Earnings Release
Q4 - 2015

Productivity and Technology Leadership

Resilient MultiClient Performance

Financial Position Further Strengthened

Highlights 2015

- Revenues of $961.9 million, compared to $1,453.8 million in 2014
- EBITDA of $484.5 million, compared to $702.6 million in 2014
- EBITDA margin of 50% in 2015, compared to 48% in 2014, enabled by substantial cost reductions of $318.5 million
- EBIT, excluding impairments and other charges, of $15.8 million, compared to $177.3 million in 2014
- Cash flow from operations of $487.9 million, compared to $584.3 million in 2014
- Net interest bearing debt reduced by $53.8 million to $994.2 million and liquidity reserve increased to $556.6 million
- MultiClient pre-funding revenues of $380.4 million with a corresponding pre-funding level of 125%, compared to $290.7 million and 84% respectively in 2014
- Impairment and loss on sale of assets of $397.2 million recorded in 2015, reflecting the weak market

"Our MultiClient revenues in 2015 ended at $574.7 million. With capitalized MultiClient cash investment of $303.3 million we achieved a sales-to-investment ratio of 1.9 last year, an industry best. This highlights the robustness of our MultiClient business contributing the most to our full year EBITDA, which ended close to our latest guidance of approximately $500 million.

The marine seismic contract market deteriorated significantly during 2015 and has become extremely challenging. In this uncertain market environment we have during 2015 focused on cash flow and increased our liquidity reserve. We have implemented substantial reductions of cost and capital expenditures, taken proactive steps to address oversupply and further increased our productivity leadership and fleet flexibility.

2016 will be another difficult year for the seismic industry. We continue to focus on what we can control, including customer relations, costs, maintaining a financially sound balance sheet and capitalizing on the youngest and most productive fleet in the industry. Our fleet productivity will further improve when we take delivery of the *Ramform Tethys* in late Q1. I am convinced PGS is well positioned to manage the challenging market."

Jon Erik Reinhardsen,
President and Chief Executive Officer

Outlook

The low oil price and continued reduction in oil companies' spending continue to impact seismic demand and pricing negatively. PGS expects market uncertainty and low earnings visibility to continue through 2016.

Based on the current operational projections and with reference to disclosed risk factors, PGS expects full year 2016 group cash cost of approximately $725 million. This amount represents the sum of reported net operating expenses (excluding depreciation, amortization, impairments and other charges/(income)) and the cash operating costs capitalized as investments in the MultiClient library.

MultiClient cash investments are expected to be approximately $250 million, with a pre-funding level of approximately 100%.

Approximately 50% of active 3D vessel time is planned for MultiClient acquisition.

Capital expenditures are estimated to be approximately $250 million, of which approximately $180 million is for the new builds *Ramform Tethys* and *Ramform Hyperion*. The increase compared to the original guidance of $240 million is primarily due to cut off between 2015 and 2016, with 2015 ending correspondingly lower than guidance.

The order book totaled $240 million at December 31, 2015 (including $116 million of committed pre-funding on MultiClient projects), compared to $245 million at September 30, 2015 and $410 million at December 31, 2014. As of February 1, 2016 close to 100% of available capacity (which excludes stacked vessels) for Q1 is booked, with corresponding numbers for Q2 2016, Q3 2016 and Q4 2016 being approximately 80%, 50% and 5%, respectively.

Key Financial Figures

(In millions of US dollars, except per share data)	Quarter ended December 31, 2015	Quarter ended December 31, 2014	Year ended December 31, 2015	Year ended December 31, 2014
Revenues	229.3	430.1	961.9	1 453.8
EBITDA (as defined, see note 13)	116.5	211.8	484.4	702.6
EBIT ex. Impairment and other charges	(22.9)	(0.2)	15.8	177.3
EBIT as reported	(332.9)	(39.7)	(430.4)	104.2
Income before income tax expense	(357.1)	(58.0)	(505.5)	16.7
Net income to equity holders	(334.6)	(93.6)	(527.9)	(50.9)
Basic earnings per share ($ per share)	(1.48)	(0.44)	(2.43)	(0.24)
Net cash provided by operating activities	121.0	131.3	487.9	584.3
Cash investment in MultiClient library	70.2	57.9	303.3	344.2
Capital expenditures (whether paid or not)	41.7	36.9	165.7	371.3
Total assets	2 914.1	3 563.0	2 914.1	3 563.0
Cash and cash equivalents	81.6	54.7	81.6	54.7
Net interest bearing debt	994.2	1 048.0	994.2	1 048.0

