

The background features a complex network of light blue lines forming a grid and various geometric shapes. Several white arrows are overlaid on this network, pointing in different directions: one points upwards, another points to the right, and a third points downwards. The overall aesthetic is clean and professional, suggesting a focus on strategy and navigation.

# **Strengthening Balance Sheet to Navigate Current Market Environment**

Investor Update – 22 November 2016

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# Overview of Proposed Transactions

# Creating a Runway to 2020



## Proactive measures taken

- Managing operating costs and capital expenditures to mitigate impact of weak market conditions
- Further initiatives undertaken to strengthen liquidity and balance sheet position
  - Liquidity management through sale and lease back of PGS Apollo
  - Raised USD 104 million in November 2015 from equity issuance and sale of treasury shares

## PGS and its Board have established a staged plan to create a runway to 2020



### Step 1: Liquidity reserve secured to 2020

- Completion of two year extension of RCF to 2020
  - Unchanged security package
  - Covenant reset to retain availability of liquidity reserve going forward
  - Resized RCF to match ongoing liquidity needs (i.e. reduction to USD 400m initially and then to USD 350m in September 2018)
  - RCF extension conditional on completion of the Equity Raise and Bond Exchange Offer

### Step 2: Transactions to address 2018 Notes and delever

- PGS has initiated a capital raise (the “Equity Raise”) of approx. NOK 1.9 billion (USD ~225 million) to facilitate an exchange of 2018 Notes into a 2020 maturity (the “Bond Exchange Offer”)
- The proposed transactions will improve balance sheet flexibility and increase long term financial visibility, through:
  - Reducing financial risk profile
  - Reducing interest costs
  - Delever the balance sheet
  - Maintaining a robust liquidity position

# RCF Extension to 2020

Term	Agreement	
Maturity:	September 2020 (2 year extension)	
Amount:	A reduction in the RCF size to USD 400m (from current USD 500m), reducing to USD 350m from September 2018	
Security Package:	Unchanged	
Interest Cost (drawn):	Libor + margin of 325-625 bps + utilization fee	
Restrictive Covenants:	Further restrictions on voluntary pre-payment of debt when Total Leverage Ratio is greater than 3x	
Revised Total Leverage Ratio Covenant Levels:	Q4 2016	5.50x
	Q1 2017	5.50x
	Q2 2017	5.50x
	Q3 2017	5.25x
	Q4 2017	4.75x
	Q1 2018	4.25x
	Q2 2018	4.00x
	Q3 2018	3.75x
	Q4 2018	3.50x
	Q1 2019	3.25x
	Q2 2019	3.00x
	Q3 2019 onwards	2.75x

**Agreed subject to successful completion of Equity Raise and Bond Exchange Offer**

# Creating a Runway to 2020



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# Proposed Transactions

## Proposed Transactions

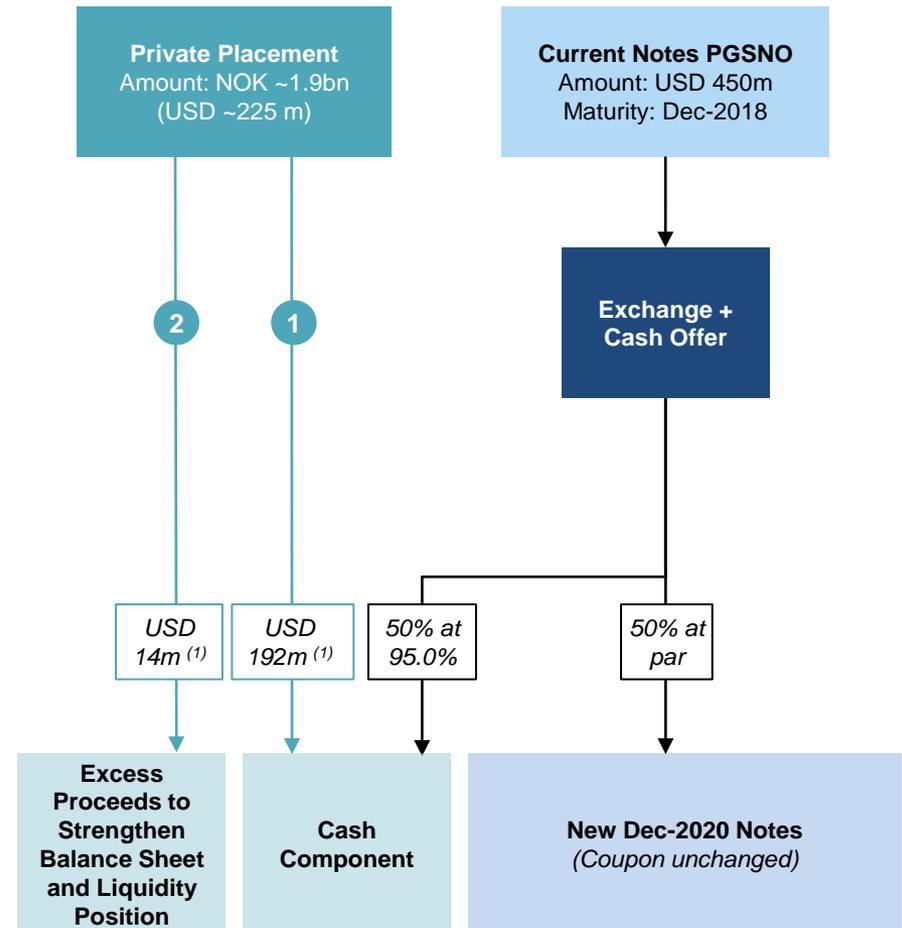
### Bond Exchange Offer

- Proactively addressing the Dec-2018 USD 450m Notes
- Bondholders offered to exchange 50% of their bonds for cash and exchange the remaining 50% into New 2020 Notes:
  - Cash consideration for the 50% settled at 95% of par, if bonds tendered before the early bird deadline
  - Terms of the New 2020 Notes to remain consistent with 2018 Notes
    - +2.0% coupon step up if the Company, in the future, grants security to RCF / TLB lenders
    - Final maturity and call schedule extended by 2 years
  - Old Notes exchanged at par with coupon unchanged (7.375%)
- Exchange Offer conditional on 90% participation level

### Equity Raise

- Private Placement: Expected to be approximately NOK 1.9 billion (USD ~225 million)
- Possible subsequent offering (through a rights issue) expected to be approximately NOK 300 million (USD ~35 million), directed at existing eligible shareholders who are not allocated shares in the Private Placement
- Use of proceeds:
  - 1 Cash component in Bond Exchange Offer
  - 2 Excess proceeds to strengthen balance sheet and liquidity position

## Illustrative Structure



**Transactions to be launched simultaneously and are inter-conditional**

1. Calculations based on 90% participation (50% extended at par with a coupon of 7.375% and 50% for cash component at a price of 95.0%) before the early bird deadline and therefore includes the early bird premium. Excess proceeds net of accrued and unpaid interest, and estimated fees and expenses (refer to page 26 for further details).

