



# **GC Rieber Shipping ASA**

**Fourth Quarter 2019 (unaudited)**  
**Interim report**



**GC RIEBER**

## Highlights fourth quarter 2019

- Fleet utilisation of 84%<sup>1</sup> in a winter-season quarter with low activity in the subsea and offshore renewable markets
- Net profit of NOK 7.6 million compared with a net profit of NOK 269.4 million in the fourth quarter of 2018 (2018 figure includes the non-cash gain of NOK 310 million as a result of Shearwater's acquisition of Schlumberger's marine seismic acquisition business)
- Contract backlog of NOK 302 million as of 1 January 2020<sup>2</sup>
- Extension of the ongoing Polar King charter with Nexans by five months until July 2020
- Shearwater<sup>3</sup> awarded several contracts for marine seismic acquisition projects and rates continue to reflect an improved marine seismic market

## Events after the end of the period

- Shearwater completed the strategic vessel transaction with CGG, including the takeover of five high-end seismic vessels, and a five-year capacity agreement for marine seismic acquisition services between Shearwater and CGG became effective
- New one-year charter contract for the crew boats Polar Baikal and Polar Piltun, with option to extend by one additional year

## Key figures (Unaudited)

Figures in NOK million	Q4 2019	Q4 2018	31.12.2019	31.12.2018
Operating income	43.1	70.2	257.3	231.9
EBITDA	42.3	273.7	86.9	254.9
EBIT	14.8	279.4	67.0	200.7
Profit before tax	7.4	265.6	14.1	148.0
Net profit in the period	7.6	269.4	14.4	148.1
Earnings per share	0.09	3.13	0.17	2.68
Equity ratio	60.1%	57.5%	60.2%	57.5%
Fleet capacity utilisation	84%	99%	92%	91%
Number of shares (in million)	86.1	86.1	86.1	86.1

1 Excluding marine seismic

2 Excluding marine seismic and charterers' extension options, including all contracts secured up until the reporting date for this interim report

3 Shearwater GeoServices Holding AS owned 19% by GC Rieber Shipping

## Operational review

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GC Rieber Shipping's business within offshore/shipping includes ownership in specialised vessels, high-quality marine ship management and project development within the segments subsea & renewable, ice/support and marine seismic. The group has a specialised competence in offshore operations in harsh environments as well as design, development and maritime operation of offshore vessels.

GC Rieber Shipping operates 13 and has direct and indirect ownership in 29 advanced special purpose vessels within the segments subsea & renewable, ice/support and marine seismic.

The company has its headquarter and ship management company in Bergen (Norway), with an additional ship management company in Yuzhno-Sakhalinsk (Russia). The company is listed on Oslo Stock Exchange with the ticker RISH. Further information is available on the company's website [www.gcrieber-shipping.com](http://www.gcrieber-shipping.com).

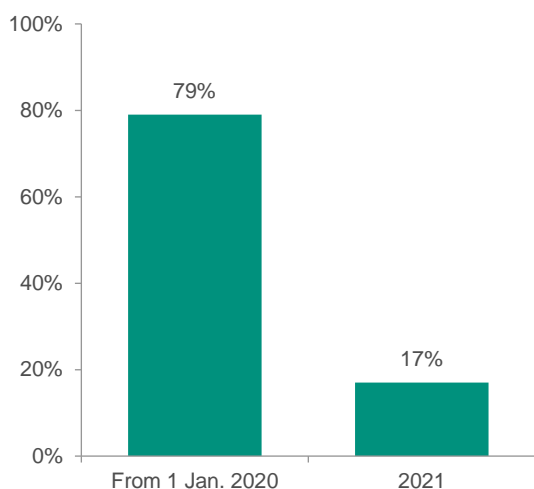
### Capacity utilisation and contract backlog

The fleet capacity utilisation was 84% in the fourth quarter of 2019.<sup>4</sup> Polar King, Polar Onyx and the ice/support vessels were on charter for the entire period, while Polar Queen was idle for most of the quarter. Capacity utilisation was 99% in the corresponding period of 2018.

When including all contracts secured up until the reporting date for the fourth quarter, contract backlog was NOK 302 million as of 1 January 2020, compared with NOK 434 million reported as of 1 January 2019.<sup>5</sup> As per 1 January 2020 contract coverage for 2020 and 2021 was 79% and 17%, respectively.

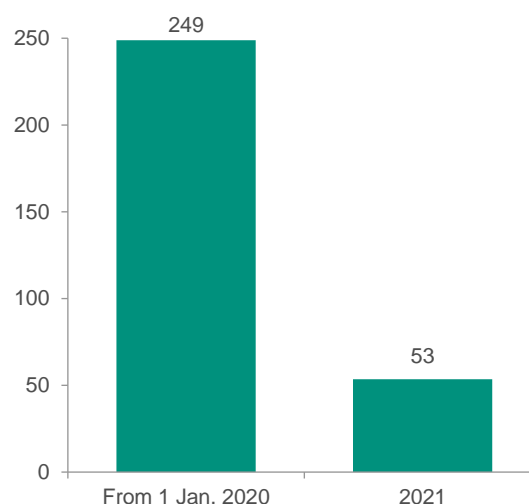
#### Contract coverage

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#### Contract backlog (figures in NOK million)

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<sup>4</sup> Excluding marine seismic

