



## Q4 2022 Results

**Kristian Johansen**

CEO

9 February 2022

**Sven Børre Larsen**

CFO

# Forward-looking Statements

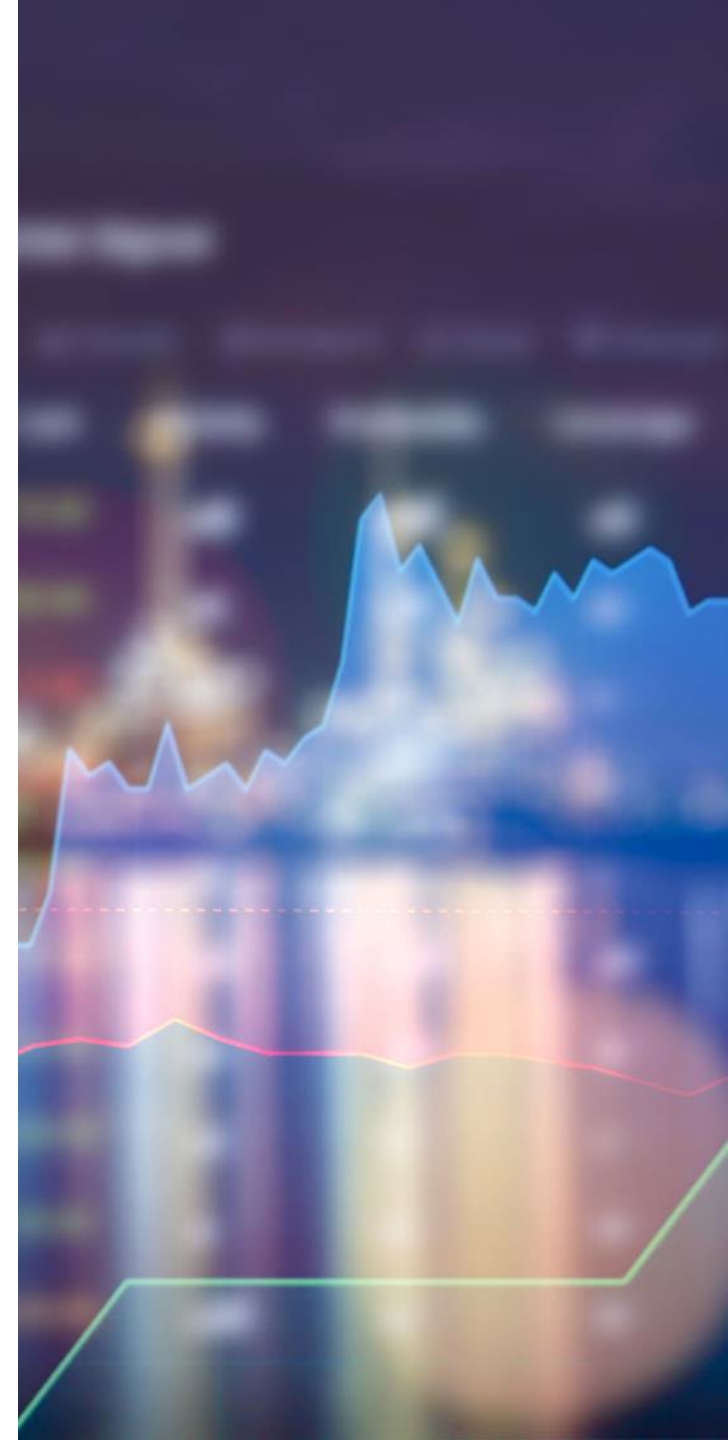
*All statements in this presentation other than statements of historical fact are forward-looking statements, which are subject to a number of risks, uncertainties and assumptions that are difficult to predict and are based upon assumptions as to future events that may not prove accurate. These factors include volatile market conditions, investment opportunities in new and existing markets, demand for licensing of data within the energy industry, operational challenges, and reliance on a cyclical industry and principal customers. 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.*

# Highlights

- Total POC revenues of USD 226.9 million compared to USD 119.5 million in Q4 2021
  - Late sales of USD 136.6 million in Q4 2022 vs. USD 52.8 million in Q4 2021
  - POC Early sales of USD 30.7 compared to 55.1 million in Q4 2021
  - Magseis Fairfield ASA was consolidated from 11 October 2022, contributing USD 54 million to revenues after intercompany eliminations
- POC EBITDA of USD 151.4 million compared to USD 84.0 million in Q4 2021
- Robust balance sheet with net cash of USD 188.5 million
- Strong contract inflow of USD 283.4 million in Q4 2022, compared to USD 162.8 million in Q4 2021

## Financial guidance for 2023

- Multi-client investments expected to be USD 320-350 million
- POC early sales rate above 70%
- Dividend of USD 0.14 per share per quarter



# Recent highlights



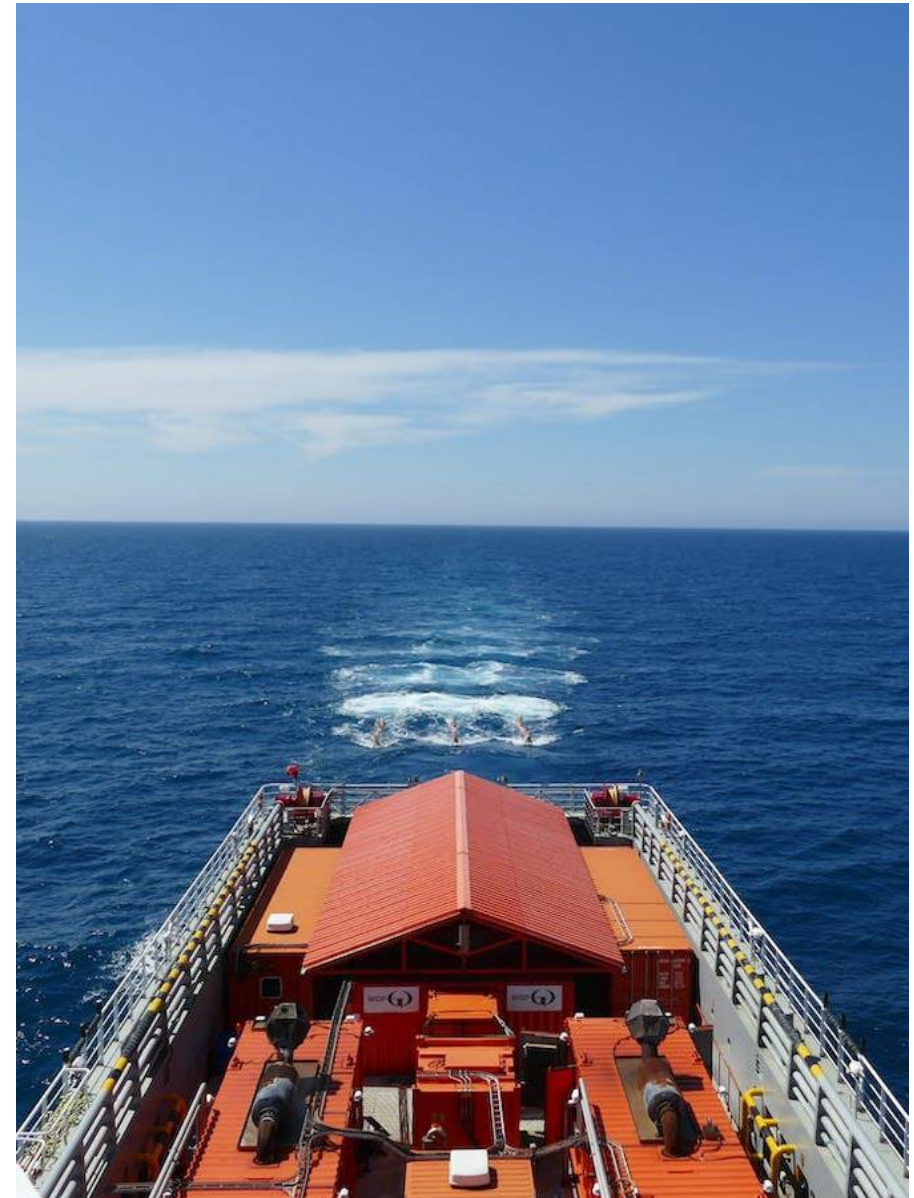
# Acquisition of Magseis Fairfield ASA

## Status update

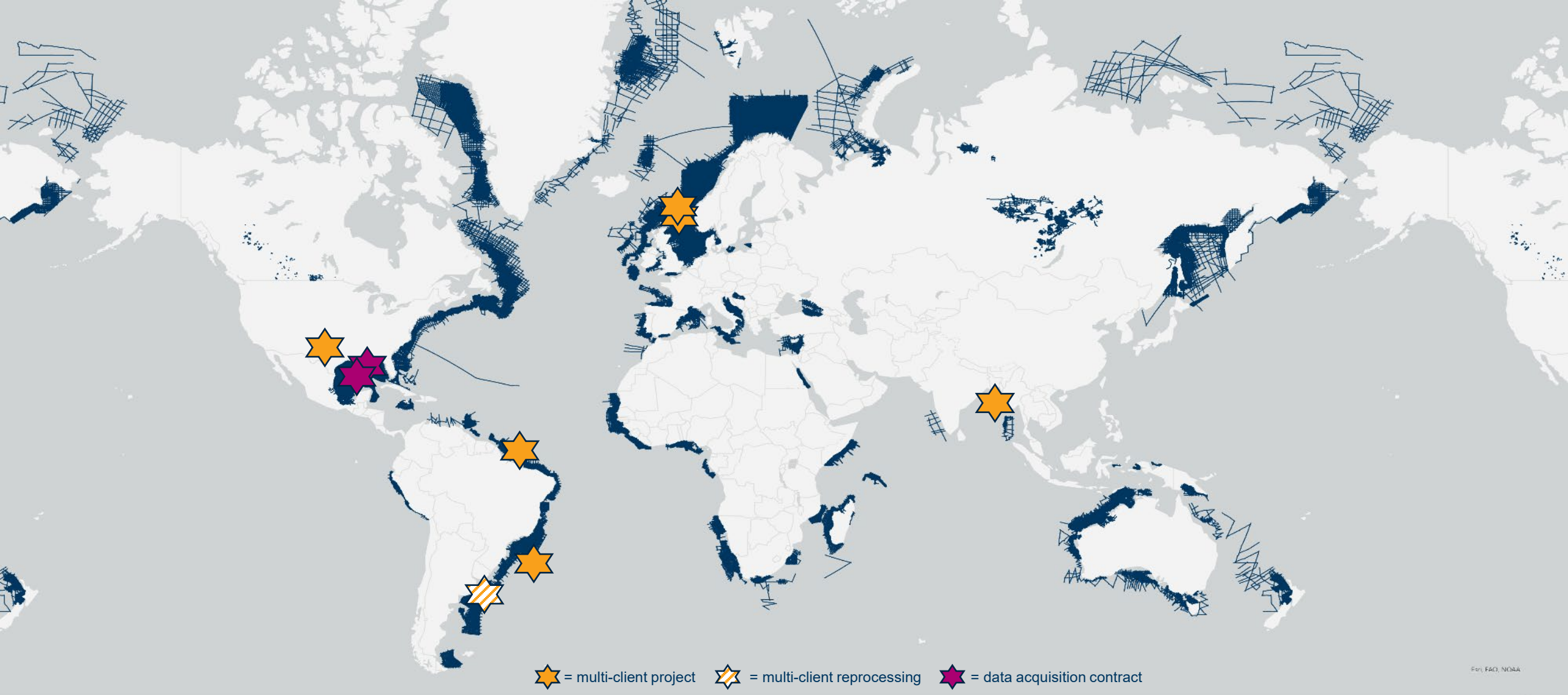
- 75% ownership reach on 11 October 2022 - 100% ownership reached in early January 2023
- Magseis will become separate Business Unit in TGS responsible for OBN and all other acquisition related activities
- Business Unit will be headed by EVP Carel Hooijkaas (former CEO of Magseis)
- Integration process ahead of plan
  - Cost synergy potential increased from the initial range of USD 7-9 million
  - Full run rate to be realized towards year-end 2023

