TGS EARNINGS RELEASE
1st QUARTER 2018 RESULTS

1st QUARTER 2018 FINANCIAL HIGHLIGHTS – SEGMENT REPORTING

(All amounts in USD 1,000 unless noted otherwise)	Q1 2018	Q1 2017
Net operating revenues	**134,759**	**86,155**
-Net prefunding revenue	17,602	15,339
-Net late sales revenue	114,865	68,861
-Net proprietary revenue	2,291	1,955
Operating profit	**24,902**	**1,905**
-Operating profit margin	18 %	2 %
Pre-tax profit	**24,693**	**2,725**
Net income	**13,181**	**1,567**
EPS (fully diluted) (USD)	0.13	0.02
Operational investments in new projects	30,732	**58,417**
-Prefunding % on operational investments	57 %	44 %
Risk-sharing investments	**3,486**	**4,924**
Non-operational investments	**0**	**5,946**
Amortization	83,628	61,815
MC library net book value	**749,655**	**819,871**
Return on average capital employed[1]	13 %	8 %
Cash flow from operating activities	102,704	184,520
Free cash flow (after MC investments)	70,831	74,179
Cash balance	**301,699**	**248,090**

- Strong development in late sales – year-on-year growth of 67%
- Improved market conditions driven by higher oil price and improved cash flow of oil companies
- Robust cash flow strengthens balance sheet further
- Quarterly dividend of USD 0.20 per share, 33% growth year-on-year
- 2018 guidance maintained:
  - New multi-client investments of approximately USD 260 million
  - 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 45-50%

[1] Trailing 12 months

CHANGE OF ACCOUNTING PRINCIPLES

TGS-NOPEC Geophysical Company ASA (TGS) and its subsidiaries have implemented the new revenue recognition standard, IFRS 15, effective January 1, 2018 as the external financial reporting method. This change impacts the timing of revenue recognition and amortization related to projects that are not yet completed. TGS will, for internal management reporting purposes, continue to use the revenue recognition principles applied historically. The numbers used for management reporting are referred to as "Segment reporting" in this report. See Note 2 for description of basis for preparation. See Note 7 for a description of the change in revenue recognition resulting from the implementation of IFRS 15. TGS will not restate prior periods.

FINANCIALS – SEGMENT REPORTING

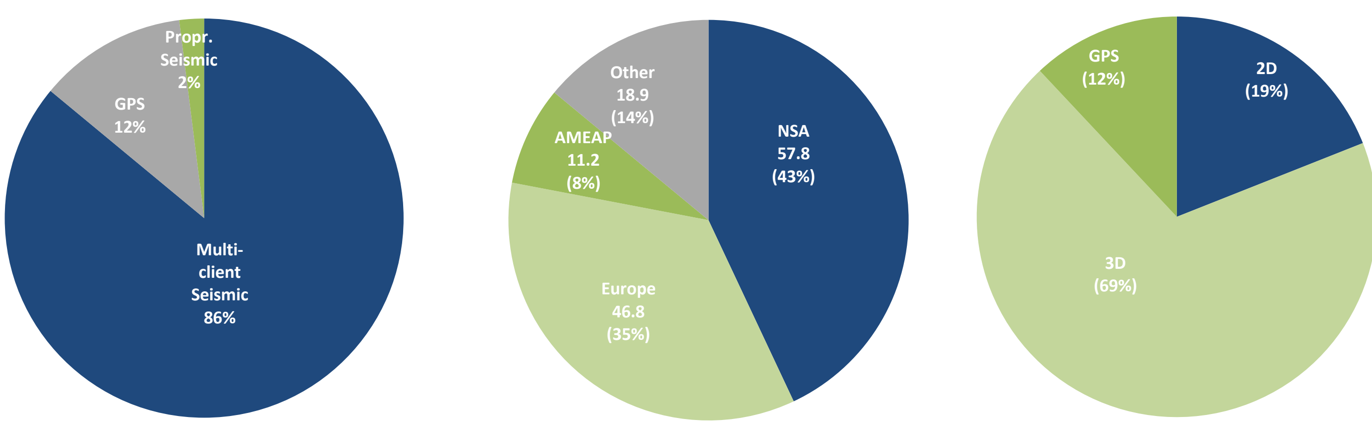
For internal reporting purposes TGS is using segment reporting with net revenues for projects in progress recognized based on Percentage of Completion. The discussion and analysis in this section are based on segment reporting.

