



# Third Quarter 2016 Results

## Earnings Presentation

## 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 the press release for the third quarter 2016 results and the disclosures therein

## Robust MultiClient Performance

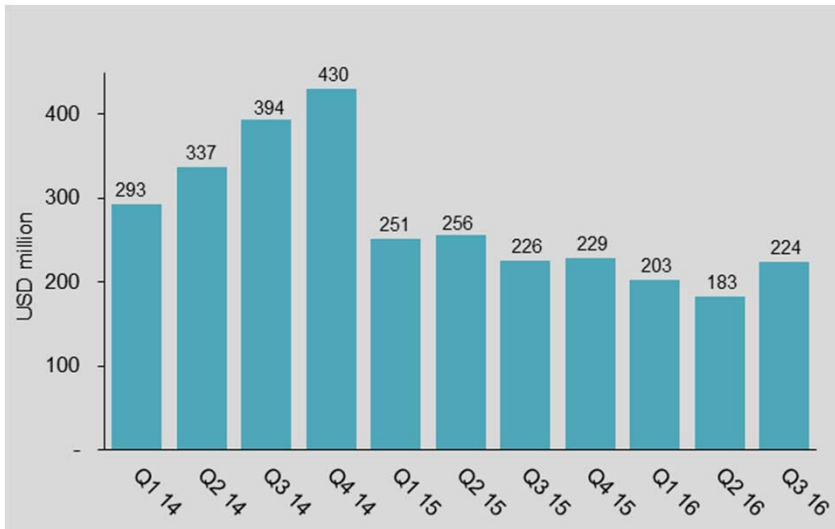


- EBITDA of USD 112.7 million
- Industry leading MultiClient performance:
  - Total MultiClient revenues of USD 147.5 million
  - Pre-funding level of 134%
  - MultiClient accounted for 66% of revenues in Q3 2016
- Liquidity reserve of USD 417.3 million
- On track to deliver approx. USD 120 million cash cost reductions in 2016

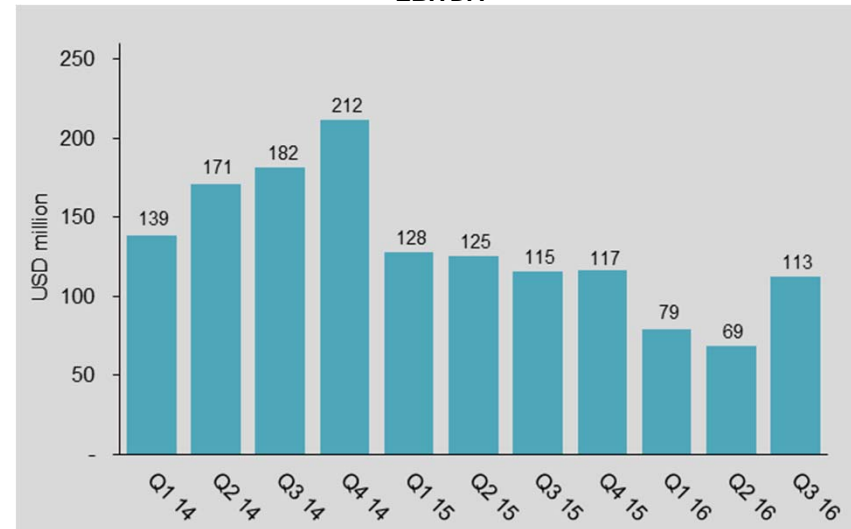
**MultiClient sales positively impacted by a higher oil price and improved cash flow among oil companies**

# Financial Summary

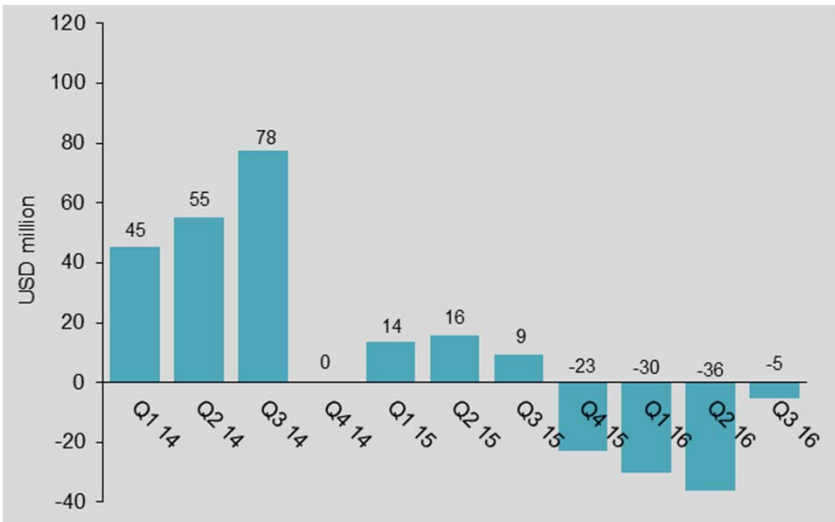
**Revenues**



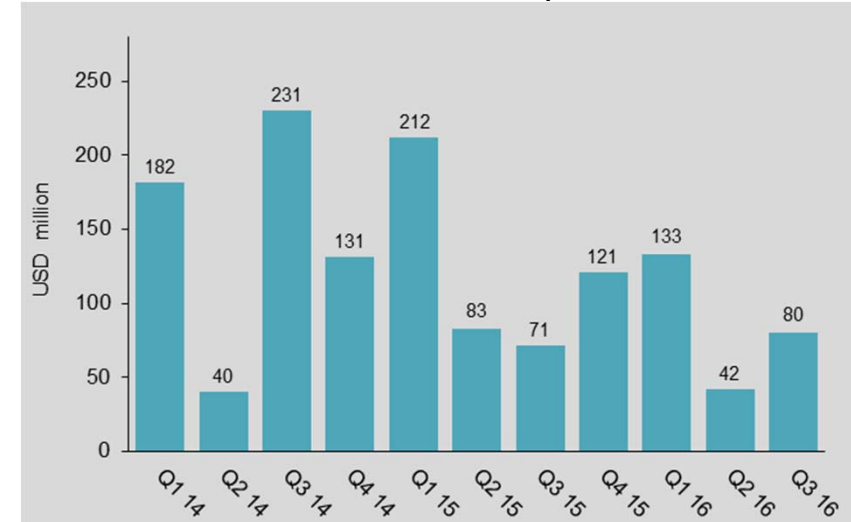
**EBITDA\***



**EBIT\*\***



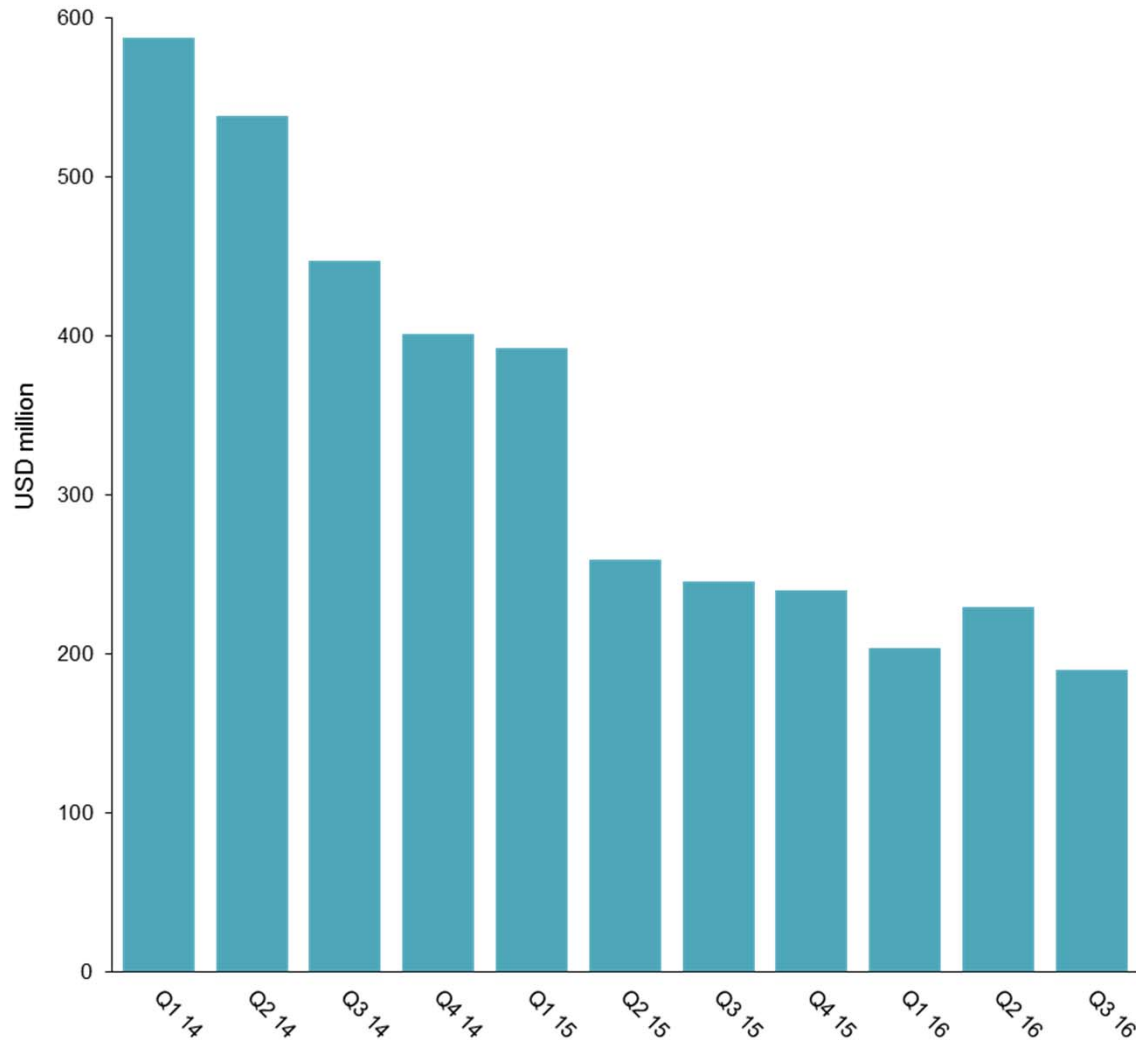
**Cash Flow from Operations**



\*EBITDA, when used by the Company, means EBIT excluding other charges/(income), impairment and loss/gain on sale of long-term assets and depreciation and amortization.