Condensed Consolidated Statements of Profit and Loss

(In millions of US dollars)	Note	Quarter ended December 31, 2015	Quarter ended December 31, 2014	Year ended December 31, 2015	Year ended December 31, 2014
Revenues	1	229.3	430.1	961.9	1 453.8
Cost of sales	2	95.3	195.7	413.1	653.6
Research and development costs	2	5.0	7.0	20.3	37.6
Selling, general and administrative costs	2	12.5	15.7	44.1	59.9
Depreciation and amortization	3	139.3	211.9	468.5	525.4
Impairment and loss on sale of long-term assets	3	274.9	39.7	397.2	73.8
Other charges/(income)	3	35.1	(0.2)	49.0	(0.7)
Total operating expenses		562.2	469.9	1 392.3	1 349.7
Operating profit/EBIT		(332.9)	(39.7)	(430.4)	104.2
Share of results from associated companies		(6.9)	(4.4)	(16.1)	(30.9)
Interest expense	4	(7.3)	(7.5)	(29.5)	(30.1)
Other financial expense, net	5	(10.1)	(6.4)	(29.6)	(26.5)
Income before income tax expense		(357.1)	(58.0)	(505.5)	16.7
Income tax expense	6	(22.5)	35.6	22.4	67.6
Net income to equity holders of PGS ASA		**(334.6)**	**(93.6)**	**(527.9)**	**(50.9)**
Other comprehensive income					
Items that will not be reclassified to profit and loss	11	2.1	(22.0)	1.3	(27.9)
Items that may be subsequently reclassified to profit and loss	11	(1.7)	(2.8)	(2.4)	3.7
Other comprehensive income for the period, net of tax		0.4	(24.8)	(1.1)	(24.2)
Total comprehensive income to equity holders of PGS ASA		**(334.2)**	**(118.4)**	**(529.0)**	**(75.1)**

Condensed Consolidated Statements of Financial Position

(In millions of US dollars)	Note	December 31, 2015	December 31, 2014
ASSETS			
Cash and cash equivalents	9	81.6	54.7
Restricted cash	9	19.0	20.2
Accounts receivable		112.8	265.6
Accrued revenues and other receivables		158.1	180.6
Other current assets		98.8	136.3
Total current assets		470.3	657.4
Property and equipment	7	1 397.5	1 663.5
MultiClient library	8	695.0	695.2
Restricted cash	9	52.5	72.0
Deferred tax assets		79.4	95.9
Other long-term assets		57.7	55.2
Goodwill		-	139.9
Other intangible assets		161.6	183.8
Total long-term assets		2 443.8	2 905.6
Total assets		**2 914.1**	**3 563.0**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term debt and current portion of long-term debt	9	24.8	24.8
Accounts payable		52.6	74.9
Accrued expenses and other current liabilities		196.5	272.2
Income taxes payable		24.4	37.9
Total current liabilities		298.4	409.8
Long-term debt	9	1 099.9	1 160.1
Deferred tax liabilities		1.6	14.1
Other long-term liabilities		50.5	77.4
Total long-term liabilities		1 152.0	1 251.6
Common stock; par value NOK 3;			
issued and outstanding 239,579,996 shares		104.0	96.5
Treasury shares, par value		(1.1)	(1.9)
Additional paid-in capital		622.8	526.9
Total paid-in capital		725.7	621.5
Accumulated earnings		799.9	1 340.9
Other comprehensive income		(61.9)	(60.8)
Total shareholders' equity		1 463.7	1 901.6
Total liabilities and shareholders' equity		**2 914.1**	**3 563.0**

Condensed Consolidated Statements of Cash Flows

(In millions of US dollars)	Quarter ended December 31, 2015	Quarter ended December 31, 2014	Year ended December 31, 2015	Year ended December 31, 2014
Net income (loss) to equity holders of PGS ASA	**(334.6)**	**(93.6)**	**(527.9)**	**(50.9)**
Depreciation, amortization, impairment and loss on sale of long-term assets	414.3	251.6	865.8	599.2
Share of loss in associated companies and impairments	6.9	4.4	16.1	30.9
Interest expense	7.3	7.5	29.5	30.1
Loss (gain) on sale and retirement of assets	2.4	6.6	0.3	8.4
Income taxes paid	(4.3)	(6.1)	(25.2)	(18.4)
Other items	5.4	(1.2)	14.5	12.7
(Increase) decrease in accounts receivable, accrued revenues & other receivables	28.3	(72.7)	172.1	(81.2)
Increase (decrease) in accounts payable	(4.0)	(11.7)	(33.9)	11.5
Change in other current items related to operating activities	26.7	22.9	0.4	25.6
Change in other long-term items related to operating activities	(27.3)	23.6	(23.6)	16.4
Net cash provided by operating activities	**121.0**	**131.3**	**487.9**	**584.3**
Investment in MultiClient library	(70.2)	(57.9)	(303.3)	(344.2)
Investment in property and equipment	(47.2)	(45.5)	(164.0)	(383.4)
Investment in other intangible assets	(4.5)	(6.0)	(19.0)	(26.3)
Investment in other current -and long-term assets	(9.0)	(6.2)	(24.2)	(32.3)
Proceeds from sale and disposal of assets	1.5	1.3	88.6	6.2
Increase in long-term restricted cash	(2.0)	(3.1)	(5.0)	(6.3)
Net cash used in investing activities	**(131.4)**	**(117.4)**	**(426.9)**	**(786.3)**
Proceeds, net of deferred loan costs, from issuance of long-term debt	(1.8)	(0.1)	35.8	143.4
Repayment of long-term debt	(6.2)	(6.2)	(24.8)	(94.7)
Net drawdown of Revolving Credit Facility	(65.0)	(20.0)	(75.0)	100.0
Purchase of treasury shares	-	-	-	(15.1)
Proceeds from sale of treasury shares/share issue	104.2	-	104.2	2.9
Dividend paid	-	-	(20.3)	(84.0)
Interest paid	(21.5)	(23.3)	(54.0)	(59.6)
Net cash (used in) provided by financing activities	**9.7**	**(49.6)**	**(34.1)**	**(7.1)**
Net increase (decrease) in cash and cash equivalents	(0.7)	(35.7)	26.9	(209.1)
Cash and cash equivalents at beginning of period	82.3	90.4	54.7	263.8
Cash and cash equivalents at end of period	**81.6**	**54.7**	**81.6**	**54.7**

