



IG Seismic Services PLC

**IG SEISMIC SERVICES ANNOUNCES
AUDITED FINANCIAL AND OPERATIONAL RESULTS
FOR THE TWELVE MONTHS OF 2013**

Moscow, 16 April 2014

IG Seismic Services PLC (“IGSS” or the “Company”, LSE: IGSS), the leading pure-play land and transition zone seismic company in Russia and the CIS and one of the largest land seismic companies globally, announces its audited financial and operational results for the twelve months ended 31 December 2013.

Key Financial Results for the 12 Months of 2013

	12m 2013	12m 2012	Change
<i>in million US\$, unless otherwise stated</i>			
Revenue	607.2	608.5	-0.2%
EBITDA	132.8	119.1	11.5%
EBITDA margin	21.9%	19.6%	230 bp
Normalized Net Profit before FX difference, one-off and non-recurring items*	11.6	5.8	100%
Net (Loss) / Profit	(12.6)	12.5	--
Operating Cash Flow	148.9	84.1	77.1%
Capital Expenditures	100.8	56.7	77.8%
Net Debt	389.9	390.2	-0.2%
Average exchange rate for the period (RUR/USD)	31.8480	31.0930	2.4%
Exchange rate at the end of the period (RUR/USD)	32.7292	30.3727	7.8%

	12m 2013	12m 2012	Change
<i>in million RUR, unless otherwise stated</i>			
Revenue	19,340	18,920	2.2%
EBITDA	4,229	3,703	14.2%
EBITDA margin	21.9%	19,6%	230 bp
Net Profit before FX difference, one-off and non-recurring items*	369	180	105%
Net (Loss) / Profit	(401)	389	--
Operating Cash Flow	4,742	2,614	81.4%
Capital Expenditures	3,210	1,763	82.1%
Net Debt	12,761	11,853	7.7%

*For details please see the Management Report on 2013 Results

- Revenue amounted to USD 607.2 mln. (RUR 19,340 mln.), which constitutes decrease by 0.2% in USD and increase by 2.2% in RUR year-on-year. Revenue growth in RUR was offset by 2.4% depreciation of the average Russian ruble exchange rate against the US dollar. Also, the Company continues to focus on the premium segment of high density seismic which leads to an increase in absolute and relative marginal profitability with a slight decrease in revenue.
- EBITDA increased by 11.5% in USD (14.2% in RUR) to USD 132.8 mln. (RUR 4,229 mln). EBITDA margin increased by 230 bp year-on-year to 21.9% of sales compared to 19.6% of sales for the same period of 2012;
- Net Profit before foreign exchange difference, one-off and non-recurring items increased by 100% in USD (105% in RUR) and amounted to USD 11.6 mln. (RUR 369 mln.).
- Net loss amounted to USD 12.6 mln. (RUR 401 mln.).
- Operating Cash Flow increased year-on-year by 77.1% in USD (81.4% in RUR) to USD 148.9 mln (RUR 4,742 mln);
- Capital Expenditures for the twelve months of 2013 amounted to USD 100.8 mln. (RUR 3,210 mln.);
- As of 31 December 2013, net debt amounted to USD 389.9 mln. (RUR 12,761 mln.); Gross debt amounted to USD 411.6 mln. (RUR 13,472 mln.), cash and cash equivalents amounted to USD 21.7 mln. (RUR 711 mln.).

Key Operating Results for the 12 Months of 2013

- IGSS seismic crews performed 1,611 thousand shot points, out of which 216 thousand related to 2D surveys, 952 thousand to 3D surveys, and 443 thousand to HD (high density) surveys; of which 1, 459 thousand shot points were performed in Russia, 113 thousand - in Kazakhstan, and 38 thousand - in Azerbaijan and India.
- Total of 8 thousand linear kilometers related to 2D surveys, 14 thousand square kilometers related to 3D survey, 1 thousand linear kilometers related to HD and 1,140 square kilometers related to HD were performed.
- As of 31 December 2013, the Company operated 67 field crews in Russia, Kazakhstan and certain other countries with 394,752 channels, 141 vibroseis sources, 176 pulse sources and 609 drilling units. The slight year-on-year decrease in the number of crews is due to the fact that several crews were consolidated for larger projects.
- As of 31 December 2013 the Company employed 12,829 employees.

