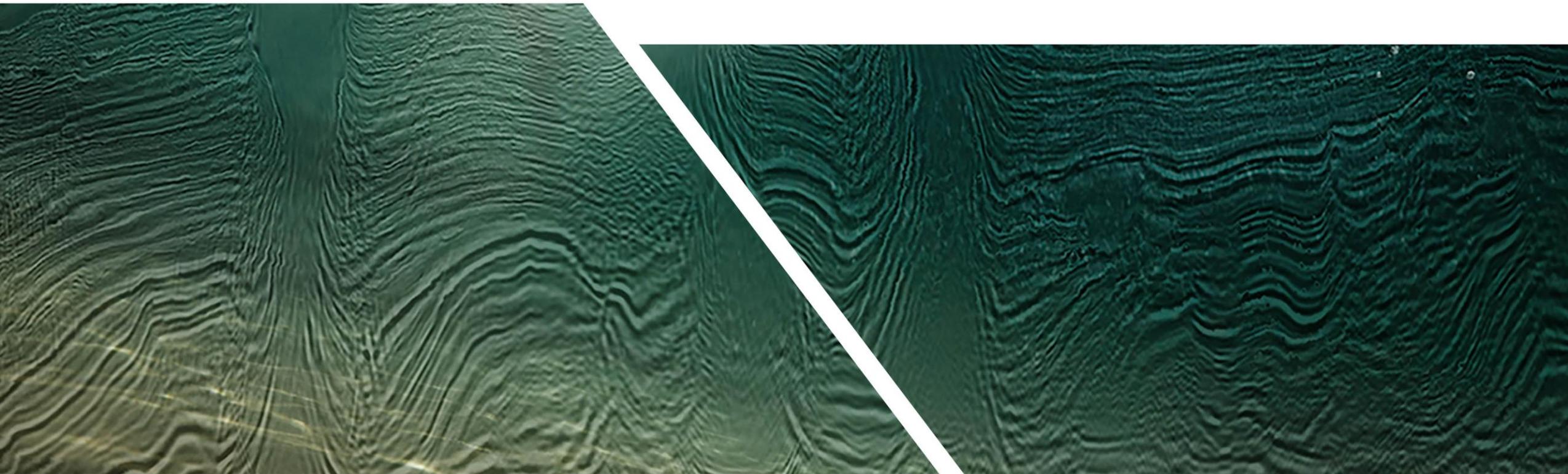




Q2 2019 Earnings Release



Kristian Johansen
CEO

Oslo, 25 July 2019

Sven Børre Larsen
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.

Q2 19 Highlights – Positive sales momentum

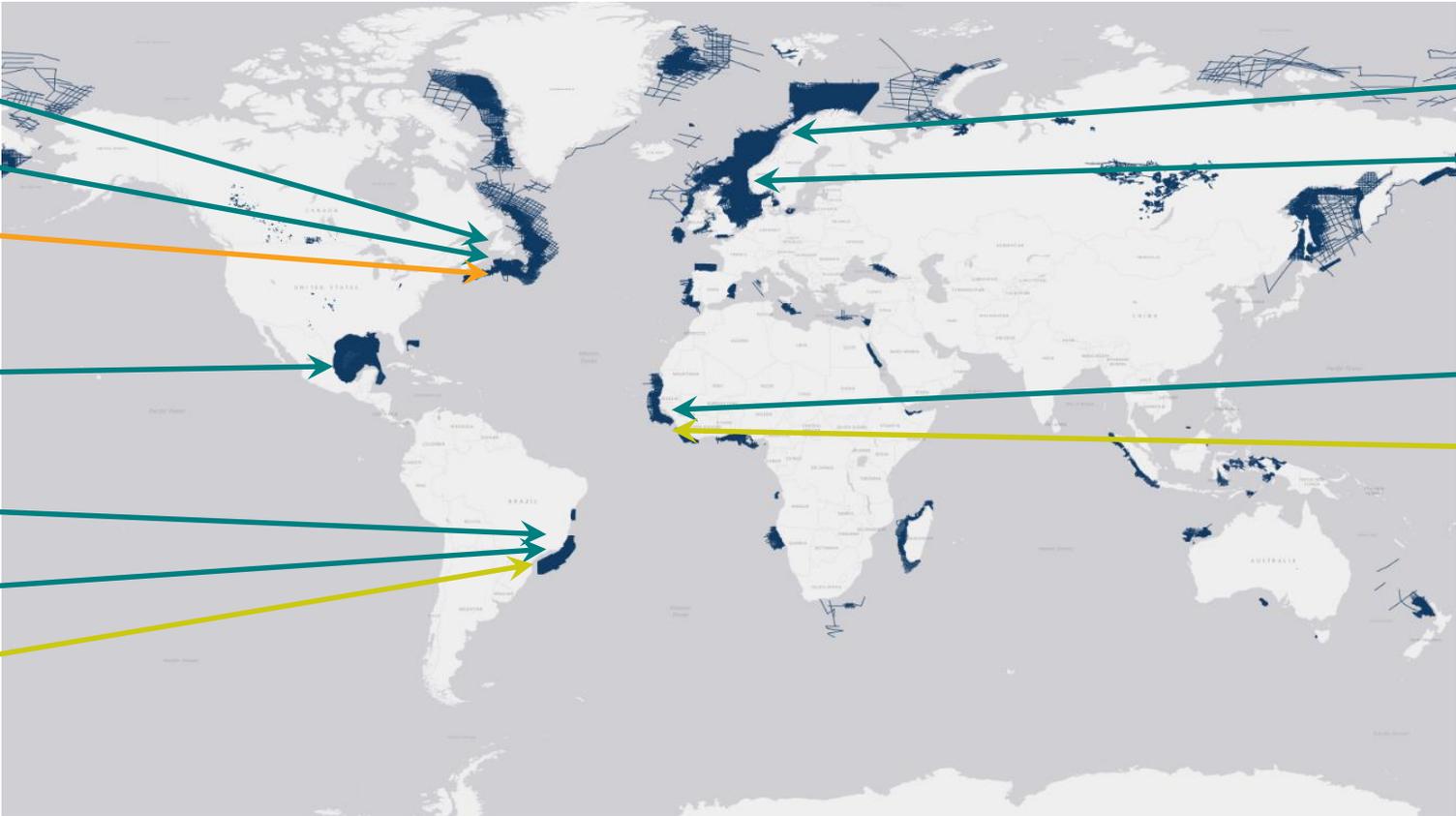
- Q2 2019 net revenues of 166 MUSD, compared to 158 MUSD in Q2 2018
 - Late sales substantially up from Q1 19 and in line with Q2 18 despite lower transfer fees
 - Pre-funding increased substantially
- Solid cash balance of 354 MUSD at 30 June 2019 in addition to undrawn 100 MUSD Revolving Credit Facility
- Increased distribution to shareholders
 - Quarterly dividend maintained at USD 0.27 per share, up 35% from Q2 2018
 - Introduction of USD 50 million share buy-back program
- Continued positive development in order backlog
- Market outlook continues to improve, but volatility still high
- Acquisition of Spectrum approved – on track for closing in mid-August 2019

Operational highlights

Q2 2019 Operations

Western Hemisphere

- Ramform Titan JV
- Ramform Atlas JV
- Sanco Atlantic
- MageisFairfield crew JV
- Amazon Warrior
- HYSY 720 JV
- Fugro Searcher



Eastern Hemisphere

- Polar Duchess
- Axxis crew JV
- BGP Prospector JV
- M/V Gyre

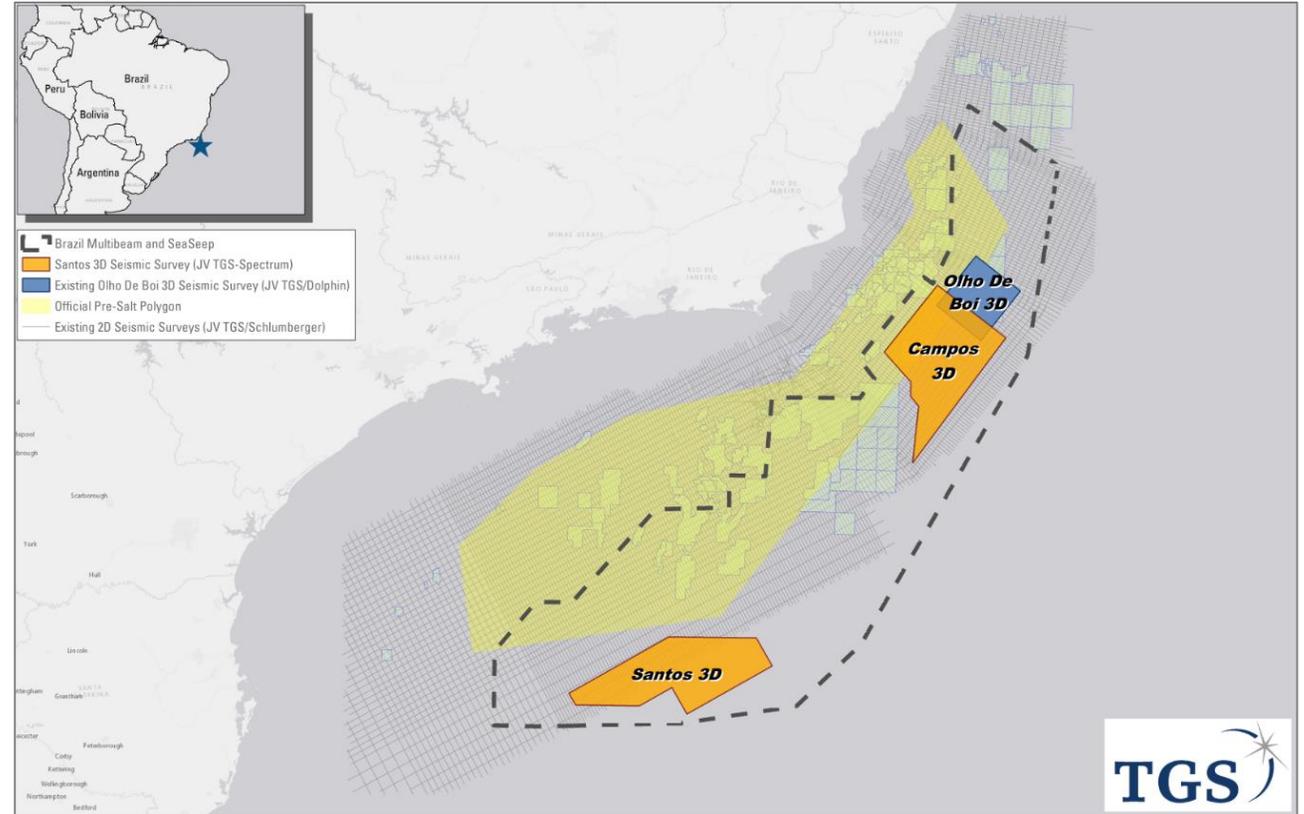
Q2 Activity – Brazil

Q2 Activity

- **Brazil Southern Basins SeaSeep:** >210,000 km² multibeam and coring project in Campos and Santos basins
- **Santos Basin 3D:** 15,000 km² multi-client 3D in the southern Santos Basin, in collaboration with Spectrum
- **Campos Basin 3D:** 11,200 km² multi-client 3D in the Campos Basin in Brazil

Brazil Market

- License round transparency – calendar out to 2021
- Seismic permitting process becoming more streamlined
- Supermajor focus area leading to competitive bidding