<sup>5</sup> Excluding marine seismic and charterers' extension options

## Contract updates in the fourth quarter of 2019

- GC Rieber Shipping and Nexans have extended the ongoing charter of Polar King until July 2020, the vessel has been on charter with Nexans since January 2017
- Shearwater was successful in securing multiple acquisition projects, total backlog of 196 vessel months as of January 2020 including CGG minimum commitment

## Contract updates after the end of the period

- GC Rieber Shipping has through its 50/50 joint venture OOO Polarus entered into new charter agreements with Sakhalin Energy Investment Company Ltd (SEIC) for the two crew-boats Polar Baikal and Polar Piltun. The new contracts are for one firm season, 2020, with an option to extend for the 2021 season. The crew-boats will be operating in the Sea of Okhotsk, Sakhalin in Russia.

## Shearwater GeoServices

On January 8 2020, Shearwater completed the strategic vessel transaction with CGG, including the takeover of five high-end seismic vessels. Furthermore, a five-year capacity agreement for marine seismic acquisition services between Shearwater and CGG became effective.

The transaction includes five streamer vessels, and two legacy vessels, previously owned by CGG Marine Resources Norge AS and Eidesvik Offshore ASA, five complete streamer sets previously owned by CGG and a long-term capacity agreement granting Shearwater a guaranteed cash flow and activity level for a period of five years. The capacity agreement includes a minimum commitment of two vessel-years annually over the agreed five-year period.

The transaction has further increased Shearwater's scale and capabilities in line with the strategic ambition the owners have had since the inception of the company in 2016. Following the transaction, GC Rieber Shipping owns approximately 19% of the shares in Shearwater. GC Rieber Shipping expects to book a non-cash gain of approximately USD 5.9 million from the transaction in the first quarter of 2020.

## Legal proceedings

The Supreme Court's appeal committee has decided that the claim from a group of former employees of GC Rieber Crewing AS will not be processed by the Supreme Court. The decision from Gulating Court of Appeal, which was in favour of GC Rieber Shipping ASA's two subsidiaries GC Rieber Crewing AS and GC Rieber Shipping AS, is therefore final.

## Financial review (Unaudited)

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### Accounting principles

This interim report has been prepared in accordance with IAS 34 «Interim Financial Reporting» and follows the same accounting principles as in the annual financial statement.

### Operating income

GC Rieber Shipping had operating income of NOK 43.1 million in the fourth quarter of 2019, down from NOK 70.2 million in the corresponding period of 2018 due to lower utilisation in the Subsea & Renewable segment.

Preliminary operating income for 2019 was NOK 257.3 million, compared with NOK 231.9 million in 2018.

## EBITDA

EBITDA for GC Rieber Shipping amounted to NOK 42.3 million in the fourth quarter of 2019, compared with NOK 273.7 million in the fourth quarter of 2018.

Adjusted for the non-cash gain of NOK 310 million booked as a result of Shearwater's acquisition of Schlumberger's marine seismic acquisition business in the fourth quarter 2018, there is a positive development in GC Rieber Shipping's EBITDA from 2018 of NOK 78.6 million. The positive development is mainly due to increased profitability in the associated company Shearwater.

GC Rieber Shipping's preliminary EBITDA for 2019 was NOK 86.9 million, compared with NOK 254.9 million in 2018.

## Impairment

As at 31 December 2019, the company obtained vessel market values from three reputable brokers for the vessels in the Subsea & Renewable segment and performed impairment testing of the assets in the balance sheet. Based on these assessments, the fair value for each vessel was set as the average of the obtained market values.

With continuity in applied accounting principles, the obtained fair values resulted in a reversed write-down of NOK 2.6 million in the fourth quarter of 2019. The full-year effect in 2019 amounts to a write-down of NOK 3.9 million.

Fair value assessments are subject to uncertainty, particular in the current challenging offshore market.

## Net financial items

Net financial items were negative by NOK 7.5 million in the fourth quarter of 2019, compared with negative NOK 13.8 million in the corresponding period of 2018.

The group does not use hedge accounting for currency exchange rates. As a result, exchange rate variations between USD and NOK may have a significant impact on the accounts, in accordance with IAS 39. Unrealised currency gain/loss has no cash effect for the group.

Unrealised currency gain in the period was NOK 3.9 million, compared with an unrealised currency gain of NOK 1.0 million for the same period of 2018.

## Profit for the period

GC Rieber Shipping had a profit of NOK 7.6 million in the fourth quarter of 2019, compared with a profit of NOK 269.4 million for the corresponding period of 2018.

The preliminary annual result for 2019 gives a profit of NOK 14.4 million, compared with a profit of NOK 148.1 million in 2018.

## Cash flow

Cash flow from operational activities in the fourth quarter of 2019 was positive NOK 9.9 million, compared with positive NOK 32.5 million in the fourth quarter of 2018.

Cash flow from investment activities was positive by NOK 0.9 million in the quarter, compared with a negative cash flow of NOK 229,1 million for the corresponding period of 2018. The 2018 figure includes the participation with NOK 241 million (USD 28.5 million) in Shearwater's acquisition of Schlumberger's marine seismic acquisition business.

Cash flow from financing activities was negative by NOK 16.1 million in the fourth quarter of 2019 and reflected payment of interests and instalments on the group's existing loans. Cash flow from financing

activities in the corresponding period of 2018 was positive by NOK 225.3 million, including net payment of equity from the NOK 246 million rights issue conducted in the period.

