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EMGS COMPANY UPDATE

Oslo, 12 September 2018

Christiaan Vermeijden, CEO

Agenda

1. EMGS Today
2. Introduction to the technology and application
3. Company Vision
4. CSEM commitments, regulator support
 - a) 24th round Norway
 - b) Americas
5. Key milestones
6. Financials and outlook
7. Questions



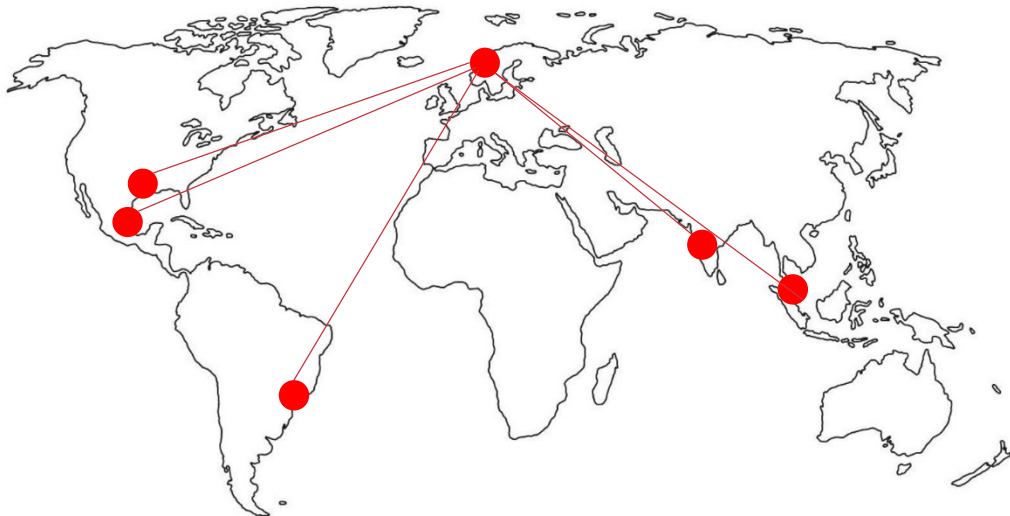
EMGS Today

Leading marine controlled-source electromagnetic service provider

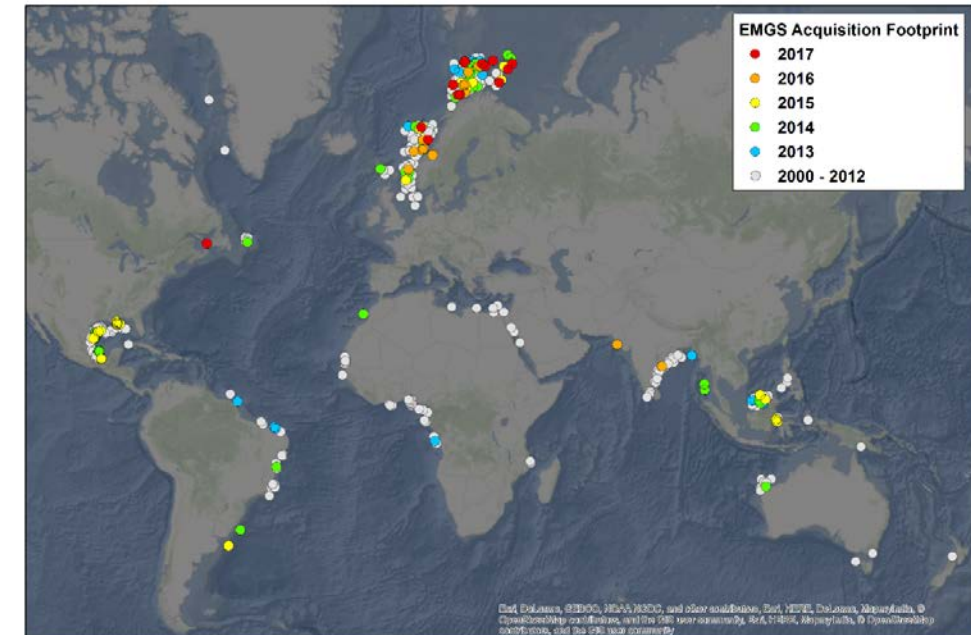
HQ: Trondheim

Global reach: Oslo, Trondheim, Houston, Rio de Janeiro, Kuala Lumpur, Mexico City and Mumbai