Net operating revenues

Net operating revenues for Q1 2018 amounted to USD 134.8 million, an increase of 56% compared to the USD 86.2 million recognized in Q1 2017. Net pre-funding revenues totaled USD 17.6 million in the quarter versus USD 15.3 million in Q1 of last year. In Q1 2018 the net pre-funding revenues funded 57% of the USD 30.7 million of operational investments in the multi-client library. In the corresponding quarter of last year 44% of the operational multi-client investments of USD 58.4 million were pre-funded. In addition to the operational multi-client investments, the Company recognized investments related to risk sharing arrangements of USD 3.5 million in Q1 2018, compared to USD 4.9 million last year.

Net late sales for the quarter amounted to USD 114.9 million, a growth of 67% compared to the USD 68.9 million booked in Q1 2017. Proprietary contract revenues grew 17% to USD 2.3 million in the quarter from USD 1.9 million in Q1 2017.

Revenue distribution



Source: TGS

Operational costs

The amortization of the multi-client library for Q1 2018 amounted to USD 83.6 million, which is up from USD 61.8 million in Q1 2017. This includes impairment charges of USD 10 million, mainly related to the decision by the Government of New Zealand to cease awarding new exploration permits.

Cost of goods sold (COGS) was USD 0.1 million for the quarter, which is at the same level as in Q1 2017. Personnel costs in the quarter were USD 15.5 million compared to USD 12.4 million in Q1 2017. The increase is primarily due to higher costs related to employee incentive plans. Other operating expenses were USD 8.3 million in Q1 2018 compared to USD 6.9 million in Q1 2017. The increase mainly relates to higher legal costs as a result of the Økokrim charges (see note 8).

EBITDA and EBIT

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) for Q1 2018 was USD 110.4 million, corresponding to a margin of 82%. In Q1 2017 EBITDA was USD 66.7 million, corresponding to a margin of 77%. Operating profit (EBIT) for the quarter amounted to USD 24.9 million, which is up from USD 1.9 million in Q1 2017.

Financial items

Net financial items totaled USD -0.2 million compared to USD 0.8 million in Q1 2018. The Company recorded a net currency exchange loss of USD 0.8 million in Q1 2018, mainly as a result of the depreciation of the USD versus NOK. 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 by local profits, but also by fluctuations in exchange rates between the respective 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.

Based on the reduced corporate income tax rate in Norway (23% in 2018) and in the US (21% in 2018), TGS has assessed the normalized operating consolidated tax rate to be at approximately 23% for 2018.

The tax rate reported for the quarter is at 47% compared to 42% last year. The high tax rate is mainly due to currency effects, as the NOK appreciated versus the USD during the quarter. 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. These items have had limited impact on payable taxes.

Net income and earnings per share (EPS)

Net income for Q1 2018 was USD 13.2 million (10% of net revenues), up from USD 1.6 million in Q1 2017. Quarterly earnings per share (EPS) were USD 0.13 fully diluted (USD 0.13 undiluted), which is up from USD 0.02 fully diluted (USD 0.02 undiluted) in Q1 2017.

Cash flow

Net cash flow from operations for the quarter, after taxes and before investments, totaled USD 68.3 million compared to USD 71.1 million in Q1 2017. Free cash flow amounted to USD 70.8 million versus USD 74.2 million in Q1 2017.

The Company's total cash holdings increased by USD 51.8 million during the quarter and stood at USD 301.7 million as of 31 March 2018, compared to USD 248.1 million at 31 March 2017.

Multi-client library

The net book value of the multi-client library was USD 749.7 million as of 31 March 2018 compared to USD 819.9 million at 31 March 2017. Combined operational multi-client investments and risk-share investments amounted to USD 34.2 million in Q1 2018 (USD 66.3 million in Q1 2017), while amortization was USD 83.6 million (USD 61.8 million in Q1 2017) (see note 5 to the interim financial statements).

Backlog

TGS' backlog amounted to USD 74 million at the end of Q1 2018, a decrease of 9% from Q4 2017 and 38% lower than at the end of Q1 2017.

FINANCIALS - IFRS REPORTING

Following the implementation of the IFRS 15 accounting standard from 1 January 2018, the IFRS accounts are no longer similar to the accounts used for internal reporting. The discussion and analysis in this section are based on IFRS reporting.

