



ELECTROMAGNETIC GEOSERVICES ASA SECOND QUARTER 2014 RESULTS

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HIGHLIGHTS SECOND QUARTER 2014

Operational highlights

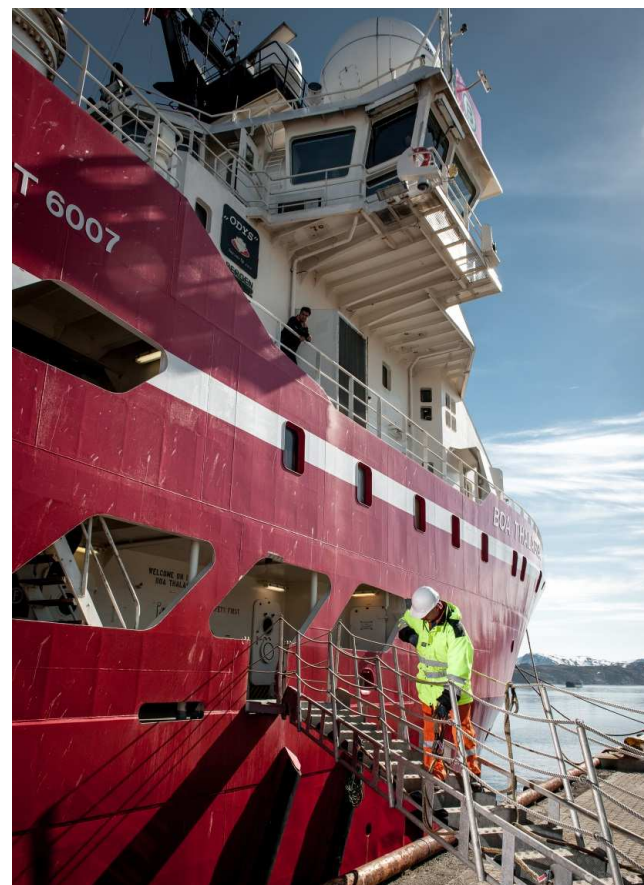
- First major 3D EM multi-client survey in US Gulf of Mexico extended
- Awarded multiple contracts with new and existing customers in Norway
- Commenced joint 3D EM multi-client project in southeast Barents Sea with TGS
- Partner agreements with ANCAP in Uruguay and Nalcor Energy in Canada

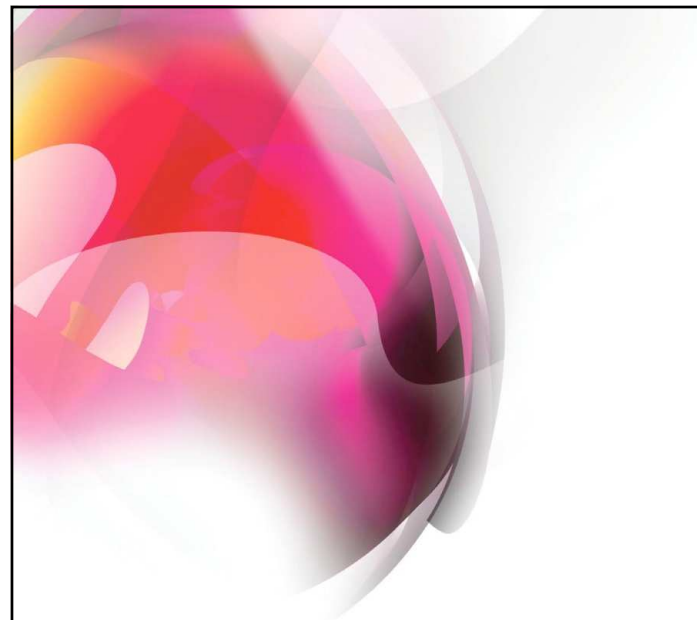
Financial highlights

- Revenues of USD 42.5 million
- EBITDA of USD 10.9 million

Outlook and guidance

- 2014 revenue guiding of > USD 200 million maintained
- Long-term outlook intact





FINANCIAL OVERVIEW

FINANCIAL HIGHLIGHTS

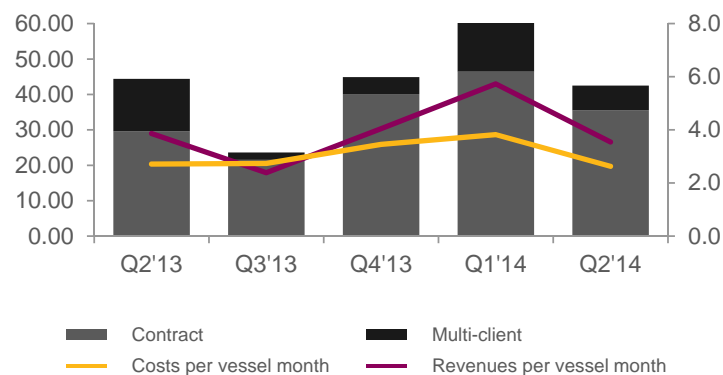
Key figures Q2

- Revenues of USD 42.5 million
- EBITDA of USD 10.9 million
- Net loss of USD 2.5 million

