



Nordic American Offshore Ltd. (NYSE: NAO) - 3Q2018 Earnings Report

Hamilton, Bermuda, November 16, 2018.

Nordic American Offshore Ltd (“NAO” or the “Company”) owns and operates a fleet of 10 Platform Supply Vessels (PSV) each averaging approximately 4,000 DWT and with an average age of about 5 years. Nine of the vessels are actively trading, primarily engaged in the North Sea offshore market between United Kingdom and Norway, while one vessel is still laid-up on the west coast of Norway.

Results for the third quarter 2018 improved compared with the second quarter 2018. The Net Operating Loss was -\$6.0m for 3Q18 compared with -\$7.9m for 2Q18 (GAAP measure). The Adjusted Net Operating Result^[1] for 3Q18 was -\$1.8m as compared to -\$3.5m for 2Q2018.

At the start of 3Q18 we faced a surplus of vessels re-introduced to the market, from lay-up conditions and from other regions. To secure utilization for our vessels we shifted from having no vessels on term charters in July, to having five vessels on shorter term contracts towards the end of the quarter. Also, at the end of the quarter the weather helped tighten availability and pushed rates up. This helped making the third quarter the best quarter in 2018 and September the best month.

Most of the lay-up fleet that was considered easy to activate, has now been activated and as such, there is a greater barrier on the supply-side, meaning that rates would need to see a substantial uplift for the remaining units to be reactivated. On the demand side, we see increased E&P spending globally and in the North Sea specifically, with the most notable being the development of the Johan Sverdrup field. This is the fifth largest oil discovery in the history of the Oil&Gas industry in the North Sea. The development of this Giant field and other projects, along with increased exploration activity will undoubtedly have positive effects on demand for Offshore Supply vessels in the North Sea going forward. The market may turn quickly and unexpectedly.

We concentrate on keeping our vessel operating costs low, while always maintaining our strong commitment to safe operations. Recent inspections confirm the excellent technical condition of our fleet. As we expand our fleet, we do not anticipate that our administrative costs will rise correspondingly.

The basic features of NAO are similar to the business model of the NYSE listed tanker company Nordic American Tankers Limited (“NAT”). NAT holds 16.1% of NAO’s common shares. The Executive Chairman of NAO and his immediate family hold 13.4% of NAO’s common shares. He is also the Chairman & CEO of NAT.

The weak offshore supply market has put a strain on our cash liquidity. We are working on a concrete arrangement that we expect will contribute to the short-term liquidity need. We pursue a conservative financial strategy, having little or no debt. This is also our plan going forward. At the end of 3Q18, the net debt^[2] per vessel was \$12.2 million. At the end of the quarter our fleet’s market valuation (steel value) was in breach with certain covenants under our Revolving Credit Facility. Therefore, we classify the debt as current. We expect this matter to be solved in early 2019 at the latest.

^[1] Adjusted Net Operating Result represents Net Operating Result before depreciation and non-cash administrative charges.

^[2] Net debt is working capital less long term debt, divided by 10 vessels.

As for the contemplated canadian Horizon Maritime business combination, due dilligence processes are still ongoing.

For further details on our financial position, please see the financial information reported below and this entire release.

Strategy Going Forward

The main elements of NAO's strategy are based on a homogenous fleet, low debt, low G&A costs and liquidity in the stock. NAO has about 35,000 shareholders, mostly in the USA. Under improved market conditions dividend is a priority.

NAO is committed to protecting its underlying earnings. We shall endeavor to safeguard and further strengthen NAO's position in a deliberate, predictable and transparent way.

We encourage investors interested in the offshore sector to consider buying shares in NAO. It is expected that the cash position of NAO should be improved by the concrete plans we have in hand.

NORDIC AMERICAN OFFSHORE LTD.

CONSOLIDATED CONDENSED STATEMENTS OF OPERATION (UNAUDITED)

	Three Months Ended			Nine Months Ended	
	Sep. 30, 2018	Jun. 30, 2018	Sep. 30, 2017	Sep. 30, 2018	Sep. 30, 2017
Amounts in USD '000					
Net Charter Revenue	5 842	4 201	5 932	12 857	13 074
Vessel Operating Costs	(6 649)	(6 803)	(5 175)	(19 172)	(15 702)
General and Administrative Costs	(947)	(913)	(948)	(3 028)	(3 192)
Depreciation Cost	(4 227)	(4 379)	(4 615)	(12 866)	(13 165)
Operating Costs	(11 822)	(12 095)	(10 739)	(35 066)	(32 060)
Net Operating Loss	(5 980)	(7 894)	(4 807)	(22 209)	(18 986)
Interest Income	35	63	96	185	208
Interest Costs	(2 421)	(1 920)	(1 258)	(5 708)	(3 593)
Other Financial Income (Costs)	(40)	(338)	211	(255)	417
Total Other Costs	(2 426)	(2 195)	(951)	(5 778)	(2 968)
Income taxes	0	0	0	0	997 ¹
Net Loss	(8 406)	(10 089)	(5 758)	(27 987)	(20 957)
Basic Loss per Shares	(0.14)	(0.16)	(0.09)	(0.45)	(0.40)
Basic Weighted Average Number of					
Common Shares Outstanding	61 986 847	61 986 847	61 986 847	61 986 847	52 639 594
Common Shares Outstanding	61 986 847	61 986 847	61 986 847	61 986 847	61 986 847

