



# FIRST QUARTER 2017 RESULTS.

Oslo, 11 May 2017

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Spot the difference.

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# Refinancing announced, slight improvement of backlog, caution still required

## Operations

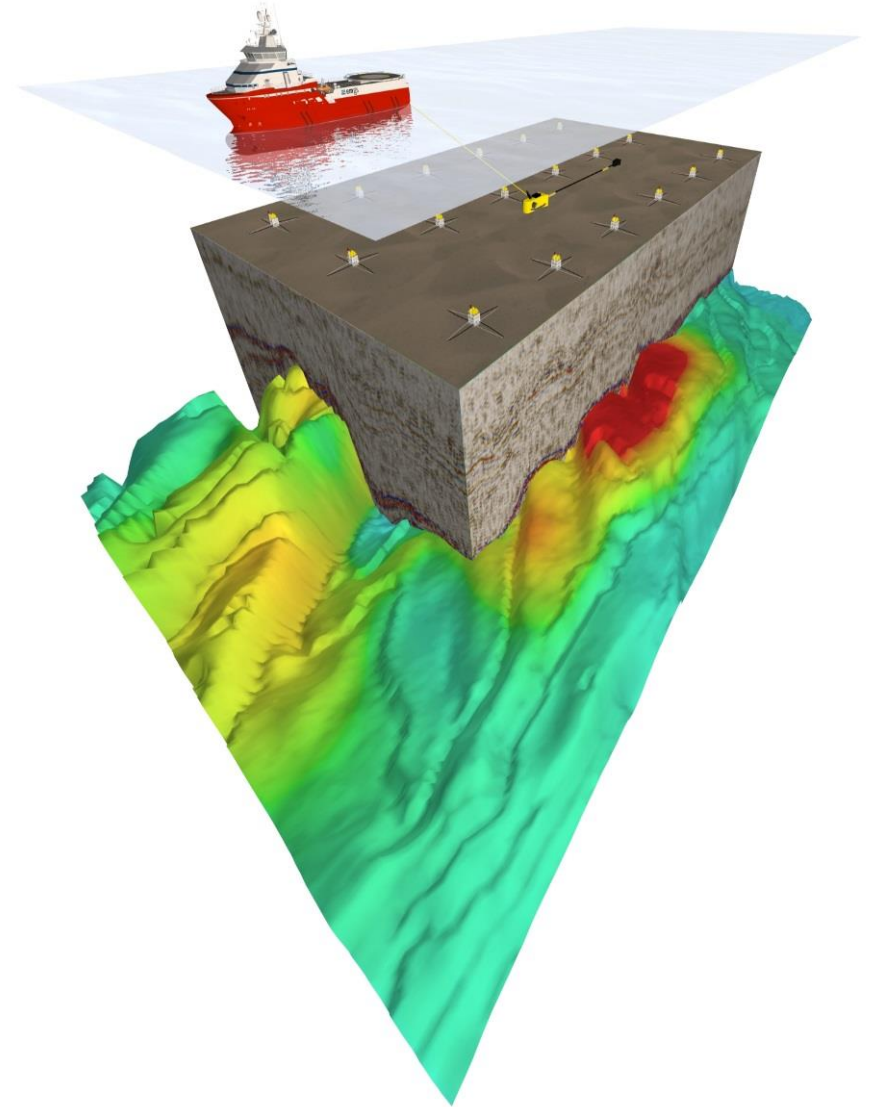
- Completed contract work in Malaysia
- Continued multi-client investments in the Barents Sea
- Investments in the Advanced EM System (JIP) ongoing

## Financials

- Revenues of USD 3.9 million
- EBITDA of negative USD 5.7 million
- Net change in cash (from previous quarter) of USD 1.1 million
- Partial bond buy-back of NOK 24 million completed
- Fully underwritten USD 17 million rights issue announced

