



Q1 2020 Earnings Release

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Oslo, 13 May 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.

Q1 2020 Highlights

Market

- COVID-19 leading to unprecedented drop in global oil demand - 70-75 mbpd expected for April
- OPEC+ countries failing to agree on production quotas
- Historical weak oil price with extreme volatility

TGS Q1 2020

- Revenues of USD 152 million for Q1 mainly driven by high prefunding
- EBITDA in line with Q1 19 pro-forma figures
- Cash flow impacted by front-end loaded investments and M&A
- Record-high capital allocation to shareholders

Looking forward

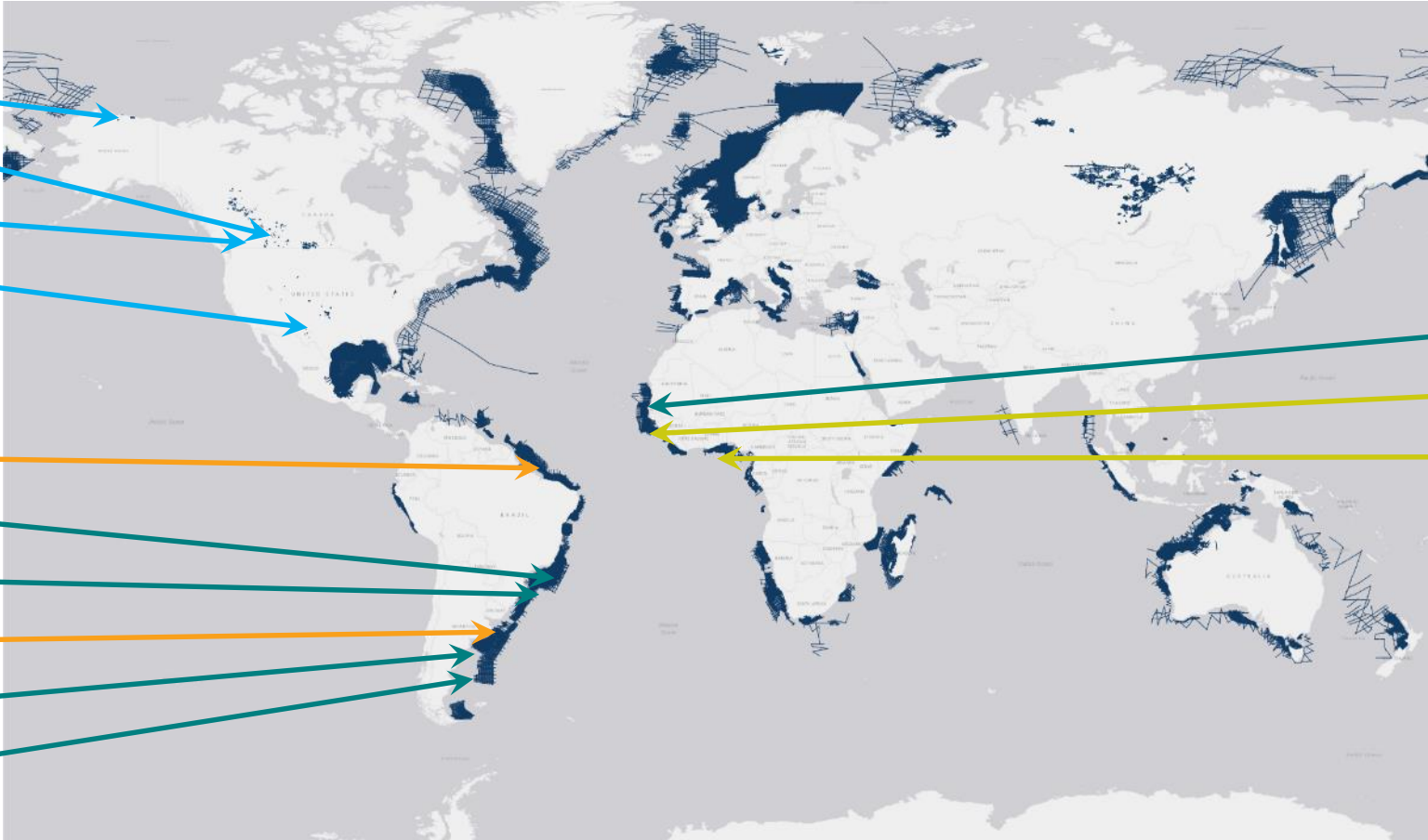
- Backlog remains strong
- Dividend cut to USD 0.125 per share to preserve cash for strategic opportunities
- Cost cutting program initiated with expected saving of 35% Y/Y
- Business model with high degree of flexibility

Q1 2020 Operational highlights

Western Hemisphere

- Alaska Crew
- Edson Crew
- Motney Crew
- Permian Crew

- BGP Pioneer JV
- Ivan Gubkin
- HYSY 720
- HYSY 760
- Polar Empress
- Amazon Warrior



Eastern Hemisphere

- BGP Prospector JV
- TDI Proteus Coring
- Gyre JV

The background features a complex network of semi-transparent, overlapping polygons in shades of blue and red. These shapes are interconnected by a fine mesh of small white dots, creating a digital or network-like aesthetic. The overall color palette is dark, with the blue and red elements providing a vibrant contrast against the black background.

