



# Third Quarter 2023 Presentation

Oslo, October 26, 2023

# 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 the Q3 2023 earnings release and the disclosures therein

# Agenda Q3 2023 Earnings Presentation



## **Rune Olav Pedersen, President & CEO**

Q3 highlights

Financial summary

Order book

## **Gottfred Langseth, EVP & CFO**

Financial review

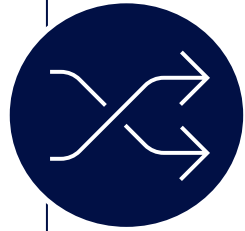
## **Rune Olav Pedersen, President & CEO**

Operational update and market comments

TGS & PGS merger

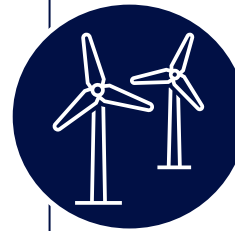
Summary and Q&A

# Q3 2023 Highlights



## Mixed MultiClient performance

- Strong pre-funding revenues
- Late sales below expectations



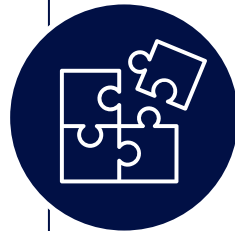
## Successfully entering offshore wind

- First survey completed
- Large contract award in Q3



## Order book increase

- 28% sequential increase
- Rates holding up into the winter season

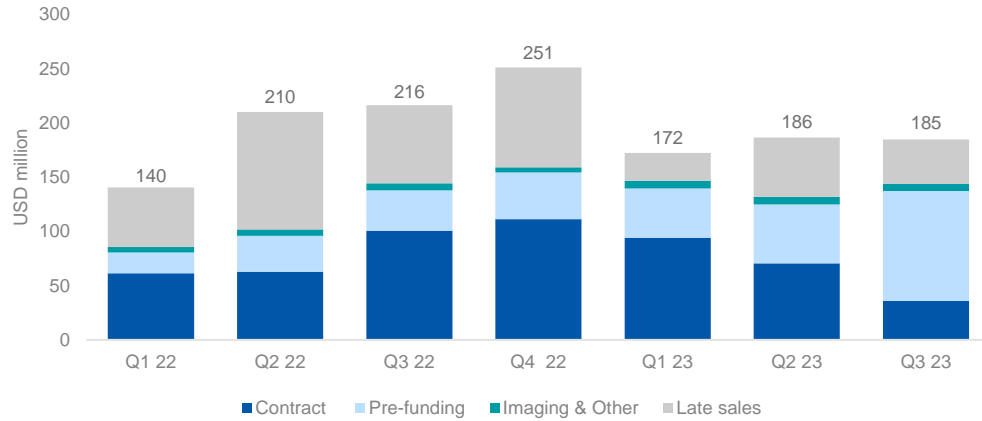


## Combining PGS and TGS

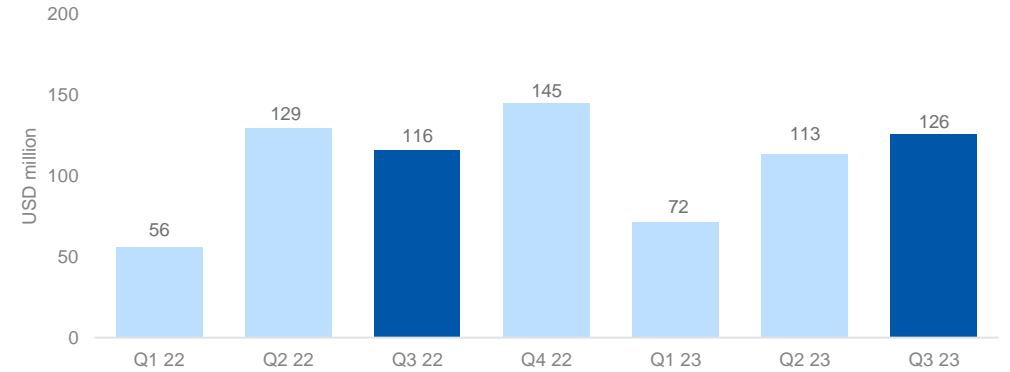
- Creating the premier energy data company
- Substantial synergy potential

