

# Presentation of Unaudited 4th Quarter 2010 Results



# CAUTIONARY STATEMENT

This presentation contains both statements of historical fact and forward looking information. Any forward looking information is based on management assumptions and analysis and are subject to risks and uncertainties that are difficult to predict as they relate to events and/or circumstances in the future.

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 4th Quarter 2010 Earnings release issued by Spectrum on 17<sup>th</sup> February 2011.

# Q4 2010 Highlights



- New CEO in place from 1 December with a mandate to grow the company
- Best ever quarter for MC with sales of US\$9.77m
- Highest quarterly revenue ever achieved of US\$14.96m
- All business segments achieved revenue ahead of both Q3-10 and Q4-09
- Good profitability within MC and DP, but a loss for Marine Acquisition
- Provision of US\$8.60m taken against onerous contract on GGS Atlantic bare boat charter

## Qtr 4 2010 Financial Highlights

- Revenue of US\$14.96 m, EBITDA of US\$(7.08) m, EBIT of US\$(9.56) m
- Operating costs of US\$22.04m *(including revenue share to third parties and one-off costs)*
- Adjusted EBITDA of US\$2.43m before one-off adjustments
  - Onerous contract provision on bare boat charter of US\$8.6m
  - Inter company write off from PPA US\$0.7m
  - Employer tax adjs. from Q1 US\$0.2m
  
- Multi Client revenue of US\$ 9.77m *(09 US\$8.11 m)*
  - Early – US\$1.31m
  - Late – US\$8.46m
- MC EBITDA of US\$3.14m *(09 US\$5.59 m)*
- Amortisation of US\$1.49m which is down from US\$2.93m in Q4-09
- Investment in MC library of US\$2.1m *(09 US\$4.39 m)*
  
- Data Processing external revenue of US\$ 1.20m *(09 US\$0.58m)*
- Revenue of US\$ 3.26m including processing for MC US\$2.06m
  
- Marine Acquisition revenue of US\$3.99m *(09 US\$3.01m)*

# Q4 2010 Income Statement - unaudited



(\$000's)

	Q4 10	Q4 09	Change
Revenue	14,960	9,502	5,458
Operating expenses	(12,526)	(5,550)	(6,976)
One-off adjustments	(9,509)	-	(9,509)
<b>EBITDA</b>	<b>(7,075)</b>	<b>3,952</b>	<b>(11,027)</b>
EBITDA before one-off adjustments	2,434	3,952	(1,518)
Depreciation / amortisation	(2,486)	(3,775)	1,289
<b>EBIT</b>	<b>(9,561)</b>	<b>177</b>	<b>(9,738)</b>
Net Financial items	404	(724)	1,128
Share of profit / (loss) from associates	73	(72)	145
<b>Profit / (loss) before tax</b>	<b>(9,084)</b>	<b>(619)</b>	<b>(8,465)</b>

# Q4 2010 Cash Flow Statement

(\$000's)

	Q4 10	Q4 09
Receipts from revenue	12,632	3,124
Operational costs paid	(7,401)	(4,421)
Change in Work in Progress	(1,919)	413
<b>Net Operational Cash Flow from operations</b>	<b>3,312</b>	<b>(884)</b>
Investment in Tangible Assets	(85)	(86)
Investment in Multi Client Libraries	(2,145)	(4,395)
Cost of Investment	-	(23)
Equity Issue & Costs	-	87
Net financial expenses paid	(632)	462
Foreign Exchange difference (unrealised)	16	(861)
Change in cash balance	466	(5,700)
Cash Balance @ end of period	<b>10,792</b>	<b>5,837</b>

# 2010 Annual Financial Highlights

- Revenue of US\$38.51m, EBITDA of US\$(2.92)m, EBIT of US\$(12.08)m
- Operating costs of US\$41.42m (*including revenue share to third parties and one-off costs*)
- Adjusted EBITDA after one-off adjustments US\$6.59m
  
- Multi Client revenue of US\$22.79m (*09 US\$22.08m*)
  - Early – US\$8.53m
  - Late – US\$14.26m
- MC EBITDA of US\$10.30m (*09 US\$13.41m*)
- Investment in MC library of US\$15.68m (*09 US\$13.08m*)
  
- Data Processing external revenue of US\$4.18m (*09 US\$10.69m*)
- Revenue of US\$11.38m including processing for MC US\$7.20m
  
- Marine Acquisition external revenue of US\$11.53m (*09 US\$10.62m*)
- GGS Atlantic had 40% utilisation on internal MC acquisition and 60% on contract acquisition

