



## **Q2 2021 Financial Results**

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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.

# Financial Highlights Q2

- Q2 2021 net revenues of USD 53.6 million (segment)
  - Late sales USD 35.9 million
  - Pre-funding USD 14.0 million
- Cost discipline and lower capex result in free cash flow\* of USD 18.4 million
  - Two M&A transactions carried out in Q2
  - Cash balance of USD 223 million plus undrawn credit facility of USD 100 million
  - Supporting dividend payment of USD 0.14 per share and continuation of Buyback program
- Weak market conditions expected to continue for 2021 despite positive oil price momentum
  - Clients prioritizing dividend and deleveraging balance sheets rather than exploration
- Higher activity level expected for TGS in H2
  - New acquisition programs in US GoM and Canada with good industry funding
  - NES pursuing growth and diversification

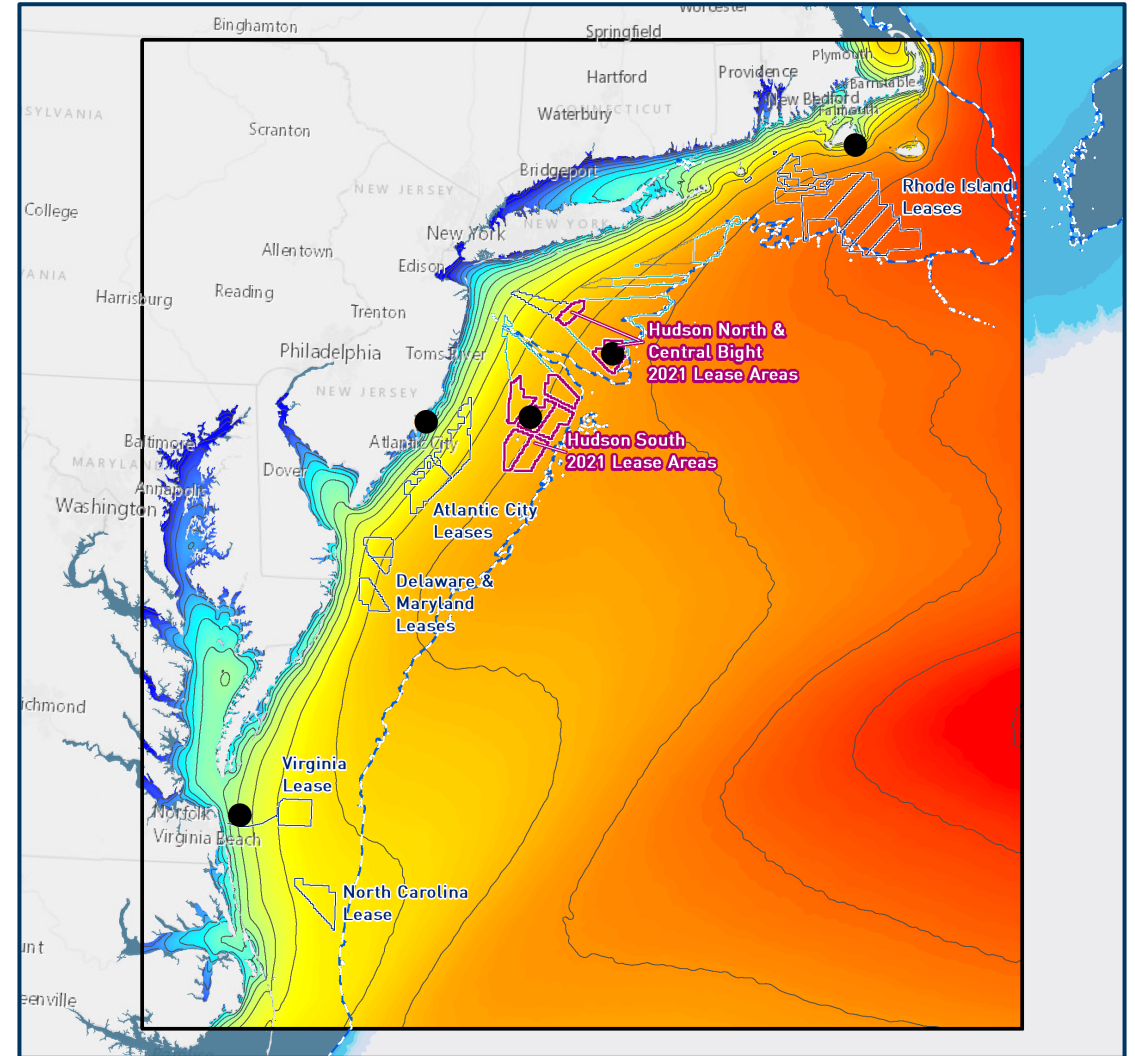
# Q2 2021 Operational Highlights

- Oil and Gas data and insights
  - Offshore 3D seismic surveys commenced in East Coast Canada (*Cape Anguille 3D*, *Lewis Hills 3D*) and Brazil (*Santos 3D Ph 4*)
  - Onshore 3D surveys commenced in British Columbia, Canada (*Hipp Creek 3D*) and Powder River Basin, Wyoming, USA (*Voyager 3D*)
  - Offshore 2D survey offshore Brazil (*Pelotas 2D phase 3*)
- New Energy Solutions
  - Collaborating with Canadian Discovery, Ltd. to develop a regional CO<sub>2</sub> Storage Atlas for US GoM
  - Release of numerical weather prediction (NWP) model to enhance wind energy knowledge and operations offshore Scotland, in collaboration with Vaisala
  - Memorandum of Understanding (MOU) with carbon storage experts Horisont Energi to jointly develop Carbon Capture and Storage (CCS) technologies
- M&A
  - Acquired 4C Offshore, a leading data provider to the offshore wind industry
  - Purchased three seismic surveys in Australia from Polarcus

