TGS EARNINGS RELEASE
4th QUARTER RESULTS

4th QUARTER AND FULL YEAR 2016 FINANCIAL HIGHLIGHTS

(All amounts in USD 1,000s unless noted otherwise)	Q4 2016	Q4 2015	YTD 2016	YTD 2015
Net operating revenues	**164,687**	**131,735**	**455,991**	**612,347**
- Net prefunding revenues	17,103	36,659	105,198	256,658
- Net late sales revenues	144,537	90,223	333,353	333,936
- Net proprietary revenues	3,045	4,853	17,437	21,752
EBIT	**41,970**	**(139,858)**	**53,035**	**(21,230)**
- EBIT margin	25%	-106%	12%	-3%
Pre-tax profit	**38,650**	**(141,549)**	**52,675**	**(24,505)**
Net income	**23,882**	**(121,547)**	**22,240**	**(28,347)**
EPS (fully diluted)	**0.23**	**(1.19)**	**0.22**	**(0.28)**
Operational investments in new projects (1)	**88,307**	**87,964**	**271,181**	**501,653**
- Pre-funding % on operational investments	37%	47%	48%	52%
- Pre-funding % on operational investments incl. risk sharing arrangements	19%	42%	39%	51%
Amortization (2)	(92,230)	(230,192)	(297,693)	(507,276)
MC library ending net book value	**812,399**	**838,916**	**812,399**	**838,916**
Return on average capital employed (3)	5%	-2%	5%	-2%
Equity ratio	79%	82%	79%	82%
Cash flow from operations	78,605	99,100	324,366	566,513
Free cash flow (after MC investments)	33,387	(19,842)	91,069	62,901
Cash balance	**190,739**	**162,733**	**190,739**	**162,733**

1) Includes USD 42 million and USD 51 million of investments related to risk sharing arrangements in Q4 2016 and YTD 2016, respectively
2) The 2016 amortization reflects the new amortization policy for seismic surveys effective from 1 January 2016
3) Trailing 12 months

- Strong late sales performance in Q4 2016
- Although some improvement seen over the past year, market conditions are expected to remain challenging in 2017
- Quarterly dividend maintained at USD 0.15 per share
- 2017 Guidance:
  - New multi-client investments* at approximately the same level as in 2016
  - Pre-funding of new multi-client investments* expected to be approximately 40-45%

*New multi-client investments excluding investments related to surveys with risk sharing arrangements

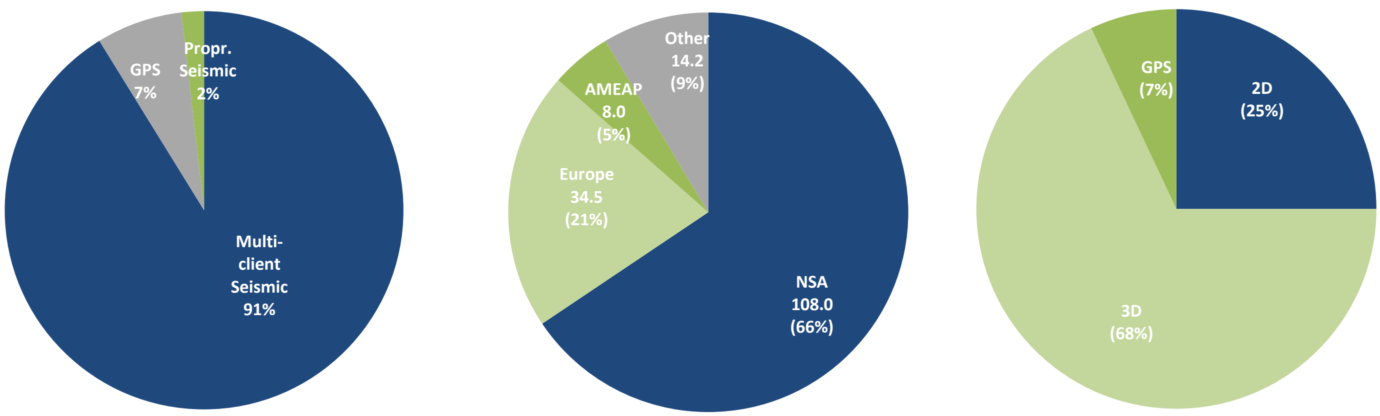
REVENUE BREAKDOWN

Net late sales for the quarter amounted to USD 144.5 million compared to USD 90.2 million in Q4 2015. Net pre-funding revenues in the quarter totaled USD 17.1 million, a decrease of 53% from Q4 2015. The pre-funding revenues recognized in the fourth quarter funded 37% of the operational investments of USD 46.0 million in the multi-client library (19% prefunding rate when investments related to risk sharing arrangements of USD 42.3 million are included).

