



Pareto Securities Nordic Corporate Bond Conference 2018

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EVP & CFO

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Cautionary Statement

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

MultiClient Drives Revenue and EBITDA Growth



- 2017 EBITDA of USD 374.1 million
 - Q4 EBITDA of USD 122.8 million
- Strong full year MultiClient performance:
 - Pre-funding level of 140%
 - Full year sales-to-investment close to 2.5 times, up from 2.3 times in 2016
 - MultiClient revenues increased 14% compared to 2016
- Challenging marine contract market with significant seasonal swings
- Liquidity reserve of USD 257.3 million
- Implemented a centralized, simplified and streamlined organization
- Implemented measures to reduce 2018 gross cash cost by more than USD 100 million compared to 2017

Well positioned to be cash flow positive after debt service in 2018

Re-focused & Re-energized: Increasing Organizational Effectiveness



Sales & Services

Sales

MultiClient, Contract and Imaging

New Ventures

Building new MultiClient programs and strategic positioning in new basins

Imaging

Streamlined and effective Imaging organization

Operations & Technology

Project Planning & Bidding

Servicing MultiClient & Contract sales

Project Delivery

One project execution team

Seismic Acquisition & Support

Continue efficiency improvements

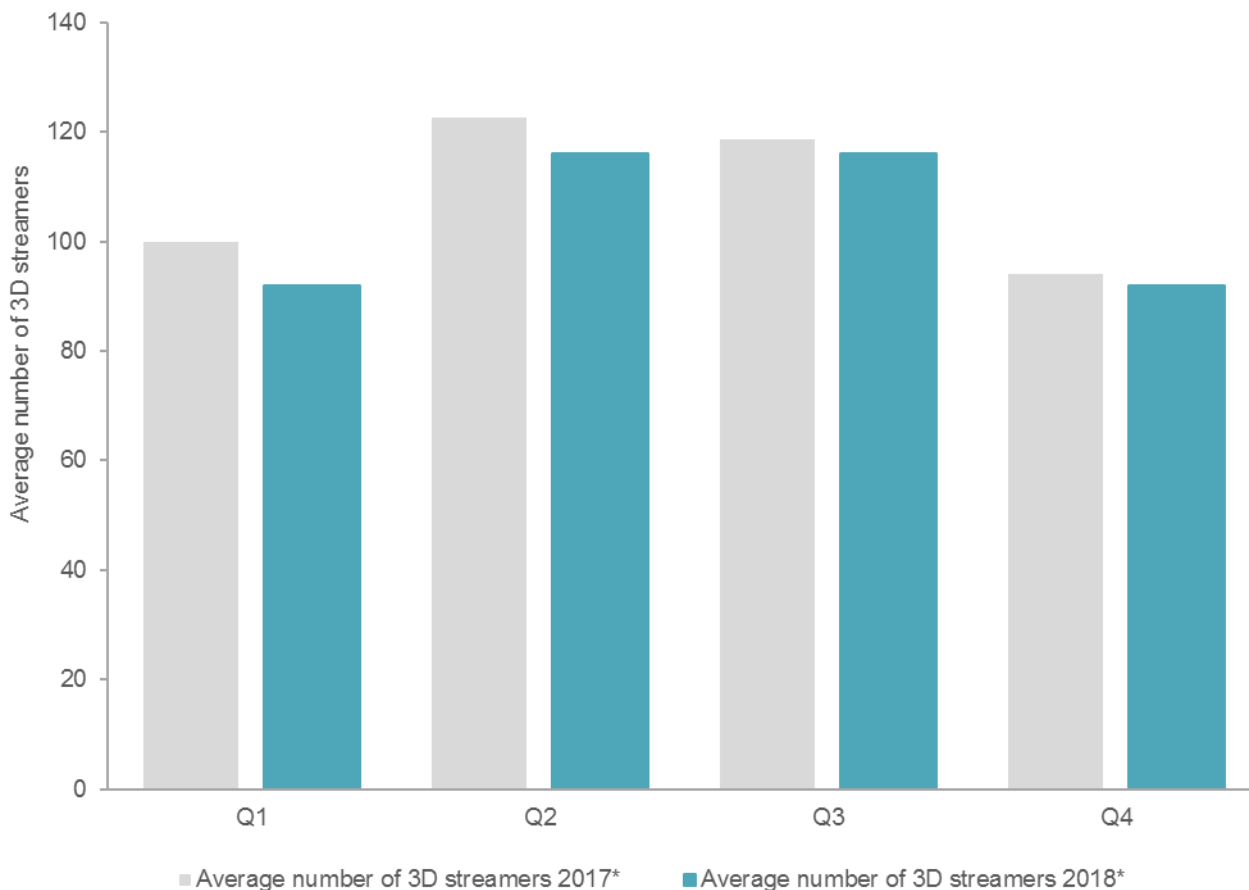
Geoscience & Engineering

Differentiating technology development

- A smaller, centralized and simplified organization with more flexible vessel and imaging capacity
- Increased focus on sales from all product lines
- Streamlined process for handling bids
- Improved project execution
- More effective Imaging organization

Focus on short term profitability – building a sustainable foundation for longer-term performance

