

# Earnings Release

## Q1 – 2019

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Supporting Exploration – Optimizing Production



# Weak Q1 2019 Results – Full Year Intact

## Highlights Q1 2019

- As Reported revenues according to IFRS of \$129.3 million and EBIT loss of \$42.5 million, compared to \$201.3 million and EBIT loss of \$7.3 million in Q1 2018
- Segment Revenues of \$141.9 million, compared to \$197.8 million in Q1 2018
- Segment EBITDA of \$66.6 million, compared to \$92.3 million in Q1 2018
- Segment EBIT, a loss of \$29.3 million, compared to a loss of \$22.7 million in Q1 2018
- Total Segment MultiClient prefunding revenues of \$30.0 million, with a corresponding prefunding level of 48%, compared to \$58.6 million and 109% in Q1 2018
- MultiClient late sales revenues of \$60.9 million, compared to \$83.5 million in Q1 2018
- Cash flow from operations of \$119.4 million, compared to \$73.4 million in Q1 2018
- Liquidity reserve of \$205.4 million, an increase of \$45.9 million, or 29%, compared to previous quarter
- In process of completing sale of *Ramform Sterling* to JOGMEC, including a service agreement of up to 10 years with annual renewals. First part of sales price received in March 2019, net \$44.6 million cash flow impact
- Order book of \$238 million, an increase of \$75 million, compared to previous quarter



“Segment MultiClient prefunding revenues in Q1 2019 were impacted by an overweight of low prefunded surveys in the mix. This will reverse in the coming quarters, and the prefunding level for the full year 2019 is expected to be in the upper half of the targeted range 80-120%.

The order book increased by 46% in the first quarter. I am confident, based on the improved visibility for vessel utilization, MultiClient prefunding and contract revenues that we will be able to deliver a significant improvement in cash flow and profitability in 2019, compared to 2018.

Pricing for contract work booked to date is now more than 35% higher than the average rate in 2018. The price increase is a combination of a general market improvement, more 4D work and our ability to build an attractive project portfolio. The higher prices will primarily benefit our contract revenues in the second and third quarters.”

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 that will benefit most from the improvement, driven by more 4D acquisition and generally higher demand for new proprietary 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 approximately \$50 million reduction from the implementation of IFRS 16 in 2019. See Note 16 for a description of the 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 currently 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 \$238 million at March 31, 2019 (including \$90 million relating to MultiClient). The order book was \$163 million at December 31, 2018 and \$211 million at March 31, 2018.

## Key Financial Figures

(In millions of US dollars, except per share data)	Quarter ended		Year ended
	March 31,		December 31,
	2019	2018	2018
<b>Profit and loss numbers Segment Reporting</b>			
Segment Revenues	141.9	197.8	834.5
Segment EBITDA	66.6	92.3	515.9
Segment EBIT ex. impairment and other charges, net	(29.3)	(22.7)	36.3
<b>Profit and loss numbers As Reported</b>			
Revenues	129.3	201.3	874.3
EBIT	(42.5)	(7.3)	39.4
Net financial items	(22.0)	(22.3)	(87.3)
Income (loss) before income tax expense	(64.5)	(29.6)	(47.9)
Income tax expense	(0.6)	(10.4)	(40.0)
Net income (loss) to equity holders	(65.1)	(40.0)	(87.9)
Basic earnings per share (\$ per share)	(0.19)	(0.12)	(0.26)
<b>Other key numbers As Reported by IFRS</b>			
Net cash provided by operating activities	119.4	73.4	445.9
Cash investment in MultiClient library	62.1	53.7	277.1
Capital expenditures (whether paid or not)	11.5	4.0	42.5
Total assets	2,497.6	2,501.9	2,384.8
Cash and cash equivalents	90.4	38.4	74.5
Net interest bearing debt*	1,051.7	1,150.7	1,109.6
Net interest bearing debt, including lease liabilities following IFRS 16*	1,282.9		

