



BOA OFFSHORE AS



SECOND 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.

Content

CEO's Report /3/

Income Statement /7/

Balance Sheet /8/

Cash Flow Report /10/

Consolidated Income Statement /12/

Consolidated Balance Sheet /13/

Consolidated Cash Flow Report /15/

Notes /16/

CEO's Report

GENERAL INFORMATION

The unaudited interim report is prepared in accordance with NGAAP.

Net cash flow from financing activities was mNOK -67,0 (mNOK -15,5).

Net change in cash was mNOK -51,0 (mNOK -37,5).

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 30.06.2019

Total assets per 30.06.2019 were mNOK 2 824 (mNOK 3 246 per 30.06.2018). Interest bearing debt was mNOK 2 696 (mNOK 2 966), and the equity mNOK -403 (mNOK -233).

Cash and Cash equivalents per 30.06.2019 were mNOK 267 (mNOK 278 per 30.06.2018).

The value adjusted equity ratio for Boa Offshore per 30.06.2019 was 16,4 % and the NIBD/EBITDA ratio was 10,86 (EBITDA last 12 months/4 quarters). This is based on two independent broker valuations.

REVIEW OF SECOND QUARTER 2019 ACCOUNTS

Operating income in the period was mNOK 200,2 (mNOK 172,5 in the same period 2018).

EBITDA for the period was mNOK 65,2 (mNOK 29,9).
Operating expenses were mNOK 173,0 (mNOK 183,5).
Operating Profit/EBIT was mNOK 27,1 (mNOK -11,0).
Net financial items were mNOK -31,1 (mNOK -52,6).
Profit before tax was mNOK -4,0 (mNOK -63,6).

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 positive.

FINANCIAL RISK

Interest risk

The Group companies are exposed to interest rate fluctuations on long-term debt. By 30.06.2019 the total of the group's interest-bearing debt was mNOK 2 696 where of 1 379 is fixed with non-cash PIK interest and another mNOK 569 is secured by interest rate swap agreements or fixed rates.

CASH FLOW IN THE PERIOD

Net cash flow from operating activities was mNOK 64,0 (mNOK -11,9).

Currency risk

Net cash flow from investing activities was mNOK -48,0 (mNOK -10,0). This is related to periodic maintenance.

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 USD and EUR. 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 30.06.2019 is mNOK 267. The parent company has a bond of mNOK 434 and a subordinated bond of mNOK 43 outstanding, both listed at Oslo Stock Exchange Nordic ABN. The total of outstanding bonds for the company was mNOK 475 of which mNOK 134 is interest bearing with non-cash PIK interest. The parent company has also a liability to former subsidiary Boa SBL AS of mNOK 28,3. The total of outstanding bonds for the group as of 30.06.2019 was mNOK 1 721 whereof mNOK 1 379 is interest bearing (all with non-cash PIK interest). The group has in addition loan to financial institutions of mNOK 1 289 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

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. The Boa Thalassa was handed over to the new owner 12th June. Following the stock Accession Option exercise the ownership of Boa SBL AS was transferred to NT Refectio XVIII AS, ultimately owned by Stiftelsen NT Refectio.

EVENTS AFTER THE BALANCE SHEET DATE

Following settlement of one of the legal claims in June the bondholders was 2nd July notified of mNOK 25 distribution with settlement 8th July 2019.

TBK ASSETS REALISATION

Boa Eiendom AS (Eiendom) has previously sold all significant assets except their Boa Unsec' bonds holding. In August Eiendom received its part of the TBK Asset realization (gross mNOK 6,5).

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 eight helicopters are on a dry lease to Helitrans. Three of the helicopters are scheduled to be redelivered end of August, and the remaining in February 2021. The lease has a three months termination clause for the lessee and also a first right to buy the helicopters. NFL has entered into a sales agreement for one of the helicopters and closing is estimated to early September. The sales process for the remaining helicopters continues.

The total distribution has so far been mNOK 87,75 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's Oil & Gas related business has improved somewhat during 2018 and 2019. However, activity has recovered from very low levels and in a slow mode. It is expected to see increased sanctioning of offshore field development projects in the remainder of 2019 and in 2020. This should lay basis for higher offshore activity in the years 2020-22, with the majority of work appearing back-end loaded in this period. The recent oil price volatility and increased global macro-economic uncertainty has put some more risk to this

picture. The short-term outlook remains challenging as demand is recovering from very low levels and need to catch up with a significant overcapacity of vessels in many offshore segments. From an earnings perspective 2019 will most likely not be very different from 2018 in Boa's Oil & Gas related business.

