



THIRD QUARTER 2016 RESULTS.

Oslo, 3 November 2016

CEO Christiaan Vermeijden, CFO Hege A. Veiseth

Spot the difference.

Disclaimer

This quarterly presentation includes and is based, inter alia, on forward-looking information and statements that are subject to risks and uncertainties that could cause actual results to differ. Such forward-looking information and statements are based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for Electromagnetic Geoservices ASA (EMGS) and its subsidiaries. These expectations, estimates and projections are generally identifiable by statements containing words such as "expects", "believes", "estimates" or similar expressions. Important factors that could cause actual results to differ materially from those expectations include, among others, economic and market conditions in the geographic areas and industries that are or will be major markets for the EMGS' businesses, oil prices, market acceptance of new products and services, changes in governmental regulations, interest rates, fluctuations in currency exchange rates and such other factors as may be discussed from time to time. Although Electromagnetic Geoservices ASA believes that its expectations and the information in this Report were based upon reasonable assumptions at the time when they were made, it can give no assurance that those expectations will be achieved or that the actual results will be as set out in this Report. Electromagnetic Geoservices ASA nor any other company within the EMGS Group is making any representation or warranty, expressed or implied, as to the accuracy, reliability or completeness of the information in the Report, and neither Electromagnetic Geoservices ASA, any other company within the EMGS Group nor any of their directors, officers or employees will have any liability to you or any other persons resulting from your use of the information in the Report. Electromagnetic Geoservices ASA undertakes no obligation to publicly update or revise any forward-looking information or statements in the Report.

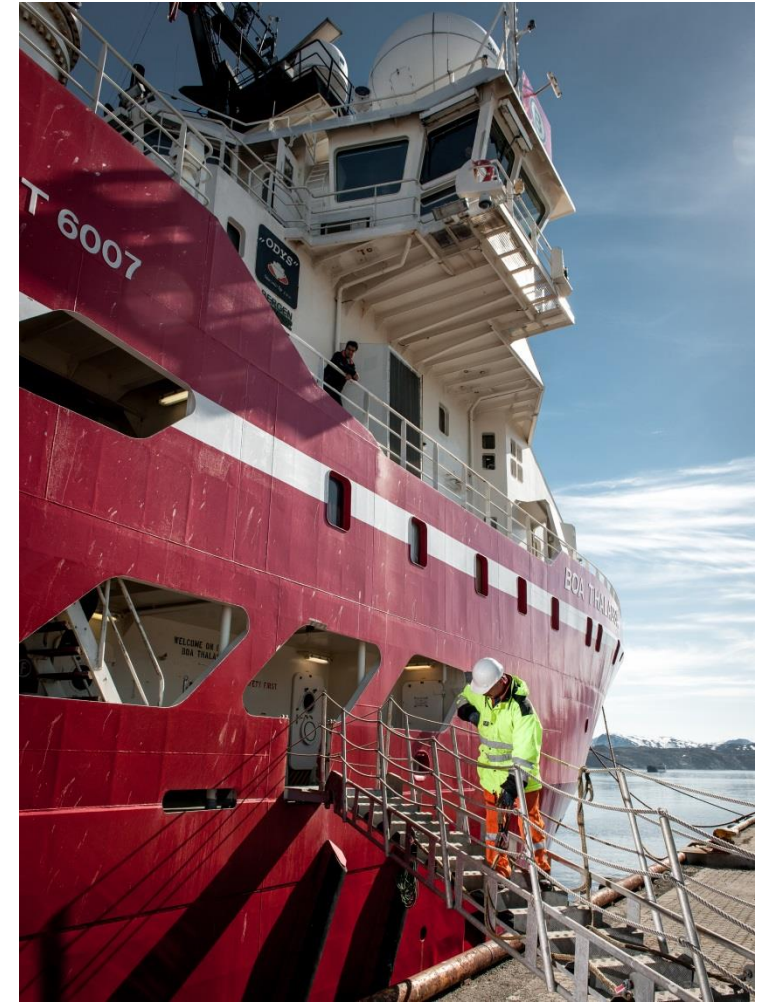
Highlights

Third quarter 2016

- Geophysical spending continues to be slow
- Completion of the JIP test field phase
- Acquisition of multi-client data in Norway
- Revenues of USD 4.5 million

Subsequent events

- Reduction in global employee expenses of around 20%
- New terms agreed for the Atlantic Guardian charter, 27% reduction
- Provisional award in Asia, valued at USD 8 million
- Late sales in Norway, valued at USD 1 million



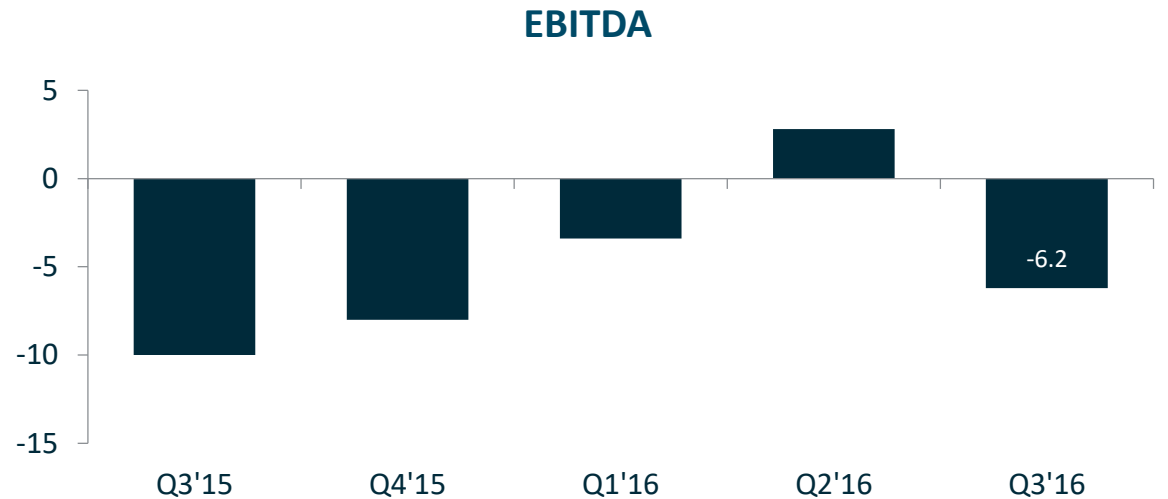
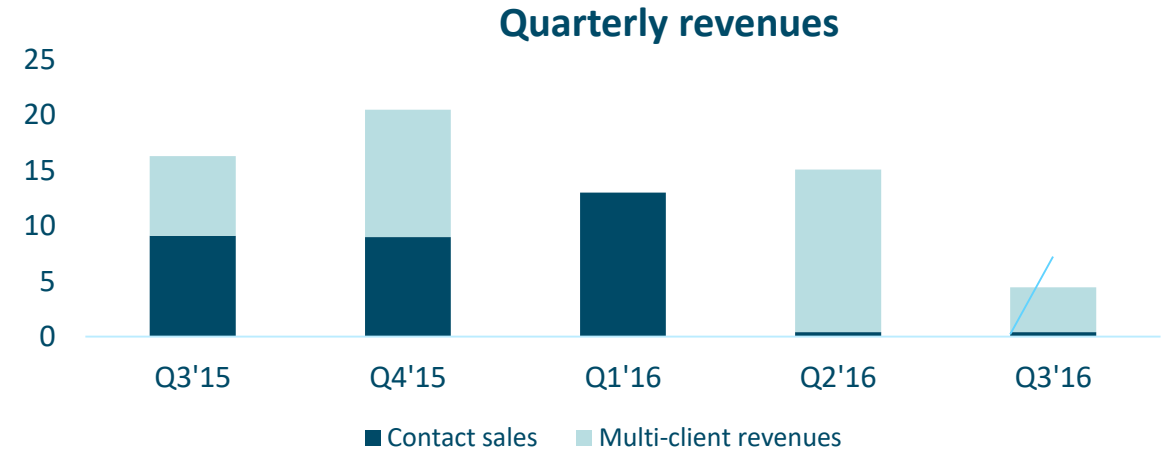


