



BOA OFFSHORE AS



THIRD QUARTER

2018

A large red and white ship, likely a container ship, is shown from a low angle, emphasizing its massive scale. The ship's hull is painted bright red with a wide white horizontal stripe. The upper part of the ship, including the bridge and various antennas, is white. The ship is positioned on a calm blue sea under a clear blue sky with a few wispy clouds. A yellow mooring bollard with the number '117' is visible in the foreground, connected to the ship by a blue rope.

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CEO's Report

GENERAL INFORMATION

The unaudited interim report is prepared in accordance with NGAAP.

Net cash flow from financing activities was mNOK -13,6 (mNOK -89,8).

Net change in cash was mNOK -7,4 (mNOK 4,8).

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.

BALANCE SHEET 30.09.2018

Total assets per 30.09.2018 were mNOK 3 202 (mNOK 3 501 per 30.09.2017). Interest bearing debt was mNOK 2 989 (mNOK 2 886), and the equity mNOK -274 (mNOK 84).

Cash and Cash equivalents per 30.09.2018 were mNOK 271 (mNOK 320 per 30.09.2017).

The value adjusted equity ratio for Boa Offshore per 30.09.2018 was 20,2 % and the NIBD/EBITDA ratio was 28,94 (EBITDA last 12 months/4 quarters).

REVIEW OF THIRD QUARTER 2018 ACCOUNTS

Operating income in the period was mNOK 276,7 (mNOK 157,3 in the same period 2017).

EBITDA for the period was mNOK 42,5 (mNOK 31,0).
Operating expenses were mNOK 274,4 (mNOK 167,3).
Operating Profit/EBIT was mNOK 2,4 (mNOK -10,0).
Net financial items were mNOK -43,8 (mNOK -78,6).
Profit before tax was mNOK -41,4 (mNOK -88,6).

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 position.

CASH FLOW IN THE PERIOD

Net cash flow from operating activities was mNOK 12,7 (mNOK 100,7).

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

FINANCIAL RISK

Interest risk

The Group companies are exposed to interest rate fluctuations on long-term debt. By 30.09.2018 the total of the group's interest bearing debt was mNOK 2 989 where of 1 673 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 30.09.2018 is mNOK 271. The parent company has a bond of mNOK 435 and a subordinated bond of mNOK 45 outstanding, both listed at Oslo Stock Exchange Nordic ABN. The total of outstanding bonds for the company was mNOK 477 of which mNOK 132 is interest bearing with non-cash PIK interest. The total of outstanding bonds for the group as of 30.09.2018 was mNOK 2 018 whereof mNOK 1 673 is interest bearing (all with non-cash PIK interest). The group has in addition loan to financial institutions of mNOK 1 316 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 the third quarter that have material impact on the evaluation of the Group's profit and loss account or balance sheet as of 30.09.2018.

TBK ASSETS REALISATION

Boa Eiendom AS (Eiendom) has previously sold all significant assets except their Boa Unsec' bonds holding.

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. The remaining helicopters are on a dry lease to Helitrans until February 2021 (extended one year). 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 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 medium to long-term outlook for Boa Offshore has improved during 2018 on the back of increasing oil prices over the last 12-18 months and continued lowered hurdle rates for new field developments for oil companies. 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. Furthermore, certain projects seem to be pushed further out in time indicating that 2019 will not be significantly better than 2018 from an earnings perspective. The very recent sharp drop in oil prices from above USD80/bbl in October to the current level around USD60/bbl also represent a certain risk to the magnitude of the recovery.

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 and more stable activity.

The North Sea AHTS spot market has disappointed this year. Despite higher activity in the North Sea in general, the outlook remains uncertain due to the vast overhang of idle/laid-up AHTS vessels and uncertainty regarding the timing of recovery in other regions. The AHTS vessels Boa Jarl and Boa Bison were late October laid up after performing work in the Russian Kara- and Pechora Sea in 3Q18.

For Boa OCV, Boa Sub C finished its 5 month contract with Adwen in the North Sea Offshore Wind market in November, and has secured new short-term contracts for work in 1H19. Boa Deep C has been awarded a new short-term extension in West Africa and is now firm into 1Q19. The number of opportunities for new work in 2019 and 2020 has improved somewhat during 2018. However, competition for these contracts is still relatively tough and few contracts are of longer term duration. In

Boa SBL, Thalassa continues 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 third 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, 29 November 2018



Helge Kvalvik
CEO



Income Statement

(Figures in 1 000 NOK)

