

Pareto Securities Oil & Offshore Conference

Polarcus Limited

Oslo, Norway. 13 September 2017

Duncan Eley, CEO

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Focused leader in marine acquisition

Polarcus delivering in a challenging market



Leader in marine seismic acquisition

- Industry leading metrics in efficiency and safety
- Focused on proprietary contract seismic with increasing market share



Lowest OPEX and SG&A cost

- Streamlined organization with strong cost focus
- RightSized vessels with optimum capital employed



Modern, uniform fleet of high-end 3D vessels

- Unique environmental capabilities
- High ice-class specification



Innovative technology solutions

- Improved delivery time of interpretable products - Priority Processing™
- Geophysically driven solutions optimizing data quality - XArray™



Diversified revenue streams

Fleet strategically positioned in contract spot market and long-term bareboat charters

Four vessels in global market



Polarcus Asima

- 12 / 14 streamer
- ICE-1A and 1A*
- Triple-E™ Level 1



Polarcus Alima

- 12 / 14 streamer
- ICE-1A and 1A*
- Triple-E™ Level 1



Polarcus Adira

- 12 / 14 streamer
- ICE-1A and 1A*
- Triple-E™ Level 1



Polarcus Naila

- 12 / 14 streamer
- ICE-C
- Triple-E™ Level 1

Two vessels on long term bareboat charter



V.Tikhonov

- 8 streamer
- ICE-1A
- Triple-E™ Level 1



Ivan Gubkin

- 12 / 14 streamer
- ICE-1A and 1A*
- Triple-E™ Level 1

One vessel cold-stacked with short time to market



Polarcus Nadia

- 12 / 14 streamer
- ICE-C
- Triple-E™ Level 2

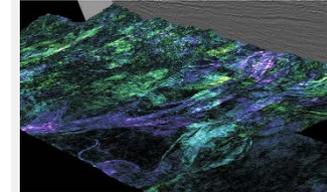
