

1st Quarter 2019 Results

Presenting:
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Actual results and events may differ materially from those expected or projected in the forward looking statements. Spectrum undertakes no responsibility or obligation to update or alter forward looking statements.

This presentation should be read in conjunction with the 1st quarter 2019 Earnings Release issued by Spectrum May 10th 2019.



Q1 2019 Highlights

Continued solid Multi-Client performance

- Spectrum continuing to deliver best ever LTM late sales – LTM late sales of MUS\$ 122 on a book value of MUS\$ 157 (78%)
- Record high project backlog going into Q2 2019
- Majority of MC Investments are 3D
- Focus on project profitability with strict risk management of cash use; ample cash available for new investments

Continued strong financial performance

- Delivered on key financial targets for Q1 2019
- Free cash flow of MUS\$ 15 for the quarter
- No net interest bearing debt

Increasing proof that SPU Multi-Client strategy is aligned with oil companies focus

- Spectrum's strategic focus on regions in the South Atlantic
- Asset light and flexible business model has proven successful
- Clear evidence in Q1 that oil companies are continuing to move resources and exploration budgets to the south Atlantic



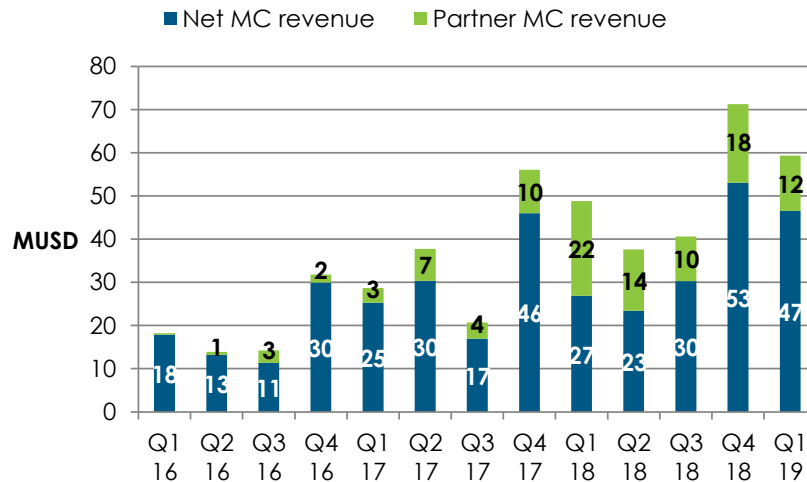
Q1 2019 Results

Segment Reporting

	Q1-19	Q1-18	Change
Net Revenue	MUSD 47	MUSD 27	73%
EBITDA	MUSD 37	MUSD 18	109%
EBIT	MUSD 12	MUSD (1)	

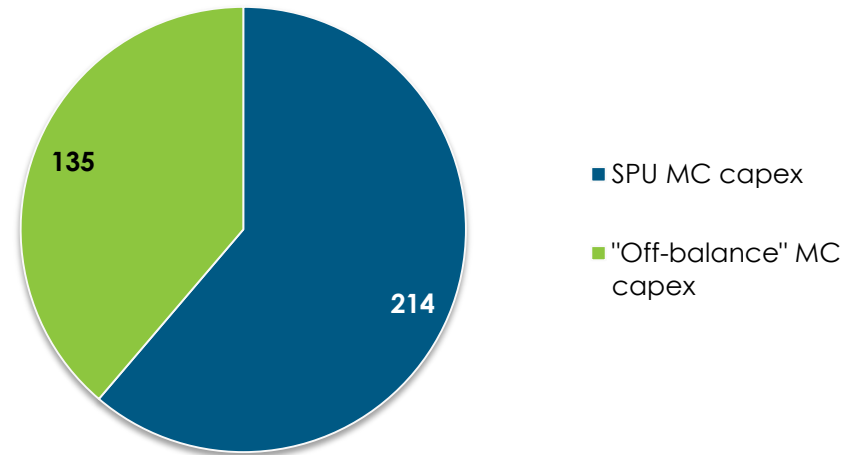
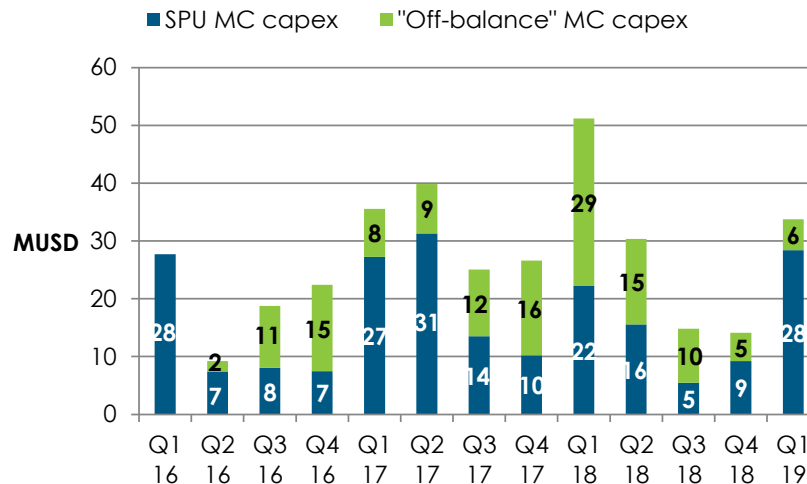
- Early sales of MUSD 15 (MUSD 14) and Late sales of MUSD 32 (MUSD 13)
- Q1 2019 MC investments of MUSD 28, up from MUSD 22 in Q1 2018
- Q1 2019 Gross MC investments of MUSD 34, down from MUSD 51 in Q1 2018
- Operational cash flow of MUSD 43 (MUSD 29)
- Net cash of MUSD 39 end of quarter up from MUSD 38 end Q4 2018

MC Revenue and Capex



Continued usage of Risk Share model

Spectrum accounts for revenue and capex on Risk Share projects on a net basis – high off balance investments

