



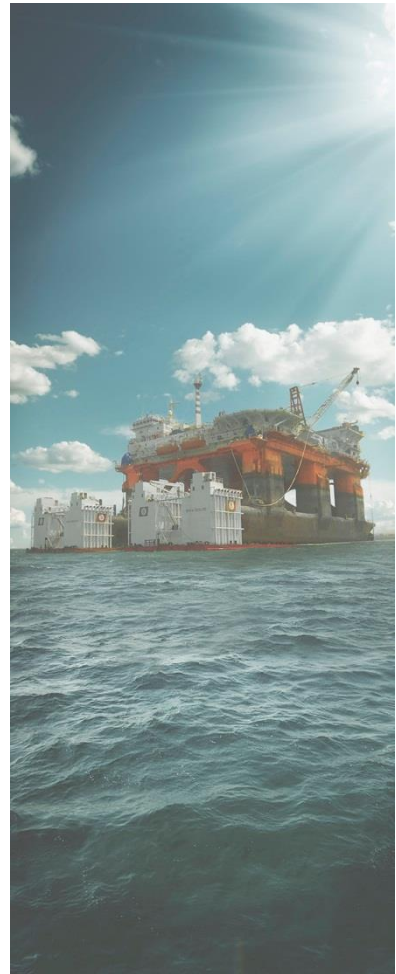
**BOA**

# Quarterly Report

**Boa OCV AS**

**3Q - 2015**

Org.nr. 984 158 939



# BOA OCV AS

## CEO'S REPORT – 3Q 2015

### **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 these vessels is undertaken by Boa Offshore AS..

### **Review of third quarter 2015 accounts:**

Operating income in the period was NOK 109,1 million (NOK 95,5 million in the same period 2014).

EBITDA for the period was NOK 70,3 million (NOK 67,4 million).

Operating expenses were NOK 53,3 million (NOK 49,7 million).

Operating Profit/EBIT was NOK 55,7 million (NOK 45,8 million).

Net financial items were - NOK 3,9 million (- NOK 1,3 million).

Profit before tax was NOK 51,8 million (NOK 44,5 million).

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

Net cash flow from operating activities was NOK 41,5 million. (NOK 89,6 million in the same period 2014).

Net cash flow from investing activities was - NOK 1,7 million (- NOK 28,1 million).

Net cash flow from financing activities was - NOK 25,0 million (- NOK 18,8 million).

Net change in cash was NOK 14,8 million (NOK 42,8 million).

### **Balance sheet 30.09.2015:**

Total assets per 30.09.2015 were NOK 1 525 million (NOK 2 075 million per 30.09.2014). Interest bearing debt was NOK 1 125 million (NOK 956 million), and the equity NOK 344 million (NOK 1 052 million). The equity ratio increased to 22,6 % from last quarter 19,8 % (50,7 % per 30.09.2014).

Cash and Cash equivalents per 30.09.2015 were NOK 154,3 million (NOK 171,9 million per 30.09.2014).

### **Financial risk:**

#### *Market risk:*

The company is susceptible to fluctuations in currency exchange rates. A considerable percentage of the company's earnings are in USD. However this market risk is to a certain degree reduced by the company also having certain operating purchases denominated in USD. 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. The interest rate exposure on the company's long-term debt is partly hedged by two fixed interest rate swaps (IRS).

#### *Credit risk:*

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

#### *Liquidity risk:*

The company's liquidity risk is considered to be acceptable.

**Events after the balance sheet date:**

There have been no events after the end of the period that would have material impact on the evaluation of the company's profit and loss account or balance sheet.

**Future development:**

The short to medium term outlook for the subsea segment remains uncertain and challenging due to the drop in oil prices from mid-2014. A number of offshore projects have been postponed as oil companies focus to a greater extent on cash flow due to lower oil prices. On the other hand costs in the oil and gas industry have adjusted accordingly and decreased as a result. Oil prices probably need to recover to approximately USD60/bbl range to spur demand growth again in general.

Ongoing and sanctioned projects will ensure a certain activity level in the subsea sector in the short to medium term. Furthermore, IMR and subsea well-related services are still considered to be a growing part of the subsea market over time, which is less cyclical than the installation segment. 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 one of the most important growth opportunities for oil companies also in the coming decade.

Boa Sub C is currently without firm commitments after ending its long-term contract in early 4Q15, while Boa Deep C is currently being chartered by Boa Offshore AS' US entity BMSI (BOA Marine Services Inc). Despite the current softer market, there are still opportunities for short and medium-term contracts from late 2015 or early 2016, with BMSI and third party charterers.

