



BOA OFFSHORE AS



FIRST QUARTER

2019

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. The ship's bow is pointed towards the right side of the frame.

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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 -12,1 (mNOK -12,1).

Net change in cash was mNOK 15,9 (mNOK -35,4).

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 31.03.2019

Total assets per 31.03.2019 were mNOK 3 218 (mNOK 3 301 per 31.03.2018). Interest bearing debt was mNOK 3 046 (mNOK 2 935), and the equity mNOK -399 (mNOK -168).

Cash and Cash equivalents per 31.03.2019 were mNOK 318 (mNOK 316 per 31.03.2018).

The value adjusted equity ratio for Boa Offshore per 31.03.2019 was 16,4 % and the NIBD/EBITDA ratio was 14,49 (EBITDA last 12 months/4 quarters).

REVIEW OF FIRST QUARTER 2019 ACCOUNTS

Operating income in the period was mNOK 396,0 (mNOK 117,4 in the same period 2018).

EBITDA for the period was mNOK 66,2 (mNOK -2,5).
Operating expenses were mNOK 369,4 (mNOK 160,5).
Operating Profit/EBIT was mNOK 26,6 (mNOK -43,0).
Net financial items were mNOK -59,5 (mNOK -56,1).
Profit before tax was mNOK -32,9 (mNOK -99,3).

CASH FLOW IN THE PERIOD

Net cash flow from operating activities was mNOK 42,9 (mNOK -3,1).

Net cash flow from investing activities was mNOK -15,0 (mNOK -20,2).

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.

FINANCIAL RISK

Interest risk

The Group companies are exposed to interest rate fluctuations on long-term debt. By 31.03.2019 the total of the group's interest-bearing debt was mNOK 3 046 where of 1 749 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 31.03.2019 is mNOK 318. The parent company has a bond of mNOK 434 and a subordinated bond of mNOK 41 outstanding, both listed at Oslo Stock Exchange Nordic ABN. The total of outstanding bonds for the company was mNOK 475 of which mNOK 133 is interest bearing with non-cash PIK interest. The total of outstanding bonds for the group as of 31.03.2019 was mNOK 2 091 whereof mNOK 1 749 is interest bearing (all with non-cash PIK interest). The group has in addition loan to financial institutions of mNOK 1 297 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

The contract with the Norwegian Defence Logistics Organisation to salvage the KNM Helge Ingstad is continuing through this quarter and into next.

EVENTS AFTER THE BALANCE SHEET DATE

On 1st April Boa Offshore and Boa SBL was notified by Nordic Trustee and the bondholders' legal advisors that they were in process of selling Boa Galatea and Boa Thalassa in accordance with the Bond Agreement. A notice of a Written Resolution was issued on 15th April, where it was informed that the buyer of the two Boa SBL vessels was Seabird Exploration PLC in an en-bloc NOKm 185 debt free acquisition. On 26th April Nordic Trustee informed that a required majority was obtained in a Written Resolution in order to execute the Transaction through exercising the Stock Accession Option (described in the new Bond Agreement of July 2017) and

to complete the Transaction or Alternative Transaction. The Alternative Transaction comprise an agreement is made with Boa SBL on a direct sale of the Vessels from Boa SBL to Seabird Exploration. On 23rd May Boa Offshore AS and Boa SBL AS was notified by Nordic Trustee that the Stock Accession Option was executed, and a MoA for sale of the Vessels was signed on the 24th of May.

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. The lease has a three months termination clause for the lessee and a first right to buy the helicopters. The sales process continues.

The total distribution has so far been mNOK 81,25 and the estimated total distribution from the TBK Asset realization is still in the original range of mNOK 80-120.

FUTURE DEVELOPMENT

The medium to long-term outlook for Boa Offshore has improved during 2018 and 2019 on the back of increasing oil prices over the last 12-24 months, continued lowered hurdle rates for new field developments for oil companies, and increased volume of actual and estimated pending sanctioned offshore field development projects. The latter is expected to further improve in 2019 and 2020, which again will lay basis for higher offshore activity from 2020 onwards. Despite modest improvements, the short-term picture remains 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. The recent oil price volatility and global macro-economic uncertainty represent a certain risk to the magnitude of the recovery in the offshore sector. From an earnings perspective 2019 will most likely not be significantly better than 2018.

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 robust, with a recent increase in the backlog. The Tug business has since summer 2017 experienced higher and more stable activity. In 4Q18 and 1Q19 the Tugs business has seen an extraordinary high activity due to the Helge Ingstad salvage contract with the Norwegian Defence Logistics Organisation.

