

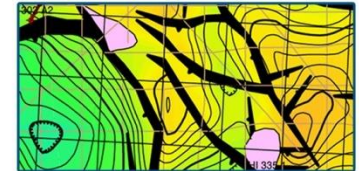
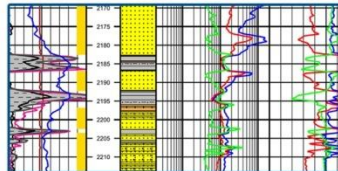
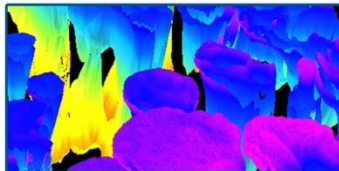
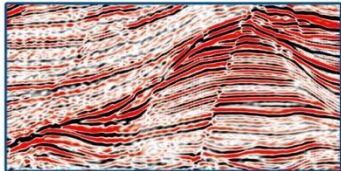
# TGS

## Pareto Oil & Offshore Conference 2013

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Robert Hobbs  
CEO

Kristian Johansen  
CFO



*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.*

- Leading provider of multi-client seismic data and related geoscientific products to the oil & gas industry
- Main offices: Houston and Oslo  
Regional offices: London, Perth, Calgary and Rio de Janeiro
- Fundamental values: Unmatched Quality and Service, Growth for Stakeholders
- Approximately 850 employees
- Traded on Oslo Stock Exchange, in OBX Index (25 most liquid shares at the OSE)
- Market Cap: ~\$3.5 billion

## TGS Main Offices



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

**1981**

TGS was formed in the US, focused on multi-client seismic data in the Gulf of Mexico.

NOPEC was formed in Norway, focused on multi-client seismic in North Sea



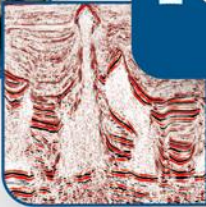
**1998**

TGS merged with NOPEC to form a global multi-client company, and listed on the Oslo Stock Exchange



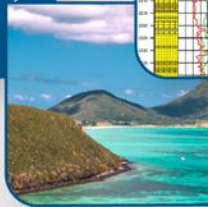
**1990**

First TGS 3D seismic survey in the US



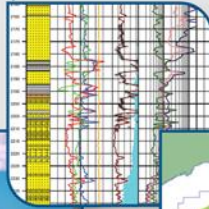
**2000**

TGS expanded library into Sierra Leone and Liberia



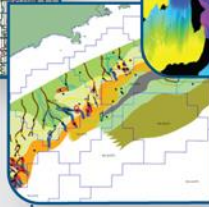
**2002-03**

TGS purchased A2D Technologies and Riley's Electric becoming the largest supplier of well data in North America



**2005**

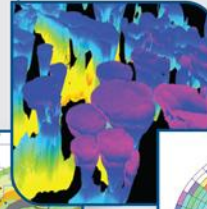
TGS acquired Aceca Geological to expand multi-client interpretation studies and strengthen internal Geoscience expertise



**2007**

TGS acquired Parallel Data Systems adding 3D pre-stack depth migration and high-end imaging services

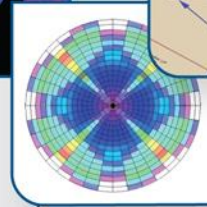
TGS proprietary imaging software differentiates multi-client Library



**2008**

TGS acquired first Wide Azimuth data in the Gulf of Mexico

TGS enters 3D multi-client market in Sierra Leone



**2010**

TGS acquired the directional survey business of P2 Energy Solutions' Tobin business line



**2011**

TGS expands service offering into permanent reservoir monitoring through acquisition of Stingray Geophysical Ltd.

Large 3D multi-client projects in Australia commence



**2012**

TGS enters onshore US multi-client market

TGS enters 3D multi-client market in Angola

TGS acquired Arcis Seismic Solutions entering the onshore multi-client and imaging business in Canada

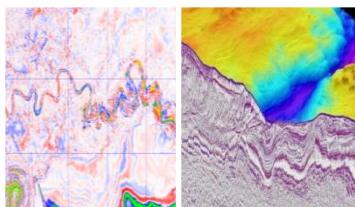


# Well Positioned in the Seismic Value Chain

## Multi-client

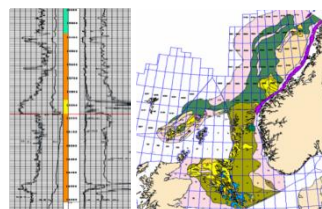
## Services

### Geophysical Data



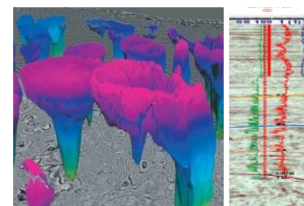
- 2D Seismic
- 3D Seismic
- Wide Azimuth Seismic
- Aeromagnetics
- Gravity
- Electromag (CSEM)
- Multi-beam

### Geological Data



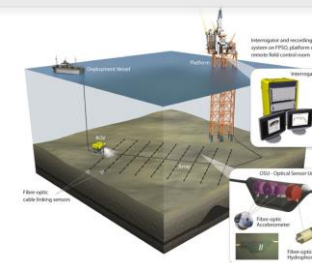
- Digital well data
- Directional Surveys
- Production data
- Regional geologic interpretation
- Facies Map Browser
- Interpretive services

### Imaging Services



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

### Reservoir



- Integrated Permanent Reservoir Monitoring solutions
- Deepwater and congested seabed solutions
- 4D seismic surveys
- Well integrity monitoring
- Micro-seismic monitoring