# PGS Investment Case

## Consolidating our leading position in the marine seismic industry



**1**

**Market Leading Seismic Services Provider with World-Class Fleet**

**2**

**Technological Leadership**

**3**

**Leading MultiClient Business Reducing Financial Volatility**

**4**

**High Operational Efficiency**

**5**

**Proactive Management Focused on Cash Flows**

# Operational Update and Market Comments

## Q3 Results – Robust MultiClient Performance



- Revenues of USD 224.1 million
- 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

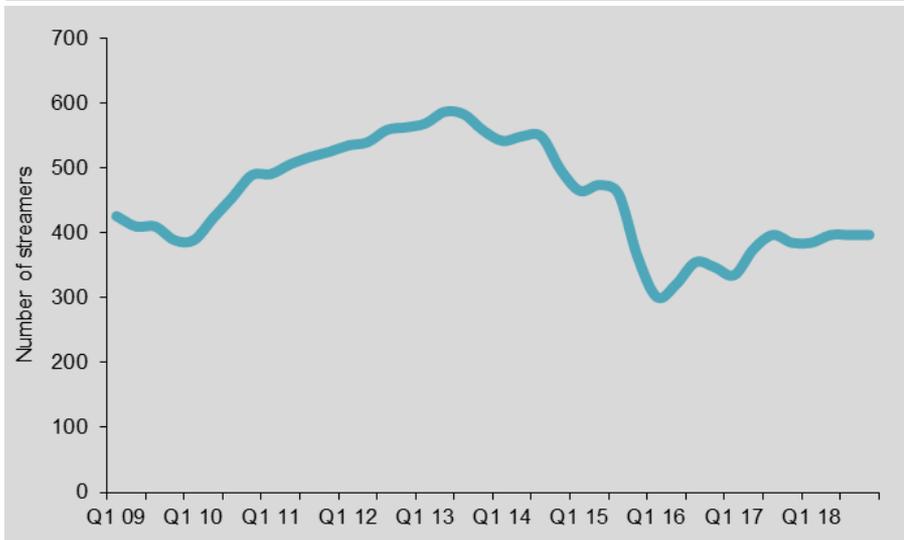
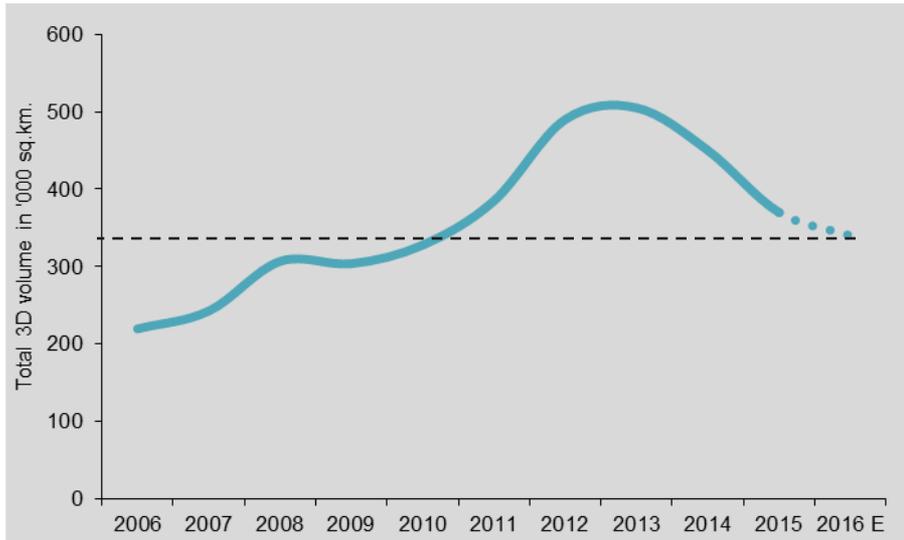
**MultiClient sales positively impacted by a higher oil price and improved cash flow among oil companies**

# Marine Seismic Market



- Fundamentals benefiting from a higher and more stable oil price
  - Substantial improvement in oil companies' cash flow
  - However, continue to expect challenging market going forward
  
- 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
  - Some idle time in Q4 2016 as some clients move work from Q4 into 2017

# Marine Seismic Market Volume and Supply

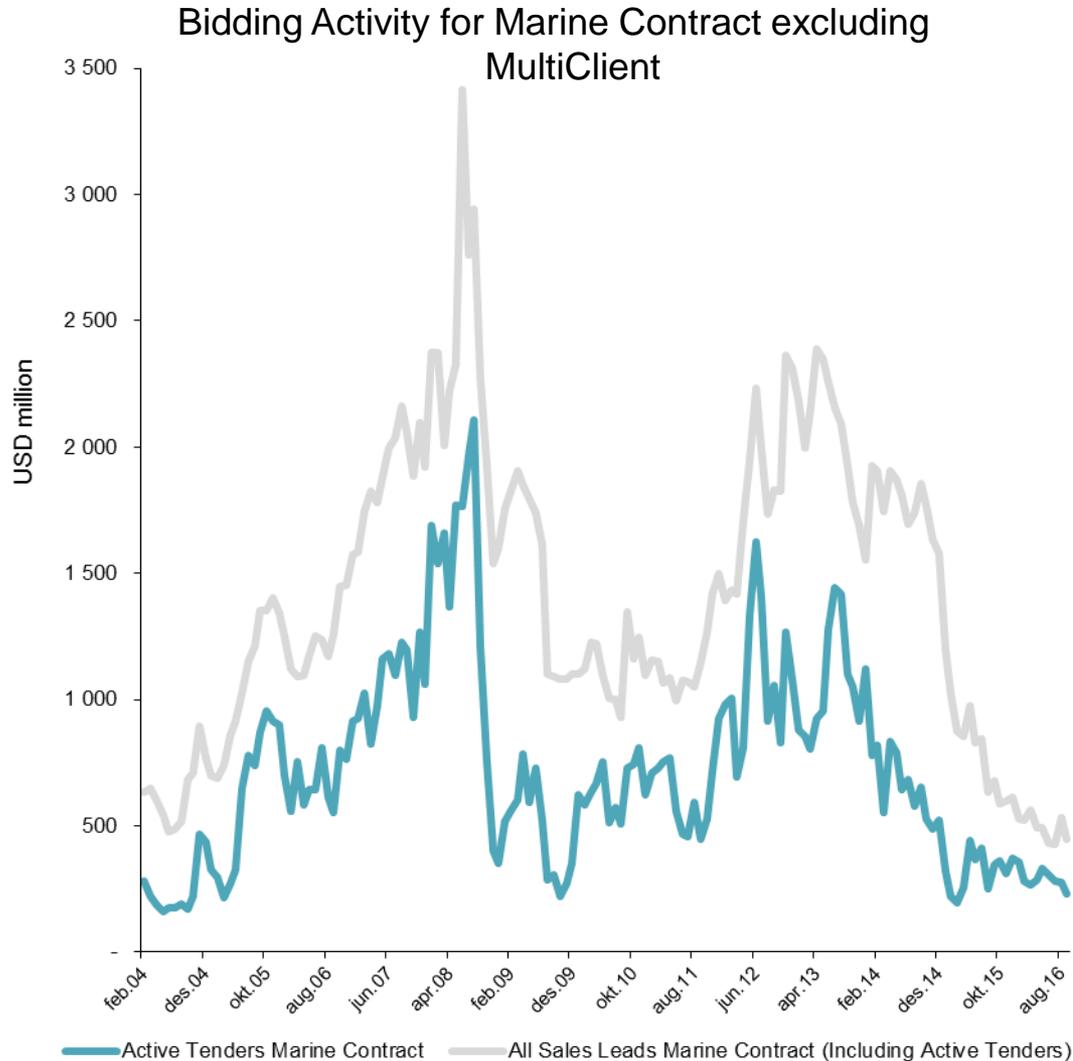


- **Industry expected to acquire approx. 340,000 sq.km of seismic in 2016**
  - Volume of seismic acquired will be higher in 2016 compared to 2010 and earlier
  