Net cash flow in the quarter was negative by NOK 5.3 million.

Net cash flow for the full year 2019 was positive NOK 7.4 million, yielding a cash holding of NOK 211.5 million as at 31 December 2019.

### Liquidity and financing

GC Rieber Shipping was in compliance with its financial covenants at 31 December 2019 and has been throughout the fourth quarter of 2019.

Interest-bearing liabilities	31.12.2019	31.12.2018
Liabilities at end period (NOK million)	1,115.2	1,219.8
Average liabilities (NOK million)	1,203.1	1,175.1
Average interest incl. margin	4.18%	4.00%
Proportion of liabilities in USD	100%	100%

Liquid assets	31.12.2019	31.12.2018
Bank and interest-bearing securities (NOK million)	211.5	204.2

As at 31 December 2019, GC Rieber Shipping had cash and bank deposits of NOK 211.5 million, up from NOK 204.2 million as at 31 December 2018. Net liabilities (liquid assets minus interest-bearing liabilities) amounted to NOK 903.6 million, compared with net liabilities of NOK 1 015.6 million as at 31 December 2018.

### Equity

GC Rieber Shipping had a book equity of NOK 1,742.8 million as at 31 December 2019, corresponding to an equity ratio of 60.1%, up from 57.5% at the end of December 2018.

## Segments

### Subsea & Renewable

To reflect a continued high share of work being performed within the offshore renewables market, GC Rieber Shipping has renamed its former Subsea segment as the Subsea & Renewable segment. The company owns and operates three vessels within this segment, primarily designed for inspection, maintenance and repair of subsea installations, but also having demonstrated attractive capabilities for the mentioned offshore renewables market.

Polar King has been chartered to Nexans Skagerrak AS from early 2017. The charter was recently extended until July 2020. Polar Onyx is on a three-year charter for DeepOcean BV which commenced in February 2018, with options for two additional years. Polar Queen was idle for most of the fourth quarter.

Key figures (in NOK million)	Q4 2019	Q4 2018	31.12.2019	31.12.2018
Operating income	43.1	65.8	228.5	214.6
EBITDA	8.7	10.8	53.8	20.3
EBIT	-18.8	18.4	-64.6	-26.4
Capacity utilisation (in %)	67%	95%	85%	82%

GC Rieber Shipping had a capacity utilisation of 67% for the subsea & renewable vessels in the fourth quarter of 2019, compared with 95% in the corresponding period of 2018.

Operating income amounted to NOK 43.1 million in the fourth quarter of 2019, compared with NOK 65.8 million in the fourth quarter of 2018. EBITDA amounted to NOK 8.7 million, compared with NOK 10.8 million in the corresponding period of 2018. Renaming the segment has not led to changes in any underlying assets or financial reporting.

## Ice/Support

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Ernest Shackleton was on bareboat charter to the British Antarctic Survey until the vessel was sold in May 2019. The vessel had full capacity utilisation until it was sold. There are no other vessels currently reported under the Ice/Support segment.

Key figures (in NOK million)	Q4 2019	Q4 2018	31.12.2019	31.12.2018
Operating income	0.0	4.3	28.9	17.3
EBITDA	0.0	4.3	24.3	17.1
EBIT	0.0	2.3	122.7	9.5
Capacity utilisation (in %)	-	100%	100%	100%

## Joint Ventures and Associated Company

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### Joint Ventures - Ice/Support

The ice-breaker Polar Pevek is owned through a 50/50 joint venture with Maas Capital Offshore. The crew boats Polar Piltun and Polar Baikal are owned through a 50/50 joint venture with MG Holding (Cyprus) Limited. GC Rieber Shipping's 50% stake is reported in the profit and loss statement under «Profit from joint ventures and associates».

Polar Pevek is chartered to Exxon Neftegas until 2021 and operates out of the DeKastri oil terminal, assisting tankers carrying oil from the Sakhalin I offshore field outside eastern Russia. The two crew boats are chartered to the Sakhalin Energy Investment Corporation until the end of 2020, operating on the Sakhalin II field, with options for one additional year.

The group's share of profit for the fourth quarter of 2019 amounted to NOK 12.6 million, compared with NOK 11.2 million in the corresponding period of 2018.

### Associated Company - Marine Seismic (Shearwater)

GC Rieber Shipping's 19% stake in Shearwater is reported in the profit and loss statement under «Profit from joint ventures and associates».

Shearwater operates as a global, customer-focused and technology-driven provider of marine geophysical services. Shearwater owns and operates a fleet of 21 seismic acquisition vessels, offering a full range of acquisition services including 3D, 4D and ocean bottom seismic. The company also has a portfolio of proprietary streamer technology and processing software enabling effective execution of geophysical surveys and delivery of high-quality data. The company has approximately 600 employees and operates in all major offshore basins across the world. This combination makes Shearwater a leading global and technology-driven full-service provider of marine geophysical services, able to deliver exceptional customer solutions.

In the fourth quarter of 2019, Shearwaters active fleet spent 87% of its time executing or positioning for acquisition contracts. GC Rieber Shipping's share of profit amounted to NOK 21.1 million in the fourth

quarter of 2019, including a positive NOK 54 million effect from an insurance payment. Net loss in the fourth quarter of 2018 was NOK 62.8 million.