Condensed Consolidated Statements of Changes in Shareholders' Equity

For the twelve months ended December 31, 2014

(In millions US of dollars)	Common stock par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings	Other comprehensive income	Shareholders' equity
	Attributable to equity holders of PGS ASA					
Balance as of January 1, 2014	**96.5**	**(1.4)**	**519.5**	**1 479.4**	**(28.4)**	**2 065.6**
Total comprehensive income	-	-	-	(50.9)	(24.2)	(75.1)
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**	**1 340.9**	**(60.8)**	**1 901.6**

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

For the twelve months ended December 31, 2015

(In millions US of dollars)	Common stock par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings	Other comprehensive income	Shareholders' equity
	Attributable to equity holders of PGS ASA					
Balance as of January 1, 2015	**96.5**	**(1.9)**	**526.9**	**1 340.9**	**(60.8)**	**1 901.6**
Total comprehensive income	-	-	-	(527.9)	(1.1)	(529.0)
Share issue (1)	7.5	-	89.2	-	-	96.7
Sale of own shares (2)	-	0.6	-	7.3	-	7.9
Dividend paid (3)	-	-	-	(20.3)	-	(20.3)
Employee benefit plans	-	0.2	6.7	-	-	6.9
Balance as of December 31, 2015	**104.0**	**(1.1)**	**622.8**	**799.9**	**(61.9)**	**1 463.7**

(1) Transaction costs amounting to $1.8 mill are recognized against "Additional paid-in capital" net of related income tax benefits of $0.5 million.
(2) Transaction costs amounting to $0.2 mill are recognized against "Accumulated earnings"
(3) NOK 0.70 per share was paid as ordinary dividend for 2014

Notes to the Condensed Interim Consolidated Financial Statements
Fourth Quarter and Preliminary Full Year 2015 Results

Note 1 – Revenues

Revenues by service type:

(In millions of US dollars)	Quarter ended December 31, 2015	Quarter ended December 31, 2014	Year ended December 31, 2015	Year ended December 31, 2014
Marine revenues by service type:				
- Contract seismic	43.5	171.8	274.0	697.8
- MultiClient pre-funding	98.0	86.4	380.4	290.7
- MultiClient late sales	67.5	120.0	194.3	309.0
- Imaging	18.2	36.2	93.7	119.2
- Other	2.2	15.7	19.6	37.1
Total revenues	**229.3**	**430.1**	**961.9**	**1 453.8**

Vessel allocation 1):

	Quarter ended December 31, 2015	Quarter ended December 31, 2014	Year ended December 31, 2015	Year ended December 31, 2014
Contract	40 %	59 %	35 %	51 %
MultiClient	33 %	19 %	39 %	31 %
Steaming	9 %	14 %	11 %	12 %
Yard	8 %	4 %	3 %	5 %
Stacked/standby	10 %	4 %	12 %	1 %

1) The statistics exclude cold-stacked vessels.

Full year 2015 revenues for Petroleum Geo-Services ASA ("PGS" or "the Company") decreased $491.9 million, or 34%, compared to 2014. The revenue reduction reflects the oil companies' increasingly cautious spending pattern, which negatively impacts pricing, utilization and the general demand for seismic services.

During 2015, PGS has adapted to the challenging market environment. Costs have been significantly reduced and capital expenditures ended lower than initially guided. The Company has strengthened its balance sheet by maintaining a healthy cash flow from operations, completing a sale and leaseback of *PGS Apollo* and a successful equity issue. Cost reductions achieved in 2015 were sufficient to offset enough of the revenue decline to preserve the Company's EBITDA margin at 50%, compared to 48% in 2014.