- **Streamer capacity is currently approx. 40%<sup>(1)</sup> lower than at the 2013 peak**
  - Approx. 35% lower in 2017 summer season

**PGS Response – Focus on Sales, Operations, Cost and Cash Flow Discipline**

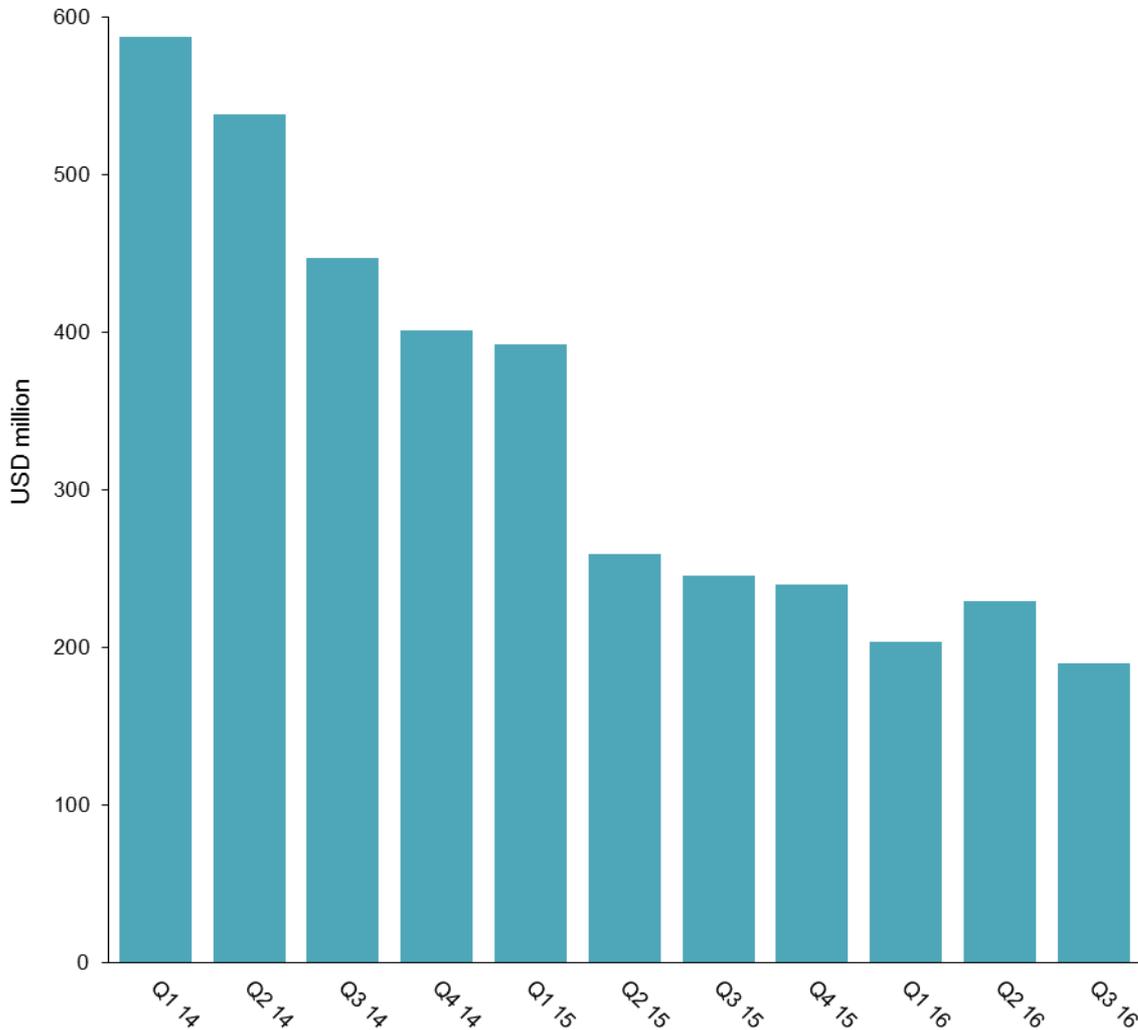
1. As of Q3 2016.  
Source of both graphs: PGS internal estimates.

# 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**

# Order Book



- **Order book of approx. USD 190 million by end Q3 2016**

- Good order intake after quarter end

- **Vessel booking <sup>(1)</sup>**

- ~70% booked for Q4 2016
- ~60% booked for Q1 2017
- ~20% booked for Q2 2017
- ~5% booked for Q3 2017

1. As of October 25, 2016, based on 7 active vessels and excluding cold-stacked vessels.  
Source: PGS internal estimates.

