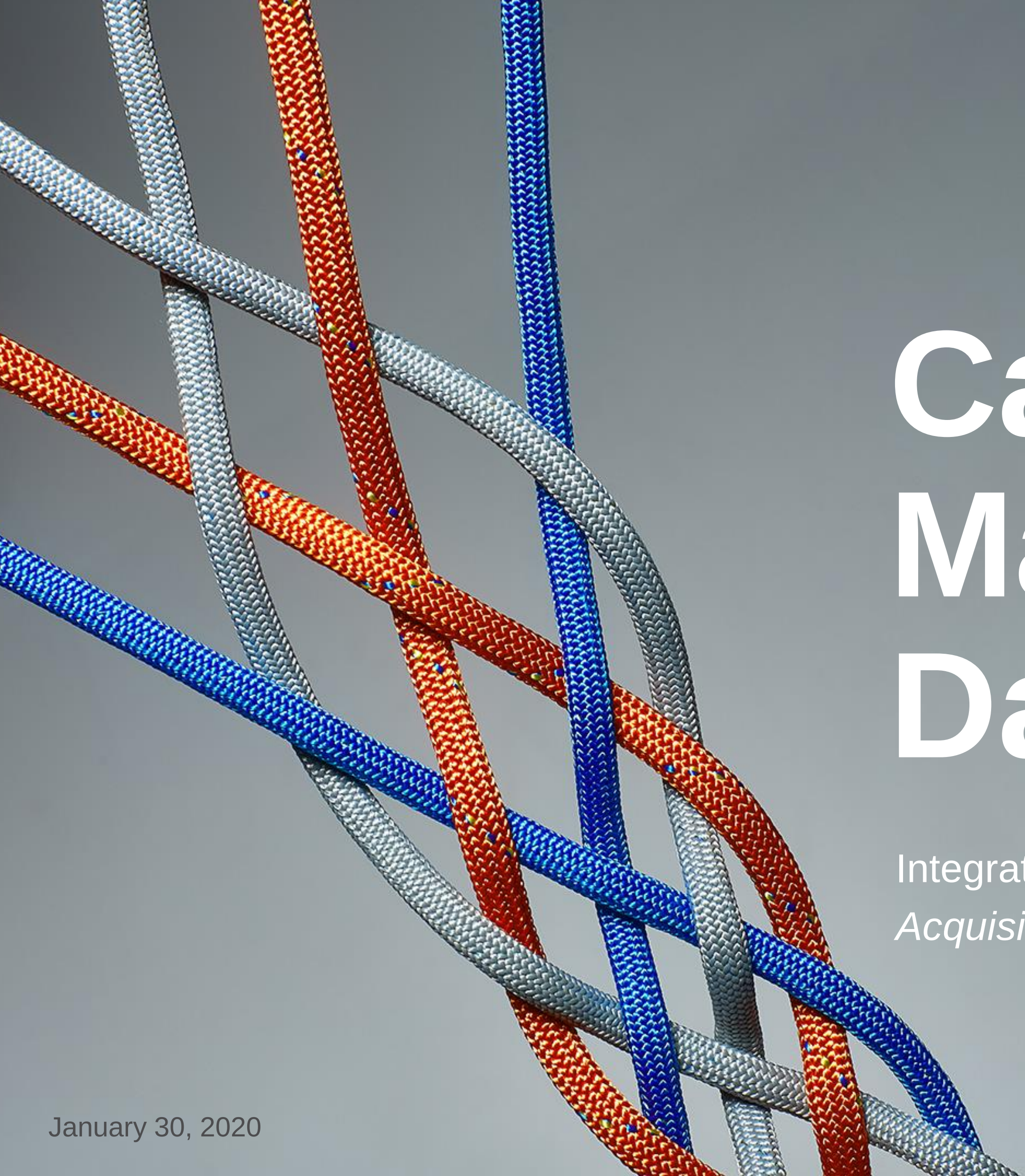


# Capital Markets Day 2020

Integrated Expertise

*Acquisition, Imaging & Geoscience*

January 30, 2020

# Agenda Q4 Earnings Release & Capital Markets Day

| | |
|---|---|
| 09:00 | **PGS and 2020 market perspectives**<br>Rune Olav Pedersen, President & CEO |
| 09:25 | **Q4 2019 results and CMD financials**<br>Gottfred Langseth, EVP & CFO |
| 10:00 | Q&A |
| 10:15 | Coffee break |
| 10:30 | **Sales & Imaging**<br>Nathan Oliver, EVP Sales & Imaging |
| 10:50 | **New Ventures**<br>Berit Osnes, EVP New Ventures |
| 11:10 | **Operations**<br>Rob Adams, EVP Operations |
| 11:30 | **Concluding remarks**<br>Rune Olav Pedersen, President & CEO |
| 11:35 | Q&A |
| 11:50 | Lunch |

# 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 fourth quarter and preliminary full year 2019 results and the disclosures therein

# PGS and 2020 Market Perspectives

Rune Olav Pedersen

President & CEO

Integrated Expertise

*Acquisition, Imaging & Geoscience*

January 30, 2020

# Outline

- 2019 highlights
- PGS strategy
- Market perspectives
- Seismic market outlook
- Digital transformation
- ESG
- Summary

# 2019 Highlights

**Significant Contract price increase**

- Good leads and tendering activity
- More 4D work
- Taking advantage of integrated approach

**Improving visibility**

- Solid order book increase
- 8 vessels in operation through winter season
- Strong outlook in both MC and Contract

**Solid free cash flow generation**

- Continued market improvement
- Reduced net debt by USD 102 million
- Increased liquidity reserve by USD 51 million

**Fully refinanced**

- Launched mid January 2020
- Strong stakeholder support
- Flexibility to pursue deleveraging strategy

**Initiated digitalization process**

- Google Cloud – PGS preferred provider
- Will accelerate strategy execution

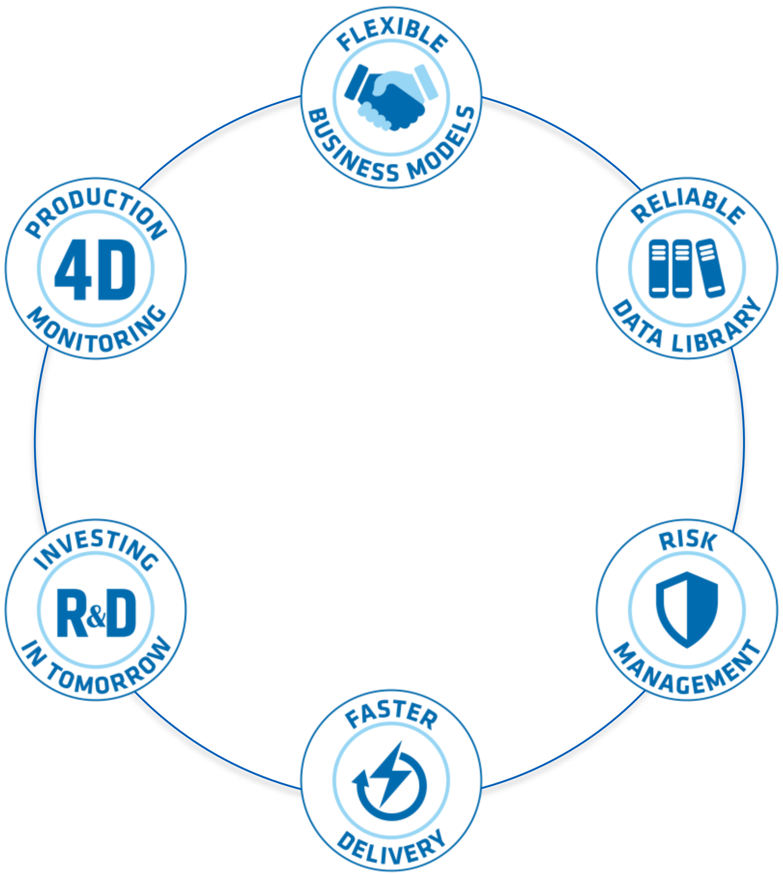
**PGS - the only integrated service provider**

- Meeting clients needs in all aspects of towed streamer seismic
- Flexible business models with tailored solutions

# Competitive landscape:
## **Structural Changes during 2018 and 2019 in the Marine Seismic Industry**

| MultiClient Players | Integrated Service Offering | Contract Players |
|---|---|---|
| TGS | PGS | SHEARWATER |
| CGG Passion for Geoscience | | Polarcus |
| WesternGeco | | |

# Integration Improves Business Opportunities




- Flexible business models
  - MultiClient and contract is increasingly overlapping
  - Attractive joint venture partner with high quality assets
  - Utilization optimization
- Reliable data library
  - High quality data well suited for G&G objectives
- Risk management
  - Time, cost and quality managed from planning to delivery
- Faster delivery
  - Reduced turnaround time
- R&D
  - Reduce cost and improve efficiency
- Production monitoring
  - Well positioned in a growing 4D market

# PGS Strategy:
# Marine Seismic Market Leadership Through Full Service Offering

| Financial Strategy |
|---|
| Profitability before growth |
| Return on Capital Employed |
| Capital structure<br>to sustain future downturns |

| Business Strategy |
|---|
| MultiClient focus |
| 4D leadership |
| Reduce turnaround time |
| Joint acquisition and imaging approach |
| R&D focus on imaging and acquisition solutions |
| Leveraging PGS fleet productivity and technology |

# Change in Executive Management Team

**Rune Olav Pedersen**
President & CEO

**Gottfred Langseth**
Executive Vice President & CFO

**Nathan Oliver**
Executive Vice President Sales & Imaging

**Berit Osnes**
Executive Vice President New Ventures

**Rob Adams**
Executive Vice President Operations

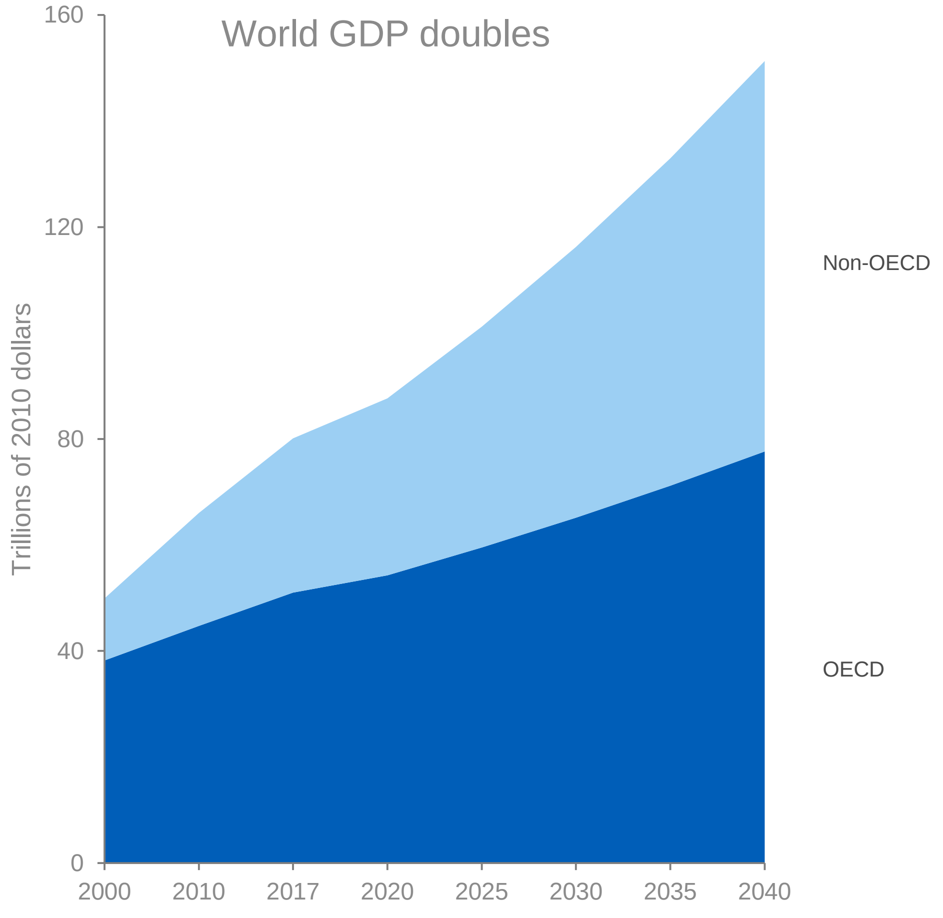
## Former EVP Operations & Technology, Per Arild Reksnes retired year-end

- Advisory role to April 2020

## Rob Adams new EVP Operations

- 21 years of PGS experience from a wide range of positions
- Comes from SVP New Ventures

# Market Perspectives:
# **GDP Growth Expected to Continue**

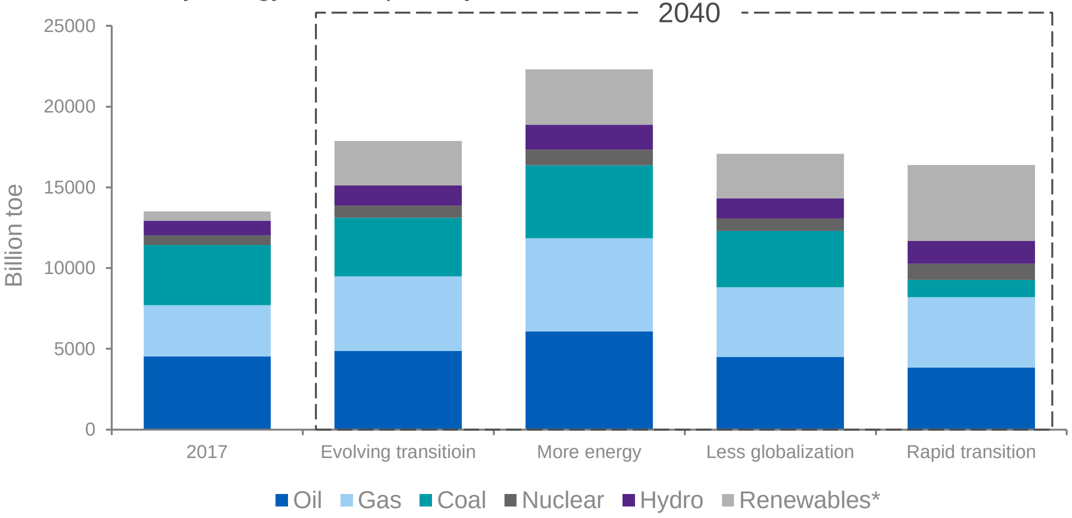



- Economic expansion is a key driver for energy demand
- World GDP expected to nearly double by 2040
  - Non OECD growing at more than twice the rate of the OECD

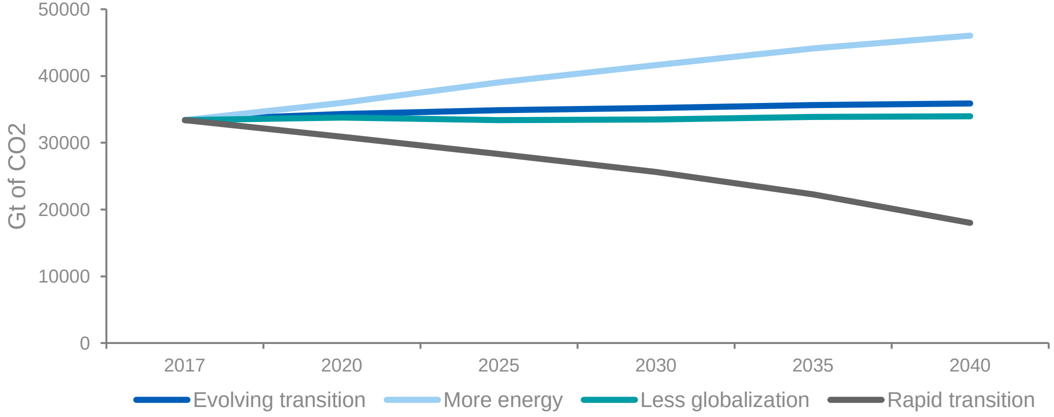
Source: ExxonMobil 2019 Outlook for Energy

# Market Perspectives:
# **Oil & Gas Will be Important in the Coming Decades – Independent of Energy Scenario**

Primary energy consumption by fuel:




Co2 emissions:

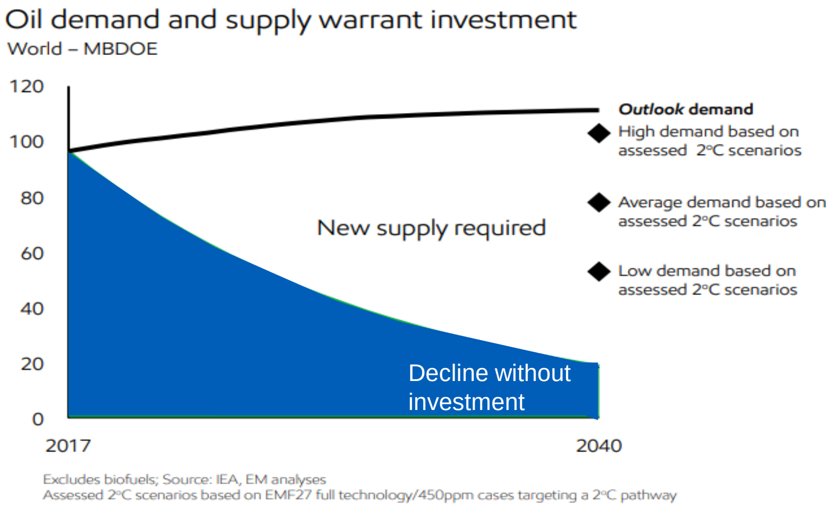


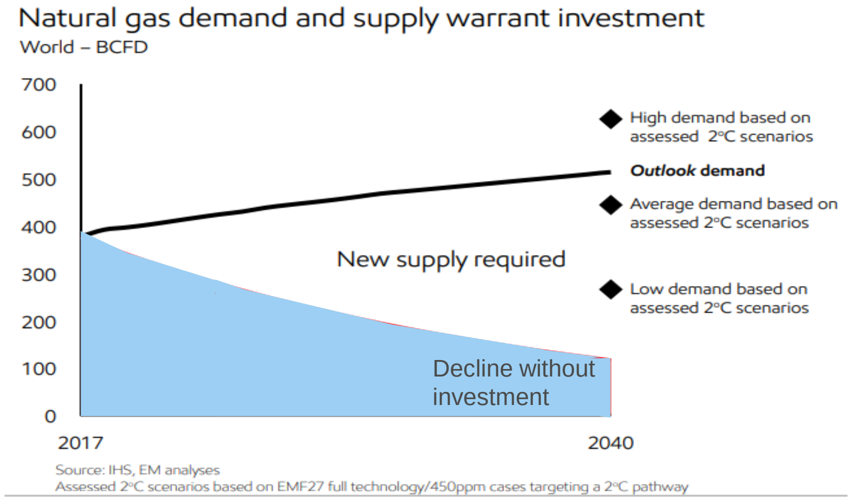

Source both graphs: BP Energy Outlook 2019
*Renewables includes wind, solar, geothermal, biomass, and biofuels

- Significant supply of oil and gas necessary in all scenarios
- The shift to lower carbon fuels in the “Rapid transition” scenario reflects a combination of
  - Rapid growth in renewable energy
  - Sharp contraction in the use of coal

- In the Evolving transition scenario this improvement in living standards causes energy demand to increase by around a third over the Outlook, driven by India, China and Other Asia which together account for two-thirds of the increase
- The ‘More energy’ scenario represents a half-way step to reducing the proportion of the world’s population living in countries where the average level of consumption is below 100 GJ/per head to one-third by 2040.
- The impact that trade disputes and increasing concerns about energy security could have on the pattern of energy flows is considered in the alternative ‘Less globalization’
- The ‘Rapid transition’ scenario represents a similar half-way step on carbon emissions: reducing CO2 emissions by around 45% by 2040, almost half-way to reducing entirely carbon emissions from energy use.

# Market Perspectives:
# **Decline Rates Drives Investments**

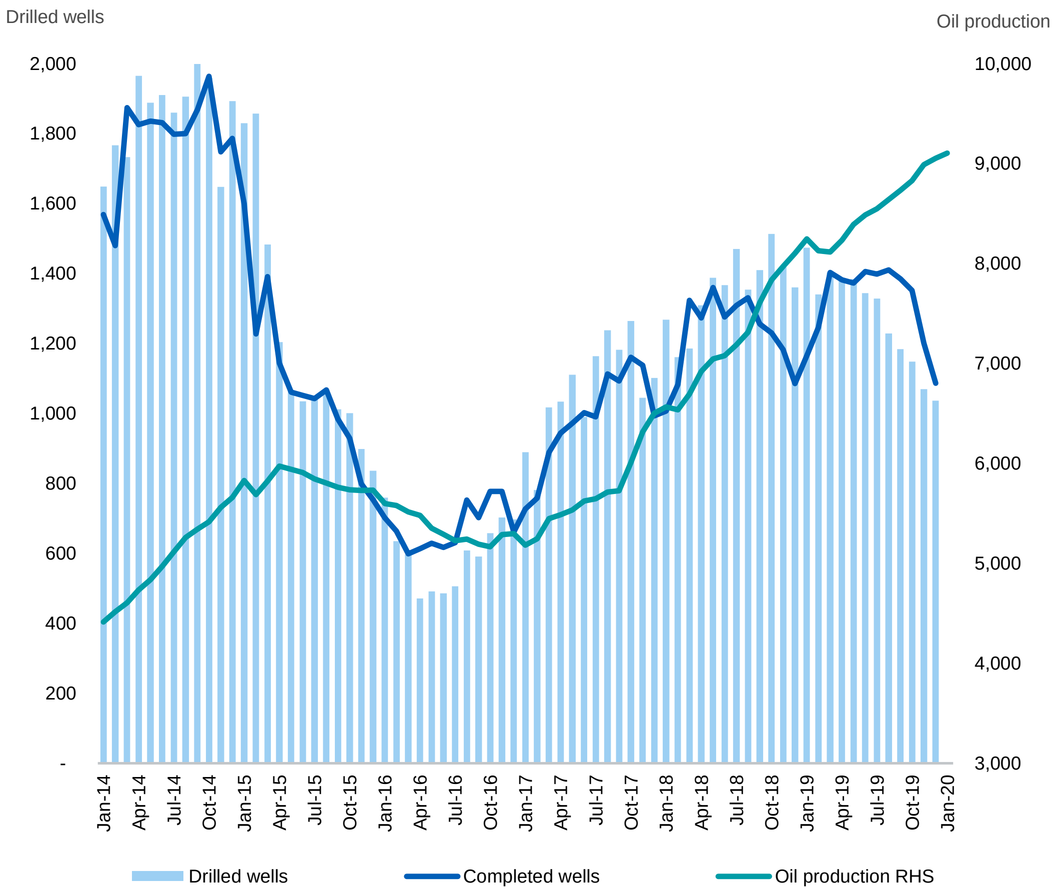



- Significant decline rates from producing oil and gas fields
  - Oil supply naturally declining ~7% per year
  - Gas supply naturally declining ~5% per year
- USD 13-20* trillion of investments needed to meet future oil and gas energy demand

*IEA's 2019 World Energy Outlook estimate more than USD 13 trillion of cumulative investment through 2040 is needed in their Sustainable Development Scenario. Almost USD 20 trillion of cumulative investment through 2040 is needed in their Stated Policies Scenario.

# Shale is Unlikely to Close the Gap




*Source: Carnegie/EIA's US Drilling Productivity Report*

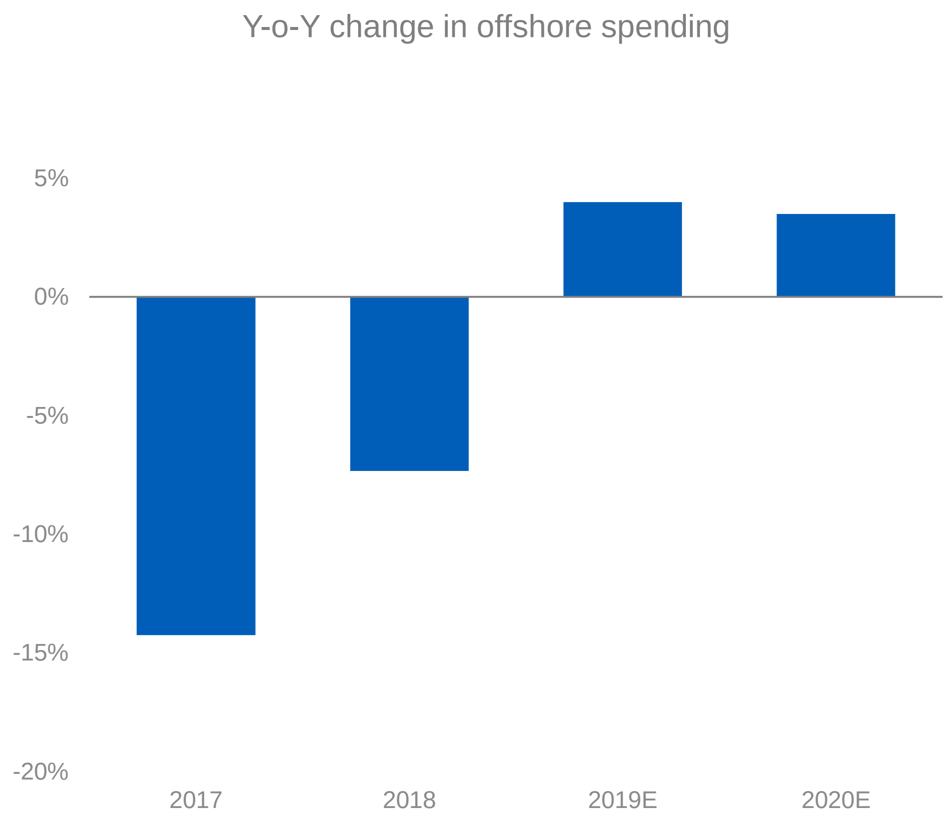
- U.S production has decoupled from rig count past two years
- Continued production increase comes from depleting an inventory of drilled but uncompleted wells (DUCs)
- Producers are utilizing DUCs to provide low-cost production
  - Inventory of DUCs is decreasing
  - Shale oil fracking crew count decreasing
- Rebound in rig count needed to offset DUC inventory, alternatively production declines
  - Onshore investments likely to decrease in 2020

# Market Perspectives:
# **Oil Companies Cash Flow Supports E&P Investments**


- Oil companies generate significant cash flow
- Oil companies are likely to continue the strong cash flow generation in coming years

Source: Carnegie. Accumulated numbers for BP, Chevron, ConocoPhillips, ENI, Eqinor, Exxon, Petrobras, Repsol, Shell and Total.

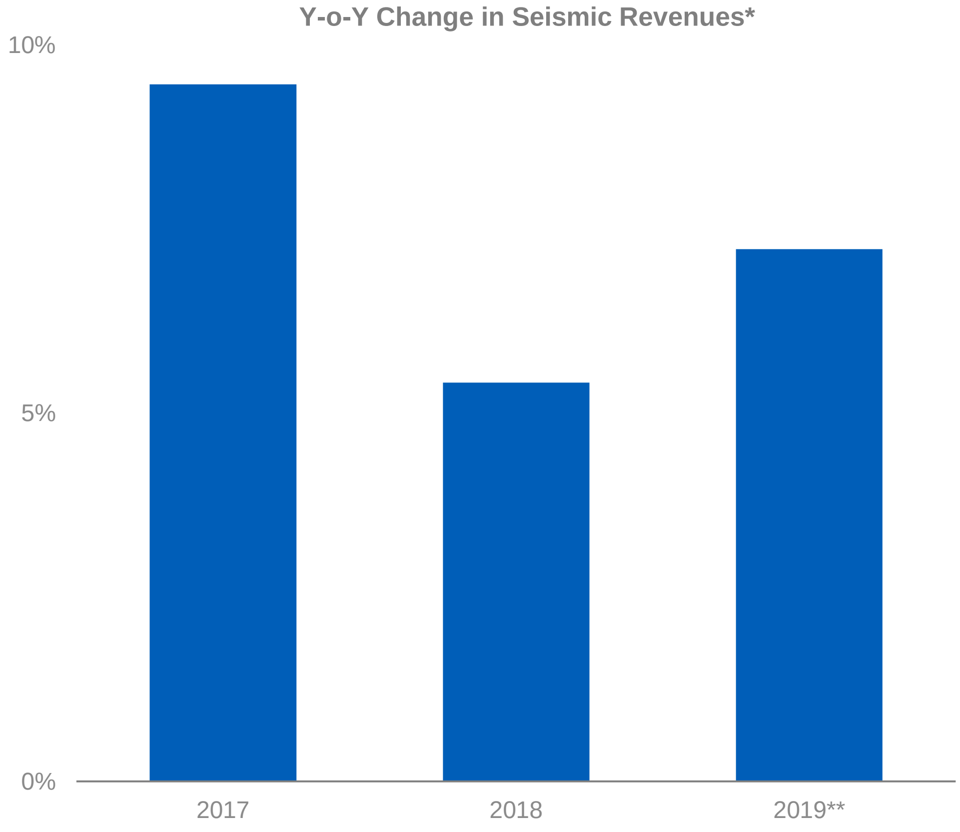
# Market Perspectives:
# **Offshore Investments Continues to Increase**




- Offshore spending expected to increase around 4% in 2020 vs. 2019
- Continued CAPEX discipline among energy companies is expected

Source: Average estimates from E&P spending reports published by Barclays, SEB, DNB, Pareto Securities, SB1 Markets and JPMorgan.

