# CAPITAL MARKETS DAY

Shippingklubben, Oslo 19 September 2012

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AGENDA		
09:00 - 09:10	Welcome and practicalities	
09:10 - 09:30	Introduction and strategy update Roar Bekker, CEO	
09:30 - 09.50:	Asset light and flexible business model Svein Knudsen, CFO	
09.50 - 10:25	<b>Technology and operations</b> <i>David Neser, COO and CTO</i>	
10:25 - 10:45	Break with refreshments	
10.45 - 11.30	Building the EM market Dave Ridyard, EVP Strategic Business Development	
11:30 - 12:00	Summary and Q&A Roar Bekker, CEO	
12.00 - 13:00	Lunch	
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## ASSET LIGHT SCALABILITY: EQUIPMENT

### Full equipment set

- 150 receivers, dual source and handling system, and processing capabilities
- Lead time of 9 months
- Capital expenditure: USD 20 million

#### Fifth equipment set

- Available in the first half of 2013
- Receivers can be used on fifth vessel or to increase productivity on the other four vessels









### SUMMARY

### Strong financial position

- Record-high financial results
- Equity ratio of 59%
- · Solid cash position

### Expanding multi-client activity

- Adding industry experience to the team
- Goal 2015: 25% revenues from MC

### Scalable and asset light business model

- Flexible vessel charters with options
- Short lead time on new equipment
- Capex on new equipment sets funded by cash flow from operations





















		Standard	Deep <b>Xpress</b>	Shelf <b>Xpress</b>
State State	Water Depth Range	40-3500 m	40-4000 m	10-700 m
	Current	1,250 A	1,500 A	7,200 A
	Power	100 kW	110 kW	1200 kW
	Current Measurement Precision	2%	<1%	<1%
	Timing accuracy	1000 uS	<100 uS	<100 uS
	Bandwidth (Hz)	0–10 Hz (5Hz notch)	0 – 25 HZ	0 – 12 Hz
	Tow Speed	2-3 knots	3-4 knots	3-4 knots

























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# BUILDING THE EM MARKET Outline Be #1 in EM E&P environment Expand application window - Where are companies spending - Who is spending Accelerate customer adoption Increase customer penetration · Expanding the application window - Smaller targets - Deeper targets - Continental shelf · Building confidence in EM • Building portfolio value with EM · Broadening the scope of EM - Regional exploration - Structural imaging 🕿 emgs

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### BUILDING THE EM MARKET Outline Boletín de Prensa E&P environment - Where are companies spending etin 54/2012 - Who is spending President Calderon announced the first discovery of crude oil made in the deep waters of the Gulf of Mexico · Expanding the application window The Trión 1 well has confirmed the existence of light crude oil deposits - Smaller targets Mexican President Felipe Calderón announced today the first discovery of crude oil in the eep waters of the Gulf of Mexico, which confirmed the existence of light crude oil deposits in the erdido Fold Belt province. - Deeper targets - Continental shelf President Calderón was joined by PEMEX's Chief Executive Officer, Juan José Suárez peal and by the Ministry of Energy, Jordy Herrera, at Los Pinos—official residence and office of President: where the explaind the location of the Trinh u rell, 177 km off the coast of maulipas and the successful discovery of crude oil made by this well. • Building confidence in EM The well is located 39 km south of the border territory with the United States of America and was dified at a total depth of 2.500 meters and current depth of 4.5 km, including the scattory crust. FERCX began drilling this well on June with the state-of-the-art Bicenterunio platform that was built in locas. · Building portfolio value with EM · Broadening the scope of EM The total well thickness saturated is 320 meters, with porosity between 18 and 25% and permeability of up to 250 milidarcys, just enough to guarantee productivity and an estimated flow of up to 10 thousand barrels per day. - Regional exploration - Structural imaging PRIVEX ES VICTINA DE ACTOS LICITOS QUE PONIEN EN RESIDO A LA POBLACIÓN ierres roban combustible a PEMEX. Llame sin costo desde cualquier parte de la República al 61 MIO 220 96 60 Su vito 🕿 emgs

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# SUMMARY

### **Current status**

- Robust E&P environment
- 4 vessels operating

### Growth potential

- Increased customer adoption
- New technology
  - Deeper penetration
  - Increased resolution
  - Continental shelf applications
- New applications
  - Regional exploration
  - Portfolio scale de-risking
  - Development applications
  - Structural imaging

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# ACCOUNTING PRINCIPLES MULTI-CLIENT

### **Revenue recognition**

- Prefunding (from start to completion of data acquisition): Percentage of completion
- Late sales (after completion of data acquisition): Upon delivery of data to customer
- <u>Uplift</u> (fee paid when licensee is awarded blocks in licensing round): Upon formal award by authorities

### **Cost capitalization**

- Direct costs of surveys are capitalized as investments in the balance sheet
- Direct costs: data acquisition, data processing and other direct project costs

### Amortization

- Investments are amortized over 3 years as a function of cost of survey over estimated revenues
- Four profitability categories with amortization rates of 45, 60, 75 & 90%
- · Forced amortization applied if sales do not meet expectations

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