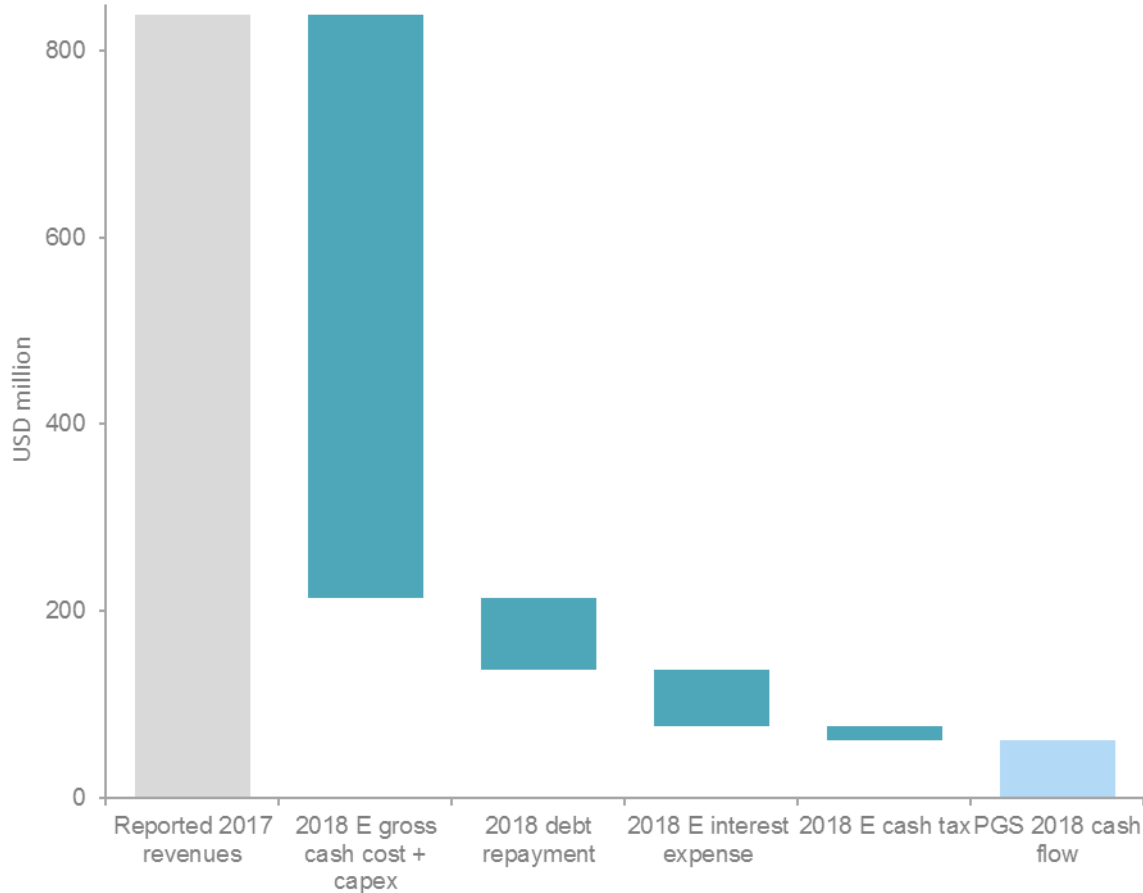
Earnings Capacity Maintained: 2018 Streamer Capacity in line with 2017 Streamer Capacity



*Excludes cold and warm stacked vessels.

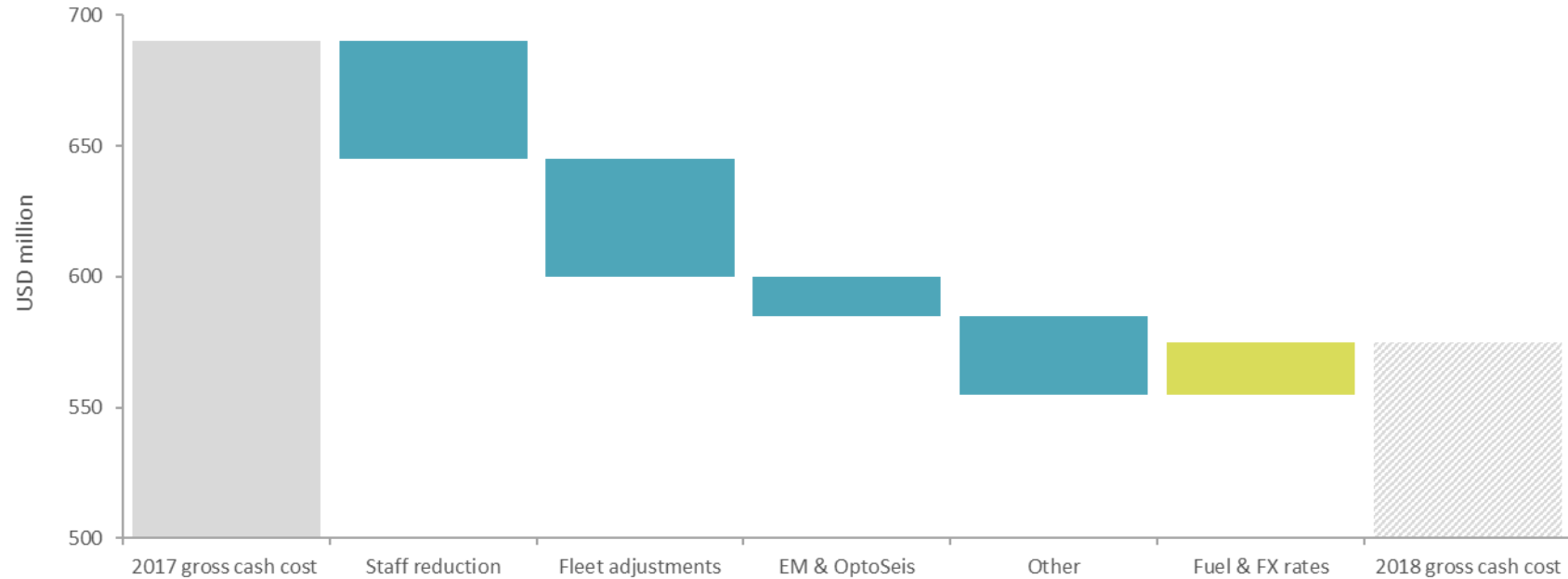
- PGS operates a fleet of eight 3D vessels, of which two will be used selectively
 - Address seasonal demand swings
- Adjusting the Company's cost base to six vessels
- Revenue generating capacity will be approximately the same in 2018 compared to 2017
 - Assuming six vessels in operation in Q1 and Q4, and eight vessels in Q2 and Q3
- On average, active vessel capacity in 2018 will be newer and more efficient than in 2017

Reorganization: Cash Flow Positive in a Flat 2018 Market vs. 2017



- Assuming flat revenues in 2018 vs. 2017 PGS will generate positive cash flow after debt repayment
- 2018 debt repayments include USD 51 million of amortizing loans and USD 26 million final maturity of the 2018 Senior Note
- Delivering a positive cash flow after debt service is the primary financial target for 2018 and should position the Company to re-finance well in advance of 2020 maturities

2018 Cost Reductions Driven by Reorganization



- Gross cash cost in 2017 ended at USD 690 million
- A centralized, simplified and streamlined organization combined with more flexible vessel and imaging capacity will reduce gross cash cost by more than USD 100 million in 2018
 - Some offsetting effect of higher oil price/fuel cost and a stronger NOK and GBP against USD
- Tight overall cost control remains a priority

