

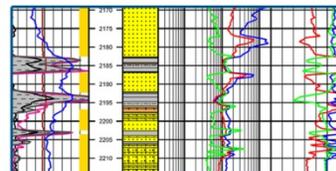
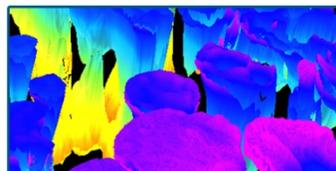
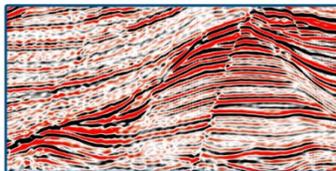
# TGS

Cowen Ultimate Energy Conference, 02 December 2014

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Will Ashby

Director, Finance Western Hemisphere & Investor Relations



*All statements in this presentation other than statements of historical fact, are forward-looking statements, which are subject to a number of risks, uncertainties, and assumptions that are difficult to predict and are based upon assumptions as to future events that may not prove accurate. These factors include TGS' reliance on a cyclical industry and principal customers, TGS' ability to continue to expand markets for licensing of data, and TGS' ability to acquire and process data products at costs commensurate with profitability. Actual results may differ materially from those expected or projected in the forward-looking statements. TGS undertakes no responsibility or obligation to update or alter forward-looking statements for any reason.*

- Leading provider of multi-client seismic data and related geoscientific products to the oil & gas industry
- Main offices: Houston and Oslo  
Regional offices: London, Perth, Calgary, Singapore and Rio de Janeiro
- Fundamental values: Unmatched Quality and Service, Growth for Stakeholders
- Approximately 900 employees
- Traded on Oslo Stock Exchange, in OBX Index (25 most liquid shares at the OSE)
- Market Cap: ~\$2.5 billion

## TGS Main Offices



**Leading and global provider of multi-client seismic data**

## Asset light business model

- Flexibility
- Investment decisions not driven by vessel utilization
- Vendor neutral philosophy allows access to capacity and technology as needed



## Quality

- Balance sheet
- People and culture
- Data processing
- Geoscience

## Global

- Geographically diverse data library
- Leadership in mature basins
- Leadership in frontier basins