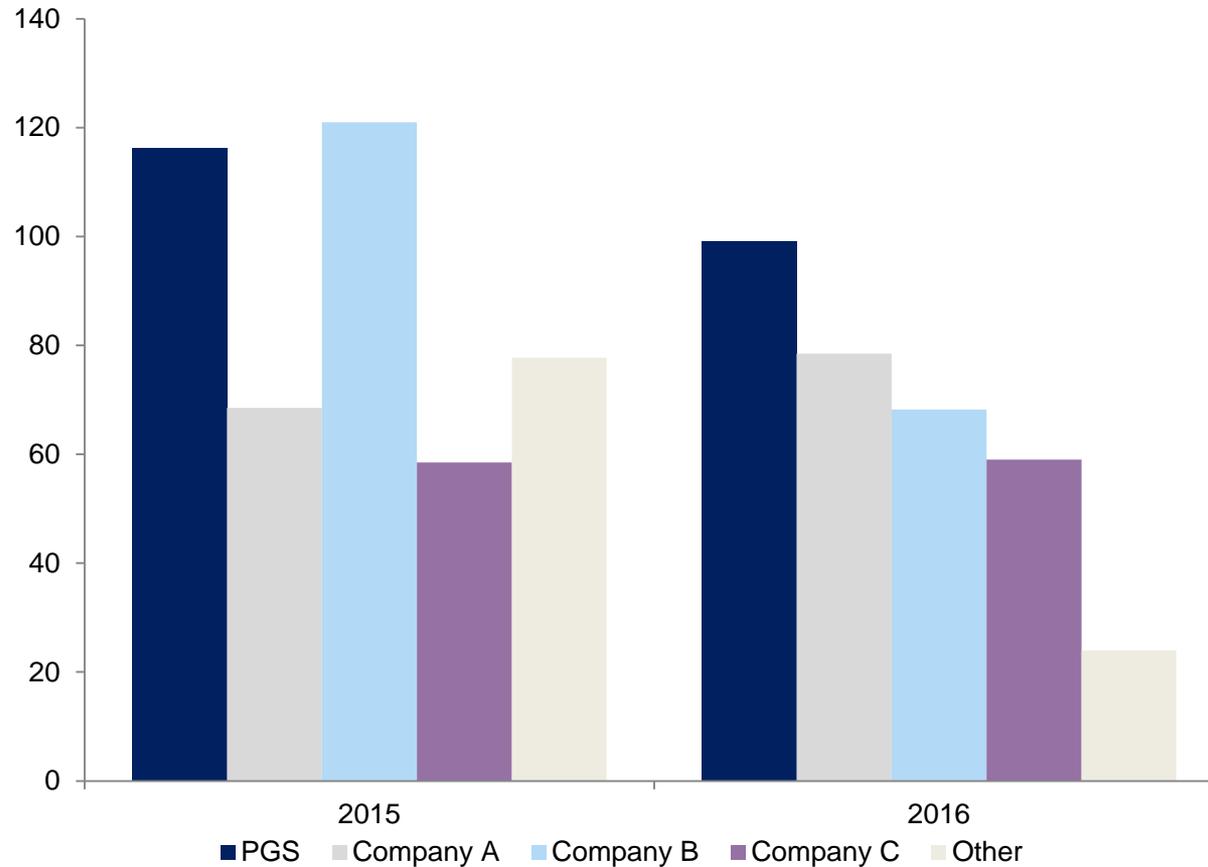


# Well Positioned to Navigate the Challenging Market

# 1 Market Leading Position in Marine Seismic Industry ...

Average active streamer count 2015 vs. 2016

Number of active streamers



- Superior fleet quality strengthens market position
- Combination of superior fleet and streamer technology enables us to have a leading position in marine seismic
- Maintaining highest service standards
- Active fleet has an average age of approximately 4.5 years

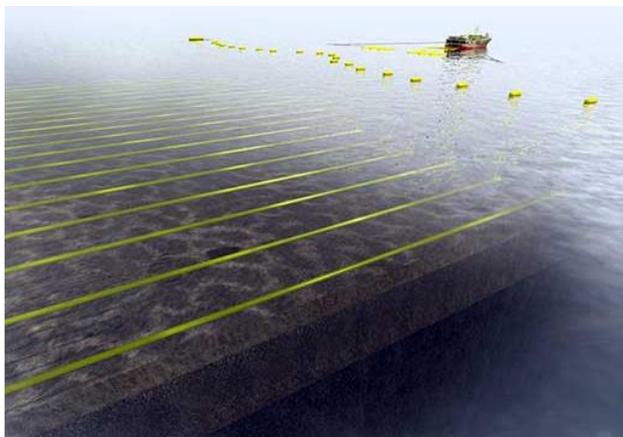
**Maintaining critical mass in a weak market**

### A Superior Fleet Advantage



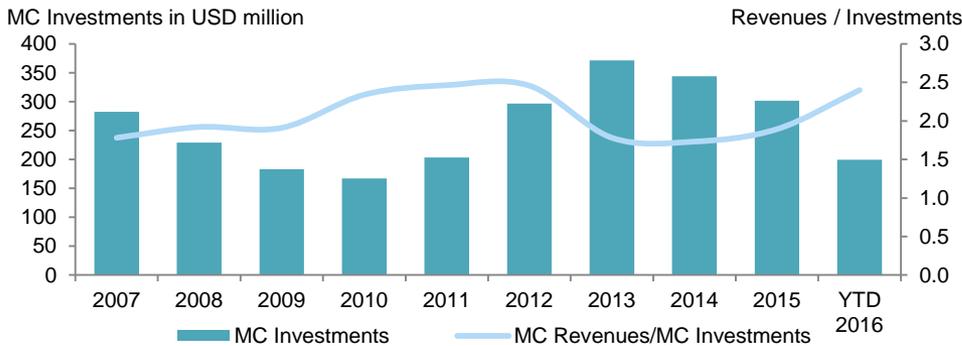
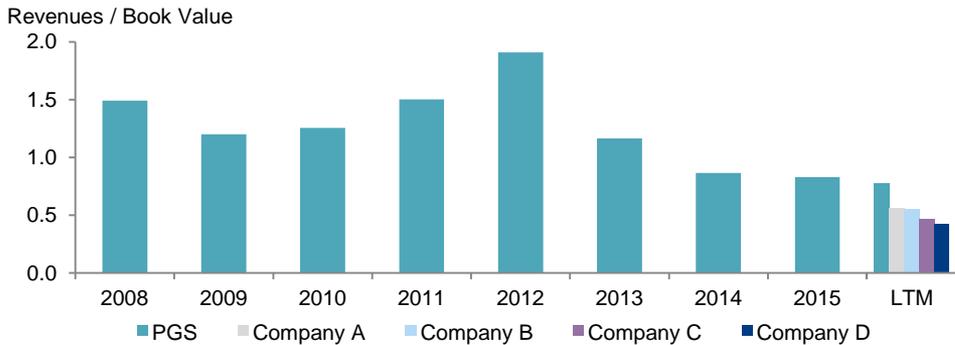
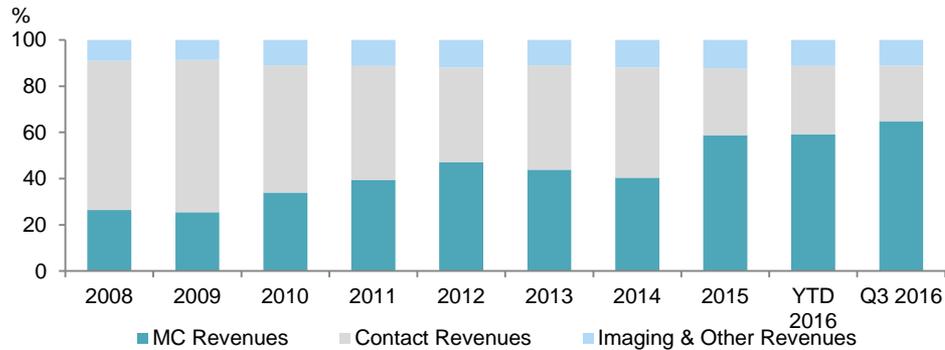
- Largest world-class technologically advanced seismic fleet of 13 vessels – out of which five are in the ultra high end capacity segment, capable of towing 22-24 streamers
- Strong position in the high end 12+ streamer market segment with a current market share of approximately 40%
- Estimated to have the highest cost efficient fleet amongst its peers, measured by cash cost per streamer per day