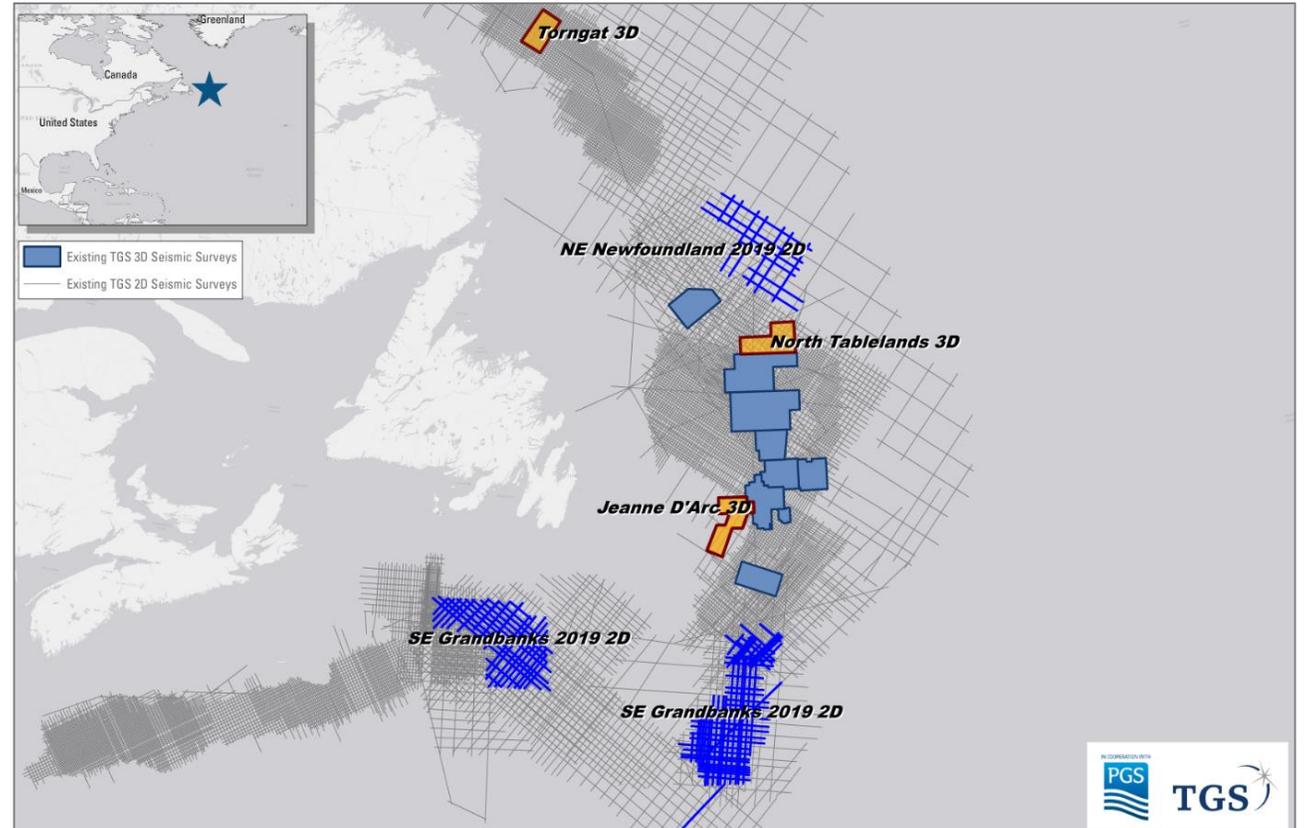
Q2 Activity – East Canada

New Projects

- **Jeanne d’Arc 3D:** 5,000 km² multi-client 3D in Newfoundland, in collaboration with PGS
- **Torngat 3D:** 3,287 km² multi-client 3D in Labrador, in collaboration with PGS
- **North Tablelands 3D:** 4,600 km² multi-client 3D in Newfoundland, in collaboration with PGS
- **Southeast Grand Banks 2019 2D:** 10,900 km multi-client 2D in SE Grand Banks, in collaboration with PGS
- **NE Newfoundland Slope 2019 2D:** 1,800 km multi-client 2D in Newfoundland, in collaboration with PGS

East Canada Market

- Scheduled Land Tenure system
- Stable and attractive fiscal regime promotes exploration
- High prospectivity in frontier geography
- E&P focus area



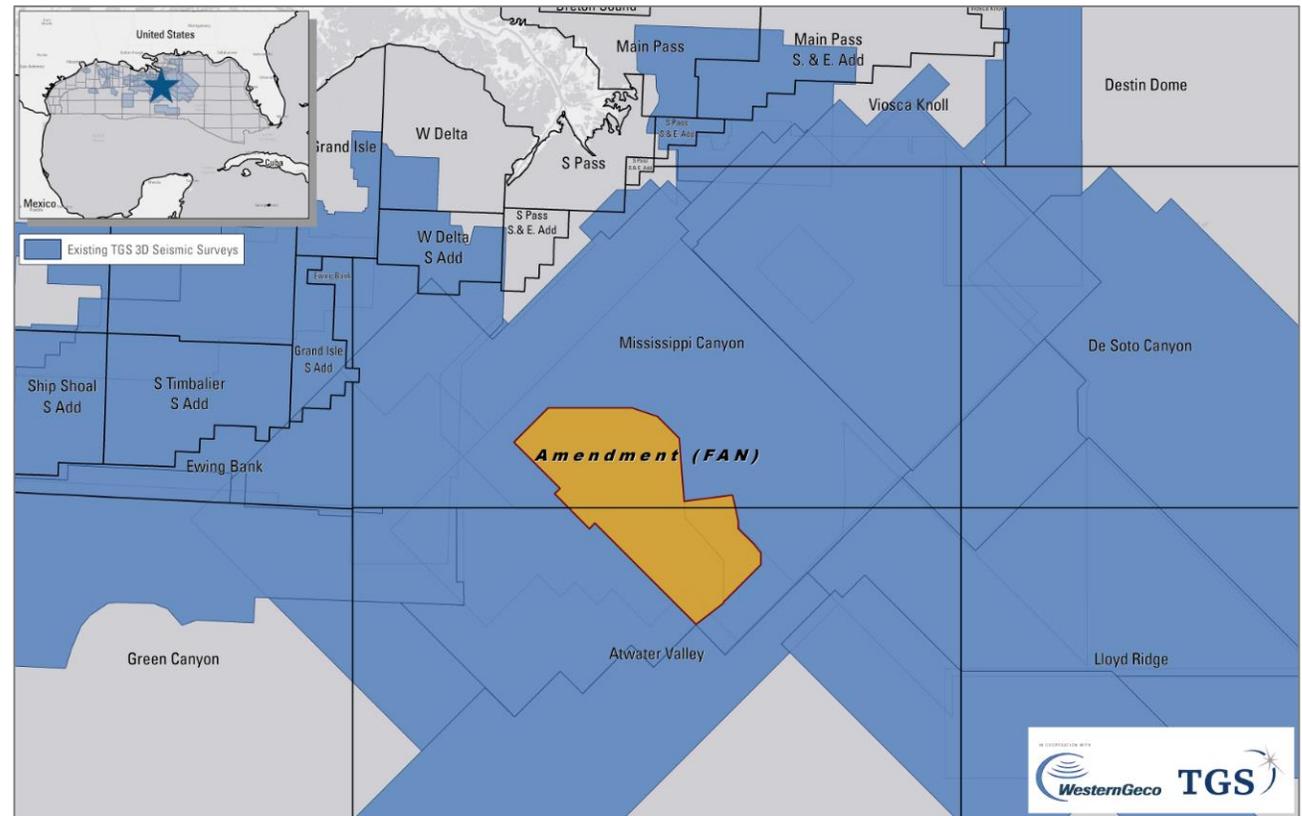
Q2 Activity – U.S. Gulf of Mexico

Q2 Activity

- **Amendment Phase 1:** 2,758 km² multi-client ocean-bottom node project, in collaboration with WesternGeco
 - Acquisition expected to be completed on schedule in mid-August
 - Largest deepwater node survey in the GOM

U.S Gulf of Mexico Market

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



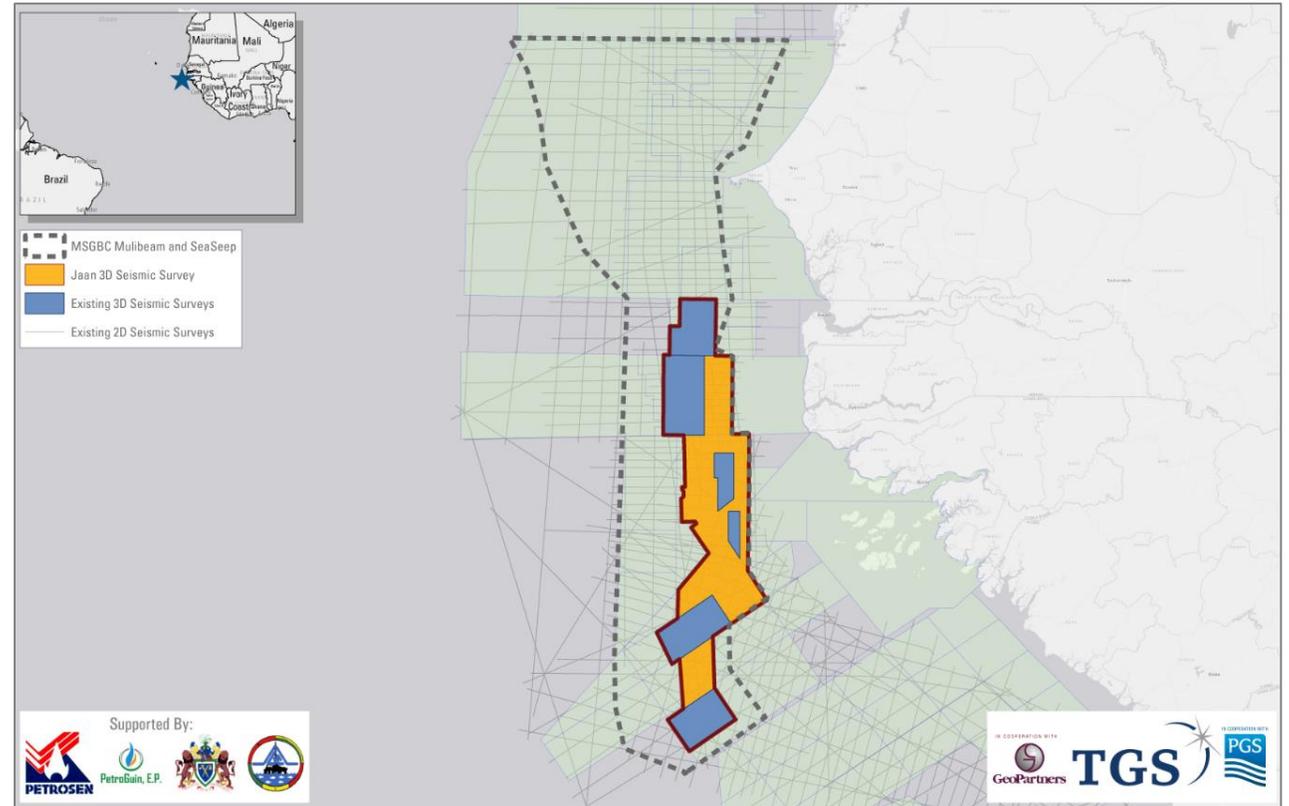
Q2 Activity – North West Africa

Q2 Activity

- **MSGBC SeaSeep:** 113,500 km² multi-client regional SeaSeep project on the North West African Atlantic Margin
- **Jaan 3D:** 28,300 km² multi-client 3D project in the southern portion of the MSGBC Basin in partnership with PGS and GeoPartners
 - 11,135 km² new acquisition, complemented by reprocessing and full pre-stack merging of existing multi-client 3D