# Diversified Portfolio With Different Characteristics

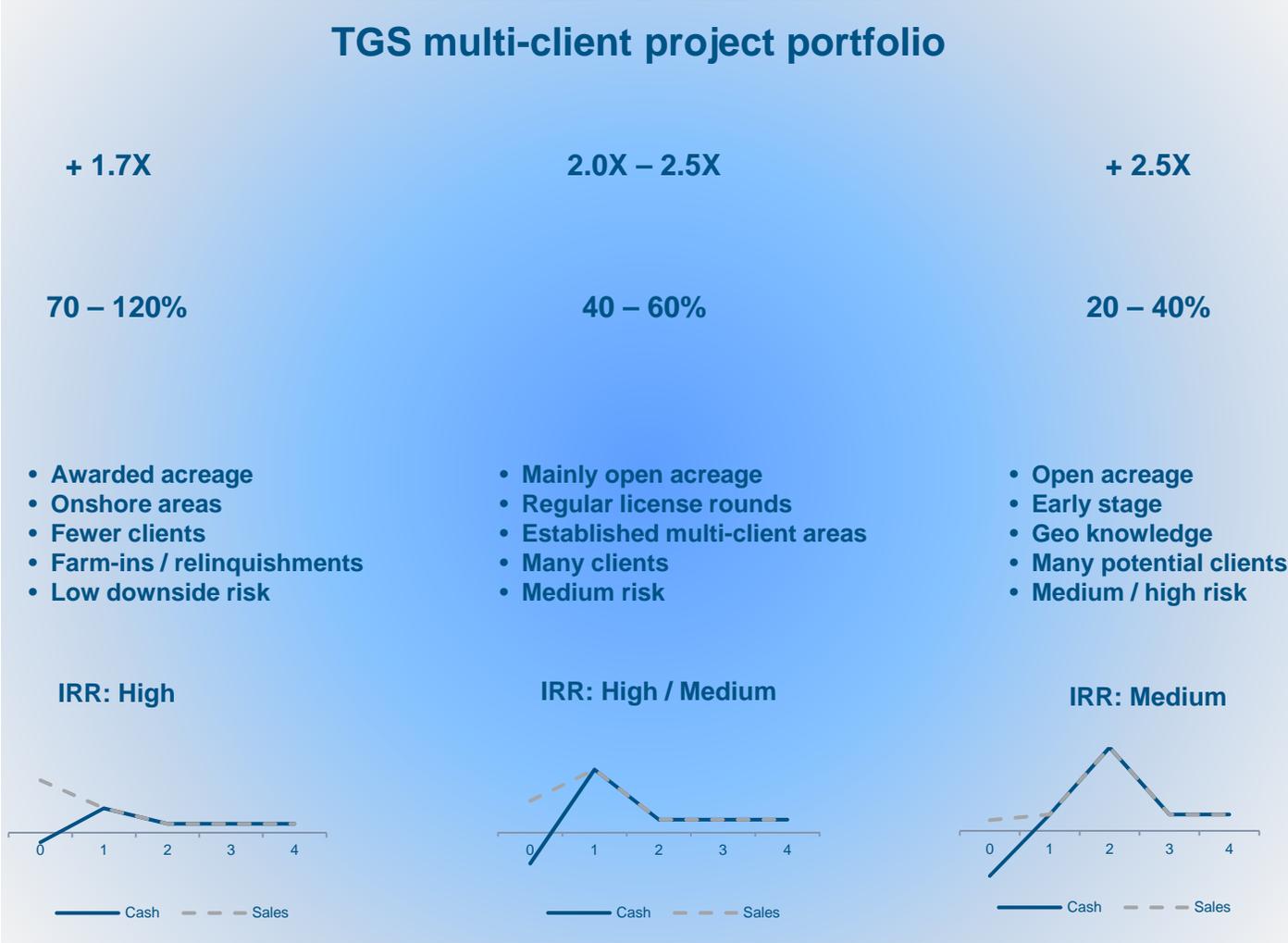


Return targets

Prefunding requirements

Project characteristics

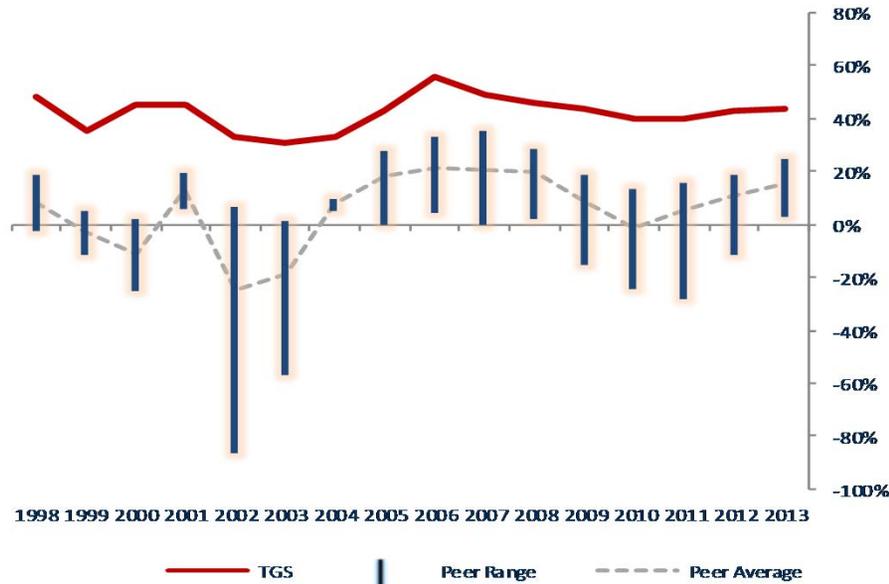
Illustrative IRR / cash profile



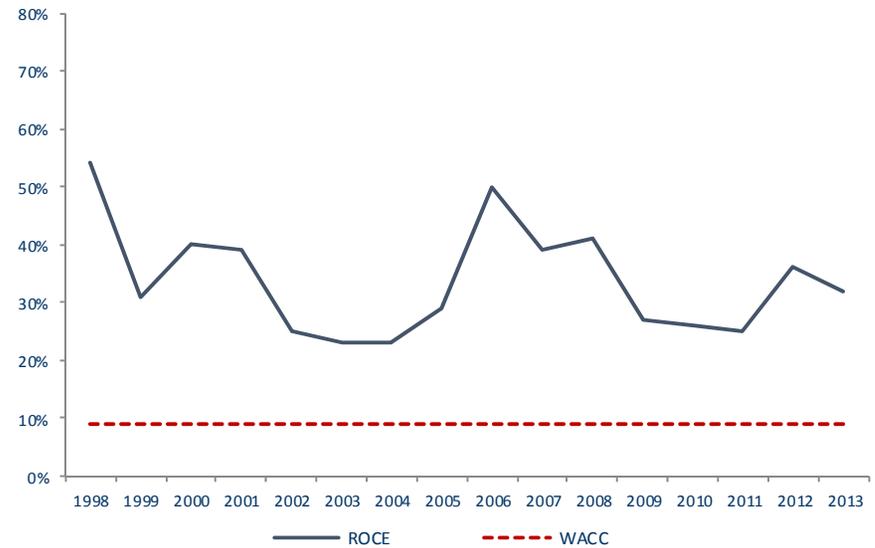
# TGS Performs in all Cycles



EBIT margin vs. Seismic peers



Return on Capital Employed



- Average EBIT margin above 40% - stable EBIT – performance through the cycles
- ROCE significantly above WACC – substantial value creation in any industry cycle

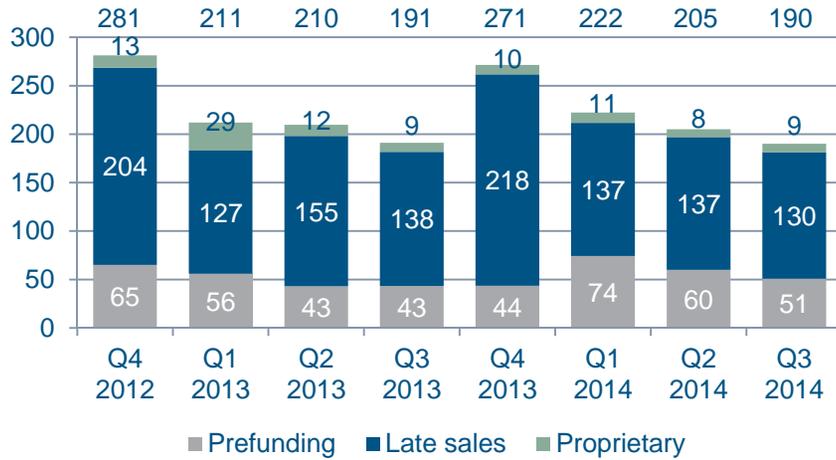
\*Peer group includes CGG, Geokinetics, ION Geophysical, PGS, Western Geco, Dolphin, Polarcus  
Source Platou Markets and TGS

