



## Q2 2022 Financial Results

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21 July 2022

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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

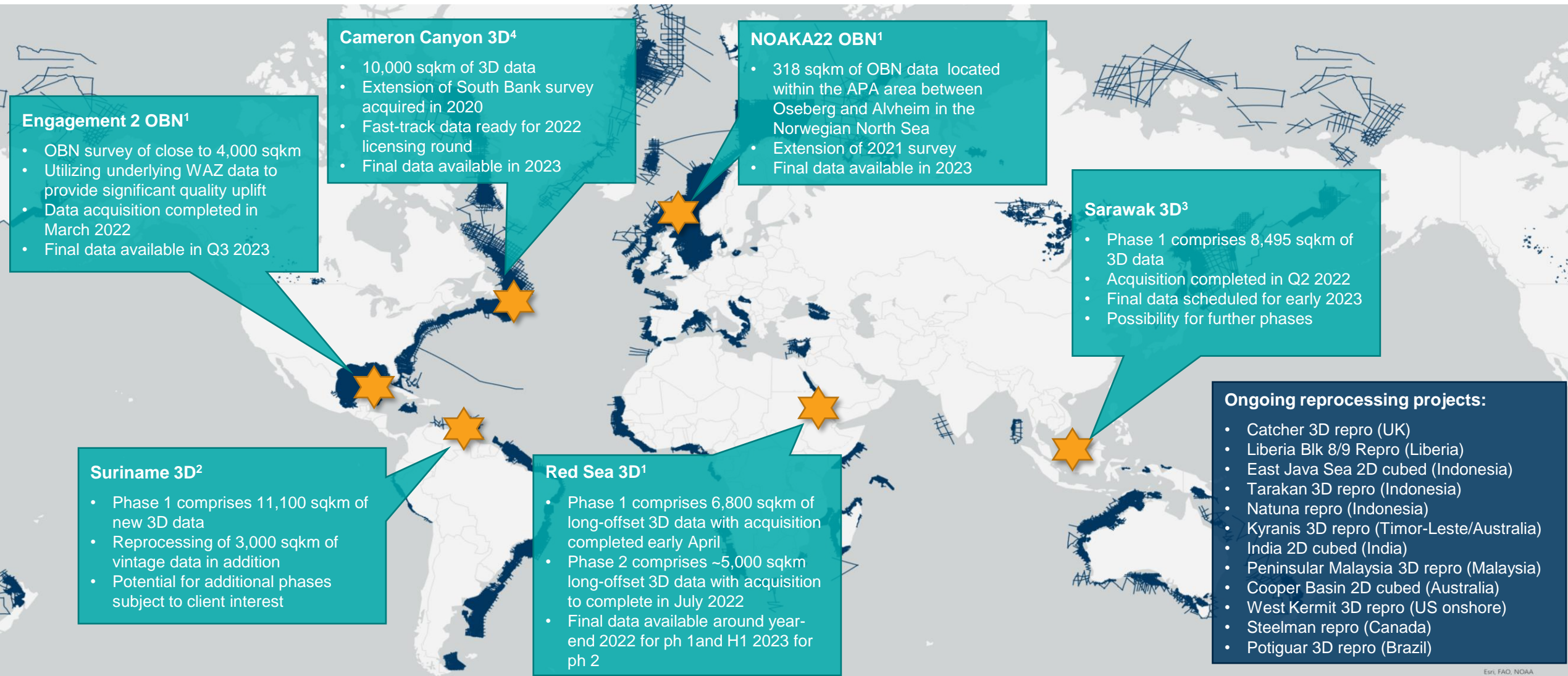
- Strong late sales of USD 97 million in Q2 2022 compared to USD 30 million in Q2 2021
- Total revenue of USD 230 million compared to USD 72 million in Q2 2021
  - POC revenue of USD 136 million compared to USD 54 million in Q2 2021
- Robust order inflow of USD 156 million compared to USD 49 million in Q2 2021
  - Backlog at USD 220 million at end of Q2 2022
- Solid financial position – net cash of USD 255 million
  - Quarterly dividend of USD 0.14 per share (USD 16 million)
- Delivering on strategy – supported by M&A
- Market recovery continuing



# Operational Highlights

The background is a solid teal color. On the right side, there is a decorative pattern of overlapping hexagons, creating a honeycomb-like effect. The hexagons are slightly offset from each other, giving a 3D or layered appearance.

# Q2 2022 Multi-client Operations



# World's first multi-client offshore wind measurement campaign

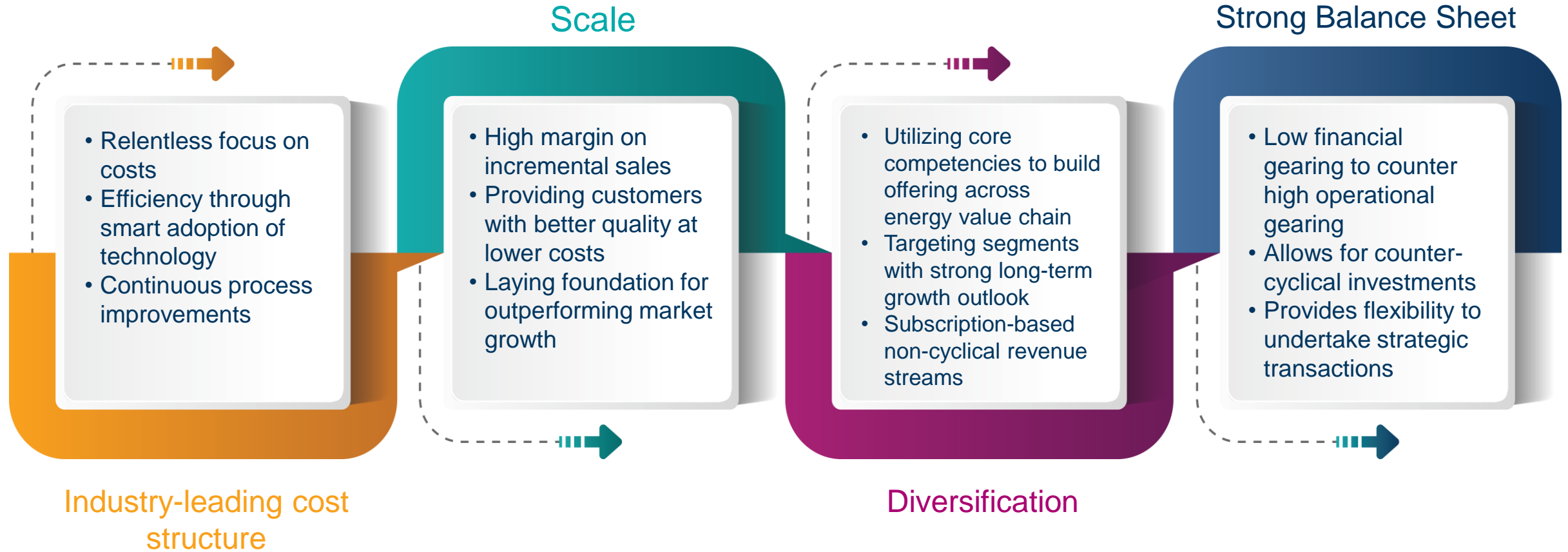
- TGS revolutionizing the way the wind industry accesses offshore measurement data
- Applying MC business model and data lake capabilities to wind LiDAR data
- First project is a new wind measurement project offshore the US East Coast in the New York Bight area
- Enables the most accurate forecasting of the wind energy production potential
- Supported by industry funding



# Strategy Update



# Roadmap for continued long-term value creation





# Recent M&A activity

Delivering on strategic agenda as presented at Capital Markets Day Feb'21

|                   |   |   |
|-------------------|---|---|
| Profitable Growth | New technologies in mature basins                     |    |
|                   | Strengthening position in South Atlantic              |    |
|                   | Further growth onshore                                |   |
| Technology Leader | Expand value chain through Data & Analytics           |    |
|                   | Imaging quality and reputation                        |  |
| Diversification   | Data offering towards other energy related industries |  |