Financial review

Spot the difference.

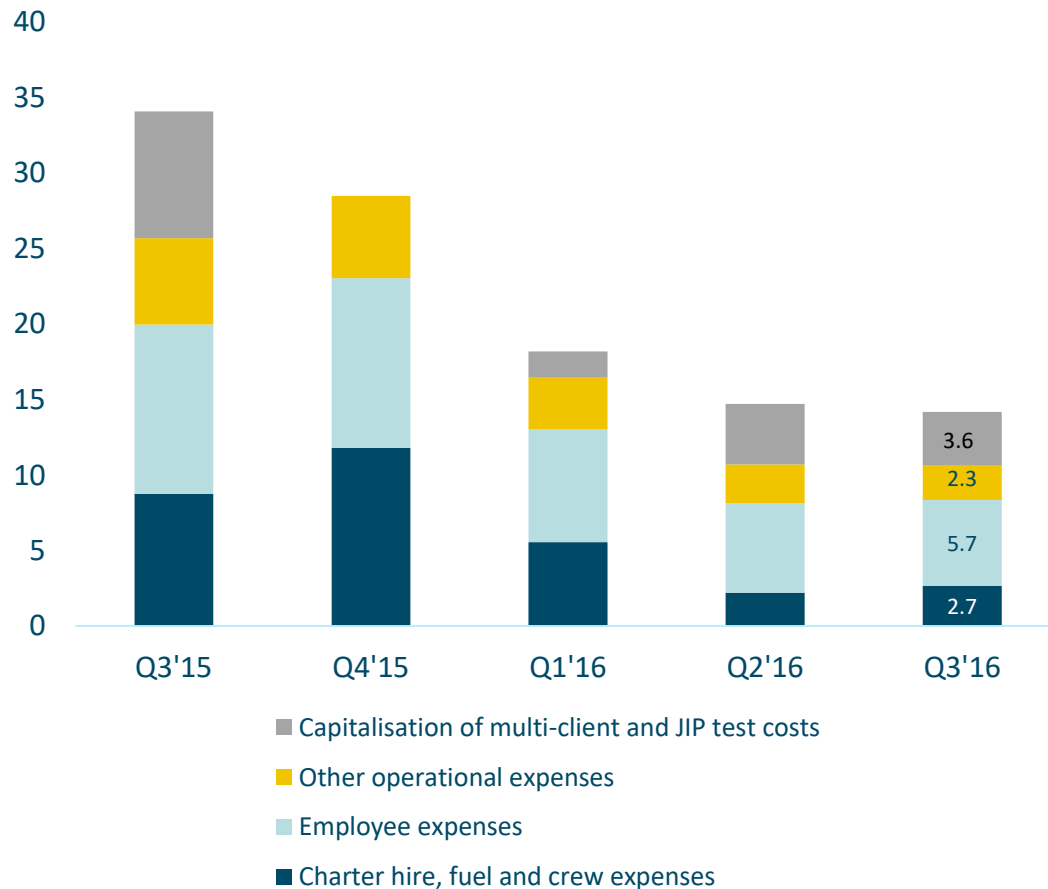
Third quarter key financials

- Revenues of USD 4.5 million, mainly multi-client revenues
- EBITDA of negative USD 6.2 million
- Vessel utilisation of 52%
 - Multi-client projects and JIP field test



