



# EMGS ASA – THIRD QUARTER PRESENTATION 2010

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Hotel Continental, 18 November 2010



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## HIGHLIGHTS

### Financial results in line with expectations

- Revenues of USD 22.8 million
- EBITDA of USD 6.5 million

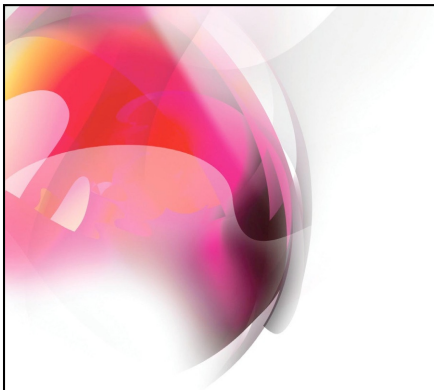
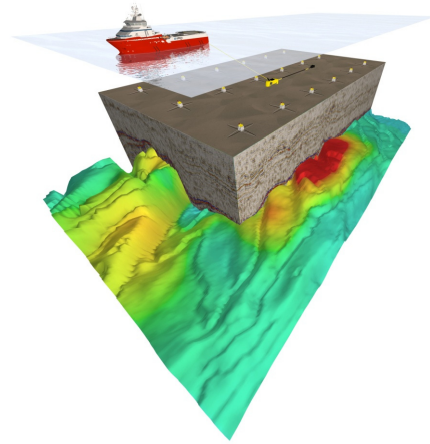
### High operational activity

- Vessel utilisation and backlog at all-time high
- Three vessels in operation
- PEMEX contract well underway

### Market fundamentals improving

- Multiple contract awards by several majors and NOCs
- Second successful multi-client Barents Sea campaign

### Fourth consecutive quarter of revenue growth



## FINANCIAL OVERVIEW



## FINANCIAL HIGHLIGHTS Q3

### Revenues up 48 percent YoY\*

- USD 22.8 million
- Contract sales at USD 18.2 million
- Multi-client sales at USD 4.6 million

### EBITDA back in black

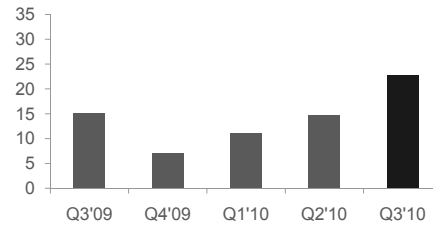
- USD 6.5 million
- Adjusted EBITDA at USD 3.1 million

### Vessel utilisation at 84%

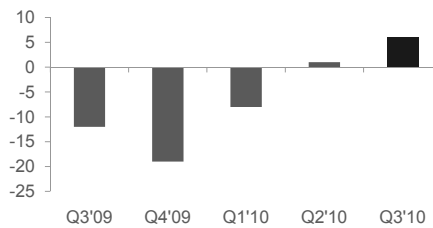
- BOA Thalassa mobilised to Mexico
- Planned yard stay for BOA Galatea
- Siem Mollie decommissioned 21 October

\*YoY (Year over year) compares a time period, against the same time period last year

Revenues (USD Million)



EBITDA (USD Million)



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## OPERATIONAL COSTS

### Charter hire, fuel and crew expenses

- USD 5.2 million
  - Capitalisation of multi-client costs: USD 3.4 million
  - Three vessels in operation
  - The patent win against Schlumberger: USD 3.4 million

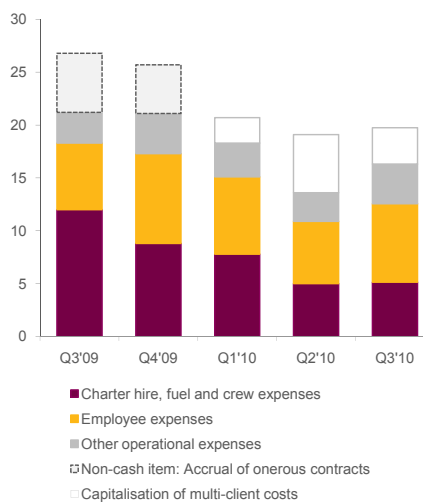
### Employee expenses

- USD 7.4 million
  - Increased from USD 5.9 million in Q2'10

### Other operational expenses

- USD 3.8 million
  - Increased from USD 2.7 million in Q2'10
  - Reflecting higher activity

