

Q2

Q2 2020 REPORT



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HIGHLIGHTS

KEY FIGURES

NOK 1000	Apr-Jun 2020 (unaudited)	Apr-Jun 2019 (unaudited)	Jan-Jun 2020 (unaudited)	Jan-Jun 2019 (unaudited)
Operating revenues	54 219	4 537	10 340	27 833
Operating profit (-loss) before depreciation (EBITDA) (1)	50 114	-4 958	-48 472	17 796
Operating profit/(-loss) (EBIT) (2)	49 262	-5 713	-50 047	16 284
Net profit/(-loss)	49 080	-5 941	-50 534	15 826
Total comprehensive income	49 080	-5 941	-50 534	15 826
Value adjusted equity per share (NOK) (3)	1,02	1,19	1,02	1,19
Basic and diluted earnings per share NOK	0,18	-0,02	-0,20	0,05

(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 second quarter 2020 of NOK 49.1 million. (NOK -50.5 million for first half year of 2020).

EBITDA for the second quarter 2020 was NOK 50.1 million. (NOK -48.5 million for first half year of 2020).

Earnings per share (EPS) for the second quarter were NOK 0.18. (NOK -0.20 for first half year of 2020).

The Group had an income of NOK 54.2 million in the second quarter, of which 49.1 million relates to available for sale assets, and the remaining from lease and operation of Vallhall.

Through the quarter, Vallhall was able to facilitate all scheduled external examinations by applying extensive Infection Prevention and Control in collaboration with the health authorities.

The average number of outstanding shares in the quarter was 266,149,831.

The Group's condensed unaudited financial statements for the second quarter of 2020 are enclosed.

Current Investments

The Group currently holds investments classified as financial assets available for sale with a fair value of NOK 113.2 million. The fair value of the investments by the end of second quarter is as follows:

SD Standard Dr. Plc	NOK 78 million
Vistin Pharma ASA	NOK 28 million
Other investments	NOK 7 million

Changes in market-value for these investments resulted in a gain of 9.8 million for the second quarter, while Sale and cash-distributions from the investments resulted in a gain of 24.1 million, totaling 33.9 million for the quarter.

In addition, the short-term investment portfolio classified as financial assets at

fair value through profit and loss, generated a net gain of 15.2 million in the second quarter.

The Group has a cash holding of NOK 117.1 million at the end of second quarter, versus 87.7 million per year-end 2019.

The Group distributed a dividend of 0.10 NOK per share, totaling 26.6 million in the second quarter. Net cash flow from investment activities for the first half year of 2020 was +57.8 million. These two items can explain the material part of the net increase in cash from year-end 2019.

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.

Covid-19 will continue to affect the Group both through the equity-marked and through operations.

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, 20 August 2020

The Board of Directors

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the financial statements for the period 1 January 2020 to 30 June 2020 have been prepared in accordance with IFRS, as adopted by the EU, and give a true and fair view of the Group and the Company's consolidated assets, liabilities, financial position and results of operations. Furthermore, we confirm that the Report of the Board provides a true and fair view of the development and performance of the business and the position of the Group and the Company, together with a description of the key risks and uncertainty factors that the Company is facing.

Oslo, 20 August 2020

The Board of Directors

Martin Nes
Chairman

Yvonne Litsheim Sandvold
Board member

Øystein Stray Spetalen
Board member

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

<i>NOK 1000</i>	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Other Income	5 152	4 537	10 340	10 961
Net gain/(-loss) from available for sale assets	49 067	-	-	16 872
Operating revenues	54 219	4 537	10 340	27 833
General administrative expenses	4 145	4 598	9 272	10 041
Depreciation (note 4)	852	755	1 575	1 512
Net loss/(-gain) from available for sale assets	-	4 901	49 585	-
Operating expenses	4 998	10 254	60 433	11 553
Operating profit/(-loss)	49 222	-5 717	-50 092	16 280
Interest income	254	295	513	564
Interest expense	-435	-523	-1 000	-1 022
Other financial items	40	4	45	4
Net financial items	-141	-224	-442	-453
Share of profit from associates	-	-	-	-
Taxes	-	-	-	-
Net profit/(-loss)	49 080	-5 941	-50 534	15 826
Exchange difference currency translations	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	49 080	-5 941	-50 534	15 826
Attributable to:				
Non-controlling interests	1 219	358	1 838	1 441
Shareholders' interests	47 862	-6 298	-52 373	14 385
Basic and diluted earnings per share NOK	0,18	-0,02	-0,20	0,05
Average number of shares in the period	266 149 831	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	266 149 831