Trondheim, 29 May 2019



Helge Kvalvik
CEO

The North Sea AHTS spot remains challenging. 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 remain in lay-up.

For Boa OCV, Boa Sub C is currently idle in the North Sea after finishing a short/medium term contract in the Offshore Wind Market. The vessel will shortly mobilize for a new medium term contract in West Africa, keeping the vessel occupied minimum until late 2019. The Boa Deep C is currently performing work in the North Sea Offshore Wind Market. Boa Deep C will thereafter in 3Q19 mobilize for a new medium term contract in Asia, with firm commitment most likely into 1Q20. The number of opportunities for new work in 2020 has improved somewhat over the last 12 months. However, competition for these contracts is still relatively tough and still quite few contracts are of longer term duration.

STATEMENT FROM THE CEO

I hereby declare that to the best of my knowledge the interim accounts for the first quarter of 2019 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.



Income Statement

(Figures in 1 000 NOK)

	Note	1Q 2019	1Q 2018	FY 2018
Operating income and operating expenses				
Operating income	2	0	-2	2 690
Operating cost ships		0	0	1 868
Payroll expenses		0	0	269
Other operating expenses		541	376	1 324
Total operating expenses		541	376	3 461
Operating profit		-541	-378	-772
Financial income and expenses				
Income from subsidiaries		0	0	25 812
Interest income from group companies		6 892	8 853	27 707
Other interest income		9	18	68
Other financial income		2	8	852
Write down of other financial fixed assets		0	0	39 500
Interest expense to group companies		601	2 667	2 445
Other interest expenses		501	623	2 114
Other financial expenses		153	190	1 169
Net financial income and expenses		5 648	5 399	9 212
Operating result before tax		5 107	5 021	8 440
Tax on ordinary result		0	3	81
Operating result		5 107	5 018	8 359

Balance Sheet

	Note	31.03.2019	31.03.2018	31.12.2018
<i>(Figures in NOK 1 000)</i>				
Assets				
Financial fixed assets				
Investments in subsidiaries		472 659	487 159	472 659
Loans to group companies		359 391	536 562	352 500
Total financial fixed assets		832 050	1 023 721	825 158
Total fixed assets		832 050	1 023 721	825 158
Current assets				
Receivables				
Trade receivables		497	0	497
Loans to group companies		49 887	13 598	46 148
Other receivables		5 535	3 229	5 669
Total receivables		55 919	16 827	52 315
Cash and bank deposits		4 095	18 262	8 544
Total current assets		60 014	35 090	60 859
Total assets		892 064	1 058 811	886 017

Balance Sheet

(Figures in NOK 1 000)

Equity and liabilities

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	158 673	150 225	153 566
Total retained earnings		158 673	150 225	153 566

Total equity

238 726	230 277	233 619
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Liabilities

Other long term liabilities

Bonds	5	474 845	486 618	474 347
Liabilities to subsidiaries		168 339	335 821	167 738
Total other long term liabilities		643 183	822 439	642 084

Current liabilities

Trade creditors		1 370	1 747	2 472
Liabilities to group companies		7 835	3 500	7 118
Tax payable		0	-29	0
Public duties payable		-26	55	139
Other short term liabilities		976	820	585
Total short term liabilities		10 155	6 094	10 314

Total liabilities

653 338	828 533	652 399
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Total liabilities and equity

892 064	1 058 811	886 017
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Cash Flow Statement

(Figures in 1 000 NOK)

		1Q 2019	1Q 2018	FY 2018
Cash flow from operating activities				
Profit before income taxes		5 107	5 021	8 440
Payment in kind bonds (PIK-bonds)		498	491	1 974
Gain on investments in subsidiaries		0	0	-25 812
Income tax paid		0	-3	-81
Write-down of financial fixed assets		0	0	39 500
Changes in trade receivables		0	63	-435
Changes in other receivables		134	502	-1 938
Changes in trade creditors		-1 102	-1 574	-850
Changes in receivables from group companies		-9 313	-21 144	-33 285
Changes in other short-term liabilities		225	295	173
Net cash flow from operating activities	A	-4 450	-16 350	-12 313
Cash flow from investing activities				
Purchase of tangible fixed assets		0	0	0
Purchase of financial fixed assets		0	0	0
Net cash flow from investing activities	B	0	0	0
Cash flow from financing activities				
Paid in long term liabilities		0	-6 950	-20 704
Group contribution		0	19 592	19 592
Net cash flow from financing activities	C	0	12 643	-1 111
Net changes in cash and cash equivalents	A+B+C	-4 450	-3 707	-13 425
Cash and cash equivalent start at period		8 544	21 969	21 969
Cash and cash equivalents at end of period		4 095	18 262	8 544



