



FOURTH QUARTER 2016 RESULTS.

Oslo, 9 February 2017

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.

Revenues and costs down

2016 Full Year Financials

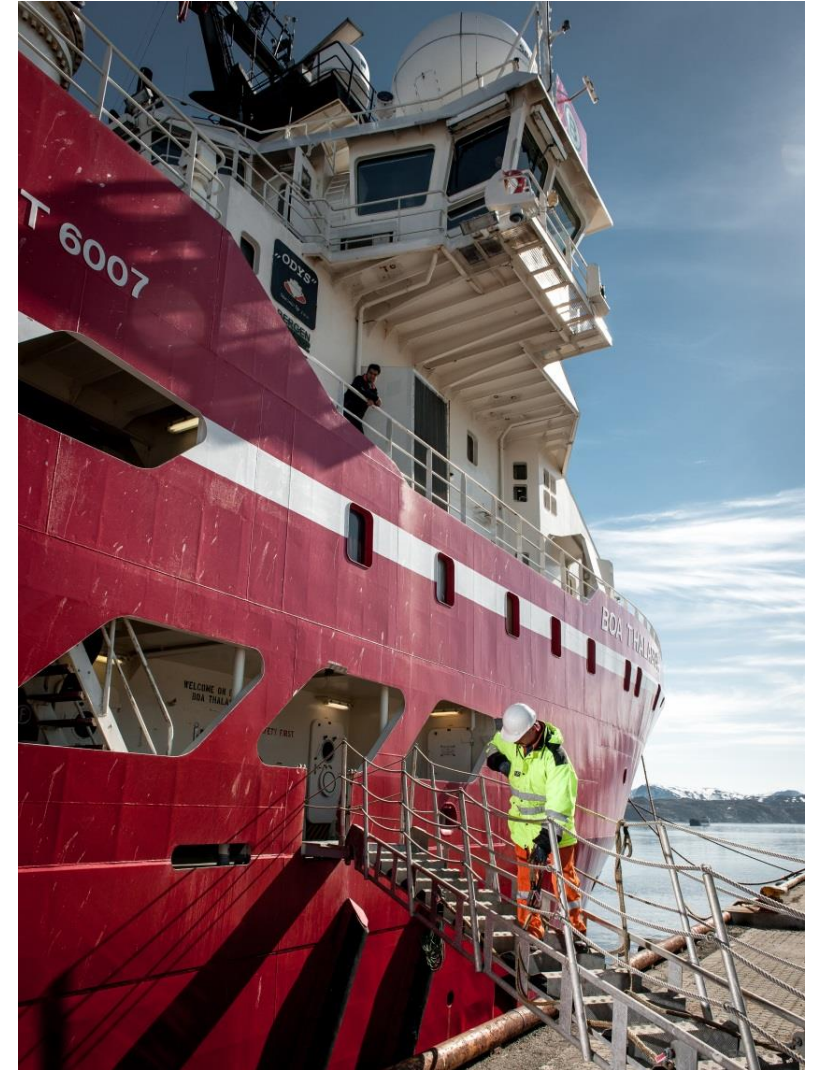
- Revenues of USD 44.5 million (down 45% from FY 2015)
- EBITDA of negative USD 8.9 million (up 47% from FY 2015)

Operations

- Adjusted the organisation and operational cost level
- Maintained a solid presence in key geographies
- Good performance on executing contracts in Asia and Norway
- Successful JIP field trials

Market

- Challenged by reduced E&P spending
- Backlog low going into 2017, commercial activity improved





Financial review

Spot the difference.

