TGS Energy starts with us.

TGS EARNINGS RELEASE

4th QUARTER 2019 RESULTS*

*The accounting standard IFRS 3 applies to a transaction that meets the definition of a business combination. As the transaction relating to the acquisition of Spectrum was effective from 14 August 2019, the sales and costs from the "Spectrum Group" are included in the TGS IFRS statement of financial position and in TGS' statement of comprehensive income for the period 15 August to 31 December 2019.

4th QUARTER 2019 FINANCIAL HIGHLIGHTS

IFRS (all amounts in USD 1,000 unless specified otherwise)	**Q4 2019**	**Q4 2018**	**2019**	**2018**
Net operating revenues	**218,846**	**274,515**	**585,610**	**614,239**
Operating profit (EBIT)	**69,581**	**145,913**	**128,998**	**230,025**
- Operating profit margin	32%	53%	22%	37%
Net income	**56,726**	**124,876**	**99,453**	**178,800**
EPS (fully diluted) (USD)	**0.48**	**1.21**	**0.91**	**1.73**
Organic multi-client investments in new projects	53,946	63,353	327,622	256,926
Risk-sharing investments	4,850	-	11,889	7,343
Inorganic multi-client investments	3,256	-	183,505	6,502
Amortization of multi-client library	95,627	94,735	302,233	270,776
Multi-client library net book value	**1,091,294**	**870,495**	**1,091,294**	**870,495**
Free cash flow (after multi-client investments)	106,197	-18,454	226,359	116,960
Cash balance	**323,408**	**273,527**	**323,408**	**273,527**
Return on average capital employed[1]	12%	24%	12%	24%

Segment reporting[2] (all amounts in USD 1,000 unless specified otherwise)	**Q4 2019**	**Q4 2018**	**2019**	**2018**
Net operating revenues	**232,486**	**188,348**	**772,574**	**621,680**
- Net pre-funding revenues	26,115	34,114	127,332	105,062
- Net late sales	200,893	151,611	627,047	508,222
- Net proprietary revenues	5,478	2,623	18,194	8,396
EBITDA	**189,116**	**156,679**	**641,967**	**530,631**
Operating profit	**58,966**	**68,409**	**221,192**	**171,948**
- Operating profit margin	25%	36%	29%	28%
Amortization of multi-client library	119,882	86,074	397,272	336,295
Multi-client library net book value	**830,803**	**726,143**	**830,803**	**726,143**
Pre-funding rate	48%	54%	39%	41%
Return on average capital employed[1]	19%	18%	19%	18%

[1] 12 months trailing.
[2] Revenue recognition of projects in progress recognized on a Percentage of Completion basis. Please refer to note 4 for more details. Combined TGS and Spectrum revenues from 1 July 2019 to 31 December 2019 were USD 509 million.

- Strong sales momentum in Q4 2019 – Segment net revenues of USD 232 million, year-on-year growth of 23% in Q4 and 24% in FY 2019
- Q4 EBITDA of USD 189 million, year-on-year growth of 21% in Q4 and 29% in FY 2019
    - Restructuring cost of 9 million booked in Q4 2019 related to the Spectrum acquisition
- Spectrum integration on track and synergies of USD 20 million are being realized
- Strong cash flow supporting dividend growth of 39% - USD 0.375 per share to be paid in Q1 2020
- Backlog of USD 181 million represents an increase of 187% from Q4 2018
- 2020 financial targets:
    - Multi-client investments of approximately USD 450 million
    - Continued sector outperformance on cashflow and ROACE
        - Target cash conversion above 20%
        - Target ROACE above 20%
    - Industry leading distribution to shareholders
        - Quarterly dividend increase of 39%; proposed at USD 0.375 per share per quarter
        - Continue buy-back program subject to AGM approval

FINANCIALS - IFRS REPORTING

Following the implementation of the IFRS 15 accounting standard from 1 January 2018, pre-funding committed prior to start-up of the project and late sales committed in the work-in-progress phase are not recognized until delivery of the data to the customer. For internal reporting purposes, TGS still prepares accounts in accordance with historical practice, with sales committed prior to completion of the project recognized on a Percentage of Completion basis. The discussion and analysis in this section is based on IFRS reporting standard.

Net operating revenues and operating profit

Net revenues amounted to USD 218.8 million in Q4 2019, a decrease of 20% from USD 274.5 million in Q4 2018. Revenues from projects completed during the quarter decreased by USD 18.3 million compared to last year, while proprietary revenues grew USD 2.9 million. Revenues from late sales were USD 110.1 million, a decrease of 28% from last year.

Amortization of the multi-client library amounted to USD 95.6 million in Q4 2019 versus USD 94.7 million in Q4 2018.

Headcount in Q4 increased as a result of the Spectrum acquisition. Personnel cost totaled USD 25.3 million, an increase of 17% compared to USD 21.6 million in Q4 2018. Other operating expenses amounted to USD 16.8 million, compared to USD 9.8 million in Q4 2018. The increase is mainly due to restructuring cost related to the Spectrum transaction.

Depreciation increased to USD 10.3 million in Q4 2019 from USD 2.2 million in Q4 2018 as a result of IFRS 16 implementation. This includes USD 3.9 million for impairment of a right of use asset due to unused office space arising as a result of the consolidation of offices across the TGS Group.

Operating profit amounted to USD 69.6 million (margin of 32%) in the quarter compared to USD 145.9 million (53%) in the same quarter of last year. Restructuring cost of USD 9 million was booked in Q4 2019 related to the Spectrum acquisition.

Financial items and profit before tax

Net financial items for Q4 2019 totaled USD -2.4 million compared to USD 1.3 million in Q4 2018. The decrease is mainly a result of currency exchange losses.

Pre-tax profit was USD 67.2 million in Q4 2019 compared to USD 147.2 million in Q4 2018.

Tax and net income

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 corporate income tax rate in Norway (22% in 2019) and in the US (21% in 2019), TGS has assessed the normalized operating consolidated tax rate to be approximately 22% for 2019.

The tax cost for Q4 2019 was USD 10.5 million (USD 22.3 million in Q4 2018), corresponding to a tax rate of 16%. For the full year the tax rate ended at 24% (24% in 2018), slightly above the assessed normalized operating consolidated tax rate due to increased activity in Latin America. The deviation of the tax rate in Q4 2019 from the assessed normalized tax rate is mainly due to currency fluctuation, and adjustments of prior quarters tax cost estimates based on the preliminary full year tax assessments.

