

Magseis ASA

First Quarter 2015



13 May 2015

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This is Magseis

- Industry leading ocean bottom seismic (OBS) company
- Start of operations Oct 2013
- One vessel in operations
- 73 employees
- ~NOK 500m in equity raised
- Listed on Oslo Axess

	Ticker	MSEIS
Shares outstanding		27,162,561
Market cap (NOKm)		650
Book Equity – Q1 15 (USDm)		56.1
Net Debt – Q1 15 (USDm)		(11.3) ¹

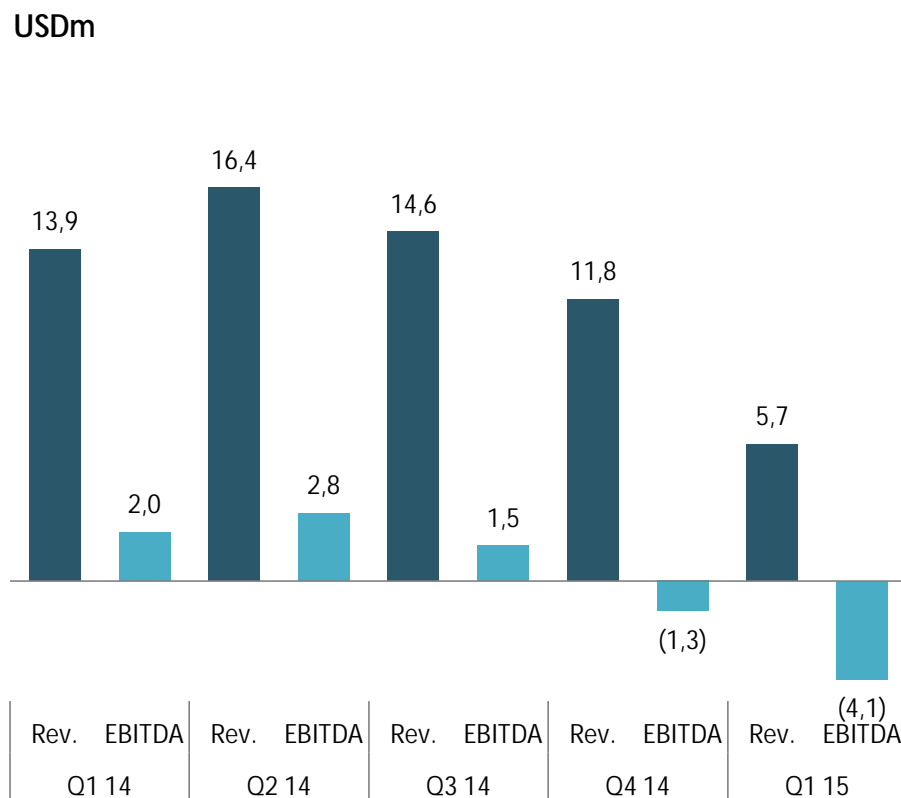


Note: 1) Excludes Financial Lease for winch package
 Source: Magseis

Key figures Q1 2015

Financial performance to date

- Revenue
 - Q1 revenues of USD 5.7 million
 - Revenues low due to significant steaming time, low production and yard stay
- EBITDA
 - Q1 EBITDA of USD -4.1 million
- Net income
 - Q1 Net Income of USD -6.5 million
- Cash balance and net working capital
 - USD 11.3 million as per Q1 2014
 - No interest-bearing debt
 - Net working capital of USD 10.2 as per Q1 2015



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Red Sea pilot successfully completed

- 3D OBS pilot survey undertaken to qualify MASS for use with Saudi Aramco
- Working in partnership with BGP International
- Highly efficient operation conducted on time and budget
- Proved MASS capability at > 1000 metres water depth as well as for transition zone and land work
- Client pleased with operational performance, positioning accuracy and data quality
- Very important qualification for upcoming tenders



Athene now upgraded

- Athene upgrade now completed
- 4500 sensor units (partly G2)
- Additional handling equipment (can handle up to 5000-6000 sensor units)
- All [8] winches in operation
- Operating 150km of cable
- 5yr classing of vessel completed



Chevron survey now ongoing

- Challenging 4D survey with demanding specifications for sensor positioning and data quality
- First deployment with 150km of cable
- New “long-life” nodes deployed with ROV under infrastructure
- Lower-than expected speeds due to demanding specifications

