



Energy starts with us.

TGS EARNINGS RELEASE

1st QUARTER 2020 RESULTS*

* In accordance to IFRS 3 Spectrum is included from 14 August 2019

1st QUARTER 2020 FINANCIAL HIGHLIGHTS

IFRS (all amounts in USD 1,000 unless specified otherwise)	Q1 2020	Q1 2019
Net operating revenues	52,168	99,848
Operating profit (EBIT)	-57,916	-487
- Operating profit margin	-111%	0%
Net income	-56,485	4,209
EPS (fully diluted) (USD)	-0.48	0.04
Organic multi-client investments in new projects	138,306	36,806
Risk-sharing investments	-	1,039
Inorganic multi-client investments	15,000	-
Amortization and impairment of multi-client library	80,832	73,244
Multi-client library net book value	1,163,768	835,099
Free cash flow (after multi-client investments)	1,142	147,315
Cash balance	248,370	389,962
Return on average capital employed ¹	7%	27%

Segment reporting ² (all amounts in USD 1,000 unless specified otherwise)	Q1 2020	Q1 2019
Net operating revenues	152,060	109,865
- Net pre-funding revenues	83,278	13,565
- Net late sales	62,944	91,273
- Net proprietary revenues	5,838	5,027
EBITDA	125,538	87,902
Operating profit	-19,415	16,853
- Operating profit margin	-13%	15%
Amortization and impairment of multi-client library	142,224	65,922
Multi-client library net book value	841,884	698,070
Pre-funding rate	60%	37%
Return on average capital employed ¹	17%	19%

"TGS' asset light business model allows the Company to reduce capital expenditure quickly to adapt to changes in demand. Significant reduction in operating costs and investments will protect the balance sheet during the unprecedented market conditions and position TGS uniquely to improve its competitive position in the future. I'm pleased to report that our employees around the world are safe and healthy, and I want to thank everyone for their great contribution during these challenging times", says TGS' CEO Kristian Johansen.

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.

Q1 HIGHLIGHTS

- Segment net revenues of USD 152 million, down 3% versus Q1 2019 proforma figures of USD 156 million
- Q1 EBITDA of USD 126 million, down 1% from proforma USD 127 million in Q1 2019
- Strong cash position of USD 248.4 million and undrawn credit facility of USD 100 million
- Spectrum integration completed and annual synergy target of USD 20 million will be exceeded
- Dividend reduced to USD 0.125 per share to be paid in Q2 2020
- Reported backlog of USD 160 million represents an increase of 43% from Q1 2019
- 2020 financial targets revised on 8 April 2020 as follows:
 - Multiclient investments of approximately USD 325 million
 - Continued sector outperformance on cashflow and ROACE
 - Industry leading distribution to shareholders

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 are based on IFRS reporting standard.

Net operating revenues and operating profit

Net revenues amounted to USD 52.2 million in Q1 2020, a decrease of 48% from USD 99.8 million in Q1 2019. Revenues from projects completed during the quarter decreased by USD 2.5 million compared to last year, while proprietary revenues grew USD 0.8 million. Revenues from late sales were USD 36.9 million, a decrease of 55% from last year.

Amortization and impairments of the multi-client library amounted to USD 80.8 million in Q1 2020 versus USD 73.2 million in Q1 2019.

Personnel cost totaled USD 13.5 million, a decrease of 11% compared to USD 15.1 million in Q1 2019. Other operating expenses amounted to USD 10.7 million, compared to USD 5.7 million in Q1 2019.

Depreciation decreased to USD 2.7 million in Q1 2020 from USD 5.1 million in Q1 2019 due to higher capitalization to the multi-client library.

Operating profit amounted to USD -57.9 million in the quarter compared to USD -0.5 million in the same quarter of last year.

Financial items and profit before tax

Net financial items for Q1 2020 totaled USD -13.4 million compared to USD 6.0 million in Q1 2019. The decrease is a result of currency exchange losses, mainly related to a stronger USD versus NOK and BRL. Certain client commitments related to our activity in Brazil are in BRL and converted to USD at time of commitment. A currency effect occurs on cash collection.