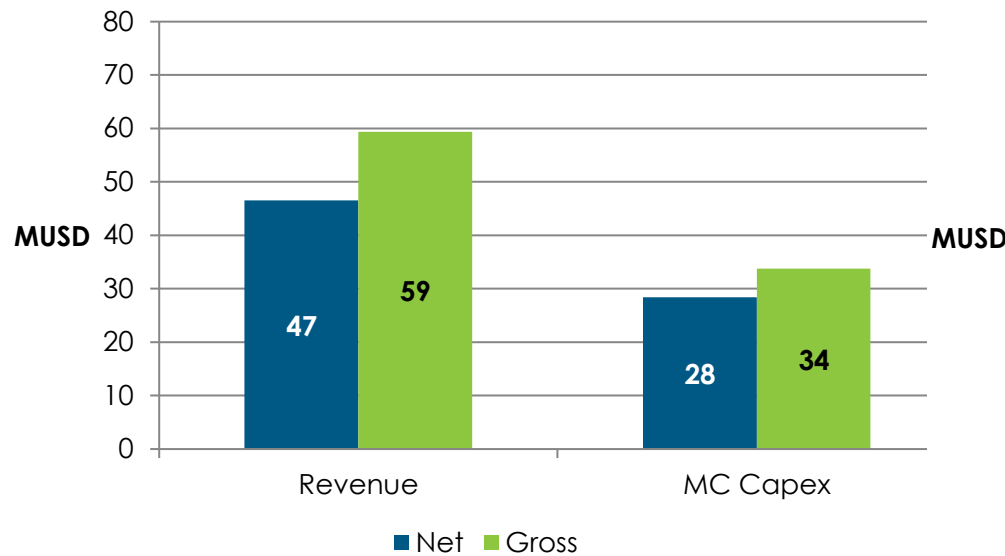


Gross MC capex 2016 – Q1 2019 MUSD 349

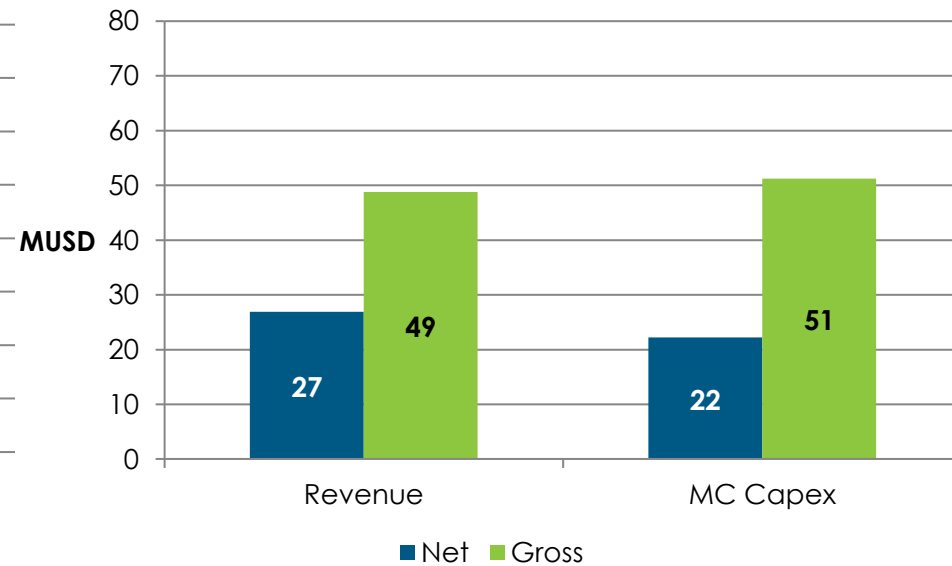
Q1 2019 Gross revenue and Gross MC Capex