# Financial Summary

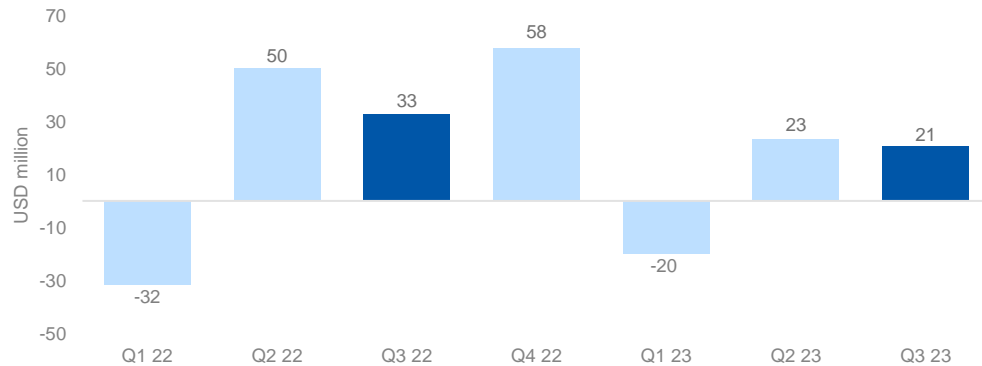
### Produced Revenues



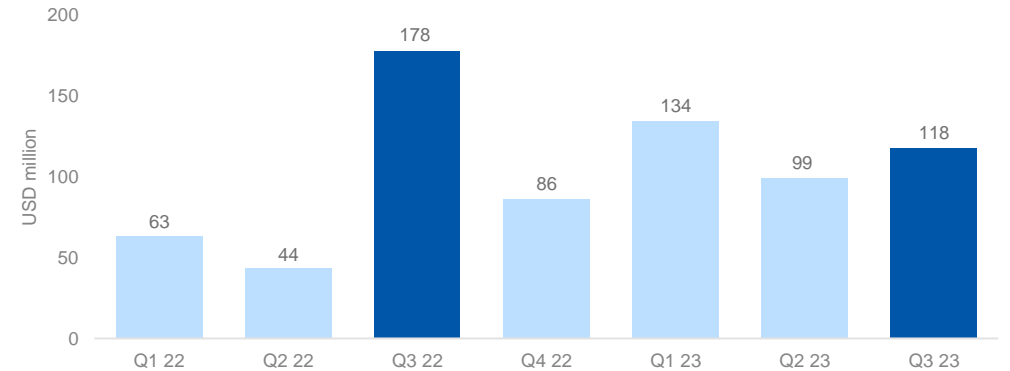
### Produced EBITDA\*



### Produced EBIT

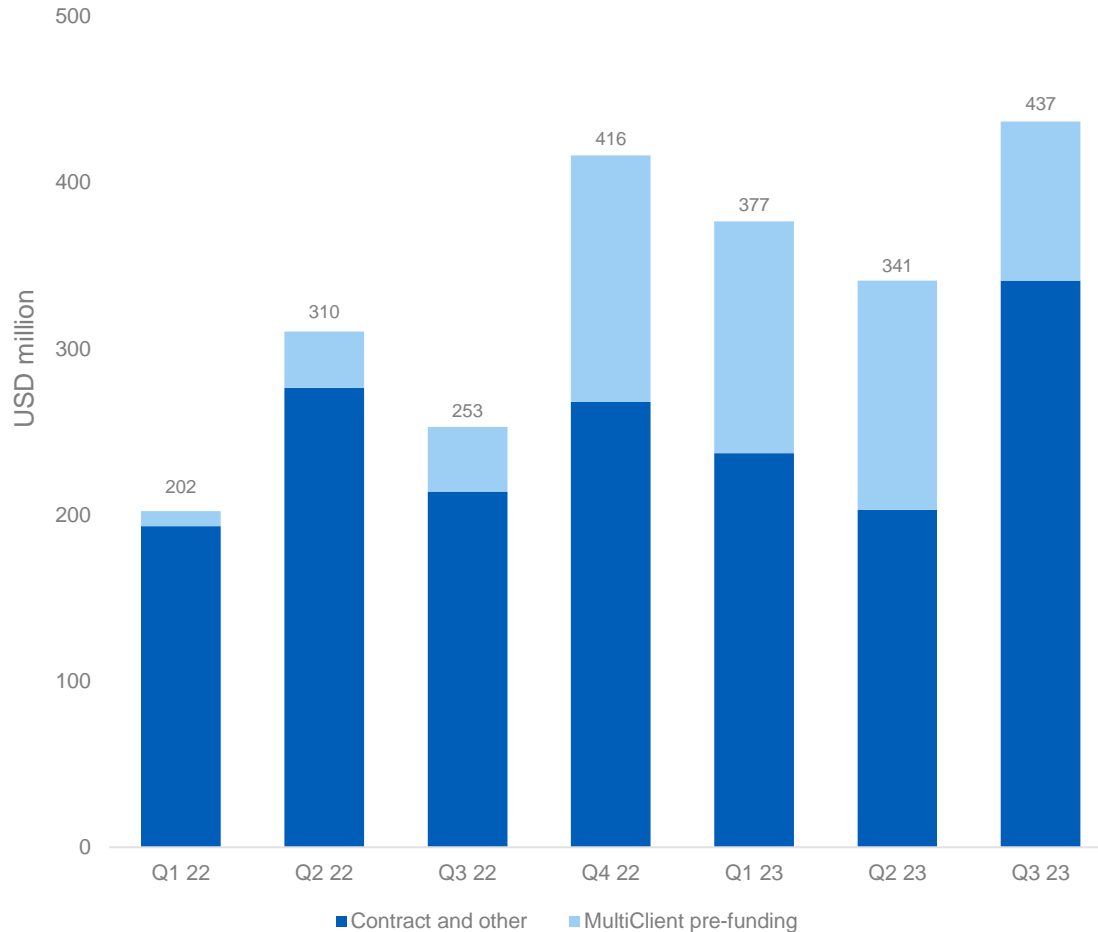


### Net cash provided by operating activities



\*EBITDA, when used by the Company means EBIT excluding other charges, impairment and loss on sale of non-current assets and depreciation and amortization, as defined in Appendix of the Q3 2023 earnings release published on October 26, 2023.

# Order Book Development



- Order book of \$437 million
- Booked position\*
  - Q4 23: 19 vessel months
  - Q1 24: 13 vessel months
  - Q2 24: 13 vessel months
- Optimizing vessel schedule for winter season
  - Challenging regional transition in Q4

\*As of October 12, 2023. Booked position include planned steaming and yard time, as well as MultiClient programs the Company has firm plans to do, but where all pre-funding is not signed yet. PGS will operate 7 3D vessels in Q4 2023, Q1 2024 and Q2 2024.



