

# Q1 2021

4 May 2021



# Building backlog in a transition quarter

<b>Operations highlights</b>	<ul style="list-style-type: none"><li>• Started our 100<sup>th</sup> OBN survey</li><li>• Zero recordable safety events and no Covid-19 cases on projects (TRCF at 0.0 in quarter)</li><li>• Extended maintenance drydocking due to yard capacity impacted by COVID</li></ul>
<b>Financial highlights</b>	<ul style="list-style-type: none"><li>• Revenue of USD 42.9m in Q1, gross margin reduced to 19%</li><li>• EBITDA of USD 0.6m in Q1 due to low crew utilization and low margin contracts</li><li>• Available cash of USD 43.9m at end of Q1</li></ul>
<b>Increasing Backlog</b>	<ul style="list-style-type: none"><li>• Backlog increased to USD 228 million at end of Q1, up 15% in the first quarter</li><li>• Backlog has continued to increase in Q2</li><li>• Tendering for activity in 2021 and 2022</li></ul>

# Operations



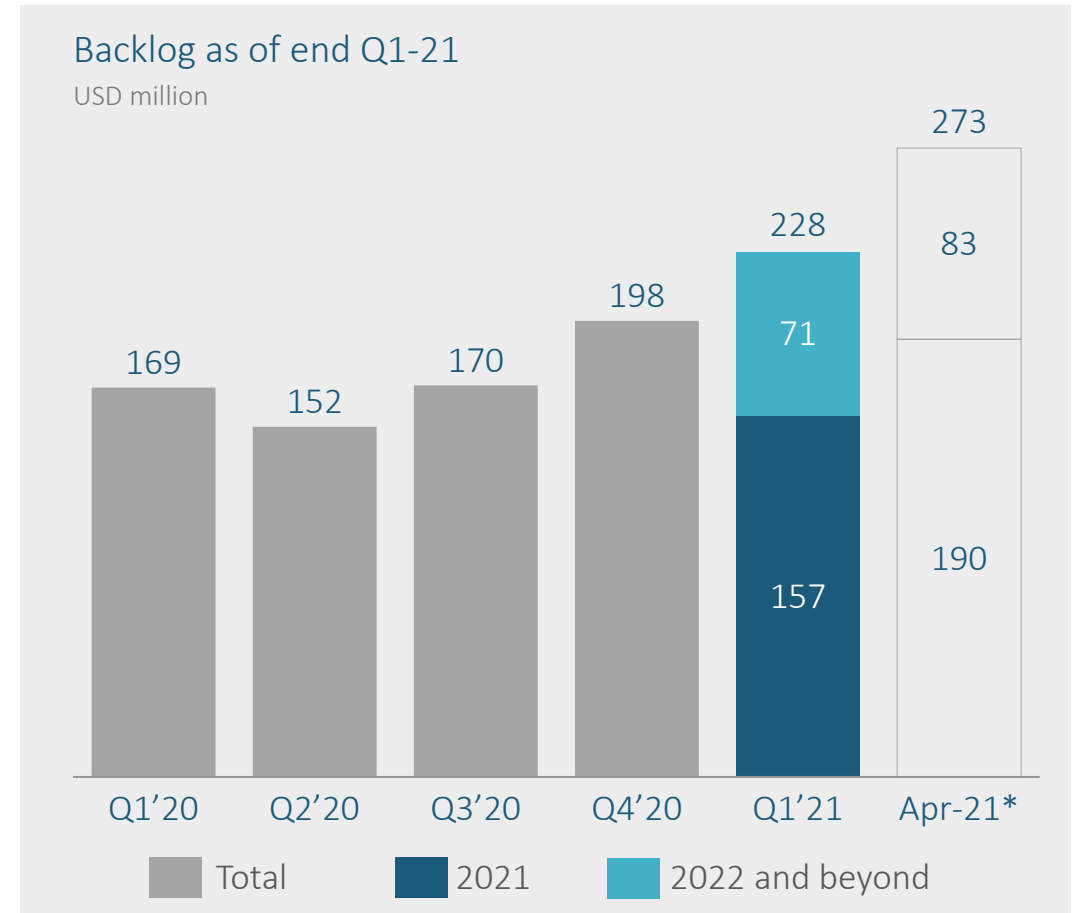
# Transitioning to higher gross profit projects

- The ZXPLR1 crew completed first OBN project in Mexico, and transited to drydock in Florida for maintenance
  - Yard capacity negatively affected by Covid-19
  - The crew has now commenced our 100<sup>th</sup> OBN survey
- The ZXPLR2 crew worked on a project in the Gulf of Mexico – project was awarded in Q3
  - Experienced operational and technical challenges
- Completed equipment rental contract in the Caspian Sea as planned
- Z700 crew mobilized for a North Sea OBN project
- The Reservoir Monitoring and Source team preparing for the North Sea season



# Continuing to add backlog

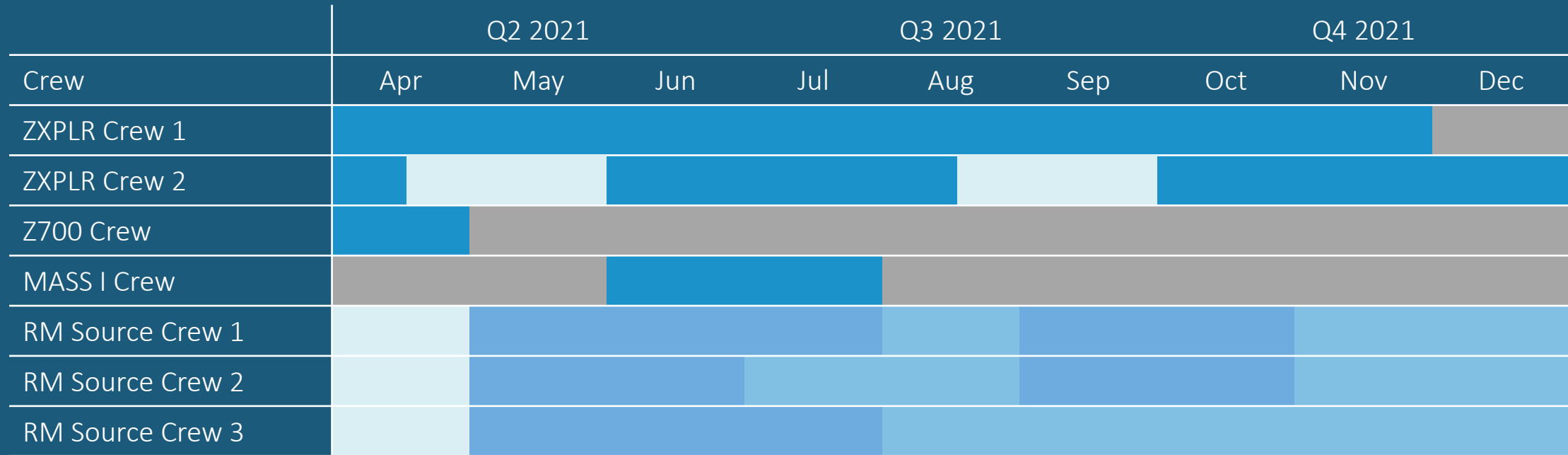
- Three contracts awarded in Q1
  - Deepwater 4D OBN monitor survey for a repeat customer in the Gulf of Mexico started late Q1 and running for about two months
  - One month 4D OBN monitor in the North Sea survey also commenced late Q1
  - OBN deepwater baseline contract in Angola starting in Q2 for approximately 80 days
- Backlog for delivery in Q2-Q4 2021 of USD ~190m, including changes in project scheduling and new contract award in Q2
  - Awarded four month project for a multi-client company in the Gulf of Mexico, starting in the Summer



\* Backlog Q1'21 adjusted for new contract in April and changes in phasing of contracts