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 an increase in the backlog in recent quarters. 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 Royal Norwegian Navy.

The North Sea AHTS spot remains challenging, despite a few short-term periods of higher spot rates during the summer. 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 has mobilized for a 1-year term contract in West Africa, keeping the vessel occupied until mid 2020. The Boa Deep C is currently idle after performing work in the North Sea Offshore Wind Market until recently. Boa Deep C will early October mobilize for a new short to medium term contract in Asia, with firm commitment into 1Q20. The number of opportunities for new work in 2020-21 has improved somewhat over the last 12-18 months. However, competition for these contracts is still relatively tough and still 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 second 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.

Trondheim, 29 August 2019



Helge Kvalvik
CEO



Income Statement

(Figures in 1 000 NOK)

	Note	2Q 2019	YTD 2019	2Q 2018	YTD 2018
Operating income and operating expenses					
Operating income	2	700	700	109	107
Operating cost ships		0	0	218	218
Other operating expenses		1 045	1 587	471	847
Total operating expenses		1 045	1 587	690	1 065
Operating profit		-345	-886	-580	-958
Financial income and expenses					
Interest income from group companies		7 059	13 951	9 095	17 948
Other interest income		5	14	19	36
Other financial income		8	10	780	788
Interest expense to group companies		610	1 211	2 726	5 393
Other interest expenses		505	1 006	496	1 119
Other financial expenses		265	418	703	893
Net financial income and expenses		5 693	11 341	5 968	11 367
Operating result before tax		5 348	10 454	5 388	10 409
Tax on ordinary result		0	0	48	52
Operating result		5 348	10 454	5 339	10 357

Balance Sheet

	Note	30.06.2019	30.06.2018	31.12.2018
<i>(Figures in NOK 1 000)</i>				
Assets				
Fixed assets				
Intangible fixed assets				
Tangible fixed assets				
Buildings and land	3	0	0	0
Vessels	3	0	0	0
Equipment and other movables	3	0	0	0
Total tangible fixed assets		0	0	0
Financial fixed assets				
Investments in subsidiaries		472 659	487 159	472 659
Loans to group companies		366 451	536 562	352 500
Investments in shares		0	0	0
Other receivables		0	0	0
Total financial fixed assets		839 109	1 023 721	825 158
Total fixed assets		839 109	1 023 721	825 158
Current assets				
Inventories		0	0	0
Receivables				
Trade receivables		497	0	497
Loans to group companies		51 711	13 598	46 148
Other receivables		6 095	3 229	5 669
Total receivables		58 303	16 827	52 315
Cash and bank deposits		2 918	18 262	8 544
Total current assets		61 220	35 090	60 859
Total assets		900 330	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	164 021	150 225	153 566
Total retained earnings		164 021	150 225	153 566

Total equity

244 073	230 277	233 619
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Liabilities

Other long term liabilities

Bonds	5	475 345	486 618	474 347
Liabilities to subsidiaries		140 787	335 821	167 738
Other long term liabilities		28 162	0	0
Total other long term liabilities		644 293	822 439	642 084

Current liabilities

Trade creditors		865	1 747	2 472
Liabilities to group companies		9 529	3 500	7 118
Tax payable		0	-29	0
Public duties payable		1	55	139
Other short term liabilities		1 568	820	585
Total short term liabilities		11 963	6 094	10 314

Total liabilities

656 257	828 533	652 399
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Total liabilities and equity

900 330	1 058 811	886 017
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Cash Flow Statement

(Figures in 1 000 NOK)

		2Q 2019	YTD 2019	2Q 2018	YTD 2018
Cash flow from operating activities					
Profit before income taxes		5 348	10 454	5 388	10 409
Payment in kind bonds (PIK-bonds)		500	998	493	983
Gain on investments in subsidiaries		0	0	0	0
Income tax paid		0	0	-48	-52
Write-down of financial fixed assets		0	0	0	0
Changes in trade receivables		0	0	-126	-63
Changes in other receivables		-560	-426	-828	-327
Changes in trade creditors		-505	-1 607	-612	-2 186
Changes in receivables from group companies		-6 579	-15 892	2 351	-18 793
Changes in other short-term liabilities		620	846	-562	-266
Net cash flow from operating activities	A	-1 177	-5 627	6 055	-10 294
Cash flow from investing activities					
Purchase of tangible fixed assets		0	0	0	0
Purchase of financial fixed assets		0	0	0	0
Net cash flow from investing activities	B	0	0	0	0
Cash flow from financing activities					
Paid in long term liabilities		0	0	-10 424	-17 374
Group contribution		0	0	0	19 592
Net cash flow from financing activities	C	0	0	-10 424	2 219
Net changes in cash and cash equivalents	A+B+C	-1 177	-5 627	-4 369	-8 076
Cash and cash equivalent start at period		4 095	8 544	18 262	21 969
Cash and cash equivalents at end of period		2 918	2 918	13 893	13 893



