



BOA OFFSHORE AS



FOURTH 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.

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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 36,2 (mNOK -16,9).

Net change in cash was mNOK -39,0 (mNOK 31,4).

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 31.12.2019

Total assets per 31.12.2019 were mNOK 2 735 (mNOK 3 245 per 31.12.2018). Interest bearing debt was mNOK 2 796 (mNOK 3 013), and the equity mNOK -628 (mNOK -366).

Cash and Cash equivalents per 31.12.2019 were mNOK 241 (mNOK 302 per 31.12.2018).

The booked value of equity for the Group is negative, however the value adjusted equity ratio for Boa Offshore per 31.12.2019 was 8,9 %. This is based on two independent ship broker valuations. The NIBD/EBITDA ratio was 11,85 (EBITDA last 12 months/4 quarters).

REVIEW OF FOURTH QUARTER 2019 ACCOUNTS

Operating income in the period was mNOK 211,3 (mNOK 370,9 in the same period 2018).

EBITDA for the period was mNOK 34,4 (mNOK 49,6).
Operating expenses were mNOK 281,6 (mNOK 395,6).
Operating Profit/EBIT was mNOK -70,3 (mNOK -24,8).
Net financial items were mNOK -60,7 (mNOK -52,3).
Profit before tax was mNOK -131 (mNOK -77,1).

FINANCIAL RISK

Interest risk

The Group companies are exposed to interest rate fluctuations on long-term debt. By 31.12.2019 the total of the group's interest-bearing debt was mNOK 2 796 where of 1 443 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 -13,4 (mNOK 64,8).

Net cash flow from investing activities was mNOK -61,8 (mNOK -16,4).

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 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 31.12.2019 is mNOK 241. The parent company has a bond of mNOK 423 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 463 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. The total of outstanding bonds for the group as of 31.12.2019 was mNOK 1 769 whereof mNOK 1 443 is interest bearing (all with non-cash PIK interest). The group has in addition loan to financial institutions of mNOK 1 325 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 first ranking component of the Rest Claim was distributed at the rest Claim Payment date in October with mNOK 9,5.

EVENTS AFTER THE BALANCE SHEET DATE

At the Rest Claim Payment Date in January the first ranking component of the Rest Claims was repaid in full, with a final distribution of mNOK 1,3.

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 seven helicopters. For the remaining six helicopters there is an ongoing discussion for further extension of the lease agreement, until they are sold as a part of the TBK Assets Realisation.

The total distribution has so far been mNOK 87,75.

RESTRUCTURING PROCESS

The Boa Offshore Group has initiated discussions with the banks and bonds creditors for amendments to the 2017 restructuring agreement. The process is still ongoing.

FUTURE DEVELOPMENT

The medium to long-term outlook for Boa Offshore's Oil & Gas related business has improved somewhat over the last two years. However, activity has recovered from very low levels and in a slower mode than anticipated 12 and 24 months ago. The level of sanctioned offshore field development projects increased notably in 2019 compared with previous years and is expected to remain at similar levels in coming years. This should lay basis for higher offshore activity in the years from 2021-22. On the other hand, the oil price volatility and increased global macro-economic uncertainty experienced over the last 6-12 months 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 2020 will most likely not be very different from 2019 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 relatively stable and robust. A somewhat weaker winter period is expected for both business units.

The North Sea AHTS spot market remains challenging, despite a few periods of higher spot rates during 2019. 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 awarded contracts by The Norwegian Defense Logistic Organization (FLO) in

October 2019. The duration of the agreement is 5 years, with the option to extend the agreement for another 5 years. Both vessels commenced this contract in January 2020.