# Magseis Fairfield crew activity backlog

At reporting date





# Financials

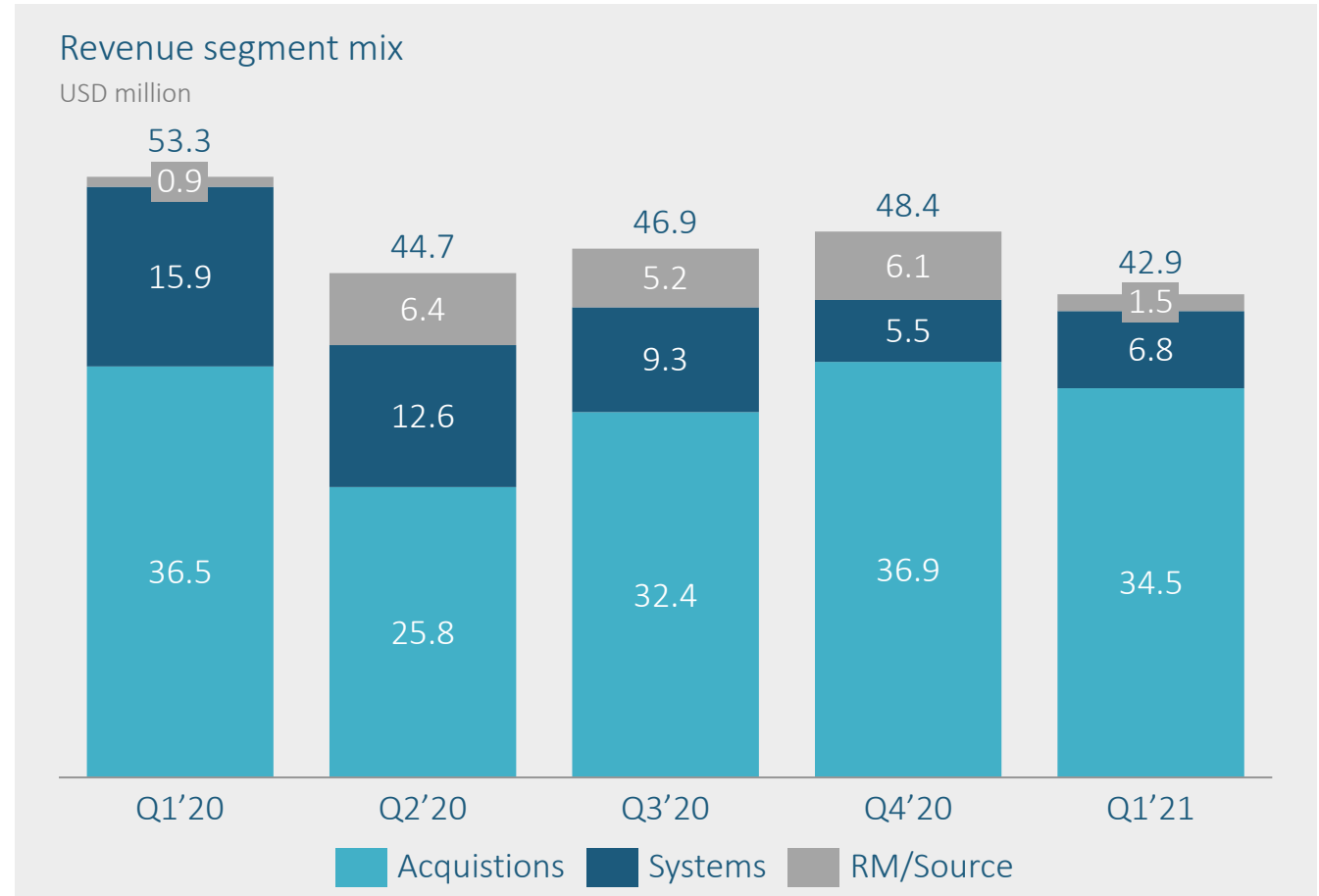
# Financial highlights

	Q1 2021	
Revenue	USD 42.9 million	Drydocking, low crew utilization and low-margin projects awarded in weak market environment during 2020
Gross margin	19%	
EBITDA	USD 0.6 million	
Financial position	<ul style="list-style-type: none"> <li>• Cash holding of USD 28.9 million, and available cash position of USD 43.9 million</li> <li>• Repaid USD 15 million in RCF which will be redrawn for Q2 projects</li> <li>• Equity ratio of 58% and in compliance with all loan covenants</li> </ul>	



# Lower revenues in Q1

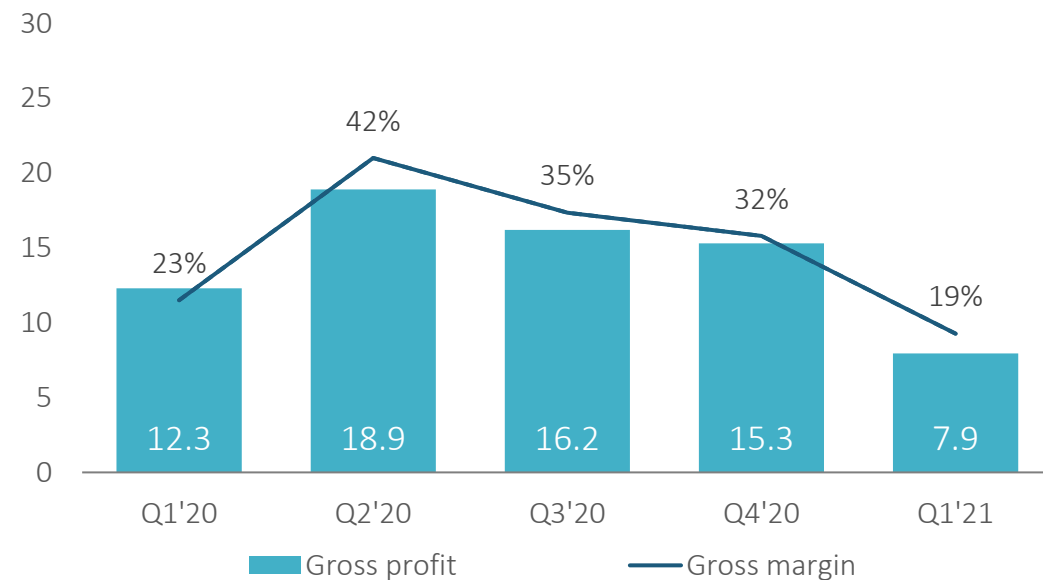
- Revenue in Q1'21 of USD 42.9 million
  - Acquisition affected by lower crew utilization; 60% in Q1'21 due to vessel drydocking, vs. 99% in 2020
  - ZXPLR2 project negatively affected by operational and technical challenges
  - Completion of node rental project in the Caspian Sea supported Systems
  - Reservoir Monitoring & Source (RMS) off-season in Q1, mobilizing for the start of the North Sea season in Q2
- No revenue recognition yet from the Cornerstone multi-client projects
  - Data acquisition completed in Q4'20
  - Data processing ongoing, estimated to be completed in Q4'21
  - Revenue before completion of data processing is considered pre-funding



# Temporary reduced gross profit

Gross profit and margins declined in Q1....

USD million

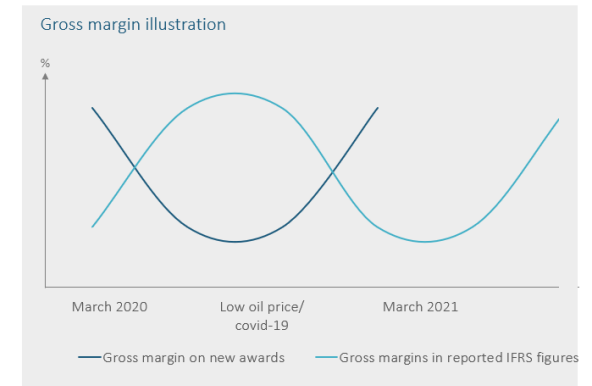


Gross profit in accordance with IFRS 16 – Long-term leasing costs excluded

...as communicated in the Q4 reporting

## Projects signed at 2020 lows indicate margin dip in early 2021 – Higher margins on current project awards

- Project margins affected by market conditions
  - Improved business execution as part of turnaround is reflected in 2020 margins
  - Lower margins on projects signed during mid-2020 due to covid-19 and low oil prices
  - New contract awards back to satisfactory margins
- Other quarterly variations to be expected
  - Drydocking of a vessel in January 2021
  - Project mix and phasing
  - Changes in length of vessel leases
    - Cost for long term leases (>1 year) are shown as depreciation (IFRS 16), while shorter term vessel leases are shown as cost of sales

