



**DEDICATEDRELIABLEPIONEER**

**ABGSC Oil and Oil Service Conference 2017**

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## Cautionary Statement

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- This presentation contains forward looking information
- Forward looking information is based on management assumptions and analyses
- Actual experience may differ, and those differences may be material
- Forward looking information is subject to significant uncertainties and risks as they relate to events and/or circumstances in the future
- This presentation must be read in conjunction with other financial statements and the disclosures therein

# Ambition to be Number 1 in All Business Areas

## Marine Contract

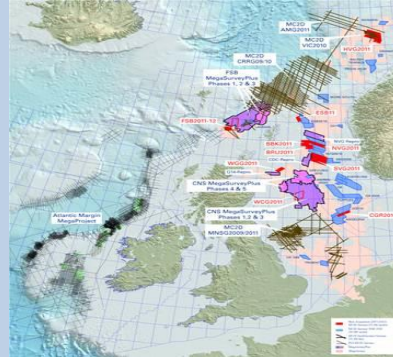


### Marine market leadership

28%\* of 2016 revenues

Marine Contract delivers exclusive seismic surveys to oil and gas exploration and production companies

## MultiClient



### Diverse MultiClient library – Improving financial performance

62%\* of 2016 revenues

MultiClient initiates and manages seismic surveys which PGS acquires, processes, markets and sells to multiple customers on a non-exclusive basis

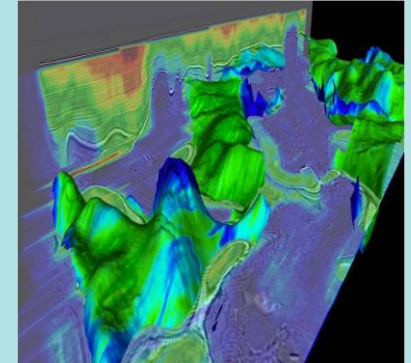
## Operations



### Productivity leadership

Operations supports Marine Contract and MultiClient with vessel resources and manages fleet renewal strategies

## Imaging & Engineering



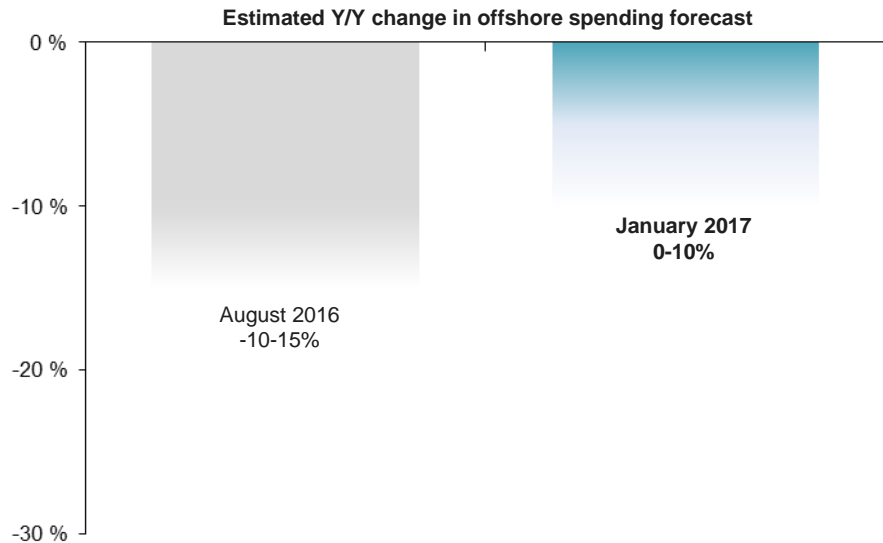
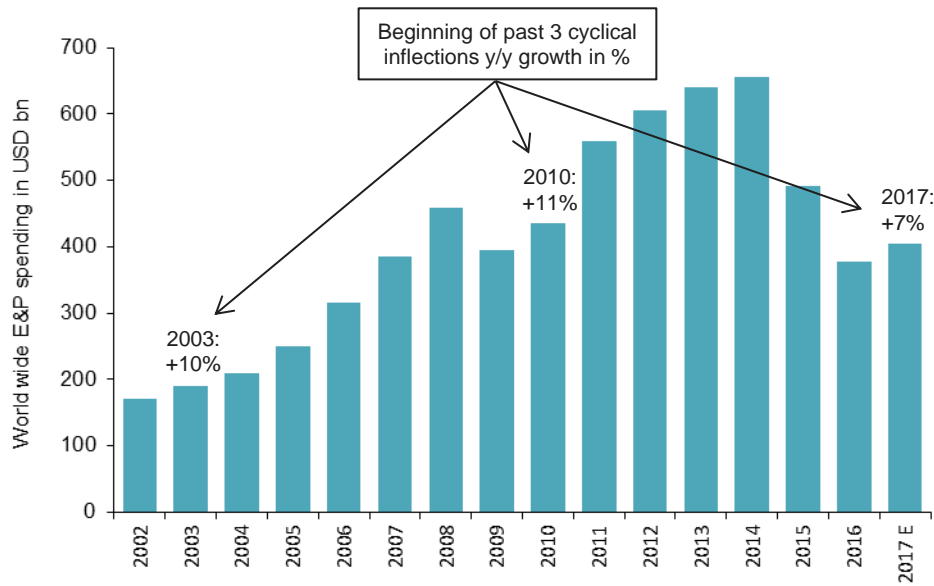
### Technology differentiation – Rapidly becoming at par with industry best

9%\* of 2016 revenues

Imaging and Engineering processes seismic data acquired by PGS for its MultiClient library and for external clients on contract and manages research and development activities

\*Remaining 1% relates to Other revenues.

