

Q3

Q3 2019 REPORT



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HIGHLIGHTS

KEY FIGURES

<i>NOK 1000</i>	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Operating revenues	4 014	4 231	26 685	15 981
Operating profit (-loss) before depreciation (EBITDA) (1)	-6 016	-15 723	11 779	17 001
Operating profit/(-loss) (EBIT) (2)	-6 771	-16 457	9 512	14 802
Net profit/(-loss)	-6 984	-16 926	8 842	13 394
Total comprehensive income	-6 984	-16 926	8 842	12 987
Value adjusted equity per share (NOK) (3)	1,16	1,59	1,16	1,59
Basic and diluted earnings per share NOK	-0,03	-0,06	0,03	0,04

(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 2019 of NOK -7.0 million. (NOK 8.8 million for first nine months of 2019).

EBITDA for the third quarter 2019 was NOK -6.0 million. (NOK 11.8 million for first nine months of 2019).

Earnings per share (EPS) for the third quarter were NOK -0.03. (NOK 0.03 for first nine months of 2019).

The Group had an income of NOK 4.0 million in the third quarter, all of which relates to lease and operation of real estate. The investment portfolio (assets available for sale) resulted in a net loss of NOK 5.2 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 third 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 174.0 million. The fair value of the investments by the end of third quarter is as follows:

SD Standard Dr. Plc	NOK 112 million
Vistin Pharma ASA	NOK 55 million
Other investments	NOK 7 million

Changes in market-value for these investments resulted in a loss of NOK 5.2 million for the third quarter.

The short-term investment portfolio classified as financial assets at fair value through profit and loss, generated a minor profit during third quarter.

The Group has a cash holding of NOK 118.9 million at the end of third quarter, versus NOK 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.

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, 13 November 2019

The Board of Directors

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

<i>NOK 1000</i>	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Other Income	4 014	4 231	14 975	15 981
Net gain from available for sale assets (note 3)	-	-	11 710	-
Operating revenues	4 014	4 231	26 685	15 981
General administrative expenses	4 869	3 982	14 910	13 308
Depreciation (note 5)	755	735	2 267	2 200
Net loss from available for sale assets (note 3)	5 162	15 972	-	8 649
Operating expenses	10 786	20 689	17 177	24 157
Operating profit/(-loss)	-6 772	-16 457	9 508	-8 176
Interest income	332	38	896	109
Interest expense	-544	-507	-1 566	-1 516
Other financial items	1	-0	5	407
Net financial items	-212	-469	-665	-1 000
Share of profit from associates	-	-	-	22 570
Taxes	-	-	-	-
Net profit/(-loss)	-6 984	-16 926	8 842	13 394
Change in available-for-sale assets	-	-	-	-
Exchange difference currency translations	-	-	-	-407
Other comprehensive income	-	-	-	-407
Total comprehensive income	-6 984	-16 926	8 842	12 987
Attributable to:				
Non-controlling interests	166	309	1 607	1 845
Shareholders' interests	-7 150	-17 235	7 235	11 142
Basic and diluted earnings per share NOK	-0,03	-0,06	0,03	0,04
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>	30.09.2019	31.12.2018
	<i>(unaudited)</i>	<i>(audited)</i>
ASSETS		
Non-current assets		
Available-for-sale financial assets (note 4)	174 001	156 462
Fixed assets (note 5)	89 857	91 821
Receivables	340	-
Total non-current assets	264 199	248 282
Current assets		
Other current assets	2 167	1 080
Financial assets at fair value through profit and loss	9 923	-
Cash and equivalents	118 887	143 304
Total current assets	130 977	144 384
TOTAL ASSETS	395 176	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	-510 323	-517 558
Other components of equity	-2 648	-2 648
Non-controlling interests	20 203	20 179
Total equity	329 548	322 288
LIABILITIES		
Non-current liabilities		
Long-term interest bearing debt	56 000	59 000
Deferred tax	262	262
Total non-current liabilities	56 262	59 262
Current liabilities		
Short-term interest bearing debt	4 000	4 000
Tax payable	56	90
Other current liabilities and accruals	5 311	7 026
Financial liabilities at fair value through profit and loss:	-	-
Total liabilities	65 628	70 378
TOTAL EQUITY AND LIABILITIES	395 176	392 667