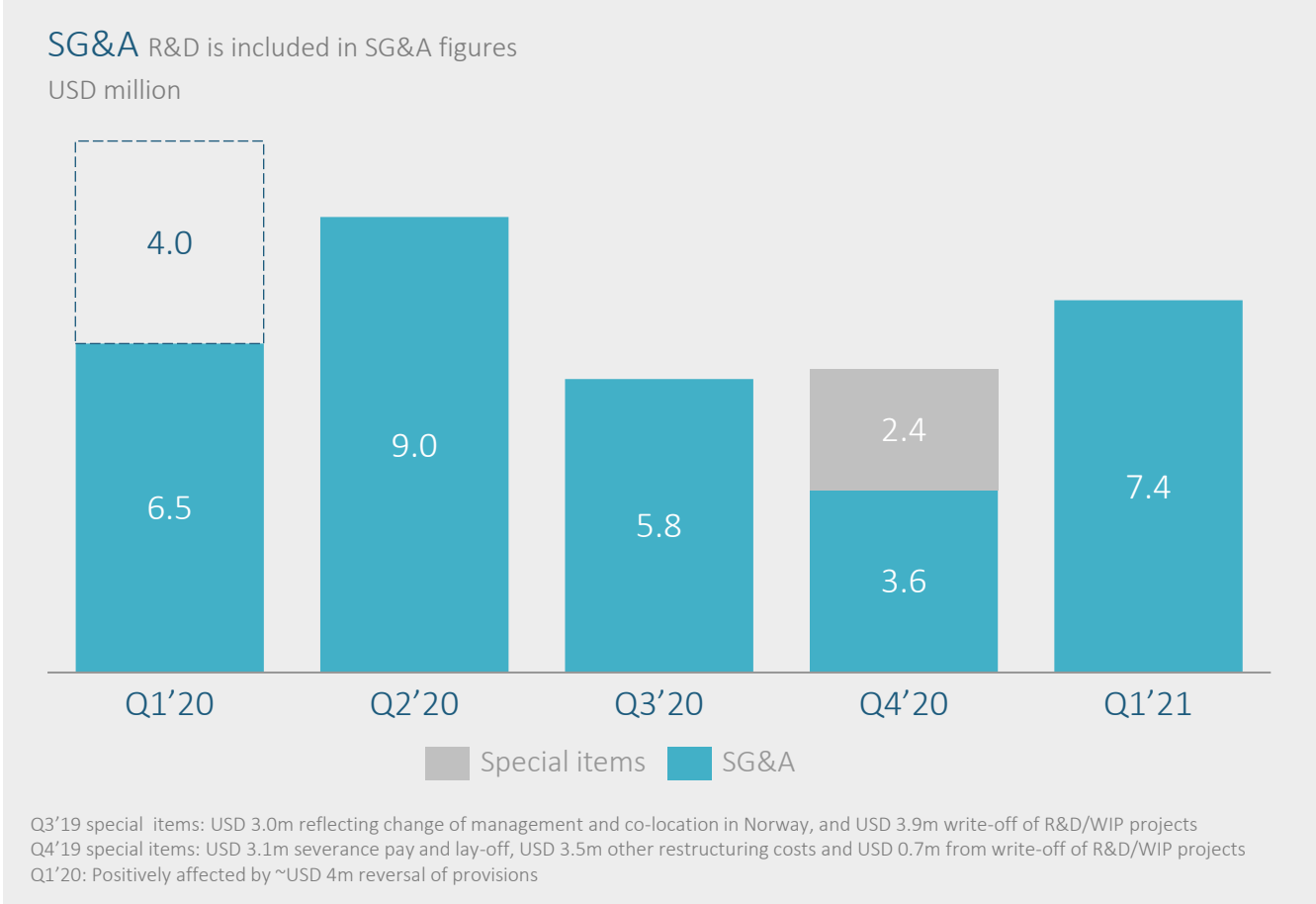


Gross profit in accordance with IFRS 16 – Long-term leasing costs excluded

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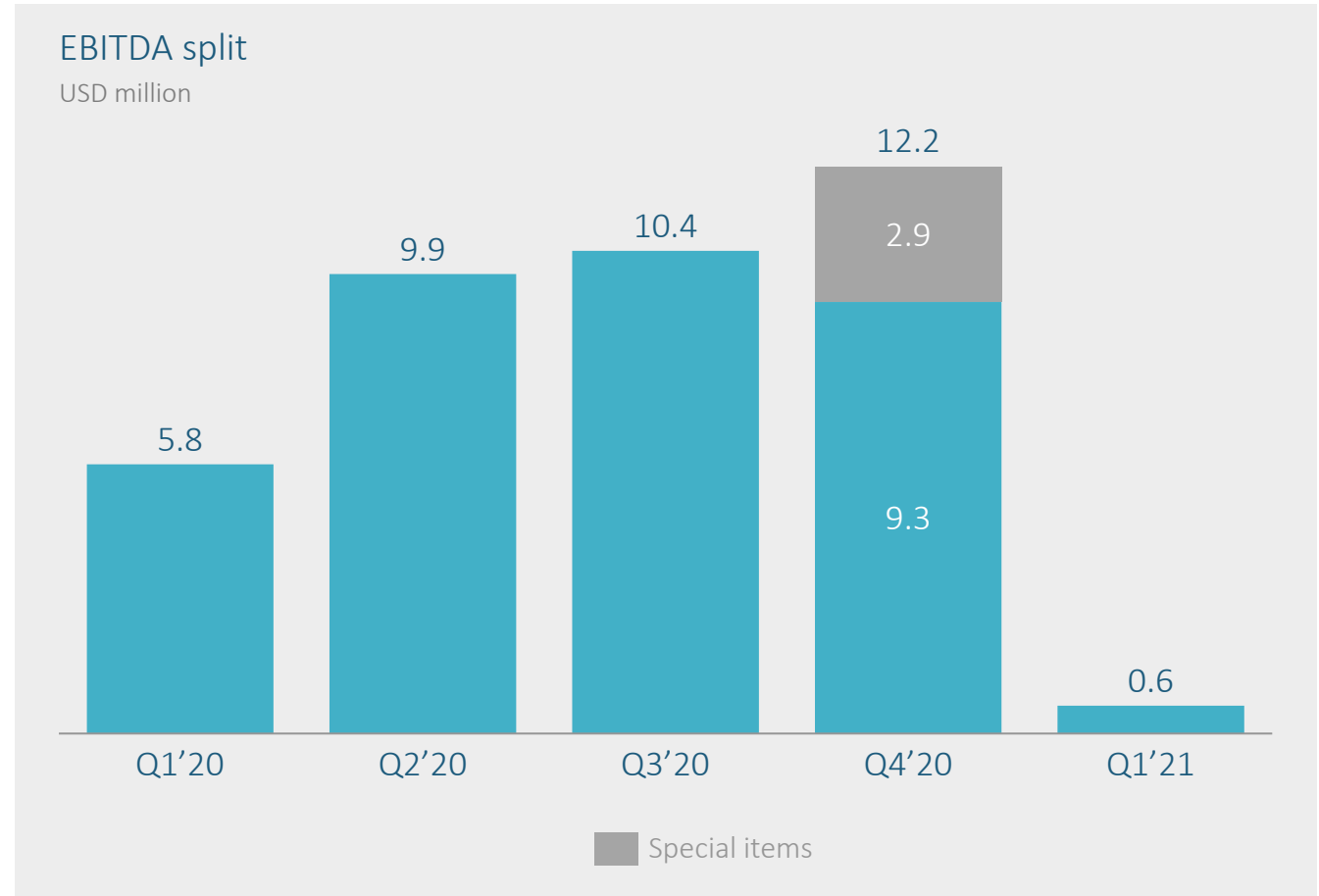
# SG&A increase in Q1 – reiterating FY’21 target

- Reported SG&A of USD 7.4 million in Q1’21
  - Operational and technical support for ramp-up of projects in Q2
  - Updating the technology roadmap – with limited capitalization of costs for technology projects in early phase
- SG&A costs level for the full year expected at or below USD ~25m with the current activity forecast
  - Higher portion of technology development costs to be capitalized going forward



