Earnings Release
Q4 – 2019

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Supporting Exploration – Optimizing Production

Strong Contract Margin Improvement
Completing Refinancing

Highlights 2019

- Segment Revenues of $880.1 million, compared to $834.5 million in 2018
- Segment EBITDA of $556.1 million, compared to $515.9 million in 2018
- Segment EBIT of $96.4 million, compared to $36.3 million in 2018
- Contract revenues of $318.8 million, compared to $149.5 million in 2018
- Segment MultiClient pre-funding revenues of $256.5 million, with a corresponding pre-funding level of 105%, compared to $282.4 million and 102% in 2018
- Cash flow from operations of $474.3 million, compared to $445.9 million in 2018
- Order book of $322 million by year-end 2019, close to a doubling compared to year-end 2018
- As reported revenues according to IFRS of $930.8 million and an EBIT of $54.6 million, compared to $874.3 million and $39.4 million, respectively, in 2018
- Strong support for the Company's refinancing which is in process to be completed in February

"The seismic market continued to strengthen during 2019, resulting in better vessel utilization and higher contract prices. Our strong position in the 4D market and integrated product offering accelerated our contract revenues and we achieved close to 40% higher pricing in 2019, compared to 2018. Higher project activity enabled us to continue operating eight vessels and generate additional value during the winter season.

We experienced low MultiClient sales during the first half of the year, but performance substantially improved in the second half. The pre-funding level ended at 105% of capitalized MultiClient cash investments for the full year, and we managed to secure healthy sales in the fourth quarter from our geographically diverse MultiClient data library.

Our order book nearly doubled during 2019, compared to year-end 2018, improving visibility going into 2020. We expect seismic acquisition activity to continue to increase, supporting a further pricing increase for our services but not at the same pace as in 2019. Higher activity levels and a relentless focus on cost will position us well to improve cash flow further in 2020.

I am extremely pleased that we were able to secure and announce a favorable refinancing earlier in January. The refinancing and the related equity raise have been well received by all stakeholders."

Rune Olav Pedersen,
President and Chief Executive Officer

Outlook

PGS expects the solid cash flow generation among clients and increasing offshore spending to contribute to further improvement of the marine seismic market fundamentals.

Based on current operational projections, with eight vessels in operation through 2020, and with reference to disclosed risk factors, PGS expects full year 2020 gross cash costs to be approximately $600 million.

2020 MultiClient cash investments are expected to be in the range of $250-275 million.

More than 50% of 2020 active 3D vessel time is currently expected to be allocated to MultiClient acquisition.

Capital expenditure for 2020 is expected to be approximately $80 million.

The order book totaled $322 million at December 31, 2019 (including $112 million relating to MultiClient). The order book was $336 million at September 30, 2019 and $163 million at December 31, 2018.

Key Financial Figures

(In millions of US dollars, except per share data)	Quarter ended December 31, 2019	Quarter ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
Profit and loss numbers Segment Reporting				
Segment Revenues	288.4	245.2	880.1	834.5
Segment EBITDA	194.1	154.5	556.1	515.9
Segment EBIT ex. impairment and other charges, net	70.1	47.9	96.4	36.3
Profit and loss numbers As Reported				
Revenues	332.6	269.8	930.8	874.3
EBIT	54.2	26.3	54.6	39.4
Net financial items	(25.7)	(31.1)	(92.2)	(87.3)
Income (loss) before income tax expense	28.5	(4.8)	(37.6)	(47.9)
Income tax expense	(17.8)	(18.7)	(34.1)	(40.0)
Net income (loss) to equity holders	10.7	(23.5)	(71.7)	(87.9)
Basic earnings per share ($ per share)	0.03	(0.07)	(0.21)	(0.26)
Other key numbers As Reported by IFRS				
Net cash provided by operating activities	94.8	117.3	474.3	445.9
Cash investment in MultiClient library	41.3	40.2	244.8	277.1
Capital expenditures (whether paid or not)	17.7	16.1	59.1	42.5
Total assets	2,301.7	2,384.8	2,301.7	2,384.8
Cash and cash equivalents	40.6	74.5	40.6	74.5
Net interest bearing debt*	1,007.5	1,109.6	1,007.5	1,109.6
Net interest bearing debt, including lease liabilities following IFRS 16*	1,204.6		1,204.6	

*Following implementation of IFRS 16, prior periods are not comparable to December 2019

Condensed Consolidated Statements of Profit and Loss and Other Comprehensive Income

(In millions of US dollars)	Note	Quarter ended December 31, 2019	Quarter ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
Revenues	2	332.6	269.8	930.8	874.3
Cost of sales	3	(79.2)	(74.8)	(262.5)	(256.0)
Research and development costs	3	(2.5)	(3.0)	(9.7)	(10.8)
Selling, general and administrative costs	3	(12.6)	(12.9)	(51.8)	(51.8)
Amortization and impairment of MultiClient library	4	(150.2)	(105.7)	(437.4)	(385.3)
Depreciation and amortization of long term assets (excl. MultiClient library)	4	(34.8)	(37.7)	(115.8)	(117.5)
Other charges, net	4	0.9	(9.4)	1.0	(13.5)
Total operating expenses		(278.4)	(243.5)	(876.2)	(834.9)
Operating profit (loss)/EBIT		54.2	26.3	54.6	39.4
Share of results from associated companies	5	(6.4)	(12.9)	(20.1)	(18.9)
Interest expense	6	(16.0)	(15.8)	(67.5)	(62.0)
Other financial expense, net	7	(3.3)	(2.4)	(4.6)	(6.4)
Income (loss) before income tax expense		28.5	(4.8)	(37.6)	(47.9)
Income tax	8	(17.8)	(18.7)	(34.1)	(40.0)
Net income (loss) to equity holders of PGS ASA		**10.7**	**(23.5)**	**(71.7)**	**(87.9)**
Other comprehensive income					
Items that will not be reclassified to profit and loss	13	8.7	(0.8)	(8.1)	11.6
Items that may be subsequently reclassified to profit and loss	13	0.8	(4.7)	2.2	(4.8)
Other comprehensive income (loss) for the period, net of tax		9.5	(5.5)	(5.9)	6.8
Total comprehensive income (loss) to equity holders of PGS ASA		**20.2**	**(29.0)**	**(77.6)**	**(81.1)**
Earnings per share attributable to equity holders of the parent during the period					
Basic and diluted earnings per share	12	0.03	(0.07)	(0.21)	(0.26)