# Magseis – Strengthening position towards ILX and 4D

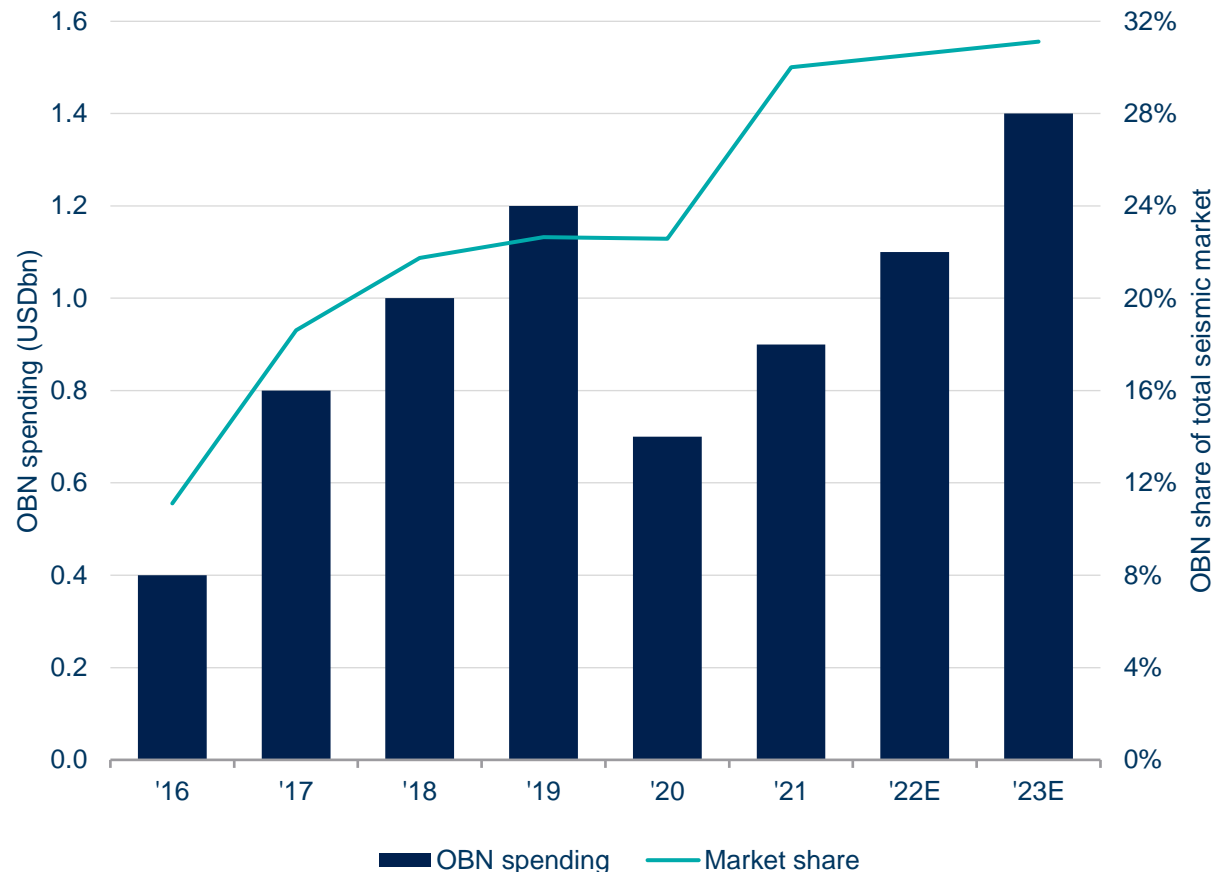
## Description

- World’s leading OBN acquisition company
- Strong position in TGS’ core markets
- Offer to acquire all outstanding shares announced on 29 June 2022

## Strategic rationale

- ✓ Strengthen TGS’ multi-client business towards ILX and “converted contracts”
- ✓ Position TGS for production seismic and 4D
- ✓ Further enhance TGS’ position in OBN processing
- ✓ Improve exposure towards energy transition related industries, like offshore wind, CCS and deep-sea minerals

Global OBN market



Source: ABGSC Research

# ION – Expanding MC footprint and data processing offering

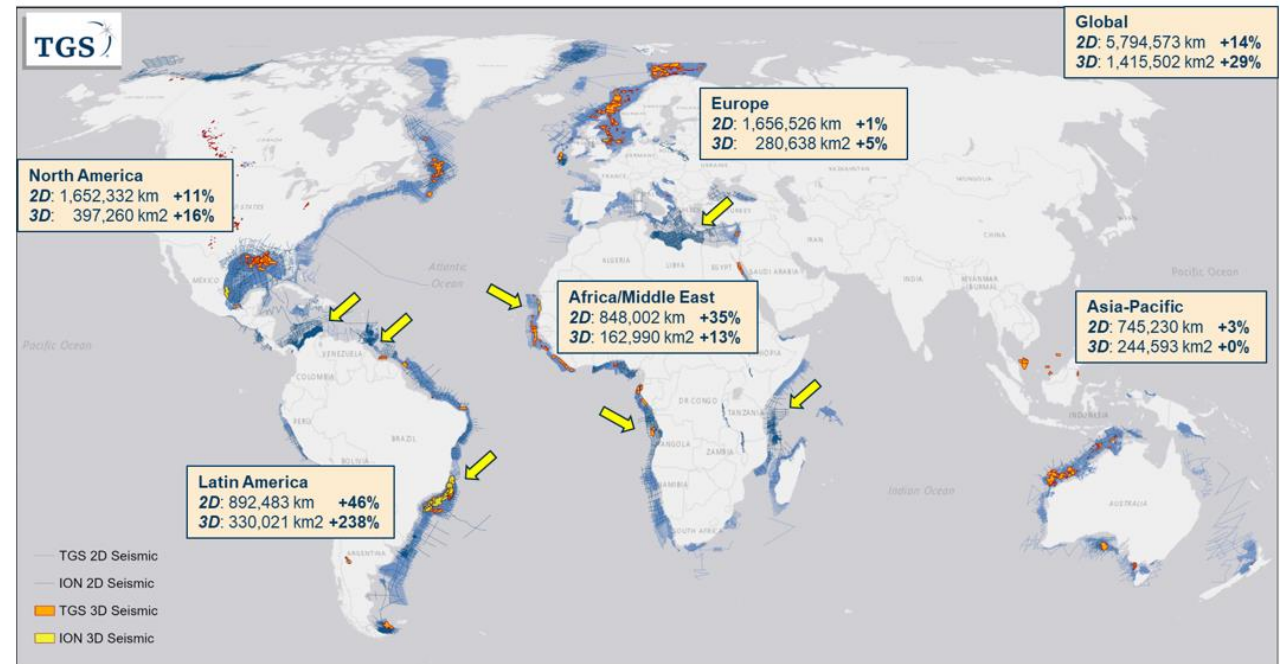
## Description

- Considered the number five multi-client company globally
- Asset light with a strong position in Africa and Latin America
- All of Ion’s offshore multi client data (both 3D and 2D) and the processing business acquired as part of a Chapter 11 process – closing expected early August

## Strategic rationale

- ✓ Will increase TGS global 3D and 2D footprint by 29% and 14% in volume, respectively
- ✓ Significant strengthening of key frontier areas in the South Atlantic basin
- ✓ Further enhancement of data processing offering

Global MC library increases by 29% (3D) and 14% (2D)



# Prediktor – Important building-block in renewables strategy

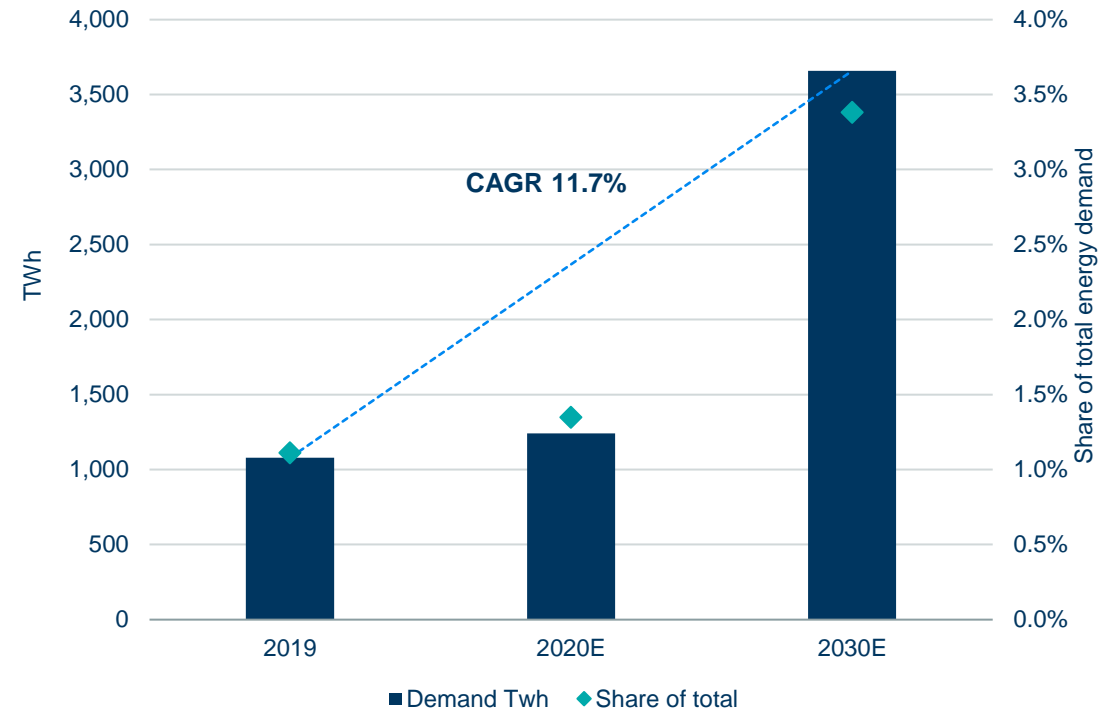
## Description

- Leading provider of asset management and real-time data management solutions to renewable and energy asset owners
- Strong presence in solar energy, but also delivers solutions to other types of industrial assets (e.g. wind energy and O&G)
- Based in Fredrikstad, Norway

