

# GC Rieber Shipping ASA - Second Quarter 2019

Bergen 22 August 2019

# Agenda

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- Highlights Q2 2019
- Operational review
- Financial review
- Outlook



## Highlights Q2 2019

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- Full fleet utilisation in the quarter<sup>1</sup>
- Net profit of NOK 93.9 million, compared with a loss of NOK 9.0 million in Q2 2018
- Net profit includes sale of Ernest Shackleton in May 2019 with a book gain of NOK 102 million
- Contract backlog of NOK 294 million as of July 2019<sup>2</sup>
- Shearwater announced strategic partnership with CGG for marine seismic acquisition services and creation of new streamer technology company
- Shearwater awarded several contracts for marine seismic acquisition projects and rates continue to reflect an improved marine seismic market

<sup>1</sup> Excluding marine seismic

<sup>2</sup> Excluding options and marine seismic

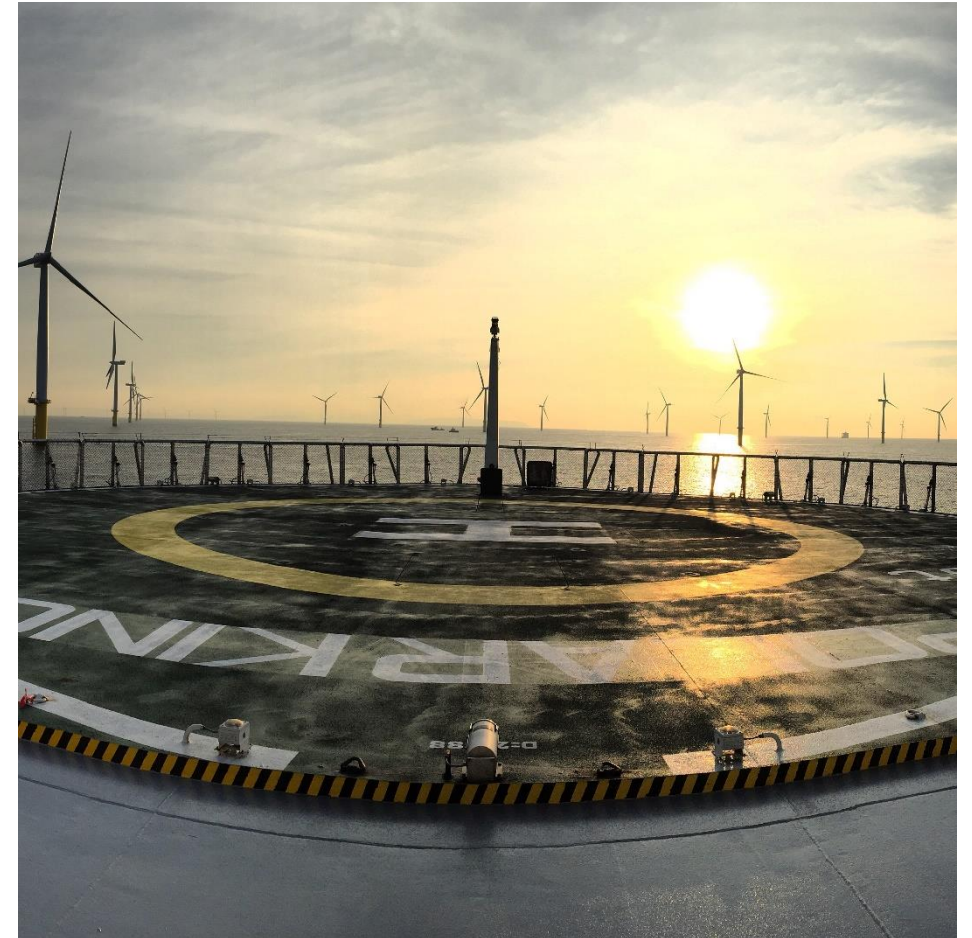
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## Post-quarter events