CONSOLIDATED CONDENSED CASH FLOW STATEMENT

<i>NOK 1000</i>	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Profit before tax	8 842	13 394	-66 203
Profitshare from associates	-	-22 570	-22 570
Depreciation (note 5)	2 267	2 200	3 042
Net loss/(-gain) from AVA asset	-11 710	8 649	85 222
Other losses/(-gains)	-	-	-
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	-1 087	299	1 431
Increase/decrease payables and accruals	-1 715	-2 801	-1 306
Net cash flow from operating activities	-2 419	-829	531
Investment in AVA Financial assets	-5 292	-46 425	-46 425
Divestment in AVA Financial assets	-	103 404	188 567
Net divestment/(-investment) trading	-10 460	135	135
Dividens received	-	8 084	8 084
Loan to related party	-340	-	-
Interest received	-	34	513
Investment in fixed assets	-303	-535	-2 252
Net cash flow from investing activities	-16 397	64 697	148 621
Repayments of long term borrowings	-3 000	-6 000	-7 000
Drawdown long term borrowings	-	24 000	24 000
Drawdown short term borrowings	-	-	-
Interest paid	-1 019	-448	-1 865
Dividends paid to non-controlling interests	-1 583	-8 139	-8 139
Acquisition of own shares	-	-	-
Distributions to controlling interests	-	-	-39 922
Net cash flow from financing activities	-5 601	9 413	-32 926
Net change in cash and cash equivalents	-24 417	73 280	116 226
Cash and equivalents at beginning of period	143 304	27 084	27 084
Net cash in merger at carryover basis	-	-	-
Net foreign exchange differences (unrealised)	0	-6	-6
Cash and equivalents at end of period	118 888	100 358	143 304

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Jan-Sep 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)	-	-	7 235		1 607	8 842
Total comprehensive income	-	-	7 235	-	1 607	8 842
Dividens to non-controlling interests					-1 583	-1 583
Equity per ending balance 30 September 2019	2 661	819 655	-510 323	-2 648	20 203	329 548
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 13 November 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-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
<i>NOK 1000</i>			
Net income financial assets	11 710	-8 649	-85 222
Revenues from lease and operation of property	14 975	15 481	20 687
Other income	-	500	500

NOTE 3 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 Sep 2019	31 Dec 2018	
<i>NOK 1000</i>			
At 1 January	156 462	230 152	
Additions	5 292	46 425	
Currency translations	-	-	
Impairment	-	-	
Unrealized gain/loss	12 247	-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	174 001	156 462	
Available-for-sale financial assets include the following:			
	Fair value hierarchy	30 Sep 2019	31 Dec 2018
Listed shares	Level 1	167 499	149 959
Non-listed shares	Level 2	6 503	6 503
Total		174 001	156 462

In addition to the Available-for-sale financial assets, the Group also has NOK 9.9 million in investments at fair value. These investments contributed with a gain of NOK 0.01 million in the third 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 September 2019.

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	303	-	-	-	303
Diposals during the period	-	-	-	-	-
Aquisition cost at 30.09.19	99 444	4 806	38	199	104 487
Accumulated depreciation, opening balance 01.01.19					
	-10 853	-1 510	-	-	-12 363
Depreciation	-2 170	-97	-	-	-2 267
Accumulated depreciation disposed assets	-	-	-	-	-
Accumulated depreciation at 30.09.19	-13 023	-1 607	-	-	-14 630
Net book value at 30.09.19	86 421	3 199	38	199	89 857
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	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 TANJA A/S	5 745 000	2,16 %
5 BORGEN INVESTMENT GROUP NORWAY AS	5 000 000	1,88 %
6 UTHALDEN AS	3 895 568	1,46 %
7 LEOVILLE AS	3 850 464	1,45 %
8 PARK LANE FAMILY OFFICE AS	3 700 000	1,39 %
9 PORTIA AS	3 700 000	1,39 %
10 DNB Markets Aksjehandel/-analyse	3 156 939	1,19 %
11 KRISTIAN HODNE AS	3 147 000	1,18 %
12 HEGE BAKKEN	2 590 681	0,97 %
13 JÆDEREN AS	2 556 196	0,96 %
14 WIECO AS	2 545 733	0,96 %
15 BJØRN HÅVARD BRÆNDEN	1 887 738	0,71 %
16 State Street Bank and Trust Comp	1 764 597	0,66 %
17 BJØRN BAKKEN DØDSBO	1 554 408	0,58 %
18 SILVERCOIN INDUSTRIES AS	1 455 308	0,55 %
19 BJØRN OLSEN	1 209 879	0,45 %
20 BHB CAPITAL MANAGEMENT AS	1 116 133	0,42 %
Total	241 017 443	90,56 %
Total outstanding shares	266 149 831	100 %

* Board member.



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