## Market

- Backlog slightly improved going into Q2 2017







# Financial review

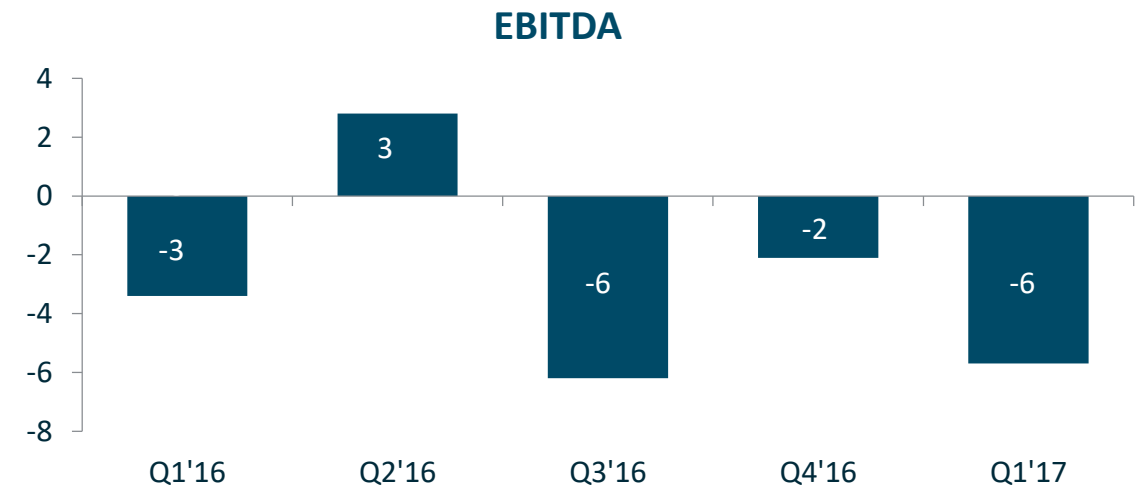
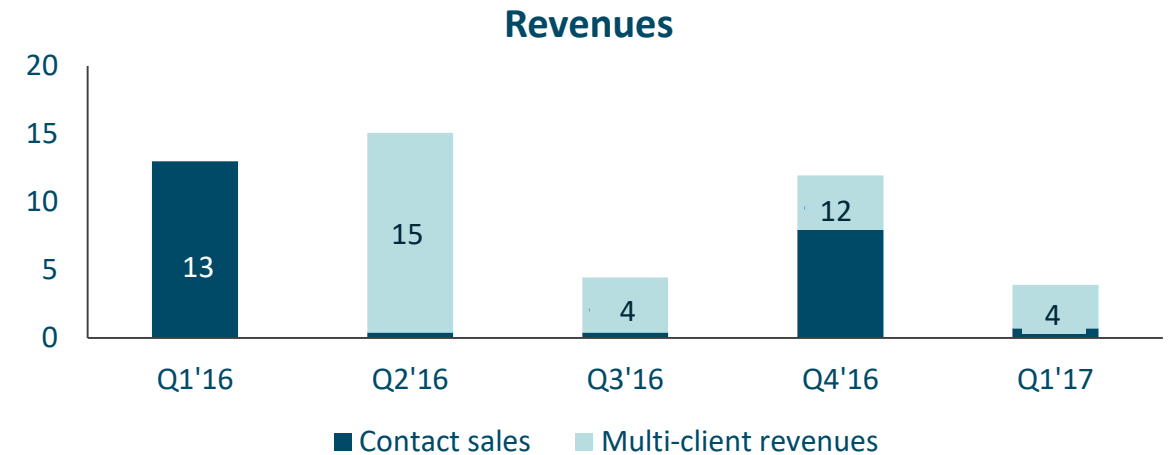
Spot the difference.

# First quarter performance | Reduction in revenues and EBITDA

## Key financial metrics

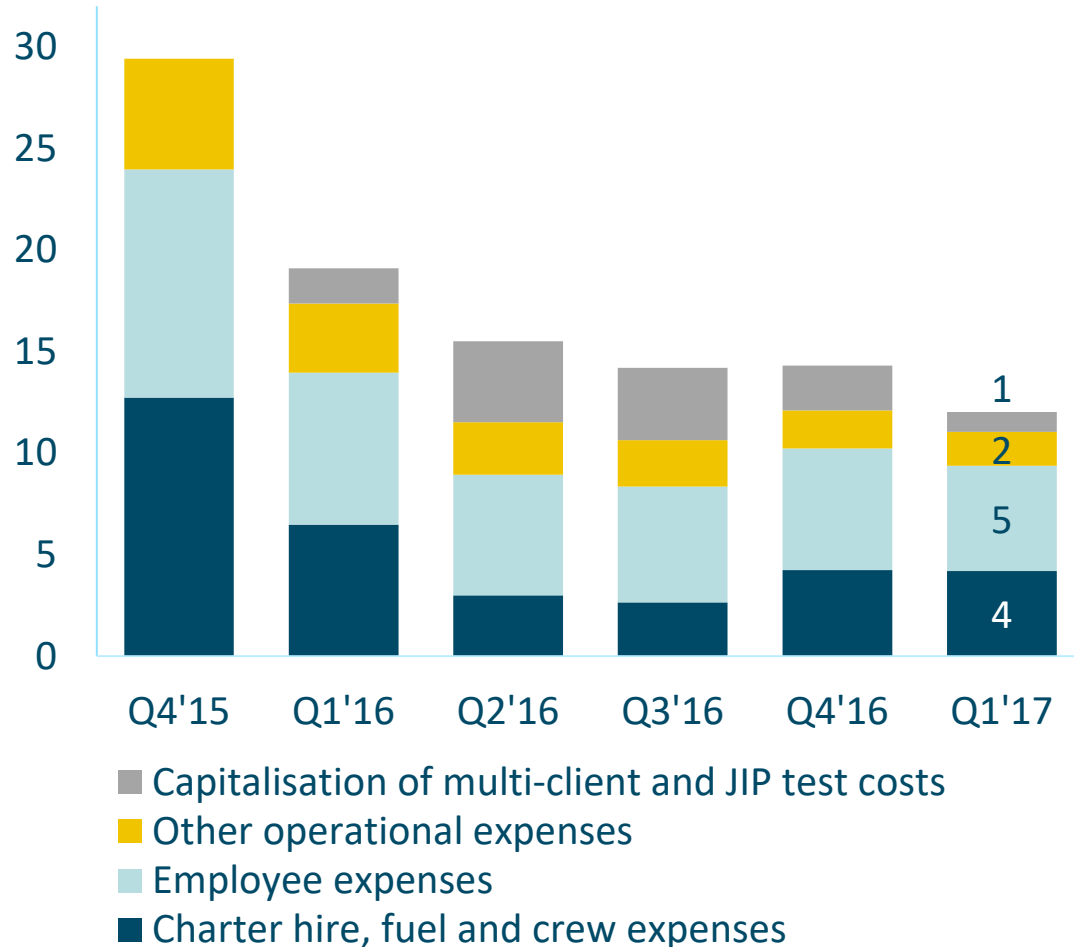
- Revenues
  - Multi-client revenues in Norway of USD 3.2 million
- Vessel utilisation of 92% of one vessel
  - Multi-client projects in the Barents Sea
- EBITDA
  - Negatively impacted by reduction in revenues

