

## Belships

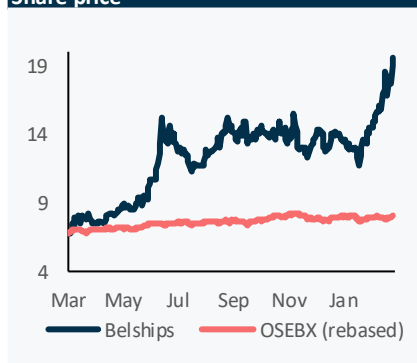
HOLD

### Key share data

Sector	Industrials
Reuters	BEL.OL
Bloomberg	BELCO NO

Market Cap (NOKm)	4,961
Net debt (NOKm)	2,956
EV (NOKm)	7,918
Net debt / equity	144%
Issued shares (mill.)	253

### Share price



Performance	1m	3m	12m
BELCO	47%	48%	223%
OSEBX	3%	3%	19%

### Upcoming events

2Q22 Results	May 12, 2022
3Q22 Results	August 17, 2022
4Q22 Results	November 10, 2022

**Norne Securities AS is a market maker in the shares of Belships**

## Analyst

**Mindaugas Čekanavičius**

+370 620 973 76

mindaugas.cekanavicius@norne.no

## It is not the 4Q results we are worried about

**Belships reported its 4Q21 results last week. While we were expecting the main Shipping segment to show record-high figures, as they eventually did, the Lighthouse Navigation segment was guided by the company to be lower QoQ, yet, the segment's results were surprisingly higher. With dividends of NOK 0.9/sh proposed, extraordinary dividends for 1Q22 planned and a very high contract coverage for 2022, the single thing that can stop Belships now seems to be an armed conflict in Ukraine, as everything else points to very strong 2022-1H23 ahead. After a strong report, the estimates were raised, however, we acknowledge the highly increased risk due to uncertainties in the grain market following the war in Ukraine and, despite increasing the Target Price by more than 15%, downgrade the recommendation to Hold after the share rally.**

### Variations in rates, but the level remains strong

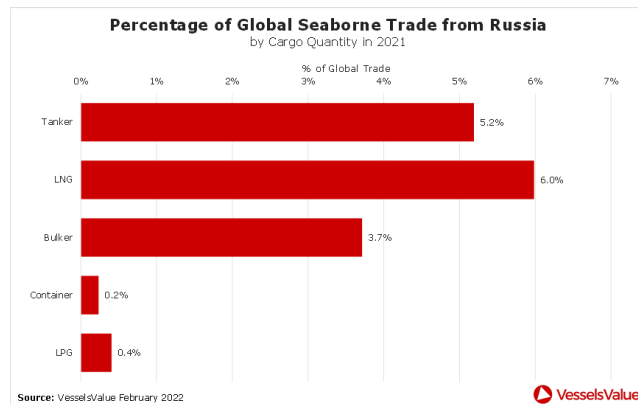
We have seen variations among the rates during the quarter, peaking towards the end of October, then sliding by the end of the year, primarily caused by China's intervention in the coal markets by capping prices and increasing domestic production, while the 1Q22 has presented yet another recovery. Overall, 2021 averaged USD 27,406 per day for Supramaxes recording the best year in a decade. Even when we expected the record-high shipping segment's figures to be reported, the posted figures were significantly stronger than predicted with EBITDA of USD 47.9m vs. our anticipated USD 37.4m. But once again the Lighthouse Navigation segment was the game changer, with guided markedly lower performance due to the drop of the spot rates, but record-high operating income reported and with an extreme EBITDA level of USD 23m, in line QoQ. All this led to NOK 0.9/sh ordinary quarterly dividends, while the company also announced plans for extraordinary dividends for 1Q22. Not sure about this, we included a conservative NOK 1/sh as an extraordinary dividend, in addition to almost NOK 0.5/sh ordinary quarterly dividend for 1Q.