## Asset light business model

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



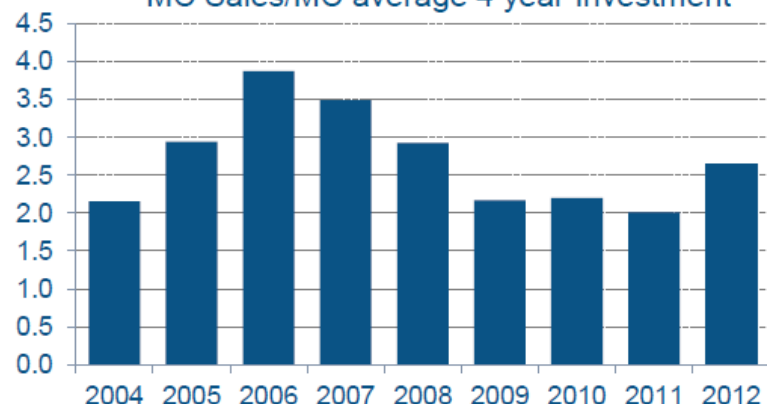
## Quality

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

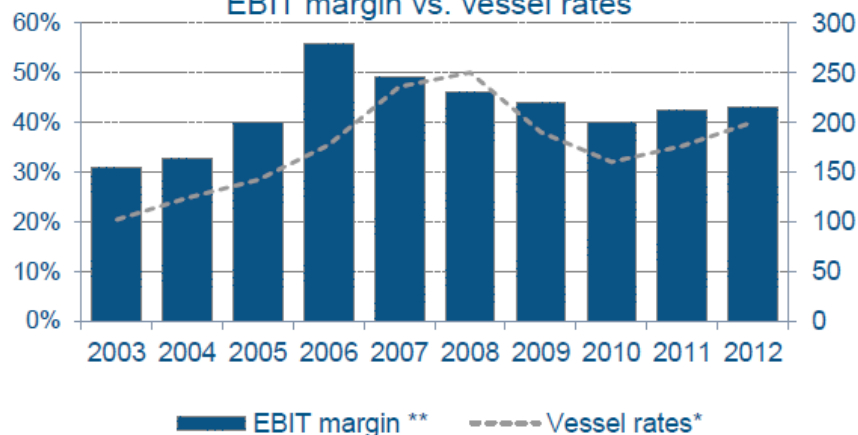
## Global

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

MC Sales/MC average 4 year Investment



EBIT margin vs. vessel rates

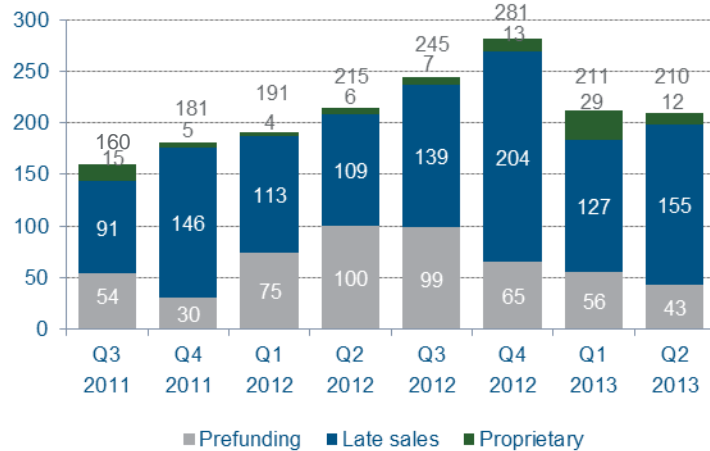


\* Average vessel rates per year for an 8 streamer 3D boat.  
Source: ODS Petrodata. (Note that rates may differ from actual rates paid by TGS).

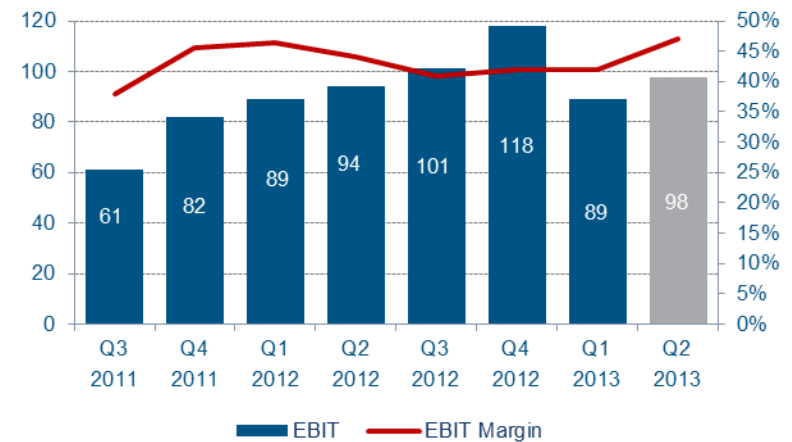
\*\* TGS historical EBIT margins excluding one off items.

- TGS' multi-client projects return 2-2.5 times cost.
- Demand for data drives TGS performance
- TGS best at top of the cycles, but multi-client model also provides protection at the bottom of the cycle
- EBIT margin correlates strongly with oil price, E&P spending and vessel prices due to increased library sales