For Boa OCV, Boa Sub C is working on a 1-year term contract in West Africa, keeping the vessel occupied until mid 2020, with options for more work thereafter. The Boa Deep C is currently finalizing a medium term contract in Asia. The number of opportunities for new work in 2020-21 has only improved marginally over the last 12-18 months. Moreover, 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 fourth 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, 28 February 2020



Helge Kvalvik
CEO



Income Statement

(Figures in 1 000 NOK)

	Note	4Q 2019	FY 2019	4Q 2018	FY 2018
Operating income and operating expenses					
Operating income	2	736	950	856	2 690
Operating cost ships		0	0	597	1 868
Payroll expenses		0	0	269	269
Other operating expenses		836	2 856	265	1 324
Total operating expenses		836	2 856	1 131	3 461
Operating profit		-101	-1 906	-275	-772
Financial income and expenses					
Income from subsidiaries		0	0	25 812	25 812
Interest income from group companies		7 119	28 222	655	27 707
Other interest income		37	98	18	68
Other financial income		4	365	58	852
Depreciation of other financial current assets		0	0	0	0
Write down of other financial fixed assets		318 000	318 000	39 500	39 500
Interest expense to group companies		629	2 483	-5 739	2 445
Other interest expenses		512	2 020	498	2 114
Other financial expenses		8 912	31 148	156	1 169
Net financial income and expenses		-320 893	-324 966	-7 870	9 212
Operating result before tax		-320 994	-326 873	-8 145	8 440
Tax on ordinary result		-1 712	-2 312	29	81
Operating result		-319 282	-324 561	-8 175	8 359

Balance Sheet

	Note	31.12.2019	31.12.2018
<i>(Figures in NOK 1 000)</i>			
Assets			
Financial fixed assets			
Investments in subsidiaries		154 614	472 659
Loans to group companies		365 205	352 500
Total financial fixed assets		519 819	825 158
Total fixed assets		519 819	825 158
Current assets			
Receivables			
Trade receivables		2 694	497
Loans to group companies		21 985	46 148
Other receivables		312	5 669
Total receivables		24 991	52 315
Cash and bank deposits		6 119	8 544
Total current assets		31 110	60 859
Total assets		550 929	886 017

Balance Sheet

(Figures in NOK 1 000)

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		80 053	80 053

Retained earnings

Other equity	4	-170 994	153 566
Total retained earnings		-170 994	153 566

Total equity

-90 942	233 619
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Liabilities

Other long term liabilities

Bonds	5	462 005	474 347
Liabilities to subsidiaries		139 645	167 738
Other long term liabilities		27 926	0
Total other long term liabilities		629 576	642 084

Current liabilities

Trade creditors		0	2 472
Liabilities to group companies		12 117	7 118
Public duties payable		42	139
Other short term liabilities		136	585
Total short term liabilities		12 295	10 314

Total liabilities

641 871	652 399
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Total liabilities and equity

550 929	886 017
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Cash Flow Statement

(Figures in 1 000 NOK)

		4Q 2019	FY 2019	4Q 2018	FY 2018
Cash flow from operating activities					
Profit before income taxes		-320 994	-326 873	-8 145	8 440
Payment in kind bonds (PIK-bonds)		504	2 004	496	1 974
Gain on investments in subsidiaries		0	0	-25 812	-25 812
Income tax paid		1 712	2 312	-29	-81
Loss / (gain) on sale of financial items		45	45	0	0
Write-down of financial fixed assets		318 000	318 000	39 500	39 500
Changes in trade receivables		-2 504	-2 196	0	-435
Changes in other receivables		54	5 428	-863	-1 938
Changes in trade creditors		-393	-2 543	1 936	-850
Changes in receivables from group companies		-4 556	16 522	-6 761	-33 285
Changes in other short-term liabilities		-596	-779	479	173
Net cash flow from operating activities	A	-8 728	11 920	800	-12 313
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	-14 345	-3 330	-20 704
Group contribution		0	0	0	19 592
Net cash flow from financing activities	C	0	-14 345	-3 330	-1 111
Net changes in cash and cash equivalents	A+B+C	-8 728	-2 425	-2 530	-13 425
Cash and cash equivalent start at period		14 847	8 544	11 074	21 969
Cash and cash equivalents at end of period		6 119	6 119	8 544	8 544



Consolidated Income Statement

(Figures in 1 000 NOK)