Consolidated Income Statement

(Figures in 1 000 NOK)

	Note	1Q 2019	1Q 2018	FY 2018
Operating income and operating expenses				
Operating income	2	395 983	117 413	937 552
Operating cost ships		238 233	53 079	502 568
Payroll expenses		73 258	54 533	252 274
Depreciation	3	39 637	40 579	162 053
Write down on tangible assets	3	0	0	34 000
Other operating expenses		18 294	12 266	63 080
Total operating expenses		369 421	160 457	1 013 976
Operating profit		26 562	-43 044	-76 424
Financial income and expenses				
Interest income from group companies		1 475	1 837	6 645
Other interest income		286	163	936
Other financial income		4 419	3 218	29 198
Other interest expenses		53 964	48 721	200 033
Other financial expenses		11 715	12 638	41 549
Net financial income and expenses		-59 500	-56 141	-204 804
Operating result before tax		-32 938	-99 185	-281 228
Tax on ordinary result		4	103	12 780
Operating result		-32 942	-99 288	-294 008

Consolidated Balance Sheet

	Note	31.03.2019	31.03.2018	31.12.2018
<i>(Figures in NOK 1 000)</i>				
Assets				
Fixed assets				
Intangible fixed assets				
Deferred tax asset		0	10 722	0
Total intangible assets		0	10 722	0
Tangible fixed assets				
Buildings and land	3	1 897	1 897	1 897
Ships	3	2 339 808	2 479 709	2 370 911
Equipment and other movables	3	2 751	20 507	6 762
Total tangible fixed assets		2 344 456	2 502 113	2 379 569
Financial fixed assets				
Loans to group companies		114 380	131 846	112 905
Investments in shares		1 772	1 772	1 772
Other receivables		16 177	14 788	16 179
Total financial fixed assets		132 328	148 406	130 855
Total fixed assets		2 476 784	2 661 241	2 510 424
Current assets				
Inventories		6 883	6 385	6 059
Debtors				
Accounts receivables		220 192	167 616	271 963
Loan to group companies		3 083	1 180	2 729
Other receivables		192 344	148 670	151 678
Total debtors		415 619	317 467	426 370
Investments				
Other financial instruments		362	362	362
Total investments		362	362	362
Cash and bank deposits		318 117	315 711	302 229
Total current assets		740 981	639 926	735 020
Total assets		3 217 765	3 301 167	3 245 444

Consolidated Balance Sheet

	Note	31.03.2019	31.03.2018	31.12.2018
<i>(Figures in NOK 1 000)</i>				
Equity and liabilities				
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	-478 729	-247 781	-446 161
Total retained earnings		-478 729	247 781	-446 161
Total equity		-398 677	-167 729	-366 109
Liabilities				
Provisions				
Deferred tax		1 173	0	1 173
Total provisions		1 173	0	1 173
Other long-term liabilities				
Bonds	5	2 090 778	1 955 037	2 052 067
Liabilities to financial institutions	5	1 296 981	1 334 835	1 302 569
Total of other long term liabilities		3 387 759	3 289 871	3 354 636
Current liabilities				
Trade creditors		120 963	72 861	132 743
Liabilities to group companies		750	510	0
Tax payable		255	277	569
Public duties payable		0	4 759	5 876
Other short term liabilities		105 541	100 618	116 555
Total short term liabilities		227 510	179 024	255 744
Total liabilities		3 616 442	3 468 895	3 611 553
Total equity and liabilities		3 217 765	3 301 167	3 245 444

