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Earnings Release
Q2 – 2020

Integrated Expertise
Acquisition, Imaging & Geoscience

Resetting Cost Base
Solid Operational Performance

Takeaways Q2 2020

- Segment Revenues of $138.7 million, compared to $215.6 million in Q2 2019
- Segment EBITDA of $99.1 million, compared to $135.2 million in Q2 2019
- Segment EBIT (excluding impairments and other charges) of $7.0 million, compared to $17.7 million in Q2 2019
- Segment MultiClient pre-funding revenues of $66.2 million, with a corresponding pre-funding level of 102%, compared to $66.8 million and 102%, respectively, in Q2 2019
- Cash flow from operations of $67.5 million, compared to $108.1 million in Q2 2019
- As reported revenues according to IFRS of $90.3 million and an EBIT loss of $82.2 million, after impairments of $27.0 million, compared to $192.4 million and EBIT loss of $7.3 million, respectively, in Q2 2019
- Received last installment of $24.2 million from the sale of *Ramform Sterling*
- Implementing substantial cost measures to address an uncertain market outlook
- In negotiations with lenders to preserve liquidity (see description in Note 11)

"The Covid-19 pandemic has caused widespread disruptions in the oil market and a significant reduction in energy companies' 2020 budgets. This has led to reduced demand for seismic data and deferral of seismic projects, requiring a rapid response from PGS to manage vessel supply and costs. . However, client feedback indicates the reduction this year is to protect cash flow and that their exploration models are generally intact with projects deferred rather than cancelled.

During Q2 we cold-stacked *PGS Apollo* and *Sanco Swift,* and we have completed the stacking of *Ramform Vanguard* early Q3. Further capacity reductions will be evaluated, and we are prepared to react quickly. We are in the process of completing a comprehensive reorganization whereby our office based personnel is reduced by approximately 40%, including reductions implemented earlier this year. In combination with other initiatives, these measures are expected to reduce our annual gross cash cost run rate to approximately $400 million, compared to approximately $600 million at the start of the year.

In light of all the challenges we have faced this quarter I am impressed with the exceptional efforts from all our employees. We have been able to execute acquisition and imaging projects according to plan and our sales force has had a relentless drive to close sales, providing us with decent revenues in a very challenging environment.

Resetting our cost base and reducing capital expenditures to a minimum is necessary to preserve liquidity and navigate the current challenging market environment, both operationally and financially. We are in negotiations with the banks supporting our revolving credit facility to seek extension of the scheduled $135 million step down in September, and to amend covenants. We are also in discussions with other lenders to get amortization holidays to further preserve liquidity."

Rune Olav Pedersen,
President and Chief Executive Officer

Outlook

The revised and significantly lower 2020 investment plans among energy companies will significantly reduce demand for seismic services. A majority of the reduction is postponements to 2021, in order for the energy companies to protect cash flow in a period where the Covid-19 pandemic has caused extreme disruptions in the oil market. A large portion of postponed projects relates to either 4D or license commitments and are very likely to proceed when the oil market stabilizes.

The recent partial recovery of the oil price has not caused energy companies to revise their 2020 spending cuts significantly and PGS expects 2020 to be very challenging. If the improved balance in the oil market and recovery of the oil price continues in the second half when most energy companies set their budgets for next year, we expect activity levels to improve in 2021. Despite the impacts of the Covid-19 crisis, energy consumption is expected to continue to increase in the future with oil and gas continuing to play an important role in the energy mix. Offshore reserves will be vital for future supply and support the demand for marine seismic services. The expected future recovery of the seismic industry is likely to be strengthened further by another round of industry capacity reductions and a pent-up exploration and production demand.

Based on current operational projections, with five vessels in operation for the remaining part of 2020, and with reference to disclosed risk factors, PGS expects full year 2020 gross cash costs to be approximately $450 million, excluding severance and other restructuring costs of approximately $35 million.

2020 MultiClient cash investments are expected to be in the range of $175-200 million.

Approximately 50% of 2020 active 3D vessel time is currently expected to be allocated to MultiClient acquisition.

Capital expenditure for 2020 is expected to be approximately $40 million.

The order book totaled $155 million at June 30, 2020 (including $39 million relating to MultiClient). The order book was $217 million at March 31, 2020 and $300 million at June 30, 2019.

Key Financial Figures

(In millions of US dollars, except per share data)	Quarter ended June 30, 2020	Quarter ended June 30, 2019	Year to date June 30, 2020	Year to date June 30, 2019	Year ended December 31, 2019
Profit and loss numbers Segment Reporting					
Segment Revenues	138.7	215.6	307.0	357.5	880.1
Segment EBITDA ex. other charges, net	99.1	135.2	179.7	201.9	556.1
Segment EBIT ex. impairment and other charges, net	7.0	17.7	(8.8)	(11.6)	96.4
Profit and loss numbers As Reported					
Revenues	90.3	192.4	219.1	321.7	930.8
EBIT	(82.2)	(7.3)	(162.3)	(49.9)	54.6
Net financial items, other	(27.7)	(31.8)	(62.8)	(53.8)	(92.2)
Income (loss) before income tax expense	(109.9)	(39.1)	(225.1)	(103.7)	(37.6)
Income tax expense	(1.5)	(9.8)	(3.7)	(10.4)	(34.1)
Net income (loss) to equity holders	(111.4)	(48.9)	(228.8)	(114.1)	(71.7)
Basic earnings per share ($ per share)	(0.29)	(0.14)	(0.60)	(0.34)	(0.21)
Other key numbers As Reported by IFRS					
Net cash provided by operating activities	67.5	108.1	243.4	227.6	474.3
Cash investment in MultiClient library	64.7	65.7	132.4	127.8	244.8
Capital expenditures (whether paid or not)	4.0	19.2	16.3	30.7	59.1
Total assets	2,207.8	2,371.7	2,207.8	2,371.7	2,301.7
Cash and cash equivalents	234.9	33.2	234.9	33.2	40.6
Net interest bearing debt	890.3	1,035.7	890.3	1,035.7	1,007.5
Net interest bearing debt, including lease liabilities following IFRS 16	1,059.1	1,256.2	1,059.1	1,256.2	1,204.6

Condensed Consolidated Statements of Profit and Loss and Other Comprehensive Income

(In millions of US dollars)	Note	Quarter ended June 30, 2020	Quarter ended June 30, 2019	Year to date June 30, 2020	Year to date June 30, 2019	Year ended December 31, 2019
Revenues	2	90.3	192.4	219.1	321.7	930.8
Cost of sales	3	(28.0)	(65.9)	(100.6)	(125.2)	(262.5)
Research and development costs	3	(2.4)	(1.9)	(5.6)	(4.3)	(9.7)
Selling, general and administrative costs	3	(9.2)	(12.6)	(21.1)	(26.1)	(51.8)
Amortization and impairment of MultiClient library	4	(53.2)	(90.8)	(96.9)	(156.0)	(437.4)
Depreciation and amortization of non-current assets (excl. MultiClient library)	4	(18.9)	(27.2)	(47.6)	(61.4)	(115.8)
Impairment and loss on sale of non-current assets (excl. MultiClient library)	4	(27.0)	-	(78.4)	-	-
Other charges, net	4	(33.8)	(1.3)	(31.2)	1.5	1.0
Total operating expenses		(172.5)	(199.7)	(381.4)	(371.6)	(876.2)
Operating profit (loss)/EBIT		(82.2)	(7.3)	(162.3)	(49.9)	54.6
Share of results from associated companies	5	(0.8)	(10.1)	(26.8)	(13.9)	(20.1)
Interest expense	6	(21.4)	(16.8)	(37.8)	(35.1)	(67.5)
Other financial expense, net	7	(5.5)	(4.9)	1.8	(4.8)	(4.6)
Income (loss) before income tax expense		(109.9)	(39.1)	(225.1)	(103.7)	(37.6)
Income tax	8	(1.5)	(9.8)	(3.7)	(10.4)	(34.1)
Net income (loss) to equity holders of PGS ASA		**(111.4)**	**(48.9)**	**(228.8)**	**(114.1)**	**(71.7)**
Other comprehensive income						
Items that will not be reclassified to profit and loss	13	(26.9)	3.0	(19.5)	(4.1)	(8.1)
Items that may be subsequently reclassified to profit and loss	13	(0.6)	(0.6)	(6.1)	2.0	2.2
Other comprehensive income (loss) for the period, net of tax		(27.5)	2.4	(25.6)	(2.1)	(5.9)
Total comprehensive income (loss) to equity holders of PGS ASA		**(138.9)**	**(46.5)**	**(254.4)**	**(116.2)**	**(77.6)**
Earnings per share attributable to equity holders of the parent during the period						
-Basic	12	(0.29)	(0.14)	(0.60)	(0.34)	(0.21)
-Diluted	12	(0.29)	(0.14)	(0.60)	(0.34)	(0.21)

