



# Unaudited Second Quarter and First Half 2012 Results



*Oslo July 26, 2012*



## Cautionary Statement

- This presentation contains forward looking information
- Forward looking information is based on management assumptions and analyses
- Actual experience may differ, and those differences may be material
- Forward looking information is subject to significant uncertainties and risks as they relate to events and/or circumstances in the future
- This presentation must be read in conjunction with the press release for the second quarter and first half 2012 results and the disclosures therein



## GeoStreamer® Drives Performance in All Markets



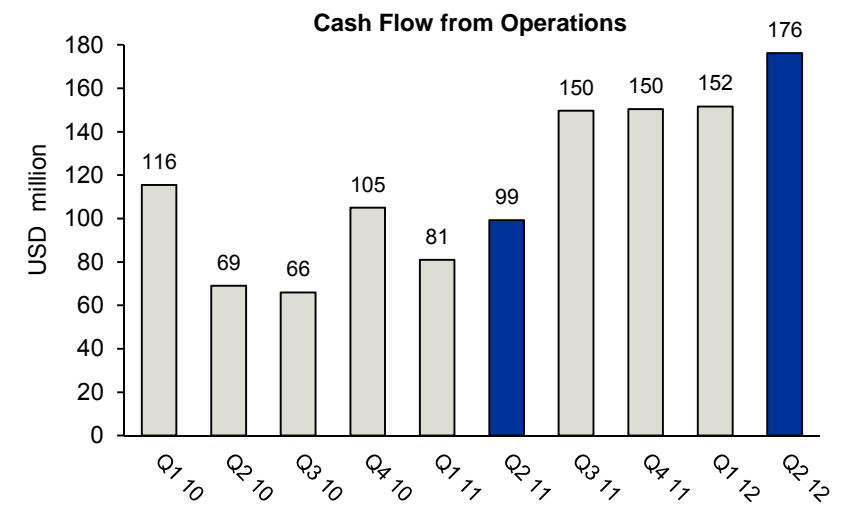
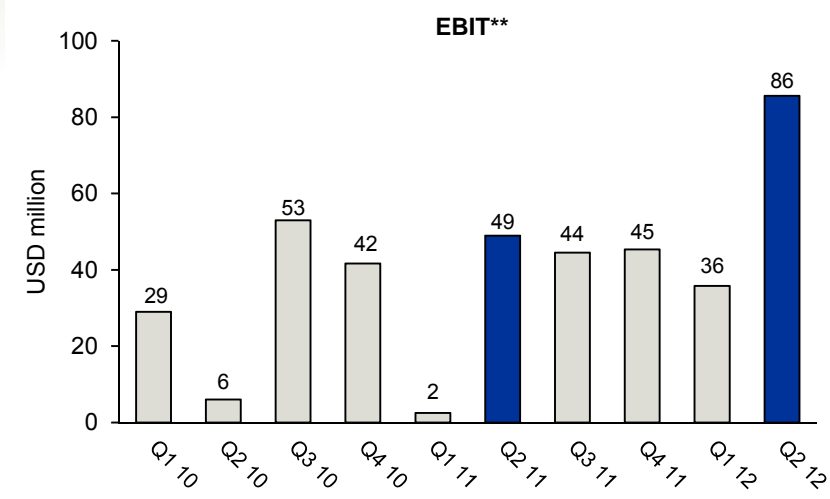
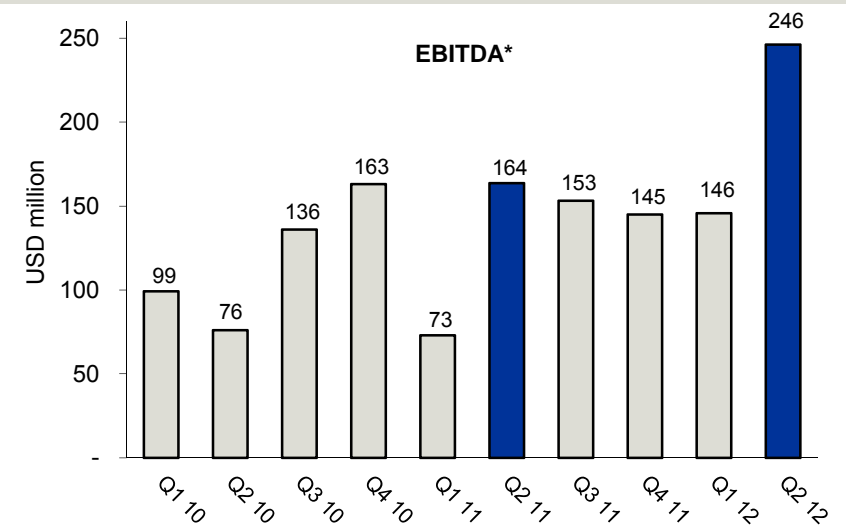
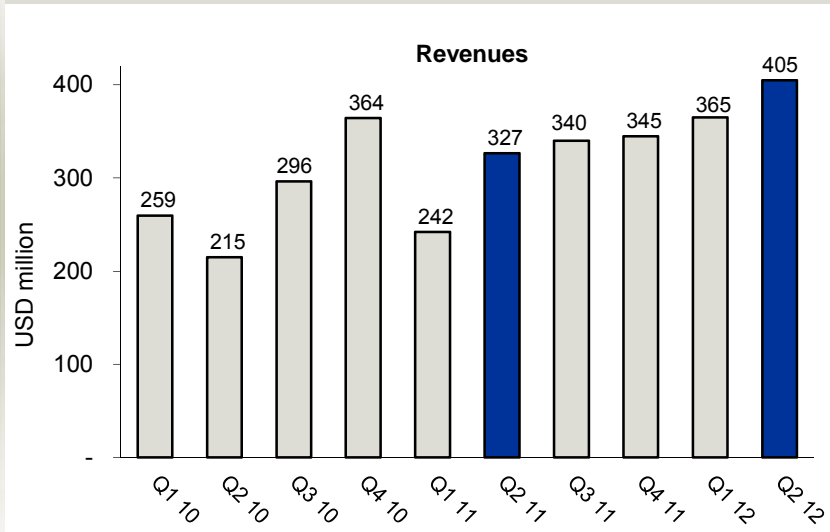
- Q2 financial performance:
  - Revenues of USD 404.8 million
  - EBITDA of USD 246.2 million
  - EBIT of USD 86.6 million
  - Group EBIT margin of 21%
  - Record MultiClient revenues of USD 236.0 million
- Launch of SWIM – GeoStreamer Enhanced Imaging
- The marine seismic market continues to strengthen