# Q3 2023 Financials

Gottfred Langseth, EVP & CFO

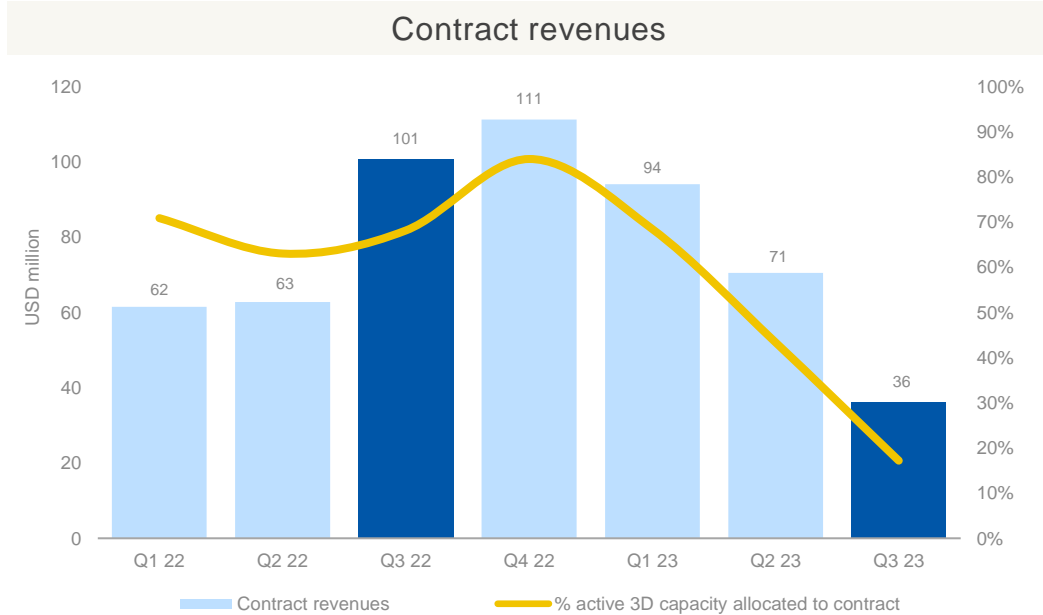
# Consolidated Key Financial Figures



	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Year ended December 31, 2022
(In millions of US dollars, except per share data)					
<b>Segment Reporting</b>					
Produced Revenues	184.8	216.5	543.4	566.6	817.2
Produced EBITDA	125.7	116.1	310.4	301.6	446.7
Produced EBIT ex. Impairments and other charges, net	20.5	32.6	24.1	51.3	108.8
<b>Profit and loss numbers, As Reported</b>					
Revenues and Other Income	157.3	198.5	456.4	608.4	825.1
EBIT ex. Impairment and other charges, net	11.7	33.8	20.7	71.2	117.1
Net financial items	(17.3)	(28.1)	(78.0)	(81.5)	(112.7)
Income (loss) before income tax expense	(5.6)	7.5	(63.5)	(8.6)	(6.7)
Income tax expense	(1.2)	(4.9)	(11.4)	(19.2)	(26.1)
Net income (loss) to equity holders	(6.8)	2.6	(74.9)	(27.8)	(32.8)
Basic earnings per share (\$ per share)	(\$0.01)	\$0.00	(\$0.08)	(\$0.05)	(\$0.06)
<b>Other key numbers</b>					
Net cash provided by operating activities	117.6	177.9	351.4	284.9	371.3
Cash Investment in MultiClient library	70.4	33.7	148.1	81.4	106.4
Capital expenditures (whether paid or not)	12.6	9.5	65.3	44.6	50.2
Total assets	1,766.3	1,719.5	1,766.3	1,719.5	1,953.3
Cash and cash equivalents	156.0	179.1	156.0	179.1	363.8
Net interest-bearing debt	571.4	773.0	571.4	773.0	616.7
Net interest-bearing debt, including lease liabilities following IFRS 16	654.8	861.6	654.8	861.6	703.9

