



# Barclays CEO Energy-Power Conference 2015

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CEO

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[www.TGS.com](http://www.TGS.com)

# 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.*

# This is TGS

## Main offices:

Houston and Oslo

**Regional offices:** London, Perth, Calgary, Singapore and Rio de Janeiro

## Fundamental values:

Unmatched Quality and Service, Growth for Stakeholders

Approximately **800** employees

**Traded on Oslo Stock Exchange,**  
part of OBX Index  
(25 most liquid shares at the OSE)

## Market Cap:

~\$2.0 billion

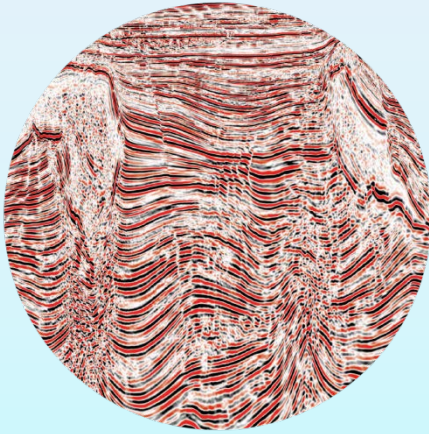


Leading and global provider of multi-client seismic and geoscience data



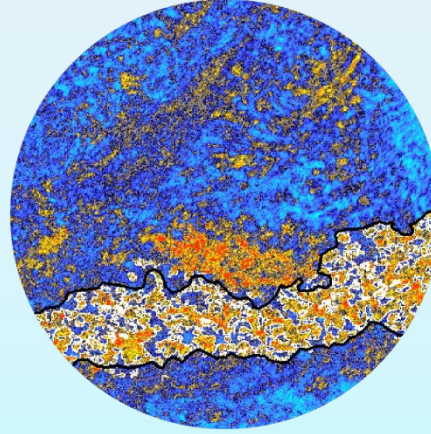
# Well positioned in the seismic value chain

## MULTI-CLIENT



### Geophysical Data

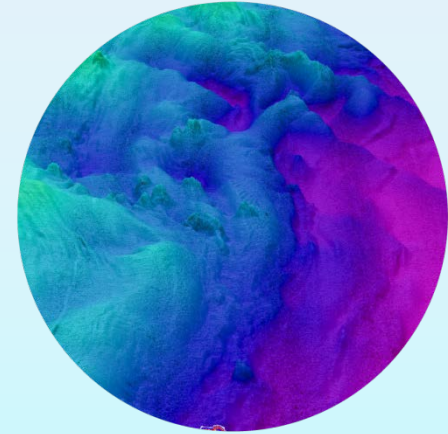
- 2D Seismic
- 3D Seismic
- Wide Azimuth (WAZ) Seismic
- M-WAZ Seismic
- Full Azimuth Nodal Seismic
- Electromagnetics (CSEM)
- Aeromagnetics
- Gravity
- Multi-beam



### Geological Data

- Digital well data
- Directional Surveys
- Production data
- Seabed / Seep studies
- Regional geologic interpretation
- Facies Map Browser
- Interpretive services

## SERVICES



### Imaging Services

- Seismic processing
- Complex depth imaging
- Proprietary technology
- Ongoing R&D investment
- Contract business model

# TGS competitive advantage



## Asset light business model

- Flexibility
- Investment decisions not driven by vessel utilization
- Vendor neutral philosophy allows access to capacity and technology as needed



## Global

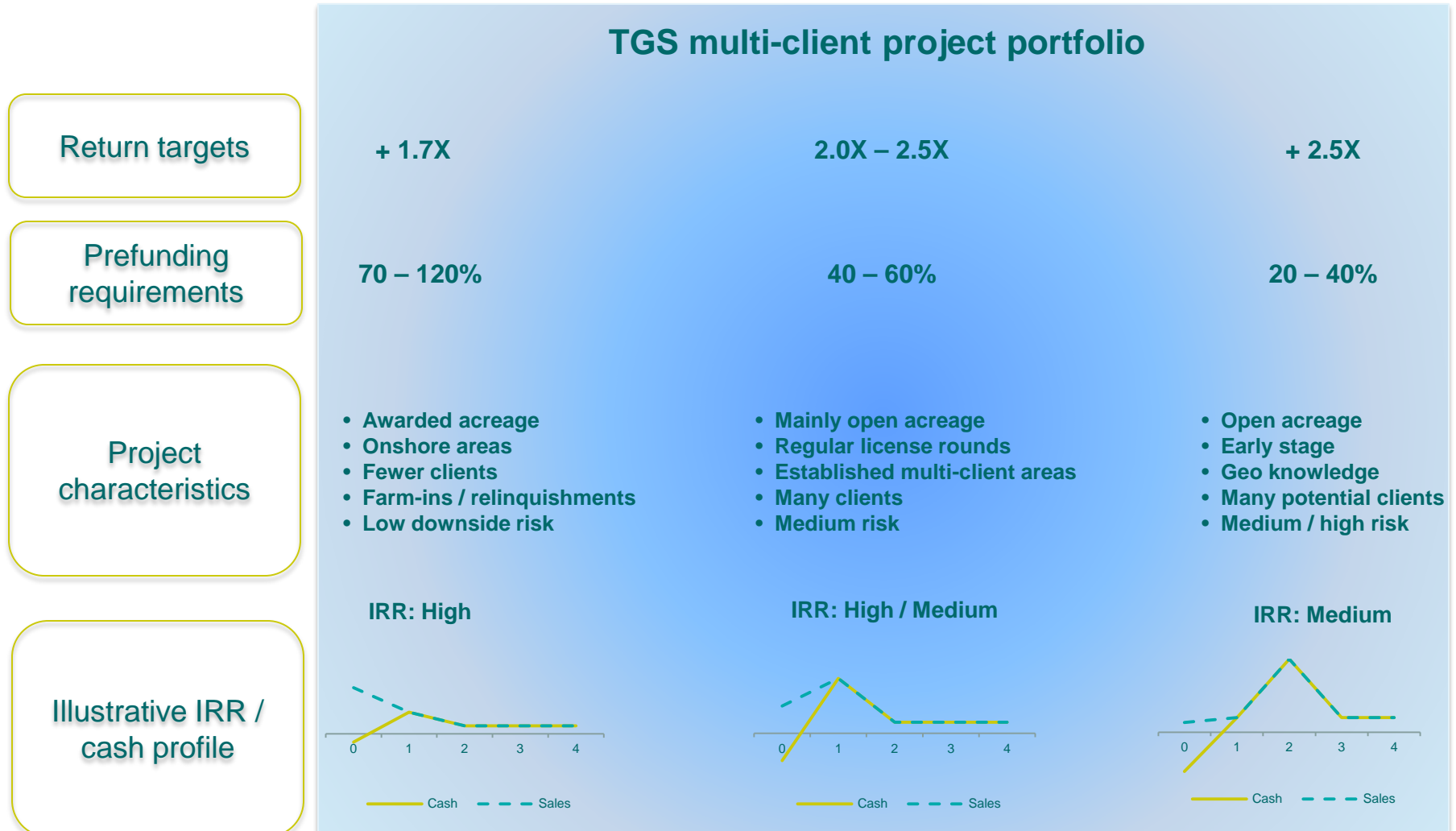
- Geographically diverse data library
- Leadership in mature basins
- Leadership in frontier basins



## Quality

- Balance sheet
- People and culture
- Data processing
- Geoscience

# Diversified Portfolio With Different Characteristics

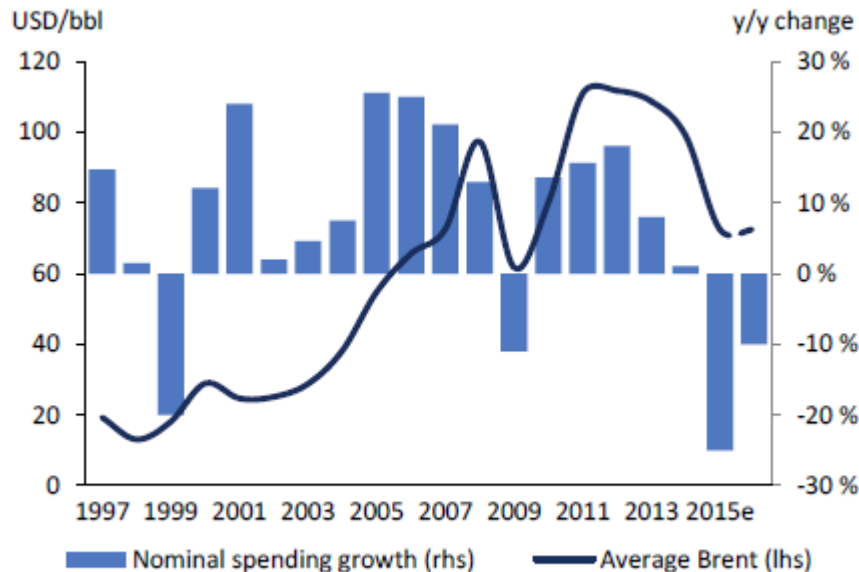




# Challenging Market for Exploration

Demand for seismic data has significantly deteriorated over the first six months of 2015 and the outlook for improvement in the market remains quite uncertain