Operational cost base development

Quarterly operational cost base development*

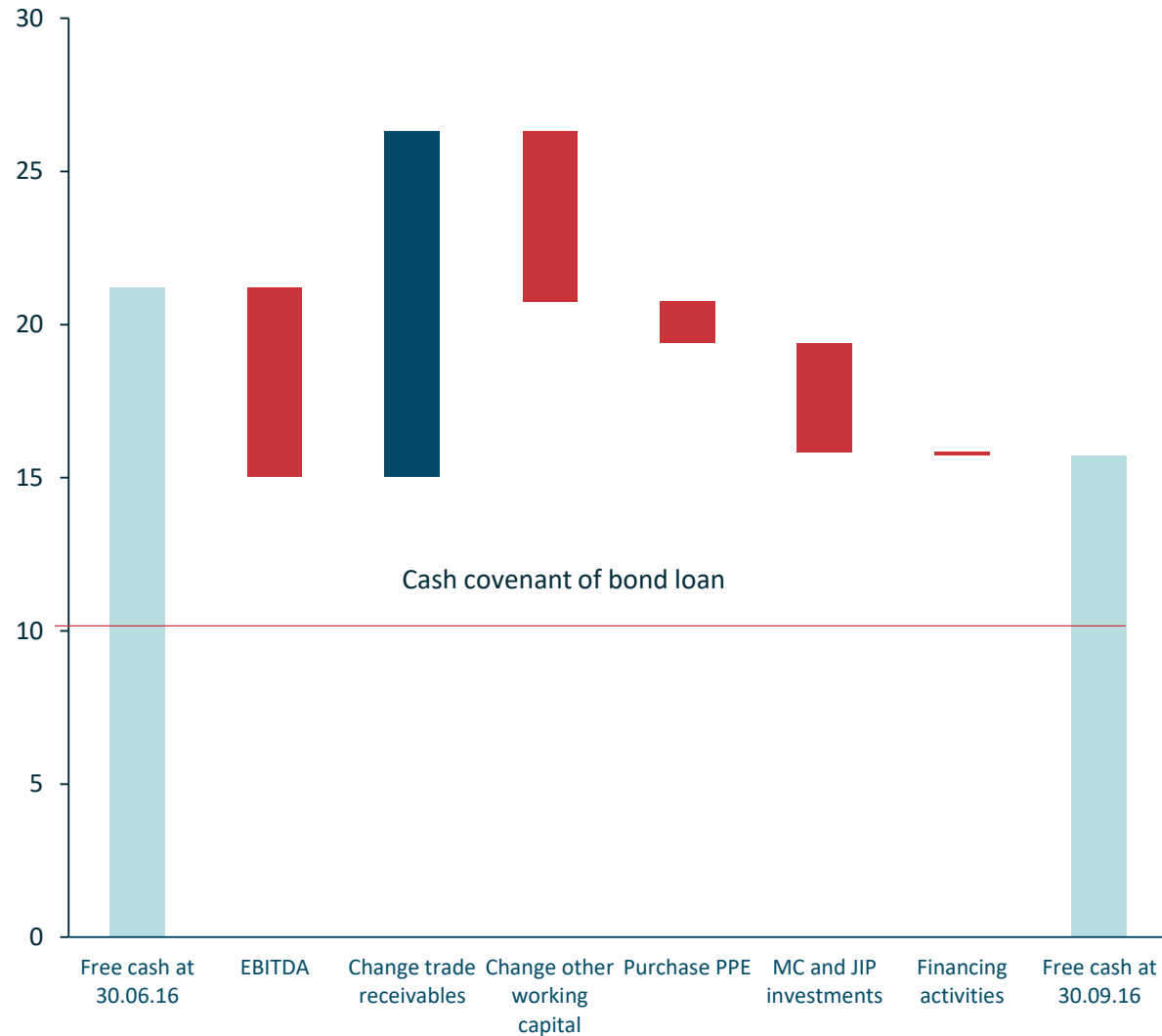


Comments

- Operational costs base of USD 14.2 million
 - Capitalised multi-client expenses of USD 1.9 million
 - Capitalised JIP field test expenses of USD 1.7 million
- Cost reduction program
 - Current cost reduction program progressing as planned
 - Further reductions in employee expenses
 - New rate for the Atlantic Guardian charter
- Target a 2016 cost base of approximately USD 65 million

*Cost base is defined as total operational costs, i.e. charter hire, fuel and crew expenses, employee expenses and other operating expenses. The cost base includes multi-client and JIP field test investments, i.e. direct costs which are capitalised in the quarter. The cost base excludes capex, interest, and write down of inventory.

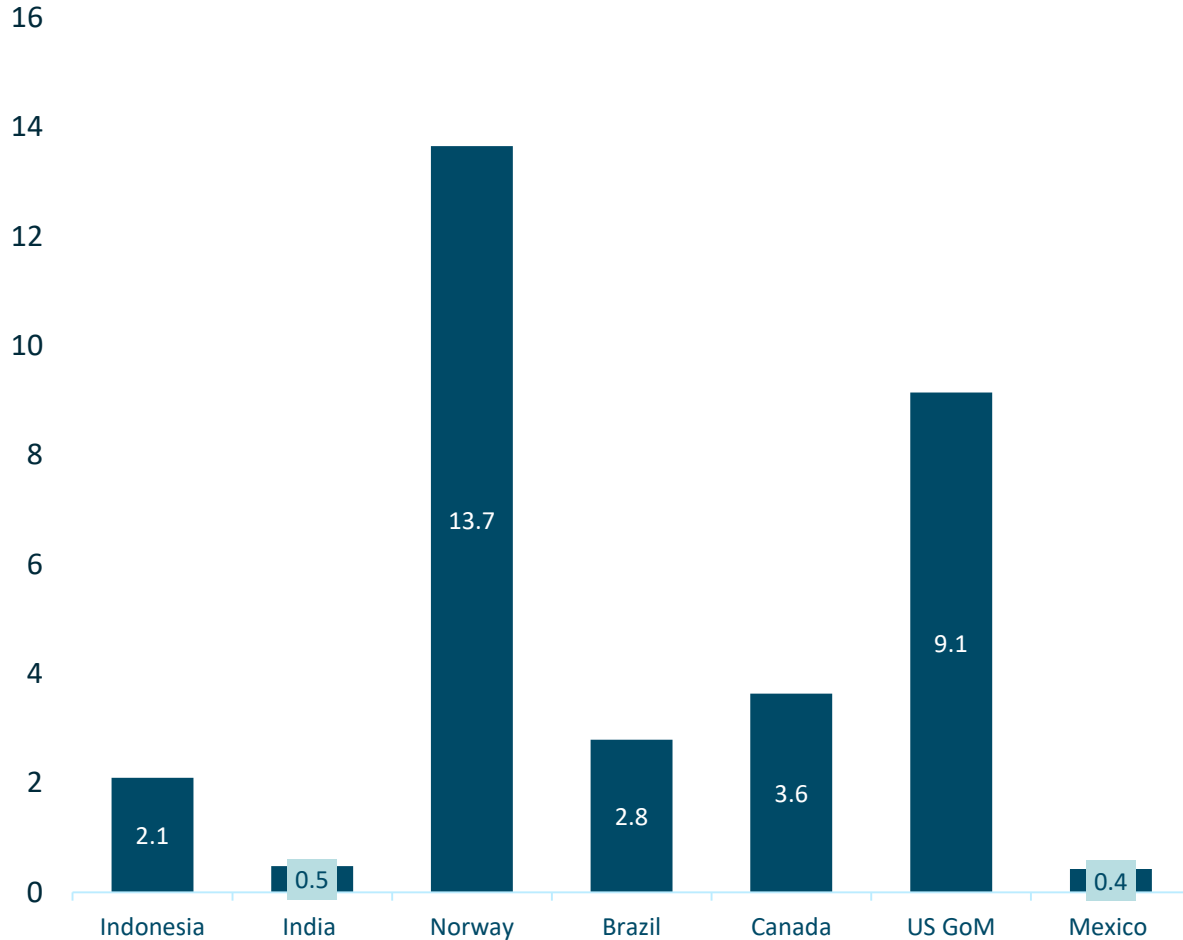
Free cash development



- Net decrease in free cash of USD 5.5 million
- Cash and cash equivalents at end of Q3 of USD 19.8 million, incl restricted cash
 - Restricted cash of USD 4.1 million at end of Q3

Multi-client investments

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



- Uplift/late sales revenues of USD 4.0 million in Q3
- Investments of USD 1.9 million in Q3
 - Hammerfest Basin and Loppa High Area
 - Preparations for the APA and 24th licensing round
- Amortisation of USD 2.8 million
 - Straight-line amortisation
- Book value of USD 32.2 million at end of Q3




