



Spectrum ASA

1st Quarter Results
2019

Spectrum ASA
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Summary Q1 – 19 (APMs*)

(USD 1000)	SPECTRUM GROUP		
	Quarter	Quarter	12 months
	ended	ended	ended
	31.03.19	31.03.18	31.12.18
	(Unaudited)	(Unaudited)	(Audited)
Net Segment Revenue	46,556	26,911	133,754
Segment EBIT	12,191	(669)	30,612
Segment Profit / (Loss)	7,405	(113)	17,180
Cash flow from operating activities	43,204	28,619	74,083
Investment in Multi-Client library	28,415	22,236	52,516
Segment Multi-Client Library net book value	161,386	173,603	156,693
Cash and cash equivalents	39,015	20,123	37,730

Q1 Highlights (APMs*)

- Late sales in the quarter of MUSD 31.9 (2018: MUSD 13.1)
- Segment early sale on Multi-Client investments in the quarter was MUSD 14.7 (2018: MUSD 13.7), primarily related to Brazil surveys
- Multi-Client investments were MUSD 28.4 with 52% prefunding rate (2018: MUSD 22.2 with 62% prefunding)
- Gross Multi-Client investments were MUSD 33.8 (2018: MUSD 51.2)
- Operational cash flow in Q1 was MUSD 43.2 (2018: MUSD 28.6)

* Please see pages 16-20 for further details.

Multi-Client Operations

Segment net Multi-Client revenues of MUS\$ 46.5 in the quarter represent an increase of 73% vs. Q1 2018 (2018: MUS\$ 26.9). This is mainly due to increase in net late sales of MUS\$ 18.7. The increase in segment net early sales compared to Q1 2018 is MUS\$ 0.9. The increase in late sales is mainly due to sales on Argentina projects completed in Q4 2018.

In Q1 90% of the Net Multi-Client revenues came from North and South America (NSA), 5% Africa, Mediterranean and Middle-East (AME), 3% Northwest Europe (NWE) and 2% Asia Pacific (AP).

Spectrum's Multi-Client library is composed of data and reports from many of the major oil producing and frontier regions of the world. The library comprises approximately 3.35 million kilometres (km) of 2D seismic data, making Spectrum the market leader in Multi-Client 2D data. The 2D Multi-Client library presents a number of new opportunities to enhance the value of these datasets through reprocessing in addition to the pipeline of new acquisition surveys that are being developed around the world. Spectrum is rapidly growing its 3D Multi-Client library and now holds over 200,000 square kilometres (km²) of 3D seismic data, with an additional 125,000 km² of Seamless seismic merged 3D data on the Norwegian continental shelf.

Revenue from Multi-Client sales was 100% of total revenue in the first quarter of 2019.

On 19 December 2017 Spectrum commenced a new Multi-Client Broadband 3D and 2D Reprocessing Project in the Otway Basin offshore Australia. This unique dataset comprises 7,950km² of 3D data from 16 existing 3D surveys and up to 7,000 km of 2D data which are reprocessed through a high-end PSTM and PSDM broadband sequence. The project focuses around the 2018 Offshore Petroleum Exploration Acreage Release Proposed Areas in the Otway Basin announced by the Australian Government. PSTM data was available for delivery during Q4 2018 with PSDM delivery expected in Q2 2019. The project is supported by industry funding.

On 3 January 2018 Spectrum, in collaboration with the Direction Generale des Hydrocarbures (DGH) commenced the next phase of its shallow water 3D Multi-Client seismic acquisition campaign offshore Gabon with a 3D survey in the north of the country. The campaign is focused on acquiring seismic programs in under-explored shallow water open blocks with the objective of offering the most up-to-date 3D imaging of the area. The DGH intends to make these blocks available through future shallow water license rounds so to accelerate exploration; this data will facilitate immediate activity when the blocks are awarded. The survey covers 5,346 km² of long offset broadband seismic data and is acquired alongside gravity and magnetic recordings. This follows the 11,400 km² Gabon South 3D survey completed in 2017 and complements over 20,000 km of 2D Multi-Client seismic data offshore Gabon also held by Spectrum on behalf of the DGH, which gives a regional overview and highlights key areas of exploration. The 3D data were processed with PSTM, PSDM and Broadband products, and the processing was completed in Q1 2019. The survey is carried out in partnership with China Oilfield Services (COSL).

On 26 June 2018 Spectrum announced the commencement of an offshore Multi-Client 2D seismic survey, located in the Eastern Turkish Black Sea. The first phase of this campaign comprises 7,000 km of 2D data and is focused on an area identified to have significant hydrocarbon potential. The project is carried out in partnership with BGP, utilizing a long offset configuration optimized for broadband data processing. The processing was completed in Q1 2019.

On 23 July 2018 Spectrum announced the commencement of a 10 000 km² 3D Multi-Client seismic project over the Southern Santos Basin in Brazil. This survey covers an area south of the major oil and gas discoveries in the Santos Basin and the recent highly sought after blocks offered in Rounds 2, 3, 4 and 15. The 3D project builds on Spectrum's extensive 2D database in the region and marks the opening of the highly prospective deep water area in the Santos basin. On 16 October 2018 Spectrum announced an expansion of the program to 15 000 km² in collaboration with TGS. Fast track data will be available for the round expected in the second half of 2019.

