

Dolphin Group ASA

Presentation of unaudited Q1 2015 results

6 May 2015

Atle Jacobsen (CEO) & Erik Hokholt (CFO)

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Atle Jacobsen, CEO, commented for Q1

“Dolphin Q1 revenues of USD 120 million is a solid start on what will be a difficult year for our industry.

Our fleet is continuing to perform in-line with our expectations, and, despite low Multi-Client late sales, I’m very pleased with our ability to deliver good operating margins.

To meet our customers request for reduced exploration cost, we have introduced our “powerful solutions” concept, which provides more seismic data for fewer dollars. By beating all known production records, Sanco Sword has become the benchmark vessel for our industry with an industry first configuration on the large contract in Myanmar.

The supply responses that have taken place in the seismic industry are unmatched in the oil service sector. This will become visible through improved industry fleet utilisation towards the end of 2015 and allow for a recovery on improved market fundamentals.

With the combination of an attractive fleet, operational excellence and improved financial position, I’m confident that Dolphin will successfully manoeuvre through this market downturn, and be ready to leverage the market upturn”

Dolphin is preparing to leverage the market upturn

Highlights Q1

Q1 2015 vs. (Q1 2014)

Financial

- Revenues of USD 120.1 million (USD 80.2 million)
- Multi-Client revenues of USD 9.3 million (USD 1.7 million)
- EBITDA of USD 30.4 million (25.3%) (USD 22.7 million)
- EBIT of USD 11.6 million (9.7%) (USD 13.0 million)
- Profit before Tax of USD 6.0 million (USD 8.1 million)

Operational

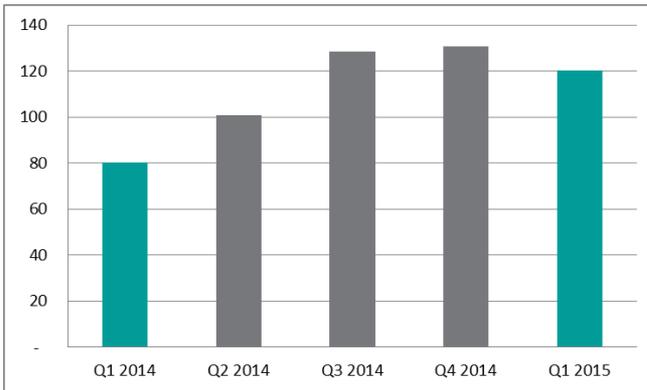
- Leverage powerful solutions to secure large contracts and set production records
- Asset-light model makes it possible to reduce capacity; redelivery of Atlantic and de-rig Arctic to become 2D vessel on 6 months survey in Mexico
- Pro-active decisions to strengthen the financial position



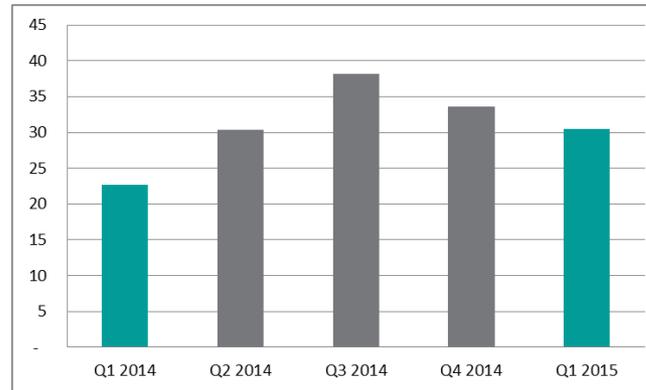
Key financials - quarterly developments

(USD Million)

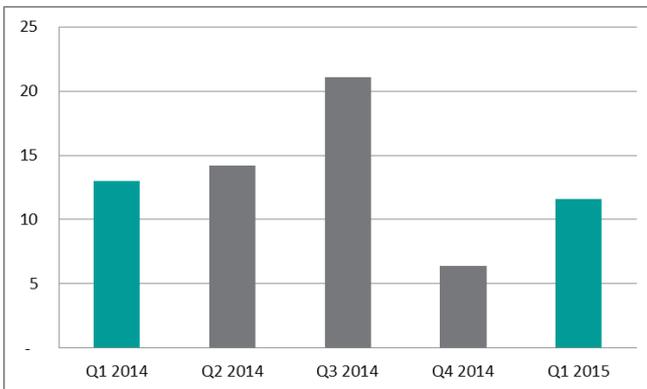
Net operating revenues



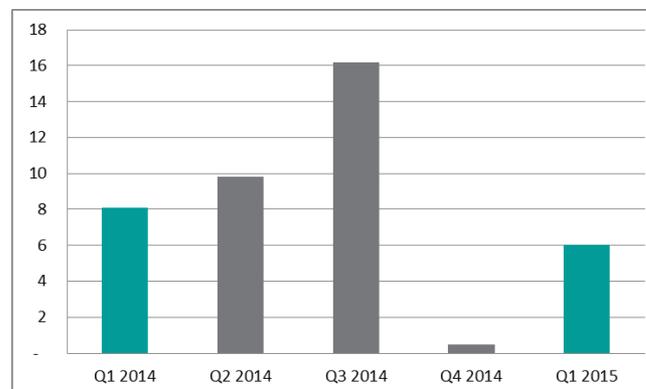
EBITDA



EBIT



Profit Before Tax

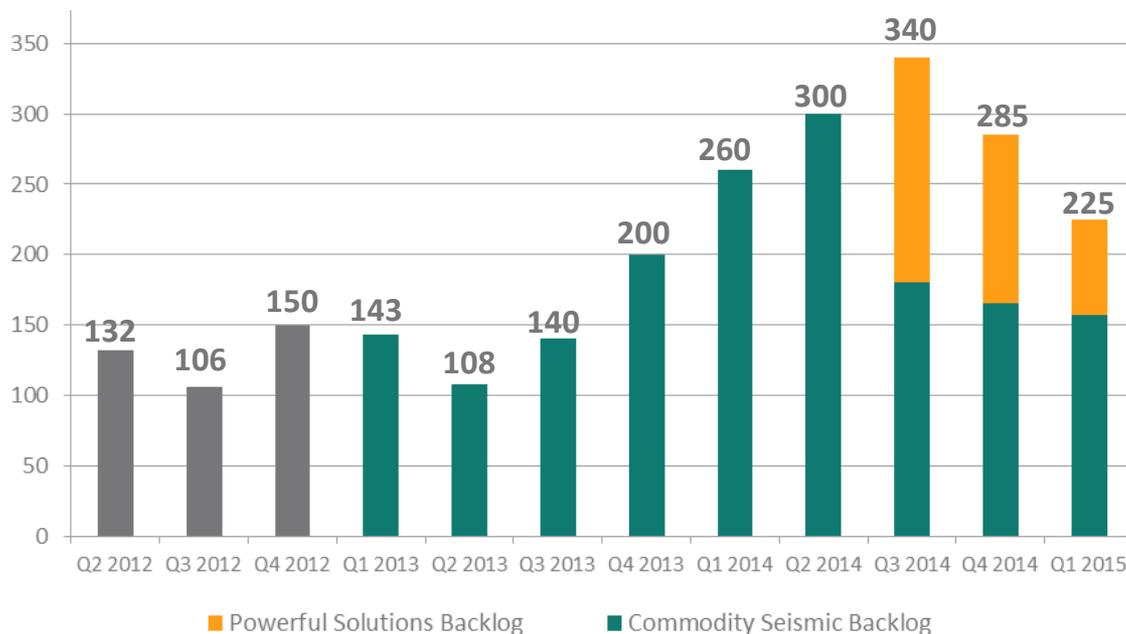


- Revenue growth of 50% YoY despite a challenging market
- Strong contract revenues, with only 5% of vessel capacity allocated to Multi-Client projects in Q1
- Solid EBITDA of USD 30.4 million, primarily from Marine Contract
- Healthy EBIT of USD 11.6 million in a challenging market
- “One of the few” being able to deliver earnings in the quarter