Pre-tax profit was USD -71.3 million in Q1 2020 compared to USD 5.5 million in Q1 2019.

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. 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 2020) and in the US (21% in 2020), TGS has assessed the normalized operating consolidated tax rate to be approximately 22% for 2020.

The tax charge for Q1 2020 was USD -14.8 million (USD 1.3 million in Q1 2019). The deviation of the tax rate in Q1 2020 from the assessed normalized tax rate is mainly due to utilization of unrecognized tax losses carried forward in certain entities within the TGS group.

Net income amounted to USD -56.5 million in Q1 2020, compared to USD 4.2 million in Q1 2019. This corresponds to a fully diluted EPS of USD -0.48 versus USD 0.04 in Q1 2019.

Balance sheet

As of 31 March 2020, the Company had a cash position of USD 248.4 million, a decrease of USD 141.6 million from 31 March 2019. Interest-bearing debt was unchanged at USD 2.5 million, resulting in a net cash balance of USD 245.9 million (USD 387.5 million in Q1 2019).

Goodwill was USD 284.8 million as of 31 March 2020, an increase of USD 216.8 million from 31 March 2019 caused by the acquisition of Spectrum in August 2019.

The net book value of the multi-client library was USD 1,163.8 million as of 31 March 2020, compared to USD 835.1 million as of 31 March 2019. The increase is a result of the Spectrum acquisition.

Total equity as of 31 March 2020 was USD 1,440.0 million, corresponding to 65.66% of total assets. On 31 March 2019, total equity amounted to USD 1,209.3 million (75.8% of total assets). No new shares were issued in Q1 2020. As of 31 March 2020, TGS held 2,011,000 treasury shares.

Cash flow

Net cash flow from operations for the quarter totaled USD 146.4 million, compared to USD 208.6 million in Q1 2019. Investments in the multi-client library were USD 145.3 million, compared to USD 61.3 million in Q1 2019, resulting in free cash flow (cash flow from operations after investments in the multi-client library) of USD 1.1 million versus USD 147.3 million in Q1 2019. Net decrease in cash for Q1 2020 was USD 75.0 million (increase of USD 116.4 million in Q1 2019).

FINANCIALS – SEGMENT REPORTING

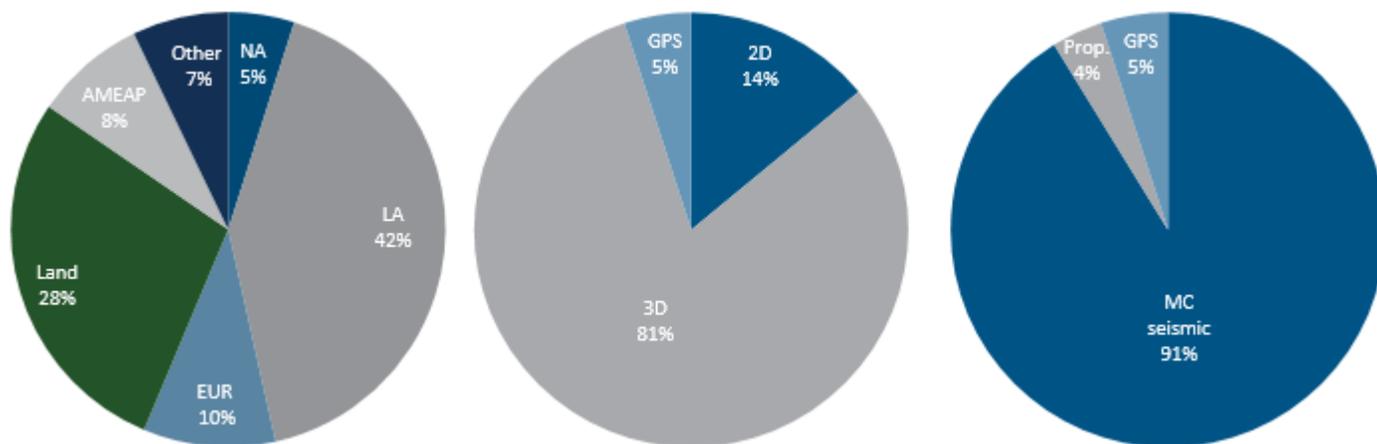
For internal reporting purposes TGS uses segment reporting, with net revenues from projects-in-progress recognized based on Percentage of Completion (POC), as opposed to the IFRS accounts where revenue recognition is deferred until project completion and delivery to the customer. It is the Board's opinion that the POC methodology provides a better picture of the inherent risk and value creation of the business. The discussion and analysis in this section are based on segment reporting.

