



# Pareto Securities Virtual Energy Conference

September, 2020



## Cautionary Statement

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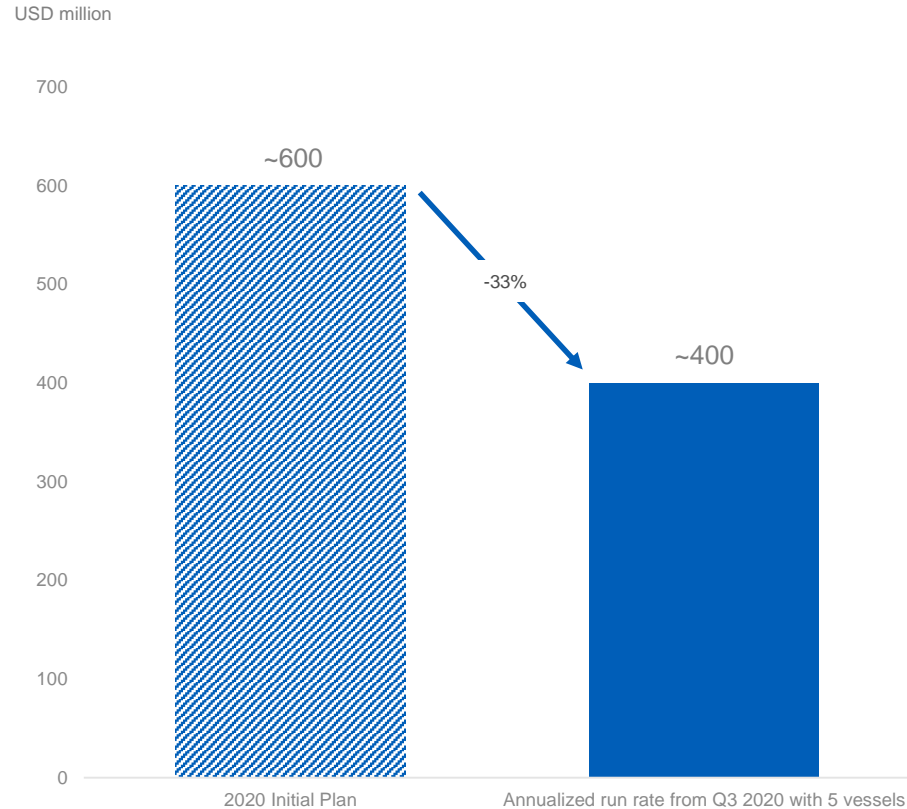
- This presentation contains forward looking information
- Forward looking information is based on management assumptions and analyses
- Actual experience may differ, and those differences may be material
- Forward looking information is subject to significant uncertainties and risks as they relate to events and/or circumstances in the future
- This presentation must be read in conjunction with other financial documents published by PGS and the disclosures therein

## Resetting Cost Base for Unexpected 2020 Demand Reduction



- Unprecedented oil market disruption immediately reduced seismic activity
  - Projects deferred rather than cancelled
- Executing secured acquisition and imaging programs according to plan
- Resetting cost base and reducing capex to a minimum
- In negotiations with RCF banks and other lenders

# Annualized Cost Base of ~ USD 400 Million from Q3 2020



- Annualized gross cash cost run rate of ~USD 400 million, down 33% from start of 2020:
  - Reducing vessel capacity from 8 to 5 vessels
  - Streamlining the organization and reducing office based personnel by ~40%
  - Multiple other initiatives
  
- Potential to reduce cost by another ~USD 40 million in a 4 vessel scenario

# Business Areas After Reorganizing



## Sales & Services

*MultiClient, Contract  
and Imaging*



## Technology & Digitalization

*R&D, Enterprise IT,  
Digitalization portfolio*








## Operations

*Fleet management,  
Project Delivery, Seismic  
Acquisition & Support*

- No changes to executive team
- Profitability, reliability and quality
- Lean structure for responsive service
- Flexible vessel and imaging capacity
- Efficient project planning and delivery
- Technology drives digital transformation