Long term management contract



Seismic delivery

- With Turkish Petroleum

Geophysical Services



- Survey Design
- Onboard Priority Processing
- Multi-Client Services

Strong performance in areas of direct control

Industry leading operational and EHSQ excellence

Fleet Performance Q2 2017



Technical performance

- 2.5% downtime YTD



EHSQ performance

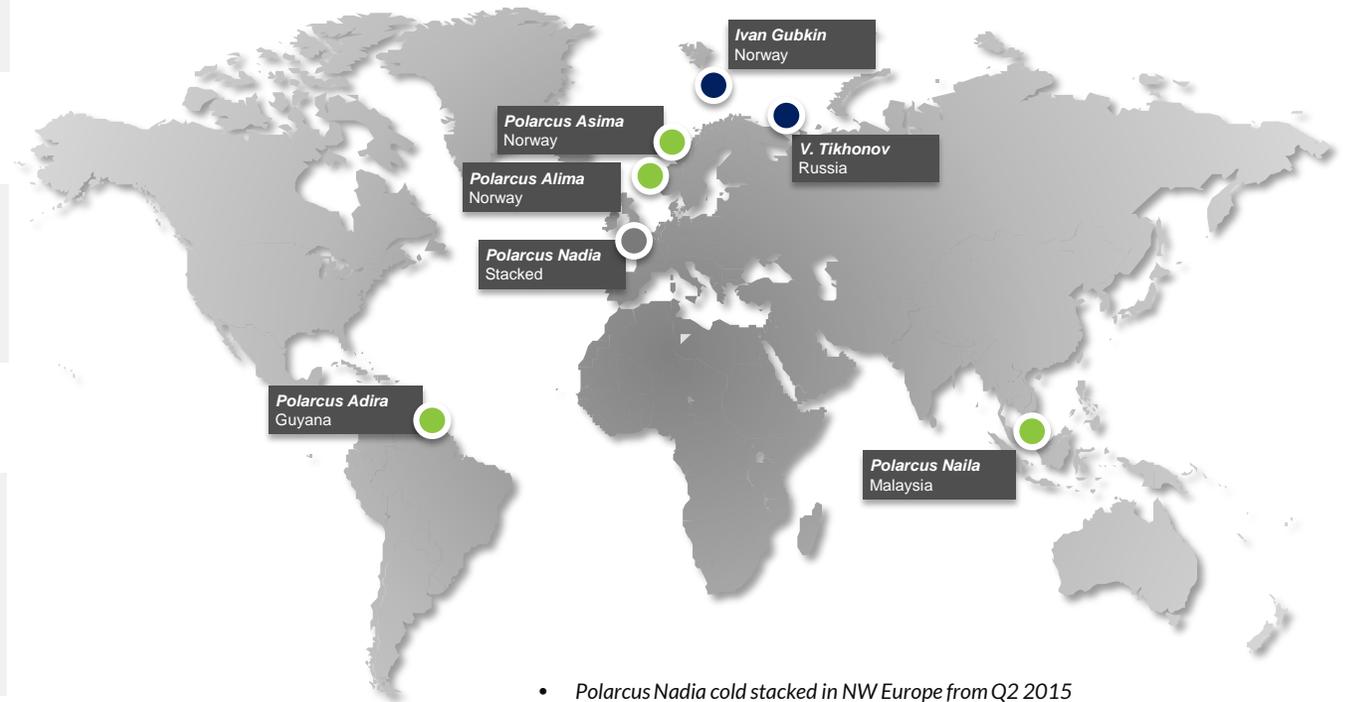
- TRCF = 0.6
- LTIF = 0.3



Operating cost

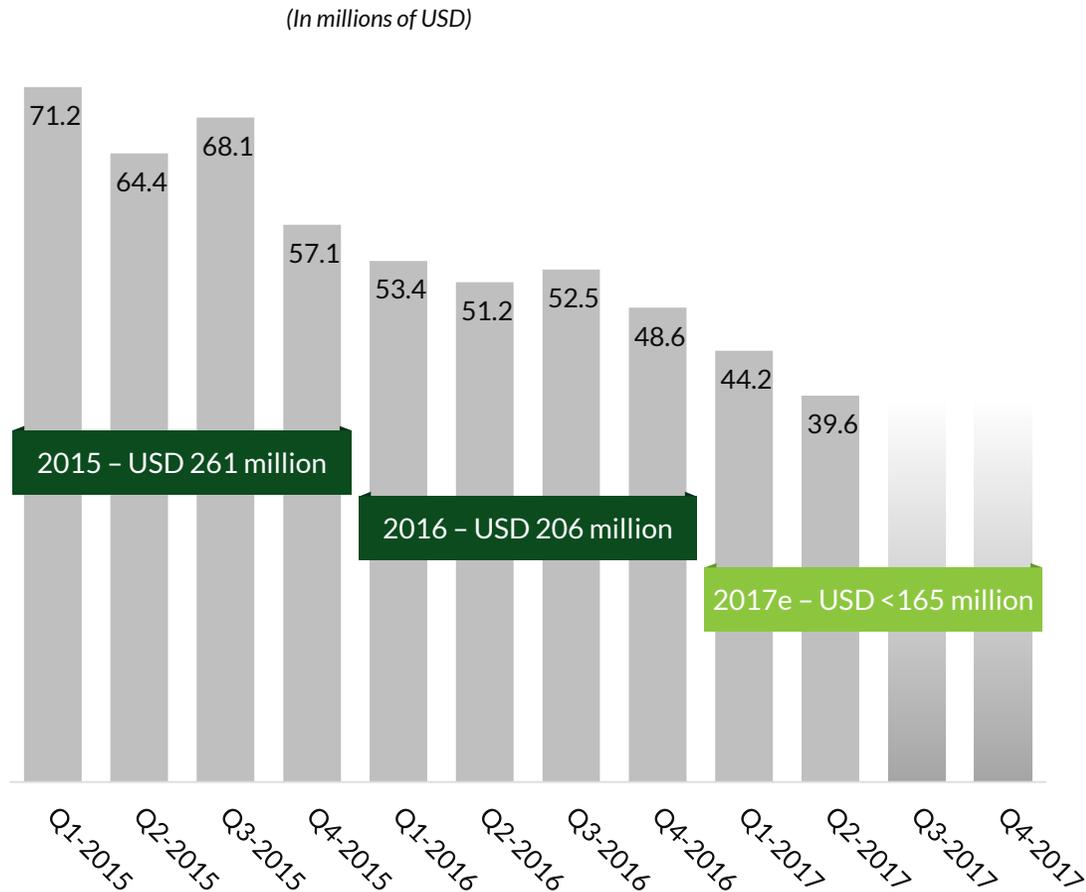
- Below USD 90k per Fleet vessel per day
- Including support vessels, geographical uplifts and onshore support

Vessel locations as of end August 2017



Continued delivery of cost leadership in the industry

Re-guiding full year cost at USD <165 million



- Q2 2017 gross cost of sales at all time low
 - Down 10% from Q1 2017
- Cost base established and maintained at industry leading level
- 2017 Gross cost of sales estimated to be below USD 165 million*
 - Driven by further cost reductions and Ivan Gubkin bareboat contract

- Polarcus Nadia cold-stacked since 01 April 2015
- *Adjusted for USD 4 million operating lease expense per quarter in 2016 and USD 2 million from Q1 2017

2017 guidance – revised

Continued capital discipline

Gross Cost of Sales

2017 Gross cost of sales estimated to be below USD 165 million excluding operating lease expense

Good start with low operating cost in H1

<\$165m revised down from <\$175m



Capital expenditures

2017 CAPEX investment estimated to be USD 10 million including two 5-year class dockings

Low run rate H1 (AMA & ADI dockings complete)

