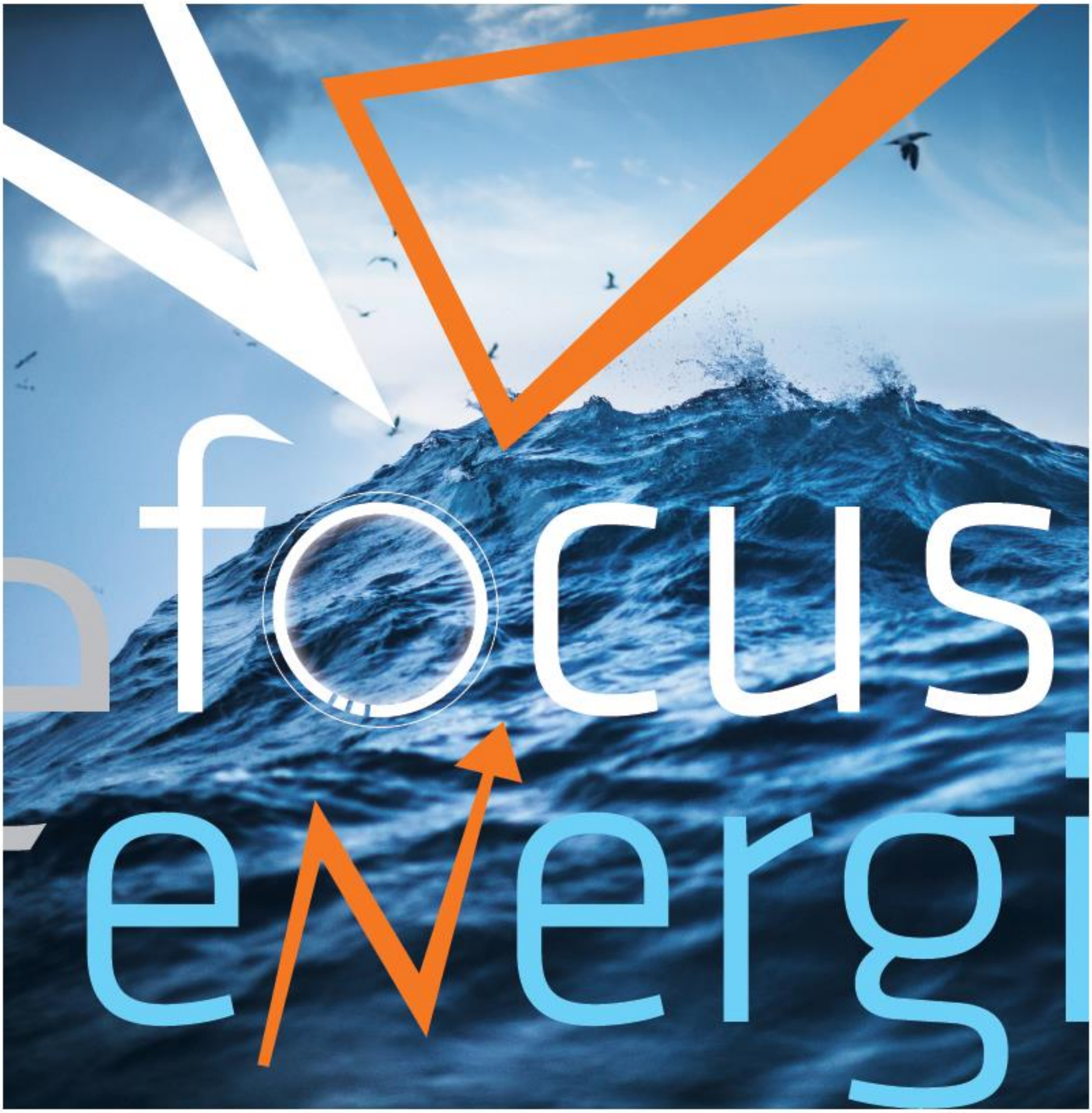

Earnings Release

Q4 - 2018

Refocused & Reenergized

MultiClient Revenue Growth

Note: PGS implemented the new revenue recognition standard, IFRS 15, as the Company's external financial reporting method. This change, which took effect January 1st 2018, impacts the timing of revenue recognition for MultiClient pre-funding revenues and related amortization. For internal management purposes PGS continues to use the revenue recognition principles applied in previous years, which are based on percentage of completion, and use this for numbers disclosed as Segment Reporting. See Note 14 for definitions of terms discussed in this report. See Note 16 for a description of the change in revenue recognition resulting from the implementation of IFRS 15. PGS has not restated prior periods.

Highlights 2018

- As Reported revenues of $874.3 million and EBIT of $39.4million, according to IFRS
- Segment Revenues of $834.5 million, compared to $838.8 million in 2017
- Segment EBITDA of $515.9 million, compared to $374.1 million in 2017
- Segment EBIT of $36.3 million, compared to a loss of $147.1 million in 2017
- Total Segment MultiClient revenues of $654.3 million, up 22% compared to 2017
- Record Segment MultiClient late sales revenues of $371.9 million, up 58% compared to 2017
- Cash flow from operations of $445.9 million, compared to $281.8 million in 2017
- Total Leverage Ratio, as defined in the Company's Credit Facility, of 2.58:1
- In process of completing sale of *Ramform Sterling* to JOGMEC, including a service agreement of up to 10 years with annual renewals

"We have continued to invest in the MultiClient library through the downturn. In a gradually recovering market this has enabled us to deliver segment MultiClient revenue growth of 22% and achieve the highest MultiClient late sales in PGS' history. Despite the oil price volatility in Q4 we experienced strong and diverse customer interest for our data library securing record high quarterly MultiClient late sales revenues of $163.6 million.

The contract market was still challenging in 2018. We achieved higher pricing for contract work, compared to 2017, but were hurt by low vessel utilization, particularly in Q4.

We have delivered a substantial cost reduction and achieved our main financial target for 2018 of becoming cash flow positive after debt service*. I am proud of all PGS employees delivering on this target in the first year of operating in a new organization.

We expect the seismic market in 2019 to continue the improvement trend experienced during 2018. In the contract market we experience higher activity, improved visibility and better prices as we move into 2019. Revenue growth and lower costs will position us to improve cash flow further this year."

Rune Olav Pedersen,
President and Chief Executive Officer

Outlook

PGS expects significant cash flow generation among clients and an increase in exploration and production spending, including offshore spending, to contribute to further recovery of the marine seismic market fundamentals going forward. Contract seismic is likely the activity benefitting most from the improvement, driven by more 4D acquisition and generally higher demand for new seismic data.