NW Africa Market

- Increasing licensing round activity
- Growing interest from super-majors



Q2 Activity – Norway

Q2 Activity

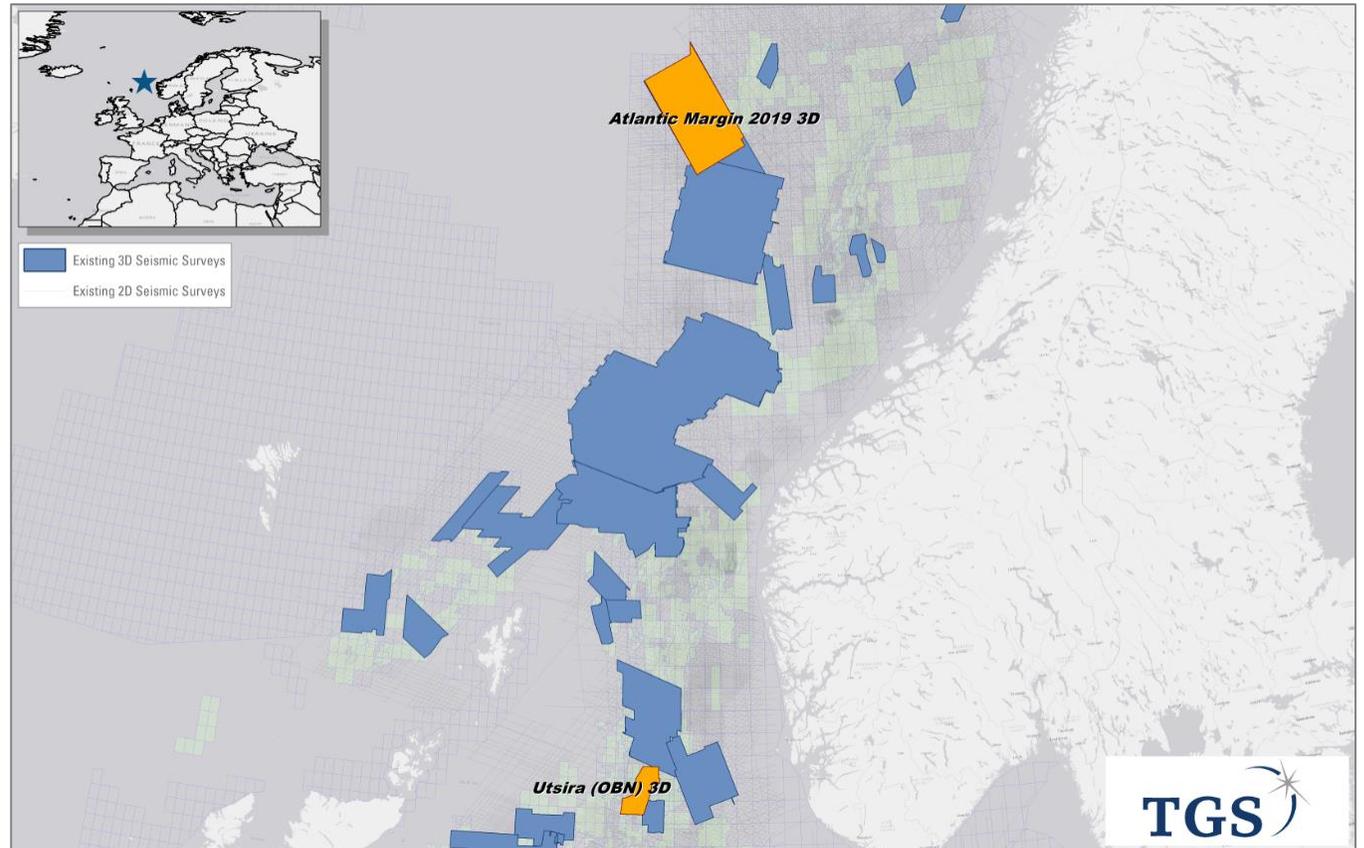
- **Utsira:** 1,600 km² multi-client node project in the Norwegian North Sea, in collaboration with Axxis Geo Solutions

New Project

- **Atlantic Margin 2019 3D:** 7,000 km² multi-client 3D project in the Norwegian Sea

Norway

- Annual APA rounds
- Acreage turnover and farm-ins
- Small and mid-size companies becoming increasingly important



