# INTERIM REPORT

# Q1 2019

# First Quarter 2019

## Operations

Haven has been located at the Johan Sverdrup field during the entire quarter. The operational performance has been strong, with 100% gangway connection and no LTI's. The predictable gangway connection is of utmost importance for clients in order to maintain a high productivity for offshore workers. It further enhances oil companies' ability to plan work and meet established deadlines.

Daily ordinary operating cost equaled 48 KUSD during Q1, 2019.

## Financial

The Interim Financial Statements are prepared in accordance with IAS 34

*Quarterly figures, Q1 2019*
(Figures in brackets refer to the corresponding period of 2018)

The operating income for Q1 amounts to 38.0 MUSD (0.0 MUSD), of which Charter hire amounts to 32.2 MUSD. Other income of 5.8 MUSD relates to catering services, as well as other additional services.

Operating expenses equaled 9.7 MUSD (0.7 MUSD), of which 4.3 MUSD relate to vessel OPEX and 3.9 MUSD to costs to be reimbursed by Equinor as well as cost related to increasing temporary bed capacity, onboard Haven, to 555 POB. All these costs are also reimbursed by Equinor during Q1 and Q2 2019. Additional 1.3 MUSD relate to technical management fee and SG&A costs. This resulted in an EBITDA of 28.3 MUSD (-0.7 MUSD) and an operating profit of 11.1 MUSD (loss of 4.5 MUSD).

Interest expense for the first quarter equaled 10.3 MUSD (11.5 MUSD), of which 4.8 MUSD relate to interest payable on the bond and bank loans, and 5.5 MUSD relate to interest accrued on the shareholder loan. The shareholder loan is planned to be converted to equity during Q2 2019.

Net profit for the first quarter amounts to 3.3 MUSD (loss of 27.6 MUSD).

*Cash flow and liquidity Q1 2019*
The company generated 29.4 MUSD in operational cash flow during the first quarter. Following high net repayments of loans, 22 MUSD, the net cash flow for the period equaled - 1.1 MUSD.

Available cash at the end of the quarter equaled 24.9 MUSD.

*Going concern*
The net equity is still negative by 13.1 MUSD. However, based on the strong operational cash flow, the refinancing during December 2018 which eliminated currency risk and the planned conversion of shareholder loans to equity, the Board of Directors confirms that the assumption of going concern is in place and forms the basis for the quarterly report. The cash flow makes Jacktel able to meet its obligations including payment of interest on the 3rd party debt.

*Finance*
Following the refinancing of Jacktel in December 2018, the company is financed through a Bond Loan of USD 150 million and a Bank Loan of USD 100 million. The loans carry an interest of 10% and Libor + 2.5% respectively. The Bond Loan has a term of 5 years, while the Bank Loan will be repaid over a period of 12 months from December 2018. Repayment period of the Bank Loan is matched with the contract period of the Johan Sverdrup contract. 25 MUSD of the Bank Loan has been repaid during the first quarter. The new loan facilities carry a "no leakage provision", preventing Jacktel from paying interest or installments on the shareholder loan from its parent Master Marine.

*Risk*
The company is exposed to general business market risk, credit risk, currency risk and revenue risk. Credit risk related to the Equinor contract is considered low. The currency risk exposure is mainly due to the fact that charter income is denominated in USD while operating expenses are mainly incurred in NOK. The currency risk is monitored on a continuous basis and use of derivates to reduce the risk is considered regularly. Per end of the first quarter the company does not have any derivatives. Long term commitment for Haven is secured for most of 2019 through the contract with Equinor for the Johan Sverdrup project. Operational issues, as well as future changes in day rates and utilization of the unit may impact the valuation of the asset.

## Future Prospects

Most of the North Sea accommodation fleet has secured a strong order backlog for large parts of 2019. Current visible demand for additional bed capacity is however limited for 2020 and beyond. The situation is similar to the situation 1 year ago when large parts of the North Sea accommodation fleet in fact were uncontracted for most of 2019. The time between contract and commencement of contracts has as such been significantly reduced over the last few years.

Tendering activity in more remote areas has continued to develop positively. More remote areas are expected to absorb some of the North Sea tonnage, and the board expect that this ultimately will facilitate a tighter supply / demand balance also in the North Sea.

