

Source: Pulse Seismic Inc.



## **PULSE SEISMIC INC. REPORTS PRELIMINARY UNAUDITED 2018 RESULTS**

CALGARY, Alberta, January 29, 2019 (GLOBE NEWSWIRE) – Pulse Seismic Inc. (TSX:PSD) (OTCQX:PLSDF) (“Pulse” or “the Company”) is pleased to report its preliminary selected unaudited financial results for the year ended December 31, 2018.

These financial results are based on management’s estimates and have not yet been approved by the Company’s Audit Committee or Board of Directors, nor reviewed by the Company’s auditors, and are subject to change.

### **HIGHLIGHTS FOR THE FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 2018**

- Seismic data library sales of \$4.3 million in the fourth quarter and \$10.2 million for the year;
- Net earnings of \$944,000 or \$0.02 per share for the fourth quarter, and a net loss of \$1.8 million or \$0.03 per share for 2018;
- Cash EBITDA<sup>(a)</sup> of \$3.2 million or \$0.06 per share for the fourth quarter, and \$5.0 million or \$0.09 per share for 2018;
- Shareholder free cash flow<sup>(a)</sup> of \$2.6 million or \$0.05 per share in the fourth quarter, and \$4.7 million or \$0.09 per share in 2018; and
- At December 31, 2018, the Company had a cash balance of \$23.0 million.

“Despite the ongoing downturn in Western Canada’s oil and natural gas sector, Pulse generated positive cash EBITDA and shareholder free cash flow in each quarter of 2018, and completed the year with considerably solid fourth quarter sales,” stated Neal Coleman, Pulse’s President and CEO. “More importantly, Pulse took advantage of these conditions to undertake one of the largest transformative acquisitions in its history, at a valuation that reflects a cyclical low in the industry.”

### **ACQUISITION UPDATE**

As previously announced, on January 15, 2019 Pulse acquired 100 percent of the shares of Seitel Canada Ltd. (“Seitel”). Pursuant to the acquisition agreement terms, purchase consideration included an initial cash consideration of \$53.6 million at closing plus potential additional payments of up to \$5 million, in the aggregate, within two years of closing. The acquisition of Seitel more than doubled Pulse’s 3D and 2D seismic coverage, increasing Pulse’s revenue-generating potential by adding unique, complementary, high-quality seismic data over areas that Pulse’s library did not previously cover.

“With our counter-cyclical acquisition of Seitel, Pulse is now much better-positioned for a range of future business conditions,” continued Coleman. “While integration costs will be incurred over the next year with this acquisition, Pulse will maintain its low cost structure, enabling Pulse to continue generating cash EBITDA and shareholder free cash flow should industry weakness persist. At the same time, we are much better positioned to any recovery scenario. Having doubled our opportunity sets, Pulse will be able to capitalize not only on a larger range of regular seismic data sales, but on a greater number of industry transactions that generate relicensing fees, driving our future growth. We are truly excited with opportunities this acquisition presents.”

Please see Pulse’s January 15, 2019 news release, which is available on the Pulse website, for more details related to the Seitel acquisition.

## **CORPORATE PROFILE**

Pulse is a market leader in the acquisition, marketing and licensing of 2D and 3D seismic data to the western Canadian energy sector. Pulse owns the largest licensable seismic data library in Canada, currently consisting of approximately 65,310 square kilometres of 3D seismic and 829,207 kilometres of 2D seismic. The library extensively covers the Western Canada Sedimentary Basin where most of Canada's oil and natural gas exploration and development occur.

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## **Forward Looking Information**

This news release contains information that constitutes "forward-looking information" or "forward-looking statements" (collectively, "forward-looking information") within the meaning of applicable securities legislation.

This forward-looking information includes, among other things, statements regarding;

- Integration costs will be incurred over the next year but Pulse will maintain its low cost structure;
- Pulse expects to continue generating cash EBITDA and shareholder free cash-flow.

Undue reliance should not be placed on forward-looking information. Forward-looking information is based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to vary and in some instances to differ materially from those anticipated in the forward-looking information. Pulse does not publish specific financial goals or otherwise provide guidance, due to the inherently poor visibility of seismic revenue.

The material risk factors include, without limitation:

- Oil and natural gas prices;
- The demand for seismic data and participation surveys;
- The pricing of data library license sales;
- Relicensing (change-of-control) fees and partner copy sales;
- Cybersecurity;
- The level of pre-funding of participation surveys, and the Company's ability to make subsequent data library sales from such participation surveys;
- The Company's ability to complete participation surveys on time and within budget;
- Environmental, health and safety risks;
- Federal and provincial government laws and regulations, including those pertaining to taxation, royalty rates, environmental protection and safety;
- Competition;
- Dependence on qualified seismic field contractors;
- Dependence on key management, operations and marketing personnel;
- The loss of seismic data;
- Protection of intellectual property rights;
- The introduction of new products; and
- Climate change.

The foregoing list is not exhaustive. Additional information on these risks and other factors which could affect the Company's operations and financial results is included under "Risk Factors" of the Company's MD&A for the most recent calendar year and interim periods. Forward-looking information is based on the assumptions, expectations, estimates and opinions of the Company's management at the time the information is presented.

**Non-GAAP financial measures**

(a) This news release makes reference to certain non-GAAP financial measures that do not have a standardized meaning or definition as prescribed by IFRS and therefore may not be comparable with the calculation of similar measures by other entities, including "Cash EBITDA" and "shareholder free cash flow". Readers are referred to definitions, advisories and further discussion on non-GAAP financial measures and reconciliations contained in the Company's MD&A for the most recent calendar year and interim periods.