Condensed Consolidated Statements of Financial Position

(In millions of US dollars)	Note	June 30, 2020	June 30, 2019	December 31, 2019
ASSETS				
Cash and cash equivalents	11	234.9	33.2	40.6
Restricted cash	11	7.5	4.0	4.2
Accounts receivables		69.3	146.9	191.1
Accrued revenues and other receivables		42.7	59.1	118.5
Other current assets		66.4	58.9	71.7
Total current assets		420.8	302.1	426.1
Property and equipment	9	985.9	1,197.4	1,132.4
MultiClient library	10	647.8	676.4	558.6
Restricted cash	11	38.2	38.8	38.8
Other non-current assets		17.9	53.9	44.6
Other intangible assets		97.2	103.1	101.2
Total non-current assets		1,787.0	2,069.6	1,875.6
Total assets		**2,207.8**	**2,371.7**	**2,301.7**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Interest bearing debt	11	199.9	51.2	443.2
Lease liabilities	11	38.8	45.1	46.1
Accounts payable		52.7	48.9	56.1
Accrued expenses and other current liabilities		130.7	142.5	128.2
Deferred revenues		156.0	196.6	123.9
Income taxes payable		14.7	17.8	24.6
Total current liabilities		592.8	502.1	822.1
Interest bearing debt	11	942.5	1,051.5	641.2
Lease liabilities	11	130.0	175.4	151.0
Deferred tax liabilities		0.1	0.8	0.1
Other non-current liabilities		68.7	45.1	50.2
Total non-current liabilities		1,141.3	1,272.8	842.5
Common stock; par value NOK 3; issued and outstanding 387,206,996 shares		154.2	138.5	138.5
Additional paid-in capital		927.7	850.8	852.5
Total paid-in capital		1,081.9	989.3	991.0
Accumulated earnings		(594.7)	(384.9)	(346.5)
Other capital reserves		(13.5)	(7.6)	(7.4)
Total shareholders' equity		473.7	596.8	637.1
Total liabilities and shareholders' equity		**2,207.8**	**2,371.7**	**2,301.7**

Condensed Consolidated Statements of Changes in Shareholders' Equity

For the six months ended June 30, 2020 and the year ended December 31, 2019

	Attributable to equity holders of PGS ASA				
(In millions of US dollars)	Share capital par value	Additional paid-in capital	Accumulated earnings	Other capital reserves	Shareholders' equity
Balance as of January 1, 2019	**138.5**	**850.1**	**(257.2)**	**(9.6)**	**721.8**
Profit (loss) for the period	-	-	(71.7)	-	(71.7)
Other comprehensive income (loss)	-	-	(8.1)	2.2	(5.9)
Share based payments	-	3.4	-	-	3.4
Share based payments, cash settled	-	(1.0)	-	-	(1.0)
Adjustment to opening balance IFRS 16	-	-	(9.5)	-	(9.5)
Balance as of December 31, 2019	**138.5**	**852.5**	**(346.5)**	**(7.4)**	**637.1**
Profit (loss) for the period	-	-	(228.8)	-	(228.8)
Other comprehensive income (loss)	-	-	(19.5)	(6.1)	(25.6)
Share issue (a)	15.7	73.7	-	-	89.4
Share based payments	-	1.7	-	-	1.7
Share based payments, cash settled	-	(0.2)	-	-	(0.2)
Balance as of June 30, 2020	**154.2**	**927.7**	**(594.7)**	**(13.5)**	**473.7**

(a) In Q1 2020, the Company issued 48 627 000 new shares following a private placement raising approximately NOK 850 million as equity. Transaction costs amounting to $2.4 million are recognized against "Additional paid-in capital".

For the six months ended June 30, 2019

	Attributable to equity holders of PGS ASA				
(In millions of US dollars)	Share capital par value	Additional paid-in capital	Accumulated earnings	Other capital reserves	Shareholders' equity
Balance as of January 1, 2019	**138.5**	**850.1**	**(257.2)**	**(9.6)**	**721.8**
Profit (loss) for the period	-	-	(114.1)	-	(114.1)
Other comprehensive income (loss)	-	-	(4.1)	2.0	(2.1)
Share based payments	-	1.7	-	-	1.7
Share based payments, cash settled	-	(1.0)	-	-	(1.0)
Adjustment to opening balance IFRS 16	-	-	(9.5)	-	(9.5)
Balance as of June 30, 2019	**138.5**	**850.8**	**(384.9)**	**(7.6)**	**596.8**

Condensed Consolidated Statements of Cash Flows

(In millions of US dollars)	Quarter ended June 30, 2020	Quarter ended June 30, 2019	Year ended June 30, 2020	Year ended June 30, 2019	Year ended December 31, 2019
Income (loss) before income tax expense (a)	(109.9)	(39.1)	(225.1)	(103.7)	(37.6)
Depreciation, amortization, impairment	99.1	118.0	222.9	217.4	553.2
Share of results in associated companies	0.8	10.1	26.8	13.9	20.1
Interest expense	21.4	16.8	37.8	35.1	67.5
Loss (gain) on sale and retirement of assets	-	(1.3)	0.3	(1.3)	(1.5)
Income taxes paid	(9.5)	(7.6)	(14.7)	(23.6)	(37.2)
Other items	1.4	2.0	(6.7)	3.7	1.3
(Increase) decrease in accounts receivables, accrued revenues & other receivables	56.2	(45.8)	173.4	39.9	(63.7)
Increase (decrease) in deferred revenues	4.9	19.5	32.2	3.1	(36.7)
Increase (decrease) in accounts payable	(13.7)	(3.4)	(0.6)	(14.8)	(2.8)
Change in other current items related to operating activities	19.0	40.0	2.6	56.8	(1.0)
Change in other long-term items related to operating activities	(2.2)	(1.1)	(5.5)	1.1	12.7
Net cash provided by operating activities	**67.5**	**108.1**	**243.4**	**227.6**	**474.3**
Investment in MultiClient library	(64.7)	(65.7)	(132.3)	(127.8)	(244.8)
Investment in property and equipment	(13.1)	(18.5)	(23.5)	(28.2)	(62.0)
Investment in other intangible assets	(2.0)	(1.5)	(4.8)	(6.8)	(15.4)
Investment in other current -and non-current assets assets	-	-	-	(0.5)	(0.5)
Proceeds from sale and disposal of assets	24.7	24.5	25.1	69.1	70.2
Net cash used in investing activities	**(55.1)**	**(61.2)**	**(135.5)**	**(94.2)**	**(252.5)**
Proceeds, net of deferred loan costs, from issuance of non-current debt	-	-	124.2	-	-
Interest paid on interest bearing debt	(17.0)	(16.5)	(32.6)	(28.9)	(60.9)
Repayment of interest bearing debt	(14.0)	(12.7)	(240.3)	(25.6)	(51.2)
Net change of drawing on the Revolving Credit Facility	-	(60.0)	170.0	(90.0)	(85.0)
Proceeds from share issue (b)	-	-	91.9	-	-
Payment of lease liabilities (recognized under IFRS 16)	(10.7)	(11.4)	(21.2)	(22.9)	(44.8)
Payments of leases classified as interest	(2.7)	(3.5)	(5.7)	(7.3)	(13.8)
Net cash (used in) provided by financing activities	**(44.4)**	**(104.1)**	**86.3**	**(174.7)**	**(255.7)**
Net increase (decrease) in cash and cash equivalents	(32.0)	(57.2)	194.2	(41.3)	(33.9)
Cash and cash equivalents at beginning of period	266.9	90.4	40.6	74.5	74.5
Cash and cash equivalents at end of period	**234.9**	**33.2**	**234.9**	**33.2**	**40.6**

(a) In Q1 2020 the Company changed presentation from “Net income (loss) to equity holders of PGS ASA” to “Income (loss) before income tax expense”.
(b) Including transaction costs amounting to $2.4 million and $2.5 million gain from currency derivatives.

Notes to the Condensed Interim Consolidated Financial Statements
Second Quarter and First Half 2020 Results

Note 1 – Segment Reporting

PGS has one operating segment focused on delivery of seismic data and services.

Following the implementation of the new accounting standard for revenues, IFRS 15, in 2018, MultiClient pre-funding revenues are no longer recognized under the previously applied percentage of completion method. Instead, all such revenues are recognized at delivery of the final processed data, which is typically significantly later than the acquisition of the seismic data.

PGS management has, for the purpose of its internal reporting, continued to report according to the principle applied in 2017 and earlier years, where MultiClient pre-funding revenue is recognized on a percentage of completion basis, and the related amortization of MultiClient library based upon the ratio of aggregate capitalized survey costs to forecasted sales. This differs from IFRS reporting which recognizes revenue from MultiClient pre-funding agreements and related amortization at the "point in time" when the customer receives access to, or delivery of, the finished data. See Note 15 for further description of the principles applied.

The table below provides a reconciliation of the Group's segment numbers ("Segment") against the financial statements prepared in accordance with IFRS ("As Reported"). Expanded Segment disclosures, showing statements of Profit and Loss, Financial Position and Cash Flows, are included in Note 17.

	Quarter ended June 30,					
	2020	2019	2020	2019	2020	2019
(In millions of US dollars)	Segment Reporting		Adjustments		As Reported	
Total revenues	138.7	215.6	(48.4)	(23.2)	90.3	192.4
Cost of sales	(28.0)	(65.9)	-	-	(28.0)	(65.9)
Research and development costs	(2.4)	(1.9)	-	-	(2.4)	(1.9)
Selling, general and administrative costs	(9.2)	(12.6)	-	-	(9.2)	(12.6)
Amortization of MultiClient library	(73.2)	(90.3)	31.5	2.7	(41.7)	(87.6)
Depreciation and amortization (excl. MultiClient library)	(18.9)	(27.2)	-	-	(18.9)	(27.2)
Operating profit (loss)/ EBIT, ex impairment and other charges, net	**7.0**	**17.7**	**(16.9)**	**(20.5)**	**(9.9)**	**(2.8)**

	Year to date June 30,					
	2020	2019	2020	2019	2020	2019
(In millions of US dollars)	Segment Reporting		Adjustments		As Reported	
Total revenues	307.0	357.5	(87.9)	(35.8)	219.1	321.7
Cost of sales	(100.6)	(125.2)	-	-	(100.6)	(125.2)
Research and development costs	(5.6)	(4.3)	-	-	(5.6)	(4.3)
Selling, general and administrative costs	(21.1)	(26.1)	-	-	(21.1)	(26.1)
Amortization of MultiClient library	(140.9)	(152.1)	60.6	(0.7)	(80.3)	(152.8)
Depreciation and amortization (excl. MultiClient library)	(47.6)	(61.4)	-	-	(47.6)	(61.4)
Operating profit (loss)/ EBIT, ex impairment and other charges, net	**(8.8)**	**(11.6)**	**(27.3)**	**(36.5)**	**(36.1)**	**(48.1)**

	Year ended December 31, 2019		
(In millions of US dollars)	Segment Reporting	Adjustments	As Reported
Total revenues	880.1	50.7	930.8
Cost of sales	(262.5)	-	(262.5)
Research and development costs	(9.7)	-	(9.7)
Selling, general and administrative costs	(51.8)	-	(51.8)
Amortization of MultiClient library	(343.9)	(75.6)	(419.5)
Depreciation and amortization (excl. MultiClient library)	(115.8)	-	(115.8)
Operating profit (loss)/ EBIT, ex impairment and other charges, net	**96.4**	**(24.9)**	**71.5**

For the first half and *Q2 2020*, MultiClient pre-funding revenues, As Reported, were lower than Segment pre-funding revenues. This difference is solely related to the timing of revenue recognition.