Proprietary contract revenues during the quarter totaled USD 3.0 million compared to USD 4.9 million in Q4 2015.

In Q4 2016, 13% of net multi-client seismic revenues came from fully amortized projects.

Revenue distribution



Source: TGS

OPERATIONAL COSTS

As from 1 January 2016, the amortization method for seismic multi-client libraries has changed. After a project is completed, TGS applies a straight-line amortization over a remaining useful life. For most offshore projects, the useful life after completion is considered to be four years, while a seven-year amortization period is applied for most onshore projects. The straight-line amortization is distributed evenly through the financial year independently of sales during the quarter. During the work in progress phase, amortization continues to be based on total estimated cost versus forecasted total revenues of the project.

The amortization of the multi-client library for Q4 2016 amounted to USD 92.2 million, which includes impairment of certain multi-client projects totaling USD 9.2 million. Amortization of the multi-client library in Q4 2015 amounted to USD 230.2 million which included impairments of USD 160.9 million.

Cost of goods sold (COGS) was USD 0.1 million for the quarter, down from USD 0.4 million in Q4 2015. Personnel costs in the quarter were USD 15.9 million compared to USD 15.2 million in Q4 2015. The increase is due to higher costs related to employee incentive schemes although the Q4 2015 comparison is influenced by restructuring costs booked one year ago due to the reductions of the global workforce in 2015. Other operating expenses were USD 11.4 million in Q4 2016 compared to USD 22.4 million in Q4 2015. TGS has recognized USD 3.8 million of non-recurring costs in Q4 2016, whereof USD 3.0 million are provisions related to bad debt. In Q4 2015, other operating costs were highly impacted by the global cost reduction and efficiency plan implemented in November 2015.

EBITDA AND EBIT

Reported EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) for the quarter ended 31 December 2016 was USD 137.1 million, which corresponds to 83% of net revenues, up 47% from USD 93.5 million in Q4 2015. Operating profit (EBIT) for the quarter amounted to USD 42.0 million, which is up from USD -139.9 million in Q4 2015.

FINANCIAL ITEMS

The Company recorded a net currency exchange loss of USD 0.7 million in Q4 2016. TGS holds NOK bank accounts primarily to pay taxes and dividends in NOK.

TAX

TGS reports tax charges in accordance with the Accounting Standard IAS 12. Taxes are computed based on the USD value of the appropriate tax provisions according to local tax regulations and currencies in each jurisdiction. The tax charges are influenced not only from local profits, but also from fluctuations in exchange rates between the local currencies and USD. This method makes it difficult to predict tax charges on a quarterly or annual basis. Currency effects within the current year are classified as tax expenses.

Management assesses that the normalized operating consolidated tax rate is approximately 28%. The tax rate reported for the quarter is at 38% compared to 14% last year. The high tax rate is due to currency effects. The Norwegian taxes are settled in NOK on an annual basis and the USD/NOK exchange variation will impact the quarterly calculations of taxes. Also, the exchange effects of translating intercompany balances into NOK are taxable in Norway. Accordingly the tax expense is impacted by items which are not recognized in the consolidated income statement.

NET INCOME AND EARNINGS PER SHARE (EPS)

Net income for Q4 2016 was USD 23.9 million (15% of net revenues), up from USD -121.5 million in Q4 2015. Quarterly earnings per share (EPS) were USD 0.23 fully diluted (USD 0.24 undiluted), which is up from USD -1.19 fully diluted (USD -1.20 undiluted) in Q4 2015.

BALANCE SHEET AND CASH FLOW

The net book value of the multi-client library was USD 812.4 million at 31 December 2016 compared to USD 838.9 million at 31 December 2015. Operational multi-client investments amounted to USD 88.3 million in Q4 2016 (USD 88.0 million in Q4 2015), while amortization was USD 92.2 million (USD 230.2 million) (see note 5 to the interim financial statements).

The net cash flow from operations for the quarter, after taxes and before investments, totaled USD 78.6 million compared to USD 99.1 million in Q4 2015. As of 31 December 2016, the Company's total cash holdings amounted to USD 190.7 million compared to USD 162.7 million at 31 December 2015.

