Source: Pulse Seismic Inc.

PULSE SEISMIC INC. REPORTS Q3 2019 RESULTS

CALGARY, Alberta, November 5, 2019 (GLOBE NEWSWIRE) – Pulse Seismic Inc. (TSX:PSD) (OTCQX:PLSDF) ("Pulse" or "the Company") is pleased to report its financial and operating results for the three and nine months ended September 30, 2019. The unaudited condensed consolidated interim financial statements, accompanying notes and MD&A are being filed on SEDAR (www.sedar.com) and will be available on Pulse's website at www.pulseseismic.com.

HIGHLIGHTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019

- Data library sales revenue was $2.5 million for the three months ended September 30, 2019 compared to $1.6 million for the three months ended September 30, 2018. Data library sales revenue was $18.4 million for the nine months ended September 30, 2019 compared to $5.8 million for the nine months ended September 30, 2018;

- Net loss for the three months ended September 30, 2019 was $2.9 million ($0.05 per share basic and diluted) compared to a net loss of $1.0 million ($0.02 per share basic and diluted) for the three months ended September 30, 2018. Net loss for the nine months ended September 30, 2019 was $2.7 million ($0.05 per share basic and diluted) compared to a net loss of $2.8 million ($0.05 per share basic and diluted) for the nine months ended September 30, 2018;

- Cash EBITDA[(a)] was $1.3 million ($0.02 per share basic and diluted) for the three months ended September 30, 2019, compared to $412,000 ($0.01 per share basic and diluted) for the three months ended September 30, 2018. Cash EBITDA was $13.7 million ($0.25 per share basic and diluted) for the nine months ended September 30, 2019 compared to $1.8 million ($0.03 per share basic and diluted) for the nine months ended September 30, 2018;

- Shareholder free cash flow[(a)] was $1.1 million ($0.02 per share basic and diluted) for the third quarter of 2019 compared to $545,000 ($0.01 per share basic and diluted) for the comparable period in 2018. Shareholder free cash flow was $10.6 million ($0.20 per share basic and diluted) for the nine months ended September 30, 2019 compared to $2.1 million ($0.04 per share basic and diluted) for the nine months ended September 30, 2018; and

- At September 30, 2019 long-term debt excluding deferred financing charges was $32.2 million. The $5.0 million, sales-based, contingent liability related to the purchase of Seitel Canada Ltd. (Seitel) in January was fully repaid by early July. At September 30, there was $22.1 million undrawn and available to the Company on the revolving credit facility.

As reported in previous filings concerning the Seitel acquisition, in addition to the purchase price of $58.6 million, Pulse assumed various future liabilities that are viewed by the Company as being a part of the total cost of the acquisition. These estimated $4.2 million of costs are being expensed over time, with a large percentage occurring in the first year, including $2.5 million in the first three quarters of 2019. These non-recurring expenses are categorized as restructuring costs and are being added back to the Company's cash EBITDA and shareholder free cash flow.

SELECTED FINANCIAL AND OPERATING INFORMATION

(thousands of dollars except per share data, numbers of shares and kilometres of seismic data)	Three months ended September 30, 2019	2018	Nine months ended September 30, 2019	2018	Year ended December 31, 2018
	(unaudited)		(unaudited)		
Revenue					
Data library sales	**2,460**	1,596	**18,354**	5,790	10,076
Other revenue	**127**	10	**437**	85	112
Total revenue	**2,587**	1,606	**18,791**	5,875	10,188
Amortization of seismic data library	**3,557**	1,812	**10,700**	5,526	7,337
Net loss	**(2,861)**	(1,042)	**(2,652)**	(2,754)	(1,730)
Per share basic and diluted	**(0.05)**	(0.02)	**(0.05)**	(0.05)	(0.03)
Cash provided by operating activities	**(1,609)**	2,672	**7,478**	(5,707)	(3,250)
Per share basic and diluted	**(0.03)**	0.05	**0.14**	(0.11)	(0.06)
Cash EBITDA [a]	**1,325**	412	**13,678**	1,828	5,037
Per share basic and diluted [a]	**0.02**	0.01	**0.25**	0.03	0.09
Shareholder free cash flow [a]	**1,072**	545	**10,624**	2,055	4,671
Per share basic and diluted [a]	**0.02**	0.01	**0.20**	0.04	0.09
Capital expenditures					
Seismic data purchases, digitization and related costs	**-**	-	**61,029**	62	62
Property and equipment	**-**	5	**398**	9	18
Total capital expenditures	**-**	5	**61,427**	71	80
Weighted average shares outstanding					
Basic and diluted	**53,793,317**	53,822,117	**53,793,317**	53,853,199	53,838,106
Shares outstanding at period-end			**53,793,317**	53,793,317	53,793,317
Seismic library					
2D in kilometres			**829,207**	450,000	450,000
3D in square kilometres			**65,310**	28,956	28,956

