



Q4 2019 Earnings Release

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CEO

Oslo, 12 February 2020

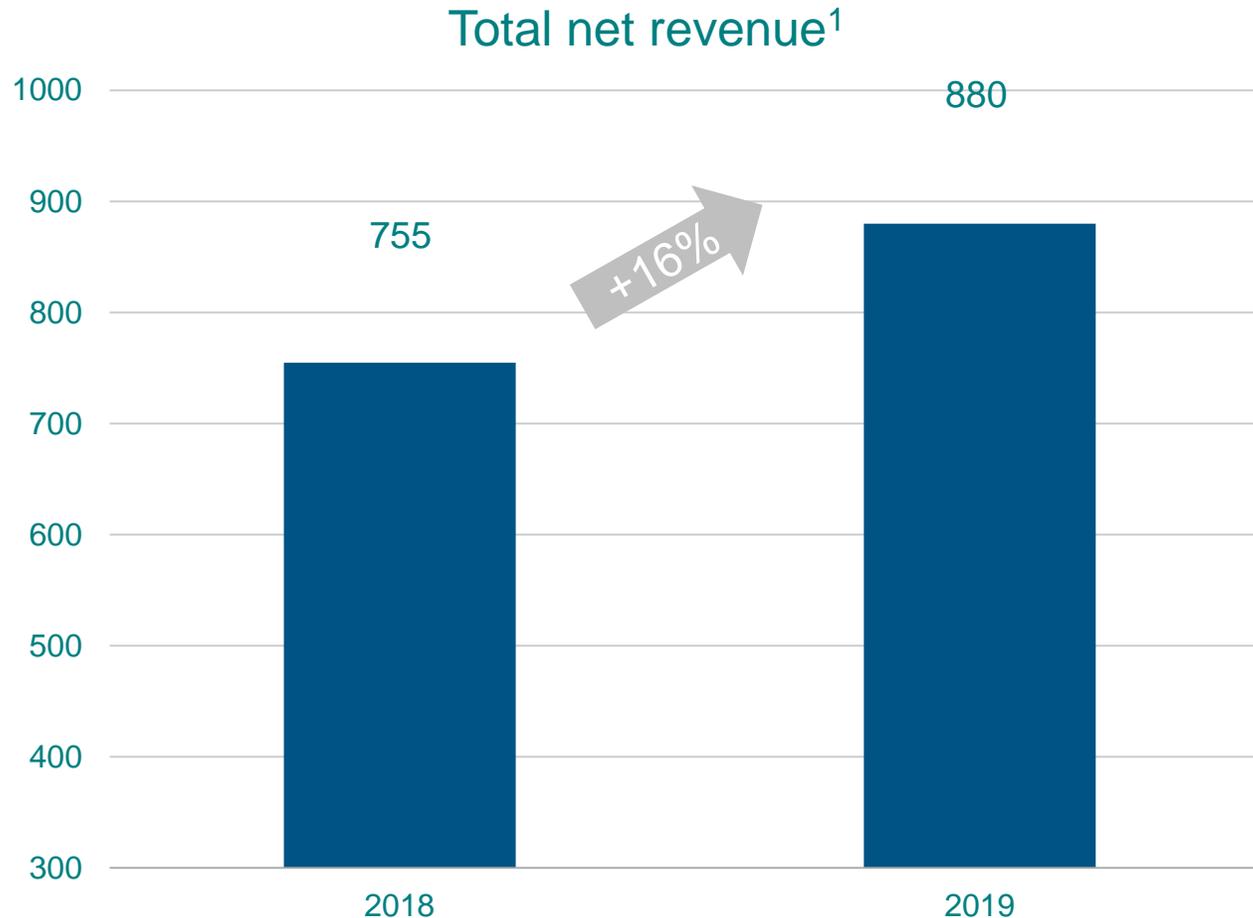
Dean Zuzic

CFO

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.

2019 – Another Year of Outperformance

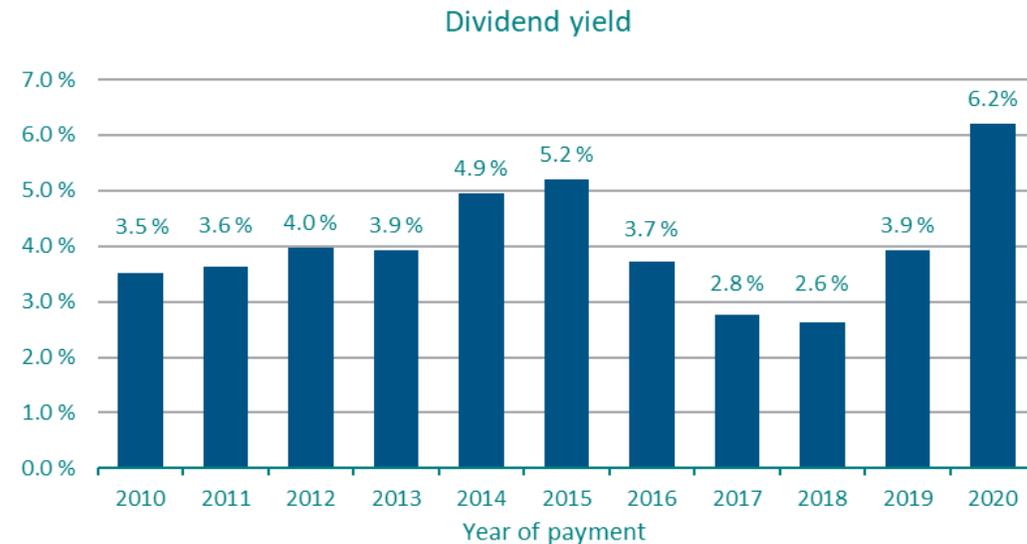
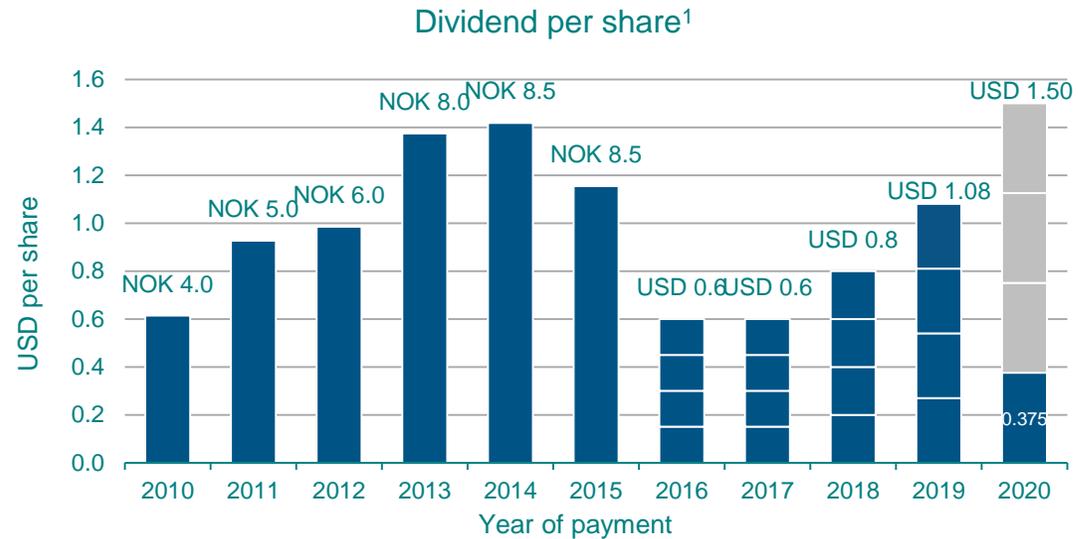


- Strong revenue growth of 16%, vs. industry growth of 5%
- ROCE at 19%, up 1% from last year and approaching historical levels
- Solid cash generation enables continued dividend growth

1. TGS/Spectrum consolidated; segment reporting

Quarterly dividend increased by 39%

- Quarterly dividend of USD 0.375 per share to be paid in Q1 2020 - increase of 39 %
- Record high dividend yield
- Ex-date 19 February 2020
- Payment date 4 March 2020



1. Quarterly dividends defined in USD from 2016. Annual dividends defined in NOK prior to 2016 – converted to USD with the FX rate at the ex-dividend dates

2. Yield based on share price at date of announcing the dividend. From 2016-18 yield is calculated using the average of the quarterly payments

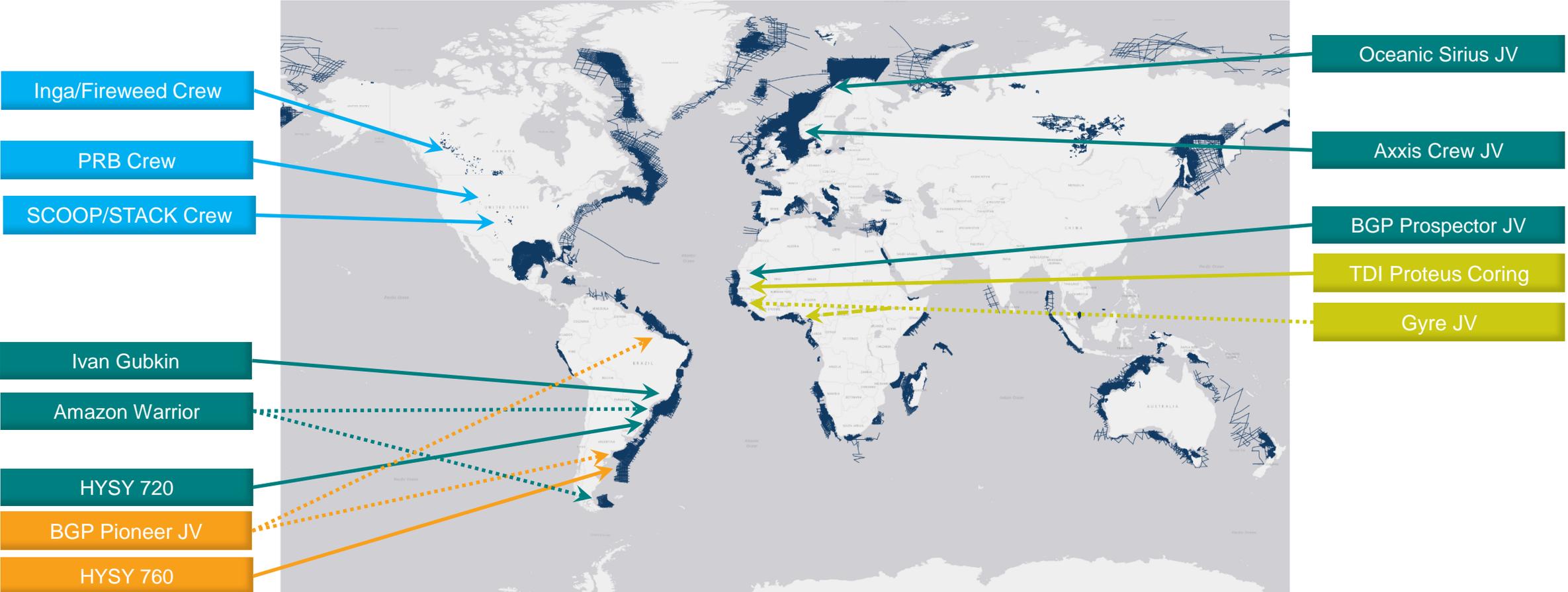
Q4 19 Highlights

- Q4 2019 net revenues of USD 232 million, compared to USD 242 million in Q4 2018
 - Late sales of USD 201 million, flat compared to USD 202 million in Q4 2018
 - Pre-funding revenues of USD 26 million, compared to USD 36 million in Q4 2018, due to postponed investments
- Cash balance of USD 323 million at 31 December 2019 in addition to undrawn USD 100 million revolving credit facility
- Increased distribution to shareholders
- Backlog increases to USD 181 million at end of Q4 2019, compared to USD 63 million at end of Q4 2018
- Favorable developments in key markets for TGS

Q4 2019 Operational highlights

Western Hemisphere

Eastern Hemisphere





Financials

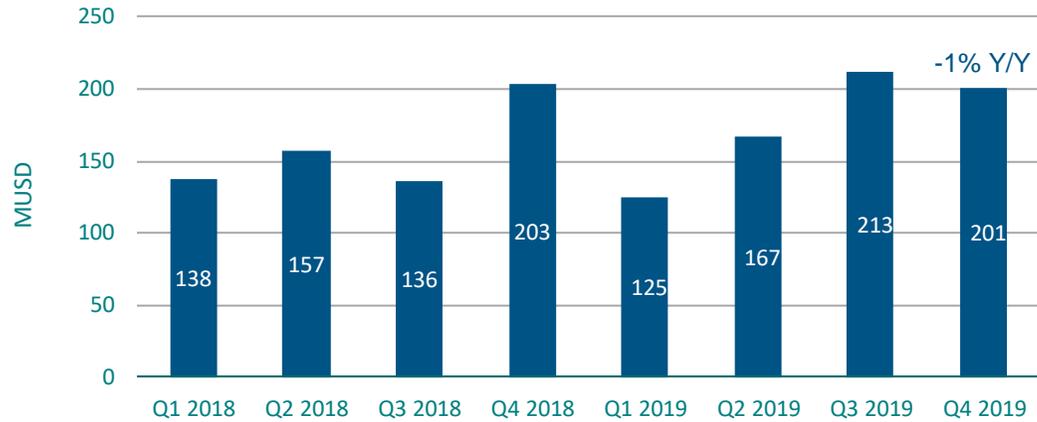
Implementation of IFRS 15

- The accounting standard IFRS 15 regarding revenue recognition implemented from 1 January 2018
- Implications for TGS
 - Recognition of revenues related to multi-client projects postponed until projects are delivered to customers
 - No amortization until completion of the project
 - No impact on sales from the library of completed surveys
- Internal reporting
 - TGS will continue to use the previous percentage-of-completion-method for internal segment and management reporting (referred to as *Segment Reporting*)
 - Provides the best picture of the performance and value creation of the business
- External reporting
 - Two sets of accounts: *Segment Reporting* and *IFRS Reporting*
 - Main focus in external communication will be on *Segment Reporting*