Dedicated staff: 120 full time employees



EMGS growing multi-client library >110,000 km sq

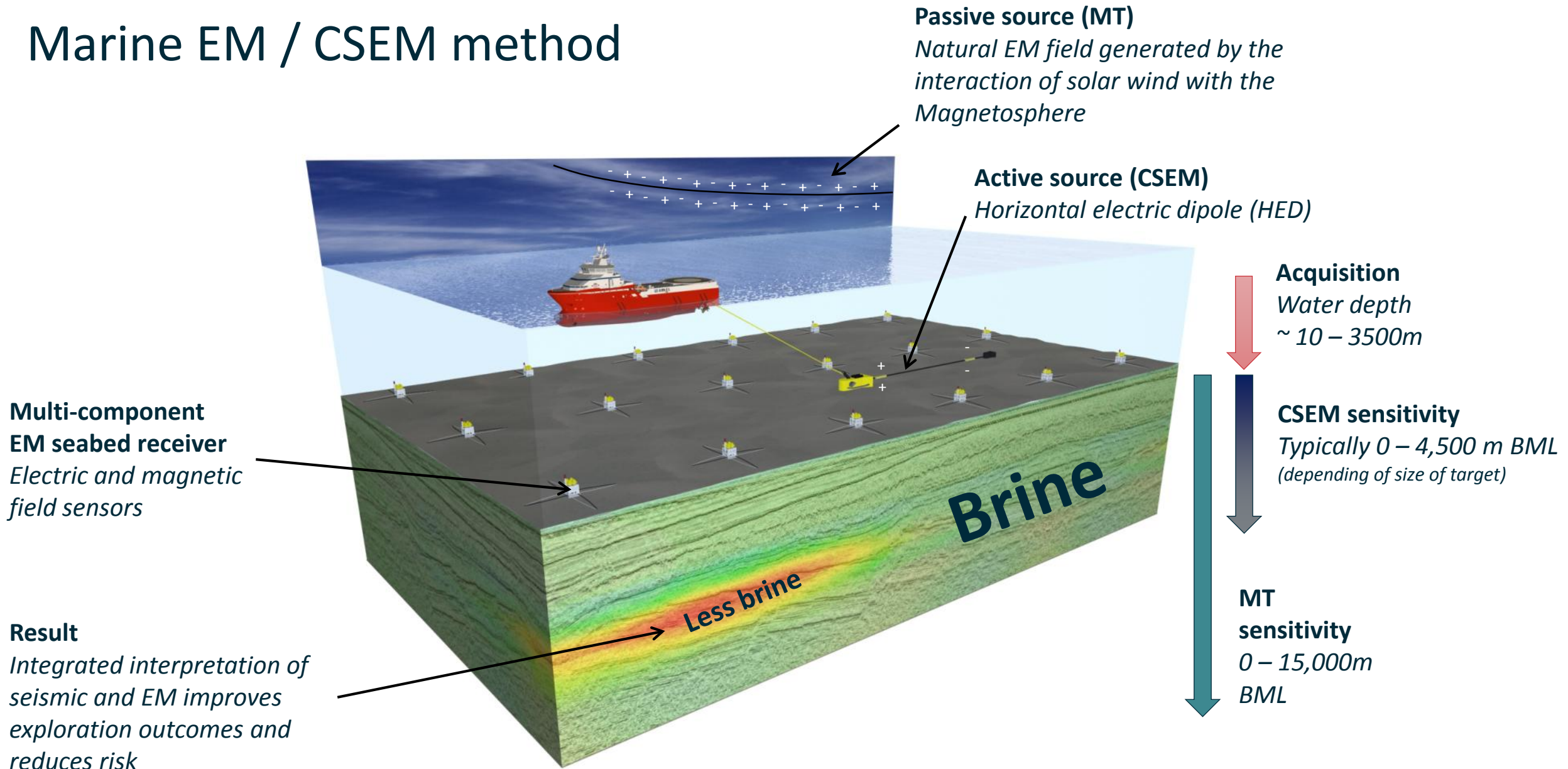




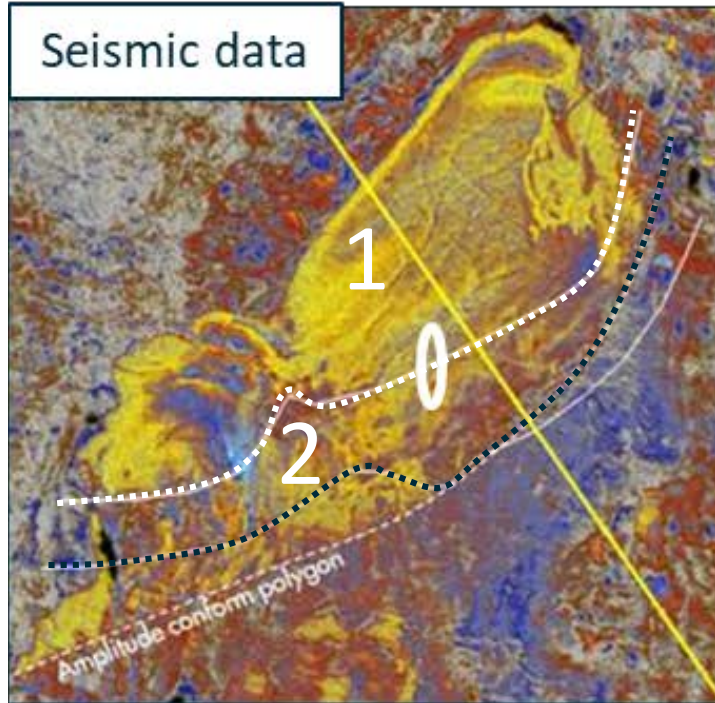
Introduction to the technology and application

Spot the difference.

Marine EM / CSEM method



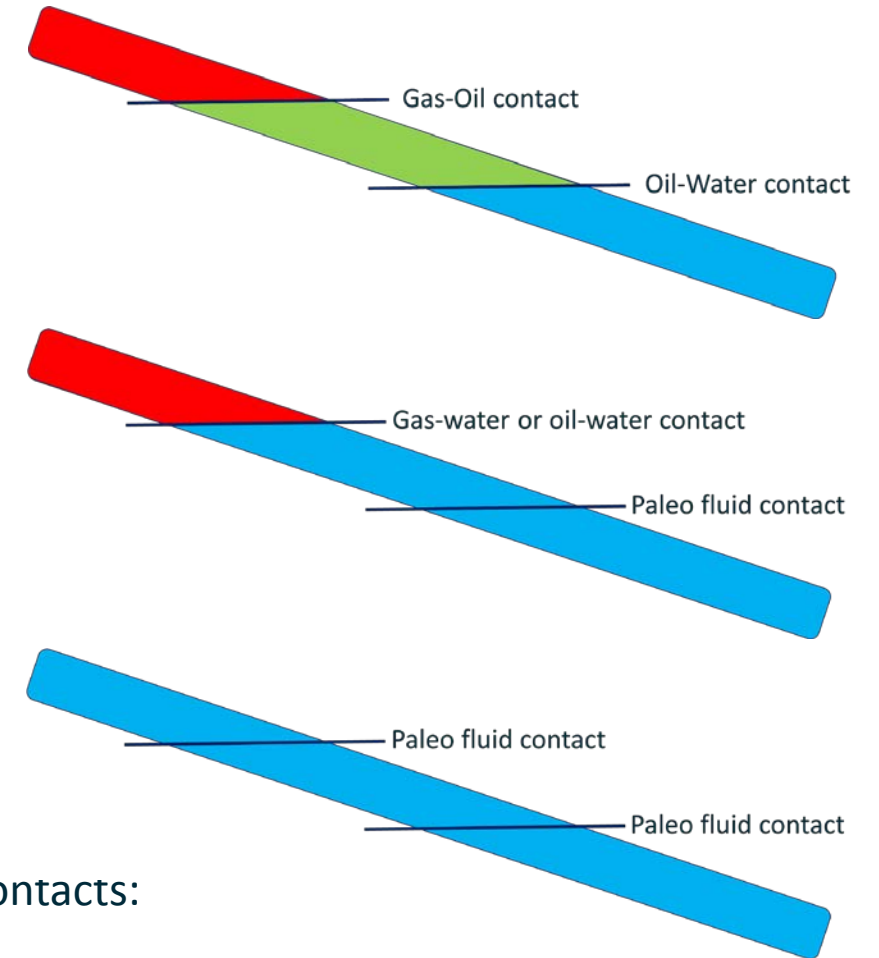
Pingvin: Well prediction by EMGS (2014)