## Strategic rationale

- ✓ Important building block in the company’s vision of becoming an integrated provider of high-quality data and insights to the renewable industry
- ✓ Significantly strengthens TGS’ Data & Analytics capabilities by establishing a second software development hub in Norway
- ✓ TGS to help accelerating Prediktor’s go-to-market strategy

Expected growth solar power

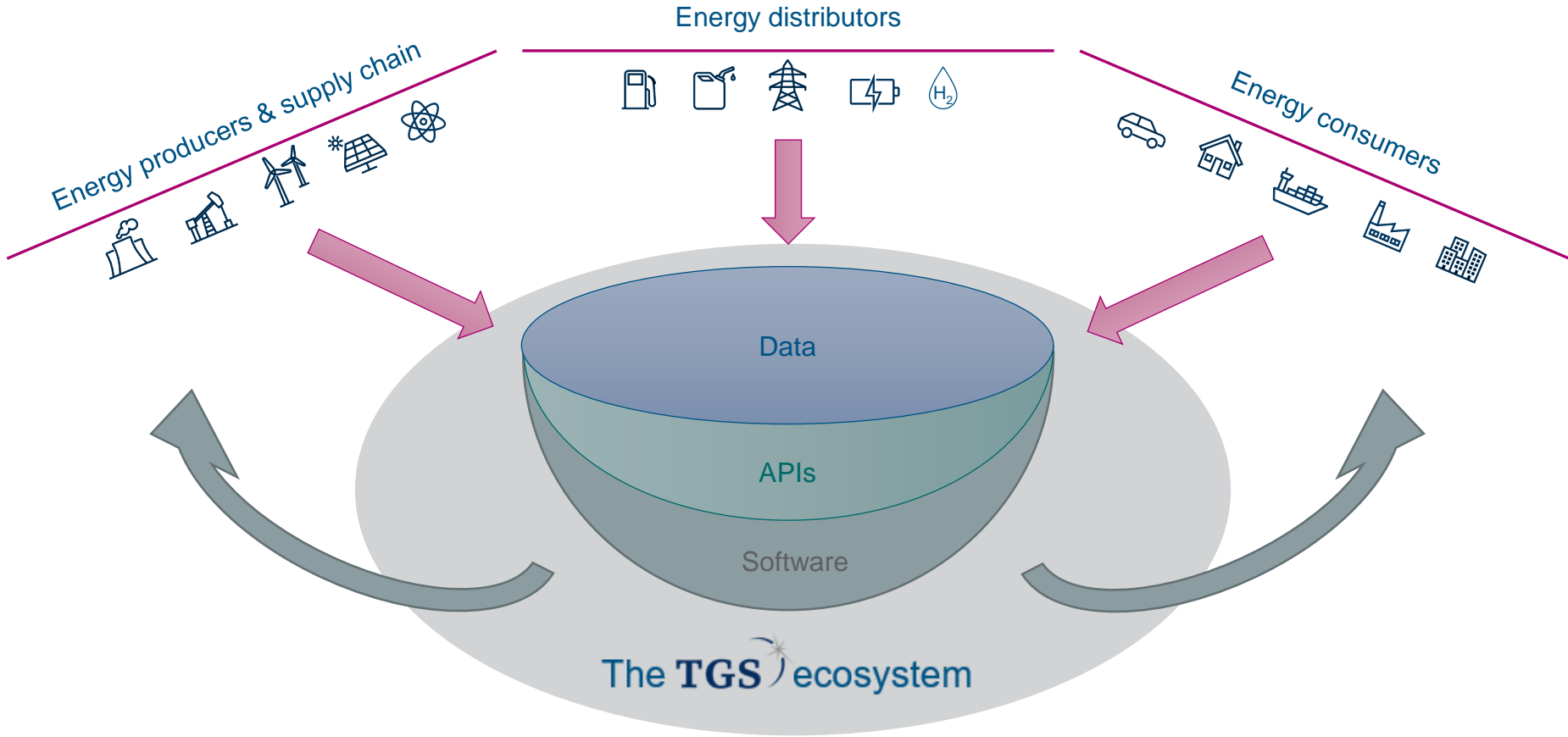


Source: EIA World Energy Outlook 2020

# **Update on Digital Energy Solutions Progress**



# DES Vision



Data and data-driven solutions for the full project life cycle across energy value chains

# Organic development – TGS Wind Ecosystem

## Components

- 4C Offshore Intel
- Wind AXIOM
- Wind Modelling
- Lidar Measurement
- Multibeam Echosounder
- XHR shallow seismic
- Energy Forecasting