Based on current operational projections and with reference to disclosed risk factors, PGS expects full year 2019 gross cash costs of approximately $550 million. This number takes into account an estimated approximately $50 million reduction from the implementation of IFRS 16 in 2019. See Note 16 for a description of the estimated effects from implementation of IFRS 16.

2019 MultiClient cash investments are expected to be approximately $250 million.

More than 50% of 2019 active 3D vessel time is expected to be allocated to MultiClient acquisition.

Capital expenditure for 2019 is expected to be approximately $85 million, which includes the reactivation of *Ramform Vanguard*.

The order book totaled $163 million at December 31, 2018 (including $59 million relating to MultiClient). The order book was $144 million at September 30, 2018 and $135 million at December 31, 2017.

*The 2018 financial target of being cash flow positive after debt servicing is measured as Segment revenues less: gross cash costs, capital expenditures (as reported), taxes and interest paid, and scheduled repayment of debt.

Key Financial Figures

(In millions of US dollars, except per share data)	Quarter ended December 31, 2018	Quarter ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Profit and loss numbers Segment Reporting				
Segment Revenues	245.2	235.9	834.5	838.8
Segment EBITDA	154.5	122.8	515.9	374.1
Segment EBIT ex. impairment and other charges, net	47.9	(24.5)	36.3	(147.1)
Profit and loss numbers As Reported				
Revenues	269.8	235.9	874.3	838.8
EBIT	26.3	(159.2)	39.4	(383.6)
Net financial items	(31.1)	(32.3)	(87.3)	(84.5)
Income (loss) before income tax expense	(4.8)	(191.5)	(47.9)	(468.2)
Income tax expense	(18.7)	(3.3)	(40.0)	(55.2)
Net income (loss) to equity holders	(23.5)	(194.8)	(87.9)	(523.4)
Basic earnings per share ($ per share)	(0.07)	(0.58)	(0.26)	(1.55)
Other key numbers As Reported				
Net cash provided by operating activities	117.3	84.3	445.9	281.8
Cash investment in MultiClient library	40.2	54.0	277.1	213.4
Capital expenditures (whether paid or not)	16.1	23.4	42.5	154.5
Total assets	2 384.8	2 482.8	2 384.8	2 482.8
Cash and cash equivalents	74.5	47.3	74.5	47.3
Net interest bearing debt	1 112.8	1 139.4	1 112.8	1 139.4

Condensed Consolidated Statements of Profit and Loss and Other Comprehensive Income

(In millions of US dollars)	Note	Quarter ended December 31, 2018	Quarter ended December 31, 2017*	Year ended December 31, 2018	Year ended December 31, 2017*
Revenues	2	269.8	235.9	874.3	838.8
Cost of sales	3	(74.8)	(99.2)	(256.0)	(411.0)
Research and development costs	3	(3.0)	(5.4)	(10.8)	(17.6)
Selling, general and administrative costs	3	(12.9)	(8.4)	(51.8)	(36.0)
Amortization and impairment of MultiClient library	4	(105.7)	(121.6)	(385.3)	(426.3)
Depreciation and amortization of long term assets (excl. MultiClient library)	4	(37.7)	(39.9)	(117.5)	(154.4)
Impairment and loss on sale of long-term assets (excl. MultiClient library)	4	-	(55.8)	-	(94.2)
Other charges, net	4	(9.4)	(64.7)	(13.5)	(82.8)
Total operating expenses		(243.5)	(395.1)	(834.9)	(1 222.4)
Operating profit (loss)/EBIT		26.3	(159.2)	39.4	(383.6)
Share of results from associated companies	5	(12.9)	(12.9)	(18.9)	(20.7)
Interest expense	6	(15.8)	(15.9)	(62.0)	(57.8)
Other financial expense, net	7	(2.4)	(3.5)	(6.4)	(6.0)
Income (loss) before income tax expense		(4.8)	(191.5)	(47.9)	(468.2)
Income tax	8	(18.7)	(3.3)	(40.0)	(55.2)
Net income (loss) to equity holders of PGS ASA		**(23.5)**	**(194.8)**	**(87.9)**	**(523.4)**
Other comprehensive income					
Items that will not be reclassified to profit and loss	13	(0.8)	(2.2)	11.6	0.4
Items that may be subsequently reclassified to profit and loss	13	(4.7)	(1.3)	(4.8)	3.2
Other comprehensive income for the period, net of tax		(5.5)	(3.5)	6.8	3.6
Total comprehensive income to equity holders of PGS ASA		**(29.0)**	**(198.3)**	**(81.1)**	**(519.8)**
Earnings per share attributable to equity holders of the parent during the period					
Basic and diluted earnings per share	12	(0.07)	(0.58)	(0.26)	(1.55)

**2017 numbers are not restated and are not comparable to 2018, refer to Note 16 for further information.*

Condensed Consolidated Statements of Financial Position

(In millions of US dollars)	Note	December 31, 2018	December 31, 2017
ASSETS			
Cash and cash equivalents	11	74.5	47.3
Restricted cash	11	4.3	19.8
Accounts receivable		160.3	162.8
Accrued revenues and other receivables		61.1	133.2
Other current assets		64.8	84.7
Total current assets		365.0	447.7
Property and equipment	9	1 062.2	1 297.6
MultiClient library	10	654.6	512.3
Restricted cash	11	38.9	23.5
Other long-term assets		66.6	78.5
Other intangible assets		106.7	123.2
Total long-term assets		1 929.0	2 035.1
Asset held for sale	9	90.8	-
Total assets		**2 384.8**	**2 482.8**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term debt and current portion of long-term debt	11	54.4	77.6
Accounts payable		67.0	81.5
Accrued expenses and other current liabilities		110.6	173.1
Deferred revenues		160.6	13.7
Income taxes payable		32.5	21.4
Total current liabilities		425.1	367.2
Long-term debt	11	1 164.7	1 135.8
Deferred tax liabilities		0.8	0.8
Other long-term liabilities		72.4	99.5
Total long-term liabilities		1 237.9	1 236.1
Common stock; par value NOK 3; issued and outstanding 338,579,996 shares		138.5	138.5
Additional paid-in capital		850.1	851.4
Total paid-in capital		988.6	989.9
Accumulated earnings		(257.2)	(105.6)
Other capital reserves		(9.6)	(4.8)
Total shareholders' equity		721.8	879.5
Total liabilities and shareholders' equity		**2 384.8**	**2 482.8**

