

Source: Pulse Seismic Inc.

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PULSE SEISMIC INC. REPORTS Q2 2015 RESULTS AND DECLARES QUARTERLY DIVIDEND

CALGARY, July 31, 2015 / CNW / - Pulse Seismic Inc. ("Pulse" or "the Company") reports its financial and operating results for the three and six months ended June 30, 2015. The unaudited condensed consolidated interim financial statements and MD&A will be filed on SEDAR (www.sedar.com) and will be available on Pulse's website (www.pulseseismic.com).

Pulse has declared a quarterly dividend of \$0.02 per common share. The dividend will be paid on September 18, 2015 to shareholders of record at the close of business on September 4, 2015. Dividends are designated as an eligible dividend for Canadian income tax purposes. For non-resident shareholders, Pulse's dividends are subject to Canadian withholding tax.

"The shareholder free cash flow generated in the second quarter has improved our financial position," stated Neal Coleman, Pulse's President and CEO. "Since June 30th, we have repaid both the \$2.5 million operating line of credit and \$3.5 million of long-term debt, bringing our long-term debt down to only \$2.0 million".

HIGHLIGHTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2015

Lower period-over-period data library sales have led to a decrease in Pulse's key performance metrics for 2015 from 2014. Highlights for the three-month and six-month periods are:

- Seismic data library sales for the second quarter of 2015 decreased to \$6.5 million from \$7.3 million for the comparable period in 2014. Seismic data library sales for the six months ended June 30, 2015 were \$7.8 million compared to \$12.8 million for the first half of 2014;
- Total seismic revenue was \$11.0 million for the six months ended June 30, 2015 compared to \$12.8 million for the six months ended June 30, 2014. There was one participation survey completed during the first quarter of 2015 which generated \$3.2 million of participation survey revenue.
- Cash EBITDA^(a) was \$5.0 million (\$0.09 per share basic and diluted) for the second quarter of 2015 compared to \$5.5 million (\$0.09 per share basic and diluted) for the comparable period of 2014. Cash EBITDA was \$4.7 million (\$0.08 per share basic and diluted) for the six months ended June 30, 2015 compared to \$9.2 million (\$0.16 per share basic and diluted) for the six months ended June 30, 2014;
- Shareholder free cash flow^(a) was \$4.9 million (\$0.09 per share basic and diluted) for the second quarter of 2015 compared to \$5.2 million (\$0.09 per share basic and diluted) for the comparable period in 2014. Shareholder free cash flow was \$4.5 million (\$0.08 per share basic and diluted) for the six months ended June 30, 2015 compared to \$8.8 million (\$0.15 per share basic and diluted) for the six months ended June 30, 2014;

- In the six-month period ended June 30, 2015 Pulse purchased and cancelled, through its normal course issuer bid, a total of 421,400 common shares at a total cost of approximately \$1.2 million (at an average cost of \$2.92 per common share including commissions);
- At June 30, 2015 Pulse had total debt^(c) of \$8.0 million, including the operating line of credit of \$2.5 million and the long-term debt of \$5.5 million. This is a \$7.3 million improvement from the net debt position of \$15.3 million which included cash of \$657,000 at June 30, 2014. At July 30, 2015, the net debt is \$1.0 million and there is \$48.0 million available to draw on the revolving credit facility;
- In the second quarter, Pulse paid two dividends of \$0.02 per share totalling \$2.3 million. The first dividend, paid in April, had been declared in the first quarter and the second dividend, paid in June, was declared in the second quarter of 2015; and
- The Company added 136 square kilometres of new high-quality 3D seismic data to the library through the completion of a survey in west central Alberta which commenced in January and was completed in March 2015.