	Note	4Q 2019	FY 2019	4Q 2018	FY 2018
Operating income and operating expenses					
Operating income	2	211 341	980 322	370 855	937 552
Operating cost ships		112 978	489 904	219 518	502 568
Payroll expenses		62 785	234 866	75 810	252 274
Depreciation	3	34 472	146 119	40 388	162 053
Write down on tangible assets	3	70 168	70 168	34 000	34 000
Other operating expenses		1 200	39 914	25 913	63 080
Total operating expenses		281 603	980 971	395 629	1 013 976
Operating profit		-70 262	-649	-24 774	-76 424
Financial income and expenses					
Interest income from group companies		1 481	5 969	1 550	6 645
Other interest income		654	1 791	322	936
Other financial income		4 672	51 665	7 213	29 198
Other interest expenses		48 051	200 489	51 086	200 033
Other financial expenses		19 462	61 921	10 314	41 549
Net financial income and expenses		-60 705	-202 986	-52 316	-204 804
Operating result before tax		-130 966	-203 635	-77 090	-281 228
Tax on ordinary result		-3 894	-4 860	12 493	12 780
Operating result		-127 072	-198 775	-89 582	-294 008

Consolidated Balance Sheet

	Note	31.12.2019	31.12.2018
<i>(Figures in NOK 1 000)</i>			
Assets			
Fixed assets			
Intangible fixed assets			
Deferred tax asset		1 751	0
Total intangible assets		1 751	0
Tangible fixed assets			
Buildings and land	3	1 897	1 897
Ships	3	1 988 220	2 370 911
Equipment and other movables	3	4 724	6 762
Total tangible fixed assets		1 994 840	2 379 569
Financial fixed assets			
Loans to group companies		112 378	112 905
Investments in shares		1 772	1 772
Other receivables		15 317	16 179
Total financial fixed assets		129 466	130 855
Total fixed assets		2 126 057	2 510 424
Current assets			
Inventories		3 807	6 059
Debtors			
Accounts receivables		150 035	271 963
Loan to group companies		1 370	2 729
Other receivables		212 523	151 678
Total debtors		363 928	426 370
Investments			
Other financial instruments		362	362
Total investments		362	362
Cash and bank deposits		241 234	302 229
Total current assets		609 331	735 020
Total assets		2 735 388	3 245 444

Consolidated Balance Sheet

	Note	31.12.2019	31.12.2018
<i>(Figures in NOK 1 000)</i>			
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		80 053	80 053
Retained earnings			
Other equity	4	-708 127	-446 161
Total retained earnings		-708 127	-446 161
Total equity		-628 074	-366 109
Liabilities			
Provisions			
Deferred tax		0	1 173
Total provisions		0	1 173
Other long-term liabilities			
Bonds	5	1 768 855	2 052 067
Liabilities to financial institutions	5	1 324 969	1 302 569
Other long term liabilities		25 162	0
Total of other long term liabilities		3 118 986	3 354 636
Current liabilities			
Trade creditors		64 325	132 743
Liabilities to group companies		0	0
Tax payable		496	569
Public duties payable		7 060	5 876
Other short term liabilities		172 596	116 555
Total short term liabilities		244 477	255 744
Total liabilities		3 363 462	3 611 553
Total equity and liabilities		2 735 388	3 245 444

Consolidated Cash Flow Statement

Figures in 1 000 NOK

		4Q 2019	FY 2019	4Q 2018	FY 2018
Cash flow from operating activities					
Profit before income taxes		-130 966	-203 635	-77 090	-281 228
Payment in kind bonds (PIK-bonds)		31 256	136 167	37 805	145 999
Income tax paid		2 228	2 712	83	-779
Depreciation and write-down		104 640	216 287	74 388	196 053
Gain on sale of tangible fixed assets		0	0	-2 200	-2 200
Gain on sale of financial items		0	-22 658	0	0
Changes in inventories		4 646	2 252	-3 435	104
Changes in trade receivables		36 742	121 928	-82 515	-94 898
Changes in other receivables		-40 961	-54 902	1 781	-13 001
Changes in trade creditors		14 748	-68 419	76 839	74 197
Changes in receivables from group companies		-716	1 886	3 009	27 634
Changes in other short-term liabilities		-35 051	9 377	36 114	10 611
Changes in other accruals			0	0	0
Net cash flow from operating activities	A	-13 434	140 995	64 779	62 492
Cash flow from investing activities					
Purchase of tangible fixed assets		-61 750	-131 415	-16 428	-53 268
Net cash flow from investing activities	B	-61 750	-131 415	-16 428	-53 268
Cash flow from financing activities					
Raised long term liabilities		49 537	49 537	0	0
Paid in long term liabilities		-13 306	-66 711	-16 906	-58 085
Cash impact from sale of subsidiary		0	-53 401	0	0
Net cash flow from financing activities	C	36 231	-70 575	-16 906	-58 085
Net changes in cash and cash equivalents	A+B+C	-38 954	-60 995	31 445	-48 861
Cash and cash equivalent start at period		280 188	302 229	270 784	351 090
Cash and cash equivalents at end of period		241 234	241 234	302 229	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.

