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# EDITED TRANSCRIPT

PGS.OL - Q2 2022 PGS ASA Earnings Call

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## CORPORATE PARTICIPANTS

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**Rune Olav Pedersen** *PGS ASA - President & CEO*

## PRESENTATION

**Bard Stenberg** - *PGS ASA - VP of IR & Corporate Communication*

Good morning, and welcome to this audiocast presenting PGS Second Quarter and First Half 2022 Results. My name is Bard Stenberg, Vice President, Investor Relations and Corporate Communications in PGS.

With us from management today are Rune Olav Pedersen, President and CEO; and Gottfred Langseth, CFO.

Before we start, I would like to give some practical information. Participants on this audiocast can submit their questions via the audiocast platform. I would also like to draw your attention to the cautionary statement in today's earnings release and presentation and the risk factors disclosed in our 2021 annual report and in the Q2 2022 earnings release.

The agenda for today is summarized on this slide. So Rune Olav will start with Q2 takeaways, financial summary and the order book. Then Gottfred will give you a review of the Q2 financials. Towards the end, Rune Olav give you an operational update, market comments and review of our 2022 guidance, followed by the Q&A session.

So with that, I give the word to Rune Olav.

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**Rune Olav Pedersen** - *PGS ASA - President & CEO*

Thank you, Bard, and good morning, everyone.

The second quarter this year was a strong quarter for PGS compared to what we have seen since the market downturn in 2014. In fact, we recorded the second highest quarterly revenues since the fourth quarter of 2014 and we recorded positive net income. This was primarily driven by strong MultiClient performance, and in particular, strong MultiClient late sales, but also high volume of completed MultiClient projects which are recorded in the quarter. And it is, of course, also good to see that all of our 6 active 3D vessels are back in operations in the quarter.

Also in the quarter, we successfully completed a private placement and obtained commitment for Super Senior debt facility. And that, in combination with the subsequent offering which we have just completed now in July, will give us approximately \$150 million of improved liquidity going forward.

Together with the improving market we are currently seeing, we think we are well positioned in -- for a refinancing ahead of our Q3 2023 maturities.

In the quarter, our new energy business continued to gain momentum. And we were ordered the fourth carbon storage acquisition contract in the quarter. And we also secured access to the ultra-high resolution P-cable, which will give us a broader service offering, both for existing oil and gas, but also, for example, the wind application.

The order book increased in the quarter, which I will come back to. And the market activity and pricing continues on the positive trends going forward, which I will come back to.

Then on the financial summaries. I will be very quick as Gottfred will come back to the numbers in more detail later. But just point to the very high revenues of \$274 million, which is, of course, significantly higher than what we've seen recently. And also, it is good to see that our EBIT is back in positive territory with \$58 million EBIT in the quarter.

On the market, we clearly continue to see an improving marine seismic market. We have a supportive macro environment with high oil and gas prices. We are experiencing increasing focus on energy securities following years of underinvestment in oil and gas assets, also, of course, underpinned by the tragic war in the Ukraine.

This creates investment pressure on energy companies, and we are seeing increased E&P activity more or less throughout the globe. And we're also feeling this in the seismic market. There are renewed interest from several companies for frontier exploration data sets and also quite an increase in interest in our services in general.

The industry is delivering higher MultiClient sales. We are clearly feeling more client interest on prefunding of new MultiClient surveys. Contract activity and pricing continues on a positive trend. And we are seeing that positive trend both on utilization and pricing continue into the winter, into the fourth quarter this year and into the first quarter of next year.

And as I will come back to on the next slide, our vessel schedule for the winter season is firming up. All this underpinning what we started to say that we are seeing an improving marine seismic market.

The order book is currently sitting at \$359 million end of June 30, 2022, \$83 million related to MultiClient. But I guess, as important, if you take a look at the order book and remove the shaded part of the order book, you get the order book as it stands as of the quarter end for work not completed. The shaded part is MultiClient work completed, not yet delivered. So the firm color, the firm blue, dark blue and light blue can be compared to what we used to report as the order book, namely work we have not yet completed. That is sitting above \$300 million.

And we haven't seen levels like that since third quarter, fourth quarter of 2019. And we haven't seen levels of that for many quarters at all since 2015. So we kind of have -- we're at levels now which we have only sporadically seen over the last 5 to 7 years actually.

We are fully booked for the summer season, the third quarter, this quarter, 18 vessel months booked, fully booked. The fourth quarter, we have 11 vessel months booked. And for the first quarter in 2023, we have 6 vessel months booked. We also had 1 vessel booked through the 2023 North Sea season, which is, of course, very early and also a sign of a strengthening market.