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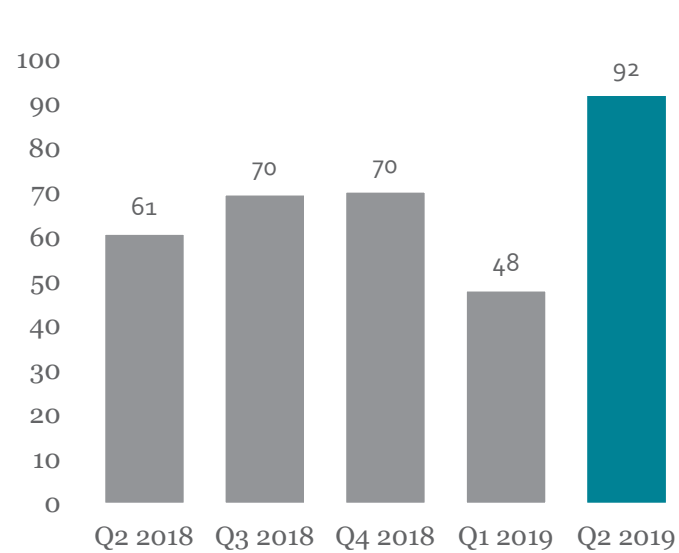
- New time charter agreement with a European offshore client for Polar Queen for a five-month period in 2020
- Ship management agreement with Nexans Skagerrak AS for the cable laying vessel Nexans Skagerrak from Q3 2019 and the cable laying vessel Nexans Aurora (to be delivered in 2021)
- Extension of ongoing charter for Polar King by up to two months until medio October 2019



