



Integrated Geophysics Worldwide

IG Seismic Services PLC

## IG SEISMIC SERVICES ANNOUNCES UNADITED IFRS RESULTS FOR THE SIX MONTHS OF 2014

Moscow, September 19, 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 unaudited consolidated financial results for the six months ended June 30, 2014.**

*During the first half of 2014, the Company changed the currency in which it presents its consolidated financial statements from US dollars to Russian Roubles, in order to better reflect the underlying performance - the Company's revenues, profits and cash flows are primarily generated in Russian Roubles, and are expected to remain principally denominated in Russian Roubles in the future.*

### Key Financial Results for the First Six Months of 2014

	1H 2014	1H 2013	Change
<i>in million RUR, unless otherwise stated</i>			
Revenue	10,398	10,716	-3.0%
EBITDA	2,154	2,305	-6.5%
EBITDA margin	20.7%	21.5%	-80 bp
Net Profit / (loss)	(335)	79	--
Operating Cash Flow	3,513	4,734	-25.8%
Capital Expenditures	1,467	1,629	-9.9%
Net Debt	11,569	10,098	14.6%

*\*For details please see the Management Report on 1H 2014 Results*

- Revenue amounted to RUR 10,398 mln, having decreased by 3.0% year-on-year;
- EBITDA decreased by 6.5% year-on-year and amounted to RUR 2,154 mln. EBITDA margin decreased to 20.7% of sales compared to 21.5% of sales for the same period of 2013;
- Net loss amounted to RUR 335 mln.;
- Operating Cash Flow for the first six months of 2014 decreased by 25.8% over the same period of 2013 to RUR 3,513 mln.;

- Capital Expenditures for the first half of 2014 amounted to RUR 1,467 mln.;
- As of 30 June 2014, net debt amounted to RUR 11,569 mln.

### Key Operating Results for the for the First Six Months of 2014

- IGSS seismic crews performed 1,017 thousand shot points, out of which 190 thousand related to 2D surveys, 504 thousand to 3D surveys, and 323 thousand to HD (high density) surveys; of which 964 thousand shot points were performed in Russia, 7 thousand - in Kazakhstan, and 46 thousand - in India.
- Total of nearly 10 thousand linear kilometers related to 2D surveys, 7 thousand square kilometers related to 3D survey, 0.62 thousand linear kilometers related to HD and 0.75 thousand square kilometers related to HD were performed.
- As of 30 June 2014 the Company operated 67 field crews with 364,089 channels, 120 vibroseis sources, 171 pulse sources and 589 drilling units.

### Operating Results for the First Six Months of 2014

Kilometers	1H 2014	1H 2013	Change
2D (km)	9,509	7,289	30%
3D (sq.km)	7,401	11,060	-33%
HD (km)	621	1,001	-38%
HD (sq.km)	751	522	44%
<b>Shot Points performed by IGSS crews</b>			
2D	190,162	176,903	7%
3D	504,005	687,214	-27%
HD	322,598	268,011	20%
<b>TOTAL performed by IGSS crews</b>	<b>1,016,765</b>	<b>1,132,128</b>	<b>-10%</b>
<i>including</i>			
Russia	964,145	1,066,232	-10%
Kazakhstan	6,723	61,189	-89%
Other *	45,897	4,707	875%
<b>TOTAL subcontracted</b>	<b>0</b>	<b>20,351</b>	<b>-100%</b>

\*Includes India in 1H 2014; includes Azerbaijan in 1H 2013.

### Order Book as of June 30, 2014

- As of June 30, 2014, the Company's seismic services order book amounted to approximately RUR 24,750 mln. (inclusive of VAT), of which approximately RUR 18,028 mln. accounted for signed contracts and approximately RUR 6,722 mln. represented tenders won.
- The seismic services order book as of June 30, 2014 increased in RUR terms approximately by 10% compared to the order book as of June 30, 2013.
- As of June 30, 2014, the Company's Data Processing and Interpretation order book amounted to approximately RUR 455 mln. (inclusive of VAT) of which approximately RUR 324 mln. accounted for signed contracts and approximately RUR 131 mln. represented tenders won.

