



# EMGS COMPANY UPDATE.

Oslo, 7 March 2018

CEO Christiaan Vermeijden

DNB Oil, Offshore and Shipping Conference

Spot the difference.

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# Agenda

1. CSEM Today
2. Full Year Financials
3. Outlook and Refinancing





# CSEM Today

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# Marine EM / CSEM method

## Passive source (MT)

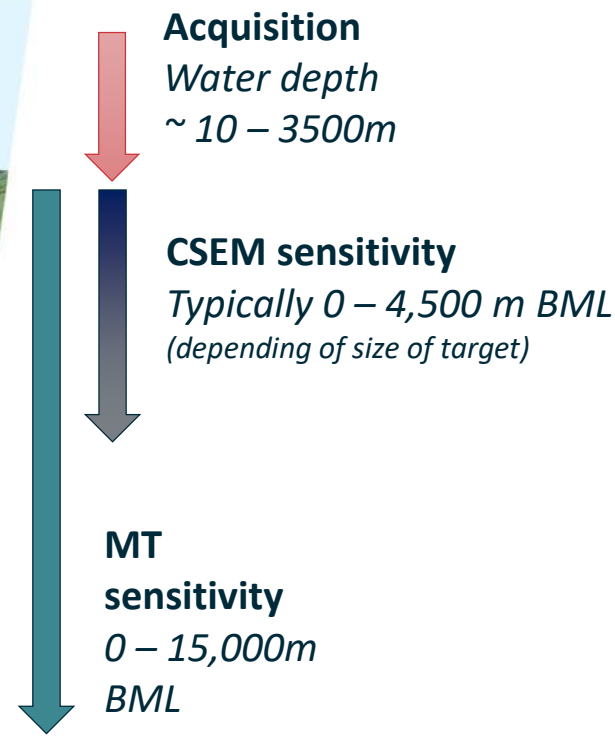
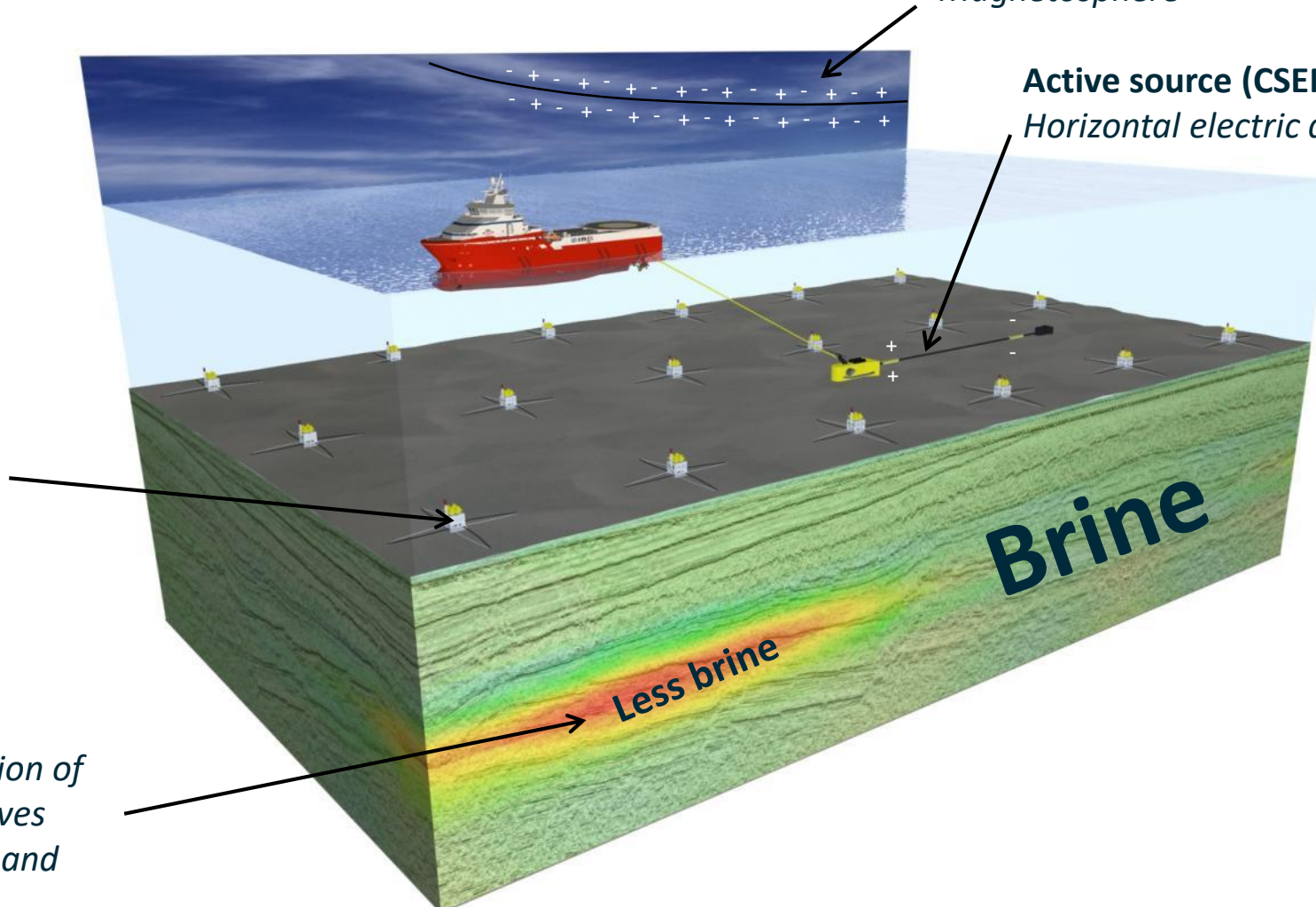
Natural EM field generated by the interaction of solar wind with the Magnetosphere