USD 750-800 million EBITDA expected for 2012



# Financial Summary

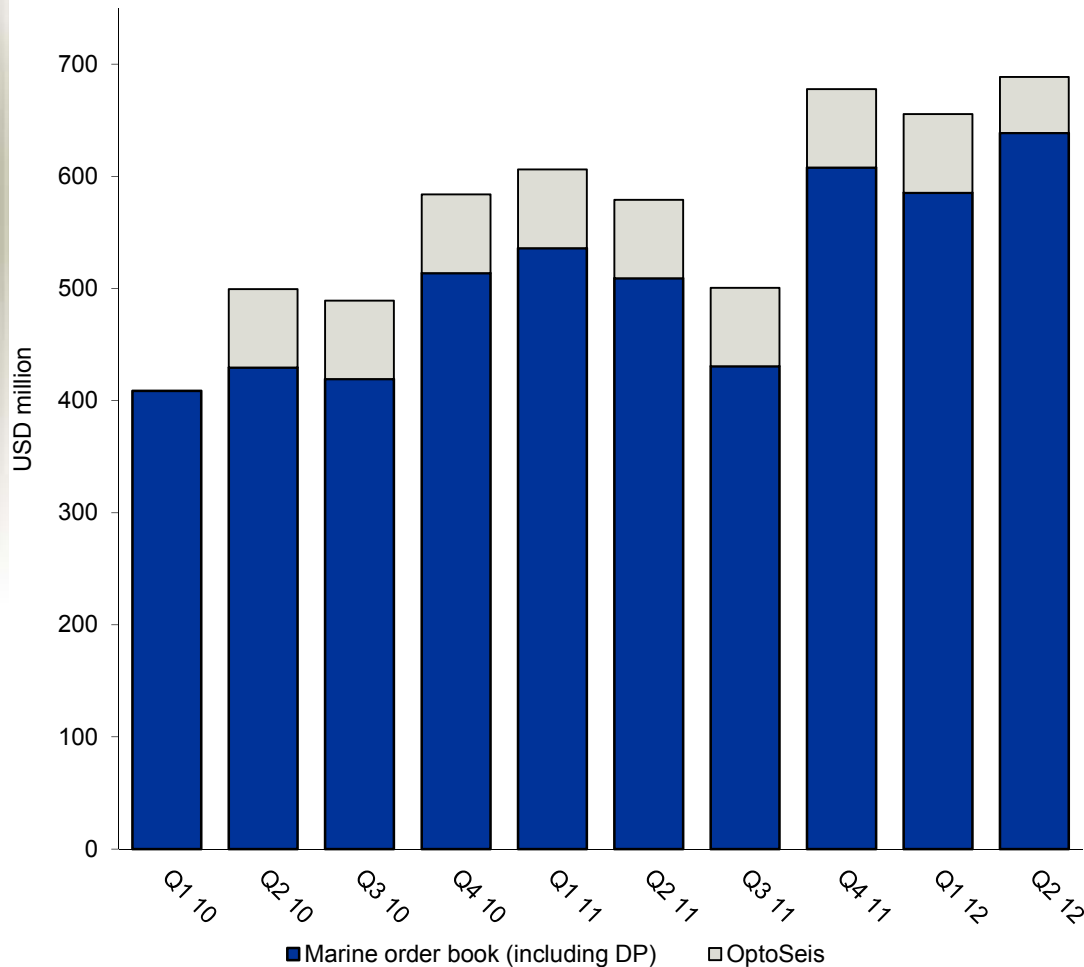


\*EBITDA, when used by the Company, means income (loss) before income tax expense less, currency exchange gain (loss), other financial expense, other financial income, interest expense, income (loss) from associated companies, other operating income, impairment of long-lived assets and depreciation and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

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



## Improving Order Book



- Order book of USD 689 million
- Approximately 90% of 3D capacity booked for Q4 2012 at Q3 pricing
- Very good prospect pipeline
- Accelerating GeoStreamer momentum



Supply/demand balance continues to improve



Petroleum Geo-Services ASA

# Petroleum Geo-Services ASA

*Financials*

*Unaudited Second Quarter and First Half 2012 Results*



# Consolidated Statement of Operations Summary

USD million (except per share data)	Quarter ended June 30			Six months ended June 30		
	2012	2011	% change	2012	2011	% change
Revenues	404.8	326.6	24 %	769.9	568.8	35 %
EBITDA*	246.2	163.6	50 %	391.9	236.5	66 %
Operating profit (EBIT)**	85.6	49.0	75 %	121.4	51.4	136 %
Operating Profit (EBIT) as reported	86.6	49.0	77 %	122.4	51.4	138 %
Net financial items	(21.1)	(19.5)	-8 %	(40.8)	(30.3)	-35 %
Income (loss) before income tax expense	65.4	29.4	122 %	81.6	21.1	286 %
Income tax expense (benefit)	19.5	5.5	252 %	23.1	6.2	273 %
Net income to equity holders	45.9	23.6	94 %	58.5	14.7	298 %
EPS basic	\$0.21	\$0.11	91 %	\$0.27	\$0.07	286 %
EPS diluted	\$0.21	\$0.11	91 %	\$0.27	\$0.07	286 %
EBITDA margin*	60.8 %	50.1 %		50.9 %	41.6 %	
EBIT margin	21.2 %	15.0 %		15.8 %	9.0 %	

- Q2 2012 net financial items include a currency loss of USD 6.7 million and fair value adjustment of preferred stock in Geokinetics of USD 3.3 million

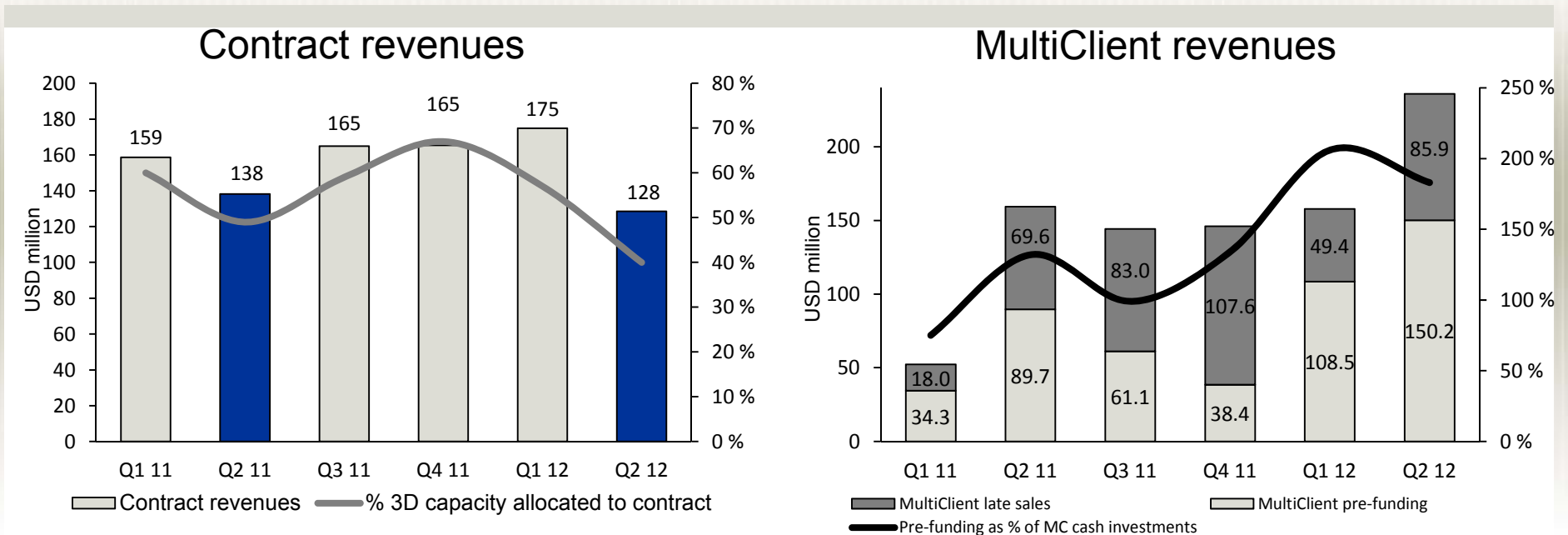
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\*\*Excludes reversal of impairments of USD 0.9 million in Q2 2012.