**E&P spending down 25% in 2015e**



Source: Pareto Securities Equity Research

## TGS approach during down cycle:

- Asset-light, focused multi-client business model
  - Strong balance sheet
  - 176 MUSD cash at 30 June 2015
  - 242 MUSD backlog
- Counter-cyclical
  - Attractive vessel rates
  - Turnkey contracts & risk transfer
  - M&A opportunities
- Maintain discipline
  - Cost Reduction Program
  - Strict Prefunding hurdles
  - Focus on investment quality



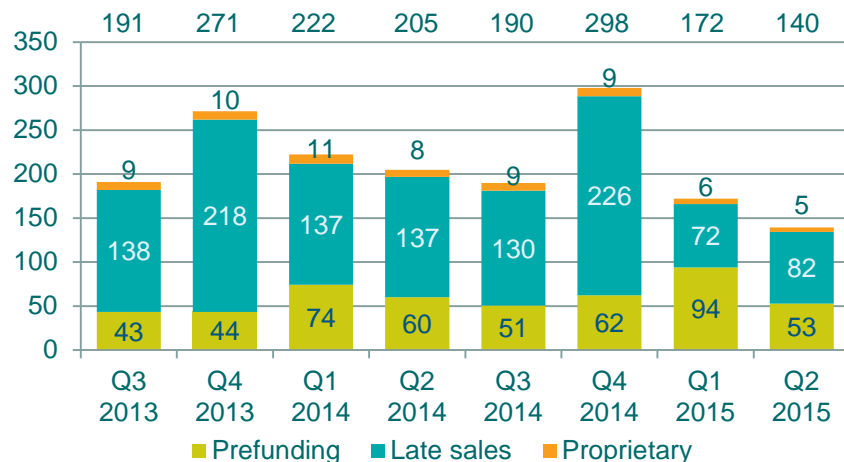
# Financials



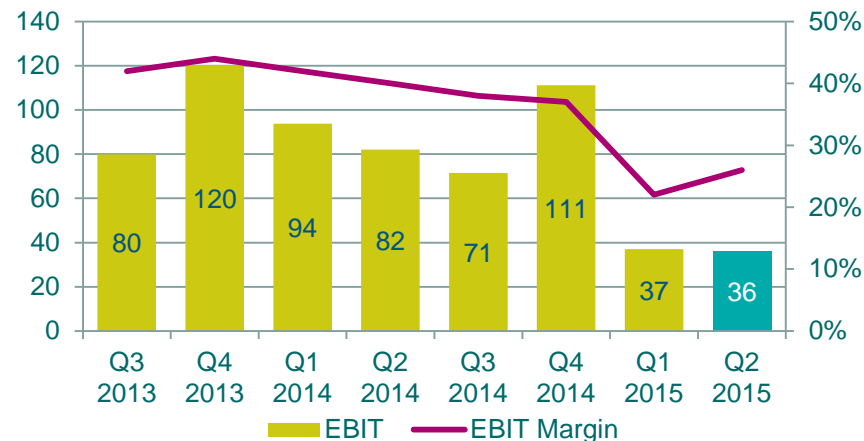


# Key Financials

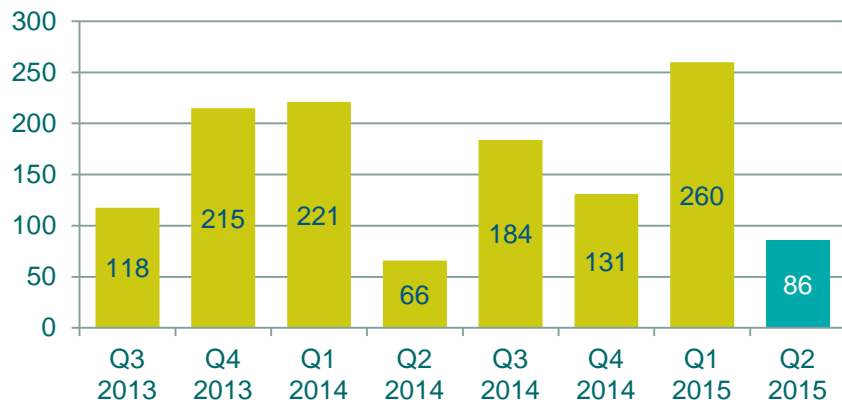