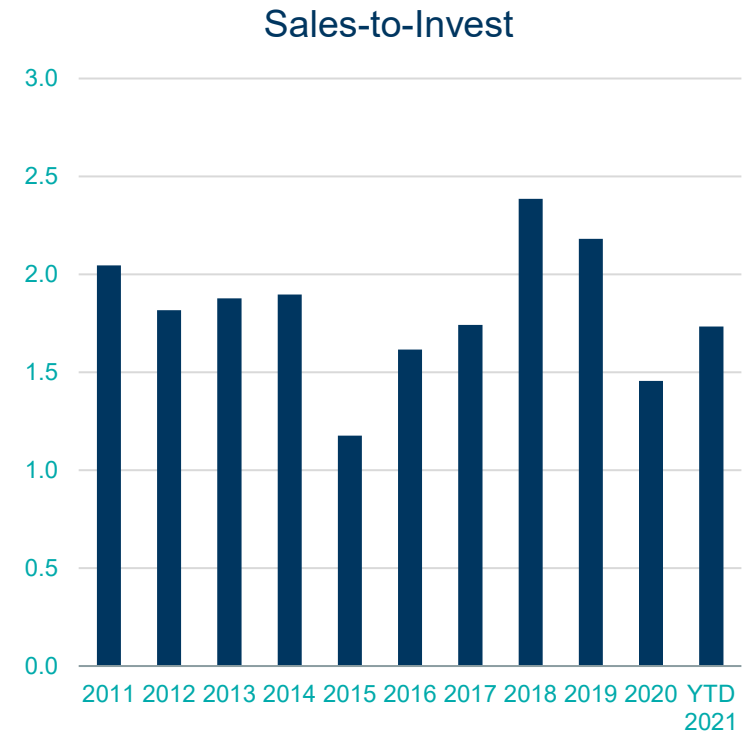
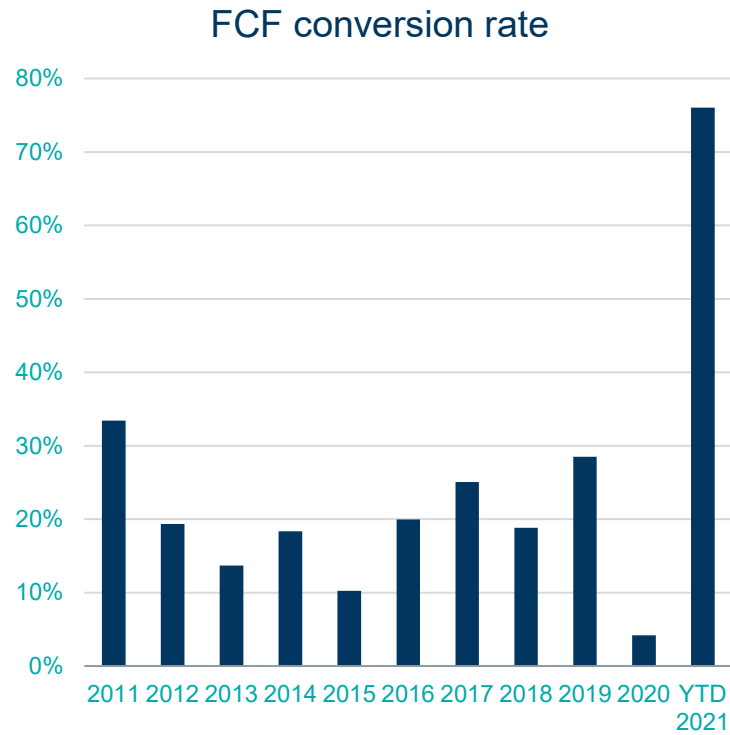
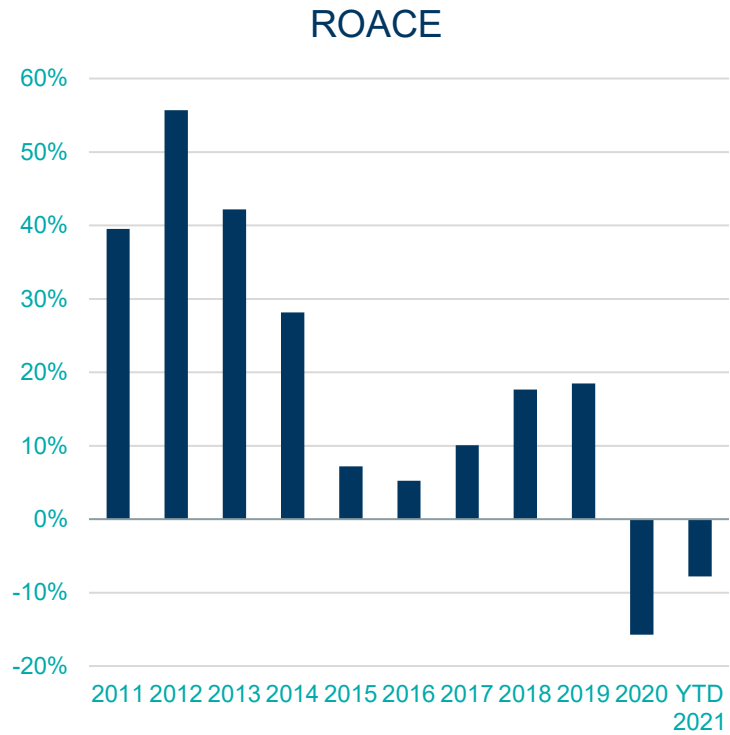


# Progressing on New Energy Solutions Strategy

- Acquisition of 4C Offshore completed May 2021
  - Establishing TGS as leading provider of high-quality market intelligence data for the offshore wind industry
- Further M&A opportunities being evaluated
- Progressing well on organic initiatives
- Working with Cognizant to develop integrated data platform solution
- Continuing to build organization



# Benefitting From a Flexible Business Model



- Lean and adjustable cost base
- Asset-light – few capital commitments
- Robust cash flow allow for continued dividends and share buybacks



# Financials

# Segment and IFRS Reporting

## 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*

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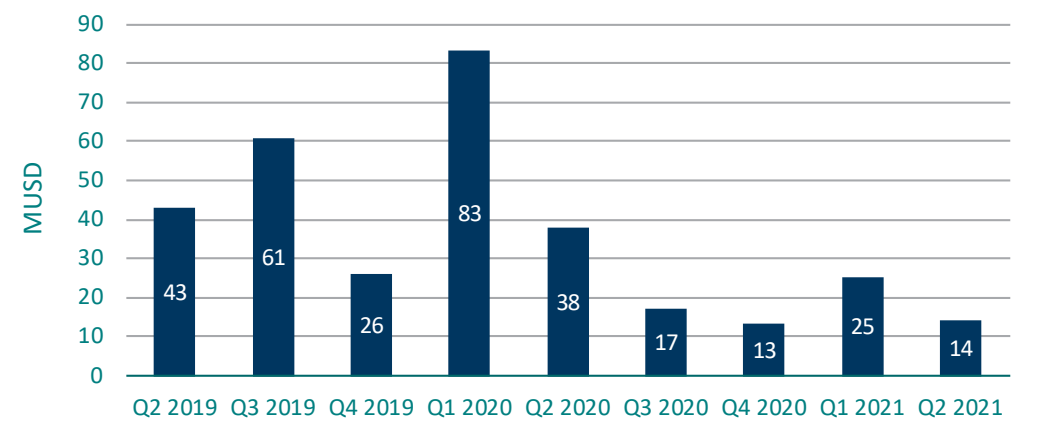
- Q2 presentation remains focused on Segment Reporting
- Gradually shifting to IFRS going forward
- IFRS will be accompanied by Alternative Performance Measures
  - Cash Flow
  - Order Generation and Backlog
  - Operational Progress
  - Return on Investments



