DNB Oil, Offshore and Shipping Conference
Oslo, March 7, 2018

Rune Olav Pedersen
President & CEO
Cautionary Statement

• This presentation contains forward looking information

• Forward looking information is based on management assumptions and analyses

• Actual experience may differ, and those differences may be material

• Forward looking information is subject to significant uncertainties and risks as they relate to events and/or circumstances in the future

• This presentation must be read in conjunction with other financial statements and the disclosures therein
Re-focused & Re-energized: Increasing Organizational Effectiveness

Sales & Services

Sales
MultiClient, Contract and Imaging

New Ventures
Building new MultiClient programs and strategic positioning in new basins

Imaging
Streamlined and effective Imaging organization

Operations & Technology

Project Planning & Bidding
Servicing MultiClient & Contract sales

Project Delivery
One project execution team

Seismic Acquisition & Support
Continue efficiency improvements

Geoscience & Engineering
Differentiating technology development

• A smaller, centralized and simplified organization with more flexible vessel and imaging capacity
• Increased focus on sales from all product lines
• Streamlined process for handling bids
• Improved project execution
• More effective Imaging organization

Focus on short term profitability – building a sustainable foundation for longer-term performance
• Completed reorganization in Q4 2017 and started operating under new organizational structure on 1 January 2018

• PGS EM activities are suspended until the market improves sufficiently for the business to generate enough cash to cover operating costs

• Management explores possibilities of divesting the OptoSeis technology

• In process of selling the Cairo imaging center, which mainly process 2D data, while PGS focuses on 3D acquisition and processing
Earnings Capacity Maintained:
2018 Streamer Capacity in line with 2017 Streamer Capacity

• PGS operates a fleet of eight 3D vessels, of which two will be used selectively
  – Address seasonal demand swings

• Adjusting the Company’s cost base to six vessels

• Revenue generating capacity will be approximately the same in 2018 compared to 2017
  – Assuming six vessels in operation in Q1 and Q4, and eight vessels in Q2 and Q3

• On average, active vessel capacity in 2018 will be newer and more efficient than in 2017

*Excludes cold and warm stacked vessels.
Reorganization:
Cash Flow Positive in a Flat 2018 Market vs. 2017

- Assuming flat revenues in 2018 vs. 2017 PGS will generate positive cash flow after debt repayment.

- 2018 debt repayments include USD 51 million of amortizing loans and USD 26 million final maturity of the 2018 Senior Note.

- Delivering a positive cash flow after debt service is the primary financial target for 2018 and should position the Company to re-finance well in advance of 2020 maturities.
• Gross cash cost in 2017 ended at USD 690 million

• A centralized, simplified and streamlined organization combined with more flexible vessel and imaging capacity will reduce gross cash cost by more than USD 100 million in 2018
  – Some offsetting effect of higher oil price/fuel cost and a stronger NOK and GBP against USD

• Tight overall cost control remains a priority

*) Based on FX rates applicable 1.1.2018 (NOK/USD 8.22, USD/GBP 1.35) and fuel prices corresponding to an oil price of approximately USD 65 per barrel
The Revolving Credit Facility ("RCF") was extended from 2018 to 2020 when PGS refinanced in Q4 2016
- Maintenance covenant profile amended

Strong reduction of the Total Leverage Ratio (TLR) during 2017
- Substantial headroom to required level

Expect to be in compliance going forward
Energy demand will continue to grow owing to increased world GDP
- Driven by emerging markets
- Projected 1.3% annual growth to 2035

Renewables are the fastest growing energy source, but fossil fuels remain the dominant source of global energy supplies

Decline rates from producing field is significant and increased shale production is not enough to compensate
- Offshore exploration and production has to increase
每月平均

- 发现量在2017年为6.7十亿桶油当量（2012年为30十亿桶油当量）
  - 2017年是1947年以来的最低水平
- 探索支出和钻探显著减少
- 石油发现水平无法持续满足未来需求

**石油和石油服务市场：**
**同时，化石燃料的发现继续下降**

- 2012年：30十亿桶油当量
- 2013年：16十亿桶油当量
- 2014年：15十亿桶油当量
- 2015年：15十亿桶油当量
- 2016年：8十亿桶油当量
- 2017年：6.7十亿桶油当量

来源：Rystad Energy
Oil and Oil Service Market:
Record Low Activity Causes Low Reserves and Short Inventory Duration

• Reserve Replacement Ratio and Reserve Life Ratio among integrated oil companies are down to unsustainably low levels

• Increased exploration activity is needed to reverse this trend
Oil and Oil Service Market:
Integrated Oil Companies are Cash Flow Positive and Improving

- Integrated oil companies became cash flow positive after capex and dividend in 2017
- With oil price above USD 50 per barrel they are generating significant cash flow
  - Brent Blend currently hovering around USD 70 per barrel
- Integrated oil companies are well positioned to increase spending

Source: Carnegie. The integrated companies included are ExxonMobil, RD Shell, BP, Chevron, Total, ENI, ConocoPhillips, Repsol and Statoil.
Oil and Oil Service Market: Seismic – Historically Early Cycle Indicator

Seismic spending increased by 9% in 2017 compared to 2016, while offshore spending declined by ~14%.

Historically seismic has been an early cycle indicator.

*Seismic spending are actual revenues from PGS, CGG, WesternGeco, Polarcus and Spectrum and consensus full year estimates for TGS.

**Average estimates from Barclays, DNB Markets, Pareto Securities and SEB.
Seismic Market Outlook

- Higher oil price, improved cash flow among oil companies and unsustainable reserve replacement ratios are expected to benefit marine 3D seismic market fundamentals going forward.

- Some indications of improving market sentiment in 2018.

- Continued risk related to timing of market recovery:
  - PGS plans for a flat market.
Marine Contract: PGS In-house Bids and Project Leads*

• Marine Contract bids to go (in-house PGS) and estimated USD value of bids + risk weighted leads

• Dramatic fall in USD value from 2012-2013 representing a combination of low contract rates and low demand

• Leads curve recently in rising trend may indicate market improvement

• Volume of acquired marine 3D seismic fell below 300,000 sq.km in 2017

*Internal estimates
• Average streamer capacity in 2018 is close to 50% lower than average streamer capacity in 2013

• Flexible winter capacity from larger seismic companies will cause supply swings going forward

• Schlumberger’s exit from the seismic acquisition market could bring supply further down

• Low industry maintenance capex cause global streamer pool to shrink

Source: PGS internal estimates.
• Order book of USD 135 million by end Q4 2017

• 3D vessel booking for 2018 of 33 vessel months*
  – Q1: 14.5 vessel months
  – Q2: 11.5 vessel months
  – Q3: 7 vessel months

• Reasonably confident in booking/operating 8 vessels from Q2
  – Would be fully booked on 6 vessels in Q1 had it not been for gaps created by permitting issues
  – None of the planned North Sea MultiClient surveys are counted as booked
  – Positive trend on leads and bid activity in general
  – More leads for 2H compared to same time last year

*As of January 30, 2018.
In Conclusion

- Positioned the Company to take advantage of current and future opportunities

- Smaller, simpler and more flexible

- Cost and cash flow are top priorities

- Oil companies in significant cash flow positive position

- Some indications of improving market sentiment in 2018
  - PGS plans for a flat market

Re-focused & Re-energized to capitalize on market opportunities