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

## Condensed Consolidated Statements of Profit and Loss and Other Comprehensive Income

(In millions of US dollars)	Note	Quarter ended		Year ended
		March 31,		December 31,
		2019	2018	2018
Revenues	2	129.3	201.3	874.3
Cost of sales	3	(61.3)	(85.7)	(256.0)
Research and development costs	3	(2.4)	(2.8)	(10.8)
Selling, general and administrative costs	3	(11.6)	(16.9)	(51.8)
Amortization and impairment of MultiClient library	4	(65.2)	(68.3)	(385.3)
Depreciation and amortization of long term assets (excl. MultiClient library)	4	(34.1)	(38.7)	(117.5)
Impairment and loss on sale of long-term assets (excl. MultiClient library)	4	-	-	-
Other charges, net	4	2.8	3.9	(13.5)
Total operating expenses		(171.8)	(208.6)	(834.9)
Operating profit (loss)/EBIT		(42.5)	(7.3)	39.4
Share of results from associated companies	5	(3.8)	(3.5)	(18.9)
Interest expense	6	(18.3)	(15.8)	(62.0)
Other financial expense, net	7	0.1	(3.0)	(6.4)
Income (loss) before income tax expense		(64.5)	(29.6)	(47.9)
Income tax	8	(0.6)	(10.4)	(40.0)
<b>Net income (loss) to equity holders of PGS ASA</b>		<b>(65.1)</b>	<b>(40.0)</b>	<b>(87.9)</b>
<b>Other comprehensive income</b>				
Items that will not be reclassified to profit and loss	13	(7.1)	0.2	11.6
Items that may be subsequently reclassified to profit and loss	13	2.6	2.2	(4.8)
<b>Other comprehensive income (loss) for the period, net of tax</b>		<b>(4.5)</b>	<b>2.4</b>	<b>6.8</b>
<b>Total comprehensive income (loss) to equity holders of PGS ASA</b>		<b>(69.6)</b>	<b>(37.6)</b>	<b>(81.1)</b>
<b>Earnings per share attributable to equity holders of the parent during the period</b>				
Basic and diluted earnings per share	12	(0.19)	(0.12)	(0.26)

## Condensed Consolidated Statements of Financial Position

(In millions of US dollars)	Note	March 31, 2019	March 31, 2018	December 31, 2018
<b>ASSETS</b>				
Cash and cash equivalents	11	90.4	38.4	74.5
Restricted cash	11	3.4	4.4	4.3
Accounts receivable		74.4	134.4	160.3
Accrued revenues and other receivables		61.2	93.0	61.1
Other current assets		68.2	74.2	64.8
Total current assets		297.6	344.3	365.0
Property and equipment	9	1,225.7	1,251.5	1,062.2
MultiClient library	10	675.0	671.7	654.6
Restricted cash	11	38.7	38.0	38.9
Other non-current assets		64.2	75.4	66.6
Other intangible assets		105.6	121.0	106.7
Total non-current assets		2,109.2	2,157.6	1,929.0
Asset held for sale	9	90.8	-	90.8
<b>Total assets</b>		<b>2,497.6</b>	<b>2,501.9</b>	<b>2,384.8</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Interest bearing debt	11	51.2	77.2	51.2
Lease liabilities	11	46.5	0.2	3.2
Accounts payable		51.0	60.2	67.0
Accrued expenses and other current liabilities		157.7	136.2	110.6
Deferred revenues		177.1	197.2	160.6
Income taxes payable		13.7	26.1	32.5
Total current liabilities		497.2	497.1	425.1
Interest bearing debt	11	1,123.0	1,139.2	1,164.7
Lease liabilities	11	184.7	-	-
Deferred tax liabilities		0.8	0.8	0.8
Other non-current liabilities		48.4	97.7	72.4
Total non-current liabilities		1,356.9	1,237.7	1,237.9
Common stock; par value NOK 3; issued and outstanding 338,579,996 shares		138.5	138.5	138.5
Additional paid-in capital		850.9	851.4	850.1
Total paid-in capital		989.4	989.9	988.6
Accumulated earnings		(338.9)	(220.1)	(257.2)
Other capital reserves		(7.0)	(2.6)	(9.6)
Total shareholders' equity		643.5	767.2	721.8
<b>Total liabilities and shareholders' equity</b>		<b>2,497.6</b>	<b>2,501.9</b>	<b>2,384.8</b>

## Condensed Consolidated Statements of Changes in Shareholders' Equity

### For the three months ended March 31, 2019 and the year ended December 31, 2018

(In millions of US dollars)	Attributable to equity holders of PGS ASA					Shareholders' equity
	Share capital par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings	Other capital reserves	
<b>Balance as of January 1, 2018</b>	<b>138.5</b>	-	<b>851.4</b>	<b>(105.6)</b>	<b>(4.8)</b>	<b>879.5</b>
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)
<b>Balance as of December 31, 2018</b>	<b>138.5</b>	-	<b>850.1</b>	<b>(257.2)</b>	<b>(9.6)</b>	<b>721.8</b>
Effect from implementation of IFRS 16	-	-	-	(9.5)	-	(9.5)
<b>Balance as of January 1, 2019</b>	<b>138.5</b>	-	<b>850.1</b>	<b>(266.7)</b>	<b>(9.6)</b>	<b>712.3</b>
Profit (loss) for the period	-	-	-	(65.1)	-	(65.1)
Other comprehensive income (loss)	-	-	-	(7.1)	2.6	(4.5)
Share based payments	-	-	0.8	-	-	0.8
<b>Balance as of March 31, 2019</b>	<b>138.5</b>	-	<b>850.9</b>	<b>(338.9)</b>	<b>(7.0)</b>	<b>643.5</b>