	Note	3Q 2018	YTD 2018	3Q 2017	YTD 2017
Operating income and operating expenses					
Operating income	2	1 727	1 834	21 146	131 042
Operating cost ships		1 053	1 271	894	3 086
Payroll expenses		0	0	17 651	93 186
Depreciation	3	0	0	171	1 194
Other operating expenses		213	1 060	3 060	21 916
Operating expenses		1 265	2 331	21 775	119 382
Operating profit		461	-497	-629	11 660
Financial income and expenses					
Income from subsidiaries		0		0	0
Interest income from group companies		9 104	27 052	10 541	47 147
Other interest income		14	50	-3 093	440
Other financial income		6	794	21 291	286 939
Write down of other financial fixed assets		0	0	0	25 571
Interest expense to group companies		2 792	8 185	4 606	32 631
Other interest expenses		497	1 616	928	27 101
Other financial expenses		120	1 013	72 686	90 886
Net financial income and expenses		5 715	17 082	-49 481	158 337
Operating result before tax		6 177	16 586	-50 109	169 997
Tax on ordinary result		0	52	0	0
Operating result		6 177	16 534	-50 109	169 997

Balance Sheet

	Note	30.09.2018	30.09.2017	31.12.2017
<i>(Figures in NOK 1 000)</i>				
Assets				
Financial fixed assets				
Investments in subsidiaries		487 159	487 159	487 159
Loans to group companies		540 776	555 174	529 054
Other receivables		4	0	0
Total financial fixed assets		1 027 938	1 042 333	1 016 212
Total fixed assets		1 027 938	1 042 333	1 016 212
Current assets				
Receivables				
Trade receivables		497	1 301	63
Loans to group companies		14 817	17 053	30 211
Other receivables		4 802	3 774	3 731
Total receivables		20 116	22 128	34 004
Cash and bank deposits		11 074	24 587	21 969
Total current assets		31 190	46 715	55 973
Total assets		1 059 129	1 089 048	1 072 186

Balance Sheet

(Figures in NOK 1 000)

Equity and liabilities

Restricted equity

	Note	30.09.2018	30.09.2017	31.12.2017
Share capital	4	2 500	2 500	2 500
Share premium	4	74 447	74 447	74 447
Other restricted equity	4	3 106	3 106	3 106
Total restricted equity		80 053	80 053	80 053

Retained earnings

Other equity	4	161 741	121 496	145 207
Total retained earnings		161 741	121 496	145 207

Total equity

241 794	201 549	225 260
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Liabilities

Other long term liabilities

Bonds	5	477 180	518 941	493 077
Liabilities to subsidiaries		334 002	362 716	346 983
Total other long term liabilities		811 183	881 657	840 060

Current liabilities

Trade creditors		536	147	3 321
Liabilities to group companies		5 371	7 888	2 994
Tax payable		-29	-366	0
Public duties payable		48	-2 024	319
Other short term liabilities		227	198	232
Total short term liabilities		6 152	5 843	6 866

Total liabilities

817 335	887 500	846 926
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Total liabilities and equity

1 059 129	1 089 048	1 072 186
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Cash Flow Statement

(Figures in 1 000 NOK)

		3Q 2018	YTD 2018	3Q 2017	YTD 2017
Cash flow from operating activities					
Profit before income taxes		6 177	16 586	-50 109	169 997
Payment in kind bonds (PIK-bonds)		494	1 478	39 689	39 689
Loan to equity conversion		0	0	-368 383	-368 383
Group internal transfer of business		0	0	37 139	37 139
Income tax paid		0	-52	0	-336
Depreciation and write-down		0	0	171	1 194
Gain on sale of tangible fixed assets		0	0	0	-29
Write-down of financial fixed assets		0	0	0	25 571
Changes in inventories		0	0	164	67
Changes in trade receivables		-372	-435	2 155	5 349
Changes in other receivables		-749	-1 076	24 624	43 673
Changes in trade creditors		-599	-2 786	-3 280	-6 250
Changes in receivables from group companies		-7 732	-26 524	422 097	128 321
Changes in other short-term liabilities		-39	-305	-51 473	-34 441
Net cash flow from operating activities	A	-2 819	-13 113	52 795	41 562
Cash flow from investing activities					
Sale of tangible fixed assets		0	0	0	4 029
Purchase of tangible fixed assets		0	0	0	-82
Sale of financial fixed assets		0	0	0	960
Purchase of financial fixed assets		0	0	0	-5 571
Net cash flow from investing activities	B	0	0	0	-664
Cash flow from financing activities					
Paid in long term liabilities		0	-17 374	-80 808	-80 808
Group internal transfer of business		0	0	-26 600	-26 600
Group contribution		0	19 592	0	1 997
Net cash flow from financing activities	C	0	2 219	-107 408	-105 411
Net changes in cash and cash equivalents	A+B+C	-2 819	-10 895	-54 613	-64 514
Cash and cash equivalent start at period		13 893	21 969	79 201	89 101
Cash and cash equivalents at end of period		11 074	11 074	24 587	24 587