## Active source (CSEM)

Horizontal electric dipole (HED)

Multi-component EM seabed receiver  
Electric and magnetic field sensors

Result  
Integrated interpretation of seismic and EM improves exploration outcomes and reduces risk



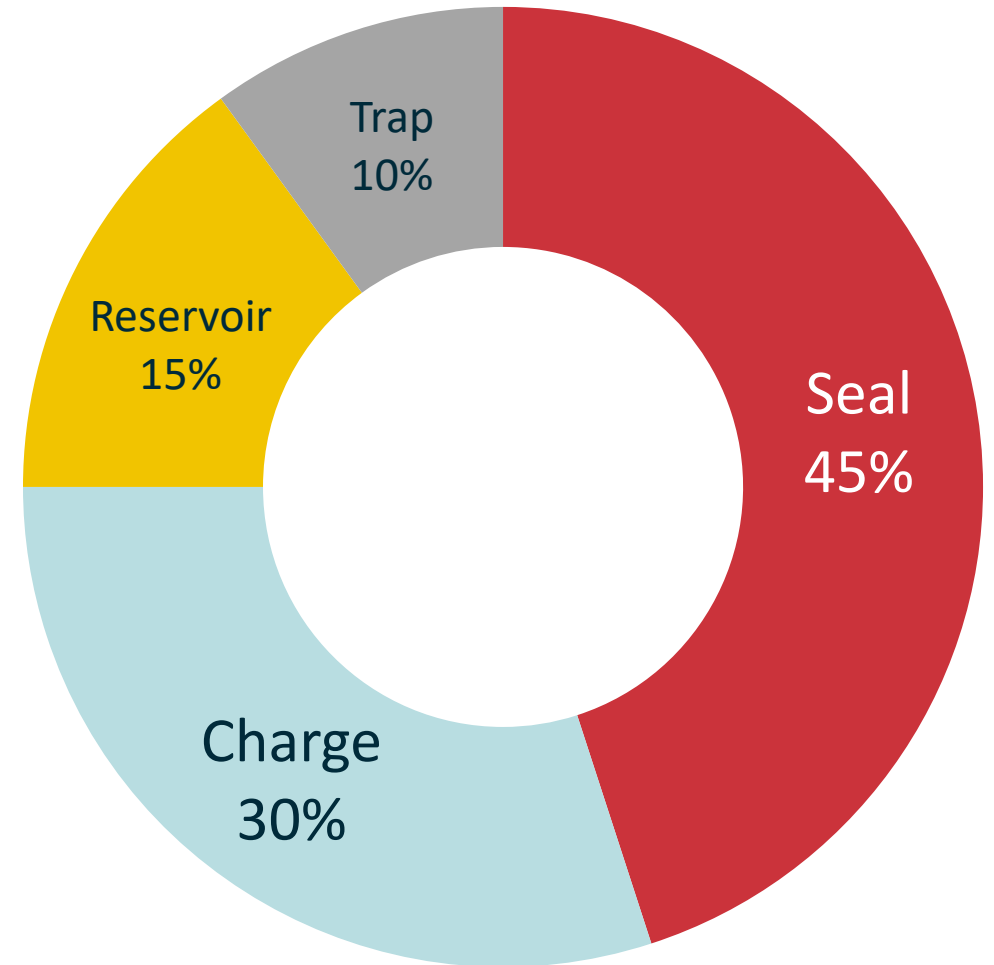
# De-risking offshore exploration

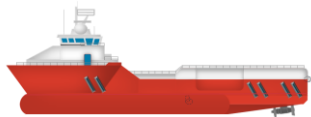
- Most offshore exploration wells fail to find commercial volumes of hydrocarbons
- The primary reason for failure is lack of seal and charge