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

<i>NOK 1000</i>	30.06.2020	31.12.2019
	<i>(unaudited)</i>	<i>(audited)</i>
ASSETS		
Non-current assets		
Available-for-sale financial assets (note 3)	113 175	215 343
Fixed assets (note 4)	89 523	90 008
Receivables	-	340
Total non-current assets	202 698	305 691
Current assets		
Other current assets	1 377	1 333
Financial assets at fair value through profit and loss	36 899	42 859
Cash and equivalents	117 065	87 684
Total current assets	155 340	131 876
TOTAL ASSETS	358 038	437 567
EQUITY AND LIABILITIES		
Equity		
Share capital	2 661	2 661
Other equity	793 040	819 655
Total paid-in-capital	795 701	822 316
Accumulated losses	-521 164	-468 791
Other components of equity	-2 648	-2 648
Non-controlling interests	21 994	20 156
Total equity	293 883	371 032
LIABILITIES		
Non-current liabilities		
Long-term interest bearing debt	54 000	55 000
Deferred tax	278	278
Total non-current liabilities	54 278	55 278
Current liabilities		
Short-term interest bearing debt	4 000	4 000
Tax payable	0	55
Other current liabilities and accruals	5 876	7 201
Total current liabilities	9 877	11 257
Total liabilities	64 155	66 535
TOTAL EQUITY AND LIABILITIES	358 038	437 567

CONSOLIDATED CONDENSED CASH FLOW STATEMENT

<i>NOK 1000</i>	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
Profit before tax	-50 534	15 826	50 398
Profitshare from associates	-	-	-
Depreciation (note 5)	1 575	1 512	3 262
Net loss/(-gain) from AVA asset	49 585	-16 872	-57 666
Foreign exchange losses/(gains)	-5	0	0
Interest paid	981	1 019	971
Interest received	-25	-	-1 225
Income tax paid	-55	-35	-90
Increase/decrease receivables and prepayments	-44	-327	-253
Increase/decrease payables and accruals	-1 325	-1 549	175
Net cash flow from operating activities	153	-425	-4 429
Investment in AVA Financial assets	-	-5 292	-5 292
Divestment in AVA Financial assets	51 534	-	-
Net divestment/(-investment) trading	7 010	-10 708	-38 782
Dividends received	-	-	-
Receivable	340	-340	-340
Interest received	25	-	1 225
Investment in fixed assets	-1 090	-19	-1 449
Net cash flow from investing activities	57 819	-16 360	-44 638
Repayments of long term borrowings	-1 000	-2 000	-4 000
Drawdown long term borrowings	-	-	-
Drawdown short term borrowings	-	-	-
Interest paid	-981	-1 019	-971
Distributions to controlling interests	-26 615	-	-
Net cash flow from financing activities	-28 596	-3 019	-6 553
Net change in cash and cash equivalents	29 376	-19 804	-55 620
Cash and equivalents at beginning of period	87 684	143 304	143 304
Net cash in merger at carryover basis	-	-	-
Net foreign exchange differences (unrealised)	5	-0	-0
Cash and equivalents at end of period	117 065	123 500	87 684

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Jan-Jun 2020 (Unaudited)						
<i>NOK 1000</i>	Issued capital	Other equity	Accumulated losses	Exchange difference currency translations	Non-controlling interests	Total
Equity as at 1 January 2020	2 661	819 655	-468 791	-2 648	20 156	371 032
Net profit/(-loss)	-	-	-16 628		1 838	-14 790
Total comprehensive income	-	-	-52 373	-	1 838	-50 534
Dividends to controlling interests		-26 615				
Equity per ending balance 30 June 2020	2 661	793 040	-521 164	-2 648	21 994	293 883
Jan-Dec 2019 (Audited)						
<i>NOK 1000</i>	Issued capital	Other equity	Accumulated losses	Exchange difference currency translations	Non-controlling interests	Total
Equity as at 1 January 2019	2 661	819 655	-517 559	-2 648	20 179	322 288
Net profit/(-loss)	-	-	48 767		1 559	50 326
Total comprehensive income	-	-	48 767	-	1 559	50 326
Dividends to non-controlling interests					-1 583	-1 583
Equity per ending balance 31 December 2019	2 661	819 655	-468 791	-2 648	20 156	371 032

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 second quarter is adopted by the Board of Directors on 20 August 2020.

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those presented in the Annual Report of 2019.

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	Investment			Vallhall			Other			Total		
	Mar-Jun 2020	Jan-Jun 2020	Jan-Dec 2019	Mar-Jun 2020	Jan-Jun 2020	Jan-Dec 2019	Mar-Jun 2020	Jan-Jun 2020	Jan-Dec 2019	Mar-Jun 2020	Jan-Jun 2020	Jan-Dec 2019
<i>NOK 1000</i>												
Income												
Net gain/loss on investments	49 067	-49 585	57 666							49 067	-49 585	57 666
Rental income/sundry income				5 152	10 340	20 112				5 152	10 340	20 112
Total income	49 067	-49 585	57 666	5 152	10 340	20 112	-	-	-	54 219	-39 245	77 779
Operating expenses - excluding loss in investments	2 231	4 817	12 015	2 766	6 031	14 496				4 998	10 847	26 511
Net operating profit/loss	46 836	-54 402	45 652	2 386	4 310	5 616	-	-	-	49 222	-50 092	51 268
	30 Jun 2020	30 Jun 2020	31 Dec 2019	30 Jun 2020	30 Jun 2020	31 Dec 2019	30 Jun 2020	30 Jun 2020	31 Dec 2019	30 Jun 2020	30 Jun 2020	31 Dec 2019
Assets	253 154	253 154	335 276	104 884	104 884	102 291	-	-	-	358 038	358 038	437 567
Liabilities	3 735	3 735	4 610	60 419	60 419	61 925	-	-	-	64 155	64 155	66 535