## SEISMIC SERVICES

### Order Book as of 30 June 2014 (including VAT)

	As of 30.06.2014	As of 30.06.2013	Change
	<i>RUR mln</i>	<i>RUR mln</i>	<i>RUR, %</i>
Western Siberia	6,984	6,020	16%
Eastern Siberia	10,909	7,827	39%
Timano-Pechora	5,654	4,307	31%
South of Russia	176	2,183	-92%
Kazakhstan	0	288	-100%
Other*	1,027	1,798	-43%
<b>TOTAL, including</b>	<b>24,750</b>	<b>22,423</b>	<b>10%</b>
Contracts signed**	18,028	19,367	-7%
Tenders won, contracts to be signed	6,722	3,056	120%

### Order Book as of 30 June 2014 Breakdown by Year (including VAT)\*

	As of 30.06.2014
	<i>RUR mln</i>
2014	9,860
2015	14,890
<b>TOTAL</b>	<b>24,750</b>

## SEISMIC DATA PROCESSING AND INTERPRETATION

### Order Book as of 30 June 2014 (including VAT)

	As of 30.06.2014	As of 30.06.2013	Change
	<i>RUR mln</i>	<i>RUR mln</i>	
Contracts signed**	324	476	-32%
Tenders won, contracts to be signed	131	44	201%
<b>TOTAL</b>	<b>455</b>	<b>520</b>	<b>-13%</b>

\* Includes India as of 30 June 2014; Includes India, Uzbekistan and Azerbaijan as of 30 June 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.

### Order Book Update as of September 13, 2014

- As of September 13, 2014, the Company's seismic services order book amounted to approximately RUR 28,588 mln. (inclusive of VAT), of which approximately RUR 25,277 mln. accounted for signed contracts and approximately RUR 3,311 mln. represented tenders won.
- The seismic services order book as of September 13, 2014 increased in RUR terms approximately by 8% compared to the order book as September 13, 2013.
- As of September 13, 2014, the Company's DPI order book amounted to approximately RUR 410 mln. (inclusive of VAT) of which approximately RUR 322 mln. accounted for signed contracts, and approximately RUR 88 mln. represented tenders won.

## SEISMIC SERVICES

### Order Book as of 13 September 2014 (including VAT)

	As of 13.09.2014	As of 13.09.2013	Change
	<i>RUR mln</i>	<i>RUR mln</i>	
Western Siberia	6,775	7,295	-7%
Eastern Siberia	12,043	11,627	4%
Timano-Pechora	5,330	4,080	31%
South of Russia	3,512	1,404	150%
Kazakhstan	17	226	-93%
Other *	911	1,805	-50%
<b>TOTAL, including</b>	<b>28,588</b>	<b>26,437</b>	<b>8%</b>
Contracts signed**	25,277	19,835	27%
Tenders won, contracts to be signed	3,311	6,602	-50%

### Order Book as of 13 September 2014 Breakdown by Year (including VAT)

	As of 13.09.2014
	<i>RUR mln</i>
2014	6,879
2015	16,181
2016	5,528
<b>TOTAL</b>	<b>28,588</b>

## SEISMIC DATA PROCESSING AND INTERPRETATION

### Order Book as of 13 September 2014 (including VAT)

	As of 13.09.2014	As of 13.09.2013	Change
	<i>RUR mln</i>	<i>RUR mln</i>	
Contracts signed**	322	365	-12%
Tenders won, contracts to be signed	88	-	100%
<b>TOTAL</b>	<b>410</b>	<b>365</b>	<b>12%</b>

\* Includes India as of 13 September 2014; Includes India, Uzbekistan and Azerbaijan as of 13 September 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:

“The indicators were affected by a reduction in seismic volumes because of a shortened winter field works season due to warm weather, which led to later mobilization and earlier end of works due to early thawing. The revenue dynamics was also affected by later than usual contracts signing by some of the customers, resulting in postponement of part of the seismic works. The above effects on revenue were partially offset by a higher average price per 1 shot point as a result of Company strategy to concentrate on advanced technology projects.

We aim to improve our results by means of focusing on earlier contracting in the future, and by continuing to work on reducing the effects of traditional seasonality on business. We are gradually increasing the amount of works conducted during warm months of the year. This includes conducting in summer and early autumn wood-cutting and other preparation works necessary to provide for winter contracts works. Conducting works in different climates (for example, works under our contract in India are conducted all year round) will also contribute to the leveling off the

seasonality effect. I think that we can expect the season 2014-2015 to be less dependent on weather conditions than the season of 2013-2014.

We also continue to work on further improving efficiency and reducing costs. In the first half of 2014 we have implemented next steps to optimize the Company's corporate ownership structure and business unit's management structure. We have streamlined our operations by clearly dividing our assets into two business units in accordance with existing business lines (seismic services and data processing and interpretation). The next logical step has been to move our main operational office to Tyumen – the majority of operational units are concentrated in Siberia. Thus, we expect that the future financial results will be positively affected by the reduction of costs associated with Moscow office and some operational subsidiaries, and by overall operational efficiency increase resulting from such optimization.”

## **Contacts**

For further information please visit [www.igseis.com](http://www.igseis.com) or contact:

### **IGSS Investor Relations**

Olga Popova

+ 7 495 580 7882 ext. 129

[o.popova@geotechcom.ru](mailto:o.popova@geotechcom.ru)

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