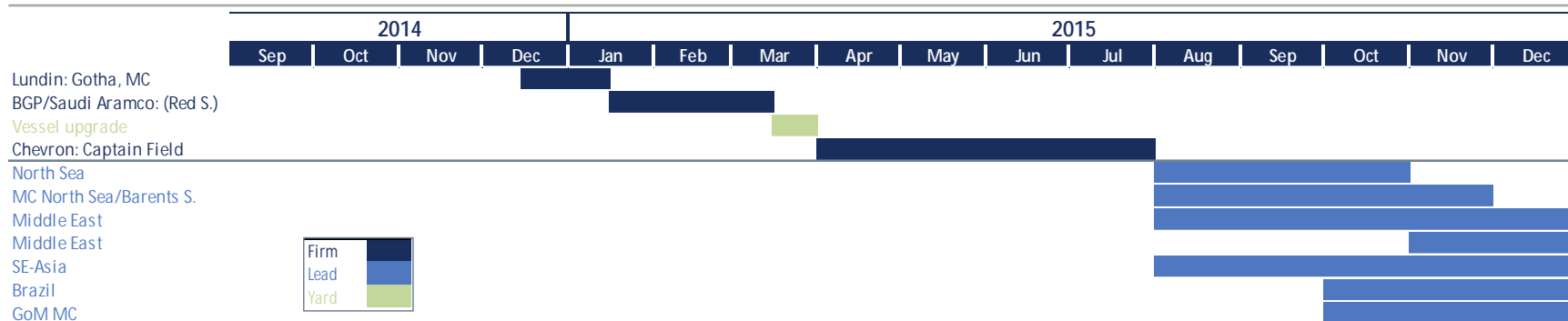


Current back-log and leads

- Current Chevron project expected to run through July
- Working on several leads in North Sea for remainder of North Sea Season
- Ongoing tender for Saudi Aramco
- Tenders coming out in SE Asia during May
- Several larger projects planned for Latin/South America for early 2016
- Preparation for MC projects ongoing in several regions



Current order back-log



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New issue successfully completed

- On May 6th Magseis announced a proposed new equity issue of up to 2,716,256 new shares equal to 10% of the existing share capital of the company at a price of NOK 22 per share
- Use of proceeds:
 - To finance further investments in equipment and shorten lead-time for Crew #2
 - General corporate purposes
- On May 7th Magseis announced that the new issue had been successfully completed with subscriptions for 2,655,453 shares corresponding to gross proceeds of approx. USD 7.8 million
- The new issue received strong support from current shareholders but significant subscriptions from new shareholders were also received
- Completion conditional upon approval from the AGM on June 5th 2015

Q1 results 2015

- Comprehensive income

<i>All figures in USD thousands</i>	Q1/YTD 15	Q1/YTD 14
Revenue	5,726	13,853
Cost of sales	6,874	9,157
Research and development	530	220
SG&A and other expenses	2,447	2,436
EBITDA	-4,125	2,040
Depreciation and amortisation	2,125	1,838
Impairment	35	0
EBIT	-6,285	202
Net interest and fx (gain)/loss	-35	-121
Other finance cost	0	0
Net finance costs	-35	-121
EBT	-6,250	323
Tax	278	0
Net income	-6,528	323
Currency translation differences	0	724
Total comprehensive income	-6,528	1,047

- Revenue
 - Lower due to steaming (Saudi Arabia), less production and yard stay during the quarter
- Cost of sales
 - TC and operational cost also reduced due to less production and yard stay in Q1
- Research and development
 - Increased gradually during the last twelve months due to more activity
- SG&A
 - A strengthened USD/NOK has kept the SG&A on line with last year despite a gradual growth of the company

Q1 results 2015

- Financial position

<i>All figures in USD thousands</i>	31-Mar-15	31-Mar-14	31-Dec-14
Equipment and intangibles	49,716	39,888	48,285
Cash and cash equivalents	11,299	7,504	21,591
Other current assets	9,762	11,678	12,145
TOTAL ASSETS	70,777	59,070	82,021
Share capital	237	186	237
Share premium	83,774	60,026	83,755
Other reserves	2,216	1,327	2,039
Retained earnings	-25,014	-12,785	-18,487
Currency translation reserve	-5,123	-3,244	-5,123
TOTAL EQUITY	56,090	45,510	62,421
Obligation under finance lease	2,537	3,320	2,739
TC amortisation	1,252	1,737	1,369
TOTAL NON-CURRENT ASSETS	3,789	5,057	4,108
Trade payables	4,812	2,760	8,050
Current portion of obligation under finance lease	784	703	761
Other current liabilities	5,302	5,040	6,681
TOTAL CURRENT LIABILITIES	10,898	8,503	15,492
TOTAL LIABILITIES	14,687	13,560	19,600
TOTAL EQUITY AND LIABILITIES	70,777	59,070	82,021

