

Source: Pulse Seismic Inc.

TSX: PSD

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PULSE SEISMIC INC. REPORTS 2015 RESULTS

CALGARY, March 3, 2016/ CNW – Pulse Seismic Inc. (“Pulse” or “the Company”) is pleased to report its financial and operating results for the year ended December 31, 2015. The audited financial results were in line with the preliminary unaudited financial results announced in the Company’s news release on January 18, 2016. The audited consolidated 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.

“With weak commodity prices, a poor industry outlook and no sales visibility, it would be easy to dwell on the negative. We are not doing so,” stated Neal Coleman, Pulse’s President and CEO. “Pulse is firmly positioned to survive an extended downturn: costs are at a record low, we have no capital commitments or debt, and we are able to act on opportunities for counter-cyclical acquisitions to enlarge our main asset and expand future revenue-generating capacity.”

HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2015

- Seismic data library sales decreased by 41 percent year-over-year to \$21.2 million in 2015 from \$35.7 million in 2014;
- Total seismic revenue of \$24.4 million in 2015, with \$3.2 million in participation survey revenue, compared to \$35.7 million and no participation survey revenue in 2014;
- Net loss of \$5.3 million or (\$0.09) per share basic and diluted for 2015 compared to net earnings of \$3.5 million or \$0.06 per share basic and diluted for 2014;
- An impairment loss of \$937,000 was recognized on two specific datasets in the seismic data library in the fourth quarter of 2015;
- Cash EBITDA^(a) of \$15.1 million, a 47 percent decrease from \$28.6 million in 2014, and a 45 percent decrease on a per-share basis to \$0.27 per share basic and diluted from \$0.49 in 2014;
- Shareholder free cash flow^(a) of \$14.7 million, a 47 percent decrease from \$27.9 million in 2014, and a 45 percent decrease on a per-share basis to \$0.26 per share basic and diluted from \$0.47 in 2014;
- Pulse purchased and cancelled, through its normal course issuer bid, a total of 1,625,400 common shares (2.8 percent of the total outstanding at December 31, 2014) at a total cost of approximately \$4.1 million (average cost of \$2.50 per common share including commissions);
- Pulse paid three quarterly dividends of \$0.02 per share totalling \$3.4 million, suspending its quarterly dividend as of November 2015;
- At December 31, 2015 Pulse had drawn \$222,000 on its operating line of credit and the long term-debt was nil, compared with \$5.4 million of long-term debt at December 31, 2014. The operating line of credit was fully repaid in the first quarter of 2016;
- 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; and

- On October 16, 2015 the Company acquired, from an oil and gas company, 146 square kilometres of high-quality 3D data located in west central Alberta.

HIGHLIGHTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2015

- Seismic data library sales of \$8.8 million, an increase of 4 percent compared to \$8.4 million in the same period of 2014;
- Net earnings of \$658,000 or \$0.01 per share basic and diluted compared to \$824,000 and \$0.01 per share basic and diluted in the fourth quarter of 2014;
- Cash EBITDA of \$7.0 million or \$0.13 per share basic and diluted compared to \$6.7 million or \$0.12 per share basic and diluted in the fourth quarter of 2014; and
- Shareholder free cash flow of \$7.0 million or \$0.12 per share basic and diluted compared to \$6.5 million or \$0.11 per share basic and diluted in the fourth quarter of 2014.

On January 26, 2016 the Company closed an acquisition and added approximately 107,000 net kilometres of 2D seismic data and 58 net square kilometres of 3D seismic data, increasing Pulse's 2D seismic data library by 31.5 percent from approximately 340,000 net kilometres to approximately 447,000 net kilometres.

SELECTED FINANCIAL AND OPERATING INFORMATION

(thousands of dollars except per share data, number of shares and kilometres of seismic data)	Three months ended December 31,		Year ended December 31,	
	2015	2014	2015	2014
Revenue				
Data library sales	8,759	8,385	21,214	35,743
Participation surveys	-	-	3,220	-
Total revenue	8,759	8,385	24,434	35,743
Amortization of seismic data library	4,979	5,279	22,836	22,507
Impairment loss	937	-	937	-
Net earnings (loss)	658	824	(5,308)	3,478
Per share basic and diluted	0.01	0.01	(0.09)	0.06
Cash provided by operating activities	2,901	13,122	17,094	27,985
Per share basic and diluted	0.05	0.23	0.30	0.47
Cash EBITDA ^(a)	7,043	6,661	15,121	28,615
Per share basic and diluted ^(a)	0.13	0.12	0.27	0.49
Shareholder free cash flow ^(a)	6,971	6,515	14,745	27,858
Per share basic and diluted ^(a)	0.12	0.11	0.26	0.47
Capital expenditures				
Participation surveys	-	36	3,959	36
Seismic data purchases, digitization and related costs	750	183	933	733
Property and equipment additions	-	43	14	64
Total capital expenditures	750	262	4,906	833
Weighted average shares outstanding				
Basic and diluted	56,041,324	57,865,941	56,628,524	58,957,072
Shares outstanding at period-end			55,592,689	57,247,843
Seismic library				
2D in kilometres			339,991	339,991
3D in square kilometres			28,555	28,284