## Quarterly development (USD million)



# Reduced operational costs

Quarterly operational cost base development\* (USD million)



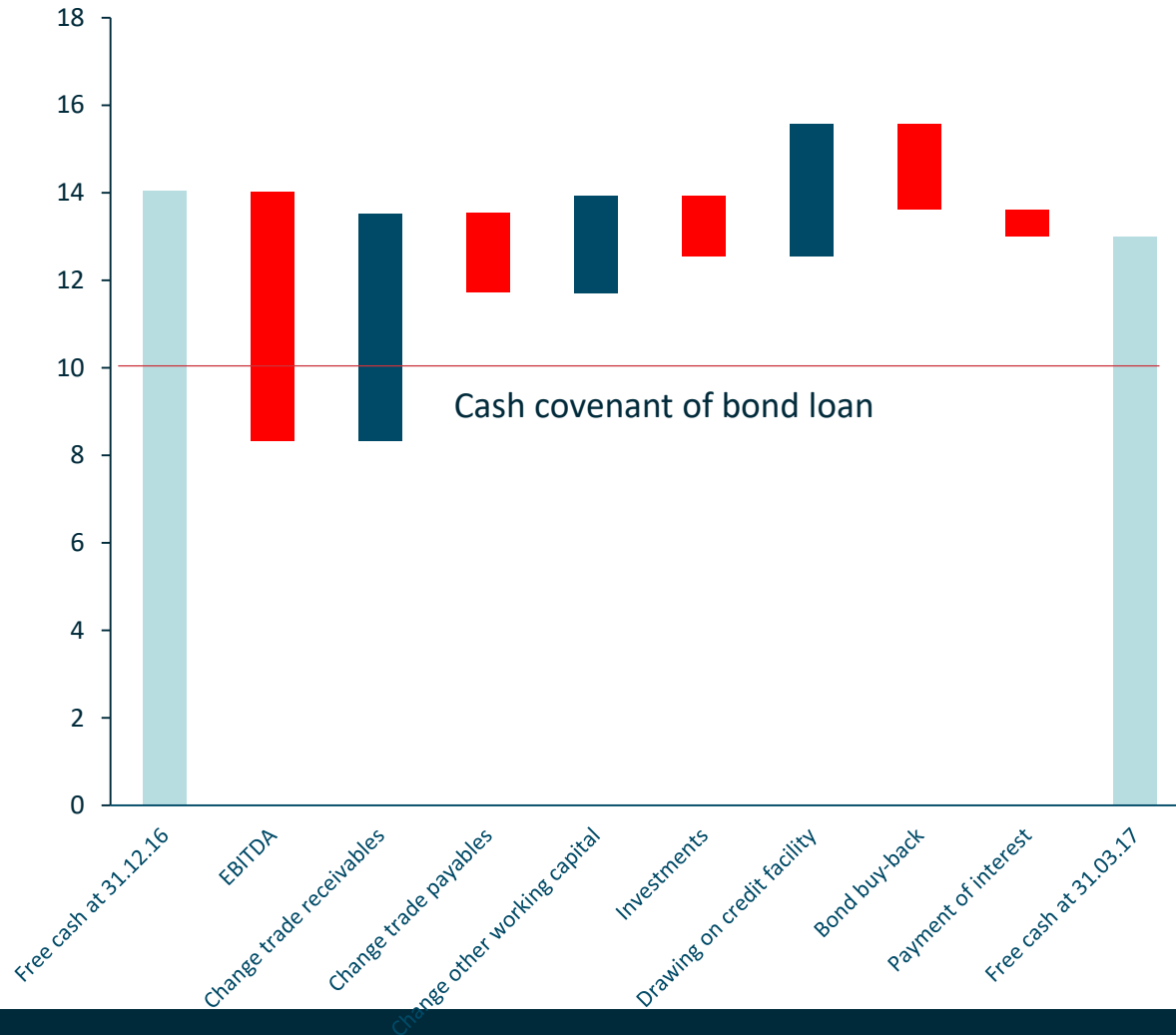
## Comments

- Operational costs base of USD 12.0 million
  - Capitalised multi-client expenses of USD 1.0 million
  - Reversal provision for onerous contract of USD 1.4 million
- Cost control
  - Cost control continues in 2017
  - Target the 2017 cost base below USD 50 million, subject to operational activity

