



Q1 2020 presentation (incl. April)

26 May 2020

# TODAYS PRESENTERS

## Today's presenters

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**Svein Torgersen**  
CEO



**Trym Gudmundsen**  
CFO

## About Cegal

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- Cegal is a trusted provider of hybrid cloud solutions, software, and consultancy within IT, business, geoscience, and data management for the energy industry
- Our employees are working from offices in Stavanger (HQ), Oslo, London, Aberdeen, Dubai, Houston, Calgary and Kuala Lumpur
- The combination of IT and geoscience domain expertise makes us a unique IT and geoscience solutions provider to the energy industry
- We have a business model based on the delivery of scalable and recurring as a Service solution. This enables our energy customers to scale costs easily. With significant investments in our product and services portfolio over the last years, we now have a unique offering and are well positioned for the future
- In November 2019 Chip Bidco AS entered into an agreement to acquire all of the shares and voting rights in Cegal Group AS and the acquisition was formally closed on 20 December 2019

# AGENDA

1 **Business update**

2 Financials

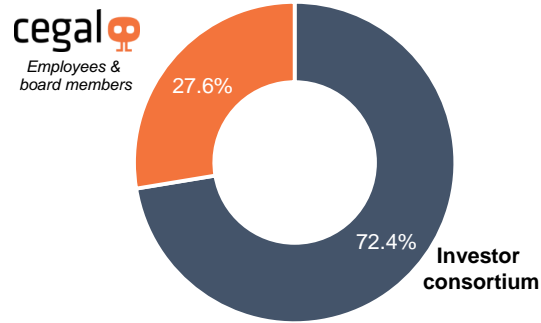
3 Summary





# OWNERSHIP AND BOARD

## Ownership overview



### Investor consortium

<p>Funds managed by DWS Group</p>	<p>Argentum Asset Management</p>	<p>Other investors</p> <p>Others</p>
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## New board members

We are pleased to announce that Cegal Group AS (a subsidiary of Chip Bidco AS) has elected three new Board members to strengthen the competence of the Board:

### LASSE ANDRESEN

Lasse Andresen has twenty-plus years of experience in the tech industry including leading roles at Texas Instruments and Sun Microsystems, where he was CTO of Central and Northern Europe. Lasse co-founded ForgeRock, the identity and access management company he led as CEO through the startup phase and is now Chief Technology Officer of ForgeRock. As an active advisor to startups, Lasse serves as a mentor and coach for Nordic Innovation House portfolio companies and as an advisor at StartupLab, the leading Norwegian technology incubator. Lasse maintains a vast international network of contacts throughout the identity, cyber security, developer, IoT, and funding communities

### DAVOR PETER SUTIJA

Davor Sutija was until recently SVP Sales & Marketing at Cognite, and previously CEO of Thin Film Electronics. He has served as SVP, Strategic Business Development, at FAST, founding CEO at SiNOR (a PV ingot manufacturer), and GM at Elkem Ceramtec Analytical. He is on the Orbotech Advisory Board, and was non-executive director at Comperio, Owera, SensoNor, and Birdstep. Dr. Sutija is a renowned speaker on Industrial AI and the Internet of Things, including as invited keynote at Mobile World Congress. Dr. Sutija is a graduate of the Management and Technology program at Wharton, and holds a Ph.D. Chemical Engineering from UC Berkeley, where he was Hertz Fellow at LBNL

### DAGFINN RINGÅS

Dagfinn Ringås is the Group CEO of SYSCO, a Nordic technology company specialized in the Energy sector. Mr. Ringås has more than 20 years of experience from the IT-industry, with various leadership roles at Microsoft and as Country President of Schneider Electric Norway. He has an MBA from Sydney Business School, an Executive Leadership Program from Instead and a bachelors' degree in American studies and political science from the University of Oslo

# COVID-19 UPDATE –IMPACT ON CEGAL

## Operational impact

### Employees

<b>Home office</b>	Employees are primarily working from home. A few exceptions (logged)
<b>Layoffs</b>	None
<b>Medical</b>	No employee have tested positive for COVID-19