Segment Reporting

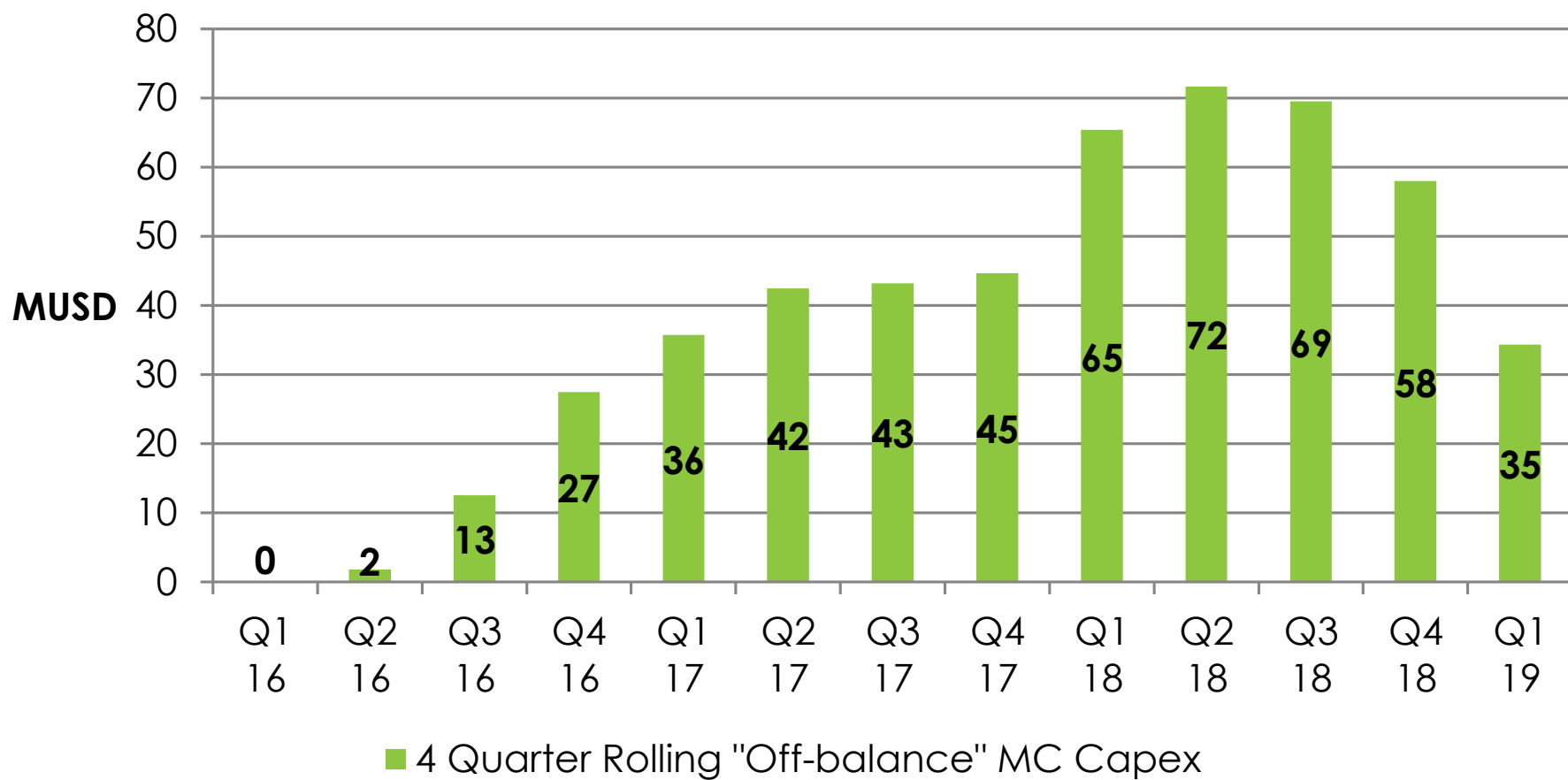
Q1 19



Q1 18



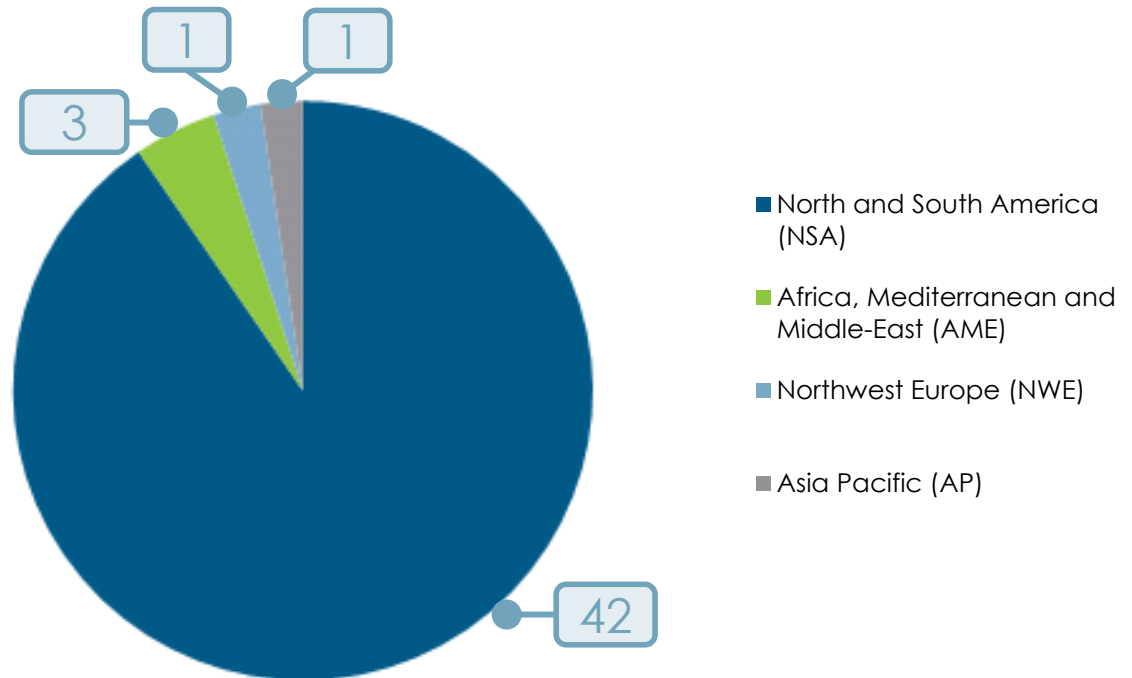
“Off-balance“ MC Capex



Q1 2019 MC Revenue by Region

Segment Reporting

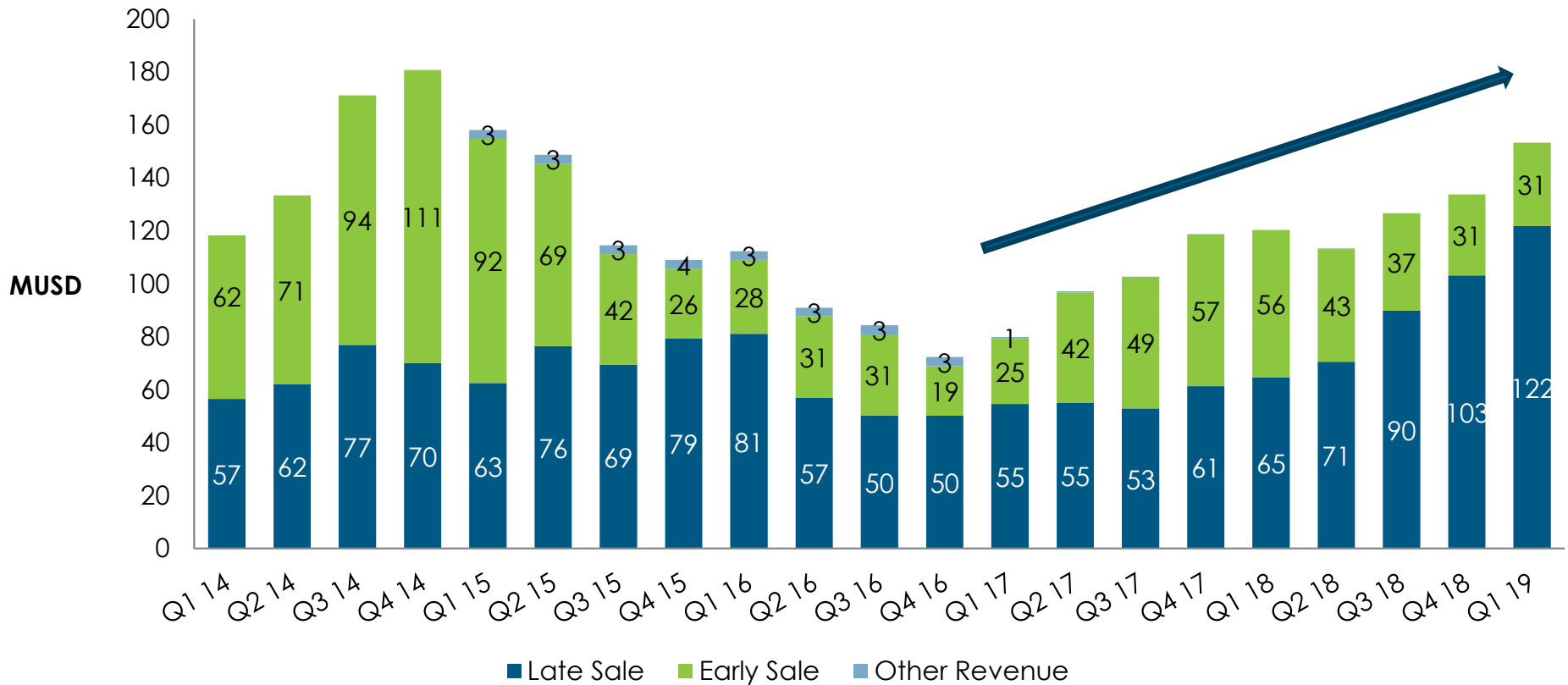
Q1 2019 Net revenue MUSD 47



Rolling MC Net Sales

Segment Reporting

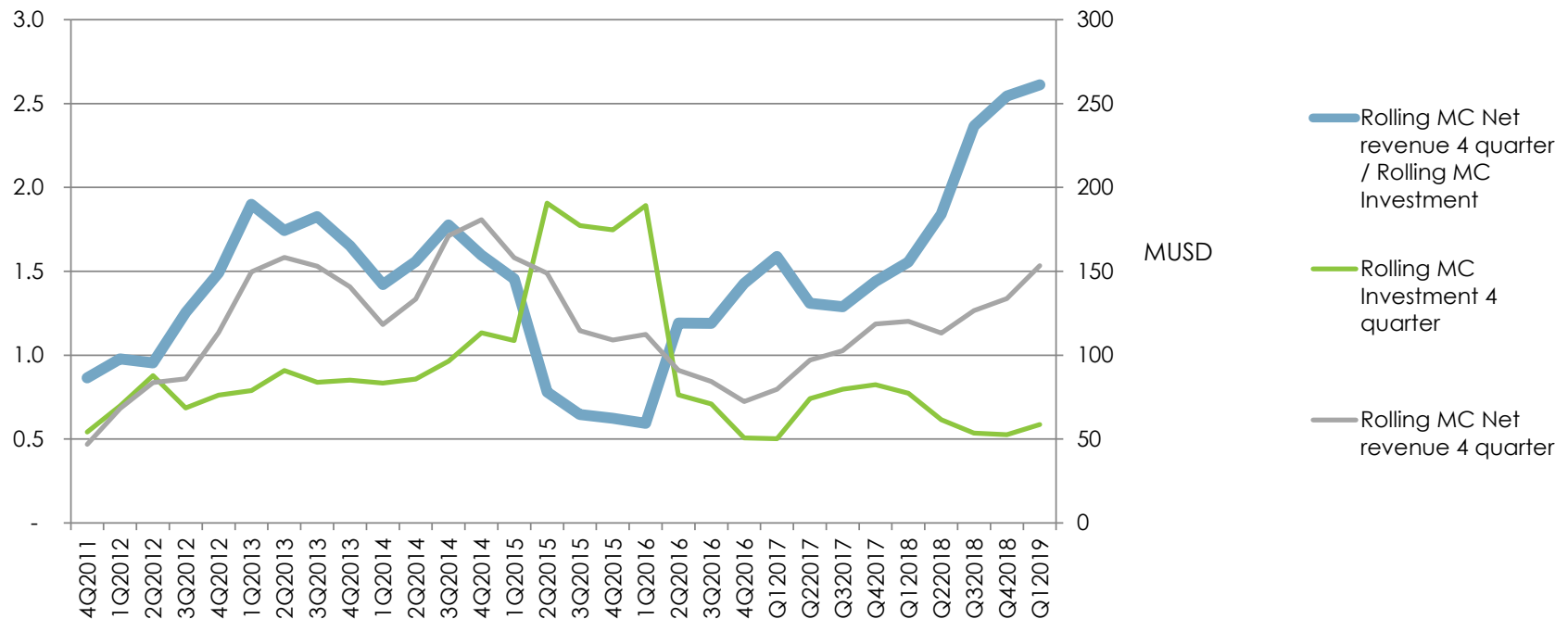
Late Sale, Early Sale and Other Revenue 4 Quarter Rolling



