Q4

Fourth Quarter and Preliminary Full Year 2014
Results

| February 12, 2015 | Oslo, Norway

Strong 2014 MultiClient Late Sales
Well Placed to Navigate Current Market Environment

Highlights 2014

- Revenues of $1,453.8 million, compared to $1,501.6 million in 2013
- EBITDA of $702.6 million, compared to $828.9 million in 2013
- EBIT, excluding impairments, of $178.0 million, compared to $397.1 million in 2013
- Group EBIT margin, excluding impairments, of 12%, compared to 25% in 2013
- Cash flow from operations of $584.3 million, compared to $775.3 million in 2013
- Recorded impairments of $73.8 million (of which $39.7 million in Q4)
- Higher MultiClient amortization, reflects Triton sales and increased market uncertainty
- Took delivery of *Ramform Atlas* in Q1, further reducing fleet's average costs
- Beat target for 2014 cost reduction program, with $90 million reduced cost
- Further strengthened long term financing through Term Loan B extension and securing export credit financing for the two last Ramform Titan-class vessels
- Strong balance sheet with $454.7 million liquidity reserve and no significant debt maturities before 2018

"MultiClient late sales of $120.0 million in Q4 is a new record for PGS. Despite the challenging market there has been good appetite for quality data in the right locations. The marine contract EBIT margin was negatively impacted by weaker pricing and utilization in in the quarter, and for the full year it ended at 15%.

The low oil price and cautious spending behaviour among oil companies continue to impact bidding, pricing and vessel utilization. Visibility is low and we are continuing our proactive approach to prepare for the challenging year ahead. Having already stacked low-end capacity vessels and with further measures being implemented, we expect a cost reduction of $190 million in 2015, excluding growth of our asset light activities and schedule driven changes.

First quarter 2015 will be weak, especially for Marine Contract. Over the last years we have positioned the Company to perform over the cycle – with a solid balance sheet, MultiClient discipline and the most productive fleet in the industry. We are well placed to navigate in the current market environment.

Our full year 2015 guidance is reiterated, but the current market remains very uncertain."

Jon Erik Reinhardsen,
President and Chief Executive Officer

Key Financial Figures (In USD millions, except per share data)	**4th Quarter**		**Full year**	
	2014	**2013**	**2014**	**2013**
Revenues	430.1	359.5	1,453.8	1,501.6
EBITDA (as defined, see note 1)	211.8	201.0	702.6	828.9
EBIT ex. impairment charges	0.0	81.4	178.0	397.1
EBIT as reported	(39.7)	66.4	104.2	382.1
Income before income tax expense	(58.0)	44.8	16.7	327.9
Net income to equity holders	(85.5)	30.1	(42.7)	238.3
Basic earnings per share ($ per share)	(0.40)	0.14	(0.20)	1.11
Diluted earnings per share ($ per share)	(0.40)	0.14	(0.20)	1.10
Net cash provided by operating activities	131.3	211.9	584.3	775.3
Cash investment in MultiClient library	57.9	111.0	344.2	373.0
Capital expenditures (whether paid or not)	36.9	73.3	371.3	437.8
Total assets (at period end)	3,563.0	3,544.3	3,563.0	3,544.3
Cash and cash equivalents (at period end)	54.7	263.8	54.7	263.8
Net interest bearing debt (at period end)	1,048.0	666.7	1,048.0	666.7

PGS Group

In USD millions	4th Quarter		Full year	
	2014	2013	2014	2013
Contract revenues	171.8	121.7	697.8	677.5
MC pre-funding	86.4	94.3	290.7	360.5
MC late sales	120.0	99.2	309.0	311.3
Imaging [1)]	36.2	32.6	119.2	122.7
Other	15.7	11.7	37.1	29.6
Total revenues	430.1	359.5	1,453.8	1,501.6
EBITDA	211.8	201.0	702.6	828.9
EBIT ex imp.	0.0	81.4	178.0	397.1
Pretax profit	(58.0)	44.8	16.7	327.9
Net income	(85.5)	30.1	(42.7)	238.3
MC cash investment	57.9	111.0	344.2	373.0
Pre-funding %[2)]	149%	85%	84%	97%
Operating exp.	(218.4)	(158.5)	(751.2)	(672.7)
Vessel allocation[3]				
Contract	59%	41%	51%	46%
MultiClient	19%	46%	31%	42%
Steaming	14%	11%	12%	10%
Yard	4%	2%	5%	2%
Stacked/Standby	4%	0%	1%	0%

1) External Imaging revenues.
2) Pre-funding revenues as a percentage of MultiClient cash investment.
3) Percentage of total 3D streamer capacity measured in streamer utilization.

Full year 2014 revenues for Petroleum Geo-Services ASA (“PGS” or “the Company”) decreased $47.8 million, or 3%, compared to 2013. The reduction is mainly due to a 19% reduction of MultiClient pre-funding revenues compared to 2013, partially offset by increased marine contract revenues.

In 2014 the MultiClient pre-funding revenues were lower than planned for the Triton survey in the Gulf of Mexico, where the Company experienced a wait-and-see attitude among clients due to an overlapping survey from a competitor. The total pre-funding level for the full year ended at 84%, lower than the initial guidance of the year of approximately 100% due to the Triton survey as well as some delayed revenues on MultiClient projects acquired in Q4. PGS is continuously focusing on securing solid pre-funding, which delivered good results for Q4 2014.

Capitalized cash investment in the MultiClient library was lower in 2014 compared to 2013, primarily reflecting less capacity allocated to MultiClient 3D activities.

MultiClient late sales revenues ended less than 1% down from the record level achieved in 2013, a very solid performance in the current challenging market conditions.

