# Unaudited Second Quarter and First Half 2013 Results

Oslo, July 25, 2013

## 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 2013 results and the disclosures therein

# Technology Differentiation Paying Off


- Delivery of the world's most advanced seismic vessel: the *Ramform Titan*

- Q2 profitability driven by good marine contract performance, technology differentiation and an attractive MultiClient library

- Q2 2013 financial performance:
  - EBIT of USD 110.6 million. A margin of 29%
  - Net cash from operations of USD 271.3 million, up 54% from Q2 2012
  - Record Q2 MultiClient late sales of USD 90.2 million

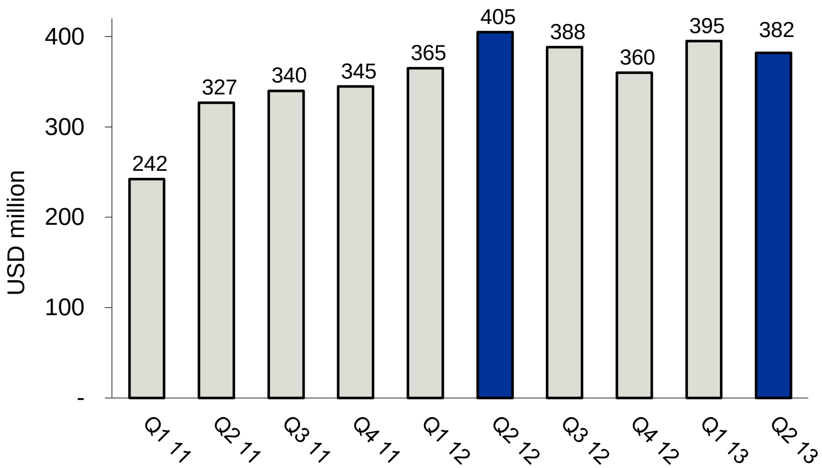
- Average 2013 marine contract prices expected 10-15% above average 2012 pricing

- 2013 MultiClient pre-funding level expected to be approximately 110% of capitalized cash investment

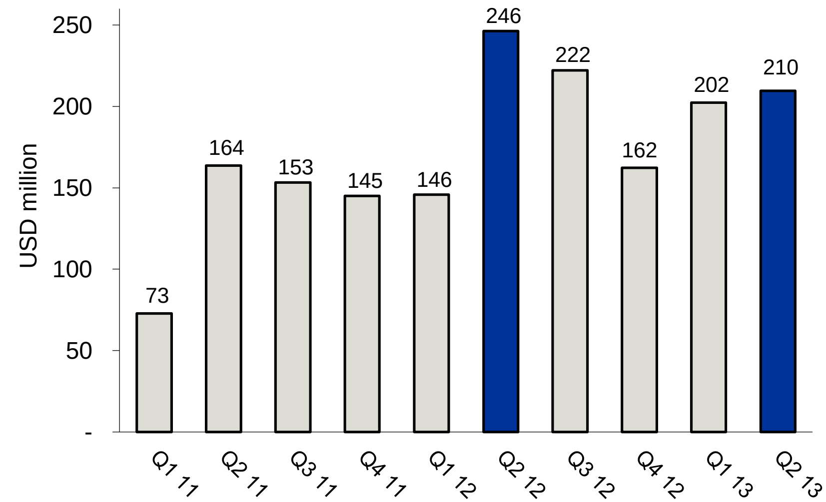
**Full year 2013 EBITDA guidance of USD 900-950 million**

# Financial Summary

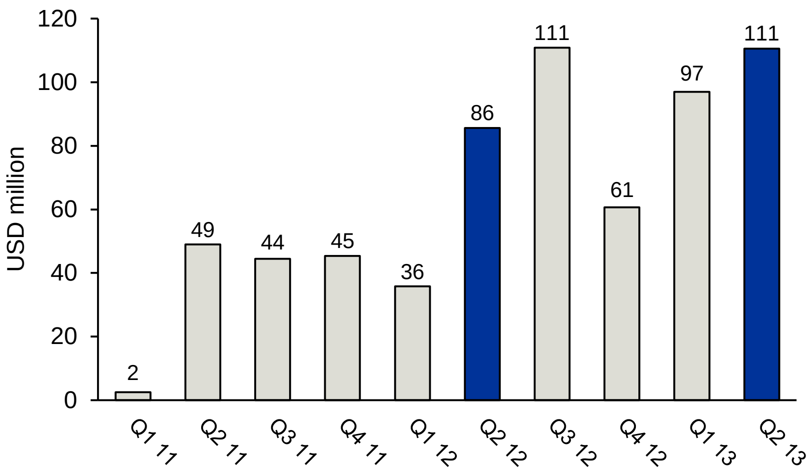
**Revenues**



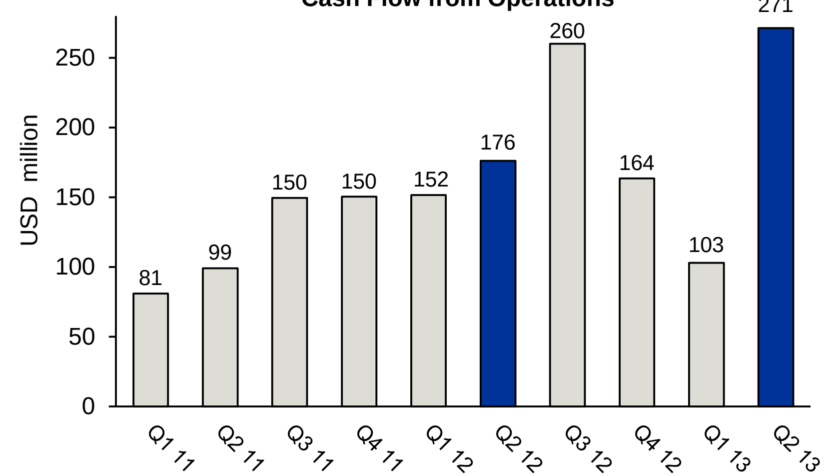

**EBITDA***




**EBIT****




**Cash Flow from Operations**




*EBITDA, when used by the Company, means EBIT less other operating (income) expense, impairments of long-term assets and depreciation and amortization.

**Excluding impairments of USD 0.1 million in Q4 2012, USD 2.6 million in Q4 2011 and reversal of impairment of USD 0.9 million in Q2 2012.

