

# Q3 2018 RESULTS

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# Q3 2018 Highlights

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## Operations

- Expanded the library in Norway
- Mobilised for a (up to) USD 8 million contract in South America

## Financials

- Revenues of USD 6.0 million (USD 7.9 million in Q2)
- EBITDA of neg. USD 4.0 million (neg. USD 0.8 million in Q2)

## Market

- Positioned to capitalise on the 24th round (Norway)
- Momentum regarding international opportunities
- Caution required as no significant change to backlog recorded





# Financial review

Spot the difference.

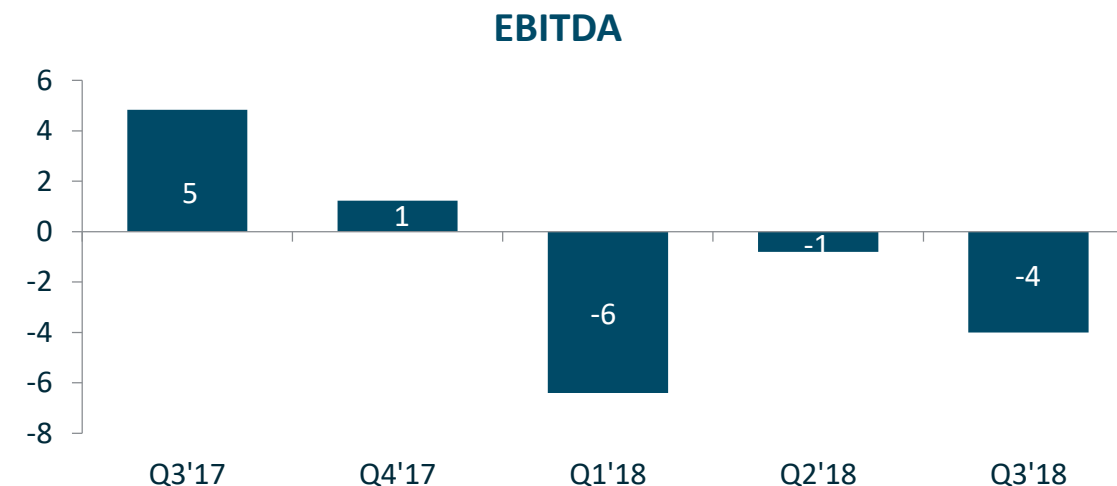
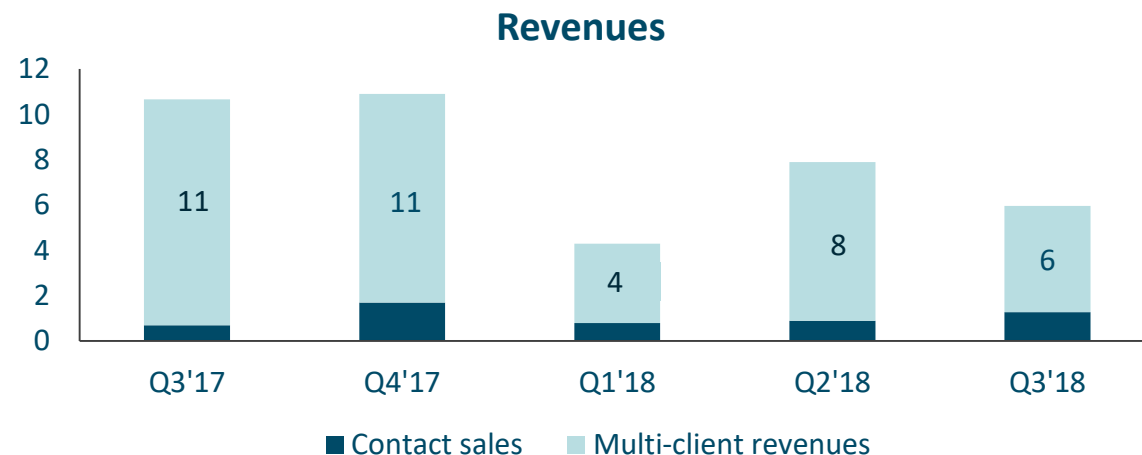
# Third quarter performance

## Key financial metrics

- Revenues
  - USD 6.0 million
  - New revenue recognition standard implemented in 2018
- Vessel utilisation of 29%
  - Two vessels on charter
  - Multi-client surveys in the North Sea and the Norwegian Sea
- EBITDA
  - Negative USD 4.0 million