Consolidated Cash Flow Statement

Figures in 1 000 NOK

		1Q 2019	1Q 2018	FY 2018
Cash flow from operating activities				
Profit before income taxes		-32 938	-99 185	-281 228
Payment in kind bonds (PIK-bonds)		38 711	35 215	145 999
Income tax paid		-243	-308	-779
Depreciation and write-down		39 637	40 579	196 053
Gain on sale of tangible fixed assets		0	0	-2 200
Changes in inventories		-824	-223	104
Changes in trade receivables		51 772	9 449	-94 898
Changes in other receivables		-31 481	-8 539	-13 001
Changes in trade creditors		-11 780	14 314	74 197
Changes in receivables from group companies		-1 080	10 751	27 634
Changes in other short-term liabilities		-8 864	-5 120	10 611
Net cash flow from operating activities	A	42 909	-3 068	62 492
Cash flow from investing activities				
Purchase of tangible fixed assets		-14 956	-20 246	-53 268
Net cash flow from investing activities	B	-14 956	-20 246	-53 268
Cash flow from financing activities				
Paid in long term liabilities		-12 064	-12 064	-58 085
Net cash flow from financing activities	C	-12 064	-12 064	-58 085
Net changes in cash and cash equivalents	A+B+C	15 888	-35 379	-48 861
Cash and cash equivalent start at period		302 229	351 090	351 090
Cash and cash equivalents at end of period		318 117	315 711	302 229

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 Spesification companies and segments

Consolidated - YTD 1Q 2019

Company	Segment	Operating income	EBITDA	Cash 31.03.
Boa OCV AS	OCV	37 853	-5 839	95 876
Boa SBL AS	Seismic	14 881	2 914	49 116
Boa Barges AS	Barges	46 854	35 549	26 990
Boa Barges LLC	Barges	26 092	2 442	6 163
Boa Tugs AS	Tugs	290 405	32 466	43 306
T.A. Kittilsen Shipping AS	Tugs	7 391	-204	3 620
NFDS Offshore 1 AS	AHTS	0	-2 541	16 138
NFDS Offshore 2 AS	AHTS	0	-2 569	6 151
Boa Offshore AS	Other	0	-541	4 095
Boa Management AS	Other	34 748	9 903	45 117
Other / elimination	Other	-62 241	-5 381	21 545
Total		395 983	66 199	318 117

Note 3 Fixed assets - consolidated

	Vessels	Periodic maintenance	Equipment	Buildings and land	Sum
Acquisition cost 01.01.	4 497 336	330 698	24 926	1 897	4 854 856
Additions	564	3 970	0	0	4 534
Disposals	0	0	0	0	0
Acquisition cost 31.03.	4 501 230	334 668	21 586	1 897	4 859 381
Accumulated depr. 01.01.	2 216 606	240 575	18 106	0	2 475 287
Disposals	0	0	0	0	0
Write-down this period	0	0	0	0	0
Depreciation this period	29 294	9 614	729	0	39 637
Accum. depr. 31.03.	2 245 901	250 189	18 835	0	2 514 924
Book value 31.03.	2 255 330	84 479	2 751	1 897	2 344 456
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:

113 596

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	153 566	233 619
Profit of the year	0	0	0	5 107	5 107
Equity 31.03.	2 500	74 447	3 106	158 673	238 726

Consolidated

	Share capital	Share premium	Other restricted equity	Other equity	Total
Equity 01.01.	2 500	74 447	3 106	-446 161	-366 109
Profit of the year	0	0	0	-32 942	-32 942
Other changes	0	0	0	373	373
Equity 31.03.	2 500	74 447	3 106	-478 729	-398 677

Minority share of operating result YTD	-725
Minority share of total equity	-11 690

Note 5 Long term liabilities**Parent company**

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

	2019	2020	2021	2022	→
Instalments	0	0	0	0	474 845

Consolidated

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

	2019	2020	2021	2022	→
Instalments	40 302	2 444 113	68 500	68 500	766 345

Note 6 Consolidated income statement - summary

	1Q 2019	1Q 2018	FY 2018
Operating income	395 983	117 413	937 552
Operating expences	329 784	119 878	817 923
EBITDA	66 199	-2 465	119 629
EBITDA %	17 %	-2 %	13 %
Depreciation and write-down	39 637	40 579	196 053
EBIT	26 562	-43 044	-76 424
Net finance	-59 500	-56 141	-204 804
Pre tax profit	-32 938	-99 185	-281 228
Tax	4	103	12 780
Net profit	-32 942	-99 288	-294 008

Note 7 Interest bearing debt / equity

Key figures	31.03.19	31.03.18	31.12.18
Interest bearing debt	3 046 248	2 934 606	3 013 124
Cash and cash equivalents	318 117	315 711	302 229
Net Interest Bearing Debt (NIBD)	2 728 131	2 618 895	2 710 895
NIBD / EBITDA *	14,49	59,49	22,66
* Last four quarters			
Booked equity ratio	-12,4 %	-5,1 %	-11,3 %
Value adjusted equity ratio	16,4 %	22,4 %	16,4 %





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