## Net Revenues



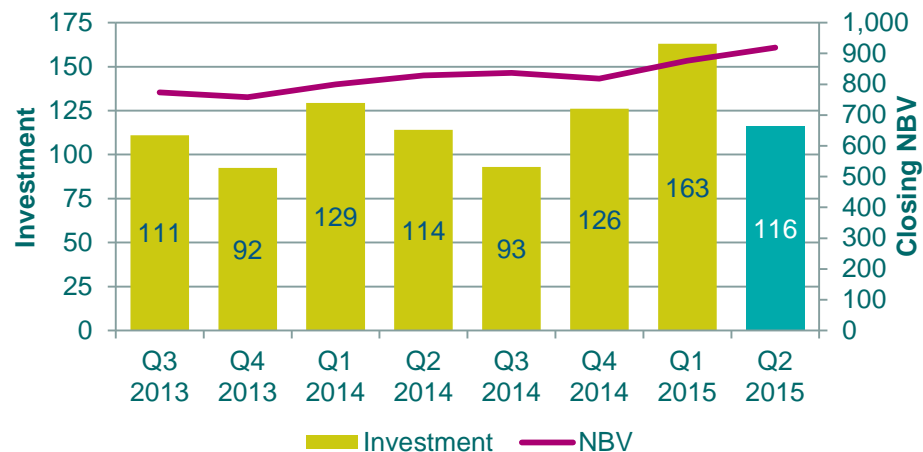
## EBIT before non-recurring items



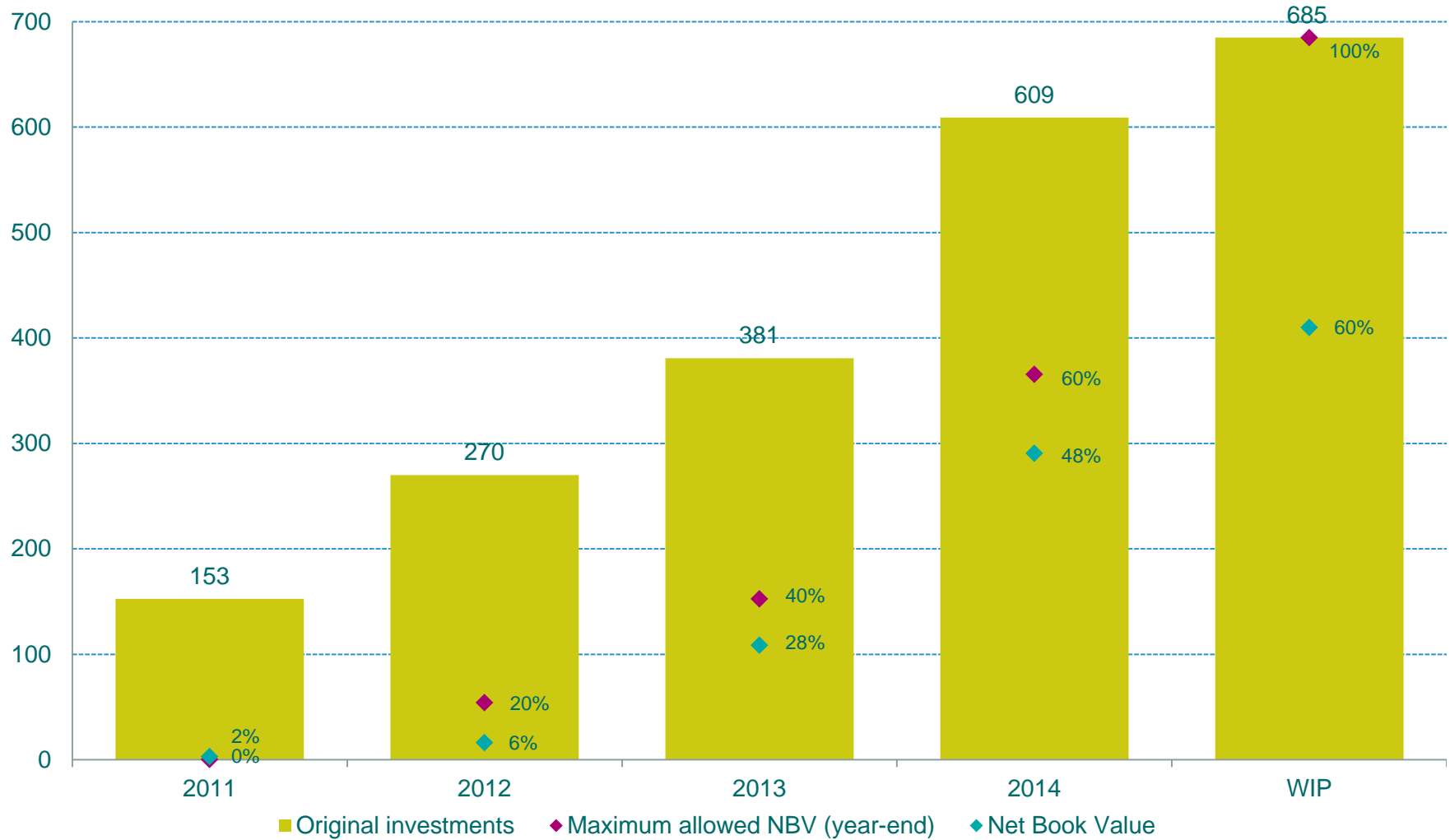
## Cash Flow from Operations



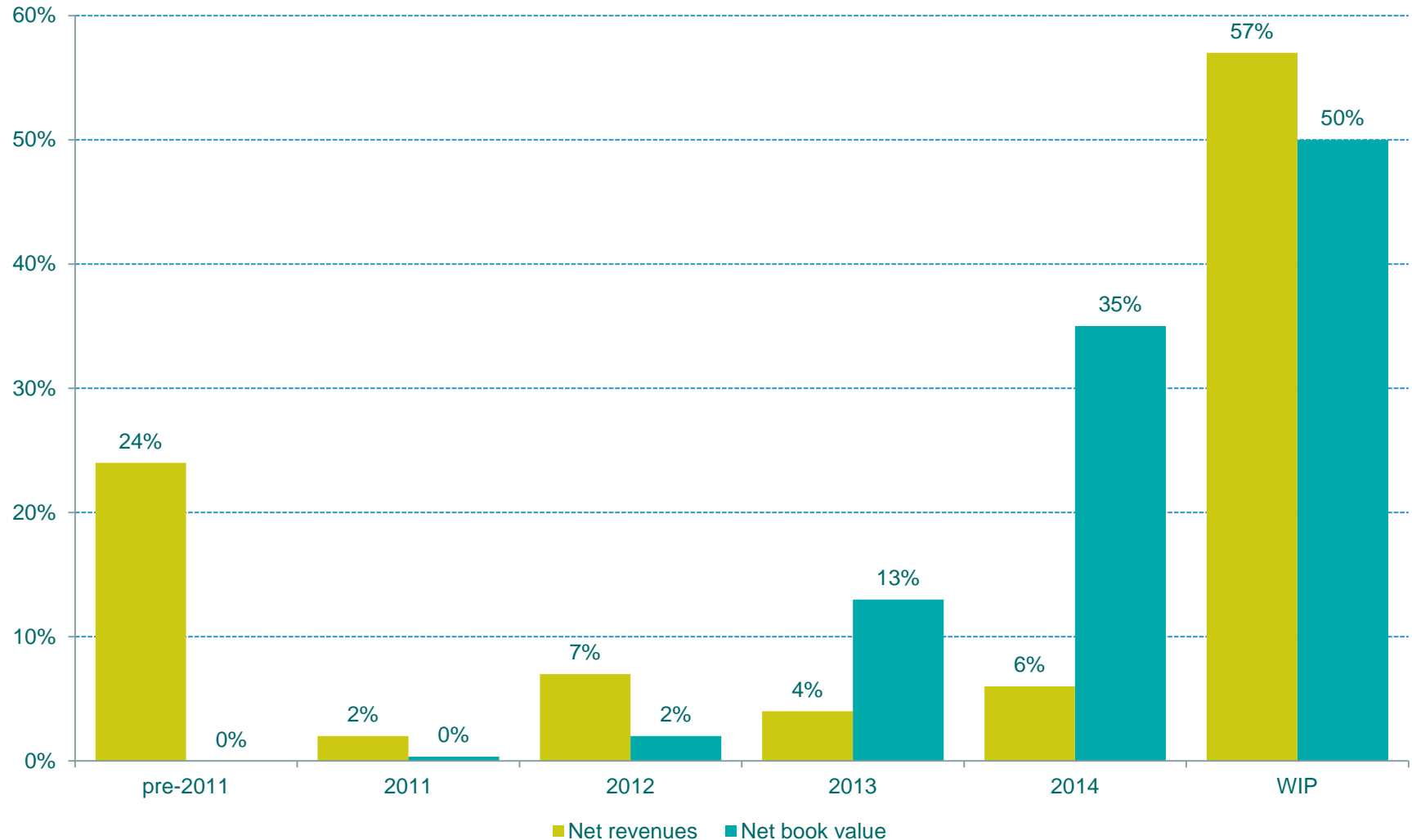
## Multi-client NBV and Investments (operational)



# Investments per Vintage – ahead of schedule

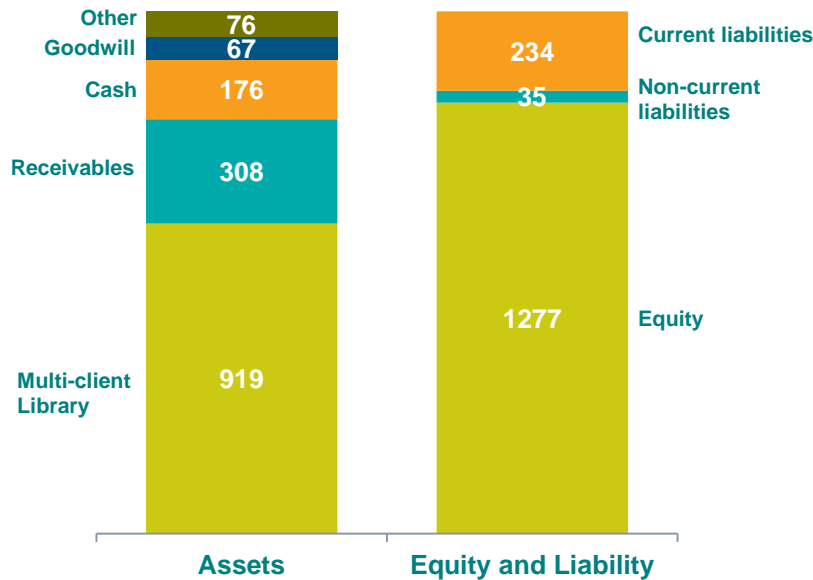


# Q2 Net Revenues vs. Net Book Value per Vintage





# Solid balance sheet backing TGS strategy

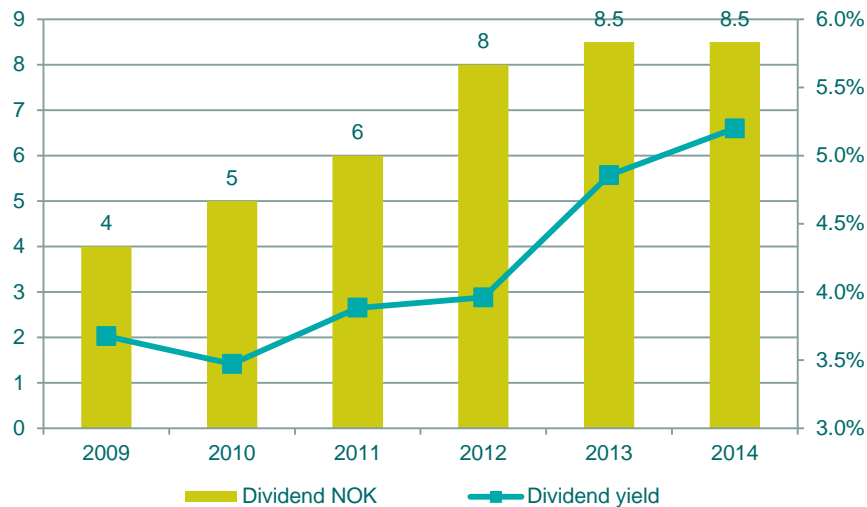


- Cash balance per Q2 2015 represents 176 MUSD
- Strong balance sheet provides excellent opportunities for future growth
  - M&A
  - Strong credit quality attracts prefunding
  - Flexibility