\*\*Excluding impairment and loss on sale of long-term assets and other charges/(income)

# Order Book



- Order book of approx. USD 190 million by end Q3 2016
  - Good order intake after quarter end
  
- Vessel booking\*
  - ~70% booked for Q4 2016
  - ~60% booked for Q1 2017
  - ~20% booked for Q2 2017
  - ~ 5% booked for Q3 2017

\*As of October 25, 2016, based on 7 active vessels and excluding cold-stacked vessels.



# Financials

Unaudited Third Quarter 2016 Results



## Consolidated Statement of Profit and Loss Summary

USD million (except per share data)	Q3	Q3	Percent	Nine months	Nine months	Percent
	2016	2015	change	2016	2015	change
Revenues	224.1	225.7	-1 %	610.2	732.6	-17 %
EBITDA*	112.7	115.3	-2 %	260.2	368.0	-29 %
Operating profit (loss) EBIT ex impairment and other charges	(5.4)	9.1	-159 %	(71.9)	38.7	-286 %
Operating profit (loss) EBIT	(11.5)	(62.7)		(87.8)	(97.5)	
Net financial items	(12.7)	(17.8)		(56.1)	(50.9)	
Income (loss) before income tax expense	(24.2)	(80.5)		(143.9)	(148.4)	
Income tax expense (benefit)	4.8	29.5		(6.2)	44.9	
Net income (loss) to equity holders	(29.0)	(110.0)		(137.7)	(193.3)	
EPS basic	(\$0.12)	(\$0.51)		(\$0.58)	(\$0.90)	
EBITDA margin*	50.3 %	51.1 %		42.6 %	50.2 %	
EBIT margin ex impairment and other charges	-2.4 %	4.0 %		-11.8 %	5.3 %	

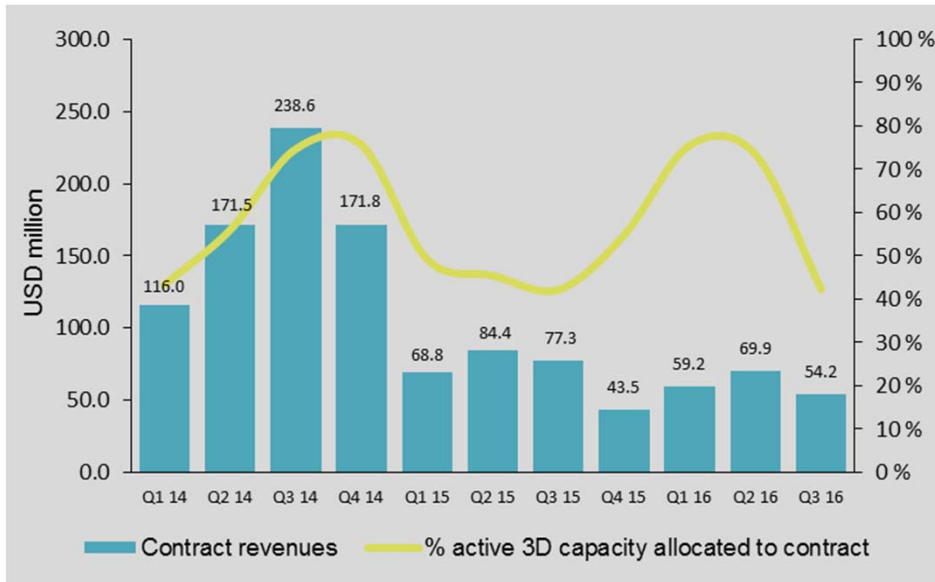
- Robust MultiClient performance main contributor to good Q3 2016 results
  - Revenue decline versus Q3 2015 owing to weaker contract and external imaging revenues
- Impairments and other charges of USD 6.1 million in Q3 2016
  - USD 9.2 million of impairments relating to the MultiClient library
  - USD 3.1 million credit from reduced provision for onerous contracts

\*EBITDA, when used by the Company, means EBIT excluding other charges/(income), impairment and loss/gain on sale of long-term assets and depreciation and amortization.

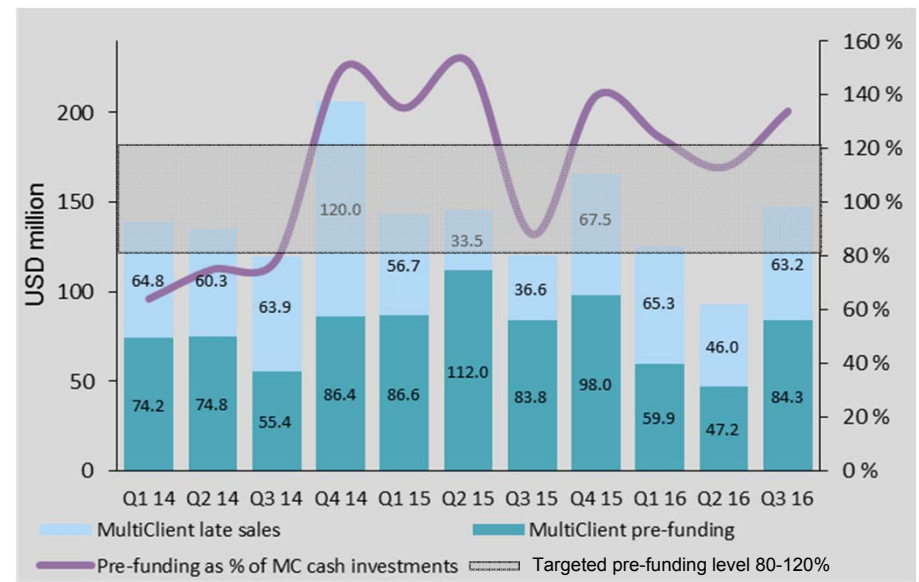
The accompanying unaudited financial information has been prepared under IFRS. This information should be read in conjunction with the unaudited third quarter 2016 results, released on October 27, 2016.

## Q3 2016 Operational Highlights

### Contract revenues



### MultiClient revenues

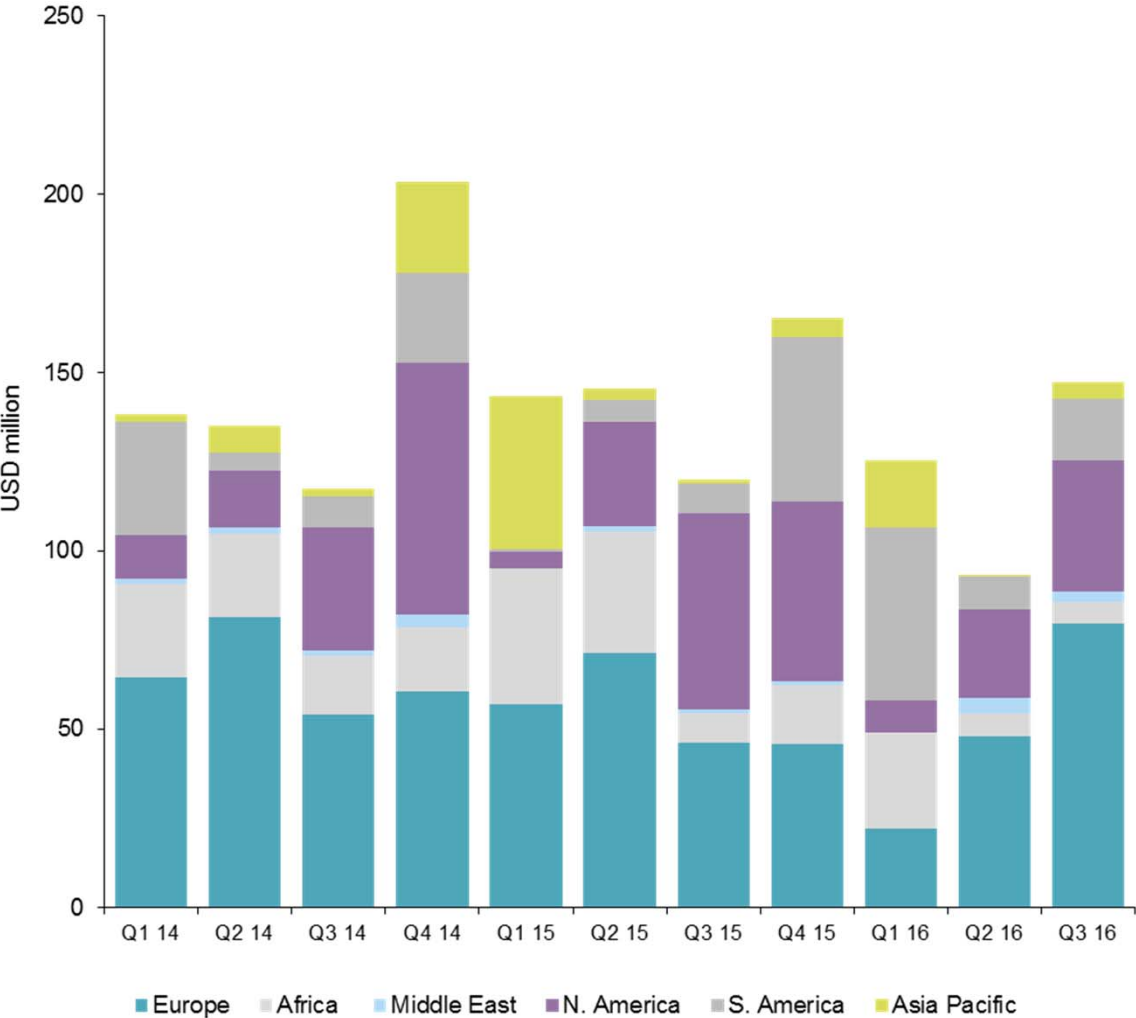


- Total MultiClient revenues of USD 147.5 million
  - Pre-funding revenues of USD 84.3 million
  - Pre-funding level of 134% on USD 63.0 million of MultiClient cash investment
  - Late sales revenues of USD 63.2 million
  