## Transaction rationale

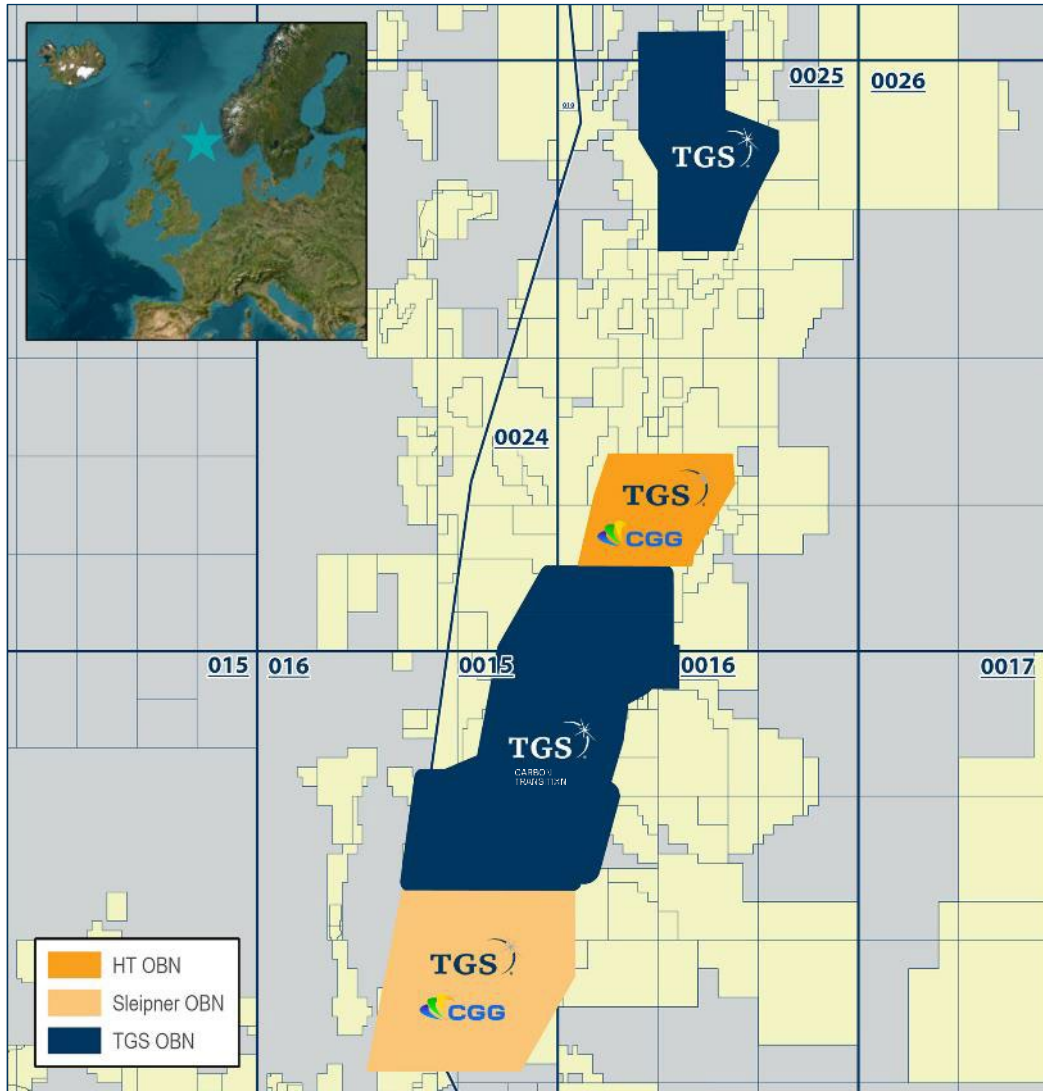
- Secure access to best-in-class OBN technologies allowing TGS stronger position in ILX-areas (Multi-client, proprietary and 4D)
- Cost synergies and efficiency gains from stronger utilization
- Further enhance TGS' position in OBN processing
- Improve exposure towards energy transition related industries, like offshore wind, CCS and deep-sea minerals



# Recently Announced Projects

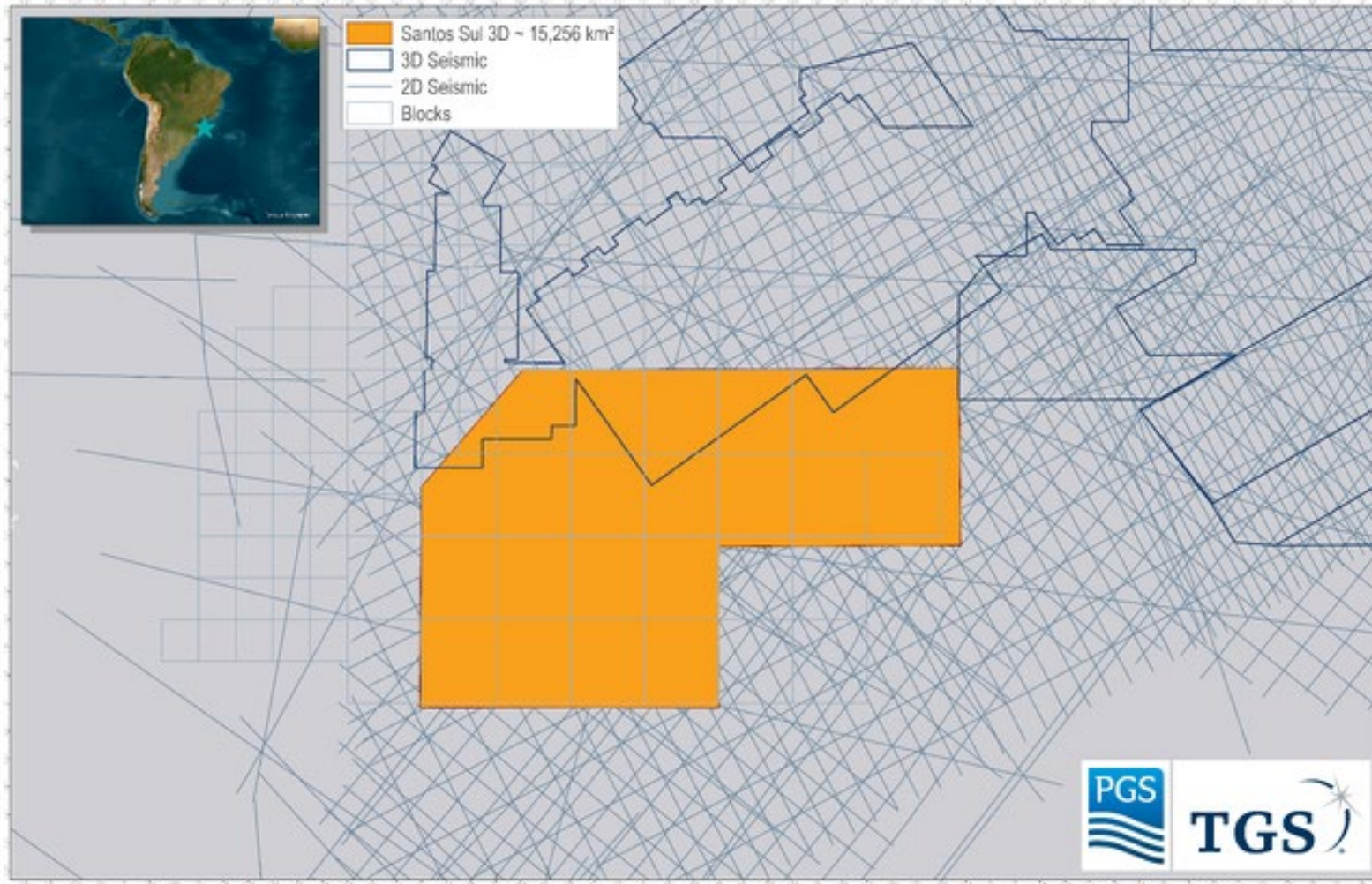


# Sleipner & Heimdal Terrace OBN Surveys, Offshore Norway



- Two significant multi-client OBN awards in the Norwegian North Sea for 2023 season
- Expands on existing OBN footprint (Utsira and NOAKA)
  - Sleipner +1,201 km<sup>2</sup>
  - Heimdal Terrace +500 km<sup>2</sup>
- These surveys increase the contiguous multi-client OBN coverage in the region to 3,778 km<sup>2</sup>
- Encompasses a mature part of the North Sea that includes existing oil & gas fields, recent oil & gas discoveries, and further infrastructure-led exploration (ILX) potential
- Heimdal Terrace acquisition commences April 2023
- Sleipner acquisition commences June 2023

# Santos Sul 3D Offshore Brazil



- Covers more than 15,000 km<sup>2</sup> of both open acreage and recently awarded Permanent Offer Round blocks
- Located in the southwest Santos Basin offshore Brazil
- Instrumental in providing invaluable data and actionable insights into new and emerging plays outside the Pre-Salt
- In Partnership with PGS
- Acquisition is scheduled to complete August 2023