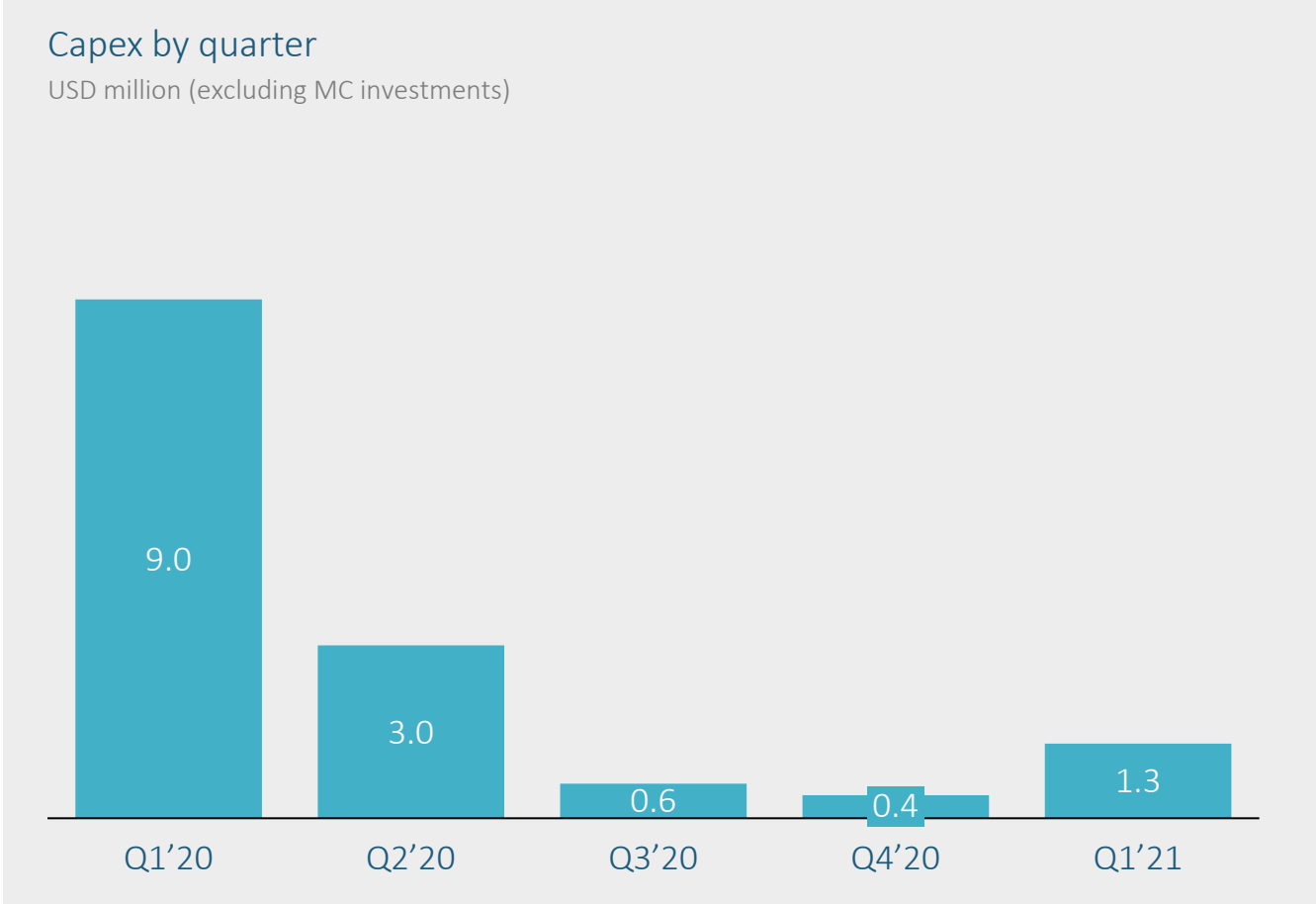
# EBITDA set to recover after low Q1

- Reported EBITDA of USD 0.6m in Q1'20
- Combined effect of:
  - Drydocking and low crew utilization
  - Low-margin project with additional operational and technical issues
  - Temporarily higher SG&A due to low capitalization of technology development costs
- EBITDA expected to increase in the remaining quarters of 2021
  - Order backlog allowing for higher crew utilization
  - Improved acquisition project margins
  - SG&A set to decline compared to Q1



# Capex remains low

- USD 1.3m in capex in the first quarter
  - High share of technology development costs taken over P&L rather than Capex in Q1
- Capex level in 2021 expected at or below USD ~15m with current activity forecast
- Flexibility to adapt to market conditions going forward
  - Will increase capex spend to support projects in case of a stronger market



# Key Figures (unaudited)

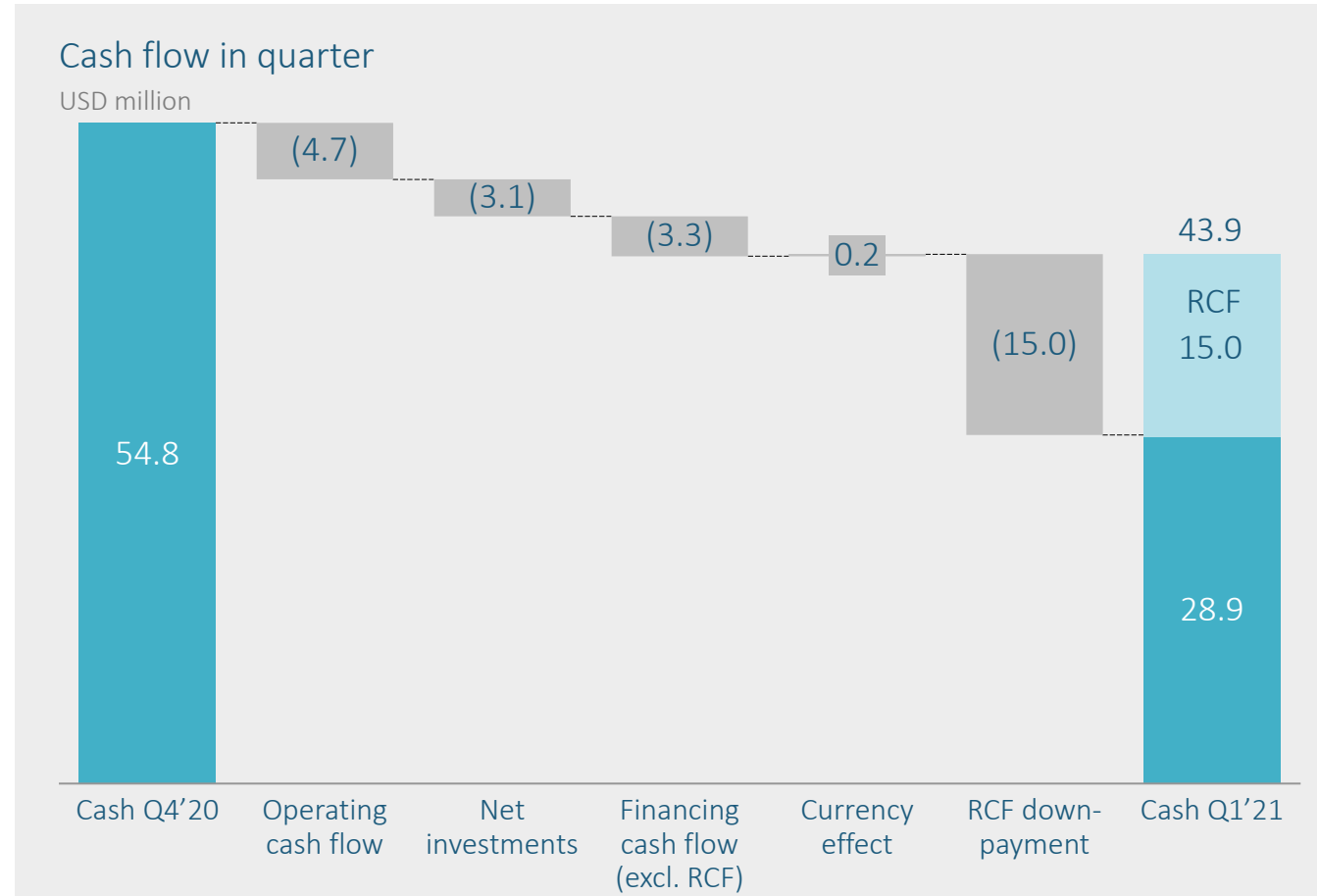
- Operating loss (EBIT) of USD 15.0 million in Q1
- Depreciation and amortization at USD 15.6 million in Q1
- Net loss of USD 15.9 million in Q4
- Negative operating cash flow due to increased NWC
- Cash position of USD 28.9 million and available liquidity higher at USD 43.9 million
- USD 15.0 million down-payment of RCF in Q1, but will be redrawn in Q2 to finance new customer projects
- Equity ratio at 58%

