

Q3

Q3 2018 REPORT



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HIGHLIGHTS

KEY FIGURES

NOK 1000	Jul-Sep 2018 (unaudited)	Jul-Sep 2017 (unaudited)	Jan-Sep 2018 (unaudited)	Jan-Sep 2017 (unaudited)
Operating revenues	4 231	3 993	15 981	55 975
Operating profit (-loss) before depreciation (EBITDA) (1)	-15 723	266	17 001	42 624
Operating profit/(-loss) (EBIT) (2)	-16 457	-393	14 802	40 648
Net profit/(-loss)	-16 926	-151	13 394	41 258
Total comprehensive income	-16 926	-6 997	12 987	11 616
Value adjusted equity per share (NOK) (3)	1,59	1,51	1,59	1,51
Basic and diluted earnings per share NOK	-0,06	-0,00	0,04	0,15

(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 third quarter 2018 of NOK -16.9 million. (NOK 13.0 million for first nine months of 2018).

EBITDA for the third quarter was NOK -15.7 million. (NOK 17.0 million for first nine months of 2018).

Earnings per share (EPS) for the third quarter were NOK -0.06. (NOK 0.04 for first nine months of 2018).

The Group had an income of NOK 4.2 million from lease and operation of real estate in the third quarter, and a net loss of 16.0 million from assets available for sale.

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

The Group's condensed unaudited financial statements for the third 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 318.2 million. The fair value of the investments by the end of second quarter is as follows:

SD Standard Dr. Plc	NOK 158 million
Pareto Bank ASA	NOK 94 million
Vistin Pharma ASA	NOK 59 million
Other investments	NOK 8 million

Changes in market-value for these investments resulted in a loss of 16.0 million for the third quarter, including a minor gain which was realized through the sale of shares in Pareto Bank ASA.

Unrealized profits on available for sale assets until end of 2017 have been classified as other comprehensive income. Unrealized gain or loss from these investments has as of the first quarter of 2018 been classified as gain or loss directly on the profit and loss in accordance with the amendments of IFRS 9. Accumulated reserves as of end 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 100.4 million at the end of third 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 Board of Directors will propose a dividend of NOK 0,15 per share, totaling NOK 39.922.474,65, to be distributed in 2018. An extraordinary general assembly will be summoned in order to vote over the proposal.

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, 6 November 2018

The Board of Directors

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

<i>NOK 1000</i>	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Other Income	4 231	3 993	15 981	14 114
Net gain/(-loss) from available for sale assets	-	-	-	41 861
Other gains/(-losses)	-	-	-	-
Operating revenues	4 231	3 993	15 981	55 975
General administrative expenses	3 982	3 717	13 308	13 820
Depreciation (note 5)	735	659	2 200	1 976
Net loss/(-gain) from available for sale assets	15 972	-	8 649	-
Operating expenses	20 689	4 375	24 157	15 797
Operating profit/(-loss)	-16 457	-382	-8 176	40 179
Interest income	38	617	109	1 783
Interest expense	-507	-376	-1 516	-1 172
Other financial items	-0	-11	407	469
Net financial items	-469	231	-1 000	1 080
Share of profit from associates (note 3)	-	-	22 570	-
Taxes	-	-	-	-
Net profit/(-loss)	-16 926	-151	13 394	41 258
Change in available-for-sale assets	-	-6 846	-	-29 158
Exchange difference currency translations	-	-	-407	-484
Other comprehensive income	-	-6 846	-407	-29 643
Total comprehensive income	-16 926	-6 997	12 987	11 616
Attributable to:				
Non-controlling interests	309	599	1 845	1 920
Shareholders' interests	-17 235	-7 596	11 142	9 696
Basic and diluted earnings per share NOK	-0,06	0,00	0,04	0,15
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>	30.09.2018	31.12.2017
	<i>(unaudited)</i>	<i>(audited)</i>
ASSETS		
Non-current assets		
Available-for-sale financial assets (note 4)	318 198	230 152
Fixed assets (note 5)	90 946	92 611
Associates (note 3)	-	139 323
Total non-current assets	409 143	462 085
Current assets		
Other current assets	2 212	2 511
Cash and equivalents	100 358	27 084
Total current assets	102 570	29 594
TOTAL ASSETS	511 713	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	-437 595	-503 798
Other components of equity	-2 648	52 413
Non-controlling interests	19 924	26 218
Total equity	441 919	437 071
LIABILITIES		
Non-current liabilities		
Long-term interest bearing debt	60 000	42 000
Deferred tax	241	241
Total non-current liabilities	60 241	42 241
Current liabilities		
Short-term interest bearing debt	4 000	4 000
Tax payable	22	36
Other current liabilities and accruals	5 531	8 332
Total current liabilities	9 553	12 368
Total liabilities	69 794	54 609
TOTAL EQUITY AND LIABILITIES	511 713	491 679

