

Q1

Q1 2017 REPORT



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HIGHLIGHTS

KEY FIGURES

NOK 1000	Jan-Mar 2017 (unaudited)	Jan-Mar 2016 (unaudited)	Jan-Dec 2016 (audited)
Operating revenues	42 545	16 478	135 638
Operating profit (-loss) before depreciation (EBITDA) (1)	36 715	10 960	112 177
Operating profit/(-loss) (EBIT) (2)	36 076	10 229	109 545
Net profit/(-loss)	36 228	10 352	110 380
Total comprehensive income	56 432	-119 350	-96 436
Value adjusted equity per share (NOK) (3)	3,15	2,85	2,95
Basic and diluted earnings per share NOK	0,13	0,03	0,39
(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 balancesheet, 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 2017 of NOK 56.4 million.

EBITDA for the first quarter was NOK 36.7 million.

Earnings per share (EPS) for the first quarter were NOK 0.13.

The Group had an income of NOK 42.5 million in the first quarter. 5.7 million relates to lease and operation of real estate and sundry income, whilst 36.8 million stems from gain on sale of available for sale assets.

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 holds an additional 20,582,780 shares in treasury.

The Group's condensed unaudited financial statements for the first quarter of 2017 are enclosed.

Current Investments

The Group currently holds investments classified as financial assets available for sale with a fair value of NOK 357.1 million. The fair value of the investments by the end of first quarter is as follows:

Pareto Bank ASA	NOK 191 million
SD Standard Dr. Plc	NOK 110 million
Vistin Pharma ASA	NOK 47 million
Other investments	NOK 9 million

Net positive changes in market value of NOK 44.2 million for these investments were booked as other comprehensive income in first quarter 2017. In addition, the sale of the investment in NEL ASA resulted in a gain of NOK 36.8 million on the profit and loss, of which 23.5 million was reclassification of former other comprehensive income. The net other comprehensive income from available for sale assets were therefore NOK 20.7 million.

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

The Group has a cash holding of NOK 474.2 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

At the Annual General Meeting 24 May 2017 it was decided to decrease the capital through the cancellation of the 20,582,780 treasury shares. Further the Board of Directors were given authorization to purchase additional own shares limited to 26,614,983 shares. An authorization to increase the share capital through the issuance of up to 143,366,305 new shares was also given to the Board of Directors'.

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 2017

The Board of Directors

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

<i>NOK 1000</i>	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
Other Income	5 737	5 684	18 982
Net gain/(-loss) from available for sale assets	36 808	10 794	116 656
Operating revenues	42 545	16 478	135 638
General administrative expenses	6 314	4 802	22 318
Depreciation (note 5)	639	730	2 632
Operating expenses	6 953	5 533	24 949
Operating profit/(-loss)	35 592	10 945	110 689
Interest income	552	575	2 743
Interest expense	-401	-452	-1 748
Other financial items	484	-133	-70
Net financial items	636	-10	925
Share of profit from associates (note 3)	-	-583	-1 074
Taxes	-	-	159
Net profit/(-loss)	36 228	10 352	110 380
Change in available-for-sale assets	20 688	-127 390	-205 970
Exchange difference currency translations	-484	-2 312	-846
Other comprehensive income	20 204	-129 702	-206 816
Total comprehensive income	56 432	-119 350	-96 436
Attributable to:			
Non-controlling interests	1 023	846	1 643
Shareholders' interests	55 409	-120 196	-98 079
Basic and diluted earnings per share NOK	0,13	0,03	0,39
Average number of shares in the period	266 149 831	284 399 278	279 767 379
Number of shares outstanding at period end	266 149 831	279 732 611	266 149 831

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

<i>NOK 1000</i>	31.03.2017	31.12.2016
	<i>(unaudited)</i>	<i>(audited)</i>
ASSETS		
Non-current assets		
Available-for-sale financial assets (note 4)	357 148	298 480
Fixed assets (note 5)	89 268	89 513
Associates (note 3)	-	36 223
Total non-current assets	446 417	424 216
Current assets		
Other current assets	1 301	625
Cash and equivalents	474 250	439 060
Total current assets	475 550	439 685
TOTAL ASSETS	921 967	863 901
EQUITY AND LIABILITIES		
Equity		
Share capital	286 733	286 733
Own shares	-20 583	-20 583
Other equity	987 329	987 329
Total paid-in-capital	1 253 479	1 253 479
Accumulated losses	-522 943	-558 148
Other components of equity	108 957	88 753
Non-controlling interests	24 708	23 685
Total equity	864 200	807 768
LIABILITIES		
Non-current liabilities		
Long-term interest bearing debt	45 000	46 000
Deferred tax	173	173
Total non-current liabilities	45 173	46 173
Current liabilities		
Short-term interest bearing debt	4 000	4 000
Tax payable	-	14
Other current liabilities and accruals	8 594	5 945
Total current liabilities	12 594	9 959
Total liabilities	57 767	56 133
TOTAL EQUITY AND LIABILITIES	921 967	863 901