## KEY FINANCIALS

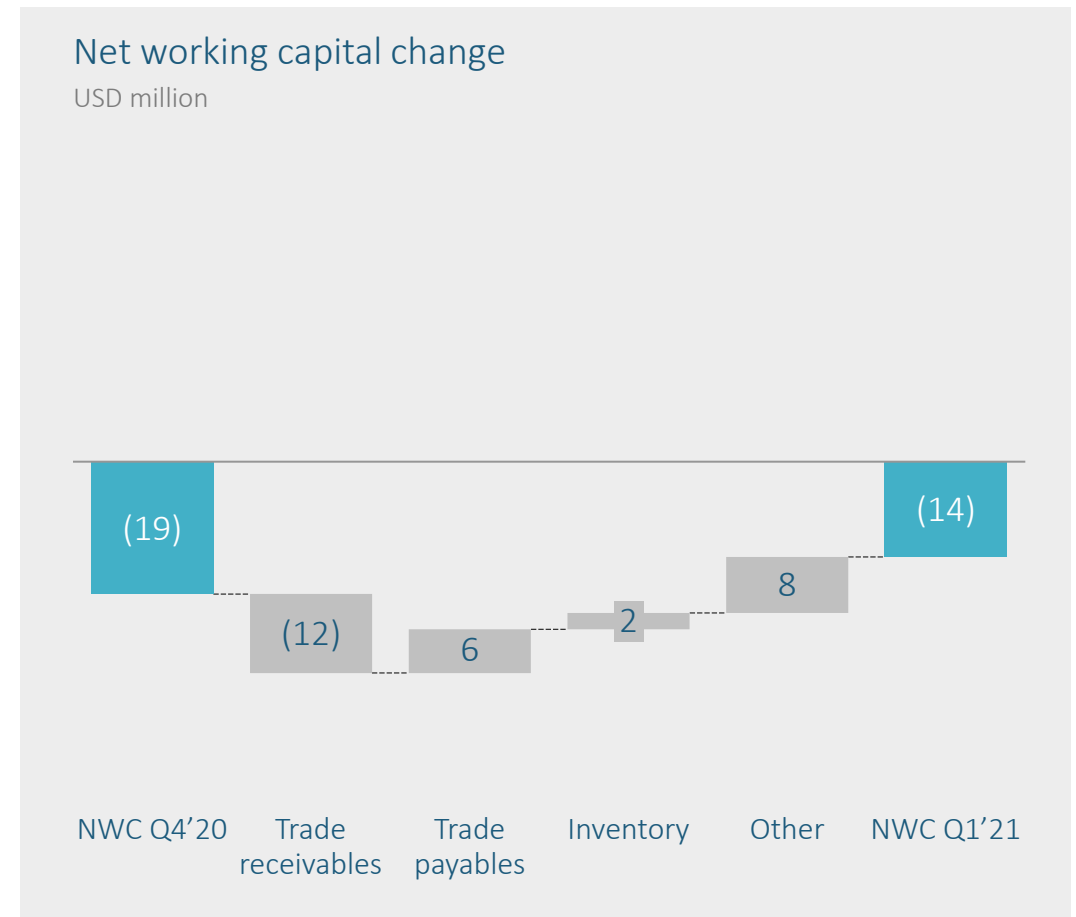
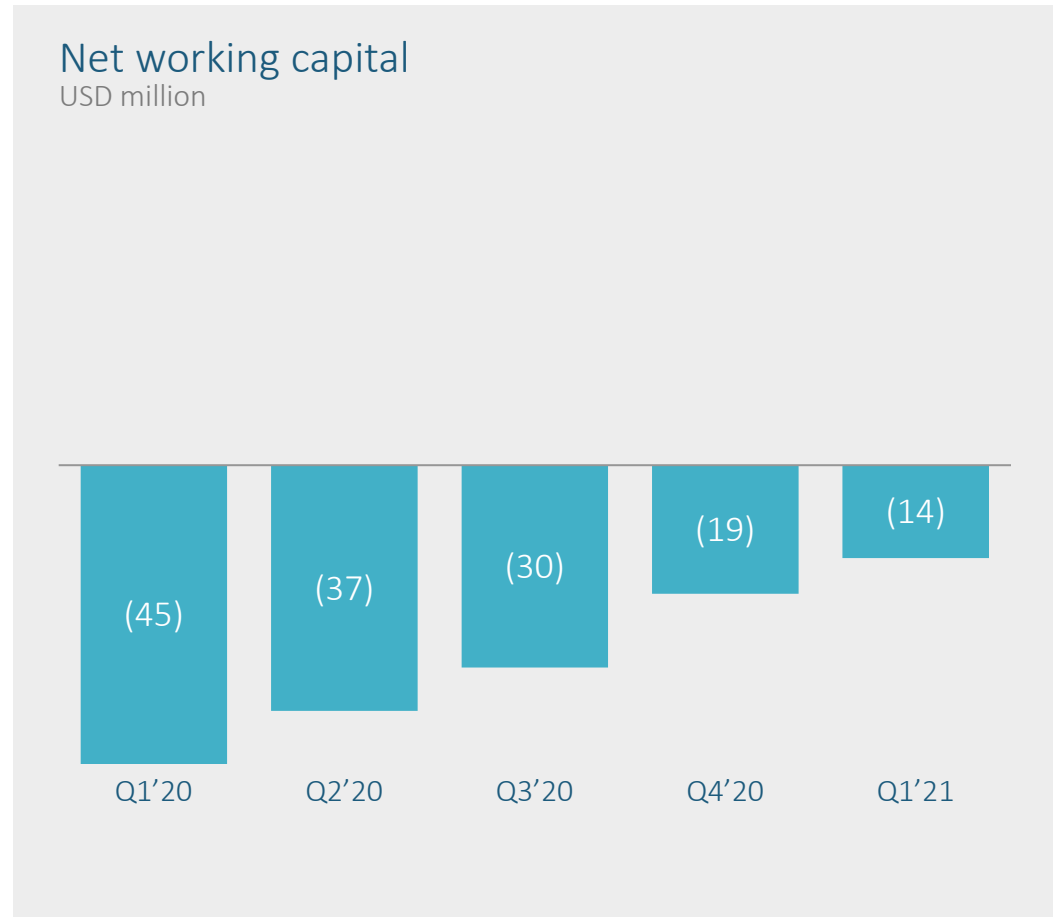
USD million	Q1 2021	Q1 2020	Full Year 2020
<b>As per IFRS</b>			
Revenues	42.9	53.3	193.4
Gross profit	7.9	12.3	62.8
<i>Gross margin</i>	19%	23%	32%
EBITDA	0.6	5.8	35.5
EBITDA excluding special items	0.6	5.8	38.4
<i>EBITDA %</i>	1%	11%	20%
EBIT	(15.0)	(8.1)	(14.6)
Net profit/(loss)	(15.9)	(12.0)	(19.7)
<b>Segment reporting</b>			
Revenues	42.9	54.2	205.7
Gross profit	5.3	8.8	62.6
<i>Gross margin</i>	12%	16%	30%
EBITDA	(2.0)	1.7	32.4
EBITDA after multi-client amortization and excluding special items	(2.0)	1.1	28.6
<i>EBITDA %</i>	-5%	2%	14%
EBIT	(12.5)	(8.5)	(11.1)
<b>Other key figures</b>			
Net cash from operating activities	(4.7)	10.5	20.5
Net cash used in investing activities	(3.1)	(16.1)	(25.2)
Net cash from financing activities	(18.3)	19.7	4.7
Total assets	305.7	365.0	344.6
Equity ratio	58%	54%	56%
Cash and cash equivalents	28.9	65.8	54.8
Net interest-bearing debt/(cash)	(10.9)	(33.2)	(21.9)
Book value multi-client library IFRS	22.6	7.5	20.9
Book value multi-client library Segment	14.4	6.8	12.8
Backlog at end of reporting period	228.0	169.0	198.0

