

# Unaudited Third Quarter 2012 Results

Oslo, October 25, 2012





## 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 press release for the third quarter 2012 results and the disclosures therein



# GeoStreamer® Delivers Strong Performance and Better Pricing



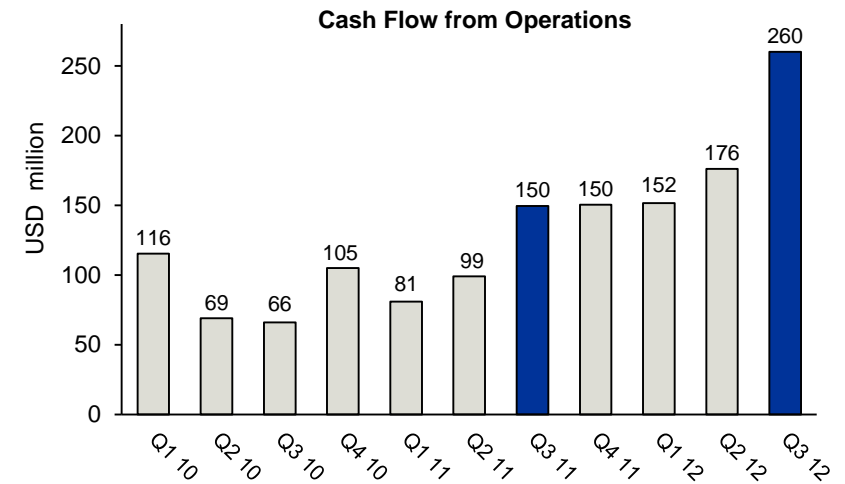
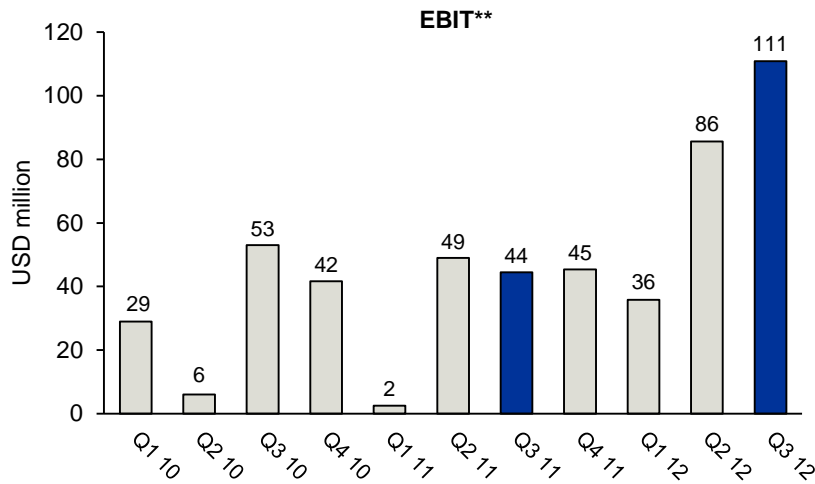
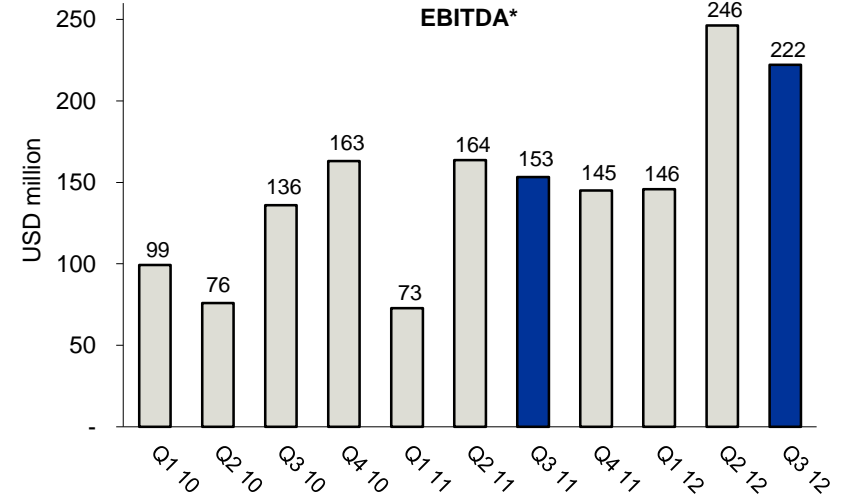
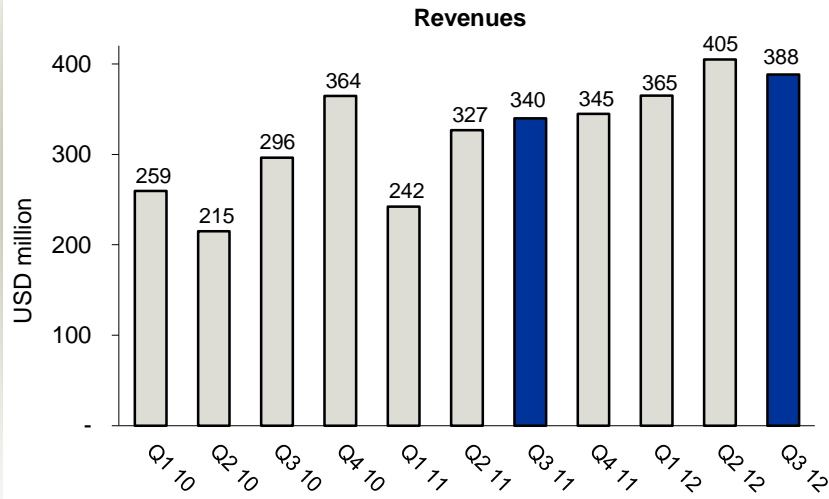
- Q3 2012 financial performance:
  - Revenues of USD 388.3 million
  - Group EBIT margin of 29%
  - Cash from operating activities of USD 260.2 million
- USD 250 million Japanese export credit financing established for the two first Ramform Titan-class new builds
- Options for two additional Ramform Titan-class vessels exercised in October
- Successful launch of Towed EM technology