### Contract coverage solid until 1H23, estimates for LHN raised

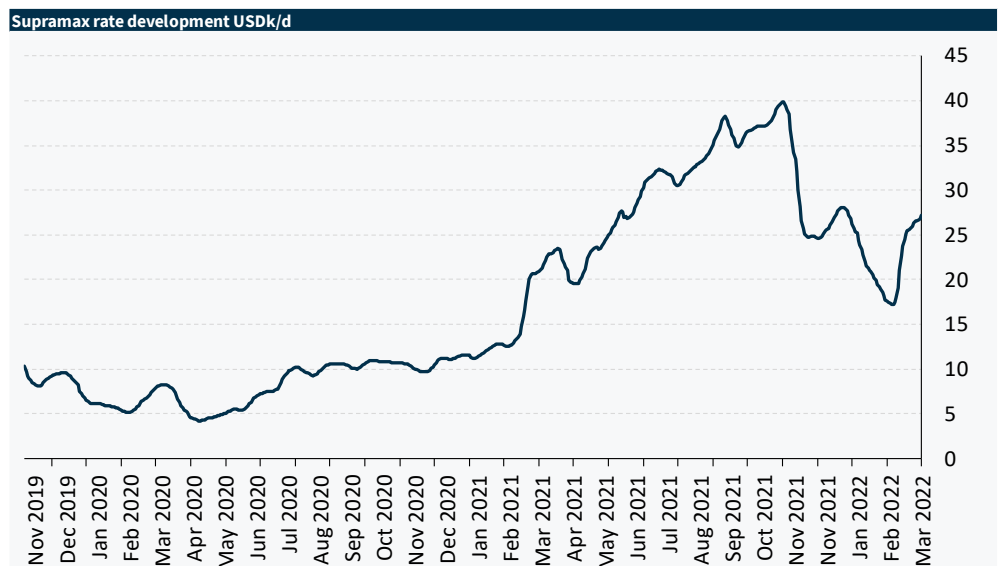
Recently the sentiment in the market significantly improved and continued solid drybulk markets are expected in the near term. While the high contract coverage signals for a continuously impressive shipping performance at least in 2022 and 1H23, the Lighthouse Navigation was said to have had a strong start of 2022 as well. Thus, we did not hold back the sentiment for LHN and strongly increased our estimates.

### The war in Ukraine can change the situation

The Ukraine-Russia armed conflict is the one thing that might stop Belships' growth with Ukraine being one of the top grain exporters and Russia being stripped of a significant amount of international cargo following all the sanctions. Although the grain volumes from Ukraine might be compensated by the U.S. or Australia, distances would shorten, while the additional impact of higher oil, meaning higher bunker prices, will build up the burden. Also, we should not forget that Russian vessels are or in the nearest future will not be welcome in a number of international ports. Although only 0.8% of bulkers belong to Russian companies (VesselsValue data), and adjusted for the distances the cargo travels, we see that 0.2% of the global trade is carried on "at risk" bulkers, we should be also looking at the percentage of a global seaborne trade from Russia, which is 3.7% for bulkers. Shipping brokers Arrow suggested the most exposed vessel class is the handysize sector of which around 16% of trade either loads or discharges in Russia or Ukraine, 10% being just Black Sea. A third of this trade is coal, but the rest is mainly split across grains, steel and fertilisers.



The drybulk shipping rates, however, proved to be somewhat resilient towards the news from the warzone, as can be seen in the chart below. Yet, we are following the development of the war in Ukraine extremely closely and suggest that the risk towards the case has increased significantly. The share continues its growth as well, and, despite increasing our Target Price to NOK 22/sh (NOK 19/sh previously) we downgrade our recommendation to Hold.