Consolidated Income Statement

(Figures in 1 000 NOK)

	Note	2Q 2019	YTD 2019	2Q 2018	YTD 2018
Operating income and operating expenses					
Operating income	2	200 158	596 141	172 549	289 963
Operating cost ships		77 141	315 374	73 507	126 587
Payroll expenses		46 079	119 337	56 306	110 840
Depreciation	3	38 120	77 757	40 909	81 488
Write down on tangible assets	3	0	0	0	0
Other operating expenses		11 693	29 987	12 788	25 054
Total operating expenses		173 033	542 454	183 511	343 968
Operating profit		27 125	53 687	-10 962	-54 006
Financial income and expenses					
Interest income from group companies		1 511	2 987	1 715	3 551
Other interest income		429	714	158	321
Other financial income		25 288	29 706	3 507	6 725
Other interest expenses		50 071	104 035	48 991	97 712
Other financial expenses		8 293	20 008	8 979	21 617
Net financial income and expenses		-31 135	-90 635	-52 591	-108 732
Operating result before tax		-4 011	-36 948	-63 553	-162 738
Tax on ordinary result		1 026	1 030	183	286
Operating result		-5 037	-37 979	-63 735	-163 024

Consolidated Balance Sheet

	Note	30.06.2019	30.06.2018	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	2 060 026	2 449 248	2 370 911
Equipment and other movables	3	2 404	20 094	6 762
Total tangible fixed assets		2 064 326	2 471 239	2 379 569
Financial fixed assets				
Loans to group companies		115 892	115 561	112 905
Investments in shares		1 772	1 772	1 772
Other receivables		20 278	15 069	16 179
Total financial fixed assets		137 941	132 402	130 855
Total fixed assets		2 202 267	2 614 363	2 510 424
Current assets				
Inventories		9 473	3 174	6 059
Debtors				
Accounts receivables		189 950	198 017	271 963
Loan to group companies		3 627	1 228	2 729
Other receivables		151 141	150 600	151 678
Total debtors		344 717	349 845	426 370
Investments				
Other financial instruments		362	362	362
Total investments		362	362	362
Cash and bank deposits		267 165	278 215	302 229
Total current assets		621 718	631 596	735 020
Total assets		2 823 985	3 245 959	3 245 444

Consolidated Balance Sheet

	Note	30.06.2019	30.06.2018	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	-483 392	-312 938	-446 161
Total retained earnings		-483 392	-312 938	-446 161
Total equity		-403 339	-232 885	-366 109
Liabilities				
Provisions				
Deferred tax		1 173	0	1 173
Total provisions		1 173	0	1 173
Other long-term liabilities				
Bonds	5	1 720 860	1 980 670	2 052 067
Liabilities to financial institutions	5	1 288 704	1 329 713	1 302 569
Other long term liabilities		28 265	0	0
Total of other long term liabilities		3 037 829	3 310 383	3 354 636
Current liabilities				
Trade creditors		60 436	70 977	132 743
Liabilities to group companies		1 393	0	0
Tax payable		0	0	569
Public duties payable		7 326	3 400	5 876
Other short term liabilities		119 167	94 085	116 555
Total short term liabilities		188 322	168 462	255 744
Total liabilities		3 227 324	3 478 845	3 611 553
Total equity and liabilities		2 823 985	3 245 959	3 245 444