# Committed to Integrated Service Offering

MultiClient Players	Integrated Services	Contract Players
  	 <p><b>Integration improves business opportunities by</b></p> <ul style="list-style-type: none"> <li>• Flexible business models</li> <li>• Leveraging customer engagement</li> <li>• Faster delivery</li> <li>• Acquisition and Imaging R&amp;D</li> </ul>	<p><i><b>SHEARWATER</b></i></p> 

# Digital Transformation Accelerates Strategy Execution



- Progressing well on:
  - Processing of seismic data in the cloud
  - Launch of cloud-based MultiClient sales platform
  - Vessel speed and equipment maintenance
  - Machine Learnings and Artificial Intelligence for subsurface data analytics
  
- Capitalizing on digitalization to:
  - Reduce turnaround time
  - Reduce operating cost and increase operating efficiency
  - Improve customer engagement and interaction
  - Develop new business opportunities for data owners and customers

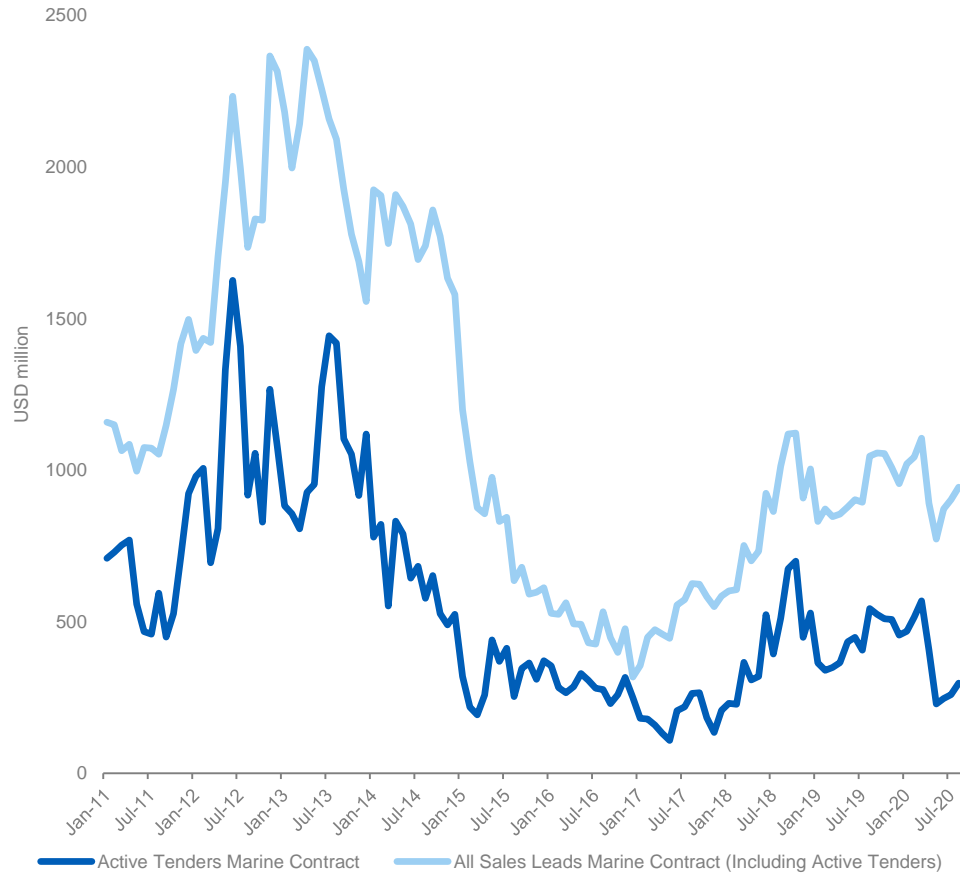
## In Process with Lenders

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- PGS has presented a proposal to its lenders:
  - Seeking to amend maturities and amortization across the different debt facilities
  - Seeking to amend RCF leverage covenant for a certain period
  
- The proposal aims to:
  - Preserve liquidity
  - Maintain business continuity
  - Ensure full repayment to all lenders
  
- Have received feedback from all lenders and in negotiations to reach an acceptable solution for all stakeholders



