



BOA

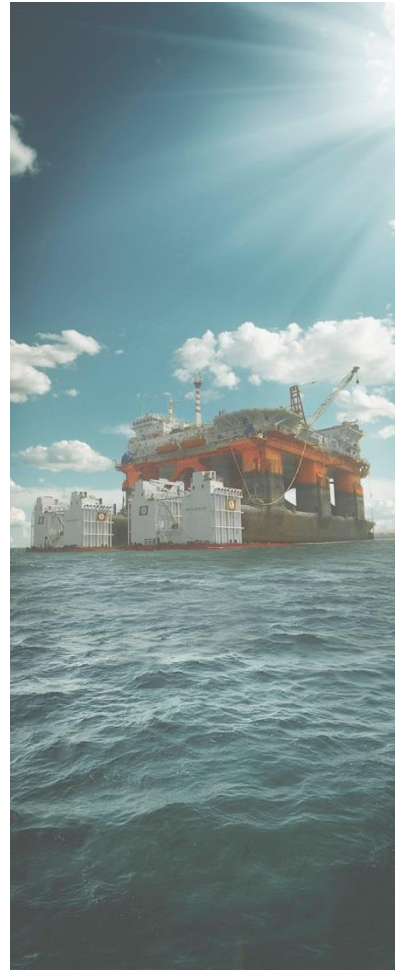
Quarterly Report

Consolidated

Boa Offshore AS

4Q - 2017

Org.nr. 926 265 156



CONSOLIDATED BOA OFFSHORE AS

CEO'S REPORT – 4Q 2017

General information:

The unaudited interim report is prepared in accordance with NGAAP.

Nature and location of activities:

Boa Offshore AS is the parent company of the Boa Offshore Group (“Group”). The company invests in shipping and offshore related companies. The Group is comprised of several ship owning companies within the following segments; tugboats, barges and offshore vessels. The tugboat activity, including salvaging, operates along the Norwegian coast and the North Sea. The barge fleet consists of larger barges operated internationally, and the offshore department manages offshore support vessels within construction and oil exploration, operating worldwide. The management is located in Trondheim.

Review of fourth quarter 2017 accounts:

Operating income in the period was mNOK 164,0 (mNOK 179,0 in the same period 2016).

EBITDA for the period was mNOK 23,9 (mNOK 15,4).

Operating expenses were mNOK 219,1 (mNOK 568,2).

Operating Profit/EBIT was mNOK -55,1 (mNOK -389,3).

Net financial items were mNOK -48,5 (mNOK -42,6).

Profit before tax was mNOK -103,6 (mNOK -431,9).

Deferred tax assets of mNOK 77,4 has been reversed.

Cash flow in the period:

Net cash flow from operating activities was mNOK 50,7 (mNOK 83,0).

Net cash flow from investing activities incl asset sales was mNOK 17,6 (mNOK -9,1).

Net cash flow from financing activities was mNOK -37,5 (mNOK -80,6).

Net change in cash was mNOK 30,8 (mNOK -6,7).

Balance sheet 31.12.2017:

Total assets per 31.12.2017 were mNOK 3 367 (mNOK 3 764 per 31.12.2016). Interest bearing debt was mNOK 2 905 (mNOK 3 295), and the equity mNOK -69,7 (mNOK 263). The equity ratio is -2,1 %, a decrease from 2,4 % last quarter (7,0 % per 31.12.2016).

Cash and Cash equivalents per 31.12.2017 were mNOK 351 (mNOK 364 per 31.12.2016).

The value adjusted equity ratio for Boa Offshore per 31.12.2017 was 23,8 % and the NIBD/EBITDA ratio was 16,90 (EBITDA last 12 months/4 quarters).

The booked value of equity for the Group is lost, but there are additional values in the vessels that make the fair value of book equity positive.

Financial risk:

Interest risk

The Group companies are exposed to interest rate fluctuations on long-term debt. By 31.12.2017 the total of the group's interest bearing debt was mNOK 2 905 where of 1 565 is fixed with non-cash PIK interest and another mNOK 569 is secured by interest rate swap agreements or fixed rates.

