



# Polarcus

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The focused marine geophysical service provider

OTC Houston, 8<sup>th</sup> May 2019

*Duncan Eley, CEO*



# Focused marine geophysical service provider

Founded in 2008

Vision

Our vision is to be a pioneer in an industry where the frontiers of seismic exploration are responsibly expanded without harm to our world.

## Global client interfaces



## High-end uniform seismic fleet



**Polarcus Naila**  
14 Streamers



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



**Polarcus Asima**  
12 Streamers



**Ivan Gubkin** – Bareboat Charter  
14 Streamers



**Polarcus Alima**  
12 Streamers

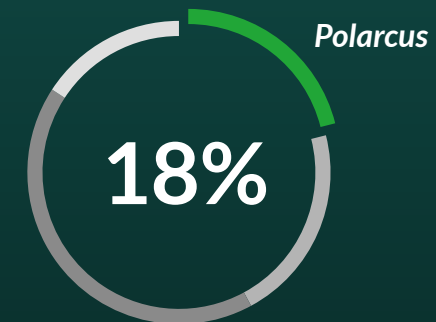


**Polarcus Nadia** - Stacked  
12 Streamers



**Polarcus Adira**  
14 Streamers

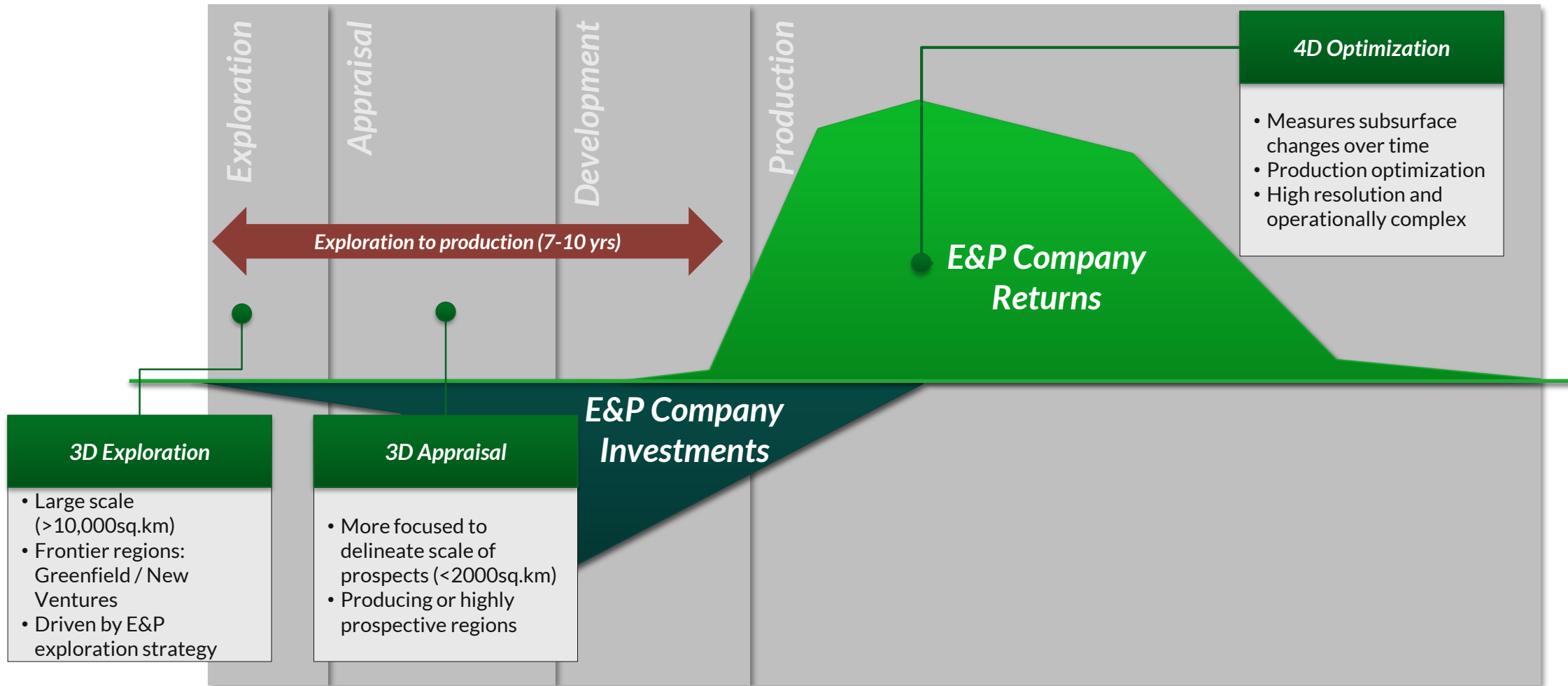
## SHARE OF ACTIVE GLOBAL FLEET\*



\*Source: Polarcus, share of 3D high-end seismic active global fleet (Q2 2019)