# Significant Demand Drop – Now Rebounding

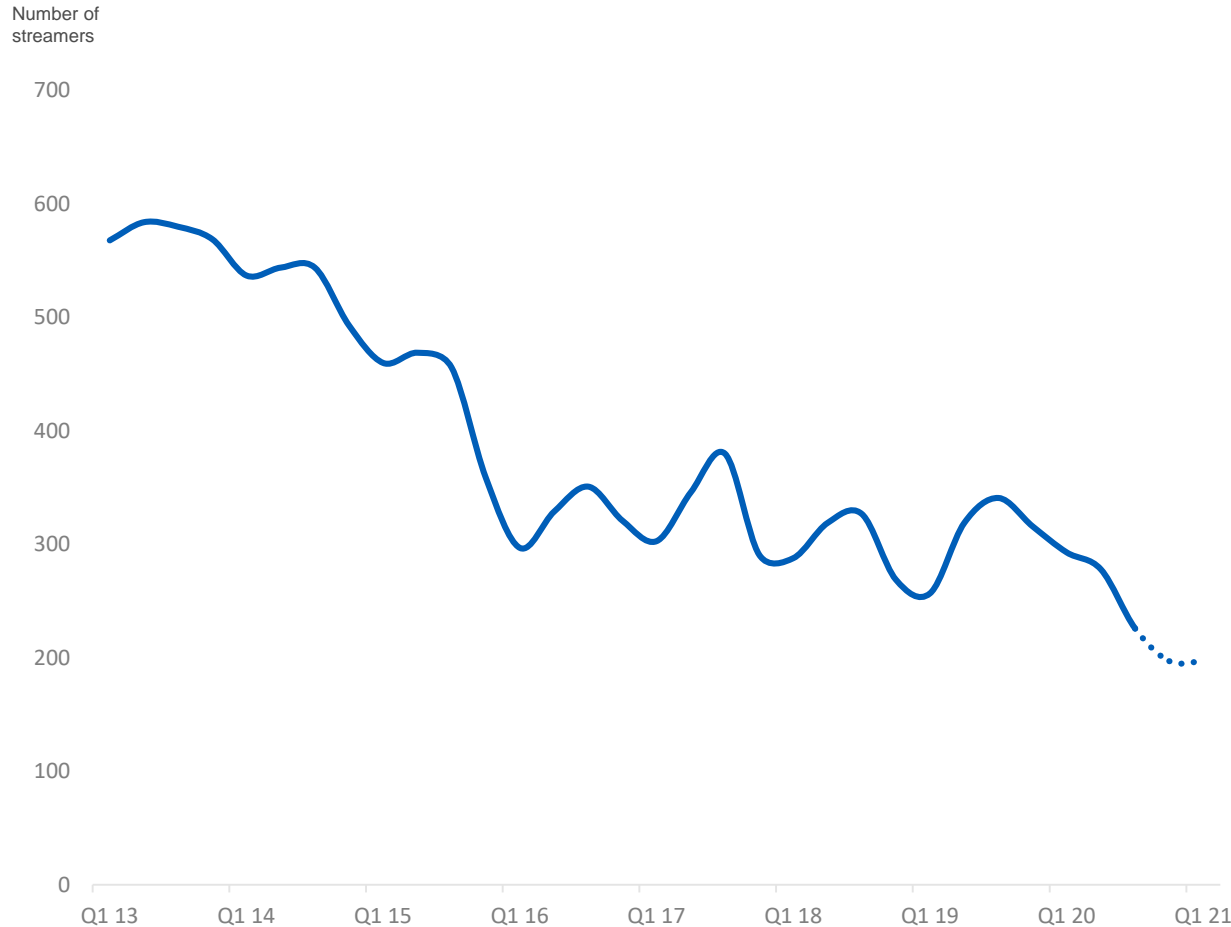


PGS In-house Contract Bids+Leads

Contract bids to go (in-house PGS) and estimated \$ value of bids + risk weighted leads as of August 2020

- Significant and rapid decline in seismic contract leads and tenders late Q1 and in Q2 – Projects postponed rather than cancelled
- Leads recently showing a significant rebound, with majority of work indicated for 2021
- Q4 2020 expected to be weak, respite likely early next year

