

# TGS-NOPEC Geophysical Company ASA

## 1st Quarter 2000 Results

### 1<sup>st</sup> Quarter 2000 Financial Highlights

TGS-NOPEC reports a strong 17% increase in Net Revenues and a 23% increase in Operating Profit during Q1 2000. Operating Profit of NOK 66,4 million was 43% of Net Revenues compared to NOK 54,0 million (41% of Net Revenues) before unusual items in Q1 1999. Net Operating Revenue was NOK 152,6 million compared to NOK 130,6 million in Q1 1999. First quarter EBITDA from operations of NOK 119,2 million was an impressive 78% of Net Revenues, up 37% from the same period last year (NOK 87,1 million). After financial items, including an unrealized USD/NOK exchange loss of NOK 5,9 mill, and after tax, Earnings per Share were NOK 1,50 for Q1 2000 compared to NOK 1,12 in Q1 1999.

### Revenue Breakdown

Net Late Sales of NOK 110,6 million increased 10% from Q1 1999 and accounted for 72% of Net Consolidated Revenues. Early Participant and other project related Revenues totaled NOK 42 million, funding 50% of the Company's total investment into the Multi-client Library during the first quarter and 70% of the investments excluding the purchase of a controlling interest in the Northern Brazil survey from Laboratory of Regional Geodynamics (LARGE).

### Operational Costs

The amortization charge associated with Net Multi-Client revenues was 32% of Net Revenues, close to the average rate of 31% for the full year of 1999. The corresponding amortization rate for Q1 1999 was 22%. This rate will fluctuate from quarter to quarter, depending on the sales mix of projects. Management expects the amortization rate to remain between 30% and 40% of Net Revenues for 2000. Total operational costs payable for the quarter, including materials, declined to NOK 33,4 million from NOK 43,5 million in Q1 1999 primarily as a result of the stacking of the Odin Explorer in Q1 1999.

### Profit

Operating Profit for the quarter was NOK 66,4 million, 43% of Net Revenues, and a 23% increase over Q1 1999 (NOK 54,0 million before unusual items). The Pre-tax Profit of NOK 55,7 million was 37% higher than the NOK 40,6 million reported in Q1 1999, and 16% higher than Q1 1999 figures adjusted for unusual items.

EBITDA (Earnings before Interest, Tax, Depreciation and Amortization) for the three months ended March 31<sup>st</sup>, was NOK 119,2 million, 78% of Net Revenues.

### Financial Items

The rate of exchange between the USD and the NOK changed from 8,03 on December 31<sup>st</sup>, 1999 to 8,47 on March 31<sup>st</sup>, 2000. The Company changed banks in February and repaid a long-term USD loan from the prior bank stated in December at an exchange rate of 8,03 NOK/USD. In accordance with NGAAP, a non-cash exchange loss of NOK 2,8 million was recorded in the accounts. In recording the new USD loan and other currency items to the Balance Sheet at the exchange rate of March 31<sup>st</sup>, an unrealized loss of NOK 5,9 million has been charged to the Net Income statement during Q1 2000. Should the exchange rate on June 30<sup>th</sup> 2000 stay at its current level of 9,07 NOK/USD, an additional unrealized exchange loss of NOK 12,6 million will be recorded in Q2 2000. Should the exchange rate move below 8,47 on June 30<sup>th</sup>, an unrealized exchange gain will be recorded in Q2 2000.

### Tax

The Company estimates a tax rate for the year of no more than 35%. During 1999, the Company earned profits largely in the USA with a 36% tax rate, while the Company's Norwegian operations suffered a tax loss (tax rate 28%) due to write-downs of vessels. Accordingly, the tax rate for 1999 was 38% for the year.

### Net Income and Earnings per Share (EPS)

Net Income for Q1 2000 was NOK 36,2 million, NOK 1,50 per share, 35% higher than reported in Q1 1999; NOK 26,8 mill and EPS NOK 1,12 per share.

## Business Segments and Investments

TGS-NOPEC's main business is developing, managing, conducting, and selling non-exclusive seismic surveys. This activity accounted for virtually all of the Company's business during Q1 2000. The Company increased its investments in its data library by 48% from Q4 1999 levels to NOK 83,5 million. Compared to Q1 1999, the investments in the data library increased by 88%. The Company recognized NOK 42,0 million in Early Participant revenues during the quarter. Total pre-funding recognized represents 50% of total investments in Q1 2000. The lower percentage levels of pre-funding in Q1 are a direct result of the Company's decision to purchase a controlling interest in the Northern Brazil survey. Excluding this investment, average effective pre-funding for the quarter was approximately 70%.