Condensed Consolidated Statements of Changes in Shareholders' Equity

For the year ended December 31, 2017

(In millions of US dollars)	Share capital par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings	Other capital reserves	Shareholders' equity
	Attributable to equity holders of PGS ASA					
Balance as of January 1, 2017	**133.7**	**(0.8)**	**816.3**	**418.2**	**(8.0)**	**1 359.4**
Profit (loss) for the period	-	-	-	(523.4)	-	(523.4)
Other comprehensive income (loss)	-	-	-	0.4	3.2	3.6
Share issue	4.8	-	30.6	-	-	35.4
Share based payments	-	0.8	4.5	(0.8)	-	4.5
Balance as of December 31, 2017	**138.5**	**-**	**851.4**	**(105.6)**	**(4.8)**	**879.5**

For the year ended December 31, 2018

(In millions of US dollars)	Share capital par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings	Other capital reserves	Shareholders' equity
	Attributable to equity holders of PGS ASA					
Balance as of January 1, 2018	**138.5**	**-**	**851.4**	**(105.6)**	**(4.8)**	**879.5**
Profit (loss) for the period	-	-	-	(87.9)	-	(87.9)
Other comprehensive income (loss)	-	-	-	11.6	(4.8)	6.8
Share based payments	-		3.0	-	-	3.0
Share based payments, cash settled	-	-	(4.3)	-	-	(4.3)
Adjustment to opening balance*	-	-	-	(75.3)	-	(75.3)
Balance as of December 31, 2018	**138.5**	**-**	**850.1**	**(257.2)**	**(9.6)**	**721.8**

**Refer to Note 16*

Condensed Consolidated Statements of Cash Flows

(In millions of US dollars)	Quarter ended December 31, 2018	Quarter ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Net income (loss) to equity holders of PGS ASA	**(23.5)**	**(194.8)**	**(87.9)**	**(523.4)**
Depreciation, amortization, impairment and loss on sale of long-term assets	145.4	217.3	504.8	674.7
Share of results in associated companies	12.9	12.9	18.9	20.7
Interest expense	15.7	15.9	62.0	57.8
Loss (gain) on sale and retirement of assets	0.2	2.5	2.4	(2.9)
Change in deferred tax	-	0.6	-	42.9
Income taxes paid	(7.4)	(5.6)	(30.0)	(12.7)
Other items	0.7	11.3	(1.2)	14.9
(Increase) decrease in accounts receivable, accrued revenues & other receivables	(64.4)	(38.7)	3.8	(77.3)
Increase (decrease) in deferred revenues	0.3	5.0	(12.5)	5.5
Increase (decrease) in accounts payable	7.6	(2.5)	(8.4)	18.7
Change in other current items related to operating activities	34.7	55.4	(3.1)	37.9
Change in other long-term items related to operating activities	(4.9)	5.0	(2.9)	25.0
Net cash provided by operating activities	**117.3**	**84.3**	**445.9**	**281.8**
Investment in MultiClient library	(40.2)	(54.0)	(277.1)	(213.4)
Investment in property and equipment	(12.1)	(14.8)	(48.0)	(148.8)
Investment in other intangible assets	(2.4)	(3.3)	(19.9)	(17.0)
Investment in other current -and long-term assets	(4.0)	-	(6.6)	(2.3)
Proceeds from sale and disposal of assets	1.5	-	1.5	23.7
Decrease (increase) in long-term restricted cash	-	56.3	-	57.7
Net cash used in investing activities	**(57.2)**	**(15.8)**	**(350.1)**	**(300.1)**
Proceeds, net of deferred loan costs, from issuance of long-term debt	-	(0.2)	-	76.4
Repayment of long-term debt	(40.6)	(12.8)	(80.2)	(51.8)
Net change of drawing on the Revolving Credit Facility	30.0	(10.0)	75.0	-
Proceeds from sale of treasury shares/share issue	-	-	-	35.4
Interest paid	(19.4)	(22.2)	(63.4)	(56.3)
Net cash (used in) provided by financing activities	**(30.0)**	**(45.2)**	**(68.6)**	**3.7**
Net increase (decrease) in cash and cash equivalents	30.1	23.1	27.2	(14.5)
Cash and cash equivalents at beginning of period	44.4	24.2	47.3	61.7
Cash and cash equivalents at end of period	**74.5**	**47.3**	**74.5**	**47.3**

Notes to the Condensed Interim Consolidated Financial Statements
Fourth Quarter and Preliminary Full Year 2018 Results

Note 1 – Segment Reporting

Following the Company's reorganization with effect from January 1, 2018, PGS now has only one operating segment. Because the previous segments, Marine Contract and MultiClient, satisfied the aggregation criteria under IFRS 8 operating segments, this change in segments does not result in a change to the segment reporting for previous periods.

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

PGS management has, for the purpose of its internal reporting, continued to report according to the principle applied in 2017 and earlier years, where MultiClient pre-funding revenue is recognized on a percentage of completion basis, and the related amortization of MultiClient library based upon the ratio of aggregate capitalized survey costs to forecasted sales. Reference is made to Note 16 for further information.

The table below sets out a summary of the Group's segment numbers for Q4 and preliminary full year 2018 respectively.

	Quarter ended December 31,					
	2018	2017	2018	2017	2018	2017
	Segment Reporting		Adjustments		As Reported	
Total revenues	245.2	235.9	24.6	-	269.8	235.9
Cost of sales	(74.8)	(99.2)	-	-	(74.8)	(99.2)
Research and development costs	(3.0)	(5.4)	-	-	(3.0)	(5.4)
Selling, general and administrative costs	(12.9)	(8.4)	-	-	(12.9)	(8.4)
Amortization of MultiClient library	(68.9)	(107.4)	(22.1)	-	(91.0)	(107.4)
Depreciation and amortization (excl. MultiClient library)	(37.7)	(39.9)	-	-	(37.7)	(39.9)
Operating profit/ EBIT ex impairment and other charges,net	**47.9**	**(24.5)**	**2.5**	-	**50.4**	**(24.5)**

	Twelve months ended December 31,					
	2018	2017	2018	2017	2018	2017
	Segment Reporting		Adjustments		As Reported	
Total revenues	834.5	838.8	39.8	-	874.3	838.8
Cost of sales	(256.0)	(411.0)	-	-	(256.0)	(411.0)
Research and development costs	(10.8)	(17.6)	-	-	(10.8)	(17.6)
Selling, general and administrative costs	(51.8)	(36.0)	-	-	(51.8)	(36.0)
Amortization of MultiClient library	(362.1)	(366.8)	(0.6)	-	(362.7)	(366.8)
Depreciation and amortization (excl. MultiClient library)	(117.5)	(154.4)	-	-	(117.5)	(154.4)
Operating profit/ EBIT ex impairment and other charges,net	**36.3**	**(147.0)**	**39.2**	-	**75.5**	**(147.0)**

Since IFRS 15 took effect January 1, 2018 there are no differences between Segment and As Reported income statement figures for the year ended December 31, 2017.