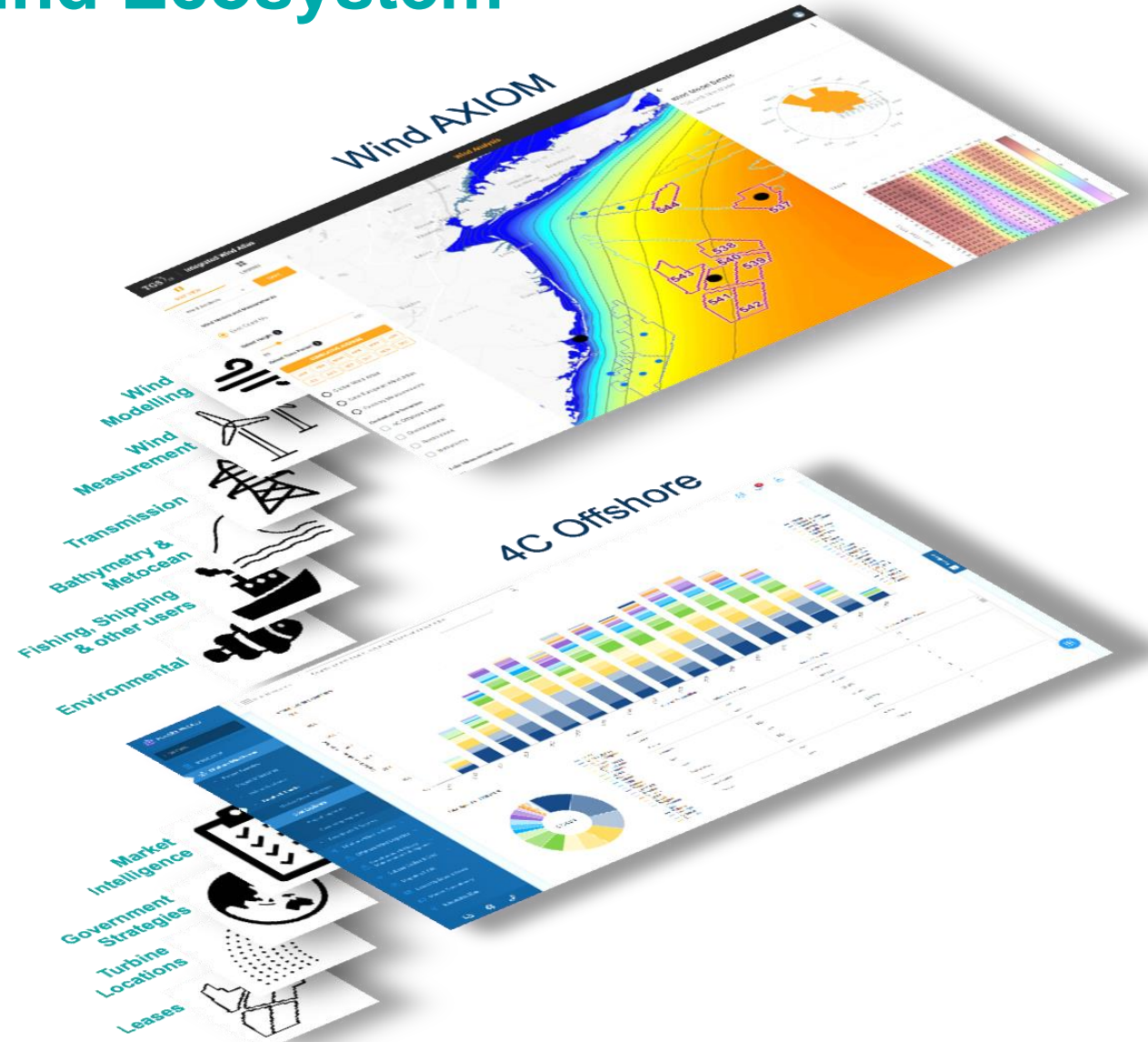
Prospecting

Assessment

Dev Ex/

Opex

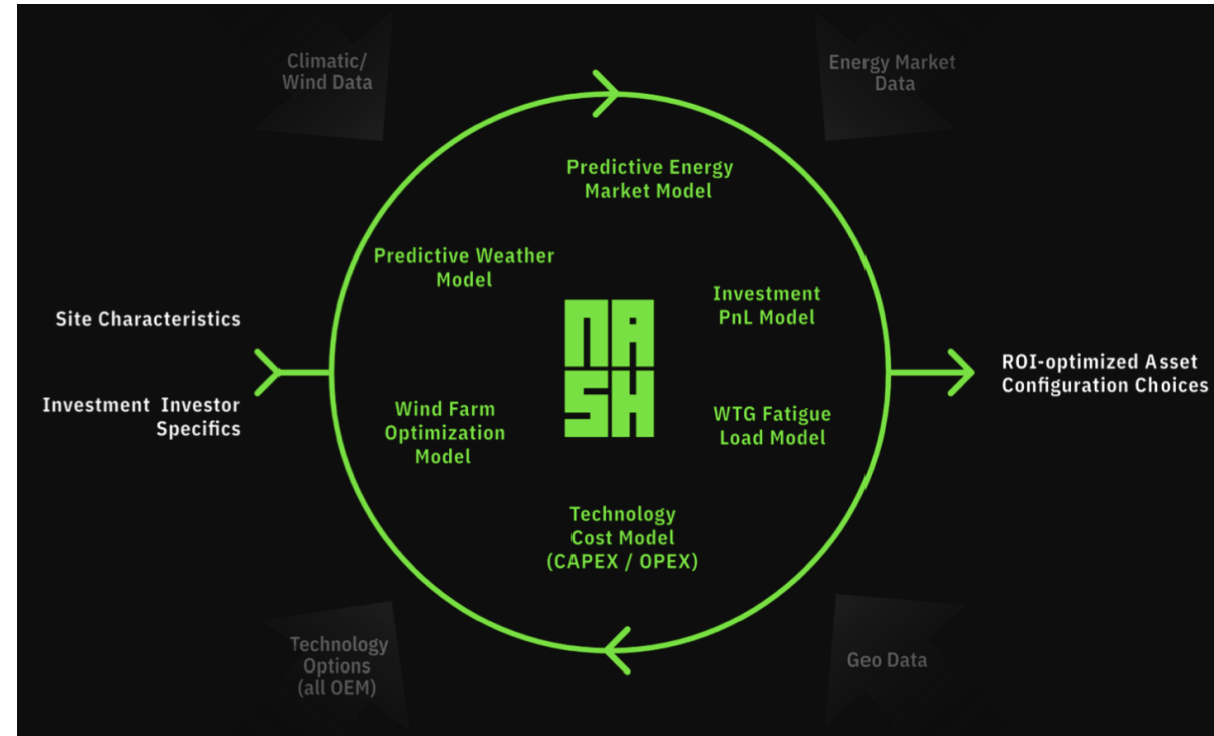
- Wind AXIOM launched in Q1, growing subscriptions
- World's first MC Lidar multi-year campaign commenced in July



# Venture investment in disruptive solutions

## NASH Renewables

- NASH is a 2022 startup led by the former CDO of Siemens Gamesa
  - Using AI to optimize wind park design and operations
    - Using production value and profitability as criteria instead of production volume and cost
    - Increasingly important in a post subsidy world
    - Initially targeting the onshore wind market
- TGS holds 10% equity, increasing to 20% by year end if company achieves set milestones
- Collaboration will provide TGS with access to the onshore Wind market





# M&A – Prediktor

## Data driven operations of energy asset portfolios

- Data capture and management of millions of sensor signals across energy asset portfolios
  - Field proven in energy installations world-wide
    - e.g. Johan Sverdrup, Doggerbank wind park, Benban solar park
    - 7GW of renewable assets under management, rapidly increasing
- Becoming part of TGS will accelerate growth through
- Increased client confidence
  - Global reach, new geographic regions
  - Improved scalability with cloud-based solutions
  - Increased resource base to expand product offering