\*Cost base is defined as Operational costs (charter hire etc, employee expenses, other operating expenses) plus MC investments, less provision for onerous contract, restructuring charges and other extraordinary items

# Small decrease in free cash in Q1

Quarterly free cash development (USD million)



Comments

- Small net decrease in free cash of USD 1.0 million to USD 13.0 million
- Financing activities
  - Credit (USD 10 million) and guarantee (USD 10 million) facilities made available, USD 3 million drawn
  - Partial buy-back of bond of NOK 24 million
    - Terms remain unchanged
  - Fully underwritten rights issue of USD 17 million announced
    - To strengthen the financial / free cash position
    - For general corporate purposes

# Rights issue tentative timeline

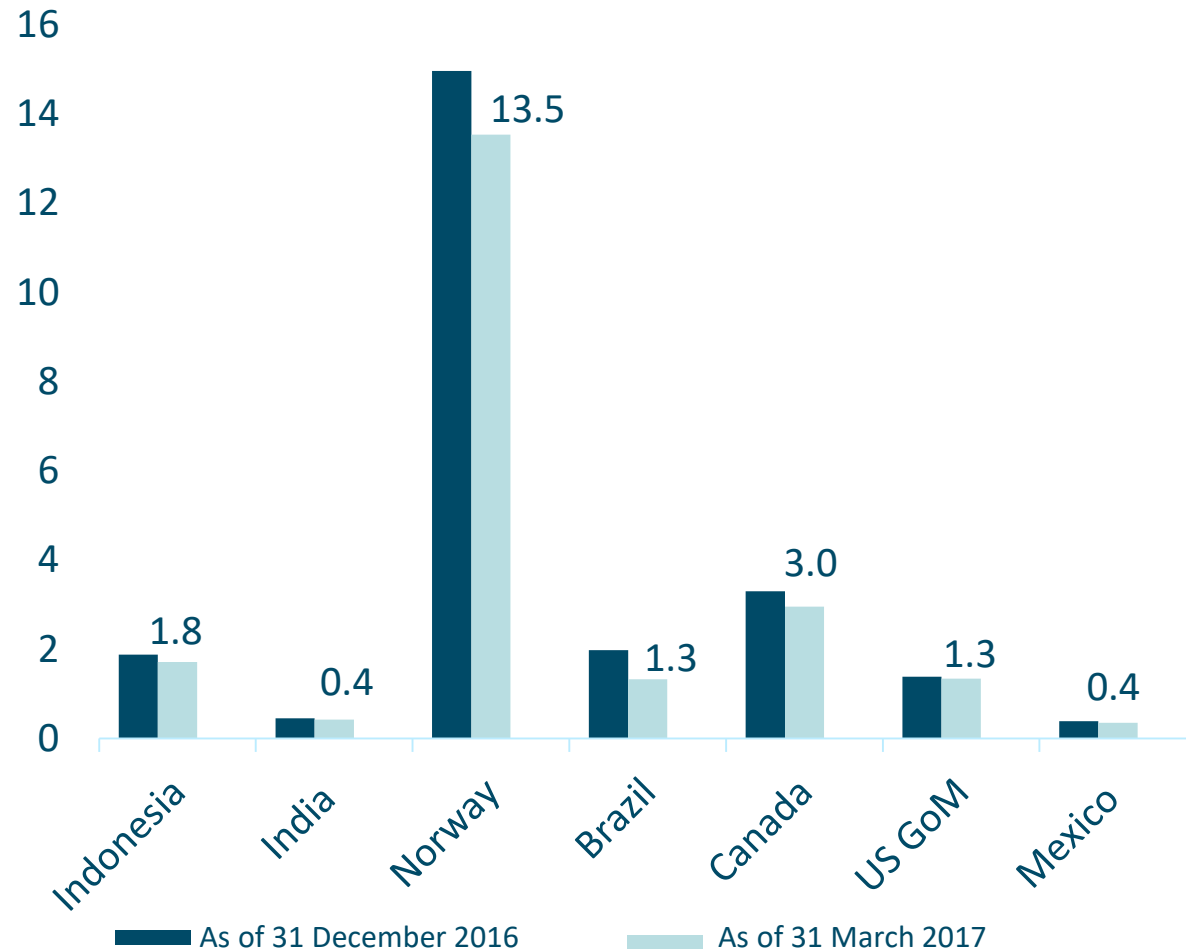
Month	March	April	May	June	July
Activity					
Announcement of deal	▲ 22. March				
AGM approved reduction in par value of the shares and the rights issue		▲ 25. April			
Creditor warning period		26. April – 7. June			
EMGS shares trade ex-rights to receive subscription rights				▲ 20. June	
Subscription period				22. June – 6. July	
Payment date					▲ 11. July