Operational Cash Flow and MC Investment ratio

Segment Reporting

	Q1-19	Q1-18
Operational Cash Flow	MUSD 43	MUSD 29
MC Investment	MUSD 28	MUSD 22



Multi-Client investments impacted by the Fugro library acquisition
Q2 2015 – Q1 2016

Spectrum toolbox providing increased investment capacity

1. Available liquidity in 1Q-19 of MUSD 69m including MUSD 30 in undrawn RCF
2. Spectrum uses Risk sharing and deferred payment with project partners/vendors giving substantial investment leverage
3. Running prefunding level of approximately 60% over the last 24 months
4. Increase in LTM Late Sales Q1 2017-Q1 2019; 42% average annual growth rate

Financials

Q1 2019

Notes on IFRS 16

- IFRS 16 “Leases” is effective from 1 January 2019.
- 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)



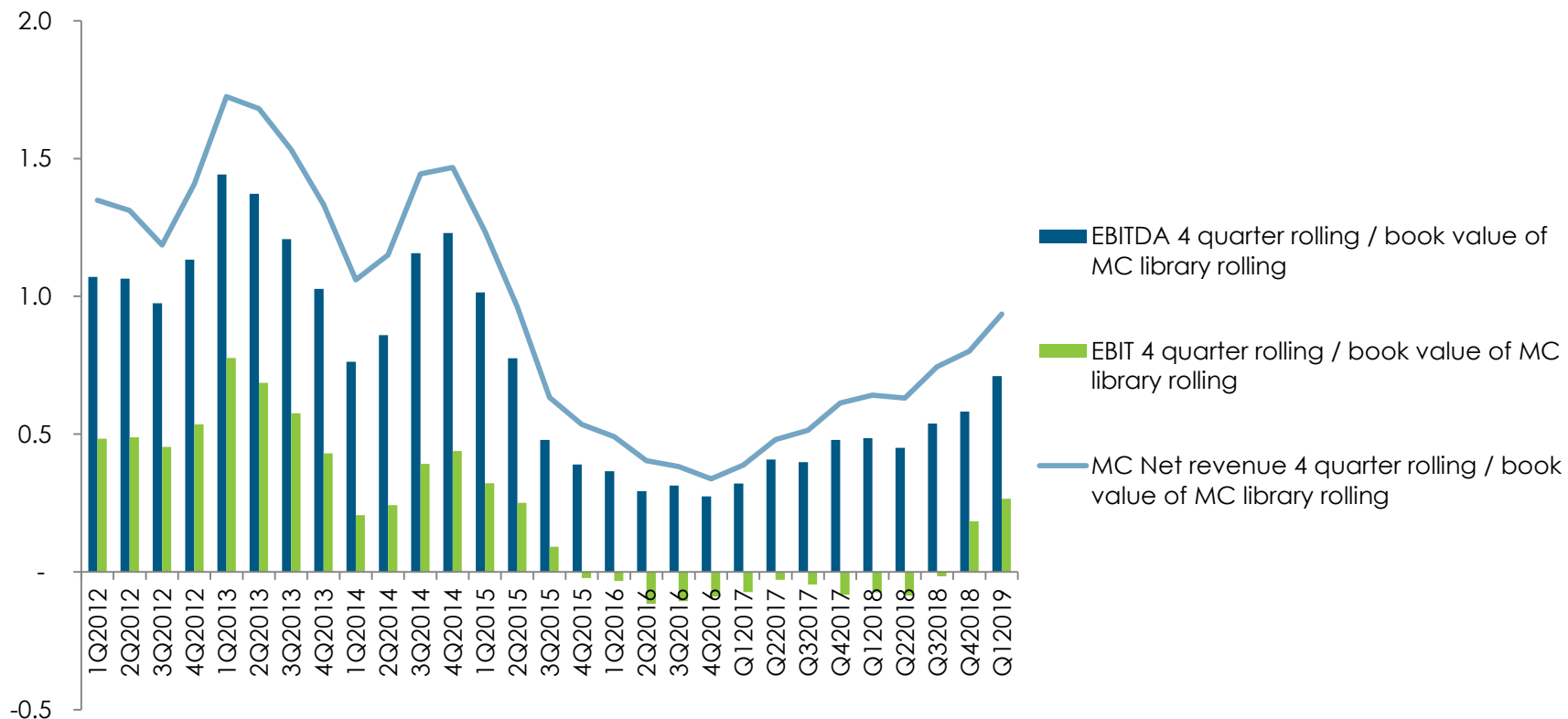
Q1 2019 Income Statement

Segment Reporting

(USD 1000)	Spectrum Group			
	Quarter ended 31.03.19	Quarter ended 31.03.18	Change in %	12 months ended 31.12.18
Net revenue	46,556	26,911	73 %	133,754
Amortisation of Multi-Client library	(23,721)	(18,041)	31 %	(65,232)
Operating expenses	(7,411)	(6,484)	14 %	(32,490)
Transaction taxes (non-cash)	(1,129)	(2,291)	-51 %	(3,299)
Cost of stock options	(1,271)	(514)	147 %	(887)
Share of profit/(loss) of joint ventures	-	-		96
Depreciation	(833)	(250)	233 %	(1,331)
EBIT	12,191	(669)	n.m	30,612
EBITDA	36,745	17,622	109 %	97,173

