



Barclays' CEO Energy Conference 2020



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Forward-looking statements

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.

Highlights



Challenging market conditions near-term



Long-term drivers intact – increased exploration efforts needed to meet future oil and gas demand



Structural changes to the industry needed

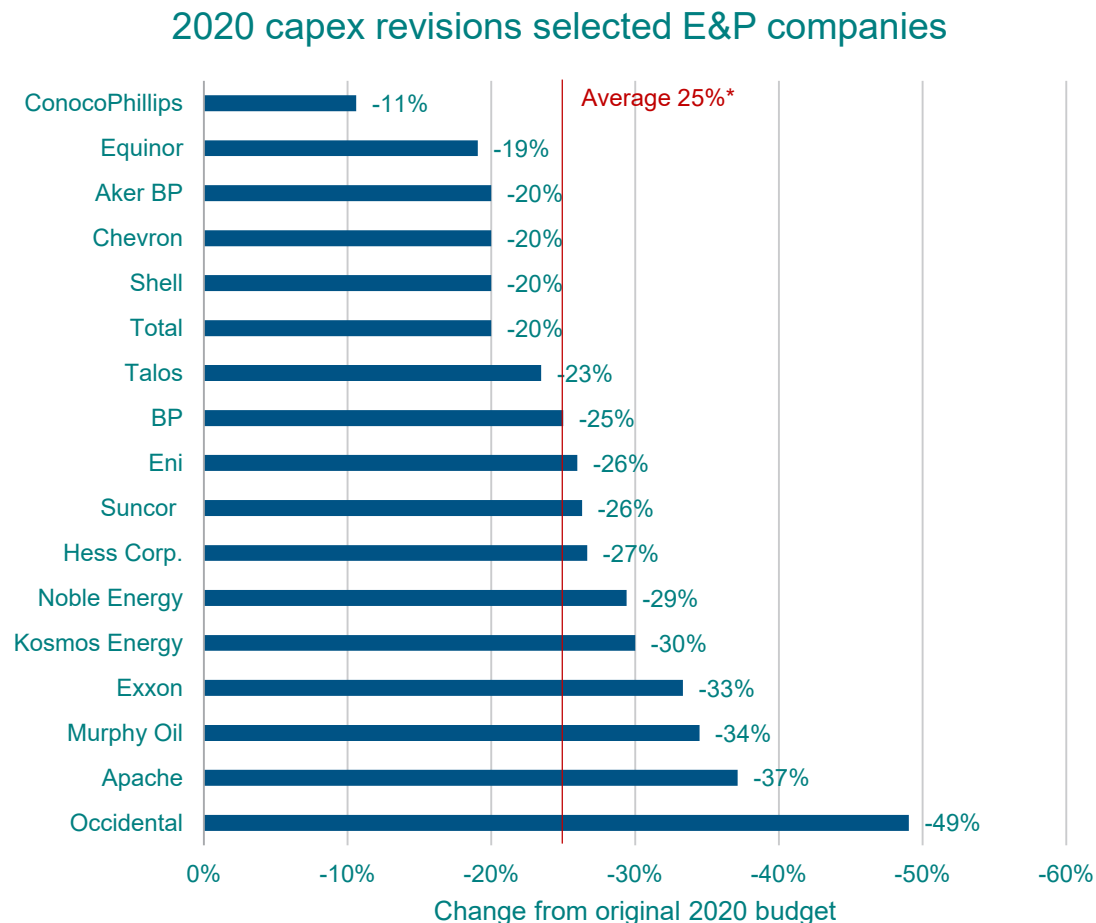


TGS continuing to invest counter-cyclically in key areas



Energy transition creates opportunities for TGS