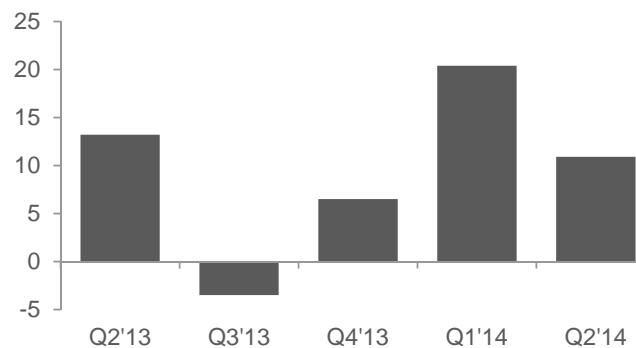
Key figures H1

- Revenues of USD 103.8 million
- EBITDA of USD 29.4 million
- Net income of USD 5.8 million

Revenues and revenues/costs per vessel month (USD Million)

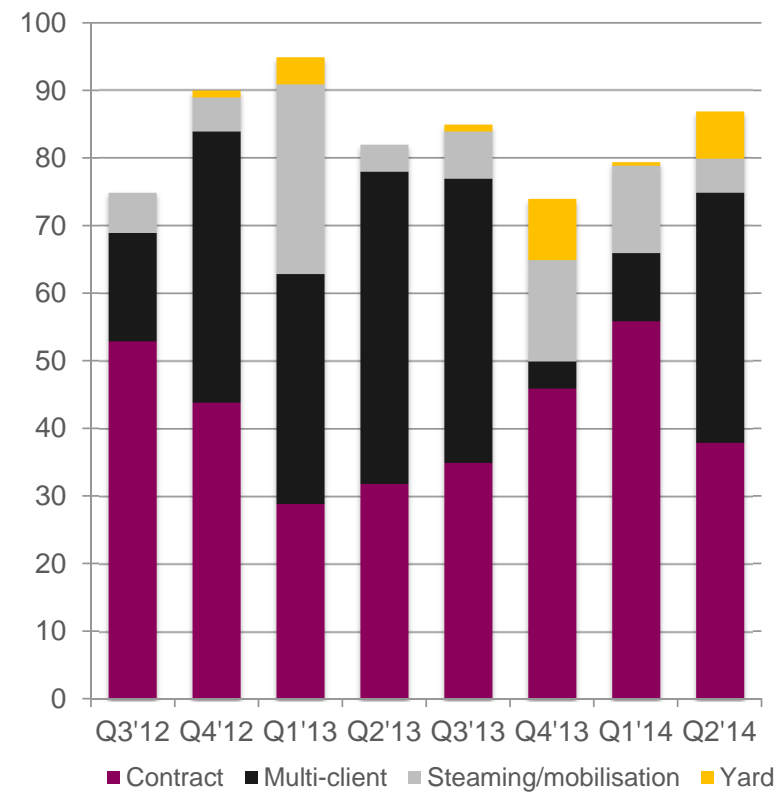


EBITDA (USD Million)



VESSEL UTILISATION

- Fleet utilisation at 75%
 - Contract: 38%
 - Multi-client: 37%
- BOA Thalassa (74%)
 - Completed contract in Morocco
 - Number of smaller contracts in Norway
- BOA Galatea (66%)
 - Operating for Pemex till end of May
 - 5 year class renewal
- Atlantic Guardian (64%)
 - Multi-client campaign in southeast Barents
- EM Leader (95%)
 - Daybreak project for full second quarter



MULTI-CLIENT PROJECTS

Multi-client Q2 highlights

- Sales of USD 7.0 million
 - USD 3.4 million late sales
 - USD 3.6 million pre-funding
- Amortisation of USD 2.5 million
- Impairment of USD 2.0 million related to Sunshine
- Investments of USD 10.7 million
- Net book value of USD 30.2 million