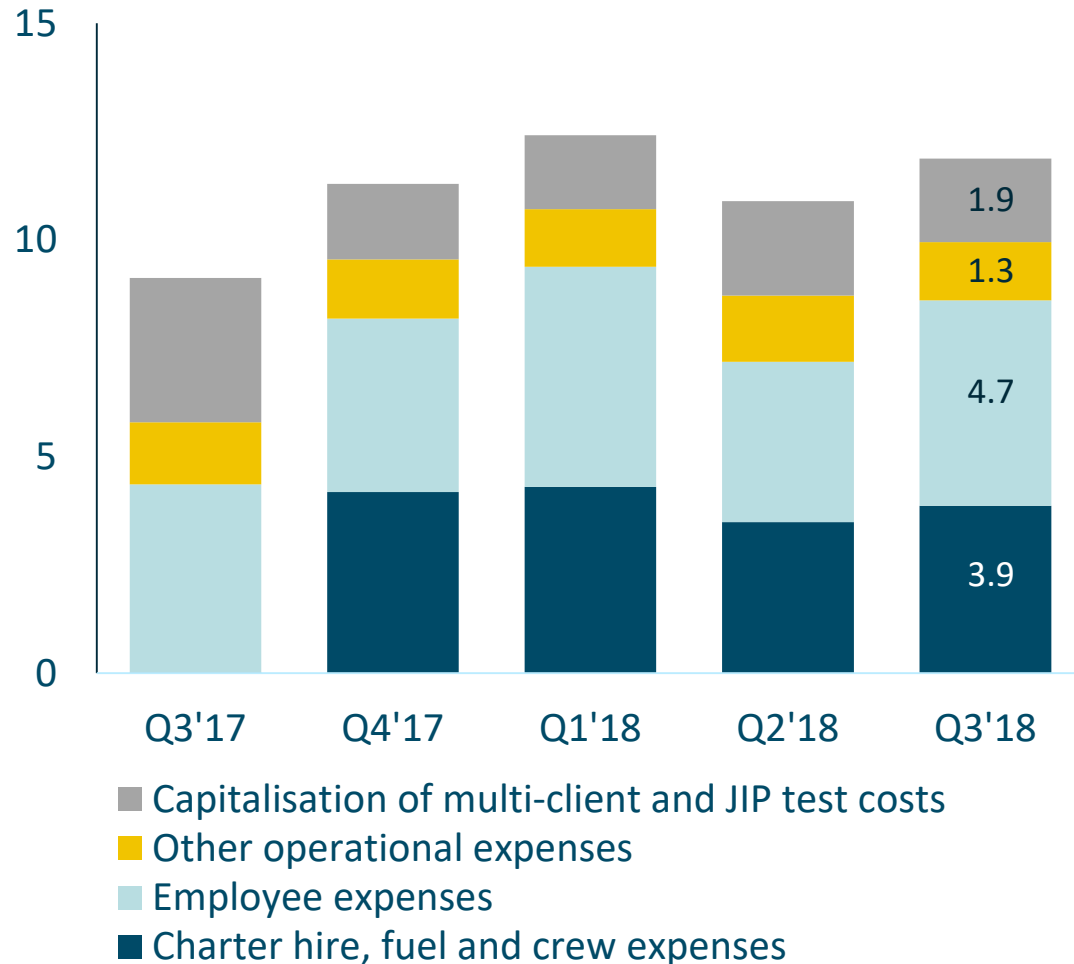
All 2017 financial figures in this presentation are restated applying IFRS 15

## Quarterly development (USD million)



# Operational costs

Quarterly operational cost base\* development (USD million)



