Q1 2025
Financial Results

Tuesday, April 29, 2025

Introduction

Jean-Baptiste Roussille

Head of Corporate Finance and Investor Relations, Viridien

Good morning and good afternoon, ladies and gentlemen. Welcome to this presentation of Viridien's First Quarter 2025 Results.

I am Jean-Baptiste Roussille, in charge of Corporate Finance and Investor Relations, and the call today is hosted from Paris, where Sophie Zurquiyah, our CEO, and Jérôme Serve, our Group CFO, will provide an overview of the results as well as comments on our outlook. Following the overview of the year, we will be pleased to take your questions.

Before I hand over the microphone to Sophie and Jérôme, just a few words to tell you that I will be leaving the company tomorrow. It has been an exciting year, preparing and completing successfully the refinancing of our debt, and I wanted to thank Jérôme and Sophie for giving me the opportunity to join the team a year ago and grow professionally and personally.

Starting tomorrow, I will be replaced by Alexandre, who is actually with us as well today. Alexandre, actually, I could say that the share price almost doubled under my watch, and I wish you all the best of luck to do even more.

Now, I leave you with Sophie.

Q1 2025 Operational Overview

Sophie Zurquiyah

CEO, Viridien

Thank you very much, Jean-Baptiste, for your contribution over the last year, and I wish you the best.

Slide 5: Q1 2025 highlights

Welcome, everyone, and thank you for attending this presentation. Our market environment remained favorable during the first quarter, marked by robust business performance, significant commercial wins, and solid profitability in line with our long-term ambition.

Revenue grew by 10%, and our EBITDA increased by 35%, achieving the strongest profitability for the first quarter over the past decade. Net cash flow was minus $20 million, or positive $22 million when correcting for interest, which were exceptionally paid in Q1 versus historically in Q2.

Recent global developments with tariffs and additional production from OPEC+ have introduced uncertainty in the market. However, as of this call, we have not observed any significant changes in our clients' behavior. We are primarily exposed to offshore deepwater projects, which require a longer-term perspective, and during the quarter have seen our clients increasingly focused on reserve replacement and organic exploration.

Outside of any global geopolitical or economic consideration, which may increase impact into the future, our first quarter was marked by two key events.

First, our vessel capacity agreement ended in January, further enhancing our asset-light strategy. This transition provides us with significantly greater financial and operational flexibility.

Second, we successfully delivered all targeted milestones to date from our financial roadmap, which we presented in our Q4 2023 call.

This included the recent refinancing of our debt, which extended its maturity to the end of 2030, and reduced the level of gross debt by $200 million compared to a year ago, by utilizing excess cash on our balance sheet. Our liquidity remained strong, bolstered by an increased RCS facility, which demonstrates the trust our banking partners have in the Group.

We reiterate our strong and continued commitment to reducing leverage, using our increasing cash generation, and looking forward to further growing our company and delivering increased value to our stakeholders.

Slide 6: DDE Segment

We will go on to slide six now with DDE segment.

DDE segment revenue grew 16% to $214 million, with adjusted EBITDA up 32% at $137 million, with both Geoscience and Earth Data contributing positively.

Slide 7: Geoscience

Slide seven with Geoscience.

Geoscience external revenue reached $110 million, up 25% compared to last year, as we deliver on our strong backlog. There was also a positive impact from a significant sale of our Geovation software.

We continue to invest in our high-performance computing to enhance productivity by automating manual tasks and delivering the highest quality imaging results, truly leveraging our digital expertise.

Slide 8: Geoscience

Looking at slide eight, with Geoscience operational highlights.

Our imaging business has shown exceptional strength, driven by the global adoption of our advanced Elastic Full Waveform Imaging technology. North America exceeded expectations with standout performance, and we recently secured a seismic re-imaging project in Algeria, highlighting sustained interest from clients in the Middle East and Africa for our highest quality imaging solutions.

We continuously broaden our client base as the value of high-end imaging becomes increasingly meaningful. Additionally, we made a significant sale of our Geovation imaging software, as I mentioned earlier, which is typically sold to national oil companies to support their internal processing teams.

In Low Carbon, we are working on a large critical mineral study in Saudi Arabia, leveraging our unique capabilities and strong brand recognition in the Kingdom.

We also won a new project in the North Sea for carbon sequestration, thanks to our innovative GEOSIM solution, which is a coupled reservoir in geo-mechanical modelling and simulation software technology.

In HPC and Digital, we onboarded two new clients on our cloud platform, one in Material Science and the other in Image Rendering.

Slide 9: Earth Data

Moving on to Earth Data now with slide nine.