	Trap		Reservoir	Charge	Seal	Volumes
	Structural	Strat.				
3D Seismic	●		●			
3D CSEM		●		●	●	●

## Post drilling failure analysis from a supermajor

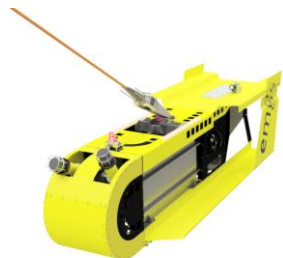
165 wild cat wells, 121 dry, Pg 27%





900

surveys acquired



235.000

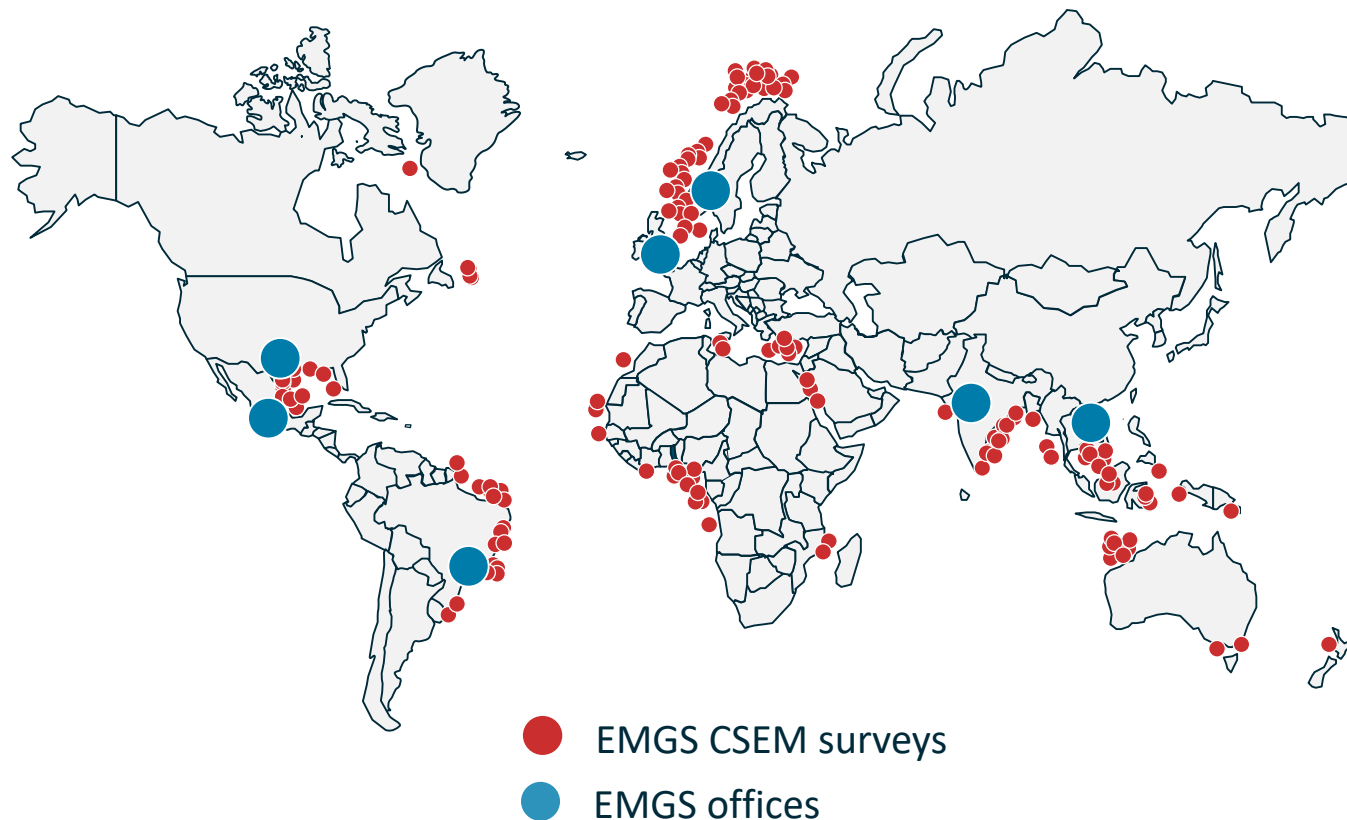
kilometers towed



60.000

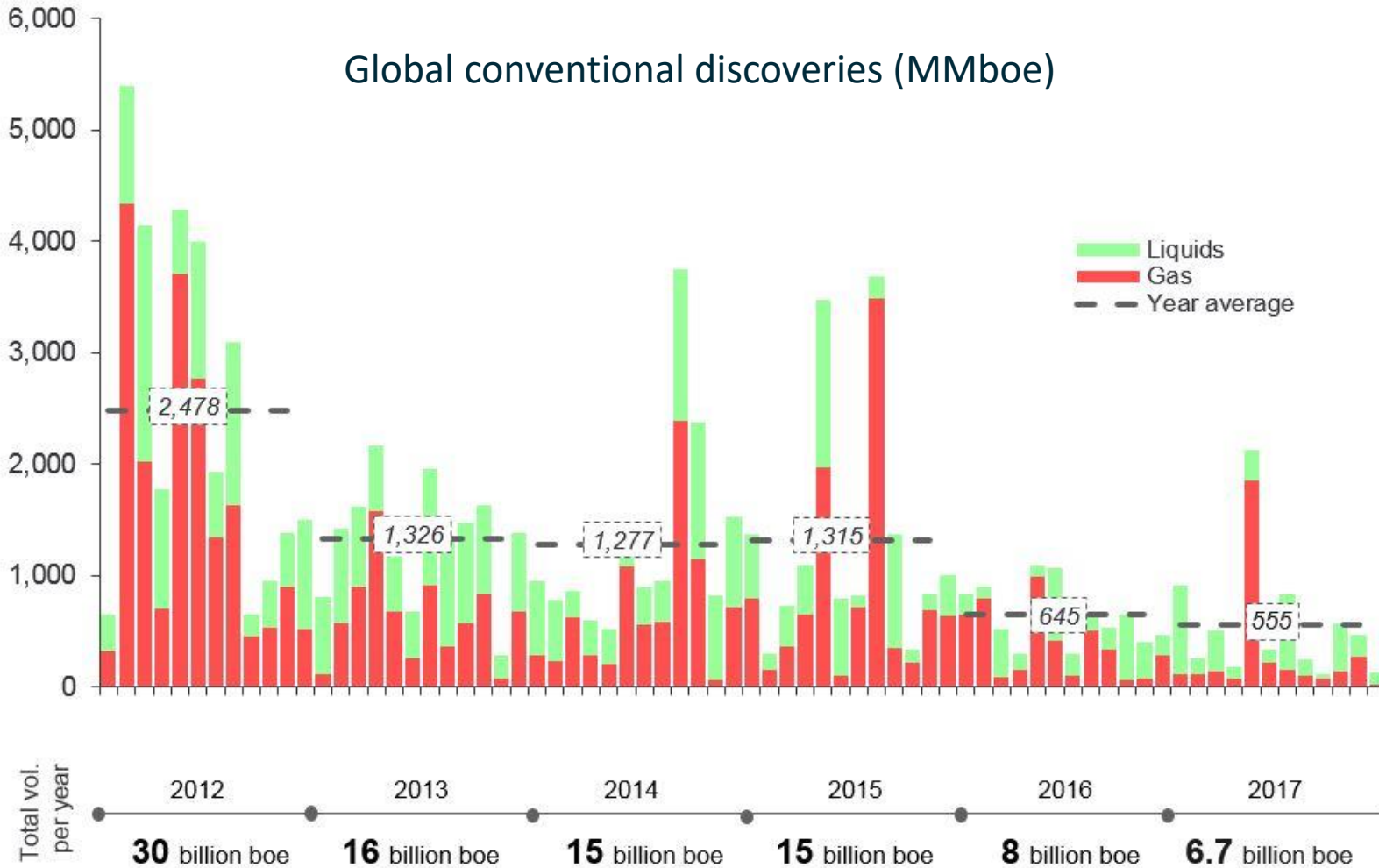
receivers deployed

# EMGS experience



- EMGS was founded in 2002, as a spin-off from Statoil where the technology was pioneered
- In 2007, EMGS was listed on Oslo stock exchange, and has operated 2-4 CSEM acquisition vessels until present time
- Offices in Trondheim, Oslo, Houston, Kuala Lumpur, London and Geoscience Service Centers in Mexico City, Mumbai and Rio de Janeiro

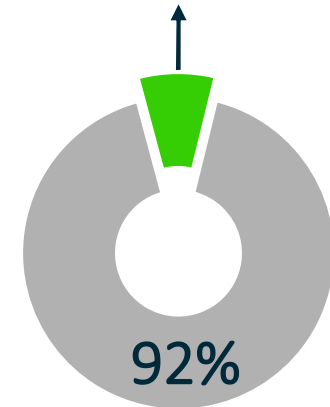
# Global exploration success rates are low



