Q3 2019

DOF ASA Financial Report

Management reporting: Accounts 3rd quarter 2019

RESULT

(MNOK)	Q3 2019	Q3 2018	Acc Q3 2019	Acc Q3 2018	2018
Operating income	2 057	1 739	5 544	5 233	6 938
Operating expenses	-1 295	-1 199	-3 610	-3 654	-4 868
Net profit from associated and joint ventures	-7	-6	-14	-7	-5
Net gain on sale of tangible assets	3	-	4	1	2
Operating profit before depreciation and impairment - EBITDA	759	535	1 924	1 574	2 066
Depreciation	-345	-305	-991	-902	-1 240
Impairment	-917	-124	-1 121	-397	-737
Operating profit - EBIT	-503	106	-188	275	89
Financial income	12	11	42	26	51
Financial costs	-329	-292	-952	-791	-1 099
Net realised gain/loss on currencies	-60	-118	-245	-223	-352
Profit before unrealised finance costs	-879	-293	-1 343	-713	-1 311
Unrealised finance costs	-1 014	10	-710	-65	-294
Profit (loss) before taxes	-1 893	-283	-2 053	-778	-1 604
Taxes	-237	13	-316	49	102
Profit (loss)	-2 130	-269	-2 369	-728	-1 502

BALANCE

(MNOK)	30.09.2019	30.09.2018	31.12.2018
ASSETS			
Tangible assets	25 122	24 615	25 074
Goodwill	85	317	295
Deferred taxes	377	945	1 006
Investment in associated companies and joint ventures	77	77	89
Other non-current financial assets	246	198	109
Total non-current assets	25 908	26 152	26 572
Receivables	1 983	2 175	1 851
Cash and cash equivalents	1 679	1 750	2 240
Total current assets	3 662	3 925	4 091
Total assets	29 570	30 076	30 663
EQUITY AND LIABILITIES			
Equity	3 512	6 264	5 778
Non-current liabilities	19 220	18 648	19 406
Current liabilities	6 838	5 165	5 479
Total liabilities	26 058	23 812	24 885
Total equity and liabilities	29 570	30 076	30 663
Net interest bearing liabilities excluded effect of IFRS 16	22 109	20 418	20 952

CASH FLOW

(MNOK)	Q3 2019	Q3 2018	Acc Q3 2019	Acc Q3 2018	2018
Net cash from operation activities	386	117	1 016	682	1 259
Net cash from investing activities	-95	-119	-1 234	-1 223	-1 430
Net cash from financing activities	-341	-312	-297	-104	26
Net changes in cash and cash equivalents	-50	-313	-516	-645	-145
Cash and cash equivalents at start of the period	1 789	2 062	2 240	2 434	2 434
Exchange gain/loss on cash and cash equivalents	-60	-	-45	-40	-50
Cash and cash equivalents at the end of the period	1 679	1 750	1 679	1 750	2 240

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Financial report 3rd Quarter 2019

KEY INFORMATION

Group EBITDA (management reporting) of NOK 803 million (NOK 587 million) excl. hedge accounting

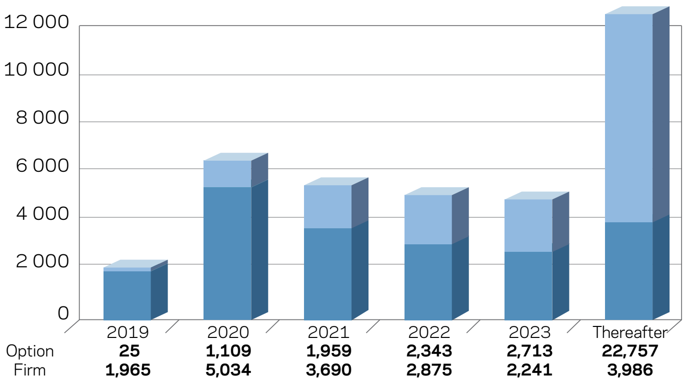
Fleet utilisation of 82%

- 81% subsea fleet, 75% AHTS fleet and 94% PSV fleet, 5 vessels in lay-up by end of the quarter

Total fleet of 67 vessels:

- 20 AHTSs, 16 PSVs, 31 Subsea vessels, 74 ROVs
- General market & operational comments:
  - Improved earnings and utilisation for the PSV and AHTS fleet
  - Improved earnings and utilisation for Subsea IMR project fleet
  - Stable earnings for the fleet on long-term chartering
  - Still challenging markets especially for the AHTS and the Subsea IMR fleet
- A long-term refinancing solution in progress, expected to be concluded in December

Group backlog of NOK 20 billion per 30.09.2019 *



*) Based on management reporting.

KEY FIGURES

	Management reporting		Financial reporting	
(MNOK)	Q3 2019	Q3 2018	Q3 2019	Q3 2018
Operating income	2 057	1 739	1 752	1 530
EBITDA	759	535	461	407
EBIT	-503	106	-547	31
Net financial costs	-1 390	-389	-1 261	-320
Profit (loss)	-2 130	-269	-2 130	-269
EBITDA - before hedge	803	587	505	459
NIBD (Net interest bearing debt)	22 441	20 418	17 616	16 685
NIBD (Net interest bearing debt) excluded effect of IFRS 16	22 109	20 418	17 284	16 685
Equity ratio	12%	21%	14%	24%

Q3 Operations

The Q3 operational result per segment is as follows;

(MNOK)	PSV	AHTS	Subsea	Total
Operating income	129	297	1 631	2 057
Operating result before depreciation and impairment - EBITDA	36	140	583	759
Depreciation	33	86	226	345
Impairment	18	176	723	917
Operating result - EBIT	-15	-122	-366	-503
EBITDA margin	28%	47%	36%	37%
EBIT margin	-11%	-41%	-22%	-24%

The main part of the Group's PSV and AHTS fleet operates on firm contracts or in the spot market, while the subsea fleet is partly utilised on term contracts or on subsea IMR (Inspection, Maintenance and Repair) project contracts.

PSV

The PSV fleet includes 16 vessels of which one vessel is owned via a minority share. The majority of the fleet has operated in the North Sea market and the fleet has achieved an average utilisation of 94% in the quarter and 90% in the 3rd quarter 2018. The North Sea spot market continued to be busy in the quarter, but with a slightly drop in rates by end of the quarter. One vessel started to mobilise for a long-term contract in Australia during the period. All vessels have been in operation during the quarter.

Main contract awards have been a 5-year contract for the Skandi Feistein for Esso Australia and two 5-year contracts with ConocoPhillips in the North Sea. In addition, two contracts have been awarded for the Skandi Barra and Skandi Caledonia in the North Sea.

AHTS

The AHTS fleet includes 18 vessels and additional two vessels on management. Five vessels are 50% owned via DOF Deepwater AS and one vessel is owned via a minority share in Iceman AS. The average utilisation for the AHTS fleet was 75% in the quarter and 69% in the 3rd quarter 2018.

11 vessels have operated in South America, whereof 10 in Brazil and one in Argentina. The fleet in Brazil has during the period operated on firm contracts whereof the majority of the fleet has local flag. For the fleet operating in the North Sea spot market, the utilisation and earnings have improved compared to same period last year. In Asia-Pacific two vessels have operated outside New Zealand to support the drilling activity. In total three vessels were in lay-up by end of the quarter.

