



# ION Q2 2019 Earnings Call



Earnings Call Presentation

August 1, 2019

# Corporate Participants and Contact Information



**CHRIS USHER**  
President and  
Chief Executive Officer



**STEVE BATE**  
Executive Vice President  
and Chief Financial Officer

## CONTACT INFORMATION

If you have technical problems during the call, please contact DENNARD–LASCAR Associates at 713 529 6600.

If you would like to view a replay of today's call, it will be available via webcast in the Investor Relations section of the Company's website at [www.iongeo.com](http://www.iongeo.com) for approximately 12 months.

For discussion of non-GAAP measures, please see our Earnings Release.

# Forward-Looking Statements

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*The information included herein contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.*

*Actual results may vary fundamentally from those described in these forward-looking statements.*

*All forward-looking statements reflect numerous assumptions and involve a number of risks and uncertainties.*

*These risks and uncertainties include risk factors that are disclosed by ION from time to time in its filings with the Securities and Exchange Commission.*

# CEO Introduction

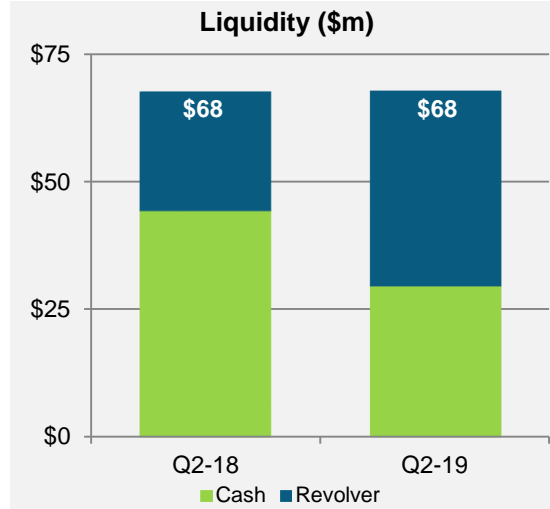
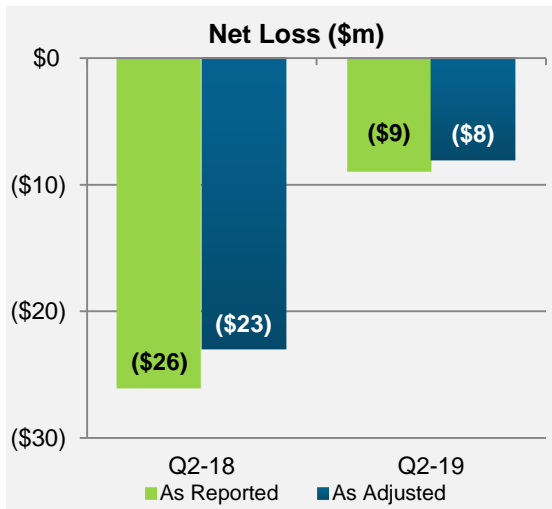
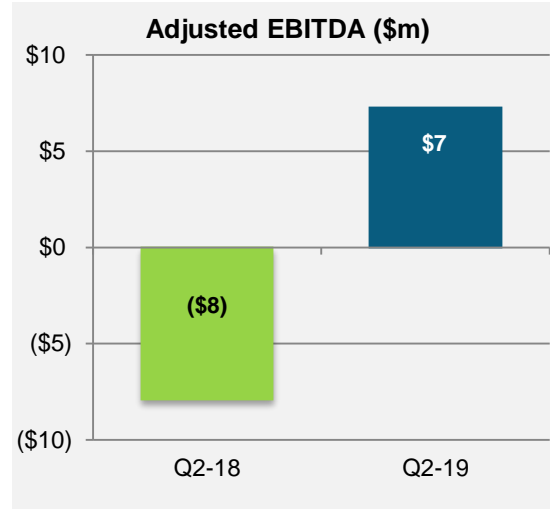
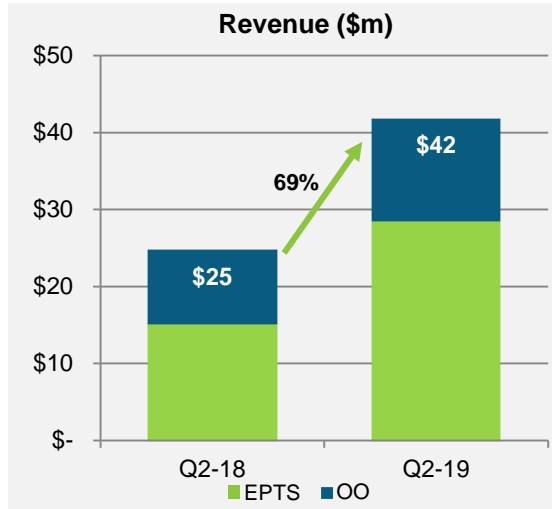