**Stavanger, 8th May 2019**

**Bjørn Henriksen**
**Chairman of the Board**
**sign**

**Roy Hallås**
**CEO**
**sign**

## Condensed Income Statement

### As of March 31st 2019

| In USD 1,000' | Note | Un-audited Q1-2019 | Un-audited Q1-2018 | Audited 2018 |
|---|---|---|---|---|
| Operating income | | 37,976 | - | 90,240 |
| Operating expenses | | -9,726 | -735 | -21,019 |
| **EBITDA** | | **28,250** | **-735** | **69,221** |
| Depreciation | 6 | -17,141 | -3,806 | -46,070 |
| **OPERATING PROFIT/(LOSS) - EBIT** | | **11,109** | **-4,542** | **23,151** |
| Interest income | | 87 | 87 | 334 |
| Interest expenses | | -10,301 | -11,488 | -46,501 |
| Other financial items | | 2,359 | -11,653 | 6,616 |
| **NET FINANCIAL ITEMS** | | **-7,855** | **-23,055** | **-39,552** |
| **PROFIT/(LOSS) BEFORE TAX** | | **3,254** | **-27,596** | **-16,401** |
| **NET PROFIT (LOSS)** | | **3,254** | **-27,596** | **-16,401** |

**Statement of Comprehensive Income**

| In USD 000' | Un-audited Q1-2019 | Un-audited Q1-2018 | Audited 2018 |
|---|---|---|---|
| Net profit this period | 3,254 | -27,596 | -16,401 |
| Currency translation | | | |
| Other comprehensive income | - | - | - |
| **COMPREHENSIVE INCOME** | **3,254** | **-27,596** | **-16,401** |

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## Condensed Statement of Financial Position

| In USD 1,000' | Note | Un-audited 31.03.2019 | Un-audited 31.03.2018 | Audited 31.12.2018 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets:** | | | | |
| Property, plant and equipment | 6 | 354,767 | 302,074 | 371,638 |
| Prepaid construction cost | | - | 52,731 | - |
| **Total non-current assets** | | **354,767** | **354,805** | **371,638** |
| **Current assets:** | | | | |
| Accounts receivable | | 24,693 | 650 | 25,772 |
| Other current assets | | 1,233 | 2,096 | 2,299 |
| Cash and cash equivalents | | 24,857 | 72,305 | 25,944 |
| **Total current assets** | | **50,783** | **75,052** | **54,014** |
| **TOTAL ASSETS** | | **405,550** | **429,856** | **425,652** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity:** | | | | |
| Issued capital | | 19,630 | 19,630 | 19,630 |
| Retained losses | | -32,701 | -47,152 | -35,956 |
| **Total equity** | | **-13,071** | **-27,522** | **-16,326** |
| **Non-current liabilities:** | | | | |
| Shareholder loans | | - | 263,524 | - |
| Other interest-bearing debt | 5 | 147,030 | 178,292 | 146,880 |
| Prepayments customers | | - | 4,490 | - |
| **Total long-term liabilities** | | **147,030** | **446,305** | **146,880** |
| **Current liabilities:** | | | | |
| Accounts payable | | 4,462 | 2,730 | 3,403 |
| Prepayments customers | | 4,423 | 1,810 | 6,175 |
| Short-.term interest-bearing debt | 5 | 258,563 | - | 282,061 |
| Other current liabilities | | 4,143 | 6,532 | 3,459 |
| **Total current liabilities** | | **271,591** | **11,072** | **295,098** |
| **Total liabilities** | | **418,621** | **457,378** | **441,978** |
| **TOTAL EQUITY AND LIABILITIES** | | **405,550** | **429,856** | **425,652** |

## Condensed Statement of Changes in Equity

| (In USD 1.000) | Share Capital | Share premium | Uncovered loss | Total equity |
|---|---|---|---|---|
| **Equity as at December 31st, 2017** | **19,630** | **-** | **-19,554** | **76** |
| Other comprehensive income | - | - | - | - |
| Net income (loss) Q1 2018 | - | - | -27,596 | -27,596 |
| **Equity as at March 31st 2018 (Un-audited)** | **19,630** | **-** | **-47,150** | **-27,520** |
| Other comprehensive income | - | - | - | - |
| Net income (loss) Q2 - Q4 2018 | - | - | 11,195 | 11,195 |
| **Equity as at December 31st 2018 (Audited)** | **19,630** | | **-35,955** | **-16,326** |
| Other comprehensive income | - | - | - | - |
| Net income (loss) Q1 2019 | - | - | 3,254 | 3,254 |
| **Equity as at March 31st 2018 (Un-audited)** | **19,630** | | **-32,701** | **-13,071** |