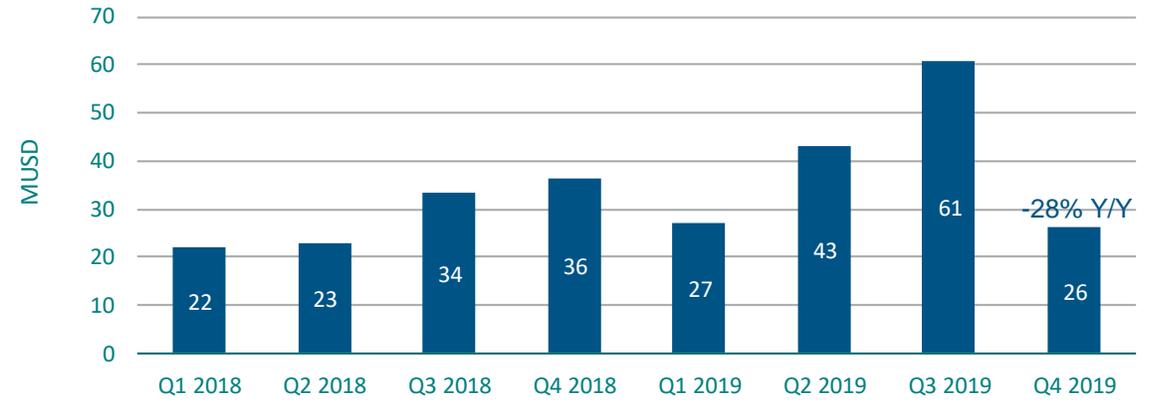
Net Revenues

TGS/SPU Consolidated (Q1 2018 – Q4 2019)

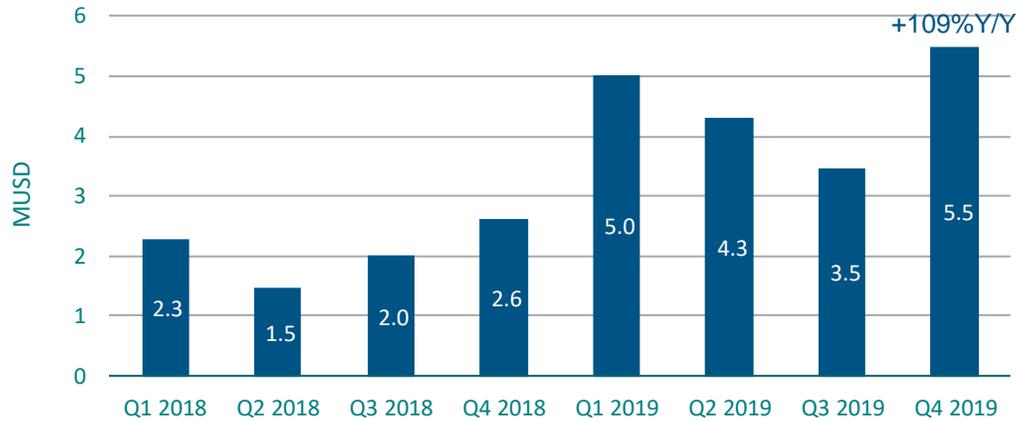
Late sales



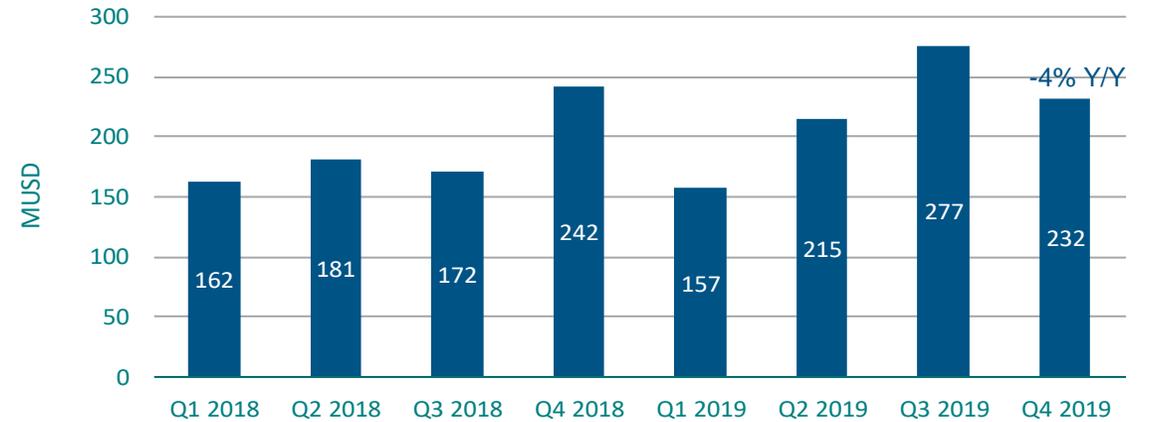
Prefunding revenues



Proprietary revenues



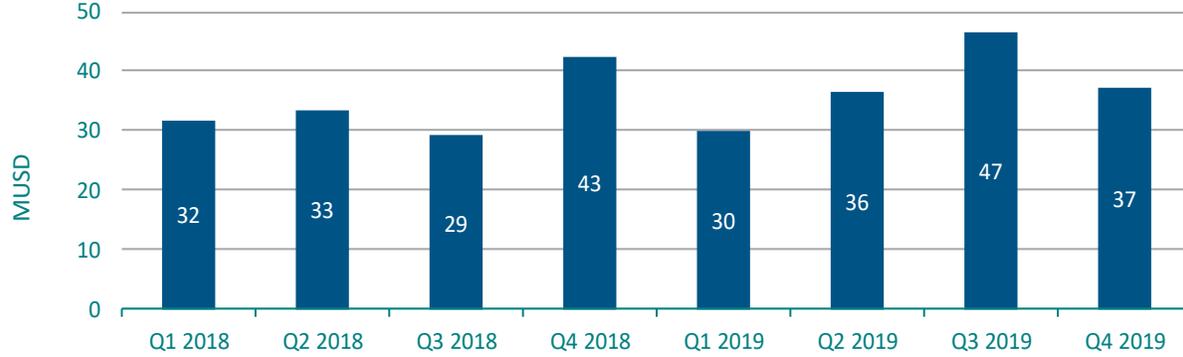
Total revenues



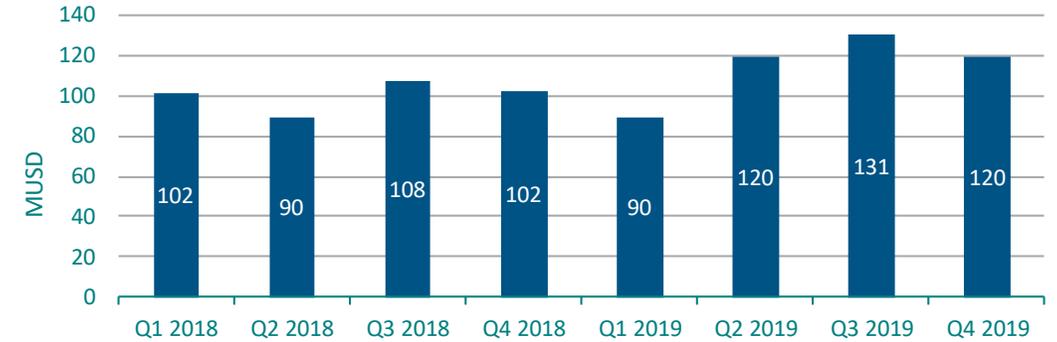
Operating Expenses, EBIT, MC investments

TGS/SPU Consolidated (Q1 2018 – Q4 2019)

Operating costs¹



Amortization and impairments

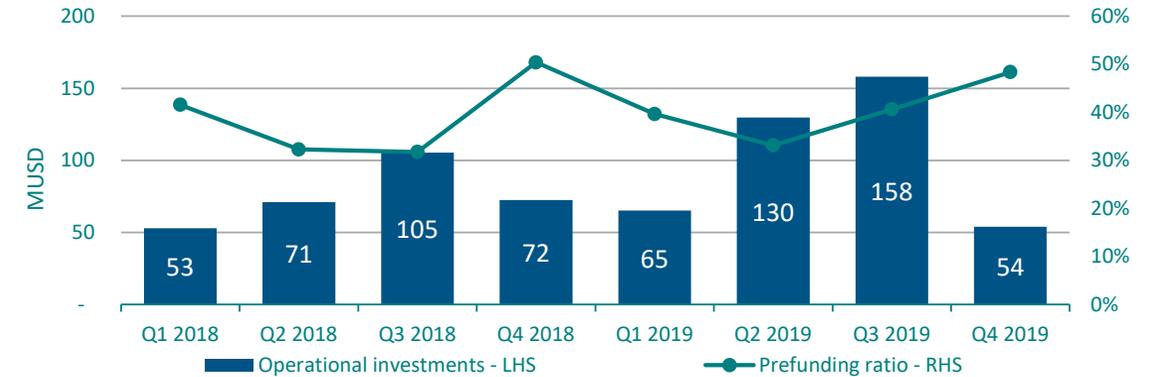


1. Personnel costs and other operating expenses excluding restructuring charges, transaction costs and larger impairments of operating items

EBIT²



Operational investments and prefunding ratio



2. Earnings before interest and taxes excluding restructuring charges and larger impairments of operating items

Income Statement

Segment reporting – TGS/Spectrum consolidated

(MUSD)		Q4 2019	Q4 2018	Change
Net operating revenues		232.5	241.4	-4%
Cost of goods sold		1.3	0.3	351%
Personnel cost		25.3	26.7	-5%
Other operational costs		16.8	16.2	4%
Cost of stock options		0.0	-1.6	NA
EBITDA	81%	189.1	199.8	-5%
Amortization of multi-client library		119.9	102.4	17%
Depreciation		10.3	2.6	297%
Operating result	25%	59.0	94.8	-38%
Interest income		0.7	1.5	-53%
Interest expense		-1.2	-0.9	33%
Exchange gains/losses		-1.7	1.0	-261%
Other financial income		-0.3	-0.6	-58%
Result before taxes	24%	56.6	95.9	-41%
Tax cost	34%	19.2	13.4	43%
Net income	16%	37.3	82.4	-55%
EPS (USD)		0.32	0.60	-47%
EPS fully diluted (USD)		0.31	0.59	-47%

Balance Sheet

Segment reporting – TGS/Spectrum consolidated

Balance sheet	Q4 2019	Q4 2018	Change
Goodwill	284.8	79.5	258%
Multi-client library	830.8	882.8	-6%
Deferred tax asset	10.8	12.3	-12%
Other non-current assets	75.3	44.3	70%
Total non-current assets	1,201.7	1,018.9	18%
Cash and cash equivalents	323.4	311.3	4%
Other current assets	555.5	457.7	21%
Total current assets	878.9	769.0	14%
TOTAL ASSETS	2,080.6	1,787.9	16%
Total equity	1,611.6	1,441.1	12%
Deferred taxes	77.0	30.2	155%
Non-current liabilities	23.9	22.9	5%
Total non-current liabilities	100.9	53.1	90%
Taxes payable, withheld payroll tax, social security	32.7	35.2	-7%
Other current liabilities	335.4	258.6	30%
Total current liabilities	368.1	293.8	25%
TOTAL EQUITY AND LIABILITIES	2,080.6	1,787.9	16%

Cash Flow Statement

(MUSD)	Q4 2019	Q4 2018	Change
Received payments	303.4	119.9	153%
Payments for operational expenses	-67.6	-28.9	134%
Paid taxes	-14.0	-28.6	-51%
Net cash flow from operating activities	221.9	62.4	256%
Investment in tangible fixed assets	-3.0	-10.7	-72%
Investments in multi-client library	-115.7	-80.8	43%
Interest income	1.0	1.4	-28%
Net Cash Flow from investing activities	-117.7	-90.1	31%
Net change in loans	-0.1	0.0	n/a
Interest expense	-0.1	-0.4	-66%
Payment of dividends	-31.8	-20.5	55%
Purchase of own shares	-14.5	0.0	n/a
Net cash flow from financing activities	-46.4	-20.9	122%
Net unrealized currency gains/(losses)	-0.2	0.0	n/a
Net change in cash and cash equivalents	57.7	-48.7	n/a

The background features a complex network of thin, glowing lines connecting small, semi-transparent dots. The color palette is dominated by deep blues and teals, with occasional bright reds and magentas. The overall effect is that of a dynamic, interconnected digital or data network.