And with that, I will give the word to you, Gottfred, to take us through the financials.

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**Gottfred Langseth** - PGS ASA - CFO & Executive VP

Thank you, Rune. Good morning, everyone.

Key financial figures. Revenue and EBITDA and EBIT growth, due to improving seismic market, as commented on already, strong data sets in the quarter and a high number of delivered MultiClient surveys in the quarter. So total revenue is \$273.6 million; EBITDA, \$193.3 million; and EBIT of \$57.8 million. Also a positive net income for the quarter, \$18.7 million.

Quick comment on net financial items in the second quarter. The net financial items include a cost of -- relating to a fair value adjustment of the conversion right in the convertible bond. This is described in the earnings release. Of course, this is fairly technical, but it's fair valued based on the share price. And that fair value has increased due to increase in share price. So there is a provision recorded in the financials, which ultimately, when the convertible bond is converted will be credited to an increased equity. So that was net financial items.

Operational highlights. Contract revenues in the quarter of \$62.8 million. We used 63% of our active vessel time for contract acquisition. The contract revenues were impacted by quite significant steaming and standby, early in the quarter primarily, and then mobilization for 2 surveys, where the

production and the recognition of revenues will primarily be in the third and the fourth quarter. This was generally in the latter part, towards the end of the quarter.

Moving to MultiClient. Total MultiClient revenues of \$204.7 million. High transfer fees driving the strong late sales, as commented upon. And then the prefunding, which now is reported at the time of delivery and at the time of production, high in the quarter due to a significant volume of the deliveries. The production in the quarter is lower than that can be studied in the notes for those interested. We capitalized \$26.2 million of cash investments in the quarter.

Then utilization, 65% active time in the second quarter. This is relatively low, and driven by relocation and standby, primarily in the first part of the quarter. We have 4 vessels now operating in the North Atlantic. At the start of the season, 2 came out of winter stack. So there was some stack at that point before commencing surveys. And 2 of the vessels steamed from areas further south. In addition, we had steams related to surveys being started in Brazil and in Cyprus in the quarter. The utilization will improve significantly in -- now in the third quarter.

We have a sequential increase of costs compared to Q1. This increase is primarily due to increased activity level. Our vessels are now all back in operation. Higher project-specific costs, and quite importantly, fuel prices where -- we saw a significant increase of fuel prices, primarily in the latter part of the first quarter. But the cost increase for PGS is more fully reflected in our second quarter numbers in a way compared to the first quarter, which benefited from a delay effect.

Importantly, we have fuel price adjustment clauses, that's the industry practice more or less, in most, I would say, already all agreements for contract work. So the higher oil price or fluctuation will impact then revenues for contract work to correspondingly more or less.

We have increased our gross cash cost guidance for the full year to \$500 million. And this is due to increased project activity. And an important part of that is Sanco Swift and PGS Apollo, that will operate as source vessels longer than initially planned. Sanco Swift already in operation in Cyprus, may fairly likely be operating in the Mediterranean towards the end of the year on various activities.

And PGS Apollo, on the way over to Brazil and will be sourced as on an ongoing project for the rest of the year. It is probably obvious that in a way these source vessels and similar project costs, we include in the calculations of our bids and the pricing and the contract negotiations. So there is a revenue impact of using this capacity. As on the project, there is a revenue impact, with a positive margin on it.

Balance sheet. Cash and cash equivalents, \$219.8 million. Importantly, we have communicated earlier, of course, liquidity sweep for cash above \$200 million at quarter ends and excess has to be used or has to be prepaid on the September Term Loan B amortization and the deferred amounts on the ECF loans allocated between the 2 based on the amount of deferral.

So as a result, \$19.8 million will now be repaid early third quarter on these 2 loans. And I do trust that most have understood that there are no incentives for us to make the liquidity or the related cash sweep amount larger than strictly necessary.

Moving to cash flow. Moderate cash from operations in the quarter. This is as planned and expected, that be clear. The cash collection for the second quarter MultiClient late sales will primarily be in the third quarter. And we have avoided an excessive second quarter liquidity sweep.

We do expect strong cash flow in the third quarter, and -- or we included a separate slide on that. Just to dig a little bit down into the details. It is not so that a modest cash flow in the second quarter signals the risk of also weak cash flow in the third quarter. The mechanics is, of course, opposite when it relates to, in a way, a volume-driven working capital fluctuations.

