

# Polarcus

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*Duncan Eley, CEO*  
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# Agenda

- 1 Polarcus in brief
- 2 Industry outlook

# Polarcus in brief

## Preferred partner in a consolidated market

*Three remaining global players in the marine seismic acquisition segment*

## Uniform fleet, working for top-tier clients

*Scalable operational platforms delivering innovative geophysical services*

## Leading environmental credentials

*Lowest emissions and IMO 2020 compliant*

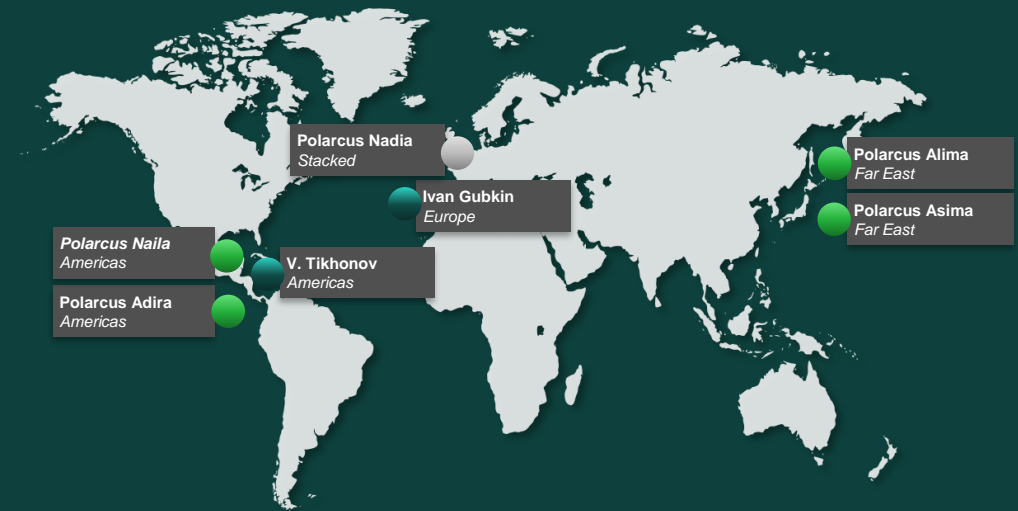
## Streamlined and efficient organization

*Focus on cost discipline*

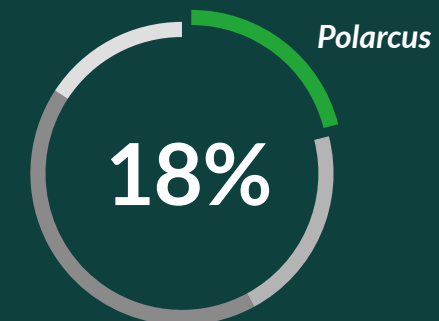
## Improving financial performance

*Revenue and EBITDA showing significant improvement*

## VESSEL POSITIONS AS OF AUGUST 2019



## SHARE OF ACTIVE GLOBAL FLEET\*



*\*Source: Polarcorp, share of 3D high-end seismic active global fleet*

# Focused marine geophysical service provider

## Global client interfaces



## High-end uniform seismic fleet



**Polarcus Naila**  
14 Streamers



**Polarcus Asima**  
12 Streamers



**Polarcus Alima**  
12 Streamers



**Polarcus Adira**  
14 Streamers



**V. Tikhonov** – Bareboat Charter  
8 Streamers



**Ivan Gubkin** – Bareboat Charter  
14 Streamers



**Polarcus Nadia** - Stacked  
12 Streamers

## Largest clients since inception

ExxonMobil



TOTAL

equinor



KOSMOS  
ENERGY



woodside



TGS

# Preferred partner in a consolidated market

Three remaining players in the marine seismic acquisition industry



Vessel ownership has consolidated meaningfully

Competitors' shift to multi-client means more acquisition clients

# A truly global player

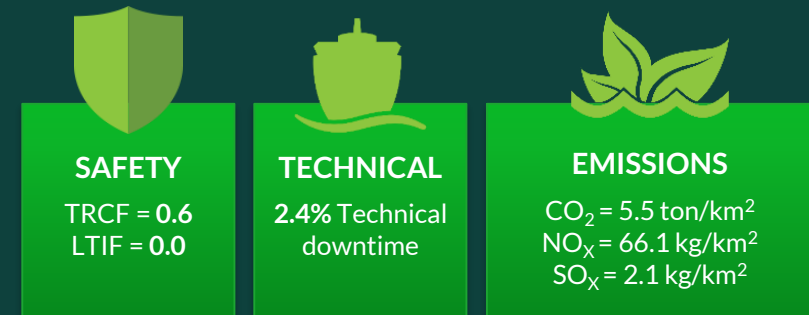
*Polarcus entered high-end 3D marine acquisition in 2009*

- More than 200 projects completed worldwide
  - Large scale 3D exploration through to complex 4D monitor surveys