# Financials

# Key Financials



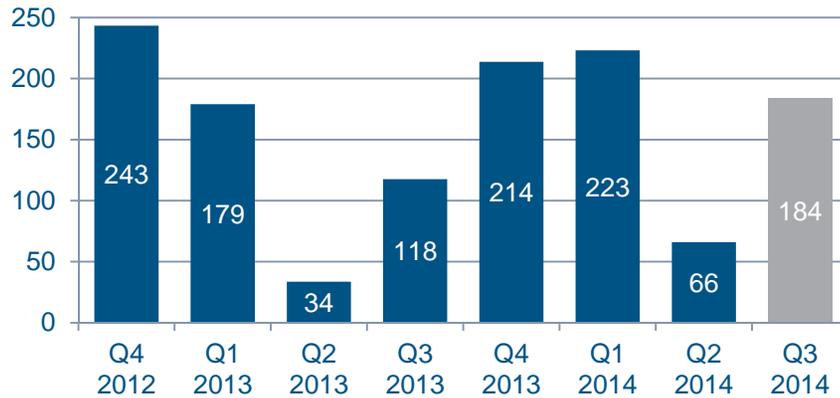
### Net Revenues



### EBIT before non-recurring items



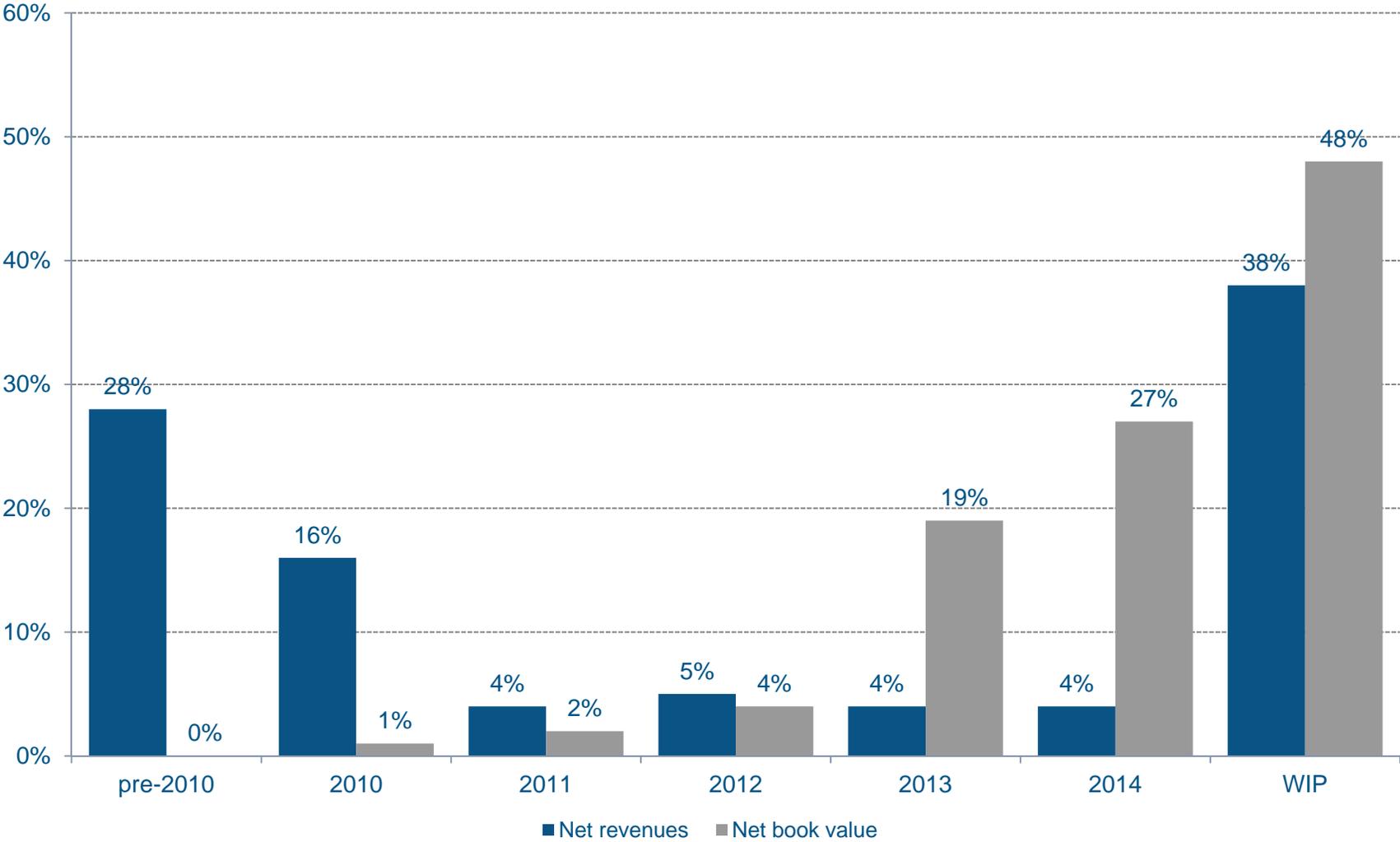
### Cash Flow from Operations



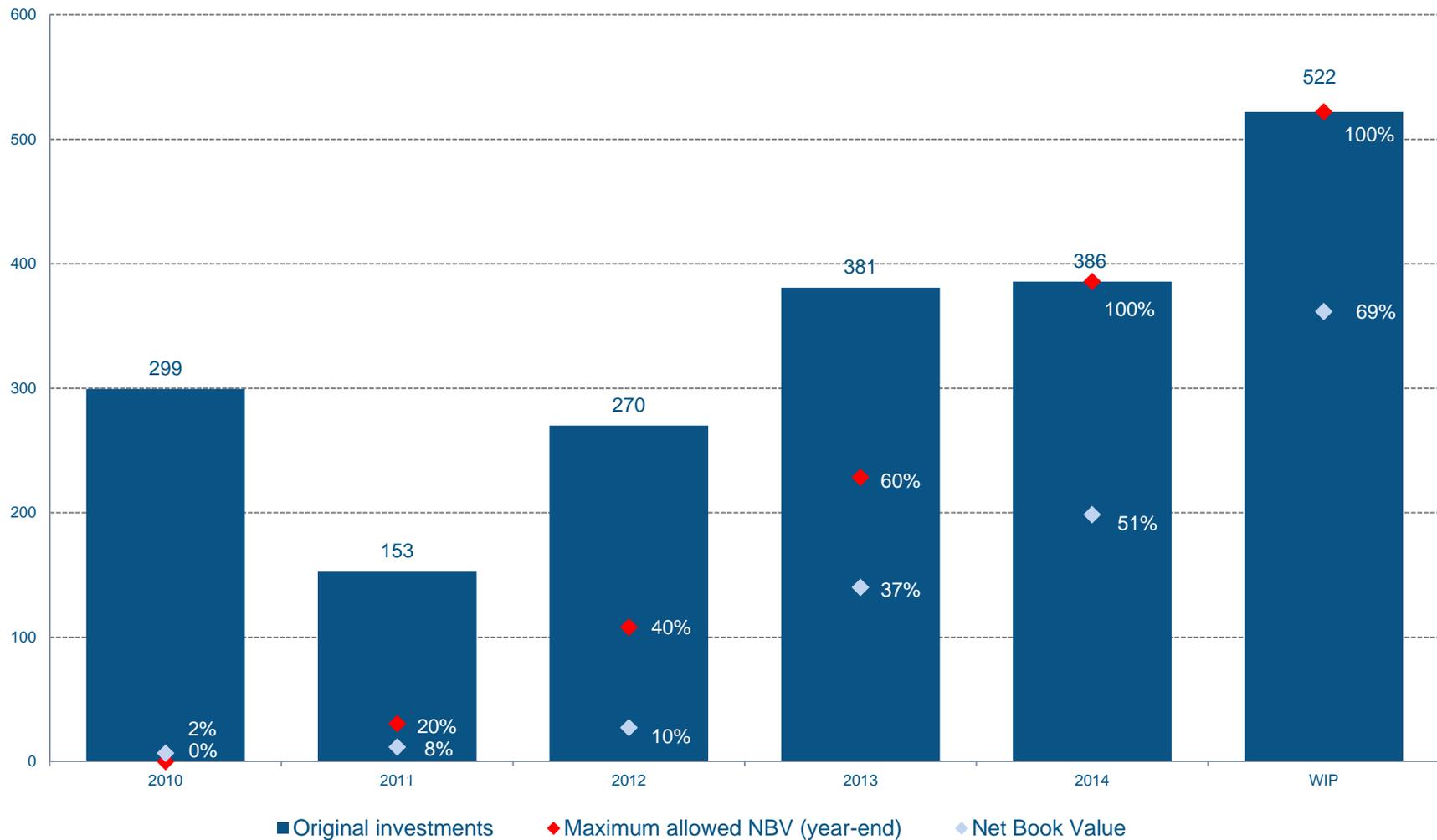
### Multi-client NBV and Investments (operational)



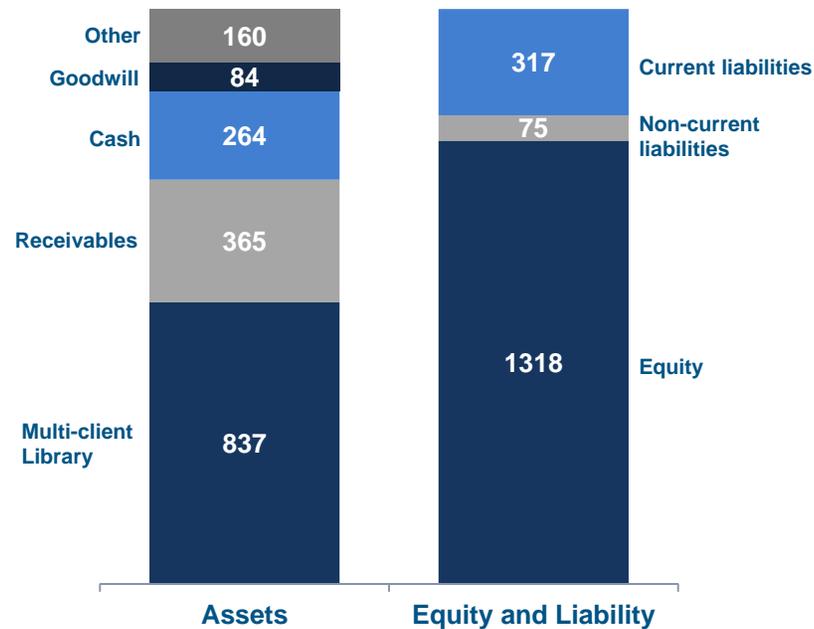
# Q3 2014 Net Revenues vs. Net Book Value per Vintage