Key figures - IFRS reporting[2]

(All amounts in USD 1,000 unless noted otherwise)	Q1 2018	Q1 2017[2]
Net operating revenues	**106,722**	**86,155**
Operating profit	**8,074**	**1,905**
-Operating profit Margin	8 %	2 %
Pre-tax profit	**7,865**	**2,725**
Net income	**-3,647**	**1,567**
EPS (fully diluted) (USD)	**-0.04**	**0.02**
Amortization	**72,419**	**61,815**
MC library ending net book value	**839,696**	**819,871**
Equity ratio	**75 %**	**83 %**

Income statement

Net revenues amounted to USD 106.7 million in Q1 2018, compared to USD 86.2 million in Q1 2017. Amortization of the multi-client library was USD 72.4 million versus USD 61.8 million in Q1 2017.

Operating profit totaled USD 8.1 million in Q1 2018 compared to USD 1.9 million in Q1 2017.

Net income amounted to USD -3.6 million in the quarter, while the same quarter of 2017 showed USD 1.6 million. This resulted in a fully diluted EPS of -0.04 compared to USD 0.02 in Q1 of last year.

[2] 2017 numbers are not restated

Balance sheet

The net book value of the multi-client library was USD 839.7 million as of 31 March 2018 compared to USD 819.9 million at 31 March 2017.

Total equity as of 31 March 2018 was USD 1,124.0 million, 75% of total assets. On 31 March 2017 total equity amounted to USD 1,404.7 million (83% of total assets). A total of 73,600 new shares were issued during Q1 2018 in relation to stock options exercised by key employees in February 2018. As of 31 March 2018, TGS held 116,180 treasury shares

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 has paid 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 0.20 per share to be paid in Q2 2018. The dividend will be paid in the form of NOK 1.62 per share on 30 May 2018. The share will trade ex-dividend on 16 May 2018.

OTHER MATTERS

Erik Finnstrom will join TGS in a new executive role as Senior Vice President, New Ventures. Mr. Finnstrom has been Senior Vice President of Statoil responsible for global Exploration Excellence. He has more than 30 years industry experience from exploration management roles in companies such as Statoil, Norsk Hydro and Chevron. He will start with TGS in June 2018 and will have executive responsibility for the Africa, Middle East and Latin America business units.

OPERATIONAL HIGHLIGHTS

TGS had one 2D seismic vessel (under a joint venture agreement), one 3D seismic vessel and two multibeam vessels in operation in Q1 2018. In addition, TGS had one onshore crew operating in the Permian Basin, one in the SCOOP/STACK play and one in Canada.

Acquisition of the 10,000 km 2D long-offset, broadband multi-client seismic survey in the Egyptian Red Sea was completed in late March, with final data expected December 2018. The project is part of an agreement entered with South Valley Egyptian Petroleum Holding Company (GANOPE) in which Schlumberger and TGS have a minimum 15-year period of exclusive multi-client rights in a ~70,000 km^2 open area offshore the Egyptian Red Sea.

In February acquisition started on the 6,172 km^2 Alonso 3D multi-client survey located in the Atwater Valley and Lloyd Ridge protraction areas of the US Gulf of Mexico. The survey is designed to illuminate multi-level Miocene to Jurassic targets, further extending TGS' coverage from the core Mississippi Canyon area to a more frontier area that is experiencing renewed interest from E&P companies. Final Clari-Fi™ broadband processed data is expected 2019.

In late March TGS commenced acquisition of 200,000 km^2 multibeam data in Brazil as part of its Brazil Southern Basins SeaSeep project that will also include coring and geochemistry analysis. The project is designed to mirror the successful Gigante and Otos SeaSeep projects in the Gulf of Mexico, with final results available in late 2019.

Acquisition of West Lindsey 3D, a 440 km^2 onshore project in the Permian basin in the US, was completed in early February. The project is processed using advanced land imaging technology and is expected to be finalized in Q2 2018. The same crew then moved on to commence acquisition of the 464 km^2 Sanderson 3D multi-client survey, located along the eastern flank of the Delaware Basin in the Permian to the east of West Lindsey 3D. Final processed data is expected to be available in Q3 2018.

Late February also saw the start of the Dawson 3D survey in Canada's British Columbia. The project covers 70 km^2 of the Montney shale formation, complementing TGS' existing footprint in the region. Acquisition on Dawson 3D was completed second half of March 2018.