- Marine Contract revenues of USD 54.2 million reflecting continued low pricing, but with seasonal uptick for North Atlantic region



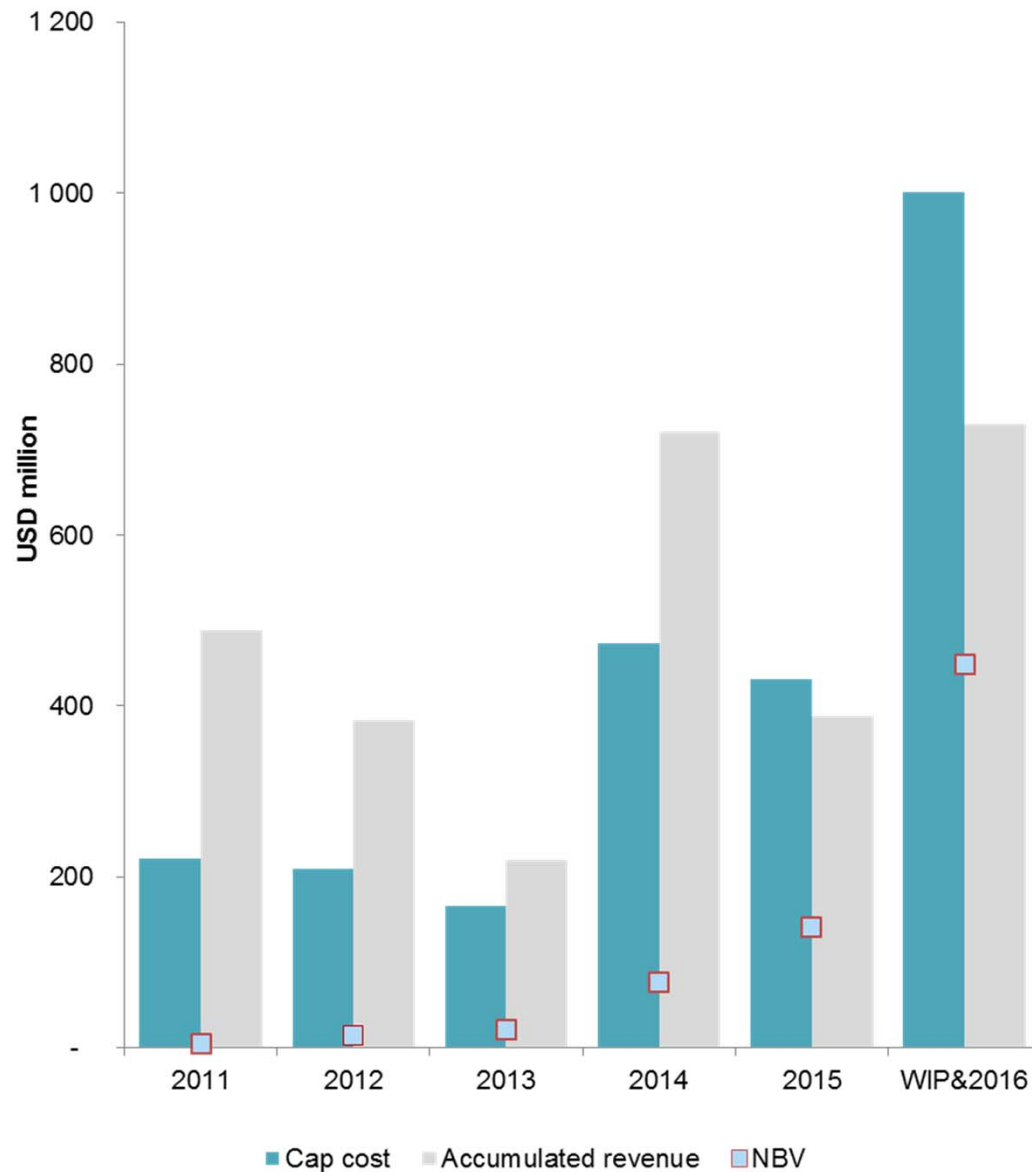
# MultiClient Revenues per Region

Pre-funding and Late Sales Revenues Combined



- Pre-funding revenues were highest in Europe and North America
- Late sales revenues were highest in Europe and South America
- Resilient MultiClient performance

## MultiClient Vintage Distribution



- MultiClient library book value of USD 682.1 million as of September 30, 2016
- Moderate net book value for surveys completed 2011-2015
- Q3 2016 amortization rate of 58%
- USD 9.2 million of survey specific impairments in Q3
- 2016 amortization expense estimated to be approx. USD 300 million

## Key Operational Numbers

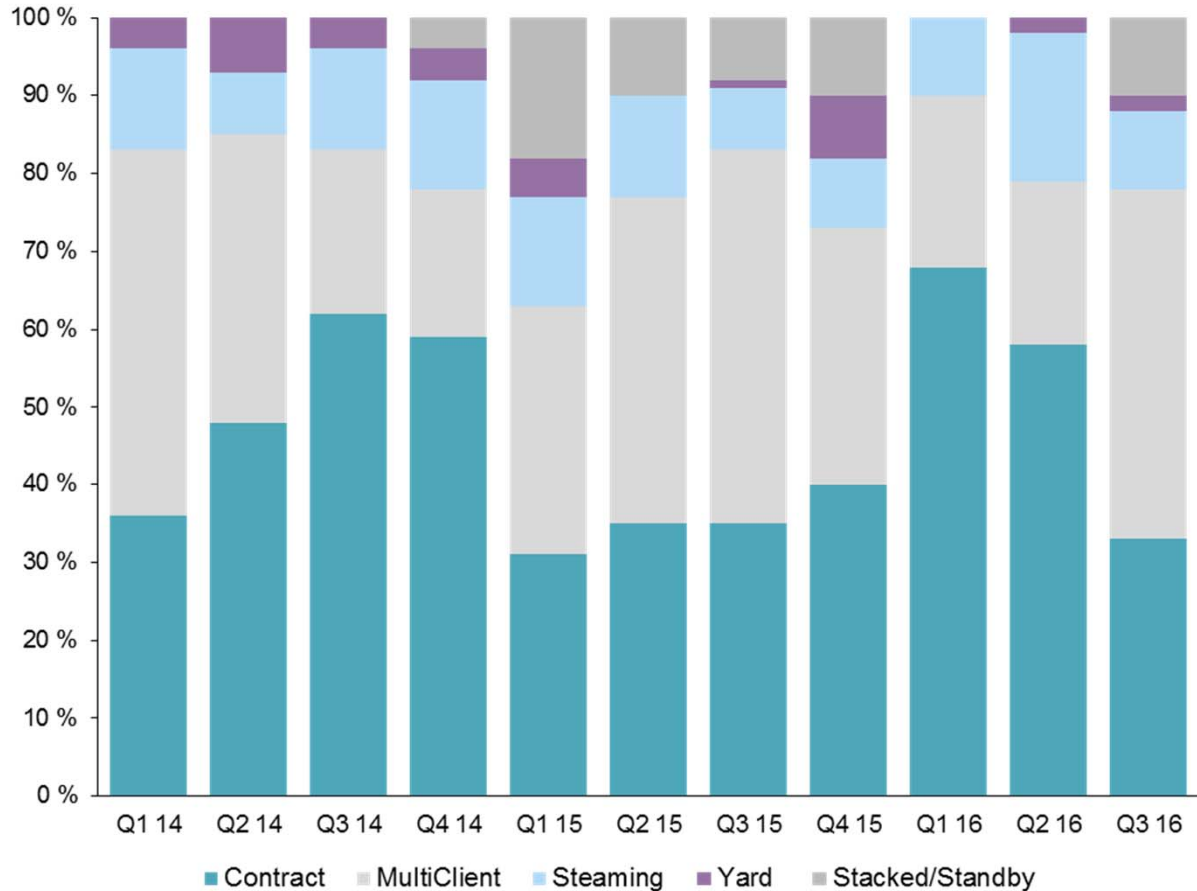
USD million	Q3	2016		2015			
		Q2	Q1	Q4	Q3	Q2	Q1
Contract revenues	54.2	69.9	59.2	43.5	77.3	84.4	68.8
MultiClient Pre-funding	84.3	47.2	59.9	98.0	83.8	112.0	86.6
MultiClient Late sales	63.2	46.0	65.3	67.5	36.6	33.5	56.7
Imaging	16.0	17.9	16.6	18.2	21.7	23.5	30.3
Other	6.4	2.1	2.1	2.2	6.3	2.4	8.7
<b>Total Revenues</b>	<b>224.1</b>	<b>183.0</b>	<b>203.1</b>	<b>229.3</b>	<b>225.7</b>	<b>255.8</b>	<b>251.1</b>
Operating cost	(111.4)	(114.2)	(124.6)	(112.8)	(110.4)	(130.7)	(123.5)
<b>EBITDA*</b>	<b>112.7</b>	<b>68.8</b>	<b>78.6</b>	<b>116.5</b>	<b>115.3</b>	<b>125.1</b>	<b>127.5</b>
Depreciation	(31.9)	(42.1)	(40.7)	(37.6)	(27.4)	(34.5)	(41.6)
MultiClient amortization	(86.2)	(62.9)	(68.1)	(101.8)	(78.7)	(74.6)	(72.5)
Impairment and loss on sale of long-term assets	(9.2)	(4.2)		(274.9)	(65.3)	(56.9)	0.0
Other charges/income	3.1	(4.2)	(1.4)	(35.1)	(6.5)	(4.7)	(2.7)
<b>EBIT</b>	<b>(11.5)</b>	<b>(44.6)</b>	<b>(31.6)</b>	<b>(332.9)</b>	<b>(62.7)</b>	<b>(45.7)</b>	<b>10.9</b>
CAPEX, whether paid or not	(19.0)	(51.9)	(108.9)	(41.7)	(17.0)	(63.3)	(41.5)
Cash investment in MultiClient	(63.0)	(41.8)	(48.3)	(70.2)	(95.5)	(73.6)	(64.0)
<b>Order book</b>	<b>190</b>	<b>230</b>	<b>204</b>	<b>240</b>	<b>245</b>	<b>259</b>	<b>394</b>

\*\*EBITDA, when used by the Company, means EBIT excluding other charges/(income), impairment and loss/gain on sale of long-term assets and depreciation and amortization.