## DCF model

DCF (USDm)	2022E	2023E	2024E	2025E
Revenues excl. JV	713	569	547	560
<b>EBIT</b>	<b>153</b>	<b>120</b>	<b>92</b>	<b>89</b>
Tax on EBIT	-31	-24	-18	-18
NOPLAT (+)	123	96	73	71
Depreciation & amortization (+)	33	35	35	35
Capital expenditure (-)	-41	-43	-42	-41
Change in working capital (- or +)	15	6	0	-1
Free Cash Flow to the Firm	130	93	66	64
<b>NPV of FCFF</b>	<b>119</b>	<b>79</b>	<b>52</b>	<b>46</b>
<b>NPV of FCFF (NOK)</b>	<b>1,063</b>	<b>706</b>	<b>463</b>	<b>414</b>

WACC calculation	
Debt ratio	50%
Cost of debt (after tax)	5%
Risk free rate	2.0%
Beta	1.7
Market risk premium	6.0%
Cost of equity	12.2%
<b>WACC</b>	<b>8.5 %</b>

Valuation, NOKm	
Net debt*	2,799
Minority interest	279
NPV cash flow	
2022E - 2025E	2,645
2026E -	7,069
Total NPV cash flow	9,715
Equity value	6,637
<b>Value per share, NOK</b>	<b>26.2</b>

\*adj. for recent vessel additions and sales

Assumptions	
L.t. growth	2.5%
Tax rate	20%
USD/NOK	8.9
# shares, m	253

<b>Profit &amp; Loss (USDm)</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
<b>Operating revenues</b>	<b>22</b>	<b>22</b>	<b>25</b>	<b>27</b>	<b>63</b>	<b>135</b>	<b>168</b>	<b>665</b>	<b>736</b>	<b>592</b>	<b>569</b>
Operating expenses	-14	-12	-14	-14	-47	-102	-144	-487	-550	-438	-443
<b>EBITDA</b>	<b>8</b>	<b>10</b>	<b>11</b>	<b>13</b>	<b>16</b>	<b>34</b>	<b>24</b>	<b>178</b>	<b>186</b>	<b>154</b>	<b>126</b>
Depreciation & Amortisation	-4	-5	-5	-5	-7	-21	-27	-29	-33	-35	-35
<b>EBIT (adj)</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>9</b>	<b>13</b>	<b>-3</b>	<b>150</b>	<b>153</b>	<b>120</b>	<b>92</b>
Non-recurring items	-3	-32	-15	3	14	5	-1	11	-	-	-
EBIT	1	-27	-9	8	23	18	-5	161	153	120	92
Net interest & other financial effects	-3	-3	-6	-5	-5	-11	-13	-19	-20	-20	-20
<b>Pre-tax profit</b>	<b>-2</b>	<b>-30</b>	<b>-14</b>	<b>7</b>	<b>18</b>	<b>7</b>	<b>-17</b>	<b>142</b>	<b>134</b>	<b>100</b>	<b>72</b>
Minority interests	-	-	-	-	-	-	-	-	-	-	-
Taxes	-0	-0	-0	-0	-0	-2	-1	-9	-27	-20	-14
<b>Profit after tax</b>	<b>-2</b>	<b>-30</b>	<b>-15</b>	<b>6</b>	<b>18</b>	<b>5</b>	<b>-18</b>	<b>133</b>	<b>107</b>	<b>80</b>	<b>58</b>
<b>EPS rep. (USD)</b>	<b>-0.03</b>	<b>-0.64</b>	<b>-0.31</b>	<b>0.14</b>	<b>0.10</b>	<b>0.02</b>	<b>-0.08</b>	<b>0.53</b>	<b>0.42</b>	<b>0.32</b>	<b>0.23</b>
<b>EPS adj. (USD)</b>	<b>0.03</b>	<b>0.04</b>	<b>-0.01</b>	<b>0.09</b>	<b>0.02</b>	<b>0.01</b>	<b>-0.07</b>	<b>0.47</b>	<b>0.42</b>	<b>0.32</b>	<b>0.23</b>
<b>Margins</b>											
Operating margin	19%	24%	25%	19%	14%	10%	-2%	22%	21%	20%	16%
Tax rate	-1%	-1%	-1%	4%	2%	25%	-3%	6%	20%	20%	20%
<b>Growth rates (YoY)</b>											
Operating revenues	-15%	0%	16%	7%	129%	116%	24%	295%	11%	-20%	-4%
EBIT (adj)	-18%	24%	23%	-17%	69%	47%	-126%	nm	3%	-22%	-23%
EPS (adj)	-40%	16%	nm	nm	-74%	-66%	-1048%	nm	nm	-25%	-28%