Net operating revenues

Net operating revenues for Q1 2020 amounted to USD 152.1 million, an increase of 38.4% from the USD 109.9 million recognized in Q1 2019. Net pre-funding revenues totaled USD 83.3 million in the quarter (USD 13.6 million in Q1 2019), which funded 60% (37% in Q1 2019) of the USD 138.3 million (USD 36.8 million in Q1 2019) of organic investments in the multi-client library (excluding risk-share investments and inorganic investments).

Net late sales for the quarter amounted to USD 62.9 million, a decrease of 31% compared to the USD 91.3 million booked in Q1 2019. Proprietary contract revenues increased by 16.1% to USD 5.8 million from USD 5.0 million in Q1 2019.

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 125.5 million in Q1 2020, compared to USD 87.9 million in Q1 2019, an increase of 42.8%.

Amortization and impairment of the multi-client library amounted to USD 142.2 million in Q1 2020, up from USD 65.9 million in Q1 2019. The increase is mainly due to higher sales amortization resulting from increased sales of projects-in-progress.

Operating profit in Q1 2020 amounted to USD -19.4 million (margin of -13%), down from USD 16.9 million (margin of 15%) in Q1 2019.

Multi-client library

Organic multi-client investments amounted to USD 138.3 million in Q1 2020, 276% higher than the USD 36.8 million invested in Q1 2019. There were no investments contingent on sales (risk share investments) in Q1 2020 compared to USD 1.0 million in Q1 2019.

This resulted in a net book value of the multi-client library of USD 841.9 million as of 31 March 2020, compared to USD 698.1 million as of 31 March 2019. The change in book value is mainly related to the acquisition of Spectrum in August 2019.

Backlog

TGS' backlog amounted to USD 160 million at the end of Q1 2020, compared to USD 181 million at the end of Q4 2019 and USD 112 million at the end of Q1 2019.

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 0.125 per share in Q2 2020. The dividend will be paid in the form of NOK 1.27 per share on 3 June 2020. The share will trade ex-dividend on 20 May 2020.

On 14 May 2019 TGS announced the initiation of a share re-purchase program of up to USD 50 million. In Q1 2020, 268,900 shares were repurchased at an average price of NOK 229.36 per share, corresponding to a total cash spending of USD 6.6 million. At 31 March 2020, the re-purchase program had been fully utilized. 1,916,270 shares were repurchased at an average price of NOK 234.02 per share, corresponding to a total cash spending of USD 50.0 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 completed and USD 20 million in expected annual cost savings is identified.

During Q1 2020 TGS completed the purchase of 1,606 km² of modern high-resolution 3D seismic surveys in the North Slope region of Alaska. Please refer to the Operational Highlights section for more details

In early Q1 2020, TGS announced a multi-year agreement with Google Cloud. The agreement secures TGS access to cloud-based on-demand high-performance computing (HPC) 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.

On 16 April 2020, the Borgarting Appeal Court issued a unanimous decision acquitting TGS and all other defendants in the charges brought by Økokrim in 2014 relating to sales of seismic data to Skeie Energy. Økokrim informed TGS on 30 April 2020 it would not appeal the decisions in favor of TGS or its former CFO, resulting in a final conclusion to this case.

