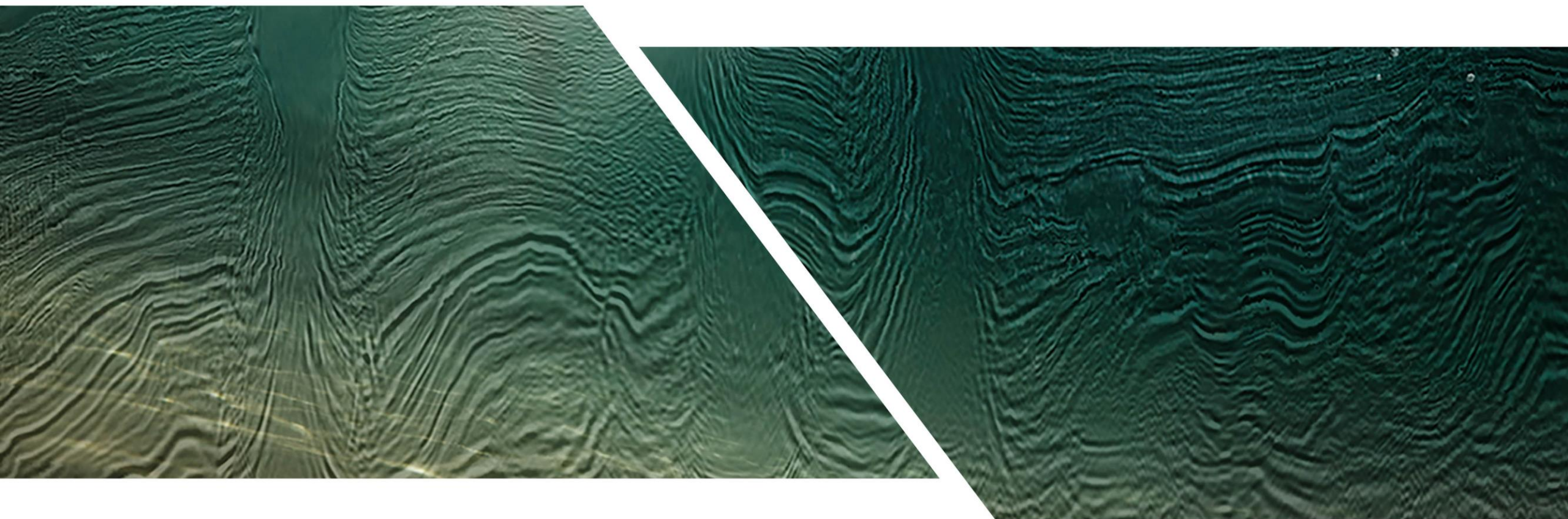




# Delivering on Strategy

*Acquiring Spectrum to cement the position as a leading provider of multi-client seismic data*



# 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.

# Acquiring Spectrum to cement the position as a leading provider of multi-client seismic data

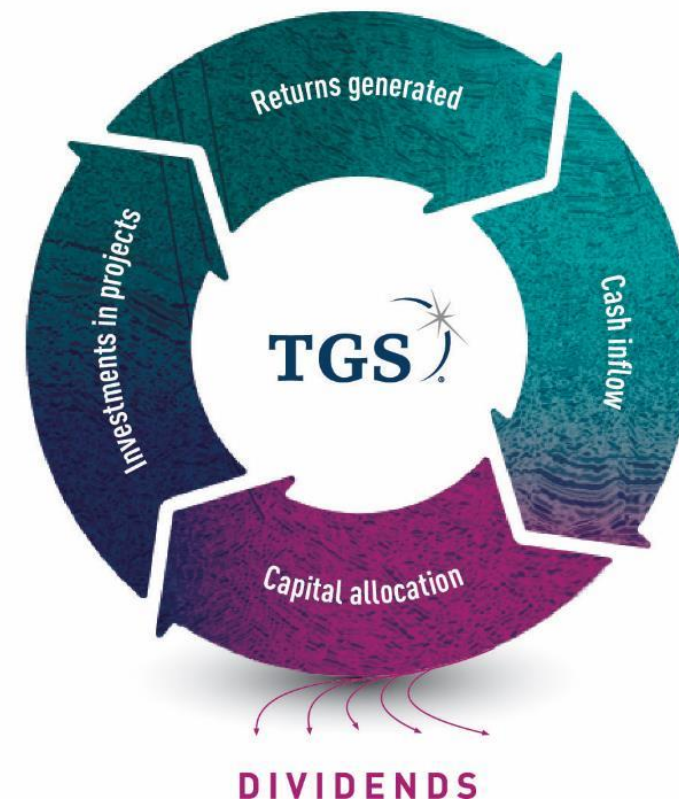
- Board of Directors of TGS and Spectrum have agreed to principle terms of an acquisition of Spectrum by TGS
- Transaction to be structured as a statutory merger between the companies
- TGS will be the surviving entity
- Pre-commitments from shareholders representing 34.1% of Spectrum
- The transaction is subject to definitive merger documentation, shareholder approval at EGM and other regulatory processes, with expected closing in Q3