Balance sheet (USDm)	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Goodwill	-	-	-	-	-	-	-	-	-	-	-
Deferred tax asset	-	-	-	-	-	-	-	-	-	-	-
Licences, property, plant & equipment	103	92	93	92	243	321	381	585	593	601	608
Other intangible assets	2	2	3	2	2	12	8	15	15	15	15
<b>Non-current Assets</b>	<b>105</b>	<b>94</b>	<b>96</b>	<b>94</b>	<b>245</b>	<b>333</b>	<b>389</b>	<b>600</b>	<b>608</b>	<b>616</b>	<b>623</b>
Inventory	-	-	-	-	4	6	5	16	16	16	16
Receivables	1	1	1	3	12	15	30	52	37	32	32
Other current assets	-	-	-	-	-	-	6	24	24	24	24
Cash and cash equivalents	8	8	8	5	32	44	34	105	127	161	182
<b>Current Assets</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>8</b>	<b>48</b>	<b>65</b>	<b>76</b>	<b>198</b>	<b>205</b>	<b>233</b>	<b>254</b>
<b>Total assets</b>	<b>114</b>	<b>103</b>	<b>106</b>	<b>102</b>	<b>294</b>	<b>398</b>	<b>464</b>	<b>798</b>	<b>813</b>	<b>849</b>	<b>876</b>
Shareholders equity	65	34	20	26	121	152	144	242	257	293	320
Non-controlling interests	0	0	0	0	3	4	6	31	31	31	31
<b>Total equity</b>	<b>65</b>	<b>35</b>	<b>20</b>	<b>26</b>	<b>124</b>	<b>156</b>	<b>150</b>	<b>273</b>	<b>288</b>	<b>324</b>	<b>352</b>
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-
Long-term interest bearing debt	41	58	74	64	133	202	247	413	413	413	413
Other long-term liabilities	2	3	2	2	3	3	3	2	2	2	2
<b>Non-current liabilities</b>	<b>42</b>	<b>60</b>	<b>76</b>	<b>66</b>	<b>137</b>	<b>205</b>	<b>250</b>	<b>415</b>	<b>415</b>	<b>415</b>	<b>415</b>
Current interest bearing debt	5	6	7	7	15	13	34	24	24	24	24
Trade payables	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities	2	2	3	3	19	23	30	86	86	86	86
<b>Current liabilities</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>33</b>	<b>36</b>	<b>64</b>	<b>110</b>	<b>110</b>	<b>110</b>	<b>110</b>
<b>Total liabilities</b>	<b>49</b>	<b>68</b>	<b>85</b>	<b>76</b>	<b>170</b>	<b>242</b>	<b>314</b>	<b>525</b>	<b>525</b>	<b>525</b>	<b>525</b>
<b>Total liabilities and equity</b>	<b>114</b>	<b>103</b>	<b>106</b>	<b>102</b>	<b>294</b>	<b>398</b>	<b>464</b>	<b>798</b>	<b>813</b>	<b>849</b>	<b>876</b>
Working capital	1	1	1	3	16	20	36	69	54	48	48
Net IB debt	38	55	73	65	116	171	247	332	310	276	256
Capital employed	107	95	96	92	260	362	400	688	703	739	766
Net IB debt / equity	58%	161%	368%	251%	96%	113%	172%	138%	121%	94%	80%
Equity / total assets	56%	33%	19%	25%	41%	38%	31%	30%	32%	35%	37%