Marine contract revenues for the full year 2014 increased by $20.3 million, or 3%, compared to 2013 as a result of the Company allocating more capacity to contract activities, partially offset by lower prices. The full year marine contract EBIT margin ended at 15%, compared to 29% in 2013. The reduction is a result of a deteriorating market, especially in the second half of the year.

Late 2013 PGS launched a Cost Reduction Program to better position the Company for a challenging market environment as a result of oil companies’ focus on preserving cash and reducing investments. To address the further market weakness experienced during 2014, especially in the second half of the year when the oil price dropped approximately 50%, PGS management decided to extend the Cost Reduction Program to target $60 million, from an initial target of $30 million. The Company delivered a $90 million reduction in 2014 compared to original cost plan for the year, including benefits from a stronger US dollar and lower fuel prices.

In Q4 2014 revenues increased by $70.6 million, or 20%, compared to Q4 2013, mainly driven by higher marine contract revenues and MultiClient late sales revenues.

MultiClient late sales in Q4 were record high. Europe was the main contributor to the record performance, supported by North and South America, and Africa. The strong late sales demonstrate healthy demand for quality products in attractive locations, despite clients’ focus on preserving cash and reducing investments.

Pre-funding revenues in Q4 2014 ended at $86.4 million, which is lower than the earlier indicated level of more than $100 million. The reason for the shortfall is primarily due to timing of revenue recognition being delayed to Q1 2015.

Pre-funding revenues in Q4 2014 corresponded to 149% of capitalized MultiClient cash investment (excluding capitalized interest), compared to 85% in Q4 2013. The solid pre-funding revenues and pre-funding level is driven by projects in North America and Asia Pacific, including further customer commitment to projects in the processing phase.

The reduction of MultiClient cash investment in Q4 2014 compared to Q4 2013 is due to less capacity allocated to MultiClient projects.

Marine contract revenues in Q4 2014 increased by $50.1 million, or 41%, compared to Q4 2013. The increase came from more capacity allocated to contract work. Average pricing achieved in Q4 2014 was lower than for Q4 2013, and the non-chargeable vessel time was higher. The EBIT margin for marine contract acquisition work was approximately breakeven in Q4 2014, down from 27% in Q3 2014, and 22% in Q4 2013. The marine contract EBIT margin will fluctuate from quarter to quarter influenced by factors such as vessel scheduling, vessel transits, project specific variables and market conditions.

External imaging revenues in Q4 2014 increased by $3.6 million, or 11%, compared to Q4 2013. The increase is primarily due to projects in Gulf of Mexico, North Sea and Africa. Comparing full year 2014 to full year 2013 external imaging revenue decreased by $3.7 million, or 3%, reflecting reduced activity in Asia Pacific and a higher allocation of resources to MultiClient imaging. All imaging of the Company's MultiClient surveys is done in-house. As the streamer count has increased the imaging resource base and technical competency have expanded to meet internal needs, while continuing to deliver strong external production.

Reported net operating expenses for the Group (before depreciation, amortization and impairments) in Q4 2014 were $59.9 million higher than in Q4 2013, reflecting in part less cost being capitalized to the MultiClient library. Despite the increase in PGS 3D capacity the Company was able to hold the cost base flat due to PGS delivering beyond expectations on the cost reduction program in 2014. PGS is implementing additional cost reduction measures in 2015.

The order book totalled $410 million at December 31, 2014, (including $220 million of committed pre-funding on MultiClient projects), compared to $466 million at September 30, 2014 and $669 million at December 31, 2013.

Technology

In USD millions	4th Quarter		Full year	
	2014	2013	2014	2013
R&D cost gross	11.4	16.3	53.9	55.1
Capitalized dev. costs	(4.4)	(5.4)	(16.3)	(16.4)
Net R&D costs	7.0	10.9	37.6	38.7

The Company's R&D costs mainly relate to the current core business activities of marine seismic acquisition and processing.

The decrease of R&D costs in Q4 2014 compared to Q4 2013 is driven by a reduction in Towed EM development cost and field trial activities, as EM is now slowly being deployed. Comparing full year 2014 to full 2013, the decrease is primarily due to reduction in Towed EM, partially offset by an increase of externally sourced and funded development.

The decrease in capitalized development cost in Q4 2014 compared to Q4 2013 is primarily driven by a reduction in capitalized Towed EM development, partially offset by an increase in marine seismic development.

Depreciation and Amortization

In USD millions	4th Quarter		Full year	
	2014	2013	2014	2013
Gross depreciation	72.3	64.0	278.5	243.9
Depreciation capitalized and deferred, net	(15.4)	(36.8)	(97.3)	(113.2)
Amortization of MC library	155.1	92.6	344.2	301.8
Depreciation and amortization	211.9	119.4	525.4	432.5

In 2014, gross depreciation increased by $34.6 million, or 14% compared to 2013, primarily due to *Ramform Titan and Ramform Atlas* which were delivered in Q2 2013 and Q1 2014, respectively. Entry of *Ramform Titan* and *Ramform Atlas* has increased PGS 3D streamer capacity by approximately 20% net of the retirement of *Pacific Explorer* and *Atlantic Explorer*.

Capitalized depreciation decreased by $15.9 million in 2014, compared to 2013 since less vessel capacity was allocated to MultiClient projects.

In Q4 2014 gross depreciation increased by $8.3 million, or 13% compared to Q4 2013, primarily due to *Ramform Atlas* which was delivered in Q1 2014.

Capitalized depreciation decreased by $21.4 million in Q4 2014, compared to Q4 2013 as a result of less vessel capacity allocated to MultiClient projects.

Amortization of the MultiClient library as a percentage of MultiClient revenues was 57% in 2014, compared to 45% in 2013. The amortization rate in 2014 ended higher than the indicated interval of 50-55%.