# Strategic drivers

- Leading multi-client geophysical data in all major mature and frontier basins globally
- Spectrum owns the world's largest 2D library, which combined with TGS's financial robustness facilitate for acceleration of 3D investment plans
- Increasing MC footprint in South America with Brazil and Argentina being key areas for growth
- Scale is key to accelerate TGS' data and analytics strategy
- Significant cost synergies
- Accretive on earnings



# Transaction highlights

## Price

- Exchange ratio of 0.28x and cash component implies a transaction share price of Spectrum of NOK 61.9<sup>1</sup> per share
- Transaction market cap fully diluted of NOK 3,671 million
- Premium of 10.2%<sup>1</sup> based on last close 2 May 2019 (Last 6 months VWAP 32.8%<sup>1</sup>) (Last 12 months VWAP 17.5%<sup>1</sup>)

## Financing

- Issuance of 16.6 million TGS shares, representing 13.9% ownership post transaction
- Additional cash consideration of USD 0.27 multiplied by the exchange ratio to be paid to Spectrum shareholders subject to the transaction closing after the ex-date for the TGS quarterly dividend payment in Q3 2019 (expected to be early August)

## Timing

- Announcement 2 May 2019
- Merger plan to be concluded and published during May
- Shareholder approvals (2/3 majority required to vote in favor of the transaction) from EGMs expected during June
- Closing in Q3 subject to regulatory approvals

1. Based on TGS reference share price of NOK 218.8 as of last close 2 May 2019 and USD/NOK 8.69 as of CEST 16:00 2 May 2019  
Source: Norges Bank

# Delivering on the strategy

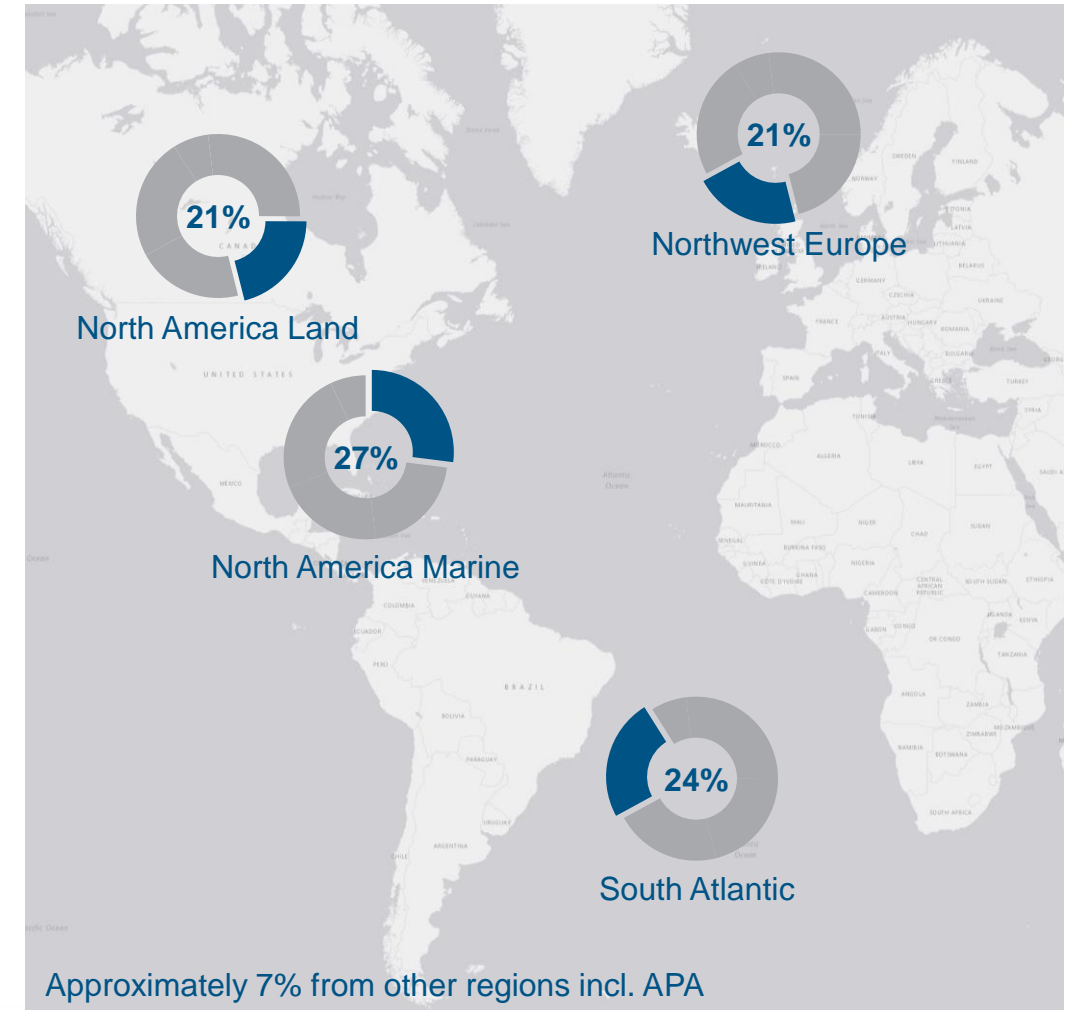
Spectrum transaction fits well with strategic plan presented in CMD on 7 February 2019