Full year EBITDA guidance increased to approximately USD 800 million



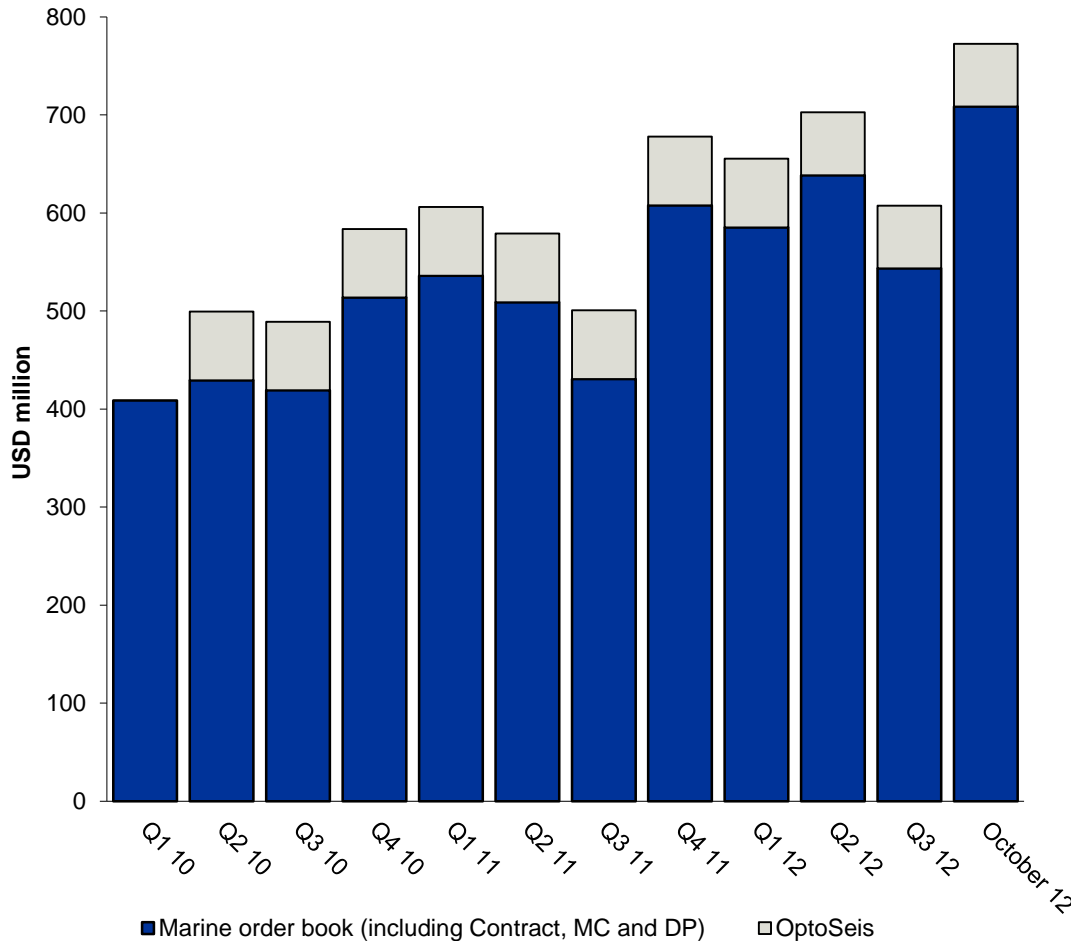
# Financial Summary



\*EBITDA, when used by the Company, means income (loss) before income tax expense less, currency exchange gain (loss), other financial expense, other financial income, interest expense, income (loss) from associated companies, other operating income, impairment of long-lived assets and depreciation and Amortization.

\*\*Excluding impairments of USD 2.6 million in Q4 2011, USD 79.9 million in Q3 2010, USD 0.5 million in Q1 2010 and reversal of impairment of USD 0.9 million in Q2 2012 and 1.3 million in Q4 2010.

# Order Book Transitioning Into 2013 Summer Season



- Order book end Q3 of USD 608 million
- Order book mid October of USD 773 million
- Order book driven by directly awarded projects
  - Fully booked for Q4 2012
  - ~90% booked for Q1 2013
  - ~75% booked for Q2 2013
- Successfully booked through the winter season at attractive pricing



Strong GeoStreamer interest



Petroleum Geo-Services ASA

# Petroleum Geo-Services ASA

*Financials*

*Unaudited Third Quarter 2012 Results*



# Consolidated Statement of Operations Summary

USD million (except per share data)	Quarter ended September 30			Nine months ended September 30		
	2012	2011	% change	2012	2011	% change
Revenues	388.3	339.9	14 %	1 158.2	908.7	27 %
EBITDA*	222.1	153.2	45 %	614.0	389.7	58 %
Operating profit (EBIT)**	110.9	44.5	149 %	232.3	95.9	142 %
Operating Profit (EBIT) as reported	110.9	44.5	149 %	233.2	95.9	143 %
Net financial items	(9.0)	(13.3)	33 %	(49.7)	(43.7)	-14 %
Income (loss) before income tax expense	101.9	31.2	227 %	183.5	52.3	251 %
Income tax expense (benefit)	15.0	16.7	-10 %	38.1	22.9	66 %
Net income to equity holders	86.9	13.5	546 %	145.4	28.2	416 %
EPS basic	\$0.40	\$0.06	567 %	\$0.67	\$0.13	415 %
EPS diluted	\$0.40	\$0.06	567 %	\$0.67	\$0.13	415 %
EBITDA margin*	57.2 %	45.1 %		53.0 %	42.9 %	
EBIT margin	28.5 %	13.1 %		20.1 %	10.6 %	

- Q3 demonstrates strong margin and profitability improvement
- Income tax expense favorably impacted by the operation of vessels in the Norwegian Tonnage Tax regime and currency changes

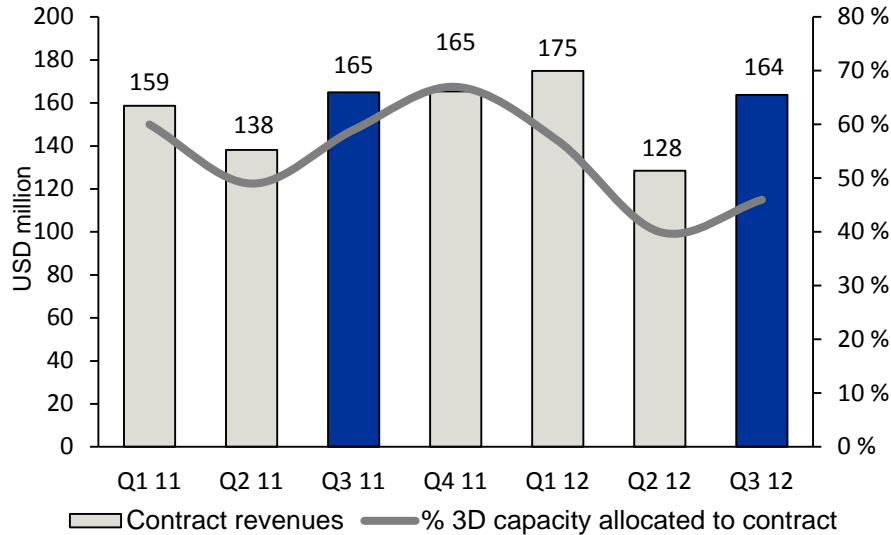
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\*\*Excludes reversal of impairments of USD 0.9 million in Q2 2012.

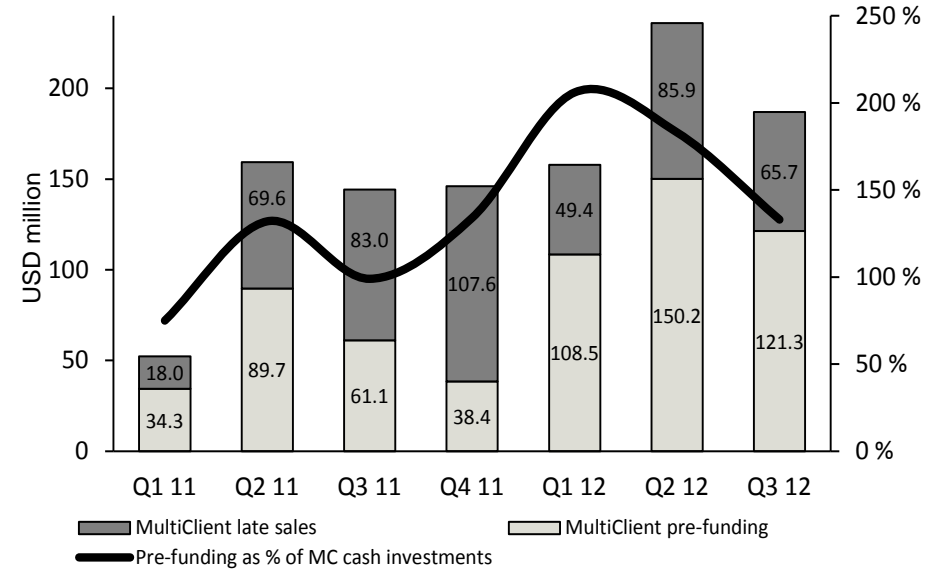
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## Contract revenues