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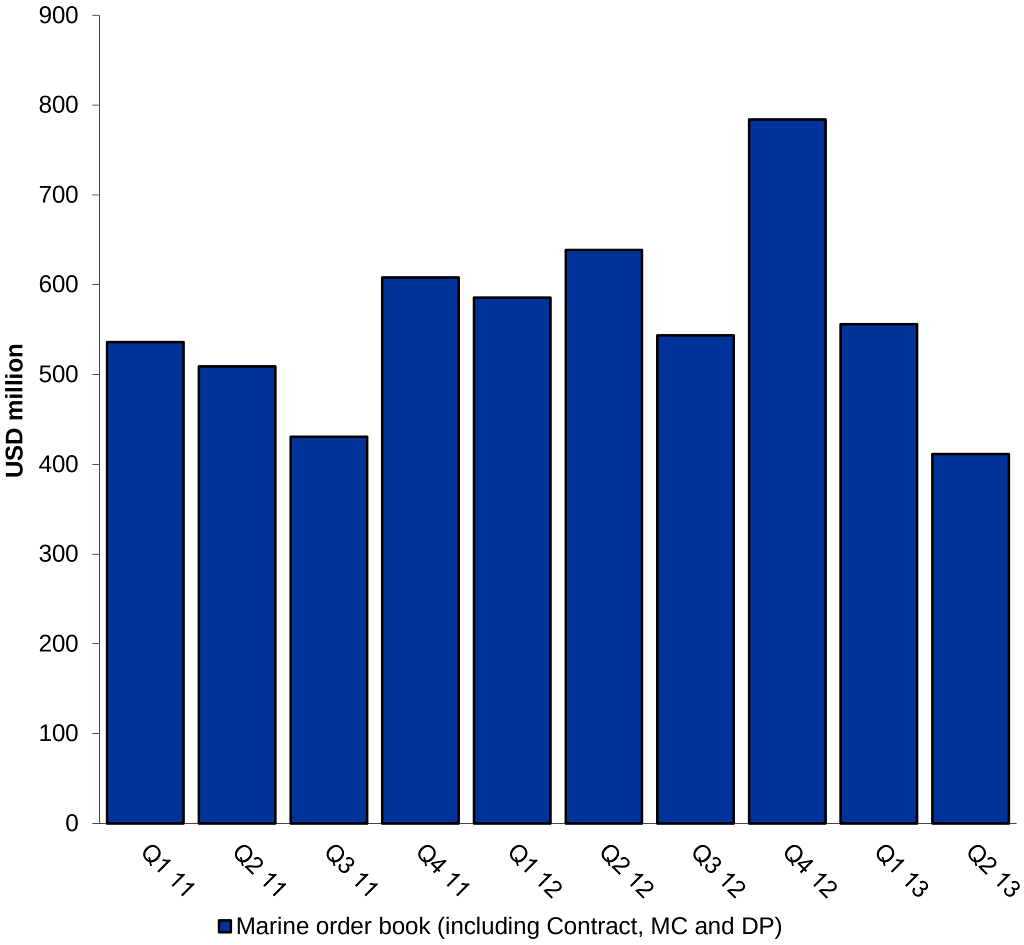
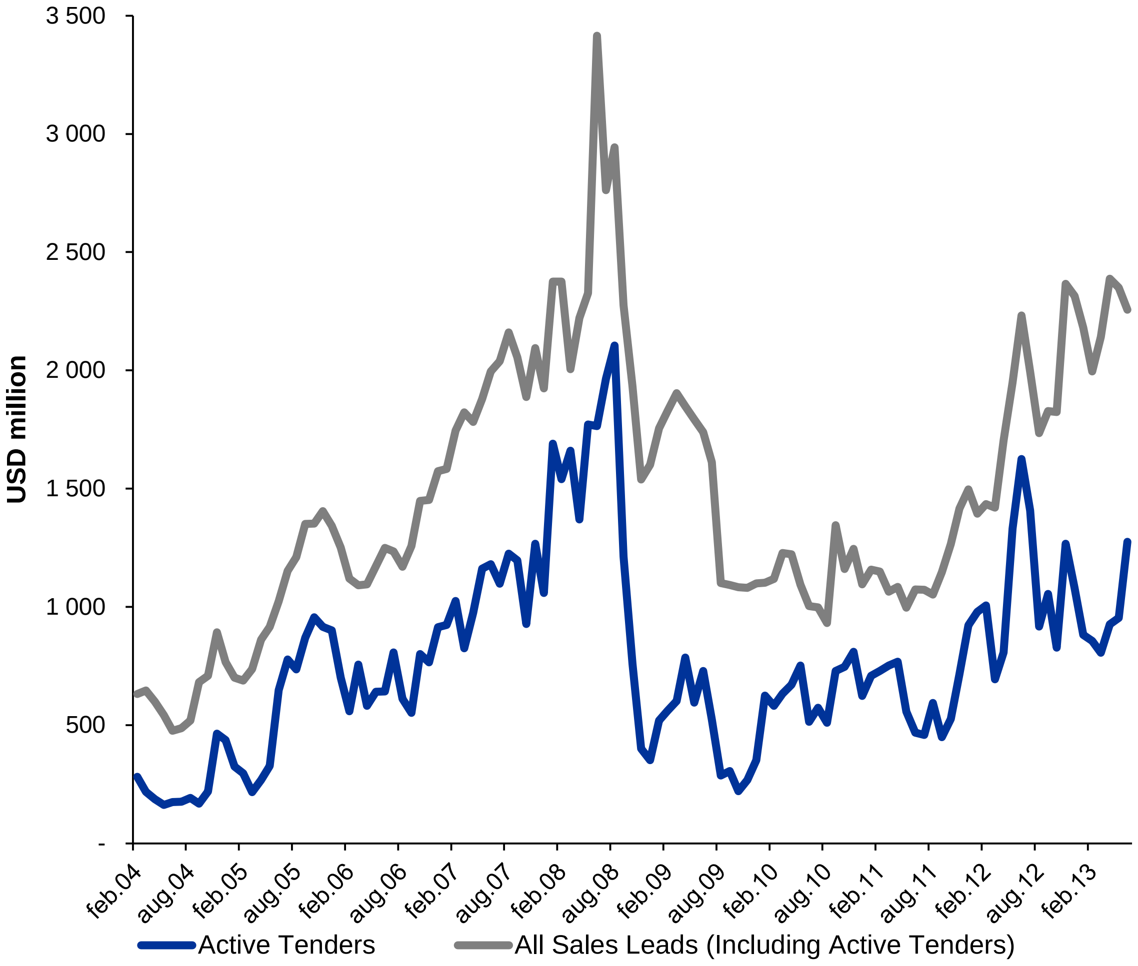
## Order book:
# Focus on Price Optimization




- Order book end Q2 of USD 446 million
  - Unit pricing maintained
  - Backlog down partly due to higher MultiClient share in 2H
- Good order intake after Q2 close
- Vessel booking*
  - Almost fully booked for Q3 2013
  - ~60% booked for Q4 2013
  - ~30% booked for Q1 2014

*As of mid July, 2013

# Sales Leads Increasingly Transforming Into Active Tenders

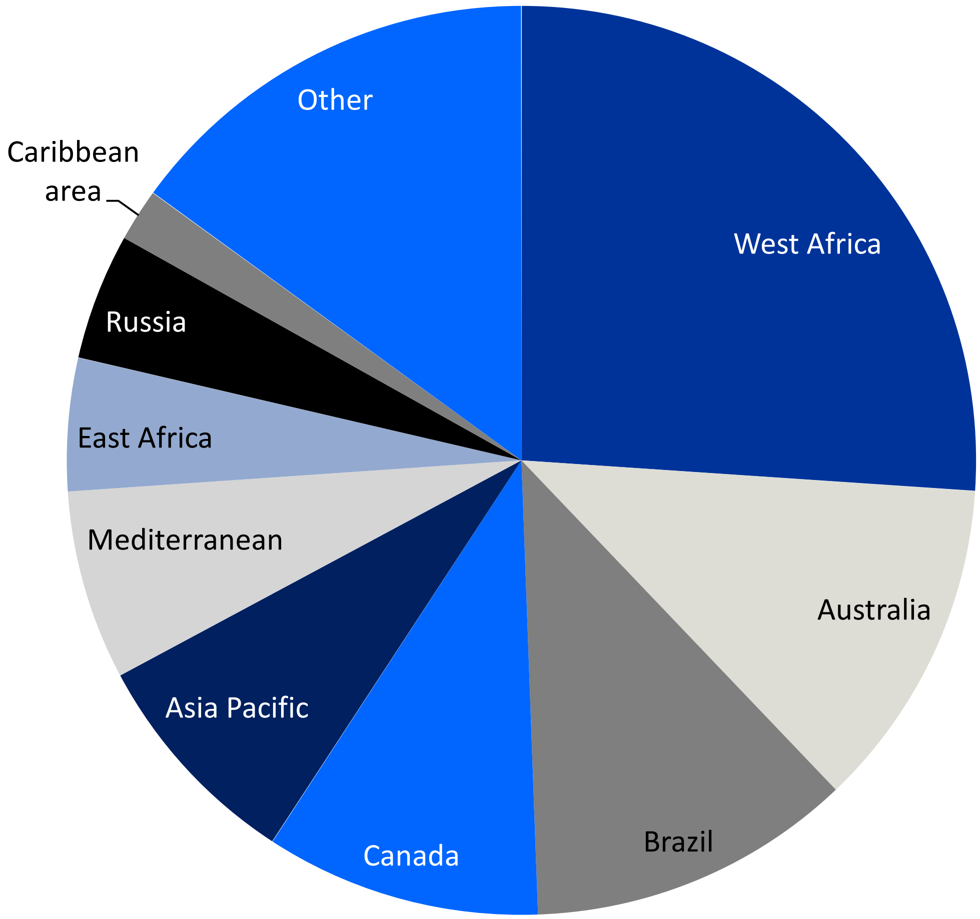



- Sustained high “Sales Leads” level
- Good increase in “Active Tenders”
  - Improving bid pipeline going into winter season and 2014
  - Survey size continues to increase

Proportion of bids favoring GeoStreamer continues to increase

Source: PGS internal estimate as of end June 2013. 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.

