TGS

Energy starts with us.

TGS EARNINGS RELEASE

3rd QUARTER 2020 RESULTS*

* In accordance with IFRS 3 Spectrum ASA is included from its date of acquisition on 14 August 2019

3rd QUARTER 2020 FINANCIAL HIGHLIGHTS

IFRS (all amounts in USD 1,000 unless specified otherwise)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Net operating revenues	**58,232**	**162,086**	**176,556**	**366,765**
Operating profit (EBIT)	**-89,661**	**55,246**	**-244,518**	**59,417**
- Operating profit margin	-154%	34%	-138%	16%
Net income	**-71,205**	**40,255**	**-207,623**	**42,727**
EPS (fully diluted) (USD)	**-0.60**	**0.36**	**-1.76**	**0.40**
Organic multi-client investments in new projects	53,911	149,376	269,616	273,676
Risk-sharing investments	0	0	0	7,039
Inorganic multi-client investments	0	180,249	15,000	180,249
Amortization and impairment of multi-client library	125,465	63,815	320,715	206,606
Multi-client library net book value	**1,061,983**	**1,124,748**	**1,061,983**	**1,124,748**
Free cash flow (after multi-client investments)	4,484	-35,626	-4,375	120,162
Cash balance	**179,819**	**265,460**	**179,819**	**265,460**
Return on average capital employed[1]	-7%	42%	-7%	42%

Segment reporting[2] (all amounts in USD 1,000 unless specified otherwise)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Net operating revenues	**80,551**	**263,868**	**328,459**	**540,088**
- Net pre-funding revenues	17,383	59,639	138,605	101,217
- Net late sales	60,658	200,842	178,417	426,153
- Net proprietary revenues	2,510	3,386	11,437	12,716
EBITDA	**62,228**	**224,940**	**244,077**	**452,852**
Operating profit	**-27,932**	**102,504**	**-130,915**	**162,226**
- Operating profit margin	-35%	39%	-40%	30%
Amortization and impairment of multi-client library	86,055	118,610	359,014	277,390
Multi-client library net book value	**763,192**	**888,512**	**763,192**	**888,512**
Pre-funding rate	32%	40%	51%	37%
Return on average capital employed[1]	-6%	33%	-6%	33%

"To maintain our strong liquidity and balance sheet, the company has completed a major cost cutting program with reported cash operating cost[3] reduced by 64% compared to Q3 2019. With a cash balance of USD 180 million and positive free cash flow in one of the most challenging quarters in the company's history, we are delivering on our plan and continue to be well-positioned to deliver profitability", says TGS' CEO Kristian Johansen.

[1] 12 months trailing.
[2] Revenues of projects in progress recognized on a Percentage of Completion basis. Please refer to note 4 of the interim financial statements for more details.
[3] Cash operating cost is defined as Personnel costs and Other Operating expenses. The Q3 2019 cash operating cost for comparison is proforma for the acquisition of Spectrum, as if occurring at the beginning of the Q3 2019.

Q3 HIGHLIGHTS – SEGMENT REPORTING

- Segment net revenues were USD 80.6 million in Q3 2020, down 69% versus USD 264 million in Q3 2019.
- New investments of USD 53.9 million were supported by prefunding of USD 17.4 million (32%) during Q3 2020. This compares to USD 330 million in investments (of which USD 180 million was inorganic) and pre-funding of USD 60 million (40%) in Q3 2019.
- Q3 2020 EBITDA was USD 62 million, down 72% from USD 225 million in Q3 2019.
- TGS' backlog amounted to USD 102 million at the end of Q3 2020, up 4% compared to USD 98.1 million at the end of Q2 2020
- Free cash flow (cash flow from operations after investments in the multi-client library) was USD 4.5 million for Q3 2020 compared to USD -35.6 million in Q3 2019.
- Cash balance at 30 September 2020 was USD 180 million, supporting continued dividend of USD 0.125 per share.
- 2020 financial targets remain as follows:
  - Multi-client 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 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 58.2 million in Q3 2020, a reduction of 64% from USD 162.1 million in Q3 2019. Revenues from projects completed during the quarter decreased by USD 103.0 million compared to last year, while proprietary revenues decreased by USD 0.9 million. Late sales were USD 48.3 million, a reduction of 69% from the same period last year.

Amortization and impairments of the multi-client library amounted to USD 125.5 million in Q3 2020 versus USD 63.8 million in Q3 2019. Of this, impairments amounted to USD 1.1 million in Q3 2020 and USD 0 million in Q3 2019. See note 6 of the interim financial statements for further details.

Personnel costs were USD 12.2 million, a decrease of 57% compared to USD 28.7 million in Q3 2019. Other operating expenses amounted to USD 5.1 million, compared to USD 10.4 million in Q3 2019. The underlying decrease is mainly due to synergies after the Spectrum acquisition and the cost reduction program announced on 8 April 2020. The Q3 2020 figures include USD 2.0 million in severance costs due to reduction in headcount, which is partly offset by a net cost reduction of USD 1.4 million related to long-term incentive plans (LTIP) recognized in the quarter. The LTIP cost reduction is a result of key personnel leaving the company and an update of the underlying performance factors due to the COVID-19 situation. In addition, other operating expenses are reduced due to a downward revision of the expected credit loss provision of USD 0.5 million and a credit of USD 0.9 million in relation to a favorable settlement of a legal dispute.

Depreciation increased to USD 4.1 million in Q3 2020 from USD 3.8 million in Q3 2019.

Operating profit amounted to USD -89.7 million in the quarter compared to USD 55.2 million in the same quarter of last year.