## Highlights Q2 2019 - Key financial figures

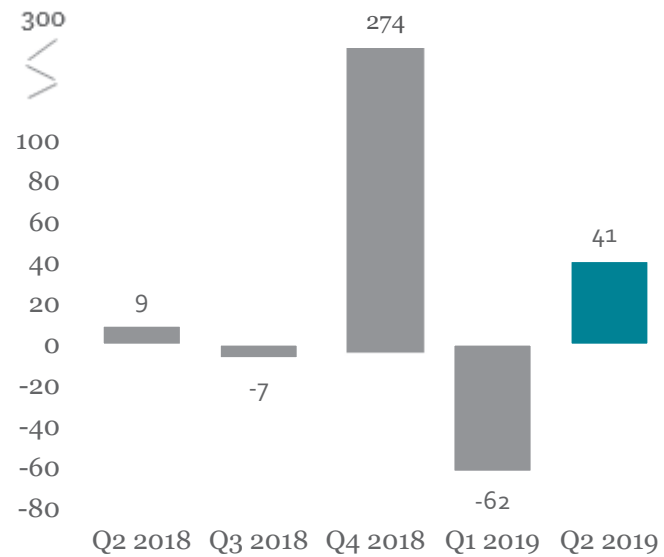
### REVENUE

NOK million



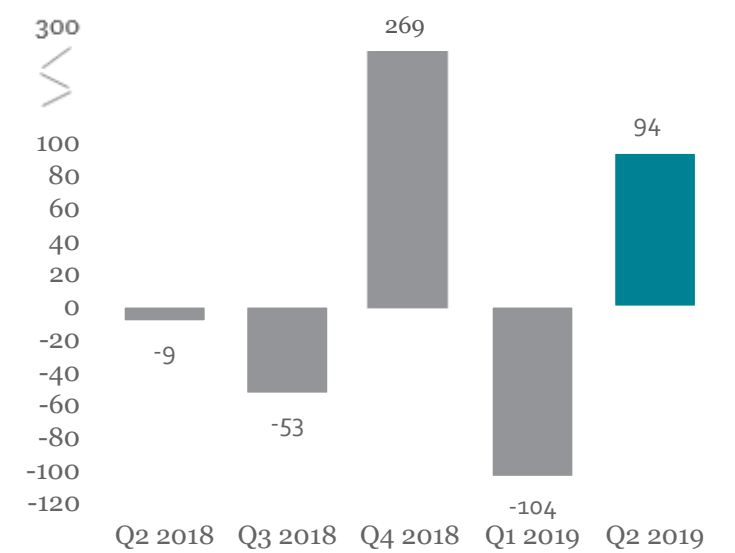
### EBITDA<sup>1</sup>

NOK million



### NET PROFIT

NOK million



<sup>1</sup> Includes profit and losses from Joint Ventures

# Operational Review

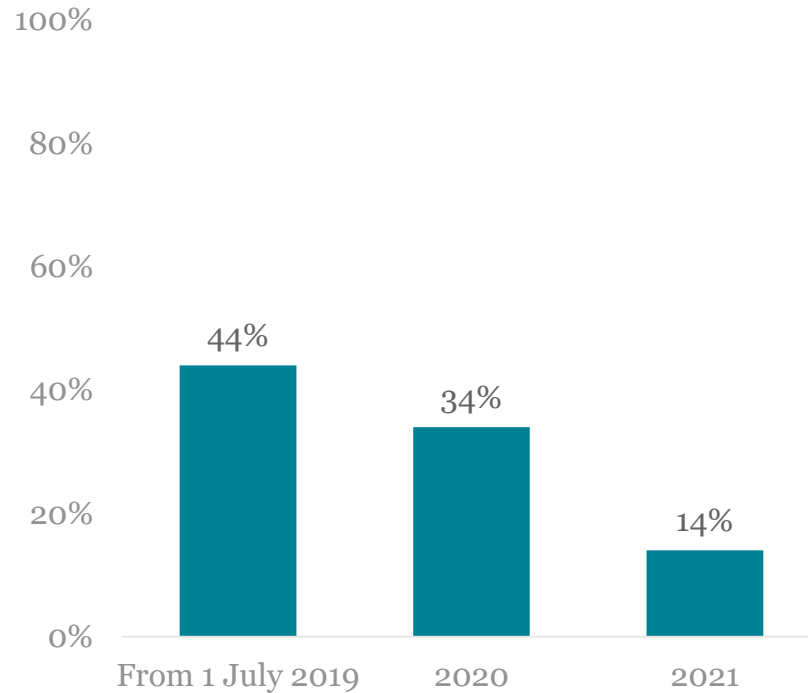
Q2 2019

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## Total contract backlog of NOK 294 million per 1 July 2019