# Transaction establishes fourth main revenue generating hub

- Transaction fits with strategic ambition of growing exposure towards South Atlantic
- South Atlantic will be another main revenue generating hub for TGS
  - Alongside North America Land, North America Marine and Northwest Europe
- 20-25% of investments to be allocated to each of these hubs in the long run

## Distribution of pro-forma 2018 Net Revenues



*Northwest Europe includes TGS EUR and SPU Northwest Europe units*

*North America Land includes TGS Land and GPS*

*North America Marine includes TGS NA and SPU NA*

*South Atlantic includes TGS Latin America and AME and SPU South America and AME*

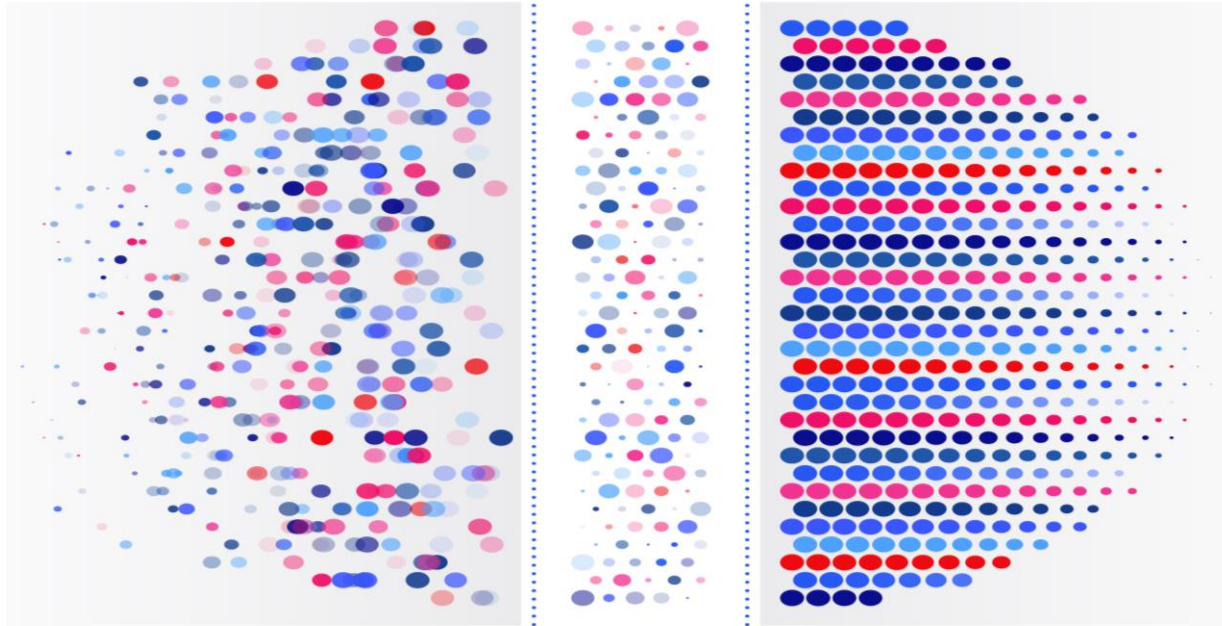


# Transaction accelerates ongoing Data & Analytics initiatives

BIG DATA ▶

ANALYTICS ▶

SOLUTION



- Progression within machine learning and artificial intelligence (AI) has made data the world's most valuable resource

*"One of the things we see at Google Cloud is that it's not the Company with the best algorithm that's going to win – it's the Company with the most data"*