Total equity as of 31 December 2016 was USD 1,163.7 million, representing 79% of total assets. As of 31 December 2016, TGS held 533,500 treasury shares.

BACKLOG

TGS' backlog amounted to USD 51.2 million at the end of Q4 2016, a decrease of 65% from Q4 2015 and 28% lower than last quarter. The decrease is mainly due to high production on the Gigante projects in the offshore sector of Mexico.

On 19 January 2017 TGS announced the Atlantic Margin project in Norway. This will have a significant positive impact on the order backlog in Q1 2017.

DIVIDEND

It is the ambition of TGS to pay a cash dividend that is in line with its long-term underlying cash flow. When deciding the dividend amount, the TGS Board of Directors will consider expected cash flow, investment plans, financing requirements and a level of financial flexibility that is appropriate for the TGS business model.

As from 2016, TGS started paying quarterly dividends in accordance with the resolution made by the Annual General Meeting. The aim will be to keep a stable quarterly dividend in US dollars through the year, but the actual level paid will be subject to continuous evaluation of the underlying development of the company and the market.

The Board of Directors has resolved to pay a dividend of USD 0.15 per share to be paid in Q1 2017. The dividend will be paid in the form of NOK 1.23 per share on 23 February 2017. The share will trade ex-dividend on 9 February 2017.

OPERATIONAL HIGHLIGHTS

Vessels operating for TGS during all or parts of Q4 2016 included four 2D vessels, one multibeam vessel and two core sampling vessels. In addition, TGS had one multi-vessel full-azimuth acquisition crew operating in Q4. Three of the 2D vessels and the full-azimuth crew were operating under joint venture agreements.

Acquisition of the 7,150 km^2 (306 OCS blocks) Revolution XII and XIII surveys in the U.S. Gulf of Mexico continued throughout Q4 2016 with good progress. These surveys are being acquired in partnership with Schlumberger using the WesternGeco Q-Marine* point-receiver marine seismic system combined with the proprietary multivessel, Dual Coil Shooting* acquisition technique, which will provide broadband, long-offset, full-azimuth data. Acquisition is on track to complete in Q1 2017 with final processed data available in early 2018.

During Q4 2016 TGS completed acquisition of the 186,000 km Gigante 2D regional seismic survey covering the vast offshore sector of Mexico. Fast track data was made available for the December 2016 licensing round and TGS will continue processing data throughout 2017.

In conjunction with the Gigante 2D seismic survey, TGS completed acquisition of the 600,000 km^2 Gigante multibeam survey. The multibeam bathymetry has been used to map the seafloor and identify targets for coring. Geochemical analysis of the acquired cores will continue during 2017 with the resulting data and interpretations being integrated with the 2D seismic survey to enhance the value proposition to clients.

* Mark of Schlumberger

In early November 2016 TGS completed its sixth consecutive season of data acquisition in Eastern Canada in collaboration with PGS. The companies successfully acquired 41,800 km of 2D seismic and added 2,300 km^2 of 3D data in Newfoundland and Labrador during 2016.

In late Q4 2016, TGS commenced acquisition of the North-West African Atlantic Margin (NWAAM 2017) 2D seismic survey, also in collaboration with PGS. The partners plan to acquire more than 11,500 km of long offset, broadband 2D seismic data in the MSGBC Basin. The survey has been designed to infill, extend and complement the NWAAM 2012 2D survey which helped with recent commercial discoveries in the MSGBC basin.

** Mauritania-Senegal-Gambia-Bissau-Conakry

The Geologic Products and Services Division (GPS) continued to add to its inventory of multi-client products in the quarter. The well data library grew with the addition of approximately 26,000 new digital well logs, 1,900 new enhanced digital well logs and 173,000 new Validated Well Headers. In the quarter the division commercialized its new R360 software platform and held successful Geoforum events with clients in a number of cities. GPS also had ongoing multi-client interpretive projects geared towards supplying customers with information on stratigraphy, structure and basin maturity in Norway, the UK, Mexico, Canada, and the US.

OTHER MATTERS

On 14 September 2016, TGS announced that it had, together with Petroleum Geo-Services ASA (PGS), reached agreement on principle terms and conditions for jointly acquiring the majority of the multi-client library of Dolphin UK Ltd. The transaction was closed on 17 January 2017.

OUTLOOK

With oil companies' E&P spending expected to remain around 2016 levels, 2017 is likely to be another challenging year for the seismic industry, with low visibility and high volatility from quarter to quarter.