Earth Data segment revenue grew 7% to $104 million compared to last year, making it a strong Q1 historically. Our new KPI, cash EBITDA, grew 12% to $39 million while we finalized the acquisition phase of our Laconia project.

Slide 10: Earth Data

Now going on to slide ten for the operational highlights.

During the first quarter, we completed the Laconia sparse node acquisition in the US Gulf, and the early results are delivering game-changing images. Our latest technology is revealing new geological details of the subsurface, enabling our clients to significantly reduce their exploration risk. We believe that this new data set is timely for the recently announced lead ramp.

In Brazil, we received the environmental permit for the MegaBar extension of our program in the North Sea, a frontier area of interest due to its similarities with Guyana and Suriname. Leveraging our digital leadership, we regularly invest in reprocessing projects, which allows us to extract more value from existing data at a marginal cost compared to new acquisitions.

We are making great progress with an industry-funded re-imaging program in the Ivory Coast, targeting a basin with the potential for multi-billion barrel oil reserves.

In the Low Carbon space, finally, we completed two carbon storage screening projects for Continental Europe and have more opportunities in the pipeline.

Slide 11: Sensing & Monitoring

Now turning on to sensing and monitoring with slide 11.

Our first quarter SMO segment revenue was $87 million, remaining nearly stable compared to the previous year. This stability was characterized by increased revenue from land activities and reduced revenue from marine activities.

The adjusted EBITDA was $14 million, a margin of 16%, showing the positive effects of our restructuring plan.

Slide 12: Sensing & Monitoring

Now on slide 12 with operational highlights.

We are experiencing steady activity with national oil companies on land projects and see strong interest in our nodal systems across a broad range of geographies.

Latin America and North Africa are experiencing increasing activity, while in Asia and the Middle East, activity remains sustained. Marine is driven by the sale of streamer sections to replace older equipment, as well as by leading acquisition software systems, Orca, a streamer navigation, and Gator for seabed and nodal operations. This software helps our clients optimize their seismic operations.

This technology was further adapted to support ports and logistics activities and is sold as Marlin in the marketplace, bringing efficiency, transparency, and enhanced safety to maritime operations. We had another successful sale of Marlin this quarter in Asia, contributing to our new businesses revenue.

Further in our new businesses, we secured two new contracts for infrastructure monitoring in North America. We are also witnessing growing global demand for geotechnical monitoring, particularly in the rail and mining sectors. Our defense business is benefiting from supportive momentum and increased opportunities.

Looking ahead, SMO should be well-positioned for both growth and improved profitability through the cycles.

Let me now hand the floor to Jérôme to comment on our financials.

Q1 2025 Financial Results & Roadmap

Jérôme Serve

CFO, Viridien

Thank you, Sophie. Good morning and good afternoon, ladies and gentlemen. Let me start by thanking Jean-Baptiste for his contribution over the last 12 months in revitalizing both our credit and equity story. Jean-Baptiste, I wish you the best for your next endeavor.

I am also very pleased to welcome Alexandre Leroy to the team. No doubt that Viridien will benefit from his strong experience as a sell-side analyst, and more recently as Investor Relations and Financing Director in big corporates.

Back to our Q1 results. As Sophie already mentioned, Q1 was a solid quarter for Viridien in terms of financial performance, by achieving more than $300 million of revenues, 47% EBITDA margin, and more than $20 million of cash flow before interest.

Slide 14: P&L

Let us start with the P&L on slide 14.

Segment revenue was up 10% year-on-year, reaching $301 million, mainly driven by the growth of our Geoscience and Earth Data division, which increased by 25% and 7%, respectively. Thanks to this positive business mix, segment EBITDA was up by 35% versus Q1 2024 at $143 million. This performance also benefited from the end of our vessel contractual commitment, as well as the SMO cost optimization plan starting in Q1 last year.

Net income was negative at minus $29 million, mainly due to more than $40 million of one-off costs related to our recent refinancing, including fees and non-core premium.

Slide 15: P&L

Moving on to Group cash flow on slide 15.

Our net cash flow for the quarter was minus $20 million. This includes $42 million of interest payments made in Q1 related to the redemption of our old bonds as part of the refinancing process. Excluding these interest payments, which are usually paid in Q2, net cash flow would have reached $22 million.

Note that these figures remain below Q1 2024, mainly due to an unfavorable change in working capital of $47 million, which can be explained by: 1/ the early collection in Q4 that we mentioned during our four-year results; 2/ higher Earth Data sales that happened late in this quarter; and 3/ some payable savings linked to the new Laconia survey in the US.