*Darryl Willis, Google Cloud, VP oil, gas, and energy sector*

*"And just to give you a sense of the scale: What we can now do in 1 day used to take 7 years to do. That's the processing of all this information "*

*Doug Suttles, Encana, President and CEO*

- Business success defined by ability to collect, refine and use data
- Exponential growth in data volumes



# Substantial synergies and scale

## Cost synergies

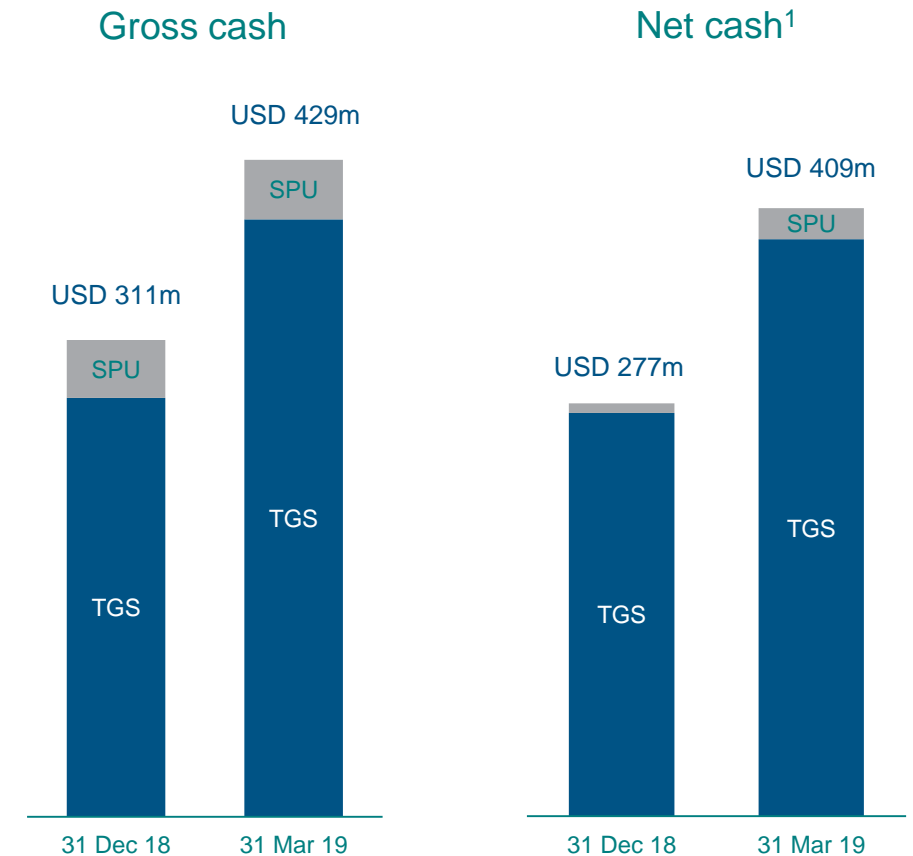
- Preliminary estimates of annual cash cost synergies of approximately USD 20 million (Opex and Capex)
- Processing software and hardware consolidation
- Consolidation of offices in key hubs
- Overlapping functions mainly in imaging and admin/support staff

## Scale advantages

- Strengthening of rapidly growing South Atlantic hub to create an ideal geographical portfolio
- True exploration partner for global E&P's with comprehensive database in all key markets
- World's largest 2D library
- Broader exposure to a more diversified client base in all regions
- Scale to capitalize on data & analytics trends

