

# Q2

Q2 2019 REPORT



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# HIGHLIGHTS

## KEY FIGURES

NOK 1000	Apr-Jun 2019 (unaudited)	Apr-Jun 2018 (unaudited)	Jan-Jun 2019 (unaudited)	Jan-Jun 2018 (unaudited)
Operating revenues	4 537	33 339	27 833	19 072
Operating profit (-loss) before depreciation (EBITDA) (1)	-4 958	28 415	17 796	32 724
Operating profit/(-loss) (EBIT) (2)	-5 713	27 682	16 284	31 259
<b>Net profit/(-loss)</b>	<b>-5 941</b>	<b>27 223</b>	<b>15 826</b>	<b>30 320</b>
<b>Total comprehensive income</b>	<b>-5 941</b>	<b>27 223</b>	<b>15 826</b>	<b>29 913</b>
<b>Value adjusted equity per share (NOK) (3)</b>	<b>1,19</b>	<b>1,65</b>	<b>1,19</b>	<b>1,14</b>
<b>Basic and diluted earnings per share NOK</b>	<b>-0,02</b>	<b>0,10</b>	<b>0,05</b>	<b>0,11</b>

(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 2019 of NOK -5.9 million. (NOK 15.8 million for first half year of 2019).

EBITDA for the second quarter 2019 was NOK -5.0 million. (NOK 17.8 million for first half year of 2019).

Earnings per share (EPS) for the second quarter were NOK -0.02. (NOK 0.05 for first half year of 2019).

The Group had an income of NOK 4.5 million in the second quarter, all of which relates to lease and operation of real estate. The investment portfolio (assets available for sale) gave rise to a net loss of 4.9 million in the quarter.

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 2019 are enclosed.

## Current Investments

The Group currently holds investments classified as financial assets available for sale with a fair value of NOK 179.2

million. The fair value of the investments by the end of second quarter is as follows:

SD Standard Dr. Plc	NOK 130 million
Vistin Pharma ASA	NOK 42 million
Other investments	NOK 7 million

Changes in market-value for these investments resulted in a loss of 4.2 million for the second quarter.

In addition, the short-term investment portfolio classified as financial assets at fair value through profit and loss, generated a net loss of 0.7 million in the second quarter.

The Group has a cash holding of NOK 123.5 million at the end of second quarter, versus 143.3 million per year end 2018.

## 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, 21 August 2019

The Board of Directors

# RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the financial statements for the period 1 January 2019 to 30 June 2019 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, 21 August 2019