Note: All dates are indicative and subject to change



# Multi-client book value of USD 21.6 million

Overview of book value of multi-client library (USD million)



Comments



- Reduction of book value from USD 24.3 million previous quarter to USD 21.6 million
- Uplift/late sales revenues of USD 2.4 million
- Prefunding revenues of USD 0.8 million
- Cash contribution from partners of USD 1.4 million
- Investments of USD 1.0 million
  - Barents Sea
- Amortisation of USD 2.3 million
  - Straight-line amortisation



# Operations, Market and Outlook

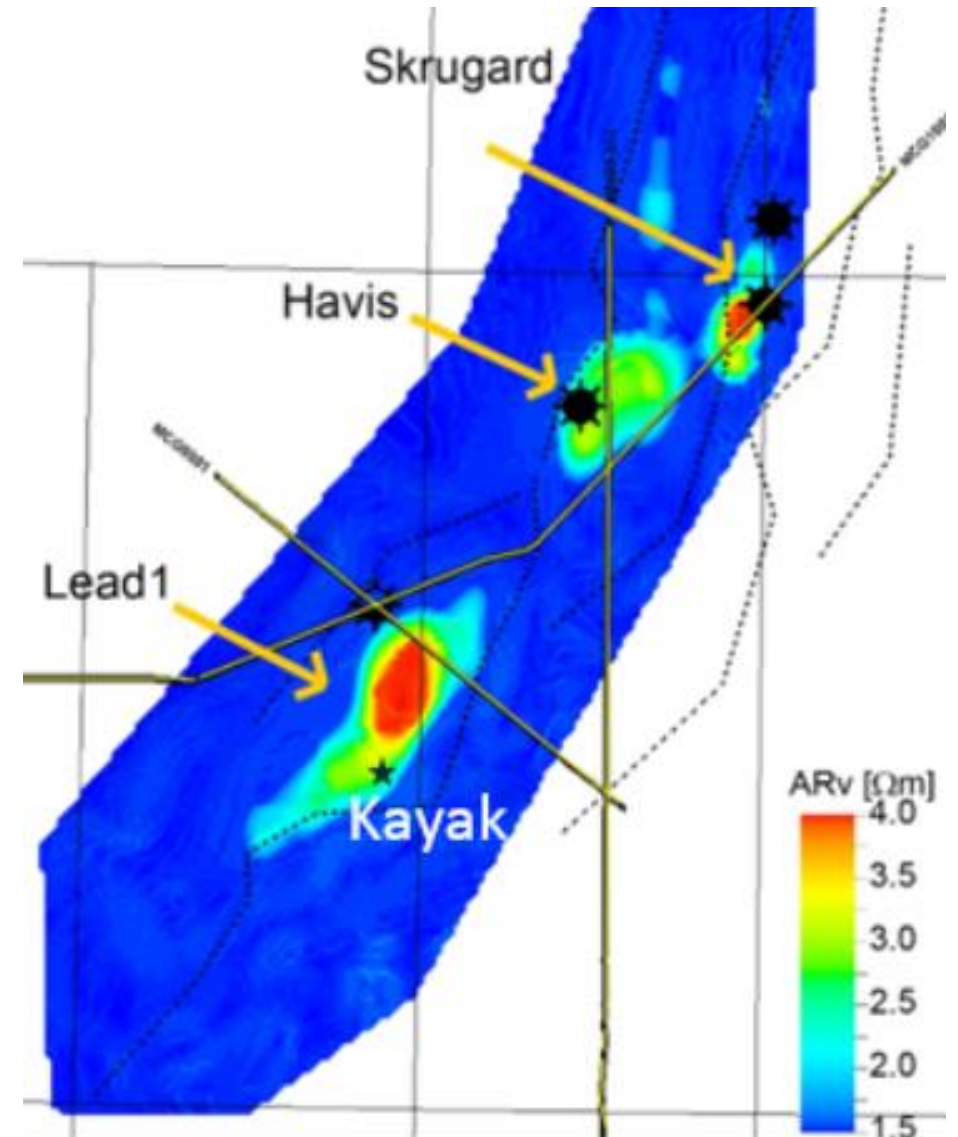
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# First quarter vessel operations

	 <b>BOA Thalassa</b>	 <b>Atlantic Guardian</b>
<b>Q1 activity</b>	<b>Completed proprietary survey, offshore Malaysia on 1 January</b>	<b>In operation, MC Projects in the Barents Sea, Norway</b>
Vessel owner	BOA SBL	North Sea Shipping
Firm Charter	1 October 2019	1 October 2021
Comments on terms	Improved terms, fixed, with additional flexibility in 2017	Fixed