# Robust balance sheet provides platform for further growth

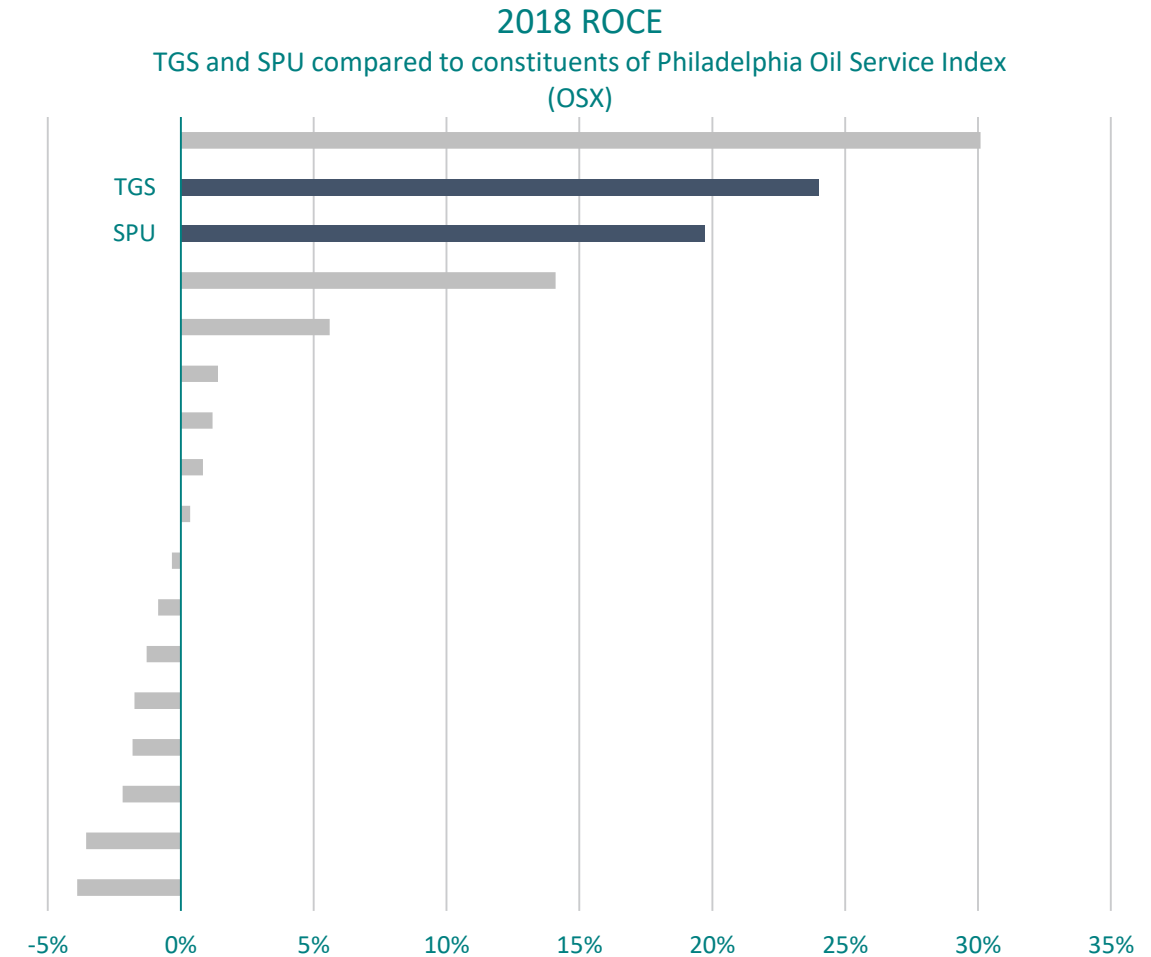
- TGS' solid balance sheet will be an enabler for the next steps in developing Spectrum's frontier portfolio
- The strong cash flow and robust balance sheet allows for continued investment growth, as well as increased shareholder distribution in the longer run



1. Cash less interest bearing debt

# Combination supports continued financial outperformance

- Combination of two profitable entities combined with significant synergies, will enable continued industry leading shareholder returns
- Strong cash position and track record of industry leading returns
- TGS remains committed to maintain existing dividend policy