As COVID-19 escalated into a global pandemic during Q1 2020, the global economy has experienced a dramatic slowdown, which in turn has led to an unprecedented decline in global demand for oil and gas. As a result, most E&P companies have revised their 2020 spending budgets significantly down. In order to protect cash flow, TGS has initiated several cost reduction measures, which are estimated to result in a 35% reduction of cash operating costs compared to the 2019 proforma level. In addition, the Company has announced a reduction of 2020 multi-client investment to approximately USD 325 million from original guidance of approximately USD 450 million and a reduction of dividend as described above.

OPERATIONAL HIGHLIGHTS

TGS had five 3D seismic vessels (one 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 Q1 2020.

TGS completed its SeaSeep acquisition in the MSGBC Basin, offshore northwest Africa during Q1 2020. The program covered an area of approximately 113,500 km² and incorporated around 260 cores from the seabed, located based on multibeam backscatter anomalies. Final results are expected to be available in Q3 2020. Also in the MSGBC Basin, TGS completed acquisition of the 5,100 km² Senegal North Ultra Deep 3D multi-client survey using the vessel BGP Prospector. Following this TGS commenced acquisition of the 2,000 km² Senegal North OUP 3D multi-client survey.

In Nigeria, TGS and its joint venture partner TGS-PetroData continued the acquisition of the country's first regional multi-client Multibeam and Seafloor Sampling Study. The study will cover approximately 80,000 km² of the offshore Niger Delta and will incorporate around 200 cores from the seabed.

TGS was very active in Brazil during Q1 2020. The company completed the acquisition of the 8,443 km Para-Maranhao 2D multi-client project using the vessel BGP Pioneer and then commenced acquisition of the 3,406 km Potiguar Ph III 2D multi-client survey. TGS also continued acquisition of the expanded 22,500 km² Santos multi-client 3D program and completed the 14,100 km² Campos multi-client 3D seismic survey.

In Argentina, TGS completed acquisition of the 4,349 km CAN-111/113 2D and 3,043 km CAN-102 2D multi-client surveys. In addition, acquisition of the 17,800 km² Malvinas 3D multi-client project in the Malvinas Basin continued.

Onshore North America, TGS completed the acquisition of the 248 km² Plains 3D multi-client survey in the Northern Shelf area of the Midland Basin. TGS also completed the 100 km² South Halfway project in the Inga/Fireweed area of British Columbia in Canada and the 100 km² Ravenclaw 3D multi-client survey in the Edson area of Alberta, Canada.

During Q1 2020 TGS completed the purchase of four modern high-resolution 3D seismic surveys, over an area of 1,606 km² in the North Slope region of Alaska. These datasets will help E&P companies to evaluate new reservoir targets and rejuvenate historic discoveries in an actively producing basin with a high degree of geologic complexity. Furthermore, TGS has commenced a new 632 km² survey in the area, Kuukpik 3D Phase 2, which is fully supported by industry funding.

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 5,300 new digital well logs, 4,000 new enhanced digital well logs and 37,300 new validated well headers.

OUTLOOK

The first quarter of 2020 demonstrated how the energy industry can be impacted by unexpected events that have a dramatic impact on economic growth. The COVID-19 virus has led to an unprecedented decline in global demand for oil & gas. On top of that, the inability of OPEC and other parties to rapidly agree on production cuts further exacerbated the situation. As a result, the Brent oil price dropped from USD 60s per barrel in early January to below USD 23 per barrel during the last days of March.

E&P companies have reacted quickly to the market turmoil announcing significant cuts in capital expenditure. Exploration spending can to a certain degree be considered discretionary, hence there is an expectation that the Company's subsurface data products will be subject to significant spending cuts. As a result, TGS expects a very challenging market in 2020, where data licensing and pre-commitments to new projects may be deferred until clients have more visibility of an improvement in market conditions.

In order to protect cash flow, the Company has decided to reduce 2020 multi-client investments to approximately USD 325 million from an original guidance of approximately USD 450 million. Further, the Company has taken actions to reduce operating cost. Through centralization of offices, a global salary freeze, temporary cessation of employee bonuses and right sizing of the organization, TGS expects a reduction in cash operating cost of approximately 35% compared to 2019 proforma numbers, where the Spectrum acquisition has been reflected as if the transaction had taken place 1 January 2019. The significant reduction in operating costs and capital expenditures will protect the balance sheet during the unprecedented market conditions and position TGS uniquely to improve its competitive position in the future.

