

# PGS ASA: Q4 and Preliminary Full Year 2021 Results

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Improving Competitive Position in a Gradually Recovering Market

## Takeaways 2021

- Segment Revenues and Other Income of \$590.0 million, compared to \$595.9 million in 2020, which included \$38.8 million of Covid-19 related government grants
- Segment EBITDA of \$320.2 million, compared to \$397.7 million in 2020, impacted by a significant change of activity mix with less MultiClient and more contract acquisition
- Segment EBIT loss (excluding impairments and other charges) of \$54.6 million, compared to a profit of \$12.2 million in 2020
- Cash flow from operations of \$326.6 million, compared to \$366.5 million in 2020
- Returning to positive net cash flow generation in 2021, with cash flow before financing activities (interest payments and debt service) of \$154.7 million for the full year
- As Reported Revenues and Other Income according to IFRS of \$703.8 million and an EBIT loss of \$66.2 million, compared to \$512.0 million and an EBIT loss of \$188.0 million, respectively, in 2020
- Leveraging PGS' integrated business model in a market trending towards more near-field exploration and 4D seismic
- Year over year order book improvement
- Established New Energy and made the first significant carbon capture and storage (CCS) specific MultiClient sales

"The overall seismic market was weaker in 2021 than in 2020 and our peers generally reported lower revenues. However, the market started to recover, and we delivered higher revenues compared to 2020, when adjusting for Covid-19 related government grants received in 2020. The recovery is primarily driven by more activity and improving prices in the contract market. We achieved a 42% increase in our contract revenues.

Our clients are increasingly focusing on proven hydrocarbon areas and extracting more resources from producing fields, which positively impacts demand for proprietary contract work. Development of the MultiClient market has been more mixed. Total industry MultiClient revenues and investments were down, compared to 2020. However, it is encouraging to report the highest MultiClient revenues in the industry. Our MultiClient pre-funding level was 105% and our late sales increased by more than 30%, compared to 2020.

To position for changing customer behavior, we have revised and updated our strategy. We will continue to develop our leading position in the near-field exploration and production (4D) seismic markets. Further, to position PGS for contribution in the ongoing energy transition we established our New Energy business early 2021. We have identified CCS, offshore wind and marine minerals as markets where we can use our expertise to solve industry challenges and build a significant business. We have already made several CCS specific MultiClient sales, and we are awarded two seismic acquisition surveys for important CCS projects in 2022. With our strategic adjustments we are improving our competitive position in a recovering seismic market.

The winter season has become more challenging than expected. However, going into the summer season the activity level and our booked position is healthy and we expect the market for contract work to continue improving.

We returned to generating positive net cash flow after debt service in 2021 and we achieved a cash flow before financing activities of \$155 million for the full year 2021. The guided increase of gross cash cost and capital expenditures for 2022 reflects a higher planned activity level and we expect to continue to improve

cash flow generation from revenue increase compared to 2021.

The seismic market recovery in 2021 was slower than assumed in the business plan we used for the debt rescheduling implemented to address the Covid-19 disruption in 2020. We will proactively address this during the coming months and quarters of 2022."

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. The seismic market is slowly recovering, and the positive trend is expected to continue in 2022 due to increasing investments among energy companies. The seismic acquisition market is also likely to benefit from low vessel supply operating in the international market. In 2022 we expect to see an increasing demand for seismic acquisition services related to carbon capture and storage projects.

For financing status and risk, see Note 11.

PGS expects full year 2022 gross cash costs to be approximately \$450 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 \$239 million on December 31, 2021 (including \$32 million relating to MultiClient). On September 30, 2021, and December 31, 2020, the order book was \$241 million and \$202 million, respectively.

Consolidated Key Financial Figures (In millions of US dollars, except per share data)	Quarter ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
<i>Profit and loss numbers Segment Reporting</i>				
Segment Revenues and Other Income	174.3	172.8	590.0	595.9
Segment EBITDA ex. other charges, net	96.1	129.6	320.2	397.7
Segment EBIT ex. impairment and other charges, net	3.0	20.4	(54.6)	12.2
<i>Profit and loss numbers As Reported</i>				
Revenues and Other Income	210.4	207.7	703.8	512.0
EBIT	(26.5)	(21.6)	(66.2)	(188.0)
Net financial items	(18.5)	(31.3)	(97.6)	(118.4)
Income (loss) before income tax expense	(45.0)	(52.9)	(163.8)	(306.4)
Income tax expense	(8.5)	(7.4)	(15.6)	(15.1)
Net income (loss) to equity holders	(53.5)	(60.3)	(179.4)	(321.5)

Basic earnings per share (\$ per share)	(0.13)	(0.16)	(0.45)	(0.85)
<i>Other key numbers As Reported by IFRS:</i>				
Net cash provided by operating activities	42.0	57.1	326.6	366.5
Cash Investment in MultiClient library	23.3	33.0	127.2	222.3
Capital expenditures (whether paid or not)	9.7	11.4	33.4	36.1
Total assets	1,792.8	2,093.8	1,792.8	2,093.8
Cash and cash equivalents	170.0	156.7	170.0	156.7
Net interest-bearing debt	936.4	937.6	936.4	937.6
Net interest-bearing debt, including lease liabilities following IFRS 16	1,051.3	1,096.2	1,051.3	1,096.2

A complete version of the Q4 2021 earnings release and presentation can be downloaded from [www.newsweb.no](http://www.newsweb.no) or [www.pgs.com](http://www.pgs.com).

The Q4 2021 audiocast can be accessed from this link:  
[https://channel.royalcast.com/landingpage/hegnarmedia/20220127\\_3/](https://channel.royalcast.com/landingpage/hegnarmedia/20220127_3/)

Alternatively use the YouTube link to access the Q4 2021 audiocast:  
<https://www.youtube.com/watch?v=plEabEaKJX4>

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*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](http://www.pgs.com).*

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This information is subject to the disclosure requirements pursuant to Section 5-12 the Norwegian Securities Trading Act.

Attachments

- Q4 2021 Earnings Release
- Q4 2021 presentation

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