Financials

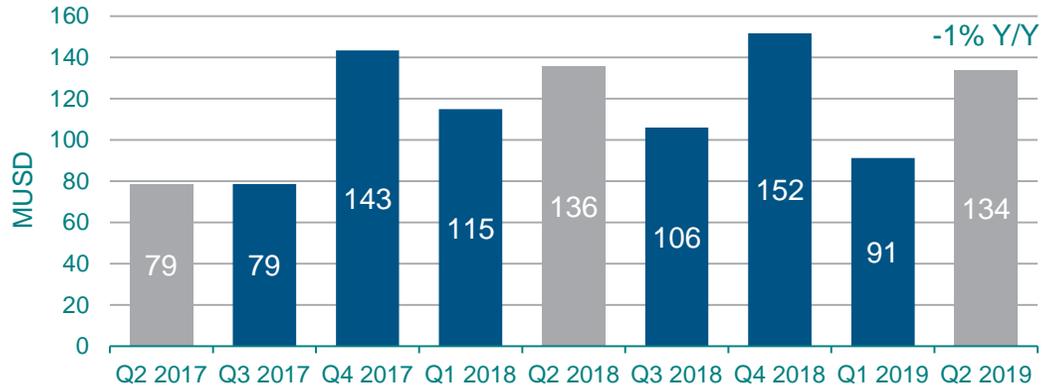
Implementation of IFRS 15

- 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*

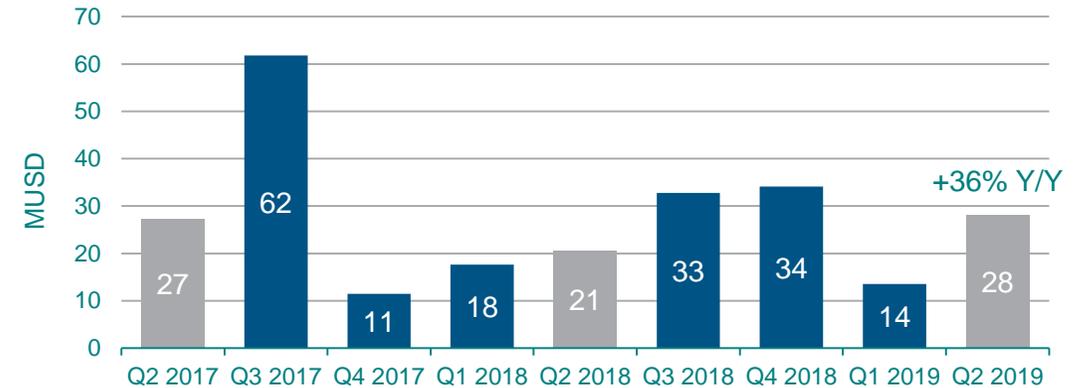
Net Revenues

Segment Reporting

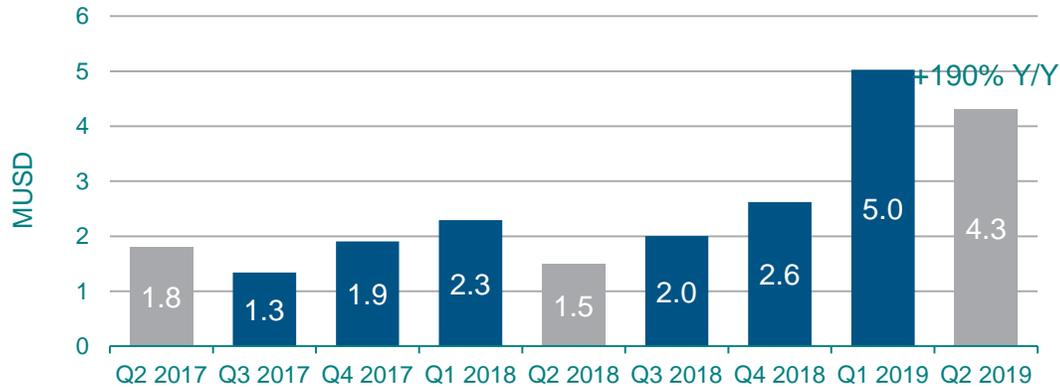
Late sales



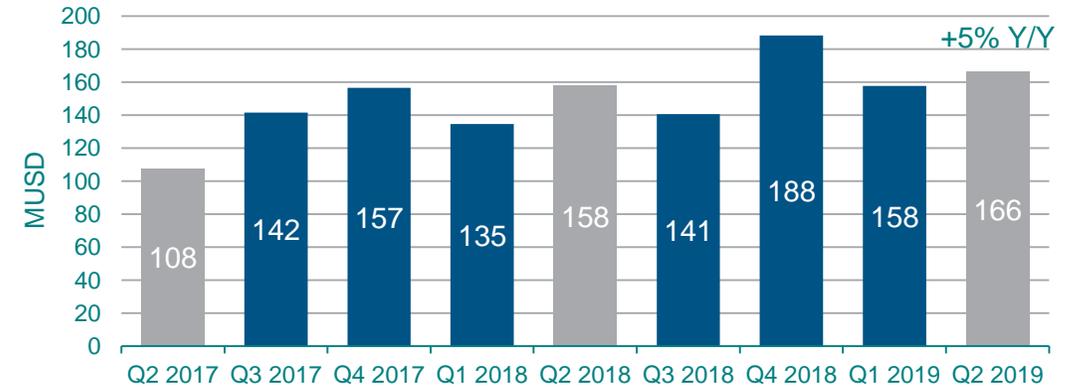
Pre-funding revenues



Proprietary revenues



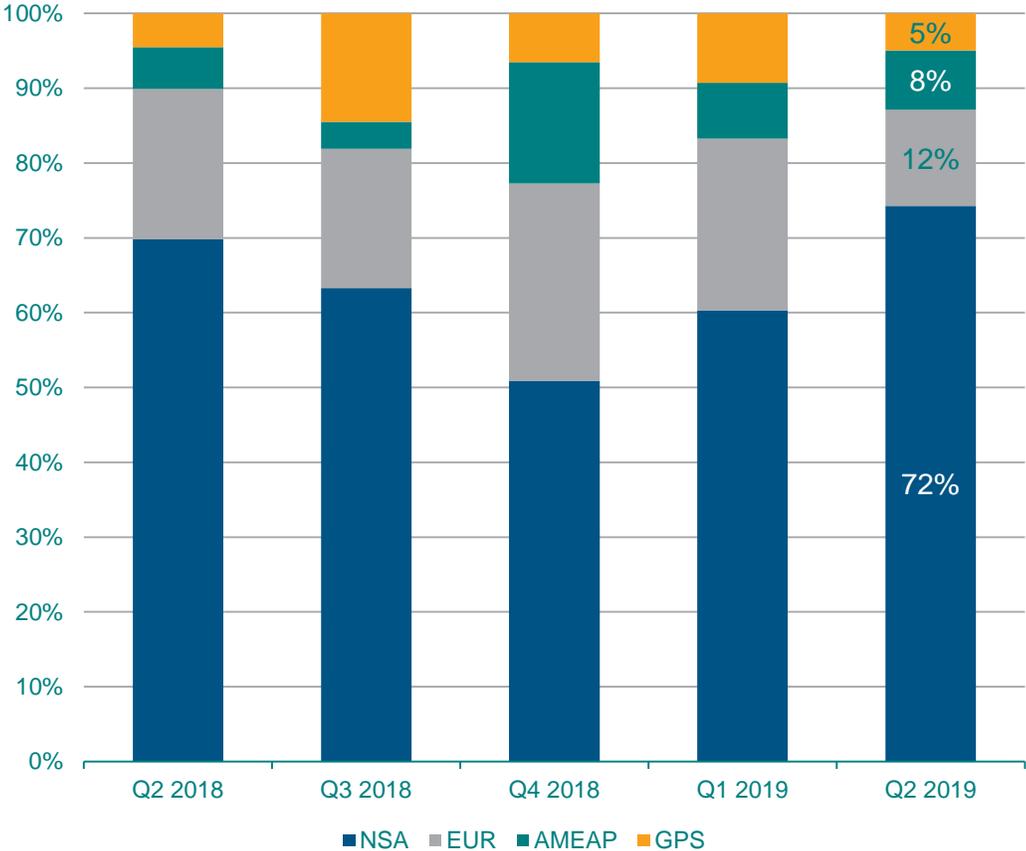
Total revenues



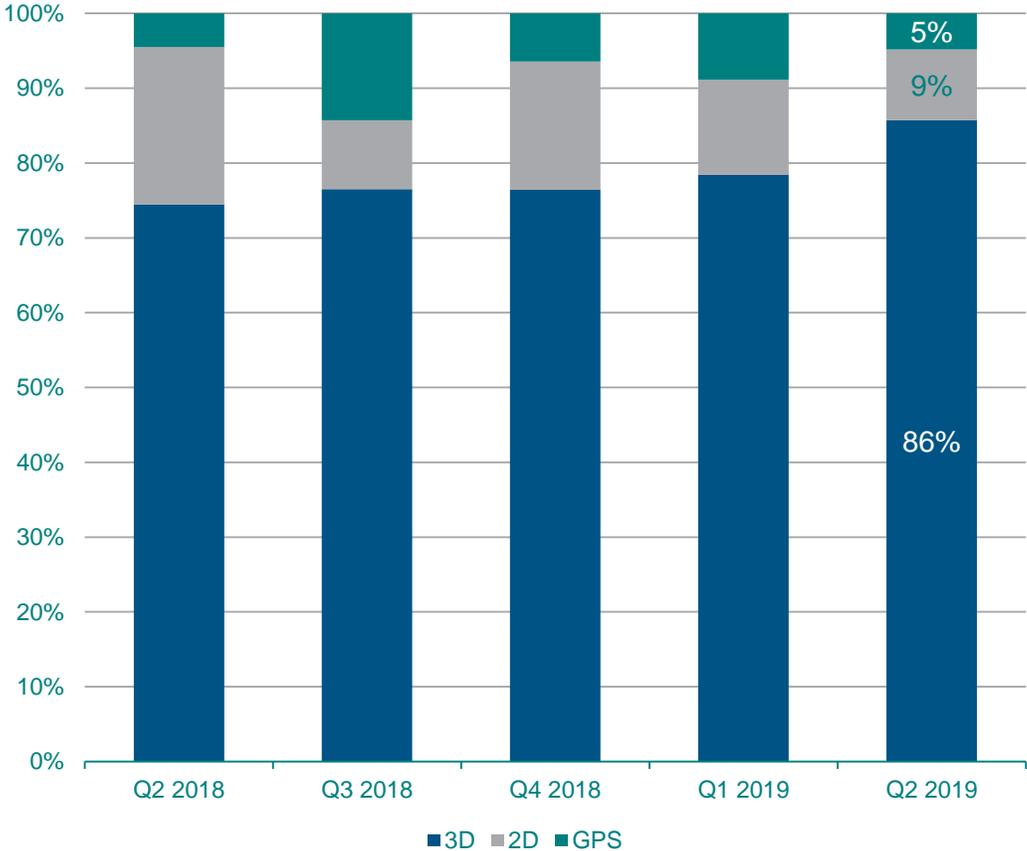
Net Revenues Breakdown

Segment Reporting

By Business Unit



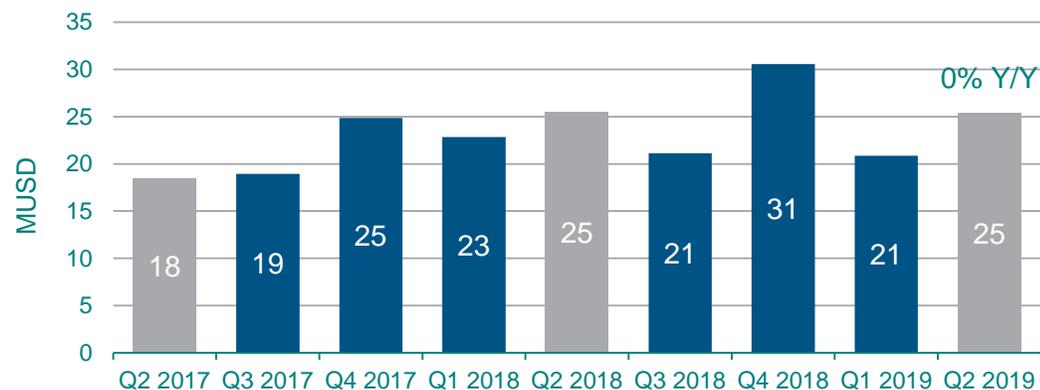
By Technology



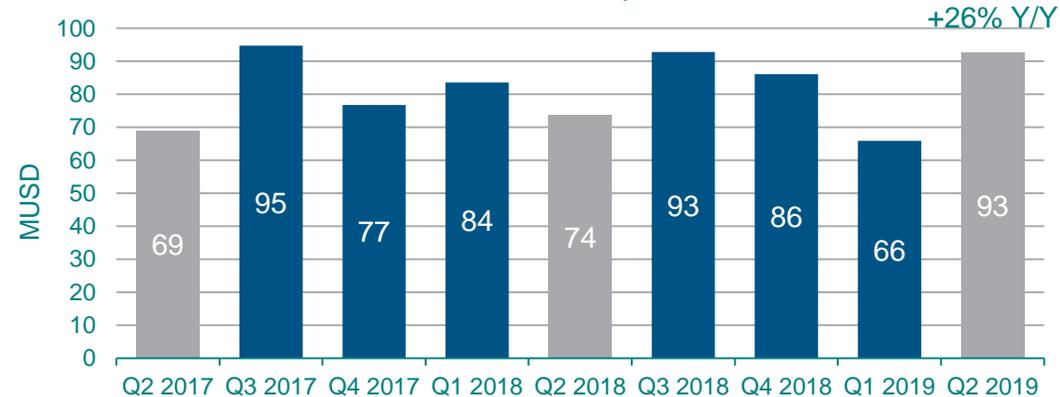
Operating Expenses, EBIT, Free Cash Flow

Segment Reporting

Operating costs¹

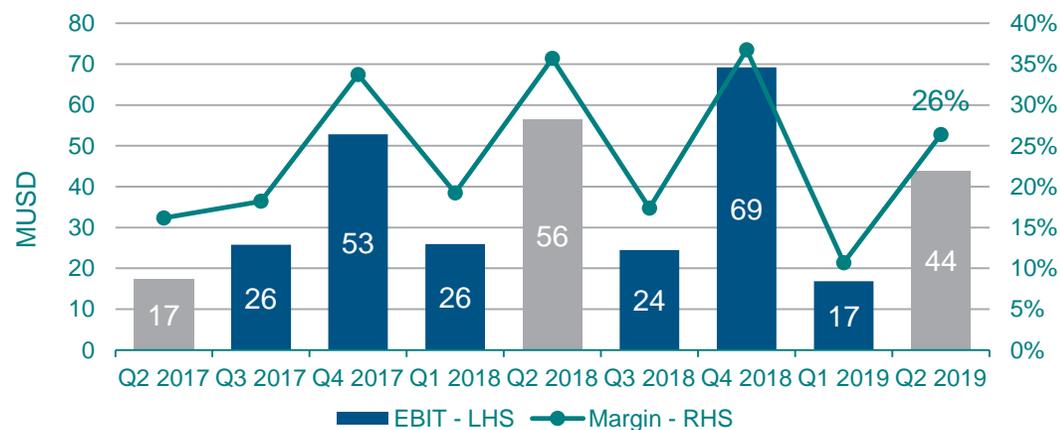


Amortization and impairments



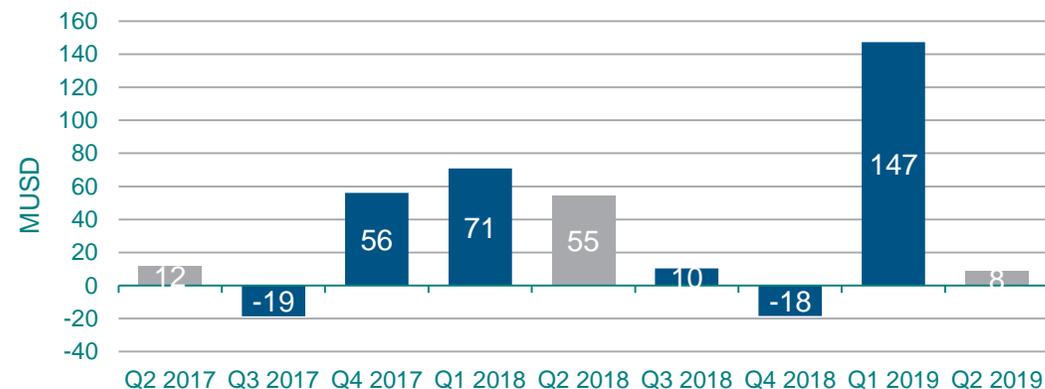
1. Personnel costs and other operating expenses excluding restructuring charges and larger impairments of operating items