Currency risk

The Group companies are exposed to currency risk as revenues and costs are denominated in various currencies. Substantial parts of the earnings in the Group are in USD. However this currency risk is to a certain degree reduced by the companies also having certain operating costs denominated in USD. The Group companies continuously monitor the currency markets and reduce currency exposure when appropriate by entering into forward agreements or other financial contracts to reduce currency risk.

Liquidity risk

The Groups liquidity position as per 31.12.2017 is mNOK 351. The parent company has a bond of mNOK 442 and a subordinated bond of mNOK 51 outstanding, both listed at Oslo Stock Exchange Nordic ABN. The total of outstanding bonds for the company was mNOK 493 of which mNOK 131 is interest bearing with non-cash PIK interest. The total of outstanding bonds for the group as of 31.12.2017 was mNOK 1 927 whereof mNOK 1 565 is interest bearing (all with non-cash PIK interest). The group has in addition loan to financial institutions of mNOK 1 340 with various maturities between 2020 and 2027.

Credit risk:

The Group companies are 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 Group companies credit risk.

Events in the period:

Boa Tugs AS, a 100 % owned subsidiary in the Group, has sold the tug Boa Tyr.

Events after the balance sheet date:

There have been no other significant events after the end of the fourth quarter that have material impact on the evaluation of the Group's profit and loss account or balance sheet as of 31.12.2017.

TBK Asset realization – update:

Boa Eiendom AS (Eiendom) has sold all significant assets except their Boa Unsec' bonds holding. The sale include the following assets; Shares in Trondheim Maritime Senter AS and Fremo Næringspark AS, the real estate in Ånn in Sweden, two helicopters internally to Nordenfjeldske Luftfart AS (NFL) and the shares in Royal Garden.

Eiendom has earlier received its part of the Initial Cash Distribution on its bonds holding (Boa Unsec), and has in this quarter received its part of the TBK asset realization (gross mNOK 17,5 in the beginning of October, gross mNOK 13 in the beginning of December and gross mNOK 15 in the end of December).

Boa Investment AS (Investment) and the subsidiary Nordenfjeldske Luftfart AS (NFL); NFL has previously sold their shares in Helitrans AS. The 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. A total of five helicopters are sold externally. Of this, two smaller helicopters are sold in October and insurance settlement for one of the helicopters was received in November. The current cash position in Investment/NFL is approximately mNOK 15.

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

The total distribution in 4Q 2017 was mNOK 45,5. The estimated total distribution from the TBK Asset realization is unchanged and still in the range of mNOK 80-120.

Future development:

The outlook for Boa Offshore continues to be a mixed picture. Boa Offshore's Barge and Tug segments are exposed to more industries and demand drivers than oil and gas. The Barge business currently holds a relatively robust backlog, of which a significant part is non-oil and gas related. The activity level for the Barge business is expected to remain robust and stable in the coming years based on current prospects. Based on current oil prices at around USD65/bbl it is anticipated that the oil and gas related activities and prospects also will pick gradually up in coming years. The Tug business has since summer 2017 experienced somewhat higher activity, especially in the spot market, after some challenging quarters in 2016. The Tug business is expected to improve in the first half of 2018, compared with the same period last year, supported by the largest tug Boa Odin commencing a 1 + 1 year contract 1st January 2018.

The short to medium term outlook for the offshore vessel segment (OCV, SBL and AHTS) remains challenging. However, if oil prices remain at around current levels, it is expected to see an increase in tendering activity during 2018 and into 2019. This will most likely not translate into higher income before 2019-2020, and 2018 is therefore expected to be just as challenging as 2017 from an earnings perspective.

The North Sea AHTS spot market is currently in winter mode, with low rates and utilization. Utilization for Boa Jarl has since late November been relatively strong, however dayrates have been subdued. Although a modest increase in rig activity is expected in 2018 in the North Sea on the back of improving oil prices and recent contract awards, the outlook for the North Sea AHTS market remains challenging and uncertain. Certain windows of dayrate improvements are expected in the summer season, of which the magnitude will be explained by the number of idle vessels to be re-activated in the coming months. Boa currently has one AHTS operating in the sport marked and one laid up in Poland.