# Investments per Vintage (at end Q3 2014)



# Strong Balance Sheet Backing TGS Strategy



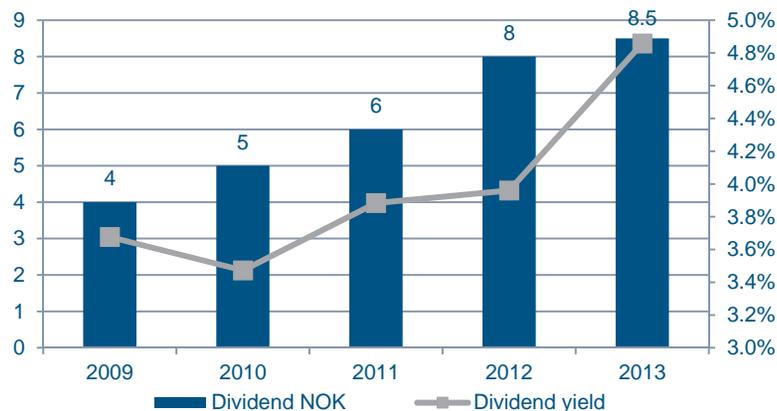
- Cash balance per Q3 2014 represents 264 MUSD
- Dividend of 145 MUSD paid in June 2014
- Strong balance sheet provides excellent opportunities to continue growth
  - M&A
  - Strong credit quality attracts prefunding
  - Flexibility

**No interest bearing debt and strong cash balance**

# Strong Cash Generation Supports Dividend Growth

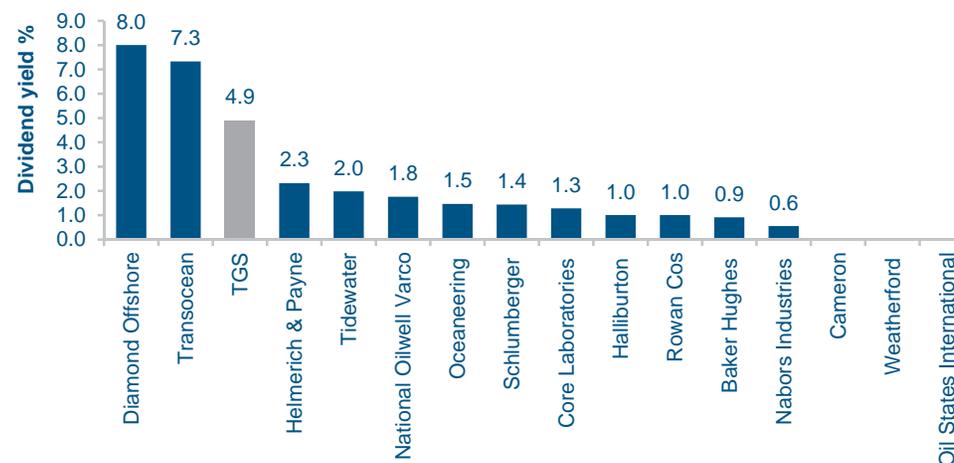


## Dividend per share (NOK) and Dividend Yield\*



\* Dividend yield calculated based on share price at day of announcement

## 2014 Dividend Yield vs. OSX Index\*



\* The OSX Index (PHLX Oil Service Sector Index) is a price weighted index composed of companies involved in the oil services sector.

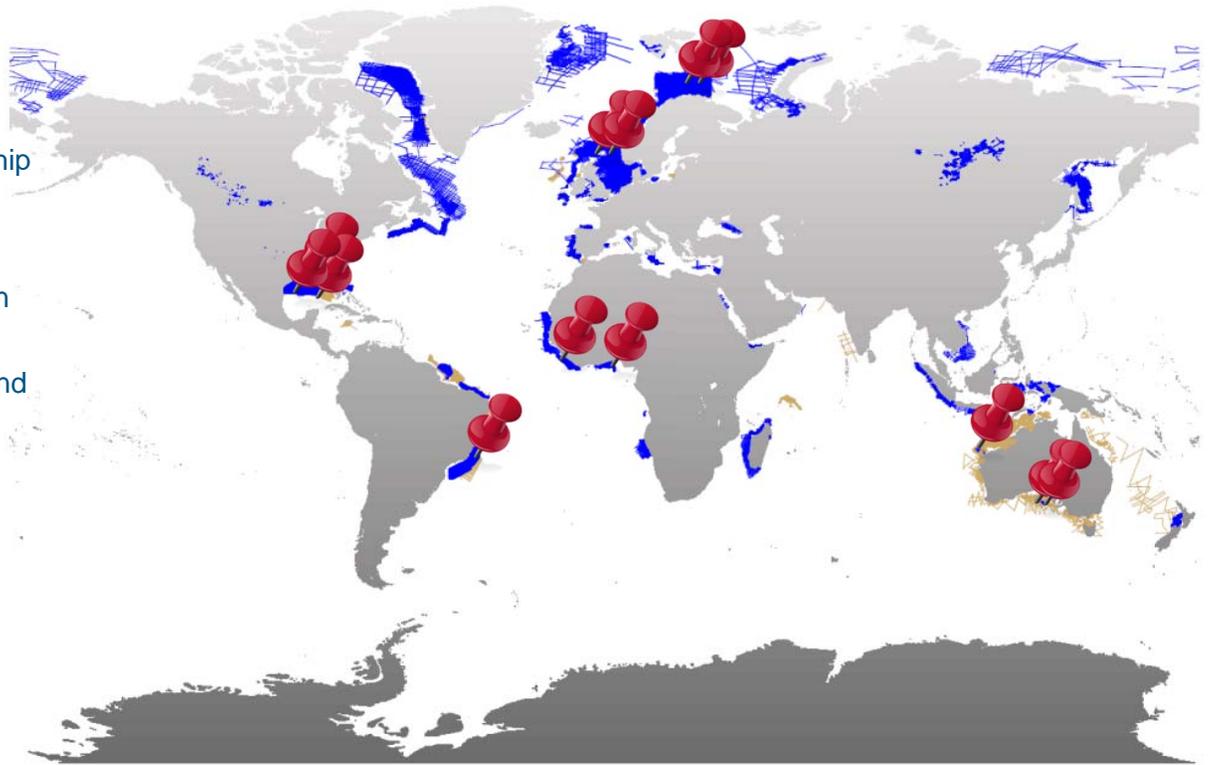
- In addition to an increased dividend, the Board has authorized a share buy back program of USD 30 million of which approximately USD 20.7 million has been implemented at end of Nov 2014
- Dividend and share buy back program represent approximately USD 175 million in cash returns to shareholders
  - NOK 10.3 per share

# 2014 Operational Highlights

# Geographically Diverse portfolio of 3D Projects

## 2014 3D Acquisition

- **Francisco** – 6,700 km<sup>2</sup> long-offset, deep water Gulf of Mexico
- **Olho de Boi**, Brazil – 5,000 km<sup>2</sup> in partnership with Dolphin
- **HFCE14** – 3,100 km<sup>2</sup> Hoop Basin
- **P-Cable™** – approx. 500 km<sup>2</sup> high resolution in partnership with WGP
- **Brendan Basin** – 2,500 km<sup>2</sup> West of Shetland
- **Erlend Basin** – 900 km<sup>2</sup> West of Shetland
- **Nerites** – 8,300 km<sup>2</sup> Great Australian Bight
- **Nerites Season 2** - 13,000 km<sup>2</sup> Great Australian Bight
- **Huzzas** – 2,100 km<sup>2</sup> Barrow sub-basin, Northwest Australia
- **BR-13** – 2,200 km<sup>2</sup> Benin
- **SL Block 4a Extension** – 1,000 km<sup>2</sup> Sierra Leone
- **Panfilo** – 11,500 km<sup>2</sup> long-offset deep water Gulf of Mexico
- **Declaration** – 6,061 km<sup>2</sup> M-WAZ Central Gulf of Mexico
- **Nessie FAN** – 54 blocks full azimuth nodal Gulf of Mexico Shelf