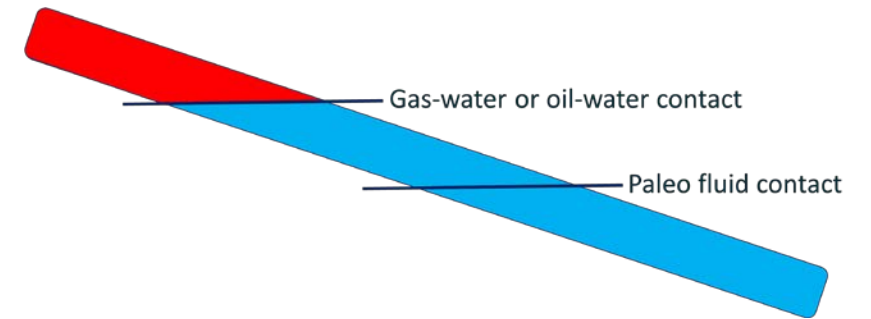
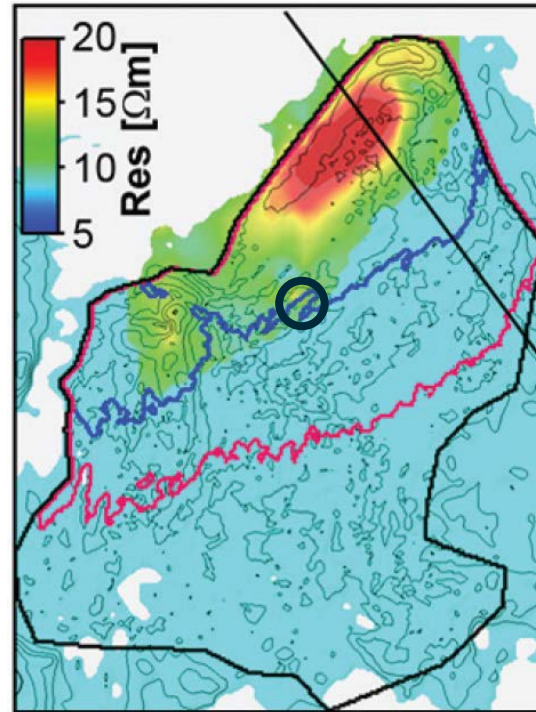
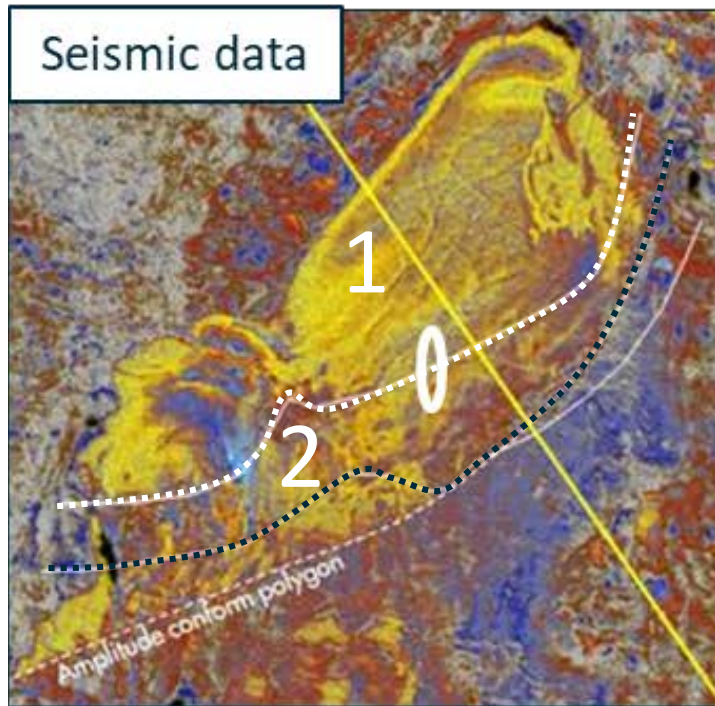
Prospect: seismic AVO supported, with two distinguishable possible fluid contacts:

Area 1: seismic AVO, fluid contact 1

Area 2: seismic AVO, fluid contact 2



Pingvin: Well result



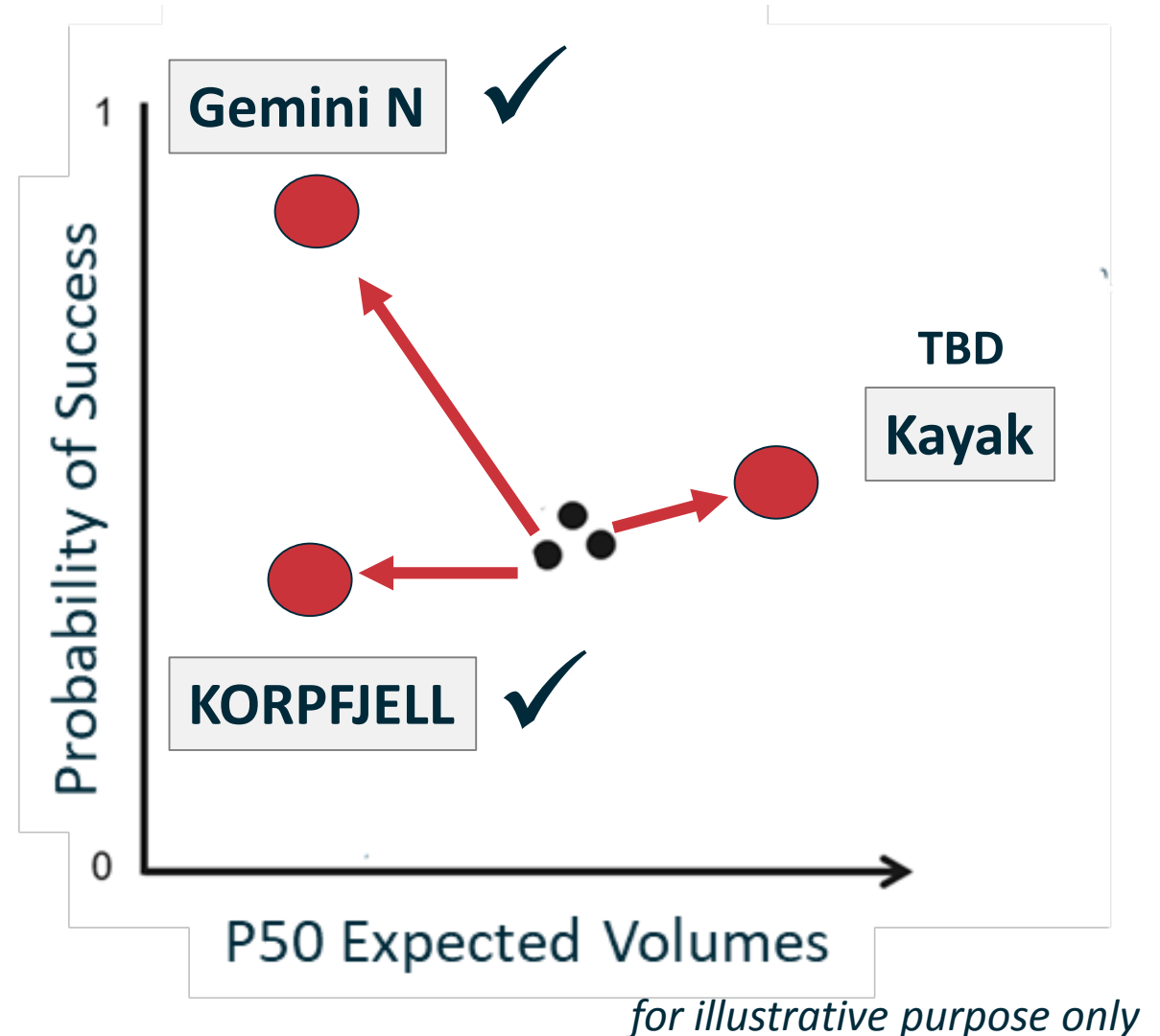
Area 1: seismic AVO and CSEM anomaly

Area 2: seismic AVO and no CSEM anomaly

Well result (drilled at border between 1 and 2): gas water contact in transition zone, discovery of 15m gas

Well Predictions and Portfolio analysis in 2017

- Various correct predictions in 2017 based on CSEM data: Filicudi, Kayak, Gemini North, Korp fjell
- One incorrect prediction in 2017 based on CSEM data (but limited access to seismic data): Blåmann (small gas discovery).
- Polarizing an oil company's prospect portfolio provides for improved decision making and the potential to increase the return on investment



Vision

*Our vision is to make CSEM an integral part
of the
Exploration and Production workflow*

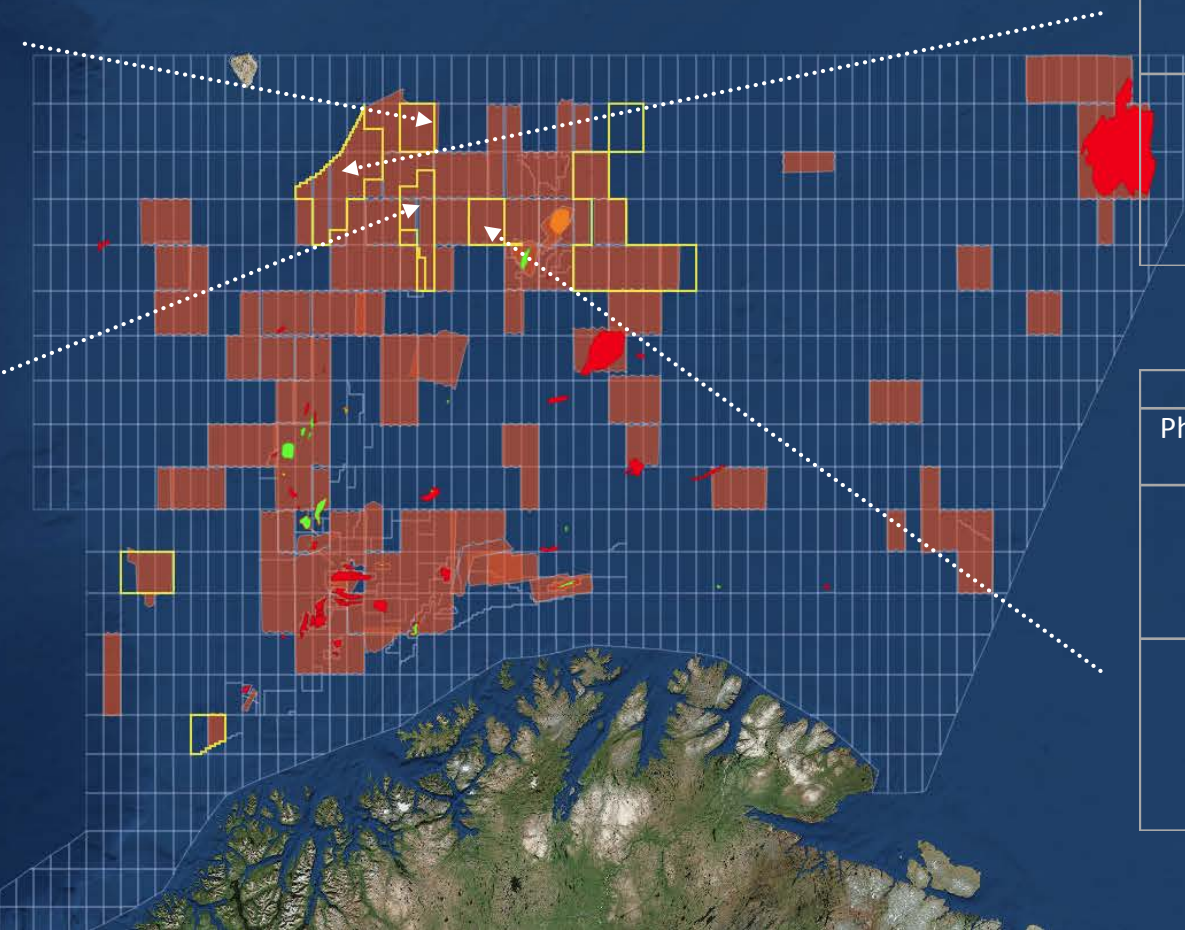
- 3D CSEM MC coverage
- Offered acreage 24th round