Net income amounted to USD 56.7 million in Q4 2019, compared to USD 124.9 million in Q4 2018. This corresponds to a fully diluted EPS of USD 0.48 versus USD 1.21 in Q4 2018.

Balance sheet

As of 31 December 2019, the Company had a cash position of USD 323.4 million, an increase of USD 49.9 million from 31 December 2018. Interest-bearing debt increased to USD 2.8 million in Q4 2019 from USD 2.5 million in Q4 2018, resulting in a net cash balance of USD 320.6 million (USD 271.0 million in Q4 2018).

Goodwill was USD 284.8 million as of 31 December 2019, an increase of USD 216.8 million from December 31, 2018 due to the Spectrum acquisition. Please see note 9 for further details.

The net book value of the multi-client library was USD 1,091.3 million as of 31 December 2019, compared to USD 870.5 million as of 31 December 2018. The net book value reflects an increase of USD 180.2 million due to the Spectrum acquisition.

Total equity as of 31 December 2019 was USD 1,532.1 million, 70.1% of total assets. On 31 December 2018, total equity amounted to USD 1,232.6 million (77.9% of total assets). No new shares were issued in Q4 2019. As of 31 December 2019, TGS held 1,742,100 treasury shares.

Cash flow

Net cash flow from operations for the quarter totaled USD 221.9 million, compared to USD 62.3 million in Q4 2018. Investments in the multi-client library were USD 115.7 million, compared to USD 80.8 million in Q4 2018, resulting in a free cash flow (cash flow from operations after investments in the multi-client library) of USD 106.2 million versus negative USD 18.5 million in Q4 2018. Net increase in cash for Q4 2019 was USD 57.7 million (decrease of USD 48.7 million in Q4 2018).

FINANCIALS – SEGMENT REPORTING

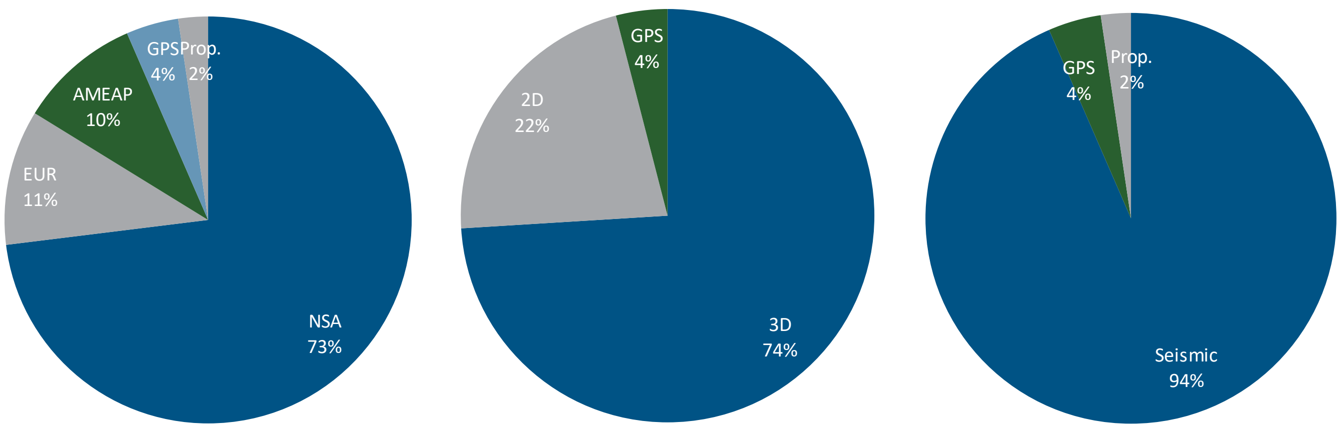
For internal reporting purposes TGS uses segment reporting, with net revenues from projects-in-progress recognized based on Percentage of Completion (POC), as opposed to the IFRS accounts where revenues are not recognized until the relevant project is completed.

Net operating revenues

Net operating revenues for Q4 2019 amounted to USD 232.5 million, an increase of 23.4% from the USD 188.3 million recognized in Q4 2018. Net pre-funding revenues totaled USD 26.1 million in the quarter (USD 34.1 million in Q4 2018), which funded 48% (54% in Q4 2018) of the USD 53.9 million (USD 63.4 million in Q4 2018) of organic investments in the multi-client library (excluding risk-share investments and inorganic investments).

Net late sales for the quarter amounted to USD 200.9 million, an increase of 32.5% compared to the USD 151.6 million booked in Q4 2018. Proprietary contract revenues increased by 108.8% to USD 5.5 million from USD 2.6 million in Q4 2018.

Revenue distribution



Source: TGS

EBITDA, amortization and operating profit

After subtracting operating costs as described in the IFRS section, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) totaled USD 189.1 million in Q4 2019, compared to USD 156.7 million in Q4 2018, an increase of 20.7%.

Amortization of the multi-client library amounted to USD 119.9 million in Q4 2019, up from USD 86.1 million in Q4 2018. The increase is mainly due to higher sales amortization resulting from increased sales of projects-in-progress.

Operating profit in Q4 2019 amounted to USD 59.0 million (margin of 25%), down from USD 68.4 million (margin of 36%) in Q4 2018. TGS booked restructuring cost related to the Spectrum transaction of USD 9 million in Q4 2019. These costs are mainly related to employee redundancies, accrual for rental expenses and other professional services.

Multi-client library

Organic multi-client investments amounted to USD 53.9 million in Q4 2019, 15% lower than the USD 63.4 million invested in the same quarter of 2018. In addition, investments contingent on sales (risk share investments) amounted to USD 4.9 million in Q4 2019 versus none in Q4 2018.

This resulted in a net book value of the multi-client library of USD 830.8 million as of 31 December 2019, compared to USD 726.1 million as of 31 December 2018. The change in book value is related to the acquisition of Spectrum in August 2019.

Backlog

TGS' backlog amounted to USD 181 million at the end of Q4 2019, compared to USD 63 million at the end of Q4 2018.

DIVIDEND AND SHARE BUYBACKS

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.

Since 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 through the year, though 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 0.375 per share in Q1 2020. The dividend will be paid in the form of NOK 3.47 per share on 4 March 2020. The share will trade ex-dividend on 19 February 2020.