Challenging market in the near-term

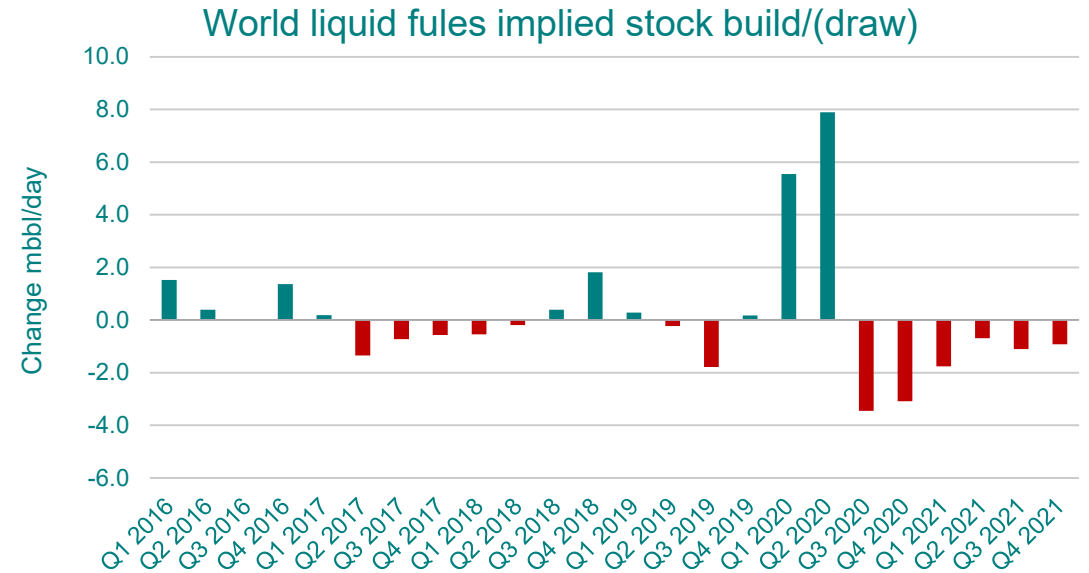
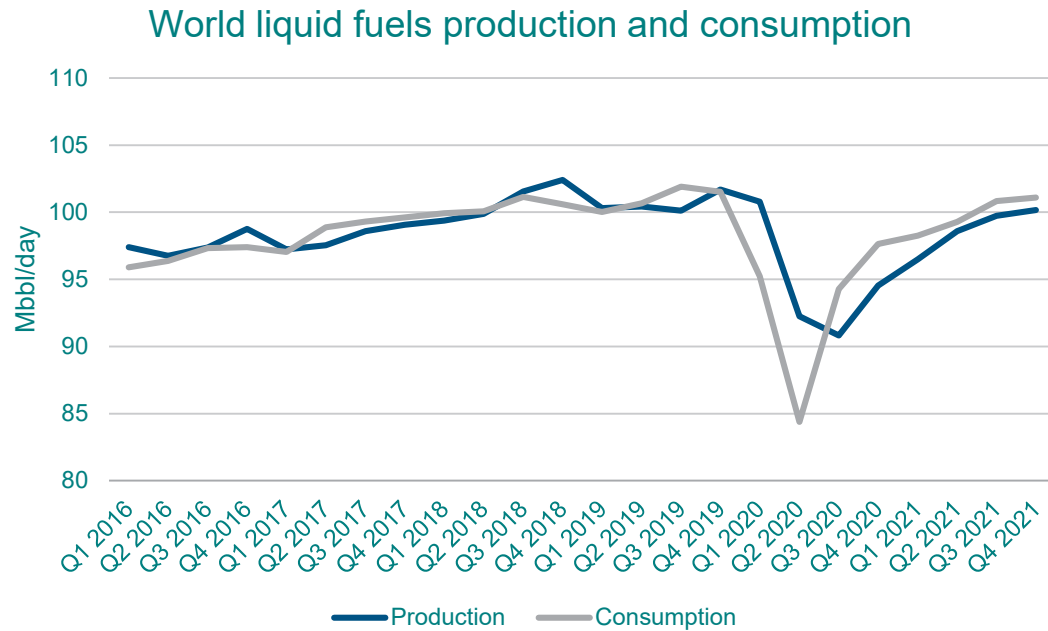


* Based on public announcements from 60 E&P companies since 10 March 2020

Source: ABG

- COVID-19 and sharp oil price drop have led to deep cuts in 2020 E&P spending budgets
- On average E&P companies has revised their 2020 budgets down by 25%* leading to a 26%* reduction relative to 2019
- Discretionary (uncommitted) spending down significantly more than overall spending
- Most planned near-term seismic purchases put on hold