Meanwhile, the outlook for a recovery of exploration activity and seismic spending in the longer-term is gradually improving. As this prolonged period of reduced exploration spend continues, it is expected that the situation with respect to shrinking reserve life will become a critical issue for E&P companies. Simultaneously, both the E&P sector and the service industry are continuing to cut costs, leading to substantial reduction of marginal costs of bringing new resources on stream.

With an efficient cost base, strong balance sheet and flexible business model, TGS is uniquely positioned to enhance its status as the world's leading multi-client geophysical company through the down cycle. The company has consistently demonstrated the capacity to undertake selected counter-cyclical investments through the down turn. With the recent announcement of the large Atlantic Margin 3D project in Norway a substantial part of the 2017 investment plans has already been committed.

With the expectation of further investments being committed during the year, TGS provides the following guidance for 2017:

- New multi-client investments*** at approximately the same level as in 2016
- Additional multi-client investments expected from sales of existing surveys with risk sharing arrangements
- Pre-funding of new multi-client investments* expected to be approximately 40-45%

***New multi-client investments excluding investments related to surveys with risk sharing arrangements

Asker, 1 February 2017

The Board of Directors of TGS-NOPEC Geophysical Company ASA

ABOUT TGS

TGS provides multi-client geoscience data to oil and gas Exploration and Production companies worldwide. In addition to extensive global geophysical and geological data libraries that include multi-client seismic data, magnetic and gravity data, digital well logs, production data and directional surveys, TGS also offers advanced processing and imaging services, interpretation products and data integration solutions.

TGS-NOPEC Geophysical Company ASA is listed on the Oslo Stock Exchange (OSLO:TGS).
TGS sponsored American Depositary Shares trade on the U.S. over-the-counter market under the symbol "TGSGY".
Website: www.tgs.com

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Interim Consolidated Statement of Comprehensive Income

(All amounts in USD 1,000s unless noted otherwise)	Note	2016 Q4 Unaudited	2015 Q4 Unaudited	2016 YTD Unaudited	2015 YTD Audited
Net revenues	4	**164,687**	**131,735**	**455,991**	**612,347**
Operating expenses					
Cost of goods sold - proprietary and other		88	387	5,759	1,012
Amortization and impairment of multi-client library	2,5	92,230	230,192	297,693	507,276
Personnel costs		15,932	15,166	51,670	63,246
Cost of stock options		134	244	751	1,782
Other operating expenses		11,424	22,425	35,039	47,421
Depreciation, amortization and impairment		2,909	3,178	12,046	12,840
Total operating expenses		**122,717**	**271,593**	**402,956**	**633,577**
Operating profit	4	**41,970**	**-139,858**	**53,035**	**-21,230**
Financial income and expenses					
Financial income		105	564	3,053	6,265
Financial expenses		-2,698	-93	-3,967	-516
Other financial items		-727	-2,162	553	-9,024
Net financial items		**-3,319**	**-1,691**	**-360**	**-3,275**
Profit before taxes		**38,650**	**-141,549**	**52,675**	**-24,505**
Taxes		14,768	-20,002	30,435	3,842
Net income		**23,882**	**-121,547**	**22,240**	**-28,347**
EPS USD		**0.24**	**-1.20**	**0.22**	**-0.28**
EPS USD, fully diluted		**0.23**	**-1.19**	**0.22**	**-0.28**
Other comprehensive income:					
Exchange differences on translation of foreign operations		-308	-51	114	-924
Other comprehensive income for the period, net of tax		-308	-51	114	-924
Total comprehensive income for the period		23,574	-121,598	22,353	-29,272

Interim Consolidated Balance Sheet

(All amounts in USD 1,000s)	Note	2016 31-Dec Unaudited	2015 31-Dec Audited
ASSETS			
Non-current assets			
Goodwill		67,925	67,647
Multi-client library	2,5	812,399	838,916
Other intangible non-current assets		9,009	9,260
Deferred tax asset		5,740	12,941
Buildings		6,759	8,427
Machinery and equipment		16,263	21,756
Other non-current assets		10,500	25,102
Total non-current assets		**928,595**	**984,049**
Current assets			
Accounts receivable		201,231	135,384
Accrued revenues		119,112	142,263
Other receivables		33,073	30,818
Cash and cash equivalents		190,739	162,733
Total current assets		**544,155**	**471,198**
TOTAL ASSETS		**1,472,750**	**1,455,247**
EQUITY AND LIABILITIES			
Equity			
Share capital		3,638	3,632
Other equity		1,160,073	1,194,455
Total equity	3	**1,163,711**	**1,198,088**
Non-current liabilities			
Other non-current liabilities		6,057	6,182
Deferred tax		40,872	32,797
Total non-current liabilities		**46,929**	**38,979**
Current liabilities			
Accounts payable and debt to partners		116,534	97,798
Taxes payable, withheld payroll tax, social security		18,066	2,767
Other current liabilities		127,510	117,615
Total current liabilities		**262,110**	**218,180**
TOTAL EQUITY AND LIABILITIES		**1,472,750**	**1,455,247**

