DEDICATEDRELIABLEPIONEER

Q4 and Preliminary Full Year 2016 Results
Capital Markets Day

Oslo, February 16, 2017

Stronger in a Weak Market

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Agenda Q4 Earnings Release & Capital Markets Day

Time	Event
08:30	**Q4 2016 results and CMD financials** Gottfred Langseth, EVP & CFO
09:05	**PGS and market perspectives** Jon Erik Reinhardsen, President & CEO
09:30	Q&A
10:00	Coffee break
10:15	**MultiClient** Sverre Strandenes, Executive Vice President MultiClient
10:35	**Marine Contract & Operations** Per Arild Reksnes, Executive Vice President Operations
11:05	**Imaging & Engineering** Guillaume Cambois, Executive Vice President Imaging & Engineering
11:25	**Concluding remarks** Jon Erik Reinhardsen, President & CEO
11:30	Q&A
11:45	Lunch

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Gottfred Langseth
EVP & CFO

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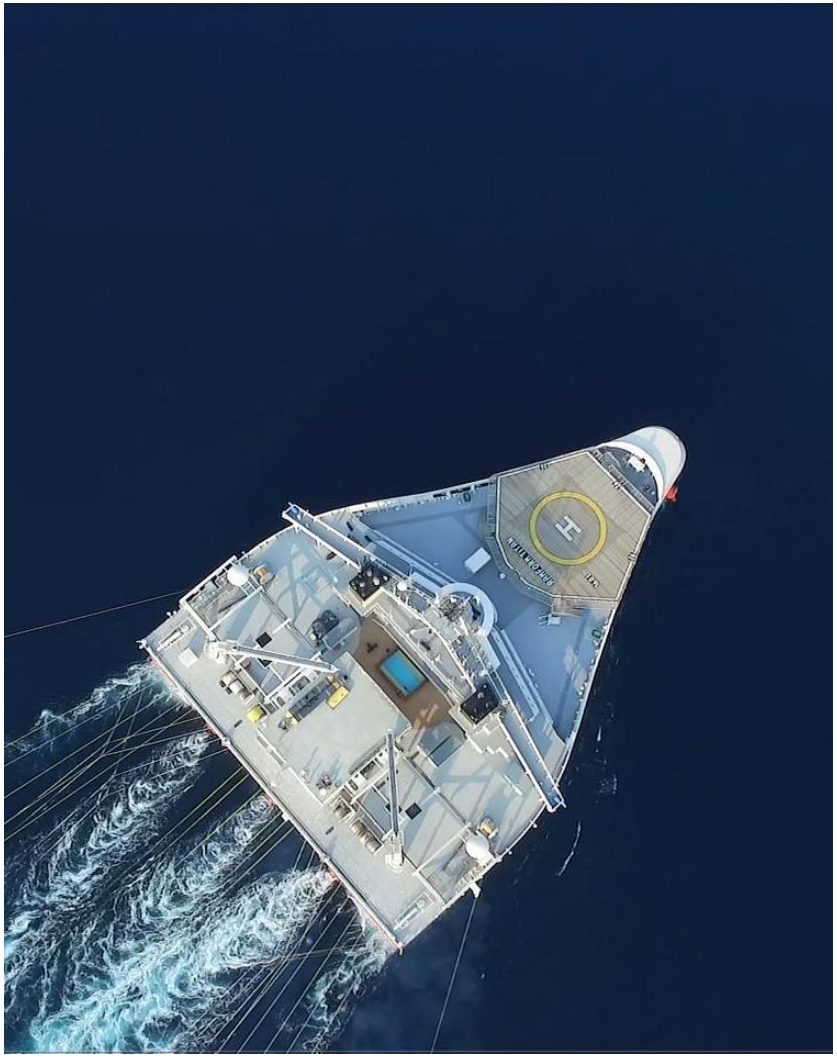
- Forward looking information is based on management assumptions and analyses
- Actual experience may differ, and those differences may be material
- Forward looking information is subject to significant uncertainties and risks as they relate to events and/or circumstances in the future
- This presentation must be read in conjunction with the press release for the fourth quarter and preliminary full year 2016 results and the disclosures therein
- The Company uses Alternative Performance Measures (“APMs”) . Disclosures required under the guidelines issued by the European Securities and Markets Authority (ESMA) are included in the Company’s financial reports

Strong Full Year MultiClient Performance
Refinancing Successfully Completed

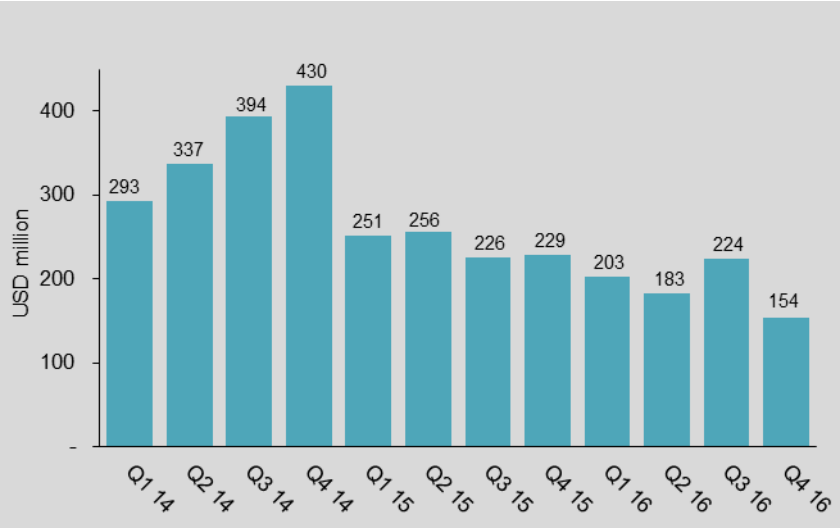


- 2016 EBITDA of USD 313.3 million
- Industry leading MultiClient performance
  - Pre-funding level of 121%
  - Full year sales-to-investment of 2.3 times, up from 1.9 times in 2015
  - Late sales up 17% compared to 2015
- Refinancing completed
  - Gross equity proceeds of ~ USD 260 million
  - Reduced debt
  - Maturities extended to 2020
- Gross cash cost further reduced by ~ USD 131 million compared to 2015
- *Ramform Tethys* delivered – moderate remaining capital expenditure to complete new build program in Q1 2017

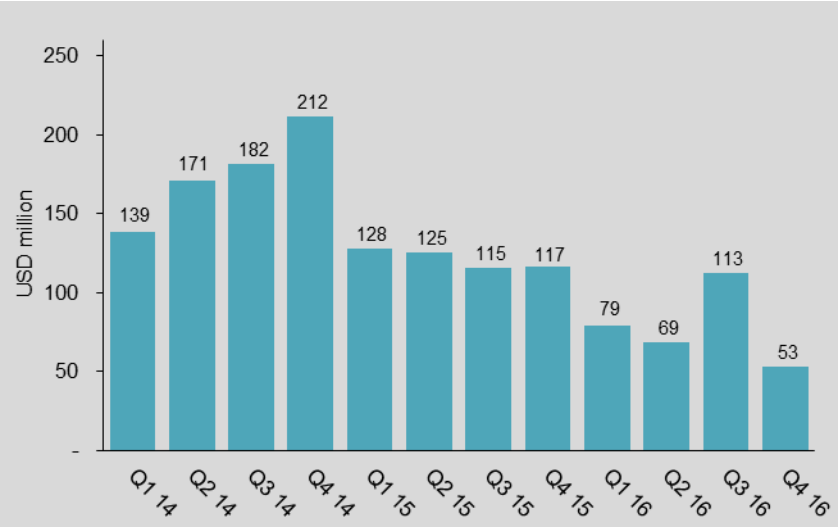
Capital structure better aligned to market conditions

Financial Summary

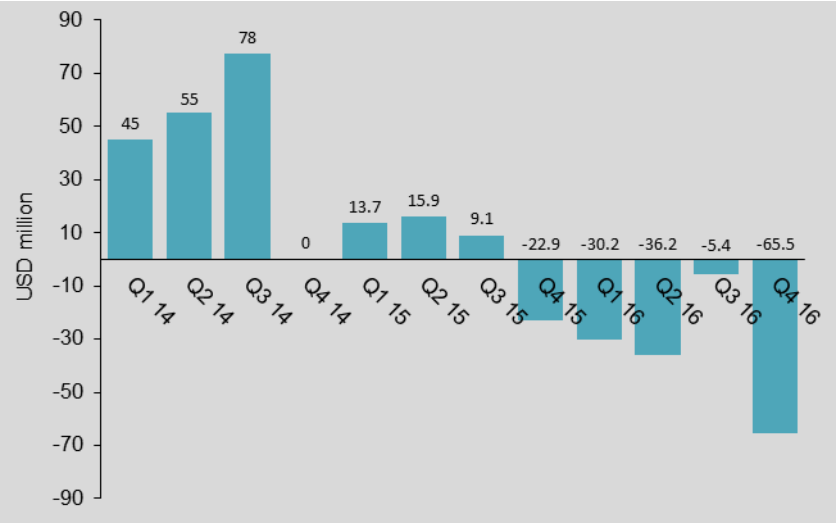
Revenues



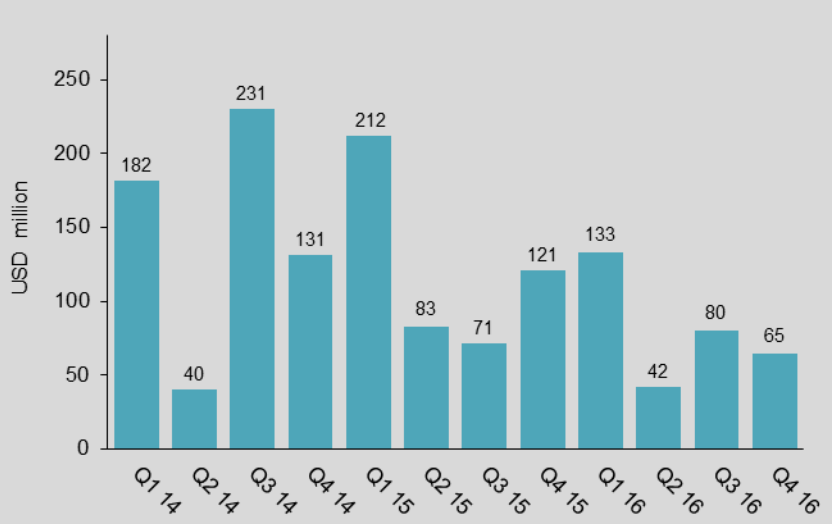
EBITDA*



EBIT**



Cash Flow from Operations



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

Consolidated Statement of Profit and Loss Summary

USD million (except per share data)	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Revenues	154.1	229.3	764.3	961.9
EBITDA*	53.1	116.5	313.3	484.4
Operating profit (loss) EBIT ex impairment and other charges	(65.5)	(22.9)	(137.5)	15.8
Operating profit (loss) EBIT	(92.4)	(332.9)	(180.3)	(430.4)
Net financial items	(26.3)	(24.3)	(82.6)	(75.2)
Income (loss) before income tax expense	(118.7)	(357.1)	(262.8)	(505.5)
Income tax expense	(37.4)	22.5	(31.2)	(22.4)
Net income (loss) to equity holders	(156.1)	(334.6)	(293.9)	(527.9)
EPS basic	($0.61)	($1.48)	($1.21)	($2.43)
EBITDA margin*	34.5 %	50.8 %	41.0 %	50.4 %
EBIT margin ex impairment and other charges	-42.5 %	-10.0 %	-18.0 %	1.6 %

- Market and capacity driven revenue decline of 21% in 2016
- High tax expense for Q4 and full year 2016 since a USD 50 million valuation allowance/write down is recorded for deferred tax assets in Norway and UK

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Impairments and Other Charges

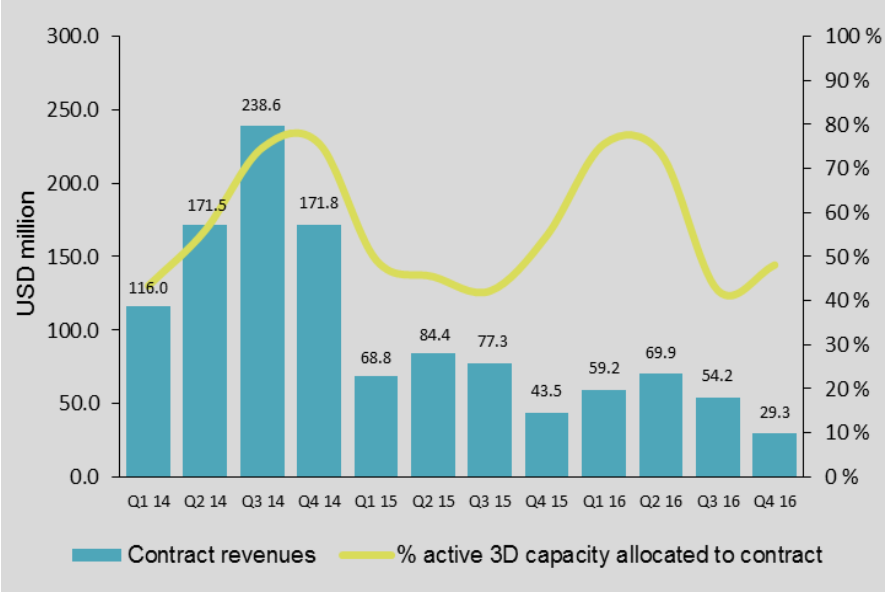
- Summary of impairments and other charges impacting Q4 and full year 2016

USD million	Q4 2016	Full year 2016
Impairment of property and equipment	(7.8)	(12.0)
Impairment of MultiClient library	(21.0)	(30.1)
Provision for onerous contracts (Other charges)	2.4	3.7
Currency devaluation loss Egypt and Nigeria (Other financial expense)	(4.9)	(10.1)
Increased valuation allowance for deferred tax assets (Income tax expense)	(50.0)	(50.0)

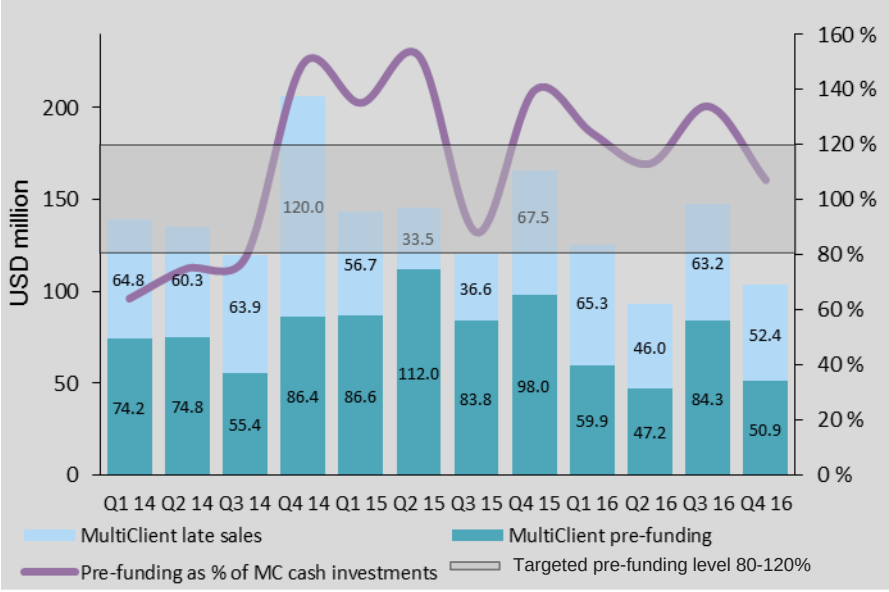
- The refinancing completed in Q4 2016 had limited net impact on the profit and loss statement
  - USD 10.6 million gain on repurchase of USD 212 million of the 2018 Senior Notes at 95% of par
  - USD 2.8 million of expensed debt related transaction cost
  - USD 6.3 million write off related to pre-existing deferred loan cost related to debt refinanced before the initial maturity

Q4 2016 Operational Highlights

Contract revenues



MultiClient revenues

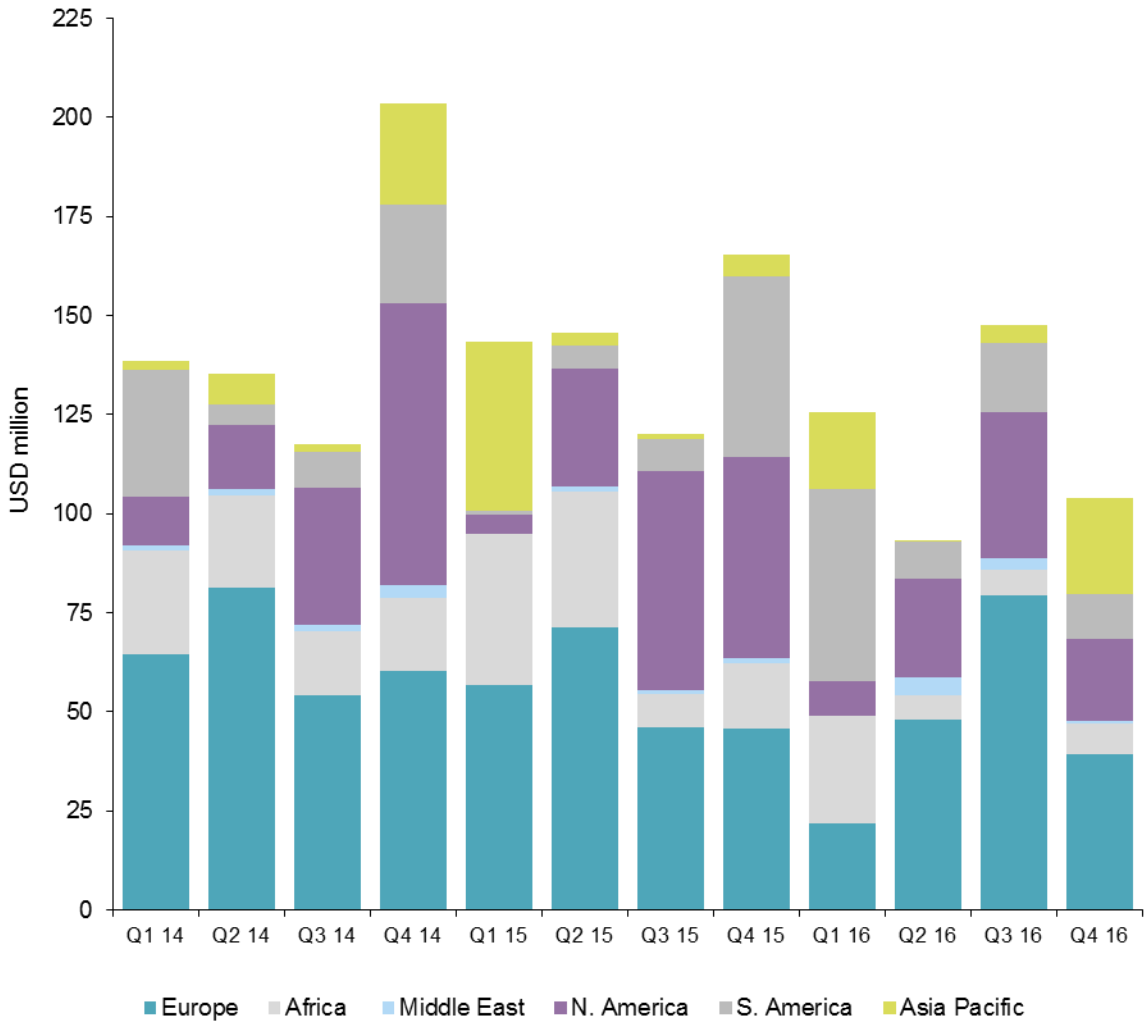


- Total MultiClient revenues of USD 103.4 million
  - Pre-funding revenues of USD 50.9 million
  - Pre-funding level of 107% on USD 47.8 million of MultiClient cash investments
  - Average MultiClient pre-funding level over the last two years exceeds the 80-120% target level
  - Late sales revenues of USD 52.4 million

- Marine contract revenues of USD 29.3 million reflecting low pricing, more non-chargeable vessel time and limited capacity allocated to contract work

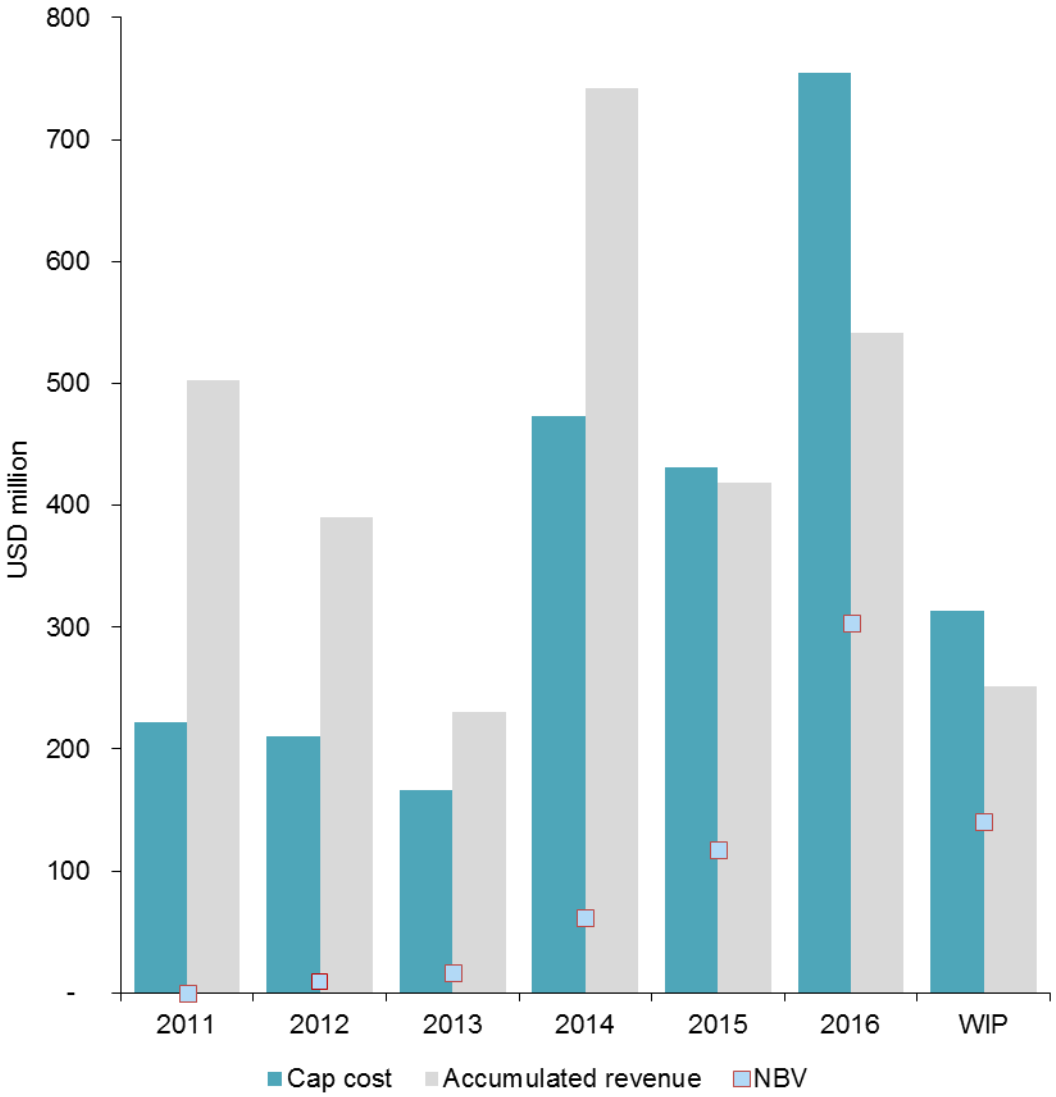
MultiClient Revenues per Region

Pre-funding and Late Sales Revenues Combined



- Q4 pre-funding revenues were highest in Asia-Pacific and Europe
- Q4 late sales revenues were highest in Europe and North America
- Regional and quarterly variability expected to continue

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

Key Operational Numbers

	2016				2015			
USD million	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Contract revenues	29.3	54.2	69.9	59.2	43.5	77.3	84.4	68.8
MultiClient Pre-funding	50.9	84.3	47.2	59.9	98.0	83.8	112.0	86.6
MultiClient Late sales	52.4	63.2	46.0	65.3	67.5	36.6	33.5	56.7
Imaging	19.6	16.0	17.9	16.6	18.2	21.7	23.5	30.3
Other	1.9	6.4	2.1	2.1	2.2	6.3	2.4	8.7
Total Revenues	**154.1**	**224.1**	**183.0**	**203.1**	**229.3**	**225.7**	**255.8**	**251.1**
Operating cost	(101.0)	(111.4)	(114.2)	(124.6)	(112.8)	(110.4)	(130.7)	(123.5)
EBITDA*	**53.1**	**112.7**	**68.8**	**78.6**	**116.5**	**115.3**	**125.1**	**127.5**
MultiClient amortization and impairment	(97.6)	(86.2)	(62.9)	(68.1)	(101.8)	(78.7)	(74.6)	(72.5)
Depreciation and amortization of long-term assets (excl. MC library)	(42.0)	(31.9)	(42.1)	(40.7)	(37.6)	(27.4)	(34.5)	(41.6)
Impairment and loss on sale of long-term assets (excl. MC library)	(7.8)	(9.2)	(4.2)		(274.9)	(65.3)	(56.9)	0.0
Other charges, net	1.9	3.1	(4.2)	(1.4)	(35.1)	(6.5)	(4.7)	(2.7)
EBIT	**(92.4)**	**(11.5)**	**(44.6)**	**(31.6)**	**(332.9)**	**(62.7)**	**(45.7)**	**10.9**
CAPEX, whether paid or not	(28.7)	(19.0)	(51.9)	(108.9)	(41.7)	(17.0)	(63.3)	(41.5)
Cash investment in MultiClient	(47.8)	(63.0)	(41.8)	(48.3)	(70.2)	(95.5)	(73.6)	(64.0)
Order book	**215**	**190**	**230**	**204**	**240**	**245**	**259**	**394**

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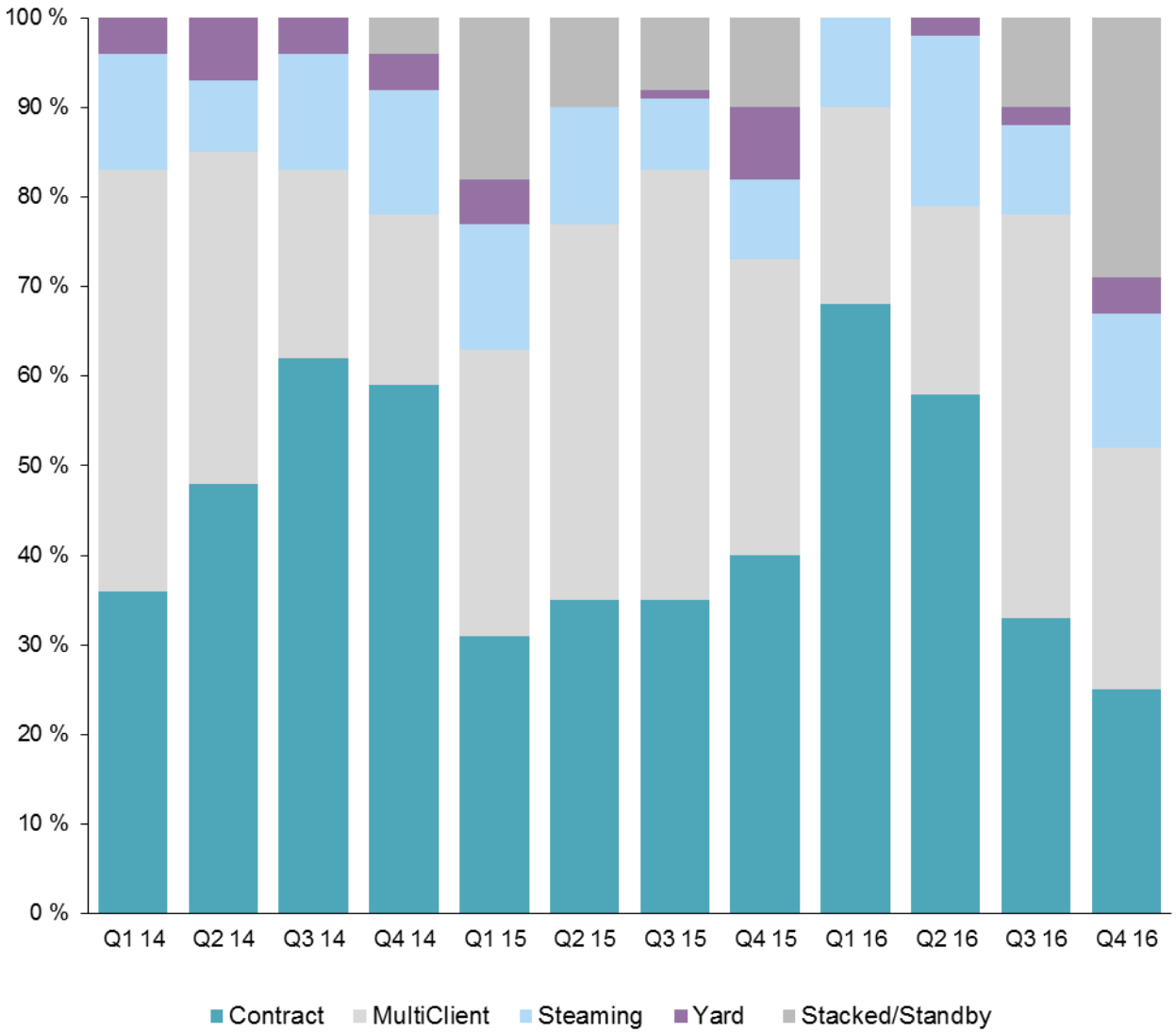
Vessel Utilization*

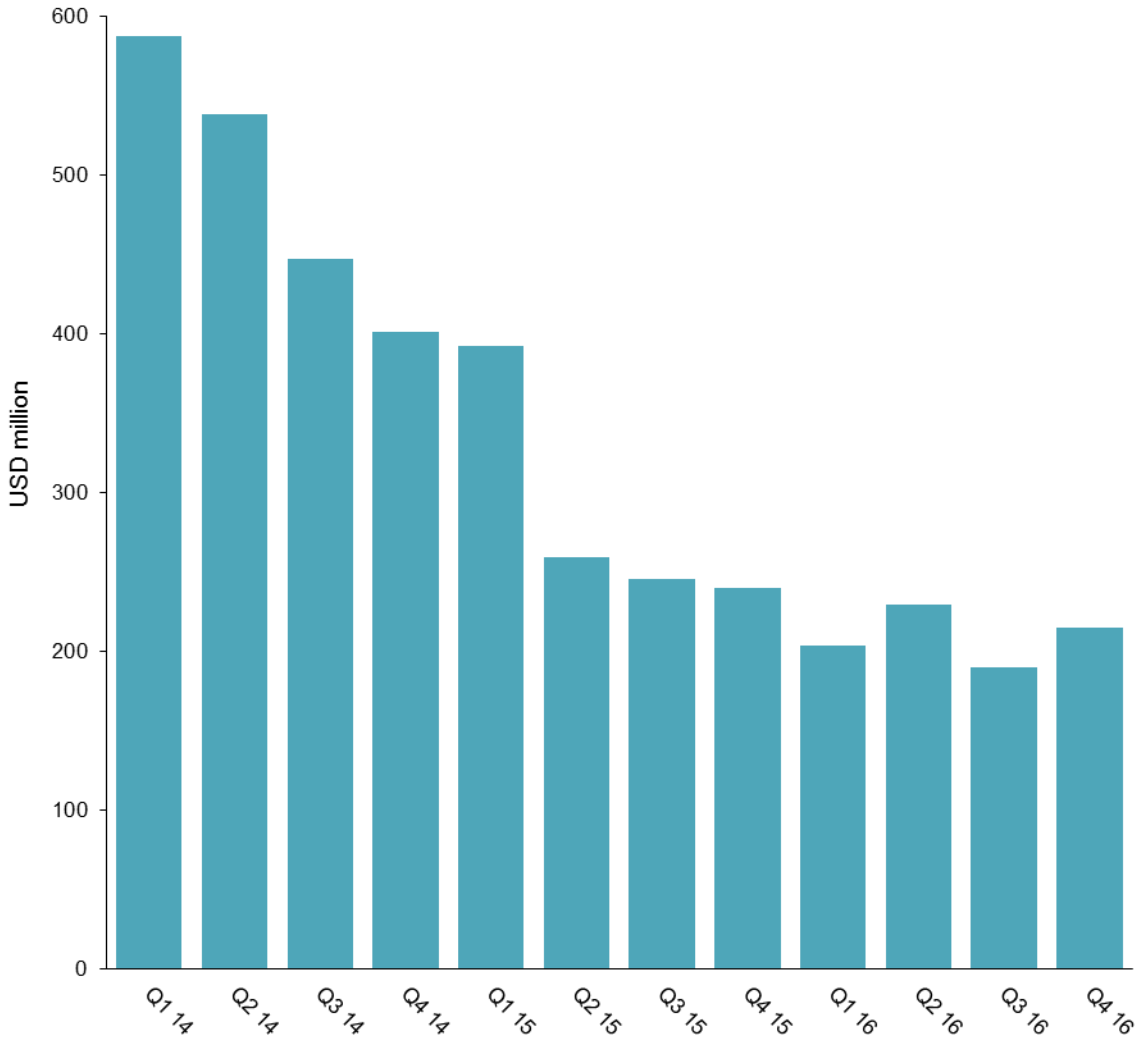
Seismic Streamer 3D Fleet Activity in Streamer Months



- 52% active vessel time in Q4 2016
  - Significant vessel standby due to the weak market and seasonality
- Vessel utilization to be significantly higher in Q1 2017
- Relatively low MultiClient share of 3D fleet in Q1 2017
  - Approx. 25% of active vessel time

* The Q4 2016 vessel allocation excludes cold-stacked vessels.