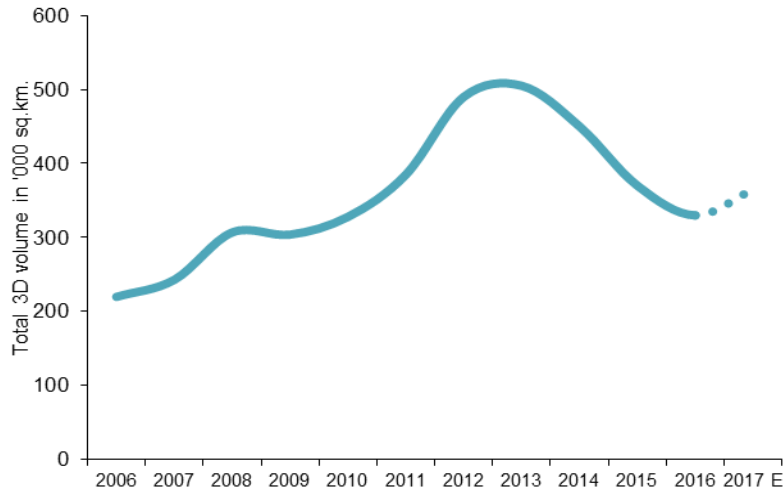
# Sentiment Changing – Offshore Will Benefit



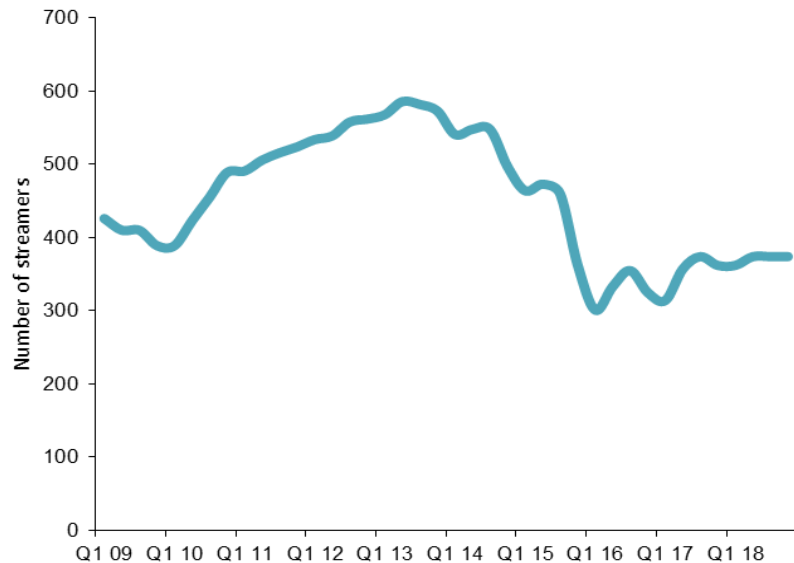
- Overall E&P spending expected to increase in a similar pace in 2017 as in historical inflection points
- Only a marginal decline in offshore spending in 2017 vs. 2016 is increasingly likely
  - Continued deflation is likely to yield an increase in activity in 2017 vs. 2016
  - Marine seismic has historically been early cycle mover

Source to upper graph: Barclays Global 2017 E&P Spending Outlook.  
 Source to lower graph: SEB Oil and Oilservice sector update 2017

# Marine Seismic Activity Expected to Increase in 2017



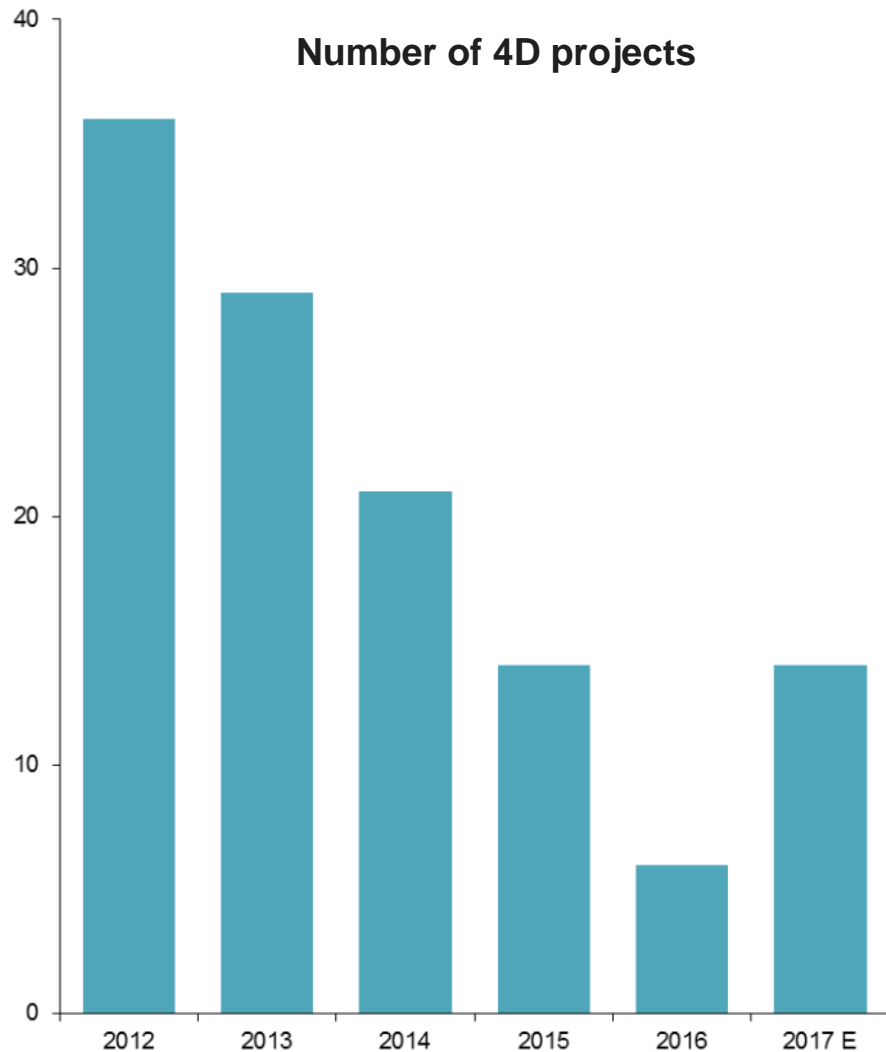
- Seismic activity is expected to increase ~10% in 2017 compared to 2016
  - Improved capacity utilization
  - Emerging release of pent up demand with more 4D tenders for the North Sea and West Africa
  - Growth primarily in MultiClient acquisition