Interim Consolidated Statement of Cash flow

(All amounts in USD 1,000s)	Note	2016 Q4 Unaudited	2015 Q4 Unaudited	2016 YTD Unaudited	2015 YTD Audited
Cash flow from operating activities:					
Received payments from customers		110,802	140,423	424,428	763,612
Payments for salaries, pensions, social security tax		-11,247	-14,813	-49,549	-68,708
Payments of other operational costs		-16,129	-9,035	-48,532	-34,749
Paid taxes		-4,821	-17,475	-1,981	-93,642
Net cash flow from operating activities [1]		**78,605**	**99,100**	**324,366**	**566,513**
Cash flow from investing activities:					
Investments in tangible and intangible assets		-2,395	-1,168	-8,128	-7,398
Investments in multi-client library		-45,218	-118,942	-233,297	-503,612
Investments through mergers and acquisitions		-	-7,602	-	-26,363
Payments made to acquire debt instruments		-	-	-	-5,000
Interest received		198	781	1,429	5,603
Net cash flow from investing activities		**-47,415**	**-126,931**	**-239,996**	**-536,770**
Cash flow from financing activites:					
Interest paid		-48	-89	-400	-168
Dividend payments		-13,591	-	-59,458	-112,861
Purchase of treasury shares		-	-	-	-4,844
Proceeds from share issuances	3	-	768	1,798	4,021
Net cash flow from financing activites		**-13,639**	**679**	**-58,060**	**-113,852**
Net change in cash and cash equivalents		**17,551**	**-27,152**	**26,310**	**-84,109**
Cash and cash equivalents at the beginning of period		173,237	191,459	162,733	256,416
Net unrealized currency gains/(losses)		-47	-1,576	1,698	-9,574
Cash and cash equivalents at the end of period		**190,739**	**162,733**	**190,739**	**162,733**
1) Reconciliation					
Profit before taxes		38,650	-141,549	52,675	-24,505
Depreciation/amortization/impairment		95,139	233,370	309,739	520,116
Changes in accounts receivables and accrued revenues		-79,373	9,871	-42,696	199,654
Unrealized currency gain/(loss)		-263	1,516	-1,576	8,640
Changes in other receivables		3,798	-9,510	11,892	20,860
Changes in other balance sheet items		25,475	22,877	-3,687	-64,610
Paid taxes		-4,821	-17,475	-1,981	-93,642
Net cash flow from operating activities		**78,605**	**99,100**	**324,366**	**566,513**

Interim Consolidated Statement of Changes in Equity

(All amounts in USD 1,000s)	Share Capital	Treasury Shares	Share Premium	Other Paid-In Capital	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
Opening balance 1 January 2016	**3,657**	**-26**	**58,107**	**34,728**	**-22,047**	**1,123,670**	**1,198,088**
Net income	-	-	-	-	-	22,240	**22,240**
Other comprehensive income	-	-	-	-	114	-	**114**
Total comprehensive income	**-**	**-**	**-**	**-**	**114**	**22,240**	**22,353**
Paid-in-equity through exercise of stock options	-	5	-	-	-	1,793	**1,798**
Distribution of treasury shares	-	0.4	-	-	-	156	**156**
Cost of equity-settled long-term incentive plans	-	-	-	2,236	-	-	**2,236**
Dividends	-	-	-	-	-	-60,940	**-60,940**
Deferred tax asset related to stock options	-	-	-	-	-	20	**20**
Closing balance per 31 December 2016	**3,657**	**-21**	**58,107**	**36,964**	**-21,933**	**1,086,918**	**1,163,711**

