



ION Q2 2020 Earnings Call



Earnings Call Presentation

August 6, 2020

Corporate Participants and Contact Information



CHRIS USHER
President and
Chief Executive Officer



MIKE MORRISON
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 for approximately 12 months.

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

Forward-Looking Statements



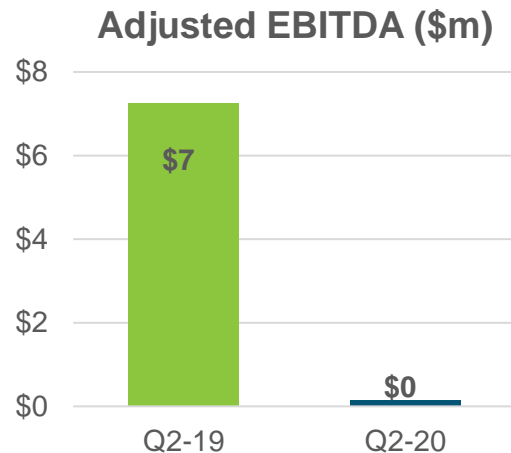
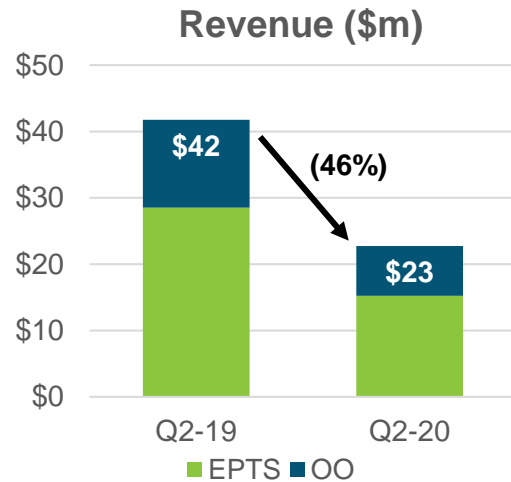
The information included herein contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.

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.