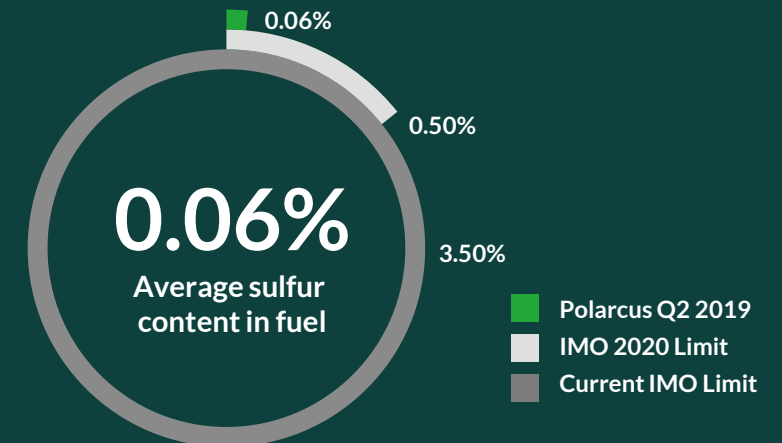


## Leading environmentally

### FLEET PERFORMANCE Q2 2019



*In compliance with IMO2020 regulation since 2009*

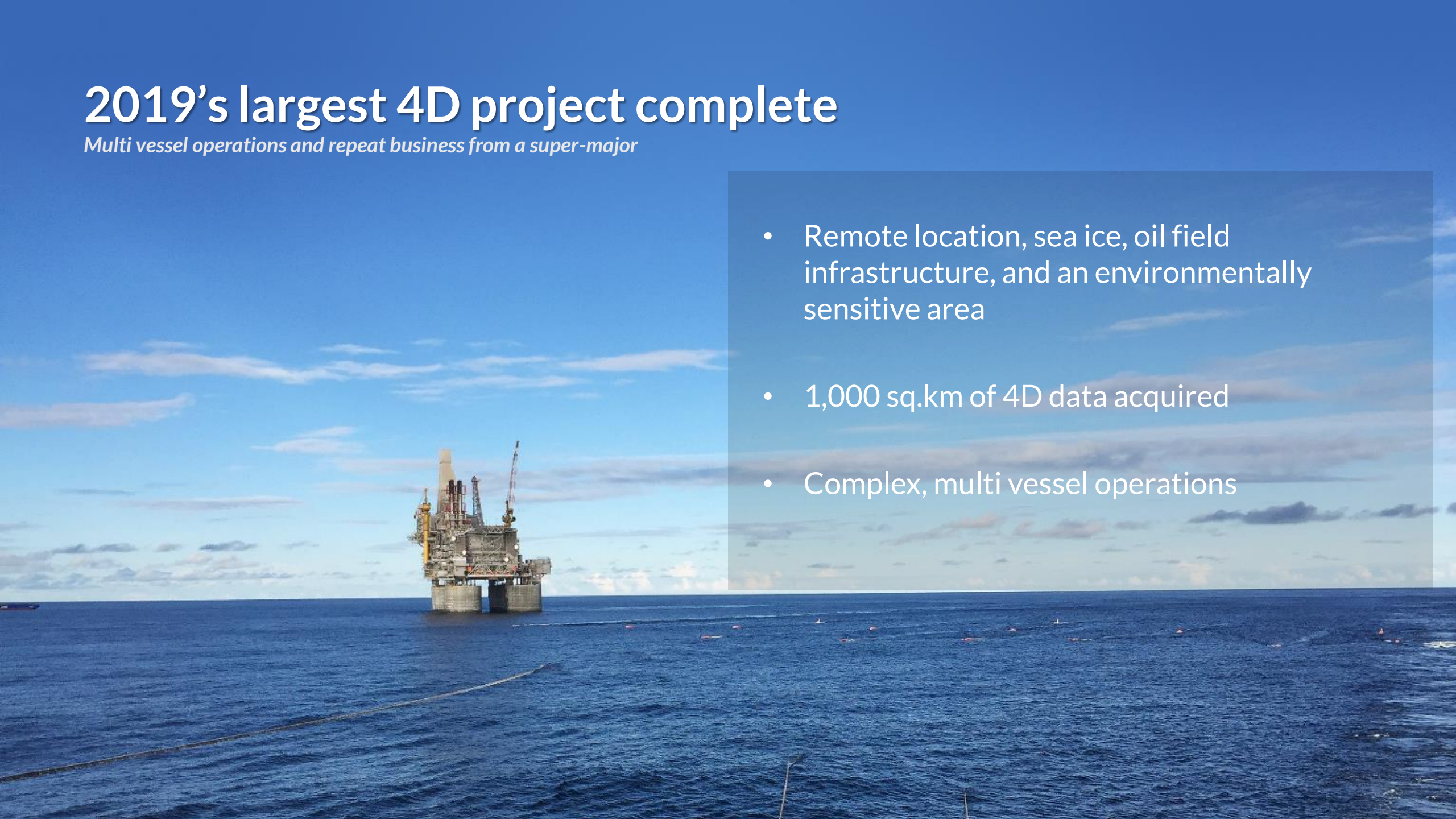




# 2019's largest 4D project complete

*Multi vessel operations and repeat business from a super-major*

- Remote location, sea ice, oil field infrastructure, and an environmentally sensitive area
- 1,000 sq.km of 4D data acquired
- Complex, multi vessel operations





# Significant WAZ project underway in Gulf of Mexico

*First project for a new asset light multi-client company*

- Large wide azimuth project commenced in Mexico during Q3 2019
- 5,000 sq.km of data to be acquired for new asset light multi-client company
- Cirrus™ providing client real-time access to seismic data shortening the exploration cycle