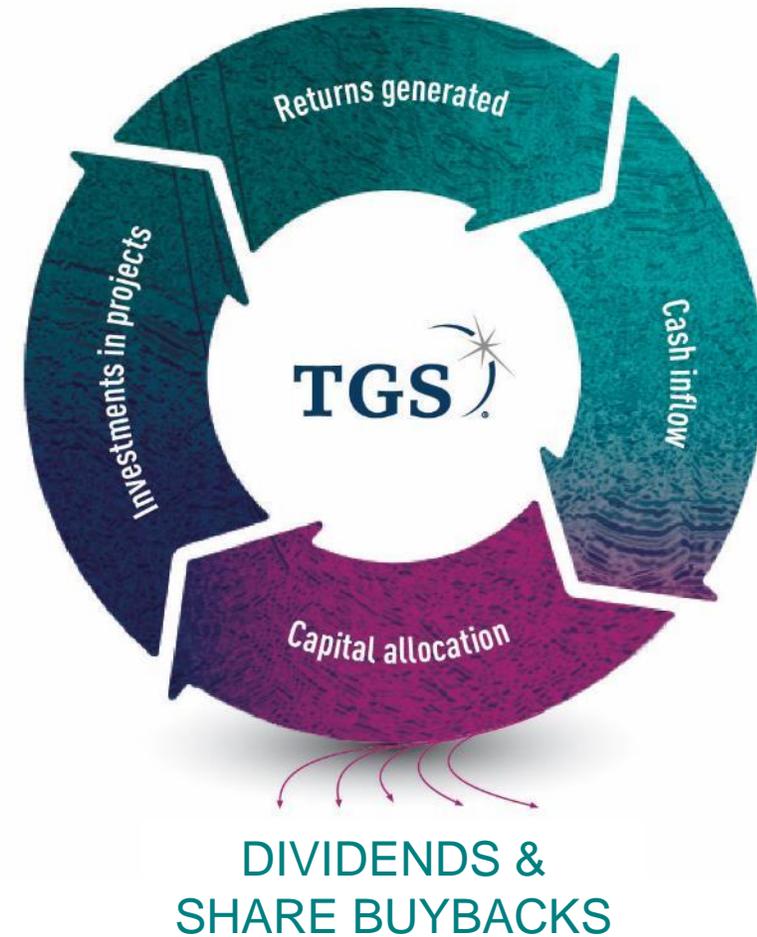
Long-term Value Creation

TGS's financial priorities

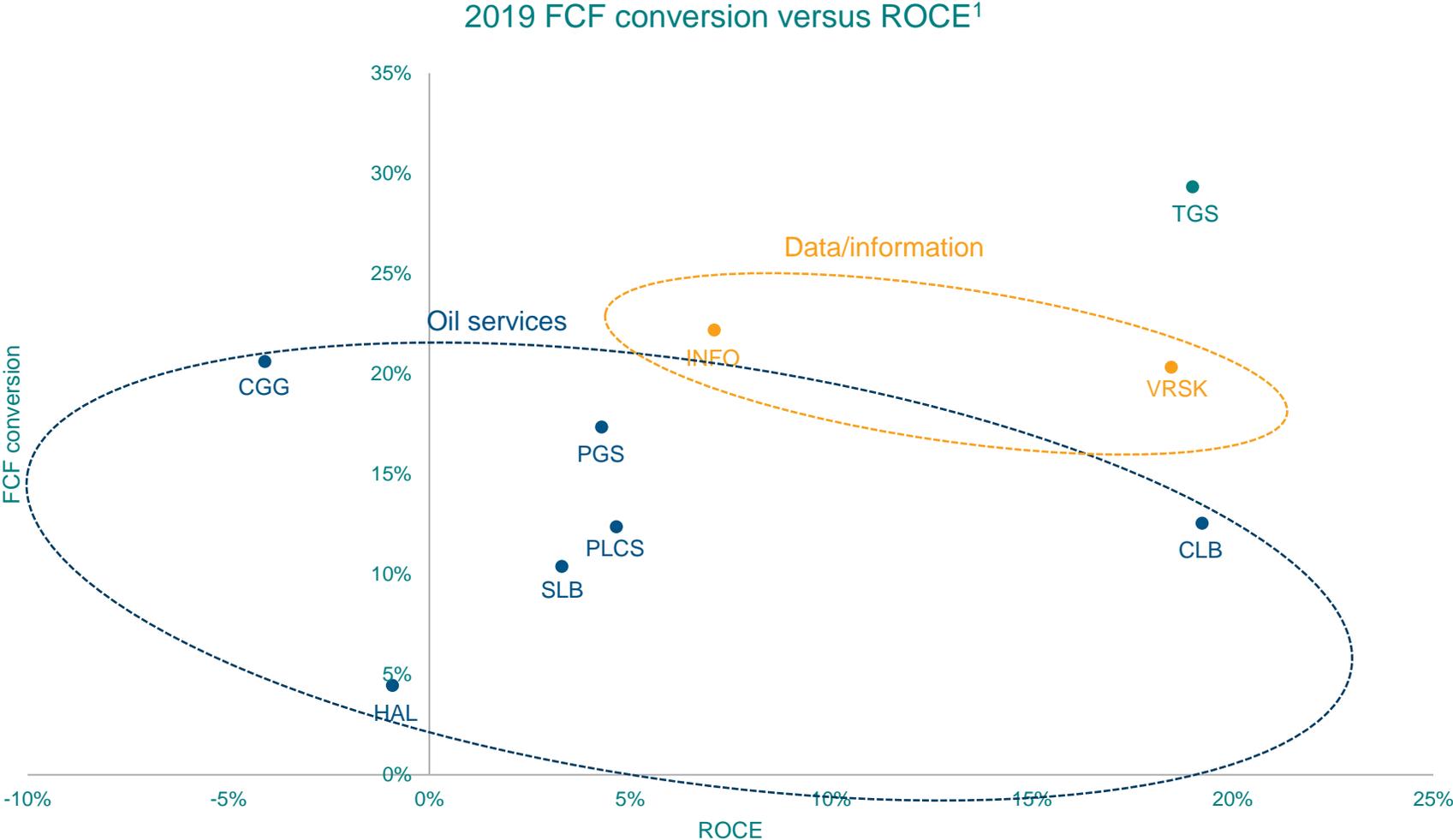
Maximize Return on Capital Employed

Maximize Cash Flow

Returning Excess Capital to Shareholders



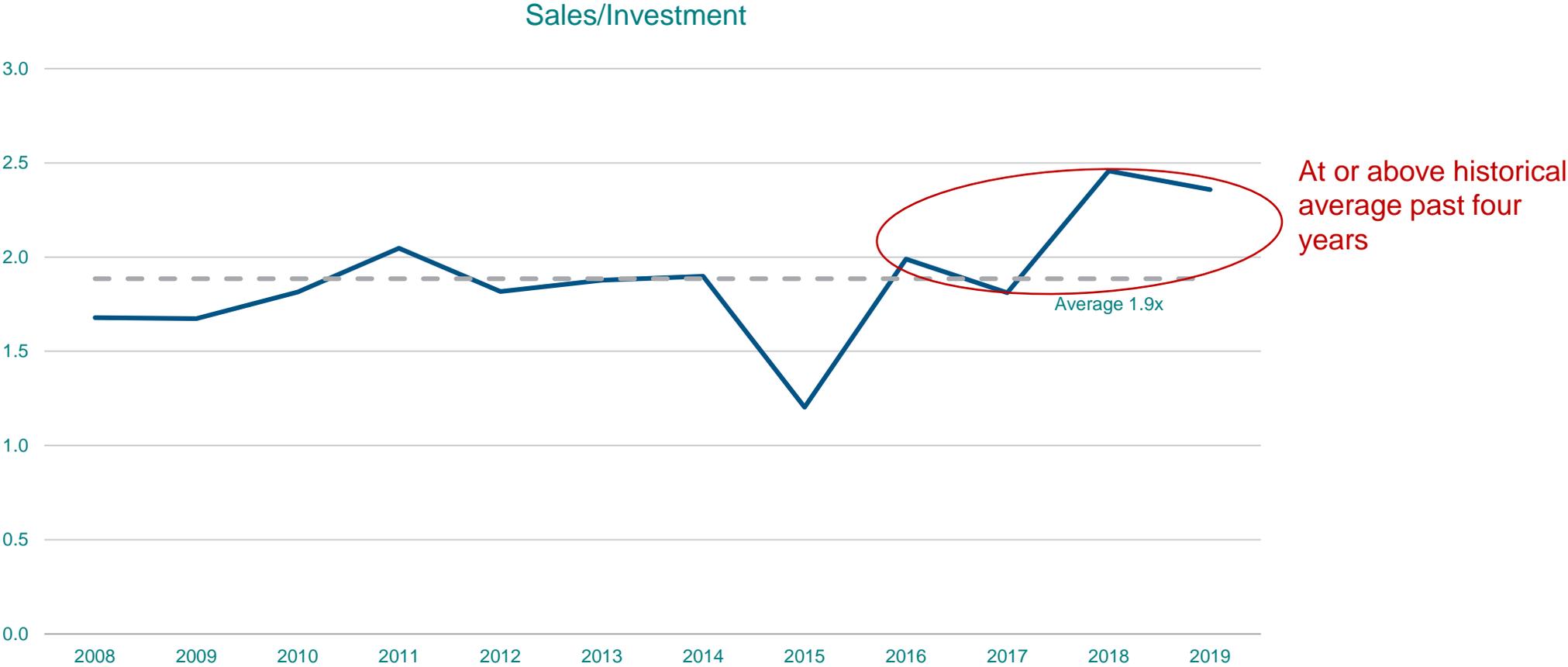
Superior value creation



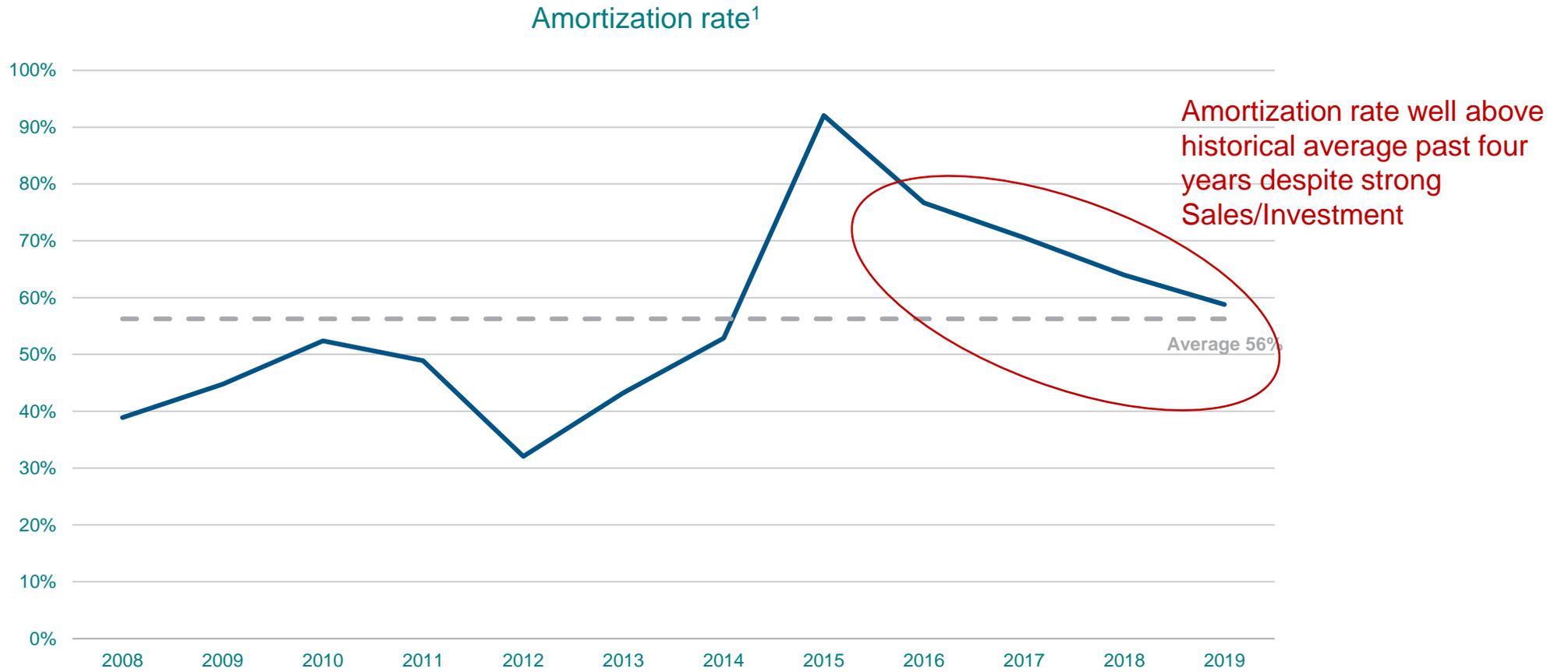
1. LTM from Q3 2019 for companies that have not yet reported Q4 2019. Seismic companies showing segment reporting where available