Financial items and profit before tax

Net financial items for Q3 2020 totaled USD -3.4 million compared to USD -1.2 million in Q3 2019. The change is a result of currency exchange losses and increased interest expenses in relation to IFRS 16.

Pre-tax profit was USD -93.1 million in Q3 2020 compared to USD 54.0 million in Q3 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.

Based on the corporate income tax rate in Norway (22% in 2020), in Brazil (34% 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 Q3 2020 was USD -21.9 million (USD 13.8 million in Q3 2019), corresponding to a tax rate of 23.5%. The fluctuation in the tax rate is primarily driven by currency conversion losses for the Norwegian entities and subsequent effects on permanent differences.

Net income amounted to USD -71.2 million in Q3 2020, compared to USD 40.3 million in Q3 2019. This corresponds to a fully diluted EPS of USD -0.60 versus USD 0.36 in Q3 2019.

Balance sheet

As of 30 September 2020, the Company had a cash balance of USD 179.8 million, a reduction of USD 85.6 million from 30 September 2019 (USD 265.5 million). Interest-bearing debt decreased to USD 2.5 million in Q3 2020 from USD 2.9 million in Q3 2019, resulting in a net cash balance of USD 177.3 million (USD 262.6 million in Q3 2019).

Goodwill increased by USD 3.6 million to USD 288.4 million as of 30 September 2020 due to measurement period adjustments on the Spectrum purchase price allocation. See note 9 of the interim financial statements for further explanations.

The net book value of the multi-client library was USD 1,062.0 million as of 30 September 2020, compared to USD 1,124.7 million as of 30 September 2019. The decrease is primarily a result of a lower level of investments compared to amortization and impairments.

Total equity as of 30 September 2020 was USD 1,261.2 million, corresponding to 60% of total assets. On 30 September 2019, total equity amounted to USD 1,520.0 million (64.5% of total assets). The Company issued 321,070 new shares to employees in relation to vesting of Performance Stock Units (PSUs) and Restricted Stock Units (RSUs). During Q3 2020 the share capital was decreased by USD 54,000 through cancellation of 1,924,450 treasury shares, as approved by the 2020 annual general meeting. As of 30 September 2020, TGS held 75,000 treasury shares.

Cash flow

Net cash flow from operations for the quarter totaled USD 62.0 million, compared to USD 70.5 million in Q3 2019. Cash outflows related to investments in the multi-client library were USD 57.5 million, compared to USD 106.1 million in Q3 2019, resulting in free cash flow (cash flow from operations after investments in the multi-client library) of USD 4.5 million versus USD -35.6 million in Q3

2019. Net decrease in cash for Q3 2020 was USD 18.7 million (decrease of USD 88.8 million in Q3 2019). Interest paid decreased to USD 1.0 million in Q3 2020 from USD 1.4 million in Q3 2019.

FINANCIALS – SEGMENT REPORTING

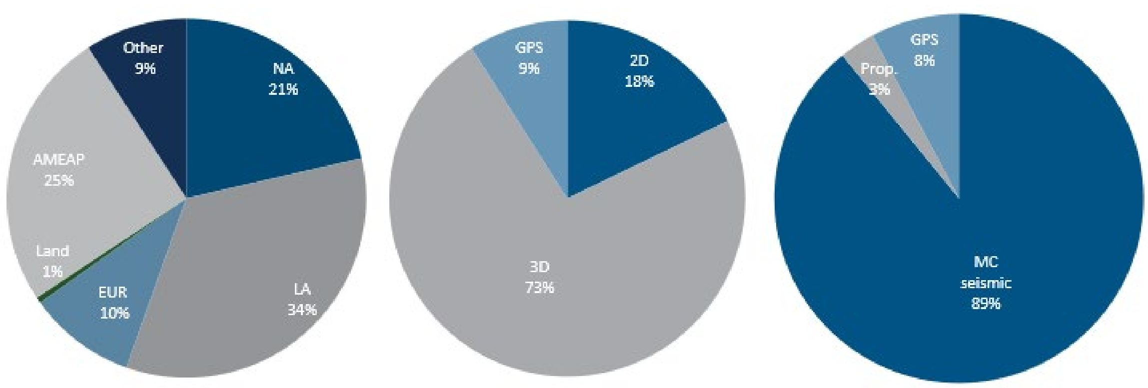
For internal reporting purposes TGS uses segment reporting, with net revenues from projects-in-progress recognized based on Percentage of Completion (POC), as opposed to the IFRS accounts where revenue recognition is deferred until project completion and delivery to the customer. It is the Board's opinion 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 Q3 2020 amounted to USD 80.6 million, a decrease of 69.5% from the USD 263.9 million recognized in Q3 2019. Net pre-funding revenues totaled USD 17.4 million in the quarter (USD 59.6 million in Q3 2019), which funded 32% (40% in Q3 2019) of the USD 53.9 million (USD 149.4 million in Q3 2019) of organic investments in the multi-client library.

Net late sales for the quarter amounted to USD 60.7 million, a decrease of 69.8% compared to the USD 200.8 million booked in Q3 2019. Proprietary contract revenues decreased by 25.9% to USD 2.5 million from USD 3.4 million in Q3 2019.

Revenue distribution



Source: TGS

EBITDA, amortization and operating profit

After subtracting operating costs as described in the IFRS section (which remain unchanged under Segment reporting), EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) totaled USD 62.2 million in Q3 2020, compared to USD 224.9 million in Q3 2019, a decrease of 72.3%.