Solid backlog for Q2 and Q3

(USD Million)

Backlog quarterly development*



- USD 225 million as of 1 April 2015
- Well covered for the next quarters
 - ~ 90% covered for Q2 15
 - ~ 70% covered for Q3 15
 - ~ 30% covered for Q4 15
- ~ 30% of backlog relates to Powerful Solutions (+12 streamers)
- Includes committed Multi-Client projects

Modern high-capacity 3D vessels are in demand

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Profit & Loss Statement

(USD Million)

	Q1 2015 Unaudited	Q1 2014 Unaudited	Year 2014 Audited
Net Operating Revenues	120.1	80.2	440.2
<i>Operating Expenses</i>			
Cost of sales	84.0	51.8	292.5
Amortisation/write-down of MC library	4.5	0.8	23.0
Selling, general and administrative cost	5.5	5.2	21.3
Share-based compensation	0.1	0.5	1.6
Depreciation, amortisation and write-down	14.3	9.0	47.2
Total Operating Expenses	108.5	67.2	385.6
Operating Profit (EBIT)	11.6	13.0	54.6
Total financial income	0.2	0.4	1.5
Total financial expenses	-5.8	-5.3	-21.4
Net Financial Items	-5.6	-4.9	-20.0
Profit Before Taxes	6.0	8.1	34.7
Tax expense ordinary	1.4	1.9	8.1
Net Income	4.6	6.2	22.0
Basic earnings per share full IFRS tax	0.01	0.02	0.06
Diluted earnings per share full IFRS tax	0.01	0.02	0.06
Revaluation of cash flow hedge	-1.6	0.1	-7.2
Total Comprehensive Income	3.0	6.4	14.8
Average share outstanding	341,535,648	342,010,295	343,681,325
Average share outstanding diluted	341,845,358	349,359,133	348,524,023

- Significant revenue growth YoY
- Cost of Sales gradually being reduced
- Contract EBIT margin negatively impacted by:
 - idle 2D vessel
 - low-end 3D vessel
 - complex operation in India
 - high regional costs, especially in Asia Pacific
- USD 20-25 million cost savings program initiated for 2015

Revenue distribution

(USD Million)

In millions of USD	Q1 2015 Unaudited	Q1 2014 Unaudited	Year 2014 Audited
<i>Geophysical:</i>			
Marine Exclusive contracts	106.0	75.3	375.7
Multi-Client prefunding	3.9	1.0	26.0
Multi-Client late sales	5.4	0.7	23.8
Processing	4.1	2.2	11.3
Other	-	-	0.2
<i>Dolphin Interconnect:</i>			
Contract	0.7	1.0	3.2
Net Operating Revenues	120.1	80.2	440.2

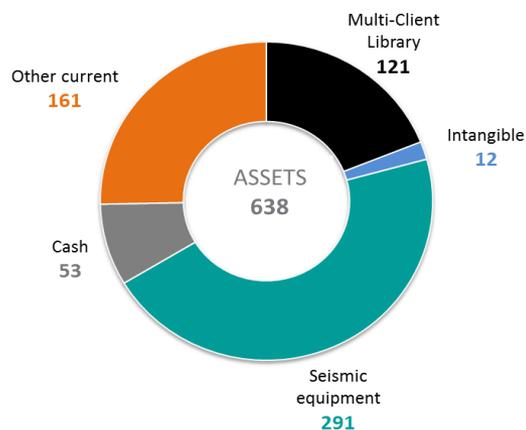
Comments

- Solid contract revenues for the quarter
- Low Multi-Client activity in Q1, soft pre-funding and late sales
- Processing & Imaging growing as planned

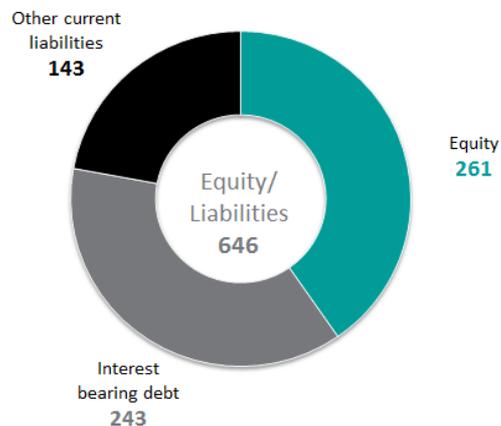
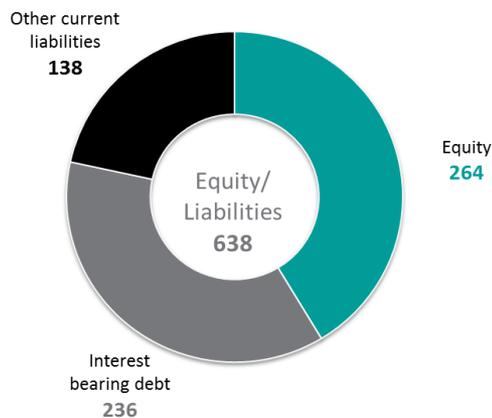
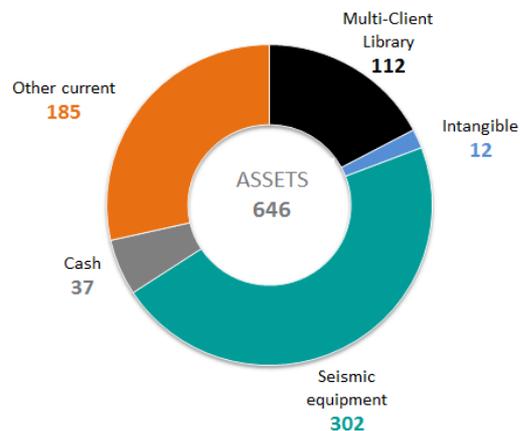
Asset-light balance sheet

(USD Million)

Q1 2015



YE 2014



Comments on assets:

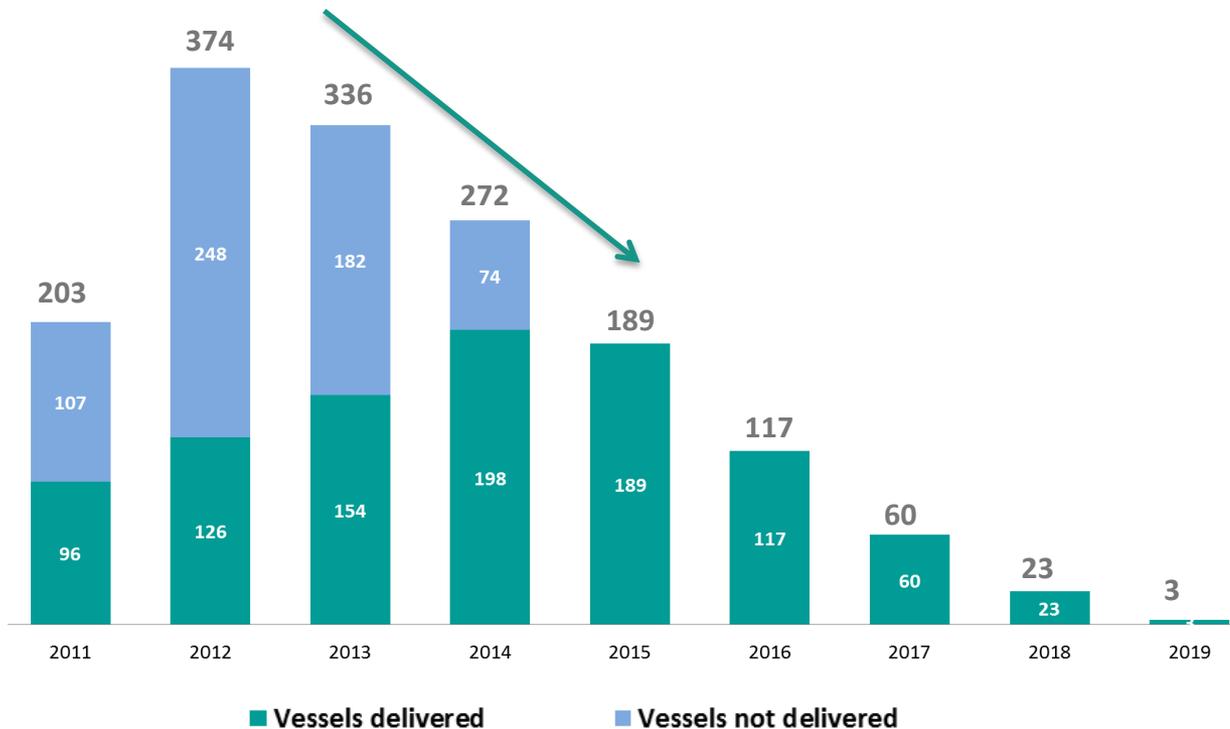
- Asset-light balance sheet
- Other current assets reduced due to settled receivables
- Prudent growth in Multi-Client library