A more balanced oil market going forward

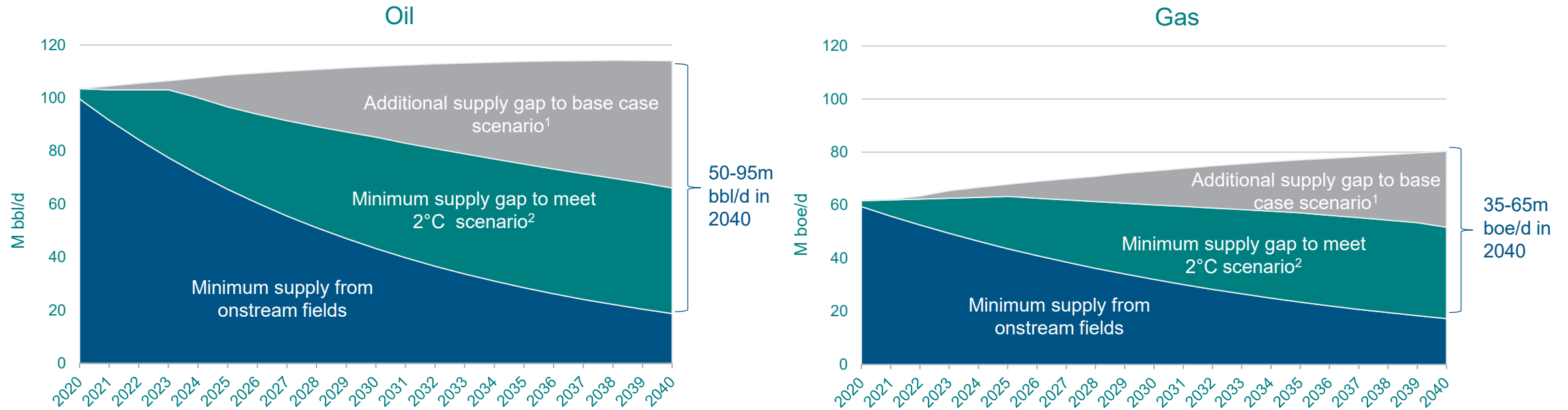


Source: EIA Short-Term Energy Outlook July 2020

- A growing number of countries are slowly getting back to normal following the lock-downs in the initial phase of the COVID-19 crisis
- Global oil demand has started to recover following the sharp drop seen in Q1 and Q2
- Global oil supply has been scaled down significantly and is expected to recover at a slower pace than demand resulting in a more balanced market going forward

More oil and gas resources needed to meet future demand

Global supply and demand scenarios to 2040

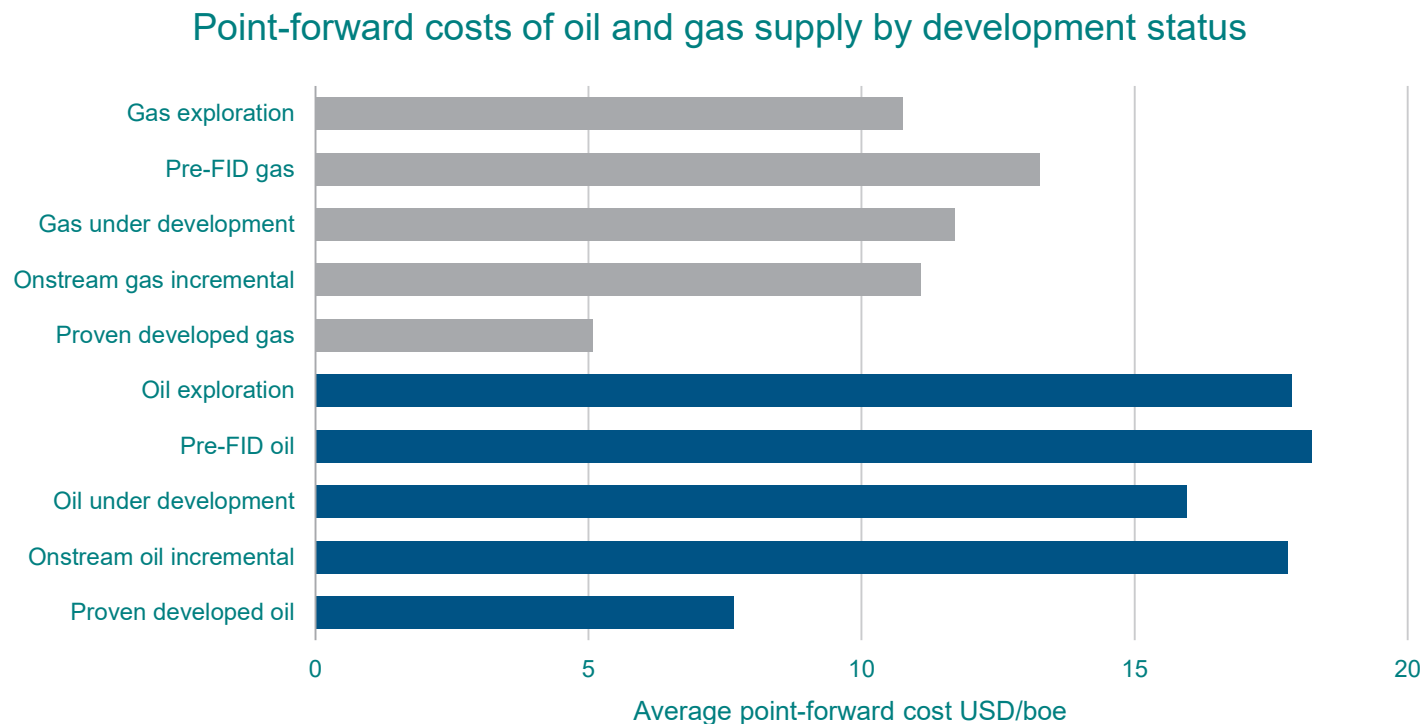


1. The energy transition outlook (ETO) represents WoodMac's base case view of the energy world, broadly consistent with a 3°C global warming view
2. The accelerated energy transition 2-degree scenario (AET-2) represents how the world can augment efforts towards deep decarbonization with a credible pathway to reach a 2°C global warming trajectory by 2050.