In March TGS commenced the 777 km^2 Hackberry Complex onshore 3D project in the Anadarko basin in Oklahoma. The survey is located north of TGS' Loyal Complex 3D and targets a high-potential area in the core of the prolific Mississippian Chester and Meramec intervals of the SCOOP/STACK play fairway.

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 14,000 new digital well logs, 1,000 new enhanced digital well logs and 95,000 new Validated Well Headers. New well data was added to the TGS inventory in many of the 38 countries where TGS supplies well data to clients, most notably in Mexico where TGS has been authorized by the National Hydrocarbons Commission (CNH) to process and deliver high-quality, high-value well data products to companies exploring in offshore and onshore Mexico. 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 onshore.

OUTLOOK

TGS' performance in the past two quarters, driven by strong late sales across all regions, indicates that there has been an improvement in the underlying fundamentals of the global market for seismic data. The combination of higher oil price and lower cost base means that E&P companies now have more operating cash flow that can be used for growth investments. However, despite this improving trend, visibility is still low, securing prefunding for new projects is still challenging and the market is expected to remain volatile in the near-term.

Following a sustained period of low global exploration spending, the amount of new conventional oil and gas resources discovered has fallen to historically low levels. In the long-term the global E&P industry needs to increase exploration efforts in order to meet demand, which is expected to continue to grow. With focus on quality and cost, multi-client seismic data is likely to be increasingly important in these efforts.

Being the largest pure multi-client company in the seismic industry, TGS is well positioned to benefit from this trend in the coming years. Through its persistent counter-cyclical investment strategy the company has continued to add high volumes of quality data to the library at record low unit cost, which should position the company well, as markets gradually recover.

TGS reiterates guidance for 2018 as follows:

- New multi-client investments[3] of approximately USD 260 million
- Additional multi-client investments expected from sales of existing surveys with risk sharing arrangements
- Pre-funding of new multi-client investments[3] expected to be approximately 45-50%

Asker, 8 May 2018

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

CONTACT FOR ADDITIONAL INFORMATION

Sven Børre Larsen, CFO **tel +47 90 94 36 73**
Will Ashby, Vice President HR & Communication **tel +1-713-860-2184**

****

All statements in this earnings release 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.

****

[3] New multi-client investments excluding investments related to surveys with risk sharing arrangements

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in USD 1,000s unless noted otherwise)	Note	2018 Q1 Unaudited	2017 Q1 Unaudited
Net revenues	4	**106,722**	**86,155**
Operating expenses			
Cost of goods sold - proprietary and other		122	60
Amortization and impairment of multi-client library	5	72,419	61,815
Personnel costs		15,506	12,373
Cost of stock options		0	87
Other operating expenses		8,350	6,926
Depreciation, amortization and impairment		2,251	2,991
Total operating expenses		**98,648**	**84,251**
Operating profit	4	**8,074**	**1,905**
Financial income and expenses			
Financial income		583	413
Financial expenses		-7	-29
Net exchange gains/(losses)		-785	437
Net financial items		**-209**	**821**
Profit before taxes		**7,865**	**2,725**
Taxes		11,512	1,158
Net income		**-3,647**	**1,567**
EPS USD		**-0.04**	**0.02**
EPS USD, fully diluted		**-0.04**	**0.02**
Other comprehensive income:			
Exchange differences on translation of foreign operations		-156	-358
Other comprehensive income/(loss) for the period, net of tax		-156	-358
Total comprehensive income for the period		**-3,803**	**1,209**

TGS Energy starts with us.

INTERIM CONSOLIDATED BALANCE SHEET

(All amounts in USD 1,000s)	Note	2018 31-Mar Unaudited	2017 31-Mar Unaudited	2017 31-Dec Audited
ASSETS				
Non-current assets				
Goodwill		67,925	67,925	67,925
Multi-client library	5	839,696	819,871	799,015
Other intangible non-current assets		8,838	8,933	9,045
Deferred tax asset		3,932	7,799	4,390
Buildings		4,786	6,369	5,213
Machinery and equipment		15,008	15,833	14,452
Other non-current assets		468	10,489	496
Total non-current assets		**940,652**	**937,219**	**900,536**
Current assets				
Accounts receivable		143,763	67,966	157,423
Accrued revenues		90,922	117,661	97,285
Other receivables		21,079	33,733	18,939
Cash and cash equivalents		301,699	248,090	249,917
Total current assets		**557,463**	**467,450**	**523,564**
TOTAL ASSETS		**1,498,115**	**1,404,669**	**1,424,100**
EQUITY AND LIABILITIES				
Equity				
Share capital		3,662	3,649	3,659
Other equity		1,120,310	1,158,771	1,196,443
Total equity	3	**1,123,971**	**1,162,420**	**1,200,102**
Non-current liabilities				
Long-term debt		2,500	2,500	2,500
Other non-current liabilities		2,490	5,643	2,850
Deferred taxes		9,543	41,698	23,721
Total non-current liabilities		**14,534**	**49,841**	**29,071**
Current liabilities				
Accounts payable and debt to partners		45,417	92,140	101,385
Taxes payable, withheld payroll tax, social security		42,538	3,989	25,197
Other current liabilities		271,656	96,279	68,345
Total current liabilities		**359,610**	**192,408**	**194,926**
TOTAL EQUITY AND LIABILITIES		**1,498,115**	**1,404,669**	**1,424,100**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOW

(All amounts in USD 1,000s)	Note	2018 Q1 Unaudited	2017 Q1 Unaudited
Cash flow from operating activities:			
Received payments from customers		138,186	218,775
Payments for salaries, pensions, social security tax		-21,241	-16,054
Payments of other operational costs		-13,995	-12,006
Paid taxes		-247	-6,195
Net cash flow from operating activities [1]		**102,704**	**184,520**
Cash flow from investing activities:			
Received payments from fixed assets		32	0
Investments in tangible and intangible assets		-2,735	-3,942
Investments in multi-client library		-31,873	-110,341
Investments through mergers and acquisitions		0	-3,276
Interest received		583	367
Net cash flow from investing activities		**-33,993**	**-117,192**
Cash flow from financing activites:			
Interest paid		-45	-20
Dividend payments	3	-18,452	-16,863
Proceeds from share issuances	3	1,725	6,713
Net cash flow from financing activites		**-16,772**	**-10,170**
Net change in cash and cash equivalents		**51,939**	**57,158**
Cash and cash equivalents at the beginning of period		249,917	190,739
Net unrealized currency gains/(losses)		-157	194
Cash and cash equivalents at the end of period		**301,699**	**248,089**
1) Reconciliation			
Profit before taxes		7,865	2,725
Depreciation/amortization/impairment		74,671	64,806
Disposals at cost price		582	0
Changes in accounts receivables and accrued revenues		20,023	134,716
Unrealized currency gains/(losses)		1	-552
Changes in other receivables		-926	2,820
Changes in other balance sheet items		736	-13,800
Paid taxes		-247	-6,195
Net cash flow from operating activities		**102,704**	**184,520**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended March 31, 2018

(All amounts in USD 1,000s)	Share Capital	Treasury Shares	Share Premium	Other Paid-In Capital	Currency Translation Reserve	Retained Earnings	Total Equity
Closing balance as of 31 December 2017	**3,663**	**-6**	**62,771**	**39,722**	**-21,574**	**1,115,531**	**1,200,102**
Adjustements IFRS 15						-54,895	-54,895
Opening balance 1 January 2018	**3,663**	**-6**	**62,771**	**39,722**	**-21,574**	**1,060,637**	**1,145,207**
Net income	-	-	-	-	-	-3,647	**-3,647**
Other comprehensive income	-	-	-		-156	-	**-156**
Total comprehensive income	**-**	**-**	**-**	**-**	**-156**	**-3,647**	**-3,803**
Paid-in-equity through exercise of stock options	2	-	1,708		-	-	**1,710**
Distribution of treasury shares	-	-	-		-		**-**
Deferred tax asset related to stock options	-	-	-		-	-17	**-17**
Cost of equity-settled long term incentive plans	-	-	-	1,317	-	-	**1,317**
Dividends	-	-	-	-	-	-20,446	**-20,446**
Closing balance as of 31 March 2018	**3,666**	**-6**	**64,479**	**41,039**	**-21,730**	**1,036,527**	**1,123,971**

For the three months ended March 31, 2017

(All amounts in USD 1,000s)	Share Capital	Treasury Shares	Share Premium	Other Paid-In Capital	Currency Translation Reserve	Retained Earnings	Total Equity
Opening balance 1 January 2017	**3,657**	**-21**	**58,107**	**36,964**	**-21,933**	**1,092,352**	**1,169,124**
Net income	-	-	-	-	-	1,567	**1,567**
Other comprehensive income	-	-	-		-358	-	**-358**
Total comprehensive income	**-**	**-**	**-**	**-**	**359**	**75,594**	**1,209**
Paid-in-equity through exercise of stock options	1		721		-		**722**
Distribution of treasury shares	-	11.0	-		-	5,980	**5,990**
Cost of equity-settled long term incentive plans	-	-	-	616	-	-	**616**
Dividends	-	-	-	-	-	-15,240	**-15,240**
Closing balance per 31 March 2017	**3,663**	**-6**	**62,771**	**39,722**	**-21,574**	**1,115,531**	**1,162,421**

TGS Energy starts with us.