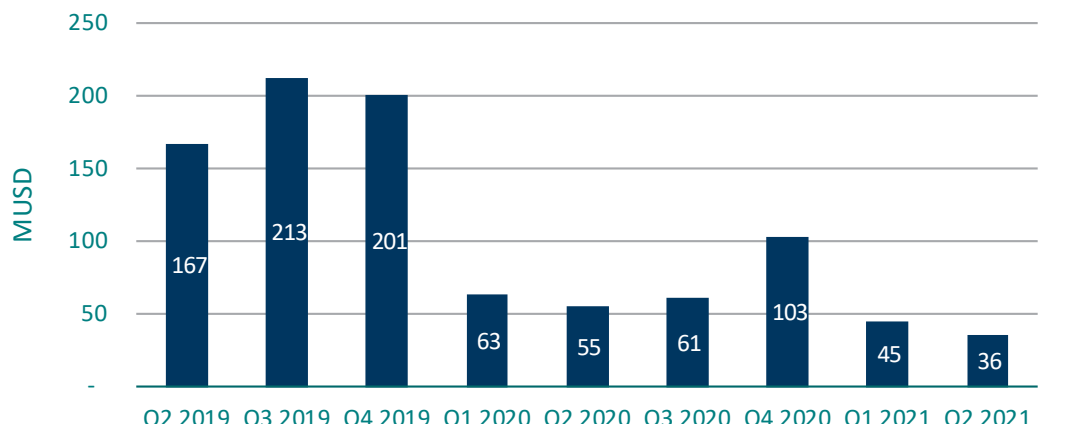
# Net Revenues

Segment reporting

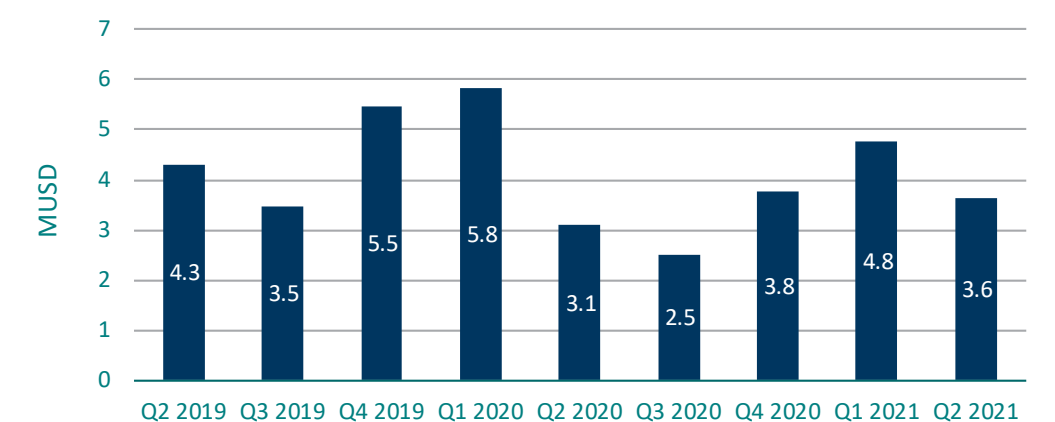
Pre-funding revenues



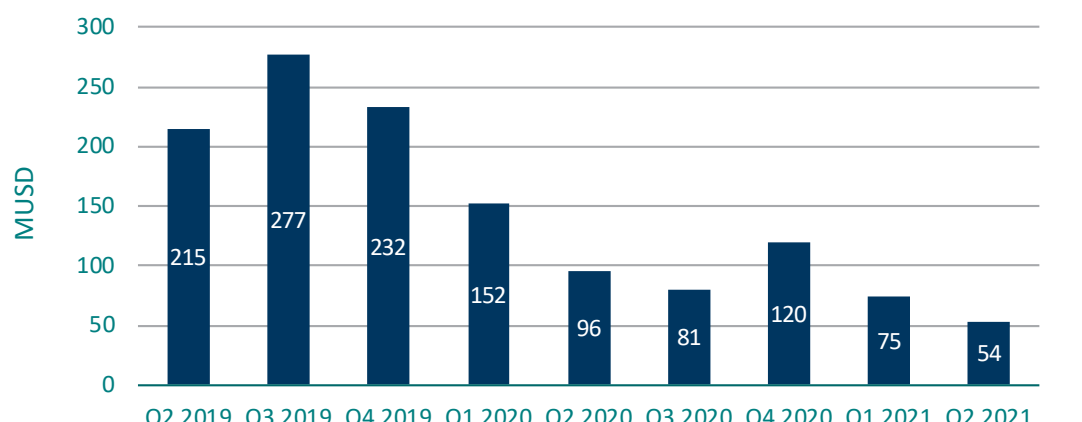
Late sales



Proprietary revenues



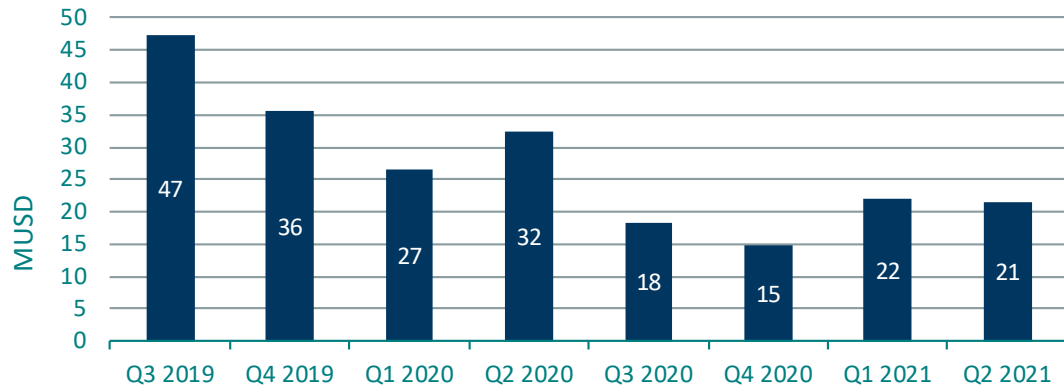
Total Revenues



# Operating Expenses, EBIT, MC Investments

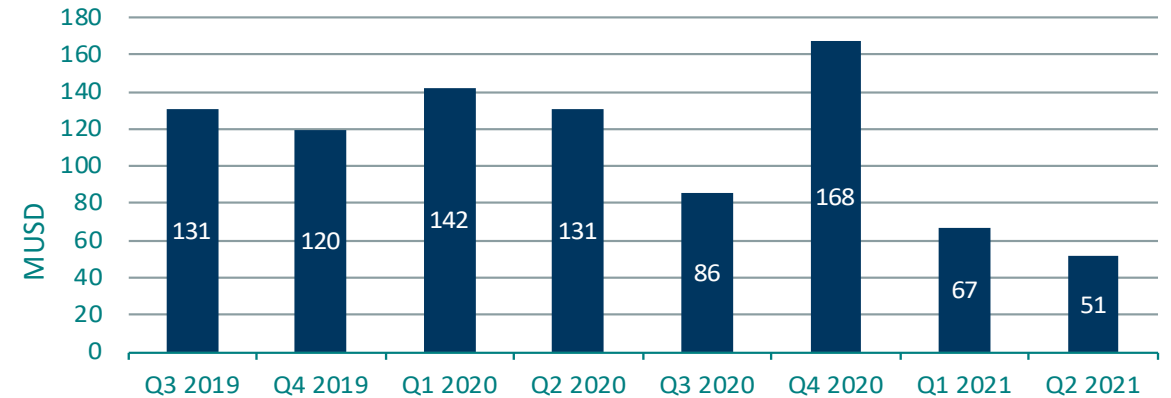
Segment reporting

## Operating Cost<sup>1)</sup>

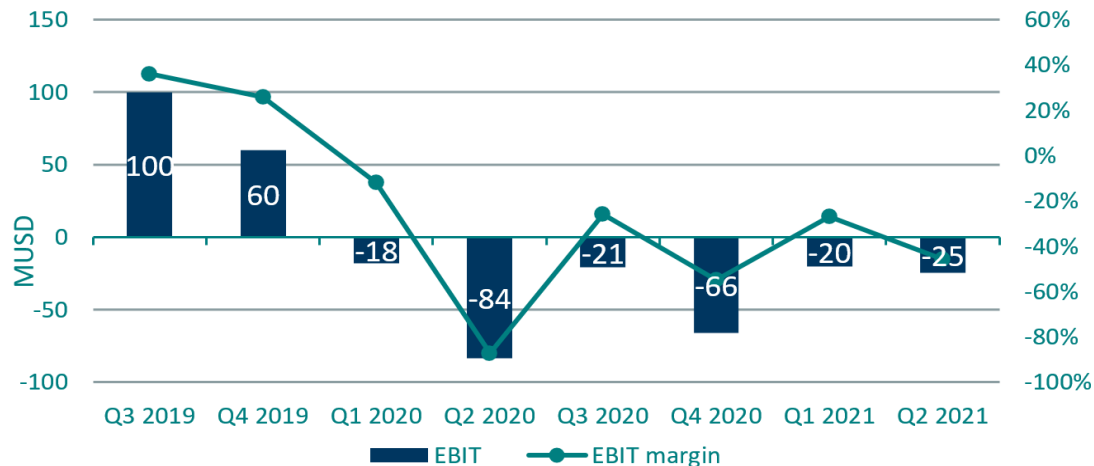


1. Personnel costs and other operating expenses excluding reported non-recurring items

## Amortization and Impairments - Multi-Client Library

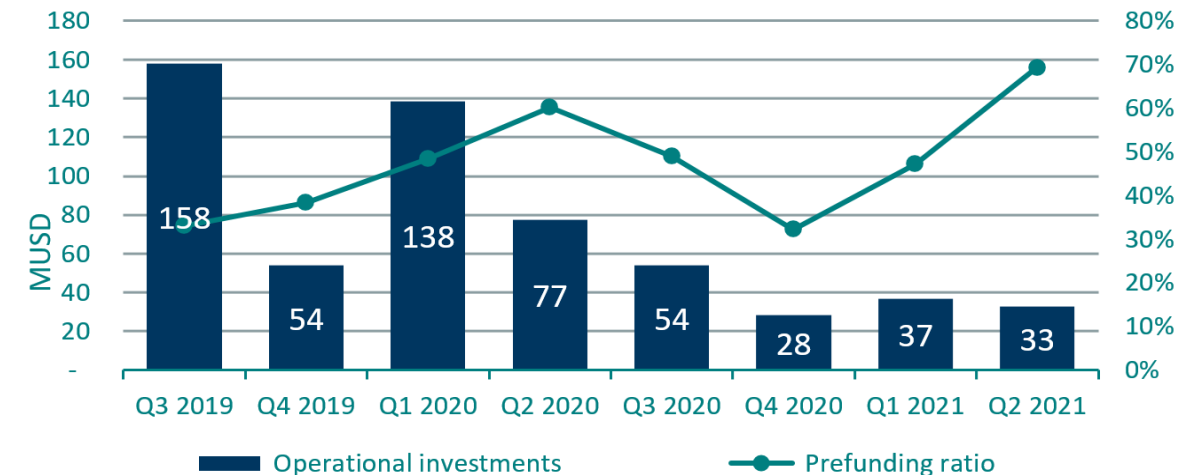


## Earnings Before Interest & Taxes<sup>2)</sup>



2. Earnings before interest and taxes excluding reported non-recurring items

## Operational investments and prefunding ratio



# Income Statement

Segment reporting

(MUSD)		Q2 2021	Q2 2020	Change
<b>Net operating revenues</b>		<b>53.6</b>	<b>95.8</b>	<b>-44%</b>
Cost of goods sold		1.0	1.1	-13%
Personnel cost		11.8	20.3	-42%
Other operational costs		8.7	18.1	-52%
<b>EBITDA</b>	<b>60%</b>	<b>32.2</b>	<b>56.3</b>	<b>-43%</b>
Amortization of multi-client library		51.4	130.7	-61%
Depreciation		5.3	9.1	-42%
<b>Operating result</b>	<b>-46%</b>	<b>-24.5</b>	<b>-83.6</b>	<b>-71%</b>
Financial income		0.5	0.5	-14%
Financial expenses		-3.3	-0.9	249%
Exchange gains/losses		-1.4	-4.6	-70%
<b>Result before taxes</b>	<b>-54%</b>	<b>-28.8</b>	<b>-88.6</b>	<b>n/a</b>
Tax cost	34%	-9.9	-16.9	n/a
<b>Net income</b>	<b>-35%</b>	<b>-18.8</b>	<b>-71.7</b>	<b>n/a</b>
EPS (USD)		-0.14	-0.61	
EPS fully diluted (USD)		-0.14	-0.61	

# Balance Sheet

Segment reporting

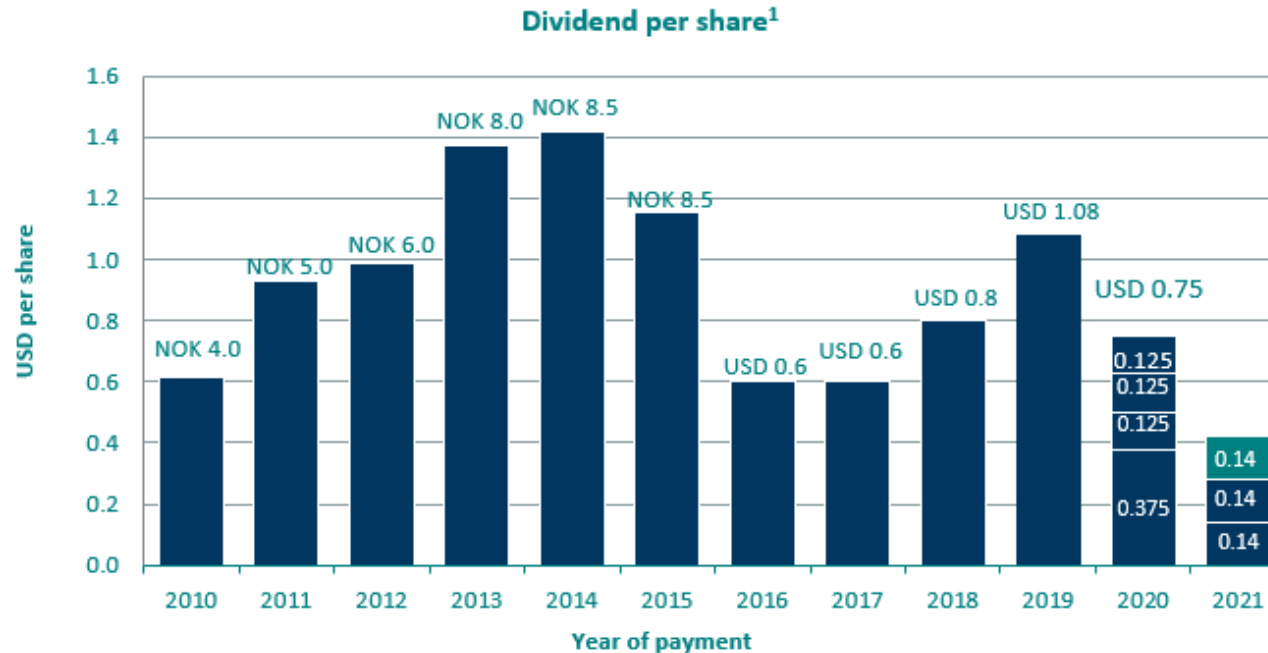
Balance sheet	Q2 2021	Q2 2020	Change
Goodwill	303.8	284.8	7%