\$10m revised down from \$15m



Multi-client (MC) investments

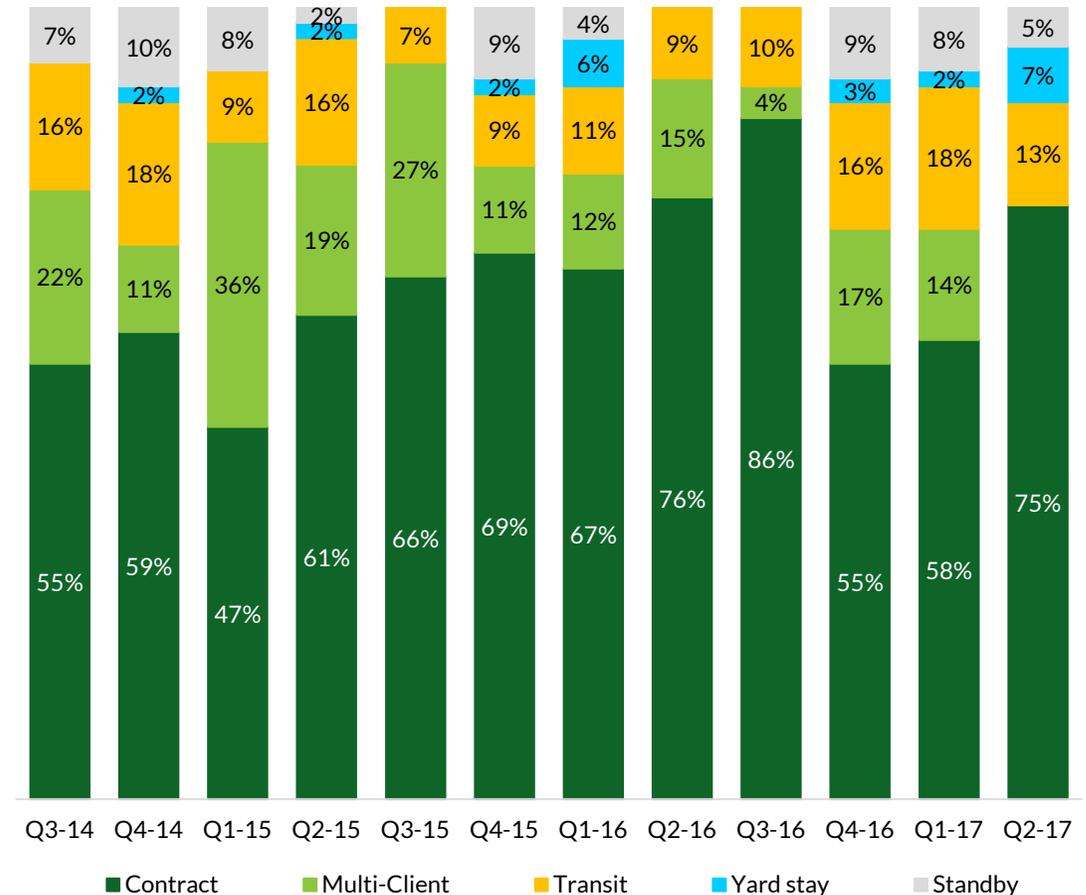
2017 MC investments estimated to USD 20 million; prefunding level >110%

Q3 fully booked on contract projects



Strong utilization expected for Q3

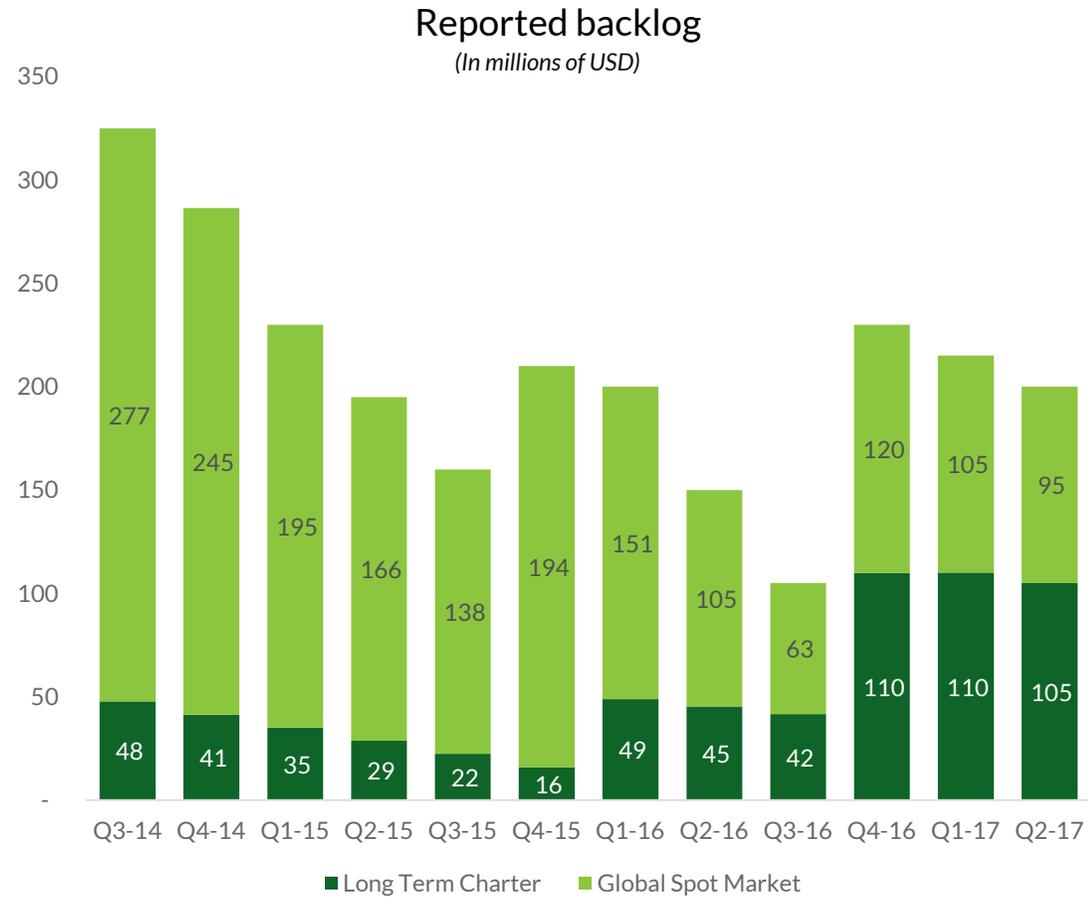
- Q2 utilization low but in line with forecast
 - 75%, up from 72% last two quarters
 - Yard stay for Adira 5-year classing complete
 - Amani commenced SCF BBCP 13 April 2017
- Q3 utilization expected to be ~90%
- Q4 still has limited visibility with a number of awards to be announced in September
- Continued focus on high contract allocation and disciplined multi-client approach



