Q2 2023 Financial Results

Thursday, 27th July 2023

Introduction

Christophe Barnini

Head of Communications, CGG

Thank you. Good afternoon and good morning, ladies and gentlemen. Welcome to this presentation of CGG's Second Quarter 2023 Results. The call today is hosted from Paris where Mrs Sophie Zurquiyah, Chief Executive Officer; and Mr Jérôme Serve, Group CFO, will provide an overview of the quarter results as well as provide comments on our outlook.

Disclaimer

Let me remind you that some of the information contains forward-looking statements that may change at any time. And following the overview of the quarter, we will be pleased to take your questions.

And now, I turn the call over to Sophie. Thank you.

Q2 & H1 2023 Overview

Sophie Zurquiyah

CEO, CGG

Thank you, Christophe. Good morning, and good afternoon, ladies and gentlemen. Thank you for participating in this Q2 2023 conference call.

Q2 & H1 2023 Key segment financial highlights

Starting with slide five. Let me start with some general comments on the evolution of our businesses and market environment during the quarter.

Overall, commercial activity was solid across all our businesses and geographic location this quarter, with a strong rebound of our SMO, Sensing, and Monitoring business, driven by increased land and OBN seismic projects, especially from the national oil companies.

Fundamentals for exploration and development remains strong, with exploration continuing to gradually increase. The priority of our clients is to bring short-cycle oil and gas to market, while increasingly looking for new potential lower-cost and lower-carbon reserves, especially offshore. This trend translates into continued focus on mature producing basins and is driving demand for high-end imaging and increased OBN data acquisition surveys, a backdrop that is favourable to CGG.

We are particularly well-positioned to support our clients with our three differentiated core businesses. Q2 commercial activity was high. Our Geoscience business was awarded very large multiyear contracts, while Sensing and Monitoring had record quarterly order intake. At the end of June, our Group backlog stands at $510 million, up 54% year-over-year, the highest backlog since 2020.

Looking at our Q2 financial performance, we had a good quarter despite volatility in our Earth Data business, with around $20 million of late sales slipping from end of June to early July. Geoscience revenue at $80 million was up 14% year-on-year, driven by increased activity worldwide and our technology differentiation. Earth Data sales at $62 million were down 5% year-on-year when adjusted for transfer fees and US land library sales.

Sensing and Monitoring was very high at $146 million, significantly up 222% year-on-year, mainly driven by OBN equipment deliveries. Overall, our Q2 revenue reached $289 million, up 20% year-on-year. Segment EBITDA was $104 million, a 36% margin related to business mix. Q2 net cash flow was a negative $79 million, including $45 million negative change in working capital, mainly related to SMO.

Data, Digital and Energy Transition key financial indicators

Moving on to slide seven. DDE segment revenue was $142 million in Q2, flat compared to Q1 and down 27% year-on-year, with double-digit growth in Geoscience and lower Earth Data sales compared to the exceptionally high second quarter in 2022. Profitability was impacted by a low level of after-sales this quarter.

Geoscience key business indicators

Now going into the business lines with slide eight in Geoscience. Geoscience external revenue was $80 million in Q2, up 14% with growth coming from all regions. The Geoscience business is back to pre-COVID 2019 levels, thanks to strong demand, but also because of our technology differentiation and increasing market share.

The market is active with a high level of bid submissions worldwide and more high-end data being acquired, such as with ocean bottom nodes to image-producing reservoirs. Backlog is up 19% year-on-year. The total production per head KPI continues to strengthen and is now up 10% year-on-year and back to 2019 levels. In parallel, we continue to actively add computing power to be able to run more and more advanced algorithms. As of the end of June, we reached 371 petaflops.

Geoscience – Q2 operational highlights

On slide nine. In Geoscience, demand for our unique Elastic full waveform inversion is very high, driven by North America and growing worldwide, in line with increasing OBN acquisition activity. Our differentiated images deliver a highly impactful precise image of the subsurface.

In this example from the Santos Basin in Brazil, you can see the stunning images of the subsurface provided by our acoustic full waveform imaging model to the left and the 25-hertz elastic full waveform imaging model to the right. The carbonate reservoir, in darker red, just below the salt in yellow, is remarkably clear, as is the green shale source rock below the reservoir.

This level of structural precision and geologic detail directly from the data-driven seismic imaging significantly reduces the risk of exploration, improves reservoir development, and is critical for optimising well placement.