No interest bearing debt and strong cash balance

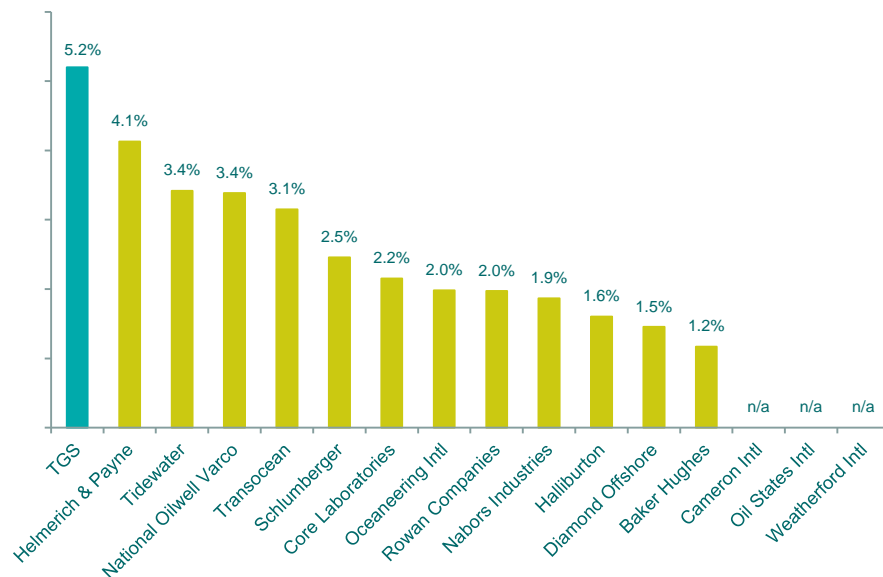
# Strong Cash Generation Delivers Shareholder Value

Dividend per Share (NOK) and Dividend Yield\*



\* Dividend yield calculated based on share price at day of announcement

2015 Dividend Yield vs OSX Index\*

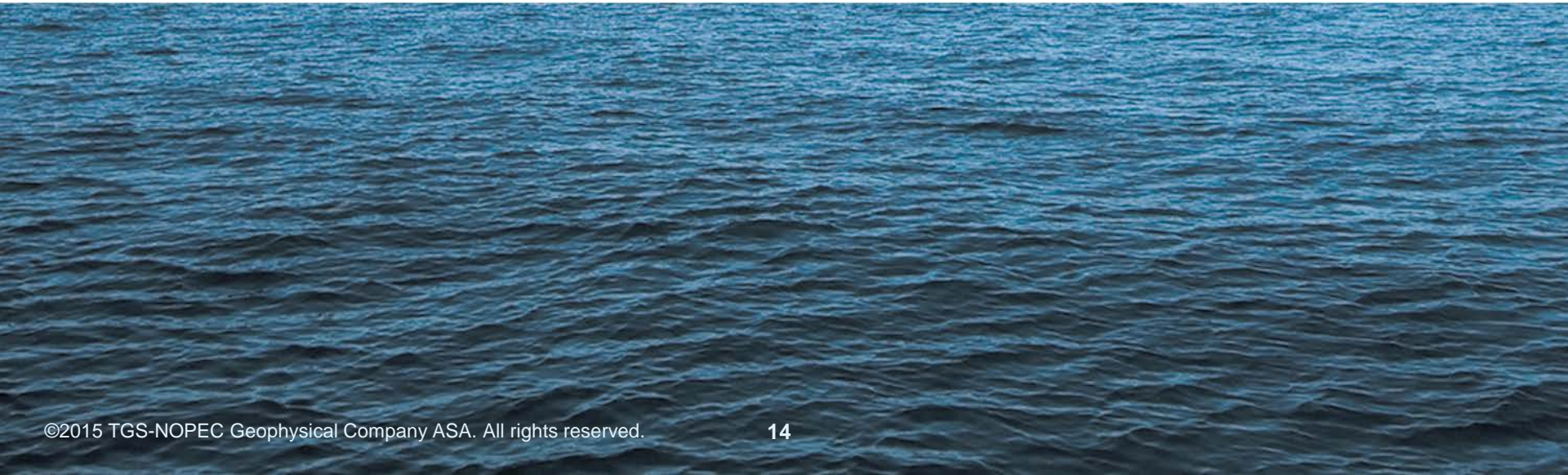


\* The OSX Index (PHLX Oil Service Sector Index) is a price weighted index composed of companies involved in the oil services sector. Yields based on share price at day of announcement

- Shareholder approval received for dividend of NOK 8.5 per share at AGM on 6 May 2015
  - Shares quoted exclusive of dividend on 7 May 2015
  - Dividend paid on 21 May 2015 to shareholders of record as of AGM
- Shareholder authorization to distribute quarterly dividend payments from Q1 2016
- USD 30 million share buy back program completed in Q1 2015



# Outlook

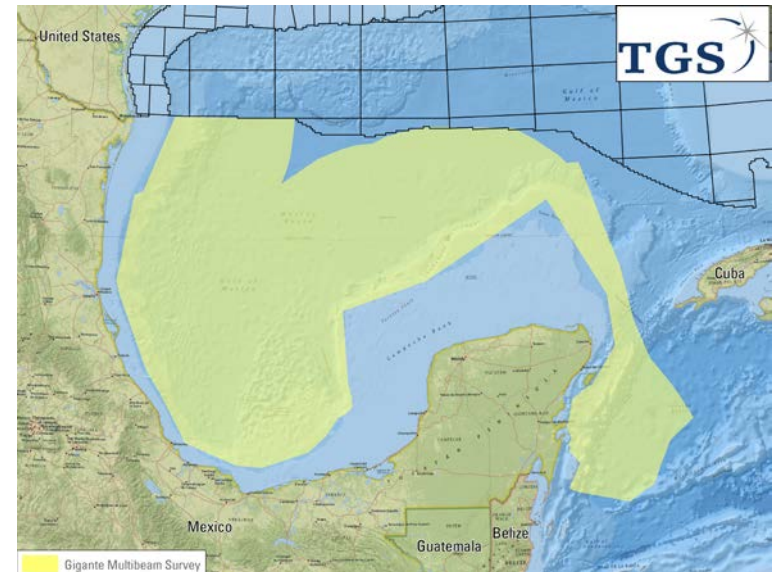
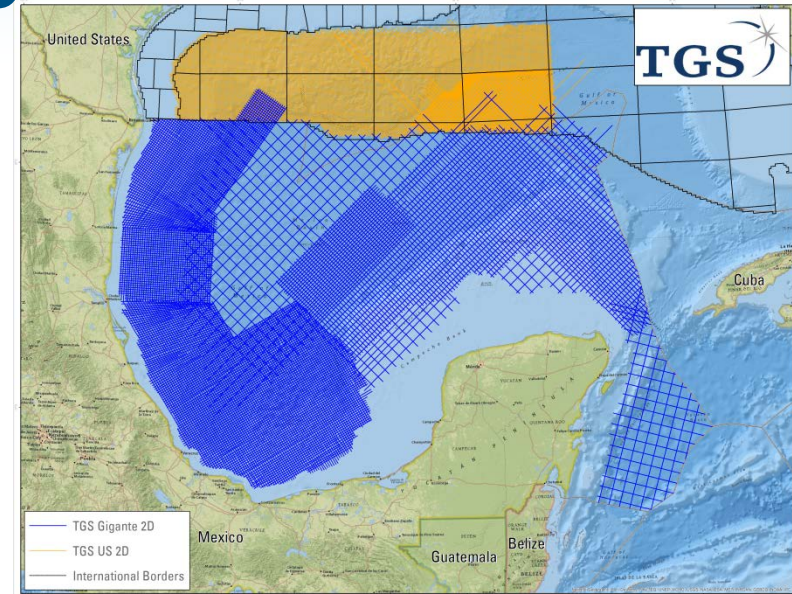




# Operational Activity – Mexico

## Mexico

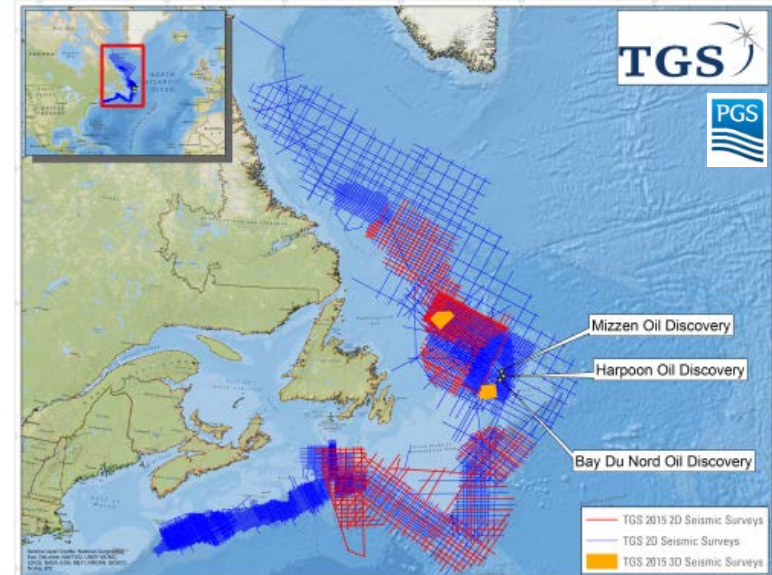
- **Gigante** – 181,500 km multi-client 2D survey
  - Regional 2D survey commenced in Q2 2015 and expected to complete in H2 2016
  - Survey includes world class producing trends such as the Perdido fold belt and Campeche Bay
  - Line ties will be made to the US Gulf of Mexico regional grids previously acquired by TGS
  - 4<sup>th</sup> vessel will commence acquisition in early September
- **Gigante** Multibeam, Coring, and Geochemical Surveys
  - Survey will cover approximately 600,000 km<sup>2</sup> of deepwater sector of the Mexican Gulf of Mexico
  - Interpretation of data will integrate with the seismic survey
  - Acquisition to commence in Q3 2015 subject to environmental permitting