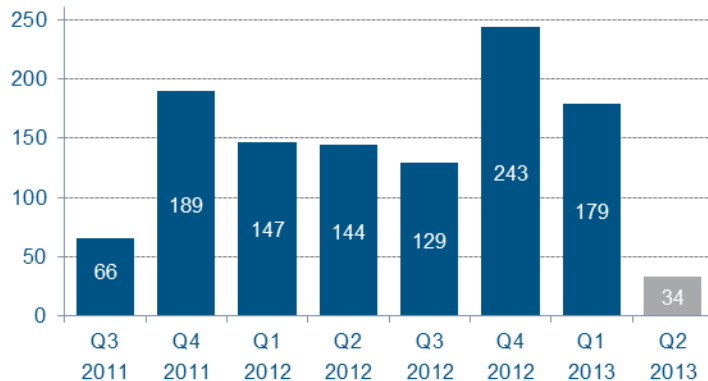
## Net Revenues



## EBIT before non-recurring items



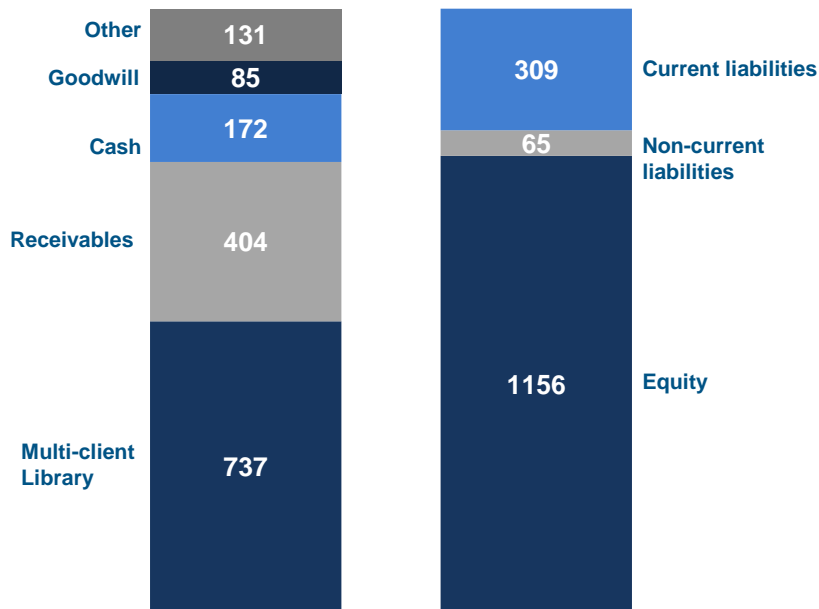
## Cash Flow from Operations



## Multi-client NBV and Investments (operational)



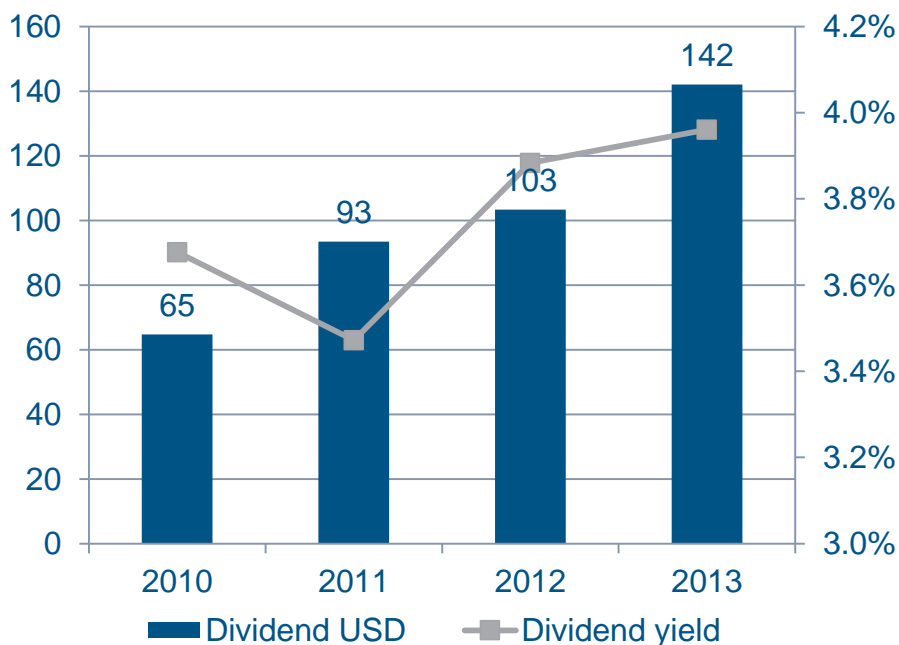




- Cash balance per Q2 2013 represents 172 MUSD
- Dividend of 142 MUSD paid in June 2013
- Strong balance sheet provides excellent opportunities to continue growth
  - M&A
  - Strong credit quality attracts prefunding
  - Flexibility

**No interest bearing debt and strong cash balance**

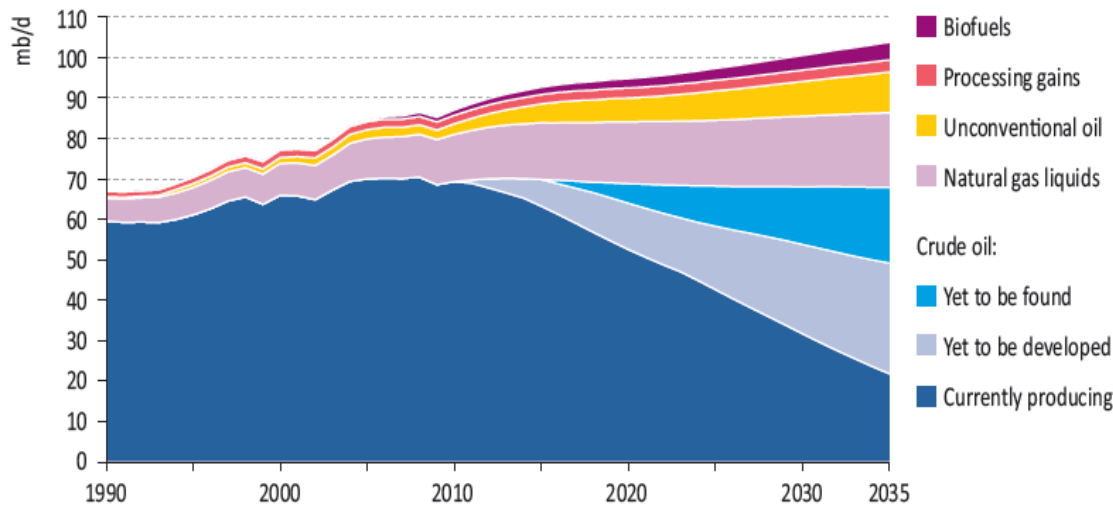
- Dividend yield of 3.5% to 4.0% during last 4 years
- TGS holds approximately 1.2 million treasury shares
  - ~1% of shares
  - AGM has authorized to buy back up to 10% of shares
- Buy backs may be considered to adjust capital structure