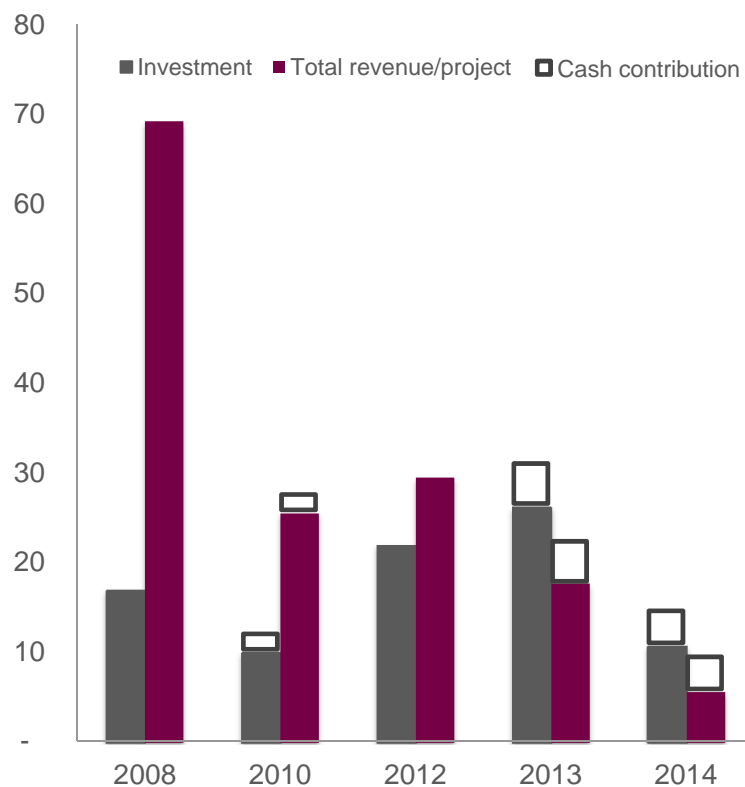
Daybreak project

- Pre-funding affected by deferred revenue and extended scope

Barents Sea project

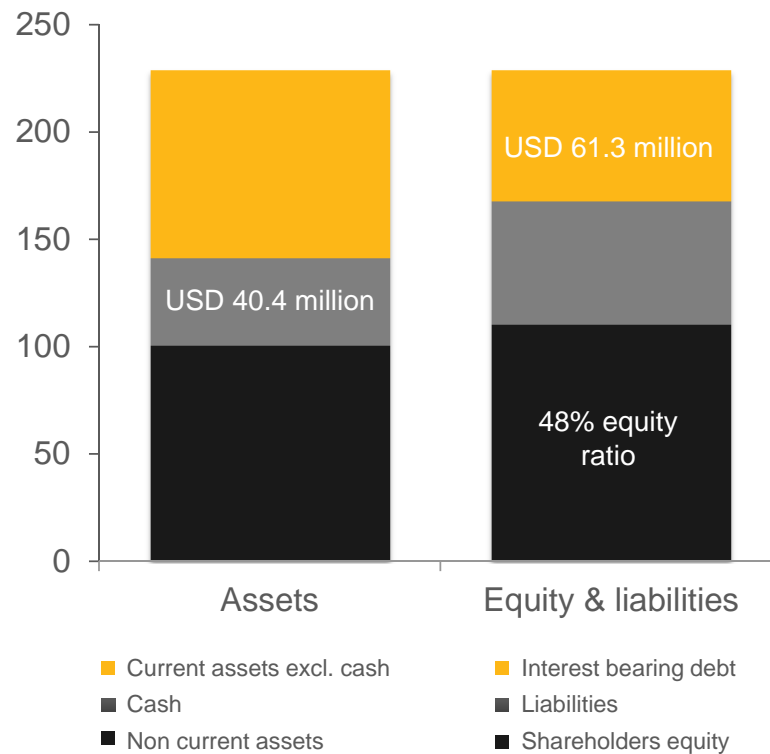
- Cash contribution from TGS to joint Barents Sea project of USD 4.0 million
- Pre-funding agreed, not booked per 30.6

Multi-client investments and revenues, per vintage



CAPITAL STRUCTURE

Balance sheet as at 30.06.14 (USD million)



Cash and working capital

- Cash at USD 40.4 million, down from USD 47.1 million end of previous quarter
- Trade receivables increased by USD 6.3 million to USD 48.1 million
- Trade payables increased by USD 3.9 million to USD 20.1 million



OPERATIONAL OVERVIEW

MEXICO UPDATE

Opening of the Mexican continental shelf

- CNH to manage annual licensing rounds
- Round Zero:
 - Pemex granted 83% of proven and probable reserves
 - 21% of prospective resources assigned to Pemex
 - Fiscal terms expected in November 2014
- Round 1:
 - Expected to include major deep-water areas
 - Pemex will offer partnerships or farm-outs in 10 priority areas

Status on USD 100 million Pemex contract

- Est. USD 19 million in backlog at 30 June
- Possible extensions of 2 x USD 25 million
- Expect to work for Pemex towards the end of 2014

EMGS opportunities

- Establishing EM Centre of Excellence for Pemex in Mexico
- New opportunities for shallow water and structural imaging
- Establish multi-client market in Mexico
- New players in areas where EM has a proven track-record



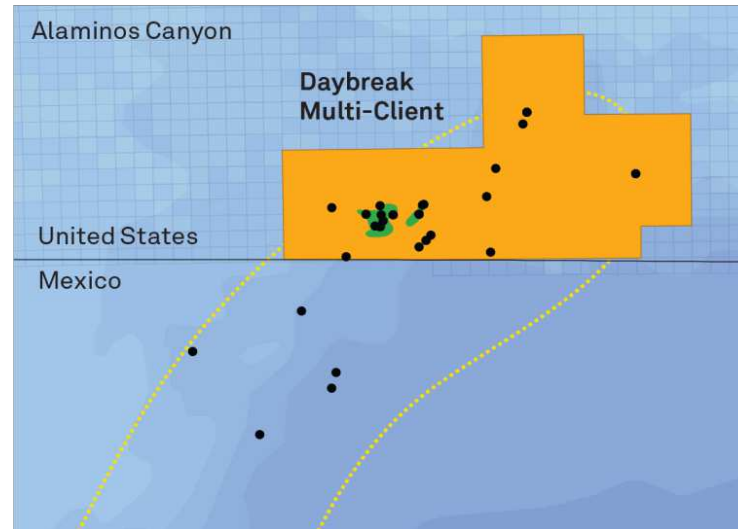
MULTI-CLIENT PROJECT IN THE US GULF OF MEXICO