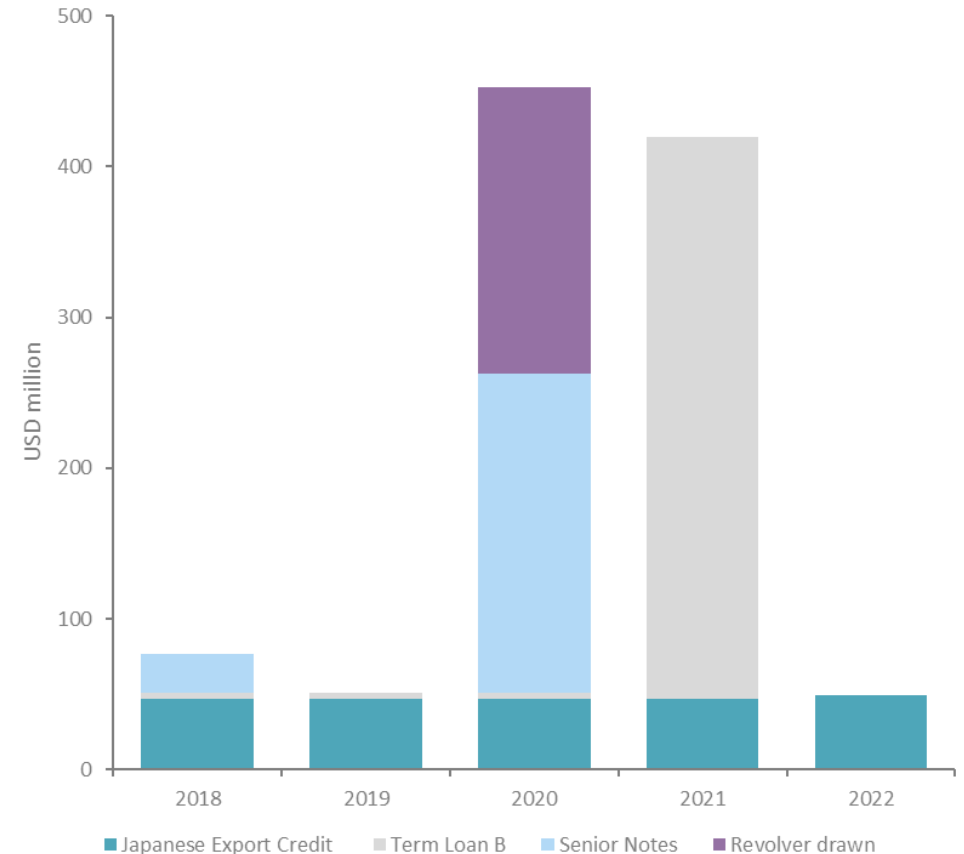
Summary of Debt and Drawing Facilities

Debt and facilities at 31 Dec 2017:

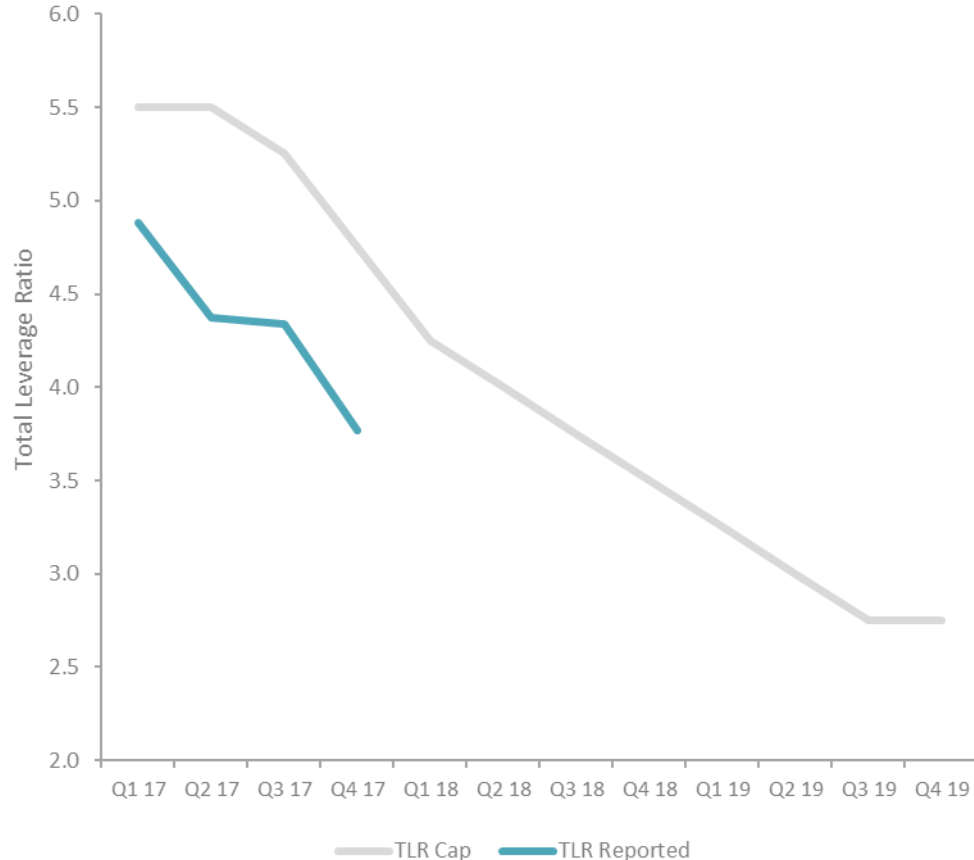
Long-term Credit Lines and Interest Bearing Debt	Nominal Amount	Total Credit Line	Financial Covenants
USD 400.0m TLB, due 2021 Libor (minimum 0.75%) + 250 bps	USD 385.0m		None, but incurrence test: total leverage ratio $\leq 3.00x^*$
Revolving credit facility ("RCF"), due 2020 Libor + margin of 325-625 bps (linked to TLR) + utilization fee	USD 190.0m	USD 400.0m**	Maintenance covenant: total leverage ratio 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 416.5m		None, but incurrence test for loan 3&4: Total leverage ratio $\leq 3.00x^*$ and Interest coverage ratio $\geq 2.0x^*$
December 2020 Senior Notes, coupon of 7.375%	USD 212.0m		None, but incurrence test: Interest coverage ratio $\geq 2.0x^*$
December 2018 Senior Notes, coupon of 7.375%	USD 26.0m		None

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

Maturity profile:

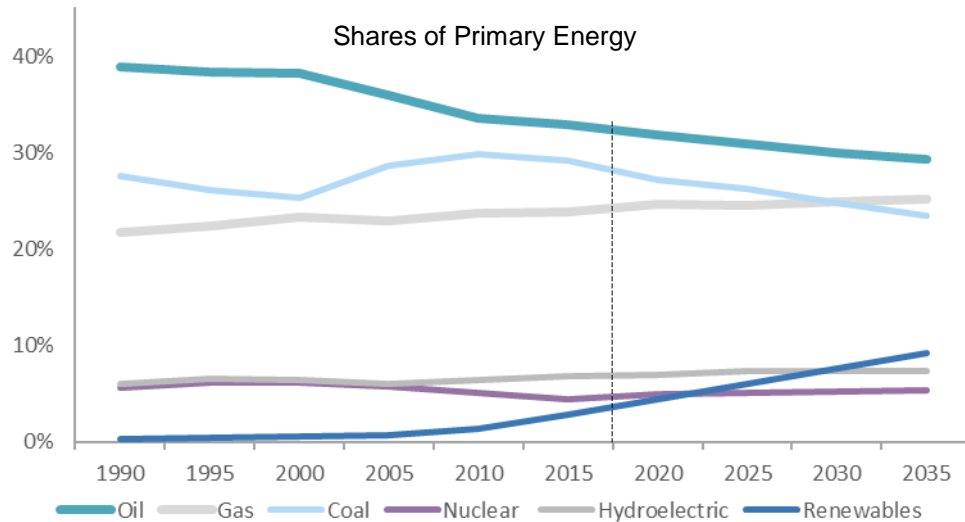
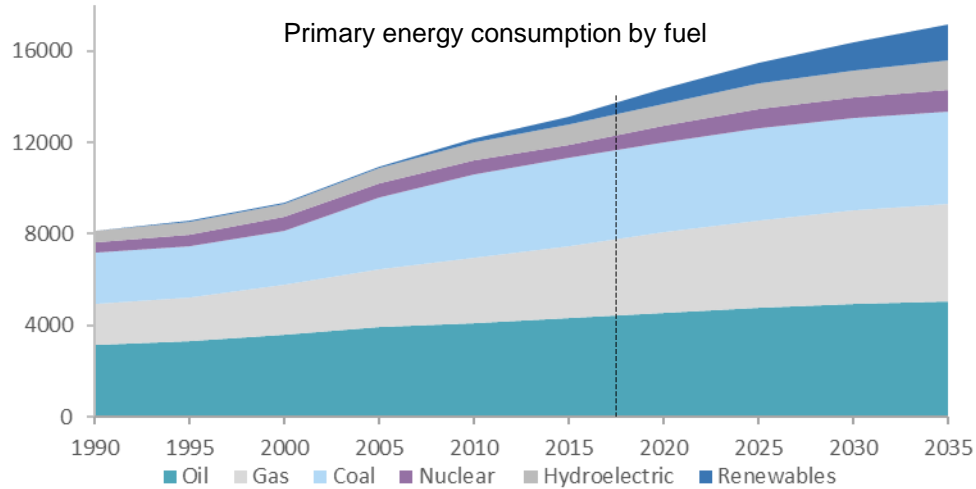


Good Headroom to Maintenance Covenant



- The Revolving Credit Facility (“RCF”) was extended from 2018 to 2020 when PGS refinanced in Q4 2016
 - Maintenance covenant profile amended
- Strong reduction of the Total Leverage Ratio (TLR) during 2017
 - Substantial headroom to required level
- Expect to be in compliance going forward

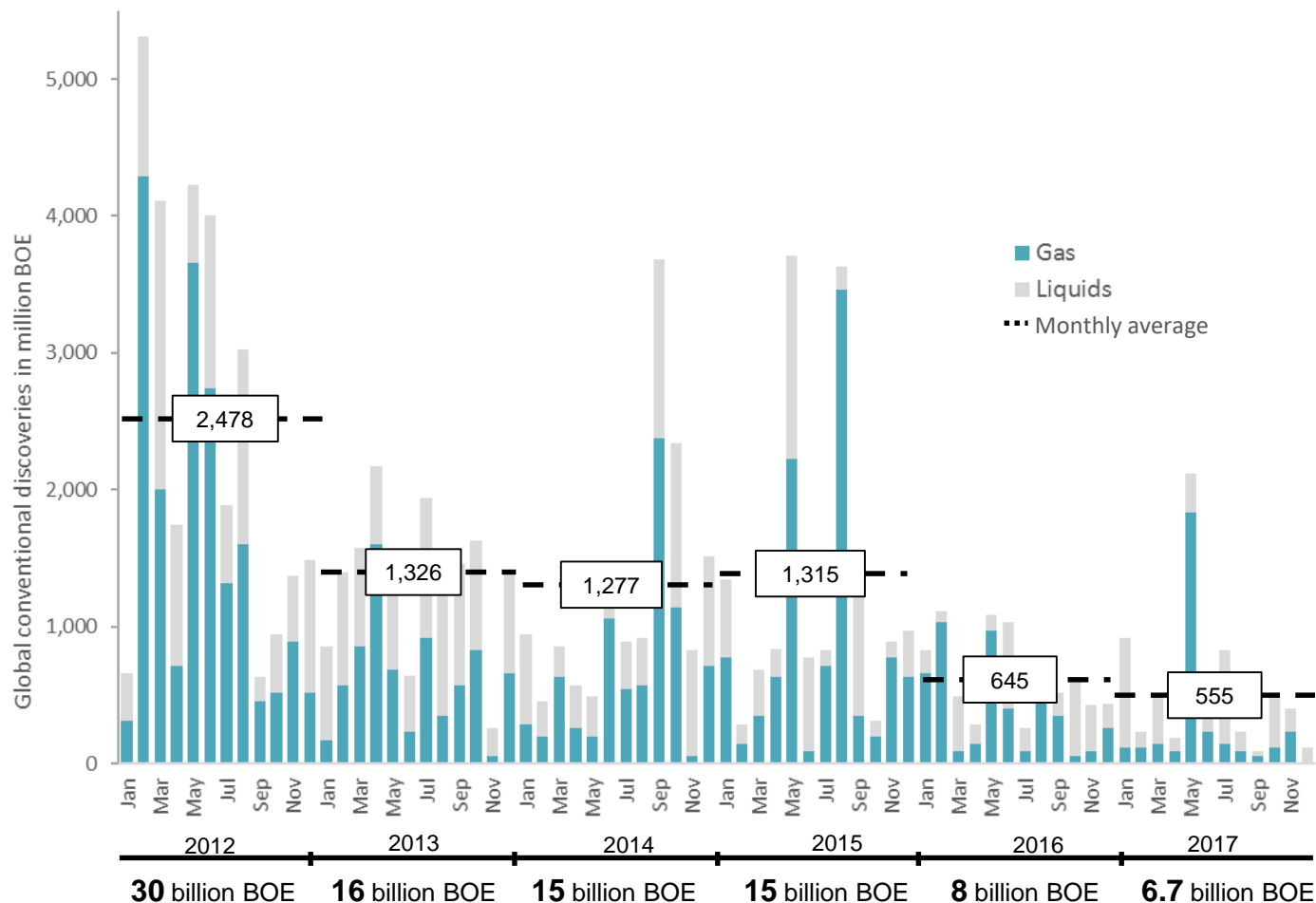
Oil and Oil Service Market: Energy Demand will Increase – Fossil Fuels Remain the Dominant Energy Source



