



Eidesvik Offshore ASA
Report for 2nd Quarter 2019



Your Partner in Shipping

Highlights in 2nd Quarter 2019

In 2nd Quarter 2019 Eidesvik Offshore ASA («Eidesvik» or the «Group») generated a consolidated EBITDA of MNOK 96.2, compared to MNOK 20.6 in 2nd Quarter 2018. Adjusted for one-off effects, the EBITDA for the Quarter was MNOK 54.5.

Eidesvik was awarded a contract for the subsea construction vessel «Viking Neptun» with Ocean Installer for a period exceeding two months with further options. The contract commenced in medio August 2019.

Eidesvik was awarded a contract for «Viking Prince» under the three year frame agreement with Aker BP. The firm contract duration is for 12 months with commencement in 3rd Quarter 2019.

Eidesvik entered into an agreement with Equinor for the vessel «Viking Queen». The contract period is firm for 4 months with further options. Contract commencement was in late April 2019.

Eidesvik entered into a long-term Master Time Charter Agreement with Seabed Geosolutions. The Master Time Charter Agreement includes services for seismic source and node-handling vessels. As a first call off under this agreement, Eidesvik was awarded new contracts by Seabed Geosolutions for the seismic source vessel «Vantage» and the node-handling vessel «Subsea Viking». The new contracts are in direct continuation of the existing contracts, and the duration is approximately 3 months with further options.

Eidesvik received a letter of award from MagesisFairfield for the use of «Veritas Viking» as a source vessel for an upcoming ocean bottom survey in the North Sea. Commencement was medio July 2019 and in direct continuation of the previous survey for «Veritas Viking». The firm contract period is approximately 2-3 months with options to extend.

Eidesvik was awarded a contract for «Viking Athene» under the existing framework agreement with Aker BP. The firm period is 6 months and commenced in medio July 2019. Following the commencement, all of Eidesvik's PSVs are on firm contracts until medio January 2020.

Siemens Gamesa Renewable Energy extended the charter of «Acergy Viking» by one additional year. The new firm period will end January 2022, with options thereafter.

Chevron North Sea Limited exercised their option to extend the contract for «Viking Princess» by 6 months from July 10, 2019.

Eidesvik and CGG agreed to terminate the contract for «Viking Vanquish» with effect from July 1, 2019. The contract was due to expire November 2, 2020. The termination has no cash effect as CGG will continue to pay the charter rate until November 2, 2020, however the termination fee results in Other revenues of MNOK 38.6 recognized in the 2nd Quarter.

Global Seismic Shipping AS

Eidesvik, CGG Marine Resources Norge AS («CGGN») and CGG agreed on a term sheet for a transaction whereby CGG is contemplating to acquire Eidesvik's 50% ownership share in Global Seismic Shipping AS («GSS»). CGG entered, in turn, into a memorandum of understanding with Shearwater GeoServices Holding AS («Shearwater») for transactions in which a sale of all shares in GSS from CGGN to Shearwater is a part.

As consideration for Eidesvik's shares in GSS, CGGN and Eidesvik have agreed that Eidesvik shall receive from CGGN an undisclosed number of shares in Shearwater («Consideration Shares»). CGG and



Eidesvik have agreed on a put option for Eidesvik at US\$ 30 million for these Consideration Shares for a period of up to 36 months after closing of the transaction. Closing is expected before year end 2019. The term sheet has customary closing conditions, including, but not limited to, consent from banks, approval from relevant board of directors, and closing of the transactions agreed between Shearwater and CGG.

Subsequent events

Eidesvik was awarded a 3-year contract for «Viking Avant» from Equinor Energy AS in direct continuation of the current contract expiring end December 2019. This enables the Group to install batteries and hybrid solutions for the vessel, and it will be the 6th Eidesvik vessel with batteries and hybrid solutions.

Equinor Energy AS awarded Eidesvik a contract for «Viking Queen». The firm contract period is 6 months, commencing in direct continuation of the current contract expiring ultimo August 2019.

Results 2nd Quarter 2019

The interim accounts have been prepared in accordance with IAS 34. The interim accounts of 2nd Quarter 2019 and corresponding figures for 2018 have not been audited.

In the 2nd Quarter 2019 Eidesvik had consolidated operating income of MNOK 209.6, whereof MNOK 38.6 is related to the termination of the contract for «Viking Vanquish» (MNOK 125.0 in the corresponding period in 2018). Operating profit before depreciations (EBITDA) was MNOK 96.2 (MNOK 20.6), and operating profit (EBIT) was MNOK 39.2 (MNOK -42.9). Profit from joint ventures was MNOK -2.0 (MNOK -10.8). Net financial items were MNOK -9.0 (MNOK -62.7). Profit after tax amounted to MNOK 30.2 (MNOK -105.6).

Results per 30.06.2019

The interim accounts have been prepared in accordance with IAS 34. The interim accounts of 1st Half 2019 and corresponding figures for 2018 have not been audited.

The Group's consolidated total operating income per 30.06.2019 was MNOK 363.4, whereof MNOK 38.6 is related to the termination of the contract for «Viking Vanquish» (total operating income per 30.06.2018 was MNOK 225.9). Operating profit before depreciation (EBITDA) was MNOK 144.8 (MNOK 27.7), and operating profit was MNOK 19.2 (MNOK -114.2). Profits from joint ventures of MNOK -16.0 (MNOK -33.3) are mainly related to operation of seismic vessels in the Global Seismic Vessels AS group, and the subsea vessel «Seven Viking». Net financial items were MNOK -38.6 (MNOK -42.5).

Profit after tax per 30.06.2019 amounted to MNOK -19.6 (MNOK -156.6 per 30.06.2018), whereof MNOK -14.2 (MNOK -146.3) was the result for the shareholders of the parent. This resulted in a profit per share of NOK -0.23 (NOK -2.65).

The Board is pleased to see that the increase in order backlog and result from operations during the first half of 2019 reflect the improved market conditions experienced in most of the segments in which the Company operates during spring 2019. The Board wishes to commend the employees of the Company, both offshore and onshore, who continue to work hard and show commitment to providing our clients with the best services possible in a market environment which is still challenging.

Balance sheet and liquidity per 30.06.2019

Current assets at 30.06.2019 was MNOK 701.6 (MNOK 742.0 at 30.06.2018), and cash balance was MNOK 409.8 (MNOK 539.8), whereof MNOK 51.8 is restricted cash.

Book equity at 30.06.2019 was MNOK 1,399.7 (MNOK 1,560.9 at 30.06.2018), i.e. an equity ratio of 35 % (37 %). During January 2018, as part of the financial restructuring, the Group completed a private placement of MNOK 120 and a conversion of shareholder loan of MNOK 30. A subsequent share offering of MNOK 30 was fully subscribed and completed in March 2018. The total booked equity per share was NOK 22.52 (NOK 25.12). The corresponding market quote at Oslo Stock Exchange closed at NOK 5.74 (NOK 6.90). This represents a market capitalization of MNOK 356.7 (MNOK 428.8).