Daybreak project

- EMGS' first major MC project in the US
- Multi-year program
- 2014 program extended, covering approximately 156 blocks and 3,600 km²
- Access to 2D seismic from TGS

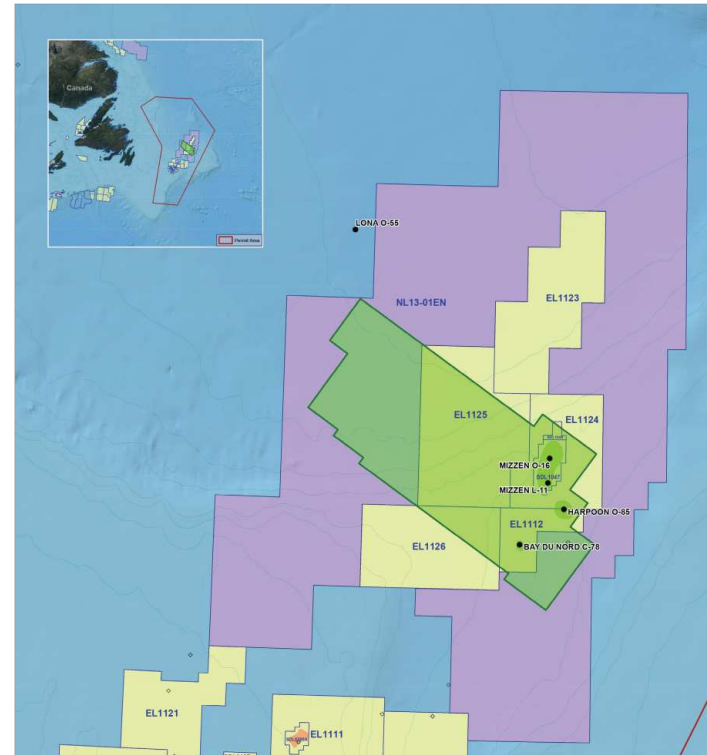
US Gulf of Mexico important multi-client basin

- Exposure to a wide range of companies
- Large future potential, annual lease rounds