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# Vessel Utilization\*

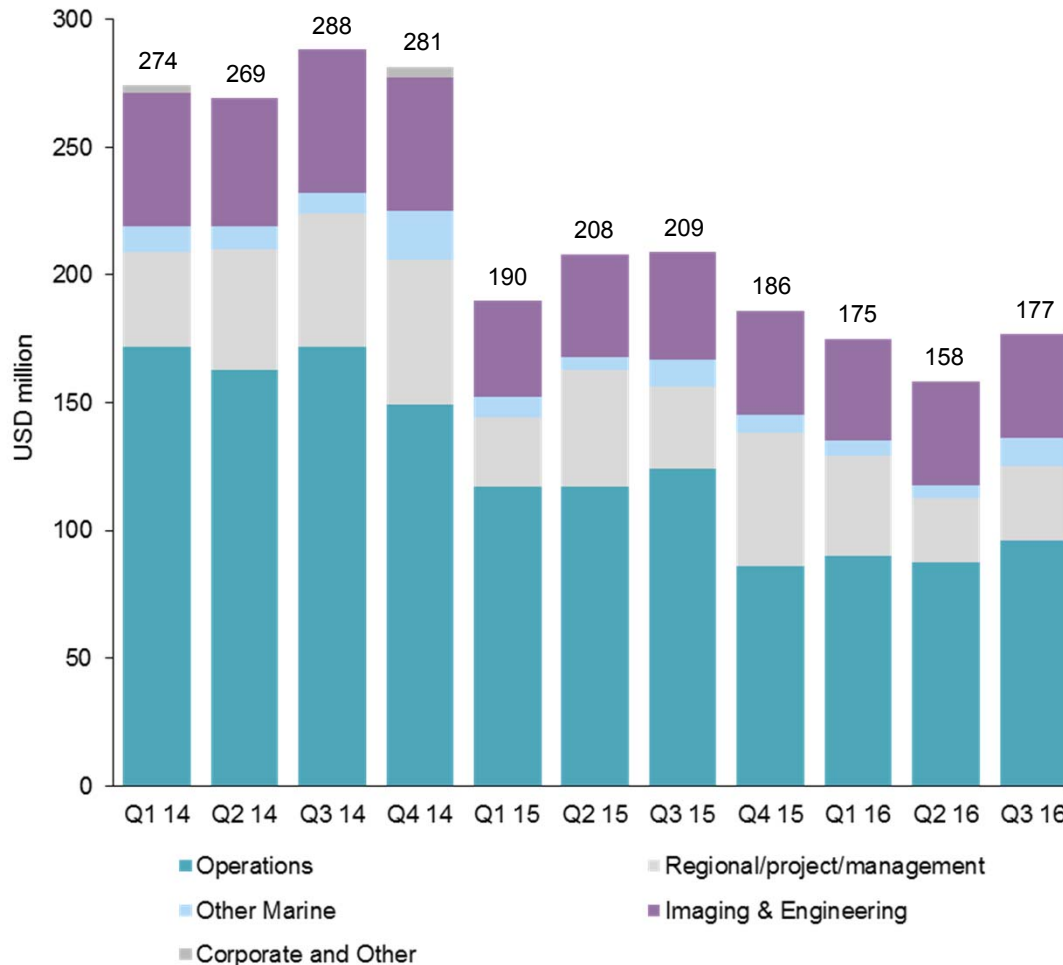
## Seismic Streamer 3D Fleet Activity in Streamer Months



- 78% active vessel time in Q3 2016
- Expect approx. 40% of the active vessel time in 2016 to be MultiClient work
- Q4 2016 utilization lower than Q3
  - Increased standby time
  - *Ramform Vanguard* likely warm stacked for the full quarter
  - Steaming expected to be higher

\* The Q3 2016 vessel allocation excludes cold-stacked vessels.

## Group Cost\* Focus Delivers Results

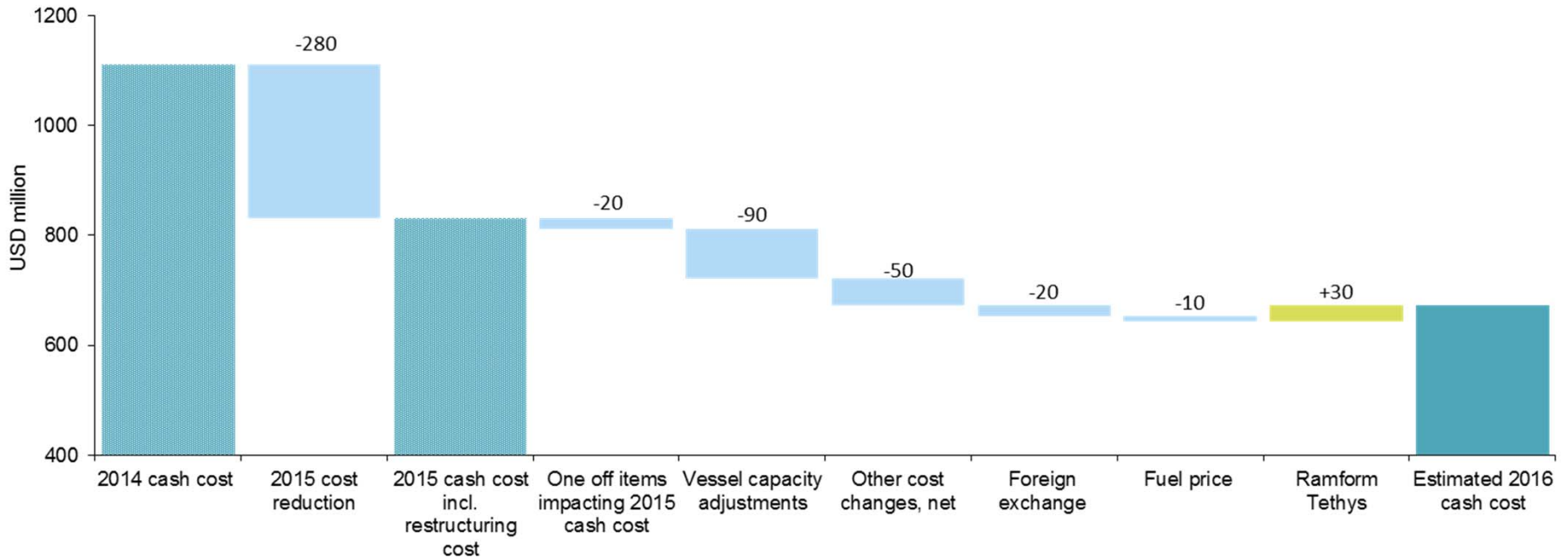


- Sequential increase of gross cash cost in Q3 as earlier indicated
- Primarily due to a larger operating fleet in Q3 and higher project related cost

**Full year gross cash cost expected to be approx. USD 675 million**

\*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.

## Proactive Cost Reductions Continue in 2016



- Further significant cost reductions will bring 2016 gross cash cost down to approx. USD 675 million
  - Incremental cost reduction from earlier guidance driven by further capacity adjustments and other cost initiatives
  - Tight cost control continues
- Cost discipline a key priority

## Consolidated Statements of Cash Flows Summary

	Q3	Q3	Nine months	Nine months
USD million	2016	2015	2016	2015
Cash provided by operating activities	80.4	71.3	256.2	366.7
Investment in MultiClient library	(63.0)	(95.5)	(153.1)	(233.1)
Capital expenditures	(10.9)	(13.8)	(192.3)	(116.7)
Other investing activities	(2.4)	(3.1)	(102.5)	54.4
<b>Net cash flow before financing activities</b>	<b>4.1</b>	<b>(41.1)</b>	<b>(191.7)</b>	<b>71.3</b>
Financing activities	23.4	65.8	187.4	(43.7)
<b>Net increase (decr.) in cash and cash equiv.</b>	<b>27.6</b>	<b>24.7</b>	<b>(4.3)</b>	<b>27.6</b>
Cash and cash equiv. at beginning of period	49.7	57.6	81.6	54.7
<b>Cash and cash equiv. at end of period</b>	<b>77.3</b>	<b>82.3</b>	<b>77.3</b>	<b>82.3</b>

- Cash flow from operating activities of USD 80.4 million in Q3 2016
  - Y-o-Y increase is due to higher earnings, partially offset by increased working capital from sales late in the quarter which will benefit Q4 cash flow
- Limited new build capex in Q3 2016; final new build installment due in Q1 2017

