

Q1

Q1 2018 REPORT



CONTENTS

FINANCIAL INFORMATION

Highlights >

Consolidated condensed statement of comprehensive income >

Consolidated condensed statement of financial position >

Consolidated condensed cash flow statement >

Consolidated condensed statement of changes in equity >

Notes to the financial statements >

HIGHLIGHTS

KEY FIGURES

NOK 1000	Jan-Mar 2018 (unaudited)	Jan-Mar 2017 (unaudited)	Jan-Dec 2017 (unaudited)
Operating revenues	6 831	42 545	73 979
Operating profit (-loss) before depreciation (EBITDA) (1)	4 309	36 715	59 368
Operating profit/(-loss) (EBIT) (2)	3 576	36 076	56 656
Net profit/(-loss)	3 097	36 228	56 883
Total comprehensive income	2 690	56 432	20 543
Value adjusted equity per share (NOK) (3)	1,55	3,15	1,54
Basic and diluted earnings per share NOK	0,01	0,13	0,20

(1) EBITDA can be calculated from the statement of income by deducting interest income, interest expenses and depreciation from the profit/(loss) before taxes.

(2) EBIT can be calculated from the statement of income by deducting interest income and interest expenses from the profit/(loss) before taxes.

(3) Value adjusted equity has been calculated through application of market value for assets and liabilities traded in quoted markets, and book value for other assets and liabilities. As traded assets and liabilities are carried at fair value in the balance sheet, the VAE per share equals total equity excluding non-controlling interests per outstanding share.

RESULTS

Saga Tankers Group ("The Group") reports a net total comprehensive income for the first quarter 2018 of NOK 2.7 million.

EBITDA for the first quarter was NOK 4.3 million.

Earnings per share (EPS) for the first quarter were NOK 0.01.

The Group had an income of NOK 6.8 million in the first quarter, all of which relates to lease and operation of real estate and sundry income.

The average number of outstanding shares in the quarter was 266,149,831. As per the end of the period, the outstanding number of shares was 266,149,831.

The Group's condensed unaudited financial statements for the first quarter of 2018 are enclosed.

Current Investments

The Group currently holds investments classified as financial assets available for sale with a fair value of NOK 377.5 million. The fair value of the

investments by the end of first quarter is as follows:

Pareto Bank ASA	NOK 187 million
SD Standard Dr. Plc	NOK 160 million
Vistin Pharma ASA	NOK 23 million
Other investments	NOK 8 million

Net negative changes in market value of NOK 21.1 million for these investments were booked as net loss in the first quarter 2018. In addition, the transition of the investment in SD Standard Drilling Plc from associate to available for sale assets resulted in a gain of NOK 22.6 million booked as share of profit from associate. Hence, the net profit from these investments where NOK 1.5 million for the quarter.

Unrealized profits on available for sale assets has previously been classified as other comprehensive income. Unrealized gain or loss from these investments will as of the first quarter of 2018 be classified as gain or loss directly on the profit and loss in accordance with the amendments of IFRS 9 as effect per 2018. Accumulated reserves as of 2017 has been reclassified from other comprehensive

reserves to ordinary retained earnings in the equity without recycling through profit and loss.

The investment in SD Standard Drilling Plc during first quarter is further described in note 3.

The Group has a cash holding of NOK 57.8 million at the end of first quarter.

Outlook

The Group has a solid investment portfolio and a strong balance sheet, enabling the company to continue to pursue attractive investment opportunities within the framework of industries it operates.

The Group expects the current market volatility to continue going forward, providing opportunities to create value through investments in assets, equity or debt.

Subsequent events

The Group has sold 1.7 million of its shares in Pareto Bank ASA for a cash settlement of NOK 64.5 million.

The Group has participated with NOK 39.8 million in a private placement in Vistin Pharma ASA, receiving 3.55 million shares.

FORWARD-LOOKING STATEMENTS

Matters discussed in this report may constitute forward looking statements. The forward looking statements in this report are based on various assumptions, many of which are based upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies, which are difficult to predict and beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections.