Source: IQ Capital

Strong returns over time



Amortization rate above historical average

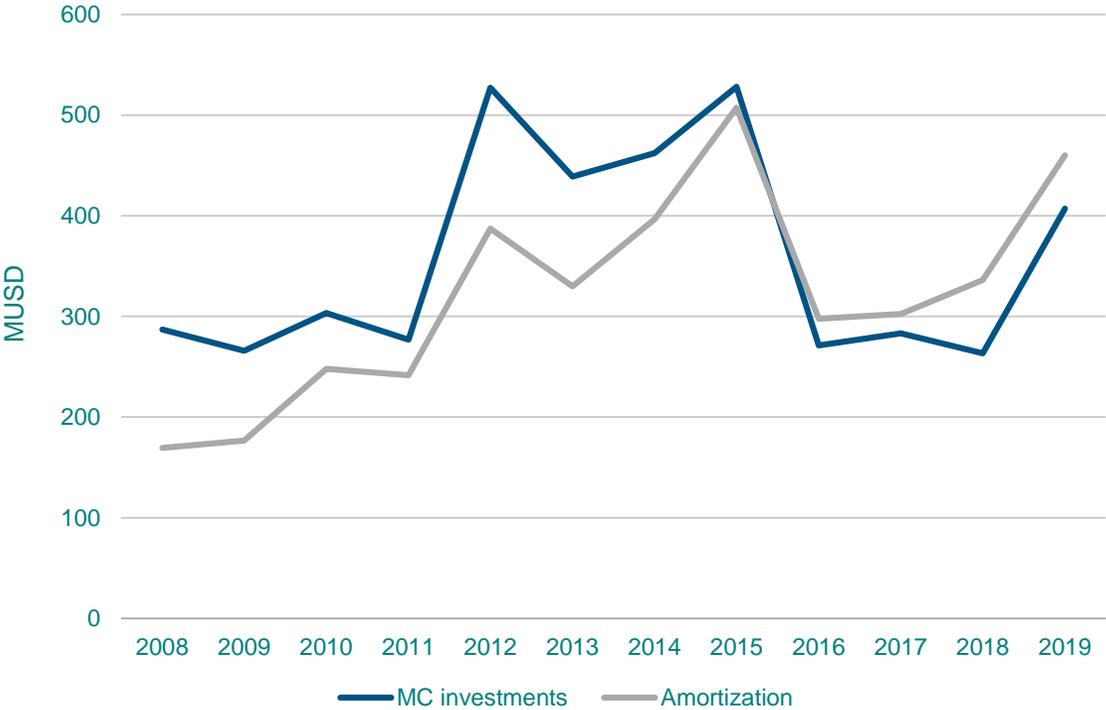


- New amortization rules implemented in 2016
- Amortization of completed data shifted from sales based to straight-line

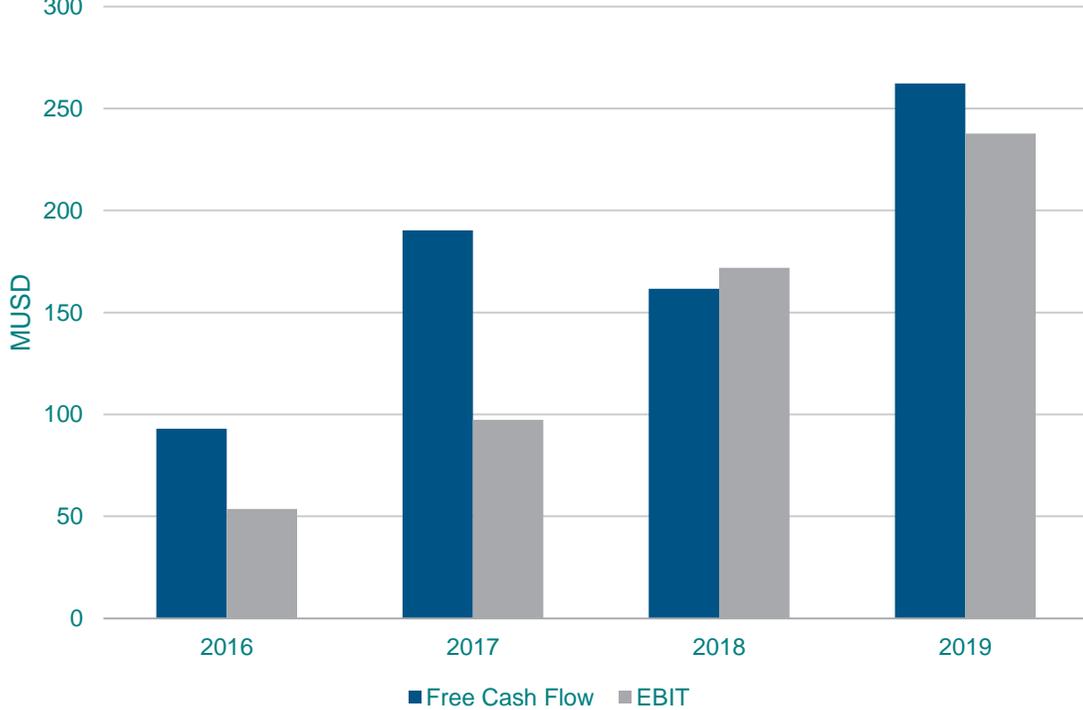
1. Excluding fully amortized data

Cash flow considerably above P&L results since 2016

Multi-client investments versus amortization



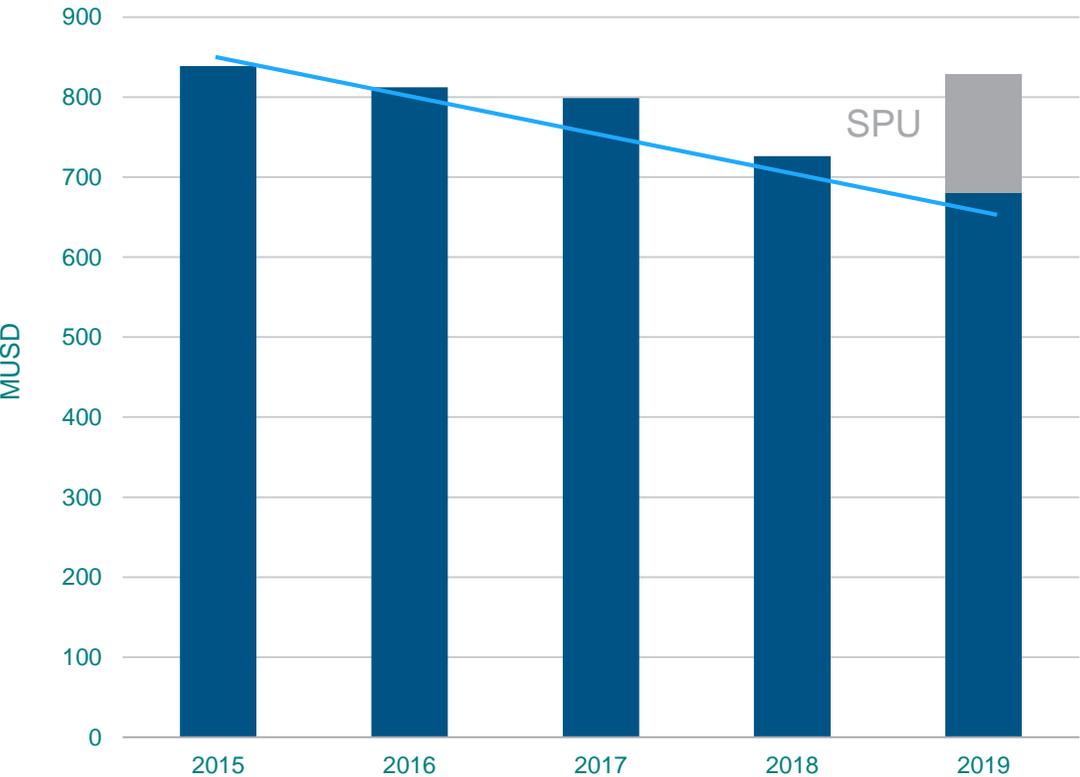
Free Cash Flow¹ versus EBIT



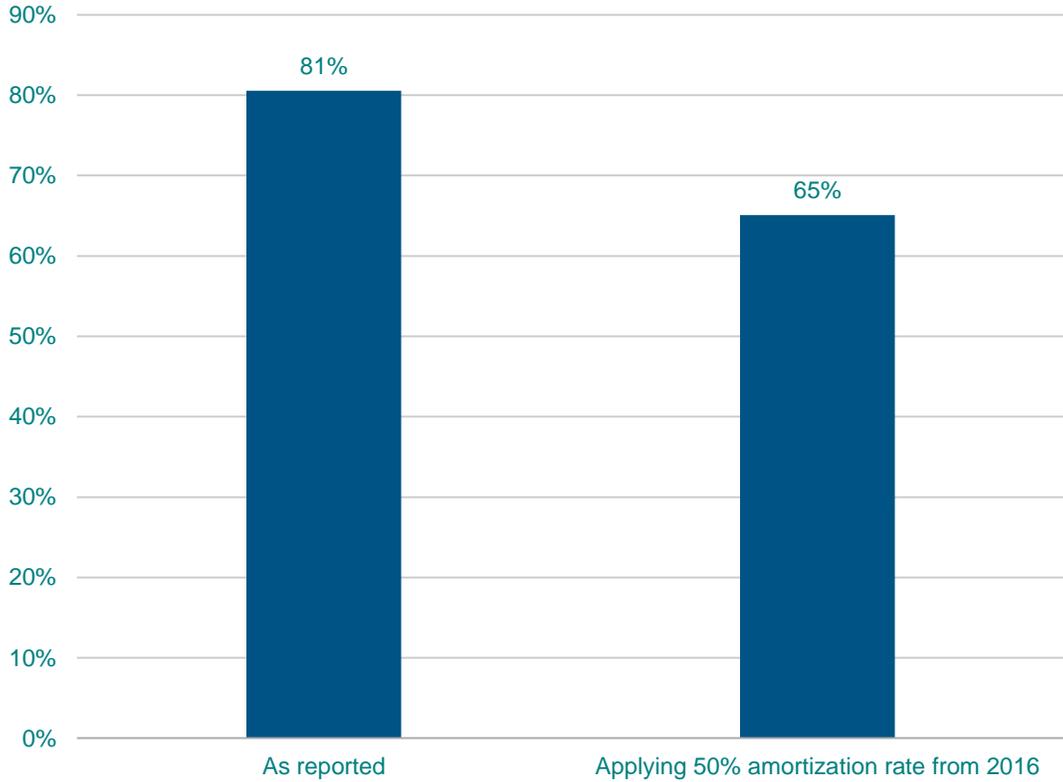
1. Operating cash flow excluding paid taxes minus cash multi-client investments

NBV of MC library trending downwards

NBV multi-client library



2019 library return¹



1. Late sales / avr. NBV of multi-client library
 2. Applying 50% amortization rate from 2016, when new amortization rules were implemented. NBV would have been above USD 1bn, compared to USD 831 million with the current rules

Long-term value creation - Summary

- TGS financial priorities
 - Maximize Return on Capital Employed
 - Maximize Cash Flow
 - Returning excess capital to shareholders
- Continuing to outperform peer group
- New accounting rules has significantly impacted amortization rate and earnings volatility
 - Cash flow becoming a more relevant metric to measure performance

The background features a complex network of thin, glowing lines connecting small, semi-transparent dots. The color palette is dominated by deep blues and teals, with occasional bright red and magenta accents. The overall effect is that of a digital or molecular structure, possibly representing a network or a data visualization. The text is centered horizontally and vertically on the page.