NOTE 3 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 Jun 2020	31 Dec 2019	
<i>NOK 1000</i>			
At 1 January	215 343	156 462	
Additions	-	5 292	
Assets received through merger and demerger	-	-	
Currency translations	-	-	
Impairment	-	-	
Unrealized gain/loss	-60 569	53 589	
Increase/(Decrease) in value recognized as other comprehensive income	-	-	
Reclassified as associates	-	-	
Reclassified from associates due to dilution and loss of significant influence	-	-	
Disposals	-41 600	-	
Total	113 175	215 343	
Available-for-sale financial assets include the following:			
	Fair value hierarchy	30 Jun 2020	31 Dec 2019
Listed shares	Level 1	106 080	208 249
Non-listed shares	Level 2	7 094	7 094
Total		113 175	215 343

In addition to the Available-for-sale financial assets, the Group also has 36.9 million in investments at fair value. These investments contributed with a gain of 15.2 million in the second quarter.

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 30 June 2020.

NOTE 4 – FIXED ASSETS

	Bulidings	Machinery & equipment	Capitalized costs - work in progress	Land	Total
2020					
<i>NOK 1000</i>					
Aquisition cost, opening balance 01.01.20	100 568	4 827	38	199	105 632
Acquisitions during the period	1 090	-	-	-	1 090
Diposals during the period	-	-	-	-	-
Aquisition cost at 30.06.20	101 659	4 827	38	199	106 723
Accumulated depreciation, opening balance 01.01.20					
	-14 015	-1 610	-	-	-15 625
Depreciation	-1 521	-54	-	-	-1 575
Accumulated depreciation disposed assets	-	-	-	-	-
Accumulated depreciation at 30.06.20	-15 536	-1 664	-	-	-17 200
Net book value at 30.06.20	86 123	3 163	38	199	89 523
	Bulidings	Machinery & equipment	Capitalized costs - work in progress	Land	Total
2019					
<i>NOK 1000</i>					
Aquisition cost, opening balance 01.01.19	99 141	4 806	38	199	104 184
Acquisitions during the period	1 427	22	-	-	1 449
Disposals during the period	-	-	-	-	-
Aquisition cost at 31.12.19	100 568	4 827	38	199	105 632
Accumulated depreciation, opening balance 01.01.19					
	-10 853	-1 510	-	-	-12 363
Depreciation	-3 161	-100	-	-	-3 262
Accumulated depreciation disposed assets	-	-	-	-	-
Accumulated depreciation at 31.12.19	-14 015	-1 610	-	-	-15 625
Net book value at 31.12.19	86 553	3 217	38	199	90 008

NOTE 5 – 20 LARGEST INVESTORS

NAME	Shares	Of total shares
1 *ØYSTEIN STRAY SPETALEN	172 841 799	64,94 %
2 TORSTEIN INGVALD TVENGE	10 000 000	3,76 %
3 AF CAPITAL MANAGEMENT AS	9 300 000	3,49 %
4 AS TANJA	5 745 000	2,16 %
5 BORGEN INVESTMENT GROUP NORWAY AS	5 000 000	1,88 %
6 LEOVILLE AS	4 000 000	1,50 %
7 PORTIA AS	4 000 000	1,50 %
8 UTHALDEN AS	3 895 568	1,46 %
9 KRISTIAN HODNE AS	3 430 000	1,29 %
10 DNB Markets Aksjehandel/-analyse	2 785 000	1,05 %
11 FRØILAND INVEST AS	2 604 554	0,98 %
12 HEGE BAKKEN	2 565 681	0,96 %
13 WIECO AS	2 545 733	0,96 %
14 JÆDEREN AS	2 531 644	0,95 %
15 BJØRN HÅVARD BRÆNDEN	1 887 738	0,71 %
16 State Street Bank and Trust Comp	1 764 597	0,66 %
17 HAUSTKOLLHOLMEN AS	1 220 000	0,46 %
18 BJØRN OLSEN	1 209 879	0,45 %
19 BHB CAPITAL MANAGEMENT AS	1 116 133	0,42 %
20 SPAR KAPITAL INVESTOR AS	1 066 655	0,40 %
Total	239 509 981	89,99 %
Total outstanding shares	266 149 831	100,00 %

* Board member.



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