# Better Data Faster

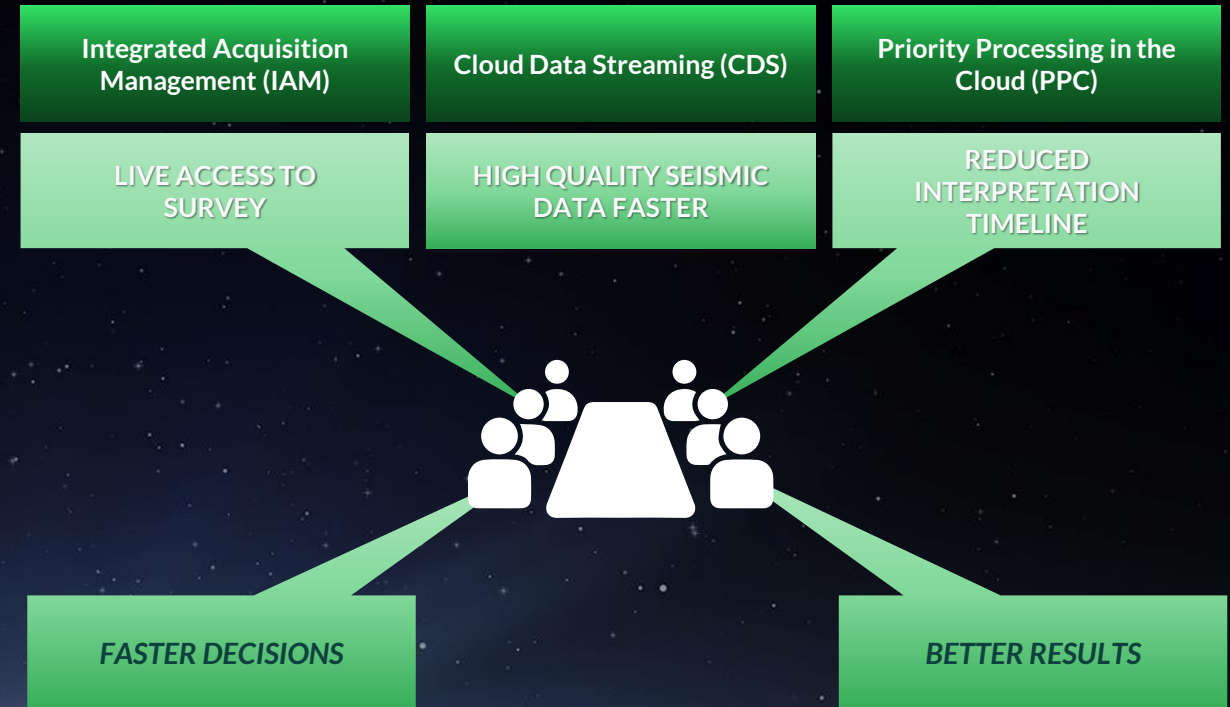
Explore live with Polarcus Cirrus™

## Polarcus Cirrus™ provides near real-time access to seismic data during the acquisition phase

- Direct access to full fidelity seismic data
- Enabling project decisions to be made real time
- Onshore overview of quality control

Cirrus™ aligns with our clients' objective to reduce the exploration cycle by:

- Bringing the client closer to seismic data sooner
- Enabling better exploration decisions to be made faster



# Cost discipline and streamlined organization

## Cost efficiency focus

- Disciplined cost management across the company
- Cost of sales reduced by ~50%
- Recognized as the industry benchmark in operational cost and efficiency

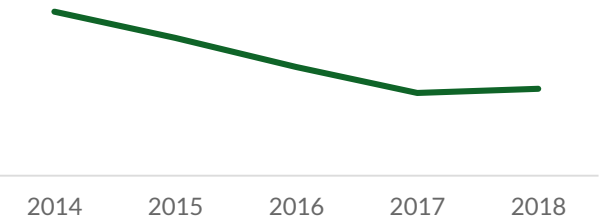
## Streamlined support structure

- Onshore organization reduced by ~40%
- Centralized operational, technical and corporate support
- Regionalized client-facing teams during downturn

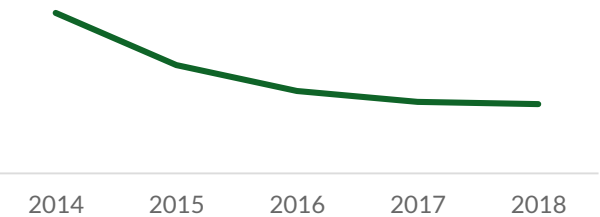
## Capital discipline

- Disciplined and responsible CAPEX management
- Active management of streamer pool
- In-house streamer repair facility ramped up in 2018-19