For Boa OCV, Boa Sub C ended its contract in the North Sea in December and has since completed the 10-year class survey. Boa Deep C has entered into a new 6+ 6 months contract in West Africa and commenced work in January. There are some short to medium term prospects for work in 2018 for Boa Sub C. However, competition for these contracts is stiff and dayrates are expected to remain subdued. In Boa SBL, Boa Thalassa is working for EMGS and Boa Galatea remains laid up.

Statement from the CEO:

I hereby declare that to the best of my knowledge the interim accounts for the fourth quarter of 2017 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, 28 February 2018



Helge Kvalvik
CEO

Consolidated Income Statement

Boa Offshore AS

Figures in 1 000 NOK

	Note	4Q 2017	FY 2017	4Q 2016	FY 2016
Operating income	2	164 034	630 785	178 966	810 694
Operating cost ships		69 949	251 517	67 601	287 290
Payroll expenses		56 824	205 774	65 358	275 439
Depreciation	3	40 974	167 284	47 664	189 315
Write down on tangible assets	3	38 000	38 470	357 059	581 947
Other operating expenses		13 359	22 424	30 558	128 852
Operating expenses		219 106	685 469	568 241	1 462 843
Operating profit		-55 072	-54 683	-389 275	-652 149
Financial income and expenses					
Interest income from group companies		2 080	8 491	2 030	7 529
Other interest income		243	1 251	3 984	122 902
Other financial income		-15 541	68 495	23 169	57 304
Write down of other financial fixed assets		0	0	472	472
Interest expense to group companies		0	1 043	342	1 715
Other interest expenses		46 956	193 654	50 900	214 540
Other financial expenses		-11 636	107 674	20 079	116 412
Net financial income and expenses		-48 538	-224 134	-42 609	-145 404
Operating result before tax		-103 610	-278 817	-431 884	-797 552
Tax on ordinary result		49 028	49 616	193 570	193 837
Operating result		-152 638	-328 434	-625 454	-991 389

Consolidated Balance Sheet

Boa Offshore AS

Figures in 1 000 NOK

Assets	Note	31.12.2017	31.12.2016
Fixed assets			
Intangible fixed assets			
Deferred tax asset		10 722	56 296
Total intangible assets		10 722	56 296
Tangible fixed assets			
Buildings and land	3	1 897	5 847
Ships	3	2 497 771	2 700 391
Equipment and other movables	3	21 226	20 112
Total tangible fixed assets		2 520 893	2 726 350
Financial fixed assets			
Loans to group companies		142 010	158 943
Investments in shares		1 772	1 772
Other receivables		14 801	21 801
Total financial fixed assets		158 582	182 515
Total fixed assets		2 690 198	2 965 161
Current assets			
Inventories		6 162	10 531
Debtors			
Accounts receivables		177 065	221 430
Loan to group companies		2 508	23 475
Other receivables		140 105	179 193
Total debtors		319 678	424 098
Investments			
Other financial instruments		362	357
Total investments		362	357
Cash and bank deposits		351 090	363 648
Total current assets		677 292	798 635
Total assets		3 367 490	3 763 796

Consolidated Balance Sheet

Boa Offshore AS

Figures in 1 000 NOK

Equity and liabilities	Note	31.12.2017	31.12.2016
Restricted equity			
Share capital	4	2 500	2 500
Share premium	4	74 447	74 447
Other restricted equity	4	3 106	3 106
Total restricted equity		80 053	80 053
Retained earnings			
Other equity	4	-149 790	183 096
Total retained earnings		-149 790	183 096
Total equity		-69 737	263 149
Liabilities			
Other long-term liabilities			
Bonds	5	1 926 771	1 890 060
Liabilities to financial institutions	5	1 339 949	1 374 273
Liabilities to group companies		0	30 843
Total of other long term liabilities		3 266 721	3 295 177
Current liabilities			
Trade creditors		58 547	80 582
Liabilities to group companies		1 250	1 072
Tax payable		647	765
Public duties payable		7 502	10 320
Other short term liabilities		102 559	112 732
Total short term liabilities		170 506	205 471
Total liabilities		3 437 227	3 500 648
Total equity and liabilities		3 367 490	3 763 796