# 2010 Annual Income Statement - unaudited



(\$000's)

	2010	2009	Change
Revenue	38,506	43,390	(4,884)
Operating expenses	(31,914)	(31,688)	(226)
One-off adjustments	(9,509)	-	(9,509)
<b>EBITDA</b>	<b>(2,917)</b>	<b>11,702</b>	<b>(14,619)</b>
EBITDA before one-off adjustments	6,592	11,702	(5,110)
Depreciation / amortisation	(9,169)	(23,319)	14,150
<b>EBIT</b>	<b>(12,086)</b>	<b>(11,617)</b>	<b>(469)</b>
Net Financial items	(245)	12,495	(12,740)
Share of profit / (loss) from associates	204	(363)	567
<b>Profit / (loss) before tax</b>	<b>(12,127)</b>	<b>515</b>	<b>(12,642)</b>

**Note** : 2009 results include a profit on repayment of loan to GGS of US\$14.6m together with an impairment of goodwill , multi client libraries and accelerated depreciation of non-current assets on the GGS Atlantic of US\$11.2m



# 2010 Annual Cash Flow Statement



(\$000's)

	2010	2009
Receipts from revenue	35,546	44,575
Operational costs paid	(25,738)	(18,761)
Gain on Acquisition loan repayment	-	(15,673)
Change in Work in Progress	306	1,532
<b>Net Operational Cash Flow from operations</b>	<b>9,114</b>	<b>11,673</b>
Investment in Tangible Assets	(2,976)	(1,050)
Investment in Subsidiary	-	(24)
Investment in Multi Client Libraries	(15,626)	(12,751)
Investment in Goodwill	(1,783)	-
Net cash from Acquisitions	4	-
Acquisition Loan repaid	-	(8,043)
Equity Issue & Costs	16,501	8,151
Net financial expenses paid	-	687
Foreign Exchange difference (unrealised)	(384)	2,581
Change in cash balance	4,955	1,224
Cash Balance @ end of period	<b>10,792</b>	<b>5,837</b>

# Balance Sheet – Key Figures

(\$000's)



<b>Assets</b>	<b>Q4 10</b>	<b>Dec 09 (audited)</b>
MC Library	19,958	11,173
Other Intangible Assets	11,819	11,554
Tangible Assets	3,172	2,108
Financial Assets	1,559	1,379
Cash and Equivalents	10,792	5,837
Receivables and Inventory	16,687	12,132
Total Assets	63,987	44,183