A 6-month firm contract for the Skandi Vega with Equinor in the North Sea was awarded in the quarter. Skandi Fluminense has been awarded a 1-year contract with Petrobras and in Asia Pacific two AHTSs have been awarded contract with OMV to support a drilling rig outside New Zealand.

SUBSEA

During the 3rd quarter the Group operated a fleet of 31 Subsea vessels, including two vessels hired from external owners. The majority of the fleet is owned by the subsidiary DOF Subsea AS.

The revenues from the subsea operation include revenues from subsea IMR project contracts and long-term charters, performed by DOF Subsea. The revenues from the subsea IMR contracts during the 3rd quarter amounted to NOK 969 million (NOK 787 million). The Group's subsea IMR activities are operated from the Atlantic region, the Asia-Pacific region, the North America region, and the South America (Brazil) region. The overall utilisation of the subsea fleet was 81% in the 3rd quarter and 75% in the 3rd quarter last year.

The subsea IMR market remains challenging with low utilisation of both personnel and assets. In the 3rd quarter the Group has improved the performance in all regions compared to the two previous quarters, but there is still a continued pressure on rate levels. By the end of the quarter, all vessels within the IMR subsea projects were active, and the average utilisation for the Subsea IMR/project fleet has been 86% (73%) in the quarter. One vessel within long-term chartering was idle by end of the quarter.

The Group owns, via the DOFCON (JV 50/50 owned by DOF Subsea and TechnipFMC), six PLSVs with operation in Brazil. Four vessels are operating on long-term contracts with Petrobras and have achieved a utilisation close to 100% during the quarter. Skandi Niteroi completed the mobilisation for its contract at the Peregrino field and went on-hire in October. Skandi Vitoria has been in lay-up in the quarter.

DOF Subsea has been awarded several contracts in the subsea/IMR project segment in the Atlantic and North America region and secured utilisation for Skandi Skansen and Harvey Deep Sea (3rd party vessel) securing utilisation in the 4th quarter. Skandi Hugen has been awarded a 5-year contract with ConocoPhillips in the North Sea. After balance date DOF Subsea has further been awarded contracts in West Africa for two vessels and Fugro has extended the firm period of hire for Skandi Carla up to end of October 2020.

Main Items Interim Accounts Q3 – Financial Reporting

The below figures represent the Group's consolidated accounts based on Financial Reporting.

RESULT

(MNOK)	Q3 2019	Q3 2018	Change %
Operating income	1 752	1 530	15%
EBITDA	461	407	13%
EBIT	-547	31	
Net financial costs	-1 261	-320	
Profit (loss)	-2 130	-269	

P&L 3RD QUARTER

The Group has adopted the new accounting standard for IFRS 16 Leases and applied the simplified transition approach, and comparative amounts for the year prior to first adoption are not restated. Total assets and liabilities at the end of third quarter are affected by the implementation of the standard by NOK 474 million. This has increased the lease liabilities, net investment and right-of-use assets compared to the financial position as reported previous period.

Net result in the 3rd quarter 2019 was NOK -2,130 million (NOK -269 million), of which NOK 733 million (NOK 117 million) represents impairment, and NOK -967 million (NOK 8 million) represents unrealised gain/loss on currencies and financial instruments booked in the period.

Total revenues and operating costs are slightly higher than same period last year and reflect improved performance within the subsea IMR segment and the vessels on term contracts. Net profit from associated companies was NOK -71 million (NOK 51 million) and represents operations from the DOFCON JV and the DOF Deepwater JV. The Group Ebitda was NOK 461 million (NOK 407 million) and the Ebit was NOK -547 million (NOK 31 million). Total depreciation and impairment were NOK 1,009 million (NOK 377 million). The fair market valuations have dropped slightly for some of the oldest part of the fleet, and been stable for the rest of the fleet during the quarter. The impairment evaluations are reflected by continued weak markets and an increased financial risk for the Group. Impairments booked in the period are NOK 733 million (NOK 117 million) including impairment of goodwill of in total NOK 209 million. In addition, an impairment of NOK 184 million (NOK 7 million) has been booked in the joint ventures.

Net financial costs were negative with NOK -1,261 million (NOK -320 million) and include net interest costs of NOK -240 million (NOK -213 million) and net loss on currencies and financial instruments of NOK -1,021 million (NOK -107 million) of which unrealised gain mainly relates variances in USD and NOK/BRL from long-term debt from the subsidiaries DOF Subsea and Norskan.

The Group's operation in Brazil is based on firm charter contracts mainly in USD secured with debt in corresponding currency, hence the Group has been more or less cash neutral related to fluctuation in BRL and USD. The Group uses hedge accounting for some of the long-term contracts in Brazil and has during the quarter released parts of the hedge positions. The Ebitda impact in the 3rd quarter related to hedge accounting amounts to NOK -44 million (NOK -52 million) and the impact in the finance result is NOK -209 million.

Deferred tax assets have been impaired with in total NOK 763 million of which NOK 240 million is booked under OCI (Other Comprehensive Income).

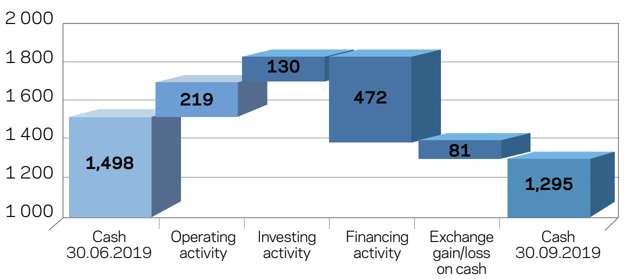
Revenue year to date is slightly higher than last year resulting in an Ebitda of NOK 1,296 million (NOK 1,256 million) and an Ebit of NOK -430 million (NOK 112 million). Net financial result was NOK -1,585 million (NOK -908 million) and is highly impacted by unrealised currency loss on long-term debt and release of parts of the hedge accounting. The loss before taxes is NOK -2,015 million (NOK -728 million).

BALANCE

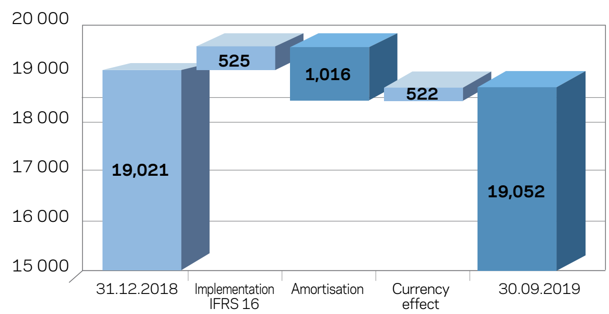
(MNOK)	30.09.2019	30.09.2018	Change %
Non-current assets	21 247	22 544	-6%
Current assets	1 842	1 996	-8%
Cash and cash equivalents	1 295	1 468	-12%
Total assets	24 383	26 009	-6%
Equity	3 512	6 264	-44%
Non-current liabilities	14 425	15 209	-5%
Current liabilities	6 446	4 536	42%
Total equity and liabilities	24 383	26 009	-6%
Net interest bearing debt (NIBD)	17 616	16 685	6%
Net interest bearing debt (NIBD) excl. effect IFRS 16	17 284	16 685	4%

Of the Group's total balance of NOK 24,383 million (NOK 26,009 million), vessels and subsea equipment amount to NOK 18,192 million (NOK 18,791 million). 11 vessels are owned via joint ventures and are represented as associated companies and non-current receivables in the balance sheet, in total NOK 2,762 million (NOK 2,513 million). Goodwill amounts to NOK 85 million (NOK 317 million). Total equity is NOK 3,512 million (NOK 6,264 million) and includes a non-controlling interest of NOK 1,920 million (NOK 2,391 million).