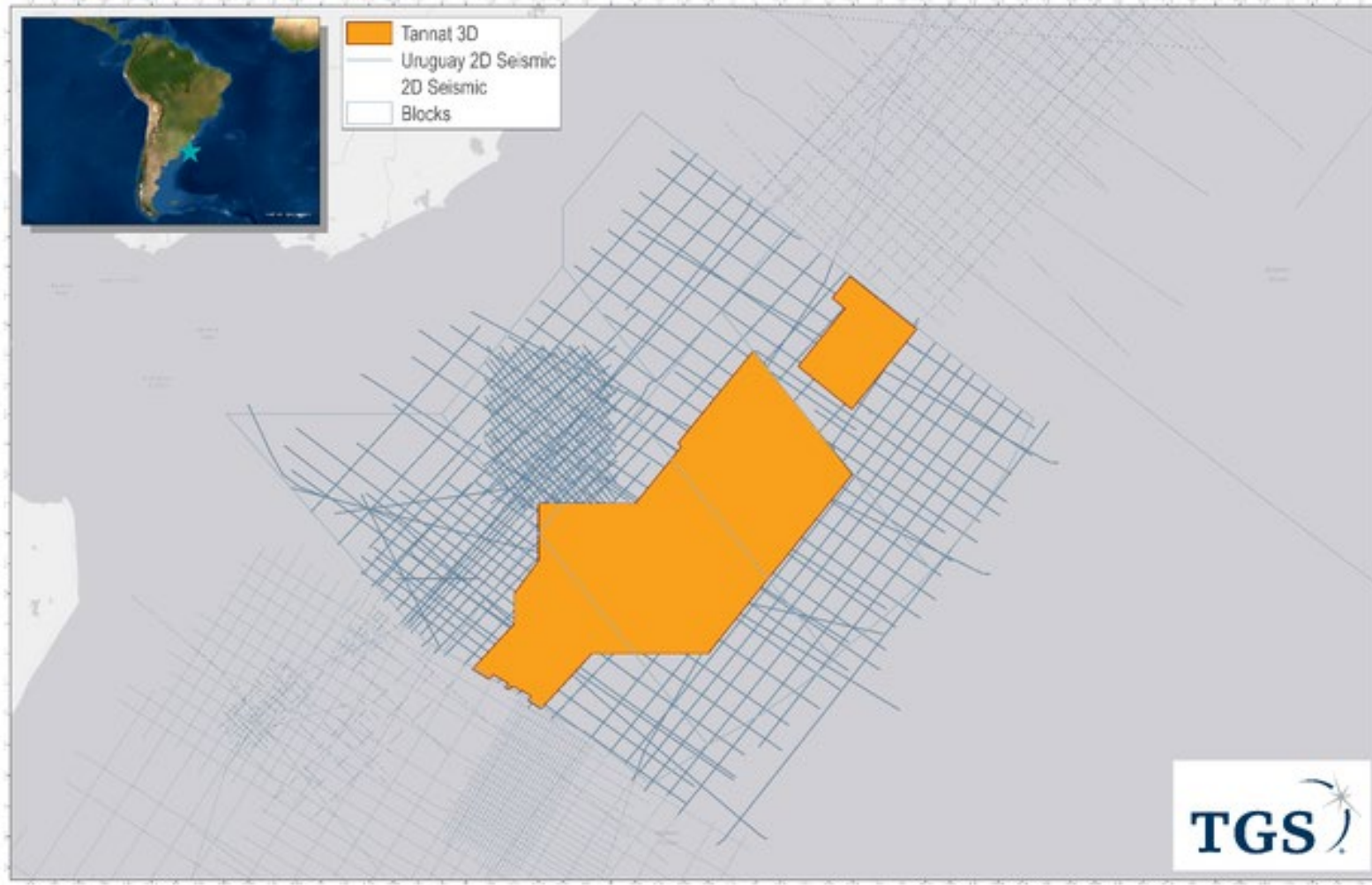


# Foz do Amazonas Phase II Offshore Brazil



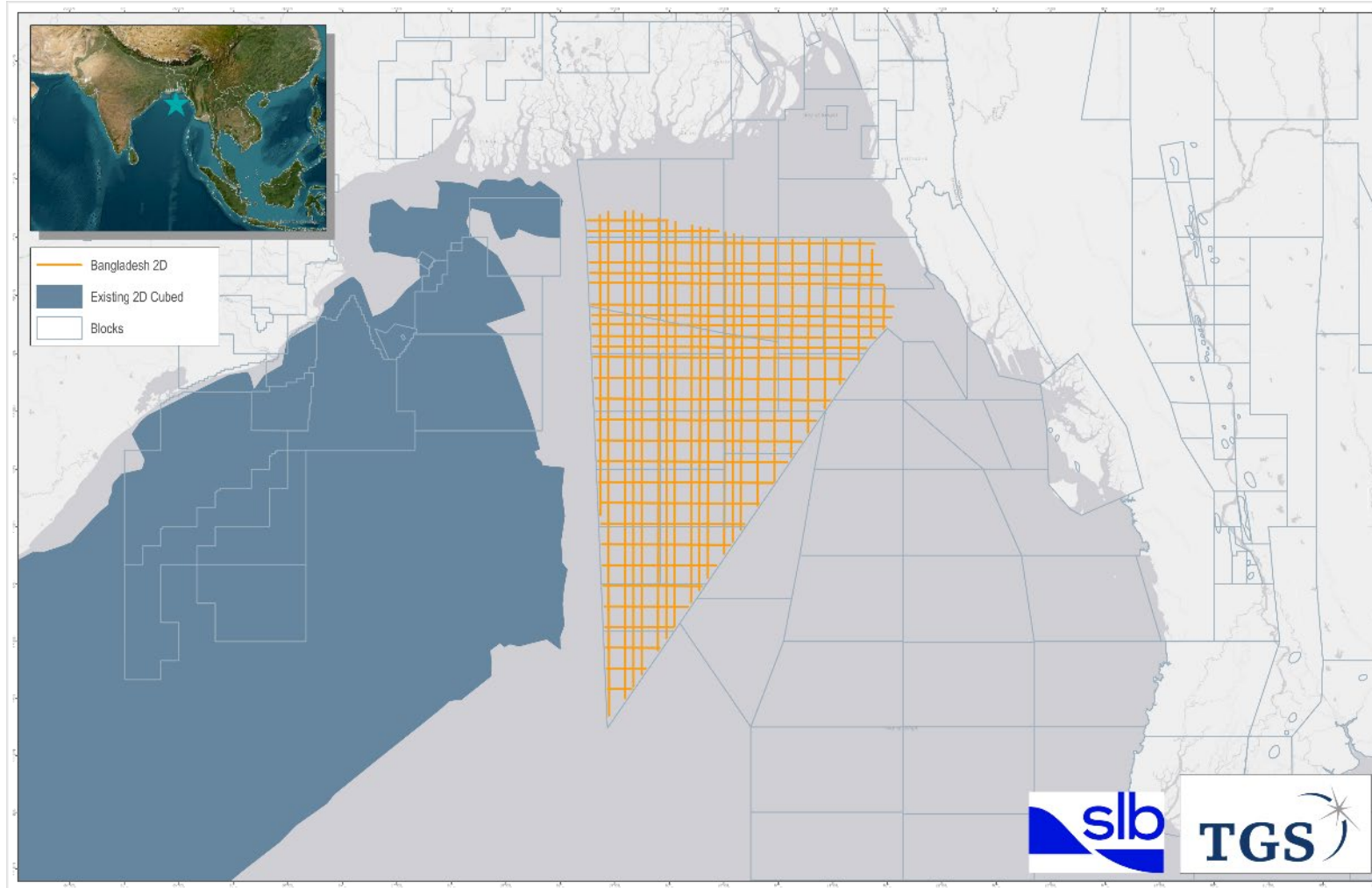
- Survey covers 11,425 km<sup>2</sup>
- Located in the offshore Brazil equatorial margin
- Broadens the region's 3D coverage and deliver data essential for exploration efforts
- In partnership with CGG
- Data will be instrumental in enabling subsurface understanding in advance of future Permanent Offer rounds
- Early-out PSDM products available in Q4 2023

# Tannat 3D Reprocessing Offshore Uruguay



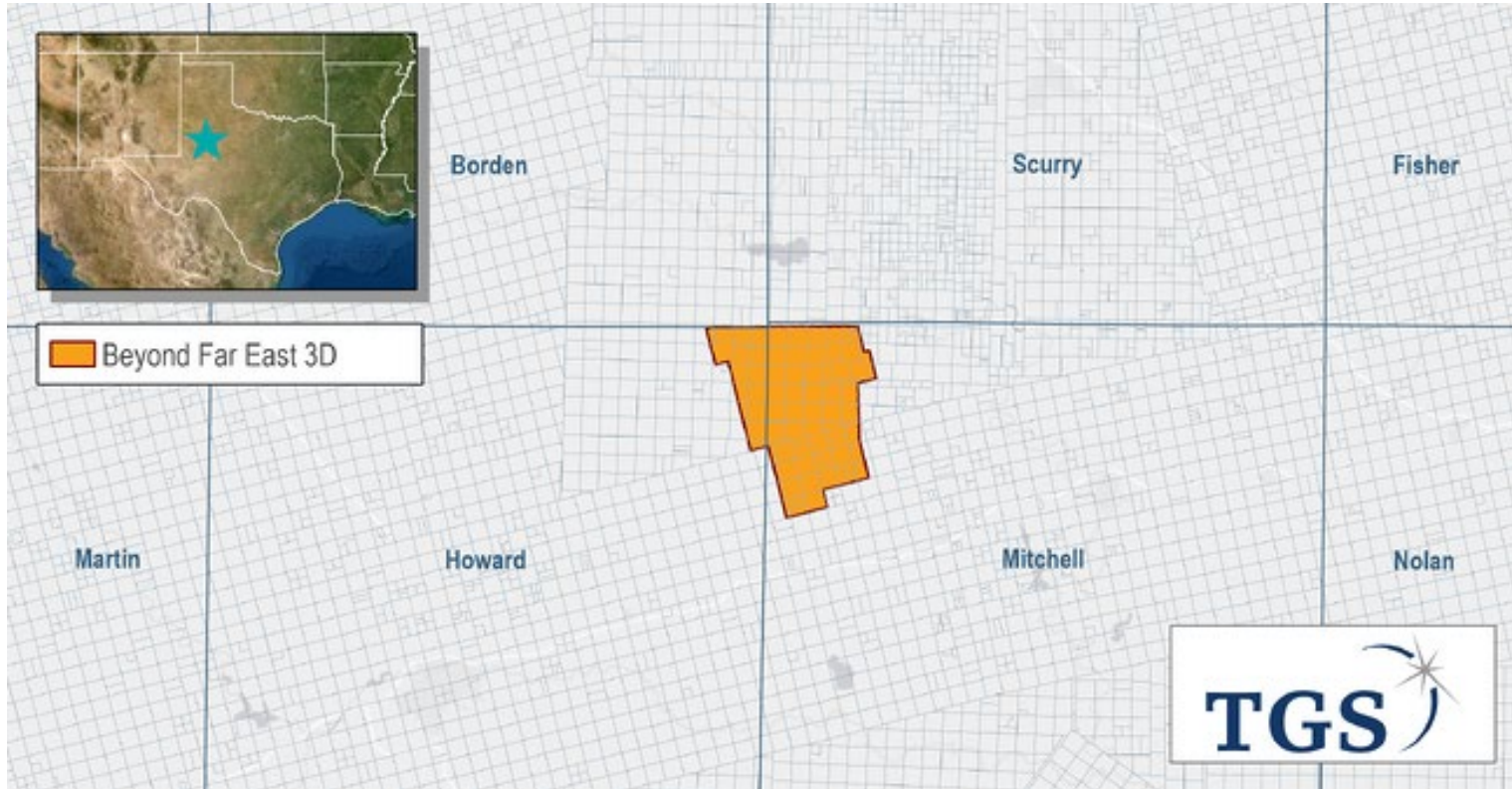
- Consists of 25,000 km<sup>2</sup> offshore Uruguay
- The data will be regionally integrated and reprocessed using advanced imaging techniques
- The newly enhanced data will allow for the definition of play fairways, leads and exploration targets
- Complements the 23,000 line km of 2D seismic coverage in the area
- Early out PSDM data available in Q1 2023
- Final data products to be delivered in Q3 2023

# Bangladesh 2D Survey



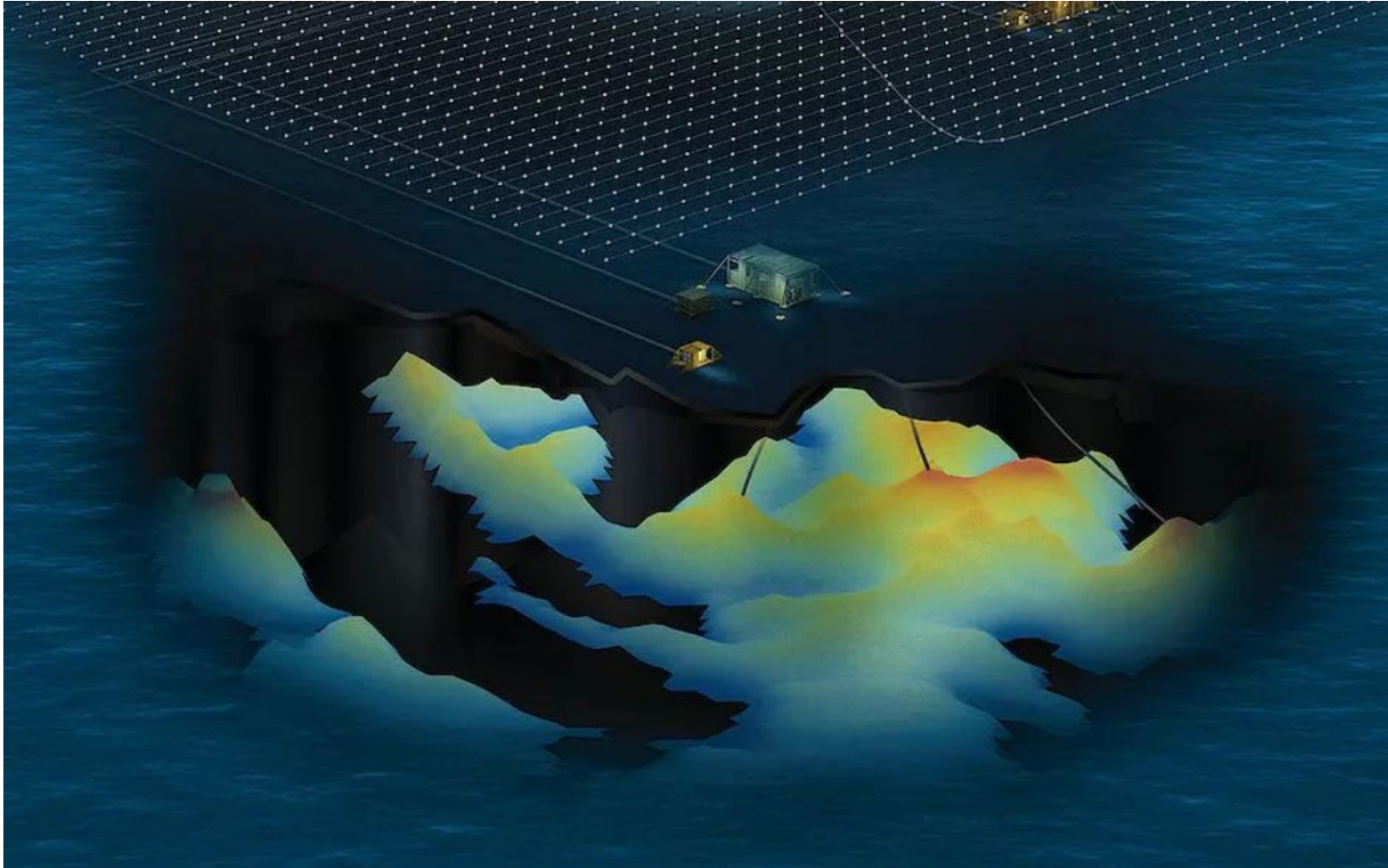
- Regional scale 2D survey to enhance the geological understanding of the prospective Bengal Fan
- Initial phase comprises 11,700 km of high-resolution broadband 2D seismic data
- The overall program plans to encompass around 32,000 km covering most of offshore Bangladesh
- Supports future license rounds under the soon-to-be-revised fiscal terms widely anticipated by the industry
- Acquisition commenced in early January 2023

# Beyond Far East Onshore 3D Permian Basin



- Project encompasses ~85 mi<sup>2</sup> in Mitchell County, TX in the Midland Basin
- Will assist and evaluate and developing in the multiple zone potential, including Wolfcamp D
- Complimented by over 250,000 wells in the Midland Basin
- Will be processed utilizing modern land imaging technology
- Final data products available in Q3 2023

# Two New OBN Awards in U.S. GOM



## 4D OBN survey award

- Proprietary 4D OBN survey located in Walker Ridge
- Planned to mobilize in Q3 2023
- Duration of ~100 days

## Sparse node survey award

- Proprietary sparse node survey located in the Gulf of Mexico
- Planned to mobilize in Q2
- Duration of ~100 days

- Both projects position TGS well for further activities in the U.S. GoM

# TGS Industry-Leading ESG Performance

## New Recognitions



### WINNER

ALLY Grit Awards Best Places to Work



### MEMBER

Bloomberg 2023 Gender Equality Index

Since 2016, TGS has been committed to the UN Global Compact corporate responsibility initiative and supports these initiatives.