Our working capital is primarily driven by the receivables balance or determined by the receivables balance. And the receivable balance is driven by or determined by their revenues. And a bit simplified, most of the collection in a specific quarter is built up by the revenues in the preceding quarter. There are deviations from that, but that is, call it, the rule of thumb.

So the high receivables at end of Q2 are driven by the revenue increase. The revenue mix with high MultiClient sales, because MultiClient sales typically are a bit late in the quarter, and therefore, to a very little degree, is collected before the quarter end.

And then in this specific quarter, that is also true for most of the contract revenues because we had low activity steam and a bit of standby in the first part of the quarter and most of the revenue production in the second part of the quarter and with producing amounts and then billing most of the contract revenues as well, or a less than usual have been collected in the quarter of revenue recognition.

So we will have strong collection and cash flow in the third quarter. There are no special or extended payment terms in the Q2 revenues or the Q2 receivables balance, which, by the way, you see illustrated on the top chart.

We do expect a strong liquidity position post the September amortization payment of the Term Loan B. When we monitor Q3 liquidity or Q3 liquidity forecasts more correctly, we're not looking at the liquidity covenant level. We are looking at the liquidity sweep threshold, which we may have to manage at the next quarter end as well.

I will move to the next slide, which is my last slide, improving financial position. This is mostly sort of communicated over some time already.

Completed the private placement, \$85 million. The commitment for the new Super Senior loan was achieved before the EGM late May. It has not been drawn, and it will be drawn just ahead of the \$135 million repayment of the term loan in September. There's no use for drawing before that so we do that as late as possible.

We completed the subsequent offering. It was fully subscribed, NOK 141 million, which due to the currency rates correspond now to \$14 million. We -- the proceeds is to ensure that we can manage the debt amortization in Q3 and the rest of the year and first half of next year with a still robust liquidity reserve.

We will -- and this is not that material, but we will convert the remaining outstanding amount of the convertible bond now in the third quarter. There is an issuer conversion or issuer call option if the share price is above NOK 6 for more than 30 consecutive trading days, and that has now been satisfied. We are well positioned to refinance ahead of the third quarter 2023.

With that, I will stop and give the word back to Rune.

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**Rune Olav Pedersen** - PGS ASA - President & CEO

Thank you, Gottfred. I will, as normal, start with the fleet activity. And as you can see, there are quite a few vessels on here. We can start up north, and you will see that Ramform Hyperion, Ramform Vanguard and Ramform Atlas are all doing work on the Norwegian continental shelf. This is both MultiClient work and contract work.

Moving west. Ramform Titan is on a large MultiClient program in Canada. And in Mediterranean, you will see that Ramform Sovereign has started up its program there, with us being supported by Sanco Swift as a source vessel.

And further south, Ramform Tethys is on a large 4D program for Petrobras in Brazil. And she will soon be joined by PGS Apollo, is currently steaming towards Brazil to join Ramform Tethys on that program, which will last to the end of the year.

So all 6 3D vessels in operation and also 2 of our other vessels operating as source vessels currently. So we have a high activity in PGS operations these days.

The positive market comments that I have already come with is, of course, also supported by what we see going forward in the contract market. And most of you will be familiar with this slide, where you have the dark blue line indicating the dollar value of the contract tenders we have in-house currently.

And then the light blue line, which is the dark line, plus the dollar value of all the leads we have recorded in-house currently. The sales leads, the light blue line, we'll see that building momentum in front of the winter season, which is, of course, good to see. And Mediterranean and West Africa being particularly active regions.

We also expect that several of these sales leads will result in Active Tenders further down the line. That is normally the trend we are seeing. The Active Tender curve, the dark blue line, is increasing recently with multiple recent tenders received over the last weeks.

The decline you see -- the large decline you see earlier in the quarter is primarily due to 2 things. One is we were awarded quite a few contracts, which were then taken out of this curve and put into the backlog, obviously; and then secondly, the removal of the very large 4D job in Brazil, which some news reporters reported that we were #1 for but never awarded. We have now removed it. It is going to come back into the market in a smaller fashion than what we saw earlier.

And I would also like to comment that we are currently seeing an unnormal large amount of informal requests for pricing for programs in 2023. This is clients calling us up saying we anticipate doing a program here or there of this size and this technical configuration. What would be your budget price for such a job?

We are seeing a large number of these right now. These typically result either in a later contract tender, or they may convert into direct negotiations or award for a hybrid MultiClient or a contract award. A hybrid MultiClient here, typically a MultiClient over a block where we have MultiClient rights where -- but where the sales potential is limited because it's over held acreage.