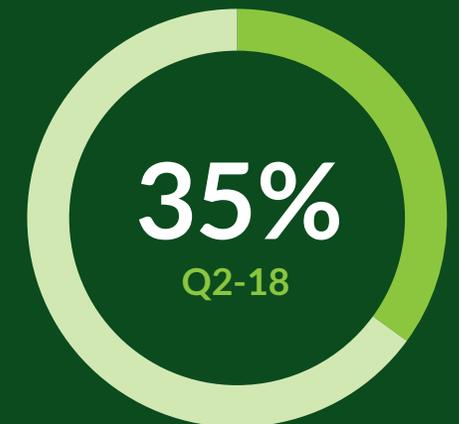
* Polarcus Nadia cold stacked in NW Europe from Q2 2015

Q3 100% booked

Limited visibility into Q4 and Q1

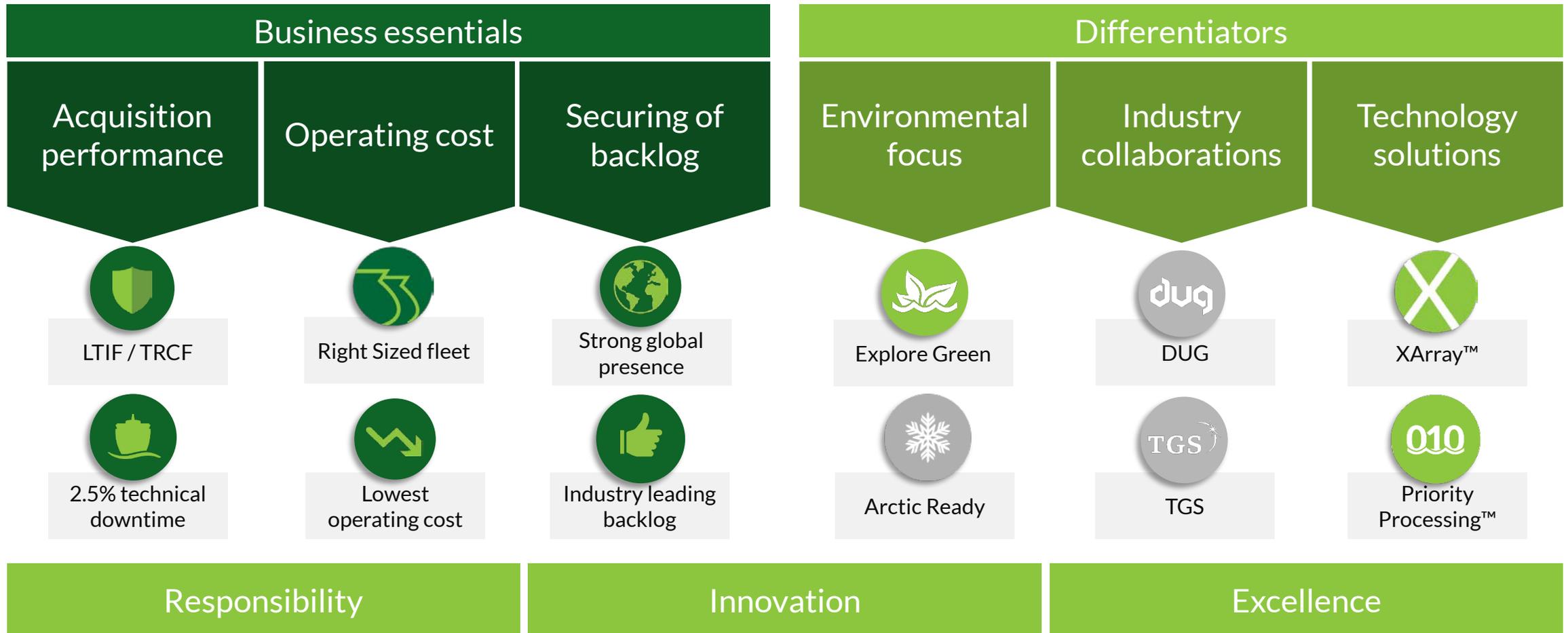


Booked Capacity



Business essentials in combination with key differentiators

Underpinned by Polarcus Core Values



Environmental leadership

Continuous focus on minimizing emissions

- More data with lower emissions
 - XArray™ collecting more seismic data per sail line
 - Improved drag reduction of in-sea equipment
 - Polarcus emissions significantly reduced compared to regulations and peer group
- IMO imposes stricter environmental policies
 - New global sulfur levels of 0.5%
 - New designate ECAs* with sulfur levels of 0.1%
 - Moving towards banning HFO** in Arctic
- Clients and regulators value Polarcus commitment to the Explore Green™ agenda
 - Corporate risk reduction and access to ESSAs***
 - Emission reduction aligned with financial savings
 - Securing sustainable backlog globally