¹ Reversal of tax accruals

CONSOLIDATED CONDENSED BALANCE SHEETS (UNAUDITED)

	Sep. 30, 2018	Sep. 30, 2017	Dec. 31, 2017
Amounts in USD '000			
Cash and Cash Equivalents	6 598	35 306	31 506
Accounts Receivable, net	4 974	4 277	2 096
Prepaid Expenses	533	1 469	1 274
Inventory	1 122	1 209	1 510
Other Current Assets	2 488	1 137	690
Total current assets	15 715	43 398	37 076
Vessels, Net	340 783	355 039	350 635
Total non-current assets	340 783	355 039	350 635
Total Assets	356 498	398 437	387 711
Accounts Payable	504	477	317
Accounts Payable, related party	607	669	728
Other Current Liabilities	2 285	2 922	1 764
Short-term debt	134 626 *	0	0
Total Current liabilities	138 022	4 069	2 809
Long-term Debt	0	136 462 *	136 552 *
Other Long-term Liabilities	49	24	77
Total Non-current Liabilities	49	136 486	136 629
Shareholders' Equity	218 427	257 883	248 274
Total Liabilities and Shareholders' Equity	356 498	398 437	387 711

* Outstanding amounts on our Credit Facility were \$134.8 million, \$137.0 million and \$137.0 million as of September 30, 2018, September 30 2017 and December 31, 2017, respectively. The debt consist of outstanding amount on our Credit Facility less unamortized defferd financing costs.

NORDIC AMERICAN OFFSHORE LTD.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)	Three Months Ended			Nine Months Ended	
	Sep. 30, 2018	Jun. 30, 2018	Sep. 30, 2017	Sep. 30, 2018	Sep. 30, 2017
Amounts in USD '000					
Net Operating Loss	(5 980)	(7 894)	(4 807)	(22 209)	(18 986)
Depreciation Costs	4 227	4 379	4 615	12 866	13 165
Adjusted Net Operating Earnings (Loss) ⁽¹⁾	(1 754)	(3 515)	(192)	(9 343)	(5 821)

(1) Adjusted Net Operating Earnings (Loss) represents Net Operating Loss before depreciation and non-cash administrative charges. Adjusted Net Operating Earnings (Loss) is included because certain investors use this data to measure a shipping company's financial performance. Adjusted Net Operating Earnings (Loss) is not required by accounting principles generally accepted in the United States and should not be considered as an alternative to net income or any other indicator of the Company's performance required by accounting principles generally accepted in the United States.

NORDIC AMERICAN OFFSHORE LTD.

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOW (UNAUDITED)	Nine Months Ended		Twelve Months Ended
	Sep. 30, 2018	Sep. 30, 2017	Dec. 31, 2017
Amounts in USD '000			
Net Cash Provided by (Used in) Operating Activities	(20 820)	(11 467)	(14 032)
Investment in Vessels	(19)	(806)	(830)
Net Cash Used in Investing Activities	(19)	(806)	(830)
Net Proceeds from Issuance of Common Stock	0	48 336	48 336
Repayments on Credit Facility	(2 195)	0	0
Cash Dividends Paid to Shareholders	(1 860)	(3 693)	(4 933)
Net Cash Provided by Financing Activities	(4 055)	44 643	43 403
Net Decrease in Cash and Cash Equivalents	(24 894)	32 370	28 541
Effect of exchange rate changes on Cash	(14)	(16)	12
Cash and Cash Equivalents at Beginning of Period	31 506	2 953	2 953
Cash and Cash Equivalents at End of Period	6 598	35 307	31 506

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Matters discussed in this press release may constitute forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts.

The Company desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation. The words "believe," "anticipate," "intend," "estimate," "forecast," "project," "plan," "potential," "may," "should," "expect," "pending" and similar expressions identify forward-looking statements.

The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, our 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 or impossible to predict and are beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

Important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the strength of world economies and currencies, general market conditions, including fluctuations in charter rates and vessel values, changes in demand in the PSV market, as a result of changes in the general market conditions of the oil and natural gas industry which influence charter hire rates and vessel values, demand in platform supply vessels, our operating expenses, including bunker prices, dry docking and insurance costs, governmental rules and regulations or actions taken by regulatory authorities as well as potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, the availability of financing and refinancing, vessel breakdowns and instances of off-hire and other important factors described from time to time in the reports filed by the Company with the Securities and Exchange Commission.

Contacts:

Gary J. Wolfe
Seward & Kissel LLP
New York, USA
Tel: +1 212 574 1223

Bjørn Giæver, CFO
Nordic American Offshore Ltd
Tel: +1 888 755 8391 or +47 91 35 00 91

Herbjørn Hansson, Executive Chairman
Nordic American Offshore Ltd.
Tel: +1 866 805 9504 or +47 90 14 62 91

Web-site: www.nao.bm