Looking at our Beyond the Core initiatives, we see strong momentum for our Data Hub offering with new pilot tests in progress for various clients. Many players are positioning within the CCUS market, including our traditional oil and gas clients. CCUS will further accelerate, especially as frameworks and fiscal regimes in the various countries continue to become clear.

Geographically, we see stronger demand in North America, the North Sea, and Australia. Most of the demand for our services in CCUS is around the screening for potential reservoirs, which includes both processing and geological integrated studies, as well as long-term monitoring design. We have been recently awarded CCUS imaging and monitoring design project, the first for CGG, and an area we expect will continue to grow.

Our HPC initiatives are progressing well with the new UK HPC hub expected to be operational in Q3 2023 and the BioSimulytics contract, which was signed in May, and starting delivery of HPC services in June.

Also, in the context of reducing our overall carbon intensity, our Houston HPC Hub recently switched to green electricity, making a significant impact on our Scope 2 emissions.

Step technology improvements drive a new wave of reprocessing

Now moving on to slide 10. Since the successful introduction of our full waveform inversion algorithms, our market share has significantly increased as we have generated demand for the reprocessing of existing data sets and particularly in the Gulf of Mexico.

New OBN data also greatly benefited from our CGG proprietary techniques and these advanced algorithms, as can be seen in this example of Mad Dog field. These more precise images help our clients understand their reservoirs and better position their development wells, saving them millions of dollars. It also helps identify potential new reserves that were not previously visible.

Earth Data key business indicators

Now going into Earth Data, slide 11. Q2 Earth Data pre-funding revenue was solid at \$42 million, bringing the pre-funding rate for the first half of the year to 84%. Earth Data cash CAPEX was \$64 million this quarter, down 15% year-on-year. After-sales were \$20 million this quarter with around an additional \$20 million slipping to close in early July instead of June.

Clients continue to underinvest in the data required for exploration. While offshore exploration budgets have increased around 15%, 20% year-on-year, spend remains prioritised around drilling. I expect we will continue to see gradually increasing data purchases as clients need to acquire new reserves to meet demand. We see this reflected in our year-to-date order intake, especially as the IOC's proportion of spend continues to grow.

Earth Data – Q2 operational highlights

Slide 12. The Earth Data team in charge of operation had a very busy second quarter. In Brazil, we completed, in partnership with TGS, Foz do Amazona Phase II. In the North Sea, we completed the NVG East-West 2023 survey and launched two OBN surveys also in partnership with TGS.

During the quarter, we also performed multiple reprocessing projects, including our stack size survey in the Green Garden area of the Gulf of Mexico, and launched our Uruguay reprocessing project, covering an area of 25,000 square kilometres, which is well pre-funded by clients. Our objective is to continue expanding the strong positions that we have in our core basins while developing positions in new basins with the most potential.

Earth Data – Minerals & Mining & CCUS

Slide 13. In Earth Data, our Beyond the Core focus is on CCUS and Minerals & Mining. We kicked off the Arizona multi-physics airborne acquisition project aimed at supporting the minerals and mining industry explore for new areas, and mainly for copper production. This project totals 27,000 line kilometres and is attracting high industry interest with the current six potential clients, and we have already secured a pre-funder.

In the Gulf of Mexico, we are capitalising on the success of our CCUS Phase 1 project and are expanding West in Phase II, with the goal of providing multi-disciplinary data to our clients to screen for potential storage reservoirs.

Sensing & Monitoring (SMO) key financial indicators

Now going into Sensing & Monitoring, slide 14. Our Q2 Sensing & Monitoring segment revenue was very high at $146 million, up 222% year-on-year. It came mainly from marine sales at $84 million, driven by deliveries of OBN products.

Sales from Beyond the Core, which now includes Geocomp which we purchased last year, were also up at $11 million, mainly for structural health monitoring projects. The profitability of SMO reached a high 23% adjusted EBITDA margin, thanks to the high level of sales, a favourable sales mix, and the absorption of fixed manufacturing costs. This represents a 42% fall-through compared to a year ago.

Sensing & Monitoring – Q2 operational highlights

Slide 15. Q2 was a very busy quarter for our SMO business, both commercially and operationally. SMO saw record quarterly order intake at $238 million, and our manufacturing plants were busy, producing large quantities of vibrators and OBN GPR nodes.

Looking at our BTC businesses, SMO made significant progress during the quarter with first commercial successes in the US for the earthworks and Wind Farm structural health monitoring technologies.