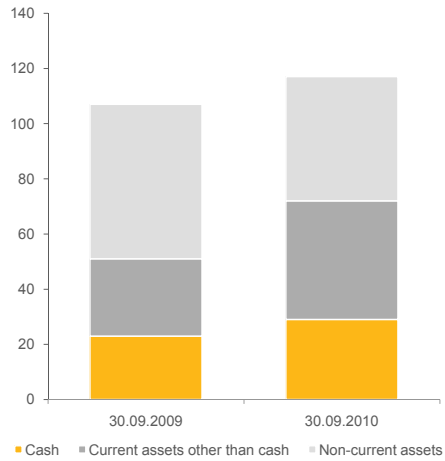
Operational costs (USD Million)



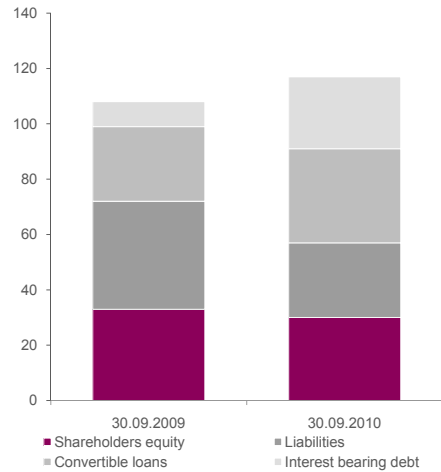
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## CAPITAL STRUCTURE

**Assets (USD million)**



**Equity and liabilities (USD million)**



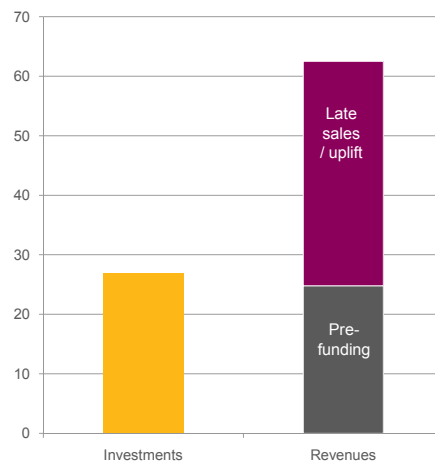
## MULTI-CLIENT: A VIABLE BUSINESS MODEL

**More than 20.000 km<sup>2</sup> of 3D EM data**



- Conservative investment approach
- Growing data library in highly prospective regions
- Further late-sales and uplift expected

**Investments and sales 2008 - 2010 (USD Million)**





## OPERATIONAL OVERVIEW

### UPDATE ON CONTRACT WITH PEMEX

#### Large long-term contract

- USD 150 million
- Through 2012

#### Work progress

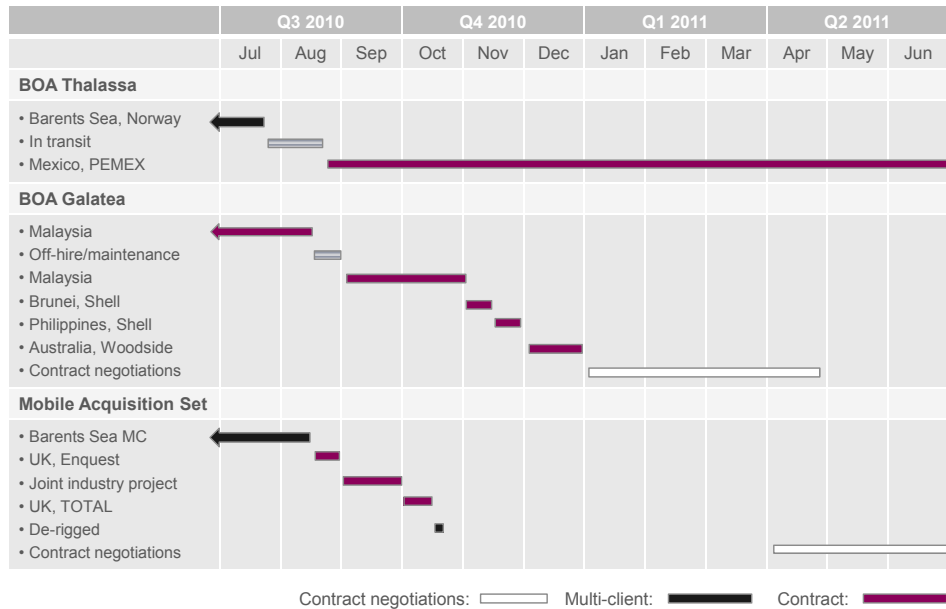
- Office opened in Villahermosa
- Data acquisition off to a good start
- Operational challenges in ultra deep-waters

#### Revenues in Q3

- Revenues from PEMEX contract in Q3'10 of USD 6 million



## VESSEL ACTIVITY & BACKLOG



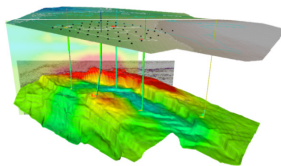
## WHAT HAS DRIVEN INCREASED DEMAND?