Cash flow from Q3 2019



Total interest bearing debt 31.12.2018 - 30.09.2019



Operational cash flow after payment of interest and taxes was in the 3rd quarter NOK 219 million (NOK -28 million), and net cash flow from investing activities was NOK 130 million (NOK -77 million). Net cash flow from financing activities was NOK -472 million (NOK -250 million).

Financing and Capital Structure

The Group is mainly funded by secured debt (65%), unsecured debt/bonds (11%) and equity (14%). The remaining funding represents net working capital and financial lease debt (IFRS 16).

The remaining outstanding of the convertible bond loan is by end September NOK 156 million and is booked as equity.

As part of a financial restructuring completed in 2018, one subsidiary, DOF Rederi AS, has agreed soft terms on a fleet loan until final maturity in 3rd quarter in 2021. Total outstanding amount of the restructured loan is NOK 3,3 billion. In addition, the DOF Deepwater JV has agreed soft terms until September 2021. The remaining debt within the Group has until end of this quarter been served by normal amortisation.

The unsecured debt mainly represents three bond loans issued by DOF Subsea of NOK 2,635 million. DOF Subsea has during the quarter agreed amended financial covenants by reducing the liquidity threshold from NOK 500 million to NOK 400 million. DOF Subsea has further agreed a waiver regarding payment of NOK 92 million in the DOFSUB07 until 20 December 2019, ref note 11 to the accounts.

The vessels and subsea assets (including the JVs) constitute 86% of the Group's total assets, hence the Group's balance sheet is exposed to fluctuations in the valuations of these assets. As part of the quarterly impairment testing, the updated broker estimates have proven stable valuation of the fleet. However, there is still a general oversupply of vessels globally, and a risk that the values may continue to drop.

The main financial covenants for the Group (excluding DOF Subsea) are minimum free liquidity of NOK 500 million, minimum booked equity of NOK 3,000 million, and minimum LTV (Loan to value) clauses on the vessels. For DOF Subsea the main financial covenants are the same including a minimum value adjusted equity ratio of 30% (based on management reporting). By September, the Company and its subsidiaries were in compliance with all its financial covenants, ref note 11 to the accounts.

The majority of the Group's vessels on long-term contracts are funded in corresponding currency, mainly USD, hence the Group's cash is to a limited extent, exposed to fluctuation in currency.

The portion of long-term debt secured with fixed rate of interest is approximately 75% of total debt and includes the debt with fixed interest in BNDES (Brazilian Development Bank).

As reported in the 2nd quarter report, the Board and Management are working on a long-term refinancing solution for the Group which include a dialogue with the banks, bondholders and the main shareholders. In parallel the Group has agreed a waiver on existing short-term facilities until the 2nd half of December. The progress in the discussions with the relevant stakeholders is good, however no assurance can be given that a final solution is in place by end of the year.

Shareholders

By the end of September, the total share capital was NOK 1,504 million divided into 301 million shares. The main shareholder Møgster Mohn Offshore AS controls 50.06% of the Company and 47.6% on a fully diluted basis.

Employees

The Group employed as of 30 September 3,709 employees including hired staff, which is an increase since the previous quarter. The marine personnel amounts to 2,147 people, while 1,292 persons are employed within the subsea segment and 270 are employed onshore conducting marine management.

Health, Safety, Environment and Quality

There were not identified any significant HSEQ issues during the 3rd quarter.

Events after balance date

DOF Subsea signed in October a contract with Kværner to collaborate and deliver marine operations for Equinor's Hywind Tampen Project. The contract will be executed in a 50/50 partnership with Kværner. Hywind Tampen will be the world's largest floating offshore wind farm and will supply electrical power to the oil and gas platforms at the Gullfaks and Snorre fields.

On the 30th October the shareholders agreed to reduce the Company's share capital from NOK 1,504 million to NOK 301 million by way of reducing the nominal value of the shares from NOK 5 to NOK 1. Following the share capital decrease, the Company's share capital is NOK 301 million divided into 300,887,779 shares.

The Company has in November entered into a share purchase agreement with two companies controlled by First Reserve to purchase 35% of DOF Subsea AS. Post the acquisition the Company is the sole shareholder of DOF Subsea AS.

Outlook

The North Sea markets within supply (PSV and AHTS) have proven better utilisation compared to the same quarter last year. Even with the modest improvement in earnings for the AHTS fleet, the rates and utilisation are not sustainable. The Company expects the market for both PSV and AHTS to weaken during the North Sea winter period. In Brazil the market is expected to be week the next 12 months and based on the fact that the Group has several contracts up for renewal in 2020 there is an increased risk regarding utilisation and earnings in this region. Earnings for the Subsea IMR fleet has been better in the quarter compared to the same period last year. However, the Company expects reduced rates and utilisation during the winter season, especially for the North Sea fleet.

The Group will maintain its strategy to secure the fleet on term contracts and is actively working on keeping the firm employment of the fleet as high as possible. The majority of the Group's high-end vessels are committed on firm contracts and represent the largest portion of the Group's backlog. The OSV sector has the last few years experienced very challenging market conditions and the recovery has taken longer than expected, nevertheless, the Group's backlog is still high.

A continuing weak market will increase the risk of lower utilisation and earnings of the Group's vessels and represents an increased liquidity risk for the Group. As previously reported, the Group has experienced that regular refinancing (rollover) of existing loan facilities has become challenging, and a short-term extension of these facilities has been secured. In parallel the Board and management have been working on a long-term solution to secure satisfactory financing and liquidity for the Group throughout a continuing demanding period. The discussions with the relevant stakeholders have been constructive and the progress is good, however no assurance can be given that the Group will be successful in this respect. The effect of not being able to obtain a long-term financial solution will affect the classification of debt (described in note 11 ´Interest bearing debt´ to the quarterly accounts) and may also affect the ´going concern´ assumption. If the Group cannot be treated as ´going concern´, the valuation of the Group's assets must be further revised. The subsidiary DOF Subsea AS has applied for temporary deferral of instalments until 20th December. Approval has been received from the majority of the lenders, however the final outcome is uncertain as discussions are still ongoing. Even though there is uncertainty whether a long-term financial solution will be achieved, the Board of Directors and management still believe that a solution is obtainable within year end.

The Board of Directors expects today the Group's Ebitda for the 4th quarter to be weaker than the Ebitda in 3rd quarter.