Condensed Consolidated Statements of Financial Position

(In millions of US dollars)	Note	December 31, 2019	December 31, 2018
ASSETS			
Cash and cash equivalents	11	40.6	74.5
Restricted cash	11	4.2	4.3
Accounts receivable		191.1	160.3
Accrued revenues and other receivables		118.5	61.1
Other current assets		71.7	64.8
Total current assets		426.1	365.0
Property and equipment	9	1,132.4	1,062.2
MultiClient library	10	558.6	654.6
Restricted cash	11	38.8	38.9
Other non-current assets		44.6	66.6
Other intangible assets		101.2	106.7
Total non-current assets		1,875.6	1,929.0
Asset held for sale	9	-	90.8
Total assets		**2,301.7**	**2,384.8**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Interest bearing debt	11	443.2	51.2
Lease liabilities	11	46.1	3.2
Accounts payable		56.1	67.0
Accrued expenses and other current liabilities		128.2	110.6
Deferred revenues		123.9	160.6
Income taxes payable		24.6	32.5
Total current liabilities		822.1	425.1
Interest bearing debt	11	641.2	1,164.7
Lease liabilities	11	151.0	-
Deferred tax liabilities		0.1	0.8
Other non-current liabilities		50.2	72.4
Total non-current liabilities		842.5	1,237.9
Common stock; par value NOK 3; issued and outstanding 338,579,996 shares		138.5	138.5
Additional paid-in capital		852.5	850.1
Total paid-in capital		991.0	988.6
Accumulated earnings		(346.5)	(257.2)
Other capital reserves		(7.4)	(9.6)
Total shareholders' equity		637.1	721.8
Total liabilities and shareholders' equity		**2,301.7**	**2,384.8**

For the year ended December 31, 2018

(In millions of US dollars)	Attributable to equity holders of PGS ASA Share capital par value	Additional paid-in capital	Accumulated earnings	Other capital reserves	Shareholders' equity
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 IFRS 15	-	-	(75.3)	-	(75.3)
Balance as of December 31, 2018	**138.5**	**850.1**	**(257.2)**	**(9.6)**	**721.8**

For the year ended December 31, 2019

(In millions of US dollars)	Attributable to equity holders of PGS ASA Share capital par value	Additional paid-in capital	Accumulated earnings	Other capital reserves	Shareholders' equity
Balance as of January 1, 2019	**138.5**	**850.1**	**(257.2)**	**(9.6)**	**721.8**
Profit (loss) for the period	-	-	(71.7)	-	(71.7)
Other comprehensive income (loss)	-	-	(8.1)	2.2	(5.9)
Share based payments	-	3.4	-	-	3.4
Share based payments, cash settled	-	(1.0)	-	-	(1.0)
Adjustment to opening balance IFRS 16	-	-	(9.5)	-	(9.5)
Balance as of December 31, 2019	**138.5**	**852.5**	**(346.5)**	**(7.4)**	**637.1**

Condensed Consolidated Statements of Cash Flows

	Quarter ended December 31,		Year ended December 31,	
(In millions of US dollars)	2019	2018	2019	2018
Net income (loss) to equity holders of PGS ASA	10.7	(23.5)	(71.7)	(87.9)
Depreciation, amortization, impairment	185.0	145.4	553.2	504.8
Share of results in associated companies	6.4	12.9	20.1	18.9
Interest expense	16.0	15.7	67.5	62.0
Loss (gain) on sale and retirement of assets	-	0.2	(1.5)	2.4
Income taxes paid	(8.5)	(7.4)	(37.2)	(30.0)
Other items	2.2	0.7	1.3	(1.2)
(Increase) decrease in accounts receivable, accrued revenues & other receivables	(152.7)	(64.4)	(63.7)	3.8
Increase (decrease) in deferred revenues	11.5	0.3	(36.7)	(12.5)
Increase (decrease) in accounts payable	(6.5)	7.6	(2.8)	(8.4)
Change in other current items related to operating activities	28.0	34.7	33.1	(3.1)
Change in other long-term items related to operating activities	2.7	(4.9)	12.7	(2.9)
Net cash provided by operating activities	**94.8**	**117.3**	**474.3**	**445.9**
Investment in MultiClient library	(41.3)	(40.2)	(244.8)	(277.1)
Investment in property and equipment	(11.6)	(12.1)	(62.0)	(48.0)
Investment in other intangible assets	(3.2)	(2.4)	(15.4)	(19.9)
Investment in other current -and non-current assets assets	-	(4.0)	(0.5)	(6.6)
Proceeds from sale and disposal of assets	0.2	1.5	70.2	1.5
Net cash used in investing activities	**(55.9)**	**(57.2)**	**(252.5)**	**(350.1)**
Interest paid on interest bearing debt	(18.0)	(19.4)	(60.9)	(63.4)
Repayment of interest bearing debt	(12.7)	(40.6)	(51.2)	(80.2)
Net change of drawing on the Revolving Credit Facility	10.0	30.0	(85.0)	75.0
Payment of lease liabilities (recognized under IFRS 16)	(10.4)	-	(44.8)	-
Payments of leases classified as interest	(3.2)	-	(13.8)	-
Net cash (used in) provided by financing activities	**(34.3)**	**(30.0)**	**(255.7)**	**(68.6)**
Net increase (decrease) in cash and cash equivalents	4.6	30.1	(33.9)	27.2
Cash and cash equivalents at beginning of period	36.0	44.4	74.5	47.3
Cash and cash equivalents at end of period	**40.6**	**74.5**	**40.6**	**74.5**

