



# *ELECTROMAGNETIC GEOSERVICES ASA*

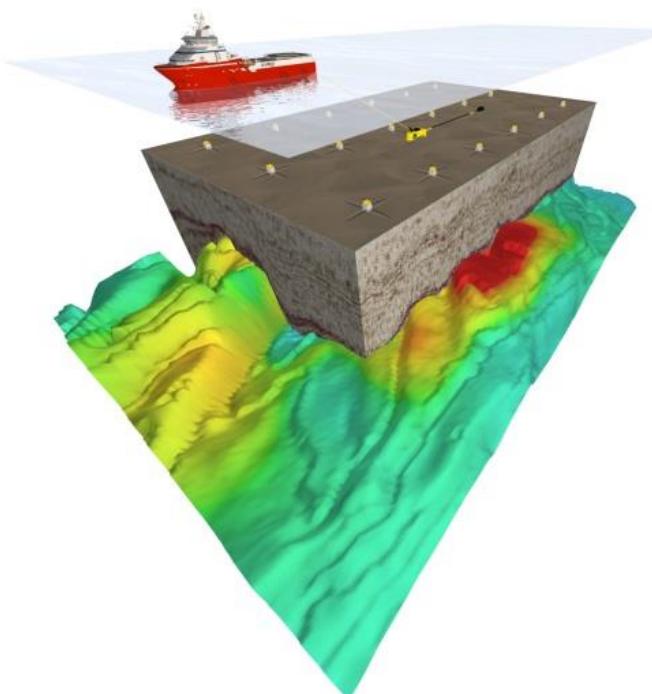
*ABG Sundal Collier Oil Services Conference, London*

*CEO Roar Bekker and CFO Svein Knudsen*

*February 2014*

## EMGS IN BRIEF

- EMGS is building the EM market
  - Increase adoption of the technology
  - Make EM an integrated part of the exploration workflow
  - Delivered more than 700 surveys
  - Strong technology track-record in the Barents Sea
- Flexible business model
  - "Asset light"; lease vessels, own equipment
  - Short lead time
  - Demand-driven growth
- Listed on the Oslo Stock Exchange March 2007
  - USD 145 million in full-year 2013 revenues



# FINANCIAL OVERVIEW

## Financial highlights 2013

- Revenues of USD 144.6 million
- EBITDA of USD 17.5 million

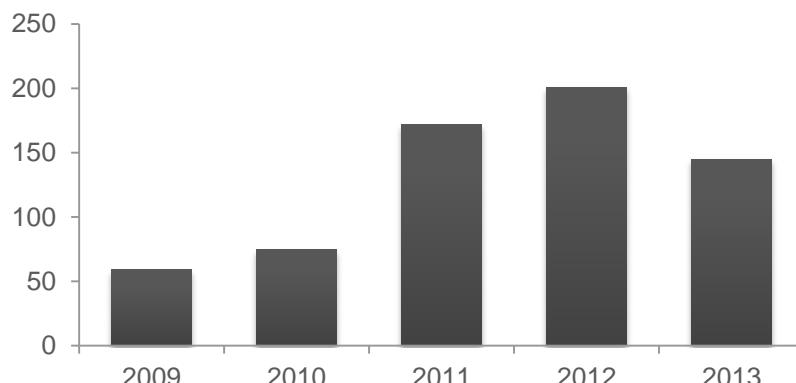
## Expanding the multi-client segment

- Multi-client sales of USD 33.3 million in 2013
- Major investments in Brazil and Barents Sea, total MC investments of USD 32.1 million in 2013
- Net book value of USD 28.1 at year end
- Partnering with TGS

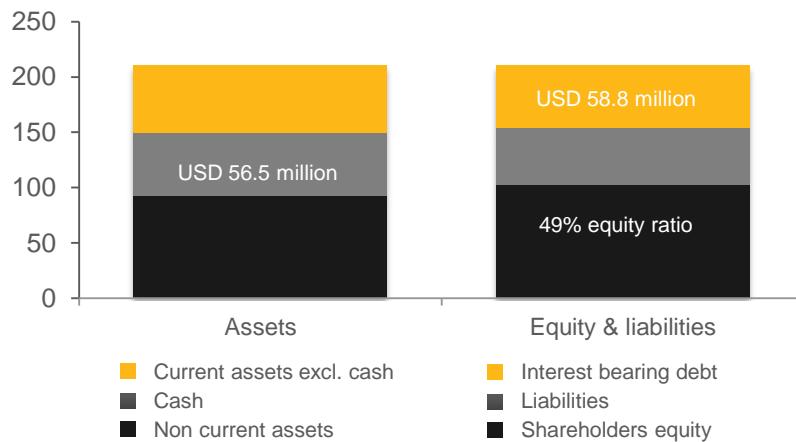
## Strong financial position

- Cash at USD 56.5 million
- NIBD at USD 0.3 million
- Bond issue of NOK 350 million completed in July 2013