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## Q2 2012 Highlights



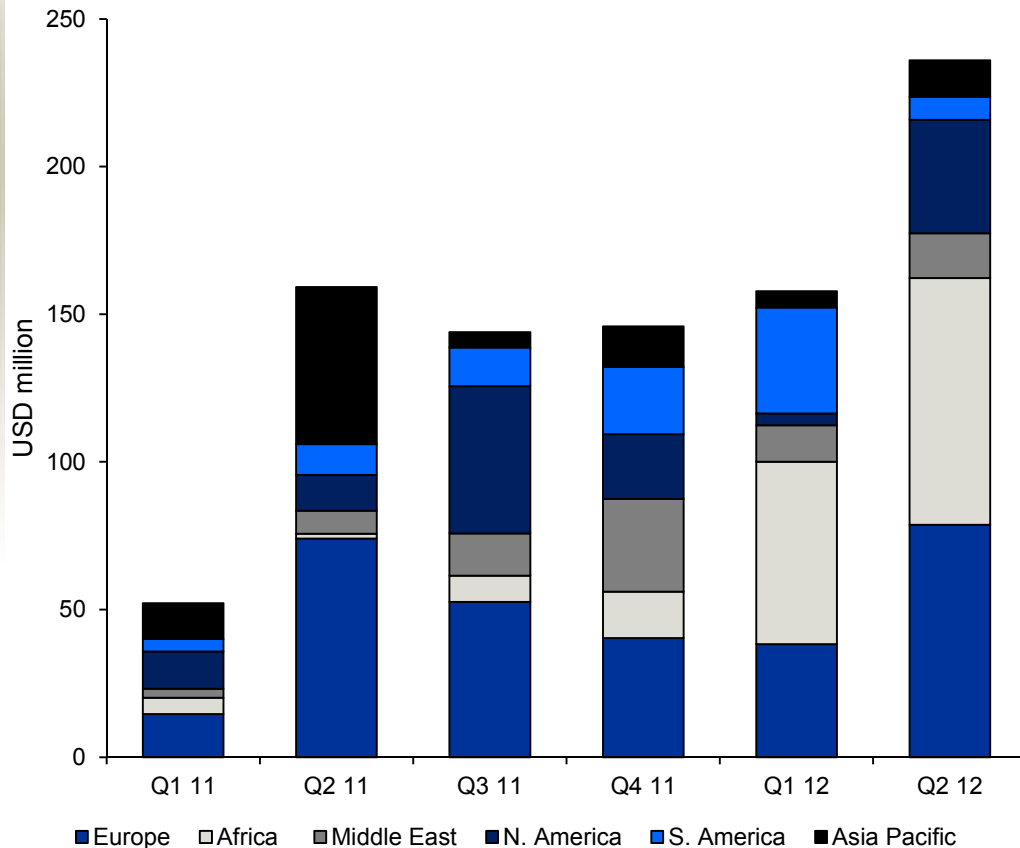
- Record MultiClient revenues of USD 236.0 million
  - Record quarterly pre-funding revenues of USD 150.2 million
  - Pre-funding as % of MultiClient cash investments of 183%
- Marine Contract EBIT margin of 20% driven by strong operational performance and a favorable cost level
  - Revenues reduced due to less capacity allocated to contract
- Record external Data Processing revenues of USD 31.7 million, compared to USD 25.5 million in Q2 '11





# MultiClient Revenues per Region

Pre-funding and Late Sales Revenues Combined



- Strong pre-funding revenues driven by Angola and Europe
- Late sales were strongest in North America followed by Europe and Middle East
- Full year MultiClient cash investment expected to be in the range of USD 260-300 million
  - Down from USD 300-325 million partly due to GeoStreamer efficiency
- Full year pre-funding level is expected to be approximately 150% of MultiClient cash investment

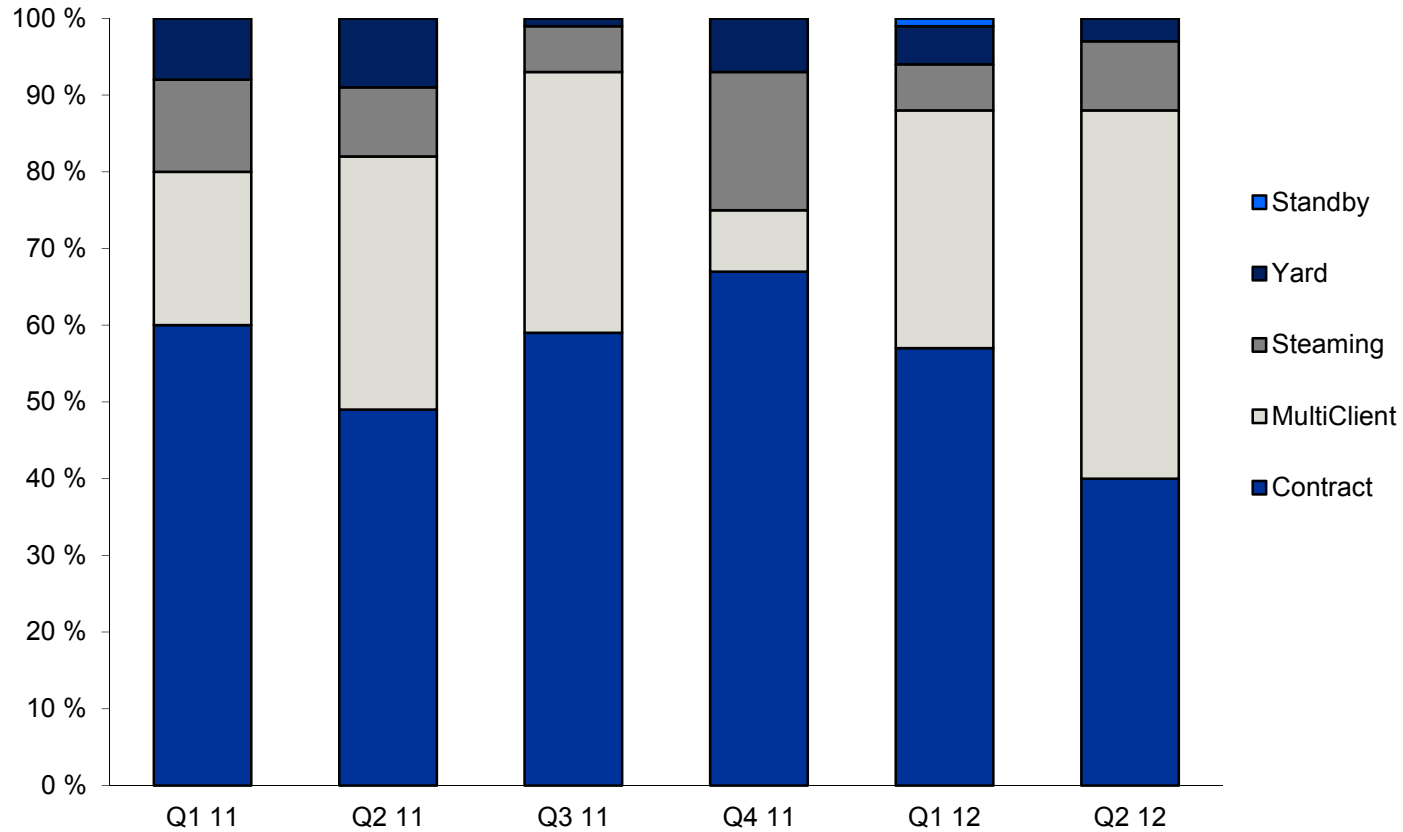


47% of total vessel time was used for MultiClient in Q2 2012



# Vessel Utilization

Seismic Streamer 3D Fleet Activity in Streamer Months



88% active vessel time in Q2 2012



## Key Operational Figures

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

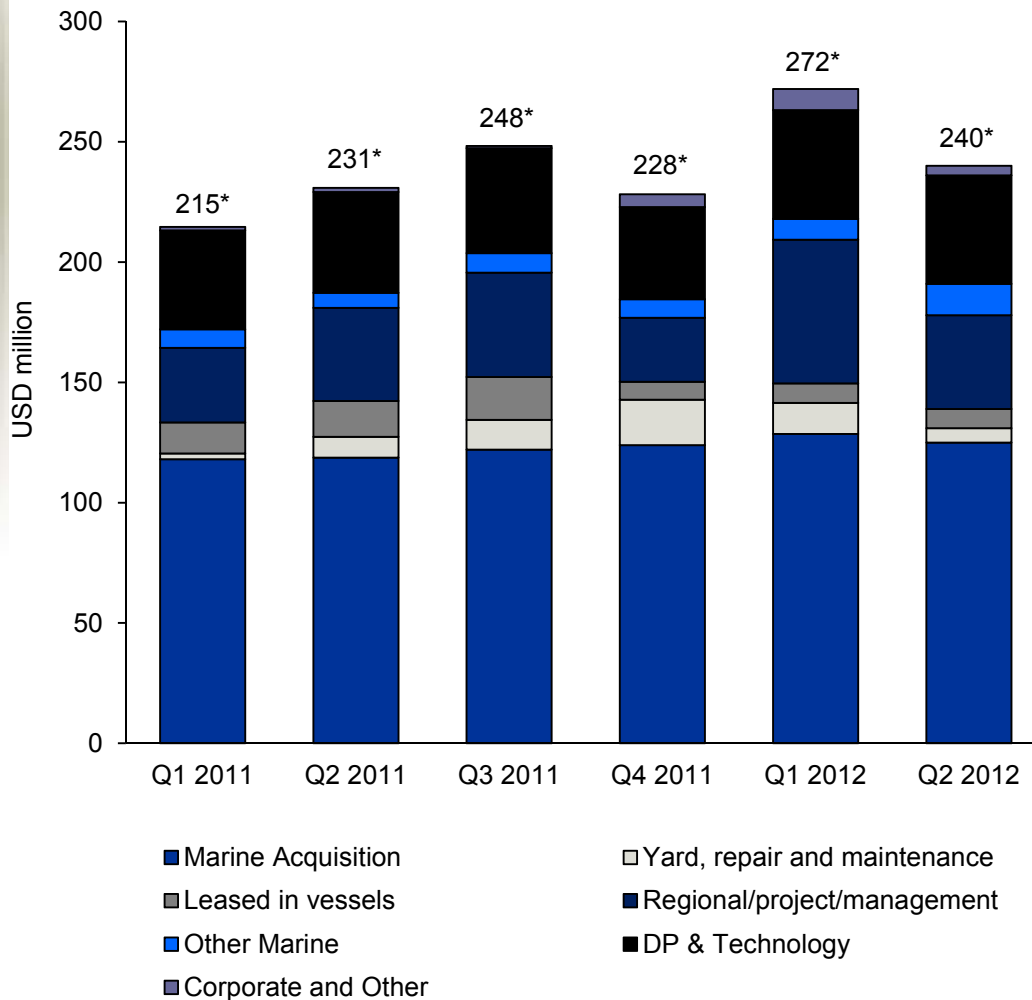
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# Group Cost\* Development