#### Shearwater operational and financial update (100% basis)

Shearwater's preliminary consolidated accounts for the full year 2019 show revenues of USD 428 million, EBITDA of USD 132 million and net loss of USD 25 million. Shearwater's active fleet has increased from three vessels at the beginning of 2019 to 11 active vessels today. The lower activity level at the beginning of 2019, as well as the reactivation of vessels, impacted both revenues and EBITDA for the first half of 2019. During the second half of 2019 Shearwater had an average of eight acquisition vessels active and achieved revenues and EBITDA of USD 262 million and USD 103 million, respectively.

Shearwater's preliminary total assets as at 31.12.2019 was USD 1,011 million with an equity ratio of 43%. Net interest-bearing liabilities were USD 439 million and the company had a cash holding of USD 71 million. Following the CGG transaction as at 8 January 2020, preliminary net interest-bearing liabilities were USD 708 million and the cash holding was USD 89 million.

As of January 2020, Shearwater's backlog consists of 196 vessel months with expected EBITDA contribution of USD 500 million. This includes the five-year CGG minimum commitment period for two vessels.

Including the vessels working for CGG, Shearwater now has 11 vessels in operation. It is expected that at least one further vessel will be reactivated during first half of 2020.

Shearwater has not completed all its financial reporting and related consolidation, review and control procedures. The estimates provided above are therefore subject to change and the financial statements finally approved and released by Shearwater may deviate from the information herein.

## Shareholder information

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The company's shares are listed on Oslo Børs with the ticker RISH. The company's holding of own shares is 54,800, i.e. 0.06% of the shares in the company.

In the fourth quarter of 2019, the group's shares were traded in a range from NOK 8.00 to NOK 10.00 per share. The last recorded closing price in 2019 was NOK 8.20, which based on the 86,087,310 shares outstanding valued the group's equity at approximately NOK 705.9 million. At the end of December 2019, the company had 508 shareholders. 94.4% of the shares were owned by the 20 largest shareholders. Please refer to note 6 for a list of the 20 largest shareholders in the company as at 31 December 2019.

## Risks and uncertainties

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As described in GC Rieber Shipping's annual report for 2018, GC Rieber Shipping is exposed to a number of risks as the company operates in a global market. The Board of Directors of GC Rieber Shipping therefore focuses on efforts to identify and manage risk, and routines have been established with the aim of limiting and reducing the total risk exposure to an acceptable level. Risk factors are categorised into the areas of market risks, financial risks and operational risks.



It is referred to the company's annual report for 2018 for a more detailed description of the company's risk management and the most principal risk and uncertainty factors. The subsea and marine seismic markets are particularly exposed to the development in the oil and gas industry.

## Outlook

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GC Rieber Shipping's operations are exposed to developments in the markets for oil, gas and renewables. The oil price (Brent) remains volatile and closed at approximately USD 66 per barrel at year end, dropping to around USD 55 per barrel in early 2020.

Parts of the industry has seen an uptick in activity. The seismic market improved during 2019, but the activity in the subsea and renewables market has been lower than expected. It is expected that the rest of the winter season will follow the same pace. The supply/demand balance is still challenged with many vessels available in the North Sea. Furthermore, the market still appears to favour short project-specific charters rather than longer term charters. The renewables market continues to absorb a notable share of the subsea fleet in Europe, however with slightly less activity this winter season.

GC Rieber Shipping was successful in securing a high fleet utilisation for the subsea & renewable fleet for the first three quarters of 2019. Polar Queen has been idle since the last project ending in October 2019, hence utilisation for the fleet has been lower in the fourth quarter. The next project for Polar Queen is a 5.5 months contract starting in April 2020. Polar Onyx is on a long-term contract with DeepOcean until early 2021. Nexans has extended the charter with Polar King and the vessel continues its charter until July 2020.

Shearwater is now the world's largest marine seismic services company following the strategic vessel transaction and long-term marine acquisition service agreement with CGG. The strategic partnership agreement increases Shearwater's scale and capabilities, and the company now has a fleet of 21 seismic acquisition vessels. Shearwater has seen a significant increase in backlog for major international oil companies and multIClient companies and is uniquely positioned for further growth. Activity and rates continue to reflect an improved marine seismic market.

GC Rieber Shipping provides ship management services for specialised vessels on behalf of third-party owners. GC Rieber Shipping operates four seismic vessels for Shearwater, two ro-ro vessels for Statnett Transport and one cable lay vessel for Nexans. One additional newbuilding vessel for Nexans will come under management, first with operational site team during yard phase in Norway, and then under full ship management when finalised in 2021.

The current market for ice/support is stable. All GC Rieber Shipping's ice/support vessels are fully booked for 2020. GC Rieber Shipping has a unique track record within ice operations and will allow continued pursuit of new attractive opportunities in this segment.