Source both graphs: BP World Energy 2017

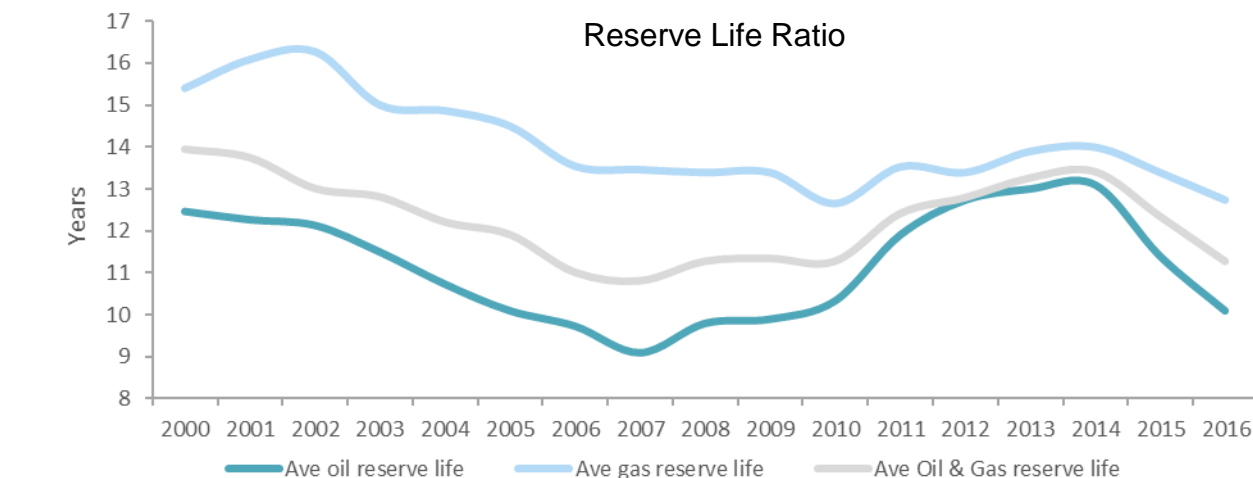
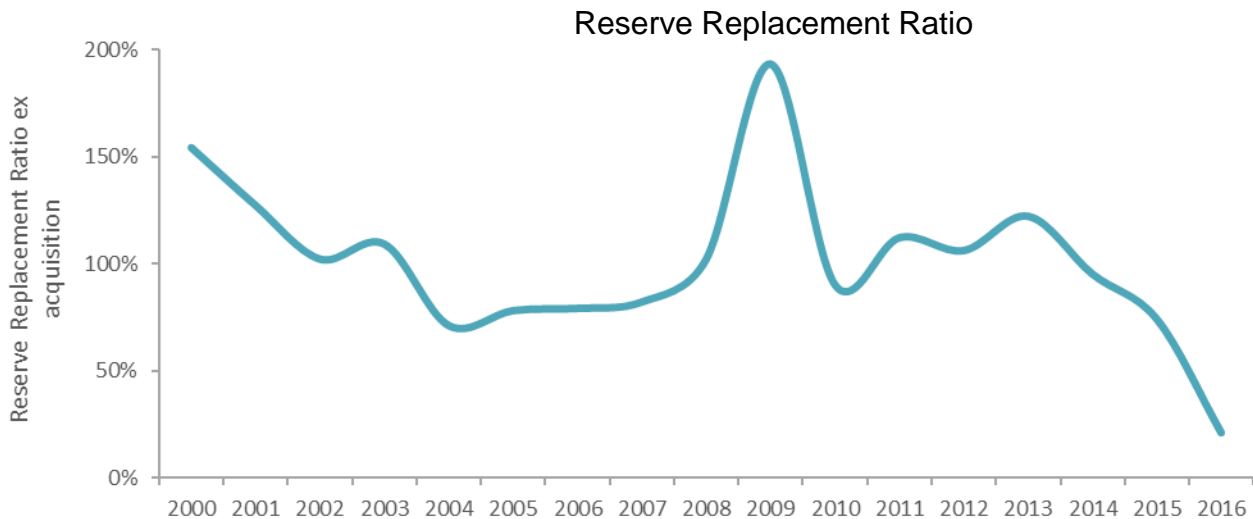
- Energy demand will continue to grow owing to increased world GDP
 - Driven by emerging markets
 - Projected 1.3% annual growth to 2035
- Renewables are the fastest growing energy source, but fossil fuels remain the dominant source of global energy supplies
- Decline rates from producing field is significant and increased shale production is not enough to compensate
 - Offshore exploration and production has to increase

Oil and Oil Service Market: At the Same Time Discovery of Fossil Fuels Continues to Decline