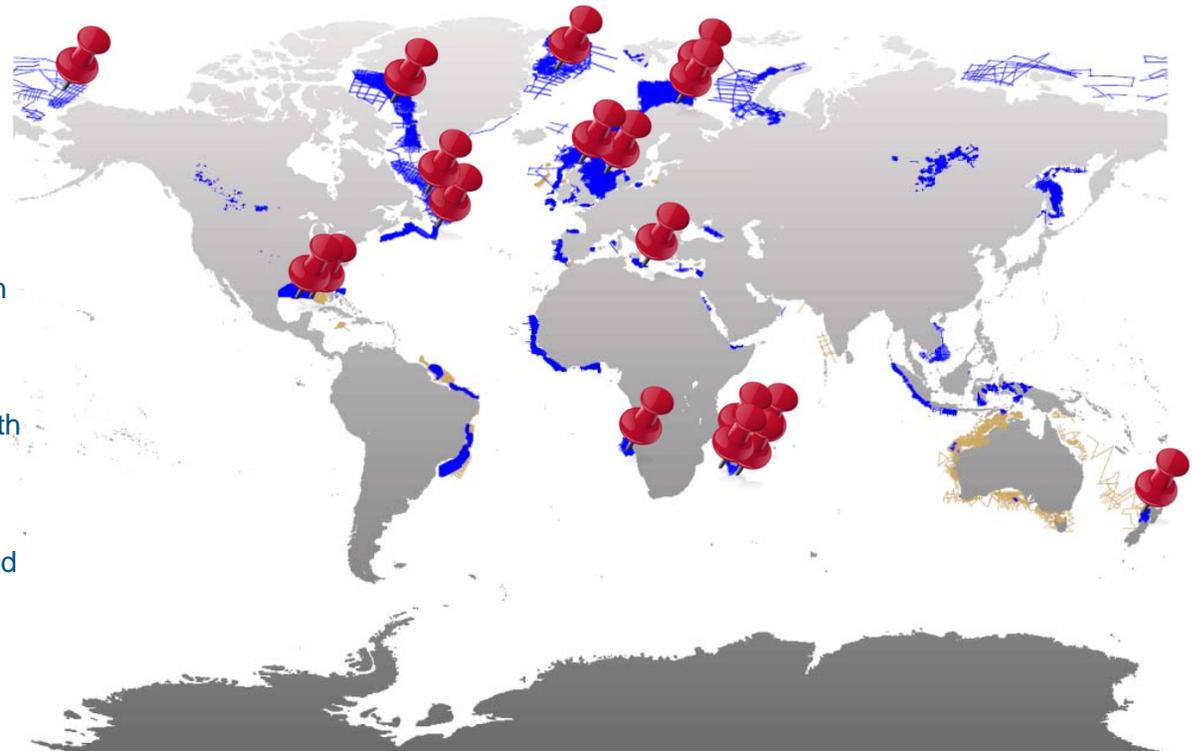


**Diversified portfolio of 3D projects in prolific basins**

# Active year for 2D Seismic Projects

## 2014 2D Acquisition

- **Newfoundland Labrador** - >30,000 km partnership with PGS
- **Snipe Phase 52** - 12,000 km long offset ultra-deep water Gulf of Mexico
- **NBR14** - 9,300 km long offset extension, eastern Barents Sea
- **Northeast Greenland** - 12,000 km (multi-year)
- **MS-14** Madagascar - 1,950 km in partnership with BGP
- **AN-14** and **CSM-14**, Madagascar - 8,800 km
- **New Zealand** - 17,000 km Reinga, Northland and Taranaki basins
- **Mexico** - Vessels secured for entry into Mexico and U.S. Atlantic (subject to permit)

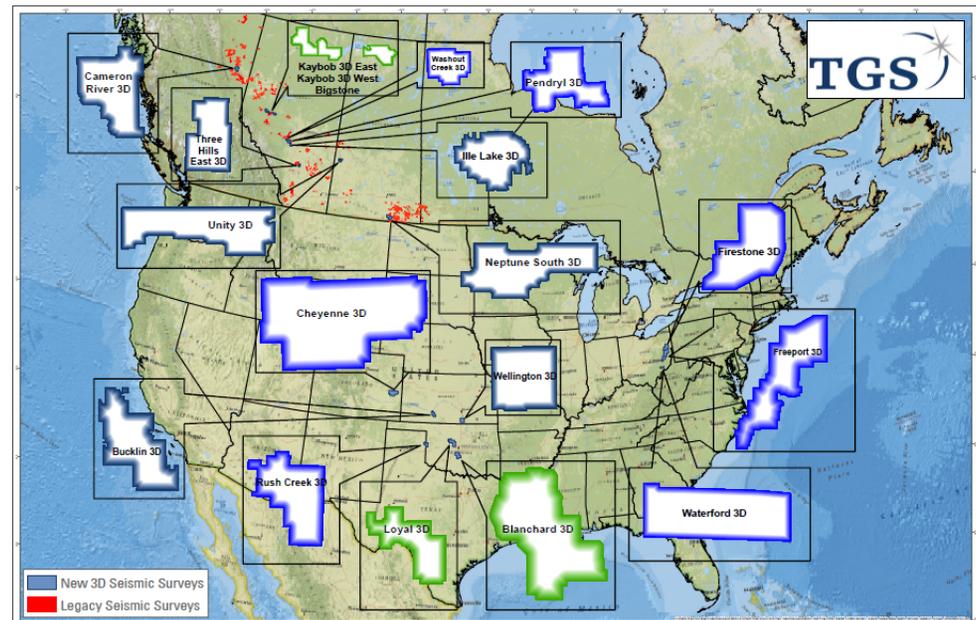


## 2014 2D Reprocessing

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>▪ <b>Phase 47</b> – 23,026 km deep water Gulf of Mexico</li><li>▪ <b>Phase 51</b> - 28,273 km deep water Gulf of Mexico</li><li>▪ <b>NF101 Tail of the Bank</b> - 2,474 km Eastern Canada</li><li>▪ <b>Chukchi Sea</b> - 3,626 km</li><li>▪ <b>West Greenland</b> - 27,700 km</li></ul> | <ul style="list-style-type: none"><li>▪ <b>North Sea Renaissance (NSR)</b> - 10,825 km</li><li>▪ <b>Mid Norway (MNR)</b> - 90,350 km</li><li>▪ <b>Barents Sea South East</b> - 18,326 km (NPD data)</li><li>▪ <b>Madagascar</b> - 20,330 km</li><li>▪ <b>Namibia</b> - 10,167 km</li><li>▪ <b>Malta</b> - 5,613 km</li></ul> |
|---|--|

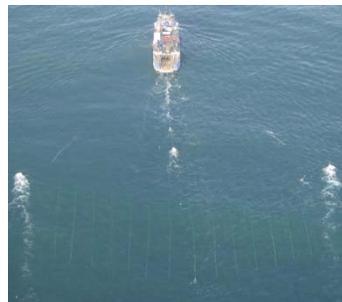
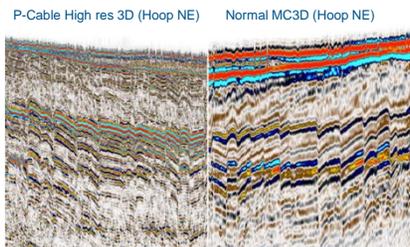
## 2014 Land Acquisition