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Bergen, 11 February 2020

The Board of Directors and Chief Executive Officer in GC Rieber Shipping ASA

Paul-Chr. Rieber, Chairman  
Morten Foros Krohnstad, Vice Chairman  
Trygve Bruland, Board Member  
Tove Lunde, Board Member  
Bodil Valland Steinhaug, Board Member

Einar Ytredal, CEO

**GC RIEBER SHIPPING ASA**  
**Fourth quarter 2019**  
**Consolidated income statement**  
**(Unaudited)**

	Note	4Q 2019	4Q 2018	31.12.2019	31.12.2018
Charter income		36 504	62 790	202 162	206 228
Other income		6 604	7 387	55 176	25 682
<b>Total income</b>	<b>3</b>	<b>43 108</b>	<b>70 177</b>	<b>257 338</b>	<b>231 910</b>
Operating expenses		-34 437	-55 050	-179 287	-194 513
Sale of shares in joint venture		0	310 254	0	310 254
Profit from joint venture and associates		33 602	-51 662	8 824	-92 754
<b>EBITDA*</b>		<b>42 273</b>	<b>273 719</b>	<b>86 876</b>	<b>254 897</b>
Depreciation	4,7	-30 043	-23 916	-117 585	-110 003
Write-downs	4	2 599	29 551	-3 905	55 761
Gains (losses) on sale of fixed assets		0	0	101 570	0
<b>Operating profit</b>		<b>14 829</b>	<b>279 354</b>	<b>66 956</b>	<b>200 655</b>
Financial income		759	868	2 627	1 998
Financial expenses		-11 153	-14 883	-53 514	-54 735
Realised currency gains (losses)		-923	-733	-1 490	-85
Unrealised currency gains (losses)		3 857	966	-450	199
<b>Net financial income and expenses</b>		<b>-7 459</b>	<b>-13 781</b>	<b>-52 827</b>	<b>-52 624</b>
<b>Profit / loss before taxes</b>		<b>7 370</b>	<b>265 573</b>	<b>14 129</b>	<b>148 032</b>
Taxes		269	3 839	269	107
<b>Profit / loss for the period</b>		<b>7 639</b>	<b>269 412</b>	<b>14 398</b>	<b>148 139</b>
Earnings and diluted earnings per share (average number of shares)		0.09	3.13	0.17	2.68

**Consolidated statement of comprehensive income**

	4Q 2019	4Q 2018	31.12.2019	31.12.2018
Profit for the period	7 639	269 412	14 398	148 139
<b>Other comprehensive income</b>				
Foreign currency translation subsidiaries continuing operations	-71 478	87 797	18 036	84 064
Changes in pension estimates	-697	0	-697	316
<b>Total comprehensive income / loss for the period net of tax</b>	<b>-64 536</b>	<b>357 209</b>	<b>31 737</b>	<b>232 519</b>

\* Operating profit before depreciation, write-downs and gains (losses) on fixed assets

**GC RIEBER SHIPPING ASA**  
**Fourth quarter 2019**  
**Consolidated statement of financial position**  
**(Unaudited)**

<b>Assets</b>	<b>Note</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Vessels	4	1 689 242	1 770 606
Machinery and equipment	4	15 436	22 362
Financial fixed assets		921 276	921 562
Long term receivables and restricted cash	7	6 042	0
<b>Total fixed assets</b>		<b>2 631 996</b>	<b>2 714 530</b>
Inventories		2 689	2 328
Receivables		51 294	56 264
Cash and bank deposits	5	211 528	204 164
<b>Total current assets</b>		<b>265 511</b>	<b>262 755</b>
<b>Total assets</b>		<b>2 897 507</b>	<b>2 977 286</b>
<b>Equity and liabilities</b>	<b>Note</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Restricted equity		441 369	441 369
Retained earnings		1 301 445	1 269 707
<b>Total equity</b>	<b>6</b>	<b>1 742 814</b>	<b>1 711 077</b>
Provision for liabilities		7 244	7 321
Other long-term liabilities	5,7	1 093 396	1 195 729
First year instalments		28 177	24 025
Current liabilities	7	25 876	39 135
<b>Total liabilities</b>		<b>1 154 693</b>	<b>1 266 209</b>
<b>Total equity and liabilities</b>		<b>2 897 507</b>	<b>2 977 286</b>

**GC RIEBER SHIPPING ASA**  
**Fourth quarter 2019**  
**Consolidated statement of cash flows**  
**(Unaudited)**

	Note	4Q 2019	4Q 2018	31.12.2019	31.12.2018
EBITDA		42 273	273 719	86 876	254 897
Change in net current assets		-32 401	-241 201	-18 179	-218 746
<b>Net cash from operating activities</b>		<b>9 872</b>	<b>32 518</b>	<b>68 697</b>	<b>36 151</b>
Acquisition of tangible fixed assets		0	-1 101	-29 643	-1 220
Sale of tangible fixed assets		0	0	117 090	0
Other investing activities		912	-228 030	15 632	-209 307
<b>Net cash from investment activities</b>		<b>912</b>	<b>-229 131</b>	<b>103 079</b>	<b>-210 527</b>
New loans and repayments	7	-3 535	-6 001	-116 623	-79 449
Net payment of equity		0	241 840	0	338 158
Net interest paid		-12 523	-10 500	-47 789	-49 456
<b>Net cash from financing activities</b>		<b>-16 058</b>	<b>225 339</b>	<b>-164 412</b>	<b>209 253</b>
Net change in liquidity		-5 274	28 726	7 365	34 877
Liquidity at beginning of period		216 802	175 437 <sup>)</sup>	204 163	169 286
<b>Liquidity at end of period</b>		<b>211 528</b>	<b>204 163 <sup>)</sup></b>	<b>211 528</b>	<b>204 163</b>