FINANCIALS

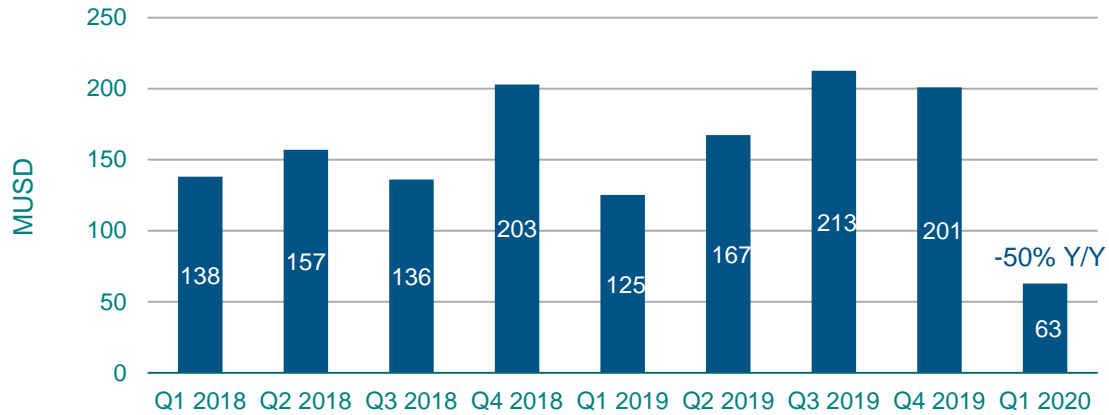
IFRS 15

- 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*

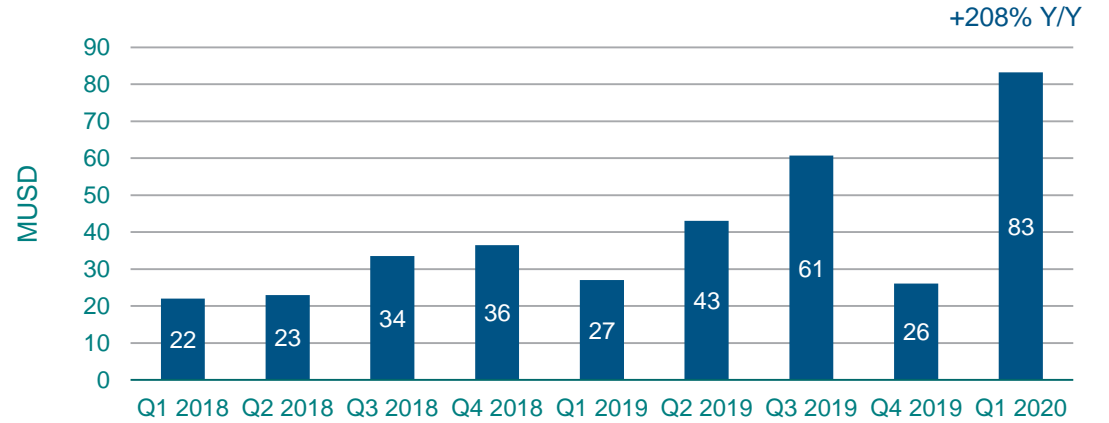
Net Revenues

TGS/SPU Consolidated (Q1 2018 – Q4 2019)

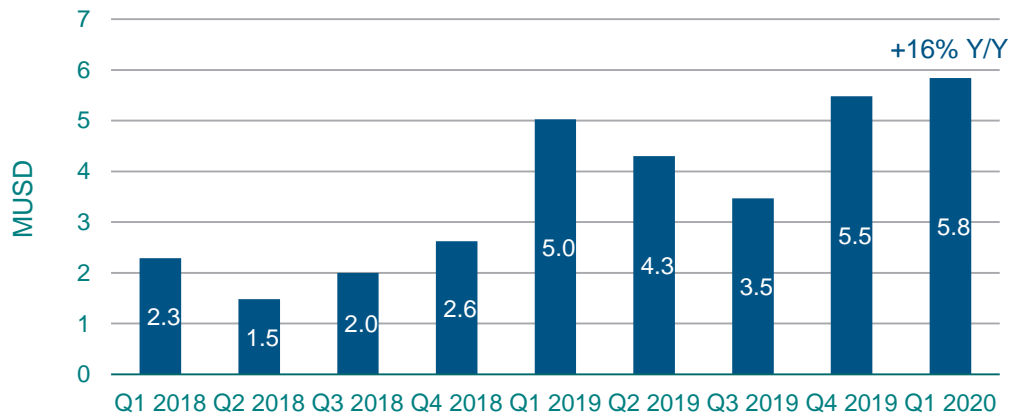
Late sales



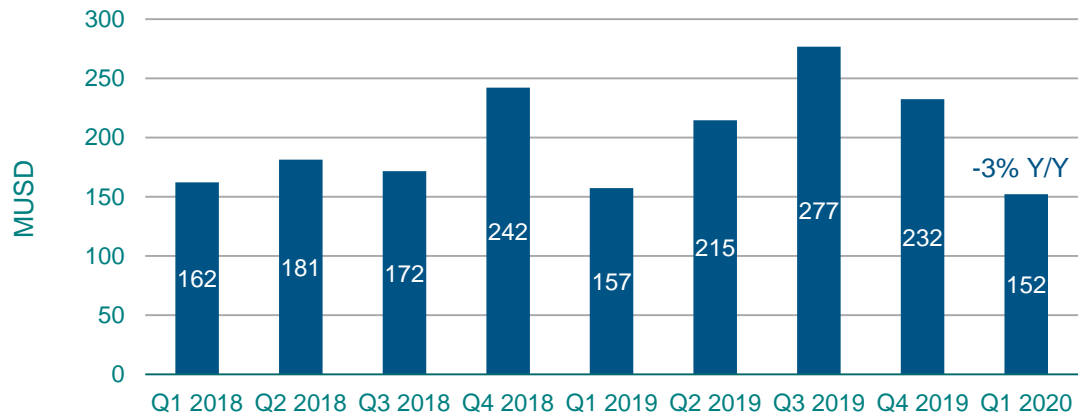
Prefunding revenues



Proprietary revenues



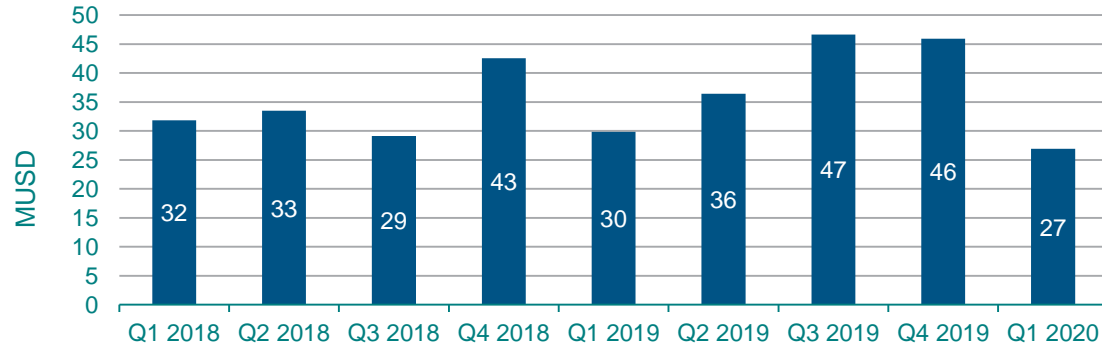
Total revenues



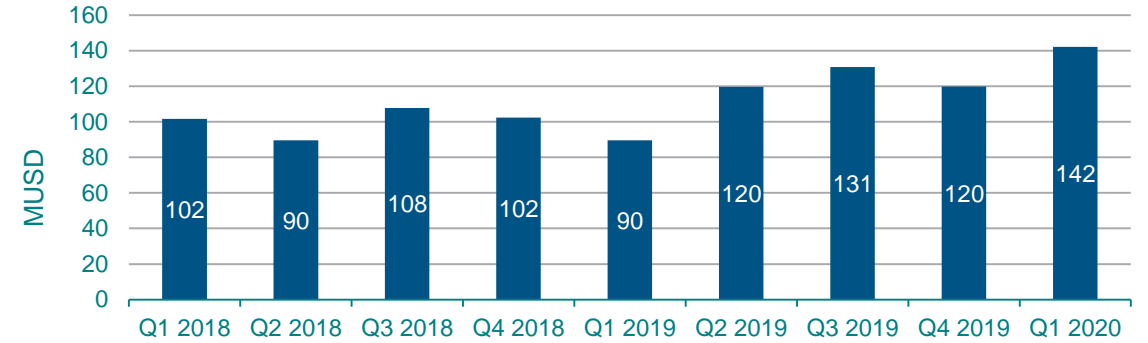
Operating Expenses, EBIT and Multi-Client Library

TGS/SPU Consolidated (Q1 2018 – Q4 2019)