# Update on Norway's 24<sup>th</sup> Licensing Round

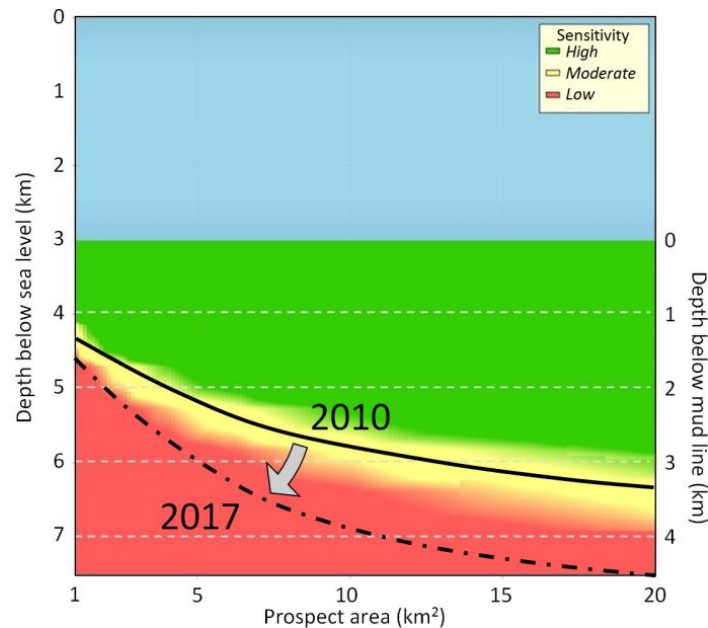
- Several CSEM supported wells in the Barents Sea to be drilled in 2017 (Blåmann, Kayak, Koigen, Gemini North, etc)
- 93 blocks nominated in the Barents Sea during Q1 2017. Multi-client library data covered 36 nominated blocks, in addition 11 blocks prefunded/acquired by end of Q1 17
- Further pre-funded acquisition ongoing to be well positioned when the round is announced
- Preliminary inversion results show a possible 100 km<sup>2</sup> (!) lead in the data acquired during Q1 2017
- In discussion with various oil companies for both existing data and prefunding new areas





# Advanced EM System (JIP) update

- Prototype testing successfully executed during the summer of 2016 on the Norwegian Continental Shelf
- Test results reviewed during Q3/Q4 2016 and original objectives met
- Commercialisation discussions ongoing



# Selection of current opportunities

## Canada:

- MC data covering Flemish Pass basin available for sale
- Industry interest to acquire more data in 2017

## US:

- MC data available for annual licensing rounds
- Great White data a natural extension of the Mexican Perdido area for an improved regional understanding

## Mexico:

- Reprocessed 3D MC data (16,000 sqkm) available for sale

## Brazil:

- 12,300 sqkm MC data from Sergipe-Alagoas, Foz and Ceara available for sale
- Round 14 expected to be announced in 2017

## Norway:

- Coverage in the Barents Sea expanded in Q1 2017 in anticipation of the nominations and announcements during the 24<sup>th</sup> licensing round
- Prefunding received for work outside of the 24<sup>th</sup> round
- 24<sup>th</sup> round announcement expected: June 2017

East Africa (looking for prefunding opportunities)