Amortization and impairment of the multi-client library amounted to USD 86.1 million in Q3 2020, down from USD 118.6 million in Q3 2019.

Operating profit in Q3 2020 amounted to USD -27.9 million (margin of -35%), down from USD 102.5 million (margin of 39%) in Q3 2019.

Multi-client library

Organic multi-client investments amounted to USD 53.9 million in Q3 2020, 64% lower than the USD 149.4 million invested in Q3 2019. There were no investments contingent on sales (risk share investments) in Q3 2020 or Q3 2019.

The net book value of the multi-client library was USD 763.2 million as of 30 September 2020, compared to USD 888.5 million as of 30 September 2019.

Backlog

TGS' backlog amounted to USD 102.1 million at the end of Q3 2020, up 4% compared to USD 98.1 million at the end of Q2 2020. Backlog at the end of the quarter decreased 13% from backlog of USD 117 million at the end of Q3 2019.

DIVIDEND

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

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 Q4 2020. The dividend will be paid in the form of NOK 1.17 per share on 19 November 2020. The share will trade ex-dividend on 5November 2020.

In Q3 2020 TGS paid a cash dividend of USD 0.125 per share (NOK 1.14 per share).

OPERATIONAL HIGHLIGHTS

During Q3, TGS had one 3D seismic vessel, one OBN crew (operated under a joint venture agreement) and one aircraft acquiring Full Tension Gravity (operated under a joint venture agreement).

TGS finalized acquisition of the 5,600 km2 Atlantic Margin 20 (AM20) 3D multi-client project in Norway in Q3 2020. The survey is an extension of the Atlantic Margin seismic programs acquired between 2017 and 2019. In conjunction with the AM20 survey, TGS and Polarcus conducted separate tests using sparse free-fall drop nodes for long offset and full azimuth FWI, and signal apparition for high-resolution imaging of deep-sea minerals.

TGS' first-ever regional airborne Enhanced Full Tensor Gravity Gradiometry (eFTG) multi-client survey was initiated in Q3. The survey will cover an area of approximately 120,000 km2 of the Upper Egypt region and will also acquire magnetic and lidar data in addition to eFTG. This will provide unique, high-resolution imaging of the region with increased accuracy and higher spatial resolution to enhance exploration activities.

In Latin America, processing of the Para-Maranhao 2D survey in Brazil and the Colorado Basin 2D survey in Argentina was completed during the quarter. Processing was ongoing on over 50,000 km2 of 3D located in the Campos and Santos basins of Brazil and the Malvinas basin in Argentina.

In Q3 2020, TGS, in collaboration with Schlumberger, completed the recording phase of Engagement, an ultra-long offset sparse node project in the Green Canyon protraction area of the U.S. Gulf of Mexico. All nodes have been successfully recovered from the seabed and data is being downloaded, ready for processing. TGS also conducted a Low Frequency Source Test in conjunction with this OBN survey.

Onshore North America, TGS commenced permitting activities for the 555 km^2 Voyager 3D multi-client survey in the Powder River Basin, Wyoming. Recording of data is expected to be completed in December 2021.

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 2,953 new digital well logs, 5,068 new enhanced digital well logs and 4,837 new validated well headers.

TGS is focused on supporting a sustainable future. By providing quality data and insights in the most resource-efficient manner possible, the company is contributing to minimizing the industry's environmental footprint. This year, the company has introduced several initiatives for reducing emissions and further enhancing contributions to social development, as well as improving the ESG reporting to stakeholders. The efforts have been recognized in The Governance Group's annual ESG ranking, which recently gave TGS an "A-" rating.

Outlook

The COVID-19 pandemic and the subsequent drop in oil price have had severe consequences for the global oil & gas industry. As significant parts of E&P companies' budgets were already committed pre-COVID, the cuts have had disproportionately higher impact on the uncommitted part of their budgets (i.e. discretionary spending). Most seismic purchases tend to fall into this category; hence demand has sunk to unprecedented levels.

With its asset-light business model characterized by a low proportion of fixed cost, TGS is well-positioned to manage cyclical downturns and even prolonged periods of lower demand. To maintain its strong liquidity and balance sheet, the company has completed a major cost cutting program with cash operating cost reduced by 56% compared to Q4 2019. A significantly lower cost base and a reduced library book value, resulting from a combination of conservative amortization policies and selected impairments of projects in areas with expected lower demand, places TGS in a strong position to deliver profitability and industry leading return on capital in the future. With a strong cash balance of USD 180 million and positive free cash flow in one of the most challenging quarters in the company's history, TGS is delivering on the revised plan communicated to the market in April.

Oil and gas will continue to play an important role in the energy mix for the next decades. As a significant part of already discovered resources are uneconomic to develop, exploration for new and more financially and environmentally viable resources will still be needed. Even in a scenario where the growth in demand for oil and gas is declining from the next decade and onwards, the current rate of discoveries of new resources is insufficient to meet that demand. This will lead to further exploration and the need for seismic data.

The energy transition offers interesting opportunities for TGS. The world's largest library of subsurface data, combined with strong competencies in areas such as geoscience, data management, data processing and analytics, position TGS well to contribute with insights related to carbon capture, utilization and storage (CCUS) and offshore mineral exploration, as well as to the renewables energy industries.

While there are uncertainties related to the short- and medium-term development of client spending, TGS remains well-positioned to take advantage of the challenging market conditions to further enhance its position as the world's leading subsurface data company. The company's relentless focus on cost, capital discipline and a strong balance sheet allows the company to continue growing its database with counter-cyclical investments at low unit costs, while maintaining a healthy distribution to shareholders.