## MultiClient revenues



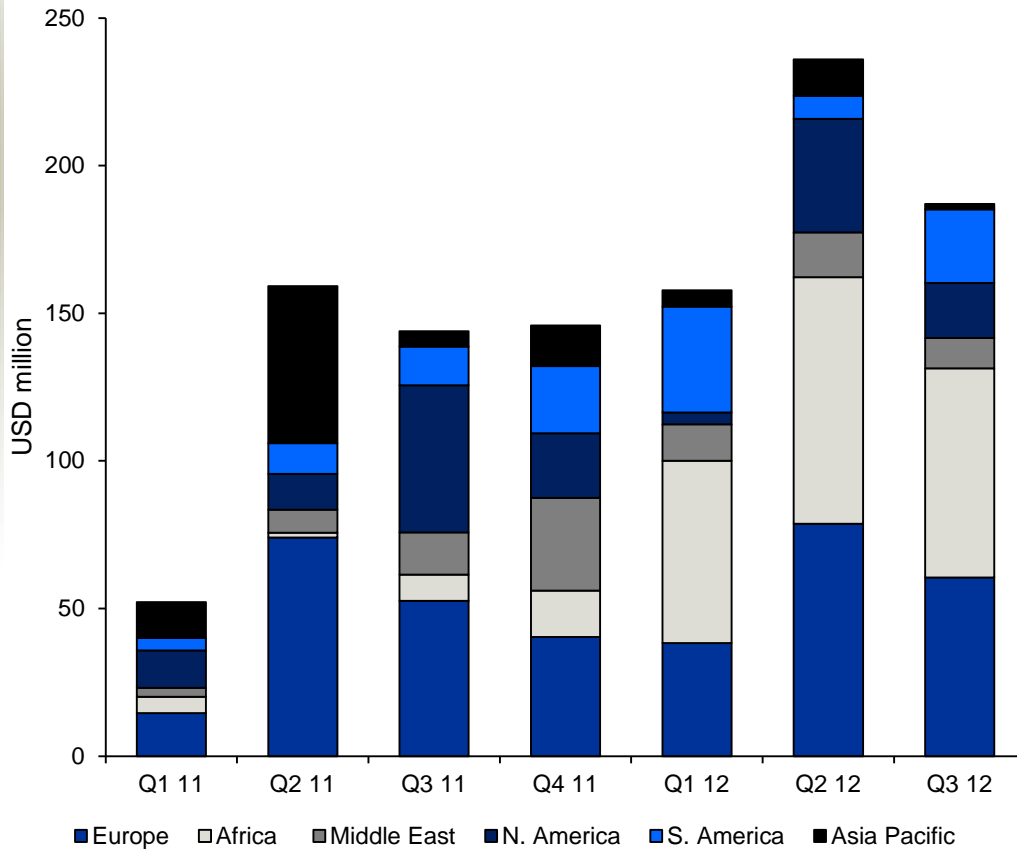
- Total MultiClient revenues of USD 187.0 million
  - Pre-funding as % of MultiClient cash investments of 141%
- Marine Contract EBIT margin of 28% driven by a generally stronger seismic market, improved profitability on GeoStreamer contract jobs and strong Q3 utilization and efficiency
- Record external Data Processing revenues of USD 33.1 million, compared to USD 27.5 million in Q3 '11





# MultiClient Revenues per Region

Pre-funding and Late Sales Revenues Combined



- Strong pre-funding revenues driven by Angola and Europe
- Late sales were strongest in South America and Europe followed by North America
- Full year MultiClient cash investment expected to be in the range of USD 260-300 million
- Full year pre-funding level is expected to be approximately 150% of MultiClient cash investment

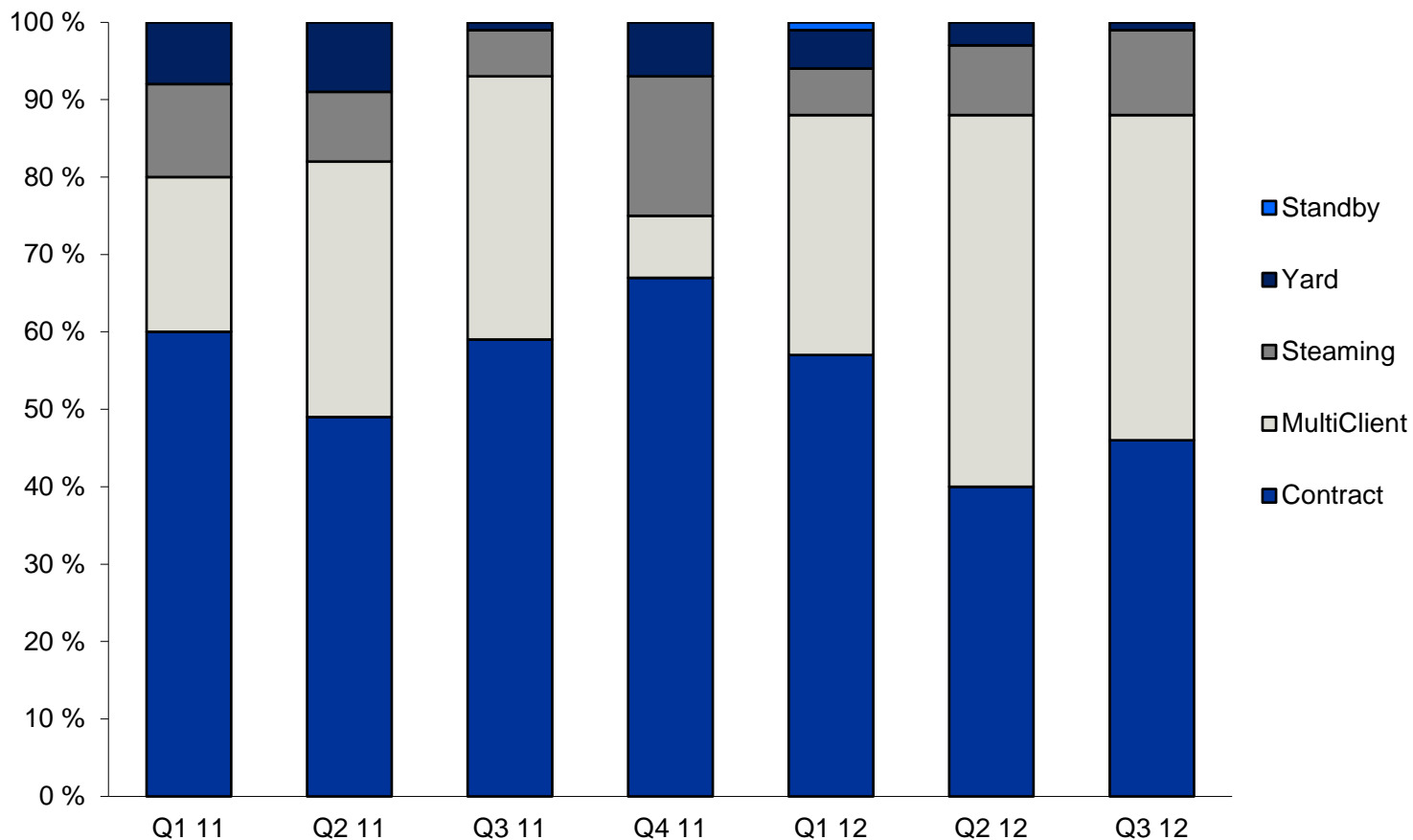


42% of total vessel time was used for MultiClient in Q3 2012



# Vessel Utilization

## Seismic Streamer 3D Fleet Activity in Streamer Months



88% active vessel time in Q3 2012



# Key Operational Figures

USD million	2012			2011			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Contract revenues	163.8	128.5	174.9	165.4	164.9	138.1	158.6
MultiClient Pre-funding	121.3	150.2	108.5	38.4	61.1	89.7	34.3
MultiClient Late sales	65.7	85.9	49.4	107.6	83.0	69.6	18.0
Data Processing	33.1	31.7	27.3	29.8	27.5	25.5	27.2
Other	4.3	8.6	4.9	3.4	3.3	3.7	4.0
<b>Total Revenues</b>	<b>388.3</b>	<b>404.8</b>	<b>365.0</b>	<b>344.6</b>	<b>339.9</b>	<b>326.6</b>	<b>242.2</b>
Operating cost	(166.2)	(158.7)	(219.3)	(199.6)	(186.7)	(163.0)	(169.3)
<b>EBITDA</b>	<b>222.1</b>	<b>246.2</b>	<b>145.7</b>	<b>145.0</b>	<b>153.2</b>	<b>163.6</b>	<b>72.9</b>
Other operating income	0.2	0.2	0.5		4.4		
Depreciation	(33.0)	(31.4)	(37.6)	(48.0)	(41.4)	(33.8)	(37.7)
MultiClient amortization	(78.5)	(129.3)	(72.8)	(51.7)	(71.8)	(80.8)	(32.7)
<b>EBIT*</b>	<b>110.9</b>	<b>85.6</b>	<b>35.8</b>	<b>45.4</b>	<b>44.5</b>	<b>49.0</b>	<b>2.5</b>
CAPEX	(76.6)	(84.1)	(67.9)	(47.2)	(40.9)	(110.5)	(81.3)
Cash investment in MultiClient	(91.4)	(82.0)	(52.7)	(28.5)	(61.5)	(68.4)	(45.6)
<b>Order book</b>	<b>608</b>	<b>689</b>	<b>655</b>	<b>678</b>	<b>501</b>	<b>579</b>	<b>606</b>