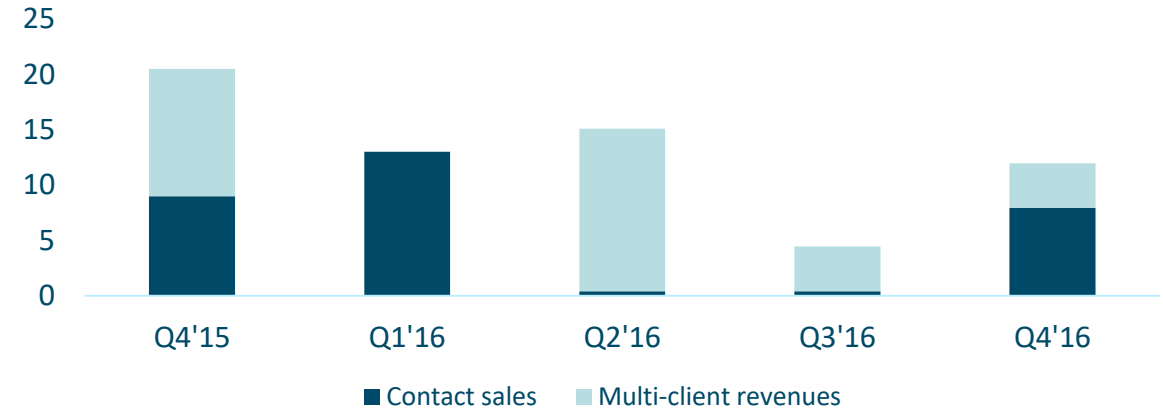
Fourth quarter performance

Key financial metrics

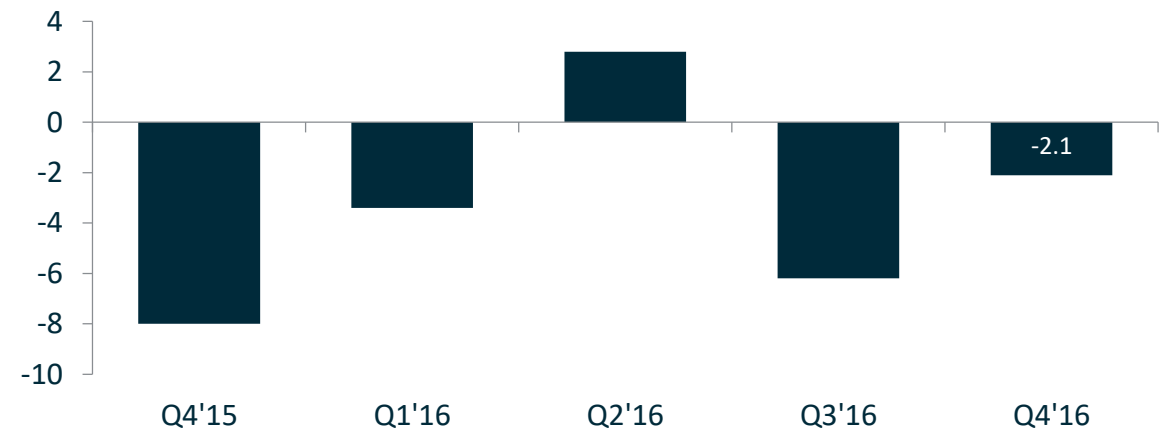
- Revenues of USD 12.0 million
- Vessel utilisation of 89%
 - Proprietary work in Malaysia (35%)
 - Multi-client projects in Norway (54%)
- EBITDA of negative USD 2.1 million

Quarterly development (USD million)

Revenues

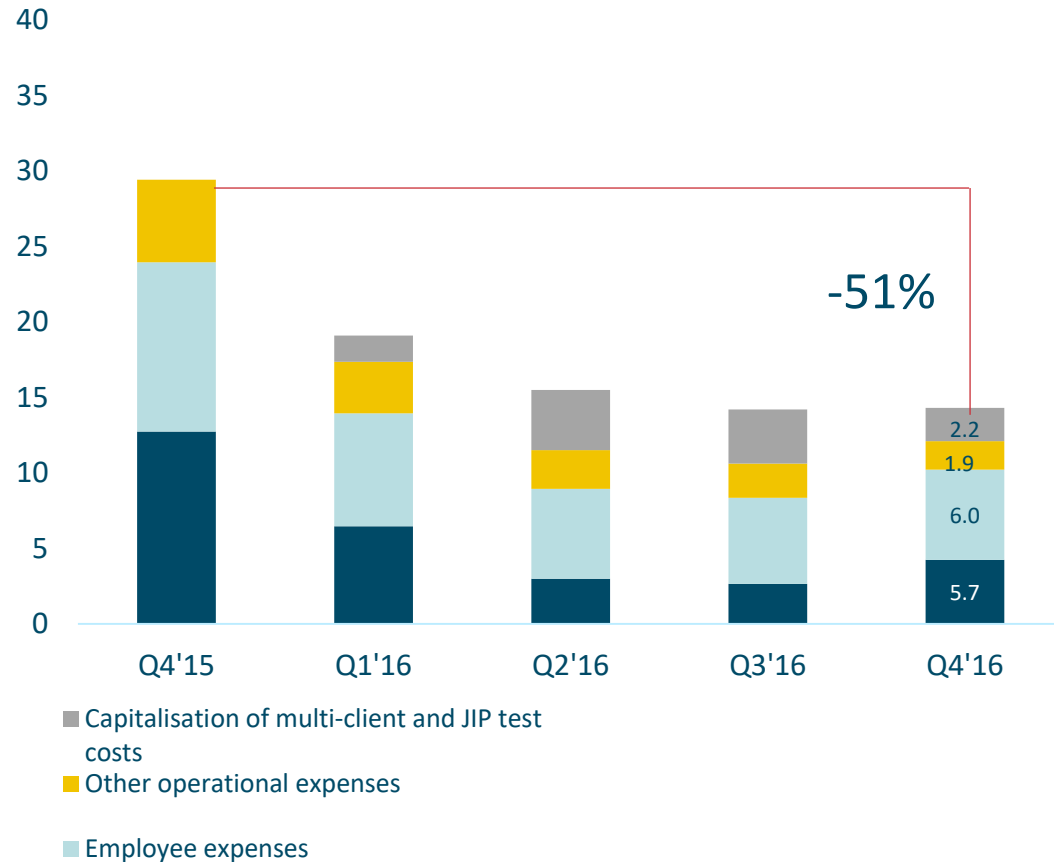


EBITDA



Reduced operational costs

Quarterly operational cost base development* (USD million)