And now let me give the floor to Jérôme for more financial details.

Financial Review

Jérôme Serve

CFO, CGG

Thank you, Sophie. Good afternoon and good morning, ladies and gentlemen. I will comment on our Q2 2023 financial results.

Income Statement

Let me start with the income statement on slide 17. As mentioned by Sophie, our segment revenue was 20% year-on-year at $289 million. However, the business mix was very different this quarter with Geoscience and Earth Data together, representing only 49% of the Group revenue, while it is usually closer to two-thirds. This was a result of a strong rebound in our Sensing & Monitoring business this year, while last year, our Earth Data business benefited from an exceptional M&A transfer fee of more than $50 million.

As a consequence, this unusual business mix translated into lower segment EBITDA at $104 million or 36% margin. This quarter's EBITDA was also impacted by circa $10 million extra costs linked to the agreement we have with Shearwater.

Segment operating income was high at $77 million, a 20% margin due to a positive $37 million favourable net book value adjustment following the completion of three multi-client surveys this quarter. IFRS 15 adjustment was $5 million, and IFRS operating income was $82 million. Net income for the quarter was $39 million positive.

Simplified Cash Flow

Moving on to the cash flow statement on slide 18. Q2 2023 segment free cash flow was minus $20 million after a negative $45 million change in working capital, mainly related to our Sensing & Monitoring business. Versus last year, we have a similar change in working capital, but the drivers are different.

Last year was mainly due to the inventory build-up in our Sensing & Monitoring business, while this year, this is driven by a very high level of sales in May and June, which is expected to translate into significant positive cash flow in H2.

Two other points worth highlighting when comparing our free cash flow versus last year. The exceptional transfer fee we mentioned earlier on, was actually cashed in, in Q2 2022. And Q2 last year was also positively impacted by some M&A activities for $18 million. It was the sale and leaseback of our headquarters in Massy, partly offset by the acquisition of Geocomp.

Regarding Q2 2023 CAPEX, this stands at $78 million. Industrial CAPEX was $11 million, including our new Brunei[?] HPC data centre. Research and development CAPEX was $5 million, pretty stable. And multi-client cash CAPEX was $64 million, 60% pre-funded for the quarter, 82% pre-funded for the semester.

Overall, Q2 2023 net cash flow was minus $79 million, and H1 2023 net cash flow was minus $78 million.

Looking at our full-year financial guidance, despite the potential unfavourable euro-dollar and pound-dollar exchange rate, we confirm our guidance for both EBITDA and cash breakeven before change in working capital.

Balance Sheet

Moving on to slide 19, the Group balance sheet and capital structure. The Group liquidity amounted to $225 million at the end of June, excluding $95 million of RCF, which was still undrawn. Before IFRS 16, Group gross debt was $1,189 billion, and net debt was $969 million.

Net debt is actually $110 million higher than as of December last year 2022, coming from the negative $80 million net cash flow of the semester, and additional $20 million asset financing, as well as a negative impact of $10 million linked to the foreign exchange.

After IFRS 16, Group gross debt was $1,283 billion, and net debt was $1,063 billion at the end of June 2023. Segment leverage ratio of net debt-to-EBITDA was 2.6 times at the end of June.

Now, I hand the floor back to Sophie for conclusion and an outlook on the market performance.

2023 Outlook

Sophie Zurquiyah

CEO, CGG

Conclusion

Thank you, Jérôme. And let me finish with slide 21, Conclusion. So this quarter confirms the generally positive market trend of the first quarter. Both Geoscience and Sensing & Monitoring activities are back to pre-COVID levels, while Earth Data is strengthening, but remains volatile and selective.

Our clients remain focused on increasing their activities while gaining efficiency and optimising their CAPEX spend. OBN technology and CGG's high-end imaging respond well to these drivers.

Looking forward, we anticipate continued increasing demand for our high-end offerings with Geoscience remaining solid, Earth Data gradually strengthening with continued volatility quarter to quarter, and in SMO, Sensing & Monitoring, we see a growth cycle starting to emerge in select locations, mainly led by NOC activity, both in land and marine.

In this context, I am confident in our ability to deliver our 2023 financial objectives, and I am increasingly positive in the longer-term outlook for CGG.

Thank you very much for your interest. We are now ready to take your questions.