- Significant supply reduction with streamer capacity ~45% lower than at the 2013 peak
  - Approx. 40% lower in 2017 summer season with warm-stacked vessels coming back and delivery of *Ramform Hyperion*
  - Access to streamers will constrain supply further

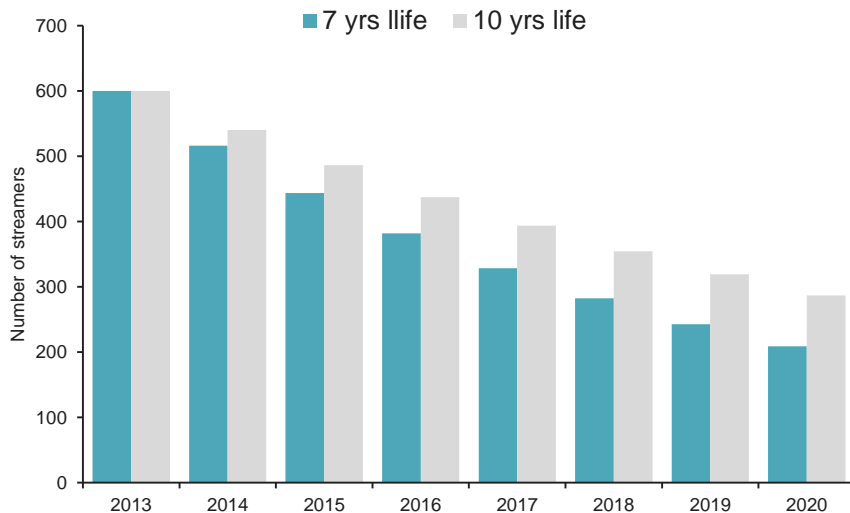
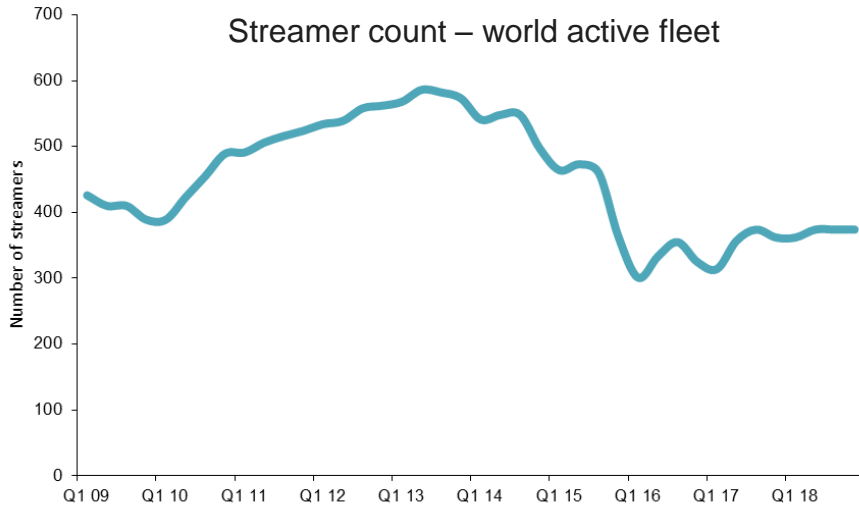
**Supply/demand balance likely to improve**

## Production Seismic Expected to Increase in 2017



- Oil companies investing more in producing fields and fields under development
- Number of production seismic (4D) projects will more than double in 2017 compared to 2016
- 4D activity expected to increase in North Sea, West Africa and Brazil
- PGS is well positioned in the 4D market due to the Ramform fleet, steerable sources and streamers and GeoStreamer

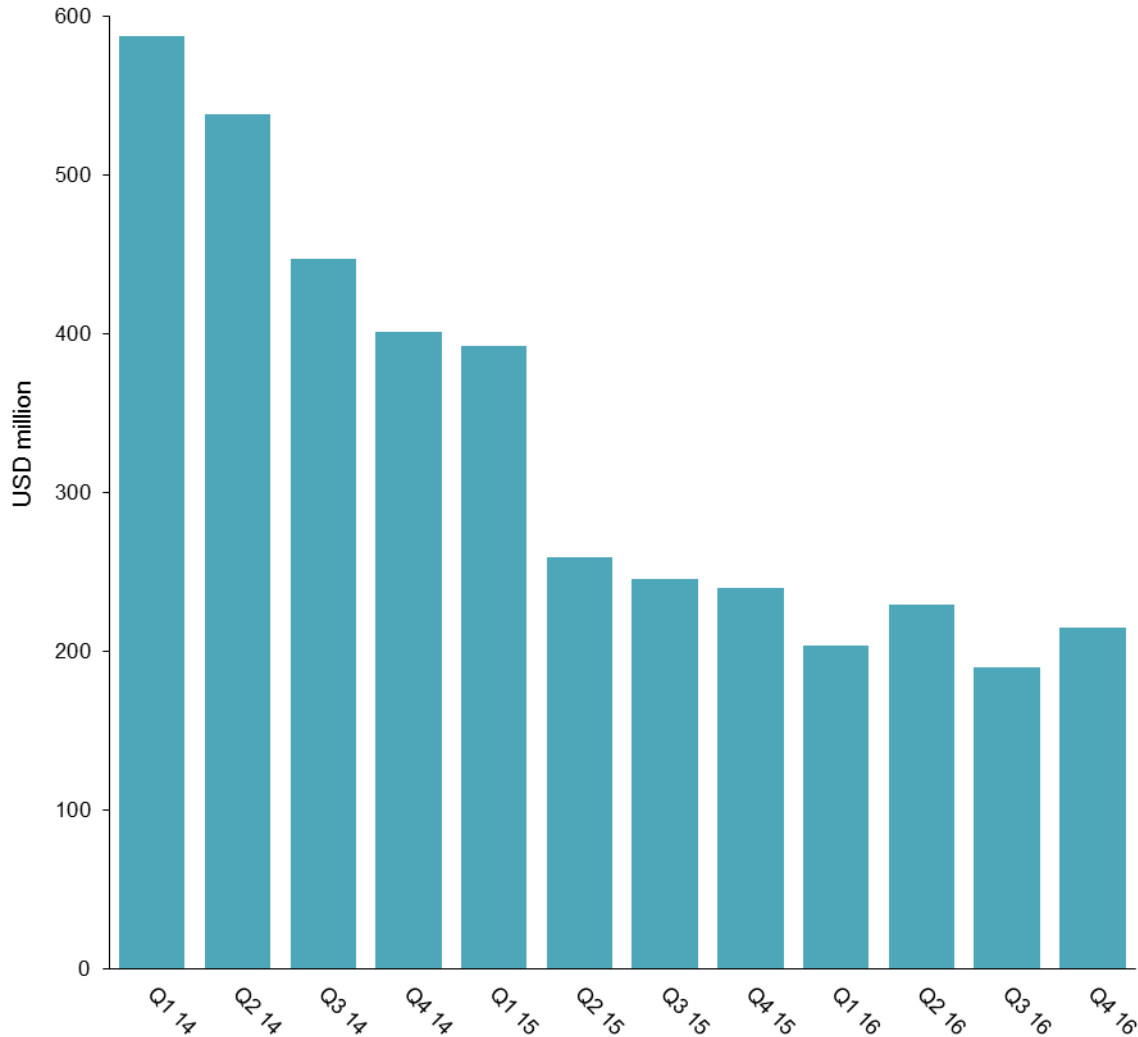
# The Common Challenge of The Marine Seismic Industry