# Operational Activity – North America

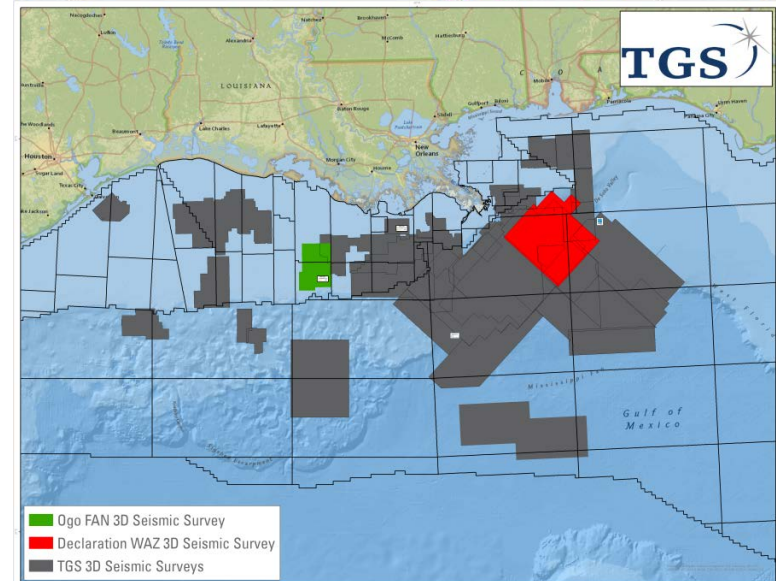
## East Canada

- **Flemish Pass** – 4,300 km<sup>2</sup> multi-client 3D survey
  - TGS' first 3D acquisition offshore East Canada in partnership with PGS
- **Eastern Newfoundland/South Labrador** - 6000 km<sup>2</sup> multi-client 3D survey
  - Survey in partnership with PGS covers Areas of Interest (AOIs) released to industry by regional authorities
- **SE Grand Banks & S Labrador / NE & E Newfoundland** – 30,000 km multi-client 2D surveys
  - Continuation of multi-year investment in expected future AOIs



## U.S Central Gulf of Mexico

- **Ogo FAN™** - multi-client Full Azimuth Nodal survey
  - 136 shelf blocks over existing fields and exploratory acreage
  - Part of multi-year collaboration agreement with FairfieldNodal
- **Declaration** - 9,600 km<sup>2</sup> multi-client M-WAZ survey
  - 3,000 km<sup>2</sup> extension completed in Q2 2015
  - Long offset data being acquired orthogonal to TGS' underlying Justice WAZ survey with single pass vessel configuration derived from CGG's StagSeis™ technology
- **BOEM five-year proposed plan (2017-2022)**
  - Includes 10 lease sales in GOM and one Atlantic lease sale

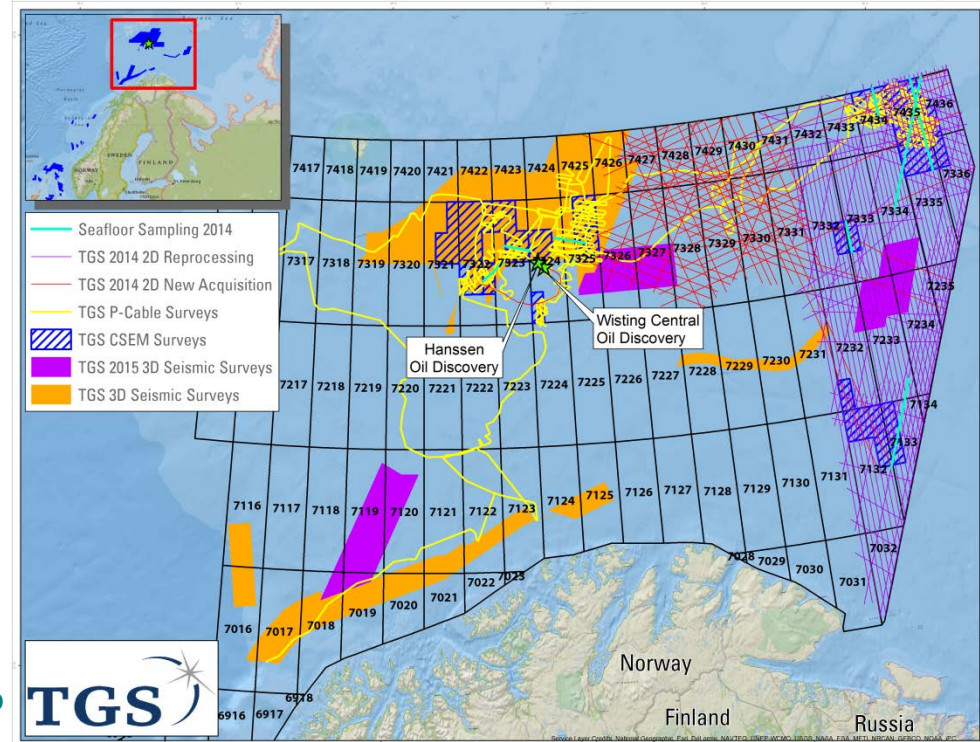




# Operational Activity – Europe

## Barents Sea

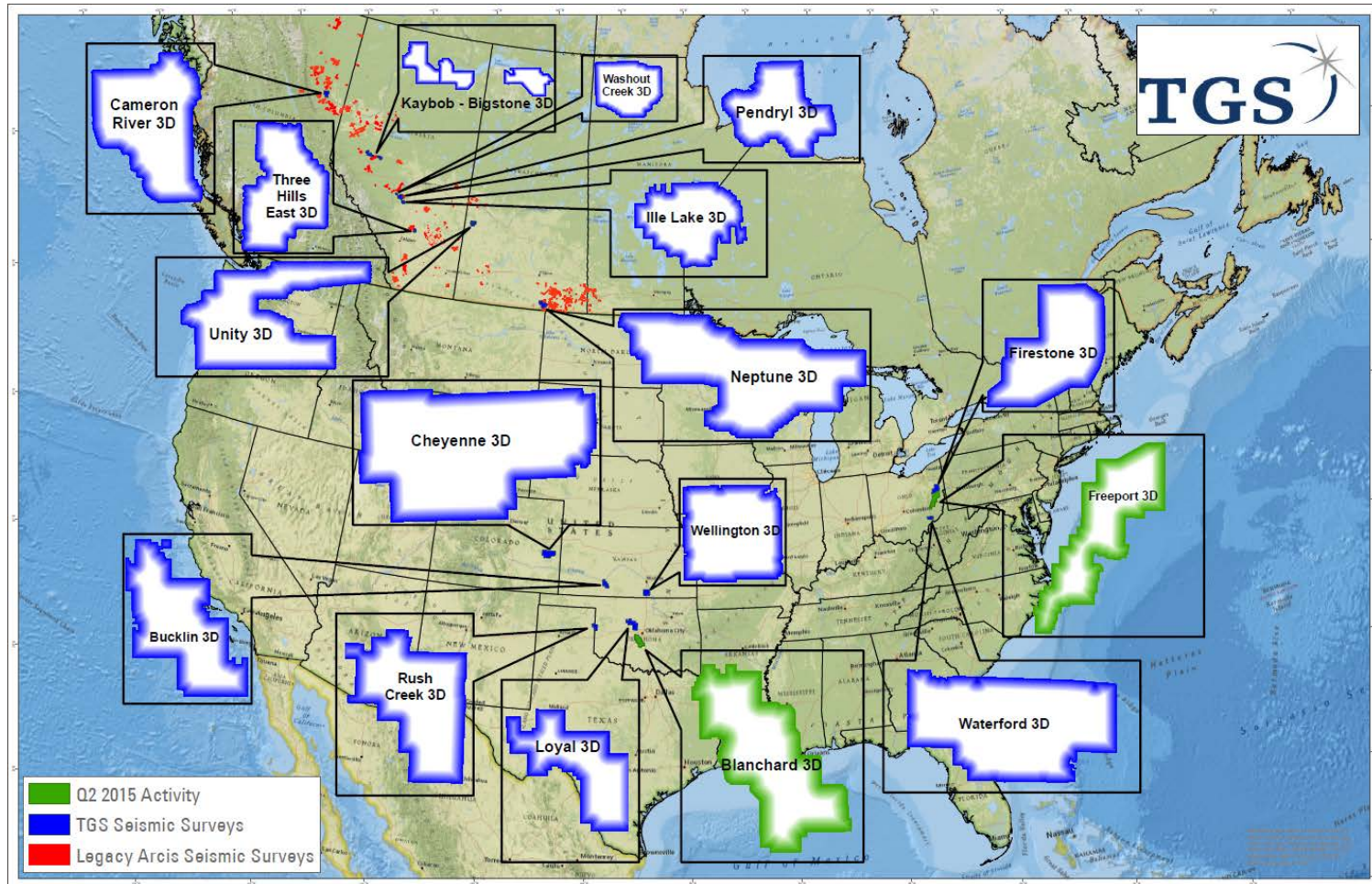
- **Europa** - 2,900 km<sup>2</sup> multi-client 3D survey
  - Acquisition completed in Q2 2015
  - South-East Norwegian Barents Sea
- **Hjalmar** – 3,000 km<sup>2</sup> multi-client 3D survey
  - Acquisition expected to complete in Q3 2015
  - Extends TGS 3D data coverage in the Hoop area to over 25,000 km<sup>2</sup>
- **Ringvassøy** - 4,100 km<sup>2</sup> multi-client 3D survey
  - Acquisition completed in Q2 2015
  - Data acquired in partnership with Dolphin Geophysical in Hammerfest Basin
- **Barents P-Cable™ 2015** - 500 km<sup>2</sup> multi-client 3D survey
  - Acquisition of high resolution survey expected to complete in Q3 2015
  - Further expansion of partnership with WGP
- **Barents EM 2015** – 9 new blocks in the Nordkapp and Tiddly areas
  - Survey completed in Q2 2015
  - Further expansion of cooperation with EMGS