Notes to the Condensed Interim Consolidated Financial Statements
Fourth Quarter and Preliminary Full Year 2019 Results

Note 1 – Segment Reporting

PGS has one operating segment focused on delivery of seismic data and services.

Following the implementation of the new accounting standard for revenues, IFRS 15, in 2018, 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. 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.

The table below provides a reconciliation of the Group's segment numbers ("Segment") against the financial statements prepared in accordance with IFRS ("As Reported"):

	Quarter ended December 31,					
	2019	2018	2019	2018	2019	2018
(In millions of US dollars)	Segment Reporting		Adjustments		As Reported	
Total revenues	288.4	245.2	44.2	24.6	332.6	269.8
Cost of sales	(81.0)	(74.8)	-	-	(81.0)	(74.8)
Research and development costs	(2.5)	(3.0)	-	-	(2.5)	(3.0)
Selling, general and administrative costs	(10.8)	(12.9)	-	-	(10.8)	(12.9)
Amortization of MultiClient library	(89.2)	(68.9)	(46.3)	(22.1)	(135.5)	(91.0)
Depreciation and amortization (excl. MultiClient library)	(34.8)	(37.7)	-	-	(34.8)	(37.7)
Operating profit (loss)/ EBIT, ex impairment and other charges, net	**70.1**	**47.9**	**(2.1)**	**2.5**	**68.0**	**50.4**

	Year ended December 31,					
	2019	2018	2019	2018	2019	2018
(In millions of US dollars)	Segment Reporting		Adjustments		As Reported	
Total revenues	880.1	834.5	50.7	39.8	930.8	874.3
Cost of sales	(269.9)	(256.0)	-	-	(269.9)	(256.0)
Research and development costs	(9.7)	(10.8)	-	-	(9.7)	(10.8)
Selling, general and administrative costs	(44.4)	(51.8)	-	-	(44.4)	(51.8)
Amortization of MultiClient library	(343.9)	(362.1)	(75.6)	(0.6)	(419.5)	(362.7)
Depreciation and amortization (excl. MultiClient library)	(115.8)	(117.5)	-	-	(115.8)	(117.5)
Operating profit (loss)/ EBIT, ex impairment and other charges, net	**96.4**	**36.3**	**(24.9)**	**39.2**	**71.5**	**75.5**

For the full year and Q4 2019, MultiClient pre-funding revenues, As Reported, were higher than Segment pre-funding revenues. This difference is solely related to the timing of revenue recognition.

Note 2 – Revenues

Revenues by service type:

	Quarter ended December 31,				Year ended December 31,			
	2019	2018	2019	2018	2019	2018	2019	2018
	Segment Reporting		As Reported		Segment Reporting		As Reported	
-Contract seismic	103.9	41.0	103.9	41.0	318.8	149.5	318.8	149.5
-MultiClient pre-funding	64.7	34.2	108.9	58.8	256.5	282.4	307.2	322.2
-MultiClient late sales	112.6	163.6	112.6	163.6	273.1	371.9	273.1	371.9
-Imaging	6.6	6.3	6.6	6.3	29.1	25.8	29.1	25.8
-Other	0.6	0.1	0.6	0.1	2.6	4.9	2.6	4.9
Total Revenues	**288.4**	**245.2**	**332.6**	**269.8**	**880.1**	**834.5**	**930.8**	**874.3**

Vessel Allocation(1):

	Quarter ended December 31,		Year ended December 31,	
	2019	2018	2019	2018
Contract	55%	23%	41%	22%
MultiClient	24%	14%	41%	44%
Steaming	13%	15%	10%	10%
Yard	4%	5%	2%	2%
Stacked/standby	4%	43%	6%	22%

(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 2019, As Reported revenues amounted to $930.8 million. *In Q4 2019*, As Reported revenues amounted to $332.6 million.

Segment Revenues *for the full year 2019* increased by $45.6 million, or 5%, compared to 2018. In 2019 PGS, after warm-stack of two vessels in Q1, increased to operating all eight active 3D vessels from the beginning of Q2 and throughout the year. In 2018 two vessels were warm-stacked both in Q1 and Q4. The additional operated capacity in 2019 was primarily deployed in the contract market, which in combination with better overall vessel utilization and improving contract pricing gave a significant increase of contract revenues. This revenue increase was partially offset by a lower MultiClient pre-funding and late sales revenues.

In Q4 2019, Segment Revenues increased by $43.2 million, or 18%, compared to Q4 2018 primarily as a result of more capacity in operation, significantly better vessel utilization and higher contract prices. This was partially offset by a reduction in MultiClient late sales, from the record level achieved in Q4 2018.

Contract revenues
For the full year 2019, contract revenues increased by $169.3 million, or 113%, compared to the full year 2018 as a result of more capacity allocated to contract work and close to 40% higher prices on average. The price increase is driven by higher activity levels/better supply demand balance, as well as PGS' strong position in the 4D market and integrated product offering.