# Geographical Distribution of Sales Leads Q2 2013




- Good sales leads in most regions
- Majority of sales leads for the North Sea season 2014 not out in the market yet
- Significant increase in Brazil sales leads
- Africa expected to be active during the winter season

PGS internal estimate as of end June 2013. 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.

# Petroleum Geo-Services ASA

*Financials*

*Unaudited Second Quarter and First Half 2013 Results*

# Consolidated Statement of Operations Summary

| | Quarter ended June 30 | | | Six months ended June 30 | | |
|---|---|---|---|---|---|---|
| USD million (except per share data) | 2013 | 2012 | % change | 2013 | 2012 | % change |
| Revenues | 381.7 | 404.8 | -6 % | 776.5 | 769.9 | 1 % |
| EBITDA* | 209.6 | 246.2 | -15 % | 411.9 | 391.9 | 5 % |
| Operating profit (EBIT) | 110.6 | 86.6 | 28 % | 207.4 | 122.4 | 69 % |
| Net financial items | (13.3) | (21.2) | 37 % | (22.2) | (40.8) | 46 % |
| Income (loss) before income tax expense | 97.3 | 65.4 | 49 % | 185.2 | 81.6 | 127 % |
| Income tax expense (benefit) | 25.8 | 19.5 | 32 % | 51.2 | 23.1 | 122 % |
| Net income to equity holders | 71.5 | 45.9 | 56 % | 134.0 | 58.5 | 129 % |
| EPS basic | $0.33 | $0.21 | 57 % | $0.62 | $0.27 | 130 % |
| EBITDA margin* | 54.9 % | 60.8 % | | 53.0 % | 50.9 % | |
| EBIT margin | 29.0 % | 21.4 % | | 26.7 % | 15.9 % | |

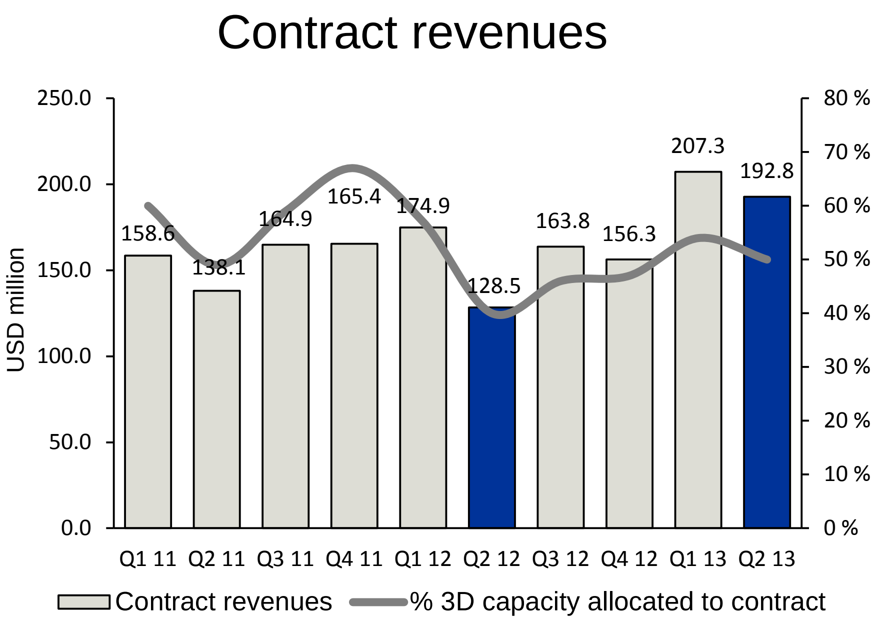
- Net financial costs significantly reduced:
  - Higher capitalized interest relating to construction of vessels
  - Reduction of foreign currency loss and other financial expenses (fair value adjustment of financial instruments)

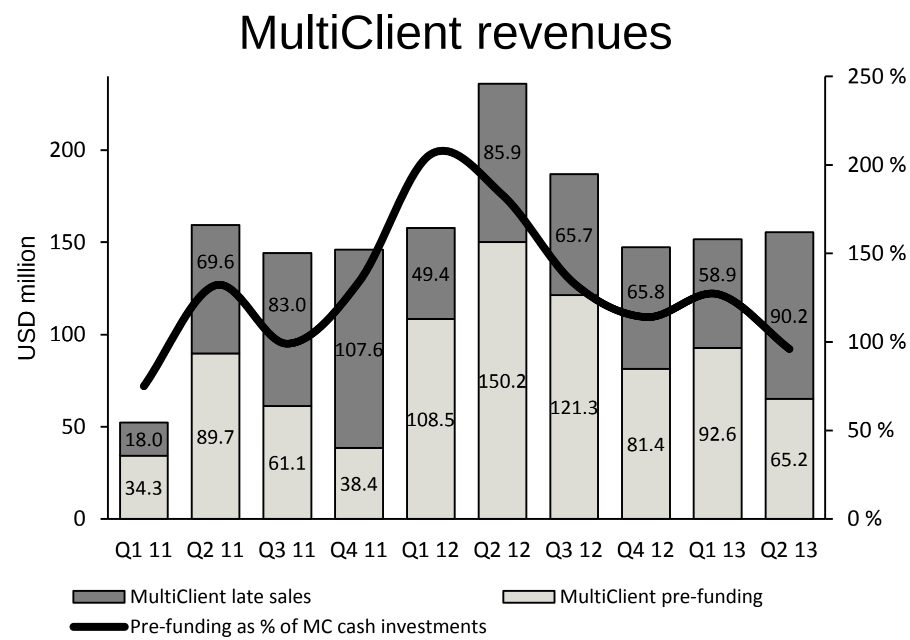
- Reported tax rate of 26.5%. Favorable effect of operating vessels in the Norwegian Tonnage Tax Regime was offset by tax impact of currency changes (stronger USD) in the quarter

*EBITDA, when used by the Company, means EBIT less other operating (income) expense, impairments of long-term assets and depreciation and amortization.

The accompanying unaudited financial information has been prepared under IFRS. This information should be read in conjunction with the unaudited second quarter and first half 2013 results, released on July 25, 2013.

# Q2 2013 Highlights

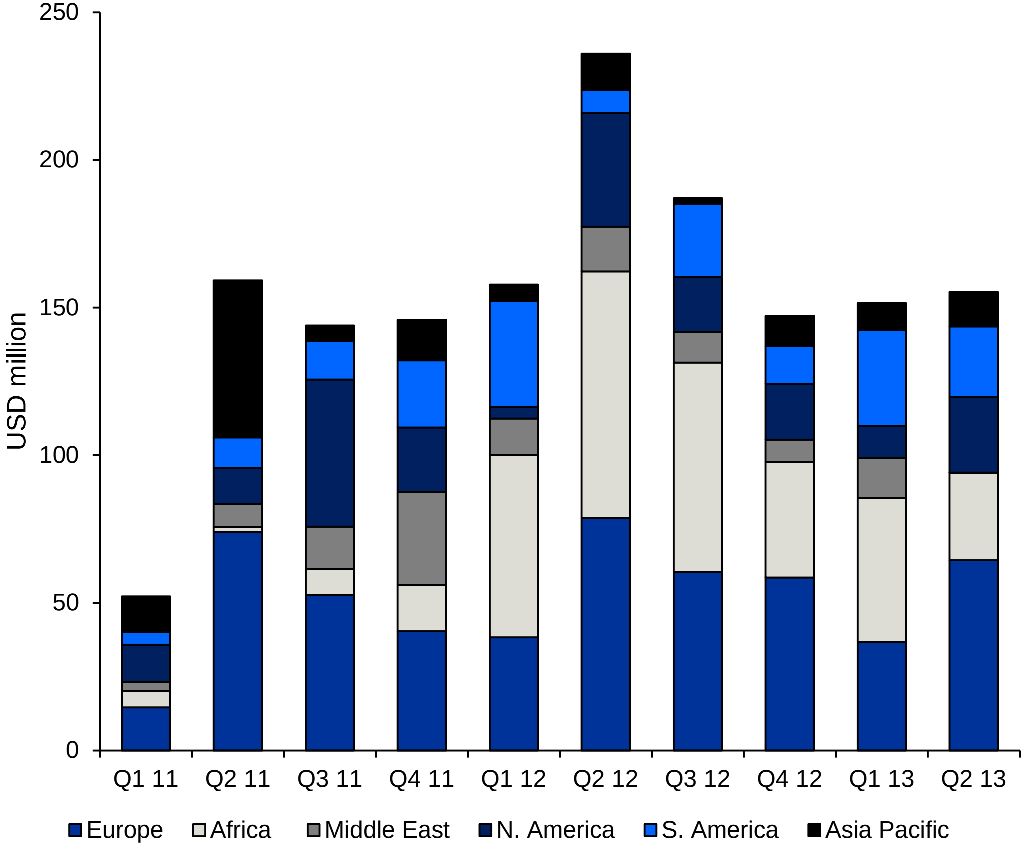



- Marine Contract revenues of USD 192.8 million, an increase of 50% compared to Q2 2012, with an EBIT margin of 29%
- Total MultiClient revenues of USD 155.4 million in Q2 2013
  - Record Q2 late sales of USD 90.2 million
  - Q2 pre-funding of 96% of MultiClient cash investment
- External Data Processing revenues of USD 28.8 million