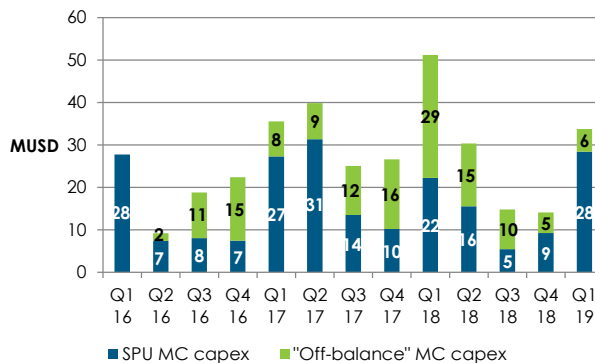
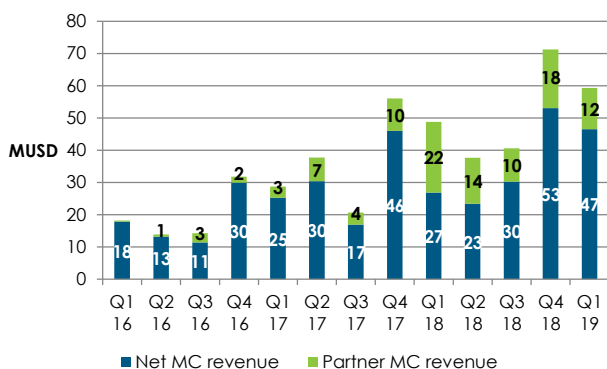
On 10 December 2018 Spectrum announced the commencement of a 10 700 km² 3D survey in the Potiguar basin offshore the Equatorial Margins of Brazil. The survey is covering blocks that were recently awarded in the 15th license round and open acreage blocks scheduled for the 17th round in 2020. The Potiguar survey is supported by industry funding. Spectrum is the sole operator of the project. The survey is being acquired with a twelve cable long offset configuration in continuous recording mode. Acquisition parameters are optimized for broadband processing which will assist in the high definition mapping of prospects and drilling targets. First products will be available in Q3 of 2019.

On 20 February 2019, Spectrum commenced a new 20,000 km 2D survey in Colorado and Salado basin offshore Argentina. This new program ties with Spectrum's existing 35,000 km survey that was acquired in 2017 for the ongoing first offshore licensing round. The survey is done in cooperation with BGP utilizing the vessel BGP Pioneer. Data is being acquired with a 12 km streamer with continuous recording to image deep reflection and high fold data. This will support full interpretation from Moho to water bottom. The data will be reprocessed with PSTM, PSDM and Broadband products with first deliveries in Q2 2019.

Multi-Client Key Figures (APMs)

(USD 1000)	Spectrum Group	
	Q1 19	Q1 18
Segment early sales	14,670	13,731
Late sales	31,850	13,143
Other revenue MC	-	4
Net Segment MC revenue	46,520	26,878
Investment	28,415	22,236

Spectrum Risk Share Projects



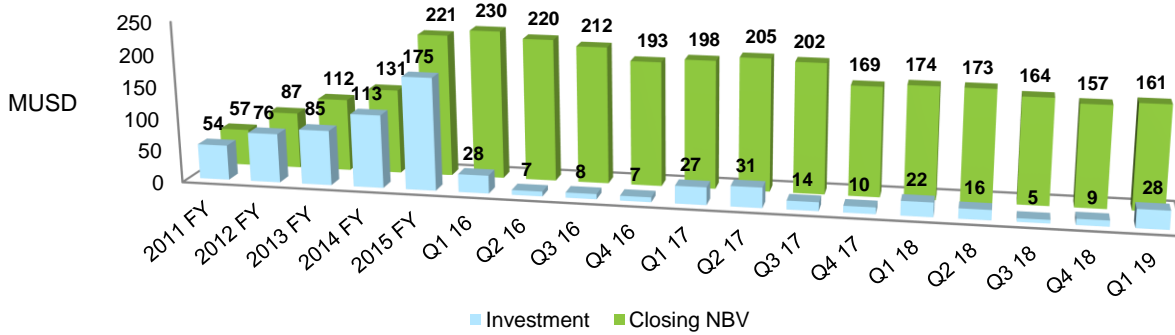
* Segment Revenue used in graph for 2018 and going forward.

Spectrum treats joint risk projects as joint operations based on the contractual terms. Spectrum's part of the investment is recorded as investment, and the partner share of revenues is recorded as revenue share reducing Spectrum's net revenues.

The joint risk projects significantly reduce the uncovered risk and increase the potential return on investment for Spectrum. Given contractual terms that to a lesser degree limits the uncovered risk for Spectrum; the partner share of the investment could have been treated as an additional investment, and as such increased both the investment and net revenue for Spectrum.