Segment Reporting applies a percentage of completion revenue recognition principle for MultiClient pre-funding agreements and recognizes MultiClient library amortization in the same periods as the revenues. This differs from IFRS reporting which recognizes revenue from MultiClient pre-funding agreements and related amortization at the "point in time" when the customer receives access to, or delivery of, the finished data. See Note 16 for further description of the principles applied.

For the full year and Q4 2018, MultiClient pre-funding revenues, As Reported, were higher than Segment pre-funding revenues. This difference is related to timing of revenue recognition.

Note 2 – Revenues

Revenues by service type:

	Quarter ended December 31,		Quarter ended December 31,	
	2018	2017	2018	2017
	Segment Reporting		As Reported	
- Contract seismic	41.0	40.5	41.0	40.5
- MultiClient pre-funding	34.2	107.7	58.8	107.7
- MultiClient late sales	163.6	70.5	163.6	70.5
- Imaging	6.3	9.8	6.3	9.8
- Other	0.1	7.4	0.1	7.4
Total revenues	**245.2**	**235.9**	**269.8**	**235.9**

Revenues by service type:

	Year ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
	Segment Reporting		As Reported	
- Contract seismic	149.5	241.3	149.5	241.3
- MultiClient pre-funding	282.4	299.4	322.2	299.4
- MultiClient late sales	371.9	235.0	371.9	235.0
- Imaging	25.8	51.0	25.8	51.0
- Other	4.9	12.1	4.9	12.1
Total revenues	**834.5**	**838.8**	**874.3**	**838.8**

Vessel allocation(1):

	Quarter ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Contract	23%	23%	22%	41%
MultiClient	14%	23%	44%	31%
Steaming	15%	15%	10%	11%
Yard	5%	7%	2%	3%
Stacked/standby	43%	32%	22%	14%

1) The statistics exclude cold-stacked vessels.

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

Total revenues

For the full year 2018, As Reported revenues amounted to $874.3 million. *In Q4 2018*, As Reported revenues amounted to $269.8 million. Following implementation of IFRS 15, reported revenues for MultiClient pre-funding are not comparable to previous periods, reference is made to Note 16 for further information.

Segment Revenues for PGS *for the full year 2018* decreased by $4.3 million, or 1%, compared to 2017. The decrease is primarily driven by a change in vessel deployment from contract services towards MultiClient investment activity and a lower average pre-funding level on new MultiClient surveys. This was almost offset by a record high MultiClient late sales revenues of $371.9 million, 58% higher than in 2017.

In Q4 2018, Segment Revenues increased by $9.3 million, or 4%, compared to Q4 2017 primarily as a result of a significant increase in MultiClient late sales revenues of $93.1 million, or 132%, partially offset by weaker vessel utilization and lower MultiClient pre-funding revenues.

Contract revenues

For the full year 2018, contract revenues decreased by $91.8 million, compared to the full year 2017 primarily as a result of less capacity allocated to contract work, partially offset by higher prices.

In Q4 2018, contract revenues increased by $0.5 million, or 1%, compared to Q4 2017, due to better pricing.

MultiClient pre-funding revenues

For the full year 2018, MultiClient pre-funding revenues, As Reported according to IFRS 15, were $322.2 million, predominantly driven by completion of surveys in Europe and North America. *In Q4 2018*, MultiClient pre-funding revenues, As Reported according to IFRS 15, were $58.8 million, predominantly driven by completion of surveys in Europe and Asia. Following implementation of IFRS 15, MultiClient pre-funding revenues are not comparable to previous periods, reference is made to Note 16 for further information.

Segment MultiClient pre-funding revenues *for the full year 2018* decreased by $17.0 million, or 6%, compared to the full year 2017, primarily due to a lower pre-funding level on surveys conducted. Capitalized cash investment, and allocation, to MultiClient has increased for the full year 2018, compared to the full year 2017, as PGS believes the Company will harvest from these investments in a strengthening market going forward. Segment MultiClient pre-funding revenues for the full year 2018 were highest in Europe and North America.

In Q4 2018, Segment MultiClient pre-funding revenues decreased by $73.5 million, or 68%, compared to Q4 2017, primarily as a result of significantly less sales from surveys in the processing phase and less capacity allocated to MultiClient. Segment pre-funding revenues in Q4 2018 were highest in North America and Europe.

MultiClient late sale revenues
For the full year 2018, MultiClient late sales revenues increased by $136.9 million, or 58%, compared to the full year 2017. Higher MultiClient late sales revenues were primarily driven by an improving market sentiment in combination with a geographically diverse MultiClient library attracting good licensing interest from clients. MultiClient late sales are expected to continue to experience regional and quarterly fluctuations. Late sales were distributed across regions and highest in Europe and South America.

In Q4 2018, MultiClient late sales revenues increased by $93.1 million, or 132%, compared to Q4 2017. Higher MultiClient late sales revenues were primarily driven by the same factors as mentioned for the full year. Late sales were spread across regions and highest in Europe.

External Imaging revenues
For the full year 2018, external imaging revenues decreased by $25.2 million, or 49%, compared to the full year 2017, as a result of a challenging market for imaging services, overall reduced capacity and increased use of capacity for processing of MultiClient data, as the Company has changed its focus to more internal use of Imaging resources.

In Q4 2018, external imaging revenues decreased by $3.5 million, or 36%, compared to Q4 2017, explained by the same factors as for the full year.

Note 3 – Net Operating Expenses

	Quarter ended December 31,		Year ended December 31,	
(In millions of US dollars)	2018	2017	2018	2017
Cost of sales before investment in MultiClient library	(118.5)	(160.6)	(530.1)	(632.0)
Research and development costs before capitalized development costs	(4.7)	(8.6)	(19.7)	(29.4)
Sellling, general and administrative costs	(12.9)	(8.4)	(51.8)	(36.0)
Cash costs, gross	**(136.1)**	**(177.6)**	**(601.6)**	**(697.5)**
Steaming deferral, net	3.5	7.3	(3.0)	7.5
Cash investment in MultiClient library	40.2	54.0	277.1	213.4
Capitalized development costs	1.7	3.2	8.9	11.8
Net operating expenses	**(90.7)**	**(113.1)**	**(318.6)**	**(464.7)**

For the full year 2018, gross cash costs for PGS decreased by $95.9 million, or 14%, compared to the full year 2017. The decrease is primarily a result of the reorganization and costs initiative implemented by the Company in Q4 2017 partially offset by higher fuel costs.