Comments on equity and debt:

- Improved equity ratio , now at 41.4%
- Reduced interest bearing debt (NIBD USD 180 million, ref note 7)
- See appendix for covenants and detailed interest bearing debt

Asset-light business model – limited off-balance sheet commitments

Annual minimum operational leasing obligations (USD million)



- USD 185 million reduced commitment from 2012 to 2015
- Includes all seismic vessels (Polar Empress from Q1 2015), and only firm Time-Charter period
- Significantly lower commitments than vessel ownership
- Asset-light model, highly flexible and valuable in a weak market
- No vessel impairment write-offs (Not Applicable for Dolphin)

Graph shows total minimum operational leasing obligations according to IAS 17
Source: Dolphin Group ASA, 31 December 2014

Cash flow – detailed

(USD Million)

	Q1 2015	Q1 2014	Year 2014
Operating Activities			
Profit before tax	6.0	8.1	34.7
Depreciation and write-down	14.3	9.0	47.2
Amortisation and write-down of Multi-Client library	4.5	0.8	23.0
Share-based payment expense	0.1	0.5	1.6
Interest expense	4.6	4.3	17.3
Changes in current assets/liabilities	17.1	33.6	-20.0
Net Cash Flow From Operating Activities	46.7	56.2	103.7
Investing Activities			
Purchase of property, plant and equipment	-3.4	-1.6	-16.1
Prepaid seismic equipment	-1.6	-84.1	-116.2
Net investment in Multi-Client	-12.1	-10.2	-43.9
Investment in intangible asset and operating equipment	-0.4	-1.6	-3.5
Investment through acquisition	-	-	-1.0
Net Cash Flow From Investing Activities	-17.5	-97.5	-180.7
Financing Activities			
Net proceeds from issue of new equity	-	0.7	1.5
Purchase of treasury shares	-0.1	49.4	-1.7
Disposal of treasury shares	0.1	-	-
Proceeds from borrowing	2.8	-	87.4
Interest paid	-4.1	-4.0	-15.7
Repayment of interest bearing debt	-11.6	-6.0	-33.2
Net Cash Flow From Financing Activities	-12.9	40.1	38.2
Net Change In Cash and Cash Equivalents	16.3	-1.1	-38.8
Cash and cash equivalents opening balance	36.7	75.4	75.4
Cash and Cash Equivalents Closing Balance	53.0	74.3	36.7

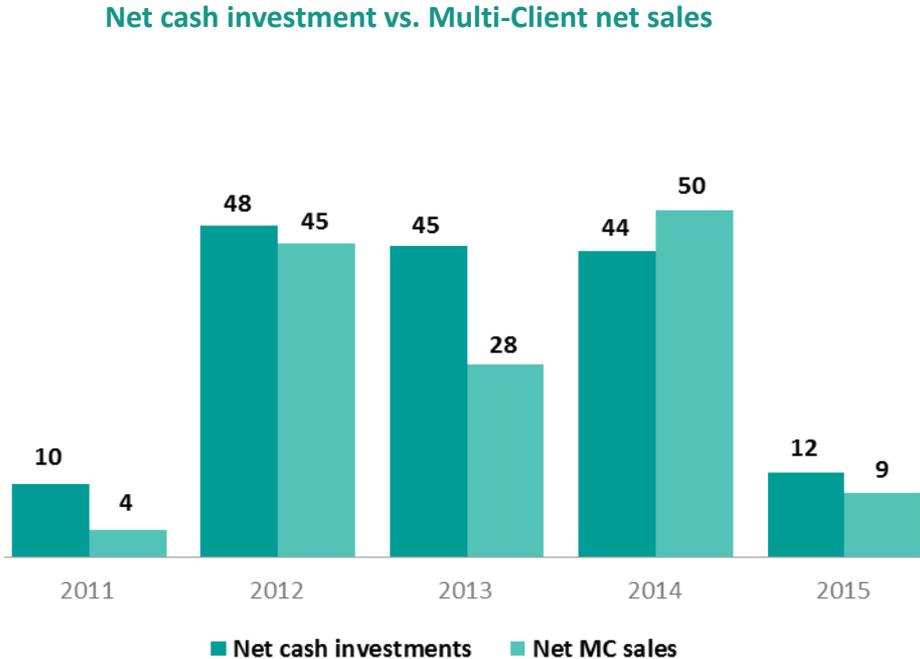
Comments:

- Solid cash flow from operations
- Improved receivable collection
- Limited investment activities
- Cash position increased from USD 37 million to 53 million

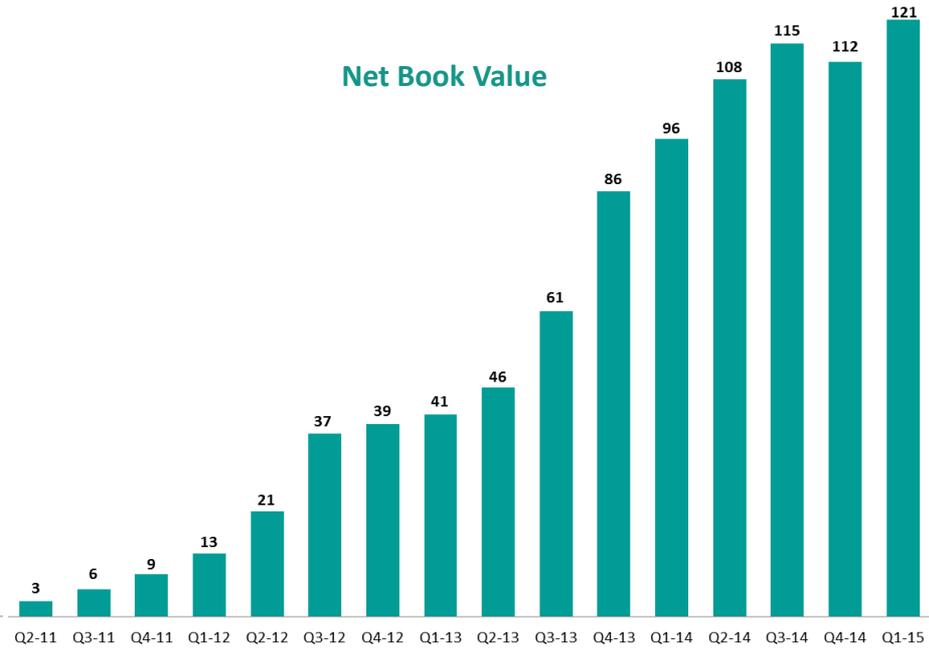
Dolphin takes a prudent approach to Multi-Client

(USD Million)

Net cash investment vs. Multi-Client net sales



Net Book Value



Comments:

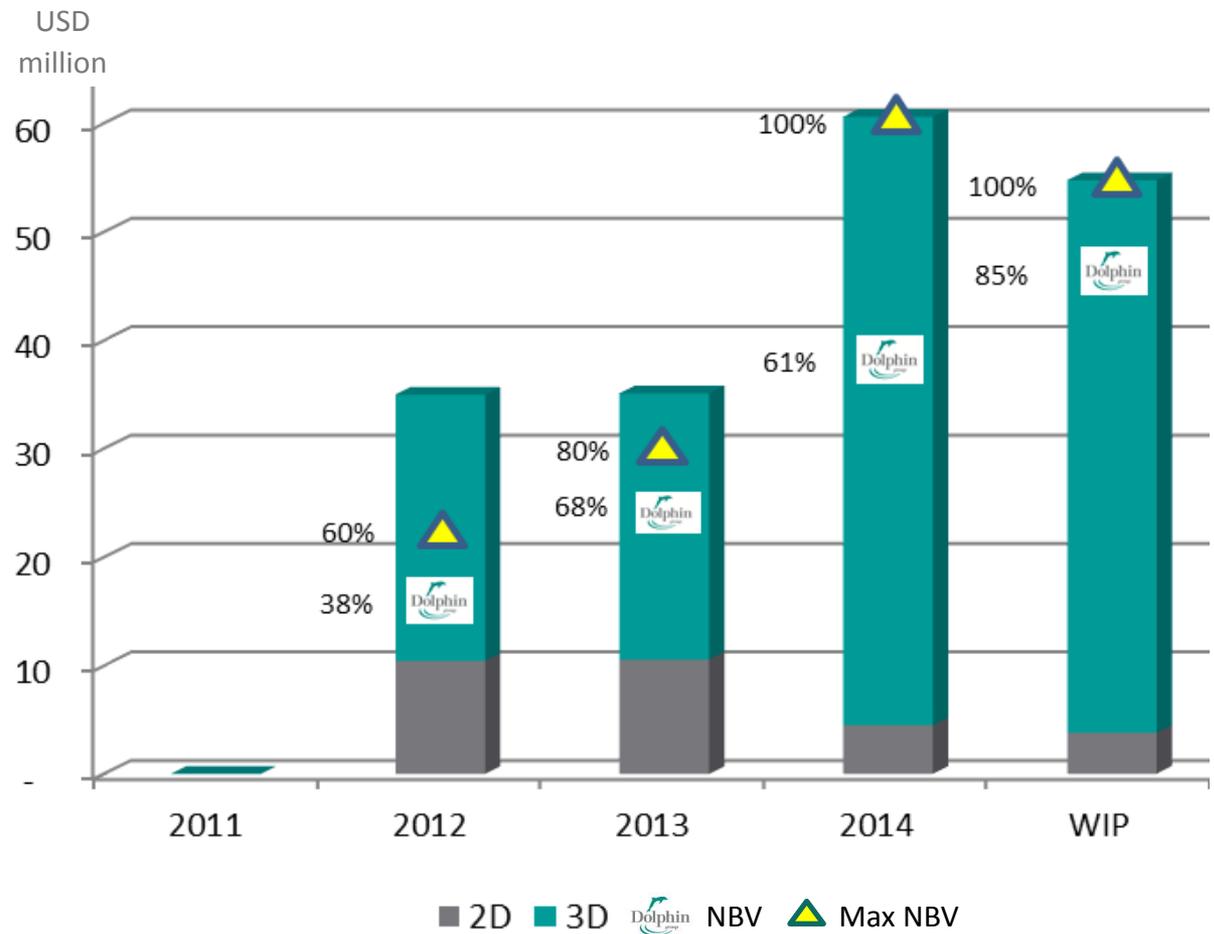
- Target Multi-Client net sales > net cash investment
- Q1 net cash investment of USD 12 million
- USD 3.9 million pre-funding (32%), late-sales of USD 5.4 million), totaling USD 9.3 million
- Q1 investment to sales ratio of 0.8x

Comments:

- Net Book Value at USD 121 million
- Dolphin takes a prudent approach to Multi-Client investment
- Multi-Client investment guidance of USD 50-70 million for 2015 reiterated

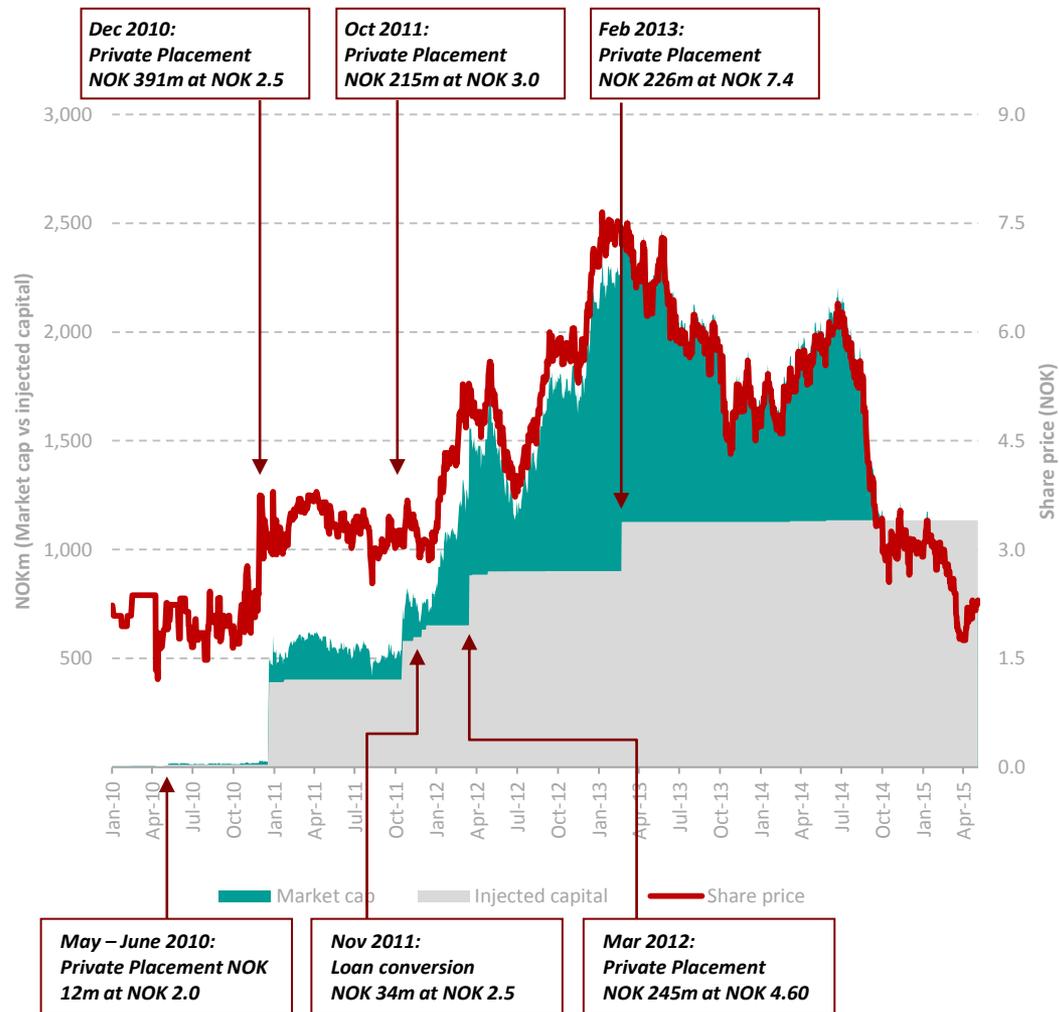
Multi-Client investments and NBV per vintage

- Detailed review of all library vintages for Q1
- Gross invested USD 185 million
- NBV USD 121 million, of which WIP is USD 46 million (38%)
- USD 74 million (62%) is NBV of data ready for sale
- NBV of all vintages  are below max NBV 