In support of

**WOMEN'S  
EMPOWERMENT  
PRINCIPLES**

Established by UN Women and the UN Global Compact Office

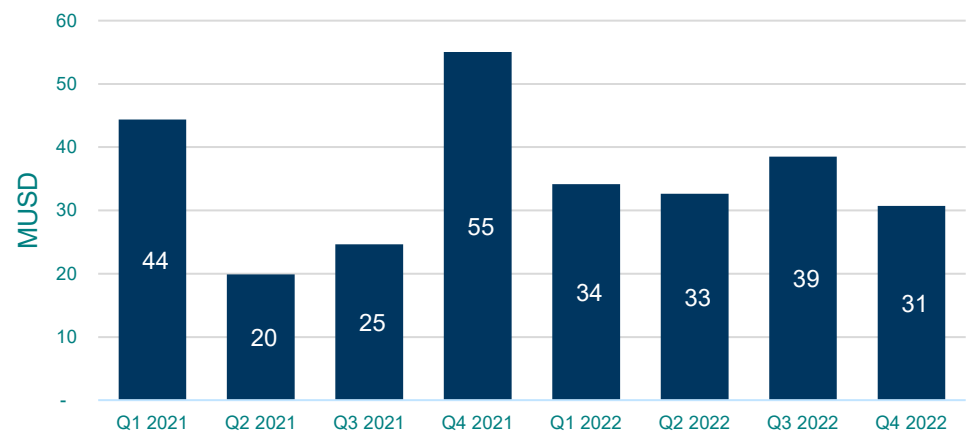


# Financials

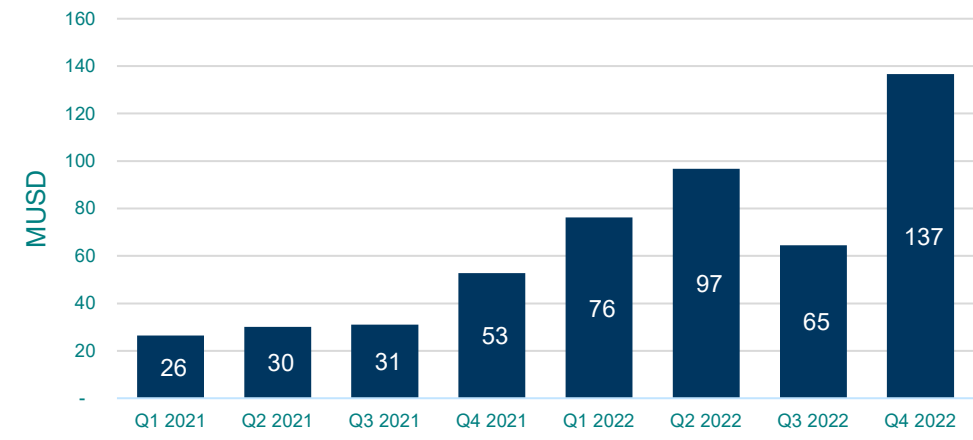


# POC Operating Revenues

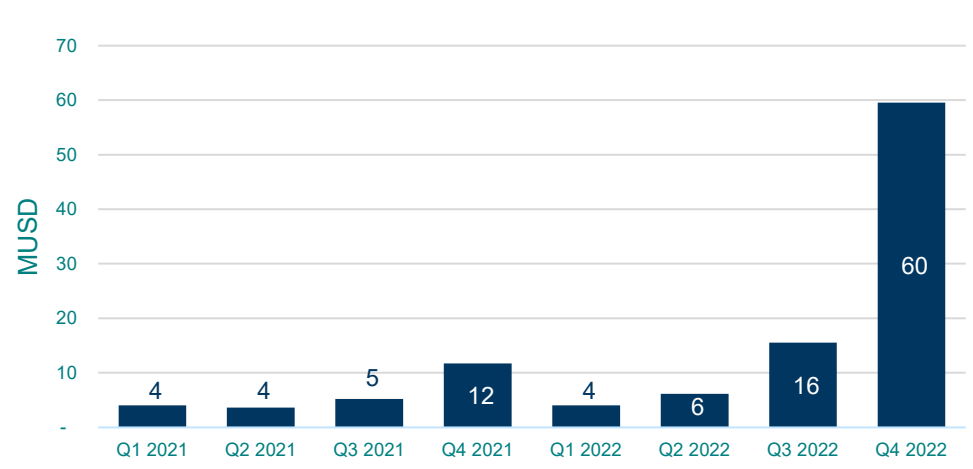
## Early Sales



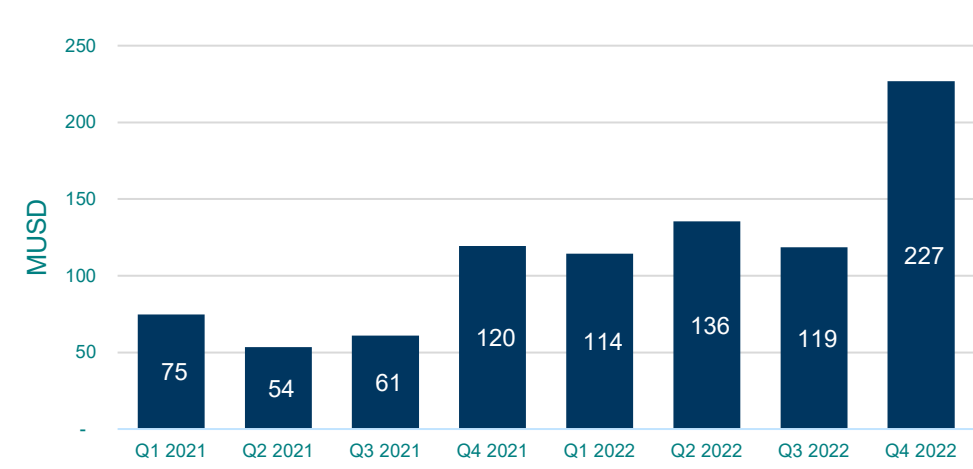
## Late Sales



## Proprietary Revenue



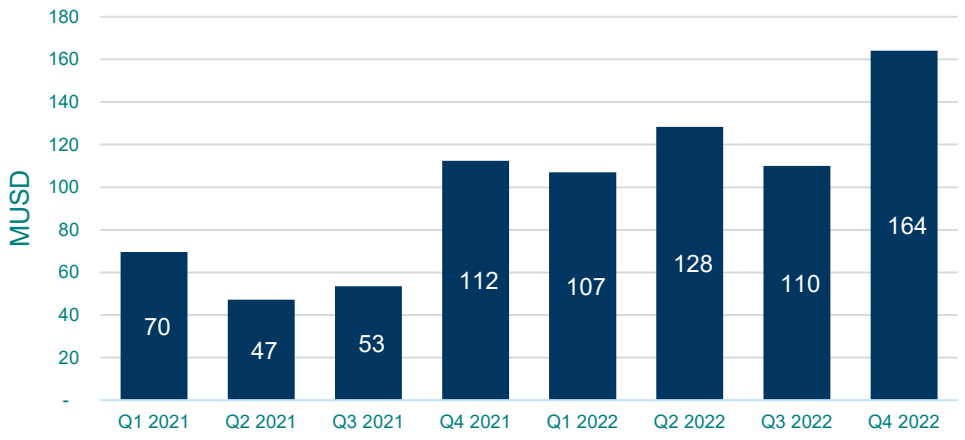
## Total Revenue



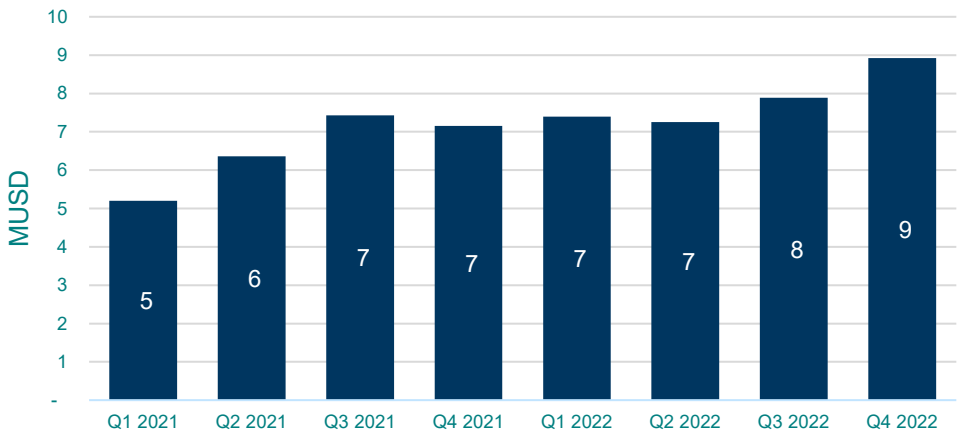


# POC Revenues by Business Unit

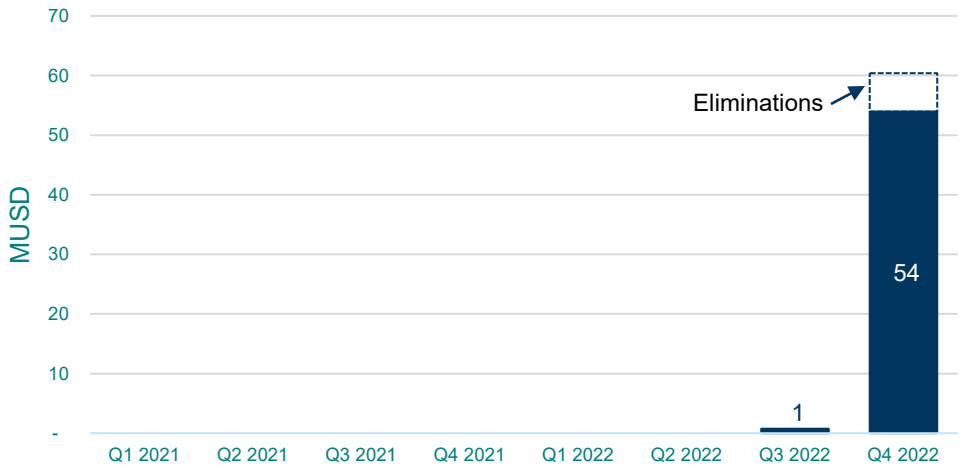
## Multi Client



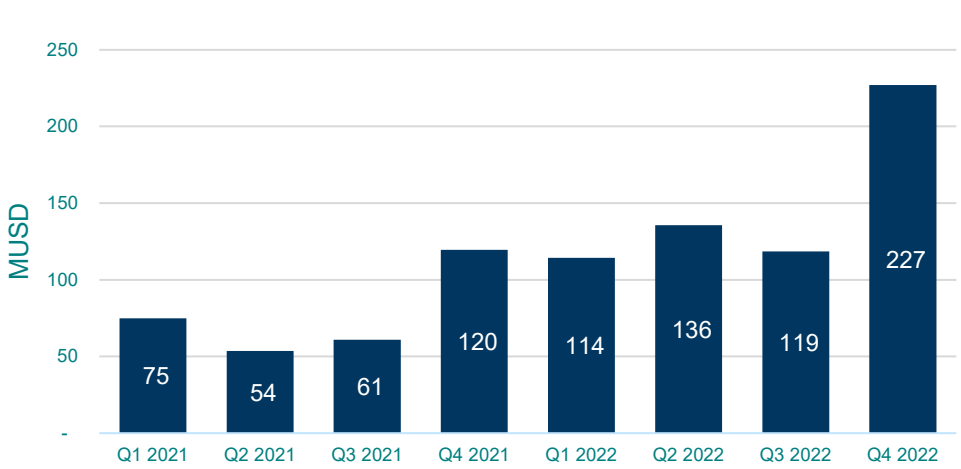
