



BOA

First half Report

Taubåtkompaniet AS

Consolidated

2018

Org.nr. 989 023 268



CONSOLIDATED TAUBÅTKOMPANIET AS

CEO'S REPORT – 1H 2018

General information:

The unaudited interim report is prepared in accordance with NGAAP.

Nature and location of activities:

Taubåtkompaniet AS is the parent company of the Taubåtkompaniet Group ("Group"). The company invests in shipping and offshore related companies through its subsidiary Boa Offshore AS. Further Taubåtkompaniet invests in real estate through Boa Eiendom AS and in helicopters through Det Nordenfjeldske Dampskibsselskab AS. The management is located in Trondheim.

Review of first half 2018 accounts:

Operating income in the period was mNOK 298,6 (mNOK 328,2 YTD 2017).

Operating expenses were mNOK 343,0 (mNOK 297,3).

EBITDA for the period was mNOK 38,3 (mNOK 120,0).

Operating Profit/EBIT was mNOK -44,4 (mNOK 30,9).

Net financial items were mNOK -111,8 (mNOK -121,6).

Profit before tax was mNOK -156,2 (mNOK -90,6).

Cash flow in the period:

Net cash flow from operating activities was mNOK -34,6 (mNOK -16,9).

Net cash flow from investing activities was mNOK -15,6 (mNOK 41,0).

Net cash flow from financing activities was mNOK -40,5 (mNOK -54,8).

Net change in cash was mNOK -90,7 (mNOK -30,6).

Balance sheet 30.06.2018:

Total assets per 30.06.2018 were mNOK 3 247 (mNOK 3 735 per 30.06.2017). Interest bearing debt was mNOK 3 005 (mNOK 3 331), and the equity mNOK -257 (mNOK 133).

Cash and Cash equivalents per 30.06.2018 were mNOK 282 (mNOK 341 per 30.06.2017).

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 30.06.2018 the total of the group's interest bearing debt was mNOK 3 005 where of 1 628 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 and EUR. However this currency risk is to a certain degree reduced by the companies also having certain operating costs denominated in the same currencies. 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 30.06.2018 is mNOK 282. The total of outstanding bonds for the group as of 30.06.2018 was mNOK 1 953 whereof mNOK 1 628 is interest bearing (all with non-cash PIK interest). The group has in addition loan to financial institutions of mNOK 1 377 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 after the balance sheet date:

There have been no significant events after the end of first half that have material impact on the evaluation of the Group's profit and loss account or balance sheet as of 30.06.2018.

TBK Asset realization – update:

Boa Eiendom AS (Eiendom) has previously 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 18,0 in the end of June). The owner's bonds are in process of being assigned to Eiendom.

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 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. 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 75,5 and the estimated total distribution from the TBK Asset realization is unchanged and still in the range of mNOK 80-120.

Future development:

The outlook for Taubåtkompaniet has improved during 2018 from low market activity levels on the back of increasing oil prices. However, the short-term picture is still challenging as demand is recovering from a very low level and needs to catch up with a significant overcapacity of vessels in many offshore segments. Boa Offshore's Barge and Tug segments are exposed to more industries and demand drivers than oil and gas and these two segments remain stable and relatively robust. The Tug business has since summer 2017 experienced higher activity, especially in the spot market, after a challenging year in 2016.

The medium to longer term outlook for the OCV and SBL vessel segments have improved during 2018 from very low activity levels. On the back of increased oil prices over the last 12-18 months, it is expected to see a further increase in tendering activity during second half of 2018 and in 2019. This will most likely not translate into higher income and earnings before 2019-2020, and 2018 is therefore still expected to be just as challenging as 2017 from an earnings perspective.

The North Sea AHTS spot market has disappointed so far this summer season. Although dayrates have improved from the winter season, dayrates have yet to stabilize at higher and satisfactory levels. Despite a higher general activity in the North Sea, the outlook remains uncertain due to the vast overhang of idle/laid-up AHTS vessels. Boa currently has two AHTS operating in Russia Kara Sea on medium term contracts, likely to end in late 3Q18 and beginning of 4Q18.