That is typically one of the things that these could result in, or it could result in a larger MultiClient program in the area. So there is high activity in the bidding department of PGS these days. Some of these large informal request for pricing would be in the light blue line, but not all. That depends on whether we believe it's likely it will go to contract or MultiClient, obviously.

The supply side, supply remains stable during this summer season, which is a positive for the supply-demand balance. And as we have said, we operate 6 3D vessels and 2 source vessels currently.

Now New Energy. Our New Energy business is gaining momentum. And in particular, we have established a very solid position in the carbon storage geoservice market. In the quarter, we successfully completed the acquisition of the Northern Lights Carbon Capture and Storage 4D baseline and the acquisition of the Endurance Carbon Capture and Storage reservoir.

We were also awarded another acquisition contract by Equinor over the Smeaheia carbon storage site in the North Sea. And we are currently acquiring the Snøhvit 4D. And as part of the Snøhvit 4D, we are also acquiring data over their carbon storage site.

In the quarter, we have also entered into an agreement with deepC Store to co-develop carbon capture and storage projects in Asia Pacific. We've talked about this earlier, deepC Store develops full projects with delivery of CO<sub>2</sub>, insertion of CO<sub>2</sub> and storage of CO<sub>2</sub>. And PGS' contribution to the company is obviously related to Subsea services and related both to our imaging and our MultiClient services. We aim to together develop the CCS project in Asia Pacific. So it's good to see that we see us taking a proactive step to be active also in this CCS region.

We now expect to generate revenues of approximately \$30 million related to New Energy business in 2022. And this is up from the earlier guidance of \$20 million to \$30 million.

2022 guidance and year-to-date performance. I will concentrate on the guidance. The 2022 group cash cost is now guided at approximately \$500 million, which is up from approximately \$475 million. MultiClient cash investments still at approximately \$125 million. Active 3D vessel time allocated to contract still at approximately 65%. And CapEx still at approximately \$60 million.

So in summary, we delivered the second highest quarterly revenues since Q4 2014, and in itself, a testament to an improving seismic market. The winter season is firming up, and activity and pricing is continuing on a positive trend. And we have talked about why and how we see the market improving going forward. Also in the quarter, the New Energy business continues to gain momentum and take more business, which is very positive to see. And we will, of course, going forward, also focus on this.

And then last but not least, we successfully completed our private placement and obtained commitment for the Super Senior debt facility. And together with the improving market we have seen -- believe that this places us well for a refinancing ahead of our Q3 2023 maturities.

With this, I will give the word back to you, Bard, for the Q&A session.

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## QUESTIONS AND ANSWERS

**Bard Stenberg** - PGS ASA - VP of IR & Corporate Communication

Thank you, Rune. We have some questions from the audience already. We can start off with a question from a private investor.

How many vessels do you -- or do you plan to activate any vessels in the third quarter? And what is the cost of reactivating a vessel?

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**Rune Olav Pedersen** - PGS ASA - President & CEO

No, we do not plan to reactivate any vessels in the third quarter. We plan to operate -- continue to operate 6 active 3D vessels through the winter season and into the next year's summer season. And we also planned, as Gottfred alluded to, to use 2 of our vessels as source vessels for part of that season, most likely for the remainder part of the year and maybe also into next year.

So the first point in time where we would consider reactivating a 3D vessel and go to 7 operated 3D vessel would be in front of the summer season next year. But obviously, that has not been decided and depends on market demand and activity at that time.

We can move to 7 operated 3D vessels without buying new streamers or without having to buy a full new streamer set with the current CapEx plan we have. So therefore, reactivation of the seventh vessel has more limited cost in terms of shakedown whatever it may be of vessel-related costs, which shouldn't be much given we have 2 of our 3D vessels operating as source vessels. So that has a fairly limited cost.

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**Bard Stenberg** - PGS ASA - VP of IR & Corporate Communication

Next question comes from Jorgen Lande in Danske Bank. This is for you, Gottfred.

On Slide 7, on the order book, of the \$82.9 million of MultiClient in the backlog for second half 2022, does this relate to both prefunding and late sales?

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**Gottfred Langseth** - PGS ASA - CFO & Executive VP

It relates to MultiClient in general. But in practice, this is prefunding revenues, yes, it is.

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**Rune Olav Pedersen** - PGS ASA - President & CEO

It could be both later. This time around, it is prefunding.