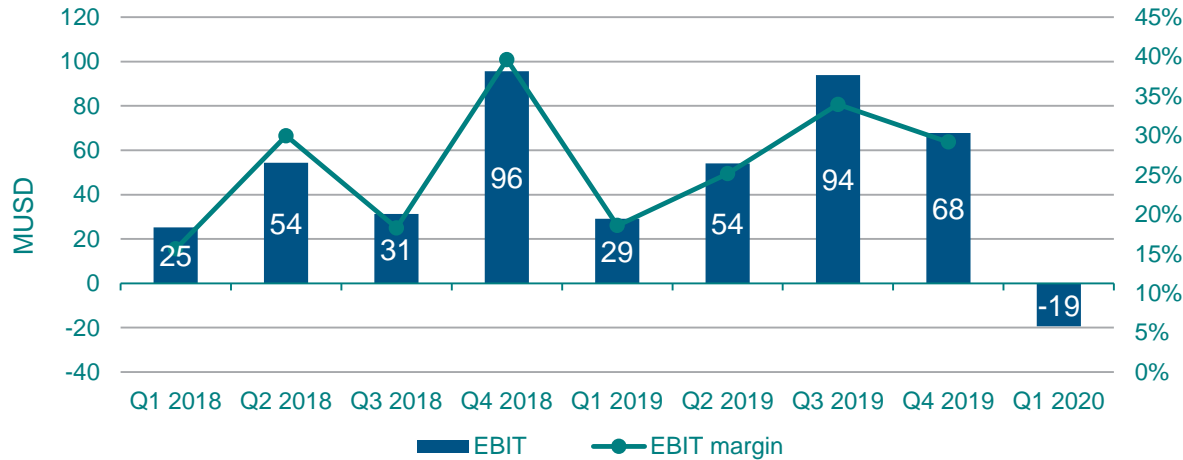
Operating costs



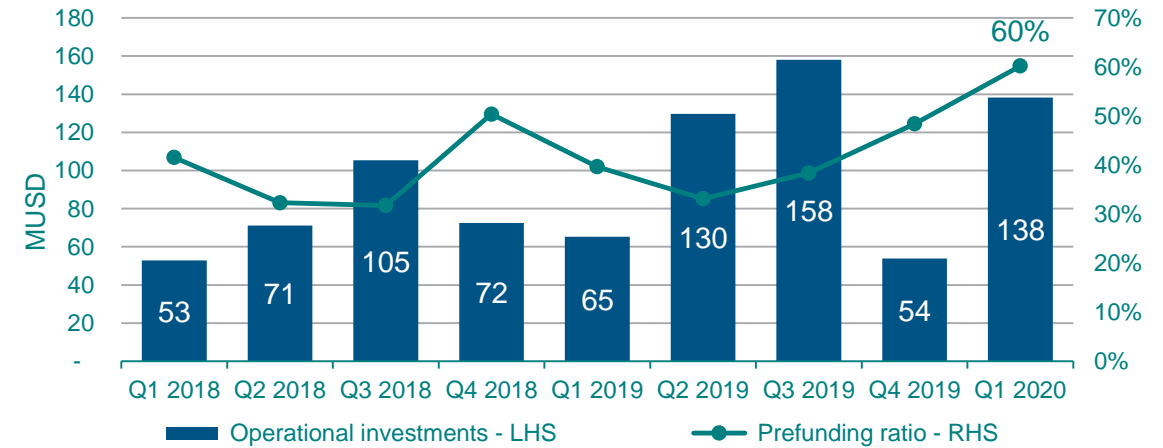
Amortization and impairments



EBIT



Operational investments and prefunding ratio



Income Statement -Segment reporting

TGS/SPU Consolidated (Q1 2018 – Q4 2019)

(MUSD)		Q1 2020	Q1 2019	Change
Net operating revenues		152.1	156.4	-3%
Cost of goods sold		2.3	1.1	110%
Personnel cost		13.5	20.2	-33%
Other operational costs		10.7	9.2	16%
Cost of stock options		0.0	1.3	-100%
EBITDA	83%	125.5	124.6	1%
Amortization of multi-client library		142.2	89.6	59%
Depreciation		2.7	6.0	-54%
Operating result	-13%	-19.4	29.0	-167%
Financial income		0.5	6.3	-93%
Financial expenses		-0.7	-1.0	-24%
Exchange gains/losses		-13.1	-0.5	2586%
Result before taxes	-22%	-32.8	33.9	-197%
Tax cost	18%	-5.9	8.8	-168%
Net income	-18%	-26.9	25.1	-207%
EPS (USD)		-0.23	0.17	-233%
EPS fully diluted (USD)		-0.23	0.17	-233%

Balance Sheet - Segment reporting

TGS/SPU Consolidated (Q1 2018 – Q4 2019)

Balance sheet	Q1 2020	Q1 2019	Change
Goodwill	284.8	79.5	258%
Multi-client library	841.9	859.5	-2%
Deferred tax asset	15.9	14.8	7%
Other non-current assets	96.9	88.9	9%
Total non-current assets	1,239.4	1,042.6	19%
Cash and cash equivalents	248.4	429.0	-42%
Other current assets	531.8	307.1	73%
Total current assets	780.1	736.1	6%
TOTAL ASSETS	2,019.5	1,778.7	14%
Total equity	1,549.5	1,438.8	8%
Deferred taxes	55.3	33.8	63%
Non-current liabilities	31.3	44.9	-30%
Total non-current liabilities	86.6	78.7	10%
Taxes payable, withheld payroll tax, social security	29.6	31.6	-6%
Other current liabilities	353.9	229.6	54%
Total current liabilities	383.5	261.3	47%
TOTAL EQUITY AND LIABILITIES	2,019.5	1,778.7	14%