In Q4 2014, amortization of the MultiClient library as a percentage of MultiClient revenues was 75%, compared to 48% in Q4 2013. The increased amortization rate is primarily due to higher non sales related amortization as a result of a more cautious view of sales forecast in light of the sharply declining oil price in the second half of the year, as well as more sales from the Triton MultiClient survey in Gulf of Mexico where the amortization rate is 80%. The amortization level can vary from quarter to quarter depending on the MultiClient sales mix. For the full year 2015 the Company expects an amortization rate of approximately 55%.

Impairments of Long-Term Assets

In Q4 2014, the Company recorded an impairment charge of $39.7 million.

For the full year 2014 the impairment charge was $73.8 million.

The impairments in 2014 relate to vessels and equipment and were triggered by vessel retirement and stacking of older and less productive vessels, and a weaker near-term outlook for pricing and utilization. Despite the severe downturn in the market, impairments were moderate due to the low cost base of the Company's fleet.

Loss from Associated Companies

In Q4 2014, loss from associated companies amounted to $4.4 million, primarily relating to exploration expenses in Azimuth Ltd. where the Company has a 45% interest.

For the full year 2014 loss from associated companies amounted to $30.9 million and was related to Azimuth Ltd., PGS Khazar and Seafloor Geophysical Solutions.

Interest Expense

In USD millions	4th quarter		Full year	
	2014	2013	2014	2013
Gross interest expense	(14.6)	(14.2)	(56.8)	(57.6)
Capitalized interest MC library	5.1	3.6	20.3	10.5
Capitalized interest constr. in progress	1.8	3.1	6.4	14.8
Net interest expense	(7.5)	(7.5)	(30.1)	(32.3)

Compared to 2013, gross interest expense remained fairly flat both for Q4 and for the full year 2014, since lower interest rates offset a higher average debt level.

The increase in capitalized interest to the MultiClient library for Q4 and the full year 2014 compared to 2013 relates to a higher value of projects in process of being completed.

The reduction of capitalized interest related to construction in progress in Q4 2014 and for the full year compared to 2013 is due to the completion of *Ramform Atlas*.

Other Financial Expense, Net

In USD millions	4th quarter		Full year	
	2014	2013	2014	2013
Interest income	0.9	0.6	2.3	1.6
Write off relating to Term Loan B refinancing	---	---	(8.8)	---
Currency exchange gain (loss)	(6.0)	(3.1)	(13.4)	(7.6)
Other	(1.3)	(3.6)	(6.6)	(1.6)
Net financial expense	(6.4)	(6.1)	(26.5)	(7.6)

Net financial expense in Q4 2014 and for the full year is mainly driven by foreign currency loss. The foreign currency loss relates to a significant strengthening of the USD and primarily the effect on legal deposits and other receivables in Brazilian Real. The strengthening of USD against most other currencies has a positive impact on the Company's cost base going forward.

The Company holds foreign currency positions to balance its operational currency exposure. These positions are marked to market at each balance sheet date together with receivables and payables in non-US currencies, generally causing a currency exchange loss when the US dollar appreciates.

Income Tax Expense and Tax Contingencies

In Q4 2014, the income tax expense was $27.5 million compared to $14.7 million in Q4 2013. The current tax expense in Q4 2014 was $13.4 million compared to $3.3 million in Q4 2013. Deferred tax expense in Q4 2014 was $14.1 million compared to $11.4 million in Q3 2013. The reported tax expense for the current quarter is negatively impacted by foreign exchange movements and non-deductible impairments of vessels within tonnage tax regimes.

Income tax expense for full year 2014 was $59.4 million compared to $89.6 million for full year 2013. The current tax expense for full year was $41.3 million compared to $32.2 million in 2013. Deferred tax expense for full year 2014 was $18.1 million compared to $57.4 million in 2013.

The Company has an ongoing dispute in Brazil related to ISS tax on the sale of MultiClient data from year 2000 and onwards. The issue has been disclosed in annual and quarterly reports since 2005. At December 31, 2014, the Company estimates the total exposure to be approximately $137 million, including possible penalties and interest. PGS has made deposits covering $72.0 million of the total exposure. Because the Company considers it more likely than not that the contingency will be resolved in its favour, no provision has been made for any portion of the exposure.

Following a federal tax audit in Brazil for the years 2006-2008, the Company in 2012 received two tax assessments for 2008 claiming approximately $62.0 million. One assessment asserts that charters of vessels into Brazil are subject to a 15% withholding tax instead of 0%. The second assessment levies a service tax of 10% ("CIDE") on the same charters. Because the Company considers it more likely than not that the contingency will be resolved in its favour, no provision has been made for any portion of the exposure.

Capital Expenditures[1)]

In USD millions	4th Quarter		Full year	
	2014	2013	2014	2013
Seismic equipment	6.0	34.9	93.8	91.7
Vessel upgrades/Yard	9.1	8.9	54.0	44.3
Processing equipment	0.5	9.3	13.5	23.3
New Builds	15.9	16.2	198.4	258.5
Other	5.4	4.0	11.6	20.0
Total	36.9	73.3	371.3	437.8

[1)] *Includes capital expenditure incurred, whether paid or not.*

The main capital expenditures in Q4 2014 and the full year 2014 were related to the new build program and seismic equipment.

New Builds

PGS has two Ramform Titan-class new builds under construction at Mitsubishi Heavy Industries Ltd ("MHI") in Japan with original scheduled deliveries in 2015. PGS and MHI have agreed a revised construction schedule for *Ramform Tethys* and *Ramform Hyperion* and delivery is now scheduled for Q1 and Q3 2016. The revised delivery times comes with no additional cost to PGS. The Company has also taken steps to adjust timing of equipment and similar deliveries.

The cost of each of the two vessels is approximately $285 million including commissioning and a comprehensive seismic equipment package, but excluding capitalized interest and post-delivery cost.