In Q4 2018, gross cash costs decreased by $41.5 million, or 23%, compared to Q4 2017, primarily as a result of costs adjustments, a flexible fleet model and lower project specific costs.

Through the downturn the Company's gross cash costs have been substantially reduced from the $1,112 million reported in 2014. The reorganization in Q4 2017 has reduced costs further in 2018 and full year gross cash costs ended at $601.6 million.

Following the reorganization, effective January 1, 2018, the Company changed the costs classification so that more office facility and sales costs are reported as "Selling, general and administrative costs."

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

Amortization and impairment of MultiClient library consist of the following:

	Quarter ended December 31,		Year ended December 31,	
(In millions of US dollars)	2018	2017	2018	2017
As reported				
Amortization of MultiClient library	(46.1)	(107.4)	(212.3)	(366.4)
Accelerated amortization of MultiClient library	(44.9)	-	(150.4)	(0.4)
Impairment of MultiClient library	(14.7)	(14.2)	(22.6)	(59.4)
Total	**(105.7)**	**(121.6)**	**(385.3)**	**(426.3)**
Segment reporting				
Amortization of MultiClient library	(68.9)	(107.4)	(362.1)	(366.4)
Accelerated amortization of MultiClient library	-	-	-	(0.4)
Impairment of MultiClient library	-	(14.2)	-	(59.4)
Total	**(68.9)**	**(121.6)**	**(362.1)**	**(426.3)**

For the full year 2018, Segment Amortization of the MultiClient library as a percentage of MultiClient Segment Revenues was 55%, compared to 69% for the full year 2017. The lower amortization is primarily due to the record high MultiClient late sales revenues and significant sales from surveys with low or no book value.

In Q4 2018, Segment Amortization of the MultiClient library as a percentage of MultiClient Segment Revenues was 35%, compared to 60% in Q4 2017. The low amortization rate is explained by the same factors as for the full year.

MultiClient library amortization and impairment As Reported according to IFRS
For the full year 2018, total MultiClient amortization, As Reported according to IFRS, as a percentage of MultiClient revenues was 52%. The Company recognized accelerated amortization of $145.1million on projects completed in 2018.

In Q4 2018 total MultiClient amortization, As Reported according to IFRS, as a percentage of MultiClient revenues was 41%. The Company recognized accelerated amortization of $39.6 million on projects completed in Q4 2018. Following implementation of IFRS 15, MultiClient amortization, As Reported, is not comparable to previous periods. See Note 16.

The Q4 2018 impairment charge of $ 14.7 million relates to projects in Europe, Asia Pacific and Africa.

Explanation of the difference between Segment MultiClient library amortization and As Reported
As a consequence of adopting IFRS 15, amortization As Reported also includes accelerated amortization. With effect from January 1, 2018, revenue As Reported from MultiClient pre-funders is recognized when the customer is granted access to the finished survey or upon delivery of the finished data see Note 16. Concurrent with recognizing this revenue, the Company records an accelerated amortization to reduce the net book value of the survey to the estimated net present value of the forecasted remaining sales.

Depreciation and amortization of long term assets (excl. MultiClient library) consist of the following:

	Quarter ended December 31,		Year ended December 31,	
(In millions of US dollars)	2018	2017	2018	2017
Gross depreciation	(48.3)	(56.1)	(203.4)	(226.0)
Depreciation capitalized and deferred, net	10.6	16.2	85.9	71.6
Total	**(37.7)**	**(39.9)**	**(117.5)**	**(154.4)**

For the full year 2018, gross depreciation decreased by $22.6 million, or 10%, compared to the full year 2017 as a result of generally lower investment levels over recent years. Capitalized depreciation was $14.3 million, or 20%, higher in 2018, compared to 2017 as a result of more capacity allocated to MultiClient projects, partially offset by a reduction in gross depreciation.

In Q4 2018, gross depreciation decreased by $7.8 million, or 14%, compared to Q4 2017 explained by the same factors as for the full year. Capitalized depreciation was $5.6 million, or 35%, lower in Q4 2018, compared to Q4 2017 as a result of a reduction in gross depreciation and less capacity allocated to MultiClient.

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

(In millions of US dollars)	Quarter ended December 31, 2018	Quarter ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Property and equipment	-	(2.2)	-	(40.6)
Other Intangible assets	-	(53.6)	-	(53.6)
Total	**-**	**(55.8)**	**-**	**(94.2)**

The Company has recorded significant impairment charges in the period 2014 to 2017. The market for seismic services is still uncertain and dependent upon several factors, further impairments may arise in future periods.

Other charges, net consist of the following:

(In millions of US dollars)	Quarter ended December 31, 2018	Quarter ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Severance cost	(0.6)	(33.9)	(2.4)	(34.5)
Onerous lease contracts	(0.6)	(5.8)	(1.7)	(21.8)
Onerous contracts with customers	1.4	(8.4)	6.9	(2.4)
Loss on ISS settlement	-	(14.4)	-	(14.4)
Write-down supply/spare parts	(8.2)	-	(8.2)	-
Other	(1.4)	(2.3)	(8.1)	(9.8)
Total	**(9.4)**	**(64.7)**	**(13.5)**	**(82.9)**

The Company recorded a write down of $8.2 million mainly as a result of reassessing the value of the Company's spare part and supplies in light of vessel stacking over recent years.

As of December 31, 2018, the Company's provision for onerous customer contracts amounted to a total of $2.9 million, a decrease of $1.4 million compared to September 30, 2018 and a decrease of $6.9 million compared to December 31, 2017. The provision represents the estimated loss in future periods relating to certain binding customer contracts where revenues are lower than the full costs, including depreciation, of completing the contract.

Note 5 – Share of Results from Associated Companies

The share of results from associated companies was a loss of $18.9 million in for the full year 2018 and $12.9 million in Q4 2018, and relates to the approximate 35% interest in the Azimuth Group.

Note 6 – Interest Expense

Interest expense consists of the following:

(In millions of US dollars)	Quarter ended December 31, 2018	Quarter ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Interest expense, gross	(17.7)	(17.1)	(69.1)	(64.4)
Capitalized interest, MultiClient library	1.9	1.2	7.1	4.8
Capitalized interest, construction in progress	-	-	-	1.8
Total	**(15.8)**	**(15.9)**	**(62.0)**	**(57.8)**

Gross interest expense for Q4 and full year 2018 increased compared to the same periods in 2017, because of higher interest rates on the Company's floating rate debt due to an increase of USD LIBOR, partially offset by reduced credit margin on the Revolving Credit Facility.