- **Worked in the geophysical and E&P software industry for 30 years**
  - Held several operational and technology leadership positions where I oversaw businesses >\$100M and the commercialization of new technologies
- **Since joining ION in 2012, I've run most of the operating businesses**
- **Helped craft ION's "powering data-driven decisions" strategy**
  - Our offerings are aligned with select growing market segments where we can help our customers make better decisions to improve their profitability
- **My focus in the near-term will be on execution**
  - Going to select a few key initiatives to drive healthy growth and monitor our performance against the quarterly milestones required to achieve them
- **Exciting opportunities to not only build on ION's data library and imaging strengths, but also to commercialize new technology and to adapt our cutting-edge capabilities to new markets**



**CHRIS USHER**  
President and  
Chief Executive Officer

# ION Q2-19 Financial Highlights



- Total revenue up 69% vs Q2-18 and 13% sequentially
  - E&P Technology & Services up 88% vs Q2-18 and 5% sequentially
  - Operations Optimization up 39% Q2-18 and 34% sequentially
- Net loss of \$9m vs net loss of \$26m in prior year
- Adjusted net loss of \$8m vs adjusted net loss of \$23m in Q2-18
- Adjusted EBITDA of \$7m, up from (\$8m) in Q2-18
- Total Liquidity of \$68m (Cash + Available Revolver Capacity)

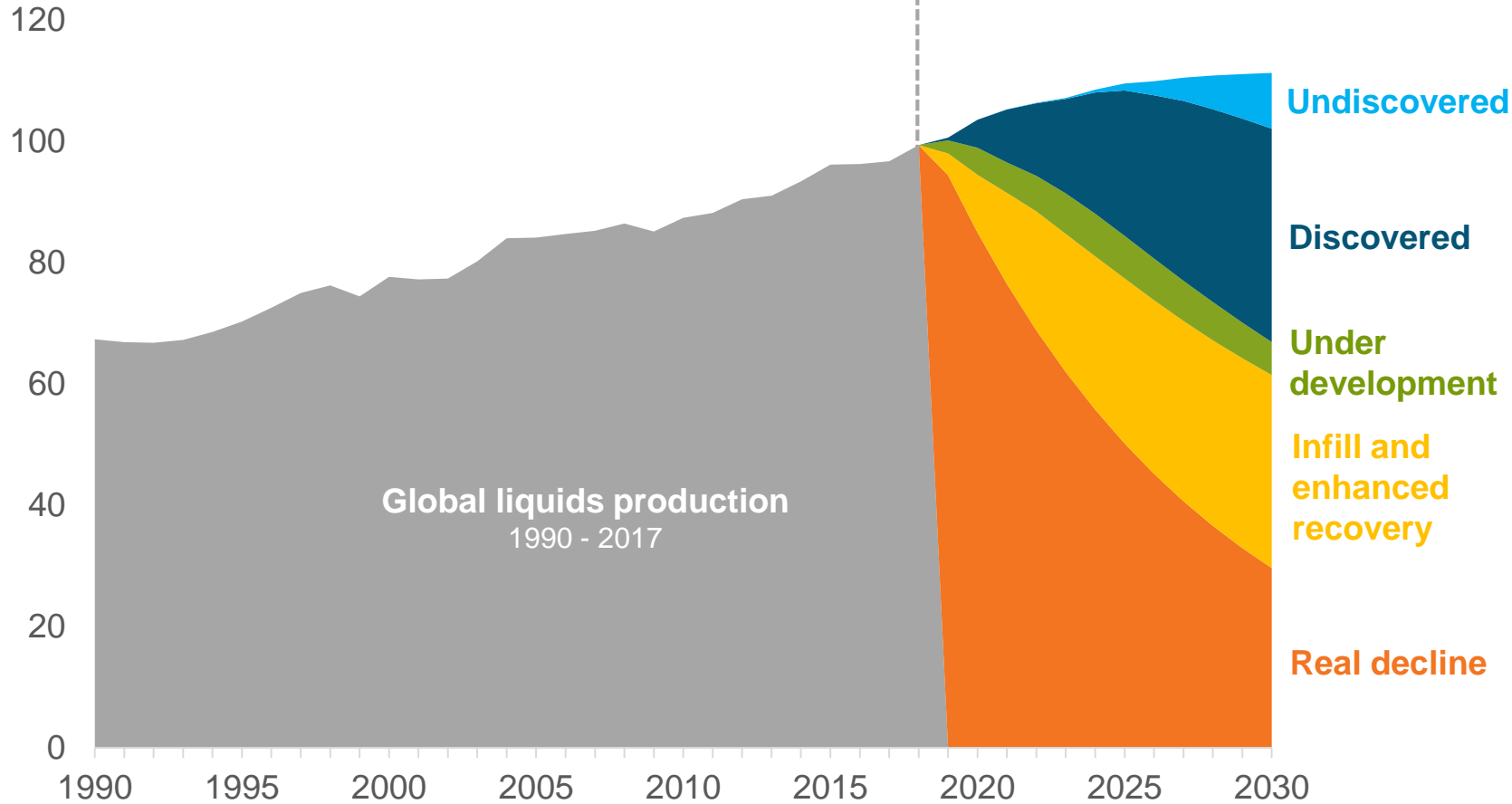
# Long-term Oil and Gas Fundamentals Remain Strong