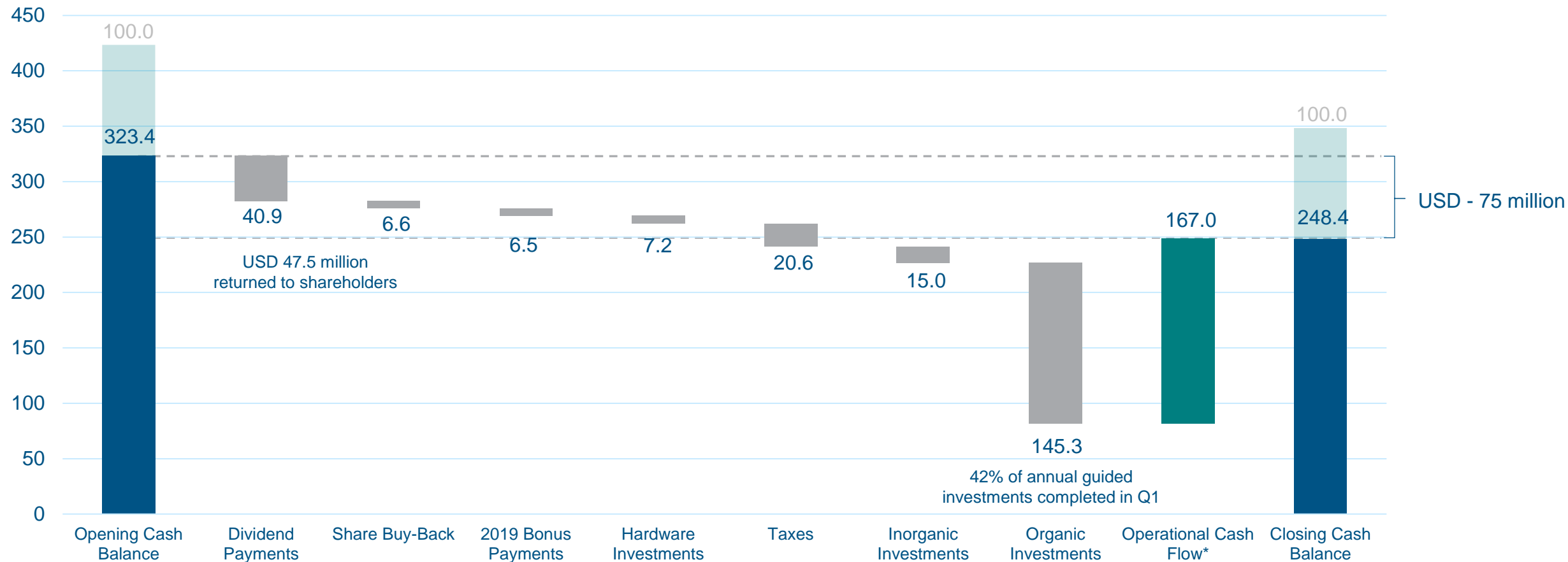
Cash Flow Statement

TGS/SPU Consolidated (Q1 2018 – Q4 2019)

Cash flow statement	2020	2019	Change
Received payments	219.1	251.5	-13%
Payments for operational expenses	-52.1	-38.8	34%
Paid taxes	-20.6	-4.1	400%
Net cash flow from operating activities	146.4	208.6	-30%
Investment in tangible fixed assets	-7.2	-6.9	5%
Investments in multi-client library	-145.3	-61.3	137%
Investments through mergers and acquisitions	-15.0	0.0	n/a
Interest income	0.5	2.6	-83%
Net Cash Flow from investing activities	-167.1	-65.5	155%
Net change in loans	0.0	0.0	n/a
Interest expense	-0.7	-0.6	22%
Payment of dividends	-40.9	-27.5	49%
Purchase of own shares	-6.6	0.0	n/a
Paid in equity	0.0	0.0	n/a
Net cash flow from financing activities	-48.2	-28.1	72%
Net unrealized currency gains/(losses)	-6.2	1.4	-5.4
Net change in cash and cash equivalents	-75.0	116.4	-164%

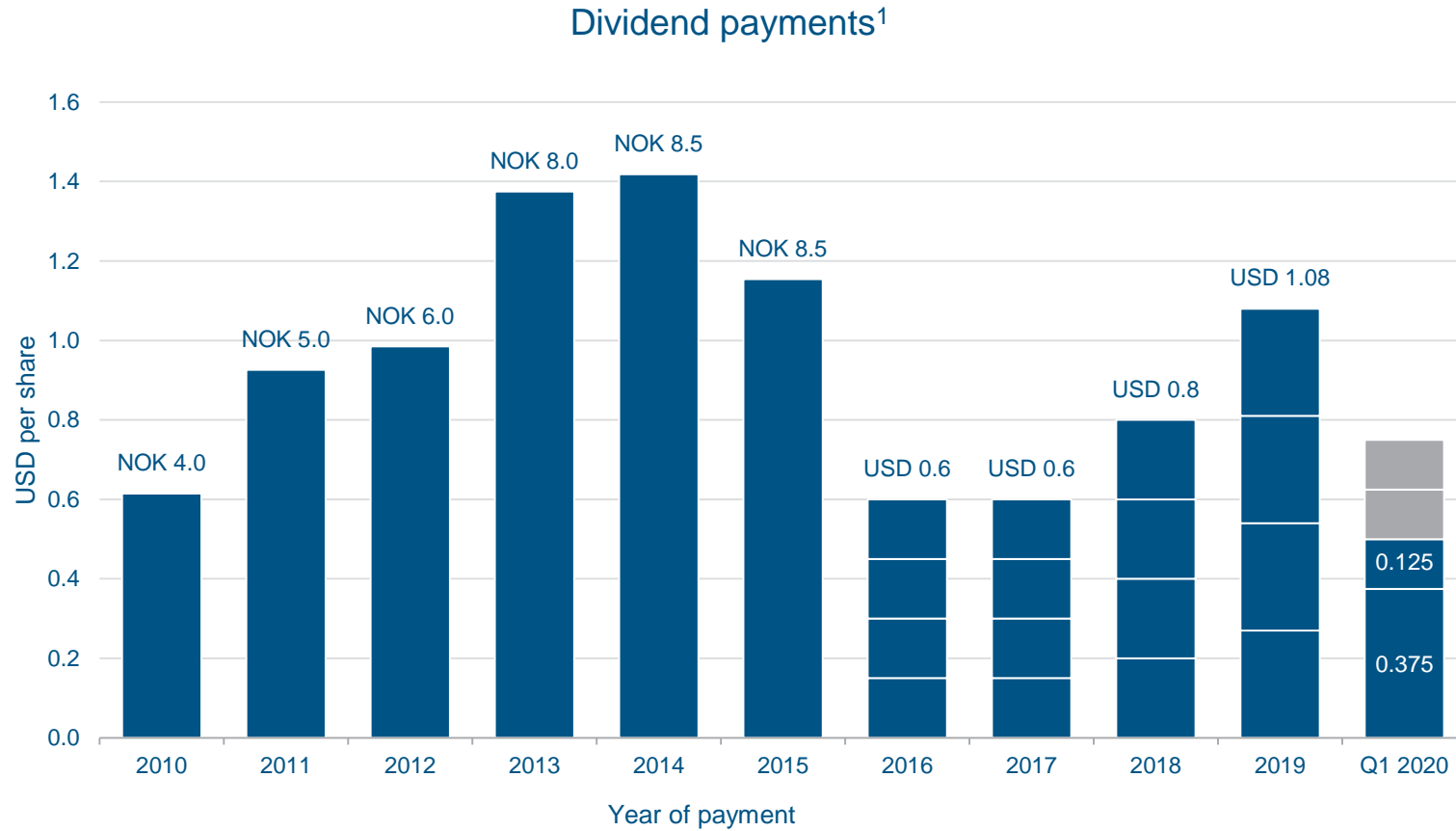
Liquidity Reserve & Cash Flow

USD 100 million undrawn Revolving Credit Facility



* Operational Cash Flow excluding Taxes and Bonus Cost, including Exchange gain/losses

Dividends



- Board has resolved to pay a dividend of USD 0.125 per share in Q2 2020
- Ex date 20 May 2020 – payment date 3 June 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

The background features a dark, almost black, space filled with a complex network of glowing dots and thin lines. The dots are primarily in shades of blue and red, with some greenish-blue highlights. The lines connect these dots, creating a web-like structure that suggests a network or data flow. The overall effect is a futuristic, digital, and interconnected aesthetic.