Note 2 – Revenues

Revenues by service type:

	Quarter ended June 30,			
	2020	2019	2020	2019
(In millions of US dollars)	Segment Reporting		As Reported	
-Contract seismic	31.3	94.4	31.3	94.4
-MultiClient pre-funding	66.2	66.8	17.8	43.6
-MultiClient late sales	35.5	45.6	35.5	45.6
-Imaging	5.4	7.5	5.4	7.5
-Other	0.3	1.3	0.3	1.3
Total Revenues	**138.7**	**215.6**	**90.3**	**192.4**

	Year to Date June 30,				Year ended December 31,	
	2020	2019	2020	2019	2019	2019
(In millions of US dollars)	Segment Reporting		As Reported		Segment Reporting	As Reported
-Contract seismic	116.7	138.7	116.7	138.7	318.8	318.8
-MultiClient pre-funding	107.1	96.9	19.2	61.1	256.5	307.2
-MultiClient late sales	68.9	106.5	68.9	106.5	273.1	273.1
-Imaging	13.9	13.8	13.9	13.8	29.1	29.1
-Other	0.4	1.6	0.4	1.6	2.6	2.6
Total Revenues	**307.0**	**357.5**	**219.1**	**321.7**	**880.1**	**930.8**

Vessel Allocation(1):

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
	2020	2019	2020	2019	2019
Contract	15%	45%	31%	37%	41%
MultiClient	50%	43%	46%	41%	41%
Steaming	21%	9%	15%	7%	10%
Yard	0%	3%	1%	2%	2%
Stacked/standby	14%	0%	7%	13%	6%

(1) The statistics exclude cold-stacked vessels.

The comments to revenues in this Note relate to both As Reported revenues and Segment revenues unless otherwise stated.

Total revenues
Revenues As Reported for the first half 2020, amounted to $219.1 million, compared to $321.7 million in the first half 2019. In Q2 2020 As Reported revenues were $90.3 million, compared to $192.4 million in Q2 2019, a reduction of $102.1 million.

In the first half 2020, Segment revenues ended at $307.0 million, compared to $357.5 million in the first half of 2019, a reduction of $50.5 million, or 14%. The decline is mainly driven by the Covid-19 pandemic which has caused an unprecedented disruption in the oil market and a significant reduction in energy companies' 2020 spending plans. The Company has been able to execute acquisition and imaging projects according to plan, despite the operational challenges presented by the Covid-19 pandemic. However, both booking of new surveys and MultiClient late sales experienced an immediate decline. MultiClient late sales are now mainly related to license round block awards with very limited discretionary spending by customers.

In Q2 2019, Segment revenues ended at $138.7 million, compared to $215.6 million in Q2 2019, a decrease of $76.9 million, or 36%. The revenue decline is primarily driven by a 67% decrease in contract revenues and a 22% reduction in MultiClient late sales.

Contract revenues
In the first half 2020, contract revenues decreased by $22.0 million, or 16%, compared to first half 2019. The decrease comes mainly as a result of less capacity allocated to contract work, partially offset by higher prices secured before the Covid-19 pandemic and disruptions in the oil market.

In Q2 2020, contract revenues decreased by $63.1 million, or 67%, compared to Q2 2019. The decrease is primarily due to significantly less capacity allocated to contract work.

MultiClient pre-funding revenues

In the first half 2020, As Reported MultiClient pre-funding revenues amounted to $19.2 million, predominantly relating to completion of surveys in North America and Europe. This was a reduction of $41.9 million, or 69%, compared to the first half 2019, owing to less projects completed in the period.

In Q2 2020, As Reported MultiClient pre-funding revenues amounted to $17.8 million, primarily from completion of surveys in North America and Europe. Compared to Q2 2019, the pre-funding revenues in Q2 2020 declined by $25.8 million, or 59% as a result of fewer surveys completed and delivered to customers.

Segment MultiClient pre-funding revenues in the *first half 2020* increased by $10.2 million, or 11%, compared to the first half 2019 primarily as a result of more capacity allocated to MultiClient.

In Q2 2020, Segment MultiClient pre-funding revenues decreased by $0.6 million, or 1%, compared to Q2 2019. Q2 2020 MultiClient pre-funding revenues were positively impacted by ratification of block awards in the quarter, which was delayed from Q1 2020 as a result of the Covid-19 pandemic. MultiClient pre-funding revenues in Q2 2020 were highest in West Africa and Europe.

MultiClient late sales

In the first half and Q2 2020, MultiClient late sales revenues decreased by $37.6 million (35%) and $10.1 million (22%), respectively, compared to the corresponding periods in 2019. The decrease comes as a result of difficulties in concluding MultiClient data library sales processes due to the Covid-19 pandemic and the lower oil price. MultiClient late sales revenues in Q2 2020 were highest in Europe.

Note 3 – Net Operating Expenses

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2020	2019	2020	2019	2019
Cost of sales before investment in MultiClient library	(96.8)	(131.7)	(232.4)	(249.8)	(510.3)
Research and development costs before capitalized development costs	(4.4)	(3.3)	(10.4)	(8.0)	(17.7)
Selling, general and administrative costs	(9.2)	(12.6)	(21.1)	(26.1)	(51.8)
Cash Cost, gross	**(110.4)**	**(147.6)**	**(263.9)**	**(283.9)**	**(579.8)**
Steaming deferral, net	4.1	0.1	(0.6)	(3.2)	3.0
Cash investment in MultiClient library	64.7	65.7	132.4	127.8	244.8
Capitalized development costs	2.0	1.4	4.8	3.7	8.0
Net operating expenses	**(39.6)**	**(80.4)**	**(127.3)**	**(155.6)**	**(324.0)**

In the first half 2020, gross cash cost decreased by $20.0 million, or 7%, compared to first half 2019, primarily as a result of the Company's measures to reduce costs, partially offset by more vessel capacity in operation in Q1 2020. *In Q2 2020* gross cash costs decreased by $37.2 million, or 25%, compared to Q2 2019, primarily as a result of cost measures as described below.

PGS is implementing substantial measures to reduce cost and respond to lower activity levels. During the Q2 2020 the Company cold-stacked *PGS Apollo* and *Sanco Swift*. *Ramform Vanguard* was stacked during the first weeks of Q3 2020. Further, PGS is in the final stages of streamlining its organization and reducing office-based personnel by approximately 40%, including reductions already implemented earlier this year. In combination, the cost measures are aimed at reducing the Company's annual gross cash cost run rate to approximately $400 million compared to approximately $600 million at the start of 2020.

Cash costs capitalized to the MultiClient library in the first half 2020 increased by $4.6 million, or 4%, compared to the first half 2019 as a result of more capacity allocated to MultiClient. Capitalized cash costs in Q2 2020 decreased by $1.0 million, or 2%, compared to Q2 2019 as a result of a majority of surveys being acquired in lower cost regions, partially offset by more capacity allocated to MultiClient.

Note 4 – Amortization, Depreciation, Impairments and Other Charges, net

Amortization and impairment of MultiClient library consist of the following:

(In millions of US dollars)	Quarter ended June 30, 2020	Quarter ended June 30, 2019	Year to date June 30, 2020	Year to date June 30, 2019	Year ended December 31, 2019
As Reported					
Amortization of MultiClient library	(33.5)	(55.2)	(71.0)	(99.9)	(206.5)
Accelerated amortization of MultiClient library	(8.2)	(32.4)	(9.2)	(52.9)	(213.0)
Impairment of MultiClient library	(11.5)	(3.2)	(16.7)	(3.2)	(17.9)
Total	**(53.2)**	**(90.8)**	**(96.9)**	**(156.0)**	**(437.4)**
Segment reporting					
Amortization of MultiClient library	(73.2)	(90.3)	(140.9)	(152.1)	(343.9)
Total	**(73.2)**	**(90.3)**	**(140.9)**	**(152.1)**	**(343.9)**

Segment MultiClient library amortization
In the first half 2020, Segment amortization of the MultiClient library as a percentage of MultiClient Segment Revenues was 80%, compared to 75% in the first half 2019. The higher Segment amortization rate is primarily due to lower sales from the finished projects in the MultiClient library, which are amortized on a straight line basis.

In Q2 2020, Segment amortization of the MultiClient library as a percentage of MultiClient revenues was 72%, compared to 80% in Q2 2019. The lower amortization rate in Q2 2020 is primarily driven by lower amortization on ongoing projects.

MultiClient library amortization and impairment As Reported
In the first half 2020, Total amortization of the MultiClient library decreased by $72.6 million, or 48%, compared to the first half 2019. The decrease is mainly driven by less accelerated amortization from projects completed and lower amortization of the library of completed MultiClient data.