### Technological Leadership



- PGS' GeoStreamer technology was the first dual-sensor streamer in the industry
- Leading technology platform facilitating high efficiency and data quality. Combined with its suite of imaging solutions, it is capable of generating sharper, more precise imaging for complex geological structures
- GeoStreamer acquisition and imaging technology is key success factors for both strong MC 3D library and meeting clients' needs for tailor-made solutions in the contract market

### 3 Solid and Stable MultiClient Performance

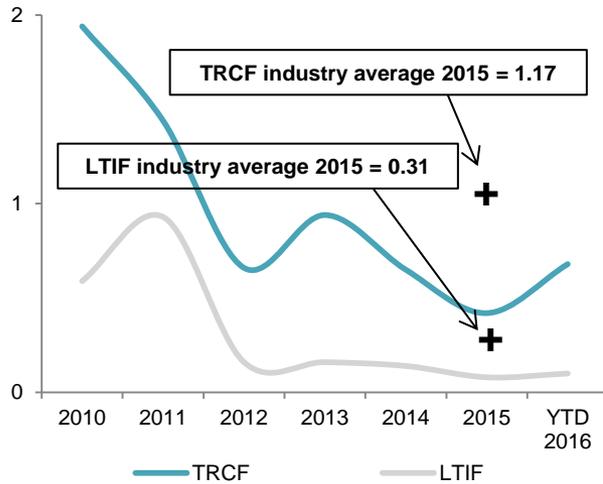


- **Strategy to increase MultiClient business from 2010 level**
  - Performance stabilization in a highly cyclical market
  - MultiClient share of total market will continue to increase going forward
- **PGS revenues dominated by MultiClient**
  - 66% of revenues in Q3 2016
  - Most of EBITDA is generated 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

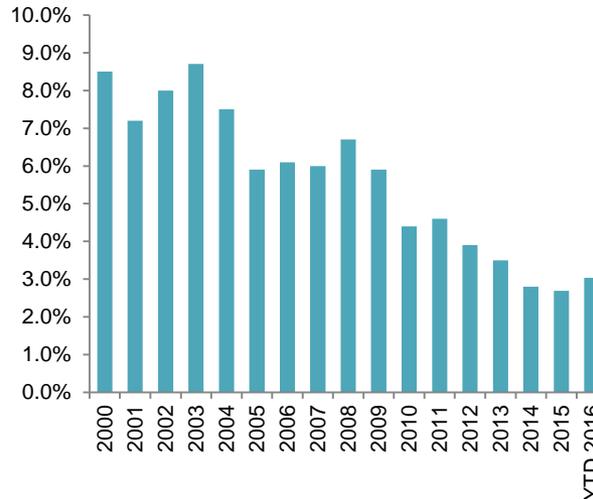
Source: Companies' annual reports.

# 4 Industry Leading Operational Performance

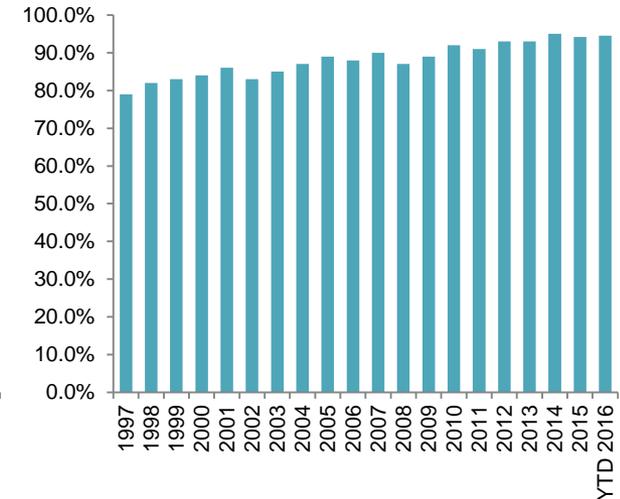
## HSEQ Performance: Industry Leadership (1)



## Technical Downtime (2)



## Performance (3)



- Focused on leadership, continuous learning, culture, best practices and risk management ...
- ... to drive continuous improvement of HSEQ practice
- Sharpened focus on planning and risk mitigation
- Continuous effort to reduce downtime
- Aided by “best in class” fleet and specialist vessel capability

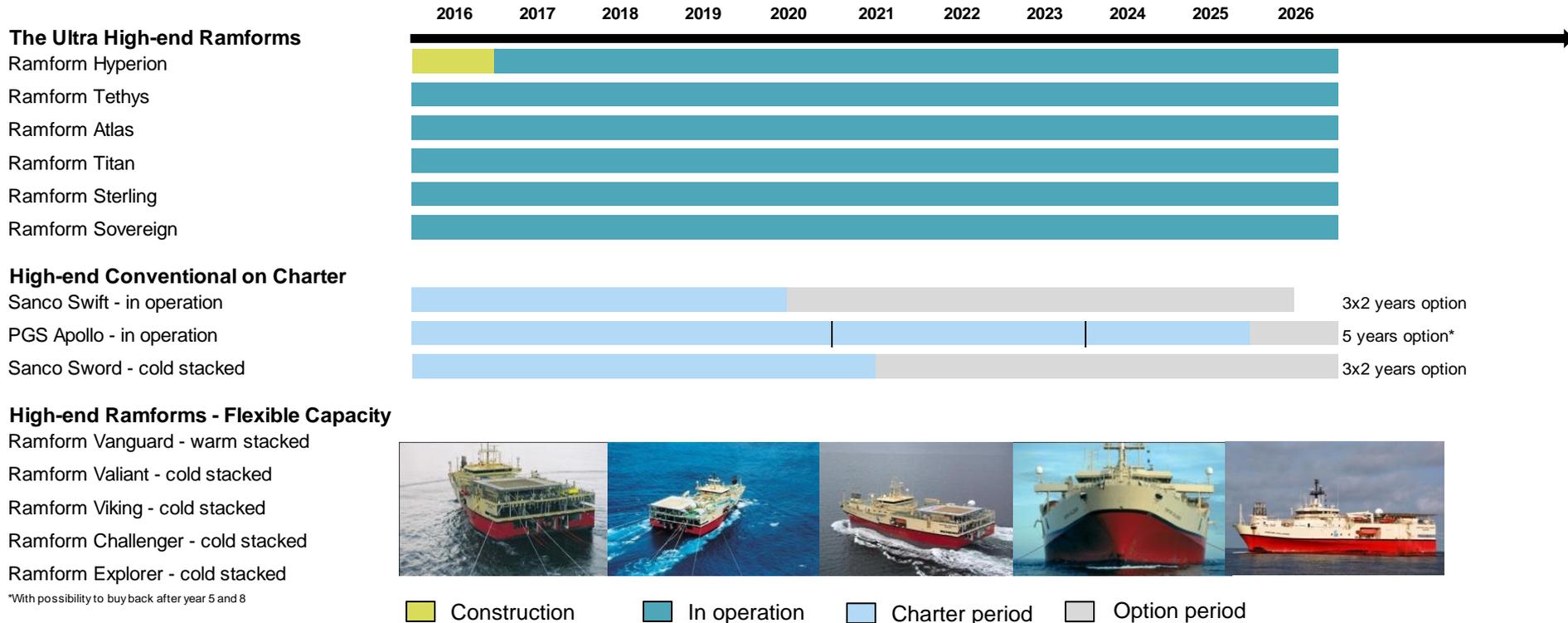
1. TRCF: Total Recordable Case Frequency (per million man hours); LTIF: Lost Time Injury Frequency (per million man hours).