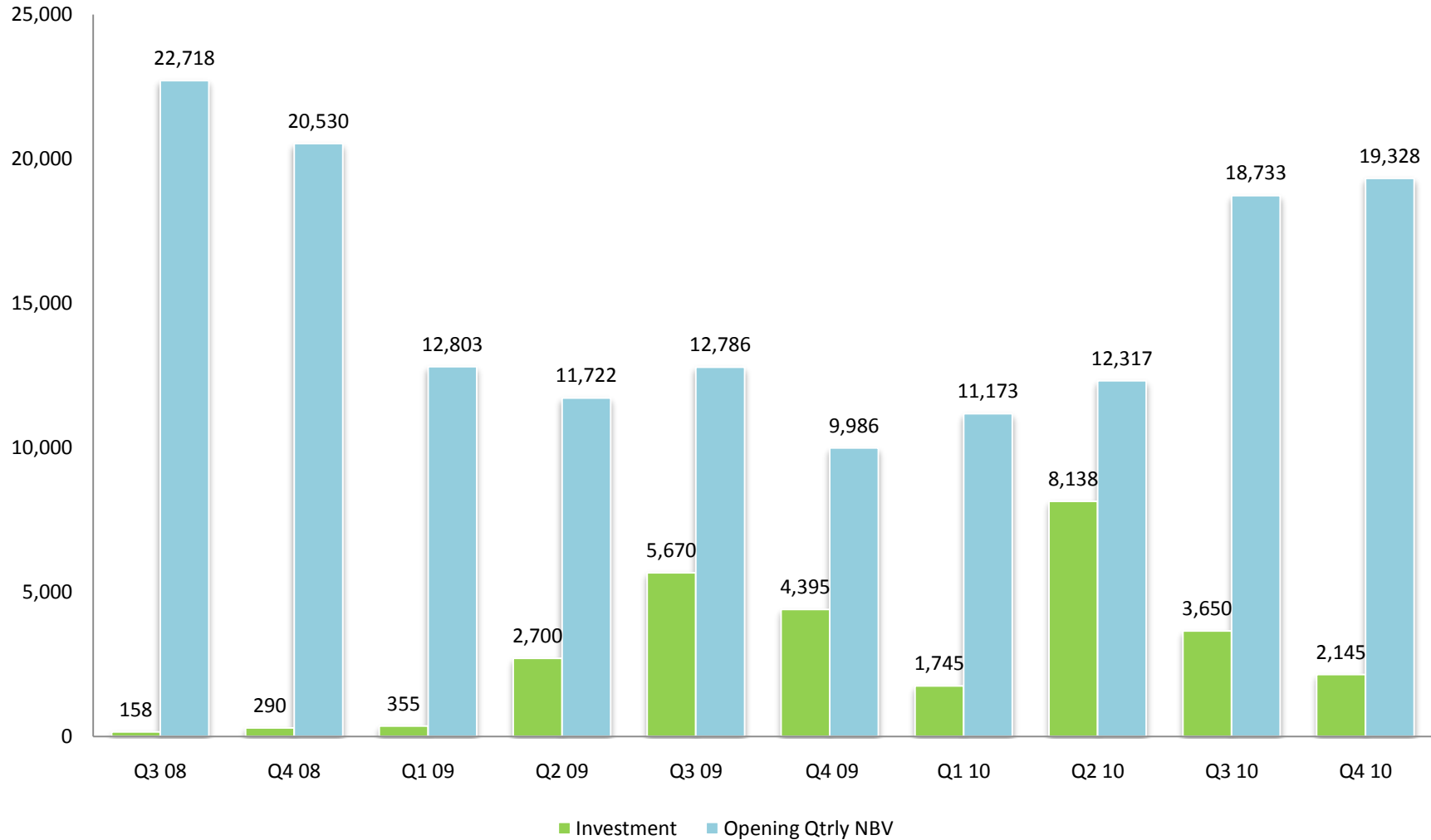
  

<b>Liabilities</b>		
Short Term Liabilities	19,886	8,621
Long Term Liabilities	6,293	1,787
Total Equity	37,478	33,775