In Q4 2019, contract revenues increased by $62.9 million, or 153%, compared to Q4 2018, which was primarily driven by significantly better vessel utilization and higher prices.

MultiClient pre-funding revenues
For the full year 2019, MultiClient pre-funding revenues, As Reported, were $307.2 million, predominantly driven by completion of surveys in North and South America. This was a decrease of $15.0 million, or 5%, compared to 2018, owing to less surveys completed and delivered to customers in the period.

In Q4 2019, MultiClient pre-funding revenues, As Reported, were $108.9 million, predominantly driven by completion of surveys in South America and Europe. This was an increase of $50.1 million, or 85%, compared to Q4 2018, owing to more projects completed and delivered to customers in the period.

For the full year 2019, Segment MultiClient pre-funding revenues decreased by $25.9 million, or 9%, compared to the full year 2018, due to less capacity allocated to MultiClient and consequently lower MultiClient cash investments. Segment MultiClient pre-funding revenues for the full year 2019 were highest in North America, Africa and Europe.

In Q4 2019, Segment MultiClient pre-funding revenues increased by $30.5 million, or 89%, compared to Q4 2018, primarily as a result of more sales from surveys in the processing phase and more capacity allocated to MultiClient. Segment pre-funding revenues in Q4 2019 were highest in Africa and Europe.

MultiClient late sales
For the full year 2019, MultiClient late sales revenues decreased by $98.8 million, or 27%, compared to the full year 2018. The reduction in late sales compared to the record achieved in 2018 is a result of less sales triggering events for PGS' MultiClient data library, particularly in Q2 2019, and a lower sales related to the typical year-end MultiClient spending by clients. Late sales in 2019 were distributed across regions and strongest in Africa and Europe.

In Q4 2019, MultiClient late sales revenues decreased by $51.0 million, or 31%, compared to Q4 2018 where revenues were record high. Lower MultiClient late sales revenues were primarily driven by a less prominent year-end spending increase by clients. Late sales revenues in Q4 2019 were highest in Africa and Europe.

Note 3 – Net Operating Expenses

	Quarter ended December 31,		Year ended December 31,	
(In millions of US dollars)	2019	2018	2019	2018
Cost of sales before investment in MultiClient library *	(124.2)	(118.5)	(510.3)	(530.1)
Research and development costs before capitalized development costs	(5.2)	(4.7)	(17.7)	(19.7)
Selling, general and administrative costs *	(12.6)	(12.9)	(51.8)	(51.8)
Cash Cost, gross	**(142.0)**	**(136.1)**	**(579.8)**	**(601.6)**
Steaming deferral, net	3.7	3.5	3.0	(3.0)
Cash investment in MultiClient library	41.3	40.2	244.8	277.1
Capitalized development costs	2.7	1.7	8.0	8.9
Net operating expenses	**(94.3)**	**(90.7)**	**(324.0)**	**(318.6)**

For the year ended December 31, 2019 $5.6 million related to prior quarters was reclassified from cost of sales before investment in MultiClient library to Selling, general and administrative costs.

For the full year 2019, gross cash costs for PGS decreased by $21.8 million, or 4%, compared to the full year 2018. Implementation of IFRS 16 reduced gross cash costs by approximately $50 million for the full year, compared to 2018. This reduction was offset by operating two more 3D vessels in Q4 2019 compared to 2018, higher vessel utilization, and higher project specific and geographical area related costs.

In Q4 2019, gross cash costs increased by $5.9 million, or 4%, compared to Q4 2018, primarily as a result of operating two more 3D vessels and significantly improved vessel utilization.

For the full year 2019 cash costs capitalized to the MultiClient library decreased by $32.3 million, or 12%, compared to 2018, primarily as a result of less vessel capacity allocated to MultiClient and the effects of implementing IFRS 16.

In Q4 2019 cash cost capitalized to the MultiClient library increased by $1.1 million, or 3%, compared to Q4 2018 as a result of more capacity allocated to MultiClient, partially offset by the effects from IFRS 16.

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)	2019	2018	2019	2018
As Reported				
Amortization of MultiClient library	(43.6)	(46.1)	(206.5)	(212.3)
Accelerated amortization of MultiClient library	(91.9)	(44.9)	(213.0)	(150.4)
Impairment of MultiClient library	(14.7)	(14.7)	(17.9)	(22.6)
Total	**(150.2)**	**(105.7)**	**(437.4)**	**(385.3)**
Segment reporting				
Amortization of MultiClient library	(89.2)	(68.9)	(343.9)	(362.1)
Total	**(89.2)**	**(68.9)**	**(343.9)**	**(362.1)**

Segment MultiClient library amortization
For the full year 2019, Segment amortization of the MultiClient library as a percentage of MultiClient Segment Revenues was 65%, compared to 55% for the full year 2018. The higher Segment amortization rate is primarily due to lower sales from the finished projects in the MultiClient library which are amortized on a straight line basis.

In Q4 2019, Segment amortization of the MultiClient library as a percentage of MultiClient revenues was 50%, compared to 35% in Q4 2018. The higher Segment amortization rate in Q4 is driven by same factor as for the full year.

MultiClient library amortization and impairment As Reported
For the full year 2019, total MultiClient amortization and impairment of the MultiClient library, As Reported, increased by $52.1 million, or 14%, compared to 2018. The increase is mainly driven by more accelerated amortization from projects completed during the year, partly offset by lower amortization and impairment of the older part of the MultiClient library.

In Q4 2019, total amortization and impairment of the MultiClient library, As Reported, increased by $44.5 million, or 42%, compared to Q4 2018. The increase is explained by the same factors as for the full year.

The Q4 2019 impairment charge of $ 14.7 million relates to projects in Europe, Asia Pacific, Africa and North America.