**Statement from the CEO**

I hereby declare that to the best of my knowledge the interim accounts for the third quarter of 2015 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 November 2015



Helge Kvalvik  
CEO

**Income statement**  
**Boa OCV AS**

*(figures in NOK 1 000)*

	<b>3Q 2015</b>	<b>YTD 2015</b>	<b>3Q 2014</b>	<b>YTD 2014</b>
<b>Operating income and operating exp.</b>				
Operating income	109 078	322 680	95 505	264 617
<b>Operating income</b>	<b>109 078</b>	<b>322 680</b>	<b>95 505</b>	<b>264 617</b>
Operating expenses ships	8 675	28 034	13 566	32 664
Payroll expenses	24 279	49 643	11 768	43 264
Depreciation	14 529	45 486	21 564	61 406
Other operating expenses	5 858	9 010	2 771	9 793
<b>Operating expenses</b>	<b>53 342</b>	<b>132 172</b>	<b>49 669</b>	<b>147 128</b>
<b>Operating profit</b>	<b>55 736</b>	<b>190 507</b>	<b>45 836</b>	<b>117 489</b>
<b>Financial income and expences</b>				
Interest income from group entities	8 713	25 855	14 651	43 475
Other interest income	104	677	31	786
Other financial income	11 086	27 139	10 079	20 019
Other interest expenses	23 372	70 913	21 933	66 026
Other financial expenses	422	23 186	4 153	12 506
<b>Net financial income and expenses</b>	<b>-3 890</b>	<b>-40 428</b>	<b>-1 324</b>	<b>-14 252</b>
<b>Operating result before tax</b>	<b>51 846</b>	<b>150 080</b>	<b>44 511</b>	<b>103 237</b>
Tax	0	0	0	0
<b>Result after tax</b>	<b>51 846</b>	<b>150 080</b>	<b>44 511</b>	<b>103 237</b>

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

*(figures in NOK 1 000)*

	<b>30.09.2015</b>	<b>30.09.2014</b>	<b>31.12.2014</b>
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Deferred tax asset	9 043	0	9 043
<b>Total intangible fixed assets</b>	<b>9 043</b>	<b>0</b>	<b>9 043</b>
<b>Tangible fixed assets</b>			
Ships	746 432	803 879	781 864
<b>Total tangible fixed assets</b>	<b>746 432</b>	<b>803 879</b>	<b>781 864</b>
<b>Financial fixed assets</b>			
Loan to group companies	505 113	1 019 752	505 113
<b>Total financial fixed assets</b>	<b>505 113</b>	<b>1 019 752</b>	<b>505 113</b>
<b>Total fixed assets</b>	<b>1 260 587</b>	<b>1 823 632</b>	<b>1 296 019</b>
<b>Current assets</b>			
<b>Debtors</b>			
Accounts receivables	59 844	26 491	29 658
Other receivables	24 408	9 473	11 849
Group receivables	25 855	43 475	0
<b>Total debtors</b>	<b>110 107</b>	<b>79 439</b>	<b>41 507</b>
Cash and bank deposits	154 307	171 918	184 222
<b>Total current assets</b>	<b>264 414</b>	<b>251 357</b>	<b>225 729</b>
<b>Total assets</b>	<b>1 525 001</b>	<b>2 074 989</b>	<b>1 521 748</b>

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

(figures in NOK 1 000)

	<b>30.09.2015</b>	<b>30.09.2014</b>	<b>31.12.2014</b>
<b>Equity</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	99 424	853 967	99 424
This years retained earnings	150 080	103 237	0
<b>Total retained earnings</b>	<b>249 503</b>	<b>957 204</b>	<b>99 424</b>
<b>Total equity</b>	<b>344 156</b>	<b>1 051 857</b>	<b>194 076</b>
<b>Liabilities</b>			
<b>Provisions</b>			
Other provisions	0	1 928	0
<b>Total provisions</b>	<b>0</b>	<b>1 928</b>	<b>0</b>
<b>Other long term liabilities</b>			
Bonds	1 125 000	956 250	1 200 000
<b>Total of other long term liabilities</b>	<b>1 125 000</b>	<b>956 250</b>	<b>1 200 000</b>
<b>Current liabilities</b>			
Trade creditors	33 646	33 452	29 843
Group liabilities	0	0	50 000
Tax payable	-248	-321	1 037
Other short term liabilities	22 447	31 823	46 791
<b>Total short term liabilities</b>	<b>55 845</b>	<b>64 954</b>	<b>127 672</b>
<b>Total liabilities</b>	<b>1 180 845</b>	<b>1 023 132</b>	<b>1 327 672</b>
<b>Total equity and liabilities</b>	<b>1 525 001</b>	<b>2 074 989</b>	<b>1 521 748</b>