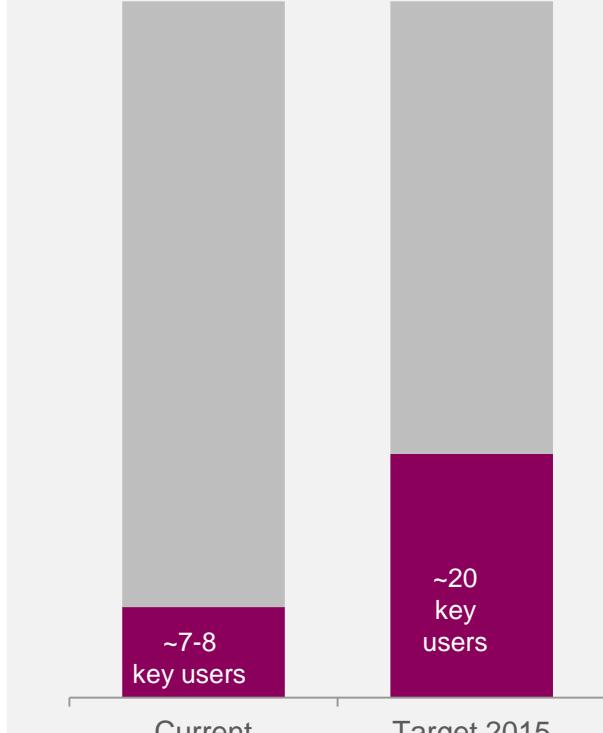
## Revenues (USD Million)



## Balance sheet as at 31.12.13 (USD million)



# ACCELERATE CUSTOMER ADOPTION

Adoption = #key users	TARGET companies: NOCs & selected IOCs
 <p>~7-8 key users</p> <p>Current</p> <p>~20 key users</p> <p>Target 2015</p>	<p><b>Priorities to accelerate adoption:</b></p> <ul style="list-style-type: none"><li>• Deliver quality projects – secure satisfaction and build confidence</li><li>• Long-term dedication &amp; tailored strategy for each customer</li><li>• Long-term contracts</li><li>• Authorities &amp; regulators</li><li>• Multi-client is crucial – more companies can test and more cases to show</li><li>• Cooperation with seismic companies</li></ul>  

# PEMEX – LARGE SCALE ADOPTER OF EM

## Second large long-term contract

- USD ~100 million
- Estimated to 15-16 vessel months
- Possible extensions of 2 x USD 25 million