On 14 May 2019 TGS announced the initiation of a share re-purchase program of up to USD 50 million. The program will be in place until the Company's annual general meeting in May 2020, or such earlier time as the maximum number of shares has been acquired or the Board resolves to terminate the program. At 31 December 2019, USD 43 million of the re-purchase program had been utilized.

In Q4 2019, 502,000 shares were repurchased at an average price of NOK 263.03 per share, corresponding to a total cash spending of USD 14.5 million. For 2019, 1,647,370 shares were repurchased at an average price of NOK 237.7 per share, corresponding to a total cash spending of USD 43.4 million.

OTHER MATTERS

On 14 August 2019 TGS announced the completion of the acquisition of Spectrum ASA ("Spectrum") enhancing its position as a leading multi-client subsurface data company globally. The transaction was conducted as a statutory merger pursuant to Norwegian corporate law. The integration process is well underway and USD 20 million in expected annual cost savings have been reconfirmed.

During the fourth quarter TGS announced several data purchases that will provide TGS clients with access to a more comprehensive onshore US subsurface data library and previously unavailable historical production data:

- On 29 October 2019 TGS announced that it had completed the transaction to acquire 100 percent of the Kingfisher 3D seismic survey to add to its Oklahoma database. The survey encompasses 714 km^2 and increases TGS' contiguous 3D data coverage in the SCOOP and STACK to over 10,000 km^2. Exploration & production (E&P) companies will now have a more comprehensive onshore subsurface data set in this region for optimal well positioning and lateral drilling hazard mitigation.

- On 19 December 2019 TGS announced that it had completed a transaction to purchase over 2,000 km^2 of onshore seismic 3D surveys in the SCOOP-STACK of the Anadarko Basin, Powder River Basin, and Permian Basin.

- During Q4 2019, TGS also announced the first major update to its online data portal R360™. Users are now able to experience a more intuitive interface that includes a fresh look and feel, streamlined navigation and additional, simplified search functionalities to view TGS' extensive Well Data Library. In addition, during the quarter, TGS and WhiteStar™ announced a partnership to jointly provide a robust solution combining TGS well data and WhiteStar land grid GIS data, coupled with field and pool data.

In early Q1 2020, TGS announced a multi-year agreement with Google Cloud. The agreement secures TGS access to cloud-based on-demand compute power and complements TGS' on-premises compute capacity. The flexible hybrid compute solution enables TGS to deliver on complex, compute intensive projects and to focus on cycle-time reduction while preserving superior data quality. The collaboration agreement with Google further supports TGS' strategy to help customers de-risk their exploration activities faster.

OPERATIONAL HIGHLIGHTS

TGS had, under contract, five 3D seismic vessels (two operated under joint venture agreements), two 2D vessels (one operating under a joint venture agreement), two multibeam / coring vessels, one OBN crew and three land crews in operation in Q4 2019.

In Q4, TGS continued its SeaSeep project in the MSGBC Basin, offshore northwest Africa. The program will cover an area of approximately 113,500 km^2 and will incorporate around 260 cores from the seabed, located based on multibeam backscatter anomalies. Final results are expected to be available in Q2 2020.

TGS also announced that it commenced acquisition of a new multi-client survey in the MSGBC Basin. The Senegal South Ultra-Deep 3D survey covers over 4,500 km^2 and is being undertaken in partnership with GeoPartners using the vessel BGP Prospector. Fast-track data is expected to be available in early Q2 2020, with final data expected to be available in Q3 2020. Later in the quarter TGS announced a Senegal North Ultra-Deep 3D survey, which commenced acquisition in November 2019. The 5,100 km^2 project, in partnership with GeoPartners, is expected to have fast-track data available in Q2 2020 and final datasets available by Q4 2020. Further, TGS announced that it added an additional 1,500 km^2 of 3D seismic data offshore Gambia. The survey covers blocks A2/A5 and will be reprocessed and pre-stack merged into the Jaan program.

In Nigeria, TGS and its joint venture partner TGS-PetroData announced the country's first regional multi-client Multibeam and Seafloor Sampling Study. The study will cover approximately 80,000 km^2 of the offshore Niger Delta and will incorporate around 150 cores from the seabed. Final results will be available in Q3 2020.

In Egypt, TGS announced that it has been granted exclusive rights with its partner, AustinBridgeporth, to acquire the world's highest resolution gravity imagery, eFTG (enhanced Full Tensor Gravity Gradiometry). The program will begin with a regional airborne eFTG multi-client survey, together with magnetic and Lidar data. The survey is expected to commence in Q1 2020 and is planned to continue as a multi-year acquisition that aims to cover both onshore and offshore Egypt.

In Brazil, TGS continued its acquisition of the expanded 22,500 km^2 Santos multi-client 3D program. Acquisition of TGS' 14,100 km^2 multi-client 3D seismic survey in the Campos Basin continued in Q4 2019. Fast-track deliverables for the project were available ahead of Bid Round 16. Further intermediate deliverables will be available in 2020 with final deliverables expected for 2021. In addition, TGS commenced acquisition of the 8,443 km Para-Maranhao 2D multi-client project. Final data is expected to be delivered in Q3 2020.

In Argentina, acquisition was completed on the 3,150 km Colorado Basin 107 & 109 multi-client 2D project, with final data expected to be available in the first half of 2020. In addition, acquisition commenced on the 17,800 km^2 Malvinas 3D multi-client project in the Malvinas Basin. Initial products are expected to be available in early 2021 with final products expected in H2 2021. In Q4, TGS also commenced acquisition of the 4,349 km Argentina 111/113 2D multi-client project. Final data is expected to be delivered in Q3 2020.

In the U.S. Gulf of Mexico, TGS announced the Declaration Refocus next generation M-WAZ imaging program in Mississippi Canyon. The program comprises data covering more than 380 Outer Continental Shelf (OCS) blocks (~8,860 km^2) from orthogonal 3D WAZ programs previously acquired by TGS between 2010 and 2015. Full product delivery of the program is expected at the end of 2020.

In the Norwegian North Sea, TGS, in a JV with AGS, completed acquisition of the 2019 portion of the Utsira OBN survey. Delivery of final volumes is expected in Q1 2020 (for 2018 acquisition season) and Q2 2020 (for 2019 acquisition season). During the quarter, acquisition was also completed for the 5,151 km^2 Greater Castberg multi-client TopSeis 3D project in the Barents Sea, in collaboration with CGG. Fast-track data is expected to be available in Q2 2020, with final data expected to be available in Q4 2020.

