

Q1

Q1 2019 REPORT



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HIGHLIGHTS

KEY FIGURES

<i>NOK 1000</i>	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Operating revenues	28 197	6 831	21 187
Operating profit (-loss) before depreciation (EBITDA) (1)	22 753	4 309	-61 697
Operating profit/(-loss) (EBIT) (2)	21 996	3 576	-64 739
Net profit/(-loss)	21 767	3 097	-66 314
Total comprehensive income	21 767	2 690	-66 721
Value adjusted equity per share (NOK) (3)	1,21	1,55	1,14
Basic and diluted earnings per share NOK	0,08	0,01	-0,26

(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 2019 of NOK 21.8 million.

EBITDA for the first quarter was NOK 22.8 million.

Earnings per share (EPS) for the first quarter were NOK 0.08.

The Group had an income of NOK 28.2 million in the first quarter, of which NOK 21.8 million relates to available for sale financial assets, and the residual NOK 6.4 million 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 2019 are enclosed.

Current Investments

The Group currently holds investments classified as financial assets available for sale with a fair value of NOK 186.4 million. The fair value of the investments by the end of first quarter is as follows:

SD Standard Dr. Plc	NOK 130 million
Vistin Pharma ASA	NOK 47 million
Other investments	NOK 10 million

Net positive changes in market value of NOK 21.8 million for these investments were booked as net gain in the first quarter 2019.

The Group has a cash holding of NOK 134.6 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.

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, 15 May 2019

The Board of Directors

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

<i>NOK 1000</i>	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
Other Income	6 424	6 831	21 187
Net gain/(-loss) from available for sale assets	21 773	-	-
Operating revenues	28 197	6 831	21 187
General administrative expenses	5 443	4 395	20 640
Depreciation (note 4)	757	733	3 042
Net loss/(-gain) from available for sale assets	-	21 099	85 222
Operating expenses	6 200	26 226	108 904
Operating profit/(-loss)	21 997	-19 394	-87 717
Interest income	269	34	539
Interest expense	-499	-514	-2 003
Other financial items	-0	401	409
Net financial items	-229	-79	-1 056
Share of profit from associates	-	22 570	22 570
Taxes	-	-	111
Net profit/(-loss)	21 767	3 097	-66 314
Exchange difference currency translations	-	-407	-407
Other comprehensive income	-	-407	-407
Total comprehensive income	21 767	2 690	-66 721
Attributable to:			
Non-controlling interests	1 083	1 361	2 100
Shareholders' interests	20 684	1 329	-68 821
Basic and diluted earnings per share NOK	0,08	0,01	-0,26
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>	31.03.2019	31.12.2018
	<i>(unaudited)</i>	<i>(audited)</i>
ASSETS		
Non-current assets		
Available-for-sale financial assets (note 3)	186 443	156 462
Fixed assets (note 4)	91 064	91 821
Associates	-	-
Total non-current assets	277 507	248 282
Current assets		
Other current assets	1 365	1 080
Cash and equivalents	134 632	143 304
Total current assets	135 997	144 384
TOTAL ASSETS	413 505	392 667
EQUITY AND LIABILITIES		
Equity		
Share capital	2 661	2 661
Other equity	819 655	819 655
Total paid-in-capital	822 316	822 316
Accumulated losses	-496 874	-517 558
Other components of equity	-2 648	-2 648
Non-controlling interests	21 262	20 179
Total equity	344 056	322 288
LIABILITIES		
Non-current liabilities		
Long-term interest bearing debt	58 000	59 000
Deferred tax	262	262
Total non-current liabilities	58 262	59 262
Current liabilities		
Short-term interest bearing debt	4 000	4 000
Tax payable	56	90
Other current liabilities and accruals	7 132	7 026
Total current liabilities	11 187	11 116
Total liabilities	69 449	70 378
TOTAL EQUITY AND LIABILITIES	413 505	392 667

CONSOLIDATED CONDENSED CASH FLOW STATEMENT

<i>NOK 1000</i>	Jan-Mar 2019	Jan-Dec 2018
	<i>(unaudited)</i>	<i>(unaudited)</i>
Profit before tax	21 767	-66 203
Profitshare from associates	-	-22 570
Depreciation (note 4)	757	3 042
Net loss/(-gain) from AVA asset	-21 773	85 222
Foreign exchange losses/(gains)	0	-401
Interest paid	496	1 865
Interest received	-	-513
Income tax paid	-35	-36
Increase/decrease receivables and prepayments	-285	1 431
Increase/decrease payables and accruals	106	-1 306
Net cash flow from operating activities	1 033	531
Investment in AVA Financial assets	-8 209	-46 425
Divestment in AVA Financial assets	-	188 567
Net divestment/(-investment) trading	-	135
Interest received	-	513
Investment in fixed assets	-	-2 252
Net cash flow from investing activities	-8 209	148 621
Repayments of long term borrowings	-1 000	-7 000
Drawdown long term borrowings	-	24 000
Drawdown short term borrowings	-	
Interest paid	-496	-1 865
Distributions to controlling interests	-	-39 922
Net cash flow from financing activities	-1 496	-32 926
Net change in cash and cash equivalents	-8 672	116 226
Cash and equivalents at beginning of period	143 304	27 084
Net cash in merger at carryover basis	-	-
Net foreign exchange differences (unrealised)	-0	-6
Cash and equivalents at end of period	134 632	143 304