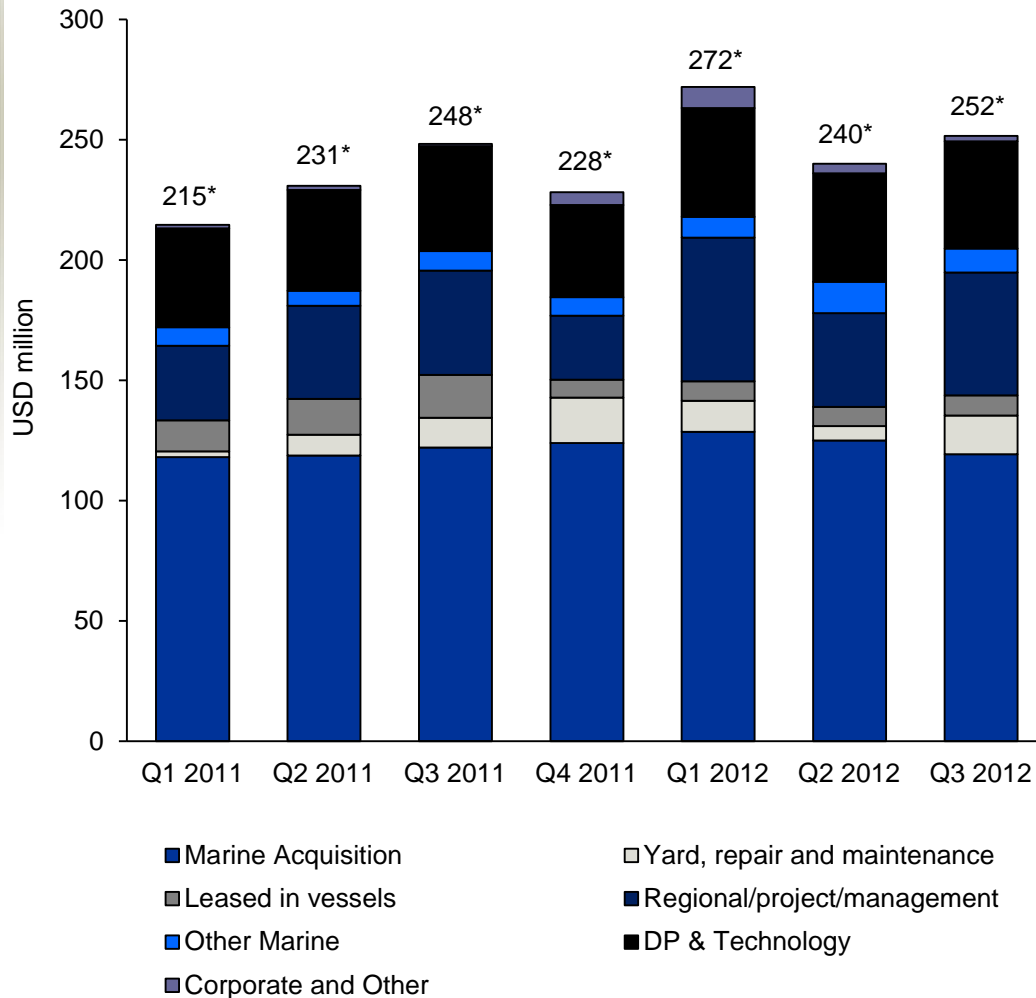
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# Group Cost\* Development



- Sequential cost increase primarily due to:
  - Less steaming cost deferral
  - Less capitalized cost related to yard stays
- Profit Improvement Program to deliver USD 50 million EBIT run rate improvement by end 2012
  - More than USD 40 million annual run rate improvement implemented by end Q3

\*Amounts show the sum of operating cost and capitalized MultiClient cash investment.



# Consolidated Statement of Cash Flows Summary

USD million	Quarter ended September 30		Nine months ended September 30	
	2012	2011	2012	2011
Cash provided by operating act.	260.2	149.6	588.2	329.9
Investment in MultiClient library	(91.4)	(61.5)	(226.1)	(175.4)
Capital expenditures	(84.7)	(59.4)	(226.9)	(247.3)
Other investing activities	14.5	(1.1)	0.9	(76.6)
Financing activities	(7.1)	(66.8)	(270.5)	(86.3)
<b>Net increase (decr.) in cash and cash equiv.</b>	<b>91.4</b>	<b>(39.1)</b>	<b>(134.5)</b>	<b>(255.7)</b>
Cash and cash equiv. at beginning of period	198.9	216.0	424.7	432.6
<b>Cash and cash equiv. at end of period</b>	<b>290.3</b>	<b>176.9</b>	<b>290.3</b>	<b>176.9</b>

- Strong cash flow from operating activities, driven by improved earnings and a positive working capital development
- Capital expenditures include USD 47.8 million relating to the new builds
- Other investing activities includes USD 24.4 million of proceeds from sale of SeaBird bonds

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## Japanese Export Credit Financing Established

- Japanese Export Credit Financing totaling USD 250 million secured for the first two new builds
  - Half to be paid to PGS at delivery of the first vessel and the other half at delivery of the second vessel
- Lenders are Japan Bank for International Cooperation ("JBIC") and Sumitomo Mitsui Banking Corporation ("SMBC")
  - Nippon Export and Investment Insurance ("NEXI") insuring the SMBC portions of the loans
- The loans will have a tenor of 12 years from delivery of the vessels with equal semi-annual installments
  - Lenders will have first priority security in the two vessels
  - 50% fixed interest rate/50% floating
- Expected interest rate p.a. including insurance premium to NEXI is approximately 2.30%



## Strong Financial Position

- Strong balance sheet
  - Liquidity reserve of USD 640.1 million
  - Net debt of USD 381.1 million
  - Equity ratio of 62%
- Cash generation increasing with market improvement
- Japanese export credit financing established for the two first new builds
  - Likely to seek a similar facility for the two optional vessels
- Strong position in relevant debt markets



No need for further equity to complete the vessel construction program





## Strong Balance Sheet Position - Key Figures

USD million	Quarter ended September 30		December 31
	2012	2011	2011
Total assets	3 031.6	2 907.6	3 137.2
MultiClient Library	357.4	350.6	334.1
Shareholders' equity	1 877.8	1 757.9	1 771.7
Cash and cash equiv.	290.3	176.9	424.7
Restricted cash	89.4	93.3	93.7
Liquidity reserve	640.3	524.5	774.7
Gross interest bearing debt *	771.5	750.6	954.5
Net interest bearing debt	381.1	421.6	394.2