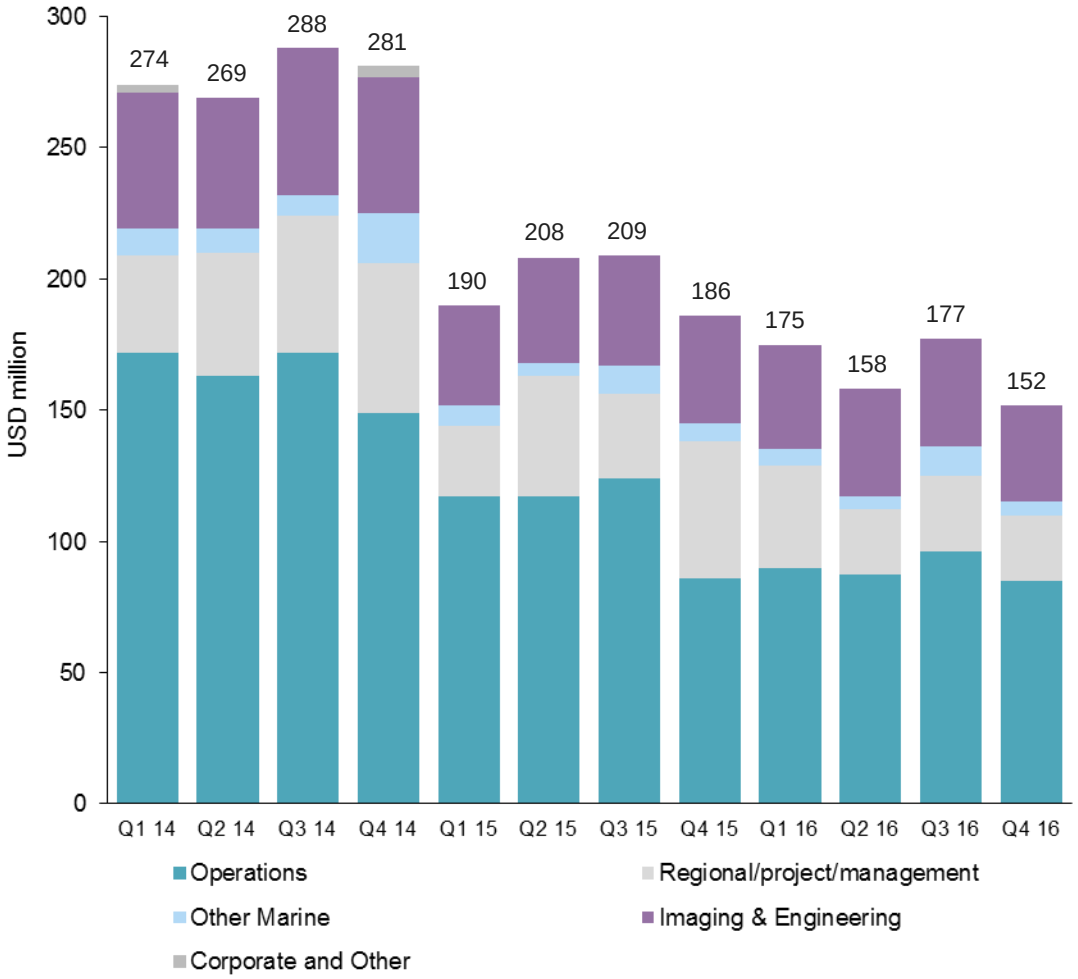
Order Book



- 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

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

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.

Consolidated Statements of Cash Flows Summary

USD million	Q4 2016	Q4 2015	Full year 2016	Full year 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
Net cash flow before financing activities	**(16.0)**	**(10.4)**	**(207.8)**	**61.0**
Financing activities	0.4	9.7	187.9	(34.1)
Net increase (decr.) in cash and cash equiv.	**(15.6)**	**(0.7)**	**(19.9)**	**26.9**
Cash and cash equiv. at beginning of period	77.3	82.3	81.6	54.7
Cash and cash equiv. at end of period	**61.7**	**81.6**	**61.7**	**81.6**

- 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

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Balance Sheet Key Numbers

USD million	December 31 2016	September 30 2016	December 31 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 subesquent 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

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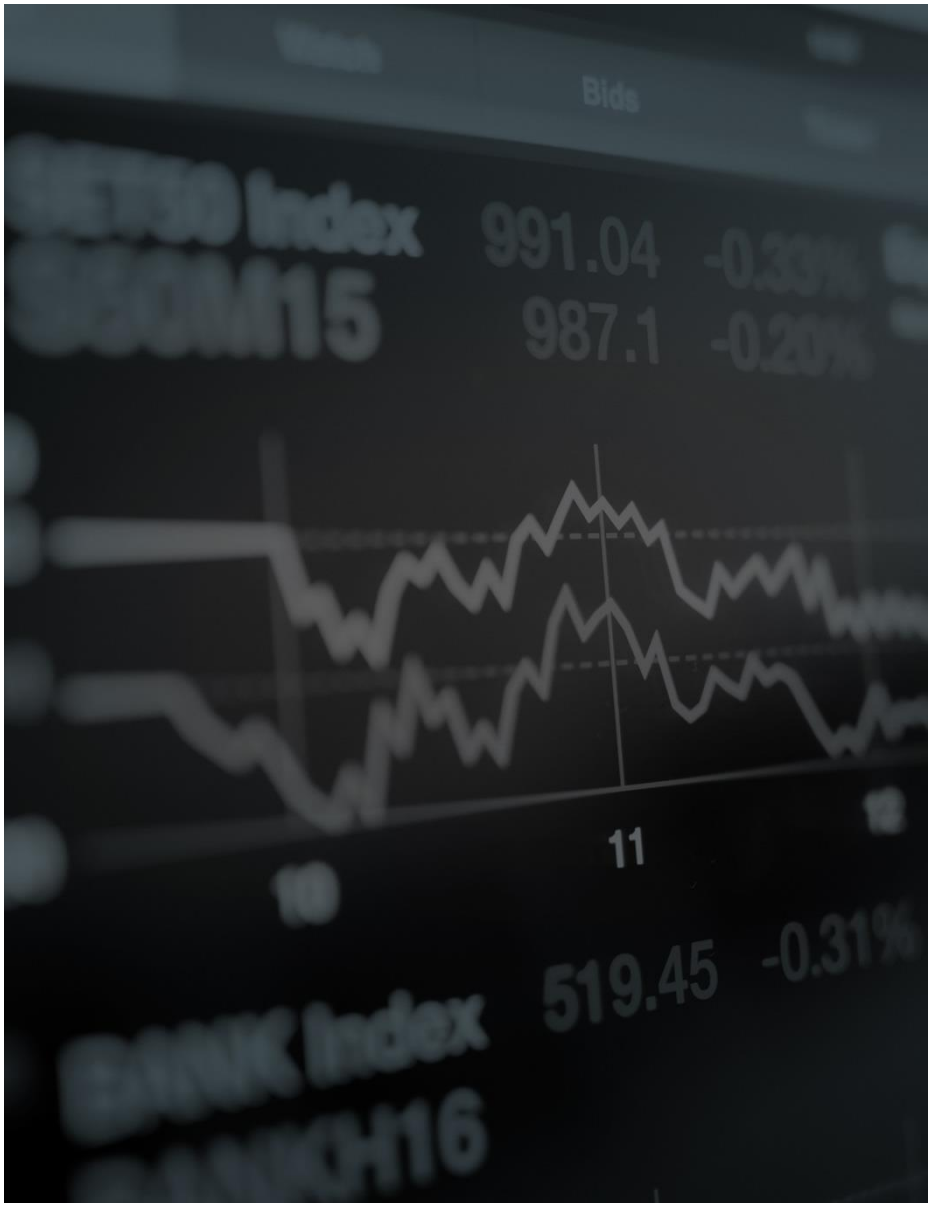
Financial Review - Outline



- Refinancing completed
  - Transaction summary
  - Debt structure
- 2017 guidance
  - Cost development
  - CAPEX trends
  - MultiClient investments and pre-funding trends
- Cash flow
- Summary
- Appendix
  - Tax
  - Sensitivities

Refinancing Completed:
Transaction Summary

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✓ **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**

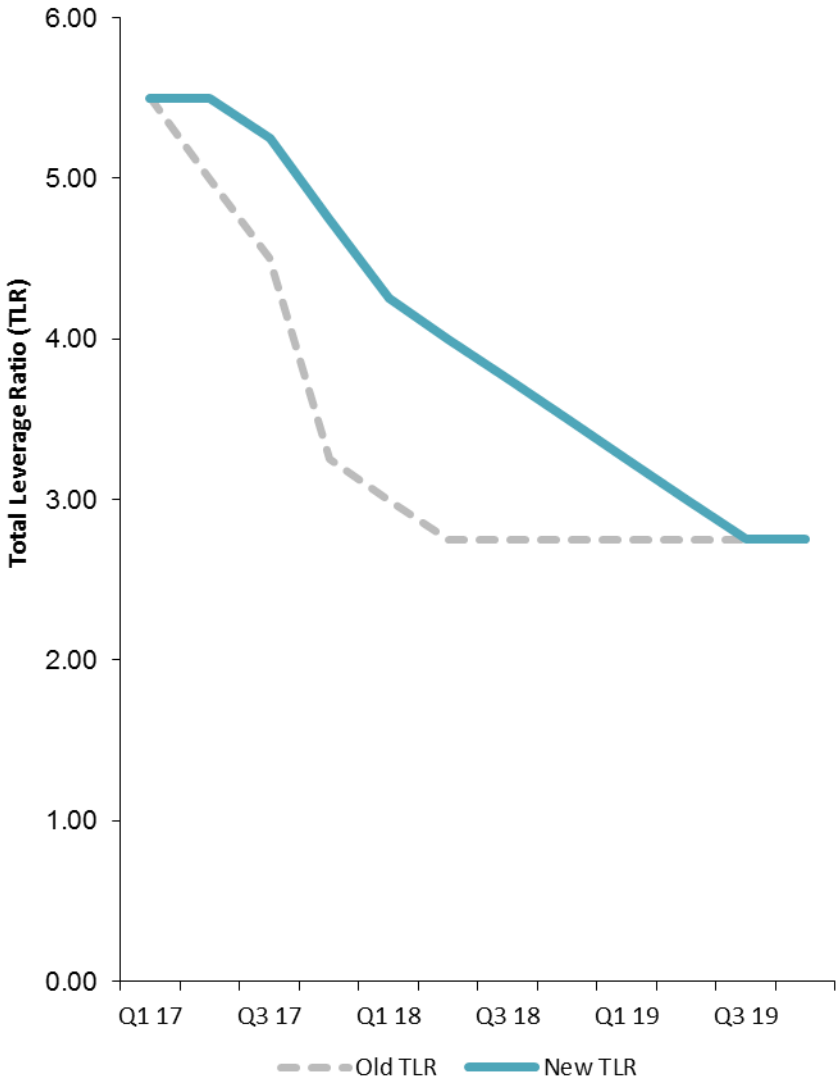
- Exchange offer for USD 450 million 2018 Notes completed with 94% acceptance
  - USD 212 million (nominal value) redeemed at a price of 95% of par
  - USD 212 million exchanged into new Senior Notes maturing December 2020 (terms otherwise substantially unchanged)
  - USD 26 million of original 2018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

Refinancing Completed:
Revolving Credit Facility Extended to 2020



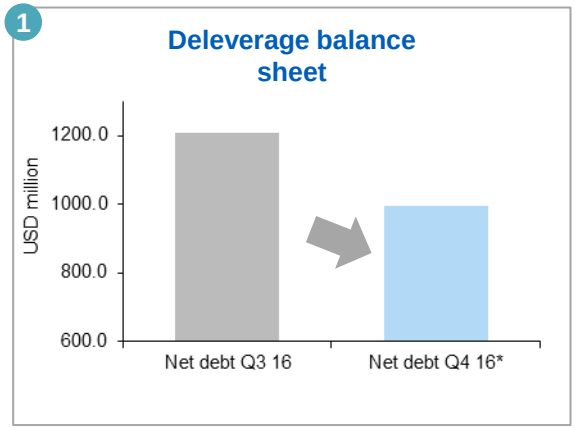
Term	Agreement
Maturity:	September 2020 (2 year extension)
Amount:	USD 400 million, reducing to USD 350 million from September 2018
Security Package:	Unchanged
Interest Cost (drawn):	Libor + margin of 325-625 bps (depending on Total Leverage Ratio “TLR”) + utilization fee
Maintenance Covenant:	TLR: ≤ 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

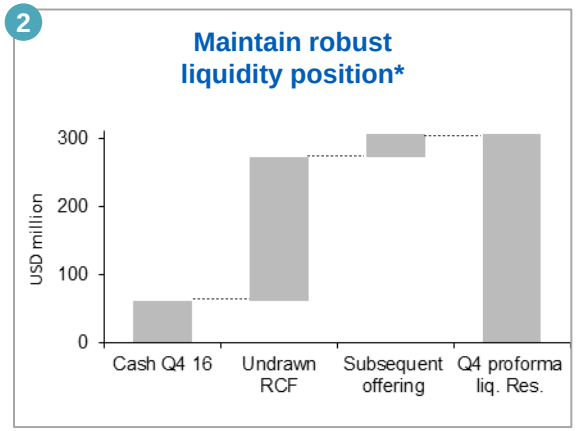
Refinancing Completed:
Key Effects of the Transactions

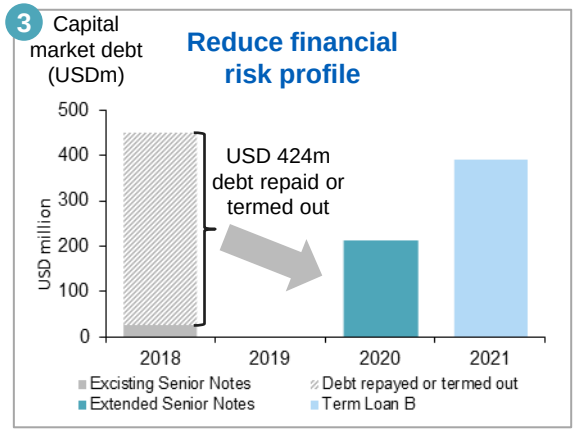
Highlights

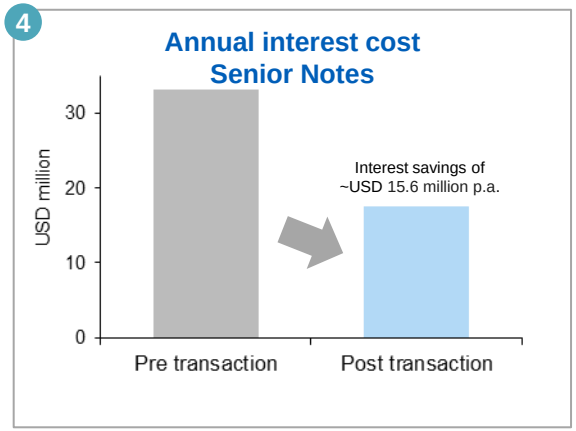
- Reduced debt as equity proceeds were primarily used for deleveraging
- Liquidity reserve benefits from RCF extension to 2020
- Projected interest cost savings related to Senior Notes to December 2018 of USD 31.2 million from buy back

Key Effects









Refinancing improves balance sheet flexibility and creates runway to 2020

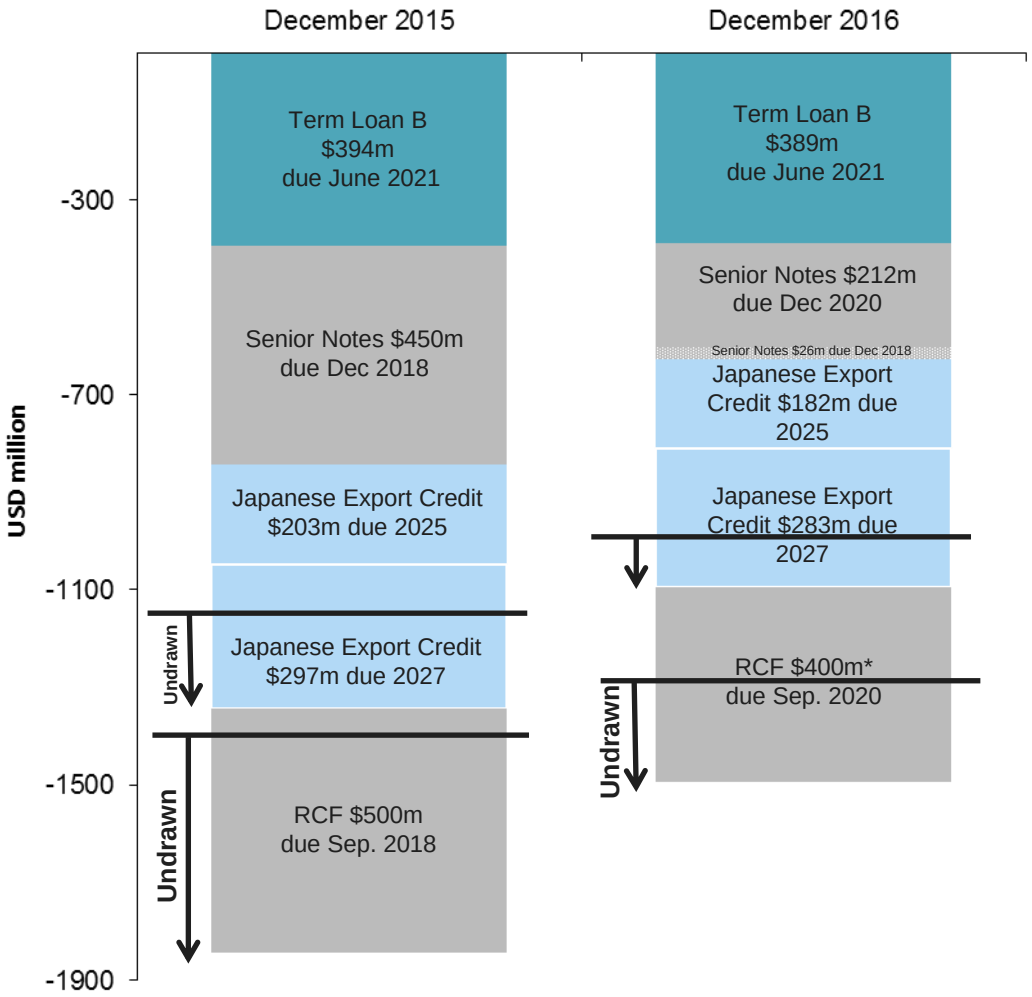
*Adjusted for USD 35 million in proceeds from Subsequent Offering

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 ≤ 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 ≤ 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 ≤ 3.00x* and Interest coverage ratio ≥ 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 ≥ 2.0x*

*Carve out for drawings under ECF and RCF.
**Reducing to USD 350 million in September 2018.

Debt and Facility Maturities Further Extended



- Average remaining time to maturity increased to 4.2 years while debt level is decreased
- Proactive and robust financial cycle management

Average remaining maturity of loan facilities	4.1 years	4.2 years

*Reducing to USD 350 million in September 2018.

2017 Guidance

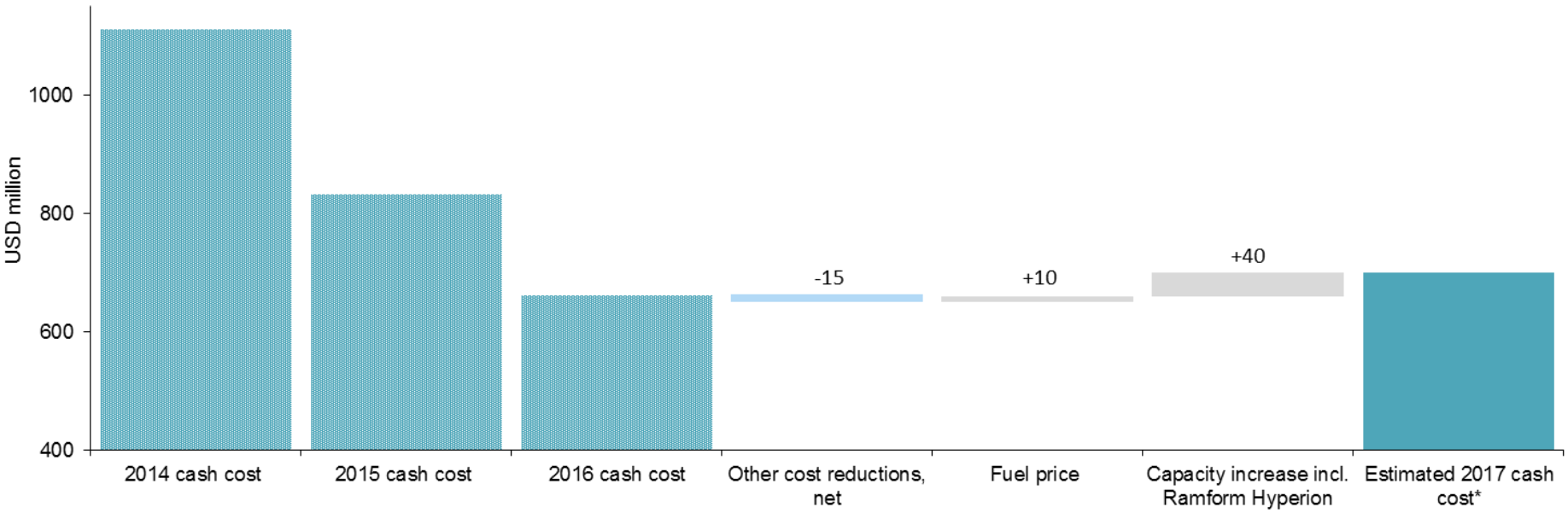
- **Group gross cash cost ~USD 700 million**
  - Of which ~USD 275 million to be capitalized as MultiClient cash investments

- **MultiClient cash investments ~USD 275 million**
  - Pre-funding level of ~100%
  - Active 3D vessel time planned for MultiClient of ~55%

- **Capital expenditures of ~USD 150 million**
  - Of which new build capex of ~USD 85 million

- **Gross cash interest expense of ~USD 55 million**
  - Of which ~USD 10 million expected to be capitalized to the MultiClient library

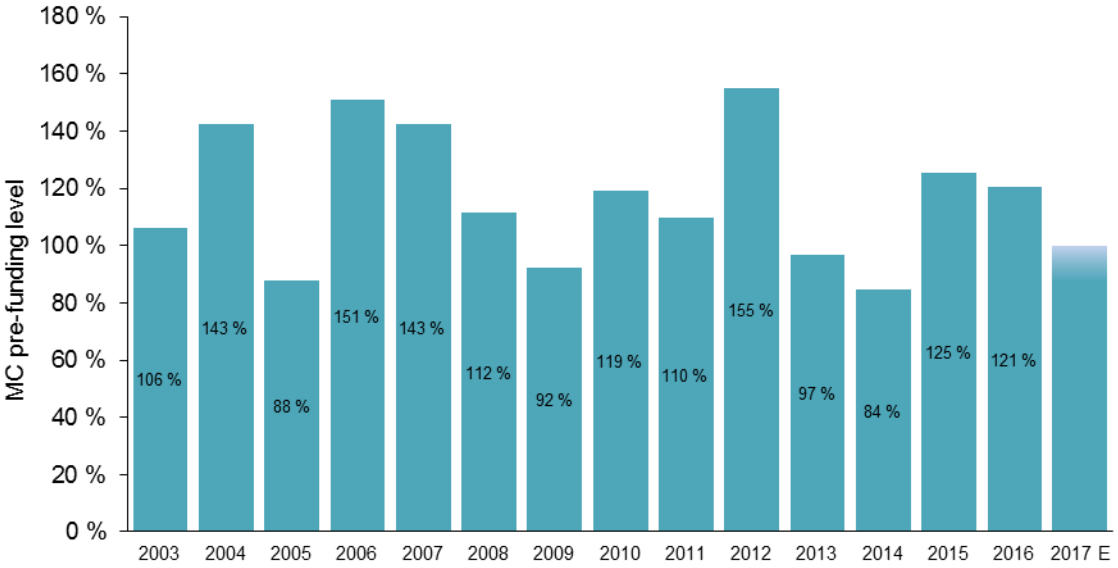
Cost Discipline Remains a Key Priority in 2017

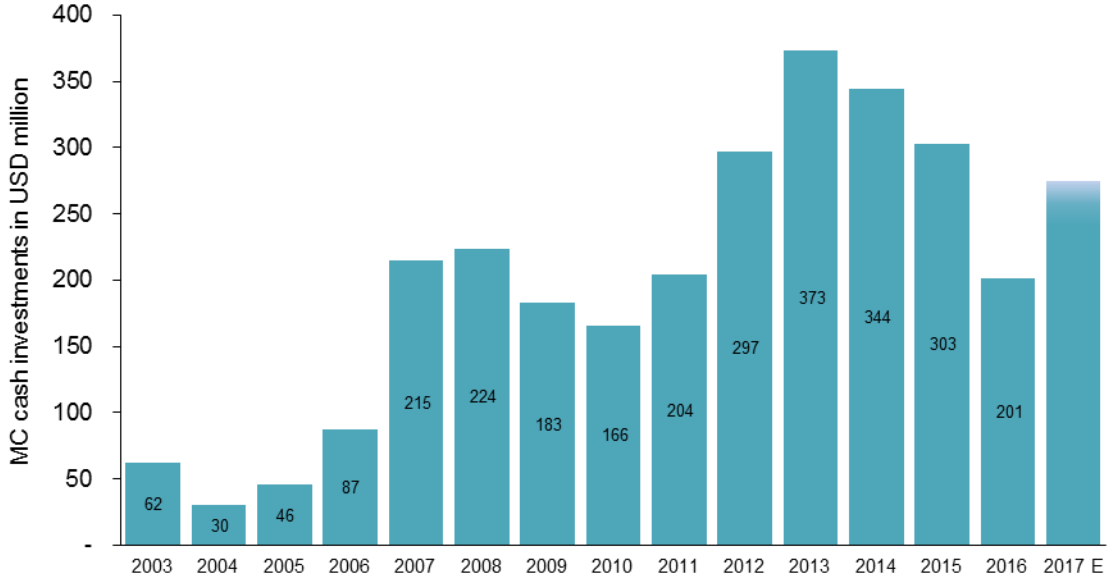


- 2016 gross cash cost more than 40% lower than in 2014
- 2017 cash cost of ~USD 700 million – modest increase from structurally lower level mainly attributable to:
  - More operated capacity with full year operation of *Ramform Tethys* and delivery of *Ramform Hyperion*
  - Expected increase of fuel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