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The Board of Directors of DOF ASA, November 27th, 2019

Helge Møgster Chairman	Helge Singelstad Deputy Chairman	Kathryn Baker
Marianne Møgster	Hans Olav Lindal	Mons S. Aase CEO

Accounts Q3 2019

Consolidated statement of profit or loss

(MNOK)	Note	Q3 2019	Q3 2018	Acc Q3 2019	Acc Q3 2018	2018
Operating income	1	1 752	1 530	4 652	4 580	6 051
Operating expenses		-1 224	-1 173	-3 407	-3 532	-4 700
Net profit from associated and joint ventures	9	-71	51	48	207	277
Net gain on sale of tangible assets		3	-	4	1	2
Operating profit before depreciation and impairment - EBITDA		461	407	1 296	1 256	1 629
Depreciation	6	-276	-260	-809	-785	-1 063
Impairment	6,7	-733	-117	-917	-360	-691
Operating profit - EBIT		-547	31	-430	112	-125
Financial income		26	21	86	55	121
Financial costs		-266	-234	-769	-670	-925
Net realised gain/loss on currencies		-54	-115	-232	-214	-341
Net unrealised gain/loss on currencies		-897	-31	-706	-191	-288
Net changes in fair value of financial instruments		-70	39	36	111	-2
Net financial costs		-1 261	-320	-1 585	-908	-1 435
Profit (loss) before taxes		-1 809	-289	-2 015	-796	-1 560
Taxes	8	-322	20	-355	68	57
Profit (loss) for the period		-2 130	-269	-2 369	-728	-1 502
Profit attributable to						
Non-controlling interest		-377	-35	-379	-68	-235
Controlling interest		-1 753	-235	-1 991	-661	-1 267
Earnings per share (NOK)		-5,54	-0,74	-6,29	-2,15	-4,09
Diluted earnings per share (NOK)		-5,54	-0,74	-6,29	-2,15	-4,09

Consolidated statement of comprehensive income

(MNOK)	Note	Q3 2019	Q3 2018	Acc Q3 2019	Acc Q3 2018	2018
Profit (loss) for the period		-2 130	-269	-2 369	-728	-1 502
Items that will be subsequently reclassified to profit or loss						
Currency translation differences		-39	19	-27	-69	-68
Cash flow hedge	5	167	-72	256	-434	-260
Cash flow hedge - impairment deferred tax	8	-240	-	-240	-	-
Share of other comprehensive income of joint ventures	9	124	19	115	19	123
Items that not will be reclassified to profit or loss						
Defined benefit plan actuarial gain (loss)		-	-	-	-	3
Other comprehensive income/loss net of tax		12	-34	103	-484	-202
Total comprehensive income/loss		-2 118	-303	-2 266	-1 213	-1 705
Total comprehensive income/loss net attributable to						
Non-controlling interest		-350	-18	-349	-74	-198
Controlling interest		-1 768	-285	-1 917	-1 138	-1 506

Consolidated statement of balance sheet

(MNOK)	Note	30.09.2019	30.09.2018	31.12.2018
ASSETS				
Tangible assets	6	18 192	18 791	18 898
Goodwill	7	85	317	295
Deferred tax assets	8	207	923	898
Investment in associates and joint ventures	9	1 812	1 331	1 547
Other non-current receivables		950	1 182	1 177
Total non-current assets		21 247	22 544	22 815
Trade receivables		1 493	1 572	1 312
Other receivables		349	424	406
Current receivables		1 842	1 996	1 718
Restricted deposits		208	274	316
Cash and cash equivalents		1 087	1 194	1 616
Cash and cash equivalents incl. restricted deposits	10	1 295	1 468	1 932
Current assets		3 136	3 465	3 650
Total Assets		24 383	26 009	26 465
EQUITY AND LIABILITIES				
Paid in equity		1504	3 638	3 277
Other equity		88	235	232
Non-controlling interests		1 920	2 391	2 269
Total equity		3 512	6 264	5 778
Bond loan	11	2 168	1 930	2 480
Debt to credit institutions	5, 11	11 814	13 152	13 007
Lease debt		384	-	-
Other non-current liabilities		59	127	90
Non-current liabilities		14 425	15 209	15 578
Current portion of debt	11	4 809	3 190	3 678
Accounts payable		923	877	808
Other current liabilities		714	468	623
Current liabilities		6 446	4 536	5 110
Total liabilities		20 871	19 745	20 687
Total equity and liabilities		24 383	26 009	26 465

Consolidated statement of equity

(MNOK)	Paid-in capital	Other contributed capital	Other equity - Retained earnings	Other equity - Currency translation differences	Other equity - Cash flow hedge	Total other equity	Non-controlling interest	Total equity
Balance at 01.01.2019	3 277	232	544	196	-740	232	2 269	5 778
Result (loss) for the period	-1 849		-142			-142	-379	-2 369
Other comprehensive income/loss			74	-16	16	74	30	103
Reclassification between CTA and cash flow hedge				-18	18	-		-
Total comprehensive income for the period	-1 849	-	-67	-34	34	-68	-349	-2 266
Converted bond loan	77	-77				-77		-
Dividend to non-controlling interest								-
Balance at 30.09.2019	1 504	156	477	162	-707	88	1 920	3 512
Balance at 01.01.2018	3 393	276	1 473	232	-537	1 444	2 505	7 342
Result (loss) for the period			-661			-661	-68	-728
Other comprehensive income/loss			-	-43	-434	-477	-7	-484
Reclassification between CTA and cash flow hedge				-135	135	-		-
Total comprehensive income for the period	-	-	-661	-178	-299	-1 138	-74	-1 212
Share issue	202		-11			-11		191
Converted bond loan	43	-43				-43		-
Dividend to non-controlling interest							-31	-31
IFRS 9 implementation effect			-17			-17	-9	-25
Total transactions with owners	245	-43	-27	-	-	-71	-40	135
Balance at 30.09.2018	3 638	233	785	54	-836	235	2 391	6 264

Key figures

		Q3 2019	Q3 2018	Acc Q3 2019	Acc Q3 2018	2018
EBITDA margin ex net gain on sale of vessel	1	26%	27%	28%	27%	27%
EBITDA margin	2	26%	27%	28%	27%	27%
EBIT margin	3	-31%	2%	-9%	2%	-2%
Cashflow per share (controlling interest)	4	0,26	0,88	0,68	2,78	3,90
Profit per share (controlling interest)	5	-5,54	-0,74	-6,29	-2,11	-4,02
Profit per share ex. unrealised gain/loss on currencies and changes fair value of financial instruments (controlling interest)	6	-2,90	-0,76	-4,40	-1,85	-3,37
Return on net capital	7			-67%	-12%	-26%
Equity ratio	8			14%	24%	22%
Net interest bearing debt				17 758	16 685	17 089
Net interest bearing debt excl. effect of IFRS 16				17 284	16 685	17 089
Number of shares *)		293 916 687	293 237 779	293 466 568	284 361 500	293 237 779
Potential average number of shares *)		316 456 168	316 456 168	316 456 168	307 579 889	309 817 198
Potential number of shares *)		316 456 168	316 456 168	316 456 168	316 456 168	316 456 168

1) Operating profit before net gain on sale of vessel and depreciation in percent of operating income.
2) Operating profit before depreciation in percent of operating income.
3) Operating profit in percent of operating income.
4) Pre-tax result + depreciation and impairment +/- unrealised gain/loss on currencies +/- net changes in fair value of financial instruments/potential average no of shares.
5) Result /potential average no. of shares.
6) Result + net unrealised currency gain/loss + net changes fair value of financial instruments/potential average no of shares.
7) Result incl non-controlling interest/total equity
8) Total equity/total balance

*) The shares in DOF ASA has been consolidated in hte ratio of 10:1 in May 2018. Comparable figures are revised.