Dolphin remains fully focused on preserving and creating shareholder values

- Delivering shareholder value through growth and earnings by executing the business strategy
- Deliver on final part of business plan by taking delivery of Polar Empress.
- Close dialog with shareholders, to manoeuvre right in a challenging market
- Raised a total equity of NOK 1,135 million (est. USD 150 million) since 2010*
- Current market capitalisation of est. USD 108 million / NOK 812 million
- Listed at main list Oslo Stock Exchange with 1,920 supporting shareholders



Source: FactSet – retrieved 05 May 2015

*ex. conditional ongoing private placement

Proposal to improve financial position by extending debt maturities*

Background

As a pro-active initiative to meet the uncertain market outlook, Dolphin management and Board of Directors have made a constructive proposal to our three main financial stakeholders to strengthen the overall financial position of Dolphin

Description of proposal

1. The maturity of the unsecured bonds, DOLP01 and DOLP02, to be extended by 15 months each (14 February 2018 and 5 March 2019, respectively)
2. The amortisation profile of the main bank facility to be reduced by USD 15 million over the coming two years and remaining outstanding to be converted into a “bullet” facility of USD 20 million maturing after both DOLP01 and DOLP02
3. Based on successful approval of 1 and 2, the largest shareholders of Dolphin have committed and subscribed to a 20% equity issue for 70 million shares at a market price of NOK 2.05 performed 21 April 2015

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Business lines

Marine Contract



Expanding modern fleet

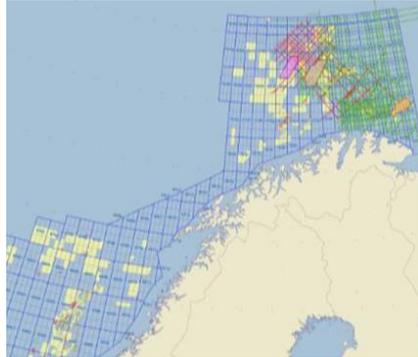
In production

- 5x High-End 3D vessels
- 1x Mid size 3D vessel
- 1x Ice-class 2D vessel

Under construction

- 1x High-End 3D vessel to be delivered in Q2 2015

Multi-Client



Growing Multi-Client data library

Library of modern 2D & 3D data

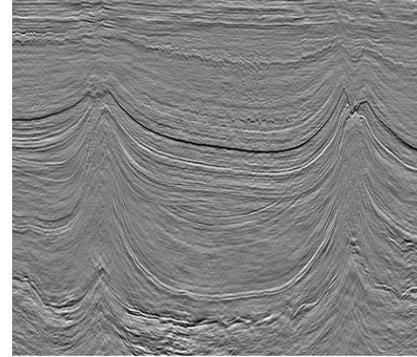
Areas of focus:

- North Sea UK and Norway
- Norwegian Barents Sea
- West Africa
- Brazil

USD 185 million already invested

28,200 km² of 3D and 48,100 km² of 2D successfully completed

Processing & Imaging



Full onshore & offshore processing & imaging

In-house Processing and R&D

- Processing centres in UK, Houston and Singapore
- On-board Processing on all vessels
- Fast track data delivery
- AVO Friendly Broadband solution (SHarp)

Processing Software



Land & marine seismic processing software

Software for the 21st Century

- QC, Time & Depth Processing
- Interactive user interface
- Advanced 2D and 3D visualisation
- Parallel processing and job management

Rapid and successful fleet expansion – one vessel to go

Polar Duke (3D, 12-14 str)



Delivered May 2011

Polar Duchess (3D, 12-14 str)



Delivered April 2012

Sanco Swift (3D, 16 str)



Delivered July 2013

Polar Marquis (3D, 14 str)



Delivered May 2014

May '11

Q1 '12

Q2 '13

Q2 '14

Q2 '15

Fully operational fleet

Vessel to be delivered

~~Artemis Atlantic (2D)~~



Delivered May 2011

**Re-delivered
5 May**

Artemis Arctic (3Dm 6/8str)



Delivered May 2011

**De-rigged for 2D
(June)**

Sanco Sword (3D, 16 str)



Delivered April 2014

Polar Empress (3D, 22 str)



Delivery May 2015

Dolphin is asset-light with flexible Time-Charter commitments

Vessel	Firm initial period/Options	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Artemis Atlantic	TC firm 4 years from May '11 Option of 2+2 years					May											
Polar Duke	TC firm 5 years from May '11 Option of 6 years					May											
Artemis Arctic	TC firm 5 years from May '11 Option of 2+2 years					May											
Polar Duchess	TC firm 5 years from March '12 Option of 4+2 years						March										
Polar Marquis	TC firm 3.5 years from May '14 Option of 2+2 years							Nov									
Sanco Swift	TC firm 5 years from June '13 Option of 2+2+2 years								June								
Sanco Sword	TC firm 5 years from March '14 Option of 2+2+2 years								March								
Polar Empress	TC firm 5 years from April '15 Option of 3+3 years										April						

Comments:

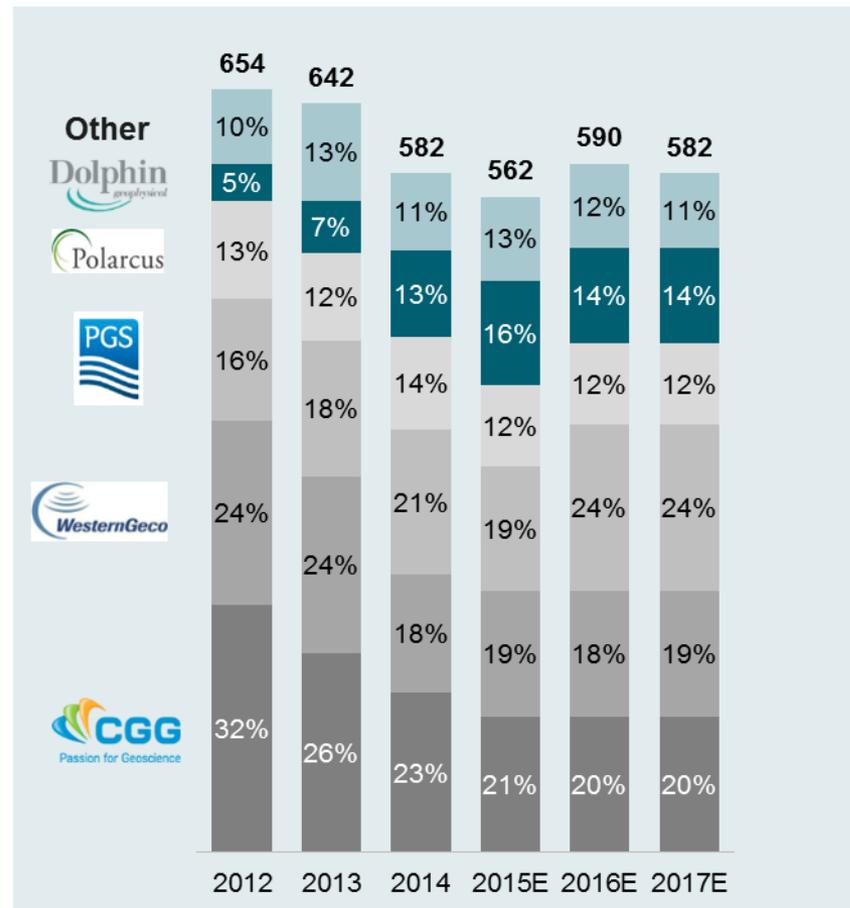
- Artemis Atlantic redelivered 5 May 2015
- Artemis Arctic planned redelivered early 2016
- Variable options to extend at a pre-agreed rates
- Control high-end vessels in 11 years, only small index adjustment of the terms in option period
- Dolphin business model is flexible and highly favourable compared to “steel on balance sheet”

Strong supply response to lower demand

Market shares (# of vessels – 3D fleet)