The agreement with the shipyard provides for payment based on five defined milestones per vessel, with 50% payable at delivery. Seismic equipment is procured by PGS separately from the shipbuilding contract. Accumulated capital expenditures related to the two last Ramform Titan-class new builds as of December 31, 2014 were $164.5 million.

Liquidity and Financing

In 2014 net cash provided by operating activities was $584.3 million, compared to $775.3 million in 2013. In Q4 2014, net cash provided by operating activities was $131.3 million compared to $211.9 million in Q4 2013. The decrease is mainly due to an increase of working capital. High MultiClient revenues towards the end of the quarter explain a majority of the working capital increase, but will benefit Q1 2015. In the current market environment some clients are seeking extended payment terms, which may put upward pressure on the working capital going forward.

At December 31, 2014, cash and cash equivalents amounted to $54.7 million, compared to $263.8 million at December 31, 2013 and $90.4 million at September 30, 2014.

Restricted cash amounted to $92.2 million at December 31, 2014, compared to $89.4 million at December 31, 2013 and $91.3 million at September 30, 2014.

The relatively high level of restricted cash relates to deposits made in 2010 and 2011 of approximately $94 million to initiate law suits with the Rio de Janeiro courts to seek confirmation that sale of MultiClient data in Brazil is not subject to ISS tax (see annual report 2013 for more details). The deposits are denominated in Brazilian Real.

At December 31, 2014, $397.0 million was outstanding under the Term Loan B maturing in 2021 and $450.0 million was outstanding of the Senior Notes maturing in 2018. Drawings of $100.0 million were outstanding on the $500.0 million revolving credit facility maturing in 2018.

PGS has established export credit financing totaling $555.0 million divided into four loans for the four Ramform Titan-class vessels. The loans have a tenor of 12 year, with repayment in equal semi-annual installments. Two loans of $125.0 million each were drawn in relation to delivery of *Ramform Titan* in Q2 2013 and *Ramform Atlas* in Q1 2014. The remaining two loans of the total export credit financing add up to $305.0 million of which $38.0 million was drawn in Q3 2014 and the remaining will be drawn during construction and/or around delivery of the two remaining Ramform Titan-class vessels, scheduled for delivery in 2016. Of the $250.0 million borrowed for the first two vessels $26.0 million are repaid as of December 31, 2014. Total export credit loan balance as of December 31, 2014 is $262.0 million and undrawn lines are $267.0 million.

Total interest bearing debt, including capital leases, was $1,209.0 million at December 31, 2014 compared to $1,040.8 million at December 31, 2013 and $1,235.3 million at September 30, 2014.

Net interest bearing debt (interest bearing debt less cash and cash equivalents, restricted cash and interest bearing loans and investments) was $1,048.0 million at December 31, 2014 compared to $666.7 million at December 31, 2013 and $1,039.5 million at September 30, 2014.

At December 31, 2014, the Company had approximately 49% of its debt at fixed interest rates. The weighted average cash interest cost of gross debt reflects an interest rate of approximately 4.6%, including credit margins paid on the debt.

The revolving credit facility contains a covenant whereby total leverage ratio (as defined) cannot exceed 2.75:1. At December 31, 2014 the total leverage ratio was 1.67:1.

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 data 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.

For a further description of other relevant risk factors we refer to the Annual Report for 2013. 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.

Outlook 2015

The sharp oil price decline since mid-June 2014 has resulted in a more cautious spending pattern among oil companies impacting seismic bidding, pricing and utilization negatively. PGS expects market uncertainty and low earnings visibility to continue throughout 2015.

Based on the current operational projections and with reference to the aforementioned risk factors, PGS expects full year 2015 EBITDA to be in the range of $550-700 million.

MultiClient cash investments are expected to be approximately $275-300 million, with a pre-funding level at or above 100%.

Capital expenditures are estimated to be approximately $250 million, of which slightly below $150 million for *Ramform Tethys* and *Ramform Hyperion*, both with new delivery dates in 2016.

The Board of Directors intends to propose to the Annual General Meeting a dividend of NOK 0.70 per share, corresponding to a total dividend payment of $20 million at current exchange rates. Such dividend is inside the range of 25-50% of net income if adjusted for impairment charge, currency exchange loss and currency translation impact on deferred tax assets.

Oslo, February 11, 2015

Francis R. Gugen *Chairperson*	Daniel J. Piette *Director*
Harald Norvik *Vice Chairperson*	Ingar Skaug *Director*
Carol Bell *Director*	Walter Qvam *Director*

Holly A. Van Deursen
Director

Anne Grethe Dalane
Director

Jon Erik Reinhardsen
Chief Executive Officer

Petroleum Geo-Services (“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 data 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.

PGS has a presence in 21 countries with regional centers in London, Houston and Singapore. Our headquarters is in Oslo, Norway and the PGS share is listed on the Oslo stock exchange (OSE:PGS).

For more information on Petroleum Geo-Services 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 2013. 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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Francis Gugen (Chairperson)
Harald Norvik (Vice Chairperson)
Carol Bell
Holly Van Deursen
Daniel J. Piette
Ingar Skaug
Walter Qvam
Anne Grethe Dalane

Executive Officers:

Jon Erik Reinhardsen	President and CEO
Gottfred Langseth	EVP and CFO
Magne Reiersgard	EVP Marine Contract
Sverre Strandenes	EVP MultiClient
Guillaume Cambois	EVP Imaging & Engineering
Per Arild Reksnes	EVP Operations

Other Corporate Management:

Terje Bjølseth	SVP Global Human Resources
Rune Olav Pedersen	General Counsel and SVP Communications & Marketing
Jostein Ueland	SVP Business Development
Joanna Oustad	SVP HSEQ

Web-Site:

www.pgs.com

Financial Calendar:

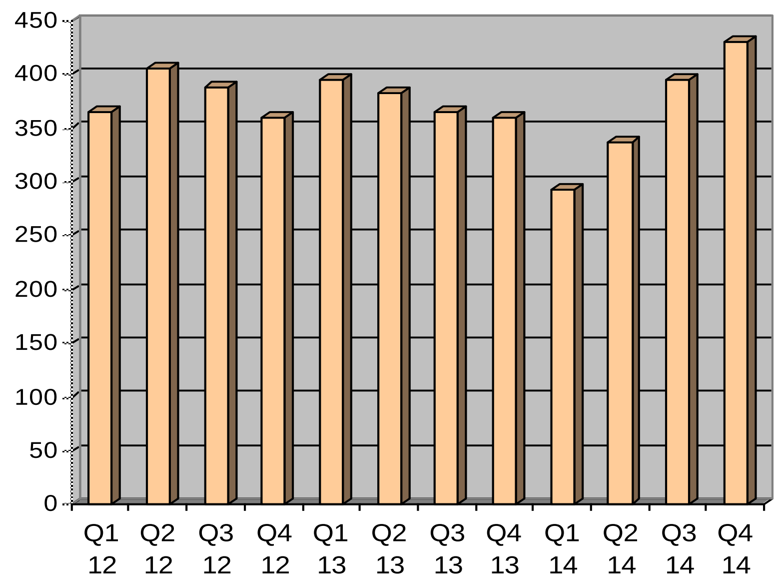
Q4 2014 report	February 12, 2015
Q1 2015 report	April 30, 2015
AGM	May 13, 2015 at 15:00 CET
Q2 2015 report	July 23, 2015
Q3 2015 report	October 23, 2015

The dates are subject to change.

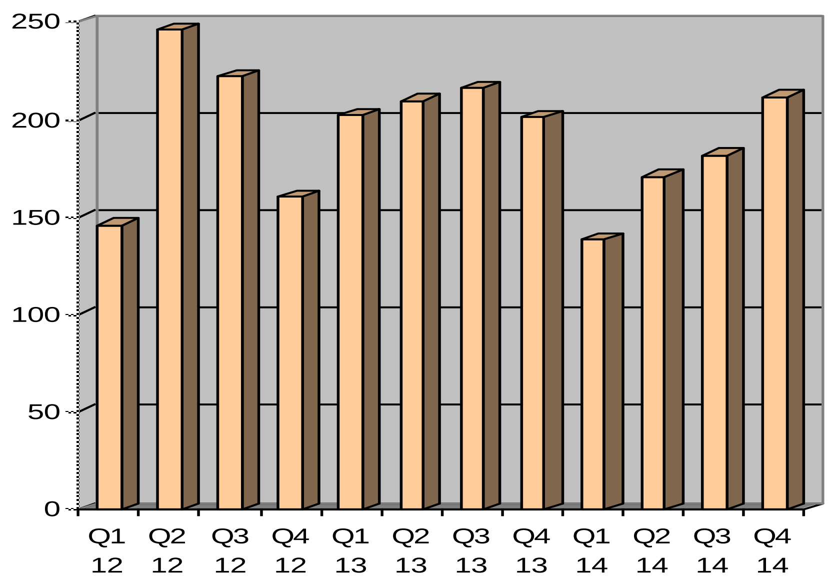
Petroleum Geo-Services ASA and Subsidiaries
Condensed Consolidated Statements of Operations

(In millions of US dollars, except share data)	Note	Quarter ended December 31, 2014	Quarter ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
Revenues	3	430.1	359.5	1 453.8	1 501.6
Cost of sales		195.7	130.6	653.6	570.9
Research and development costs	4	7.0	10.9	37.6	38.7
Selling, general and administrative costs		15.7	17.0	59.9	63.1
Depreciation and amortization	3, 5	211.9	119.8	525.4	432.5
Impairment of long-term assets	3	39.7	15.0	73.8	15.0
Other operating income	3	(0.2)	(0.2)	(0.7)	(0.7)
Total operating expenses		469.9	293.1	1 349.7	1 119.5
Operating profit/EBIT	3	(39.7)	66.4	104.2	382.1
Loss from associated companies	11	(4.4)	(8.0)	(30.9)	(14.3)
Interest expense	6	(7.5)	(7.5)	(30.1)	(32.3)
Other financial expense, net	7	(6.4)	(6.1)	(26.5)	(7.6)
Income before income tax expense		(58.0)	44.8	16.7	327.9
Income tax expense		27.5	14.7	59.4	89.6
Net income to equity holders of PGS ASA		**(85.5)**	**30.1**	**(42.8)**	**238.3**
Earnings per share, to ordinary equity holders of PGS ASA:					
- Basic		(0.40)	0.14	(0.20)	1.11
- Diluted		(0.40)	0.14	(0.20)	1.10
Weighted average basic shares outstanding		214 118 180	215 125 492	214 603 496	215 566 344
Weighted average diluted shares outstanding		214 513 585	215 760 175	215 390 735	216 400 525

Revenues by Quarter
2012 - 2014
MUSD



EBITDA by Quarter
2012 - 2014
MUSD



Petroleum Geo-Services ASA and Subsidiaries
Condensed Consolidated Statements of Changes in Shareholders' Equity

For the twelve months ended December 31, 2013

(In millions US of dollars)	Attributable to equity holders of PGS ASA Common stock par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings	Other comprehensive income	Shareholders' equity
Balance as of January 1, 2013	**96.5**	**(0.5)**	**513.3**	**1 328.5**	**(26.3)**	**1 911.5**
Total comprehensive income	-	-	-	238.3	(2.1)	236.2
Dividend paid (1)	-	-	-	(60.7)	-	(60.7)
Acquired treasury shares	-	(1.0)	-	(28.2)	-	(29.2)
Employee benefit plans	-	0.1	6.2	1.5	-	7.8
Balance as of December 31, 2013	**96.5**	**(1.4)**	**519.5**	**1 479.4**	**(28.4)**	**2 065.6**

(1) NOK 1.65 per share was paid as ordinary dividend for 2012.