* Emission Control Areas

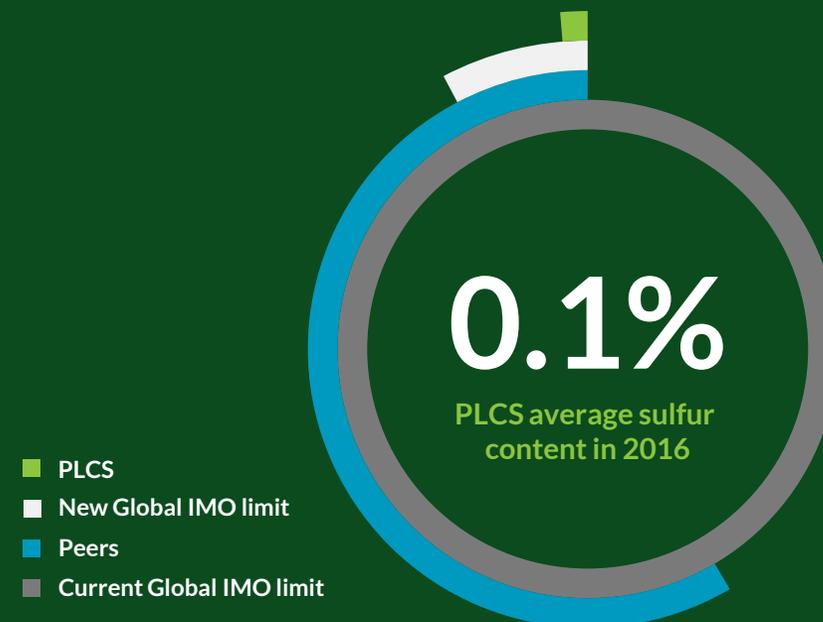
** Heavy Fuel Oil

*** Environmentally Sensitive Sea Areas

Total Fleet Emissions Report

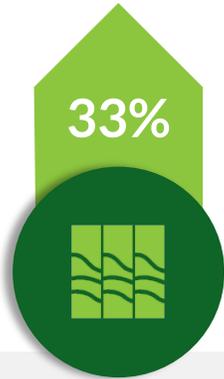
Emission type	Q2 2017	Q2 vs Q1	Vs. IMO regulation
CO ₂	3.41 (ton/km ²)	Improved - XArray™	-
NO _x	40.3 (kg/km ²)	Stable at low levels	6% Below MARPOL Global Limit
SO _x	2.86 (kg/km ²)	Slight increase (Brazil/Guyana fuel)	96% Below MARPOL Global Limit

Fuel Sulfur Content



Tailored solutions with XArray™

More, un-interpolated data for every sail line.



Improved data quality

Achieve 33% improved data density with same configuration

XArray™

12 Streamers 150m sep.

Conventional

12 Streamers 150m sep.



Improved efficiency

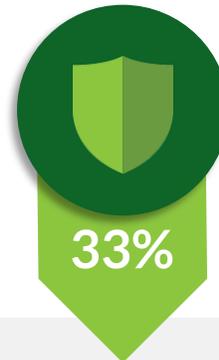
Achieve same data density with 50% improved efficiency