## Digital Energy Solutions



## Data Acquisition (incl. Magseis from 11 October 2022)

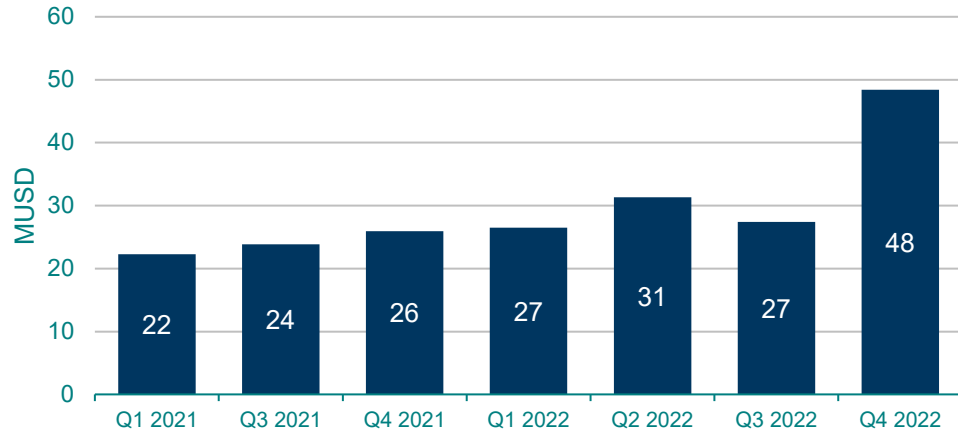


## Total Revenue

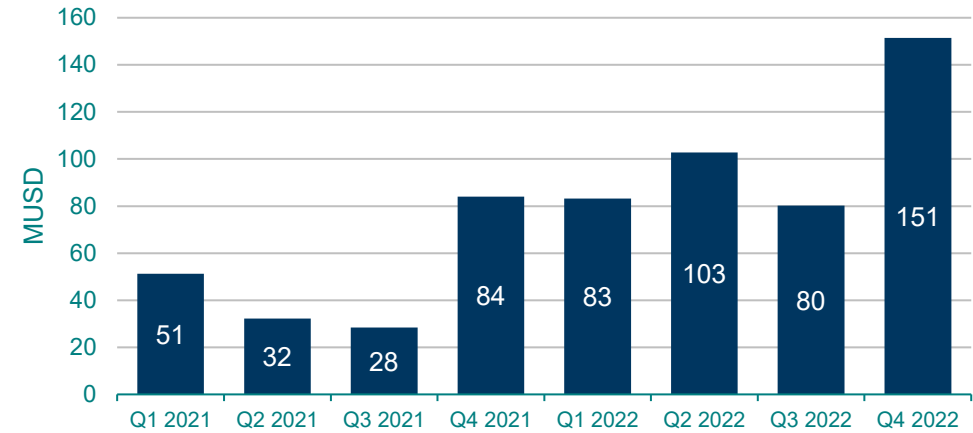


# Operating Result and Cash Flow

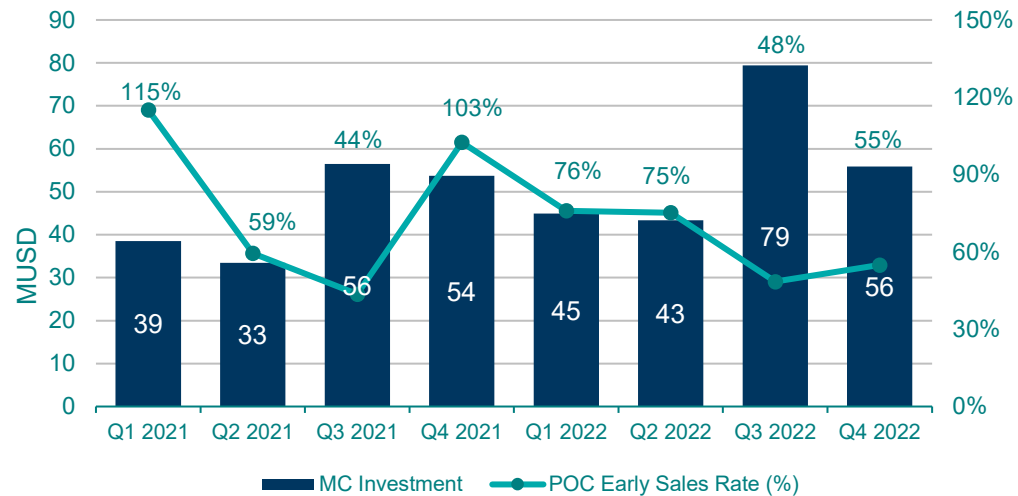
## Operating Expenses <sup>1</sup>



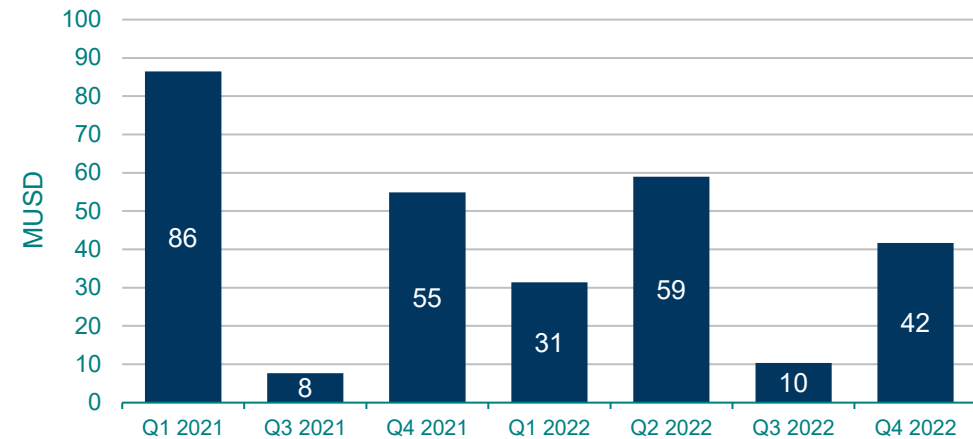
## POC EBITDA



## Multi-client investments and POC Early sales Rate



## Free Cash Flow <sup>2</sup>

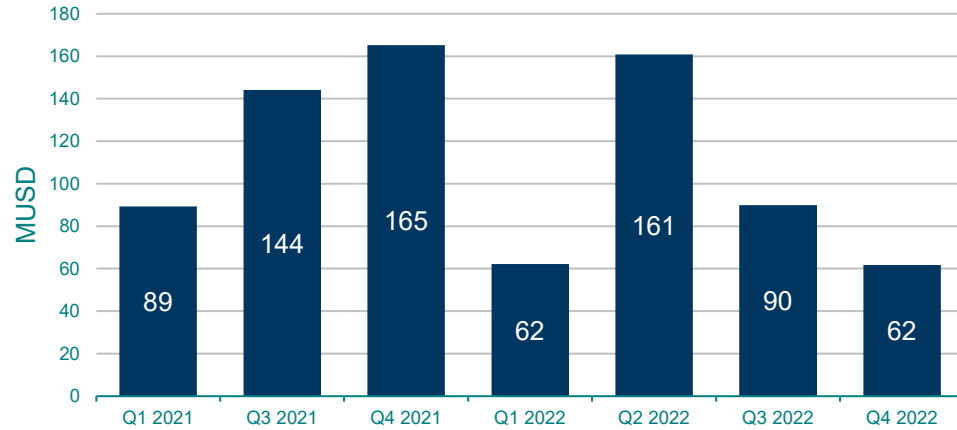


1. Personnel costs and other operating expenses ex. non-recurring items

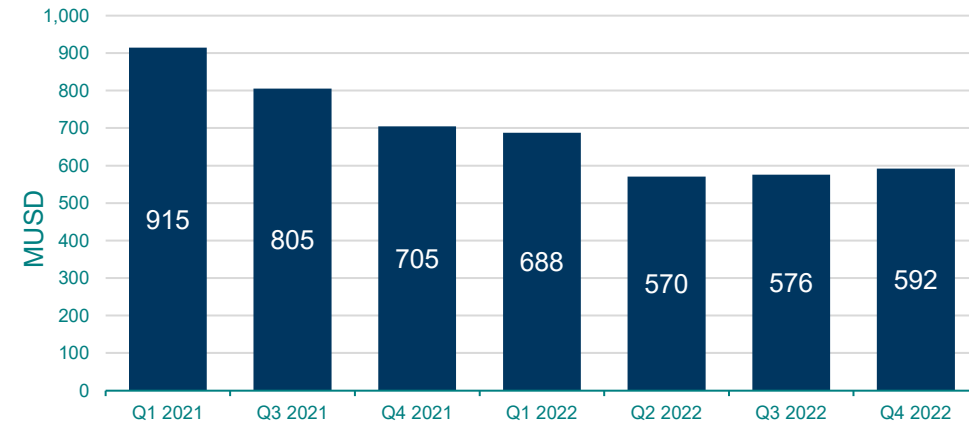
2. Cash flow from operations minus organic cash multi-client investments