FINANCIAL POSITION AND RATIOS

(thousands of dollars except ratios)	September 30, 2019	September 30, 2018	December 31, 2018
Working capital	**579**	23,291	25,804
Working capital ratio	**1.1:1**	14.9:1	15:1
Cash and cash equivalents	**814**	20,568	23,016
Total assets	**70,994**	37,916	38,847
Long-term debt	**31,854**	-	-
Shareholders' equity	**32,674**	34,183	35,238
Long-term debt to equity ratio	**0.97**	0.00	0.00

[a] The Company's continuous disclosure documents provide discussion and analysis of "cash EBITDA", "cash EBITDA per share", "shareholder free cash flow" and "shareholder free cash flow per share". These financial measures do not have standard definitions prescribed by IFRS and, therefore, may not be comparable to similar measures disclosed by other companies. The Company has included these non-GAAP financial measures because management, investors, analysts and others use them as measures of the Company's financial performance. The Company's definition of cash EBITDA is cash available for interest payments, cash taxes, repayment of debt, purchase of its shares, discretionary capital expenditures and the payment of dividends, and is calculated as earnings (loss) from operations before interest, taxes, depreciation and amortization less participation survey revenue, plus any non-cash and non-recurring expenses. Cash EBITDA excludes participation survey revenue, if applicable, as these funds are directly used to fund specific participation surveys and this revenue is not available for discretionary capital expenditures. The Company believes cash EBITDA assists investors in comparing Pulse's results on a consistent basis without regard to participation survey revenue and non-cash items, such as depreciation and amortization, which can vary significantly depending on accounting methods or non-operating factors such as historical cost. Cash EBITDA per share is defined as cash EBITDA divided by the weighted average number of shares outstanding for the period. Shareholder free cash flow further refines the calculation of capital available to invest in growing the Company's 2D and 3D seismic data library, to repay debt, to purchase its common shares and to pay dividends by deducting non-discretionary expenditures from cash EBITDA. Non-discretionary expenditures are defined as debt financing costs (net of deferred financing expenses amortized in the current period) and current tax provisions. Shareholder free cash flow per share is defined as shareholder free cash flow divided by the weighted average number of shares outstanding for the period.

These non-GAAP financial measures are defined, calculated and reconciled to the nearest GAAP financial measures in the Management's Discussion and Analysis.

OUTLOOK

Pulse experienced a reasonable first nine months of the year. Seismic data sales of $18.4 million were equivalent to 180 percent of Pulse's full-year 2018 sales and 127 percent of full-year 2018 sales from both the Pulse and Seitel datasets. The third quarter was not stellar, but results for the year to date continue to provide confidence that the Seitel acquisition is capable of doubling Pulse's baseline seismic data library sales (all other things being equal).

Pulse is maintaining a cautious outlook for the rest of 2019 and the opening quarters of 2020. While most industry indicators remain weak or unresolved, there have also been some positives, with progress for a liquefied natural gas (LNG) export industry in British Columbia being one of the most significant news items of the quarter.

Key items:

- Domestic natural gas prices have been very low throughout the year, with an AECO index price of only Cdn$1.20 per gigajoule (GJ) in September and daily spot prices falling as low as or even below Cdn$0.20 per GJ. In October however, AECO pricing has increased somewhat, supported in part by recent regulatory changes that have impacted the ability to move gas through pipelines during maintenance periods and is projected to remove some of the price volatility going forward;
- There has been significant progress to create an LNG export industry in B.C. Construction of the landmark LNG Canada facility at the port of Kitimat is well underway. The $1.6 billion Woodfibre LNG project at the port of Squamish, B.C., received key provincial approval in July, opening the way to construction. The proposed Chevron-Woodside Kitimat LNG project also appears to be progressing, with the project partners applying to nearly double the project's size to 18 million tonnes per year in export capacity. Combined, the three projects would move a material proportion of Western Canada's natural gas production to global markets;
- The domestic oil price benchmark, Western Canada Select (WCS), is maintaining a reasonable range. This is a combination of the North American benchmark, WTI, generally tracking around US$50-$55 per barrel and the WTI-WCS differential remaining within reasonable bounds of about US$12 per barrel in recent months. This in turn is partly a function of the recently elected Government of Alberta deciding to extend the policy of oil production curtailment, which holds down the price differential by preventing excessive oil storage buildup caused by lack of export capacity;