Q&A

Kévin Roger (Kepler Cheuvreux): Yes, hi, good evening. Sorry for the first question, Sophie, but in a way, I am struggling to reconcile what we see on the market. For example, the offshore players, Saipem, Subsea, SLB[?], etc., all of them talking about a very strong cycle in offshore. And on your side, in terms of late sales, we are still at a very low point, $20 million this quarter. Even if we include what you have signed in early July, it is still a relatively low level; probably if I am not mistaken, one of the lowest levels that you have ever achieved. Even during COVID, in a way, you are not at such a low level. So how can we reconcile in a way the current market environment with all the bullish statements that are made by the offshore players and the late sales that we still see on your side?

And as a kind of follow-up, I find interesting in the presentation, the comment that you made on the technology development that you are making that improves the performance in terms of imaging and so are driving away for reprocessing. So, as a kind of a follow-up, the fact that you improved the technology in such magnitude, does it [inaudible], in a way, your other business for late sales because people will just make reprocessing instead of acquiring new data? So, that will be the first global set of questions.

And the second question, just to understand because, on the other side of the story, it is clearly getting traction. For Sercel, it is a huge jump that we have this quarter at almost $150 million. When I see marine at $80 million plus, is it related to the nodes, just to be sure? And because you have signed the mega crews for the coming quarters, what should we expect in terms of magnitude in terms of top-line for Q3 and Q4? Is it still $150 million around, or a one-off and we go back to $110 million, $120 million, something like that?

Sophie Zurquiyah: Okay. Thank you, Kévin. Thank you for the very, very precise and challenging questions. By the way, I am asking myself exactly the same question as you are, so we are on the same page. And I have some hypotheses and some answers.

So, first of all, I want to correct for everyone, the level of after-sales. So, I can tell you, Q1 2021 was $19 million; Q2 2021 was $20 million. So, we have seen before this level of $20 million. It is not great. But again, you have to add the $20 million that really, we should have had, was all signed and ready to go and got delayed by just a few days. So that is $20 million. So truly, the number you need to look at is $40 million.

So is it enough? Probably, I would like to have a higher number. But now if you compare to the previous quarter or to the year before, if you correct for the transfer fee, it is still an improvement. So we are seeing an improvement. It is not as large as, for example, the offshore rig guys or even what Schlumberger, SLB, was stating. And I suspect it is because within that exploration portfolio if you want, we do not all see exactly the same market.

So I think the clients are starting with the drilling side of the exploration wells, and they are experiencing quite high inflation from those rigs, and that money is going there as the priority. So in a way, the after-sales, which is planning for the longer term and the longer cycle exploration, is still a little bit on the back burner.

The encouraging sign that I pointed out is the IOCs because the IOCs used to be the big buyers of this after-sales and doing that long-term exploration. They are kind of coming back. They represented less than 20% of our revenue mix during COVID times, and they are ramping up to now becoming 30% where, in the traditional, the good times, they were 40%. So there is still room to grow for IOCs to come back.

Do I think they will come back? Yes, I think they will come back. But again, you need those exploration CAPEX to be adjusted enough to include the inflation from other parts of the supply chain to really give room to these data sales. So that is the first question.

The second question on SMO, a huge jump, yes. So, the $84 million is a mix of streamers. So we are seeing some improvement in streamers. There are replacement streamers that are being bought. And then it is a combination of streamers and OBN. And we do expect to see quite strong quarters – I am not going to give you the exact numbers, but strong quarters for Q3 and Q4.

You have a follow-up question?

Kévin Roger: Yes. No, it was just to rebound, and sorry to be brutal in a way. But even when we talk about IOCs, for example, we are hearing that Shell is more and more worried about their portfolio in terms of potential projects to be sanctioned[?] in the coming years, etc. So it means that even because they are stressed in their portfolio, they are not acquiring data on your side. So it is just that at the end then, sorry for that, but I am really struggling what could pick up, in a way, a big jump in your late sales, because, in a way, you were mentioning the fact that the IOCs are coming back. But 30% of $40 million remains quite low, in a way.

Sophie Zurquiyah: So yes, you have to remember, all the clients have already things in their portfolio. They have different options. They can try to high-grade whatever they have in their portfolio. So high-grading means trying to optimise the breakeven costs, the breakeven oil price. So they are doing that. They are looking at potentially buying out others, looking at the case of Eni buying Neptune.