# Multi Client – NBV & Investments

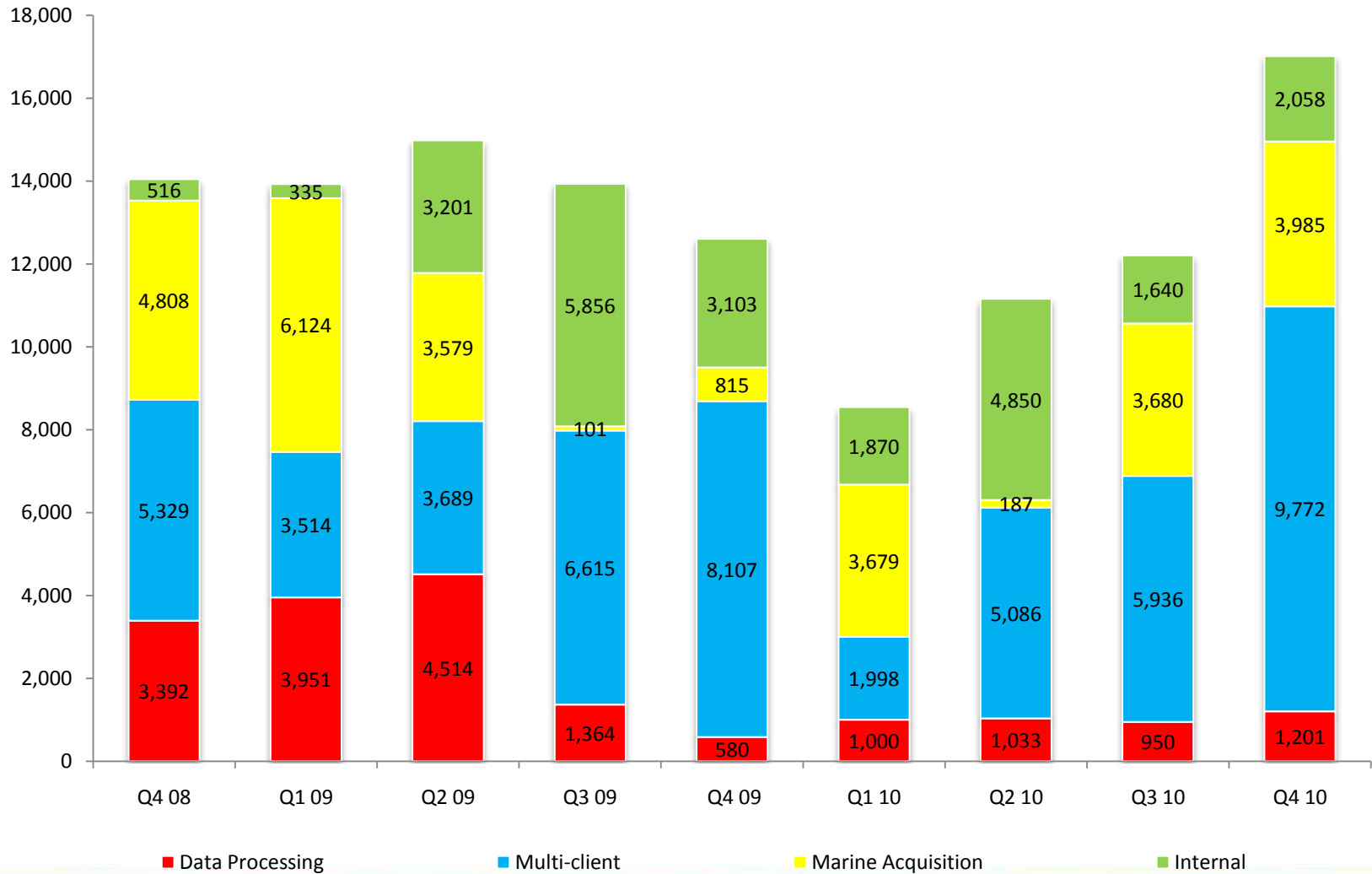


(\$000's)



# Revenue per segment

(\$000s)



# Segmental Analysis

(\$000's)



	Q4 10	Q4 09	2010	2009
<b>Gross Revenue</b>				
Multi-Client	9,774	8,107	22,792	22,083
Seismic Data Processing	3,257	1,492	11,384	13,761
Marine Acquisition	3,869	3,006	14,631	21,167
	<b>16,900</b>	<b>12,605</b>	<b>48,809</b>	<b>56,412</b>
<b>Net Revenue</b>				
Multi-Client	9,774	8,107	22,792	22,083
Seismic Data Processing	1,201	580	4,184	10,688
Marine Acquisition	3,985	815	11,530	10,619
	<b>14,960</b>	<b>9,502</b>	<b>38,506</b>	<b>43,390</b>
<b>EBITDA</b>				
Multi-Client	3,138	5,592	10,297	13,412
Seismic Data Processing	99	63	1,087	(1,377)
Marine Acquisition	(9,312)	(1,703)	(14,301)	(89)
	<b>(6,075)</b>	<b>3,952</b>	<b>(2,917)</b>	<b>11,676</b>