Multi-client library	579.8	788.5	-26%
Deferred tax asset	58.7	22.9	157%
Other non-current assets	107.3	114.8	-6%
<b>Total non-current assets</b>	<b>1,049.6</b>	<b>1,210.9</b>	<b>-13%</b>
Cash and cash equivalents	223.4	198.5	13%
Other current assets	374.3	507.6	-26%
<b>Total current assets</b>	<b>597.7</b>	<b>706.0</b>	<b>-15%</b>
<b>TOTAL ASSETS</b>	<b>1,647.3</b>	<b>1,917.0</b>	<b>-14%</b>
<b>Total equity</b>	<b>1,316.1</b>	<b>1,479.7</b>	<b>-11%</b>
Deferred taxes	38.6	14.0	175%
Non-current liabilities	42.6	53.3	-20%
<b>Total non-current liabilities</b>	<b>81.3</b>	<b>67.3</b>	<b>21%</b>
Taxes payable, withheld payroll tax, social security	28.6	27.1	5%
Other current liabilities	221.3	342.8	-35%
<b>Total current liabilities</b>	<b>249.9</b>	<b>369.9</b>	<b>-32%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,647.3</b>	<b>1,917.0</b>	<b>-14%</b>

# Cash Flow Statement

(MUSD)	Q2 2021	Q2 2020	Change
Received payments	73.6	141.0	-48%
Payments for operational expenses	-25.2	-67.6	-63%
Paid taxes	-5.1	-8.4	-40%
<b>Net cash flow from operating activities</b>	<b>43.3</b>	<b>65.0</b>	<b>-33%</b>
Investment in tangible fixed assets	0.0	-23.3	-100%
Investments in multi-client library	-24.9	-108.1	-77%
Investments through mergers and acquisitions	-24.4	0.0	n/a
Interest income	0.5	0.2	153%
<b>Net Cash Flow from investing activities</b>	<b>-48.8</b>	<b>-131.1</b>	<b>-63%</b>
Net change in loans	0.0	0.0	n/a
Interest expense	-3.3	-0.6	448%
Payment of dividends	-16.5	-16.1	3%
Purchase of own shares	-3.4	0.0	n/a
<b>Net cash flow from financing activities</b>	<b>-23.2</b>	<b>-16.7</b>	<b>39%</b>
Net unrealized currency gains/(losses)	-1.4	-4.6	n/a
<b>Net change in cash and cash equivalents</b>	<b>-30.1</b>	<b>-87.4</b>	<b>-66%</b>