# MultiClient Revenues per Region

## Pre-funding and Late Sales Revenues Combined

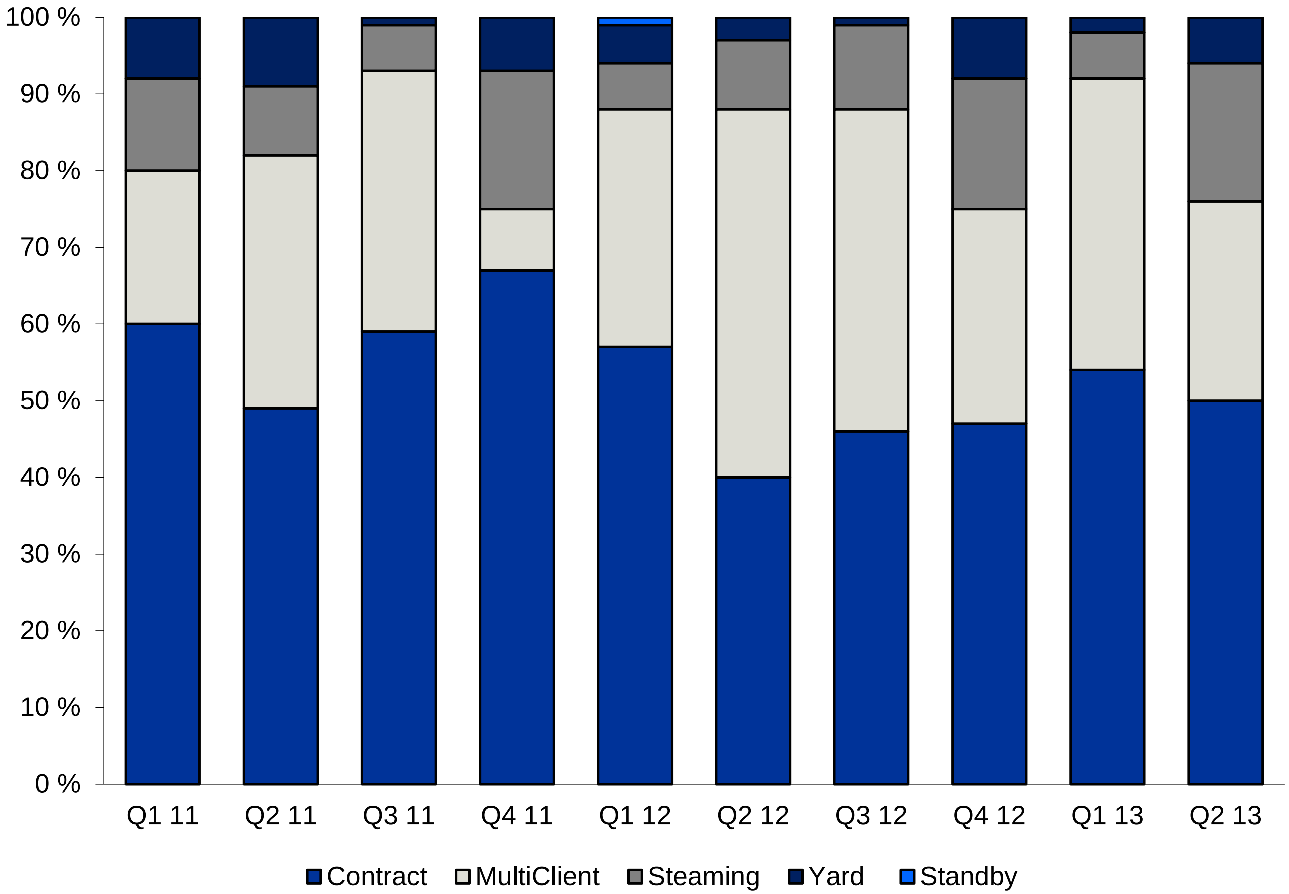



- Record Q2 late sales driven by Europe
- Pre-funding revenues were highest in South America and Africa
- Full year 2013 pre-funding level to be approximately 110% of MultiClient cash investment

26% of total vessel time was used for MultiClient in Q2 2013

# Vessel Utilization

## Seismic Streamer 3D Fleet Activity in Streamer Months




- Strong vessel utilization expected in Q3 2013
- Q4 2013 will be impacted by moving vessels out of the North Sea and yard stays

76% active vessel time in Q2 2013

# Key Operational Figures

| USD million | 2013 Q2 | 2013 Q1 | 2012 Q4 | 2012 Q3 | 2012 Q2 | 2012 Q1 |
|---|---|---|---|---|---|---|
| Contract revenues | 192.8 | 207.3 | 156.3 | 163.8 | 128.5 | 174.9 |
| MultiClient Pre-funding | 65.2 | 92.6 | 81.4 | 121.3 | 150.2 | 108.5 |
| MultiClient Late sales | 90.2 | 58.9 | 65.8 | 65.7 | 85.9 | 49.4 |
| Data Processing | 28.8 | 27.1 | 32.3 | 33.1 | 31.7 | 27.3 |
| Other | 4.7 | 8.9 | 24.3 | 4.3 | 8.6 | 4.9 |
| **Total Revenues** | **381.7** | **394.8** | **360.1** | **388.3** | **404.8** | **365.0** |
| Operating cost | (172.1) | (192.5) | (197.9) | (166.2) | (158.7) | (219.3) |
| **EBITDA**** | **209.6** | **202.3** | **162.2** | **222.1** | **246.2** | **145.7** |
| Other operating income | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.5 |
| Depreciation | (38.8) | (37.5) | (37.7) | (33.0) | (31.4) | (37.6) |
| MultiClient amortization | (60.4) | (68.2) | (64.0) | (78.5) | (129.3) | (72.8) |
| **EBIT*** | **110.6** | **96.8** | **60.7** | **110.9** | **85.6** | **35.8** |
| | | | | | | |
| CAPEX, whether paid or not | (199.9) | (71.4) | (139.5) | (76.6) | (84.1) | (67.9) |
| Cash investment in MultiClient | (68.1) | (72.9) | (71.3) | (91.4) | (82.0) | (52.7) |
| | | | | | | |
| **Order book** | **446** | **592** | **829** | **608** | **689** | **655** |