According to the restructuring agreement and further extensions, both AHTS vessels are to be sold. The sales process has not succeeded, but we are in close dialogue with our creditors.

For Boa OCV, Boa Sub C continues its 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 months plus options contract in West Africa and commenced work in January. The number of opportunities for new work in 2H18, 2019 and 2020 have improved somewhat during 2018. However, competition for these contracts is still relatively tough. In Boa SBL, Thalassa is working for EMGS and Galatea remains laid up.

Statement from the CEO:

I hereby declare that to the best of my knowledge the interim accounts for the first half 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, 31 August 2018



Ole Bjørnevik
CEO

Income statement - 30.06

Taubåtkompaniet AS

Figures in 1 000 NOK

Parent company				Group	
YTD 2018	YTD 2017	Operating income and operating expenses	Note	YTD 2018	YTD 2017
0	0	Operating income		289 359	317 319
2 500	2 500	Other operating income		9 214	10 908
2 500	2 500	Total operating income	2	298 574	328 227
994	827	Payroll expenses		110 840	96 491
0	0	Depreciation	3	82 755	88 570
0	0	Write-down fixed assets	3	0	470
60	1 236	Other operating expenses		149 359	111 778
1 055	2 062	Total operating expenses		342 954	297 309
1 445	438	Operating result		-44 380	30 918
		Financial income and expenses			
445	665	Interest income from subsidiaries		0	0
0	0	Interest income		475	3 993
0	0	Other financial income		7 877	42 654
3 504	3 524	Interest expenses to subsidiaries		0	0
0	0	Interest expenses		98 502	101 443
0	0	Other financial expenses		21 623	66 766
-3 059	-2 859	Financial result		-111 772	-121 562
-1 614	-2 421	Result before tax		-156 152	-90 644
0	0	Tax on ordinary result		286	589
-1 614	-2 421	Profit for the year		-156 438	-91 232
		Brought forward			
1 614	2 421	From other equity		156 438	91 232
-1 614	-2 421	Net brought forward		-156 438	-91 232

Balance sheet - 30.06

Taubåtkompaniet AS

Figures in 1 000 NOK

Parent company			Group		
30.06.2018	30.06.2017	Note	Assets	30.06.2018	30.06.2017
			Fixed assets		
			Intangible assets		
0	0		Concessions, patents etc	1 500	1 500
0	12 240		Deferred tax asset	10 722	68 768
<u>0</u>	<u>12 240</u>		Total intangible assets	<u>12 222</u>	<u>70 268</u>
			Tangible fixed assets		
0	0	3	Buildings and land	3 450	7 035
0	0	3	Fictures and fitting etc.	20 094	19 168
0	0	3	Vessels and barges	2 449 248	2 621 642
0	0	3	Helicopters	91 235	118 364
<u>0</u>	<u>0</u>		Total tangible fixed assets	<u>2 564 027</u>	<u>2 766 209</u>
			Financial fixed assets		
112 159	112 159		Investments in subsidiaries	0	0
16 290	31 519		Loans to subsidiaries	0	0
0	0		Investments in associated comp. and joint ventures	15	15 610
0	0		Loans to associated companies and joint ventures	1 617	1 535
0	0		Investments in shares	1 772	1 772
1 864	4 727		Other receivables	30 733	61 851
<u>130 314</u>	<u>148 406</u>		Total financial fixed assets	<u>34 137</u>	<u>80 768</u>
<u>130 314</u>	<u>160 646</u>		Total fixed assets	<u>2 610 386</u>	<u>2 917 245</u>
			Current assets		
0	0		Inventories	3 174	5 706
			Receivables		
0	0		Trade receivables	199 921	179 494
-20	891		Trade receivables to subsidiaries	0	0
0	0		Other receivables	150 890	291 300
<u>-20</u>	<u>891</u>		Total receivables	<u>350 810</u>	<u>470 795</u>
			Investments		
0	0		Bonds	362	357
<u>0</u>	<u>0</u>		Total investments	<u>362</u>	<u>357</u>
85	17		Cash and bank deposits	282 378	341 303
<u>65</u>	<u>908</u>		Total current assets	<u>636 724</u>	<u>818 161</u>
<u>130 379</u>	<u>161 553</u>		Total assets	<u>3 247 111</u>	<u>3 735 406</u>