Additional Project Sanctions and Exploration Required to Meet 2030 Demand

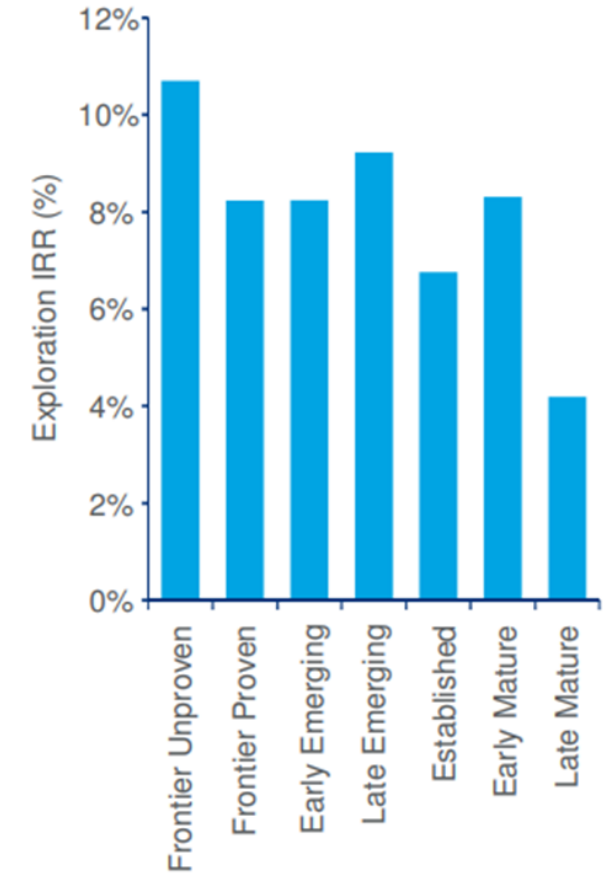


## Global Liquids Production

Million bbl/d



## Full Cycle IRR by Maturity



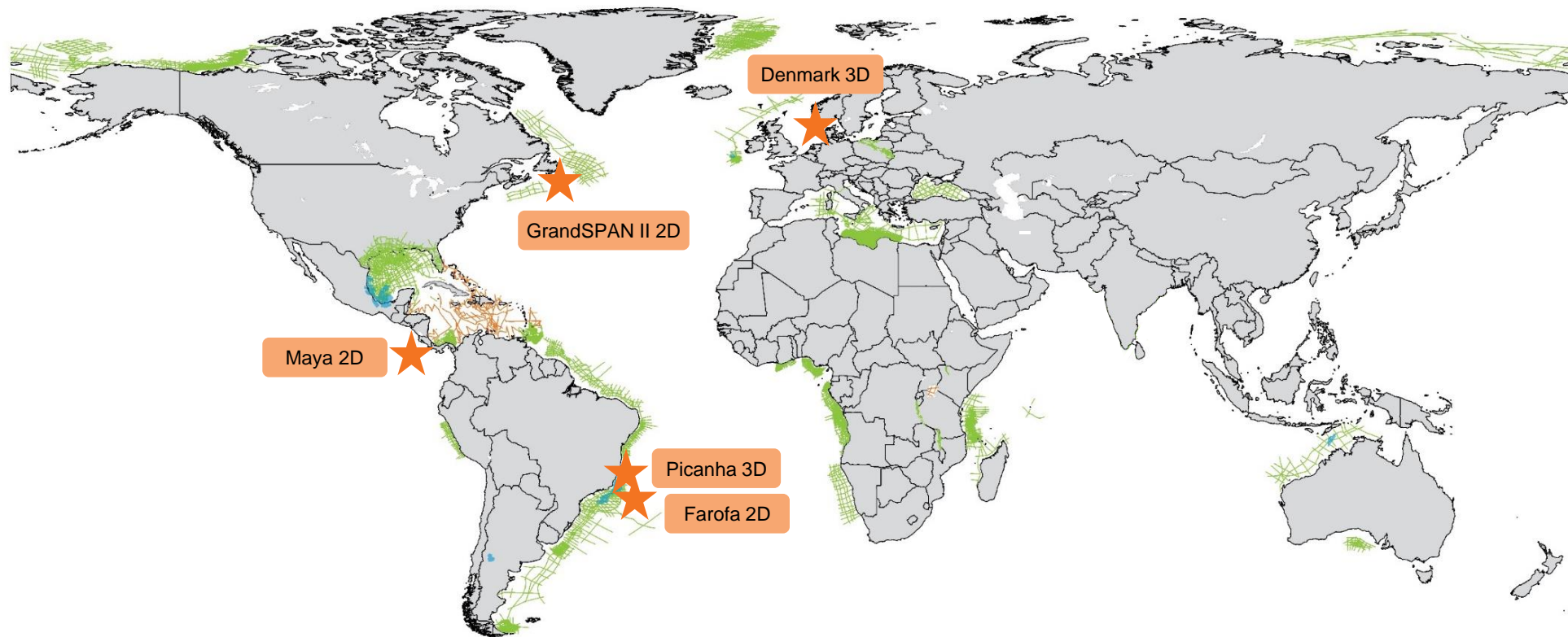
Source: Wood Mackenzie

# ION Q2-19 Highlights

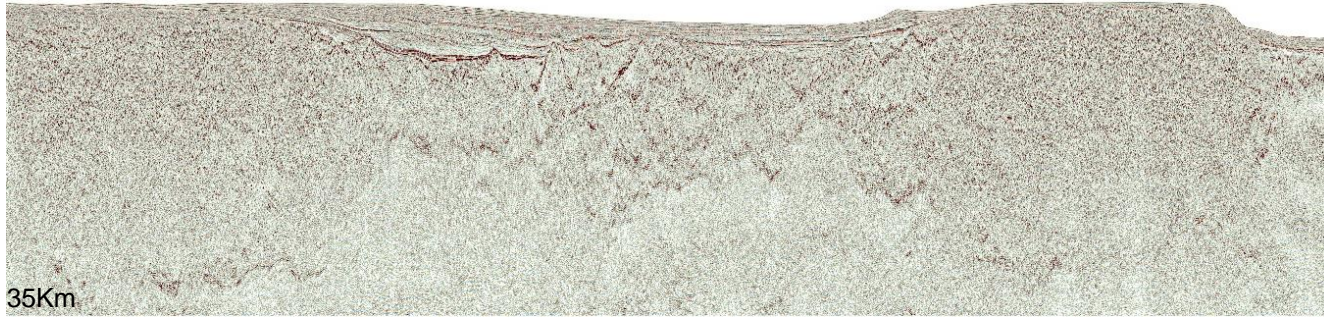


## E&P Technology & Services

- Multi-client revenues increased 132% this quarter, primarily due to sales in North and South America
- Plan to increase the number of new sanctioned programs this year, 6 sanctioned, 5 announced