Consolidated Income Statement

(Figures in 1 000 NOK)

	Note	3Q 2018	YTD 2018	3Q 2017	YTD 2017
Operating income and operating expenses					
Operating income	2	276 735	566 697	157 279	466 751
Operating cost ships		156 464	283 051	58 941	181 568
Payroll expenses		65 624	176 464	46 832	148 950
Depreciation	3	40 177	121 665	40 967	126 311
Write down on tangible assets	3	0	0	0	470
Other operating expenses		12 114	37 167	20 523	9 065
Operating expenses		274 379	618 347	167 263	466 363
Operating profit		2 356	-51 650	-9 984	388
Financial income and expenses					
Interest income from group companies		1 544	5 095	2 293	6 412
Other interest income		293	614	-2 795	1 009
Other financial income		15 260	21 985	22 611	84 036
Interest expense to group companies		0	0	0	1 043
Other interest expenses		51 235	148 947	46 272	146 698
Other financial expenses		9 618	31 235	54 454	119 310
Net financial income and expenses		-43 756	-152 488	-78 617	-175 595
Operating result before tax		-41 400	-204 138	-88 601	-175 207
Tax on ordinary result		1	287	0	589
Operating result		-41 402	-204 425	-88 601	-175 796

Consolidated Balance Sheet

	Note	30.09.2018	30.09.2017	31.12.2017
<i>(Figures in NOK 1 000)</i>				
Assets				
Fixed assets				
Intangible fixed assets				
Deferred tax asset		10 722	56 296	10 722
Total intangible assets		10 722	56 296	10 722
Tangible fixed assets				
Buildings and land	3	1 897	1 897	1 897
Ships	3	2 416 259	2 590 171	2 497 771
Equipment and other movables	3	19 479	18 161	21 226
Total tangible fixed assets		2 437 634	2 610 229	2 520 893
Financial fixed assets				
Loans to group companies		117 105	175 244	142 010
Investments in shares		1 772	1 772	1 772
Other receivables		14 851	15 674	14 801
Total financial fixed assets		133 727	192 690	158 582
Total fixed assets		2 582 084	2 859 216	2 690 198
Current assets				
Inventories		2 624	5 424	6 162
Debtors				
Accounts receivables		189 449	165 813	177 065
Loan to group companies		2 348	11 777	2 508
Other receivables		154 786	138 549	140 105
Total debtors		346 583	316 139	319 678
Investments				
Other financial instruments		362	357	362
Total investments		362	357	362
Cash and bank deposits		270 784	320 298	351 090
Total current assets		620 353	642 218	677 292
Total assets		3 202 437	3 501 434	3 367 490

Consolidated Balance Sheet

(Figures in NOK 1 000)

Equity and liabilities

Restricted equity

Restricted equity				
Share capital	4	2 500	2 500	2 500
Share premium	4	74 447	74 447	74 447
Other restricted equity	4	3 106	3 106	3 106
Total restricted equity		80 053	80 053	80 053

Retained earnings

Other equity	4	-354 373	3 596	-149 790
Total retained earnings		-354 373	3 596	-149 790

Total equity

	-274 321	83 649	-69 737
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Liabilities

Other long-term liabilities

Bonds	5	2 017 591	1 922 822	1 926 771
Liabilities to financial institutions	5	1 316 145	1 351 056	1 339 949
Total of other long term liabilities		3 333 736	3 273 878	3 266 721

Current liabilities

Trade creditors		55 904	34 990	58 547
Liabilities to group companies		810	439	1 250
Tax payable		0	0	647
Public duties payable		1 606	3 146	7 502
Other short term liabilities		84 701	105 333	102 559
Total short term liabilities		143 021	143 907	170 506

Total liabilities

	3 476 758	3 417 785	3 437 227
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Total equity and liabilities

	3 202 437	3 501 434	3 367 490
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Consolidated Cash Flow Statement