EBIT²



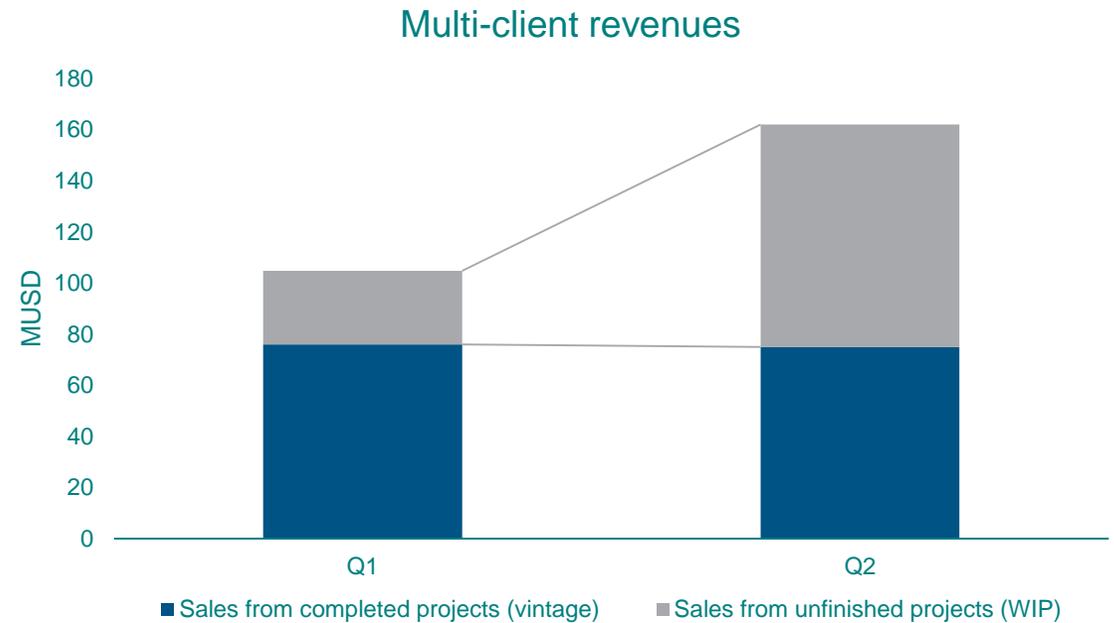
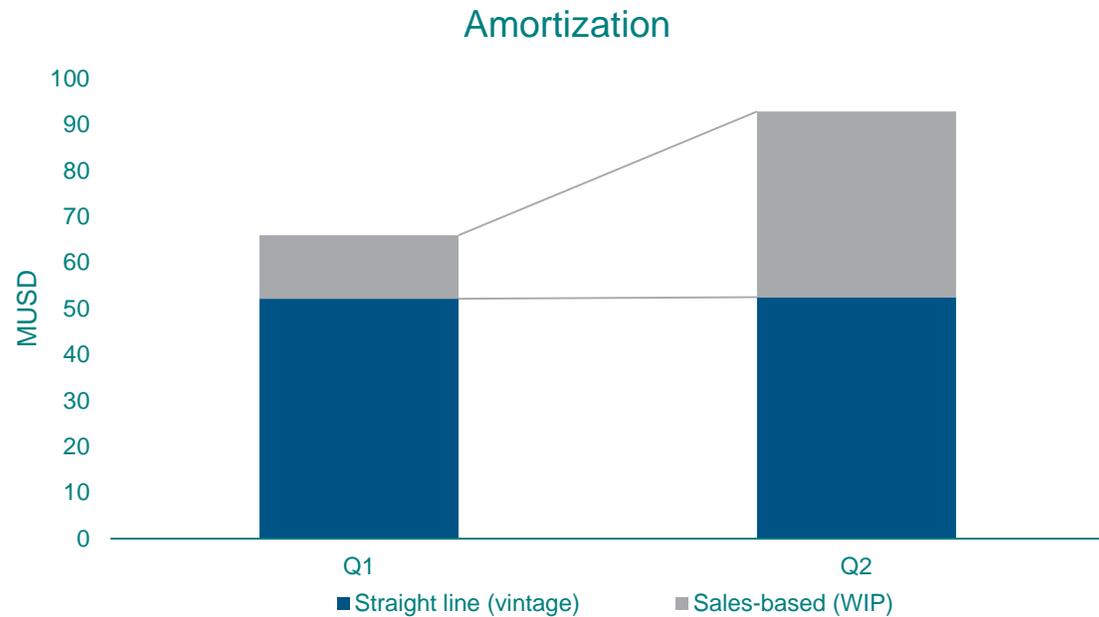
2. Earnings before interest and taxes excluding restructuring charges and larger impairments of operating items

Free Cash Flow³



3. Cash flow from operations minus operational investments in multi-client projects

Amortization

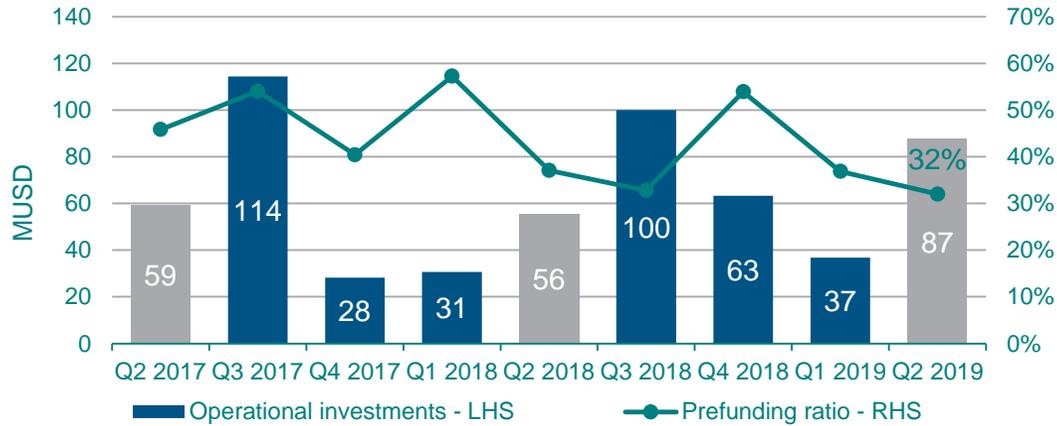


- Amortization increased to USD 93 million in Q2 from USD 66 million in Q1
- Entire increase attributable to higher sales of work-in-progress (WIP) projects
 - Higher pre-funding revenues (USD 28 million vs USD 14 million)
 - Higher sales from commenced but unfinished projects (USD 59 million vs USD 15 million)
- Straight-line amortization stable at approximately USD 50 million per quarter

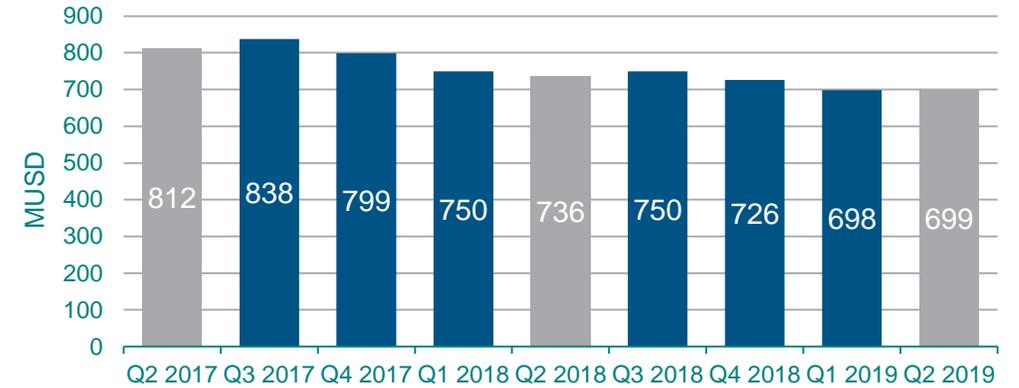
Multi-client Library

Segment Reporting

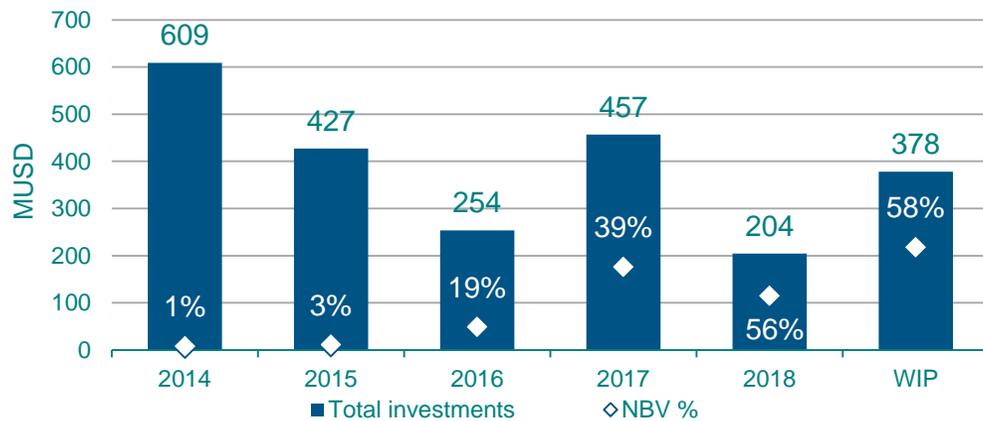
Operational investments and pre-funding ratio



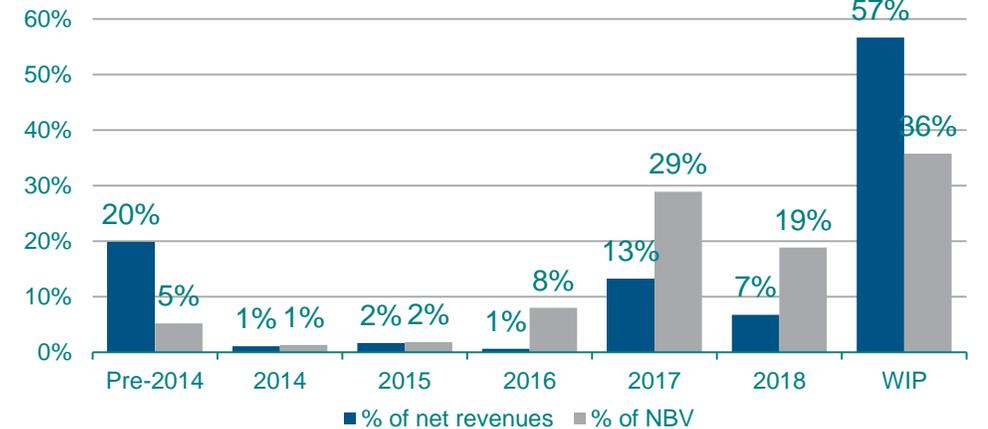
NBV multi-client library



Investments and NBV by year of completion



Net revenues and NBV by year of completion



Income Statement

Segment Reporting

(MUSD)		Q2 2019	Q2 2018	Change
Net operating revenues		166.4	157.8	5%
Cost of goods sold		-0.1	0.1	-174%
Personnel cost		17.2	18.4	-7%
Other operational costs		8.2	9.2	-10%
Costs related to Spectrum transaction		1.0	0.0	n/a
EBITDA	84%	140.0	130.2	8%
Amortization of multi-client library		92.9	73.7	26%
Depreciation		4.3	2.2	93%
Operating result	26%	42.9	54.2	-21%
Net financial items		-0.2	1.6	-112%
Result before taxes	26%	42.7	55.9	-24%
Tax cost	46%	19.5	9.6	103%
Net income	14%	23.2	46.3	-50%
EPS (USD)		0.23	0.45	-50%
EPS fully diluted (USD)		0.22	0.45	-50%