(All amounts in USD 1,000s)	Share Capital	Treasury Shares	Share Premium	Other Paid-In Capital	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
Opening balance 1 January 2015	**3,702**	**-76**	**58,107**	**32,915**	**-21,123**	**1,265,675**	**1,339,201**
Net income	-	-	-	-	-	-28,347	**-28,347**
Other comprehensive income	-	-	-	-	-924	-	**-924**
Total comprehensive income	**-**	**-**	**-**	**-**	**-924**	**-28,347**	**-29,272**
Distribution of treasury shares	-	10	-	-	-	4,435	**4,446**
Purchase of treasury shares	-	-6	-	-	-	-4,839	**-4,844**
Cancellation of treasury shares held	-45	45	-	-	-	-	**-**
Cost of equity-settled long-term incentive plans	-	-	-	1,813	-	-	**1,813**
Dividends	-	-	-	-	-	-113,254	**-113,254**
Closing balance per 31 December 2015	**3,657**	**-26**	**58,107**	**34,728**	**-22,047**	**1,123,670**	**1,198,088**

Largest Shareholders per 27 January 2017

				Shares	%
1	FOLKETRYGDFONDET	NORWAY		8,966,212	8.8%
2	THE BANK OF NEW YORK MELLON N.V.	BELGIUM	NOM	7,726,937	7.6%
3	STATE STREET BANK AND TRUST COMP	U.S.A.	NOM	3,971,879	3.9%
4	STATE STREET BANK AND TRUST COMP	U.S.A.	NOM	3,824,202	3.8%
5	THE NORTHERN TRUST COMP, LONDON BR	GREAT BRITAIN	NOM	3,636,007	3.6%
6	RBC INVESTOR SERVICES TRUST	GREAT BRITAIN	NOM	2,642,547	2.6%
7	STATE STREET BANK AND TRUST COMP	U.S.A.	NOM	2,323,220	2.3%
8	SWEDBANK ROBUR SMABOLAGSFOND	GREAT BRITAIN		2,036,378	2.0%
9	THE BANK OF NEW YORK MELLON	U.S.A.	NOM	2,020,381	2.0%
10	SANTANDER SECURITIES SERVICES, S.A	SPAIN	NOM	1,905,183	1.9%
10 Largest				**39,052,946**	**38%**
Total Shares Outstanding *				**101,602,490**	**100%**

* Total shares outstanding are net of shares held in treasury per 27 January 2017

Average number of shares outstanding for Current Quarter *

Average number of shares outstanding during the quarter	101,602,490
Average number of shares fully diluted during the quarter	102,221,770

* Shares outstanding net of shares held in treasury per 31 December 2016 (533,500 TGS shares), composed of average outstanding TGS shares during the full quarter

Share price information

Share price 31 December 2016 (NOK)	191.70
USD/NOK exchange rate end of period	8.62
Market capitalization 31 December 2016 (NOK million)	19,579

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 1 General information

TGS-NOPEC Geophysical Company ASA (TGS or the Company) is a public limited company listed on the Oslo Stock Exchange. The address of its registered office is Lensmannslia 4, 1386 Asker, Norway.

Note 2 Basis for Preparation

The condensed consolidated interim financial statements of TGS have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting as approved by EU and additional requirements in the Norwegian Securities Trading Act. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with TGS' annual report for 2015 which is available on www.tgs.com.

As from 1 January 2016, the following amendments to the accounting standards have become effective:

- ***IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets***
  The amendments to these standards clarifiy that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

  TGS has implemented the following changes to amortization of the multi-client library from 1 January 2016:
  - During the work in progress (WIP) phase, amortization will continue to be based on total cost versus forecasted total revenues of the project.
  - After a project is completed, a straight-line amortization is applied. The straight-line amortization will be assigned over a remaining useful life, which for most marine projects is expected to be 4 years. For onshore projects, the remaining useful life after completion of a project is considered to be 7 years for most projects.

    The straight-line amortization will be distributed evenly through the financial year independently of sales during the quarters.

  The amendments have prospective effects, and the comparative financial figures have not been changed.

Except for the amendments described above, the same accounting policies and methods of computation are followed in the interim financial statements as compared with the annual financial statements for 2015. None of the other new accounting standards or amendments that came into effect from 1 January 2016 has a significant impact on the presentation of the financial statements during 2016.

Note 3 Share capital and equity

Ordinary shares	Number of shares
1 January 2016	**102,135,990**
31 December 2016	**102,135,990**

Treasury shares	Number of shares
1 January 2016	**673,600**
18 February 2016, treasury shares transferred to cover exercise of stock options	(10,000)
6 May 2016, treasury shares transferred to cover exercise of stock options	(120,200)
11 May 2016, treasury shares distributed to Board members	(9,900)
31 December 2016	**533,500**

The Annual General Meeting held 10 May 2016 renewed the Board of Directors' authorization to distribute quarterly dividends on the basis of the 2015 financial statements. The authorization shall be valid until the Company's Annual General Meeting in 2017, but no later than 30 June 2017.