Operations, Market and Outlook

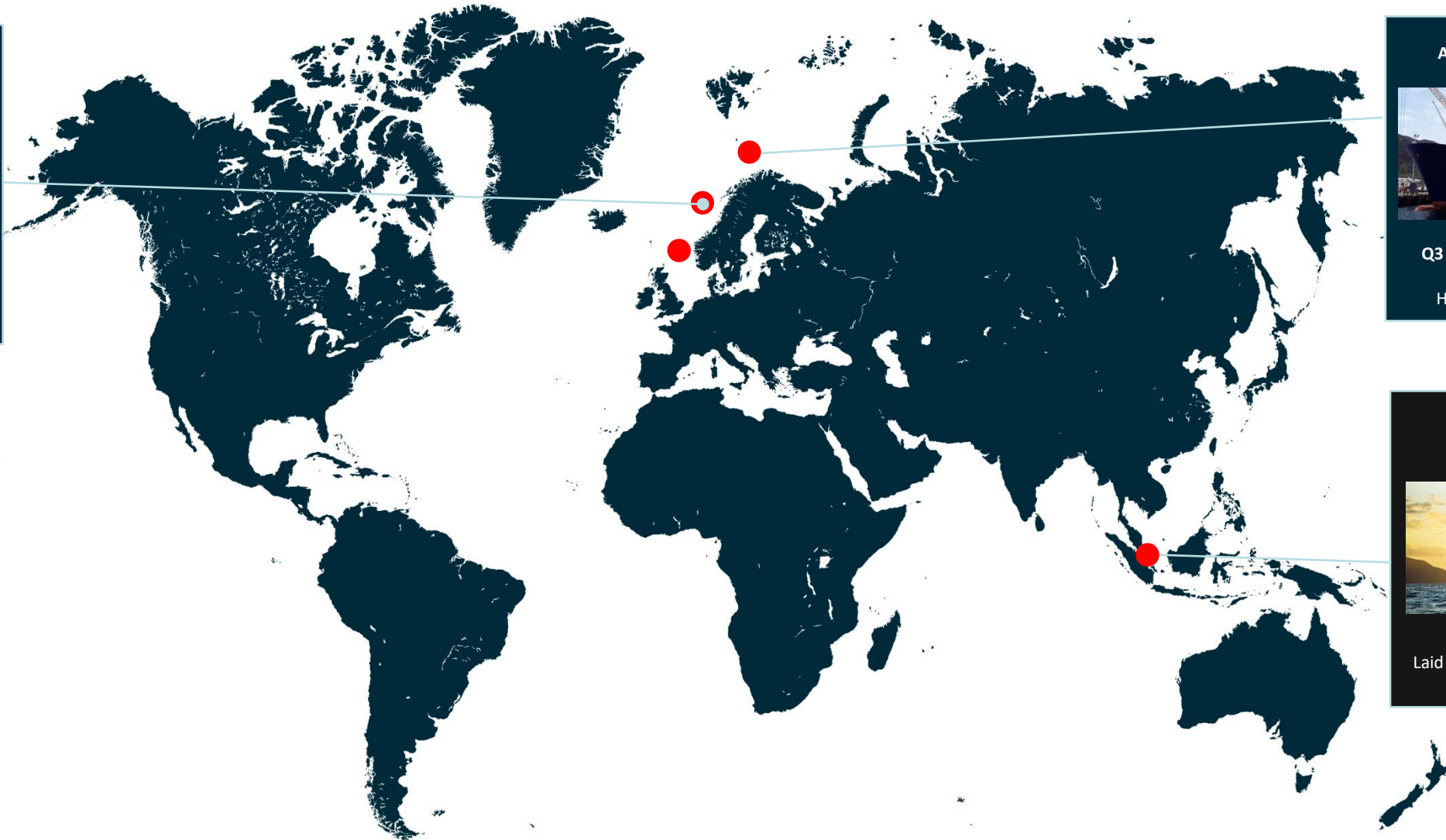
Spot the difference.

Third quarter vessel operations

Atlantic Guardian



Q3 2016, JIP:
Test surveys in the
Norwegian Sea and North
Sea




Atlantic Guardian



Q3 2016, MC projects:
Barents Sea and
Hammerfest Basin

BOA Thalassa



Q3 2016:
Laid up in Singapore since
May 1, 2016

The Barents Sea success story continued...

Coming up: 24th licensing round!

- In press releases in Q3 2016, the Ministry of Petroleum and Energy invited oil companies to nominate blocks for the 24th licensing round.
- Deadline for nominations: November 30, 2016.
- The announcement of the 24th licensing round is expected before summer 2017.
- EMGS is in consultation with partners and customers expanding the library in anticipation.
- EMGS and partners road shows (3x) held during Q3 2016. Healthy interest shown with 20+ customers attending.



emgs **TGS** 

EXPLORATION UNLEASHED
We Can't Stop Exploring - Can You?

You are invited to TGS' Exploration Unleashed Technical Seminar in cooperation with EMGS and VBPR. Please join us for this one-day event to get our take on 24th round prospects in the Barents Sea, see examples from our latest high quality datasets and integrated products, and get the latest insight on how our exploration tools are developing.

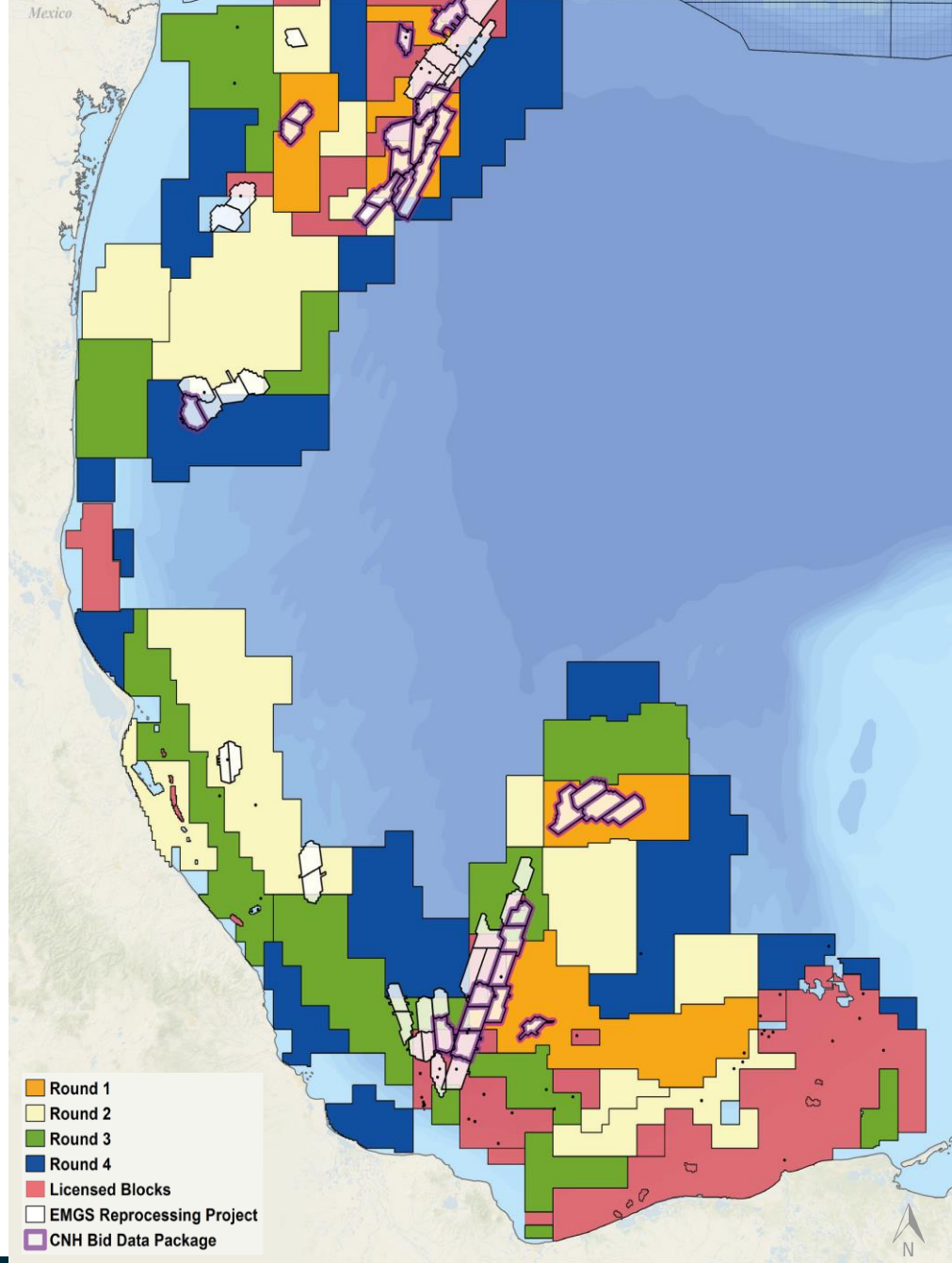
Please [RSVP](#) now to save your seat at your preferred location and view full agenda.