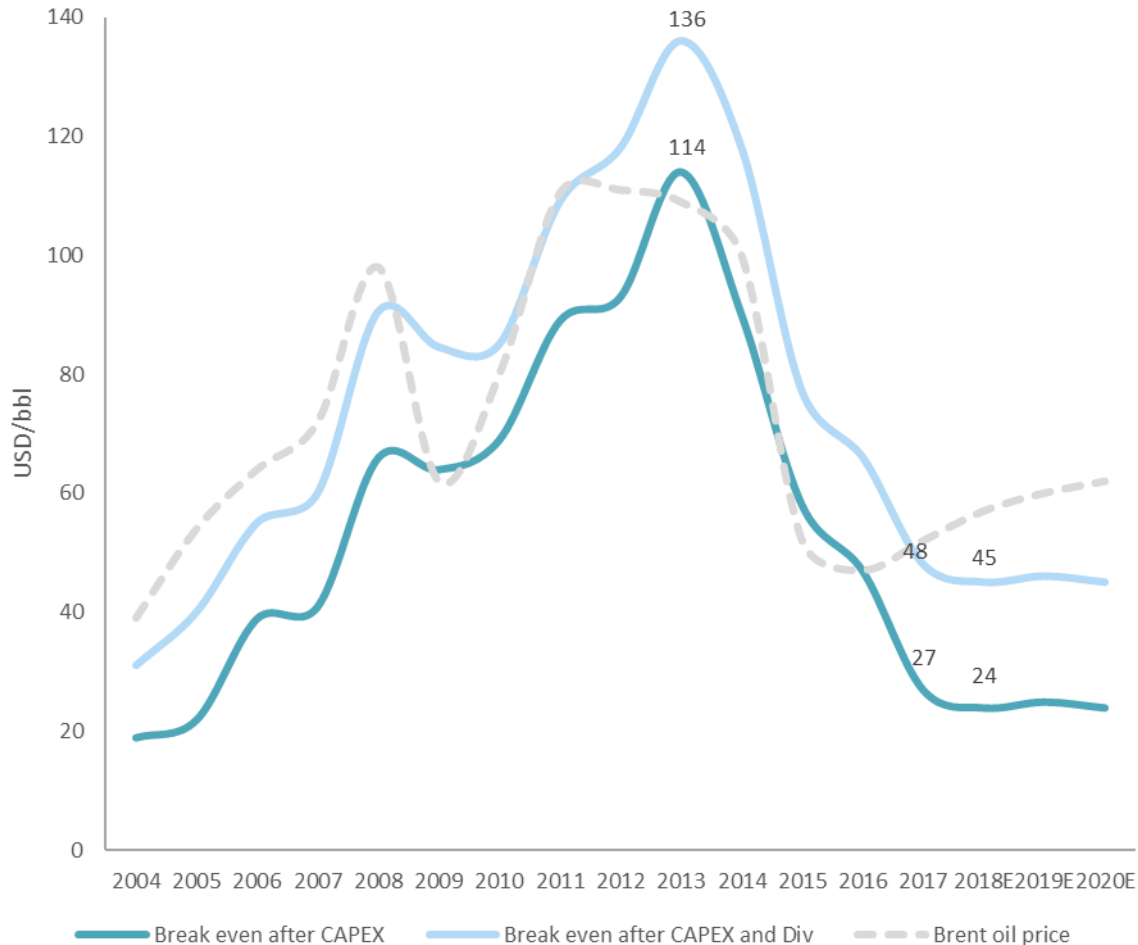
- Discoveries of 6.7 billion boe in 2017 (versus 30 billion boe in 2012)
 - The 2017-level is the lowest level seen since 1947
- Exploration spending and drilling have been significantly reduced
- Oil discovery levels are unsustainable to meet future demand

Oil and Oil Service Market: Record Low Activity Causes Low Reserves and Short Inventory Duration



- Reserve Replacement Ratio and Reserve Life Ratio among integrated oil companies are down to unsustainably low levels
- Increased exploration activity is needed to reverse this trend

Oil and Oil Service Market: Integrated Oil Companies are Cash Flow Positive and Improving

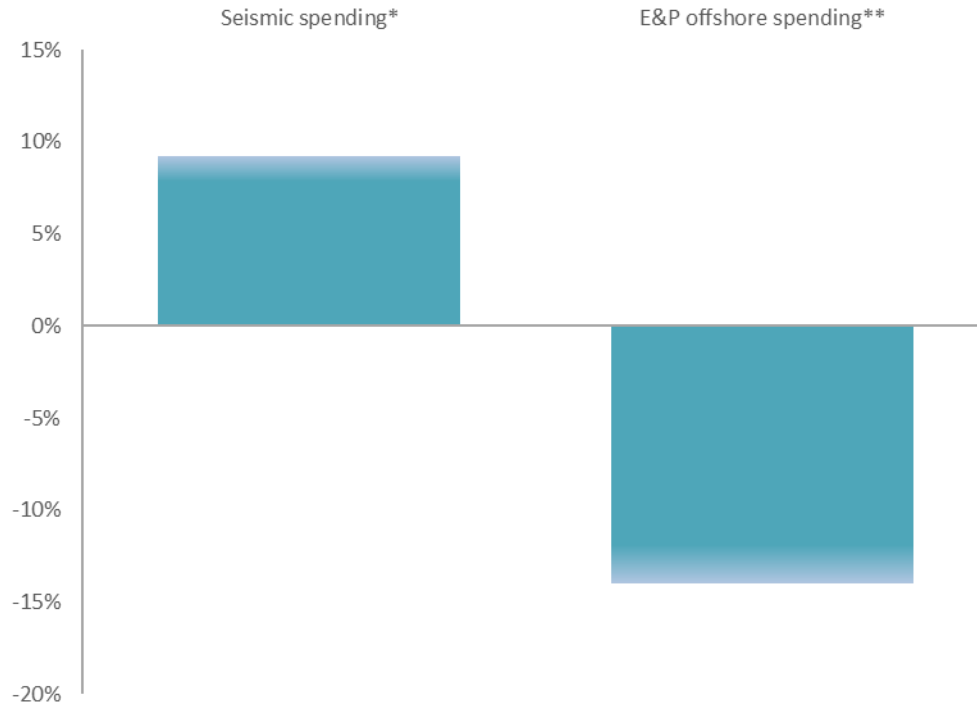


- Integrated oil companies became cash flow positive after capex and dividend in 2017
- With oil price above USD 50 per barrel they are generating significant cash flow
 - Brent Blend currently hovering around USD 70 per barrel
- Integrated oil companies are well positioned to increase spending

Oil and Oil Service Market: Seismic – Historically Early Cycle Indicator



Change in 2017 vs. 2016



- Seismic spending increased by 9% in 2017 compared to 2016, while offshore spending declined by ~14%
- Historically seismic has been an early cycle indicator

*Seismic spending are actual revenues from PGS, CGG, WesternGeco, Polarcus and Spectrum and consensus full year estimates for TGS.