- **Northeast Greenland 2015**
  - Second year of a multi-year, multi-client 2D program offshore Northeast Greenland
  - On completion, TGS 2D library in the basin will be more than 36,000 km



# Operational Activity – North America Onshore



- **Freeport - 1,777 km<sup>2</sup> 3D multi-client survey**

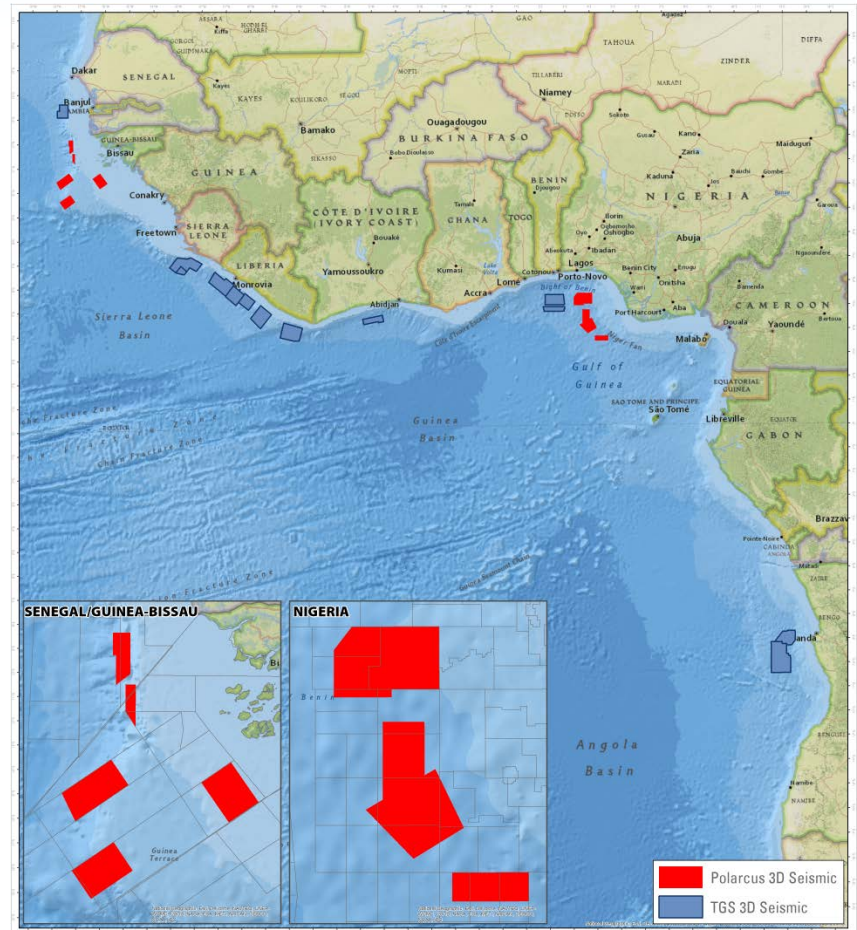
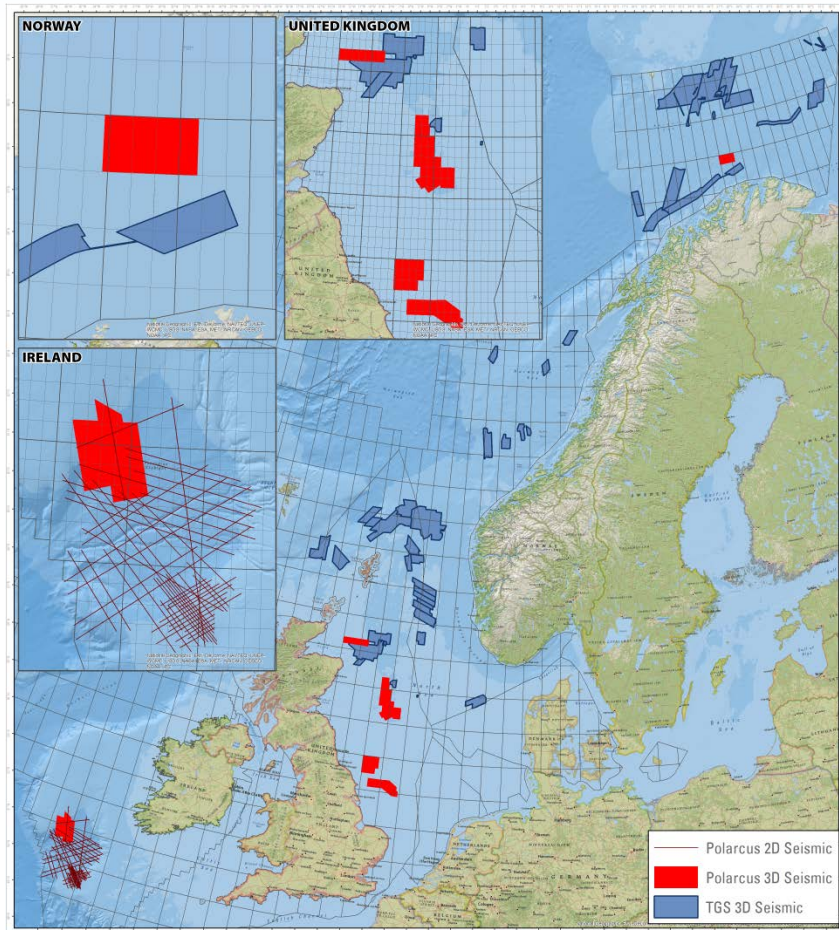
- Utica play, central Ohio
- Acquisition will complete in H2 2015

- **Blanchard – 1,100 km<sup>2</sup> 3D multi-client survey**

- South Central Oklahoma Oil Play (SCOOP), Oklahoma
- Acquisition will complete in H2 2015