Marine contract revenues for the full year 2015 decreased by $423.8 million, or 61%, compared to 2014, primarily as a result of lower prices, more non chargeable vessel time and somewhat less capacity allocated to marine contract activities. The full year marine contract EBIT margin ended at minus 27%, compared to a positive 15% in 2014. The margin reduction is a result of a deteriorating market, especially in the second half of the year.

In 2015, MultiClient pre-funding revenues increased by $89.7 million, or 31%. Despite the generally difficult market, the Company has been able to generate projects attracting strong customer interest. As a result of this, combined with strong project execution, the pre-funding revenues reached 125% of capitalized cash investment for the full year.

MultiClient late sales in 2015 decreased $114.7 million, or 37%, compared to 2014. The reduction is mainly driven by clients' focus on preserving cash and reducing investments. Europe was the main contributor to MultiClient late sales in 2015.

In Q4 2015, revenues decreased by $200.8 million, or 47%, compared to Q4 2014. This reflects a 75% reduction in contract revenues and a 44% reduction in MultiClient late sales, partially offset by a 13% increase in MultiClient pre-funding revenues.

The reduced marine contract revenues in Q4 2015, compared to Q4 2014, were due to less capacity used for contract work and lower average pricing. The EBIT margin for marine contract acquisition work was negatively impacted by the same factors as for the full year, with a relatively large impact of expensed steaming and standby costs.

The increase of MultiClient pre-funding revenues in Q4 2015, compared to Q4 2014, was primarily due to more capacity allocated to MultiClient acquisition. Projects in North and South America contributed the most to pre-funding revenues in Q4 2015.

MultiClient late sales revenues in Q4 2015 decreased 44% compared to Q4 2014. While late sales revenues in Q4 were higher than the three preceding quarters of 2015, the sequential increase was less than in earlier years, likely due to clients' focus on preserving cash and reducing investments. Europe was the main contributor to MultiClient late sales in the quarter, but compared to Q4 2014 MultiClient late sales were weaker in all regions.

External imaging revenues for Q4 2015 were down 50% compared to Q4 2014. The decrease reflects the difficult global market and a greater portion of resources allocated to MultiClient projects. Imaging develops and delivers processing solutions that leverage the GeoStreamer advantages to generate unique solutions. All imaging of the Company's MultiClient surveys is done in-house, and Imaging applies the same technical competency to internal production. Imaging has a pro-active cost focus which enables the business area to balance cost reductions with maintaining capacity and competency.

Note 2 – Net Operating Expenses excluding Depreciation, Amortization and Impairments

	Quarter ended December 31,		Year ended December 31,	
(In millions of US dollars)	2015	2014	2015	2014
Cost of sales	95.3	195.7	413.1	653.6
Research and development costs, gross	7.8	11.4	32.6	53.9
Capitalized development costs	(2.8)	(4.4)	(12.3)	(16.3)
Selling, general and administrative costs	12.5	15.7	44.1	59.9
Total	**112.8**	**218.4**	**477.5**	**751.1**

Reported net operating expenses for the Group (excluding depreciation, amortization, impairments and other charges/(income)) in 2015 were $273.6 million, or 36%, lower than in 2014. Substantial cost savings initiatives, which were the main contributor, combined with a stronger USD and lower fuel prices explains the significantly lower cost base in 2015, compared to 2014.

The Company continuously monitors the development of its total cash operating cost base, which is the sum of the reported net operating expenses (excluding depreciation, amortization, impairments and other charges/(income)) and the cash operating costs capitalized as investments in MultiClient library. The $150 million cash cost savings initially planned for the full year 2015 (as compared to full year 2014) ended at $318.5 million.

In Q4 2015, the reported net operating expenses (before depreciation, amortization, impairments and other charges/income) were $105.6 million, or 48%, lower than in Q4 2014. The cost reduction explained above had an increasing impact in Q4 since the Company implemented its plan to cold stack four vessels during the quarter. The reported cost of sales also benefited from more operating cost capitalized as investment to the MultiClient library in Q4 2015, compared to Q4 2014.

The decrease in research and development costs in Q4 2015, compared to Q4 2014 is primarily due to reduced cost levels and deploying and finalizing existing projects. The full year decrease is explained by the same factors. The Company's R&D costs are focused on the core business activities of marine seismic acquisition and imaging.

The decrease in capitalized development costs in Q4 2015 compared to Q4 2014 is primarily driven by reduced cost levels combined with completion of the Towed EM system. The full year 2015 reductions are explained by the same factors.