Rolling Earnings & Net Sales / Book Value of MC library

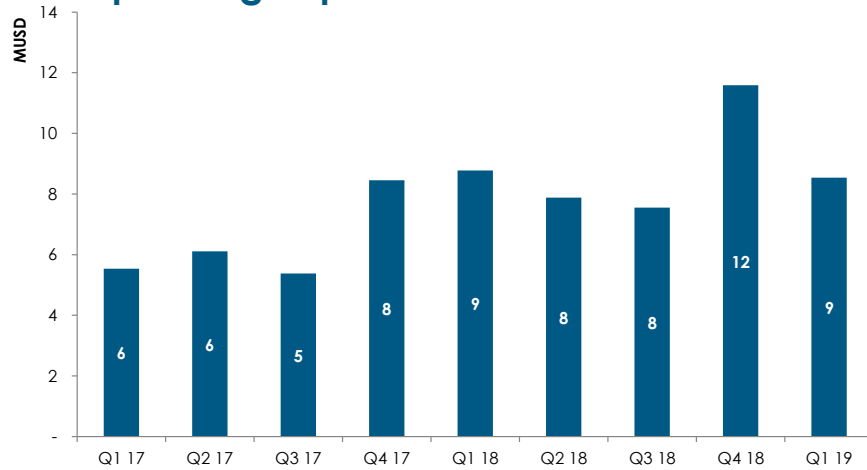
Segment Reporting



Operating expenses, EBIT, free cash flow

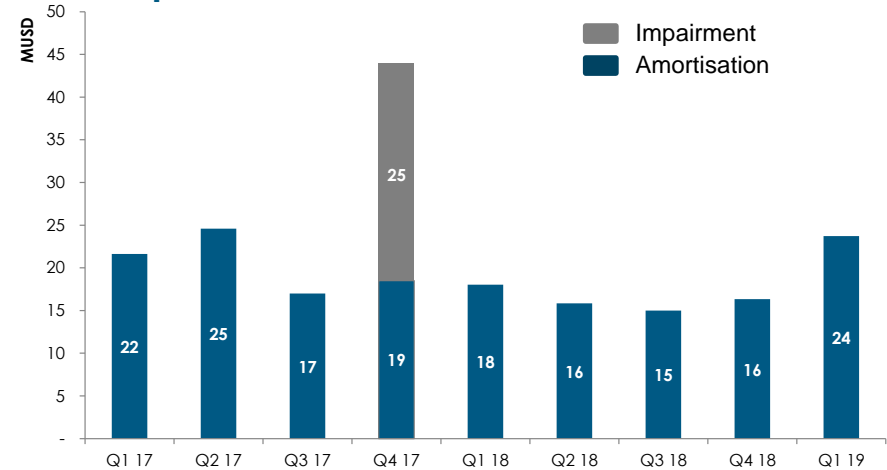
Segment Reporting

Operating expenses¹



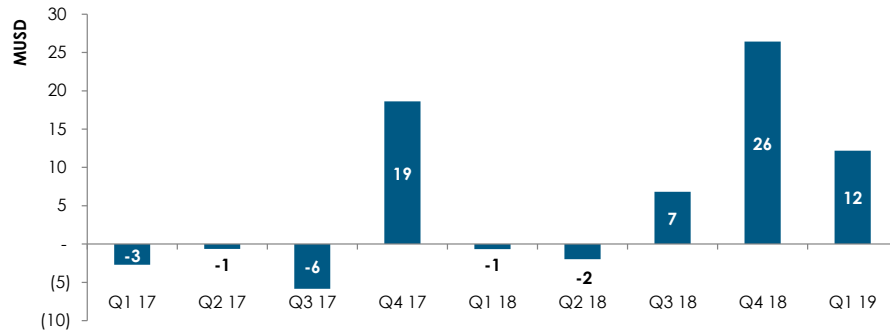
¹ Personnel costs and other operating expenses

Amortisation & Impairment



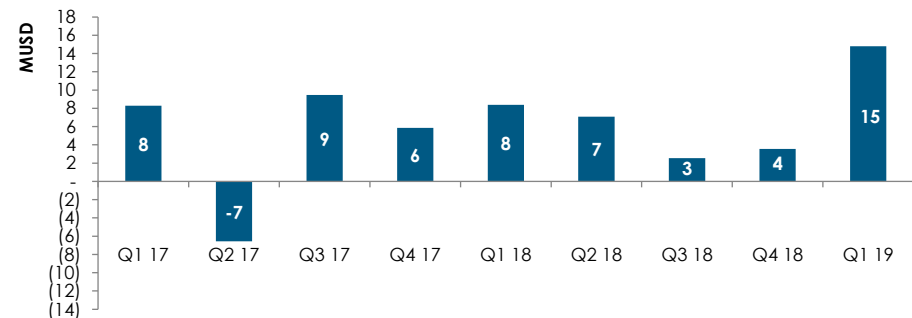
Significant impairment in Q4 2017

EBIT²



² Earnings before impairment, interest and taxes

Free cash flow³

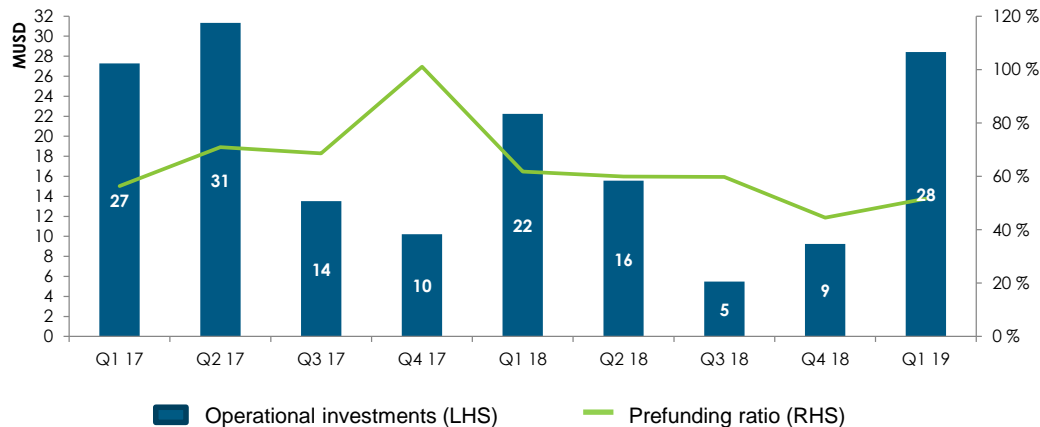


³ Cash flow from operations minus investments in multi client projects

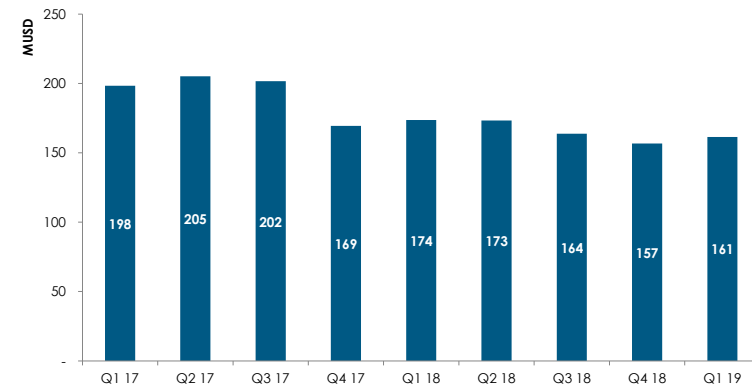
Multi-Client library

Segment Reporting

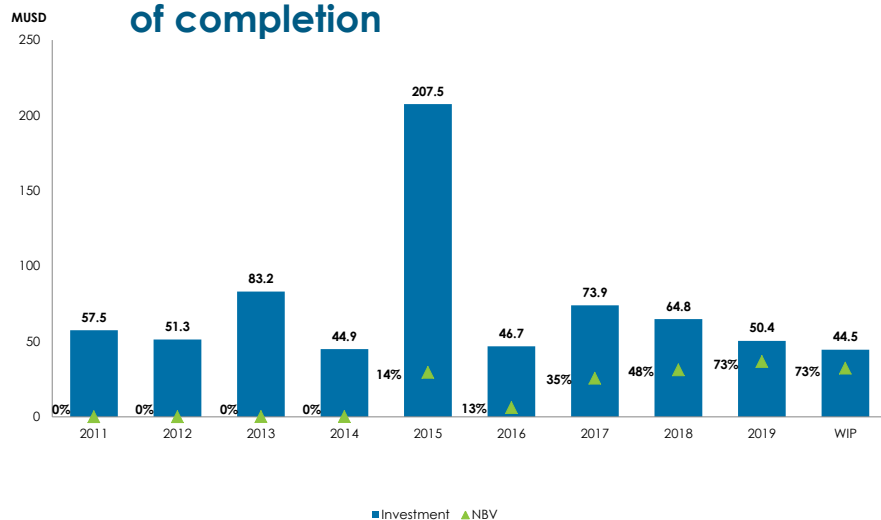
Operational investments and prefunding ratio



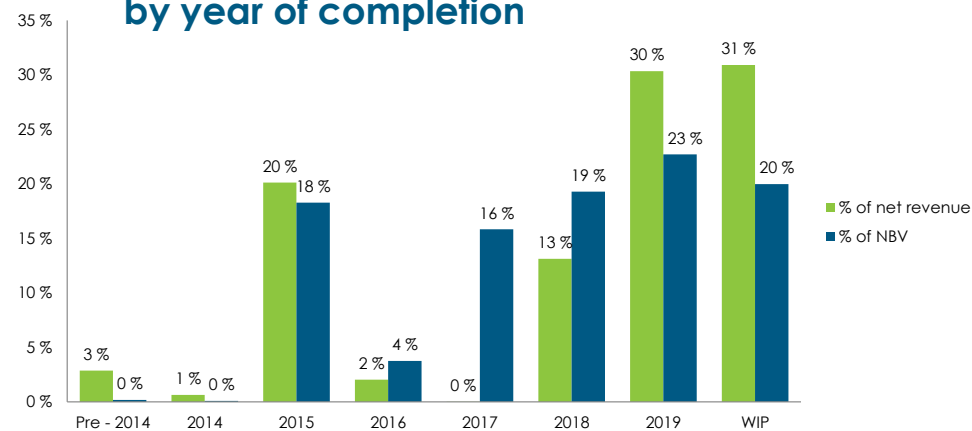
NBV Multi-Client library



Investments and NBV by year of completion



Net revenues 2019 and NBV by year of completion



Balance Sheet – Key Figures

Segment Reporting

	SPECTRUM GROUP	
Assets	31.03.19	31.12.18
(USD 1000)	(Unaudited)	(Audited)
MC Library	161,386	156,693
Other Intangible Assets	27,395	25,447
Right-of-use assets	7,392	-
Tangible Assets	3,505	3,632
Receivables	79,630	84,385
Restricted cash	1,656	1,111
Cash and Equivalents	39,015	37,730
Total Assets	319,980	308,998
Equity and Liabilities	31.03.19	31.12.18
(USD 1000)	(Unaudited)	(Audited)
Equity	183,097	175,610
Long Term Liabilities	22,936	20,845
Current Liabilities	113,945	112,543
Total Equity and Liabilities	319,980	308,998
Net secured interest bearing debt	(20,915)	(6,630)