Share data	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Shares outstanding, year end (mill.)	46.8	46.8	46.8	46.8	174.6	212.2	212.2	253.1	253.1	253.1	253.1
Share price, year end (NOK)	3.96	2.38	3.97	4.82	5.00	7.25	6.30	14.10	19.60	19.60	19.60
Market cap (NOKm)	185	111	186	226	873	1,539	1,337	3,569	4,961	4,961	4,961
Enterprise value (NOKm)	447	587	798	761	1,878	3,135	3,622	6,744	8,036	7,728	7,545
EPS rep. (USD)	-0.03	-0.64	-0.31	0.14	0.10	0.02	-0.08	0.53	0.42	0.32	0.23
EPS adj. (USD)	0.03	0.04	-0.01	0.09	0.02	0.01	-0.07	0.47	0.42	0.32	0.23
DPS. (USD)	0.007	-	-	-	0.003	0.005	-	0.21	0.31	0.16	0.11
Dividend pay-out ratio	nm	0%	0%	0%	3%	21%	0%	40%	74%	50%	50%

Valuation	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
EV/Sales	2.9	3.1	3.7	3.4	3.6	2.6	2.4	1.2	1.3	1.5	1.5
EV/EBITDA	7.7	7.0	8.4	7.0	14.1	10.2	16.8	4.3	4.8	5.6	6.6
EV/EBIT (adj)	15.5	13.3	14.9	10.8	25.0	26.4	neg	5.2	5.8	7.2	9.2
P/E (adj)	16.9	7.1	neg	6.9	26.3	>100	neg	3.5	5.2	6.9	9.6
P/B (excl. goodwill)	0.4	0.4	1.1	1.1	0.9	1.1	1.0	1.7	2.1	1.9	1.7

Growth (YoY)	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Revenues	-15%	0%	16%	7%	125%	116%	25%	293%	10%	-20%	-4%
EBITDA	-9%	17%	14%	18%	19%	113%	-29%	643%	4%	-17%	-18%

Margins	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
EBITDA	38.3 %	44.9 %	44.4 %	48.6 %	25.2 %	24.8 %	14.2 %	26.8 %	25.3 %	26.1 %	22.2 %
EBIT (adj)	19.0 %	23.6 %	25.1 %	19.3 %	14.2 %	9.6 %	-2.0 %	22.5 %	20.8 %	20.2 %	16.1 %
Pre-tax profit	nm	nm	nm	24.3 %	29.0 %	5.0 %	-10.2 %	21.4 %	18.2 %	16.9 %	12.7 %
Net profit	nm	nm	nm	23.2 %	28.4 %	3.8 %	-10.5 %	20.1 %	14.5 %	13.5 %	10.1 %

Profitability	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
ROE	2.4 %	3.7 %	-2.2 %	17.6 %	5.4 %	1.2 %	-10.6 %	61.3 %	43.0 %	29.1 %	18.8 %
ROCE	3.8 %	5.1 %	6.7 %	9.2 %	5.0 %	4.2 %	-0.9 %	27.5 %	22.1 %	16.6 %	12.2 %
Dividend yield	1.3 %	0.0 %	0.0 %	0.0 %	0.6 %	0.6 %	0.0 %	13.0 %	14.3 %	7.3 %	5.2 %

## Recommendation, valuation, risk and sources

### Recommendation and target price

Recommendation history for Belships during the last 12 months:

Date	Recommendation	Target price (NOK)
03/03/2022	HOLD	22.00
15/02/2022	BUY	19.00
18/11/2021	BUY	19.00
04/11/2021	BUY	18.00
23/08/2021	BUY	17.00
08/07/2021	BUY	16.00
27/05/2021	BUY	12.00
18/05/2021	BUY	11.00
25/02/2021	BUY	9.00

### Valuation

To arrive at our share price target, we have used the DCF model and applied 15% discount.