Value in use calculations of the consolidated fleet verify the book value per 30.06.2019. An average fair value assessment conducted by two independent brokers, evaluate the consolidated part of the fleet value free of charter to MNOK 3,537 (MNOK 3,745 at 30.06.2018), which indicates an excess value before tax of MNOK 792 (MNOK 852) compared to the book value of the vessels. The Board is aware of the low turnover for the type of vessels Eidesvik owns, and that there is uncertainty regarding the values in the current market.

Net interest-bearing debt at 30.06.2019 was MNOK 2,028.7 (MNOK 1,939.7 at 30.06.2018). The increase in net interest-bearing debt is mainly a result of USD appreciation against NOK and a decrease in the cash balance.

Cash flow from operating activities per 30.06.2019 amounted to MNOK 35.9 (MNOK 3.5 per 30.06.2018).

Cash flow from investment activities was MNOK -26.6 (MNOK -30.8 per 30.06.2018).

Cash flow from financing activities of MNOK -115.2 (MNOK 9.5 per 30.06.2018, share issue of total MNOK 148.9 and an extraordinary debt installment) consisted of payments of interest and installments on secured debt.

Variation in the operation of vessels in 2019 compared to 2018

Seismic

The seismic segment including shares of Joint Venture's EBITDA per 30.06.2019 was MNOK 157.7 (MNOK 70.7 in the corresponding period in 2018), an increase of MNOK 87.0. The increase is mainly related to «Veritas Viking» being in operation in 2019 (lay up in the same period in 2018), higher income for «Vantage», termination of the contract for «Viking Vanquish», and the vessel «Geo Caribbean» in the Joint Venture was taken out of lay up in 2nd Quarter 2018. The consolidated part of the segment had per 30.06.2019 an EBITDA of MNOK 96.4 (MNOK 11.7).

Subsea

The subsea/offshore wind segment including shares of Joint Venture's EBITDA per 30.06.2019 was MNOK 66.0 (MNOK 59.1 in the corresponding period in 2018), an increase of MNOK 6.8. The increase is mainly a result of higher income for «Subsea Viking». The consolidated part of the segment had per 30.06.2019 an EBITDA of MNOK 47.6 (MNOK 36.4).

Supply

The supply segment's EBITDA per 30.06.2019 was MNOK 15.5 (MNOK -4.5 in the corresponding period in 2018), an increase of MNOK 20.0. This is mainly a result of an increase in utilization and day rates. In addition, «Viking Lady» was taken out of lay up in the end of 1st Quarter 2018. From medio July 2019, Eidesvik has all its PSV's on firm contracts throughout 2019.

Financing

In the 1st Quarter 2018, the Group entered into agreements with its lenders securing changes in the repayment terms of the Group's loans. The financial results and cash flow delivered by the Group in 2018 were somewhat better than the assumptions at which the agreement with the Group's lenders was based upon in the 1st Quarter 2018. The results and cash flow for 1st Half 2019 are substantially better than said assumptions. See Note 15 for further information.

Market and future outlook

The positive trend for the North Sea PSV fleet continued in 2nd Quarter in both the spot and term market. Year on Year we see an increase in vessel rates and utilization for both large and medium sized PSVs. For the remainder of 2019 the entire Company's fleet of PSVs is on fixed term contracts. Consequently, we are pleased with the Company's short term position in this segment. For 2020 and onwards, we are cautiously optimistic for the market for large PSVs.

The activity and fixture levels for subsea construction vessels have been lower than expected this Quarter, and the requirements in the market have been for smaller subsea projects and support activities. We expect an increase in subsea vessel availability the coming months and a challenging winter season ahead. While a recovery in the subsea segment is taking longer than expected, the activity drivers for this segment are promising. Several of the main subsea and field development companies have reported backlog levels and increases during the first half of 2019 at all time high levels. However, the majority of this backlog is scheduled for 2021 and onwards. Seeing beyond the expected increase in subsea vessel availability short- to medium term, we remain positive to this segment.

The main seismic operators report increased revenue Year on Year, driven by higher vessel utilization and increased day rates. The activity level in ocean bottom seismic remains good. We expect investment levels in all seismic markets to increase the coming years and we remain positive to this segment overall.

Declaration from the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer have today addressed and adopted the consolidated semi-annual accounts for Eidesvik Offshore ASA per 30.06.2019 and 1st Half of 2019, including the consolidated corresponding figures per 30.06.2018 and 1st Half of 2018.

The semi-annual report is prepared in accordance with IAS 34 Interim Financial Reporting, as provided by the EU and Norwegian additional requirements in the Securities Trading Act.

By the Board of Directors and the Chief Executive Officer opinion the semi-annual accounts are prepared in accordance with current regulations, and the information in the accounts give a true and fair view of the Group's assets, liabilities and financial standing and results as a whole per 30.06.2019 and 30.06.2018. By the Board of Directors and the Chief Executive Officer opinion the semi-annual report give a true and fair view of important events in the accounting period and their influence on the semi-annual accounts. By the Board of Directors and the Chief Executive Officer opinion the description of the most important financial risks the company is faced with in the following accounting period, and the description of related parties material transactions, give a true and fair view.

Bømlo, August 22, 2019

Kolbein Rege
Chairman of the Board

Borgny Eidesvik
Board Member

Lars Eidesvik
Board Member

John Egil Stangeland
Board Member

Synne Syrrist
Board Member

Kristine Elisabeth Skeie
Board Member

Lauritz Eidesvik
Board Member

Børre Lindanger
Board Member

Jan Fredrik Meling
CEO

Profit and Loss

Consolidated (NOK 1 000)

	2019 1.4 - 30.6	2018 1.4 - 30.6	2019 1.1 - 30.6	2018 1.1 - 30.6
Operating Income				
Freight income	171 082	124 981	319 983	225 929
Other income (note 4)	38 554	0	43 437	0
Total operating income	209 636	124 981	363 420	225 929
Operating Expenses				
Personnel expenses	85 729	69 775	162 080	132 175
Other operating expenses	27 742	34 581	56 526	66 049
Total operating expenses	113 471	104 356	218 606	198 224
Operating profit before depreciations	96 165	20 624	144 814	27 704
Ordinary depreciation	54 960	52 706	109 630	108 518
Impairment on assets	0	0	0	0
Operating profit before other income and expenses	41 205	(32 082)	35 184	(80 813)
Result from Joint Ventures	(1 965)	(10 780)	(16 010)	(33 346)
Operating profit	39 240	(42 863)	19 174	(114 159)
Financial Items (note 11)				
Financial income	3 979	1 485	8 054	7 533
Financial expenses	(31 274)	(26 016)	(61 263)	(54 370)
Net agio (disagio)	18 309	(38 173)	14 583	4 357
Net financial items	(8 986)	(62 704)	(38 626)	(42 481)
Pre-tax profit	30 255	(105 567)	(19 452)	(156 641)
Taxes	(104)	0	(104)	0
Profit	30 151	(105 567)	(19 556)	(156 641)
Attributable to				
Equity holders of the parent	32 393	(91 677)	(14 226)	(146 317)
Non-controlling interests	(2 242)	(13 890)	(5 330)	(10 324)
Earnings per share	0,52	(1,48)	(0,23)	(2,65)
Statement of comprehensive income				
Profit	30 151	(105 567)	(19 556)	(156 641)
Currency translation adjustments Joint Ventures	8 660	(17 998)	5 553	15 083
Actuarial gain/ loss	0	0	0	7 907
Comprehensive income	38 810	(123 565)	(14 003)	(133 651)
Attributable to				
Equity holders of the parent	41 052	(109 675)	(8 674)	(123 327)
Non-controlling interests	(2 242)	(13 890)	(5 330)	(10 324)
Total attributed	38 810	(123 565)	(14 003)	(133 651)