So there are different options. And right now, the favourite one is not necessarily to engage in that long-term exploration cycle. But I do believe this is going to have to come back because what they are doing today is not going to be enough to meet the demand. And I think there is a general consensus that demand for all will be much longer than everybody is anticipating. And you do need that longer-cycle exploration to come back.

So, perhaps maybe another colour of why we did not benefit necessarily as a proportion of the spend this quarter. It depends as well on the footprint and the positions we have. So, if you look at Brazil, we have a huge data library and Brazil is not as hot as it was a couple of years ago. Will it come back? Absolutely, yes, because this is an area that is super productive and has a lot of potential.

So there are some cycles to where clients focus their interest. If you look at exploration and development right now, the big focus is on Guyana and Namibia. Namibia is not a multi-client play. It is mostly proprietary acquisition. So we do not get to play in that space, for example. However, then when Brazil picks up again, we will be there. The Gulf of Mexico has been very active for us, so this is great. So it is a bit slow, let us put it that way, in Brazil; for example, may be reflected in those numbers.

Again, I point out volatility because that is what you need to continue expecting. It is not going to be like a smooth straight-line quarter-to-quarter on the after-sales side.

Kévin Roger: Thanks for that, Sophie.

Baptiste Lebacq (ODDO BHF): Just one question, trying to understand the fact that you keep your guidance regarding free cash flow for the full year, but if I am not wrong, in H1, you generate a positive free cash flow, excluding working cap, at $30 million. You are quite positive regarding deliveries from SMO in Q3. And generally, Q4 is very strong in late sales. How could you keep this guidance in this context? Is there something that I missed regarding free cash flow for the H2?

Sophie Zurquiyah: Thank you. I will let Jérôme comment. But I think part of it is going to be the phasing of sales, and so we do see a number of sales being more back-ended than we had planned. And so if you are doing the sales the last month, you end up with a high level of receivables as well. That is definitely impacting the working cap.

But Jérôme, you can comment?

Jérôme Serve: No, I think you said it. I think more back-ended sales, both on our data business as well as some late deliveries for Sensing & Monitoring business. But guidance confirmed[?].

Sophie Zurquiyah: Well, perhaps your question is the guidance was positive outside of working cap?

Baptiste Lebacq: Yes, exactly. Because if I am not wrong, your guidance is ex-working cap. In the H1, free cash flow ex working cap is at plus $30 million. And clearly, in Q3 and Q4, you will have an increase of deliveries from SMO, plus, historically, a very strong Q4 in terms of late sales, but history, let us cross the finger for Q4 this year. So that is my question.

Because if you have some advance, let us say like that, and how could you have lost your advance versus –

Jérôme Serve: You also have the phasing of the CAPEX. You have more CAPEX in H2 than in H1.

Baptiste Lebacq: Okay.

Sophie Zurquiyah: So the question, do we want to do better? Probably we will aim at doing better. At the same time, we have unknowns on the working cap. Our real internal goal would be to be breakeven, including working cap. And there are always unknowns about how we land on the working cap. But yes, we are always aiming to do better than what we guide.

Baptiste Lebacq: Thank you. And maybe another question, if I can. It is regarding the pre-funding level, which is going down this quarter. Because it is clearly surprising when you listen to your comments regarding interest from clients and so on. How do you see the evolution of pre-funding? I know it is very tricky to give an indication. But what is your view regarding the pre-funding in the coming quarter?

Sophie Zurquiyah: So I have always said, I want the pre-funding to have a good pre-funding level. It has to be north of 70%. That is a good number. And it is not a number you should look at on a quarter-to-quarter basis because it can be very volatile. You make a sale of pre-funding. All of a sudden, you recognise that a high level of pre-funding on a survey that is already started. And if you want, that is a catch-up and that could [inaudible] your numbers.

So really, you need to look at a rolling one year, if you want, on a yearly basis. So that is why I was commenting on the year-to-date number, which is 80%, 84%, and we always aim to be north of 70%. So a good survey is not necessarily a survey that has 100% pre-funding, because what you want, you want to be able to sell it again and again and again. And usually, our best surveys are the ones that are around 70% pre-funding and then have a lot of potential of after-sales.

So, I would not read too much into the 66% for the quarter. Really, that H1 is a bit more representative. And I always talk about the 70%, 75%, and I think this year we will end up better than that number, probably north of 80%, I would say.

Baptiste Lebacq: Thank you very much.