For the twelve months ended December 31, 2014

(In millions US of dollars)	Attributable to equity holders of PGS ASA Common stock par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings	Other comprehensive income	Shareholders' equity
Balance as of January 1, 2014	**96.5**	**(1.4)**	**519.5**	**1 479.4**	**(28.4)**	**2 065.6**
Total comprehensive income	-	-	-	(42.8)	(24.2)	(67.0)
Transfer of actuarial gains and losses net of tax	-	-	-	8.2	(8.2)	-
Dividend paid (1)	-	-	-	(84.0)	-	(84.0)
Acquired treasury shares	-	(0.7)	-	(14.4)	-	(15.1)
Employee benefit plans	-	0.2	7.4	2.6	-	10.2
Balance as of December 31, 2014	**96.5**	**(1.9)**	**526.9**	**1 349.0**	**(60.8)**	**1 909.7**

(1) NOK 2.30 per share was paid as ordinary dividend for 2013.

Petroleum Geo-Services ASA and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income

(In millions of US dollars)	Note	Quarter ended December 31, 2014	Quarter ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
Net income for the period		(85.5)	30.1	(42.8)	238.3
Other comprehensive income:					
Actuarial gains (losses) on defined benefit pensions plans		(27.6)	(12.2)	(34.7)	(12.2)
Income tax effect on actuarial gains and losses		5.6	2.5	6.8	2.5
Items that will not be reclassified to statements of operations		(22.0)	(9.7)	(27.9)	(9.7)
Cash flow hedges					
Gains (losses) arising during the period		-	-	-	0.1
Reclassification adjustments for losses (gains) included in the condensed consolidated statements of operations		-	1.5	9.1	8.8
Deferred tax on cash flow hedges		-	(0.5)	(2.5)	(2.6)
Revaluation of shares available-for-sale		-		-	
Gains (losses) arising during the period		(1.2)	(0.7)	(1.1)	(0.6)
Reclassification adjustments for losses (gains) included in the condensed consolidated statements of operations		-	0.6	-	1.4
Other comprehensive income (loss) of associated companies		(1.3)	0.7	(2.0)	0.6
Translation adjustments and other		(0.3)	0.1	0.2	(0.1)
Items that may be subsequently reclassified to statements of operations		(2.8)	1.7	3.7	7.6
Other comprehensive income for the period, net of tax		(24.8)	(8.0)	(24.2)	(2.1)
Total comprehensive income to equity holders of PGS ASA		(110.3)	22.1	(67.0)	236.2

Petroleum Geo-Services ASA and Subsidiaries
Condensed Consolidated Statements of Financial Position

(In millions of US dollars)	Note	December 31, 2014	December 31, 2013
ASSETS			
Current assets:			
Cash and cash equivalents	9	54.7	263.8
Restricted cash	9	20.2	14.6
Accounts receivable		265.6	177.1
Accrued revenues and other receivables		180.6	183.3
Other current assets		136.3	124.5
Total current assets		657.4	763.3
Long-term assets:			
Property and equipment		1 663.5	1 629.5
MultiClient library	8	695.2	576.9
Restricted cash	9	72.0	74.8
Deferred tax assets		95.9	110.0
Other long-term assets		55.2	85.0
Goodwill		139.9	139.9
Other intangible assets		183.8	164.9
Total long-term assets		2 905.6	2 781.0
Total assets		3 563.0	3 544.3
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term debt and current portion of long-term debt	9,10	24.8	10.8
Accounts payable		74.9	66.0
Accrued expenses and other current liabilities		272.2	279.4
Income taxes payable		37.9	34.3
Total current liabilities		409.8	390.5
Long-term liabilities:			
Long-term debt	9,10	1 160.1	1 019.6
Deferred tax liabilities		5.9	6.2
Other long-term liabilities		77.4	62.4
Total long-term liabilities		1 243.5	1 088.2
Shareholders' equity:			
Paid-in capital:			
Common stock; par value NOK 3;			
issued and outstanding 217,799,997 shares		96.5	96.5
Treasury shares, par value		(1.9)	(1.4)
Additional paid-in capital		526.9	519.5
Total paid-in capital		621.5	614.6
Accumulated earnings		1 349.0	1 479.4
Other comprehensive income		(60.8)	(28.4)
Total shareholders' equity		1 909.7	2 065.6
Total liabilities and shareholders' equity		3 563.0	3 544.3

Petroleum Geo-Services ASA and Subsidiaries
Condensed Consolidated Statements of Cash Flows