# Dividends and Share Buyback

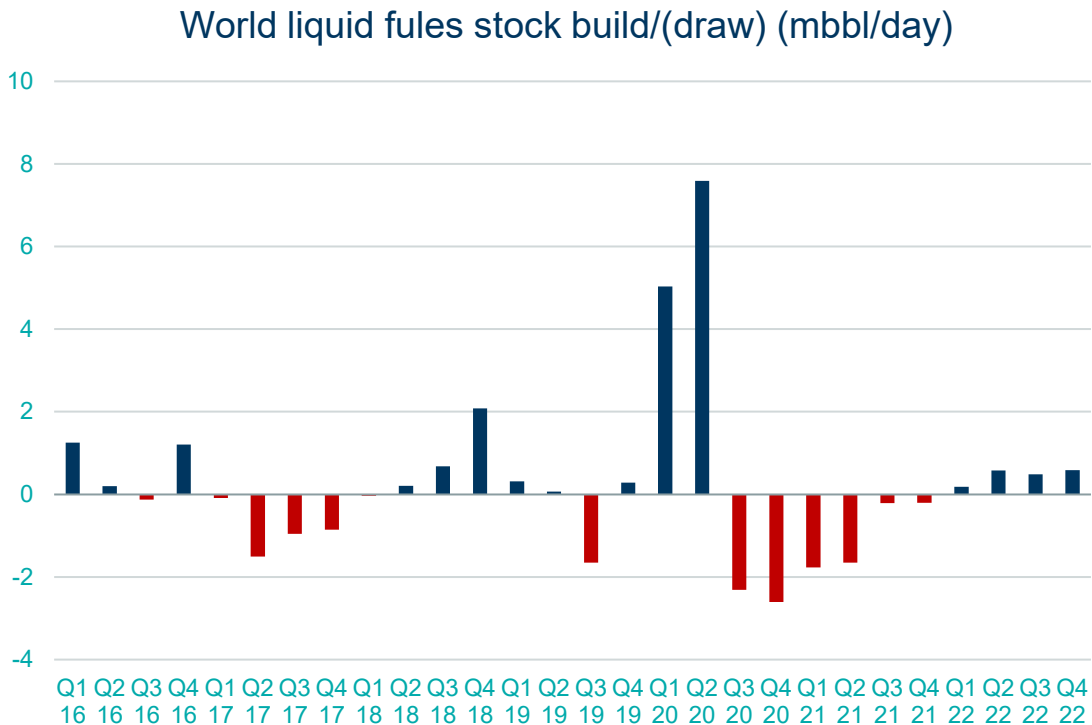
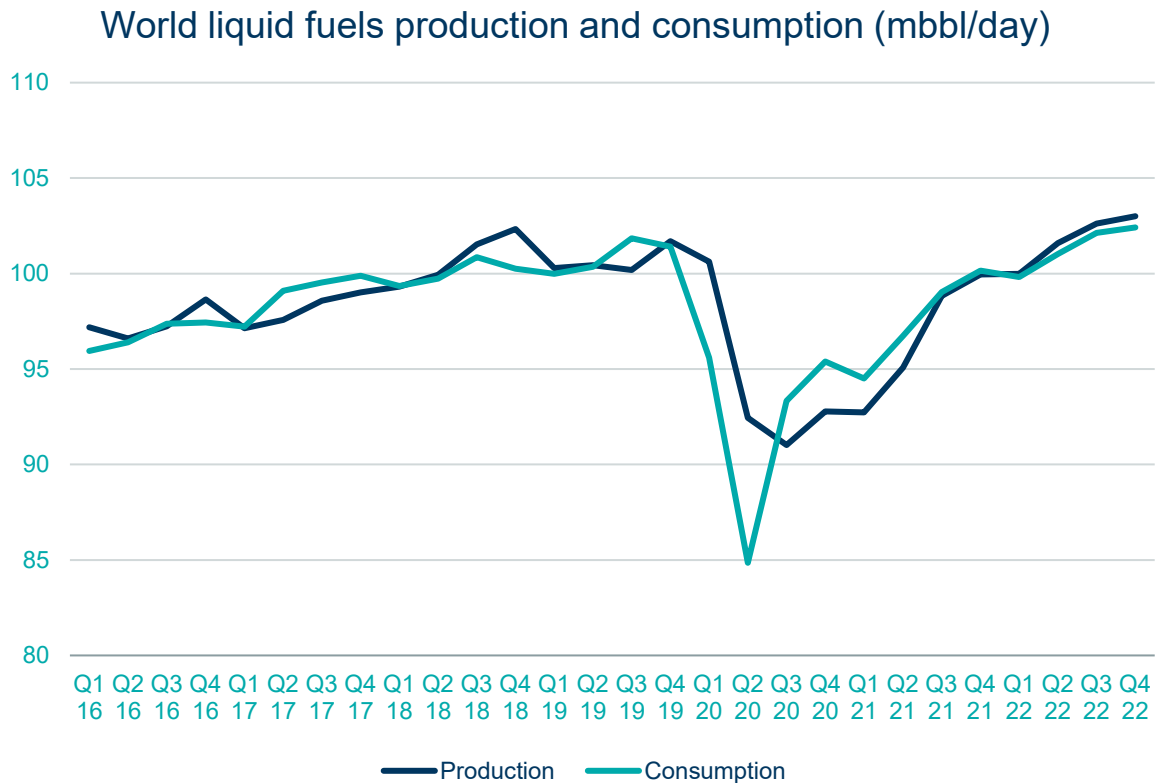


- The Board has resolved to maintain the dividend to USD 0.14 per share for Q3 2021
- Ex date 29 July 2021 – payment date 12 August 2021
- In addition, the Company has repurchased 237,675 shares for USD 3.4 million under the authorization of a USD 20 million share buyback program started in Q1 2020. In total USD 6,152,477 is spent on repurchasing shares under this program.

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

# Market Outlook

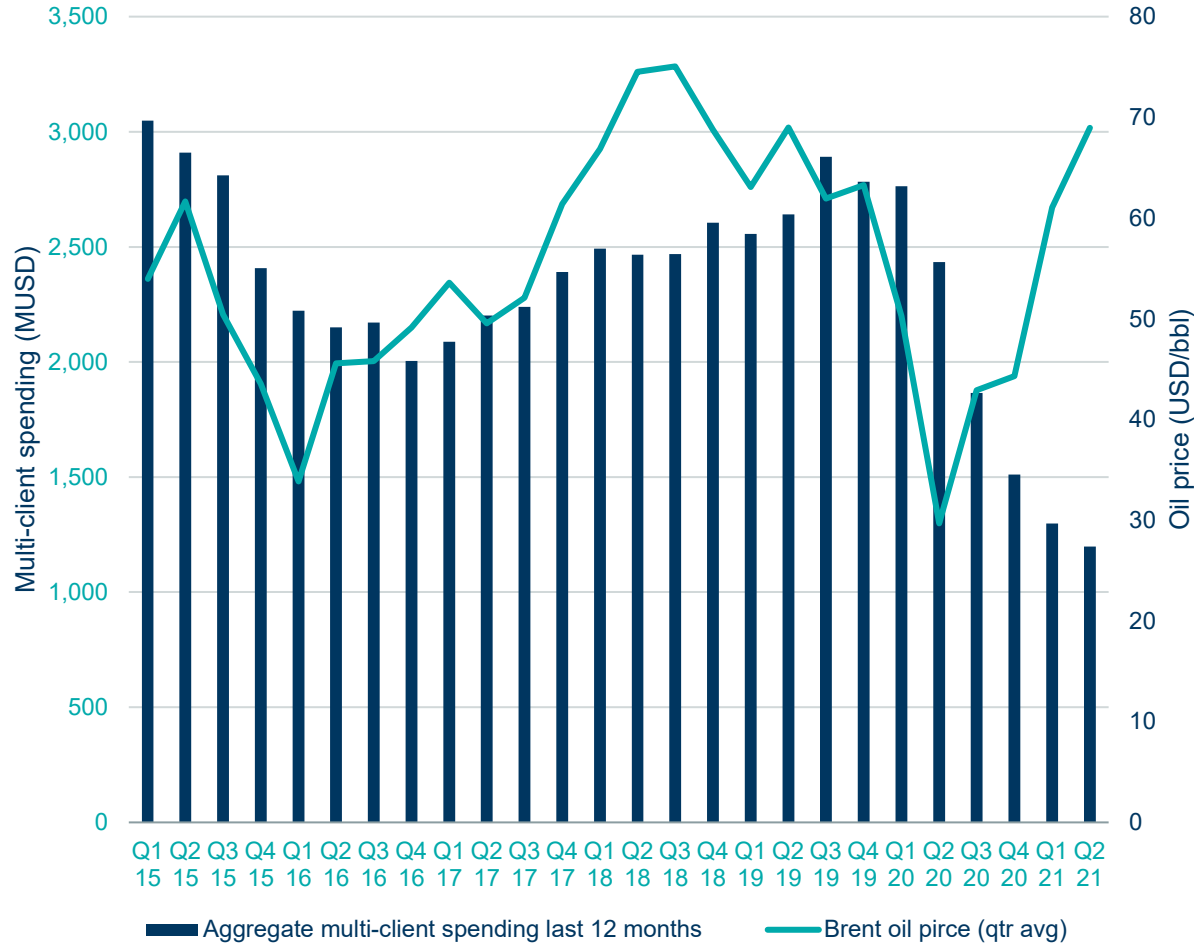
# Oil market recovering to pre-COVID condition