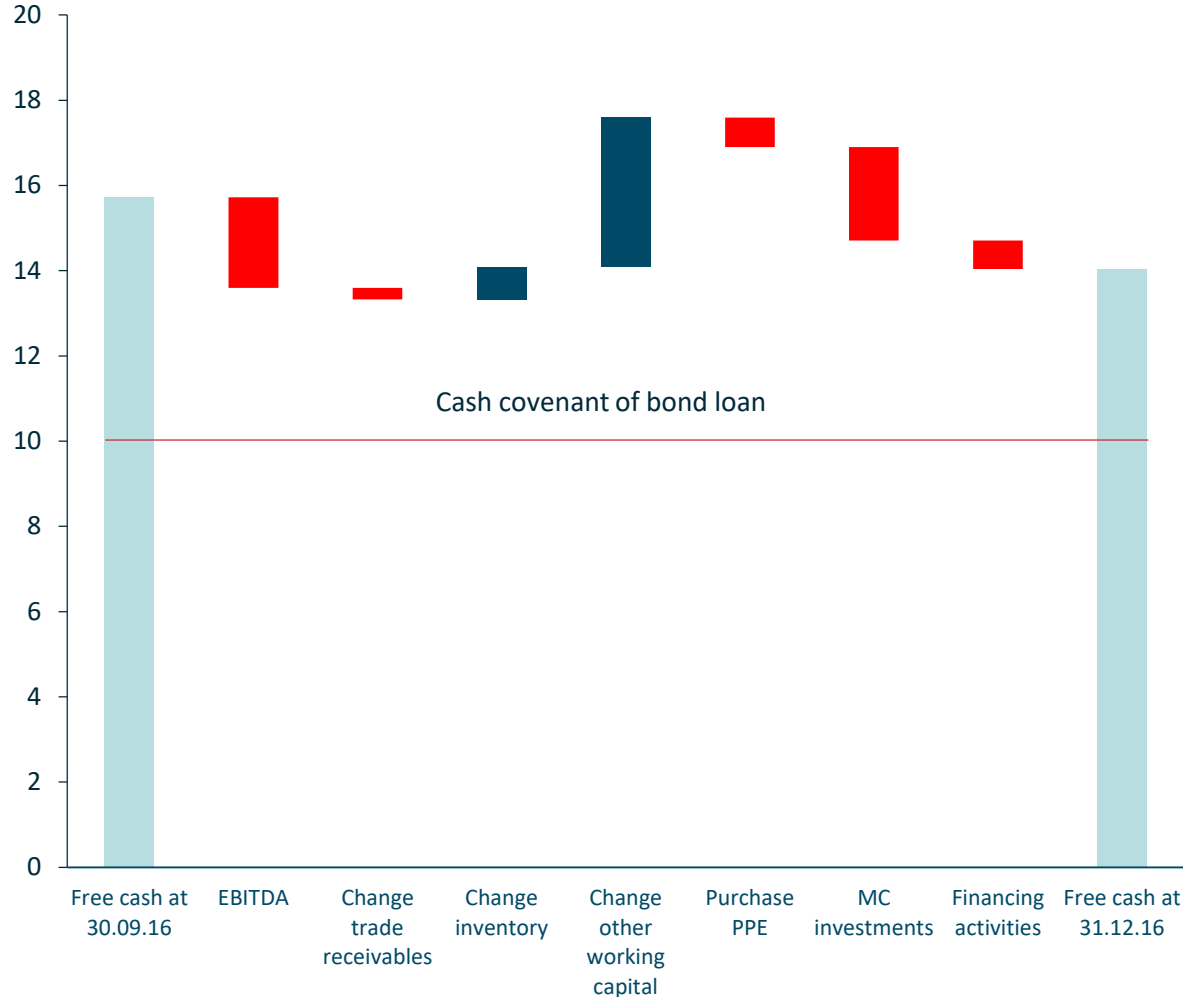
Comments

- Operational costs base of USD 14.3 million
 - Capitalised multi-client expenses of USD 2.2 million
 - Provision for onerous contract of USD 1.4 million
 - Write down of obsolete inventory of USD 0.6 million
- Cost reduction program
 - Cost reduction program progressing as planned
 - New terms for the BOA Thalassa charter
 - 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

Free cash development

Quarterly free cash development (USD million)