Source: Rystad Energy UCube and Rystad Energy research and analysis



Only 8% of 110 frontier wells in the Atlantic Margin was considered commercial (from 2007-2015)



were non-commercial or dry

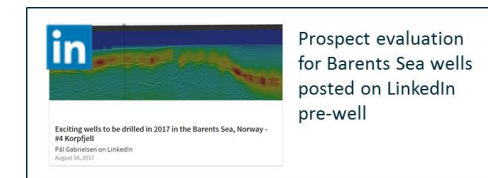
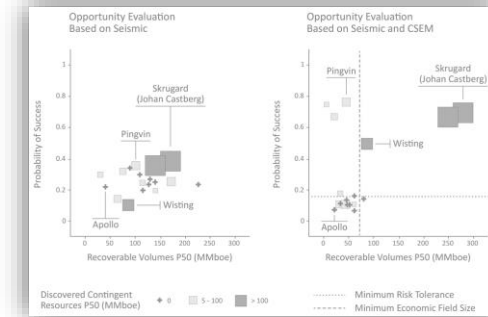
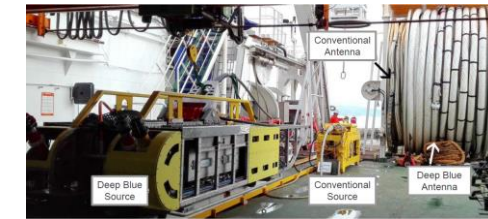
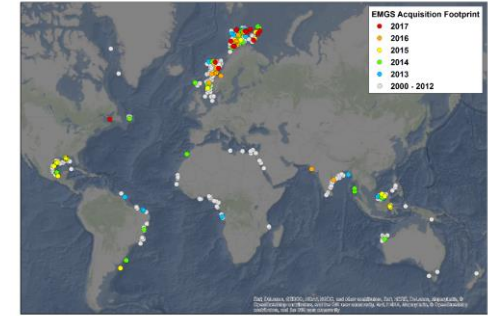
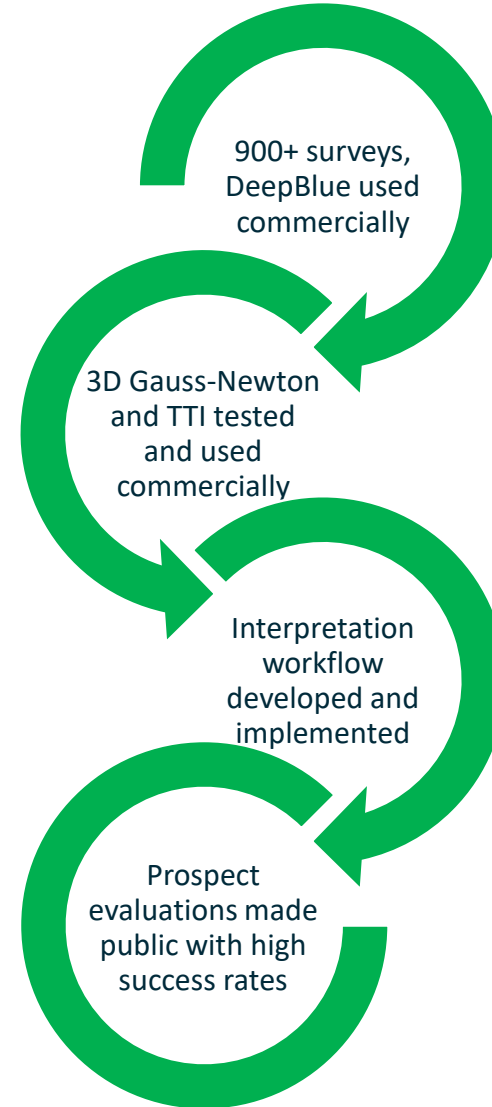
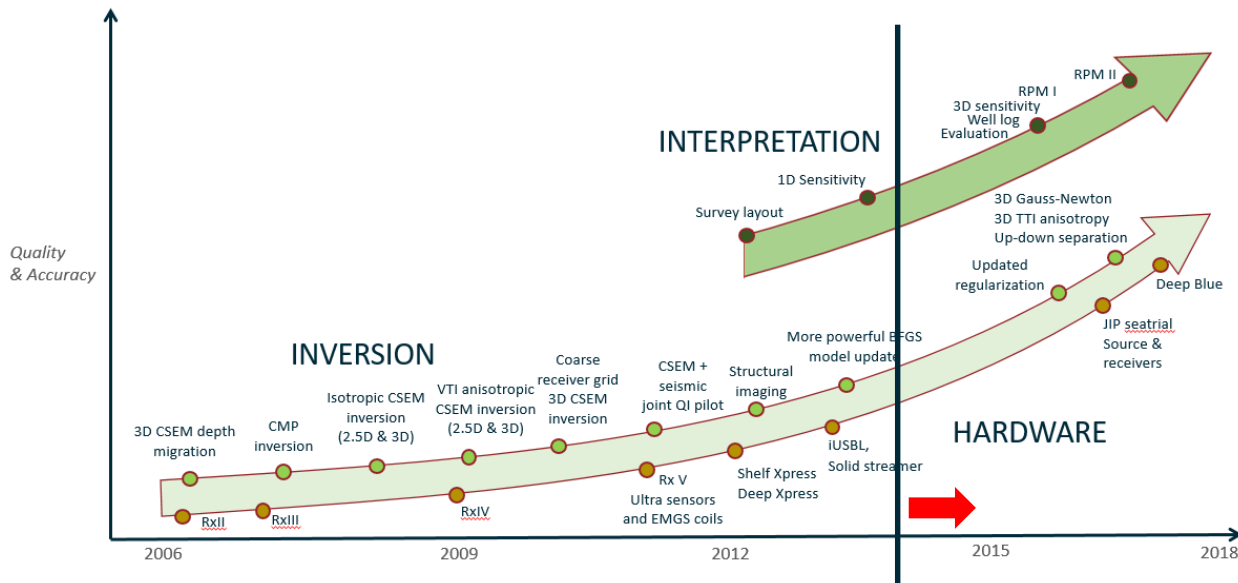
Atlantic margin