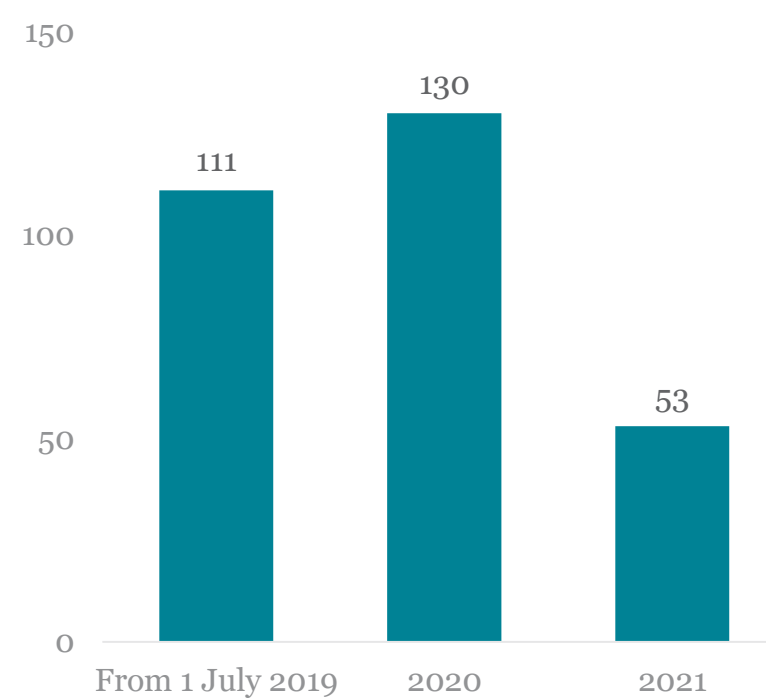
### CONTRACT COVERAGE<sup>1</sup>

Utilisation rate



### CONTRACT BACKLOG<sup>2</sup>

NOK million

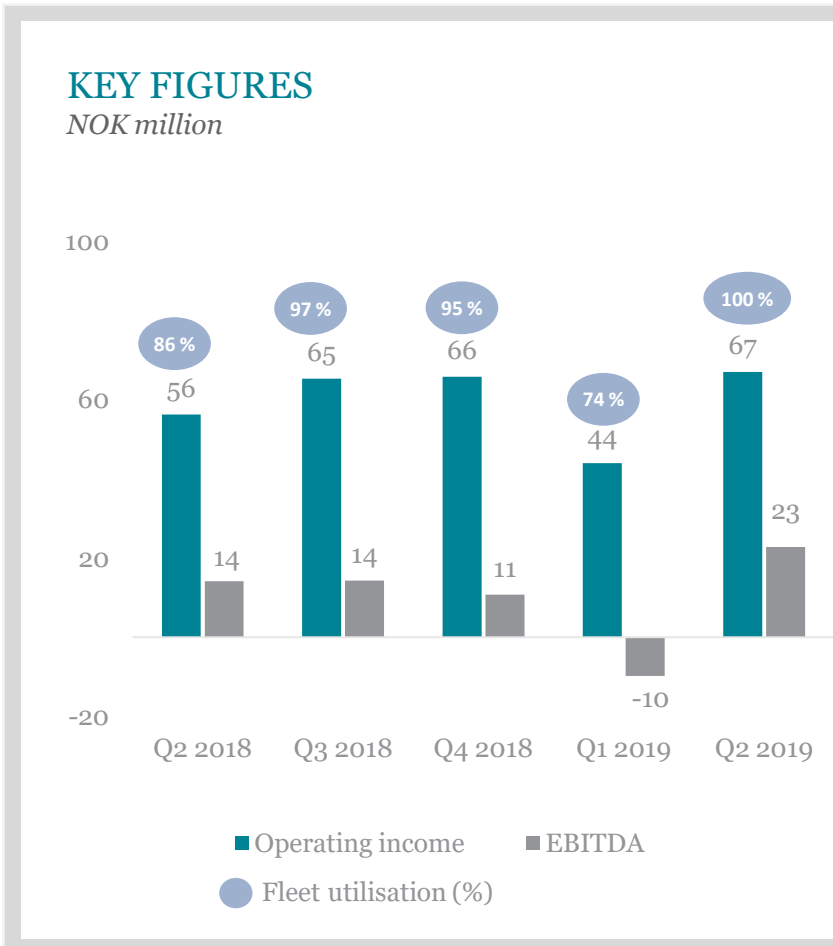


<sup>1</sup> Excluding marine seismic

<sup>2</sup> Excluding options

## Subsea Segment

- Fleet utilisation of 100% in Q2 2019 (86%)
  - Polar King, Polar Queen and Polar Onyx on charter for the entire period
- Outlook
  - Polar Onyx on a fixed charter with DeepOcean until Q1 2021, with options for two more years
  - Polar King on fixed charter with Nexans until October 2019
  - Polar Queen employed until September 2019. New five-month contract signed for 2020



Polar Onyx

- SURF vessel, built 2014
  - LOA: 130m
  - Crane: 250mt
  - VLS-tower: 275mt
  - Accommodation: 130
- DEEPOCEAN**



Polar King

- CSV vessel, built 2011
  - LOA: 111m
  - Crane: 150 mt
  - Accommodation: 112
- Nexans**