In Q2 2020, total amortization of the MultiClient library decreased by $45.9 million, or 52%, compared to Q2 2019. The decrease is driven by the same factors as for the first half.

The MultiClient library impairment charge of $16.7 million in the first half 2020 primarily relates to projects in Asia Pacific, Africa and Europe. The Company expects that the current weak market may negatively impact the timing of expected future cash flows, further impairment may arise in future periods.

Explanation of the difference between Segment MultiClient library amortization and As Reported
As a consequence of adopting IFRS 15, amortization As Reported also includes accelerated amortization. With effect from January 1, 2018, revenue As Reported from MultiClient pre-funders is recognized when the customer is granted access to the finished survey or upon delivery of the finished data. Concurrent with recognizing this revenue, the Company records an accelerated amortization to reduce the net book value of the survey to the estimated net present value of the forecasted remaining sales. For more information see Note 15.

Depreciation and amortization of non-current assets (excl. MultiClient library) consist of the following:

(In millions of US dollars)	Quarter ended June 30, 2020	Quarter ended June 30, 2019	Year to date June 30, 2020	Year to date June 30, 2019	Year ended December 31, 2019
Gross depreciation*	(45.6)	(50.9)	(95.0)	(105.1)	(203.9)
Deferred Steaming depreciation, net	2.5	(0.2)	0.1	(1.6)	1.3
Capitalized MultiClient depreciation	24.2	23.9	47.3	45.3	86.8
Total	**(18.9)**	**(27.2)**	**(47.6)**	**(61.4)**	**(115.8)**

*includes depreciation of right-of-use assets amounting to $ 8.1 million and $ 10.3 million for the quarter ended June 30, 2020 and 2019 respectively.

Gross depreciation decreased by 10% both *in the first half* and in *Q2 2020*, compared to the corresponding periods in 2019. The decrease comes as a result of reduced depreciation driven by a generally lower investment level in recent years.

Capitalized MultiClient depreciation increased by $2.0 million, or 4%, in the first half 2020, compared to the first half 2019 as a result of more capacity allocated to MultiClient projects.

Impairment and loss on sale of non-current assets (excluding MultiClient library) consist of the following:

(In millions of US dollars)	Quarter ended June 30, 2020	Quarter ended June 30, 2019	Year to date June 30, 2020	Year to date June 30, 2019	Year ended December 31, 2019
Property and equipment	(26.0)	-	(77.4)	-	-
Other Intangible assets	(1.0)	-	(1.0)	-	-
Total	**(27.0)**	**-**	**(78.4)**	**-**	**-**

In the first half 2020, PGS recorded an impairment charge of $78.4. The impairment primarily reflects a write-down to an aggregate estimated recoverable value of $35.0 million for *PGS Apollo* and *Sanco Swift*, which were cold-stacked in Q2 2020. The impairment charge for *Q2 2020* primarily reflects a revision of the estimated re-entry date for the vessels.

The Company has assessed the vessels in operation for impairment. PGS currently expects a challenging market for the remainder of 2020 and likely into 2021, but the longer term market view is unchanged. The recoverable values of seismic vessels are sensitive to the assumed margins and duration of the current downturn. As a result, further impairments of property plant and equipment might arise in future periods.

Other charges, net consist of the following:

(In millions of US dollars)	Quarter ended June 30, 2020	Quarter ended June 30, 2019	Year to date June 30, 2020	Year to date June 30, 2019	Year ended December 31, 2019
Severance cost	(28.5)	(0.4)	(28.8)	(0.5)	(0.4)
Onerous lease contracts	-	-	-	-	4.2
Onerous contracts with customers	1.8	-	4.7	2.9	(1.9)
Other restructuring costs/stacking	(7.1)	-	(7.1)	-	-
Other	-	(0.9)	-	(0.9)	(0.9)
Total	**(33.8)**	**(1.3)**	**(31.2)**	**1.5**	**1.0**

In the first half 2020, the Company has recorded $28.8 million of severance cost relating to the ongoing process of reducing workforce offshore and onshore.

As of June 30, 2020, the Company has no remaining provision for onerous customer contracts, a decrease of $4.7 million compared to December 31, 2019. The Company had no provision for onerous customer contracts as of June 30, 2019.

The provision for onerous customer contracts represents the estimated loss in future periods relating to certain binding customer contracts where revenues are lower than the full costs, including depreciation, of completing the contract.

Note 5 – Share of Results from Associated Companies

In the first half 2020, the share of results from associated companies was a loss of $26.8 million, which includes a $25.0 million impairment relating to the approximate 35% interest in the Azimuth Group.

In Q2 2020, the share of results from associated companies was a loss of $0.8 million, which relates to the same entity as for the first half 2020.

Note 6 – Interest Expense

Interest expense consists of the following:

(In millions of US dollars)	Quarter ended June 30, 2020	Quarter ended June 30, 2019	Year to date June 30, 2020	Year to date June 30, 2019	Year ended December 31, 2019
Interest on debt , gross	(21.9)	(15.8)	(38.5)	(32.5)	(63.6)
Imputed interest cost on lease agreements	(2.7)	(3.5)	(5.7)	(7.3)	(13.8)
Capitalized interest, MultiClient library	3.2	2.5	6.4	4.7	9.9
Total	**(21.4)**	**(16.8)**	**(37.8)**	**(35.1)**	**(67.5)**

Gross interest expense for the first half and Q2 2020 increased by $6.0 million and $6.1 million respectively, compared to the same periods in 2019. Gross interest bearing debt increased as a result of drawing the revolving credit facility in Q1 and a higher average interest rate on debt in the first half and Q2 2020 compared to the same periods in 2019.
Following implementation of IFRS 16, effective January 1, 2019, an imputed interest cost is calculated on lease liabilities and reported as interest expense.

Note 7 – Other Financial Expense, net

Other financial expense, net consists of the following:

(In millions of US dollars)	Quarter ended June 30, 2020	Quarter ended June 30, 2019	Year to date June 30, 2020	Year to date June 30, 2019	Year ended December 31, 2019
Interest income	0.3	0.7	0.7	1.2	2.2
Currency exchange gain (loss)	(4.0)	(1.7)	10.4	(1.0)	1.0
Other	(1.8)	(3.9)	(9.3)	(5.0)	(7.8)
Total	**(5.5)**	**(4.9)**	**1.8**	**(4.8)**	**(4.6)**

The currency exchange gain for the first half 2020 primarily relates to depreciation of the Norwegian kroner (NOK) against the US dollar which caused a revaluation of lease obligations denominated in NOK and a realized gain from hedging of equity proceeds that did not qualify for hedge accounting. The currency exchange loss in Q2 2020 is primarily explained by the appreciation NOK in Q2 which have partially reversed the sharp depreciation in Q1. The increase of $4.3 million in the category “other” mainly relates to expensing the market value of interest rate hedges and deferred debt issuance cost on debt that was refinanced in February 2020.

Note 8 – Income Tax and Contingencies

Income tax consists of the following:

(In millions of US dollars)	Quarter ended June 30, 2020	Quarter ended June 30, 2019	Year to date June 30, 2020	Year to date June 30, 2019	Year ended December 31, 2019
Current tax	(1.5)	(9.8)	(3.7)	(10.4)	(34.8)
Change in deferred tax	-	-	-	-	0.7
Total	**(1.5)**	**(9.8)**	**(3.7)**	**(10.4)**	**(34.1)**

In the first half 2020, current tax expense decreased by $6.7 million, or 64%, compared to the first half 2019 mainly as a result of lower taxable profit from South America.

Current tax expense for *Q2 2020* decreased by $8.3 million, compared to Q2 2019. Current tax expense relates to foreign withholding tax and corporate tax on activities in South America and Africa.

Tax Contingencies

The Company has ongoing tax disputes related to charter of vessels into Brazil. The assessments, which inter alia seek to levy 15% withholding tax and 10% CIDE (service) tax, amount to $32.5 million in total. Since the Company considers it more likely than not that the contingency will be resolved in its favor, no provision has been made for any portion of the exposure.

Note 9 – Property and Equipment

Capital expenditures, whether paid or not, consists of the following:

(In millions of US dollars)	Quarter ended June 30, 2020	Quarter ended June 30, 2019	Year to date June 30, 2020	Year to date June 30, 2019	Year ended December 31, 2019
Seismic equipment	1.8	4.0	7.8	6.3	20.3
Vessel upgrades/Yard	1.2	12.7	3.3	19.8	29.2
Processing equipment	0.6	1.7	4.2	3.0	6.3
Other	0.4	0.8	1.0	1.6	3.3
Total capital expenditures, whether paid or not	**4.0**	**19.2**	**16.3**	**30.7**	**59.1**
Change in working capital and capital leases	9.1	(0.7)	7.2	(2.5)	2.9
Investment in property and equipment	**13.1**	**18.5**	**23.5**	**28.2**	**62.0**

Investment in property and equipment consists mainly of equipment for the Company’s seismic acquisition and imaging activities.

Note 10 – MultiClient Library

The carrying value of the MultiClient library by year of completion is as follows:

	June 30,		December 31,
(In millions of US dollars)	2020	2019	2019
Completed during 2014	-	-	-
Completed during 2015	-	13.2	-
Completed during 2016	7.6	73.6	40.3
Completed during 2017	26.3	54.0	37.3
Completed during 2018	58.7	93.0	72.8
Completed during 2019	115.8	26.2	133.3
Completed during 2020	33.6	-	-
Completed surveys	242.0	260.1	283.7
Surveys in progress	405.8	416.3	274.9
MultiClient library	647.8	676.4	558.6

The comments to this note relates to both As Reported and Segment Reporting unless otherwise stated.