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

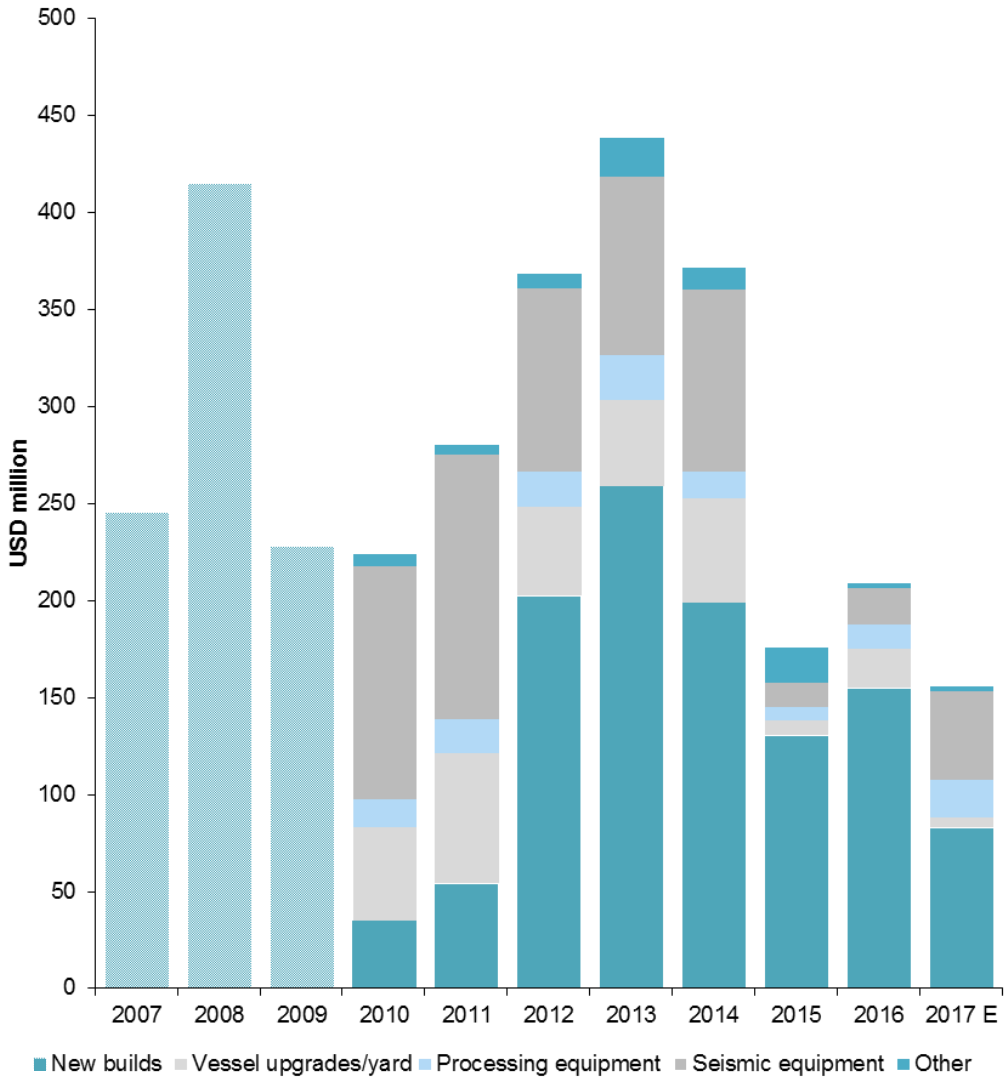
Solid MultiClient Pre-funding





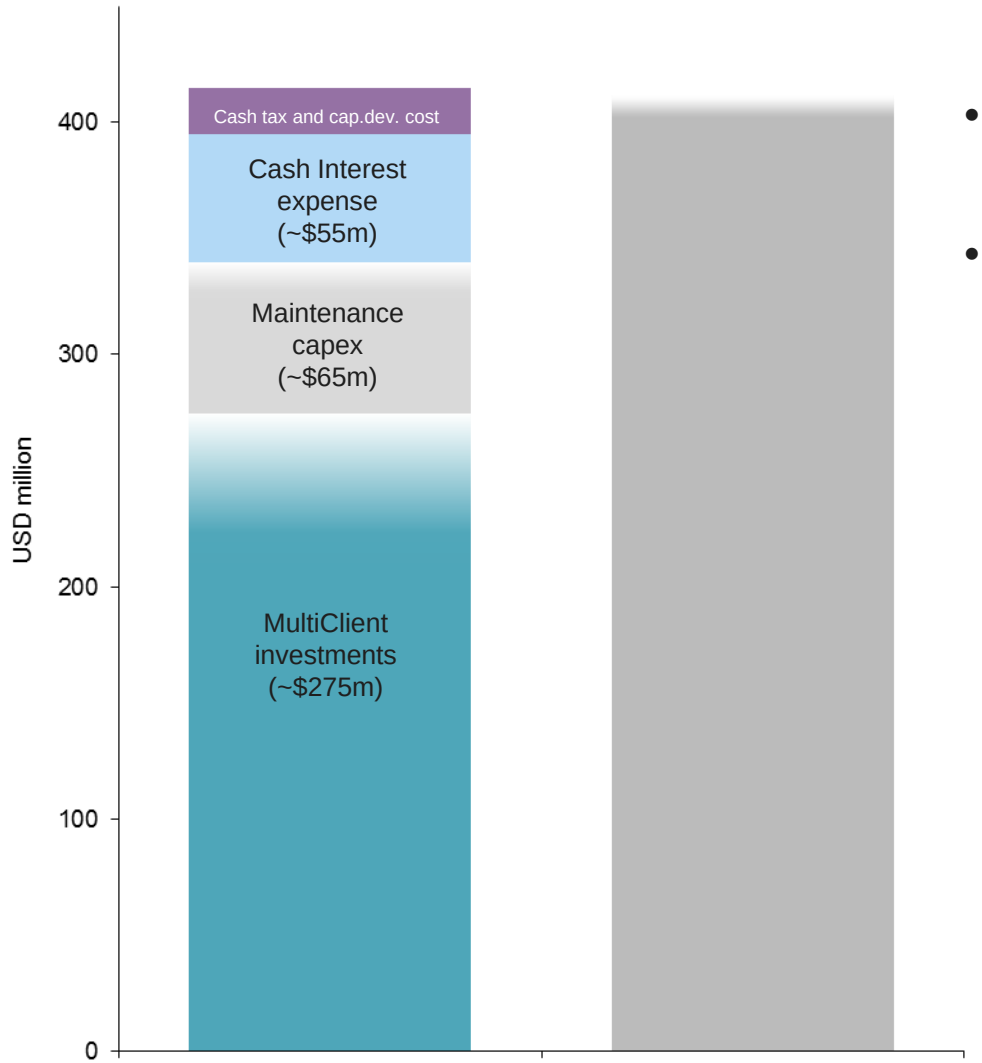
- 2016 MultiClient cash investments of USD 201 million with a pre-funding level of 121%
- MultiClient cash investments in 2017 expected to be ~USD 275 million
- 2017 pre-funding level expected to be ~100%
- Approx. 55% of 2017 active 3D fleet capacity currently planned for MultiClient
  - Less in the first part of 2017 with 25% of active time scheduled in Q1
- 2017 MultiClient amortization expense expected to be in the range of USD 350-375 million

Capital Expenditure Trends



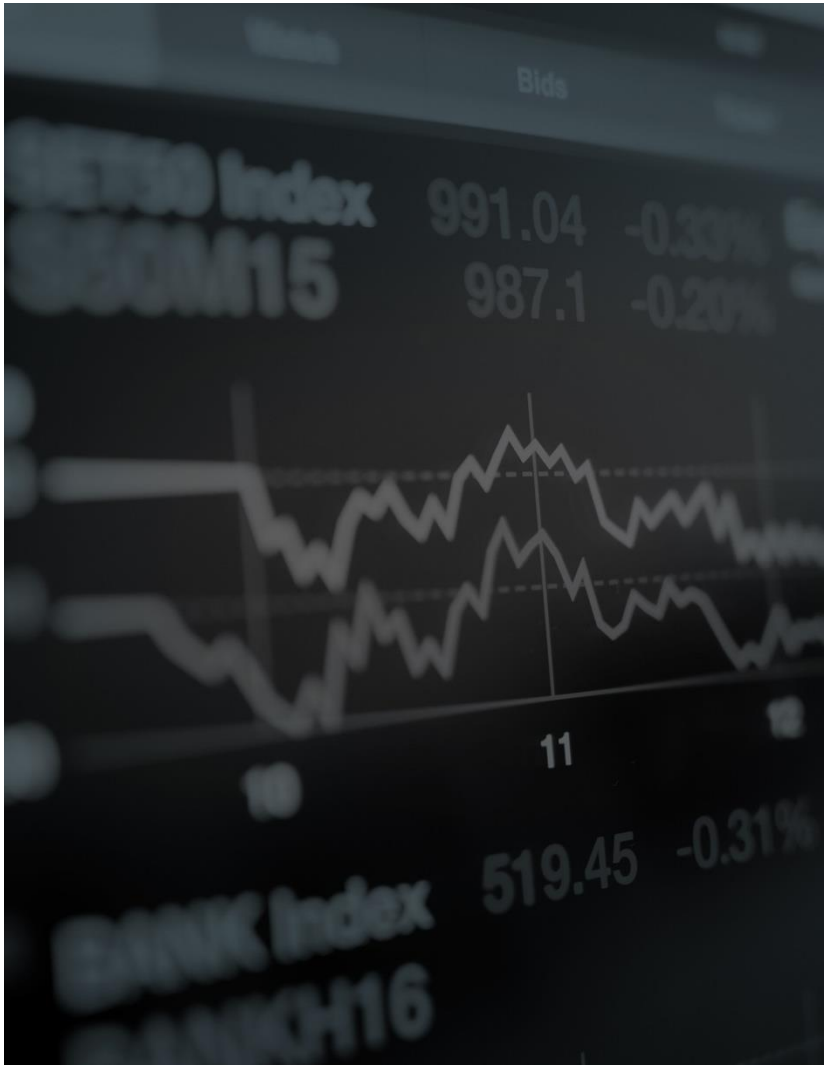
- Full year 2016 capex of USD 208.6 million
  - USD 31.4 million down from initial plan
  - USD 154.4 million relates to new builds
- 2017 CAPEX plan of ~USD 150 million
  - New build CAPEX of ~USD 85 million fully covered by Export Credit Financing
  - Following recent fleet renewal PGS will not embark 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

Required EBITDA to be Cash Flow Breakeven in 2017



- 2016 EBITDA of USD 313.3 million
- EBITDA of ≥USD 400 million required to be cash flow breakeven in 2017, excluding:
  - Amortization of ECF and TLB loans (USD ~50 million)
  - New build capex (separately financed)
  - Working capital changes

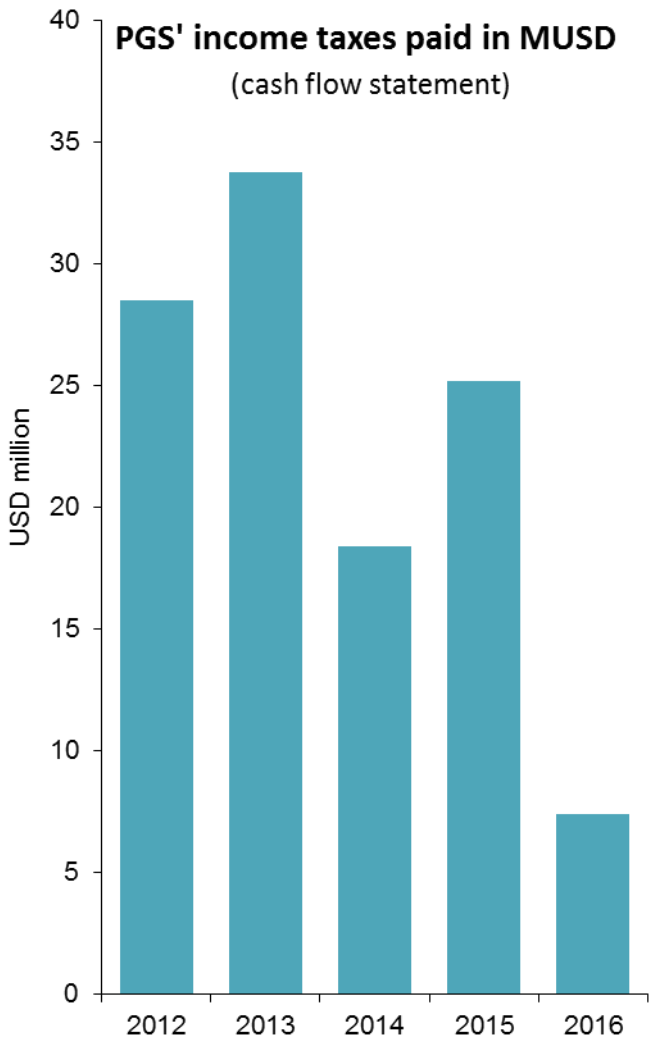
Addressing Financial Challenges:
Stronger in a Weak Market



- Successful refinancing demonstrates PGS' strong standing in the industry and capital markets
- Tight cost and capex control continues
- Cash flow better balanced after completion of new build program early 2017
- Solid MultiClient performance with high cash generation
- Flexibility to handle market volatility

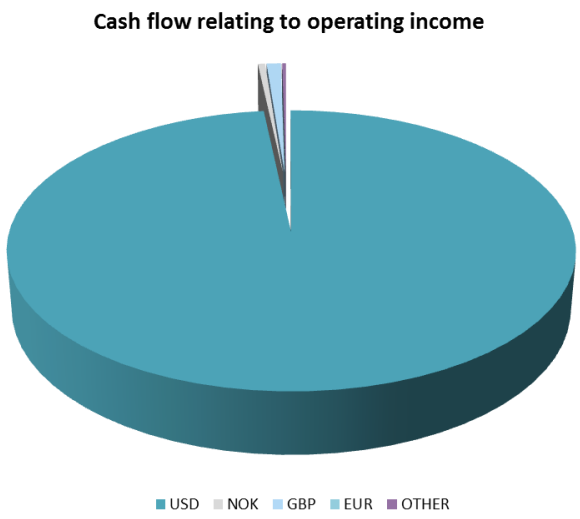
Proactive Financial Management in a Weak Market

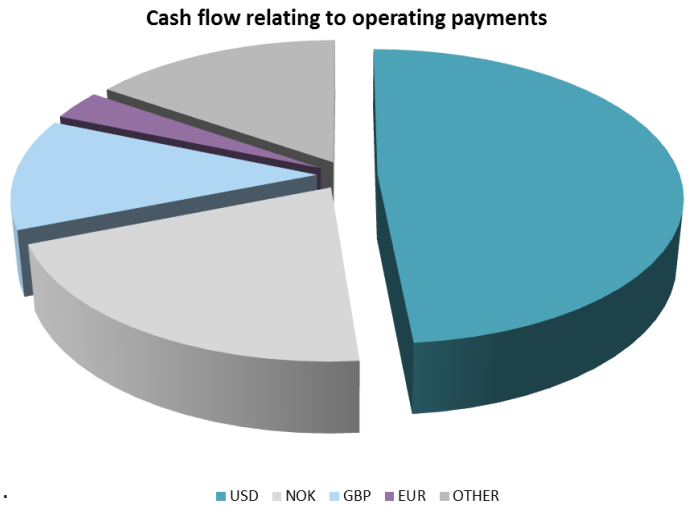
Appendix:
PGS' Tax Position



- Substantial tax assets will benefit current tax expense for future years
- Tonnage Tax regimes
  - PGS' vessels are owned by companies within tonnage tax regimes. In profitable years, this will have a positive impact on tax expense; in loss-making years the impact will be negative
- Current tax/cash tax has typically been in the range of USD ~10-35 million annually
  - Mainly withholding taxes and local taxation in countries of operation where PGS has no deferred tax assets
  - Will vary depending on area of operation
  - The tax expense in the cash flow statement is the cash tax paid in the period, while in the P&L it is the incurred tax expense, whether paid or not
- Effective tax rate
  - Fluctuates for various reasons: foreign exchange movements, utilization and recognition of deferred tax assets, area of operation, impact from tonnage tax regimes and other permanent differences
  - In a «mid cycle» market an average effective reported tax rate around 25% or below should be achievable
  - Higher in years with low profitability since a significant portion of current taxes is based on gross amounts (e.g. withholding taxes and revenue based taxes)

Appendix:
Foreign Exchange and Sensitivity





- On an annual basis:
  - A 10% change of the USD vs. NOK has an annual net EBIT impact of USD 15-20 million before currency hedging activities. A 10% change vs. GBP has an effect of USD 7-9 million
- The Company hedges:
  - Material monetary balance sheet items in non-USD currencies
  - Specific material firm commitments, e.g. ship building contracts
  - Operational cash flow up to the duration of the contract order book
- Current hedging positions:
  - To hedge material monetary balance sheet items
    - Currently ~NOK 120 million and GBP 29 million bought on forward contracts
    - Hedge of BRL 142 million in place against the exposure arising from cash deposit held in Brazil (~65% of the deposit) plus monetary balance sheet items
  - To hedge specific material firm commitments NOK 265 million bought forward

Appendix:
Key Sensitivities

- Technical downtime/mobilization delays/standby
  - One month for high capacity vessel could amount to a revenue loss of USD 4-8 million + risk of schedule impact and equipment cost
  - Standby will reduce vessel cash cost by USD 0.75-1 million per vessel month, depending on duration and lead time

- Contract versus MultiClient
  - In the current market there is normally a positive EBITDA impact of changing 3D capacity from Contract to MultiClient assuming that pre-funding is around 100% of capitalized MultiClient cash investments

- MultiClient late sales
  - Sensitive to oil price, legislative changes and license rounds
  - Regional variability from quarter to quarter

- Fuel price
  - 10% change represents ~USD 0.7 million per month of operating cost
  - Risk related to fuel cost fluctuations is placed with the customer on a majority of contract work

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Capital Markets Day – Stronger in a Weak Market

Oslo, February 16, 2017

Jon Erik Reinhardsen
President & CEO

A Clearer Image | www.pgs.com

2016 Achievements

Improved capital structure to optimize competitive position

- Secured financial runway to 2020
- Reduced debt
- Reduced interest expense

Industry leading MultiClient performance

- Best in class sales/cash investment ratio
- Best in class sales/book ratio
- Acquired DOLP MC library w/TGS

Excellent operational performance

- Operational performance of 95%
- Downtime of 2.7%
- TRCF and LTIF of 0.7 and 0.1

Took delivery of *Ramform Tethys*

- The third in a series of four
- Last new build due Q1 2017
- FCF will improve after last delivery

Continuing to enhance imaging capabilities

- Benefitting from superior GeoStreamer technology
- Groundbreaking imaging technologies

Reducing cost and capital expenditures further

- Cost reduced by another USD 131 million
- Low maintenance capex of USD 54 million

PGS Corporate Strategy

To Deliver Productivity Leadership

- Ramform Platform + GeoStreamer
- Reducing project turnaround time

To Deliver Superior Data Quality

- GeoStreamer business platform
- Imaging quality and innovations
- Subsurface knowledge

To Innovate

- First dual sensor streamer solution
- First with 20+ towed streamer capacity
- Towed EM
- Unique reservoir focus solutions

To Perform Over the Cycle

- Focus on being best in our market segments
- Flexible cost base
- Strong MultiClient performance reduce cyclical exposure

To Care

- For our employees
- For the environment
- For our customers' success

A Clearer Image

Corporate Strategy:
Ambition to be Number 1 in All Business Areas

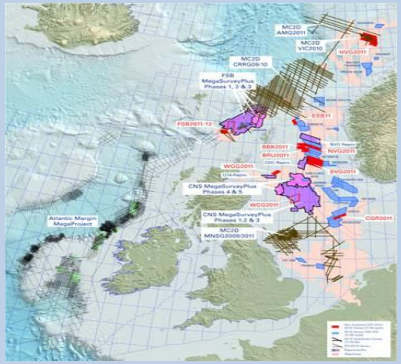
Marine Contract

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*

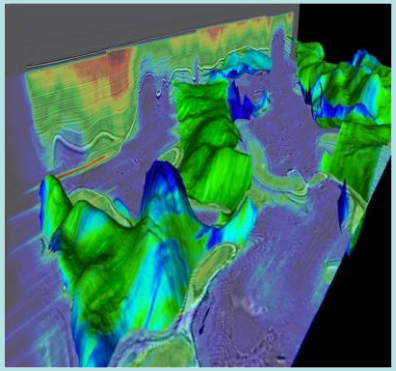
MultiClient initiates and manages seismic surveys which PGS acquires, processes, markets and sells to multiple customers on a non-exclusive basis

Operations

Productivity leadership

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

Imaging & Engineering



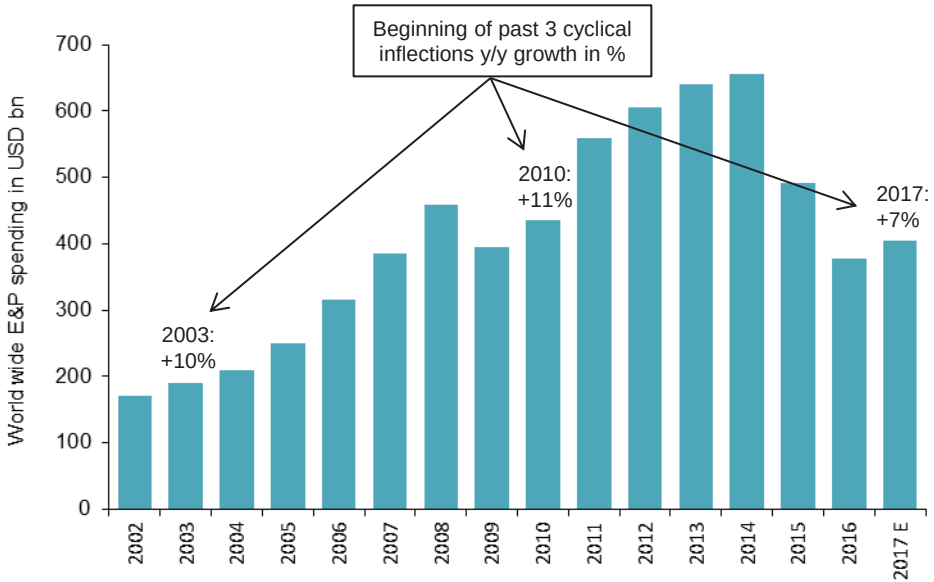
Technology differentiation – Rapidly becoming at par with industry best

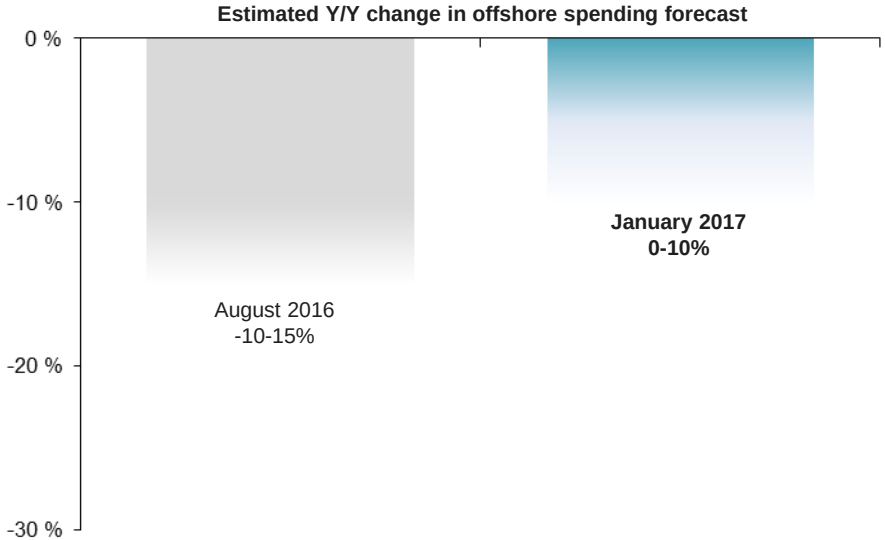
9% of 2016 revenues*

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.

Market Context:
Sentiment Changing – Offshore Will Benefit

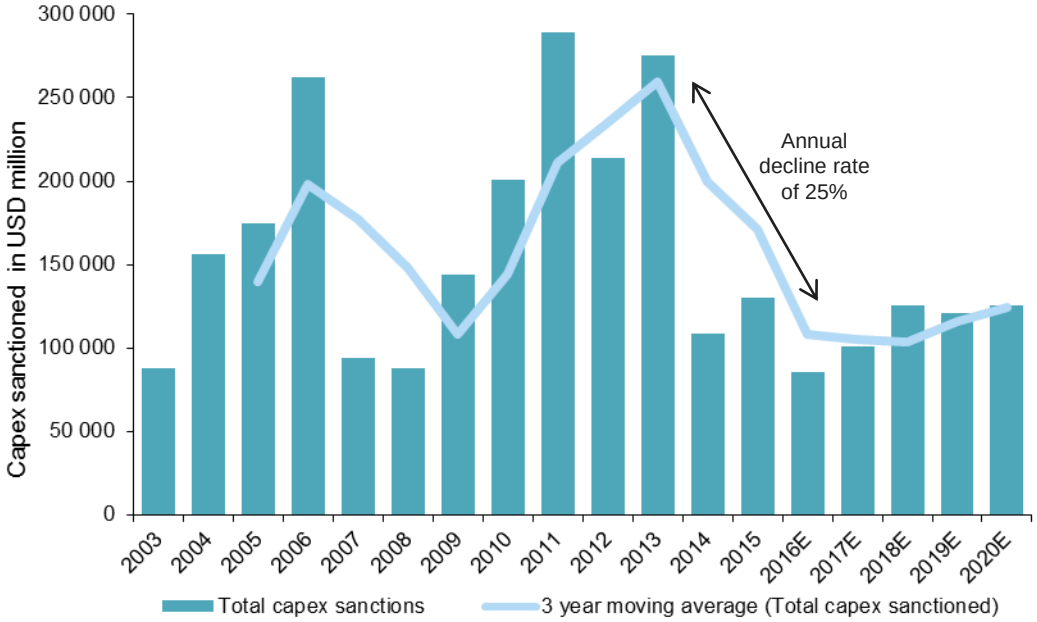


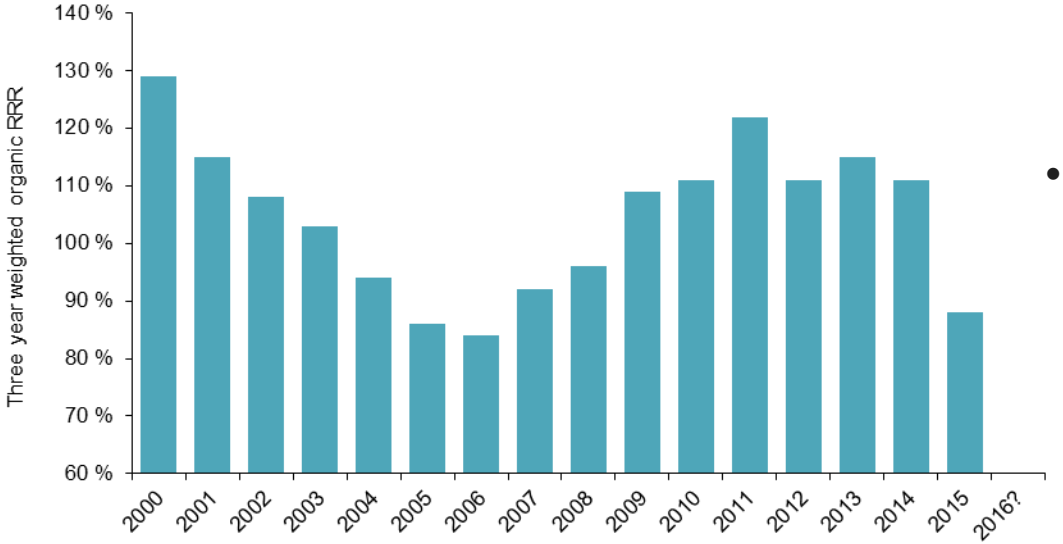


Source to upper graph: Barclays Global 2017 E&P Spending Outlook.
Source to lower graph: SEB Oil and Oilservice sector update 2017

- 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

Market Context:
Sanctioned Capex Troughs - RRR Will Impact Exploration Capex



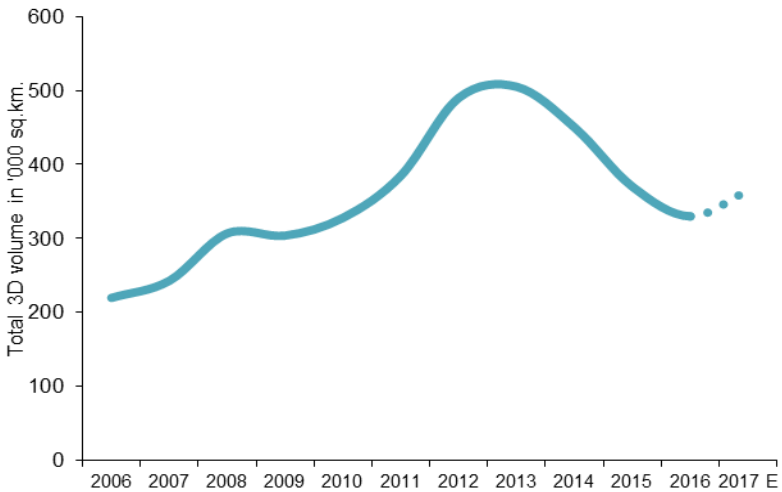


- Significant decline in capex related to project sanctioning during this downturn
  - Through the trough in 2016
  - Fundamentals benefit from a higher and more stable oil price
  - Significant cost reductions and efficiency gains improves oil companies' cash flow position

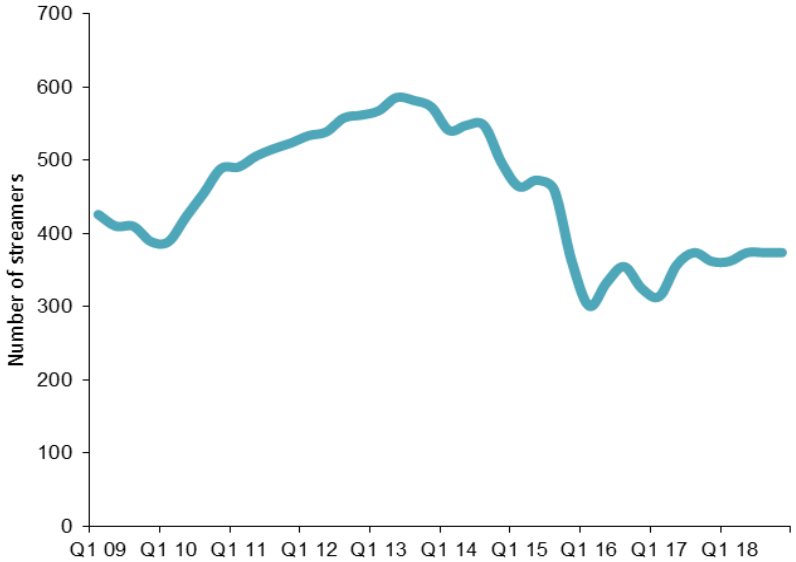
- Reserve Replacement Ratio is down to historical low levels
  - Will have to be addressed

Source: Upper graph Goldman Sachs Top Projects 2016, lower graph SEB 2016 E&P Spending Survey.

Market Context:
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

Summary:
Stronger in a Weak Market - Ambition to be Number 1 in all Business Areas

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

Competitively Positioned to Navigate Current Market Environment

Thank you – Questions?

Capital Markets Day

Oslo, February 16, 2017

Sverre Strandenes

Executive Vice President MultiClient

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MultiClient – What Does the Business Unit Do?