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

- Sequential decrease primarily due to:
  - Less activity in high cost regions
  - Net deferral of steaming cost in Q2 compared to net expense in Q1
  - Q1 had significant cost related to equipment loss and repair
  - Capitalization of cost relating to Vanguard yard stay
  - Some positive cost variances in Q2
- Increased Other Marine cost primarily driven by OptoSeis and EM
- Profit Improvement Program to deliver USD 50 million EBIT run rate improvement by end 2012
  - Approximately USD 30 million annual run rate implemented by end Q2



## Consolidated Statement of Cash Flows Summary

USD million	Quarter ended June 30		Six months ended June 30	
	2012	2011	2012	2011
Cash provided by operating act.	176.5	99.2	328.1	180.3
Investment in MultiClient library	(82.0)	(68.4)	(134.7)	(113.9)
Capital expenditures	(78.8)	(119.6)	(142.2)	(187.9)
Other investing activities	(10.2)	(1.9)	(13.6)	(75.5)
Financing activities	(67.0)	(10.7)	(263.4)	(19.5)
<b>Net increase (decr.) in cash and cash equiv.</b>	<b>(61.5)</b>	<b>(101.3)</b>	<b>(225.9)</b>	<b>(216.6)</b>
Cash and cash equiv. at beginning of period	260.4	317.3	424.7	432.6
<b>Cash and cash equiv. at end of period</b>	<b>198.9</b>	<b>216.0</b>	<b>198.9</b>	<b>216.0</b>

- Strong cash flow from operating activities, driven by earnings growth
- Increased working capital primarily due to high revenues in June
- Capital expenditures include USD 50.3 million relating to the new builds
- Financing activities includes USD 41.5 million of dividend payments and USD 6.1 million relating to purchase of treasury shares

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## Strong Balance Sheet Position - Key Figures

USD million	Quarter ended June 30		December 31
	2012	2011	2011
Total assets	2 921.9	2 978.8	3 137.2
MultiClient Library	318.8	344.4	334.1
Shareholders' equity	1 798.1	1 767.2	1 771.7
Cash and cash equiv.	198.9	216.0	424.7
Restricted cash	88.4	107.4	93.7
Liquidity reserve	548.9	562.4	774.7
Gross interest bearing debt *	771.5	796.5	954.5
Net interest bearing debt	441.9	420.8	394.2

\*Includes capital lease agreements

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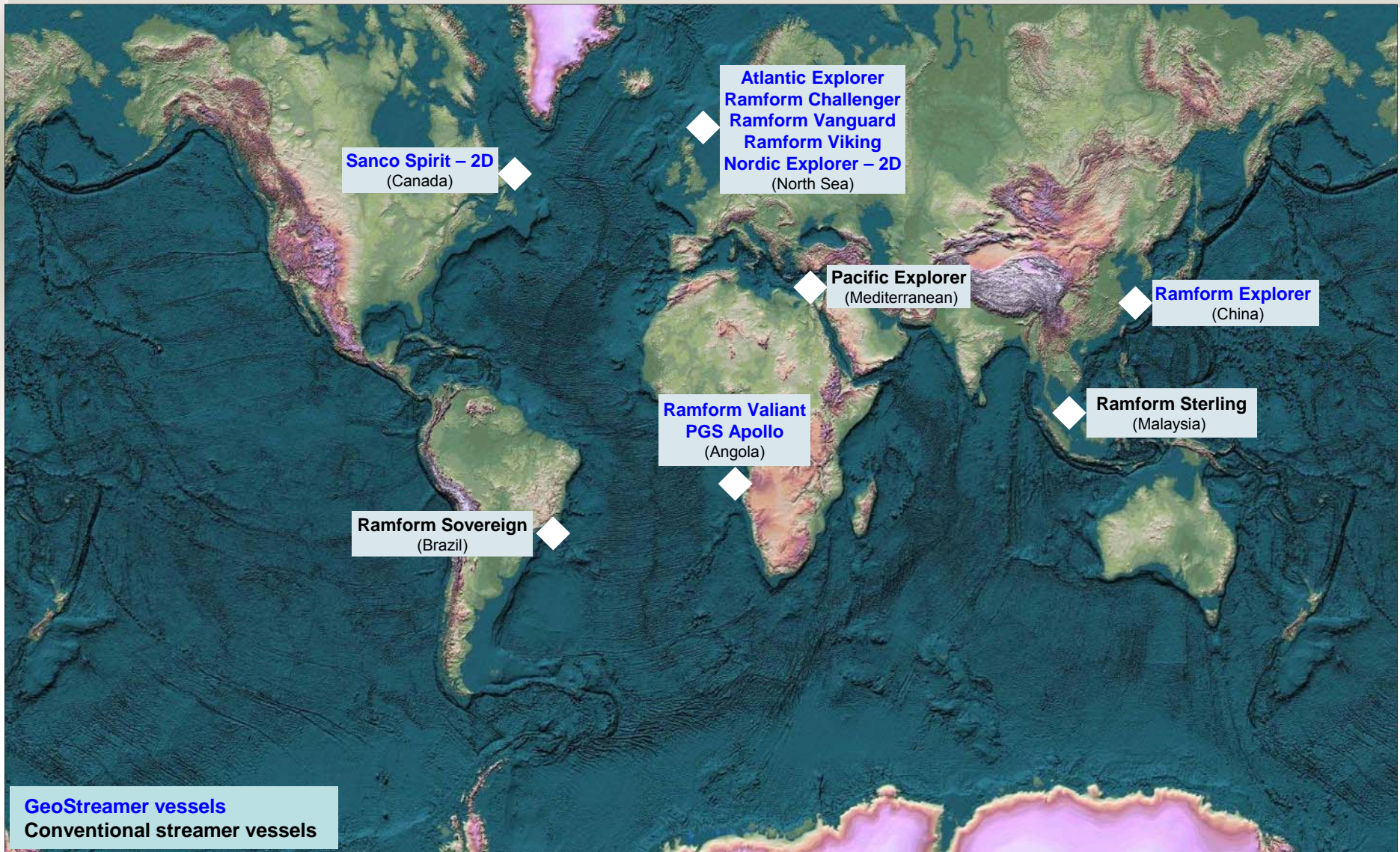
Petroleum Geo-Services ASA