# Supply Reducing Further

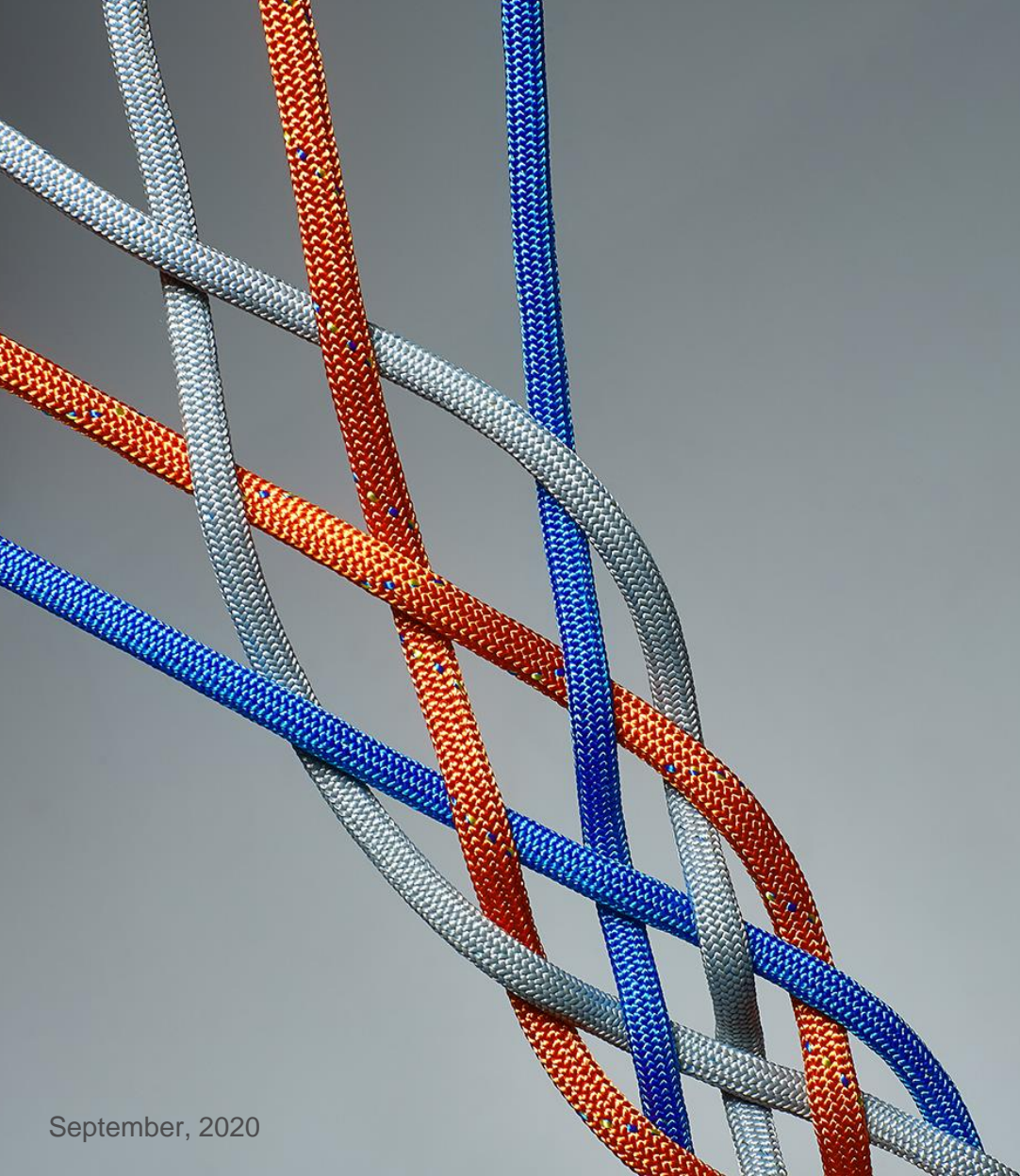


- Average 2020 capacity expected to decline ~20% vs. average 2019
- Industry capacity likely to be reduced to ~15 vessels during winter season
  - Expect moderate capacity increase for 2021 summer season

## Summary



- Resetting cost base and reducing capex to a minimum
- In negotiations with RCF banks and other lenders
- Challenging short-term market outlook with substantial E&P spending reduction
- Pent up demand from postponed projects likely to benefit 2021



Thank You

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