Source: EIA Short-term Energy Outlook, July 2021

- Strong oil price driven by demand recovery - demand expected to approach pre-COVID levels in late 2021 and continue to increase in 2022
- Production expected to catch up over the coming quarters driven by increases from OPEC+ countries and onshore North America
- A balanced market expected going into 2022

# Continued weak seismic market despite strong oil price

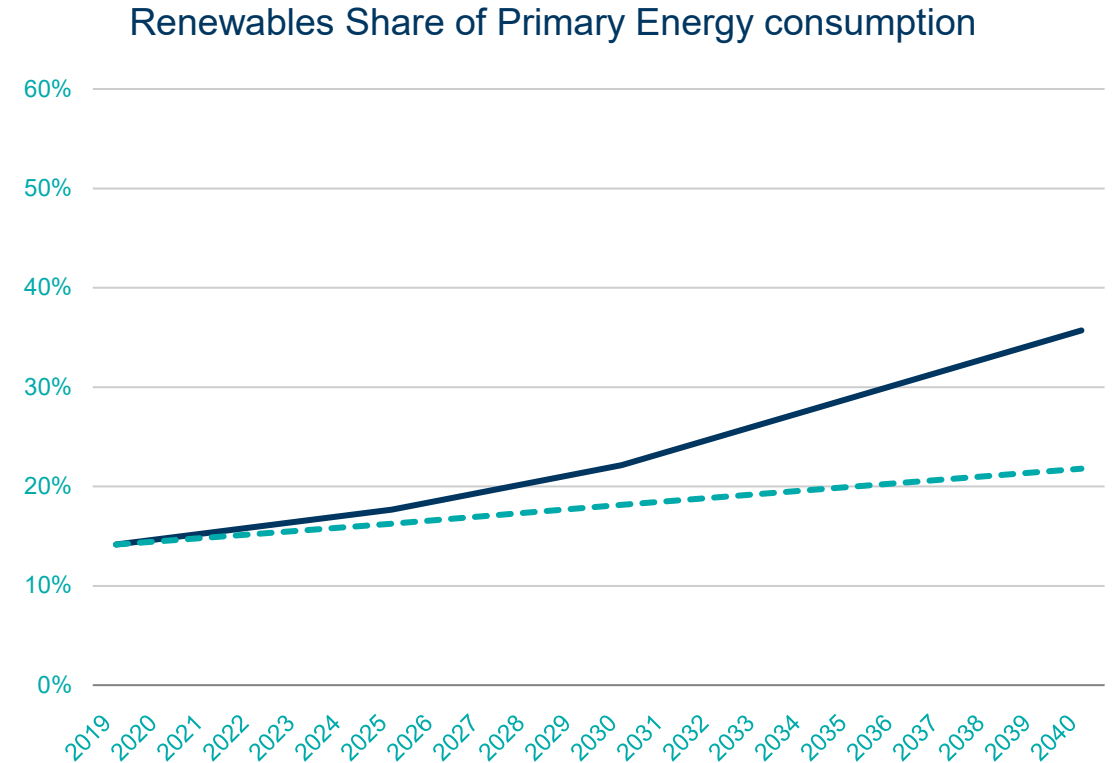


Source: ABGSC research, EIA, TGS

- Strong budget discipline among E&P companies – continues to use incremental cash flow for dividends, share buybacks and deleveraging
- Unusual large parts of E&P budgets committed on legacy projects and work programs – leaves less funds for discretionary spending
- Exploration focused on near-infrastructure
- Changing customer mix
  - Large IOCs transforming from oil and gas companies into broad energy companies
  - NOCs and smaller oil companies more active in exploration than IOCs

# Attractive growth outlook for New Energy Solutions

- Strong growth expected for all energy transition related investments
- Increasing competition for attractive acreage makes data and insights that can improve the quality of critical decisions increasingly important
- TGS has the ambition of establishing the leading platform for high-quality data and insights for energy-transition related industries



Solid curve = **Sustainable Development Scenario (SDS)**: Designed to meet the energy-related UN's Sustainable Development Goals to achieve: universal access to affordable, reliable and modern energy services by 2030; a substantial reduction in air pollution, and effective action to combat climate change. The SDS is fully aligned with the Paris Agreement to hold the rise in global average temperature to "well below 2 °C and pursuing efforts to limit it to 1.5 °C".

Stapled curve = **Stated Policies Scenario (STEPS)**: It incorporates IEA's assessment of stated policy ambitions, including the energy components of announced stimulus or recovery packages (as of mid-2020) and the Nationally Determined Contributions under the Paris Agreement. This scenario assumes that the pandemic is brought under control over the course of 2021.

Source: IEA



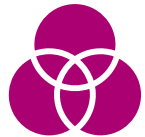
# Strategic Priorities



Cash is king - targeting industry leading shareholder distribution



Risk mitigation from close client interaction and risk sharing



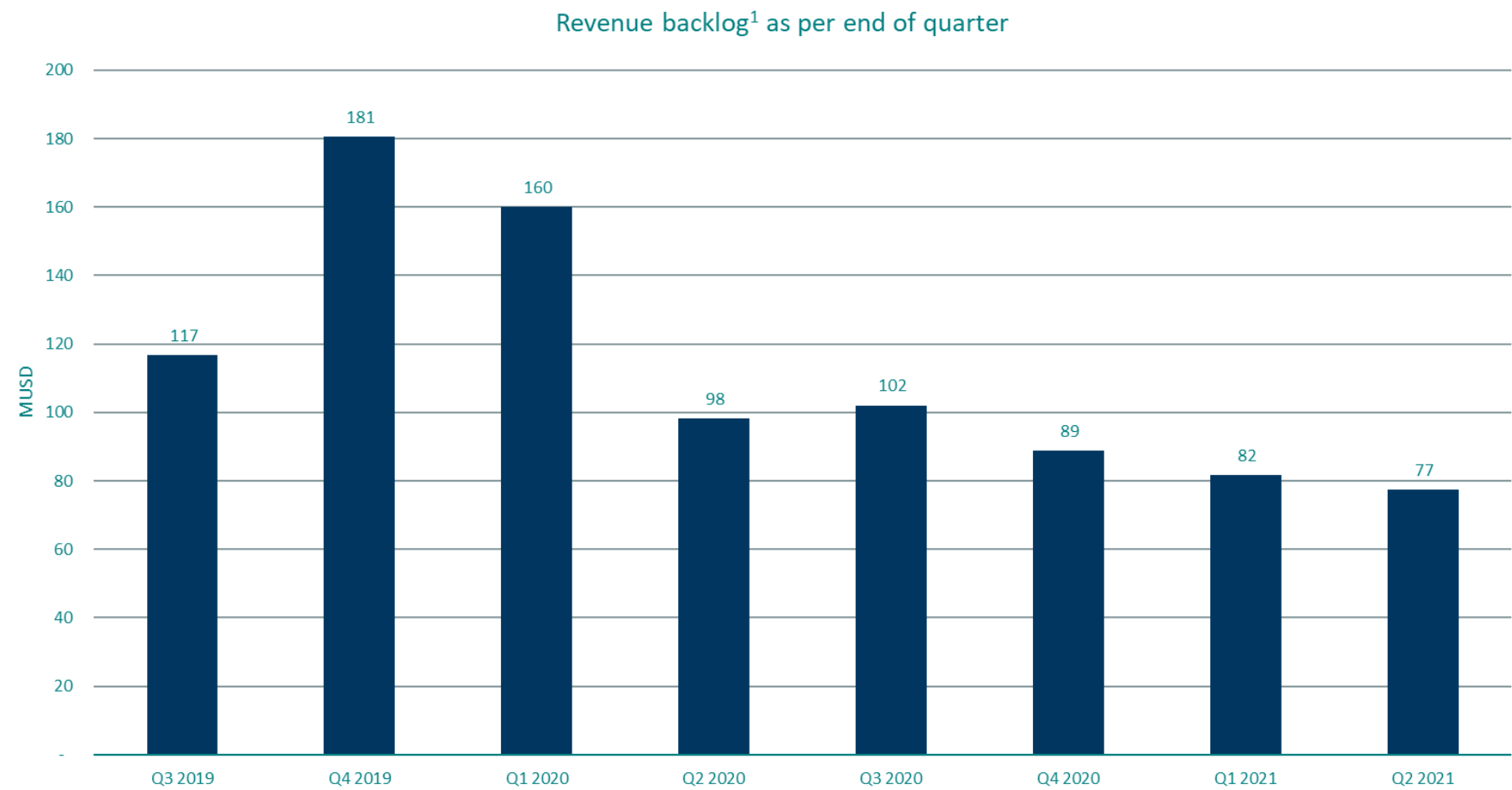
Extensive use of partnerships and pursuing consolidation opportunities