### For the three months ended March 31, 2018

(In millions of US dollars)	Attributable to equity holders of PGS ASA					Shareholders' equity
	Share capital par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings	Other capital reserves	
<b>Balance as of January 1, 2018</b>	<b>138.5</b>	-	<b>851.4</b>	<b>(105.6)</b>	<b>(4.8)</b>	879.5
Profit (loss) for the period	-	-	-	(40.0)	-	(40.0)
Other comprehensive income (loss)	-	-	-	0.2	2.2	2.4
Share based payments	-	-	-	0.6	-	0.6
Adjustment to opening balance IFRS 15	-	-	-	(75.3)	-	(75.3)
<b>Balance as of March 31, 2018</b>	<b>138.5</b>	-	<b>851.4</b>	<b>(220.1)</b>	<b>(2.6)</b>	<b>767.2</b>

## Condensed Consolidated Statements of Cash Flows

(In millions of US dollars)	Quarter ended		Year ended
	March 31,		December 31,
	2019	2018	2018
<b>Net income (loss) to equity holders of PGS ASA</b>	(65.1)	(40.0)	(87.9)
Depreciation, amortization, impairment and loss on sale of long-term assets	99.4	105.9	504.8
Share of results in associated companies	3.8	3.5	18.9
Interest expense	18.3	15.8	62.0
Loss (gain) on sale and retirement of assets	-	2.1	2.4
Change in deferred tax	-	-	-
Income taxes paid	(16.0)	(8.3)	(30.0)
Other items	1.7	0.6	(1.2)
(Increase) decrease in accounts receivable, accrued revenues & other receivables	85.7	(2.2)	3.8
Increase (decrease) in deferred revenues	(16.4)	23.3	(12.5)
Increase (decrease) in accounts payable	(11.4)	(17.0)	(8.4)
Change in other current items related to operating activities	17.3	(14.1)	(3.1)
Change in other long-term items related to operating activities	2.1	3.8	(2.9)
<b>Net cash provided by operating activities</b>	<b>119.4</b>	<b>73.4</b>	<b>445.9</b>
Investment in MultiClient library	(62.1)	(53.7)	(277.1)
Investment in property and equipment	(9.7)	(14.1)	(48.0)
Investment in other intangible assets	(5.3)	(7.1)	(19.9)
Investment in other current -and long-term assets	(0.5)	-	(6.6)
Proceeds from sale and disposal of assets	44.6	-	1.5
Decrease (increase) in long-term restricted cash	-	-	-
<b>Net cash used in investing activities</b>	<b>(33.0)</b>	<b>(74.9)</b>	<b>(350.1)</b>
Proceeds, net of deferred loan costs, from issuance of debt	-	-	-
Repayment of interest bearing debt	(12.9)	(13.1)	(80.2)
Net change of drawing on the Revolving Credit Facility	(30.0)	15.0	75.0
Payment of lease liabilities	(11.4)	-	-
Payments of leases classified as interest	(3.7)	-	-
Interest paid	(12.4)	(9.4)	(63.4)
<b>Net cash (used in) provided by financing activities</b>	<b>(70.4)</b>	<b>(7.5)</b>	<b>(68.6)</b>
Net increase (decrease) in cash and cash equivalents	16.0	(9.0)	27.2
Cash and cash equivalents at beginning of period	74.4	47.3	47.3
<b>Cash and cash equivalents at end of period</b>	<b>90.4</b>	<b>38.3</b>	<b>74.4</b>

## Notes to the Condensed Interim Consolidated Financial Statements First Quarter 2019

### Note 1 – Segment Reporting

Following the Company's reorganization effective January 1, 2018, PGS has only one operating segment focused on delivery of seismic data.