Consolidated statement of cash flows

(MNOK)	Q3 2019	Q3 2018	YTD Q3 2019	YTD Q3 2018	2018
Operating result	-547	31	-430	112	-125
Depreciation and impairment	1 009	376	1 726	1 145	1 754
Gain/loss on disposal of tangible assets	-3	-	-4	-1	-2
Share of profit/loss from associates and joint ventures	71	-51	-48	-207	-277
Changes in accounts receivables	-203	-121	-181	8	267
Changes in accounts payable	58	-53	115	4	-65
Changes in other working capital	76	99	142	97	201
Exchange rate effects on operating activities	33	-68	-44	-176	-116
Cash from operating activities	492	213	1 276	980	1 637
Interest received	9	4	59	13	19
Interest paid	-276	-236	-768	-682	-920
Taxes paid	-5	-9	-23	-23	-34
Net cash from operating activities	219	-28	544	288	701
Payments received for sale of tangible assets	6	-	6	1	2
Purchase of tangible assets	-119	-76	-441	-340	-510
Purchase of shares	-	-	-4	-10	-22
Received dividend	1	-	2	-	-
Other investments	242	-1	417	-13	20
Net cash from investing activities	130	-77	-21	-361	-511
Proceeds from borrowings	-	180	-	725	1 629
Repayment of borrowings	-472	-399	-1 101	-1 541	-2 219
Share issue	-	-	-	191	191
Payments to non-controlling interests	-	-31	-	-31	-31
Net cash from financing activities	-472	-250	-1 101	-655	-430
Net changes in cash and cash equivalents	-122	-354	-577	-729	-239
Cash and cash equivalents at the start of the period	1 498	1 823	1 932	2 238	2 238
Exchange gain/loss on cash and cash equivalents	-81	-1	-61	-41	-67
Cash and cash equivalents at the end of the period	1 295	1 468	1 295	1 468	1 932

Restricted cash amounts to NOK 208 million (NOK 274 million) and is included in the cash. Changes in restricted cash is reflected in the cash flow. For further information, please see note 10 “Cash and cash equvalents”.

Notes to the Accounts

Note 1 General

DOF ASA (the “Company”) and its subsidiaries (together, the “Group”) own and operate a fleet of PSV, AHTS, subsea vessels and service companies offering services to the subsea market worldwide.

The Company is a public limited company, which is listed on the Oslo Stock Exchange and incorporated and domiciled in Norway. The head office is located at Storebø in the municipality of Austevoll, Norway.

These condensed interim financial statements were approved for issue on 27 November 2019. These condensed interim financial statements have not been audited.

Basis of preparation
These condensed interim financial statements have been prepared in accordance with IAS 34, ‘Interim financial reporting’. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with IFRS.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

Estimates
The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018, with the exception of changes in estimates that are required in determining the provision for income taxes.

Adoption of new standards from 1 January 2019

IFRS 16 Leases
IFRS 16 Leases has replaced the standard IAS 17 Leases and related interpretations. IFRS 16 Leases removes the current distinction between operating and financing leases for lessees and requires recognition of an asset (the right to use the leased item) and a financial liability representing its obligation to make lease payments. Lease payments are reflected as interest expense and a reduction of lease liabilities.

The Group has adopted the standard at its mandatory date 1 January 2019. The Group applied the simplified transition approach and comparative amounts for the year prior to first first adoption are not restated.

Reference is made to note 2 ‘Accounting policies’ and note 36 ‘Adoption of new standard as from 01.01.2019 - IFRS 16 Leases’ in the Groups annual report for 2018 for a detailed description of policy- and transition choices made upon the implementation of the standard. There have been no changes to these elements.

Please see note 14 for more information.

Note 2 Management reporting

The reporting below is presented according to internal management reporting, based on the proportional consolidation method of accounting of jointly controlled companies. The bridge between the management reporting and the figures reported in the financial statement is presented below.

RESULT	3rd Quarter 2019			3rd Quarter 2018		
(MNOK)	Management reporting	Reconciliation to equity method	Financial reporting	Management reporting	Reconciliation to equity method	Financial reporting
Operating income	2 057	-304	1 752	1 739	-210	1 530
Operating expenses	-1 295	71	-1 224	-1 199	25	-1 173
Net profit from associated and joint ventures	-7	-64	-71	-6	57	51
Net gain on sale of tangible assets	3	-	3	-	-	-
Operating profit before depreciation and impairment - EBITDA	759	-297	461	535	-128	407
Depreciation	-345	69	-276	-305	45	-260
Impairment	-917	184	-733	-124	7	-117
Operating profit - EBIT	-503	-45	-547	106	-75	31
Financial income	12	14	26	11	10	21
Financial costs	-329	64	-266	-292	58	-234
Net realised gain/loss on currencies	-60	5	-54	-118	2	-115
Net unrealised gain/loss on currencies	-944	47	-897	-29	-1	-31
Net changes in fair value of financial instruments	-70	-	-70	39	-	39
Net financial costs	-1 390	129	-1 261	-389	69	-320
Profit (loss) before taxes	-1 893	84	-1 809	-283	-6	-289
Taxes	-237	-84	-322	13	6	20
Profit (loss)	-2 130	-	-2 130	-269	-	-269

RESULT	Acc 3 Quarter 2019			Acc 3 Quarter 2018		
(MNOK)	Management reporting	Reconciliation to equity method	Financial reporting	Management reporting	Reconciliation to equity method	Financial reporting
Operating income	5 544	-892	4 652	5 233	-653	4 580
Operating expenses	-3 610	202	-3 407	-3 654	122	-3 532
Net profit from associated and joint ventures	-14	62	48	-7	213	207
Net gain on sale of tangible assets	4	-	4	1	-	1
Operating profit before depreciation and impairment - EBITDA	1 924	-628	1 296	1 574	-317	1 256
Depreciation	-991	182	-809	-902	117	-785
Impairment	-1 121	204	-917	-397	38	-360
Operating profit - EBIT	-188	-242	-430	275	-163	112
Financial income	42	44	86	26	29	55
Financial costs	-952	183	-769	-791	121	-670
Net realised gain/loss on currencies	-245	13	-232	-223	9	-214
Net unrealised gain/loss on currencies	-746	40	-706	-176	-15	-191
Net changes in fair value of financial instruments	36	-	36	111	-	111
Net financial costs	-1 865	280	-1 585	-1 052	144	-908
Profit (loss) before taxes	-2 053	38	-2 015	-778	-19	-796
Taxes	-316	-38	-355	49	19	68
Profit (loss)	-2 369	-	-2 369	-728	-	-728

Note 2 Management reporting (continued)