Source: Wood Macenzie

- Average decline rates developed supply at 8% p.a. for oil and 6% p.a. for gas
- Even when taking the most optimistic energy transition scenarios into account substantial amounts of new oil and gas production are required for meeting demand and compensating for decline

Exploration to play an important role in closing the supply gap

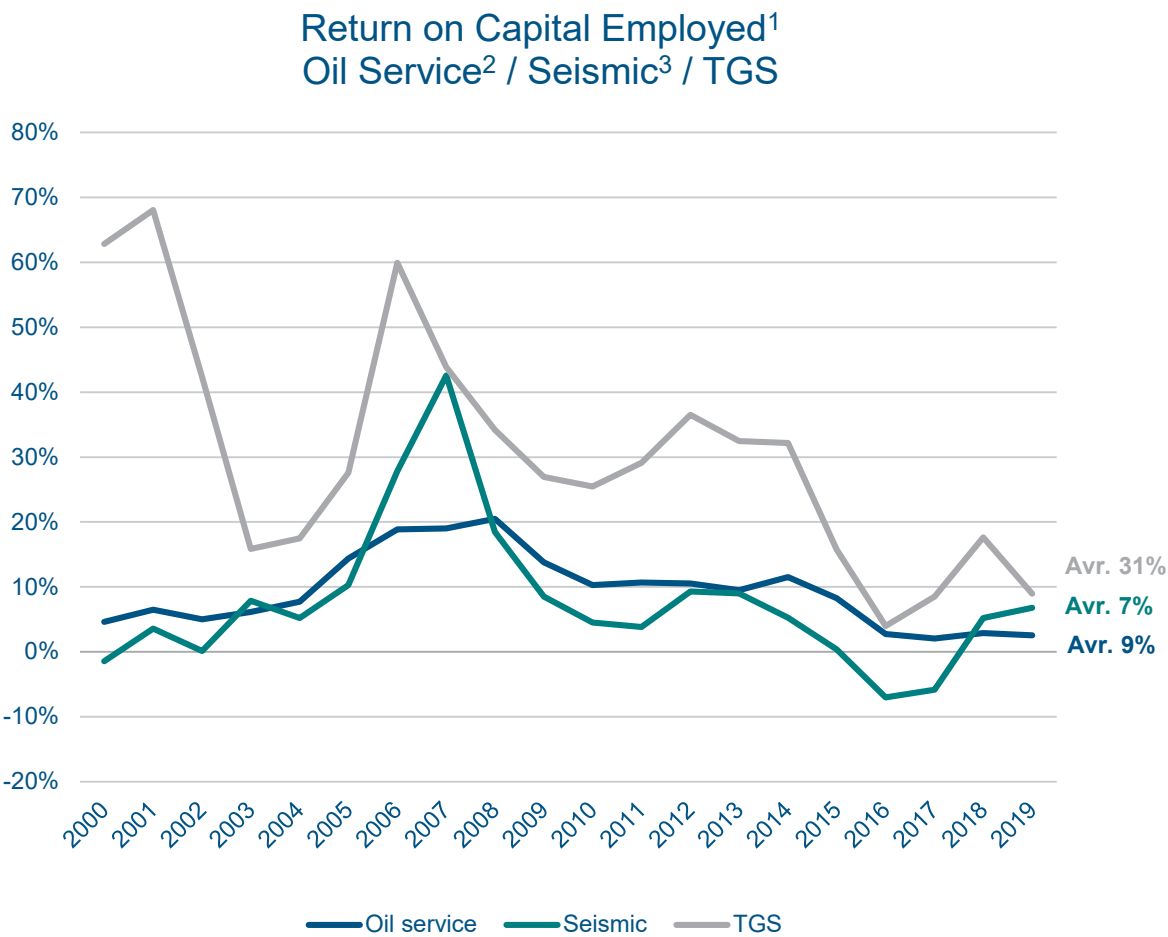
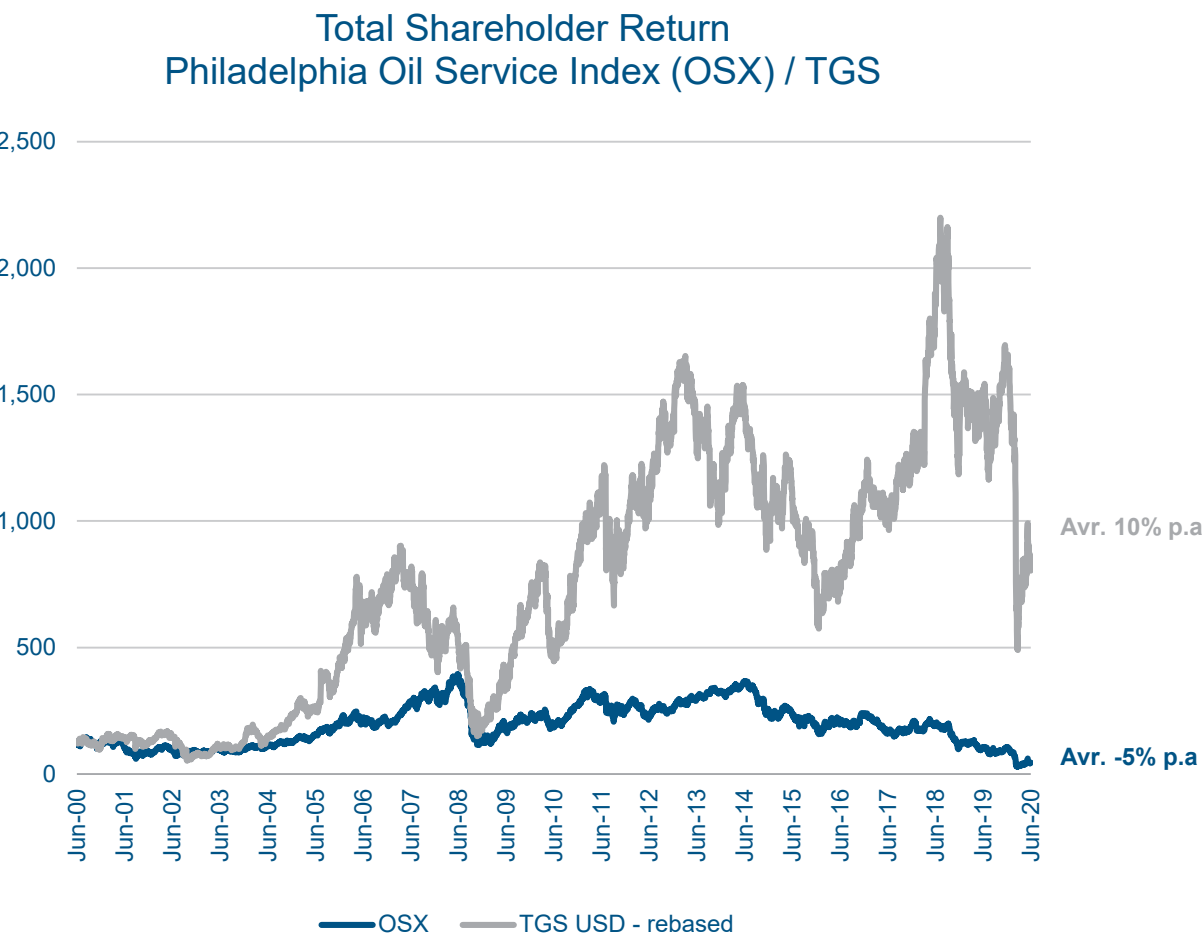