Balance

Consolidated (NOK 1 000)

	30.6.2019	30.6.2018	31.12.2018
ASSETS			
Fixed assets:			
Vessels	2 745 143	2 892 543	2 809 019
Other assets	20 725	20 845	21 125
Financial derivatives	668	0	0
Right-of-use asset	62 198	0	0
Other long-term receivables	99 339	92 581	106 121
Shares in Joint Ventures (note 9)	153 226	443 642	440 999
Shares	1 720	1 720	1 720
Total fixed assets	3 083 021	3 451 332	3 378 984
Current assets:			
Account receivables, freight income	179 865	144 998	160 100
Other short-term receivables	110 626	57 244	45 887
Financial derivatives	1 337	0	0
Cash and cash equivalents	409 752	539 766	515 605
Total current assets	701 579	742 008	721 592
Assets held for sale			
Assets held for sale (note 9)	266 210	0	0
Total assets held for sale	266 210	0	0
TOTAL ASSETS	4 050 811	4 193 340	4 100 576
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the company's shareholders:			
Share capital	3 108	3 108	3 108
Premium fund	177 275	177 275	177 275
Other paid-in equity	629	629	629
Other comprehensive income	-30 076	-37 983	-30 076
Translation differences	107 279	94 455	112 832
Retained earnings	1 147 761	1 301 334	1 161 987
Total equity majority shareholders	1 405 976	1 538 819	1 425 755
Non-controlling interests	-6 259	22 128	-930
Total equity	1 399 717	1 560 947	1 424 825
Long-term liabilities:			
Financial derivatives	7 117	0	2 147
Lease liabilities	59 551	0	0
Pension liabilities	12 648	16 841	12 648
Interest-bearing debt (note 12)	2 346 158	2 389 130	2 416 515
Total long-term liabilities	2 425 474	2 405 971	2 431 310
Short-term liabilities:			
Interest-bearing debt (note 12)	104 116	102 219	105 656
Financial derivatives	2 945	110	1 074
Lease liabilities	3 256	0	0
Debt to suppliers	27 650	38 107	32 436
Tax payable	411	0	704
Other short-term liabilities	87 242	85 985	104 571
Total short-term liabilities	225 620	226 421	244 440
Total liabilities	2 651 094	2 632 393	2 675 751
TOTAL EQUITY AND LIABILITIES	4 050 811	4 193 340	4 100 576



Statement of changes in equity

(condensed)

	Share capital	Share premium	Other reserves	Other paid-in equity	Translation differences	Other equity	Total	Minority share	Total equity
Equity as at 01.01.2019	3 108	177 275	-30 076	629	112 832	1 161 987	1 425 762	-929	1 424 825
Profit in the period	0	0	0	0	0	-14 226	-14 226	-5 330	-19 556
Exchange differences Joint Venture	0	0	0	0	-5 553	0	-5 553	0	-5 553
Equity as at 30.06.2019	3 108	177 275	-30 076	629	107 280	1 147 754	1 405 983	-6 259	1 399 717
Equity as at 01.01.2018	1 508	0	-37 983	629	97 749	1 447 651	1 509 554	32 452	1 542 006
Profit in the period	0	0	0	0	0	-146 317	-146 317	-10 324	-156 641
Share issue*	1 600	177 275	0	0	0	0	178 875	0	178 875
Exchange differences Joint Venture	0	0	0	0	-3 293	0	-3 293	0	-3 293
Equity as at 30.06.2018	3 108	177 275	-37 983	629	94 456	1 301 334	1 538 818	22 128	1 560 947
Equity as at 01.01.2018	1 508	0	-37 983	629	97 749	1 447 651	1 509 554	32 452	1 542 006
Profit in the period	0	0	0	0	0	-283 244	-283 244	-33 381	-316 625
Share issue*	1 600	177 275	0	0	0	0	178 875	0	178 875
Dismantled of the defined benefit pension scheme in Eidesvik AS (booked OCI 2016 and 2017)**	0	0	2 413	0	0	-2 413	0	0	0
Exchange differences Joint Venture	0	0	0	0	15 083	0	15 083	0	15 083
Actuarial loss	0	0	5 494	0	0	0	5 494	0	5 494
Equity as at 31.12.2018	3 108	177 275	-30 076	629	112 832	1 161 994	1 425 762	-929	1 424 825

* During Q1 2018, a private placement, conversion of shareholder loan and a subsequent offer were completed. Reference is made to Note 15 for further information.

** The defined benefit pension scheme was discontinued for the majority of onshore employees in December 2015 (Eidesvik AS). A defined contribution pension scheme replaced it from 31 December 2015. Per December 31, 2018, no employees in Eidesvik AS have defined benefit pension scheme.

Cash flow statement

(condensed)

	1.4 - 30.6 2019	1.4 - 30.6 2018	1.1 - 30.6 2019	1.1 - 30.6 2018	1.1 - 31.12 2018
Net cash flow from operations excl. taxes	24 114	41 425	36 131	3 590	90 312
Paid taxes	57	0	(255)	(44)	(276)
Cash flow from operating activity	24 171	41 425	35 876	3 546	90 036
Received insurance settlement	2 178	280	3 714	2 237	2 825
Payment of long-term receivables	0	0	15 074	0	18 355
Purchase of fixed operating assets	(19 070)	(21 624)	(45 355)	(33 002)	(60 124)
Cash flow from investment activity	(16 892)	(21 344)	(26 567)	(30 765)	(38 944)
Share issue	0	0	0	148 875	148 875
Repayment of debt	(25 620)	(24 927)	(46 261)	(88 603)	(134 711)
Paid interest	(15 089)	(21 182)	(47 901)	(50 726)	(107 092)
Repayment of debt to JV (*)	0	0	(21 000)	0	0
Cash flow from finance activity	(40 709)	(46 109)	(115 162)	9 545	(92 927)
Changes in cash holdings	(33 431)	(26 028)	(105 853)	(17 674)	(41 836)
Liquid assets at the beginning of the period	443 183	565 794	515 605	557 440	557 440
Liquid assets at the end of the period	409 752	539 766	409 752	539 766	515 605

* The repayment of debt to JV of MNOK 21, is in the 2018 Cashflow statement included in "Net cash flow from operations excl. taxes".