Market shares (# of practical streamers – 3D fleet)

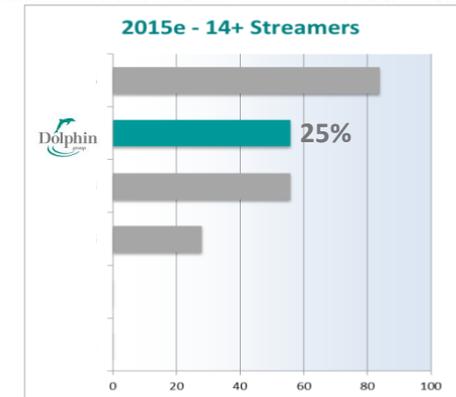
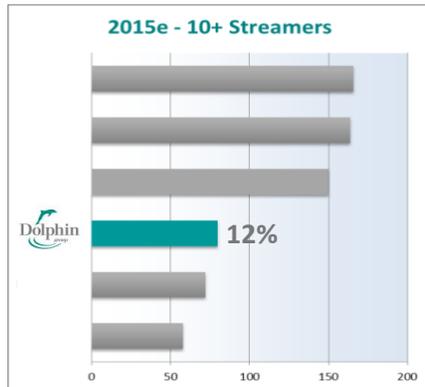
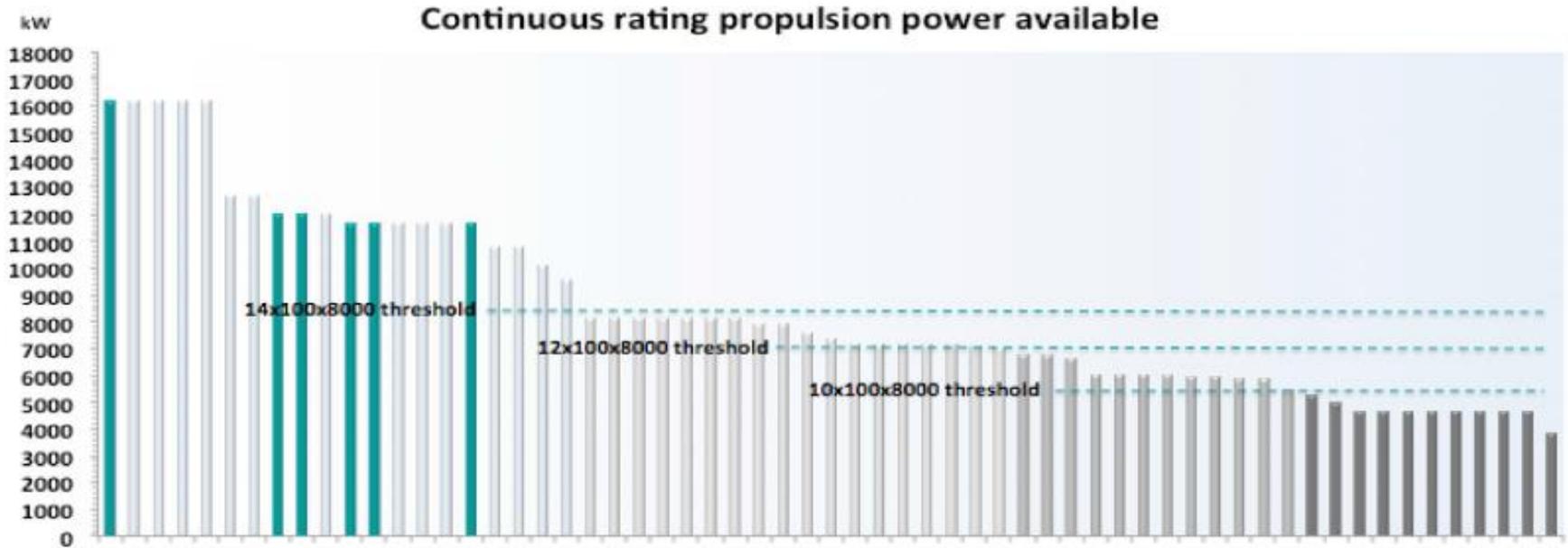


Source: SEB Equity Research, SEB CF



- Includes SCF vessel (Polarcus) currently on bareboat, and where SCF has purchase option
- Cold stacked vessels assumed taken out

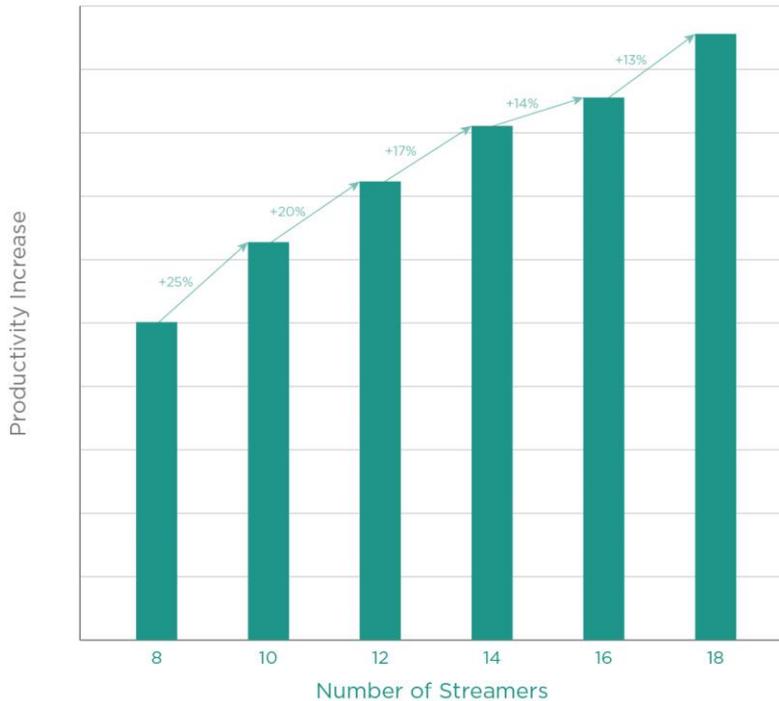
Dolphin fleet - among the most powerful vessels in the industry



Increased market share in 14+ streamer market -> higher margin

Productivity increases through powerful solutions

Productivity increases

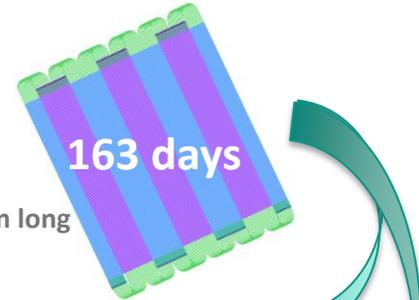


“4 of 7 Dolphin vessels can tow 16 streamers (@100 m)”

Time reduction/Cost saving when acquiring 10,000 km2

Commodity offering

12 streamers with 100m separation and 8 km long



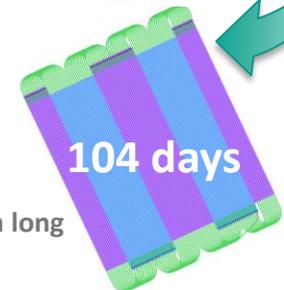
Powerful solution offering I

12 streamers with 150m separation and 8 km long



Powerful solution offering II

10 streamers with 200m separation and 8 km long



“time is money”

Sanco Sword – the vessel to beat..