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 2017 which is available on www.tgs.com.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the annual financial statements for 2017 except for the implementation of IFRS 15 Revenue with effect from 1 January 2018. Following the implementation of IFRS 15, consolidated shareholders' equity has been reduced by USD 54.9 million as of 1 January 2018. Revenue recognition principles related to some contracts are still being assessed, however the impact of any possible changes is not expected to be material to the quarter. None of the other new accounting standards or amendments that came into effect from 1 January 2018 have had a significant impact on the presentation of the financial statements during the first quarter of 2018. See note 7 for further information.

Note 3 Share capital and equity

Ordinary shares	Number of shares
1 January 2018	**102,345,890**
Issued 27 February 2018 for cash on exercise of stock options	73,600
31 March 2018	**102,419,490**

Treasury shares	Number of shares
1 January 2018	**116,180**
Net change in period	0
31 March 2018	**116,180**

The Annual General Meeting held 9 May 2017 renewed the Board of Directors' authorization to distribute quarterly dividends on the basis of the 2016 financial statements. The authorization shall be valid until the Company's Annual General Meeting in 2018, but no later than 30 June 2018.

On 7 February 2018, the Board of Directors resolved to pay a quarterly dividend of the NOK equivalent of USD 0.20 per share (NOK 1.57) to the shareholders. The dividends were paid to the shareholders on 1 March 2018.

On 8 May 2018, the Board of Directors resolved to pay a quarterly dividend of the NOK equivalent of USD 0.20 per share (NOK 1.62) to the shareholders. The dividends will be paid to the shareholders on 30 May 2018.

Largest Shareholders as of 3 April 2018	Country	Account type	No. of shares	Share
1. THE BANK OF NEW YORK MELLON SA/NV	Belgium	NOM	8,977,356	8.8%
2. FOLKETRYGDFONDET	Norway		8,953,632	8.8%
3. STATE STREET BANK AND TRUST COMP	USA	NOM	4,512,977	4.4%
4. RBC INVESTOR SERVICES TRUST	UK	NOM	3,938,200	3.9%
5. STATE STREET BANK AND TRUST COMP	USA	NOM	2,944,803	2.9%
6. SANTANDER SECURITIES SERVICES, S.A	Spain	NOM	2,933,402	2.9%
7. STATE STREET BANK AND TRUST COMP	USA	NOM	2,357,915	2.3%
8. CLEARSTREAM BANKING S.A.	Luxembourg	NOM	1,967,363	1.9%
9. JPMORGAN CHASE BANK, N.A., LONDON	UK	NOM	1,859,638	1.8%
10. PARETO AKSJE NORGE	Norway		1,821,286	1.8%
10 largest			**40,266,572**	**39 %**
Total Shares Outstanding *			**102,278,310**	**100 %**

* Total shares outstanding are net of shares held in treasury per 3 April 2018

Average number of shares outstanding for Current Quarter *	
Average number of shares outstanding during the quarter	102,256,697
Average number of shares fully diluted during the quarter	103,513,590

* Shares outstanding net of shares held in treasury per 31 December 2017 (116,180 TGS shares), composed of average outstanding TGS shares during the quarter

Share price information	
Share price 31 March 2018 (NOK)	191.35
USD/NOK exchange rate end of period	7.78
Market capitalization 31 March 2018 (NOK million)	19,598

Note 4 Segment information

TGS reports Segment information based on the information reported to the operating decision makers. Segment revenues related to multi-client pre-funded contracts are measured by applying the percentage of completion method to estimated total contract revenues. As such the timing and assessment of amortization will follow the timing of revenue recognition. Management believes the segment reporting provides useful information as to the value generated by the company relative to the related activities and resources employed.