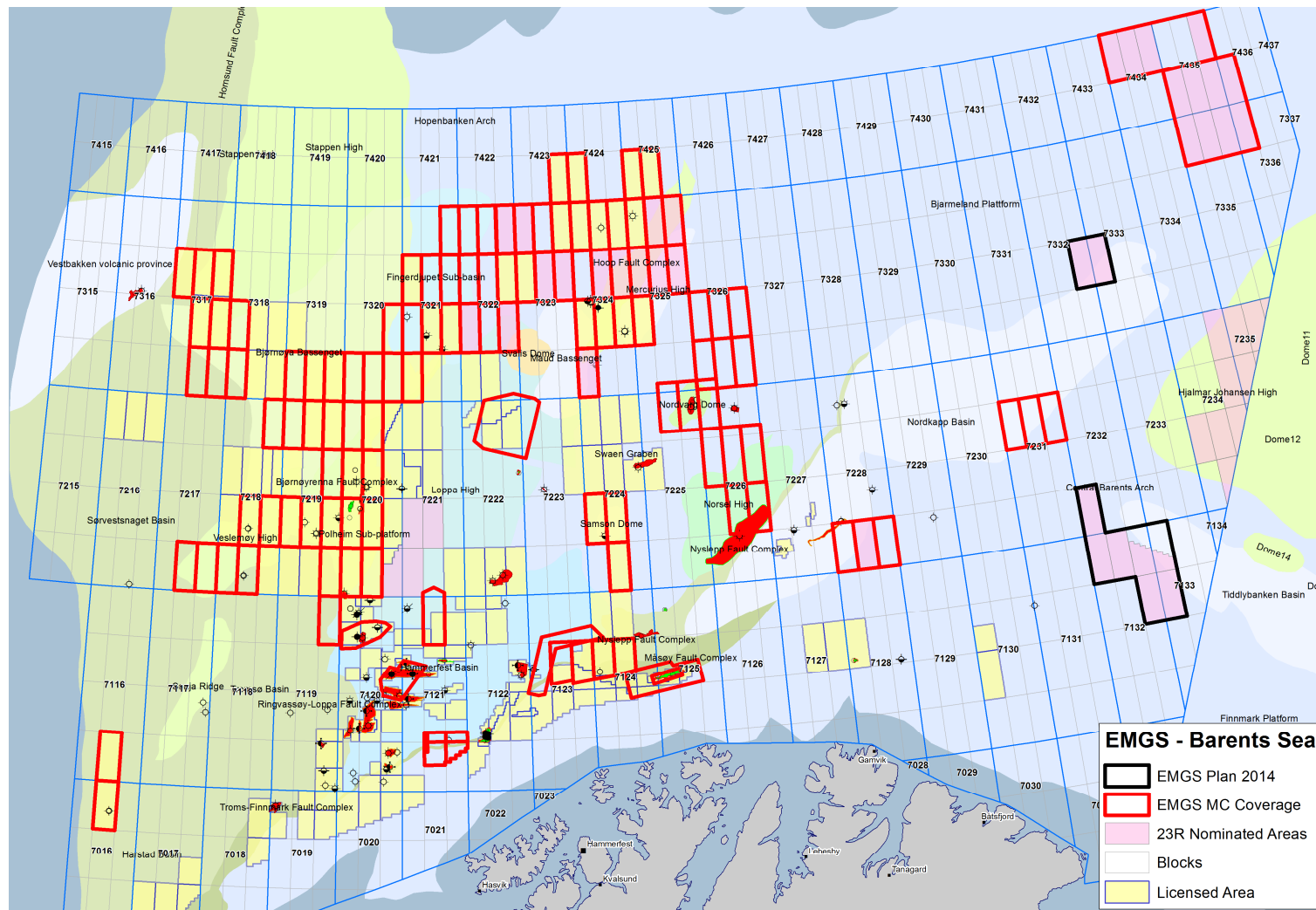
EAST CANADA MULTI-CLIENT PROGRAM

- Agreement signed with Nalcor Energy* including financial support
- Acquisition commenced on 25 July
- Expect approximately 3 months, ~4,000 km² in 2014 and 13,500 km² in total
- Calibrate survey to Flemish Pass Basin where recent major oil discoveries have been made by Statoil
- First licencing round expected mid-2015
- Currently soliciting additional partners for the program



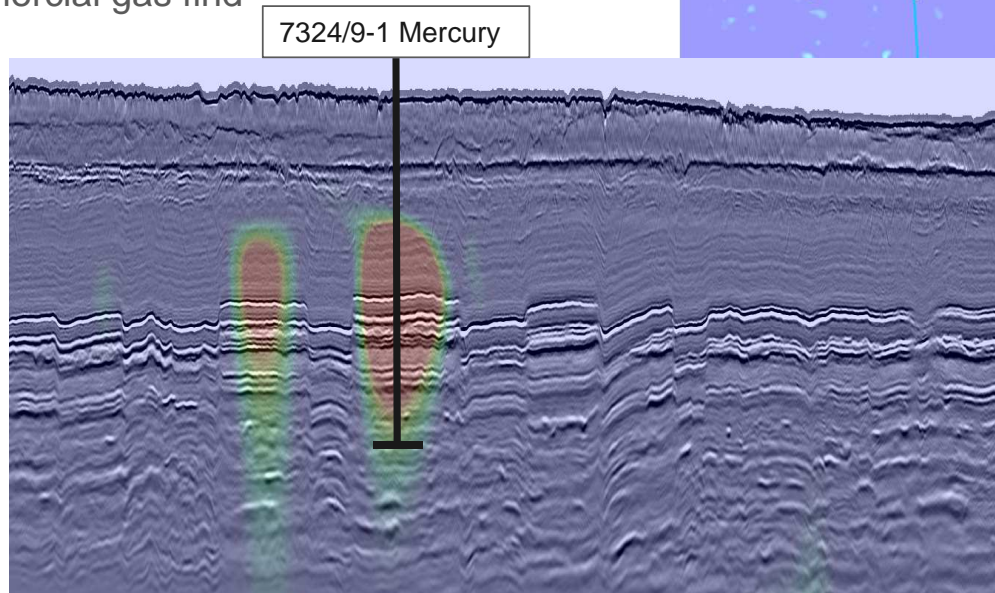
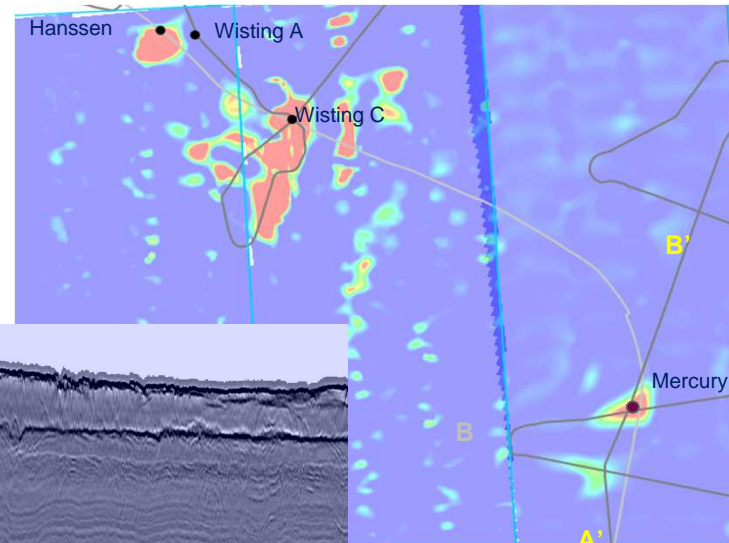
*Nalcor Energy; the Provincial Energy Corporation of Newfoundland and Labrador