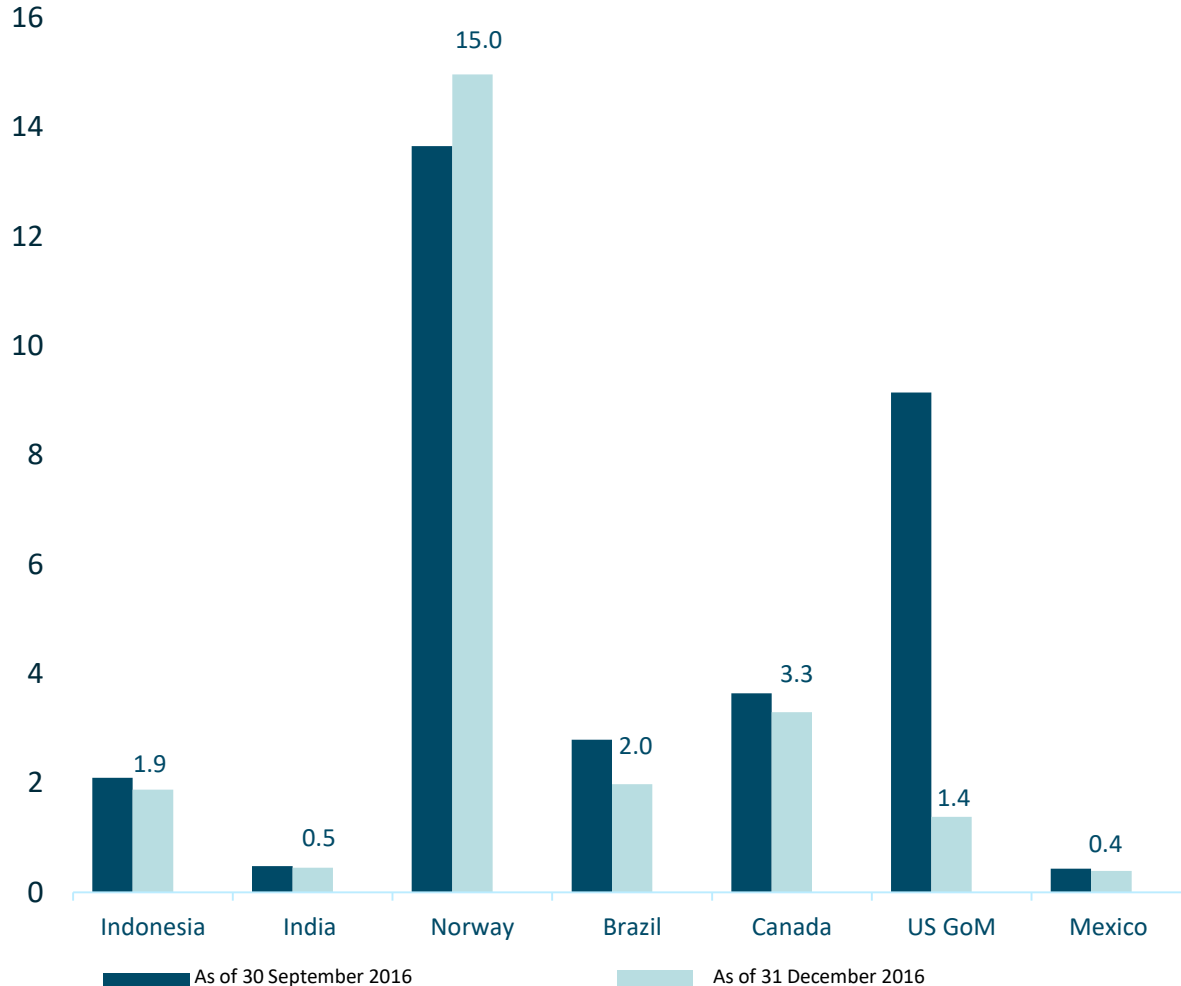


Comments

- Relatively small net decrease in free cash of USD 1.7 million to USD 14.1 million
- Cash and cash equivalents at end of Q4 of USD 18.9 million, incl restricted cash
- Restricted cash of USD 4.8 million at end of Q4
- Company's cash position carefully monitored

Multi-client book value of USD 24.3 million

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



Comments



- Uplift/late sales revenues of USD 3.4 million
- Prefunding revenues of USD 0.6 million
- Investments of USD 2.2 million
 - Barents Sea
 - Preparations for the APA and 24th licensing round
- Amortisation of USD 2.8 million
 - Straight-line amortisation
- Impairment of USD 7.3 million
 - US GOM