ION Financial Overview

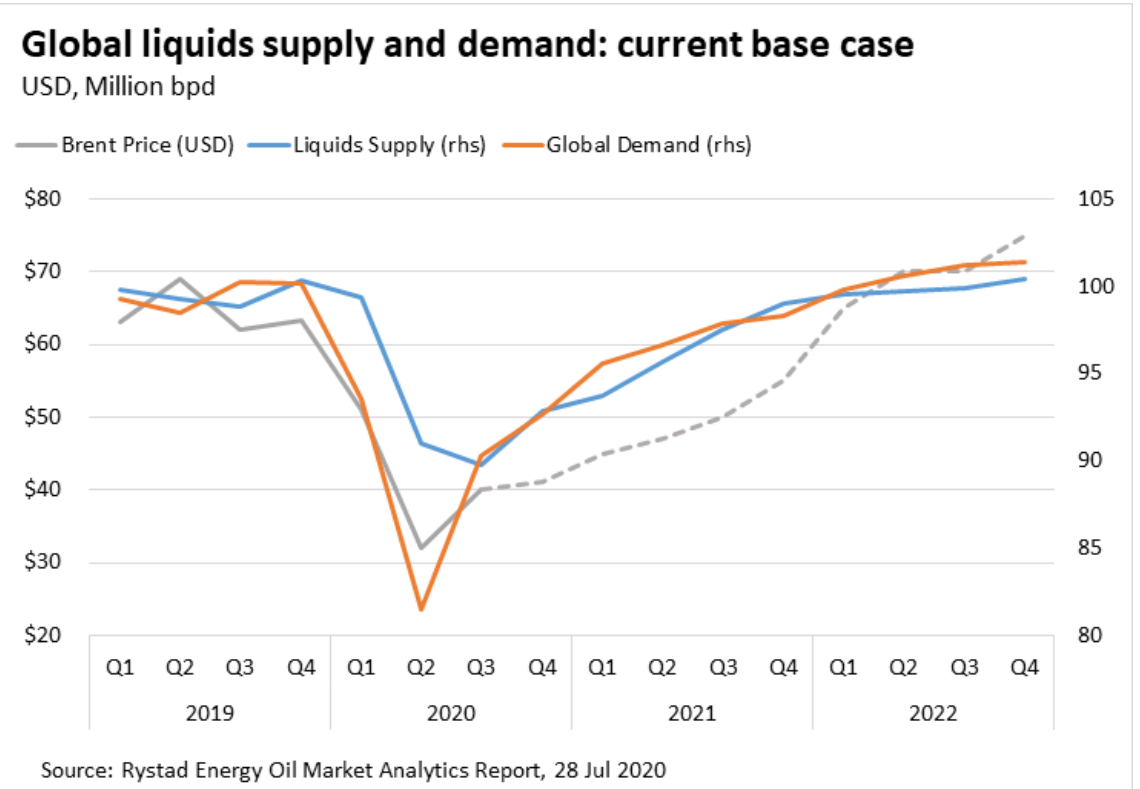


- Q2-20 revenue consistent with expectations and oilfield services
- H1-20 revenues greater than or equal to prior comparable 5 years
- Quickly scaled asset light business to meet demand, mitigating some near-term impacts to our bottom line and cash position
- Cash increased \$24m (excluding net revolver borrowings), primarily from harvesting our strong first quarter sales and realizing nearly all the cost reductions we've made
- Employees' health and wellbeing remains our top priority
- Improved cash position, lower cost basis and strategy execution progress will enable us to weather the near-term market disruption and thrive as conditions ultimately improve

Market Dynamics



- Coronavirus demand destruction and increased global production resulted in a significant market surplus during Q1-20
- By March, oil prices dropped >60% and 2020 E&P budgets were cut ~25%
- In April, global demand and oil prices reached a projected low for the year and have rebounded as pandemic restrictions eased
- International, where ION is focused, has been less steeply impacted than onshore North America
- But, material slowdown in offshore seismic activity
- Absent a second major wave of COVID-19, Q2-20 should be the low watermark in an E&P recovery
- Catalyst for E&P portfolio high grading and digital transformation



E&P Technology and Services Q2-20 Highlights

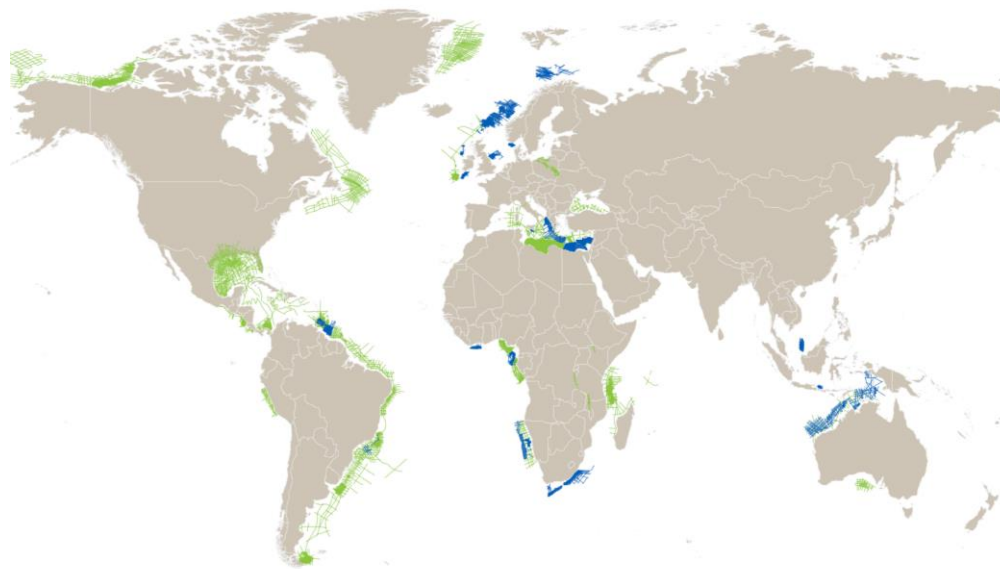
- Secured permits and prefunding for a new 3D multi-client program in the North Sea
- Built on our highly successful portfolio of reimaging programs with a new project in Mauritania



E&P Technology and Services Q2-20 Highlights



- Signed global 2D data collaboration with PGS, combined library comprises ~1m km
- Enhancing and deploying differentiated Gemini™ source technology offshore