(In millions of US dollars)	Quarter ended December 31, 2014	Quarter ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
Cash flows provided by operating activities:				
Net income to equity holders of PGS ASA	(85.5)	30.1	(42.8)	238.3
Adjustments to reconcile net income to net cash provided by	-		-	
operating activities:	-		-	
Depreciation, amortization and impairment of long-term assets	251.6	134.8	599.2	447.5
Share of loss in associated companies and impairments	4.4	8.0	30.9	14.3
Interest expense	7.5	7.5	30.1	32.3
Loss on sale and retirement of assets	6.6	4.3	8.4	8.6
Income taxes paid	(6.1)	(8.1)	(18.4)	(33.8)
Other items	(1.2)	1.5	12.7	3.5
(Increase) decrease in accounts receivable, accrued revenues & other receivables	(72.7)	5.1	(81.2)	(30.7)
Increase (decrease) in accounts payable	(11.7)	34.7	11.5	17.0
Change in other current items related to operating activities	22.9	(19.2)	25.6	34.7
Change in other long-term items related to operating activities	15.5	13.2	8.3	43.6
Net cash provided by operating activities	131.3	211.9	584.3	775.3
Cash flows used in investing activities:				
Investment in MultiClient library	(57.9)	(111.0)	(344.2)	(373.0)
Investment in property and equipment	(45.5)	(86.0)	(383.4)	(438.5)
Investment in other intangible assets	(6.0)	(8.0)	(26.3)	(29.2)
Investment in other current -and long-term assets	(6.2)	(15.0)	(32.3)	(22.0)
Proceeds from sale and disposal of assets	1.3	-	6.2	2.6
Increase in long-term restricted cash	(3.1)	-	(6.3)	(0.6)
Net cash used in investing activities	(117.4)	(220.0)	(786.3)	(860.7)
Cash flows (used in) provided by financing activities:				
Proceeds, net of deferred loan costs, from issuance of long-term debt	(0.1)	(5.6)	143.4	114.6
Repayment of long-term debt	(6.2)	-	(94.7)	(11.9)
Net drawdown of Revolving Credit Facility	(20.0)	-	100.0	-
Purchase of treasury shares	-	-	(15.1)	(29.2)
Proceeds from sale of treasury shares	-	0.3	2.9	1.6
Dividend paid	-	-	(84.0)	(60.9)
Interest paid	(23.3)	(21.8)	(59.6)	(55.3)
Net cash (used in) provided by financing activities	(49.6)	(27.1)	(7.1)	(41.1)
Net increase (decrease) in cash and cash equivalents	(35.7)	(35.2)	(209.1)	(126.5)
Cash and cash equivalents at beginning of period	90.4	299.0	263.8	390.3
Cash and cash equivalents at end of period	**54.7**	**263.8**	**54.7**	**263.8**

Notes to the Condensed Interim Consolidated Financial Statements - Fourth Quarter 2014

Note 1 - General

The Company is a Norwegian limited liability company and has prepared its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. The consolidated condensed interim financial statements have been prepared in accordance with international Accounting Standards ("IAS") No. 34 "Interim Financial Reporting". The interim financial information has not been subject to audit or review.

EBIT or "operating profit" means Revenues less Total operating expenses. EBITDA, when used by the Company, means EBIT less other operating (income) expense, impairment of long-term assets and depreciation and amortization. EBITDA may not be comparable to other similarly titled measures from other companies. The Company has included EBITDA as a supplemental disclosure because management believes that it provides useful information regarding the Company's ability to service debt and to fund capital expenditures and provides investors with a helpful measure for comparing its operating performance with that of other companies.

Note 2 - Basis of presentation

The condensed interim consolidated financial statements reflect all adjustments, in the opinion of PGS' management, that are necessary for a fair presentation of the results of operations for all periods presented. Operating results 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, 2013.

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, 2013 with the exeption of adoption of IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28. The adopted standards do not have a significant impact on the condensed interim consolidated financial statements of the Company.

Note 3 - Segment information

The chief operating decision maker reviews Contract and MultiClient as separate operating segments, however, as the two operating segments meet the aggregation criteria in IFRS 8 "Operating Segments", they are presented combined as "Marine". Loss from associated companies, interest expense and other financial expense, net and income tax expense are not included in the measure of segment performance.

Revenues by service type:

	Quarter ended December 31,		Year ended December 31,	
(In millions of US dollars)	2014	2013	2014	2013
Marine revenues by service type:				
- Contract seismic	171.8	121.7	697.8	677.5
- MultiClient pre-funding	86.4	94.3	290.7	360.5
- MultiClient late sales	120.0	99.2	309.0	311.3
- Imaging	36.2	32.6	119.2	122.7
- Other	15.7	11.7	37.1	29.6
Marine revenues	**430.1**	**359.5**	**1 453.8**	**1 501.6**

Operating profit (loss) EBIT:

	Quarter ended December 31,		Year ended December 31,	
(In millions of US dollars)	2014	2013	2014	2013
Total Operating profit:				
EBITDA	211.8	201.0	702.6	828.9
Other operating income	0.2	0.2	0.7	0.7
Impairment of long-term assets	(39.7)	(15.0)	(73.8)	(15.0)
Depreciation and amortization (a)	(56.8)	(27.2)	(181.2)	(130.7)
Amortization of MultiClient library (a)	(155.1)	(92.6)	(344.2)	(301.8)
Total operating profit EBIT	(39.7)	66.4	104.2	382.1

(a) Presented combined in the condensed consolidated statements of operations.

Note 4 - Research and development costs

Research and development costs, net of capitalized portion were as follows:

(In millions of US dollars)	Quarter ended December 31, 2014	Quarter ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
Research and development costs, gross	11.4	16.3	53.9	55.1
Capitalized development costs	(4.4)	(5.4)	(16.3)	(16.4)
Total	**7.0**	**10.9**	**37.6**	**38.7**

Note 5 - Depreciation and amortization

Depreciation and amortization consists of the following:

(In millions of US dollars)	Quarter ended December 31, 2014	Quarter ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
Gross depreciation	72.3	64.0	278.5	243.9
Depreciation capitalized and deferred, net	(15.4)	(36.8)	(97.3)	(113.2)
Amortization of MultiClient library	155.1	92.6	344.2	301.8
Total	**211.9**	**119.8**	**525.4**	**432.5**

The Company amortizes its MultiClient library primarily based on the ratio between cost of surveys and the total forecasted sales for such surveys. The surveys are categorized into amortization categories based on this ratio. These categories range from 30-95% of sales amounts with 5% intervals, with a minimum of 45% for pre-funding. Each category includes surveys where the remaining unamortized cost as a percentage of remaining forecasted sales is less than or equal to the amortization rate applicable to each category.

The Company also applies minimum amortization criteria for the library projects based generally on a five-year life. The Company calculates and records minimum amortization individually for each MultiClient survey or pool of surveys on a quarterly basis. At year-end, or when specific impairment indicators exists, the Company carries out an impairment test of individual MultiClient surveys. The Company classifies these impairment charges as amortization expense in its condensed consolidated statements of operations since this additional, non-sales related amortization expense, is expected to occur regularly.