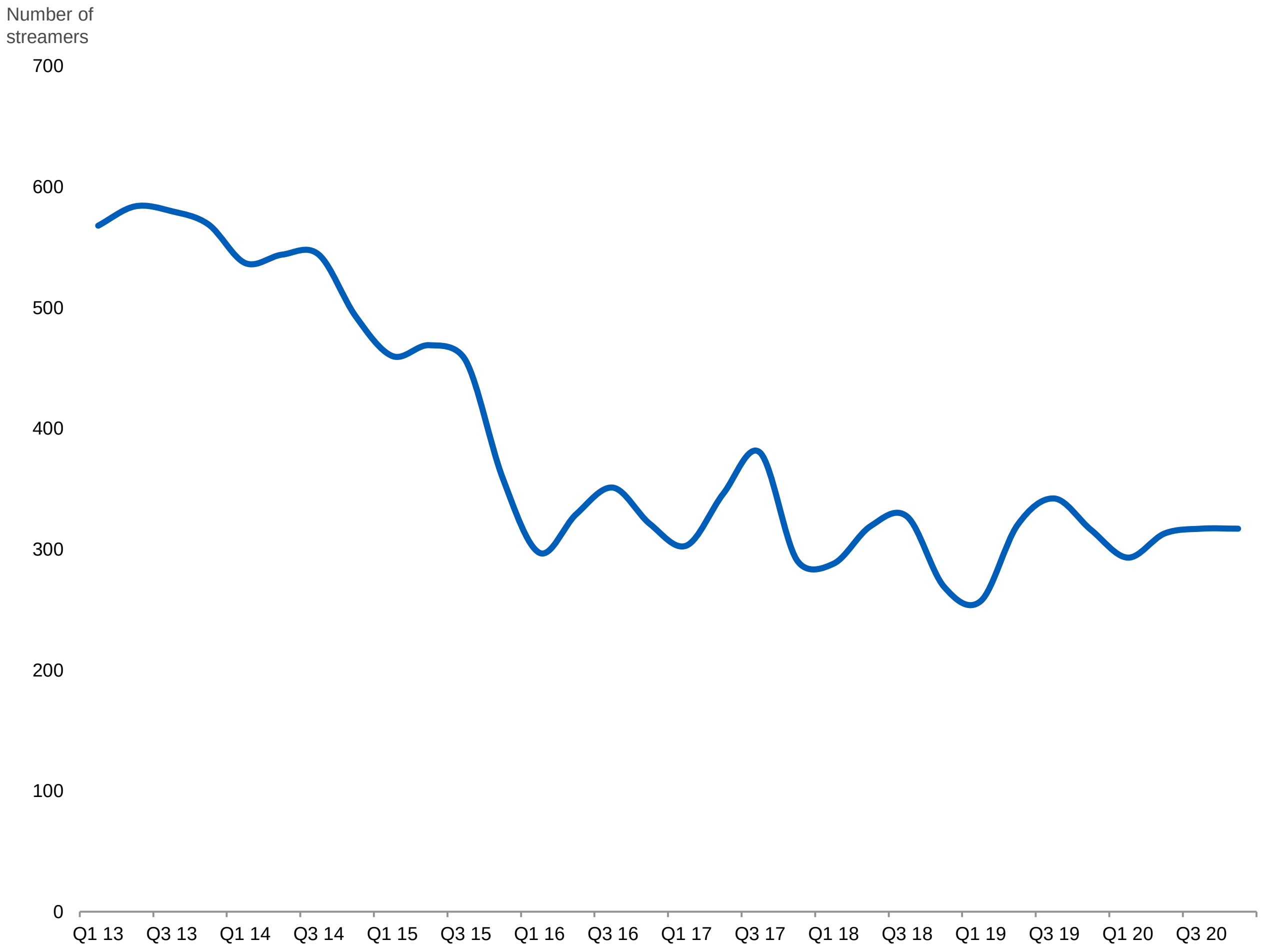
# Seismic Market in Recovery




*Accumulated revenues for PGS, TGS, Spectrum, WesternGeco, CGG and Polarcus.
**Last Twelve Months Q3 2019 for PLCS .

- For the third consecutive year seismic spending has increased Y-o-Y
- MultiClient started to improve in 2017
- Contract seismic became profitable in 2019
- Current seismic contract market trends
  - Higher activity
  - Higher prices
  - Increased share of 4D
- Improved vessel booking and order book across the industry

# Significant Supply Reduction



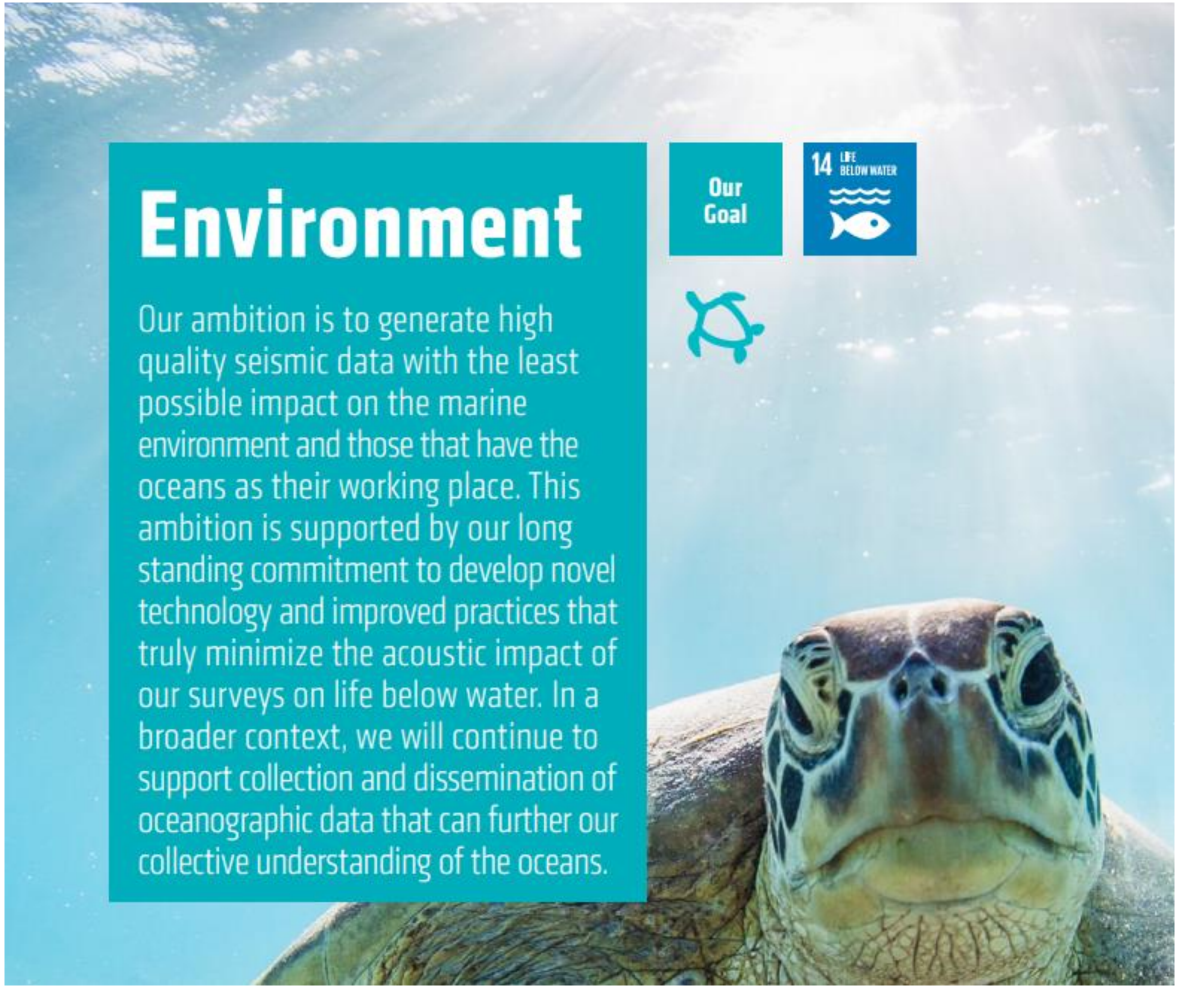

Source: PGS internal estimates

- 2019 average capacity approximately 50% lower than average capacity in 2013
- 2020 capacity increase vs. 2019 due to less winter warm-stacking

# Digital Transformation to Accelerate Strategy Execution


- Google is PGS cloud partner
- Short term ambition:
  - Image seismic data in the cloud
  - Launch a cloud based MultiClient sales platform
  - Energy efficiency and equipment maintenance
  - Use Machine Learnings and Artificial Intelligence for subsurface data analytics
- Longer term visions:
  - Reduce turnaround time
  - Reducing operating cost
  - Improve customer engagement and interaction
  - R&D for truly differentiating technologies
  - Develop business opportunities for data owners and customers

# Focus on Environment Social & Governance




- Reduced $CO_2$ emission by 30% over last decade
- Digital transformation and continued cost focus contributes to reduce $CO_2$
- Contribute to healthier oceans
- Safe operations with no permanent environmental footprint

# 2020 Guidance

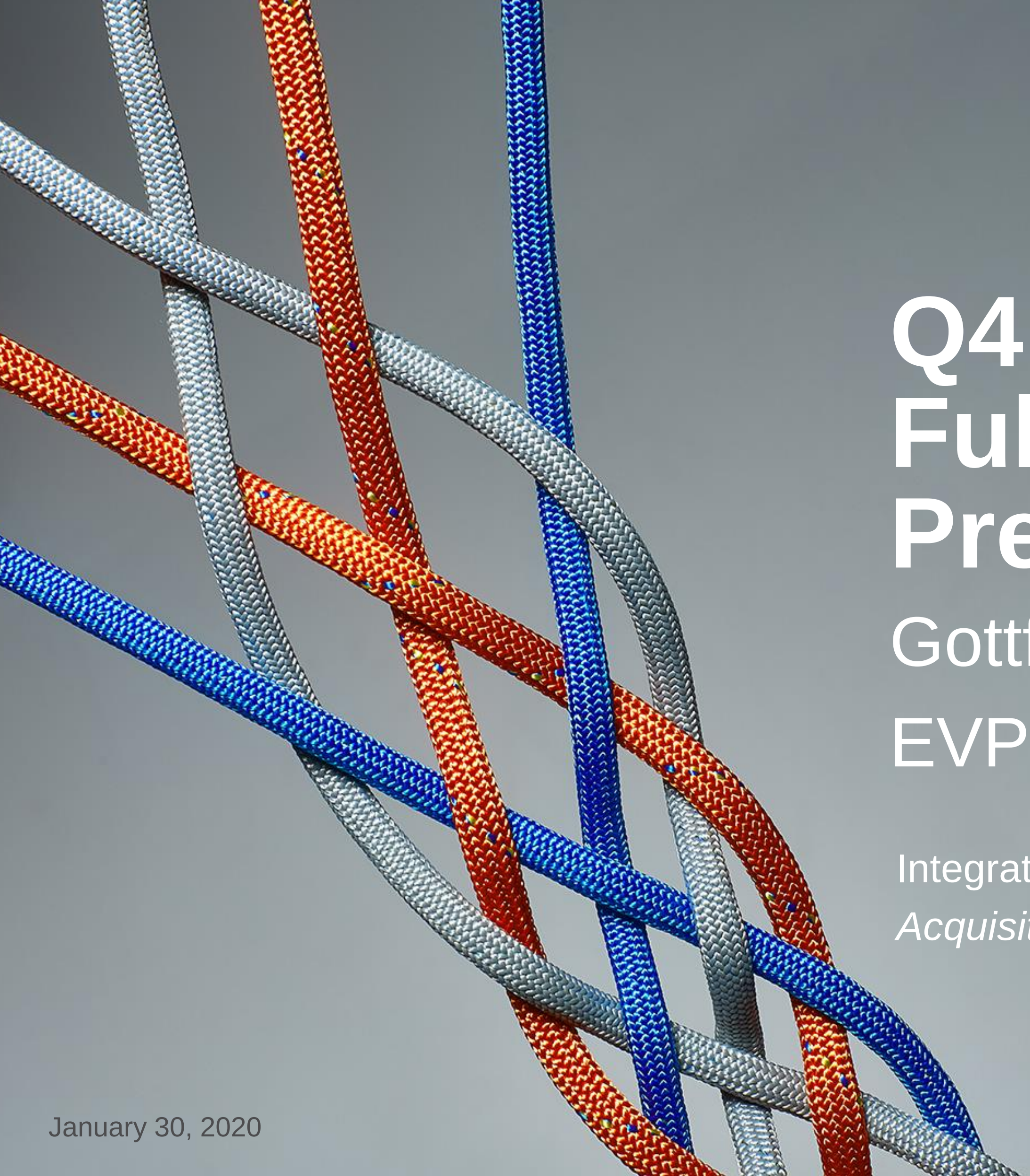
- Group gross cash cost of ~USD 600 million

- MultiClient cash investments in the range of USD 250-275 million
  - More than 50% of 2020 active 3D vessel time allocated to MultiClient

- Capital expenditures of ~USD 80 million

# Summary

- Another year with increasing cash flow
  - Improving profitability
  - Better return on capital employed
- Significant Contract price improvement
- Solid MultiClient sales
- Expect 2020 to be better than 2019
- Integration enables PGS to improve business opportunities



# Q4 and Preliminary Full Year 2019 Presentation

Gottfred Langseth

EVP & CFO

Integrated Expertise

*Acquisition, Imaging & Geoscience*

January 30, 2020

# Cautionary Statement

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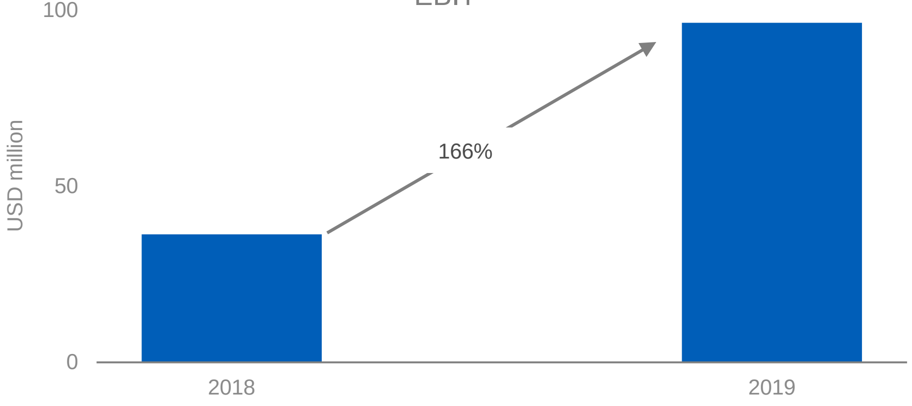
## Full Year 2019 Highlights:
## **Strong Contract Margin Improvement – In Process to Complete Refinancing**

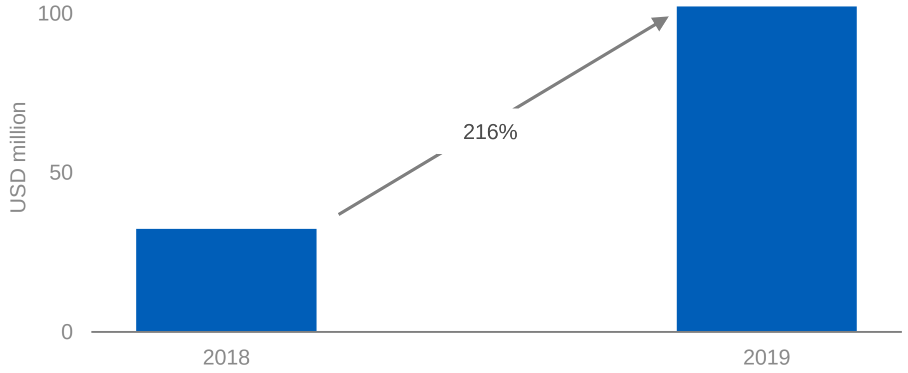
- Seismic market continued to strengthen during 2019
  - Contract revenues more then doubled from 2018
  - Close to 40% higher contract pricing
  - Continued 8 vessel operation during winter season
- Slow start to MultiClient sales in 1H, in line with expectations during 2H
- Order book almost doubled
- Refinancing announced with strong stakeholder support

# Full year 2019:
# **Improving Market Fundamentals Reflected in Financials**

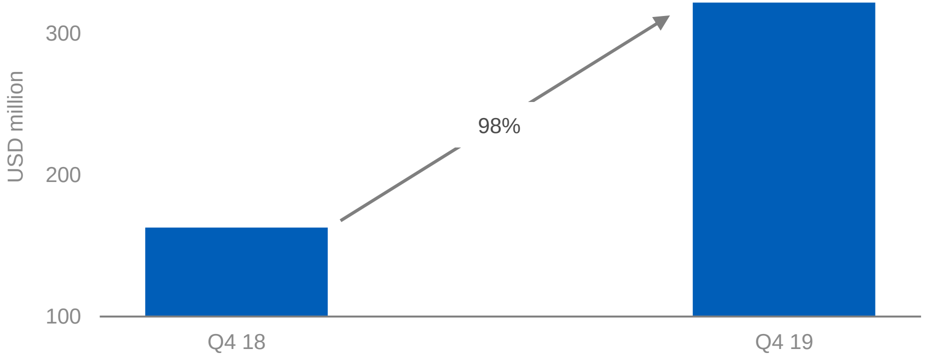
EBIT*



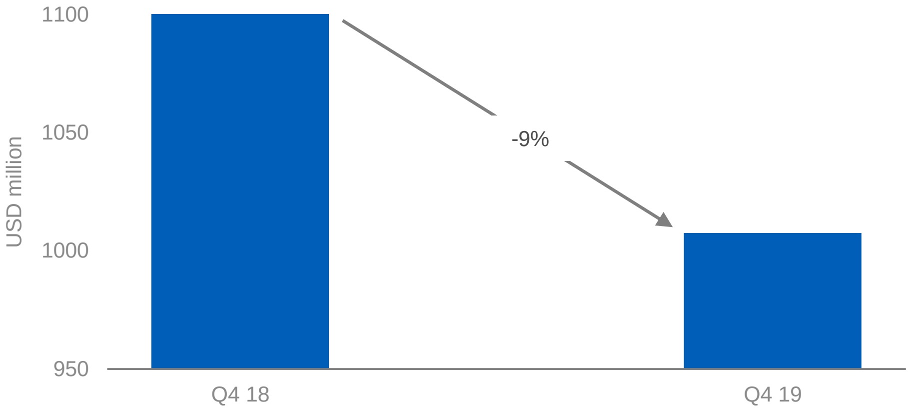

Cash flow before debt repayment
(after interest and IFRS 16 lease payments)




Order Book

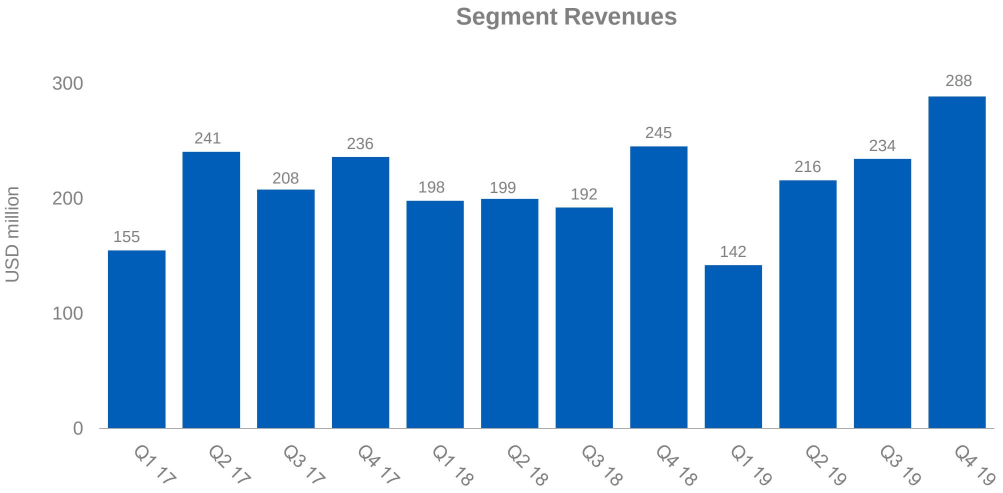


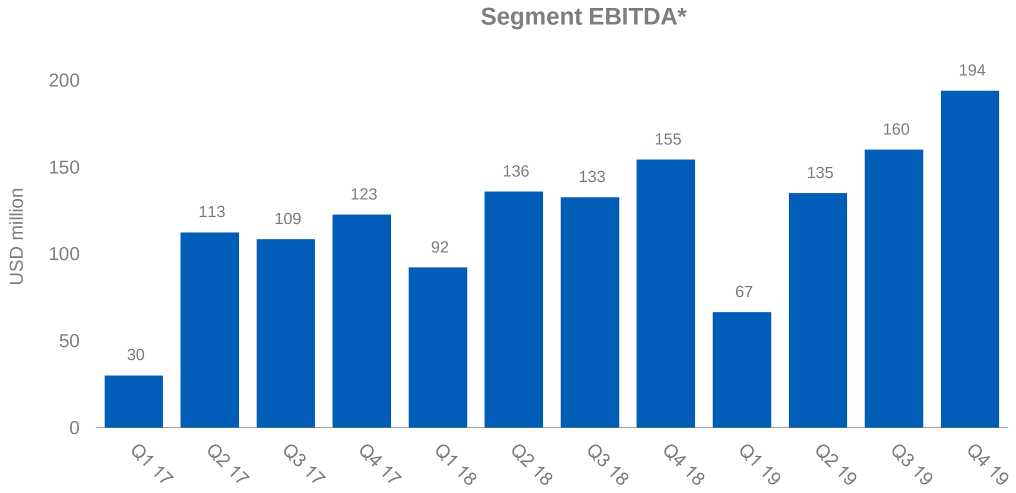

Net interest bearing debt
(excluding IFRS 16 leases)

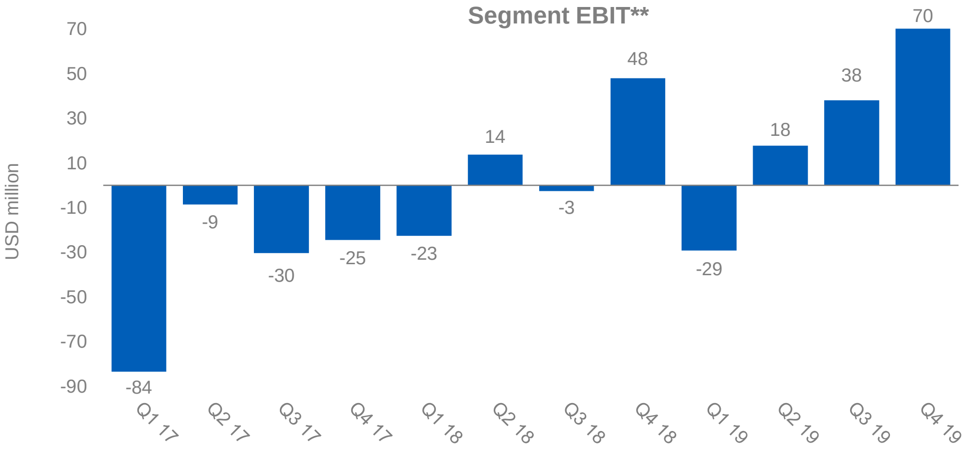


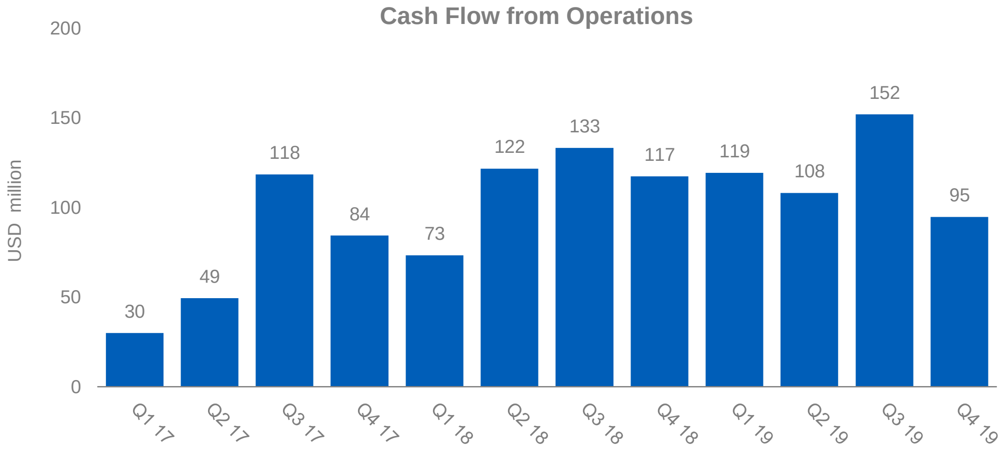

*Excluding impairments and Other charges.

# Financial Summary



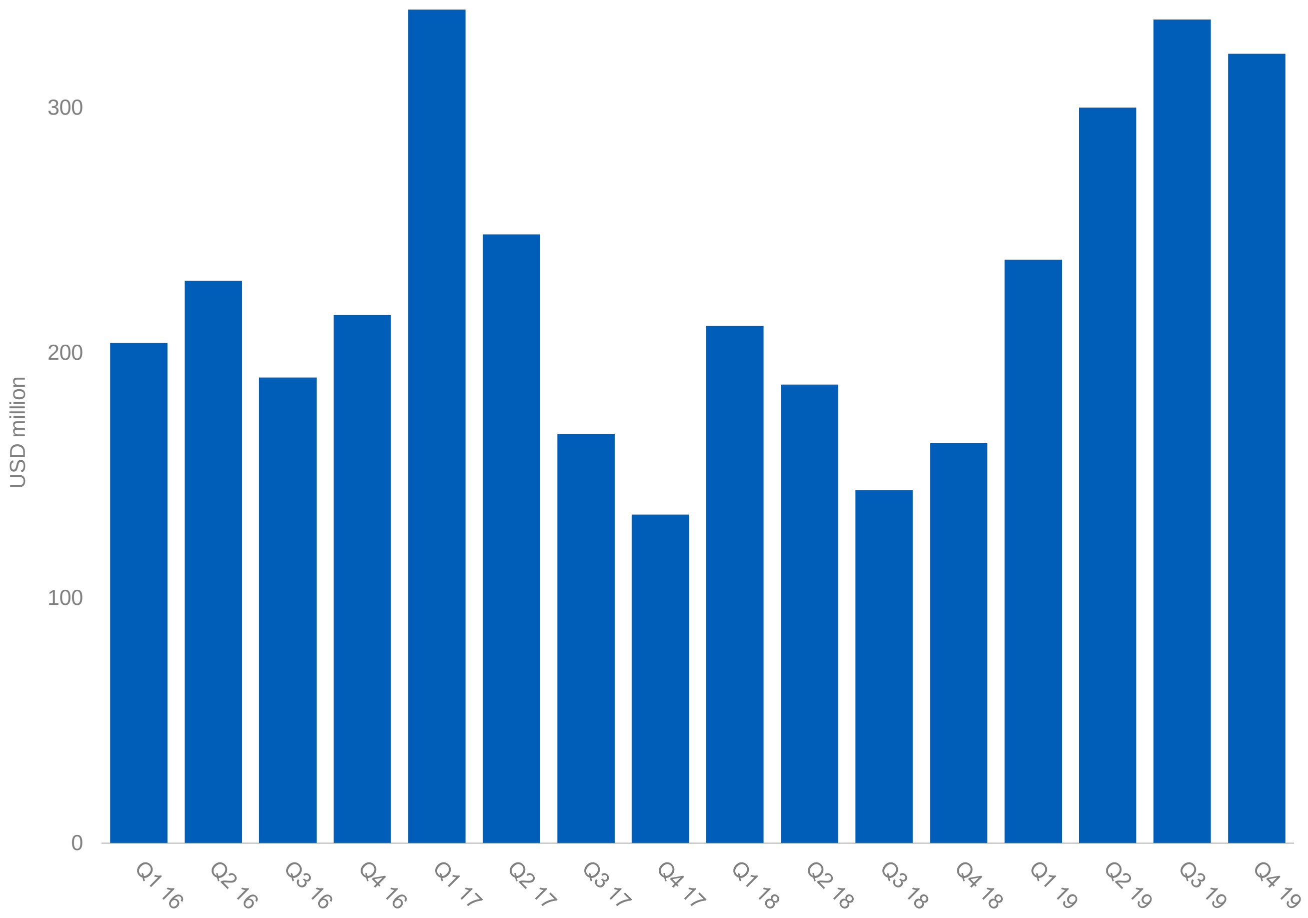




*EBITDA, when used by the Company, means EBIT excluding Other charges, impairment and loss/gain on sale of long-term assets and depreciation and amortization as defined in Note 14 of the Q4 2019 earnings release published on January 30. 2020.
**Excluding impairments and Other charges.

# Order Book Close to Doubling During 2019




- Order book USD 322 million at December 31, 2019
- Vessel booking*
  - Q1 20: 24 vessel months
  - Q2 20: 18 vessel months
  - Q3 20: 10 vessel months

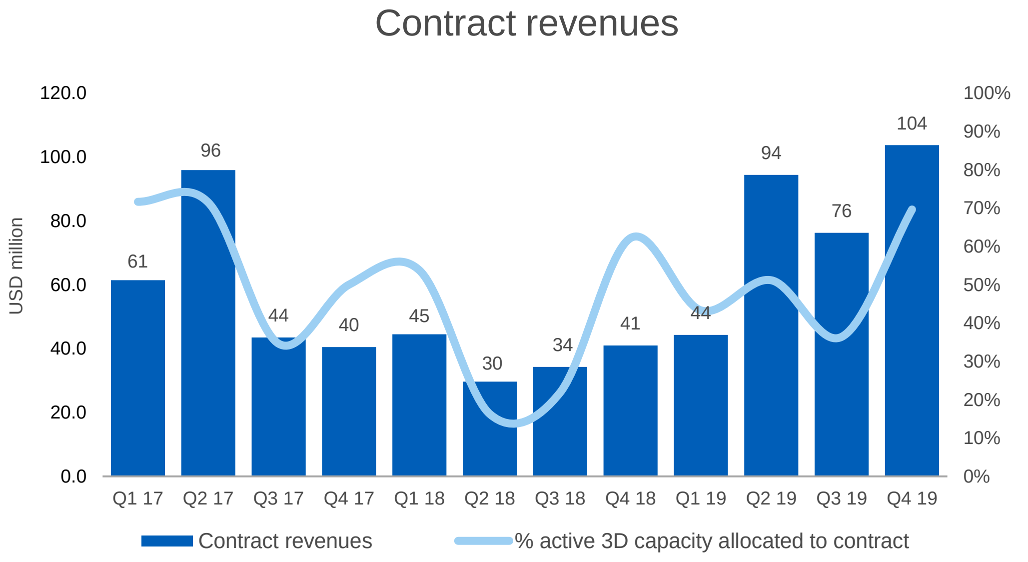
*As of January 23, 2020.