— ION 2D — PGS 2D



Operations Optimization Q2-20 Highlights



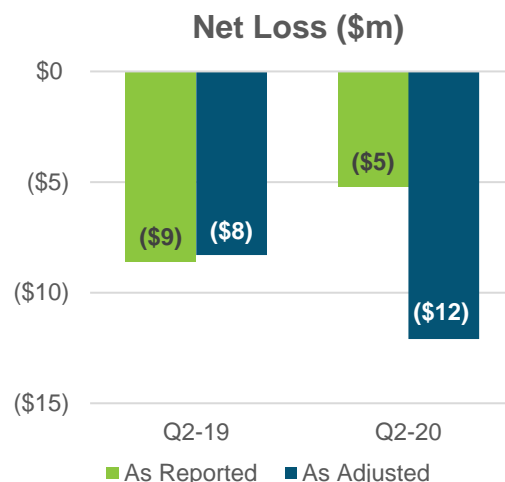
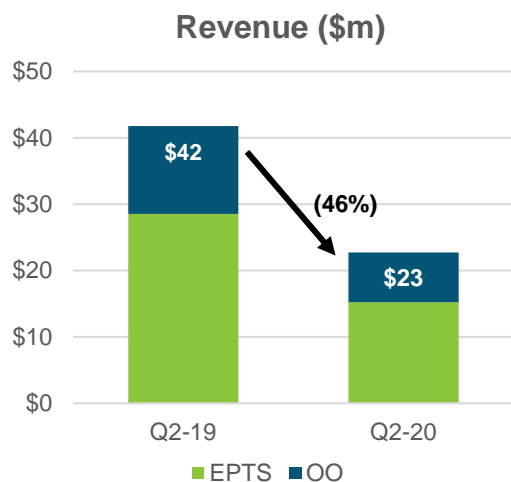
- Continued strong uptake of ION AnyWare™ technology that facilitates remote operations
 - Comprehensive situational awareness and dynamic dashboard reporting supported in-field decision-making
- Excellent feedback on Marlin SmartPort™, promising trials underway to expand client base

“The system has been running flawlessly – successfully replacing outdated manual procedures and improving efficiency as a result. Development of new features is ongoing and ION's receptiveness to feedback / ideas and ability to get to the route of issues to build the best solution has been second-to-none. They are a highly skilled team, who have been a pleasure to work with, and I would not hesitate to wholeheartedly recommend them.”

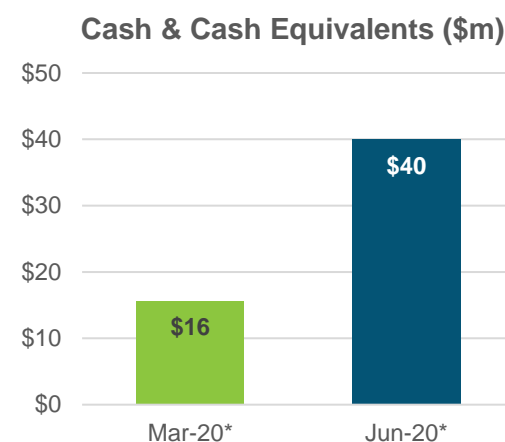
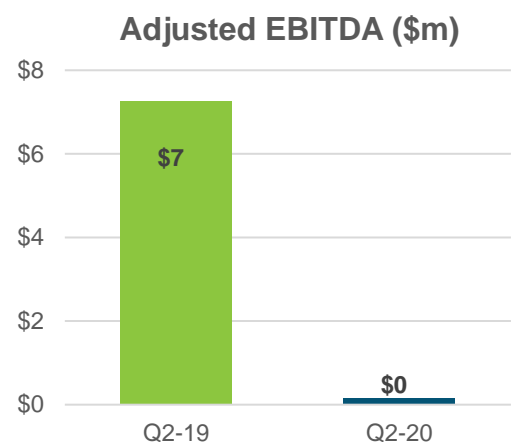
- Actively progressing strategic partnerships to broaden our capabilities and contacts



Q2-20 Actuals Summary



- Q2-20 revenue down 46% vs Q2-19
 - E&P Technology & Services down 47%
 - Operations Optimization down 43%
- H1-20 revenues greater than or equal to prior comparable 5 years
- Q2-20 net loss of \$5m or (\$0.37) per share and Adjusted net loss of \$12m or (\$0.85) per share
- Adjusted EBITDA of \$0.2m vs \$7m in Q2-19
- In April, we scaled back our flexible asset light cost structure by another \$18m for the remaining nine months of 2020, building on the >\$20m of cost savings announced in January