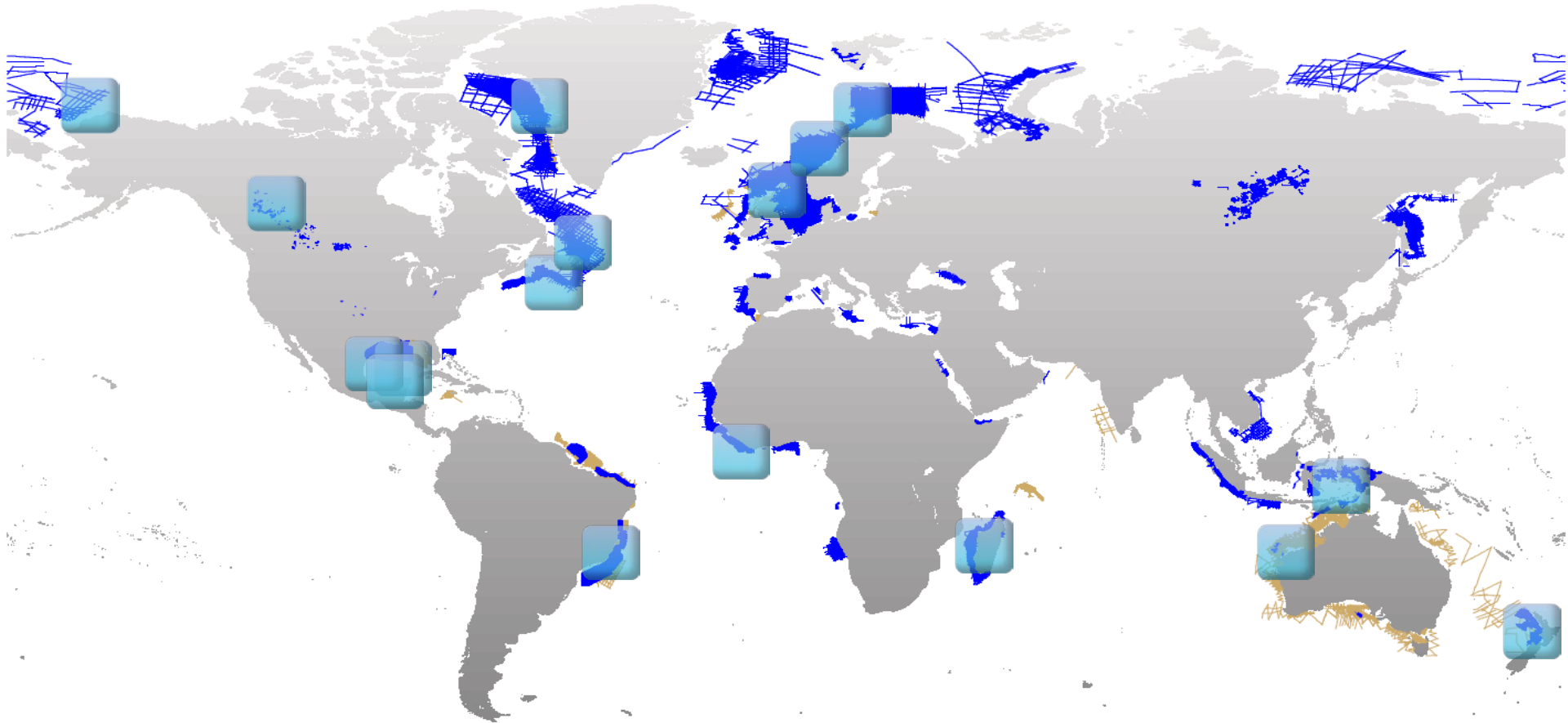


# Polarcus Library: Western Atlantic Margin Corridor



- Letter of Intent to acquire Polarcus' multi-client library (excluding Australia) for 27.5 MUSD, majority closed August 24
- Deal includes payments of 2014 and 2015 acquisition costs deferred under previous contractual agreements
- Polarcus revenue share after TGS has realized a predetermined return on its investment
- 22 3D seismic surveys comprising a total area of 40,000 km<sup>2</sup> and one 2D survey comprising 5,000 linear km
- Brings TGS seismic library to approximately 511,000 km<sup>2</sup> 3D and 2,600,000 km 2D

# License Round Activity and TGS Positioning



## North & South America

- Central GOM – Mar 2016 (5-Year Plan)
- Western GOM – Aug 2015 (5-Year Plan)
- Alaska Offshore - 2016 & 2017 (5-Year Plan)
- Newfoundland & Labrador – Nov 2015 (bids due, Scheduled Land Tenure)
- Nova Scotia – Oct 2015 (bids due, 3-Year Rolling Plan)
- Canada Onshore – at least monthly
- Brazil 13<sup>th</sup> Round - Oct 2015 (public presentation of bids)
- Mexico – Round 1 phased across 2015, 3 more rounds proposed by 2019

## Africa, Middle East, Asia Pacific

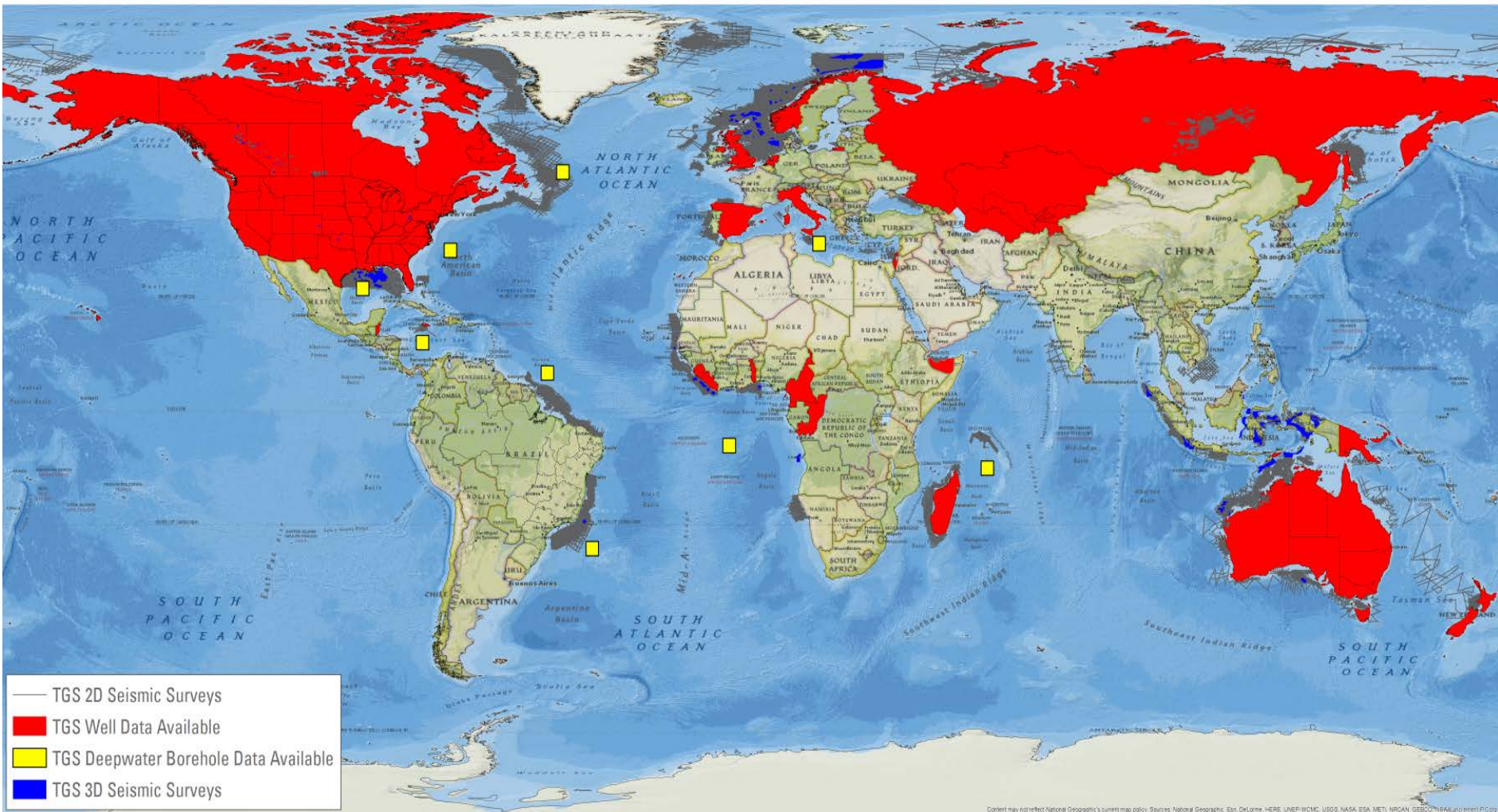
- Madagascar – 2015 (expected)
- Liberia Basin 2014 – awards pending
- Australia – Oct 2015, Feb & Apr 2016 (bids due)
- New Zealand – Sep 2015 (bids due)
- Indonesia – 2015 (expected)

## Europe / Russia

- Norway APA – Sep 2015 (bids due)
- Norway 23<sup>rd</sup> Round – Dec 2015 (bids due)
- United Kingdom – 2016 (expected)
- Greenland – Dec 2016, 2017, 2018 (bids due)