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## Balance Sheet Key Numbers

	sep.30	jun.30	sep.30	December 31
USD million	2016	2016	2015	2015
Total assets	2 988.5	2 970.3	3 246.6	2 914.1
MultiClient Library	682.1	686.1	807.1	695.0
Shareholders' equity	1 285.7	1 350.3	1 693.0	1 463.7
Cash and cash equivalents (unrestricted)	77.3	49.7	82.3	81.6
Restricted cash	100.2	95.0	67.7	71.5
Liquidity reserve	417.3	429.7	492.3	556.6
Gross interest bearing debt	1 386.1	1 352.3	1 218.5	1 147.2
Net interest bearing debt	1 208.6	1 207.6	1 068.4	994.2

- Adequate liquidity reserve of USD 417.3 million
- Net interest bearing debt is sequentially flat in Q3 2016
  - The increase YTD primarily relates to new build capex
- Total leverage ratio of 3.96:1 as of September 30, 2016, compared to 3:86:1 as of June 30, 2016
- Shareholders' equity at 43% of total assets





## PGS Debt Structure

Long term Credit Lines and Interest Bearing Debt	Nominal Amount as of September 30, 2016	Total Credit Line	Financial Covenants
USD 400.0 million Term Loan (“TLB”), Libor (minimum 0.75%) + 250 basis points, due 2021	USD 390.0 million		None, but incurrence test: total leverage ratio $\leq 3.00x^*$
Revolving credit facility (“RCF”), due 2018 40% of applicable margin in commitment fee on undrawn amount Libor + margin of 200-325 bps + utilization fee	USD 160.0 million	USD 500.0 million	Maintenance covenant: total leverage ratio $\leq 5.50x$ , to Q1-2017, 5.00x Q2-17, 4.5x Q3-17, 3.25x Q4-17, thereafter reduced by 0.25x each quarter to 2.75x by Q2-18
Japanese ECF, 12 year with semi-annual installments. 50% fixed/ 50% floating interest rate	USD 386.1 million	USD 477.3 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% and callable from 2015	USD 450.0 million		None, but incurrence test: Interest coverage ratio $\geq 2.0x^*$

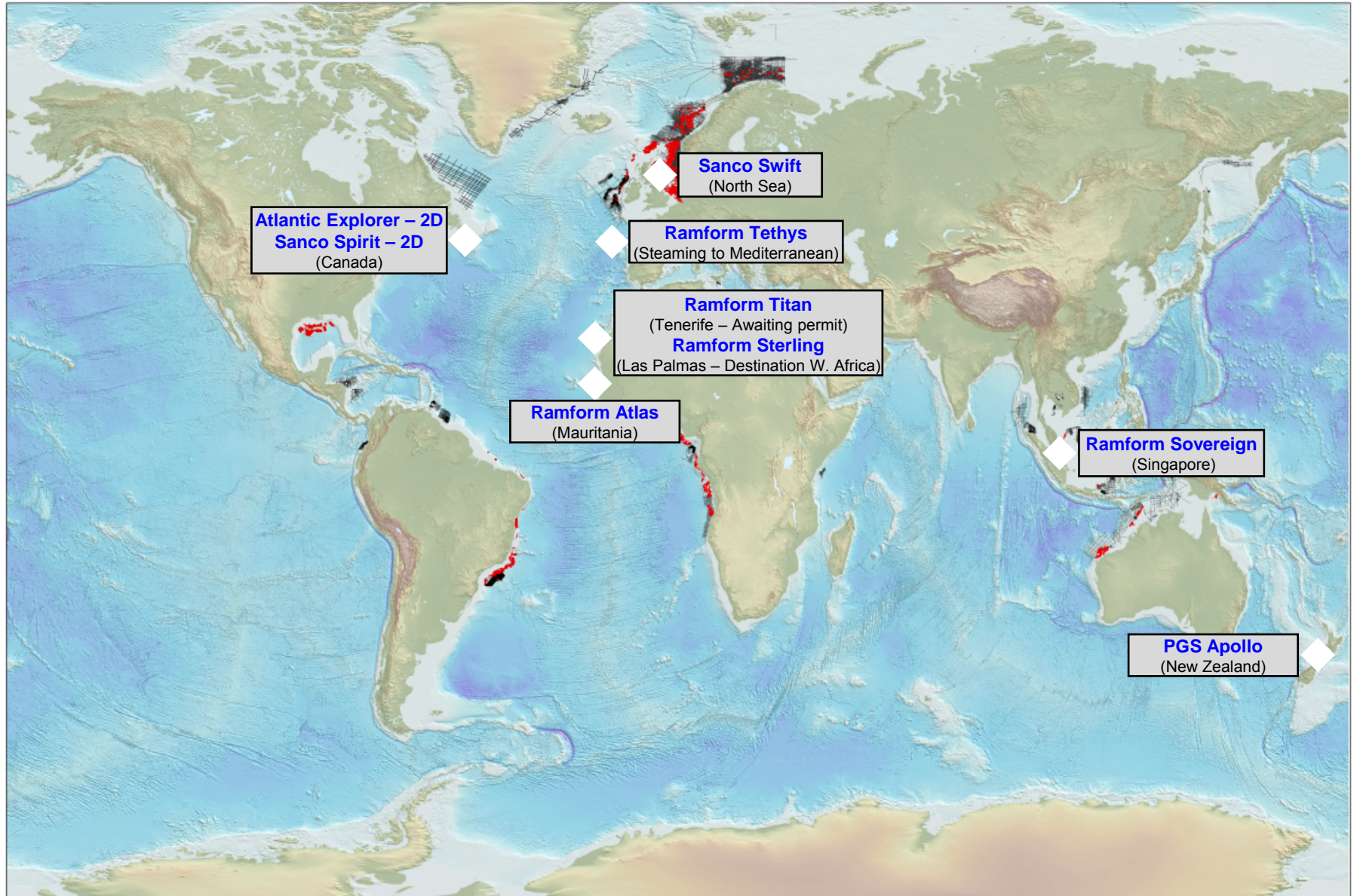
\*Carve out for drawings under ECF and RCF

# Operational Update and Market Comments

Unaudited Third Quarter 2016 Results



# Streamer Operations October 2016

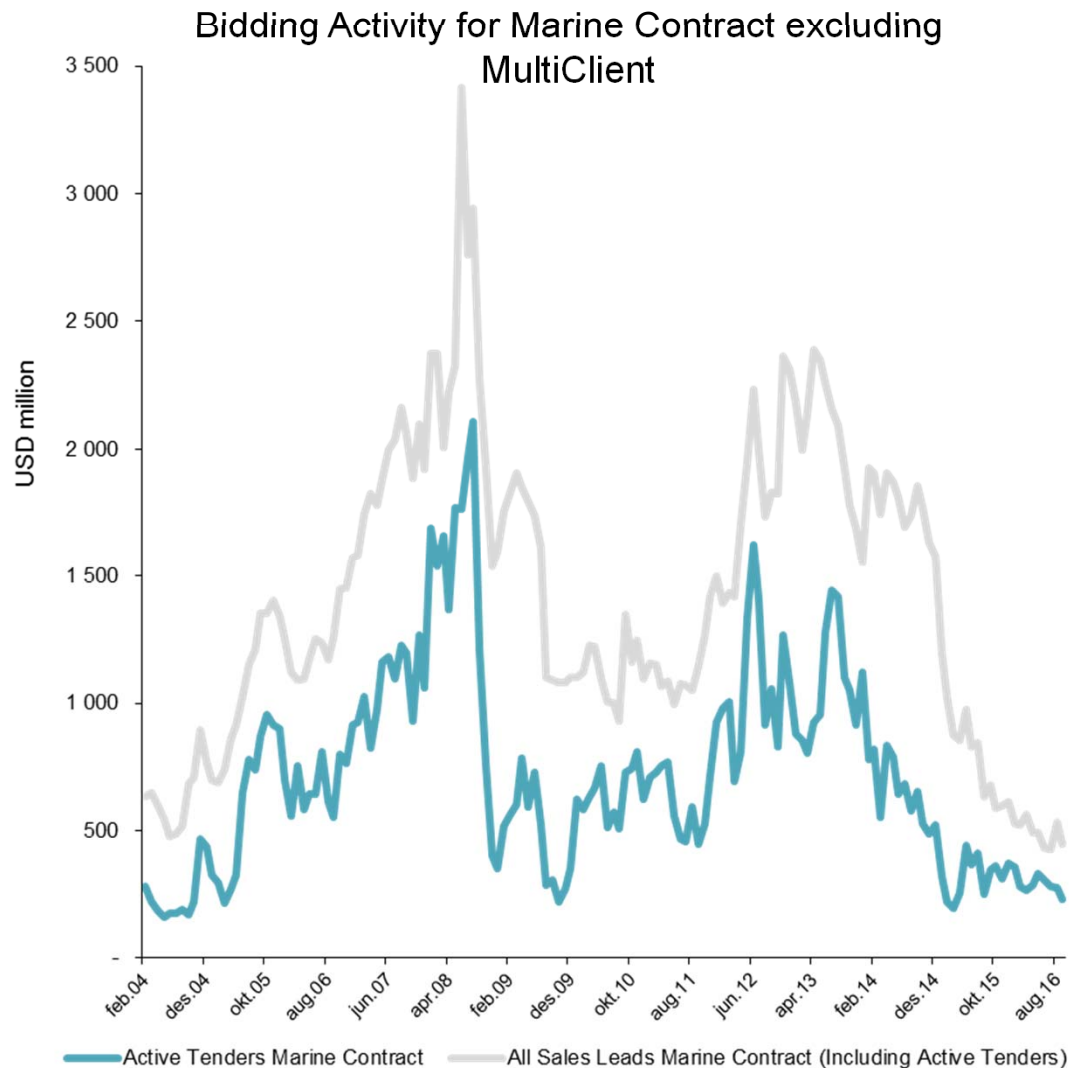


## Marine Seismic Market



- Fundamentals benefiting from a higher and more stable oil price
  - Substantial improvement in oil companies' cash flow
  