# Negative cash flow in the quarter

- CF from operating activities of USD -4.7m
  - NWC negative cash effect of USD 3.9m
- CF from investments of USD -3.1m
  - Acquisitions of equipment
  - Multi-client processing
- CF from financing of USD -18.3m
  - USD 15m debt repayment which will be redrawn in Q2 to support customer projects
  - USD 2.7m payment of lease liabilities
  - USD 0.6m interest paid
- Cash holding of USD 28.9m, with available cash at USD 43.9m



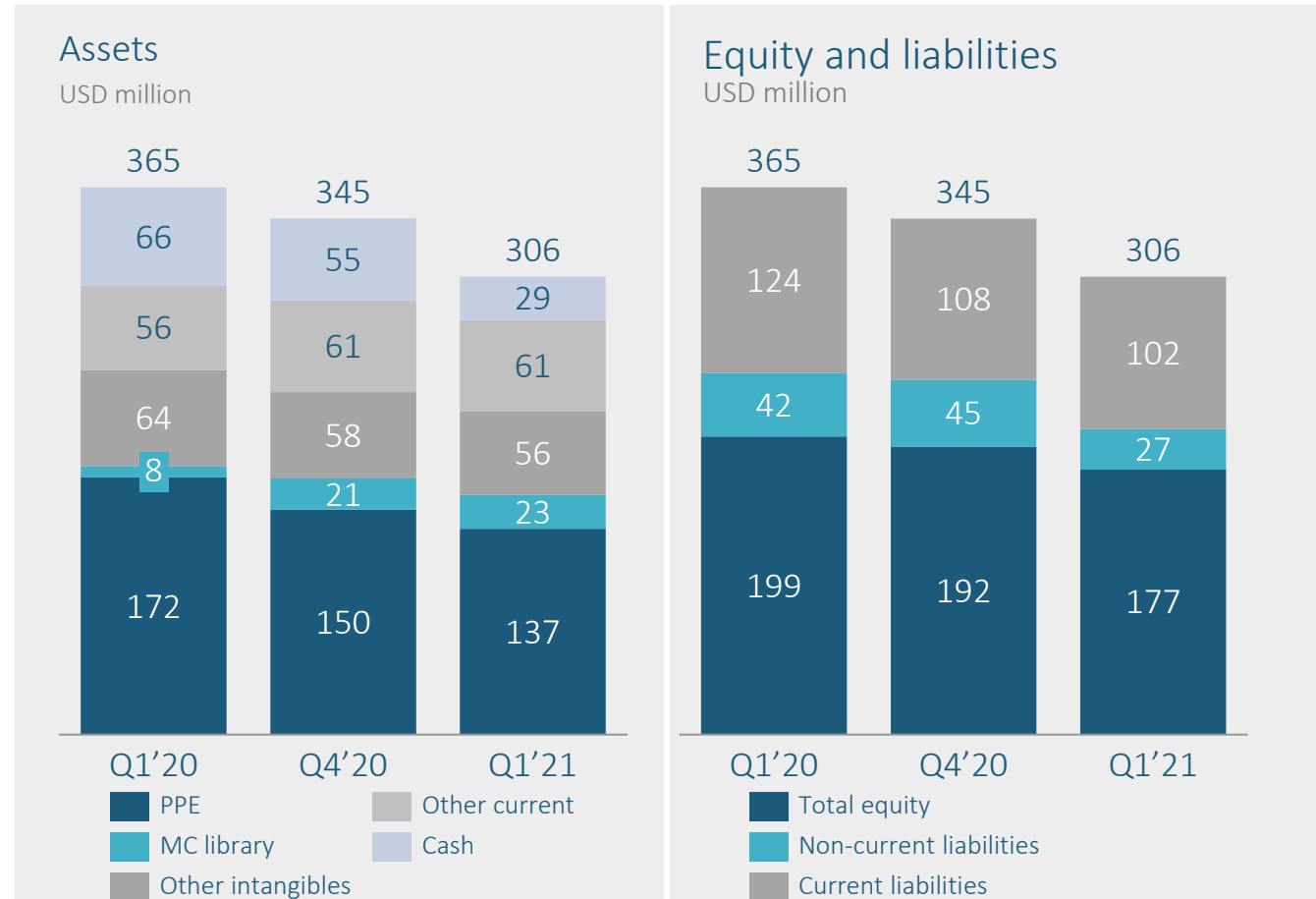
# Net working capital gradually normalizing





# Balance sheet

- Equity ratio of 58%
- Change in cash partly offset by decline in non-current liabilities due to repayment of RCF
- In compliance with all RCF debt covenants with DNB



# Results set to improve going forward

Stronger outlook on the back of market improvement and company turnaround

+ Improved margins on acquisition contracts secured in 2021

+ Improved capacity utilization due to project mix and phasing

= **Higher gross profits**

+ Lower SG&A costs in coming quarters, with target **at or below USD 25m for the full year**

= **Higher EBITDA**



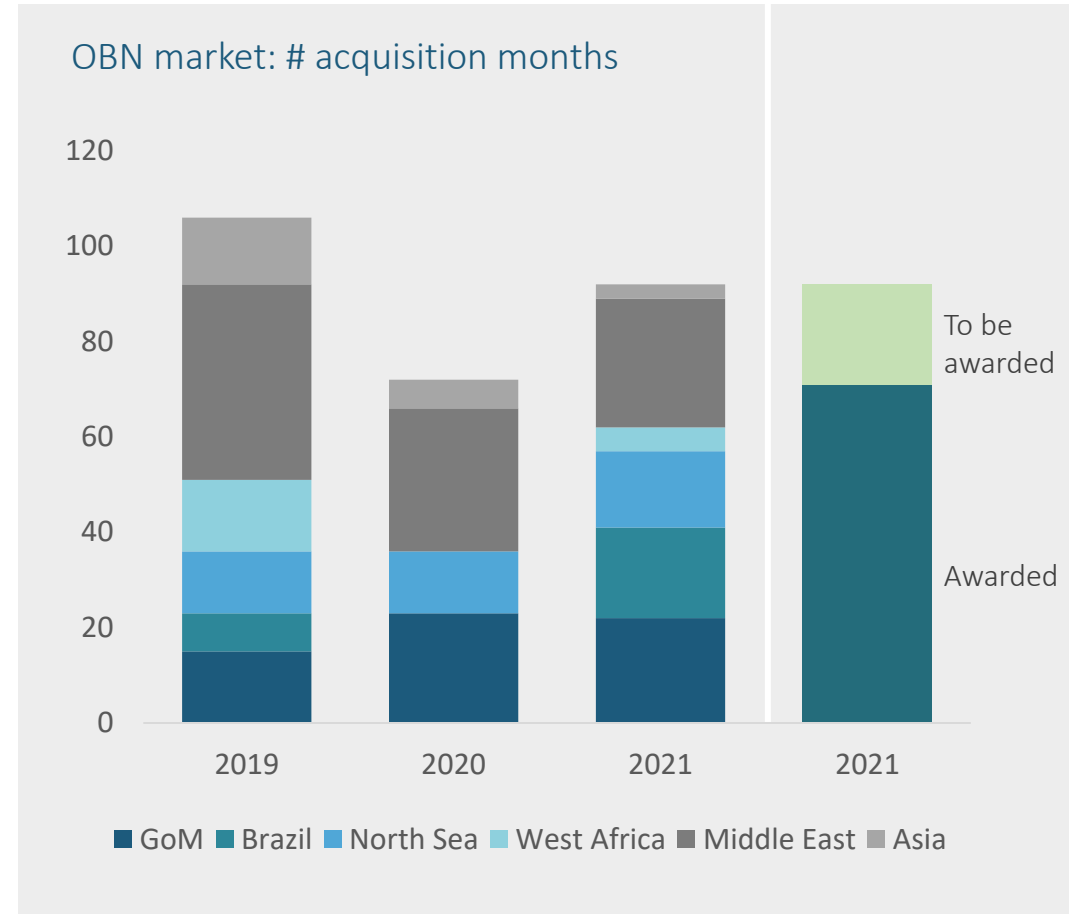
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Market and strategic development