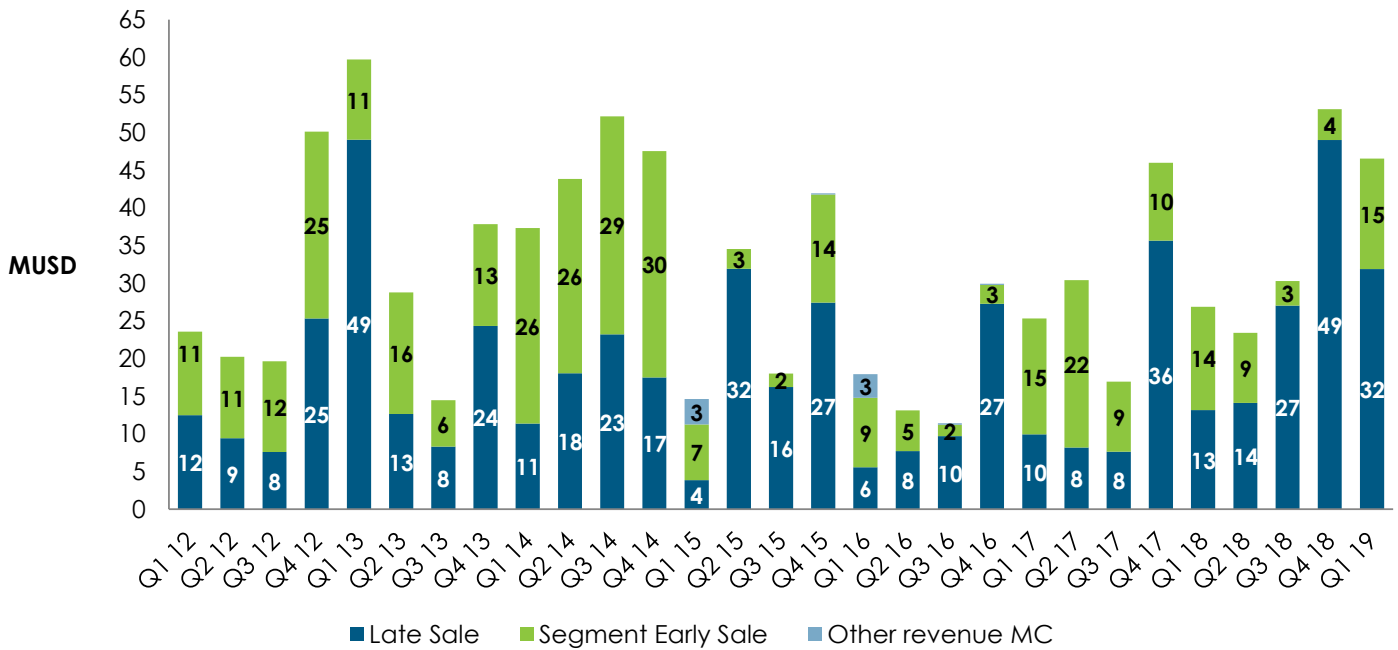
Investment in the Multi-Client Library

* Segment Multi-Client Library used in graph for 2018 and going forward.



Net Multi-Client Revenues

* Segment Early Sale used in graph for 2018 and going forward.



Seismic Imaging

Seismic imaging is provided from the Group's processing centres in UK, US, Egypt and Indonesia. Spectrum's seismic processing technology is based on third party software complemented by Spectrum's production processing platform, which is constantly being enhanced with new processing techniques.

The seismic imaging division had proprietary revenues of MUSD 0.0 (2018: MUSD 0.0) in the quarter. In the first quarter 98.9% (2018: 99.1%) of the capacity of Spectrum's seismic imaging business unit was utilized in processing data for the Multi-Client library.

The seismic data imaging division provides a valuable service to the Spectrum Multi-Client segment and provides reprocessing projects in addition to processing of data from on-going new acquisitions.

Seismic Imaging Key Figures

(USD 1000)	Spectrum Group	
	Q1 19	Q1 18
External revenue	36	33
Internal revenue	3,205	3,487
Total gross revenue	3,241	3,520

Future Prospects

Spectrum is continuously working on a pipeline of new Multi-Client 2D (MC2D) and Multi-Client 3D (MC3D) acquisition projects. Sales from the Multi-Client library and prefunding of new projects constitute the main revenue streams for the Company and fund the operation and new investments in Multi-Client projects.

In order to maintain a modern library Spectrum reprocesses selected projects to enhance quality and value.

Multi-Client 3D surveys are a natural extension of Spectrum's growing Multi-Client 2D business and in line with our strategy to diversify the Multi-Client library.

Spectrum is an asset light company that stringently evaluates potential investments in new Multi-Client surveys with focus on prefunding levels, project models and future sale triggers.

It is of outmost importance to carefully evaluate all potential new projects based on prefunding and sales potential. Project funding structures are actively utilized to reduce Spectrum's uncovered risk and maximize return on investments. Spectrum has an attractive pipeline of Multi-Client investment projects for 2019.

Key triggers for MC late sales are 1) licence rounds, 2) significant discoveries of new O&G resources and 3) M&A transaction in the O&G industry. Several licence rounds in key Spectrum

offshore areas have been announced in 2019. An expected increased exploration drilling activity in 2019 and beyond should lead to more discoveries and contribute to growth in MC late sale. Finally, we have seen an increase in M&A transactions within the O&G industry especially in mature petroleum basins as the North Sea, Australia and GoM.

The Board sees increasing demand for Multi-Client seismic from clients continuing in 2019. Spectrum believes a combination of a stable oil price, a significant reduction of breakeven cost for offshore O&G projects in general, and deep-water projects especially, and a record low reserve replacement ratio (RRR) for the oil industry will lead to an accelerating recovery in the seismic market in 2019. Spectrum expects 2019 to be the first year of a multi-year recovery for global offshore O&G investment spending since the peak in 2014. The recovery is expected to especially benefit early cyclical offshore exploration including seismic.

There are clear indications that several of the large international oil companies are moving more resources and exploration budgets to the south Atlantic, especially Brazil and Argentina. This development gained traction in Q1 2019. Spectrum's investments have predominantly been in the less developed O&G regions in the South Atlantic over the last years, and we believe that this strategy will prove advantageous.

Interim Statement of Comprehensive Income

Total net operating revenues for the group in Q1 2019 were MUSD 45.6 (2018: MUSD 15.6). Segment revenue, excluding the effect from IFRS 15, for Q1 2019 amounted to MUSD 46.6 (2018: MUSD 26.9).

Net Multi-Client revenues totalled MUSD 45.6 in the first quarter of 2019 (2018: MUSD 15.6). Early sales recognized in the quarter was MUSD 13.7 (2018: MUSD 2.5) and Late sales ended at MUSD 31.9 (2018: MUSD 13.1).

Operating expenses were MUSD 9.8, including MUSD 1.3 cost of stock options (2018: MUSD 9.3, including MUSD 0.5 in cost of stock options).

EBIT for the first quarter was MUSD 15.2 (2018: MUSD (7.8)).

Financial items were net MUSD (1.1) (2018: MUSD (0.7)).

Profit Before Tax in the first quarter ended at MUSD 14.0 (2018: MUSD (8.5)).