# Seismic adding value across the entire E&P cycle

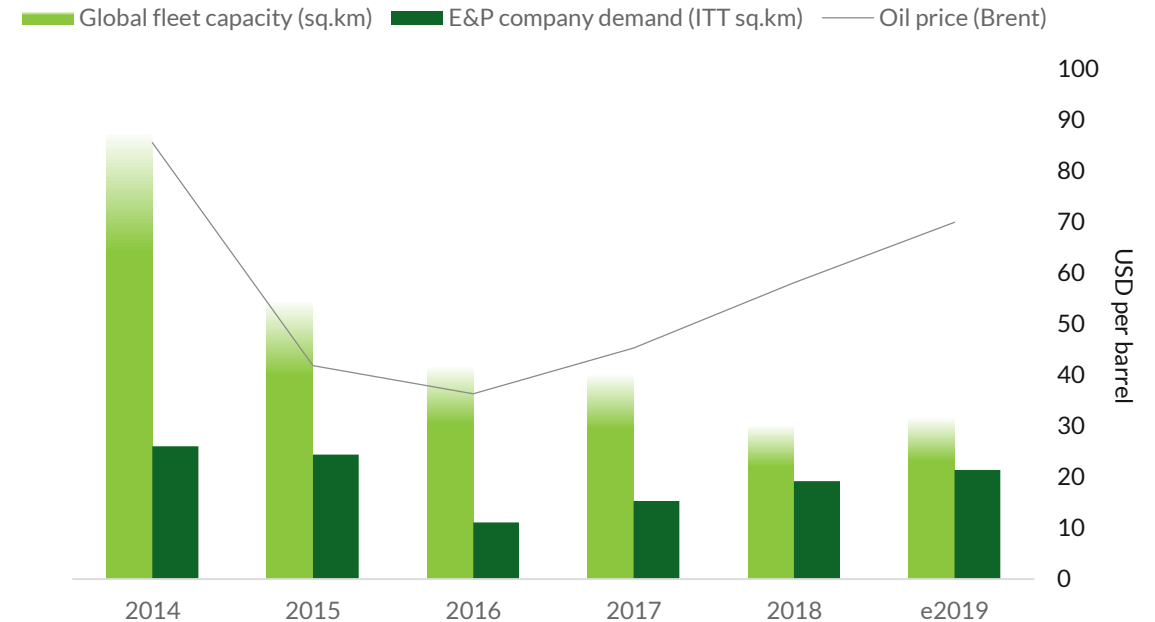
Reducing exploration risk, optimizing production and compressing timelines



# Underlying supply-demand developments 2014-2018

- Global fleet count has been significantly reduced
- Contract demand in 2019 estimated to require ~70% of global fleet capacity
- In addition, multi-client activity has taken 30-40% of global fleet capacity over last 18 months