### Customers

<b>Customer satisfaction</b>	Extensive survey started (20 of 25 customers completed) – prelim. avg. result of 4.91 (scale 1-6) and 5.35 score on «How likely is it that you would recommend Cegal to contacts in your network?»
<b>Delivery</b>	No change. Continued stability and performance
<b>Information security</b>	No major incidents or compromised data

### Suppliers

<b>Hardware</b>	Some minor delays on hardware deliveries on project implementations
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## Business areas

x% Share of 2019 revenues

**Cloud**

64%

- GeoCloud platform
- Cloud services
- GeoCloud software

**Software**

15%

- Stand alone software
- Geo science applications

**Consulting**

9%

- Software services
- G&G consulting
- Business consulting

## COVID-19 impact

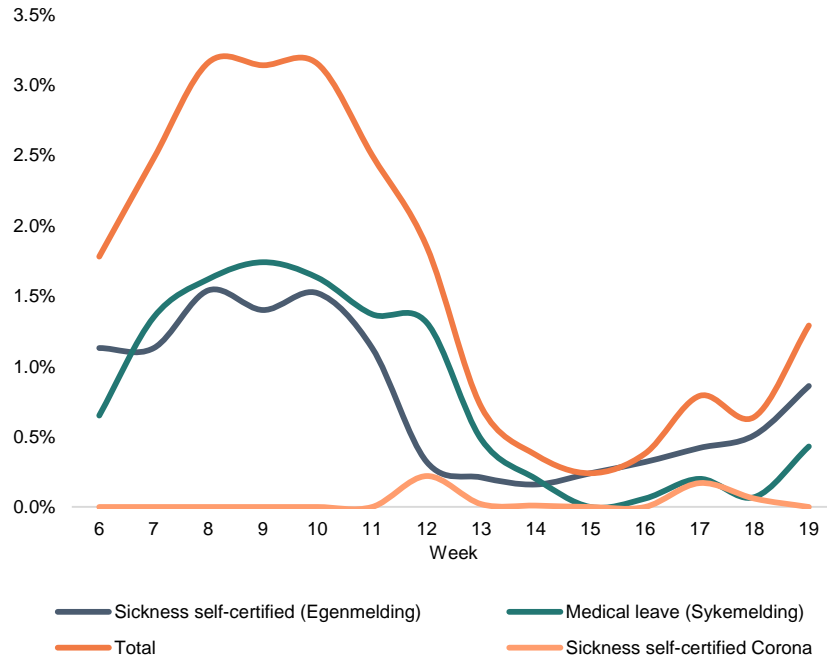
**More relevant to customers**

**Limited impact**

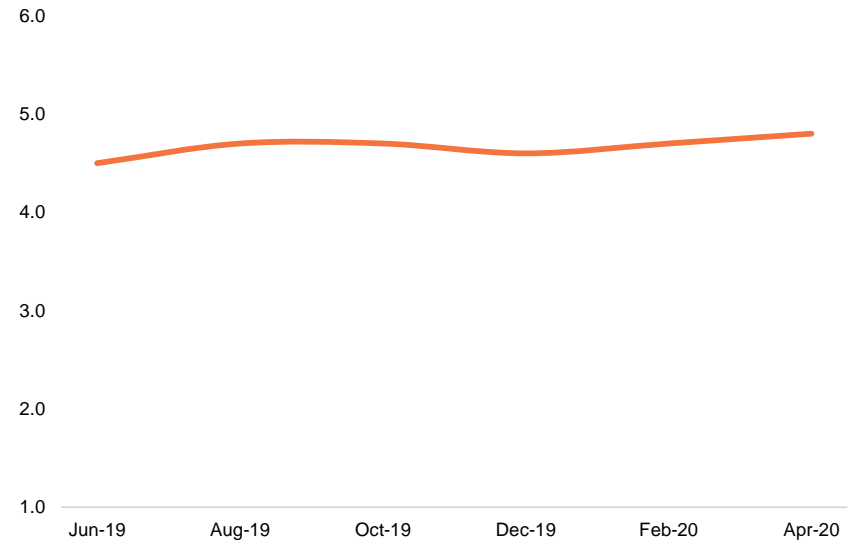
**Short/Medium term more relevant to customers**