Looking ahead, assuming moderate situation in the oil market, we continue to expect to achieve $100 million of net cash flow for 2025, with a strong second half seasonality like previous years.

Slide 16:

Moving on to the balance sheet on slide 16.

This reflects the situation post-refinancing. The refinancing, indeed happened on 25th March, and it clearly shows the delivering trajectory we have embarked on over the past 18 months. At the end of March 2025, our IFRS gross debt is circa $200 million lower than one year ago, standing at $1,120 million.

Our IFRS net debt stood at $974 million, leading to a 2 times net debt-over-EBITDA ratio. Following the refinancing, we have also ample liquidity to operate, with circa $150 million of cash in hand at the end of Q1, as well as a new RCF of $125 million fully undrawn, out of which $15 million of ancillary guarantee facility.

Slide 17:

Moving on to our financial roadmap on slide 17.

We have now added one more tick with the completion of our refinancing. We are then left with our $100 million net cash flow generation target for 2025. Note that we could have actually ticked twice the re-rating box, since after the upgrade by Fitch and S&P last year, all three credit rating agencies assigned to the new bond an issued rating one notch above the existing notes, i.e., B2 for Moody's, B for S&P, BB- for Fitch.

Slide 18:

Slide 18 and the final slide for me, where I would like to emphasize our asset-light business model, which provides significant operational and financial flexibility through the cycle. We believe this is quite unique, with no real comparable player in the oil field service market offering this level of flexibility.

Indeed, all our three business segments have significant flexibility to weather a downturn scenario and remain cash-generative.

Starting with **Geoscience**. The majority of Geoscience cost base is related to personnel costs in key locations like UK, US, which can be optimized. Secondly, most of our computing equipment in our HPC data centers are short-term lease, giving us the ability not to renew leases that expire in any given quarter.

Overall, this gives us a flexibility of circa 75% of our cost base, positioning Viridien Geoscience favorably in case of a downturn scenario.

Moving to **Earth Data**. With the end of the vessel capacity agreement in January 2025, we no longer have vessel commitments and any associated penalties. This means that, excluding our committed investments, which are already pre-funded, we can reduce to zero our multi-client investments in the event of a downturn.

Given that we target a minimum 80% pre-funding on all multi-client investments, our maximum exposure is therefore limited to 20%, which we can successfully mitigate in a downturn by scaling down other planned, not committed investments.

Finally, **Sensing and Monitoring**. Although this division is not completely asset-light, as we maintain some manufacturing capabilities, the cost optimization plan that we launched early last year has allowed us to optimize both our cost base and capital employed. As a result, we have successfully lowered the breakeven point of the business to match the lowest cycle performance levels since in 2022 and during COVID period.

Overall, by activating all the levers I have just described across our three divisions, we believe that even under an adverse downturn scenario, such as during COVID, when revenues were slightly above $900 million, we will still remain cash positive. Our asset-light business model is truly designed to effectively mitigate any potential cash burn through the cycles.

I am now handing the floor back to Sophie for some final remarks on our outlook.

Outlook

Sophie Zurquiyah

CEO, Viridien

Slide 20: 2025 Financial Outlook

Thank you, Jérôme. I am on slide 20 now. Looking forward, the macro environment is expected to remain uncertain and potentially volatile.

We are monitoring current trends closely, along with the impact on oil and gas prices, which influence our clients' reaction. At this time, we do not observe significant changes in our clients' behavior. We anticipate that as long as Brent crude remains within the $65 to $85 per barrel range, particularly for the deepwater and the markets of the NOCs that are characterized by a long-term perspective, activity for Viridien will remain like today. Remember that we do not have exposure to the US land market.

In this context, while overall E&P CAPEX may experience a slight decline, we believe our clients will maintain budgets for high-end imaging work, which is crucial for their efficiency and overall success. We may encounter delays in multi-client projects and see some shifts in SMO deliveries, but our asset-light model provides us the flexibility to adjust, protect our margins, and preserve our cash flow generation.

We have demonstrated our ability to navigate through economic cycles, particularly during the COVID pandemic, and today our company is stronger and better positioned.

Looking forward, we will continue to focus on what we can control to deliver the best value to our stakeholders.

Our central assumption remains a moderately fluctuating oil market, leading to a relatively stable E&P CAPEX environment. Based on this assumption, we continue to anticipate generating approximately $100 million in net cash flow in 2025.

Thank you for your attention, and I now look forward to your questions.