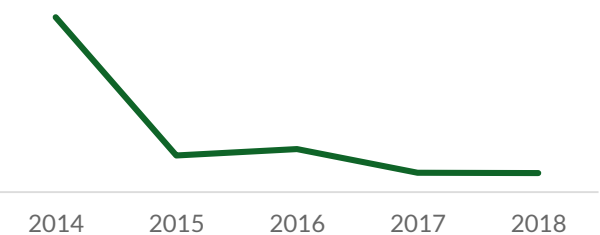
Gross cost of sales



G&A costs



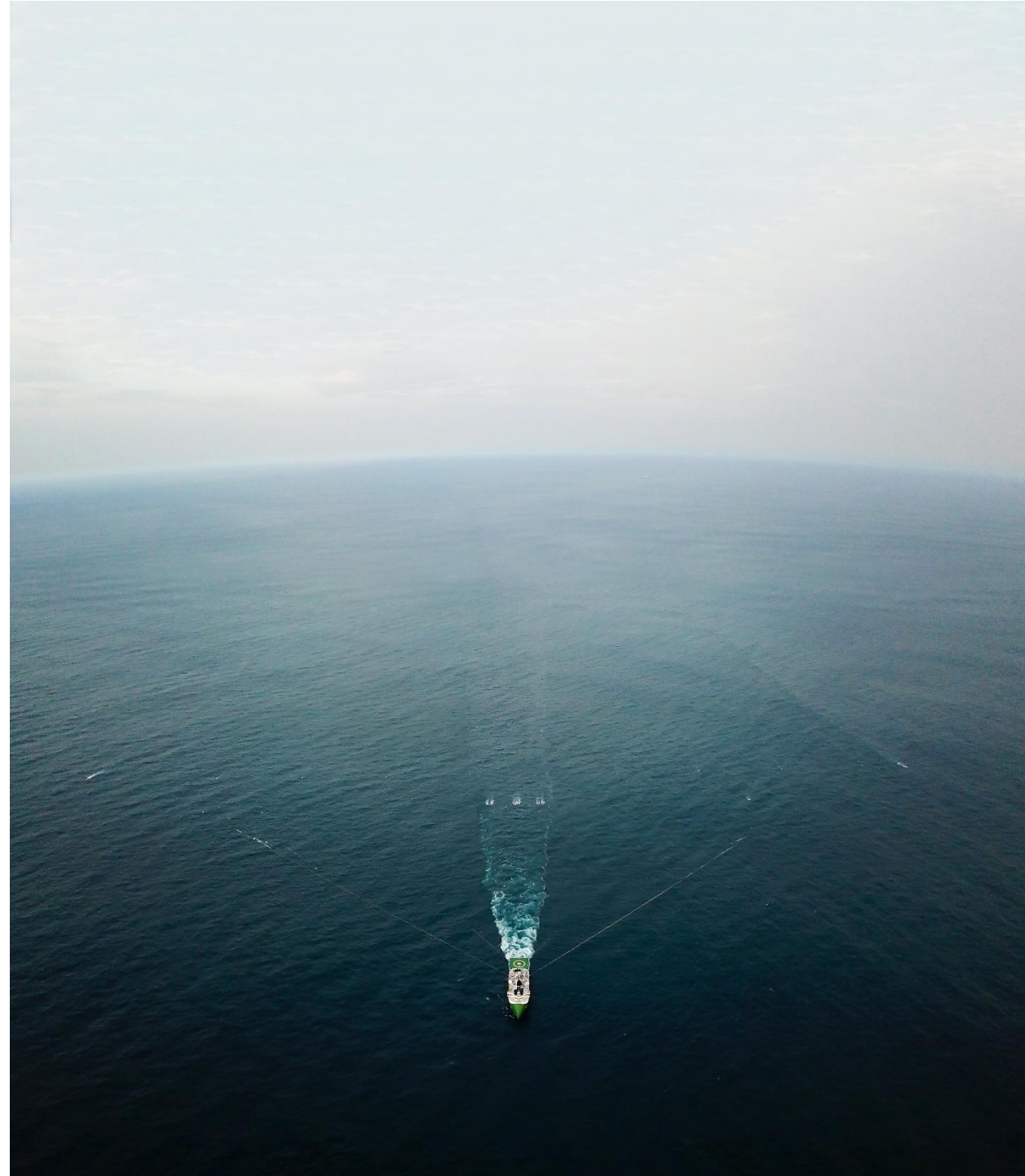
CAPEX spend



# Improving financial performance

*Significant earnings increase in 2019 YTD*

- H1 2019 segment revenue increased 50% year-on-year
  - Driven by improved day rates
- H1 2019 EBITDA increased 35% year-on-year
- Largest 2019 4D project in the seismic industry completed in Q3 2019
- Increased backlog year-on-year and sequentially
- Tender levels, multi-client activity and pricing improving



# Agenda

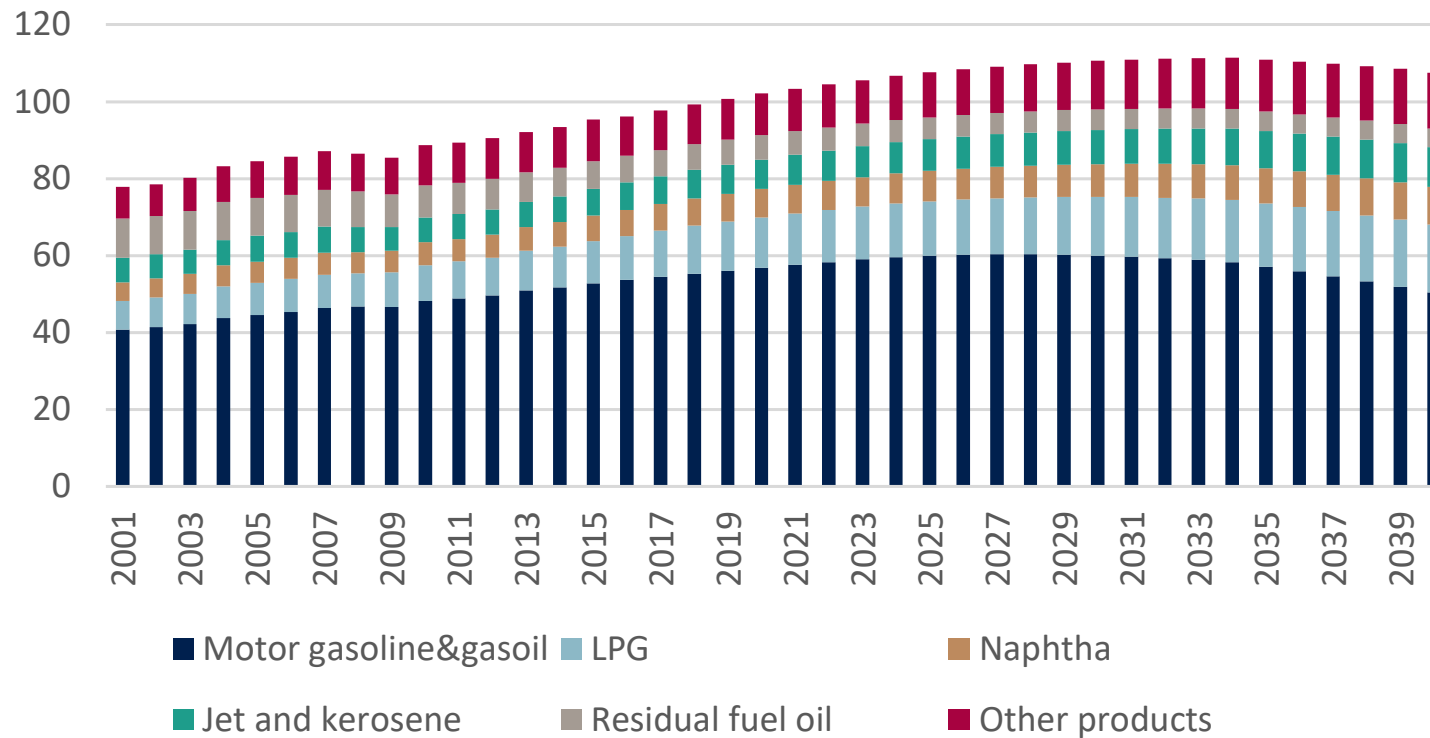
- 1 Polarcus in brief
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# Global oil demand