Kilometers	12m 2013	12m 2012	Change, %
2D (km)	8,433	11,072	-24%
3D (sq.km)	14,004	20,139	-30%
HD (km)	1,001	--	--
HD (sq.km)	1,140	--	--
Shot Points performed by IGSS crews			
2D	215,548	247,681	-13%
3D	952,314	1,202,476	-21%
HD	442,597	--	--
TOTAL performed by IGSS crews	1,610,459	1,450,157	11%
<i>including</i>			
Russia	1,458,999	1,281,342	14%
Kazakhstan	113,300	158,924	-29%
Other	38,160	9,891	286%
TOTAL subcontracted	20,351	88,576	-77%

Order Book as of 31 December 2013

- As of 31 December 2013, the Company's seismic services order book amounted to USD 1,029 million (inclusive of VAT), of which USD 841 million (inclusive of VAT) accounted for signed contracts and USD 188 million (inclusive of VAT) represented tenders won.
- The seismic services order book as of 31 December 2013 increased in RUR terms by 31% compared to the order book as of 31 December 2012.
- As of 31 December 2013, the Company's DPI order book amounted to USD 12 million (RUR 384 mln.), inclusive of VAT, of which USD 9 million (RUR 306 mln.) accounted for signed contracts and USD 3 million (RUR 78 mln.) represented tenders won.
- The Group is still in the process of contracting for 2014-2015 season which implies that current order book does not yet provide an accurate indication of revenues and current order book trends could change.

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Order Book as of 31 December 2013 (including VAT)*

	As of 31.12.2013		As of 31.12.2012		Ch.
	RUR mln	USD mln	RUR mln	USD mln	RUR, %
Western Siberia	11,635	356	6,665	220	75%
Eastern Siberia	14,034	429	11,470	378	22%
Timano-Pechora	5,836	178	5,314	175	10%
South of Russia	520	16	1,889	62	-72%
Kazakhstan	113	3	284	9	--
Other (India and Azerbaijan)	1,533	47	0	0	--
TOTAL, including	33,671	1,029	25,622	844	31%
Contracts signed**	27,525	841	20,649	680	33%
Tenders won, contracts to be signed	6,146	188	4,973	164	24%

Order Book as of 31 December 2013 Breakdown by Year (including VAT)*

	As of 31.12.2013	
	RUR mln	USD mln
2013	331	10
2014	19,490	596
2015	13,850	423
TOTAL	33,671	1,029

SEISMIC DATA PROCESSING AND INTERPRETATION

Order Book as of 31 December 2013 (including VAT)*

	As of 31.12.2013		As of 31.12.2012	
	RUR mln	USD mln	RUR mln	USD mln
Contracts signed**	306	9	405	13
Tenders won, contracts to be signed	78	3	-	-
TOTAL	384	12	405	13

*FX rate as of 31 December 2013 is 32.7292 RUR/USD and 30.3727 RUR/USD as of 31 December 2012.

**Signed contracts may be subject to renegotiation of volumes and/or other terms or even cancellation, and both signed contracts and tenders won may not proceed as originally planned at all.

Order Book Update as of 1 March 2014

- As of 1 March 2014, the Company's seismic services order book amounted to USD 852 million (RUR 30,843 mln.), inclusive of VAT, of which USD 522 million (RUR 18,888 mln.) accounted for signed contracts and USD 330 million (RUR 11,955 mln) represented tenders won.
- The seismic services order book as of 1 March 2014 increased in RUR terms by 14% compared to the order book as of 1 March 2013.
- As of 1 March 2014, the Company's Data Processing and Interpretation (DPI) order book amounted to USD 14 million (RUR 499 mln.), inclusive of VAT, of which USD 11 million (RUR 379 mln) accounted for signed contracts and USD 3 million (RUR 120 mln.) represented tenders won.
- The Group is still in the process of contracting for 2014-2015 season which implies that current order book does not yet provide an accurate indication of revenues and current order book trends could change.