\*Includes capital lease agreements

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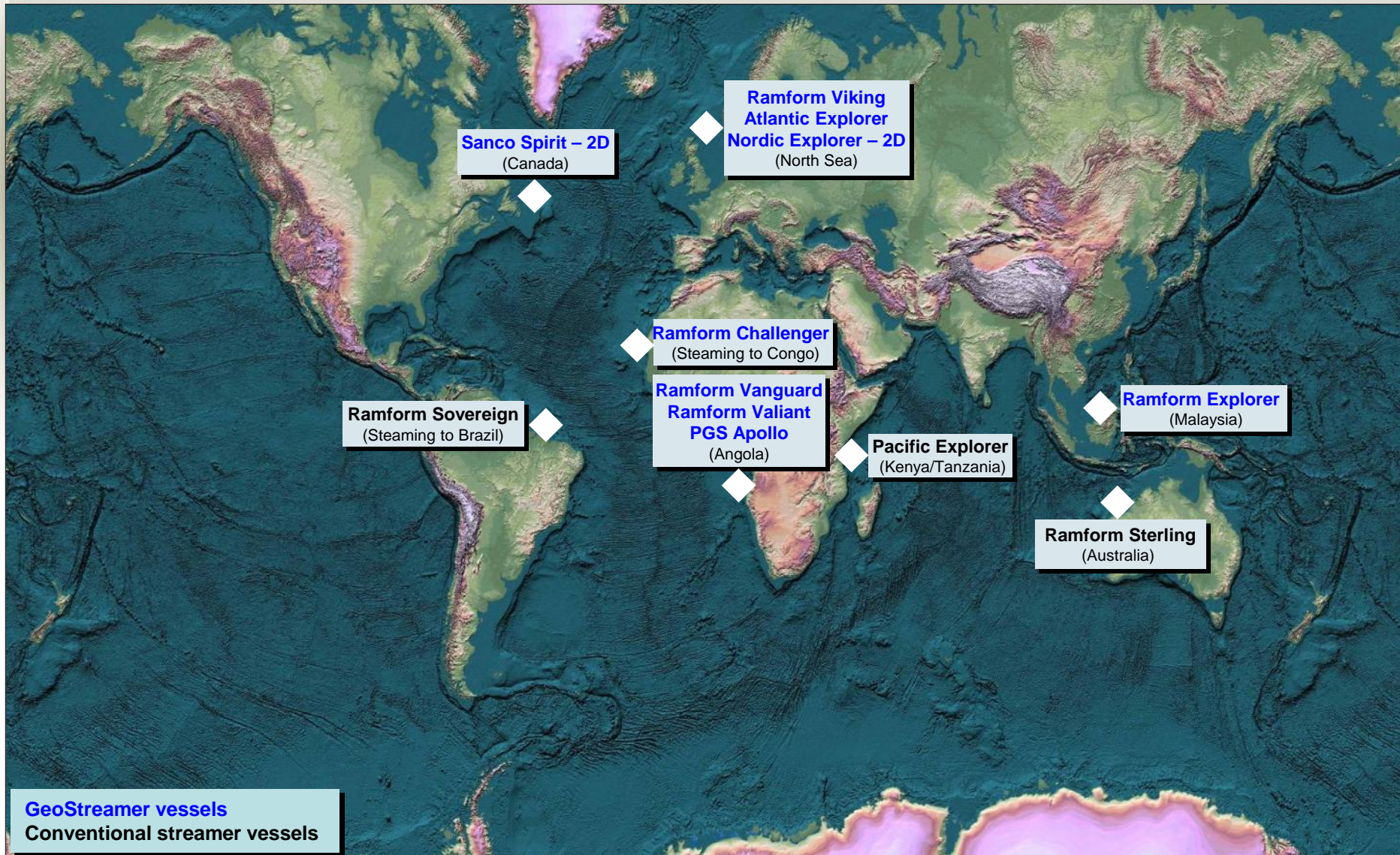
Petroleum Geo-Services ASA

# **Petroleum Geo-Services ASA**

*Operational Update and Market Comments*

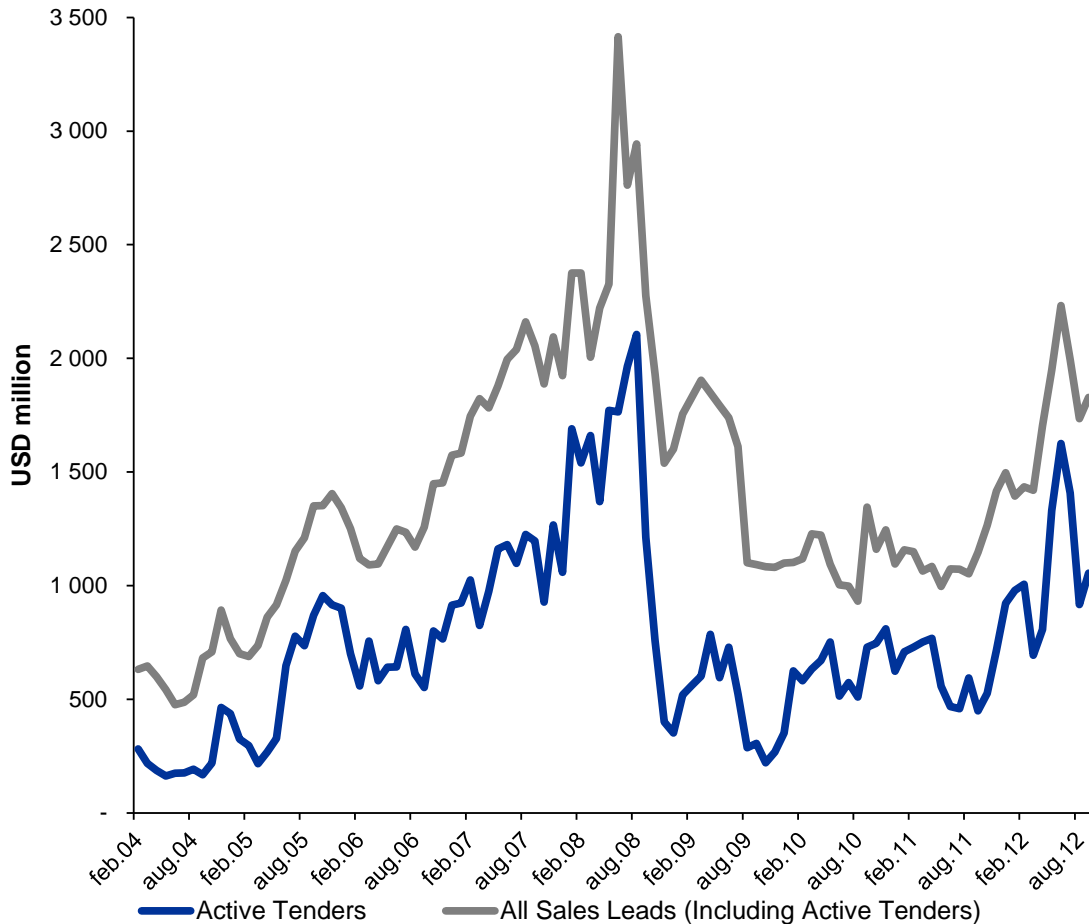


# Streamer Operations October 2012





# Solid Market Activity



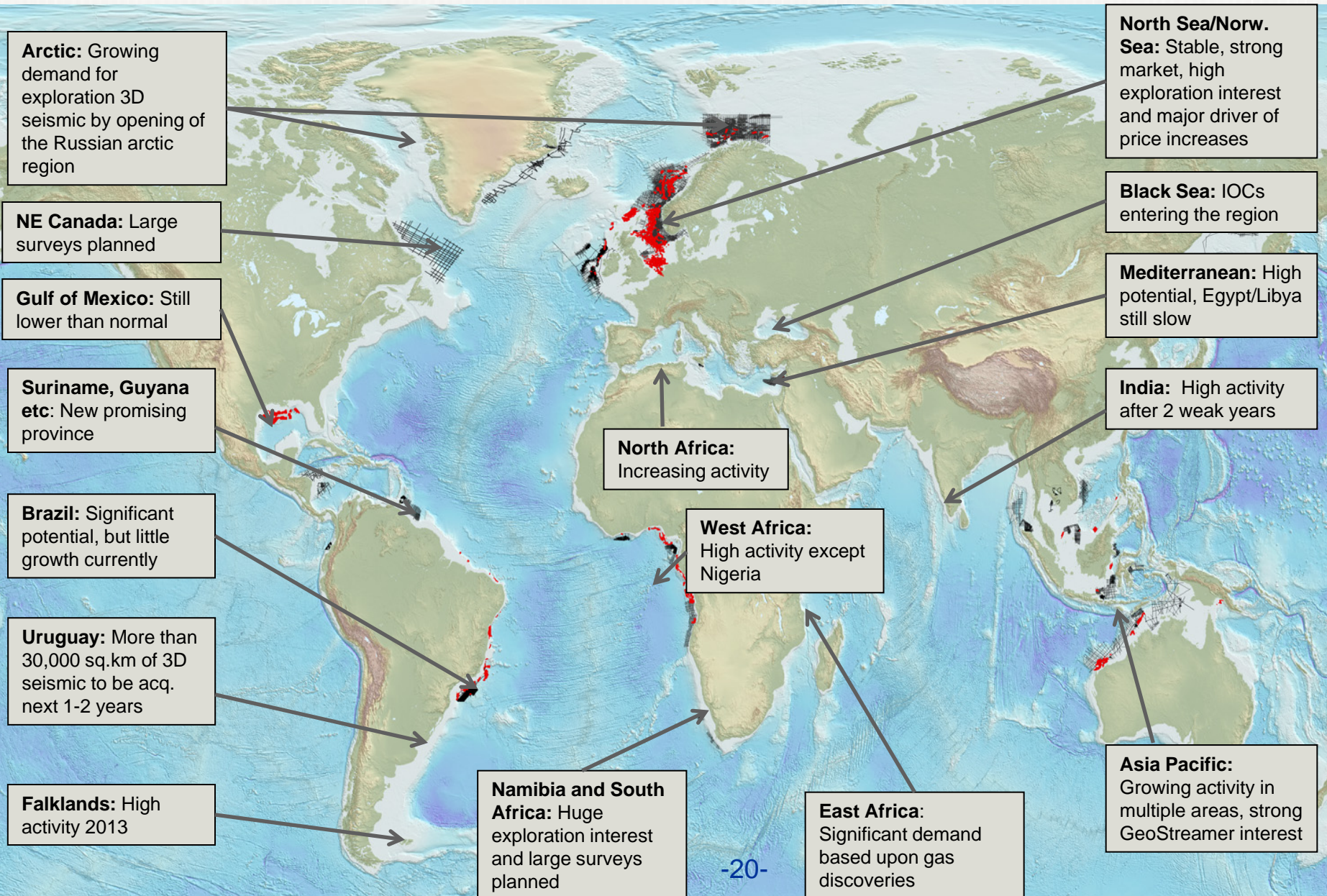
- “All Sales Leads” and “Active Tenders” remain at healthy levels
  - A number of large contracts have recently been awarded, improving visibility
  - Higher values due to increased pricing
- High 2013 North Atlantic bidding activity
- Good bid opportunities in all regions