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

# Outlook

## World Liquid Fuel Supply

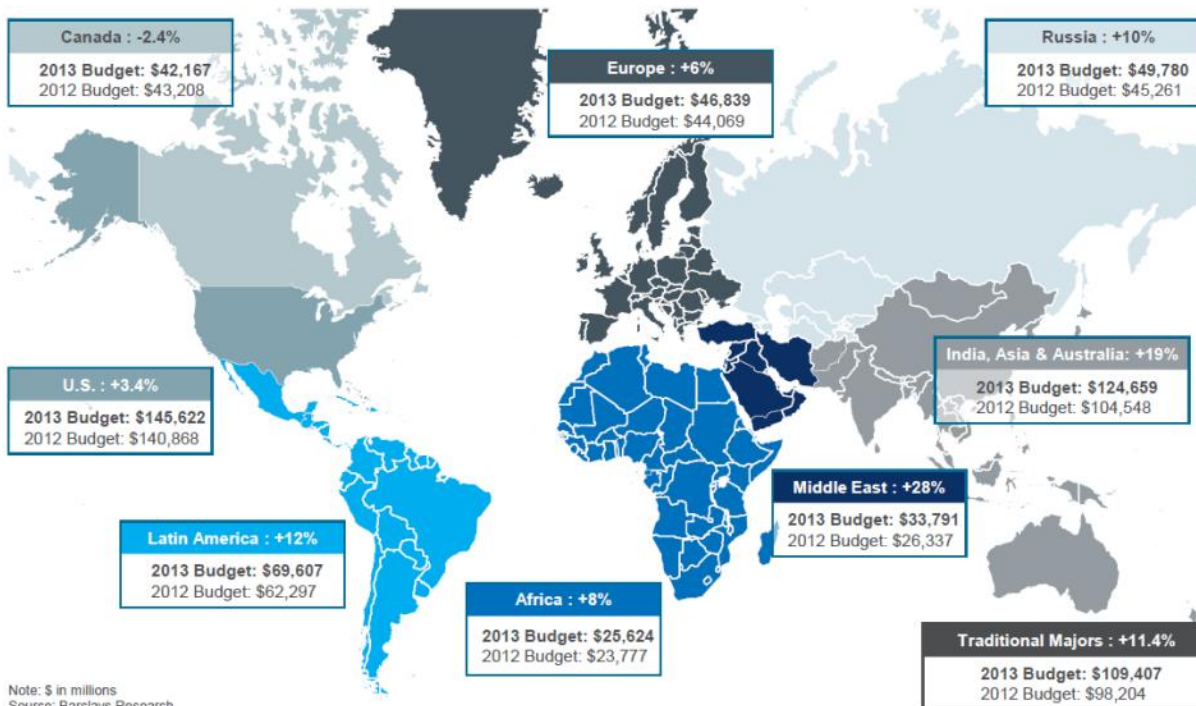


Source: IEA World Energy Outlook 2011

- Oil and gas reserves continue to decline
- More oil produced from existing reserves than we are discovering
- Political instability and closed markets reduces available acreage in known oil producing areas, putting more pressure on exploring new frontiers offshore and onshore

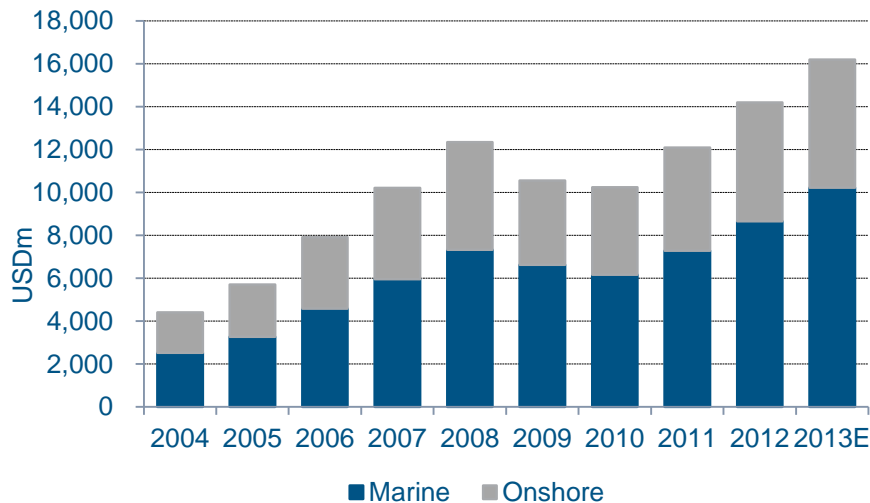
**Increasing investments are required just to maintain reserve replacement**

- Barclays expect 2013 global E&P spending to reach 678 BUSD (revised June 2013)

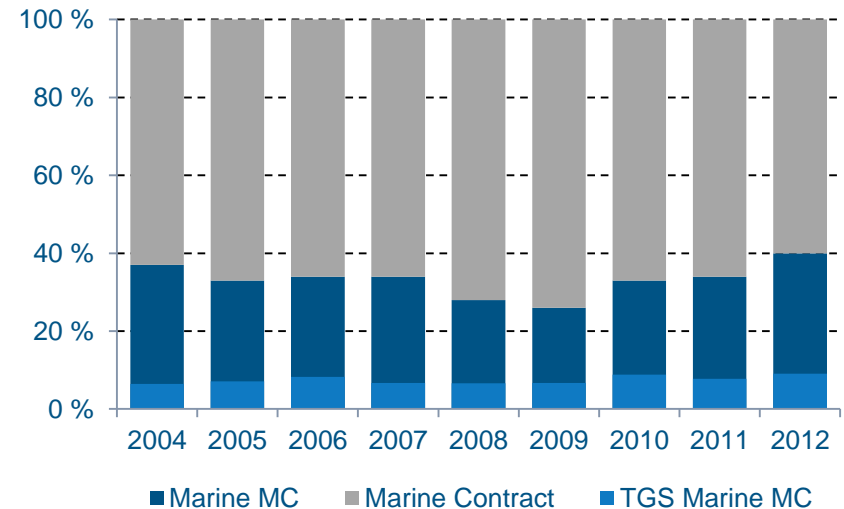


- More than 300 oil and gas companies worldwide participated in the Barclays Capital survey about their spending intentions for 2013.
- According to the Barclays Capital survey (updated June 2013), global E&P spending in 2013 is expected to increase 9.9% to 678 BUSD, versus 617 BUSD in 2012.
- Acceleration expected to be led by increased expenditures internationally (up 13%)
- Companies are on average basing 2013 capital spending budgets on an average oil price of \$86 WTI and \$101 Brent.