PL963		
Phase	Duration (years)	Activity / decision
1	2	Acquire 3D CSEM data Decision: Drill or Drop
2	3	Drill exploration well (The drilling commitment shall be fulfilled within 4 years of the award)

PL962		
Phase	Duration (years)	Activity / decision
1	3	Acquire new 3D seismic Reprocess 3D seismic EM feasibility study (CSEM) Decision: Drill or Drop
2	3	Drill exploration well (within 5 years of the award)

3D CSEM work commitments 24th round Norway

7 out of 12 licenses have a CSEM work commitment



PL964		
Phase	Duration (years)	Activity / decision
1	3	Acquire 3D CSEM data Acquire 3D seismic (Across all prospective area) Reprocess 3D seismic (Across all prospective area) Acquire 2D seismic (High resolution 2D seismic over main structure) Decision: Drill or Drop
2	3	Drill exploration well (The drilling commitment shall be fulfilled within 5 years of the award)

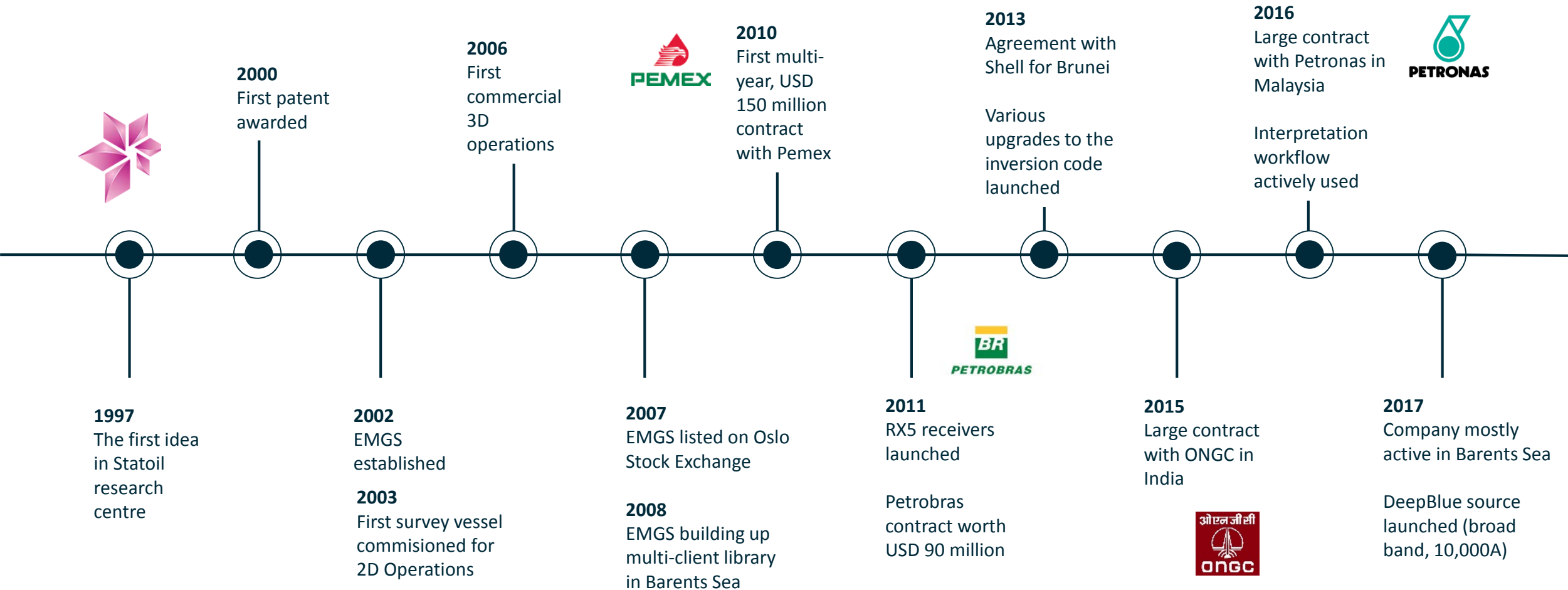
PL965		
Phase	Duration (years)	Activity / decision
1	3	Acquire new 3D seismic (High-resolution seismic) EM feasibility study (CSEM) Decision: Drill or Drop
2	3	Drill exploration well (The drilling commitment shall be fulfilled within 5 years of the award)



Key Milestones

Spot the difference.

Key milestones



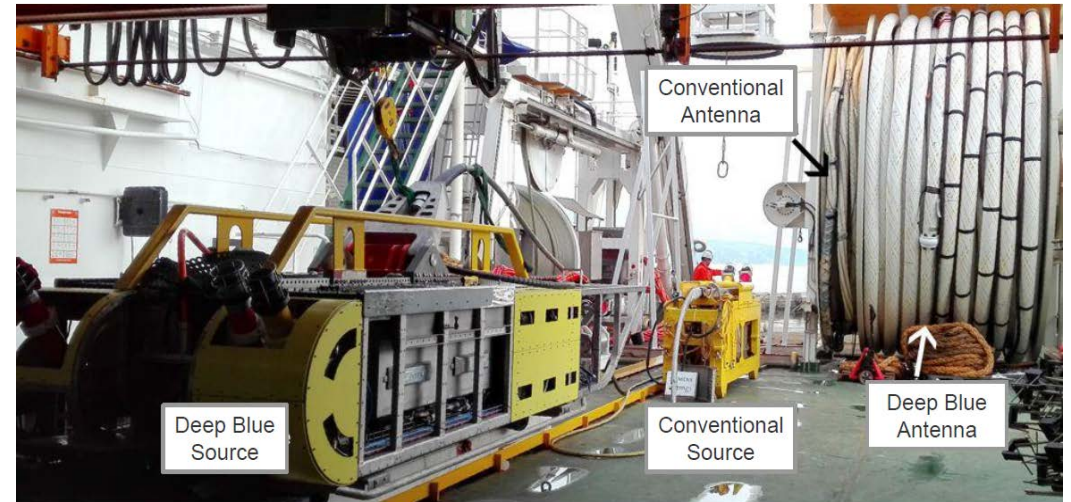
Vessels and Hardware



BOA Thalassa

SOURCES:

Most powerful sources in the industry (DeepBlue, ShelfXpress, Conventional)

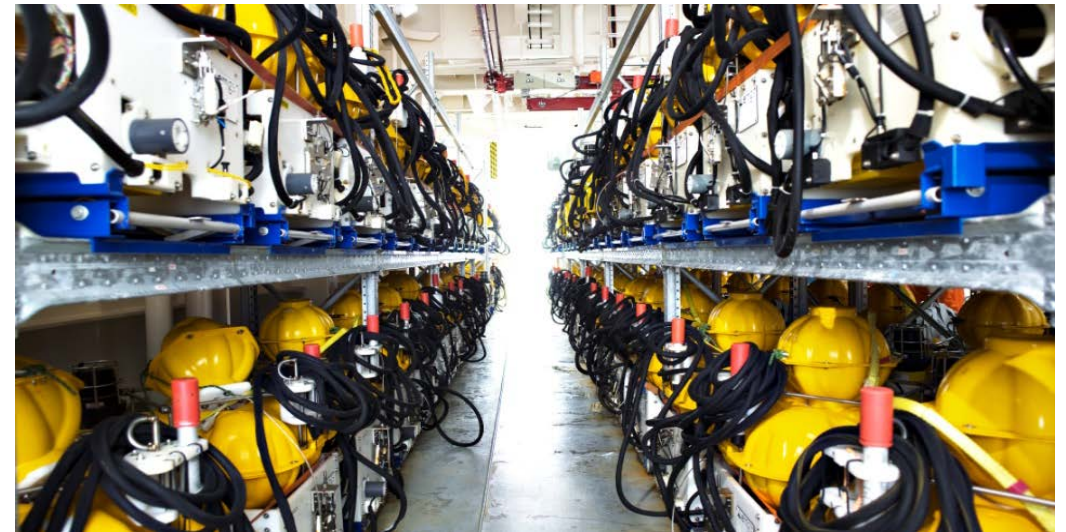


Atlantic Guardian

RECEIVERS:

Typically ~200 receivers per vessel

5th generation



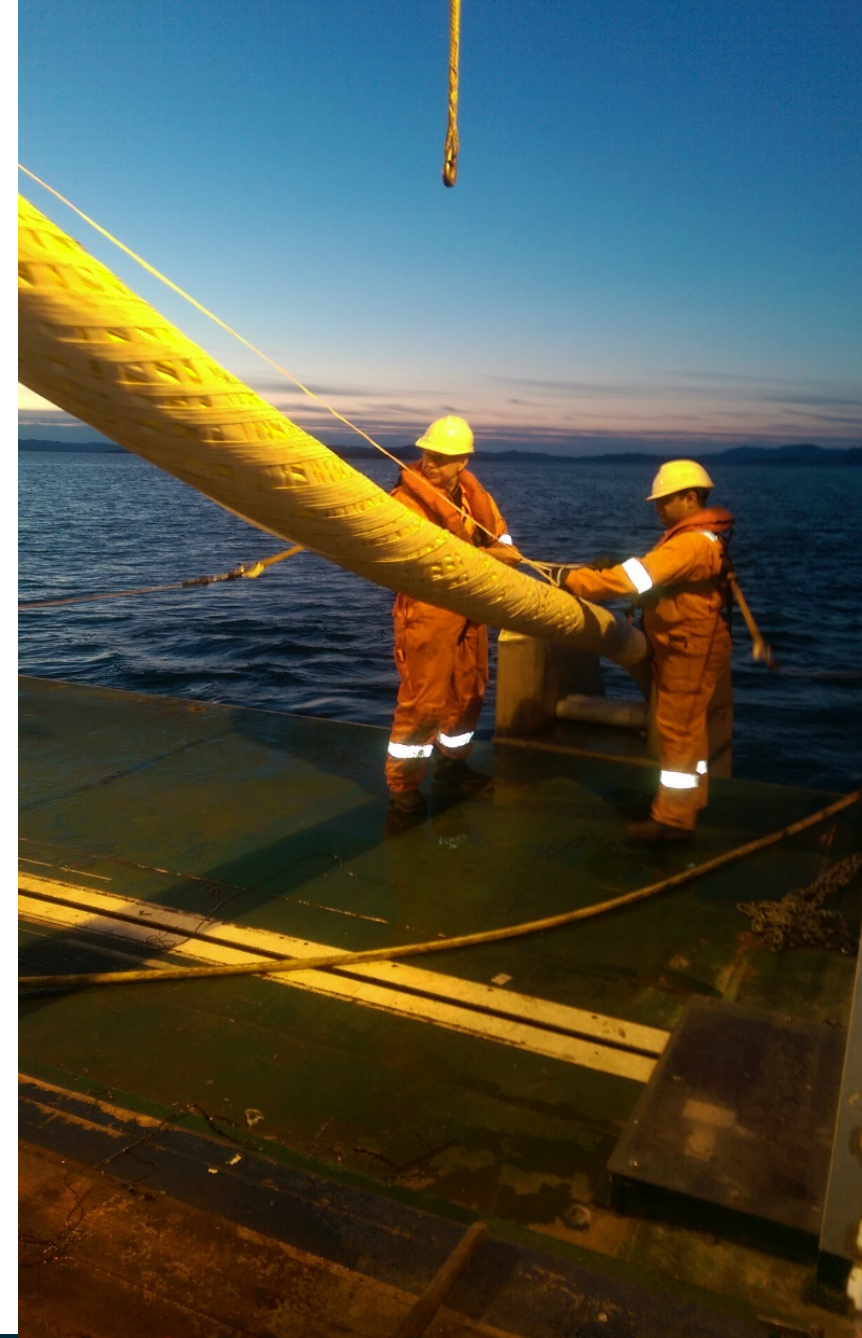


Financials and Outlook

Spot the difference.