Notes to the accounts

Note 1 - Accounting principles

The accounts have been prepared in accordance with IAS 34 Interim Financial Reporting.

From January 1, 2019, the IFRS 16 Leases replaced the earlier standard IAS 17 Leases and related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The news of this standard is that almost all rental agreements are capitalized. The exception is short-term and insignificant leases. At the commencement date of a lease, a lessee recognises a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right to use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases, operational and financial leases.

IFRS 16 Leases redefines financial key figures such as debt ratio and EBITDA. The standard affect primarily the accounting for Eidesvik Offshore ASA's («Eidesvik» or the «Group») operating leases. There is no significant impact on the financial statements for leases in which the Group is a lessor. The Group elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. Please see note 27 in the Group's annual consolidated financial statements for the year ended December 31, 2018 for further information of the impact.

Except for IFRS 16, there are no changes in accounting policies adopted in the preparation of the interim condensed consolidated financial statements compared with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2018.

Note 2 - Financial risk

Interest and foreign exchange risk

The Group has its income mainly in NOK, USD and EUR, while the material operating expenses are in NOK. Therefore, the Group is considerably exposed to fluctuations in the exchange rate of USD/NOK and EUR/NOK. To reduce this risk a considerable share of the Group's debt is drawn in USD, and parts of the liquidity surplus in foreign exchange is sold forward. One of the joint ventures have USD as functional currency. This implies that fluctuations in USD also results in accounted fluctuations as these assets have to be converted to NOK before recognized in the Group's accounts. Currency translation adjustments have to be recorded as the Group uses the equity method for recognizing these activities in the accounts. In the period following the balance date a weaker foreign exchange rate will result in reported foreign exchange gains related to debt and forward contracts in foreign exchange, but will also result in reduced value of long term charterparties in USD (not recognized in the accounts).

The Group has debt in USD and NOK and is exposed to changes in interest rate levels. The Group's interest rate risk is managed through interest swap derivatives and fixed-rate loans. As a consequence of this, the financial risk of high interest payments is reduced. The following quarters an increased interest level will result in increased interest expenses, but will also result in increased market value of fixed interest loans. The share of loans with fixed interest is 33 % for NOK loans and 29 % for USD loans per 30.06.2019.

Market risk

For 3rd Quarter of 2019 contract coverage for all vessels (incl. 5 vessels in layup, whereof 3 vessels in JV's) is approx. 75 %, and for the rest of 2019 the coverage is approx. 72 %.

Newbuild risk

The Group has per 30.06.2019 no vessels under construction.

Credit risk

The Group's customers are mainly relatively solid companies with ability to meet contractual commitments. For most contract parties the risk for not fulfilling their commitments is considered low.

Liquidity risk

The liquidity position is assessed as satisfactory for the next 12 months.

Note 3 - Seasonal variations

The interrim accounts are moderately influenced by seasonal variations. Reference is made to the chapter «Market and future outlook» and the «Contract status».

Note 4 - Special transactions

In June 2019, Eidesvik and CGG agreed to terminate the contract for «Viking Vanquish» that was due to expire November 2, 2020, with effect from July 1, 2019. CGG will continue to pay the charter rate until November 2, 2020, however the termination fee results in Other revenues of MNOK 38.6 recognized in the 2nd Quarter.

Sum of Other revenues per 30.06.2019 also include MNOK 4.9 that are related to reversal of previous write-down of paid installments on receivables from Oceanic Seismic Vessels AS. See note 5 in the Annual Accounts for 2018 for further details.

Note 5 - Estimates

No changes in estimates materially influencing the interim results or balance have occurred.

Due to observed impairment indicators, the vessels' book values have been tested for impairment per 30.06.2019, and based on these tests, no impairments have been charged to the accounts. Incidentally, reference is made to the 2018 annual accounts Note 12 for further information about the tests and other estimates.

Note 6 - Long-term debt drawn

No new long-term debt was drawn during the 2nd Quarter of 2019. The Group's debt was restructured in the 1st Quarter 2018 with amendments in the instalment plan. Reference is made to Note 15 for further information.

Note 7 - Dividends

No dividend has been paid in 2019 (2018: 0) in accordance with the covenants of the financial restructuring.

Note 8 - Operating Segments

Time Charter revenue is based on contracts where the Group delivers a vessel including crew, to a client. The charterer determines, within the contractual limits, how the vessel is to be utilized. 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 20-80% of the total contract value. The Bareboat component is within the scope of IFRS 16. Both the service and the Bareboat are recognized as revenue over the lease period on a straight-line basis. There is no Time Charter revenue when the vessels are off-hire.

Operation segment	Seismic		Subsea		Supply		Other		Consolidated	
	1.4 - 30.6 2019	1.4 - 30.6 2018	1.4 - 30.6 2019	1.4 - 30.6 2018	1.4 - 30.6 2019	1.4 - 30.6 2018	1.4 - 30.6 2019	1.4 - 30.6 2018	1.4 - 30.6 2019	1.4 - 30.6 2018
Segment result										
Operating income	28 245	8 764	38 758	31 484	44 746	37 005	6 018	4 724	117 767	81 976
Bareboat income	56 754	9 558	17 826	24 566	17 290	8 880	0	0	91 870	43 005
Operating income share from JV*	0	0	7 309	9 797	0	0	0	0	7 309	9 797
Bareboat income from JV*	27 179	36 642	9 891	10 845	0	0	0	0	37 070	47 487
Total operating income	112 178	54 964	73 783	76 692	62 036	45 885	6 018	4 724	254 015	182 265
Operating expenses	17 641	10 435	31 274	36 331	51 806	44 607	12 751	12 983	113 472	104 356
Operating expenses share from JV*	2 519	1 253	8 895	7 559	0	0	0	0	11 415	8 811
Total operating expenses	20 160	11 688	40 169	43 890	51 806	44 607	12 751	12 983	124 886	113 167
Depreciations	13 278	11 556	21 904	22 156	18 426	18 672	1 353	323	54 961	52 707
Depreciations share from JV*	16 300	33 693	4 748	4 885	0	0	0	0	21 048	38 578
Writedown on assets	0	0	0	0	0	0	0	0	0	0
Writedown on assets share from JV*	0	0	0	0	0	0	0	0	0	0
Total depreciations/writedown on assets	29 578	45 249	26 652	27 041	18 426	18 672	1 353	323	76 009	91 285
Operating profit incl. share from JV*	62 439	-1 972	6 962	5 762	-8 196	-17 394	-8 086	-8 582	53 119	-22 187
Net finance and taxes from JV*	-11 524	-18 247	-2 355	-2 429	0	0	0	0	-13 880	-20 676
Writedown JV	0	0	0	0	0	0	0	0	0	0
Profit from associated companies	0	0	0	0	0	0	0	0	0	0
Profit from other JV	0	0	0	0	0	0	0	0	0	0
Operating profit	50 915	-20 219	4 606	3 333	-8 196	-17 394	-8 086	-8 582	39 240	-42 863
Number of ships at end of period (incl. AC and JV)	11	11	4	4	7	7			22	22

