

Q4

Q4 2017 REPORT



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HIGHLIGHTS

KEY FIGURES

NOK 1000	Oct-Dec 2017 (unaudited)	Oct-Dec 2016 (unaudited)	Jan-Dec 2017 (unaudited)	Jan-Dec 2016 (unaudited)
Operating revenues	18 004	4 491	73 979	135 638
Operating profit (-loss) before depreciation (EBITDA) (1)	16 743	-589	59 368	112 177
Operating profit/(-loss) (EBIT) (2)	16 008	-1 030	56 656	109 545
Net profit/(-loss)	15 625	-684	56 883	110 496
Total comprehensive income	8 927	10 928	20 543	-96 320
Value adjusted equity per share (NOK) (3)	1,54	2,95	1,54	2,95
Basic and diluted earnings per share NOK	0,06	-	0,20	0,39

(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 fourth quarter 2017 of NOK 8.9 million (NOK 20.5 million for the year 2017).

Operating revenues for the quarter of NOK 4.4 million and general administrative expenses from Vallhall are consolidated in the income statement. Revenues from Vallhall are above budget. The EBITDA for Vallhall for the year are substantially above budget due to reversal of previous write-offs. The interest bearing debt in the balance sheet relates to mortgage on the Vallhall-Arena.

EBITDA for the fourth quarter was NOK 16.7 million (NOK 59.4 million for the whole 2017).

Earnings per share (EPS) for the fourth quarter were NOK 0.06 (NOK 0.20 for the whole 2017).

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 fourth quarter of 2017 are enclosed.

Current Investments

The Group currently holds investments classified as financial assets available for sale with a fair value of NOK 230.2 million. The fair value of the investments by the end of third quarter is as follows:

Pareto Bank ASA	NOK 200 million
Vistin Pharma ASA	NOK 25 million
Other investments	NOK 5 million

Net negative changes in market value of NOK 7.1 million for these investments were booked as other comprehensive income in fourth quarter 2017. However, the net gain from available for sale assets of 12.8 million is directly or indirectly a reclassification of former other comprehensive income. Hence, the net market changes of the investments has been positive in the fourth quarter.

Further, the group hold SD Standard Drilling Plc as an investment classified

as an associate. This investment, which is further described in note 3, was in third quarter part of the financial assets available for sale.

The Group has a cash holding of NOK 27.1 million at the end of fourth quarter.

Outlook

The Group has a solid balance sheet, with an equity ratio of 89 %.

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, 27 February 2018

The Board of Directors



CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

<i>NOK 1000</i>	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
Other Income	5 244	4 491	19 358	18 982
Net gain/(-loss) from available for sale assets	12 760	-	54 621	116 656
Other gains/(-losses)	-	-	-	-
Operating revenues	18 004	4 491	73 979	135 638
General administrative expenses	5 266	6 894	19 086	22 318
Depreciation (note 5)	735	441	2 711	2 632
Net loss/(-gain) from available for sale assets	-	-	-	-
Operating expenses	6 001	7 335	21 797	24 949
Operating profit/(-loss)	12 003	-2 843	52 182	110 689
Interest income	79	819	1 862	2 743
Interest expense	-359	-430	-1 531	-1 748
Other financial items	-0	66	469	-70
Net financial items	-280	456	800	925
Share of profit from associates (note 3)	4 006	1 748	4 006	-1 074
Taxes	104	44	104	44
Net profit/(-loss)	15 625	-684	56 883	110 496
Change in available-for-sale assets	-7 104	9 737	-36 263	-205 970
Exchange difference currency translations	407	1 874	-78	-846
Other comprehensive income	-6 698	11 612	-36 340	-206 816
Total comprehensive income	8 927	10 928	20 543	-96 320
Attributable to:				
Non-controlling interests	613	-175	2 533	1 695
Shareholders' interests	8 314	11 102	18 010	-98 015
Basic and diluted earnings per share NOK	0,06	0,00	0,20	0,39
Average number of shares in the period	266 149 831	275 205 018	266 149 831	279 767 379
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>	31.12.2017	31.12.2016
	<i>(unaudited)</i>	<i>(audited)</i>
ASSETS		
Non-current assets		
Available-for-sale financial assets (note 4)	230 152	298 480
Fixed assets (note 5)	92 611	89 513
Associates (note 3)	139 323	36 223
Total non-current assets	462 085	424 216
Current assets		
Other current assets	2 511	625
Cash and equivalents	27 084	439 060
Total current assets	29 594	439 685
TOTAL ASSETS	491 679	863 901
EQUITY AND LIABILITIES		
Equity		
Share capital	2 661	286 733
Own shares	-	-20 583
Other equity	859 577	987 329
Total paid-in-capital	862 239	1 253 479
Accumulated losses	-503 798	-558 148
Other components of equity	52 413	88 753
Non-controlling interests	26 218	23 685
Total equity	437 071	807 768
LIABILITIES		
Non-current liabilities		
Long-term interest bearing debt	42 000	46 000
Deferred tax	241	173
Total non-current liabilities	42 241	46 173
Current liabilities		
Short-term interest bearing debt	4 000	4 000
Tax payable	36	14
Other current liabilities and accruals	8 332	5 945
Total current liabilities	12 368	9 959
Total liabilities	54 609	56 133
TOTAL EQUITY AND LIABILITIES	491 679	863 901