## Balance Sheet

As of March 31, 2000, the Company's total cash holdings amounted to NOK 199,3 million, up from NOK 118,2 million on December 31<sup>st</sup>, 1999. Total interest bearing debt increased from NOK 202,8 million per December 31<sup>st</sup>, 1999 to NOK 239,2 per March 31<sup>st</sup>, 2000 as a result of the opening of a new long-term loan facility in February.

*"Our Balance Sheet is now stronger than ever", states CEO Hank Hamilton. "We are well positioned to act quickly to capitalize on new opportunities and to accelerate the growth of our data library, both 2D and 3D."*

## The Multi-client Library:

			Year	Year	Year
Million NOKs	Q1-00	Q1-99	1999	1998	1997
Opening Balance	324,0	203,0	203,0	129,3	116,6
Investment	83,5	44,4	300,8	193,5	107,6
Amortization	-48,6	-28,9	-179,8	-119,8	-94,9
Net Book Value Ended	359,0	218,5	324,0	203,0	129,3

## Key MCS figures:

Net MCS Revenues for the period	151,1	130,6	574,2	555,6	490,8
Change in MCS Revenue	16%		3 %	13 %	
Change in investment in MCS	88%		55%	80 %	
Amortization in % of Net Revenues	32%	22%	31%	22 %	16 %
Increase in NBV during the period	11 %	8%	60%	57 %	11 %

*"The Net Book Value of the surveys older than 15 months in our data library represents only 21% of our initial investment and only 31% of the total library NBV in our Balance Sheet as of March 31<sup>st</sup>", says CFO Arne Helland. "Our sales continue to outpace the minimum amortization schedules. Since surveys traditionally continue to sell over a five-year period, we clearly have a young library in financial terms which should perform very strongly in an improving market."*

## Operational Highlights

The Company added 48,000 kms of 2D and 7,200 square kms of 3D to its library of marketed surveys during the first quarter. The majority of this activity was concentrated in Brazil, the Gulf of Mexico, and Morocco. A total of eight different seismic vessels contributed to this effort. In Northern Brazil, TGS-NOPEC bought a controlling interest in a 26,000-kilometer 2D survey currently in progress, and in the North Sea acquired 100% ownership of a 1,640 square kilometer 3D survey from another seismic company in exchange for abandoning marketing rights of other surveys owned by that company.

## Outlook

The Company plans to increase activity on new surveys during the second quarter to take advantage of summer weather conditions in the Northern Hemisphere. The Company has secured additional 2D vessel capacity for projects in Europe and Canada and is actively developing a number of 3D projects in several geographic areas. As previously stated, TGS-NOPEC intends to increase its equity participation in the Multi-client 3D market during 2000.

While there are signals that the seismic sector is slowly strengthening, significant improvements in the market continue to lag the increased activity levels in other oilfield sectors. We expect a steadily growing share of oil-company spending to flow into seismic purchases throughout the remainder of 2000 as our customers gain confidence in a more stable commodity price outlook.

*TGS-NOPEC is a leading global provider of non-exclusive seismic data and associated products to the oil and gas industry. TGS-NOPEC specializes in the planning, acquisition, processing, interpretation and marketing of non-exclusive surveys worldwide. The company places a strong emphasis on providing high-quality seismic data and the highest level of service to the industry. TGS-NOPEC also offers proprietary seismic acquisition and processing services, as well as gravity and aeromagnetic surveys.*

*TGS-NOPEC is listed on the Oslo Stock Exchange (OSLO:TGS).*

Contacts for additional information

Hank Hamilton, CEO tel +1-713-860-2100 or Arne Helland, CFO tel +47-31-29-20-00/+47-91-88-78-29