Operation segment	Seismic		Subsea		Supply		Other		Consolidated	
	1.1 - 30.6 2019	1.1 - 30.6 2018	1.1 - 30.6 2019	1.1 - 30.6 2018	1.1 - 30.6 2019	1.1 - 30.6 2018	1.1 - 30.6 2019	1.1 - 30.6 2018	1.1 - 30.6 2019	1.1 - 30.6 2018
Segment result										
Operating income	48 060	14 413	73 762	62 625	82 840	62 010	9 261	8 666	213 923	147 713
Bareboat income	81 288	17 745	38 215	44 160	29 994	16 310	0	0	149 497	78 216
Operating income share from JV*	0	0	15 002	16 826	0	0	0	0	15 002	16 826
Bareboat income from JV*	65 781	62 918	19 704	21 570	0	0	0	0	85 485	84 489
Total operating income	195 129	95 076	146 683	145 182	112 834	78 320	9 261	8 666	463 907	327 244
Operating expenses	32 935	20 414	64 378	70 382	97 378	82 832	23 916	24 596	218 607	198 224
Operating expenses share from JV*	4 493	4 009	16 351	15 683	0	0	0	0	20 844	19 692
Total operating expenses	37 428	24 423	80 729	86 065	97 378	82 832	23 916	24 596	239 450	217 916
Depreciations	26 071	25 552	43 928	44 015	36 957	38 295	2 674	656	109 630	108 518
Depreciations share from JV*	50 908	65 843	9 449	9 629	0	0	0	0	60 357	75 472
Writedown on assets	0	0	0	0	0	0	0	0	0	0
Writedown on assets share from JV*	0	0	0	0	0	0	0	0	0	0
Total depreciations/writedown on assets	76 979	91 395	53 377	53 644	36 957	38 295	2 674	656	169 987	183 990
Operating profit incl. share from JV*	80 723	-20 742	12 577	5 473	-21 501	-42 807	-17 329	-16 586	54 470	-74 662
Net finance and taxes from JV*	-30 727	-34 808	-4 569	-4 689	0	0	0	0	-35 296	-39 498
Writedown JV	0	0	0	0	0	0	0	0	0	0
Profit from associated companies	0	0	0	0	0	0	0	0	0	0
Profit from other JV	0	0	0	0	0	0	0	0	0	0
Operating profit	49 995	-55 550	8 008	784	-21 501	-42 807	-17 329	-16 586	19 174	-114 159
Number of ships at end of period (incl. AC and JV)	11	11	4	4	7	7			22	22

* The JV's income, expenses and depreciation are included in the table with a share corresponding to the Group's ownership share in the JVs.

Note 9 - Joint venture

Summarized financial information per 30.06.2019 of the individual joint venture companies:

Company	Assets	Liability	Equity	Revenues	Profit	Ownership	Book value	Profit portion
Global Seismic Shipping AS (consolidated) (1)	3 480 890	2 881 130	599 760	131 563	-40 694	50 %	0	-20 347
CGG Eidesvik Ship Management AS	31 339	27 997	3 342	11 349	520	51 %	1 439	0
Eidesvik Seven AS	725 516	444 450	281 066	39 407	10 817	50 %	140 553	5 409
Eidesvik Seven Chartering AS	73 411	50 943	22 468	69 412	-2 141	50 %	11 234	-1 072
Profit from Joint Ventures							153 226	(16 010)

(1) Assets held for sale

One June 4, 2019, Eidesvik and CGG Marine Resources Norge AS and CGG agreed on a term sheet for a transaction whereby CGG is contemplating to acquire Eidesvik's 50 % ownership share in Global Seismic Shipping AS. Reference is made to Company's disclosure to Oslo Stock Exchange June 4, 2019.

The sale of the shares is considered very likely, and the assets are therefore classified as «held for sale» on the date of the term sheet. The result of the joint venture only includes EIOF's share of the result until this date.

Company	Profit per Q2-19	Ownership	Book value	Profit portion not booked per 30.06.2019
Global Seismic Shipping AS (consolidated)	-6 076	50 %	266 210	-1 339

Summarized financial information per 30.06.2018 of the individual joint ventures companies:

Company	Assets	Liability	Equity	Revenues	Profit	Ownership	Book value	Profit portion
Global Seismic Shipping AS (consolidated)	3 716 002	2 864 306	851 697	125 836	-83 484	50 %	303 853	-41 742
CGG Eidesvik Ship Management AS	38 076	35 871	2 205	13 704	-617	51 %	1 439	0
Eidesvik Seven AS	735 783	492 486	243 298	43 141	13 897	50 %	121 649	6 949
Eidesvik Seven Chartering AS	44 101	10 714	33 387	76 794	2 895	50 %	16 701	1 447
Profit from Joint Ventures							443 642	(33 346)

Note 10 - Financial ratio per share

	1.4 - 30.6 2019	1.4 - 30.6 2018	1.1 - 30.6 2019	1.1 - 30.6 2018	1.1 - 31.12 2018
Number of Shares (thousands)	62 150	62 150	62 150	62 150	62 150
Earnings pr share, NOK*	0,52	-1,48	-0,23	-2,65	-4,83
Equity pr share, NOK	22,52	25,12	22,52	28,59	22,93
Financial Equity Ratio	35 %	37 %	35 %	38 %	35 %
EBITDA margin excl. gain on sale	46 %	17 %	40 %	12 %	20 %
EBIT margin excl. gain on sale	19 %	-34 %	5 %	-51 %	-36 %

* Number of shares are changed due to share issue in 1st Quarter 2018. Earnings per share is based on the average number of shares in the period.

Note 11- Financial items

	1.4 - 30.6 2019	1.4 - 30.6 2018	1.1 - 30.6 2019	1.1 - 30.6 2018	1.1 - 31.12 2018
Financial income	3 979	3 966	8 054	7 533	24 860
Impairment long-term receivables	0	0	0	0	(4 174)
Other interest and financial expenses	(31 274)	(28 497)	(61 263)	(54 370)	(105 537)
Realized agio on foreign exchange contracts	389	52	672	52	98
Realized agio - others	10 389	6 330	8 762	6 967	2 124
Unrealized agio - on foreign exchange contracts	(6 538)	2 348	(4 836)	4 893	1 782
Unrealized agio - loans	14 069	(46 903)	9 986	(7 555)	(59 802)
Net financial items	(8 986)	(62 704)	(38 626)	(42 481)	(140 649)

Note 12 - Net interest-bearing debt

	30.06.2019	30.06.2018
Short-term debt to credit institutions	104 116	102 219
Accrued interests	(11 849)	(11 891)
1st year installment on long term interest-bearing debt	92 267	90 328
Long term interest-bearing debt	2 346 158	2 389 130
Total interest-bearing debt	2 438 425	2 479 458
Cash and cash equivalents	(409 752)	(539 766)
Net interest-bearing debt	2 028 673	1 939 691

Note 13 - Related-party transactions

The ordinary operating related transactions with the joint ventures Global Seismic Shipping AS, Oceanic Seismic Vessels AS, CGGVeritas Eidesvik Ship Management AS, Eidesvik Seven AS and Eidesvik Seven Chartering AS, and the related companies Eidesvik Invest AS, Langevåg Senter AS, Bømlo Skipsservice AS, Evik AS, Bømmelfjord AS and Viking Dynamic AS, no material related-party transactions have been conducted. Reference is incidentally made to filings of notifyable tradings.