Source: Richmond Energy Partners / Westwood Group



# Developments at EMGS since 2014

## Hardware, Inversion & Interpretation technology milestones



# Liza – the discovery that almost didn't happen

**Liza-1 had a 20% chance of success pre drill.** After drilling, ExxonMobil's next exploration target on the block was Skipjack — which was dry.

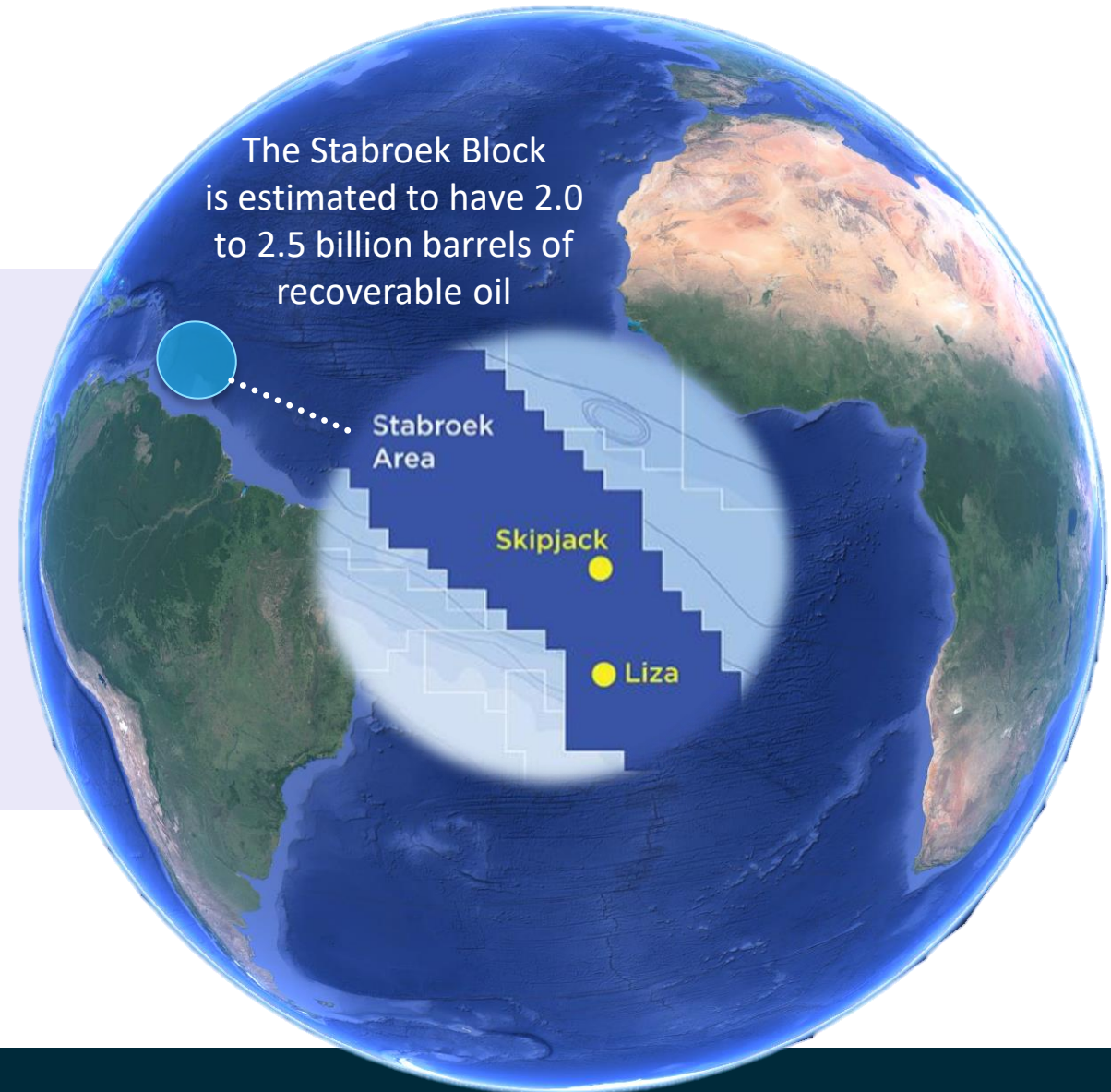
“Skipjack and Liza - if you put them next to each other - looked identical”