Note 7 – Other Financial Expense, net

Other financial expense, net consists of the following:

(In millions of US dollars)	Quarter ended December 31, 2018	Quarter ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Interest income	1.0	0.4	2.2	1.4
Currency exchange gain (loss)	(2.1)	(1.1)	(2.9)	(7.3)
Other	(1.3)	(2.7)	(5.7)	-
Total	**(2.4)**	**(3.5)**	**(6.4)**	**(6.0)**

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.

Note 8 – Income Tax and Contingencies

Income tax consists of the following:

(In millions of US dollars)	Quarter ended December 31, 2018	Quarter ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Current tax	(18.7)	(2.7)	(40.0)	(12.3)
Change in deferred tax	-	(0.6)	-	(42.9)
Total	**(18.7)**	**(3.3)**	**(40.0)**	**(55.2)**

Current tax expense for the full year 2018 and Q4 2018 primarily relates to foreign withholding tax and corporate tax on increased revenues in South America.

Tax Contingencies

The Company 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 $41.3 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.

Note 9 – Property and Equipment

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

(In millions of US dollars)	Quarter ended December 31, 2018	Quarter ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Seismic equipment	7.0	10.1	24.4	35.7
Vessel upgrades/Yard	3.9	10.2	4.7	18.7
Processing equipment	4.7	1.4	10.4	6.6
Newbuilds	-	-	-	89.0
Other	0.5	1.7	3.0	4.5
Total capital expenditures, whether paid or not	**16.1**	**23.4**	**42.5**	**154.5**
Adjustment to prior years capital expenditures	-	-	-	5.3
Change in working capital and capital leases	(4.0)	(8.5)	5.5	(10.9)
Investment in property and equipment	**12.1**	**14.8**	**48.0**	**148.8**

Following the completion of the new build program in Q2 2017, investment in property and equipment consists mainly of maintenance equipment for the Company's seismic acquisition and imaging activities. PGS is in process of completing a sale of *Ramform Sterling* to JOGMEC. No significant gain or loss is expected to be recognized on the transaction as the sales proceeds approximate the sum of the net book value of the vessel plus the estimated costs to be incurred to bring the vessel to the agreed condition and location of delivery. The vessel is classified as held for sale in the statement of financial position as of December 31, 2018. The Company plans to maintain its fleet size and will introduce the Ramform Vanguard from the summer of 2019, resulting in capital expenditures of approximately $25 million.

Note 10 – MultiClient Library

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

(In millions of US dollars)	December 31, 2018	December 31, 2017
Completed during 2013	-	7.6
Completed during 2014	10.7	35.5
Completed during 2015	29.7	69.3
Completed during 2016	110.1	185.7
Completed during 2017	66.3	90.8
Completed during 2018	116.4	-
Completed surveys	333.3	389.0
Surveys in progress	321.3	123.3
MultiClient library, net	**654.6**	**512.3**

The comments to Note 10 relates to both As Reported and Segment Reporting unless otherwise stated.

As more fully described in Note 16, following the implementation of IFRS 15 the carrying value of As Reported Surveys in progress was increased by $155 million as of January 1, 2018. Comparable figures for 2017 are not restated.

Key figures MultiClient library:

	Quarter ended December 31,		Year ended December 31,	
(In millions of US dollars)	2018	2017	2018	2017
MultiClient pre-funding revenue, as reported *	58.8	107.7	322.2	299.4
MultiClient late sales	163.6	70.5	371.9	235.0
Cash investment in MultiClient library	40.2	54.0	277.1	213.4
Capitalized interest in MultiClient library	1.9	1.2	7.1	4.8
Capitalized depreciation (non-cash)	8.8	16.2	87.7	71.6
Amortization of MultiClient library	(46.1)	(107.4)	(212.3)	(366.4)
Accelerated amortization of MultiClient library	(44.9)	-	(150.4)	(0.4)
Impairment of MultiClient library	(14.7)	(14.2)	(22.6)	(59.4)
Segment Reporting				
MultiClient pre-funding revenue, Segment *	34.2	107.7	282.4	299.4
Prefunding as a percentage of MultiClient cash investment	85 %	199 %	102 %	140 %

*includes revenue from sale to joint operations in the amount of $49.7 million for the year ended December 31, 2018, there are no material revenue from joint operations in Q4 2018 or Q4 2017.

For the full year 2018, Segment MultiClient pre-funding revenues corresponded to 102% of capitalized MultiClient cash investment (excluding capitalized interest), compared to 140% in 2017. The high pre-funding level in 2017 primarily relates to more sales from surveys in the processing phase and an effort to de-risk the surveys more in a more challenging market environment.

In Q4 2018, Segment MultiClient pre-funding revenues corresponded to 85% of capitalized MultiClient cash investment (excluding capitalized interest), compared to 199% in Q4 2017. The lower pre-funding level in Q4 2018 is primarily due to less sales of surveys which are still in the processing phase.

For the full year 2018, the higher MultiClient cash investment compared to full year 2017 is mainly due to more 3D vessel capacity allocated to MultiClient following a strategic choice to increase investments, which will benefit future sales.

In Q4 2018, the MultiClient cash investment decreased by $13.8 million, or 26%, compared to Q4 2017, as a result of less capacity allocated to MultiClient.

Note 11 – Liquidity and Financing

For the full year 2018, net cash provided by operating activities was $445.9 million, compared to $281.7 million in 2017. The increase is mainly driven by higher earnings from more MultiClient activity and better sales form the data library.

In Q4 2018, net cash provided by operating activities was $117.3 million, compared to $84.3 million in Q4 2017. Cash payments of severance and other restructuring provisions amounted to $2.8 million for Q4 and $36.0 million for the full year 2018.

The liquidity reserve, including cash and cash equivalents and the undrawn part of the Revolving Credit Facility ("RCF"), was $159.5 million as of December 31, 2018, compared to $159.5 million as of September 30, 2018 and $257.3 million as of December 31, 2017. On September 18, 2018 the RCF was reduced from $400 million to $350 million in accordance with the extension and amendment of the facility agreed in November 2016. On December 14, 2018 PGS repaid the December 2018 Senior Notes of $26.0 million, according to the loan agreement.

Long term debt consists of the following:

	December 31,	
(In millions of US dollars)	2018	2017
Secured		
Term loan B, Libor (min. 75 bp) + 250 Basis points, due 2021	381.0	385.0
Export credit financing, due 2025	140.6	161.4
Export credit financing, due 2027	228.7	255.1
Revolving credit facility, due 2020	265.0	190.0
Unsecured		
Senior notes, Coupon 7.375%, due 2018	-	26.0
Senior notes, Coupon 7.375%, due 2020	212.0	212.0
Long-term debt, gross (1)	**1,227.3**	**1,229.5**
Less current portion LT debt (2)	(51.2)	(77.2)
Less deferred loan costs, net of debt premiums	(11.4)	(16.5)
Total long-term debt	**1,164.7**	**1,135.8**

(1) Fair value of the long term debt, gross was $1,187.4 million as of December 31 2018, compared to $1,150.3 million as of December 31, 2017.
(2) Does not include financial lease obligations.