<sup>)</sup> Included restricted cash

**GC RIEBER SHIPPING ASA**  
**Fourth quarter 2019**  
**Consolidated statement of changes in equity**  
**(Unaudited)**

	Share capital	Own shares	Share Premium reserve	Other equity	Total equity
Balance at 01.01.2018	78 863	-271	16 604	1 044 438	1 139 635
Profit for the year				232 519	232 519
Capital increase March	24 000		76 000	-3 682	96 318
Capital increase December	52 094		193 906	-4 160	241 840
Sale of own shares		173	0	590	763
<b>Balance at 31.12.2018</b>	<b>154 957</b>	<b>-98</b>	<b>286 510</b>	<b>1 269 707</b>	<b>1 711 077</b>
Balance at 01.01.2019	154 957	-98	286 510	1 269 707	1 711 077
Profit for the year				31 737	31 737
<b>Balance at 31.12.2019</b>	<b>154 957</b>	<b>-98</b>	<b>286 510</b>	<b>1 301 444</b>	<b>1 742 814</b>

**GC RIEBER SHIPPING ASA**  
Fourth quarter 2019  
Group  
(Unaudited)

**Note 1 General information**

GC Rieber Shipping ASA is registered and domiciled in Norway, with its head office in Bergen. The consolidated interim accounts for the Group include GC Rieber Shipping ASA with its subsidiaries and the Group's investment in associated companies. The Group accounts for fiscal year 2018 were approved by the Board of Directors on 14 March 2019. The consolidated financial statement for the year ended 31 December 2018 with notes and auditor's report are available on our website at [www.gcrieber-shipping.com](http://www.gcrieber-shipping.com).

**Accounting principles**

The Group's financial reporting is in accordance with International Financial Reporting Standards (IFRS). The consolidated interim accounts at 31 December 2019 have been prepared in accordance with IAS 34 Interim financial reporting. As of January 2019, the Group has adopted IFRS 16. The Group has assessed the new standard, please see note 7 for further details. The interim financial statements are unaudited and do not include all the information required in full annual financial statements, and therefore should be read in conjunction with the 2018 Group accounts. The condensed, consolidated quarterly financial statements were approved by the Board of Directors on 11 February 2020.

**Foreign currency**

GC Rieber Shipping Group uses the Norwegian krone (NOK) as its presentation currency. Some subsidiaries have US Dollar (USD) as their functional currency. Consequently, accounting standard IAS 21 will apply. A fluctuation in the USD/NOK exchange rate affects the company's equity and result, as the Group's debt are mainly in USD and most of the vessels are recorded in the accounts in and converted to USD/NOK exchange rate on the balance sheet date. For subsidiaries with USD as functional currency, the translation differences on vessels and liabilities are recognized directly in equity. Translation differences also arise in respect of subsidiaries that have the USD as their functional currency and hold liquid assets in NOK. Here the value of the liquid reserves in NOK translated to USD will be determined by the exchange rate on the balance sheet date and the translation difference will be recognised in profit and loss as unrealised gain/loss.

**Estimates**

Preparation of interim financial statements requires use of assessments, estimates and assumptions that affect accounting principles and reported amounts for equity and liabilities, income and costs. The statements are based on assumptions and estimates, and some of them are beyond the company's control and therefore subject to risks and uncertainty. The actual result may differ from these estimates. When preparing this consolidated interim financial statement, the management has used the same critical assessments related to application of accounting principles as were used for the Group financial statements for the financial year that ended on 31 December 2018 and the most important sources of estimate uncertainty are the same as for preparation of the 2018 Group financial statements.

**Related parties**

The Group makes purchase and sales transactions with related parties as part of the normal business operations. Note 17 of the 2018 annual report describes transactions with related parties. There have been no material changes or transactions in connection with related parties that make a material impact on the Group's position or profit for the period.

## Financial risk management

GC Rieber Shipping makes a continuous and thorough assessment of operational and financial risk factors. The Group's objectives and principles for financial risk management are in accordance with what has been stated in the Group financial statements for 2018.

## Note 2 Segment

The Group's management team, as presented on the Group's website, examines the Group's performance from a product and geographical perspective when defining operating segments. The management team has defined three operating segments; subsea and renewables, ice/support and marine seismic. However, as the Group's marine seismic segment now in its entirety is held through the stake in Shearwater and accounted for by the equity method, marine seismic is no longer reported as a separate segment, neither in management reporting nor financial reporting. Investments in joint ventures & associates are presented as a separate segment in management and financial reporting.

The geographic perspective is not a focal point in the internal management reporting for either of the segments.

The segments are considered to have different operational and financial risk profiles. Any transactions between the segments are carried out at arm's length and eliminated in the consolidated financial statements.

### Subsea and renewables

To reflect a continued high share of work being performed within the offshore renewables market, GC Rieber Shipping has renamed its former Subsea segment as the Subsea & Renewable segment. The Group owns and operates three vessels within the subsea segment; Polar King, Polar Queen and Polar Onyx. The vessels are primarily used for construction, inspection, maintenance and repair of subsea installations and cables as well as offshore windmills.

### Ice/support

GC Rieber Shipping owned one vessel within the reported ice/support segment, the RSS Ernest Shackleton. The vessel was sold in May 2019.