MANAGEMENT PERSPECTIVES

Key messages



Very challenging short-term market conditions, but long-term fundamentals remain strong



Conserving cash while preserving value – cost base reduced by 35% Y/Y



Financial priorities remain firm



Selective investments in proven areas – technology and risk share remain key



Track-record of capturing value throughout the cycle

Handling of COVID-19



Safeguarding our employees

- Strict remote work policy, social distancing, travel restrictions, ongoing internal communication

Operational health and safety

- Working closely with contractors and service providers, continuously assessing operational risk and response plans, focusing on well being of the crews

Employee engagement and productivity

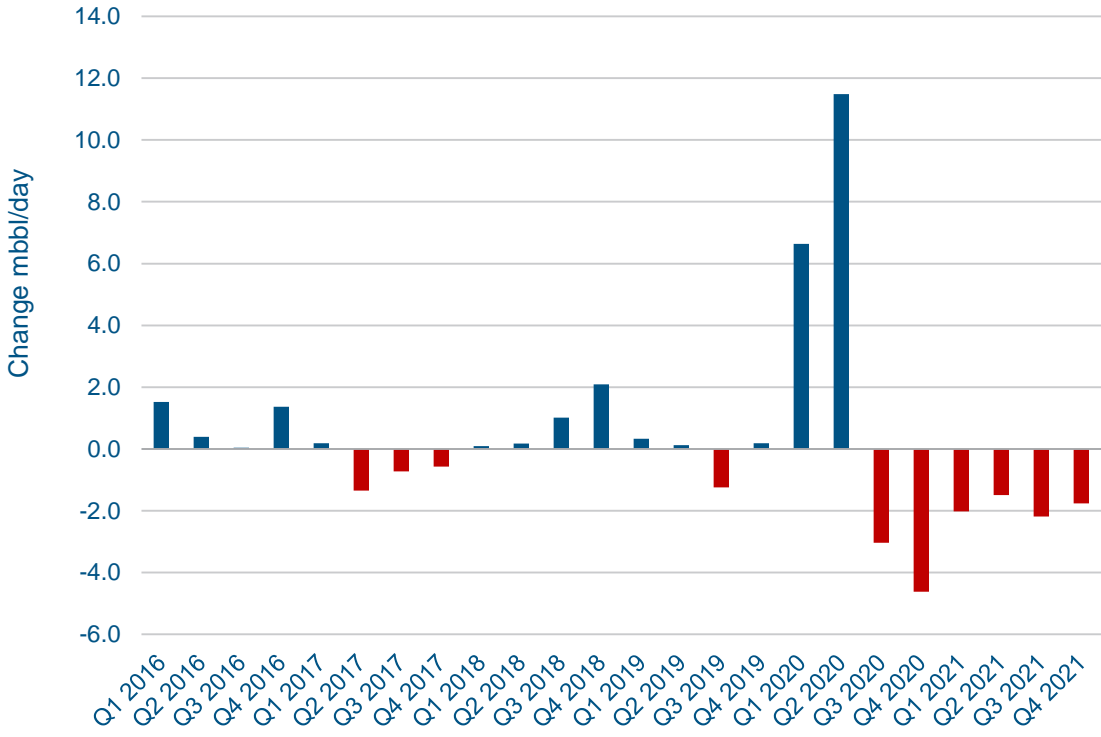
- Ensuring effective IT and remote working tools, stress management, ergonomic setups, team dynamic
- Organizing virtual social events - lunch & learns, cook along classes, virtual tours

Responsible to our customers and shareholders

- Continued emphasis on data quality, customer service and project timelines, offering and embracing web based client resources and events – Seminars, License Rounds, Data Shows, On Demand video
- Focused on minimizing business disruption

Challenging market conditions

World liquid fuels stock build/(draw)



Brent oil price



Source: EIA Short-Term Energy Outlook, 12 May 2020

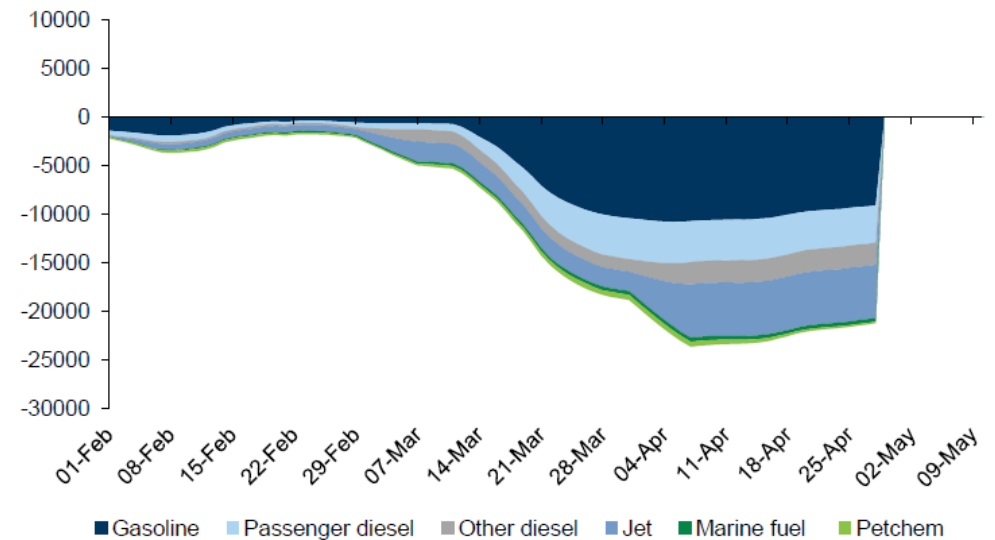
Improving supply/demand balance in H2 2020

- Signs that the peak demand impact may be behind us
 - Many European countries and US states have started to ease lock-down restrictions
 - Traffic data suggest increasing activity levels in many larger cities
 - Chinese demand data points to normalization
- Supply cuts starting to work
 - OPEC -10m bbl/day
 - Other announced cuts – 2.2m bbl/day
 - Significant unannounced shut-ins