E&P company demand as % of global fleet capacity

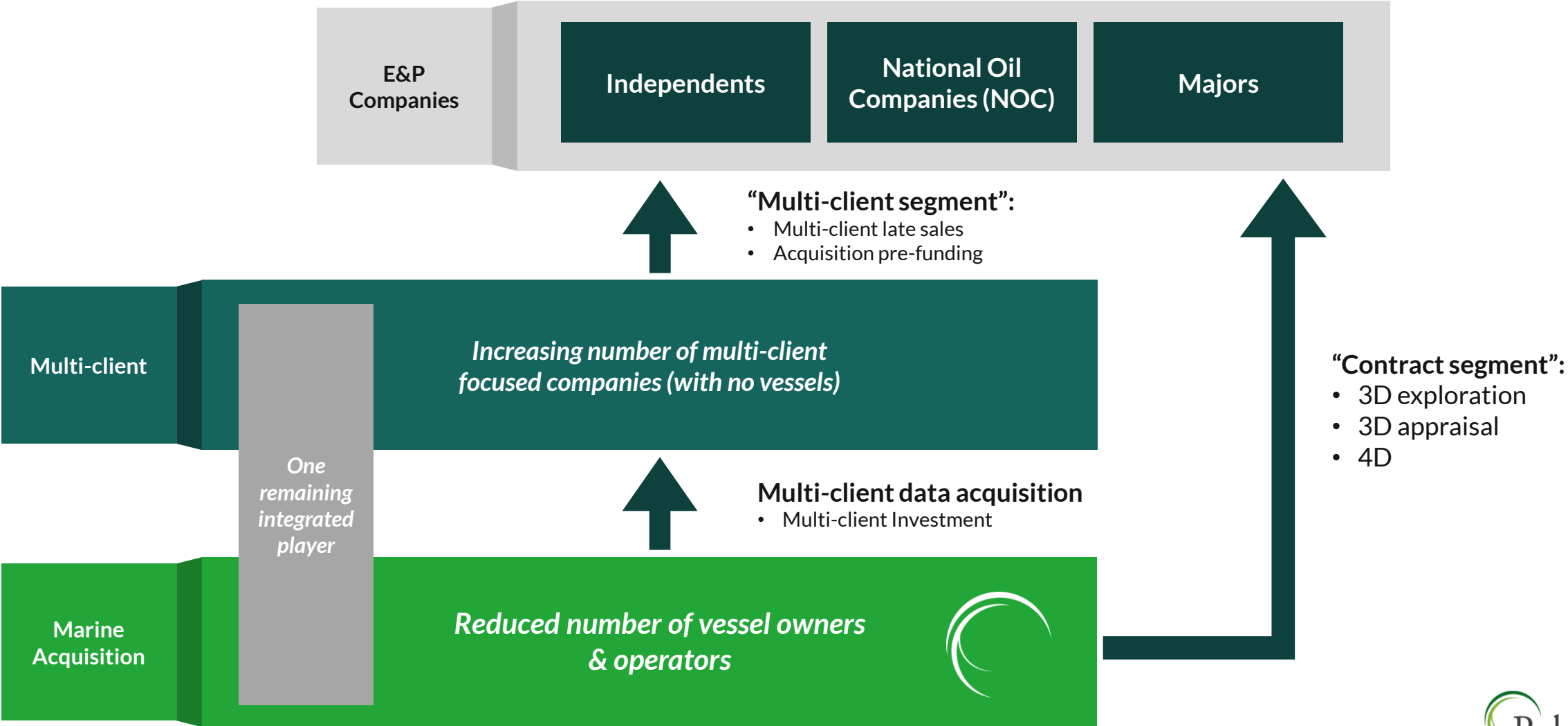


|   | 2014      | 2015      | 2016      | 2017      | 2018      | e2019     |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Global fleet count</b>                               | <b>61</b> | <b>38</b> | <b>29</b> | <b>28</b> | <b>21</b> | <b>22</b> |
| E&P company demand (% of global fleet capacity)         | 30%       | 45%       | 27%       | 38%       | 64%       | 68%       |
| Multi-client acquisition (est. % global fleet capacity) | 40%-60%   |           |           | 30% - 40% |           |           |

Source: Polarcus analysis (assumes acquisition capacity of 10,000 sq.km per vessel pe year)

# Polarcus during the downturn: focusing

Bifurcation of the industry: Polarcus focused on the provision of marine acquisition services to a growing client base



# Polarcus during the downturn: streamlining

*Proactive cost management across the business*

## Cost efficiency focus

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

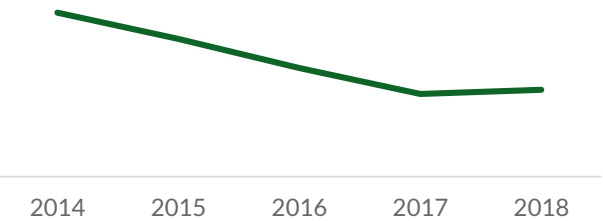
## Streamlined support structure

- On shore organization reduced by ~40%
- Centralized operational, technical and corporate support
- Regionalized client-facing teams since 2014