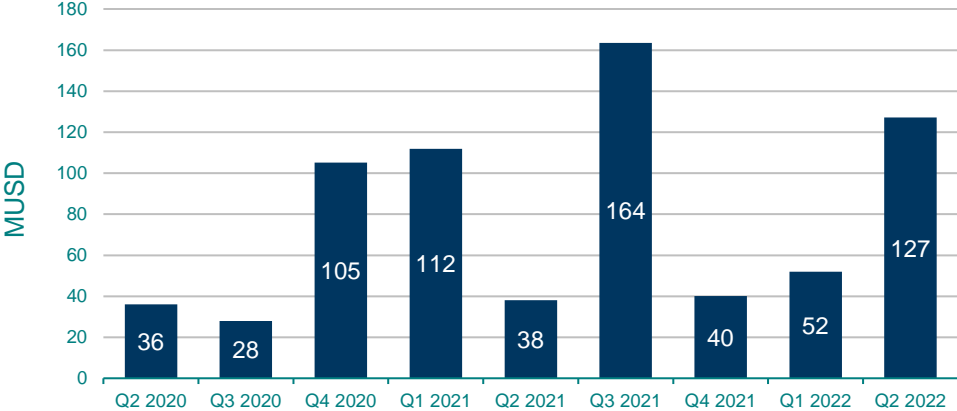


# Financials

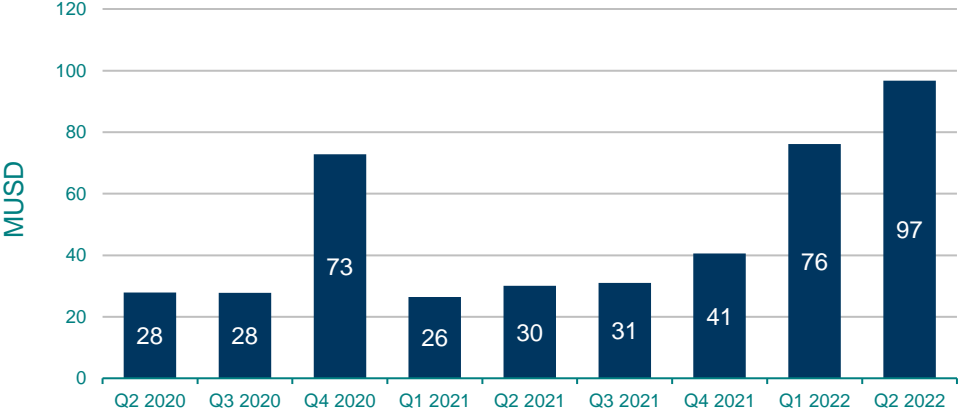


# Operating Revenues

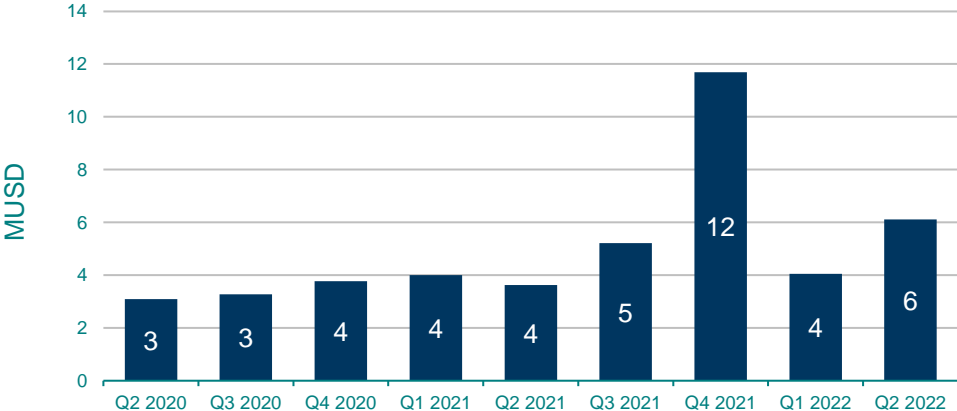
Early Sales Revenue



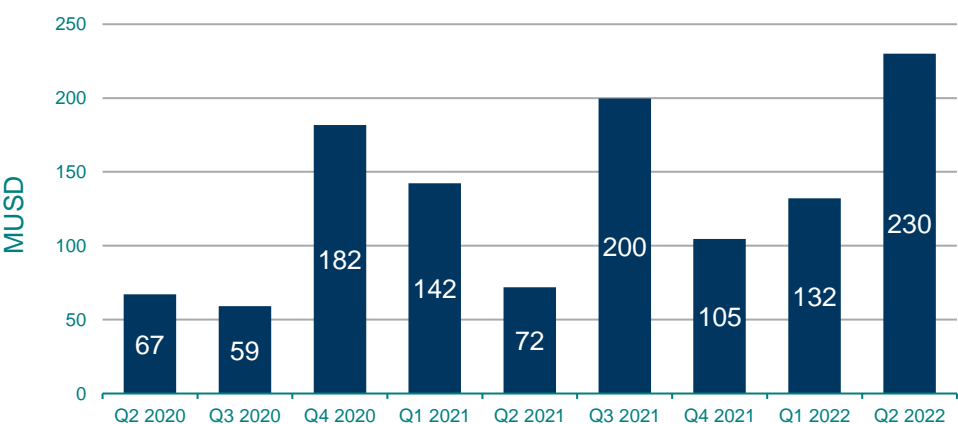
Late Sales Revenue



Proprietary Sales Revenue

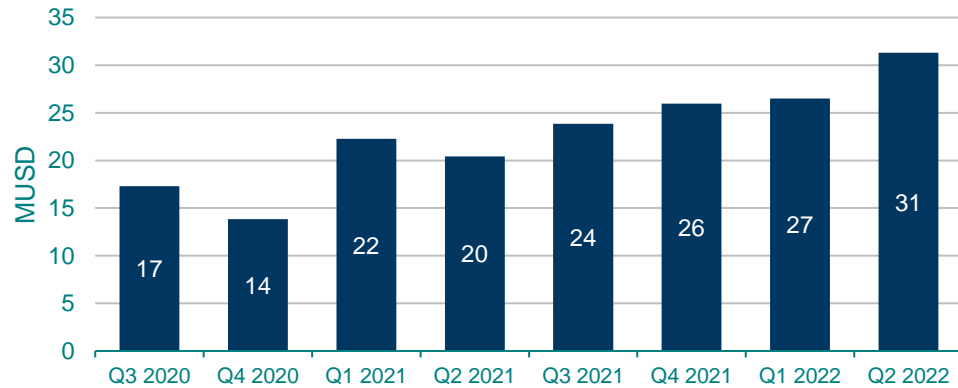


Total Revenue

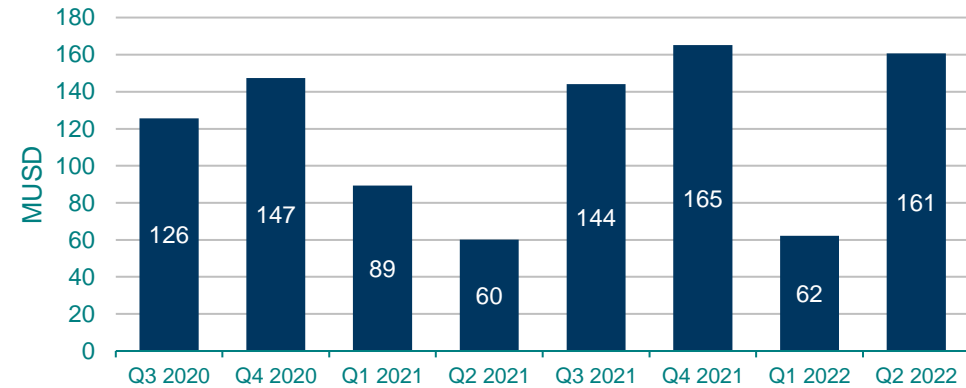


# Operating Result and Cash Flow

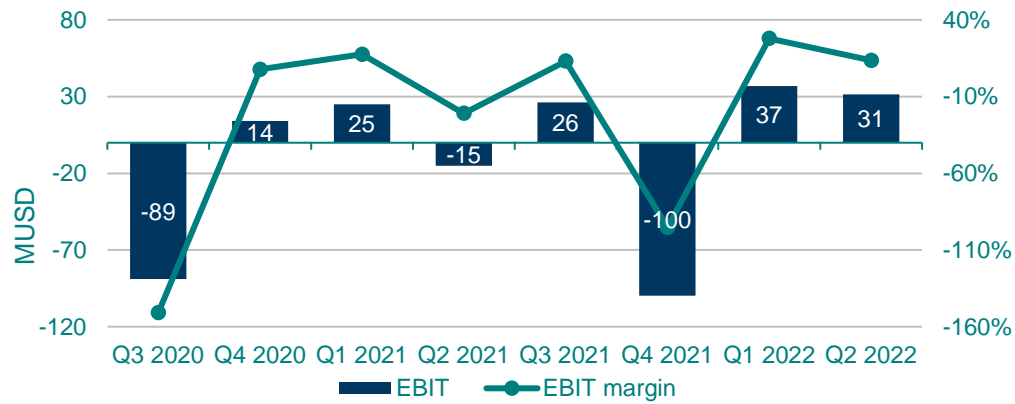
## Operating Expenses <sup>1</sup>



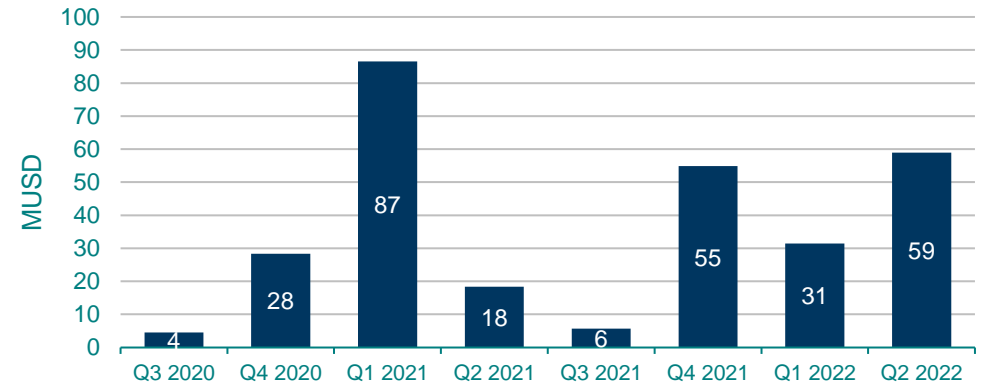
## Amortization and Impairments



## Operating Result <sup>2</sup>

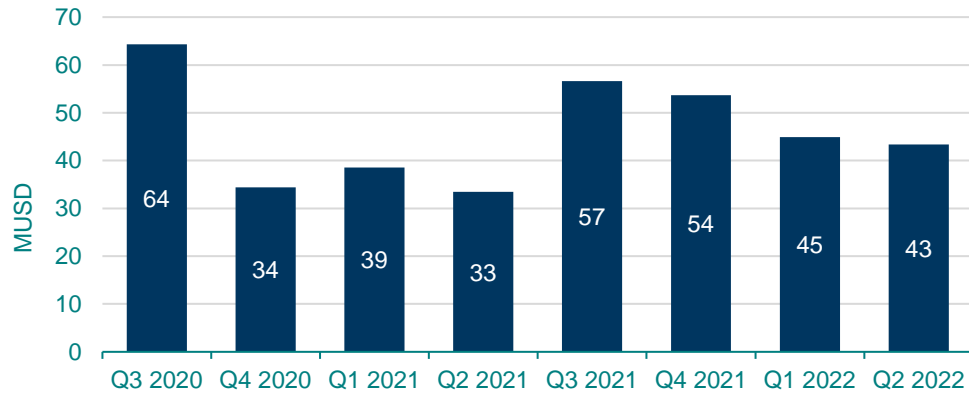


## Free Cash Flow

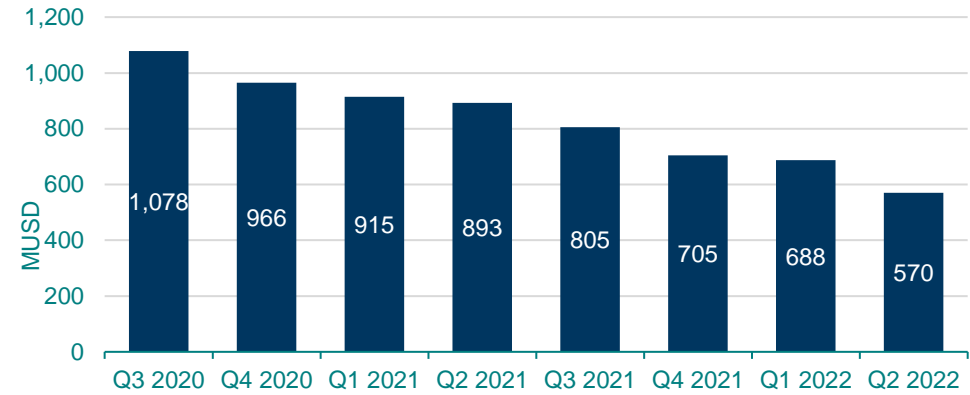


# Multi-client Library

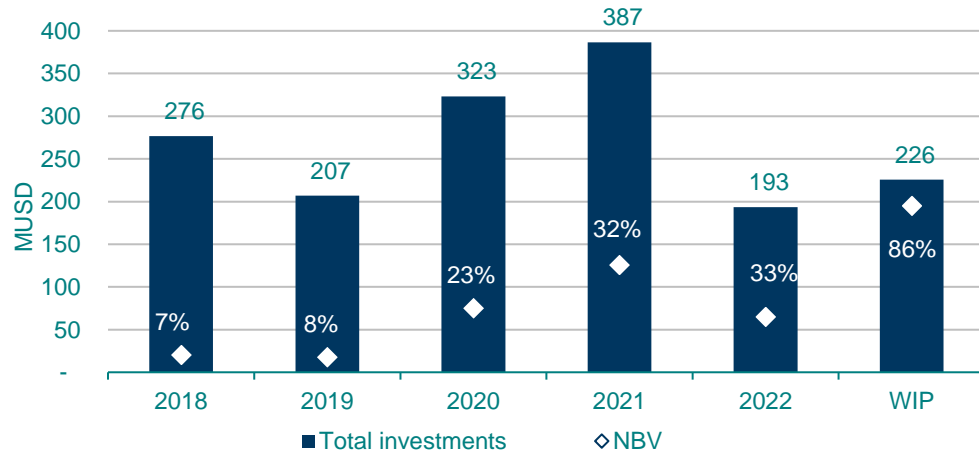
## Operational Investments



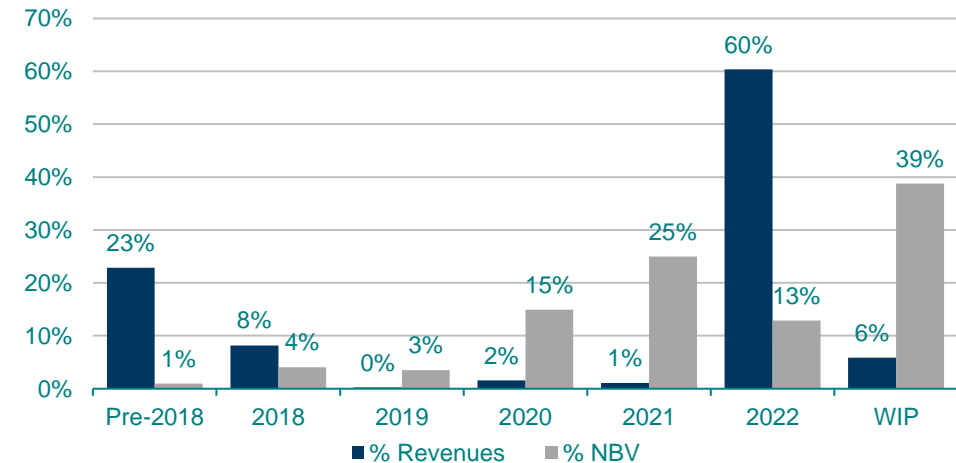
## Net Book Value Multi-Client Library



## Investments and NBV by year of completion Q2 2022<sup>1</sup>



## Revenues and NBV by year of completion Q2 2022<sup>1</sup>



# Income Statement

| (MUSD)                     | Q2 2022      | Q2 2021      | Change       | YTD 2022     | YTD 2021     | Change       |               |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Early Sales                | 127.2        | 38.1         | 233%         | 179.1        | 150.1        | 19%          |               |
| Late Sales                 | 96.8         | 30.1         | 222%         | 173.0        | 56.6         | 206%         |               |
| Proprietary sales          | 6.1          | 3.6          | 69%          | 10.2         | 7.6          | 33%          |               |
| <b>Total revenues</b>      | <b>230.1</b> | <b>71.9</b>  | <b>220%</b>  | <b>362.3</b> | <b>214.2</b> | <b>69%</b>   |               |
| Cost of goods sold         | 1.5          | 1.0          | 54%          | 2.7          | 2.3          | 21%          |               |
| Personnel cost             | 21.1         | 11.8         | 79%          | 38.6         | 25.8         | 50%          |               |
| Other operational costs    | 10.3         | 8.7          | 18%          | 22.6         | 16.9         | 34%          |               |
| <b>EBITDA</b>              | <b>86%</b>   | <b>197.3</b> | <b>50.5</b>  | <b>291%</b>  | <b>298.3</b> | <b>169.3</b> | <b>76%</b>    |
| Straight-line amortization | 39.4         | 42.7         | -8%          | 75.8         | 88.0         | -14%         |               |
| Accelerated amortization   | 120.0        | 17.5         | 585%         | 145.8        | 61.5         | 137%         |               |
| Impairments                | 1.4          | 0.0          | n/a          | 1.4          | 0.0          | n/a          |               |
| Depreciation               | 5.0          | 5.3          | -6%          | 10.3         | 9.8          | 5%           |               |
| <b>Operating result</b>    | <b>14%</b>   | <b>31.4</b>  | <b>-15.1</b> | <b>-309%</b> | <b>65.0</b>  | <b>10.0</b>  | <b>552%</b>   |
| Financial income           | -0.4         | 0.5          | -190%        | 1.1          | 0.5          | 123%         |               |