- Equipment

- Increase related to Athene 4 500 upgrade

- Other current assets

- Receivables primarily related to BGP and Lundin
- Fuel and battery stock
- VAT & prepayments

- Current liabilities

- Part of trade payables and accruals relate to Athene 4 500 upgrade
- Includes a USD 1.2m liability related to the financing of the Deepwater R&D project

Q1 results 2015

- Cash flow

<i>All figures in USD thousands</i>	YTD 15	YTD 14
Cash flow from operating activities	-5,176	2,502
Cash flow from investing activities	-4,812	-2,313
Cash flow from financing activities	-303	-276
Net change in cash and cash equivalents	-10,291	-87
Cash balance at the beginning of the period	21,591	6,867
Foreign exchange differences in the period	0	724
Cash balance at period end	11,300	7,504

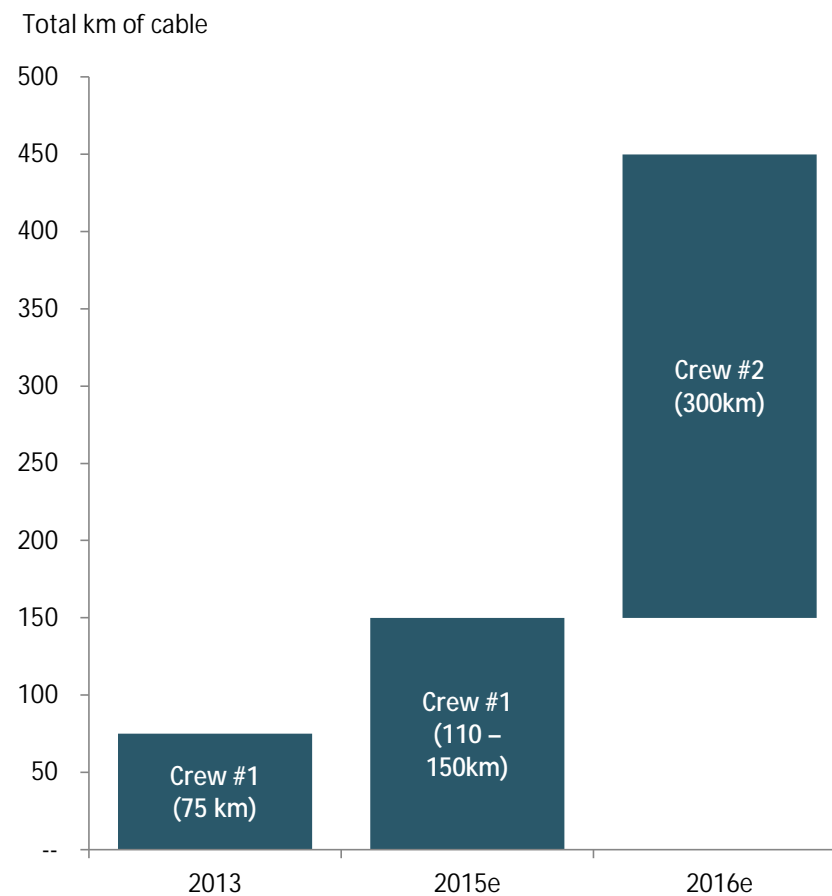
- Cash flow from operations
 - Variance from EBITDA due to USD -1.0m change in net working capital
- Cash flow investments
 - Mainly due to 4 500 sensor upgrade on Athene
- Cash flow from finance
 - Relates to interest expense and finance lease instalments

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Next step in strategic growth plan

- Upgrade of Artemis Athene to 150km of cable (4,500 sensor unit) now completed
- Preparations for Crew # 2 well underway
 - 6,000 sensor units / 300km, target Q216
 - Several attractive vessel alternatives
 - Estimated capex brought down by cost reductions and USD/NOK rate to ~USD 45m
- Growth strategy
 - Funded for current operations
 - Recent new issue enables production to start for Crew #2



Summary investment case

Very solid foundation

- Clients extremely pleased with MASS data quality and performance
- Strong improvement in productivity during 2014

Positioned to handle challenging short-term market

- Severe cost cuts across the industry
- Focus on maximizing efficiency and operating window of Athene

Ready to accelerate when market allows

- Extensive pipeline of upcoming projects with substantial scope
- Preparations for Crew #2 in place – significant client interest

Targeting paradigm shift for seismic industry

- Crew #2 to bring acquisition costs down by 50-60%
- Cost-reduction allows for more OBS application, partially replacing towed streamer seismic

Questions ?

Mageis ASA