The Group's tax position and tax cost in the period are based on the preliminary tax calculations in each subsidiary. The tax cost for the first quarter was MUSD 3.6 (2018: income of MUSD 1.3)

Interim Statement of Financial Position

The total assets of the group were MUSD 328.1 (end Q4 2018: MUSD 312.4) at the end of the quarter, split between non-current assets of MUSD 219.0 (end Q4 2018: MUSD 198.5), and current assets of MUSD 109.1 (end Q4 2018: MUSD 113.9). These were funded by equity of MUSD 176.2 (end Q4 2018: MUSD 165.7), long term liabilities of MUSD 22.9 (end Q4 2018: MUSD 20.8) and current liabilities of MUSD 128.9 (end Q4 2018: MUSD 125.8).

During Q1 2019 Spectrum had Multi-Client investments of MUSD 28.4 (Q4 2018: MUSD 9.2). This increase in carrying value of the Multi-Client library was offset by amortization of MUSD 19.8 (Q4 2018: MUSD 16.8). The net book value of the Multi-Client library at end Q1 is MUSD 170.7 (end Q4 2018: MUSD 162.1).

The cash and cash equivalents balance increased by MUSD 1.3 from end Q4 2018 to MUSD 39.0. Management monitors and forecast cash closely, and considers that the Company has sufficient liquidity to meet its ongoing operational and financial obligations.

The reported equity balance is MUSD 176.2 (end Q4 2018: MUSD 165.7). This equates to an equity ratio of 53.7% (end Q4 2018: 53.1%) Segment equity was MUSD 183.1 at the end of Q1 2019 giving an equity ratio of 57.2%.

Long term interest bearing debt was MUSD 10.2 (end Q4 2018: MUSD 13.2) and consist mainly of a long term loan facility.

Interim Cash Flow

The cash and cash equivalents balance increased by MUSD 1.3 from end Q4 2018 to MUSD 39.0.

Net cash flow from operating activities was MUSD 43.2 (2018: MUSD 28.6) for the quarter. Working capital decreased by MUSD 10.4 (2018: decrease of MUSD 22.7).

Net cash outflow from investing activities was MUSD 28.5 (2018: MUSD 22.3) of which MUSD 28.4

was investments in the Multi-Client library (2018: MUSD 22.2).

Net cash outflow in the quarter from financing activities was MUSD 13.9 (2018: outflow of MUSD 0.4). This was mainly related to down payment of the overdraft facility (MUSD 10.0), and down payment of long term loan (MUSD 3.0).

Interim Statement of Comprehensive Income

	Note	SPECTRUM GROUP		
		Quarter	Quarter	12 months
		ended 31.03.19	ended 31.03.18	ended 31.12.18
(USD 1000)		(Unaudited)	(Unaudited)	(Audited)
Net revenue	3	45,625	15,629	138,793
Operating expenses		(8,540)	(8,775)	(35,789)
Cost of share options		(1,271)	(514)	(887)
Share of profit/(loss) of joint ventures		-	-	96
Amortisation		(19,794)	(13,873)	(68,544)
Depreciation		(833)	(250)	(1,331)
Operating Profit / (Loss)		15,187	(7,783)	32,338
Interest expense, net		(251)	(250)	(1,542)
Foreign exchange profit / (loss)		(649)	(385)	(4,779)
Other financial items		(242)	(95)	(750)
Profit / (Loss) before tax		14,045	(8,513)	25,266
Tax income / (expense)		(3,645)	1,287	(6,361)
Profit / (Loss) to equity holders		10,400	(7,226)	18,905
Total Comprehensive income / (loss) for the period		10,400	(7,226)	18,905
Earnings per share		0.19	(0.13)	0.35
Diluted earnings per share		0.18	(0.13)	0.32
(Shares 1000)				
Basic shares outstanding average		54,785	54,449	54,559
Diluted shares outstanding average		59,238	59,134	59,135
Basic shares issued end of the quarter		54,785	54,449	54,785
Diluted shares issued end of the quarter		59,230	59,082	59,135

Interim Consolidated Statement of Financial Position

(USD 1000)	Note	SPECTRUM GROUP	
		31.03.19 (Unaudited)	31.12.18 (Audited)
ASSETS			
Non-current assets			
Deferred tax assets		14,056	11,897
Goodwill		11,563	11,563
Investment in Joint Ventures		2,524	2,524
Software		1,776	1,987
Multi-Client library		170,723	162,102
Fixtures, fittings and office equipment		981	1,108
Right-of-use assets		7,392	-
Other receivables		8,297	6,162
Restricted cash		1,656	1,111
Total non-current assets		218,968	198,454
Current assets			
Accounts receivable		56,442	49,733
Accrued revenues		2,878	13,931
Other receivables		10,802	12,509
Cash and cash equivalents		39,015	37,730
Total current assets		109,137	113,903
Total assets		328,105	312,357
SHAREHOLDERS' EQUITY			
Shareholders' equity			
Issued capital		8,985	8,985
Share premium		72,433	72,433
Other paid-in capital		61,961	61,874
Retained earnings		35,310	24,910
Foreign translation reserve		(2,467)	(2,467)
Total equity		176,223	165,735
LIABILITIES			
Long term liabilities			
Deferred tax liability		2,259	2,997
Long term interest bearing debt	4	10,179	13,224
Other long term liabilities		10,498	4,624
Total long term liabilities		22,936	20,845
Current liabilities			
Short term interest bearing debt	4	8,183	18,193
Tax and other public duties payable		10,358	8,105
Accounts payable		53,946	42,701
Other short term liabilities		56,459	56,778
Total current liabilities		128,946	125,777
Total shareholders' equity and liabilities		328,105	312,357