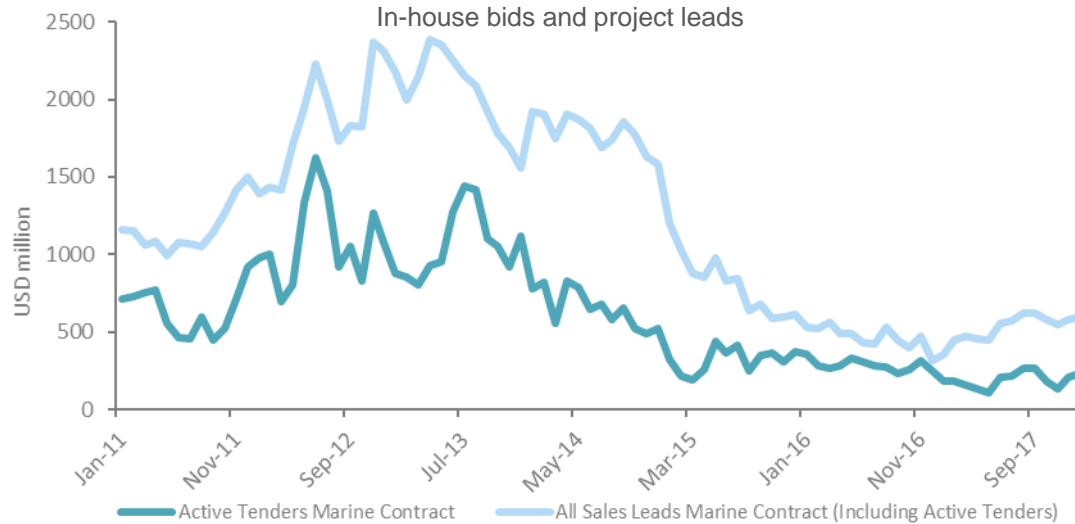
**Average estimates from Barclays, DNB Markets, Pareto Securities and SEB.

Seismic Market Outlook

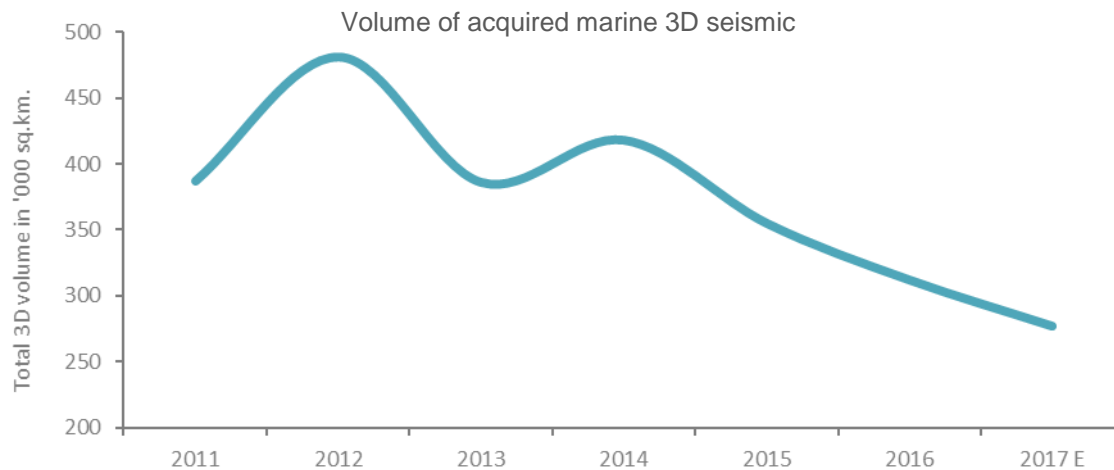


- Higher oil price, improved cash flow among oil companies and unsustainable reserve replacement ratios are expected to benefit marine 3D seismic market fundamentals going forward
- Some indications of improving market sentiment in 2018
- Continued risk related to timing of market recovery
 - PGS plans for a flat market

