



## **Nordic American Offshore Ltd. (NYSE: NAO) - 2Q2018 Earnings Report**

Hamilton, Bermuda, August 10, 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 4 years. The vessels are primarily engaged in the North Sea offshore market between United Kingdom and Norway. The reactivation of two of our three laid-up vessels proved more costly than anticipated. There are no such costs anticipated for 3Q18.

We have during the last few weeks entered into term contracts for 4 of our 9 vessels ranging from 2 to 5 months, securing business for these vessels for the remainder of the present quarter and well into 4Q18. One of these term contracts are outside the North Sea and we are carefully considering expanding our geographical presence, on selected term business.

Results (accounting wise) for the second quarter 2018 came in slightly better compared with first quarter 2018. The Net Operating Loss was -\$7.9m for 2Q18 as compared with -\$8.3m for 1Q2018 (GAAP measure). The Adjusted Net Operating Result<sup>1</sup> for 2Q18 was -\$3.5m as compared to -\$4.1m (cash loss) for 1Q2018.

With the 4 term contracts concluded, and earnings achieved up until now, the revenue for 3Q18 is already close to that of the entire 2Q18. We still have 5 vessels available in the spot for the remainder of the quarter, that can add additional revenue.

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.

NAO aims to pursue a conservative financial policy. At the end of 2Q2018, the net debt<sup>2</sup> per vessel was \$11.8 million.

We concentrate on keeping our vessel operating costs low, while always maintaining our strong commitment to safe operations. As we expand our fleet, we do not anticipate that our administrative costs will rise correspondingly.

We plan to have a telephone-conference later in August or September.

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 and strong balance sheet. 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.

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<sup>1</sup> Adjusted Net Operating Result represents Net Operating Result before depreciation and non-cash administrative charges.

<sup>2</sup> Net debt is working capital less long term debt divided by 10 vessels.

# NORDIC AMERICAN OFFSHORE LTD.

CONSOLIDATED CONDENSED STATEMENTS OF OPERATION (UNAUDITED)	Three Months Ended			Six Months Ended	
	Jun. 30, 2018	Mar. 31, 2018	Jun. 30, 2017	Jun. 30, 2018	Jun. 30, 2017
Amounts in USD '000					
<b>Net Charter Revenue</b>	<b>4 201</b>	<b>2 815</b>	<b>3 640</b>	<b>7 015</b>	<b>7 142</b>
Vessel Operating Costs	(6 803)	(5 720)	(5 030)	(12 523)	(10 527)
General and Administrative Costs	(913)	(1 169)	(1 019)	(2 081)	(2 244)
Depreciation Cost	(4 379)	(4 261)	(4 324)	(8 640)	(8 550)
<b>Operating Costs</b>	<b>(12 095)</b>	<b>(11 149)</b>	<b>(10 374)</b>	<b>(23 244)</b>	<b>(21 321)</b>
<b>Net Operating Loss</b>	<b>(7 894)</b>	<b>(8 335)</b>	<b>(6 733)</b>	<b>(16 229)</b>	<b>(14 179)</b>
Interest Income	63	88	86	150	112
Interest Costs	(1 920)	(1 367)	(1 197)	(3 287)	(2 336)
Other Financial Income (Costs)	(338)	122	109	(215)	207
<b>Total Other Costs</b>	<b>(2 195)</b>	<b>(1 157)</b>	<b>(1 002)</b>	<b>(3 352)</b>	<b>(2 018)</b>
Income taxes	0	0	997 <sup>1</sup>	0	997
<b>Net Loss</b>	<b>(10 089)</b>	<b>(9 492)</b>	<b>(6 738)</b>	<b>(19 581)</b>	<b>(15 199)</b>
Basic Loss per Shares	(0,16)	(0,15)	(0,11)	(0,32)	(0,32)
Basic Weighted Average Number of					
Common Shares Outstanding	61 986 847	61 986 847	61 986 847	61 986 847	47 888 504
Common Shares Outstanding	61 986 847	61 986 847	61 986 847	61 986 847	61 986 847