For TGS' onshore operations, acquisition was completed in Q4 for the 1,500 km^2 Gloss Mountain 3D multi-client project in the Anadarko Basin as well as the 680 km^2 Railgun 3D multi-client project in the Powder River Basin and the Midnight 3D multi-client project in the Inga/Fireweed area of British Columbia in Canada. Final data is expected to be available for the three surveys during the first half of 2020, respectively. In addition, during the quarter, TGS announced the 100 km^2 South Halfway project also in the Inga/Fireweed area of British Columbia in Canada.

TGS' 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 9,000 new digital well logs, 6,400 new enhanced digital well logs and 52,700 new validated well headers.

OUTLOOK

During the last year, the industry has been increasingly exposed to several key trends that impact long term planning and TGS' strategy. First, increased pressure from communities, governments and shareholders to reduce carbon emissions is impacting how E&P companies allocate capital and manage their operations. The multi-client business model inherently assists the goal of low-carbon operations by reducing duplication and increasing efficiency of vessel allocation. TGS is committed to work with our clients to monitor and reduce emissions, while also looking for opportunities to support the oil and gas industry as it diversifies into renewable and other low-carbon strategies such as carbon capture and storage.

Secondly, a continuation of demand-driven oil price volatility with recent geopolitical events, trade negotiations and the potential impact of the coronavirus on the global economy. These factors are all outweighing supply-side factors and testing OPEC's ability to maintain Brent oil price above $60 per barrel.

Finally, there is a growing recognition among E&P companies, both big and small, that they need to replenish reserves and the world will still need more oil and gas to support economic development, even in future low-carbon scenarios. Following several large discoveries off the Brazilian coast and the west coast of Africa, we see a gradual shift in E&P companies' focus towards frontier prolific basins in the Southern Hemisphere.

Our clients' continued focus on cost, capital discipline and more efficient use of technology combined with increased interest in frontier basins in the Southern Hemisphere fits well with TGS' geographical footprint and strategy of making new generations of technology available on a large scale through the multi-client model. Recent examples are the newly announced 3D projects offshore Argentina and Senegal, the multi-client Ocean Bottom Node (OBN) projects initiated in the US GoM and the North Sea and the Declaration M-WAZ reprocessing project that signals the start of next generation imaging in the US GoM.

Building on this strategy, TGS is continuing to develop its technology offering. Several initiatives have been launched within the imaging area to enhance TGS' position as a leading data processing company. Furthermore, TGS has added substantial resources to the data and analytics area over the past couple of years and will continue to do so. Through combining artificial intelligence (AI) and advanced data analysis capabilities with our strong geoscience knowledge and vast library of geophysical and geological data, we are further enhancing the value offering to our clients.

Over the past few years, the structure of the subsurface data industry has changed significantly. Most of the companies are now either pure vessel providers or pure multi-client companies. Greater discipline and cold-stacking by vessel providers have reduced the available fleet to less than half of the 2014 level. M&A activity has resulted in a more consolidated industry and TGS' acquisition of Spectrum has enhanced its position as a leading, global multi-client company. Together, these changes should contribute to a healthier industry in the longer-term, with more focus on quality and improved economics.

TGS continues to focus on strategies that maximize return on average capital employed ("ROACE") and free cash flow ("FCF"), factors that have high correlation to maximizing total shareholder return. The company's asset-light business model and capital discipline encourage capital efficiency and are designed to produce more predictable and superior long-term ROACE.

TGS is in a unique position to benefit as E&P companies seek to increase their reserves through exploration activities, supporting further investment growth. TGS has already announced several projects for 2020 and approximately USD 181 million of investments were committed as per end of Q4 2019. The investment plan will continue to mature over the coming months. Financial goals for 2020 are as follows:

- Multi-client investments of approximately USD 450 million
- Continued sector outperformance on cashflow and ROACE
  - Target cash conversion above 20%
  - Target ROACE above 20%
- Industry leading distribution to shareholders
  - Quarterly dividend increase of 39%; proposed at USD 0.375 per share per quarter
  - Continue buy-back program subject to AGM approval

Asker, 11 February 2020

The Board of Directors of TGS-NOPEC Geophysical Company ASA

Henry H. Hamilton III
Chairman

Mark S. Leonard
Director

Wenche Agerup
Director

Irene Egset
Director

Torstein Sannes
Director

Vicki Messer
Director

Tor Magne Lønnum
Director

Christopher Finlayson
Director

Kristian Johansen
Chief Executive Officer

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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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.

Energy starts with us.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in USD 1,000s unless noted otherwise)	Note	2019 Q4	2018 Q4	2019	2018
Net revenues	4	**218,846**	**274,515**	**585,610**	**614,239**
Cost of goods sold - proprietary and other		1,252	278	2,413	584
Amortization and impairment of multi-client library	5	95,627	94,735	302,233	270,776
Personnel costs		25,295	21,592	86,345	70,318
Other operating expenses		16,823	9,799	42,120	33,639
Depreciation, amortization and impairment		10,268	2,197	23,503	8,897
Total operating expenses		**149,265**	**128,602**	**456,613**	**384,214**
Operating profit	4	**69,581**	**145,913**	**128,998**	**230,025**
Financial income and expenses					
Financial income		993	1,032	10,385	6,980
Financial expenses		-1,725	-383	-3,672	-991
Net exchange gains/(losses)		-1,665	652	-4,500	756
Net financial items		**-2,396**	**1,302**	**2,213**	**6,746**
Profit before taxes		**67,185**	**147,215**	**131,211**	**236,771**
Taxes[1]		10,459	22,339	31,758	57,971
Net income		**56,726**	**124,876**	**99,453**	**178,800**
EPS USD		**0.48**	**1.22**	**0.92**	**1.75**
EPS USD, fully diluted		**0.48**	**1.21**	**0.91**	**1.73**
Other comprehensive income:					
Exchange differences on translation of foreign operations		-3,000	-1,931	230	-899
Other comprehensive income/(loss) for the period, net of tax		-3,000	-1,931	230	-899
Total comprehensive income for the period		**53,726**	**122,945**	**99,683**	**177,901**

[1] Tax expense includes estimated expenses in some jurisdictions.