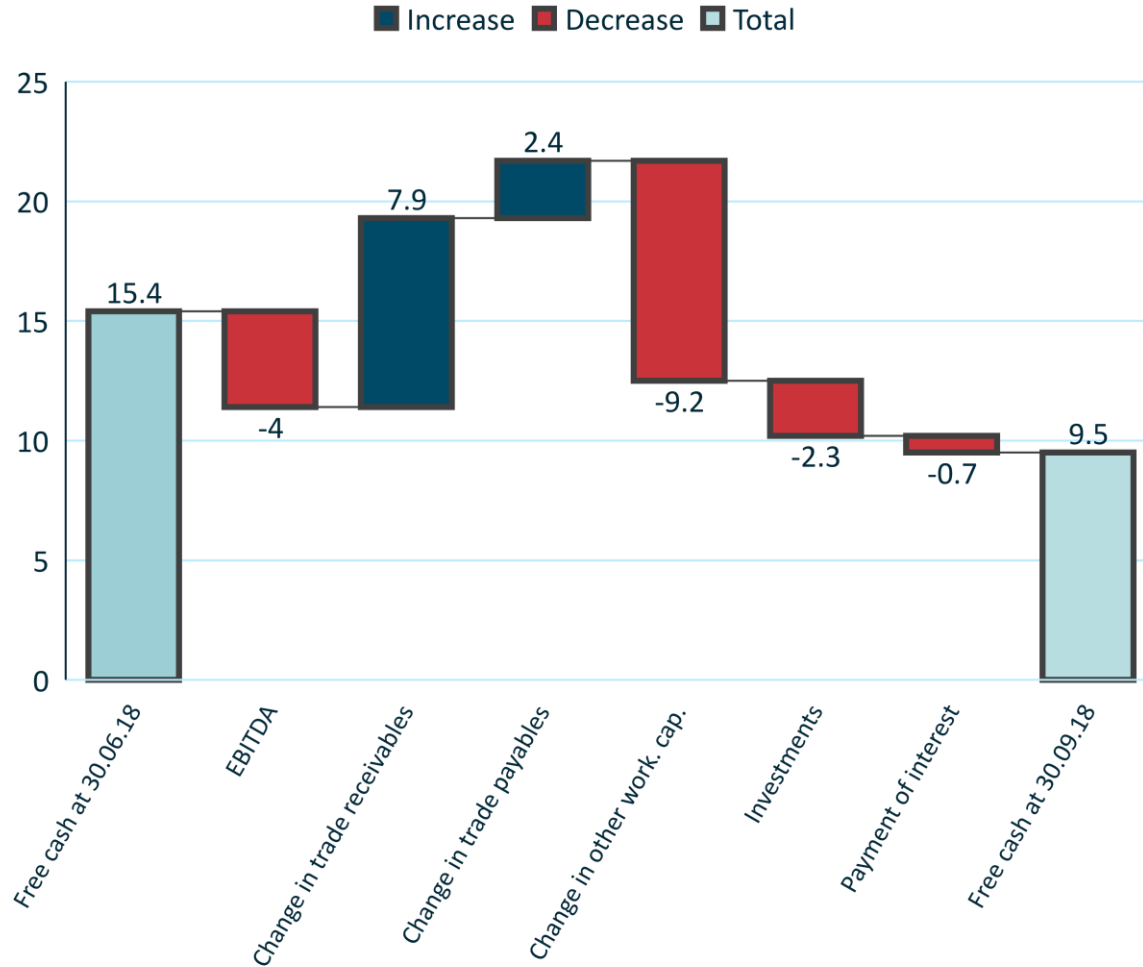
## Comments

- Operational costs base in Q3 18 of USD 11.9 million
  - Higher than Q3 2017 as Thalassa was off-hire in Q3 last year
  - Higher than Q2 2018 as a result of holiday pay in Q2
- Cost control
  - Cost control focus continues
  - Target the 2018 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

# Decrease in free cash in Q3

Quarterly free cash development (USD million)

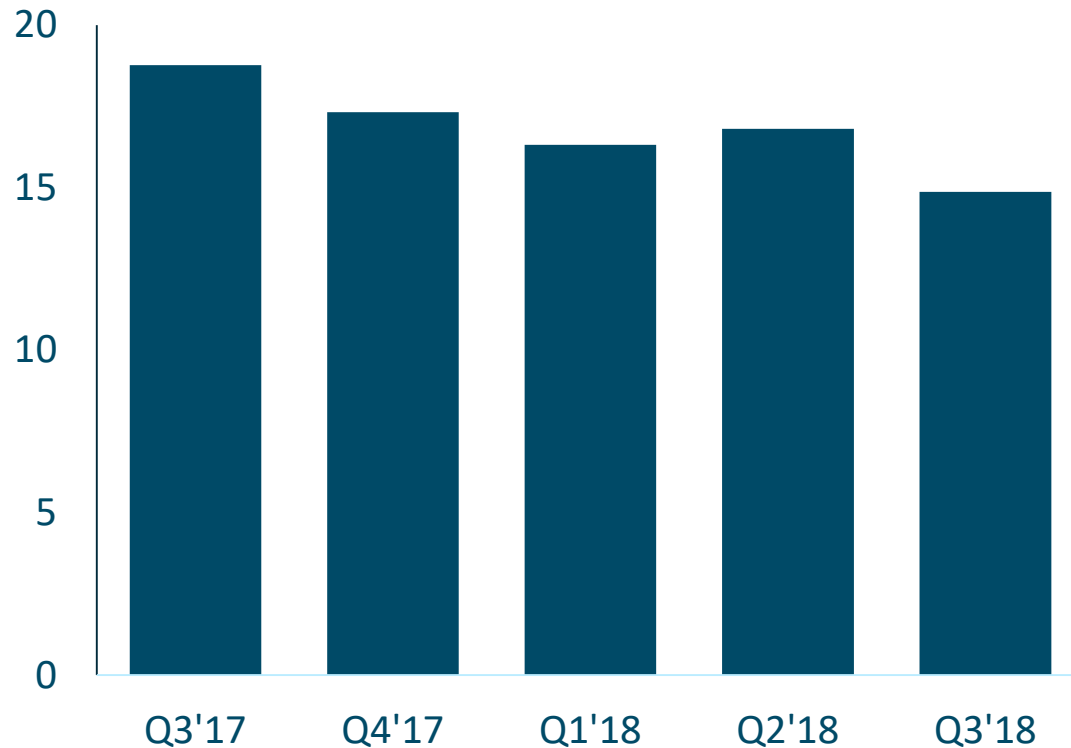


Comments

- Net decrease in free cash of USD 5.9 million to USD 9.5 million
  - Trade receivables decreased by USD 7.9 million to USD 2.5 million
  - USD 0.7 million in interest-payments on interest bearing debt
  - Total investments of USD 2.3 million

# Multi-client book value of USD 14.9 million

Multi-client library – NBV (USD million)



Comments

- Decrease in book value from USD 16.8 million previous quarter to USD 14.9 million in Q3 2018
- Investments of USD 1.9 million in MC data
  - North Sea and Norwegian Sea
- Amortisation of USD 3.9 million
  - Straight-line amortisation