# COVID-19 UPDATE – EMPLOYEES

## Weekly sickness development



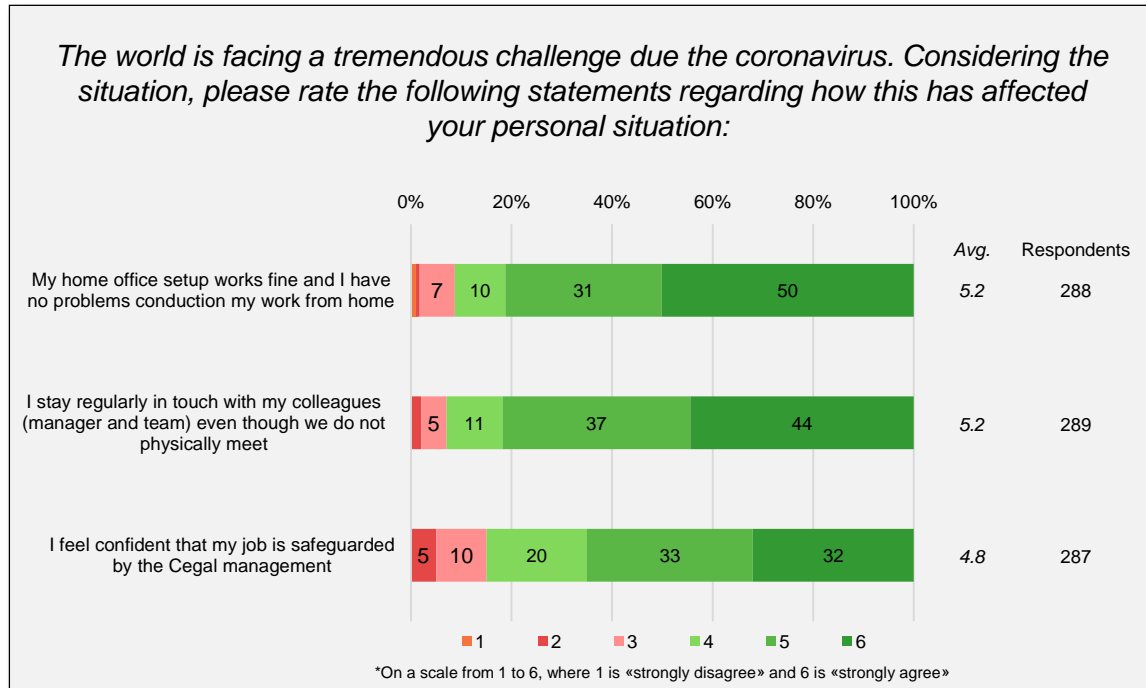
## HCI<sup>1</sup> trend



1) HCI = Human Capital Index. Score = 1-6

# COVID-19 UPDATE – EMPLOYEE SURVEY

## Employee survey results

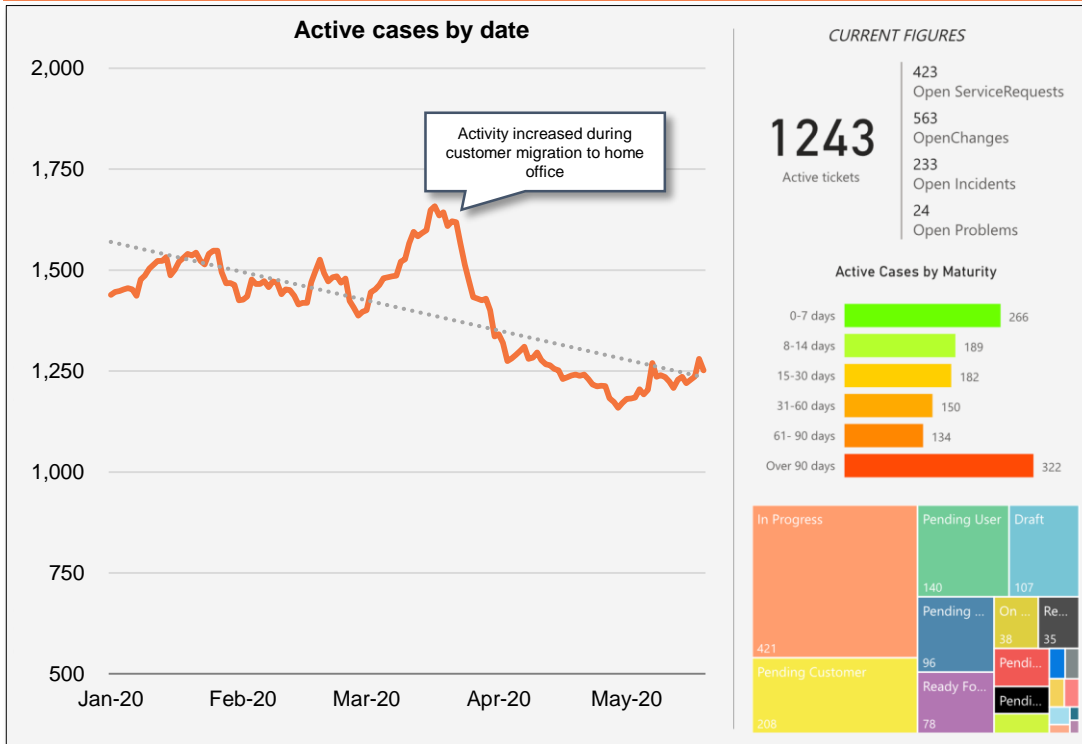


## Comments

- The score is high on all three questions. We interpret this as a demonstration of Cegal employees being solution oriented, that our home office set up works quite well, that we manage to stay connected even if we can't meet as we usually do, and that you trust the work put down by management and supporting roles in the response to the challenging situation
- The comments reflect that there is a concern for what the Corona situation and the drop in oil price will affect the Cegal business and job security, however to a large extent the comments support the findings in the scores that you feel you are in good hands despite the unfortunate circumstances

# CLOUD OPERATIONAL STATUS

## Ticket handling



## Cloud Operation

- After an increase in the start of the Covid-19 situation of 26%, we have managed through different mitigations to turn the trend
- The total amount of active tickets (number of tickets at the end of each day) has been reduced and is now stabilizing at a manageable level
- As of now there has been no major issues

## ServiceDesk

- First time resolution for tickets resolved in Servicedesk is stable and last months result was as high as **92.2%**. This is very good, especially given the times we are in right now