- **Cheyenne** – 1,800 km<sup>2</sup> multi-client 3D project in Colorado focused on liquid plays in Mississippian and Pennsylvanian intervals
- **Rush Creek** – 440 km<sup>2</sup> multi-client 3D project in Texas focused on Granite Wash, Hogshooter, Cleveland Sands, Atoka and Tonkawa geological trends. Builds on existing 160 km<sup>2</sup> 3D survey recently purchased by TGS
- **Pendryl** – 400 km<sup>2</sup> multi-client 3D project in Central Alberta focused on emerging Duvernay play
- **Washout Creek** – 65 km<sup>2</sup> high density multi-client 3D / 3C project addressing multiple plays in Central Alberta
- **Waterford** – 295 km<sup>2</sup> multi-client high resolution, wide aperture survey targeting the emerging Utica play and other intervals
- **Freeport** – 1,777 km<sup>2</sup> multi-client high resolution, wide aperture survey targeting the emerging Utica play and other intervals
- **Loyal** – 1,526 km<sup>2</sup> multi-client survey in the Oklahoma STACK play fairway which includes the prolific Woodford Shale
- **Kaybob-Bigstone** – 722 km<sup>2</sup> multi-client survey in West Central Alberta which will expand TGS' coverage of the emerging Duvernay play

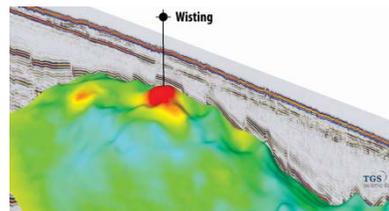


# Enhancing Value through Technology

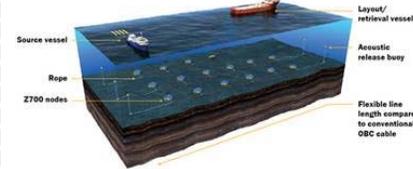
- TGS applies appropriate technologies to address imaging challenges associated with specific geologies and operating environments
- TGS acquires complementary data products to expand and enhance its geoscience data library



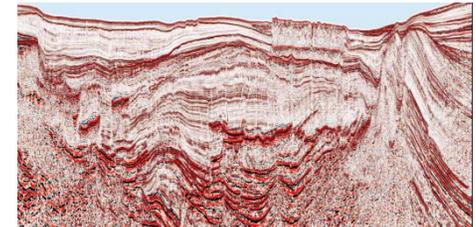
**P-Wave™**  
(Images courtesy of WGP / TGS)



**CSEM**  
(Images courtesy of EMGS / TGS)

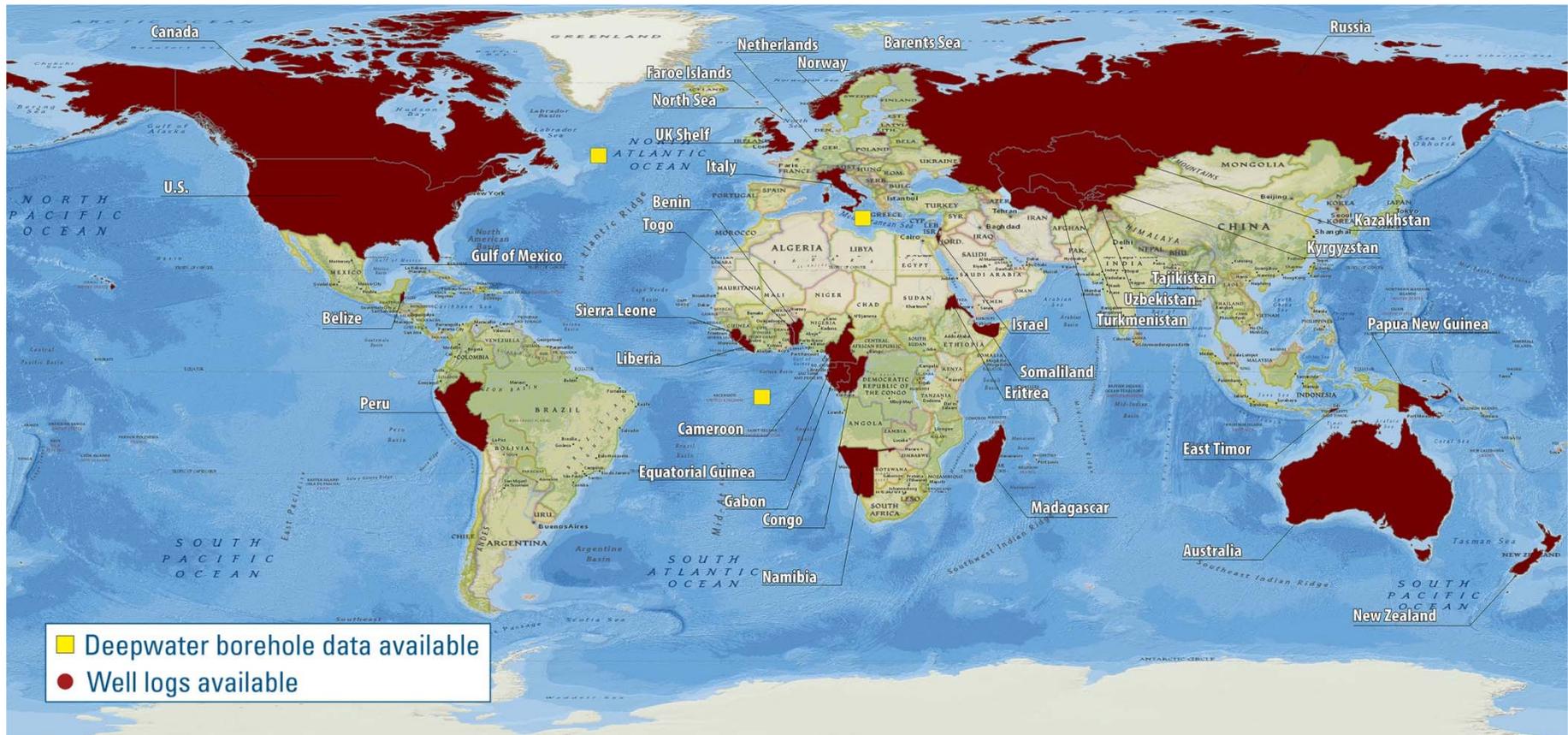


**Ocean Bottom Nodes**  
(Images courtesy of Fairfield)



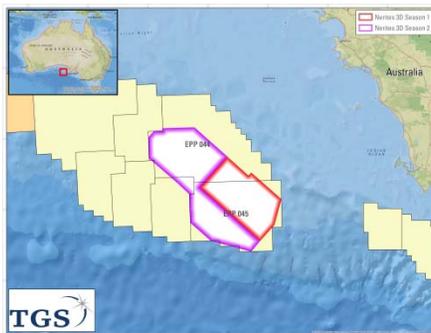
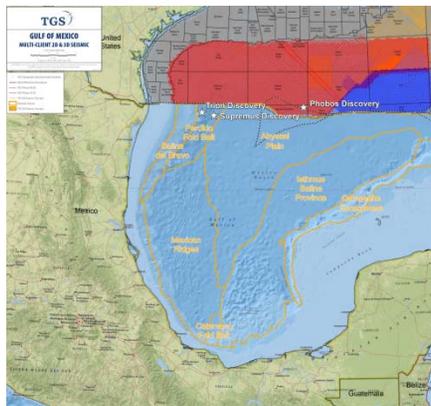
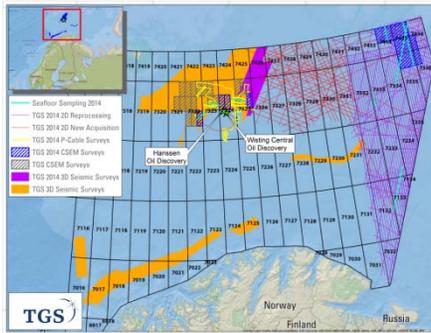
**Clari-Fi™ Data Processing**  
(Images courtesy of TGS)