# Operations, Market and Outlook

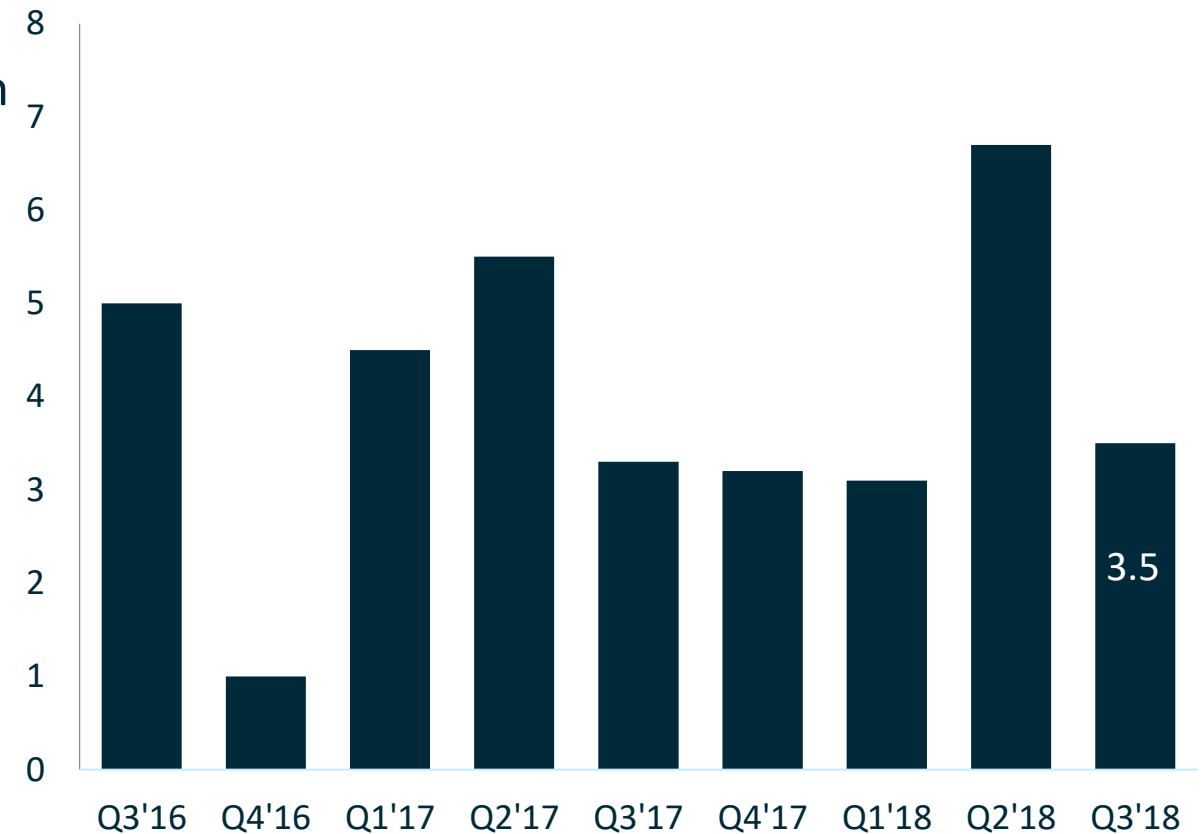
Spot the difference.

# Market update | Continued limited visibility

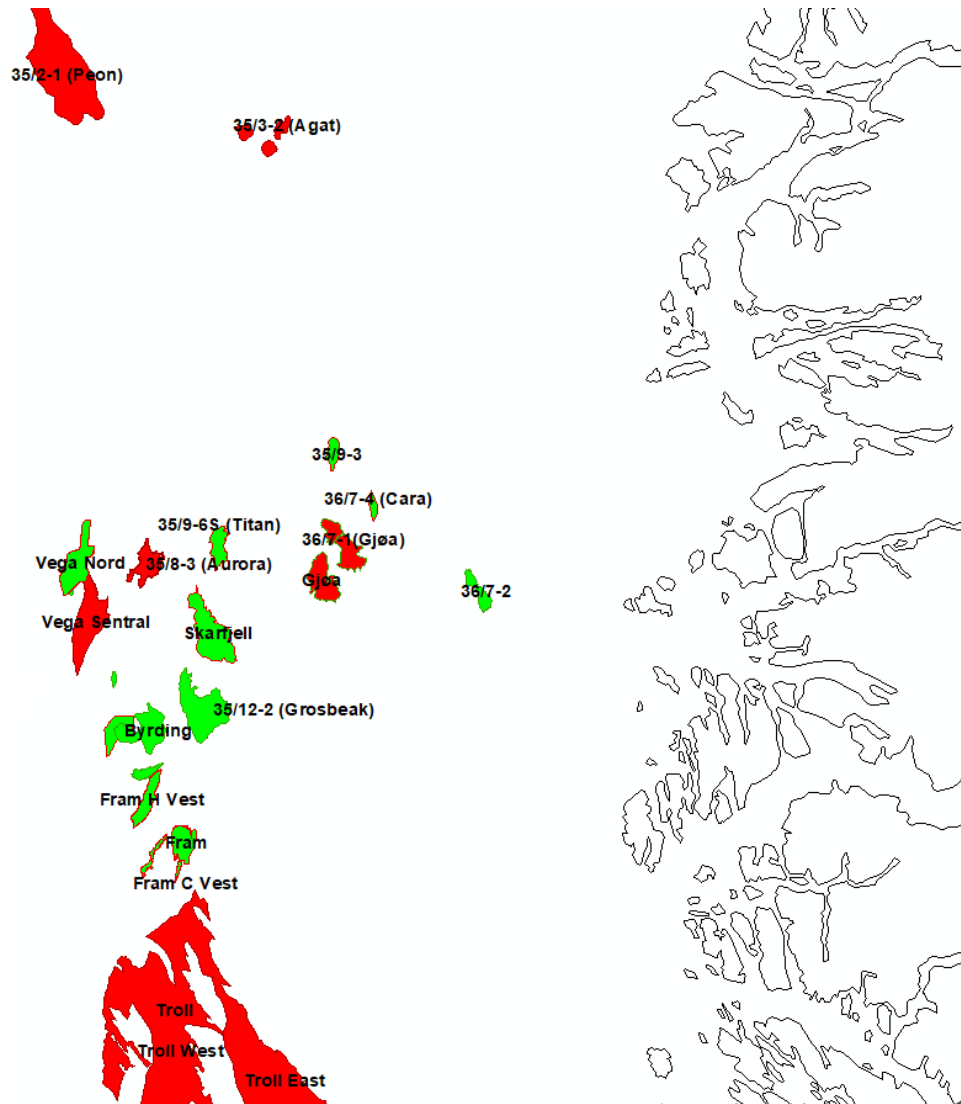
## Comments

- A proprietary data acquisition program in South America will keep the Atlantic Guardian busy through Q4 2018
- Well positioned to capitalise on the 24th round in Norway with Production Licenses discussing data needs and timing
- Upward momentum regarding international opportunities to improve utilisation
- Market expected to be more balanced between multi-client and proprietary in 2019
- Caution required as no significant change to backlog recorded