## Seismic spending steadily increasing...



## Multi-client outgrowing contract



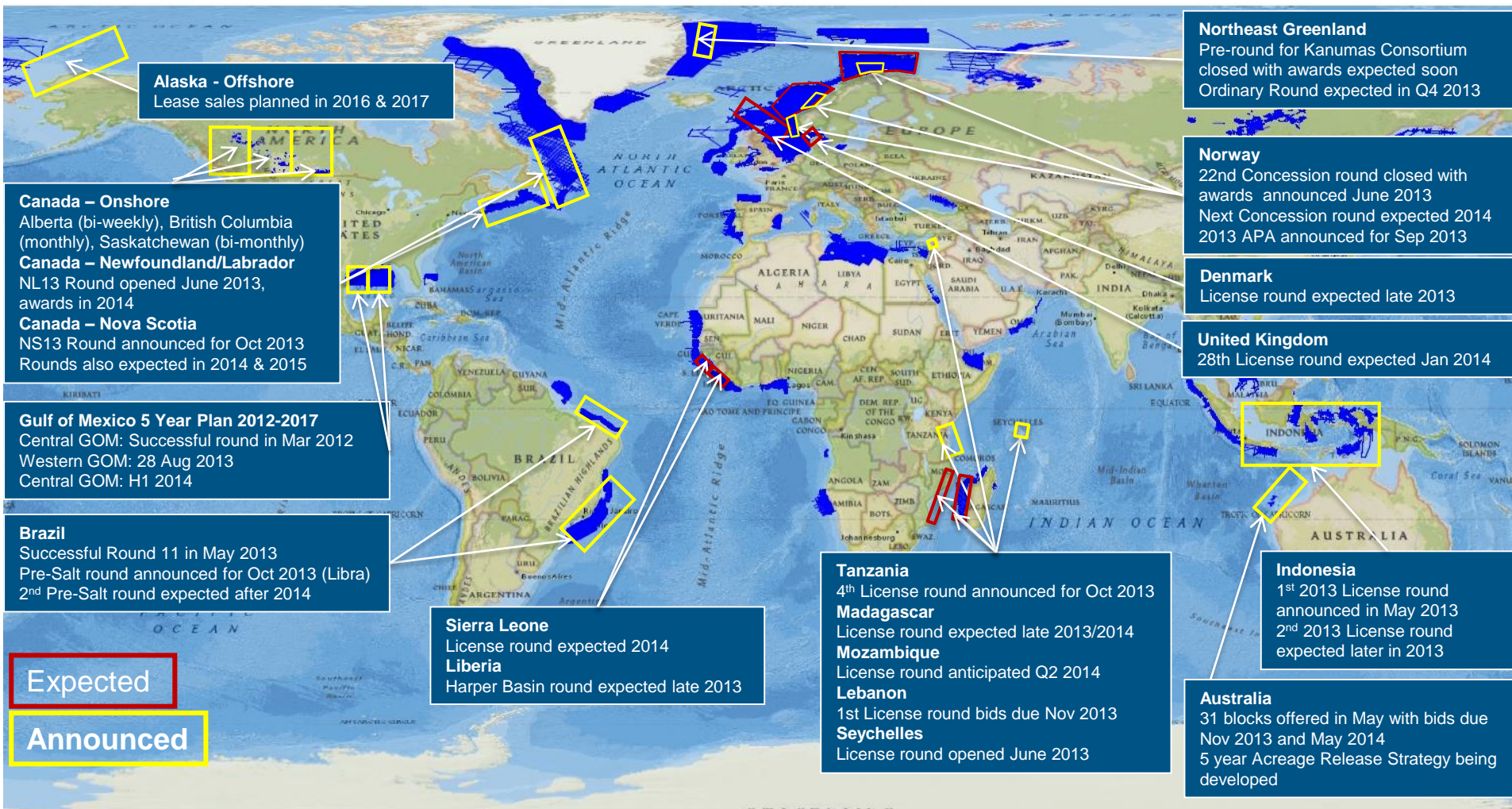
## TGS available market growing:

- Strong growth in seismic spending both marine and onshore
- Total seismic revenues expected to reach \$16 billion in 2013 according to SEB research
- Multi-client driving growth – represented 40% of total marine seismic revenues in 2012

Source: SEB, ABGSC, TGS



# License Round Activity and TGS Positioning

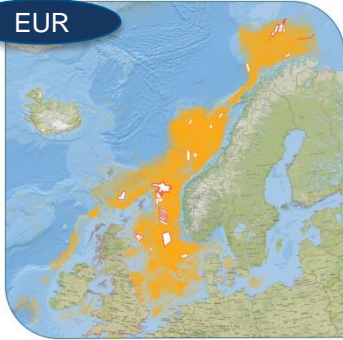


## Geographic region

## Share of Q2 2013 revenues

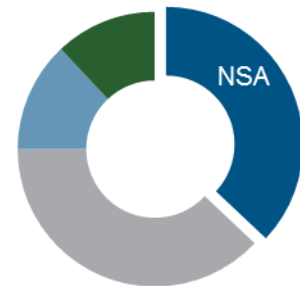
## Key drivers for future investments and growth

EUR



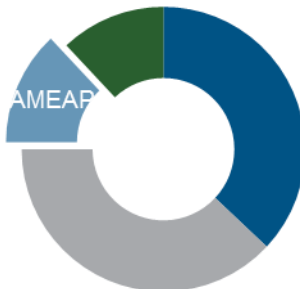
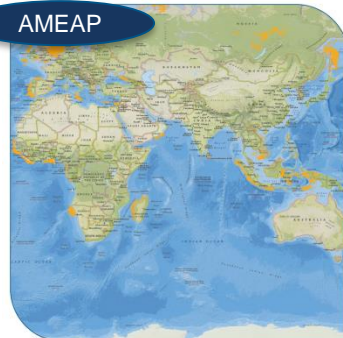
- Application of modern seismic technology aids recent discoveries in mature North Sea market
- Application of complementary technology (such as controlled source electromagnetics) opens new investment opportunities
- New investments executed in preparation for 2014 license rounds
- Developing a dominant position in Barents Sea

NSA



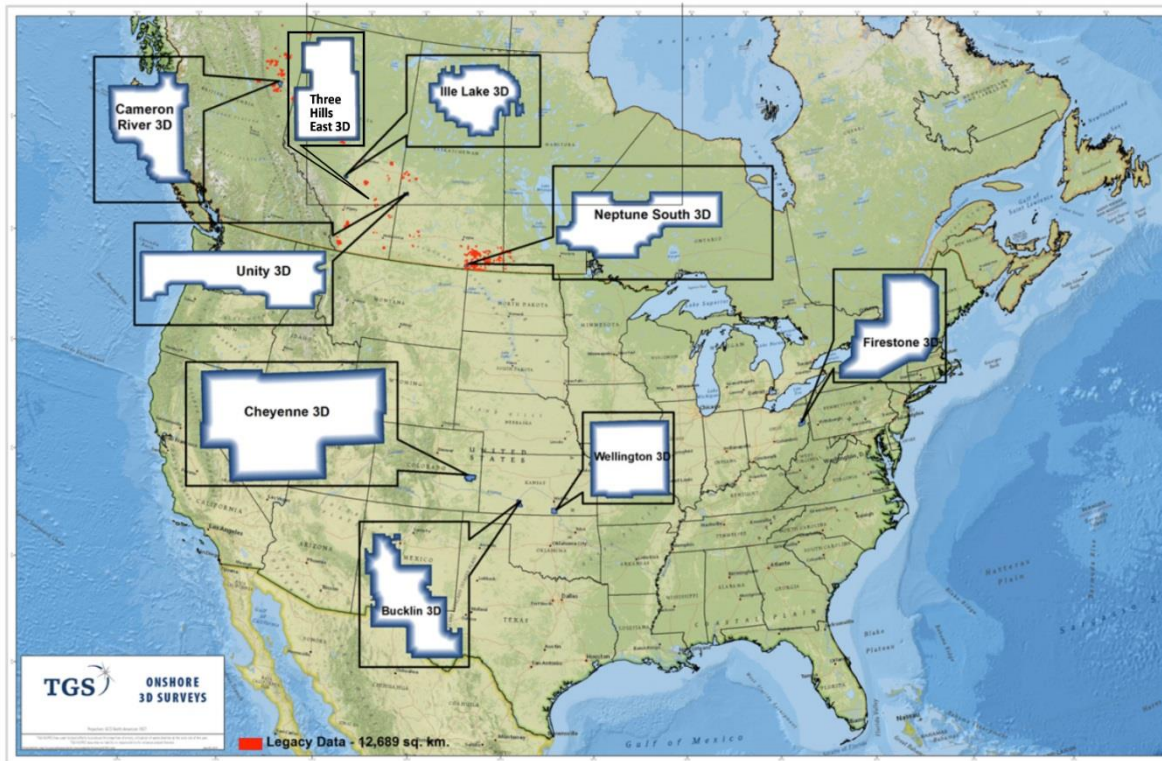
- BOEM 5 year plan 2012-2017 provides visibility of GOM lease sales
- 2013 GOM Central Lease Sale had good alignment between areas of interest and TGS data
- Exploration success in new plays (Jurassic) positions TGS well with new investments
- 2013 Brazil license rounds fuel further industry interest
- Exciting opportunities in Latin America, Arctic and Eastern Canada