CONSOLIDATED CONDENSED CASH FLOW STATEMENT

<i>NOK 1000</i>	Jan-Dec 2017	Jan-Dec 2016
	<i>(unaudited)</i>	<i>(Audited)</i>
Profit before tax	56 987	110 540
Profitshare from associates	-4 006	1 074
Depreciation (note 5)	2 711	2 632
Net loss/(-gain) from AVA asset	-54 621	-116 656
Other losses/(-gains)	-	-
Foreign exchange losses/(gains)	-480	136
Income tax paid	-14	-109
Increase/decrease receivables and prepayments	-1 885	908
Increase/decrease payables and accruals	2 387	695
Net cash flow from operating activities	1 079	-781
Investment in AVA Financial assets	-98 698	-184 160
Divestment in AVA Financial assets	86 697	257 809
Net divestment/(-investment) trading	-	466
Investment in fixed assets	-5 810	-38
Net cash flow from investing activities	-17 811	74 076
Repayments of long term borrowings	-4 000	-4 000
Dividends paid to non-controlling interests	-	-4 070
Acquisition of own shares	-	-52 637
Distributions to controlling interests	-391 240	-
Net cash flow from financing activities	-395 240	-60 706
Net change in cash and cash equivalents	-411 972	12 589
Cash and equivalents at beginning of period	439 060	426 606
Net cash in merger at carryover basis	-	-
Net foreign exchange differences (unrealised)	-5	-136
Cash and equivalents at end of period	27 083	439 060

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Jan-Dec 2017 (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 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
Jan-Dec 2016 (Audited)								
<i>NOK 1000</i>	Issued capital	Own shares	Other paid in equity	Accumulated losses	Available for sale reserve	Exchange difference currency translations	Non-controlling interests	Total
Equity as at 1 January 2016	286 733	-	924 814	-572 318	296 887	-1 317	26 112	960 911
Net profit/(-loss)	-	-	-	108 738			1 643	110 380
Other comprehensive income	-	-	-	-	-205 970	-846		-206 816
Total comprehensive income	-	-	-	108 738	-205 970	-846	1 643	-96 436
Reclassification merged equity*	-	-	94 569	-94 569	-	-	-	-
Acquired own shares	-	-20 583	-32 054	-	-	-	-	-52 637
Dividends to minority interests	-	-	-	-	-	-	-4 070	-4 070
Equity per ending balance 31 December 2016	286 733	-20 583	987 329	-558 149	90 917	-2 164	23 685	807 768

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 fourth quarter is adopted by the Board of Directors on 27 February 2018.

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those presented in the Annual Report of 2016. Available for sale financial assets are measured at fair value. Changes in fair value are booked as other comprehensive income provided that no impairment is present.