Key figures MultiClient library:

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2020	2019	2020	2019	2019
MultiClient pre-funding revenue, as reported *	17.8	43.6	19.2	61.1	307.2
MultiClient late sales	35.5	45.6	68.9	106.5	273.1
Cash investment in MultiClient library	64.7	65.7	132.4	127.8	244.8
Capitalized interest in MultiClient library	3.2	2.5	6.4	4.7	9.9
Capitalized depreciation (non-cash)	24.2	23.9	47.3	45.3	86.8
Amortization of MultiClient library , as reported	(33.5)	(55.2)	(71.0)	(99.9)	(206.5)
Accelerated amortization of MultiClient library, as reported	(8.2)	(32.4)	(9.2)	(52.9)	(213.0)
Impairment of MultiClient library	(11.5)	(3.2)	(16.7)	(3.2)	(17.9)
Segment Reporting					
MultiClient pre-funding revenue, Segment *	66.2	66.8	107.1	96.9	256.5
Prefunding as a percentage of MultiClient cash investment	102%	102%	81%	76%	105%

* includes revenue from sale to joint operations in the amount of $9.3 million and $27.3 million for Q2 2019 and the year ended December 31, 2019, there are no material revenue from joint operations in Q2 2020.

In the first half 2020, Segment MultiClient pre-funding revenues corresponded to 81% of capitalized MultiClient cash investment (excluding capitalized interest), compared to 76% in the first half 2019. The pre-funding level is just within the targeted level of 80-120%. The relatively low pre-funding is primarily due to a survey with low pre-funding in Brazil in the first half 2020 and surveys offshore West Africa and Malaysia in the first half 2019.

MultiClient cash investment in the first half 2020 increased by $4.6 million, or 4%, compared to the first half 2019, as a result of more capacity allocated to MultiClient.

In Q2 2020, Segment MultiClient pre-funding revenues corresponded to 102% of capitalized MultiClient cash investment (excluding capitalized interest), which is equal to the level in Q2 2019. The pre-funding level in Q2 2020 benefitted from completion of block awards where specifically pre-funding on one of the Company's ongoing MultiClient projects was contingent on a final ratification.

MultiClient cash investment in Q2 2020 decreased by $1.0 million, or 2%, compared to Q2 2019, as a result of acquisition of surveys in generally lower cost regions, despite more capacity allocated to MultiClient.

MultiClient library amortization and impairment As Reported according to IFRS

In the first half 2020 total MultiClient amortization As Reported was 91% of MultiClient revenues. The Company recognized accelerated amortization of $9.2 million on projects completed in the first half 2020.

In Q2 2020, total MultiClient amortization As Reported was 78% of MultiClient revenues. The Company recognized accelerated amortization of $8.2 million on projects completed in Q2 2020.

Note 11 – Liquidity and Financing

In the first half 2020, net cash provided by operating activities was $243.4 million, compared to $227.6 million in the first half 2019. The increase is mainly driven by reduction in working capital.

In Q2 2020, net cash provided by operating activities was $67.5 million, compared to $108.1 million in Q1 2019. The reduction is primarily driven by lower earnings.

In Q2 2020, PGS received the last installment of $24.2 million from the sale of *Ramform Sterling*. PGS sold *Ramform Sterling* to JOGMEC in 2019 and entered into a service agreement of up to 10 years with annual renewals. The first 76% of the approximately $103 million sales price was received in 2019.

The liquidity reserve, including cash and cash equivalents and the undrawn part of the Revolving Credit Facility ("RCF"), was $234.9 million as of June 30, 2020, compared to $266.9 million as of March 31, 2020 and $208.2 million as of June 30, 2019.

Interest bearing debt consists of the following:

	June 30,		December 31,
(In millions of US dollars)	2020	2019	2019
Secured			
Term loan B, Libor + 250 Basis points, due 2021	2.0	379.0	377.0
Term loan B, Libor + 6-700 basis points (linked to total leverage ratio ("TLR")), due 2024	520.4	-	-
Export credit financing, due 2025	109.4	130.2	119.8
Export credit financing, due 2027	189.1	215.5	202.3
Revolving credit facility, due 2020	135.0	175.0	180.0
Revolving credit facility, due 2023	215.0	-	-
Unsecured			
Senior notes, Coupon 7.375%, due 2020	-	212.0	212.0
Total loans and bonds, gross (1)	**1,170.9**	**1,111.7**	**1,091.1**
Less current portion	(199.9)	(51.2)	(443.2)
Less deferred loan costs, net of debt premiums	(28.5)	(9.0)	(6.7)
Non-current interest bearing debt	**942.5**	**1,051.5**	**641.2**

(1) Fair value of total loans and bonds, gross was $951.5 million as of June 30, 2020, compared to $1,098.5 million as of June 30, 2019.

Undrawn facilities consists of the following:

	June 30,		December 31,
(In millions of US dollars)	2020	2019	2019
Secured			
Revolving credit facility, due 2020	-	175.0	170.0
Unsecured			
Bank facility (NOK 50 mill)	5.1	5.9	5.7
Performance bond	21.4	16.4	9.6
Total	**26.5**	**197.3**	**185.3**

Summary of net interest bearing debt:

	June 30,		December 31,
(In millions of US dollars)	2020	2019	2019
Loans and bonds gross	(1,170.9)	(1,111.7)	(1,091.1)
Cash and cash equivalents	234.9	33.2	40.6
Restricted cash (current and non-current)	45.7	42.8	43.0
Net interest bearing debt, excluding lease liabilities	**(890.3)**	**(1,035.7)**	**(1,007.5)**
Lease liabilities current	(38.8)	(45.1)	(46.1)
Lease liabilities non-current	(130.0)	(175.4)	(151.0)
Net interest bearing debt, including lease liabilities	**(1,059.1)**	**(1,256.2)**	**(1,204.6)**

Restricted cash of $45.7 million includes $37.9 million held in debt service reserve and retention accounts related to the export credit financing ("ECF") of *Ramform Titan*, *Ramform Atlas, Ramform Tethys and Ramform Hyperion*.

At June 30, 2020, the Company had approximately 51% of its debt (excluding lease liabilities) at fixed interest rates. The weighted average cash interest rate was approximately 6.29%, including credit margins paid on the debt as of June 30, 2020, compared to 6.38% as of March 31, 2020 and 4.92% as of June 30, 2019. The higher cash interest rate is a result of increased credit margins on debt refinanced in Q1 2020 and the Company's decision to fully draw the revolving credit facility in Q1 2020 and hold the liquidity reserve in cash.

In January 2020, PGS made a private placement to raise gross proceeds of approximately NOK 850 million, corresponding to approximately $95 million at the time of the placement. The private placement was completed with the approval by an extraordinary general meeting in February and the Company implemented the refinancing of most of its interest bearing debt as described below.

On February 18, 2020 the Credit Facility was amended and extended with revised terms and maturity dates as follows: (i) $373 million of the existing $377 million Term Loan B was extended and increased by $150 million into a new Term Loan B with final maturity date of March 19, 2024; and (ii) $215 million of the existing $350 million RCF was extended to a new final maturity date September 18, 2023. $4.0 million of the TLB and $135 million of the RCF were not extended and remain with the maturity dates of March 19, 2021 and September 18, 2020, respectively. The Credit Facility has been granted further security in substantially all assets of the Company except assets pledged to the Export Credit Loans for which it has an indirect 2nd lien pledge capturing values exceeding the export credit loans.

The $215 million RCF, as amended and extended, has an interest rate on drawn (borrowed) amounts based on LIBOR plus a margin and a utilization fee. Any undrawn amount is subject to a commitment fee. The margin on the drawn amount is based on a leverage grid as follows: if Total Gross Leverage Ratio is above 1.75:1.0 the margin is 6.0%; above 1.25:1.0 and less than or equal to 1.75:1.0, the margin is 5.25%; and less than or equal to 1.25:1.0, the margin is 4.50%. The RCF is subject to a utilization fee based upon the total amount drawn as follows: if less than or equal to 1/3 is drawn, a fee of 0.25%; if greater than 1/3, but less than 2/3, a fee of 0.50%; and greater than 2/3, a fee 0.75%. The commitment fee on the undrawn amount is 40% of the applicable margin. The RCF is subject to a Minimum Consolidated Liquidity and a Maximum Total Net Leverage covenant. The liquidity covenant requires that the consolidated unrestricted cash and cash equivalents and the undrawn and unused Revolving Commitments shall not be less than $75 million or 5% of net interest bearing debt ($100 million to end of first quarter 2020). The Maximum Total Net Leverage covenant establishes a maximum total net leverage ratio of 2.75:1.0 for the duration of the RCF. The non-extended RCF is subject to a margin of 3.75%; the same utilization fee as the extended RCF; and a commitment fee on the undrawn amount of 50% of the applicable margin. The extended and non-extended RCF is drawn pro rata until the non-extending RCF matures.

At June 30, 2020 the Total Net Leverage was 1.94:1.

The $523 million extended and increased TLB carries a floating interest rate of LIBOR plus a margin based on the same leverage grid as the extended RCF. If Total Gross Leverage Ratio is above 1.75:1.0 the margin is 7.0%; if above 1.25:1.0 and less than or equal to 1.75:1.0, the margin is 6.50% and less than or equal to 1.25:1.0, the margin is 6.00%.The $3 million non-extended TLB maturing March 19, 2021 carries a margin of 2.5%.

If the corporate family rating from Moody's or Standard & Poor's is below B3/B- stable outlook, the credit margin on the extended RCF and the extended TLB will be 6.5% and 7.5%, respectively. The Company may only access the minimum margin (4.50% and 6% for the RCF and TLB respectively) if the ratings from Moody's and Standard & Poor's are at least B2 stable and B stable, respectively. Moody's currently has a Caa1 rating and Standard & Poor's has a CCC rating, both with a Negative Outlook. Fitch Ratings has the Company on CCC.