Harstad
25 October 2016
10:00 - 15:20
Oslo
26 October 2016
10:00 - 15:20
Stavanger
27 October 2016
10:00 - 15:20

Lunch will be provided.

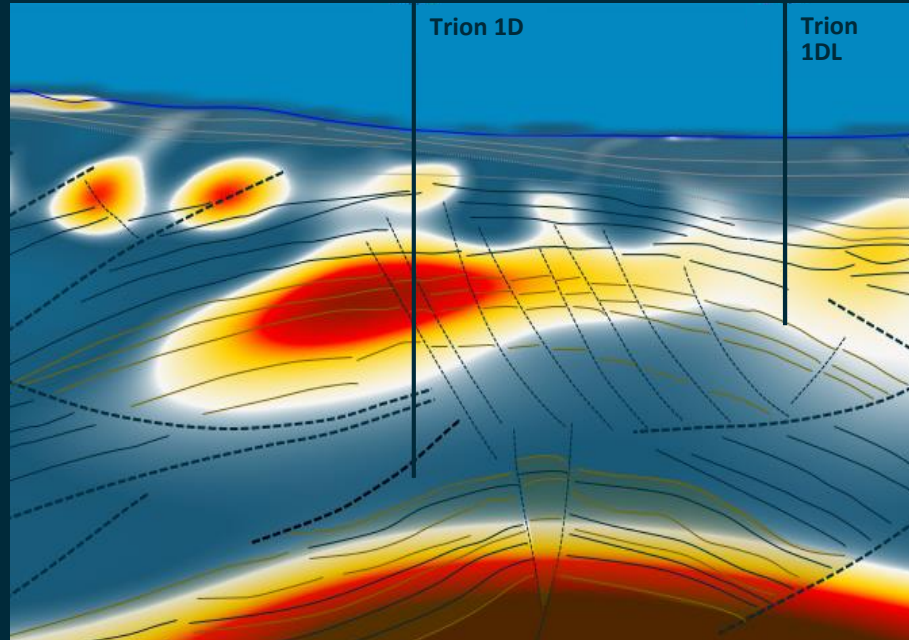
[RSVP](#)



EMGS Mexico Reprocessing Project

Regionally Calibrated CSEM Interpretation



"Once the prospects were drilled, an extraordinary match between proven hydrocarbons and areal distribution of resistivity was observed."

M. Arreguin
Manager New Areas and Partnerships
Pemex, Mexico D.F.

September 7, 2016
AAPG/SEG International Conference & Exhibition
Cancun, Mexico

EMGS has over 16,000 km² of re-processed multi-client data in the Perdido and Salinas basins offshore Mexico. This regionally calibrated dataset offers a comprehensive analysis of the hydrocarbon potential for Rounds 1 and 2 of the license round. Join us in our Mexico Data Room for a hands-on preview of live data, with ties to key wells and discoveries, like Trion.

De-Risking Jurassic and Cretaceous Leads with the Integrated Interpretation of 3D CSEM and Well Data in Flemish Pass Basin, East Canada

Controlled Source Electromagnetic Technology

Historically, exploration was based on seismic on the basis of seismic data alone, targeting buoyancy and fault bounded structures. CSEM data can be used as an interpretation tool combined with seismic to identify structure and/or stratigraphic leads that otherwise would be considered too high an exploration risk.

The seismic wave velocity has a similar response to high and low gas saturation. Seismic therefore detects the presence of gas but cannot give any details on saturation.

Archers law uses the resistivity in a sandstone to give a direct measure of the hydrocarbon saturation. A low saturation gives a low resistivity whereas a high saturation gives a high resistivity. The saturation must get to a certain percentage to give a "significant" response. CSEM measures resistivity and is only sensitive to water saturation.

Imaging formation resistivity remotely from the seabed

Controlled Source Electromagnetic Sounding (CSEM) is used to map resistivity changes in the subsurface. A 3D grid of receivers is deployed to the seabed, measuring the electric and magnetic fields in the x and y directions, enabling acquisition of wide azimuth data.

The controlled source, a horizontal electric dipole, is towed as close to the seafloor as possible. A low frequency electric current is pulsed between the electrodes, containing frequencies sensitive to the targets of interest. The transmitted signal is affected by the higher resistivity in a hydrocarbon filled pore and these changes are detected by the seabed receivers.

At the end of source towing, the receivers are picked up and the data retrieved. The end result is Inverted 3D vertical and horizontal resistivity cubes in SEGY format. Data can be combined with other geophysical data for joint interpretation on a work station.

Flemish Pass Basin Survey Location

The Flemish Pass is located north of the oil producing Jeanne d'Arc basin, and likewise is a structurally complex Mesozoic rift basin offshore eastern Canada. The basin comprises a series of tilted fault blocks, fault bounded horsts, and inversion anticlines forming potential traps for hydrocarbons. A regional 3D grid EM data was inverted to 3D resistivity volumes. The recovered data revealed resistivity anomalies across entire Jurassic oil discoveries.

The CSEM data were acquired with a 3x3 km receiver grid. Acquisition is oriented northeast-southwest. The fundamental frequency of source waveform is 0.125 Hz, with high energy frequencies at 0.5, 0.5, 0 and 1.675 Hz. The inversion results are based only on CSEM data, providing a subsurface image which is independent of wells and seismic. The CSEM inversions use both inline and azimuthal electric fields (Ex and Ey) to obtain measurements containing both vertical and horizontal electric field over a wide depth range. Acquisition was done in cooperation with Hecol.

Traditional Inversion at Bay d'Espoir, Bay du Nord, and Bay de Verde

Depth slice from block R1412 covering multiple wells
 Bay d'Espoir Bay du Nord and Bay de Verde Receiver coverage

Cross section (Black line) Cross section (Blue line)

CSEM resistivity observations

Bay du Nord estimated to be 300-400 Mbit of oil. The reservoir sandstones of Jurassic age the high porosity, high permeability and low resistivity. There are no other strong resistors in the Bay du Nord well. Bay d'Espoir and Bay de Verde well information not yet released. To approximate for all wells.