CONSOLIDATED CONDENSED CASH FLOW STATEMENT

<i>NOK 1000</i>	Jan-Mar 2017	Jan-Dec 2016
	<i>(unaudited)</i>	<i>(Audited)</i>
Profit before tax	36 228	110 540
Profitshare from associates	-	1 074
Depreciation (note 5)	639	2 632
Net loss/(-gain) from AVA asset	-36 808	-116 656
Other losses/(-gains)	-	-
Foreign exchange losses/(gains)	-484	136
Income tax paid	-45	-109
Increase/decrease receivables and prepayments	-645	908
Increase/decrease payables and accruals	2 649	695
Net cash flow from operating activities	1 533	-781
Investment in AVA Financial assets	-30 866	-184 160
Divestment in AVA Financial assets	65 917	257 809
Net divestment/(-investment) trading	-	466
Net cash effect new subsidiaries	-	-
Net cash effect disposal of subsidiaries	-	-
Investment in fixed assets	-395	-38
Net cash flow from investing activities	34 657	74 076
Repayments of long term borrowings	-1 000	-4 000
Dividends paid to non-controlling interests	-	-4 070
Acquisition of own shares	-	-52 637
Share issuance costs	-	-
Net cash flow from financing activities	-1 000	-60 706
Net change in cash and cash equivalents	35 190	12 589
Cash and equivalents at beginning of period	439 060	426 606
Net cash in merger at carryover basis	-	-
Net foreign exchange differences (unrealised)	-0	-136
Cash and equivalents at end of period	474 250	439 060

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Jan-Mar2017 (Unaudited)								
<i>NOK 1000</i>	Issued capital	Own shares	Other paid in 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)	-	-	-	35 205			1 023	36 228
Other comprehensive income	-	-	-		20 688	-484		20 204
Total comprehensive income	-	-	-	35 205	20 688	-484	1 023	56 432
Equity per ending balance 31 March 2017	286 733	-20 583	987 329	-522 944	111 605	-2 648	24 708	864 200
Jan-Dec 2016 (Audited)								
<i>NOK 1000</i>	Issued capital	Own shares	Other paid in equity	Accumulated losses	Available for sale reserve	Exchange difference currency translations	Non-controlling interests	Total
Equity as at 1 January 2016	286 733	-	924 814	-572 318	296 887	-1 317	26 112	960 911
Net profit/(-loss)	-	-	-	108 738			1 643	110 380
Other comprehensive income	-	-	-	-	-205 970	-846		-206 816
Total comprehensive income	-	-	-	108 738	-205 970	-846	1 643	-96 436
Reclassification merged equity*	-	-	94 569	-94 569	-	-	-	-
Acquired own shares	-	-20 583	-32 054	-	-	-	-	-52 637
Dividends to minority interests	-	-	-	-	-	-	-4 070	-4 070
Equity per ending balance 31 December 2016	286 733	-20 583	987 329	-558 149	90 917	-2 164	23 685	807 768

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 2017.

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those presented in the Annual Report of 2016. Available for sale financial assets are measured at fair value. Changes in fair value are booked as other comprehensive income provided that no impairment is present.

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.

Segment information	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
<i>NOK 1000</i>			
Net income financial assets	36 809	10 794	116 656
Revenues from lease and operation of property	5 574	5 384	18 252
Other income	162	300	729

NOTE 3 – ASSOCIATES

<i>NOK 1000</i>	SD Standard Drilling Plc
Carrying amount, 31 December 2016	36 223
Reclassified to Available-for-sale financial assets*	-36 223
Carrying amount, 31 March 2017	-