### INDUSTRY LEADING TECHNOLOGY



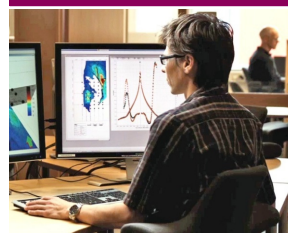
- Large areas, faster acquisition
- Proprietary equipment
- Capacity and efficiency gains

### ADVANCES IN PROCESSING AND IMAGING



- Full azimuth 3D EM data
- 3D inversion
- Integration with seismic data and well logs

### CUSTOMER EXPERTISE AND EXPERIENCE



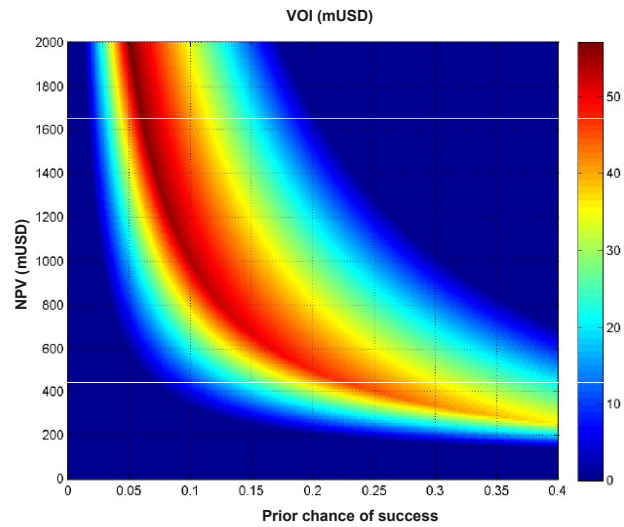
- Customer training
- Close interaction and follow-up
- Growing recognition of value proposition

## CUSTOMER ADOPTION

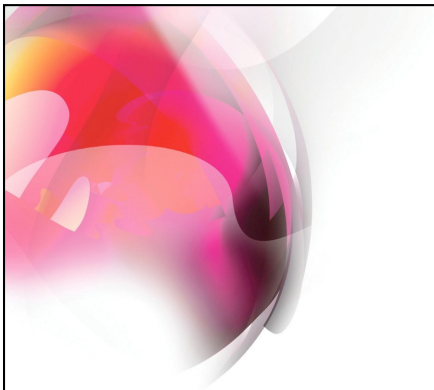
## CUSTOMER ADOPTION – A VALUE PROPOSITION CASE

“...conservative estimates of the economical value of CSEM data can be more than 10 times above the typical costs for a CSEM survey and analysis.”

Arild Buland  
et al, (Statoil), EAGE 2010



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## SUMMARY AND OUTLOOK

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## SUMMARY

Financial results in line with expectations

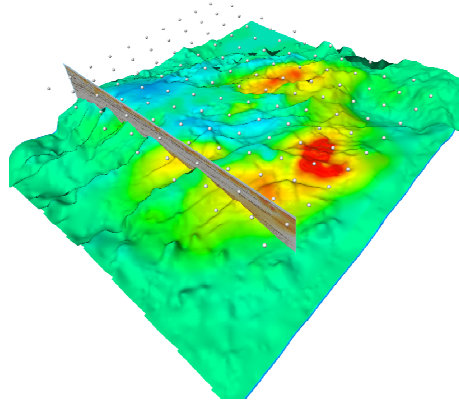
Successful mobilisation and start of PEMEX contract