## Confirms value proposition of EM

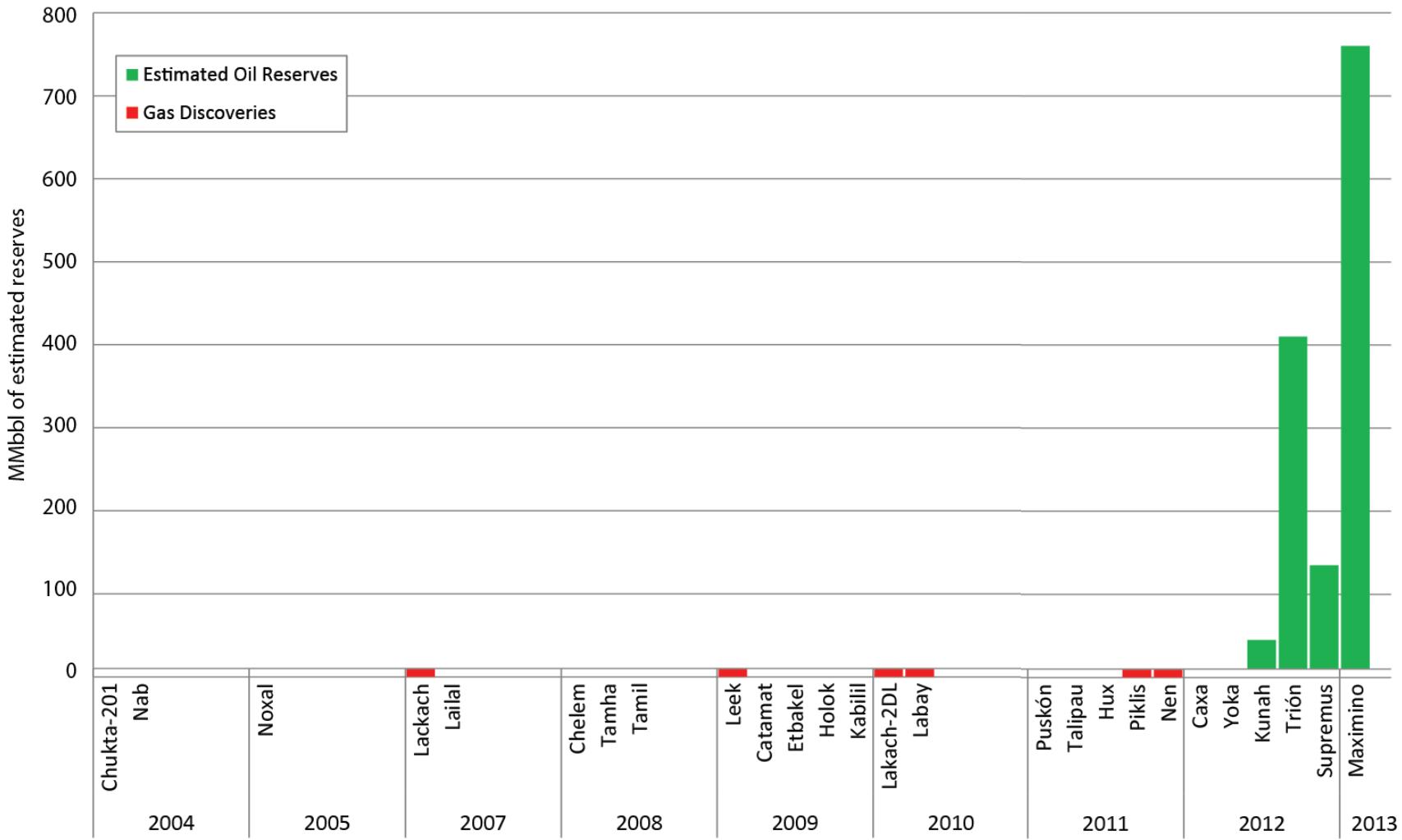
- Portfolio optimisation, important part of PEMEX' deep water exploration program
- Boost in PEMEX's reserve replacement ratio
- Higher probability of success and better volume assessments
- Reduced finding costs

## PEMEX – good showcase on how to increase penetration

- Close interaction, knowledge sharing and internal training
- 2 long-term contracts



# EM INTRODUCED IN PORTFOLIO MANAGEMENT

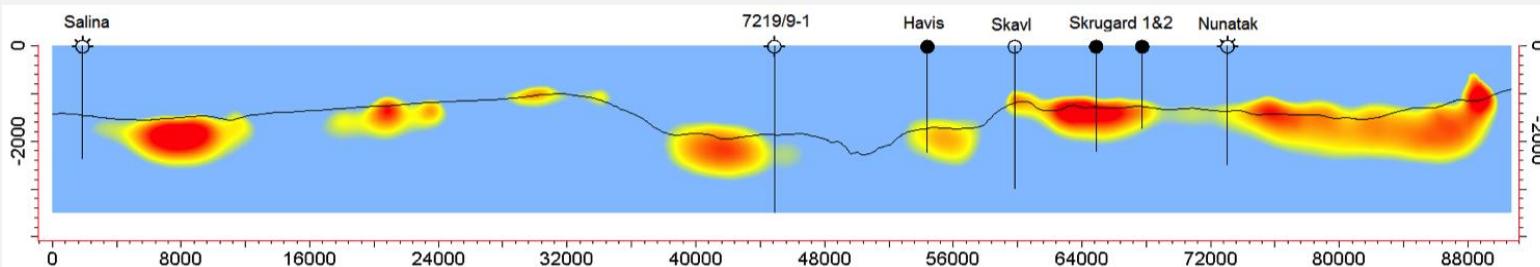


# ACCELERATE CUSTOMER ADOPTION

## Multi-client projects provide good «show cases» and include sales potential

EM technology improves exploration success in Barents sea – sales potential for 2014 and beyond:

- 110 blocks (> 30,000m<sup>2</sup>) covered in the Barents Sea
  - Expanded cooperation with TGS
  - 57 open blocks, well positioned for the 23rd licensing round
- Strong technology track record
  - EM results match drilling results in 20 of 20 wells
  - Recent Wisting and Skavl discoveries confirm value of seismic and EM integration



Investment in Brazil – sales potential for 2014 and beyond:

- Brazil library will cover ~30,000 km<sup>2</sup> of 3D EM data
  - Up to 8,000 km<sup>2</sup> in Foz do Amazonas
  - Combining 2D seismic and 3D EM through collaboration with Spectrum
- 11th licensing round spring 2013
  - Foz do Amazonas & Ceara basin with highest interest



# STRATEGIC PARTNERSHIP WITH NORTH ENERGY

## Substantial multi-client sale – USD 12.1 million

- Sale of Barents Sea EM data library
- Payment in convertible bond – strike price of NOK 4.15, coupon of 6% and maturity 6 months

## Pre-funding of future Barents campaign – USD 1.6 million

- Commitment from North Energy to pre-fund
- Payment in cash

## Sale of consulting services – USD 2.4 million

- Integration of EM into North Energy's exploration workflow
- Payment in cash

## EMGS participate in private placement

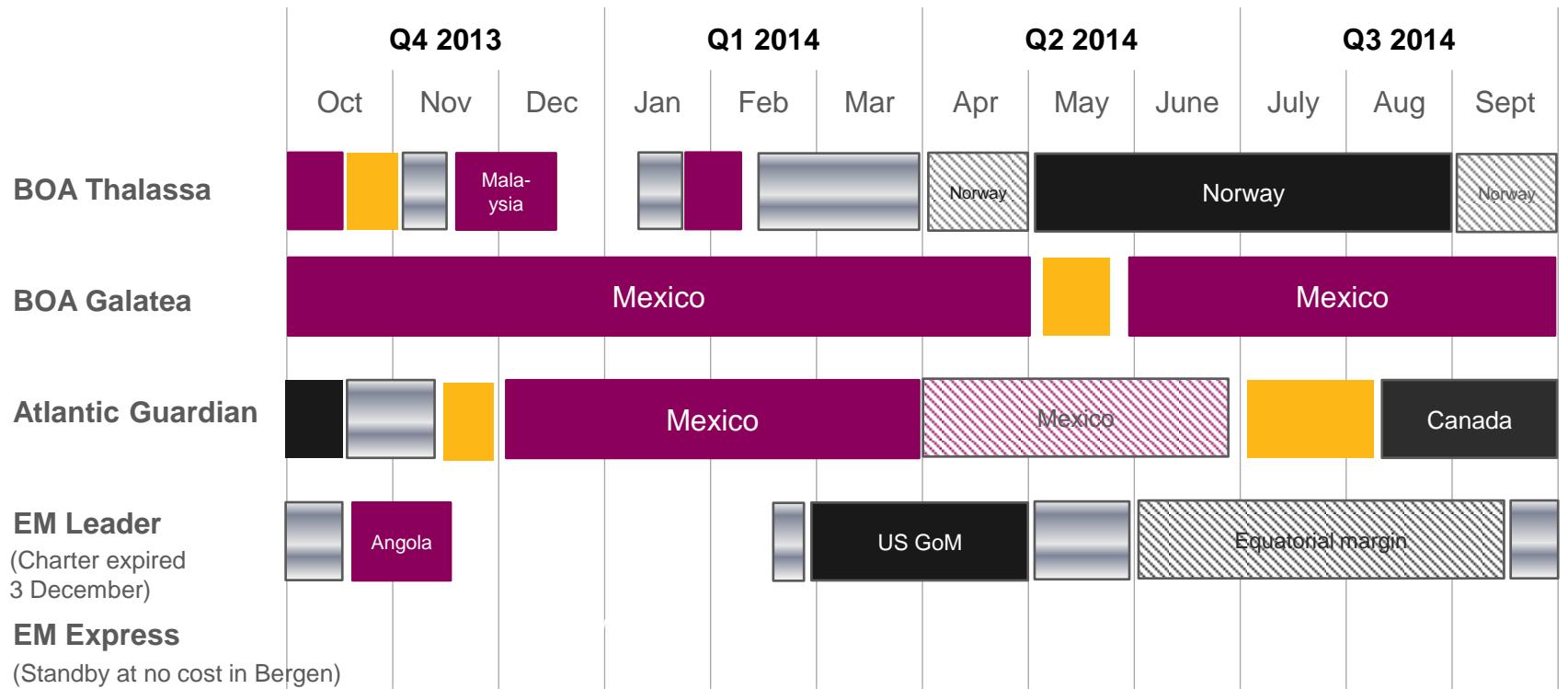
- EMGS participate with NOK 20 million in North Energy's private placement
- Strengthening the cooperation
- Board member nominated by EMGS