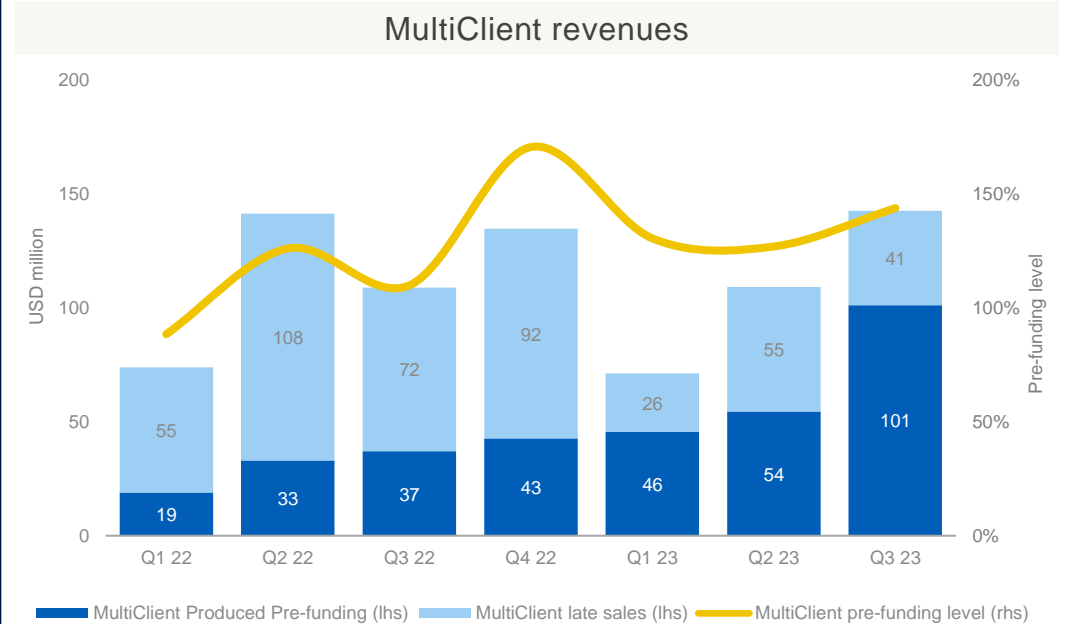


# Q3 2023 Operational Highlights



## Contract revenues of \$36.1 million

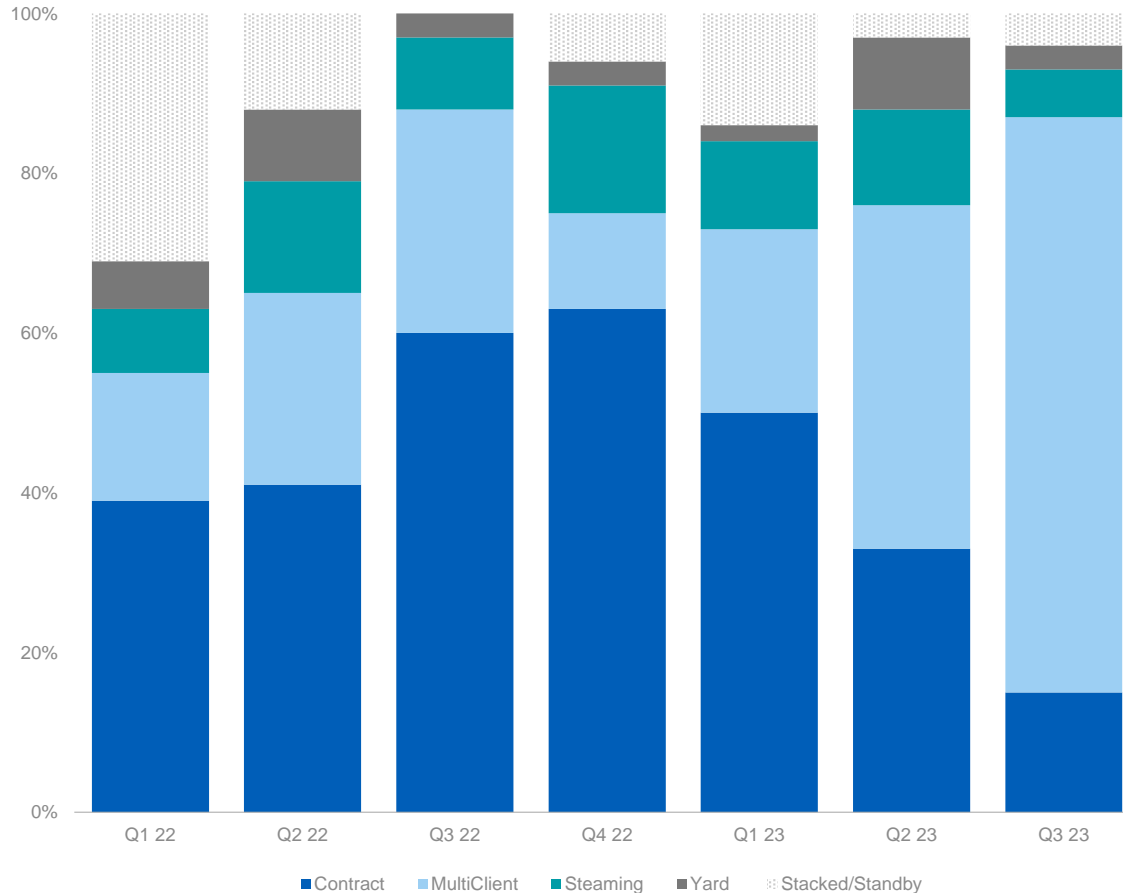
- 17% of active time used for contract acquisition
- Realized Q3 rates impacted by framework agreement from 2021



## Produced MultiClient revenues of \$142.2 million

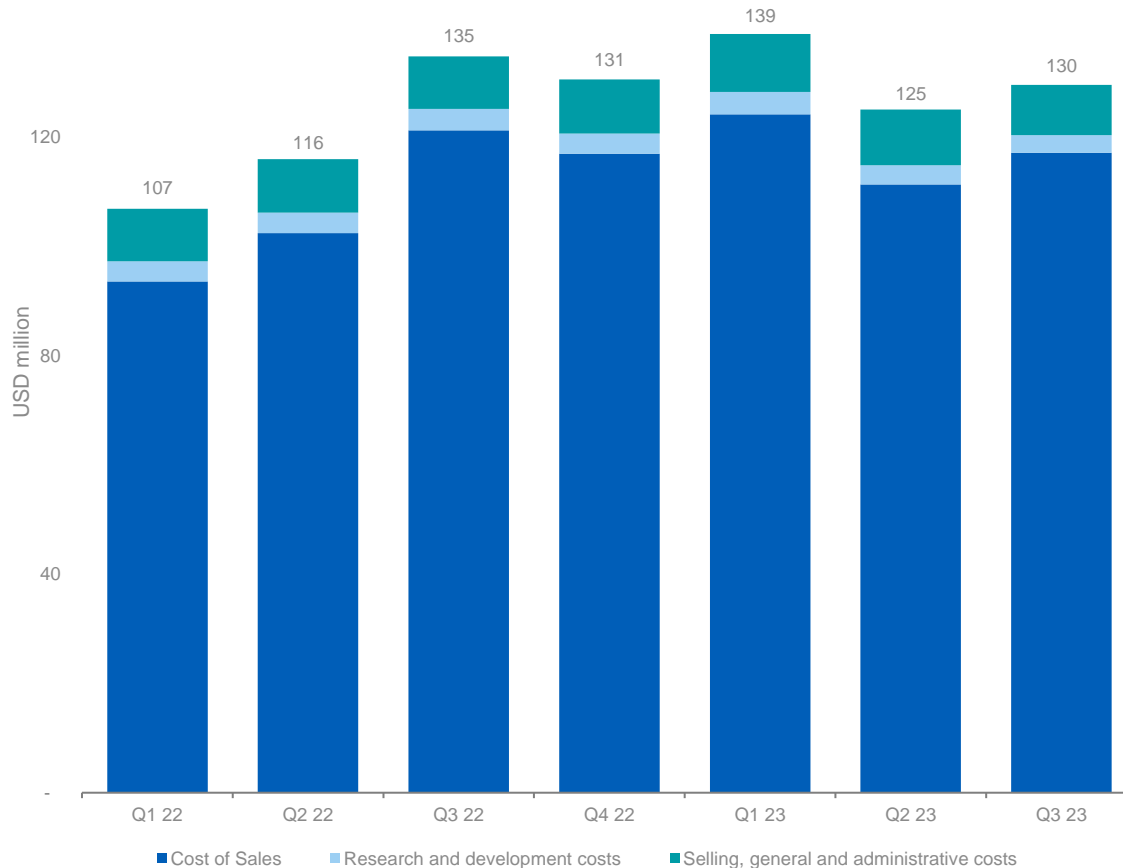
- Strong client commitments and significant sales from surveys in processing phase secured pre-funding level of 144%
- Cash investment in MultiClient library of \$70.4 million