# IFRS Multi-client Library Financials

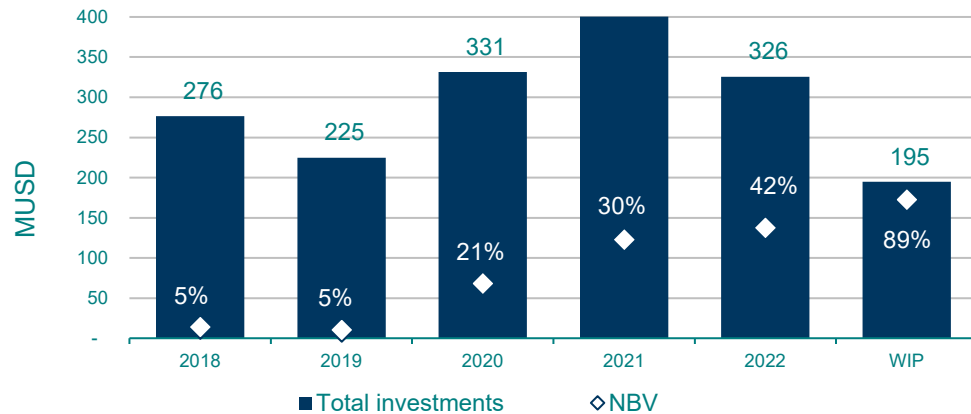
## Amortization and Impairments



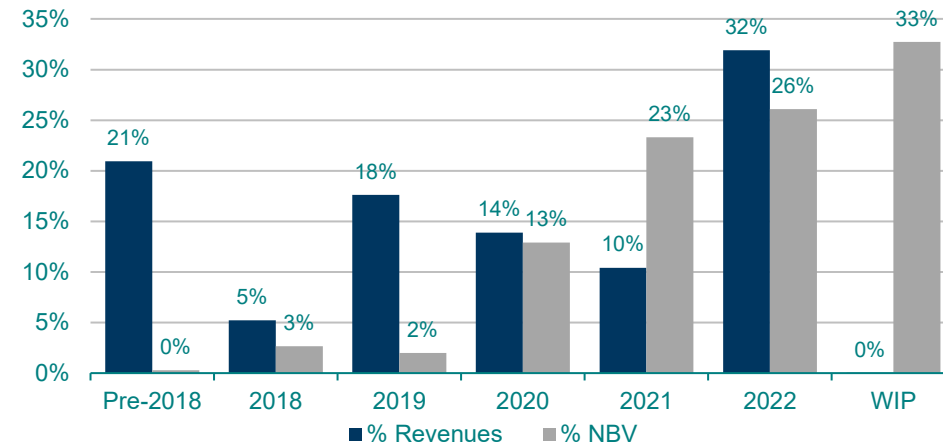
## Net Book Value Multi-Client Library



## Investments and NBV by year of completion Q4 2022<sup>1</sup>



## Revenues and NBV by year of completion Q4 2022<sup>1</sup>



# IFRS Income statement

(MUSD)	Q4 2022	Q4 2021	Change	YTD 2022	YTD 2021	Change	
Early Sales	22.8	40.2	-43%	257.3	353.8	-27%	
Late Sales	136.6	52.8	159%	374.1	140.4	167%	
Proprietary Sales	59.6	11.7	409%	85.2	24.5	247%	
<b>Total revenues</b>	<b>219.0</b>	<b>104.7</b>	<b>109%</b>	<b>716.6</b>	<b>518.7</b>	<b>38%</b>	
Cost of goods sold	27.1	8.5	218%	37.5	11.6	223%	
Personnel cost	29.9	14.2	110%	86.4	54.9	57%	
Other operational costs	18.5	12.7	45%	53.8	46.4	16%	
<b>EBITDA</b>	<b>66%</b>	<b>143.5</b>	<b>69.2</b>	<b>107%</b>	<b>538.9</b>	<b>405.8</b>	<b>33%</b>
Straight-line amortization	38.7	43.0	-10%	153.5	174.3	-12%	
Accelerated amortization	13.9	50.9	-73%	201.7	213.2	-5%	
Impairments	9.1	71.3	-87%	19.3	71.3	-73%	
Depreciation	17.2	4.8	262%	33.6	19.3	74%	
<b>Operating result</b>	<b>30%</b>	<b>64.6</b>	<b>-100.8</b>	<b>-164%</b>	<b>130.7</b>	<b>-72.3</b>	<b>-281%</b>
Financial income	0.6	1.9	-67%	2.4	2.5	-5%	
Financial expenses	-3.2	-2.3	39%	-8.5	-6.4	34%	
Exchange gains/losses	4.8	-3.8	-227%	1.7	-8.9	-119%	
Gains/(losses) from JV	1.3	0.0	n/a	1.3	0.0	n/a	
<b>Result before taxes</b>	<b>31%</b>	<b>68.1</b>	<b>-104.9</b>	<b>-165%</b>	<b>127.6</b>	<b>-85.1</b>	<b>-250%</b>
Tax cost	38%	26.0	-27.9	-193%	40.9	-9.1	-549%
<b>Net income</b>	<b>19%</b>	<b>42.1</b>	<b>-77.0</b>	<b>-155%</b>	<b>86.7</b>	<b>-76.0</b>	<b>-214%</b>
EPS (USD)	0.34	-0.66		0.74	-0.65		
EPS fully diluted (USD)	0.34	-0.66		0.73	-0.65		

# IFRS Balance sheet

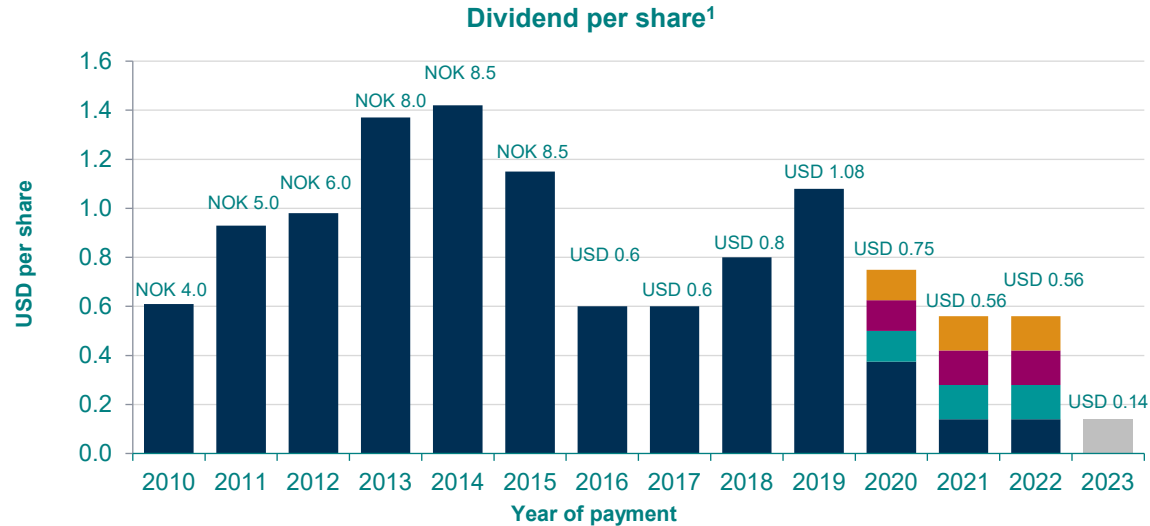
(MUSD)	31-Dec-22	31-Dec-21	Change from 31 Dec 21
Goodwill	371.7	304.0	22%
Multi-client library	591.7	704.9	-16%
Deferred tax asset	131.5	95.9	37%
Other non-current assets	282.9	89.8	215%
<b>Total non-current assets</b>	<b>1,377.8</b>	<b>1,194.5</b>	<b>15%</b>
Cash and cash equivalents	188.5	215.3	-12%
Other current assets	325.4	220.0	48%
<b>Total current assets</b>	<b>513.8</b>	<b>435.3</b>	<b>18%</b>
<b>TOTAL ASSETS</b>	<b>1,891.6</b>	<b>1,629.8</b>	<b>16%</b>
<b>Total equity</b>	<b>1,242.6</b>	<b>1,115.3</b>	<b>11%</b>
Deferred taxes	73.1	32.1	128%
Non-current liabilities	71.0	35.7	99%
<b>Total non-current liabilities</b>	<b>144.1</b>	<b>67.8</b>	<b>113%</b>
Taxes payable, withheld payroll tax, social security and VAT	77.2	77.9	-1%
Other current liabilities	427.8	368.8	16%
<b>Total current liabilities</b>	<b>505.0</b>	<b>446.7</b>	<b>13%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,891.6</b>	<b>1,629.8</b>	<b>16%</b>

# Cash Flow Statement

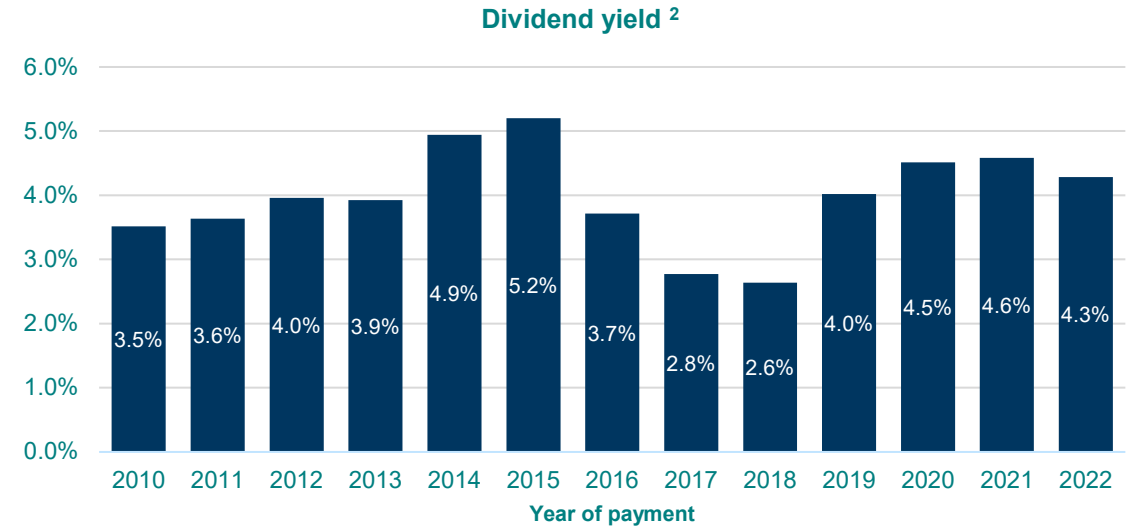
(MUSD)	Q4 2022	Q4 2021	Change	YTD 2022	YTD 2021	Change
<b>Cash flow from operating activities:</b>						
Profit before taxes	68,085	-104,911	-165%	127,567	-85,087	-250%
Depreciation/amortization/impairment	78,903	169,988	-54%	408,122	478,116	-15%
Changes in accounts receivable and accrued revenues	-27,701	12,272	-326%	-46,665	131,727	-135%
Changes in other receivables	-5,557	41,677	-113%	31,503	15,632	102%
Changes in other balance sheet items	7,847	910	762%	-162,041	-197,865	-18%
Paid taxes	-2,045	353	-679%	-15,036	-14,179	6%
<b>Net cash flow from operating activities</b>	<b>119,532</b>	<b>120,289</b>	<b>-1%</b>	<b>343,450</b>	<b>328,344</b>	<b>5%</b>
<b>Cash flow from investing activities:</b>						
Investments in tangible and intangible assets	-8,911	-5,038	77%	-23,663	-13,579	74%
Investments in multi-client library	-77,860	-62,183	25%	-200,889	-154,830	30%
Investments through mergers and acquisitions	-13,711	-11,000	25%	-54,860	-34,304	60%
Interest received	4,636	1,942	139%	6,396	2,525	153%
<b>Net cash flow from investing activities</b>	<b>-95,846</b>	<b>-76,279</b>	<b>26%</b>	<b>-273,016</b>	<b>-200,188</b>	<b>36%</b>
<b>Cash flow from financing activities activities:</b>						
Net change in short term loans	0	0	n/a	0	-2,500	-100%
Interest paid	-3,209	-2,356	36%	-5,608	-6,362	-12%
Dividend payments	-17,426	-16,295	7%	-66,136	-65,524	1%
Repayment of lease liabilities	-11,705	-3,218	264%	-20,599	-10,695	93%
Repurchase of shares	0	-2,983	-100%	-7,015	-15,689	-55%
<b>Net cash flow from financing activities</b>	<b>-32,340</b>	<b>-24,852</b>	<b>30%</b>	<b>-99,358</b>	<b>-100,770</b>	<b>-1%</b>
<b>Net change in cash and cash equivalents</b>						
Cash and cash equivalents at the beginning of period	192,291	198,120	-3%	215,329	195,716	10%
Net unrealized currency gains/(losses)	4,815	-1,949	-347%	2,047	-7,773	-126%
<b>Cash and cash equivalents at the end of period</b>	<b>188,452</b>	<b>215,329</b>	<b>-12%</b>	<b>188,452</b>	<b>215,329</b>	<b>-12%</b>

# Dividends and Share Buybacks

## Dividend per share <sup>1</sup>



## Dividend yield <sup>2</sup>



- The Board has resolved to maintain the dividend of USD 0.14 per share for Q4 2022
  - Ex date 16 February 2023 – payment date 2 March 2023
- TGS has returned more than USD 1.4 bn to shareholders through dividends and buybacks since 2010

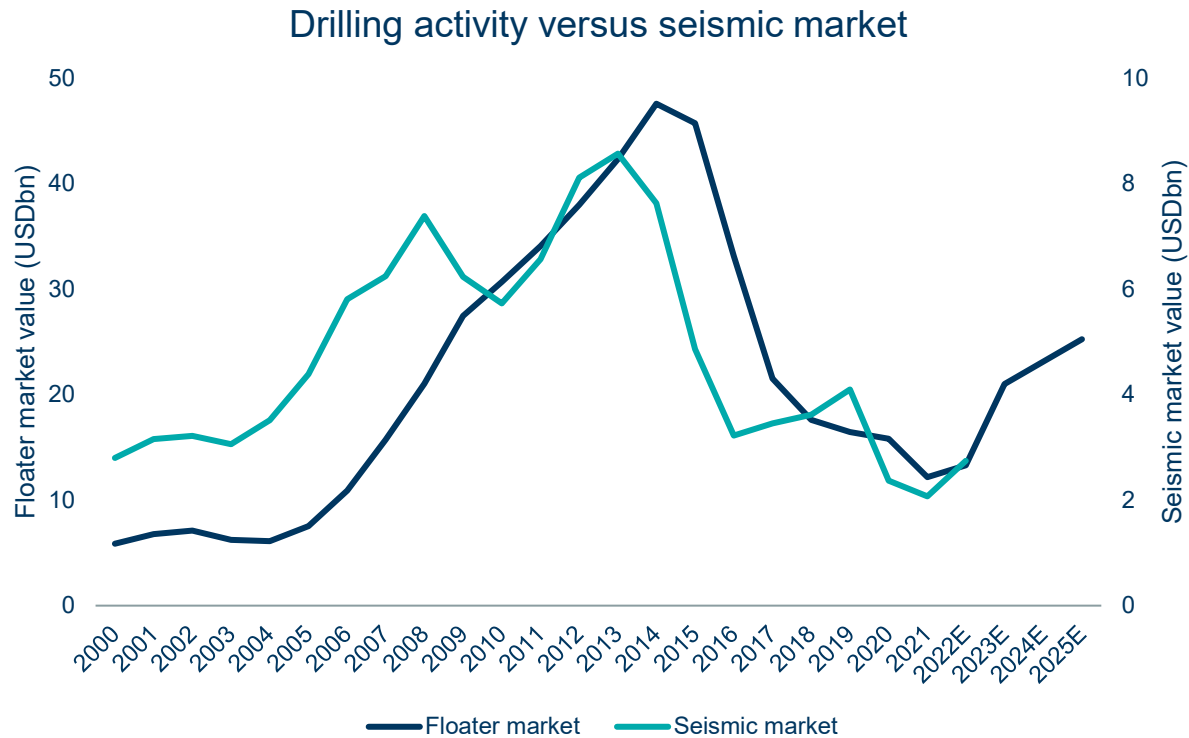
1. Quarterly dividends defined in USD from 2016. Annual dividends defined in NOK prior to 2016, converted to USD with the FX rate at ex-dividend dates  
 2. Average yield at the time of announcement of dividends