Capitalize on new growth opportunities related to data & insight

# Backlog

Segment reporting



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

# Summary

- TGS continues to generate positive free cash flow despite challenging market
  - USD 91 million positive free cash flow\* in H1
- Dividend payment of USD 0.14 per share and continuation of Buyback program
- Weak market conditions expected to continue for 2021 despite positive oil price momentum
- New Energy Solutions business continues to see more activity both organically and inorganically
- Higher activity level expected for TGS in H2

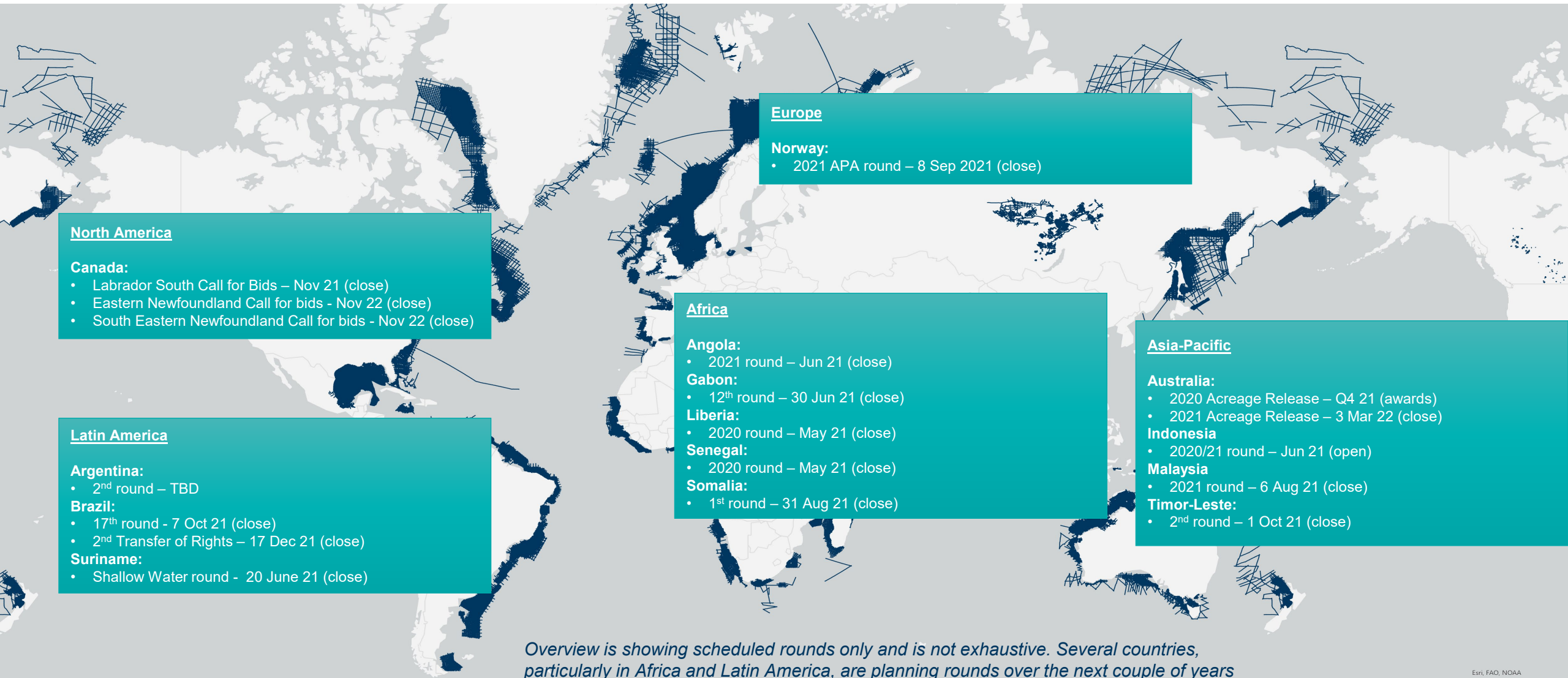


**Thank You**

# Appendix



# License round activity



# Income Statement

IFRS

(MUSD)		Q2 2021	Q2 2020	Change
<b>Net operating revenues</b>		<b>71.9</b>	<b>66.2</b>	<b>9%</b>
Cost of goods sold		1.0	1.1	-13%
Personnel cost		11.8	20.3	-42%
Other operational costs		8.7	18.1	-52%
<b>EBITDA</b>	<b>70%</b>	<b>50.5</b>	<b>26.6</b>	<b>90%</b>
Amortization of multi-client library		59.9	114.4	-48%
Depreciation		5.3	9.1	-42%
<b>Operating result</b>	<b>-21%</b>	<b>-14.8</b>	<b>-96.9</b>	<b>-85%</b>
Financial income		0.5	0.5	-14%
Financial expenses		-3.3	-0.9	249%
Exchange gains/losses		-1.4	-4.6	-70%
<b>Result before taxes</b>	<b>-26%</b>	<b>-19.0</b>	<b>-102.0</b>	<b>-81%</b>
Tax cost	37%	-7.1	-24.0	-71%
<b>Net income</b>	<b>-17%</b>	<b>-12.0</b>	<b>-78.0</b>	<b>-85%</b>
EPS (USD)		-0.10	-0.67	-85%
EPS fully diluted (USD)		-0.10	-0.66	-85%

# Balance Sheet

IFRS

Balance sheet	Q2 2021	Q2 2020	Change
Goodwill	303.8	288.4	5%
Multi-client library	871.4	1,126.7	-23%
Deferred tax asset	80.7	69.0	17%
Other non-current assets	107.3	114.8	-6%
<b>Total non-current assets</b>	<b>1,363.3</b>	<b>1,598.9</b>	<b>-15%</b>
Cash and cash equivalents	223.4	198.5	13%
Other current assets	297.3	365.0	-19%
<b>Total current assets</b>	<b>520.7</b>	<b>563.4</b>	<b>-8%</b>
<b>TOTAL ASSETS</b>	<b>1,884.0</b>	<b>2,162.4</b>	<b>-13%</b>
<b>Total equity</b>	<b>1,260.2</b>	<b>1,364.0</b>	<b>-8%</b>
Deferred taxes	34.0	9.3	267%
Non-current liabilities	42.6	53.3	-20%
<b>Total non-current liabilities</b>	<b>76.6</b>	<b>62.6</b>	<b>23%</b>
Taxes payable, withheld payroll tax, social security	28.6	32.0	-11%
Other current liabilities	518.5	703.8	-26%
<b>Total current liabilities</b>	<b>547.1</b>	<b>735.8</b>	<b>-26%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,884.0</b>	<b>2,162.4</b>	<b>-13%</b>