Outlook and guidance

Contributing to a more sustainable industry

- Multi-client model
 - Lower emissions for clients through “shared economics”
- Data re-processing
 - Using imaging technology to improve data quality
- Analytics and cloud computing
 - Improving efficiency and quality of core processes
- ESG strategy with clear goals
 - Reducing GHG emissions
 - Improving workforce diversity
 - Supporting local governments and communities
 - Ensuring supply chain alignment with our values and practices
 - Maintaining best practices in corporate governance
 - Considering ESG impact of new investments

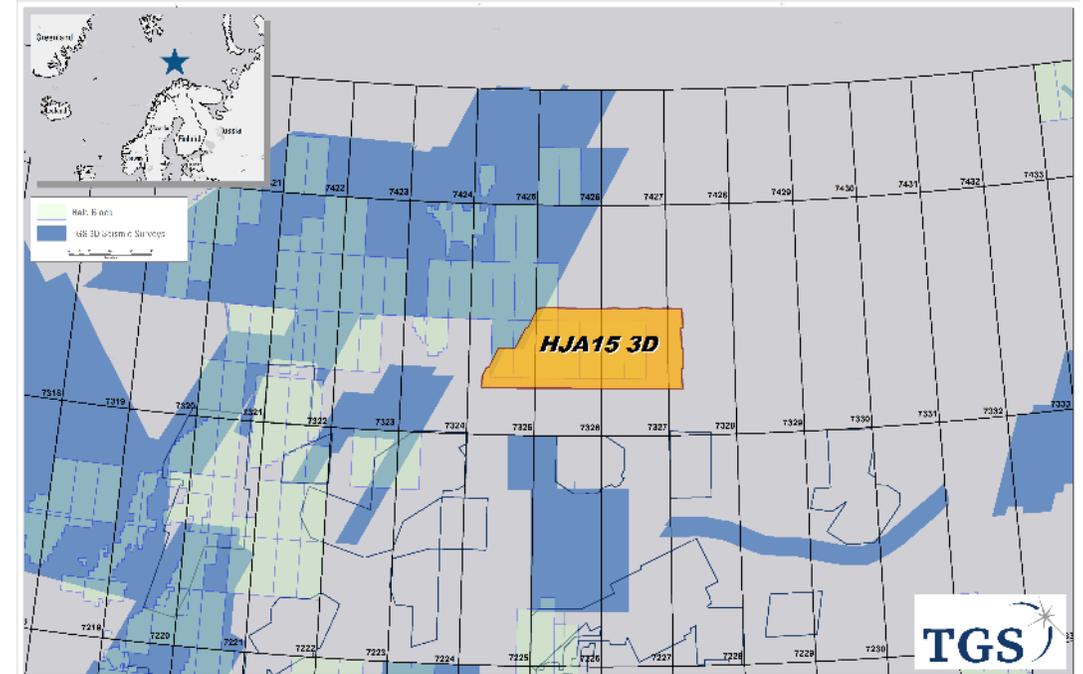


TGS is a member of UN Global Compact and supports UN’s Sustainable development goals

Case study: Reducing emissions through the multi-client model

- Multi/client survey HJA15 3D
- Acquired by Polarcus Adira in 2015
- Survey size: 3,279 km²
- Six customers have licensed some or all of the data
- GHG emissions per km² per customer **55%** lower than if similar volumes were acquired proprietarily

Emissions (tons)	Estimated MC	Estimated proprietary
CO ₂ emissions per client	1,195	2,685
NO _x emissions per client	12.9	29.1
SO _x emissions per client	0.52	1.17
Total project CO ₂ emissions	7,171	16,111
Total Project NO _x emissions	77.7	174.5
Total project SO _x emissions	3.14	7.05

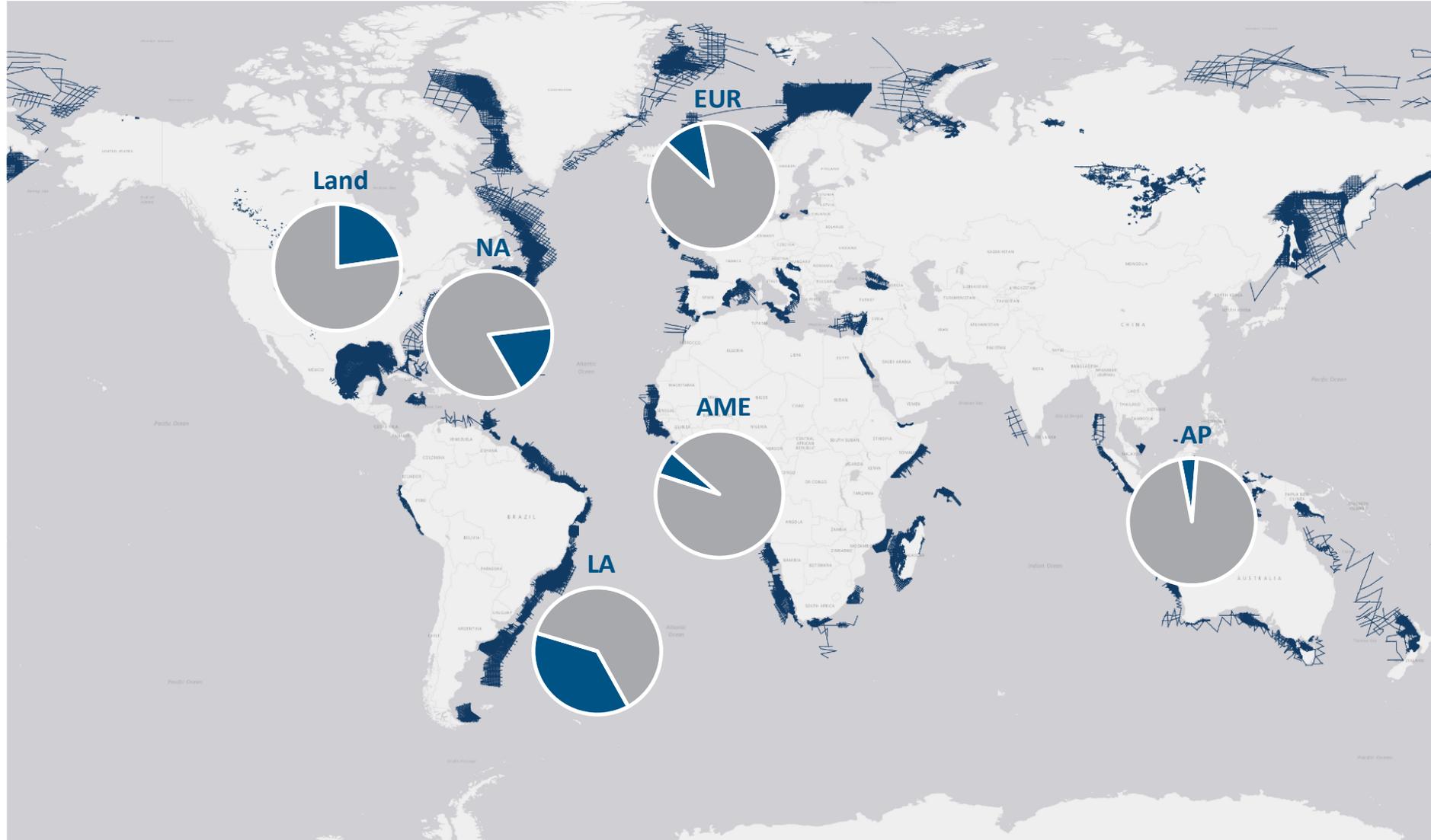


For calculating emissions per client for the MC survey the total project emissions have been allocated to each client in accordance with amount of data licensed. The proprietary column shows what the emissions would have been if each of the clients acquired the same amount of data individually as proprietary surveys.

Financial targets for 2020

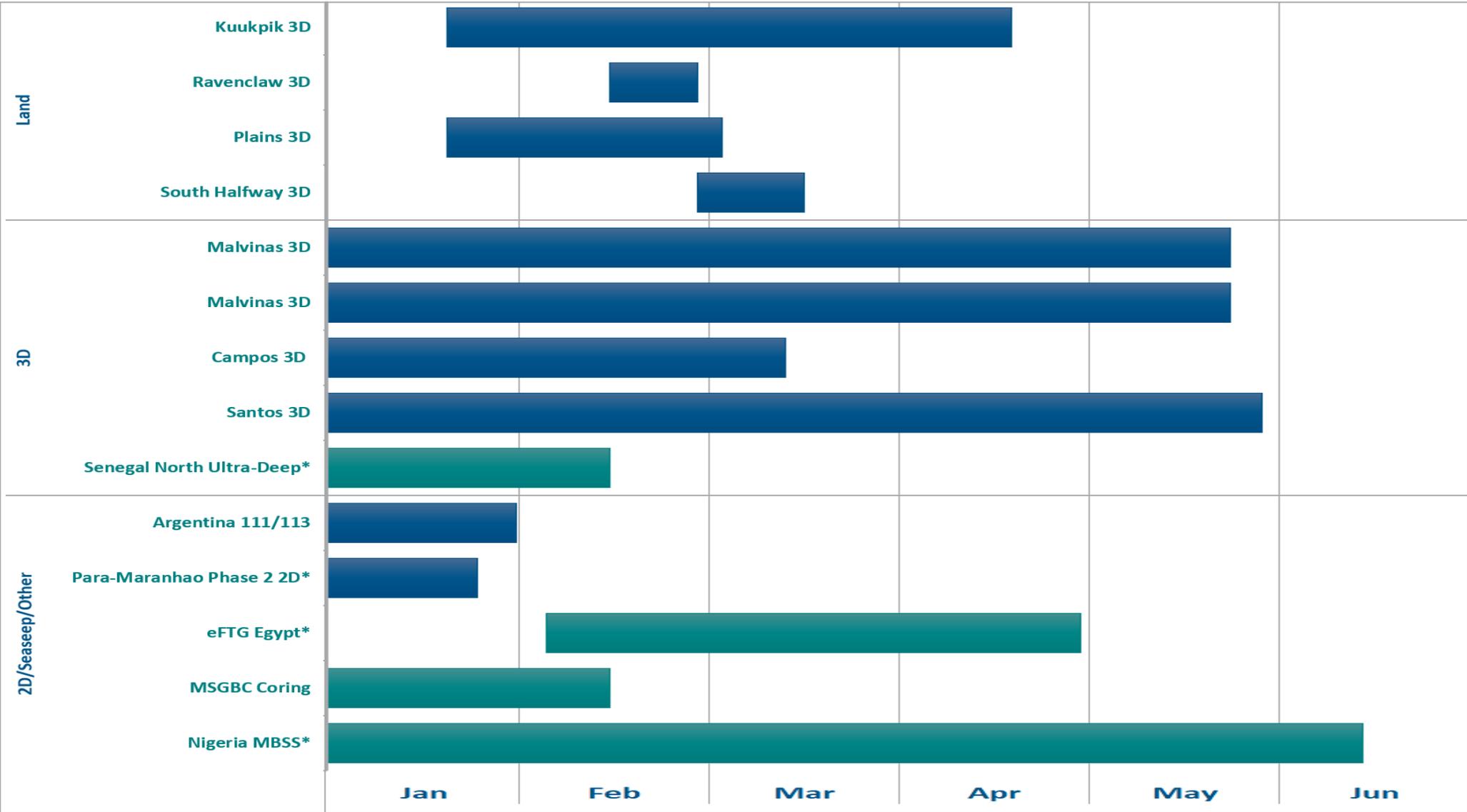
1. Multi-client investments of approximately USD 450 million
2. Continued sector outperformance on cash flow and ROACE
 - Target cash conversion above 20%
 - Target ROACE above 20%
3. Industry leading distribution to shareholders:
 - Quarterly dividend increase of 39% - proposed at USD 0.375 per share per quarter
 - Continue buy back program subject to AGM approval

2020 multi-client investments of approximately USD 450 million



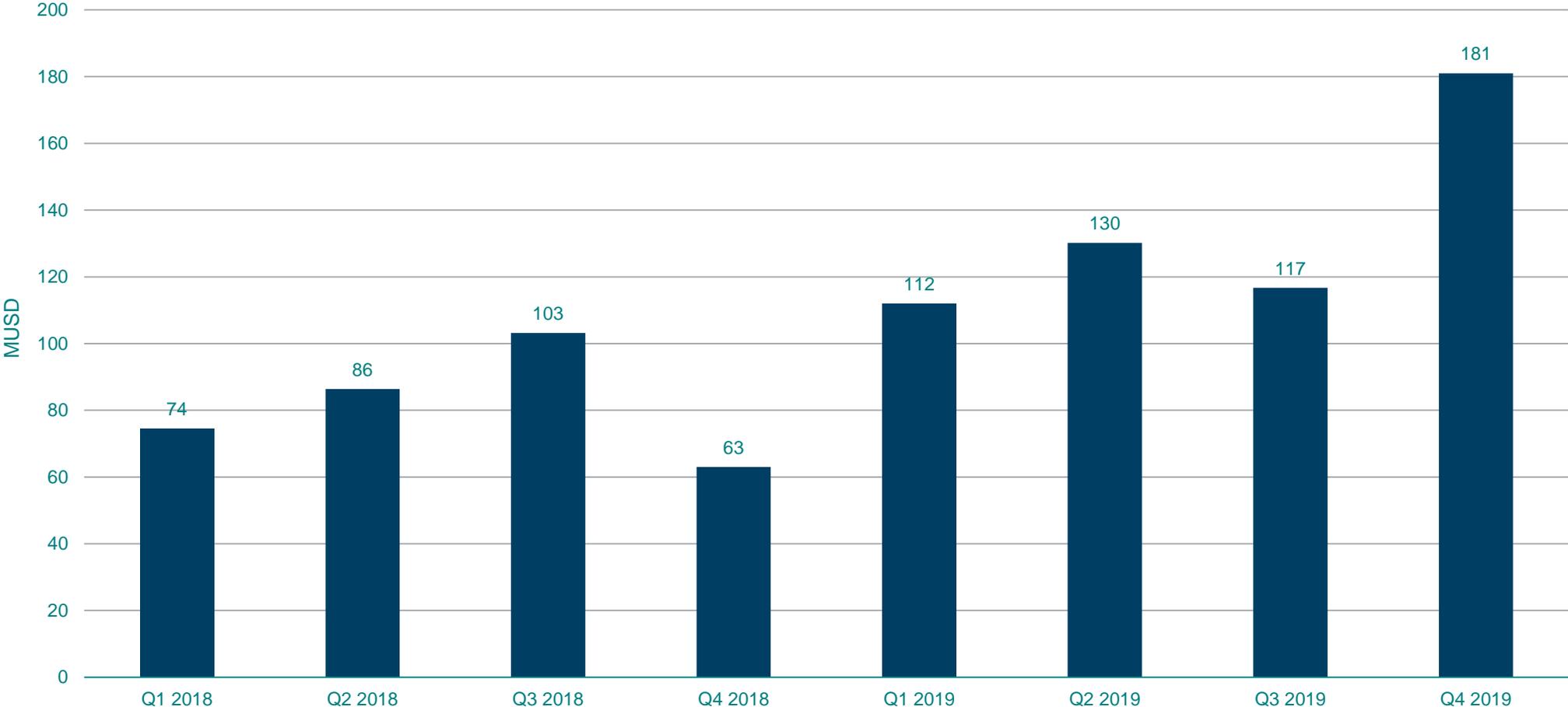
Pies indicate approximate distribution of investment budget