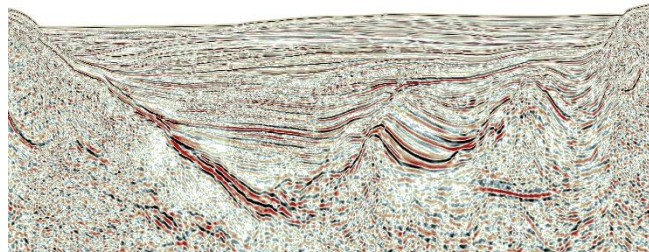
# GrandSPAN Phase 2 in Progress



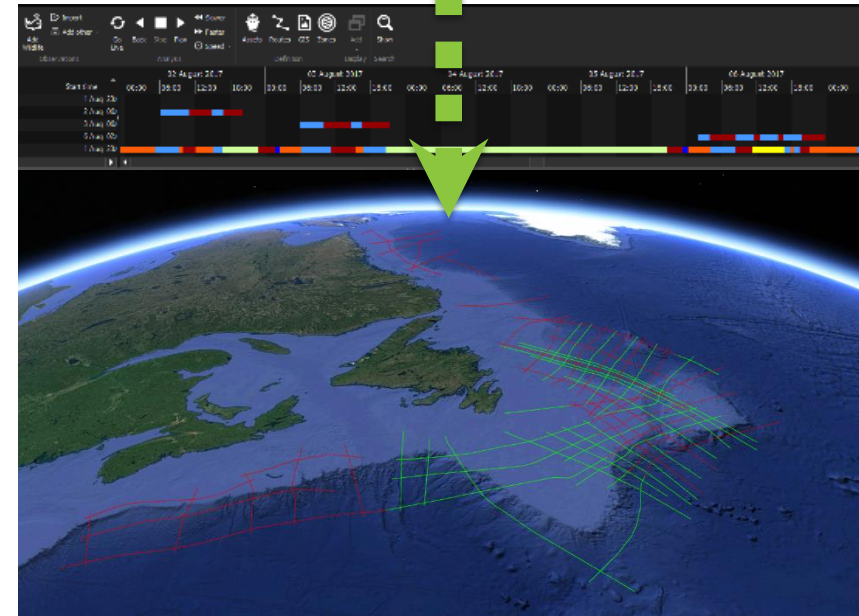
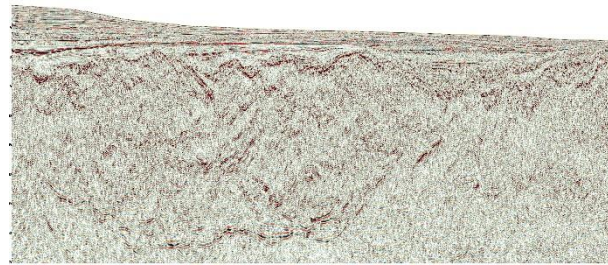
Grand SPAN Phase 1 2018