Consolidated Cash Flow Statement

Boa Offshore AS

Figures in 1 000 NOK

		4Q 2017	FY 2017	4Q 2016	FY 2016
Cash flow from operating activities					
Profit before income taxes		-103 610	-278 817	-431 884	-797 552
Payment in kind bonds (PIK-bonds)		30 300	143 870	0	0
Income tax paid		-2 291	-3 677	3 159	-2 169
Depreciation and write-down		78 974	205 754	404 723	771 262
Gain on sale of tangible fixed assets		-6 401	-6 430	3 800	3 800
Loss on sale of financial items		0	-76	90	90
Write-down of financial fixed assets		0	0	472	472
Changes in inventories		-738	4 369	-1 597	2 349
Changes in trade receivables		-11 252	44 365	55 077	-14 509
Changes in other receivables		-2 210	43 709	76 100	638 381
Changes in trade creditors		23 557	-22 035	-33 027	-74 350
Changes in receivables from group companies		43 316	7 236	-13 005	-14 519
Changes in other short-term liabilities		1 011	-14 375	19 063	-39 848
Net cash flow from operating activities	A	50 655	123 892	82 971	473 406
Cash flow from investing activities					
Sale of tangible fixed assets		22 031	30 582	5 793	5 793
Purchase of tangible fixed assets		-4 441	-20 941	-15 843	-87 002
Sale of financial fixed assets		0	960	960	960
Purchase of financial fixed assets		0	-5 571	0	-63 000
Changes in other investments		0	0	-8	-8
Net cash flow from investing activities	B	17 591	5 030	-9 097	-143 256
Cash flow from financing activities					
Raised long term liabilities		0	0	0	0
Paid in long term liabilities		-37 454	-141 480	-80 606	-448 902
Changes in liabilities		0	0	0	0
Group contribution		0	0	0	0
Paid in share capital		0	0	0	0
Net cash flow from financing activities	C	-37 454	-141 480	-80 606	-448 902
Net changes in cash and cash equivalents	A+B+C	30 791	-12 558	-6 732	-118 753
Cash and cash equivalent start at period		320 298	363 648	370 380	482 401
Cash and cash equivalents at end of period		351 090	351 090	363 648	363 648

Income Statement

Boa Offshore AS

Figures in 1 000 NOK

	Note	4Q 2017	FY 2017	4Q 2016	FY 2016
Operating income	2	182	131 224	66 848	284 058
Operating cost ships		917	4 003	1 133	5 175
Payroll expenses		494	93 680	47 471	215 551
Depreciation	3	0	1 194	624	2 031
Other operating expenses		-38	21 878	10 134	48 305
Operating expenses		1 373	120 755	59 362	271 062
Operating profit		-1 191	10 469	7 486	12 996
Financial income and expenses					
Income from subsidiaries		19 592	19 592	1 977	1 977
Interest income from group companies		2 854	50 001	18 310	87 163
Other interest income		15	455	3 595	8 878
Other financial income		-21 559	265 381	1 201	18 362
Write down of other financial fixed assets		0	25 571	850 808	850 808
Interest expense to group companies		2 814	35 444	13 236	51 891
Other interest expenses		466	27 567	14 265	60 169
Other financial expenses		-27 659	63 227	1 681	18 129
Net financial income and expenses		25 282	183 619	-854 908	-864 618
Operating result before tax		24 092	194 088	-847 422	-851 622
Tax on ordinary result		381	381	199 941	200 320
Operating result		23 711	193 707	-1 047 363	-1 051 942

Balance Sheet

Boa Offshore AS

Figures in 1 000 NOK

Assets	Note	31.12.2017	31.12.2016
Fixed assets			
Intangible fixed assets			
Tangible fixed assets			
Buildings and land	3	0	5 847
Vessels	3	0	4 162
Equipment and other movables	3	0	4 120
Total tangible fixed assets		<u>0</u>	<u>14 129</u>
Financial fixed assets			
Investments in subsidiaries		487 159	138 776
Loans to group companies		529 054	1 094 654
Investments in shares		0	1 522
Other receivables		0	18 974
Total financial fixed assets		<u>1 016 212</u>	<u>1 253 926</u>
Total fixed assets		<u>1 016 212</u>	<u>1 268 055</u>
Current assets			
Inventories		0	67
Receivables			
Trade receivables		63	6 651
Loans to group companies		30 211	146 323
Other receivables		3 731	31 120
Total receivables		<u>34 004</u>	<u>184 094</u>
Cash and bank deposits		21 969	89 101
Total current assets		<u>55 973</u>	<u>273 262</u>
Total assets		<u>1 072 186</u>	<u>1 541 318</u>