2020 financial guidance is maintained as follows:

- Multi-client investments of approximately USD 325 million
- Continued sector outperformance on cash flow and ROACE
- Industry-leading distribution to shareholders

Oslo, 29 October 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

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.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in USD 1,000s unless noted otherwise)	Note	2020 Q3	2019 Q3	2020 YTD	2019 YTD
Net revenues	4	**58,232**	**162,086**	**176,556**	**366,765**
Cost of goods sold - proprietary and other		1,027	119	4,501	1,160
Amortization and impairment of multi-client library	5, 6	125,465	63,815	320,715	206,606
Personnel costs		12,242	28,725	46,037	61,050
Other operating expenses		5,053	10,355	33,844	25,297
Depreciation, amortization and impairment		4,106	3,825	15,978	13,235
Total operating expenses		**147,893**	**106,839**	**421,075**	**307,348**
Operating profit	4	**-89,661**	**55,246**	**-244,518**	**59,417**
Financial income and expenses					
Financial income		89	1,070	747	9,572
Financial expenses		-1,285	-865	-2,634	-2,127
Net exchange gains/(losses)		-2,246	-1,414	-21,892	-2,835
Net financial items		**-3,442**	**-1,210**	**-23,779**	**4,609**
Profit before taxes		**-93,103**	**54,037**	**-268,297**	**64,026**
Taxes[1]		-21,897	13,782	-60,674	21,300
Net income		**-71,205**	**40,255**	**-207,623**	**42,727**
EPS USD		**-0.61**	**0.36**	**-1.77**	**0.41**
EPS USD, fully diluted		**-0.60**	**0.36**	**-1.76**	**0.40**
Other comprehensive income:					
Exchange differences on translation of foreign operations		-1,540	3,184	133	3,184
Other comprehensive income/(loss) for the period, net of tax		-1,540	3,184	133	3,184
Total comprehensive income for the period		**-72,745**	**43,439**	**-207,490**	**45,911**

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

INTERIM CONSOLIDATED BALANCE SHEET

(All amounts in USD 1,000s)	Note	2020 30-Sep	2019 30-Sep Restated*	2019 31-Dec Restated*
Goodwill	6, 9	288,377	288,377	288,377
Multi-client library	5, 6	1,061,983	1,124,748	1,091,294
Other intangible non-current assets		15,277	10,856	13,703
Deferred tax asset		106,327	20,606	27,486
Buildings		1,990	4,769	2,396
Machinery and equipment		28,686	22,656	22,314
Right of use asset	6	51,776	34,577	23,445
Sublease asset		1,423	-	2,366
Other non-current assets		9,732	11,673	11,061
Total non-current assets		**1,565,571**	**1,518,262**	**1,482,442**
Accounts receivable	6	211,984	225,890	223,211
Accrued revenues		63,673	279,332	101,153
Other receivables		70,295	67,298	69,530
Cash and cash equivalents		179,819	265,460	323,408
Total current assets		**525,770**	**837,981**	**717,302**
TOTAL ASSETS		**2,091,341**	**2,356,243**	**2,199,744**
Share capital		4,082	4,133	4,127
Other equity		1,257,119	1,515,873	1,541,679
Total equity	3	**1,261,200**	**1,520,006**	**1,545,806**
Long-term debt		2,500	2,855	2,809
Other non-current liabilities		864	12,317	1,503
Lease liability		47,575	17,163	19,589
Deferred taxes		39,157	40,137	40,375
Total non-current liabilities		**90,096**	**72,473**	**64,276**
Accounts payable and debt to partners		114,973	21,498	108,087
Taxes payable, withheld payroll tax, social security		22,871	44,336	37,639
Other current liabilities		602,200	697,931	443,935
Total current liabilities		**740,044**	**763,765**	**589,661**
TOTAL EQUITY AND LIABILITIES		**2,091,341**	**2,356,243**	**2,199,744**

*Measurement period adjustments Spectrum PPA. See note 9 for further explanations