Consolidated Cash Flow Statement

Figures in 1 000 NOK

		2Q 2019	YTD 2019	2Q 2018	YTD 2018
Cash flow from operating activities					
Profit before income taxes		-4 011	-36 948	-63 553	-162 738
Payment in kind bonds (PIK-bonds)		35 116	73 826	36 058	71 272
Income tax paid		-1 269	-1 512	-553	-861
Depreciation and write-down		38 120	77 757	40 909	81 488
Gain on sale of tangible fixed assets		0	0	0	0
Gain on sale of financial items		-22 658	-22 658	0	0
Changes in inventories		-2 591	-3 415	3 211	2 988
Changes in trade receivables		30 242	82 014	-30 401	-20 952
Changes in other receivables		33 001	1 519	-2 492	-11 031
Changes in trade creditors		-60 528	-72 307	-1 884	12 430
Changes in receivables from group companies		-1 412	-2 492	15 728	26 478
Changes in other short-term liabilities		20 014	11 149	-8 936	-14 055
Net cash flow from operating activities	A	64 024	106 933	-11 913	-14 981
Cash flow from investing activities					
Purchase of tangible fixed assets		-47 983	-62 939	-10 038	-30 284
Net cash flow from investing activities	B	-47 983	-62 939	-10 038	-30 284
Cash flow from financing activities					
Paid in long term liabilities		-13 593	-25 657	-15 546	-27 611
Cash impact from sale of subsidiary		-53 401	-53 401	0	0
Net cash flow from financing activities	C	-66 994	-79 058	-15 546	-27 611
Net changes in cash and cash equivalents	A+B+C	-50 952	-35 064	-37 496	-72 875
Cash and cash equivalent start at period		318 117	302 229	315 711	351 090
Cash and cash equivalents at end of period		267 165	267 165	278 215	278 215

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.

*The subsidiary Boa SBL AS was sold 23.05.2019

Note 2 Specification companies and segments

Consolidated - YTD 2Q 2019

Company	Segment	Operating income	EBITDA	Cash 30.06.
Boa OCV AS	OCV	122 407	20 107	78 063
Boa SBL AS *	Seismic	23 983	5 546	0
Boa Barges AS	Barges	101 473	62 366	33 447
Boa Barges LLC	Barges	48 622	411	762
Boa Tugs AS	Tugs	323 987	41 095	58 017
T.A. Kittilsen Shipping AS	Tugs	19 356	5 721	3 012
NFDS Offshore 1 AS	AHTS	0	-4 766	16 337
NFDS Offshore 2 AS	AHTS	0	-4 710	3 852
Boa Offshore AS	Other	700	-886	2 918
Boa Management AS	Other	62 902	14 995	47 544
Other / elimination	Other	-107 290	-8 435	23 213
Total		596 141	131 444	267 165

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	10 565	53 605	236	0	64 406
Disposals *	-648 490	-39 361	0	0	-687 851
Acquisition cost 30.06.	3 862 741	344 941	21 820	1 897	4 231 400
Accumulated depr. 01.01.	2 216 606	240 575	18 106	0	2 475 287
Disposals *	-358 684	-27 287	0	0	-385 970
Write-down this period	0	0	0	0	0
Depreciation this period	56 860	19 587	1 311	0	77 757
Accum. depr. 30.06.	1 914 782	232 875	19 416	0	2 167 074
Book value 30.06.	1 947 959	112 066	2 404	1 897	2 064 326
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:

123 002

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	10 454	10 454
Equity 30.06.	2 500	74 447	3 106	164 021	244 073

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	-37 979	-37 979
Other changes	0	0	0	748	748
Equity 30.06.	2 500	74 447	3 106	-483 392	-403 339

Minority share of operating result YTD	-1 391
Minority share of total equity	-12 357

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	503 610

Consolidated

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

	2019	2020	2021	2022	→
Instalments	26 709	2 079 010	68 500	68 500	795 110

Note 6 Consolidated income statement - summary

	2Q 2019	YTD 2019	2Q 2018	YTD 2018
Operating income	200 158	596 141	172 549	289 963
Operating expenses	134 913	464 697	142 602	262 480
EBITDA	65 245	131 444	29 947	27 482
EBITDA %	33 %	22 %	17 %	9 %
Depreciation and write-down	38 120	77 757	40 909	81 488
EBIT	27 125	53 687	-10 962	-54 006
Net finance	-31 135	-90 635	-52 591	-108 732
Pre tax profit	-4 011	-36 948	-63 553	-162 738
Tax	1 026	1 030	183	286
Net profit	-5 037	-37 979	-63 735	-163 024

Note 7 Interest bearing debt / equity

Key figures	30.06.19	30.06.18	31.12.18
Interest bearing debt	2 696 317	2 965 541	3 013 124
Cash and cash equivalents	267 165	278 215	302 229
Net Interest Bearing Debt (NIBD)	2 429 153	2 687 327	2 710 895
NIBD / EBITDA *	10,86	32,63	22,66
* Last four quarters			
Booked equity ratio	-14,3 %	-7,2 %	-11,3 %
Value adjusted equity ratio	16,4 %	20,3 %	16,4 %





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