| Financial expenses         | -0.8         | -3.3         | -76%         | -4.5         | -4.3         | 5%           |               |
| Exchange gains/losses      | 3.3          | -4.6         | -171%        | 0.2          | -5.9         | -104%        |               |
| <b>Result before taxes</b> | <b>15%</b>   | <b>33.5</b>  | <b>-22.5</b> | <b>-249%</b> | <b>61.8</b>  | <b>0.2</b>   | <b>24783%</b> |
| Tax cost                   | 24%          | 8.1          | -6.7         | -221%        | 15.4         | 3.1          | 402%          |
| <b>Net income</b>          | <b>11%</b>   | <b>25.4</b>  | <b>-15.9</b> | <b>-260%</b> | <b>46.3</b>  | <b>-2.8</b>  | <b>-1738%</b> |
| EPS (USD)                  | 0.22         | -0.14        | -262%        |              |              |              |               |
| EPS fully diluted (USD)    | 0.22         | -0.14        | -260%        |              |              |              |               |

# Balance Sheet

| <i>(MUSD)</i>   | 30-Jun-22      | 30-Jun-21      | 31-Dec-21      | Change from<br>31 Dec 21 |
|---|----------------|----------------|----------------|--------------------------|
| Goodwill  | 304.0          | 303.8          | 304.0          | 0%                       |
| Multi-client library  | 570.1          | 893.0          | 704.9          | -19%                     |
| Deferred tax asset  | 86.5           | 80.7           | 95.9           | -10%                     |
| Other non-current assets  | 85.1           | 107.3          | 89.8           | -5%                      |
| <b>Total non-current assets</b>                                 | <b>1,045.7</b> | <b>1,384.9</b> | <b>1,194.5</b> | <b>-12%</b>              |
| Cash and cash equivalents                                       | 254.7          | 223.4          | 215.3          | 18%                      |
| Other current assets  | 218.2          | 283.6          | 220.0          | -1%                      |
| <b>Total current assets</b>                                     | <b>472.8</b>   | <b>507.0</b>   | <b>435.3</b>   | <b>9%</b>                |
| <b>TOTAL ASSETS</b>   | <b>1,518.6</b> | <b>1,891.9</b> | <b>1,629.8</b> | <b>-7%</b>               |
| <b>Total equity</b>   | <b>1,127.2</b> | <b>1,229.6</b> | <b>1,115.3</b> | <b>1%</b>                |
| Deferred taxes  | 34.0           | 34.0           | 32.1           | 6%                       |
| Non-current liabilities   | 28.1           | 42.6           | 35.7           | -21%                     |
| <b>Total non-current liabilities</b>                            | <b>62.1</b>    | <b>76.6</b>    | <b>67.8</b>    | <b>-8%</b>               |
| Taxes payable, withheld payroll tax,<br>social security and VAT | 42.8           | 59.1           | 77.9           | -45%                     |
| Other current liabilities                                       | 286.5          | 526.6          | 368.8          | -22%                     |
| <b>Total current liabilities</b>                                | <b>329.3</b>   | <b>585.7</b>   | <b>446.7</b>   | <b>-26%</b>              |
| <b>TOTAL EQUITY AND LIABILITIES</b>                             | <b>1,518.6</b> | <b>1,891.9</b> | <b>1,629.8</b> | <b>-7%</b>               |