XArray™

12 Streamers 150m sep.

Conventional

12 Streamers 100m sep.



Reduced in-sea equipment

Achieve same data density with 33% less streamers deployed

XArray™

12 Streamers 150m sep.

Conventional

18 Streamers 100m sep.

XArray Sales

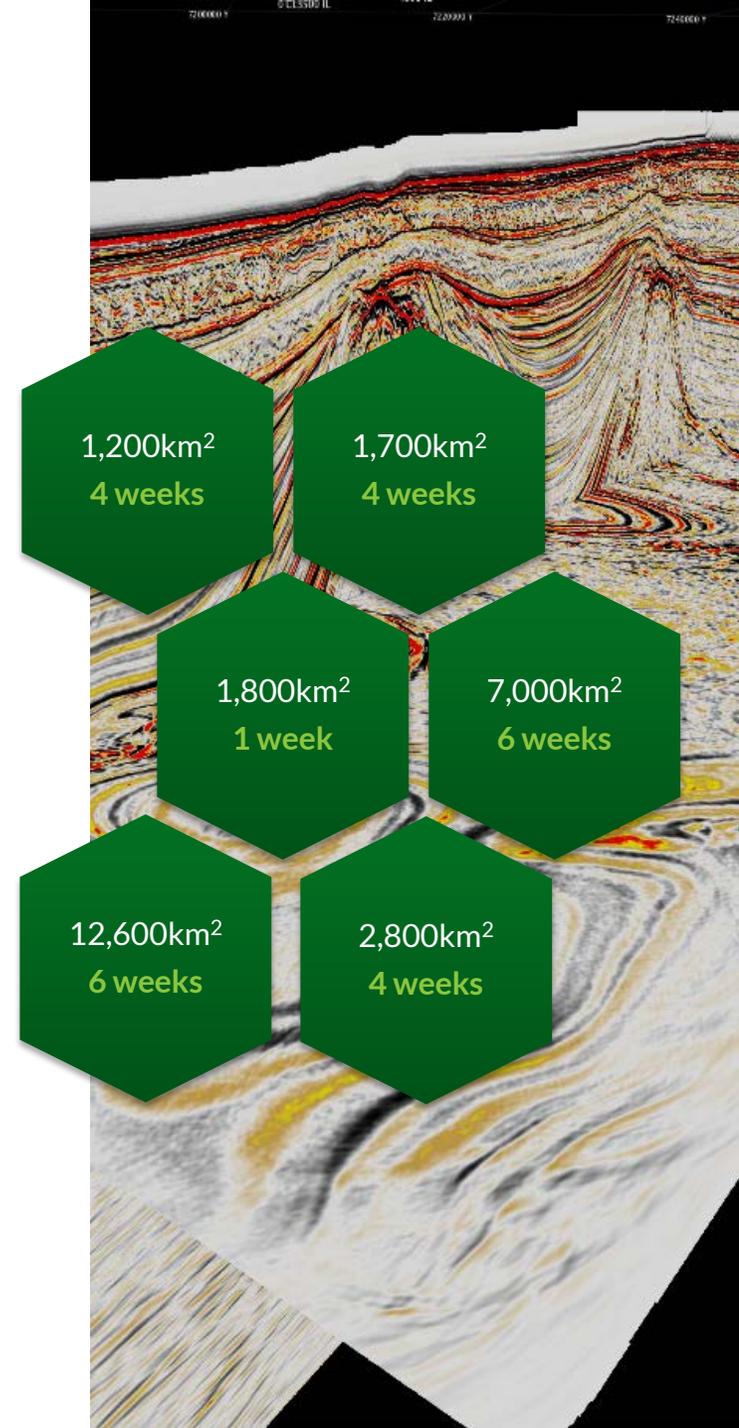
(as % total sq.km)



Priority Processing addressing industry demand

>65,000 sq.km of Priority Processed seismic data delivered

- Industry Leading onboard data processing solution
 - High quality deliverables faster off the vessel
 - Facilitating client decision making
- Leveraging partnership with DownUnder GeoSolutions
- Significant industry recognition continuing to grow

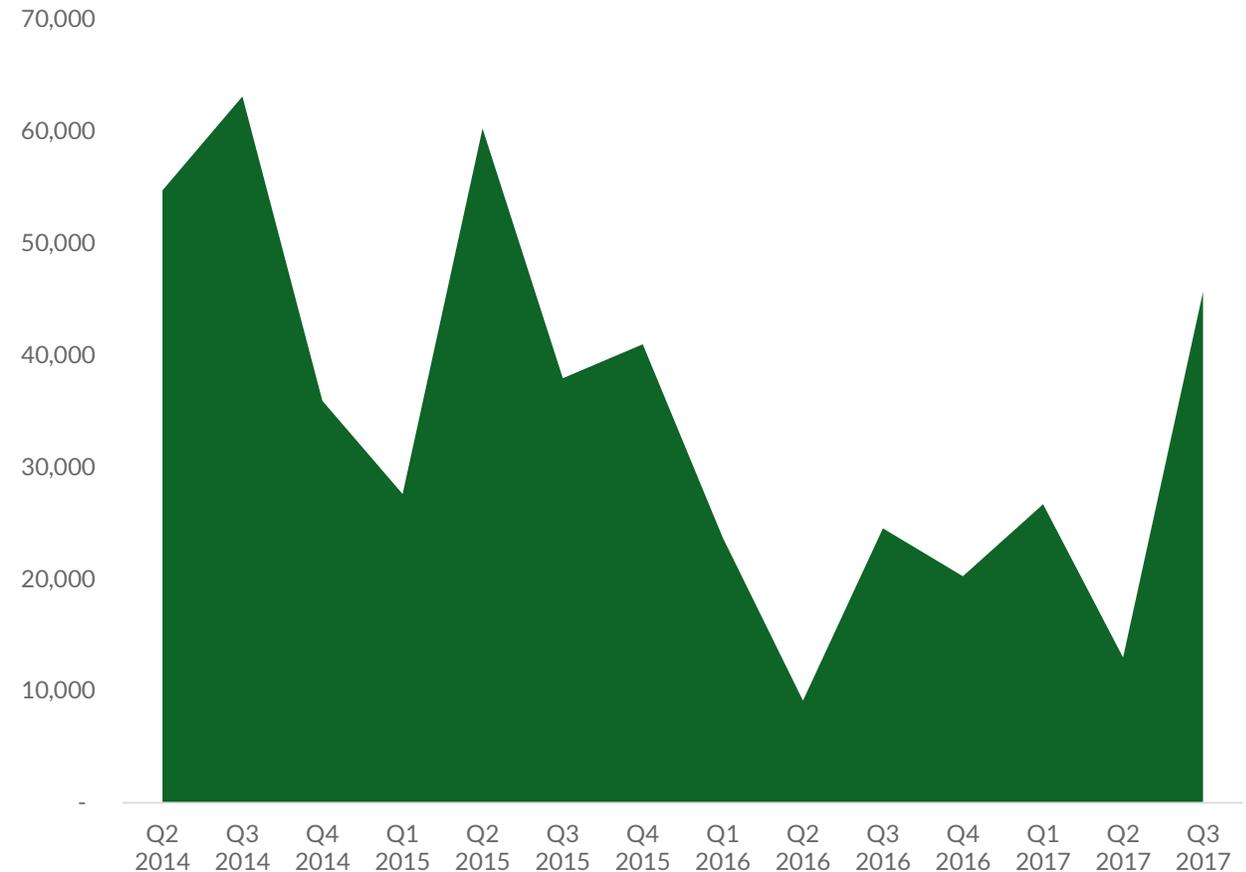


Market outlook

Tender activity increasing from low levels ... too early to call a trend?