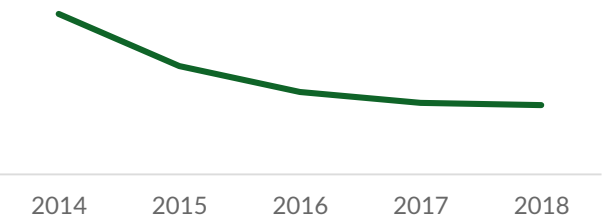
## Capital discipline

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

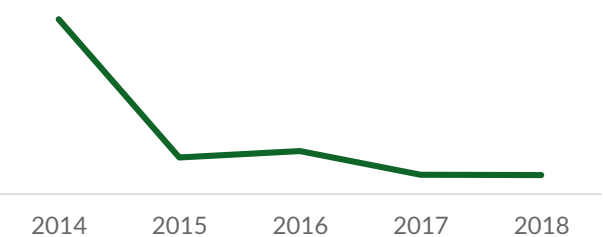
Gross cost of sales



G&A costs



CAPEX spend



# Polarcus during the downturn: innovating

Positioning for the future through innovation

## Marine acquisition services



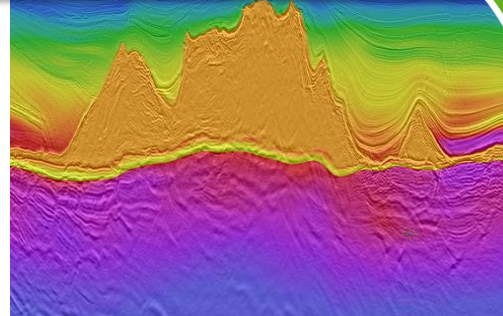
### ACQUISITION EFFICIENCY

Survey design optimization and technical uptime ~97%

### PROJECT SUSTAINABILITY

30% less fuel consumed per data point by minimizing towed equipment in water

## Geophysical solutions



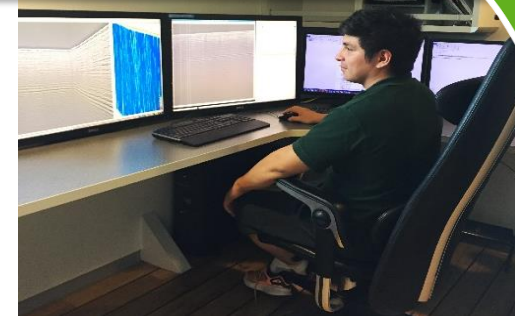
### DATA QUALITY

Improved data quality by increasing signal-to-noise ratio and cross-line sampling - XArray™

### PRODUCTION OPTIMIZATION

Hybrid towed-streamer and ocean-bottom-node imaging solutions

## Seismic data management



### DATA DELIVERY

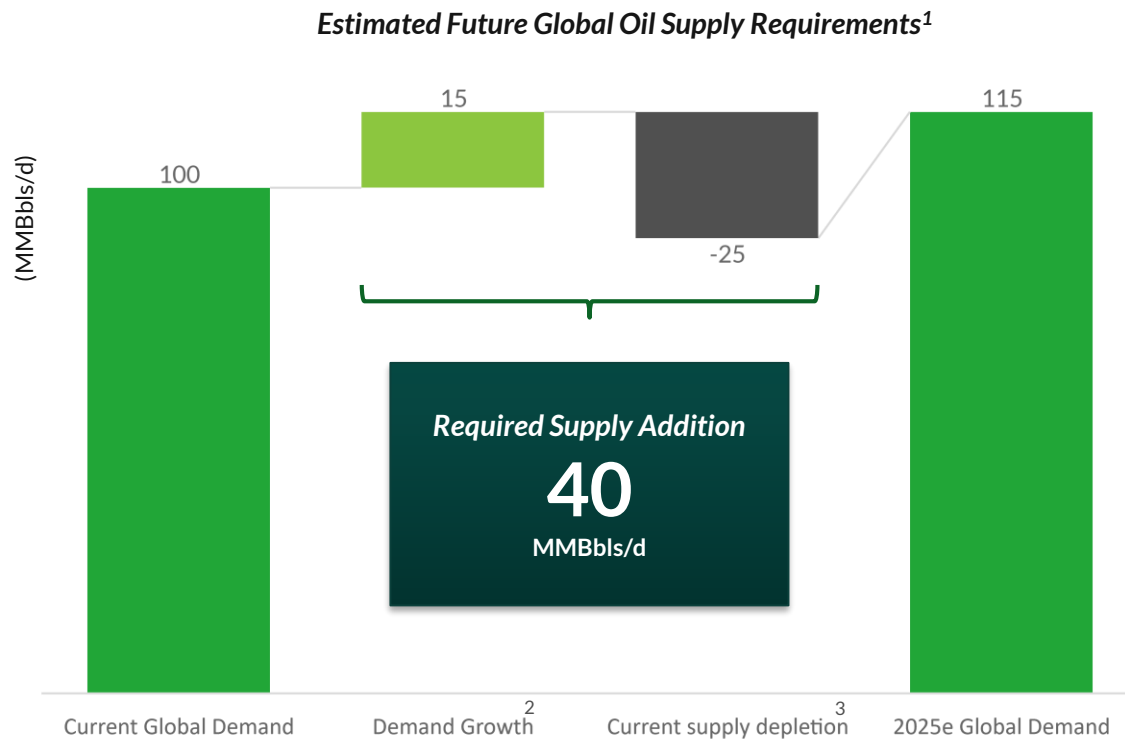
Rapid data transfer of large data volumes to shore in real time