Selected Financial and Operating Information

(thousands of dollars except per share data, number of shares and kilometres of seismic data)

	Three months ended June 30, 2015 2014 (unaudited)		Six months ended June 30, 2015 2014 (unaudited)		Year ended December 31, 2014
Revenue					
Data library sales	6,461	7,321	7,777	12,827	35,743
Participation surveys	-	-	3,220	-	-
Total revenue	6,461	7,321	10,997	12,827	35,743
Amortization of seismic data library	5,303	5,842	12,595	11,674	22,507
Net earnings (loss)	(1,040)	(612)	(4,387)	(2,432)	3,478
Per share, basic and diluted	(0.02)	(0.01)	(0.08)	(0.04)	0.06
Cash EBITDA ^(a)	4,986	5,467	4,746	9,230	28,615
Per share, basic and diluted ^(a)	0.09	0.09	0.08	0.16	0.49
Shareholder free cash flow ^(a)	4,871	5,246	4,524	8,796	27,858
Per share, basic and diluted ^(a)	0.09	0.09	0.08	0.15	0.47
Funds from operations ^(b)	4,883	8,796	7,777	12,407	31,580
Per share, basic and diluted ^(b)	0.09	0.15	0.14	0.21	0.54
Capital expenditures					
Participation surveys	-	-	3,968	-	36
Seismic data digitization and related costs	-	184	183	367	733
Property and equipment additions	8	7	14	21	64
Total capital expenditures	8	191	4,165	388	833
Weighted average shares outstanding					
Basic and diluted	56,874,385	59,314,120	56,932,213	59,330,197	58,957,072
Shares outstanding at period-end			56,796,689	59,314,120	57,247,843
Seismic library					
2D in kilometres			339,991	339,991	339,991
3D in square kilometres			28,409	28,284	28,284

Financial Position and Ratios

(thousands of dollars except ratios)

	June 30, 2015	June 30, 2014	December 31, 2014
Working capital	\$ 4,965	\$ 5,691	\$ 5,296
Working capital ratio	2.18:1	3.06:1	2.79:1
Total assets	\$ 67,879	\$ 86,188	\$ 75,482
Total debt ^(c)	\$ 7,978	\$ 16,000	\$ 5,500
TTM cash EBITDA ^(d)	\$ 24,131	\$ 14,736	\$ 28,615
Shareholders' equity	\$ 50,168	\$ 60,771	\$ 58,401
Total debt to equity ratio	0.16:1	0.26:1	0.09:1
Total debt to TTM cash EBITDA ratio	0.33:1	1.09:1	0.19:1

(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 if applicable, 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 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.

(b) Funds from operations is an additional GAAP measure. Funds from operations is defined as cash provided by operations as prescribed by IFRS, excluding the impact of changes in non-cash working capital. Funds from operations represents the cash that was generated during the period, regardless of the timing of collection of receivables and payment of payables. Funds from operations per share is defined as funds from operations divided by the weighted average number of shares outstanding for the period.

(c) Total debt is defined as long-term debt excluding deferred financing costs plus the operating line of credit.

(d) TTM cash EBITDA is defined as the sum of the trailing 12 months' cash EBITDA and is used to provide a comparable annualized measure.

OUTLOOK

With the \$5.1 million transaction-based sale recorded in the second quarter, Pulse's total first-half 2015 data library sales of \$7.8 million exceed the Company's estimated full year cash expenses.

Pulse's overall outlook for the remainder of 2015 remains cautious. Conditions for traditional seismic data library sales are poor. Although natural gas prices in Alberta strengthened to approximately \$2.90 per thousand cubic feet in late July, this pricing remains weak. Pulse perceives continuing uncertainty surrounding development of liquefied natural gas (LNG) export facilities on Canada's West Coast.

The Company believes there are potential opportunities to generate further transaction-based sales in the future, though their timing and amount are uncertain. Capital scarcity in the oil and natural gas producing sector, along with declining cash flows and increasing corporate debt servicing challenges, all encourage asset sales, bringing in of partners and corporate mergers and acquisitions.

On April 30, in its mid-year update to its 2015 Canadian Drilling Activity Forecast, the Petroleum Services Association of Canada (PSAC) predicted that a total of 5,320 oil and natural gas wells will be drilled across Canada this year. This represents a 47 percent decline from PSAC's original 2015 forecast, released last October.

In mid-June, the Canadian Association of Oilwell Drilling Contractors (CAODC) reduced its 2015 forecast number of drilling rig operating days by another 13 percent, to 66,376. This is down by 49 percent from 131,021 in 2014. The CAODC is now forecasting average drilling rig utilization of just 24 percent for 2015, compared to 46 percent utilization in 2014.