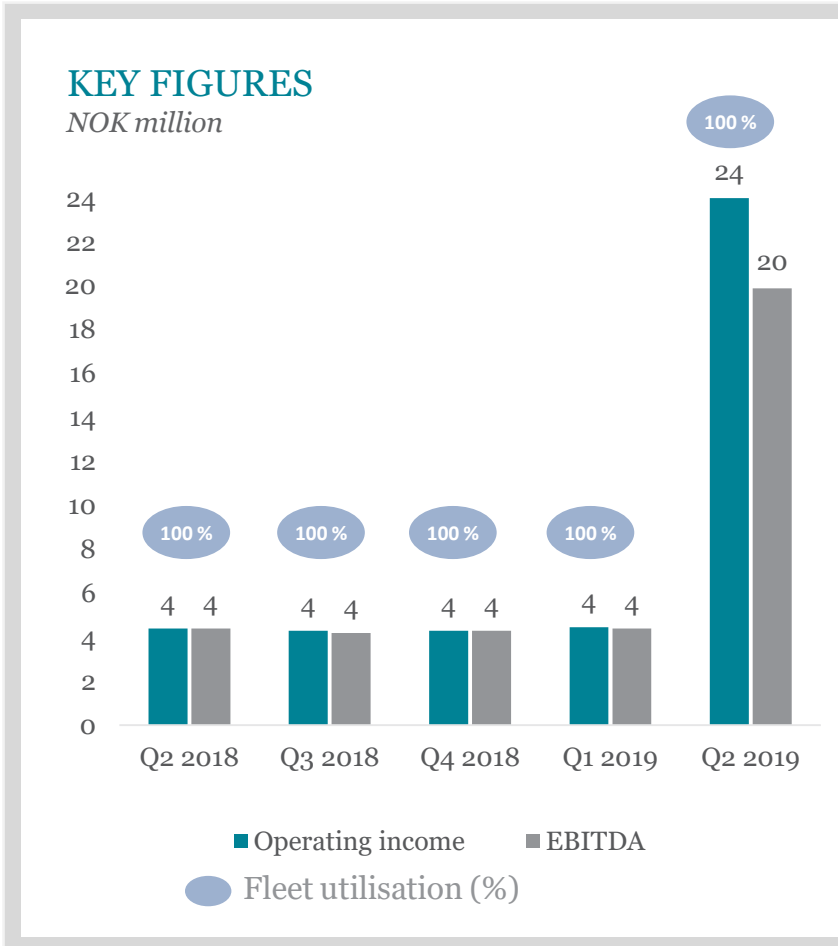
Polar Queen

- CSV vessel, built 2011
- LOA: 111m
- Crane: 150 mt
- Accommodation: 119
- Undisclosed client



## Ice/Support Segment

- Fleet utilisation of 100% in Q2 2019 (100%)
  - Vessel on bareboat charter to British Antarctic Survey until redelivery in May 2019
  - Q2 2019 figures include early redelivery fee for Ernest Shackleton
  - Sale of Ernest Shackleton to OGS<sup>1</sup> on 9 May 2019



**Ernest Shackleton**



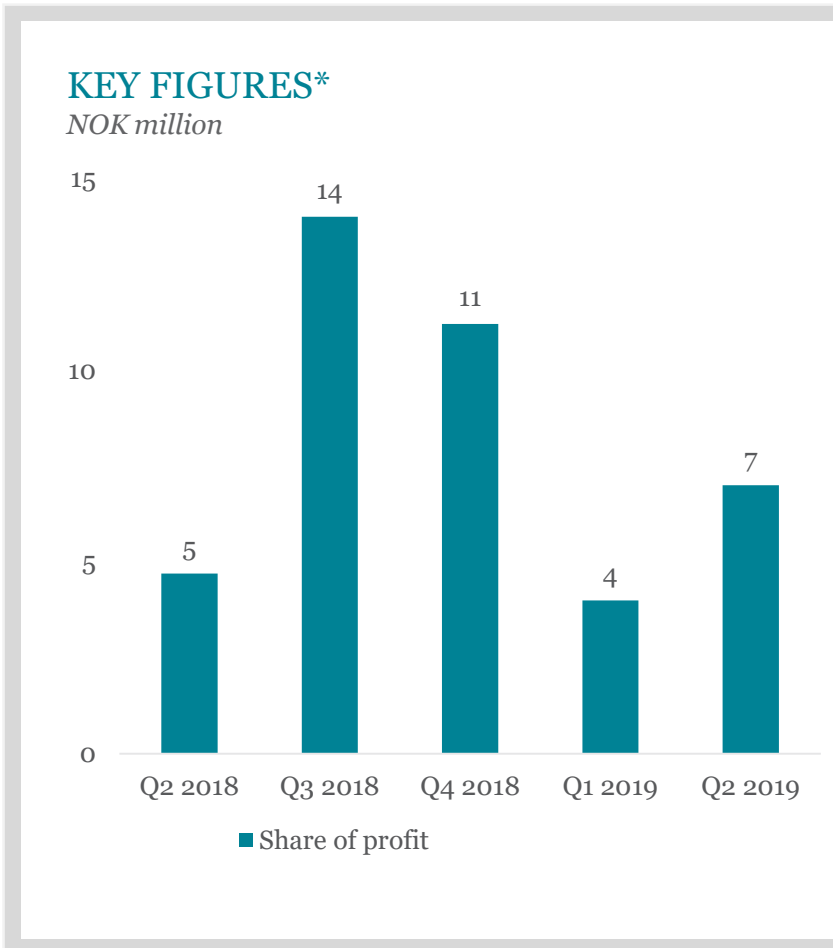
- Polar research and subsea support vessel
- LOA: 80m
- 50 berths, large decks & cranes allows for multiple tasks
- Used as an Antarctic research vessel
- Sold in May 2019