## Home Office

- All systems are running as expected and we are fully operational

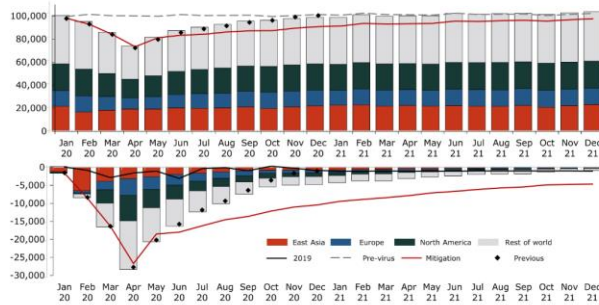


# COVID-19 AND OIL-PRICE RISK DISCUSSION

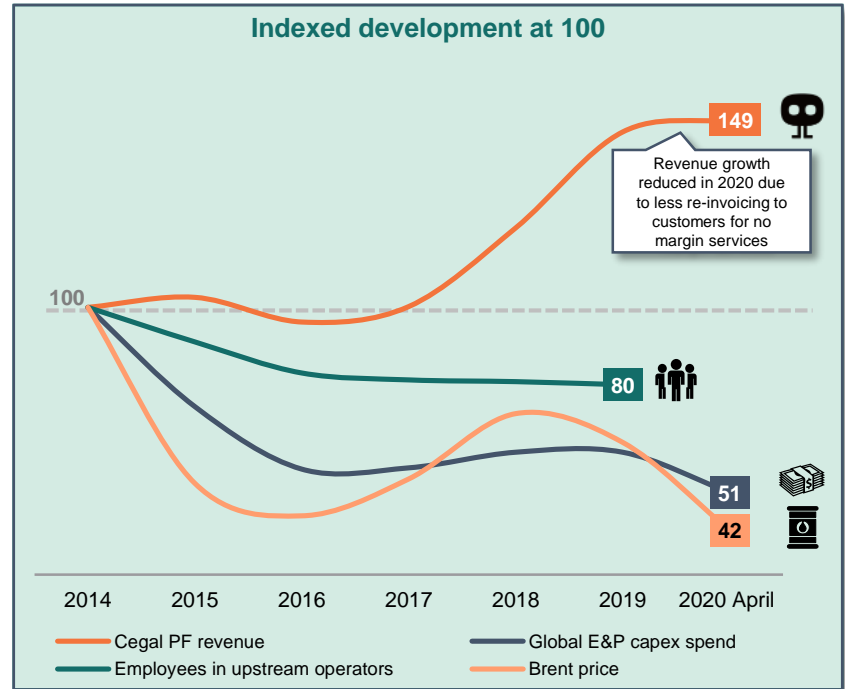
## COVID-19 impact on current oil price environment<sup>1</sup>

## Cegal has historically had a resilient business model<sup>2</sup>

Global oil demand impact of Covid-19, total demand (up), losses (down)  
Thousand bpd



Source: Rystad Energy OilMarketCube



1) [Rystad Energy](#)

2) [Rystad Energy Global upstream spending \(USDbn\)](#). Total employees in upstream operators comprise BP, Equinor, Shell, Haliburton, OMV, Wintershall DEA

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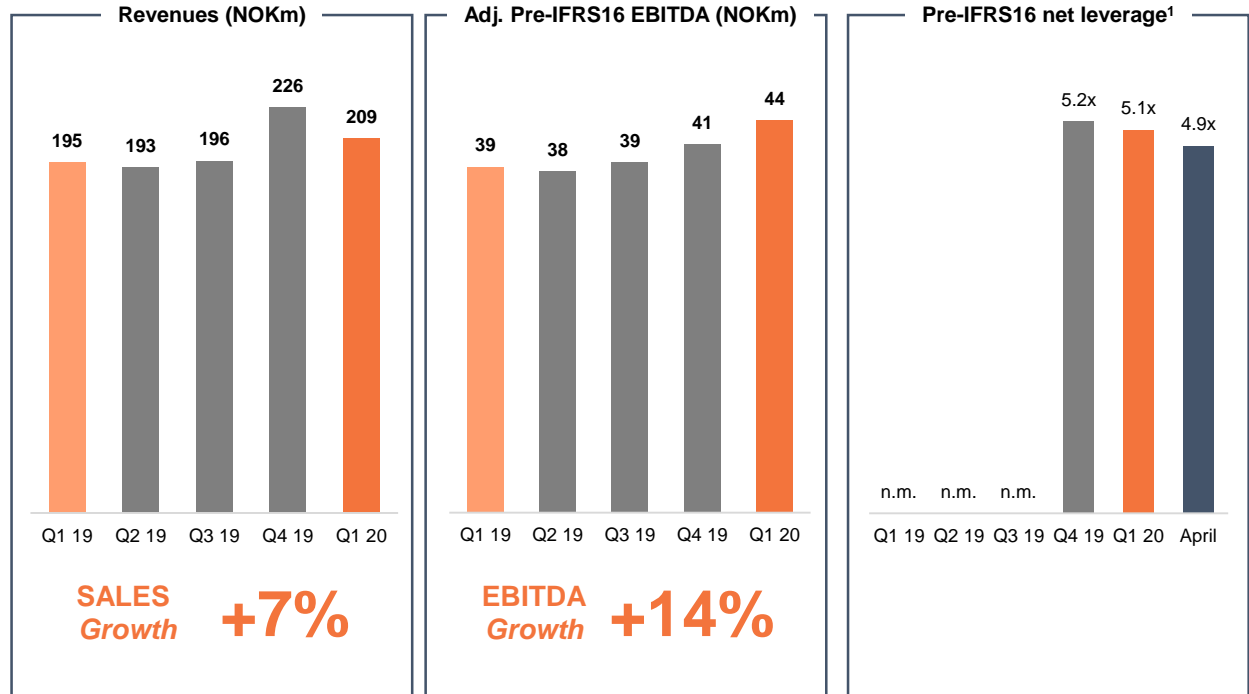