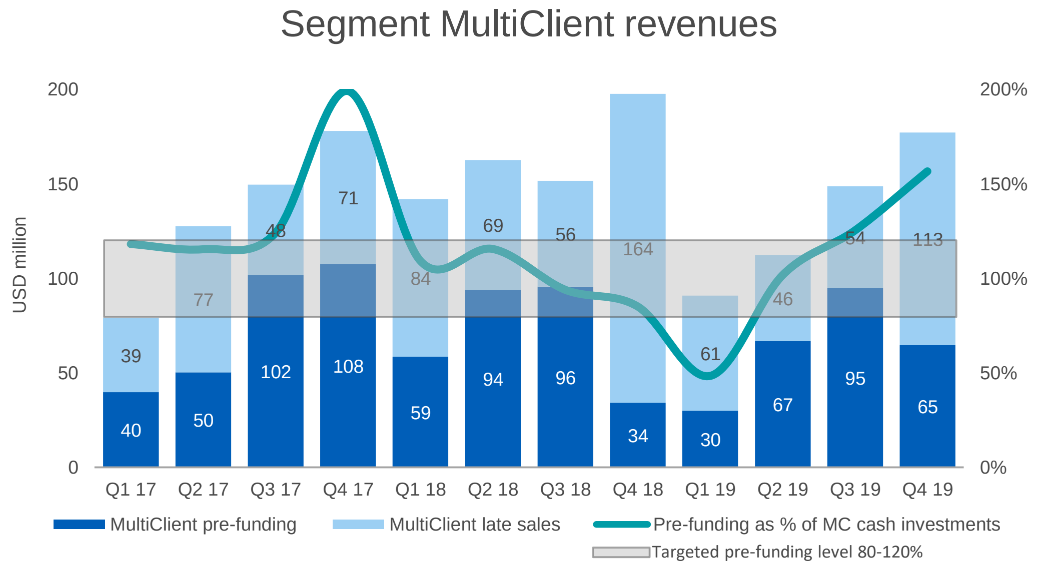
# Consolidated Key Financial Figures

| | Q4 | Q4 | Full year | Full year |
|---|---|---|---|---|
| **USD million (except per share data)** | **2019** | **2018** | **2019** | **2018** |
| **Profit and loss numbers Segment Reporting** | | | | |
| Segment revenues | 288.4 | 245.2 | 880.1 | 834.5 |
| Segment EBITDA | 194.1 | 154.5 | 556.1 | 515.9 |
| Segment EBIT ex. Impairment and other charges, net | 70.1 | 47.9 | 96.4 | 36.3 |
| | | | | |
| **Profit and loss numbers As Reported** | | | | |
| Revenues | 332.6 | 269.8 | 930.8 | 874.3 |
| EBIT | 54.2 | 26.3 | 54.6 | 39.4 |
| Net financial items | (25.7) | (31.1) | (92.2) | (87.3) |
| Income (loss) before income tax expense | 28.5 | (4.8) | (37.6) | (47.9) |
| Income tax expense | (17.8) | (18.7) | (34.1) | (40.0) |
| Net income (loss) to equity holders | 10.7 | (23.5) | (71.7) | (87.9) |
| Basic earnings per share ($ per share) | $0.03 | ($0.07) | ($0.21) | ($0.26) |
| | | | | |
| **Other key numbers** | | | | |
| Net cash provided by operating activities | 94.8 | 117.3 | 474.3 | 445.9 |
| Cash Investment in MultiClient library | 41.3 | 40.2 | 244.8 | 277.1 |
| Capital expenditures (whether paid or not) | 17.7 | 16.1 | 59.1 | 42.5 |
| Total assets | 2,301.7 | 2,384.8 | 2,301.7 | 2,384.8 |
| Cash and cash equivalents | 40.6 | 74.5 | 40.6 | 74.5 |
| Net interest bearing debt | 1,007.5 | 1,109.6 | 1,007.5 | 1,109.6 |
| Net interest bearing debt, including lease liabilities following IFRS 16* | 1,204.6 | | 1,204.6 | |

*Following implementation of IFRS 16, prior periods are not comparable to December 2019.
The accompanying unaudited financial information has been prepared under IFRS. This information should be read in conjunction with the unaudited fourth quarter and preliminary full year 2019 results, released on January 30, 2020.

# Q4 2019 Operational Highlights

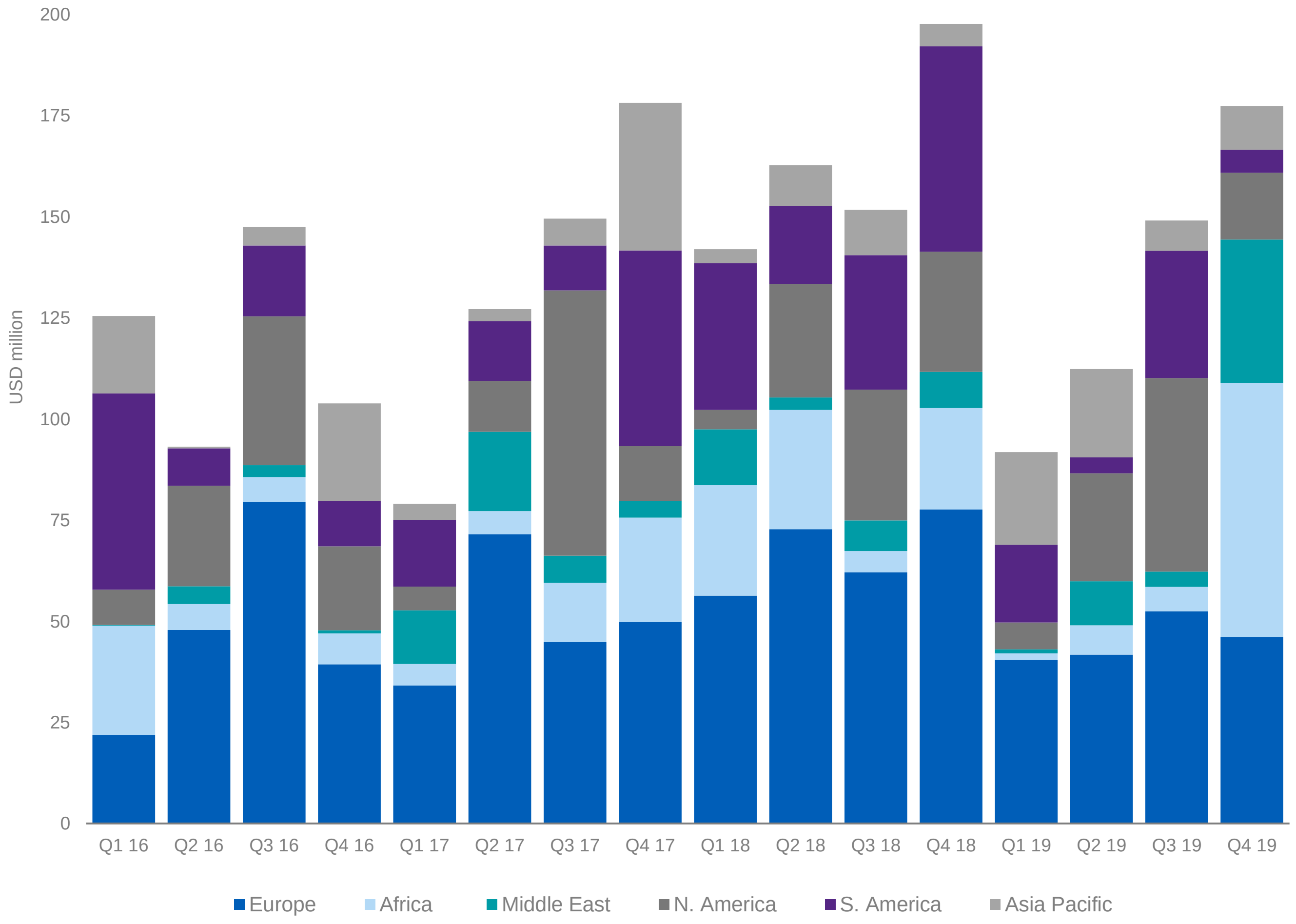



- Total Segment MultiClient revenues of USD 177.3 million
  - Pre-funding level of 157% on USD 41.3 million of MultiClient cash investment
  - Late sales of USD 112.6 million

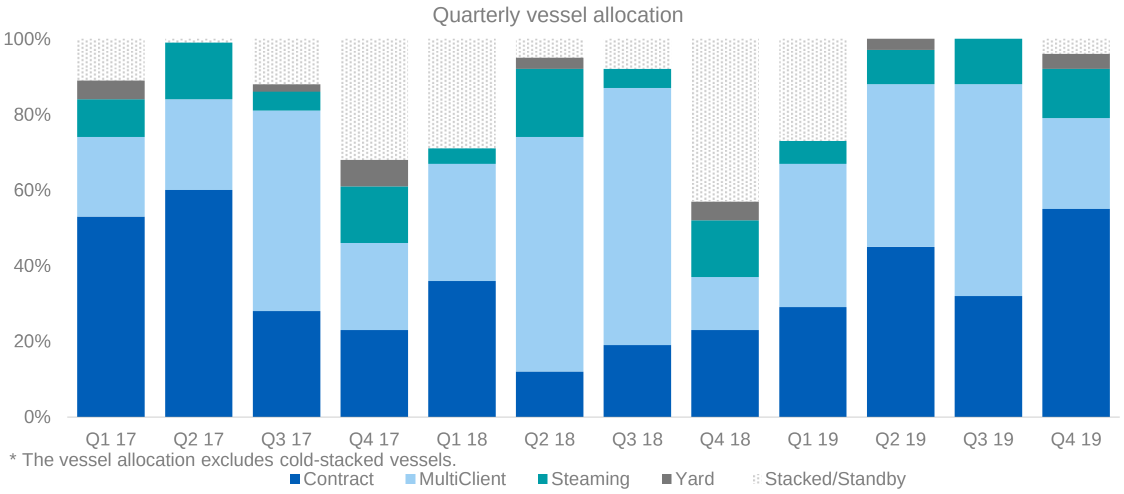
- Contract revenues of USD 103.9 million

# Pre-funding and Late Sales Revenues Combined:
# **Segment MultiClient Revenues per Region**

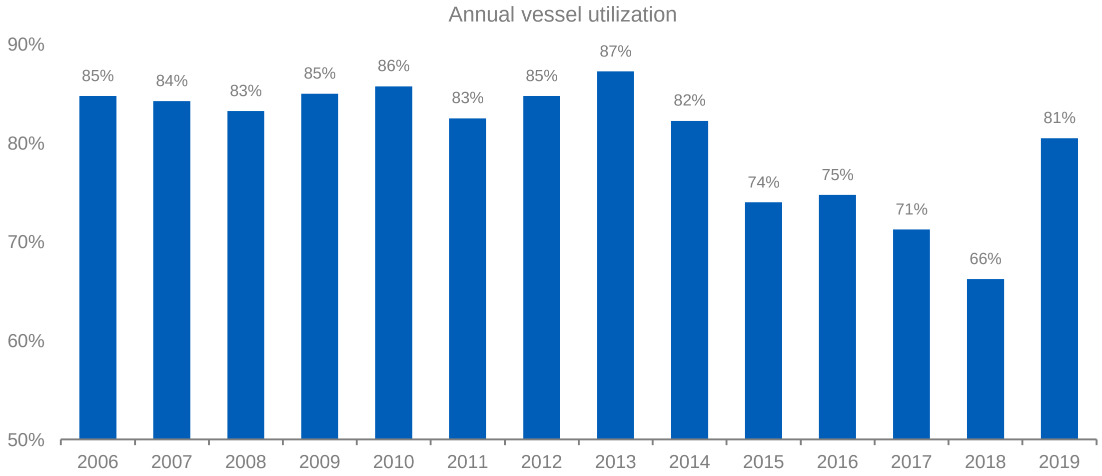



- Africa and Europe were the main contributors to pre-funding revenues in Q4 2019
- Middle East, Europe and Africa were the main contributors to late sales in Q4 2019

# Seismic Streamer 3D Fleet Activity in Streamer Months: **Vessel Allocation* and Utilization**

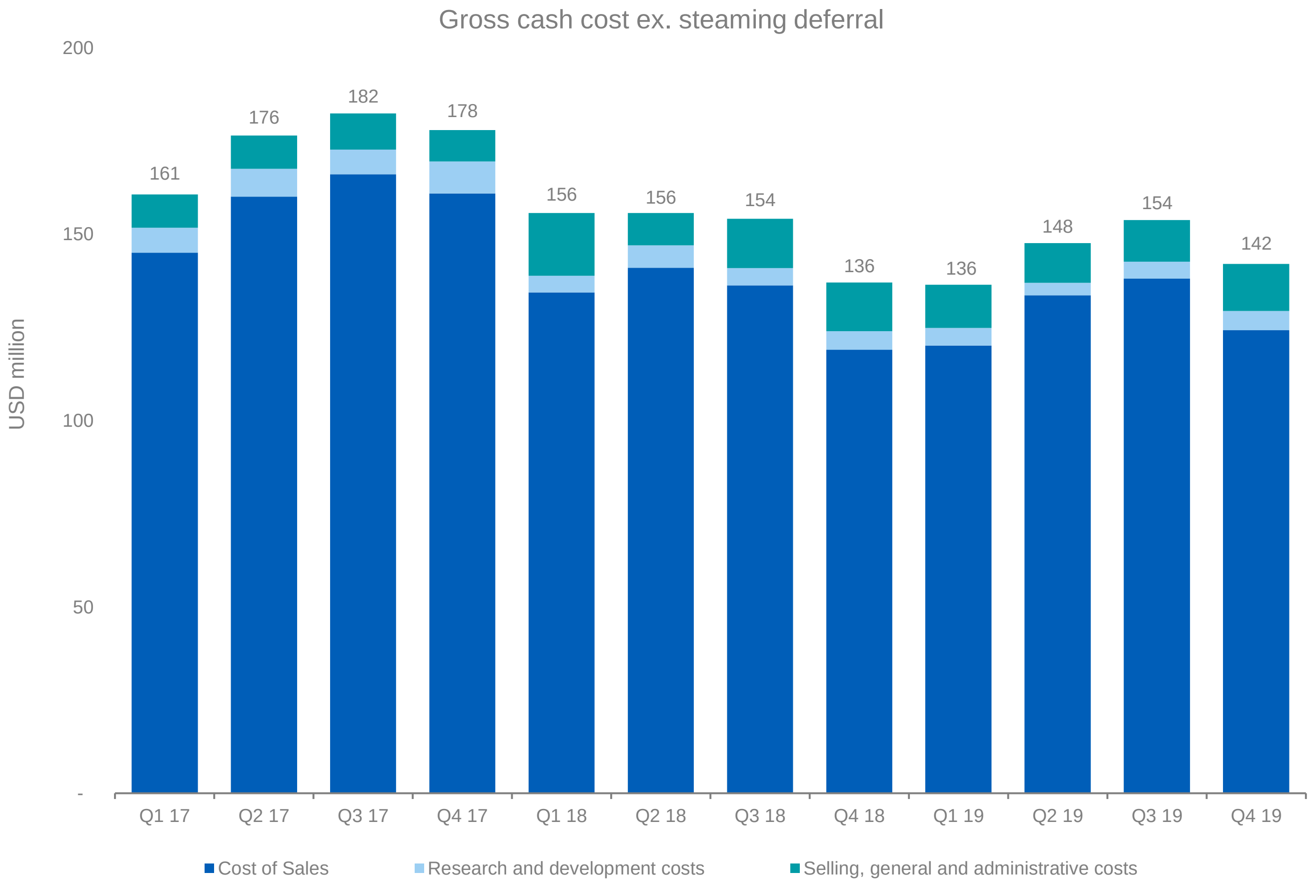



* The vessel allocation excludes cold-stacked vessels.




- Utilization moving towards “pre downturn” levels
- 79% active vessel time in Q4 2019
  - Negatively impacted by schedule changes and challenging mobilization for several projects offshore Africa
- 81% active vessel time for the full year 2019 despite two seasonally warm stacked vessels in Q1

# Group Cost* Focus Delivers Results




- Q4 2019 gross cash costs positively impacted by lower project specific costs

- Full year 2019 gross cash costs of USD 579.8 million

*Gross cash costs are defined as the sum of reported net operating expenses (excluding depreciation, amortization, impairments, deferred steaming and Other charges) and the cash operating costs capitalized as investments in the MultiClient library as well as capitalized development costs. Following the reorganization of PGS, effective January 1, 2018, more office facility and sales costs are classified as "Selling, general and administrative costs."

# Consolidated Statements of Cash Flows Summary

| USD million | Q4 2019 | Q4 2018 | Full year 2019 | Full year 2018 |
|---|---|---|---|---|
| Cash provided by operating activities | 94.8 | 117.3 | 474.3 | 445.9 |
| Investment in MultiClient library | (41.3) | (40.2) | (244.8) | (277.1) |
| Capital expenditures | (11.6) | (12.1) | (62.0) | (48.0) |
| Other investing activities | (3.0) | (4.9) | 54.3 | (25.0) |
| **Net cash flow before financing activities** | **38.9** | **60.1** | **221.8** | **95.8** |
| Interest paid on interest bearing debt | (18.0) | (19.4) | (60.9) | (63.4) |
| Repayment of interest bearing debt | (12.7) | (40.6) | (51.2) | (80.2) |
| Payment of lease liabilities | (13.6) | - | (58.6) | - |
| Net change drawing on RCF | 10.0 | 30.0 | (85.0) | 75.0 |
| **Net increase (decr.) in cash and cash equiv.** | **4.6** | **30.1** | **(33.9)** | **27.2** |
| Cash and cash equiv. at beginning of period | 36.0 | 44.4 | 74.5 | 47.3 |
| **Cash and cash equiv. at end of period** | **40.6** | **74.5** | **40.6** | **74.5** |

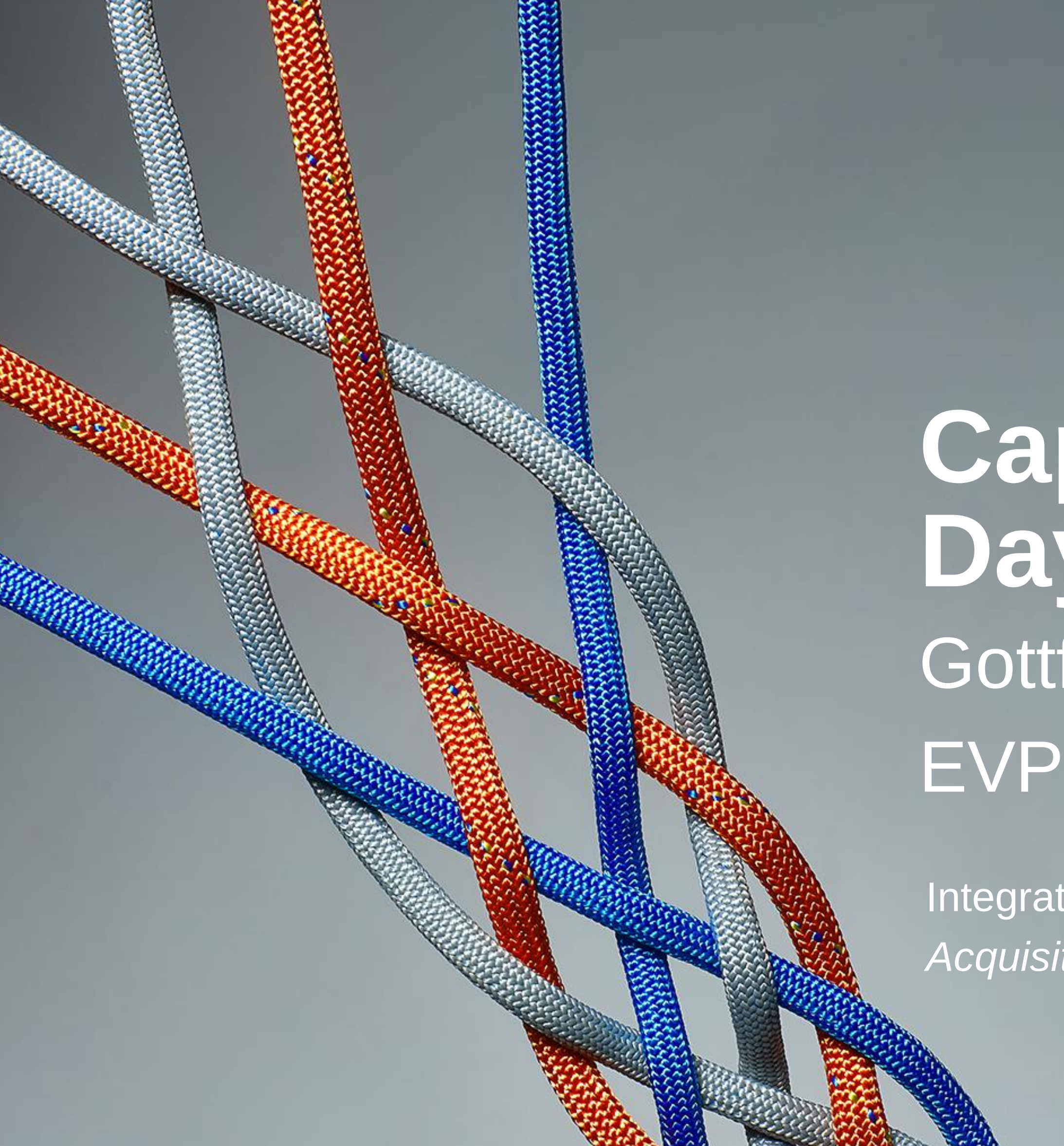
- 2019 cash flow before financing activities of USD 221.8 million
- Cash provided by operating activities reflects a Q4 increase of working capital, which will benefit cash flow early 2020

# Balance Sheet Key Numbers

| USD million | December 31 2019 | December 31 2018 |
|---|---|---|
| Total assets | 2,301.7 | 2,384.8 |
| MultiClient Library | 558.6 | 654.6 |
| Shareholders' equity | 637.1 | 721.8 |
| Cash and cash equivalents (unrestricted) | 40.6 | 74.5 |
| Restricted cash | 43.0 | 43.2 |
| Liquidity reserve | 210.6 | 159.5 |
| Gross interest bearing debt* | 1,091.1 | 1,227.3 |
| Gross interest bearing debt, including lease liabilities following IFRS 16* | 1,288.2 | |
| Net interest bearing debt* | 1,007.5 | 1,109.6 |
| Net interest bearing debt, including lease liabilities following IFRS 16* | 1,204.6 | |

- Gross interest bearing debt (ex. lease liabilities) of USD 1,091.1 million
  - Down USD 136.2 million in 2019
- Net interest bearing debt (ex. lease liabilities) of USD 1,007.5 million
  - Down USD 102.1 million in 2019
- Liquidity reserve of USD 210.6 million
  - Up USD 51.1 million in 2019

The accompanying unaudited financial information has been prepared under IFRS. This information should be read in conjunction with the unaudited fourth quarter 2019 results released on January 30, 2019.



# Capital Markets Day Financials

Gottfred Langseth

EVP & CFO

Integrated Expertise

*Acquisition, Imaging & Geoscience*

January 30, 2020

# Financial Review – Outline

- Refinancing
- Cost and CAPEX
- MultiClient investment
- Extended Segment Reporting
- Tax
- Foreign exchange

# Refinancing in Process of Being Completed

- New term loan B ("TLB") with a principal amount of USD 523 million maturing March 2024
  - USD 373 million of existing TLB extended (99% of the existing USD 377 million)
  - USD 150 million upsize

- Extension of USD 215 million of the revolving credit facility ("RCF") to September 2023

- Extended TLB and RCF subject to:
  - Equity raise of at least USD 75 million
  - Redemption of the 2020 Senior Notes (USD 212 million)

- Equity raise – Subject to EGM approval
  - Book building for a private placement of ~USD 95 million successfully completed
  - Subsequent offering of ~USD 10 million

- Incremental TLB and new equity will primarily be used to repay the 2020 Senior Notes at par (USD 212 million)

**Refinancing with strong stakeholder support**

# Term Sheet Overview

| | | |
|---|---|---|
| **Borrower / Issuer** | **PGS ASA (the "Borrower" and "Issuer")** | |
| **Issue** | **Extended / New Revolving Credit Facility** | **New Term Loan** |
| **Amount** | USD 350m reducing to USD 215m in September 2020 | USD 523m |
| **Call Protection** | N/A | 101 until March 2021, thereafter 103 until March 2022 and 105 until maturity<br>Call premium only applies to repayment in connection with full/partial refinancing and does not apply to voluntary prepayments from cash flow or available liquidity |
| **Extension Fee / OID** | 180bps | 98 OID |
| **Pricing** | L+600bps > 1.75x (Total Gross Leverage[1])<br>525bps < 1.75x<br>450bps < 1.25x<br>Subject to minimum rating requirements (below)<br>Utilization fee as in existing agreement | L+700bps > 1.75x<br>650bps < 1.75x<br>600bps < 1.25x<br>Subject to minimum rating requirements (below) |
| **Asset Security** | Pledge of specified unencumbered assets in the group including MultiClient library data and available vessels, share pledges and upstream guarantees from material subsidiaries | |
| **Amortization** | | Year 1: 1% p.a. paid quarterly; Year 2 onwards: 5% p.a. paid quarterly |
| **Mandatory Prepayment** | Year 1: No mandatory prepayment<br>75% Excess Cash Flow Sweep starting from Q1 2021 (quarterly thereafter);<br>50% at Gross Secured Leverage <1.50x<br>Sweep proceeds to cancel RCF and TLB commitments on pro-rata basis (stops for RCF when RCF size reach $200m) | |
| **Covenants** | Total Net Leverage[2)] ≤ 2.75:1.0<br>Min liquidity ≥ $75 million or 5% of Net Debt | N/A (covenant-light) |
| **Ratings** | Margin to be increased to L+650bps if PGS Corporate Rating is < B3 / B- (stable)<br>Margin cannot reduce below L+525bps unless PGS Corporate Rating is >= B2 / B (stable) | Margin to be increased to L+750bps if PGS Corporate Rating is < B3 / B- (stable)<br>Margin cannot reduce below L+650bps unless PGS Corporate Rating is >= B2 / B (stable) |
| **Conditions Precedent** | USD 75m Equity Issuance by no later than February 28, 2020<br>Redemption of Existing 2020 Senior Notes (satisfaction and discharge of indenture) | |
| **Other** | No dividend to be paid in two first years | |
| **Governing Law** | New York law | |

Note: Completion of the refinancing is subject to other terms and conditions
1) No cash netting except restricted cash for Japanese Export Credit Financing
2) Cash netting of unrestricted cash and restricted cash for Japanese Export Credit Financing

# Sources, Uses and Pro Forma Capitalization

| *Sources* | *USD M* |
|---|---|
| New Term Loan B[1] | 523 |
| New equity (Private Placement)[2] | 95 |
| **Total Sources** | **618** |

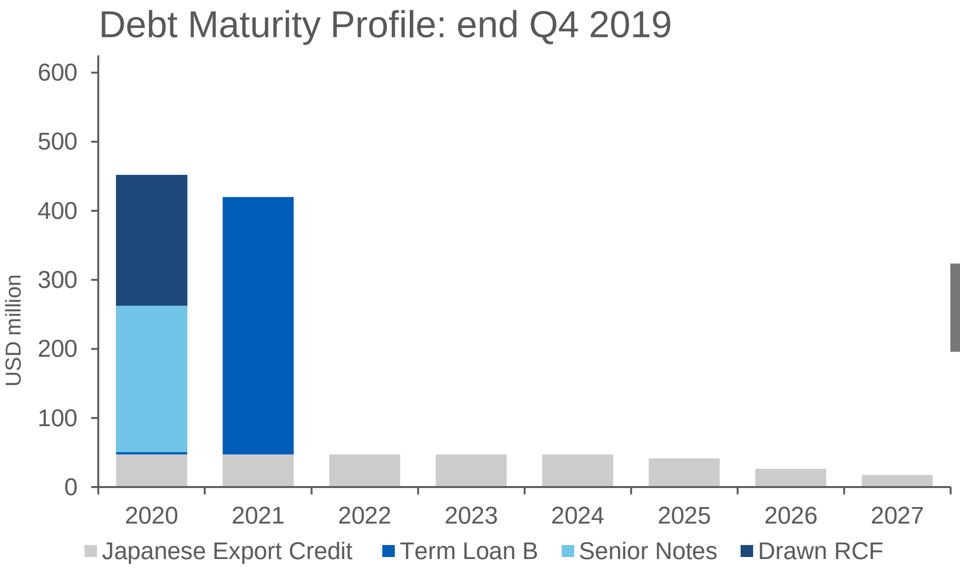
| *Uses* | *USD M* |
|---|---|
| Existing Term Loan B[1] | 373 |
| Redemption of existing 2020 Notes | 212 |
| Estimated fees and expenses[3] | 29 |
| Cash to Balance sheet | 4 |
| **Total Uses** | **618** |

## Pro Forma Capital Structure

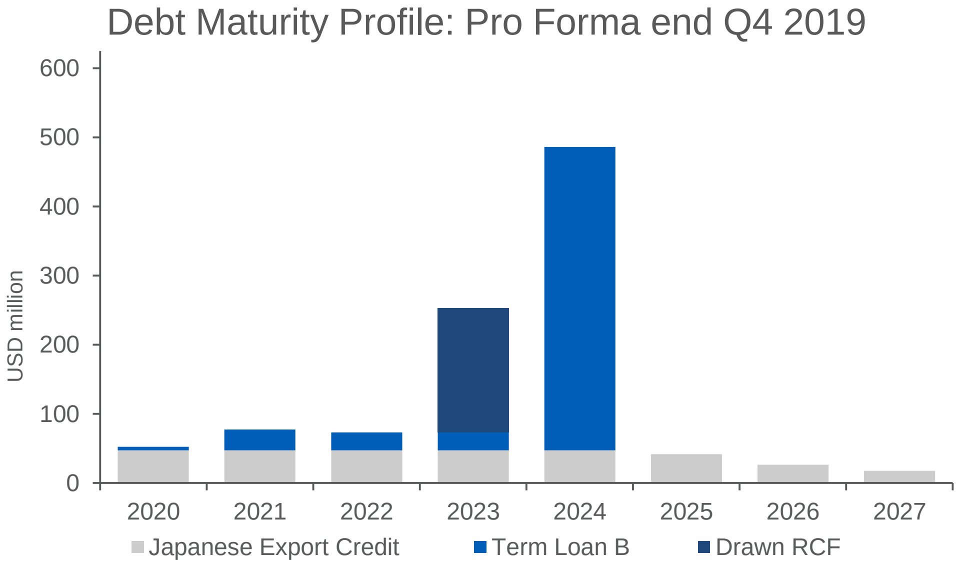
| *(in USD millions)* | 31-Dec-19 | Adjustments | Pro Forma | X LTM EBITDA[5] | Maturity |
|---|---|---|---|---|---|
| Cash and Cash Equivalents | 41 | 4 | 45 | 0.1x | |
| Restricted Cash[4] | 43 | - | 43 | 0.1x | |
| RCF Drawn[6] | 180 | - | 180 | 0.3x | Sep-2023 |
| Senior Secured Term Loan B[1] | 377 | 150 | 527 | 0.9x | Mar-2024 |
| Export Credit Financing | 322 | - | 322 | 0.6x | 2025-2027 |
| Existing 2020 Senior Notes | 212 | (212) | - | - | Dec-2020 |
| IFRS 16 capitalized leases | 197 | - | 197 | 0.4x | |
| **Net Total Debt[7]** | **1,204** | **(66)** | **1,138** | **2.0x** | |

1. 99% of existing Term Loan B roll into new Senior Secured Term Loan B. Term Loan B outstanding of USD 377m as of 31 December 2019, of which USD 373m extended to March 2024 and USD 4M matures in March 2021. USD 150m incremental TLB with same terms as extended TLB.
2. Excludes possible proceeds from a subsequent equity offering (repair issue).
3. Reflects our estimate of fees and expenses associated with the Offering, including financing fees, legal, advisory and professional fees and other transaction costs such as original issue discount and extension fees.
4. Includes USD 38.8m restricted cash held as a reserve for debt service including retention accounts dedicated to servicing principal, interest and fee payments on the Export Credit Financing.
5. LTM Dec-19 Segment EBITDA of USD 556.1m.
6. Extended RCF to be USD 215m in size with maturity of Sep-23. USD 135m of the existing USD 350m RCF will mature September 2020.
7 Debt outstanding minus cash and cash equivalents and restricted cash.