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INTERIM CONSOLIDATED STATEMENT OF CASH FLOW

(All amounts in USD 1,000s)	Note	2020 Q3	2019 Q3	2020 YTD	2019 YTD
Cash flow from operating activities:					
Received payments from customers		109,447	131,050	466,585	482,606
Payments for salaries, pensions, social security tax		-16,297	-24,197	-54,061	-59,587
Payments of other operational costs		-18,684	-24,553	-64,475	-59,957
Paid taxes		-12,491	-11,780	-41,567	-24,297
Net cash flow from operating activities [1]		**61,975**	**70,520**	**306,481**	**338,765**
Cash flow from investing activities:					
Investments in tangible and intangible assets		-4,068	-6,358	-33,080	-17,928
Investments in multi-client library	5	-57,491	-106,146	-310,856	-218,603
Investments through mergers and acquisitions		-	14,627	-15,000	14,627
Interest received		107	0	747	0
Net cash flow from investing activities		**-61,452**	**-97,877**	**-358,189**	**-221,904**
Cash flow from financing activites:					
Interest paid		-991	-1,404	-2,340	1,718
Dividend payments	3	-16,186	-30,147	-73,129	-82,878
Repayment of interest bearing debt		-	-16,226	-	-16,226
Proceeds from share issuances	3	-	1,262	-	1,512
Purchase of own shares	3	-	-12,871	-6,601	-28,668
Net cash flow from financing activites		**-17,177**	**-59,386**	**-82,070**	**-124,542**
Net change in cash and cash equivalents		**-16,654**	**-86,743**	**-133,778**	**-7,681**
Cash and cash equivalents at the beginning of period		198,483	354,258	323,408	273,527
Net unrealized currency gains/(losses)		-2,010	-2,055	-9,812	-386
Cash and cash equivalents at the end of period		**179,819**	**265,460**	**179,819**	**265,460**
1) Reconciliation					
Profit before taxes		-93,103	54,037	-268,297	64,026
Depreciation/amortization/impairment	5,6	129,571	67,640	336,693	219,841
Disposals at cost price		-	-3,660	-	4,666
Changes in accounts receivables and accrued revenues		-16,708	-160,165	48,708	-130,470
Unrealized currency gains/(losses)		2,010	0	9,812	0
Changes in other receivables		-8,166	-13,898	-12,561	-12,009
Changes in other balance sheet items		60,862	138,344	233,694	217,007
Paid taxes		-12,491	-11,779	-41,567	-24,296
Net cash flow from operating activities		**61,975**	**70,520**	**306,481**	**338,765**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ending 30 September 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**	**416,877**	**45,248**	**-22,233**	**1,101,834**	**1,545,806**
Net income	-	-	-	-	-	-207,623	**-207,623**
Other comprehensive income	-	-	-	-	133	-	**133**
Total comprehensive income	-	-	-	-	**133**	**-207,623**	**-207,490**
Purchase of own shares	-	-7	-	-	-	-6,594	**-6,601**
Distribution of treasury shares	-	0	-	-	-	165	**165**
Cancellation of treasury shares held	-54	54	-	-	-	-	-
Cost of equity-settled long term incentive plans	9	-	-	-	-	2,440	**2,449**
Dividends	-	-	-	-	-	-73,129	**-73,129**
Closing balance as of 30 September 2020	**4,082**	**-1**	**416,877**	**45,248**	**-22,100**	**817,093**	**1,261,200**

For the nine months ending 30 September 2019

(All amounts in USD 1,000s)	Share Capital	Treasury Shares	Share Premium	Other Paid-In Capital	Currency Translation Reserve	Retained Earnings	Total Equity
Opening balance 1 January 2019	**3,672**	**-4**	**67,355**	**45,248**	**-22,473**	**1,138,821**	**1,232,606**
Net income	-	-	-	-	-	42,727	**42,727**
Other comprehensive income	-	-	-	-	3,230	-	**3,230**
Total comprehensive income	-	-	-	-	**3,230**	**42,727**	**45,957**
Share issue Spectrum merger	456	-	349,516	-	-	-	**349,972**
Transaction cost share issues	-	-	-	-	-	-742	**-742**
Distribution of treasury shares	-	1	-	-	-	249	**250**
Purchase of own shares	-	-31	-	-	-	-28,887	**-28,918**
Cost of equity-settled long term incentive plans	5	-	-	-	-	3,754	**3,759**
Dividends	-	-	-	-	-	-82,878	**-82,878**
Closing balance as of 30 September 2019	**4,133**	**-34**	**416,871**	**45,248**	**-19,243**	**1,073,044**	**1,520,006**

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 Askekroken 11, 0277 Oslo, 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. The balance sheet statements presented as at 30 September and 31 December 2019 have been retrospectively restated due to measurement period adjustments to the Spectrum purchase price allocation. For more information, see note 9 to these interim financial statements.

Note 3 Share capital and equity

Ordinary shares	Number of shares
1 January 2020	**118 906 778**
Shares issued during Q1 2020	-
Shares issued during Q2 2020	-
Shares issued during Q3 2020	321 070
Cancellation of treasury shares	-1 924 450
30 September 2020	**117 303 398**

Treasury shares	Number of shares
1 January 2020	**1 742 100**
Net change in period	-1 667 100
30 September 2020	**75 000**

The net change in treasury shares during 2020 comprise repurchase of 268,900 own shares in Q1, less 11,550 treasury shares distributed to Board members in Q2 and cancellation of 1,924,450 treasury shares in Q3.

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

The Board of Directors has resolved to pay a dividend of USD 0.125 per share in Q4 2020. The dividend will be paid in the form of NOK 1.17 per share on 19 November 2020. The share will trade ex-dividend on 5 November 2020.

In Q3 TGS paid a cash dividend of USD 0.125 per share (NOK 1.14 per share).

Largest Shareholders as of 30 September 2020	Country	Account type	No. of shares	Share
1. State Street Bank and Trust Comp	USA	NOM	12,426,092	10.6 %
2. FOLKETRYGDFONDET	Norway		11,725,961	10.0 %
3. The Bank of New York Mellon SA/NV	The Netherlands	NOM	8,507,076	7.3 %
4. RBC INVESTOR SERVICES TRUST	Canada	NOM	4,788,071	4.1 %
5. The Northern Trust Comp	United Kingdom	NOM	4,328,995	3.7 %
6. State Street Bank and Trust Comp	USA	NOM	3,162,834	2.7 %
7. PARETO AKSJE NORGE VERDIPAPIRFOND	Norway		2,436,545	2.1 %
8. JPMorgan Chase Bank	USA	NOM	2,032,587	1.7 %
9. State Street Bank and Trust Comp	USA	NOM	1,857,539	1.6 %
10. VERDIPAPIRFOND ODIN NORDEN	Norway		1,838,719	1.6 %
10 largest			**53,104,419**	**45%**
Total Shares Outstanding *			**117,228,398**	**100%**