- Dolphin production records vs (old known records)

Production (Sq. km)

- Daily : 159 (144)
- Weekly : 1,003 (919)
- Monthly : 4,069 (3,056)

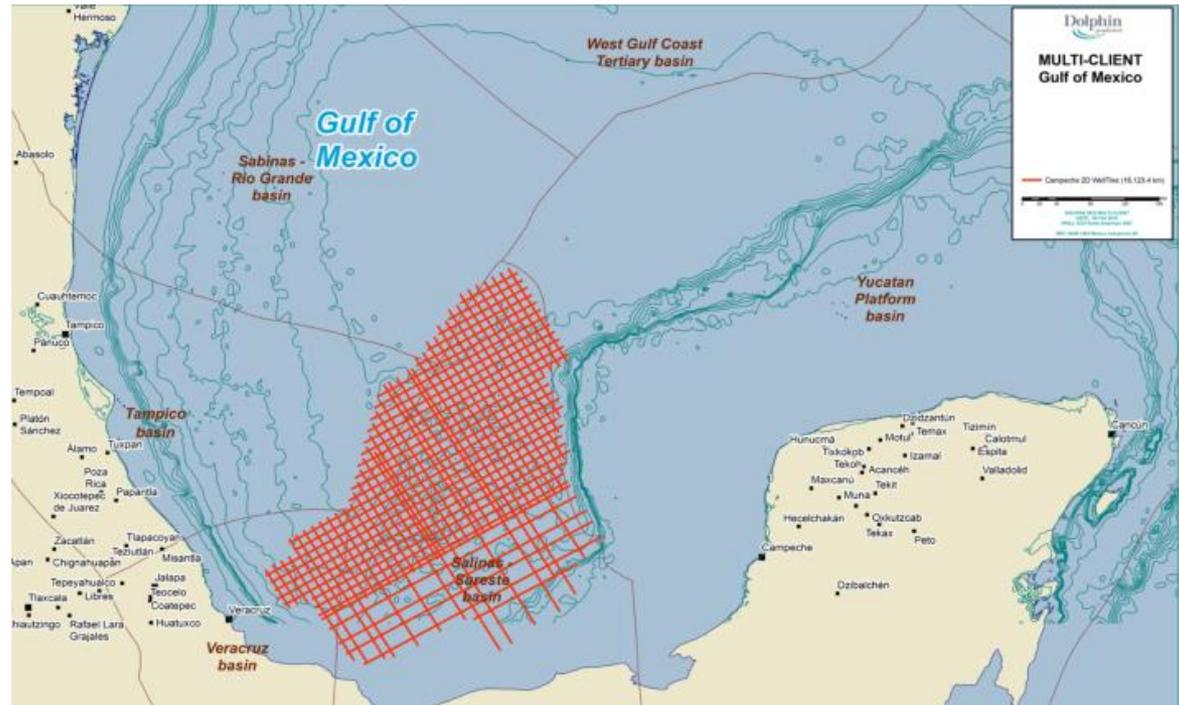
Configuration

- 12*150m*7km
- 1,650m between outer streamers
- > nautical mile total in-water spread



Delivering on Mexico strategy

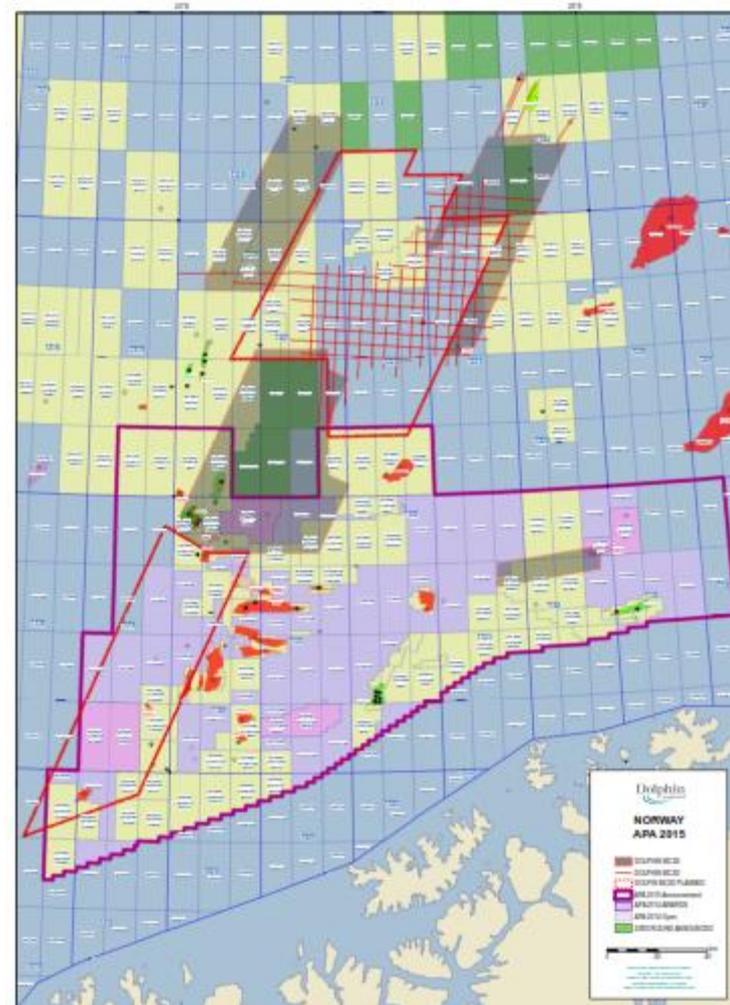
- East Campeche 2D long offset SHarp survey
- Multiple companies prefunding
- CNH permit approved
- Size (phase 1):
16,123 2D line kilometers
- Survey (phase 1) start:
Q2 2015
- Delivery of time processed products: Q4 2015



Significant increase in 2D and 3D activity already from Q2 2015

Dolphin is building a strong presence in the Barents Sea

- **Existing library**
 - Gulspurv (2013)
 - Maud (2013-2014)
 - Gotha (2014)
 - 5 prospective 23rd round blocks
 - 1 prospective APA block
- **New 2015 programmes**
 - Ringvassøy (50/50 Dolphin/TGS)
 - 20% complete
 - 4,100 Sq. km
 - Will cover APA 2015 blocks recently announced



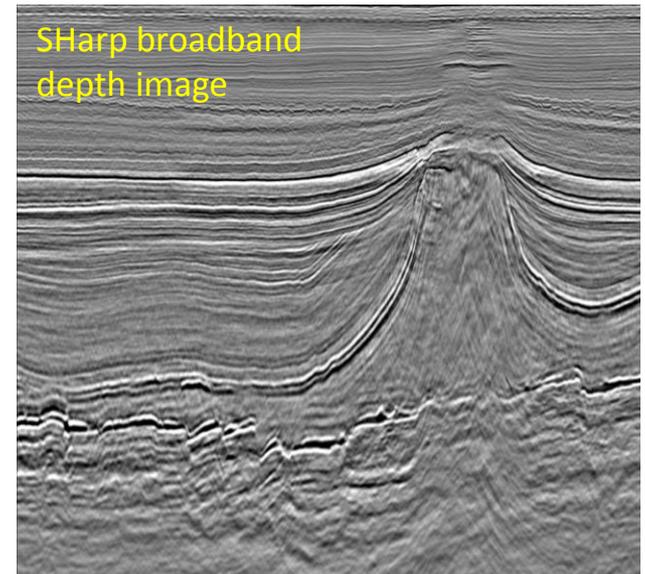
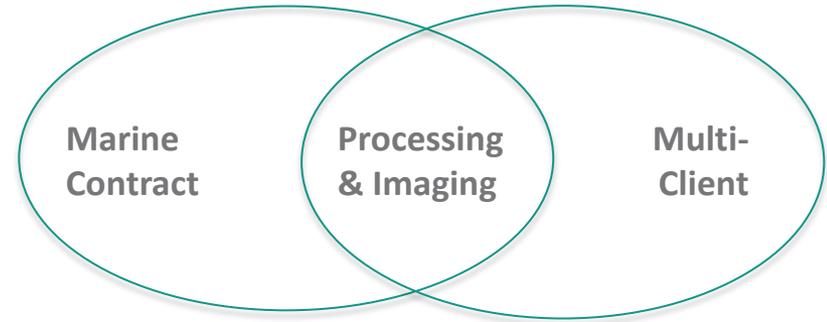
Processing & Imaging – a critical success factor