# Petroleum Geo-Services ASA

*Operational Update and Market Comments*



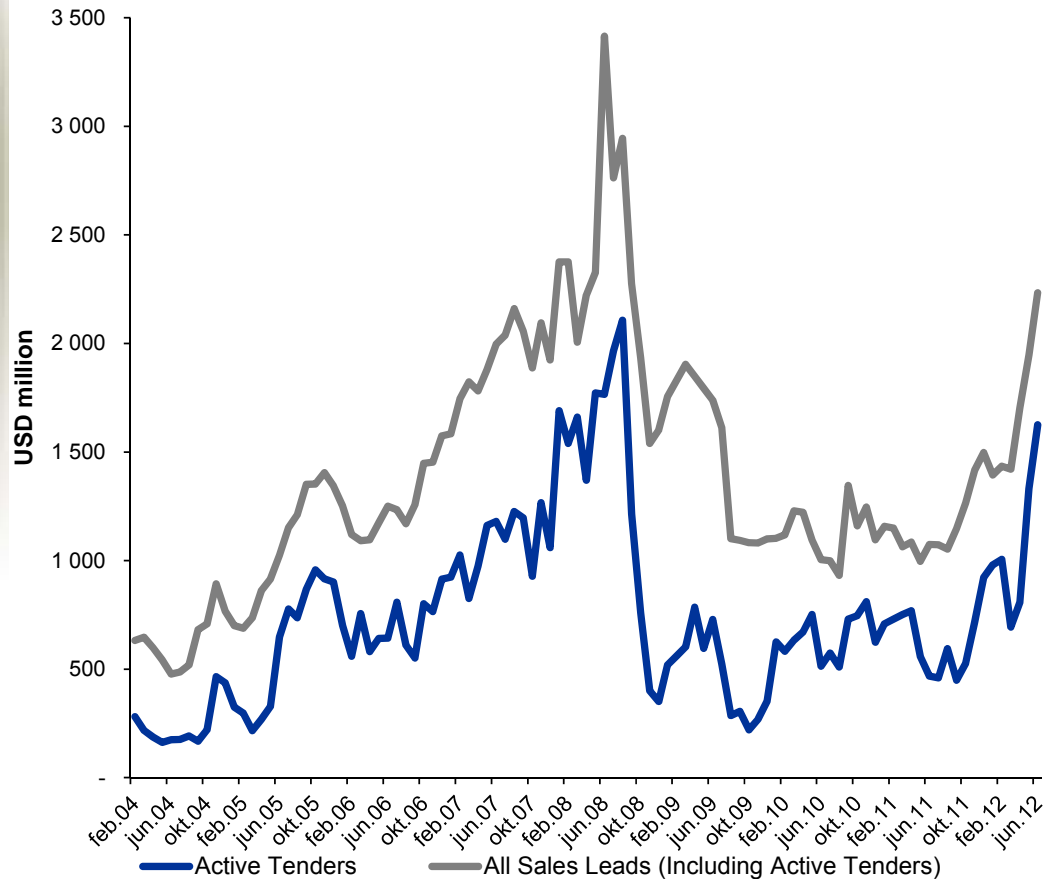
# Streamer Operations July 2012







## Increase in Market Activity



- Good rebound in Active Tenders and All Sales Leads
  - Bid requests made earlier
  - Larger contracts
  - Higher value due to increased pricing
  - Impacts visibility positively
- Significant bid opportunities in all regions

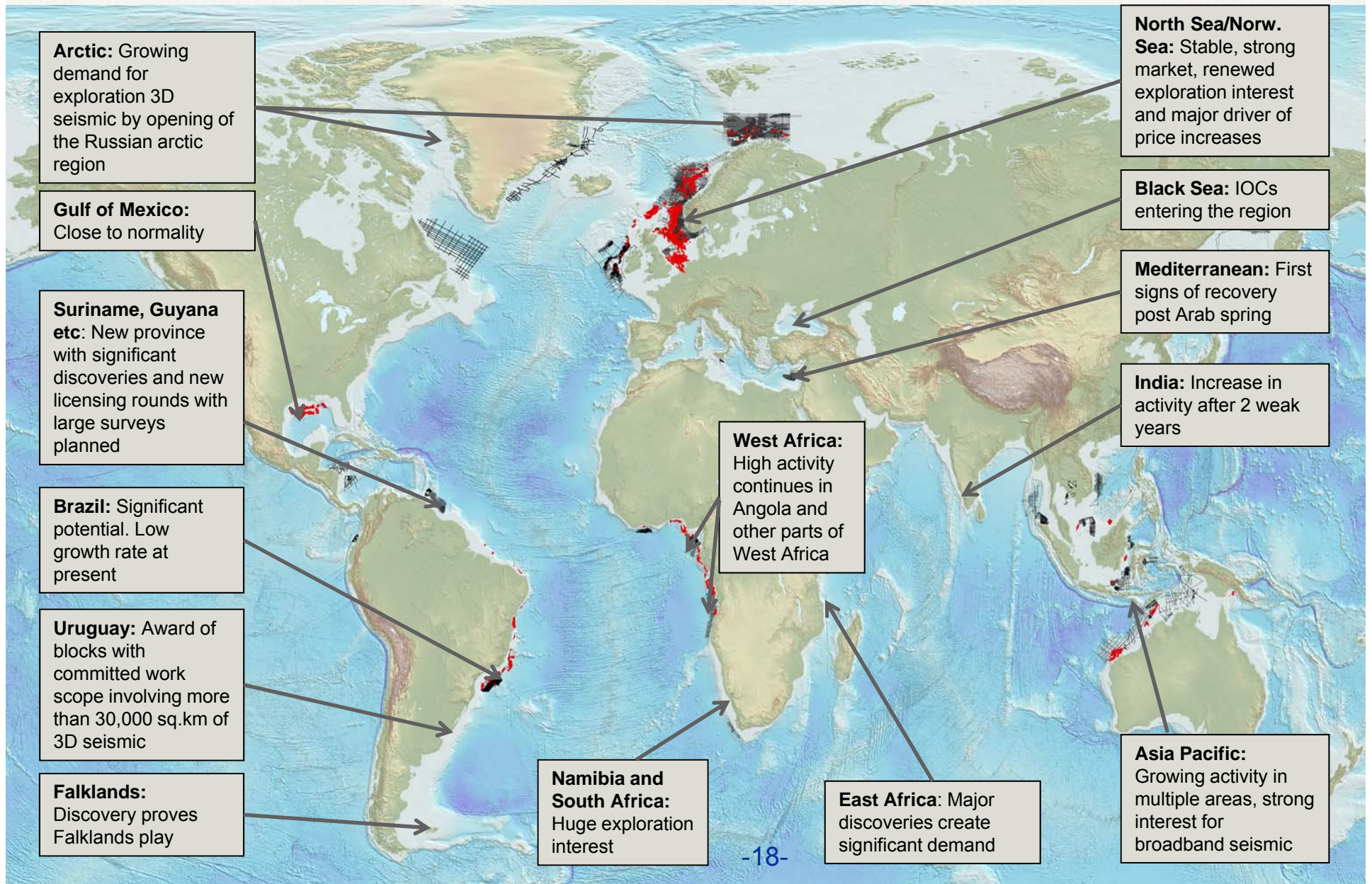


Proportion of bids requiring broadband seismic continues to increase

Source: PGS internal estimate as of end June 2012. Value of active tenders and sales leads are the sum of active tenders and sales leads with a probability weight and represents Marine 3D contract seismic only.