INTERIM CONSOLIDATED BALANCE SHEET

	Note	2019	2018
(All amounts in USD 1,000s)		31-Dec	31-Dec
Goodwill		284,753	67,925
Multi-client library	5	1,091,294	870,495
Other intangible non-current assets		13,703	8,366
Deferred tax asset		11,260	884
Buildings		2,396	3,518
Machinery and equipment		22,314	19,308
Right of use asset		25,811	-
Other non-current assets		11,061	180
Total non-current assets		**1,462,592**	**970,676**
Accounts receivable		223,211	215,046
Accrued revenues	10	101,153	91,442
Other receivables		73,815	31,353
Cash and cash equivalents		323,408	273,527
Total current assets		**721,587**	**611,368**
TOTAL ASSETS		**2,184,179**	**1,582,044**
Share capital		4,094	3,668
Other equity	10	1,528,053	1,228,938
Total equity	3	**1,532,147**	**1,232,606**
Long-term debt		2,809	2,500
Other non-current liabilities		1,503	2,514
Lease liability		19,589	-
Deferred taxes	10	43,376	48,354
Total non-current liabilities		**67,277**	**53,368**
Accounts payable and debt to partners		108,087	39,922
Taxes payable, withheld payroll tax, social security		32,732	27,062
Other current liabilities	10	443,935	229,086
Total current liabilities		**584,754**	**296,069**
TOTAL EQUITY AND LIABILITIES		**2,184,179**	**1,582,044**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOW

(All amounts in USD 1,000s)	Note	2019 Q4	2018 Q4	2019	2018
Cash flow from operating activities:					
Received payments from customers		303,429	119,916	786,035	551,368
Payments for salaries, pensions, social security tax		-27,628	-14,919	-87,216	-70,828
Payments of other operational costs		-39,922	-13,992	-99,879	-55,099
Paid taxes		-13,996	-28,643	-38,293	-35,419
Net cash flow from operating activities [1]		**221,883**	**62,362**	**560,648**	**390,022**
Cash flow from investing activities:					
Investments in tangible and intangible assets		-3,041	-10,686	-20,969	-16,369
Investments in multi-client library		-115,686	-80,816	-334,289	-273,062
Investments through mergers and acquisitions		-	-	14,627	-6,501
Interest received		993	1,382	6,261	6,980
Net cash flow from investing activities		**-117,734**	**-90,120**	**-334,370**	**-288,952**
Cash flow from financing activites:					
Interest paid		-132	-383	-778	-991
Dividend payments	3	-31,762	-20,508	-114,640	-81,440
Repayment of interest bearing debt		-57	-	-16,283	-
Proceeds from share issuances	3	-	-6	1,512	4,971
Purchase of own shares	3	-14,483	-	-43,151	-
Net cash flow from financing activites		**-46,434**	**-20,897**	**-173,340**	**-77,460**
Net change in cash and cash equivalents		**57,715**	**-48,655**	**52,938**	**23,610**
Cash and cash equivalents at the beginning of period		265,460	322,150	273,527	249,917
Net unrealized currency gains/(losses)		233	32	-3,057	-
Cash and cash equivalents at the end of period		**323,408**	**273,527**	**323,408**	**273,527**
1) Reconciliation					
Profit before taxes		67,185	147,216	131,211	236,771
Depreciation/amortization/impairment		105,895	96,932	325,736	279,672
Disposals at cost price		-	-	4,666	-
Changes in accounts receivables and accrued revenues		138,490	-107,904	8,020	-94,148
Unrealized currency gains/(losses)		-	1,085	-	-899
Changes in other receivables		13,395	-7	1,386	6,135
Changes in other balance sheet items		-89,089	-46,317	127,919	-2,090
Paid taxes		-13,995	-28,643	-38,292	-35,419
Net cash flow from operating activities		**221,880**	**62,362**	**560,646**	**390,022**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ending December 31, 2019

(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 2018	**3,672**	**-4**	**67,355**	**45,248**	**-22,473**	**1,138,814**	**1,232,606**
Net income	-	-	-	-	-	99,453	**99,453**
Other comprehensive income	-	-	-	-	230	-	**230**
Total comprehensive income	**-**	**-**	**-**	**-**	**230**	**99,453**	**99,683**
Share issue Spectrum merger	456	-	349,516	-	-	-	**349,972**
Transaction cost share issues	-	-	-	-	-	-739	**-739**
Distribution of treasury shares	-	1	-	-	-	249	**250**
Purchase of own shares	-	-35	-	-	-	-43,365	**-43,401**
Cost of equity-settled long term incentive plans	5	-	-	-	-	8,411	**8,416**
Dividends	-	-	-	-	-	-114,640	**-114,640**
Closing balance as of 31 December 2019	**4,133**	**-38**	**416,871**	**45,248**	**-22,243**	**1,088,182**	**1,532,147**

For the year ending December 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**
Adjustments IFRS 15	-	-	-	-	-	-54,895	**-54,895**
Adjustments prior years, see note 10	-	-	-	-	-	-19,093	**-19,093**
Opening balance 1 January 2018	**3,663**	**-6**	**62,771**	**39,722**	**-21,574**	**1,041,543**	**1,126,114**
Net income	-	-	-	-	-	178,800	**178,800**
Other comprehensive income	-	-	-	-	-899	-	**-899**
Total comprehensive income	**-**	**-**	**-**	**-**	**-899**	**178,800**	**177,901**
Paid-in-equity through exercise of stock options	9	-	4,584	-	-	-	**4,594**
Distribution of treasury shares	-	0.4	-	-	-	377	**377**
Cost of equity-settled long term incentive plans	-	-	-	5,526	-	-	**5,526**
Dividends	-	-	-	-	-	-81,906	**-81,906**
Closing balance as of 31 December 2018	**3,672**	**-4**	**67,355**	**45,248**	**-22,473**	**1,138,814**	**1,232,606**

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 2018 which is available at 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 2018 except for the implementation of IFRS 16 Leases with effect from 1 January 2019. Please see note 7 for further explanation.

Note 3 Share capital and equity

Ordinary shares	Number of shares
1 January 2019	**102,647,790**
Shares issued during Q1 2019	0
Shares issued during Q2 2019	0
Shares issued during Q3 2019	16,258,988
Shares issued during Q4 2019	0
31 December 2019	**118,906,778**

Treasury shares	Number of shares
1 January 2019	**104,630**
Net change in period	1,637,470
31 December 2019	**1,742,100**

The Annual General Meeting held 8 May 2019 renewed the Board of Directors' authorization to distribute quarterly dividends on the basis of the 2018 financial statements. The authorization shall be valid until the Company's Annual General Meeting in 2020, but no later than 30 June 2020.