Operations, Market and Outlook

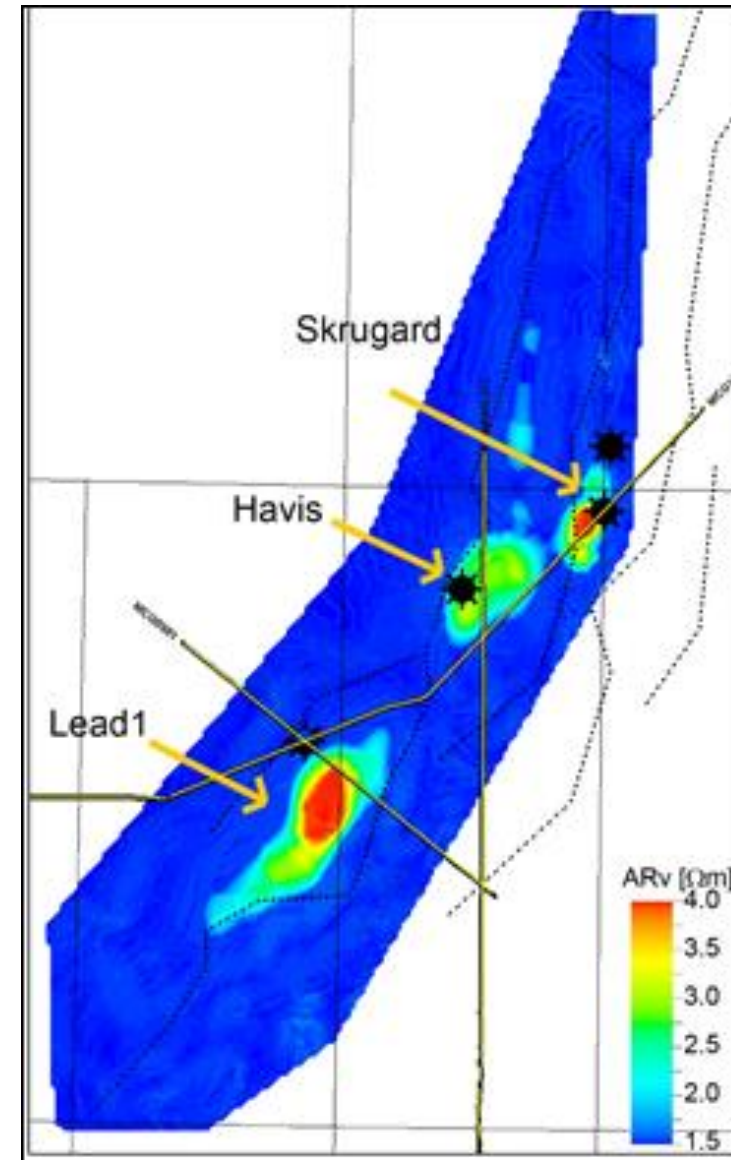
Spot the difference.

Fourth quarter vessel operations

	BOA Thalassa 	Atlantic Guardian 
Q4 activity	In operation, proprietary survey, offshore Malaysia	