



ION outlines \$18 million cost reduction plan to mitigate adverse macroeconomic forces while maintaining business continuity

April 2, 2020

HOUSTON, April 2, 2020 /PRNewswire/ -- ION Geophysical Corporation (NYSE: IO) today announced enhanced measures to mitigate the impact of COVID-19 and oil price volatility while maintaining business continuity. The Company plans to scale down costs by \$18 million during the remaining nine months of 2020 to preserve cash and manage liquidity, building on the >\$20 million permanent cuts taken in January of this year. ION's asset light strategy avoids significant fixed costs and provides flexibility to easily scale the business to meet demand.

ION's priority remains the health and wellbeing of all our employees and the communities in which we operate and, earlier this week, we described the steps we had taken to rapidly shift 95% of our workforce to remote working and enhance protocols in accordance with CDC recommendations for the remaining 5% of exempted essential employees onsite.

We have now also assessed the related impact of E&P budget reductions to our business and, while the duration and extent of coronavirus is difficult to predict, we are taking decisive action to proactively manage our business. We are implementing the following initiatives to reduce costs by \$18 million during the remaining nine months of 2020 as outlined below:

- We are **reducing personnel expenses ~\$13 million** through a variety of furlough programs and reduced compensation arrangements. ION executives are taking a 20% base salary reduction and a tiered reduction scheme is being cascaded to the rest of the worldwide workforce. These temporary reductions go into effect no later than April 10th and will last until market conditions improve. The Board of Directors will also be taking a cut to compensation in alignment with all stakeholders. In addition, we will eliminate the modest 2019 bonus payout that had been approved prior. We believe we were right-sized for our vision and business plans as we entered 2020, and that this response significantly reduces costs while retaining our talented workforce and preserves their access to benefits through this challenging time.
- We are **further decreasing SG&A costs by ~\$5 million**. We will continue curtailing the use of external contractors and narrow our supply chain, while implementing new systems and processes that more efficiently support our business. We slashed spending on physical trade shows and quickly pivoted to new digital go-to-market strategies. T&E has been cut by over 80% through the end of the year.

In addition to the aforementioned cost reductions, we are also **scaling back capital expenditure estimates for the year to \$20-\$35 million, down from our initial estimate of \$35-\$50 million** to reflect both reduced seismic demand and travel/border restrictions impacting new data acquisition offshore. The majority of our capital expenditures relate to investments in our multi-client data library. Our sanctioning approach continues to require that a majority of new multi-client program costs are underwritten by customers or other financial partners. Our conservative approach to data library investment, successfully implemented in prior downturns, is a prudent way to respond to sudden reductions in demand for new data. This provides flexibility to aggressively reduce cash outflows while shifting to much lower cost reimaging programs. Non-program related capex associated with computing infrastructure and corporate IT has also been removed from our revised 2020 budget.

"The combination of our business continuity plans and cost reduction initiatives enable ION to remain agile and support clients while navigating these uncertain times," said Chris Usher, ION's President and Chief Executive Officer. "I believe we are better positioned given our first quarter results, and with decent levels of backlog and recurring revenue in some parts of the business, we can mitigate some of the immediate impacts of the market decline. These new expense reductions, on top of the over \$20 million of cost cuts that we announced in January, create a significantly improved buffer for maneuvering through unprecedented times in our world, and our industry. We are actively evaluating innovative ways to retain our talented team, including the applicability of government relief efforts around the globe."

About ION

Leveraging innovative technologies, ION delivers powerful data-driven decision-making to offshore energy, ports and defense industries, enabling our clients to optimize operations and deliver superior returns. Learn more at iongeo.com.

Contacts

ION (Investor relations)

Executive Vice President and Chief Financial Officer
Mike Morrison, +1 281.552.3011
mike.morrison@iongeo.com

ION (Media relations)

Vice President, Communications
Rachel White, +1 281.781.1168
rachel.white@iongeo.com

The information herein contains certain 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. These forward-looking statements may include information and other statements that are not of historical fact. Actual results may vary materially 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 the risks associated with the timing and development of ION Geophysical Corporation's products and services; pricing pressure; decreased demand; changes in oil prices; political, execution, regulatory, and currency risks; the COVID-19 pandemic; and the Saudi-Russian oil price war. These risks and uncertainties also include risks associated with the WesternGeco litigation and other related proceedings. We cannot predict the outcome of this litigation or the related proceedings. For additional information regarding these various risks and uncertainties, including the WesternGeco litigation, see our Form 10-K for the year ended December 31, 2019, filed on February 6, 2020. Additional risk factors, which could affect actual results, are disclosed by the Company in its filings with the Securities and Exchange Commission ("SEC"), including its Form 10-K, Form 10-Qs and Form 8-Ks filed during the year. The Company expressly disclaims any obligation to revise or update any forward-looking statements.

 View original content: <http://www.prnewswire.com/news-releases/ion-outlines-18-million-cost-reduction-plan-to-mitigate-adverse-macroeconomic-forces-while-maintaining-business-continuity-301034550.html>

SOURCE ION Geophysical Corporation