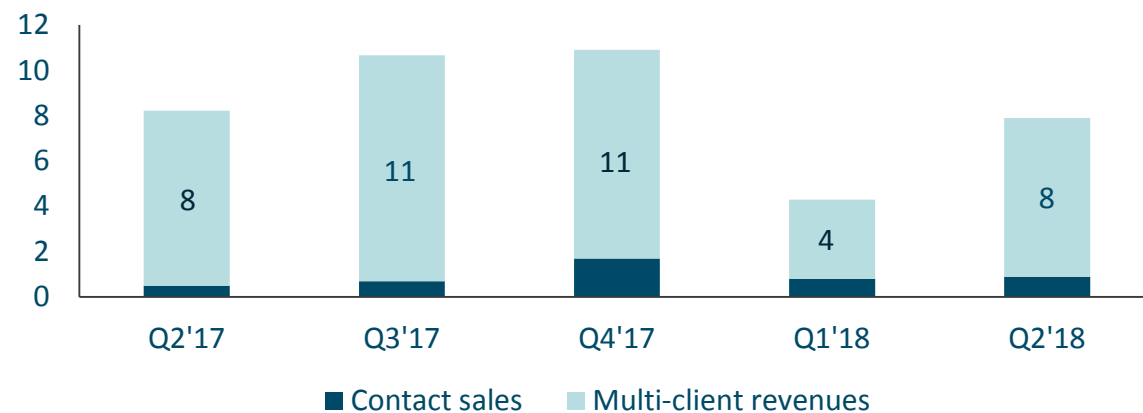
Refinancing plan completed during Q2

- Organizational restructuring completed between 2015 and 2017 (see quarterly presentations)
- Rights issue completed in Q2 2018: USD 12.5 million, proceeds to be used for general corporate purposes
- Convertible bond issued in Q2 2018:
 - USD 32.5 m
 - Proceeds used to refinance the Company's existing bond
 - Conversion price equal to 135% of the subscription price in rights issue (NOK 2.45)
 - Reduced free cash covenant (USD 2.5 m), denomination in USD
 - Maturity in 2023

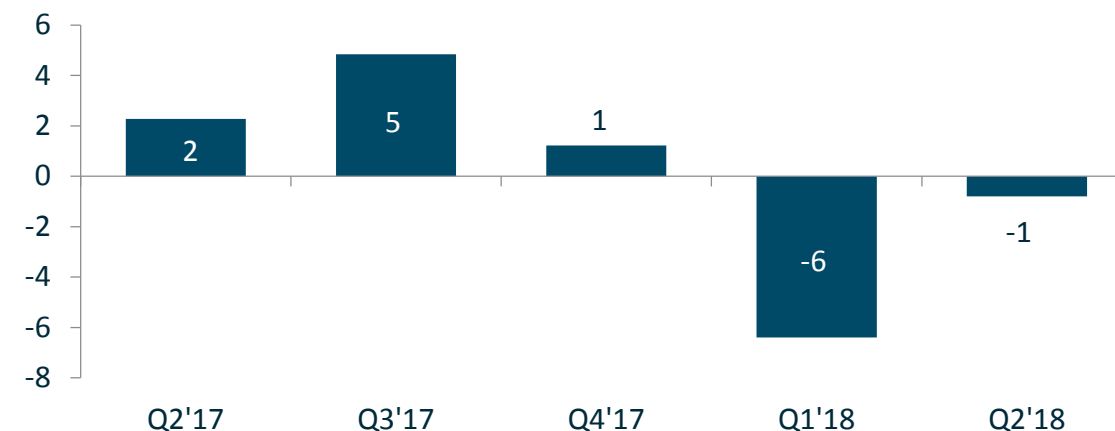


Quarterly Revenues and EBITDA development

Revenue (USDM)



EBITDA (USDM)



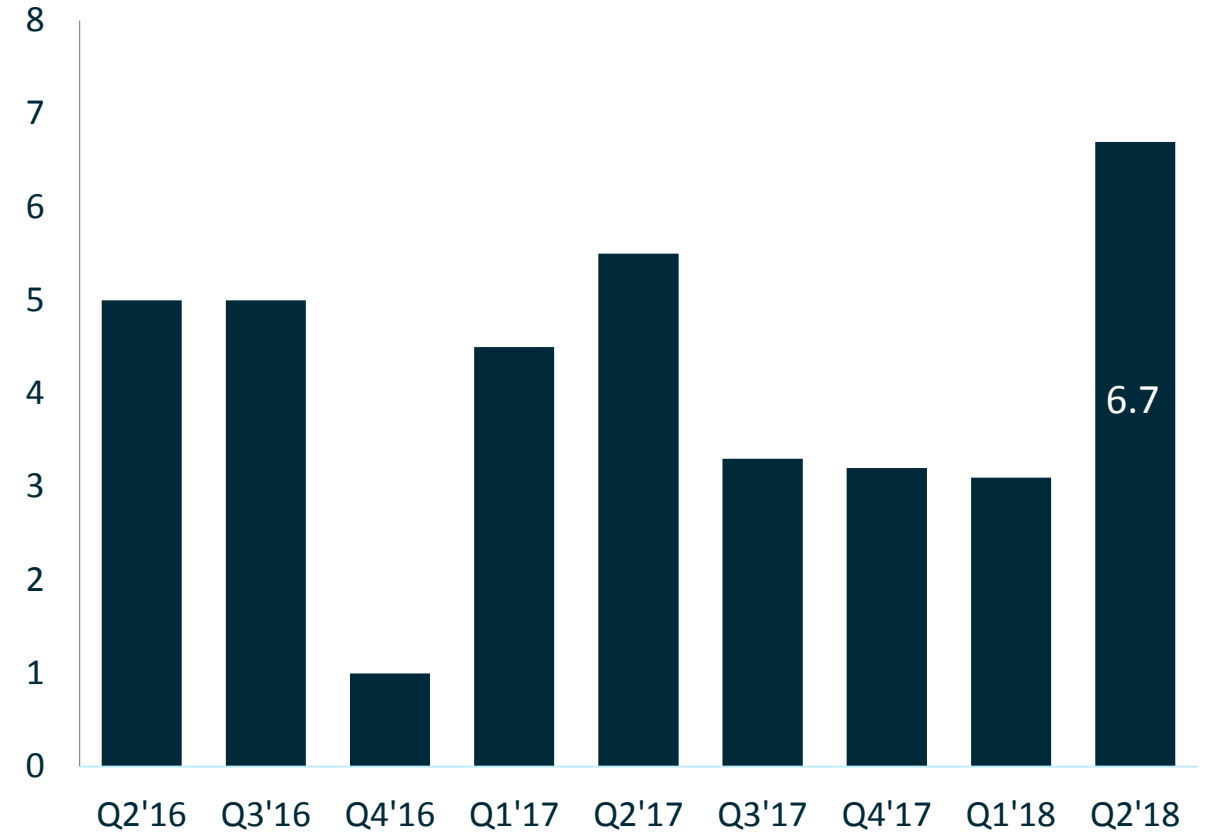
All 2017 financial figures in this presentation
are restated applying IFRS 15