* Excludes revolver borrowings

ION Financial Overview

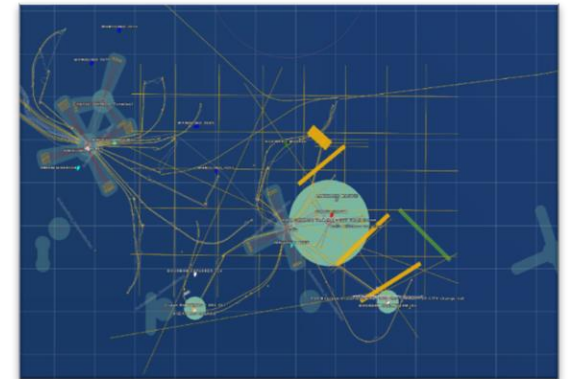
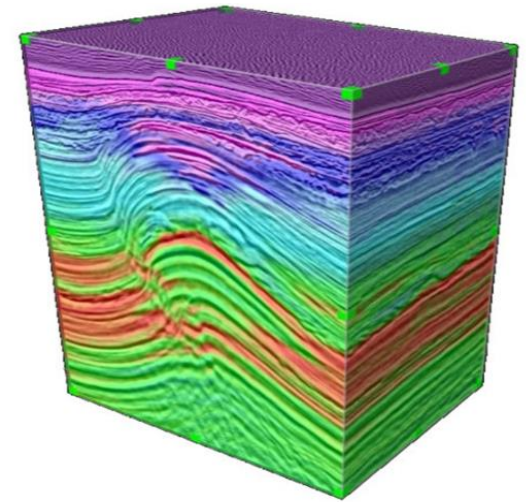


	3 mo ended Jun 30		6 mo ended Jun 30	
	2020	2019	2020	2019
Net income (loss)	\$(5.2)	\$(8.3)	\$(7.5)	\$(29.5)
Non-cash adjustments	(0.8)	12.0	14.4	23.9
Working Capital	29.3	24.6	9.5	19.9
Net cash from operations	23.3	(1.1)	16.4	14.3
Multi-client investment	(4.9)	(6.0)	(14.6)	(14.8)
PP&E capital expenditures	(0.2)	(0.6)	(0.7)	(1.4)
Net cash from investing activities	(5.1)	(6.6)	(15.3)	(16.2)
Borrowings under revolving line of credit	-	-	27.0	-
Payments under revolving line of credit	(4.5)	-	(4.5)	-
Payments on debt	(0.8)	(0.7)	(1.5)	(1.4)
Proceeds from government relief funding	6.9	-	6.9	-
Other financing activities	0.0	(0.3)	0.0	(0.6)
Net cash from financing activities	1.6	(1.0)	27.9	(2.0)
Effect of FX	0.1	(0.2)	0.5	(0.1)
Net change in cash	19.9	(8.9)	29.5	(4.0)
Cash & restricted cash (beg. of period)	42.7	38.8	33.1	33.9
Cash & restricted cash (end of period)	\$62.6	\$29.9	\$62.6	\$29.9

- Cash increased by \$24m sequentially (excluding net revolver borrowings), primarily from harvesting strong Q1 sales and realizing near full benefits of cost reductions, and to a lesser extent, receiving government relief
- \$71m liquidity
 - \$63m cash (incl \$23m from credit facility)
 - \$8m remaining available borrowing capacity under credit facility
- Anticipate \$12m in Q4-20 from the sale of our 49% equity in the non-strategic INOVA joint venture, subject to closing conditions

Summary

- Q2-20 performance in a precarious market demonstrates our ability to quickly and effectively scale asset light business to meet demand
- Expect market to be challenging over the next year, maybe even two, with a material reduction in seismic demand
- Positioning ION for success in new backdrop
 - Clear focus on only the most important initiatives
 - Streamlined cost structure by ~25% in 2020
 - Secured prefunding for 3D new acquisition multi-client program
 - Launching multiple trials to expand Marlin SmartPort uptake
 - Developing strategic partners around ION key initiatives
 - Shifting to digital programs for value creation and efficiencies
 - Still investing 10% of revenues in R&D for technical differentiation
- Well positioned to weather near-term market disruption given our improved cash position, lower cost basis and strategy execution progress



Q&A



Powering data-driven decisions