Balance Sheet

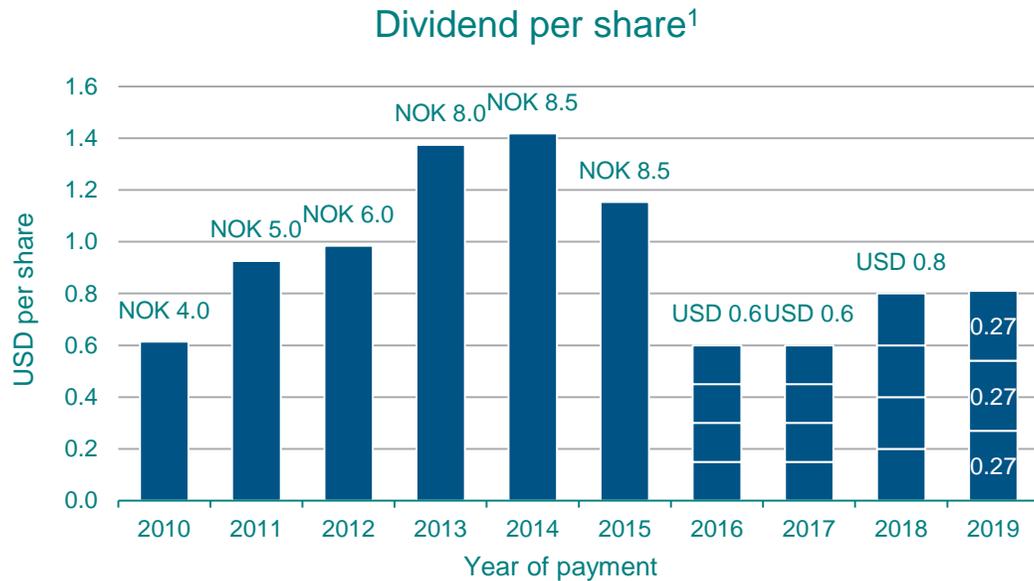
Segment Reporting

(MUSD)	Q2 2019	Q2 2018	Change	Q4 2017
Goodwill	67.9	67.9	0%	31.5
Multi-client library	698.7	735.8	-5%	456.5
Deferred tax asset	0.0	2.2	-98%	15.3
Other non-current assets	64.0	27.8	131%	-499.4
Total non-current assets	830.6	833.7	0%	4.0
Cash and cash equivalents	354.3	337.5	5%	0.7
Other current assets	381.5	264.5	44%	-0.7
Total current assets	735.8	602.0	22%	0.0
TOTAL ASSETS	1,566.4	1,435.7	9%	4.0
Total equity	1,237.8	1,225.7	1%	1,054.3
Deferred taxes	58.1	18.2	220%	2.8
Non-current liabilities	23.8	4.9	387%	-2.8
Total non-current liabilities	81.9	23.1	255%	0.0
Taxes payable, withheld payroll tax, social security	18.2	45.9	-60%	0.0
Other current liabilities	228.5	141.1	62%	68.4
Total current liabilities	246.7	187.0	32%	68.4
TOTAL EQUITY AND LIABILITIES	1,566.4	1,435.7	9%	1,122.6

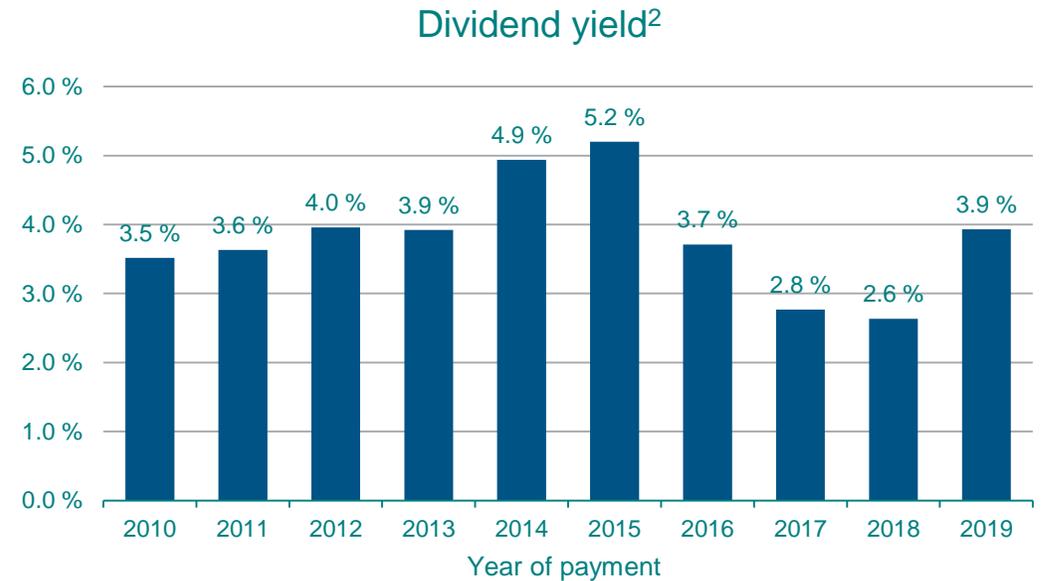
Cash Flow Statement

(MUSD)	Q2 2019	Q2 2018	Change
Received payments	100.0	163.4	-39%
Payments for operational expenses	-32.0	-29.5	9%
Paid taxes	-8.4	-6.1	37%
Net cash flow from operating activities	59.7	127.8	-53%
Investment in tangible fixed assets	-4.7	-1.0	357%
Investments in multi-client library	-51.2	-73.3	-30%
Investments through mergers and acquisitions	0.0	0.0	n/a
Interest income	2.0	1.2	67%
Net Cash Flow from investing activities	-53.9	-73.1	-26%
Net change in loans	0.0	0.0	n/a
Interest expense	-0.7	-0.3	138%
Payment of dividends	-25.3	-22.0	15%
Purchase of own shares	-15.8	0.0	n/a
Paid in equity	0.3	3.2	-92%
Net cash flow from financing activities	-41.5	-19.0	118%
Net unrealized currency gains/(losses)	0.0	0.2	-87%
Net change in cash and cash equivalents	-35.7	35.8	-200%

Dividends



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



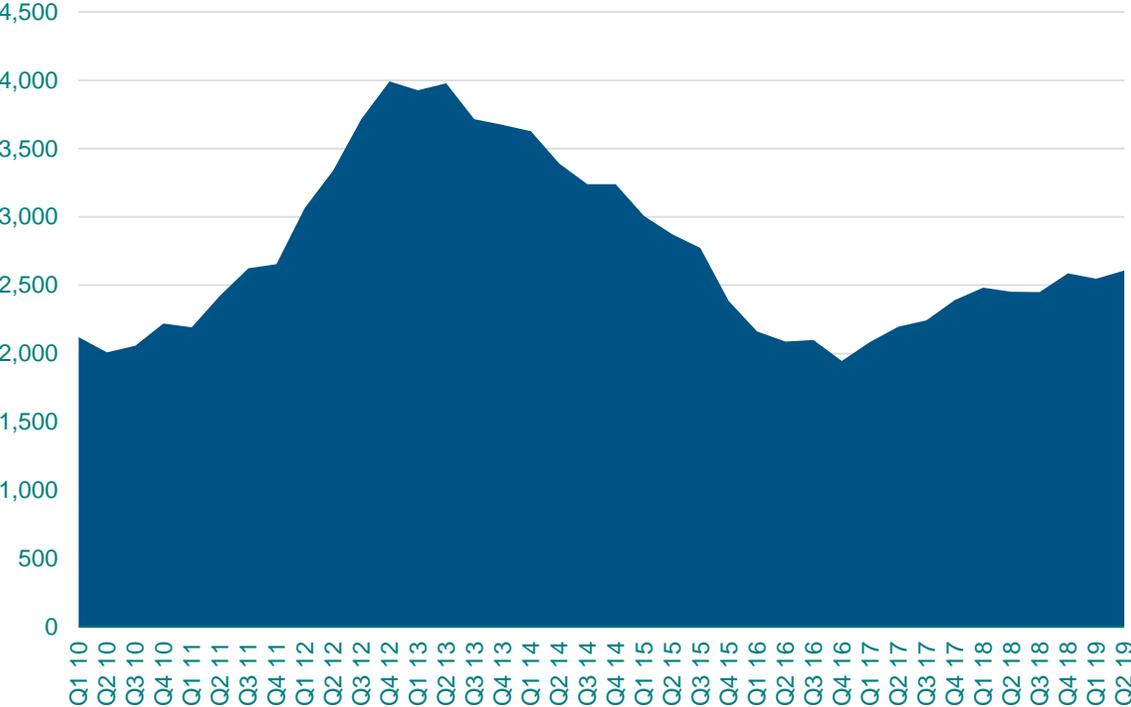
2. Yield based on share price at date of announcing the dividend. From 2016-18 yield is calculated using the average of the quarterly payments

- Quarterly dividend of USD 0.27 per share to be paid in Q2 2019
 - Ex-date 1 August 2019
 - Payment date 15 August 2019
- Introduction of share re-purchase program
 - Up to USD 50 million to be repurchased before AGM in May 2020
 - 600,000 shares bought back in Q2 19 at an average price of NOK 228.65 per share – USD 16 million in total