### Joint ventures & associates

Joint ventures include the 50% owned vessels operating in Russia. The 20% owned marine geophysical company Shearwater is presented as an associated company in the segment report.

	4Q 2019	4Q 2018	31.12.2019	31.12.2018
Ice/support	0	4 338	28 878	17 347
Subsea	43 108	65 839	228 460	214 563
<b>Operating income</b>	<b>43 108</b>	<b>70 177</b>	<b>257 338</b>	<b>231 910</b>
Ice/support	0	4 280	24 298	17 080
Subsea	8 670	10 847	53 753	20 317
Sale of shares in joint venture	0	310 254	0	310 254
Associates – Seismic	21 075	-62 844	-31 579	-125 965
JV - Ice/support	12 528	11 182	40 403	33 211
<b>EBITDA*</b>	<b>42 273</b>	<b>273 719</b>	<b>86 876</b>	<b>254 897</b>
Ice/support	0	2 324	122 732	9 540
Subsea	-18 773	18 438	-64 600	-26 385
Sale of shares in joint venture	0	310 254	0	310 254
Associates – Seismic	21 075	-62 844	-31 579	-125 965
JV - Ice/support	12 528	11 182	40 403	33 211
<b>Operating profit</b>	<b>14 829</b>	<b>279 354</b>	<b>66 956</b>	<b>200 655</b>

\* Operating profit before depreciation, write-downs and gains (losses) on fixed assets



## Note 3 Income

	Q4 2019	Q4 2018	2019	2018
TC hire	36 504	54 156	196 196	188 881
BB hire	0	8 635	5 965	17 347
Other revenues	6 604	7 387	55 176	25 682
<b>Revenue from external customers</b>	<b>43 108</b>	<b>70 177</b>	<b>257 338</b>	<b>231 910</b>
<b>Time of revenue recognition</b>				
At a point in time	0	0	0	0
Over time	43 108	70 177	257 338	231 910
<b>Total</b>	<b>43 108</b>	<b>70 177</b>	<b>257 338</b>	<b>231 910</b>

TC hire (time charter hire) are revenues were the Group are to deliver vessels, equipment and crew as a service to the customer based on a fixed fee/day rate. A time charter contract can be divided into a bareboat element and a service component. Out of total income per 31.12.2019, the bareboat element constitutes to approximately NOK 79 million. Remaining income qualifies as IFRS 15 income.

Other income are additional services provided in connection with for example time charter contracts and fees for technical support and operation of third-party vessels. Early redelivery fee for the vessel Ernest Shackleton is included in other income.

Terms of payment in contracts with customers are from 30-45 days depending on contract.

## Note 4 Fixed assets

31.12.2019	Vessels and periodic maintenance	Machinery and equipment
<b>Net book value 01.01</b>	<b>1 770 606</b>	<b>22 362</b>
Additions	30 157	0
Disposals	-14 298	0
Depreciation	-110 705	-6 879
Impairment	-3 858	-47
Changes in translation differences during the year	17 339	0
<b>Net book value 31.12</b>	<b>1 689 242</b>	<b>15 436</b>

All vessels have carrying amounts in USD, which are converted to NOK by using the exchange rate on the balance sheet date in the consolidated financial statements. Changes in the exchange rate USD/NOK result in translation differences, which are recognised in the comprehensive income. Accumulated exchange translations are included in the amounts above.

## Note 5 Cash sweep

When negotiating revised terms and certain amendments to the two subsea credit facilities in early 2018, the new terms and amendments included the following cash sweep mechanism;

- Cash sweep of the average aggregate consolidated cash in the company during the six months prior to the sweep date in excess of the following threshold amounts;
  - NOK 150 million in 2019
  - NOK 120 million in 2020 and onwards

First cash sweep in June 2019 and semi-annually thereafter.

No cash sweep was triggered in December 2019, even if the average aggregate consolidated cash in the company was above the threshold of NOK 150 million, as 50% of the proceeds from the sale of Ernest Shackleton is excluded from the cash sweep mechanism. The next cash sweep date is 15 June 2020.

For further information about terms and amendments, please refer to note 14 to the Group's annual report for 2018.

## Note 6 Overview of shareholders

The 20 largest shareholders in GC Rieber Shipping ASA as of 31 December 2019 (outstanding shares):

<b>Name</b>	<b>Number of shares</b>	<b>Owner's share</b>
GC Rieber AS	66 145 908	76,8 %
AS Javipa	2 003 492	2,3 %
GC Rieber Fondet	1 914 523	2,2 %
Pareto Aksje Norge Verdipapirfond	1 633 179	1,9 %
Viben AS	1 334 435	1,6 %
Celsius AS	1 328 768	1,5 %
Trioship Invest AS	1 190 000	1,4 %
Tannlege Randi Arnesen AS	850 000	1,0 %
Delta A/S	824 000	1,0 %
Johanne Marie Rieber Martens Allm. Fond	786 654	0,9 %
Storkleiven AS	709 170	0,8 %
Pelicahn AS	685 166	0,8 %
Benedicte Martens Nes	386 250	0,4 %
Triofa 2 AS	278 001	0,3 %
Mikkel Martens	225 949	0,3 %
Dag Fredrik Jebsen Arnesen	212 000	0,2 %
Thorild Marie Rong	210 648	0,2 %
Bergen Råvarebørs II AS	208 668	0,2 %
Tigo AS	186 359	0,2 %
Stian Strøm Arnesen	170 000	0,2 %
Other Shareholders	4 804 140	5,6 %
<b>Outstanding Shares</b>	<b>86 087 310</b>	<b>100,0 %</b>

## Note 7 New International Financial Reporting Standards

IFRS 16 "Leases" sets out the principles for the recognition, measurement and disclosure requirements for both parties to a lease contract. IFRS 16 is effective for reporting periods beginning on or after 1 January 2019. The Group adopted IFRS 16 on the effective date using a modified retrospective approach and will not restate comparative information.