Well information

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Traditional Inversion at Harpoon

Depth slice Cross section

CSEM resistivity observations

Harpoon public well information. A strong resistivity anomaly correlates with the Harpoon public well information.

Well information

The Harpoon is an oil discovery, volume estimates still under evaluation. The reservoir sandstones are of Jurassic age and has good porosity and maturity high resistivity. There are no other significant resistors observed in the well log.

Flemish Pass Basin Geology

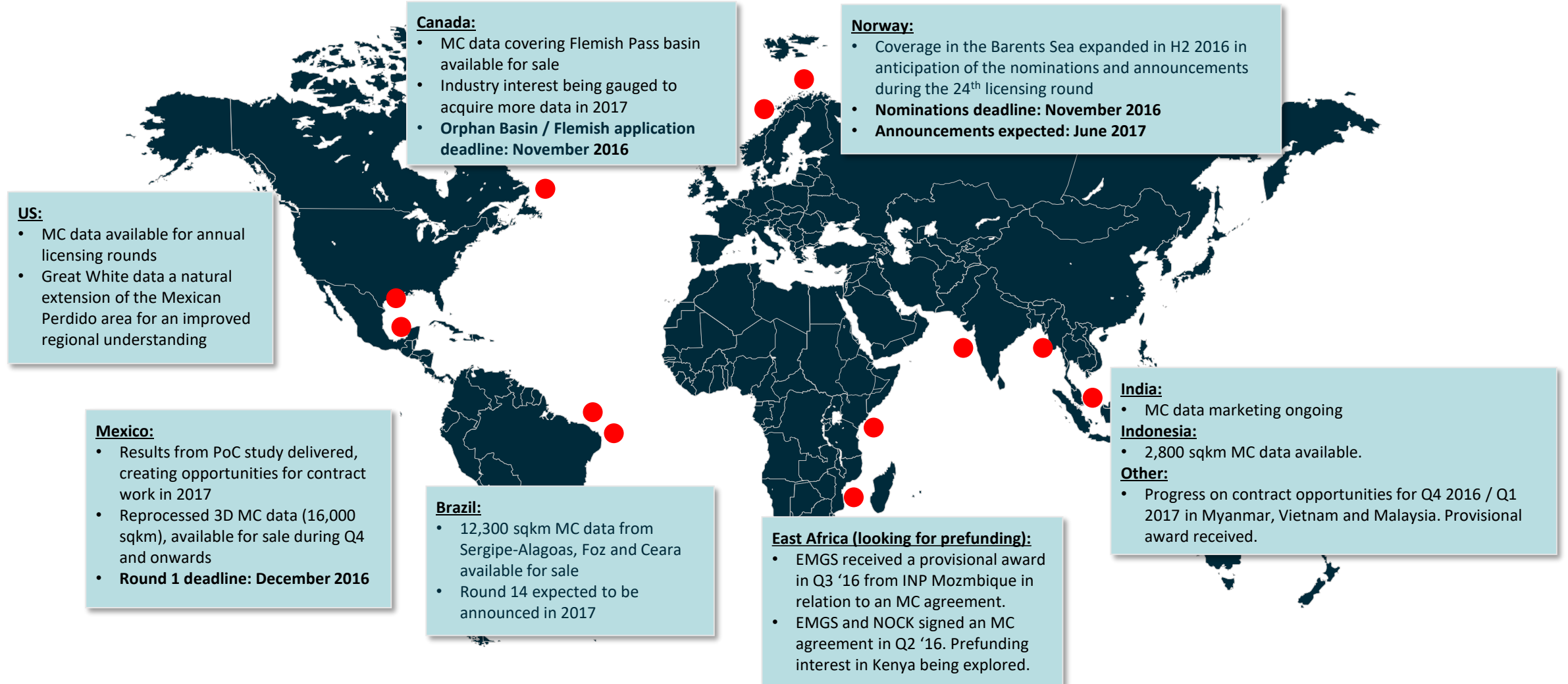
A geologic cross-section over the northern part of the Flemish Pass basin. This region is influenced by the extensional province during the rifting and opening of the Atlantic Ocean. The structure that is created fault blocks that formed during rifting and extensional extensional rifting. Cretaceous sediments (gray) were deposited during the extensional rifting.

Left: A regional tectonic element map. The Jurassic Flemish Pass and Jeanne d'Arc basins are surrounded by Paleozoic highs, and separated by Jurassic highs.

Source: (1) Borek, (2) Borek, (3) Borek, (4) Borek, (5) Borek, (6) Borek, (7) Borek, (8) Borek, (9) Borek, (10) Borek, (11) Borek, (12) Borek, (13) Borek, (14) Borek, (15) Borek, (16) Borek, (17) Borek, (18) Borek, (19) Borek, (20) Borek, (21) Borek, (22) Borek, (23) Borek, (24) Borek, (25) Borek, (26) Borek, (27) Borek, (28) Borek, (29) Borek, (30) Borek, (31) Borek, (32) Borek, (33) Borek, (34) Borek, (35) Borek, (36) Borek, (37) Borek, (38) Borek, (39) Borek, (40) Borek, (41) Borek, (42) Borek, (43) Borek, (44) Borek, (45) Borek, (46) Borek, (47) Borek, (48) Borek, (49) Borek, (50) Borek, (51) Borek, (52) Borek, (53) Borek, (54) Borek, (55) Borek, (56) Borek, (57) Borek, (58) Borek, (59) Borek, (60) Borek, (61) Borek, (62) Borek, (63) Borek, (64) Borek, (65) Borek, (66) Borek, (67) Borek, (68) Borek, (69) Borek, (70) Borek, (71) Borek, (72) Borek, (73) Borek, (74) Borek, (75) Borek, (76) Borek, (77) Borek, (78) Borek, (79) Borek, (80) Borek, (81) Borek, (82) Borek, (83) Borek, (84) Borek, (85) Borek, (86) Borek, (87) Borek, (88) Borek, (89) Borek, (90) Borek, (91) Borek, (92) Borek, (93) Borek, (94) Borek, (95) Borek, (96) Borek, (97) Borek, (98) Borek, (99) Borek, (100) Borek, (101) Borek, (102) Borek, (103) Borek, (104) Borek, (105) Borek, (106) Borek, (107) Borek, (108) Borek, (109) Borek, (110) Borek, (111) Borek, (112) Borek, (113) Borek, (114) Borek, (115) Borek, (116) Borek, (117) Borek, (118) Borek, (119) Borek, (120) Borek, (121) Borek, (122) Borek, (123) Borek, (124) Borek, (125) Borek, (126) Borek, (127) Borek, (128) Borek, (129) Borek, (130) Borek, (131) Borek, (132) Borek, (133) Borek, (134) Borek, (135) Borek, (136) Borek, (137) Borek, (138) Borek, (139) Borek, (140) Borek, (141) Borek, (142) Borek, (143) Borek, (144) Borek, (145) Borek, (146) Borek, (147) Borek, (148) Borek, (149) Borek, (150) Borek, (151) Borek, (152) Borek, (153) Borek, (154) Borek, (155) Borek, (156) Borek, (157) Borek, (158) Borek, (159) Borek, (160) Borek, (161) Borek, (162) Borek, (163) Borek, (164) Borek, (165) Borek, (166) Borek, (167) Borek, (168) Borek, (169) Borek, (170) Borek, (171) Borek, (172) Borek, (173) Borek, (174) Borek, (175) Borek, (176) Borek, (177) Borek, (178) Borek, (179) Borek, (180) Borek, (181) Borek, (182) Borek, (183) Borek, (184) Borek, (185) Borek, (186) Borek, (187) Borek, (188) Borek, (189) Borek, (190) Borek, (191) Borek, (192) Borek, (193) Borek, (194) Borek, (195) Borek, (196) Borek, (197) Borek, (198) Borek, (199) Borek, (200) Borek, (201) Borek, (202) Borek, (203) Borek, (204) Borek, (205) Borek, (206) Borek, (207) Borek, (208) Borek, (209) Borek, (210) Borek, (211) Borek, (212) Borek, (213) Borek, (214) Borek, (215) Borek, (216) Borek, (217) Borek, (218) Borek, (219) Borek, (220) Borek, (221) Borek, (222) Borek, (223) Borek, (224) Borek, (225) Borek, (226) Borek, (227) Borek, (228) Borek, (229) Borek, (230) Borek, (231) Borek, (232) Borek, (233) Borek, (234) Borek, (235) Borek, (236) Borek, (237) Borek, (238) Borek, (239) Borek, (240) Borek, (241) Borek, (242) Borek, (243) Borek, (244) Borek, (245) Borek, (246) Borek, (247) Borek, (248) Borek, (249) Borek, (250) Borek, (251) Borek, (252) Borek, (253) Borek, (254) Borek, (255) Borek, (256) Borek, (257) Borek, (258) Borek, (259) Borek, (260) Borek, (261) Borek, (262) Borek, (263) Borek, (264) Borek, (265) Borek, (266) Borek, (267) Borek, (268) Borek, (269) Borek, (270) Borek, (271) Borek, (272) Borek, (273) Borek, (274) Borek, (275) Borek, (276) Borek, (277) Borek, (278) Borek, (279) Borek, (280) Borek, (281) Borek, (282) Borek, (283) Borek, (284) Borek, (285) Borek, (286) Borek, (287) Borek, (288) Borek, (289) Borek, (290) Borek, (291) Borek, (292) Borek, (293) Borek, (294) Borek, (295) Borek, (296) Borek, (297) Borek, (298) Borek, (299) Borek, (300) Borek, (301