Barents 2010 campaign completed

Contract backlog at all-time high

Competitive landscape changing – favourable to EMGS

Recent contract awards confirm strengthening of market demand



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## OUTLOOK

Revenue growth continues into Q4

Operational profits are within reach for 2010

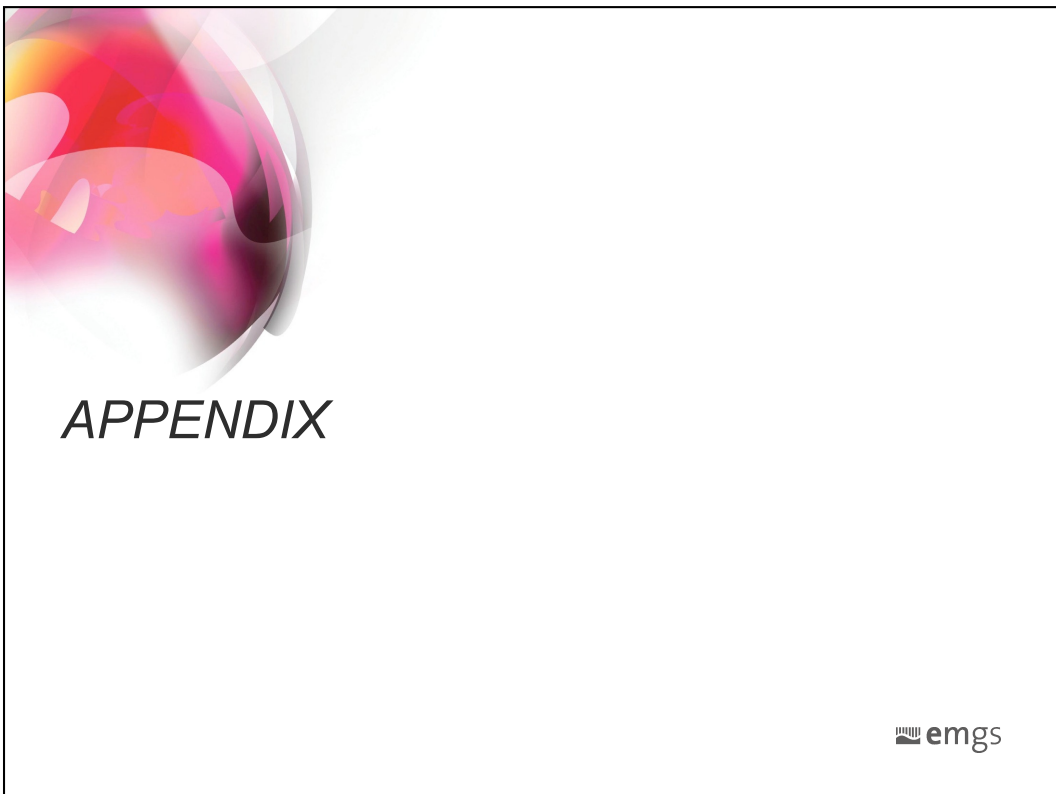
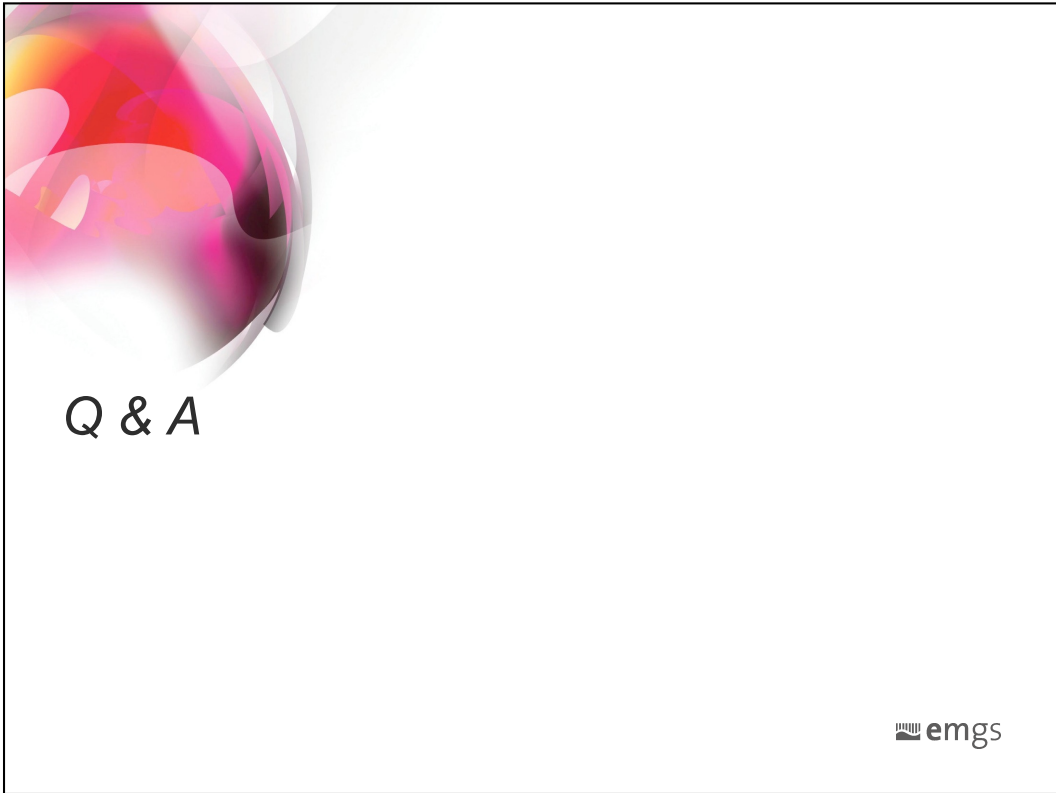
Backlog for BOA Thalassa through 2012