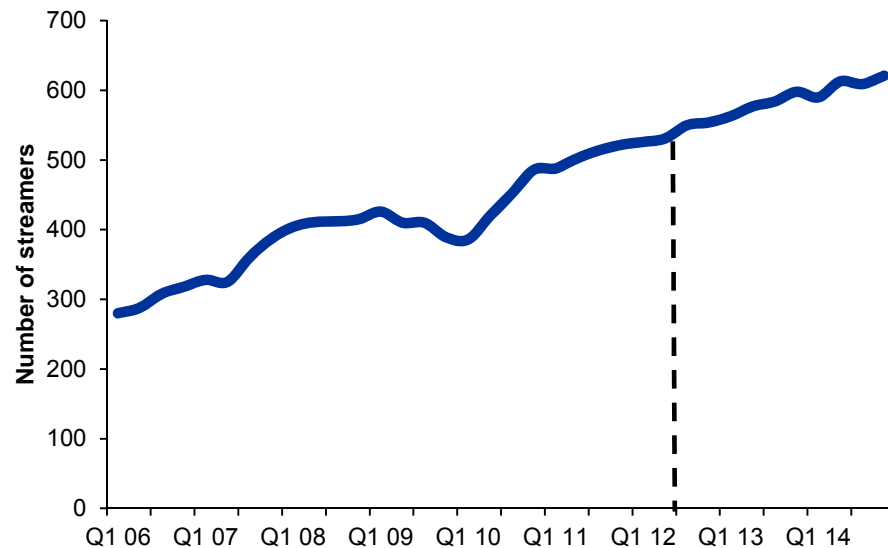
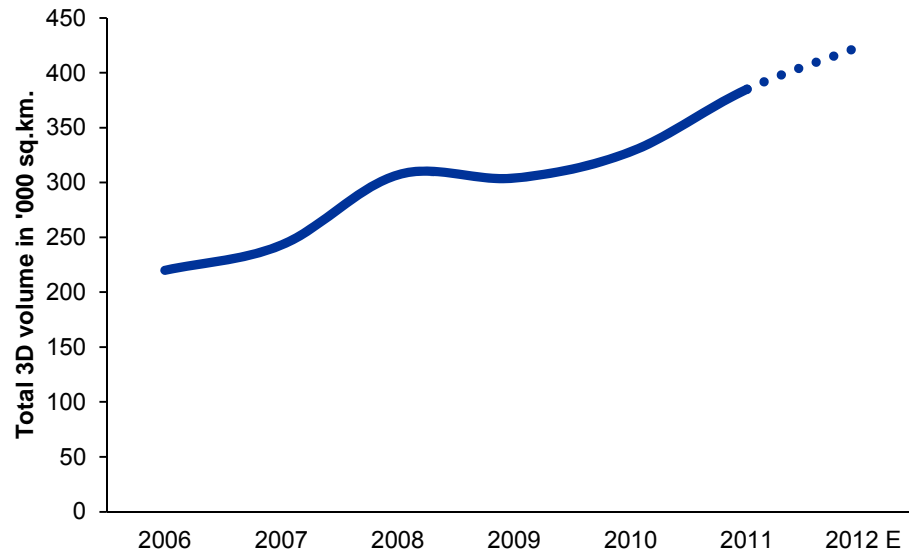


# Seismic Demand Expected to Continue to Grow





## Healthy Growth in Demand – While Supply Tapers Off










- From 2006 to end 2011 demand for seismic has grown by more than 70% measured in sq.km.
  - HD3D is growing quicker than the general market
- Growth in '12 is expected to be in excess of 10%
- Expected capacity increases
  - 6% increase in 2012
  - 6% increase in 2013
  - 4% increase in 2014

Source to both graphs: PGS internal estimates.



# Continuously Ahead of Competition

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

PGS builds vessels to optimize cost and efficiency over the vessels' useful life

New build program on track

The market continues to demand larger vessels with more streamers, longer streamers & wider and denser streamer spreads

The oldest Ramform is still among the most productive vessels in the industry



Petrobras HD4D Program Completed:

## A Record Breaking Achievement

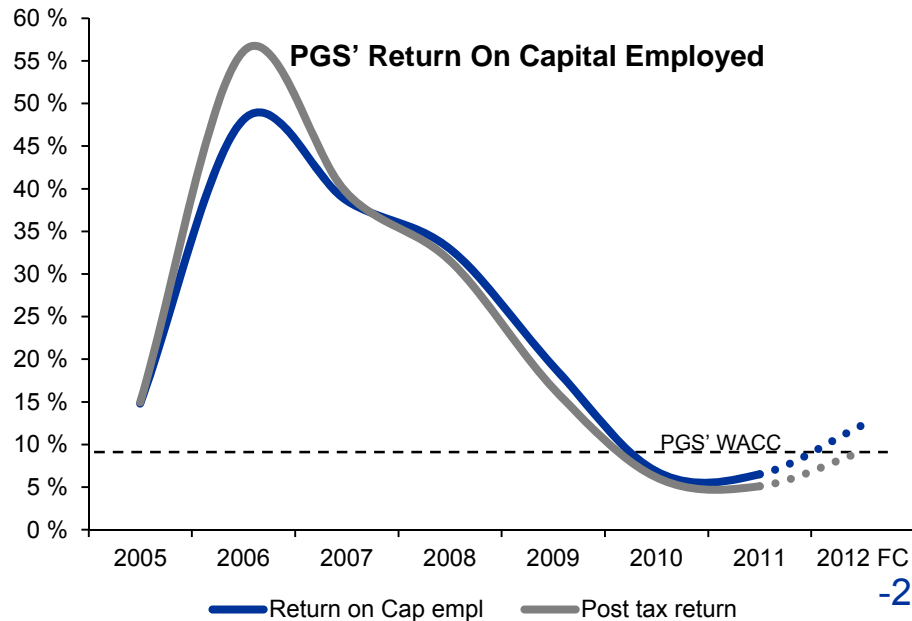
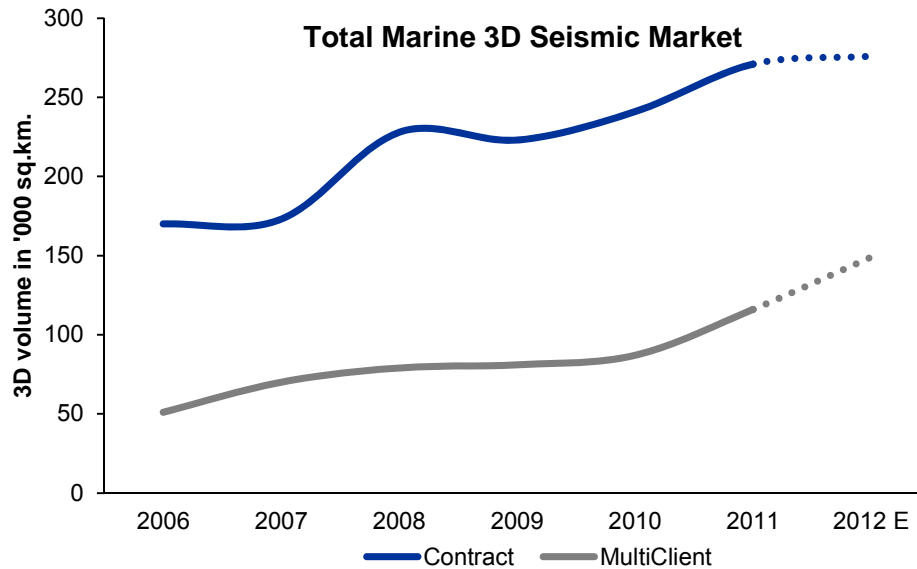
- *Ramform Sovereign* started on the HD4D contract with Petrobras in early October 2008, and completed July 16, 2012
- A number of industry records achieved:
  - **Largest HD4D streamer spread ever towed**; 113.4 km of streamers in the water
  - **Longest continuous deployment time** of an HD4D spread; in the water for 9.5 months continuously
  - **Largest HD4D program ever acquired**
- Sail distance of approximately 3.3 times around the world @ equator



These records could not be achieved without a very competent and committed crew, an excellent vessel and solid onshore support