*Excluding impairments of long-term assets of USD 0.1 million in Q4 2012 and reversal of impairments of USD 0.9 million in Q2 2012.
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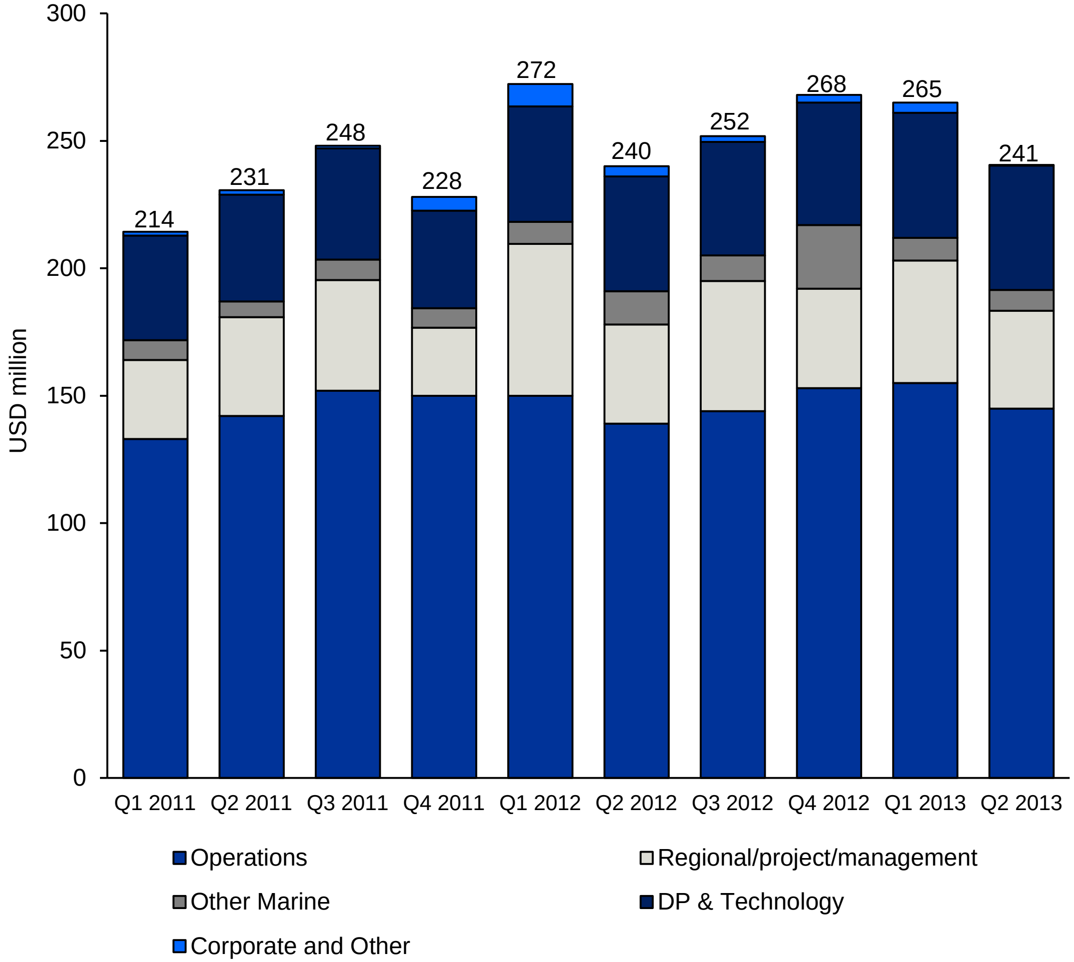
# Group Cost* Development




- Favorable Q2 cost development, primarily from non-recurring factors
  - Deferred steaming cost
  - Capitalization of yard cost
- Q3 costs will be higher than in Q2
  - *Ramform Titan* in operation
  - More steaming cost expensed

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

# Consolidated Statements of Cash Flows Summary

| | Quarter ended June 30 | | Six months ended | |
|---|---|---|---|---|
| USD million | 2013 | 2012 | 2013 | 2012 |
| Cash provided by operating activities | 271.3 | 176.5 | 374.0 | 328.1 |
| Investment in MultiClient library | (68.1) | (82.0) | (141.0) | (134.7) |
| Capital expenditures | (197.7) | (78.8) | (275.8) | (142.2) |
| Other investing activities | (7.4) | (10.2) | (15.5) | (13.6) |
| Financing activities | 20.0 | (67.0) | (2.3) | (263.4) |
| **Net increase (decr.) in cash and cash equiv.** | **18.1** | **(61.5)** | **(60.6)** | **(225.8)** |
| Cash and cash equiv. at beginning of period | 311.6 | 260.4 | 390.3 | 424.7 |
| **Cash and cash equiv. at end of period** | **329.7** | **198.9** | **329.7** | **198.9** |

- Strong cash from operating activities driven by improved earnings and favorable working capital development
- Half of the USD 250 million Japanese export credit financing was drawn at delivery of the *Ramform Titan* in Q2 2013
- Payment of the 2012 dividend of USD 60.9 million and USD 16.5 million share buyback in Q2

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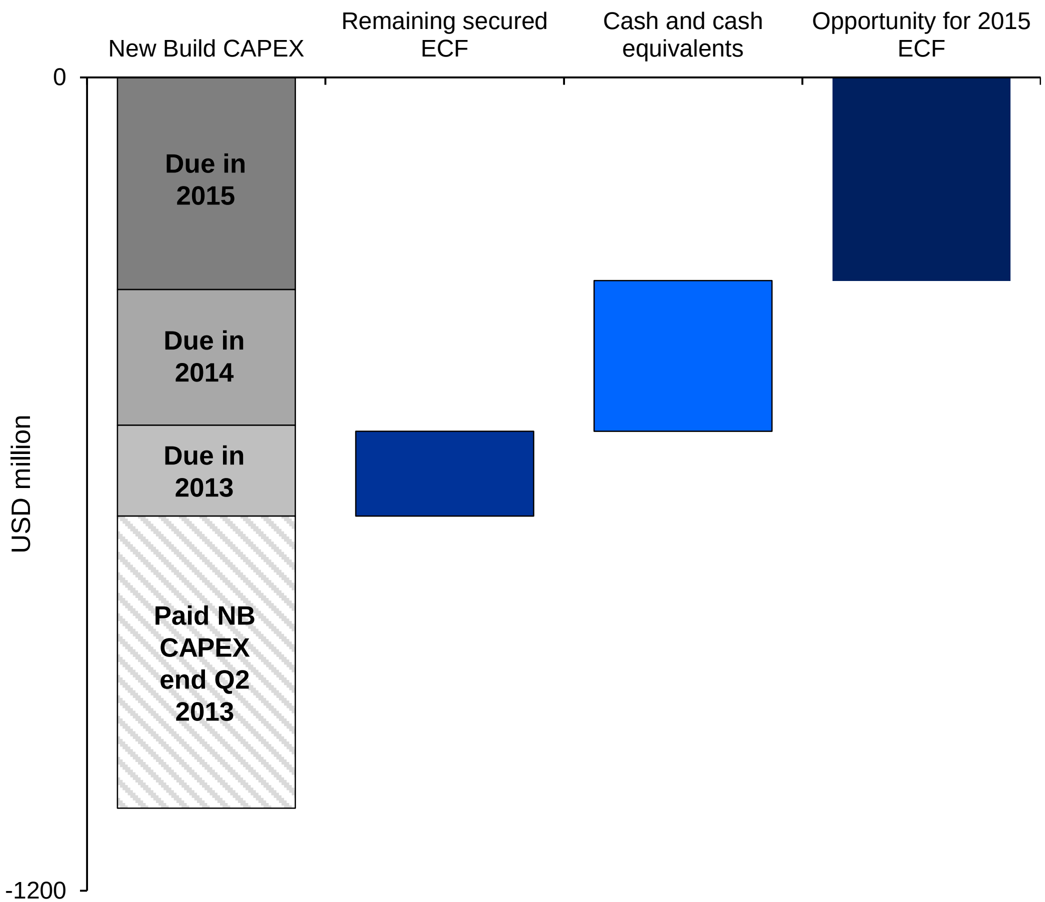
# Sources to Finance Remaining New Build CAPEX




- PGS is seeking an opportunity to raise the financing for the two last vessels which are scheduled to be delivered in 2015 through the Japanese Export Credit Financing (ECF) scheme
- Cash from operations and extension of the Revolving Credit Facility will secure sufficient liquidity buffer and maintain a conservative balance sheet

# Strong Balance Sheet Position - Key Figures

| | June 30 | | December 31 |
|---|---|---|---|
| USD million | 2013 | 2012 | 2012 |
| Total assets | 3 444.6 | 2 930.5 | 3 275.6 |
| MultiClient Library | 438.1 | 318.8 | 382.3 |
| Shareholders' equity | 1 962.7 | 1 760.4 | 1 911.5 |
| Cash and cash equiv. | 329.7 | 198.9 | 390.3 |
| Restricted cash | 90.7 | 88.4 | 92.3 |
| Liquidity reserve | 679.7 | 548.9 | 740.3 |
| Gross interest bearing debt * | 1 046.1 | 771.5 | 921.6 |
| Net interest bearing debt | 617.2 | 441.9 | 435.6 |