Proportion of bids favoring GeoStreamer continues to increase

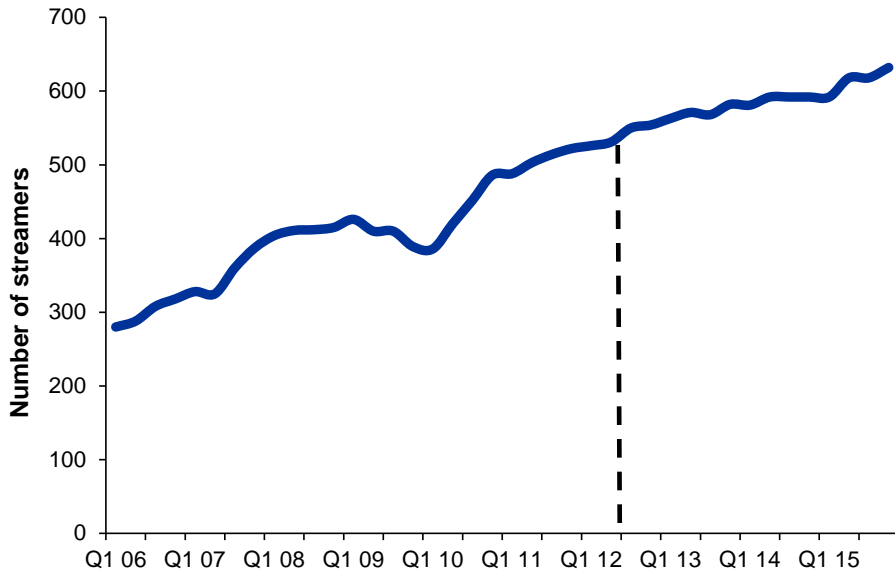
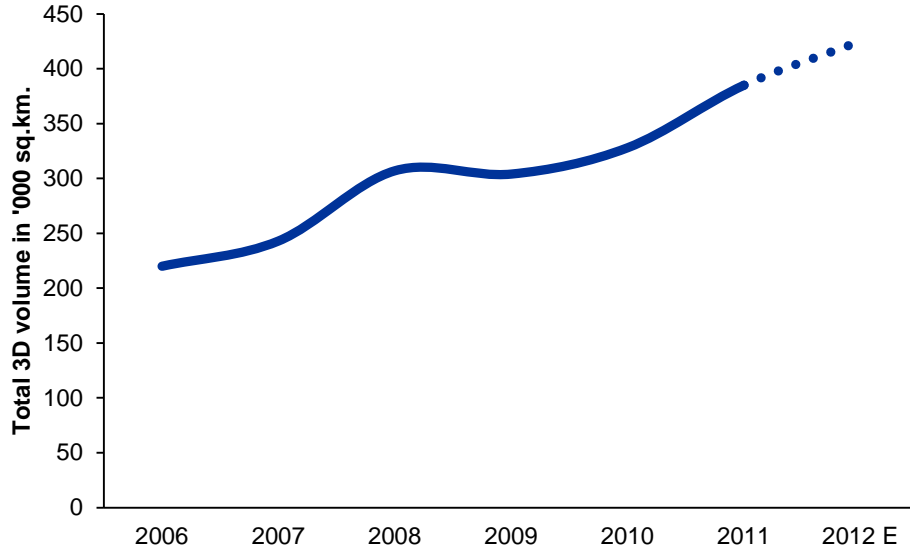


# Seismic Demand Expected to Continue to Grow













# Demand Growth Outpaces Supply Growth



- From 2006 to end 2011 demand for seismic has grown by more than 70% measured in sq.km.
- Growth in '12 is expected to be in excess of 10%
- Expected capacity increases
  - 6% increase in 2012
  - 5% increase in 2013
  - 2% increase in 2014
  - 7% increase in 2015



# Continuously Ahead of Competition

	1992 - 1996	1998 - 1999	2007 - 2009	2012 - 2014
Competition	 <p>4 - 6 streamers</p>	 <p>6 - 8 streamers</p>	 <p>8 - 12 streamers</p>	 <p>10 - 20 streamers</p>
PGS	 <p>8 - 12 streamers</p>	 <p>12 - 18 streamers</p>	 <p>12 - 22 streamers</p>	 <p>14 - 24 streamers</p>

- PGS builds vessels to optimize cost and efficiency over the vessels' useful life
- Growing capacity over the cycle rather than trying to time the market
- Larger vessels enable safer and more efficient high quality seismic
- New build program on track



# Four New Ramform Titan-class Vessels



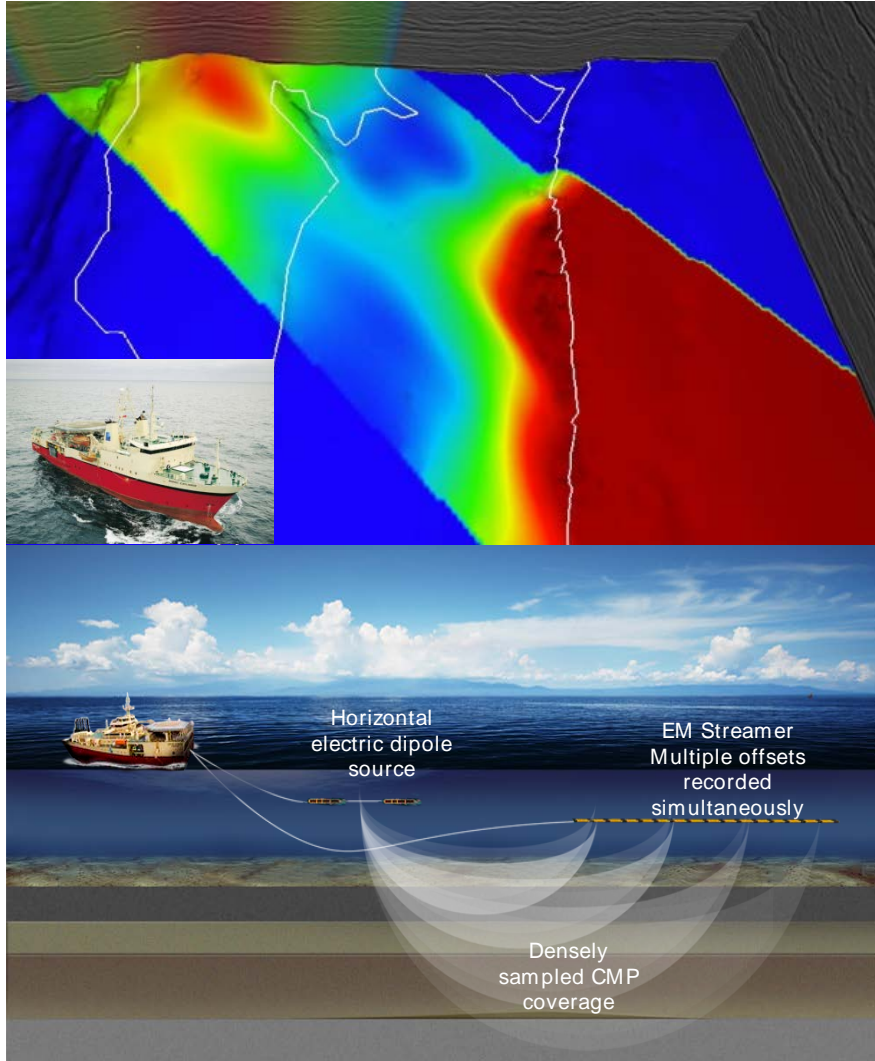
- The two first Ramform Titan-class vessels will be delivered on schedule
  - End Q1 and Q4 2013
- Delivery of two more vessels in 2015
- The Ramform Titan-class will strengthen PGS' position in the high-end seismic market