# Well Log Coverage by Country



- TGS owns and manages a global well log database
- Strong synergies with multi-client seismic data business

# Outlook



## ■ Macro Outlook

- Near-term uncertainty in exploration spending has been increased by negative oil price development
- Likely that energy companies will continue their efforts to reduce capital expenditures and become more selective when prioritizing investments

## ■ EUR

- Awaiting official announcement of the Norwegian 23rd Licensing Round
- 2014 season of Greenland 13,000 km multi-year program to complete in Q4

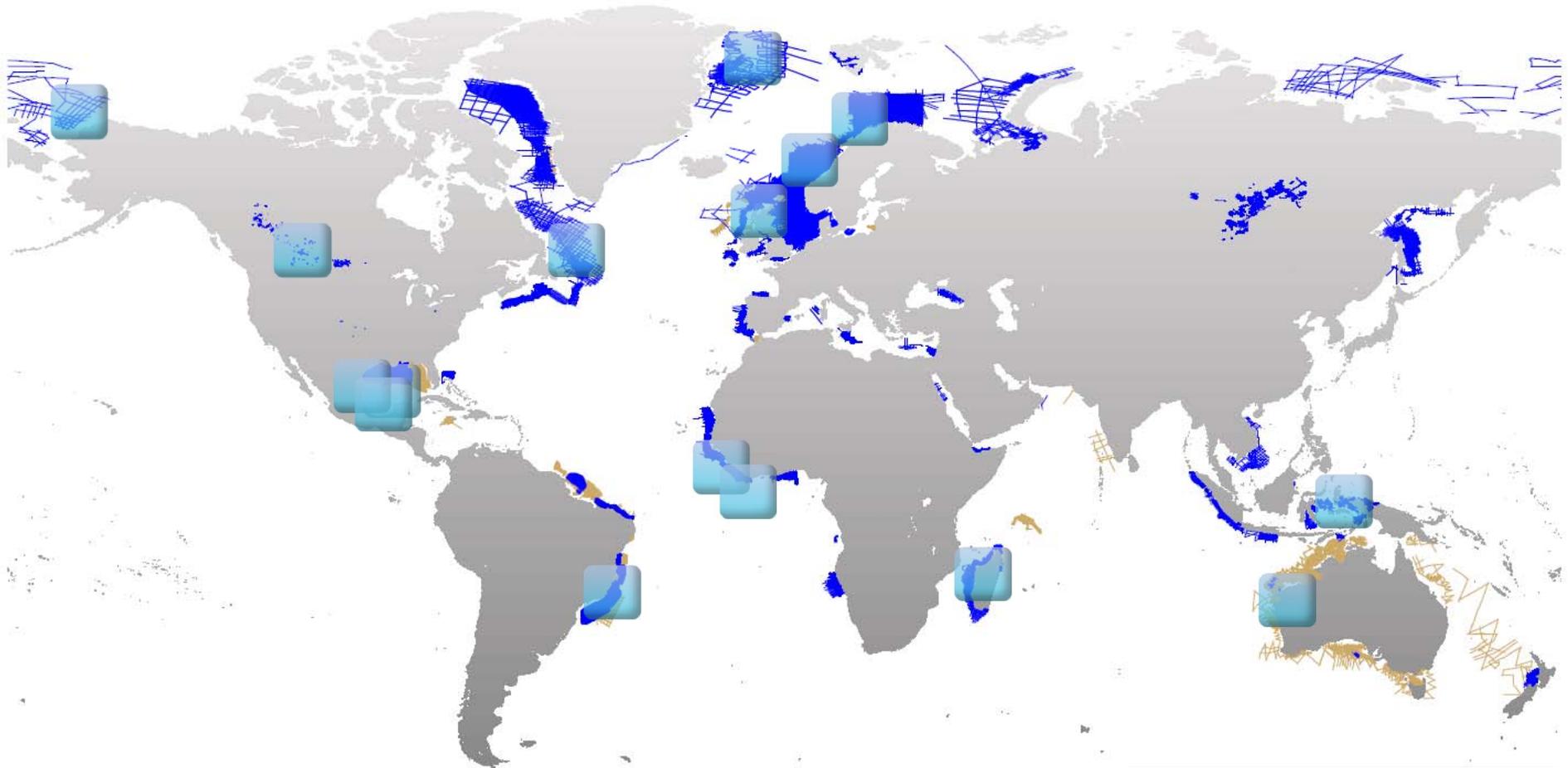
## ■ NSA

- BOEM has commenced process to develop next five year leasing program in U.S (2017-2022)
- TGS expanding library in core Central GOM region with Nessie FAN™, Ogo FAN™, Declaration multi-WAZ, Panfilo 3D and Snipe Phase 52 2D programs
- Sectors announced for Newfoundland Labrador's new Scheduled Land Tender system
- Vessels secured for entry into Mexico & U.S Atlantic (subject to permit)
- Onshore investment continues during Q4 and 2015 (including Utica, SCOOP and Duvernay plays)

## ■ AMEAP

- 13,000 km<sup>2</sup> Nerites Season 2 expected to commence Q4 2014
- 17,000 km 2D multi-client survey in Northwest New Zealand
- Awaiting further Africa license round announcements

# License Round Activity and TGS Positioning



## North & South America

- Central GOM – Mar 2015 (5-Year Plan)
- Western GOM – Aug 2015 (5-Year Plan)
- Alaska Offshore - 2016 & 2017 (5-Year Plan)
- Newfoundland & Labrador – Scheduled Land Tenure system
- Canada Onshore – at least monthly
- Brazil - mid-2015 (expected)
- Mexico – 2015 (Round 1 phased across 2015)