Balance sheet - 30.06

Taubåtkompaniet AS

Figures in 1 000 NOK

Parent company				Group	
30.06.2018	30.06.2017	Note	Equity and liabilities	30.06.2018	30.06.2017
			Restricted equity		
1 250	1 250	4	Share capital	1 250	1 250
4 080	4 080	4	Share premium	4 080	4 080
5 330	5 330		Total restricted equity	5 330	5 330
			Retained earnings		
4 634	-1 837	4	Other equity	-262 467	127 617
4 634	-1 837		Total retained earnings	-262 467	127 617
9 964	3 493		Total equity	-257 137	132 947
			Liabilities		
			Other long term liabilities		
0	0	5	Bonds	1 953 260	1 858 560
0	0	5	Liabilities to financial institutions	1 376 633	1 472 452
113 734	152 256		Liabilities to subsidiaries	0	0
113 734	152 256		Total other long term liabilities	3 329 893	3 331 012
			Current liabilities		
1 263	1 201		Trade creditors	72 245	63 183
1 225	103		Liabilities to subsidiaries	0	0
-12	-7		Public duties payable	3 255	729
0	3 679		Dividends	0	3 679
4 205	827		Other short term liabilities	98 855	203 856
6 681	5 804		Total short term liabilities	174 355	271 447
120 414	158 061		Total liabilities	3 504 248	3 602 459
130 379	161 553		Total liabilities and equity	3 247 111	3 735 406

Taubåtkompaniet AS - group

Cash flow statement

Figures in 1 000 NOK

		Group		
YTD 2017	YTD 2018	Cash flow from operating activities	YTD 2018	YTD 2017
-2 421	-1 614	Profit before income taxes	-156 152	-90 644
0	0	Payment in kind bonds (PIK-bonds)	71 783	0
0	0	Income tax payable	-861	-1 386
0	0	Depreciation and write-down	82 755	89 040
0	0	Gain/loss on tangible fixed assets	-5 916	-6 404
0	0	Gain/loss on financial fixed assets	0	-21 580
0	0	Changes in inventories	2 988	9 408
0	0	Changes in trade receivables	-20 316	49 256
-64	3 100	Changes in other receivables	-9 953	-85 560
488	63	Changes in trade creditors	12 145	-22 165
1 165	-30 913	Changes in receivables from subsidiaries	0	0
520	513	Changes in other short-term liabilities	-11 077	63 124
-312	-28 851	Net cash flow from operating activities	A	-34 605
		Cash flow from investing activities		
		Investing activities		
0	0	Sale of tangible fixed assets	0	26 854
0	0	Purchase of tangible fixed assets	-30 284	-10 391
0	0	Sale of financial fixed assets	14 700	30 150
0	0	Purchase of financial fixed assets	0	-5 571
0	0	Net cash flow from investing activities	B	-15 584
		Cash flow from financing activities		
0	0	Paid in long term liabilities	-37 383	-54 779
0	28 900	Dividends/Group contribution	-3 100	0
0	28 900	Net cash flow from financing activities	C	-54 779
-312	49	Net changes in cash and cash equivalents	A+B+C	-90 671
329	36	Cash and cash equivalent at 01.01	373 049	371 952
17	85	Cash and cash equivalents at 30.06.	282 378	341 303