Note 3 – Depreciation, Amortization, Impairments and Other Charges/(Income)

Depreciation, amortization, impairment and other charges/(income) consists of the following:

	Quarter ended December 31,		Year ended December 31,	
(In millions of US dollars)	2015	2014	2015	2014
Gross depreciation	54.2	72.3	245.2	278.5
Depreciation capitalized and deferred, net	(16.6)	(15.4)	(104.2)	(97.3)
Amortization of MultiClient library	101.8	155.1	327.6	344.2
Impairment and loss on sale of assets	274.9	39.7	397.2	73.8
Other charges/(income)	35.1	(0.2)	49.0	(0.7)
Total	**449.4**	**251.5**	**914.8**	**598.5**

Depreciation and Amortization
In Q4 2015 and for the full year 2015, gross depreciation decreased versus the comparable periods in 2014 as a result of reduced capital expenditures and write downs. Capitalized depreciation increased due to more vessel capacity allocated to MultiClient projects.

Full year 2015 gross depreciation was $245.2 million. The Company expects gross depreciation for 2016 to be reduced to approximately $210 million, of which approximately $90 million is expected to be capitalized as MultiClient investments.

Amortization rate for the MultiClient library as a percentage of MultiClient revenues was 57% in 2015, in line with 2014.

Full year 2015 amortization expense was $327.6 million. Based on the expected 2016 vessel allocation and pre-funding levels, PGS estimates the amortization expense in 2016 to be approximately $300 million. PGS has amended its accounting policy for MultiClient amortization as explained in Note 12.

In Q4 2015, amortization rate of the MultiClient library was 61%, compared to 75% in Q4 2014, when the amortization rate was impacted by higher non sales related amortization. The amortization level can vary from quarter to quarter depending on the MultiClient sales mix and other factors.

Impairment of Long Term Assets
As a result of the weak market fundamentals the Company recorded impairments of goodwill and intangible assets, primarily stemming from acquisitions made in a significantly stronger market, of $172.4 million in Q4 2015. There is no remaining carrying value of goodwill in the Company's balance sheet as of December 31, 2015.

The MultiClient library book value was written down by $102.5 million in Q4 2015. The MultiClient library is accounted for on a survey by survey basis. The write downs generally relate to surveys where the Company, owing to the lower oil price, is experiencing lower revenues and where total expected sales are reduced and/or pushed out in time. The carrying value of the Company's MultiClient library was $695.0 million as of December 31, 2015.

For the full year 2015, impairments and loss on sale of assets amounted to $397.2 million. The Company currently expects a continued weak market through 2016 and a gradual recovery in the years thereafter. Depending on several factors, including market developments and the Company's projections and plans, further impairments of long-term assets, including property and equipment, MultiClient library and deferred tax asset may arise in future periods.

Other Charges/(Income)
Fleet adjustment and other cost reductions have led to one off costs relating to staff reductions and other restructuring activities. The Company incurred $38.6 million of charges relating to restructuring and severance costs in 2015. These charges are included in "Other charges/(income)" in the profit and loss statement.

In addition, the Company recorded a provision for onerous contracts of $11.1 million in Q4 2015. The provision represents the estimated loss in future periods relating to binding customer contracts where revenues are lower than the full cost of completing the contract. The provision is included in "Other charges/(income)" and will be reversed over the periods during which the contractual services are rendered.

Note 4 – Interest Expense

Interest expense consists of the following:

	Quarter ended December 31,		Year ended December 31,	
(In millions of US dollars)	2015	2014	2015	2014
Interest expense, gross	(15.0)	(14.6)	(58.2)	(56.8)
Capitalized interest, MultiClient library	4.9	5.1	19.6	20.3
Capitalized interest, construction in progress	2.8	2.0	9.1	6.4
Total	**(7.3)**	**(7.5)**	**(29.5)**	**(30.1)**

Compared to 2014 and Q4 2014, gross interest expense remained fairly flat for the same periods in 2015.

Slightly more interest expense was capitalized to construction in progress for the full year 2015 and in Q4, compared to the same periods in the previous year, due to higher aggregate capital expenditures for the new builds.

Full year 2015 gross cash interest expense was $58.2 million. The Company expects gross cash interest expense to be approximately $60 million in 2016, of which approximately $25 million is expected be capitalized to the MultiClient library and new builds in progress.

Share of Results from Associated Companies
For the full year 2015 share of results from associated companies amounted to a loss of $16.1 million and was primarily related to exploration expenses in Azimuth Ltd., where PGS has a 45% interest. In Q4 2015, share of results from associated companies amounted to a loss of $6.9 million.

Note 5 – Other Financial Expense, Net

Other financial expense, net consists of the following:

	Quarter ended December 31,		Year ended December 31,	
(In millions of US dollars)	2015	2014	2015	2014
Interest income	1.3	0.9	2.7	2.3
Write-off relating to Term loan refinancing	-	-	-	(8.8)
Currency exchange gain (loss)	(3.4)	(6.0)	(18.5)	(13.4)
Other	(7.9)	(1.3)	(13.7)	(6.6)
Total	**(10.1)**	**(6.4)**	**(29.6)**	**(26.5)**

Net financial expense for the full year 2015 is mainly driven by foreign currency loss as a result of a significant depreciation of the Brazilian Real against USD and the effect on certain legal deposits in Brazilian Real (see Note 6 - Income Tax Expense for more details). The strong USD against most other currencies, including Norwegian Kroner, has a significant favorable impact on the Company's cost base.

