

PGS ASA: First Quarter 2022 Results

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Challenging Q1 - Encouraging Market Outlook

Takeaways Q1 2022

- Revenues and Other Income of \$136.2 million, compared to \$165.7 million in Q1 2021
- Increased contract and MultiClient late sales revenues compared to Q1 2021
- MultiClient pre-funding revenues significantly reduced due to a low volume of MultiClient projects finalized and delivered to clients in the quarter
- EBITDA of \$51.8 million, compared to \$117.6 million in Q1 2021
- EBIT (ex. impairments and other charges) loss of \$20.6 million, compared to a loss of \$5.2 million in Q1 2021
- Cash flow from operations of \$63.4 million, compared to \$88.6 million in Q1 2021
- Announced award of acquisition contracts for the Northern Endurance and Northern Lights CCS projects
- Strengthened New Energy - gained access to the market leading P-cable system through Ocean Floor Geophysics, in which PGS is the largest shareholder
- Received a Letter of Intent with deepC Store Limited to co-develop a commercial carbon storage project offshore Australia

"The contract market conditions from second half 2021 were maintained and extended into Q1. However, volumes of contract jobs were low during the winter season, which negatively impacted our vessel utilization. We entered Q1 with three idle vessels. One vessel commenced on a contract job in West Africa in February, while activity levels did not support operating the two other vessels.

Our MultiClient late sales revenues in Q1 increased 11% year-over-year, continuing our positive MultiClient late sales performance from 2021. Acquisition of new MultiClient data was limited to the Sarawak project in Malaysia, which we acquired jointly with TGS and Schlumberger. MultiClient pre-funding revenues were low in Q1 as we did not finalize and deliver any significant projects in the quarter.

As we enter the summer season, we expect vessel utilization to improve and to operate all our six active vessels from early Q2. We believe that the contract market will improve further this year. We are experiencing increasing demand for our MultiClient data from a re-emerging exploration interest among our clients, and we expect MultiClient late sales to increase in 2022, compared to 2021.

I am enthusiastic about the progress of our New Energy business. We have been awarded two acquisition contracts for development of the Endurance and the Northern Lights CCS projects. Further, we have gained access to the market leading P-cable system, which we believe will be valuable in the offshore wind and other applications requiring ultra-high resolution, and we have agreed with deepC Store Limited to co-develop a carbon storage project offshore Australia.

We expect solid cash flow generation this year, but there is a risk that we may not generate sufficient cash flow to make our 2022 debt amortization payments whilst also maintaining an adequate liquidity reserve. We are working with our advisors to find the best possible solution to address these matters."

Rune Olav Pedersen,

President and Chief Executive Officer

Outlook

PGS expects global energy consumption to continue to increase longer term with oil and gas remaining an important part of the energy mix as the global energy transition evolves. Offshore reserves will be vital for future energy supply and support demand for marine seismic services. With higher oil and gas prices, the seismic market is slowly recovering, and the positive trend is expected to continue in 2022 due to increasing investments among energy companies. Russia's invasion of Ukraine has significantly increased the general focus on energy security and low investment in new oil and gas supplies and has further increased oil and gas prices and investment pressures on energy companies.

The seismic acquisition market is likely to benefit from a significant reduction of operated vessel supply over several years. In 2022 we see an increasing demand for seismic acquisition services related to carbon capture and storage projects and currently expect to generate revenues in the order of \$20-30 million relating to our New Energy business.

For financing status and risk, see Note 11.

PGS expects full year 2022 gross cash costs to be approximately \$475 million.

2022 MultiClient cash investments are expected to be approximately \$125 million.

Approximately 65% of 2022 active 3D vessel time is expected to be allocated to contract work.

Capital expenditures for 2022 is expected to be approximately \$60 million.

The order book totaled \$315 million on March 31, 2022. On December 31, 2021, and March 31, 2021, the order book was \$348 million and \$426 million, respectively. The order book has increased in April, after end of Q1 2022. Please note that the Company's order book is now disclosed on a basis consistent with IFRS 15. This is a change compared to the order book disclosed in earlier financial reports. Reference is made to Note 1 and Note 10.

Consolidated Key Financial Figures (In millions of US dollars, except per share data)	Quarter ended March 31,		Year ended December 31
	2022	2021	2021
<i>Profit and loss numbers</i>			
Revenues and Other Income	136.2	165.7	703.8
EBITDA	51.8	117.6	434.0
EBIT ex. Impairment and other charges, net	(20.6)	(5.2)	(32.0)
Net financial items	(20.6)	(33.6)	(97.6)
Income (loss) before income tax expense	(44.2)	(35.9)	(163.8)
Income tax expense	(5.0)	(3.2)	(15.6)
Net income (loss) to equity holders	(49.2)	(39.1)	(179.4)
Basic earnings per share (\$ per share)	(0.12)	(0.10)	(0.45)
<i>Other key numbers</i>			
Net cash provided by operating activities	63.4	88.6	326.6
Cash Investment in MultiClient library	21.5	43.3	127.2
Capital expenditures (whether paid or not)	18.9	6.2	33.4
Total assets	1,737.4	1,971.2	1,792.8
Cash and cash equivalents	163.9	143.9	170.0
Net interest-bearing debt	943.7	967.8	936.4

Net interest-bearing debt, including lease liabilities following IFRS 16 1,050.2 1,116.8 1,051.3

A complete version of the Q1 2022 earnings release and presentation can be downloaded from www.newsweb.no or www.pgs.com.

The Q1 2022 audiocast can be accessed from this link:
https://channel.royalcast.com/hegnarmedia/#!/hegnarmedia/20220428_13

Alternatively use the YouTube link to access the Q1 2022 audiocast:
<https://www.youtube.com/watch?v=7q9rkk-T630>

FOR DETAILS, CONTACT:

Bård Stenberg, VP IR & Communication
Mobile: +47 99 24 52 35

PGS ASA and its subsidiaries ("PGS" or "the Company") is an integrated marine geophysics company, which operates on a world-wide basis. PGS business supports the energy industry, including oil and gas, offshore renewables and carbon storage. The Company's headquarter is 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.

The information included herein contains certain forward-looking statements that address activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, which are beyond its control and are subject to certain additional risks and uncertainties. The Company is subject to a large number of risk factors including but not limited to the demand for seismic services, the demand for data from our multi-client data library, the attractiveness of our technology, unpredictable changes in governmental regulations affecting our markets and extreme weather conditions. For a further description of other relevant risk factors we refer to our Annual Report for 2021 and the Q1 2022 earnings release. As a result of these and other risk factors, actual events and our actual results may differ materially from those indicated in or implied by such forward-looking statements. The reservation is also made that inaccuracies or mistakes may occur in the information given above about current status of the Company or its business. Any reliance on the information above is at the risk of the reader, and PGS disclaims any and all liability in this respect.

Attachments

- Q1 2022 Earnings Release
- Q1 2022 presentation

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