FINANCIAL POSITION AND RATIOS

(thousands of dollars except ratios)	December 31, 2015	December 31, 2014
Working capital	4,996	5,296
Working capital ratio	4.44:1	2.79:1
Total assets	54,618	75,482
Long-term debt	-	5,367
TTM cash EBITDA ^(b)	15,121	28,615
Shareholders' equity	45,389	58,401
Long-term debt to TTM cash EBITDA ratio	0.00:1	0.19:1
Long-term debt to equity ratio	0.00:1	0.09:1

^(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 (if applicable), 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 (if applicable) 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) 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

Pulse's short-term outlook is more cautious than one year ago. The Company's first quarter seismic data library sales are likely to be weaker than last year's very low level, and traditional sales for the year could well be lower than in 2015.

So far in 2016, oil and natural gas prices remain weaker than one year ago and mineral lease auctions or "land sales" in Alberta and B.C. are at record lows. The Canadian Association of Oilwell Drilling Contractors forecasts that rig utilization in 2016 will average only 22 percent, with an average of only 159 out of western Canada's industry fleet of well over 700 rigs deployed. In late January, the Petroleum Services Association of Canada lowered its 2016 drilling forecast to 4,900 wells, compared to 5,300 wells in 2015 and 11,500 wells in 2014. All of this is suggestive of low traditional seismic data sales.

Prospects have, however, improved for a faster pace of merger and acquisition activity. With commodity prices remaining low and cash flows among E&P companies widely expected to decline or become negative, causing debt ratios to increase sharply, banks are expected to strongly encourage their borrowers to narrow bid-ask spreads and close transactions to create larger, more viable companies. Following a year of surprisingly low M&A spending and weak deal-flow, one research report stated that by mid-January 2016 there were 49 asset packages being marketed, covering over 4 million acres and 250,000 boe per day of production.

More M&A activity will create favourable conditions for additional transaction-based sales. The unpredictability of transaction-based sales, however, means that Pulse will continue to lack visibility as to its 2016 revenues. Corporate transactions are a necessary but not sufficient condition to generate seismic data relicensing fees; generating transaction-based sales depends on the nature of the underlying corporate transaction and on the acquirer's plans for the assets in question.

With its annual cash costs of approximately \$6.0 million, low financing costs and no dividend, Pulse can continue to generate cash EBITDA and shareholder free cash flow at low revenue while buying back additional shares and maintaining the financial flexibility to grow its seismic data library. Pulse's revised \$30.0 million credit facility is undrawn as of this date and includes an accordion feature for expansion to \$70.0 million.

Pulse's long-term goal is to become Western Canada's largest licensable data library. The Company's history demonstrates that its revenues could accelerate at any time, and could increase significantly with virtually no increase in operating costs, making Pulse a high-margin business under even modestly positive industry conditions.

YEAR END 2015 CONFERENCE CALL

Pulse will hold a conference call and live audio webcast on Friday, March 4, 2016 at 11:00 a.m. MST (1:00 p.m. EST) where Neal Coleman, President and CEO and Pamela Wicks, VP Finance and CFO will discuss the Company's 2015 results. A question-and-answer period will follow an update on the Company's strategy and outlook.

To participate please dial 587-880-2171 (local – Calgary) or 1-888-390-0546 (toll free – North America) approximately 10 minutes before the commencement of the call. To listen to the webcast of the conference call please visit the Company's website at www.pulsesismic.com.

An archival recording of the conference call will be available approximately one hour after the completion of the call until March 11, 2016. To access the replay, please dial 1-888-390-0541 or 416-764-8677 and enter the playback pass code 878123#.

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 28,600 square kilometres of 3D seismic and 447,000 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:

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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's short-term outlook is more cautious than one year ago;
- The Company's first quarter seismic data library sales are likely to be weaker than last year's very low level, and traditional sales for the year could well be lower than in 2015;
- More M&A activity will create favourable activity for additional transaction-based sales;
- The unpredictability of transaction-based sales means that Pulse will continue to lack visibility as to its 2016 revenues;
- Pulse's long-term goal is to become Western Canada's largest licensable data library;
- Pulse's capital allocation strategy;
- 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;
- Seismic industry cycles and seasonality;
- The demand for seismic data and participation surveys;
- The pricing of data library licensing 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 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;
- Cybersecurity threats;
- Protection of intellectual property rights; and
- The introduction of new products.

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, 2015. Forward-looking information is based on the assumptions, expectations, estimates and opinions of the Company's management at the time the information is presented.