Source: Wood Macenzie

- Explorers, on average, tend to find better resources through exploration than the legacy assets that still await development
- I.e. exploration for new resources is a competitive alternative to developing already discovered resources

Industry not creating long-term value – structural changes needed

TGS a notable exception

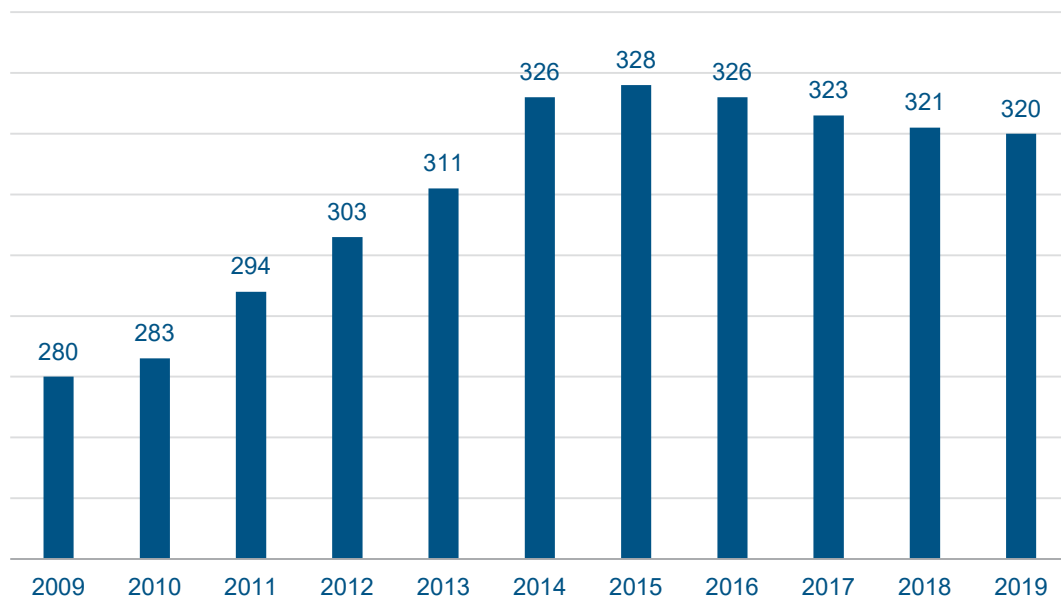


1. EBIT ex. impairments / (Net Debt + Equity)
2. 37 international oil service companies across a variety of different sub-segments
3. PGS, CGG, Polarcus, Dolphin, Spectrum, Seabird