Flemish Pass Basin



Orphan Basin



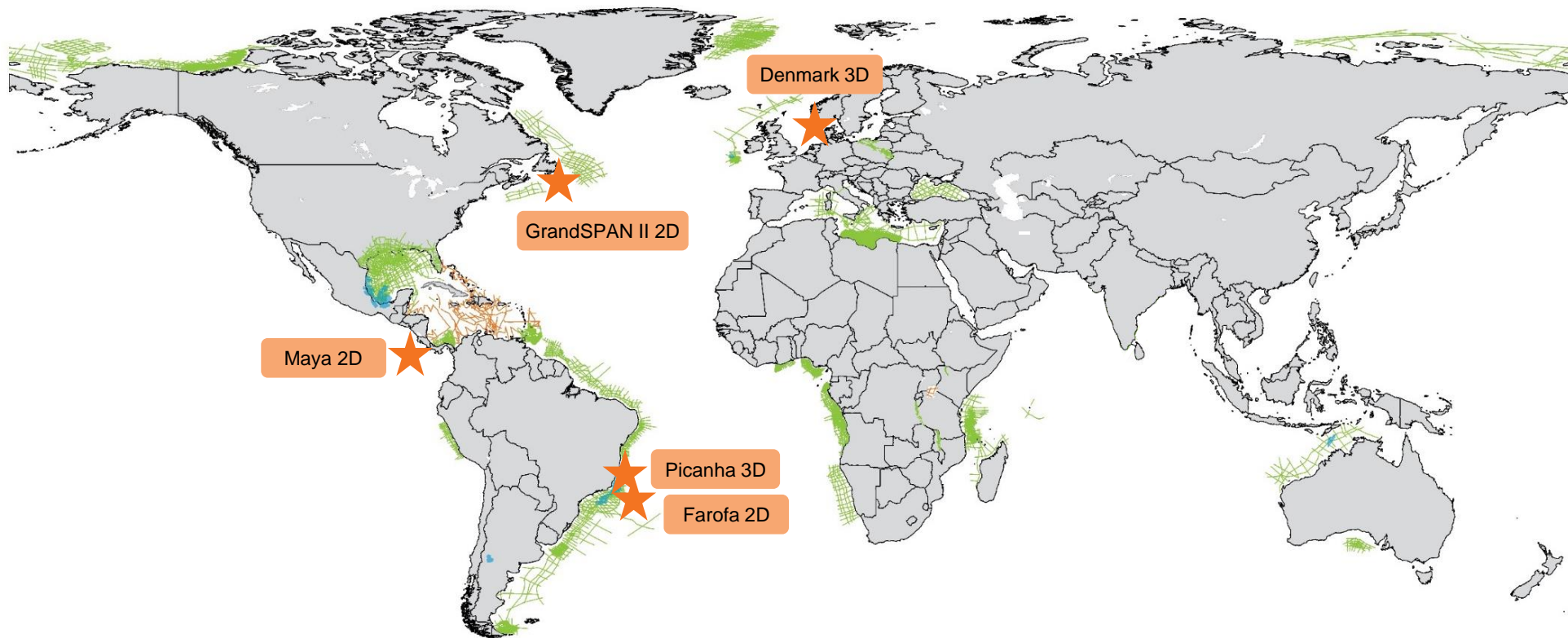


# ION Q2-19 Highlights



## E&P Technology & Services

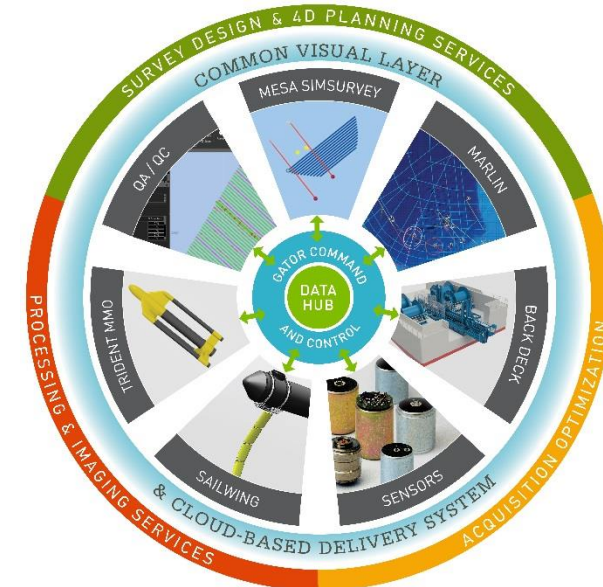
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