H1 2020 Project Schedule



Backlog

Revenue backlog¹ as per end of quarter



1. Sales committed by customers but not yet recognized in the Segment Reporting accounts

Q4 19 Summary

- Q4 2019 net revenues of USD 232 million, compared to USD 242 million in Q4 2018
- Cash flow is the key performance metric – TGS outperforms with USD 226 million in FCF in 2019
- Increased distribution to shareholders
- Favorable development in order backlog positions TGS well for a market expected to remain flat in 2020

Thank you



The background is a dark, abstract composition of overlapping, semi-transparent geometric shapes in shades of blue and red. These shapes are interconnected by a network of thin, glowing lines and small dots, creating a complex, web-like structure. The overall effect is that of a digital or data visualization space.

Appendix

Income Statement

IFRS

(MUSD)		Q4 2019	Q4 2018	Change
Net operating revenues		218.8	274.5	-20%
Cost of goods sold		1.3	0.3	351%
Personnel cost		25.3	21.6	17%
Other operational costs		16.8	9.8	72%
EBITDA	80%	175.5	242.8	-28%
Amortization of multi-client library		95.6	94.7	1%
Depreciation		10.3	2.2	367%
Operating result	32%	69.6	145.9	-52%
Financial income		1.0	1.0	-4%
Fiancial expenses		-1.7	-0.4	350%
Exchange gains/losses		-1.7	0.7	n/a
Result before taxes	31%	67.2	147.2	-54%
Tax cost	16%	10.5	22.3	-53%
Net income	26%	56.7	124.9	-55%
EPS (USD)		0.48	1.22	-60%
EPS fully diluted (USD)		0.48	1.21	-60%

Balance Sheet

IFRS

Balance sheet	Q4 2019	Q4 2018	Change
Goodwill	284.8	67.9	319%
Multi-client library	1,091.3	870.5	25%
Deferred tax asset	11.3	0.9	1174%
Other non-current assets	75.3	31.4	140%
Total non-current assets	1,462.6	970.7	51%
Cash and cash equivalents	323.4	273.5	18%
Other current assets	398.2	337.8	18%
Total current assets	721.6	611.4	18%
TOTAL ASSETS	2,184.2	1,582.0	38%
Total equity	1,532.1	1,232.6	24%
Deferred taxes	43.4	48.4	-10%
Non-current liabilities	23.9	5.0	377%
Total non-current liabilities	67.3	53.4	26%
Taxes payable, withheld payroll tax, social security	32.7	27.1	21%
Other current liabilities	552.0	269.0	105%
Total current liabilities	584.8	296.1	98%
TOTAL EQUITY AND LIABILITIES	2,184.2	1,582.0	38%

Reconciliation

Segment reporting/IFRS

(All amounts in USD 1,000s)	Q4 2019		Q4 2019
	As reported	Adjustments	Segment
Net revenues	218,846	13,641	232,486
Amortization and impairment of multi-client library	95,627	24,255	119,882
Total operating expenses	149,265	24,255	173,520
Taxes	10,459	8,764	19,223
Net income	56,726	-19,379	37,347

(All amounts in USD 1,000s)	2019		2019
	As reported	Adjustments	Segment
Net revenues	585,610	186,963	772,574
Amortization and impairment of multi-client library	302,233	95,039	397,272
Total operating expenses	456,613	95,039	551,652
Taxes	31,758	28,178	59,936
Net income	99,453	64,016	163,469

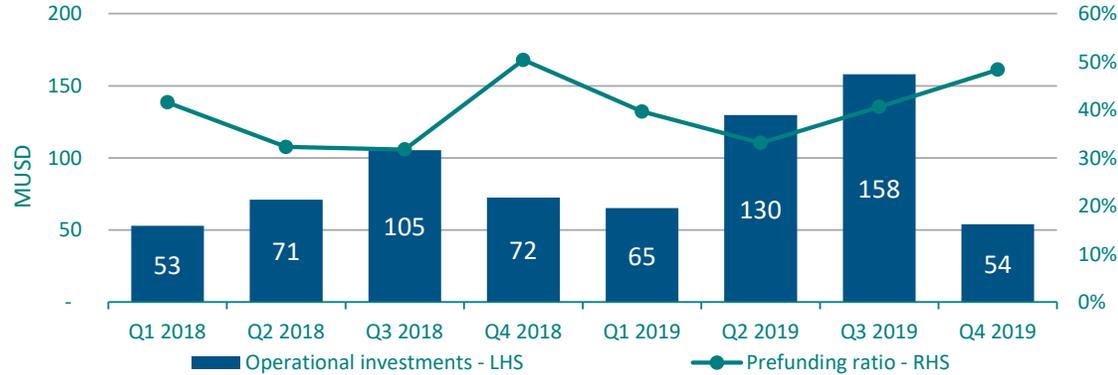
Impact on Balance Sheet

(All amounts in USD 1,000s)	31-Dec-19		31-Dec-19
	As reported	Adjustments	Segment
Multi-client library	1,091,294	-260,492	830,803
Deferred tax asset	11,260	-435	10,825
Total non-current assets	1,462,592	-260,927	1,201,665
Accrued revenues	721,587	157,353	878,940
Total current assets	721,587	157,353	878,940
Equity	1,532,147	79,427	1,611,574
Deferred taxes	43,376	33,666	77,042
Total non-current liabilities	67,277	33,666	100,944
Accounts payable and debt to partners	108,087	66,343	174,430
Other current liabilities	443,935	-283,009	160,926
Total current liabilities	584,755	-216,667	368,088

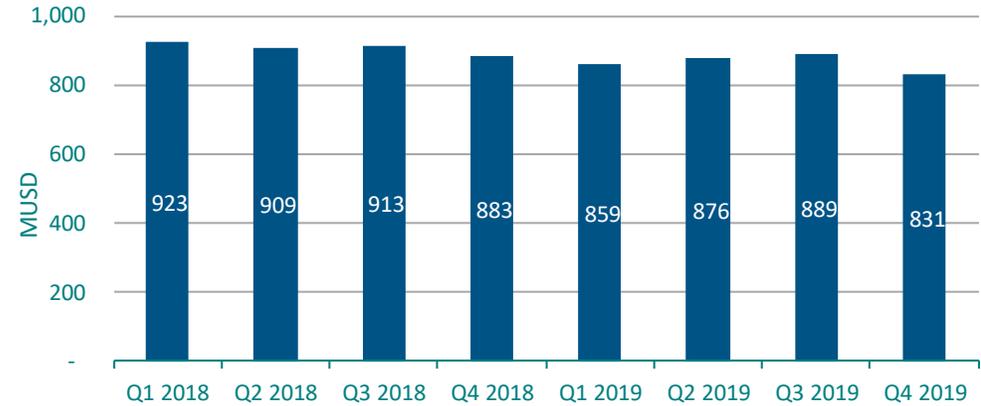
Multi-Client Library

TGS/SPU Consolidated (Q1 2018 – Q4 2019)

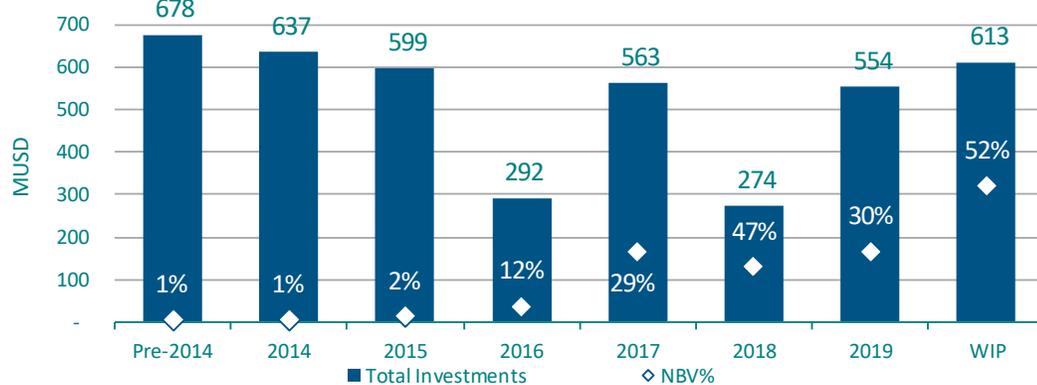
Operational investments and prefunding ratio



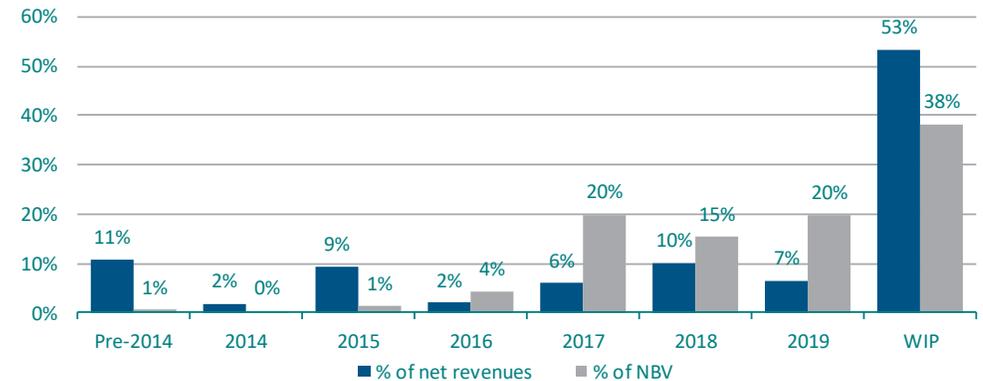
NBV multi-client library



Investments and NBV by year of completion



Net revenues and NBV by year of completion



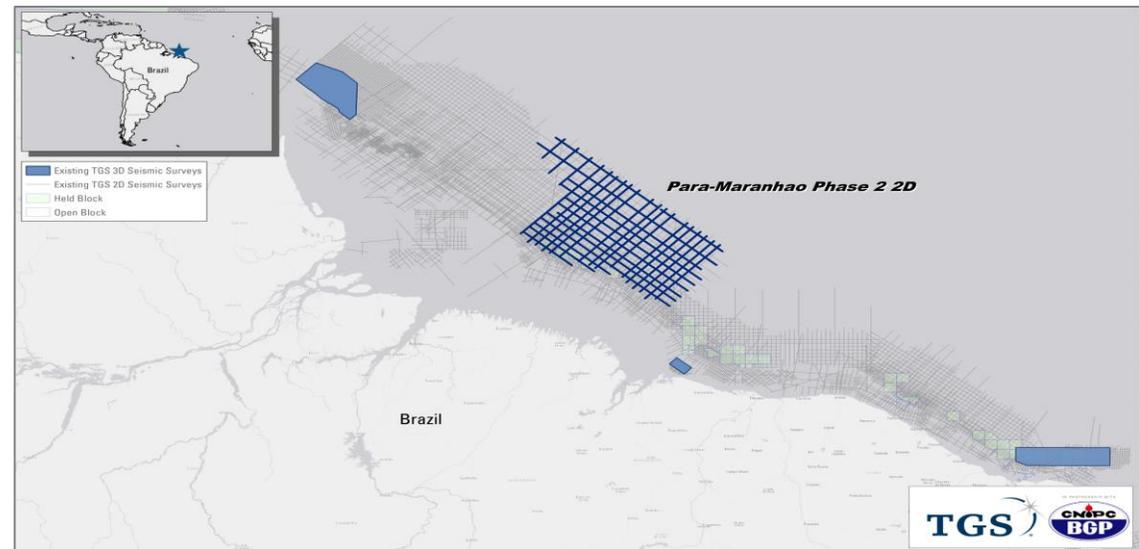
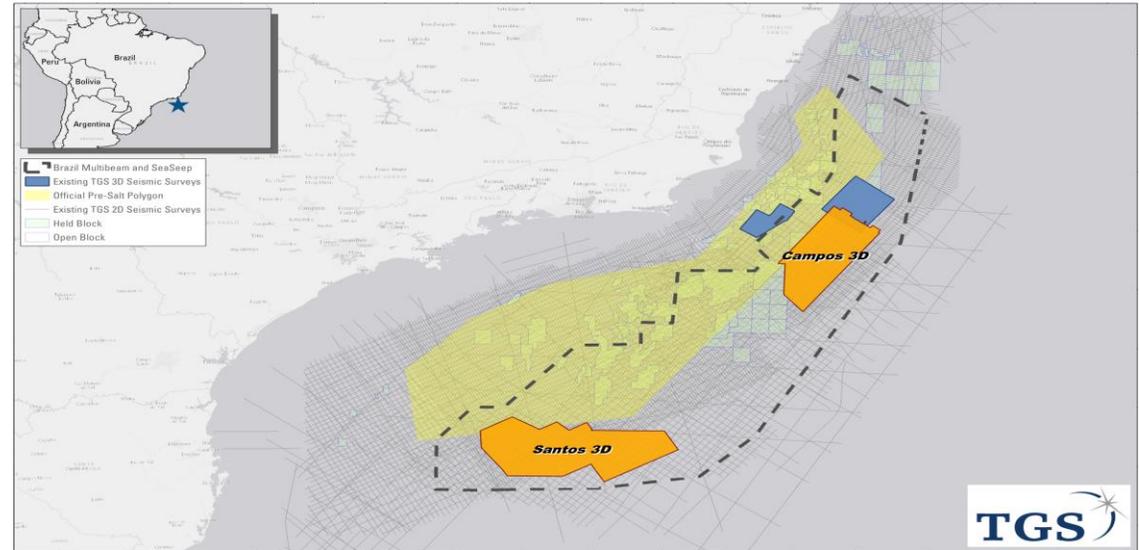
Q4 Activity – Brazil