* Total shares outstanding are net of treasury shares held per 30 September 2020

Average number of shares outstanding for Current Quarter *	
Average number of shares outstanding during the quarter	117,034,345
Average number of shares fully diluted during the quarter	118,217,860

* Shares outstanding net of shares held in treasury per 30 September 2020 (75,000 TGS shares), composed of average outstanding TGS shares during the quarter

Share price information	
Share price 30 September 2020 (NOK)	113.00
USD/NOK exchange rate end of period	9.48
Market capitalization 30 September 2020 (NOK million)	13,255

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 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
Q3 2020									
Net external revenues	17,264	27,376	7,808	446	20,263	7,393	80,551	-22,319	58,232
Operating profit	-6,030	529	-4,188	-14,205	11,067	-15,105	-27,932	-61,729	-89,661
Q3 2019									
Net external revenues	83,982	63,286	42,799	24,403	19,616	29,783	263,868	-101,782	162,086
Operating profit	49,300	28,083	23,055	5,325	18,739	-21,574	102,504	-47,258	55,246
YTD 2020									
Net external revenues	45,158	126,874	32,721	53,752	43,217	26,736	328,459	-151,902	176,556
Operating profit	-38,929	-15,791	-11,618	-8,022	13,429	-69,983	-130,914	-113,604	-244,518
YTD 2019									
Net external revenues	167,846	113,066	87,650	74,747	40,314	56,463	540,087	-173,322	366,765
Operating profit	72,944	36,702	42,829	36,928	27,014	-53,767	162,651	-103,234	59,417

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)	Q3 2020 As reported	Adjustments	Q3 2020 Segment
Net revenues	**58,232**	**22,319**	**80,551**
Amortization and impairment of multi-client library	125,465	-39,410	86,055
Total operating expenses	**147,893**	**-39,410**	**108,483**
Taxes	-21,897	16,333	-5,564
Net income	**-71,205**	**45,396**	**-25,809**

(All amounts in USD 1,000s)	YTD 2020 As reported	Adjustments	YTD 2020 Segment
Net revenues	**176,556**	**151,902**	**328,459**
Amortization and impairment of multi-client library	320,715	38,299	359,014
Total operating expenses	**421,075**	**38,299**	**459,373**
Taxes	-60,674	32,270	-28,405
Net income	**-207,623**	**81,334**	**-126,289**

Impact on Balance Sheet

(All amounts in USD 1,000s)	30-Sep-20 As reported	Adjustments	30-Sep-20 Segment
Multi-client library	1,061,983	-298,790	763,192
Deferred tax asset	106,327	-61,396	44,931
Total non-current assets	**1,565,571**	**-360,187**	**1,205,384**
Accrued revenues	63,673	183,923	247,595
Total current assets	**525,770**	**183,923**	**631,699**
Equity	**1,261,200**	**161,123**	**1,422,323**
Deferred taxes	39,157	4,613	43,769
Total non-current liabilities	**90,096**	**4,613**	**94,709**
Accounts payable and debt to partners	114,973	73,322	188,295
Other current liabilities	602,200	-493,316	108,884
Total current liabilities	**740,044**	**-419,994**	**320,051**

Note 5 Multi-client library

(Numbers in USD millions)	Segment Q3 2020	IFRS Q3 2020	Segment Q3 2019	IFRS Q3 2019	Segment YTD 2020	IFRS YTD 2020	Segment YTD 2019	IFRS YTD 2019
Opening balance net book value	**788.5**	**1,126.7**	**698.7**	**859.1**	**830.8**	**1,091.3**	**726.1**	**870.5**
Other changes to MCL	6.8	6.8	-3.2	-0.2	6.8	6.8	-3.2	0.0
Non-operational investments	0.0	0.0	162.2	180.2	15.0	15.0	162.2	180.2
Operational investments	53.9	53.9	149.4	149.4	269.6	269.6	280.8	280.8
Amortization and impairment	-86.1	-125.5	-118.6	-63.8	-359.0	-320.7	-277.4	-206.7
Closing net book value	**763.2**	**1,062.0**	**888.5**	**1,124.7**	**763.2**	**1,062.0**	**888.5**	**1,124.7**
Net MC revenues	78.0	55.7	260.5	163.2	317.0	165.1	527.4	268.0
Change in MC revenue	-70%	-66%	88%	36%	-40%	-38%	23%	-20%
Change in Operational MC investment	-64%	-64%	49%	49%	-4%	-4%	45%	45%
Amort. in % of net MC revs.	110%	225%	46%	39%	113%	194%	53%	77%
Change in net book value	-14%	-6%	19%	25%	-14%	-6%	19%	25%
Contract Revenues	2.5	2.5	3.4	3.4	11.4	11.4	12.7	12.7

The USD 6.8 million in line "Other changes to MCL" for Q3 2020 are net reclassifications from project prepayments and accruals, due to revised cost estimates during the current quarter. These reclassifications have triggered an additional MCL impairment within the Land segment of USD 8 million (segment figures) and USD 1.1 million (IFRS figures) respectively during Q3.

Note 6 Evaluation of estimates and assumptions

TGS reviews the carrying value of its multi-client libraries and goodwill when there are events and changes in circumstances that indicate that the carrying value of these assets may not be recoverable. Impairment indicators have been assessed as a result of the significant volatility in the market during 2020. Key inputs and assumptions in the impairment model have been revisited. The challenging market presents uncertainties and risk related to these estimates. The sales forecasts for future periods, where reliable information is available, have been adjusted for Q3 and will be subject to revisions in Q4 if market development deems this necessary. Please see the section Outlook, page 6, for further details for the Company`s view of the current market situation.