The TLB principal amortizing profile is 1% per annum paid quarterly until first quarter 2021, when it increases to 5% per annum paid quarterly. The TLB has no financial maintenance covenants. Further, the TLB has a call feature under which the Company must pay a premium if the loan is fully or partially prepaid by raising new debt, but not if it is prepaid by cash flow from operation or other sources. The premium is 1% of par value up to March 19, 2021, increasing to 3% for the following year and thereafter 5% until maturity.

The ECF loans are repaid in separate semi-annual instalments. Total annual ECF instalments for 2020 will be approximately $47.2 million and each subsequent year until they taper off following maturity of one after one of the four facilities in the period 2025 to 2027.

Due to the dramatic negative market change caused by the Covid-19 pandemic, PGS may be dependent on achieving extension of maturities and/or amortization profiles for its debt to ensure an adequate liquidity position (which also involves ensuring compliance with the liquidity covenant in the loan agreement governing the RCF). To that end the Company is in constructive negotiations with its lenders to defer the upcoming $135 million step down of its $350 million RCF in September 2020, to obtain amortization holidays on other loan facilities, and to amend certain financial covenants under the RCF.

The Company expects to be able to agree the necessary amendments with its lenders. However, if unsuccessful, the Company may become unable to settle maturities or amortization on the agreed payment dates, or breach a financial covenant for the RCF. This would represent a default under the relevant facility. In such case, the Company may be able to continue without repayment or acceleration if it achieves a standstill agreement (or, in the case of a financial covenant breach, a waiver) from the relevant lender, agent or lender group. Should a payment default or financial covenant breach continue without a standstill agreement or waiver, this would be an event of default under the relevant facility. An event of default in one facility may represent an event of default in other facilities and agreements.

Note 12 – Earnings per Share

Earnings per share, to ordinary equity holders of PGS ASA:

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
	2020	2019	2020	2019	2019
- Basic	(0.29)	(0.14)	(0.60)	(0.34)	(0.21)
- Diluted	(0.29)	(0.14)	(0.60)	(0.34)	(0.21)
Weighted average basic shares outstanding	387,205,257	338,578,257	381,359,388	338,578,257	338,578,257
Weighted average diluted shares outstanding	387,543,806	339,970,555	382,395,317	339,979,340	340,566,897

Note 13 – Other Comprehensive Income

Other Comprehensive Income

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2020	2019	2020	2019	2019
Actuarial gains (losses) on defined benefit pension plans	(26.9)	3.0	(19.5)	(4.1)	(8.1)
Income tax effect on actuarial gains and losses	-	-	-	-	-
Items that will not be reclassified to profit and loss	**(26.9)**	**3.0**	**(19.5)**	**(4.1)**	**(8.1)**
Gains (losses) on hedges	(0.6)	-	(6.1)	1.8	2.2
Other comprehensive income (loss) of associated companies	-	(0.6)	-	0.2	-
Items that may be subsequently reclassified to profit and loss	**(0.6)**	**(0.6)**	**(6.1)**	**2.0**	**2.2**

Note 14 – Reconciliation of alternative performance measures

Segment EBITDA ex. other Charges, net

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2020	2019	2020	2019	2019
Operating profit (loss) as reported	**(82.2)**	**(7.3)**	**(162.3)**	**(49.9)**	**54.6**
Segment adjustment to Revenues as reported	48.4	23.2	87.9	35.8	(50.7)
Other charges net	33.8	1.3	31.2	(1.5)	(1.0)
Amortization and impairment of MultiClient library	53.2	90.8	96.9	156.0	437.4
Depreciation and amortization of long term assets (excl. MultiClient library)	18.9	27.2	47.6	61.4	115.8
Impairment and loss on sale of long-term assets (excl. MultiClient library)	27.0	-	78.4	-	-
Segment EBITDA ex. other charges, net	**99.1**	**135.2**	**179.7**	**201.8**	**556.1**

Segment EBIT ex. impairment and other charges

	Quarter ended June 30,		Year to date June 30,		Year ended December 31,
(In millions of US dollars)	2020	2019	2020	2019	2019
Operating profit (loss) as reported	**(82.2)**	**(7.3)**	**(162.3)**	**(49.9)**	**54.6**
Segment adjustment to Revenues As Reported	48.4	23.2	87.9	35.8	(50.7)
Other charges, net	33.8	1.3	31.2	(1.5)	(1.0)
Segment adjustment to Amortization As Reported	(31.5)	(2.7)	(60.6)	0.7	75.6
Impairment of MultiClient library	11.5	3.2	16.7	3.2	17.9
Impairment and loss on sale of long-term assets (excl. MultiClient library)	27.0	-	78.4	-	-
Segment EBIT ex. impairment and other charges, net	**7.0**	**17.7**	**(8.8)**	**(11.7)**	**96.4**

The European Securities and Markets Authority ("ESMA") issued guidelines on Alternative Performance Measures ("APMs") that came into force on July 3, 2016. The Company has defined and explained the purpose of the APMs in the paragraphs below.

Financial statement captions used in defining the APMs relate to both As Reported figures and Segment figures unless otherwise stated.

Segment EBITDA

Segment EBITDA, when used by the Company, means Segment EBIT excluding other charges, impairment and loss on sale of non-current assets and depreciation and amortization. A reconciliation between Segment EBIT excluding other charges, impairment and loss on non-current asset and depreciation and amortization and Segment EBITDA is shown above. Segment EBITDA may not be comparable to other similarly titled measures from other companies. The Company has included EBITDA as a supplemental disclosure because PGS believes that the measure provides useful information regarding the Company's ability to service debt and to fund capital expenditures and provides a helpful measure for comparing its operating performance with that of other companies.

Segment EBIT, excluding impairments and other charges
PGS believes that Segment EBIT, excluding impairments and other charges, is a useful measure in that the measures provide an indication of the profitability of the Company's operating activities for the period without regard to significant events and/or decisions in the period that are expected to occur less frequently. Segment EBIT, excluding impairments and other charges is reconciled above.

MultiClient pre-funding level
The MultiClient pre-funding level is calculated by dividing the MultiClient pre-funding revenues, as per segment reporting, by the cash investment in MultiClient library, as reported in the Statements of Cash Flows. PGS believes that the MultiClient pre-funding percentage is a useful measure in that provides some indication of the extent to which the Company's financial risk is reduced on new MultiClient investments.

Net interest bearing debt
Net interest bearing debt is defined as the sum of non-current and current interest bearing debt, less cash and cash equivalents and restricted cash. Net interest bearing debt is reconciled in Note 11 above. PGS believes that Net Interest Bearing Debt ("NIBD") is a useful measure because it provides an indication of the hypothetical minimum necessary debt financing to which the Company is subject at balance sheet date.

Liquidity reserve
Liquidity reserve is defined in Note 11. PGS believes that liquidity reserve is a useful measure because it provides an indication of the amount of funds readily available to the Company in the very short term at balance sheet date.

Gross cash costs
Gross cash costs are defined as the sum of reported net operating expenses (excluding depreciation, amortization, impairments, deferred steaming, net and other charges, net) and the cash operating costs capitalized as investments in the MultiClient library as well as capitalized development costs. Gross cash costs are reconciled in Note 3. PGS believes that the gross cash costs figure is a useful measure because it provides an indication of the level of cash costs incurred by the Company irrespective of the extent to which the fleet is working on MultiClient projects or the extent to which its R&D expenditures qualify for capitalization.

Net operating expenses
Net operating expenses are defined as gross cash costs (as per above) less capitalized investments in the MultiClient library and capitalized development costs and is reconciled in Note 3. PGS believes this figure is a useful measure because it provides an indication of the level of net cash costs incurred by the Company in running current period commercial activities that are not devoted to investment.

Order book
Order book is defined as the aggregate estimated value of future Segment Revenues on signed customer contracts, letters of award or where all major contract terms are agreed. For long term contracted service agreements the order book includes estimated revenues for the nearest 12 month period. PGS believes that the Order book figure is a useful measure in that it provides an indication of the amount of customer backlog and committed activity in the coming periods.

Capital expenditures, whether paid or not
Capital expenditures means investments in property and equipment irrespective of whether paid in the period, but excluding capitalized interest costs.

Note 15 – Basis of Presentation and changes in Accounting Principles

Basis of Presentation
The Company is a Norwegian public limited liability company which prepares its annual consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. These consolidated condensed interim financial statements have been prepared in accordance with international Accounting Standards ("IAS") No. 34 "Interim Financial Reporting". The consolidated condensed interim financial statements are presented in millions of US Dollars ("$" or "dollars"), unless otherwise indicated. The interim financial information has not been subject to audit or review.

Profit and loss for the interim period are not necessarily indicative of the results that may be expected for any subsequent interim period or year. The condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2019.

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company’s consolidated financial statements for the year ended December 31, 2019.

Segment Reporting Principles
Although IFRS provides a fair presentation of the profit and loss of the Company, for purposes of Segment and internal reporting management applies the revenue recognition principle used prior to 2018 and IFRS 15. MultiClient pre-funding revenue is recognized using the percentage of completion method, and related MultiClient amortization is based upon the ratio of aggregate capitalized survey costs to forecasted sales. Management believes this method makes revenues coincide better with activities and resources used by the Company and provides useful information as to the progress made on MultiClient surveys in process and resultant value generation during the period.

In determining the percentage of completion, progress is measured in a manner generally consistent with the physical progress of the project, and revenue is recognized based on the ratio of the project's progress to date, provided that all other revenue recognition criteria are satisfied. Accordingly, MultiClient pre-funding revenues and related MultiClient amortization are generally recognized earlier for purposes of segment reporting as compared to IFRS reporting.