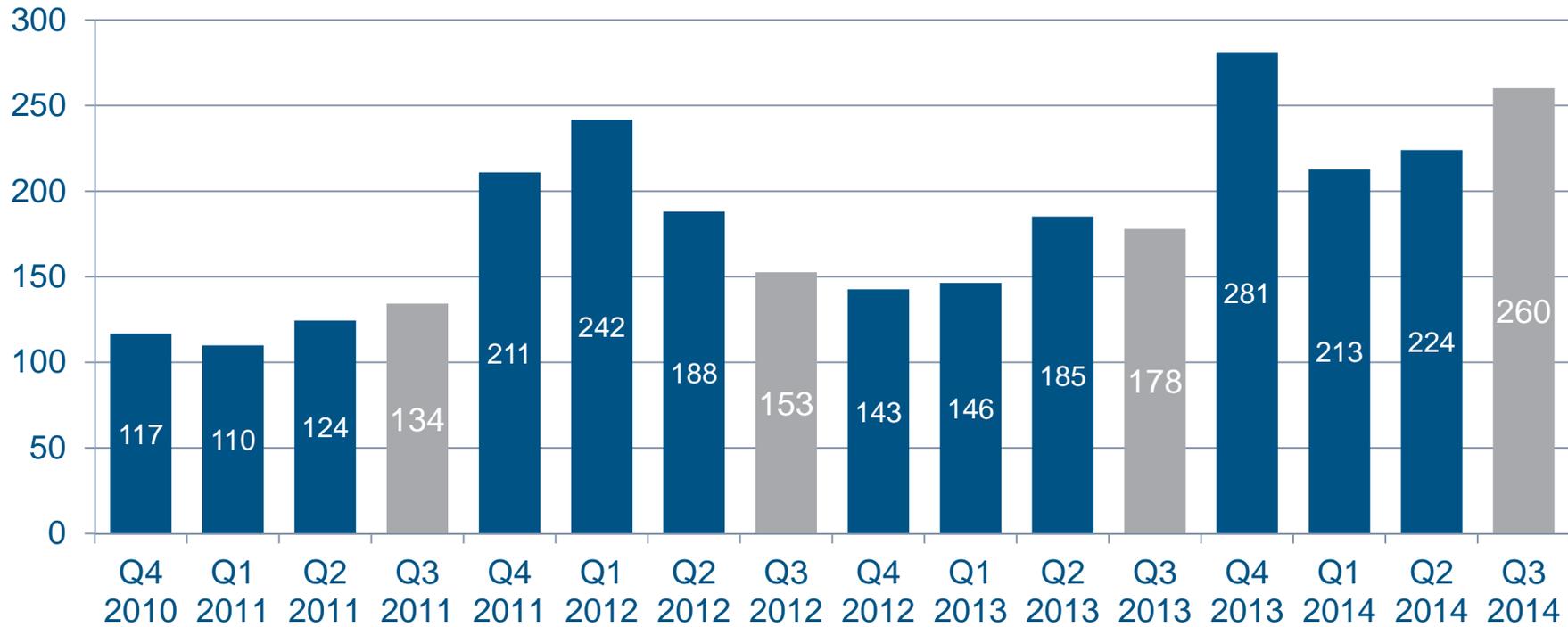
## Africa, Middle East, Asia Pacific

- Madagascar – 2015 (expected)
- Sierra Leone – 2015 (expected)
- Liberia – Harper Basin 2015 (expected)
- Australia – Feb 2015 & Apr 2015 (bids due)
- Indonesia – 2015 (expected)

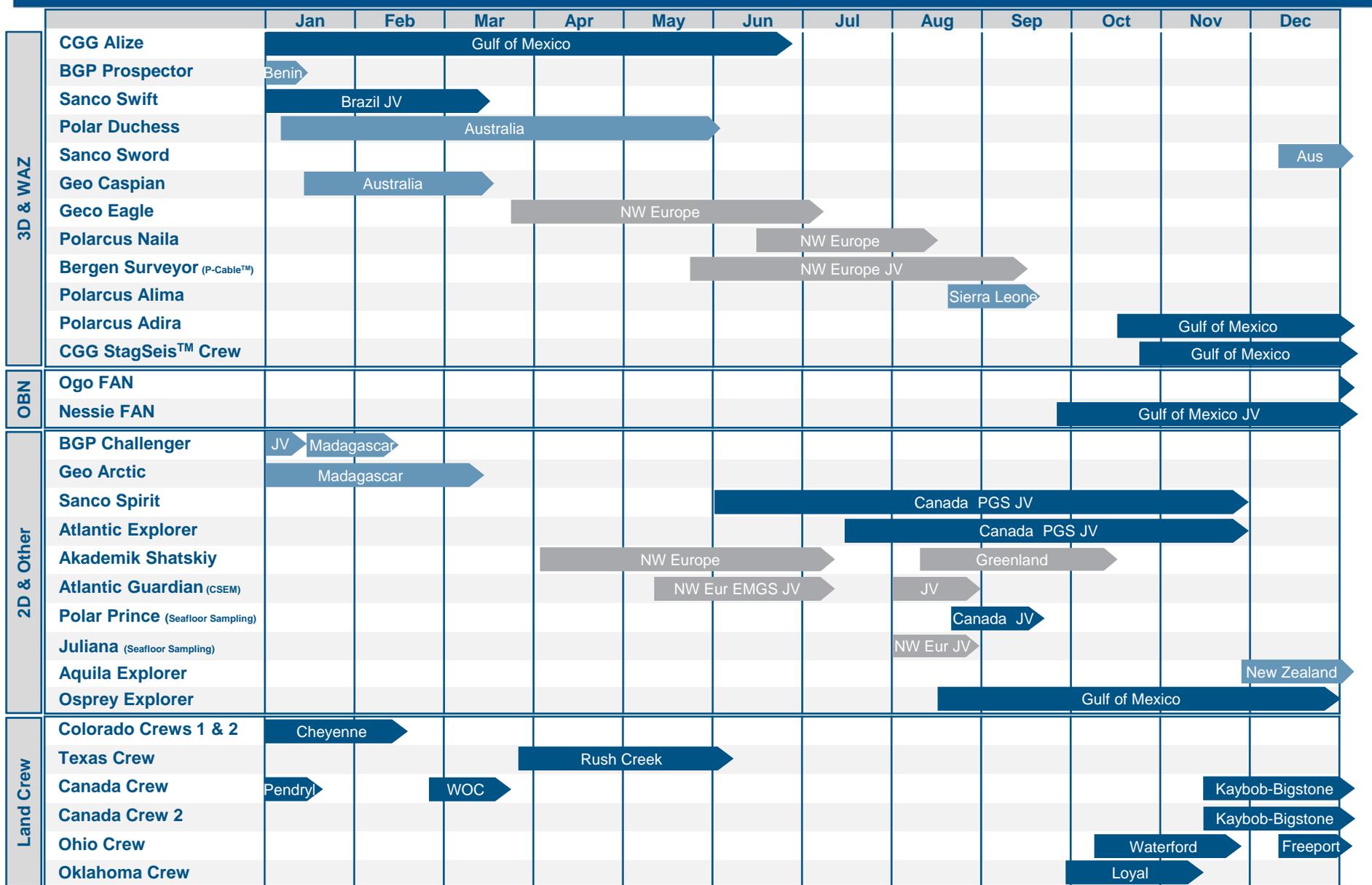
## Europe / Russia

- Norway APA – awards 1H 2015, next round 2H 2014 (expected)
- Norway 23<sup>rd</sup> Concession – 2H 2015 (bids due)
- United Kingdom – 2015 (expected)
- Greenland – Three rounds planned 2016-18

## Historical Backlog (MUSD) 2010 - 2014



# Capacity Secured for 2014



- 2014 on track with Q3 revenues of 190 MUSD
- Q3 2014 Operating profit of 71 MUSD, 38% of net revenues
- Q3 2014 multi-client investments of 93 MUSD (55% prefunding)
- Strong backlog entering into 2015
- Near term uncertainty in exploration spending
  - Important events expected in 2014 including Norwegian 23rd Exploration Round blocks
  - Long-term future of asset-light, focused multi-client business remains strong
- Guidance for 2014 unchanged:
  - Multi-client investments 390 – 460 MUSD
  - Average pre-funding 45 – 55%
  - Average multi-client amortization rate 40 – 46%
  - Net revenues 870 – 950 MUSD
  - Contract revenues approximately 5% of total revenues



# Thank you

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Will Ashby  
Director, Finance Western Hemisphere & Investor Relations

[WWW.TGS.COM](http://WWW.TGS.COM)