MultiClient manages and licenses seismic data that PGS acquires on a non-exclusive basis. The Company invests in the projects and licenses the data to customers under a variety of business models

Outline

- What we have done to strengthen our position
- Some MultiClient highlights
- MultiClient market perspectives
- Strengthening relative position
- Azimuth / Equity
- Summary

What Have We Done to Strengthen Our Position

- Focused, global business line from 2010
- Rigorous project selection, risk management and focus on the financials
- Further integration of the Reservoir group and Geology & Geophysics (G&G) expertise
- Better understanding of our clients' needs, strategies & organizations
- Built strong relationships with governments
- Leveraging operational and technological capabilities
- Having the right people (motivated, experienced)

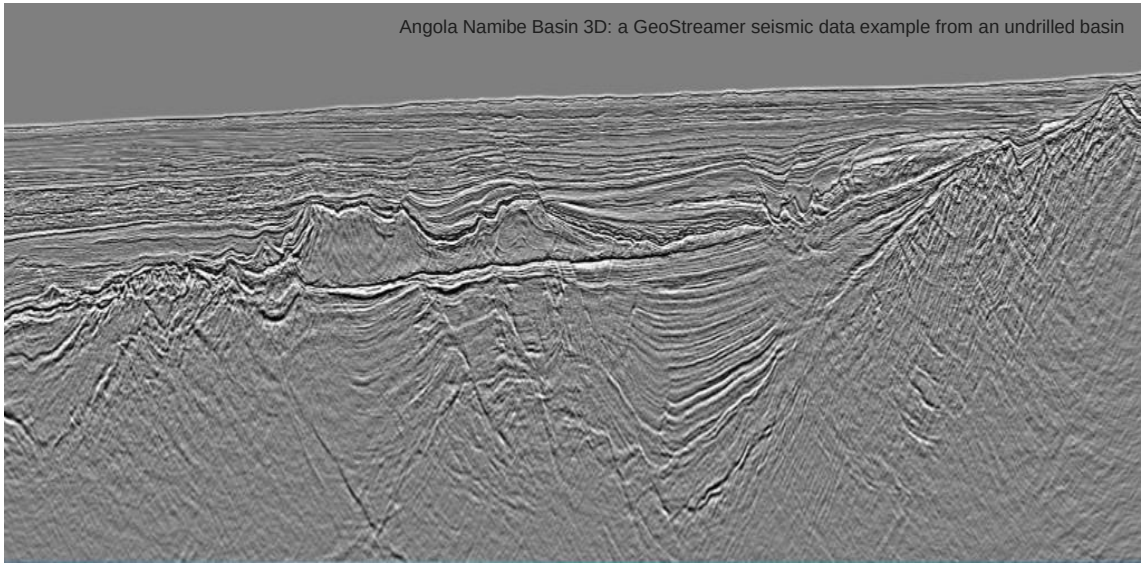
What Governs PGS MultiClient Investments

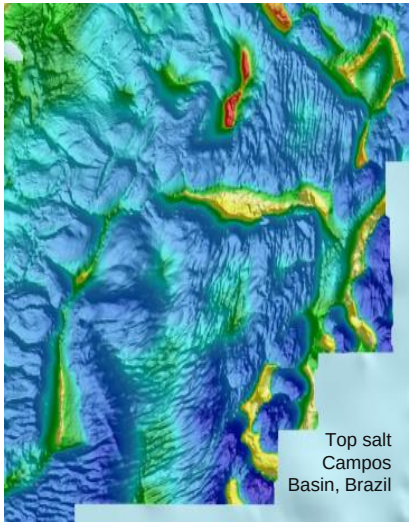
Identification

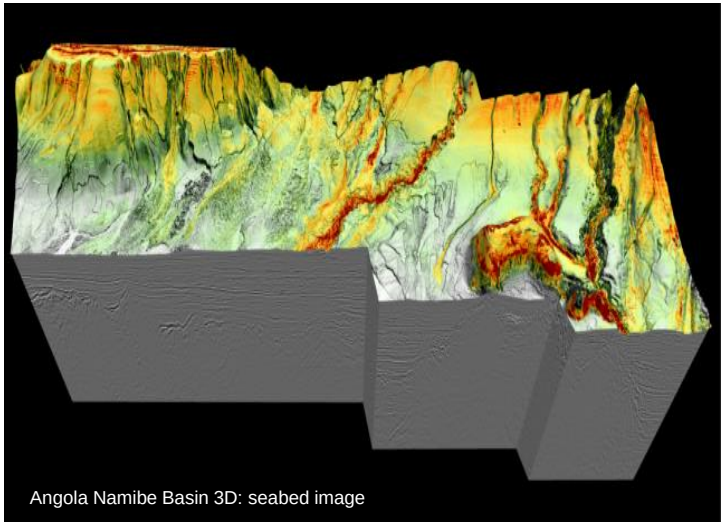
- Hydrocarbon potential / prospectivity
- Access to acreage: license round, lease roll, farm-ins, direct awards
- Political environment & fiscal terms
- Timing
- Technology to address subsurface mapping objectives
- Partner relations: governments, JV, pre-funding client

Selection

- Business Unit independent Risk Board process
- Financial ROI
- Robust Business plan
- Secured pre-funding
- Risk-reward profile – balanced portfolio

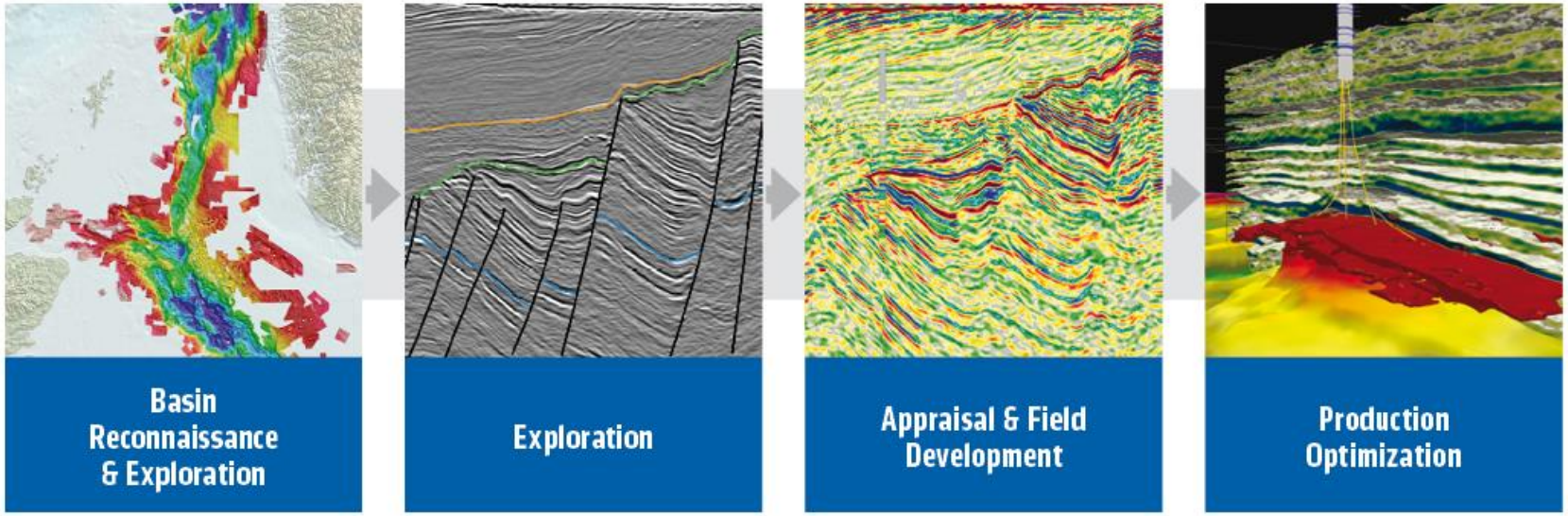

Angola Namibe Basin 3D: a GeoStreamer seismic data example from an undrilled basin


Top salt
Campos
Basin, Brazil


Angola Namibe Basin 3D: seabed image

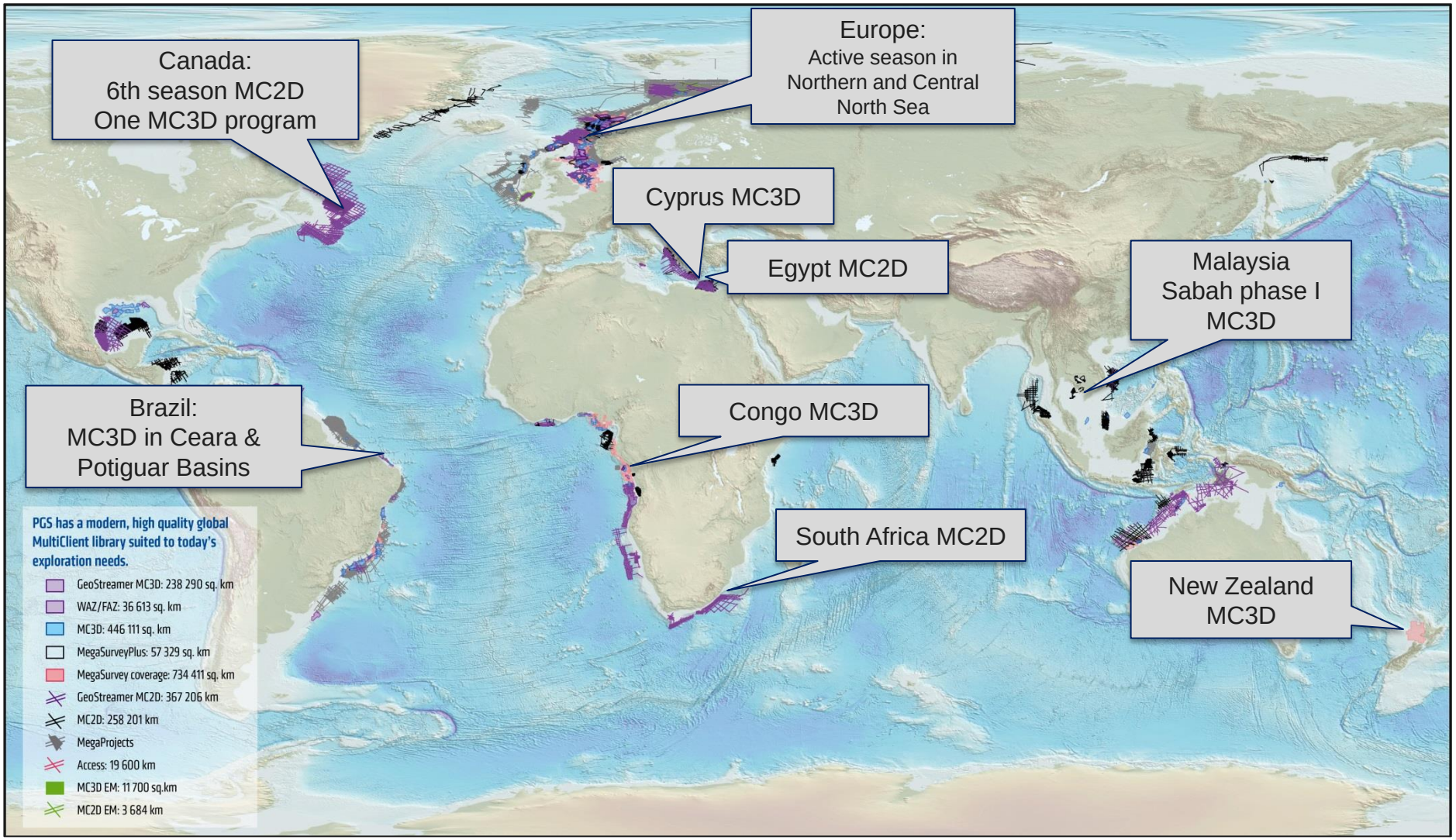
Our G&G Expertise – PGS Reservoir

Understanding Prospectivity is a Critical Component of a Successful MultiClient Project



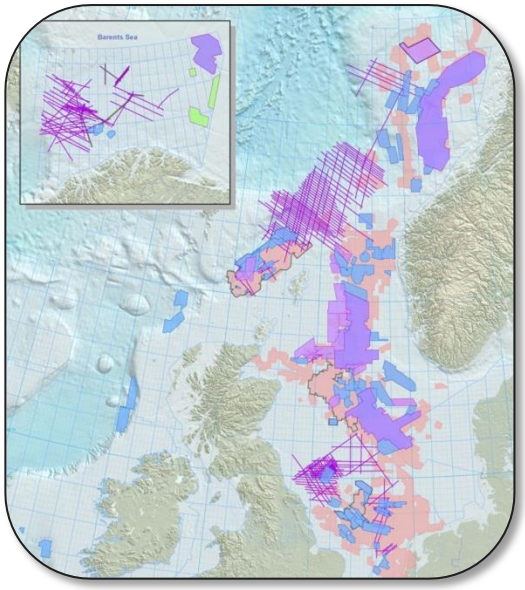
Multi-skilled G&G teams, utilizing "state of the art" technology, providing exploration, development and reservoir services

Key MultiClient Programs 2016



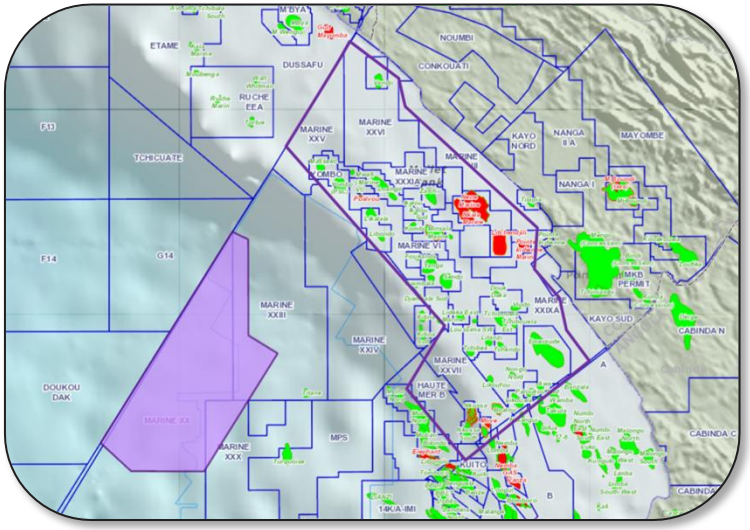
40,000 km² GeoStreamer MC3D and 50,000 km GeoStreamer MC2D added to library in 2016

Highlights: Continue to Build Attractive Positions in Key Basins

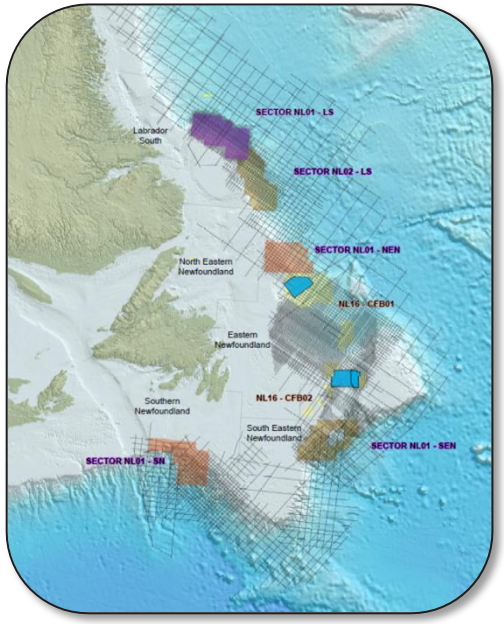


- **Europe**
  - Continued expansion in Europe stronghold in 2016 by adding 22,000 km^2 of new GeoStreamer MC3D
  - Most productive European season – Titan class vessels and acquisition technology drove improved efficiency
  - PGS Europe library now > 100,000 km^2 of GeoStreamer MC3D data
  - GeoStreamer Pure: Starting to develop new regional depth products in key regional hubs

- **Congo**
  - Highly prospective country, with upcoming license rounds
  - Recent pre-salt discoveries generating high industry interest
  - PGS technology and expertise secure unique in-country position, including license round support
  - New MC3D planned in 2017 for future Shelf License Round

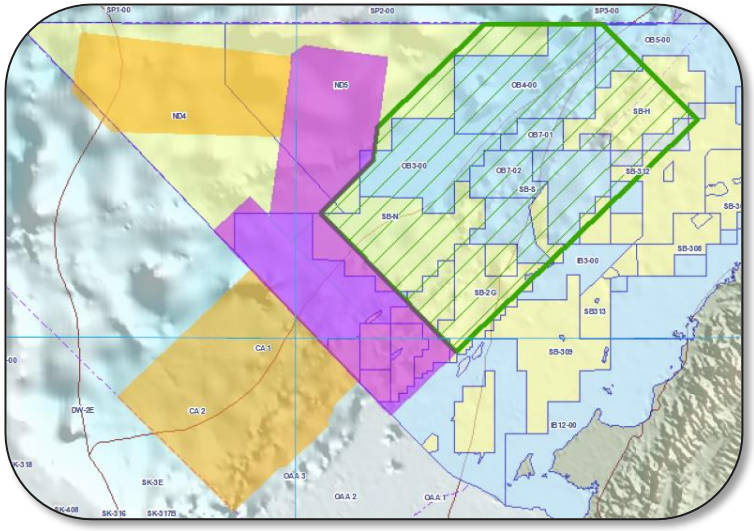


Highlights: Continue to Build Attractive Positions in Key Basins

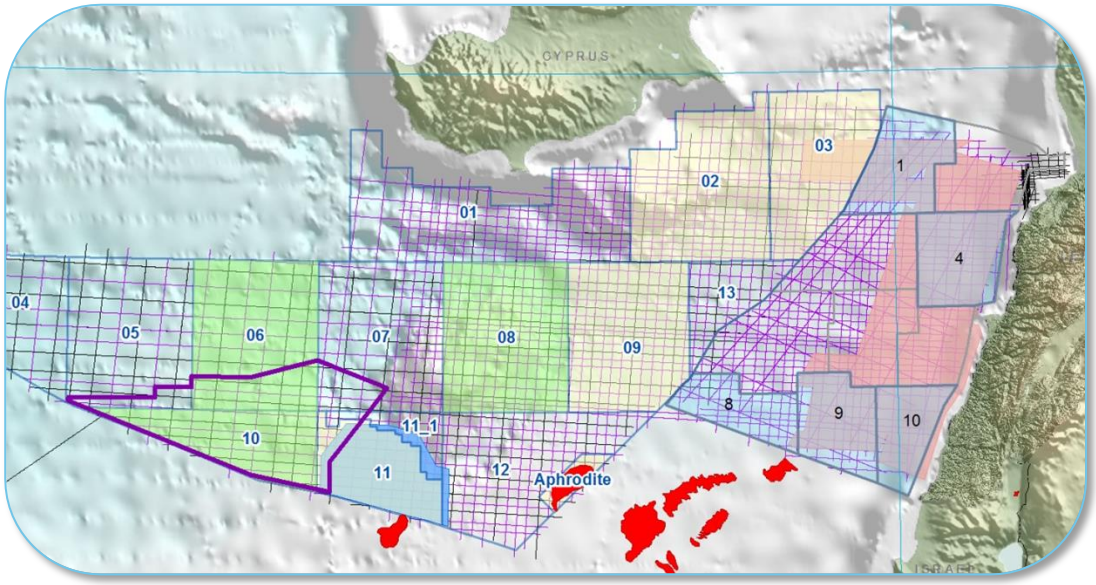


- **Newfoundland & Labrador**
  - PGS/TGS Joint Venture continues to build on its unique footprint for a sixth consecutive season in Canada
  - Record breaking results from the second land sale under the Land Tenure System – oil companies pledged ~$ 550 million for 8 parcels of land in the Orphan, Flemish Pass and Jeanne d'Arc basins
  - Companies showing interest in the 2017 call for bids in the Labrador South Region – detailed 5 x 5 km 2D grid available over 10 parcels on offer

- **Sabah, Malaysia**
  - First ever MC3D survey in Malaysia
  - Sabah Phase 1/2a (9,406km^2) GeoStreamer MC3D acquisition ongoing with industry support
  - Licensing round opened in the area with strong interest expressed by industry for a significantly larger sized program
  - Parts of Sabah in JV with WG and TGS



Eastern Mediterranean: Importance of Government Relations

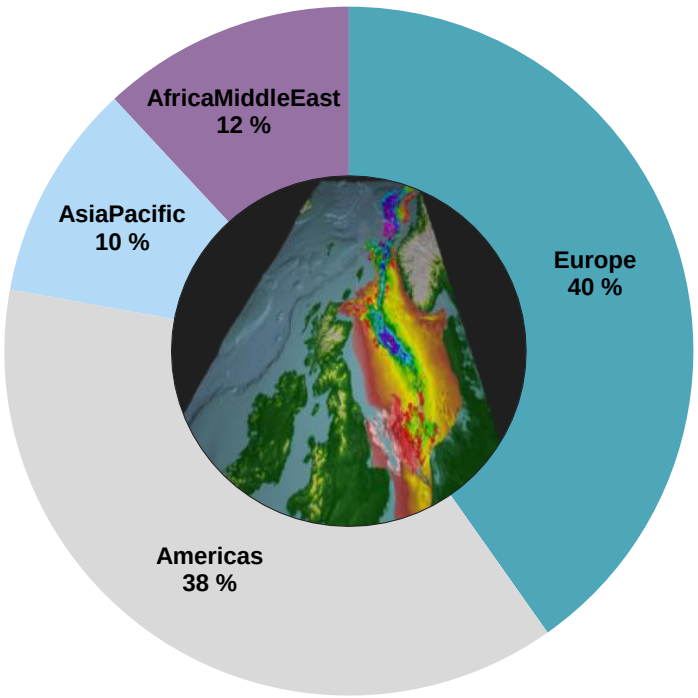


- Strong position built over many years in Eastern Mediterranean (Cyprus, Lebanon, Egypt, Greece)
- License round support and G&G expertise / training – key elements in building strong relations with the Governments

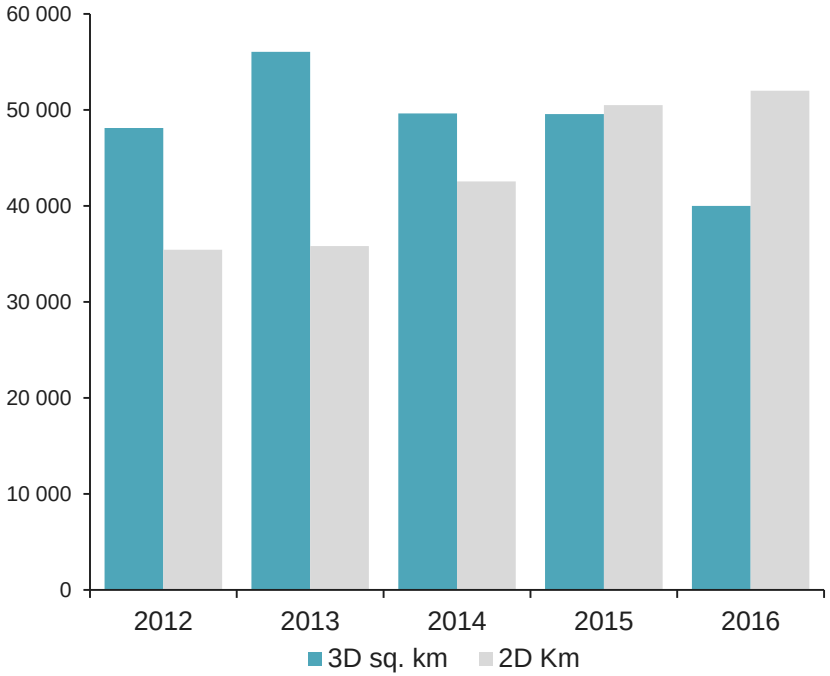
- Cyprus:
  - 2016 License Round awards expected in Q1 (3 blocks currently under negotiations)
  - Ongoing MC3D acquisition in Blocks 6/10
  - Potential for further acquisition
- Lebanon:
  - PGS MC3D well positioned within available blocks for the 2017 license round
- Egypt:
  - License round opportunity 2017/2018
  - New data available
- Greece:
  - Awards expected Q1/2017
  - New License Round potential 2018

Continued, Stable Growth of Library

- Around 40,000-50,000 km^2 per year of new GeoStreamer MultiClient 3D data added to the library in the past five years
- Maintaining global presence; some weakening of African market while Europe and Americas continue their dominance
- Dolphin library acquisition jointly with TGS

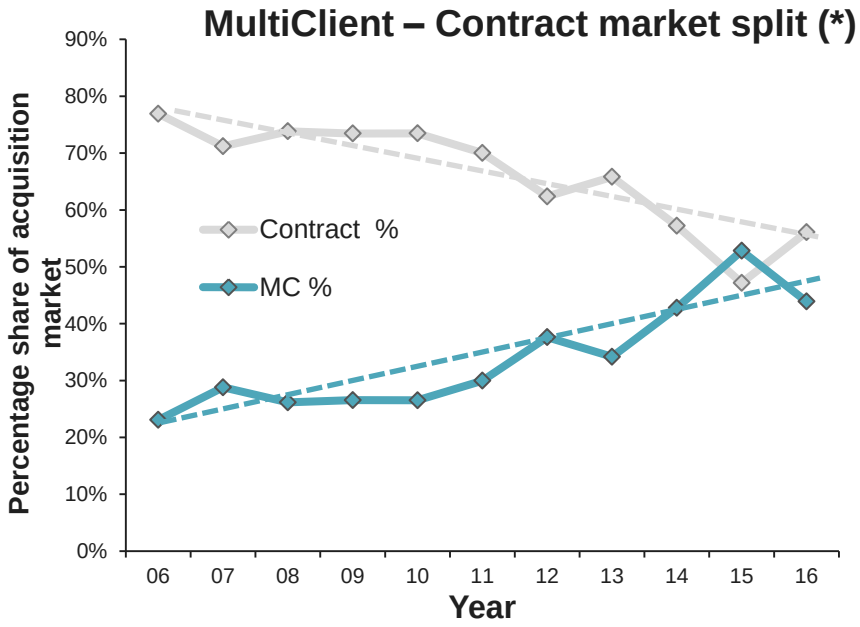


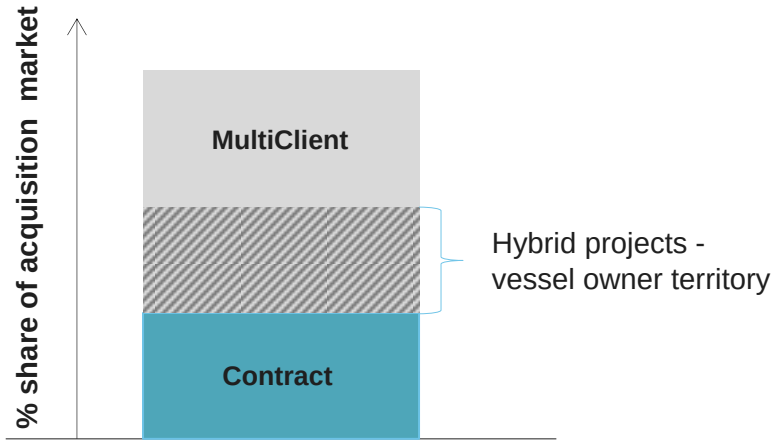
2016 Revenue Distribution



Volume of MC2D and MC3D acquired

MultiClient Business Model Continues to be Favored





- **Why oil companies prefer MultiClient**
  - Enables acquisition start before block award
  - Rapid turn-around
  - Value in MultiClient model as a one-stop-shop - from acquisition permits to data delivery
  - Pricing flexibility / attractiveness
- **Dynamic market: ability to rapidly switch capacity between MultiClient and Contract opportunities favors vessel owners**
- **Hybrid projects are more than "converted contracts":**
  - Extending or including an area which would otherwise require one or more Contract projects into a MultiClient program with open acreage and/or areas with additional sales potential
  - Possibility to realize economy of scale and timing benefits
  - Converting a Contract project to MultiClient without further sales potential is not attractive
- **Expect to allocate ~ 55% of 3D fleet to MultiClient in 2017**

(*) internal estimates

Technology Matters: Clients Requiring More From MC Data

- **Increased Quality Demand**
  - Client demand for higher quality MC data increasing
  - With its increasing weight in our business, MC is becoming a showcase and focal point for PGS products and services
- **Define Problem, Select Technology**
  - GeoStreamer & Imaging technology key success factors for modern PGS MC3D library
  - Ability to offer full range, from low cost to high end solutions, to meet diverse client demand in regional MC hot spots
- **Safety, Quality and Efficiency**
  - Highest fleet wide safety standards
  - Pro-actively drive cost effective acquisition and imaging without compromising quality objectives

Same HSE Focus

Same Quality

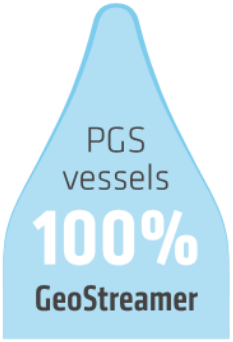
Same Efficiency

Same Technology

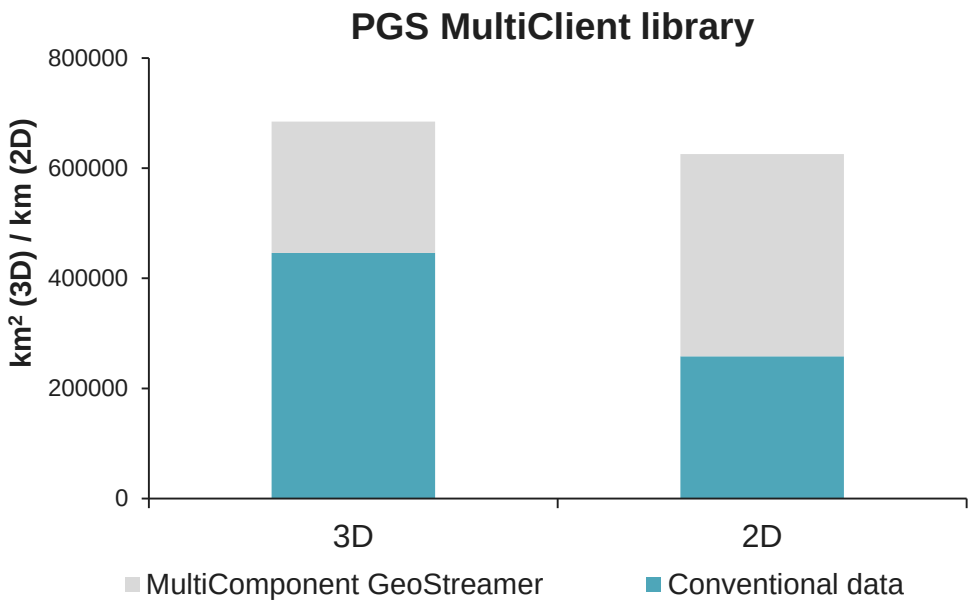
… every time

Differentiation Becomes Key in a Challenging Market:
PGS MultiClient Differentiators

- **True broadband seismic: Multi-component GeoStreamer fully implemented throughout the fleet**
- **True broadband seismic: Longer shelf life and 4D ready data**
- **GeoStreamer driven Imaging technology and capability at the forefront of the industry**
- **Geographically diverse library - presence in all major hydrocarbon provinces**
  - Facilitating broad range of library deals from local to global
- **Access to worlds highest capacity seismic fleet**
  - Ideally positioned to play in the hybrid market
  - Can handle any opportunity