# 3D Vessel Allocation and Utilization



- 87% active vessel time in Q3 2023
- Expect 50-60% active vessel time in Q4 2023
  - Significant steaming and yard time following high utilization in Q3
  - Europe season ended earlier than plan due to adverse weather
  - Starting large contract projects late Q4
  - Active time allocated approximately equally to contract and MultiClient

# Gross Cash Cost Development



- Moderate sequential gross cash cost increase
  - More 3D vessel capacity in operation
- Expect full year 2023 gross cash cost below \$550 million
  - Includes *Sanco Swift* on wind projects from Q2 and *Ramform Victory* in operation from Q3

# Balance Sheet Key Numbers

In millions of US dollars	September 30 2023	September 30 2022	December 31 2022
Total assets	1,766.3	1,719.5	1,953.3
MultiClient Library	329.6	322.4	300.3
Shareholders' equity	467.9	371.5	510.3
Cash and cash equivalents (unrestricted)	156.0	179.1	363.8
Restricted cash	62.3	75.5	70.8
Gross interest-bearing debt	789.7	1,027.6	1,051.3
Gross interest-bearing debt, including lease liabilities following IFRS 16	873.1	1,116.2	1,138.5
Net interest-bearing debt	571.4	773.0	616.7
Net interest-bearing debt, including lease liabilities following IFRS 16	654.8	861.6	703.9

- Cash and cash equivalents (unrestricted) of \$156.0 million
- Net interest-bearing debt of \$571.4 million

# Consolidated Statements of Cash Flow

In millions of US dollars	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Full year 2022
<b>Net cash provided by operating activities</b>	<b>117.6</b>	<b>177.9</b>	<b>351.4</b>	<b>284.9</b>	<b>371.3</b>
Investment in MultiClient library	(70.4)	(33.7)	(148.1)	(81.4)	(106.4)
Investment in property and equipment	(11.5)	(13.2)	(64.7)	(40.0)	(48.6)
Other investing activities	(2.1)	(1.9)	(7.3)	(6.4)	(6.8)
<b>Net cash flow before financing activities</b>	<b>33.6</b>	<b>129.1</b>	<b>131.3</b>	<b>157.1</b>	<b>209.5</b>
Interest paid on interest-bearing debt	(37.4)	(24.7)	(70.5)	(66.5)	(90.5)
Proceeds, net of deferred loan cost, from issuance of long-term debt	69.2		501.7		
Repayment of interest-bearing debt	(80.0)	(143.8)	(786.6)	(143.8)	(123.0)
Proceeds from share issue and share buy back	38.5	13.6	38.5	96.3	241.0
Payment of lease liabilities and related interest (recognized under IFRS 16)	(9.9)	(10.3)	(29.5)	(32.2)	(42.5)
Decrease (increase) in non-current restricted cash related to debt service	4.8	(4.6)	7.3	(1.8)	(0.7)
<b>Net increase (decr.) in cash and cash equiv.</b>	<b>18.9</b>	<b>(40.7)</b>	<b>(207.8)</b>	<b>9.1</b>	<b>193.8</b>
Cash and cash equiv. at beginning of period	137.1	219.8	363.8	170.0	170.0
<b>Cash and cash equiv. at end of period</b>	<b>156.0</b>	<b>179.1</b>	<b>156.0</b>	<b>179.1</b>	<b>363.8</b>

- Q3 cash flow from operations reflects continued strong cash collection
  - Q3 2022 had a significant working capital “catch-up” from high Q2 revenues
- Successful completion of \$40.6 million private placement

# Arbitration Award on 2022 Transfer Fee Dispute



- ~\$30 million revenues recognized in 2022
- Two separate arbitration proceedings initiated
- First arbitration now ruled in favor of PGS
  - Expect to receive net ~\$43 million
  - Covers agreements where \$18.2 million of revenues were already recognized
  - \$16.8 million of additional late sales revenues and \$7.6 million of interest income recognized in Q3 2023
- The second arbitration proceeding scheduled to conclude during second half 2024 unless settled earlier

# Gross Debt Development

(In millions of US dollars)	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Term loan B, due 2024	737.9	137.9	137.9	69.8
Super Senior Loan, due 2024 <sup>*)</sup>	50.0	50.0	50.0	50.0
Export Credit Financing, due 2025	100.3	52.1	46.9	41.7
Export Credit Financing, due 2027	163.1	116.4	110.0	103.2
Senior Notes, due 2027		450.0	450.0	450.0
Term loan, due 2026				75.0
<b>Total</b>	<b>1,051.3</b>	<b>806.4</b>	<b>794.8</b>	<b>789.7</b>

<sup>\*)</sup> The Super Senior Loan can be extended by 1 year at the Company's option.