*Includes capital lease agreements

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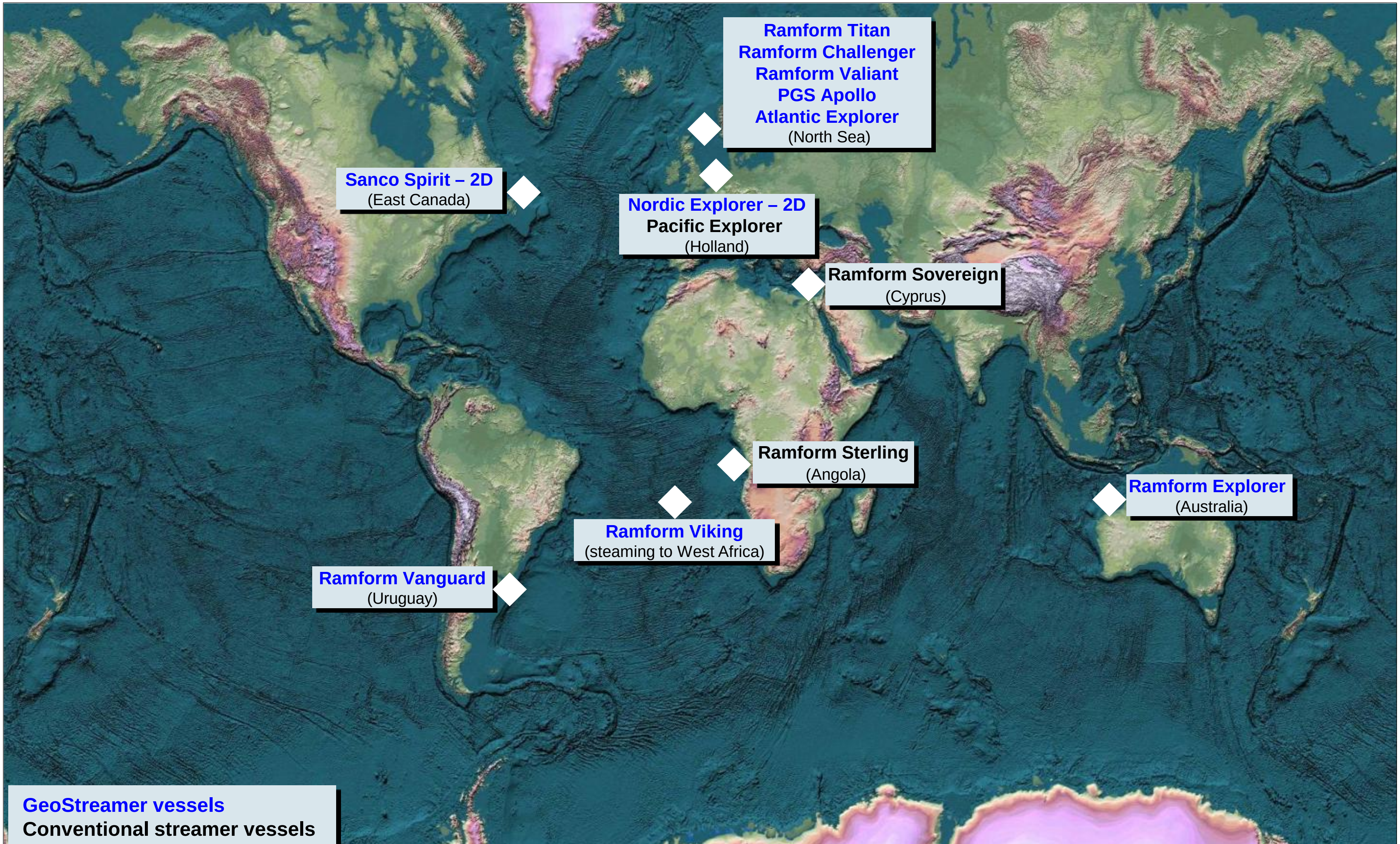
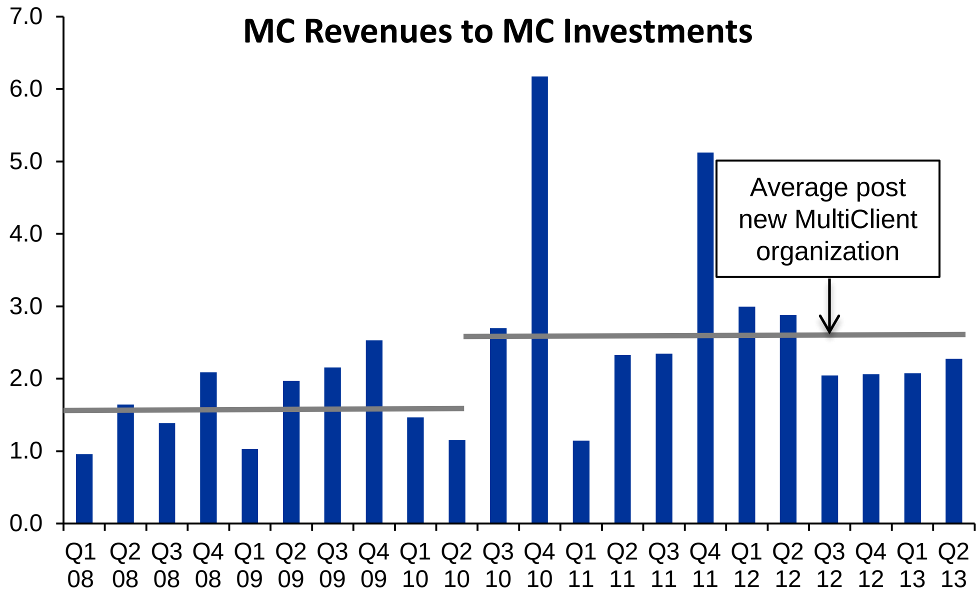
# Petroleum Geo-Services ASA

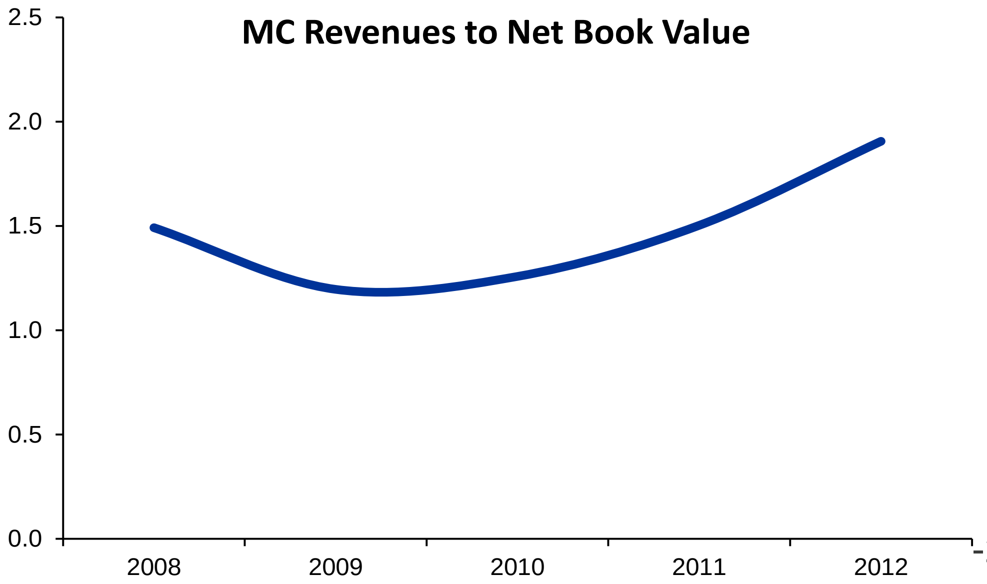
*Operational Update and Market Comments*