Interim Consolidated Statement of Changes in Equity

(USD 1000)	SPECTRUM GROUP					
	Issued capital	Share premium	Other paid-in capital	Retained earnings	Foreign currency translation reserve	Total equity
Equity at 31 December 2017	8,945	71,164	60,959	18,422	(2,467)	157,024
IFRS 15 adjustment *	-	-	-	(9,050)	-	(9,050)
Opening balance at 1 January 2018	8,945	71,164	60,959	9,372	(2,467)	147,972
Share options granted	-	-	95	-	-	95
Profit / (Loss) for the period	-	-	-	(7,226)	-	(7,226)
Equity at 31 March 2018	8,945	71,164	61,054	2,146	(2,467)	140,841
Share issue	40	1,269	-	-	-	1,309
Dividends	-	-	-	(3,368)	-	(3,368)
Share options granted	-	-	820	-	-	820
Profit / (Loss) for the period	-	-	-	26,131	-	26,131
Equity at 31 December 2018	8,985	72,433	61,874	24,910	(2,467)	165,735
Share options	-	-	88	-	-	88
Profit / (Loss) for the period	-	-	-	10,400	-	10,400
Equity at 31 March 2019	8,985	72,433	61,961	35,310	(2,467)	176,222

* IFRS 15 adjustment

Revenue recognized as of 31 December 2017 that would not have been recognised under IFRS 15 20,323

Amortisation and other effects recognized as of 31 December 2017 that would not have been recognised under IFRS 15 (8,723)

IFRS 15 adjustment before tax 11,600

Tax** (2,550)

IFRS 15 adjustment 9,050

** Adjustment in Q4 2018. Reflected in opening balance at 1 January 2018.

Interim Consolidated Statement of Cash Flows

(USD 1000)	SPECTRUM GROUP		
	Quarter ended	Quarter ended	12 months ended
	31.03.19 (Unaudited)	31.03.18 (Unaudited)	31.12.18 (Audited)
Cash flows from operating activities:			
Profit / (Loss) before tax	14,045	(8,513)	25,266
Income taxes/other taxes paid	(2,168)	-	(2,443)
Depreciation, amortisation and impairment	20,627	14,123	69,875
Interest expense, net	251	250	1,542
Share options granted	88	95	915
Working capital changes	10,361	22,664	(21,072)
Net cash flow from operating activities	43,204	28,619	74,083
Cash flows from investing activities:			
Investment in Multi-Client library	(28,415)	(22,236)	(52,516)
Investment in other assets	(67)	(113)	(2,633)
Sale / Disposal of assets	-	-	31
Net cash flow from investing activities	(28,482)	(22,349)	(55,118)
Cash flows from financing activities:			
Issued share capital	-	-	1,309
Dividends	-	-	(3,368)
Proceeds from borrowings	-	-	10,000
Payment of borrowings	(13,000)	-	(4,026)
Payment of lease liabilities*	(444)	(93)	(363)
Interest paid	(430)	(288)	(1,371)
Net cash flow from financing activities	(13,874)	(381)	2,181
Net change in cash and cash equivalents	848	5,889	21,146
Net foreign exchange diff (unrealised)	438	79	2,429
Cash and cash equivalents at start of period	37,730	14,155	14,155
Cash and cash equivalents at end of period	39,015	20,123	37,730

* In the statement of cash flows the cash payments for the principal – and interest portion of the lease liability are classified within cash flows from financing activities.

Notes to Accounts

NOTE 1 – GENERAL INFORMATION

Spectrum ASA (the company) is a public limited company listed on the Oslo Stock Exchange. The address of the registered office is Karenslyst Allé 11, N-0278 Oslo, Norway.

NOTE 2 – BASIS OF PREPARATION

The consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting as approved by EU and additional requirements in the Norwegian Securities Trading Act. The consolidated interim financial statements comprise the financial statements of the Company and its subsidiaries, Spectrum's interest in equity accounted joint ventures and the proportionate share of the assets, liabilities, income and expenses of jointly controlled operations as at 31st March 2019. The reporting period of subsidiaries coincides with that of the Group, and the financial statements of the subsidiaries are prepared using accounting policies consistent with the Group's policies. The accounting policies used in the preparation of these accounts are consistent with those followed to prepare the Company's Consolidated Financial Statements for the year ended 31st December 2018, except for impact of IFRS 16 effective from 1 January 2019, see description under Leases. Full details of the policies are described in note 1 of those accounts and are available from the registered office and on the company's website.

All intra-group balances, income and expenses resulting from intra-group transactions are eliminated in full. The accounting policies for Multi-Client library and revenue recognition are considered by management to have a significant effect on the company's accounts and are listed below.

Revenue Recognition

Early sales – When the Spectrum Group obtains funding for a particular survey before it is completed in data processing, revenue is recognized upon delivery of products. All received prefunding is accounted for as a prepayment liability under other current liabilities. Amortization is recognized at the same time as the revenue.

Late sales – Revenue earned on completed surveys is recognized at the time of the transaction when the customer executes a valid license agreement and has the right to access the licensed data.

Impairment

Spectrum reviews the carrying value of its Multi-Client surveys when there are events and changes in circumstances that indicate that the carrying value of a survey may not be recoverable. In addition the carrying values of all surveys are reviewed annually regardless of indications that the carrying value may not be recoverable. No impairments were recognized for Q1 2019.

Implementation of new standard - Leases

IFRS 16 "Leases" is effective from 1 January 2019. The Group has applied the modified retrospective approach for the transition. The Group has elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. As at 1 January 2019 USD 7.0 million was recognized as "right-of-use" assets, and USD 7.1 million recognized as lease liabilities. The Group's "right-of-use" assets consist mainly of lease commitments for premises. The implementation of IFRS 16 will improve EBITDA with approximately USD 0.5 million per quarter.

IFRS 16 P/L effects and balances Q1 2019	Spectrum Group
(USD 1000)	Quarter ended
	31.03.19
Depreciation	(428)
EBIT	(428)
Interest cost	(113)
Profit before tax	(541)
Right of use asset	7,392
Lease liability, long term	(5,899)
Lease liability, short term	(1,697)

Notes to Accounts

NOTE 3 – SEGMENT INFORMATION

Spectrum is a pure play Multi-Client company. The Group has identified two operating segments as defined in IFRS 8 Operating Segments: Multi-Client and Seismic Imaging. Multi-Client is considered the primary operating segment. The Multi-Client operating segment is for internal reporting purposes split into four reporting segments on a geographical basis. Multi-Client constitutes 99.9% of the Group's net revenue in Q1 2019.