The Company holds foreign currency positions to manage its operational currency exposure. These positions are marked to market at each balance sheet date together with receivables and payables in non-US currencies. Foreign currency positions larger than the monetary balance sheet items in the same currency will generally cause a currency exchange loss when the US dollar appreciates.

Note 6 – Income Tax Expense

Income tax expense consists of the following:

(In millions of US dollars)	Quarter ended December 31, 2015	Quarter ended December 31, 2014	Year ended December 31, 2015	Year ended December 31, 2014
Current tax expense	(0.1)	13.3	19.6	41.3
Deferred tax expense	(22.4)	22.3	2.8	26.3
Total	**(22.5)**	**35.6**	**22.4**	**67.6**

Current tax expense for the full year 2015 of $19.6 million relates primarily to foreign tax. The deferred tax expense for the full year 2015 is caused by most of impairments in 2015 not creating a tax benefit, large foreign exchange movements adversely impacting the value of deferred tax asset positions in Norway, and a more cautious estimate for recoverability of foreign tax credits and deferred tax assets.

The low Q4 deferred tax benefit, compared to the reported loss before income taxes, is explained by the same factors. In addition, the Norwegian corporate income tax rate was reduced from 27% to 25% effective from January 1, 2016. While the rate reduction is positive longer term, it resulted in a reduction in deferred tax assets of approximately $6 million in Q4 2015.

Tax Contingencies
The Company has an ongoing dispute in Brazil related to 5% ISS tax on the sale of MultiClient data from year 2000 and onwards. As of December 31, 2015, the exposure is $101.0 million, including possible penalties and interest. PGS has made deposits covering $52.5 million of the total exposure. Due to a significant depreciation of Brazilian Real, both the exposure amount and the value of the deposit have reduced significantly during 2015. There has been no significant development of the dispute in the quarter. Because 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.

The Company also has ongoing tax disputes related to charter of vessels into Brazil. The assessments, which seek to levy 15% withholding tax and 10% CIDE (service) tax, amount to $26.7 million in total. Because 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.

The Company also has other tax contingencies as described in more detail in the 2014 financial statements.

Note 7 – Property and Equipment

Capital expenditures 1) consists of the following:

(In millions of US dollars)	Quarter ended December 31, 2015	Quarter ended December 31, 2014	Year ended December 31, 2015	Year ended December 31, 2014
Seismic equipment	6.4	6.0	17.6	93.8
Vessel upgrades/Yard	-	9.1	10.9	54.0
Processing equipment	0.9	0.5	5.3	13.5
Newbuilds	33.1	15.9	116.6	198.4
Other	1.3	5.4	15.3	11.6
Total	**41.7**	**36.9**	**165.7**	**371.3**

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

During Q4 2015, four of the Company's Ramform vessels were cold-stacked: *Ramform Challenger, Ramform Explorer, Ramform Valiant* and *Ramform Viking*.

In Q4 2015, PGS entered into charter agreements with Sanco Shipping AS for the modern high capacity conventional 3D vessels *Sanco Swift* and *Sanco Sword*. PGS have taken delivery of the vessels during Q1 2016 and expects to start operating the vessels during Q2 and Q4, respectively. The vessels will be equipped with GeoStreamers made available from cold-stacked vessels and PGS plans to cold-stack *Ramform Vanguard* around the time when *Sanco Sword* enters operations, in Q4 2016.

PGS has two Ramform Titan-class new builds, *Ramform Tethys* and *Ramform Hyperion*, under construction at Mitsubishi Heavy Industries Shipbuilding Co. Ltd ("MHIS") in Japan. *Ramform Tethys* is scheduled for delivery in Q1 2016. PGS has agreed with MHIS to move the delivery date of *Ramform Hyperion* to Q1 2017. The agreement on *Ramform Hyperion* is subject to final documentation and approval from the ECA financing banks.

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. PGS expects to be able to reduce the cash portion of this cost somewhat by using available equipment from the pool of in-sea equipment.

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, 2015 were $278.1 million.