Naersnes, May 10th, 2000

The Board of Directors of TGS-NOPEC Geophysical Company ASA

# TGS NOPEC Geophysical Company ASA

## Consolidated Profit & Loss Accounts

(All amounts in NOK 1000's unless noted otherwise)		12 Months	
	Q1 2000	Q1 1999	1999
<i>Operating Revenues</i>			
Sales	155 350	138 254	617 300
Income sharing & Royalties	-2 767	-7 696	-29 803
<b>Net Operating Revenues</b>	<b>152 583</b>	<b>130 558</b>	<b>587 497</b>
<i>Operating expenses</i>			
Materials	2 211	4 580	17 865
Amortisation of Seismic Library	48 586	28 991	179 775
Personnel costs	19 444	21 985	70 731
Other operating expenses	11 699	16 907	62 392
Depreciation	4 283	4 048	19 543
Unusual Items	-	7 400	29 616
<b>Total operating expenses</b>	<b>86 223</b>	<b>83 911</b>	<b>379 922</b>
<b>Operating profit</b>	<b>66 360</b>	<b>46 647</b>	<b>207 575</b>
<i>Financial income and expenses</i>			
Interest Income	1 925	2 150	10 608
Interest Expense	-4 671	-4 156	-17 471
Exchange gains/losses	-7 886	-4 001	-7 642
<b>Net financial items</b>	<b>-10 632</b>	<b>-6 007</b>	<b>-14 505</b>
<b>Profit before taxes</b>	<b>55 728</b>	<b>40 640</b>	<b>193 070</b>
Tax provision	19 505	13 818	73 886
<b>Net Income</b>	<b>36 223</b>	<b>26 822</b>	<b>119 184</b>
Earnings per Share(EPS) NOK	1,50	1,12	4,97

# TGS NOPEC Geophysical Company ASA

## Consolidated Balance Sheet

### Balance sheet as at March 31, 2000

(All amounts in NOK 1000's unless noted otherwise)

31,03,2000

31,03,99

31,12,99

#### ASSETS

##### Long-term assets

###### *Intangible assets*

Goodwill	36 203	41 527	37 622
----------	--------	--------	--------

###### *Fixed Assets*

Buildings	33 133	34 584	33 213
-----------	--------	--------	--------

Machinery and equipment	25 493	22 874	21 628
-------------------------	--------	--------	--------

Vessels	168 183	199 850	172 726
---------	---------	---------	---------

###### *Financial Assets*

Long term receivables, included pre-payments	659	-	-
--	-----	---	---

##### **Total long-term assets**

<b>263 671</b>	<b>298 835</b>	<b>265 189</b>
----------------	----------------	----------------

##### Current assets

###### *Inventories*

Multiclient seismic Library, net	358 968	218 517	324 042
----------------------------------	---------	---------	---------

###### *Receivables*

Accounts receivable	181 492	120 506	202 234
---------------------	---------	---------	---------

Other short term receivables	32 929	44 036	38 986
------------------------------	--------	--------	--------

###### *Cash and cash equivalents*

Cash and cash equivalents (including money market funds)	199 312	230 349	118 242
--	---------	---------	---------

##### **Total current assets**

<b>772 701</b>	<b>613 408</b>	<b>683 504</b>
----------------	----------------	----------------

#### **TOTAL ASSETS**

**1 036 372**

**912 243**

**948 693**

# TGS NOPEC Geophysical Company ASA

## Consolidated Balance Sheet

### Balance sheet as at March 31, 2000

(All amounts in NOK 1000's unless noted otherwise)

	31,03,2000	31,03,99	31,12,99
<b>LIABILITIES AND EQUITY</b>			
<i>Equity</i>			
Share capital	24 268	24 001	24 009
Other equity	585 603	444 205	523 600
<b>Total equity</b>	<b>609 871</b>	<b>468 206</b>	<b>547 609</b>
<b>Provisions and liabilities</b>			
<i>Provisions</i>			
Deferred tax liability	46 143	21 067	46 525
<i>Long term liabilities</i>			
Mortgage loans/secured loans	189 807	155 882	142 461
Capitalised lease liabilities	38 491	36 630	41 486
<i>Current liabilities</i>			
Short-term interest-bearing debt	10 936	11 941	18 813
Accounts payable and debt to partners	72 018	133 440	94 299
Taxes payable, withheld payroll tax, social security etc.	29 445	39 209	11 997
Other current liabilities	39 661	45 868	45 503
<b>Total provisions and liabilities</b>	<b>426 501</b>	<b>444 037</b>	<b>401 084</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1 036 372</b>	<b>912 243</b>	<b>948 693</b>