TGS' ambition of returning the Company's value creation to shareholders through a combination of quarterly cash dividends and share buybacks remains firm. The dividend policy states an ambition to maintain a stable quarterly dividend through the year, but the actual level paid will be subject to continuous evaluation of market outlook, cash flow expectations, and balance sheet development. Due to the unprecedented decline in client demand, the Board of Directors has decided to reduce the Q1 quarterly dividend payable in May from USD 0.375 per share to USD 0.125 per share. Before concluding on dividend distribution in the coming quarters, the Board will continue to evaluate the situation in accordance with the Company's dividend policy and further developments of COVID-19.

TGS' asset light business model allows the Company to reduce investments and operating costs quickly to adapt to changes in demand. While the current market turmoil will have an impact on the specific financial goals for 2020, the Company's ambition of continued sector outperformance on cashflow and ROACE remains firm.

Asker, 12 May 2020

The Board of Directors of TGS-NOPEC Geophysical Company ASA



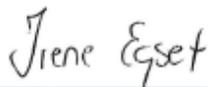
Henry H. Hamilton III
Chairman



Mark S. Leonard
Director



Wenche Agerup
Director



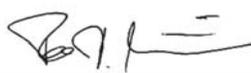
Irene Egset
Director



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 "TGSFY".

Website: www.tgs.com

CONTACT FOR ADDITIONAL INFORMATION

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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.



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INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in USD 1,000s unless noted otherwise)	Note	2020 Q1	2019 Q1
Net revenues	4	52,168	99,848
Cost of goods sold - proprietary and other		2,337	1,112
Amortization and impairment of multi-client library	5, 6	80,832	73,244
Personnel costs		13,529	15,148
Other operating expenses		10,656	5,704
Depreciation, amortization and impairment		2,729	5,126
Total operating expenses		110,083	100,334
Operating profit	4	-57,916	-487
<i>Financial income and expenses</i>			
Financial income		454	6,463
Financial expenses		-746	-610
Net exchange gains/(losses)		-13,087	162
Net financial items		-13,379	6,015
Profit before taxes		-71,294	5,529
Taxes ¹		-14,810	1,320
Net income		-56,485	4,209
EPS USD		-0.48	0.04
EPS USD, fully diluted		-0.48	0.04
<i>Other comprehensive income:</i>			
Exchange differences on translation of foreign operations		-904	-1,398
Other comprehensive income/(loss) for the period, net of tax		-904	-1,398
Total comprehensive income for the period		-57,389	2,811

¹ Tax expense includes estimated expenses in some jurisdictions.



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INTERIM CONSOLIDATED BALANCE SHEET

(All amounts in USD 1,000s)	Note	2020 31-Mar	2019 31-Mar	2019 31-Dec
Goodwill	9	284,753	67,925	284,753
Multi-client library	5, 6	1,163,768	835,099	1,091,294
Other intangible non-current assets		13,457	8,488	13,703
Deferred tax asset		20,477	1,179	21,807
Buildings		3,217	3,245	2,396
Machinery and equipment		31,943	21,779	22,314
Right of use asset		35,188	32,575	23,445
Sublease asset		1,978	-	2,366
Other non-current assets		11,092	166	11,061
Total non-current assets		1,565,873	970,455	1,473,139
Accounts receivable		210,348	106,678	223,211
Accrued revenues		88,350	89,333	101,153
Other receivables		80,163	39,781	73,978
Cash and cash equivalents		248,370	389,962	323,408
Total current assets		627,231	625,754	721,750
TOTAL ASSETS		2,193,104	1,596,209	2,194,889
Share capital		4,127	3,668	4,127
Other equity		1,435,905	1,205,672	1,541,679
Total equity	3	1,440,032	1,209,341	1,545,806
Long-term debt		2,500	2,500	2,809
Other non-current liabilities		829	2,193	1,503
Lease liability		27,963	19,523	19,589
Deferred taxes		17,284	48,876	40,375
Total non-current liabilities		48,577	73,092	64,276
Accounts payable and debt to partners		130,063	853	108,087
Taxes payable, withheld payroll tax, social security		29,606	21,280	32,784
Other current liabilities		544,827	291,642	443,935
Total current liabilities		704,495	313,775	584,806
TOTAL EQUITY AND LIABILITIES		2,193,104	1,596,209	2,194,889