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. 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. For more information see Note 16.

Depreciation and amortization of non-current assets (excl. MultiClient library) consist of the following:

	Quarter ended December 31,		Year ended December 31,	
(In millions of US dollars)	2019	2018	2019	2018
Gross depreciation*	(49.3)	(48.3)	(203.9)	(203.4)
Deferred Steaming depreciation, net	1.6	1.8	1.3	(1.8)
Capitalized MultiClient depreciation	12.9	8.8	86.8	87.7
Total	**(34.8)**	**(37.7)**	**(115.8)**	**(117.5)**

*includes depreciation of right-of-use assets amounting to $ 10.6 million and $ 41.4 for the quarter ended and year ended December 31, 2019 respectively.

For the full year 2019, gross depreciation was in line with gross depreciation in 2018. As a result of implementing IFRS 16, gross depreciation in 2019 increased by $41.4 million, which was almost fully offset by reduced depreciation driven by a generally lower investment level in recent years.

Capitalized MultiClient depreciation for the full year 2019 decreased by $0.9 million, or 1%, compared to 2018 as a result of less vessel capacity allocated to MultiClient, partially offset by the impact of implementing IFRS 16.

In Q4 2019 gross depreciation increased by $1.0 million, or 2%, compared to Q4 2018. As a result of implementing IFRS 16, gross depreciation in Q4 2019 increased by $10.6 million, which was almost fully offset by reduced depreciation driven by a generally lower investment level in recent years.

Capitalized MultiClient depreciation in Q4 2019 increased by $4.1 million, or 47%, compared to Q4 2018 as a result of implementing IFRS 16 and more capacity allocated to MultiClient.

Other charges, net consist of the following:

	Quarter ended December 31,		Year ended December 31,	
(In millions of US dollars)	2019	2018	2019	2018
Severance cost	-	(0.6)	(0.4)	(2.4)
Onerous lease contracts	2.9	(0.6)	4.2	(1.7)
Onerous contracts with customers	(2.0)	1.4	(1.9)	6.9
Write-down supply/spare parts	-	(8.2)	-	(8.2)
Other	-	(1.4)	(0.9)	(8.1)
Total	**0.9**	**(9.4)**	**1.0**	**(13.5)**

As of December 31, 2019, the Company's provision for onerous customer contracts amounted to a total of $4.7 million, an increase of $1.9 million compared to December 31, 2018. The provision for onerous customer contracts 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 $20.1 million, for the full year 2019 and a loss of $6.4 million in Q4 2019, and primarily relates to the approximate 35% interest in the Azimuth group.

Note 6 – Interest Expense

Interest expense consists of the following:

	Quarter ended December 31,		Year ended December 31,	
(In millions of US dollars)	2019	2018	2019	2018
Interest on debt , gross	(15.2)	(17.7)	(63.6)	(69.1)
Imputed interest cost on lease agreements	(3.2)	-	(13.8)	-
Capitalized interest, MultiClient library	2.4	1.9	9.9	7.1
Total	**(16.0)**	**(15.8)**	**(67.5)**	**(62.0)**

Gross interest expense on debt for the full year 2019 and Q4 decreased by $5.5 million and $2.5 million, respectively, compared to the same periods in 2018. The reduction is due to a combination of lower interest bearing debt and lower interest rates on floating rate debt.

Following implementation of IFRS 16, effective January 1, 2019, an imputed interest cost is calculated on lease liabilities and reported as interest expense. See Note 17 for further information.

Note 7 – 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)	2019	2018	2019	2018
Interest income	0.4	1.0	2.2	2.2
Currency exchange gain (loss)	(2.5)	(2.1)	1.0	(2.9)
Other	(1.2)	(1.3)	(7.8)	(5.7)
Total	**(3.3)**	**(2.4)**	**(4.6)**	**(6.4)**

The currency exchange gain for the full year, and loss for Q4, 2019 relate primarily to revaluation of lease obligations recognized in accordance with IFRS 16 (Note 17) and denominated in Norwegian kroner.

Note 8 – Income Tax and Contingencies

Income tax consists of the following:

	Quarter ended December 31,		Year ended December 31,	
(In millions of US dollars)	2019	2018	2019	2018
Current tax	(17.8)	(18.7)	(34.8)	(40.0)
Change in deferred tax	-	-	0.7	-
Total	**(17.8)**	**(18.7)**	**(34.1)**	**(40.0)**

Current tax expense for the full year 2019 and Q4 decreased by $5.2 million, or 13%, and $0.9 million, or 5%, respectively, compared to the same periods in 2018. Current tax expense for the full year 2019 and Q4 2019 primarily relates to foreign withholding tax and corporate tax on activities in South America and Africa.

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 $41.1 million in total. Since 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, 2019	Quarter ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
Seismic equipment	7.9	7.0	20.3	24.4
Vessel upgrades/Yard	6.3	3.9	29.2	4.7
Processing equipment	2.3	4.7	6.3	10.4
Other	1.2	0.5	3.3	3.0
Total capital expenditures, whether paid or not	**17.7**	**16.1**	**59.1**	**42.5**
Change in working capital and capital leases	(6.1)	(4.0)	2.9	5.5
Investment in property and equipment	**11.6**	**12.1**	**62.0**	**48.0**

Investment in property and equipment consists mainly of equipment for the Company's seismic acquisition and imaging activities.

After sale of the *Ramform Sterling*, the Company maintained its fleet size by reintroducing the *Ramform Vanguard.* The full year 2019 capital expenditure relating to the reintroduction is $17.1 million.

Following implementation of IFRS 16 (Note 17), as of December 31, 2019, right-of-use-assets amounting to $169.1 million are included as Property and equipment in the condensed consolidated statements of financial positions.