## Order backlog - limited earnings visibility

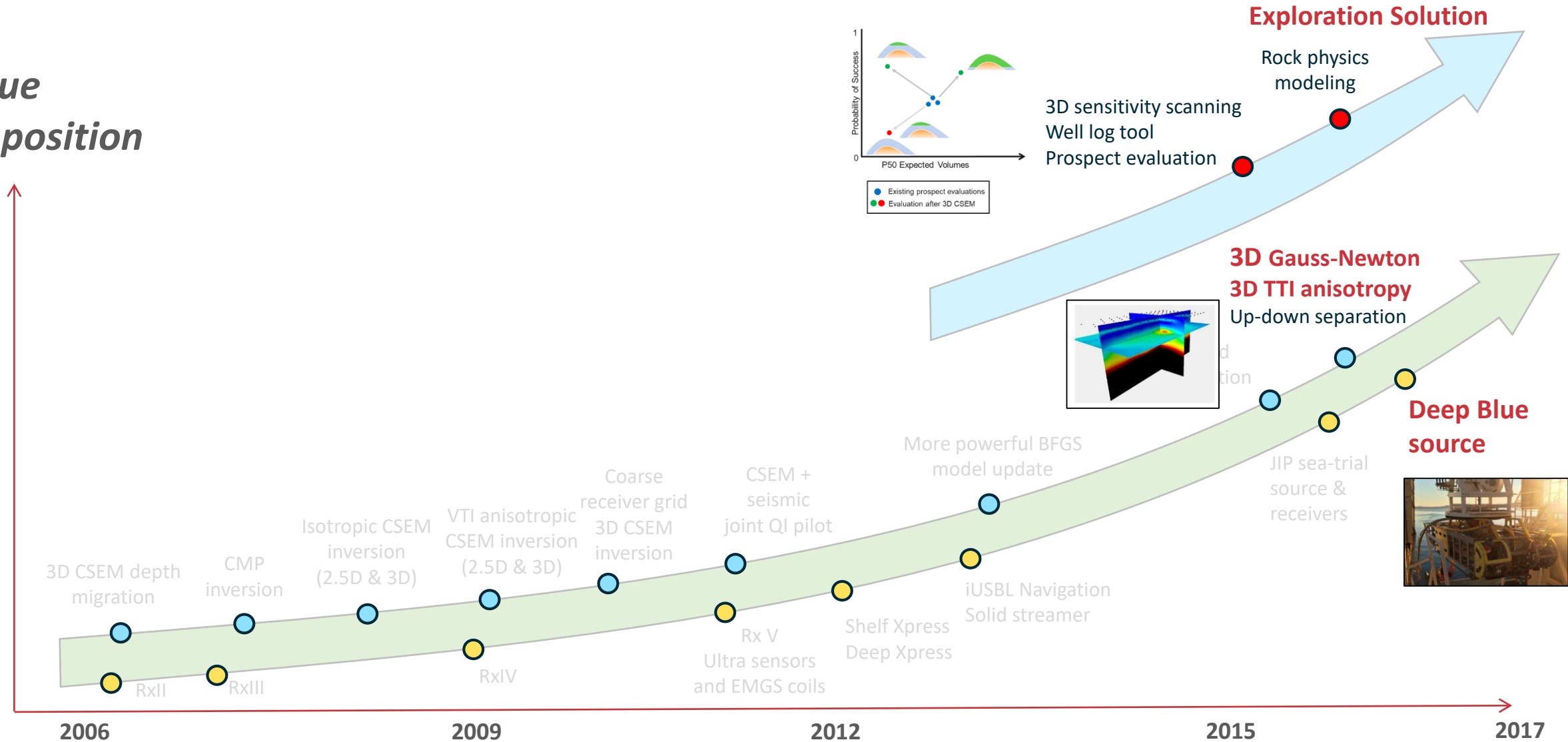


# Are there more CSEM anomalies hiding here?



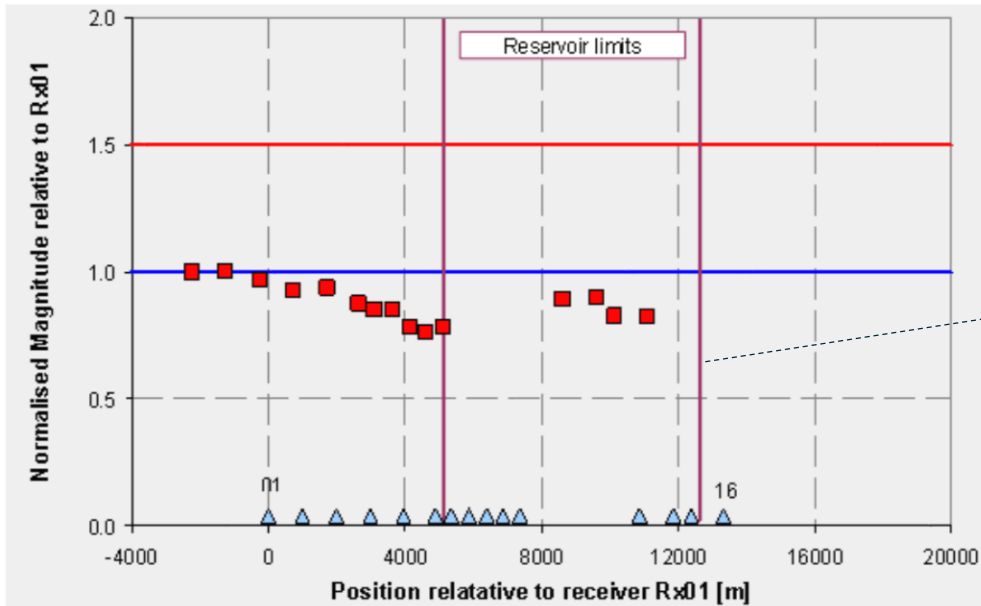
# Hardware, Imaging & Interpretation improvements