INTERIM CONSOLIDATED STATEMENT OF CASH FLOW

(All amounts in USD 1,000s)	Note	2020 Q1	2019 Q1
Cash flow from operating activities:			
Received payments from customers		219,121	251,548
Payments for salaries, pensions, social security tax		-21,422	-22,647
Payments of other operational costs		-30,628	-16,180
Paid taxes		-20,630	-4,129
Net cash flow from operating activities ¹		146,441	208,592
Cash flow from investing activities:			
Investments in tangible and intangible assets		-7,214	-6,863
Investments in multi-client library		-145,299	-61,277
Investments through mergers and acquisitions		-15,000	-
Interest received		454	2,643
Net cash flow from investing activities		-167,059	-65,497
Cash flow from financing activities:			
Interest paid		-746	-610
Dividend payments	3	-40,889	-27,451
Purchase of own shares	3	-6,601	-
Net cash flow from financing activities		-48,236	-28,061
Net change in cash and cash equivalents		-68,854	115,034
Cash and cash equivalents at the beginning of period		323,408	273,527
Net unrealized currency gains/(losses)		-6,185	1,401
Cash and cash equivalents at the end of period		248,370	389,962
1) Reconciliation			
Profit before taxes		-71,294	5,529
Depreciation/amortization/impairment		83,561	78,371
Disposals at cost price		-	4,653
Changes in accounts receivables and accrued revenues		25,666	152,845
Unrealized currency gains/(losses)		6,185	-2,797
Changes in other receivables		29,704	869
Changes in other balance sheet items		93,249	-26,748
Paid taxes		-20,629	-4,129
Net cash flow from operating activities		146,441	208,592



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INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ending March 31, 2020

(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 2019	4,127	-49	416,878	45,248	-22,233	1,101,834	1,545,806
Net income	-	-	-	-	-	-56,485	-56,485
Other comprehensive income	-	-	-	-	-904	-	-904
Total comprehensive income	-	-	-	-	-904	-56,485	-57,389
Purchase of own shares	-	-7	-	-	-	-6,593	-6,601
Cost of equity-settled long term incentive plans	-	-	-	-	-	2,119	2,119
Dividends	-	-	-	-	-	-43,903	-43,903
Closing balance as of 31 March 2020	4,127	-56	416,878	45,248	-23,137	996,972	1,440,032

For the three months ending March 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	1,138,807	1,232,606
Net income	-	-	-	-	-	4,209	4,209
Other comprehensive income	-	-	-	-	-1,398	-	-1,398
Total comprehensive income	-	-	-	-	-1,398	4,209	2,811
Cost of equity-settled long term incentive plans	-	-	-	1,611	-	-	1,611
Dividends	-	-	-	-	-	-27,687	-27,687
Closing balance as of 31 March 2019	3,672	-4	67,355	46,859	-23,871	1,115,329	1,209,341



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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 Lensmannsliå 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 2019 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 2019.

Note 3 Share capital and equity

Ordinary shares	Number of shares
1 January 2020	118,906,778
Shares issued during Q1 2020	-
31 March 2020	118,906,778

Treasury shares	Number of shares
1 January 2020	1,742,100
Net change in period	268,900
31 March 2020	2,011,000

The Annual General Meeting held 12 May 2020 renewed the Board of Directors' authorization to distribute quarterly dividends on the basis of the 2019 financial statements. The authorization shall be valid until the Company's Annual General Meeting in 2021, but no later than 30 June 2021.

On 12 May 2020, the Board of Directors resolved to pay a quarterly dividend of the NOK equivalent of USD 0.125 per share (NOK 1.27) to the shareholders. The dividend will be paid to the shareholders on 3 June 2020.