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- Call for Bids No. NL16-CFB01
Eastern Newfoundland Region**
- 51°0'0"W 50°0'0"W 49°0'0"W 48°0'0"W 47°0'0"W 46°0'0"W 45°0'0"W
- 51°0'0"N
- 50°0'0"N
- 49°0'0"N
- 48°0'0"N
- 47°0'0"N
- 51°0'0"W 50°0'0"W 49°0'0"W 48°0'0"W 47°0'0"W 46°0'0"W
- Eastern Newfoundland Region**
- Jeanne d'Arc Region**
- Call for Bids NL16-CFB01**
- Significant Discovery Licences**
- Production Licences**
- Exploration Licences**
- Land Tenure Regions**
- 200 Nautical Mile Limit**
- UTM 22 Projection (NAD83)
For illustrative purposes only
- 0 20 40 60
Kilometres
- February 5, 2016
- Any sector, parcel or licence depicted on this map beyond 200 nautical miles of the coast of Newfoundland and Labrador is not represented by the Board to reflect the full extent of Canada's continental shelf beyond 200 nautical miles. Canada has filed a submission regarding the limits of the Outer Continental Shelf in the Atlantic Ocean with the Commission on the Limits of the Continental Shelf, the review of which is pending. Any call for bids based on a sector or parcel identified in this map and any licences issued in those areas will be subject to approval as a Parliamentary Decision under applicable legislation. The boundaries of sectors, parcels or licences in areas beyond 200 nautical miles may be revised to reflect the limits of the Outer Continental Shelf established by Canada. All interest holders of production licences containing areas beyond 200 nautical miles may be required, through legislation, negotiation, licence terms and conditions, or otherwise, to make payments or contributions in order for Canada to satisfy obligations under Article 82 of the United Nations Convention on the Law of the Sea.

Selection of current opportunities



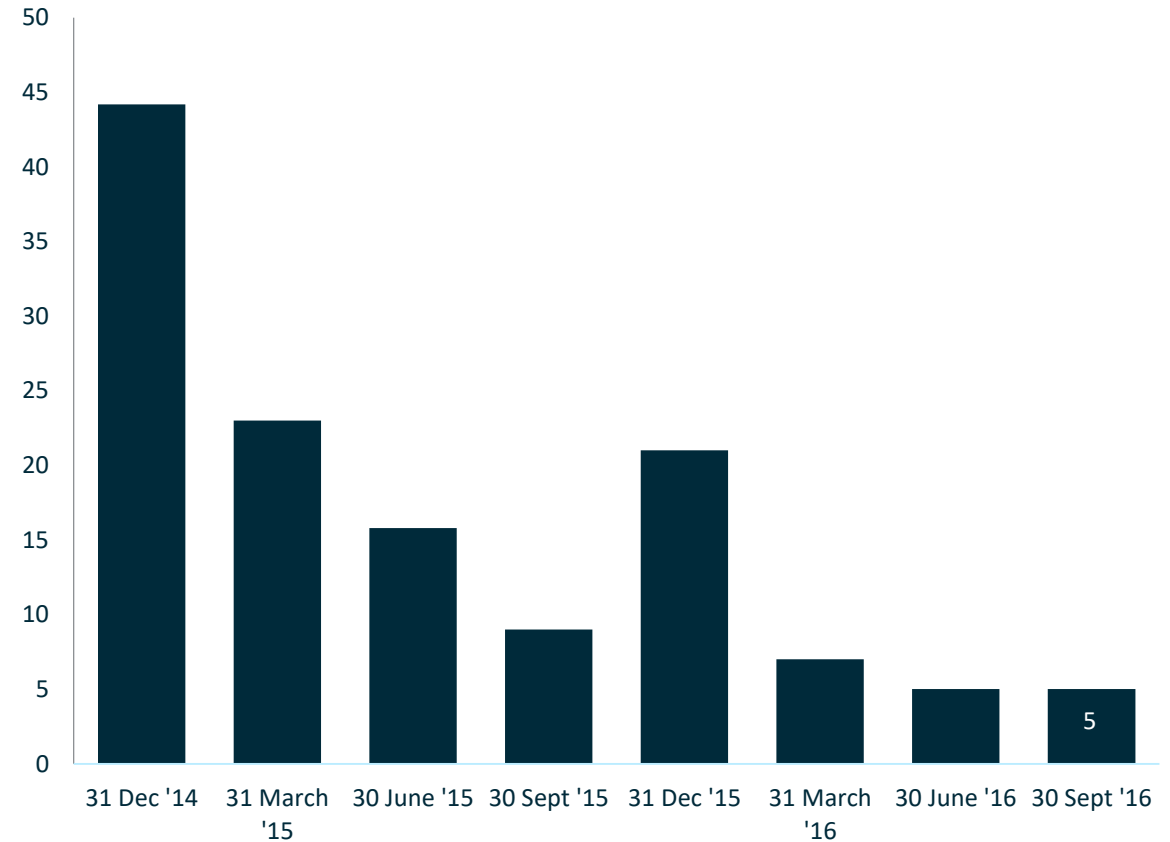
Market update

- Early signs of improvement noted as earlier dialogues are converted in pricing requests and one provisional award (Asia).
- However, caution is required as offshore geophysical spending dropped down to 2003 levels and improvements are expected to be within single digits.