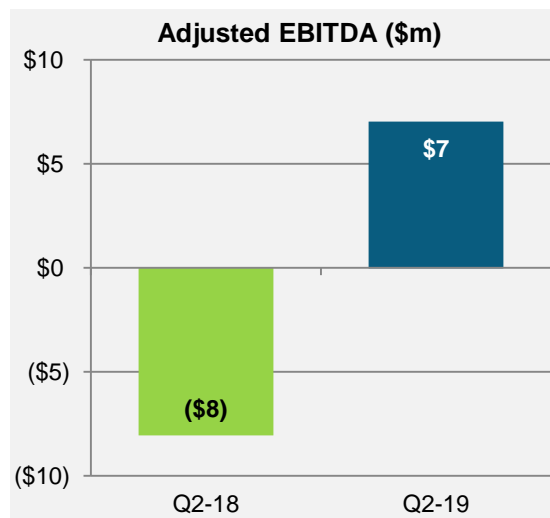
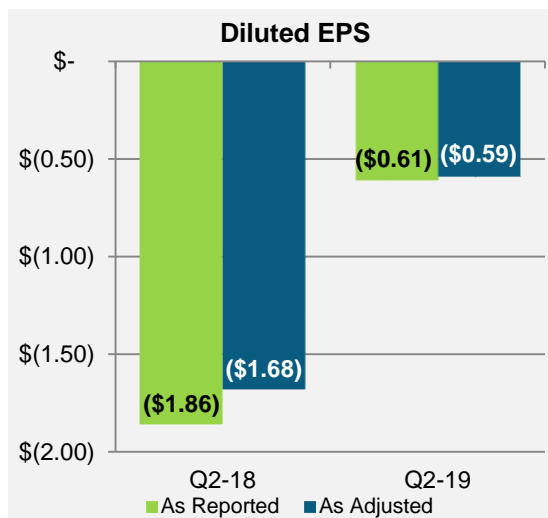
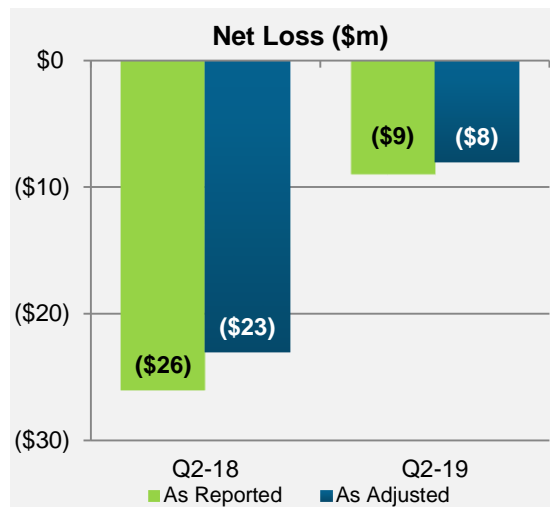
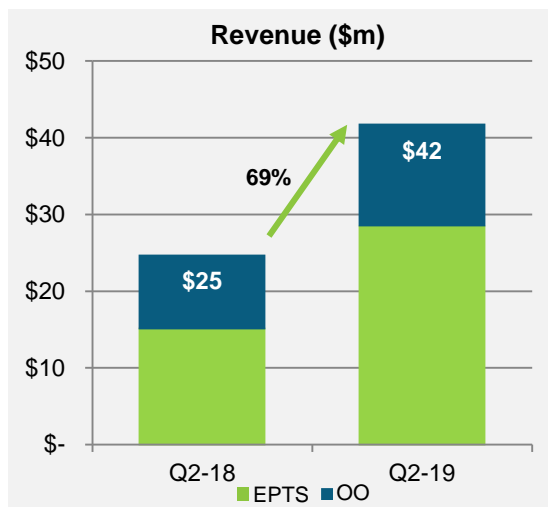
# ION Q2-19 Highlights