# Streamer Operations mid-July 2013



# A Well Performing MultiClient Business



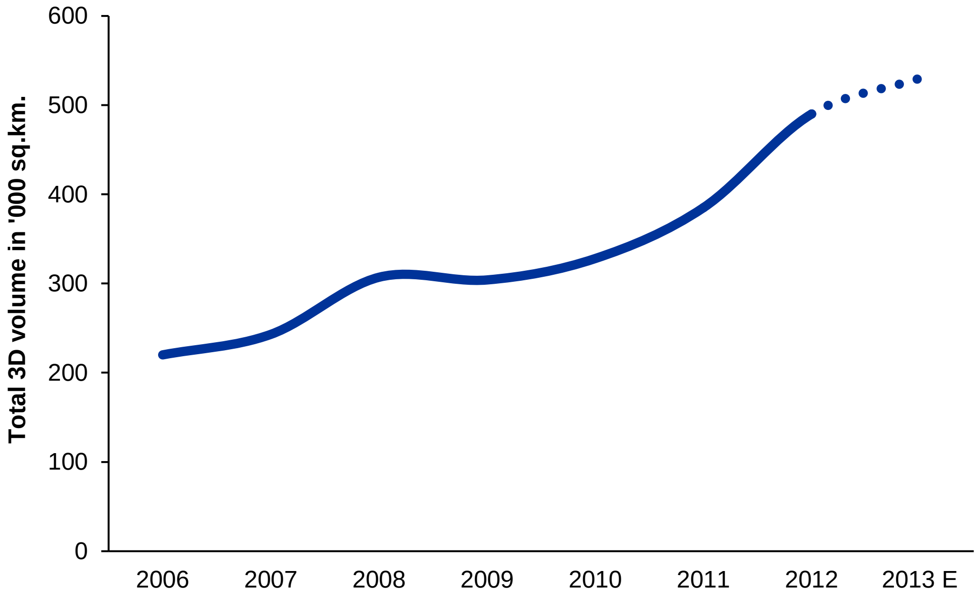




- Further growth in MultiClient is an attractive business opportunity
- 2013 pre-funding expectation adjusted to approximately 110%
  - Mainly caused by some pre-funding reduction in the North Sea
  - Project economics unchanged, delayed cash flow, improved late sales
- MultiClient revenues are now running at approximately 2.5 times the capitalized cash investment in MultiClient
  - PGS performs attractive MultiClient surveys in regions with high probability of finding hydrocarbons
  - GeoStreamer adds to client interest
- MultiClient revenues are close to 2x MultiClient net book value
  - Strong sales performance
  - Robust accounting policies

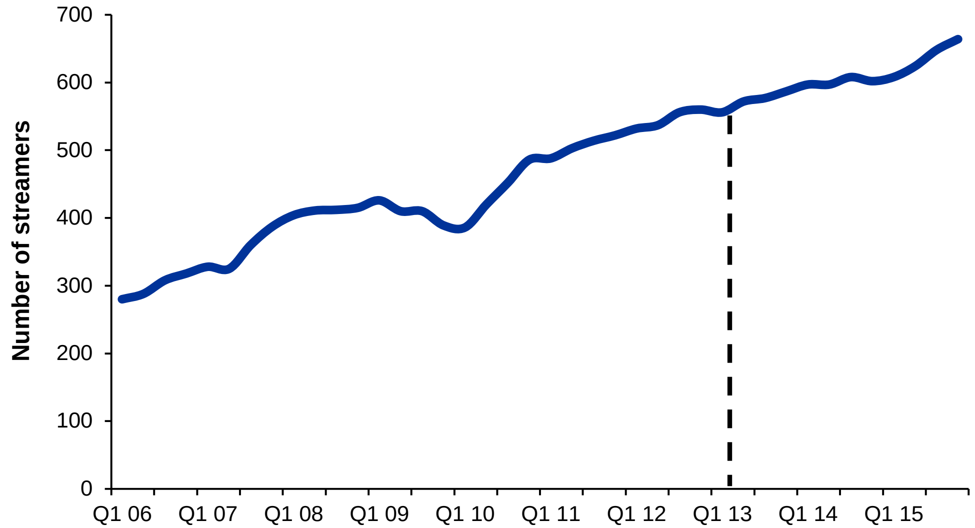
# The *Ramform Titan* - Takes Seismic Acquisition to a New Level

- The world's most powerful, most efficient and most advanced seismic vessel
- Started MultiClient acquisition in the North Sea in early July
- Performing very well on her maiden survey
- Strong interest for the vessel with order book coverage well into Q2 2014
- *Ramform Atlas* to be delivered December 2013

# Demand Growth Outpaces Supply Growth




- Growth in sq.km. continues
  - Partly driven by larger surveys
  - From 2006 to end 2012 demand for seismic grew by approximately 120% measured in sq.km.
  - Annual average growth rate of 12%




- Expected capacity increases
  - 6% increase in 2013
  - 2 % increase in 2014
  - 10 % increase in 2015

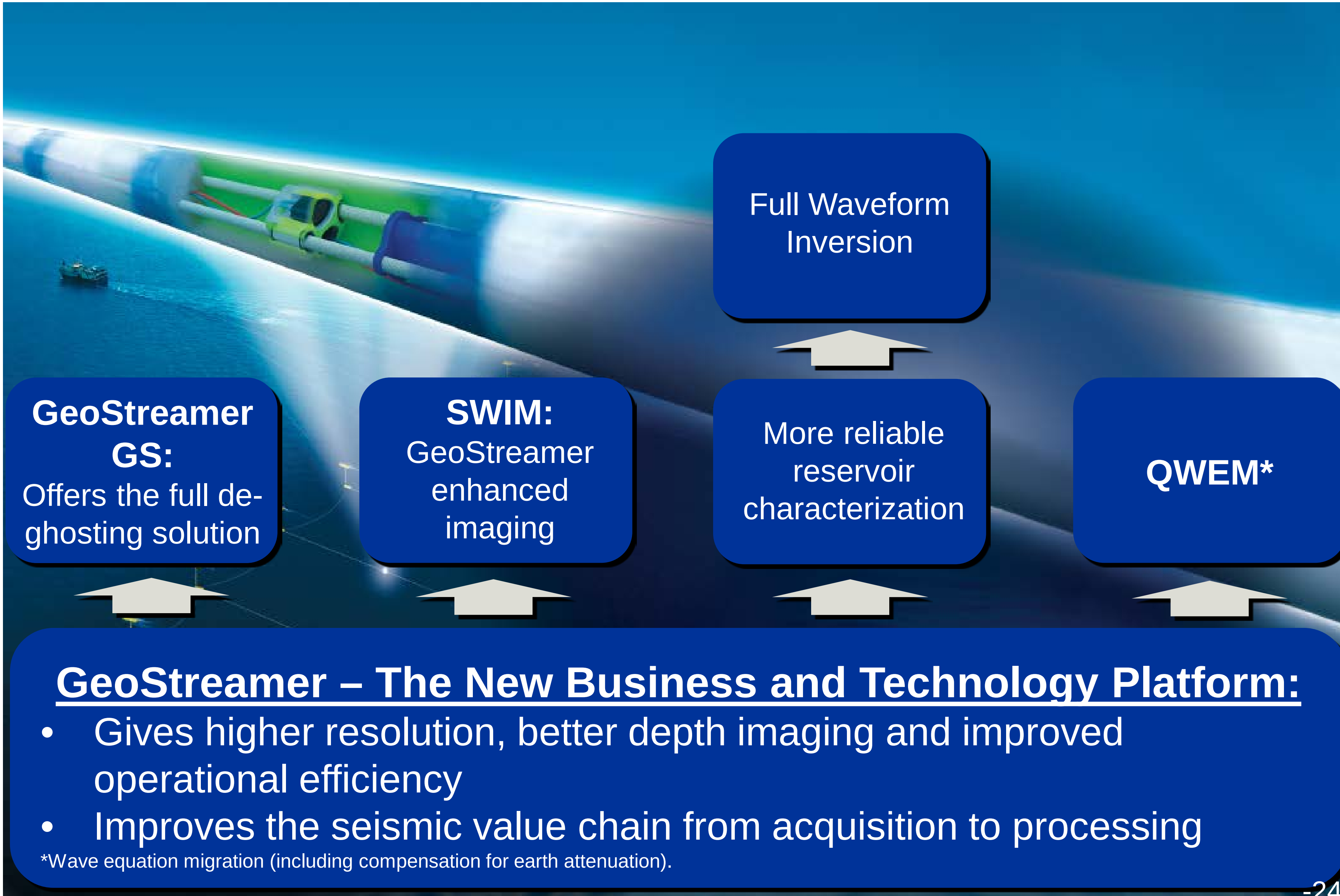
Source to both graphs: PGS internal estimates. Capacity increases are calculated based on change from Q4 one year to Q4 the previous year.