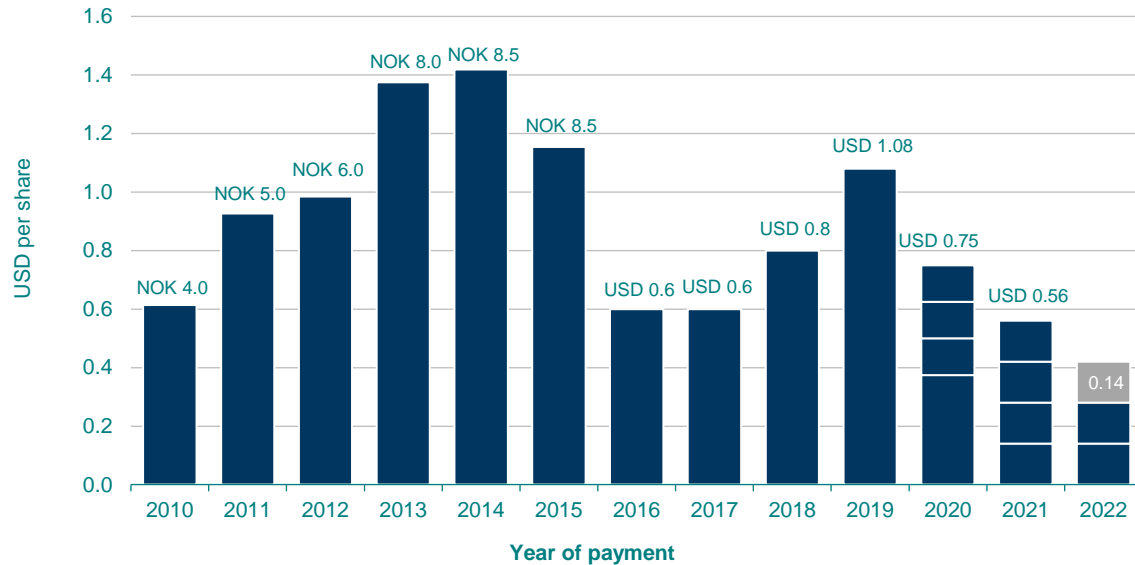
# Q2 2022 Cash Flow Statement

| (MUSD)   | Q2 2022      | Q2 2021      | Change      | YTD 2022      | YTD 2021     | Change      |
|--|--------------|--------------|-------------|---------------|--------------|-------------|
| <b>Cash flow from operating activities:</b>            |              |              |             |               |              |             |
| Profit before taxes                                    | 33.5         | -22.5        | -249%       | 61.8          | 0.2          | 24727%      |
| Depreciation/amortization/impairment                   | 165.7        | 65.5         | 153%        | 233.3         | 159.3        | 46%         |
| Changes in accounts receivable and accrued revenues    | -29.4        | -21.8        | 35%         | -38.1         | 95.5         | -140%       |
| Changes in other receivables                           | 31.5         | 6.8          | 365%        | 37.0          | 6.2          | 497%        |
| Changes in other balance sheet items                   | -109.2       | 23.3         | -568%       | -103.6        | -94.1        | 10%         |
| Paid taxes   | -5.5         | -5.1         | 7%          | -8.0          | -9.4         | -16%        |
| <b>Net cash flow from operating activities</b>         | <b>86.6</b>  | <b>46.2</b>  | <b>88%</b>  | <b>182.5</b>  | <b>157.7</b> | <b>16%</b>  |
| <b>Cash flow from investing activities:</b>            |              |              |             |               |              |             |
| Investments in tangible and intangible assets          | -4.4         | 0.0          | n/a         | -9.8          | -0.4         | 2524%       |
| Investments in multi-client library                    | -27.7        | -24.9        | 11%         | -92.1         | -50.0        | 84%         |
| Interest received                                      | 1.0          | 0.5          | 102%        | 1.1           | 0.5          | 123%        |
| <b>Net cash flow from investing activities</b>         | <b>-31.1</b> | <b>-24.5</b> | <b>27%</b>  | <b>-100.8</b> | <b>-49.9</b> | <b>102%</b> |
| <b>Cash flow from financing activities activities:</b> |              |              |             |               |              |             |
| Net change in short term loans                         | 0.0          | 0.0          | n/a         | 0.0           | -2.5         | -100%       |
| Interest paid  | -0.8         | -3.3         | -76%        | -1.6          | -4.2         | -62%        |
| Dividend payments                                      | -16.4        | -16.5        | 0%          | -32.7         | -32.9        | -1%         |
| Repayment of lease liabilities                         | -2.5         | -2.9         | -12%        | -5.8          | -5.5         | 6%          |
| Repurchase of shares                                   | 0.2          | -3.4         | -104%       | -2.5          | -6.1         | -59%        |
| <b>Net cash flow from financing activities</b>         | <b>-19.6</b> | <b>-26.1</b> | <b>-25%</b> | <b>-42.6</b>  | <b>-51.2</b> | <b>-17%</b> |
| <b>Net change in cash and cash equivalents</b>         |              |              |             |               |              |             |
| Cash and cash equivalents at the beginning of period   | 215.5        | 253.5        | -15%        | 215.3         | 195.7        | 10%         |
| Net unrealized currency gains/(losses)                 | 3.3          | -1.4         | -338%       | 0.2           | -4.6         | -105%       |
| <b>Cash and cash equivalents at the end of period</b>  | <b>254.7</b> | <b>223.4</b> | <b>14%</b>  | <b>254.7</b>  | <b>223.4</b> | <b>14%</b>  |

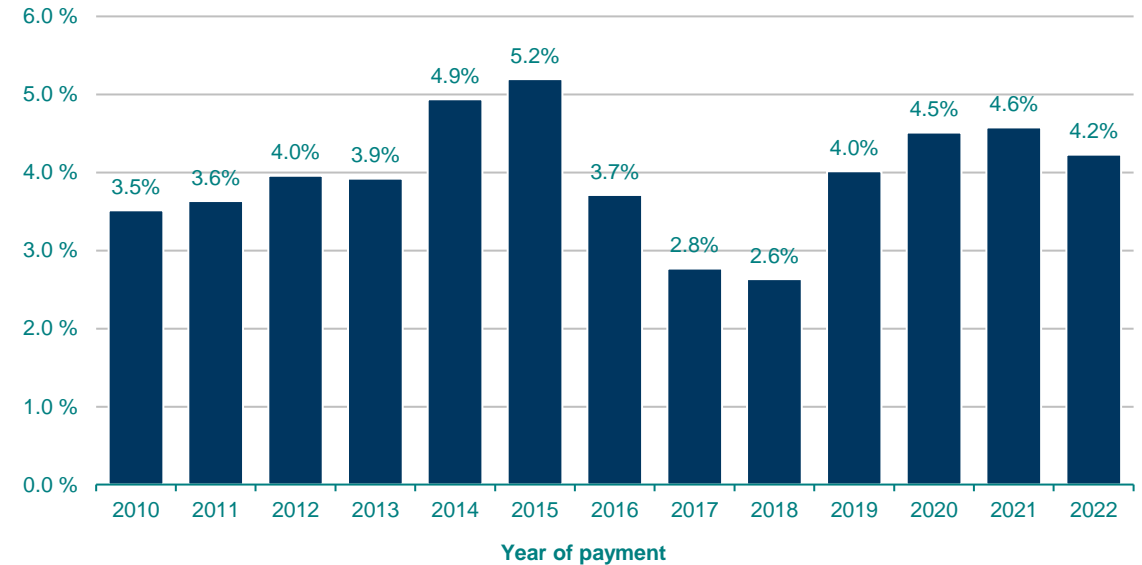


# Dividends and Share Buybacks

Dividend per share<sup>1</sup>



Dividend yield<sup>2</sup>



- The Board has resolved to maintain the dividend to USD 0.14 per share for Q2 2022
  - Ex date 28 July 2022 – payment date 11 August 2022
- TGS has paid out more than USD 1.1 bn of dividends since 2010

1. Quarterly dividends defined in USD from 2016. Annual dividends defined in NOK prior to 2016, converted to USD with the FX rate at ex-dividend dates  
 2. Average yield at the time of announcement of dividends