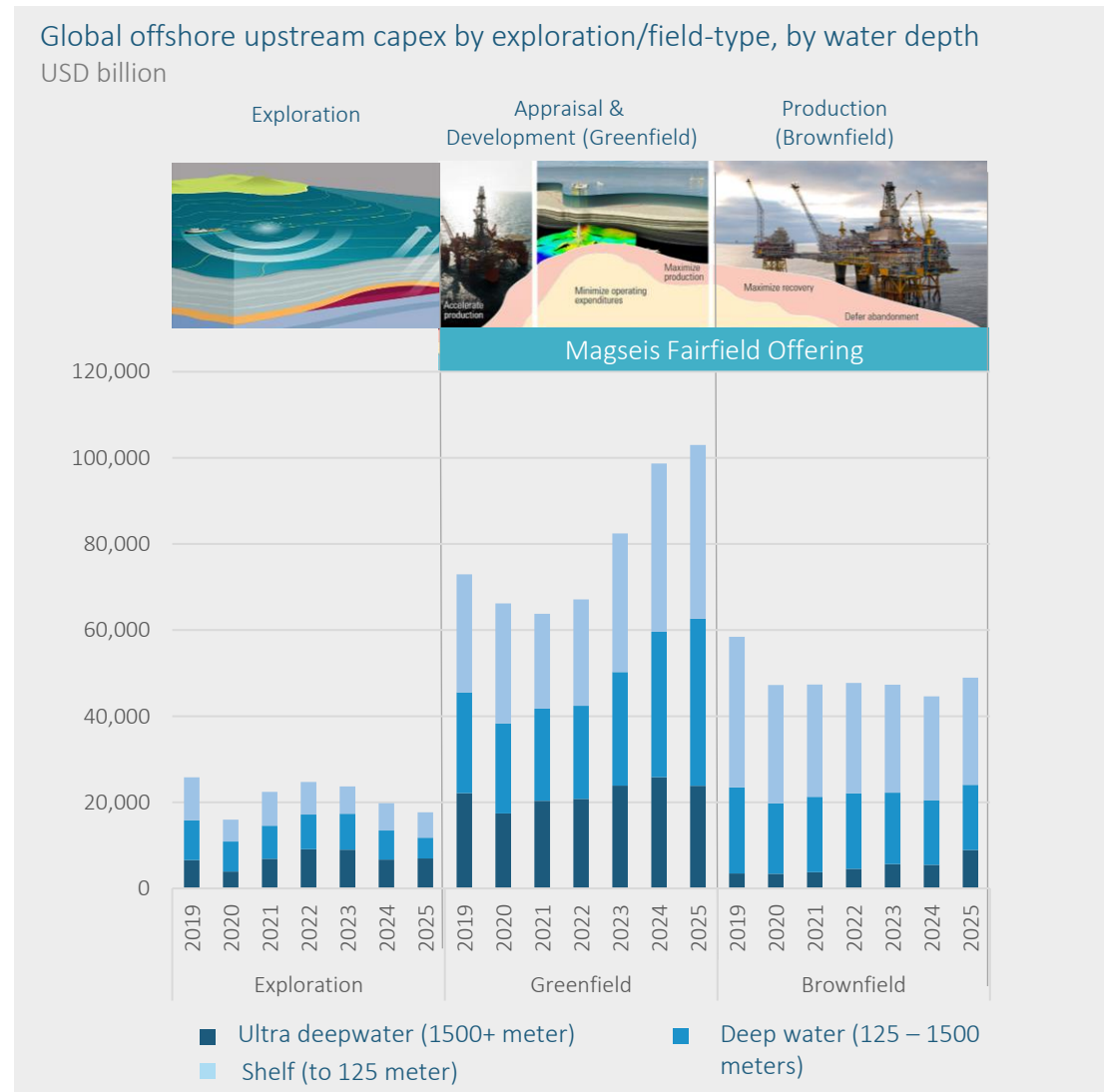
# Positioned for the remaining 2021 opportunity

- Magseis Fairfield awarded ~USD 110 million in new contracts in January-April
- 78% of visible projects for executed in 2021 have been awarded
  - Key opportunities remain in Europe, North America and Asia
- Budget allocation has slowed down in some regions
- Magseis Fairfield in position to secure further opportunities,
  - Possible scenarios for much higher utilization of the node inventory than previously anticipated
- Tendering already started for projects in 2022



# Improving market outlook

- Global oil demand forecasted to exceed supply in 2021
- IEA expects global demand at pre-pandemic levels by Q3'22
- Risks remain about the speed of the recovery
- Sharp recovery for Greenfield and Ultra-deep Brownfield 2022-25
- Double digit market growth from 2021 onwards, inline with forecasted growth in offshore upstream Capex
- Magseis Fairfield's continued technology differentiation will be key to capture these growth opportunity



Source: Rystad Energy research and analysis, 2021

# Building an OBS Renewables business

- Large potential market opportunity with an offering in
  - Carbon capture and storage (CCS)
  - Offshore windfarm placement
  - Offshore minerals
- Capital light opportunity
  - Using already well-developed OBN technology
- Building the OBS Renewables business
  - **Organization:** Director of Renewables - Tone Trudeng
  - **Technology:** Partner in the Centre for Geophysical Forecasting (CGF)
  - **Operations:** Collaborative tests with customer over CCS and windfarm projects

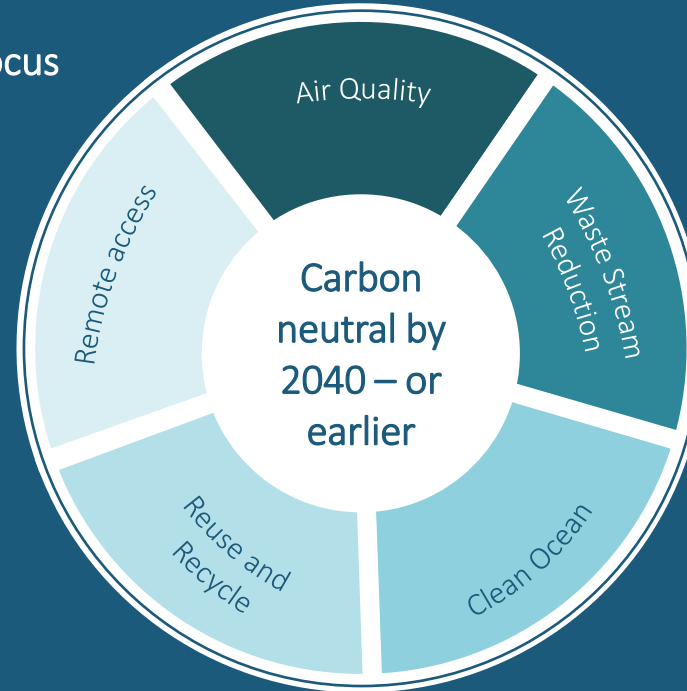


# Launched carbon neutrality strategy

## Updated mission statement

"Bring value to our global energy partners and stakeholders by delivering leading edge, safe, sustainable solutions, through technology differentiation and key alliances"

## Strategic focus



## Strong historical commitment to health, safety, quality and the environment

Focusing on the health and well-being our of employees, our customers, our stakeholders, the communities that we operate in, and the environment

# Summary and outlook

2021:  
asset-light technology  
leader ready to benefit  
from market  
opportunities

- Q1 was a transition quarter
- Higher crew utilization going forward, and tender activity for both 2021 and 2022
- Focus on safe, efficient and reliable execution of increased project backlog
- Securing new contracts remains a priority – off to a good start in 2021
- Making good progress on our entry into the renewables business
- Ambition to be carbon neutral by 2040 or earlier