# Extending Maturities and Improving Balance Sheet Flexibility




Average debt maturity:
**1.75 years**




Average debt maturity:
**3.8 years**

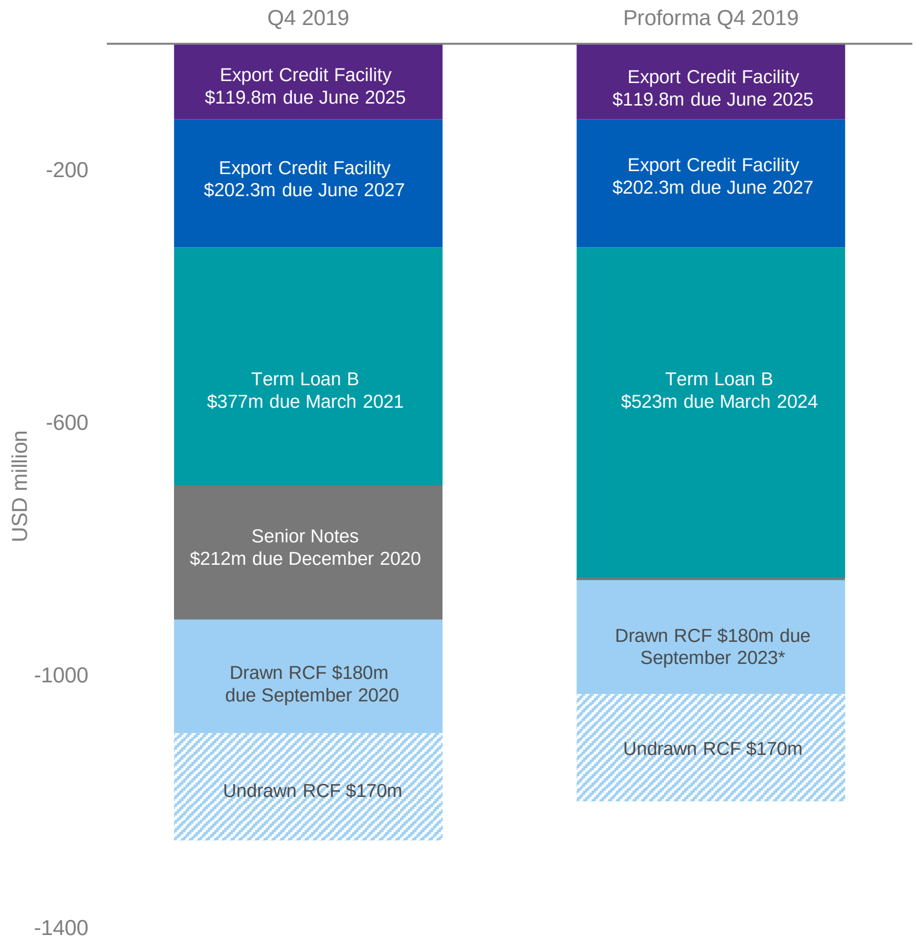
### Current Corporate Credit Ratings

| Rating Agency | Rating | Outlook | Comments: |
|---|---|---|---|
| Moody's | B2 | Stable | Updated for the transaction |
| Fitch | B - | RW Negative* | Not updated for the transaction |
| S&P (preliminary) | B | Stable | Expected |

*The Fitch Ratings Watch were introduced during Q4 as a result of the then pending refinancing. Rating has not been updated yet

- The proposed transactions will improve balance sheet flexibility and provide a sustainable capital structure

# Debt and Drawing Facilities Pre and Post Refinancing




- Weighted average cash interest rate on debt increases from 4.8% to ~6.5% (based on mid of TLB margin grid)
- 2020 cash interest cost estimated to be ~USD 60 million
  - Amortization of debt issuance cost will come in addition with an amount of ~USD 8 million
- Flexibility to reduce debt significantly without payment of premium
  - No call premium on TLB for voluntary repayments
  - Amortizing ECF

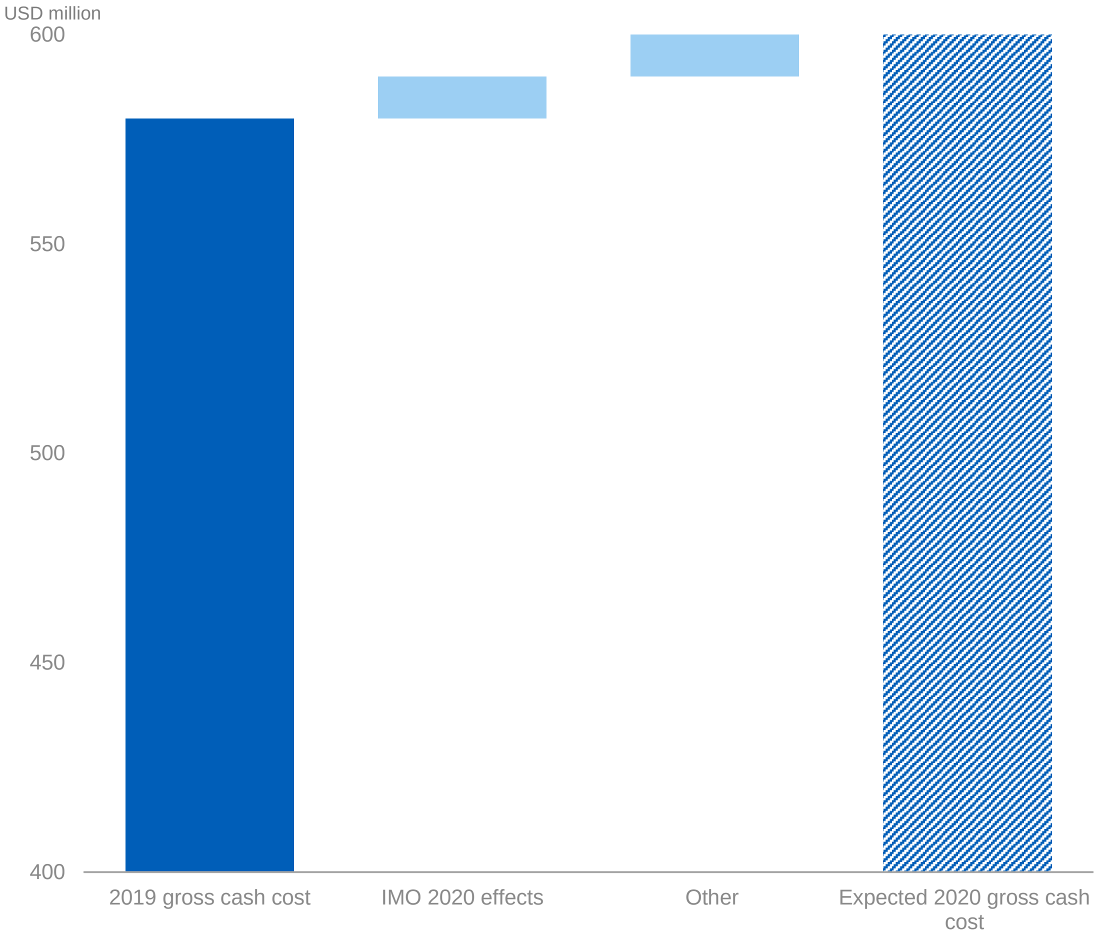
* Total RCF commitment reduces from USD 350 million to USD 215 million in September 2020

# Financial Strategy

| Profitability before growth | Return on Capital Employed | Capital structure to sustain future downturns |
|---|---|---|
| Focus on profitability and cash flow<br><br>Debt reduction prioritized over growth | ROCE targeted to be higher than cost of capital over the cycle | Debt reduction from cash flow in an improving market<br><br>Targeting a net debt level not to exceed USD 500-600 million*) |

*) Amount does not include debt relating to capitalized leases (Ref. IFRS 16). The target, including debt relating to leases, is net debt level not to exceed USD 700-800 million

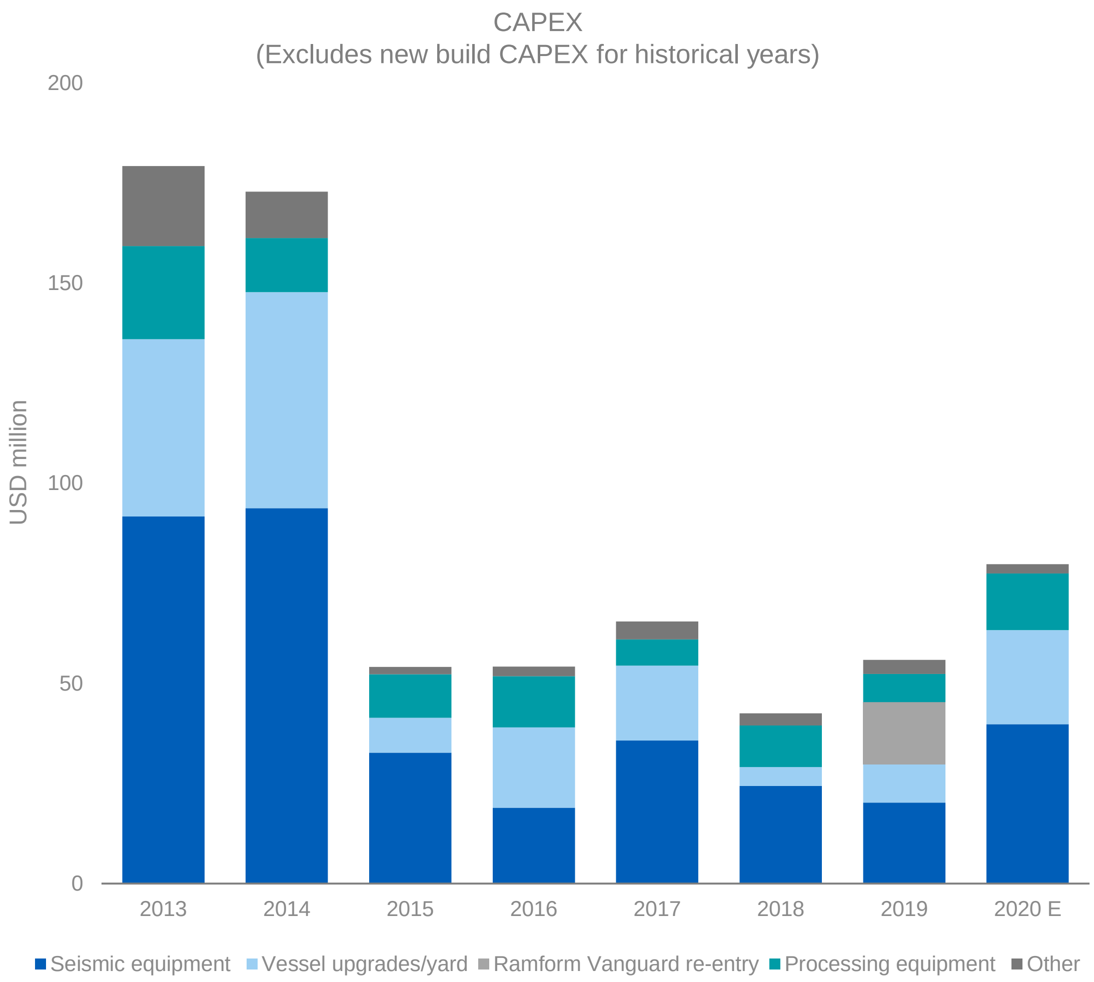
# 2020 Gross Cash Costs




- 2019 gross cash costs ended at USD 579.8 million
- 2020 gross cash costs expected to be approximately USD 600 million
  - Increase driven by fuel mix/IMO 2020 and higher activity
  - Plan to operate eight 3D vessels for the full year
- Tight overall cost control is a priority

* Based on NOK/USD exchange rate of 9.0 and Brent spot price of approximately $60 per barrel.

# Capital Expenditure and Depreciation Trends




- Full year 2019 CAPEX of USD 59.1 million
  - Including USD 17.1 million to reintroduce *Ramform Vanguard* following the sale of *Ramform Sterling*
- 2020 CAPEX plan of ~USD 80 million*
  - ~USD 25 for vessel upgrade/yard and scrubber installation
  - ~USD 20 million of streamer investment, which includes initiating production of PGS' next generation GeoStreamer
- Beyond 2020, returning to sustainable reinvestment levels for streamers and other in-sea equipment, annual CAPEX is estimated to increase to USD 100-110 million
- Gross depreciation cost expected to be ~USD 200 million in 2020
  - ~ USD 100 million to be capitalized as part of MultiClient investments

* CAPEX guidance excludes any capitalized asset as a result of new or extended lease arrangements recognized in accordance with IFRS 16. As of today no material changes are committed or planned

# IFRS 16 lease liability

- IFRS 16 implemented 1 January 2019 – No restatement of historical periods
  - Implementation effect recorded as an adjustment to the 1 January 2019 Balance Sheet

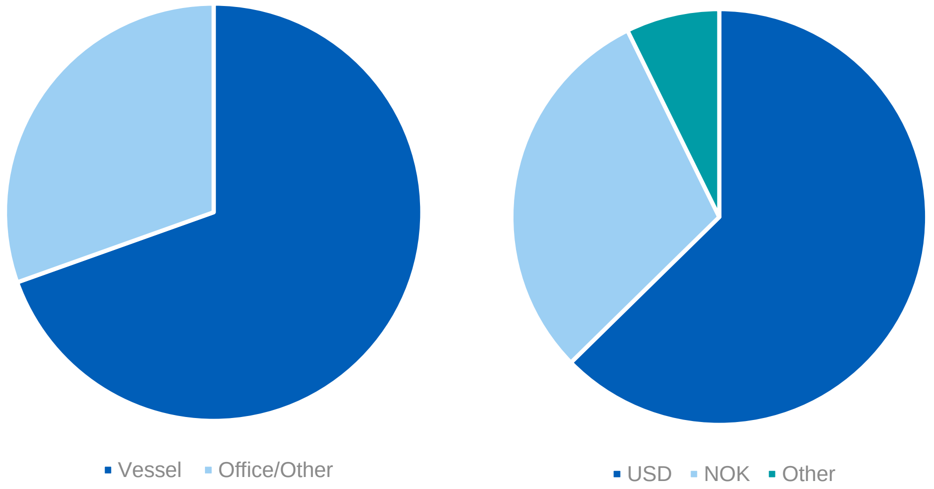
- Leasing arrangements are reported as assets (and depreciated over the lease term) and debt (with payments being reported as interest cost and instalments)

- New leasing arrangements, or extensions of existing arrangements, will be reported as part of CAPEX

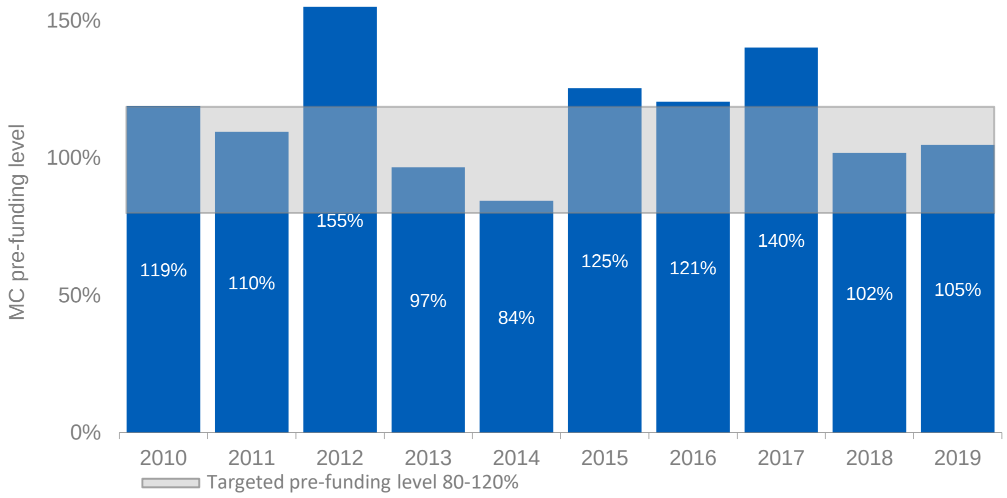
**Estimated amortization table based on existing agreements**

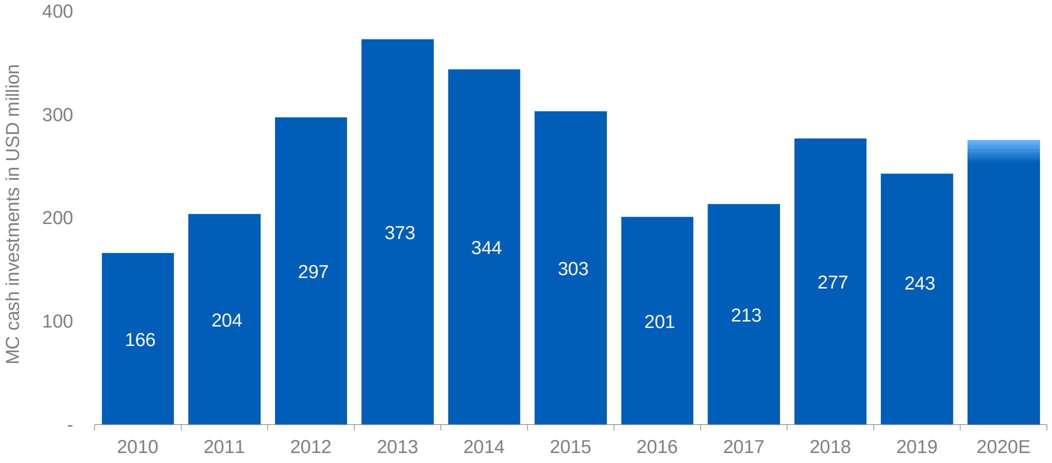
| Year | Lease liability (start of year) | Instalment | Interest |
|---|---|---|---|
| 2020 | ~$197M | ~$45M | ~$14M |
| 2021 | ~$152M | ~$37M | ~$11M |
| 2022 | ~$116M | ~$37M | ~$8M |
| 2023 | ~$79M | ~$33M | ~$6M |
| 2024 | ~$46M | ~$23M | ~$4M |
| 2025 | ~$22M | ~$13M | ~$2M |
| Thereafter | | ~$9M | ~$1M |

**Composition of 31 December 2019 lease liability**



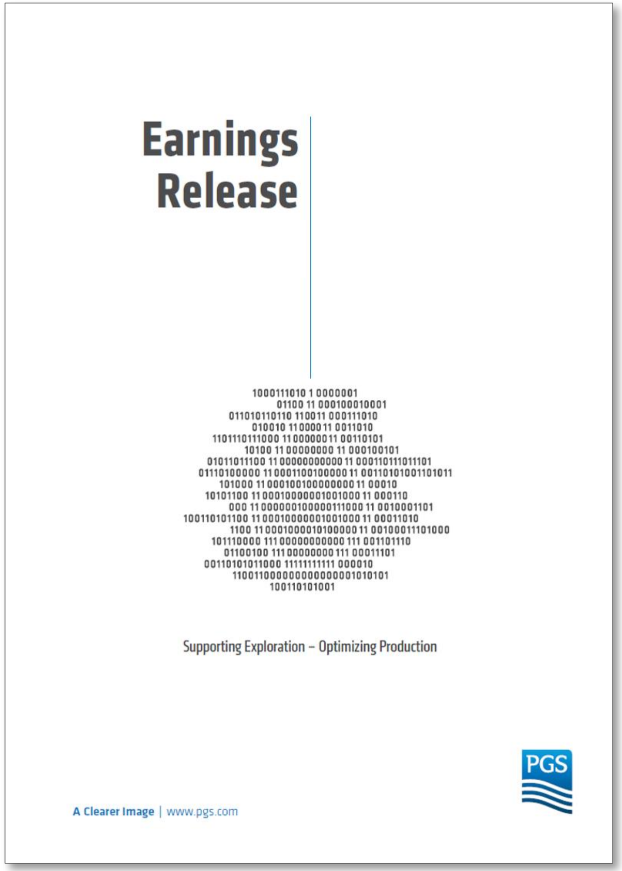
# Solid Segment MultiClient Pre-funding




- Pre-funding (as a percentage of MultiClient cash investments) targeted to be 80-120%
- 2019 MultiClient cash investments of USD 244.8 million with a pre-funding level of 105%
- MultiClient cash investments in 2020 expected to be in the range of USD 250-275 million
- More than 50% of 2020 active 3D fleet capacity currently planned for MultiClient
- 2020 Segment MultiClient amortization expense expected to be approximately USD 375 million

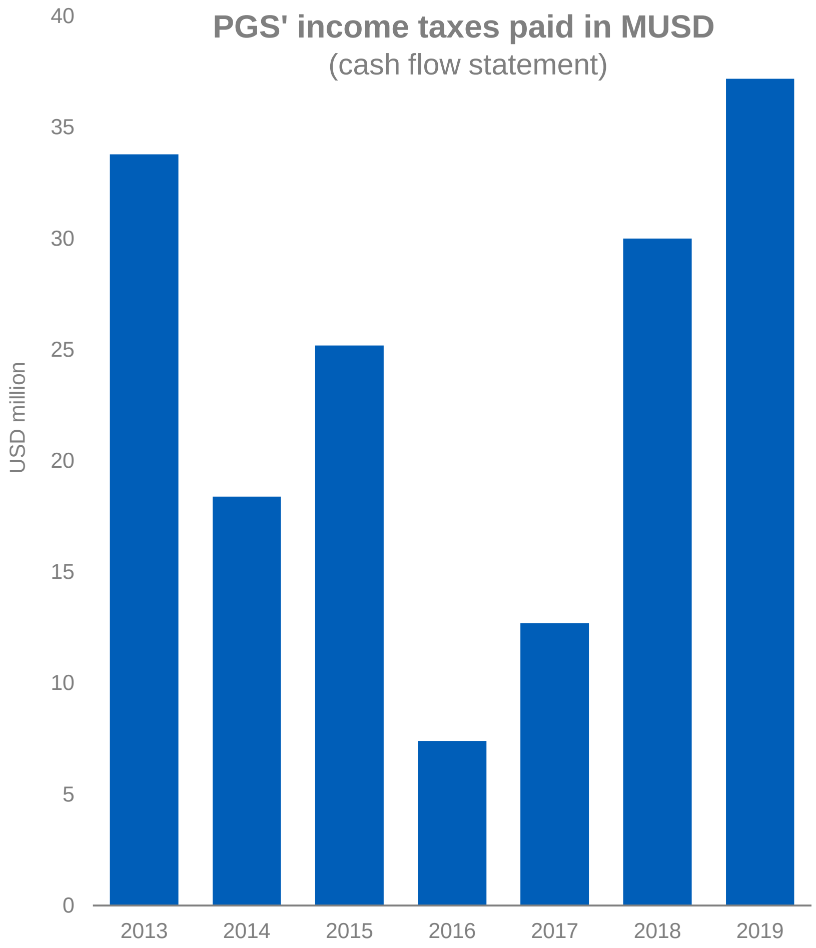
# Expanding Segment Disclosures from Q1 2020




- Revenue recognition in Segment Reporting coincides with project progression, resource use and value creation

- From Q1 2020 PGS intends to expand its Segment Reporting to include:
  - Pretax profit and net income
  - Reconciliation of changes to the balance sheet and cash flow from IFRS 15

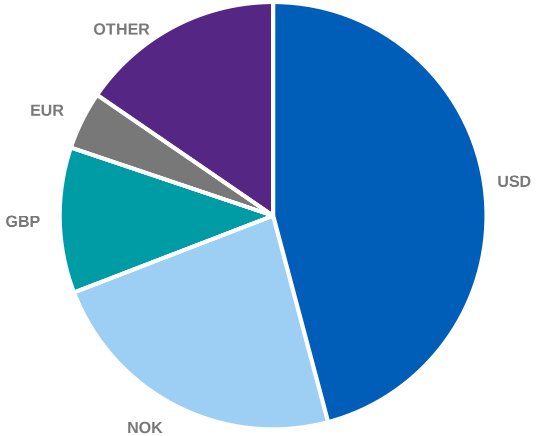
# PGS’ Tax Position



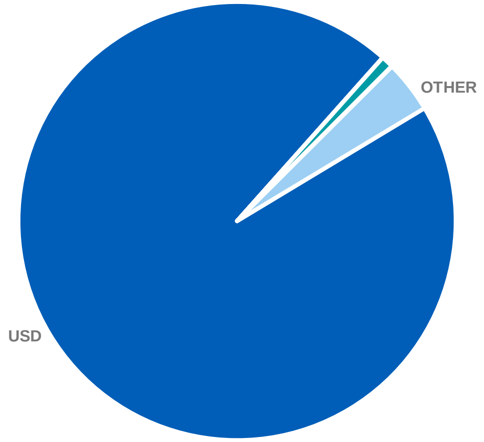

- Tonnage Tax regimes
  - PGS’ Ramform Titan-class vessels are operated within the Norwegian tonnage tax regime
- Current tax/cash tax has typically been in the range of USD ~10-40 million annually
  - Mainly withholding taxes and local taxation in countries of operation where PGS has no tax losses to utilize
  - Will vary depending on area of operation
  - Substantial increase of Brazil and Egypt library revenues drives cash tax increases in 2018 and 2019
- Substantial deferred tax assets
  - 100% valuation allowance

# Foreign Exchange and Sensitivity

CASH FLOW RELATING TO OPERATING PAYMENTS

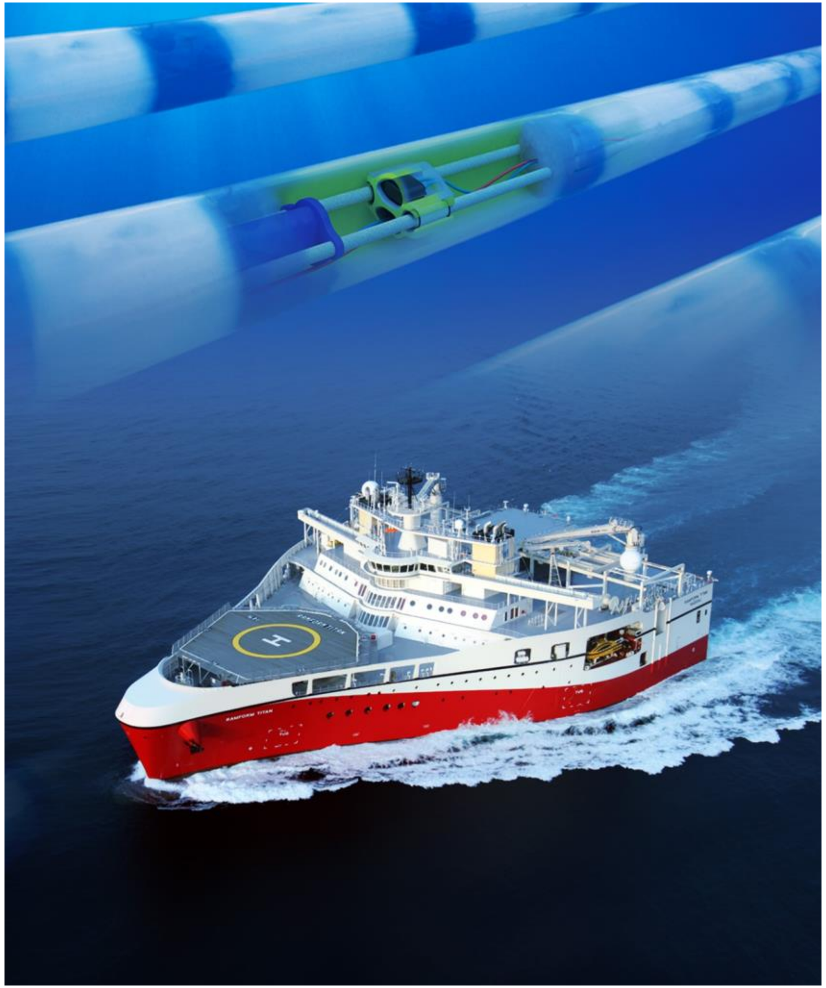



CASH FLOW RELATING TO OPERATING RECEIPTS




- A significant portion of operating payments (cash cost and CAPEX) is in non USD currencies
  - A 10% change of USD vs. NOK has an annual net EBIT impact of USD 12-15 million
  - A 10% change of USD vs. GBP has an effect of USD 5-7 million
- The Company's hedging decisions take into account correlations between operating environment and currency fluctuations
  - Net short term monetary positions in non USD currencies
  - Specific material firm commitments
- Leasing commitments in NOK will generally not be hedged