# Q1 HIGHLIGHTS

## Q1 Highlights

- Revenues for the first quarter amounted to NOK 208.6 million (195.0) with Cloud and Cloud Services growing by 17.4 % being the main contributors for the increase
- Pre-IFRS16 EBITDA amounted to NOK 43.7 million (38.5) for the first quarter of 2020, corresponding to an increase of 13.5 % compared to same period last year
- EBITDA margin increased to 21.0 % (19.7 %) as a result of revenue growth combined with effects from automation, economies of scale and solid cost control. In addition, the change of revenue mix with less third-party revenue and more Cloud and Cloud Services revenue are contributing factors for the increased EBITDA margin

## Key figures

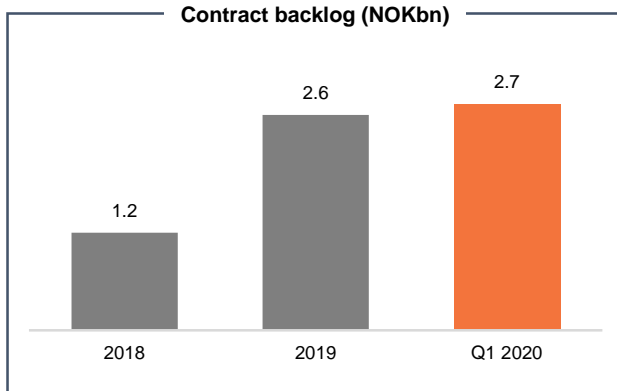


1) Excluding leasing liabilities

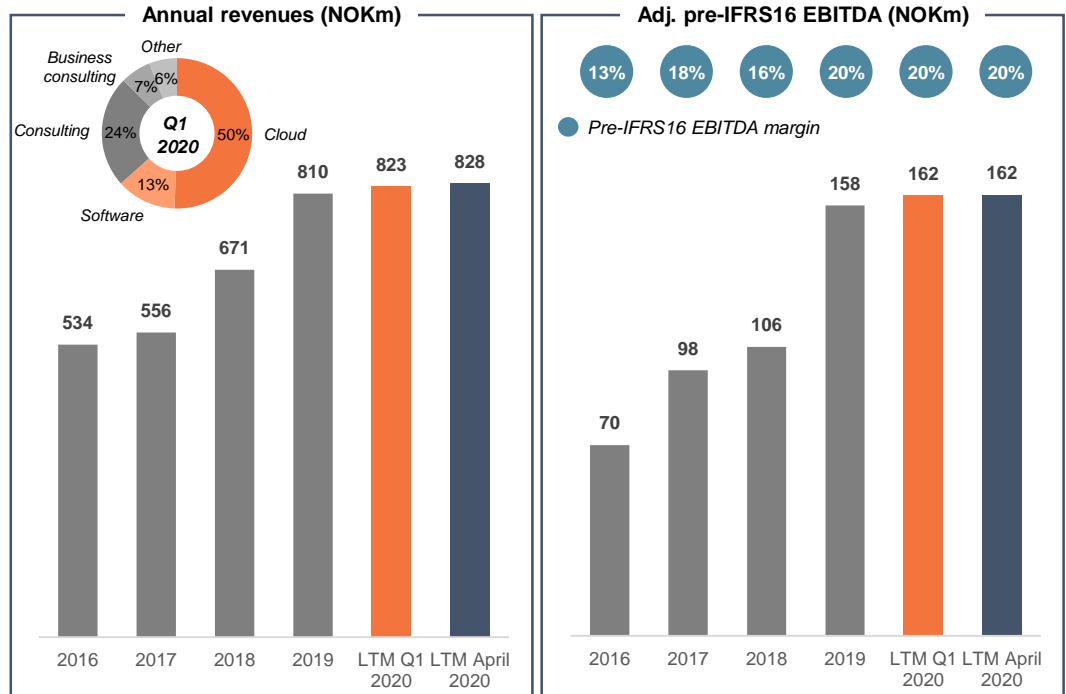
# APRIL 2020 LTM DEVELOPMENT

## Comments

- April revenues increasing 7.6% YoY, mainly driven by higher Cloud and Cloud services compared to the same period last year
- The Group is increasing its recurring revenue base and has a solid order backlog of NOK 2.7 billion following several international contract wins last year with the Wintershall Dea/Atos contract as the most prominent one