- Oil price stabilizing
 - Oil companies sanctioning projects based on their capex guidance at the beginning of 2017
 - Lead-time of projects remains short
- Tender activity increasing from low levels
 - Q3 2017 most tenders received since Q2 2015
 - 50% increase in sq. km tendered to date vs 2016
- Activity returning to new & dormant basins
 - The most West African tenders issued since 2014
 - Guyana-Suriname Basin continues to draw interest from major oil companies

Invitation to Tenders Received (sq.km)



Excluding Multi-client and direct awards.

Well positioned moving towards a market recovery

Market developments

- E&P companies consistently cash positive
- RRR at unsustainable levels (20% YTD 2017)
- Seismic vessel supply further reduced
- Tender activity increasing in 2017

Polarcus position

- Diversified revenue streams
- Global reach with strong client relationships
- Lowest sustainable cost base in the industry
- Strong operational fundamentals



Q&A





Experienced Board and Management

Board of directors



Peter Rigg

25 years experience in investment banking



Henrik Madsen

Member of the United Nations Global Compact Board and principal advisor for DNV-GL



Nicholas Smith

7 years as Chairman of Ophir Energy plc



Karen El-Tawil

30 years of experience in the seismic industry



Peter Zickerman

20 years experience in the seismic industry



Erik M Mathiesen

Extensive experience in Investment and asset management in the energy sector



Tom Henning Slethei

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

Executive management



Duncan Eley

18 years of experience in the seismic industry



Hans-Peter Burlid

13 years of experience in the seismic industry



Caleb Raywood

20 years of commercial law experience



Tamzin Steel

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

Detailed debt overview

Debt	Security	Original Size	Outstanding 30 Jun 2017	Maturity	Interest up to 30 Jun 2018	Interest from 1 Jul 2018
Senior bond – Tranche A	Unsecured	NOK 350m	NOK 78m	Dec-22	0%	3.5% to 5.0% ¹
Senior bond – Tranche B	Unsecured		NOK 271m	Dec-22	0%	2.5% to 3.6% ¹
Senior bond – Tranche A	Unsecured	USD 95m	USD 17m	Dec-22	0%	3.5% to 5.0% ¹
Senior bond – Tranche B	Unsecured		USD 69m	Dec-22	0%	2.5% to 3.6% ¹
Convertible bond – Tranche A	Selma		USD 71m	Mar-22	5.60%	5.60%
Convertible bond – Tranche B1	Unsecured	USD 125m	USD 10m	Dec-22	0%	3.5% to 5.0% ¹
Convertible bond – Tranche B2	Unsecured		USD 21m	Dec-22	0%	2.5% to 3.6% ¹
Fleet bank facility - Tranche 1	Asima	USD 80m	USD 49m	Aug-22	6.68% (fixed) & 2.75% + LIBOR ²	
Fleet bank facility - Tranche 2	Alima	USD 55m	USD 36m	Mar-23	2.75% + LIBOR	
Fleet bank facility - Tranche 3	Amani	USD 114m	USD 84m	Mar-24	5.60% (fixed)	
Fleet bank facility - Tranche 4	Adira	USD 114m	USD 86m	Jun-24	5.60% (fixed)	
Bank loan for in-sea system	Equipment	USD 8m	USD 4m	Feb-18	5% + LIBOR	

Income statement

<i>(In thousands of USD)</i>	Quarter ended		Six months ended		Year ended
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16	31-Dec-16
Revenues					
Contract revenue	33,451	41,418	65,388	95,019	185,095
Multi-client revenue	1,963	26,480	16,854	34,821	56,569
Other income	664	-	992	1,752	1,752
Total Revenues	36,078	67,898	83,234	131,592	243,416
Operating expenses					
Cost of sales	(40,938)	(41,103)	(74,258)	(83,355)	(176,850)
General and administrative costs	(4,021)	(3,822)	(8,953)	(10,754)	(19,359)
Onerous contracts	-	-	-	(20,000)	(46,356)
Depreciation and amortization	(11,873)	(11,769)	(22,279)	(24,424)	(48,672)
Multi-client amortization	(7,257)	(15,823)	(25,278)	(23,326)	(56,807)
Impairments	(520)	-	(1,336)	(1,885)	(26,658)
Total Operating expenses	(64,609)	(72,516)	(132,104)	(163,743)	(374,702)
Operating profit/(loss)	(28,531)	(4,618)	(48,870)	(32,152)	(131,286)
Profit/(loss) from joint ventures	-	(3)	-	(48)	(1,220)
Finance costs	(10,078)	(9,914)	(20,781)	(18,463)	(37,041)
Finance income	124	374	599	821	1,961
Changes in fair value of financial instruments	3,733	4,475	(2,343)	8,176	13,315
Gain on financial restructuring	-	-	-	177,787	177,787
	(6,222)	(5,068)	(22,525)	168,273	154,803
Profit/(loss) before tax	(34,752)	(9,686)	(71,394)	136,122	23,517
Income tax expense	1,096	(1,563)	(304)	(1,458)	(3,243)
Net profit/(loss)	(33,657)	(11,249)	(71,698)	134,664	20,274