Largest Shareholders as of 31 March 2020	Country	Account		Share
		type	No. of shares	
1. Folketrygdfondet	Norway		11,428,859	9.8%
2. State Street Bank and Trust Comp	USA	NOM	10,156,959	8.7%
3. The Bank of New York Mellon SA/NV	The Netherlands	NOM	8,507,076	7.3%
4. RBC Investor Services Trust	Canada	NOM	4,544,807	3.9%
5. State Street Bank and Trust Comp	USA	NOM	2,824,662	2.4%
6. J.P. Morgan Bank Luxembourg S.A.	Luxembourg	NOM	2,581,565	2.2%
7. State Street Bank and Trust Comp	USA	NOM	2,283,354	2.0%
8. JPMorgan Chase Bank N.A. London	USA	NOM	2,129,538	1.8%
9. Pareto Aksje Norge Verdipapirfond	Norway		2,009,645	1.7%
10. The Northern Trust Comp London Br	United Kingdom	NOM	1,668,224	1%
10 largest			48,134,689	41%
Total Shares Outstanding *			116,895,778	100%

* Total shares outstanding are net of shares held in treasury per 31 March 2020

Average number of shares outstanding for Current Quarter *

Average number of shares outstanding during the quarter	117,050,156
Average number of shares fully diluted during the quarter	118,301,866

* Shares outstanding net of shares held in treasury per 31 March 2020 (2,011,000 TGS shares), composed of average outstanding TGS shares during the quarter

Share price information

Share price 31 March 2020 (NOK)	116.80
USD/NOK exchange rate end of period	10.51
Market capitalization 31 March 2020 (NOK million)	13,888

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 America	Latin America	Europe & Russia	Land	Africa, Middle East & Asia/Pacific	Other segments / Corporate costs	Segment reporting consolidated	Adjustment	IFRS reporting
Q1 2020									
Net external revenues	7,478	63,241	14,955	42,900	12,622	10,864	152,060	-99,892	52,168
Operating profit	-18,248	3,857	-2,317	11,357	1,381	-15,446	-19,415	-38,500	-57,916
Q1 2019									
Net external revenues	23,425	5,523	24,065	35,066	7,833	13,953	109,865	-10,017	99,848
Operating profit	-3,423	-1,633	9,783	23,768	1,312	-12,953	16,853	-17,338	-487

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)	Q1 2020 As reported	Adjustments	Q1 2020 Segment
Net revenues	52,168	99,892	152,060
Amortization and impairment of multi-client library	80,832	61,392	142,224
Total operating expenses	110,083	61,392	171,476
Taxes	-14,810	8,870	-5,940
Net income	-56,485	29,630	-26,855

Impact on Balance Sheet

(All amounts in USD 1,000s)	31-Mar-20 As reported	Adjustments	31-Mar-20 Segment
Multi-client library	1,163,768	-321,884	841,884
Deferred tax asset	20,477	-4,613	15,864
Total non-current assets	1,565,873	-326,497	1,239,377
Accrued revenues	88,350	152,904	241,254
Total current assets	627,231	152,904	780,135
Equity	1,440,032	109,419	1,549,451
Deferred taxes	17,284	37,996	55,280
Total non-current liabilities	48,577	37,996	86,573
Accounts payable and debt to partners	130,063	64,848	194,911
Other current liabilities	544,827	-385,856	158,971
Total current liabilities	704,495	-321,008	383,488

Note 5 Multi-client library

(Numbers in USD millions)	Segment Q1 2020	IFRS Q1 2020	Segment Q1 2019	IFRS Q1 2019
Opening balance net book value	830.8	1,091.3	726.1	870.5
Adjustment opening balance	0.0	0.0	0.0	0.0
Non-operational investments	15.0	15.0	0.0	0.0
Operational investments	138.3	138.3	37.8	37.8
Amortization and impairment	-142.2	-80.8	-65.9	-73.2
Closing net book value	841.9	1,163.8	698.1	835.1
Net MC revenues	146.2	46.3	104.8	94.8
Change in MC revenue	40%	-51%	-17%	-4%
Change in Operational MC investment	266%	266%	11%	11%
Amort. in % of net MC revs.	97%	174%	63%	77%
Change in net book value	21%	39%	-4%	4%
Contract Revenues	5.8	5.8	5.0	5.0