### Risks

The main risks to our recommendation on Belships are the following:

- Highly cyclical and volatile nature of the shipping industry and freight market may have a material adverse effect on the Group's business, financial condition, operating result and liquidity.
- A deterioration in global economic conditions or an over-supply of dry bulk capacity may lead to reduction in charter rates and vessel values which could materially adversely affect the Group's business, financial condition and results of operations
- Increases in bunker fuel prices and other operating costs may significantly increase the Group's voyage expenses relating to the operation of its vessels on the spot market
- The Group transports cargoes and commodities across a wide variety of national jurisdictions, which exposes the Group to risks inherent in operating internationally and in politically unstable regions.
- The Group may not be able to implement its business strategy successfully or manage its growth effectively
- The Group derives a significant portion of its revenues from a limited number of customers
- Over time, vessel values may fluctuate substantially and this may result in impairment charges and the Group could also incur a loss if these values are lower at a time when the Group is attempting to dispose of a vessel
- The ageing of the fleet or unexpected repairs may result in increased operating costs in the future
- The Group is subject to international safety and environmental regulations
- Changes in taxation law or the interpretation of taxation law may impact the business, results of operations and financial condition of the Group

### Sources

The sources used in the preparation of this report were: Belships, Oslo Stock Exchange, Infront and Bloomberg.

# DISCLOSURES AND DISCLAIMER

## STANDARDS AND SUPERVISORY AUTHORITY

This report has been prepared by Norne Securities AS, which is supervised by The Financial Supervisory Authority of Norway (Finanstilsynet). Industry standards issued by The Norwegian Securities Dealers Association (Verdipapirforetakenes Forbund) ([www.vpff.no](http://www.vpff.no)) have been used in preparing this report.

## DISCLAIMER

This report is provided for information purposes only. It should not be used or considered as an offer to sell or a solicitation of an offer to buy any securities. This report is prepared for general circulation and general information only. It does not take into account the specific investment objectives, investment knowledge and experience and financial situation of any recipient. Investors seeking to buy or sell any securities discussed or recommended in this report, should seek independent financial advice relating thereto and make his/her own appraisal of the tax or other financial merits of the investment. Any opinions expressed are subject to change without prior notice. This report is based on information from various sources believed to be reliable. Although all reasonable care has been taken to ensure that the information herein is not misleading, Norne Securities AS makes no guarantee, representation or warranty, expressed or implied as to its accuracy, adequacy or completeness. Neither Norne Securities AS, its employees, nor any other person connected with it, accepts any liability whatsoever for any direct, indirect or incidental, special or consequential loss of any kind arising out of the use or reliance on the information in this report.

This report is intended for use only by those persons to whom it is made available by Norne Securities AS. This report may not be distributed, quoted from or reproduced, in full or in part, in any manner without written approval by Norne Securities AS.

## RECOMMENDATION STRUCTURE

Norne Securities' general recommendations – Buy, Hold and Sell – are based on the expected absolute return on the financial instrument within the next 12 months, which equals to an upside to the target price, in combination with a risk profile. The target price represents the price level which the analyst expects the financial instrument to trade at within the coming 12 months. The table below shows the ranges of returns under different risk levels, based on which the recommendation is being determined:

Risk	Total return next 12 months (upside to target price)		
	Buy	Hold	Sell
Low	> 10%	2% - 10%	< 2%
Medium	> 15%	3% - 15%	< 3%
High	> 25%	5% - 25%	< 5%

Our risk assessments range from “high risk” to “medium risk” and “low risk” and are based on a subjective assessment of the following factors: 1) volatility in the share price, 2) liquidity in the share, 3) strength of the balance sheet, 4) absolute earnings level and trend and 5) estimate risk.

Share prices used in the report are as of market close on the last trading day if the report is being published before the stock market opening, or market price within 15 min. before the publication if the report is published during the trading hours of the Oslo Stock Exchange.

## TARGET PRICE AND UPDATES

Target prices may be based on one or several valuation methods, for instance, the discounted cash flow (DCF) analysis or applying “fair” pricing multiple(s) based on historical valuation or peer pricing level. Target price may not necessarily equal to the “fair value” of the financial instrument – certain discount or premium is possible due to various reasons, depending on the analyst’s view of what the price may be within the 12 months period. Norne Securities plans to update the recommendation based on the following events: the target price is achieved; new accounting figures are released; any significant news on the company or its industry is announced.