In operation, MC Projects in the Barents Sea, Norway
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

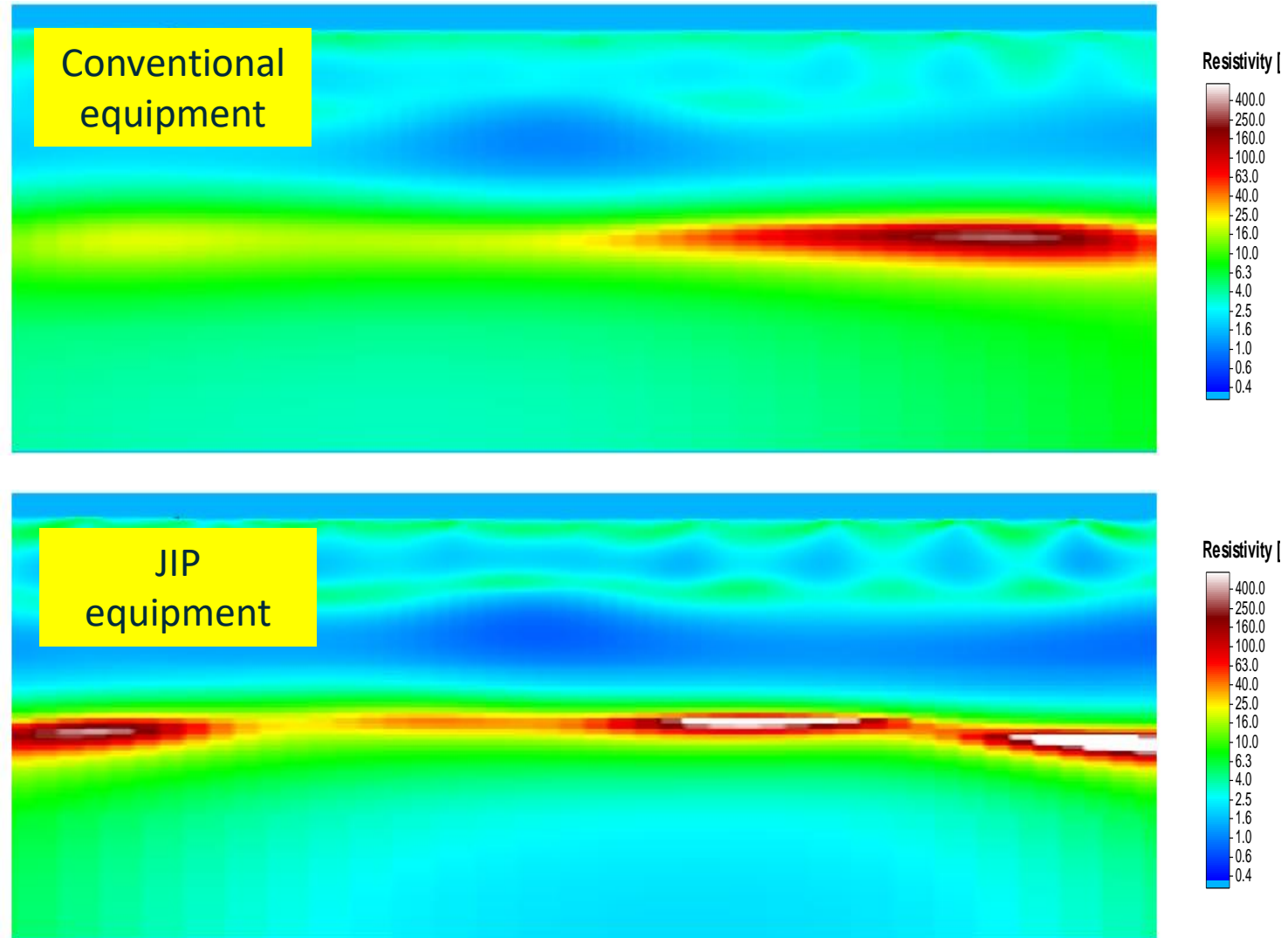
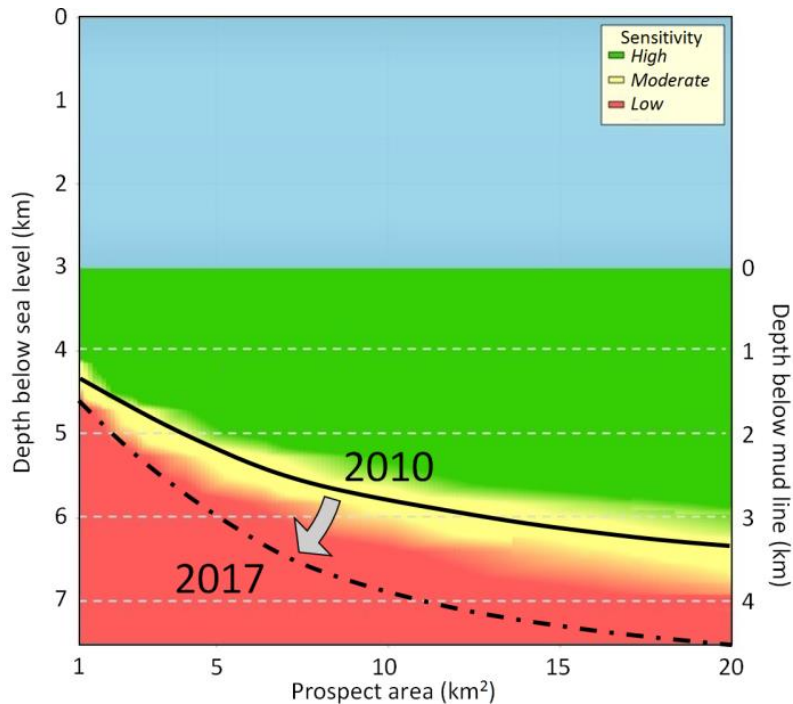
The 24th Round continued...