AMEAP



- Strong industry interest in the West African transform margin with proven potential
- Growing exploration interest in East Africa where BGP partnership positions TGS well for new projects
- South Atlantic pre-salt plays in Africa could hold potential similar to Brazil
- Increasing industry interest in Australia and legal framework facilitates new multi-client projects





## United States

- **Firestone 3D** - expanded to 1050 km<sup>2</sup> of 3D data in liquid rich Utica play
- **Bucklin 3D** - 678 km<sup>2</sup> of 3D data in Mississippi Lime oil play
- **Wellington 3D** - 785 km<sup>2</sup> of 3D data in Mississippi Lime oil play
- **Cheyenne 3D** - 1,689 km<sup>2</sup> of 3D data focused on liquids in Mississippian and Pennsylvanian intervals

## Canada

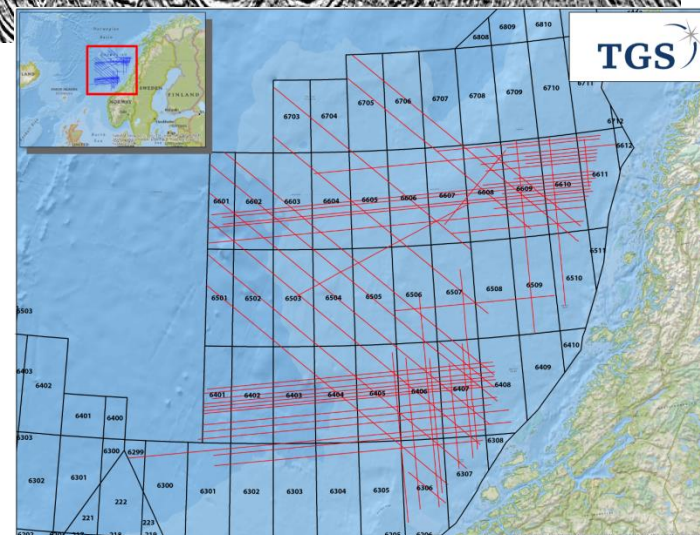
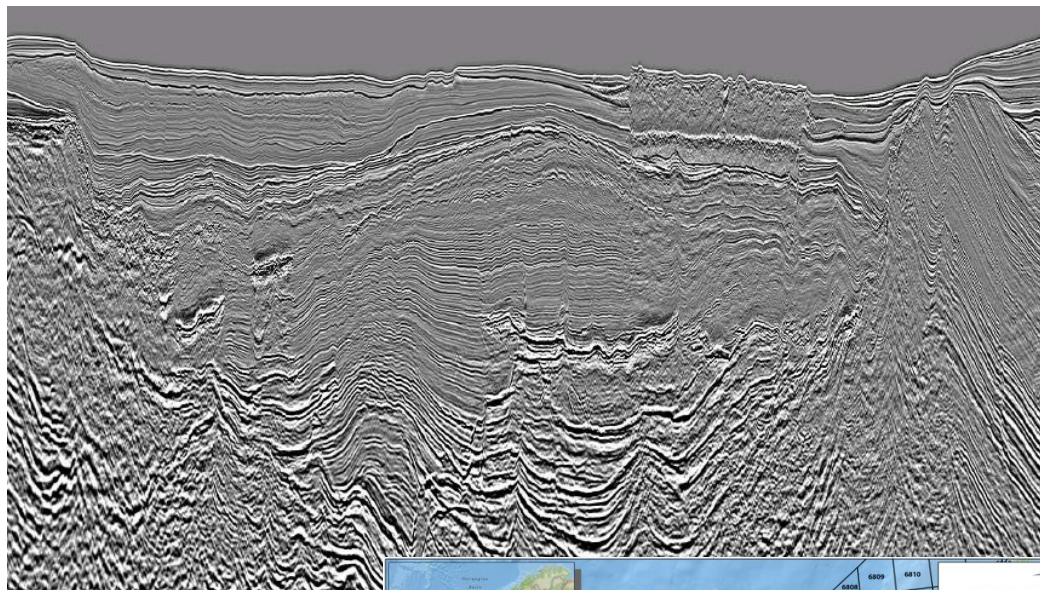
- **Neptune South** - 218 km<sup>2</sup> of 3D data in Bakken oil play
- **Unity North** - 130 km<sup>2</sup> of 3D data in Birdbear play of Western Saskatchewan
- **Cameron River** - 461 km<sup>2</sup> of 3D data in liquids rich Triassic Montney and Doig unconventional fairways
- **Ille Lake** – 180 km<sup>2</sup> of 3D data in the deep basin of Central Alberta
- **Three Hills East 3D Data** - 150 km<sup>2</sup> of 3D data in Nisku and emerging Duvernay plays of South Central Alberta
- **Legacy 3D Data** - 12,689 km<sup>2</sup>

## Clari-Fi™

- Processing methodology that increases bandwidth and improves imaging
- May be applied to conventionally acquired pre- or post-stack data
- Addresses ghost and earth filtering effects

Can be applied to both new projects and existing library data

- Norwegian Sea Example:  
Reprocessed over 15,000 km 2D data in the Norwegian Sea ahead of the September 2013 APA license round



# Strategic Partnerships signed in 2013



- Three year agreement with BGP to jointly acquire, process and market 2D and 3D multi-client seismic data offshore Madagascar and East Africa
- Leverage respective strengths to build a strong portfolio of new multi-client projects in highly prospective region



- Cooperation agreement signed with EMGS to develop joint multi-client projects in defined areas in NW Europe
- TGS gains access to 2D/3D CSEM data to design and acquire new 3D seismic projects, while EMGS will be given access to TGS' 2D grid as the basis for planning new 3D CSEM projects