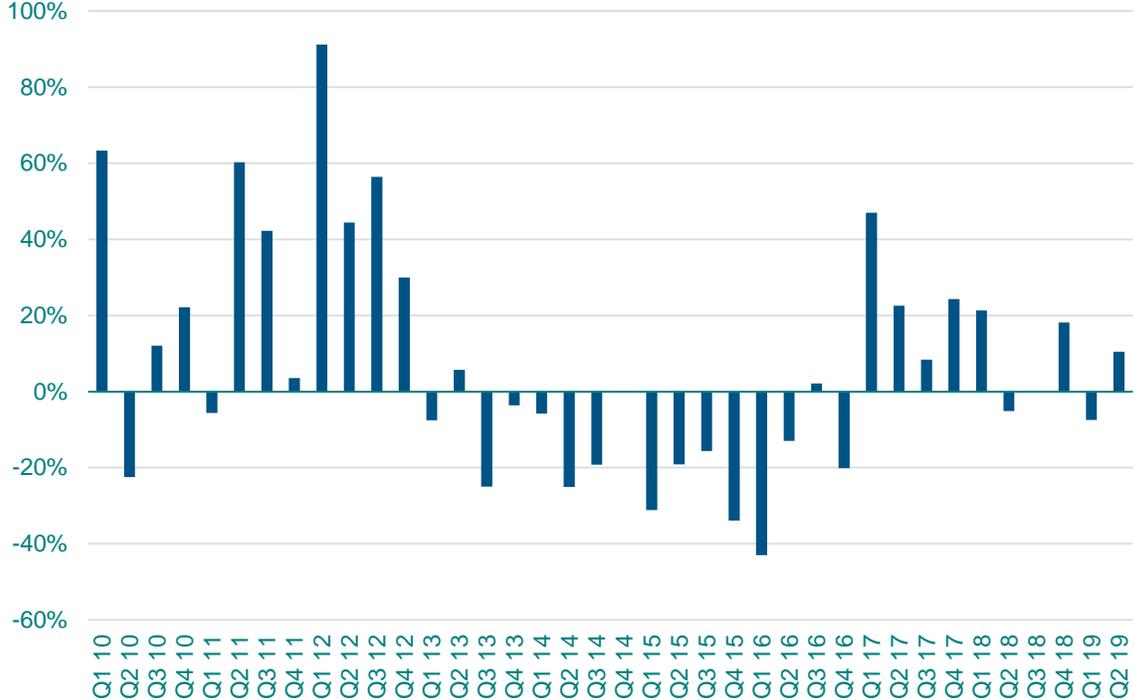
Outlook

Market continues to improve – but volatility still high

Aggregate multi-client revenues¹
Last 12 months



Y/Y change aggregate multi-client revenues



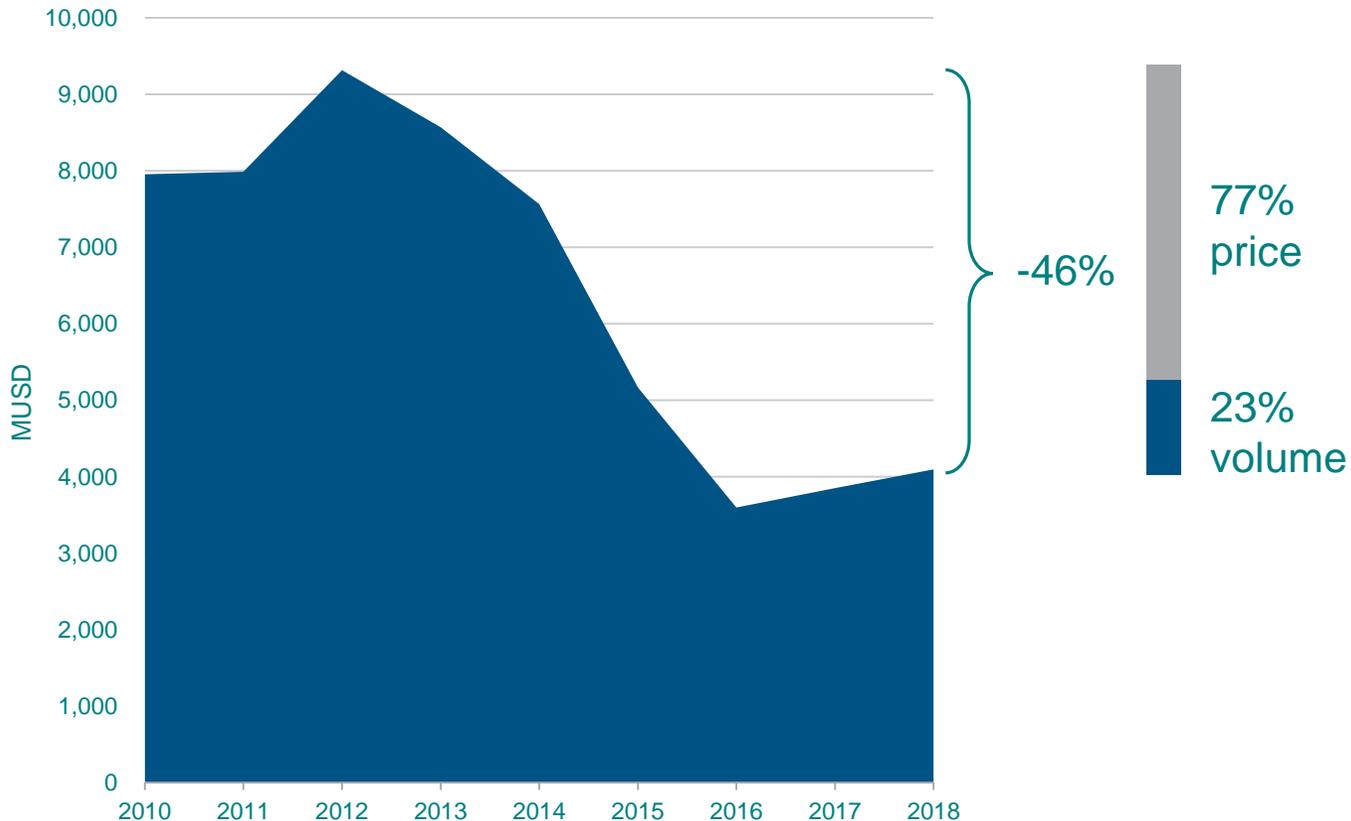
1. Includes TGS, PGS, WG, CGG, SPU, PLCS, ION. Those who have not yet reported Q2 19 revenues are included with the weighted average growth rate of the others

Source: TGS



Pricing key to a sustained recovery

Seismic spending

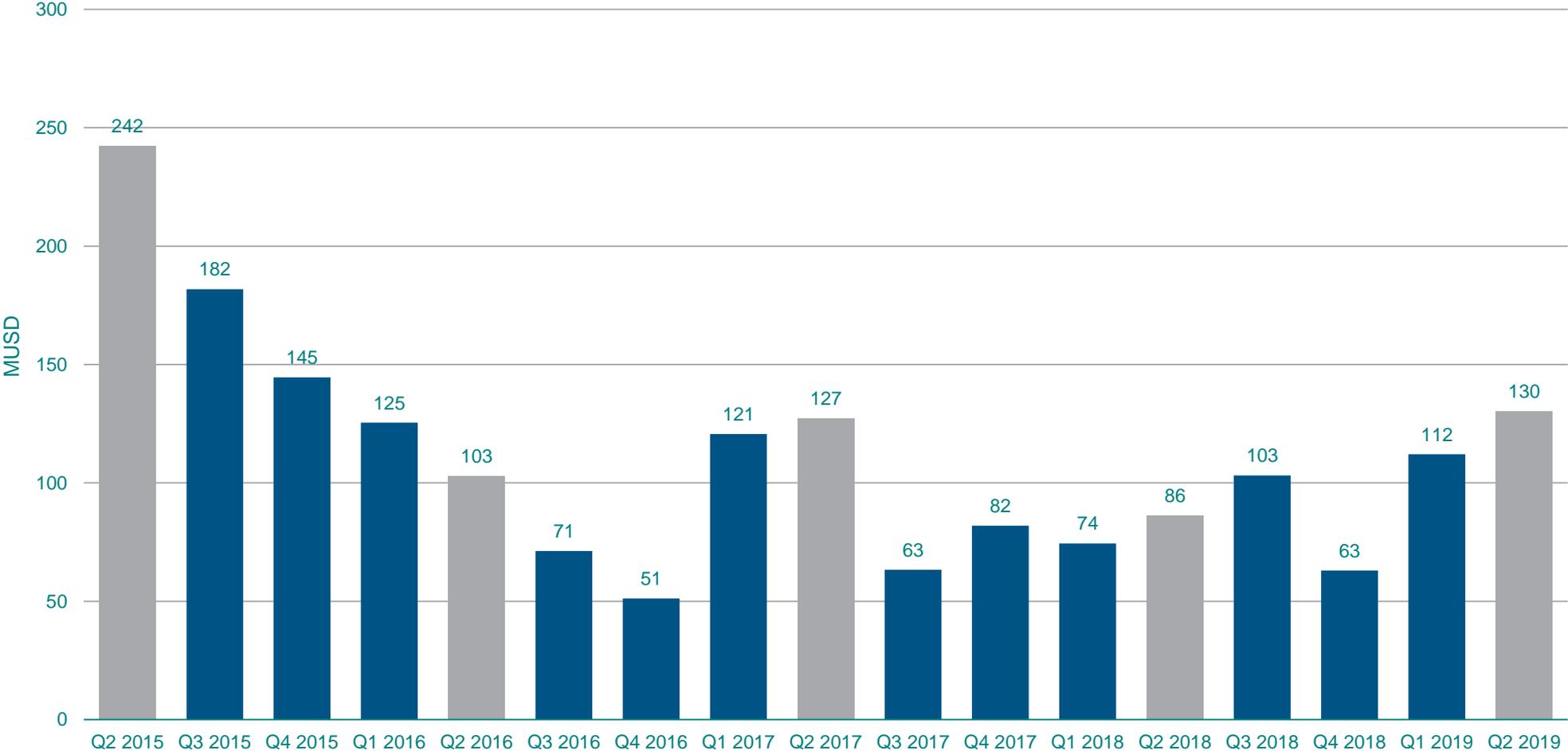


Source: Carnegie, TGS

- 2018 seismic spending more than USD 5 billion below 2012 level
- Of this, 77% is caused by lower prices and 23% by lower volumes
- Current prices are not sustainable for keeping a healthy industry
- Signs of improvement
 - Structural change in the industry
 - More consolidated supply side
 - Improving vessel day rates