## Cash flow report

Figures in 1 000 NOK	Note	3Q 2015	YTD 2015	3Q 2014	YTD 2014
<b>Cash flow from operating activities</b>					
Profit before income taxes		51 846	150 080	44 511	103 237
Paid in tax		0	-1 285	0	-1 637
Depreciation		14 529	45 485	21 564	61 406
Changes in trade receivables and creditors		627	-26 383	-1 874	16 345
Changes in receivables from group entities	1.	-8 713	-25 855	10 300	-20 443
Changes in other short-term receivables and liabilities		-16 794	-36 903	15 119	-13 301
<b>Net cash flow from operating activities</b>		<b>41 496</b>	<b>105 139</b>	<b>89 620</b>	<b>145 608</b>
<b>Cash flow from investing activities</b>					
Purchase of fixed assets		-1 700	-10 053	-28 052	-85 792
<b>Net cash flow from investing activities</b>		<b>-1 700</b>	<b>-10 053</b>	<b>-28 052</b>	<b>-85 792</b>
<b>Cash flow from financing activities</b>					
Repayment of long term liabilities		-25 000	-75 000	-18 750	-56 250
Group contribution		0	-50 000	0	-37 245
<b>Net cash flow from financing activities</b>		<b>-25 000</b>	<b>-125 000</b>	<b>-18 750</b>	<b>-93 495</b>
Net changes in cash and cash equivalents		14 796	-29 915	42 817	-33 679
Cash and cash equivalents start at period		139 511	184 222	129 101	205 596
<b>Cash and cash equivalents end of period</b>		<b>154 307</b>	<b>154 307</b>	<b>171 918</b>	<b>171 918</b>

1. The changes in receivables from group entities does not include the group contribution.

## Notes to 3Q 2015 report

### 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.

#### Events after the balance date

There have been no significant events taking place after the balance date.

### Note 2 Fixed assets

	Vessels	Periodic maintenance	Total
Acquisition cost 01.01.15	1 277 940	139 224	1 417 164
Additions	5 966	4 087	10 053
Disposals			0
<b>Acquisition cost 30.09.15</b>	<b>1 283 907</b>	<b>143 311</b>	<b>1 427 218</b>
Accumulated depr. 01.01.15	577 527	57 773	635 300
Acc. depreciation disposals			0
Depreciation this period	27 867	17 618	45 486
<b>Accum. depreciation 30.09.15</b>	<b>605 394</b>	<b>75 392</b>	<b>680 786</b>
<b>Book value 30.09.15</b>	<b>678 512</b>	<b>67 920</b>	<b>746 432</b>
Economic life	27	2,5 - 10	
Depreciation schedule	Linear	Linear	

The economic lifetime for the vessels has been extended from 20 to 27 years in 2015.

### Note 3 Shareholder's equity

	Share capital	Share premium	Other restricted equity	Other equity	Total
Equity 01.01.15	100	80 108	14 445	99 424	194 076
Profit for the period				150 080	150 080
<b>Equity 30.09.15</b>	<b>100</b>	<b>80 108</b>	<b>14 445</b>	<b>249 504</b>	<b>344 156</b>



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

	<b>3Q 2015</b>	<b>YTD 2015</b>	<b>3Q 2014</b>	<b>YTD 2014</b>
<b>Operating income</b>	<b>109 078</b>	<b>322 680</b>	<b>95 505</b>	<b>264 617</b>
Operating expences	38 813	86 686	28 105	85 722
<b>EBITDA</b>	<b>70 265</b>	<b>235 994</b>	<b>67 400</b>	<b>178 895</b>
EBITDA %	64 %	73 %	71 %	68 %
Depreciation	14 529	45 486	21 564	61 406
<b>EBIT</b>	<b>55 736</b>	<b>190 508</b>	<b>45 836</b>	<b>117 489</b>
Net finance	-3 890	-40 428	-1 324	-14 252
<b>Pre tax profit</b>	<b>51 846</b>	<b>150 080</b>	<b>44 511</b>	<b>103 236</b>
Tax	-	-	-	-
<b>Net profit</b>	<b>51 846</b>	<b>150 080</b>	<b>44 511</b>	<b>103 237</b>