Segment information is given consistently with how it is reported for management accounting purposes to executive management and Board of Directors, and as such Alternative Performance Measurements (APMs) are used.

	Spectrum Group		
	Quarter ended	Quarter ended	12 months ended
	31.03.19 (Unaudited)	31.03.18 (Unaudited)	31.12.18 (Audited)
(USD 1000)			
Gross revenue	59,348	48,785	198,322
Revenue share	(12,836)	(21,907)	(64,673)
Net segment early sales	14,670	13,731	30,438
Net late sales	31,850	13,143	103,210
Other revenue MC	-	4	-
Net Segment Multi-Client revenue	46,520	26,878	133,648
Other revenue	-	-	-
Seismic imaging	36	33	105
Net Segment revenue	46,556	26,911	133,754

Spectrum classifies Multi-Client revenue as early sales or late sales based on the products sold. PSTM (Time) and PSDM (Depth) are treated as separate products. E.g.: A sale of a completed PSTM product will be classified as late sale even if the PSDM product has not been completed.

The Multi-Client segment is divided into operating segments identified on a geographical basis. Assets and liabilities are not reported by operating segment in management reporting and are not disclosed separately. The Group does not allocate all cost items to its reportable operating segments during the year, unallocated cost items are reported as Group functions incl. seismic imaging.

	Spectrum Group						
	Quarter ended 31.03.19 (Unaudited)	Africa /		Northwest Europe	Asia Pacific	Group functions incl. Seismic imaging	Consolidated
		North and South America	Mediterranean / Middle-East				
(USD 1000)							
Net Segment revenue		42,058	2,140	1,226	1,094	36	46,556
Segment EBIT		24,036	(2,126)	(1,928)	(885)	(6,907)	12,191

	Spectrum Group						
	Quarter ended 31.03.18 (Unaudited)	Africa /		Northwest Europe	Asia Pacific	Group functions incl. Seismic imaging	Consolidated
		North and South America	Mediterranean / Middle-East				
(USD 1000)							
Net Segment revenue		17,431	4,737	2,192	2,518	33	26,911
Segment EBIT		6,691	627	(1,122)	546	(7,412)	(669)

NOTE 4 – BANK FACILITIES*Loan facility:*

As of 31 March 2019 Spectrum had a loan facility of MUSD 18.1. MUSD 10.1 is classified as long term interest bearing debt in the financial statements. MUSD 8.0 is due within 12 months and is classified as short term interest bearing debt in the financial statements.

Overdraft facility:

In Q3 2018 Spectrum secured a new overdraft facility of up to MUSD 30.0. As of 31 March 2019 MUSD 0 of the overdraft facility was utilized. When the facility is utilized it is classified as short term interest bearing debt in the financial statements.

Covenants as of 31 March 2019:

- Equity ratio (excl. goodwill) > 40.0%
- NIBD / 12 months EBITDA less MC CAPEX < 1.50
- Aggregate amount of Cash held by the Group > MUSD 2.0
- Sum of relevant trade receivables and cash > MUSD 12.0

Covenants are measured using the Alternative Performance Measurements (APM).

NOTE 5 – SUBSEQUENT EVENTS

TGS-NOPEC Geophysical Company ASA and Spectrum ASA announced on 2 May 2019 that it has agreed on the principle terms for the acquisition of Spectrum ASA. The transaction is expected to be completed as a statutory merger pursuant to Norwegian corporate law between TGS and Spectrum, with merger consideration to Spectrum shareholders in the form of 0.28x ordinary shares of TGS for each Spectrum share (the "Exchange Ratio"), in addition to a cash consideration of USD 0.27 multiplied by the Exchange Ratio subject to the transaction closing after the ex-date for the TGS dividend payable in Q3 2019 (expected to be early August 2019). The Exchange Ratio and the cash consideration imply a transaction share price of Spectrum of NOK 61.9 per share (based on closing of the TGS share on 2 May 2019), corresponding to a market capitalization of NOK 3,671 million (USD 422 million) on a fully diluted basis. The transaction is supported by the Board of Directors of each of the companies, as well as Spectrum shareholders representing more than 34.1 % who have given their support to the transaction and agreed to vote their shares in favour thereof. Definitive merger documents are expected to be entered into during May, with closing of the transaction expected during the third quarter of 2019 following shareholder approvals in EGM and regulatory clearance.

NOTE 6 – TWENTY LARGEST SHAREHOLDERS AT 8TH OF MAY 2019

	Shareholders	Shares	%	Country
1	ALTOR INVEST 1 AS	8,000,232	14.6%	NOR
2	ALTOR INVEST 2 AS	8,000,232	14.6%	NOR
3	SWEDBANK ROBUR SMABOLAGSFOND	2,898,964	5.3%	SWE
4	GROSS MANAGEMENT AS	2,493,995	4.6%	NOR
5	CREDIT SUISSE AG DUBLIN BRANCH	2,209,368	4.0%	CHE
6	SKANDINAVISKA ENSKILDA BANKEN S.A.	2,059,679	3.8%	LUX
7	VERDIPAPIRFONDET PARETO INVESTMENT	1,772,000	3.2%	NOR
8	VERDIPAPIRFONDET ALFRED BERG GAMBA	1,695,293	3.1%	NOR
9	UBS AG (LONDON BRANCH)	1,402,000	2.6%	CHE
10	VEVLEN GÅRD AS	1,300,000	2.4%	NOR
11	SKANDINAVISKA ENSKILDA BANKEN AB	1,018,718	1.9%	SWE
12	AAT INVEST AS	890,869	1.6%	NOR
13	VERDIPAPIRFONDET DNB NORGE SELEKTI	788,063	1.4%	NOR
14	VERDIPAPIRFONDET NORDEA NORGE VERD	767,908	1.4%	NOR
15	EUROCLEAR BANK S.A./N.V.	709,938	1.3%	BEL
16	HOLBERG NORGE	700,000	1.3%	NOR
17	VJ INVEST AS	683,709	1.2%	NOR
18	STATE STREET BANK AND TRUST COMP	682,980	1.2%	USA
19	NORRON SICAV - TARGET	620,000	1.1%	LUX
20	VERDIPAPIRFONDET NORDEA KAPITAL	563,049	1.0%	NOR
	OTHER	15,528,106	28.3%	
Total number of shares		54,785,103	100.0%	