- Increasing interest for MultiClient data
  - Quarterly and regional variability is expected
  
- Contract market still characterized by low pricing
  - Vessel utilization will be challenging over the coming winter

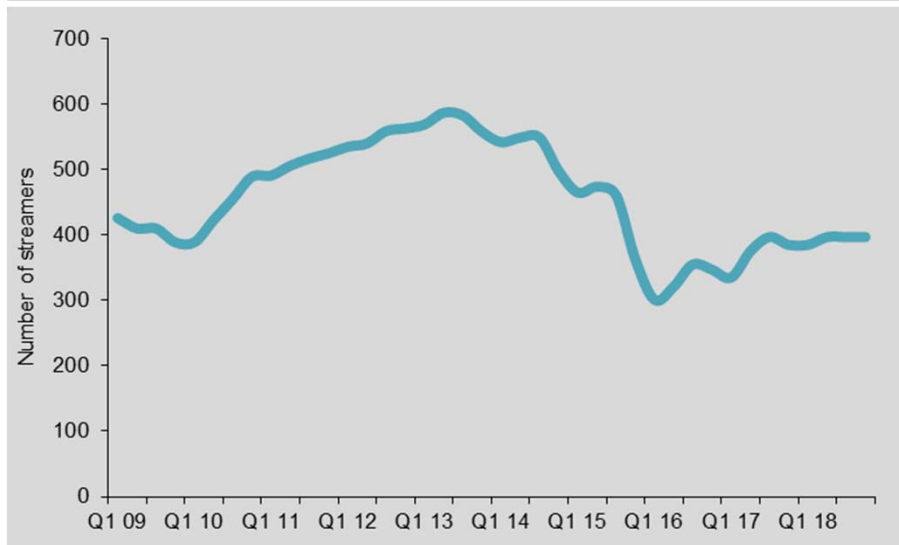
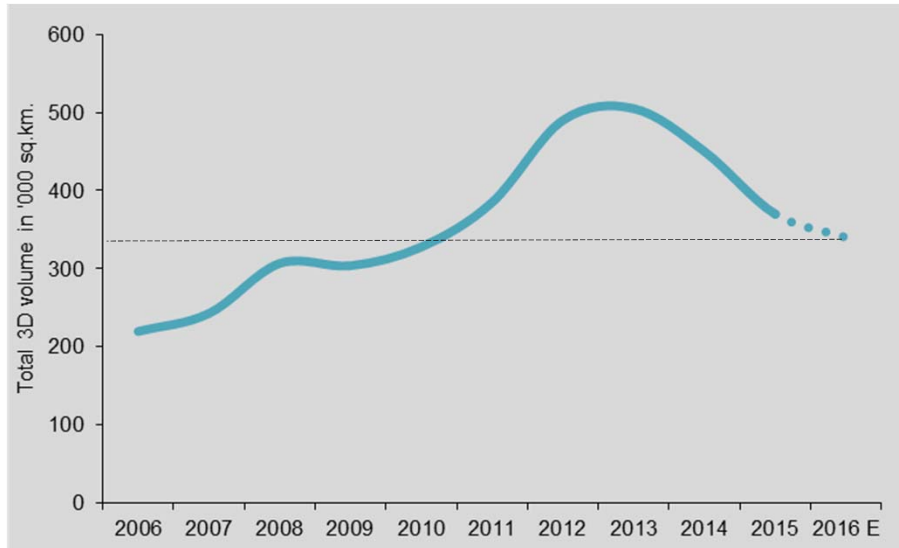
## Market Activity



- Seismic demand primarily driven by:
  - Positioning for strategically important license rounds
  - Seismic commitments in E&P licenses
  - Production seismic
  - Some opportunistic spending
  
- MultiClient market share expected to increase
  
- Decent volume of leads in Africa for Q1

Source: PGS internal estimate as of end September 2016. Value of active tenders and sales leads are the sum of active tenders and sales leads with a probability weight and represents Marine 3D contract seismic only.

## Marine Seismic Market Volume and Supply



- Industry expected to acquire approx. 340,000 sq.km of seismic in 2016
  - Volume of seismic acquired will be higher in 2016 compared to 2010 and earlier
- Streamer capacity is currently approx. 40% lower than at the 2013 peak
  - Approx. 35% lower in 2017 summer season

**PGS response – Focus on sales, operations, cost and cash flow discipline**

Leading Marine Geophysical Company  
**Ambition to be Number One in All Business Areas**



**Marine Contract**

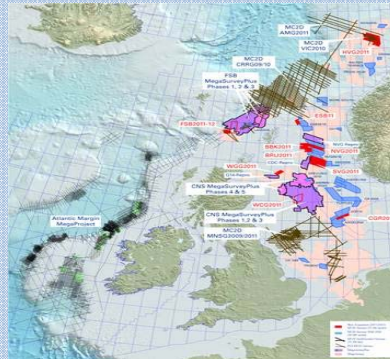


**Marine market leadership**

*30%\* of revenues YTD 2016*

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

**MultiClient**



**Diverse MultiClient library**

*60%\* of revenues YTD 2016*

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

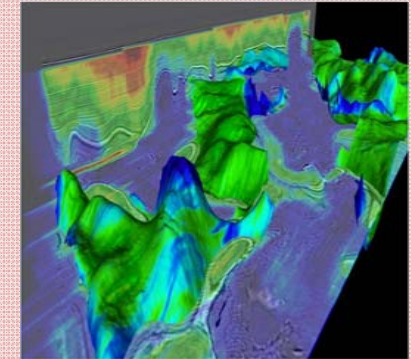
**Operations**



**Productivity leadership**

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

**Imaging & Engineering**



**Technology differentiation**

*8%\* of revenues YTD 2016*

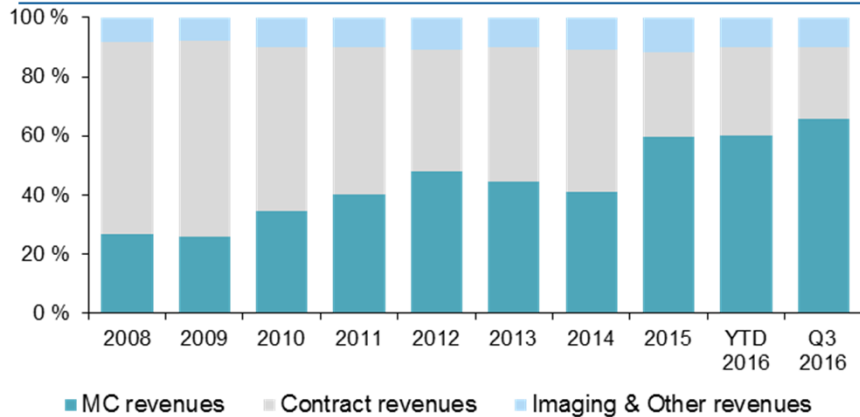
Imaging and Engineering processes seismic data acquired by PGS for its MultiClient library and for external clients on contract and manages research and development activities

- Using downturn to improve relative position
- Industry leading MultiClient performance

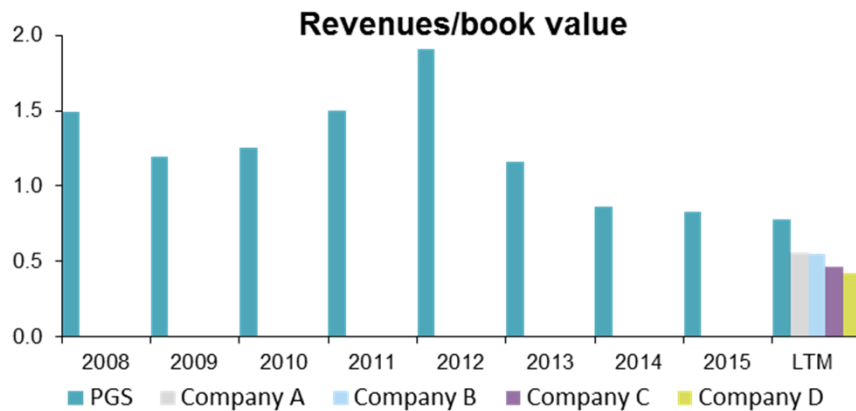
- Client feedback increasingly positive for Imaging capabilities and at par with industry best performance

\*Remaining 2% relates to Other revenues.

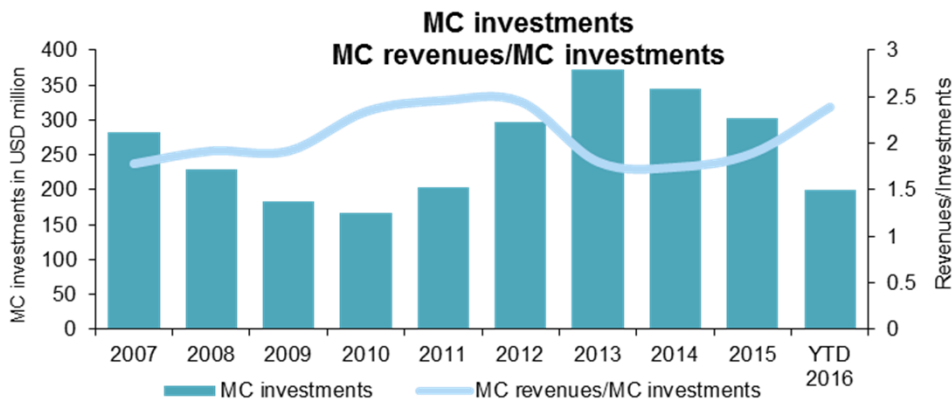
# Industry Leading MultiClient Performance



- Strategy to increase MultiClient business from 2010 level
  - Performance stabilization in a highly cyclical market
  - MultiClient share of total market will continue to increase going forward



- PGS revenues dominated by MultiClient
  - 66% of revenues in Q3 2016
  - Most of EBITDA is generated by the MultiClient activities
  - GeoStreamer, leading productivity and advanced, high quality imaging drives higher returns from library