<sup>1</sup> Reversal of tax accruals

CONSOLIDATED CONDENSED BALANCE SHEETS (UNAUDITED)	Jun. 30, 2018	Jun. 30, 2017	Dec. 31, 2017
	Jun. 30, 2018	Jun. 30, 2017	Dec. 31, 2017
Amounts in USD '000			
Cash and Cash Equivalents	11 681	40 490	31 506
Accounts Receivable, net	4 000	2 058	2 096
Prepaid Expenses	2 038	882	1 274
Inventory	1 876	1 195	1 510
Other Current Assets	1 451	1 283	690
<b>Total current assets</b>	<b>21 046</b>	<b>45 908</b>	<b>37 076</b>
Vessels, Net	345 088	358 788	350 635
<b>Total non-current assets</b>	<b>345 088</b>	<b>358 788</b>	<b>350 635</b>
<b>Total Assets</b>	<b>366 134</b>	<b>404 696</b>	<b>387 711</b>
Accounts Payable	712	818	317
Accounts Payable, related party	597	566	728
Other Current Liabilities	1 833	2 035	1 764
<b>Total Current liabilities</b>	<b>3 142</b>	<b>3 419</b>	<b>2 809</b>
Long-term Debt	136 111 *	136 372 *	136 552 *
Other Long-term Liabilities	49	24	77
<b>Total Non-current Liabilities</b>	<b>136 160</b>	<b>136 396</b>	<b>136 629</b>
Shareholders' Equity	226 833	264 880	248 274
<b>Total Liabilities and Shareholders' Equity</b>	<b>366 134</b>	<b>404 696</b>	<b>387 711</b>

\* Long-term Debt consist of outstanding amounts on our Credit Facility less unamortized deferred financing cost.

Outstanding amounts on our Credit Facility were \$136.4 million, \$137.0 million and \$137.0 million as of June 30, 2018, June 30 2017 and December 31, 2017, respectively.

## NORDIC AMERICAN OFFSHORE LTD.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)	Three Months Ended			Six Months Ended	
	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Jun. 30, 2018	Jun. 30, 2017
Amounts in USD '000					
Net Operating Loss	(7 894)	(8 335)	(7 083)	(16 229)	(14 179)
Depreciation Costs	4 379	4 261	4 307	8 640	8 550
<b>Adjusted Net Operating Earnings (Loss) <sup>(1)</sup></b>	<b>(3 515)</b>	<b>(4 074)</b>	<b>(2 776)</b>	<b>(7 589)</b>	<b>(5 629)</b>

(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)	Six Months Ended		Twelve Months Ended
	Jun. 30, 2018	Jun. 30, 2017	Dec. 31, 2017
Amounts in USD '000			
<b>Net Cash Provided by (Used in) Operating Activities</b>	(17 360)	(8 360)	(14 032)
Investment in Vessels	(12)	0	(830)
<b>Net Cash Used in Investing Activities</b>	<b>(12)</b>	<b>0</b>	<b>(830)</b>
Net Proceeds from Issuance of Common Stock	0	48 336	48 336
Proceeds from Use of Credit Facility	0	0	0
Repayments on Credit Facility	(620)	0	0
Credit Facility Costs	0	0	0
Repurchase of Treasury Stock	0	0	0
Cash Dividends Paid to Shareholders	(1 860)	(2 454)	(4 933)
<b>Net Cash Provided by Financing Activities</b>	<b>(2 480)</b>	<b>45 883</b>	<b>43 403</b>
Net Decrease in Cash and Cash Equivalents	(19 852)	37 523	28 541
Effect of exchange rate changes on Cash	27	14	12
Cash and Cash Equivalents at Beginning of Period	31 506	2 953	2 953
<b>Cash and Cash Equivalents at End of Period</b>	<b>11 681</b>	<b>40 490</b>	<b>31 506</b>

## 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.

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