2. Ratio of downtime (excluding standby, unfavorable weather, and voyage time) to time spent on survey production activities.

3. Ratio of actual survey production activity to available production time.

Source: PGS.

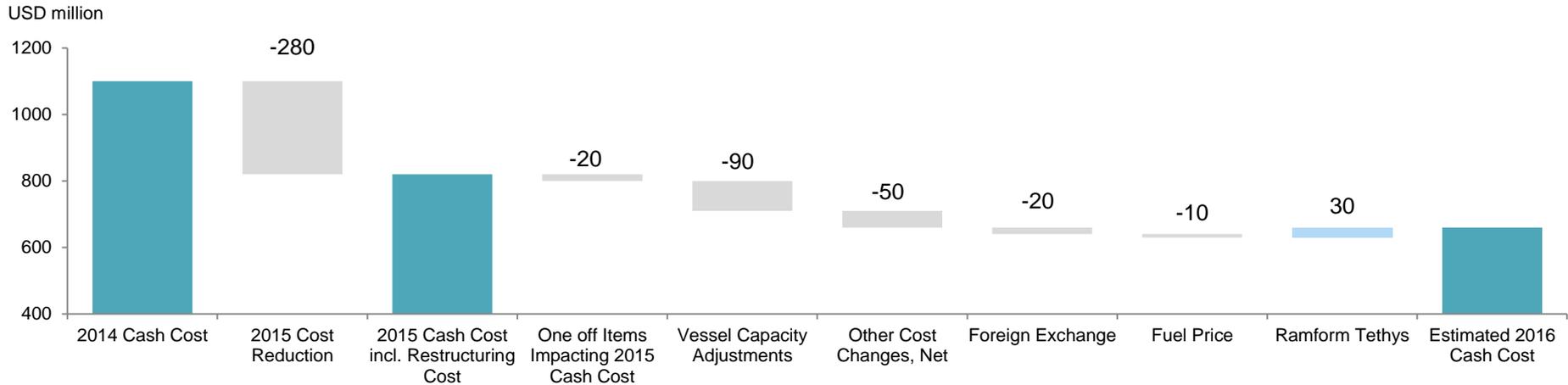
# 5 Fleet Capacity Provides Flexibility Throughout the Cycle



- 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**

## 5 Proactive Cost Reductions Continue in 2016



- 2015 cash cost <sup>(1)</sup> reductions amounted to approximately USD 280 million, including restructuring cost (approximately USD 320 million if restructuring cost is excluded)
- 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

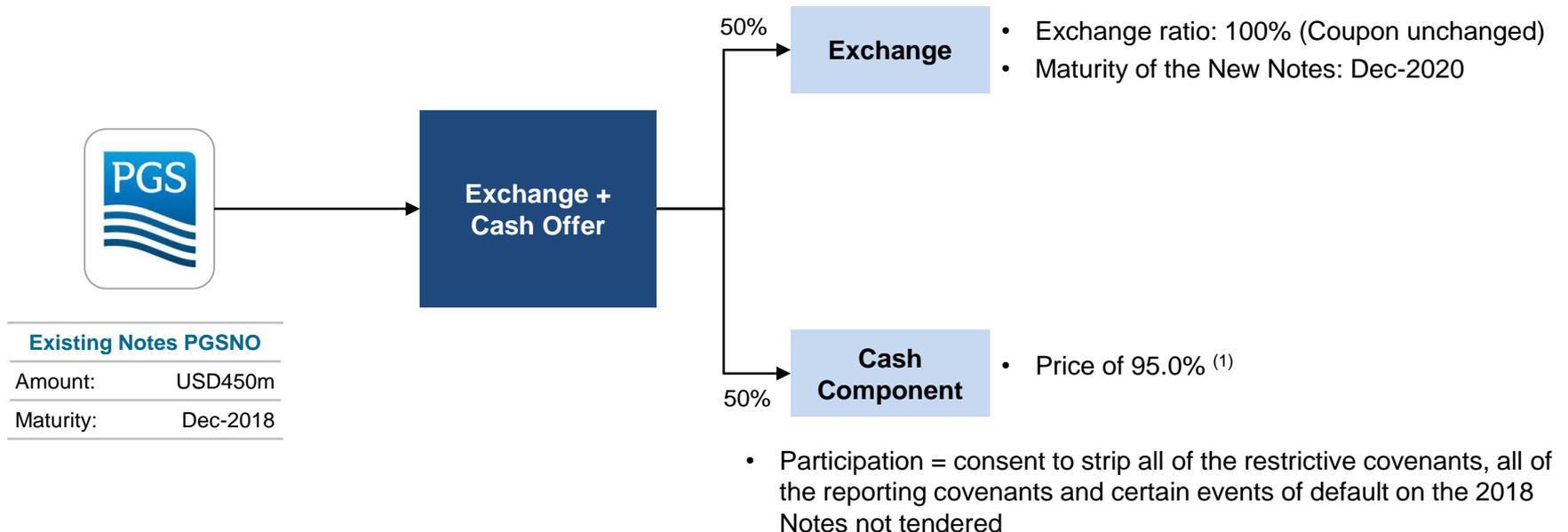
1. Gross cash costs are defined as the sum of reported net operating expenses (excluding depreciation, amortization, impairments and other charges (income)) and the cash operating costs capitalized as investments in the MultiClient library as well as capitalized development costs.



# Additional Transaction Information

# Bond Exchange Offer Structure

- The Company intends to launch the following liability management process on the existing 2018 Notes
- The terms of the Exchange Offer set out in this presentation are qualified in their entirety by the full terms and conditions of the Exchange Offer which will be set out in the Exchange Offer Memorandum
- The Bond Exchange Offer and the Equity Raise are inter-conditional