British Antarctic Survey  
NATURAL ENVIRONMENT RESEARCH COUNCIL

## Joint Ventures – Ice/Support

- Ice/Support
  - Fleet utilisation of 100% in Q2 2019 (100%)
  - Polar Pevek on charter to Exxon Neftegas (ENL) until 2021
  - Polar Baikal and Polar Piltun<sup>1</sup> on charter to Sakhalin Energy Investment Corporation until end of 2019
  - Share of profit in Q2 2019 of NOK 6.8 million



Polar Pevek

- Ice breaking tug with towing anchor handling capacity
- LOA: 74m
- Oil spill drip tray and oil containment system installed



Polar Baikal

- Crew supply vessel
- LOA: 29m
- Used for crew transport between shore and installation in North Eastern Russia
- Pax: 70



Polar Piltun

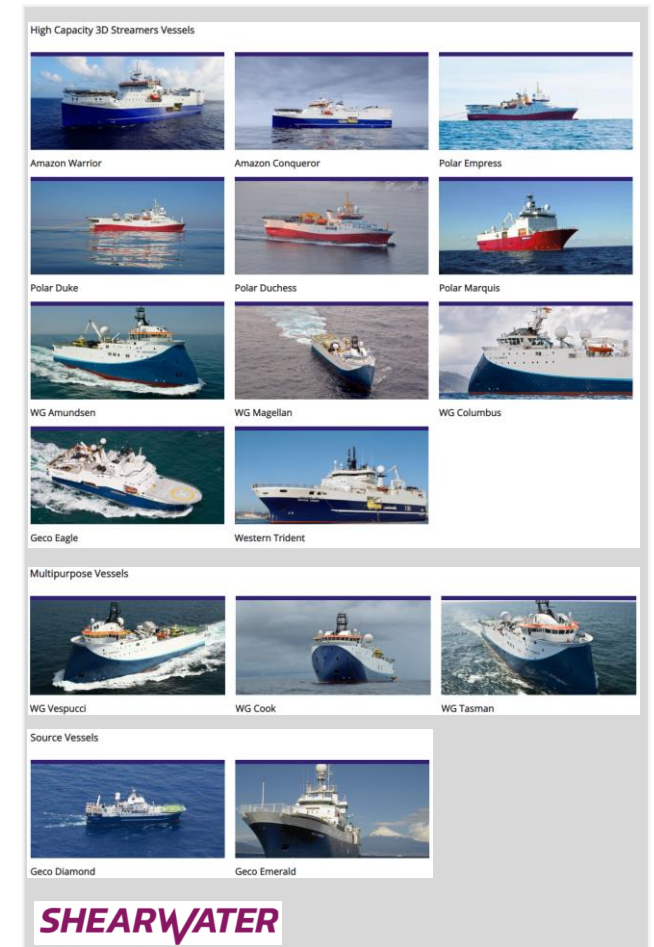
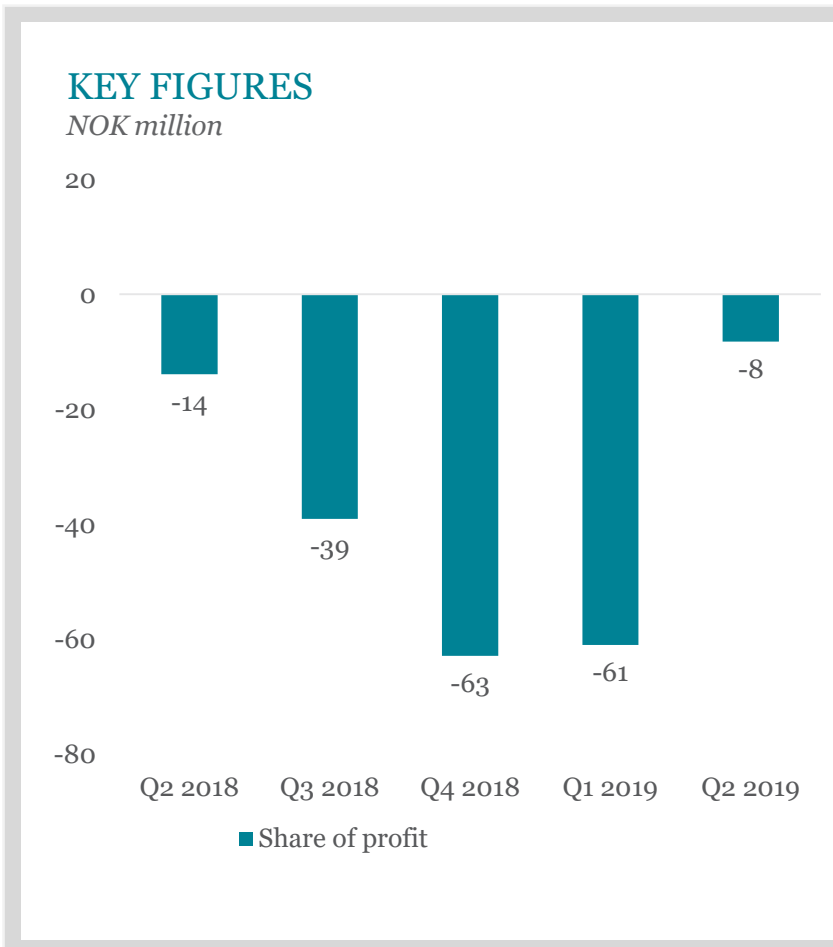
- Crew supply vessel
- LOA: 35m
- Used for crew transport between shore and installation in North Eastern Russia
- Pax: 70



<sup>1</sup> Polar Baikal and Polar Piltun only operate for half the year, the vessels are cold stacked in the winter season

## Associated company– Marine Seismic (Shearwater)

- Marine Seismic (Shearwater)
  - Shearwaters active fleet spent 95% of its time executing or positioning for acquisition contracts
  - Shearwater’s fleet counts 14 acquisition vessels, whereof nine active in Q2 2019
  - GC Rieber Shipping’s Q2 2019 share of profit was negative NOK 8.2 million
- Outlook
  - Active fleet tripled to nine vessels at the end of second quarter of 2019
  - Strong back-log for active vessels in Q3
  - Shearwater will further strengthen its market position through the announced agreement with CGG