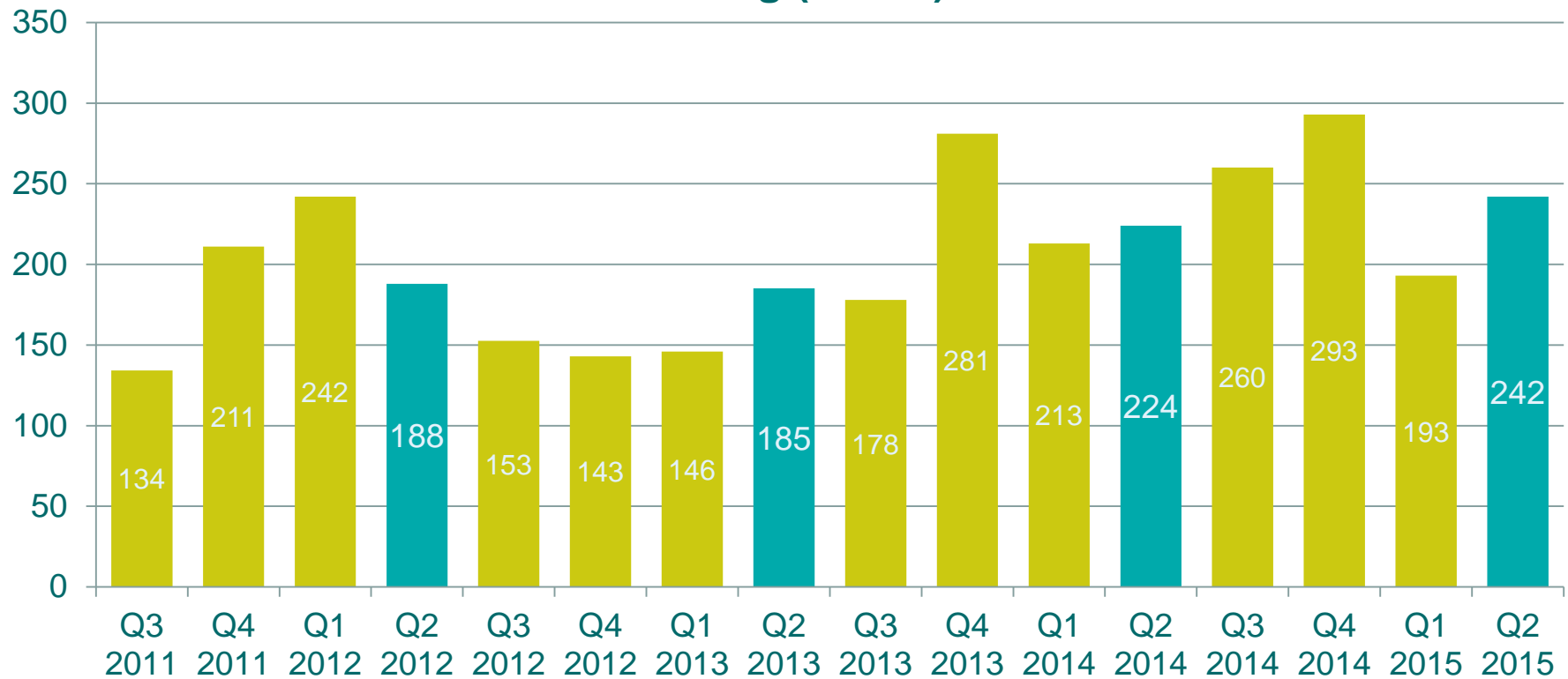
# Global Well Data Coverage



- TGS owns and manages a global well log database
- Strong synergies with multi-client seismic data business

# Backlog

## Historical Backlog (MUSD) 2011 - 2015

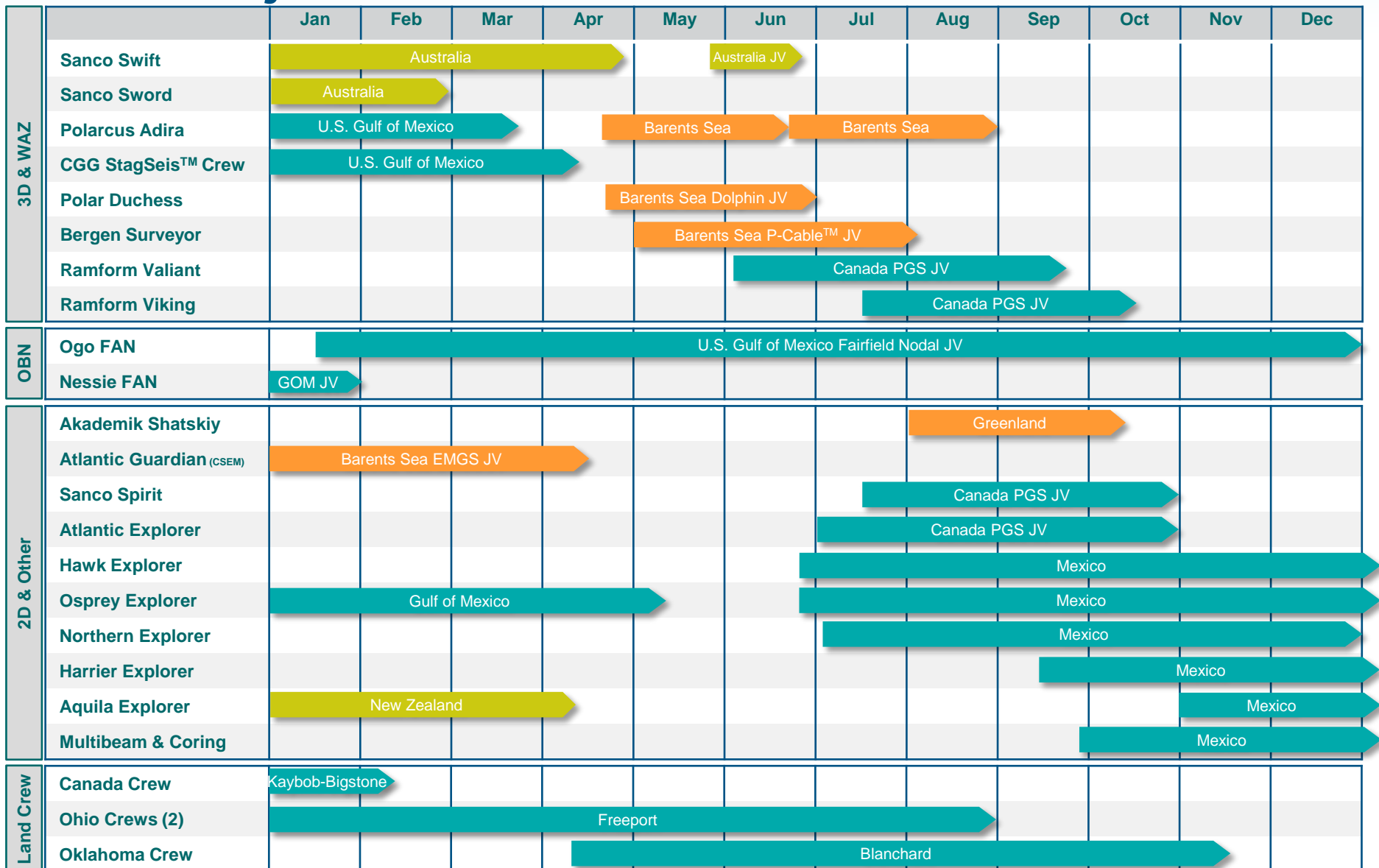


# 2015 Projects Schedule

→ NSA

→ EUR

→ AMEAP



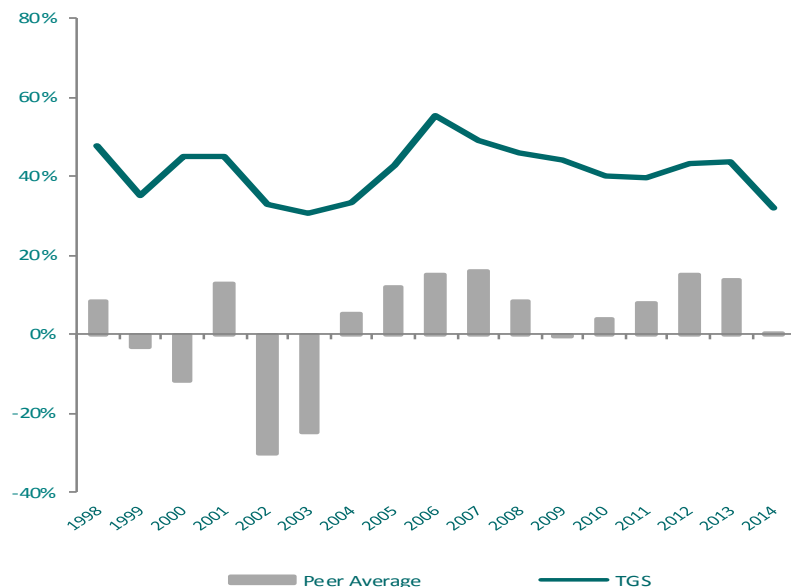


# Summary

- H1 performance has confirmed the challenging market conditions and outlook for improvement remains uncertain
  - H1 net revenues of 311 MUSD
  - H1 operating profit of 73 MUSD, 23% of net revenues
  - H1 multi-client investment of 279 MUSD
- Despite the current challenging market, long-term future of asset-light, focused multi-client business remains strong
  - TGS has a strong backlog of 242 MUSD
  - Cash balance of 176 MUSD at 30 June 2015
  - Dividend of 99 MUSD distributed in May 2015
- Attractive counter-cyclical investment opportunities identified including the purchase of the Polarcus data library
- Guidance for 2015 (investment guidance revised on 30 July 2015)
  - TGS expects multi-client investments of approximately 490 MUSD and additional Capex of 15 MUSD
  - TGS expects revenues of approximately 630 MUSD

# TGS Performs in all Cycles

## EBIT margin vs. Seismic peers



## Return on Capital Employed



- Average EBIT margin above 40% - stable EBIT – performance through the cycles
- ROCE significantly above WACC – substantial value creation in any industry cycle

\*Peer group includes CGG, Spectrum, Geokinetics, ION Geophysical, PGS, Dolphin, Polarcus



# Thank you

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