Multi-client library

The Company estimates value in use based on discounted estimated future sales forecasts. For the multi-client library, the value in use has been determined based on revenue and cash flow projections from financial estimates prepared by management. Due to the prevailing markets, future expected cash flows are reduced and consequently the value in use of the multi-client library is reduced. TGS has implemented a detailed process each quarter to assess projects at risk and impairment of the library amid the current volatility and uncertainty in the market. The underlying estimates that form the basis for the sales forecast depend on a number of variables, such as the number of oil and gas exploration and production (E&P) companies operating in the area with potential interest in the data, overall E&P spending, expectations regarding hydrocarbons in the sector, whether licenses to perform exploration in the sectors exist or will be awarded in the future, expected farm-ins to licenses, relinquishments, etc. Local tax rates and sales costs are applied.

TGS is operating in a global industry. TGS' customers are operating on a global scale, and the market for TGS' products is global. However, many local aspects affect the risk of the various cash generating units (CGUs) across the world, as each survey is considered a CGU. Based on this, TGS applies a country risk premium to determine the post-tax weighted average cost of capital (WACC) of all CGUs. The WACC varies between 6.5% to 20.5% for all the CGUs throughout the Company. The significant difference is due to the country risk added for specific surveys in the multi-client library. The WACC unadjusted country specific risk is 6.5%. At year-end 2019, TGS used a WACC between 8.4% to 19.4% for all the CGUs throughout the Company, with a WACC unadjusted country specific risk of 8.4%. The reduction from 2019 to 2020 is mainly due to a reduction of risk-free rate.

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
Q3 2020							
Impairment	680	0	65	72	267	0	1,084
YTD 2020							
Impairment	15,617	23,462	6,478	5,115	689	0	51,361

The impairment review is sensitive to multiple inputs, such as expected sales forecasts, tax rates, gross margins on sales and WACC. A change in expected sales forecast can significantly impact the impairment review for a CGU. The impact will depend on the current value in use and carrying value of the relevant CGU. A change in WACC will also impact the impairment review, while other inputs are considered not to have a significant impact.

- 10% reduction of sales forecast would lead to increased impairment of USD 6.8 million
- 20% reduction of sales forecast would lead to increased impairment of USD 21.8 million
- 2.5% increase in WACC would lead to increased impairment of USD 4.3 million
- 5% increase in WACC would lead to increased impairment of USD 14.0 million

Goodwill

In accordance with IFRS, TGS tests goodwill for impairment annually at year-end, or more frequently if there are indications that goodwill might be impaired. A group of CGUs should be impaired if the carrying amount is higher than the recoverable amount. The recoverable amount is the higher amount of the fair value and the value in use of a CGU. The carrying amount is the carrying amount of all PPE, intangibles, multi-client library, net working capital and goodwill allocated to the groups of CGUs.

Goodwill acquired through business combinations has been allocated to individual cash generating units (CGU) as referred to in the table below:

(USD 1,000)	North America	Latin America	Europe & Russia	Land	Africa, Middle East & Asia/Pacific	Other	IFRS reporting
Net book value as of 30 September 2020	24,899	100,856	37,201	26,894	48,820	49,707	288,377

Based on the impairment testing performed, no impairments have been recognized during first three quarters of 2020.

In assessing value in use, the estimated future cash flows both from current multi-client library and expected future investments are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The post-tax rate is calculated based on the local tax rates in the relevant tax jurisdictions and applying an average of the relevant country risks for the groups of CGUs as specified in the table above. TGS bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of TGS' CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

The impairment calculations are most sensitive to the changes in the forecasted sales, which depend on both the expected investments and expected returns of investments. These factors are mainly influenced by future E&P spending and demand for TGS' products. A change in expected sales forecast can significantly impact the impairment review for a CGU. The impact will depend on the current value in use and carrying value of the relevant CGU. In addition, the impairment calculations are sensitive to changes in WACC, as well as expected cost levels and expected development of working capital.

- 10% reduction of expected return of investments would lead to an impairment of USD 1.3 million
- 20% reduction of expected return of investments would lead to an impairment of USD 81.5 million

- 2.5% increase in WACC would lead to an impairment of USD 25.5 million
- 5% increase in WACC would lead to an impairment of USD 105.5 million

Management does not see any other reasonable changes in the key assumptions that would cause the value in use to be lower than its carrying value.

Expected credit losses

The Company has assessed the measurement of expected credit losses in light of the current market situation. A total allowance for expected credit losses of USD 1.1 million has been recognized in the quarter, which is a net reduction in the allowance of USD 0.5 million since Q2.

Restructuring costs

The Company announced a cost reduction program on 8 April 2020. USD 2.0 million has been recognized as restructuring costs in the quarter. The amount relates to severance cost due to reduction in headcounts.

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.

The appellate trial before Borgarting Lagmannsrett referenced in Note 24 of the Consolidated Financial Statement resulted in a unanimous decision issued in April 2020, 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. All charges in this matter against TGS and its former CFO are now fully resolved as Økokrim did not appeal the decision in their favor to the Norwegian Supreme Court. The Appeal Court awarded the Company MNOK 16.5 (USD 1.8 million) for costs and expenses incurred in connection with the matter, which the Company received in October 2020.

The civil matters that have arisen relate to the transactions that formed the basis for the Økokrim charges. 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 in the criminal proceedings, 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 of the Consolidated Financial Statements included in the 2019 Annual Report, which includes a detailed description of the acquisition of Spectrum ASA with effective date from 14 August 2019.