## Operations Optimization

- **Software results up due to record offshore services revenues, driven by 4D and Marlin deployments**
  - 23% Software revenue attributable to Marlin this quarter
  - Collaborating with client for first Marlin ports and harbor deployment supporting digital transformation
  - Working with the U.S. Department of Defense to understand potential defense applications of our technology stack
- **Devices revenues up 58% due to an increase in towed streamer equipment and repairs**
  - Leased first SailWing system under recurring revenue model
- **Signed MOU with iSEISMIC for complete 4Sea system**
  - Designed to deliver a step-change in the safety, efficiency, quality and turnaround time of seabed surveys
  - Opportunity to realize the benefits of our technology to acquire ocean bottom multi-client programs more quickly and cost-effectively with an experienced service provider



# ION Q2-19 Financial Overview



- Total revenue up 69% vs Q2-18
  - E&P Technology & Services up 88%
  - Operations Optimization up 39%
- Net loss of \$9m or (\$0.61) per share vs net loss of \$26m or (\$1.86) per share in prior year
- Adjusted net loss of \$8m or (\$0.59) per share vs adjusted net loss of \$23m or (\$1.68) per share in Q2-18
- Adjusted EBITDA of \$7m vs (\$8m) in prior year
- Total Liquidity of \$68m (Cash of \$30m + Available Revolver Capacity of \$38m)

# Summary

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- **Still believe 2019 will be a better year for ION, subject to E&P budgets**
  - Intend to increase the number of new sanctioned programs in 2019
  - Rise in Imaging Services' backlog
  - Software business experiencing solid growth
  - Commercialization of several technology offerings we developed over the last few years
- **Aligned and committed to accelerate progress executing a strategy that can deliver year-on-year improvement and position the Company for the future**
  - Sanctioned six new multi-client programs so far this year
  - Made significant headway on the commercialization of our 4Sea system
  - Leased our first SailWing system under recurring revenue business models
  - Continuing to expand and enhance our Marlin software for both E&P and adjacent markets
- **Excited about the runway in front us of as we start to reap the efforts of our technology development over the last few years, benefit from the market recovery and apply our technology to new markets**

# Q&A





Powering data-driven decisions

