the CEO:**

I hereby declare that to the best of my knowledge the interim accounts for the first quarter of 2018 are prepared in accordance with NGAAP – Interim financial reporting, and that the information in the financial statements portrays a true picture of the company's assets, liabilities, financial position and result as a whole, as well as the more important risk and uncertainty factors to which the company might be exposed in the next financial period.

Trondheim, 30 May 2018



Helge Kvalvik  
CEO

## Income Statement Boa OCV AS

	1Q 2018	1Q 2017	FY 2017
<i>(figures in NOK 1 000)</i>			
<b>Operating income and operating expenses</b>			
Operating income	29 082	82 731	260 695
<b>Operating income</b>	<b>29 082</b>	<b>82 731</b>	<b>260 695</b>
Operating expenses vessels	18 005	36 017	123 832
Payroll expenses	14 652	17 127	65 989
Depreciation and write down	14 238	15 178	56 239
Other operating expenses	4 762	5 083	20 513
<b>Total operating expenses</b>	<b>51 658</b>	<b>73 405</b>	<b>266 573</b>
<b>Operating result</b>	<b>-22 576</b>	<b>9 327</b>	<b>-5 878</b>
<b>Financial income and expenses</b>			
Interest income from group companies	499	9 732	22 229
Other interest income	43	36	105
Other financial income	1 617	1 153	10 738
Interest expense to group companies	0	648	1 312
Other interest expenses	26 878	18 044	86 852
Other financial expenses	3 072	2 127	279 876
<b>Financial result</b>	<b>-27 791</b>	<b>-9 898</b>	<b>-334 967</b>
<b>Result before tax</b>	<b>-50 367</b>	<b>-571</b>	<b>-340 845</b>
Tax on ordinary result	0	0	16 980
<b>Result after tax</b>	<b>-50 367</b>	<b>-571</b>	<b>-357 825</b>

**Balance sheet**  
**Boa OCV AS**

	31.03.2018	31.03.2017	31.12.2017
<i>(figures in NOK 1 000)</i>			
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Deferred tax asset	0	14 264	0
<b>Total intangible fixed assets</b>	<b>0</b>	<b>14 264</b>	<b>0</b>
<b>Tangible fixed assets</b>			
Vessels	645 945	674 515	641 994
<b>Total tangible fixed assets</b>	<b>645 945</b>	<b>674 515</b>	<b>641 994</b>
<b>Financial fixed assets</b>			
Loans to group companies	146 260	576 717	149 832
Other receivables	677	0	475
<b>Total financial fixed assets</b>	<b>146 937</b>	<b>576 717</b>	<b>150 307</b>
<b>Total fixed assets</b>	<b>792 881</b>	<b>1 265 496</b>	<b>792 301</b>
<b>Current assets</b>			
Inventories	2 654	2 581	2 077
<b>Receivables</b>			
Trade receivables	43 487	74 975	36 702
Receivables from group companies	263	33 454	38
Other receivables	8 499	13 267	8 973
<b>Total receivables</b>	<b>52 249</b>	<b>121 695</b>	<b>45 712</b>
Cash and bank deposits	101 881	26 190	126 718
<b>Total current assets</b>	<b>156 785</b>	<b>150 465</b>	<b>174 507</b>
<b>Total assets</b>	<b>949 666</b>	<b>1 415 961</b>	<b>966 808</b>

**Balance sheet**  
**Boa OCV AS**

	31.03.2018	31.03.2017	31.12.2017
<i>(figures in NOK 1 000)</i>			
<b>Equity and liabilities</b>			
<b>Restricted equity</b>			
Share capital	100	100	100
Share premium	80 108	80 108	80 108
Other restricted equity	14 445	14 445	14 445
<b>Total restricted equity</b>	<b>94 653</b>	<b>94 653</b>	<b>94 653</b>
<b>Retained earnings</b>			
Other equity	-310 527	97 092	-260 161
<b>Total retained earnings</b>	<b>-310 527</b>	<b>97 092</b>	<b>-260 161</b>
<b>Total equity</b>	<b>-215 875</b>	<b>191 745</b>	<b>-165 509</b>
<b>Liabilities</b>			
<b>Other long term liabilities</b>			
Bonds	1 104 714	1 000 000	1 078 427
Liabilities to group companies	0	56 012	0
<b>Total long term liabilities</b>	<b>1 104 714</b>	<b>1 056 012</b>	<b>1 078 427</b>
<b>Short time liabilities</b>			
Trade creditors	29 006	39 948	18 303
Liabilities to group companies	0	86 394	286
Tax payable	192	243	497
Other short term liabilities	31 630	41 619	34 803
<b>Total short term liabilities</b>	<b>60 828</b>	<b>168 205</b>	<b>53 889</b>
<b>Total liabilities</b>	<b>1 165 542</b>	<b>1 224 216</b>	<b>1 132 316</b>
<b>Total liabilities and equity</b>	<b>949 666</b>	<b>1 415 961</b>	<b>966 808</b>