Pulse's broader view, however, is that barring a global recession, current activity levels are not sustainable. The exploration and production sectors in Canada and the U.S. have responded to low commodity prices through sharp capital spending reductions in Canada and a dramatic recorded reduction in the U.S. rig count. In late July, the total number of active drilling rigs in the U.S. was approximately 860, according to Baker Hughes Inc. Given that U.S. rig counts historically have been in the 1,200-1,800 range, the current level is suggestive of falling North American oil production, followed by a draw-down in oil inventories.

On the natural gas side, the continued strong progress on five LNG export facilities in the U.S., with first LNG exports expected to commence shortly and significant volumes flowing in 2016, could be positive for Canadian natural gas exports over the medium to longer terms. Low commodity prices amid general economic growth are conducive to rising demand and a recovery in prices. The timing and effects on upstream activity in Western Canada and on Pulse's business remain unknown.

Also positive is the report that in April, natural gas-fired power generation surpassed coal-fired generation as a percentage of total electricity production in the U.S., according to the Energy Information Administration (EIA). In July, the EIA reported that monthly U.S. dry shale gas production, after growing almost without interruption for the past 10 years, from barely 3 billion cubic feet per day in 2005 to over 40 billion cubic feet per day in early 2015, has been flat. Although this is an isolated data point, it may indicate the long-awaited U.S. gas supply response.

Throughout this period of weaker sales, Pulse will continue to rely on its advantages of low costs, minimal capital spending commitments and low debt.

CONFERENCE CALL

The Company's next conference call will be held after the release of its year-end 2015 results. Should investors or analysts wish to contact the Company, please feel free to contact Neal Coleman or Pamela Wicks at the e-mail address or telephone number provided below.

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 second-largest licensable seismic data library in Canada, currently consisting of approximately 28,400 square kilometres of 3D seismic and 340,000 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.

For further information, please contact:

Neal Coleman, President and CEO

Or

Pamela Wicks, VP Finance and CFO

Tel.: 403-237-5559

Toll-free: 1-877-460-5559

E-mail: info@pulsesismic.com.

Please visit our website at www.pulsesismic.com.

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:

- The Company believes there are potential opportunities to generate further transaction-based sales in the future, though their timing and amount are uncertain;
- Pulse’s overall outlook for the remainder of 2015 remains cautious. Conditions for traditional seismic data library sales are poor;
- Pulse’s broader view is that barring a global recession, current activity levels are not sustainable;
- General economic and industry outlook;
- Pulse’s capital allocation strategy;
- Pulse’s dividend policy;
- Industry activity levels and capital spending;
- Forecast commodity prices;
- Forecast oil and natural gas drilling activity;
- Forecast oil and natural gas company capital budgets;
- Forecast horizontal drilling activity in unconventional oil and natural gas plays;
- Estimated future demand for seismic data;
- Estimated future seismic data sales;
- Estimated 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.

Often, but not always, forward-looking information uses words or phrases such as: “foresees”, “expects”, “does not expect” or “is expected”, “anticipates” or “does not anticipate”, “plans” or “does not plan”, “estimates” or “estimated”, “projects” or “projected”, “forecasts” or “forecasted”, “believes” or “does not believe”, “intends” or “does not intend”, “likely” or “unlikely”, “possible”, “probable”, “scheduled”, “positioned”, “goal”, “objective”, “hopes”, “optimistic” or states that certain actions, events or results “should”, “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Undue reliance should not be placed on forward-looking information. Forward-looking information is based upon 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.

The material risk factors that could cause actual results to differ materially from the forward-looking information include, but are not limited to:

- Oil and natural gas prices;
- Seismic industry cycles and seasonality;
- The demand for seismic data and participation surveys;
- The pricing of data library license sales;
- Relicensing (change-of-control) fees, partner copy sales and asset disposition-related sales;
- 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;
- The effect of seasonality and weather conditions on participation surveys;
- Federal and provincial government laws and regulations, including those related to taxation, royalty rates, environmental protection and safety;
- Competition;
- Dependence upon qualified seismic field contractors;
- Dependence upon key management, operations and marketing personnel;
- Loss of seismic data;
- Protection of intellectual property; and
- The introduction of new products.

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