Contract visibility for BOA Galatea well into H1 2011

Expect to re-mobilise the mobile acquisition set in H1 2011



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## CONSOLIDATED INCOME STATEMENT

USD million	THREE MONTHS ENDING		NINE MONTHS ENDING	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
<b>Revenues</b>	<b>22.8</b>	<b>15.3</b>	<b>48.2</b>	<b>52.0</b>
Charter hire, fuel and crew expenses	5.2	17.6	17.9	41.8
Employee expenses	7.4	6.3	20.6	21.7
Other operating expenses	3.7	2.9	9.6	9.5
<b>EBITDA</b>	<b>6.5</b>	<b>(11.5)</b>	<b>0.0</b>	<b>(21.1)</b>
Depreciation and ordinary amortisation	4.6	6.0	14.7	17.7
Multi-client amortisation	1.6	-	4.1	0
<b>EBIT</b>	<b>0.2</b>	<b>(17.5)</b>	<b>(18.8)</b>	<b>(38.8)</b>
Net financial items	(7.9)	(0.1)	(7.3)	(2.1)
Share of profit of joint venture	-	(0.3)	-	(8.6)
<b>Profit/(loss) before tax</b>	<b>(7.7)</b>	<b>(17.8)</b>	<b>(26.1)</b>	<b>(49.5)</b>
Income tax expense	0.6	0.9	0.8	1.0
<b>Net profit/(loss)</b>	<b>(8.3)</b>	<b>(18.7)</b>	<b>(26.8)</b>	<b>(50.5)</b>



## CONSOLIDATED BALANCE SHEET

USD million	PERIOD ENDING	
	30.09.2010	31.12.2009
<b>ASSETS</b>		
Intangible assets	7.7	2.9
Property, plant and equipment	25.5	32.1
Assets under construction	8.9	10.5
Investment in joint venture	3.0	3.0
Restricted cash	7.4	-
<b>Total non-current assets</b>	<b>52.5</b>	<b>48.5</b>
Trade receivables	26.7	9.9
Other current assets	16.8	15.1
Cash and cash equivalents	12.5	29.6
Restricted cash	9.2	-
<b>Total current assets</b>	<b>65.1</b>	<b>54.6</b>
<b>TOTAL ASSETS</b>	<b>117.6</b>	<b>103.1</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Total equity</b>	<b>30.0</b>	<b>24.7</b>
<b>Total non-current liabilities</b>	<b>61.9</b>	<b>9.7</b>
Trade payables	8.7	14.6
Current tax liability	2.6	2.0
Provisions	0.6	6.7
Other short term liabilities	10.0	10.8
Borrowings	3.8	34.5
<b>Total current liabilities</b>	<b>25.7</b>	<b>68.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>117.6</b>	<b>103.1</b>



## CONSOLIDATED STATEMENT OF CASH FLOW

USD million

	NINE MONTHS ENDING	
	30.09.2010	30.09.2009
Net cash flow from operating activities	(34.2)	(20.6)
Net cash flow from investing activities	(12.4)	(7.4)
Net cash flow from financial activities	46.2	23.2
Net increase in cash	(0.5)	(4.7)



## LARGEST SHAREHOLDERS (AS OF 17 NOVEMBER)

	SHAREHOLDER	SHARES	HOLDING
1	WARBURG PINCUS	61 873 434	40.26 %
2	ODIN NORGE	8 611 223	5.60 %
3	DNB NOR SMB	3 928 254	2.56 %
4	ODIN OFFSHORE	3 860 000	2.51 %
5	SISSENER SIRIUS ASA	3 268 748	2.13 %
6	BRUHEIM, BJARTE HENRY	3 000 088	1.95 %
7	SUNDT AS	2 500 000	1.63 %
8	TOLUMA NORDEN AS	2 050 000	1.33 %
9	JPMORGAN CHASE BANK	1 879 651	1.22 %
10	DELPHI NORGE	1 750 000	1.14 %
11	DNB NOR NAVIGATOR	1 616 123	1.05 %
12	DEUTSCHE BANK AG LONDON	1 490 611	0.97 %
13	KOMMUNAL LANDSPENSJONSKASSE	1 420 475	0.92 %
14	VPF NORDEA KAPITAL	1 343 057	0.87 %
15	EM-SBL HOLDING AS	1 200 000	0.78 %