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Jan-Mar 2019 (Unaudited)						
<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)	-	-	20 684		1 083	21 767
Total comprehensive income	-	-	20 684	-	1 083	21 767
Equity per ending balance 31 March 2019	2 661	819 655	-496 875	-2 648	21 262	344 056
Jan-Dec 2018 (Audited)						
<i>NOK 1000</i>	Issued capital	Other equity	Accumulated losses	Exchange difference currency translations	Non-controlling interests	Total
Equity as at 1 January 2018	2 661	859 577	-449 144	-2 241	26 218	437 071
Net profit/(-loss)	-	-	-68 414		2 100	-66 314
Other comprehensive income	-	-		-407		-407
Total comprehensive income	-	-	-68 414	-407	2 100	-66 721
Dividens to controlling interests		-39 922				-39 922
Dividens to non-controlling interests					-8 139	-8 139
Equity per ending balance 31 December 2018	2 661	819 655	-517 559	-2 648	20 179	322 288

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 15 May 2019.

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those presented in the Annual Report of 2018. The Group has as of 1 January 2019 adopted the IFRS 16 regarding leases. As the Group has no long-term leasing agreement, the new standard has no impact on the financial statements.

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 2019	Jan-Mar 2018	Jan-Dec 2018
<i>NOK 1000</i>			
Net income financial assets	21 773	-21 099	-85 222
Revenues from lease and operation of property	6 424	6 331	20 687
Other income	-	500	500

NOTE 3 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 Mar 2019	31 Dec 2018	
<i>NOK 1000</i>			
At 1 January	156 462	230 152	
Additions	8 209	46 425	
Assets received through merger and demerger	-	-	
Currency translations	-	-	
Impairment	-	-	
Unrealized gain/loss	21 773	-82 433	
Increase/(Decrease) in value recognized as other comprehensive income	-	-	
Reclassified as associates	-	-	
Reclassified from associates due to dilution and loss of significant influence	-	161 893	
Disposals	-	-199 576	
Total	186 443	156 462	
Available-for-sale financial assets include the following:			
	Fair value hierarchy	31 Mar 2019	31 Dec 2018
Listed shares	Level 1	179 941	149 959
Non-listed shares	Level 2	6 503	6 503
Total		186 443	156 462

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 March 2019.

The investment in SD Standard Drilling Plc was reclassification from associated entity to Available-for-Sale financial assets due to dilution of ownership below level as assessed to represent significant influence. The dilution occurred in first quarter of 2018.

NOTE 4 – FIXED ASSETS

	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	-	-	-	-	-
Diposals during the period	-	-	-	-	-
Aquisition cost at 31.03.19	99 141	4 806	38	199	104 184
Accumulated depreciation, opening balance 01.01.19	-10 853	-1 510	-	-	-12 363
Depreciation	-723	-34	-	-	-757
Accumulated depreciation disposed assets	-	-	-	-	-
Accumulated depreciation at 31.03.19	-11 577	-1 543	-	-	-13 120
Net book value at 31.03.19	87 565	3 263	38	199	91 064

	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	1 882	370	-	-	2 252
Diposals during the period	-	-	-	-	-
Aquisition cost at 31.12.18	99 141	4 806	38	199	104 184
Accumulated depreciation, opening balance 01.01.18	-7 961	-1 360	-	-	-9 321
Depreciation	-2 893	-149	-	-	-3 042
Accumulated depreciation disposed assets	-	-	-	-	-
Accumulated depreciation at 31.12.18	-10 853	-1 510	-	-	-12 363
Net book value at 31.12.18	88 288	3 296	38	199	91 821

NOTE 5 – 20 LARGEST INVESTORS

NAME	Of total shares
1 ØYSTEIN STRAY SPETALEN	64,94 %
2 TORSTEIN INGVALD TVENGE	3,76 %
3 AF CAPITAL MANAGEMENT AS	3,49 %
4 PARK LANE FAMILY OFFICE AS	2,81 %
5 TANJA A/S	2,16 %
6 BORGEN INVESTMENT GROUP NORWAY AS	1,88 %
7 BJØRN BAKKEN DØDSBO	1,56 %
8 UTHALDEN AS	1,46 %
9 DNB Markets Aksjehandel/-analyse	1,46 %
10 LEOVILLE AS	1,45 %
11 PORTIA AS	1,39 %
12 KRISTIAN HODNE AS	1,09 %
13 WIECO AS	0,96 %
14 VALHALL INVEST AS	0,90 %
15 BJØRN HÅVARD BRÆNDEN	0,71 %
16 State Street Bank and Trust Comp	0,66 %
17 JÆDEREN AS	0,63 %
18 SILVERCOIN INDUSTRIES AS	0,47 %
19 BJØRN OLSEN	0,45 %
20 BHB CAPITAL MANAGEMENT AS	0,42 %
Total	92,65 %



SAGA TANKERS ASA
Sjølyst Plass 2
0278 Oslo

INVESTOR RELATIONS
Phone: +47 92 43 14 17
e-mail: espen.lundaas@ferncliff.no

www.sagatankers.com