Note 6 - Interest expense

Interest expense consists of the following:

(In millions of US dollars)	Quarter ended December 31, 2014	Quarter ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
Interest expense, gross	(14.6)	(14.2)	(56.8)	(57.6)
Capitalized interest, MultiClient library	5.1	3.6	20.3	10.5
Capitalized interest, construction in progress	2.0	3.1	6.4	14.8
Total	**(7.5)**	**(7.5)**	**(30.1)**	**(32.3)**

Note 7 - Other financial expense, net

Other financial expense, net consists of the following:

(In millions of US dollars)	Quarter ended December 31, 2014	Quarter ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
Interest income	0.9	0.6	2.3	1.6
Write-off relating to Term loan refinancing (a)	-	-	(8.8)	-
Currency exchange gain (loss)	(6.0)	(3.1)	(13.4)	(7.6)
Other	(1.3)	(3.6)	(6.6)	(1.6)
Total	**(6.4)**	**(6.1)**	**(26.5)**	**(7.6)**

(a) See note 10.

Note 8 - MultiClient library

The net book-value of the MultiClient library by year of completion is as follows:

(In millions of US dollars)	December 31, 2014	December 31, 2013
Completed during 2009	-	27.6
Completed during 2010	11.3	20.5
Completed during 2011	17.9	32.1
Completed during 2012	29.1	45.2
Completed during 2013	46.6	60.2
Completed during 2014	104.5	-
Completed surveys	209.4	185.6
Surveys in progress	485.8	391.3
MultiClient library, net	**695.2**	**576.9**

Key figures MultiClient library:

	Quarter ended December 31,		Year ended December 31,	
(In millions of US dollars)	2014	2013	2014	2013
MultiClient pre-funding revenue	86.4	94.3	290.7	360.5
MultiClient late sales	120.0	99.2	309.0	311.3
Cash investment in MultiClient library (a)	57.9	111.0	344.2	373.0
Capitalized interest in MultiClient library (b)	5.1	3.6	20.3	10.5
Capitalized depreciation (non-cash)	17.2	34.4	98.0	112.9
Amortization of MultiClient library (c)	155.1	92.6	344.2	301.8

(a) See condensed consolidated statements of cash flows.

(b) See note 6.

(c) See note 3.

Note 9 - Net interest bearing debt

Summary of net interest bearing debt:

(In millions of US dollars)	December 31, 2014	December 31, 2013
Cash and cash equivalents	54.7	263.8
Restricted cash (current and long-term)	92.2	89.4
Interest bearing receivables	14.2	20.9
Short-term debt and current portion of long-term debt (a)	(24.8)	(10.8)
Long-term debt (a)	(1 160.1)	(1 019.6)
Adjustment for deferred loan costs (offset in long-term debt)	(24.1)	(10.4)
Total	**(1 048.0)**	**(666.7)**

(a) The Term Loan was refinanced and resized from $470.5 million to $400 million and the maturity extended to March 2021 in Q1 2014.
The Company have $100 million outstanding on the Revolving Credit Facility and $262.0 million outstanding on the export credit facility as of December 31, 2014.

Note 10 - Financial instruments

The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable, accrued revenues and other receivables, other current assets accounts payable and accrued expenses approximate their respective fair values because of the short maturities of those instruments. The fair values of other financial instruments are determined using level 2 observable inputs as described in the Company's 2013 annual report.

The carrying amounts and the estimated fair values of debt and derivative instruments are summarized as follows:

	Carrying amounts December 31,		Fair values December 31,		Notional amounts December 31,	
(In millions of US dollars)	2014	2013	2014	2013	2014	2013
Total forward exchange contracts (hedge)	(6.5)	(1.5)	(6.5)	(1.5)	32.9	51.4
Total forward exchange contracts (non-hedge)	0.9	2.5	0.9	2.5	124.7	136.8
Total forward exchange contracts	**(5.6)**	**1.0**	**(5.6)**	**1.0**	**157.6**	**188.2**
Interest rate swaps (non-hedge)	(0.6)	(8.3)	(0.6)	(8.3)	100.0	300.0
Total interest rate swaps	**(0.6)**	**(8.3)**	**(0.6)**	**(8.3)**	**100.0**	**300.0**
Debt with fixed interest rate	594.0	512.5	520.6	544.8		
Debt with variable interest rate	615.0	527.8	560.9	530.8		
Total debt recognized at amortized cost	**1 209.0**	**1 040.3**	**1 081.5**	**1 075.6**		

Effective September 30, 2013, the Company discontinued hedge accounting on its interest rate swap agreements. As a result of refinancing the term loan, deferred loan costs from the original instrument loan and the reserve relating to the interest of the loan held in other comprehensive income, a total of $8.8 million was expensed in Q1 2014.

Note 11 - Loss from associated companies

In Q1 2014, the Company recognized $18.8 million of revenue from MultiClient data licenses to associated companies which is expensed in the financial statements of the associated companies. The Company's share of loss from associated companies includes a proportionate share of the expensed MultiClient license cost in the amount of $7.3 million.

Note 12 - Termination of Norwegian defined benefit plan and restructuring provision

In Q1 2014, the Company decided to terminate the Norwegian defined benefit plan and the participants were transferred to the defined contribution plan as of April 1, 2014. A net pension liability of $10.2 million (projected benefit obligation of $57.4 million and plan assets of $47.2 million) was de-recognized in Q1 2014 resulting in a settlement gain, reducing operating expenses, of approximately $6 million after one-time administration fees and costs credited to MultiClient investment.

In Q1 2014, the Company recognized a restructuring provision of $1.8 million relating to closure of the office in Edinburgh.