## Asia:

- Progress made with marketing new acquisition

## Indonesia:

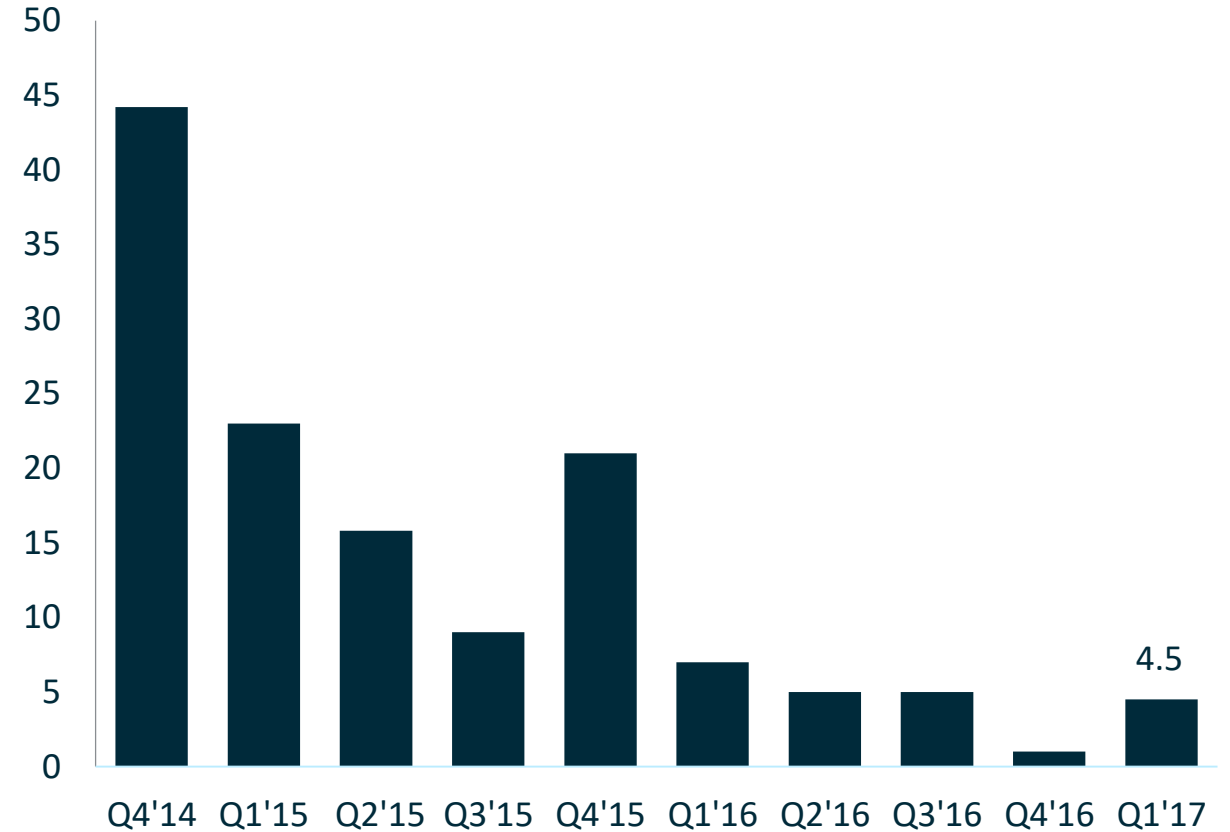
- 2,800 sqkm MC data available

# Market update | Still limited visibility

## Comments

- Work awarded (prefunding) in Q1 2017 will keep the Guardian busy through the end of Q2 2017
- Prospects being developed to put Thalassa back at work before the commencement of the firm charter period
- Slight improvement of the market noted as earlier dialogues are converted into pricing requests
- Supported by a relatively stable oil price when compared to 2016
- Caution is still required as prospects take time to materialise

## Order backlog - limited earnings visibility



# Refinancing announced, slight improvement of backlog, caution still required

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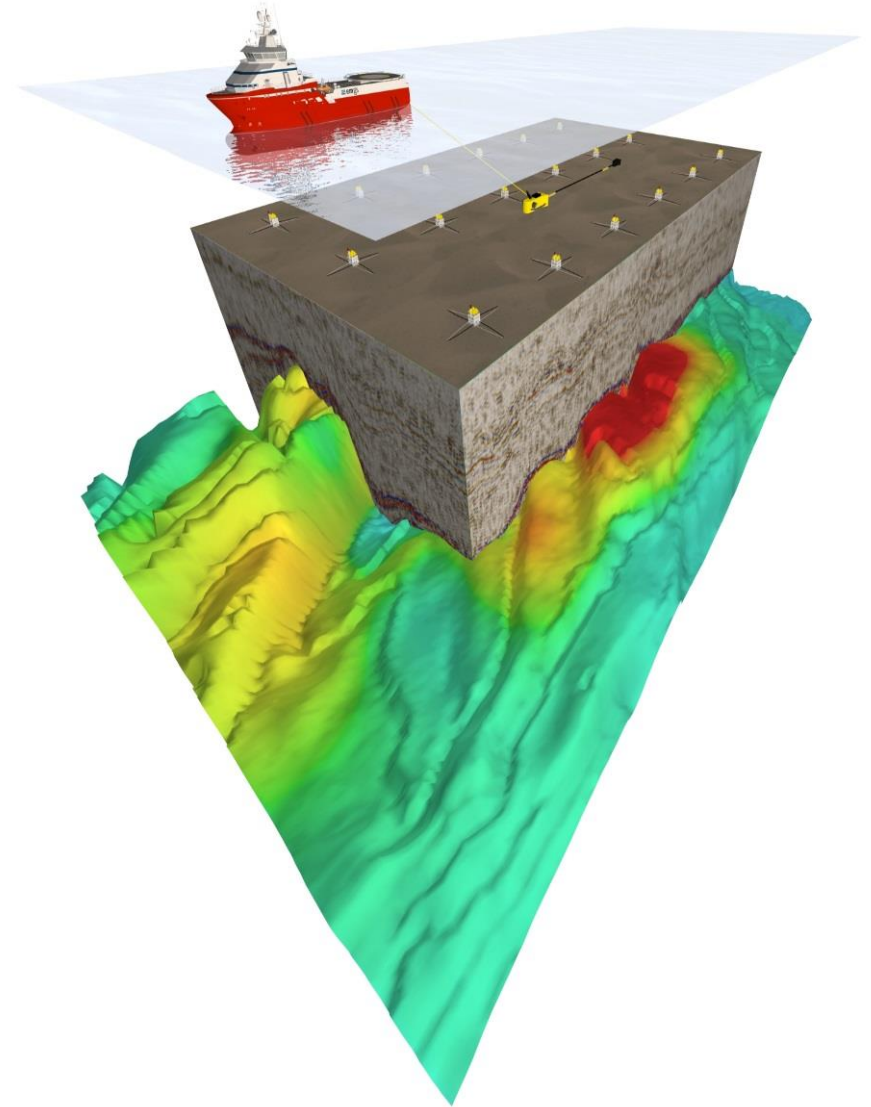
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Questions?

Spot the difference.