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, 2019	December 31, 2018
Completed during 2013	-	-
Completed during 2014	-	10.7
Completed during 2015	-	29.7
Completed during 2016	40.3	110.1
Completed during 2017	37.3	66.3
Completed during 2018	72.8	116.4
Completed during 2019	133.3	-
Completed surveys	283.7	333.3
Surveys in progress	274.9	321.3
MultiClient library	558.6	654.6

The comments to this note relates to both As Reported and Segment Reporting unless otherwise stated.

Key figures MultiClient library:

(In millions of US dollars)	Quarter ended December 31, 2019	Quarter ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
MultiClient pre-funding revenue, as reported *	108.9	58.8	307.2	322.2
MultiClient late sales	112.6	163.6	273.1	371.9
Cash investment in MultiClient library	41.3	40.2	244.8	277.1
Capitalized interest in MultiClient library	2.4	1.9	9.9	7.1
Capitalized depreciation (non-cash)	12.9	8.8	86.8	87.7
Amortization of MultiClient library , as reported	(43.6)	(46.1)	(206.5)	(212.3)
Accelerated amortization of MultiClient library, as reported	(91.9)	(44.9)	(213.0)	(150.4)
Impairment of MultiClient library	(14.7)	(14.7)	(17.9)	(22.6)
Segment Reporting				
MultiClient pre-funding revenue, Segment *	64.7	34.2	256.5	282.4
Prefunding as a percentage of MultiClient cash investment	157%	85%	105%	102%

*includes revenue from sale to joint operations in the amount of $27.3 million and $49.7 million for the year ended December 31, 2019 and 2018 respectively. There are no material revenue from joint operations in Q4 2019 or Q4 2018.

For the full year 2019, Segment MultiClient pre-funding revenues corresponded to 105% of capitalized MultiClient cash investment (excluding capitalized interest), compared to 102% in 2018. The somewhat higher pre-funding level in 2019 is attributable to generally more pre-funding for new surveys.

For the full year 2019, MultiClient cash investment decreased by $32.3 million, or 12%, compared to 2018, as a result of less capacity allocated to MultiClient and a reduction of amounts reported as capitalized cash investment following the implementation of IFRS 16.

In Q4 2019 Segment MultiClient pre-funding revenues corresponded to 157% of capitalized MultiClient cash investment (excluding capitalized interest), compared to 85% in Q4 2018. The higher pre-funding level in Q4 2019 is primarily due to more sales of surveys which are still in the processing phase and generally more prefunding for ongoing surveys.

In Q4 2019 MultiClient cash investment increased by $1.1 million, or 3%, compared to Q4 2018, as a result of more capacity allocated to MultiClient, partially offset by a reduction of amounts reported as capitalized cash investment following the implementation of IFRS 16.

MultiClient library amortization and impairment As Reported according to IFRS
For the full year 2019, total MultiClient amortization As Reported was 72% of MultiClient revenues. The Company recognized accelerated amortization of $213 million on projects completed in 2019.

In Q4 2019, total MultiClient amortization As Reported was 61% of MultiClient revenues. The Company recognized accelerated amortization of $91.9 million on projects completed in Q4 2019.

Note 11 – Liquidity and Financing

For the full year 2019, net cash provided by operating activities was $474.3 million, compared to $445.9 million in 2018. The increase is driven by higher earnings as well as the effect of classifying payments on leasing obligations as financing activity in the cash flow statement (ref. IFRS 16). While Segment EBITDA increased, the positive operating cash flow effect of this increase will primarily be realized early 2020 as there was a significant revenue profile driven increase of accounts receivable and accrued revenues in Q4.

In Q4 2019, net cash provided by operating activities was $94.8 million, compared to $117.3 million in Q4 2018. The decrease in Q4 2019 compared to Q4 2018 was driven by the working capital effect described for the full year above.

The liquidity reserve, including cash and cash equivalents and the undrawn part of the Revolving Credit Facility (“RCF”), was $210.6 million as of December 31, 2019, compared to $216.0 million as of September 30, 2019 and $159.5 million as of December 31, 2018.

Interest bearing debt consists of the following:

	December 31,	
(In millions of US dollars)	2019	2018
Secured		
Term loan B, Libor (min. 75 bp) + 250 Basis points, due 2021	377.0	381.0
Export credit financing, due 2025	119.8	140.6
Export credit financing, due 2027	202.3	228.7
Revolving credit facility, due Sep 2020	180.0	265.0
Unsecured		
Senior notes, Coupon 7.375%, due Dec 2020	212.0	212.0
Total loans and bonds, gross (1)	**1,091.1**	**1,227.3**
Less current portion	(443.2)	(51.2)
Less deferred loan costs, net of debt premiums	(6.7)	(11.4)
Non-current interest bearing debt	**641.2**	**1,164.7**

(1) Fair value of total loans and bonds, gross was $1,061.6 million as of December 31, 2019, compared to $1,187.4 million as of December 31, 2018.

Undrawn facilities consists of the following:

(In millions of US dollars)	December 31, 2019	2018
Secured		
Revolving credit facility, due 2020	170.0	85.0
Unsecured		
Bank facility (NOK 50 mill)	5.7	5.8
Performance bond	9.6	12.3
Total	**185.3**	**103.1**

Summary of net interest bearing debt:

(In millions of US dollars)	December 31, 2019	2018
Loans and bonds gross	(1,091.1)	(1,227.3)
Cash and cash equivalents	40.6	74.5
Restricted cash (current and non-current)	43.0	43.2
Net interest bearing debt, excluding lease liabilities *	**(1,007.5)**	**(1,109.6)**
Lease liabilities current	(46.1)	(3.2)
Lease liabilities non-current	(151.0)	-
Net interest bearing debt, including lease liabilities *	**(1,204.6)**	**(1,112.8)**

**Following implementation of IFRS 16, prior periods are not comparable. Refer to note 16 for further information.*

Restricted cash of $43 million includes $38 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, 2019, the Company had approximately 55% of its debt (excluding lease liabilities) at fixed interest rates. The Q4 2019 weighted average cash interest costs of gross debt reflects an interest rate of approximately 4.82%, including credit margins paid on the debt.