- Streamers comprise the biggest single capex element for seismic vessels
- Very little manufacturing of new streamers since 2013
- Streamers on cold stacked vessels have been reused on active vessels
- Given 600 active streamers in 2013 and streamer lifetime of 7-10 years indicates that there are few extra spare streamers on cold stacked vessels or in stores

**To reintroduce a cold stacked vessel  
may require a streamer investment of ~USD 50 million**

# Order Book



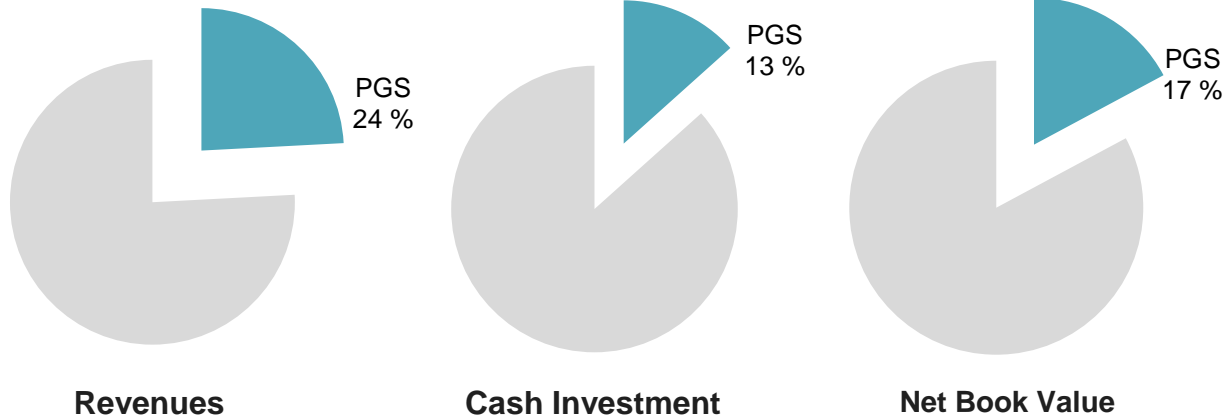
- Order book of USD 215 million by end Q4 2016
- Vessel booking\*
  - ~100% booked for Q1 2017
  - ~80% booked for Q2 2017
  - ~30% booked for Q3 2017
  - ~15% booked for Q4 2017
- 1H 2017 will remain challenging on rates
- Relatively low MultiClient share of 3D fleet in Q1 2017
  - Approx. 25% of active vessel time

\*As of February 10, 2017, based on 7 active vessels in Q1 and 9 active vessels in Q2, Q3 and Q4 2017.