## DISCLOSURE OF INTERESTS

Norne Securities AS may at any time perform investment banking or other services or solicit investment banking or other mandates from the company or companies covered in this report. Norne Securities AS may hold positions in securities covered in this report due to its own-account trading that is part of its investment services operations, such as market making. Norne Securities AS has appointed and may at any time appoint tied agents to provide investment services on behalf of Norne Securities AS. Tied agents are listed in the public registry of the Norwegian Financial Supervisory Authority, and an updated overview of appointed tied agents of Norne Securities AS can be found on [Compliance | Norne Securities](#).

## PREVENTING CONFLICTS OF INTEREST

Norne Securities AS has arrangements in place with the aim of preventing conflicts of interest. As part of these arrangements, Norne Securities AS has established information barriers between different parts of the company to restrict and control the exchange of sensitive information. No direct link exists between remuneration of the Norne Securities AS analysts and investment banking services provided by Norne Securities AS, but analysts may receive a bonus under the firm’s general bonus scheme. Under our internal regulations, which have been prepared in accordance with applicable legislation and relevant industry standards, our analysts are not permitted to purchase new securities in the companies they cover.



## POTENTIAL CONFLICTS OF INTEREST

### Norne Securities AS is a market maker in the shares of Belships.

This report has not been presented to the issuer before dissemination for a check of factual information.

Share holdings of Norne employees in Belships:

Responsible analyst(s)	0
All Norne analysts	0
Other Norne employees	0
Norne Securities AS	0

The overview of share holdings is updated continuously. A list of total share holdings of the Norne Securities' employees and the date of last overview can be found on [Compliance | Norne Securities](#). Shareholdings that Norne Securities AS owns as a result of own-account trading that is part of its investment services operations (such as market making) are not included in the table above.

Distribution of Norne Securities' recommendations during three months up till December 31, 2021:

	Buy	Hold	Sell
Total	69	27	1
% of total	71%	28%	1%
Corporate clients*	36	13	1
% of corporate clients*	72%	26%	2%

\* Includes publicly disclosed not immaterial investment banking services or issues of financial instruments where Norne Securities AS has been lead manager or co-lead manager, and market making clients during the 12 months prior to the overview date.

### CAUTIONARY NOTE REGARDING RISK

An investment in the company involves risk, and several factors could cause the actual results, performance or achievements of the company to be materially different from future results, performance or achievements that may be expressed or implied by statements and information in this presentation. Including, among others, risk or uncertainties associated with the company's business segments, development, growth management, financing, market acceptance and relations with customer, and more generally, general economic and business conditions, changes in domestic and foreign laws and regulations, taxes, changes in competition and pricing environment, fluctuations in currency exchange rates and interest rates and other factors. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this document. Past performance is not a guide to future performance. Investing in securities may result in a loss of all or part of the investment.

### DISTRIBUTION RESTRICTIONS

This report is not intended for and must not be distributed to private customers in the UK or US. Norne Securities AS and its employees are not subject to the Rules of the Financial Industry Regulatory Authority (FINRA) governing research analyst conflicts. The research reports are intended for distribution in the United States solely to "major U.S. institutional investors" as defined in Rule 15a-6 under the United States Securities Exchange Act of 1934, as amended and may not be furnished to any other person in the United States. Each major U.S. institutional investor that receives a copy of a Norne Securities AS research report by its acceptance thereof represents and agrees that it shall not distribute or provide copies to any other person. Reports are prepared by Norne Securities AS and distributed to major U.S. institutional investors under Rule 15a-6(a)(2).

### COPYRIGHT

This report may not be duplicated, photocopied or otherwise reproduced, in full or in part, under applicable copyright laws.

THIS REPORT IS SUBJECT TO NORWEGIAN LAW, AND ANY DISPUTE ARISING IN RESPECT OF THIS REPORT IS SUBJECT TO THE EXCLUSIVE JURISDICTION OF NORWEGIAN COURTS.