Oslo, 29 May 2018

The Board of Directors

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

<i>NOK 1000</i>	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
Other Income	6 831	5 737	19 358
Net gain/(-loss) from available for sale assets	-	36 808	54 621
Other gains/(-losses)	-	-	-
Operating revenues	6 831	42 545	73 979
General administrative expenses	4 395	6 314	19 086
Depreciation (note 5)	733	639	2 711
Net loss/(-gain) from available for sale assets	21 099	-	-
Other losses/(-gains) (note 6)	-	-	-
Operating expenses	26 226	6 953	21 797
Operating profit/(-loss)	-19 394	35 592	52 182
Interest income	34	552	1 862
Interest expense	-514	-401	-1 531
Other financial items	401	484	469
Net financial items	-79	636	800
Share of profit from associates (note 3)	22 570	-	4 006
Taxes	-	-	104
Net profit/(-loss)	3 097	36 228	56 883
Change in available-for-sale assets	-	20 688	-36 263
Exchange difference currency translations	-407	-484	-78
Other comprehensive income	-407	20 204	-36 340
Total comprehensive income	2 690	56 432	20 543
Attributable to:			
Non-controlling interests	1 361	1 023	2 533
Shareholders' interests	1 329	55 409	18 010
Basic and diluted earnings per share NOK	0,01	0,13	0,20
Average number of shares in the period	266 149 831	266 149 831	266 149 831
Number of shares outstanding at period end	266 149 831	266 149 831	266 149 831

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

<i>NOK 1000</i>	31.03.2018	31.12.2017
	<i>(unaudited)</i>	<i>(audited)</i>
ASSETS		
Non-current assets		
Available-for-sale financial assets (note 4)	377 476	230 152
Fixed assets (note 5)	92 011	92 611
Associates (note 3)	-	139 323
Total non-current assets	469 487	462 085
Current assets		
Other current assets	1 282	2 511
Cash and equivalents	57 833	27 084
Total current assets	59 116	29 594
TOTAL ASSETS	528 602	491 679
EQUITY AND LIABILITIES		
Equity		
Share capital	2 661	2 661
Own shares	-	-
Other equity	859 577	859 577
Total paid-in-capital	862 239	862 239
Accumulated losses	-447 408	-503 798
Other components of equity	-2 648	52 413
Non-controlling interests	27 579	26 218
Total equity	439 761	437 071
LIABILITIES		
Non-current liabilities		
Long-term interest bearing debt	62 000	42 000
Deferred tax	241	241
Total non-current liabilities	62 241	42 241
Current liabilities		
Short-term interest bearing debt	4 000	4 000
Tax payable	22	36
Other current liabilities and accruals	22 579	8 332
Total current liabilities	26 601	12 368
Total liabilities	88 842	54 609
TOTAL EQUITY AND LIABILITIES	528 602	491 679

CONSOLIDATED CONDENSED CASH FLOW STATEMENT

<i>NOK 1000</i>	Jan-Mar 2018	Jan-Dec 2017
	<i>(unaudited)</i>	<i>(Audited)</i>
Profit before tax	3 097	56 987
Profitshare from associates	-22 570	-4 006
Depreciation (note 5)	733	2 711
Net loss/(-gain) from AVA asset	21 099	-54 621
Foreign exchange losses/(gains)	-401	-480
Interest paid	448	1 571
Interest received	-34	-1 833
Income tax paid	-14	-14
Increase/decrease receivables and prepayments	1 229	-1 885
Increase/decrease payables and accruals	-753	2 387
Net cash flow from operating activities	2 832	817
Investment in AVA Financial assets	-6 665	-98 698
Divestment in AVA Financial assets	-	86 697
Net divestment/(-investment) trading	135	-
Interest received	34	1 833
Investment in fixed assets	-133	-5 809
Net cash flow from investing activities	-6 629	-15 978
Repayments of long term borrowings	-4 000	-4 000
Drawdown long term borrowings	24 000	-
Drawdown short term borrowings	15 000	-
Interest paid	-448	-1 571
Distributions to controlling interests	-	-391 240
Net cash flow from financing activities	34 552	-396 811
Net change in cash and cash equivalents	30 755	-411 972
Cash and equivalents at beginning of period	27 084	439 060
Net cash in merger at carryover basis	-	-
Net foreign exchange differences (unrealised)	-6	-5
Cash and equivalents at end of period	57 833	27 084