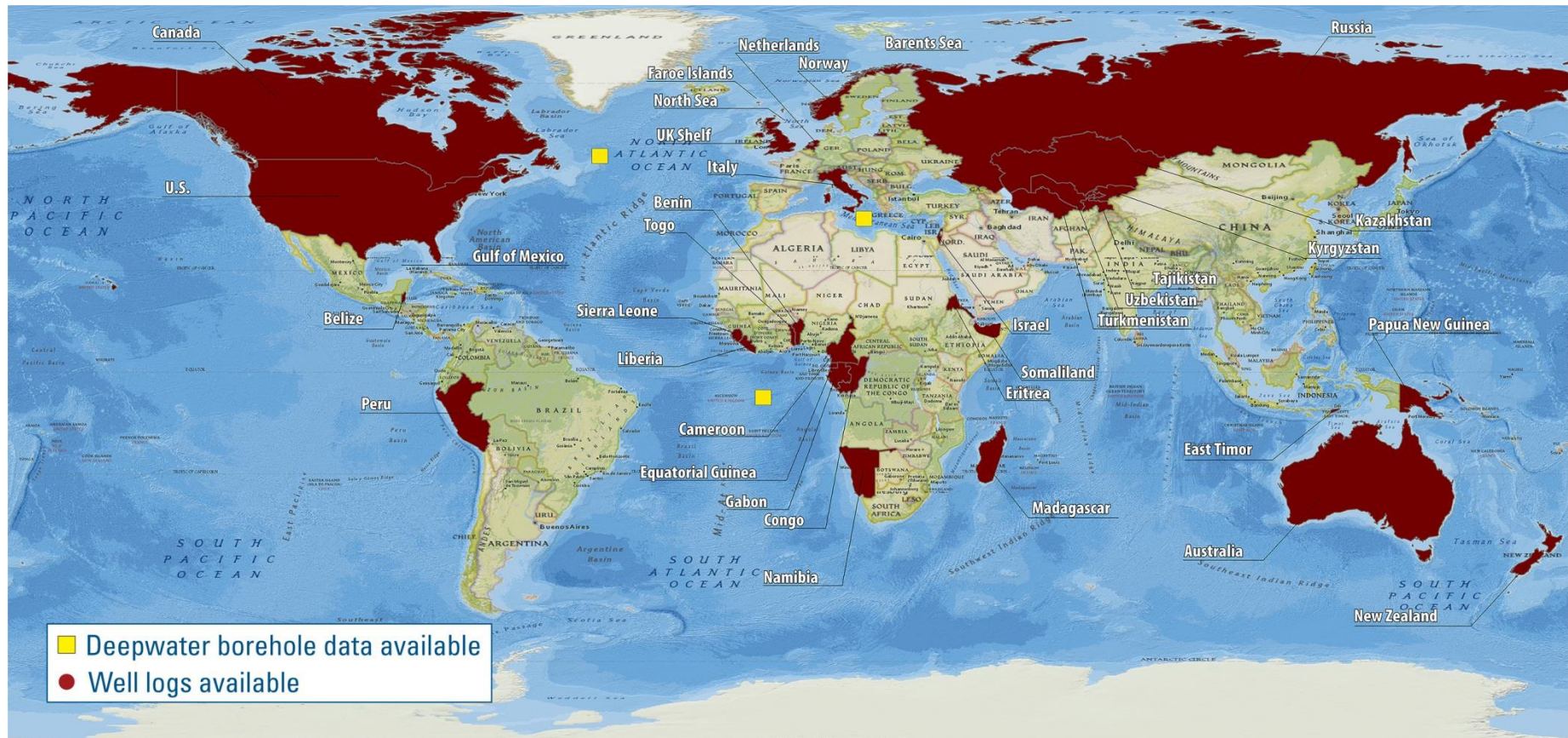
- LOI signed with Magseis covering exclusive multi-client partnership using new Ocean Bottom Seismic technology
- Joint projects being planned with promising customer feedback



- Exclusive right to license and market the majority of Fugro's multi-client 2D library and receive commission fees on the sales of this data
- The agreement covers more than 1,000,000 km of seismic data in areas of great strategic interest for TGS



# Well Log Coverage by Country



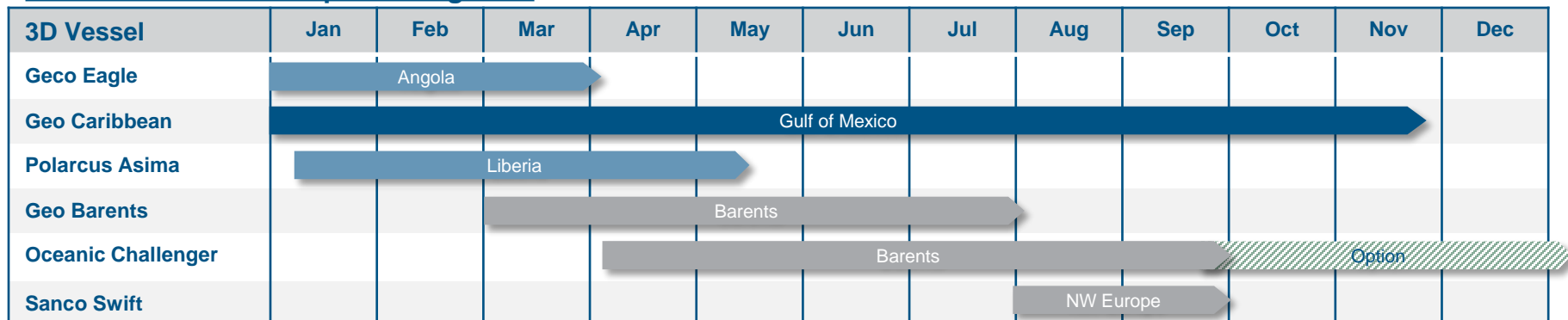
- TGS owns and manages a global well log database
- Strong synergies with multi-client seismic data business