- Retains flexibility to leverage a recovery in the marine contract market
  - Marine contract player with differentiating productivity and technology



## 2016 Guidance

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- **Gross cash cost of approx. USD 675 million**
  - Of which approx. USD 200 million to be capitalized as MultiClient cash investments
  
- **MultiClient cash investments of approx. USD 200 million**
  - Pre-funding level above 100%
  - 40% of active 3D vessel time planned for MultiClient
  
- **Capex of approx. USD 215 million**
  - Of which new build capex of approx. USD 165 million

## In Conclusion: Competitively Positioned to Navigate Current Market Environment



- Industry leading MultiClient performance
- Improved cash flow
- Adequate liquidity position with flexibility to address debt maturities in time
- Substantial cost reductions continue
- Industry leading fleet with lowest cash cost per streamer
- Significantly improved Imaging performance and technology

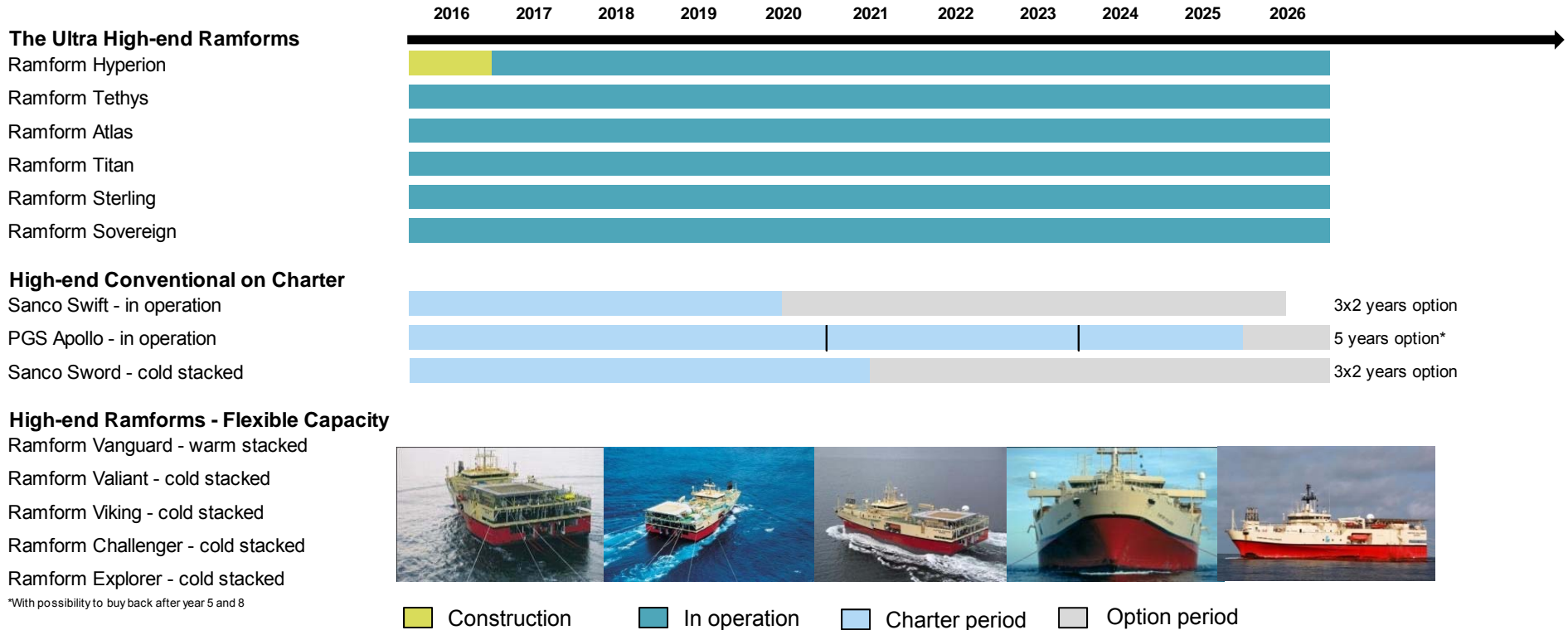
**Reaping the benefits of increased MultiClient focus**

Thank you – Questions?



# Appendix

## Building the Youngest and Most Productive Fleet in the Industry



- 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
  - Gives a competitive edge in the current market
  - Positions PGS well to take advantage of a market recovery

**Significantly reduced capex requirement going forward**

## The Ultra High-end Ramforms



Ramform Titan



Ramform Atlas



Ramform Tethys



Ramform Hyperion  
Scheduled delivery Q1 2017



Ramform Sterling



Ramform Sovereign

## High-end Conventional on Charter



PGS Apollo



Sanco Swift



Sanco Sword - rigging postponed until  
2017

## 2D/EM/Source



Sanco Spirit



Atlantic Explorer

## High-end Ramforms – Flexible Capacity



Ramform Explorer  
(cold stacked Q3 2015)



Ramform Challenger  
(cold stacked Q4 2015)



Ramform Valiant  
(cold stacked Q4 2015)



Ramform Viking  
(cold stacked Q4 2015)



Ramform Vanguard  
(warm-stacked Q3 2016)

**All vessels equipped with GeoStreamer  
youngest active fleet in the industry**

# Appendix

## Main Yard Stays\* Q4 2016



Vessel	When	Expected Duration	Type of Yard Stay
<i>Atlantic Explorer</i>	November 2016	Approx. 14 days	Intermediate class
<i>Ramform Sterling</i>	October 2016	Approx. 14 days	Repair work and hydraulic upgrade of workboat handling system
<i>Ramform Tethys</i>	October 2016	10 days	Guarantee work

\*Yard stays are subject to changes.

# Appendix

## RAMFORM Titan-Class

### Engineered for Geoscience



#### Stability

The Titan design ensures better performance and room for growth. The ultra-broad delta shaped hull provides fantastic seakeeping capabilities and also means a smooth ride.



#### Endurance

120 days without re-fueling.

Dry docking interval 7.5 years.

Maintenance at sea lowers operating costs.



#### Redundancy

3 CP propellers, each with 2 motors - fully operational with 2 propellers.

2 engine rooms, each with 3 generators - fully operational with 1 engine room.



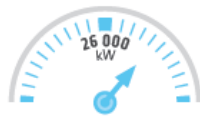
#### All Weather

Widening the weather window and extending the seasons in northern and southern hemispheres without compromising HSEQ.



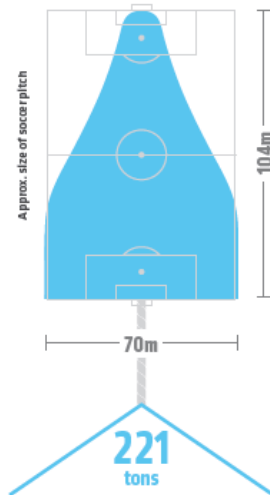
#### Fuel Capacity

Providing flexibility and endurance.



#### Power

Additional power enables more in-sea and onboard equipment.



#### Wire Pull @ 4.5 kts

This measures towing force through the water and is a more realistic representation of towing capability than bollard pull.

#### Space = Flexibility

Three times larger than modern conventional vessels, the Titans offer a highly efficient work environment with ample space for equipment, maintenance and accommodation.



#### Towing Capacity

24 reel and streamer capacity provides flexibility and rapid deployment and retrieval.

### HSEQ



#### Health

Social zones, gym, stability - rested crews perform better.



#### Safety

Stable platform minimizes risk of fatigue, trips and falls. Space to work, redundancy in power and propulsion, 2 stern-launched workboats, back-deck automation. One Culture - closer cooperation between seismic and maritime crew.



#### Environment

Larger spreads and faster turnaround mean fewer days on each job and leaves a smaller environmental footprint. DNV GL Clean(Design) - max SO<sub>x</sub> content of <2.5%. Reactive catalysts reduce NO<sub>x</sub> emissions by 90%.

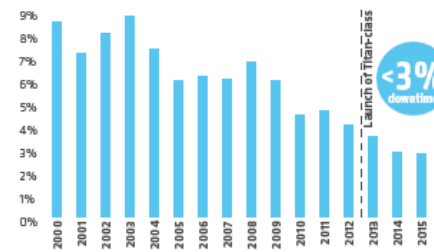


#### Quality

Superior platform to deploy the best dual-sensor technology - 100% GeoStreamer. Equipped with streamer and source steering.

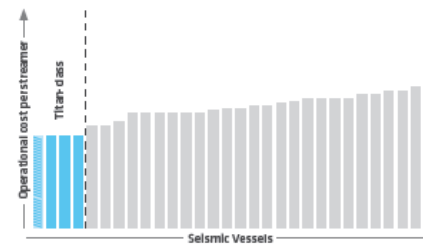
### Performance Results

#### Downtime



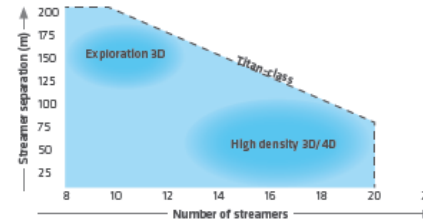
Ramform Titan - Zero maritime downtime and only 2.7% seismic downtime to date. Total sq.km acquired by Titan-class vessels is 89,712 sq. km.

#### Cost



Ultra high capacity seismic vessels are more cost effective.

#### Survey Type Flexibility



Titan-class vessels cover all the bases from highly efficient reconnaissance exploration surveys to the detailed resolution required for 4D production seismic.

### Records

:: Ramform Titan ::  
:: Bay of Bengal ::



#### 18 Streamers

13.75 sq. km fan spread 18 streamers x 7.05 km with 100 m separation (2.2 km wide at tail)

#### Coverage

Highest ever production 175.03 sq.km/day (average for this survey = 139 sq. km/day).