Q&A

Jean-Luc Romain (CIC Market Solutions): Congratulations on the refinancing. I have two questions, actually. One about the non-core and HPC businesses. How did the sales evolve in terms of growth compared to last year? How do you see this continuing to evolve in the next few quarters?

Second question is about Geoscience. You had a quite strong increase in your sales, plus 25%. Did you benefit from higher prices, or was it only volumes?

Sophie Zurquiyah: Okay. Let me try and answer your question. First on new businesses, and remember new businesses is the combination of Low Carbon (which is carbon sequestration and minerals and mining, Digital (which includes HPC), and Infrastructure Monitoring. Actually, when we look at it in Q1, we had a bit of a slow start of the year compared to a year ago. Now it is not a business that is actually continuous. Here and there, we do get some big deals that can skew the numbers from one quarter to another. At this point in time, we feel like we are still on our trajectory. However, I want to point out a bit of a slowdown on the carbon sequestration side, because of the regulatory, maybe the uncertainty around North America, and as well as some of the IOCs in Europe, cutting their CAPEX in that space. That is the first question.

The second question is on Geoscience. As you pointed out, we have had a very strong increase. Parts of it is linked to our strong backlog. We are delivering through the backlog. So there is actually a volume increase. And also, there is that Geovation sale that I pointed out. This one creates a bit of discontinuity if you want. I mean, those Geovation sales, they can come as a block one quarter or the other and distort the comparables. It is a combination of the two, that one-off and then the increased volume of activity.

Baptiste Lebacq (ODDO-BHF): Good evening everybody. Congratulations for the refinancing. Two questions from my side. The first one is related to your comments dedicated to the supportive environment for defense business. Can you give us some, let us say, indication on what you are doing in this part of the business, and what is the size in terms of contribution?

Second element, just a clarification regarding your guidance of net cash flow for 2025. Is it with or ex, let's say, exceptional element due to the refinancing that you registered during Q1?

Sophie Zurquiyah: Okay. Good evening, Baptiste. Let me take the first question while Jérôme will give you the answer on the net cash flow.

In terms of the defense business, we just decided to point it out because we do see a pickup in that space. Now, in terms of what we provide, as you can imagine, our sensors are really good at listening what is going on. Of course, it is something that is quite handy and useful in the oceans, especially when you are looking at security of the seafloor and security of the oceans. And so that includes adaptation of sort of streamer type of products for the defense industry, and also umbilical cables that also are being sold to the defense industry. So it is a combination of different types of products. We are working with as a Tier-2 with the defense companies.

In terms of what that represents, right now, I would call it short of 10%, so 5% to 10% of the SMO business. It is a small number, but it is something that we have hope can grow.

Jérôme Serve: Regarding your second question, Baptiste, the $100 million excludes the $40 million more or less cost attached to the refinancing. It is business as usual.

Kevin Roger (Kepler Cheuvreux): Good evening, thank you for taking my questions, I have three, if I may. The first one is you can give us a bit of visibility, granularity on the EBITDA margin at DDE, which came quite strong at 64%. I guess there is a large part related to the end of the commitment with Shearwater, but I was wondering if there is any positive effect of the late sales that have very positively contributed to the margin or if in a sense the 64% margin can be considered as a kind of run-rate now. That will be the first one, please.

The second one is on the CAPEX. I really understand that you have a lot of flexibility now in terms of new survey because you do not have the commitment, etc. But is there any, in a way, sense that you can share with us on what is your current plan right now in terms of investments for new surveys, new data, so CAPEX on new, I do not know, nodes or 3D, 4D surveys? What will be the CAPEX for multi-client this year?

The third one is on, in a way, current macro environment. Sophie, you mentioned that up to now there has been no change in the discussion with your clients and that the guidance that you are providing us is assuming relatively flat E&P CAPEX. But some of the US names such as SLB, Baker, Halliburton, they were quite a bit more negative on that side than you saying that there will probably be a kind of mid- to high-single-digit decline in E&P CAPEX. I was wondering if they are correct, what would be, in your view, the impact on your expectations for this year, please?

Sophie Zurquiyah: Maybe I will give a color on each of these from the business standpoint. First, good evening, Kevin, thanks for the questions, and thanks for attending. I will let Jérôme add if he wants on the EBITDA side.

But generally speaking, the high margin of DDE is linked to volume, so there is just more revenue, both on Geoscience and on EDA. And the Geovation sale, that is why I pointed it out as a big explanation of some of the increased margin, because it is just a software sale that software cost is there. And so, it is just a 100% fall-through, basically. So that really creates that.

After-sales were good, we were happy with that. Hence my comment in saying that our clients are really going back towards organic exploration, and we see more activity on that front.