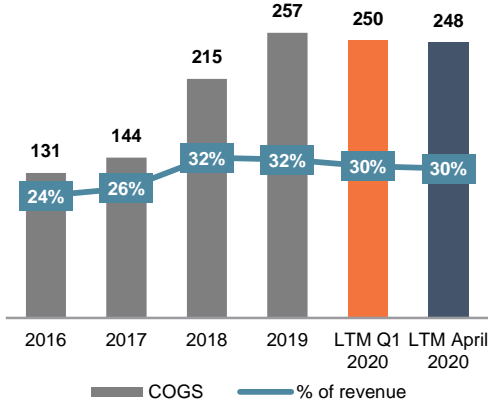
## Financial figures



# COST BASE OVERVIEW

## COGS

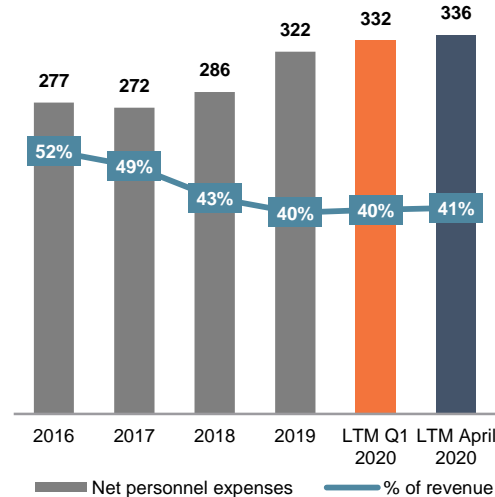
NOKm



- Mainly comprised of supporting infrastructure costs (data lines/internet), consultants, software licenses and royalty fees and re-invoiced cloud services
- Increase driven by activity level and the strategic shift to further utilise external consultants

## Net personnel expenses<sup>1</sup>

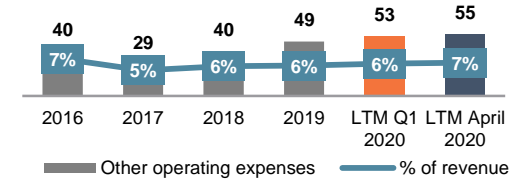
NOKm



- Increased usage of external consultants during peak activity periods has increased efficiency due to a more flexible costs structure (i.e. reduced personnel costs and increased COGS)

## Other operating expenses<sup>1,2</sup>

NOKm



- Remained stable as % of revenue
- Minor increase mainly driven by higher costs related to travel and transportation as well as marketing

Note: Pro forma figures

1) 2019 and Q1 LTM figures adjusted for costs related to the acquisition of Cegal Group AS in December 2019