Sophie Zurquiyah: And it is a ratio. Do not forget, it is a ratio as well of your pre-funding revenue to your CAPEX. If you look at that ratio for that quarter, Q2 typically has a higher CAPEX because you have the summer season, so you have a bit of a higher CAPEX. Maybe we did not get that catch-up that I was describing in that quarter, so that makes it facially look lower, but there is nothing to read into it.

Baptiste Lebacq: Okay. Thank you.

Jean-Luc Romain (CIC Market Solutions): Good evening. You mentioned a backlog of $510 million at the end of the second quarter, of which, if I am correct, $235 million is for Geoscience. Does that mean that we have a $275 million backlog for SMO? And would that backlog be sold over the second half of this year in SMO? That is my question.

And could you tell me more about the improvement on streamers? It has been quite a long time since you sold any. And how do you see the market for replacement now?

Sophie Zurquiyah: Okay. So maybe I will respond to the question on the streamer replacement cycle, and I will let Jérôme take the backlog question.

But streamer replacement cycle, I did mention that it is going to have a different shape than perhaps we anticipated before COVID. Before COVID, we thought, okay, the service companies might replace the full streamer set on each vessel. So a full streamer set is somewhere around $30 million each, $30 million, $35 million. And I do not think it is going to happen that way. I think it is happening now as a partial replacement of different streamer sets. And we are starting to see some signs of that. So we have always had maintenance, if you want, some sections that we will be selling as a replacement, but we see a little bit more of that. So that is encouraging.

And if you add the sale that we had to KIGAM[?] in Q1. So I do expect we will have probably better streamer sales this year. But I cannot talk yet about streamer replacement cycle.

The good thing is that, on the marine side, we have the very, very strong OBN market that we are able to capture, and that is more than compensating, if you want, for the streamer cycle that is delayed. But that cycle will be a longer cycle and not as high as we would have hoped before COVID. Jérôme?

Jérôme Serve: And your question on the backlog for SMO, we are a bit less than one-third of the $510 million that Sophie was referring to, at Group level.

Jean-Luc Romain: Okay. Can I have one follow-up?

Jérôme Serve: Sure.

Jean-Luc Romain: You mentioned no transfer fees this quarter and big transfer fees last year in the second quarter. The acquisition that Eni is making of Neptune, and, to another extent, the smaller acquisition of Talos in the Gulf of Mexico, could it generate the transfer fees for you?

Sophie Zurquiyah: We are absolutely watching the M&A in the space. My first evaluation showed there will be some, but it would not be a significant number. I would consider this as the recurring, ongoing type of transfer fee, not the exception that we had last year.

Kévin Roger: Yes, a follow-up, if I may. In terms of the balance sheet situation and deleveraging, there has always been some speculation around potential disposal and notably Sercel. So any comments here, Sophie?

Sophie Zurquiyah: I always have the same answer. It is opportunistically that we would consider. If you remember, when we discussed this when you last asked me the question, it was a very low cycle, it was at a low point, and so there was really no point considering it. As SMO improves, it is at the end – when looking at potentially other strategic directions, this is something that is one of the options we look at.

Kévin Roger: And what will be the overall options that you will consider?

Sophie Zurquiyah: So these options are going to be reviewed by the Board in September.

Daniel Thomson (Exane BNP Paribas): Good evening, Sophie. Just one on the SMO market. We obviously had the Saudi mega crew equipment orders placed and taking quite a long time for those to get awarded. But I was just wondering, within the Middle East and the land market, are there any other major mega crew surveys in the headlights over the next six to 12 months that you think could come to market and that you are working towards? Thank you.

Sophie Zurquiyah: Yes. Thank you, Daniel, and good evening. Actually, interestingly enough, Saudi Arabia has announced another mega crew for 2024, but it would be one land mega crew, but twice as large as the mega crews from this year. So it would be like a super mega crew.

Now, of course, the date announced is 2024. This could be slipping, like the others have been slipping, by quite substantially. So that is one that is in line of sight. Interestingly, in Saudi Arabia, they have announced a streamer survey in the Red Sea. So that is another one.

Now, the other opportunities that we are looking at are North Africa, so those could be actually quite large, and also the Asia, India area. So it is not just the Middle East that we are looking at. There are more regions, if you want, where we can sell our equipment.

Okay. Well, thank you. I really appreciate your questions and your attendance in a very, very busy last week of July, and I look forward to seeing you and engaging with you, responding to all your questions after the summer break. So thank you again for taking the time and for your interest.

[END OF TRANSCRIPT]