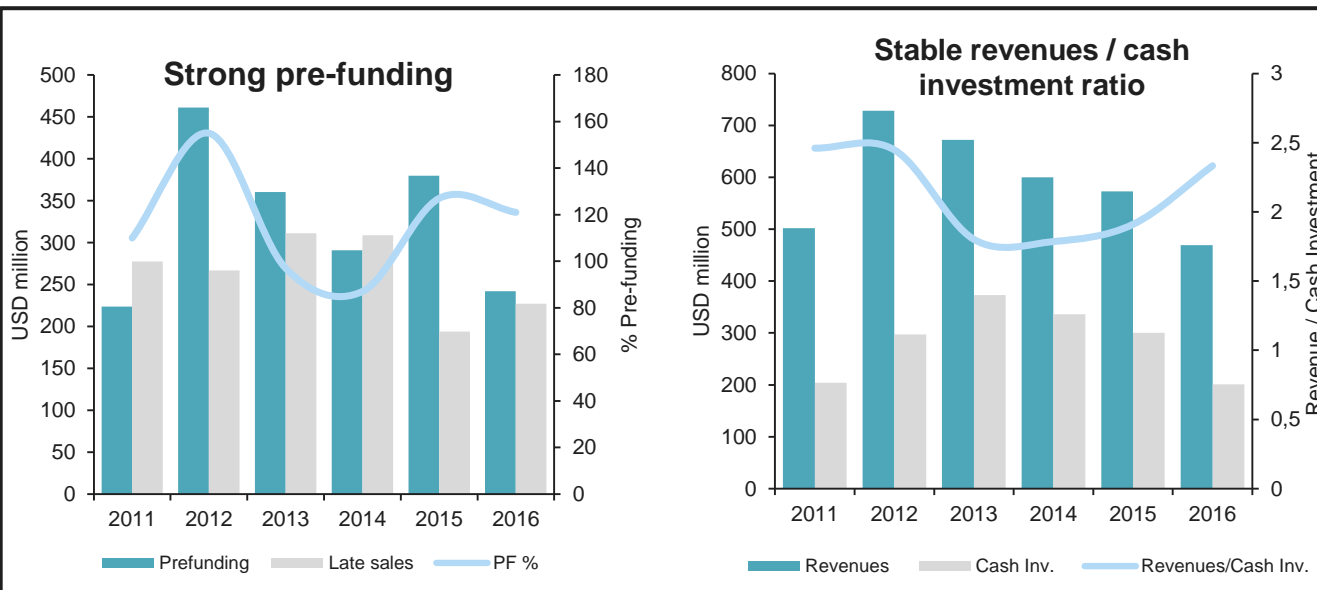


# Maintaining Robust Library Performance in a Challenging Market

Healthy share of industry 2016 MC revenues, cash investments and NBV's

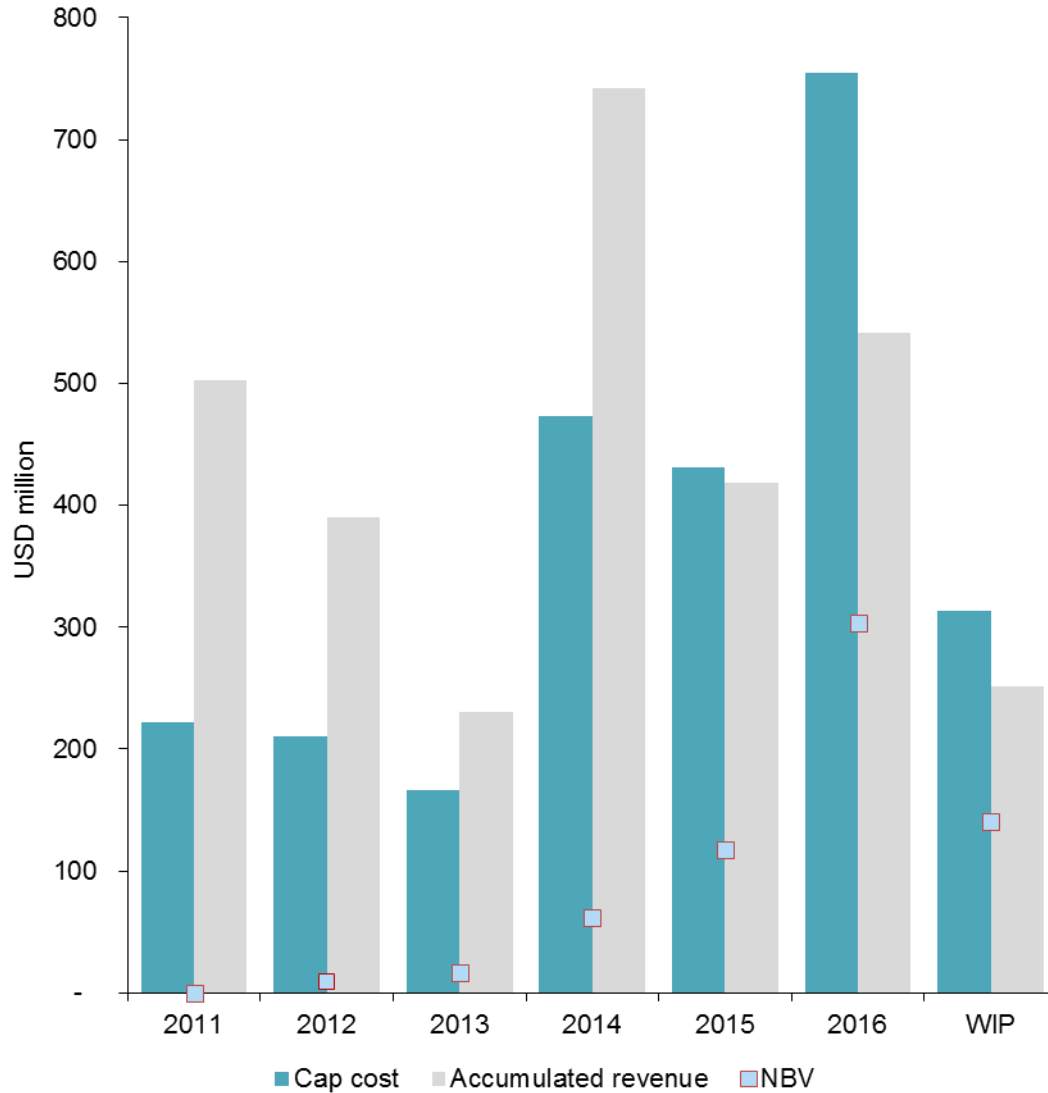


- Geographical spread for better risk management
- Lower cost and improved efficiency drive returns in weaker market: more data per USD



- Technology advantage – GeoStreamer & High End Imaging

# MultiClient Vintage Distribution



- MultiClient library book value of USD 647.7 million as of December 31, 2016
  - Down from USD 695.0 million at y/e 2015
- Moderate net book value for surveys completed 2011-2015
- 2016 amortization expense of USD 293.8 million
  - 63% of sales
- 2016 impairment charge of USD 30.1 million

# Refinancing Completed: Transaction Summary



## RCF Extension

- Completion of two year extension of RCF to 2020
  - Resized RCF to match ongoing liquidity needs (i.e. USD 400 million with a step down to USD 350 million in September 2018)
  - Unchanged security package
  - Covenant reset to retain availability of liquidity reserve going forward



## Senior Notes Exchange Offer

- Exchange offer for USD 450 million 2018 Notes completed with 94% acceptance
  - USD 212 million (nominal value) redeemed at a price of 95% of par
  - USD 212 million exchanged into new Senior Notes maturing December 2020 (terms otherwise substantially unchanged)
  - USD 26 million of original 2018 Notes left outstanding



## Equity Issue

- USD ~225 million Private Placement
  - 85.5 million new shares at NOK 22.50
  - Placed with minimal discount and substantial over subscription
- USD ~35 million Subsequent Offering completed January 2017
  - 13.5 million new shares offered to existing shareholders not participating in Private Placement