Continued limited visibility

Comments

- Prefunded and strategic data acquisition programs in the North/Norwegian Sea will keep the Atlantic Guardian busy through Q3 2018
- Well positioned to capitalise on the 24th round in Norway
- Upward momentum regarding international opportunities to improve utilisation
- Market expected to be more balanced between multi-client and proprietary going forward
- Caution required as no significant change to backlog recorded

Order backlog - limited earnings visibility





Questions?

Spot the difference.

Consolidated Income Statement

Amounts in USD 1 000	Q2 2018 Unaudited	Q2 2017 Unaudited	First half year 2018 Unaudited	First half year 2017 Unaudited	2017 Unaudited
		Restated*		Restated*	Restated*
Operating revenues					
Contract sales	197	474	312	1,175	2,583
Multi-client pre-funding	0	1,991	2,540	3,066	11,295
Multi-client late sales	7,009	5,800	7,971	8,186	19,132
Other revenue	691	0	1,370	0	886
Total revenues	7,896	8,265	12,192	12,427	33,896
Operating expenses					
Charter hire, fuel and crew expenses	3,488	700	7,784	3,466	7,655
Employee expenses	3,698	3,439	8,783	8,612	16,964
Depreciation and ordinary amortisation	1,919	1,502	4,041	2,909	6,779
Multi-client amortisation	1,680	2,498	4,398	4,789	10,345
Impairment of long-term assets	0	3,170	0	3,170	3,626
Other operating expenses	1,530	1,848	2,854	3,530	6,334
Total operating expenses	12,315	13,157	27,859	26,476	51,703
Operating profit/ (loss)	-4,418	-4,893	-15,667	-14,049	-17,807
Financial income and expenses					
Interest income	70	56	162	70	193
Interest expense	-1,194	-990	-2,422	-2,043	-4,088
Net gains/(losses) of financial assets and liabilities	-1,477	710	649	1,736	2,143
Net foreign currency income/(loss)	941	-822	-854	-1,838	-3,292
Net financial items	-1,660	-1,045	-2,466	-2,074	-5,043
Income/ (loss) before income taxes	-6,079	-5,938	-18,132	-16,123	-22,850
Income tax expense	115	34	118	67	356
Income/ (loss) for the period	-6,194	-5,972	-18,250	-16,190	-23,206

Consolidated Statement of Financial Position

Amounts in USD 1 000	30 June 2018 Unaudited	30 June 2017 Unaudited Restated*	31 December 2017 Unaudited Restated*
ASSETS			
Non-current assets			
Multi-client library	16,808	18,891	17,317
Other intangible assets	1,484	2,100	1,559
Property, plant and equipment	32,897	11,694	36,281
Assets under construction	3,319	29,403	3,112
Restricted cash	3,023	3,532	3,524
Total non-current assets	57,531	65,619	61,793
Current assets			
Spare parts, fuel, anchors and batteries	7,684	6,963	7,200
Trade receivables	10,418	9,413	11,075
Other receivables	6,326	6,536	5,957
Cash and cash equivalents	15,384	12,054	16,548
Restricted cash	315	1,338	2,997
Total current assets	40,128	36,304	43,778
Total assets	97,658	101,924	105,571

Amounts in USD 1 000	30 June 2018 Unaudited	30 June 2017 Unaudited Restated*	31 December 2017 Unaudited Restated*
EQUITY			
Capital and reserves attributable to equity holders			
Share capital, share premium and other paid-in equity	348,542	319,283	336,764
Other reserves	-1,591	-1,616	-1,617
Retained earnings	-327,011	-301,745	-308,761
Total equity	19,940	15,922	26,386
LIABILITIES			
Non-current liabilities			
Provisions	19,984	21,918	20,670
Financial liabilities	0	3,400	2,993
Borrowings	32,815	29,751	30,288
Total non-current liabilities	52,799	55,069	53,950
Current liabilities			
Trade payables	5,022	3,619	6,882
Current tax liabilities	5,398	5,853	6,299
Other short term liabilities	14,205	12,681	11,763
Borrowings	295	8,781	290
Total current liabilities	24,919	30,934	25,234
Total liabilities	77,718	86,002	79,184
Total equity and liabilities	97,658	101,924	105,571

Largest shareholders as of 25 July 2018

#	Shareholder	Shares	Holding
1	SIEM INVESTMENTS INC.	31 327 467	23.92
2	PERESTROIKA AS	29 452 795	22.49
3	MORGAN STANLEY & CO. LLC	25 891 805	19.77
4	BÆKKELAGET HOLDING AS	5 010 000	3.83
5	SPORTSMAGASINET AS	4 329 090	3.31
6	ROSENFONN INVEST AS	2 148 705	1.64
7	NHO - P665AK JP MORGAN CHASE BANK	1 293 422	0.99
8	DNB NAVIGATOR (II)	1 225 542	0.94
9	SIX SIS AG 25 PCT ACCOUNT	878 751	0.67
10	NORDNET LIVSFORSIKRING	816 990	0.62
11	STATOIL PENSJON	701 458	0.54
12	HAAV HOLDING AS	650 000	0.50
13	KRISTIAN FALNES AS	578 883	0.44
14	VESTVIK PRESERVERING AS	558 799	0.43
15	RAGE, PER EGIL	500 600	0.38
16	GALTUNG, LARS OTTO	475 000	0.36
17	NORDEA BANK AB CLIENTS ACCOUNT	469 190	0.36
18	SANDBÆK, RUNE	466 350	0.36
19	ØVERLAND, JARLE	457 039	0.35
20	RYGG JAN WIGGO	455 836	0.35