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**Bard Stenberg** - PGS ASA - VP of IR & Corporate Communication

Very good. Then we have a question from John Olaisen in ABG. I wonder if you could give some comments about MultiClient versus contracts. Both segments seems to improve. However, how do you see the relative improvements? Is contract getting more attractive than MultiClient, or opposite? What I'm looking for is the likely vessel allocation in 2023. In 2022, you plan to use 65% of active vessel timing contract. Given the market development, how is this looking for 2023?

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**Rune Olav Pedersen** - PGS ASA - President & CEO

Yes. We are seeing -- as you alluded to, we are seeing an improvement in both segments, and that is clear. So it is easier to get prefunding on MultiClient programs. But I guess, we are probably currently seeing a stronger momentum on the contract side versus the MultiClient side. .

And that is why we have also ended up with an allocation of 65% contract and 35% MultiClient. I guess it is also -- probably also down to the fact that contract this time around strengthened before MultiClient. So that the earlier part of the year, it was difficult to build MultiClient projects for 2022.

So if you look into 2023, it is obviously early days. But I would expect that we also will have an overallocation to contract in 2023 versus MultiClient, but perhaps not as strong as what we're seeing this year. And this will be very, very roughly indicated what you could perhaps a 60-40 allocation next year. But as I say, it's more of a guesstimate than anything else from what we're seeing in the market currently.

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**Bard Stenberg** - PGS ASA - VP of IR & Corporate Communication

Yes. And then Mr. Olaisen has also a question regarding capacity additions, which we have addressed already, Rune. Then he has the standard question. How much are contract prices improving?

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**Rune Olav Pedersen** - PGS ASA - President & CEO

Yes. I'm not going to say how much, but they are improving. And they will be improving quarter-over-quarter also through the winter season, which is a quite strong signal. Obviously, it fluctuates a little bit when you're just counting days and rates, because when we say the contract price is improving, we're looking at our margin. But obviously, if we're operating in high-cost areas, the absolute contract price will be quite a bit higher. But margin-wise, it is improving quarter-on-quarter these days.

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**Bard Stenberg** - PGS ASA - VP of IR & Corporate Communication

And last question from Olaisen. On the MultiClient side, your late sales benefited from transfer fees in Q2. Do you expect any transfer fees for the second half of the year? Any indications or any other indications about your late sales expectations?

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**Rune Olav Pedersen** - PGS ASA - President & CEO

Yes. Do we expect any transfer fees for the second half? It is clearly possible that we will also have transfer fees for the second half. That depends. There are a few transactions, in particular, one that we are looking at which could good result in transfer fees of some size, but we don't have full visibility on when it will close. So therefore, I'm a bit uncertain. But yes, we could see transfer fees also in the second half, but we can't be sure.

In terms of late sales, in general, it's obviously difficult to predict. But in general, strengthening markets typically will also lead to improving late sales. And we hope to see the same in the second half.

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**Bard Stenberg** - PGS ASA - VP of IR & Corporate Communication

We have another question from Christopher Møllerlækken in SpareBank 1 Markets. He asks, in December 2021, you placed a purchase order for a new streamer set. Is this to replace aging equipment on existing fleet? Or is it to prepare for a seventh vessel in operation?



**Rune Olav Pedersen** - PGS ASA - President & CEO

Well, you could say both. It is to replace aging kit in our streamer pool. And it also facilitates that we can equip a seventh vessel without any, call it, further streamer set investments than what we have currently done in our planning.

**Bard Stenberg** - PGS ASA - VP of IR & Corporate Communication

Then Mr. Møllerløkken also have a question on pricing. You have addressed it mostly already, Rune. But for the sake of good order, I could just read it out. And if you have any additional comments, you can give those. With your comments that pricing is continuing at a positive trend, should that be interpreted as you expect pricing this winter to be superior versus summer season? Or is it primary that pricing in this winter will be better than prior winter seasons?

**Rune Olav Pedersen** - PGS ASA - President & CEO

Yes. As I said, we expect both, quarter-on-quarter increase, and of course, better than last year.

**Bard Stenberg** - PGS ASA - VP of IR & Corporate Communication

And we have a question from Trygve Bruland in Cosimo. Are you increasing your prices sufficiently given the increased demand? For example, what percentage price increase are you communicating for summer '23 season compared to now?

**Rune Olav Pedersen** - PGS ASA - President & CEO

Yes. We -- there's been -- I understand that there is a large interesting in our pricing and our pricing strategies, but we have to be careful in communicating that. So I don't think I can go further in to be more specific on pricing going forward than what I've already generally indicated.