On 8 May 2019, the Board of Directors resolved to pay a quarterly dividend of the NOK equivalent of USD 0.27 per share (NOK 2.36) to the shareholders. The dividend was paid to the shareholders on 31 May 2019.

On 24 July 2019, the Board of Directors resolved to pay a quarterly dividend of the NOK equivalent of USD 0.27 per share (NOK 2.34). The dividend was paid to the shareholders on 15 August 2019.

On 29 October 2019, the Board of Directors resolved to pay a quarterly dividend of the NOK equivalent of USD 0.27 per share (NOK 2.49). The dividend will be paid to the shareholders on 20 November 2019.

On 11 February 2020, the Board of Directors resolved to pay a quarterly dividend of the NOK equivalent of USD 0.375 per share (NOK 3.47). The dividend will be paid to the shareholders on 4 March 2020.

Largest Shareholders as of 31 December 2019	Country	Account type	No. of shares	Share
1. Folketrygdfondet	Norway		11,241,056	9.6%
2. State Street Bank and Trust Comp	USA	NOM	10,098,273	8.6%
3. The Bank of New York Mellon SA/NV	The Netherlands	NOM	8,507,076	7.3%
4. Verdipapirfondet DNB Norge (IV)	Norway		3,942,478	3.4%
5. RBC Investor Services Trust	Canada	NOM	3,654,892	3.1%
6. State Street Bank and Trust Comp	USA	NOM	2,924,415	2.5%
7. JPMorgan Chase Bank N.A. London	USA	NOM	1,931,803	1.6%
8. State Street Bank and Trust Comp	USA	NOM	1,828,452	1.6%
9. Pareto Aksje Norge Verdipapirfond	Norway		1,788,549	1.5%
10. JPMorgan Chase Bank N.A. London	USA	NOM	1,760,987	1.5%
10 largest			**47,677,981**	**41%**
Total Shares Outstanding *			**117,164,678**	**100%**

* Total shares outstanding are net of shares held in treasury per 31 December 2019

Average number of shares outstanding for Current Quarter *	
Average number of shares outstanding during the quarter	117,482,887
Average number of shares fully diluted during the quarter	118,662,376

* Shares outstanding net of shares held in treasury per 31 December 2019 (1,742,100 TGS shares), composed of average outstanding TGS shares during the quarter

Share price information	
Share price 31 December 2019 (NOK)	267.10
USD/NOK exchange rate end of period	8.78
Market capitalization 31 December 2019 (NOK million)	31,760

Note 4 Segment information

TGS reports Segment information based on the information reported to the management. 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.

(USD 1,000)	North & South America	Europe & Russia	Africa, Middle East & & Asia/Pacific	Other segments/ Corporate	Segment reporting consolidated	Adjustment	IFRS reporting
Q4 2019							
Net external revenues	170,458	24,977	22,531	14,520	232,486	-13,641	218,846
Operating profit	73,822	10,249	10,036	-35,143	58,966	10,614	69,581
Q4 2018							
Net external revenues	98,921	45,112	28,371	15,944	188,348	86,168	274,515
Operating profit	41,736	23,303	20,876	-17,506	68,409	77,504	145,913
YTD 2019							
Net external revenues	524,886	114,250	62,365	71,072	772,574	-186,965	585,610
Operating profit	219,971	53,078	37,050	-88,910	221,192	-92,194	128,998
YTD 2018							
Net external revenues	356,395	144,137	52,717	68,431	621,680	-7,441	614,239
Operating profit	131,579	69,176	19,735	-48,543	171,947	58,078	230,025

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”.

Impact on Income Statement

(All amounts in USD 1,000s)	Q4 2019 As reported	Adjustments	Q4 2019 Segment
Net revenues	**218,846**	**13,641**	**232,486**
Amortization and impairment of multi-client library	95,627	24,255	119,882
Total operating expenses	**149,265**	**24,255**	**173,520**
Taxes	10,459	8,764	19,223
Net income	**56,726**	**-19,379**	**37,347**

(All amounts in USD 1,000s)	2019 As reported	Adjustments	2019 Segment
Net revenues	**585,610**	**186,963**	**772,574**
Amortization and impairment of multi-client library	302,233	95,039	397,272
Total operating expenses	**456,613**	**95,039**	**551,652**
Taxes	31,758	28,178	59,936
Net income	**99,453**	**64,016**	**163,469**

Impact on Balance Sheet

(All amounts in USD 1,000s)	31-Dec-19 As reported	Adjustments	31-Dec-19 Segment
Multi-client library	1,091,294	-260,492	830,803
Deferred tax asset	11,260	-435	10,825
Total non-current assets	**1,462,592**	**-260,927**	**1,201,665**
Accrued revenues	101,153	161,521	258,506
Total current assets	**721,587**	**161,521**	**878,940**
Equity	**1,532,147**	**79,427**	**1,611,574**
Deferred taxes	43,376	33,666	77,042
Total non-current liabilities	**67,277**	**33,666**	**100,944**
Accounts payable and debt to partners	108,087	66,343	174,430
Other current liabilities	443,935	-283,009	160,926
Total current liabilities	**584,755**	**-216,667**	**368,088**

Note 5 Multi-client library

(Numbers in USD millions)	Segment Q4 2019	IFRS Q4 2019	Segment Q4 2018	IFRS Q4 2018	Segment YTD 2019	IFRS YTD 2019	Segment YTD 2018	IFRS YTD 2018
Opening balance net book value	**888.5**	**1,124.7**	**749.6**	**902.6**	**726.1**	**870.5**	**799.0**	**799.0**
Adjustment opening balance	0.2	0.2	-0.8	-0.8	-3.1	0.0	**0.0**	78.9
Non-operational investments	3.3	3.3	0.0	0.0	165.5	183.5	6.5	6.5
Operational investments	58.8	58.8	63.4	63.4	339.6	339.6	256.9	256.9
Amortization and impairment	-119.9	-95.6	-86.1	-94.7	-397.3	-302.3	-336.3	-270.8
Closing net book value	**830.8**	**1,091.3**	**726.1**	**870.5**	**830.8**	**1,091.3**	**726.1**	**870.5**

Net MC revenues	227.0	213.5	185.7	271.9	754.4	567.4	613.3	605.8
Change in MC revenue	22%	-21%	20%		23%	-6%	26%	
Change in Operational MC investment	-7%	-7%	67%	67%	32%	32%	-20%	-20%
Amort. in % of net MC revs.	53%	45%	46%	35%	53%	53%	55%	45%
Change in net book value	14%	25%	-3%	-5%	14%	25%	-6%	5%
Contract Revenues	5.5	5.5	2.6	2.6	18.2	18.2	8.4	8.4

Note 6 Related parties

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

Note 7 Changes in accounting standards

IFRS 16 Leases

IFRS 16 Leases is effective from the financial year starting at 1 January 2019. The new standard is replacing IAS 17 Leases.