# Summary



- 2020 and 2021 maturities refinanced
- Financial Priorities
  - Profitability before growth
  - Return on Capital Employed
  - Debt reduction
- Improving cash flow
- Maintaining cost and CAPEX discipline

Thank You

# Questions?

Integrated Expertise

*Acquisition, Imaging & Geoscience*

# Sales & Imaging

## Nathan Oliver EVP

Integrated Expertise

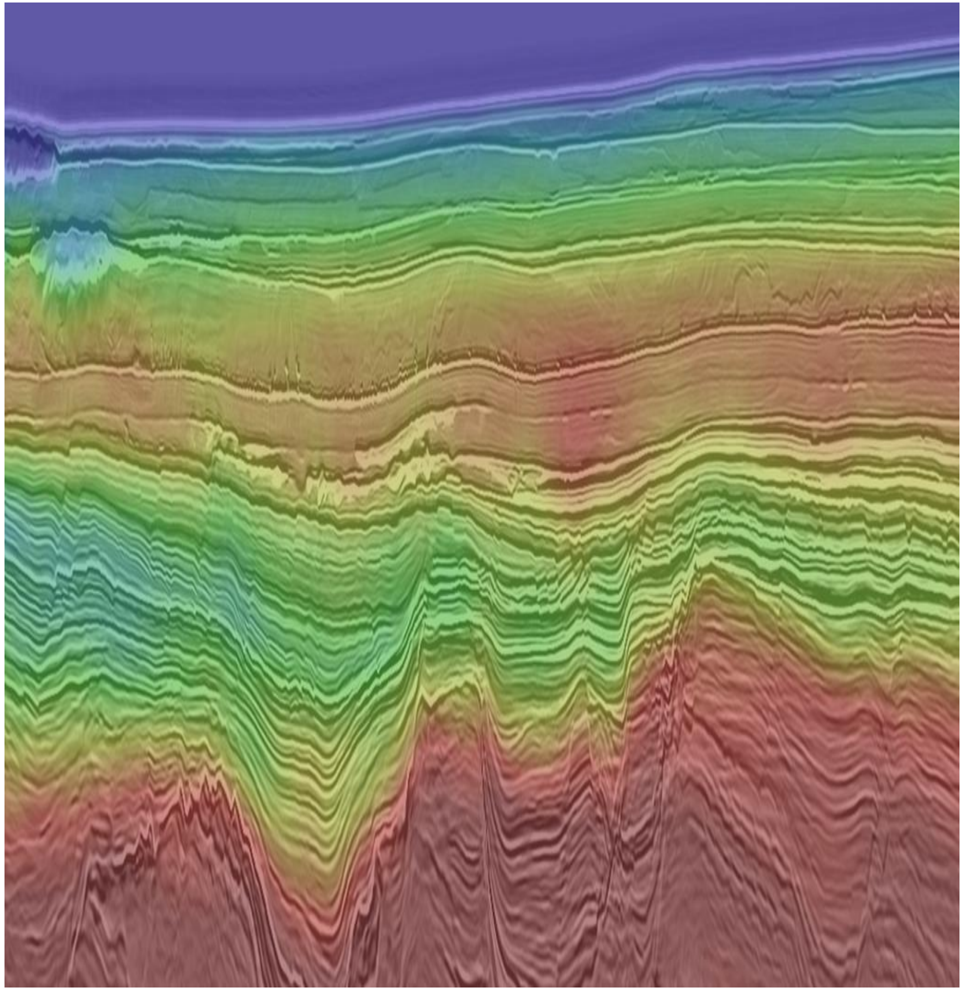
*Acquisition, Imaging & Geoscience*

PGS

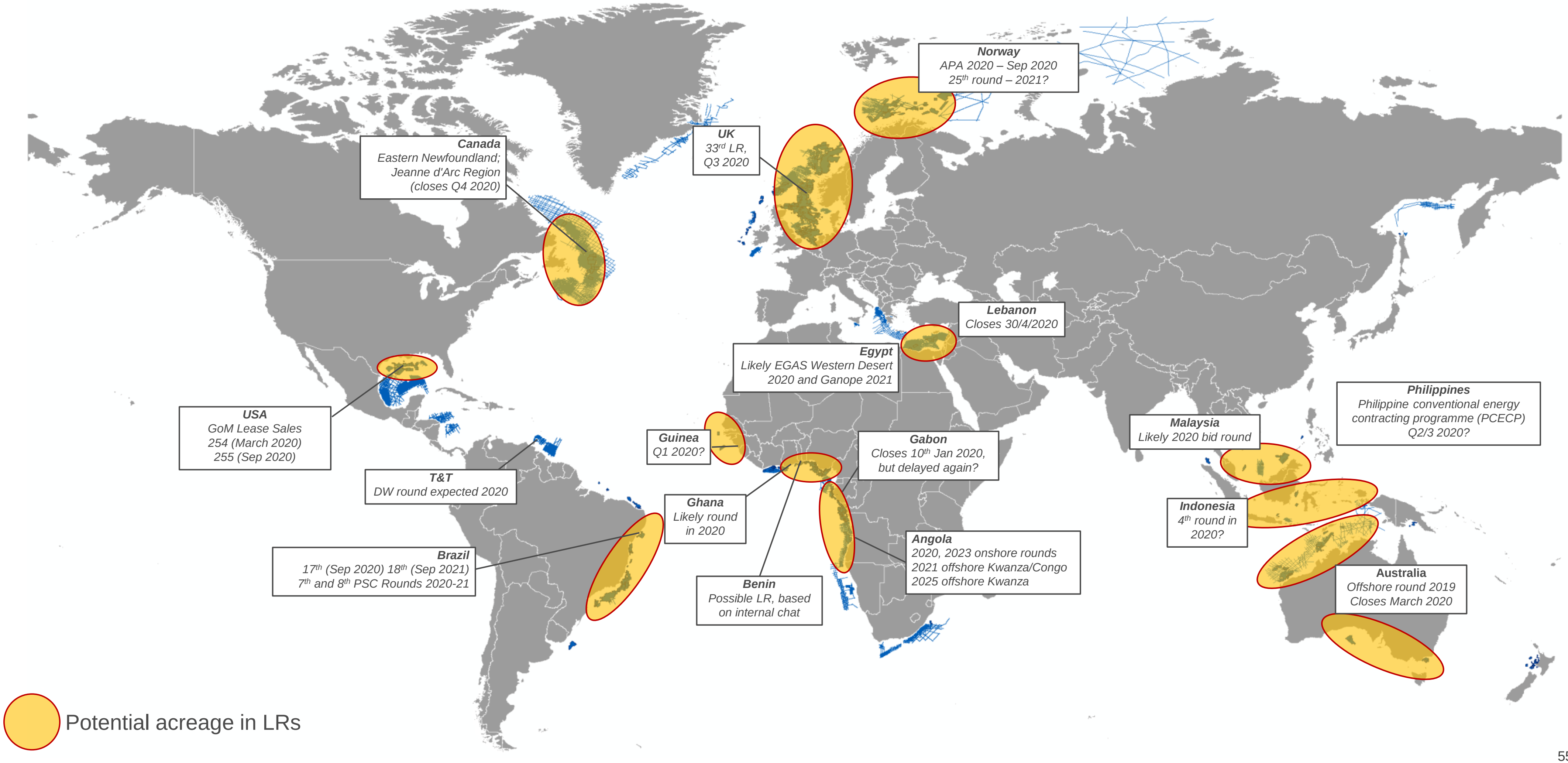
January 30, 2020

# Outline

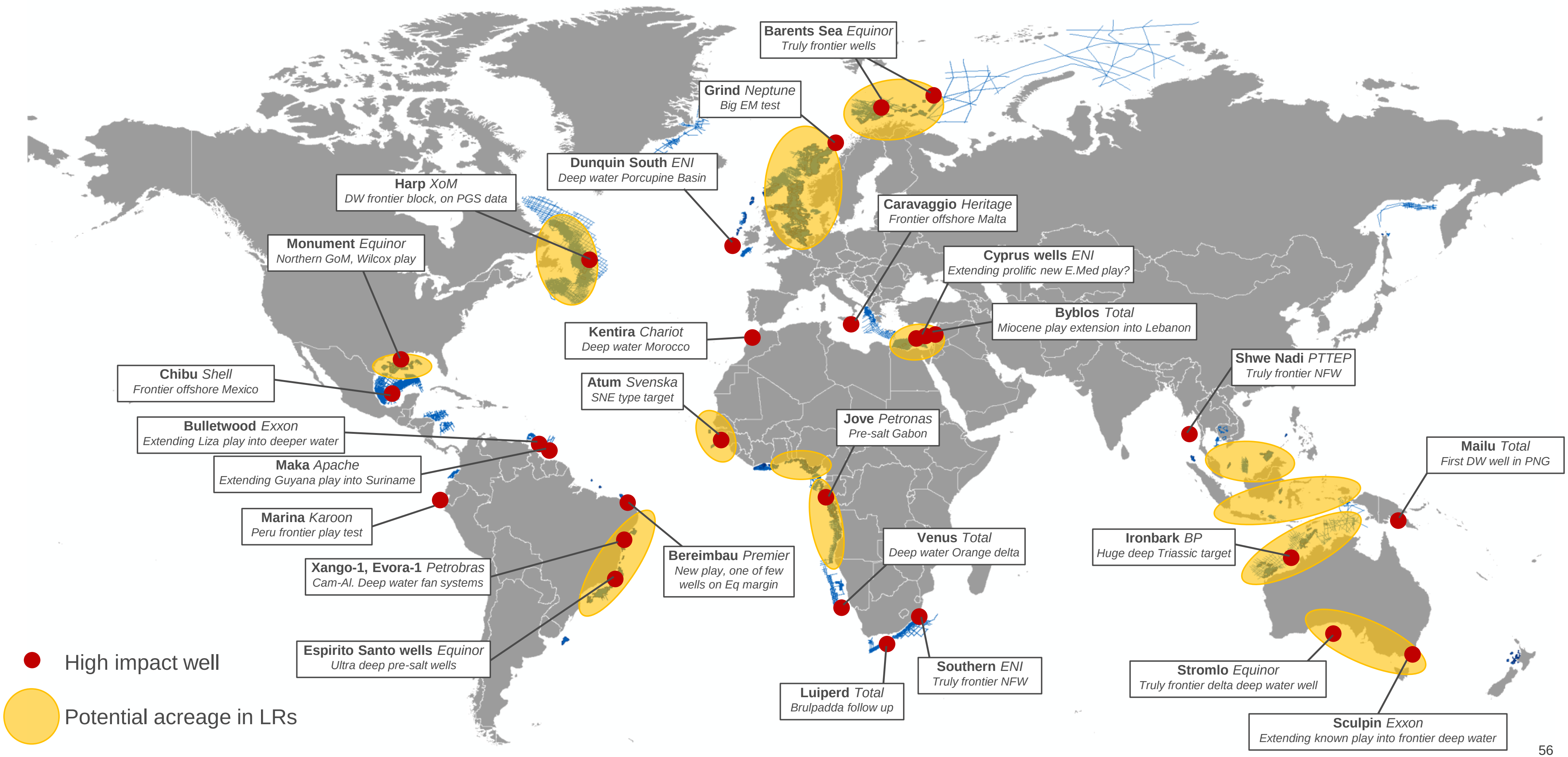
- Global E&P activity drivers deliver continued momentum offshore
- Industry seismic demand outlook is buoyant
- Reservoir 4D continues as a premium segment
- Integrated solutions create value in premium market segments
- Embracing digitalization to drive cost efficiency and turnaround



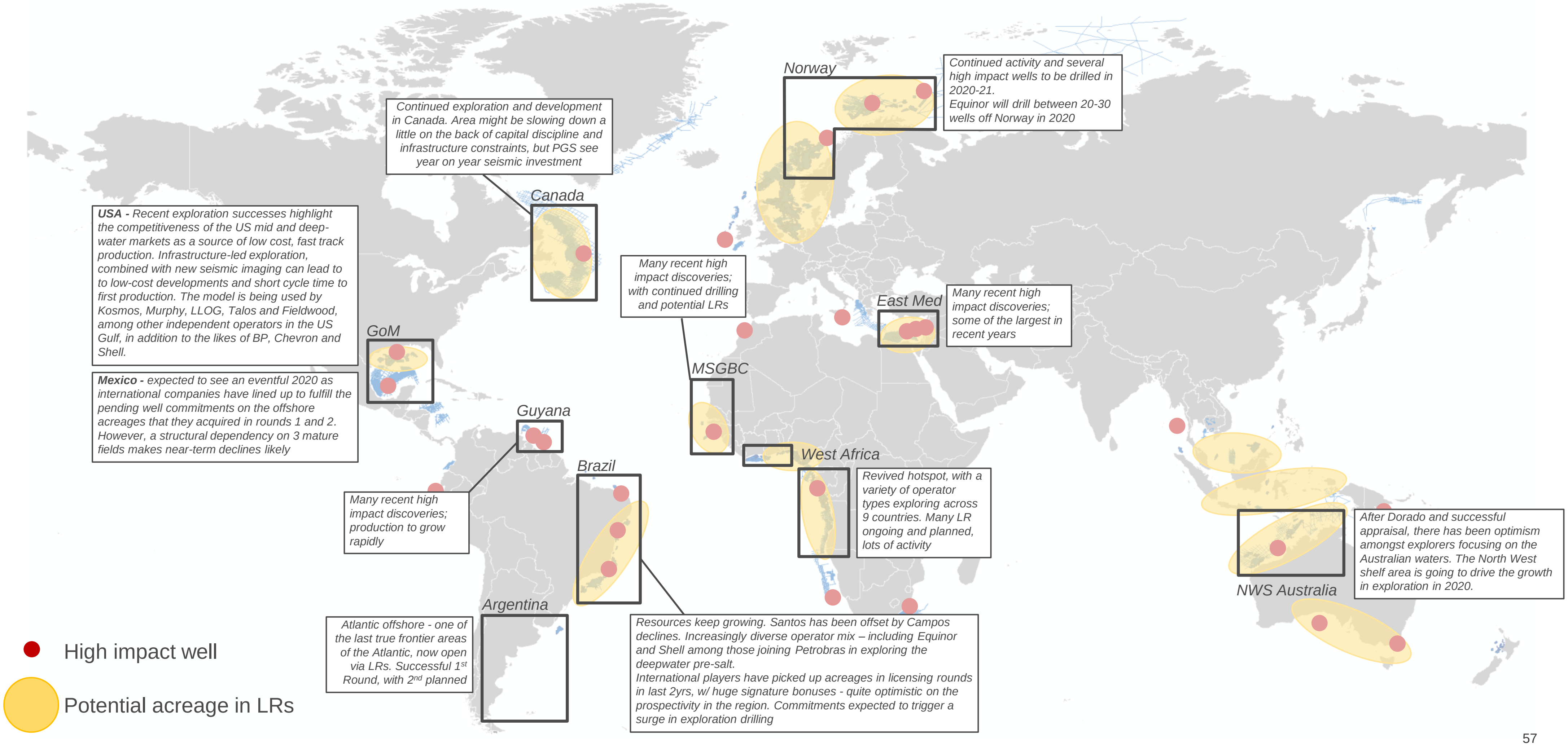
# Global E&P Activity Drivers 2020/21 – License Round Acreage Availability



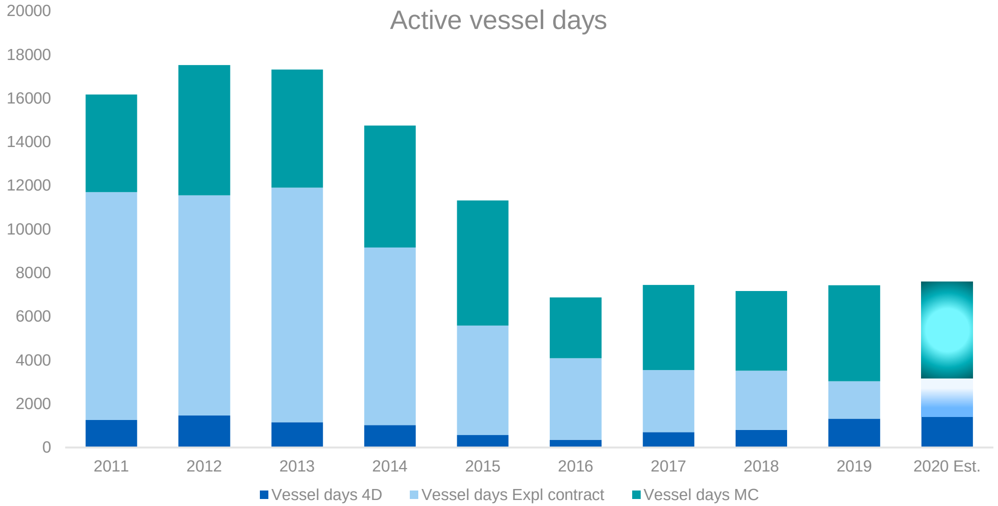
# Global E&P Activity Drivers 2020/21 – High Impact Wells to Watch

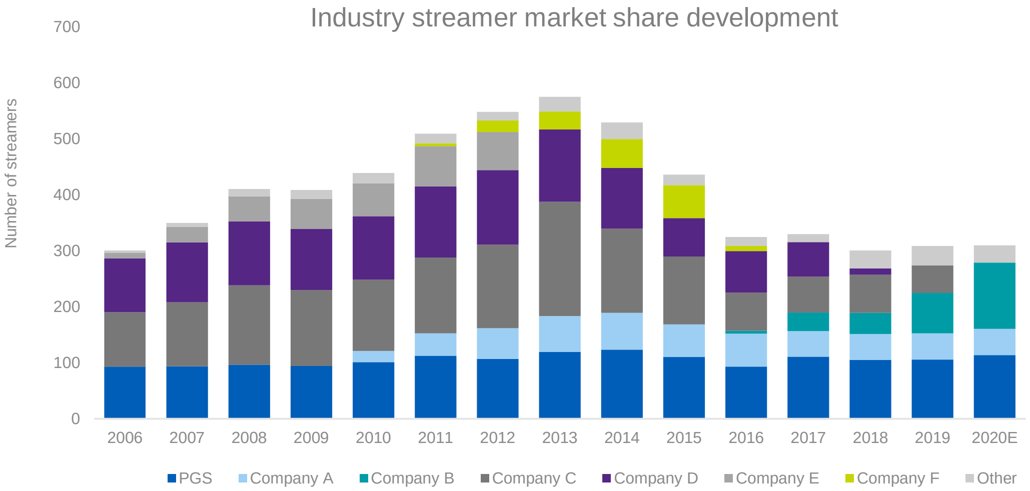


# Seismic Activity by Geo-Market



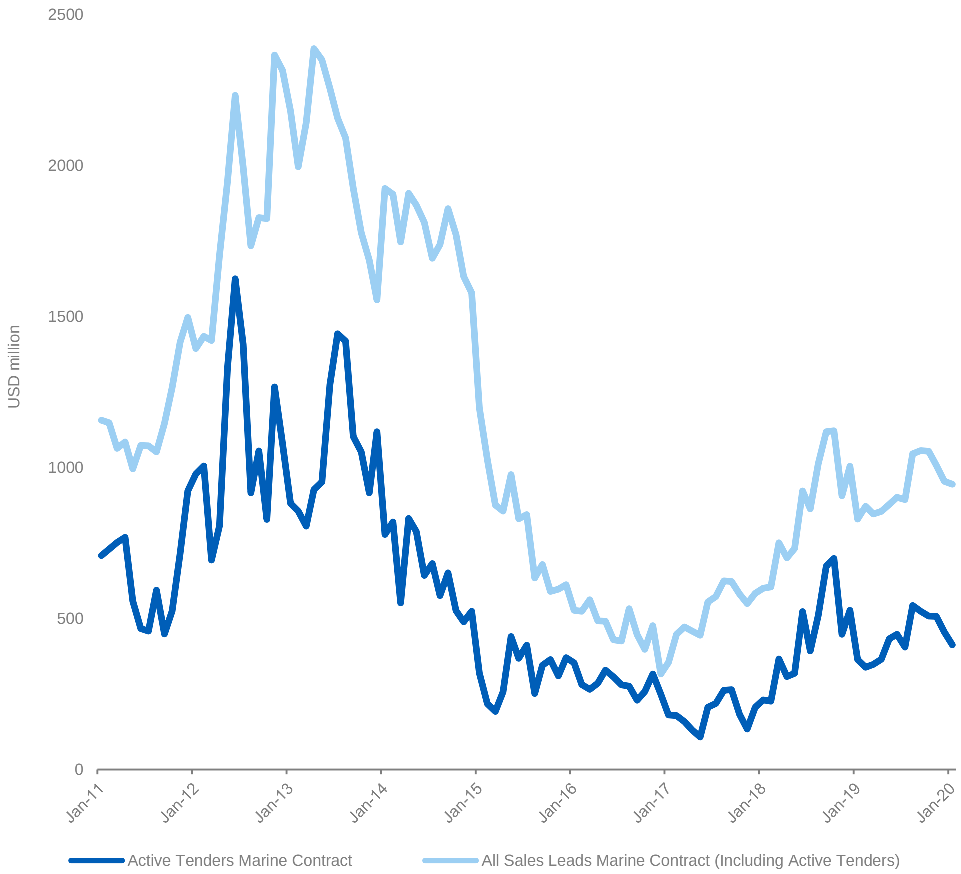
# Industry Demand Buoyant in 2019 – Though Fewer Square Kilometers




- Demand in 2019 driven by growth in the 4D and reservoir segment, at the expense of Contract exploration seismic
- 2020 activity is expected to be some 5-10% higher based on a slightly higher supply side and continued increased utilization
- The capacity allocation split between Contract and MultiClient for the industry is expected to be similar to 2019 at approx. 45/55%
- Total industry capacity in 2019 was relatively flat compared to the prior year on an annual basis
- We expect a slightly higher supply side in 2020 of some 5-10% compared to 2019 on an annual basis

# Demand Continues to Trend Upwards in 2020




PGS In-house Contract Bids+Leads

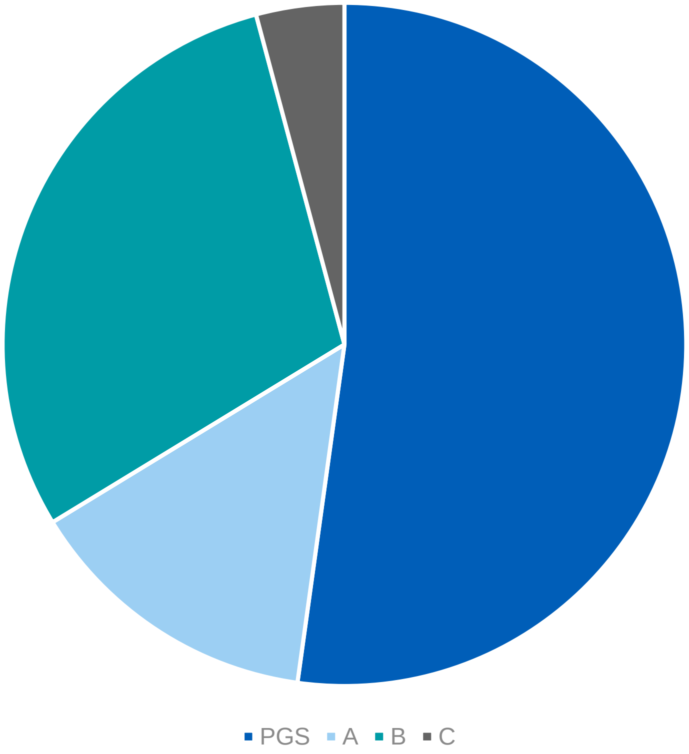
Contract bids to go (in-house PGS) and estimated $ value of bids + risk weighted leads as of Jan, 2020

- Order book increased in 2019 resulting in improved utilization and efficiency with rates close to 40% higher vs. average 2018
- Good momentum coming off the back of the best winter season industry has seen for several years with bookings significantly up
- Contract pricing is expected to increase in 2020, aided by industry discipline, consolidation and polarization, albeit at a more modest pace to 2019

# The Premium 4D Reservoir Market is Driven by Demand and Technology

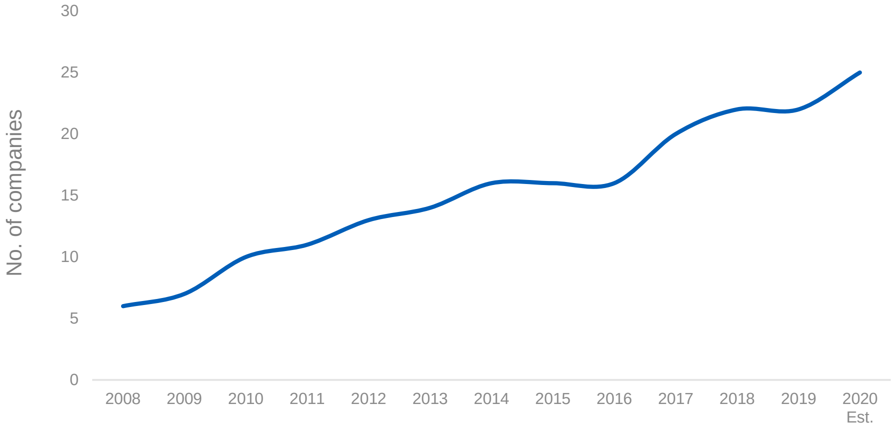
PGS continues to dominate 4D market share as the only player with a significant fleet equipped with multi-sensor technology:

- Multi-sensor technology on all vessels
- Large, high density streamer spreads
- Only player in the Contract space with integrated development of acquisition and imaging tools for 4D/reservoir seismic

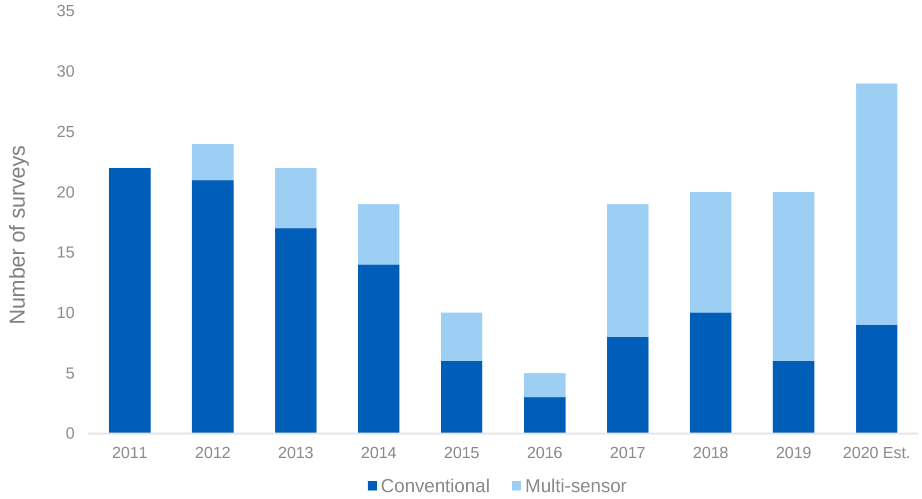



Market shares based on activity levels 2019

# Proven 4D Technology Differentiation and Customer Adoption




- The adoption of 4D has grown steadily over the last decade, with the number of companies that have applied 4D to one or more of their fields having increased 5-fold
- Acquired the world's largest 4D baseline survey in 2019
- All new major discoveries now generally considered for 4D production optimization early in the development cycle




- Continued growth in the use of multi-sensor technology
- GeoStreamer® technology polled by major oil companies as the benchmark 4D acquisition system
- 4D surveys shot with multi-sensor baselines, remain multi-sensor throughout the 4D campaign life-cycle

# Integrated Solutions Create Value in the Premium 4D Reservoir Market

## Extract More

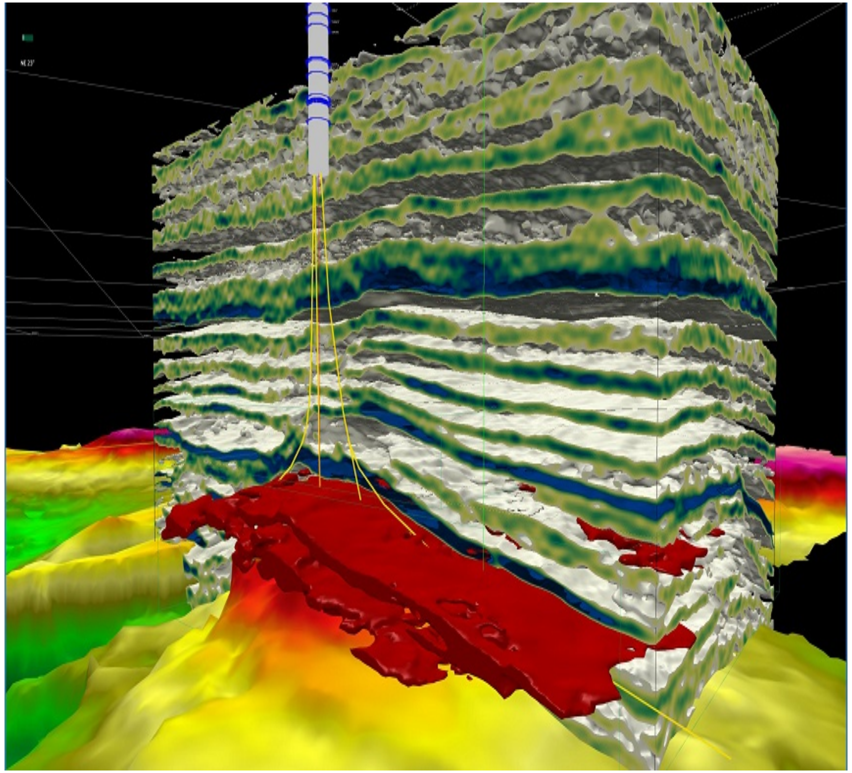
- *GeoStreamer multi-sensor technology provides enhanced detection and characterization of reservoir changes*