## Q1 2023

- Issued new \$450 million senior secured bond with 4-year tenor
- Repaid \$600 million of Term loan B
- Repaid the remaining \$83 million deferred Export Credit Financing amount (from 2021 debt rescheduling process)

## Q3 2023

- New term loan of \$75 million, maturing 2026
- \$68 million repayment of Term loan B

Quarterly amortization on Export Credit Financing of ~\$12 million

An aerial view of a large offshore supply vessel, likely a T-ESV, sailing on the ocean. The vessel is white with a red hull and is equipped with various deck structures, cranes, and a helicopter landing pad. It is leaving a white wake behind it.

# Operational Update and Market Comments

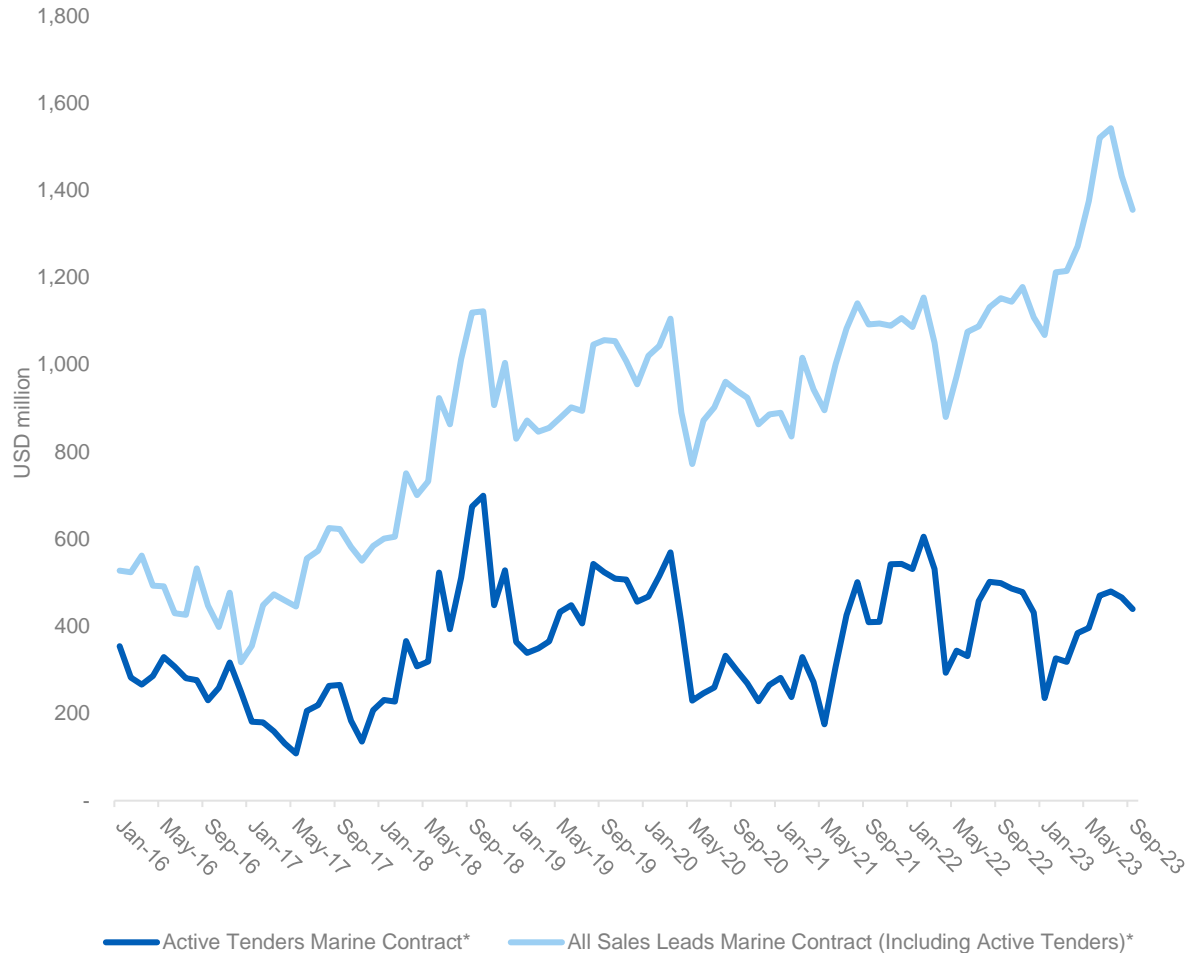