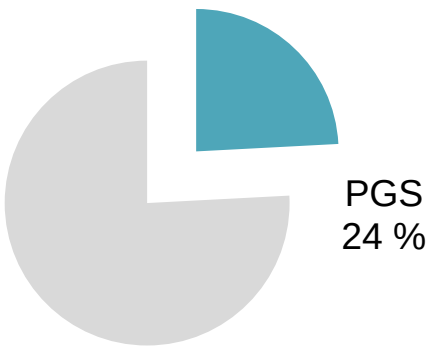


PGS has acquired more than 500,000 km² GeoStreamer 3D data

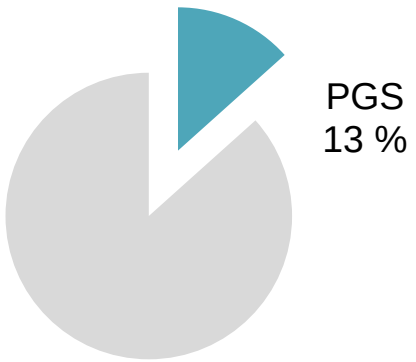


Maintaining Robust Library Performance in a Challenging Market

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

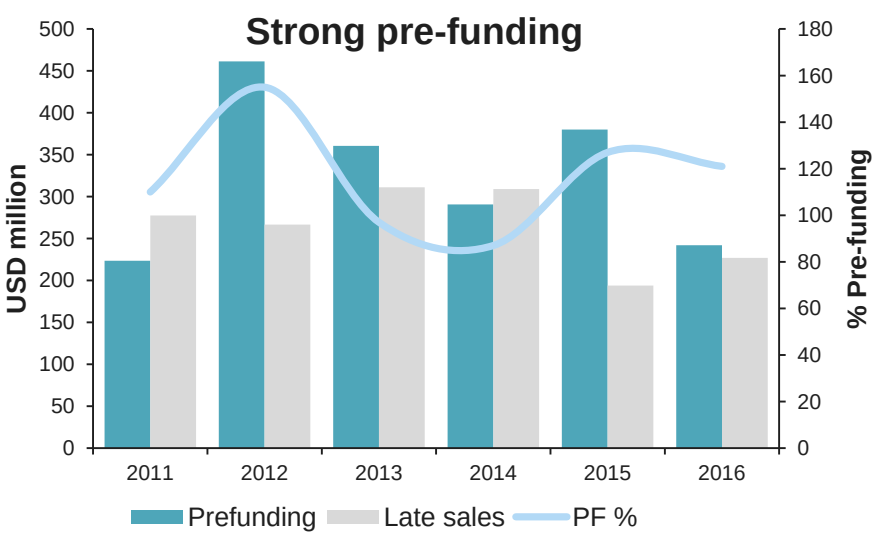


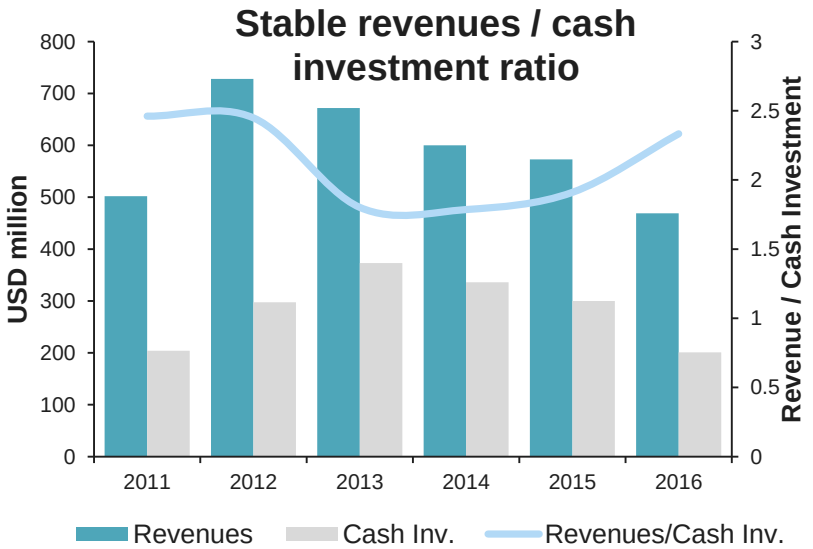
Revenues



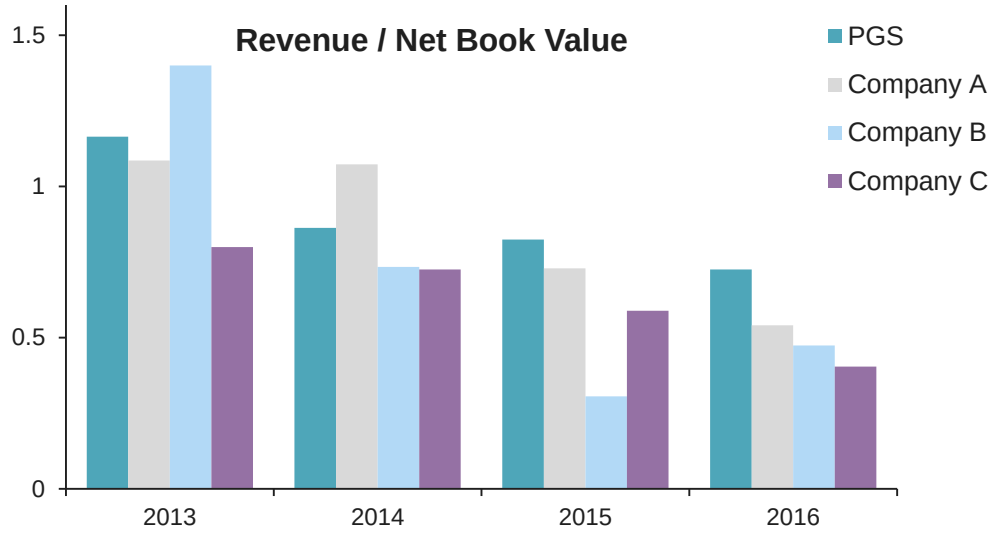
Cash Investment

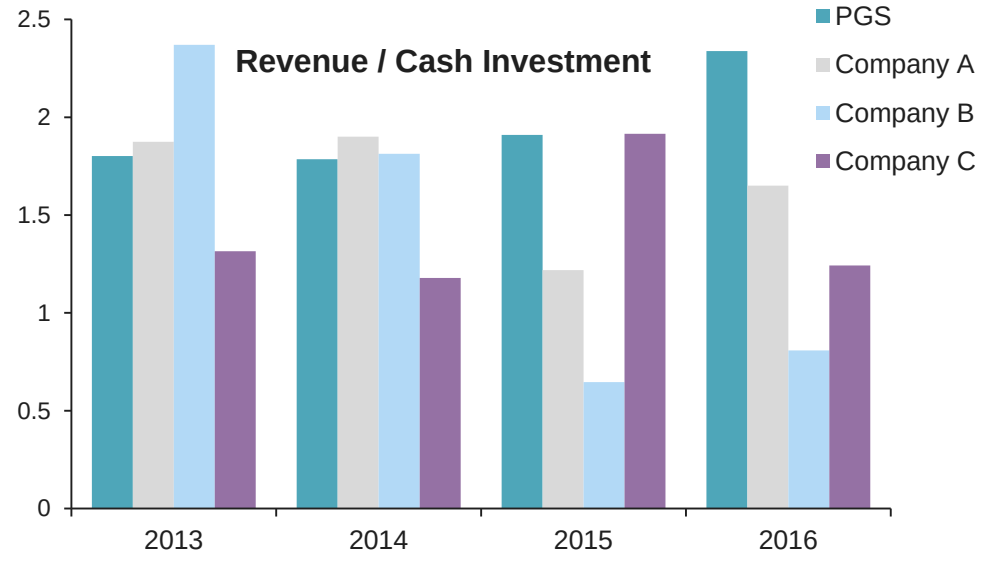
Net Book Value





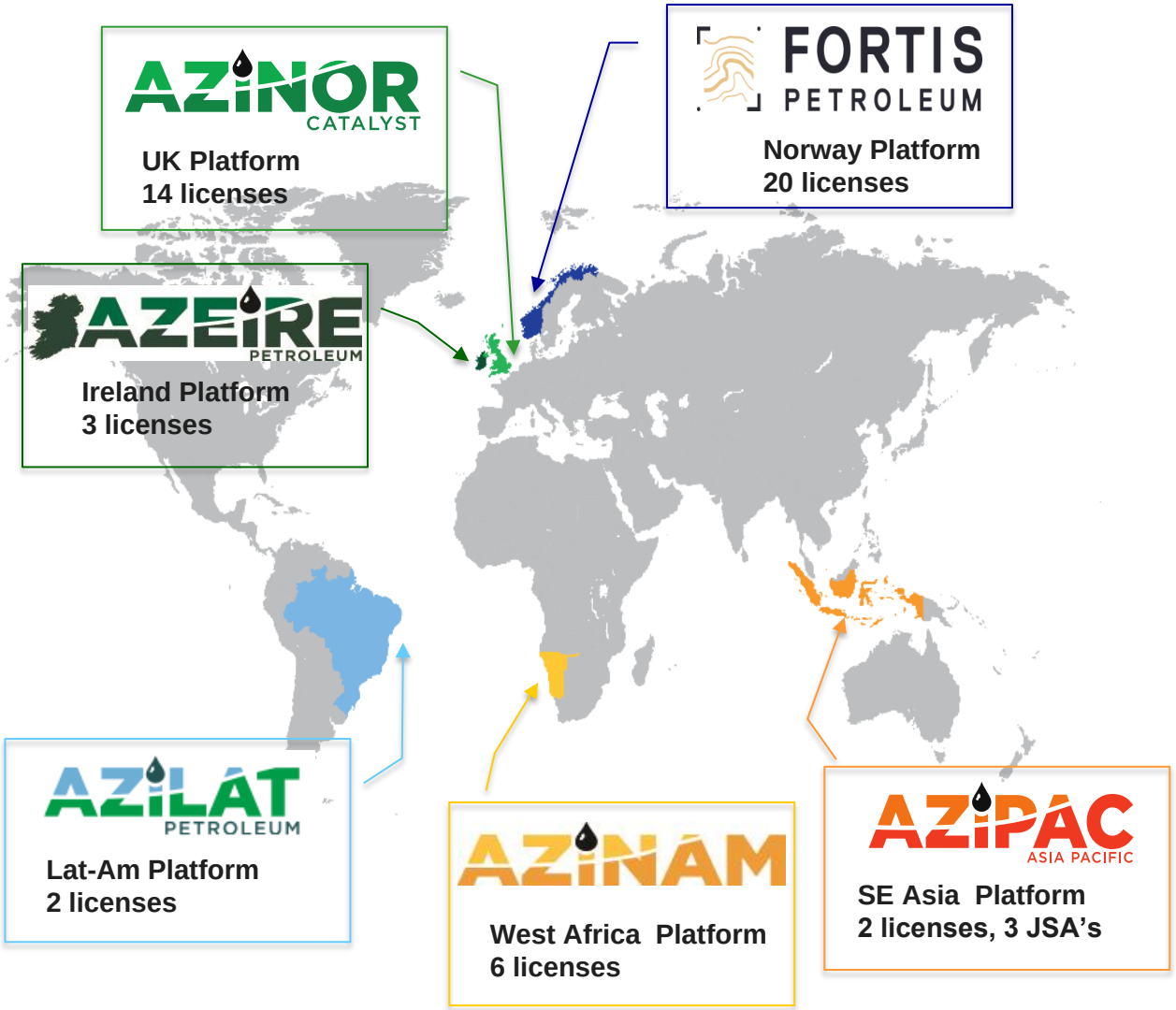
Strengthening Relative Position





- Library performance strengthened versus peers
- Geographical spread for better risk management
- Lower cost and improved efficiency drive returns in weaker market: more data per $
- Technology advantage – GeoStreamer & High End Imaging

The Equity Business Model:
Azimuth – PGS Equity Partner



- Occasionally oil companies want to exchange license acreage in return for data or services
- PGS aims to divests its E&P assets under commercial terms
- Azimuth develops acquired E&P assets within its portfolio
- Azimuth is backed by Seacrest Capital Group, a leading private equity group with high quality largely US based investors
- PGS has ~45% minority ownership position in Azimuth
- Drives further value from the MultiClient library at arm's length distance

Summary

- Challenging market with tough competition in the MultiClient space
- PGS has strengthened its relative position
  - Right people
  - Superior vessel operator
  - Technology that differentiates
  - Market leading imaging capabilities
- Expect 2017 MultiClient 3D fleet allocation of ~55 %
- Expect 2017 MultiClient cash investment level of ~USD 275 million with a pre-funding level of ~100%

Marine Contract and Operations

Per Arild Reksnes, Executive Vice President Operations

A Clearer Image | www.pgs.com

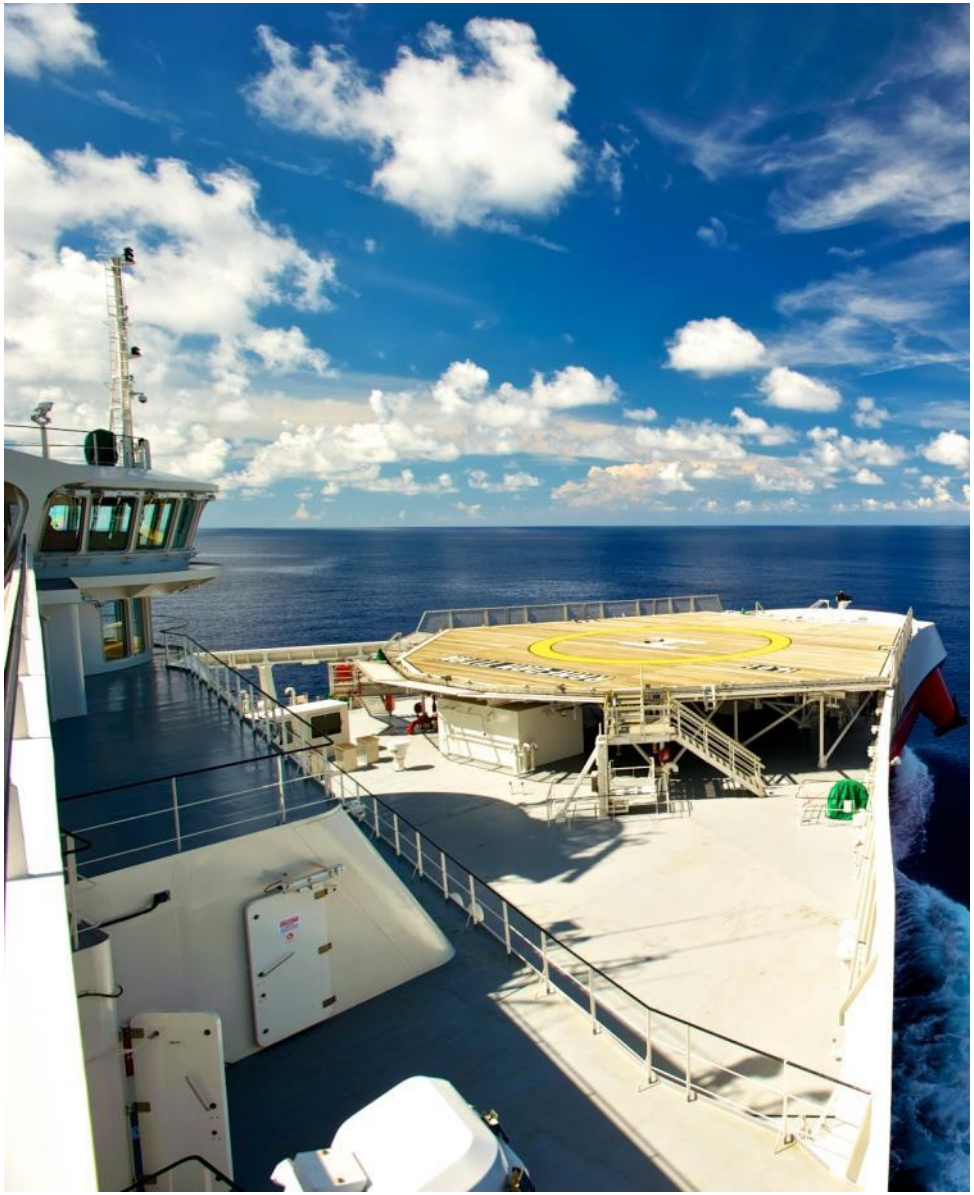
Marine Contract – What Does the Business Unit Do?

Marine Contract work is where PGS acquires seismic data under proprietary contracts with its customers, and covers Streamer Seismic, Towed Streamer Electromagnetics and Permanent Reservoir Monitoring

Operations – What Does the Business Unit Do?

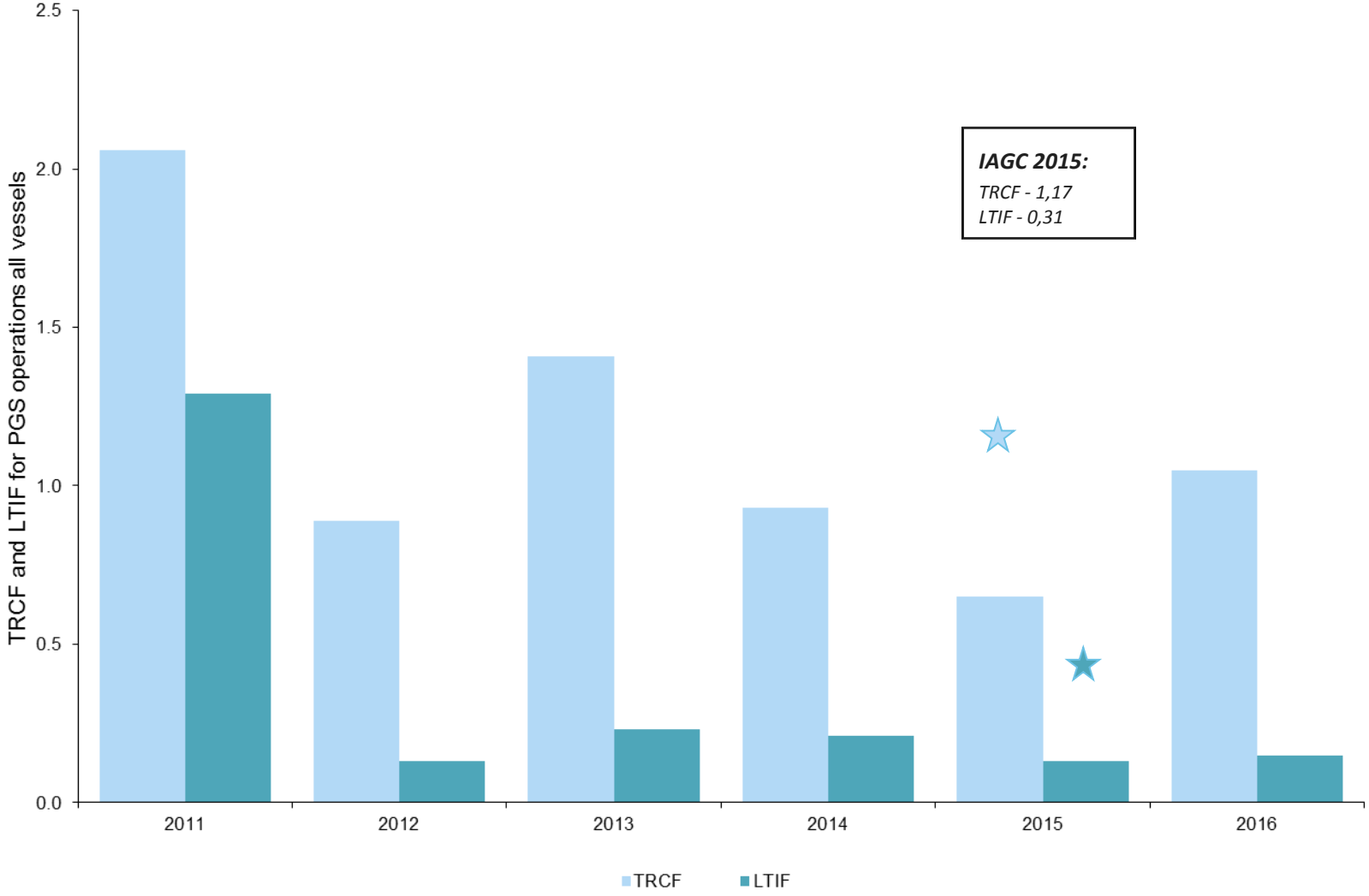
Operations runs and develops the PGS fleet and is committed to support Marine Contract and MultiClient with safe, reliable and efficient acquisition services

Outline



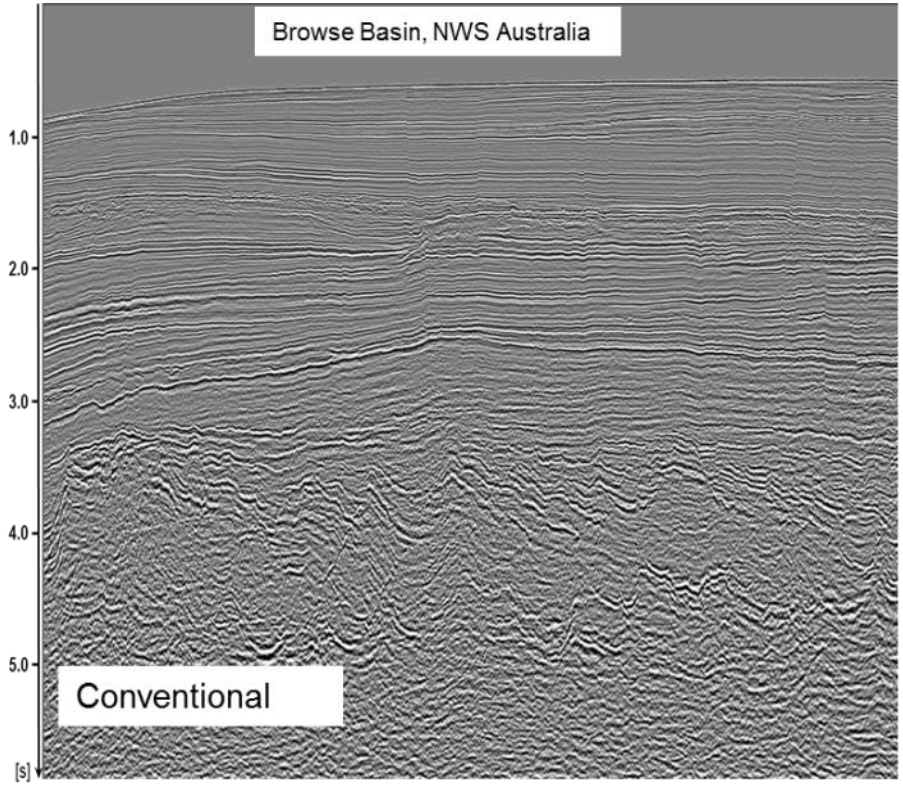
- What we have done to strengthen our position
- Activity outlook
- Supply and demand
- Competitive landscape
- An industry leading fleet
- Towed Streamer Electromagnetics
- Summary

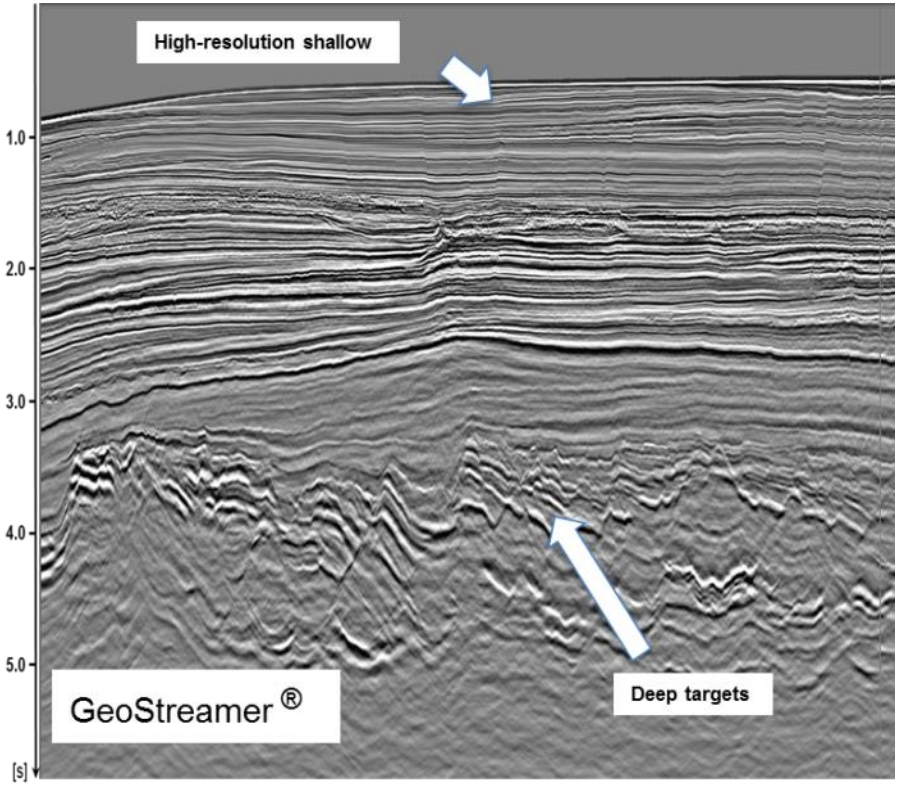
Safety First



Safety performance among industry leaders

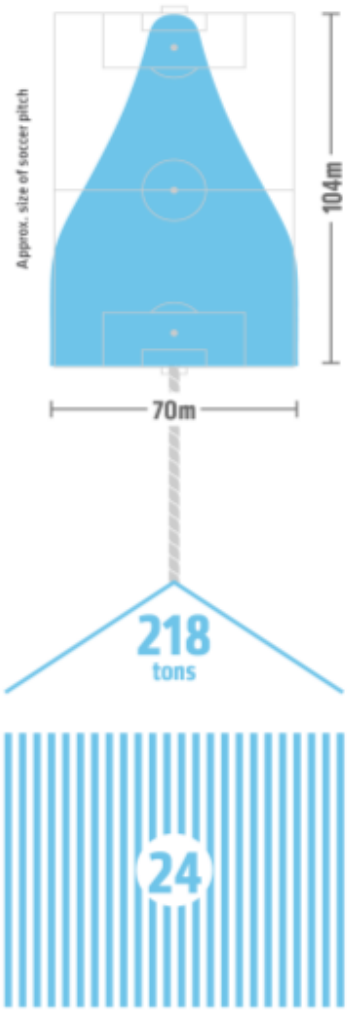
First on Data Quality with True Broadband





Consistently delivering superior data quality

A Track Record Speaking for Itself



Ramform Titan:

- daily production up to **175 sq.km** using 18 streamers at 100m separation - offshore Myanmar

Ramform Tethys:

- Has deployed the most streamers of any vessel: **129 kms** - offshore Norway

Ramform Atlas:

- Successful completion of survey in very challenging weather offshore Colombia, using 12 streamers x **10 km length** with 100m separation

Ramform Sterling

- **17 streamers** x 3.6 km x 50m separation, 4D North Sea

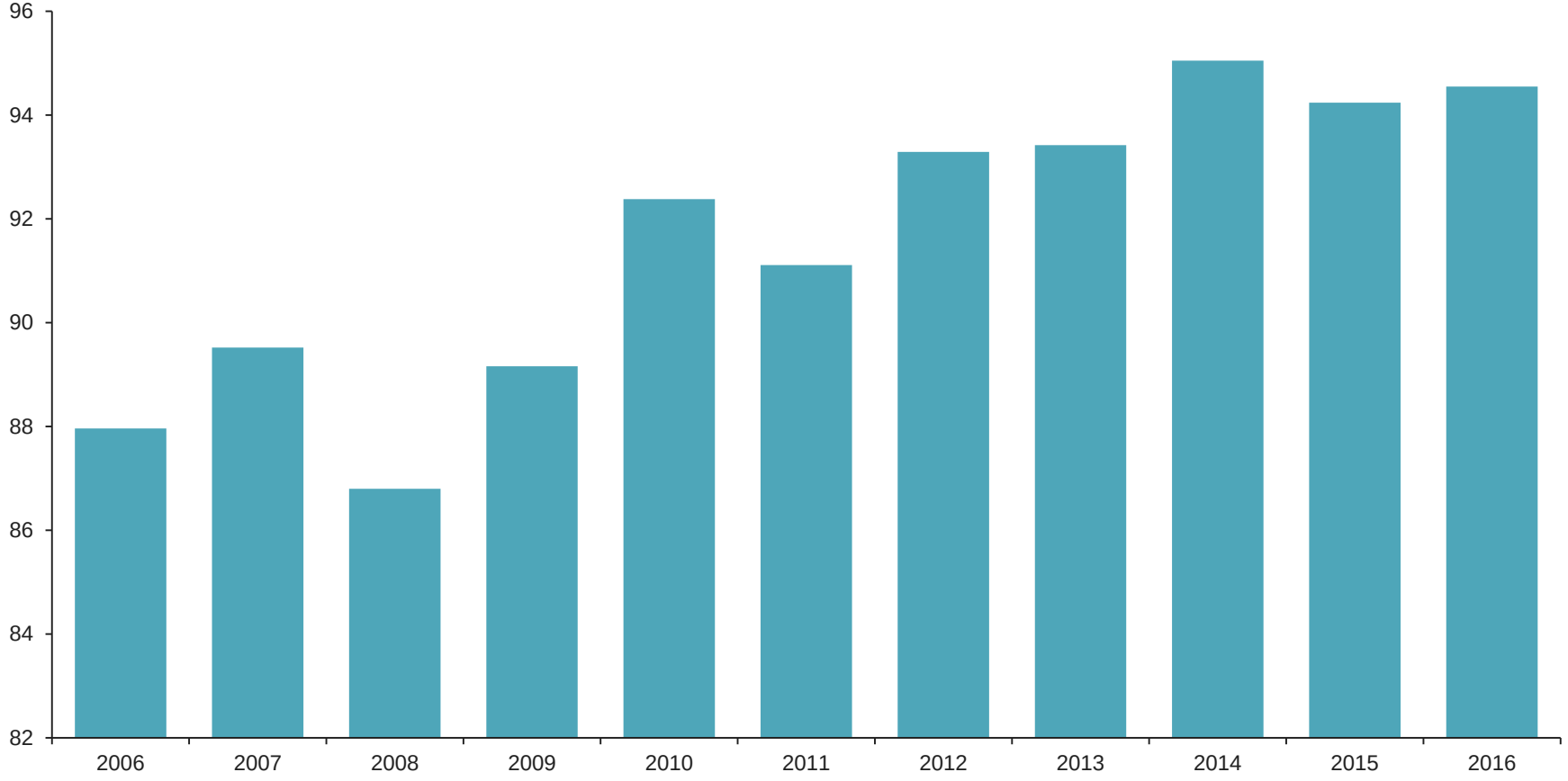
Sanco Swift

- Kept the streamers in water continuously for **182 days** during the first survey for PGS, offshore Norway