## Exchange Offer conditional on 90% participation level

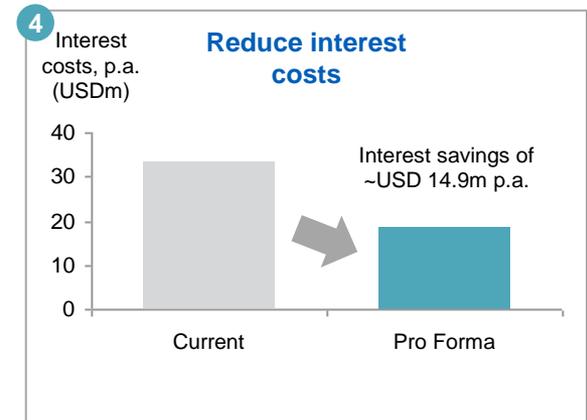
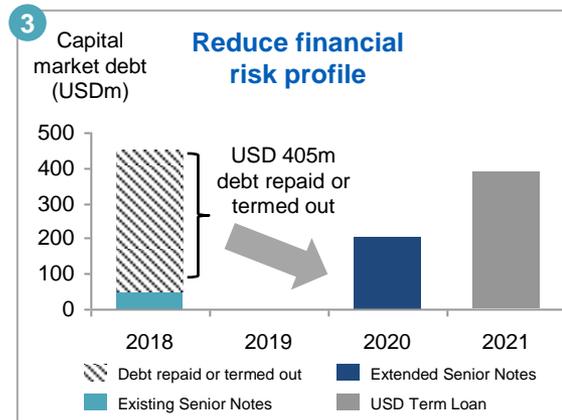
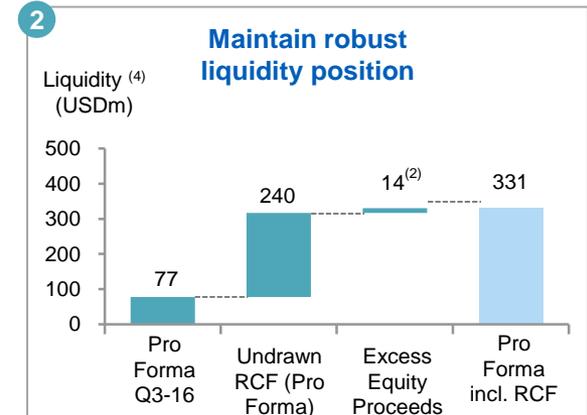
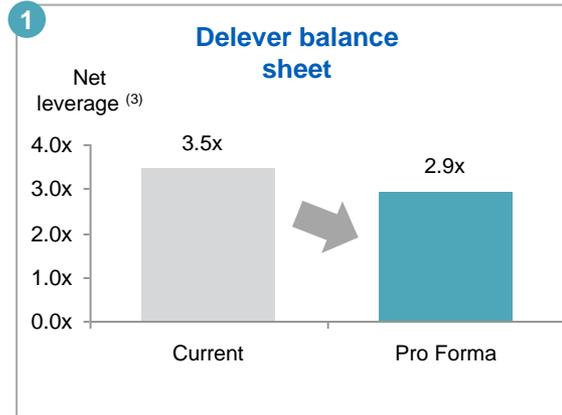
1. Cash component includes a consent fee payment of 6% of Old Notes, which will be payable only to eligible holders who validly tender and do not validly withdraw their Old Notes prior to the Early Tender Date. After the Early Tender Date, eligible holders will not receive the consent fee and therefore receive a Cash Component (in addition to the Exchange component) amounting to 89% of Old Notes.

# Key Effects of The Proposed Transactions (1)

## Highlights

- Reduction in leverage as equity proceeds primarily used for deleveraging
- Liquidity reserve benefits from RCF extension to 2020
- Projected interest savings to December 2018 of USD 30.5m from bond buy back

## Key Effects



**Transactions will improve balance sheet flexibility, creating a runway to 2020 allowing PGS to pursue its strategic objectives**

1. Calculations based on 90% participation (50% extended at par with a coupon of 7.375% and 50% for cash component at a price of 95.0%).  
 2. Excess proceeds net of accrued and unpaid interest, and estimated fees and expenses.  
 3. Net leverage = Net Debt / LTM Sep-16 EBITDA of USD 376.6m. "Net debt" means long-term and short-term debt (including the current portion of long-term debt and gross of deferred loan costs) less cash and equivalents (other than restricted cash).  
 4. Excludes restricted cash of USD 100.2m.

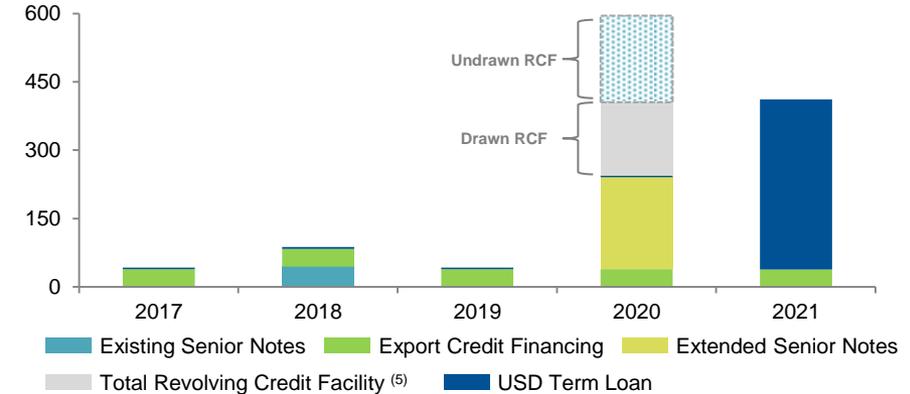
# Impact of the Transactions

## Sources and Uses (1)

Sources of Funds	Amount (USDm)
Private Placement	225.0
<b>Total Sources</b>	<b>225.0</b>
Uses of Funds	Amount (USDm)
Partial Repayment of Notes due 2018	192.4
Accrued and unpaid interest	8.7
Additional Liquidity	13.7
Estimated Fees and expenses	10.2
<b>Total Uses</b>	<b>225.0</b>

## Pro Forma Debt Maturity Profile

(USD in millions)



## Pro forma Capitalization (2)

(USD in millions)	Actual 30-Sep-16	Adj.	PF 30-Sep-16	Coupon / Margin	Maturity
Cash & Equivalents (3)	(77.3)	--	(77.3)	--	
Revolving Credit Facility (5)	160.0	(13.7)	146.3	L+325-625	September 2020
Term Loan B	390.0	--	390.0	L+250	March 2021
Export Credit Financing	386.1	--	386.1		2025, 2027
Senior Notes (existing)	450.0	(405.0)	45.0	7.375%	December 2018
New Notes	--	202.5	202.5	7.375%	December 2020
<b>Total Debt</b>	<b>1,386.1</b>		<b>1,169.9</b>		
<b>Net Debt (3)</b>	<b>1,308.8</b>		<b>1,092.6</b>		
<b>Net Debt (3)/ EBITDA(4)</b>	<b>3.48x</b>		<b>2.90x</b>		

Note: Calculations for the transaction are based on the assumption of 90% participation in the tender and exchange process of which 50% for exchange and 50% for cash component at a price of 95.0%.

1. Subsequent to these transactions a participation fee will be payable to the extending RCF banks of 1% on the extended commitments.

2. Figures exclude accrued and unpaid interest and unamortized deferred debt issuance costs.

3. "Net debt" means long-term and short-term debt (including the current portion of long-term debt and gross of deferred loan costs) less cash and equivalents (other than restricted cash). Cash & equivalents excludes restricted cash of USD 100.2m.