Already attracting keen customer interest

# Successful Launch of Towed EM

A New Business Opportunity

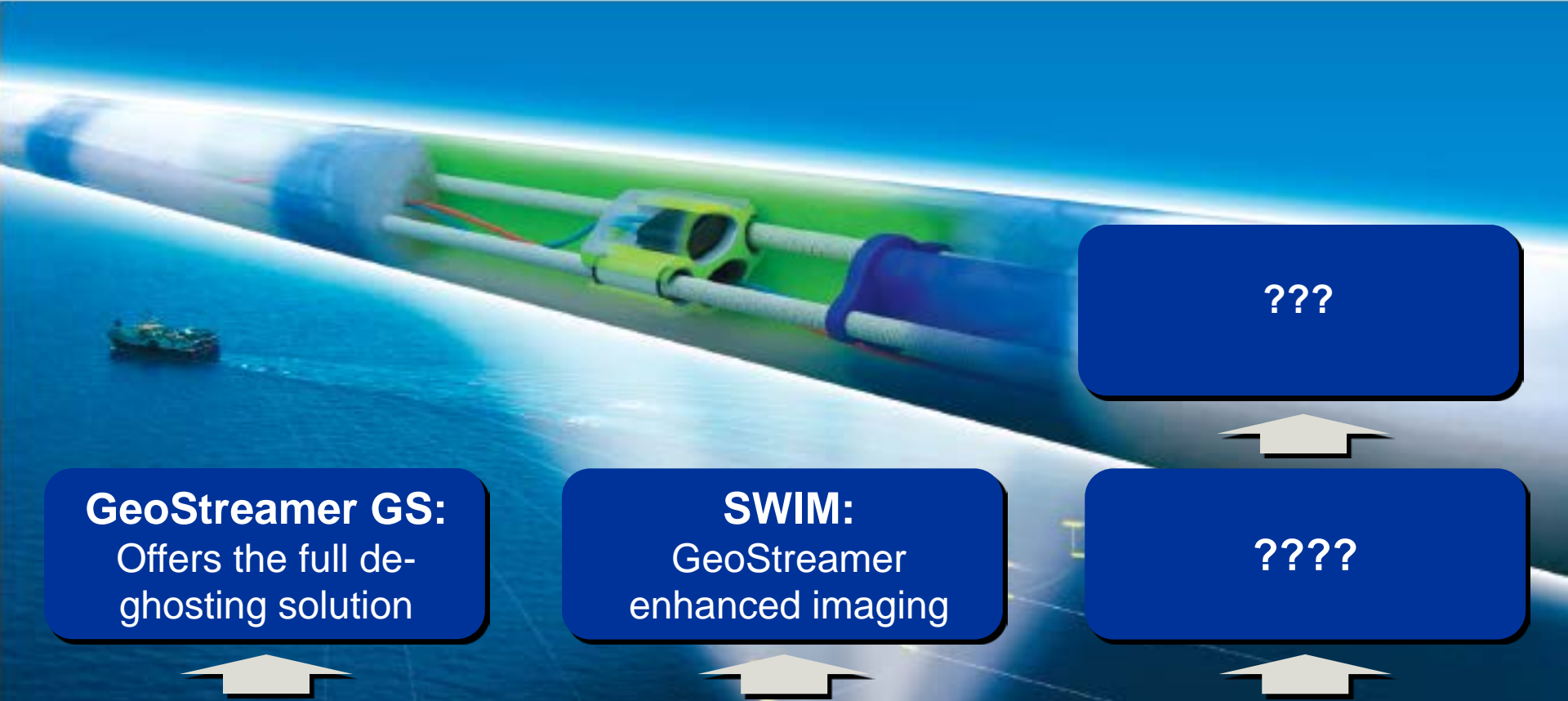


- PGS has acquired the first series of electromagnetic (“EM”) MultiClient surveys in the North Sea using the *Nordic Explorer*
  - The surveys have pre-funding as well as good late sales potential
  - Acquisition in varying weather conditions has demonstrated the robustness of the system
  
- Benefits with Towed EM
  - Efficiency – acquisition speed 4-5 knots
  - Online QC
  - Portable system
  - Possible simultaneous seismic and EM acquisitions
  - Dense data coverage
  - Data analysis in context with seismic data



GeoStreamer:

# The New Business and Technology Platform



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**GeoStreamer GS:**  
Offers the full de-ghosting solution

**SWIM:**  
GeoStreamer enhanced imaging

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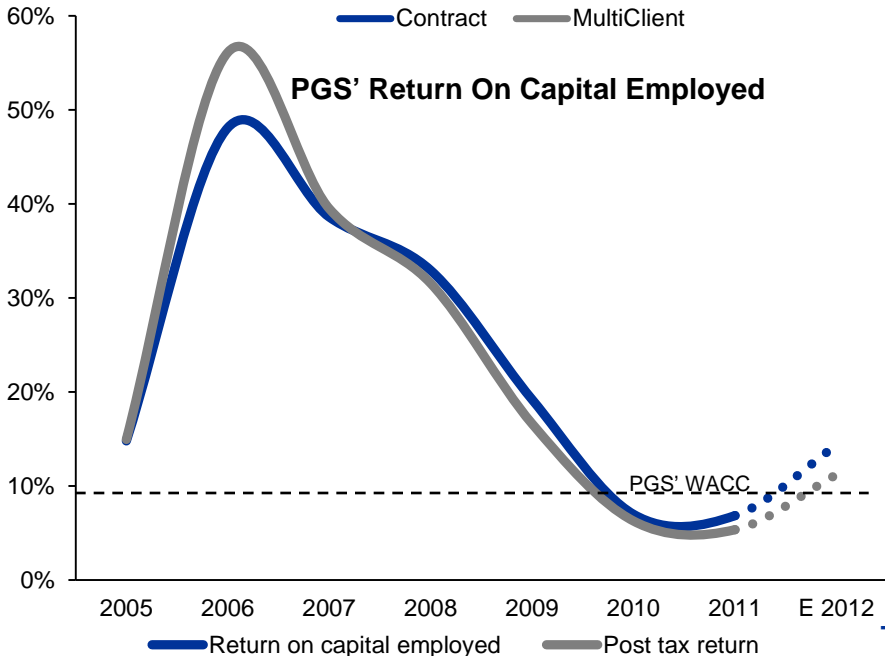
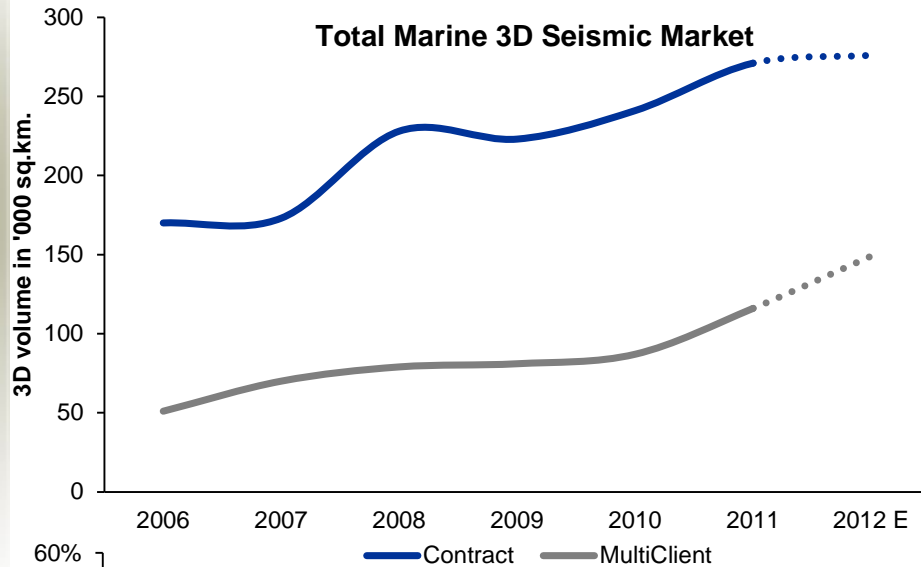
**The GeoStreamer Platform:**