**Improved balance sheet flexibility and increased long term financial visibility**

## Summary of Debt and Drawing Facilities

Long term Credit Lines and Interest Bearing Debt	Nominal Amount as of December 31, 2016	Total Credit Line	Financial Covenants
USD 400.0 million Term Loan (“TLB”), Libor (minimum 0.75%) + 250 basis points, due 2021	USD 389 million		None, but incurrence test: total leverage ratio $\leq 3.00x^*$
Revolving credit facility (“RCF”), due 2020 Libor + margin of 325-625 bps (linked to TLR) + utilization fee	USD 190.0 million	USD 400.0** million	Maintenance covenant: total leverage ratio $\leq 5.50x$ , to Q2-2017, 5.25x Q3-17, 4.75x Q4-17, 4.25x Q1-18, thereafter reduced by 0.25x each quarter to 2.75x by Q3-19
Japanese ECF, 12 year with semi-annual instalments. 50% fixed/ 50% floating interest rate	USD 374.4 million	USD 465.6 million	None, but incurrence test for loan 3&4: Total leverage ratio $\leq 3.00x^*$ and Interest coverage ratio $\geq 2.0x^*$
December 2018 Senior Notes, coupon of 7.375%	USD 26.0 million		
December 2020 Senior Notes, coupon of 7.375%	USD 212.0 million		None, but incurrence test: Interest coverage ratio $\geq 2.0x^*$

\*Carve out for drawings under ECF and RCF.

\*\*Reducing to USD 350 million in September 2018.

## Consolidated Statements of Cash Flows Summary

	Q4	Q4	Full year	Full year
USD million	2016	2015	2016	2015
Cash provided by operating activities	64.7	121.0	320.9	487.9
Investment in MultiClient library	(47.8)	(70.2)	(201.0)	(303.3)
Capital expenditures	(25.9)	(47.2)	(218.2)	(164.0)
Other investing activities	(7.0)	(14.0)	(109.5)	40.4
<b>Net cash flow before financing activities</b>	<b>(16.0)</b>	<b>(10.4)</b>	<b>(207.8)</b>	<b>61.0</b>
Financing activities	0.4	9.7	187.9	(34.1)
<b>Net increase (decr.) in cash and cash equiv.</b>	<b>(15.6)</b>	<b>(0.7)</b>	<b>(19.9)</b>	<b>26.9</b>
Cash and cash equiv. at beginning of period	77.3	82.3	81.6	54.7
<b>Cash and cash equiv. at end of period</b>	<b>61.7</b>	<b>81.6</b>	<b>61.7</b>	<b>81.6</b>

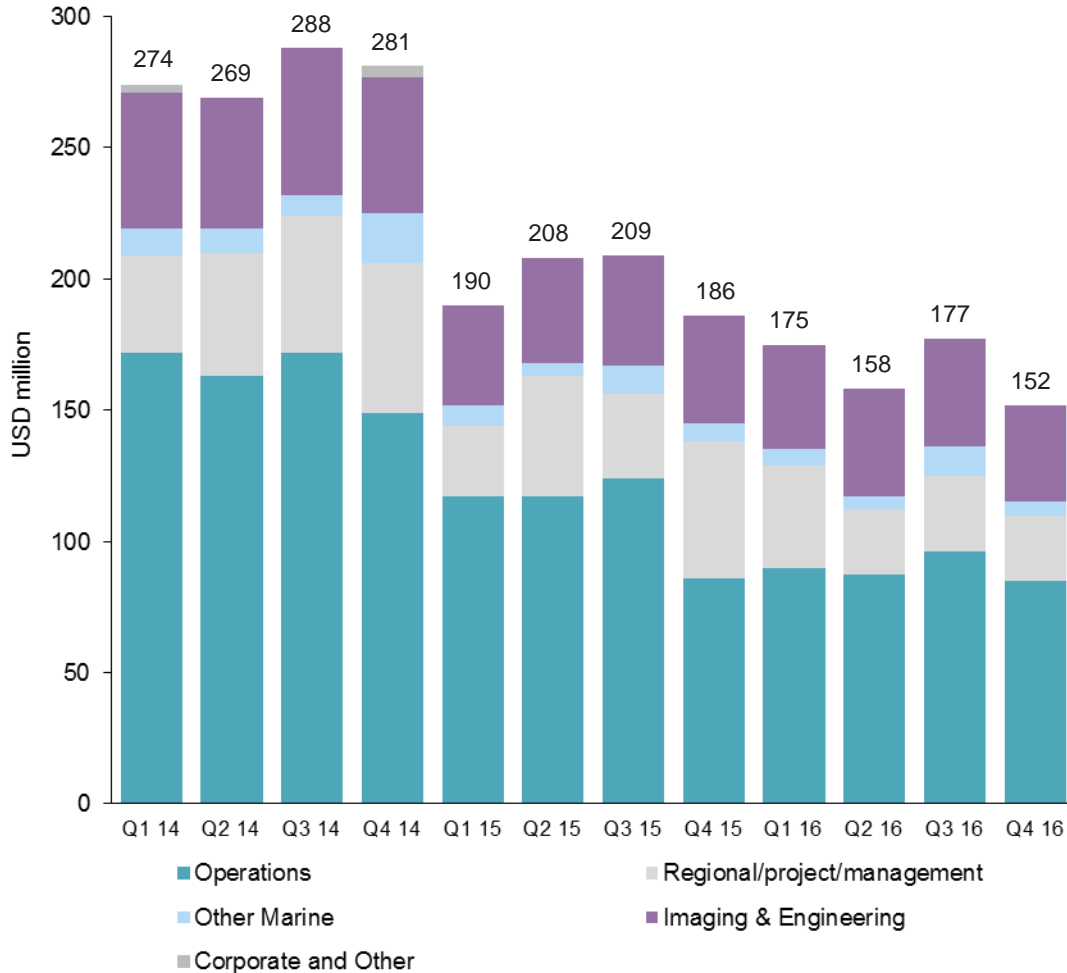
- Cash flow from operating activities higher than reported EBITDA for both Q4 and full year 2016 reflecting reduced working capital
- USD 207.8 million negative 2016 cash flow before financing activities primarily driven by new build capex of USD 154.4 million
- Limited new build capex in Q4 2016; final new build instalment due in Q1 2017