Expected to peak ~2035

## Global oil consumption



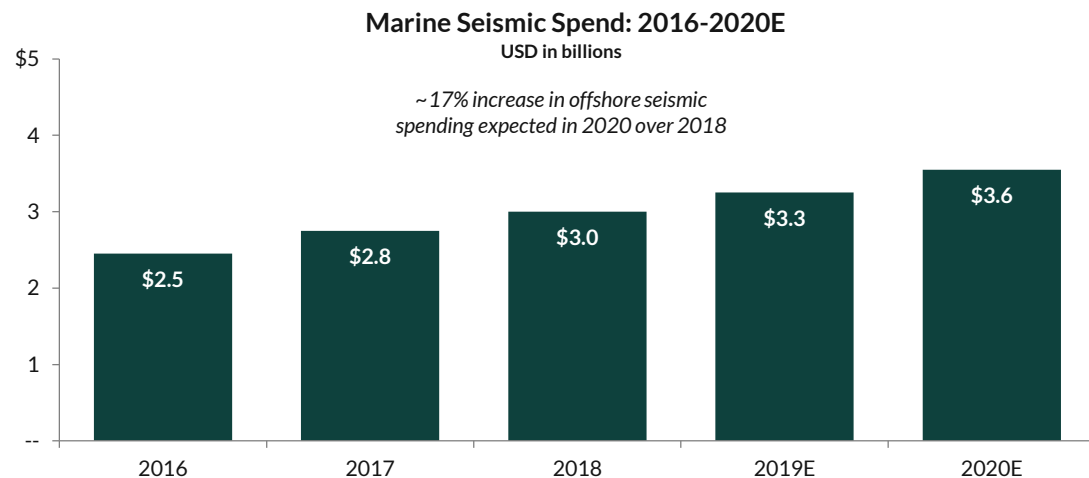
## Comments

- Non-vehicle related oil consumption expected to continue growing
- Motor gasoline and gasoil demand could peak ~2030

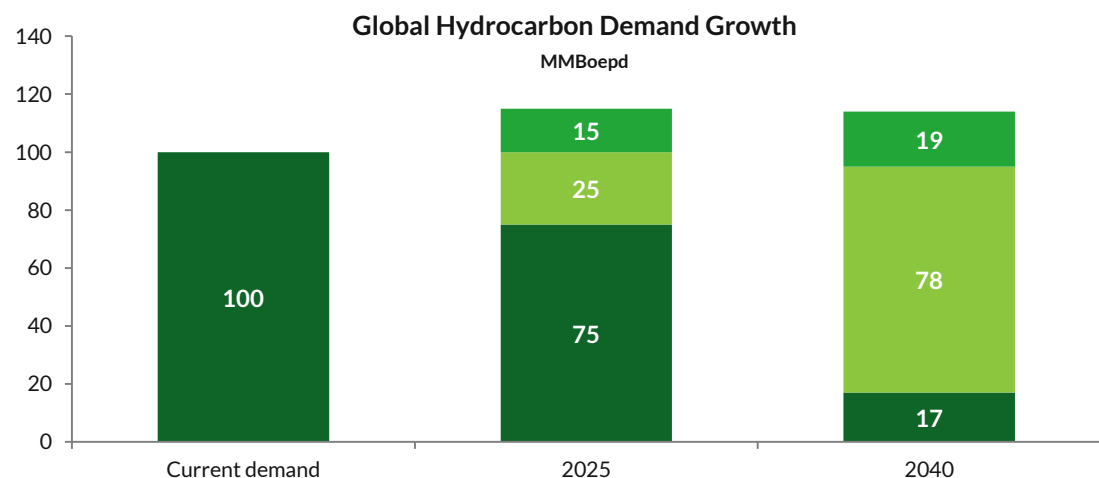
Source: IEA, OICA, ABG Sundal Collier

# Underlying fundamentals support growth in marine seismic

*Marine seismic spending growth expected to continue as global hydrocarbon demand increases and existing inventories deplete*



- Energy gap looming through 2030 based on current projections
- Renewed focus on offshore by a number of oil majors
- Supported by discussions with clients on expected 2019-2020 activity levels
- Significant value in reducing timelines to hydrocarbon production