Note 6 Impairment evaluation of Multi-client library and Goodwill

The Group reviews the carrying value of its Multi-Client libraries when there are events and changes in circumstances that indicate that the carrying value of the survey may not be recoverable. Impairment indicators have been assessed as a result of the significant volatility in the market during March and April. Key inputs and assumptions in the impairment model have been revisited. The sales forecasts for 2020 and future periods, where reliable information is available, have been adjusted. There are no significant changes in other key inputs and further adjustments are not taken into consideration. The table below shows the impairment charges recognized for the multi-client library in the applicable quarter, reflected in line item "Amortization and impairment of the multi-client library" in the statement of comprehensive income:

(USD 1,000)	North America	Latin America	Europe & Russia	Land	Africa, Middle East & Asia/Pacific	Other	IFRS reporting
Q1 2020							
Impairment	3,525	843	6,413	0	0	0	10,781

Recoverable amounts have been revised in Q1 2020 based on the adjusted sales forecast for 2020 and future periods where reliable information is available for all groups of CGUs. Recoverable amounts are higher than the carrying value for all CGUs, and no impairment of goodwill is recognized.

Note 7 Related parties

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

Note 8 Økokrim charges and related civil matters

Reference is made to Note 24 to the Consolidated Financial Statements included in the 2019 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 2019.

As referenced in Note 24 of the Consolidated Financial Statements, the appellate trial before Borgarting Lagmannsrett began in November 2019 and concluded in February 2020. On 16 April 2020, the Borgarting Appeal Court issued a unanimous decision acquitting TGS and all other defendants in the matter. The Appeal Court's decision is in line with the view TGS has argued since the case materialized in 2014. On April 30, 2020, Økokrim informed TGS and Arne Helland it would not appeal the decision in their favor to the Norwegian Supreme Court, resulting in a final conclusion to the case.

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 it did nothing wrong, as supported by Borgarting Appeal Court's decision, 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

Reference is made to Note 3 to the 2019 Annual Report, which includes a detailed description of the acquisition of Spectrum ASA with effective date from 14 August 2019.

If new information is obtained within one year of the date of the acquisition, relating to facts or circumstances that existed at the date of the acquisition that requires adjustments to the preliminary fair value of assets acquired and liabilities assumed at the date of the acquisition, or relating to additional provisions that existed at the date of acquisition, the accounting for the acquisition will be revised. Such new information may include unidentified tax positions and other contingencies.



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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 2020 Segment	Q1 2020 IFRS	Q1 2019 Segment	Q1 2019 IFRS
Net income	-26,855	-56,485	21,549	4,209
Taxes	-5,940	-14,810	1,320	1,320
Net financial items	13,379	13,379	-6,015	-6,015
Depreciation, amortization and impairment	2,729	2,729	5,126	5,126
Amortization and impairment of multi-client library	142,224	80,832	65,922	73,244
EBITDA	125,538	25,646	87,902	77,884

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-Mar-20 Segment	31-Mar-20 IFRS	31-Mar-19 Segment	31-Mar-19 IFRS
Equity	1,549,451	1,440,032	1,259,473	1,209,341
Interest bearing debt	2,500	2,500	2,500	2,500
Cash	248,370	248,370	389,962	389,962
Net interest bearing debt	-245,870	-245,870	-387,462	-387,462
Capital employed	1,303,581	1,194,162	872,011	821,880
Average capital employed	1,087,796	1,008,021	884,253	833,084
Operating profit (12 months trailing)	184,923	71,854	163,898	220,917
ROACE	17%	7%	19%	27%

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 2020	Q1 2019
Cash flow from operational activities	146,441	208,592
Investments in multi-client library	-145,299	-61,277
Free cash flow (after MC investments)	1,142	147,315

Backlog

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