## Balance Sheet Key Numbers

	December 31	September 30	December 31
USD million	2016	2016	2015
Total assets	2 817.0	2 988.5	2 914.1
MultiClient Library	647.7	682.1	695.0
Shareholders' equity	1 359.4	1 285.7	1 463.7
Cash and cash equivalents (unrestricted)	61.7	77.3	81.6
Restricted cash	101.0	100.2	71.6
Liquidity reserve	271.7	417.3	556.6
Gross interest bearing debt	1 191.4	1 386.1	1 147.2
Net interest bearing debt	1 029.7	1 208.6	994.2

- Liquidity reserve of USD 271.7 million
  - Does not include the ~USD 35 million from the subsequent equity offering since this was completed after year-end
- Gross interest bearing debt reduced by ~USD 195 million in Q4 as a result of the successful refinancing
- Total leverage ratio of 3.94:1 as of December 31, 2016, compared to 3.96:1 as of September 30, 2016
- Shareholders' equity at 48% of total assets, up from 43% in Q3 2016

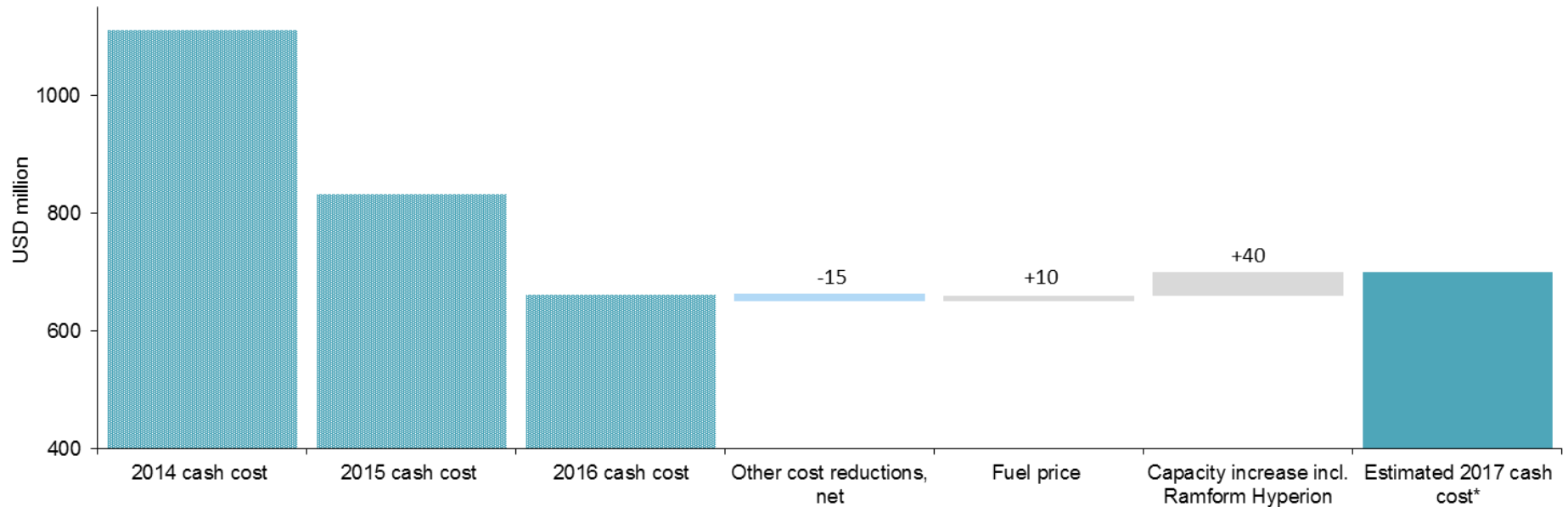
# Group Cost\* Focus Delivers Results



- Strong cost performance continues
- Q4 operating costs impacted by reduced project related costs due to warm stacking and standby
- Full year 2016 gross cash cost ended at USD 662 million, down USD 131 million versus 2015

\*Gross cash costs are defined as the sum of reported net operating expenses (excluding depreciation, amortization, impairments and other charges/(income)) and the cash operating costs capitalized as investments in the MultiClient library as well as capitalized development costs.