PGS' fleet is moving the goalposts for seismic acquisition

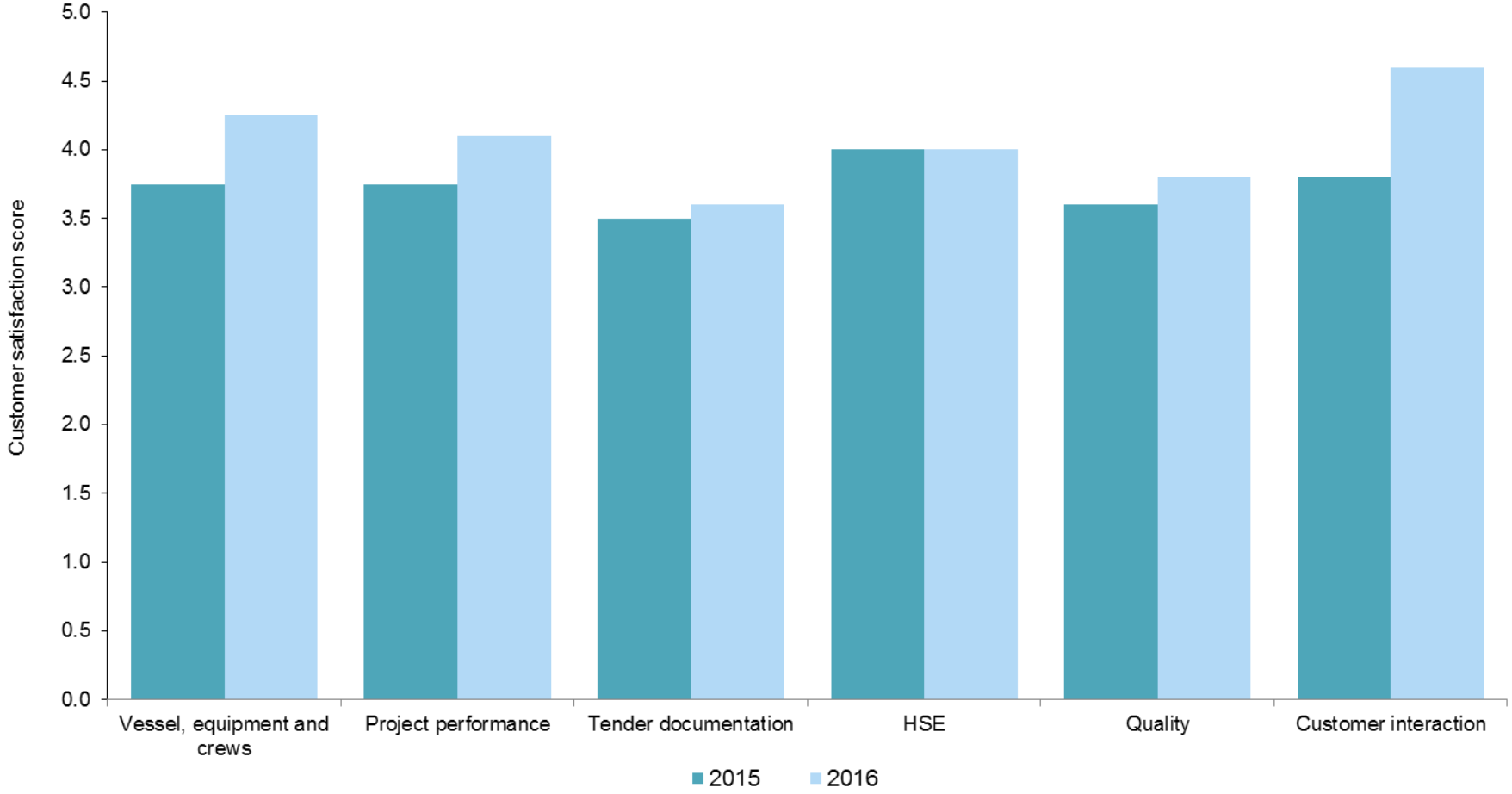
Operational Uptime Continues to Lead

Performance = actual production of seismic in % of available production time



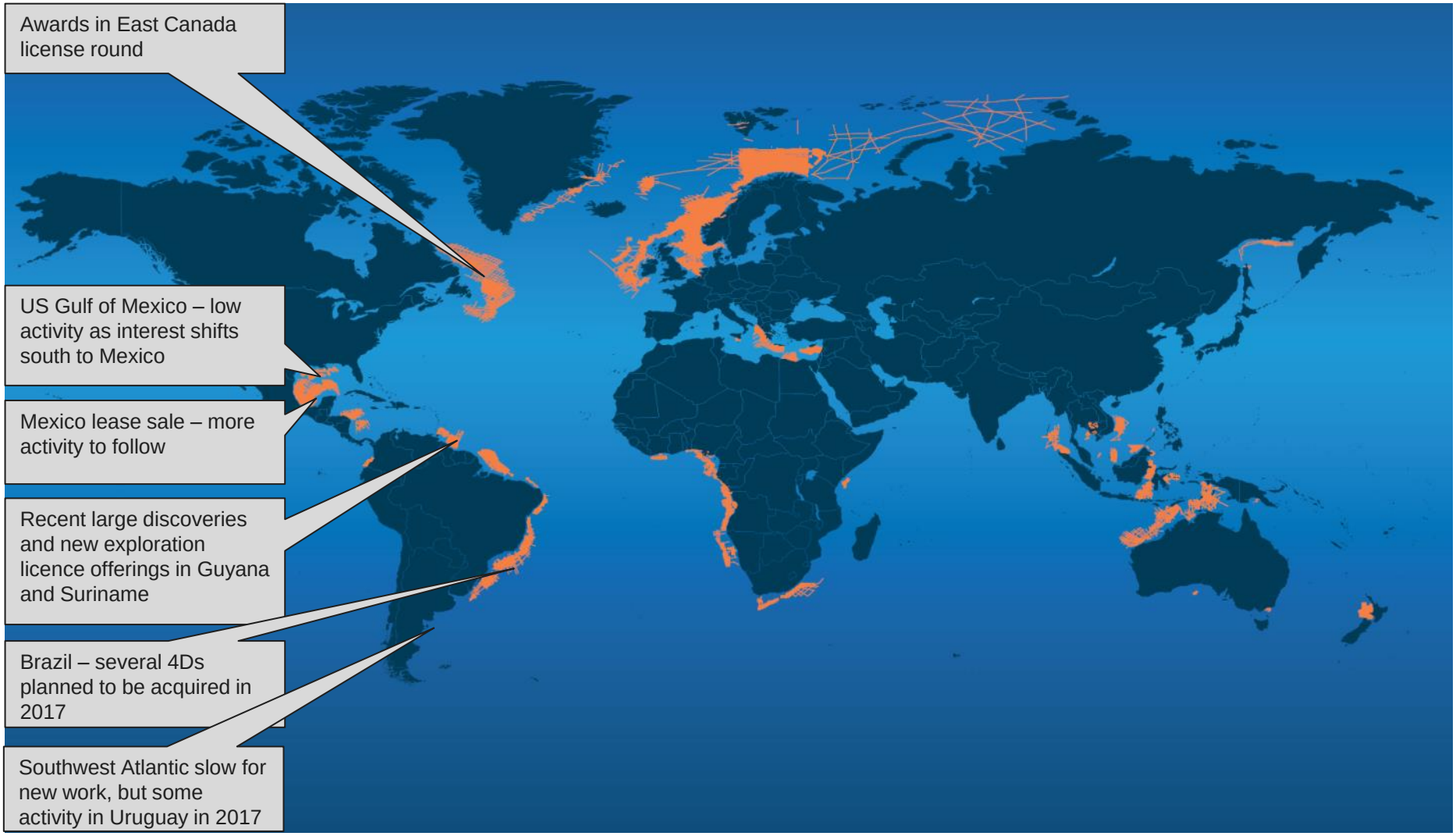
Industry Leading Performance

Converting Operational Prowess into Customer Satisfaction



Ranked #1 marine seismic contractor with large majority of IOCs

Demand Outlook Western Atlantic

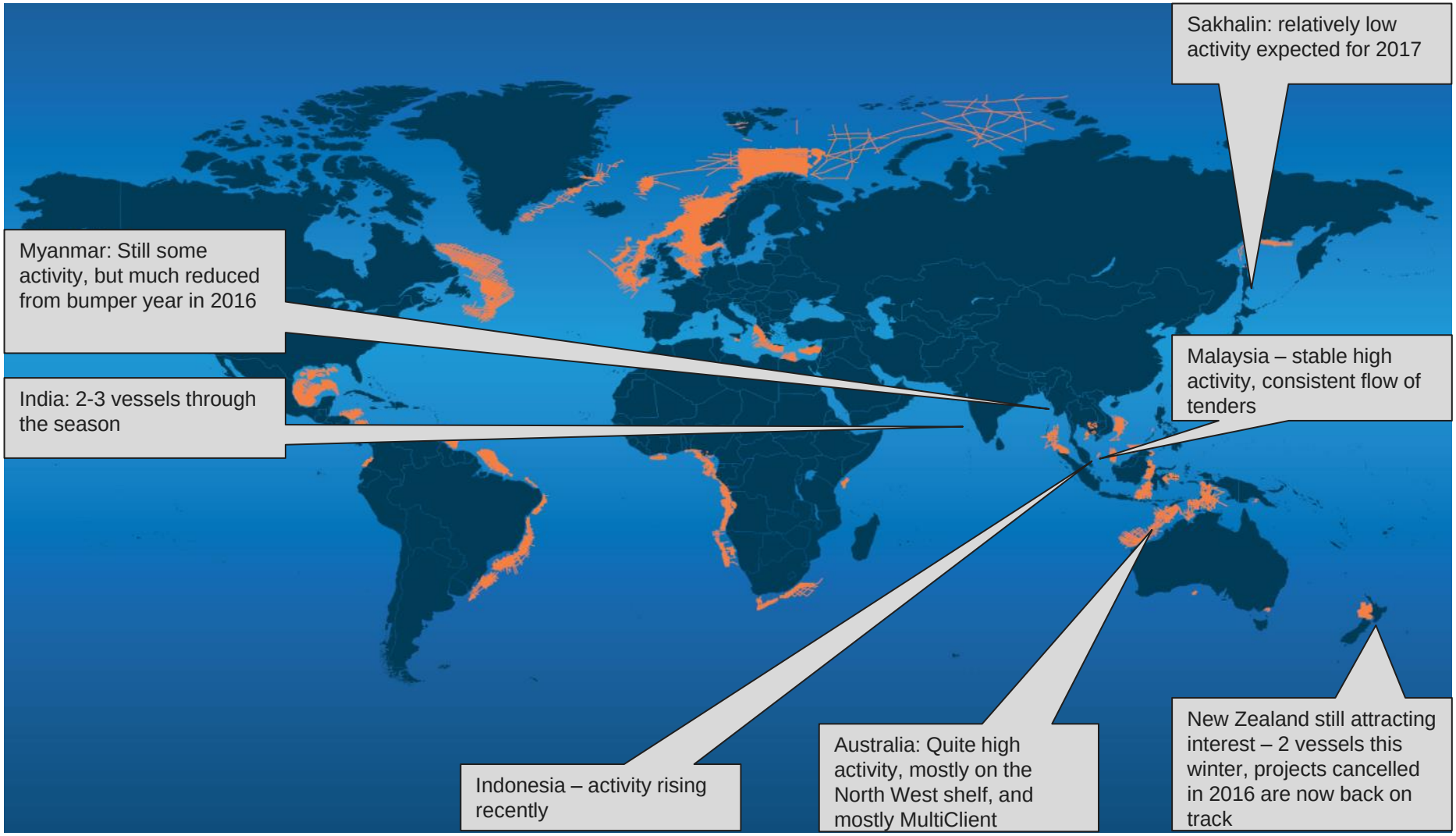


Several new licenses awarded and likely increased 4D activity in Brazil

Demand Outlook Eastern Atlantic and Middle East

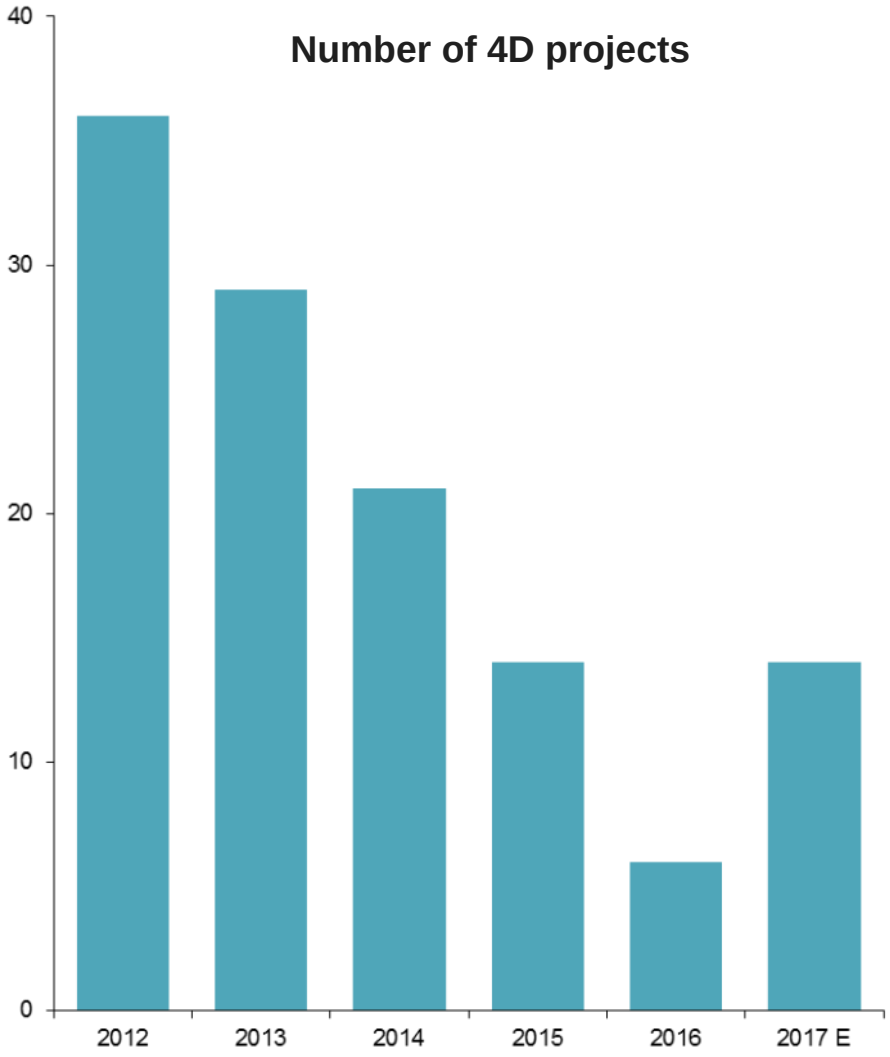
A very active region with high 4D activity and good opportunities

Demand Outlook Asia Pacific



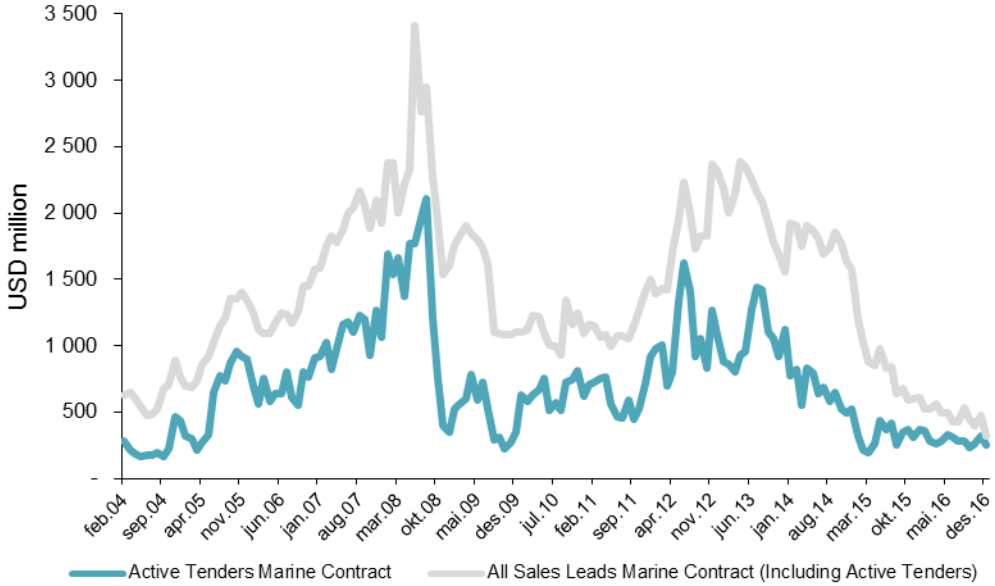
Moderate, but consistent level of activity

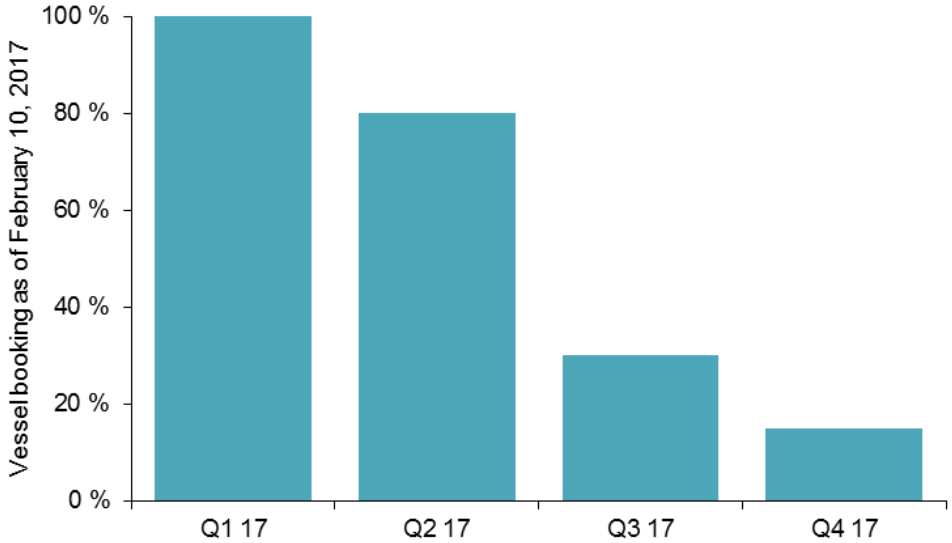
Production Seismic Expected to Increase in 2017



- 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

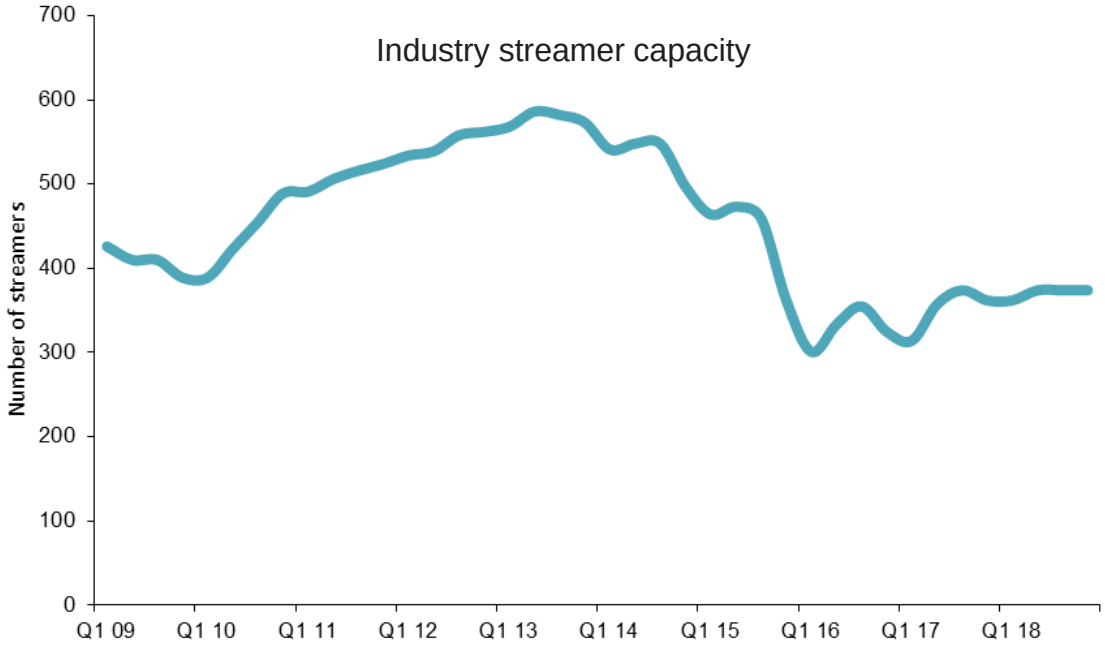
Visibility Starts Building into Coming Summer Season



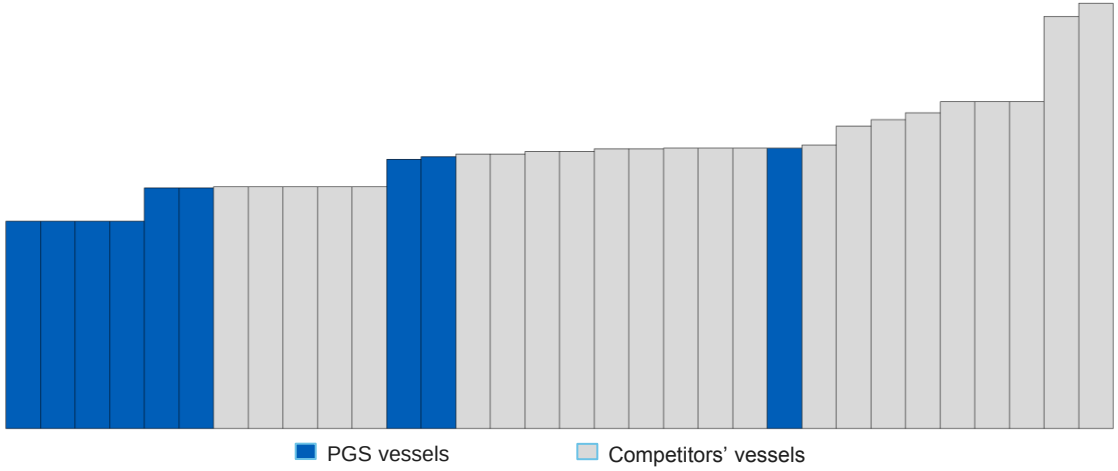


- Significant reduction in activity levels since 2013 has impacted pricing severely
- Currently good inflow of sales leads in Q1
- 1H 2017 will remain challenging on rates
- Industry booking starting to improve

PGS Fleet Well Positioned on the Industry Cost Curve



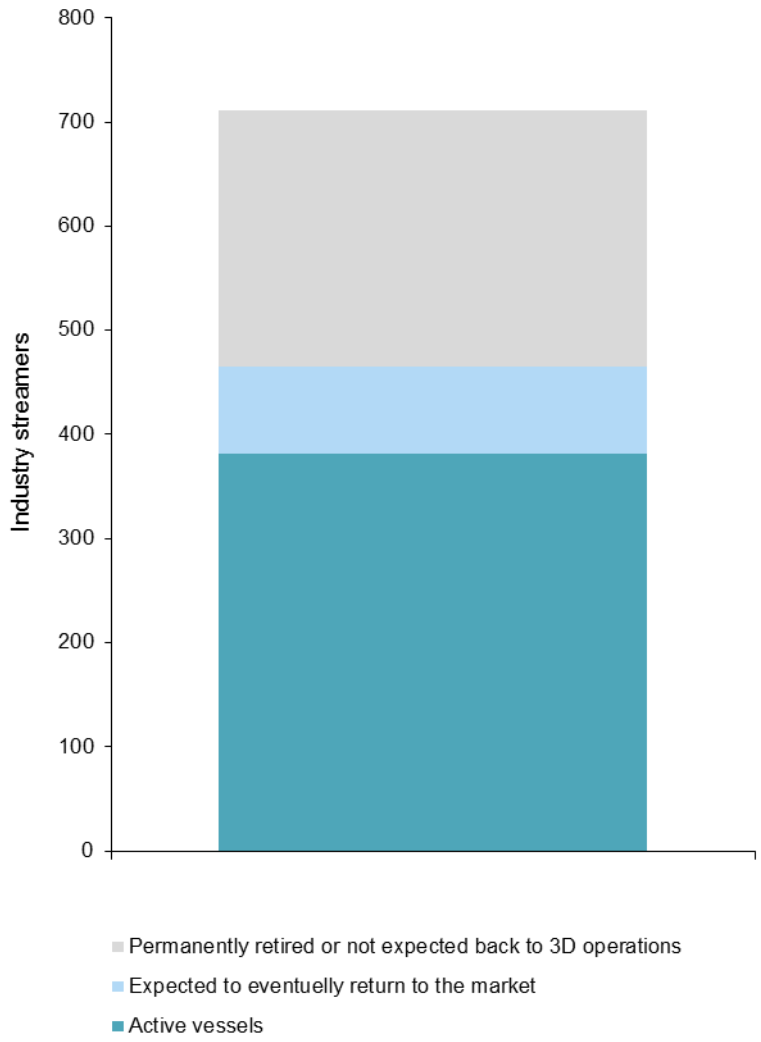
- Significant industry capacity reduction
- Approx. 30 3D vessels expected to be active most of 2017



- PGS retains lead on lowest cash cost per streamer

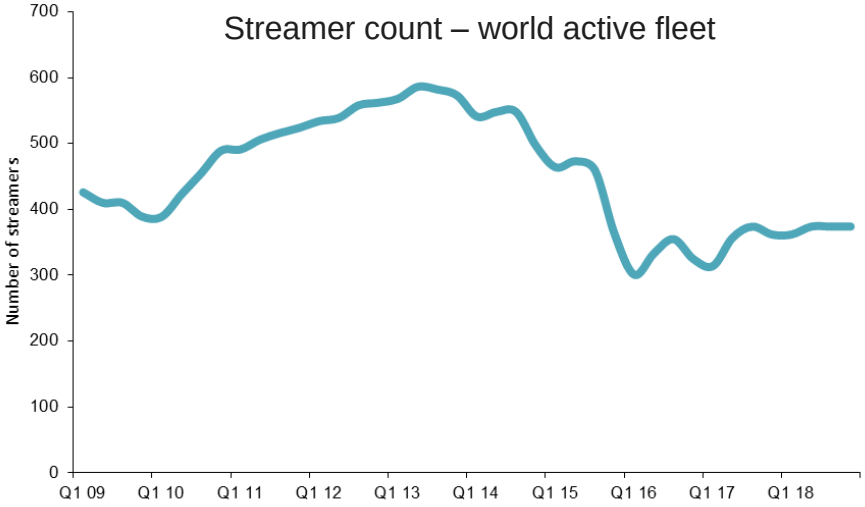
Source to both graphs: PGS internal estimates. The cash cost curve is based on typical number of streamer towed, and excludes GeoStreamer productivity effect. The graph shows all seismic vessels operating in the market and announced new-builds. The Ramform Titan-class vessels are incorporated with 16 streamers, S-class with 14 streamers.

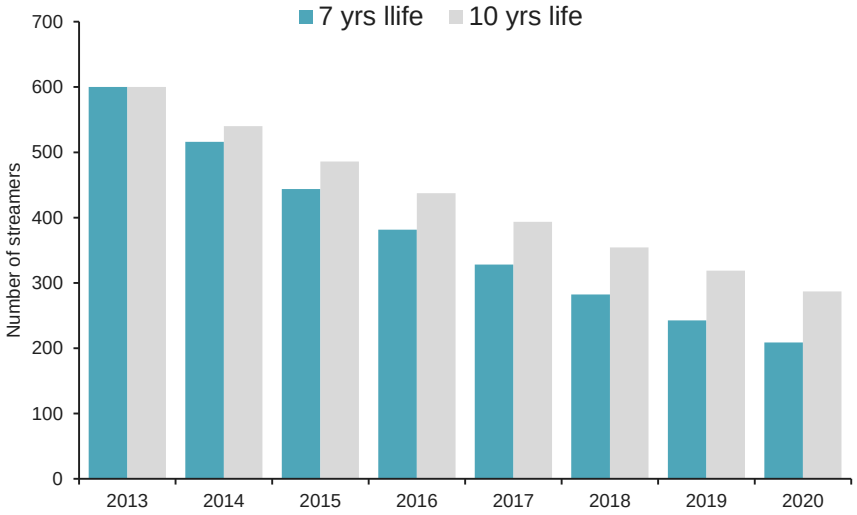
Most of the Stacked Capacity Will Not Come Back



- Industry capacity reduced by ~45% since the peak in 2013 – and the vessel retirements have generally been as predicted from the cost curve
- Due to the weak market, several modern efficient vessels have been stacked for strategic or company specific reasons
- PGS estimates ~100 streamers' worth of stacked capacity likely to return in a normalized market

The Common Challenge of The Marine Seismic Industry





- Streamers comprise the biggest single capex element for a 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

PGS Seismic Fleet 2017

Active vessels = Ultra High-end Ramforms and High-end Conventional Vessels

The Ultra High-end Ramforms

Ramform Titan

Ramform Atlas

Ramform Tethys

Ramform Hyperion

Ramform Sterling

Ramform Sovereign

High-end conventional (chartered)

PGS Apollo

Sanco Swift
Delivery Q1 2016

Sanco Sword
Cold stacked

2D/EM/Source

Atlantic Explorer

Flexible capacity: High-end Ramforms

Ramform Explorer
(cold stacked Q3 2015)

Ramform Challenger
(cold stacked Q4 2015)

Ramform Valiant
(cold stacked Q4 2015)

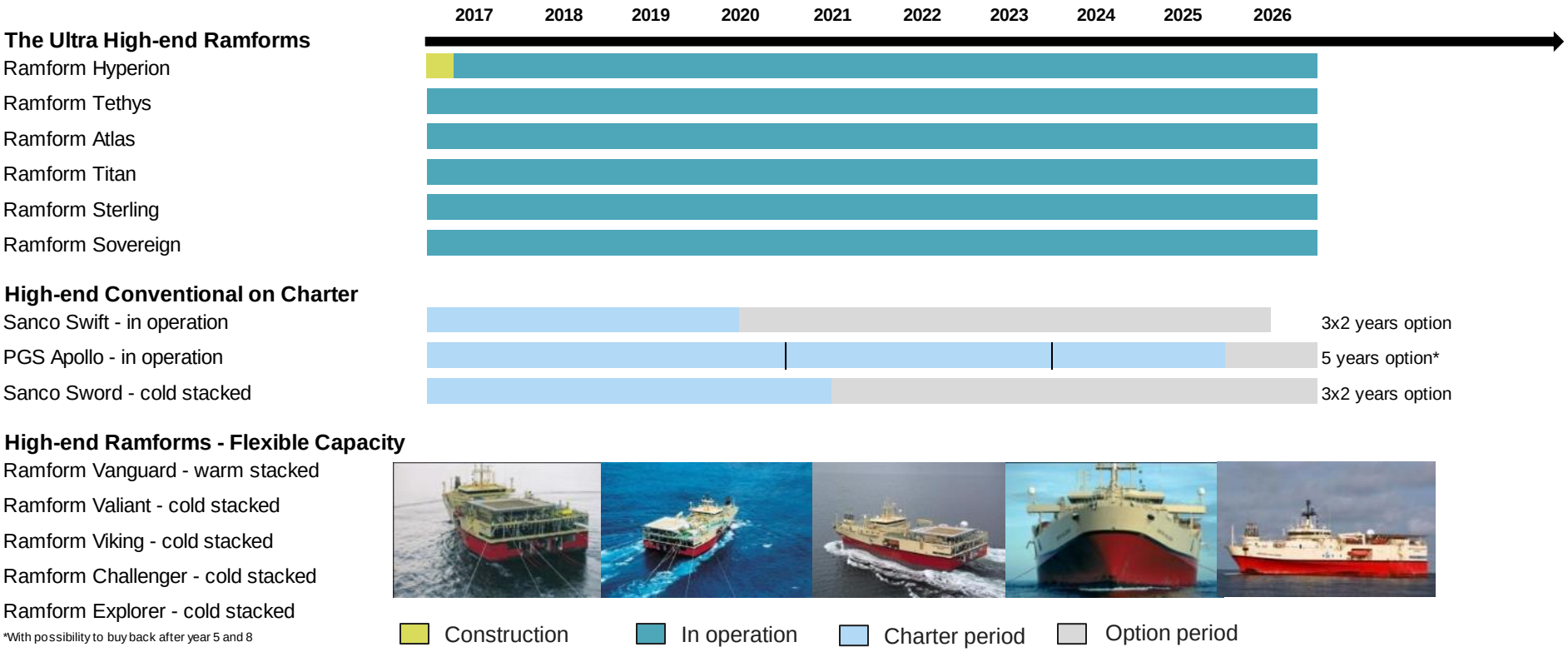
Ramform Viking
(cold stacked Q4 2015)

Ramform Vanguard
(warm stacked winter 2016-17)

PGS average active fleet age/streamer count: 4.5 yr/14.2

Competition average fleet age/streamer count: 9.3 yr/12.2

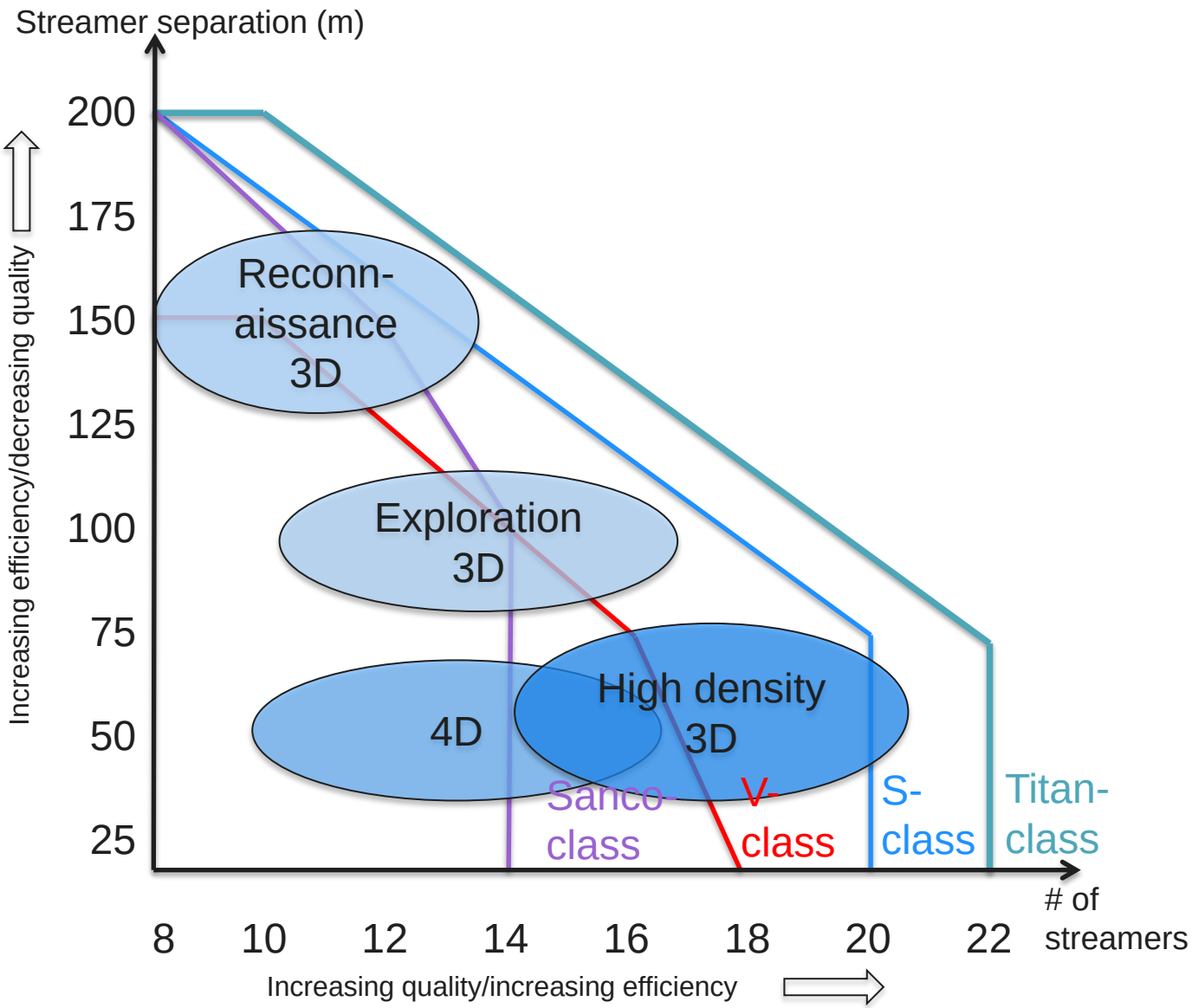
Fleet Structure Provides Flexibility Through the Cycle