Figures in 1 000 NOK

		3Q 2018	YTD 2018	3Q 2017	YTD 2017
Cash flow from operating activities					
Profit before income taxes		-41 400	-204 138	-88 601	-175 207
Payment in kind bonds (PIK-bonds)		36 921	108 194	113 571	113 571
Income tax paid		0	-861	0	-1 386
Depreciation and write-down		40 177	121 665	40 967	126 780
Gain on sale of tangible fixed assets		0	0	0	-105
Changes in inventories		550	3 539	282	5 107
Changes in trade receivables		8 568	-12 383	13 575	55 617
Changes in other receivables		-3 750	-14 781	148 987	45 918
Changes in trade creditors		-15 072	-2 643	-32 627	-45 593
Changes in receivables from group companies		-1 854	24 625	-2 562	-36 079
Changes in other short-term liabilities		-11 448	-25 503	-92 896	-14 427
Net cash flow from operating activities	A	12 693	-2 288	100 695	74 197
Cash flow from investing activities					
Sale of tangible fixed assets		0	0	0	8 550
Purchase of tangible fixed assets		-6 556	-36 840	-6 109	-16 500
Purchase of financial fixed assets		0	0	0	-5 571
Net cash flow from investing activities	B	-6 556	-36 840	-6 109	-13 521
Cash flow from financing activities					
Paid in long term liabilities		-13 568	-41 178	-89 760	-104 025
Net cash flow from financing activities	C	-13 568	-41 178	-89 760	-104 025
Net changes in cash and cash equivalents	A+B+C	-7 431	-80 306	4 826	-43 350
Cash and cash equivalent start at period		278 215	351 090	315 473	363 648
Cash and cash equivalents at end of period		270 784	270 784	320 298	320 298

Notes

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 3Q 2018

Company	Segment	Operating income	EBITDA	Cash 30.09.
Boa OCV AS	OCV	144 227	12 354	117 489
Boa SBL AS	Seismic	38 826	7 901	55 015
Boa Barges AS	Barges	121 976	62 314	11 212
Boa Barges LLC	Barges	19 295	3 065	1 247
Boa Tugs AS	Tugs	75 509	8 565	11 313
T.A. Kittilsen Shipping AS	Tugs	21 878	3 436	8 918
NFDS Offshore 1 AS	AHTS	26 230	-13 256	7 543
NFDS Offshore 2 AS	AHTS	34 155	-10 919	3 864
Boa Offshore AS	Other	1 834	-497	11 074
Boa Management AS	Other	78 181	11 969	21 346
Boa PSV AS	Other	0	-182	10 544
Other / elimination	Other	4 586	-14 734	11 219
Total		566 697	70 015	270 784

Note 3 Fixed assets - consolidated

	Vessels	Periodic maintenance	Equipment	Buildings and land	Sum
Acquisition cost 01.01.	4 489 370	286 893	23 773	1 897	4 801 932
Additions	9 125	30 304	231	0	39 661
Disposals	0	-1 254	0	0	-1 254
Acquisition cost 30.09.	4 498 495	315 943	24 004	1 897	4 840 338
Accumulated depr. 01.01.	2 076 196	202 354	2 489	0	2 281 039
Disposals	0	0	0	0	0
Write-down this period	0	0	0	0	0
Depreciation this period	90 849	28 825	1 991	0	121 665
Accum. depr. 30.09.	2 167 045	231 179	4 480	0	2 402 704
Book value 30.09.	2 331 450	84 764	19 524	1 897	2 437 634
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:

23 730

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	145 207	225 260
Profit of the year	0	0	0	16 534	16 534
Equity 30.09.	2 500	74 447	3 106	161 741	241 794

Consolidated

	Share capital	Share premium	Other restricted equity	Other equity	Total
Equity 01.01.	2 500	74 447	3 106	-149 790	-69 737
Profit of the year	0	0	0	-204 425	-204 425
Other changes	0	0	0	-158	-158
Equity 30.09.	2 500	74 447	3 106	-354 373	-274 321

Minority share of operating result YTD	-2 594
Minority share of total equity	-9 883

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	477 180

Consolidated

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

	2018	2019	2020	2021	→
Instalments	13 542	53 919	2 027 744	404 350	834 180

Note 6 Consolidated income statement - summary

	3Q 2018	YTD 2018	3Q 2017	YTD 2017
Operating income	276 735	566 697	157 279	466 751
Operating expenses	234 202	496 682	126 297	339 582
EBITDA	42 533	70 015	30 982	127 169
EBITDA %	15 %	12 %	20 %	27 %
Depreciation and write-down	40 177	121 665	40 967	126 781
EBIT	2 356	-51 650	-9 984	388
Net finance	-43 756	-152 488	-78 617	-175 595
Pre tax profit	-41 400	-204 138	-88 601	-175 207
Tax	1	287	-	589
Net profit	-41 402	-204 425	-88 601	-175 796

Note 7 Interest bearing debt / equity

Key figures	30.09.18	30.09.17	31.12.17
Interest bearing debt	2 988 895	2 885 956	2 904 766
Cash and cash equivalents	270 784	320 298	351 090
Net Interest Bearing Debt (NIBD)	2 718 111	2 565 658	2 553 676
NIBD / EBITDA *	28,94	17,99	16,90
* Last four quarters			
Booked equity ratio	-8,6 %	2,4 %	-2,1 %
Value adjusted equity ratio	20,2 %	27,2 %	23,8 %





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