"Net interest bearing debt" was per 30-Sep-16, USD 1,208.6 m

4. LTM Sep-16 EBITDA of USD 376.6m.

5. Total commitment for the RCF to be reduced to \$400m as of 30 September 2016 and to USD 350m from September 2018.

# In Conclusion: Competitively Positioned to Navigate Current Market Environment



- Industry leading MultiClient performance
- Improved cash flow
- Reducing debt and strengthening the equity base and maturity profile of debt and credit facilities
- Substantial cost reductions continue
- Industry leading fleet with lowest cash cost per streamer
- Significantly improved Imaging performance and technology

**Focus on sales, operations, cost and cash flow discipline**

Thank you – Questions?





# Appendix

## 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, - approximately 4.5 years average vessel age of active vessels

# Appendix

## PGS Pre-transaction 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 $\leq 3.00x^{(1)}$
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 $\leq 3.00x^{(1)}$ and interest coverage ratio $\geq 2.0x^{(1)}$
December 2018 Senior Notes, coupon of 7.375% and callable from 2015	USD 450.0 million		None, but incurrence test: interest coverage ratio $\geq 2.0x^{(1)}$

1. Carve out for drawings under ECF and RCF.

# Appendix

## Key Risk Factors (1/2)



### Risks Relating to the Group and the Industry in which the Group Operates

- The performance of the Group's business largely depends on the level of capital expenditures by the oil and gas industry, which can be significantly affected by volatile oil and natural gas prices.
- The Group's order book (or backlog) estimates are based on certain assumptions and are subject to unexpected adjustments and cancellations and thus may not be timely converted to revenues in any particular fiscal period, if at all, or be indicative of the Group's actual operating results for any future period.
- The Group is subject to intense competition in the markets where the Group carries out its operations, which could limit the Group's ability to maintain or increase the Group's market share or to increase the Group's prices to reach profitable levels.
- The revenues the Group derives from marine seismic acquisition vary significantly during the year.
- The Group's business is subject to laws and regulations in various jurisdictions, and the requirements of, changes in or violations of such laws or regulations may adversely affect the Group's business and profitability.

### Risks Relating to the Business of the Group

- Current economic uncertainty and the volatility of oil and natural gas prices could have a significant adverse effect on the Group's financial condition, the Group's results of operations, the Group's cash flows and the Group's ability to borrow.
- The Group is subject to risks related to the Group's international operations that could harm the Group's business and results of operations.
- The Group is exposed to significant risks in relation to compliance with anti-corruption laws and regulations and economic sanction programs.
- The Group may be required to post performance bonds or guarantees for certain obligations, which the Group may be unable to provide, or if the Group does provide, may be called under circumstances that the Group believes to be improper.
- The Group invests significant amounts of money in acquiring and processing seismic data for the Group's MultiClient data library without knowing precisely how much of the data the Group will be able to sell or when and at what price the Group will be able to sell the data.
- The amounts the Group amortizes from the Group's MultiClient data library each period may fluctuate significantly, and these fluctuations can have a significant effect on the Group's results of operations.
- The high fixed costs of the Group's operations could result in operating losses.
- The Group's results of operations may be significantly affected by currency fluctuations.
- The Group's working capital needs are difficult to forecast and may vary significantly, which could result in additional financing requirements that the Group may not be able to meet on satisfactory terms, or at all.
- The Group performs a portion of its contract seismic work under turnkey arrangements. If the Group bids too low on these contracts, the Group could incur losses on projects and experience reduced profitability.
- The Group's profitability and cash flow is negatively impacted by excess capacity in the Group's industry.
- The Group's results of operations may be affected by fluctuations in fuel costs.
- The Group has had losses in the past and there is no assurance of the Group's profitability for the future. The Group's ability to fund ongoing activities and implement its business plans may be adversely impacted if the Group does not generate sufficient cash flow from operations or if it is unable to obtain debt financing on commercially reasonable terms.
- Technological changes and new products and services are frequently introduced in the market, and the Group's technology could be rendered obsolete by these introductions, or the Group may not be able to develop and produce new and enhanced products on a cost-effective and timely basis.
- The Group depends on proprietary technology and is exposed to risks associated with the misappropriation or infringement of that technology.
- Claims may be asserted against the Group for violation of the intellectual property rights of third parties, particularly the Group's competitors.
- The Group's business experience extreme weather and other hazardous conditions.
- The nature of the Group's business subjects the Group to significant ongoing operating risks for which the Group may not have adequate insurance or for which the Group may not be able to procure adequate insurance on acceptable terms, if at all.

# Appendix

## Key Risk Factors (2/2)



### Risks Relating to the Business of the Group (continued)

- The Group is a multinational organization subject to taxation in many jurisdictions around the world and the Group could be obligated to pay additional taxes in various jurisdictions.
- The value of the Group's deferred tax assets could become impaired, which could materially and adversely affect the Group's results of operations.
- The Group is dependent upon a small number of significant clients that may vary between years.
- Disruptions to the Group's supply chain may adversely affect the Group's ability to deliver its products and services to the Group's clients.
- The Group's future pension costs and required levels of contributions could be unfavorably impacted by changes in actuarial assumptions and future market performance of plan assets, which could adversely affect the Group's financial condition and results of operations.
- Organized strikes or work stoppages by unionized employees may have a material adverse effect on the Group's business, financial condition and results of operations.
- The Group's failure to attract and retain qualified employees, including the Group's senior management, may materially adversely affect the Group's future business and operations.
- The service life of the Group's vessels may be shorter than anticipated.

### Risks Relating to the Shares

- The price of the shares in the Company (the "Shares") may fluctuate significantly.
- The Company's ability to pay dividends is dependent on the availability of distributable reserves and the Company may be unwilling to pay any dividends in the future regardless of availability of distributable reserves.
- Future sales, or the possibility for future sales of substantial numbers of Shares may affect the Shares' market price.
- Future issuances of Shares or other securities in the Company may dilute the holdings of shareholders and could materially affect the price of the Shares.
- Pre-emptive rights to secure and pay for Shares in any additional issuance may be unavailable to U.S. or other shareholders.
- Investors may be unable to exercise their voting rights for Shares registered in a nominee account.
- Investors may have difficulty enforcing any judgment obtained in the United States and other jurisdictions than Norway against the Company or its directors or officers in Norway.
- Norwegian law may limit shareholders' ability to bring an action against the Company.
- The transfer of the Shares is subject to restrictions under the securities laws of the United States and other jurisdictions.
- Shareholders outside Norway are subject to exchange risk.

### Risks Relating to Financing and Market Risk

- The Group's substantial debt could adversely affect the Group's financial health.
- The Group's RCF contains, and future credit facilities may contain, one or more financial covenants which the Group could fail to meet.
- The Group may be able to incur substantially more debt.
- The Group's ability to generate cash depends on many factors beyond the Group's control, and the Group may not be able to generate cash required to service the Group's debt.
- Restrictions imposed by the indenture governing the Old Notes and the New Notes and the Group's outstanding debt may limit the Group's ability to take certain actions.