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-Dec 2017	Jan-Dec 2016
<i>NOK 1000</i>		
Net income financial assets	54 621	116 656
Revenues from lease and operation of property	18 357	18 252
Other income	1 001	729

NOTE 3 – ASSOCIATES

<i>NOK 1000</i>	SD Standard Drilling Plc
Carrying amount, 31 December 2016	36 223
Reclassified to Available-for-sale financial assets*	-36 223
Carrying amount, 30 September 2017	-
Acquisition as per 1 November 2017**	134 911
Share of profit nov-dec 2017	4 006
Currency exchange differences nov-dec 2017	407
Carrying amount 31 December 2017	139 323

* The Group held 46.16 % of the outstanding shares in SD Standard Drilling Plc as per end of 2016. 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 2017, SD Standard Drilling Plc completed several equity issues. Although the Group has participated in some of these issuance, the Group only held 14.92 % of the outstanding shares at the end of first quarter. Based on this assessment the investment has been reclassified from Associated to Available-for-sale financial assets as of first quarter 2017.

** As per 1 November, the Group had through an equity issue in SD Standard Drilling Plc, increased its ownership to 20.22 %. The investments has on this basis once again been recognized as an associated company of which the Group imposes significant influence. The acquisition of the associate has been valued at fair value as of 1 November, based on the market value of the shares. The exit of the Available-for-sale investment has been treated as an ordinary disposal with reclassification of other comprehensive income as profit and loss. As of 1 November, going forward this is accounted in accordance with the equity-method.

NOTE 4 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 Dec 2017	31 Dec 2016	
<i>NOK 1000</i>			
At 1 January	298 480	461 908	
Additions	98 698	184 160	
Assets received through merger and demerger	-	-	
Currency translations	-	-	
Impairment	-3 388	-	
Increase/(Decrease) in value recognized as other comprehensive income	-36 263	-205 970	
Reclassified as associates	-132 525	-	
Reclassified from associates due to dilution and loss of significant influer	36 223	-	
Disposals	-31 074	-141 618	
Total	230 152	298 480	
Available-for-sale financial assets include the following:			
	Fair value hierarchy	31 Dec 2017	31 Dec 2016
Listed shares	Level 1	224 936	289 877
Non-listed shares	Level 2	5 216	8 604
Total		230 152	298 480

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 December 2017. An impairment of TNOK 3.388 has been recognized through the income statement in 2017.

NOTE 5 – FIXED ASSETS

	Capitalized				
	Bulidings	Machinery & equipment	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

	Buildings	Machinery & equipment	Capitalized costs - work in progress	Land	Total
2016					
<i>NOK 1000</i>					
Acquisition cost, opening balance 01.01.16	91 529	4 319	38	199	96 084
Acquisitions during the period	-	38	-	-	38
Disposals during the period	-	-	-	-	-
Acquisition cost at 31.12.16	91 529	4 357	38	199	96 122
Accumulated depreciation, opening balance 01.01.16	-3 182	-796	-	-	-3 978
Depreciation	-2 259	-373	-	-	-2 632
Accumulated depreciation disposed assets	-	-	-	-	-
Accumulated depreciation at 31.12.16	-5 441	-1 169	-	-	-6 609
Net book value at 31.12.16	86 088	3 188	38	199	89 513

NOTE 6 – 20 LARGEST INVESTORS

03.01.2018 NAME	Of total shares
1 ØYSTEIN STRAY SPETALEN *	64,94 %
2 ALLUM HOLDING AS *	15,59 %
3 APOLLO ASSET LIMITED	3,19 %
4 PARK LANE FAMILY OFFICE AS	2,73 %
5 FERNCLIFF AS *	2,34 %
6 BJØRN BAKKEN	1,56 %
7 UTHALDEN A/S	1,46 %
8 WIECO AS	0,96 %
9 TIGERSTADEN AS	0,94 %
10 BJØRN HÅVARD BRÆNDEN	0,71 %
11 STATE STREET BANK AND TRUST COMP	0,66 %
12 BJØRN OLSEN	0,45 %
13 BHB CAPITAL MANAGEMENT AS	0,42 %
14 KÅRE KLAVENES	0,36 %
15 DIRK BLAAUW	0,30 %
16 JÆDEREN AS	0,30 %
17 GREENWAY AS	0,26 %
18 GUNERIUS INVEST AS	0,23 %
19 VERPENTANGEN AS	0,22 %
20 CONSUS FX AS	0,17 %
Total	97,80 %

* Controlled by board member Øystein Stray Spetalen, representing 82.87 % of outstanding shares.

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