On 27 October 2016, the Board of Directors resolved to pay a quarterly dividend of the NOK equivalent of USD 0.15 per share (NOK 1.23) to the shareholders. The dividends were paid on 18 November 2016.

On 1 February 2017, the Board of Directors resolved to pay a quarterly dividend of the NOK equivalent of USD 0.15 per share (NOK 1.23) to the shareholders. The dividends will be paid to the shareholders later in February 2017.

Note 4 Segment information

2016 Q4	**North & South America**	**Europe & Russia**	**Africa, Middle East & Asia/Pacific**	**Other segments/ Corporate costs**	**Consolidated**
Net external revenues	107,962	34,458	8,036	14,230	**164,687**
Operating profit	46,452	18,692	-9,195	-13,978	**41,970**

2016 YTD	**North & South America**	**Europe & Russia**	**Africa, Middle East & Asia/Pacific**	**Other segments/ Corporate costs**	**Consolidated**
Net external revenues	267,007	109,168	25,939	53,878	**455,991**
Operating profit	82,090	39,170	-20,133	-48,092	**53,035**

2015 Q4	**North & South America**	**Europe & Russia**	**Africa, Middle East & Asia/Pacific**	**Other segments/ Corporate costs**	**Consolidated**
Net external revenues	79,300	28,799	5,355	18,282	**131,735**
Operating profit	-50,606	-6,795	-67,347	-15,109	**-139,858**

2015 YTD	**North & South America**	**Europe & Russia**	**Africa, Middle East & Asia/Pacific**	**Other segments/ Corporate costs**	**Consolidated**
Net external revenues	295,388	125,179	112,866	78,914	**612,347**
Operating profit	37,995	50,487	-68,616	-41,098	**-21,230**

There are no intersegment revenues between the reportable operating segments.

The Company does not allocate all cost items to its reportable operating segments during the year. Unallocated cost items are reported as "Other segments/Corporate costs".

Note 5 Multi-client library

Numbers in USD millions	Q4 2016	Q4 2015	2016	2015	2014	2013
Beginning net book value	816,3	976,1	838,9	818,1	758,1	651,2
Non-operational investments	-	5,0	-	26,4	-	-
Operational investments	88,3	88,0	271,2	501,7	462,3	438,9
Amortization and impairment	(92,2)	(230,2)	(297,7)	(507,3)	(396,7)	(329,8)
Exchange Rate Adjustment	-	-	-	-	(5,6)	(2,1)
Ending net book value	812,4	838,9	812,4	838,9	818,1	758,1

Numbers in USD millions	Q4 2016	Q4 2015	2016	2015	2014	2013
Net MC revenues	161,6	126,9	438,6	590,6	877,7	824,1
Change in MC revenue	27 %	-56 %	-26 %	-33 %	7 %	-9 %
Change in MC investment	-5 %	-26 %	-49 %	14 %	5 %	-17 %
Amort. in % of net MC revs.	57 %	181 %	68 %	86 %	45 %	40 %
Change in net book value	0 %	-14 %	-3 %	3 %	8 %	16 %

Note 6 Related parties

No material transactions with related parties took place during the fourth quarter of 2016.

Note 7 Økokrim investigation

Note 21 to the 2015 Annual Report described the Økokrim investigation that was initiated in 2014. Since the charges were presented, Økokrim has conducted an investigation of the matter. The company has cooperated fully in the matter.

In connection with the transactions with Skeie Energy AS (later known as E&P Holdings AS) (Skeie), TGS has also received notices of potential claims of joint responsibility from Skeie and two affiliated parties, all of which are predicated on whether the parties making the claims are ultimately held responsible and suffer damages that can be attributed to TGS. In October 2016, Skeie Technology, one of the Skeie affiliates and a guarantor of certain of Skeie's obligations, filed a writ of summons against TGS and certain other parties, seeking a declaratory judgment of joint liability for losses that, through its parent company guarantee, may be suffered by Skeie Technology as a result of the acquisition of seismic data by Skeie from TGS in 2009. No specific damages have been asserted in the writ, and the case is in the very early stages.