Rune Olav Pedersen, President & CEO



# Fleet Activity October 2023



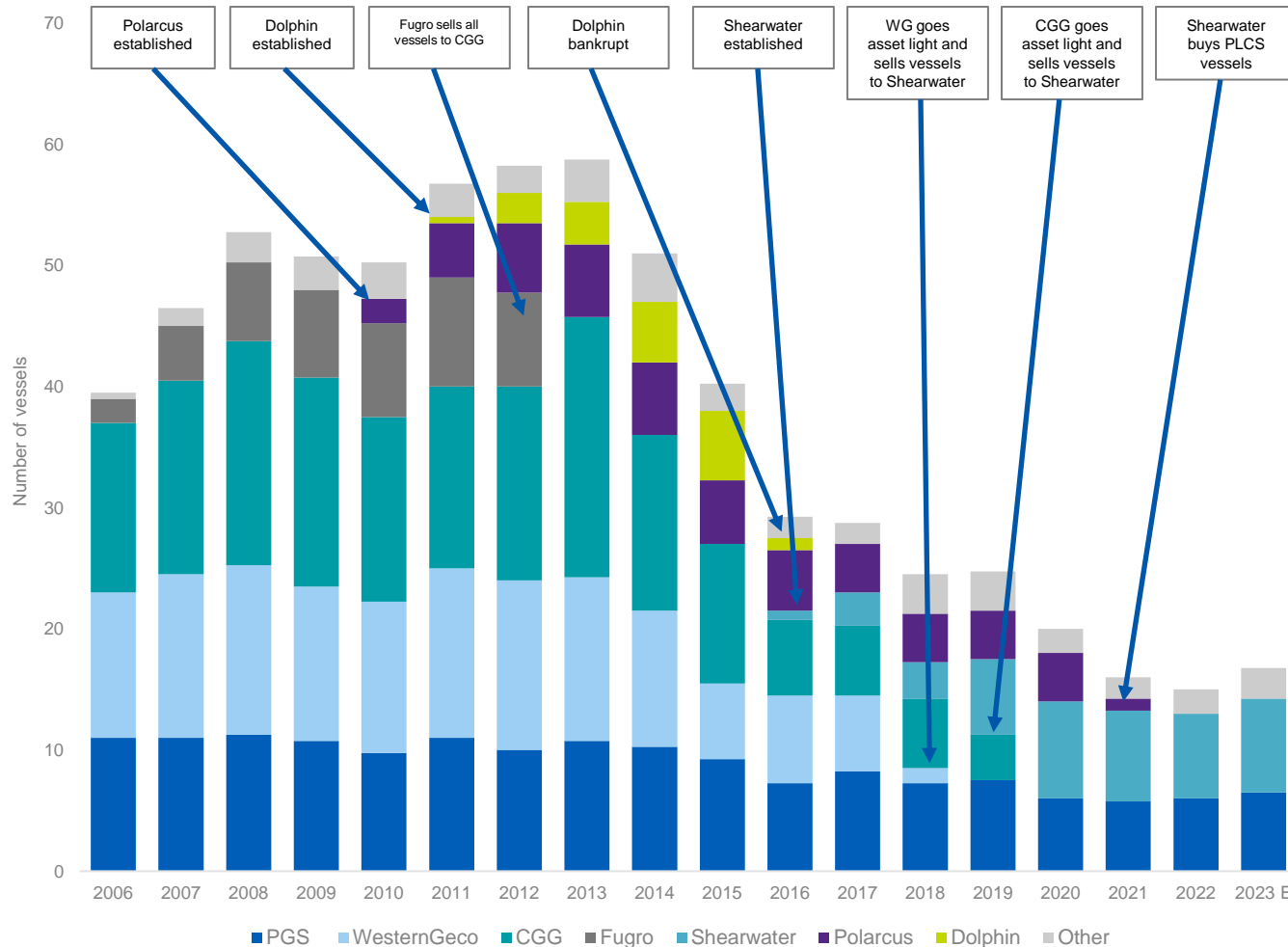
# High Contract Sales Leads - Recovering Active Tenders



- Sales leads at high levels
- Active tenders dip due to significant contract awards

\*Contract bids to go (in-house PGS) and estimated \$ value of bids + risk weighted leads as of end September 2023.

# Historically Low Supply in a Consolidated Vessel Market



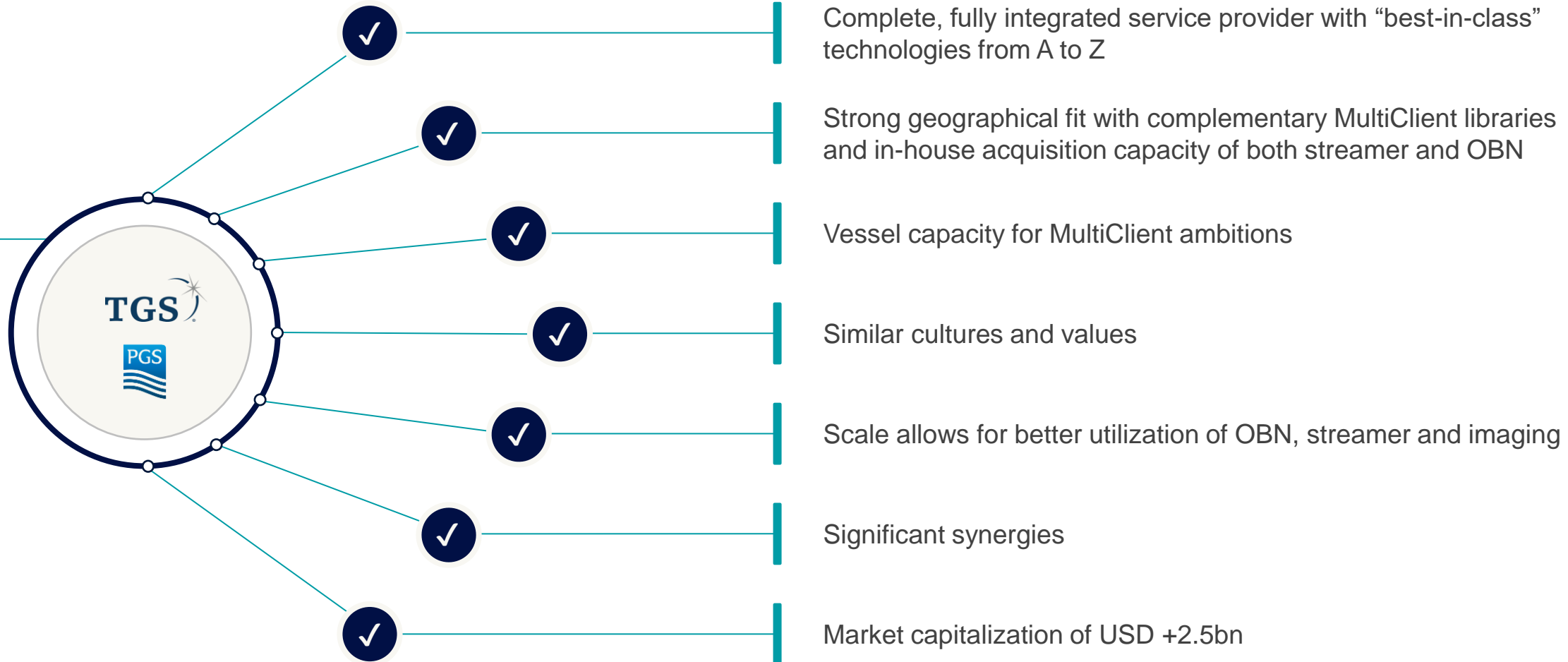
- Seismic vessel supply reduced from almost 60 3D vessels in 2013 to ~17 in today's market
- Seismic vessel supply in 2019 was ~25 3D vessels
- Majority of capacity controlled by PGS and Shearwater