## PGS' Strategic Ambition

- To Care
  - For our employees
  - For the environment and society at large
  - For our customers' success
- To Deliver Productivity Leadership
  - Ramform platform + GeoStreamer
  - Reducing project turnaround time
- To Develop Superior Data Quality
  - GeoStreamer business platform
  - Imaging Innovations
  - Subsurface knowledge
- To Innovate
  - First dual sensor streamer solution
  - First with 20+ towed streamer capability
  - Unique reservoir focused solutions
- To Perform Over the Cycle
  - Profitable with robust balance sheet
  - Absolute focus on being best in our market segment

**PGS - A Clearer Image**

GeoStreamer:
# The New Business and Technology Platform



Full Waveform Inversion

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

**SWIM:** GeoStreamer enhanced imaging

More reliable reservoir characterization

**QWEM***

**GeoStreamer – The New Business and Technology Platform:**

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

*Wave equation migration (including compensation for earth attenuation).

# Outlook


- Sustainable high oil price
- E&P spending continues to grow
  - Possibly somewhat muted by reduced E&P free cash flow
- Ultra deep water dominates lower cost production – the place to invest for E&Ps
- Average 2013 marine contract pricing up 10-15 % from average 2012 pricing
- Pricing for work awarded for early 2014 to date up from average 2013 level
  - Too early to conclude pricing development for full year 2014
- Good increase in value of active tenders
  - Improving bid pipeline going into winter season and 2014

## 2013 Guidance

- EBITDA in the range of USD 900-950 million

- MultiClient cash investments in the range of USD 300-350 million
  - Pre-funding level to be approximately 110%

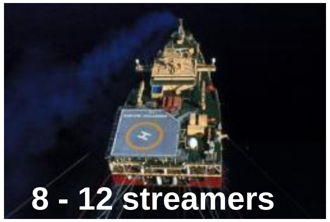
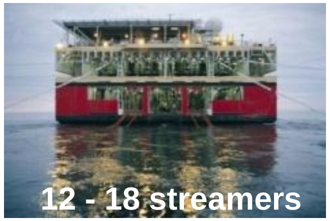
- Capital expenditures in the range of USD 540-570 million
  - Of which approximately USD 325-350 million to new build program

# Thank you – Questions?



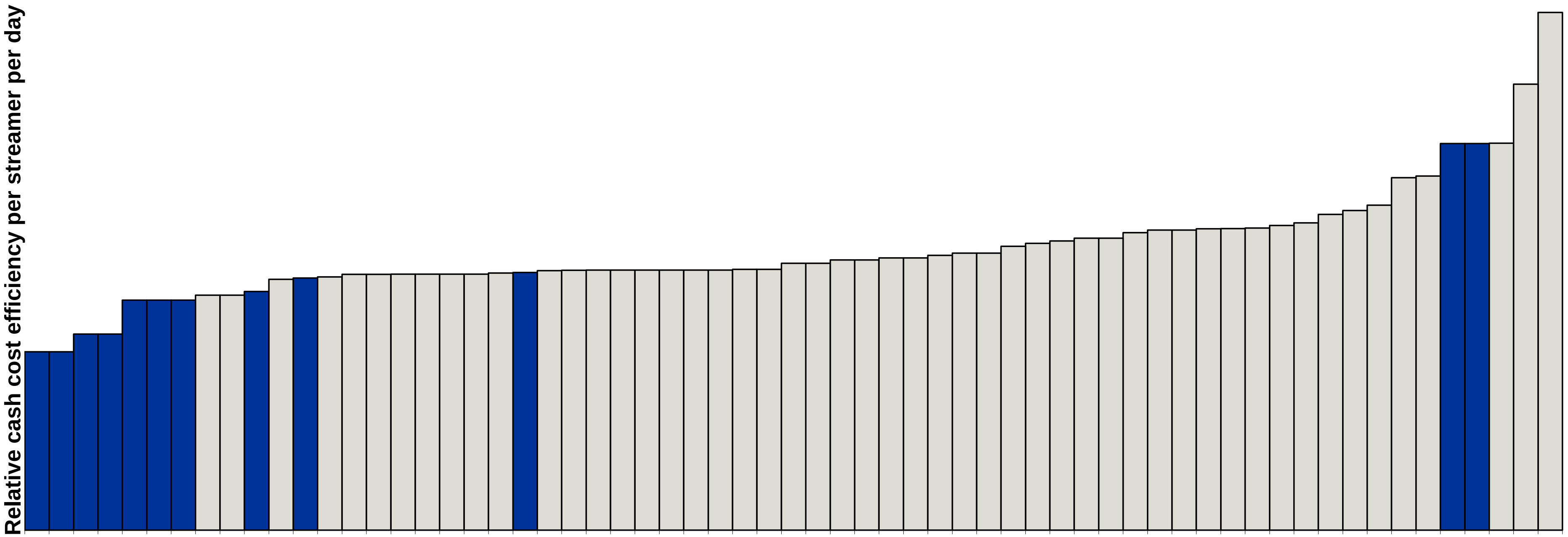
PGS

# Appendix:
# Continuously Ahead of Competition

| | 1992 - 1996 | 1998 - 1999 | 2007 - 2009 | 2012 - 2014 |
|---|---|---|---|---|
| **Competition** |   |   |   |   |
| **PGS** |   |   |   |   |

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

# Favorably Positioned on the Industry Cost Curve




**PGS fleet is positioned to generate the industry's best margins**

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 Titan-class vessels are incorporated with 15 streamers, S-class with 14 streamers and the V-class with 12 streamers.

# PGS Fleet Overview

## Ramforms

Titan-class

Ramform Titan – Delivered | Ramform Atlas | 2 for 2015 delivery

S-class

*Ramform Sterling* | *Ramform Sovereign*

V-class

*Ramform Valiant* | *Ramform Viking* | *Ramform Vanguard*

*Ramform Challenger* | *Ramform Explorer*

## Other vessels

*PGS Apollo*

*Atlantic Explorer*

*Pacific Explorer*

## 2D

*Nordic Explorer*

*Sanco Spirit*

- Ramform fleet is improving further with 4 new Titan-class vessels
- GeoStreamer contributes to productivity leadership
- Industrialized approach to fleet renewal

**Ramform productivity is a key differentiator**

# The Ultra High-end Segment:
# **Several Production Records**

- **Ramform S-class records**
  - **Monthly production record:** 3,056 sq.km acquired (12 streamers x 8,100 meters with 120m separation)
  - **Weekly production record:** 919 sq.km acquired
  - **Daily production record:** 143.6 sq.km acquired
  - **BP Ceduna 3D S Australia:** 12,030 sq.km in 186 days, 65 sq.km/day, remote and harsh environment
  - **Petrobras, Largest deployment ever:** 14 streamers x 8,100 meters with 50 meter separation – regular operations for almost 4 years

- **Ramform S and V-class** 17 streamer tow with 50 meter separation

- **Kwanza MC3D Angola, Ramform Valiant and PGS Apollo**
  - 25,500 sq.km in 470 days, 54 sq.km/day, remote and harsh environment
  - No recovery of streamers during project
  - No recordable safety incidents

# Main Yard Stays Next 6 Months

| Vessel | When | Expected Duration | Type of Yard Stay |
|---|---|---|---|
| *Atlantic Explorer* | Scheduled Oct 2013 | Approximately 21 days | Renewal class |
| *Nordic Explorer* | Scheduled Nov 2013 | Approximately 15 days | Intermediate class |

# Attractive Debt Structure

| Long term Credit Lines and Interest Bearing Debt | Nominal Amount as of June 30, 2013 | Total Credit Line | Financial Covenants |
|---|---|---|---|
| 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 |
| Japanese ECF, 12 year with semi-annual installments. 50% fixed/ 50% floating interest rate | USD 125 million | USD 250 million | None |
| 2018 Senior Notes, coupon of 7.375% | USD 450 million | | None, but incurrence test : Interest coverage ratio > 2.0:1 |