During 2020 new information relating to facts and circumstances that existed at the date of the acquisition was reviewed and the accounting for the acquisition was revised. By the end of the measurement period 14 August 2020 the purchase price allocation for the Spectrum acquisition was finalized. The following table summarizes the acquisition date preliminary fair value of assets acquired and liabilities assumed as presented in the 2019 Annual Report and measurement period changes as well as the final allocation:

Fair value recognized at acquisition - 14 August 2019	Preliminary PPA	Adjustments	Final PPA
ASSETS			
Non-current assets			
Multi-client library	180,249		180,249
Investment in Joint Ventures	2,524		2,524
Deferred tax assets	13,277	5,679 (1)	18,956
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	-4,448 (2)	587
Total non-current assets	**211,850**		**213,080**
Current assets			
Restricted cash	2,291		2,291
Cash and cash equivalents	18,968		18,968
Total current assets	**21,259**		**21,259**
TOTAL ASSETS	**233,109**		**234,339**
Equity	0		0
Total equity	**0**		**0**
Non-current liabilities			
Deferred tax liability	-3,007		-3,007
Long term interest bearing debt	-8,545		-8,545
Other long term liabilities	-10,809		-10,809
Total non-current liabilities	**-22,361**		**-22,361**
Current liabilities			
Net working capital	-65,656		-65,656
Short term interest bearing debt	-8,465		-8,465
Other tax liabilities	-1,599	-4,855 (3)	-6,454
Total current liabilities	**-75,720**		**-80,575**
Total identifiable net assets acquired	**135,028**		**131,403**

Goodwill arising from the acquisition has been recognised as follows:

Consideration transferred	354,312	0	354,312
Fair value of identfiable net assets	-135,028	3,624	-131,403
Deferred tax liability	-2,456	0	-2,456
Goodwill	**216,829**	**3,624** (4)	**220,453**

(1) Recognition of DTA SPU Brazil
(2) Derecognition of capitalized FTC reserve
(3) Taxes payable SPU Geo Inc
(4) Increase in GW

All adjustments relate to the remeasurement of certain tax positions due to new information obtained during the measurement period, resulting in a corresponding increase in goodwill of USD 3.6 million. More specifically deferred tax assets (DTA) related to Spectrum Geo Do Brazil, previously not recognized, of 5.7 million, have been recognized. Further foreign tax credit reserves (FTC) in Spectrum Geo Inc have been reassessed resulting in the derecognition of USD 4.4 million of FTC reserve previously capitalized and the recognition of USD 4.9 million in taxes payable.

The revised goodwill is allocated to the Latin America CGU. The adjustments have been implemented retrospectively with effect from 14 August 2019. Hence, the balance sheets as of 30 September 2019 and 31 December 2019 presented in this interim report have been restated to reflect the updated PPA.

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)	Q3 2020 Segment	Q3 2020 IFRS	Q3 2019 Segment	Q3 2019 IFRS
Net income	-25,809	-71,205	81,392	40,255
Taxes	-5,564	-21,897	19,901	13,782
Net financial items	3,442	3,442	1,210	1,210
Depreciation, amortization and impairment	4,106	4,106	3,826	3,825
Amortization and impairment of multi-client library	86,055	125,465	118,610	63,815
EBITDA	**62,228**	**39,910**	**224,940**	**122,887**

(All amounts in USD 1,000s)	YTD 2020 Segment	YTD 2020 IFRS	YTD 2019 Segment	YTD 2019 IFRS
Net income	-126,289	-207,623	126,122	42,727
Taxes	-28,405	-60,674	40,713	21,300
Net financial items	23,779	23,779	-4,609	-4,609
Depreciation, amortization and impairment	15,978	15,978	13,236	13,235
Amortization and impairment of multi-client library	359,014	320,715	277,390	206,606
EBITDA	**244,077**	**92,174**	**452,852**	**279,258**

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)	30-Sep-20 Segment	30-Sep-20 IFRS	30-Sep-19 Segment	30-Sep-19 IFRS
Equity	1,422,323	1,261,200	1,618,811	1,520,006
Interest bearing debt	2,500	2,500	2,855	2,855
Cash	179,819	179,819	265,460	265,460
Net interest bearing debt	-177,319	-177,319	-262,605	-262,605
Capital employed	**1,245,004**	**1,083,882**	**1,356,206**	**1,257,402**
Average capital employed	1,300,605	1,170,642	1,129,167	1,036,194
Operating profit (12 months trailing)	-71,949	-77,992	377,133	436,127
ROACE	**-6%**	**-7%**	**33%**	**42%**

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)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Cash flow from operational activities	61,975	70,520	306,481	338,765
Investments in multi-client library	-57,491	-106,146	-310,856	-218,603
Free cash flow (after MC investments)	**4,484**	**-35,626**	**-4,375**	**120,162**

Backlog

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

Responsibility Statement

We confirm to the best of our knowledge that the condensed interim financial statements for the period 1 January to 30 September 2020 has been prepared in accordance with IAS 34 – Interim Financial Reporting as adopted by EU, and additional requirements found in the Norwegian Securities Trading Act, Norwegian Accounting Act, and gives a true and fair view of the Company's consolidated assets, liabilities, financial position and result for the period. We also confirm to the best of our knowledge that the financial review gives a true and fair view of important events that have occurred during the first nine months of the financial year and their impact on the interim financial statements, any major related parties transactions, and a description of the principal risks and uncertainties for the remaining three months of the financial year.

Oslo, 29 October 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

Christopher Finlayson
Director

Kristian Johansen
Chief Executive Officer