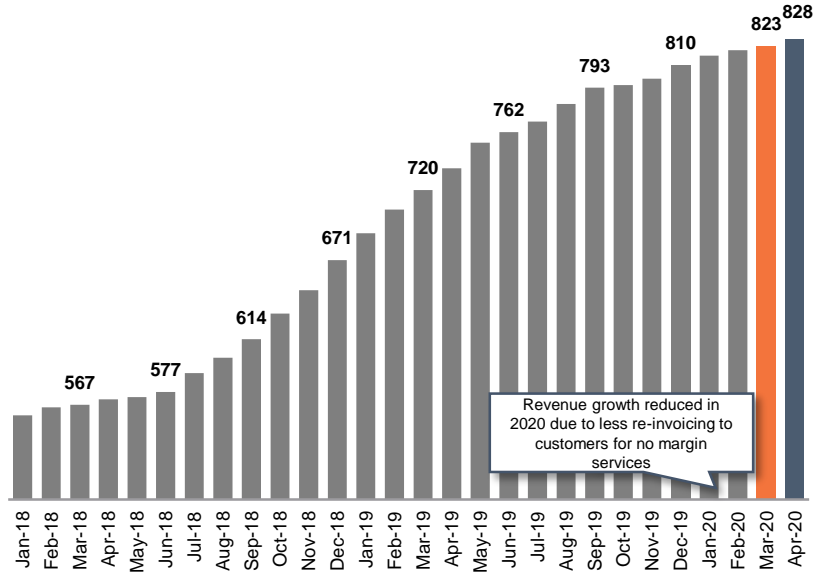
2) Including IFRS16 leasing adjustments



# STRONG PERFORMANCE DESPITE COVID-19

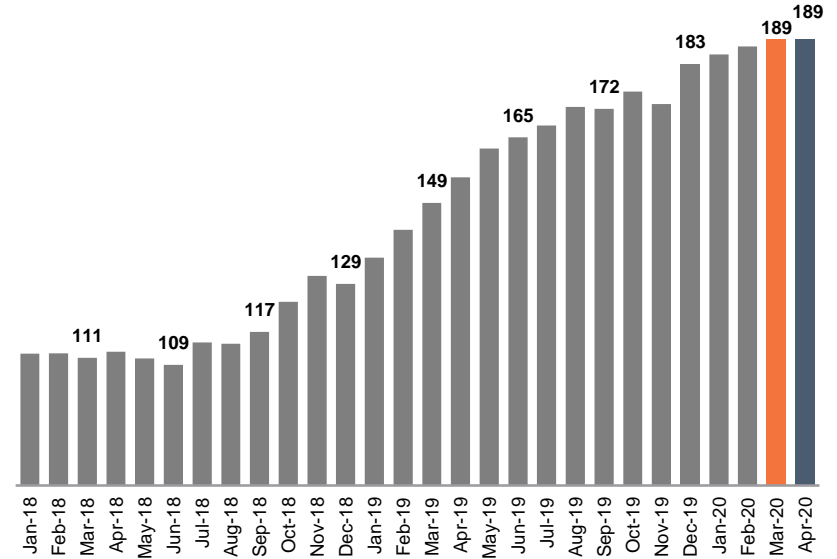
## Monthly LTM pro forma revenue development<sup>1</sup>

NOKm



## Monthly LTM pro forma EBITDA development<sup>1</sup>

NOKm



1) Pro forma adjusted figures (not including non-recurring items), including IFRS16 leasing adjustments

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# KEY TAKEAWAYS

- Cegal delivered a strong financial quarter
- Normal operations despite COVID-19 – Cegal has implemented several measures to ensure safety for employees
- Portfolio of products are more relevant to customers due to the pandemic
- Established a dedicated team to closely monitor and improve the accounts receivable situation
- Monitoring market situation closely with various contingency plans pending further development of COVID-19
- Outlook
  - Signed several new contracts; Azure Cloud contract with Beerenberg in Thailand, Azure engineering cloud with Dwellop and AMAO contract with Neptune
  - Currently carrying out global rollout of GeoCloud to Wintershall, Neptune and OMV
  - Multiple ongoing POC for major oil companies – Cegal experiences high global interest for GeoCloud
- Q&A





Thank you for your attention!