Makes Dolphin a fully integrated marine geophysical contractor

- Our people, our software, our hardware
- Worldwide software sales
- Processing centres in Houston, London and Singapore
- Brings us closer to our clients
- It's all about imaging and reduced exploration and production risk

A continuing successful growth story

- 89% growth in external revenues to USD 4.1 million (USD 2.2 million in Q1 2014)
- External backlog of USD 7.0 million
- Growing within re-processing and depth imaging
- Long-term target to represent 8% Marine Contract acquisition revenue



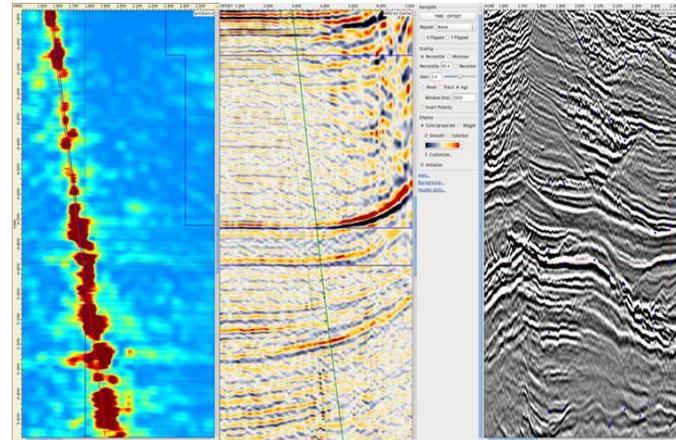
Market outlook 2015

Current market snapshot:

- Still low visibility in all regions for 2015
- Difficult market fundamentals - oil price and Russian sanctions
- Slow Multi-Client Late Sales due to uncertainty on E&P budgets and priorities
- Myanmar, Mexico and Pacific region represent some bright spots
- Strong supply response to lower demand

Dolphin

- Solid start on 2015 creates good foundation for a challenging year
- Legacy backlog coverage dampens effects of downturn
- Pro-active measures to strengthen financial position
- Cost efficiency initiatives to reduce cost base
- Taking advantage of asset-light model
- Ready to leverage the market upturn



2015 Guidance – summary*

- Dolphin's full year revenue is expected in the range of USD 450-500 million for 2015, adjustment due to less vessel capacity and more conservative pricing/utilisation for 2H15
- The Dolphin Multi-Client investments will primarily be made in prospective offshore areas. Dolphin expect to allocate 15-20% of 3D vessel capacity to Multi-Client investments for 2015, representing cash investments of approximately USD 50-70 million
- The new and final 3D vessel, Polar Empress with 14- 22 streamer capacity, will be taken on charter ultimo May 2015
- To prepare for an uncertain market outlook, pro-active decisions are made to; significantly reduce costs and capital expenditures, redelivering low end vessels, extend bond maturities, reduce debt amortisation and increase equity capital.
- In a challenging market environment, Dolphin will focus on market positioning of the 6 modern high-capacity 3D seismic vessels, seismic processing and sales from an attractive Multi-Client seismic data library



Question & Answer Session

Delivering Powerful Solutions

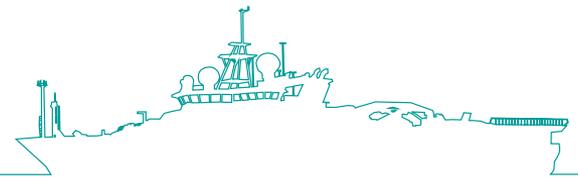


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Dolphin – detailed assumptions and guidance for 2015

-Official on 8 Jan 2015

-Reiterated on 18 Feb 2015

-Adjusted on 6 May 2015

- **New Vessel capacity to be delivered on time and budget**
 - Polar Empress (3D, 14-22 str.) to be delivered end April 2015, new delivery date ultimo May 2015
- **Pricing, costs, utilisation**
 - Overall revenues expected to exceed USD 500 million for 2015, adjusted to range USD 450-500 million due to less vessel capacity and more conservative price/utilisation for 2H 2015
 - Expected day-rates of 230-330 USD/day in 2015 for 3D high-end seismic vessels, pending region and configuration, adjusted to range 200-330 USD/day
 - Utilisation high-end 3D vessels, 82-88%, adjusted to 75-88%
 - Cash Opex high-end 3D vessels of ~118'-135' USD/day, to be reduced
 - All high-end 3D vessels will be permanently accompanied by 1x chase vessel and 1x support/fuel vessel, to be reduced
 - Other external third party costs and revenues, 6-8% of revenues for 3D vessels, to be reduced
In addition individual reimbursable country specific costs will apply
 - Estimated SG&A costs USD 6.0 – 6.5 million per quarter in 2015, adjusted to USD 5.5 million going forward
- **Multi-Client activities**
 - MCS 3D, 15-20% of vessel capacity
 - Total cash MCS-investments in the range of USD 50-70 million
 - Pre-funding targets of 2D > 50% and 3D > 70%
 - Sales ratio's 1.7– 2.2 times MCS investment costs, portfolio continuously reviewed
- **Capex**
 - New seismic equipment investment of total approximately USD 45 million for 2015
 - Capacity upgrade and maintenance of USD 8-10 million, dependent on clients configuration request, adjusted to USD 5-7 million
 - Processing 2015, USD 3-5 million

Financial Covenants* / fully compliant as per 31/03/2015

	Definitions**	Loan Facility	Bonds
Liquidity	<ul style="list-style-type: none"> Unrestricted cash and equivalents 	<ul style="list-style-type: none"> USD > 15m 	<ul style="list-style-type: none"> USD > 10m
Equity ratio	<ul style="list-style-type: none"> Total Equity/Total Assets 	<ul style="list-style-type: none"> > 35% 	<ul style="list-style-type: none"> > 35%
Gearing ratio	<ul style="list-style-type: none"> NIBD' / EBITDA – Rolling 12 months 	<ul style="list-style-type: none"> < 2.0 	<ul style="list-style-type: none"> NA
Interest cover	<ul style="list-style-type: none"> EBITDA/Net Interest Cost – Rolling 12 months 	<ul style="list-style-type: none"> > 3.25 	<ul style="list-style-type: none"> > 2.5
Working Capital	<ul style="list-style-type: none"> Positive Working Capital 	<ul style="list-style-type: none"> > 0 	<ul style="list-style-type: none"> NA

*' NIBD = total interest bearing debt (including financial leasing) less free and available cash .
Any new debt outside of the Loan Facility is included in NIBD by adding ¼ in each of the 4 subsequent quarters.*

** Adjusted and valid from 31.12.14 as per amended Term Loan Facility*

***All covenants measured quarterly on a consolidated basis*

IBD with earliest major maturity in November 2016

Debt	Security	Amount	Balance 31/03/15	Tenure	Maturity	Interest
Bond Dolp01	Unsecured	NOK 400,000,000	USD 71,261,000	4 years	Nov-2016	3M Nibor + 775
Bond Dolp02	Unsecured	NOK 500,000,000	USD 88,893,000	4 years	Dec-2017	3M Nibor + 750
Term Loan	Secured	USD 93,000,000	USD 48,608,000	Tranches	Q115 - Q2 2018	Libor + 400
Term Loan	Secured	USD 25,000,000	USD 19,978,000	2.5 years	Q115 - Q4 2016	Libor + 400
Financial lease	Secured	USD 19,000,000	USD 7,371,000	Various	Q115 - Q2 2019	Various, less than 5%
Grand total			USD 236,111,000			

Comments:

- DOLP01 and DOLP02 have USD swaps
- Term loans primarily to finance seismic equipment
- Financial leasing primarily for processing and business IT equipment

See Note 7, NIBD, with Short-Term debt USD 36.1 million and Long-term debt USD 200 million, totalling USD 236.1 million