Balance Sheet

<i>(In thousands of USD)</i>	30-Jun-17	30-Jun-16	31-Dec-16
Non-current Assets			
Property, plant and equipment	422,776	493,408	443,377
Multi-client project library	33,587	56,082	45,107
Investment in joint ventures	-	1,172	-
Intangible assets	-	144	-
Total Non-current Assets	456,363	550,806	488,484
Current Assets			
Receivable from customers	29,163	59,554	47,595
Other current assets	16,534	18,117	21,337
Restricted cash	6,740	7,031	731
Cash and bank	29,498	26,666	13,731
Total Current Assets	81,936	111,368	83,394
Total Assets	538,299	662,173	571,878
Equity			
Issued share capital	15,344	106,095	5,305
Share premium	614,192	485,611	586,401
Other reserves	30,138	32,849	29,865
Retained earnings/(loss)	(514,462)	(331,646)	(442,764)
Total Equity	145,212	292,909	178,807
Non-current Liabilities			
Bond loans	42,819	34,040	34,582
Other interest bearing debt	244,804	246,223	858
Long-term provisions	35,852	16,000	37,320
Other financial liabilities	9,834	18,958	10,511
Total Non-current Liabilities	333,310	315,221	83,271
Current Liabilities			
Bond loans	2,853	-	-
Other interest bearing debt	3,550	7,053	249,649
Provisions	2,920	-	6,820
Accounts payable	18,894	11,543	18,929
Other accruals and payables	31,560	35,447	34,401
Total Current Liabilities	59,777	54,044	309,800
Total Equity and Liabilities	538,299	662,173	571,878

Cash flow

(In thousands of USD)	Quarter ended		Six months ended		Year ended
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16	31-Dec-16
Cash flows from operating activities					
Profit/(loss) for the period	(33,657)	(11,249)	(71,698)	134,664	20,274
Adjustment for:					
Depreciation and amortization	11,873	11,769	22,279	24,424	48,672
Multi-client amortization	7,257	15,823	25,278	23,326	56,807
Impairments	520	-	1,336	1,885	26,658
Changes in fair value of financial instruments	(3,733)	(4,475)	2,343	(8,176)	(13,315)
Employee share option expenses	132	144	273	293	581
Interest expense	9,258	8,091	19,212	15,339	32,659
Interest income	(57)	(19)	(95)	(62)	(93)
Gain on financial restructuring	-	-	-	(177,787)	(177,787)
Effect of currency (gain)/loss	454	805	687	1,544	(620)
Net movements in provisions	-	(4,543)	(3,920)	7,197	30,553
Loss from joint ventures	-	3	-	48	1,220
Working capital adjustments:					
Decrease/(Increase) in current assets	6,691	1,933	22,305	13,149	19,727
Increase/(Decrease) in trade payables and accruals	(91)	(7,100)	(4,968)	(10,473)	2,745
Net cash flows from operating activities	(1,354)	11,182	13,031	25,370	48,082
Cash flows from investing activities					
Payments for property, plant and equipment	(2,162)	(2,628)	(3,893)	(13,371)	(16,387)
Payments for multi-client project library	(1,365)	(12,851)	(12,503)	(24,346)	(44,649)
Payments for intangible assets	-	-	-	-	(7)
Net cash flows used in investing activities	(3,527)	(15,480)	(16,396)	(37,717)	(61,042)
Cash flows from financing activities					
Proceeds from the issue of ordinary shares	150	-	39,003	-	-
Transaction costs on issue of shares	(4)	-	(1,173)	-	-
Net receipt from bank loans	-	-	-	7,900	7,900
Repayment of other interest bearing debt	(1,500)	(1,047)	(3,337)	(10,673)	(14,386)
Interest paid	(4,366)	(3,774)	(9,459)	(14,996)	(24,413)
Financial restructuring fees paid	-	(1,357)	-	(6,231)	(6,231)
Other finance costs paid	-	(291)	(427)	(336)	(959)
Decrease/(Increase) in restricted cash	(5)	(334)	(6,010)	7,488	13,788
Security deposit related to currency swaps	190	50	930	2,120	4,280
Paid towards liability under currency swaps	-	-	-	-	(8,228)
Interest received	57	20	95	62	93
Net cash flows used in financing activities	(5,478)	(6,733)	19,623	(14,666)	(28,156)
Effect of foreign currency revaluation on cash	(326)	(45)	(491)	(296)	872
Net increase in cash and cash equivalents	(10,685)	(11,077)	15,767	(27,310)	(40,245)
Cash and cash equivalents at the beginning of the period	40,183	37,743	13,731	53,976	53,976
Cash and cash equivalents at the end of the period	29,498	26,666	29,498	26,666	13,731