# MultiClient Share is Increasing

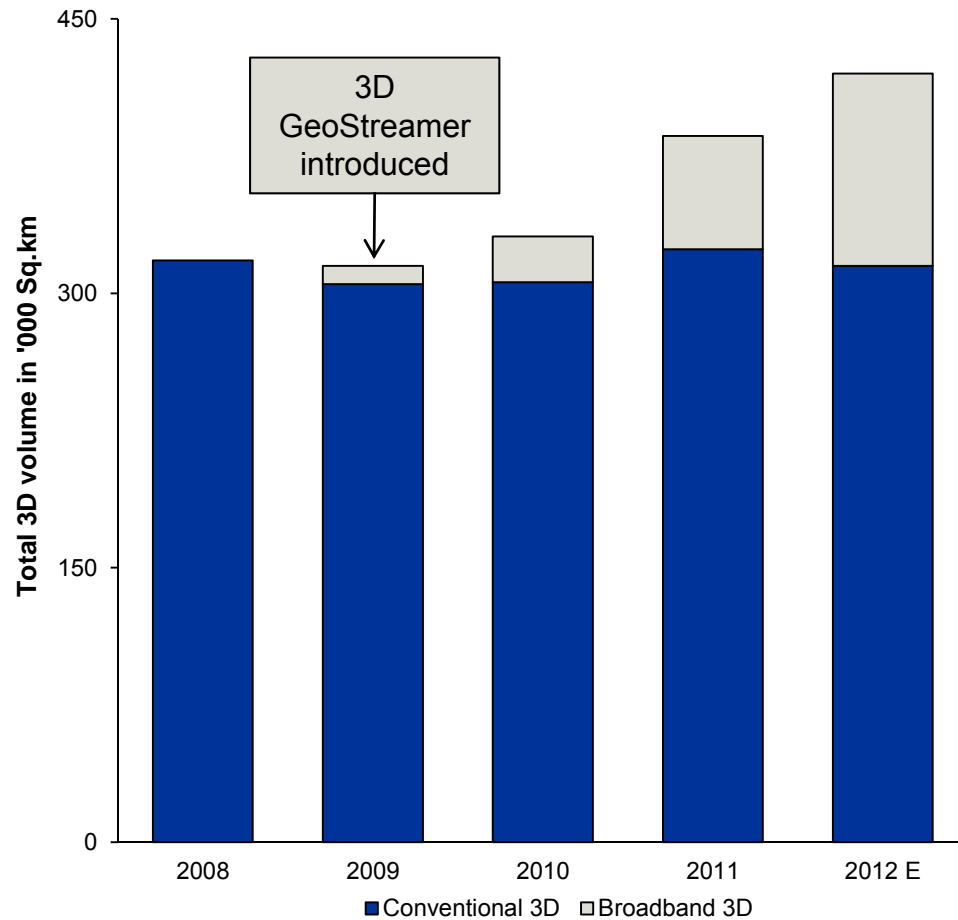


- Raises barriers to entry for the industry
- Delivers higher profitability and less volatility through cycles
- Requires more capital discipline
  - Hence PGS' focus on robust pre-funding and conservative amortization
- Optimizes PGS' differentiation through leading edge technology
- Will enable PGS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



# Strong Demand Growth for Broadband Seismic

PGS Very Well Positioned with GeoStreamer



- Oil companies gain more experience and confidence as the broadband technology becomes more commonly used
- Proportion of bids requiring broadband seismic is increasing
- Broadband offering is polarizing the seismic market
- Approximately 95% of PGS capacity is high-end or GeoStreamer

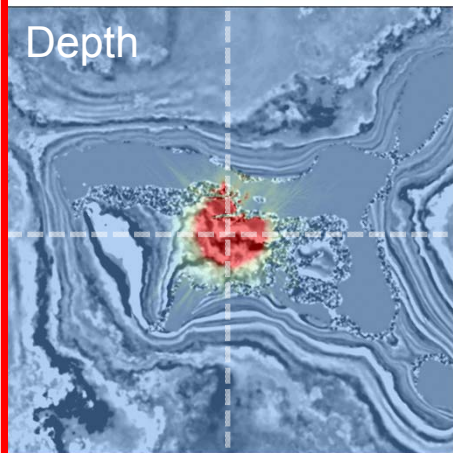


GeoStreamer initiated the most significant industry change since introduction of 3D seismic



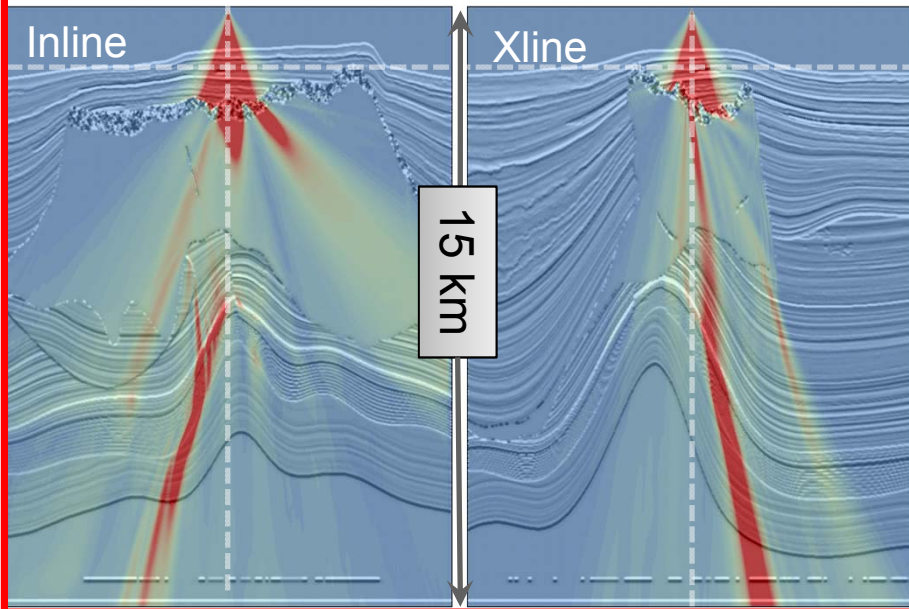
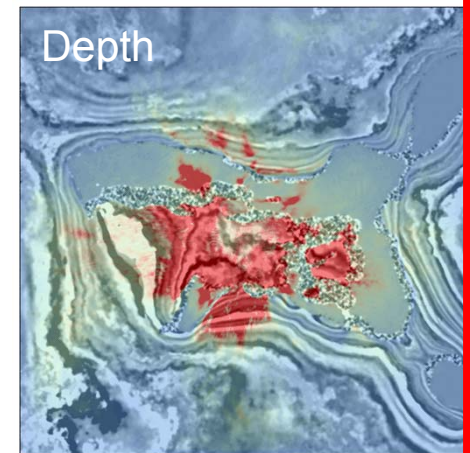
# Launch of SWIM – GeoStreamer Enhanced Imaging

## Separated Wavefield Imaging

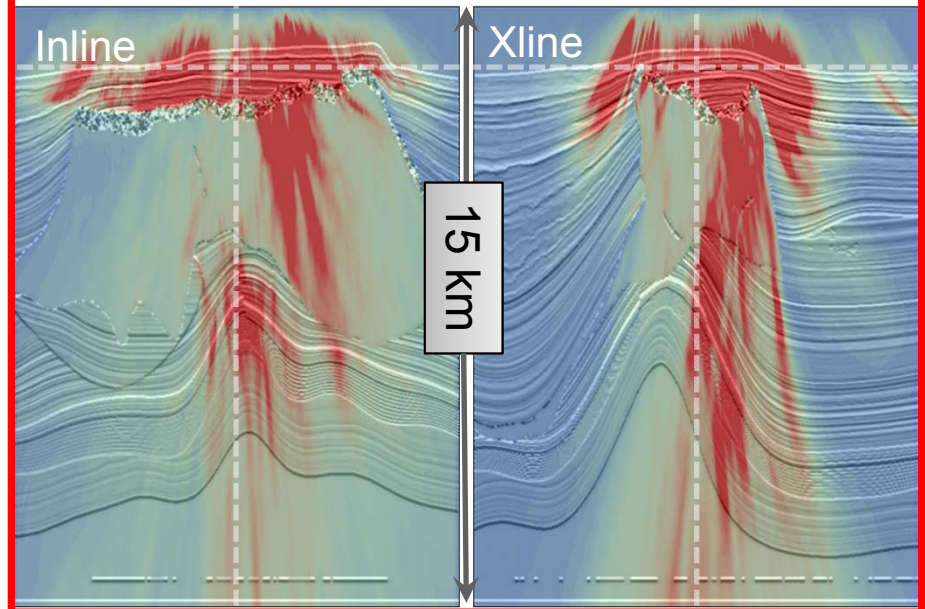


- Processing of conventional streamer data only uses primaries for subsurface imaging, which leads to limited illumination

- GeoStreamer separates up- and down-going wavefields allowing for illumination with multiples, which enhances data quality significantly