“They are both stratigraphic traps, had very similar characteristics and all I can say is I'm very, very happy we drilled them in the order we did.”

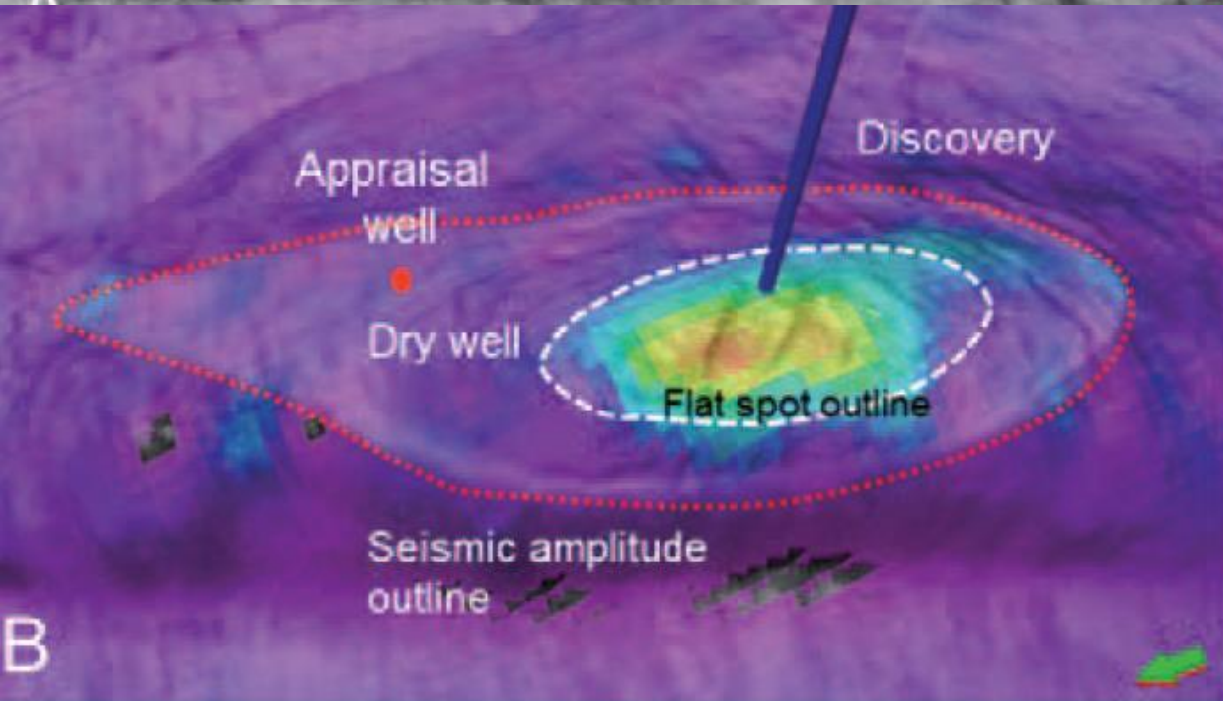
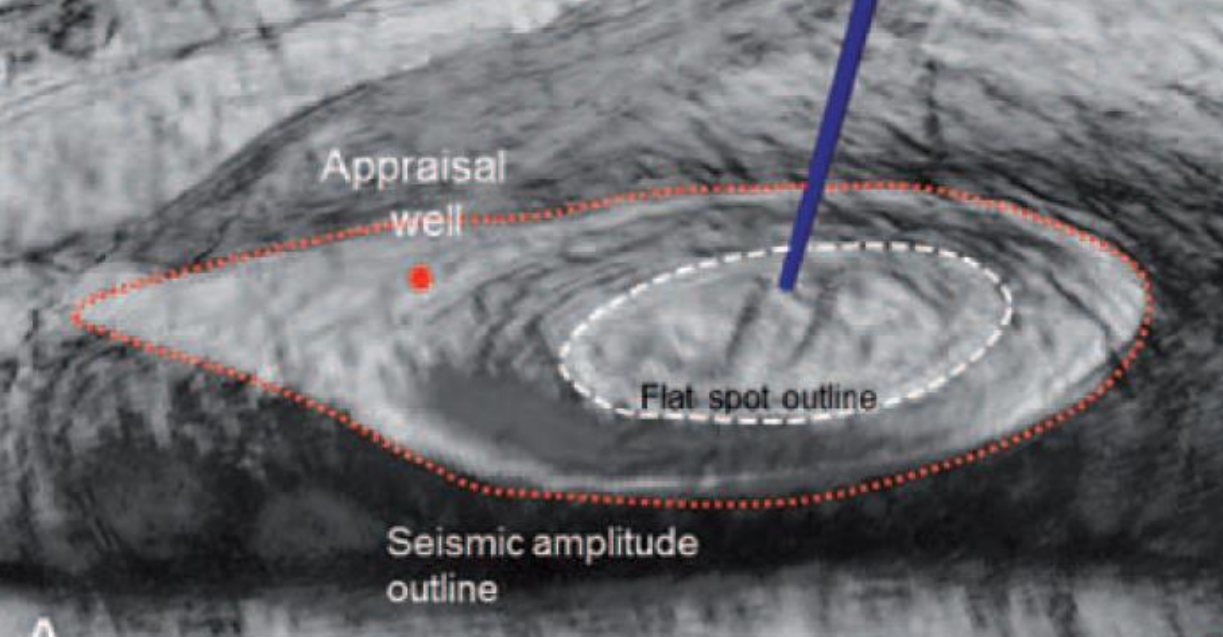