EMGS BARENTS SEA PROGRAM



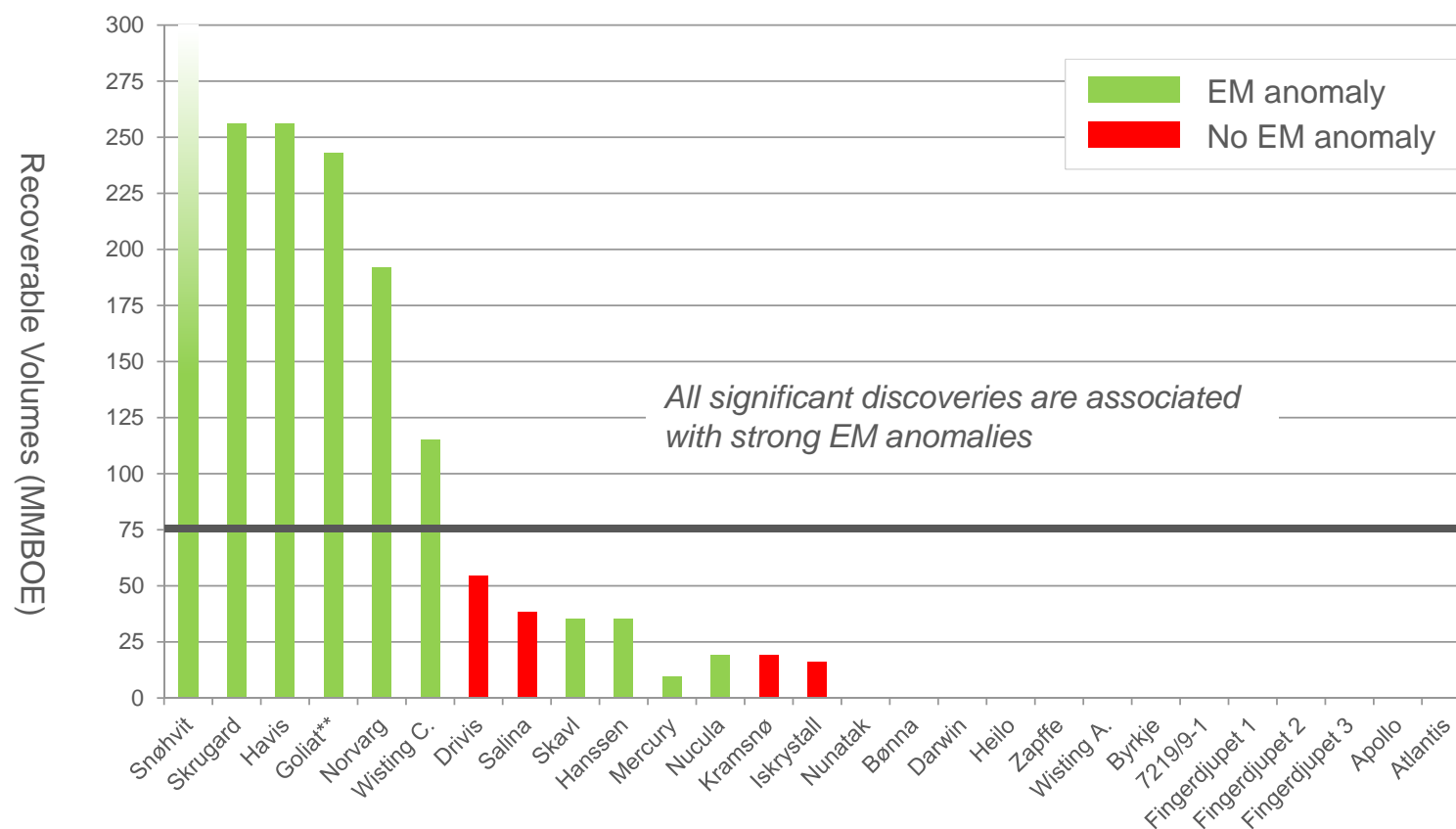
EM PREDICTIONS IN THE BARENTS SEA

- All hydrocarbon bearing reservoirs drilled to date have been highly resistive
- Wisting and Hanssen has been correctly predicted as high resistive reservoirs by EM and has opened up a new oil province
- High resolution EM predicted discovery on Mercury – although classified a small non-commercial gas find



TGS P-Cable seismic and resistivity

EXPLORATION IN THE BARENTS SEA



Recoverable volumes according to www.npd.no

STRATEGIC AGREEMENT WITH NORTH ENERGY

Multi-client agreement of NOK 100 million (USD 16.1 million) in January 2014

- Sale of Barents Sea EM data library – payment in convertible bond of NOK 75 million
- Sale of consulting services, started in March, payment in cash

Convertible bond settled 19 August

- Cash settlement of NOK 46.6 million
- NOK 28.4 million converted into 6,851,463 shares, strike price NOK 4.1451 per share
- Total holding after transaction of 11,851,463 shares, representing 9.96%