Source: Bloomberg, Factset, ABG

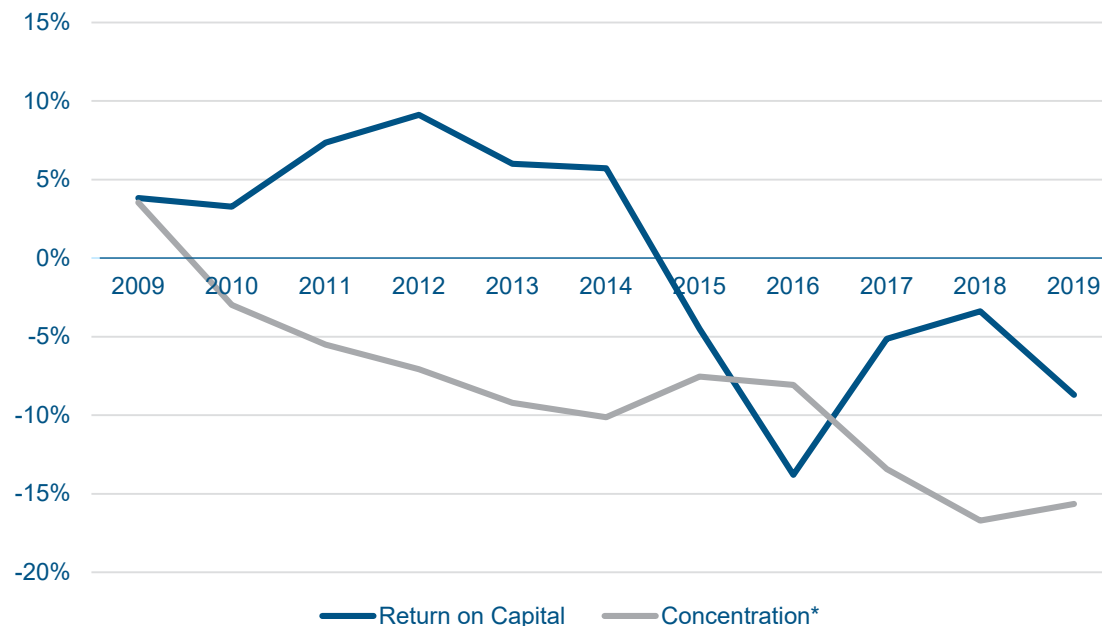
Structural changes needed

No. of firms operating with Oilfield Services



Source: Evercore ISI

Declining Industry Concentration Chasing Returns



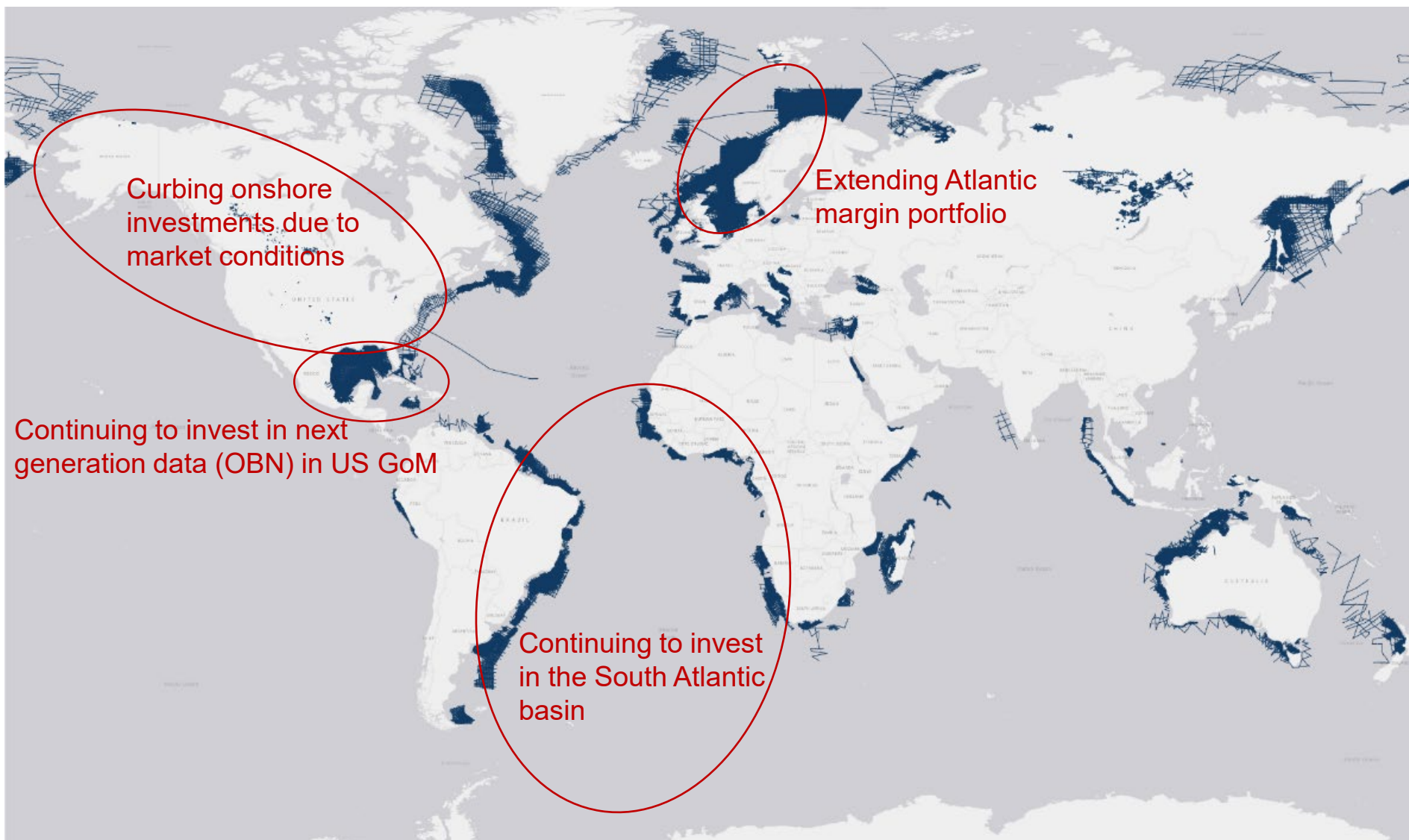
* Herfindahl-Hirschman Index (HHI) indexed to 2008