Undrawn facilities consists of the following:

	December 31,	
(In millions of US dollars)	2018	2017
Secured		
Revolving credit facility, due 2020	85.0	210.0
Unsecured		
Bank facility (NOK 50 mill)	5.8	6.1
Performance bond	12.3	11.3
Total	**103.1**	**227.4**

Summary of net interest bearing debt:

	December 31,	
(In millions of US dollars)	2018	2017
Cash and cash equivalents	74.5	47.3
Restricted cash (current and long-term)	43.2	43.2
Short-term debt and current portion of long-term debt	(54.4)	(77.6)
Long-term debt	(1,164.7)	(1,135.8)
Adjustment for deferred loan costs (offset in long-term debt)	(11.4)	(16.5)
Total	**(1,112.8)**	**(1,139.4)**

Restricted cash of $43.2 million includes $38.3 million held in debt service reserve and retention accounts related to the export credit financing ("ECF") of *Ramform Titan*, *Ramform Atlas, Ramform Tethys and Ramform Hyperion*.

At December 31, 2018, the Company had approximately 50% of its debt at fixed interest rates. The Q4 2018 weighted average cash interest costs of gross debt reflects an interest rate of approximately 5.0%, including credit margins paid on the debt. PGS has a debt structure with no material scheduled maturities until 2020, except on the ECF, which is repaid in separate semi-annual instalments. Total annual ECF instalments for 2019 will be approximately $47.2 million and each subsequent year until they taper off following maturity of one after one of the four facilities in the period 2025 to 2027.

The undrawn portion of the RCF constitutes a significant portion of the Company's liquidity reserve. As a part of the refinancing completed in Q4 2016 the stepdown of the Total Leverage Ratio ("TLR") covenant, with which the Company must comply in order to draw on the RCF, was amended to a flatter profile. At December 31, 2018 the TLR was [2.58]:1, well below the maximum level of 3.50:1. The maximum TLR will be reduced by 0.25:1 each of the following three quarters to come down to 2.75:1 by end of Q3 2019 and will thereafter stay at 2.75:1 for the remaining life of the facility.

If the Company were to breach the TLR covenant, this would represent a default under the loan agreement. In such case the Company may be able to continue to access the RCF if it receives a waiver of the breach. For a more complete description, reference is made to the Company's 2017 Annual Report.

Note 12 – Earnings per Share

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

	Quarter ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
- Basic	(0.07)	(0.58)	(0.26)	(1.55)
- Diluted	(0.07)	(0.58)	(0.26)	(1.55)
Weighted average basic shares outstanding	338 578 257	338 552 873	338 575 238	337 860 603
Weighted average diluted shares outstanding	340 477 814	340 446 696	341 007 278	340 234 632

Note 13 – Other Comprehensive Income

Changes to Other comprehensive income consists of the following:

(In millions of US dollars)	Quarter ended December 31, 2018	Quarter ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Actuarial gains (losses) on defined benefit pensions plan	(0.8)	(2.2)	11.6	11.2
Income tax effect on actuarial gains and losses	-		-	(10.8)
Items that will not be reclassified to profit and loss	**(0.8)**	**(2.2)**	**11.6**	**0.4**
Gains (losses) on hedges	(3.9)	(0.8)	(4.4)	2.6
Other comprehensive income (loss) of associated companies	(0.8)	(0.5)	(0.4)	0.6
Items that may be subsequently reclassified to profit and loss	**(4.7)**	**(1.3)**	**(4.8)**	**3.2**

Note 14 – Reconciliation of alternative performance measures

(In millions of US dollars)	Quarter ended December 31, 2018	Quarter ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Operating profit (loss)	**26.3**	**(159.2)**	**39.4**	**(383.6)**
Segment adjustment to Revenues as reported	(24.6)	-	(39.8)	-
Other charges net	9.4	64.7	13.5	82.8
Amortization and impairment of MultiClient library	105.7	121.6	385.3	426.3
Depreciation and amortization of long term assets (excl. MultiClient library)	37.7	39.9	117.5	154.4
Impairment and loss on sale of long-term assets (excl. MultiClient library)	-	55.8	-	94.2
Segment EBITDA ex. Other Charges, net	**154.5**	**122.8**	**515.9**	**374.1**

(In millions of US dollars)	Quarter ended December 31, 2018	Quarter ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Operating profit (loss)	**26.3**	**(159.2)**	**39.4**	**(383.6)**
Segment adjustment to Revenues As Reported	(24.6)	-	(39.8)	-
Other charges, net	9.4	64.7	13.5	82.8
Segment adjustment to Amortization As Reported	22.1	-	0.6	-
Impairment of MultiClient library	14.7	14.2	22.6	59.4
Impairment and loss on sale of long-term assets (excl. MultiClient library)	-	55.8	-	94.2
EBIT ex. impairment and other charges, net	**47.9**	**(24.5)**	**36.3**	**(147.2)**

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

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

Segment EBITDA

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

Segment EBIT, excluding impairments and other charges

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

MultiClient pre-funding level

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

Net interest bearing debt

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

Liquidity reserve

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

Gross cash costs

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

Net operating expenses

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

Order book

Order book is defined as the aggregate estimated value of future Segment revenues on signed customer contracts or letters of award. PGS believes that the Order book figure is a useful measure in that it provides an indication of the amount of customer backlog and committed activity in the coming periods.

Capital expenditures, whether paid or not

Capital expenditures means investments in property and equipment irrespective of whether paid in the period, but excluding capitalized interest costs.

Note 15 – Basis of Presentation

The Company is a Norwegian public 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.

Profit and loss for the interim period are not necessarily indicative of the results that may be expected for any subsequent interim period or year. The condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2017.

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, 2017. Reference is made to Note 16 for changes following IFRS 15.

Note 16 – Change in accounting principles

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2017, except for the adoption of new standards effective as of January 1, 2018. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Except for IFRS 15 no new standards had any impact for the Company.

IFRS 9 Financial Instruments effective from January 1, 2018
Effective January 1, 2018 the new financial instruments standard, IFRS 9, replaced existing IFRS revenue requirements (see Note 2 in the 2017 Annual Report). The standard has not had any significant effect on the Company's consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers effective from January 1, 2018
Effective January 1, 2018 the new revenue recognition standard, IFRS 15, replaced existing IFRS revenue requirements (see Note 2 in the 2017 Annual Report).