- Nominations made on or before 30 November 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.
- Healthy interest shown in existing data and expansion plans. Prefunding in place for a selection of blocks.
- Awaiting outcome of nominations. Expected in February.



JIP test results sneak preview...

- 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



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:

- Results from PoC study delivered. Application formally accepted.
- Existing contract extended by 6 months.
- Reprocessed 3D MC data (16,000 sqkm), available for sale during Q4 and onwards

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 H2 2016 in anticipation of the nominations and announcements during the 24th licensing round
- **Nominations deadline: November 2016**
- **Announcements expected: June 2017**

India:

- MC data marketing ongoing

Indonesia:

- 2,800 sqkm MC data available.

Other:

- Progress on contract opportunities for 2017

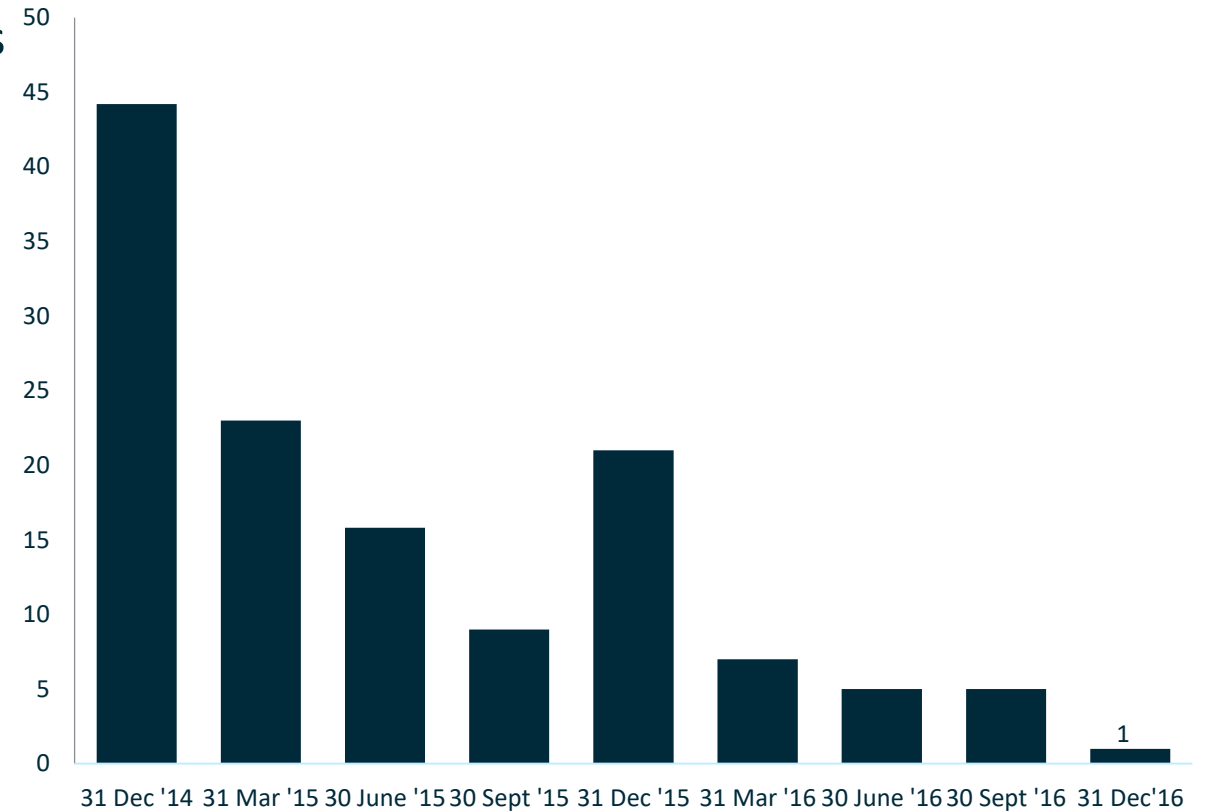
East Africa (looking for prefunding opportunities).

Market update

Comments

- Early signs of improvement noted as earlier dialogues are converted in pricing requests related to work in Norway, the Americas and Africa. Prospect development in APAC ongoing.
- Notable difference when compared to the lackluster period one year ago.
- A stable oil price above USD 50 per barrel no doubts supports the above.
- However, backlog developments tells us that caution is required as prospects take time to materialize and oil companies' spending is still very cautious.

Order backlog - limited earnings visibility



Summary and outlook

2016 Full Year Financials

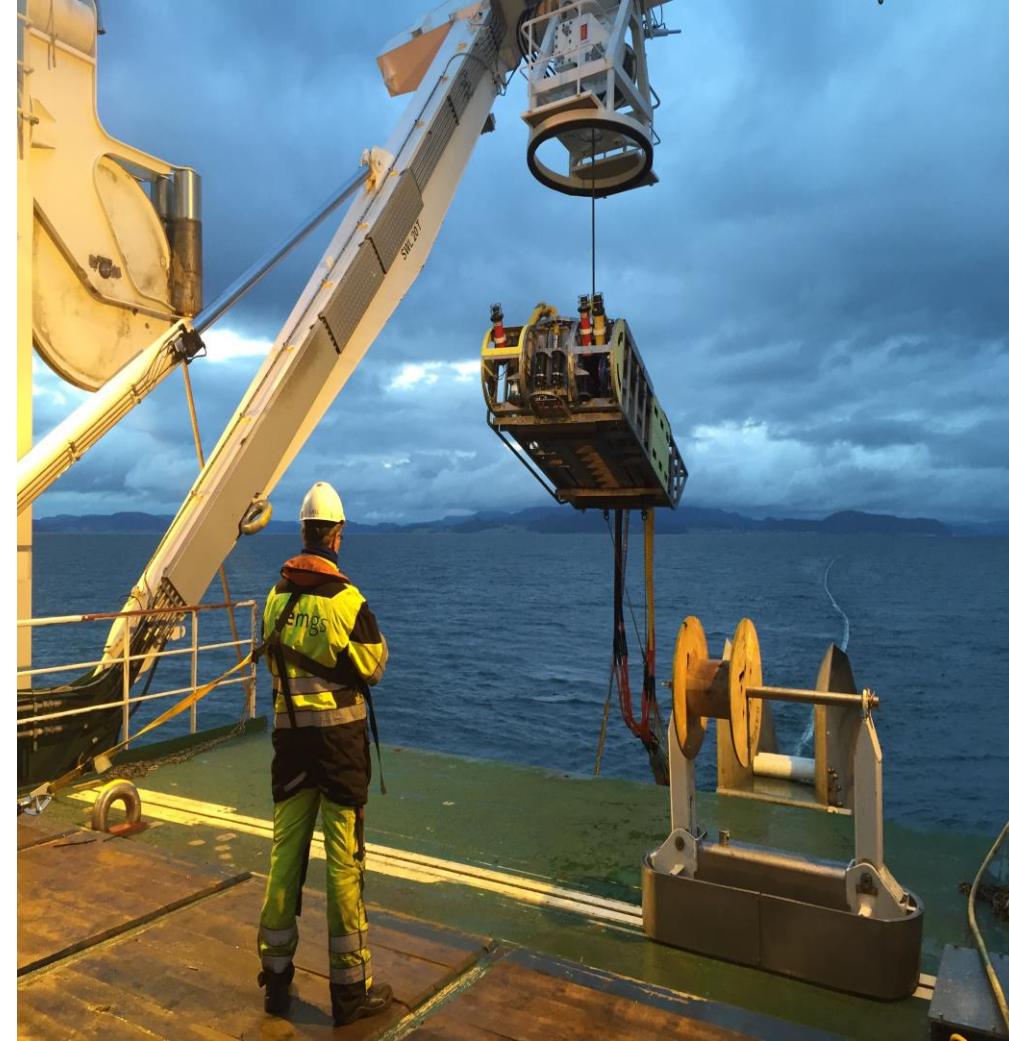
- Revenues of USD 44.5 million (down 45% from FY 2015)
- EBITDA of negative USD 8.9 million (up 47% from FY 2015)