In May 2016, TGS received a notice of a claim for compensation from the Norwegian Government of up to NOK 326 million for the Government's alleged tax losses arising from tax benefits received by Skeie under the Petroleum Tax Act in connection with the sale of seismic data to Skeie. The Government alleges that TGS has aided and abetted Skeie in attaining undue tax advantages. The Tax Authorities have previously reported the same matter to Økokrim, and as described above, the Økokrim case is still under investigation. At the request of the Government, TGS granted the Government a three-year extension of the statute of limitations with respect to legal action on the claim of compensation.

At this stage of the investigation by Økokrim and the related civil matters, it is impracticable to render an assessment of the outcome, however TGS believes the charges against it by Økokrim and the related claims of liability from other parties are not well-founded, and it is proactively and vigorously developing its defense against the charges and claims. As a result, no provisions have been made.

Note 8 Acquisition of multi-client library from Dolphin UK Ltd

On 17 January 2017, subsidiaries of the Company, together with subsidiaries of Petroleum Geo-Services ASA (PGS), concluded the joint acquisition of a majority of the multi-client library of Dolphin UK Ltd. The total acquisition price paid by the TGS entities for the 50% interest acquired amounted to USD 6.2 million, USD 3.7 million of which was paid in cash at closing, with the balance payable in January 2021 under a promissory note guaranteed by the Company. In addition, the TGS and PGS entities agreed to pay a share of revenues received from licenses of the library in excess of a specified threshold, if any, during a four-year period after the closing.

TGS has allocated the purchase price among the acquired multi-client projects. The acquired projects are amortized on a straight-line basis over the remaining useful life.

DEFINITIONS – ALTERNATIVE PERFORMANCE MEASURES

The European Securities and Markets Authority (ESMA) has published guidelines on Alternative Performance Measures which came into force on 3 July 2016.

TGS' financial information is prepared in accordance with IFRS. In addition, TGS provides alternative performance measures to enhance the understanding of TGS' performance. The alternative performance measures presented by TGS may be determined or calculated differently by other companies.

EBIT (Operating Profit)

Earnings before interest and tax is an important measure for TGS as it provides an indication of the profitability of the operating activities.

The EBIT margin presented is defined as EBIT (Operating Profit) divided by net revenues.

Prefunding percentage

The prefunding percentage is calculated by dividing the multi-client prefunding revenues by the operational investments in the multi-client library. The prefunding percentage is considered as an important measure as it indicates how the Company's financial risk is reduced on multi-client investments.

EBITDA

EBITDA means Earnings before interest, taxes, amortization, depreciation and impairments. TGS uses EBITDA because it is useful when evaluating operating profitability as it excludes amortization, depreciation and impairments related to investments that occurred in the past. Also, the measure is useful when comparing the Company's performance to other companies.

All amounts in USD 1,000s	**2016 Q4**	**2015 Q4**	**2016 YTD**	**2015 YTD**
Net income	23,882	(121,547)	22,240	(28,347)
Taxes	14,768	(20,002)	30,435	3,842
Net financial items	3,319	1,691	360	3,275
Depreciation, amortization and impairment	2,909	3,178	12,046	12,840
Amortization and impairment of multi-client library	92,230	230,192	297,693	507,276
EBITDA	**137,108**	**93,512**	**362,774**	**498,886**

Return on average capital employed

Return on average capital employed (ROACE) shows the profitability compared to the capital that is employed by TGS, and it is calculated as EBIT divided by the average of the opening and closing capital employed for a period of time.

Capital employed is calculated as equity plus net interest bearing debt. Net interest bearing debt is defined as interest bearing debt minus cash and cash equivalents. TGS uses the ROACE measure as it provides useful information about the performance under evaluation.

All amounts in USD 1,000s	31 December 2016	31 December 2015
Equity	1,163,711	1,198,088
Interest bearing debt	-	-
Cash	190,739	162,733
Net interest bearing debt	(190,739)	(162,733)
Capital employed	**972,972**	**1,035,355**

Free cash flow (after MC investments)

Free cash flow (after MC investments) when used by TGS means cash flow from operational activities minus cash investments in multi-client projects. TGS uses this measure as it represents the cash that the Company is able to generate after investing the cash required to maintain or expand the multi-client library.

All amounts in USD 1,000s	2016 Q4	2015 Q4	2016 YTD	2015 YTD
Cash flow from operational activities	78,605	99,100	324,366	566,513
Investments in multi-client library	(45,218)	(118,942)	(233,297)	(503,612)
Free cash flow (after MC investments)	**33,387**	**(19,842)**	**91,069**	**62,901**

Backlog

Backlog is defined as the total value of future revenue from signed customer contracts.