## Cost Discipline Remains a Key Priority in 2017

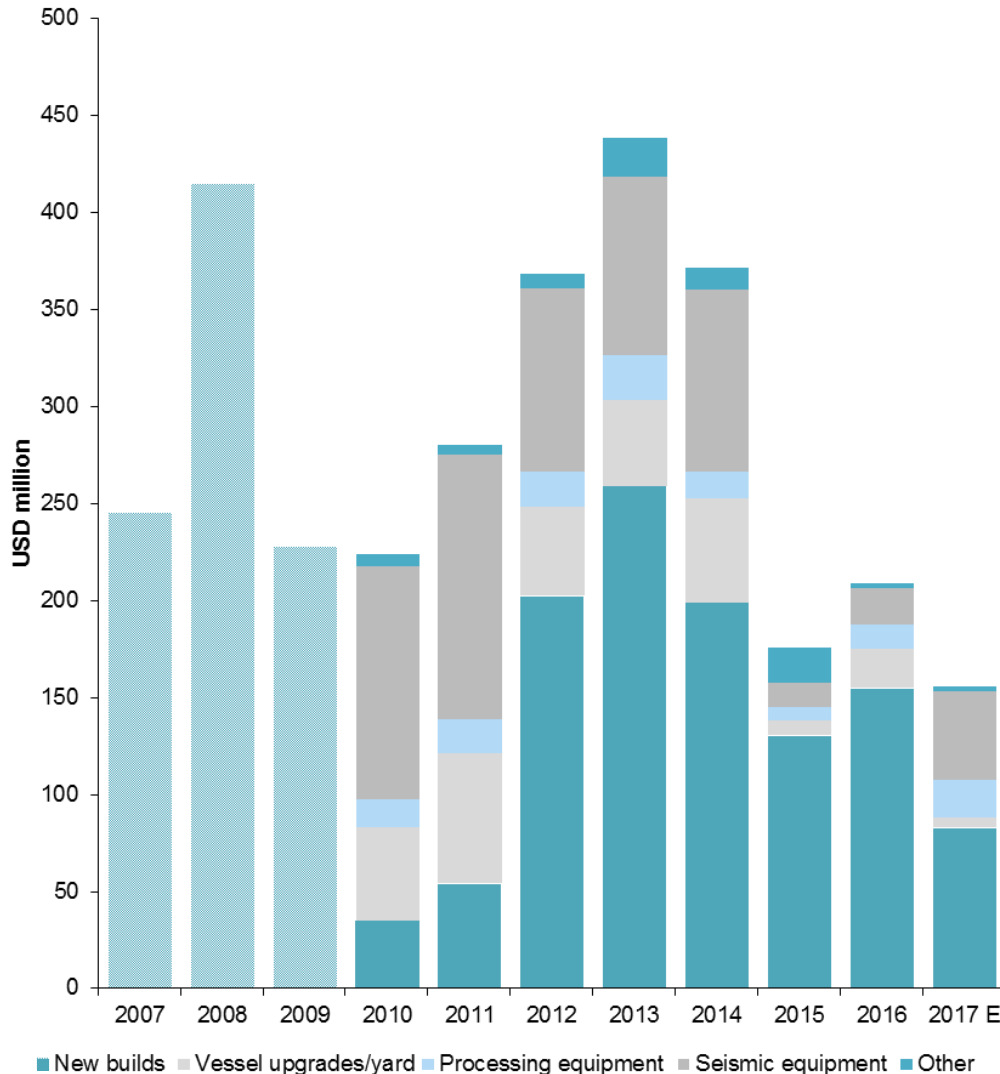


- 2016 gross cash cost more than 40% lower than in 2014
- 2017 cash cost of ~USD 700 million – modest increase from structurally lower level mainly attributable to:
  - More operated capacity with full year operation of *Ramform Tethys* and delivery of *Ramform Hyperion*
  - Expected increase of fuel prices
- Tight cost control continues

\*Estimate based on a stable USD against the blend of currencies in PGS cost base.

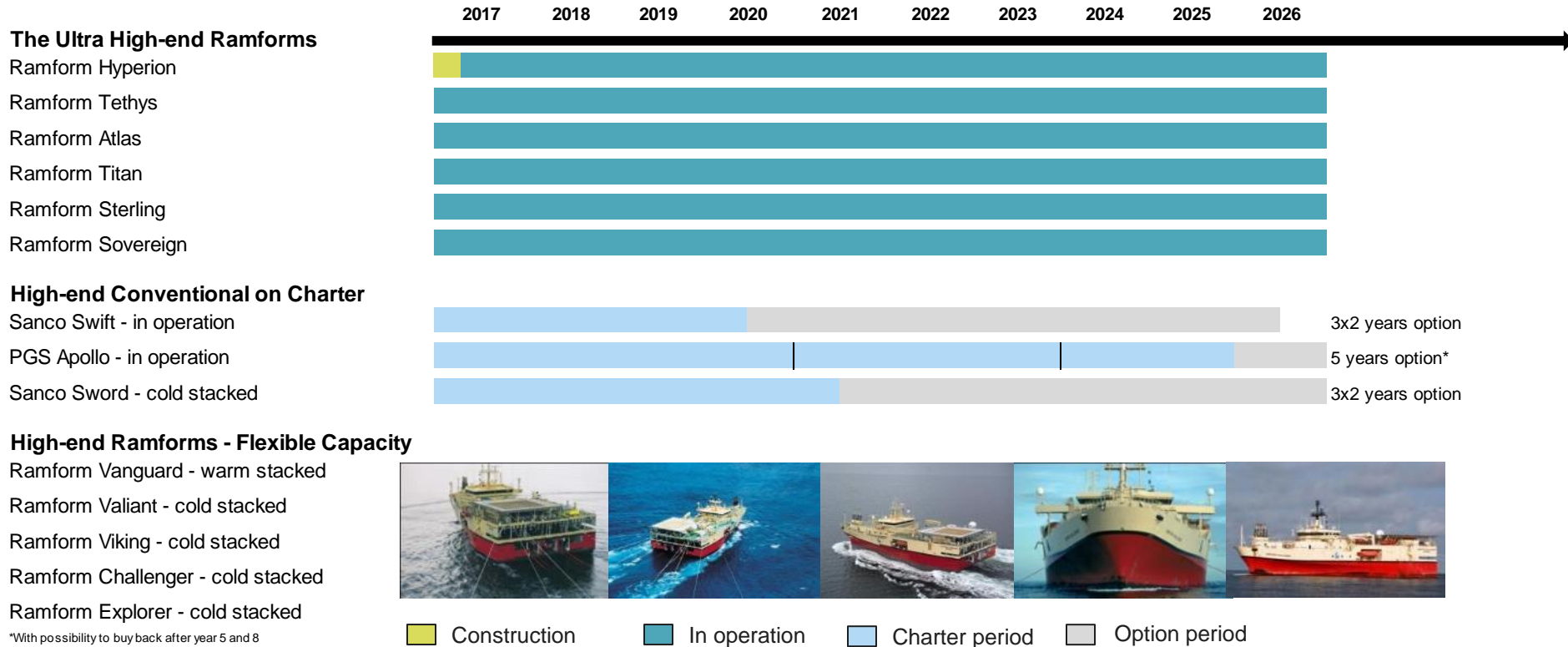


# Capital Expenditure Trends



- Full year 2016 capex of USD 208.6 million
  - USD 31.4 million down from initial plan
  - USD 154.4 million relates to new builds
- 2017 CAPEX plan of ~USD 150 million
  - New build CAPEX of ~USD 85 million fully covered by Export Credit Financing
  - Following recent fleet renewal PGS will not embark on new builds for the foreseeable future
- Gross depreciation cost is expected to be ~USD 230 million in 2017
  - Approx. USD 100 million to be capitalized as part of MultiClient investments

# A Fleet for the Future



- Combination of chartered high capacity conventional 3D vessels and temporarily cold-stacked first generation Ramform vessels:
  - Improves fleet flexibility
  - Chartered capacity with staggered expiry structure
  - Positions PGS well to take advantage of a market recovery

**Significantly reduced capex requirement going forward**

## Summary: Stronger in a Weak Market



- Industry leading performance
- Improved capital structure
- Seismic activity expected to increase in 2017
- Continuous focus on cost and capex
- Improving fleet flexibility and productivity

**Competitively Positioned to Navigate Current Market Environment**

Thank you – Questions?