“International E&P spending in 2017 to be flat to up single-digits based on preliminary estimates as the IOCs’ continued focus on dividends, capital preservation and balance sheet strength will outweigh any opportunities to increase spending.”

“2017 estimate assumes a 5-10% increase in E&P spending from NOCs, offset by declines for all other customer types which are expected to see declines for a 3rd straight year.”

Order backlog - limited earnings visibility



*Source: Includes, ABG sundal Collier (Oct. 2016) and Barclays (Sept. 2016)

Summary and outlook

- Offshore geophysical spending dropped to 2003 levels during 2016, some improvement expected in 2017
- The market remains challenging and is dominated by high uncertainty to bring leads to fruition, demanding a strong focus on cost control and cost reductions
- Cost reductions announced in October 2016, with some effects to yield immediately (new vessel charter agreement) and others gradually (reduction in payroll expenses)
- Completion of various multi-client projects in Norway, including Hammerfest and Barents Sea. JIP sea trials completed successfully. Technical results very promising
- Low level of late sales and uplifts recorded during Q3. Customers in Norway focusing on APA and the 24th licensing round
- Some earlier dialogue converted into requests for pricing and one provisional award (USD 8 million)





Questions?

Spot the difference.

SPOT THE DIFFERENCE.

Appendix

Consolidated Income Statement

Amounts in USD 1 000	Q3 2016 Unaudited	Q3 2015 Unaudited	Year to date 2016 Unaudited	Year to date 2015 Unaudited	2015 Audited
Operating revenues					
Contract sales	393	9,110	13,818	36,008	45,008
Multi-client pre-funding	-	2,454	-	3,546	3,546
Multi-client late sales	4,061	4,741	18,740	21,089	32,586
Total revenues	4,454	16,305	32,558	60,643	81,140
Operating expenses					
Charter hire, fuel and crew expenses	2,653	9,329	11,948	20,595	32,402
Employee expenses	5,693	11,209	19,112	33,599	44,826
Depreciation and ordinary amortisation	1,678	3,459	5,721	9,973	12,679
Multi-client amortisation	2,769	2,571	8,417	4,475	8,631
Impairment of long-term assets	-	5,473	9,228	22,775	31,344
Other operating expenses	2,283	5,719	8,255	15,146	20,607
Total operating expenses	15,076	37,760	62,681	106,563	150,489
Operating profit/ (loss)	(10,622)	(21,455)	(30,123)	(45,920)	(69,349)
Interest income	66	108	162	325	352
Interest expense	(768)	(1,021)	(2,558)	(3,041)	(4,055)
Net gains/(losses) of financial assets and liabilities	1,295	(3,115)	(3,995)	(4,901)	(4,106)
Net foreign currency income/(loss)	(1,406)	1,655	(1,524)	2,628	4,155
Net financial items	(813)	(2,374)	(7,915)	(4,989)	(3,654)
Income/ (loss) before income taxes	(11,435)	(23,829)	(38,038)	(50,909)	(73,003)
Income tax expense	(371)	1,540	(316)	1,685	3,712
Income/ (loss) for the period	(11,064)	(25,369)	(37,722)	(52,594)	(76,715)

Consolidated Statement of Financial Position

	30 September 2016	30 September 2015	31 December 2015
Amounts in USD 1 000	Unaudited	Unaudited	Audited
ASSETS			
Non-current assets			
Deferred tax asset	-	1,846	-
Multi-client library	32,215	53,129	42,267
Other intangible assets	2,810	4,169	3,703
Property, plant and equipment	13,560	17,867	16,773
Assets under construction	30,319	27,540	26,566
Financial assets	-	1,898	1,387
Total non-current assets	78,904	106,449	90,696
Current assets			
Spare parts, fuel, anchors and batteries	8,621	12,716	11,754
Trade receivables	8,264	15,343	18,580
Other receivables	7,631	17,661	5,665
Cash and cash equivalents	15,718	20,223	31,749
Restricted cash	4,131	2,718	6,680
Total current assets	44,365	68,661	74,428
Total assets	123,269	175,110	165,124

	30 September 2016	30 September 2015	31 December 2015
Amounts in USD 1 000	Unaudited	Unaudited	Audited
EQUITY			
Capital and reserves attributable to equity holders			
Share capital, share premium and other paid-in equity	319,233	287,635	319,038
Other reserves	901	(6,066)	(6,416)
Retained earnings	(272,377)	(210,535)	(234,652)
Total equity	47,757	71,034	77,970
LIABILITIES			
Non-current liabilities			
Provisions	19,045	16,875	17,371
Financial liabilities	2,368	-	-
Borrowings	34,001	635	30,848
Total non-current liabilities	55,414	17,510	48,219
Current liabilities			
Trade payables	6,649	16,068	10,439
Current tax liabilities	5,324	4,733	5,257
Other short term liabilities	7,930	18,763	16,243
Financial liabilities	-	-	6,326
Borrowings	195	47,002	670
Total current liabilities	20,098	86,566	38,935
Total liabilities	75,512	104,076	87,154
Total equity and liabilities	123,269	175,110	165,124

Largest shareholders as of 2 November

#	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	796,250	2.43
5	STATOIL PENSJON C/O JP MORGAN	735,458	2.24
6	SPORTSMAGASINET AS	575,001	1.75
7	NHO - P665AK	404,485	1.23
8	KRISTIAN FALNES AS	400,000	1.22
9	NORDNET LIVSFORSIKRING	377,755	1.15
10	J&J INVESTMENT AS	330,000	1.01
11	DNB NAVIGATOR (II)	319,543	0.97
12	VILLA UTVIKLING AS	200,000	0.61
13	STATOIL FORSIKRING A.S	190,017	0.58
14	KOVCKI RAMADAN	160,575	0.49
15	RYGG JAN WIGGO	157,056	0.48
16	FALNES OLAV KRISTIAN	150,000	0.46
17	FLATHOLMEN AS	137,000	0.42
18	VESTVIK PRESERVERING	115,746	0.35
19	HAAV HOLDING AS	112,500	0.34
20	NORDNET BANK AB	110,981	0.34

Vessel charters

	BOA Thalassa 	Atlantic Guardian 
Firm Charter	1 April 2017	1 October 2021
Q3 status	Laid up, Asia	In operation, Norway
Vessel owner	BOA Offshore	North Sea Shipping
Rates	Flexible rates for when (i) in operation, (ii) idle and (iii) laid up	Fixed