## Enabling Rapid ROI for Customers

- *Fast and accurate delivery of valuable reservoir information enables e.g. superior well placement and decision making*

## Profitable & Differentiated Growth Potential

- *An integrated offering uniquely positions PGS to enable adoption of reservoir monitoring technology by a customer segment new to 4D*



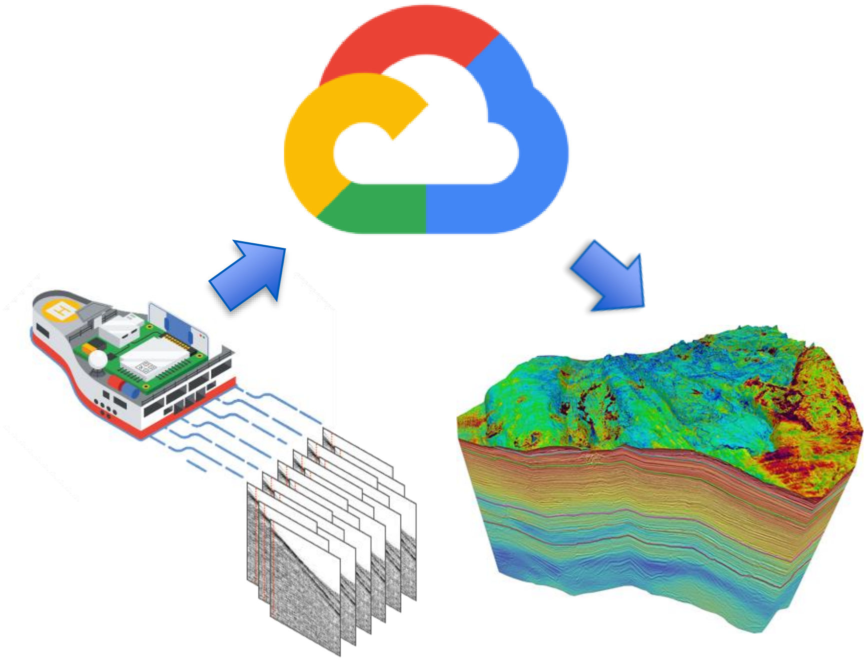
# Digitalization Enablers – High Performance Compute (HPC) in the Cloud

- Delivers reduced turnaround time and increased productivity through scalability of the Google Cloud Platform (GCP)

- Reduces CAPEX investments and facilitates rapid adoption of the latest developments in new compute technologies

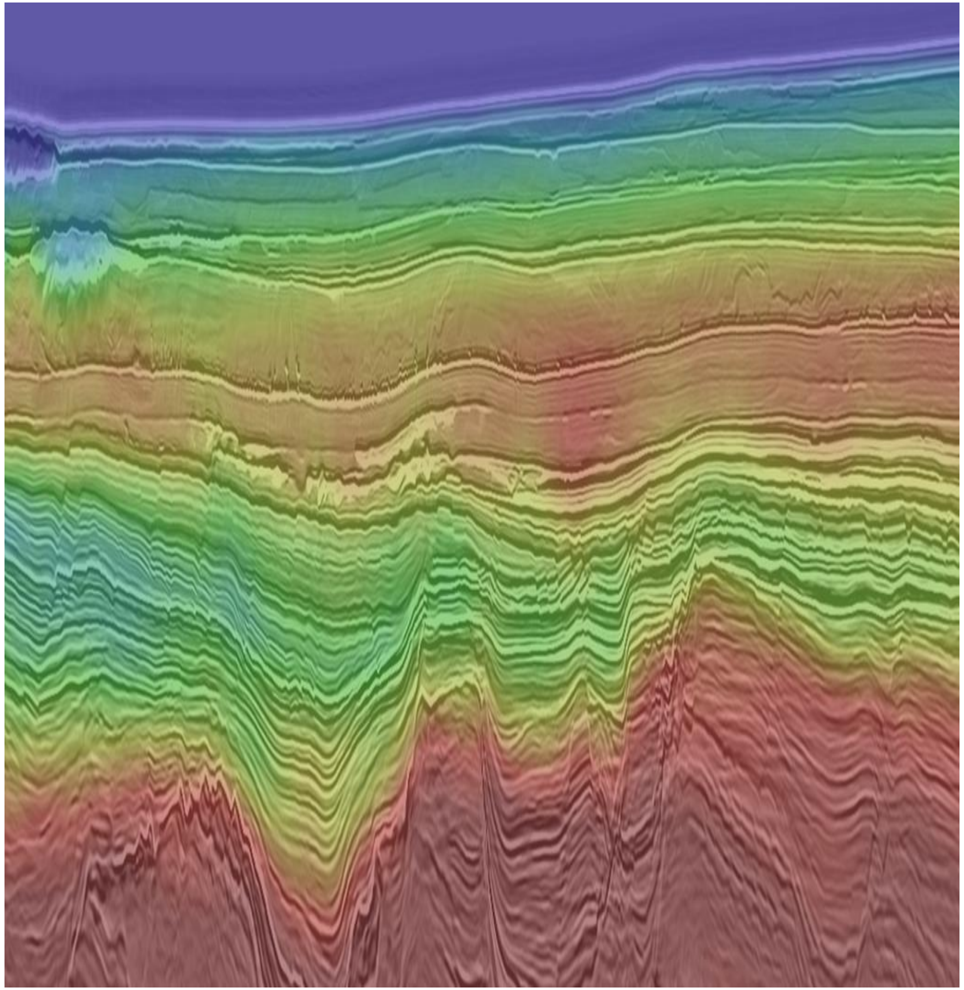
- Provides access to infrastructure for AI and Machine Learning applications in seismic imaging and interpretation

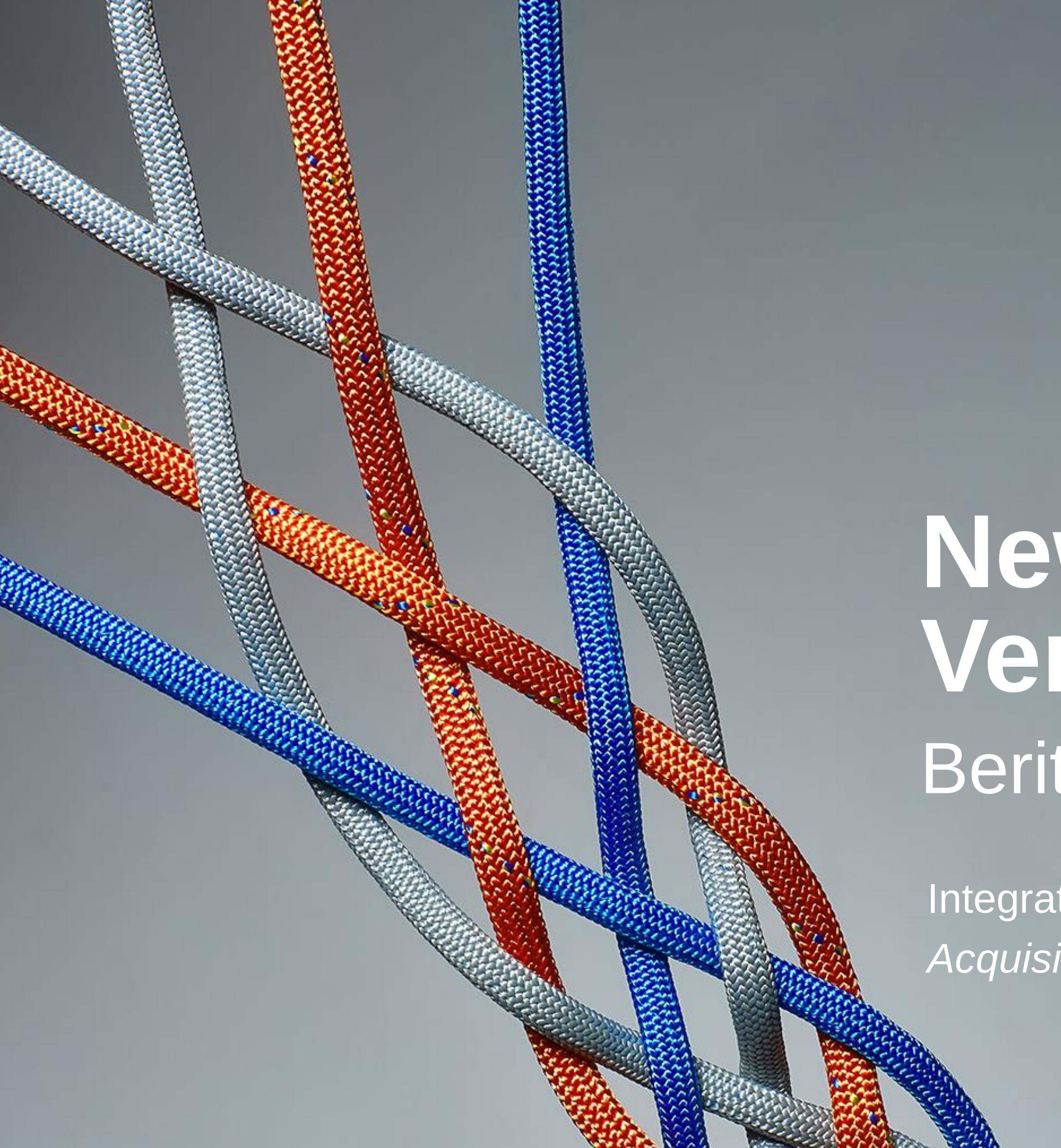
- Enables collaborative workflows with our customers through industry standard platforms and opens the door to new commercial models



# Summary

- Global activity drivers support continued momentum in the offshore E&P segment
- Strong utilization and pricing improvements in the Contract segment in 2019
- Bookings significantly up YoY and pricing expected to increase at more modest pace in 2020
- The 4D reservoir market continues to be a premium segment differentiated by multi-sensor technology
- PGS continues to be uniquely positioned as the only fully integrated player with market leading acquisition and imaging technology





# New Ventures

## Berit Osnes EVP

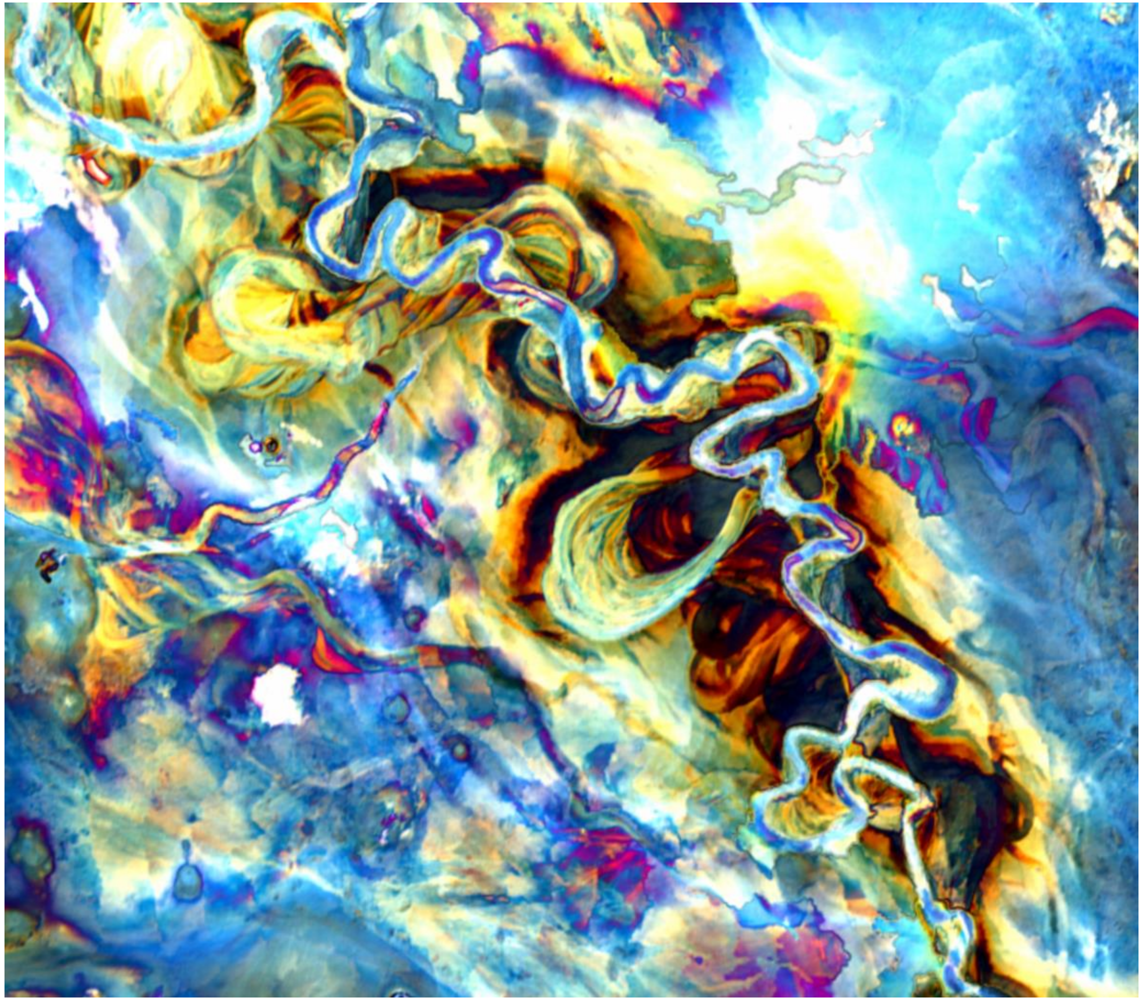
Integrated Expertise

*Acquisition, Imaging & Geoscience*

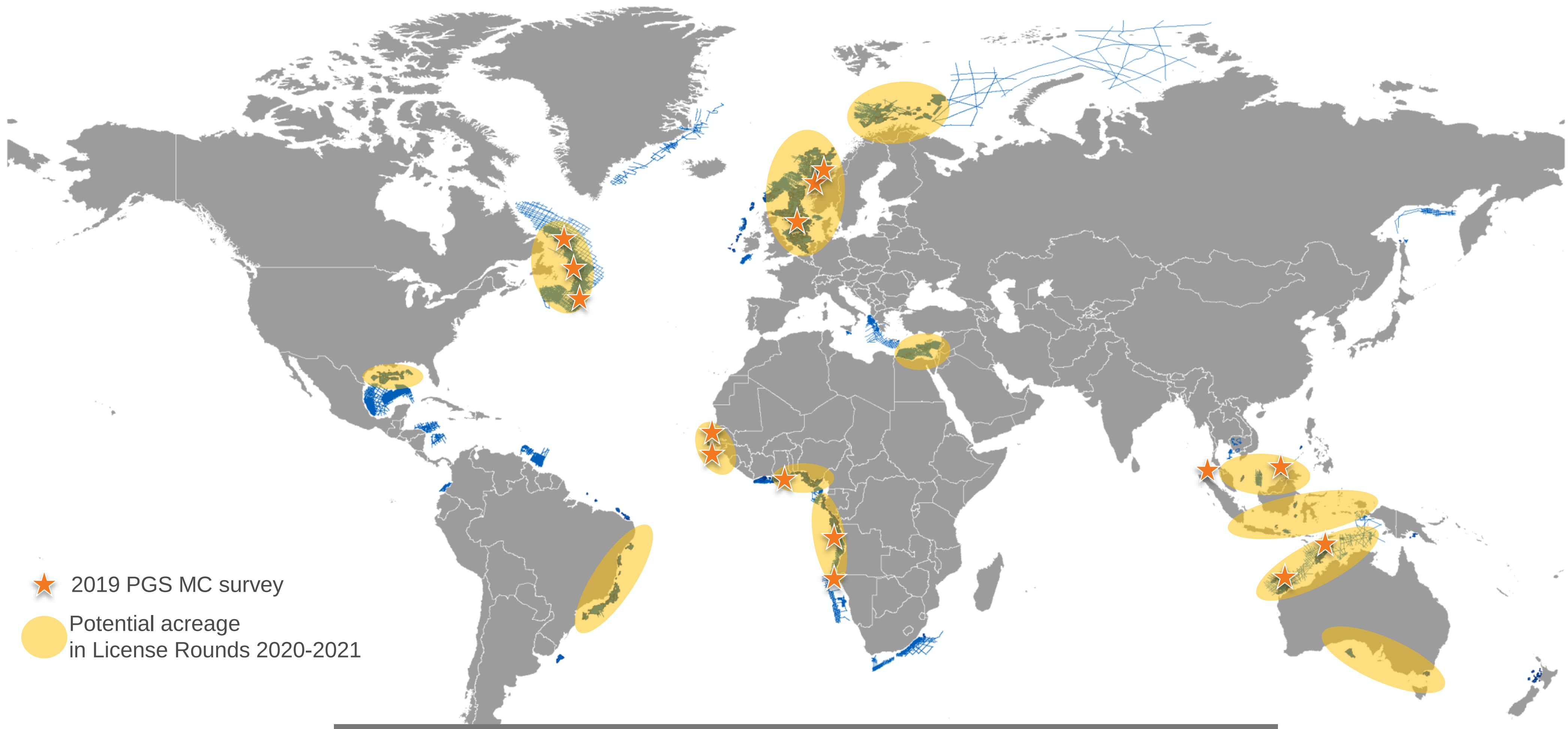
January 30, 2020

# Outline

- Data library development
- The fully integrated seismic provider
- MultiClient Data Library in the Cloud
- 2019 MultiClient performance
- Summary

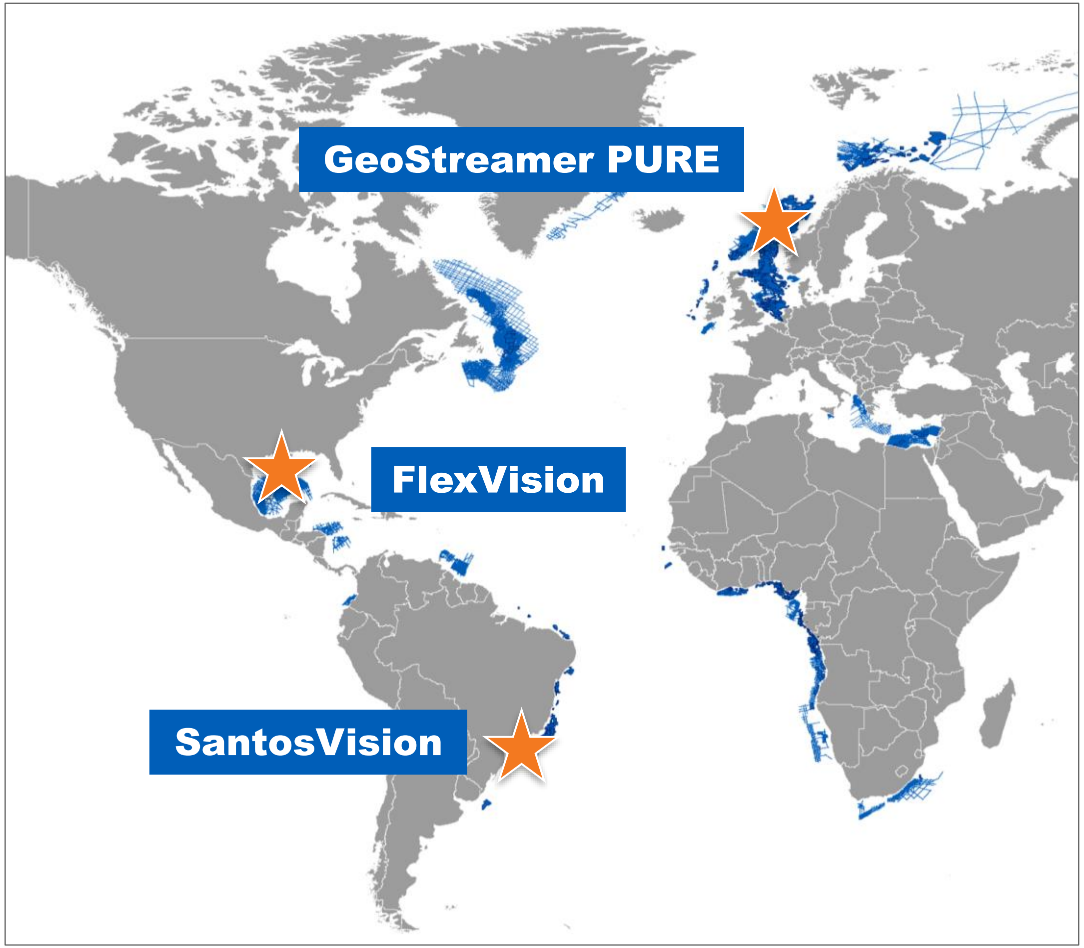


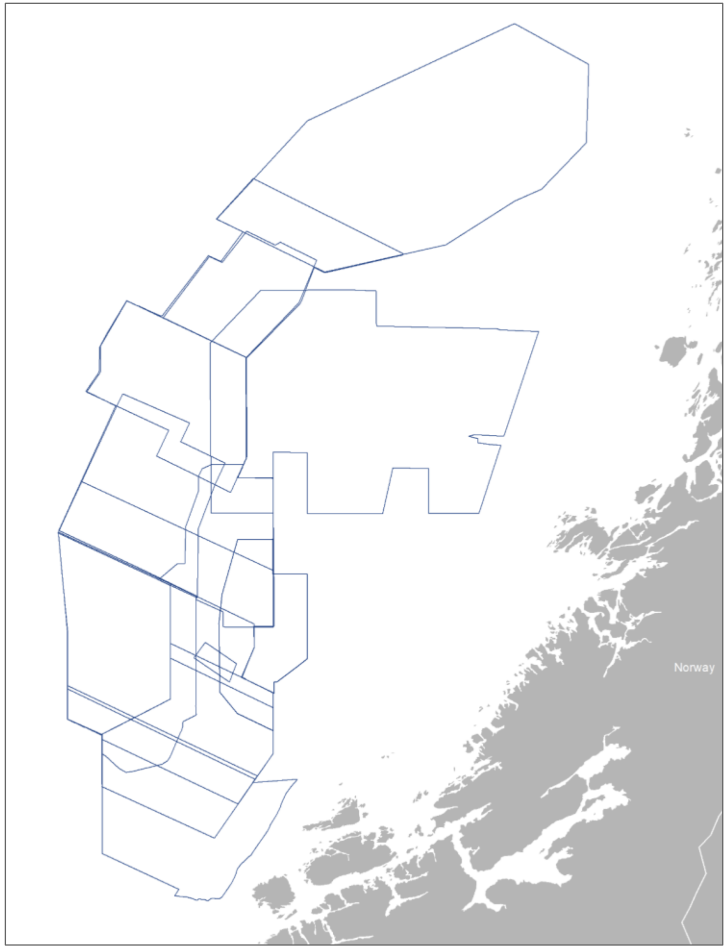
# PGS Data Library Development in 2019




~ 900 000 sq. km MC3D ~ 660 000 km MC2D > 800 000 sq. km MegaSurvey

# PGS Data Library Development through Rejuvenation



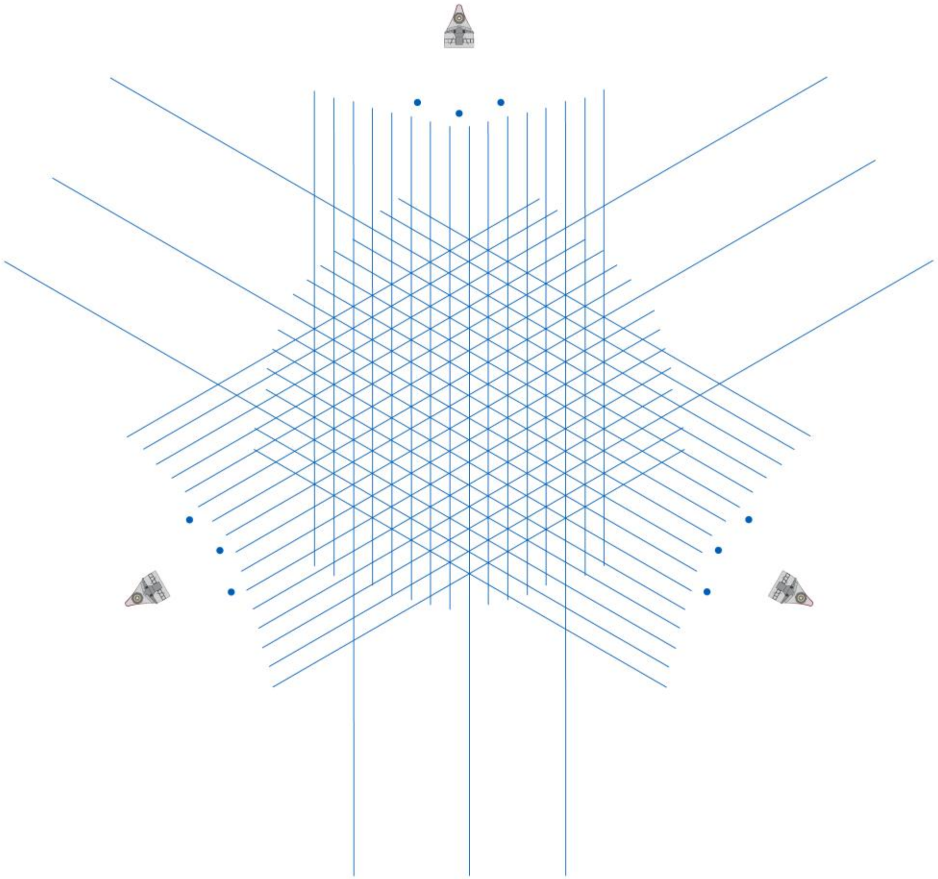
# Integrated Technology Development for Efficiency and Quality

GeoStreamer X

Redefining Multi-azimuth acquisition as a fast and smart solution for high definition exploration

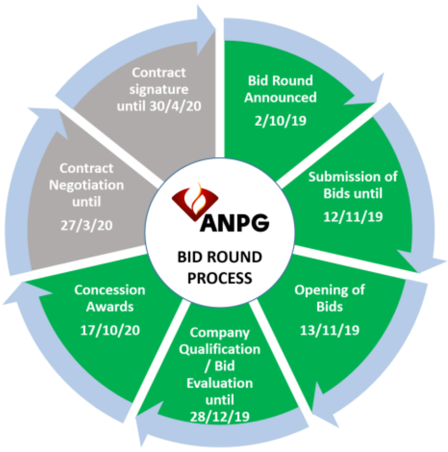
**Pilot survey conducted in Norway late autumn 2019**
**First delivery in Q1 2020**

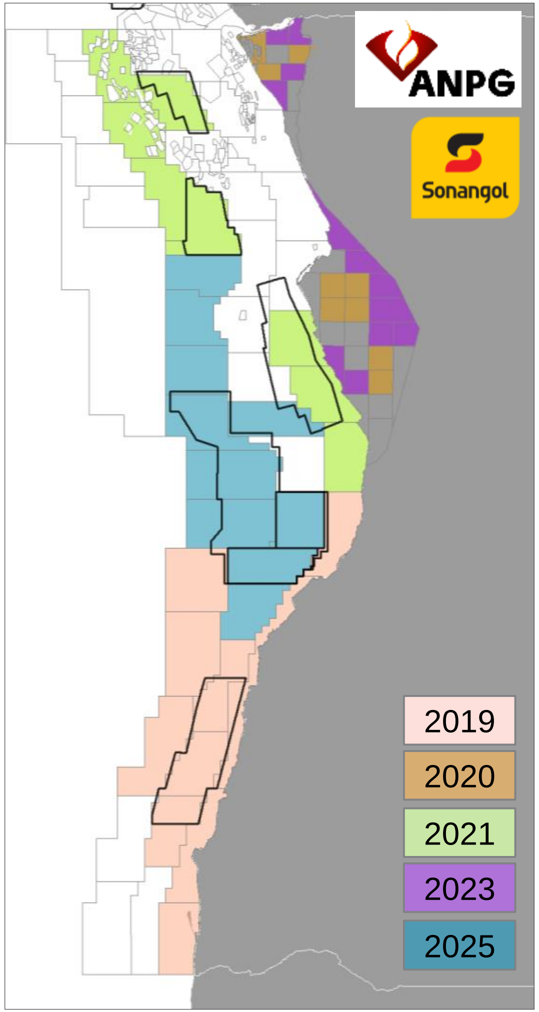
- Variable streamer length
- Multi-source setup
- High streamer count
- Wide-tow sources
- Flexible multi-azimuth design



# Integrated Approach has Established PGS as a Key Player in Angola

- PGS is a trusted industry partner in Angola with historical commitment to investment in country
- Our integrated business model offers the required full suite of 3D and 4D end-to-end solutions
- Our MultiClient agreement enables a substantial acceleration of exploration timelines
- New License Round system provides transparency and business continuity




**Supporting Exploration, Optimizing Production**
Acquisition | Imaging | Interpretation | R&D | MultiClient | Contract

# MultiClient Data Library in the Cloud

## "Data at your fingertips" for added value

### Enable industry wide collaboration

- Open and common standards
- Joint industry initiatives ongoing

### Next generation client-interface solutions

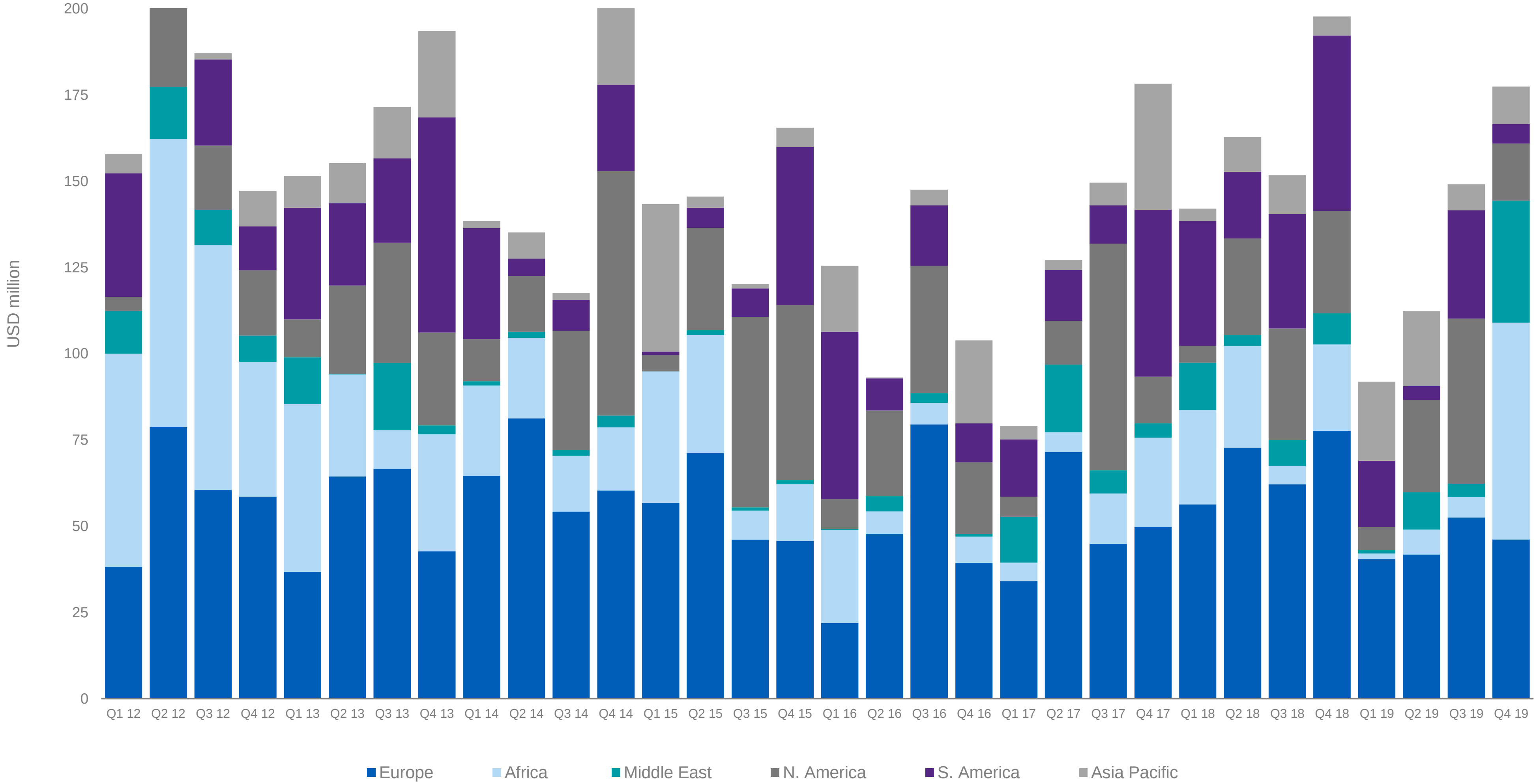
- Improve data access/delivery experience; enable data interaction within the cloud
- Provide new services, functionality and business models
- Integrate cross-domain subsurface data types
- Pave the way for AI/ML for exploration

PGS has added rockAVO capability and Atlases to its portfolio - the bridge between geology and seismic.