Note 8 – MultiClient Library

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

	December 31,	
(In millions of US dollars)	2015	2014
Completed during 2010	-	11.3
Completed during 2011	10.8	17.9
Completed during 2012	19.1	29.1
Completed during 2013	25.9	46.6
Completed during 2014	91.5	117.2
Completed during 2015	175.7	-
Completed surveys	323.1	222.1
Surveys in progress	371.9	473.1
MultiClient library, net	**695.0**	**695.2**

Key figures MultiClient library:

	Quarter ended December 31,		Year ended December 31,	
(In millions of US dollars)	2015	2014	2015	2014
MultiClient pre-funding revenue	98.0	86.4	380.4	290.7
MultiClient late sales	67.5	120.0	194.3	309.0
Cash investment in MultiClient library	70.2	57.9	303.3	344.2
Prefunding as a percentage of MultiClient cash investment	140 %	149 %	125 %	84 %
Capitalized interest in MultiClient library	4.9	5.1	19.6	20.3
Capitalized depreciation (non-cash)	17.0	17.2	107.0	98.0
Amortization of MultiClient library	101.8	155.1	327.6	344.2

In 2015, MultiClient pre-funding revenues corresponded to 125% of capitalized MultiClient cash investment (excluding capitalized interest), compared to 84% in 2014. The increase is primarily due to the Company being able to generate MultiClient projects attracting strong customer interest, combined with strong project execution and reduced cost.

The reduced MultiClient cash investment in 2015, compared to 2014 is mainly due to lower acquisition cost, partially offset by more capacity allocated to MultiClient.

In Q4 2015, MultiClient pre-funding revenues corresponded to 140% of capitalized MultiClient cash investment (excluding capitalized interest), compared to 149% in Q4 2014. The high pre-funding level is mainly driven by MultiClient projects in North and South America as well as customers committing to projects in the processing phase, which fluctuates from quarter to quarter.

The increased MultiClient cash investment in Q4 2015, compared to Q4 2014 is mainly due to more capacity allocated to MultiClient projects, partially offset by a reduced cost level.

Note 9 – Liquidity and Financing

In 2015, net cash provided by operating activities was $487.9 million, compared to $584.3 million in 2014. In Q4 2015, net cash provided by operating activities was $121.0 million, compared to $131.3 million in Q4 2014. The decrease is mainly due to lower earnings. Both the full year and Q4 2015 benefited from a reduction of the net working capital. In the current market environment some clients are seeking extended payment terms, which may put upward pressure on the working capital going forward. In Q4 2015, the Company experienced a slight increase in the average number of credit days for accounts receivables.

In Q4 2015, PGS successfully completed a private placement of 23,579,999 new shares. Gross proceeds from the private placement amounted to NOK 919.6 million.

The liquidity reserve as of December 31, 2015 was $556.6 million and includes cash and cash equivalents and the undrawn part of the revolving credit facility. In addition to these amounts the Company has an undrawn amount of $228.5 million on the Export Credit Financing ("ECF") facility to cover yard installments on the two remaining Ramform Titan-class new builds.

Long term debt consists of the following:

	December 31,	
(In millions of US dollars)	2015	2014
Secured		
Term loan B, Libor (minimum 75 bp) + 250 Basis points, due 2021	393.0	397.0
Export credit financing, due 2025	203.1	223.9
Export credit financing, due 2027	76.1	38.1
Revolving credit facility, due 2018	25.0	100.0
Unsecured		
Senior notes, Coupon 7.375%, due 2018	450.0	450.0
Total	**1 147.2**	**1 209.0**
Less current portion	(24.8)	(24.8)
Less deferred loan costs, net of debt premiums	(22.5)	(24.1)
Total long-term debt	**1 099.9**	**1 160.1**

Fair value of the long term debt was $969.7 million and $1,081.5 million as of December 31, 2015 and 2014, respectively.

Undrawn facilities consists of the following:

	December 31,	
(In millions of US dollars)	2015	2014
Secured		
Revolving credit facility, due 2018	475.0	400.0
Export credit financing	228.5	266.5
Unsecured		
Bank facility (NOK 50 mill)	5.7	6.7
Performance bond	13.0	14.1
Total	**722.2**	**687.3**

Summary of net interest bearing debt:

	December 31,	
(In millions of US dollars)	2015	2014
Cash and cash equivalents	81.6	54.7
Restricted cash (current and long-term)	71.5	92.2
Interest bearing receivables	-	14.2
Short-term debt and current portion of long-term debt	(24.8)	(24.8)
Long-term debt	(1 099.9)	(1 160.1)
Adjustment for deferred loan costs (offset in long-term debt)	(22.5)	(24.1)
Total	**(994.2)**	**(1 048.0)**

The relatively high level of restricted cash relates primarily to deposits made in 2010 and 2011 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 2014 for more details). The deposits are denominated in Brazilian Real and the carrying value at end Q4 2015 is approximately $52.5 million. Restricted cash also includes $12.7 million held in debt service reserve accounts related to the export credit financing of *Ramform Titan* and *Ramform Atlas*.

At December 31, 2015, the Company had approximately 53% 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. PGS does not have any major debt maturities before 2018.