Cash flow – Key Figures

Segment Reporting

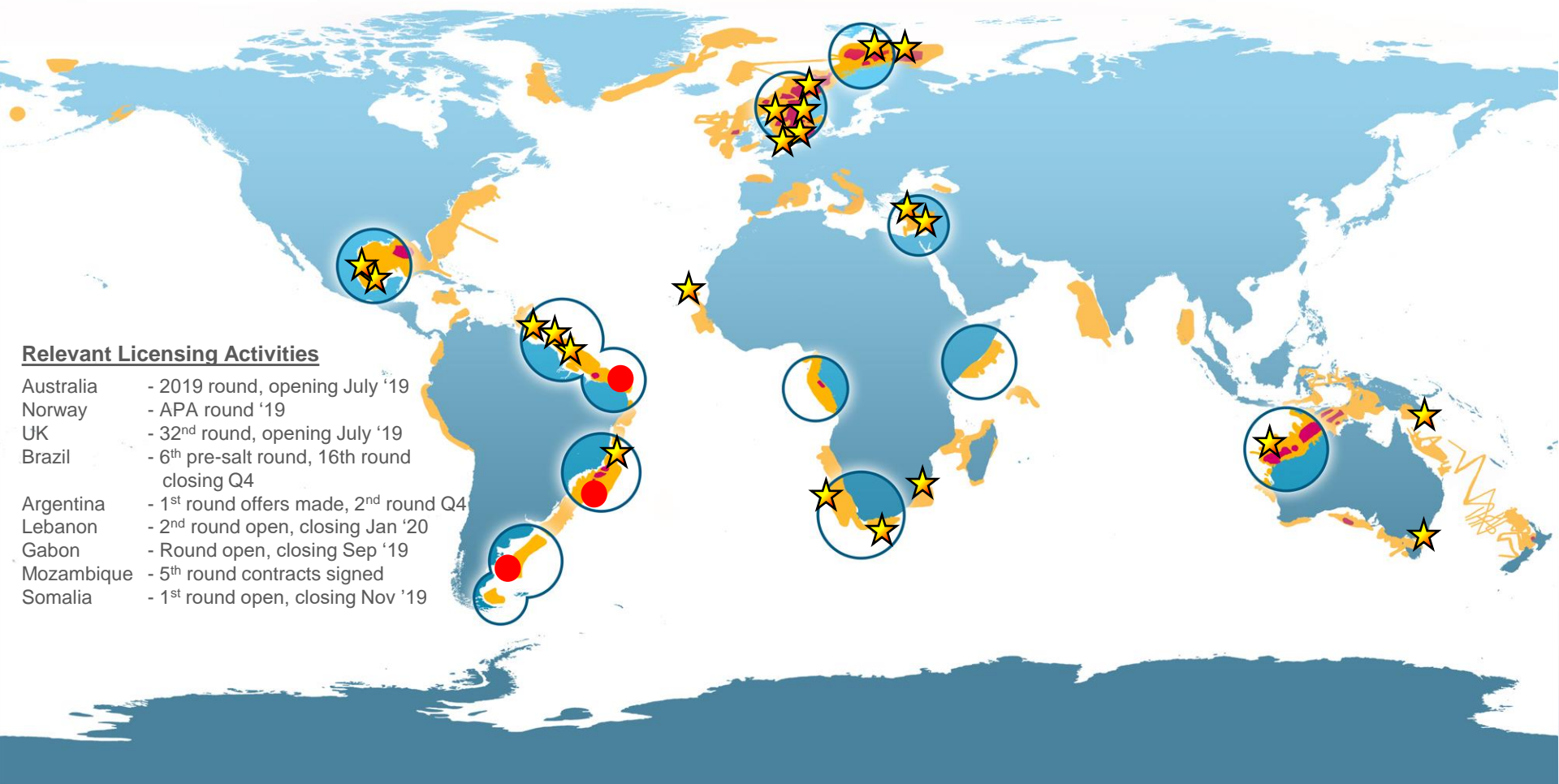
Cashflow (USD 1000)	SPECTRUM GROUP		
	Quarter ended 31.03.19	Quarter ended 31.03.18	12 months ended 31.12.18
Cash flows from operating activities:			
Profit / (Loss) before tax	11,049	(1,400)	26,182
Income taxes paid	(2,168)	-	(2,443)
Depreciation, amortisation and impairment	24,554	18,291	66,562
Other financial items inclusive share options	339	345	2,457
Working capital changes	9,430	11,382	(16,030)
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 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)
Net of borrowings including interest	(13,874)	(381)	4,240
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

Operations

Q1 2019



Areas of High Interest



Relevant Licensing Activities

- Australia - 2019 round, opening July '19
- Norway - APA round '19
- UK - 32nd round, opening July '19
- Brazil - 6th pre-salt round, 16th round closing Q4
- Argentina - 1st round offers made, 2nd round Q4
- Lebanon - 2nd round open, closing Jan '20
- Gabon - Round open, closing Sep '19
- Mozambique - 5th round contracts signed
- Somalia - 1st round open, closing Nov '19

★ Expected high impact wells, 2019

● Q1 Spectrum surveys

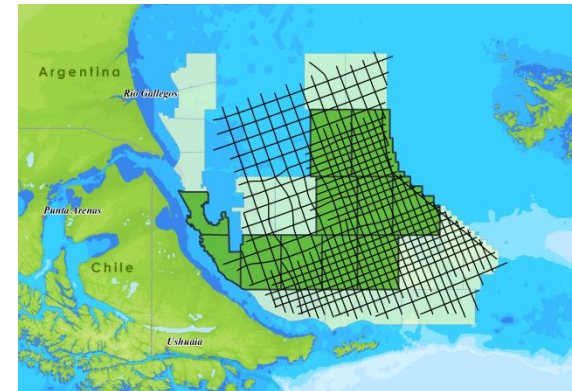
License round updates

- Argentina 1st Round
 - 23 offers received for 18 blocks
 - 13 companies submitted offers

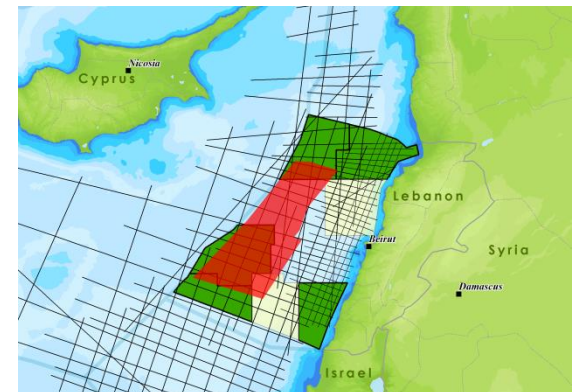
- Gabon 12th Offshore Round
 - Round open, closing Sept 2019
 - 12 shallow water & 23 deep water blocks
 - 16,700 km² 3D coverage, 22,500 km 2D data