**Fits our strategy - integrating EM in the exploration workflow**

# VESSEL SCHEDULE

Expected vessel schedule as of 5 February 2014



Contract:  Multi-client:  Contract negotiations:  Yard stay:  Mobilisation:  Equipment testing:

# SUMMARY

## Building the EM market

- Deliver quality projects
- Close interaction with long-term customers
- Cooperate with seismic companies & authorities

## Short-term outlook

- Good contract coverage for 1H14
- Better positioned for 2014 than 2013
  - Improved order backlog
  - Exploration achievements confirm technology's value proposition and increase market awareness

## Long-term outlook

- Pursuing large contract opportunities
- Well positioned library of multi-client data
- Exciting investment opportunities
- Full year 2014 revenue guiding of more than USD 200 million





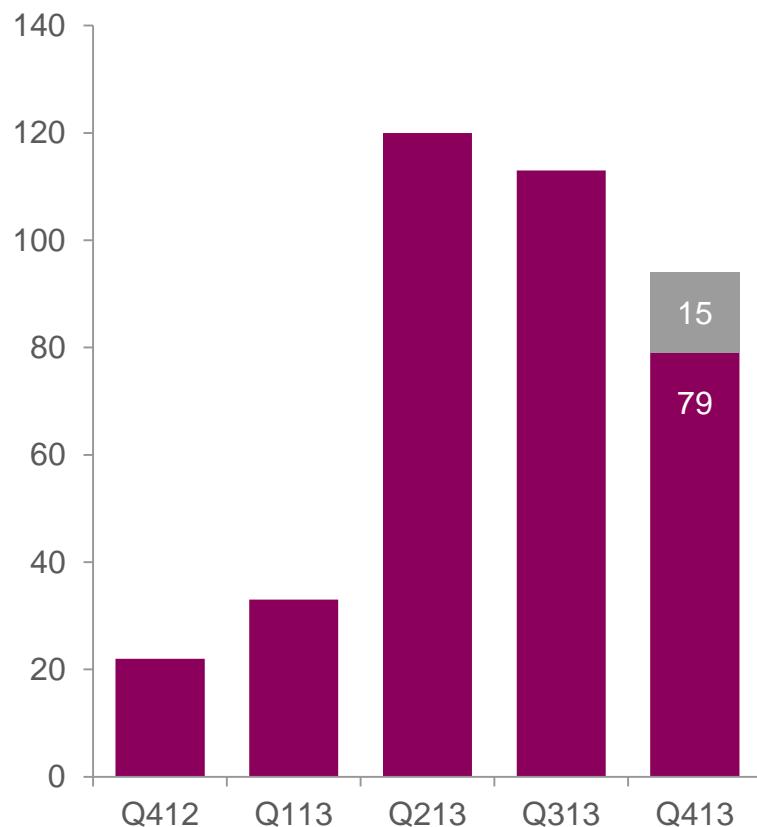
# APPENDIX

# VESSEL CHARTERS AND YARD STAYS

	BOA Thalassa	BOA Galatea	Atlantic Guardian	EM Leader	EM Express
					
Firm Charter	December 2015	July 2015	1 March 2016	Standby in Las Palmas (charter until 3 December 2013)	Standby in Bergen at no cost to EMGS.
Options	1 x 1 year	2 x 1 year	3 x 1 year	Optional 1-, 3-, 6- or 12-month charters until 9 March 2015	Optional 3-, 6- or 12-month charters until 9 May 2014. Vessel owner has the option to terminate the agreement.
Yard stays		~ 14 days in Q2/Q3 2014: 5 year class renewal	~ 5 weeks in Q2/ Q3 2014		Not applicable

# MARKET UPDATE

## Order book (USD Million)



### Contract coverage

- Contract for Apache in Australia
- Two vessels operating for Pemex

### Multi-client sales

- Sales to North Energy in Q1
- Developed opportunities in Norway, US GoM and Canada