**Note:** EBITDA is after the allocation of corporate overhead based on % of Gross Revenue

# Review of Business Segments



# MULTI CLIENT



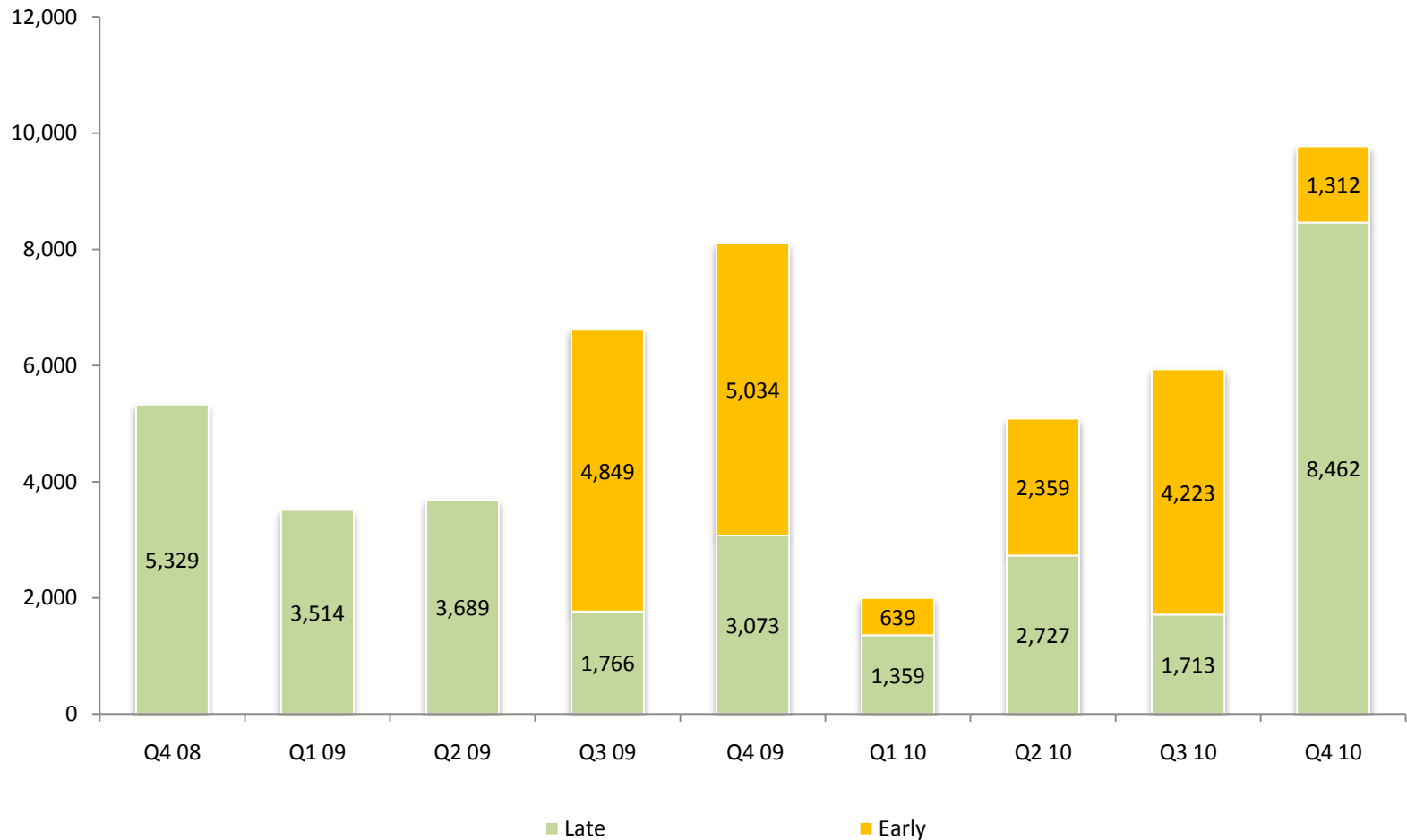
# Multi Client Q4 Highlights

- 
- ✔ Highest ever revenue of US\$9.77m in quarter
  - ✔ Pre funding secured on 5 reprocessing projects in 2010
  - ✔ Annual MC investment of US\$15.68m
  - ✔ Lower than expected investment as signature of new acquisition projects delayed
  - ✔ Current expectation for 2011 MC Investment is US\$30m
  - ✔ Continued investment and development in Big Wave project
    - ✔ Uncertainty prevails in eastern GOM
    - ✔ Cuba starts drilling campaign just south of Florida



# Multi Client Revenue

(\$000's)



# Areas of 2010 Multi Client Investment



- ***Big Wave Phases I, II & IV***
- US East Coast
- Trinidad & Tobago Deep Water
- Adriatic Sea
- Madagascar
- Andaman Islands
- North West Shelf Australia
- East Greenland
- East Mediterranean