BALANCE	30.09.2019			30.09.2018		
(MNOK)	Management reporting	Reconciliation to equity method	Financial reporting	Management reporting	Reconciliation to equity method	Financial reporting
ASSETS						
Tangible assets	25 122	-6 930	18 192	24 615	-5 825	18 791
Goodwill	85	-	85	317	-	317
Deferred taxes	377	-170	207	945	-22	923
Investment in associated companies and joint ventures	77	1 735	1 812	77	1 254	1 331
Other non-current financial assets	246	704	950	198	984	1 182
Total non-current assets	25 908	-4 661	21 247	26 152	-3 607	22 544
Receivables	1 983	-141	1 842	2 175	-179	1 996
Cash and cash equivalents	1 679	-384	1 295	1 750	-281	1 468
Total current assets	3 662	-525	3 136	3 925	-460	3 465
Total assets	29 570	-5 187	24 383	30 076	-4 068	26 009
EQUITY AND LIABILITIES						
Equity	3 512	-	3 512	6 264	-	6 264
Non-current liabilities	19 220	-4 794	14 425	18 648	-3 439	15 209
Current liabilities	6 838	-392	6 446	5 165	-629	4 536
Total liabilities	26 058	-5 187	20 871	23 812	-4 068	19 745
Total equity and liabilities	29 570	-5 187	24 383	30 076	-4 068	26 009

Note 3 Segment information - management reporting

	Q3 2019				**Acc Q3 2019**			
	PSV	AHTS	Subsea	Q3 2019	PSV	AHTS	Subsea	Total
Operating income	129	297	1 631	2 057	376	932	4 237	5 544
Operating result before depreciation and impairment - EBITDA	36	140	583	759	74	449	1 401	1 924
Depreciation	33	86	226	345	96	266	629	991
Impairment	18	176	723	917	32	276	813	1 121
Operation result - EBIT	-15	-122	-366	-503	-53	-94	-41	-188

	Q3 2018				**Acc Q3 2018**			
	PSV	AHTS	Subsea	Q3 2019	PSV	AHTS	Subsea	Total
Operating income	147	288	1 304	1 739	470	925	3 838	5 233
Operating result before depreciation and impairment - EBITDA	32	110	392	535	68	379	1 127	1 574
Depreciation	31	86	187	305	94	265	542	902
Impairment	50	10	65	124	112	50	235	397
Operation result - EBIT	-48	14	140	106	-138	63	350	275

Note 4 Operating income

The Group's operating income streams are a result of the Group's Time Charter contracts and Project Contracts.

Time Charter revenue is based on contracts where the Group deliver a vessel including crew, to a client. The charterer determines, within the contractual limits, how the vessel is to be utilised. A Time Charter contract consists of a bareboat component and a service component. The bareboat period starts from the time the vessel is made available to the customer and expires on the agreed return date. The Bareboat component will normally be within the range 30-80% of the total contract value. The service component covering crew on board the vessel. The service component is within the scope of IFRS 15, while the bareboat component is within the scope of IAS 17/IFRS 16. Both the service and the bareboat are recognised as revenue over the lease period on a straight-line basis. There is no time charter revenue when the vessels are off hire.

Project revenue is based on contracts where the Group utilises its vessels, equipment, crew and the onshore project organisation to perform tailor made service on the client's installations and/or assets. The project revenue is recognised over time.

Both Time Charter contracts and Project contracts are contracts with customers where the Group is compensated based on a fixed day rate for vessel, equipment and personnel. Some of the project contracts will from time to time be lump sum contracts based on a fixed fee for the total service and/or construction delivered.

Operating income	Q3 2019	Q3 2018	Acc Q3 2019	Acc Q3 2018	2018
Lump sum contracts	131	21	243	59	125
Day rate contracts	1 621	1 509	4 409	4 521	5 926
Total	1 752	1 530	4 652	4 580	6 051

Note 5 Hedges

The Group applies cash flow hedge accounting related to foreign exchange rate risk on expected highly probable income in USD, using a non-derivative financial hedging instrument. This hedging relationship is described below.

Cash flow hedge involving future highly probable income
The Group applies hedge accounting related to the cash flow hedging of expected highly probable income in USD, from its operations in Brazil.

The cash flow hedges hedge a portion of the foreign currency risk arising from highly probable income in USD relating to time charter contracts on vessels owned by the company Norskan Offshore Ltda.

The hedging instruments are portions of the companies' long term debt denominated in USD. The risk being hedged in each hedging relationship is the spot element of the forward currency rate of USD/BRL. The future highly probable income has a significant exposure to the spot element as the spot element is the main part of the forward rate. The long term debt is translated from USD to BRL at spot rate on the balance sheet date every reporting period.

The effective portion of changes in the fair value of the instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. For 3rd quarter an ineffective portion (unrealised loss) is recognised in the finance result with NOK 550 million.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the expected income is recognised.

Note 6 Tangible assets

2019	Vessel and periodical maintenance	ROV	Operating equipment	"Right-of-use" assets	Total
Book value at 31.12.2018	17 787	707	403		18 898
Implementation of IFRS 16 Leases				353	353
Book value at 01.01.2019	17 787	707	403	353	19 251
Addition	413	121	29	18	581
Disposal			-2	-3	-5
Depreciation	-582	-118	-68	-41	-809
Impairment loss	-708				-708
Currency translation differences	-118		2	-1	-117
Book value at 30.09.2019	16 792	710	364	326	18 192

2018	Vessel and periodical maintenance	ROV	Newbuilds	Operating equipment	Total
Book value at 01.01.2018	19 368	844	11	444	20 667
Addition	285	3	8	49	345
Reclassification		21	-14	-7	-
Depreciation	-586	-117		-82	-785
Impairment loss	-359			-1	-360
Currency translation differences	-1 056	-5		-16	-1 077
Book value at 30.09.2018	17 652	746	5	387	18 791

Right-of-use asset
Net booked value of right-of-use assets at 30 September 2019 consists of property with NOK 307 million and operating equipment with NOK 18 million.

Newbuild
Newbuild balance for 2018 relates to other subsea equipment under construction. For presentation purposes the newbuild balance has been allocated to the related asset group in 2019, this also includes the opening balance of newbuilding that was allocated to ROVs and operating equipments.

Impairment
Impairment indicators are observed and an impairment test for vessels in the Group has been done. Impairment tests are performed in line with accounting principles presented in annual report for 2018. Impairment of vessels in the amount of NOK 524 million has been recognised in the 3rd quarter of 2019 and NOK 708 million year to date 30 September 2019.

In addition an impairment in the joint ventures of NOK 184 million has been done in 3rd quarter 2019 and NOK 204 million year to date 30 September 2019.

Note 7 Goodwill

Goodwill is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of goodwill may not be recoverable.

Continued challenging market situation has resulted in lower earnings and higher risk in the segments for a longer period and market recovery takes longer than previously assumed. To reflect the challenging market situation and delay in the market recovery, the management has reassessed estimated future cash flows and recognised an impairment of NOK 209 million in Q3 2019.

Balance at 30 September 2019 amounts to NOK 85 million and allocated to the subsea segment.

Note 8 Taxes

Deferred tax asset is recognised on the basis of unused tax losses carried forward and temporary differences to the extent that it is probable that there will be sufficient future earnings available, against which the tax losses carried forward and temporary differences can be utilised.

Continued challenging market situation has resulted in lower earnings and increased risk in some tax jurisdictions. In this context the inherent uncertainty in forecasting, timing of furture taxable profits and reversal of termporary differences has increased. As a result, the management has revised its estimates for future taxable profits and has recognised a tax cost of NOK 763 million. NOK 523 million is recognised as tax cost and NOK 240 million is related to cash flow hedge and recognised as other comprehensive income.

At end of Q3 2019 the Group has recognised deferred tax asset of NOK 207 million, mainly related to operation in Brazil.