Q1 2018	North & South America	Europe & Russia	Africa, Middle East & Asia / Pacific	Other segments/Corporate costs	Segment reporting consolidated	Adjustment	As reported IFRS
Net external revenues	57,992	46,266	11,043	19,458	134,759	-28,037	106,722
Operating profit	13,483	23,167	-3,635	-8,113	24,902	-16,828	8,074

Q1 2017	North & South America	Europe & Russia	Africa, Middle East & Asia / Pacific	Other segments/Corporate costs	Segment reporting consolidated	Adjustment	As reported IFRS
Net external revenues	41,519	28,348	4,156	12,132	86,156	0	86,156
Operating profit	3,165	13,885	-3,432	-11,714	1,905	0	1,905

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)	Segment Q1 2018	IFRS Q1 2018	Q1 2017	2017
Opening balance net book value	**799.0**	**799.0**	**812.4**	**812.4**
Adjustment opening balance	0.0	78.9	0.0	0.0
Non-operational investments	0.0	0.0	5.9	9.5
Operational investments	34.2	34.2	63.3	279.4
Amortization and impairment	-83.6	-72.0	-61.8	-302.3
Closing net book value	**749.6**	**840.1**	**819.9**	**799.0**

(Numbers in USD millions)	Segment Q1 2018	IFRS Q1 2018	Q1 2017	2017
Net MC revenues	132.5	103.8	84.2	485.2
Change in MC revenue	57 %	23 %	40 %	11 %
Change in MC investment	-51 %	-51 %	31 %	7 %
Amort. in % of net MC revs.	63 %	69 %	73 %	62 %
Change in net book value	6 %	-4 %	1 %	-2 %

Note 6 Related parties

On 22 February 2018, certain members of the executive management exercised in total 20,000 options and sold the same number of shares. No other material transactions with related parties took place during the first quarter of 2018.

Note 7 Changes in accounting standards

IFRS 15 Revenue from Contracts with Customers

The IASB has issued a new revenue recognition standard, IFRS 15, which has been implemented with effect from 1 January 2018. The standard replaces existing IFRS revenue requirements. The core principle of IFRS 15 is that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard applies to all revenue contracts and provides a model for the recognition and measurement of sales of some non-financial assets (e.g., disposals of property, plant and equipment). The Standard is effective for annual periods beginning on or after 1 January 2018.

For late sales and proprietary sales, there are no material effects following the implementation of IFRS 15. Multi-client pre-funded contracts are considered to be “right to use licenses” under IFRS 15, meaning that all revenues related to these contracts will be recognized at the point in time when the license is transferred to the customer, which would typically be upon completion of processing of the survey and granting of access to the finished survey or delivery of the finished data, independent of services delivered to clients during the project phase. As such the implementation of IFRS 15 impacts the timing of revenue recognition and amortization on multi-client pre-funded contracts compared to previous accounting principles whereby revenue for these contracts was recognized over time as the acquisition and processing services were delivered. Revenue recognition on pre-funded contracts will typically be recognized later under IFRS 15 compared to the previous accounting principles.

The Company has elected to apply the modified retrospective approach for the transition under IFRS 15. Under this approach, the comparative periods will not be restated, and the cumulative effect of initially applying IFRS 15 is recognized at the date of initial application on 1 January 2018. As a consequence, some multi-client pre-funding revenues and associated amortization which was recognized in prior periods has been reversed as at 1 January 2018 and will be recognized in the income statement for 2018 and future periods, without prior periods being restated. In the financial statements for 2018 and subsequent periods, the effect of applying IFRS 15 in each period as compared to previous accounting principles will be disclosed.

Under this approach, the implementation effect reported in the opening consolidated shareholders' equity is a reduction of USD 56 million as of 1 January 2018.

TGS continues to evaluate whether elements in multi-client pre-funding and late sales contracts could be viewed as services delivered over time however this assessment has not been concluded as at the date of this report.

IFRS 9 Financial instruments

IFRS 9 has replaced IAS 39 Financial Instruments: Recognition and Measurement and previous versions of IFRS 9. The implementation of IFRS 9 has not had a significant impact on the Company's consolidated financial statements.