Following the implementation of the new accounting standard for revenues, IFRS 15, in 2018, MultiClient prefunding 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 prefunding 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 prefunding agreements and related amortization at the "point in time" when the customer receives access to, or delivery of, the finished data. See Note 15 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"):

(In millions of US dollars)	Quarter ended					
			March 31,			
	2019	2018	2019	2018	2019	2018
	Segment Reporting		Adjustments		As Reported	
Total revenues	141.9	197.8	(12.6)	3.5	129.3	201.3
Cost of sales	(61.3)	(85.7)	-	-	(61.3)	(85.7)
Research and development costs	(2.4)	(2.8)	-	-	(2.4)	(2.8)
Selling, general and administrative costs	(11.6)	(16.9)	-	-	(11.6)	(16.9)
Amortization of MultiClient library	(61.8)	(76.3)	(3.4)	8.0	(65.2)	(68.3)
Depreciation and amortization (excl. MultiClient library)	(34.1)	(38.7)	-	-	(34.1)	(38.7)
<b>Operating profit (loss)/ EBIT, ex impairment and other charges, net</b>	<b>(29.3)</b>	<b>(22.7)</b>	<b>(16.0)</b>	<b>11.5</b>	<b>(45.3)</b>	<b>(11.2)</b>

(In millions of US dollars)	Year ended		
	December 31, 2018		
	Segment Reporting	Adjustment	As Reported
Total revenues	834.5	39.8	874.3
Cost of sales	(256.0)	-	(256.0)
Research and development costs	(10.8)	-	(10.8)
Selling, general and administrative costs	(51.8)	-	(51.8)
Amortization of MultiClient library	(362.1)	(0.6)	(362.7)
Depreciation and amortization (excl. MultiClient library)	(117.5)	-	(117.5)
<b>Operating profit (loss)/ EBIT, ex impairment and other charges, net</b>	<b>36.3</b>	<b>39.2</b>	<b>75.5</b>

For Q1 2019, MultiClient prefunding revenues, As Reported, were lower than Segment prefunding revenues. This difference is related only to timing of revenue recognition.

## Note 2 – Revenues

Revenues by service type:

	Quarter ended				Year ended	
	March 31,				December 31,	
	2019	2018	2019	2018	2018	2018
	Segment Reporting		As Reported		Segment Reporting	As Reported
-Contract seismic	44.3	44.5	44.3	44.5	149.5	149.5
-MultiClient pre-funding	30.0	58.6	17.4	62.1	282.4	322.2
-MultiClient late sales	60.9	83.5	60.9	83.5	371.9	371.9
-Imaging	6.3	6.7	6.3	6.7	25.8	25.8
-Other	0.4	4.6	0.4	4.6	4.9	4.9
<b>Total Revenues</b>	<b>141.9</b>	<b>197.9</b>	<b>129.3</b>	<b>201.3</b>	<b>834.5</b>	<b>874.3</b>

Vessel Allocation(1):

	Quarter ended		Year ended
	March 31,		December 31,
	2019	2018	2018
Contract	29 %	36 %	22 %
MultiClient	38 %	31 %	44 %
Steaming	6 %	4 %	10 %
Yard	0 %	0 %	2 %
Stacked/standby	27 %	29 %	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

Revenues As Reported amounted to \$129.3 million in Q1 2019, compared to \$201.3 million in Q1 2018, a reduction of \$72.0 million.

Segment Revenues ended at \$141.9 million in Q1 2019, compared to \$197.8 million in Q1 2018, a reduction of \$55.9 million, or 28%. The revenue decline is primarily driven by a 49% reduction in MultiClient prefunding revenues and a 27% reduction in MultiClient late sales.

### Contract revenues

Marine contract revenues in Q1 2019 were in line with Q1 2018, despite less capacity allocated to contract activity. The impact of reduced capacity allocated to contract work in Q1 2019 was offset by higher prices.

### MultiClient prefunding revenues

As Reported MultiClient prefunding revenues amounted to \$17.4 million in Q1 2019, compared to \$62.1 million in Q1 2018, a reduction of \$44.7 million, or 72%. The decrease is driven by few projects being completed in the quarter.

Segment MultiClient prefunding revenues in Q1 2019 decreased by \$28.6 million, or 49%, compared to Q1 2018. The low prefunding revenues reflect the seasonal distribution of 2019 MultiClient investment activities and an overweight of surveys with low prefunding offshore West Africa and Malaysia to position the Company's data library for upcoming license rounds, as well as continuing to build coverage in regions where sales have been strong.

PGS is targeting a prefunding level in the range of 80-120% of capitalized MultiClient cash investment. In the Company's MultiClient portfolio, there are significant variations of prefunding levels on individual surveys.