## Financial Review

Q2 2019

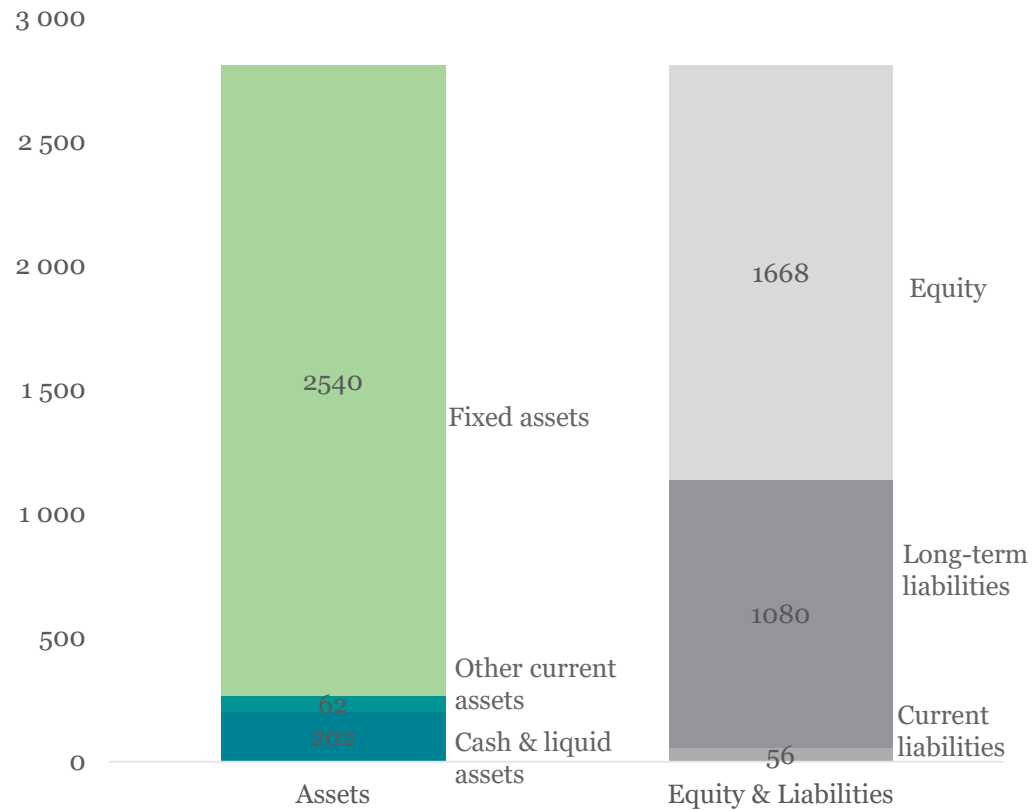
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## Income statement

NOK mill	Q2 2019	Q2 2018	YTD 2019	YTD 2018	31.12.2018
<b>Operating income</b>	<b>91.9</b>	<b>60.7</b>	<b>140.0</b>	<b>92.1</b>	<b>231.9</b>
EBITDA	41.3	9.3	-20.8	12.3	254.9
<b>EBIT</b>	<b>108.5</b>	<b>7.6</b>	<b>16.1</b>	<b>-43.1</b>	<b>200.7</b>
Net financial income and expenses	-14.6	-16.6	-26.6	-25.0	-52.6
<b>Profit before tax</b>	<b>93.9</b>	<b>-9.0</b>	<b>-10.6</b>	<b>-68.1</b>	<b>148.0</b>
<b>Net profit</b>	<b>93.9</b>	<b>-9.0</b>	<b>-10.6</b>	<b>-68.1</b>	<b>148.1</b>
Earnings per share	1.09	-0.16	-0.12	-1.19	1.72
Number of shares (in million)	86.1	57.1	86.1	86.1	86.1

## Balance sheet 30.06.2019

NOK million



- Total balance NOK 2,803 million
- Equity ratio 59.5%, up from 49.3% at end of June 2018
- Cash position NOK 202.4 million
- Net debt NOK 889.9 million

## Outlook

Q2 2019

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## Outlook

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- Short-term market view
    - Continued market volatility with the oil price declining from USD 75 at the end of Q1 to around USD 60-65 per barrel in June
    - Market improvement has been slower than expected and current market rates are at an unsustainable level
  - Expected market trends
    - Subsea: Continued slow recovery in utilisation and day rates, but with seasonal variations
    - Renewables: Following good activity levels for the summer season, increased variability is expected for the winter season
    - Marine seismic: Several tender awards and improved activity levels and market rates
    - Ice/support: Stable activity levels in a gradually improving market
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