Note 14 - Shareholders

No major changes in the shareholder positions have occurred in the period.

20 largest shareholders per 30.06.2019:

Name	Share	Country
EIDESVIK INVEST AS	59,86 %	NORWAY
PARETO AKSJE NORGE VERDIPAPIRFOND	5,02 %	NORWAY
JAKOB HATTELAND HOLDING AS	4,93 %	NORWAY
VINGTOR INVEST AS	2,31 %	NORWAY
BERGTOR INVESTERING AS	1,76 %	NORWAY
STANGELAND HOLDING AS	1,76 %	NORWAY
HJELTEFJORDEN AS	1,63 %	NORWAY
AGASØSTER INVEST AS	1,53 %	NORWAY
TVEITÅ, EINAR KRISTIAN	1,21 %	NORWAY
PARETO INVEST AS	0,83 %	NORWAY
SKANDINAVISKA ENSKILDA BANKEN AB	0,82 %	SWEDEN
HELLAND AS	0,76 %	NORWAY
CALIFORNIA INVEST AS	0,73 %	NORWAY
TVEITÅ, OLAV MAGNE	0,71 %	NORWAY
RICHARD INVESTERINGSSKAP AS	0,64 %	NORWAY
COLORADO EIENDOM AS	0,63 %	NORWAY
SKANDINAVISKA ENSKILDA BANKEN AB	0,58 %	SWEDEN
MELING, JAN FREDRIK	0,54 %	NORWAY
SWEDBANK AB	0,49 %	NORWAY
NORDNET BANK AB	0,46 %	SWEDEN

Note 15 - The financial restructuring

In the 1st Quarter of 2018, the Group agreed on an amendment to its loan agreements with its lenders to reduce amortisation of its secured loans to facilitate for a runway through 2022. A condition for the financial restructuring was, amongst others, that the Group obtained at least MNOK 120 in new equity and that the Group's MNOK 30 shareholder loan was converted to equity. In addition, a subsequent offer of MNOK 30 was fulfilled and completed in 1st Quarter 2018.

Summary of the restructuring

Amortization:

- 72.5% reduction in amortizations until 30 June 2021 (compared to original amortization schedule)
- Certain repayments up-front: 75% of the proceeds from sale of tradeable CGG bonds will be applied to reduce secured debt (remaining 25% to be applied for instalments in 2018-2020)
- Cash sweep:
 - Cash in the cash sweep calculations exceeding the following thresholds will be swept:
 - MNOK 490 per year-end 2018
 - MNOK 350 per year-end 2019
 - MNOK 245 at 30 June 2021 and 30 June 2022

Interest rates:

- No amendments

Financial covenants:

- Minimum free liquidity of NOK 125 million
- Positive working capital (current assets less current liabilities and 50% of short-term portion of long-term liabilities, excluding balloons)
- Loan to value:
 - Suspended through 2021
 - Thereafter (2022) maximum 100% per vessel

Other covenants

- Change of control: If Eidesvik Invest AS or the Eidesvik family controls less than 33.4% of the shares and votes in the Group, or
- Someone other than Eidesvik Invest AS gains negative control in the Group

Private and subsequent placement, debt conversion

The conditions required for completion of the Group's refinancing was fulfilled and that the refinancing was completed 31.01.2018. Consequently, and in accordance with the resolutions made by the EGM 29.01.2018, the Group registered the private placement of 24,000,000 new shares in the Group (the «Private Placement») and the conversion of a MNOK 30 shareholder loan resulting in the issue of another 2,000,000 new shares in the Group (the «Debt Conversion»), with the Norwegian Register of Business Enterprises.

At the EGM 29.01.2018 it was resolved to issue a subsequent offer for consideration of equal treatment of the shareholders. The subsequent offer was not a condition in the agreement with the lenders. The offer was set up to 6 000 000 shares, each share with par value of NOK 0,05 (the same par value as for the private placement). The subscription period ended in medio March 2018, and was fully subscribed and completed. The proceeds were MNOK 30. The proceeds from the subsequent offer are free of use to investments, and are not subject to the cash sweep.

Consequently, the Group's share capital was increased by NOK 1,600,000 through the issue of 32,000,000 new shares, each share with a par value of NOK 0.05. The new registered share capital in the Group is NOK 3,107,500 divided into 62,150,000 shares, each share with a par value of NOK 0.05 and representing one vote at the Group's general meetings.

Consequences of the financial restructuring

The Group, through the amended agreements with its lenders, reduced the planned annual instalments with approx. MNOK 220 towards July 2021. At the same time, the liquidity position in the Group was strengthened with a total of MNOK 150 in the private and subsequent placement, and converted the shareholder loan of MNOK 30 to equity. An extraordinary instalment on MNOK 54 was paid as part of the new agreement with the lenders. The revised debt maturity plan and strengthened liquidity position provides the Group with ability to withstand a weaker market for a prolonged period, and the financial covenants are structured in a manners which has lower risk of not being in compliance with them.

Note 16 - Subsequent events

The subsequent events have no consequence for the accounts per June 30, 2019.