### MultiClient late sales

MultiClient late sales revenues decreased by \$22.6 million, or 27%, compared to Q1 2018. MultiClient late sales revenues in Q1 2018 were unusually strong for a first quarter as the Company benefitted from recently held license rounds and solid sales from all regions covered by the MultiClient library.



### Note 3 – Net Operating Expenses

(In millions of US dollars)	Quarter ended		Year ended
	March 31,		December 31,
	2019	2018	2018
Cost of sales before investment in MultiClient library	(120.1)	(134.6)	(530.1)
Research and development costs before capitalized development costs	(4.7)	(4.4)	(19.7)
Selling, general and administrative costs	(11.6)	(16.9)	(51.8)
<b>Cash Cost, gross</b>	<b>(136.4)</b>	<b>(155.9)</b>	<b>(601.6)</b>
Steaming deferral, net	(3.3)	(4.9)	(3.0)
Cash investment in MultiClient library	62.1	53.8	277.1
Capitalized development costs	2.3	1.6	8.9
<b>Net operating expenses</b>	<b>(75.3)</b>	<b>(105.5)</b>	<b>(318.6)</b>

Gross cash costs in Q1 2019 decreased by \$19.5 million, or 13%, compared to Q1 2018, primarily as a result of the implementation of IFRS 16, which reduces gross cash costs by approximately \$12.0 million for the quarter, and cost adjustments and a flexible fleet model, partially offset by higher project specific costs for some surveys.

Cash costs capitalized to the MultiClient library in Q1 2019 increased by \$8.3 million, or 15%, compared to Q1 2018 as a result of more capacity allocated to MultiClient, partially offset by reduced cash costs.

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

Amortization and impairment of MultiClient library consist of the following:

(In millions of US dollars)	Quarter ended		Year ended
	March 31,		December 31,
	2019	2018	2018
<b>As Reported</b>			
Amortization of MultiClient library	(44.6)	(40.3)	(212.3)
Accelerated amortization of MultiClient library	(20.6)	(28.0)	(150.4)
Impairment of MultiClient library	-	-	(22.6)
<b>Total</b>	<b>(65.2)</b>	<b>(68.3)</b>	<b>(385.3)</b>
<b>Segment reporting</b>			
Amortization of MultiClient library	(61.8)	(76.3)	(362.1)
Accelerated amortization of MultiClient library	-	-	-
<b>Total</b>	<b>(61.8)</b>	<b>(76.3)</b>	<b>(362.1)</b>

#### Segment MultiClient library amortization

For Q1 2019, Segment amortization of the MultiClient library as a percentage of MultiClient revenues was 68%, compared to 54% in Q1 2018. The higher amortization rate in Q1 2019 is primarily due to lower MultiClient late sales revenues, whilst amortization is done primarily on a linear basis.

#### MultiClient library amortization and impairment As Reported

Total amortization of the MultiClient library decreased by \$3.1 million, or 5%, compared to Q1 2018. The decrease is mainly driven by less accelerated amortization from projects completed, offset by higher straight line amortization due to increased investments over the past year.

#### 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 15.

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

(In millions of US dollars)	Quarter ended		Year ended
	March 31,		December 31,
	2019	2018	2018
Gross depreciation*	(54.1)	(53.1)	(203.4)
Depreciation capitalized and deferred, net	20.0	14.4	85.9
<b>Total</b>	<b>(34.1)</b>	<b>(38.7)</b>	<b>(117.5)</b>

\*includes depreciation of right-of-use assets amounting to \$ 10.3 million for the quarter ended March 31, 2019

Gross depreciation increased by \$1 million, or 2%, in Q1 2019, compared to Q1 2018. As a result of implementing IFRS 16, gross depreciation in the quarter increased by approximately \$10 million, which was partially offset by reduced depreciation driven by a generally lower investment level over recent years.

Capitalized depreciation was \$5.6 million higher in Q1 2019, compared to Q1 2018, as a result of more capacity allocated to MultiClient projects and somewhat higher gross depreciation.