# Consolidated Income Statement

Amounts in USD 1 000	Q1 2017 Unaudited	Q1 2016 Unaudited	2016 Audited
<b>Operating revenues</b>			
Contract sales	701	13,037	21,797
Multi-client pre-funding	830	0	579
Multi-client late sales	2,386	0	22,151
<b>Total revenues</b>	<b>3,918</b>	<b>13,037</b>	<b>44,527</b>
<b>Operating expenses</b>			
Charter hire, fuel and crew expenses	2,766	5,563	18,176
Employee expenses	5,172	7,483	25,097
Depreciation and ordinary amortisation	1,407	2,111	7,677
Multi-client amortisation	2,292	2,824	11,244
Impairment of long-term assets	0	0	17,286
Other operating expenses	1,682	3,400	10,137
<b>Total operating expenses</b>	<b>13,319</b>	<b>21,381</b>	<b>89,617</b>
<b>Operating profit/ (loss)</b>	<b>-9,402</b>	<b>-8,344</b>	<b>-45,090</b>
<b>Financial income and expenses</b>			
Interest income	14	51	217
Interest expense	-1,053	-1,038	-3,273
Net gains/(losses) of financial assets and liabilities	1,026	-4,913	-6,297
Net foreign currency income/(loss)	-1,016	-1,207	1,512
<b>Net financial items</b>	<b>-1,029</b>	<b>-7,107</b>	<b>-7,841</b>
<b>Income/ (loss) before income taxes</b>	<b>-10,430</b>	<b>-15,451</b>	<b>-52,931</b>
Income tax expense	33	0	-100
<b>Income/ (loss) for the period</b>	<b>-10,464</b>	<b>-15,451</b>	<b>-52,831</b>

# Consolidated Statement of Financial Position

Amounts in USD 1 000	31 March 2017 Unaudited	31 March 2016 Unaudited	31 December 2016 Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Multi-client library	21,643	41,187	24,332
Other intangible assets	2,399	3,409	2,457
Property, plant and equipment	12,874	15,920	13,901
Assets under construction	28,353	27,139	28,255
<b>Total non-current assets</b>	<b>65,268</b>	<b>87,655</b>	<b>68,945</b>
<b>Current assets</b>			
Spare parts, fuel, anchors and batteries	7,565	10,503	7,854
Trade receivables	3,336	15,633	8,534
Other receivables	6,337	6,686	7,080
Cash and cash equivalents	12,995	19,978	14,038
Restricted cash	4,780	5,806	4,841
<b>Total current assets</b>	<b>35,013</b>	<b>58,606</b>	<b>42,347</b>
<b>Total assets</b>	<b>100,282</b>	<b>146,261</b>	<b>111,292</b>

Amounts in USD 1 000	31 March 2017 Unaudited	31 March 2016 Unaudited	31 December 2016 Audited
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders</b>			
Share capital, share premium and other paid-in equity	319,272	319,112	319,283
Other reserves	-1,615	786	-1,608
Retained earnings	-295,439	-250,104	-284,975
<b>Total equity</b>	<b>22,218</b>	<b>69,794</b>	<b>32,700</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions	19,645	15,535	19,140
Financial liabilities	4,479	0	4,668
Borrowings	29,042	32,514	31,636
<b>Total non-current liabilities</b>	<b>53,166</b>	<b>48,049</b>	<b>55,444</b>
<b>Current liabilities</b>			
Trade payables	4,850	6,277	6,672
Current tax liabilities	5,841	5,641	5,853
Other short term liabilities	10,923	12,262	10,372
Financial liabilities	0	4,019	0
Borrowings	3,285	219	251
<b>Total current liabilities</b>	<b>24,899</b>	<b>28,418</b>	<b>23,148</b>
<b>Total liabilities</b>	<b>78,064</b>	<b>76,467</b>	<b>78,592</b>
<b>Total equity and liabilities</b>	<b>100,282</b>	<b>146,261</b>	<b>111,292</b>

# Largest shareholders as of 10 May

#	Shareholder	Shares	Holding
1	SIEM INVESTMENTS INC.	7,844,249	23.92
2	PERESTROIKA AS	6,993,857	21.33
3	MORGAN STANLEY & CO. LLC	4,507,948	13.75
4	BÆKKELAGET HOLDING AS	1,010,00	3.08
5	STATOIL PENSJON C/O JP MORGAN	701,458	2.14
6	SPORTSMAGASINET AS	575,001	1.75
7	NHO - P665AK JP MORGAN CHASE BANK	404,485	1.23
8	NORDNET LIVSFORSIKRING	366,556	1.12
9	DNB NAVIGATOR (II)	344,818	1.05
10	J&J INVESTMENT AS	340,000	1.04
11	KRISTIAN FALNES AS	305,751	0.93
12	STATOIL PENSJON C/O JP MORGAN	185,517	0.57
13	RYGG JAN WIGGO	165,208	0.50
14	FLATHOLMEN AS	137,000	0.42
15	NORDNET BANK AB	131,712	0.40
16	ØVERLAND, JARLE	118,775	0.36
17	VESTVIK PRESERVERING	115,746	0.35
18	PEDERSEN, FINN BIRK	115,000	0.35
19	HAAV HOLDING AS	112,500	0.34
20	JACKWITZ, SVEIN-ERIK	112,323	0.34