The Board of Directors

Martin Nes  
Chairman

Yvonne Litsheim Sandvold  
Board member

Øystein Stray Spetalen  
Board member

Kristin Hellebust  
Board member

# CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

<i>NOK 1000</i>	<b>Apr-Jun 2019</b>	<b>Apr-Jun 2018</b>	<b>Jan-Jun 2019</b>	<b>Jan-Jun 2018</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Other Income	4 537	4 918	10 961	11 750
Net gain/(-loss) from available for sale assets	-	28 421	16 872	7 322
<b>Operating revenues</b>	<b>4 537</b>	<b>33 339</b>	<b>27 833</b>	<b>19 072</b>
General administrative expenses	4 598	4 931	10 041	9 326
Depreciation (note 4)	755	733	1 512	1 465
Net loss/(-gain) from available for sale assets	4 901	-	-	-
<b>Operating expenses</b>	<b>10 254</b>	<b>5 664</b>	<b>11 553</b>	<b>10 791</b>
<b>Operating profit/(-loss)</b>	<b>-5 717</b>	<b>27 676</b>	<b>16 280</b>	<b>8 281</b>
Interest income	295	36	564	70
Interest expense	-523	-496	-1 022	-1 010
Other financial items	4	7	4	407
<b>Net financial items</b>	<b>-224</b>	<b>-453</b>	<b>-453</b>	<b>-532</b>
<b>Share of profit from associates</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22 570</b>
Taxes	-	-	-	-
<b>Net profit/(-loss)</b>	<b>-5 941</b>	<b>27 223</b>	<b>15 826</b>	<b>30 320</b>
Exchange difference currency translations	-	-	-	-407
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-407</b>
<b>Total comprehensive income</b>	<b>-5 941</b>	<b>27 223</b>	<b>15 826</b>	<b>29 913</b>
Attributable to:				
Non-controlling interests	358	176	1 441	1 536
Shareholders' interests	-6 298	27 048	14 385	28 377
<b>Basic and diluted earnings per share NOK</b>	<b>-0,02</b>	<b>0,10</b>	<b>0,05</b>	<b>0,11</b>
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>	<b>30.06.2019</b>	<b>31.12.2018</b>
	<i>(unaudited)</i>	<i>(audited)</i>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Available-for-sale financial assets (note 3)	179 175	156 462
Fixed assets (note 4)	90 328	91 821
Receivables	340	-
<b>Total non-current assets</b>	<b>269 844</b>	<b>248 282</b>
<b>Current assets</b>		
Other current assets	1 406	1 080
Financial assets at fair value through profit and loss	10 159	-
Cash and equivalents	123 500	143 304
<b>Total current assets</b>	<b>135 065</b>	<b>144 384</b>
<b>TOTAL ASSETS</b>	<b>404 909</b>	<b>392 667</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	2 661	2 661
Other equity	819 655	819 655
<b>Total paid-in-capital</b>	<b>822 316</b>	<b>822 316</b>
Accumulated losses	-503 173	-517 558
Other components of equity	-2 648	-2 648
Non-controlling interests	21 620	20 179
<b>Total equity</b>	<b>338 115</b>	<b>322 288</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long-term interest bearing debt	57 000	59 000
Deferred tax	262	262
<b>Total non-current liabilities</b>	<b>57 262</b>	<b>59 262</b>
<b>Current liabilities</b>		
Short-term interest bearing debt	4 000	4 000
Tax payable	56	90
Other current liabilities and accruals	5 477	7 026
<b>Total current liabilities</b>	<b>9 532</b>	<b>11 116</b>
<b>Total liabilities</b>	<b>66 794</b>	<b>70 378</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>404 909</b>	<b>392 667</b>

# CONSOLIDATED CONDENSED CASH FLOW STATEMENT

NOK 1000	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
	(unaudited)	(unaudited)	(unaudited)
Profit before tax	15 826	30 320	-66 203
Profitshare from associates	-	-22 570	-22 570
Depreciation (note 5)	1 512	1 465	3 042
Net loss/(-gain) from AVA asset	-16 872	-7 322	85 222
Foreign exchange losses/(gains)	0	-401	-401
Interest paid	1 019	448	1 865
Interest received	-	-34	-513
Income tax paid	-35	-14	-36
Increase/decrease receivables and prepayments	-327	1 301	1 431
Increase/decrease payables and accruals	-1 549	-1 994	-1 306
<b>Net cash flow from operating activities</b>	<b>-425</b>	<b>1 199</b>	<b>531</b>
Investment in AVA Financial assets	-5 292	-46 425	-46 425
Divestment in AVA Financial assets	-	64 427	188 567
Net divestment/(-investment) trading	-10 708	135	135
Dividends received	-	8 084	8 084
Shareholders loan	-340	-	-
Interest received	-	34	513
Investment in fixed assets	-19	-438	-2 252
<b>Net cash flow from investing activities</b>	<b>-16 360</b>	<b>25 816</b>	<b>148 621</b>
Repayments of long term borrowings	-2 000	-5 000	-7 000
Drawdown long term borrowings	-	24 000	24 000
Drawdown short term borrowings	-	-	-
Interest paid	-1 019	-448	-1 865
Distributions to controlling interests	-	-	-39 922
<b>Net cash flow from financing activities</b>	<b>-3 019</b>	<b>10 413</b>	<b>-32 926</b>
<b>Net change in cash and cash equivalents</b>	<b>-19 804</b>	<b>37 428</b>	<b>116 226</b>
<b>Cash and equivalents at beginning of period</b>	<b>143 304</b>	<b>27 084</b>	<b>27 084</b>
<b>Net cash in merger at carryover basis</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net foreign exchange differences (unrealised)</b>	<b>-0</b>	<b>-6</b>	<b>-6</b>
<b>Cash and equivalents at end of period</b>	<b>123 500</b>	<b>64 506</b>	<b>143 304</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Jan-Jun 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)	-	-	14 385		1 441	15 826
Total comprehensive income	-	-	14 385	-	1 441	15 826
Equity per ending balance 30 June 2019	2 661	819 655	-503 173	-2 648	21 620	338 115
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 second quarter is adopted by the Board of Directors on 21 August 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.