The TGS Group has chosen the modified retrospective approach for the implementation of IFRS 16 Leases where comparative figures are not restated. The reclassifications and adjustments on implementation are recognized in the opening balance of 2019. The Group will apply transition reliefs where the lease asset will be equal to the lease liability at the transition date.

The Group has used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term
- Excluded initial direct costs from measuring the right-of-use assets at the date of initial application
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease

As of 1 January 2019, the TGS Group recognized lease liabilities for properties and other assets. The liabilities were measured at the present value of the remaining lease payments. The remaining lease payments were discounted using the incremental borrowing rate as of 1 January 2019. The incremental borrowing rate applied was 4.45 %. As of 1 January 2019, a lease liability of USD 36 million was recognized. A corresponding right-of-use asset was recognized measured at a value of USD 36 million.

Below is a reconciliation of total operating lease commitments as of 31 December 2018 to the lease liability recognized at 1 January 2019.

Reconciliation of lease commitments to lease liabilites (USD 1,000)	**01-Jan-19**
Non-cancellable operating lease commitments as at 31.12.2018	53,861
Adjustments for property tax and other lease related costs not incl in lease commitment	-11,370
Discounting using the incremental borrowing rate	-6,607
Lease liabilities recognized at initial application	**35,884**
The weighted average incremental borrowing rate applied	4.45%
The right-of-use asset recognized at initial application	**35,884**
Amount recognized in retained earnings at initial application	-

Note 8 Økokrim charges and related civil matters

Reference is made to Note 23 to the 2018 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 certain affiliated persons, as well as DNB. This note provides an update as to any matters that have occurred since 31 December 2018.

In October 2018, the Oslo District Court issued its decision following the trial on the charges earlier in 2018, holding TGS guilty and assessing a corporate fine of NOK 90 million (approximately USD 11 million) (which was as expected, due to the rejection of the fine in March 2017). The decision was split, with the majority holding TGS guilty, and the minority finding no guilt. TGS appealed the decision, which deferred the payment of any fine. The appellate trial before Borgarting Lagmannsrett began in November 2019 and will conclude in February 2020, with a decision expected mid-2020. Despite the Oslo District Court's decision, TGS maintains that it acted diligently in connection with the transactions with Skeie and did not commit the alleged violations of law. TGS believes that the Oslo District Court's reasoning in the verdict is both legally and factually inaccurate and is not reflective of the evidence presented at trial. 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 relate 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, consistent with the Company's belief that Oslo District Court's decision in the Økokrim case was erroneous and the appeal 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.

Note 9 Business combinations & significant transactions

TGS-NOPEC Geophysical Company ASA has acquired 100 % of the outstanding ordinary shares in Spectrum ASA with effective date from 14 August 2019. The consideration for the acquisition was 0.28 x ordinary shares of TGS for each Spectrum share (the "exchange ratio"), in addition to a cash consideration of USD 0.27 multiplied by the exchange ratio.

Spectrum provides innovative multi-client seismic surveys and high-quality seismic imaging services to the global oil and gas industry from offices in the Norway, UK, USA, Brazil, Australia and Singapore. Spectrum designs, acquires and processes seismic data to deliver high quality solutions through its dedicated and experienced workforce. Spectrum holds the world's largest library of multi-client 2D marine seismic data and a significant amount of 3D seismic data. The company's strategy focuses on both the major, established hydrocarbon-producing regions of the world as well as key frontier areas identified by the experienced team of geoscientists. The Spectrum library of multi-client data contains projects from many of the foremost oil producing regions of the world. These include new acquisition, reprocessing and interpretation reports.

The transaction enhances TGS' position as a leading multi-client geophysical data provider with a 2D and 3D seismic data library covering all major mature and frontier basins worldwide. Spectrum has successfully built a substantial presence in the South Atlantic and other important frontier regions. With TGS' extensive library and financial robustness, the combined entity will be well positioned to accelerate 3D seismic investment plans in an improving market. Furthermore, the combined libraries will have a scale that will help accelerate TGS' data analytics strategy.

As the transaction was effective from 14 August 2019, the sales and costs from the acquired library for the period 15 August to 31 December 2019 are reflected in the TGS statement of financial position and in TGS' statement of comprehensive income.

The fair value of the goodwill represents the excess purchase price after all the identifiable assets, liabilities and obligations are recognized. The goodwill arising from the acquisition consists mainly of synergies and economies of scale expected from combining the operations of TGS and Spectrum. None of the goodwill recognized is expected to be deductible for tax purposes.

In the period from 15 August 2019 to 31 December 2019, the acquired Spectrum Group contributed with net revenues of USD 51.0 million, and profit before tax amounting to USD 9.3 million. This is reflected in the consolidated statement of comprehensive income for TGS. If the acquisition had been completed as of 1 January 2019, management estimates that consolidated net revenue for the 12 months ended 31 December 2019 would have been USD 690.9 million, and consolidated profit/loss before tax for the same period would have been USD 125.9 million. These amounts have been determined by applying TGS' principles and assumes that the fair values arising on the date of the acquisition would have been the same if the acquisition had occurred on 1 January 2019.

The following table summarizes the acquisition date fair value of each major class of consideration transferred.

Consideration transferred (USD 1,000)	**14-Aug-19**
Cash	4,341
Equity instruments (16 076 047 shares)	349,972
Total consideration transferred	**354,312**

The fair value of the ordinary shares issued was based on the listed share price of the company at 14 August 2019 of NOK 194.65.

TGS incurred acquisition-related costs of USD 2.0 million, consisting of legal fees and due diligence costs. USD 1.3 million have been included in operating expenses and USD 0.7 million have been recorded in equity as share issuance costs.

The following table summarises the preliminary fair value of assets acquired and liabilities assumed at the date of the acquisition.