PGS is in the process of completing a refinancing of its 2020 and 2021 debt maturities. The Company has received commitments for a four-year term loan B (“TLB”) of $523 million and an extension of $215 million of its RCF by three years from its current expiry date in September 2020. The new TLB matures in March 2024 and is secured through an extension of $373 million (99%) of the existing $377 million TLB and a $150 million upsize from existing and new lenders. The new TLB and RCF commitments are subject to completion of an equity raise of at least $75 million, redemption of the $212 million Senior notes maturing December 2020 and other customary closing conditions. The Company has successfully completed an equity private placement for approximately $95 million, subject to approval by an extraordinary general meeting (“EGM”) to be held February 13, 2020. The proceeds from the $150 million incremental TLB and the new equity will be used to redeem the $212 million Senior notes due December 2020, pay fees and expenses and will otherwise be used for general corporate purposes. The refinancing is expected to be completed shortly after EGM approval of the equity increase.

The ECF loans are 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. There is a Total Leverage Ratio (“TLR”) covenant on the RCF of maximum 2.75:1, with which the Company must comply in order to draw on the facility. At December 31, 2019 the TLR was 2.28:1. The Company expects to be in compliance with the TLR covenant going forward.

Note 12 – Earnings per Share

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

	Quarter ended December 31,		Year ended December 31,	
	2019	2018	2019	2018
- Basic	0.03	(0.07)	(0.21)	(0.26)
- Diluted	0.03	(0.07)	(0.21)	(0.26)
Weighted average basic shares outstanding	338,578,257	338,578,257	338,578,257	338,575,238
Weighted average diluted shares outstanding	340,756,515	340,477,814	340,566,897	341,007,278

Note 13 – Other Comprehensive Income

Other Comprehensive Income

(In millions of US dollars)	Quarter ended December 31, 2019	2018	Year ended December 31, 2019	2018
Actuarial gains (losses) on defined benefit pension plans	8.7	(0.8)	(8.1)	11.6
Income tax effect on actuarial gains and losses	-	-	-	-
Items that will not be reclassified to profit and loss	**8.7**	**(0.8)**	**(8.1)**	**11.6**
Gains (losses) on hedges	0.8	(3.9)	2.2	(4.4)
Other comprehensive income (loss) of associated companies	-	(0.8)	-	(0.4)
Items that may be subsequently reclassified to profit and loss	**0.8**	**(4.7)**	**2.2**	**(4.8)**

Note 14 – Reconciliation of alternative performance measures

Segment EBITDA ex. other Charges, net

(In millions of US dollars)	Quarter ended December 31, 2019	2018	Year ended December 31, 2019	2018
Operating profit (loss) as reported	**54.2**	**26.3**	**54.6**	**39.4**
Segment adjustment to Revenues as reported	(44.2)	(24.6)	(50.7)	(39.8)
Other charges net	(0.9)	9.4	(1.0)	13.5
Amortization and impairment of MultiClient library	150.2	105.7	437.4	385.3
Depreciation and amortization of long term assets (excl. MultiClient library)	34.8	37.7	115.8	117.5
Segment EBITDA ex. Other Charges, net	**194.1**	**154.5**	**556.1**	**515.9**

Segment EBIT ex. impairment and other charges

(In millions of US dollars)	Quarter ended December 31, 2019	2018	Year ended December 31, 2019	2018
Operating profit (loss) as reported	**54.2**	**26.3**	**54.6**	**39.4**
Segment adjustment to Revenues As Reported	(44.2)	(24.6)	(50.7)	(39.8)
Other charges, net	(0.9)	9.4	(1.0)	13.5
Segment adjustment to Amortization As Reported	46.3	22.1	75.6	0.6
Impairment of MultiClient library	14.7	14.7	17.9	22.6
Segment EBIT ex. impairment and other charges, net	**70.1**	**47.9**	**96.4**	**36.3**

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 non-current assets and depreciation and amortization. A reconciliation between Segment EBIT excluding other charges, impairment and loss on non-current 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 non-current and current 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, letters of award or where all major contract terms are agreed. For long term contracted service agreements the order book includes estimated revenues for the nearest 12 month period. 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 – Subsequent events

On January 21, 2020, the Company announced agreements for a refinancing of debt and a private placement of equity. Reference is made to the description in note 11.

Note 16 – Basis of Presentation

The Company is a Norwegian public limited liability company which prepares its annual consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. These consolidated condensed interim financial statements have been prepared in accordance with international Accounting Standards ("IAS") No. 34 "Interim Financial Reporting". The consolidated condensed interim financial statements are presented in millions of US Dollars ("$" or "dollars"), unless otherwise indicated. 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, 2018.

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, 2018. Reference is made to Note 17 for changes following IFRS 16.

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 and IFRS 15. 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 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.

Note 17 – 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, 2018, except for the adoption of new standards effective as of January 1, 2019. The Company has not early adopted any standard, interpretation or amendment with effective date after January 1, 2019. With the exception of IFRS 16, no new standards or amendments impact the Company.