### CLOUD PROCESSING

Increasing flexibility and client interaction, reducing turnaround time

# Exploration demand is expected to grow

Up to 40 million barrels of oil per day deficit by 2025



<sup>1</sup> Source: Rystad Energy, E&P industry commentary; <sup>2</sup> Approximate annual growth 2%; <sup>3</sup> Approximate annual decline 4%

Fundamentals support further growth in offshore exploration

- Energy gap looming towards 2030 based on current projections
- Renewed focus in offshore by a number of oil majors
- Supported by discussions with clients on expected 2019-2020 activity levels
- E&P company focus is on building proven reserves and reducing time to production



# Key risks as industry conditions improve

## Risks as industry improves

### *Volatility*

- Underlying fundamentals positive, with seasonal & geographical volatility
- Service companies must be able to adapt to fluctuations in E&P activity

### *People*

- Large numbers of personnel have left the industry during 2014-18
- Negative stigma associated with hydrocarbons impacting graduates
- How can the industry attract & retain the best talent?

### *Safety*

- Safety performance of industry is solid with best people & assets in place
- Growth of activity (new people and reactivated assets) must be managed

### *Technology development*

- Industry has reached peak technology (both vessels & seismic equipment)
- Fit-for-purpose and efficient solutions are required to adjust to the 'post-downturn' era

## Polarcus strategy

Embed flexibility and capitalize on Polarcus' agility

Build on the Polarcus culture & target the best talent

Manage growth in operational activity responsibly

Innovate & collaborate to optimize technology

# A clean fit with the evolving industry landscape

*Polarcus focused on profitable growth as industry conditions improve*

|  |  |   |   |  |  |
|--|--|---|---|--|--|
|   | <h2>Client base growing</h2>   | <h2>Industry consolidating</h2>   | <h2>Environmental regulations tightening</h2>   | <h2>Client expectations increasing</h2>  | <h2>E&amp;P spend growing</h2>   |
|  | <ul style="list-style-type: none"><li>• More multi-client companies (with no vessels)</li><li>• Polarcus focus on marine acquisition excellence</li><li>• Targeting collaboration and partnerships</li></ul> | <ul style="list-style-type: none"><li>• Reduced marine acquisition competitors</li><li>• Market share re-distribution</li><li>• Consolidation ongoing</li></ul> | <ul style="list-style-type: none"><li>• Polarcus Explore Green™ agenda</li><li>• Unique vessel technologies and capabilities</li><li>• IMO 2020 compliance in place</li></ul> | <ul style="list-style-type: none"><li>• Safety &amp; environmental commitment</li><li>• Focus on reducing time to production</li><li>• Exploration efficiency</li><li>• Innovation in production optimization (hybrid)</li></ul> | <ul style="list-style-type: none"><li>• Oil price stabilized \$55-\$75</li><li>• E&amp;P clients' tender activity increasing</li><li>• Multi-client company activity growing</li></ul> |