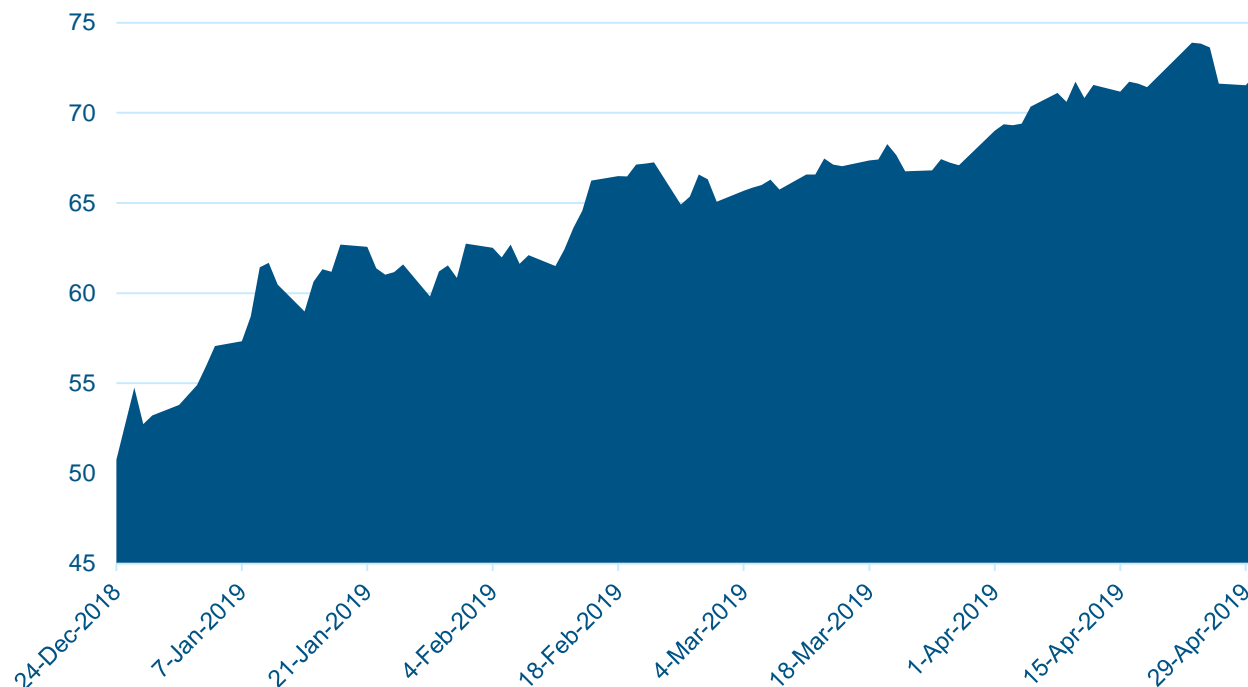


Source: Bloomberg; TGS



# Market outlook improving

Recent Brent Oil Price Development



- Positive YTD momentum in oil price
- Current price significantly above planning price
- Exploration spending expected to increase as deepwater activity picks up
- Reserve replacement ratios continue to be low causing reserves to decline

Source: Bloomberg

# Substantial exposure towards licensing rounds

Important 2019 licensing rounds	TGS exposure	Spectrum exposure
US GoM Lease sale 252	✓	
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Norway APA 2019	✓	✓
UK 32 <sup>nd</sup> Round	✓	✓
Argentina Round 1		✓
Brazil Round 16	✓	✓
Brazil Pre-Salt 6		✓
Canada Jeanne D'arc / SE Newfoundland	✓	
Australia 2019 Acreage Release	✓	✓
Gambia	✓	
Gabon		✓
Egypt Red Sea	✓	
Mozambique		✓
Lebanon		✓
Somalia		✓

- Including the Spectrum portfolio, TGS will have exposure towards the majority of the important licensing rounds globally in 2019
- Most important rounds expected to be:
  - US GoM rounds (next in August)
  - Gabon (ongoing)
  - Argentina (ongoing)
  - Brazil 16<sup>th</sup> round (October)
  - Canada Jeanne D'arc / SE NF (November)
  - Norway APA 19 (December)

# Summary – Creating a significant footprint in all major mature and frontier areas globally

- Combining TGS and Spectrum to create a leading provider of 2D and 3D seismic data
- TGS delivers on strategy with the transaction
  - Strengthening position in South Atlantic
  - Accelerates ongoing Data & Analytics initiatives
- Substantial synergies and scale
- Robust balance sheet provides platform for further growth
- Combination supports continued financial outperformance
- Substantial exposure towards licensing rounds





Thank you