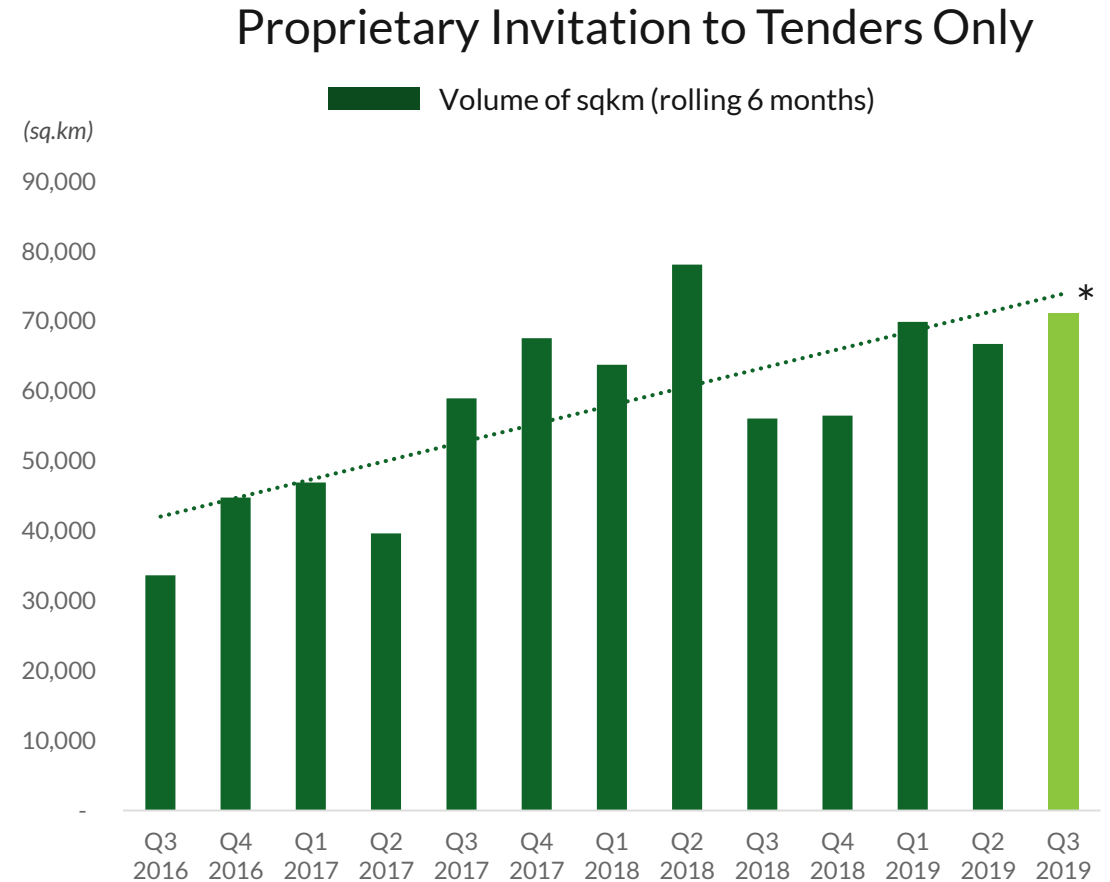
- Currently producing assets (current demand)
- Discoveries required to offset depletion of current production
- Discoveries required to meet expected hydrocarbon demand growth

Sources: ExxonMobil 2018 Outlook for energy, E&P industry commentary, Broker research

# Marine acquisition demand improving

*Solid demand indicated by E&P company tenders and increasing leads from MC companies (without vessels)*

- Solid proprietary tender demand in H1 2019
- Healthy opportunity pipeline for Q4/Q1
- Larger exploration surveys by E&P companies driving proprietary tenders
- In addition, large scale multi-client activity particularly in southern hemisphere

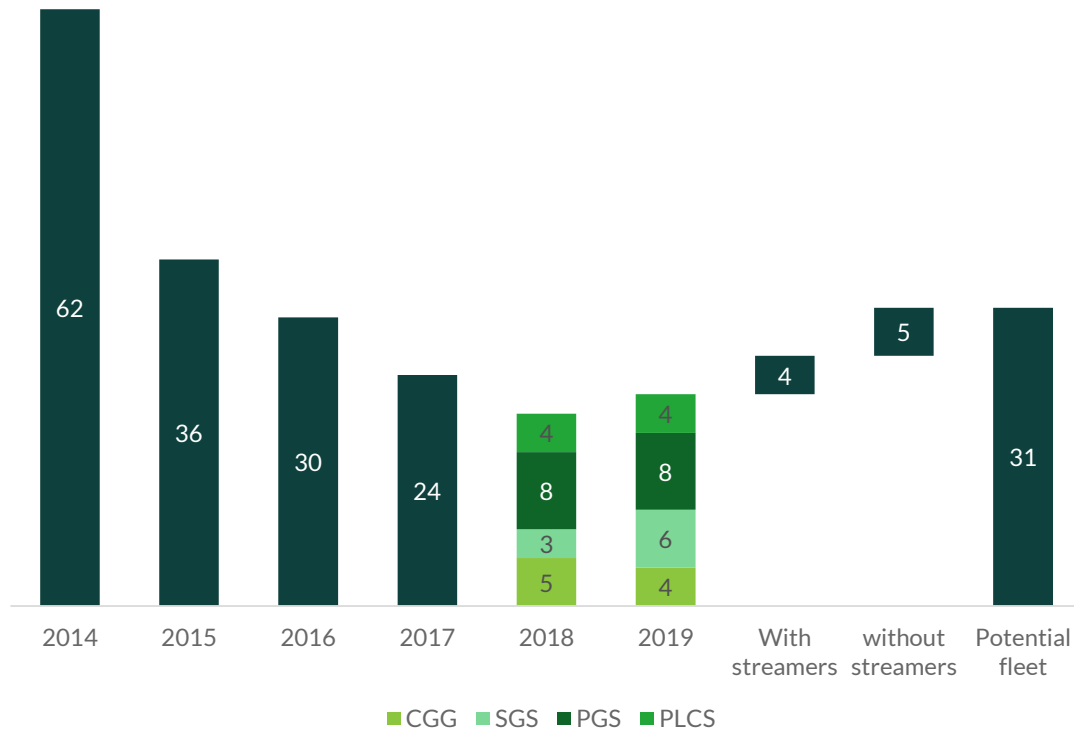


# Marine acquisition supply has reduced significantly

*Limited vessel capacity can be reactivated without significant seismic equipment investment*