Balance Sheet

Boa Offshore AS

Figures in 1 000 NOK

	Note	31.12.2017	31.12.2016
Equity and liabilities			
Restricted equity			
Share capital	4	2 500	2 500
Share premium	4	74 447	74 447
Other restricted equity	4	3 106	3 106
Total restricted equity		<u>80 053</u>	<u>80 053</u>
Retained earnings			
Other equity	4	145 207	-48 500
Total retained earnings		<u>145 207</u>	<u>-48 500</u>
Total equity		<u>225 260</u>	<u>31 552</u>
Liabilities			
Other long term liabilities			
Bonds	5	493 077	560 060
Liabilities to subsidiaries		346 983	875 826
Total other long term liabilities		<u>840 060</u>	<u>1 435 886</u>
Current liabilities			
Trade creditors		3 321	6 397
Liabilities to group companies		2 994	33 210
Public duties payable		319	9 216
Other short term liabilities		232	25 057
Total short term liabilities		<u>6 866</u>	<u>73 879</u>
Total liabilities		<u>846 926</u>	<u>1 509 766</u>
Total liabilities and equity		<u>1 072 186</u>	<u>1 541 318</u>

Cash Flow Statement

Boa Offshore AS

Figures in 1 000 NOK

	4Q 2017	FY 2017	4Q 2016	FY 2016
Cash flow from operating activities				
Profit before income taxes	24 092	194 088	-847 422	-851 622
Payment in kind bonds (PIK-bonds)	487	40 175	0	0
Loan to equity conversion	0	-368 383	0	0
Group internal transfer of business	20	37 159	0	0
Gain on investments in subsidiaries	-19 592	-19 592	-1 977	-1 977
Income tax paid	-44	-381	-482	-482
Depreciation and write-down	0	1 194	624	2 031
Gain on sale of tangible fixed assets	0	-29	0	0
Loss / (gain) on sale of financial items	0	0	90	90
Write-down of financial fixed assets	0	25 571	850 808	850 808
Changes in inventories	0	67	94	-67
Changes in trade receivables	1 238	6 588	6 032	-3 838
Changes in other receivables	43	43 716	-17 513	-19 170
Changes in trade creditors	3 174	-3 076	-400	-1 581
Changes in receivables from group companies	11 929	140 250	36 830	720 925
Changes in other short-term liabilities	2 384	-32 057	15 597	-36 641
Net cash flow from operating activities	A	23 730	42 279	658 475
Cash flow from investing activities				
Sale of tangible fixed assets	0	4 029	0	0
Purchase of tangible fixed assets	0	-82	-603	-1 133
Sale of financial fixed assets	0	960	960	960
Purchase of financial fixed assets	0	-5 571	0	-63 000
Changes in other investments	0	0	0	-343 030
Net cash flow from investing activities	B	0	358	-406 203
Cash flow from financing activities				
Paid in long term liabilities	-26 348	-107 156	-50 000	-264 662
Group internal transfer of business	0	-26 600	0	0
Group contribution	0	1 997	0	2 665
Net cash flow from financing activities	C	-26 348	-50 000	-261 997
Net changes in cash and cash equivalents	A+B+C	-2 618	-7 363	-9 726
Cash and cash equivalent start at period		24 587	96 465	98 827
Cash and cash equivalents at end of period		21 969	89 101	89 101