Operations

- Adjusted the organisation and operational cost level
- Maintained a solid presence in key geographies
- Good performance on executing contracts in Asia and Norway
- Successful JIP field trials

Market

- Challenged by reduced E&P spending
- Backlog low going into 2017
- Well positioned as commercial activity improves





Questions?

Spot the difference.

Consolidated Income Statement

Amounts in USD 1 000	Q4 2016 Unaudited	Q4 2015 Audited	2016 Unaudited	2015 Audited
Operating revenues				
Contract sales	7,953	9,001	21,797	45,008
Multi-client pre-funding	579	-	579	3,546
Multi-client late sales	3,438	11,498	22,151	32,586
Total revenues	11,970	20,499	44,527	81,140
Operating expenses				
Charter hire, fuel and crew expenses	6,228	11,807	18,176	32,402
Employee expenses	5,985	11,227	25,097	44,826
Depreciation and ordinary amortisation	1,956	2,705	7,677	12,679
Multi-client amortisation	2,827	4,156	11,244	8,631
Impairment of long-term assets	8,058	8,569	17,286	31,344
Other operating expenses	1,882	5,461	10,137	20,607
Total operating expenses	26,936	43,925	89,617	150,489
Operating profit/ (loss)	(14,966)	(23,426)	(45,090)	(69,349)
Interest income	54	28	217	352
Interest expense	(715)	(1,014)	(3,273)	(4,055)
Net gains/(losses) of financial assets and liabilities	(2,300)	795	(6,297)	(4,106)
Net foreign currency income/(loss)	3,036	1,526	1,512	4,155
Net financial items	75	1,335	(7,841)	(3,654)
Income/ (loss) before income taxes	(14,892)	(22,091)	(52,931)	(73,003)
Income tax expense	215	2,027	(100)	3,712
Income/ (loss) for the period	(15,107)	(24,118)	(52,831)	(76,715)

Consolidated Statement of Financial Position

	31 December 2016	31 December 2015
Amounts in USD 1 000	Unaudited	Audited
ASSETS		
Non-current assets		
Multi-client library	24,332	42,267
Other intangible assets	2,457	3,703
Property, plant and equipment	13,901	16,773
Assets under construction	28,255	26,566
Financial assets	-	1,387
Total non-current assets	68,945	90,696
Current assets		
Spare parts, fuel, anchors and batteries	7,854	11,754
Trade receivables	8,534	18,580
Other receivables	7,080	5,665
Cash and cash equivalents	14,038	31,749
Restricted cash	4,841	6,680
Total current assets	42,347	74,428
Total assets	111,292	165,124

	31 December 2016	31 December 2015
Amounts in USD 1 000	Unaudited	Audited
EQUITY		
Capital and reserves attributable to equity holders		
Share capital, share premium and other paid-in equity	319,283	319,038
Other reserves	901	(6,416)
Retained earnings	(287,484)	(234,652)
Total equity	32,700	77,970
LIABILITIES		
Non-current liabilities		
Provisions	19,140	17,371
Financial liabilities	4,668	-
Borrowings	31,636	30,848
Total non-current liabilities	55,444	48,219
Current liabilities		
Trade payables	6,672	10,439
Current tax liabilities	5,853	5,257
Other short term liabilities	10,372	16,243
Financial liabilities	-	6,326
Borrowings	251	670
Total current liabilities	23,148	38,935
Total liabilities	78,592	87,154
Total equity and liabilities	111,292	165,124

Largest shareholders as of 8 February

#	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	404,485	1.23
8	KRISTIAN FALNES AS	400,000	1.22
9	NORDNET LIVSFORSIKRING	388,187	1.18
10	DNB NAVIGATOR (II)	351,626	1.07
11	J&J INVESTMENT AS	330,000	1.01
12	STATOIL FORSIKRING A.S	185,517	0.57
13	RYGG JAN WIGGO	150,000	0.46
14	NORDNET BANK AB	145,725	0.44
15	FLATHOLMEN AS	137,000	0.42
16	VESTVIK PRESERVERING	115,746	0.35
17	PEDERSEN, FINN BIRK	115,000	0.35
18	HAAV HOLDING AS	112,500	0.34
19	JACKWITZ, SVEIN-ERIK	112,323	0.34
20	FALNES OLAV KRISTIAN	110,000	0.34