- Lebanon 2nd Offshore Round
 - Round open, closing Jan 2020
 - 5 Blocks on offer
 - 5,360 km² 3D coverage, 5,200 km 2D data

- Somalia 1st Offshore Round
 - Round open, closing Nov 2019
 - 15 blocks on offer
 - 41,250 km 2D data



Argentina Malvinas basin: multiple bids received (green blocks)

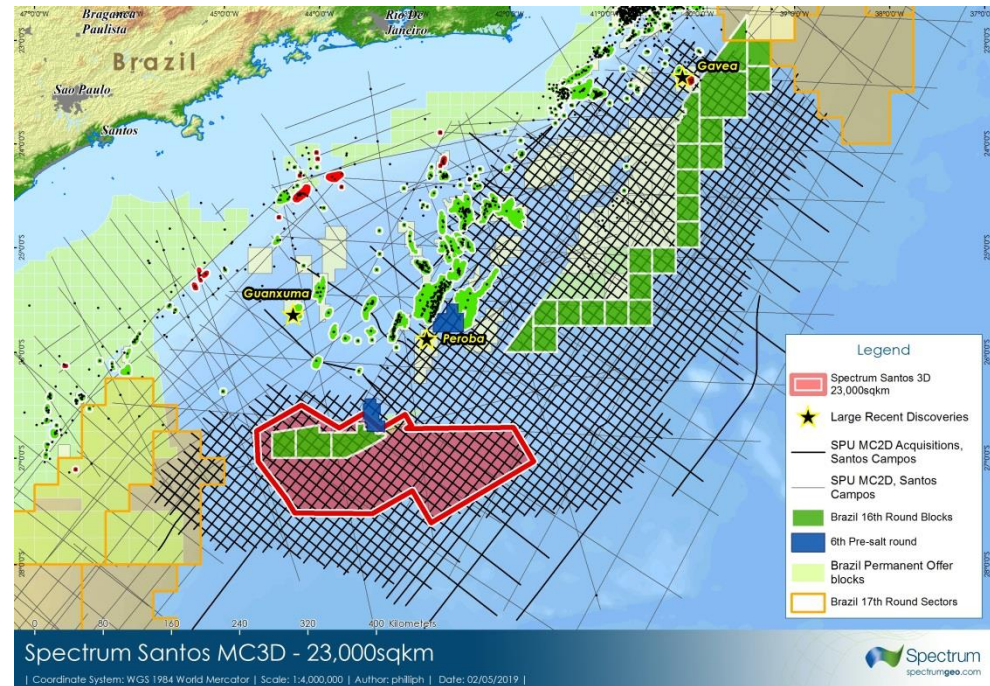


Lebanon: blocks in the current bid round (green) and Spectrum 3D data coverage (red).

MC3D Projects in Q1

Brazil Santos MC3D

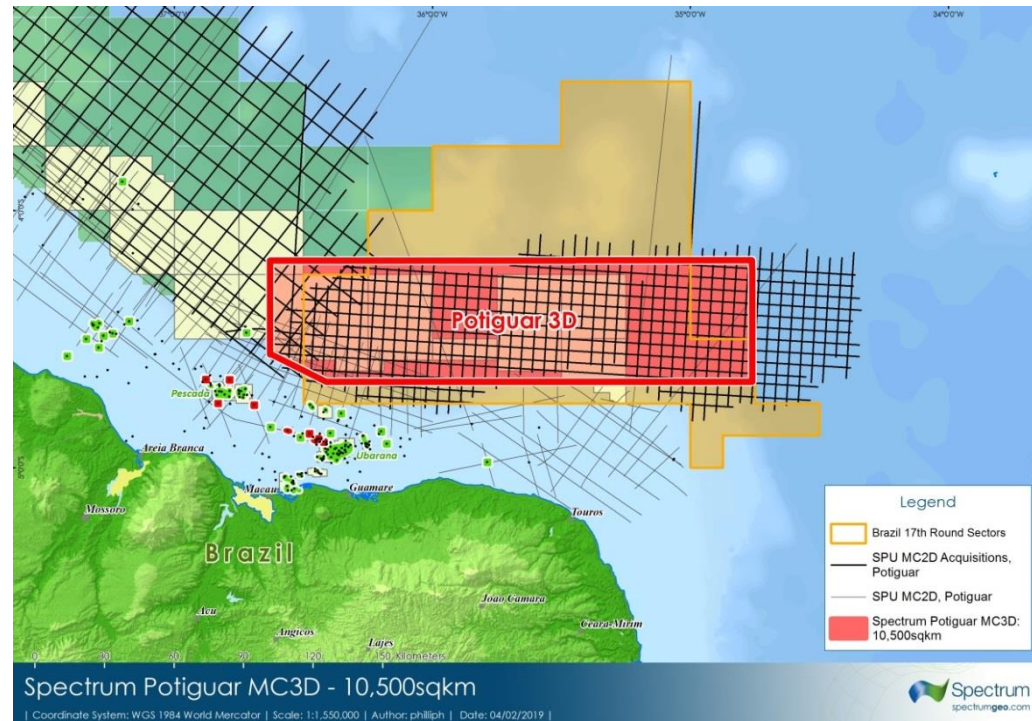
- Up to 23,000 km² MC3D broadband survey, in partnership with TGS and COSL
- Survey area was expanded based on prospectivity analysis and Round 16 Blocks
- Area lacks any 3D coverage, Round 16 closing in Q4 2019
- Opening the next tranche of exploration in the highly productive Santos Basin



MC3D Projects in Q1

Brazil Potiguar MC3D

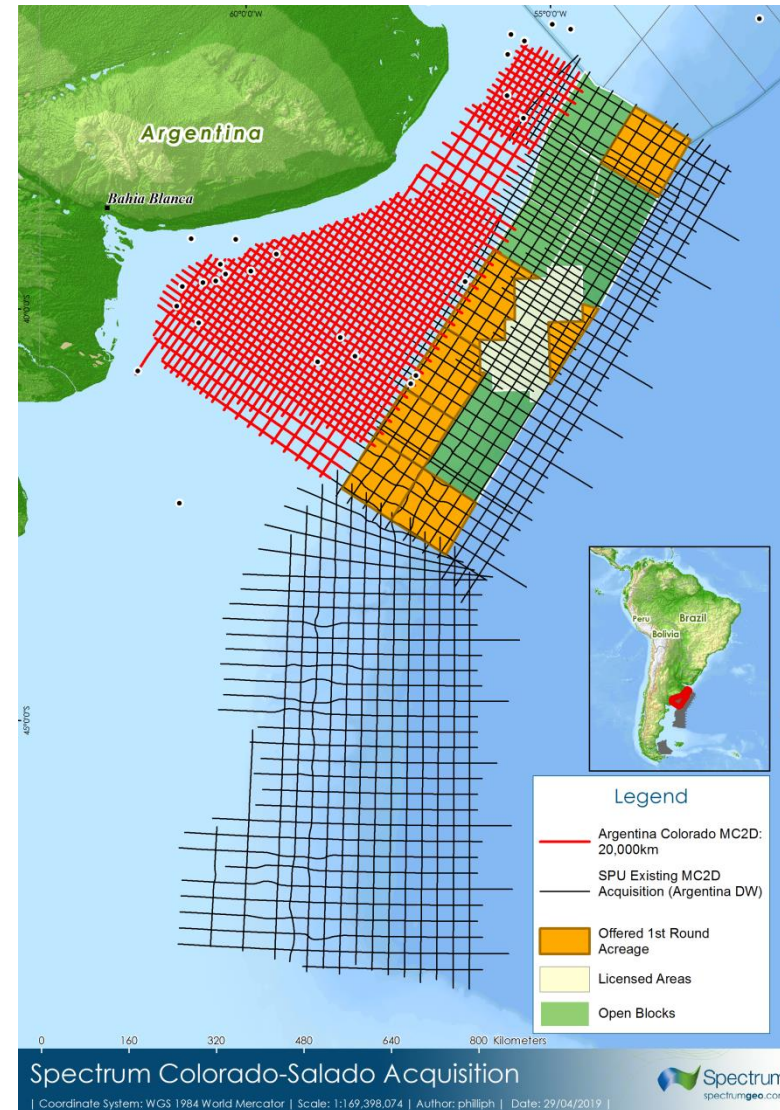
- 10,500 km² MC3D broadband survey, 100% Spectrum survey
- Survey started mid Dec 2018, completion end Q2
- Covering blocks awarded in Round 15, and open acreage to be included in Round 17
- Survey design based on underlying 2D data
- Supported by industry