Note 9 Investment in associates and joint ventures

The Company's investment in associates and joint ventures as of 30.09.2019;

Joint ventures	Ownership
DOFCON Brasil AS with subsidiaries	50%
DOF Deepwater AS	50%
DOF Iceman AS (owner of 40% in Iceman AS, Skandi Iceman)	50%

Associated companies	
Master & Commander	20%
Skandi Aukra AS	34%
Iceman AS (Skandi Iceman)	35%
DOF OSM Services AS	50%
DOF Subsea Ghana Ltd	49%

Effect of application of IFRS 11 on investments in joint ventures;	30.09.2019
Opening balance 01.01.2019	1 547
Addition	2
Profit (loss)	48
Profit (loss) through OCI	115
Negative value on investments reallocated to receivable and liabilities	101
Closing balanse 30.09.2019	1 812

Note 10 Cash and cash equivalent

	30.09.2019	30.09.2018	31.12.2018
Restricted cash *)	208	274	316
Cash and cash equivalent	1 087	1 194	1 616
Total cash and cash equivalent	1 295	1 468	1 932

*) Including restricted cash related to non-current loans from Eksportfinans.

Note 11 Interest bearing liabilities

Covenants regarding non-current liabilities to credit institutions:

DOF ASA
DOF ASA Group shall have a book equity higher than NOK 3,000 million, free cash deposits shall at all times be minimum NOK 500 million excluding DOF Subsea AS (and it's subsidiaries) and market value of the vessels on aggregated level shall at all times be higher than 100% of outstanding secured debt.

DOF Subsea AS
DOF Subsea has the following covenants (based on proportional consolidation method of accounting for joint ventures); the book equity shall be higher than NOK 3,000 million, minimum free liquidity shall at all times be minimum NOK 500 million, value adjusted equity shall be at least 30% and market value vessels shall at all times be at least 110-130% of outstanding secured debt. The minimum free liquidity has been waived to NOK 400 million until end 2019.

The Group is in compliance with its financial covenants as of 30 September 2019.

Interest bearing liabilities	30.09.2019	30.09.2018	31.12.2018
Non-current interest bearing liabilities			
Bond loan	2 168	1 930	2 480
Debt to credit institutions	11 814	13 152	13 007
Lease liabilities (IFRS 16)	384	-	-
Total non-current interest bearing liabilites	14 366	15 082	15 487
Current interest bearing liabilities			
Bond loan	467		100
Debt to credit institutions	4 048	2 739	3 375
Lease liabilities (IFRS 16)	90		
Overdraft facilities	81	333	59
Total current interest bearing liabilities	4 686	3 072	3 534
Total interest bearing liabilities	19 052	18 154	19 021
Net interest bearing liabilities			
Other interest bearing assets non-current (sublease IFRS 16)	141		
Cash and cash equivalents	1 295	1 468	1 932
Total net interest bearing liabilities	17 616	16 685	17 089
Net effect of IFRS 16 Lease	332		
Total net interest bearing liabilities excluded IFRS 16 Lease liabilities	17 284	16 685	17 089

Non-current loans provided by Eksportfinans are invested as restricted deposits. The repayment terms of the loans from Eksportfinans are equivalent with the reduction of the deposits. The loans are fully repaid in 2020. The cash deposit is included in restricted deposits.

Current portion of debt to credit institutions amounts to NOK 4,048 million including balloon payments of NOK 1,818 million, ordinary instalments of NOK 1,580 million and drawn credit facilities of NOK 650 million. The credit facilities are non-current and may be redrawn.

Financing
As reported in 2nd quarter, the Board and management are working on a long-term refinancing solution for the Group which include a dialogue with the banks, bondholders and the main shareholders. In parallel the Group has agreed a waiver on existing short-term facilities until the 2nd half of December. The discussions with the relevant stakeholders have been constructive and the progress is good, however no assurance can be given that the Group will be successful in this respect. The effect of not being able to obtain a long-term financial solution will affect the classification of debt and may also affect the ´going concern´ assumption. If the Group cannot be treated as ´going concern´, the valuation of the Group's assets must be further revised.

The effect of not being able to obtain a long-term financial solution, may result in a reclassification of the Group's non-current debt to credit institutions and bond loans from non-current debt to current debt. If a reclassification should occur, the consequence will be that the amount of current debt will increase by NOK 9.6 billion as of 30 September 2019.

Note 11 Interest bearing liabilities (continued)

Installment- and balloon profile *)	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Total current debt	Remaining 2020	2021	2022	2023	Subsequent	Total
Bond loan	92		375		467			1 337	840		2 644
Debt to credit institutions	916	387		516	1 818		2 351	172	764		5 105
Balloons debt to credit institutions	732	736	360	402	2 230	441	1 322	1 137	1 056	4 610	10 797
Overdraft facilities	81				81,0						81
Total	1 821	1 123	735	917	4 597	441	3 673	2 646	2 659	4 610	18 627

*) Lease debt according to IFRS 16 and amortised costs are excluded in the figures above.

Loan divided on currency and fixed interest	Share fixed interest	Balance 30.09.2019
NOK	70%	8 199
USD	80%	9 934
CAD	100%	389
BRL	0,0 %	106
Total	75%	18 627

Reconciliation changes in borrowings

Changes in total liabilites over a period consists of both cash effects (proceeds and repayments) and non-cash effects (amortisations and currency translations effects). The following are the changes in the Group's borrowings:

			Non-cash changes				
Reconciliation changes in liabilities	Balance 31.12.2018	Cash flows	Implementation IFRS 16 Lease	Proceeds lease debt	Amortised loan expenses	Currency adjustments	Balance 30.09.2019
Non-current interest bearing liabilities							
Bond loan	2 580				-3	59	2 636
Debt to credit institutions	16 382	-1067		85	16	446	15 862
Lease liabilities		-56	525			5	474
Overdraft facilities	59	22					81
Total interest bearing liabilities	19 021	-1 101	525	85	13	510	19 052

Note 12 Subsequent events

Contracts
After period end, DOF Subsea has been awarded several contracts in the Subsea/IMR Project segment, securing utilisation for both vessels and resources. The Atlantic region has secured a contract to deliver integrated FSV services, project management and engineering in Angola and a mooring refurbishment and installation project in Ghana. Under the contracts, the region will utilise Skandi Seven and Skandi Skansen respectively. In the North Sea, Fugro has extended the contract on Skandi Carla until end of October 2020. The Asia Pacific region has secured several contracts in the Subsea/ IMR Project segment. The contracts include IMR and light construction and the region will utilise Skandi Hercules and Skandi Singapore for a total of 130 vessel days. The North America region has secured a 3-year frame agreement for IMR and light construction services in Trinidad. The region will utilise Skandi Neptune, with commencement for the first offshore job in early December. In addition, the region has won a 21-day contract for AUV services in the GoM, utilising Geosea.

DOF Subsea signed in October a contract with Kværner to collaborate and deliver marine operations for Equinor's Hywind Tampen Project. The contract will be executed in a 50/50 partnership with Kværner. Hywind Tampen will be the world's largest floating offshore wind farm and will supply electrical power to the oil and gas platforms at the Gullfaks and Snorre fields.

Skandi Vega has been awarded a 6-month extension on a frame agreement with Equinor Energy AS. The extension is firm until mid May and Skandi Barra has been awarded a contract for up to six months with commencement planned for late November 2019.