# Reconciliation Between Segment and IFRS

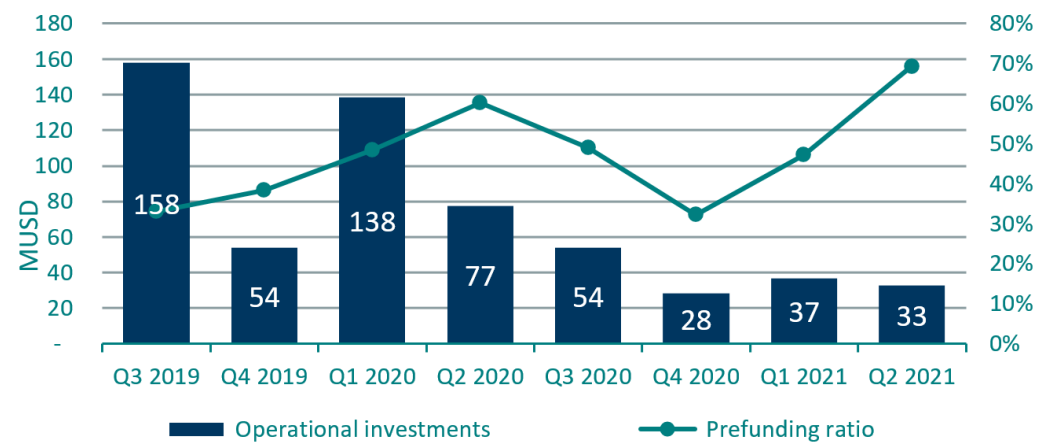
(All amounts in USD 1,000s)	Performance			Q2 2021 Segment
	Q2 2021 IFRS	obligations met in Q2 2021	In progress projects	
<b>Revenues</b>	<b>71,861</b>	-43,131	24,872	<b>53,602</b>
Amortization and impairment of MCL	59,941	-46,141	37,609	51,409
<b>Income before tax</b>	<b>-19,037</b>	-89,272	62,481	<b>-28,765</b>
Taxes	-7,069	-1,594	-1,257	-9,919
<b>Net income</b>	<b>-11,969</b>	-90,866	61,224	<b>-18,846</b>

(All amounts in USD 1,000s)	Q2 2021 IFRS	Adjustments	Q2 2021 Segment
Multi-client library	871 430	-291 612	579 818
Deferred tax asset	80 744	-22 080	58 663
<b>Total non-current assets</b>	<b>1 363 294</b>	<b>-313 692</b>	<b>1 049 601</b>
Accrued revenues	94 669	76 970	171 639
<b>Total current assets</b>	<b>520 699</b>	<b>76 970</b>	<b>597 669</b>
<b>Equity</b>	<b>1 260 232</b>	<b>55 886</b>	<b>1 316 118</b>
Deferred taxes	34 022	4 605	38 627
<b>Total non-current liabilities</b>	<b>76 645</b>	<b>-38 018</b>	<b>38 627</b>
Accounts payable and debt to partners	103 360	27 368	130 728
Deferred revenues	357 973	-324 581	33 392
<b>Total current liabilities</b>	<b>547 116</b>	<b>-297 213</b>	<b>249 902</b>

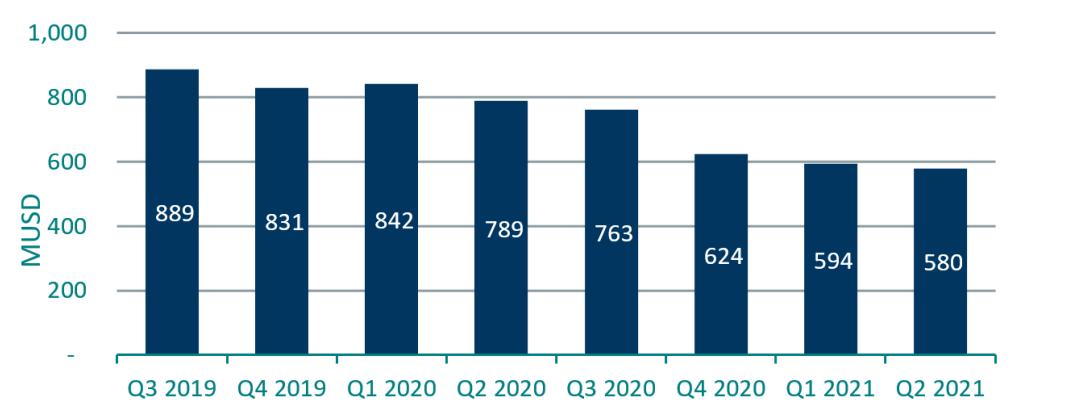
# Multi-Client Library

Segment reporting

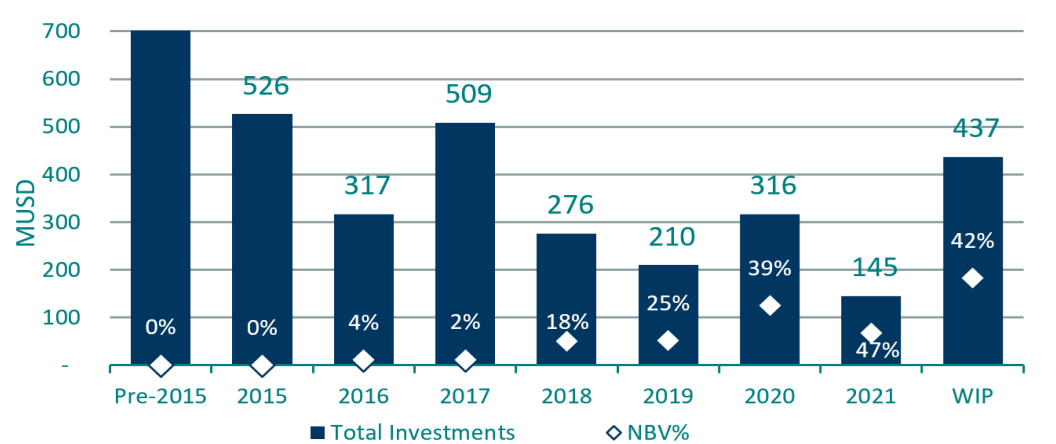
Operational investments and prefunding ratio



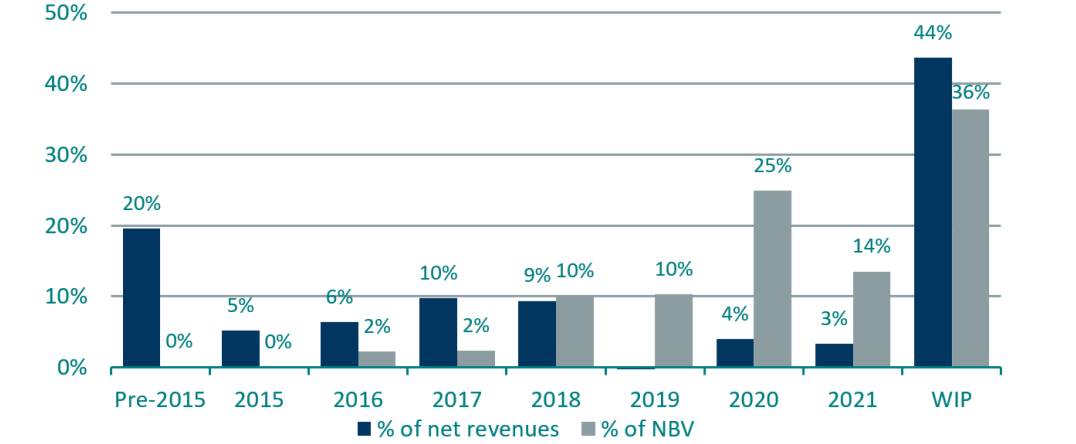
Net Book Value - Multi-Client Library



Investments and NBV by year of completion <sup>1)</sup> Q2 2021



Net Revenues and NBV by year of completion <sup>1)</sup> Q2 2021



1. Operational multi-client seismic investments  
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