On the CAPEX one, I think we gave some kind of direction, probably at some point that we will be somewhere lower than the prior year, which was $250 million. We are saying, let us say, between $150 million and $200 million. But the reason we do not want to talk about CAPEX is I do not really know where we will end the year. We could do more or less. What we are going to be looking at is the cash EBITDA and the cash generation.

What I see today, directionally, is that there is demand for OBN, more OBN surveys in the US Gulf. It depends on pre-funding. If we get good pre-funding, we might go for it or not. We have a number, actually, of streamer surveys in the pipeline, but they are pending environmental permitting, or they are pending governmental decisions. There is a lot of delays in that space. The one that most likely we will be doing is a Northeast Brazil survey that has been in the pipeline and for which we got the permit. That is for this year.

In terms of the macro environment, I have been reading with attention that what the large OFS have been saying, including Baker, it is a mix of different things. They all said that the big drop will come from North America land, and that is why I said we are not exposed to North America land. They recognize, all of them, that the cuts will be coming from maybe some areas of the value chain more than others.

I think the rig side and the drilling associated activities will be down because there is less exploration rigs, for example. But if you look at the comments from SLB, they were quite a bit on what they call the digital side of their business, which is actually where they count the urban data, or the multi-client, and the Geoscience business. I would say we are pretty much aligned with their comments, but the parts that are negative we are not so exposed to.

Kevin Roger: Okay, understood. Very clear. If I may, just as a follow-up, effectively SLB, they were quite bullish on everything related to Geoscience, digitalization, etc. Have you seen a change in the competitive landscape here from SLB making a push on this segment?

Sophie Zurquiyah: I think they are a fair competitor. I think we are all trying to improve on technology. I think our clients do appreciate our technology. They seem to be favoring our technology when it comes to very complex subsurface environments.

Jérôme, you wanted to add on EBITDA?

Jérôme Serve: Very quickly on the EBITDA, as Sophie said, there is clearly the positive impact of the fall-through of the additional revenue, both Geoscience and Earth Data. You are right, there is also some positive impact. Not 100% yet, because we still have a remaining part to pay to Shearwater for the quarter, but a bit of positive already this quarter. From Q2 onwards, it will be 100% zero impact of Shearwater, both at the EBITDA and the cash level.

Daniel Thompson (BNP Paribas Exane): Good evening. Yes, two questions, please. Firstly, on SMO, usual question on visibility on mega crew surveys over the next 12 to 18 months. Has anything changed here? You mentioned we could potentially see some slippage in these, but is there anything towards the back end of this year that you are factoring into your plan that looks particularly at risk?

Then secondly, just on transfer fees for the business. Obviously, there is one big transaction, Chevron Hess, that is expected to close over the next 12 months or so. Could you give us any indication of the size of this one? Is it customary for the license fee to always be transferred? Just trying to figure out how discretionary this one is going to be.

Sophie Zurquiyah: Good evening, Daniel. On SMO, we are not factoring this year in any sort of enormous deal, but the land, as I pointed out, remains very active. As you all know, Saudi Arabia is sort of managing their CAPEX, although they continue to be quite active on the seismic side, but they were going to go for an extra crew, and that is getting delayed, but there are still a number of active crews there.

But other parts, like North Africa, Algeria is quite active. Mexico, actually, I have heard the larger OFS saying that for them, Mexico was down, actually, for seismic it's quite active. The land activity overall, the base activity is quite good. The part that is not so active for us right now is the OBN, is the marine side on the ocean bottom nodes. I will say SMO mega crew, nothing enormous, but still good base activity.

On the transfer fee side, yes, you pointed out the transaction that we all have inside. I think it is too early to say anything because the result of the transfer fee depends on the data that actually the new company wants to transfer. And that is being negotiated, basically. It is a bit early, but we do not expect it to be an extraordinary number, it would be a part of the expected level of transfer fee that we would have from one year to another.

Prithvi Vetsa (Bank of America Merrill Lynch): Good evening. Thanks a lot for taking my question. I will be very quick. It is more of a clarification. On the net cash flow guidance of $100 million, does it include the $42 million refinancing cost, or does it exclude this? I know you have answered previously, but the line disconnected. I just wanted clarification on that.

Jérôme Serve: It excludes the $40 million of refinancing cost.

Prithvi Vetsa: Excludes. Yes, thank you.

Sophie Zurquiyah: Well, thank you very much for attending this call. I think our first quarter was quite straightforward. Thank you again for your attention. I look forward to interactions in the future. Thank you.

Jérôme Serve: Thank you, indeed. Have a good evening.