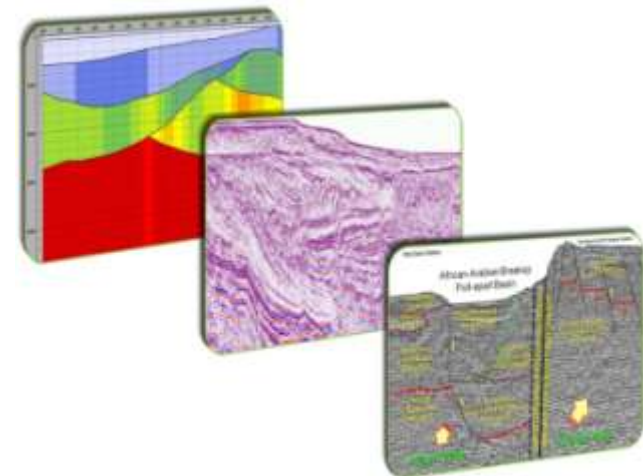


# DATA PROCESSING



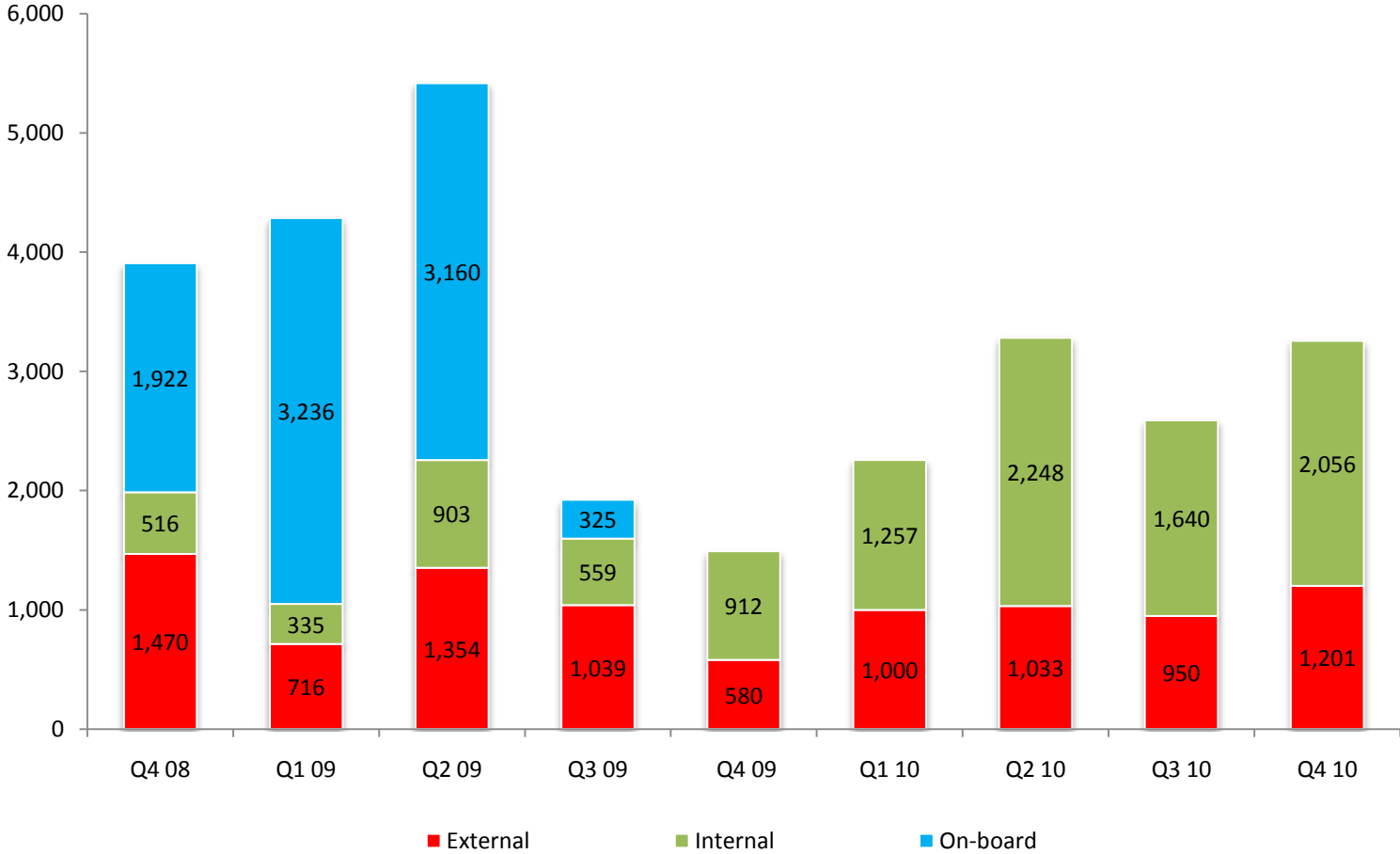
# Data Processing Q4 Highlights

- External revenue of US\$1.20m, up 107% compared to Q4-09
- Annual revenue of US\$4.18m, up 5.5% compared to 2009 *(like for like basis)*
- Improved cost efficiency and performance gave a EBITDA positive result for the year, US\$1.09m for year
- Processing Contract market shows improvement and the backlog is increasing
- 63% of DP revenue from MC projects in Q4



# Data Processing Revenue






(\$000's)