Other charges, net consist of the following:

(In millions of US dollars)	Quarter ended March 31,		Year ended
	2019	2018	December 31, 2018
Severance cost	(0.1)	(1.3)	(2.4)
Onerous lease contracts	-	-	(1.7)
Onerous contracts with customers	2.9	6.1	6.9
Write-down supply/spare parts	-	-	(8.2)
Other	-	(0.9)	(8.1)
<b>Total</b>	<b>2.8</b>	<b>3.9</b>	<b>(13.5)</b>

As of March 31, 2019, the Company has no remaining provision for onerous customer contracts, a decrease of \$3.6 million compared to March 31, 2018 and a decrease of \$2.9 million compared to December 31, 2018. 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 \$3.8 million in Q1 2019, 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 March 31,		Year ended
	2019	2018	December 31, 2018
Interest expense, gross	(20.5)	(17.1)	(69.1)
Capitalized interest, MultiClient library	2.2	1.3	7.1
<b>Total</b>	<b>(18.3)</b>	<b>(15.8)</b>	<b>(62.0)</b>

Gross interest expense for Q1 2019 increased by \$3.4 million compared to Q1 2018, due primarily to the introduction of IFRS 16 from January 1, 2019. Lease payments classified as interest expense according to IFRS 16 (lease accounting) made up \$3.7 million for the quarter.

#### Note 7 – Other Financial Expense, net

Other financial expense, net consists of the following:

(In millions of US dollars)	Quarter ended March 31,		Year ended
	2019	2018	December 31, 2018
Interest income	0.5	0.3	2.2
Currency exchange gain (loss)	0.6	(1.7)	(2.9)
Other	(1.0)	(1.7)	(5.7)
<b>Total</b>	<b>0.1</b>	<b>(3.0)</b>	<b>(6.4)</b>

## Note 8 – Income Tax and Contingencies

Income tax consists of the following:

(In millions of US dollars)	Quarter ended		Year ended
	March 31,		December 31,
	2019	2018	2018
Current tax	(0.6)	(10.4)	(40.0)
Change in deferred tax	-	-	-
<b>Total</b>	<b>(0.6)</b>	<b>(10.4)</b>	<b>(40.0)</b>

Current tax expense for Q1 2019 is significantly lower than in Q1 2018 due to less activity in countries where withholding taxes are applied and less taxable profit 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 \$41.4 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		Year ended
	March 31,		December 31,
	2019	2018	2018
Seismic equipment	2.3	3.9	24.4
Vessel upgrades/Yard	7.1	-	4.7
Processing equipment	1.3	-	10.4
Other	0.8	0.1	3.0
<b>Total capital expenditures, whether paid or not</b>	<b>11.5</b>	<b>4.0</b>	<b>42.5</b>
Change in working capital and capital leases	(1.8)	10.1	5.5
<b>Investment in property and equipment</b>	<b>9.7</b>	<b>14.1</b>	<b>48.0</b>

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

PGS is in process of completing a sale of *Ramform Sterling* to JOGMEC and the vessel was delivered in April, 2019. 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 March 31, 2019. The agreed sales price for *Ramform Sterling* is approximately \$103 million and the first 50% installment was received in March 2019, which after costs to relocate and make the vessel ready for delivery gave a net cash flow to PGS of \$44.6 million in Q1 2019.

The Company will maintain its fleet size and the *Ramform Vanguard* is in the process of being rigged to start operating in late April. Capital expenditures to reactivating the *Ramform Vanguard* are approximately \$25 million, of which \$7.1 million was incurred in Q1 2019.

Following implementation of IFRS 16, as of March 31, 2019, right-of-use-assets amounting to \$196.6 million are included as Property and equipment.

## Note 10 – MultiClient Library

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

(In millions of US dollars)	March 31,		December 31,
	2019	2018	2018
Completed during 2013	-	5.7	-
Completed during 2014	5.4	29.6	10.7
Completed during 2015	22.3	60.7	29.7
Completed during 2016	93.1	168.0	110.1
Completed during 2017	60.2	84.7	66.3
Completed during 2018	103.0	17.7	116.4
Completed during 2019	9.0	-	-
Completed surveys	292.9	366.4	333.3
Surveys in progress	382.1	305.3	321.3
<b>MultiClient library</b>	<b>675.0</b>	<b>671.7</b>	<b>654.6</b>

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)	March 31,		December 31,
	2019	2018	2018
MultiClient pre-funding revenue, as reported *	17.4	62.1	322.2
MultiClient late sales	60.9	83.5	371.9
Cash investment in MultiClient library	62.1	53.7	277.1
Capitalized interest in MultiClient library	2.2	1.3	7.1
Capitalized depreciation (non-cash)	21.4	14.4	87.7
Amortization of MultiClient library, as reported	(44.6)	(40.3)	(212.3)
Accelerated amortization of MultiClient library, as reported	(20.6)	(28.0)	(150.4)
Impairment of MultiClient library	-	-	(22.6)
<b>Segment Reporting</b>			
MultiClient pre-funding revenue, Segment *	30.0	58.6	282.4
Prefunding as a percentage of MultiClient cash investment	48 %	109 %	102 %

\*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 Q1 2019 or Q1 2018.