# Market Outlook



# Positioning TGS for the next energy upcycle

**1** Energy demand continues to rise and energy security is becoming critical

**2** Significant underinvestment in oil and gas, forces higher spending on all energy sources

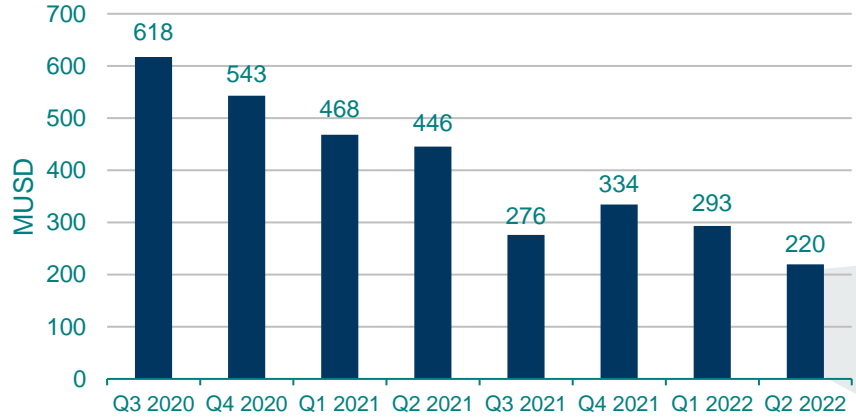
**3** Recent exploration success drives frontier investments and licensing activity

**4** Price volatility triggers demand for data and insights across energy industries/sources

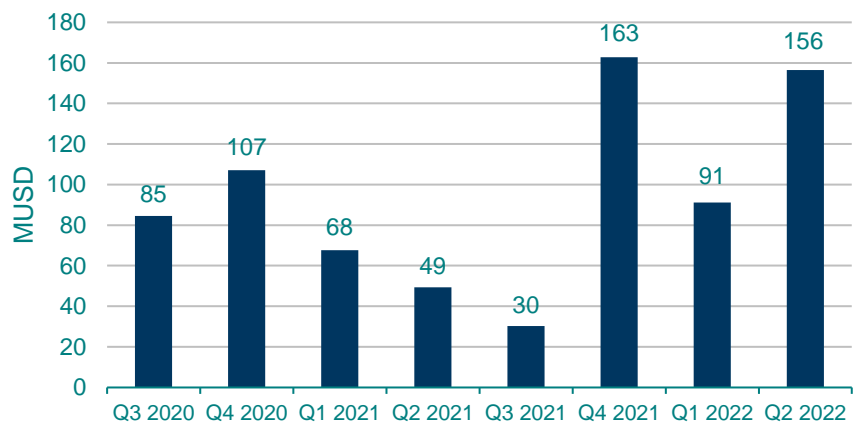
**5** Clients' cash flow support higher spending

# Contract Backlog & Inflow

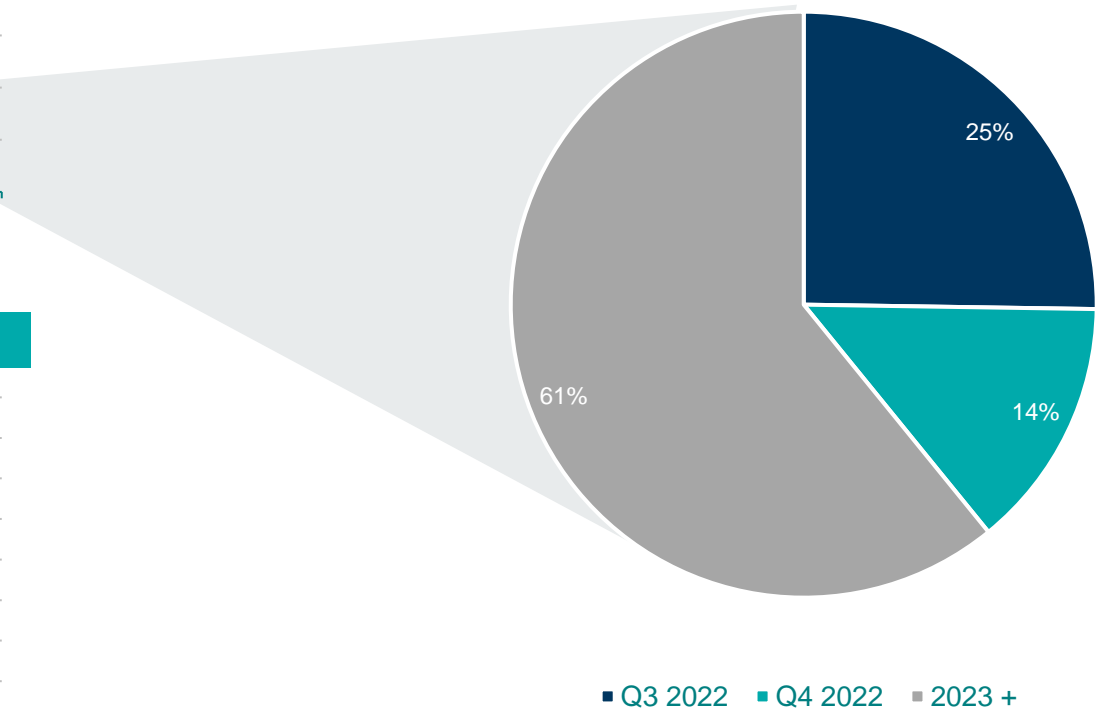
## Contract Backlog



## Contract Inflow



Timing of expected recognition of contract backlog



# Highlights

- Strong late sales of USD 97 million in Q2 2022 compared to USD 30 million in Q2 2021
- Total revenue of USD 230 million compared to USD 72 million in Q2 2021
  - POC revenue of USD 136 million compared to USD 54 million in Q2 2021
- Robust order inflow of USD 156 million compared to USD 49 million in Q2 2021
  - Backlog at USD 220 million at end of Q2 2022
- Solid financial position – net cash of USD 255 million
  - Quarterly dividend of USD 0.14 per share (USD 16 million)
- Delivering on strategy – supported by M&A
- Market recovery continuing



**Thank you**



# Appendix



# TGS' Industry-Leading ESG Performance

**OBX  
ESG**

## OBX ESG Index

Included on Euronext Group's OBX ESG Index as one of 40 blue-chip companies listed in Norway demonstrating best ESG practices

*\*As of May 2022*

**#1**

## Sustainalytics ESG Risk Rating

#1 in our industry, and subindustry "Strong" ESG risk management

*\*As of September 2021*

**Top  
10-30%**

## State Street Global Advisors

Rated as an "Outperformer" in our industry

*\*As of April 2022*

**A**

## The Governance Group

Among Top 15 companies on Oslo Stock Exchange

*\*As of September 2021*

**A**

## MSCI ESG Rating

Above industry average in each ESG category

*\*As of June 2022*



**WE SUPPORT**

Since 2016, TGS has been committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour, environment, and anti-corruption

In support of

**WOMEN'S  
EMPOWERMENT  
PRINCIPLES**

Established by UN Women and the UN Global Compact Office





# License Round Activity

## North America

### **Canada:**

- Flemish Pass/Grand Banks/Jeanne d'Arc - Q4 2022 (close)

### **US GOM**

- 2023-2028 5-year plan in public comment phase

## Latin America

### **Brazil:**

- Presalt Permanent Offer – H2 2022 (Close)

### **Suriname:**

- Shallow Water Central/East – 2023 (close)
- Deep Water – 2023 (close)

### **Argentina:**

- Offshore Round 2 – 2023 (open)

### **Trinidad:**

- Onshore/Near Shore Bid Round – H1 23 (close)

### **Uruguay:**

- Open Round – May and November (annual)

### **Barbados:**

- Offshore – 2022 (open)

## Europe

### **Norway:**

- 2022 APA round – Sep 2022 (close)

### **UK:**

- Carbon Storage round – Sep 2022 (close)

## Africa

### **Angola:**

- 2021 round – May 2022 (awards)
- 2023 round – 8 blocks
- 2025 round – 10 blocks
- Out of Round direct awards legally decreed

### **Gabon:**

- Open Door

### **Gambia:**

- Block A1 Round – 28 Jun 2022 (close)

### **Lebanon**

- 2022 Round – end 2022 (close)

### **Liberia:**

- Open Door until 31 May

### **Mozambique**

- 6<sup>th</sup> Round - Aug 2022 (close)

### **Sierra Leone**

- 2022 Round – Nov 2022 (close)

### **Somalia:**

- 1<sup>st</sup> Round – end 2022 (close)

## Asia-Pacific

### **Australia:**

- 2021 Acreage Release – awards expected 2022
- 2021 CCS Acreage Release – awards expected 2022
- 2022 Acreage Release – planned for 2022

### **India**

- Bid Round VII – awards announced
- Bid Round VIII – 6 Sep (close)

### **Indonesia:**

- 2022 1<sup>st</sup> round – Q4 2022 (close)

### **Malaysia:**

- 2022 MBR round – 15 Jul (close)

Overview is showing scheduled rounds only and is not exhaustive. Several countries, particularly in Africa and Latin America, are planning rounds over the next couple of years