Appendix 1 - Performance measurements definitions

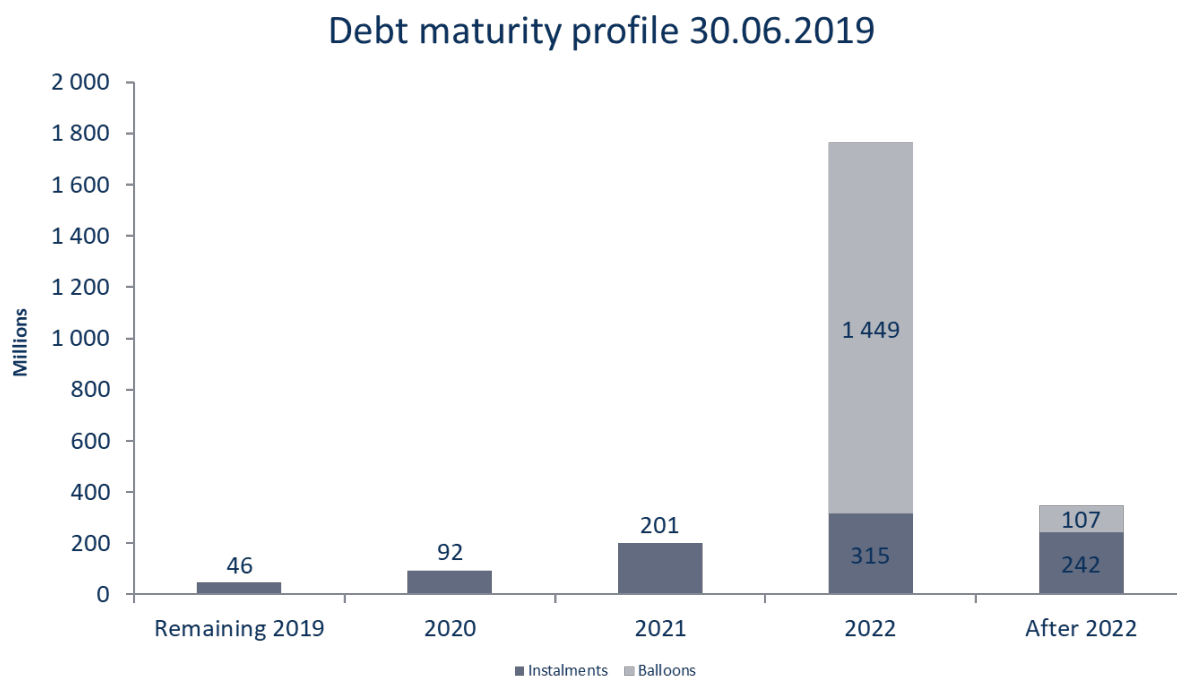
The Group's financial information is prepared in accordance with international financial reporting standards (IFRS). In addition, the Group discloses alternative performance measures as a supplement to the financial statement prepared in accordance with IFRS. Such performance measures are used to provide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

The definitions of these measures are as follows:

- Contract coverage: Number of future sold days compared with total actual available days (incl. vessels in layup), excluding options.
- Backlog: Sum of undiscounted revenue related to secured contracts in the future.
- Utilization: Actual days with revenue divided by total actual available days.
- Equity Ratio: Equity divided by total assets
- Net interest bearing debt: Interest bearing debt less current and non-current interest bearing receivables and cash and cash equivalents. The use of term «net debt» does not necessarily mean cash included in the calculation are available to settle debt if included in the term. Reference is made to Note 12.
- 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 operations, as it is based on variable costs and excludes depreciation, impairment and amortised costs related to investments. EBITDA is also important in evaluating performance relative to competitors. See table below for matching to the accounts.
- EBIT: Operating profit (earnings) before net financial costs and taxes. See table below for matching to the accounts.
- Working capital: Current assets less short-term liabilities.
- Minimum market value clause: Booked value of an asset shall not be lower than a given ratio compared to outstanding debt on the same asset.

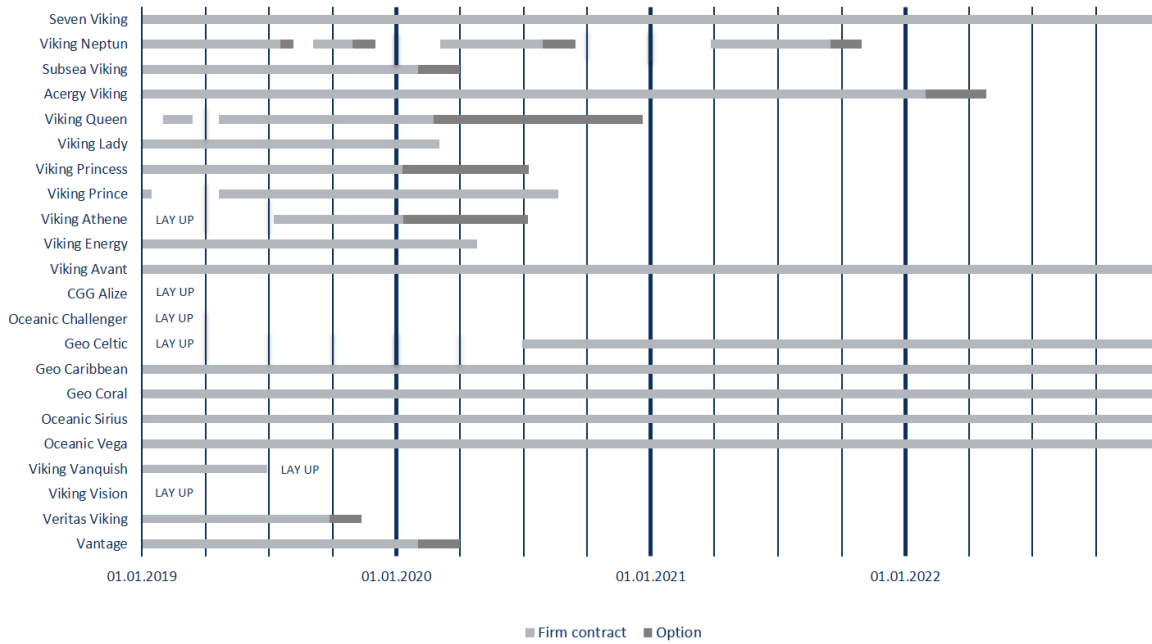
	2019 1.1 - 30.06	2018 1.1 - 30.06
Total operating income	363 420	225 929
Total operating expenses	(218 606)	(198 224)
EBITDA	144 815	27 704
Ordinary depreciation	(109 630)	(108 518)
Impairment on assets	0	0
Profit from Joint Ventures	(16 010)	(33 346)
EBIT	19 174	(114 159)

Appendix 2 - Debt maturity profile 30.06.2019:

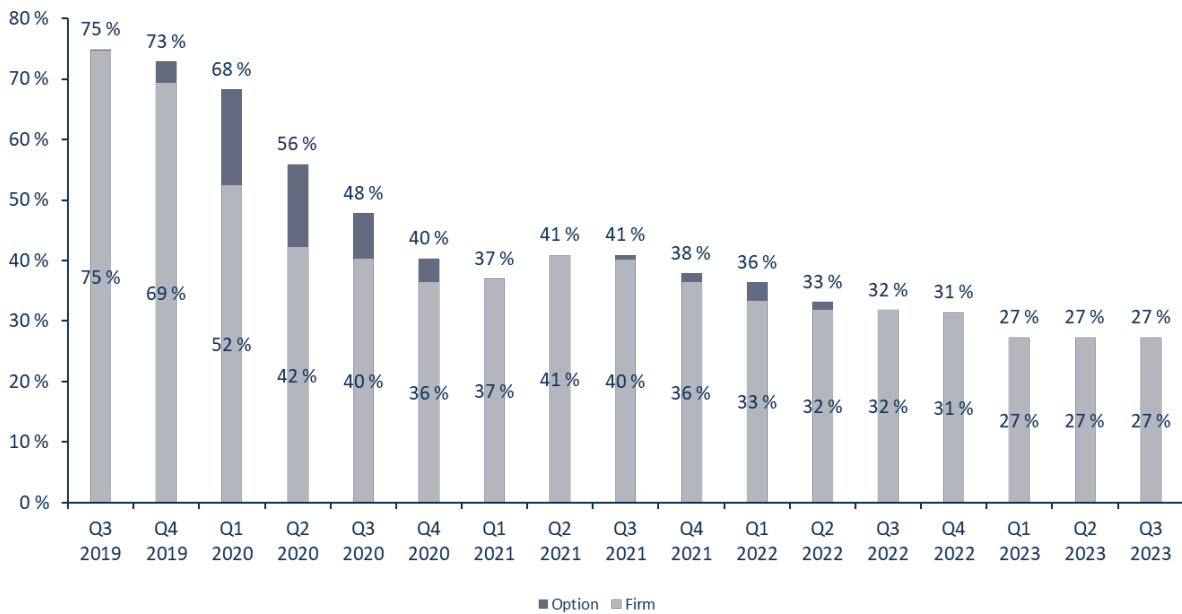


Appendix 3 - Backlog 30.06.2019:

Contract Status



Contract coverage incl JV's 30.06.2019



Profit and Loss last 5 quarters

Consolidated (NOK 1 000)	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Operating Income:						
Freight income	171 082	148 900	134 464	118 332	124 981	100 948
Other income	38 554	4 883	10 504	0	0	0
Total operating income	209 636	153 783	144 968	118 332	124 981	100 948
Operating Expenses:						
Personell expenses	85 729	76 351	67 658	65 421	69 775	62 400
Other operating expenses	27 742	28 784	29 028	31 979	34 581	31 468
Total operating expenses	113 471	105 135	96 686	97 400	104 356	93 868
Operating profit before depreciations	96 165	48 649	48 282	20 932	20 624	7 080
Ordinary depreciation	54 960	54 670	54 546	55 819	52 706	55 811
Writedown on assets	0	0	0	0	0	0
Operating profit before other income and expenses	41 205	(6 021)	(6 264)	(34 888)	(32 082)	(48 731)
Result from JV	(1 965)	(14 045)	(8 064)	(12 948)	(10 780)	(22 566)
Operating profit	39 240	(20 066)	(14 328)	(47 836)	(42 863)	(71 297)
Financial Items:						
Financial income	3 979	4 075	13 247	4 080	1 485	6 048
Financial expenses	(31 274)	(29 989)	(26 235)	(29 106)	(26 016)	(28 355)
Net agio (disagio)	18 309	(3 726)	(59 802)	(352)	(38 173)	42 530
Net financial items	(8 986)	(29 640)	(72 789)	(25 378)	(62 704)	20 223
Pre-tax profit	30 255	(49 707)	(87 118)	(73 214)	(105 567)	(51 074)
Taxes	(104)	0	(1 142)	1 489	0	0
Profit	30 151	(49 707)	(88 260)	(71 725)	(105 567)	(51 074)
Equity holders of the parent	32 393	(46 619)	(46 053)	(90 874)	(91 677)	(54 640)
Non-controlling interests	(2 242)	(3 088)	(42 207)	19 149	(13 890)	3 566
Earnings per share	0,52	(0,75)	(0,74)	(1,46)	(1,48)	(1,14)
Statement of comprehensive income						
Currency translation adjustments - Joint Ventures	8 660	(3 107)	17 544	833	14 705	(17 998)
Actuarial gain/ loss	0	0	7 907	0	0	0
Comprehensive income	38 810	(52 814)	(62 809)	(70 892)	(90 862)	(69 072)
Attributable to						
Controlling interests	41 052	(49 726)	(20 602)	(90 041)	(76 972)	(72 639)
Non-controlling interests	(2 242)	(3 088)	(42 207)	19 149	(13 890)	3 566
Total attributed	38 810	(52 814)	(62 809)	(70 892)	(90 862)	(69 072)

Balance Sheet last 5 quarters

Consolidated (NOK 1 000)	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
ASSETS						
Fixed assets:						
Vessels	2 745 143	2 780 799	2 809 019	2 858 155	2 892 543	2 923 710
Other assets	20 725	20 960	21 125	20 607	20 845	20 760
Financial derivatives	668	930	0	0	0	0
Right-of-use asset	62 198	63 316	0	0	0	0
Other long-term receivables	99 339	85 238	106 121	82 187	92 581	83 997
Shares in Joint Venture	153 226	423 846	440 999	431 527	443 642	439 717
Shares	1 720	1 720	1 720	1 720	1 720	1 720
Total fixed assets	3 083 021	3 376 810	3 378 984	3 394 196	3 451 332	3 469 905
Current assets:						
Account receivables,	179 865	147 962	160 100	153 771	144 998	142 515
Other short-term receivables	110 626	65 606	45 887	39 922	57 244	33 582
Financial derivatives	1 337	1 239	0	721	0	0
Cash and cash equivalents	409 752	443 183	515 605	490 234	539 766	565 795
Total current assets	701 579	657 990	721 592	684 647	742 008	741 892
Assets held for sale	266 210	0	0	0	0	0
Total assets held for sale	266 210	0	0	0	0	0
TOTAL ASSETS	4 050 811	4 034 799	4 100 576	4 078 843	4 193 340	4 211 797
EQUITY AND LIABILITIES						
Equity attributable to the company's shareholders:						
Share capital	3 108	3 108	3 108	3 108	3 108	3 108
Premium fund	177 275	177 275	177 275	177 275	177 275	177 275
Other paid-in equity	629	629	629	629	629	629
Other comprehensive income	(30 076)	(30 076)	(30 076)	(37 983)	(37 983)	(37 983)
Translation differences	107 279	109 725	112 832	95 288	94 455	79 750
Retained earnings	1 147 761	1 115 368	1 161 987	1 210 461	1 301 334	1 393 011
Total equity majority shareholders	1 405 976	1 376 029	1 425 755	1 448 778	1 538 819	1 615 791
Non-controlling interests	(6 259)	(4 017)	(930)	41 277	22 128	36 018
Total equity	1 399 717	1 372 012	1 424 825	1 490 055	1 560 947	1 651 809
Long-term liabilities:						
Financial derivatives	7 117	1 581	2 147	0	0	0
Lease liabilities	59 551	60 365	0	0	0	0
Other long-term liabilities	12 648	12 648	12 648	16 841	16 841	16 841
Interest-bearing debt	2 346 158	2 382 927	2 416 515	2 369 771	2 389 130	2 356 134
Total long-term liabilities	2 425 474	2 457 520	2 431 310	2 386 613	2 405 971	2 372 975
Short-term liabilities:						
Interest-bearing debt	104 116	101 443	105 656	97 235	102 219	100 675
Financial derivatives	2 945	2 108	1 074	0	110	2 458
Lease liabilities	3 256	3 256	0	0	0	0
Debt to suppliers	27 650	27 406	32 436	29 419	38 107	15 119
Tax payable	411	392	704	0	0	0
Other short-term liabilities	87 242	70 664	104 571	75 520	85 985	68 761
Total short-term liabilities	225 620	205 268	244 440	202 175	226 421	187 012
Total liabilities	2 651 094	2 662 788	2 675 751	2 588 788	2 632 393	2 559 988
TOTAL EQUITY AND LIABILITIES	4 050 811	4 034 799	4 100 576	4 078 843	4 193 340	4 211 797



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