# Market Outlook





# Signs of continued recovery in seismic spending

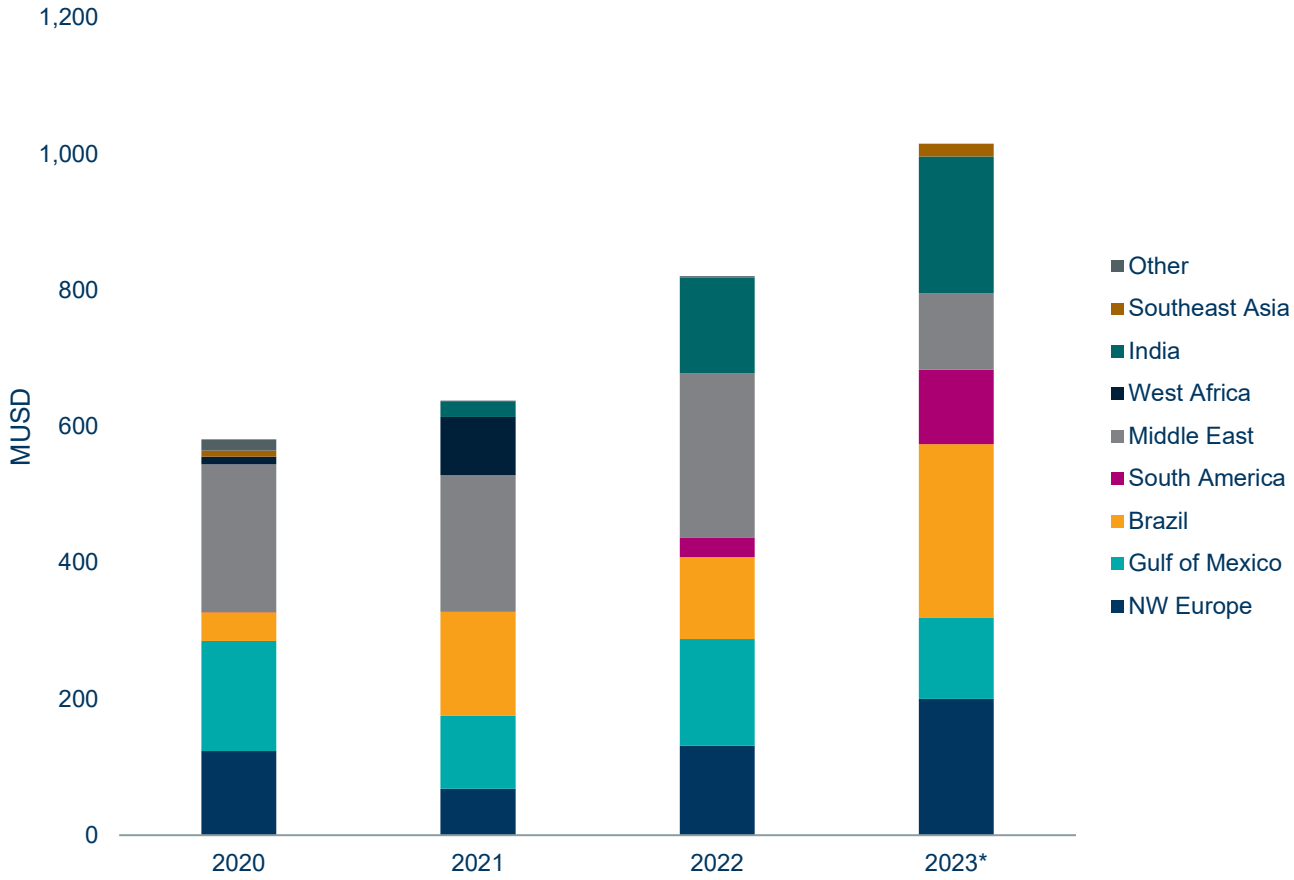


Source: ABGSC Research

- Global seismic market grew by more than 30% in 2022
  - TGS late sales growth of 167%
- Planned offshore drilling activity supports continued recovery in seismic market
- TGS well positioned with leading position both in frontier and mature regions
  - Broad portfolio offering – 2D,3D, 4D, OBN Imaging, geological data, leading multi-client library

# Strong growth in OBN demand

Estimated OBN market value



Source: TGS

\*Estimated value of awards to date

- Infrastructure-led exploration (ILX) and 4D driving strong growth in OBN market
- Magseis well positioned 35-40% market share

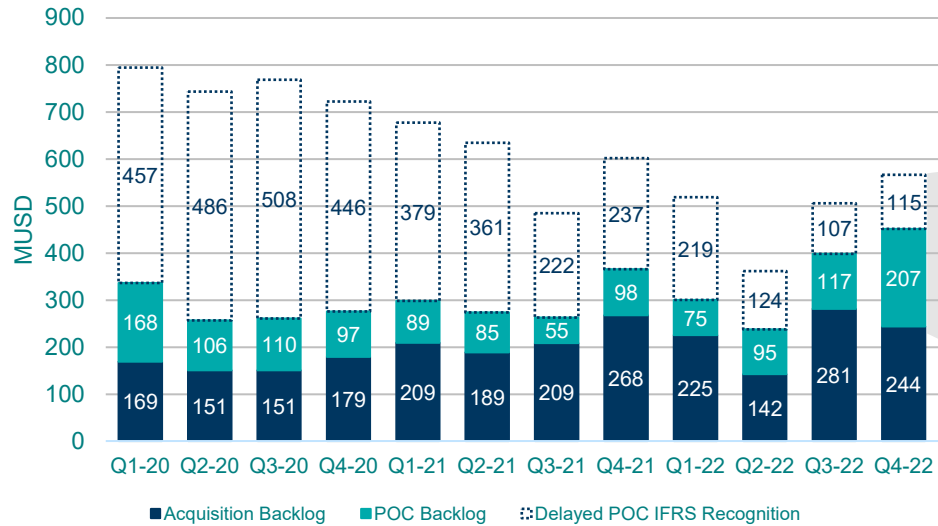
*“We continue to drive down unit cost. We continue to drive capital productivity in the Wells area. We’ve deployed new technology. Ocean Bottom Seismic now is being deployed widely across our portfolio, giving a better view of the barrels that remain.”*

From BP’s Q4 2022 conference call, 7 Feb 2023

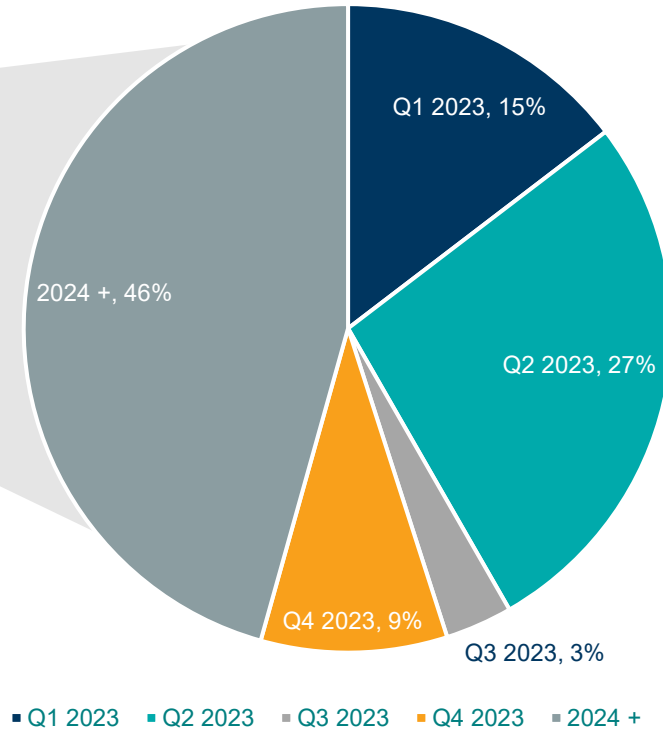


# Contract Backlog & Inflow

## Contract Backlog

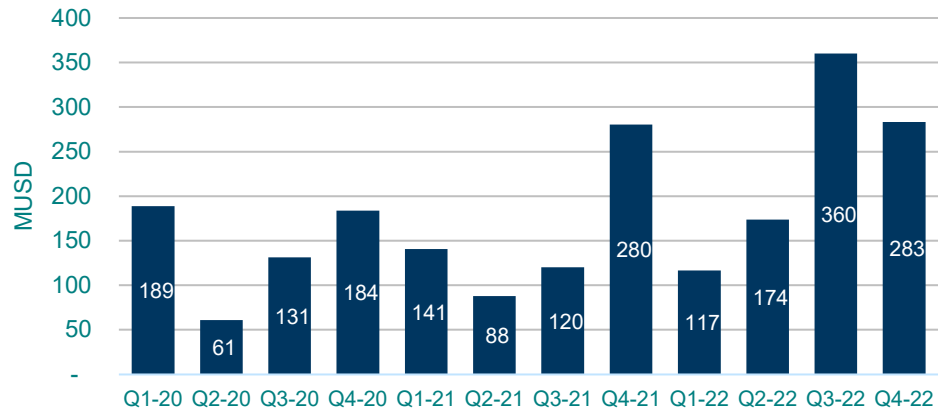


Early Sales expected recognition schedule in IFRS



Early Sales backlog accounts for USD 283 million of the total backlog

## Contract Inflow



Q1 2020 – Q3 2022 contract inflow and contract backlog figures are proforma assuming TGS ownership of Magseis.

# OBN crew activity plan

	Q4 22			Q1 23			Q2 23		
Crew	Oct	Nov	Dec	Jan	Feb	March	Apr	May	Jun
ZXPLR Crew 1	Grey	Grey	Grey	Red	Red	Red	Red	Red	Red
ZXPLR Crew 2	Grey	Grey	Grey	Grey	Grey	Grey	Grey	Grey	Grey
Z700 Crew							Teal	Teal	Teal
MASS Crew					Orange	Orange		Teal	Teal
RM Source Crew 1	Teal	Teal	Teal	Teal	Teal	Teal	Teal	Teal	Teal
RM Source Crew 2	Teal	Teal	Teal	Teal	Teal	Teal	Teal	Teal	Teal
RM Source Crew 3	Teal	Teal	Teal	Teal	Teal	Teal	Teal	Teal	Teal
Renewables projects			Teal	Teal	Teal	Teal			

US Gulf of Mexico
  Latin America
  North Sea
  Asia
  Available / maintenance

# License Round Activity

## North America

### **Canada:**

- Newfoundland - Q4 2023 (close)

### **US GOM:**

- Lease Sale 259 – Q1 2023 (close)
- Lease Sale 261 – H2 2023 (close)

## Latin America

### **Brazil:**

- Permanent Offer 4 – 2023 (Ongoing)

### **Suriname:**

- Deep Water – Q2 2023 (close)
- Shallow Water – Q1 2024 (close)

### **Guyana:**

- Offshore – Q2 2023 (close)

### **Barbados:**

- Offshore – H2 2023 (close)

### **Trinidad:**

- Onshore/Near Shore – H1 23 (close)

### **Uruguay:**

- Open Round – May and Nov (annual)

### **Argentina:**

- Offshore Round 2 – 2023 (open)

## Europe

### **Norway:**

- 2022 APA Round – Q1 2023 (award)
- 2023 APA Round – Q3 2023 (close)

### **UK:**

- Carbon Storage Round – Q1 2023 (award)
- 33<sup>rd</sup> UK Offshore Round – Jan 2023 (close)

## Africa

### **Angola:**

- 2023 round – 8 blocks
- 2025 round – 10 blocks
- Out of Round direct awards legally decreed