- Gives higher resolution, better depth imaging and improved operational efficiency
- Improves the seismic value chain from acquisition to processing





# MultiClient Share is Increasing Over the Cycle



- Raises barriers to entry for the industry
- Delivers higher profitability and less volatility through cycles
- Requires capital discipline
  - Hence PGS' focus on robust pre-funding and conservative amortization
- Optimizes PGS' differentiation through demonstration of leading edge technology
- Will enable PGS to deliver returns above cost of capital through the cycle
- PGS' recent quarters demonstrate the profit and cash benefits of increased MultiClient in the mix
- MultiClient / Contract balance strengthens both segments



- Increased market activity
- GeoStreamer demand is stronger than ever
  - 2 new GeoStreamer vessels in 2013
  - 1 GeoStreamer upgrade planned 2014
  - 2 new GeoStreamer vessels in 2015
- Oil companies are more proactive in securing capacity
- Summer season 2013 expected to be strong
- Comfortable order book with good visibility through first half 2013
- Uncertain macro environment



## 2012 Guidance Increased

- EBITDA of approximately USD 800 million
- MultiClient cash investments in the range of USD 260-300 million
  - Pre-funding level of approximately 150%
- Capital expenditures in the range of USD 400-450 million
  - Of which approximately USD 250 million to new build program

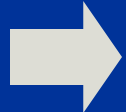


In Conclusion:

## A Well Positioned Focused Marine Seismic Company



- GeoStreamer delivers strong performance and better pricing
- Improving productivity & scale
  - Building four new Ramform Titan-class vessels
  - Leading 3D MultiClient library returns, with further improvements anticipated
- Leading edge Data Processing capabilities with record revenues in Q3 2012
- Technology differentiation with the GeoStreamer platform and Towed EM
- Strong balance sheet

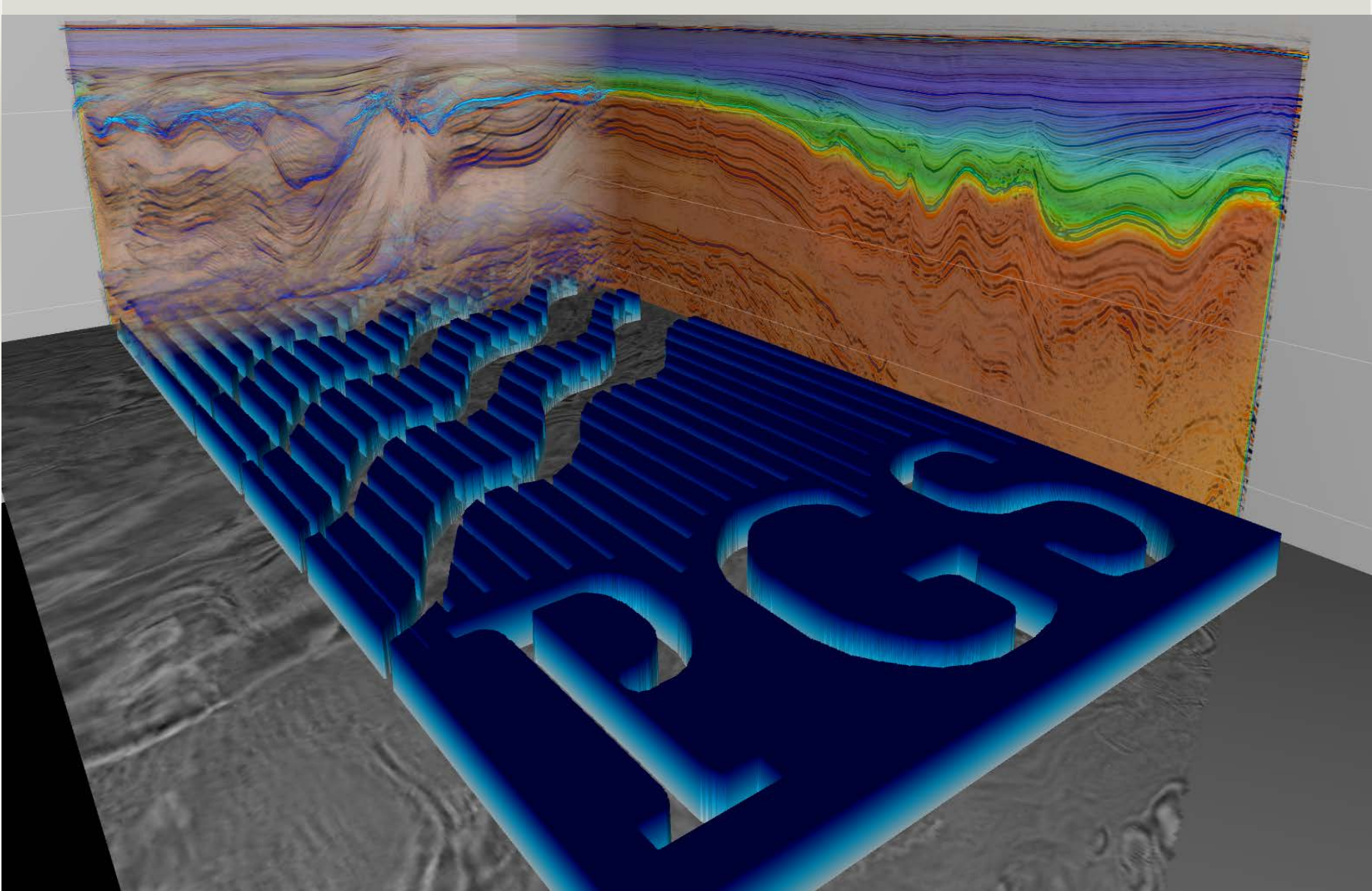


Competitively Positioned – Performance Through the Cycle





Thank You – Questions?





# Appendix: PGS' Fleet Overview

## Ramforms

Titan-class



2 ordered for 2013 delivery & exercised 2 options for 2015 delivery

S-class



*Ramform Sterling*



*Ramform Sovereign*

V-class



*Ramform Valiant*



*Ramform Viking*



*Ramform Vanguard*



*Ramform Challenger*



*Ramform Explorer*

## Conventional



*PGS Apollo*



*Atlantic Explorer*



*Pacific Explorer*

2D

*Nordic Explorer*

*Sanco Spirit*





# The Ultra High-end Segment: Several Production Records for The Fleet to Beat



- **Ramform S-class**
  - **Monthly production record:**  
3,056 sq. km acquired
  - **Weekly production record:**  
919 sq.km acquired
  - **Daily production record:**  
143.6 sq.km. acquired
  - **Largest deployment ever:** 14 streamers x 8,100 meters with 50 meter separation – regular operations for almost 4 years
  
- **Ramform V-class**
  - 17 streamer tow with 50 meter separation



# Main Yard Stays Next 6 Months



Vessel	When	Expected Duration	Type of Yard Stay
<i>Ramform Valiant</i>	Scheduled November 2012	Approximately 25 days	Renewal class
<i>Ramform Explorer</i>	Scheduled December 2012	Approximately 16 days	Intermediate class
<i>PGS Apollo</i>	Scheduled December 2012	Approximately 7 days	Intermediate class
<i>Ramform Sovereign</i>	Scheduled April 2013	Approximately 23 days	Renewal class



## Robust Financing with Good Maturity Profile

<b>Long term Credit Lines and Interest Bearing Debt</b>	<b>Nominal Value Outstanding as of September 30, 2012</b>	<b>Total Credit Line</b>	<b>Financial Covenants</b>
USD 600 million Term Loan ("TLB"), Libor + 175 basis points, due 2015	USD 470.5 million		None, but incurrence test: total leverage ratio < 3.00:1
Revolving credit facility ("RCF"), Libor + 225 basis points, due 2015	Undrawn	USD 350 million	Maintenance covenant: total leverage ratio < 2.75:1
USD 300 million Senior Note, coupon of 7.375%, due 2018	USD 300 million		None, but incurrence test : Interest coverage ratio > 2.0:1