**Supporting Exploration, Optimizing Production**

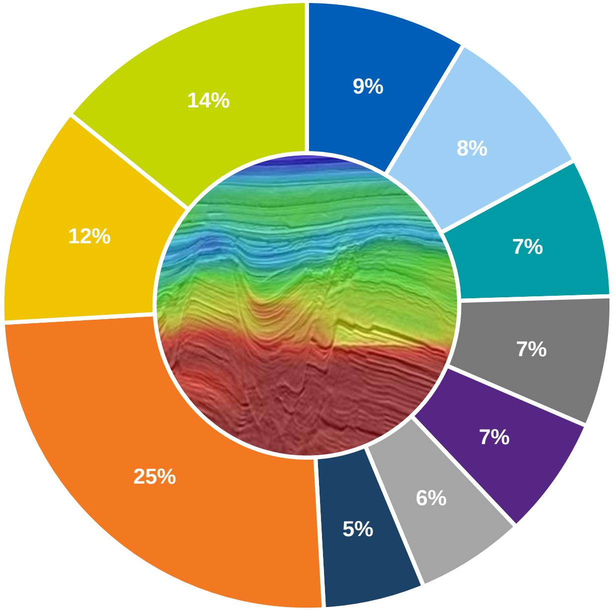
Acquisition | Imaging | Interpretation | R&D | MultiClient | Contract

# MultiClient Library Diversity



# 2019 MultiClient Revenues

## 2019 Client Distribution



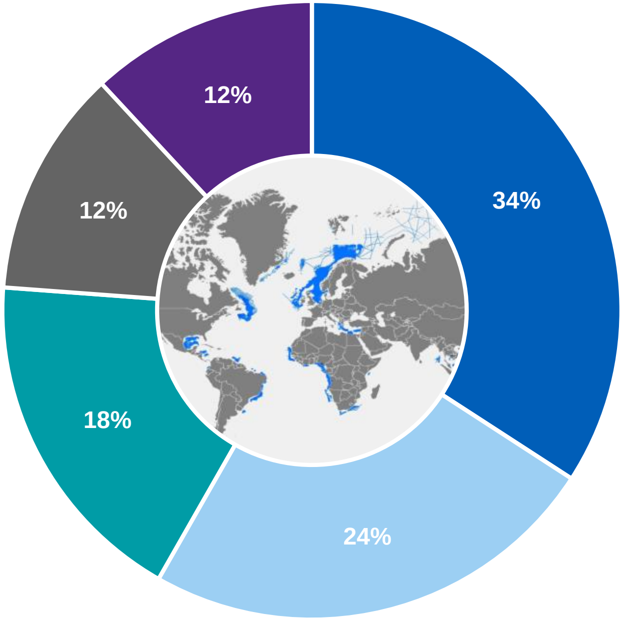

7 Clients >$20 mill

9 Clients $10-20 mill

9 Clients $ 5-10 mill

77 Clients < $ 5 mill

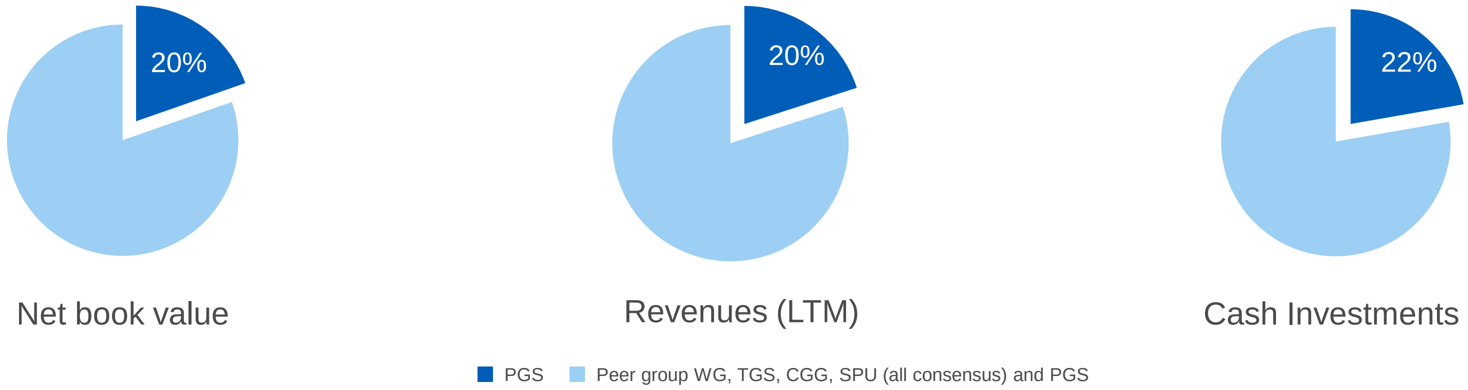
## 2019 Regional Revenue Distribution

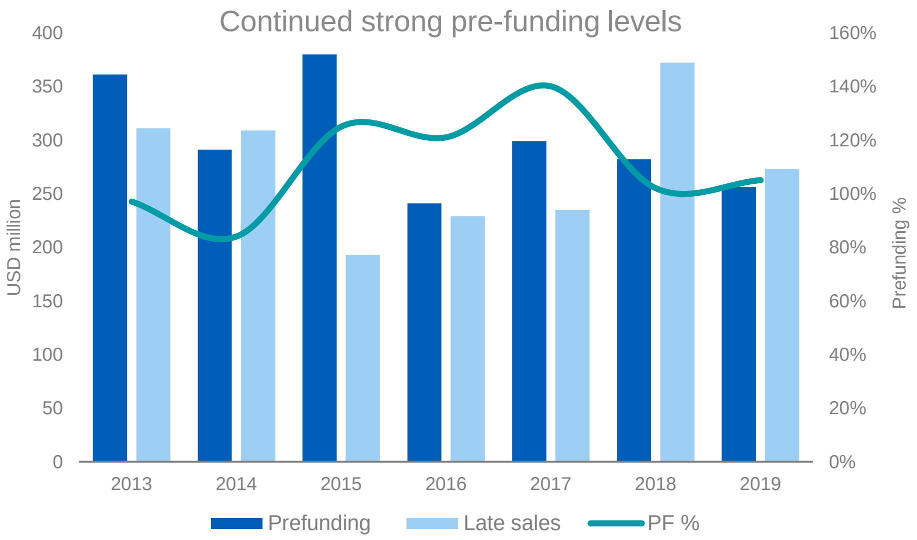


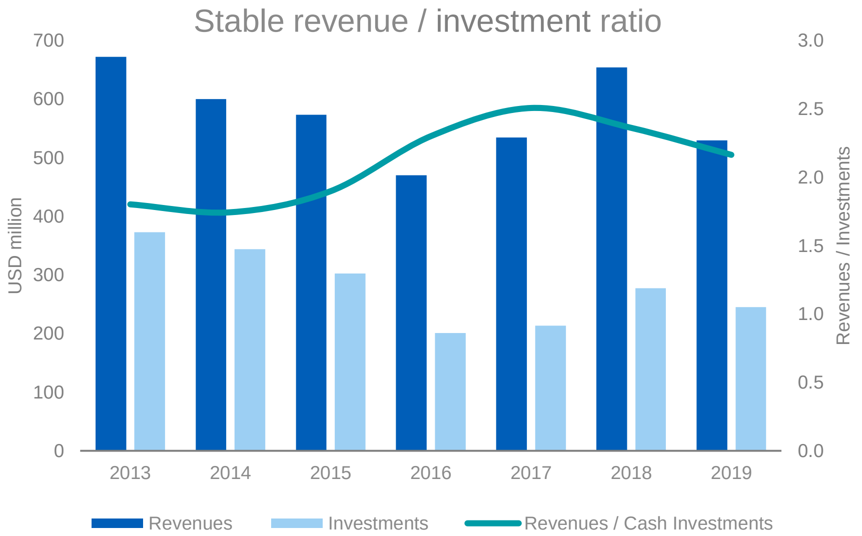

- Europe
- Africa-Med
- N America
- S America
- Asia

>100 Clients and Good Geographical Diversity

# PGS MultiClient Performance: Peer Group Comparison

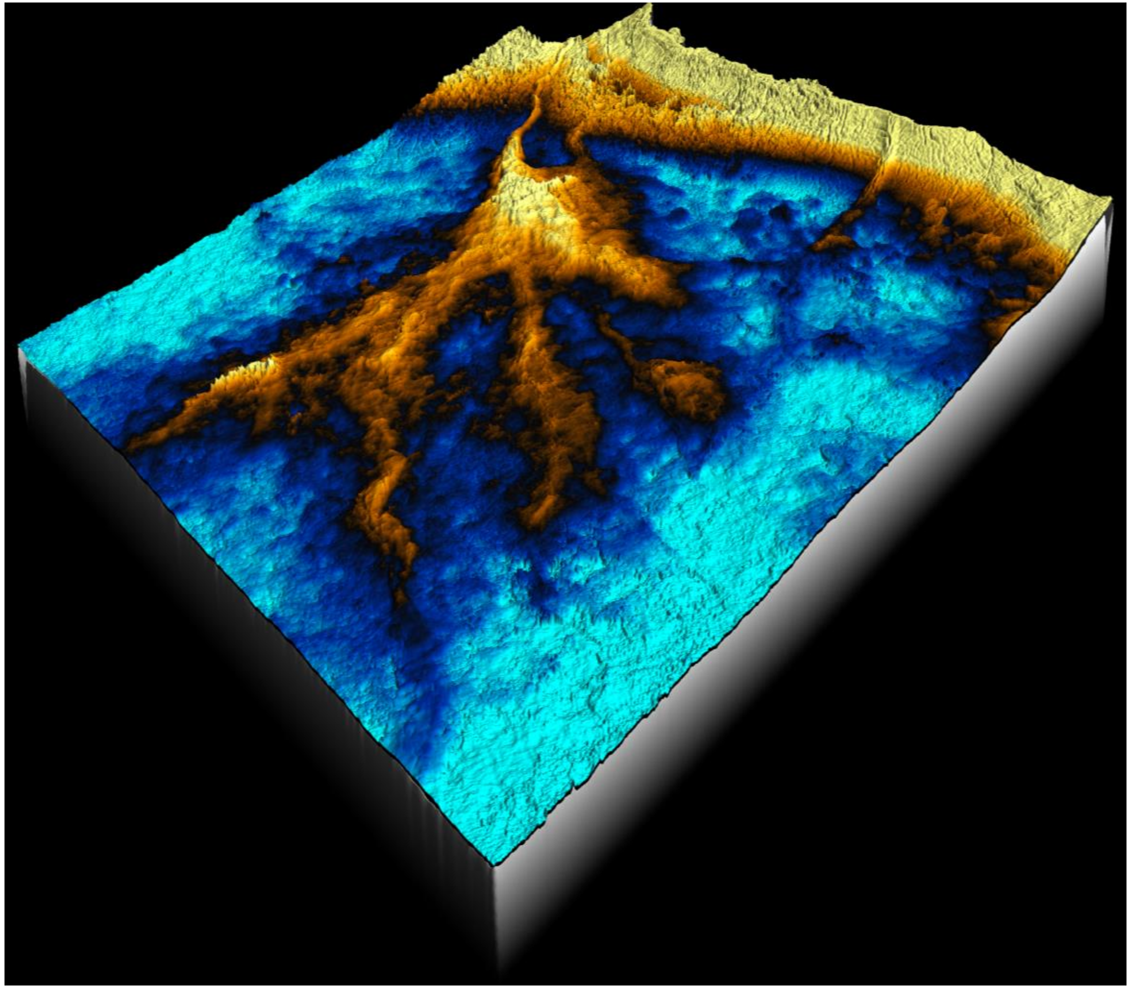


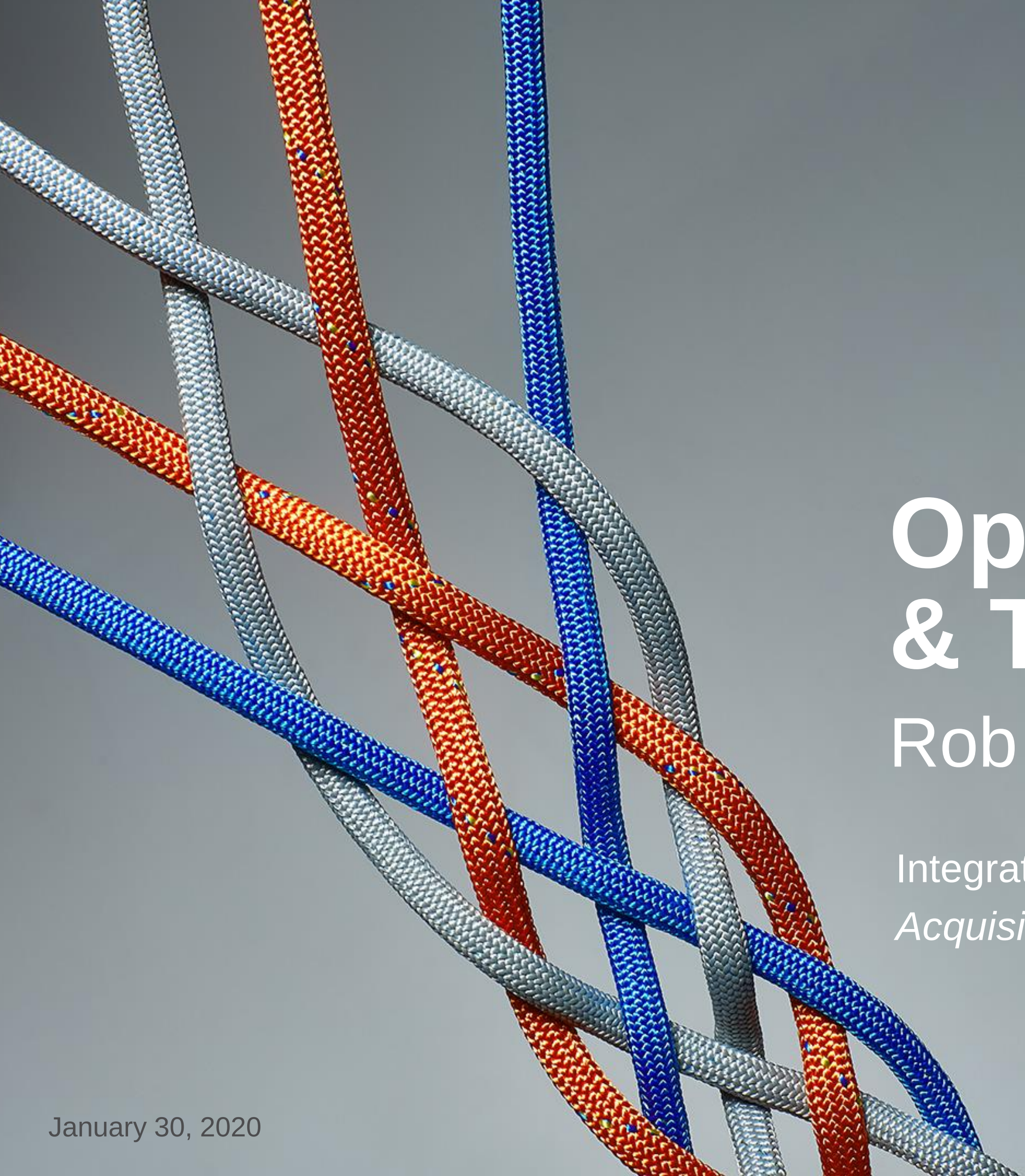



# Summary

- 2019 delivered strong revenues and a good portfolio of projects for future growth
- MultiClient benefits from PGS being the only fully integrated seismic provider and technology leader
- Cloud access to data opens up new business opportunities
- Continued focus on MultiClient, with a planned 2020 cash investment level in the range of USD 250-275 million
- Target revenue / cash investment ~ 2.5 over time from balanced and geographically diverse data library





# Operations & Technology

## Rob Adams EVP

Integrated Expertise

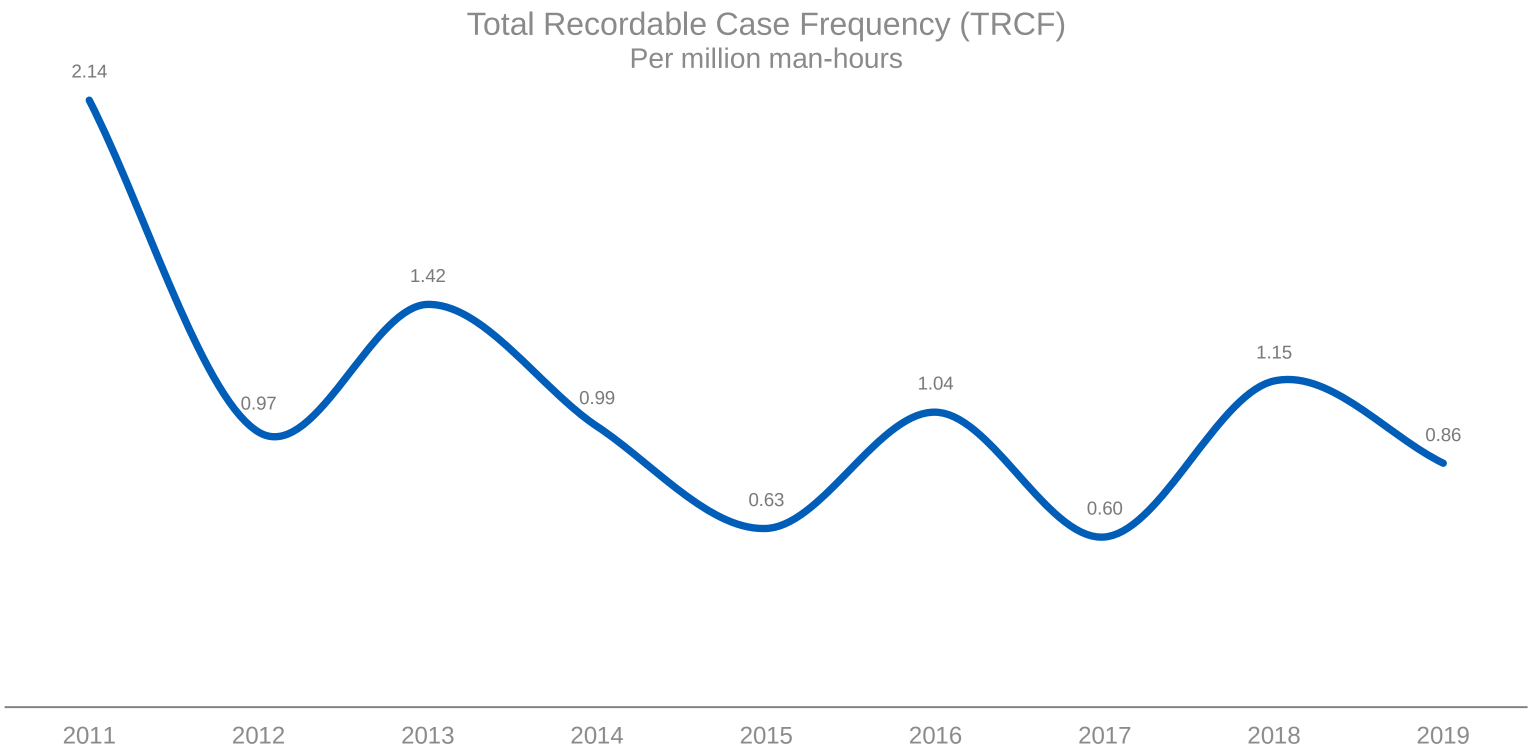
*Acquisition, Imaging & Geoscience*

January 30, 2020

# Operations & Technology Presentation

- Safety performance
- **E**nvironmental **S**ocial **G**overnance
  - IMO regulation change
- Fleet Update
- R&D
  - Strengthening competitive advantages through digitalization and new technology
- Streamer inventory and plans
- Conclusion

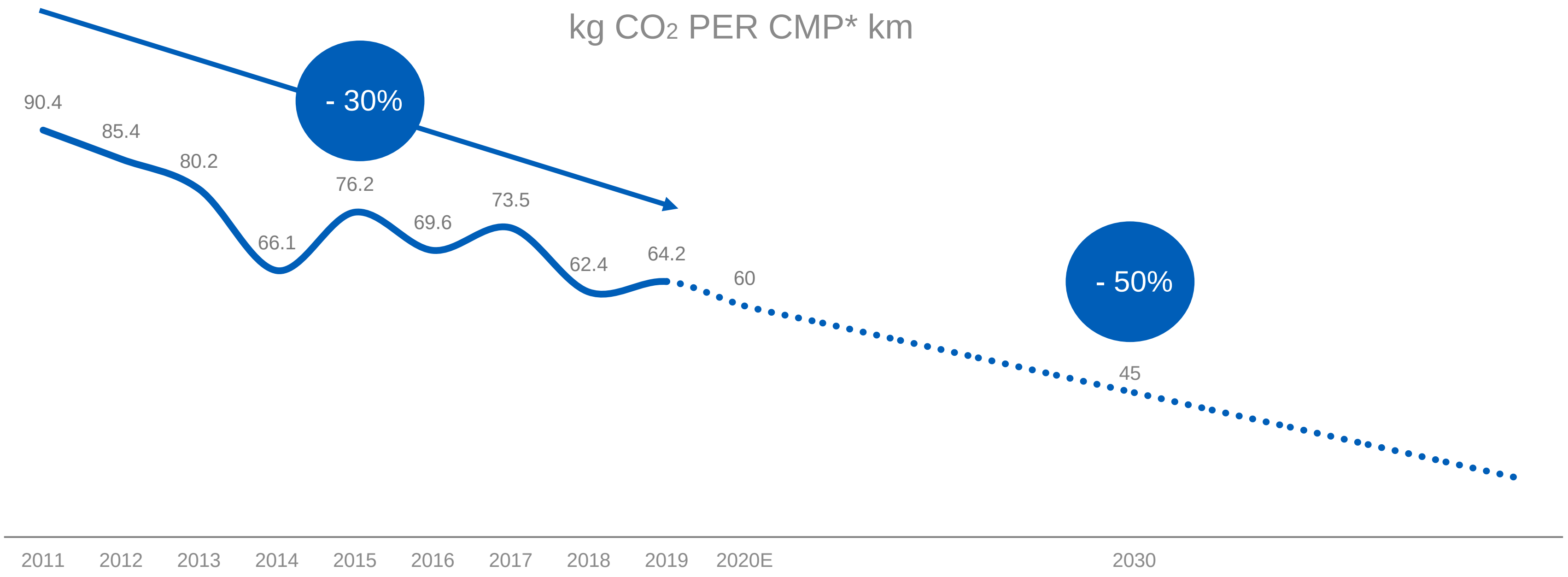
# HSEQ Performance: Among Industry Leaders




**No compromise on safety or operational robustness**

*Operational safety is priority number 1 in PGS - protecting our crews, assets and the environment*

# PGS and the Climate Challenge




## PGS is committed to further reducing the emissions per data unit

Maximize efficiency + Optimize utilisation + Reduce drag = - 50% by 2030

*Reduction in t $CO_2$ per CMP compared to 2011.*

*Common Mid Point ("CMP") describes the half way point between source and receiver for each shot point (sources firing) and is a metric for the amount of data acquired. Increasing the number of sources or receivers results in a larger number of CMP kilometers per survey.