# Q & A



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# Appendix



# Income statement

USD thousands	Note	Q1 2021 (unaudited)	Q1 2020 (unaudited)	Full year 2020 (audited)
<b>Revenues and other income</b>				
Revenues and other income	3	42 856	53 282	193 391
<b>Operating expenses</b>				
Cost of sales		(34 911)	(40 976)	(130 616)
General and administrative costs		(7 357)	(6 486)	(27 317)
Depreciation	5,6	(13 491)	(11 804)	(39 406)
Amortization	7	(2 145)	(2 156)	(8 719)
Impairment	12	-	-	(1 940)
Total operating expenses		(57 904)	(61 422)	(207 998)
Operating profit/(loss)		(15 048)	(8 139)	(14 607)
<b>Finance income and costs</b>				
Finance income		2 418	905	6 647
Finance costs		(3 250)	(4 368)	(9 833)
Net finance income/(costs)	4	(832)	(3 463)	(3 185)
Net profit/(loss) before tax		(15 880)	(11 603)	(17 793)
Income tax expense	13	-	(425)	(1 857)
Net profit/(loss) and total comprehensive income		(15 880)	(12 028)	(19 650)
<b>Earnings per share</b>				
Basic (USD)		(0.06)	(0.06)	(0.08)
Diluted (USD)		(0.06)	(0.06)	(0.08)

# Balance sheet

USD thousands	Note	31-Mar 2021 (unaudited)	31-Mar 2020 (unaudited)	31-Dec 2020 (audited)
<b>Non-current assets</b>				
Property, Plant and Equipment	5,6,12	137 389	171 844	150 075
Multi-client library	7	22 602	7 475	20 906
Other intangible assets	7	55 587	64 035	57 689
<b>Total non-current assets</b>		<b>215 579</b>	<b>243 354</b>	<b>228 669</b>
<b>Current assets</b>				
Cash and cash equivalents		28 947	65 751	54 829
Trade receivables		26 510	32 676	38 141
Inventories		10 101	9 505	7 711
Other current assets	10	24 610	14 171	15 253
<b>Total current assets</b>		<b>90 168</b>	<b>122 103</b>	<b>115 933</b>
<b>Total assets</b>		<b>305 747</b>	<b>365 457</b>	<b>344 602</b>
<b>Equity</b>				
Share capital	8	1 580	1 578	1 578
Share premium	8	407 662	407 969	407 662
Other equity		(232 345)	(210 434)	(216 767)
<b>Total shareholders' equity</b>		<b>176 896</b>	<b>199 113</b>	<b>192 473</b>
<b>Non-current liabilities</b>				
Lease liabilities	6	6 937	8 897	8 784
Interest bearing liabilities	9	14 953	29 262	30 624
Non-interest-bearing liabilities		5 228	4 000	5 118
<b>Total non-current liabilities</b>		<b>27 118</b>	<b>42 160</b>	<b>44 526</b>
<b>Current liabilities</b>				
Trade payables	13	10 742	32 666	17 179
Current tax payable		4 782	6 500	5 455
Current portion of interest-bearing liabilities	9	3 057	3 333	2 293
Current portion of lease liabilities	6	18 695	13 207	19 361
Other current liabilities	10	64 456	68 479	63 315
<b>Total current liabilities</b>		<b>101 733</b>	<b>124 185</b>	<b>107 603</b>
<b>Total liabilities</b>		<b>128 851</b>	<b>166 345</b>	<b>152 129</b>
<b>Total equity and liabilities</b>		<b>305 747</b>	<b>365 457</b>	<b>344 602</b>

# Cash flow

USD thousands	Note	Q1 2021 (unaudited)	Q1 2020 (unaudited)	Full year 2020 (audited)
<b>Cash flows from operating activities</b>				
Profit / (loss) before tax		(15 880)	(11 603)	(17 793)
Income tax paid	13	(1 875)	(425)	(2 803)
Depreciation, amortization and impairment	5,6,7	15 636	13 959	50 066
Share-based payments expense		540	388	1 712
Finance expense	4	3 250	4 368	9 833
Finance income	4	(2 418)	(905)	(6 647)
(Increase)/decrease in current assets		(144)	6 219	17 116
Increase/(decrease) in current liabilities		(3 793)	(1 500)	(31 001)
<b>Net cash from operating activities</b>		<b>(4 684)</b>	<b>10 503</b>	<b>20 481</b>
<b>Cash flows from investing activities</b>				
Interest received	4	1	83	99
Investment in multi-client library	7	(1 725)	(7 099)	(12 026)
Investment in other intangibles	7	(44)	(785)	(1 001)
Acquisition of equipment	5	(1 299)	(8 348)	(12 304)
<b>Net cash used in investing activities</b>		<b>(3 068)</b>	<b>(16 149)</b>	<b>(25 232)</b>
<b>Cash flows from financing activities</b>				
Down payments of interest-bearing liabilities	9	(15 000)	-	(3 333)
Net proceeds from new loan	9	-	-	3 568
Payment of finance lease liabilities	6	(2 673)	(5 004)	(17 731)
Net proceeds from issue of share capital	8	2	25 820	25 513
Interest paid	4	(640)	(1 109)	(3 326)
<b>Net cash from financing activities</b>		<b>(18 311)</b>	<b>19 708</b>	<b>4 691</b>
Net change in cash and cash equivalents		(26 063)	14 063	(60)
Currency effects on cash		181	(1 743)	1 457
Cash and cash equivalents at period start		54 829	53 432	53 432
Cash and cash equivalents at period end		28 947	65 751	54 829

# Covenant update

## Financial covenants

- Leverage: NIBD / Last Twelve Months (LTM) EBITDA pre IFRS 16 < 1.25x
  - If negative LTM EBITDA and NIBD, alternative cash buffer headroom calculation is applied
  - If negative LTM EBITDA and positive NIBD, leverage covenant is in breach
- Equity Ratio: Total Equity / Total Assets > 50%
- Clean down mechanism
  - NIBD shall not for a period of 5 successive business days in each quarter exceed:
    - USD 5 million in 2021
    - USD 0 in 2022

## Covenants overview

		Q1 2021	Conditions
<b>Debt covenants</b>			
Leverage	x	●	< 1.25x
Equity ratio	%	●	> 50%
Clean down	NIBD USDm	●	< 5.0

Leverage: Net interest-bearing debt / LTM EBITDA pre IFRS 16  
 Equity Ratio: Total Equity / Total Assets  
 Clean down mechanism: NIBD less than USD 10m for 2020, USD 5m for 2021, 0 for 2022

# Overview of largest owners

Rank	Investor	Number of shares	% of total	Type	Country
1	FAIRFIELD MS LLC	48,262,582	18.09 %	Comp.	USA
2	MORGAN STANLEY & CO. LLC	38,530,304	14.44 %	Comp.	USA
3	AS CLIPPER	11,283,402	4.23 %	Comp.	NOR
4	WESTCON GROUP AS	8,156,291	3.06 %	Comp.	NOR
5	ANFAR INVEST AS	7,373,326	2.76 %	Comp.	NOR
6	CACEIS BANK	7,203,200	2.70 %	Nom.	NLD
7	VERDIPAPIRFONDET KLP AKSJENORGE	6,446,448	2.42 %	Comp.	NOR
8	SOBER AS	6,159,205	2.31 %	Comp.	NOR
9	GEO INNOVA AS	5,814,852	2.18 %	Comp.	NOR
10	QVT FUND V LP	4,500,000	1.69%	Priv.	GBR
11	QVT FAMILY OFFICE FUND LP ADDR C/O	3,900,000	1.46%	Priv.	USA
12	REDBACK AS	3,578,289	1.34 %	Comp.	NOR
13	JPMORGAN CHASE BANK, N.A., LONDON	3,534,593	1.32 %	Nom.	GBR
14	BARRUS CAPITAL AS	3,304,410	1.24 %	Comp.	NOR
15	BAKKEJORD SINDRE	3,041,136	1.14 %	Priv.	NOR
16	BNP PARIBAS	3,000,000	1.12%	Nom.	USA
17	STRAWBERRY CAPITAL AS	2,516,749	0.94 %	Comp.	NOR
18	VERDIPAPIRFONDET PARETO INVESTMENT	2,340,000	0.88 %	Comp.	NOR
19	TRONSTAD INGE MORTEN	1,880,824	0.71%	Priv.	NOR
20	SEB CMU/SECFIN POOLED ACCOUNT	1,846,491	0.69 %	Comp.	SWE
<b>Total number owned by top 20</b>		172, 672,102	64.73 %		
<b>Total number of shares</b>		266,770,592	100 %		

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