IFRS 16 Leases, effective from January 1, 2019

The Company adopted IFRS 16 with effect January 1, 2019. The new standard was applied using the modified retrospective approach, and therefore comparatives for the year ended December 31, 2018 have not been restated and the reclassifications and adjustments on implementation are recognized in the opening balance sheet at January 1, 2019.

On initial application of IFRS 16, the Company elected to use the following practical expedients:

- Use of a single discount rate to a portfolio of leases with similar characteristics;
- The use of hindsight when determining the length of the lease term;
- Leases for which the lease term ends within 12 months of 1 January 2019 will not be reflected as leases under IFRS 16;
- Initial direct costs are excluded from the measurement of the right of use asset.

The company has elected to apply the following application choices for IFRS 16;

- Lease contracts with a duration of less than 12 months will continue to be expensed to the income statement;
- Lease contracts for underlying assets of a low value will continue to be expensed to the income statement.-

At January 1, 2019, the Company recognized lease liabilities for all vessels, properties and other assets that were previously classified as operating leases. These liabilities were measured at the present value of remaining lease payments, discounted using the incremental borrowing rate at January 1, 2019. The weighted average incremental borrowing rate applied to the lease liabilities at January 1, 2019 was 6.4% for contracts denominated in USD, and 5.5% for property leases valued in GBP or NOK.

A corresponding right-of-use-asset was recognized, measured at the amount equal to the lease liability and adjusted by the amount of lease incentives embedded in the value of the asset, asset impairment, accrued costs of restoration and any liabilities relating to onerous leases.

At January 1, 2019, the Company recognized lease liabilities of $238 million and right-of-use assets of $202 million, together with a reduction in accrued expenses of $27 million and a decrease to equity of $9 million.

The following is a reconciliation of total operating lease commitments at December 31, 2018 to the lease liabilities recognized at January 1, 2019:

(In millions of US dollars)	
Future minimum payments at December 31, 2018	**293.6**
Commitments exempt due to expiry within 12 months	(11.9)
Commitments exempt due to low value	(0.1)
Effect of increase in lease term due to extension options	0.6
Effect of discounting	(43.7)
Lease liability at 1 January 2019	**238.5**
of which:	
Current	42.6
Non-current	195.9

Impact on MultiClient library capitalization and consolidated statement of profit and loss
Operating lease expenses previously recognized within cost of sales have been replaced by depreciation of the right-of-use-asset and interest costs arising from the effect of discounting.

A substantial amount of lease costs are directly incurred in acquiring seismic surveys, and as such are eligible for capitalization to the MultiClient library. For the year ending December 31, 2019, the adoption of IFRS 16 will result in a reduction in gross cash costs of approximately $50 million, partially offset by a reduction in MultiClient library capitalization of approximately $20 million, depending on vessel utilization. Lease costs previously recognized within gross cash costs will be replaced by depreciation of approximately $40 million and interest expense of approximately $15 million.

Accounting policy applicable from January 1, 2019
The Company leases various vessels, buildings and equipment. Lease terms correspond to the term of the lease contract, unless the Company is reasonably certain that it will exercise contractual extensions or termination options.

From January 1, 2019 leases are recognized as a right-of-use asset and corresponding lease liability at the date at which the leased asset is available for use. Lease payments are allocated between liability repayment and finance cost, is the latter charged to the consolidated statement of profit or loss over the lease period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

Measurement of lease liabilities
Lease liabilities are measured at the net present value of lease payments due under the contract, less any lease incentives receivable, plus the costs of purchase or termination options if reasonably certain to be exercised. Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Measurement of right-of-use assets
Right-of-use assets are measured at cost, comprising the initial measurement of lease liability, lease payments made at the commencement date, initial direct costs and estimated restoration costs, less any lease incentives received.

Lease payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss.

Note 18 - 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 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 2018. 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 29, 2020

Walter Qvam *Chairperson*	Richard Herbert *Director*
Anne Grethe Dalane *Director*	Trond Brandsrud *Director*
Marianne Kah *Director*	Anette Valbø *Director*
Hege Renshus *Director*	Grunde Rønholt *Director*
Rune Olav Pedersen *Chief Executive Officer*	

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PGS 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 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.

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The information included herein contains certain forward-looking statements that address activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, which are beyond its control and are subject to certain additional risks and uncertainties. The Company is subject to a large number of risk factors including but not limited to the demand for seismic services, the demand for data from our multi-client data library, the attractiveness of our technology, unpredictable changes in governmental regulations affecting our markets and extreme weather conditions. For a further description of other relevant risk factors we refer to our Annual Report for 2018. As a result of these and other risk factors, actual events and our actual results may differ materially from those indicated in or implied by such forward-looking statements. The reservation is also made that inaccuracies or mistakes may occur in the information given above about current status of the Company or its business. Any reliance on the information above is at the risk of the reader, and PGS disclaims any and all liability in this respect.

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Phone: +44 1932 3760 00

Board of Directors:

Walter Qvam (Chairperson)
Anne Grethe Dalane
Marianne Kah
Richard Herbert
Trond Brandsrud
Anette Valbø (employee elected)
Hege Renshus (employee elected)
Grunde Rønholt (employee elected)

Executive Officers:

Rune Olav Pedersen	President & CEO
Gottfred Langseth	EVP & CFO
Berit Osnes	EVP New Ventures
Nathan Oliver	EVP Sales & Imaging
Rob Adams	EVP Operations

Other Corporate Management:

Kristin Omreng	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 2019 report	January 30, 2020
2020 CMD	January 30, 2020
Q1 2020 report	April 23, 2020
Q2 2020 report	July 23, 2020
Q3 2020 report	October 22, 2020
Q4 2020 report	January 28, 2021

The dates are subject to change.