Impact of changes in accounting policies on Consolidated Balance Sheet

(All amounts in USD 1,000s)	31 March 2018 without adoption	Adjustments IFRS 15	31 March 2018 as reported
Non-current assets			
Intangible non-current assets			
Multi-client library	749,655	90,040	839,696
Total non-current assets	**749,655**	**90,040**	**839,696**
TOTAL ASSETS	**749,655**	**90,040**	**839,696**
Equity			
Other equity	1,192,033	-71,723	1,120,310
Total equity	**1,192,033**	**-71,723**	**1,120,310**
Non-current liabilities			
Deferred taxes	21,095	-11,552	9,543
Total non-current liabilities	**21,095**	**-11,552**	**9,543**
Current liabilities			
Accounts payable and debt to partners	83,556	-38,139	45,417
Taxes payable, withheld payroll tax, social security	46,270	-3,732	42,538
Other current liabilities	56,470	215,186	271,656
Total current liabilities	**186,295**	**173,315**	**359,609**
TOTAL EQUITY AND LIABILITIES	**1,399,423**	**90,040**	**1,489,463**

Impact of changes in accounting policies on Consolidated Income Statement

(All amounts in USD 1,000s)	Q1 2018 without adoption	Adjustments IFRS 15	Q1 2018 as reported
Net revenues	**134,759**	**-28,037**	**106,722**
Amortization and impairment of multi-client library	83,628	-11,209	72,419
Total operating expenses	**83,628**	**-11,209**	**72,419**
Net income	**51,131**	**-16,828**	**34,303**

Note 8 Økokrim charges and related civil matters

Reference is made to Note 21 to the 2017 Annual Report, which includes a detailed description of charges issued by Økokrim in 2014 and certain subsequent civil claims, including a claim by the Norwegian Government for losses arising from alleged unwarranted tax refunds arising from the transactions with Skeie and the claims of joint responsibility by Skeie and two affiliated persons, as well as DNB. This note provides an update as to any matters that have occurred since 31 December 2017.

In March 2017, TGS rejected the corporate fine of NOK 85 million (approximately USD 11 million) issued by Økokrim on 2 March 2017, which is based on alleged violations of the Norwegian Tax Assessment Act. As a result, the matter was brought to trial, which commenced on 22 January 2018 and concluded 20 April 2018. The court has indicated it will issue its decision in August 2018. If TGS is convicted, the fine will increase to NOK 90 million.

TGS maintains that it acted diligently in connection with the transactions with Skeie and did not commit the alleged violations of law. Based upon the Company's assessment of the evidence presented in the trial, the Company believes the claims by Økokrim lack merit and the decision by the court will confirm that did not engage in any wrongdoing. Accordingly, the Company does not consider it probable that an outflow of resources embodying economic benefits will be required to settle the obligation and no provisions have been made.

The civil matters that have arisen in relation to the transactions that form the basis for the Økokrim charges, and the outcome of these matters, will depend in large part on the outcome of the Økokrim matter. Given the early stage of these proceedings, it is impracticable to render an accurate assessment of the outcome. However, based upon the Company's belief that the Økokrim allegations lack merit, and the trial will confirm that TGS did nothing wrong, the Company also believes these claims of liability are not well-founded, and it intends to challenge the claims vigorously. As a result, the Company does not consider it probable that an outflow of resources embodying economic benefits will be required to settle the obligation and no provisions have been made.

DEFINITIONS – ALTERNATIVE PERFORMANCE MEASURES

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, excluding investments related to projects where payments to the vendors are contingent on sales (risk-sharing investments). 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)	Q1 2018 Segment reporting	Q1 2018 IFRS reporting	Q1 2017
Net income	13,181	-3,647	1,567
Taxes	11,512	11,512	1,158
Net financial items	-209	-209	-820
Depreciation, amortization and impairment	2,251	2,251	2,991
Amortization and impairment of multi-client library	83,628	72,419	61,815
EBITDA	**110,363**	**82,326**	**66,710**

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 operating profit 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 March 2018 Segment reporting	31 March 2018 IFRS reporting	31 March 2017
Equity	1,195,694	1,123,971	1,162,421
Interest bearing debt	2,500	2,500	2,500
Cash	301,699	301,699	248,090
Net interest bearing debt	-299,199	-299,199	-245,590
Capital employed	**896,495**	**824,772**	**916,831**
Average capital employed	906,663	870,802	935,172
Operating profit (12 months trailing)	120,427	103,348	76,271
ROACE	**13 %**	**12 %**	**8 %**

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)	Q1 2018	Q1 2017
Cash flow from operational activities	102,704	184,520
Investments in multi-client library	-31,873	-110,341
Free cash flow (after MC investments)	**70,831**	**74,179**

Backlog

Backlog is defined as the total value of future revenue based on segment reporting from signed customer contracts.