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Jan-Mar 2018 (Unaudited)								
<i>NOK 1000</i>	Issued capital	Own shares	Other equity	Accumulated losses	Available for sale reserve	Exchange difference currency translations	Non-controlling interests	Total
Equity as of 31 December 2017 - as previously reported	2 661	-	859 577	-503 799	54 654	-2 241	26 218	437 071
Changes in accounting principles IFRS 9 - Note 1				54 654	-54 654			
Equity as at 1 January 2018	2 661	-	859 577	-449 144	-	-2 241	26 218	437 071
Net profit/(-loss)	-	-	-	1 736			1 361	3 097
Other comprehensive income	-	-	-			-407		-407
Total comprehensive income	-	-	-	1 736	-	-407	1 361	2 690
Equity per ending balance 31 March 2018	2 661	-	859 577	-447 409	-	-2 648	27 579	439 761
Jan-Dec 2017 (Audited)								
<i>NOK 1000</i>	Issued capital	Own shares	Other equity	Accumulated losses	Available for sale reserve	Exchange difference currency translations	Non-controlling interests	Total
Equity as at 1 January 2017	286 733	-20 583	987 329	-558 149	90 917	-2 164	23 685	807 768
Net profit/(-loss)	-	-	-	54 350			2 533	56 883
Other comprehensive income	-	-	-		-36 263	-78		-36 340
Total comprehensive income	-	-	-	54 350	-36 263	-78	2 533	20 543
Cancellation of own shares	-20 583	20 583	-	-	-	-	-	-
Dividends/repayment to shareholders	-263 488	-	-127 752	-	-	-	-	-391 240
Equity per ending balance 31 December 2017	2 661	-	859 577	-503 799	54 654	-2 241	26 218	437 071

NOTES

NOTE 1 – BASIS FOR PREPARATION

The Company's condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as approved by the EU and requirements in the Norwegian Securities Trading Act. This condensed interim financial statement for the first quarter is adopted by the Board of Directors on 29 May 2018.

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those presented in the Annual Report of 2017, with the exception of Available for sale financial assets are measured at fair value. Changes in fair value are now booked directly on the profit and loss, whereas former booked as other comprehensive income provided that no impairment is present. This is in accordance with the amendments in IFRS 9, and the anticipated changes has been described in the annual report. Reserves from other comprehensive income has as of 1 January 2018 been reclassified from Other comprehensive income reserves, to retained earnings in the equity as illustrated in the consolidated statement of changes in equity. These reserves has therefore not been, nor will ever be, recycled over the profit & loss.

Foreign currency

The financial statements are presented in NOK. NOK is also the functional currency for all the subsidiaries in the Group.

NOTE 2 – OPERATING SEGMENTS

The management monitors the net income from investments in financial assets and liabilities, and the revenues from lease and operation of property on a separate basis.

	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
<i>NOK 1000</i>			
Net income financial assets	-21 099	36 808	54 621
Revenues from lease and operation of property	6 331	5 574	18 357
Other income	500	162	1 001

NOTE 3 – ASSOCIATES

<i>NOK 1000</i>	SD Standard Drilling Plc
Carrying amount, 31 December 2017	139 323
Share of profit from associates (gain on exit)	22 570
Reclassified to Available-for-sale financial assets*	-161 893
Carrying amount, 31 March 2018	-

* The Group held 20.22 % of the outstanding shares in SD Standard Drilling Plc as per end of 2017. On the basis of the significant influence the Group through its ownership could impose, the investment was acknowledged as an associated company. During first quarter of 2018, SD Standard Drilling Plc has completed an equity issues. Although the Group has participated in the issuance, the Group only holds 18.375 % of the outstanding shares at the end of first quarter. The Group has assessed that it no longer imposes significant influence towards the investment. Based on this assessment the investment has been reclassified from Associated to Available-for-sale financial assets.