While a survey is in progress, the Company amortizes each MultiClient survey based on the ratio of aggregate capitalized survey costs to forecasted sales for segment purposes. At completion the remaining balance is amortized on a straight line basis over four years. For impairment purposes a portfolio assessment is applied and no impairment is reflected unless the MC library as a whole has a book value above estimated recoverable value. The segment reporting principle will generally result in book value of a project at completion being lower compared to the book value for IFRS reporting.

Change in Accounting Principles
The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company’s annual consolidated financial statements for the year ended December 31, 2019, except for the adoption of new standards effective as of January 1, 2020. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the Company’s interim condensed consolidated financial statements.

Note 16 - Risk Factors

The Company emphasizes that the information included herein contains certain forward-looking statements that address activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, many of which are beyond its control and all of which are subject to risks and uncertainties. The Company is subject to a large number of risk factors including but not limited to the demand for seismic services, the demand for data from the Company’s MultiClient library, the attractiveness of PGS’ technology, changes in governmental regulations affecting markets, technical downtime, licenses and permitting, currency and fuel price fluctuations, and extreme weather conditions.

Contracts for services are occasionally modified by mutual consent and in certain instances may be cancelled by customers at short notice without compensation. Consequently, the order book as of any particular date may not be indicative of actual operating results for any succeeding period.

The recent development following Covid-19 and the drop in oil prices represent an unprecedented change in the economic circumstances and increased uncertainty about future market development. As a result there is an increased risk that the Company may be dependent on achieving certain liquidity preservation initiatives including the extension of the scheduled reduction of our revolving credit facility, amortization holidays or other debt related initiatives to retain a sufficient liquidity reserve, and that further impairments of non-current assets, including property and equipment, intangible assets and the MultiClient library, may arise in future periods.

For a further description of other relevant risk factors we refer to the Annual Report for 2019. As a result of these and other risk factors, actual events and actual results may differ materially from those indicated in or implied by such forward-looking statements.

Subsequent Events

In July 2020, PGS received approximately $12.5 million of Norwegian government support under the scheme where companies suffering a loss of revenues caused by the Covid-19 pandemic receive compensation for a proportion of fixed and unavoidable costs. The amount received relates to the months March, April and May 2020.PGS will apply for the months June, August and September, but the amounts might be smaller. Since the grant was awarded in July 2020 it will be recognized in the financial statements for Q3.

Note 17 – Expanded Segment Disclosures

Condensed Consolidated Statements of Profit and Loss and Other Comprehensive Income

	Quarter ended June 30,					
	2020	2019	2020	2019	2020	2019
(In millions of US dollars)	Segment Reporting		Adjustments		As Reported	
Revenues	138.7	215.6	(48.4)	(23.2)	90.3	192.4
Cost of sales	(28.0)	(65.9)	-	-	(28.0)	(65.9)
Research and development costs	(2.4)	(1.9)	-	-	(2.4)	(1.9)
Selling, general and administrative costs	(9.2)	(12.6)	-	-	(9.2)	(12.6)
Amortization and impairment of MultiClient library	(73.2)	(90.3)	20.0	(0.5)	(53.2)	(90.8)
Depreciation and amortization of non-current assets (excl. MultiClient library)	(18.9)	(27.2)	-	-	(18.9)	(27.2)
Impairment and loss on sale of non-current assets (excl. MultiClient library)	(27.0)	-	-	-	(27.0)	-
Other charges, net	(33.8)	(1.3)	-	-	(33.8)	(1.3)
Total operating expenses	(192.5)	(199.2)	20.0	(0.5)	(172.5)	(199.7)
Operating profit (loss)/EBIT	(53.8)	16.4	(28.4)	(23.7)	(82.2)	(7.3)
Share of results from associated companies	(0.8)	(10.1)	-	-	(0.8)	(10.1)
Interest expense	(21.4)	(16.8)	-	-	(21.4)	(16.8)
Other financial expense, net	(5.5)	(4.9)	-	-	(5.5)	(4.9)
Income (loss) before income tax expense	(81.5)	(15.4)	(28.4)	(23.7)	(109.9)	(39.1)
Income tax	(1.5)	(9.8)	-	-	(1.5)	(9.8)
Net income (loss) to equity holders of PGS ASA	**(83.0)**	**(25.2)**	**(28.4)**	**(23.7)**	**(111.4)**	**(48.9)**
Other comprehensive income						
Items that will not be reclassified to profit and loss	(26.9)	3.0	-	-	(26.9)	3.0
Items that may be subsequently reclassified to profit and loss	(0.6)	(0.6)	-	-	(0.6)	(0.6)
Other comprehensive income (loss) for the period, net of tax	(27.5)	2.4	-	-	(27.5)	2.4
Total comprehensive income (loss) to equity holders of PGS ASA	**(110.5)**	**(22.8)**	**(28.4)**	**(23.7)**	**(138.9)**	**(46.5)**

(In millions of US dollars)	Year to Date June 30,					
	2020	2019	2020	2019	2020	2019
	Segment Reporting		Adjustments		As Reported	
Revenues	307.0	357.5	(87.9)	(35.8)	219.1	321.7
Cost of sales	(100.6)	(125.2)	-	-	(100.6)	(125.2)
Research and development costs	(5.6)	(4.3)	-	-	(5.6)	(4.3)
Selling, general and administrative costs	(21.1)	(26.1)	-	-	(21.1)	(26.1)
Amortization and impairment of MultiClient library	(140.8)	(152.1)	43.9	(3.9)	(96.9)	(156.0)
Depreciation and amortization of non-current assets (excl. MultiClient library)	(47.6)	(61.4)	-	-	(47.6)	(61.4)
Impairment and loss on sale of non-current assets (excl. MultiClient library)	(78.4)	-	-	-	(78.4)	-
Other charges, net	(31.2)	1.5	-	-	(31.2)	1.5
Total operating expenses	(425.3)	(367.6)	43.9	(3.9)	(381.4)	(371.6)
Operating profit (loss)/EBIT	(118.3)	(10.1)	(44.0)	(39.7)	(162.3)	(49.9)
Share of results from associated companies	(26.8)	(13.9)	-	-	(26.8)	(13.9)
Interest expense	(37.8)	(35.1)	-	-	(37.8)	(35.1)
Other financial expense, net	1.8	(4.8)	-	-	1.8	(4.8)
Income (loss) before income tax expense	(181.1)	(63.9)	(44.0)	(39.7)	(225.1)	(103.7)
Income tax	(3.7)	(10.4)	-	-	(3.7)	(10.4)
Net income (loss) to equity holders of PGS ASA	**(184.8)**	**(74.3)**	**(44.0)**	**(39.7)**	**(228.8)**	**(114.1)**
Other comprehensive income						
Items that will not be reclassified to profit and loss	(19.5)	(4.1)	-	-	(19.5)	(4.1)
Items that may be subsequently reclassified to profit and loss	(6.1)	2.0	-	-	(6.1)	2.0
Other comprehensive income (loss) for the period, net of tax	(25.6)	(2.1)	-	-	(25.6)	(2.1)
Total comprehensive income (loss) to equity holders of PGS ASA	**(210.4)**	**(76.4)**	**(44.0)**	**(39.7)**	**(254.4)**	**(116.2)**

Condensed Consolidated Statements of Financial Position

(In millions of US dollars)	June 30, 2020	2019	2020	2019	2020	2019
	Segment Reporting		Adjustments		As Reported	
ASSETS						
Cash and cash equivalents	234.9	33.2	-	-	234.9	33.2
Restricted cash	7.5	4.0	-	-	7.5	4.0
Accounts receivables	69.3	146.9	-	-	69.3	146.9
Accrued revenues and other receivables	131.6	123.8	(88.9)	(64.7)	42.7	59.1
Other current assets	66.4	58.9	-	-	66.4	58.9
Total current assets	509.7	366.8	(88.9)	(64.7)	420.8	302.1
Property and equipment	985.9	1,197.4	-	-	985.9	1,197.4
MultiClient library	565.0	547.9	82.8	128.5	647.8	676.4
Restricted cash	38.2	38.8	-	-	38.2	38.8
Other non-current assets	17.9	53.9	-	-	17.9	53.9
Other intangible assets	97.2	103.1	-	-	97.2	103.1
Total non-current assets	1,704.2	1,941.1	82.8	128.5	1,787.0	2,069.6
Asset held for sale	-	-	-	-	-	-
Total assets	**2,213.9**	**2,307.9**	**(6.1)**	**63.8**	**2,207.8**	**2,371.7**
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest bearing debt	199.9	51.2	-	-	199.9	51.2
Lease liabilities	38.8	45.1	-	-	38.8	45.1
Accounts payable	52.7	48.9	-	-	52.7	48.9
Accrued expenses and other current liabilities	146.8	167.3	(16.1)	(24.8)	130.7	142.5
Deferred revenues	3.0	9.6	153.0	187.0	156.0	196.6
Income taxes payable	14.7	17.8	-	-	14.7	17.8
Total current liabilities	455.9	339.9	136.9	162.2	592.8	502.1
Interest bearing debt	942.5	1,051.5	-	-	942.5	1,051.5
Lease liabilities	130.0	175.4	-	-	130.0	175.4
Deferred tax liabilities	0.1	0.8	-	-	0.1	0.8
Other non-current liabilities	68.7	45.1	-	-	68.7	45.1
Total non-current liabilities	1,141.3	1,272.8	-	-	1,141.3	1,272.8
Common stock; par value NOK 3;						
issued and outstanding 387,206,996 shares	154.2	138.5	-	-	154.2	138.5
Additional paid-in capital	927.7	850.8	-	-	927.7	850.8
Total paid-in capital	1,081.9	989.3	-	-	1,081.9	989.3
Accumulated earnings	(451.7)	(286.5)	(143.0)	(98.4)	(594.7)	(384.9)
Other capital reserves	(13.5)	(7.6)	-	-	(13.5)	(7.6)
Total shareholders' equity	616.7	695.2	(143.0)	(98.4)	473.7	596.8
Total liabilities and shareholders' equity	**2,213.9**	**2,307.9**	**(6.1)**	**63.8**	**2,207.8**	**2,371.7**