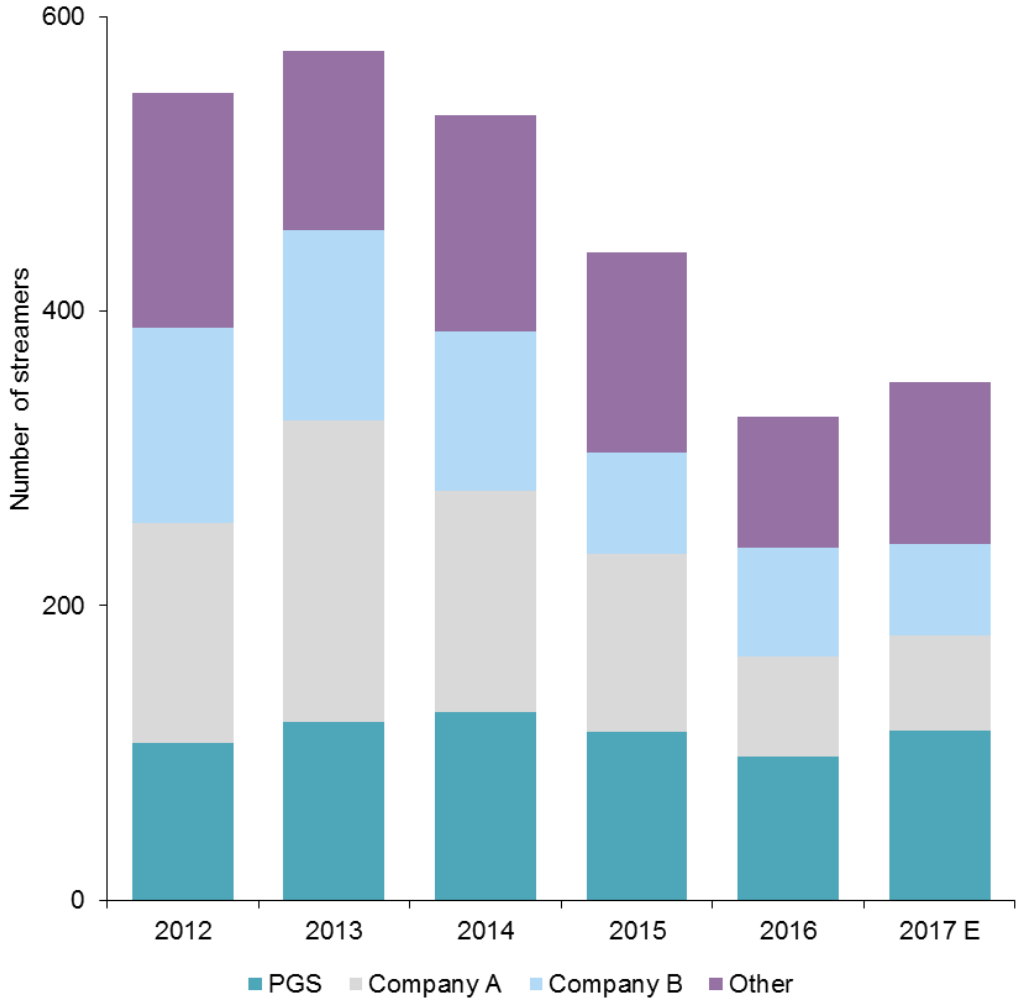
- Combination of chartered high capacity conventional 3D vessels and temporarily cold-stacked first generation Ramform vessels:
  - Improves fleet flexibility
  - Chartered capacity with staggered expiry structure
  - Positions PGS well to take advantage of a market recovery

Significantly reduced capex requirement going forward

PGS Fleet – Covering All Bases



A Strong Market Position

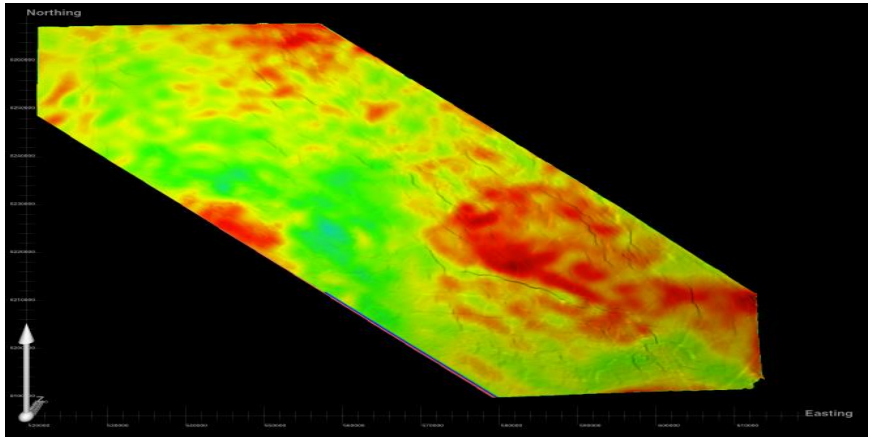


- PGS increases its market share to ~33% in 2017
- Lowest average age of active fleet in the industry
- PGS has the only fleet fully equipped with the latest technologies:
  - Multicomponent streamers
  - Streamer steering
  - Source steering
  - 12+ streamer count

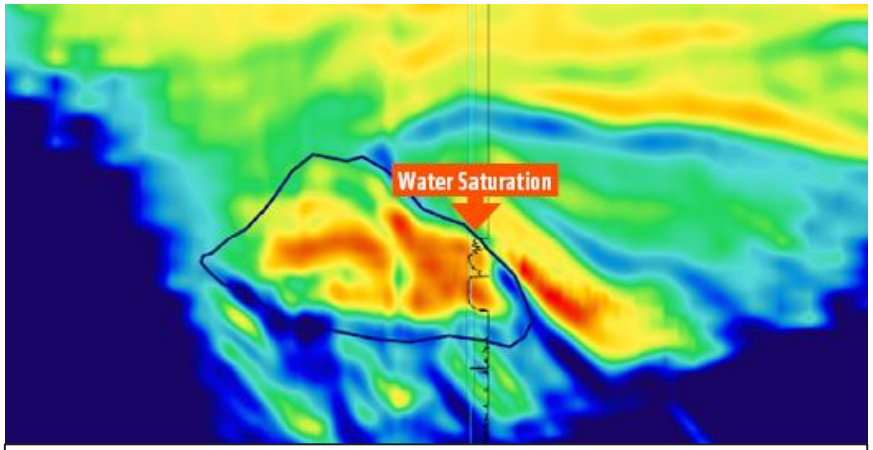
Ready to capitalize on market recovery

Towed Streamer Electromagnetics

From regional-scale exploration…



…to reservoir characterisation



Integrated products and services provided under license from Rock Solid Images Inc, to patent numbers US8064287, US7912649 and US12/135,729 and their related families

Unique value proposition:

- Data acquired with the same efficiency as Towed Streamer Seismic
- Superior data density for accurate mapping of sub-surface resistivity
- Integration with seismic data is key to unlocking the value of EM data
- Increasing number of license commitments referencing EM
- Resolved patent dispute with EMGS (April 2016)

Summary

- #1 position with major customers
- Market visibility building for the summer season
- H1 – 2017 will be challenging on rates
- PGS has a competitive fleet and a strong market position:
  - All vessels equipped with GeoStreamer
  - Leading on age and capacity
  - Reinforced position on the cash cost curve
  - Titan class vessels setting the standards for the next 25 years
  - PGS inactive fleet ready for the upturn, with some lead time to build new streamers

Seizing the opportunity to strengthen PGS' position in a weak market

Capital Markets Day

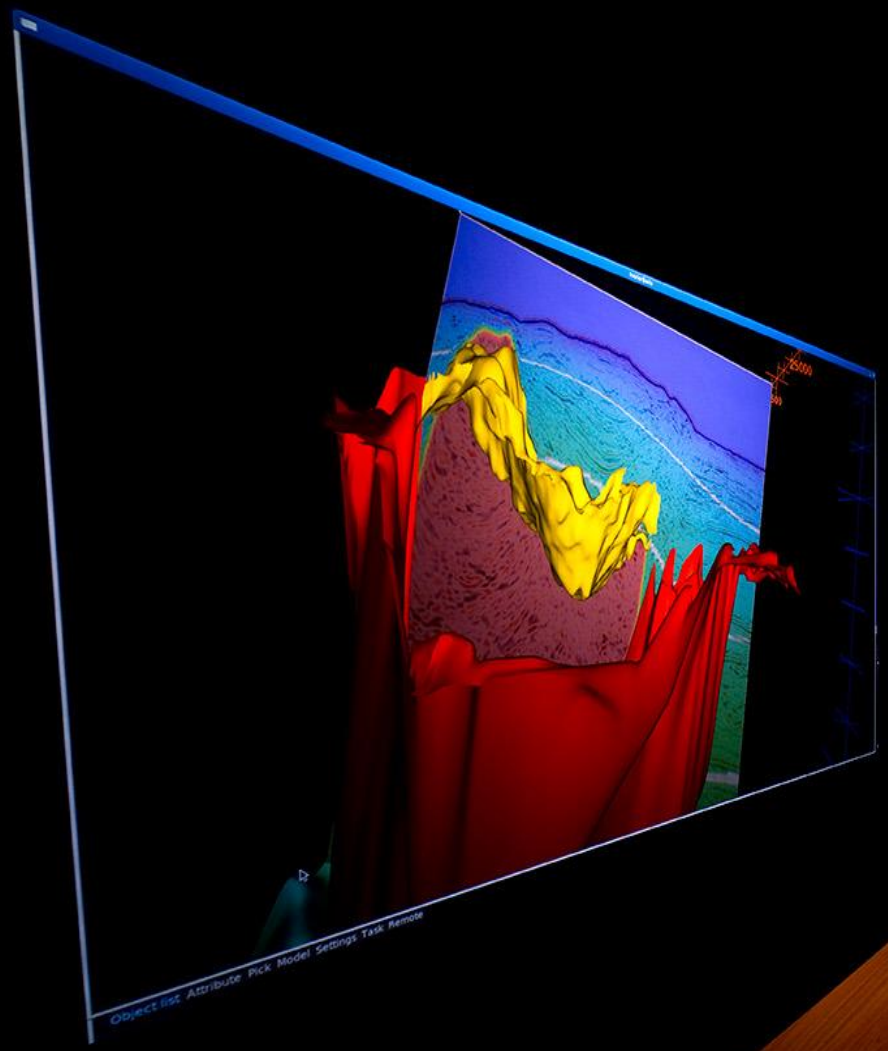
Oslo, February 16, 2017

Guillaume Cambois

Executive Vice President, Imaging & Engineering

A Clearer Image | www.pgs.com

Imaging & Engineering – What Does the Business Unit Do?

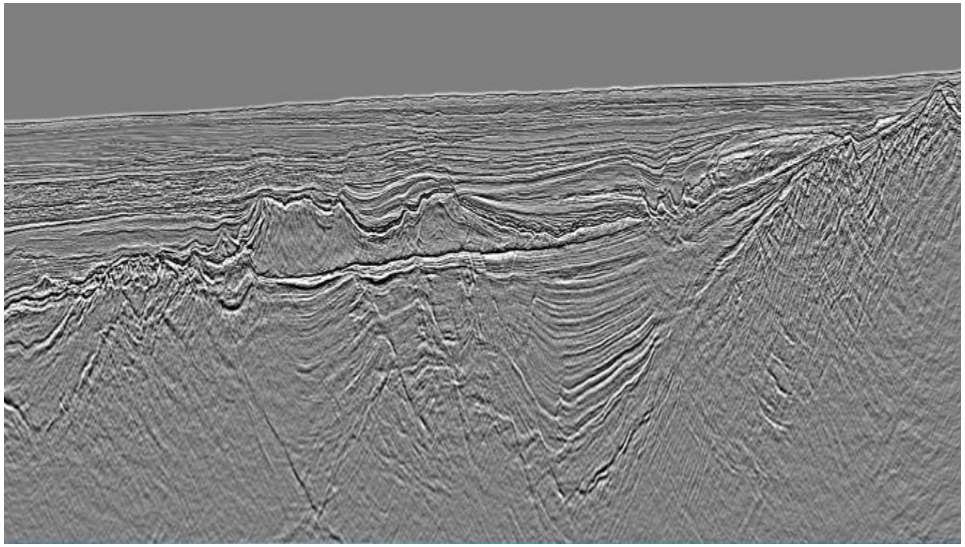


I&E has two departments:

- Imaging provides a full range of data processing, advanced imaging, and reservoir-related processing services to a global exploration and production customer base – and to PGS' MultiClient business
- Geoscience & Engineering constitutes PGS' R&D center

Outline

- What we have done to strengthen our position
- Key metrics
- Highlights
- GeoStreamer and 4D
- Going forward



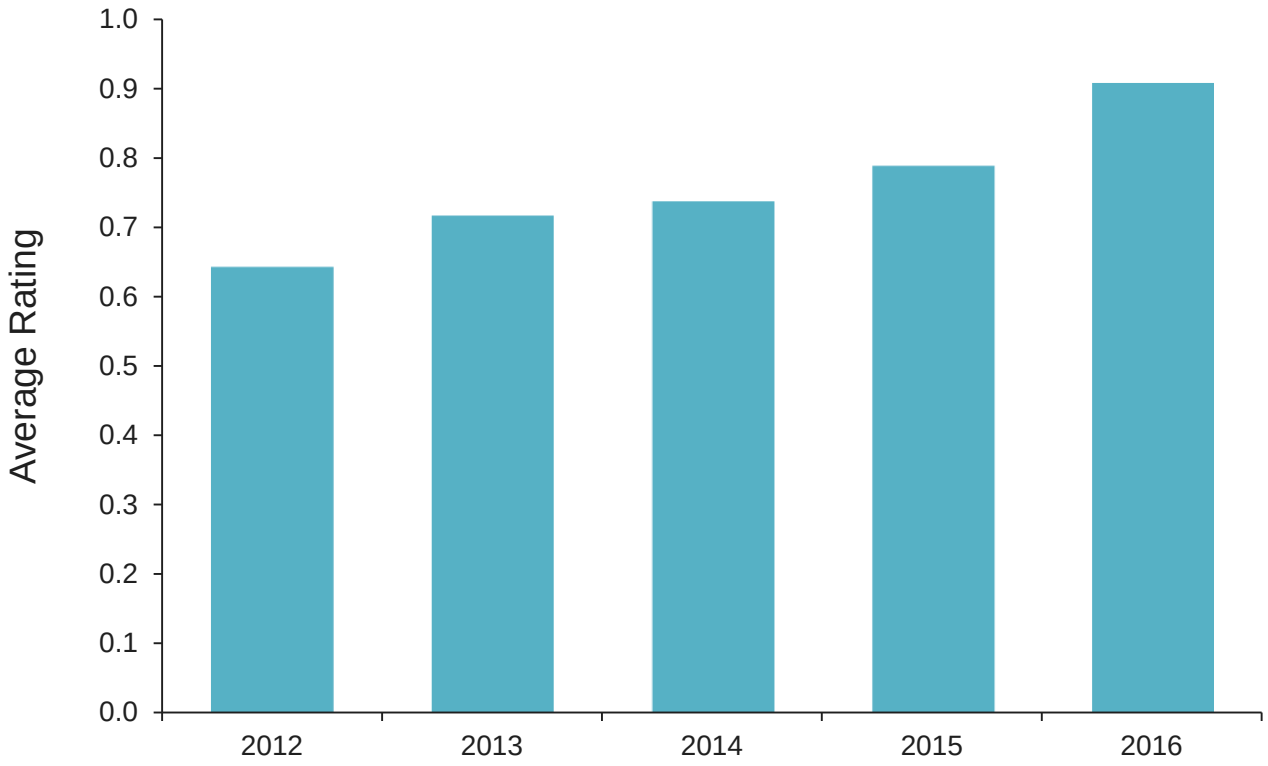
What Have We Done to Strengthen Our Position

Authors of The Leading Edge 2015 best paper award:
Dan Whitmore, Nizar Chemingui, Shaoping Lu, Alejandro Valenciano

Jostein Lima and Kevin Sherwood accept the Special Meritorious Award from Hart's E&P Editor Rhonda Duey

- **Pioneer broadband imaging**
  - First access to GeoStreamer data
  - Develop and patent differentiating tools
  - Set new standard for broadband images
- **Deploy groundbreaking technologies**
  - hyperBeam: *Hart's E&P* 2010 Special Meritorious Award for Engineering Innovation
  - SWIM: 2015 Best Paper in *The Leading Edge*
  - Next generation imaging algorithms using shared-memory architecture
- **Increase computer throughput**
  - Leader in shared-memory computer architecture
  - *Abel*: Cray XC40 installed in 2015 (still ranked 22 on the Top 500 list)
  - *Galois*: Cray XC30 installed in 2016
- **Deliver consistent quality of services**
  - Focus on training and project management
  - Develop a network of geophysical expertise
  - Define and implement unique workflows

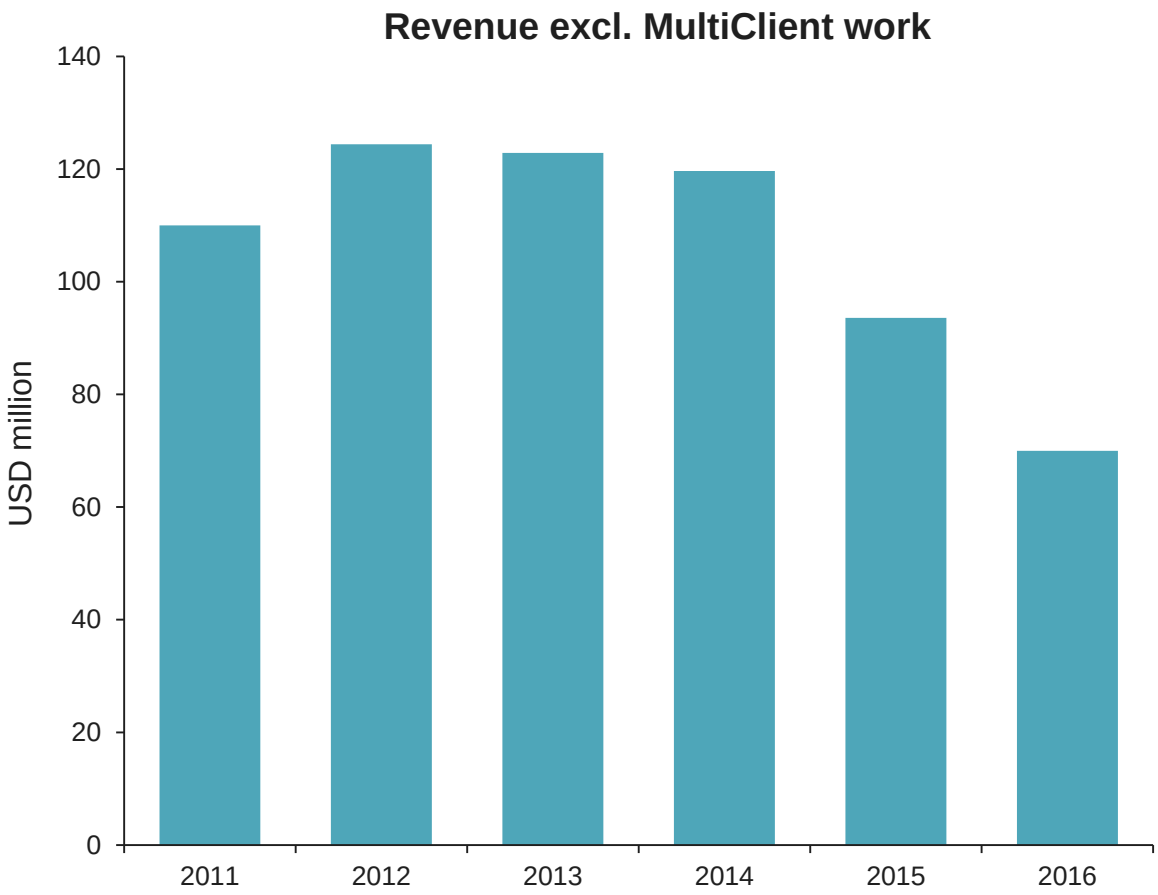
Quality and Customer Satisfaction Steadily Improving



2 = Excellent Performance
1 = Above Expectations
0 = Met Expectations
-1 = Below Expectations
-2 = Poor Performance

Clients rate all completed imaging projects across 10 categories

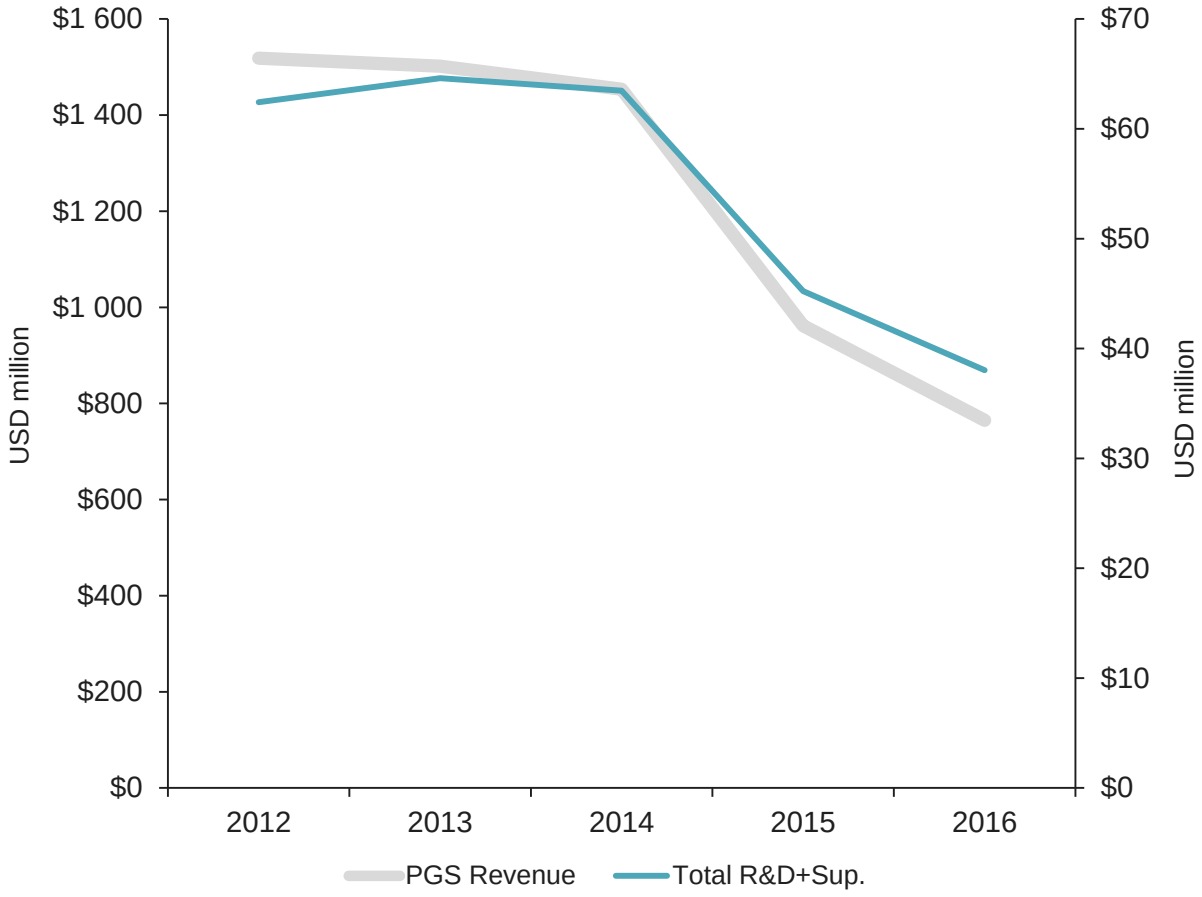
Imaging External Revenue Follows Market Downturn



- Imaging market down following decrease of square kilometers acquired and streamer capacity
- Market share increasing slightly
- Smaller competitors going out of business
- MultiClient work sustained year on year

Resilience driven by GeoStreamer, high-end imaging and productivity improvements

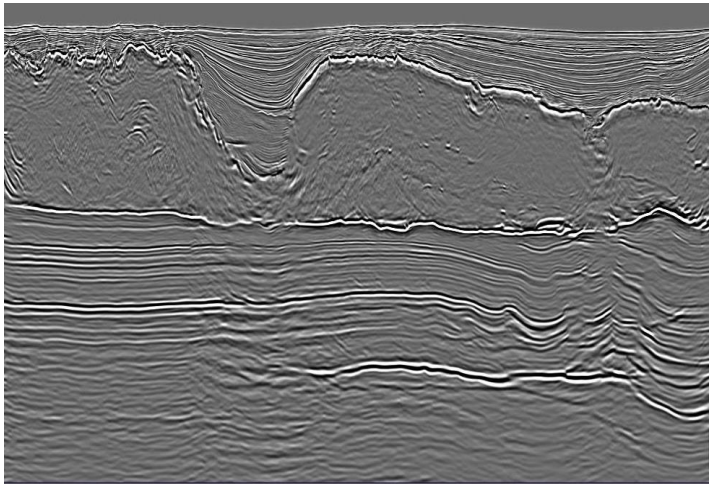
R&D Spending Scaled to Adapt to Market



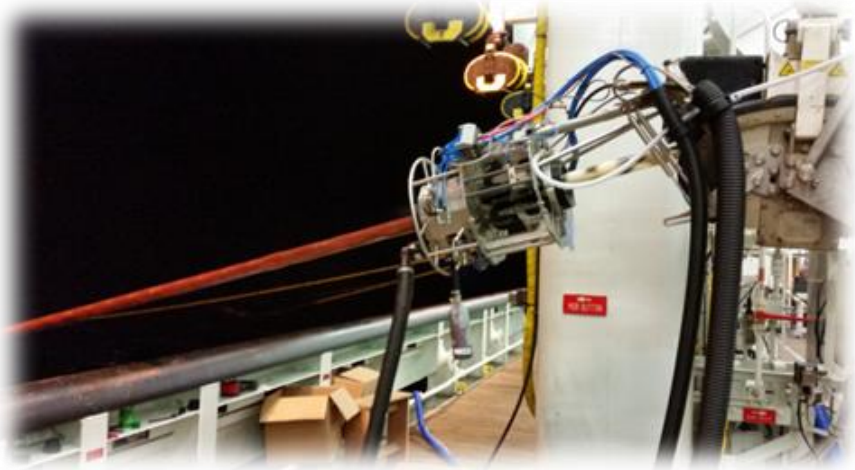
- R&D focused on Imaging technologies and GeoStreamer improvements
- Committed to innovation, efficiency and safety
- Sustained by dedicated, reliable pioneers

Focus on differentiation and productivity

Imaging & Engineering Highlights 2016



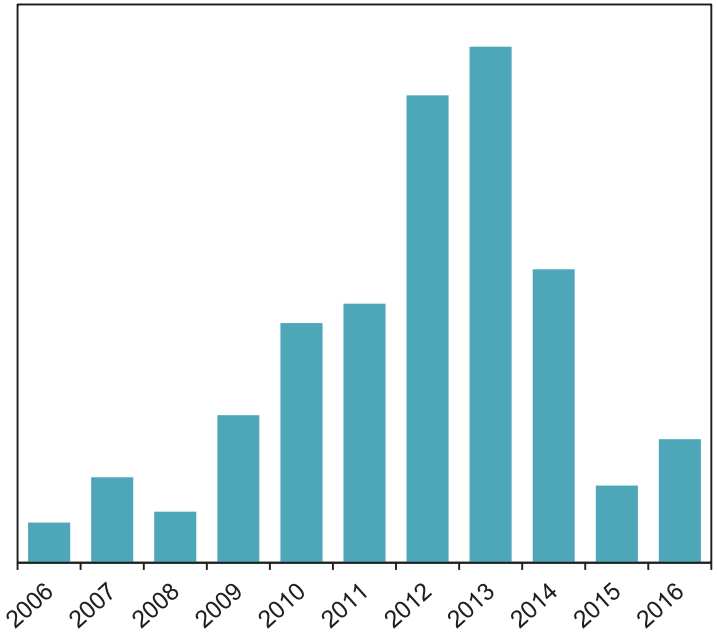
- Triton full-azimuth Gulf of Mexico survey delivered on time with quality that confirms the superiority of GeoStreamer acquisition design
- Full 3D Pre-Stack Time Fast-Track migration of 14,677 sq.km. completed successfully for the first time onboard a vessel and delivered within days of last shot
- Additional Cray supercomputer in Houston increases PGS leadership in shared-memory architecture
- Next generation anti-barnacle equipment successfully tested on the fleet



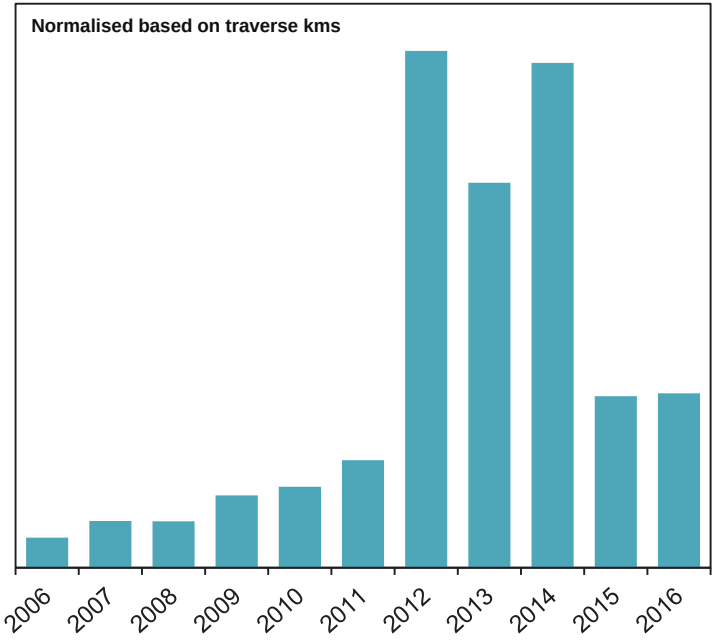
Focus on Barnacles for Improved Safety and Performance

- Less workboat exposure for barnacle scraping
- Dramatic reduction in barnacle related standby
- Reduced noise in GeoStreamer records
- Significant increase in average vessel speed