Q4 Activity

- **Santos Basin 3D:** 22,500 km² multi-client 3D project in the southern Santos Basin
- **Campos Basin 3D:** 14,100 km² multi-client 3D project in the Campos Basin in Brazil
- **Para-Maranhao Phase 2 2D:** 8,443 km multi-client 2D project in the Para-Maranhao Basin in partnership with BGP

Brazil Market

- License round transparency – calendar out to 2021
- Seismic permitting process becoming more streamlined
- Region is continuing to attract new entrants further diversifying prospective client base



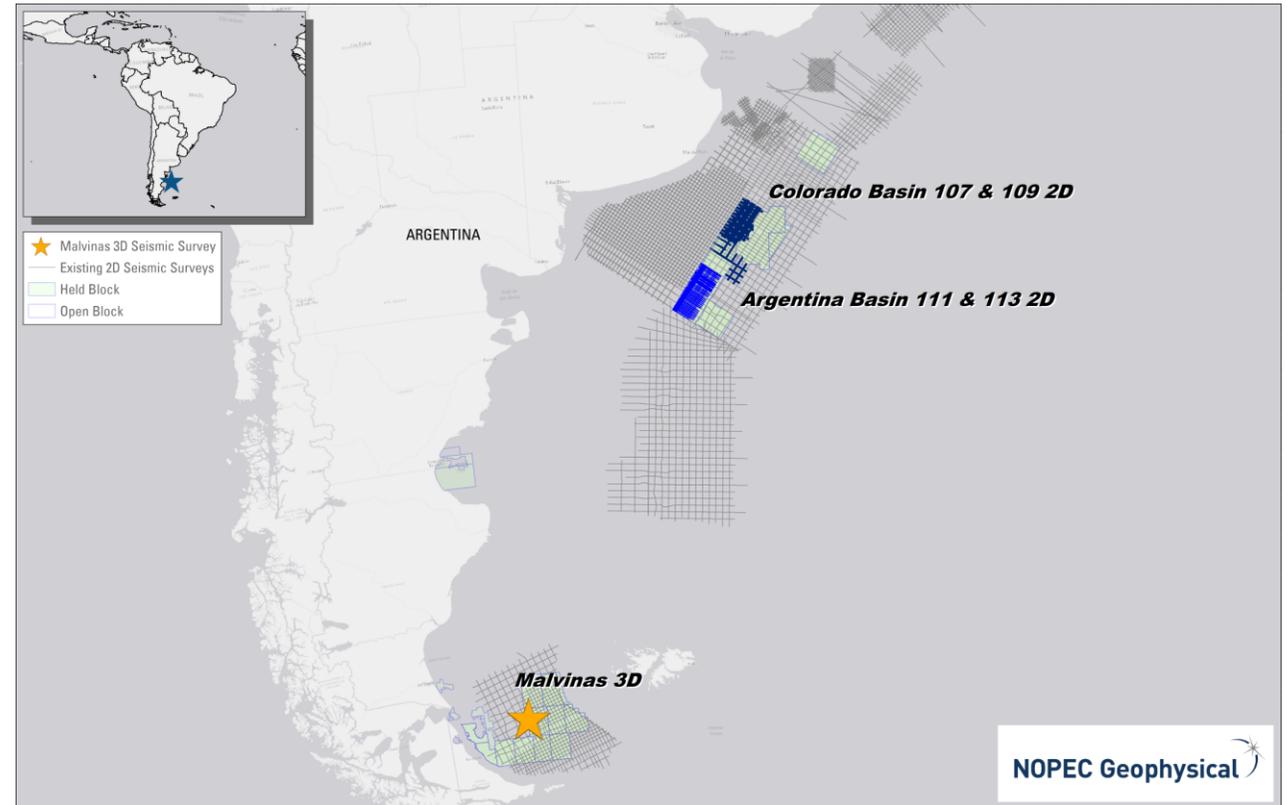
Q4 Activity – Argentina

Q4 Activity

- **Malvinas 3D:** 17,800 km² multi-client 3D project in the Malvinas Basin
- **Colorado Basin 107 & 109 2D:** 3,150 km multi-client 2D project in the Colorado Basin
- **Argentina 111/113 2D:** 4,349 km 2D multi-client project in the North Argentine Basin

Argentina Market

- Strong client interest remains even though political climate has shifted
- Late purchase opportunities as grants for work commitments continue



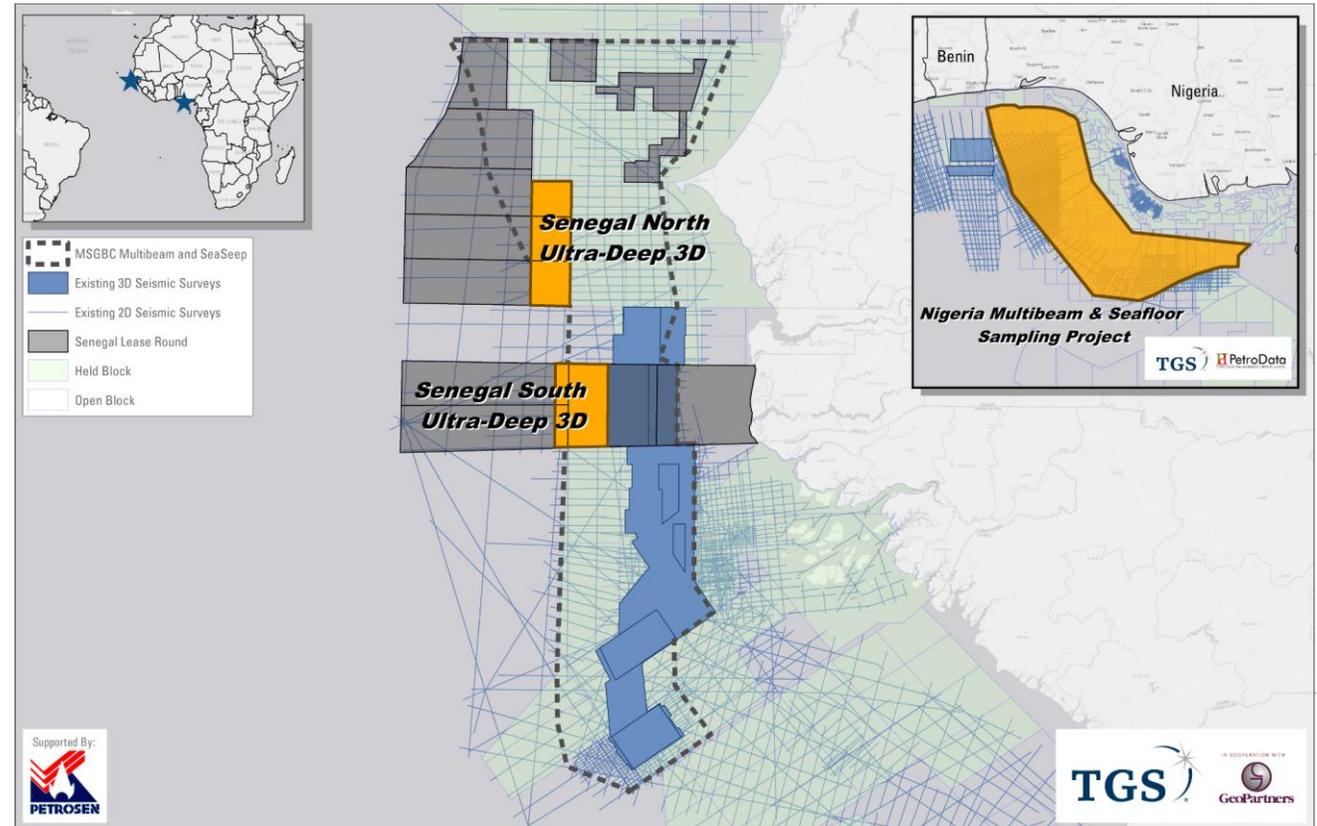
Q4 Activity – West Africa

Q4 Activity

- **Nigeria Multibeam and Seafloor Sampling Project:** along with joint venture partner, PetroData, the study will cover 80,000 km² of the offshore Niger Delta and will incorporate around 150 cores from the seabed
- **MSGBC SeaSeep:** 113,500 km² multi-client regional SeaSeep project on the North West African Atlantic Margin and will incorporate around 260 cores from the seabed
- **Senegal North Ultra-Deep 3D:** 5,100 km² multi-client 3D project, offshore northern Senegal. Survey is in partnership with GeoPartners and has the full support of the national oil company, Petrosen
- **Senegal South Ultra-Deep 3D:** 3D multi-client survey covers over 4,500 km² in the MSGBC Basin, offshore north-west Africa. Survey is in partnership with GeoPartners and has the full support of the national oil company, Petrosen

West Africa Market

- Petrosen launched the 2020 license round in January of which TGS has 3D covering 7 of the 12 blocks on offer and 2D in all others. There are 4 wells being planned for 2020 in Senegal, The Gambia, AGC and Guinea-Bissau



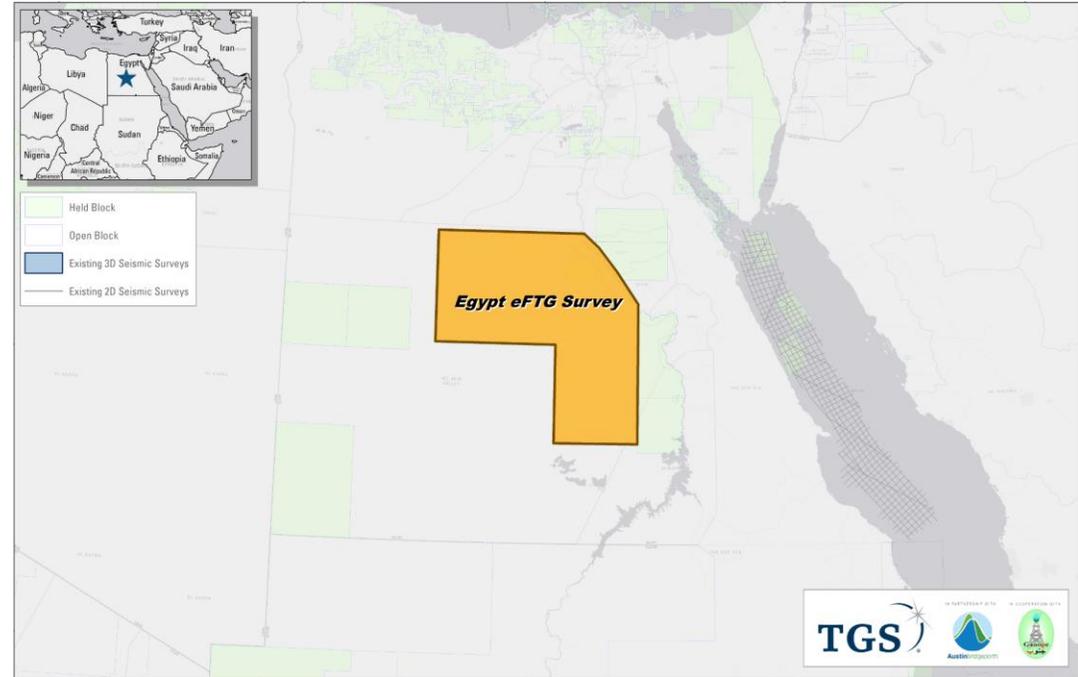
Q4 Activity – Egypt

New Project Announced

- **Egypt eFTG survey:** granted exclusive rights with partner, AustinBridgeport, to acquire the world's highest resolution gravity imagery, eFTG (enhanced Full Tensor Gravity Gradiometry), within Egypt
 - The program will begin with a regional airborne eFTG multi-client survey, together with magnetic and Lidar data. The survey is expected to commence in Q1 2020 and will continue as a multi-year acquisition that aims to cover both onshore and offshore Egypt

