

Cost Reductions Continue
Healthy MultiClient Sales

Highlights Q2 2016

- Revenues of \$183.0 million, compared to \$255.8 million in Q2 2015
- EBITDA of \$68.8 million, compared to \$125.1 million in Q2 2015
- EBIT excluding impairments and other charges/(income) of negative \$36.2 million, compared to a profit of \$15.9 million in Q2 2015
- MultiClient pre-funding revenues of \$47.2 million with a corresponding pre-funding level of 113%, compared to \$112.0 million and 152%, respectively, in Q2 2015
- MultiClient late sales of \$46.0 million, compared to \$33.5 million in Q2 2015
- Gross cash cost further reduced, ending at \$158.4 million, compared to \$207.6 million in Q2 2015
- Cash flow from operations of \$42.4 million, compared to \$83.1 million in Q2 2015
- Liquidity reserve of \$429.7 million, compared to \$545.7 million in Q2 2015
- Ramform Tethys and Sanco Swift commenced operations in the North Sea
- Settled EM patent dispute between PGS and EMGS
- Leverage ratio maintenance covenant of the Revolving Credit Facility amended to increase headroom

"With the gradual recovery of the oil price from its lows in early Q1, we are starting to see early signs of a stabilizing market and improving sentiment. We believe that this has started to impact our MultiClient performance positively. The marine contract market is still characterized by very low pricing, but here too we see indications of more predictable patterns in customer survey planning and contracting processes. Due to stacking of capacity, the seismic vessel supply/demand balance has improved substantially since this time last year.

Capital expenditures were relatively high in the quarter, primarily due to the yard installment at floating and equipment for our last new build, Ramform Hyperion. Of the guided \$165 million in new build capital expenditures this year we have already incurred \$140 million in the first half and thus our cash flow will be more balanced for the remainder of the year.

Our liquidity position is adequate and there are no material debt maturities until late 2018. With the amended maintenance covenant for the Revolving Credit Facility we have strengthened our ability to navigate beyond the trough of this cycle and created a substantial time window to address 2018 refinancing needs in tune with how the market develops. We continue to focus on what we can control through relentless sales efforts, strict cost discipline, operational excellence and capitalizing on the youngest and most productive fleet in the industry."

Jon Erik Reinhardsen,
President and Chief Executive Officer

Outlook

The oil price and reduced oil company spending continue to impact seismic demand. Despite some oil price recovery and signs of an improved market sentiment, PGS expects the market uncertainty to continue through 2016.

Based on the current operational projections and with reference to disclosed risk factors, PGS expects full year 2016 gross cash cost at or below \$700 million.

MultiClient cash investments are expected to be approximately \$225 million, with a pre-funding level of approximately 100%.

40-45% of active 3D vessel time is currently planned for MultiClient acquisition.

Capital expenditures are expected to be approximately \$225 million, of which approximately \$165 million is for the new builds Ramform Tethys and Ramform Hyperion.

The order book totaled \$230 million at June 30, 2016 (including \$123 million relating to MultiClient), compared to \$204 million at March 31, 2016 and \$259 million at June 30, 2015.

Year ended December 31,

	Quarter ended		Six months ended		
	June 30,		June 30,		
Key Financial Figures (In USD millions, except per share data)					
	2016	2015	2016	2015	2015
Revenues	183.0	255.8	386.1	506.9	961.9
EBITDA (as defined, see Note 13)	68.8	125.1	147.5	252.6	484.4
EBIT ex. impairment and other charges/(income)					
	(36.2)	15.9	(66.3)	29.5	15.8
EBIT as reported	(44.6)	(45.7)	(76.1)	(34.8)	(430.4)
Income (loss) before income tax expense					
	(57.7)	(57.9)	(119.6)	(67.9)	(505.5)
Net income (loss) to equity holders	(51.8)	(63.8)	(108.7)	(83.3)	(527.9)
Basic earnings per share (\$ per share)	(0.22)	(0.30)	(0.46)	(0.39)	(2.43)
Net cash provided by operating activities					
	42.4	83.1	175.8	295.4	487.9
Cash investment in MultiClient library	41.8	73.6	90.1	137.6	303.3
Capital expenditures (whether paid or not)					
	51.9	63.3	160.9	104.8	165.7
Total assets	2 970.33	297.4	2 970.3	3 297.4	2 914.1
Cash and cash equivalents	49.7	57.6	49.7	57.6	81.6
Net interest bearing debt	1 207.6	995.0	1 207.6	995.0	994.2

The complete Q2 and first half 2016 results earnings release can be downloaded from www.newsweb.no or www.pgs.com.

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Q2 2016 Earnings Release
Q2 2016 Presentation

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