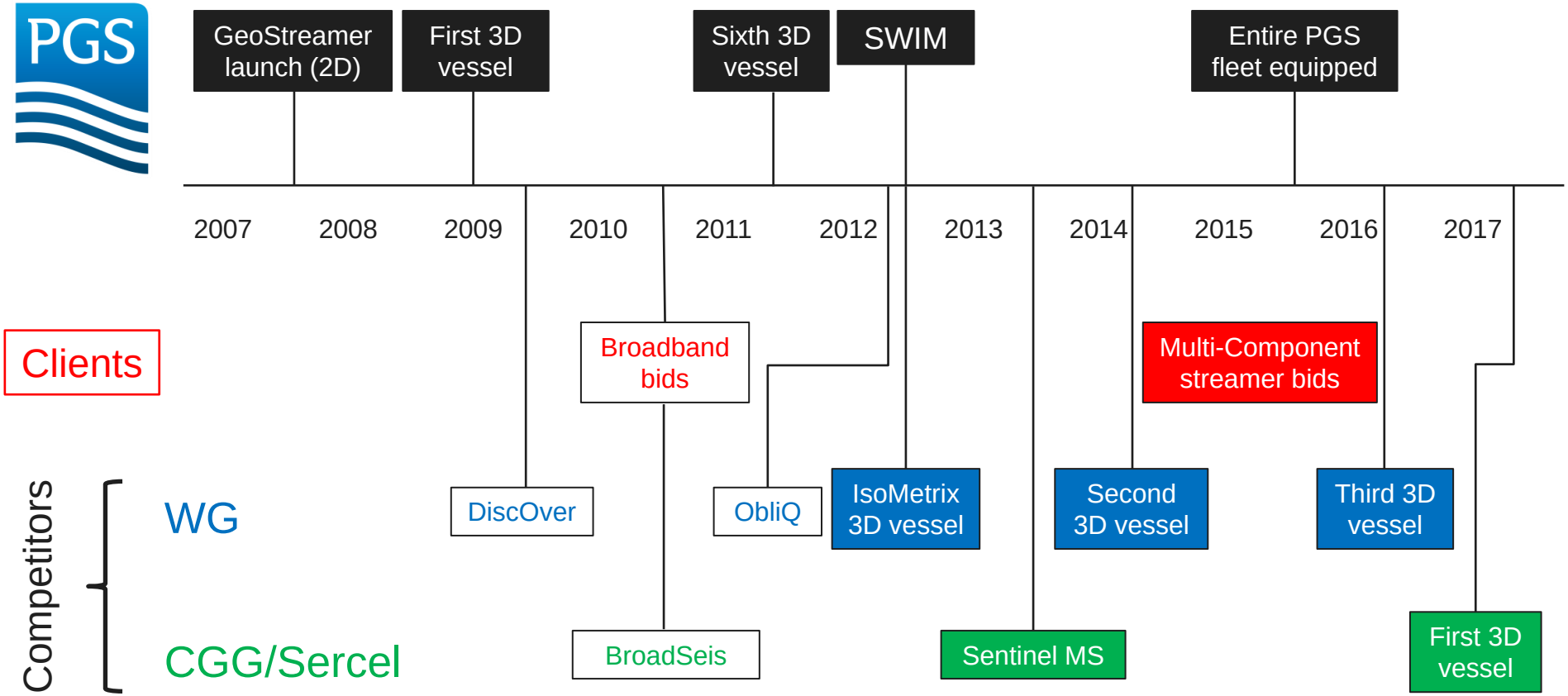
Standby Hours for Barnacles



Workboat Barnacle Cleaning



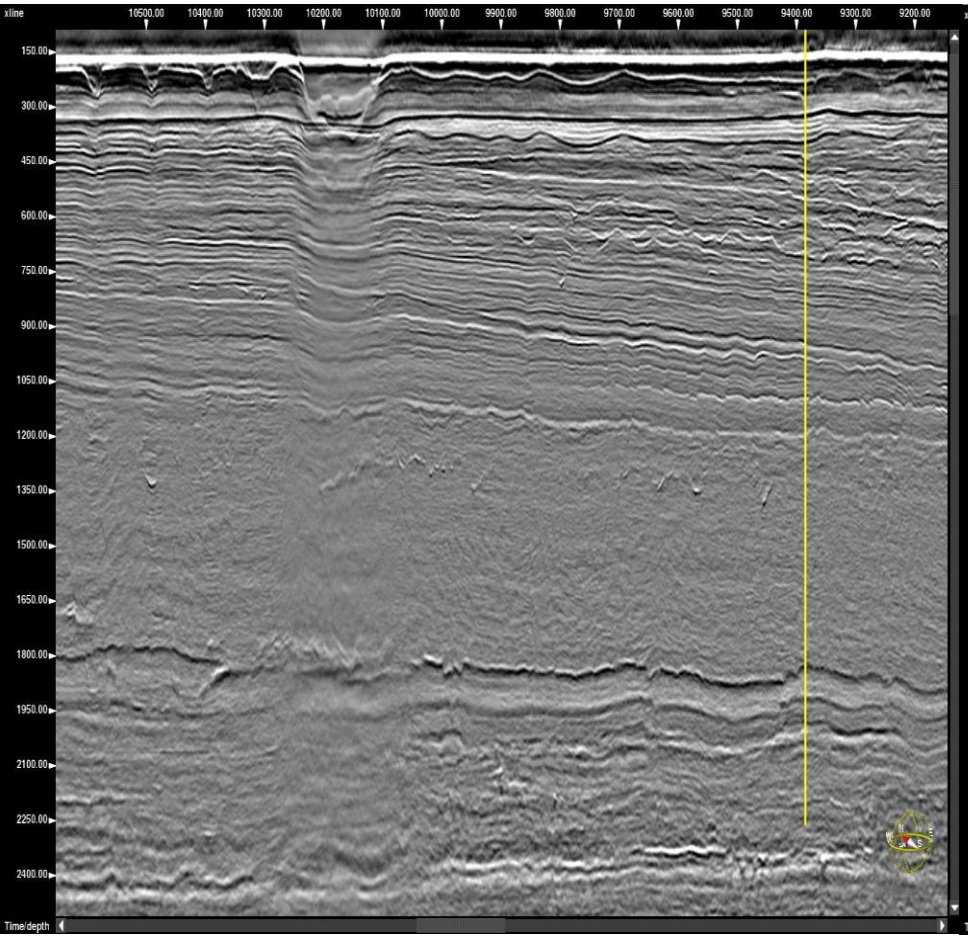
GeoStreamer Led Industry to Adopt Multi-Component Streamers



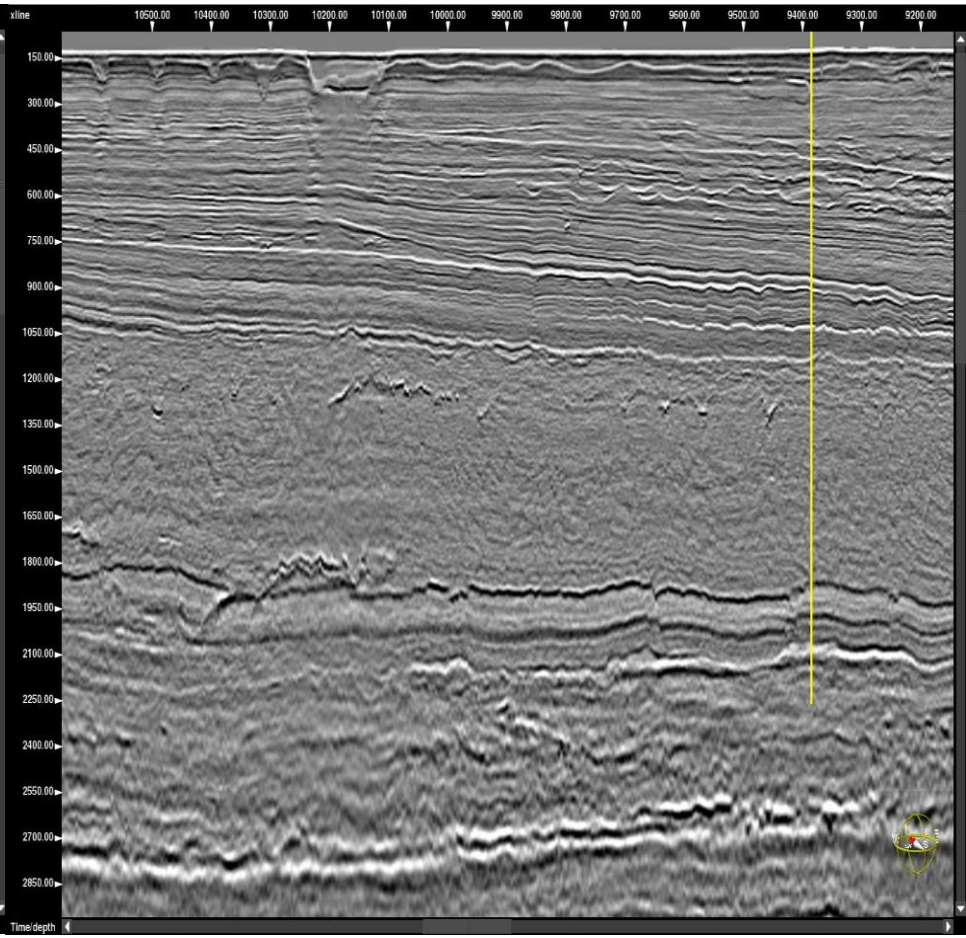
Multi-Component streamers offer far more benefits than just broadband seismic

GeoStreamer: Setting New Standards in Imaging

Legacy Time Imaging



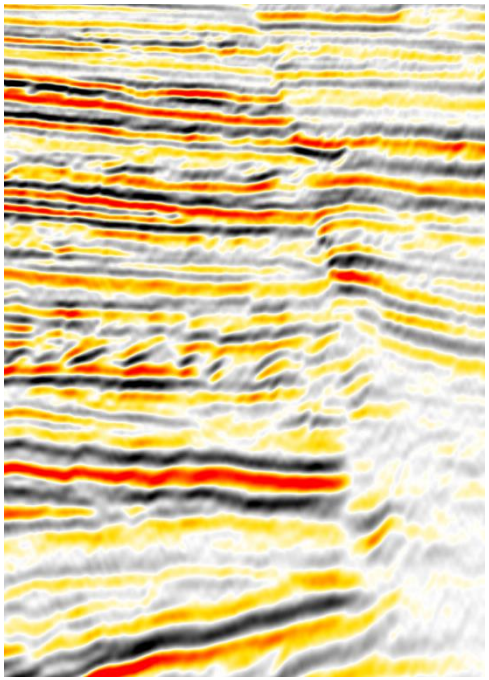
GeoStreamer Depth Imaging



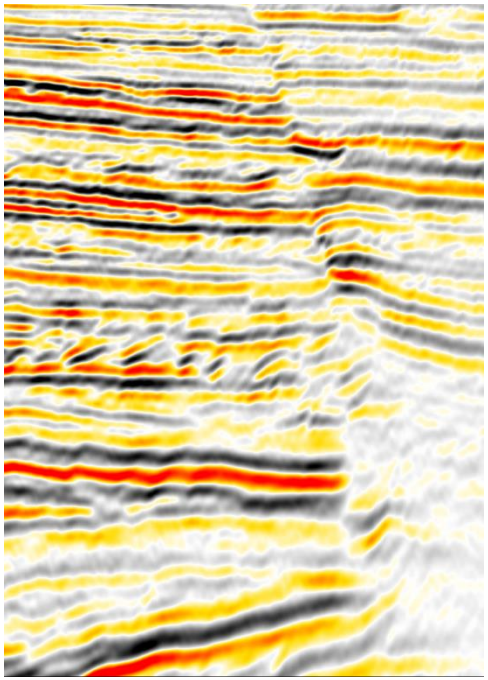
Recent advances in GeoStreamer imaging helped rejuvenate the North Sea

GeoStreamer Improves Repeatability of 4D Surveys

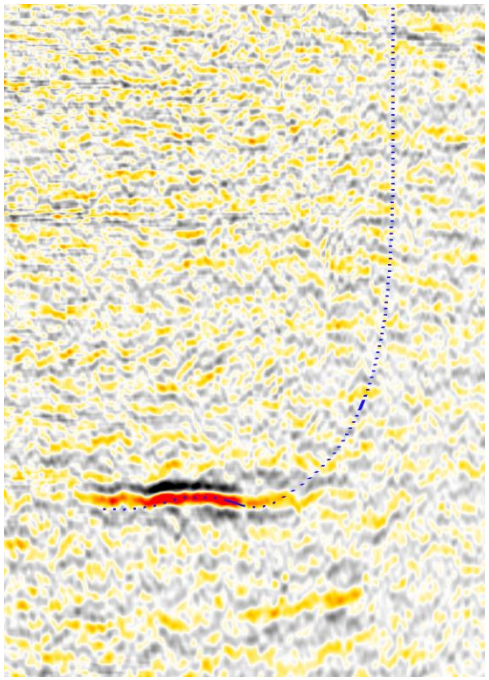
Base survey



Monitor survey

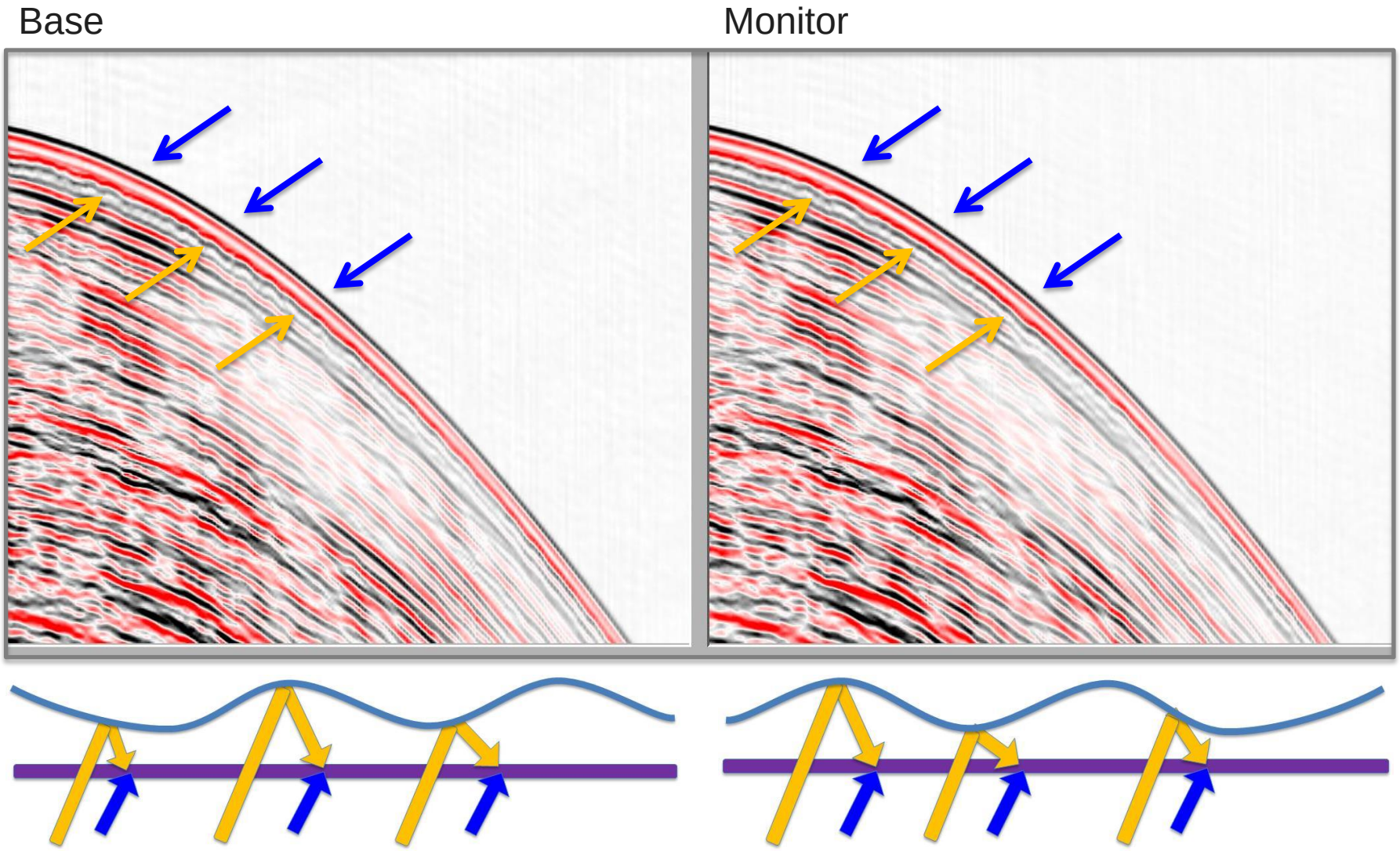


Difference x5



- 4D surveys are meant to capture changes in fluid contents within producing reservoirs
- The seismic response to reservoir changes is often a very weak signal
- Repeatability in acquisition and imaging is critical to minimize 4D signal interferences
  - Steerable streamers and sources a must
  - Permanent installations required in extreme cases
- Some factors are inherently non-repeatable
  - Weather and sea-surface swell

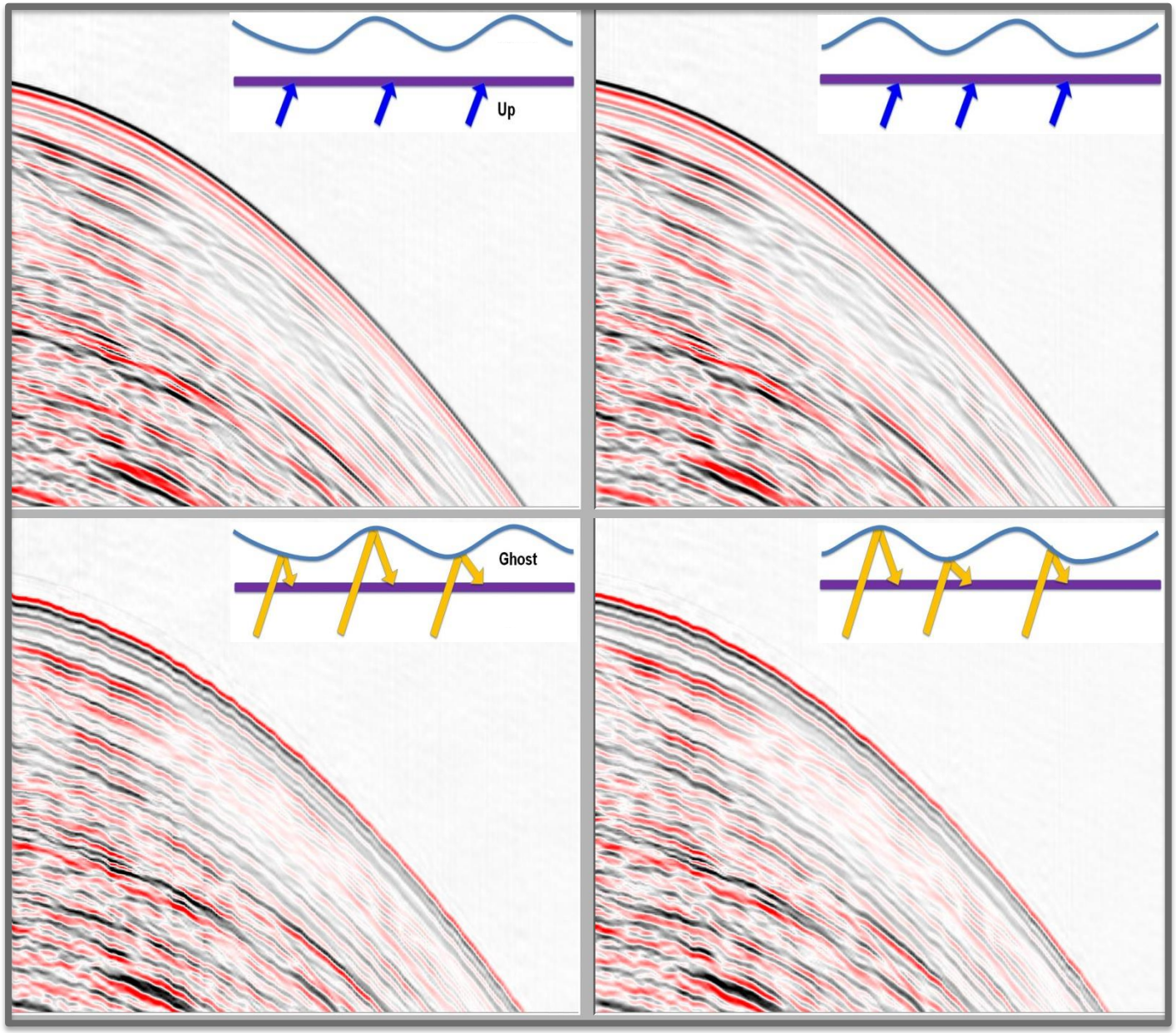
Hydrophones Record the Non-Repeatable Sea-Surface Swell



GeoStreamer Wavefield Separation Isolates Sea-Surface Swell in Down-Going Wave Making Up-Going Wave More Repeatable

Base
(up-going)

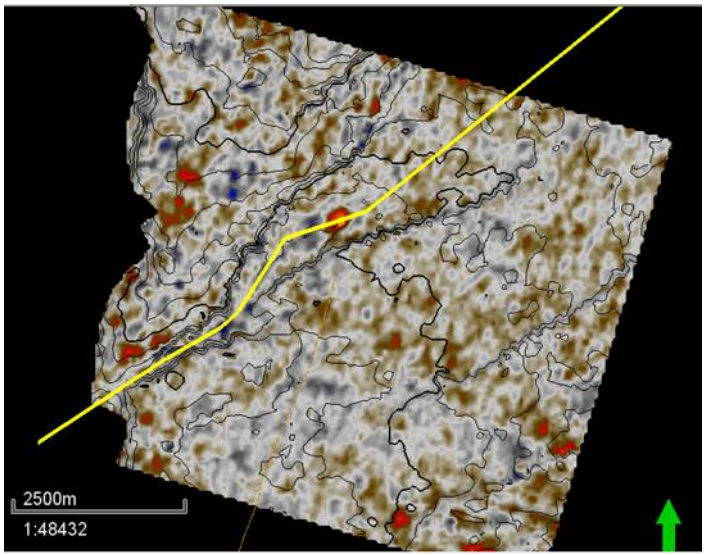
Monitor
(up-going)

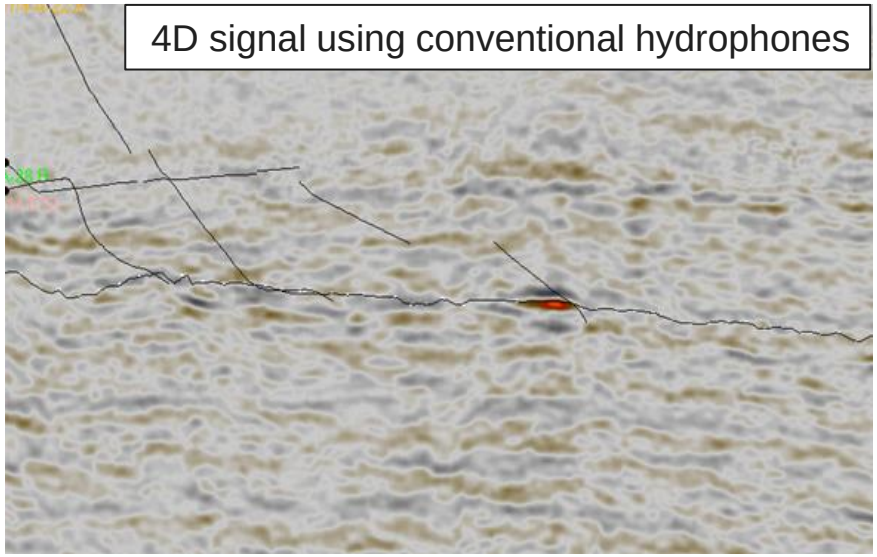


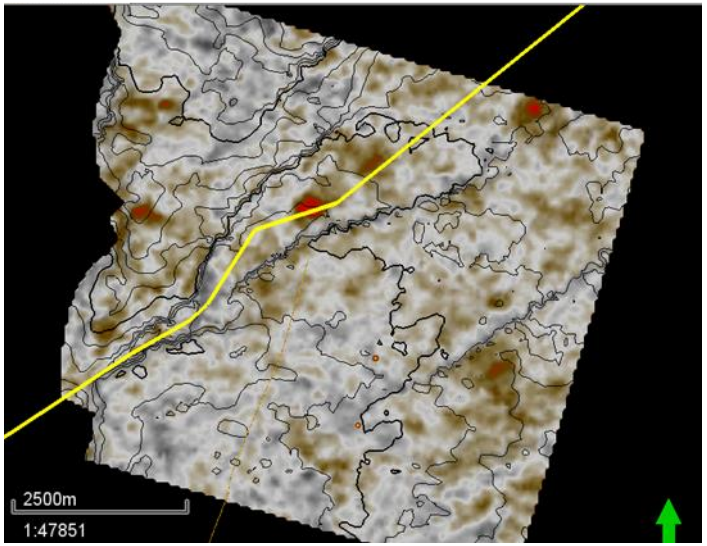
Base
(down-going)

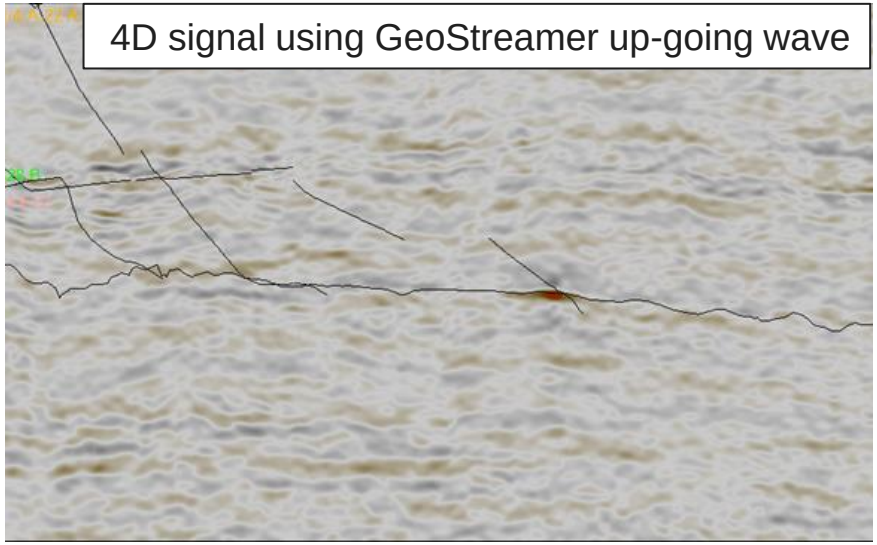
Monitor
(down-going)

GeoStreamer Provides Clearer Images of Fluid Changes



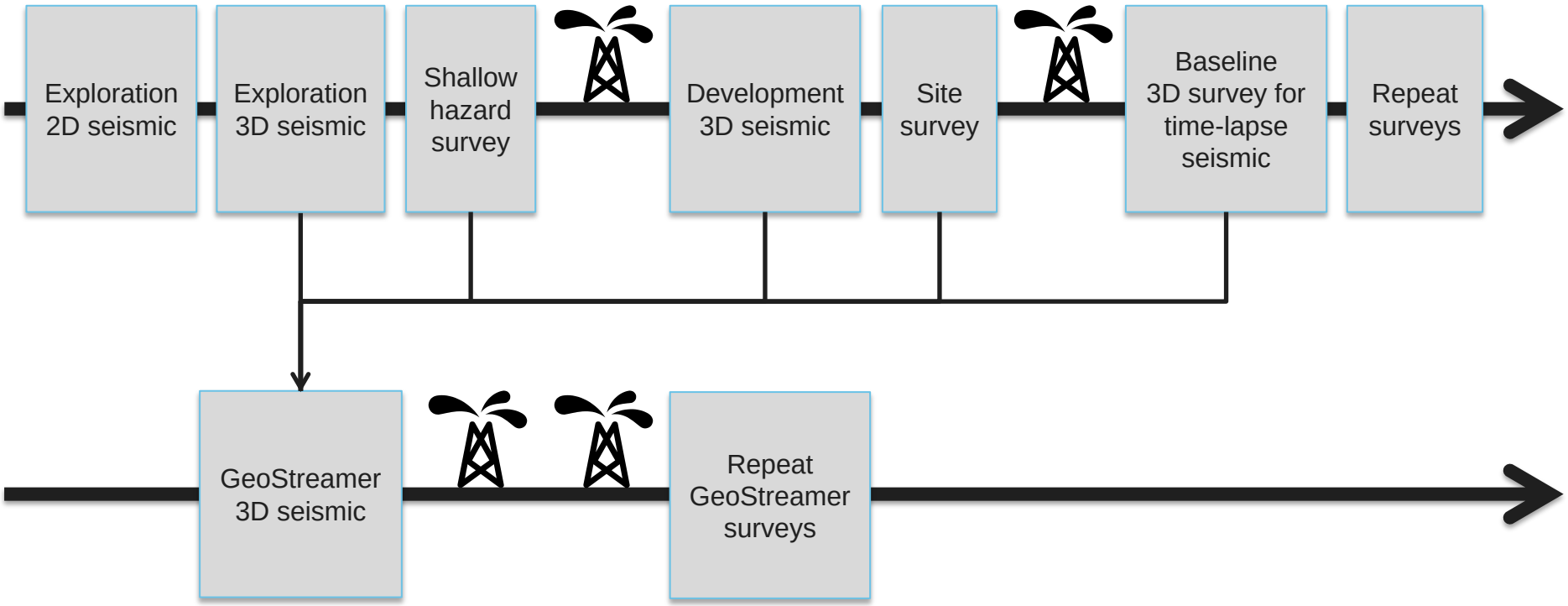






The Life Cycle of Seismic Surveys

Traditional paradigm: a series of “fit-for-purpose” (i.e., limited purpose) surveys



GeoStreamer paradigm: a single “full-purpose” survey used for exploration, development, shallow hazards, site surveys and baseline for 4D seismic and reservoir monitoring

GeoStreamer reduces total E&P costs and shortens field development cycle-time

Imaging Going Forward

- Remain focused on quality and client satisfaction
- Leverage large PGS fleet for data access
- Use increased computer capacity and shared-memory to enhance image quality
- Introduce new groundbreaking technologies
  - Expanding on GeoStreamer capabilities
  - Using compute power to automate imaging tasks

Imaging & Engineering: Best Positioned to Benefit from Upturn

- Current market low following decrease in acquired 3D marine data
  - Smaller competitors going out of business
  - PGS resilience due to unique technology, quality of services and MultiClient investments

- Marine market rebound will favor multi-component streamers
  - GeoStreamer recognized as the leading technology
  - PGS fleet fully equipped with GeoStreamer
  - PGS Imaging the reference for multi-component streamers

- PGS new imaging algorithms fully harness the power of multi-component streamers
  - SWIM: Separated Wavefield Imaging
  - FWI: Full Waveform Inversion
  - Improved 4D repeatability

- Shared memory computer architecture a step change in Imaging throughput
  - PGS has a head start with Cray supercomputers

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Capital Markets Day – Stronger in a Weak Market

Oslo, February 16, 2017

Concluding Remarks - Jon Erik Reinhardsen

President & CEO

A Clearer Image | www.pgs.com

Stronger in a Weak Market

- **MultiClient:**
  - Fleet and GeoStreamer technology position PGS well to take advantage of a changing MultiClient market
  - Financial performance of MultiClient continues to improve
  - Prudent MultiClient risk assessment in place

- **Marine Contract:**
  - Ranked #1 marine seismic contractor with large majority of IOCs
  - Increasing market share, reducing average fleet age and reinforcing position on cost curve
  - Strong position in the 4D market

- **Operations:**
  - Industry leading HSE and operational performance
  - Improving towing capabilities – moving goalposts for seismic acquisition
  - Flexible vessel capacity to fill all roles

- **Imaging & Engineering:**
  - Pioneering broadband imaging and deploying groundbreaking technologies
  - Quality and customer satisfaction steadily improving
  - Committed to innovation to improve data quality and vessel productivity

In Conclusion

- Improved capital structure to optimize competitive position
- Reducing cost and capital expenditures further
- Industry leading MultiClient performance
- Strong operational performance
- Improving fleet flexibility and productivity
- Continuing to enhance imaging capabilities

PGS - stronger in a weak market

Thank you – Questions?