Fair value recognized at acquisition (USD 1,000)			**14-Aug-19**
Assets			
Non-current assets	**Segment opening balance**	**Adjustment**	**PPA**
Multi-Client library	162,225	18,024	180,249
Investment in Joint Ventures	2,524	-	2,524
Deferred tax assets	13,277	-	13,277
Software	1,466	-	1,466
Fixtures, fittings and office equipment	1,599	-	1,599
Right-of-use assets	7,699	-	7,699
Non-current other receivables	5,035	-	5,035
Total non-current assets	**193,826**	**18,024**	**211,850**
Current assets			
Restricted cash	2,291	-	2,291
Cash and cash equivalents	18,968	-	18,968
Total current assets	**21,259**	-	**21,259**
Equity			
Segment equity adjustment	-8,702	8,702	-
Total segment equity adjustment	**-8,702**	**8,702**	-
Non-current liabilities			
Deferred tax liability	-6,886	3,879	-3,007
Long term interest bearing debt	-8,545	-	-8,545
Other long term liabilities	-10,809	-	-10,809
Total non-current liabilities	**-26,240**	**3,879**	**-22,361**
Current liabilities			
NWC	-35,052	-30,604	-65,656
Short term interest bearing debt	-8,465	-	-8,465
Other tax liabilities	-1,599	-	-1,599
Total current liabilities	**-45,116**	**-30,604**	**-75,720**
Total identifiable net assets acquired	**135,028**	-	**135,028**

The adjustment between the purchase price allocation (PPA) and the segment opening balance relates to sales amortisation of USD 18.0 million and net revenue of USD 30.6 million that are presented in the segment opening balance.

The Multi Excess Earnings Method (MEEM) has been applied for measuring the fair value of the multi-client library, as a market price for the individual assets does not exist. The MEEM have been estimated for each multi-client library by projecting the future cash flow for a period of four years for each multi-client library. The cash flow has been discounted with an average discount rate of 12.18%. The discount rate varies between the CGU's based on the geographical risks in the regions. The discount rate is based on, among other, a risk-free rate of 1.6 % and an asset beta ratio of 1.

The fair value of receivables is measured at USD 43.7 million (accounts receivable of USD 25.9 million and other receivables of USD 17.8 million classified as NWC). The gross contractual amounts of the receivables are USD 44.6 million. The best estimate of contractual cash flows not expected to be collected are USD 0.9 million.

Liabilities are measured at fair value. Contingent liabilities have not been recognized as these are not considered probable to occur.

Goodwill arising from the acquisition has been recognised as follows:

(USD 1,000)	
Consideration transferred	354,312
Fair value of identfiable net assets	-135,028
Goodwill	**219,285**
Deferred tax liability	-2,456
Total Goodwill	**216,829**

If new information obtained within one year of the date of acquisition, relating to facts or circumstances that existed at the date of acquisition that requires adjustments to the above amounts, or relating to additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

Note 10 Correction of prior period misstatements

	1 January 2018		
(USD 1,000)	**Previously reported**	**Adjustment**	**Restated**
Deferred tax liability	23,721	19,093	42,814
Total non-current liabilities	29,071	19,093	48,164
Other equity	1,196,443	-19,093	1,177,350
Total equity	1,200,102	-19,093	1,181,009

	31 December 2018		
(USD 1,000)	**Previously reported**	**Adjustment**	**Restated**
Deferred tax liability	29,261	19,093	48,354
Total non-current liabilities	34,275	19,093	53,368
Other equity	1,248,031	-19,093	1,228,938
Total equity	1,251,699	-19,093	1,232,606

During 2019, the TGS Group discovered errors in the technical computation of temporary differences arising for non-monetary items in other currencies than USD when assessing tax positions. The Group has previously applied spot rates to calculate temporary differences in the tax calculations; in accordance with IAS 12 the historical rate shall be applied. This has been recognized as an opening balance adjustment of USD 8.9 million in the financial year 2018.

Further the TGS Group has adjusted the deferred tax liability related to TGS' Mexican branch. Due to timing differences between taxable revenue and costs between Norway and Mexico, part of the tax liability in the Mexican branch of one of the Norwegian Group companies will not be deductible under Norwegian taxation. This tax liability has been recognized in the balance sheet as an opening balance adjustment of USD 10.1 million for the financial year 2018.

In addition, the Company has revised the classification of accrued unbilled revenue and deferred revenue as of 31 December 2018. In the restated amounts as of 31 December 2018, accrued unbilled revenue are shown net of deferred revenue of USD 42.4 million.

There is no material impact on the Group's basic or diluted earnings per share in 2018 and no impact on the total operating, investing or financing cash flows for the year ended 31 December 2018.

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)	Q4 2019 Segment	Q4 2019 IFRS	Q4 2018 Segment	Q4 2018 IFRS
Net income	37,347	56,726	61,303	124,876
Taxes	19,223	10,459	8,407	22,339
Net financial items	2,396	2,396	-1,302	-1,302
Depreciation, amortization and impairment	10,268	10,268	2,197	2,197
Amortization and impairment of multi-client library	119,882	95,627	86,074	94,735
EBITDA	**189,116**	**175,475**	**156,679**	**242,846**

(All amounts in USD 1,000s)	2019 Segment	2019 IFRS	2018 Segment	2018 IFRS
Net income	163,469	99,453	137,602	178,800
Taxes	59,936	31,758	41,090	57,971
Net financial items	-2,213	-2,213	6,746	-6,746
Depreciation, amortization and impairment	23,503	23,503	8,897	8,897
Amortization and impairment of multi-client library	397,272	302,233	336,295	270,776
EBITDA	**641,967**	**454,734**	**530,631**	**509,698**

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-Dec-19 Segment	31-Dec-19 IFRS	31-Dec-18 Segment	31-Dec-18 IFRS
Equity	1,611,574	1,532,147	1,265,397	1,251,699
Interest bearing debt	2,809	2,809	2,500	2,500
Cash	323,408	323,408	273,527	273,527
Net interest bearing debt	-320,598	-320,598	-271,027	-271,027
Capital employed	**1,290,976**	**1,211,549**	**994,370**	**980,673**
Average capital employed	1,142,673	1,096,111	973,528	966,679
Operating profit (12 months trailing)	221,192	128,998	171,947	230,025
ROACE	**19%**	**12%**	**18%**	**24%**

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)	Q4 2019	Q4 2018	2019	2018
Cash flow from operational activities	221,884	62,362	560,649	390,022
Investments in multi-client library	-115,686	-80,816	-334,289	-273,062
Free cash flow (after MC investments)	**106,198**	**-18,454**	**226,360**	**116,960**

Backlog

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