Egypt Market

- There is a lot of interest in a license round onshore in the Ganoupe region and the eFTG data will enable block demarcation for the round to commence



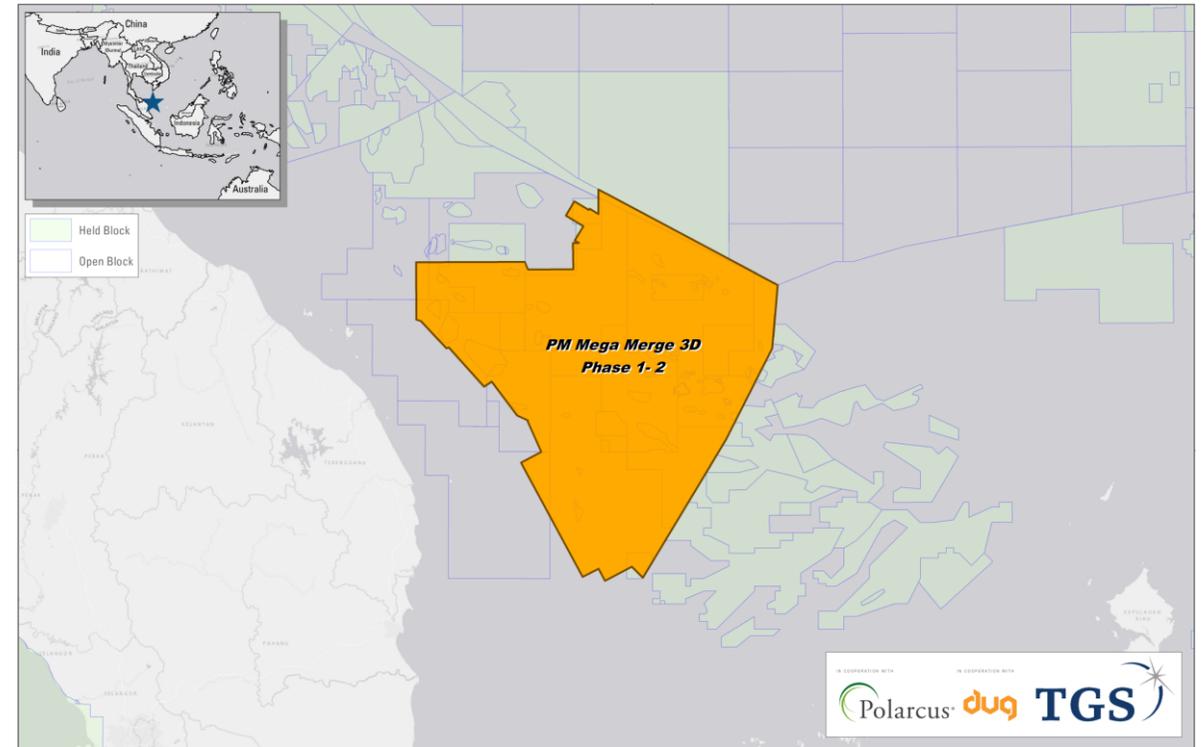
Q4 Activity – Malaysia

New Project Announced

- **Malay Basin:** announced signing of a contract with PETRONAS awarding TGS and partners, DownUnderGeoSolutions and Polarcus, the exclusive rights to seek pre-funding for a project to deliver to industry a contiguous broadband 3D volume of over 40,000 km² covering the Malay Basin.
 - The multi-year project is expected to commence in Q2 2020 subject to industry interest
 - The resulting Peninsular Malaysia Mega-Merge seismic dataset will comprise both broadband reprocessing of existing legacy 3D data from field tapes, as well as new broadband 3D acquisition

Malaysia Market

- Extensive range of acreage available in a mature hydrocarbon province



Q4 Activity – North America Land

New Project Announced

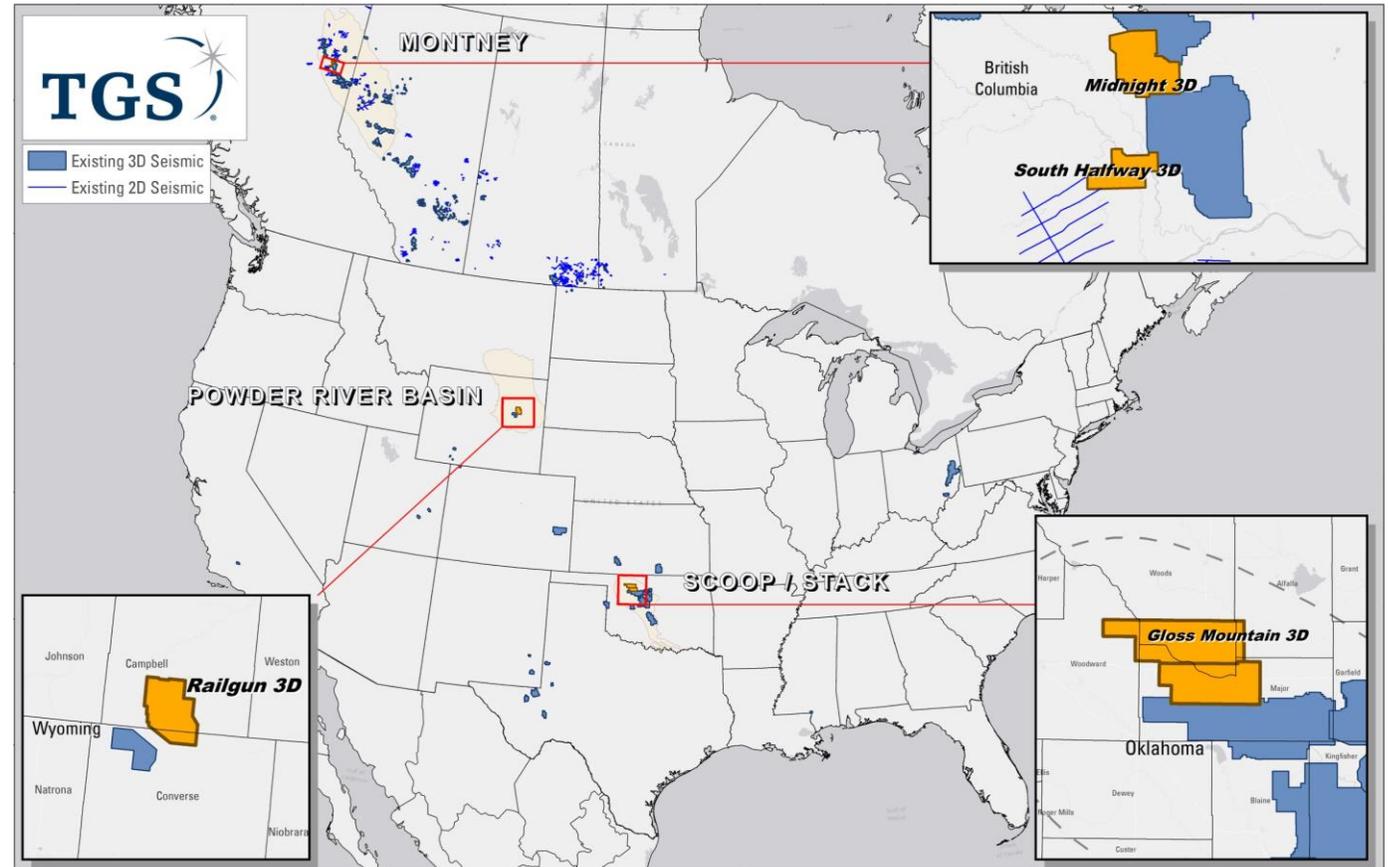
- **South Halfway 3D:** 100 km² 3D multi-client project in the Inga/Fireweed area of North East British Columbia in Canada

Q4 Activity

- **Midnight 3D:** 168 km² 3D multi-client project in the Inga/Fireweed area of British Columbia in Canada
- **Gloss Mountain 3D:** 1,500 km² high-resolution 3D multi-client project in the Anadarko Basin
- **Railgun 3D:** 680 km² high-resolution 3D multi-client project in the Powder River Basin

Onshore Market

- Geologic complexity in the resource play space creating additional opportunities to utilize seismic data to help maximize returns
- M&A driving acreage turnover in some basins



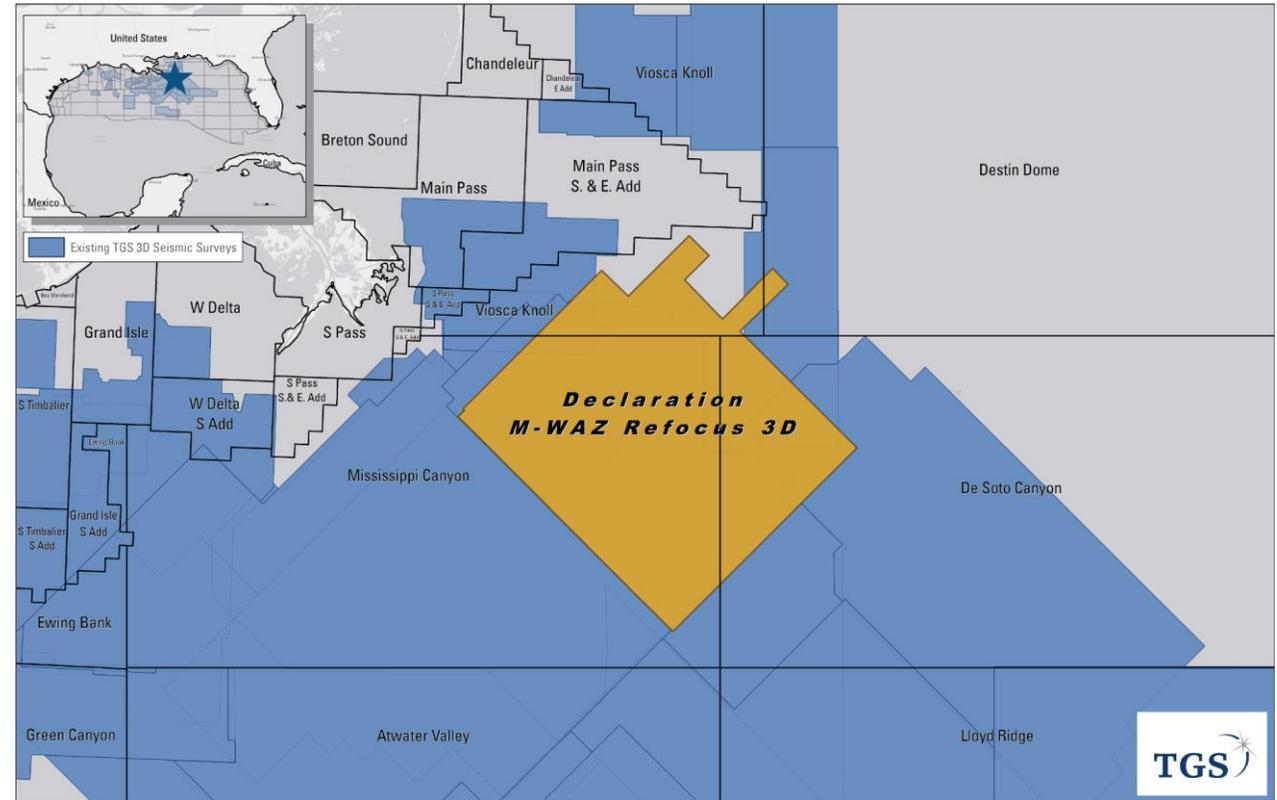
Q4 Activity – U.S. Gulf of Mexico

New Project Announced

- **Declaration Refocus:** next generation M-WAZ imaging program in the U.S. GOM. Dataset will comprise 380 Outer Continental Shelf blocks over TGS' orthogonal 3D WAZ programs in Mississippi Canyon

U.S Gulf of Mexico Market

- License rounds in March and August
- Acreage turnover and farm-ins
- Sparse node surveys expected to deliver a new generation of exploration data



Q4 Activity – Norway & UK

Q4 Activity

- **Utsira:** 1,584 km² multi-client node project in the Norwegian North Sea, in collaboration with Axxis Geo Solutions
- **Greater Castberg 2019 3D:** 5,151 km² multi-client TopSeis 3D project in the Barents Sea, in collaboration with CGG

Norway & UK Market

- Annual licensing rounds in Norway and the UK
- Most recent rounds closed in August (Norway) and November (UK)