*The subsidiary Boa SBL AS was sold 23.05.2019

Note 2 Spesification companies and segments

Consolidated - YTD 4Q 2019

Company	Segment	Operating income	EBITDA	Cash 31.12.
Boa OCV AS	OCV	242 837	41 709	113 188
Boa SBL AS *	Seismic	23 983	5 546	0
Boa Barges AS	Barges	165 760	89 802	27 462
Boa Barges LLC	Barges	131 537	18 720	5 134
Boa Tugs AS	Tugs	383 198	14 707	15 958
T.A. Kittilsen Shipping AS	Tugs	32 952	5 333	281
Boa AHTS Holding AS	AHTS	0	-46 492	2 531
Boa Offshore AS	Other	950	-1 906	6 119
Boa Management AS	Other	138 697	10 423	47 204
Other / elimination	Other	-139 593	77 796	23 357
Total		980 322	215 638	241 234

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	13 953	119 261	310	0	133 525
Disposals *	-648 490	-51 721	0	0	-700 211
Transfer	43	0	-41	0	2
Acquisition cost 31.12.	3 862 842	398 238	25 195	1 897	4 288 172
Accumulated depr. 01.01.	2 216 606	240 575	18 106	0	2 475 287
Disposals *	-358 684	-39 469	0	0	-398 153
Transfer	-90	0	0	0	-90
Write-down this period	69 902	0	0	0	69 902
Depreciation this period	107 466	36 555	2 365	0	146 385
Accum. depr. 31.12.	2 035 200	237 661	20 471	0	2 293 332
Book value 31.12.	1 827 642	160 577	4 724	1 897	1 994 840
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:

147 262

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	-324 561	-324 561
Equity 31.12.	2 500	74 447	3 106	-170 994	-90 942

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	-198 775	-198 775
Other changes	0	0	0	-63 190	-63 190
Equity 31.12.	2 500	74 447	3 106	-708 127	-628 074

Minority share of operating result YTD	-2 667
Minority share of total equity	-13 628

Note 5 Long term liabilities**Parent company**

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

	2020	2021	2022	2023	→
Instalments	0	0	0	0	490 037

Consolidated

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

	2020	2021	2022	2023	→
Instalments	2 183 319	88 500	68 500	0	781 537

Boa Barges AS has pledged 10 of its barges as additional security for bank loans to the sister company Boa AHTS Holding AS, limited to NOK 150 000 000 and with priority after Boa Barges AS's own loan. After a financial restructuring for the Group in 2017, a sale of the companies vessels was imposed. This has not been possible to carry out in today's market, but the vessels are now hired out to Forsvaret on a 5 + 5 bareboat contract.

Note 6 Consolidated income statement - summary

	4Q 2019	YTD 2019	4Q 2018	YTD 2018
Operating income	211 341	980 322	370 855	937 552
Operating expenses	176 963	764 684	321 241	817 923
EBITDA	34 379	215 638	49 614	119 629
EBITDA %	16 %	22 %	13 %	24 %
Depreciation and write-down	104 640	216 287	74 388	196 053
EBIT	-70 262	-649	-24 774	-76 424
Net finance	-60 705	-202 986	-52 316	-204 804
Pre tax profit	-130 966	-203 635	-77 090	-281 228
Tax	-3 894	-4 860	12 493	12 780
Net profit	-127 072	-198 775	-89 582	-294 008

Note 7 Interest bearing debt / equity

Key figures	31.12.19	31.12.18
Interest bearing debt	2 796 052	3 013 124
Cash and cash equivalents	241 234	302 229
Net Interest Bearing Debt (NIBD)	2 554 819	2 710 895
NIBD / EBITDA *	11,85	22,66
* Last four quarters		
Booked equity ratio	-23,0 %	-11,3 %
Value adjusted equity ratio	8,9 %	16,4 %





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