Source: Evercore ISI

- This last decade the number of OFS companies has grown by 14%
- There are only 2.5% fewer companies today than there were at the 2015 peak
- Too many companies chasing market share to compensate for stagnating organic growth – industry returns suffering

Counter-cyclical investments key to long-term value creation

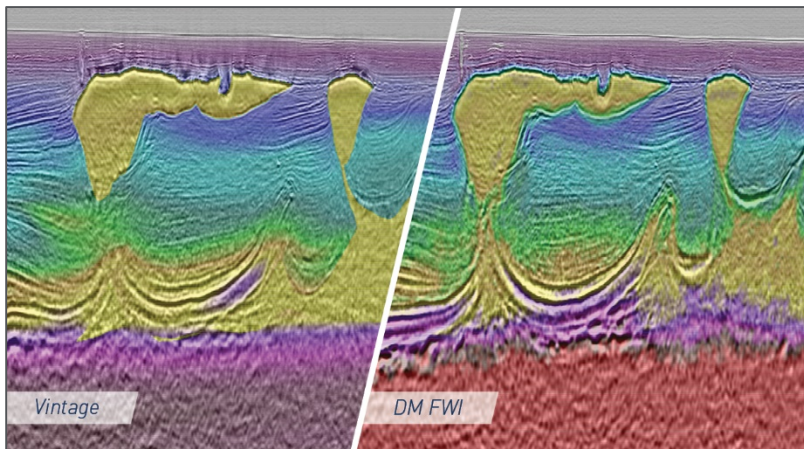
Continuing to invest in selected areas despite difficult market conditions



2020 multi-client investments expected to be approximately USD 325 million

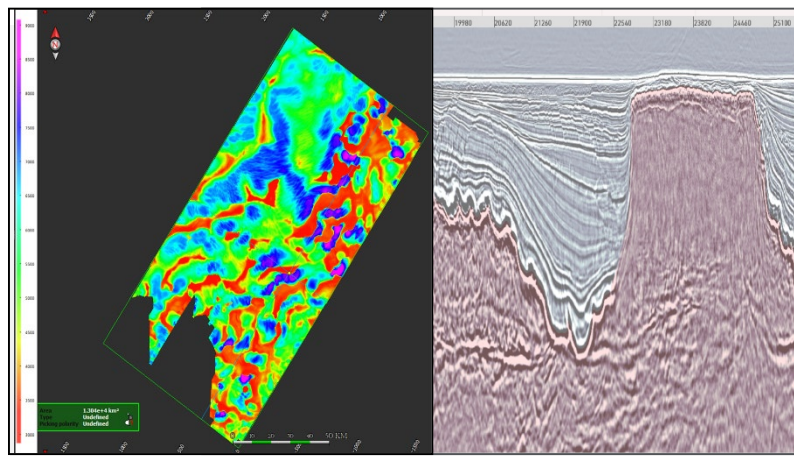
Key R&D Achievements

Dynamic Matching Fullwave Inversion



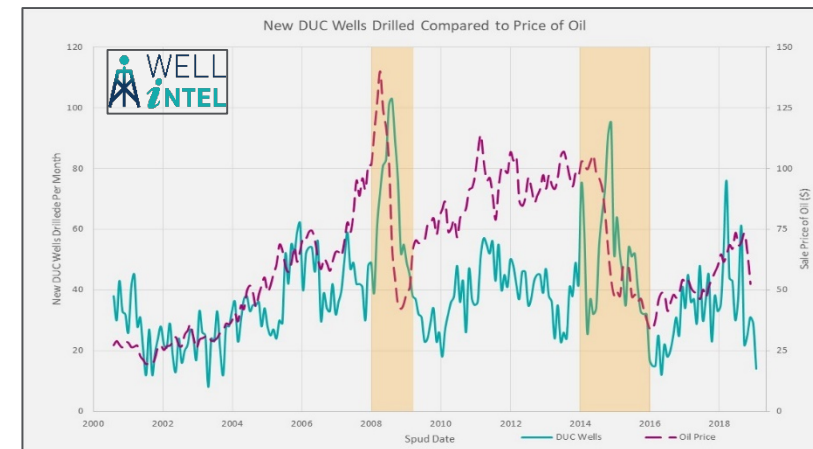
- Dynamic Matching Fullwave Inversion uses seismic reflection and refraction information to automatically update the velocity model
- Enabling high-quality images in geologically complicated areas
- Reduce imaging cycle time and interpretation ambiguity – leading to less risk

SaltNet



- SaltNet is a software tool which allows interpreters to integrate machine learning to generate quality interpretations in a forward-thinking manner
- Cutting-edge tool and a step towards drastically reducing cycle time in seismic processing.