# MARINE ACQUISITION

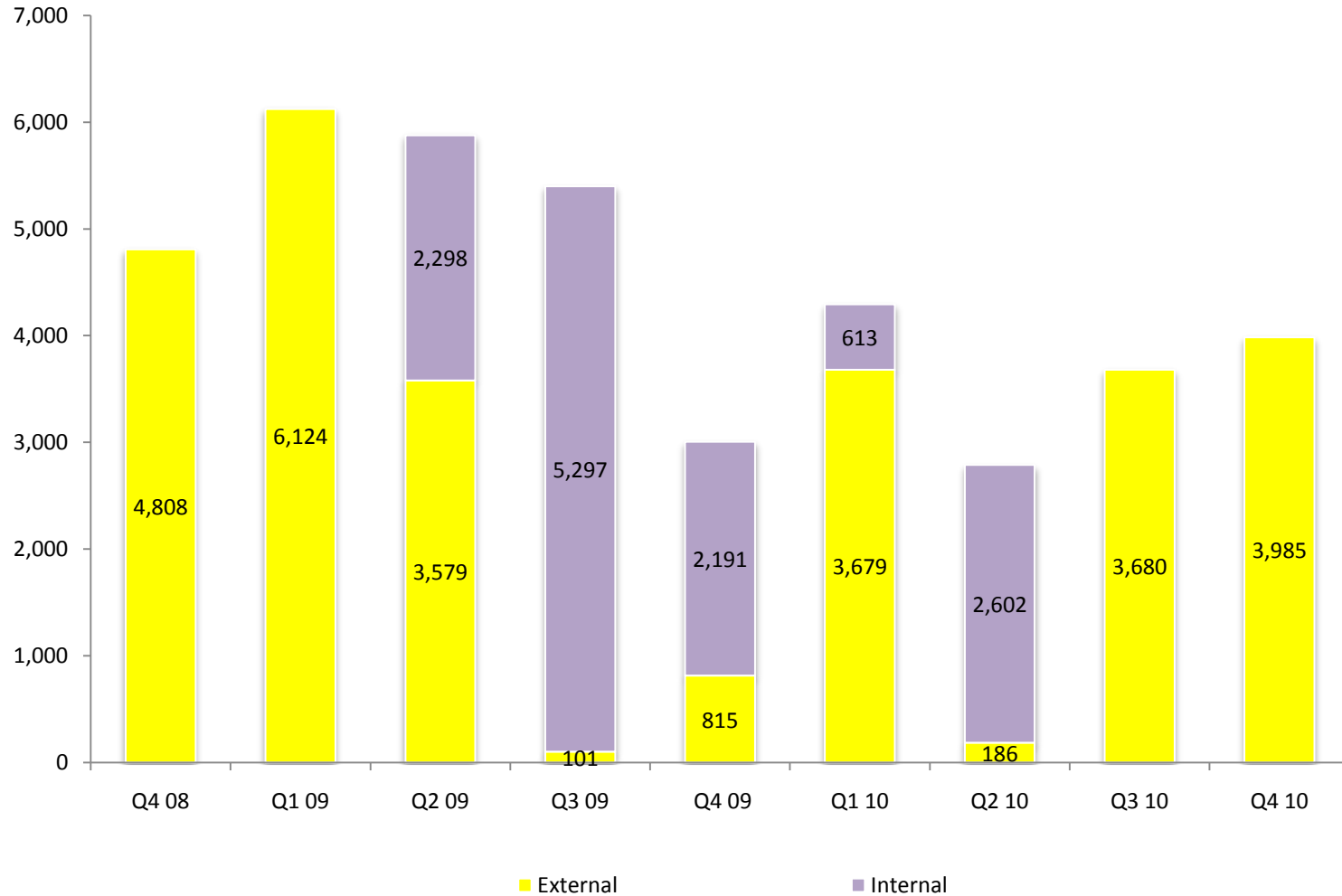


# Marine Acquisition Q4 Highlights

-  GGS Atlantic offshore Trinidad – 3D
-  Revenue US\$3.87m
-  Operationally challenging environment
-  Onerous contract provision for bare boat charter US\$8.60m
-  EBITDA loss of US\$10.31m

# Marine Acquisition Revenue

(\$000's)





# Business Outlook



# Strategy of Spectrum



- What we have:
- Organization and business infrastructure in place with regional offices strategically located for future growth
- 200 people employed
- 460.000 2D km in all major sedimentary basins
- 33.000 sq.km. of 3D
- Fully integrated support functions in Data Processing and Data Interpretation

Pure play MultiClient company with a license to grow

# The Platform For Growth



## Offices

Oslo  
London  
Houston  
Perth  
Cairo  
Beijing  
Singapore  
Jakarta



 Spectrum employs around 200 people worldwide

# Strategy of Spectrum



- Where we go:
- Our goal is to develop Spectrum to become a major player in the marine seismic multi-client business
- Focused MC investments in geographical areas with high potential for multi-client including:
  - Gulf of Mexico, North Sea, Africa, South America, Australia and Mediterranean Sea
- Spectrum will develop a robust global project portfolio to offset regional variances in terms of license rounds and other trigger events