From Goldman Sachs Research note May 2020

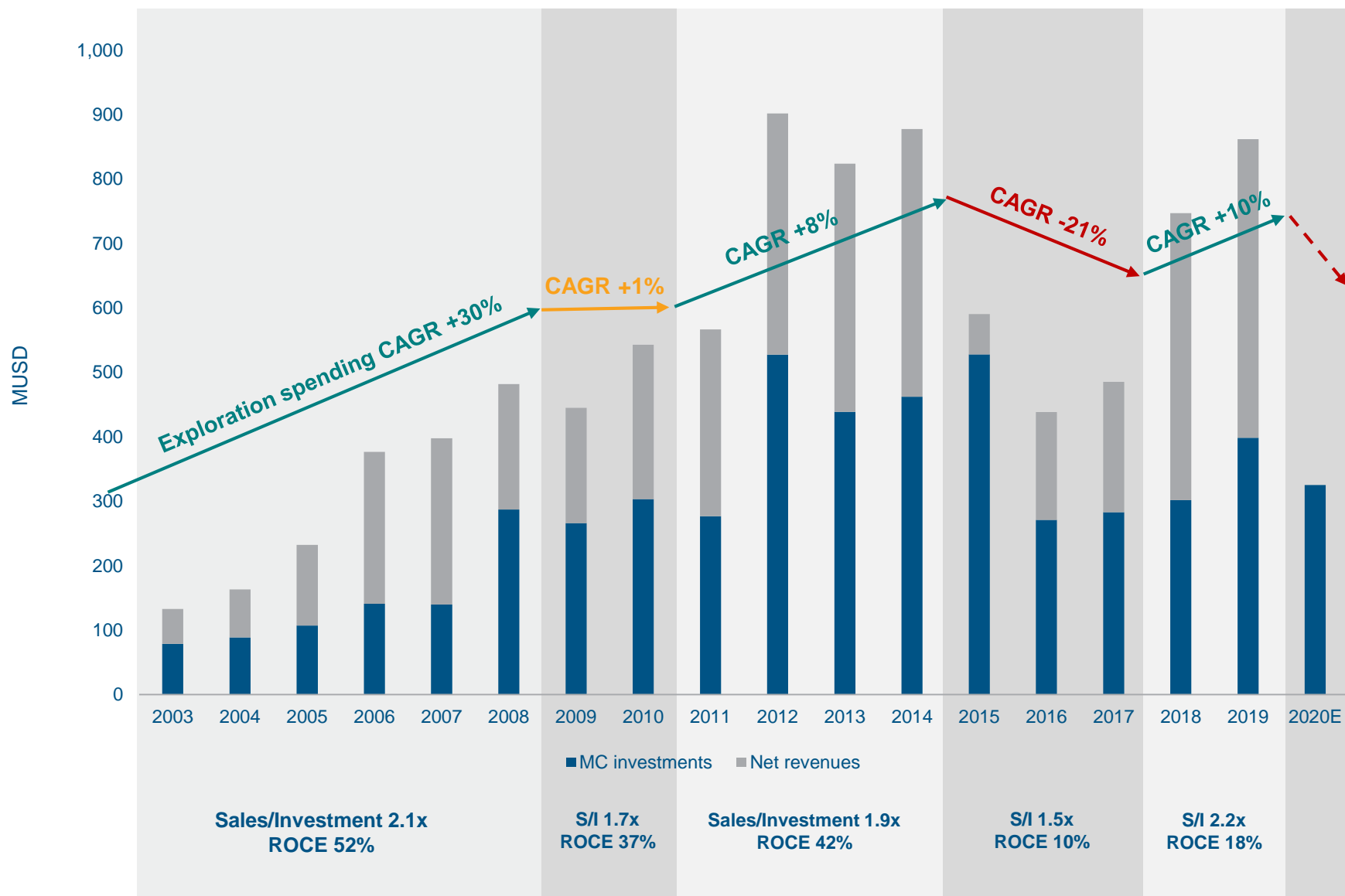
Exhibit 2: High-frequency data points to improving global oil demand

High frequency tracking of global oil demand impact of Covid19 (kb/d, 7dma)



Source: GS Research

Track-record of capturing value throughout the cycle



- Asset light business model – few long-term obligations on balance sheet
- Strong correlation between cash in- and outflow
- Counter-cyclical investment strategy
- Flexible and quickly reacting
- Customer focus culture

TGS' response to market turmoil

Cost reduction

- Right-sizing of organization, salary freeze, bonus cuts etc.
- Cash cost below USD 100 million in 2020 – 35% below pro-forma 2019 level

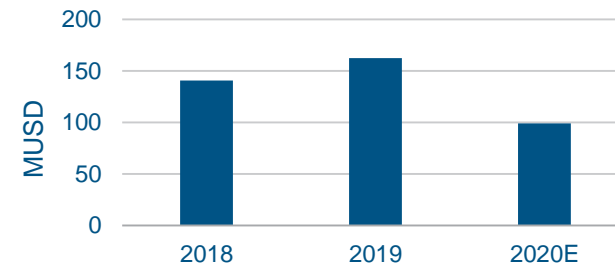
Investment reduction

- Postponing and reducing scope of planned projects
- Increasing pre-funding hurdle
- 2020 multi-client investments approximately USD 325 million – 28% below previous guidance