Well Performance

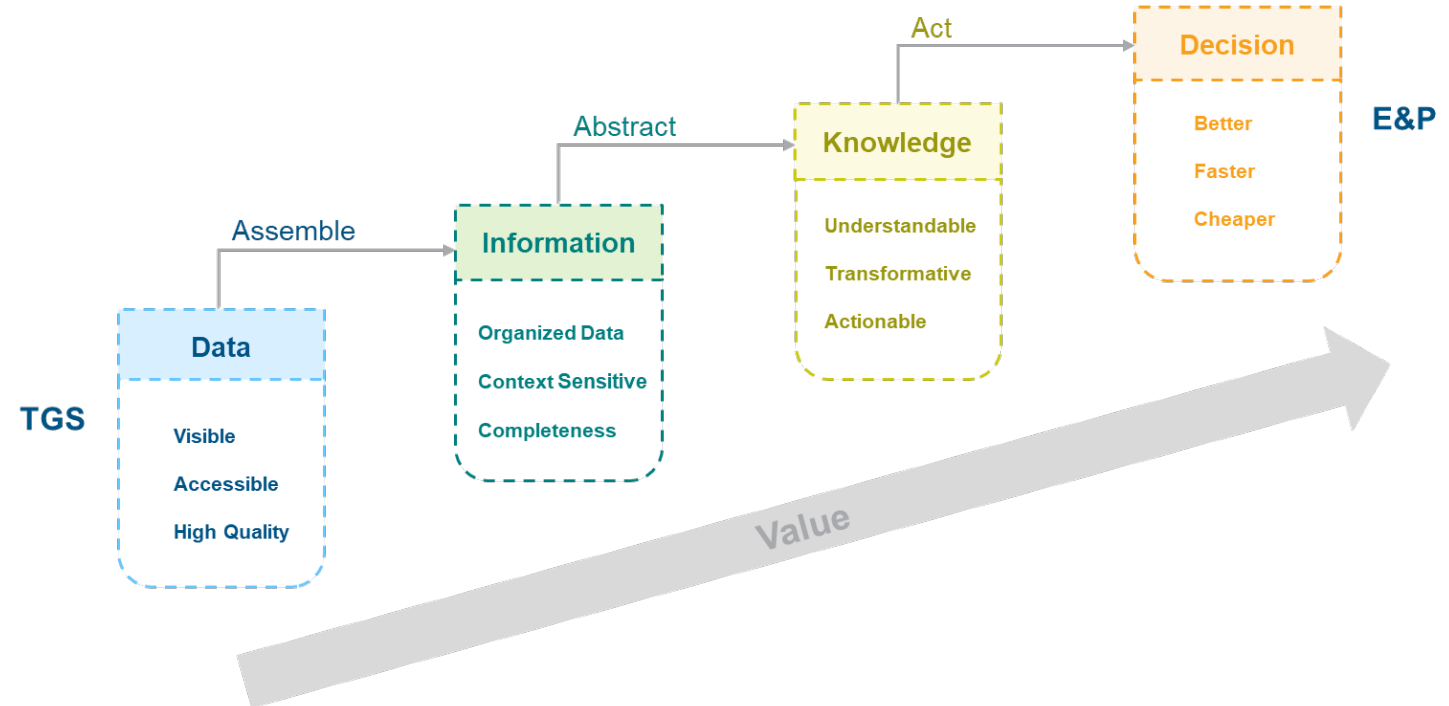


- Well Intel is a unique collection of insights, forecasts and analysis derived from the industry's most extensive subsurface data library
- Find Well Intel series at <https://info.tgs.com/well-intel>

Moving towards a fully integrated data company

Energy transition offers opportunities for expansion into new areas

- Technology offers opportunities for expanding through the value chain from “data” towards “decision”
- Potential for duplicating business model into other industries with extensive data needs
 - Renewables
 - Carbon capture and storage
 - Offshore mineral exploration
- Applying core competencies for a wider purpose
 - G&G
 - Data processing
 - Data collection and management
 - Data analytics
 - HPC



Summary



Challenging market conditions near-term



Long-term drivers intact – increased exploration efforts needed to meet future oil and gas demand



Structural changes to the industry needed



TGS continuing to invest counter-cyclically in key areas



Energy transition creates opportunities for TGS

Thank you