* The Group held 46.16 % of the outstanding shares in SD Standard Drilling Plc as per end of 2016. 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 2017, SD Standard Drilling Plc has completed several equity issues. Although the Group has participated in some of these issuance, the Group only holds 14.92 % of the outstanding shares at the end of first quarter. The Group has assessed that it now 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 2017	31 Dec 2016
<i>NOK 1000</i>		
At 1 January	298 480	461 908
Additions	30 866	184 160
Assets received through merger and demerger	-	-
Currency translations	-	-
Impairment	-	-
Increase/(Decrease) in value recognized as other comprehensive income	20 688	-205 970
Reclassified as subsidiaries	-	-
Reclassified from associates due to dilution and loss of significant influence	36 223	-
Disposals	-29 108	-141 618
Total	357 149	298 480

Available-for-sale financial assets include the following:

	Fair value hierarchy	31 Dec 2016	31 Dec 2016
Listed shares	Level 1	348 545	289 877
Non-listed shares	Level 2	8 604	8 604
Total		357 148	298 480

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
2017					
<i>NOK 1000</i>					
Aquisition cost, opening balance 01.01.17	91 529	4 357	38	199	96 122
Acquisitions during the period	316	79	-	-	395
Disposals during the period	-	-	-	-	-
Aquisition cost at 31.03.17	91 844	4 436	38	199	96 517
Accumulated depreciation, opening balance 01.01.17	-5 441	-1 169	-	-	-6 609
Depreciation	-565	-75	-	-	-639
Accumulated depreciation disposed assets	-	-	-	-	-
Accumulated depreciation at 31.03.17	-6 005	-1 243	-	-	-7 249
Net book value at 31.03.17	85 839	3 192	38	199	89 268

	Buildings	Machinery & equipment	Capitalized costs - work in progress	Land	Total
2016					
<i>NOK 1000</i>					
Acquisition cost, opening balance 01.01.16	91 529	4 319	38	199	96 084
Acquisitions during the period	-	38	-	-	38
Disposals during the period	-	-	-	-	-
Acquisition cost at 31.12.16	91 529	4 357	38	199	96 122
Accumulated depreciation, opening balance 01.01.16	-3 182	-796	-	-	-3 978
Depreciation	-2 259	-373	-	-	-2 632
Accumulated depreciation disposed assets	-	-	-	-	-
Accumulated depreciation at 31.12.16	-5 441	-1 169	-	-	-6 609
Net book value at 31.12.16	86 088	3 188	38	199	89 513

NOTE 6 – 20 LARGEST INVESTORS

31.03.2017 NAME	Of total shares	Of outstanding shares
1 SPETALEN ØYSTEIN STRAY**	60,28 %	64,94 %
2 ALLUM HOLDING AS**	14,47 %	15,59 %
3 SAGA TANKERS ASA *	7,18 %	N/A
4 APOLLO ASSET LIMITED	2,96 %	3,19 %
5 FERNCLIFF AS **	2,17 %	2,34 %
6 TIGERSTADEN AS	1,83 %	1,98 %
7 PARK LANE FAMILY OFFICE AS	1,74 %	1,88 %
8 BAKKEN BJØRN	1,45 %	1,56 %
9 UTHALDEN A/S	1,36 %	1,46 %
10 WIECO AS	0,89 %	0,96 %
11 BRÆNDEN BJØRN HÅVARD	0,66 %	0,71 %
12 QVT FUND LP	0,56 %	0,60 %
13 OLSEN BJØRN	0,42 %	0,45 %
14 BLAAUW DIRK	0,42 %	0,45 %
15 BHB CAPITAL MANAGEMENT AS	0,39 %	0,42 %
16 KLAVENES KÅRE	0,33 %	0,36 %
17 GREENWAY AS	0,24 %	0,26 %
18 GUNERIUS INVEST AS	0,21 %	0,23 %
19 JÆDEREN AS	0,21 %	0,22 %
20 VERPENTANGEN AS	0,20 %	0,22 %
Total	97,98 %	97,82 %

*The Group holds 20,582,780 treasury shares, making it the third largest shareholders. These shares are excluded from number of outstanding shares. References are made to note 7 Subsequent event regarding the cancellation of such shares.

** Controlled by board member Øystein Stray Spetalen, representing 82.51 % of outstanding shares.

NOTE 7 – SUBSEQUENT EVENTS

At the Annual General Meeting 24 May 2017 it was decided to decrease the capital through the cancellation of the 20,582,780 treasury shares. Further the Board of Directors were given authorization to purchase additional own shares limited to 26,614,983 shares. An authorization to increase the share capital through the issuance of up to 143,366,305 new shares was also given to the Board of Directors'. The authorizations are valid until the annual general meeting in 2018, however not later than 30 June 2018.

The tax audit as referred to in the 2016 financial statements has ended. The raised issues have been settled without any effect for the Groups financial statements.

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