

# PGS ASA: Second Quarter and First Half 2022 Results

21.07.2022 | [Globenewswire Europe](#)

Improving Financial Position in a Recovering Market

Takeaways Q2 2022

- Revenues and Other Income of \$273.6 million, compared to \$185.9 million in Q2 2021
- EBITDA of \$193.3 million, compared to \$118.5 million in Q2 2021
- EBIT (ex. impairments and other charges) of \$57.8 million, compared to a loss of \$7.6 million in Q2 2021
- Cash flow from operations of \$43.7 million, compared to \$81.4 million in Q2 2021
- Cash and cash equivalents of \$219.8 million, compared to \$155.4 million in Q2 2021
- Successful private placement secured approximately \$85 million in new equity
- Obtained commitments for \$50 million of new, senior secured debt
- Leveraged multiyear Equinor frame agreement with several projects for the 2022 summer season
- Secured large MultiClient campaign in the North Sea and expanding MultiClient coverage offshore Canada
- Awarded large 4D contract offshore West Africa, securing utilization for one vessel until summer 2023
- Awarded the Smeaheia carbon storage acquisition contract by Equinor

"We continue to see an improving marine seismic market. We delivered the second highest quarterly revenues since Q4 2014 and a positive net income for the quarter.

Our Q2 MultiClient late sales revenues almost doubled from Q1 and increased 65% year-over-year. Significant MultiClient sales, including high transfer fees, are a confirmation that our MultiClient library is highly attractive to customers and that investment in exploration seismic is again increasing. Higher exploration interest further enabled us to secure strong pre-funding for new MultiClient surveys, including our first large scale MultiClient survey in the Norwegian Sea since 2020 and a significant survey in South Bank, offshore Canada.

All our six active 3D vessels came back in operation during Q2. The contract acquisition market continued to improve in the quarter and dominated our vessel activity. However, contract revenues were impacted by steaming and standby early in the quarter, and by mobilization on two surveys where production and revenue impact primarily will be in Q3 and Q4.

We successfully completed a private placement in the quarter securing approximately \$85 million of new equity and obtained commitments for \$50 million of new senior secured debt. In addition, the subsequent offering of approximately \$14 million was completed last week. The transactions increase our liquidity going forward by close to \$150 million. With the improved funding position and an improving market and better cash flow generation, I believe we are well positioned to refinance ahead of Q3 2023.

Our New Energy business continues to gain momentum. We have been awarded four carbon storage acquisition surveys for 2022, most recently over the Smeaheia carbon storage site for Equinor. Further we secured 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.

We increased our order book by almost 15% during the quarter, our fleet is fully booked through Q3 and the winter season is already firming up with activity and pricing continuing on a positive trend."

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 high oil and gas prices, the seismic market has entered a recovery phase, and the positive trend is expected to continue due to increasing investments among energy companies. Russia's invasion of Ukraine has significantly increased the general focus on energy security and, combined with several years of low investment in new oil and gas supplies, 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 of approximately \$30 million relating to our New Energy business for the full year.

PGS expects full year 2022 gross cash costs to be approximately \$500 million, an increase from the approximately \$475 million guided earlier due to increased project activity.

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 \$359 million on June 30, 2022. On March 31, 2022, and June 30, 2021, the order book was \$315 million and \$410 million, respectively. 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 financial reports before 2022. Reference is made to Note 1 and Appendix.

Consolidated Key Financial Figures (In millions of US dollars, except per share data)	Quarter ended June 30,		Year to date June 30,		Year ended Dec
	2022	2021	2022	2021	2021
<i>Profit and loss numbers</i>					
Revenues and Other Income	273.6	185.9	409.9	351.7	703.8
EBITDA	193.3	118.5	245.2	236.2	434.0
EBIT ex. Impairment and other charges, net	57.8	(7.6)	37.3	(12.8)	(32.0)
Net financial items	(32.7)	(16.2)	(53.4)	(49.8)	(97.6)
Income (loss) before income tax expense	28.0	(23.5)	(16.2)	(59.5)	(163.8)
Income tax expense	(9.3)	(2.5)	(14.3)	(5.7)	(15.6)
Net income (loss) to equity holders	18.7	(26.0)	(30.5)	(65.2)	(179.4)
Basic earnings per share (\$ per share)	0.04	(0.07)	(0.07)	(0.17)	(0.45)
<i>Other key numbers</i>					
Net cash provided by operating activities	43.7	81.4	107.0	170.0	326.6
Cash Investment in MultiClient library	26.2	25.7	47.7	69.0	127.2
Capital expenditures (whether paid or not)	16.2	11.3	35.1	17.5	33.4
Total assets	1,822.6	1,946.2	1,822.6	1,946.2	1,792.8

Cash and cash equivalents	219.8	155.4	219.8	155.4	170.0
Net interest-bearing debt	887.2	954.5	887.2	954.5	936.4
Net interest-bearing debt, including lease liabilities following IFRS 16	985.8	1,093.6	985.8	1,093.6	1,051.3

A complete version of the Q2 2022 earnings release and presentation can be downloaded from [www.newsweb.no](http://www.newsweb.no) or [www.pgs.com](http://www.pgs.com).

The Q2 2022 audiocast can be accessed from this link:  
[https://channel.royalcast.com/landingpage/hegnarmedia/20220721\\_4/](https://channel.royalcast.com/landingpage/hegnarmedia/20220721_4/)

Audiocast social media link: [https://channel.royalcast.com/webcast/hegnarmedia/20220721\\_4](https://channel.royalcast.com/webcast/hegnarmedia/20220721_4)

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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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#### Attachments

- Q2 2022 Earnings Release
- Q2 2022 presentation

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Die URL für diesen Artikel lautet:

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