## Cash Flow Statement

| **In USD 1,000'** | **Un-audited Q1-2019** | **Un-audited Q1-2018** | **Audited 2018** |
|---|---|---|---|
| Net profit(loss) before tax | 3,254 | -27,596 | -16,401 |
| Depreciation | 17,141 | 3,806 | 46,070 |
| Financial income | -87 | -87 | -334 |
| Financial expenses | 7,942 | 23,141 | 39,884 |
| Changes in working capital | 1,172 | 1,979 | -28,117 |
| **Net cash from operating activities** | **29,422** | **1,243** | **41,102** |
| **Cash flow from investing activities** | | | |
| Interest received | 87 | 87 | 334 |
| Rig upgrade | -272 | -7,891 | -66,989 |
| **Net cash from investing activities** | **-185** | **-7,804** | **-66,655** |
| **Cash flow from financing activities** | | | |
| Interest paid | -10,300 | -11,488 | -46,500 |
| Prepayment from customer | - | 896 | 3,374 |
| Refinancing and hedging cost paid | - | - | -12,588 |
| Proceeds from/repayment of (-) borrowings | -20,024 | 10,043 | 27,795 |
| **Net cash from financing activities** | **-30,324** | **-549** | **-27,919** |
| **Net change in cash and cash equivalents** | -1,087 | -7,110 | -53,472 |
| **Cash and cash equivalents, opening balance** | 25,944 | 79,416 | 79,416 |
| **Cash and cash equivalents, closing balance** | **24,857** | **72,306** | **25,944** |

**Notes to the interim report**

## 1. General information

Jacktel AS is a 100% subsidiary of Master Marine AS, parent company in the Master Marine Group, located at Skogstrøstraen 37, 4029 Stavanger, Norway. The company, which was established in 2009, specializes in offshore accommodation and is the owner of the Haven jack up accommodation unit.

## 2. Basis of presentation

The financial statements for Q1 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union ("EU"), including IAS 34 Interim Financial Reporting. The financial statements are prepared on a going concern basis and should be read in conjunction with the Company's financial statements as at 31 December 2018. Reference is also made to section "Going Concern" in the Board of Directors Report.

The European Securities and Markets Authority (ESMA) issued guidelines on Alternative Performance measures (APM's) that came into force 3 July 2016. Jacktel has defined and explained the purpose of the following APM's:

- *EBITDA* means earnings before financial items and tax, excluding impairment losses, depreciation and amortization
- *EBIT* means earnings before financial items and tax
- *CASH OR LIQUIDITY RESERVE.* When used means cash and bank deposits and provide information about the cash balance at the balance sheet date and the Company's ability to meet it current liabilities.

## 3. Significant accounting policies

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the company's annual financial statements and accompanying notes for the financial year ended 31st December 2018. IFRS 16 was implemented from January 1, 2019 without any impact for Jacktel AS.

## 4. Related party transactions

Jacktel AS has a management agreement with its parent company, Master Marine AS, for which 1.0 MUSD (0.6 MUSD) has been paid in Q1 2019. For specification of shareholder loan and interest rate from Master Marine AS, please see note 5.

## 5. Debt overview

**31.03.2019 Long-term interest-bearing debt**

| *(1.000 USD)*<br>**Description** | **Lender/Trustee** | **Nominal amount EURO** | **Nominal amount USD** | **Interest rate** | **Book value USD** |
|---|---|---|---|---|---|
| 150 MUSD Bond Loan | Nordic Trustee AS | N/A | 150,000 | 10% | 147,030 |
| **Long-term interest bearing debt - USD** | | | | | **147,030** |

**31.03.2019 Short-term interest-bearing debt**

| *(1.000 USD)*<br>**Description** | **Lender/Trustee** | **Nominal amount EURO** | **Nominal amount USD** | **Interest rate** | **Book value USD** |
|---|---|---|---|---|---|
| 100 MUSD Bank loan | DNB bank ASA | N/A | 75,000 | 1 month LIBOR + 2,5% | 74,196 |
| 99,8 MEUR Term loan facility | Master Marine AS | 99,830 | 114,305 | 12% | 184,367 |
| **Short-term interest bearing debt - USD** | | | | | **258,563** |

For further information about debt, please see the Finance part under section Financial.

*) Book value of the Bond loan is netted with transaction costs to be expensed over the loan's lifetime.

## 6. Non-current assets

| | Un-audited | Un-audited | Audited |
|---|---|---|---|
| *(1.000 USD)* | **31.03.19** | **31.03.18** | **31.12.18** |
| **Opening balance** | 371,638 | 297,989 | 297,988 |
| Additions | 271 | 7,891 | 119,719 |
| Disposals | 0 | 0 | 0 |
| Depreciation | -17,141 | -3,806 | -46,069 |
| **Closing balance** | **354,767** | **302,074** | **371,638** |

The Company's only non-current asset is the accommodation rig Haven.

## 7. Cash flow statement

Interest expenses on the shareholder loans are added to the principal loan amount.