NOTE 7 – SHARES OWNED BY THE SPECTRUM BOARD OF DIRECTORS, MANAGEMENT AND INSIDERS AT 8TH OF MAY 2019

	Shareholder	Shares	%	Country
1	Glen Rødland (1)	2,493,995	4.55 %	NOR
2	Richie Miller	219,505	0.40 %	USA
3	Rune Eng (2)	141,694	0.26 %	NOR
4	Jan Schoolmeesters	46,961	0.09 %	NOR
5	Graham Mayhew	11,000	0.02 %	GBR
6	Svein Ståalen	10,549	0.02 %	NOR
7	Ian Setterfield	6,033	0.01 %	GBR
8	Mike Mellen	4,810	0.01 %	USA
9	Bjarte Bakke	2,000	0.01 %	NOR
10	Anuradha Dighe	2,000	0.01 %	GBR
11	Ian T Edwards	1,030	0.01 %	GBR
12	Magnus Undeli Bekkelund	1,000	0.01 %	NOR
13	Duncan Woolmer	312	0.01 %	GBR
14	Pål Stampe (3)	-	0.00 %	NOR
15	Maria Tallaksen (3)	-	0.00 %	NOR

Notes:

- Shares held by Gross Management AS, wholly owned by Mr. Rødland
- Shares held by Eng Invest AS, wholly owned by Mr. Eng
- Mr. Stampe and Ms. Tallaksen have limited ownership through Altor Fund IV, which is the wholly owner of Altor Invest 1 AS and Altor Invest 2 AS.

Alternative Performance Measurements (APMs)

Alternative performance measures (financial performance measures not within the IFRS framework), are used by the Group to provide supplemental information. Financial APMs are intended to enhance comparability from period to period. The APMs are also used internally for management reporting. These measures are adjusted IFRS measures defined, calculated and used in a consistent and transparent manner. Financial APMs should not be considered as a substitute for measures of performance in accordance with the IFRS.

IFRS 15 Revenue from Contracts with customer is effective from 1 January 2018. Under the new standard all revenue are recognized upon delivery of data while revenue previously were recognized based on the percentage of completion (POC) of the projects. Spectrum will for reporting use percentage of completion as it is a more fair view of the revenue when it coincides with the progression of the projects, the resources applied and the valued created. The new standard affects several measurements in the financial statements, and Spectrum will use APM's for these measurements to reflect revenue recognized on percentage of completion basis.

Deferred Prefunding

Deferred prefunding is POC applied to the existing signed contracts related to products that are not ready for delivery, and where the revenue has not been recognized under IFRS 15.

	Spectrum Group		
	Quarter ended	Quarter ended	12 months ended
(USD 1000)	31.03.19	31.03.18	31.12.18
Deferred prefunding	16,212	31,605	15,281
of which invoiced to customers	15,001	11,580	13,231
of which un-invoiced to customers	1,212	20,025	2,050
Recognised prefunding	13,739	2,449	35,482
Increase in deferred prefunding	14,670	13,731	30,439

Recognized prefunding is the amount that has been recognized as early sale based on deliveries of processed data and not on production in the period.

Increase in deferred prefunding is the result of production (increased POC) in the period and new sales contract for products not ready for delivery. Prior to the IFRS 15 standard taking effect this was presented as early sale in the Profit/Loss statement.

Net Segment Revenue

Net revenue adjusted for recognized prefunding and increase in deferred prefunding. The adjusted revenue reflects the value of the production and the sales contracts executed in the period.

	Spectrum Group		
	Quarter ended	Quarter ended	12 months ended
(USD 1000)	31.03.19	31.03.18	31.12.18
Early Sale	13,739	2,449	35,482
Less recognised prefunding	(13,739)	(2,449)	(35,482)
Added increase in deferred revenue	14,670	13,731	30,439
Segment Early Sale	14,670	13,731	30,439
Segment Early Sale	14,670	13,731	30,439
Late Sale	31,850	13,143	103,210
Other revenue	36	37	105
Segment Revenue	46,556	26,911	133,754

Alternative Performance Measurements (APMs)

Segment Amortization

Amortizations adjusted for amortizations on the Segment Early Sale. On-going projects amortized based on prefunding vs. estimated sales potential. As the early sale is adjusted this will affect the amortization recognized in the period.

	Spectrum Group		
	Quarter ended	Quarter ended	12 months ended
(USD 1000)	31.03.19	31.03.18	31.12.18
Amortization	(19,794)	(13,873)	(68,544)
Amortization on adjustment of segment early sale	(3,927)	(4,168)	3,313
Segment Amortization	(23,721)	(18,041)	(65,232)

Segment EBIT

Segment EBIT is defined as EBIT using Segment Revenue and Segment Amortization.

	Spectrum Group		
	Quarter ended	Quarter ended	12 months ended
(USD 1000)	31.03.19	31.03.18	31.12.18
Operating Profit / (Loss)	15,187	(7,783)	32,337
Less net revenue	(45,625)	(15,629)	(138,793)
Added Net Segment Revenue	46,556	26,911	133,754
Less amortization	19,794	13,873	68,544
Added Segment Amortization	(23,721)	(18,041)	(65,232)
Segment EBIT	12,191	(669)	30,612

Segment EBITDA

Segment EBIT with depreciation, Segment Amortization and impairments added.