# PGS and the Oceanic Environment

OUR COMMITMENT

## Leave the oceans as we find them

- ✓ We carefully plan and conduct our operations
- ✓ We shut down operations if marine mammals are sighted
- ✓ We respect local communities and fisheries
- ✓ We throw nothing overboard and leave nothing behind

OUR AMBITION

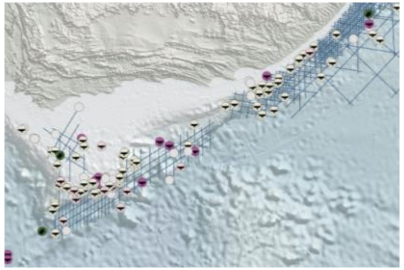
## Contribute to healthier oceans

- ✓ Fight plastic pollution
- ✓ 200t debris removed from oceans in last 5 years
- ✓ Share ocean data with researchers
- ✓ Help map the entire ocean floor by 2030

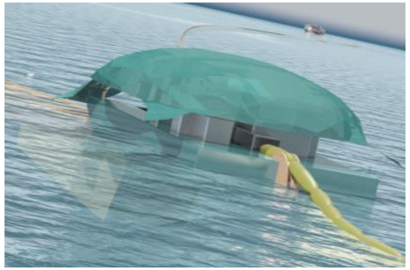
**Seismic operations are safe and leave no permanent environmental footprint**

RESCUING MARINE LIFE FROM ENTANGLEMENT IN GHOST NETS

REMOVING GHOST NETS AND DEBRIS FROM THE OCEAN



SHARING OCEAN DATA WITH THE SCIENTIFIC COMMUNITY



THE FIRST ATTEMPT AT LARGE SCALE ACTIVE SWEEPING FOR PLASTIC

# Meeting the IMO Regulation Change


**Remaining PGS vessels use MGO or low sulphur fuel**

- From 2020 all ships have to use fuel oil with a sulphur content less than 0.50% or clean the exhaust gases
- The Ramform Titan-class vessels were designed to accommodate scrubbers:
  - Scrubbers are cleaning chambers where the sulphur-compounds are removed from the exhaust by running it through large amounts of sea water
- Three Ramform Titan-class vessels will have scrubbers installed in 2020 and the fourth in 2021
  - Scrubbers allow use of HFO on all Titan-class vessels: A significant cost advantage
  - Pay-back time for the investment less than two years

# A Flexible Fleet

RAMFORM **Hyperion**

RAMFORM **Tethys**

RAMFORM **Atlas**

RAMFORM **Titan**

RAMFORM **Sovereign**

RAMFORM **Vanguard**

PGS **Apollo**

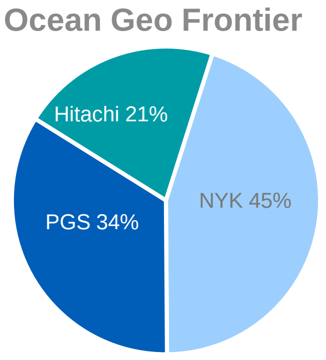
SANCO **Swift**

- PGS will have eight 3D vessels (“the active fleet”) fully equipped at all times
- If needed, PGS can scale down active operations to six vessels and reduce costs including crew accordingly
- PGS can return cold-stacked capacity to capitalize on a continued rising market

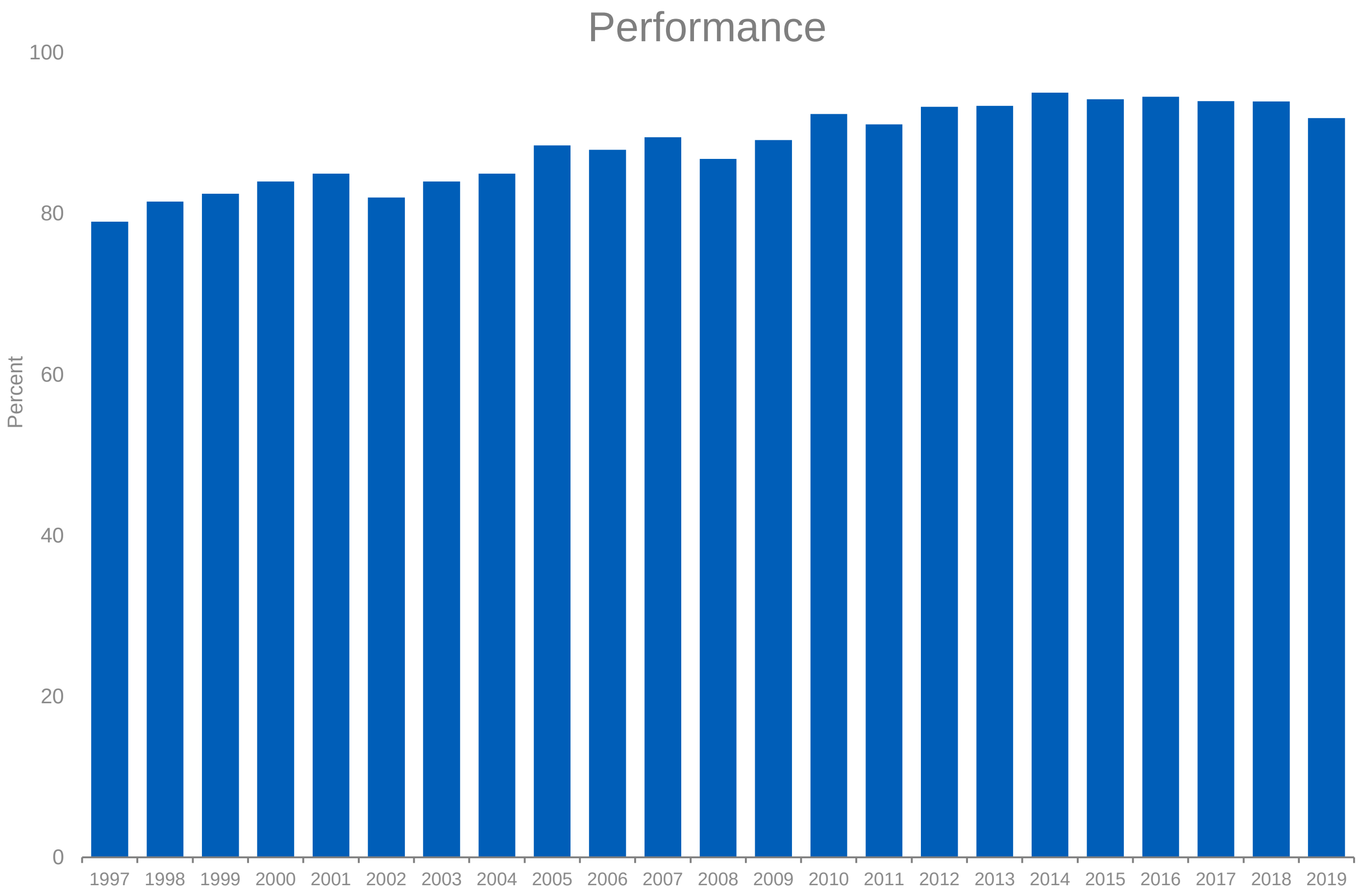
# OGF and the Tansa Project

- In 2007 PGS sold *Ramform Victory* to JOGMEC and supported the Shigen project from 2007 to March 2019 when the project was completed

- In November 2018 the JV Ocean Geo-Frontier ("OGF") was awarded a new project with start up in 2019 and expected duration of 10 years:
  - OGF comprises NYK, Hitachi and PGS, and is based in Tokyo
  - OGF is running the seismic vessel *Tansa*, owned by JOGMEC, and processing the seismic data acquired by *Tansa*
  - *Tansa* was earlier *Ramform Sterling*, sold from PGS to JOGMEC for approx. USD 100 million in 2019




# Maintaining Industry Leading Performance (TBU)



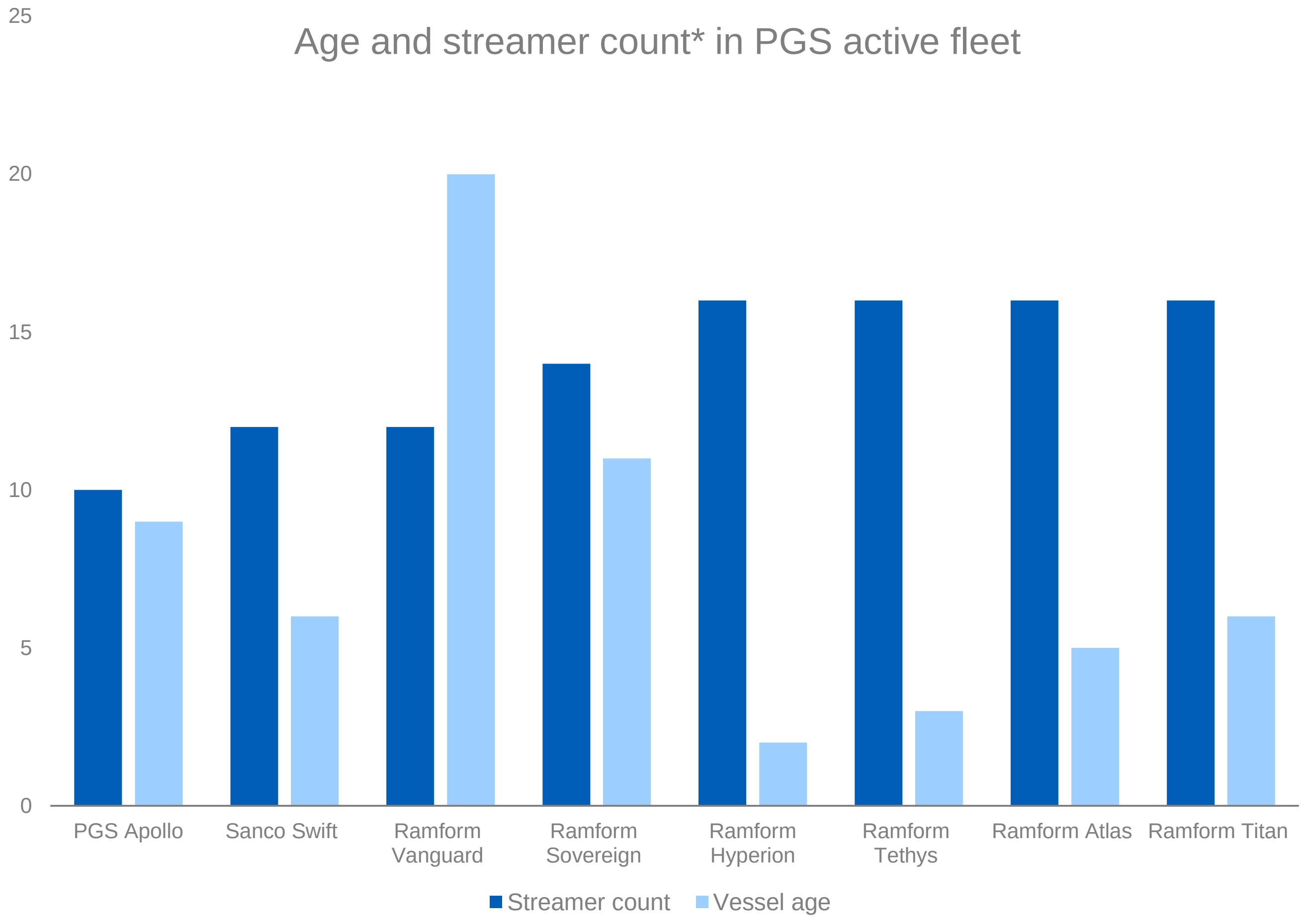

Performance = actual production of seismic in % of available production time

**Sharp focus on planning and risk mitigation**

**Continuous effort to reduce unproductive time**

Operations in many challenging environments led to a small decrease in performance in 2019

# Most Productive Fleet in the Industry




**Max streamer capacity:**

- Ramform Titan-class: 24
- Ramform Sovereign: 22
- Ramform V-class: 18
- Sanco vessels: 14
- PGS Apollo: 12

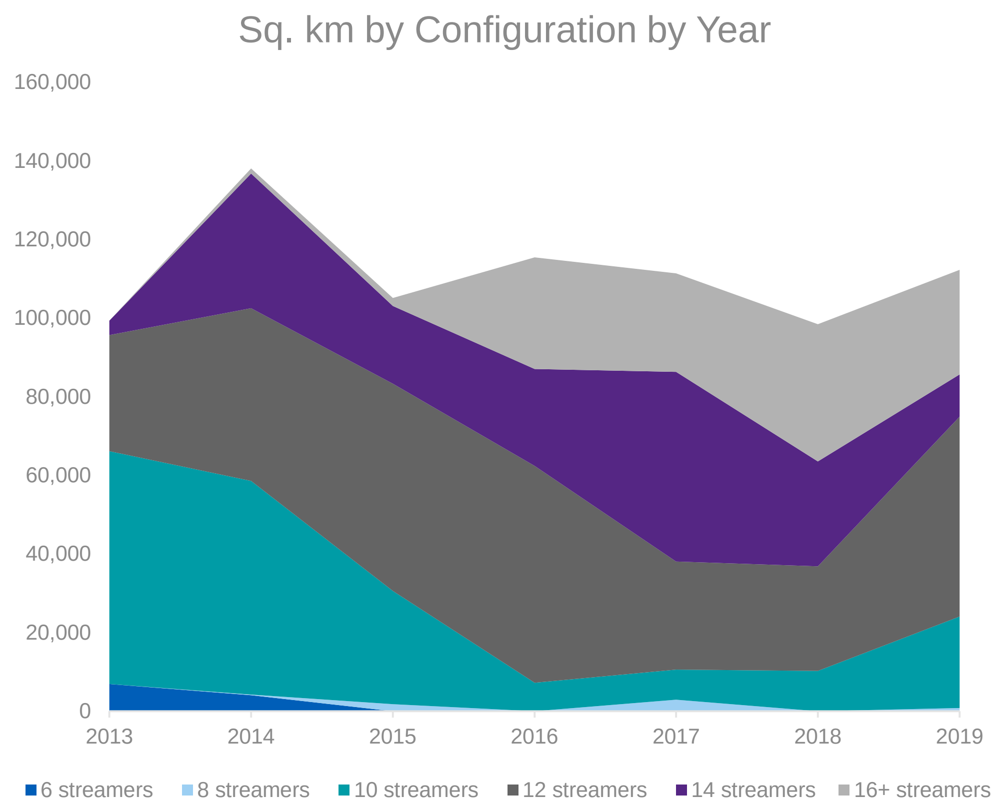
All vessels are capable of towing dual and triple source configurations

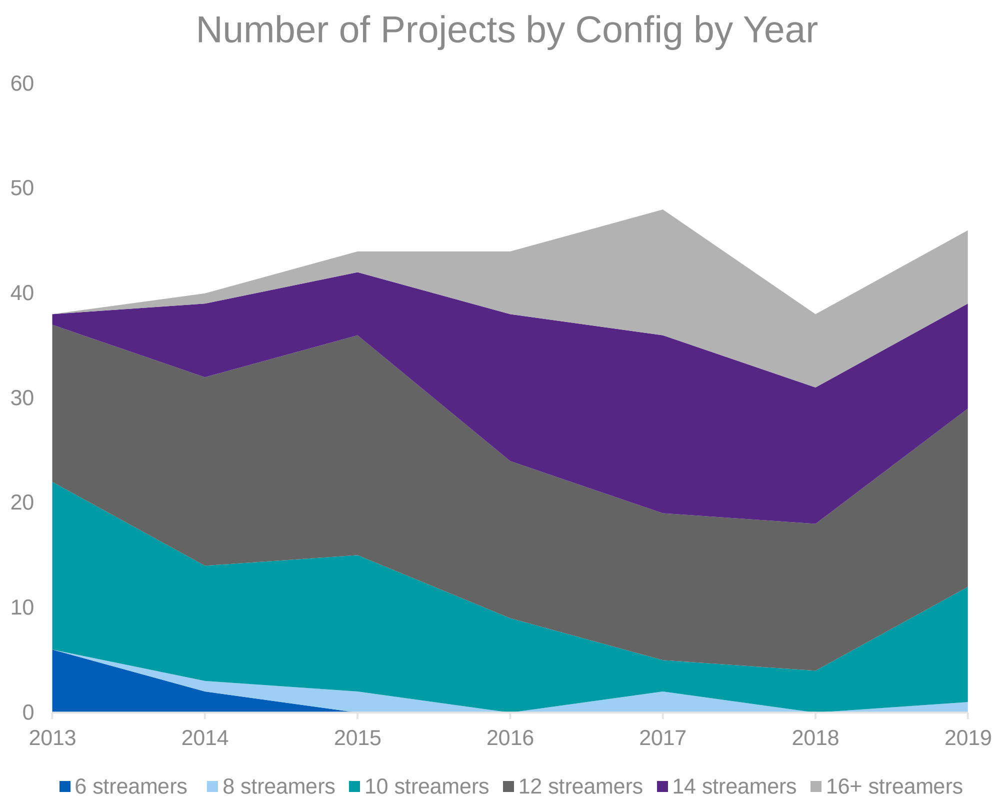
**Average vessel age:**
**8 years (Dec. 2019)**

**Average streamer count: 14**

*In normal operating mode

Utilizing the Capabilities of the Fleet:
# 25% of PGS 3D Data Acquired with 16 or More Streamers



# Fleet Strengths

- Modern, safe vessels provide the best working environment
- PGS' high towing capacity allows flexibility to do all types of jobs from one vessel
- Industry leading engine and propulsion redundancy give safe and robust projects
- Advanced back deck solutions provide high safety and rapid deployment and recovery capabilities
- Digitalization of key equipment enables conditions based maintenance and cost savings
- Modern core fleet of support vessels enables efficient and safe crew changes and at sea fuelling

# New Technology With Potential to Improve Efficiency and Quality: Wide Tow Sources

- PGS has the industry leading source steering technology
- Through new technology and improved towing methods we aim to deliver a 20% increase in acquisition efficiency
  - 15% increase achievable already in 2020
  - 20% target for 2021
- This would save time and cost and allow us to continue to reduce our environmental footprint

# Optimizing Vessels Operations Through Digitalization

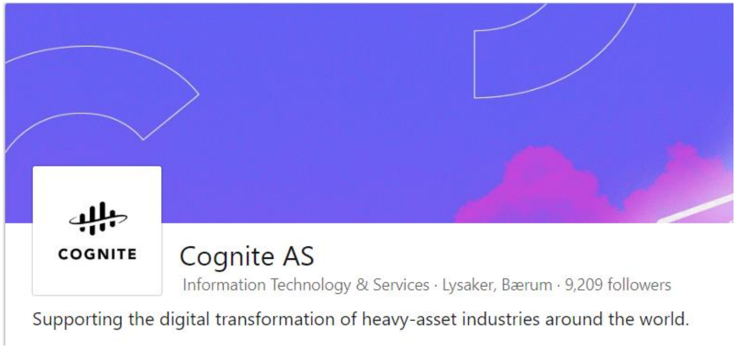
- PGS has initiated two ongoing digitalization projects supported by Cognite to improve fleet performance:
  - Optimize fuel consumption vs. drag
  - Reduce cost of maintenance through active monitoring of equipment
  - Both projects will complete the first phase H1 2020

**Energy Efficiency**

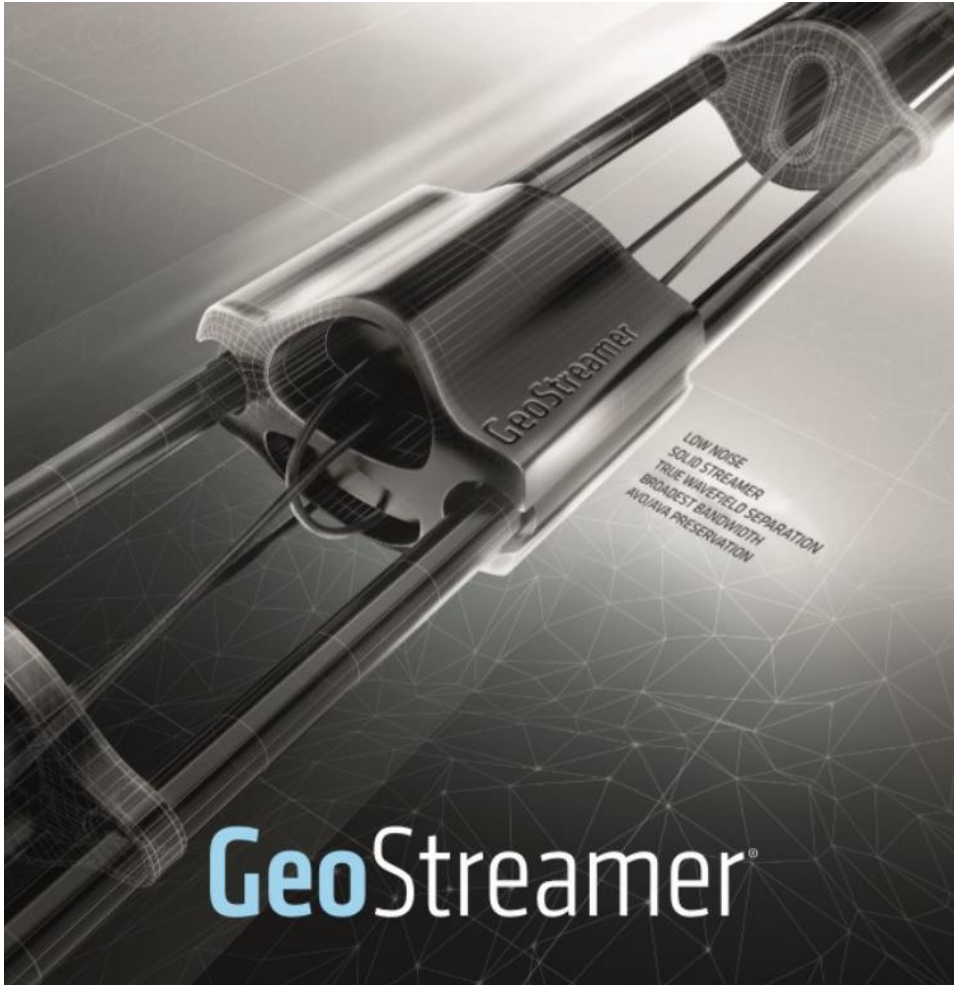
Fuel management
Automated Vessel Speed

**Smart Maintenance**

Vessels
Streamers



# Next Generation GeoStreamer:
## **Significantly Reduced Cost and Better Performance**

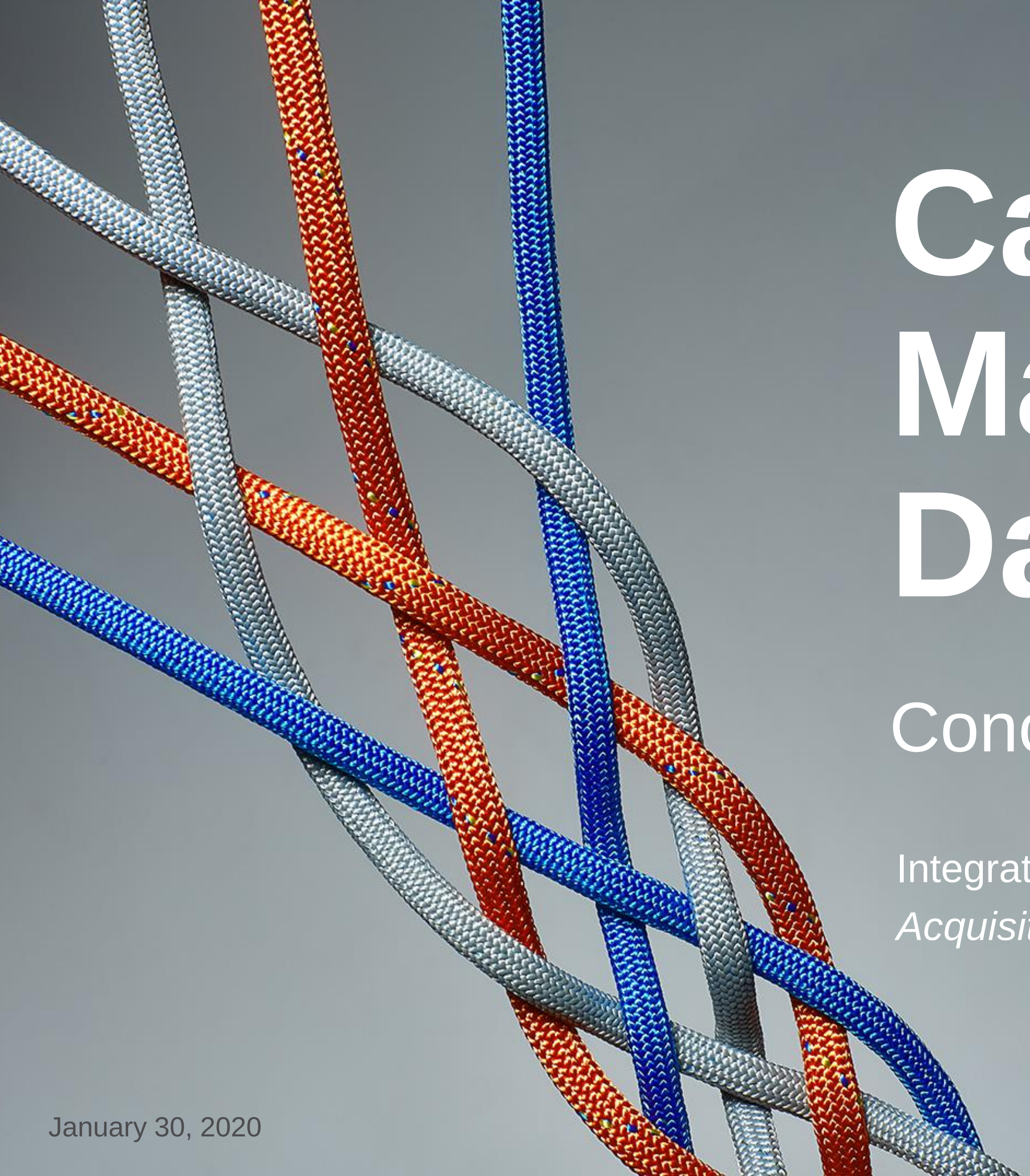



- PGS' fleet of active vessels is fully equipped with GeoStreamers produced between 2008-2018
  - They are robust and can be re-manufactured, extending useful technical life beyond 10 years
- In 2020 PGS is commencing production of the next generation GeoStreamer (developed by PGS)
  - Production cost reduced by more than 30%
  - Designed to last more than 10 years
  - 15% reduced drag - reduces fuel consumptions or enables bigger spreads
  - Improved operational efficiency

# Summary


**Dedicated to safety and delivery**

- Strong safety culture continues to yield positive results
- Our active fleet is the most productive fleet in the industry
- PGS continues R&D focus including digitalization to develop further technologies making acquisition even more effective and data quality better
- Current GeoStreamers enable low streamer capex through 2020
  - Next generation available from 2021 will reduce cost and improve performance



# **Capital Markets Day** 2020

## Concluding Remarks

Integrated Expertise

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January 30, 2020

# 2019 Highlights

| | |
|---|---|
| **Significant Contract price increase** | ▪ Good leads and tendering activity<br>▪ More 4D work<br>▪ Taking advantage of integrated approach |
| **Improving visibility** | ▪ Solid order book increase<br>▪ 8 vessels in operation through winter season<br>▪ Strong outlook in both MC and Contract |
| **Solid free cash flow generation** | ▪ Continued market improvement<br>▪ Reduced net debt by USD 102 million<br>▪ Increased liquidity reserve by USD 51 million |
| **Fully refinanced** | ▪ Launched mid January 2020<br>▪ Strong stakeholder support<br>▪ Flexibility to pursue deleveraging strategy |
| **Initiated digitalization process** | ▪ Google Cloud – PGS preferred provider<br>▪ Will accelerate strategy execution |
| **PGS - the only integrated service provider** | ▪ Meeting clients needs in all aspects of towed streamer seismic<br>▪ Flexible business models with tailored solutions |

Competitive landscape:

## Structural Changes during 2018 and 2019 in the Marine Seismic Industry

| MultiClient Players | Integrated Service Offering | Contract Players |
|---|---|---|
| TGS | PGS | SHEARWATER |
| CGG Passion for Geoscience | | Polarcus |
| WesternGeco | | |

# Digital Transformation to Accelerate Strategy Execution


- Google is PGS cloud partner
- Short term ambition:
  - Image seismic data in the cloud
  - Launch a cloud based MultiClient sales platform
  - Energy efficiency and equipment maintenance
  - Use Machine Learnings and Artificial Intelligence for subsurface data analytics
- Longer term visions:
  - Reduce turnaround time
  - Reducing operating cost
  - Improve customer engagement and interaction
  - R&D for truly differentiating technologies
  - Develop business opportunities for data owners and customers

# Summary

- Another year with increasing cash flow
  - Improving profitability
  - Better return on capital employed
- Significant Contract price improvement
- Solid MultiClient sales
- Expect 2020 to be better than 2019
- Integration enables PGS to improve business opportunities
- Commenced digital transformation

Thank You

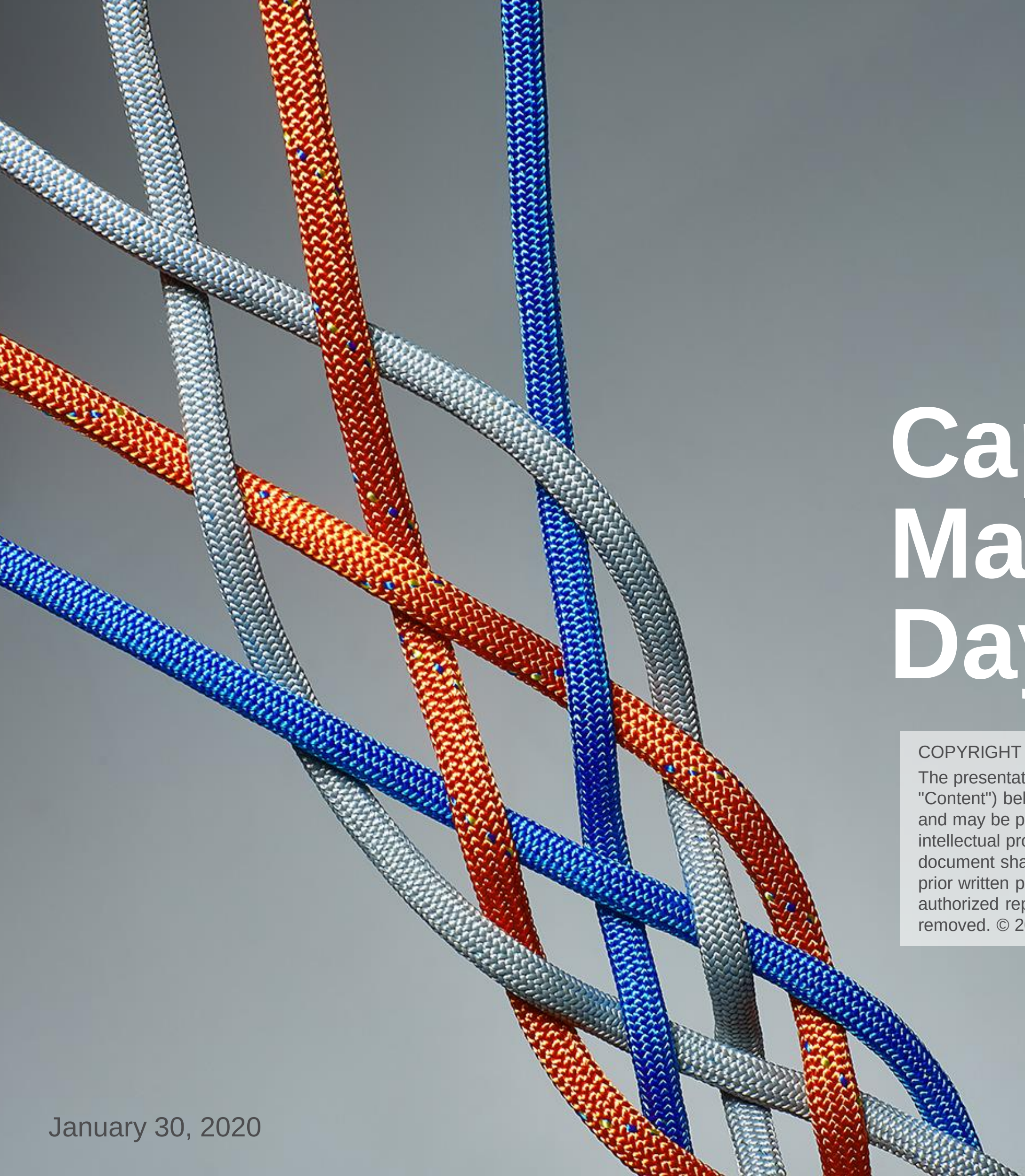
# Questions?

Integrated Expertise

*Acquisition, Imaging & Geoscience*



PGS



# Capital Markets Day 2020



January 30, 2020