NOTE 4 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 Mar 2018	31 Dec 2017
<i>NOK 1000</i>		
At 1 January	230 152	298 480
Additions	6 665	98 698
Assets received through merger and demerger	-	-
Unrealized gain/(loss)	-21 234	-
Impairment	-	-3 388
Increase/(Decrease) in value recognized as other comprehensive income	-	-36 263
Reclassified as associates	-	-132 525
Reclassified from associates due to dilution and loss of significant influer	161 893	36 223
Disposals	-	-31 074
Total	377 476	230 152

Available-for-sale financial assets include the following:

	Fair value hierarchy	31 Mar 2018	31 Dec 2017
Listed shares	Level 1	369 887	224 936
Non-listed shares	Level 2	7 589	5 216
Total		377 476	230 152

The entire change in available-for-sale financial assets during the quarter relates to financial instruments that fall within the level 1 category of the fair value hierarchy. The fair value hierarchy is described below.

Fair value hierarchy

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data, for example discounted cash flow technique.

The financial assets are denominated in NOK and are measured at fair value. Listed shares are valued at values quoted in active markets as of 31 December 2016. No impairment of financial assets has been recognized through the income statement in 2016.

NOTE 5 – FIXED ASSETS

	Bulidings	Machinery & equipment	Capitalized costs - work in progress	Land	Total
2018					
<i>NOK 1000</i>					
Aquisition cost, opening balance 01.01.18	97 259	4 436	38	199	101 931
Acquisitions during the period	133	-	-	-	133
Diposals during the period	-	-	-	-	-
Aquisition cost at 31.03.18	97 391	4 436	38	199	102 064
Accumulated depreciation, opening balance 01.01.18	-7 961	-1 360	-	-	-9 321
Depreciation	-462	-271	-	-	-733
Accumulated depreciation disposed assets	-	-	-	-	-
Accumulated depreciation at 31.03.18	-8 422	-1 631	-	-	-10 053
Net book value at 31.03.18	88 969	2 804	38	199	92 011

	Bulidings	Machinery & equipment	Capitalized costs - work in progress	Land	Total
2017					
<i>NOK 1000</i>					
Aquisition cost, opening balance 01.01.17	91 529	4 357	38	199	96 122
Acquisitions during the period	5 730	79	-	-	5 809
Diposals during the period	-	-	-	-	-
Aquisition cost at 31.12.17	97 259	4 436	38	199	101 931
Accumulated depreciation, opening balance 01.01.17	-5 441	-1 169	-	-	-6 609
Depreciation	-2 520	-192	-	-	-2 711
Accumulated depreciation disposed assets	-	-	-	-	-
Accumulated depreciation at 31.12.17	-7 961	-1 360	-	-	-9 321
Net book value at 31.12.17	89 298	3 075	38	199	92 611

NOTE 6 – 20 LARGEST INVESTORS

04.03.2018 NAME	Of total shares
1 ØYSTEIN STRAY SPETALEN *	64,94 %
2 ALLUM HOLDING AS*	15,59 %
3 APOLLO ASSET LIMITED	3,19 %
4 PARK LANE FAMILY OFFICE AS	2,73 %
5 FERNCLIFF AS*	2,34 %
6 BJØRN BAKKEN	1,56 %
7 UTHALDEN A/S	1,46 %
8 WIECO AS	0,96 %
9 TIGERSTADEN AS	0,94 %
10 BJØRN HÅVARD BRÆNDEN	0,71 %
11 STATE STREET BANK AND TRUST COMP	0,66 %
12 BJØRN OLSEN	0,45 %
13 BHB CAPITAL MANAGEMENT AS	0,42 %
14 KÅRE KLAVENES	0,36 %
15 DIRK BLAAUW	0,30 %
16 JÆDEREN AS	0,30 %
17 GREENWAY AS	0,26 %
18 GUNERIUS INVEST AS	0,23 %
19 VERPENTANGEN AS	0,22 %
20 CONSUS FX AS	0,17 %
Total	97,80 %

* Controlled by board member Øystein Stray Spetalen, representing 82.87 % of outstanding shares.

NOTE 7 – SUBSEQUENT EVENTS

The Group has sold 1.7 million of its shares in Pareto Bank ASA for a cash settlement of NOK 64.5 million.

The Group has also invested NOK 39.8 million in a private placement in Vistin Pharma ASA receiving 3.55 million shares.

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