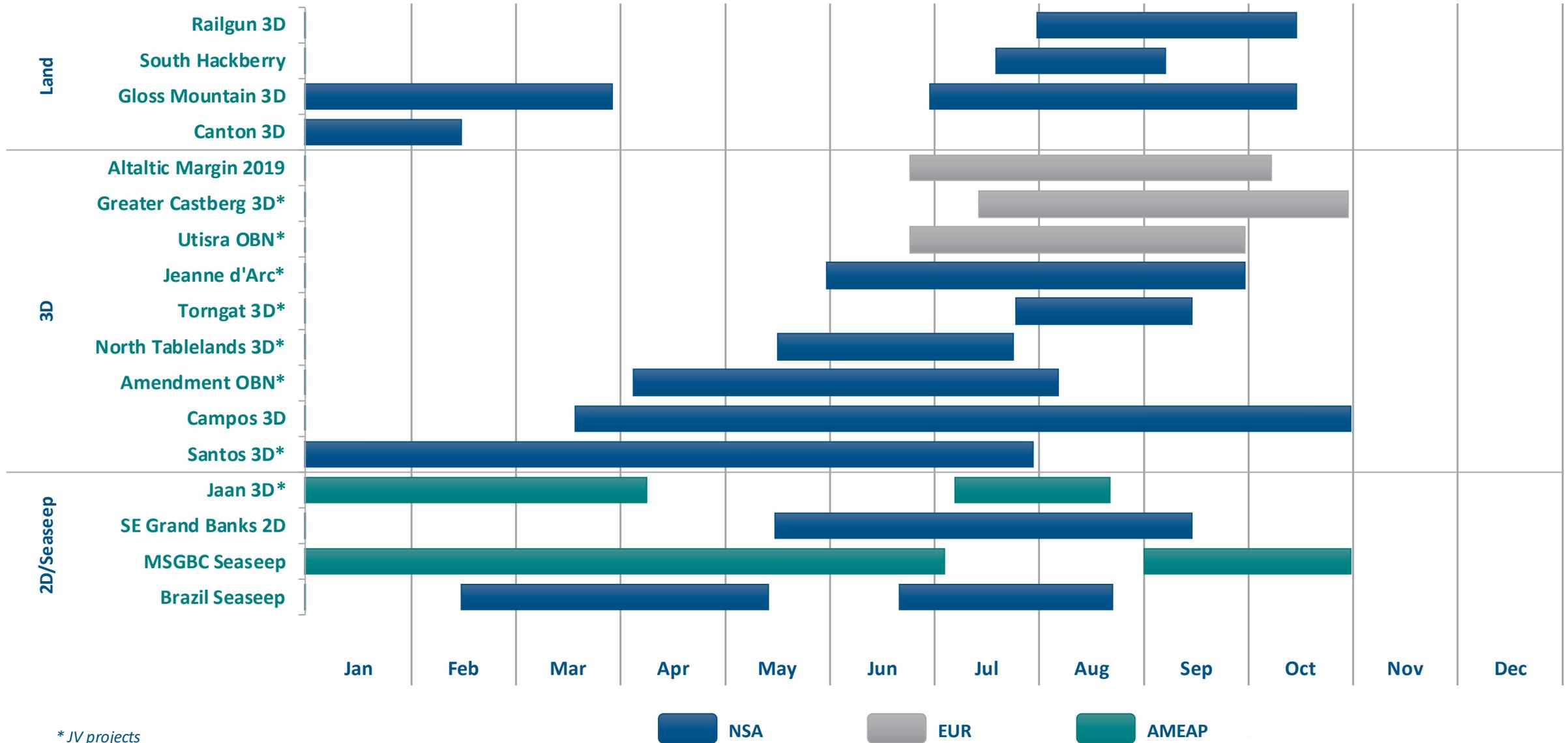
Backlog

Revenue backlog¹ as per end of quarter



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

2019 project schedule



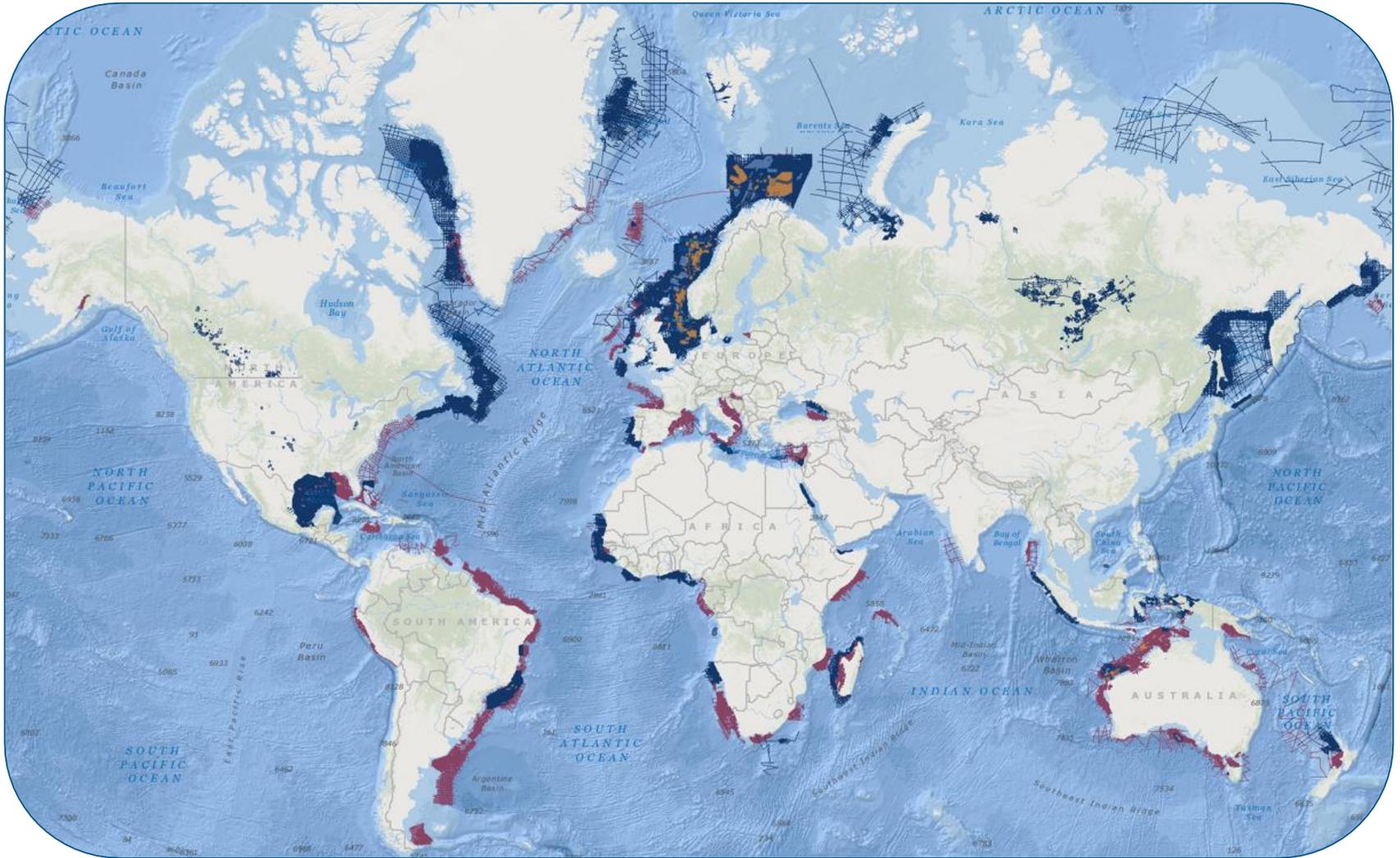
Status Spectrum acquisition

- Transaction approved by EGM in both companies on 21 June 2019
- All reviews by competition authorities have been completed
- On-track for closing in mid-August
- Integration planning in progress
- Estimate of annual synergy cost savings of approximately USD 20 million maintained



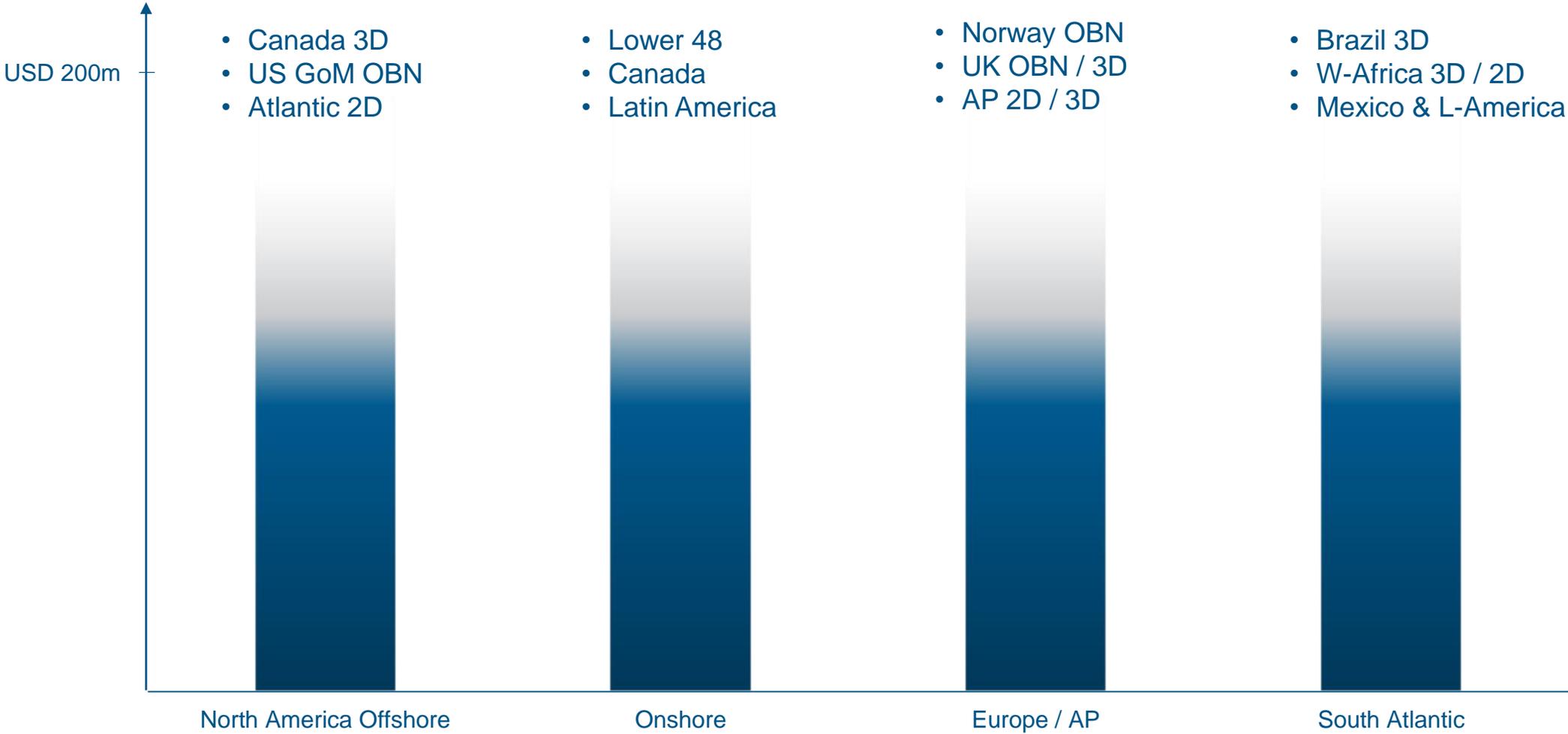
The industry's most comprehensive modern database

- TGS and Spectrum have complementary databases
- Comprehensive coverage in all mature and frontier basins



- TGS 2D
- TGS 3D
- SPU 2D
- SPU 3D

Building an optimal investment portfolio



Q2 19 Summary

- Q2 2019 net revenues of 166 MUSD, compared to 158 MUSD in Q2 2018
- Solid cash balance of 354 MUSD at 30 June 2019 in addition to undrawn 100 MUSD Revolving Credit Facility
- Increasing distribution to shareholders
- Continued positive development in order backlog
- Market outlook continues to improve, but volatility still high
- Acquisition of Spectrum approved – on track for closing in mid-August 2019

Appendix

Income statement

IFRS

(MUSD)		Q2 2019	Q2 2018	Change
Net operating revenues		104.8	107.8	-3%
Cost of goods sold		-0.1	0.1	-174%
Personnel cost		17.2	18.4	-7%
Other operational costs		9.2	9.2	1%
EBITDA	75%	78.5	80.1	-2%
Amortization of multi-client library		69.5	47.9	45%
Depreciation		4.3	2.2	93%
Operating result	4%	4.7	30.0	-84%
Interest income		2.0	1.2	67%
Interest expense		-0.7	-0.2	176%
Exchange gains/losses		-1.6	0.5	-394%
Other financial income		0.0	0.3	-83%
Result before taxes	4%	4.5	31.7	-86%
Tax cost	139%	6.2	7.7	-19%
Net income	-2%	-1.7	24.1	-107%
EPS (USD)		-0.02	0.23	-107%
EPS fully diluted (USD)		-0.02	0.23	-107%

Balance sheet

IFRS

(MUSD)	Q2 2019	Q2 2018	Change	Q4 2018
Goodwill	67.9	67.9	0%	67.9
Multi-client library	859.1	859.9	0%	870.5
Deferred tax asset	0.5	2.2	-78%	0.9
Other non-current assets	64.0	27.8	131%	31.4
Total non-current assets	991.5	957.8	4%	970.7
Cash and cash equivalents	354.3	337.5	5%	273.5
Other current assets	381.5	242.5	57%	380.2
Total current assets	735.8	580.0	27%	653.7
TOTAL ASSETS	1,727.2	1,537.8	12%	1,624.4
Total equity	1,181.9	1,131.6	4%	1,251.7
Deferred taxes	46.8	4.7	895%	29.3
Non-current liabilities	23.8	4.9	387%	5.0
Total non-current liabilities	70.6	9.6	636%	34.3
Taxes payable, withheld payroll tax, social security	18.2	42.2	-57%	27.1
Other current liabilities	456.4	354.4	29%	311.4
Total current liabilities	474.7	396.6	20%	338.4
TOTAL EQUITY AND LIABILITIES	1,727.2	1,537.8	12%	1,624.4

Reconciliation

Segment reporting/IFRS

Q2 2019 Income Statement (MUSD)	Segment Reporting	Diff.	IFRS Reporting
Net revenues	166.4	-61.5	104.8
Amortization and impairment of multi-client library	92.9	-23.3	69.5
Total operating expenses	123.5	-23.3	100.2
Tax cost	19.5	-19.5	0.0
Net income	23.2	-18.5	4.7

Q2 2019 Balance sheet (MUSD)	Segment Reporting	Diff.	IFRS Reporting
Multi-client library	698.7	160.4	859.1
Total non-current assets	830.6	160.8	991.5
Other equity	1,234.3	-55.9	1,178.3
Total equity	1,237.8	-55.9	1,181.9
Non-current liabilities			
Deferred taxes	58.1	-11.3	46.8
Total non-current liabilities	87.4	-28.6	58.7
Accounts payable and debt to partners	103.3	-103.3	0.0
Taxes payable, withheld payroll tax, social security	18.2	0.0	18.2
Other current liabilities	125.2	331.2	456.4
Total current liabilities	246.7	228.0	474.7

Thank you



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