### Future Proof



#### 25 years Lifespan

Setting the benchmark for this generation of seismic vessels and the next.

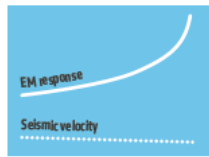
### Size POWER flexibility



# Appendix

# TOWED STREAMER EM

## Reducing drilling risk



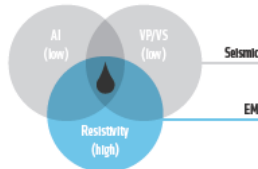
EM + seismic = reduced risk

Improved hydrocarbon saturation estimates.



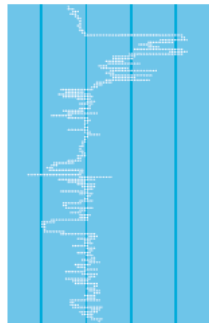
Sight & sound

Complementary data add new layers of comprehension: a bit like adding sight to sound. While seismic is the best measure of lithology, EM is more sensitive to changes in fluids.



Independent inversions

Seismic data can be inverted for velocity and for acoustic impedance. Inversion of EM data provides resistivity. Correlating all three improves drilling success.

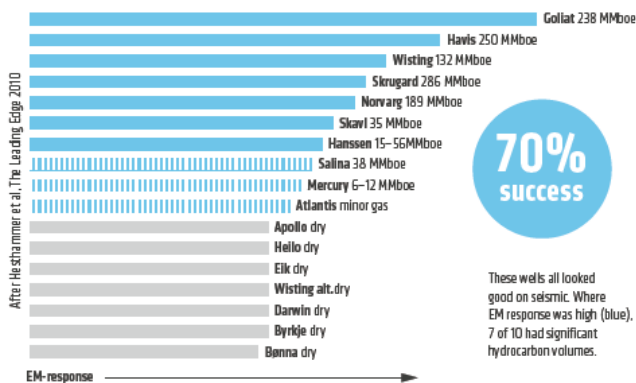


Resistivity

Hydrocarbon saturated rocks are typically highly resistive. Geologists access local resistivity data from well logs.

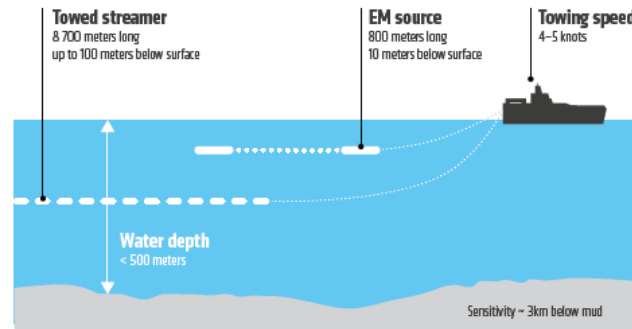
## Drilling success with EM

Barents Sea



## Operational 101

Towed streamer acquisition produces high density 2D or 3D EM data fast. The operation is very similar to seismic, making it easy to install, operate and even combine.



Fast

Acquisition speed up to 200 sq. or line km EM data / day



Flexible

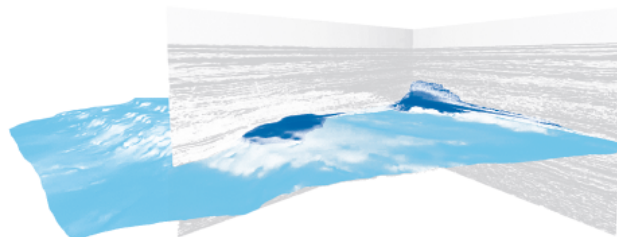
Multipurpose EM can de-risk frontier prospects, reveal drilling hazards, or identify missed tail end production.



Global

Northern Europe is the region with greatest EM coverage so far, but feasibility studies around the world show this technology has global potential.

## Adding EM to seismic



How and when

Improve ranking of prospects by adding 2D or 3D EM data to existing seismic data. Enhance EM resolution by using the seismic to guide the EM inversion.

Acquire EM and 2D GeoStreamer data efficiently and simultaneously with the same vessel to plan new 3D seismic.

May 2016

## HSEQ



Health

PGS' high operational standards apply.



Safety

Standard PGS towed streamer operations and equipment reduces risk.

EM helps identify shallow gas drilling hazards.



Environment

Low environmental impact.

Fewer vessel days = lower emissions in both standalone and simultaneous acquisition modes.



Quality

Towed streamer EM produces high density data and permits onboard QC and processing.





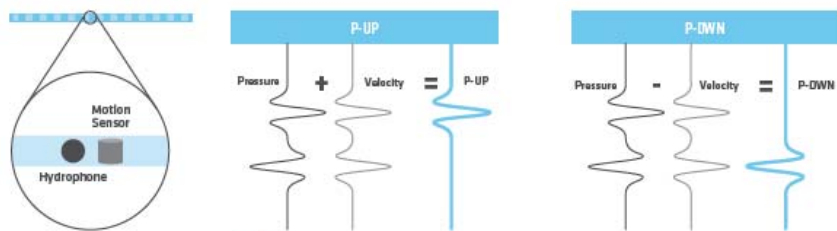
# Appendix

# PGSSWIM<sup>®</sup>

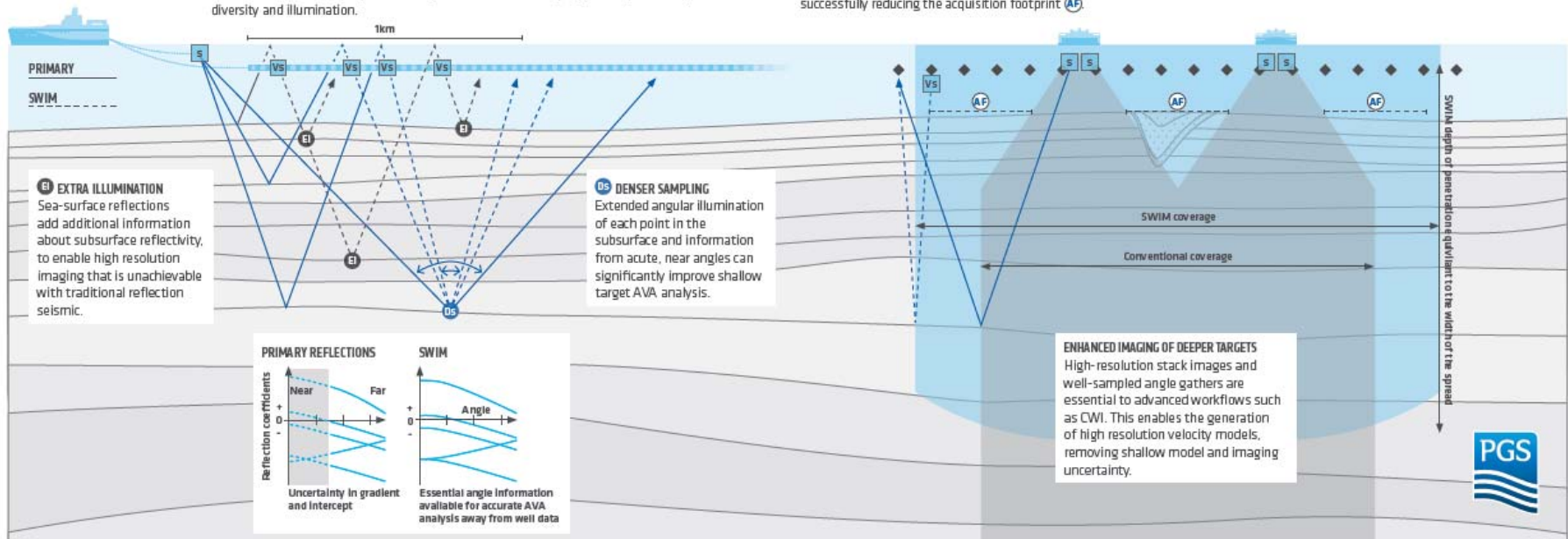
## Extending Illumination and Angular Diversity

### GeoStreamer data and SWIM imaging

Separated Wavefield Imaging (SWIM) is an innovative depth-imaging technology that uses both up- and down-going wavefields, recorded by GeoStreamer<sup>®</sup> dual hydrophone and motion sensors.



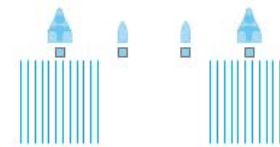
**VS VIRTUAL SOURCES** Utilizing sea-surface reflections and making each receiver a virtual source results in the survey area having increased source sampling and improved angular diversity and illumination.



## SWIM + Survey Geometries



**NARROW AZIMUTH TO WIDE TOW SWIM** enables the design and use of cost effective acquisition geometries such as super-wide tow. For narrow azimuth surveys in shallow water SWIM yields better sampled data in the angle domain.



**WIDE AZIMUTH** The extra subsurface illumination of sea-surface reflections combined with Wide Azimuth (WAZ) acquisition facilitates the imaging of salt flanks and other steeply dipping structures.



## Reduce Acquisition Footprint

Turning the receiver spread into virtual sources (Vs) and receiver arrays reduces source sampling in the crossline direction from the distance between sail lines to that between streamers. Using SWIM in shallow water fills in gaps in near-surface coverage successfully reducing the acquisition footprint (AF).

## Further Uses



**OCEAN BOTTOM DATA** SWIM has been successfully applied to seabed data such as ocean bottom node and cable recordings. SWIM can increase the shallow image area of the seabed and the underlying sediments by up to 700%.



**IMPROVED MULTIPLE REMOVAL** SWIM enables the generation of detailed shallow overburden images that are a requirement for some data-driven 3D SRME multiple removal methods.



**REDUCING DRILLING RISK** Superior illumination of the overburden using SWIM provides high-resolution images suitable for shallow hazard work, helping to identify drilling risks.