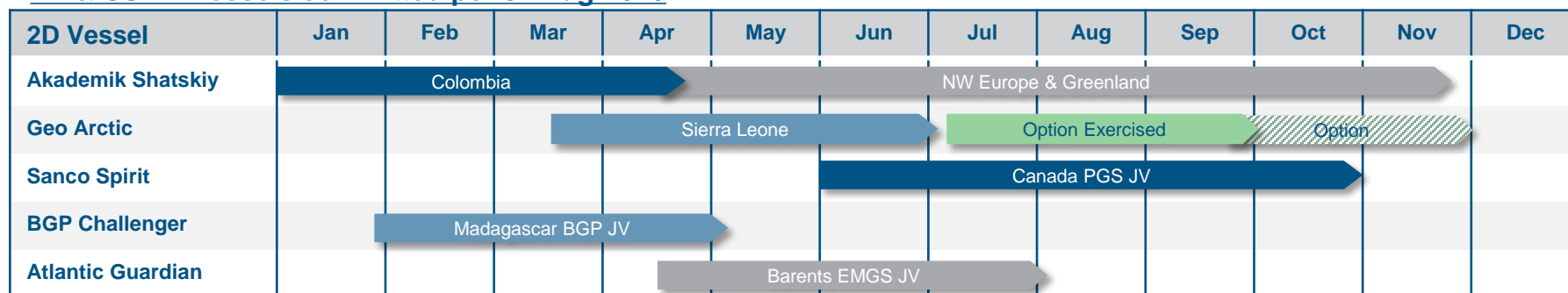
# Acquisition Capacity Secured



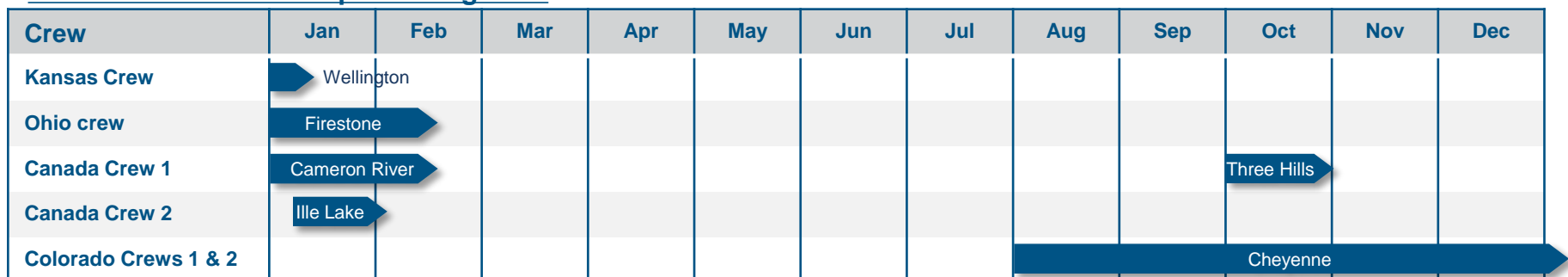
## 3D Vessels committed per 31 Aug 2013



## 2D & CSEM Vessels committed per 31 Aug 2013

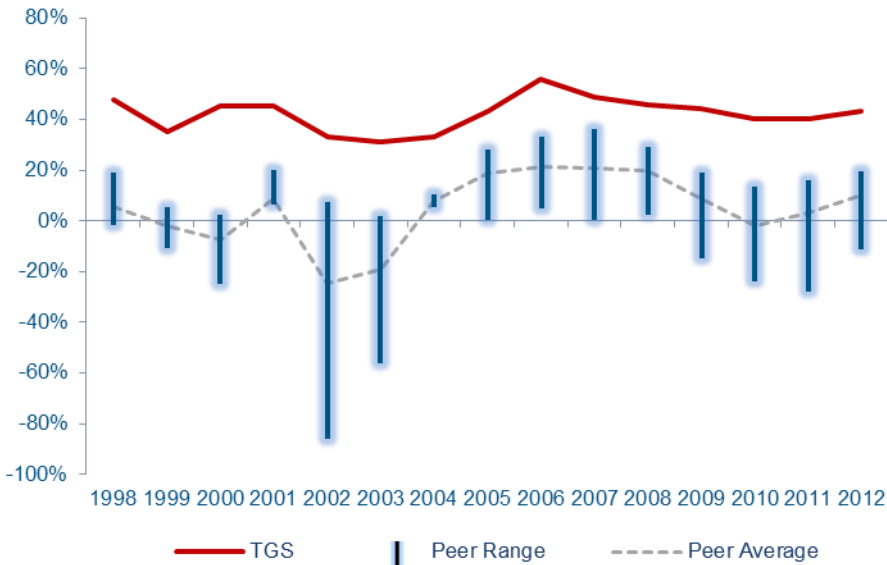


## Land Crews committed per 31 Aug 2013

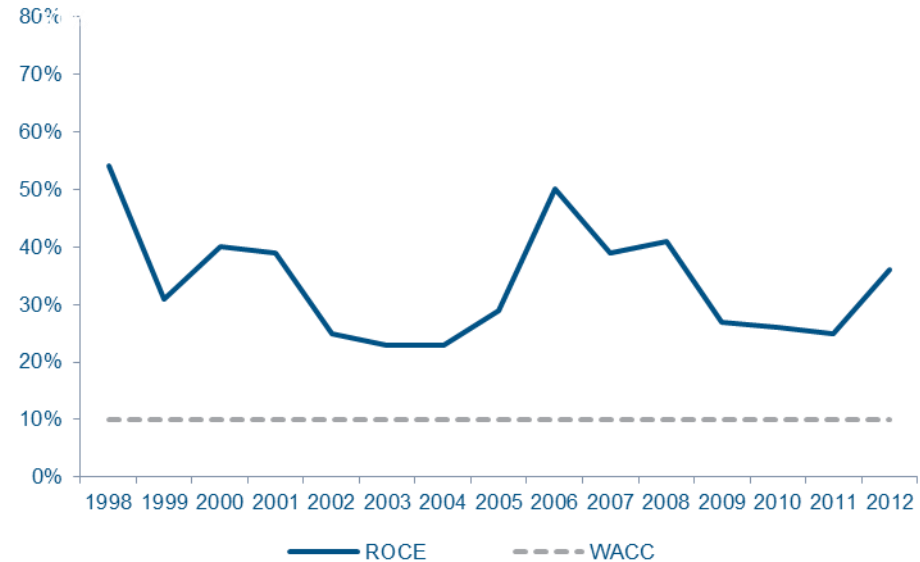


- Q2 revenues of 210 MUSD (with 47% EBIT margin)
- Q2 late sales of 155 MUSD (Second highest in Company's history)
- NOK 8 per share dividend paid in June 2013 (142 MUSD)
  - Dividend yield of 4%
- Quality of TGS data library demonstrated by strong customer demand
- Commercial agreements with BGP, EMGS and Magseis provide growth opportunities
- Full year 2013 guidance:
  - Multi-client investments 520 – 590 MUSD
  - Average pre-funding 40 – 50%
  - Average multi-client amortization rate 40 – 46%
  - Net revenues 920 – 1000 MUSD
  - Contract revenues approximately 5% of total revenues

## 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, Fugro, Geokinetics, ION Geophysical, PGS, Western Geco, GGS  
Source Platou Markets and TGS

# Thank you

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