The core principle of IFRS 15 is that revenue is recognized to depict the transfer of control of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Company adopted IFRS 15 from January 1, 2018. IFRS 15 does not impact the recognition of revenues for proprietary contracts and MultiClient late sales.

Under the previous revenue recognition policy for MultiClient pre-funding agreements, the acquisition and processing of MultiClient data is considered a service to the pre-funders, and therefore revenue was recognized as the service is performed over time during the acquisition and processing of MultiClient data. Under IFRS 15 MultiClient pre-funding agreements are considered "right to use" licenses and the revenue is to be recognized at the point in time when the "right to use" license is transferred to the customer. This "point in time" is typically upon completion of processing of the survey and granting of access to the finished data or delivery of the finished data.

The Company has applied the modified retrospective approach in transitioning to the new principle. Under this approach, the cumulative effect of initially applying IFRS 15 is recognized at the date of initial application, i.e. in the 2018 opening balance, and the comparative periods are not restated. As a consequence, previously recognized revenue from MultiClient pre-funding agreements for which final data had not yet been delivered as of December 31, 2017 was reversed effective January 1, 2018, along with the related MultiClient amortization expense, and will be recognized in the 2018 and future periods statement of profit and loss, without prior periods being restated.

The transition adjustments to the opening balance are as follows:

Adjusted opening balance following IFRS 15	As reported 31.12.2017	Adjustment IFSR 15	Opening Balar 01.01.2018
Accounts receivable	162.8	-	162.8
Accrued revenues and other receivables	133.2	(70.9)	62.3
Other	151.7	-	151.7
Total current assets	**447.7**	**(70.9)**	**376.8**
MultiClient library			
Completed surveys	389.0	-	389.0
Surveys in progress	123.3	155.7	279.0
Other	1,522.8	-	1,522.8
Total long term assets	**2,035.1**	**155.7**	**2,190.8**
Total assets	**2,482.8**	**84.8**	**2,567.6**
Accumulated earnings	(18.5)	(75.3)	(93.8)
Other equity	898.0	-	898.0
Total shareholders' equity	**879.5**	**(75.3)**	**804.2**
Accrued expenses, other current liabilities and deferred revenues	186.8	160.1	346.9
Other	180.4	-	180.4
Total current liabilities	**367.2**	**160.1**	**527.3**
Total long term liabilities	**1,236.1**	**-**	**1,236.1**
Total liabilities and shareholders' equity	**2,482.8**	**84.8**	**2,567.6**

The opening balance has been adjusted with $70.9 million in decrease in accrued revenues and a $160.1 increase in deferred revenues, in total $230.9 million. In Q4 2018 $38.4 million of this adjustment has been recognized as pre-funding revenues, and $197.63 million for the full year 2018. The remainder $ 33.3 is expected to be recognized in the first half of 2019.

If IFRS revenues for 2018 were presented in accordance with the principles applied for 2017; the financial reporting under IFRS would be the same as the Segment Reporting.

Segment Reporting Principles

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

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

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

IFRS 16 Leases, effective from January 1, 2019
The Company will adopt IFRS 16 on January 1, 2019, applying the modified retrospective transition method. Under the modified retrospective transition method, comparative information will not be restated, but the retrospective cumulative impact of IFRS 16 will be recognized within the opening balance of equity.

As at January 1, 2019, vessel, building and equipment operating leases will be capitalized on the balance sheet as right-of-use assets, with a corresponding lease liability representing the Company's obligation to make lease payments. Lease costs previously recognized within gross cash costs will be replaced by depreciation and interest expense.

The Company estimates that it will recognize approximately $238 million of lease liabilities, of which $42 million is classified as short term, together with right-of-use assets of $202 million. The difference between the right-of-use assets and the liabilities relates to onerous leases and lease incentives embedded in the value of the asset, and results in a reduction in accrued expenses of $27 million and a decrease of shareholder's equity of $9 million at January 1, 2019.

The anticipated full year impact in 2019 is that gross cash costs will reduce by approximately $50 million, partially offset by a reduction in MultiClient library capitalization expected to be approximately $20 million, depending on vessel utilization, and will be replaced by depreciation of $40 million and interest expense of $15 million.

Note 17 - 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 2017. 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, January 30, 2019

Walter Qvam
Chairperson

Morten Borge
Director

Anne Grethe Dalane
Director

Richard Herbert
Director

Marianne Kah
Director

Espen Grimstad
Director

Hege Renshus
Director

Anette Valbø
Director

Rune Olav Pedersen
Chief Executive Officer

***

Petroleum Geo-Services ASA and its subsidiaries ("PGS" or "the Company") is a focused marine geophysical company that provides a broad range of seismic and reservoir services, including acquisition, imaging, interpretation, and field evaluation. The Company's MultiClient 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 and the PGS share is listed on the Oslo stock exchange (OSE: PGS).

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

***

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 2017. 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.

FOR DETAILS CONTACT:
Bård Stenberg, SVP IR & Communication
Phone: +47 67 51 43 16
Mobile: +47 992 45 235

PGS Main Offices:

OSLO (headquarter)
Petroleum Geo-Services ASA
Lilleakerveien 4C
P.O.Box 251 Lilleaker
0216 Oslo, Norway
Phone: +47 67 52 64 00

HOUSTON
Petroleum Geo-Services, Inc.
West Memorial Place I
15375 Memorial Drive, Suite 100
Houston Texas 77079, USA
Phone: +1 281 509 8000

LONDON
Petroleum Geo-Services (UK) Ltd.
4 The Heights
Brooklands
Weybridge
Surrey KT13 0NY, UK
Phone: +44 1932 3760 00

Board of Directors:

Walter Qvam (Chairperson)
Anne Grethe Dalane
Marianne Kah
Anette Valbø (employee elected)
Morten Borge
Richard Herbert
Espen Grimstad (employee elected)
Hege Renshus (employee elected)

Executive Officers:

Rune Olav Pedersen	President & CEO
Gottfred Langseth	EVP & CFO
Berit Osnes	EVP New Ventures
Nathan Oliver	EVP Sales & Marketing
Per Arild Reksnes	EVP Operations & Technology

Other Corporate Management:

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

Web-Site:
www.pgs.com

Financial Calendar:

Q4 2018 report	January 31, 2019
AGM	April 24, 2019
Q1 2019 report	April 25, 2019
Q2 2019 report	July 18, 2019
Q3 2019 report	October 17, 2019
Q4 2019 report	January 30, 2020

The dates are subject to change.