### Contract opportunities

- Contract negotiations in Norway, Brazil, Angola, India and Southeast Asia

### Continued focus on large NOC contracts

- Targeting to close 1-2 major contracts in 2014

# CONSOLIDATED INCOME STATEMENT

USD million	QUARTER ENDING		YEAR ENDING	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Contract sales	40.1	34.6	111.3	176.1
Multi-client sales	4.8	10.4	33.3	24.7
<b>Total revenues</b>	<b>44.9</b>	<b>45.0</b>	<b>144.6</b>	<b>200.8</b>
Charter hire, fuel and crew expenses	20.3	12.7	51.2	68.8
Employee expenses	12.9	16.2	54.3	55.1
Other operating expenses	5.1	6.0	21.5	21.1
<b>EBITDA</b>	<b>6.5</b>	<b>10.1</b>	<b>17.5</b>	<b>55.9</b>
Depreciation and ordinary amortisation	4.3	4.1	17.5	13.9
Multi-client amortisation	1.1	4.3	12.3	12.7
<b>EBIT</b>	<b>1.1</b>	<b>1.7</b>	<b>(12.3)</b>	<b>29.2</b>
Net financial items	0.3	(2.9)	(0.9)	(11.3)
<b>Profit /(loss) before tax</b>	<b>1.4</b>	<b>(1.2)</b>	<b>(13.2)</b>	<b>17.9</b>
Income tax expense	0.1	(0.5)	1.9	6.0
<b>Net profit /(loss)</b>	<b>1.3</b>	<b>(0.7)</b>	<b>(15.1)</b>	<b>11.9</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD million

	YEAR ENDING	
	31.12.2013	31.12.2012
<b>ASSETS</b>		
Goodwill	14.4	14.4
Multi-client library	28.1	14.1
Intangible assets	3.4	4.9
Property, plant and equipment	27.7	32.3
Assets under construction	19.2	10.9
<b>Total non-current assets</b>	<b>92.8</b>	<b>76.6</b>
Trade receivables	31.5	47.0
Other current assets	29.4	27.8
Cash and cash equivalents	55.3	39.3
Restricted cash	1.2	8.5
<b>Total current assets</b>	<b>117.5</b>	<b>122.6</b>
<b>TOTAL ASSETS</b>	<b>210.3</b>	<b>199.2</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Total equity</b>	<b>102.2</b>	<b>114.0</b>
<b>Total non-current liabilities</b>	<b>67.3</b>	<b>52.1</b>
Trade payables	15.9	9.6
Current tax liability	2.3	2.4
Other short term liabilities	22.4	19.8
Borrowings	0.1	1.3
<b>Total current liabilities</b>	<b>40.8</b>	<b>33.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>210.3</b>	<b>199.2</b>

# CONSOLIDATED STATEMENT OF CASH FLOW

USD million

	YEAR ENDING	
	31.12.2013	31.12.2012
<b>Net cash flow from operating activities</b>	<b>57.6</b>	<b>28.7</b>
<b>Net cash flow from investing activities</b>	<b>(51.1)</b>	<b>(42.8)</b>
<b>Net cash flow from financial activities</b>	<b>9.5</b>	<b>(4.5)</b>
<b>Net increase in cash</b>	<b>16.0</b>	<b>(18.5)</b>

# LARGEST SHAREHOLDERS (AS OF 5 FEBRUARY)

	SHAREHOLDER	SHARES	HOLDING
1	FIDELITY FUNDS	11 505 317	5.76 %
2	MORGAN STANLEY & CO S/A MSCO CLIENT EQUI	10 574 938	5.29 %
3	SKAGEN GLOBAL	10 124 112	5.07 %
4	ODIN OFFSHORE	8 473 631	4.24 %
5	ODIN NORGE	7 838 224	3.92 %
6	VERDIPAPIRFONDET DNB	7 700 000	3.86 %
7	CLEARSTREAM BANKING	6 222 541	3.12 %
8	SKAGEN VEKST	5 029 207	2.52 %
9	VERDIPAPIRFONDET DNB	4 859 407	2.43 %
10	J.P. MORGAN CHASE BA A/C US RESIDENT NON	4 554 314	2.28 %
11	MOMENTUM INVESTMENTS	3 875 000	1.94 %
12	STATOIL PENSJON C/O JP MORGAN CHASE	3 783 655	1.89 %
13	SKAGEN GLOBAL II	3 282 333	1.64 %
14	SUNDT AS	3 026 833	1.52 %
15	JPMORGAN CLEARING CO A/C CLEARING ACCOUNT	3 006 833	1.51 %