Condensed Consolidated Statements of Cash Flows

(In millions of US dollars)	Quarter ended June 30, 2020	2019	2020	2019	2020	2019
	Segment Reporting		Adjustments		As Reported	
Income (loss) before income tax expense	(81.5)	(15.4)	(28.4)	(23.7)	(109.9)	(39.1)
Depreciation, amortization, impairment	119.1	117.5	(20.0)	0.5	99.1	118.0
Share of results in associated companies	0.8	10.1	-	-	0.8	10.1
Interest expense	21.4	16.8	-	-	21.4	16.8
Loss (gain) on sale and retirement of assets	-	(1.3)	-	-	-	(1.3)
Income taxes paid	(9.5)	(7.6)	-	-	(9.5)	(7.6)
Other items	1.4	2.0	-	-	1.4	2.0
(Increase) decrease in accounts receivables, accrued revenues & other receivable	22.5	(38.3)	33.7	(7.5)	56.2	(45.8)
Increase (decrease) in deferred revenues	(9.8)	(12.1)	14.7	31.6	4.9	19.5
Increase (decrease) in accounts payable	(13.7)	(3.4)	-	-	(13.7)	(3.4)
Change in other current items related to operating activities	19.0	40.9	-	(0.9)	19.0	40.0
Change in other long-term items related to operating activities	(2.2)	(1.1)	-	-	(2.2)	(1.1)
Net cash provided by operating activities	**67.5**	**108.1**	**-**	**-**	**67.5**	**108.1**
Investment in MultiClient library	(64.7)	(65.7)	-	-	(64.7)	(65.7)
Investment in property and equipment	(13.1)	(18.5)	-	-	(13.1)	(18.5)
Investment in other intangible assets	(2.0)	(1.5)	-	-	(2.0)	(1.5)
Investment in other current -and non-current assets assets	-	-	-	-	-	-
Proceeds from sale and disposal of assets	24.7	24.5	-	-	24.7	24.5
Net cash used in investing activities	**(55.1)**	**(61.2)**	**-**	**-**	**(55.1)**	**(61.2)**
Proceeds, net of deferred loan costs, from issuance of non-current debt	-	-	-	-	-	-
Interest paid on interest bearing debt	(17.0)	(16.5)	-	-	(17.0)	(16.5)
Repayment of interest bearing debt	(14.0)	(12.7)	-	-	(14.0)	(12.7)
Net change of drawing on the Revolving Credit Facility	-	(60.0)	-	-	-	(60.0)
Proceeds from share issue	-	-	-	-	-	-
Payment of lease liabilities (recognized under IFRS 16)	(10.7)	(11.4)	-	-	(10.7)	(11.4)
Payments of leases classified as interest	(2.7)	(3.5)	-	-	(2.7)	(3.5)
Net cash (used in) provided by financing activities	**(44.4)**	**(104.1)**	**-**	**-**	**(44.4)**	**(104.1)**
Net increase (decrease) in cash and cash equivalents	(32.0)	(57.2)	-	-	(32.0)	(57.2)
Cash and cash equivalents at beginning of period	266.9	90.4	-	-	266.9	90.4
Cash and cash equivalents at end of period	**234.9**	**33.2**	**-**	**-**	**234.9**	**33.2**

(In millions of US dollars)	Year to Date June 30,					
	2020	2019	2020	2019	2020	2019
	Segment Reporting		Adjustments		As Reported	
Income (loss) before income tax expense	(181.1)	(64.0)	(44.0)	(39.7)	(225.1)	(103.7)
Depreciation, amortization, impairment	266.8	213.5	(43.9)	3.9	222.9	217.4
Share of results in associated companies	26.8	13.9	-	-	26.8	13.9
Interest expense	37.8	35.1	-	-	37.8	35.1
Loss (gain) on sale and retirement of assets	0.3	(1.3)	-	-	0.3	(1.3)
Income taxes paid	(14.7)	(23.6)	-	-	(14.7)	(23.6)
Other items	(6.7)	3.7	-	-	(6.7)	3.7
(Increase) decrease in accounts receivables, accrued revenues & other receivable	127.7	56.0	45.7	(16.1)	173.4	39.9
Increase (decrease) in deferred revenues	(11.5)	(50.1)	43.7	53.2	32.2	3.1
Increase (decrease) in accounts payable	(0.6)	(14.8)		-	(0.6)	(14.8)
Change in other current items related to operating activities	4.1	58.1	(1.5)	(1.3)	2.6	56.8
Change in other long-term items related to operating activities	(5.5)	1.1	-	-	(5.5)	1.1
Net cash provided by operating activities	**243.4**	**227.6**	**-**	**-**	**243.4**	**227.6**
Investment in MultiClient library	(132.3)	(127.8)	-	-	(132.3)	(127.8)
Investment in property and equipment	(23.5)	(28.2)	-	-	(23.5)	(28.2)
Investment in other intangible assets	(4.8)	(6.8)	-	-	(4.8)	(6.8)
Investment in other current -and non-current assets assets	-	(0.5)	-	-	-	(0.5)
Proceeds from sale and disposal of assets	25.1	69.1	-	-	25.1	69.1
Net cash used in investing activities	**(135.5)**	**(94.2)**	**-**	**-**	**(135.5)**	**(94.2)**
Proceeds, net of deferred loan costs, from issuance of non-current debt	124.2	-	-	-	124.2	-
Interest paid on interest bearing debt	(32.6)	(28.9)	-	-	(32.6)	(28.9)
Repayment of interest bearing debt	(240.3)	(25.6)	-	-	(240.3)	(25.6)
Net change of drawing on the Revolving Credit Facility	170.0	(90.0)	-	-	170.0	(90.0)
Proceeds from share issue (a)	91.9	-	-	-	91.9	-
Payment of lease liabilities (recognized under IFRS 16)	(21.2)	(22.9)	-	-	(21.2)	(22.9)
Payments of leases classified as interest	(5.7)	(7.3)	-	-	(5.7)	(7.3)
Net cash (used in) provided by financing activities	**86.3**	**(174.7)**	**-**	**-**	**86.3**	**(174.7)**
Net increase (decrease) in cash and cash equivalents	194.2	(41.3)	-	-	194.2	(41.3)
Cash and cash equivalents at beginning of period	40.6	74.5	-	-	40.6	74.5
Cash and cash equivalents at end of period	**234.9**	**33.2**	**-**	**-**	**234.9**	**33.2**

(a) Including transaction costs amounting to $2.4 million and $2.5 million gain from currency derivatives.

Responsibility statement

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year 2020, which has been prepared in accordance with IAS 34 Interim Financial reporting gives a true and fair view of the Company's consolidated assets, liabilities, financial position and result of operations, and that the first half 2020 report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Oslo, July 22, 2020

Walter Qvam
Chairperson

Richard Herbert
Director

Anne Grethe Dalane
Director

Trond Brandsrud
Director

Marianne Kah
Director

Anette Valbø
Director

Hege Renshus *Director*	Grunde Rønholt *Director*
Rune Olav Pedersen *Chief Executive Officer*	

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PGS ASA and its subsidiaries ("PGS" or "the Company") is a focused marine geophysical company that provides a broad range of seismic and reservoir services, including acquisition, imaging, interpretation, and field evaluation. The Company's MultiClient library is among the largest in the seismic industry, with modern 3D coverage in all significant offshore hydrocarbon provinces of the world. The Company operates on a worldwide basis with headquarters in Oslo, Norway and the PGS share is listed on the Oslo stock exchange (OSE: PGS).

For more information on PGS visit www.pgs.com.

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The information included herein contains certain forward-looking statements that address activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, which are beyond its control and are subject to certain additional risks and uncertainties. The Company is subject to a large number of risk factors including but not limited to the demand for seismic services, the demand for data from our multi-client data library, the attractiveness of our technology, unpredictable changes in governmental regulations affecting our markets and extreme weather conditions. For a further description of other relevant risk factors we refer to our Annual Report for 2019. As a result of these and other risk factors, actual events and our actual results may differ materially from those indicated in or implied by such forward-looking statements. The reservation is also made that inaccuracies or mistakes may occur in the information given above about current status of the Company or its business. Any reliance on the information above is at the risk of the reader, and PGS disclaims any and all liability in this respect.

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Board of Directors:

Walter Qvam (Chairperson)
Anne Grethe Dalane
Marianne Kah
Richard Herbert
Trond Brandsrud
Anette Valbø (employee elected)
Hege Renshus (employee elected)
Grunde Rønholt (employee elected)

Executive Officers:

Rune Olav Pedersen	President & CEO
Gottfred Langseth	EVP & CFO
Berit Osnes	EVP New Ventures
Nathan Oliver	EVP Sales & Imaging
Rob Adams	EVP Operations

Other Corporate Management:

Kristin Omreng	SVP HR
Magnus Christiansen	VP HSEQ
Lars Mysen	General Counsel
Kai Reith	SVP Corporate Development
Bård Stenberg	SVP IR & Communication

Web-Site:
www.pgs.com

Financial Calendar:

Q2 2020 report	July 23, 2020
Q3 2020 report	October 22, 2020
Q4 2020 report	January 28, 2021

The dates are subject to change.