	Spectrum Group		
	Quarter ended	Quarter ended	12 months ended
(USD 1000)	31.03.19	31.03.18	31.12.18
Segment EBIT	12,191	(669)	30,612
Added Segment Amortization	23,721	18,041	65,232
Added depreciation	833	250	1,330
Segment EBITDA	36,745	17,624	97,173

Segment Net Profit / (Loss)

Segment EBIT less net financial items and tax cost.

	Spectrum Group		
	Quarter ended	Quarter ended	12 months ended
(USD 1000)	31.03.19	31.03.18	31.12.18
Segment EBIT	12,191	(669)	30,612
Net financial items	(1,142)	(730)	(7,071)
Tax	(3,645)	1,287	(6,361)
Segment Profit / (Loss)	7,405	(113)	17,180

Alternative Performance Measurements (APMs)

Segment Multi-Client Library

Segment Multi-Client Library is defined as Multi-Client library using Segment Amortization.

	Spectrum Group	
	Quarter ended	12 months ended
(USD 1000)	31.03.19	31.12.18
Multi-Client library	170,723	162,102
Added restated amortizations in prior periods	(5,410)	(8,723)
Less amortization in the period	19,794	68,544
Added Segment Amortization in the period	(23,721)	(65,232)
Segment Multi-Client Library	161,386	156,693

Segment Non-Current Assets

Segment Non-Current Assets is defined as non-current assets using Segment Multi-Client Library.

	Spectrum Group	
	Quarter ended	12 months ended
(USD 1000)	31.03.19	31.12.18
Non-current assets	218,968	198,454
Less Multi-Client library	(170,723)	(162,102)
Added Segment Multi-Client Library	161,386	156,693
Segment Non-Current Assets	209,632	193,044

Segment Accrued Revenue

Accrued Revenue adjusted for deferred prefunding. Un-invoiced prefunding is under IFRS 15 not recognized.

	Spectrum Group	
	Quarter ended	12 months ended
(USD 1000)	31.03.19	31.12.18
Accrued revenue	2,878	13,931
Un-invoiced prefunding in deferred revenue	1,212	2,050
Segment Accrued Revenue	4,089	15,981

Segment Current Assets Non-Cash

Segment Current Assets Non-Cash is defined as current assets less of cash using Segment Accrued Revenue.

	Spectrum Group	
	Quarter ended	12 months ended
(USD 1000)	31.03.19	31.12.18
Current assets non-cash	70,122	76,173
Less accrued revenue	(2,878)	(13,931)
Added Segment Accrued Revenue	4,089	15,981
Segment Current Assets Non-Cash	71,334	78,224

Alternative Performance Measurements (APMs)

Segment Other Short Term Liabilities

Other short term liabilities adjusted for deferred prefunding. Invoiced prefunding is under IFRS 15 included in other current liabilities as prepayments from customers.

	Spectrum Group	
	Quarter ended	12 months ended
(USD 1000)	31.03.19	31.12.18
Other short term liabilities	56,459	56,778
Invoiced prefunding in deferred revenue	(15,001)	(13,234)
Segment Other Short Term Liabilities	41,458	43,544

Segment Current Liabilities

Segment Current Liabilities is defined as current liabilities adjusted for Segment Other Short Term Liabilities.

	Spectrum Group	
	Quarter ended	12 months ended
(USD 1000)	31.03.19	31.12.18
Current liabilities	128,946	125,777
Less other short term liabilities	(56,459)	(56,778)
Added Segment Other Short Term Liabilities	41,458	43,544
Segment Current Liabilities	113,945	112,543

Segment Equity

Segment Equity is defined as equity adjusted for Segment Revenue and Segment Amortization.

	Spectrum Group	
	Quarter ended	12 months ended
(USD 1000)	31.03.19	31.12.18
Equity	176,223	165,735
Added IFRS 15 adjustment in prior periods	9,870	11,600
Less net revenue in the period	(45,625)	(138,793)
Added Segment Revenue in the period	46,556	133,754
Less amortization in the period	19,794	68,544
Added Segment Amortization in the period	(23,721)	(65,232)
Segment Equity	183,097	175,610

Alternative Performance Measurements (APMs)

Segment Net Cash Flow from Operating Activities

Cash flow using Net Segment Revenue, Segment Amortization and Segment Other Short Term Liabilities will impact profit before tax, amortization and working capital changes, but will have no impact on the total net cash flow from operating activities.

	Spectrum Group		
	Quarter ended	Quarter ended	12 months ended
(USD 1000)	31.03.19	31.03.18	31.12.18
Profit / (Loss) before tax	14,045	(8,513)	25,266
Less net revenue	(45,625)	(15,629)	(138,793)
Added Segment Revenue	46,556	26,911	133,754
Less amortization	19,794	13,873	68,544
Added Segment Amortization	(23,721)	(18,041)	(65,232)
Segment Profit / (Loss) before tax	11,049	(1,400)	23,540
Depreciation, amortization and impairment	20,627	14,123	69,875
Less amortization	(19,794)	(13,873)	(68,544)
Added Segment Amortization	23,721	18,041	65,232
Segment depreciation, amortization and impairment	24,554	18,291	66,562
Working capital changes	10,361	22,664	(21,072)
Adjusted for change in deferred prefunding	(931)	(11,282)	5,042
Segment working capital changes	9,430	11,382	(16,030)

Reporting Dates 2019

Date	Report
10.05.2019	Quarterly Report – Q1
24.05.2019	Annual General Meeting
16.08.2019	Quarterly Report – Q2
25.10.2019	Quarterly Report – Q3
07.02.2020	Quarterly Report – Q4

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