Illumination by primaries



Illumination by multiples

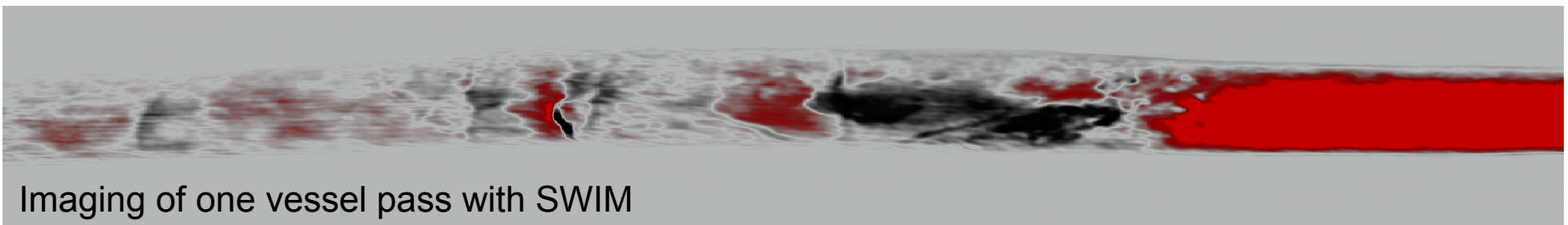




## SWIM – a Step Change for Imaging and Acquisition

- Enhanced illumination leads to:
  - Sharper definition of the subsurface → improved imaging
  - Imaging of shallow targets with wider streamer spread → higher productivity
  - Extended coverage close to obstacles → less undershooting
  - Decreased need for infill → higher productivity
  - Reduced overlap between vessel passes → higher productivity
  - Increased resolution with same number of streamers → higher productivity

### SWIM Extended Coverage:



Existing GeoStreamer data can be reprocessed with SWIM



## PGS Outlook



- Oil companies are proactive in securing capacity and the market momentum going into 2013 looks good
- High bidding activity in all regions drives visibility and pricing
- Several large and attractive MultiClient projects and Contract jobs in the pipeline
- GeoStreamer demand is stronger than ever
  - 2 new GeoStreamer vessels in 2013
- Comfortable order book with good visibility into Q1 2013
- Uncertain macro environment



## 2012 Guidance Increased

- EBITDA in the range of USD 750-800 million
- MultiClient cash investments in the range of USD 260-300 million
  - Pre-funding level of approximately 150%
- Capital expenditures in the range of USD 350-400 million
  - Of which approximately USD 200 million to new build program



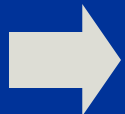
## In Conclusion – A Focused Marine Seismic Company



- Excellent performance in all units driven by strong operations
- Productivity & scale
  - Building new Ramform Titan-class vessels
  - Leading 3D MultiClient library return



- Leading edge Data Processing capabilities
- Technology differentiation
- Proactive financial management



Competitively Positioned – Performance Through the Cycle



# Unaudited Second Quarter and First Half 2012 Results



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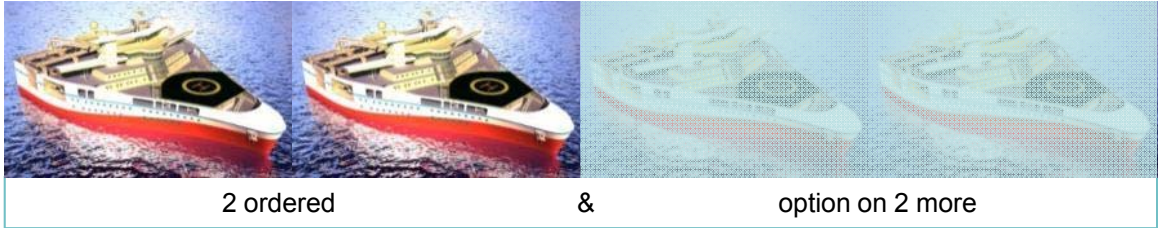


# Appendix: PGS' Fleet Overview

## Ramforms

## Conventional

5<sup>th</sup> Gen



*PGS Apollo*

S-class



*Atlantic Explorer*

V-class



*Pacific Explorer*



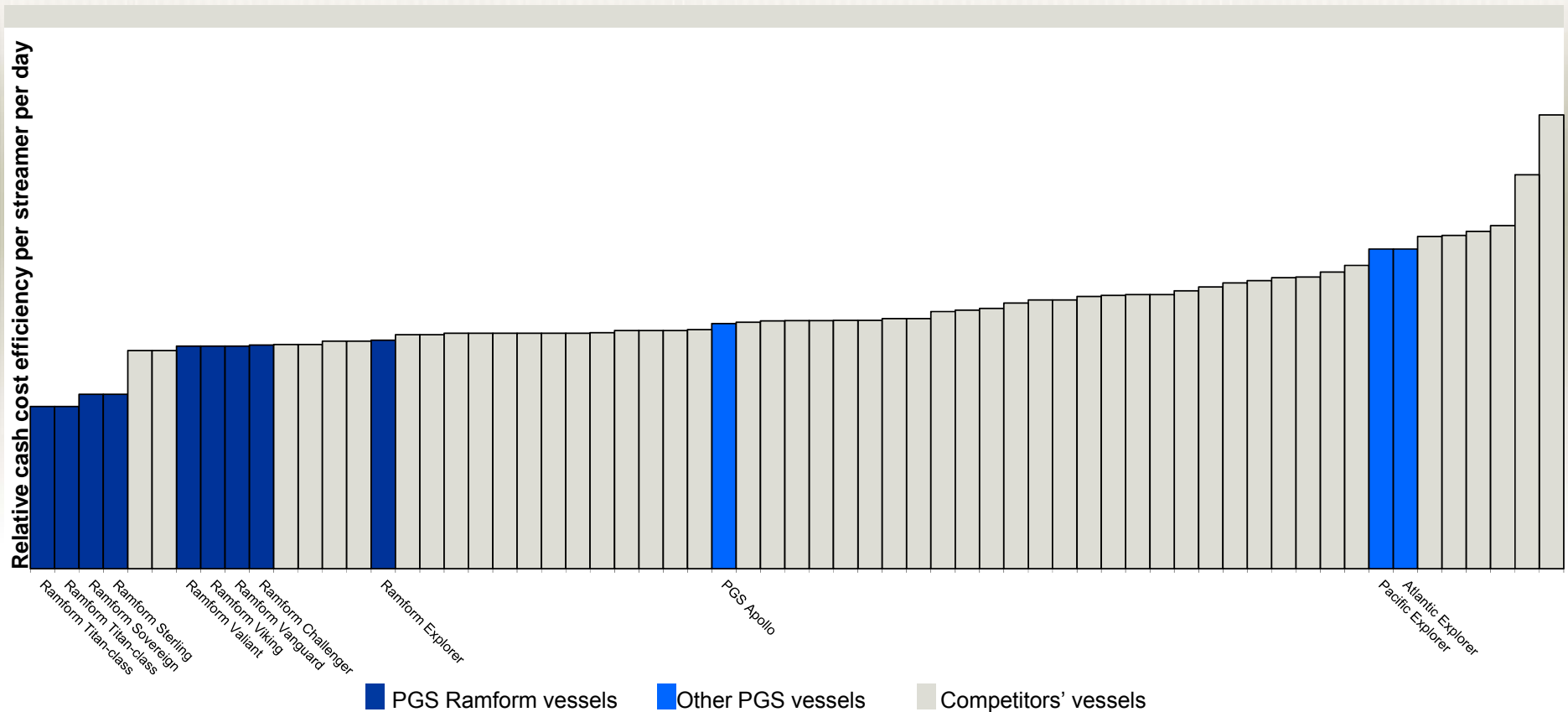
## 2D

*Nordic Explorer*

*Sanco Spirit*



# Favorably Positioned on the Industry Cost Curve



 **PGS fleet is the most cost effective fleet in the industry**

Source: The cash cost curve is based on PGS' internal estimates and typical number of streamer towed, and excludes GeoStreamer productivity effect. The graph shows all seismic vessels operating in the market and announced new-builds. The Ramform 9&10 are incorporated with 15 streamers, S-class with 14 streamers and the V-class with 12 streamers.



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



- **Ramform S-class**

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

- **Ramform V-class**

- 17 streamer tow with 50 meter  
separation





## Main Yard Stays Next 6 Months



Vessel	When	Expected Duration	Type of Yard Stay
<i>Ramform Sterling</i>	Scheduled September 2012	Approximately 7 days	Intermediate class
<i>Ramform Valiant</i>	Scheduled November 2012	Approximately 22 days	Renewal class
<i>Ramform Explorer</i>	Scheduled December 2012 / January 2013	Approximately 16 days	Intermediate class
<i>Ramform Sovereign</i>	Scheduled January 2013	Approximately 16 days	Renewal class



## Robust Financing with Good Maturity Profile

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