In Q4 2015, PGS received consent from the required lenders to its combined Revolving Credit and Term Loan B facility to amend the leverage ratio maintenance covenant and certain other amendments. The maintenance covenant, Total Leverage Ratio (TLR), was changed from maximum 2.75:1 to 4.00:1 for the period up to and including Q1 2017, thereafter tightening by 0.25:1 each quarter down to 2.75:1 by Q2 2018. PGS has agreed a revised margin structure on the Revolving Credit facility. The margin starts at 200 basis points (“bps”), a 25bps increase from existing margin, as long as TLR is below 2.75:1. If TLR exceeds 2.75:1, it increases stepwise linked to TLR up to a maximum of 325bps. The Company has also agreed that dividend shall not be proposed for 2015 and that, for the remaining part of the amendment period, dividend can only be paid if TLR is below 2.75:1 for two consecutive quarters and the TLR requirement is reset to 2.75:1 (i.e. as it was before the amendment).

At December 31, 2015 the total leverage ratio was 2.56:1.

Note 10 – Earnings per Share

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

	Quarter ended December 31,		Year ended December 31,	
	2015	2014	2015	2014
- Basic	(1.48)	(0.44)	(2.43)	(0.24)
- Diluted	(1.47)	(0.44)	(2.42)	(0.24)
Weighted average basic shares outstanding	226 143 123	214 118 180	217 310 643	214 603 496
Weighted average diluted shares outstanding	227 036 772	214 513 585	218 441 710	215 390 735

Note 11 – Components of Other Comprehensive Income

A reconciliation of reclassification adjustments included in the Consolidated Statements of Profit and Loss:

	Quarter ended December 31,		Year ended December 31,	
(In millions of US dollars)	2015	2014	2015	2014
Actuarial gains (losses) on defined benefit pensions plans	4.0	(27.6)	3.0	(34.7)
Income tax effect on actuarial gains and losses	(1.9)	5.6	(1.7)	6.8
Items that will not be reclassified to profit and loss	**2.1**	**(22.0)**	**1.3**	**(27.9)**
Cash flow hedges				
Gains (losses) arising during the period	(1.1)	-	(1.1)	-
Reclassification adjustments for losses (gains)	-	-	-	9.1
Deferred tax on cash flow hedges	-	-	-	(2.5)
Revaluation of shares available-for-sale				
Gains (losses) arising during the period	-	(1.2)	-	(1.1)
Other comprehensive income (loss) of associated companies	(1.8)	(1.3)	(0.8)	(2.0)
Translation adjustments and other	0.1	(0.3)	(0.5)	0.2
Items that may be subsequently reclassified to profit and loss	**(1.7)**	**(2.8)**	**(2.4)**	**3.7**

Note 12 – Basis of Presentation

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.

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, 2014.

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, 2014.

The Company adopted the amendments to IAS 38 "Intangible Assets" effective from January 1, 2016. The amendments are applied prospectively. The main amendments to accounting for the seismic MultiClient libraries are (i) During the work in progress (WIP) phase, amortization will continue to be based on total cost versus forecasted total revenues of the project. (ii) After a project is completed, a straight-line amortization is applied. The straight-line amortization will be assigned over a remaining useful life, which for most projects is expected to be four years. The straight-line amortization will be distributed evenly through the financial year independently of sales during the quarters.

EBIT or "operating profit" means Revenues less Total operating expenses. EBITDA, when used by the Company, means EBIT excluding other charges/(income), impairment and loss on sale 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 is 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.

Note 13 - 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 2014. 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.

Oslo, February 12, 2016

Francis R. Gugen *Chairperson*	Daniel J. Piette *Director*
Harald Norvik *Vice Chairperson*	Walter Qvam *Director*
Carol Bell *Director*	Anne Grethe Dalane *Director*

Holly A. Van Deursen *Director*	*Berit Osnes* *Director*
Espen Grimstad *Director*	Anette Valbø *Director*
Morten Borge *Director*	Jon Erik Reinhardsen *Chief Executive Officer*

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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 19 countries with regional centers in London, Houston and Kuala Lumpur. 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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Harald Norvik (Vice Chairperson)
Carol Bell
Holly Van Deursen
Daniel J. Piette
Anne Grethe Dalane
Walter Qvam
Morten Borge
Anette Valbø (employee elected)
Espen Grimstad (employee elected)
Berit Osnes (employee elected)

Executive Officers:

Jon Erik Reinhardsen	President and CEO
Gottfred Langseth	EVP & CFO
Rune Olav Pedersen	EVP & General Counsel
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
Joanna Oustad - SVP HSEQ

Web-Site:
www.pgs.com

Financial Calendar:

Q4 2015 report	February 15, 2016
Q1 2016 report	May 3, 2016
AGM	May 11, 2016
Q2 2016 report	July 21, 2016
Q3 2016 report	October 27, 2016
Q4 2016 report	February 16, 2017

The dates are subject to change.