The Group has secured a multiple vessel contract with major key Client in the Mediterranean Sea with utilisation of two large pipe carriers (PSVs) and one high specification AHTS for respectively a minimum 60 and 75 firm days plus options. Expected start up is in December.

Financial
On the 30th October the shareholders agreed to reduce the Company's share capital from NOK 1,504 million to NOK 301 million by way of reducing the nominal value of the shares from NOK 5 to NOK 1. Following the share capital decrease, the Company's share capital is NOK 301 million divided into 300,887,779 shares.

The Company has in November entered into a share purchase agreement with two companies controlled by First Reserve to purchase 35% of DOF Subsea AS. Post the acquisition the Company is the sole shareholder of DOF Subsea AS.

Note 13 Transaction with related parties

Transactions with related parties are governed by market terms and conditions in accordance with the "arm's length principle". The transactions are described in the Annual report for 2018.

There are no major changes in the type of transactions between related parties.

Note 14 Adoption of IFRS 16 Lease from 1 January 2019

The implementation of the IFRS 16 has increased the financial position with lease liabilities, net investments and right-of-use assets. The Groups equity has not been impacted by the implementation of IFRS 16. The following line items in the financial report have been impacted as result of the new accounting standard.

CONSOLIDATED STATEMENT OF BALANCE SHEET	31.12.2018	Implementation IFRS 16 Leases	01.01.2019
Tangible assets	18 898	353	19 251
Other non-current assets	3 917	172	4 089
Total non-current assets	22 815	525	23 340
Total current assets	3 650		3 650
Total assets	26 465	525	26 990
Total equity	5 778		5 778
Non-current liabilities	15 578	441	16 019
Current liabilities	5 110	84	5 194
Total liabilities	20 687	525	21 212
Total equity and liabilities	26 465	525	26 990

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	Q3 2019 excluding IFRS 16	Effect of IFRS 16	Q3 2019	Acc Q3 2019 excluding IFRS 16	Effect of IFRS 16	Acc Q3 2019
Operating revenue	1 764	-12	1 752	4 689	-36	4 652
Operating expenses	-1 251	27	-1 224	-3 489	81	-3 407
Share of net income from associates and joint ventures	-71		-71	48		48
Profit from sale of tangible assets	3		3	4		4
Operating result before depreciation and impairment (EBITDA)	447	15	461	1 251	45	1 296
Depreciation	-262	-14	-276	-767	-41	-809
Impairment	-733	-	-733	-917	-	-917
Operating result (EBIT)	-548	1	-547	-434	4	-430
Net financial costs	-1 261	-	-1 261	-1 574	-11	-1 585
Profit (loss) before taxes	-1 810	1	-1 809	-2 008	-7	-2 015
Taxes	-322		-322	-355		-355
Profit (loss) for the period	-2 131	1	-2 130	-2 362	-7	-2 369

The table below presents a reconsiliation of the Groups operating lease liabilities as reported under IAS 17 Leases per 31 December 2018 and the IFRS 16 lease liability recognised on 1 January 2019.

RECONCILIATION OF LEASE COMMITTMENTS TO LEASE LIABILITIES	01.01.2019
Operating lease committments (IAS 17) at 31 December 2018	678
Practical expendient related to short-term and low-value leases	-72
Effect of discounting	-93
Escalation and amendments to lease agreements	12
Lease liabilities recognised at initial application	525

Note 15 Share capital and shareholders

Largest shareholders as of 30.09.2019

Name	No. shares	Shareholding
MØGSTER MOHN OFFSHORE AS	150 638 643	50.06%
BNP PARIBAS SECURITIES SERVICES	9 570 169	3.18%
RBC INVESTOR SERVICES BANK S.A.	2 600 000	0.86%
NORDNET BANK AB	2 410 450	0.80%
DRAGESUND INVEST AS	2 360 000	0.78%
CITIBANK, N.A.	2 342 378	0.78%
MORGAN STANLEY & CO. LLC	2 183 805	0.73%
MOCO AS	1 984 419	0.66%
SKANDINAVISKA ENSKILDA BANKEN AB	1 962 201	0.65%
BERGEN KOMMUNALE PENSJONSKASSE	1 800 000	0.60%
MP PENSJON PK	1 646 926	0.55%
HOLDEN, JIM ØYSTEIN	1 629 803	0.54%
AS NAVE	1 565 594	0.52%
STAVERN HELSE OG FORVALTNING AS	1 500 000	0.50%
STATE STREET BANK AND TRUST COMP	1 203 565	0.40%
PARETO INVEST AS	1 162 229	0.39%
AKERSHUS INTERKOMMUNALE	1 000 000	0.33%
DP HOLDING AS	1 000 000	0.33%
KRISTIAN FALNES AS	950 000	0.32%
THE NORTHERN TRUST COMP, LONDON BR	874 097	0.29%
Total	190 384 279	63.27%
Total other shareholders	110 503 500	36.73%
Total no of shares	300 887 779	100.00%

Note 16 Performance measurements definitions

DOF ASA financial information is prepared in accordance with international financial reporting standards (IFRS). In addition DOF ASA discloses alternative performance measures as a supplement to the financial statement prepared in accordance with IFRS. Such performance measures are used to provide an enhanced insight into the operating performance, financing and future prospects of the company and are frequently used by securities analysts, investors and other interested parties.

The definitions of these measures are as follows:

Financial reporting – Financial Reporting according to IFRS.

Management reporting – Investments in joint ventures (JV) is consolidated on gross basis in the income statement and the statement of financial position.

EBITDA – Operating profit (earnings) before depreciation, impairment, amortisation, net financial costs and taxes is a key financial parameter. The term is useful for assessing the profitability of its operations, as it is based on variable costs and excludes depreciation, impairment and amortise costs related to investments. Ebitda is also important in evaluating performance relative to competitors.

EBITDA before hedge – Ebitda as described above adjusted for hedge accounting of revenue, according to mangement reporting.

Operational EBITDA – Ebitda as described above adjusted for gain on sale of tangible assets, according to management reporting.

Operational EBITDA before hedge – Ebitda as describe above adjusted for gain on sale of tangible assets and hedge accounting of revenue, according to management reporting.

EBIT – Operating profit (earnings) before net financial costs and taxes.

Profit before unrealised finance costs – Profit before net unrealised gain/loss on currencies and net changes in the fair value of financial instruments.

Unrealised finance costs – Total unrealised gain/loss on currencies and net changes in the fair value of financial instruments.

Unemployed capital – Vessel under construction (newbuildings).

Interest bearing debt – Total of current and non-current borrowings.

Net interest bearing debt – Interest bearing debt minus current and non-current interest-bearing receivables and cash and cash equivalents. The use of the term “net debt” does not necessarily mean cash included in the calculation are available to settle debts if included in the term.

Debt ratio – Net interest bearing debt divided on total equity and debt.

Utilisation – Utilisation of vessel numbers is based on actual available days including days at yard for periodical maintenance, upgrading, transit or idle time between contracts.

Contract coverage – Number of future sold days compared with total actual available days excluded options.

Contract Backlog – Sum of undiscounted revenue related to secured contracts in the future and optional contract extensions as determined by the client. Contract coverage related to master service agreements (MSA`s) within the CSV segment, includes only confirmed purchase order.

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