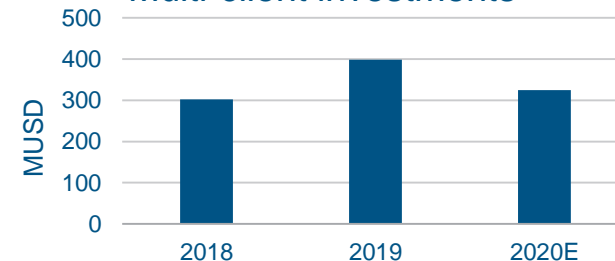
Dividend reduction

- Quarterly dividend reduced to USD 0.125 per share from USD 0.375 per share

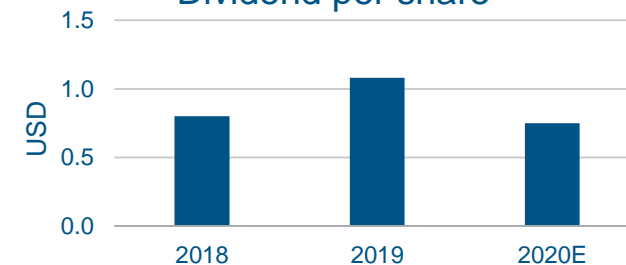
Cash operating costs¹



Multi-client investments¹



Dividend per share¹



1. Pro-forma figures. 2020E based on guidance from 8 April 2020.

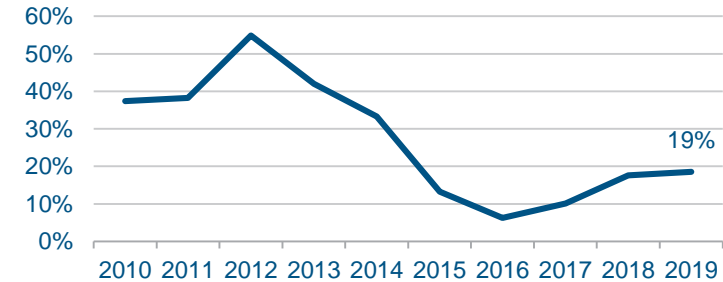
TGS' financial priorities remain firm

Maximize Return on Capital Employed

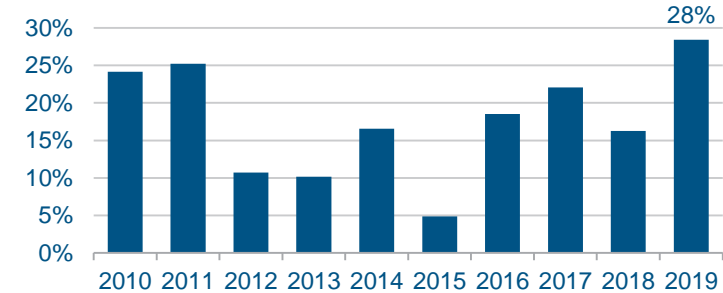
Maximize Cash Flow

Returning Excess Capital to Shareholders

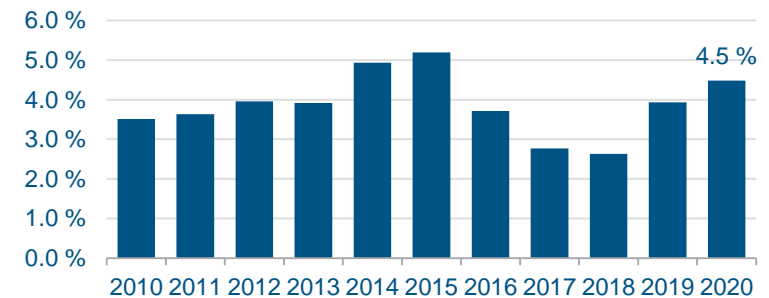
ROACE¹



FCF conversion rate²



Dividend yield³



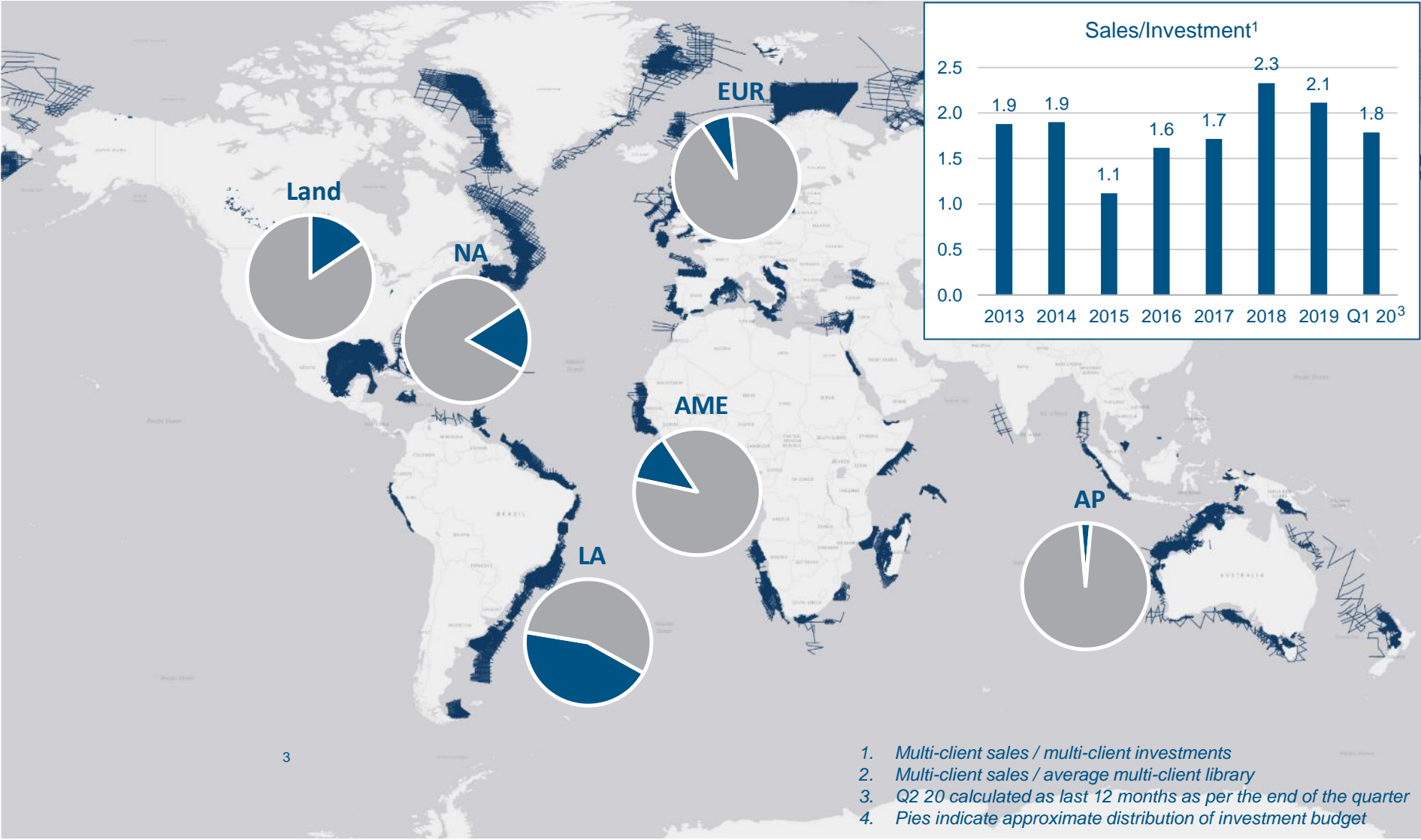
1. Adjusted for larger impairments and restructuring charges

2. Free Cash Flow (FCF) / Net revenues

3. Based on share price at date of announcing the dividend. From 2016-20 yield is calculated using the average of the quarterly payments

Multi-client investments reduced to protect cash flow

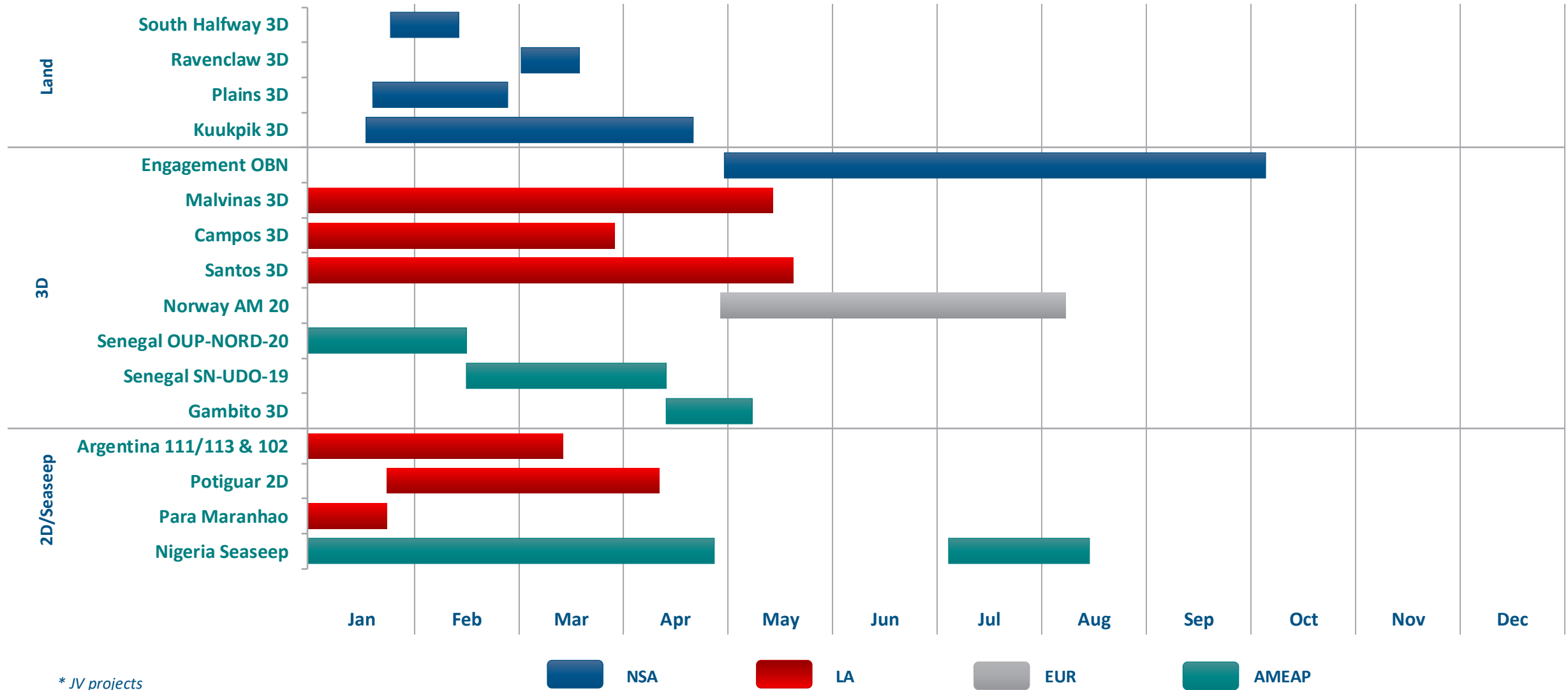
New guidance approximately USD 325 million compared to USD 450 million previously