## Cash flow report

Figures in 1 000 NOK	1Q 2018	1Q 2017	FY 2017
<b>Cash flow from operating activities</b>			
Profit before income taxes	-50 367	-571	-340 844
Payment in kind bonds (PIK-bonds)	26 287		78 427
Paid in tax	-305	-390	-2 807
Depreciation/write-down	14 238	15 178	56 239
Write-down receivables from group entities	0		254 179
Changes in trade receivables and creditors	3 918	-67 573	-50 945
Changes in receivables from group entities	3 061	25 156	89 158
Changes in other short-term receivables and liabilities	-3 479	11 996	9 457
<b>Net cash flow from operating activities</b>	<b>-6 647</b>	<b>-16 202</b>	<b>92 865</b>
<b>Cash flow from investing activities</b>			
Purchase of fixed assets	-18 189	-2 561	-11 101
<b>Net cash flow from investing activities</b>	<b>-18 189</b>	<b>-2 561</b>	<b>-11 101</b>
<b>Cash flow from financing activities</b>			
Repayment of long term liabilities	0	0	0
<b>Net cash flow from financing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net changes in cash and cash equivalents	<b>-24 836</b>	<b>-18 764</b>	<b>81 763</b>
Cash and cash equivalents start at period	<b>126 718</b>	<b>44 953</b>	<b>44 953</b>
<b>Cash and cash equivalents end of period</b>	<b>101 881</b>	<b>26 190</b>	<b>126 718</b>

**Note 1 Accounting principles / general information**

The quarterly report is unaudited and prepared in compliance with NGAAP using the same principles as the last financial year.

**Miscellaneous**

All figures in the notes are quoted in NOK 1 000.

**Note 2 Fixed assets**

	Vessels	Periodic maintenance	Total
Acquisition cost 01.01.18	1 206 615	134 907	1 341 523
Additions	0	18 189	18 189
Disposals	0	0	0
<b>Acquisition cost 31.03.18</b>	<b>1 206 615</b>	<b>153 096</b>	<b>1 359 711</b>
Accumulated depr. and write-down 01.01.18	607 166	92 364	699 529
Depreciation this period	9 408	4 830	14 238
Write-down this period	0	0	0
<b>Accum. depreciation 31.03.18</b>	<b>616 574</b>	<b>97 194</b>	<b>713 767</b>
<b>Book value 31.03.18</b>	<b>590 041</b>	<b>55 903</b>	<b>645 945</b>
Economic life	27	2,5 - 10	
Depreciation schedule	Linear	Linear	

**Note 3 Shareholder's equity**

	Share capital	Share premium	Other restricted equity	Other equity	Total
Equity 01.01.18	100	80 108	14 445	-260 161	-165 509
Profit for the period	0	0	0	-50 367	-50 367
<b>Equity 31.03.18</b>	<b>100</b>	<b>80 108</b>	<b>14 445</b>	<b>-310 528</b>	<b>-215 875</b>



Notes to 1Q 2018 report

**Note 4**                    **Income statement - summary**

	<b>1Q 2018</b>	<b>YTD 2018</b>	<b>1Q 2017</b>	<b>YTD 2017</b>
<b>Operating income</b>	<b>29 082</b>	<b>29 082</b>	<b>82 731</b>	<b>82 731</b>
Operating expences	37 420	37 420	58 227	58 227
<b>EBITDA</b>	<b>-8 338</b>	<b>-8 338</b>	<b>24 504</b>	<b>24 504</b>
EBITDA %	-29 %	-29 %	30 %	30 %
Depreciation and write-down	14 238	14 238	15 178	15 178
<b>EBIT</b>	<b>-22 576</b>	<b>-22 576</b>	<b>9 326</b>	<b>9 326</b>
Net finance	-27 791	-27 791	-9 898	-9 898
<b>Pre tax profit</b>	<b>-50 367</b>	<b>-50 367</b>	<b>-571</b>	<b>-571</b>
Tax	0	0	0	0
<b>Net profit</b>	<b>-50 367</b>	<b>-50 367</b>	<b>-571</b>	<b>-571</b>

**Note 5**                    **Utilization, income and expenses per vessel**

<b>1Q 2018</b>	<b>Boa Deep C</b>	<b>Boa Sub C</b>
Operating income	28 942	140
Operating expenses	23 545	13 774
<b>EBITDA</b>	<b>5 398</b>	<b>-13 634</b>
Utilization	100 %	0 %