Marine Contract: PGS In-house Bids and Project Leads*

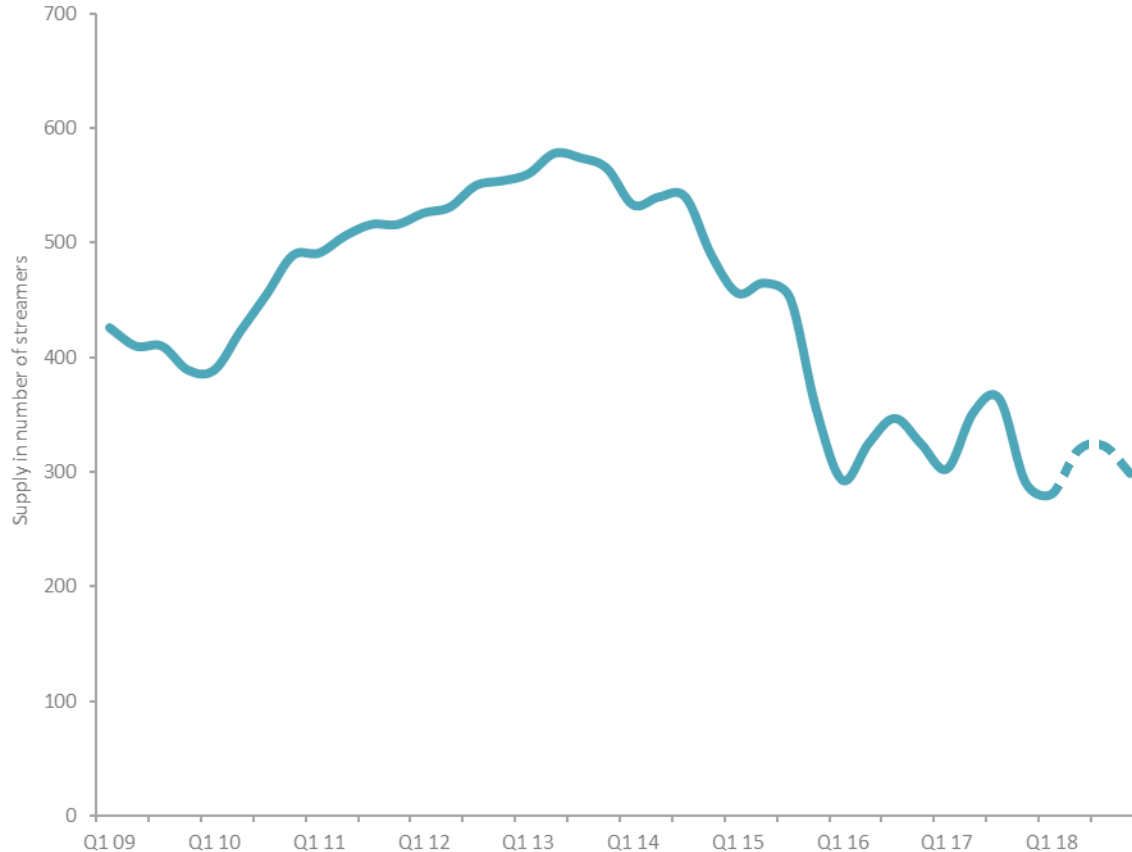


- Marine Contract bids to go (in-house PGS) and estimated USD value of bids + risk weighted leads
- Dramatic fall in USD value from 2012-2013 representing a combination of low contract rates and low demand
- Leads curve recently in rising trend may indicate market improvement
- Volume of acquired marine 3D seismic fell below 300,000 sq.km in 2017



*Internal estimates

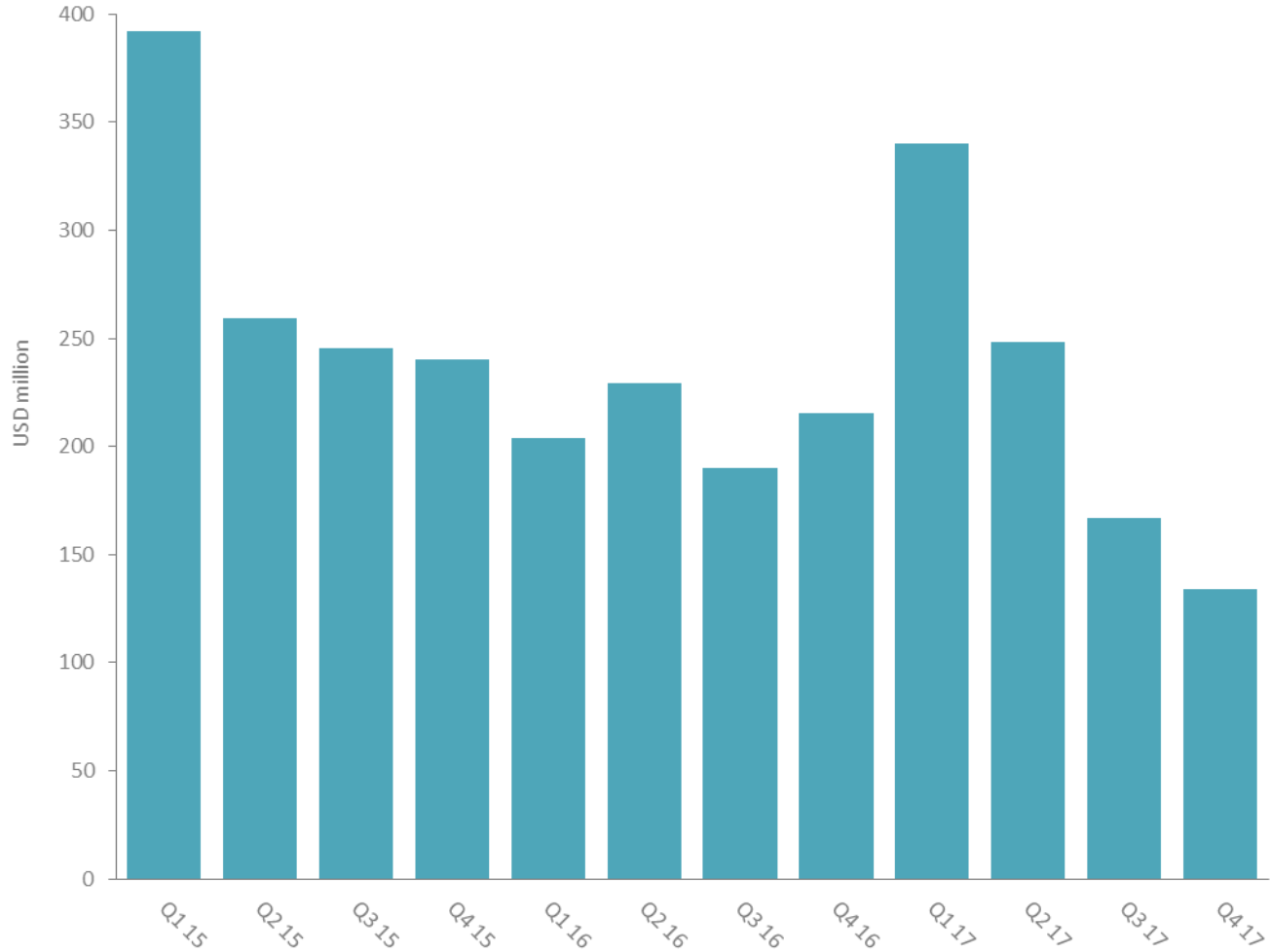
Marine Seismic Supply



- Average streamer capacity in 2018 is close to 50% lower than average streamer capacity in 2013
- Flexible winter capacity from larger seismic companies will cause supply swings going forward
- Schlumberger's exit from the seismic acquisition market could bring supply further down
- Low industry maintenance capex cause global streamer pool to shrink

Lower supply should benefit market balance in 2018

PGS Order Book



- Order book of USD 135 million by end Q4 2017
- 3D vessel booking for 2018 of 33 vessel months*
 - Q1: 14.5 vessel months
 - Q2: 11.5 vessel months
 - Q3: 7 vessel months
- Reasonably confident in booking/operating 8 vessels from Q2
 - Would be fully booked on 6 vessels in Q1 had it not been for gaps created by permitting issues
 - None of the planned North Sea MultiClient surveys are counted as booked
 - Positive trend on leads and bid activity in general
 - More leads for 2H compared to same time last year

*As of January 30, 2018.

In Conclusion



- Positioned the Company to take advantage of current and future opportunities
- Smaller, simpler and more flexible
- Cost and cash flow are top priorities
- Oil companies in significant cash flow positive position
- Some indications of improving market sentiment in 2018
 - PGS plans for a flat market

Re-focused & Re-energized to capitalize on market opportunities



Questions?

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