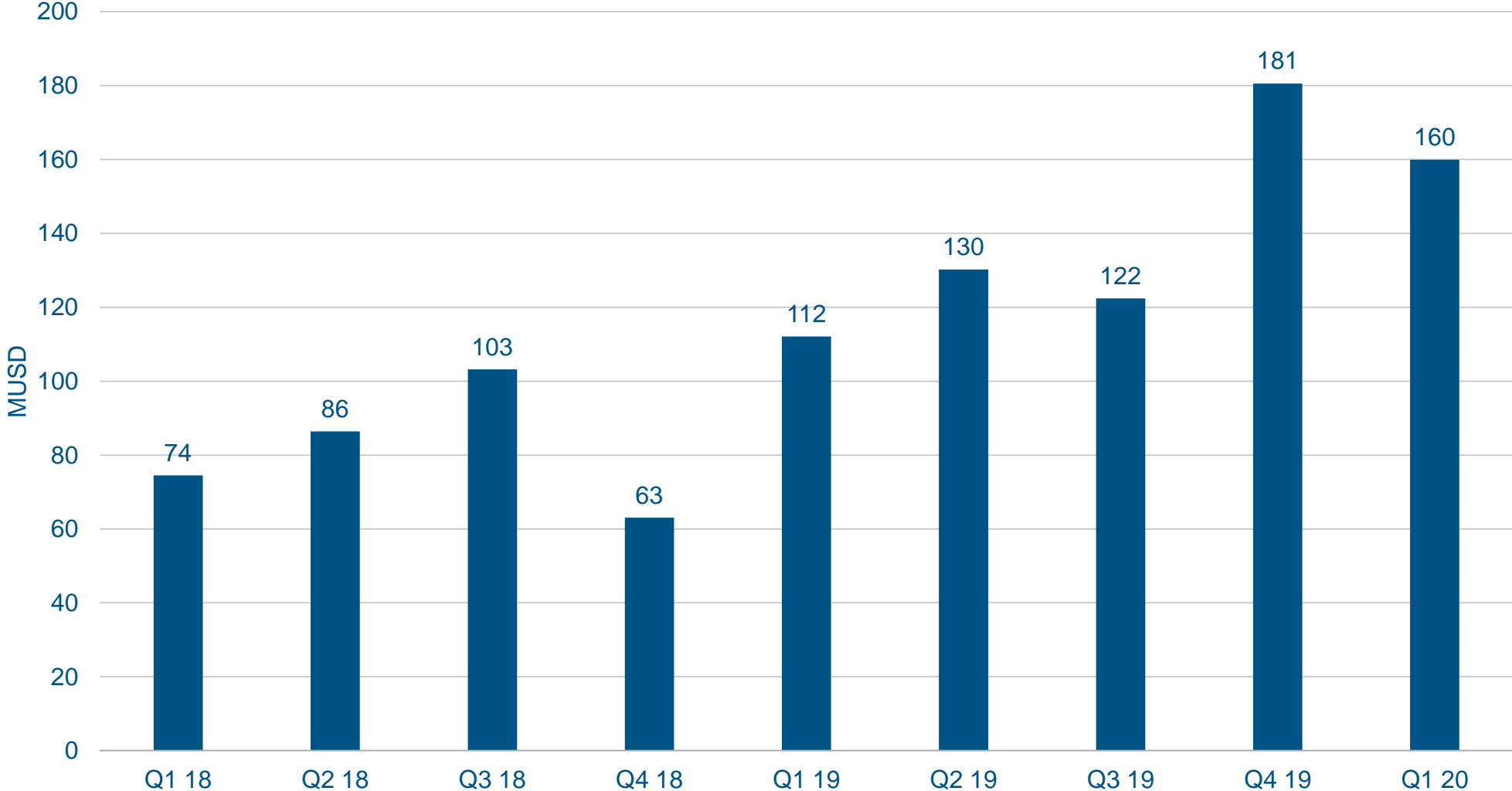
3

1. Multi-client sales / multi-client investments
2. Multi-client sales / average multi-client library
3. Q2 20 calculated as last 12 months as per the end of the quarter
4. Pies indicate approximate distribution of investment budget

2020 Project schedule



Backlog



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

Summary



Q1 2020 results helped by strong pre-funding revenues



Challenging market conditions near-term



Several initiatives to protect cash flow implemented



TGS has a strong track record in creating values during challenging market conditions

The background is a dark, almost black, space filled with a complex network of glowing points and thin lines. The points are small, bright dots in shades of blue, teal, and red. The lines connect these points, creating a web-like structure. Overlaid on this network are several large, semi-transparent, multi-faceted geometric shapes. These shapes are primarily in shades of blue and teal, with some red and purple hues. They appear to be floating or moving through the space, creating a sense of depth and movement. The overall effect is that of a digital or scientific visualization, possibly representing a network or a complex system.

APPENDIX

IFRS Profit & Loss account

(MUSD)		Q1 2020	Q1 2019	Change
Net operating revenues		52.2	99.8	-48%
Cost of goods sold		2.3	1.1	110%
Personnel cost		13.5	15.1	-11%
Other operational costs		10.7	5.7	87%
EBITDA	49%	25.6	77.9	-67%
Amortization of multi-client library		80.8	73.2	10%
Depreciation		2.7	5.1	-47%
Operating result	-111%	-57.9	-0.5	n/a
Financial income		0.5	6.5	-93%
Financial expenses		-0.7	-0.6	22%
Exchange gains/losses		-13.1	0.2	n/a
Result before taxes	-137%	-71.3	5.5	n/a
Tax cost	21%	-14.8	1.3	n/a
Net income	-108%	-56.5	4.2	n/a
EPS (USD)		-0.48	0.04	n/a
EPS fully diluted (USD)		-0.48	0.04	n/a

IFRS Balance Sheet

Balance sheet	Q1 2020	Q1 2019	Change
Goodwill	284.8	67.9	319%
Multi-client library	1,163.8	835.1	39%
Deferred tax asset	20.5	1.2	1637%
Other non-current assets	96.9	66.3	46%
Total non-current assets	1,565.9	970.5	61%
Cash and cash equivalents	248.4	390.0	-36%
Other current assets	378.9	235.8	61%
Total current assets	627.2	625.8	0%
TOTAL ASSETS	2,193.1	1,596.2	37%
Total equity	1,440.0	1,228.4	17%
Deferred taxes	17.3	29.8	-42%
Non-current liabilities	31.3	24.2	29%
Total non-current liabilities	48.6	54.0	-10%
Taxes payable, withheld payroll tax, social security	29.6	21.3	39%
Other current liabilities	674.9	292.5	131%
Total current liabilities	704.5	313.8	125%
TOTAL EQUITY AND LIABILITIES	2,193.1	1,596.2	37%

Thank you