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-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
<i>NOK 1000</i>			
Net income financial assets	16 872	7 322	-85 222
Revenues from lease and operation of property	10 961	11 250	20 687
Other income	-	500	500

## NOTE 3 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 Jun 2019	31 Dec 2018	
<i>NOK 1000</i>			
At 1 January	156 462	230 152	
Additions	5 292	46 425	
Assets received through merger and demerger	-	-	
Currency translations	-	-	
Impairment	-	-	
Unrealized gain/loss	17 421	-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	
<b>Total</b>	<b>179 175</b>	<b>156 462</b>	
Available-for-sale financial assets include the following:			
	Fair value hierarchy	30 Jun 2019	31 Dec 2018
Listed shares	Level 1	172 673	149 959
Non-listed shares	Level 2	6 503	6 503
<b>Total</b>		<b>179 175</b>	<b>156 462</b>

In addition to the Available-for-sale financial assets, the Group also has 10.2 million in investments at fair value. These investments contributed with a loss of 0.7 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 2019.

#### NOTE 4 – FIXED ASSETS

	Bulidings	Machinery & equipment	Capitalized costs - work in progress	Land	Total
<b>2019</b>					
<i>NOK 1000</i>					
<b>Aquisition cost, opening balance 01.01.19</b>	<b>99 141</b>	<b>4 806</b>	<b>38</b>	<b>199</b>	<b>104 184</b>
Acquisitions during the period	19	-	-	-	19
Diposals during the period	-	-	-	-	-
<b>Aquisition cost at 30.06.19</b>	<b>99 160</b>	<b>4 806</b>	<b>38</b>	<b>199</b>	<b>104 203</b>
<b>Accumulated depreciation, opening balance 01.01.19</b>					
	-10 853	-1 510	-	-	-12 363
Depreciation	-1 446	-65	-	-	-1 512
Accumulated depreciation disposed assets	-	-	-	-	-
<b>Accumulated depreciation at 30.06.19</b>	<b>-12 300</b>	<b>-1 575</b>	<b>-</b>	<b>-</b>	<b>-13 875</b>
<b>Net book value at 30.06.19</b>	<b>86 860</b>	<b>3 231</b>	<b>38</b>	<b>199</b>	<b>90 328</b>
	Bulidings	Machinery & equipment	Capitalized costs - work in progress	Land	Total
<b>2018</b>					
<i>NOK 1000</i>					
<b>Aquisition cost, opening balance 01.01.18</b>	<b>97 259</b>	<b>4 436</b>	<b>38</b>	<b>199</b>	<b>101 931</b>
Acquisitions during the period	1 882	370	-	-	2 252
Diposals during the period	-	-	-	-	-
<b>Aquisition cost at 31.12.18</b>	<b>99 141</b>	<b>4 806</b>	<b>38</b>	<b>199</b>	<b>104 184</b>
<b>Accumulated depreciation, opening balance 01.01.18</b>					
	-7 961	-1 360	-	-	-9 321
Depreciation	-2 893	-149	-	-	-3 042
Accumulated depreciation disposed assets	-	-	-	-	-
<b>Accumulated depreciation at 31.12.18</b>	<b>-10 853</b>	<b>-1 510</b>	<b>-</b>	<b>-</b>	<b>-12 363</b>
<b>Net book value at 31.12.18</b>	<b>88 288</b>	<b>3 296</b>	<b>38</b>	<b>199</b>	<b>91 821</b>

## 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 DNB Markets Aksjehandel/-analyse	1,53 %
9 UTHALDEN AS	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	0,92 %
15 JÆDEREN AS	0,82 %
16 BJØRN HÅVARD BRÆNDEN	0,71 %
17 State Street Bank and Trust Comp	0,66 %
18 BJØRN OLSEN	0,45 %
19 BHB CAPITAL MANAGEMENT AS	0,42 %
20 SPAR KAPITAL INVESTOR AS	0,40 %
<b>Total</b>	<b>92,86 %</b>

\* Board member.



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