On your question on whether we're doing it enough, this is, of course, a difficult balancing act. We both need to build a sufficient backlog and make sure we have utilization. And that we have utilization that is as much as possible back-to-back with no, call it, standby or idle time between jobs, so that plays into it. At the same time, it's, of course, also important for us, as any other market actor, to make sure we take the price that the market dictates and are aggressive enough when the market is moving upwards on pricing. So this is the balancing that we are trying to strike.

With respect to next summer season, this will be a combination of building some confidence in backlog, and then probably thereafter, building some confidence on price.

**Bard Stenberg** - PGS ASA - VP of IR & Corporate Communication

Now we have another question from Kevin Roger in Kepler Cheuvreux. He also asked about pricing, and you have addressed that already, Rune, so we will skip that. What's your business plan for vessel utilization rate in Q4, Q1 -- or Q4 this year, Q1 next year, or this winter season, basically?

**Rune Olav Pedersen** - PGS ASA - President & CEO

For utilization?

**Gottfred Langseth** - PGS ASA - CFO & Executive VP

Yes.

**Rune Olav Pedersen** - PGS ASA - President & CEO

Now we expect to be fully utilized on our 6 vessels, both through the fourth and the first quarter. There will be -- in terms of utilization, will be impacted by steaming, either towards the end of the third quarter or the beginning of the fourth quarter. That is always the case. We have 4 vessels currently operating in the northern hemisphere, which will have to move south in front of the winter. When that happens, whether it is the third quarter or fourth quarter, it depends on weather and things like that. .

We may also have some yard plans, which I think we have in Q1. That is primarily in Q1, yes, which is also indicated, I think, in the appendix of the presentation. But other than that, we expect and hope to be more or less fully utilized through the winter for our 6 operated vessels.

**Bard Stenberg** - PGS ASA - VP of IR & Corporate Communication

Then Kevin has another question. Balance sheet issue seems to have been fixed in the short term. What will be the group's strategy on that side over the midterm?

**Gottfred Langseth** - PGS ASA - CFO & Executive VP

No. We remain with a long-term view that, in a way, with our business, our net interest bearing debt shouldn't be higher than \$500 million to \$600 million. So we are still higher than that. But that is in a way a long-term view. That's not something that we say that we will fix on the next opportunity. But that drives our sort of priorities until we get there, of course.

Then we know that with -- in a way, the transactions we've done now and with improving cash flow, we have a robust liquidity position up and through midyear next year. But we have large maturities or amortization payments on debt in the second half '23 and first half '24. Ahead of which, we will need to refinance. So that is our plan. Be prepared and execute a refinancing before we get to mid-2023.

**Bard Stenberg** - PGS ASA - VP of IR & Corporate Communication

Then we have a question from Baptiste Lebacqz in ODDO BHF. We saw an acceleration for the New Energy business. Can you give us some indications regarding pricing and the competitive landscape for the CCS acquisition market? .

**Rune Olav Pedersen** - PGS ASA - President & CEO

Yes. What I can say is that in terms of pricing, we treat CCS projects the way we treat other 4D projects. And it goes into the pool and have to compete with the pricing on those. So there is no material difference there on terms of pricing of 4D activity, whether it's CCS or for oil and gas or reservoir. This is obviously for the acquisition part of the business.

For developing other parts of the business, we are also considering, as we're doing in Australia, to use the MultiClient business or the imaging business to swap into ownership positions to be -- to take part in projects rather than taking out the revenue on the project, or a combination of the two, more typically, where you get covered your costs for cash and then upside in terms of equity. So we're trying to build this business using a multitude of strategies on this. But in terms of pricing on acquisition, it's on par with the others.

**Bard Stenberg** - PGS ASA - VP of IR & Corporate Communication

Then we have a question from a private investor. Do you see PGS as a dividend company in the future?

**Gottfred Langseth** - PGS ASA - CFO & Executive VP

That may well be, but it will not be for the first couple of years. In a way, we, at some stage, that is a discussion we would need to have. When we are where we want to be on leverage, then the excess cash flow in any year could be used for dividend. That is clear.

**Bard Stenberg** - PGS ASA - VP of IR & Corporate Communication

Then we don't have any further questions from the audience at this stage. We can pause for a minute to allow people to type in any last questions before we conclude the call. It does not seem to be any last-minute questions from the audience. So we thank you all for connecting and following -- or follow our Q2 audiocast, and goodbye.

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