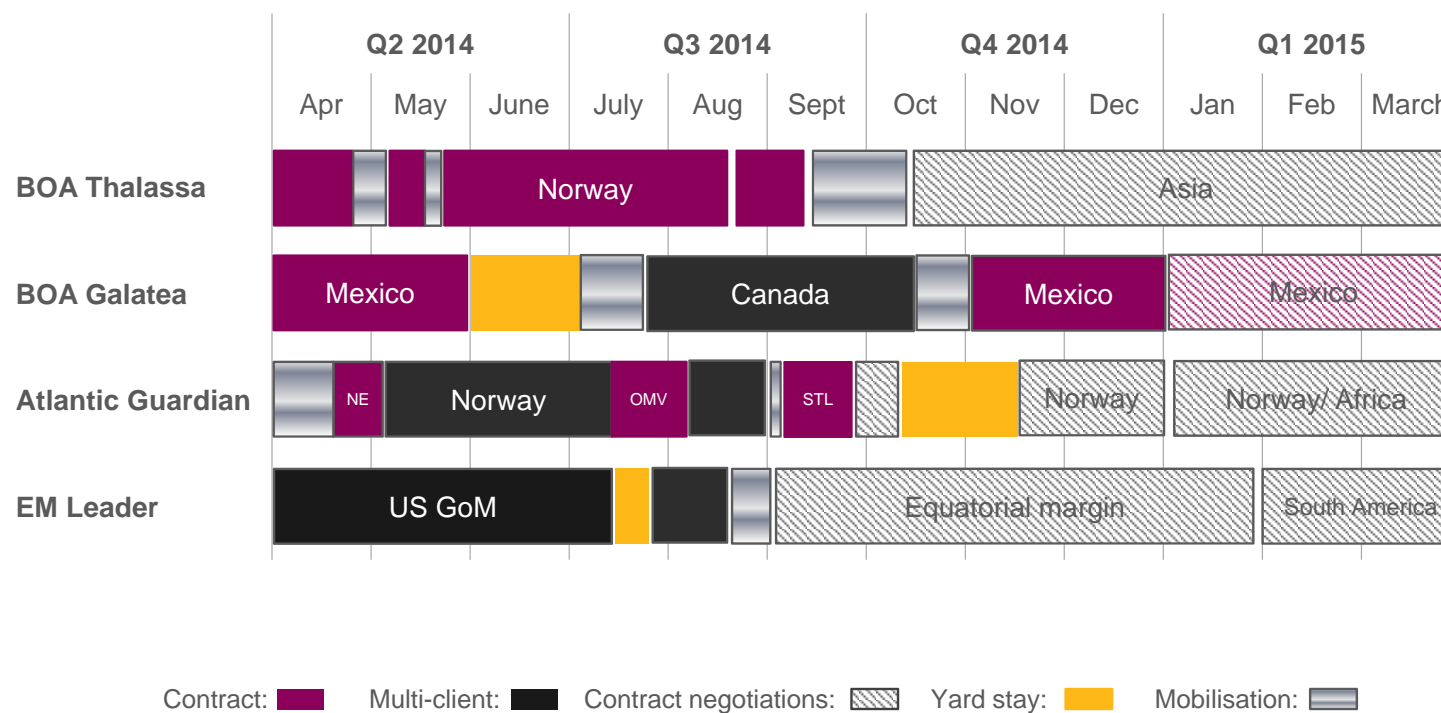
New contracts with North Energy in second quarter

- North Energy executing on their strategy to include EM in the exploration workflow
- Awarded several new contracts with North Energy during the quarter



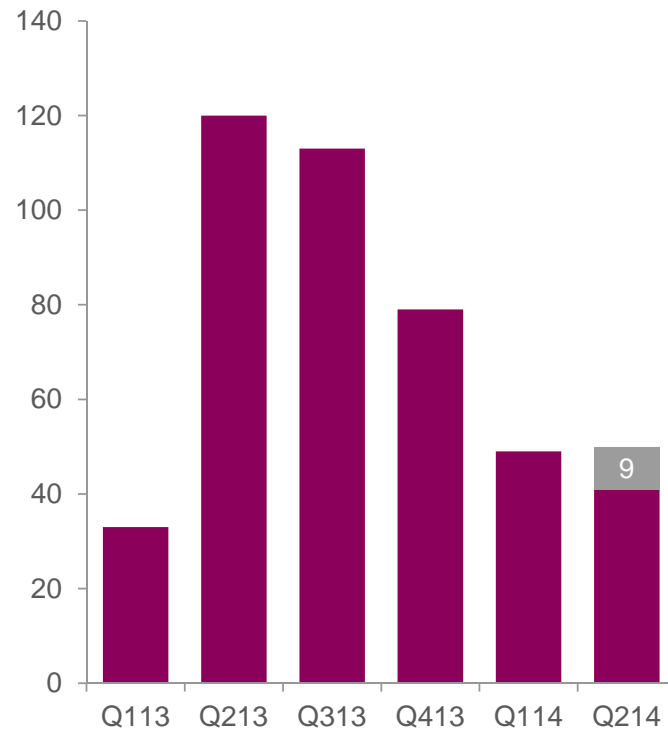
VESSEL SCHEDULE

Expected vessel schedule as of 20 August 2014



MARKET UPDATE

Order book (USD Million)



Contract opportunities 2H 2014

- Good progress on closing 1 major contract
- Final stages of preparing long-term campaign in Asia
- Strong leads in southern hemisphere