*Value proposition*



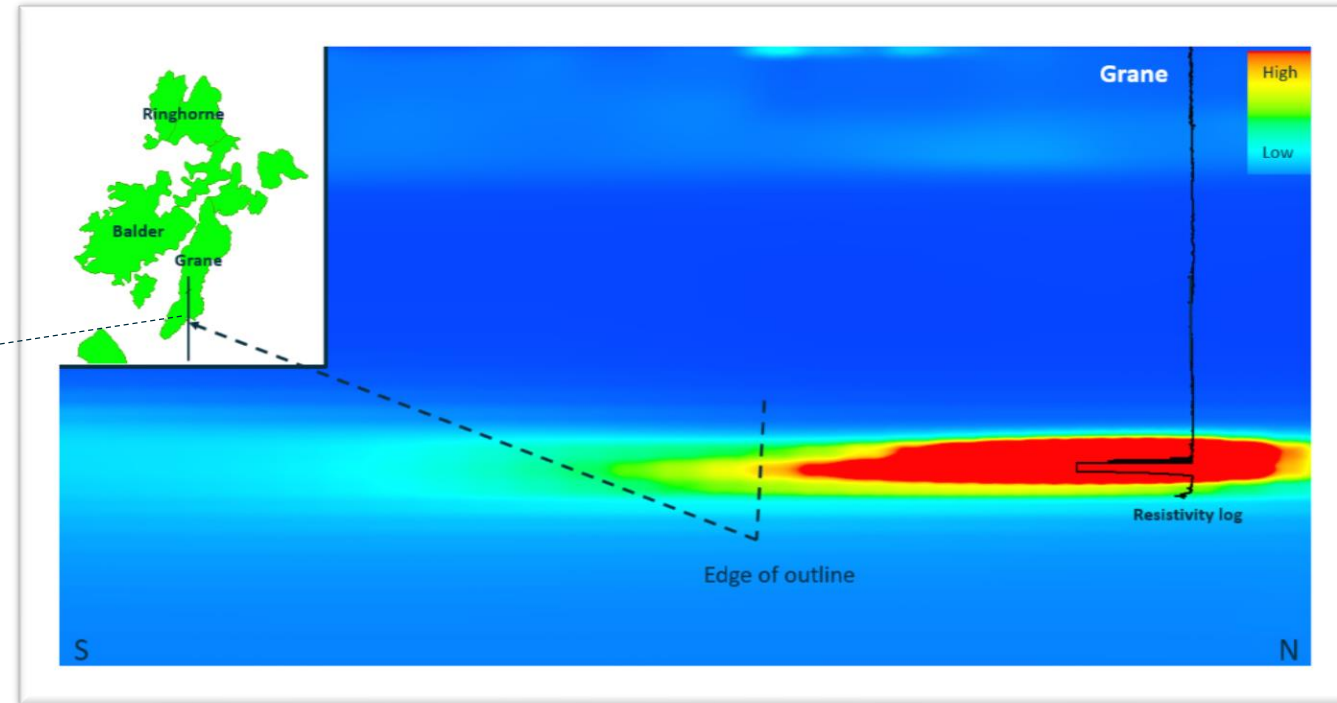
# Grane: Revisiting 2003 data

## 2003 MVO Plot Interpretation Method



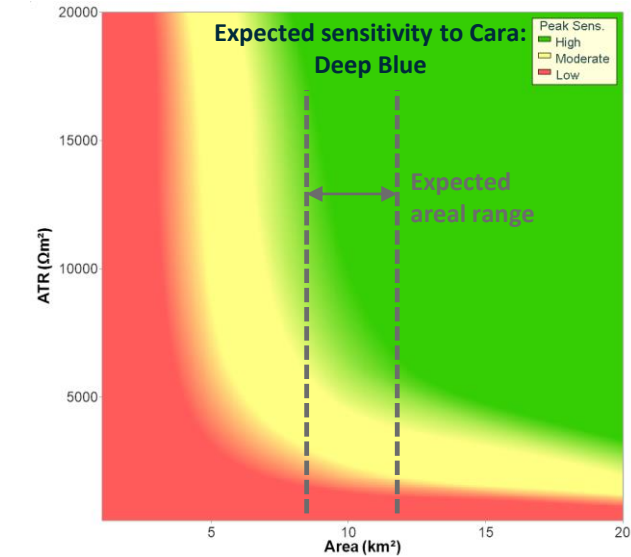
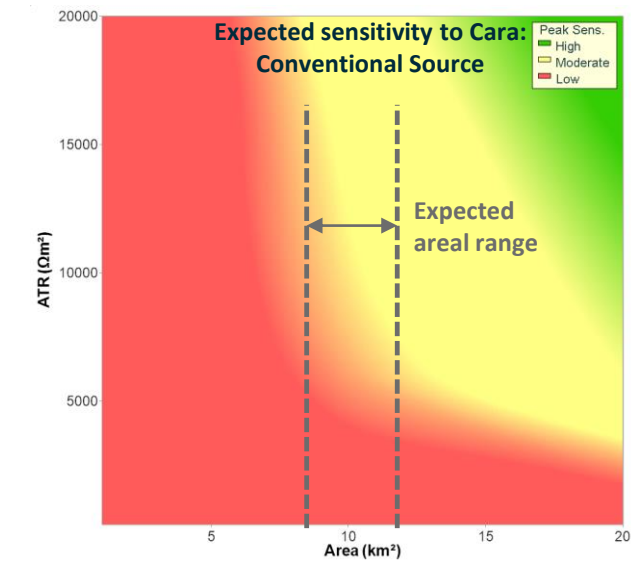
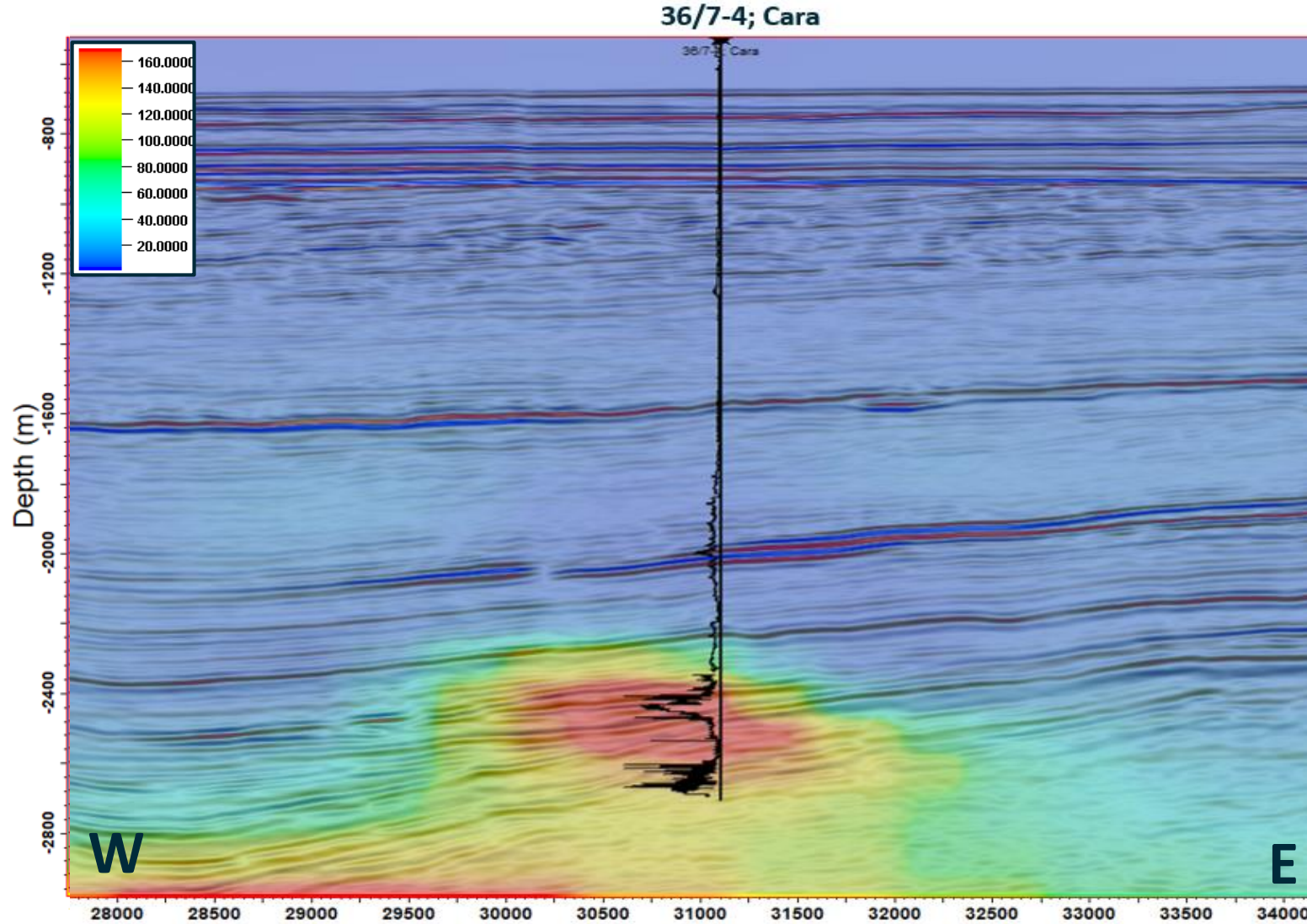
■ Represents CSEM Data and the «bump» between the purple lines is the EM anomaly over the Grane field

## 2018 Imaging and well correlation



Inverted 2003 CSEM data. High temperature color represent CSEM anomalies matching Grane field outline

# Cara discovery clearly imaged on data acquired with Deep Blue



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Questions?

Spot the difference.