CONSOLIDATED CONDENSED CASH FLOW STATEMENT

<i>NOK 1000</i>	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(Audited)</i>
Profit before tax	13 394	41 258	56 987
Profitshare from associates	-22 570	-	-4 006
Depreciation (note 5)	2 200	1 976	2 711
Net loss/(-gain) from AVA asset	8 649	-41 861	-54 621
Other losses/(-gains)	-	-	-
Foreign exchange losses/(gains)	-401	-480	-480
Interest paid	448		1 571
Interest received	-34		-1 833
Income tax paid	-14	-45	-14
Increase/decrease receivables and prepayments	299	-1 781	-1 885
Increase/decrease payables and accruals	-2 801	479	2 387
Net cash flow from operating activities	-829	-453	817
Investment in AVA Financial assets	-46 425	-48 710	-98 698
Divestment in AVA Financial assets	103 404	72 935	86 697
Net divestment/(-investment) trading	135	-	-
Dividens received	8 084	-	-
Net cash effect disposal of subsidiaries	-	-	-
Interest received	34		1 833
Investment in fixed assets	-535	-5 729	-5 809
Net cash flow from investing activities	64 697	18 495	-15 978
Repayments of long term borrowings	-6 000	-3 000	-4 000
Drawdown long term borrowings	24 000		-
Drawdown short term borrowings	-		-
Interest paid	-448		-1 571
Dividends paid to non-controlling interests	-8 139	-	-
Acquisition of own shares	-	-	-
Distributions to controlling interests	-	-391 240	-391 240
Net cash flow from financing activities	9 413	-394 240	-396 811
Net change in cash and cash equivalents	73 280	-376 198	-411 972
Cash and equivalents at beginning of period	27 084	439 060	439 060
Net cash in merger at carryover basis	-	-	-
Net foreign exchange differences (unrealised)	-6	-5	-5
Cash and equivalents at end of period	100 358	62 857	27 084

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Jan-Sep 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)	-	-	-	11 549			1 845	13 394
Other comprehensive income	-	-	-			-407		-407
Total comprehensive income	-	-	-	11 549	-	-407	1 845	12 987
Dividends to non-controlling interests							-8 139	-8 139
Equity per ending balance 30 September 2018	2 661	-	859 577	-437 596	-	-2 648	19 924	441 919
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 third quarter is adopted by the Board of Directors on 6 November 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-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
<i>NOK 1000</i>			
Net income financial assets	-8 649	41 861	54 621
Revenues from lease and operation of property	15 481	13 952	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 reclassification)	22 570
Reclassified to Available-for-sale financial assets*	-161 893
Carrying amount, 30 September 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

	30 Sep 2018	31 Dec 2017
<i>NOK 1000</i>		
At 1 January	230 152	298 480
Additions	46 425	98 698
Unrealized gain/(loss)	-51 339	-
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	-68 934	-31 074
Total	318 198	230 152

Available-for-sale financial assets include the following:

	Fair value hierarchy	30 Sep 2018	31 Dec 2017
Listed shares	Level 1	310 608	224 936
Non-listed shares	Level 2	7 589	5 216
Total		318 198	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 30 September 2018.

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	157	377	-	-	535
Diposals during the period	-	-	-	-	-
Aquisition cost at 30.09.18	97 416	4 813	38	199	102 466
Accumulated depreciation, opening balance 01.01.18					
	-7 961	-1 360	-	-	-9 321
Depreciation	-1 385	-815	-	-	-2 200
Accumulated depreciation disposed assets	-	-	-	-	-
Accumulated depreciation at 30.09.18	-9 345	-2 175	-	-	-11 521
Net book value at 30.09.18	88 071	2 638	38	199	90 946

	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

02.10.2018 NAME	Of total shares
1 *ØYSTEIN STRAY SPETALEN	64,94 %
2 TORSTEIN INGVALD TVENGE	3,76 %
3 APOLLO ASSET LIMITED	3,49 %
4 PARK LANE FAMILY OFFICE AS	2,71 %
5 TANJA A/S	2,16 %
6 BORGEN INVESTMENT GROUP NORWAY AS	1,88 %
7 EUROCLEAR BANK S.A./N.V.	1,81 %
8 BJØRN BAKKEN	1,56 %
9 UTHALDEN AS	1,46 %
10 PORTIA AS	1,39 %
11 TIGERSTADEN AS	1,28 %
12 DNB NOR MARKETS, AKSJEHAND/ANALYSE	1,13 %
13 WIECO AS	0,96 %
14 KRISTIAN HODNE AS	0,79 %
15 BJØRN HÅVARD BRÆNDEN	0,71 %
16 STATE STREET BANK AND TRUST COMP	0,66 %
17 SILVERCOIN INDUSTRIES AS	0,65 %
18 VALHALL INVEST AS	0,61 %
19 BJØRN OLSEN	0,45 %
20 BHB CAPITAL MANAGEMENT AS	0,42 %
Total	92,82 %

* Controlled by board member Øystein Stray Spetalen.

NOTE 7 – SUBSEQUENT EVENTS

The Board of Directors will propose a dividend of NOK 0,15 per share, totaling NOK 39.922.474,65, to be distributed in 2018. An extraordinary general assembly will be summoned in order to vote over the proposal.





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