2015

- Increased visibility for opportunities in southeast Asia
- EM campaign planned for 1H15 in Uruguay
- Opening up of Mexican shelf expected to increase activity
- Continue to invest in key multi-client libraries and capitalize on existing investments
- Improved adoption to generate further opportunities

Market sentiment

- Negative sentiment for exploration spending challenging

SUMMARY AND OUTLOOK

Second quarter results according to expectations

- Well funded Investments in multi-client libraries in the US Gulf of Mexico, the Barents Sea and Canada
- Awarded multiple new contracts in Norway
- Important partner agreements with regulating authorities in Uruguay and Canada

Outlook

- Maintain full year 2014 revenue guiding of >USD 200 million
- Promising contract opportunities for 2H
- Expect increased visibility into 2015










Q&A



APPENDIX

VESSEL CHARTERS AND YARD STAYS

	BOA Thalassa 	BOA Galatea 	Atlantic Guardian 	EM Leader 	EM Express 
Firm Charter	December 2015	July 2016	1 March 2016	28 July 2014	Standby in Bergen at no cost to EMGS.
Options	1 x 1 year	1 x 1 year	3 x 1 year	Optional 1-, 3-, 6- or 12-month charters until 9 March 2015	.
Yard stays		~ 4-5 weeks Q2/Q3 2014: 5 year class renewal	~ 5 weeks in Q4 2014		Not applicable
Vessel owner	BOA Offshore	BOA Offshore	North Sea Shipping	Seatrans	Seatrans Ship Management

CONSOLIDATED INCOME STATEMENT

USD million

	QUARTER ENDING		HALF YEAR ENDING	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
Contract sales	35.5	29.6	82.0	49.5
Multi-client sales	7.0	14.8	21.8	26.6
Total revenues	42.5	44.4	103.8	76.1
Charter hire, fuel and crew expenses	13.9	11.7	34.5	22.0
Employee expenses	12.1	13.6	27.8	28.4
Other operating expenses	5.6	5.9	10.1	11.3
EBITDA	10.9	13.2	31.4	14.5
Depreciation and ordinary amortisation	4.2	4.1	8.6	8.7
Multi-client amortisation and impairment	4.5	7.1	7.8	9.9
EBIT	2.1	2.0	15.0	(4.1)
Net financial items	(2.9)	(3.5)	(3.9)	1.3
Profit /(loss) before tax	(0.6)	(1.5)	11.1	(2.8)
Income tax expense	1.9	0.1	5.3	1.4
Net profit /(loss)	(2.5)	(1.6)	5.8	(4.2)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD million	QUARTER ENDING	
ASSETS	30.06.2014	30.06.2013
Goodwill	14.4	14.2
Deferred tax asset	1.9	-
Multi-client library	30.2	22.8
Other intangible assets	2.5	4.6
Property, plant and equipment	21.7	27.4
Assets under construction	26.2	17.1
Financial assets	3.7	-
Total non-current assets	100.6	86.3
Trade receivables	48.1	48.6
Other current assets	39.5	41.9
Cash and cash equivalents	39.6	44.9
Restricted cash	0.8	1.3
Total current assets	128.0	136.7
TOTAL ASSETS	228.7	223.0
EQUITY AND LIABILITIES		
Total equity	110.3	112.9
Total non-current liabilities	69.9	63.8
Trade payables	20.1	13.2
Current tax liability	3.7	1.4
Other short term liabilities	21.1	15.9
Borrowings	3.5	15.8
Total current liabilities	48.5	46.3
TOTAL EQUITY AND LIABILITIES	228.7	223.0

CONSOLIDATED STATEMENT OF CASH FLOW

USD million

	HALF YEAR ENDING	
	30.06.2014	30.06.2013
Net cash flow from operating activities	10.1	8.2
Net cash flow from investing activities	(26.8)	(29.5)
Net cash flow from financial activities	1.0	27.0
Net increase in cash	(15.7)	5.7

LARGEST SHAREHOLDERS (AS OF 20 AUGUST)

	SHAREHOLDER	SHARES	HOLDING
1	MORGAN STANLEY & CO	19 046 138	9.53 %
2	SKAGEN GLOBAL	10 124 112	5.07 %
3	MOMENTUM INVESTMENTS INC	9 504 920	4.76 %
4	ODIN OFFSHORE	8 473 631	4.24 %
5	VERDIPAPIRFONDET DNB	7 545 383	3.78 %
6	ODIN NORGE	6 160 990	3.08 %
7	FIDELITY FUNDS	6 060 507	3.03 %
8	PERESTROIKA AS	6 000 000	3.00 %
9	CLEARSTREAM BANKING S.A.	5 699 502	2.85 %
10	SKAGEN VEKST	5 029 207	2.52 %
11	VERDIPAPIRFONDET DNB NORGE (IV)	4 956 804	2.48 %
12	STATOIL PENSJON C/O JP MORGAN CHASE	3 755 362	1.88 %
13	SKAGEN GLOBAL II	3 171 333	1.59 %
14	VPF NORDEA KAPITAL	2 815 655	1.41 %
15	SYDBANK A/S	2 798 706	1.40 %