For Q1 2019, Segment MultiClient prefunding revenues corresponded to 48% of capitalized MultiClient cash investment (excluding capitalized interest), compared to 109% in Q1 2018. The low prefunding revenues are due to the composition of surveys in the first quarter, and an overweight of surveys with low prefunding offshore West Africa and Malaysia to position the Company's data library for upcoming license rounds as well as continuing to build coverage in regions where sales have been strong.

In Q1 2019, the MultiClient cash investment increased by \$8.4 million, or 16%, compared to Q1 2018, as a result of more capacity allocated to MultiClient.

*MultiClient library amortization and impairment As Reported according to IFRS*

In Q1 2019 total MultiClient amortization, As Reported according to IFRS, as a percentage of MultiClient revenues was 83%. The Company recognized accelerated amortization of \$20.6 million on projects completed in Q1 2019.

**Note 11 – Liquidity and Financing**

Net cash provided by operating activities was \$119.4 million in Q1 2019, compared to \$73.4 million in Q1 2018. The increase is mainly driven by reduced working capital from collection of the higher revenues in Q4 2018, and the effects of IFRS 16 where most payments on lease liabilities are classified as financial activities. The net cash provided by operating activities in Q1 2018 was negatively impacted by \$14.3 million of payments relating to severance and other restructuring provisions made in Q4 2017.

The first 50% installment of the approximately \$103 million sales price for *Ramform Sterling* was received in March 2019, which after costs to relocate and make the vessel ready for delivery gave a net cash flow to PGS of \$44.6 million reported in cash flow from investing activities in Q1 2019. The second installment (26% of sales price) was received when the vessel was delivered in April 2019. The remaining amount is to be paid in April 2020.

The liquidity reserve, including cash and cash equivalents and the undrawn part of the Revolving Credit Facility ("RCF"), was \$205.4 million as of March 31, 2019, compared to \$159.5 million as of December 31, 2018 and \$233.4 million as of March 31, 2018. On September 18, 2018 the RCF commitment was reduced from \$400 million to \$350 million in accordance with the extension and amendment of the facility agreed in November 2016.

Interest bearing debt consists of the following:

(In millions of US dollars)	March 31,		December 31,
	2019	2018	2018
<i>Secured</i>			
Term loan B, Libor (min. 75 bp) + 250 Basis points, due 2021	380.0	384.0	381.0
Export credit financing, due 2025	135.3	156.2	140.6
Export credit financing, due 2027	221.9	248.3	228.7
Revolving credit facility, due 2020	235.0	205.0	265.0
<i>Unsecured</i>			
Senior notes, Coupon 7.375%, due 2018	-	26.0	-
Senior notes, Coupon 7.375%, due 2020	212.0	212.0	212.0
<b>Total loans and bonds, gross (1)</b>	<b>1,184.2</b>	<b>1,231.5</b>	<b>1,227.3</b>
Less current portion	(51.2)	(77.2)	(51.2)
Less deferred loan costs, net of debt premiums	(10.0)	(15.1)	(11.4)
<b>Non-current interest bearing debt</b>	<b>1,123.0</b>	<b>1,139.2</b>	<b>1,164.7</b>

(1) Fair value of the non-current debt, gross was \$1,167.2 million as of March 31 2019, compared to \$1,209.2 million as of March 31, 2018.

Undrawn facilities consists of the following:

(In millions of US dollars)	March 31,		December 31,
	2019	2018	2018
<i>Secured</i>			
Revolving credit facility, due 2020	115.0	195.0	85.0
<i>Unsecured</i>			
Bank facility (NOK 50 mill)	5.8	6.5	5.8
Performance bond	22.3	13.1	12.3
<b>Total</b>	<b>143.1</b>	<b>214.6</b>	<b>103.1</b>

Summary of net interest bearing debt:

(In millions of US dollars)	March 31,		December 31,
	2019	2018	2018
Loans and bonds gross	(1,184.2)	(1,231.5)	(1,227.3)
Cash and cash equivalents	90.4	38.4	74.5
Restricted cash (current and non-current)	42.1	42.4	43.2
<b>Net interest bearing debt, excluding lease liabilities *</b>	<b>(1,051.7)</b>	<b>(1,150.7)</b>	<b>(1,109.6)</b>
Lease liabilities current	(46.5)	(0.2)	(3.2)
Lease liabilities non-current	(184.7)	-	-
<b>Net interest bearing debt, including lease liabilities *</b>	<b>(1,282.9)</b>	<b>(1,150.9)</b>	<b>(1,112.8)</b>