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 Segments**Consolidated - YTD 2Q 2018**

Company	Segment	Operating income	EBITDA	Cash 30.06
Boa OCV AS	OCV	84 120	-1 831	103 539
Boa SBL AS	Seismic	25 498	4 413	54 736
Boa Barges AS	Barges	89 055	45 914	6 612
Boa Barges LLC	Barges	13 181	2 419	41
Boa Tugs AS	Tugs	53 533	9 346	20 292
T.A. Kittilsen Shipping AS	Tugs	16 534	4 653	8 566
NFDS Offshore 1 AS	AHTS	7 463	-19 643	20 326
NFDS Offshore 2 AS	AHTS	13 360	-16 734	2 594
Boa Offshore AS	Other	107	-958	13 893
Boa Management AS	Other	53 777	12 613	24 132
Boa PSV AS	Other	0	-152	1
Nordenfjeldske Luftfart AS	Helicopters	10 861	10 780	2 881
Other / elimination	Other	-68 915	-12 446	24 765
Total		298 574	38 375	282 378

Note 3 Fixed assets - consolidated

	Vessels and barges	Heli-copters	Fictures and fitting	Buildings and land	Sum
Acquisition cost 01.01.	4 776 263	118 973	23 774	5 323	4 924 333
Additions	31 652	0	182	0	31 834
Disposals	0	-14 595	0	0	-14 595
Acquisition cost 30.06.	4 807 915	104 378	23 955	5 323	4 941 572
Accumulated depr. 01.01.	2 278 550	15 481	2 490	1 744	2 298 265
Disposals	0	-3 476	0	0	-3 476
Write-down this period	0	0	0	0	0
Depreciation this period	80 117	1 138	1 371	129	82 755
Accum. depr. 30.06.	2 358 667	13 143	3 861	1 873	2 377 545
Book value 30.06.	2 449 248	91 235	20 094	3 450	2 564 027

Economic life	27-30 years	12-30 years	5 years	10-20 years
Depreciation schedule	Linear	Linear	Linear	Linear

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

23 730

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

	Share capital	Share premium	Other equity	Total
Equity 01.01.	1 250	4 080	6 248	11 578
Profit of the year	0	0	-1 614	-1 614
Equity 30.06	1 250	4 080	4 634	9 964

Consolidated

	Share capital	Share premium	Other equity	Total
Equity 01.01.	1 250	4 080	-105 901	-100 571
Profit of the year	0	0	-156 438	-156 438
Other changes	0	0	-128	-128
Equity 30.06.	1 250	4 080	-262 467	-257 137

Minority share of operating result YTD	-1 696
Minority share of total equity	-8 986

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	0

Consolidated

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

	2018	2019	2020	2021	→
Instalments	27 110	53 919	1 991 318	404 350	806 276

Note 6 Consolidated income statement - summary

	YTD 2018	YTD 2017	FY 2017
Operating income	298 574	328 227	684 015
Operating expenses	260 199	208 269	504 369
EBITDA	38 375	119 958	179 646
EBITDA %	13 %	37 %	26 %
Depreciation and write-down	82 755	89 040	211 718
EBIT	-44 380	30 918	-32 072
Net finance	-111 772	-121 562	-203 388
Pre tax profit	-156 152	-90 644	-235 460
Tax	286	589	62 088
Net profit	-156 438	-91 232	-297 548

Note 7 Interest bearing debt / equity

Key figures	30.06.2018	30.06.2017	31.12.2017
Interest bearing debt	3 005 006	3 331 012	2 933 791
Cash and cash equivalents	282 378	341 303	373 049
Net Interest Bearing Debt (NIBD)	2 722 629	2 989 708	2 560 742
NIBD / EBITDA *	27,76	18,72	14,25
* 1H Annualized			
Booked equity ratio	-7,9 %	3,6 %	-3,0 %
Value adjusted equity ratio	19,8 %	26,3 %	23,1 %