## Global 3D vessels

## Comments



- 22 active vessels in 2019 compared to >60 prior to the downturn
- Highly consolidated supply picture three global vessel operators (post SGS/CGG)
- Limited additional capacity readily available with streamers (~4 vessels)
- Limited additional vessels with attractive age & capacity profiles: stacked with no streamers (~5 vessels)

Source: Company research

# Marine seismic acquisition industry poised for rebound

*Polarcus: a clean fit with the evolving industry landscape*



Fundamentals  
improving

E&P spend  
increasing

Industry  
consolidating

Client base  
growing



- Energy gap projected through 2030
- Hydrocarbons will play a key role
- E&P company focus on building and developing hydrocarbon reserves

- Supported by oil price in the range of USD 55 to 70
- E&P clients' tender activity increasing
- Focus on offshore exploration investment
- Multi-client company activity growing

- Reduced marine acquisition competitors
- Market share re-distribution
- Re-shaping of the industry ongoing

- More multi-client companies (with no vessels)
- Polarcus focus on marine acquisition excellence
- Targeting collaboration and partnerships





# *Appendices*





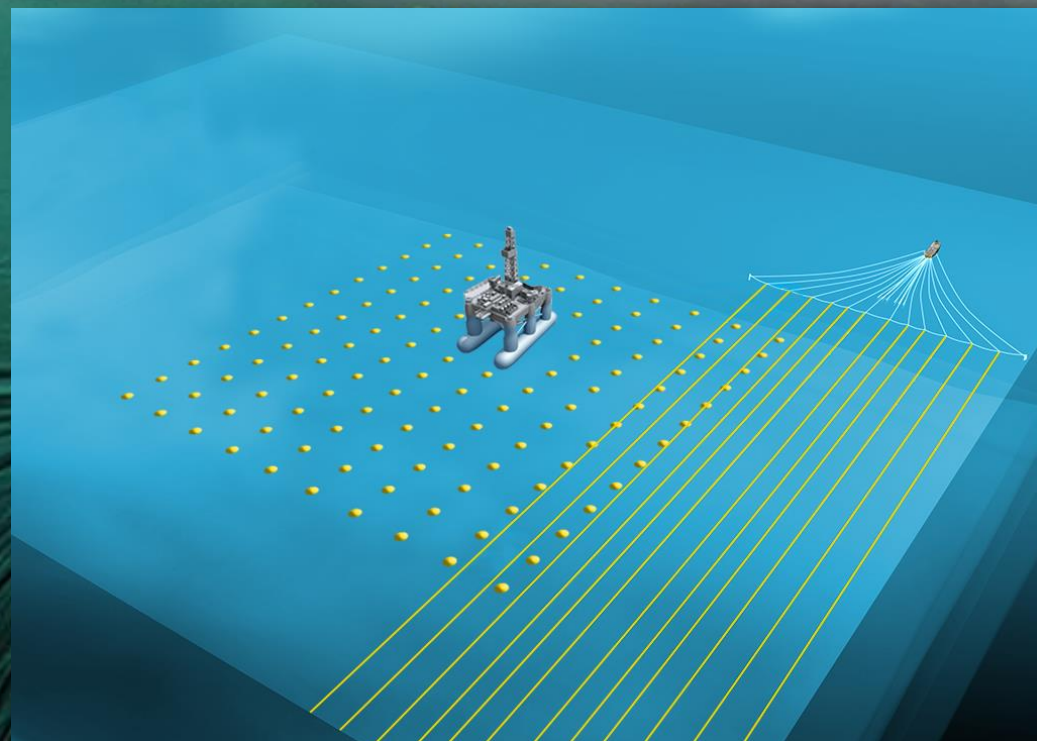
# Innovation: hybrid projects optimizing producing fields

*Explore More*



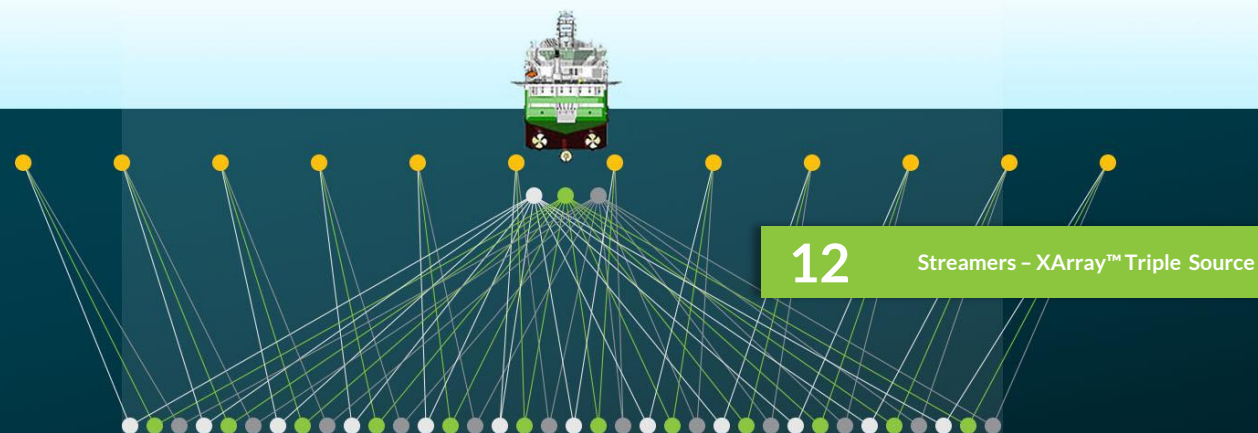
Polarcus first hybrid project (with towed streamer and node operations) completed in May 2019