Increased MultiClient investments

# Strategy of Spectrum



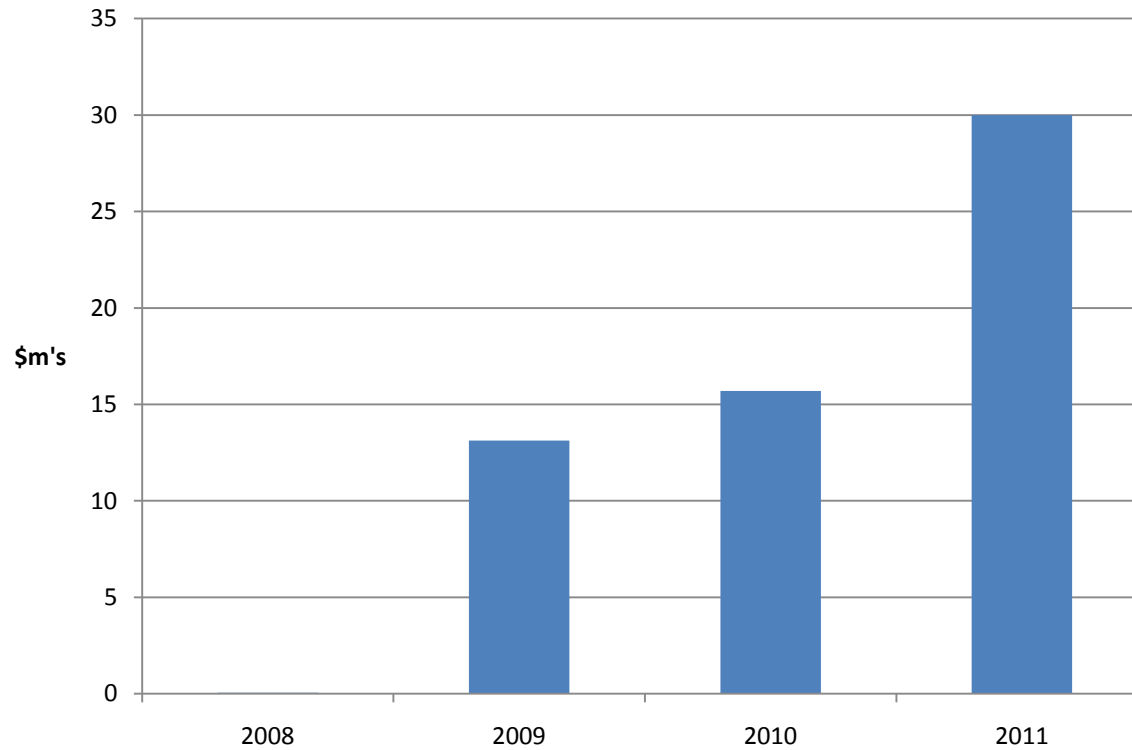
- How we get there:
- Invest US\$ 30 million in new multi client surveys 2011 with an average of 50% prefunding
- Spectrum will not operate own vessels, but rather buy acquisition services from third party
- Spectrum will use multiple sources to fund the growth
  - Cooperation with third party from project to project
  - Prefunding from Oil companies
  - Strategic partnership

Focus on project generation

# MC investments in 2011



- 2D & 3D multi-client seismic – significant increase in investment



# Strategy of Spectrum



- How we get there:
- Expand the organization at all levels
- Active recruitment campaign ongoing with competitive compensation including equity options for key personnel in a growing MC organization
- Establish local sales teams in strategic important geographies with strong performance based compensation

Focus on people and organisation

# Strategy of Spectrum



- How we get there:
- MC library is our showroom for DP technology
- Majority of capacity will be utilized for internal MC processing and Data processing will support the MultiClient growth
- Leader in terms of cost efficiency and productivity

Data Processing supports the growth



# Activities 2011 in Spectrum



- What is the next step:
- Identify new acquisition projects for 2D and 3D
- 2D library is the platform for MC3D in terms of prefunding, location and design
- Actively use the 2D database to locate new 3D multi-client surveys
- Actively offer MC3D as an alternative to contract surveys
- Several leads are currently identified and need project maturation

Build up the project pipeline

# Outlook



- What can we expect:
- Spectrum will be a fast growing MultiClient company
- Spectrum will consider M&A opportunities in a opportunistic approach

Spectrum embarks on the new growth strategy