MC2D Projects in Q1

Argentina Colorado MC2D

- 20,000 km 2D long offset broadband survey (red lines), in partnership with BGP
- Survey to complete in Q2 2019
- Program ties 35,000 km deep water 2D data
- Data will assist in placement and design of sectors for future license rounds
- Area expected to be included in the second licensing round, estimated to open late 2019
- Supported by industry



Outlook/guidance

2019



Updated 2019 Outlook/guidance

- Expected recovery in the Multi-Client seismic market in 2019 and 2020 gaining traction
- Spectrum will have an active 2019 in terms of project activity
- Spectrum increasing its Net Multi-Client Investments* guidance from MUSD 110-140 to MUSD 130-150. Of this approx. MUSD 100 is already committed
- Spectrum expects Early sales of 60-65% in 2019

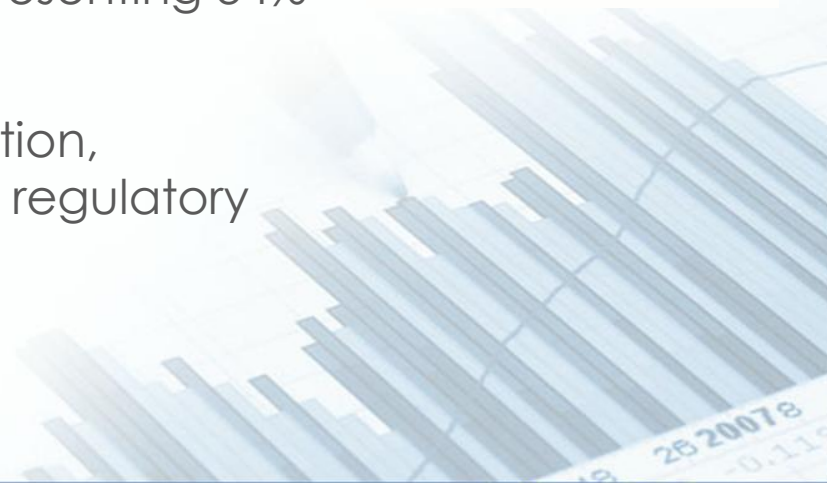
*Investment on Spectrum balance sheet



Combining TGS and SPU to create a leading provider of 2D and 3D seismic data



- TGS-NOPEC Geophysical Company ASA and Spectrum ASA announced on 2 May 2019 that an agreement has been reached on the principle terms for an acquisition of Spectrum ASA
- Transaction to be structured as a statutory merger between the companies
- TGS will be the surviving entity
- Pre-commitments from shareholders representing 34% of Spectrum
- Subject to definitive merger documentation, shareholder approval at EGM and other regulatory processes, with closing in Q3



Transaction highlights

Price

- Exchange ratio of 0.28x and cash component¹ implies a transaction share price of Spectrum of NOK 61,9¹ per share
- Transaction market cap fully diluted of NOK 3,671 million
- Premium of 10.2%¹ based on last close 2 May 2019 (Last 6 months VWAP 32.8%¹) (Last 12 months VWAP 17.5%¹)

Financing

- Issuance of 16.6 million TGS shares, representing 13.9% ownership post transaction
- Additional cash consideration of USD 0.27 multiplied by the exchange ratio to be paid to Spectrum shareholders subject to the transaction closing after the ex-date for the TGS quarterly dividend payment in Q3 2019 (expected to be early August)

Timing

- Announcement 2 May 2019
- Merger plan to be concluded and published in latter part of May
- Shareholder approvals (2/3 majority required to vote in favor of the transaction) from EGM's expected in June
- Closing in Q3 subject to regulatory approvals

1. Based on TGS reference share price of NOK 218.8 as of last close 2 May 2019 and USD/NOK 8.69 as of CEST 16:00 2 May 2019

Appendix



Q1 2019 Income Statement

IFRS Reporting

(USD 1000)	Spectrum Group			
	Quarter ended 31.03.19	Quarter ended 31.03.18	Change in %	12 months ended 31.12.18
Net revenue	45,625	15,629	192 %	138,793
Amortisation of Multi-Client library	(19,794)	(13,873)	43 %	(68,544)
Operating expenses	(7,411)	(6,484)	14 %	(32,490)
Transaction taxes (non-cash)	(1,129)	(2,291)	-51 %	(3,299)
Cost of stock options	(1,271)	(514)	147 %	(887)
Share of profit/(loss) of joint ventures	-	-		96
Depreciation	(833)	(250)	233 %	(1,331)
EBIT	15,187	(7,783)	n.m	32,338
EBITDA	35,814	6,340	465 %	102,213

Balance Sheet – Key Figures

IFRS Reporting

Assets (USD 1000)	SPECTRUM GROUP	
	31.03.19 (Unaudited)	31.12.18 (Audited)
MC Library	170,723	162,102
Other Intangible Assets	27,395	25,447
Right-of-use assets	7,392	-
Tangible Assets	3,505	3,632
Receivables	78,419	82,335
Restricted cash	1,656	1,111
Cash and Equivalents	39,015	37,730
Total Assets	328,105	312,357

Equity and Liabilities (USD 1000)	31.03.19	31.12.18
	(Unaudited)	(Audited)
Equity	176,223	165,735
Long Term Liabilities	22,936	20,845
Current Liabilities	128,946	125,777
Total Equity and Liabilities	328,105	312,357

Net secured interest bearing debt	(20,915)	(6,630)
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Reconciliation

Segment Reporting versus IFRS Reporting

Quarter ended 31.03.19 Income Statement (USD 1000)	SPECTRUM GROUP		
	Segment reporting	Diff.	IFRS reporting
Net revenue	46,556	(931)	45,625
Amortisation and impairment of Multi-Client library	(23,721)	3,927	(19,794)
Total operating expenses	(10,644)	-	(10,644)
EBIT	12,191	2,994	15,186

Quarter ended 31.03.19 Financial Position (USD 1000)	SPECTRUM GROUP		
	Segment reporting	Diff.	IFRS reporting
MC Library	161,386	9,336	170,723
Other Intangible Assets	27,395	-	27,395
Right-of-use assets	7,392	-	7,392
Tangible Assets	3,505	-	3,505
Receivables	79,630	(1,212)	78,419
Restricted cash	1,656	-	1,656
Cash and Equivalents	39,015	-	39,015
Total Assets	319,980	8,124	328,105
Equity	183,097	(6,875)	176,223
Long Term Liabilities	22,936	-	22,936
Current Liabilities	113,945	15,001	128,946
Total Equity and Liabilities	319,980	8,124	328,105

Thank You