Under the new standard, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. IFRS 16 eliminates the classification of a lease as either an operating lease or finance lease for lessees. For short term leases for periods of 12 months or less or the lease is for a low-value asset a single model is introduced. This model will require lessees to recognise most leases on the Consolidated Balance Sheet as lease liabilities and to be amortized over the useful life (lease period).

The Group is both a lessor, as it charters vessels to customers, and a lessee. The new requirements will primarily affect the Group's accounting for the operating leases as a lessee. The accounting for lessors will not significantly change.

The Group has long term lease agreements on office buildings and warehouses that will be affected by implementation of IFRS 16. For the Group, these lease commitments will result in the recognition of an asset (right-of-use) and a liability for a period of time.

On 1 January 2019 the Group recognized a Right-of-use asset of NOK 3.6 million and corresponding lease liability of NOK 3.6 million. As permitted by IFRS 16, the Group chose to measure the right-of-use asset equal to the amount of the liability at the implementation date. The future payments under each lease arrangement have been discounted using the incremental borrowing rate applicable to the leased assets in order to calculate the lease liability recognized on the date of adoption. New lease liabilities of the year are a renewal of lease contract for rent of offices.

There will be no significant changes the Group's profit but the cash flow statement for leases will be affected with lease payments being presented as financing activities as opposed to operating activities. Some of the Groups commitments relates to arrangements that will not qualify as leases under IFRS 16.

#### Operational leasing, where the group is a lessor

The Group charters its owned vessels under charter parties of varying duration to different charterers, both bareboat and time charter. Lease income from lease of vessels is reported to the profit and loss account on a straight-line basis for the duration of the lease period. The lease period starts from the time the vessel is put at the disposal of the lessee and terminates on the agreed date for return of the vessel. Future minimum nominal lease payments arising from contracts as at 31 December 2019, amounts to NOK 44.0 million in 2020. The lease payments include bareboat contracts and bareboat components from time charter contracts.

#### Right-of-use assets – lease liabilities

##### Right of use assets

Figures in NOK million

31.12.2019

Net present value of lease commitments	3,53
<b>Balance at 1 January</b>	<b>3,53</b>
New lease liabilities	6,47
Disposals during the year	(2,20)
Depreciation	(1,75)
<b>Balance at period end</b>	<b>6,04</b>

##### Lease Liabilities

Figures in NOK million

31.12.2019

Net present value of lease liabilities	3,53
<b>Balance at 1 January</b>	<b>3,53</b>
New lease liabilities	6,47
Disposals during the year	(2,17)
Lease payments during the period	(1,76)
<b>Balance at period end</b>	<b>6,07</b>

## Note 8 Performance measurement definitions

### Alternative performance measurements

The Group presents alternative performance measurements (APM) that are regularly reviewed by management and aim to enhance the understanding of the Group's performance. APMs are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data as described below.

Measure	Description	Reason for including
<b>Operating profit before depreciation (EBITDA)</b>	EBITDA is defined as operating profit, before impairment of tangible and intangible assets, depreciation of tangible assets. EBITDA represents earnings before interest, tax and depreciation, and is a key financial parameter for the Group.	This measure is useful in evaluating operating profitability on a more variable cost basis as it excludes depreciation and impairment related primarily to acquisitions that occurred in the past. EBITDA shows operating profitability regardless of capital structure and tax situations
<b>Operating profit (EBIT)</b>	EBIT represents earnings before interest and tax.	EBIT shows operating profitability regardless of capital structure and tax situations.
<b>Net interest-bearing debt</b>	Net interest-bearing debt consists of both current and non-current interest-bearing liabilities less interest bearing financial assets, cash and cash equivalents.	Net interest-bearing debt is a measure of the Group's net indebtedness that provides an indicator of the overall statement. It measures the Group's ability to pay all interest-bearing liabilities within available interest-bearing financial assets, cash and cash equivalents, if all debt matured on the day of the calculation. It is therefore a measurement of the risk related to the Group's capital structure.
<b>Equity ratio</b>	Equity divided by assets at the reporting date.	Measure capital contributed by shareholders to fund the Group's assets.
<b>Earnings per share</b>	Earnings divided by average number of shares outstanding.	Measures the Group's earnings on a per-share basis.

### Other definitions

Measure	Description
<b>Market value</b>	Calculated average vessel value between several independent brokers' estimates based on the principle of "willing buyer and willing seller".
<b>Capacity utilisation</b>	Capacity utilisation is a measure of the Group's ability to keep vessels in operation and on contract with clients, expressed as a percentage. The capacity utilisation numbers are based on actual available days.
<b>Contract coverage</b>	Sum of undiscounted revenue related to secured contracts in the future. Optional contract extensions as determined by the client in the future are not included.