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

Restricted cash of \$42.1 million includes \$38.1 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 March 31, 2019, the Company had approximately 51% of its debt (excluding lease liabilities) at fixed interest rates. The Q1 2019 weighted average cash interest costs of gross debt reflects an interest rate of approximately 4.98%, 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, and IFRS 16 lease payments. 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 March 31, 2019 the TLR was 2.85:1, below the maximum level of 3.25:1. The maximum TLR will be reduced by 0.25:1 each of the following two 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 2018 Annual Report.

## Note 12 – Earnings per Share

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

	Quarter ended		Year ended
	March 31,		December 31,
	2019	2018	2018
- Basic	(0.19)	(0.12)	(0.26)
- Diluted	(0.19)	(0.12)	(0.26)
Weighted average basic shares outstanding	338,578,257	338,573,019	338,575,238
Weighted average diluted shares outstanding	340,481,921	341,330,831	341,007,278

## Note 13 – Other Comprehensive Income

Other Comprehensive Income

(In millions of US dollars)	Quarter ended		Year ended
	March 31,		December 31,
	2019	2018	2018
Actuarial gains (losses) on defined benefit pensions plan	(7.1)	0.2	11.6
Income tax effect on actuarial gains and losses	-	-	-
<b>Items that will not be reclassified to profit and loss</b>	<b>(7.1)</b>	<b>0.2</b>	<b>11.6</b>
Gains (losses) on hedges	1.8	2.0	(4.4)
<i>Other comprehensive income (loss) of associated companies</i>	0.8	0.2	(0.4)
<b>Items that may be subsequently reclassified to profit and loss</b>	<b>2.6</b>	<b>2.2</b>	<b>(4.8)</b>

## Note 14 – Reconciliation of alternative performance measures

Segment EBITDA ex. Other Charges, net

(In millions of US dollars)	Quarter ended		Year ended
	March 31,		December 31,
	2019	2018	2018
<b>Operating profit (loss)</b>	<b>(42.5)</b>	<b>(7.3)</b>	<b>39.4</b>
Segment adjustment to Revenues as reported	12.6	(3.5)	(39.8)
Other charges net	(2.8)	(3.9)	13.5
Amortization and impairment of MultiClient library	65.2	68.3	385.3
Depreciation and amortization of long term assets (excl. MultiClient library)	34.1	38.7	117.5
<b>Segment EBITDA ex. Other Charges, net</b>	<b>66.6</b>	<b>92.3</b>	<b>515.9</b>

Operating profit (loss)/ EBIT, ex impairment and other charges, net

(In millions of US dollars)	Quarter ended		Year ended
	March 31,		December 31,
	2019	2018	2018
<b>Operating profit (loss)</b>	<b>(42.5)</b>	<b>(7.3)</b>	<b>39.4</b>
Segment adjustment to Revenues As Reported	12.6	(3.5)	(39.8)
Other charges, net	(2.8)	(3.9)	13.5
Segment adjustment to Amortization As Reported	3.4	(8.0)	0.6
Impairment of MultiClient library	-	-	22.6
<b>Operating profit (loss)/ EBIT, ex impairment and other charges, net</b>	<b>(29.3)</b>	<b>(22.7)</b>	<b>36.3</b>

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 prefunding level*

The MultiClient prefunding level is calculated by dividing the MultiClient prefunding 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 prefunding 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 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, 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 16 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 prefunding 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 prefunding 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 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, 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;
- 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;
- Initial direct costs are excluded from the measurement of the right of use asset.

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)	
<b>Future minimum payments at 31 December 2018</b>	<b>293.6</b>
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)
<b>Lease liability 01.01.2019</b>	<b>238.5</b>
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 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 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, April 24, 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*

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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 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](http://www.pgs.com).*

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Surrey KT13 0NY, UK  
Phone: +44 1932 3760 00

**Board of Directors:**

Walter Qvam (Chairperson)  
Anne Grethe Dalane  
Marianne Kah  
Anette Valbø (employee elected)

Trond Brandsrud  
Richard Herbert  
Grunde Rønholt (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 & Imaging
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](http://www.pgs.com)

**Financial Calendar:**

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.