### **Egypt:**

- Onshore & Offshore Rounds – 2023 launch

### **Gabon:**

- Open Door

### **Ghana:**

- Open Door for available blocks and farm-in

### **Lebanon:**

- 2022 Round – 30 June 2023 (close)

### **Liberia:**

- Open Door – indefinite end

### **Nigeria:**

- Deep Water Mini Round Jan – May 2023

### **Mozambique:**

- Blocks awarded

### **Sierra Leone:**

- 2022 Round – 29 Sep 2023 (close)

### **Somalia:**

- Expected March – Aug 2023

## Asia-Pacific

### **Australia:**

- 2021 Acreage Release – awards expected H1 2023
- 2022 Acreage Release – 2 March 2023 (close)

### **India:**

- Bid Round IX announced Q4 2022

### **Indonesia:**

- 2022 1<sup>st</sup> round – awards expected H1 2023

### **Malaysia:**

- 2022 MBR round - PSC awards Jan-Feb 2023
- 2023 MBR round – Feb 2023 (open)

### **Bangladesh:**

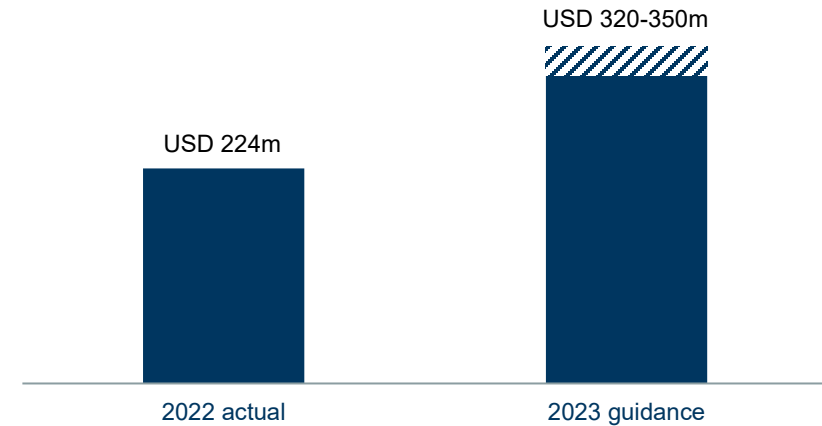
- Offshore round - expected H2 2023

*Overview is showing scheduled rounds only and is not exhaustive. Several countries, particularly in Africa and Latin America, are planning rounds over the next couple of years*

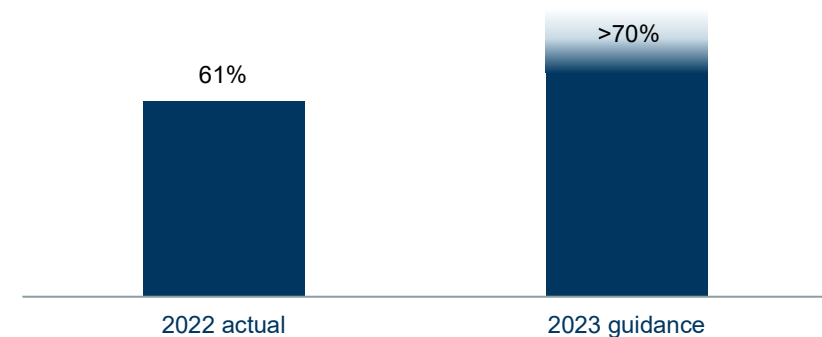
# Guidance 2023

- Multi-client investments USD 320-350 million
  - More than USD 200 million committed currently
- POC Early sales rate >70%
- Dividends of USD 0.14 per share per quarter
- Further details on financial outlook to be provided at Capital Markets Day on 7 March 2023

Expected 2023 multi-client investments



Expected 2023 POC early sales rate\*

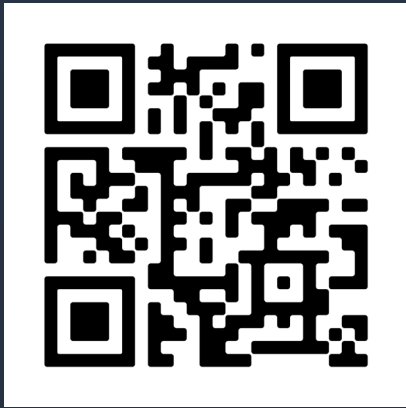


# TGS Capital Markets Day LIVE in Oslo

7 March 2023 | 13:00 CET

## Key Topics

- The dual challenge – Energy and Environment
- Market outlook for energy data and acquisition
- Financial outlook for TGS
- Status Magesis integration
- Strategic priorities
- Meet the executives



Scan to register!

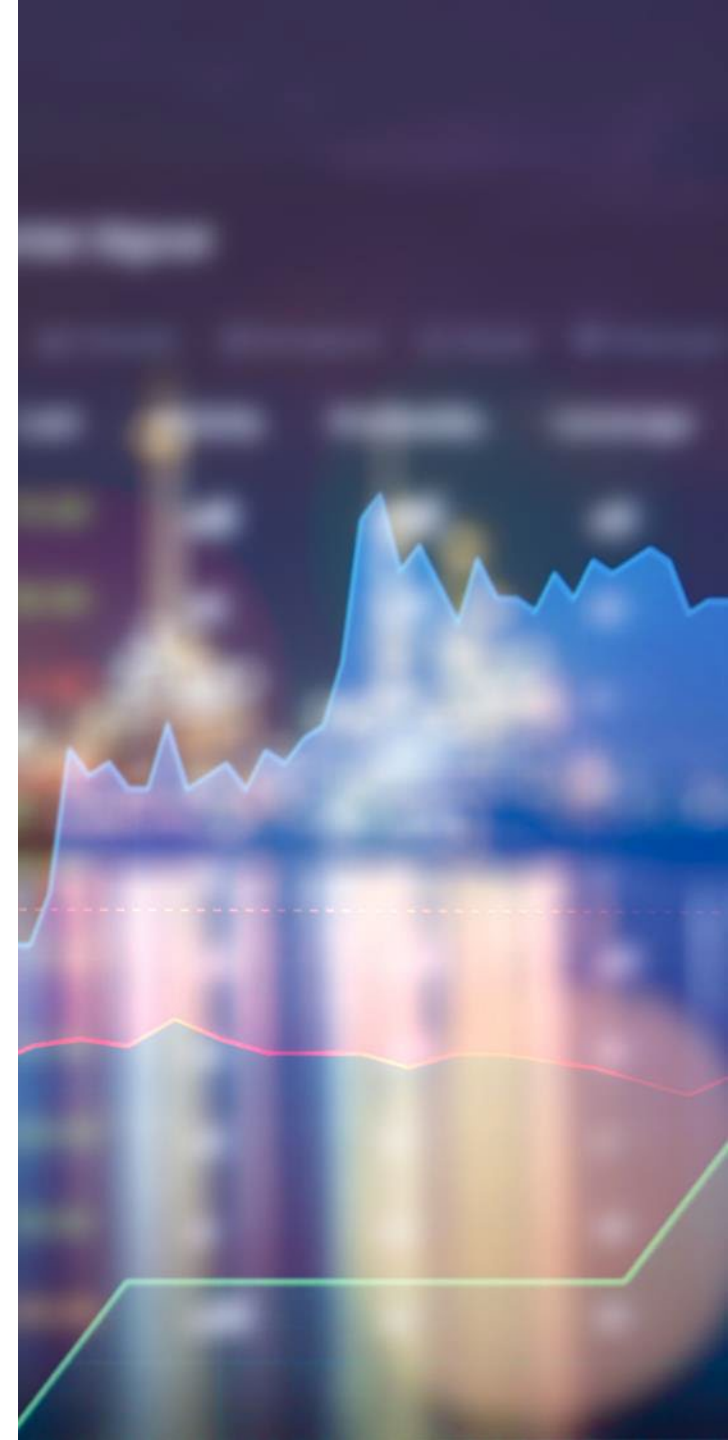
## KEYNOTE

**DR. SCOTT TINKER**



# Summary

- **Significant market improvement**
  - Best Q4 late sales since 2014
  - Continuous improvement in order inflow
  - Total backlog of USD 451 million
- **Robust balance sheet**
  - Cash balance of USD 189 million after significant M&A activity
  - Low interest-bearing debt
  - Strong working capital position from end-of-year sales
- **Industry leading OBN position**
  - Healthy backlog
  - Promising pipeline and lack of supply
- **MC investments back to pre-COVID levels**
  - Guided investments of USD 320-350 million
  - High visibility and pre-funding levels





**Thank you**

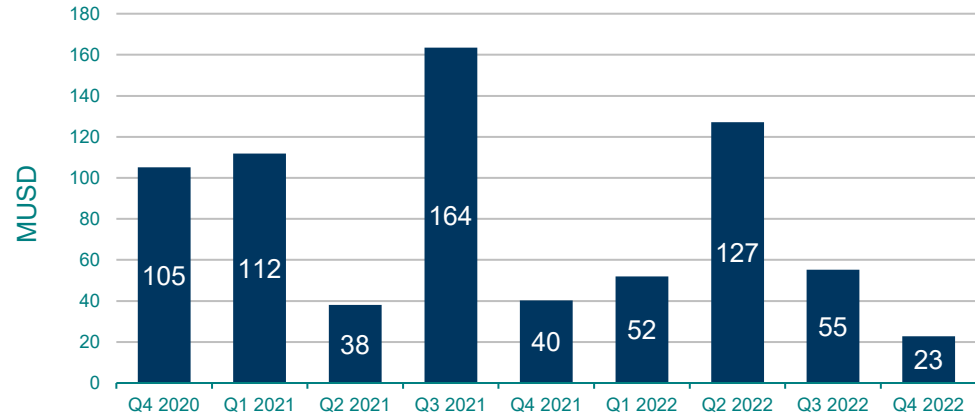


# Appendix

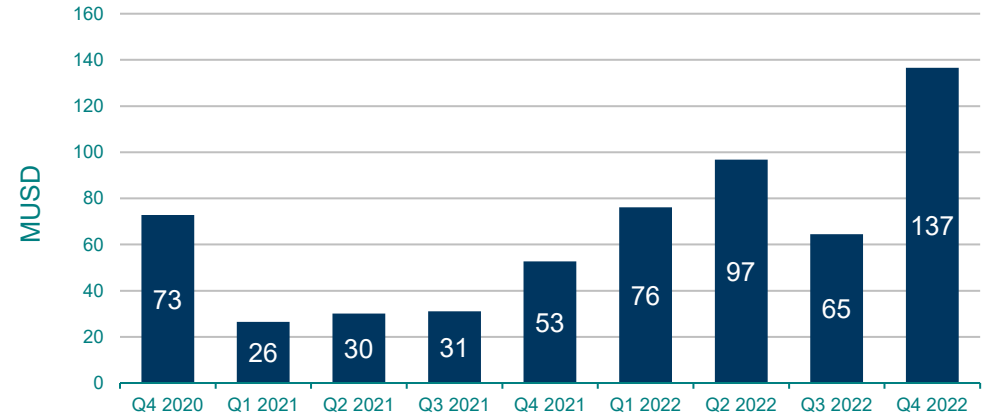


# IFRS Operating Revenues

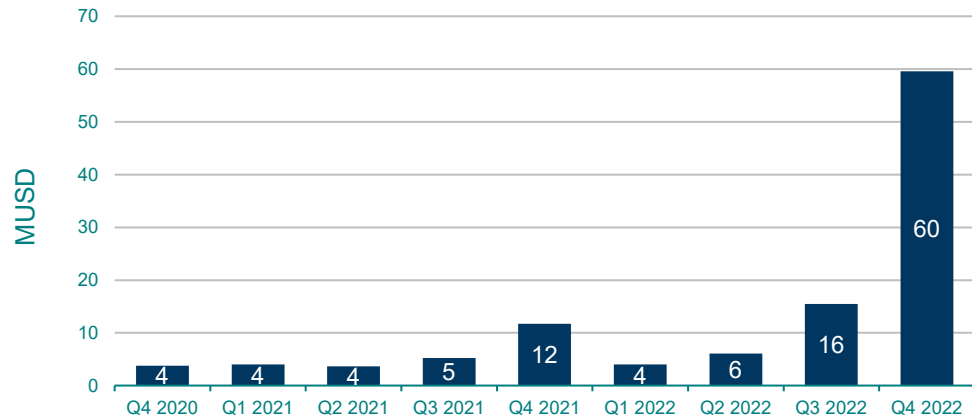
## Early Sales Revenue



## Late Sales Revenue



## Proprietary Sales Revenue



## Total Revenue