# Consolidated Income Statement

Amounts in USD 1 000	Q3 2018 Unaudited	Q3 2017 Unaudited	Year to date 2018 Unaudited	Year to date 2017 Unaudited	2017 Unaudited
		Restated*		Restated*	Restated*
<b>Operating revenues</b>					
Contract sales	568	443	880	1,619	2,583
Multi-client pre-funding	3,768	5,933	6,308	8,999	11,295
Multi-client late sales	924	4,078	8,895	12,263	19,132
Other revenue	701	220	2,071	220	886
<b>Total revenues</b>	<b>5,961</b>	<b>10,674</b>	<b>18,153</b>	<b>23,101</b>	<b>33,896</b>
<b>Operating expenses</b>					
Charter hire, fuel and crew expenses	3,861	12	11,645	3,478	7,655
Employee expenses	4,741	4,345	13,524	12,957	16,964
Depreciation and ordinary amortisation	1,816	1,796	5,857	4,705	6,779
Multi-client amortisation	3,870	2,892	8,267	7,681	10,345
Impairment of long-term assets	0	0	0	3,170	3,626
Other operating expenses	1,346	1,436	4,200	4,966	6,334
<b>Total operating expenses</b>	<b>15,634</b>	<b>10,480</b>	<b>43,494</b>	<b>36,955</b>	<b>51,703</b>
<b>Operating profit/ (loss)</b>	<b>-9,673</b>	<b>194</b>	<b>-25,340</b>	<b>-13,854</b>	<b>-17,807</b>
<b>Financial income and expenses</b>					
Interest income	8	58	169	128	193
Interest expense	-1,242	-1,031	-3,664	-3,074	-4,088
Net gains/(losses) of financial assets and liabilities	0	1,551	649	3,287	2,143
Net foreign currency income/(loss)	-234	-1,342	-1,089	-3,179	-3,292
<b>Net financial items</b>	<b>-1,469</b>	<b>-764</b>	<b>-3,935</b>	<b>-2,838</b>	<b>-5,043</b>
<b>Income/ (loss) before income taxes</b>	<b>-11,142</b>	<b>-570</b>	<b>-29,275</b>	<b>-16,692</b>	<b>-22,850</b>
Income tax expense	14	-180	132	-113	356
<b>Income/ (loss) for the period</b>	<b>-11,156</b>	<b>-391</b>	<b>-29,406</b>	<b>-16,580</b>	<b>-23,206</b>

# Consolidated Statement of Financial Position

Amounts in USD 1 000	30 September 2018 Unaudited	30 September 2017 Unaudited Restated*	31 December 2017 Unaudited Restated*
<b>ASSETS</b>			
<b>Non-current assets</b>			
Multi-client library	14,868	18,766	17,317
Other intangible assets	1,362	1,816	1,559
Property, plant and equipment	31,310	33,415	36,281
Assets under construction	3,551	6,726	3,112
Restricted cash	2,910	3,668	3,524
<b>Total non-current assets</b>	<b>54,001</b>	<b>64,391</b>	<b>61,793</b>
<b>Current assets</b>			
Spare parts, fuel, anchors and batteries	7,523	7,251	7,200
Trade receivables	2,508	7,346	11,075
Other receivables	6,407	6,710	5,957
Cash and cash equivalents	9,525	22,986	16,548
Restricted cash	4,004	356	2,997
<b>Total current assets</b>	<b>29,966</b>	<b>44,649</b>	<b>43,778</b>
<b>Total assets</b>	<b>83,967</b>	<b>109,040</b>	<b>105,571</b>

Amounts in USD 1 000	30 September 2018 Unaudited	30 September 2017 Unaudited Restated*	31 December 2017 Unaudited Restated*
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders</b>			
Share capital, share premium and other paid-in equity	350,504	336,740	336,764
Other reserves	-1,591	-1,617	-1,617
Retained earnings	-338,167	-302,137	-308,761
<b>Total equity</b>	<b>10,743</b>	<b>32,986</b>	<b>26,386</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions	19,625	20,994	20,670
Financial liabilities	0	1,849	2,993
Borrowings	31,032	31,367	30,288
<b>Total non-current liabilities</b>	<b>50,657</b>	<b>54,210</b>	<b>53,950</b>
<b>Current liabilities</b>			
Trade payables	7,458	6,037	6,882
Current tax liabilities	5,368	5,859	6,299
Other short term liabilities	9,423	9,655	11,763
Borrowings	317	292	290
<b>Total current liabilities</b>	<b>22,567</b>	<b>21,843</b>	<b>25,234</b>
<b>Total liabilities</b>	<b>73,224</b>	<b>76,053</b>	<b>79,184</b>
<b>Total equity and liabilities</b>	<b>83,967</b>	<b>109,040</b>	<b>105,571</b>

# Largest shareholders as of 31 October 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. MS & 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) V/DNB ASSET MANAGEMENT	1 169 175	0.89
9	SIX SIS AG 25PCT ACCOUNT	1 110 280	0.85
10	NORDNET LIVSFORSIKRING	761 302	0.58
11	STATOIL PENSJON C/O JP MORGAN	701 458	0.54
12	HAAV HOLDING AS	650 000	0.50
13	KRISTIAN FALNES AS	578 883	0.44
14	VESTVIK PRESERVING	558 799	0.43
15	RYGG, JAN WIGGO	547 583	0.42
16	RAGE, PER EGIL	509 535	0.39
17	NORDEA BANK, ABP NORDEA SE/CLIENTS	469 190	0.36
18	SANDBÆK, RUNE	466 530	0.36
19	ØVERLAND, JARLE	457 039	0.35
20	PEDERSEN, FINN BIRK	407 000	0.31