Note 1 Accounting principles / general information

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

Miscellaneous

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

Note 2 Specification companies and segments**Consolidated - YTD 4Q 2017**

Company	Segment	Operating income	EBITDA	Cash 31.12
Boa OCV AS	OCV	260 695	50 362	126 718
Boa SBL AS	Seismic	25 598	-12 536	48 492
Boa Barges AS	Barges	155 901	76 793	33 368
Boa Barges LLC	Barges	37 577	-1 273	3 051
Boa Tugs AS	Tugs	106 089	15 269	24 965
T.A. Kittilsen Shipping AS	Tugs	29 423	1 792	10 535
NFDS Offshore 1 AS	AHTS	0	-17 433	20 967
NFDS Offshore 2 AS	AHTS	7 441	-25 630	11 190
Boa Offshore AS	Other	131 224	11 663	21 969
Boa Management AS	Other	46 932	9 913	38 458
Boa PSV AS	Other	3 972	3 302	6
Other / elimination	Other	-174 066	38 850	11 372
Total		630 785	151 071	351 090

Note 3 Fixed assets - consolidated

	Vessels	Periodic maintenance	Equipment	Buildings and land	Sum
Acquisition cost 01.01.	4 574 471	286 777	22 958	5 847	4 890 054
Additions	5 300	14 853	3 344	50	23 547
Disposals	-27 603	-14 738	-2 529	-4 000	-48 869
Acquisition cost 31.12.	4 552 169	286 893	23 773	1 897	4 864 731
Accumulated depr. 01.01.	1 993 277	167 581	2 846	0	2 163 703
Disposals	-16 426	-6 376	-2 819	0	-25 621
Write-down this period	38 471	0	0	0	38 471
Depreciation this period	123 614	41 149	2 520	0	167 283
Accum. depr. 31.12.	2 138 936	202 354	2 547	0	2 343 838
Book value 31.12.	2 413 233	84 539	21 226	1 897	2 520 893
Economic life	27-30 years	2,5-10 years	5 years		
Depreciation schedule	Linear	Linear	Linear		

Lease amount on fixed assets, not included in the balance sheet, year to date:

34 191

Note 4 Shareholder's equity**Parent company**

	Share capital	Share premium	Other restricted equity	Other equity	Total
Equity 01.01.	2 500	74 447	3 106	-48 500	31 553
Profit of the year	0	0	0	193 707	193 707
Equity 31.12.	2 500	74 447	3 106	145 207	225 260

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	Share capital	Share premium	Other restricted equity	Other equity	Total
Equity 01.01.	2 500	74 447	3 106	183 096	263 149
Profit of the year	0	0	0	-328 434	-328 434
Other changes	0	0	0	-4 452	-4 452
Equity 31.12.	2 500	74 447	3 106	-149 790	-69 737

Minority share of operating result YTD	-2 821
Minority share of total equity	-7 280

Note 5 Long term liabilities**Parent company**

Instalments of debt falling due more than 5 years from the balance date:

	2018	2019	2020	2021	→
Instalments	0	0	0	0	493 077

Consolidated

Instalments of debt falling due more than 5 years from the balance date:

	2018	2019	2020	2021	→
Instalments	20 472	20 169	1 971 653	469 850	784 577

Note 6 Consolidated income statement - summary

	4Q 2017	FY 2017	4Q 2016	FY 2016
Operating income	164 034	630 785	178 966	810 694
Operating expences	140 132	479 715	163 518	691 581
EBITDA	23 902	151 070	15 448	119 113
EBITDA %	15 %	24 %	9 %	15 %
Depreciation and write-down	78 974	205 754	404 723	771 262
EBIT	-55 072	-54 684	-389 275	-652 149
Net finance	-48 539	-224 134	-42 609	-145 404
Pre tax profit	-103 611	-278 818	-431 884	-797 552
Tax	49 028	49 616	193 570	193 837
Net profit	-152 638	-328 434	-625 454	-991 389

Note 7 Interest bearing debt / equity

Key figures	31.12.17	31.12.16
Interest bearing debt	2 904 766	3 295 177
Cash and cash equivalents	351 090	363 648
Net Interest Bearing Debt (NIBD)	2 553 676	2 931 529
NIBD / EBITDA *	16,90	24,61
* Last four quarters		
Booked equity ratio	-2,1 %	7,0 %
Value adjusted equity ratio	23,8 %	30,8 %