# Successfully Entering Offshore Wind Site Characterization Market



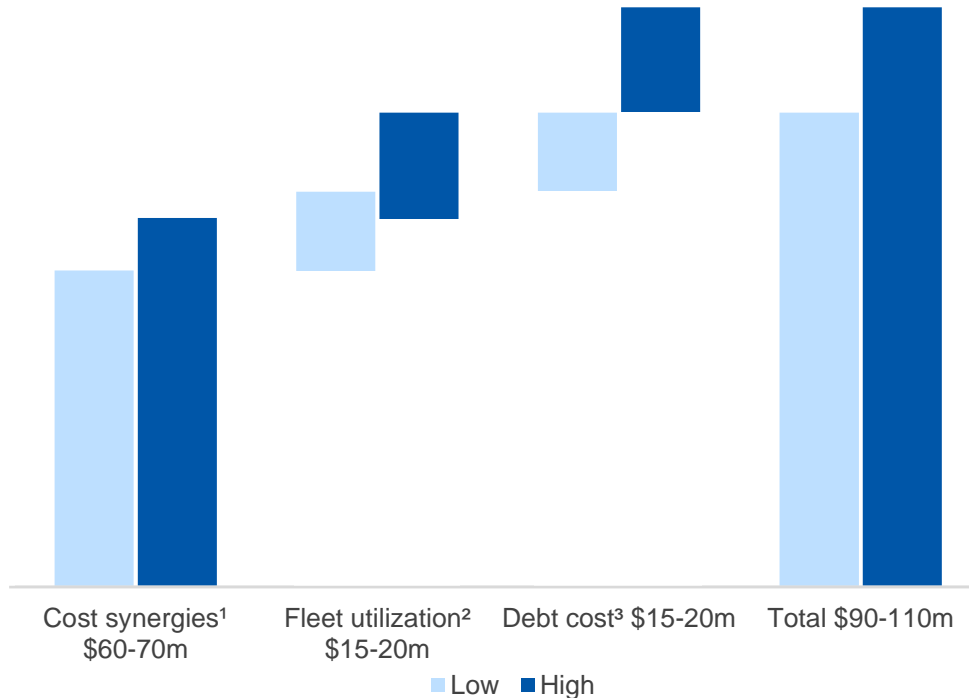
- Successfully completed first offshore wind site characterization project in Q3 for partners bp and EnBW in the Irish Sea
- Awarded large offshore windfarm site characterization contract in the US
  - Mobilization commenced late in Q3
- PGS solution to reduce time for wind farm site characterization attracts considerable client interest
- Ordered a second Ultra High Resolution 3D streamer set

# Strategic Rationale for Combining PGS and TGS



# Significant Synergy Potential

Preliminary synergy estimate



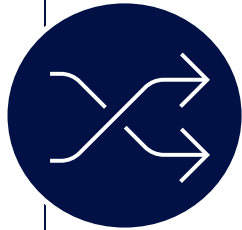
- Preliminary synergy estimate of approximately \$100 million (ex. tax)
- Operating costs
  - Updated estimate of \$60-70 million
  - Previous indication of “more than \$50 million”
- Fleet utilization
  - Analysis of combined historical vessel need suggest 2-3% higher utilization rate
  - Value of \$15-20 million p.a.
- Debt cost
  - PGS bond yield reduced almost 3.5% after announcement
  - Potential annual saving of \$15-20 million p.a long-term

1. Related to corporate and admin costs, office leases, software costs, data management, high performance computing, source vessels etc.  
 2. Assuming 2-3% higher fleet utilization from TGS MC projects  
 3. Assuming 3-4% lower interest rate in \$500 million of gross debt

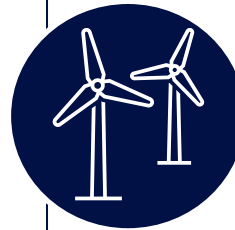
- Additional savings from tax losses carried forward

	<b>Group cash cost</b>	<b>MultiClient cash investment</b>	<b>Active 3D vessel time allocated to Contract</b>	<b>Capital expenditures</b>
<b>2023 Guidance</b>	<b>&lt;\$550 million</b>	<b>~\$190 million</b>	<b>~45%</b>	<b>&lt;\$100 million</b>
Year-to-date	\$393.3 million	\$148.1 million	41%	\$65.3 million

# Summary



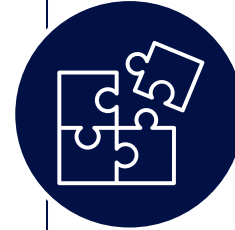
Mixed MultiClient performance



Successfully entering offshore wind



Significant order book increase



PGS and TGS creating the premier energy data company





# Thank You

# Questions?

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A Clearer Image

# Appendix Planned Yard Stays\* Next Quarters



Vessel	When	Expected duration	Type of yard stay
Ramform Titan	Q4 2023	27 days	General maintenance, SourceLink upgrade and Gemini installation
Ramform Atlas	Q4 2023	12 days	10-year classing
Ramform Tethys	Q4 2023	29 days	Drydock for 7.5-year classing and general maintenance

\*Subject to changes