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Order Book as of 1 March 2014 (including VAT)*

	As of 01.03.2014		As of 01.03.2013		Ch. RUR, %
	RUR mln	USD mln	RUR mln	USD mln	
Western Siberia	11,043	305	7,476	245	48%
Eastern Siberia	12,602	348	12,504	410	1%
Timano-Pechora	5,328	147	5,231	171	2%
South of Russia	364	10	1,626	53	-78%
Kazakhstan	107	3	66	2	61%
Other (India and Azerbaijan)	1,399	39	174	6	705%
TOTAL, including	30,843	852	27,077	887	14%
Contracts signed**	18,888	522	25,492	835	-26%
Tenders won, contracts to be signed	11,955	330	1,585	52	654%

Order Book as of 1 March 2014 Breakdown by Year (including VAT)*

	As of 01.03.2014	
	RUR mln	USD mln
2014	17,064	471
2015	13,779	381
TOTAL	30,843	852

SEISMIC DATA PROCESSING AND INTERPRETATION

Order Book as of 1 March 2014 (including VAT) *

	As of 01.03.2014		As of 01.03.2013	
	RUR mln	USD mln	RUR mln	USD mln
Contracts signed**	379	11	114	4,0
Tenders won, contracts to be signed	120	3	16	0,5
TOTAL	499	14	130	4,5

*FX rate as of 01 March 2014 is 36.1874 RUR/USD and 30.5124 RUR/USD as of 01 March 2013.

**Signed contracts may be subject to renegotiation of volumes and/or other terms or even cancellation, and both signed contracts and tenders won may not proceed as originally planned at all.

Nikolay Levitskiy, IGSS Chief Executive Officer, commented:

“What are the main achievements of 2013?”

Firstly, we successfully completed the very first season of seismic exploration works under the innovative UniQ high density seismic acquisition technology that was used in Russia for the first time (Vakunayskiy oil field license area in the Irkutsk Region). This technology has changed our traditional view of seismic capabilities. This includes the record breaking seismic crew productivity of 2,000 shot points per day, and recording of 16 times more field seismic data compared to a traditional 3D technology project of the same duration and of the same area size. For us this means the new level of exploration efficiency, making possible to obtain a better understanding of reservoirs and to solve geological challenges that cannot be solved by means of conventional seismics.

We are satisfied with these results, and plan to further expand employment of this technology at the Russian seismic market. Our shareholder Schlumberger has renewed its effective agreement with IGSS for the exclusive right to use the UniQ technology within Russia and the CIS until 2019 year-end. We see great potential in the UniQ technology for the Russian seismic market, and believe that this cutting-edge technology is the answer to the rising complexity of exploration of oil fields, both brownfields and greenfields.

Our increasing focus on a newly established, highly technological market segment has reflected, among others, on our financial results of 2013 that show a noticeable improvement in gross profit margin and EBITDA margin.

Secondly, we are proud that our order book in 2013 has significantly increased, and continues to grow steadily. The growth is due not only to the new UniQ technology contracts (in 2013 we signed an additional agreement for seismic exploration using UniQ technology at the North-Russkoye license area at Yamal), but also due to the general increase in traditional seismic contracts size, complexity and duration. We also increased our global focus – as the next logical step in the IGSS development strategy, we have signed a large two-year international contract for 3D seismic exploration in India. We have once again proved our ability to meet the highest world-level standards. The works under this contract have started, and will be conducted year-round since they do not depend on seasonality factor.

Thirdly, the year of 2013 became an evidence of our adherence to conservative financial management policy, and perpetually working towards optimizing our debt load and increasing reliability of our securities. Two of the most influential rating agencies in the world, Standard & Poor's (S&P) and Moody's, assigned credit ratings to IGSS (S&P 'B' Positive Outlook, and Moody's 'B2' Stable Outlook). GEOTECH Seismic Services, our largest geophysical company, placed its debut issue of 5-year bonds worth RUR 3 bln. The Central Bank of the Russian Federation included the bonds into the Lombard list.

I am content with the results of the 2013. Currently we are completing field works for the season 2013-2014, and are currently continuing to contract for future seasons. I would like to stress that in all our initiatives we firmly adhere to the strategy of retaining our technological edge in the area of seismic exploration in Russia and abroad, and are not planning to rest on our achievements.”

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