- Oil and natural gas well drilling and rig utilization remained low in the summer, and forecasts for the year are diverging. In October the Petroleum Services Association of Canada (PSAC) decreased its 2019 forecast slightly to 5,000 wells to be drilled, from its July forecast of 5,100. Additionally, PSAC announced its 2020 forecast of 4,500 wells to be drilled;
- Proceeds from mineral lease auctions or “land sales” in Western Canada have remained very weak, with B.C. recording only $11.9 million and Alberta only $96.1 million to the end of September, far below 2017 and 2018 sales;
- While court challenges may continue for the Trans Mountain Pipeline expansion project, the recently re-elected Liberal federal government has stated their support for the project. At the end of October Trans Mountain announced that it was preparing to resume construction and expects to have 4,200 workers on the job in various communities by the end of the year. The expansion is critical for accessing Pacific Rim crude oil markets and its delay is, therefore, dampening oil drilling in Western Canada;
- The Keystone XL pipeline project into the U.S. Midwest continues to move forward, in late August receiving a favourable court ruling critical to its routing through Nebraska;
- U.S. LNG exports continue to grow, having reached the range of 5-6 bcf per day over the summer, with numerous additional facilities in commissioning, under construction or in regulatory processes. The U.S. export boom supports domestic natural gas prices in the U.S. and is positive for Canadian natural gas exports to that market, while the global LNG boom adds impetus to Canadian LNG projects; and
- The Alberta government continues to move expeditiously to enact business-friendly policies, including reducing Alberta’s corporate income tax rate by 33 percent in phases, reducing the regulatory burden on industries including oil and natural gas, vigorously promoting energy development, and pushing back against the international campaign to “landlock” Alberta’s energy production.

Western Canada’s oil and natural gas sector faces continuing economic headwinds and uncertainty. The Company is, accordingly, prepared for additional quarters of weak traditional sales while also noting there is no visibility as to transaction-based sales. Pulse’s management team remains pleased with the Company’s cost structure and financial position. The Company is confident in its ability to pay down debt at the schedule and rate specified, underpinned by its ongoing reasonable level of seismic data sales and the favourable financing structure of the Seitel acquisition.

The Company has been structured to survive and even grow through all phases of the industry cycle. Over the coming quarters Pulse intends to pay down debt, continue to manage costs conservatively and remain stringent in assessing potential new opportunities. Pulse has unused borrowing capacity of up to a further $22.1 million if needed.

The low cost structure of Pulse’s business model facilitates significant synergies on future sales.

As Canada’s largest pure-play seismic data library provider, Pulse’s sales are highly scalable without either capital investment or higher operating costs, and a transaction-based sale of any size could occur at any time. The broad coverage of its seismic database make Pulse’s revenue, cash margin and shareholder free cash flow highly levered to any uptick in industry field activity and demand for seismic data.

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

The Outlook section contains forward-looking information which includes, among other things, statements regarding:

- Pulse is maintaining a cautious outlook for the rest of 2019 and the opening quarters of 2020;
- Pulse is prepared for additional quarters of weak traditional sales while also cautioning that there is no visibility as to transaction-based sales;
- Pulse is confident in its ability to pay down debt at the schedule and rate specified;
- Pulse's capital allocation strategy;
- Pulse's dividend policy;
- Oil and natural gas prices;
- Oil and natural gas drilling activity and land sales activity;
- Oil and natural gas company capital budgets;
- Future demand for seismic data;
- Future seismic data sales;
- Future demand for participation surveys;
- Pulse's business and growth strategy; and
- Other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results and performance.

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 licence 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 year ended December 31, 2018. Forward-looking information is based on the assumptions, expectations, estimates and opinions of the Company's management at the time the information is presented.