March 3rd 2017

*Jeff Simons*  
Guyana Country Manager  
ExxonMobil







## Reducing uncertainty by integrating 3D CSEM in the Mexican deep-water exploration work flow

*José Antonio Escalera Alcocer, Marco Vázquez García, and Humberto Salazar Soto, Daniel Baltar, Valente Ricoy Paramo, Pål T. Gabrielsen and Friedrich Roth show with four case studies how the inclusion of 3D CSEM resistivity data with seismic and other data provided more confidence in Pemex reservoir evaluations and so positively impacted the company's exploration programme.*

From FirstBreak Volume 31, April 2013





# Full Year Financials, Outlook and Refinancing

Spot the difference.

# 2017 : Revenues and costs down

## Full Year Financials

- Revenues of USD 35.9 million (down from USD 44.5 million FY 2016)
- EBITDA of USD 2.1 million (up from negative USD 8.9 million FY 2016)
- Reduction of OPEX to USD 52.7 million (USD 89.6 million in FY 2016)

## Sales & Operations

- Dominated by multi-client revenues in Norway
- First commercial project with the new source (DeepBlue)
- Multi-client sales, reprocessing and consultancy revenues in the Americas
- Announced prefunded multi-client surveys in AsiaPacific

## Market Development

- Increase in oil price supportive of future growth
- Caution required as no significant change to backlog recorded



# Market update | Refinancing plan communicated

## Comments

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- Prospects being developed in- and outside of Norway to keep the vessels utilized
- Some early signs that MC market will shift back to proprietary work in 2018
- Backlog remains under pressure and continued limited visibility
- The Company expects market fundamentals to improve slightly going into 2018
- Refinancing plan communicated

## Details of refinancing plan

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- Rights issue: USD 10.0 - 12.5 m, of which USD 10.0 m is fully underwritten, proceeds to be used for general corporate purposes
- Convertible bond:
  - USD 32.5 m, fully underwritten
  - Proceeds to be used to refinance the Company's existing bond
  - Conversion price equal to 135% of the subscription price in rights issue
  - Reduced free cash covenant (USD 2.5 m), denomination in USD
  - Maturity in 2023





Questions?

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