- Complex project environment
  - Shallow water
  - Five active fields and over 70 platforms
  - Working with third-party node provider
- 1,200 sq.km of UHD XArray™ penta-source data
- 45 sq.km of node data
- Total of five vessels in operation



# Innovation: XArray™

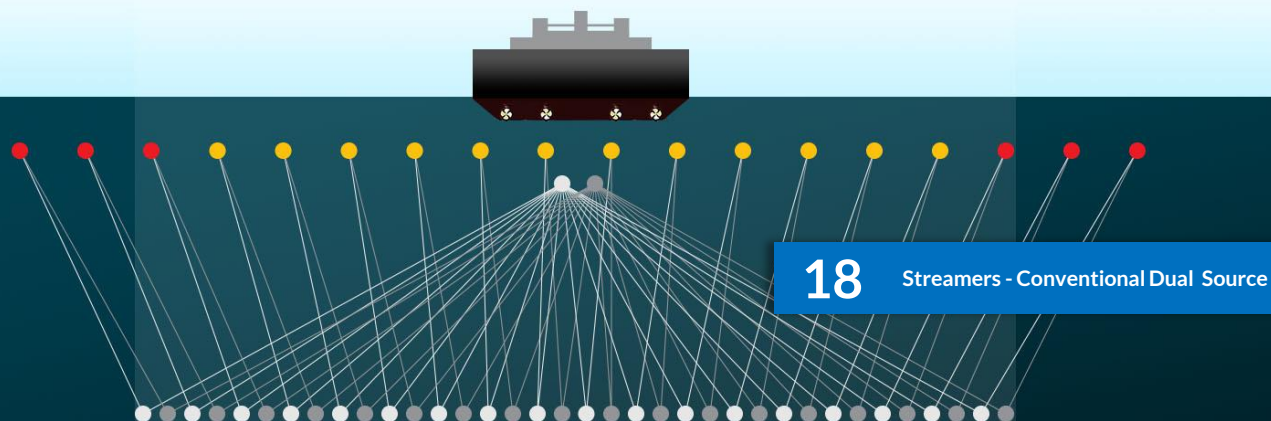
XArray™ methodology has disrupted the acquisition industry since 2016



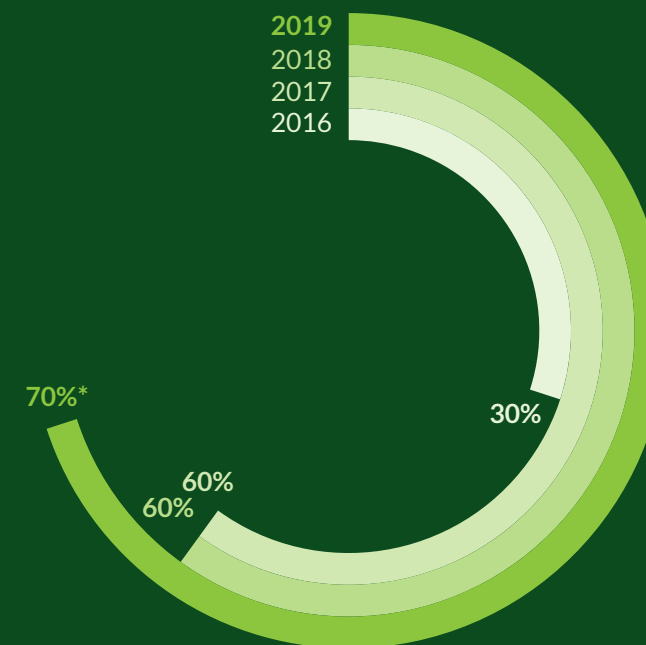
Data quality optimization

Improved efficiency

Reduced in-sea equipment



XArray™  
(% of total sq.km acquired)



\*Acquired and secured backlog YTD



# Detailed debt overview

Debt	Outstanding 30 June 2019	Total credit line	Maturity	Interest
USD Unsecured Bond – PLCS02	USD 13.1m		Jan-25	5% PIK
NOK Unsecured Bond – PLCS03	NOK 53.5m	USD 6.2m	Jan-25	5% PIK
Convertible bond – Tranche A	USD 64.4m		Jul-22	5.60%
Convertible bond – Tranche B	USD 3.5m		Jan-25	5% PIK
Fleet Bank Facility	USD 241.4m		Aug-22 to Jun-24	
New Fleet Facility	USD 75.0m		Dec-24	
Swap Facility	USD 5.7m		Jun-21	LIBOR + 4%
Working Capital Facility	-	USD 40m	Jun-22	LIBOR + 4%
<b>Gross debt</b>	<b>USD 409.3m</b>			
<i>Own PLCS02 bonds held</i>	<i>USD 3.3m</i>			
<b>Outstanding debt</b>	<b>USD 406.0m</b>			



# Experienced Board and Management

## Board of directors



**Michael Mannering**

*Chairman*

Extensive experience in the oil service industry from Schlumberger and Songa Offshore



**Nicholas Smith**

7 years as Chairman of Ophir Energy plc



**Peter Zickerman**

20 years experience in the seismic industry



**Tom Henning Slethei**

20 years experience as an investor in the stock and bond market



**Monish Sahni**

30 years' experience in banking including the maritime and offshore sector



**Karen El-Tawil**

30 years of experience in the seismic industry



**Erik M Mathiesen**

Extensive experience in Investment and asset management in the energy sector

## Executive management



**Duncan Eley**

*CEO*

20 years of experience in the seismic industry



**Lars Oestergaard**

*COO*

12 years of experience in the global oilfield services industry.



**Caleb Raywood**

*General Counsel*

20 years of commercial law experience



**Hans-Peter Burlid**

*CFO*

15 years of experience in the seismic industry



**Tamzin Steel**

*SVP People & Business Services*

15 years' experience working in global multinational companies in the oil & gas industry