

TGS-NOPEC Geophysical Company ASA

1st Quarter 2001 Results

TGS-NOPEC delivers record 1st quarter results driven by strong Gulf of Mexico activity.

1st Quarter 2001 Financial Highlights

- ❖ **Earnings per Share were NOK 2,70 (NOK 2,58 fully diluted) for Q1 2001 compared to NOK 1,50 (NOK 1,48 fully diluted) in Q1 2000.**
- ❖ **Net Revenues increased 57% to NOK 239,6 million and Operating Profit increased 58% to NOK 105,1 million compared to Q1 2000.**
- ❖ **Gross Late Sales from the Multi-Client library increased 67% from Q1 2000 to NOK 188,0 million.**
- ❖ **First quarter EBITDA from operations of NOK 193,7 million was 81% of Net Revenues, up 63% from the same period last year (NOK 119,2 million).**

“Demand for well-placed, high quality seismic data continues to strengthen as oil companies return to exploration” states CEO Hank Hamilton. “Our growth continues to outpace overall growth in the sector as a result of our selective investment strategy and excellent marketing team. We believe that we are in a unique position to benefit from an increasing focus on exploration combined with the upcoming schedule of attractive licensing rounds.”

Revenue Breakdown

Gross Late Sales of NOK 188,0 million increased 67% from Q1 2000 (NOK 112,8 million) and accounted for 75% of Gross Consolidated Revenues. Early Participant revenues totaled NOK 63,3 million, funding 59% of the Company's investment into the Multi-Client Library during the first quarter. Proprietary Contract Revenues in Q1 2001 were NOK 0,6 million.

Q1 Gulf of Mexico sales were strong in advance of the Central Gulf of Mexico OCS Lease Sale, where increased oil company activity levels were plainly evident. Asia/Pacific and Brazil sales also contributed significantly to the improved global results. Quarterly net revenues were split roughly 73%-27% between 2D and 3D respectively.

Operational Costs

The amortization charge associated with Net Multi-Client revenues was 35% of Net Revenues during Q1 2001. The corresponding amortization rate for Q1 2000 was 32%. This rate does fluctuate from quarter to quarter, depending on the sales mix of projects. Management expects an average amortization rate of 35-40% during 2001 as a result of the Company's steadily increasing investments in its Multi-Client Library.

Operational costs payable for the quarter, excluding materials, were NOK 40,2 million compared to NOK 31,1 in Q1 2000. Costs of materials were NOK 5,7 million versus NOK 2,2 in Q1 2000 due to higher deliverables costs associated with increased late sales. Personnel related costs were approximately NOK 8,4 million higher in Q1 2001 due to the addition of new project development and sales staff, the purchase of Symtronic corporation, and the effect of the Company's employee profit sharing plan. Other Operational costs remained approximately level with Q1 2000 (6% increase).

Profit

Operating Profit for the quarter was NOK 105,1 million, representing 44% of Net Revenues and a 58% increase over Q1 2000 (NOK 66,4 million).

The quarterly Pre-tax Profit of NOK 103,0 million was 85% higher than the NOK 55,7 million reported in Q1 2000. EBITDA (Earnings before Interest, Tax, Depreciation and Amortization) for the three months ended March 31st was NOK 193,7 million, 81% of Net Revenues, up 62% from NOK 119,2 in Q1 2000.

Change in Exchange Rate/Financial Items

A portion of the increase in reported revenues stems from the change in exchange rate between the USD and the NOK. In Q1 2000, the average exchange rate was NOK 8,22 to the USD, while in Q1 2001 the corresponding rate was NOK 8,88 to the USD. This change eliminated, the increase in Net revenues would have been approximately 50%.

The rate of exchange between the USD and the NOK changed from 8,80 per December 31st 2000 to 9,12 per March 31st, 2001. In accordance with NGAAP, all balances in other currencies are recalculated at Balance Sheet Date to reflect the currency picture. As the Company's cash holdings in USD far exceed its debt in USD, the non-cash exchange loss of NOK 5,4 million associated with the USD 16,8 million loan per March 31st was reduced by a non-cash exchange gain on the cash holdings, resulting in a NOK 0,6 million negative impact on the Profit and Loss Statement.

Tax

Management estimates the tax rate for the year 2001 to be 34%. However, as the majority of the profits in Q1 2001 came from sales of US-owned surveys, the tax rate for Q1 2001 was 35,95%.

Net Income and Earnings per Share (EPS)

Net Income for Q1 2001 was NOK 66,0 million, up 82% from the NOK 36,2 million reported in Q1 2000. Earnings per Share (EPS) was NOK 2,70 undiluted and NOK 2,58 fully diluted, 80% and respectively 75% higher than reported in Q1 2000 (NOK 1,50 and NOK 1,48 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 the quarter. Investments in the data library totaled NOK 106,4 million for the first quarter, 27% higher than in Q1 2000 (NOK 83,5 million), well in line with management's stated plan to increase annual MCS investments by 25% for the year 2001. The Company recognized NOK 63,3 million in Early Participant revenues during the quarter, funding 59% of the Multi-Client investments.

Balance Sheet

As of March 31st, 2000, the Company's total cash holdings amounted to NOK 306,7 million compared to NOK 224,6 million on December 31st, 2000. Total interest bearing debt was NOK 191,1 million versus NOK 206,1 million per December 31st, 2000.

Total Equity per March 31st, 2001 was NOK 885,4 million, 64% of Total Assets.

The Multi-client Library:

Million NOKs	Q1-01	Q1-00	Year 2000	Year 1999	Year 1998
Opening Balance	439,1	324,0	324,0	203,0	129,3
Investment	106,4	83,5	370,8	300,8	193,5
Amortization	- 84,5	- 48,6	- 255,8	-179,8	-119,8
Net Book Value Ended	461,0	359,0	439,1	324,0	203,0

Key MCS figures:

Net MCS Revenues for the period	239,0	152,6	769,0	574,2	555,6
Change in MCS Revenue	57 %	-16 %	38 %	3 %	13 %
Change in investment in MCS	27 %	88 %	23 %	55 %	80 %
Amortization in % of Net Revenues	35 %	32 %	33 %	31 %	22 %
Increase in NBV during the period	5 %	11 %	36 %	60 %	57 %

Operational Highlights

The Company added approximately 42,000 kms of 2D and 400 sq kms of 3D to its library of marketed surveys during the 1st quarter. A total of six different seismic vessels contributed to this effort. The Company also delivered the first phase of the Mississippi Canyon 3D pre-stack depth migration and a large portion of its first Brazil 2D pre-stack depth migration project.

TGS-NOPEC commenced a major new 1,500 sq km 3D project in the northwest shelf area of Australia during the first quarter using the Veritas DGC-operated Pacific Sword. During the quarter the Company secured the following vessel commitments for a number of announced new projects: WesternGeco's Sapphire (3D), COOGC's Nan Hai 502 (2D), and Multi-wave Geophysical's Polar Duke (2D). CGG's Amadeus (3D) returned to TGS-NOPEC's East Shetland Basin 3D project in April with completion expected in May. The Company also initiated a new pre-stack time migration reprocessing effort on a 1,500 sq-km 3D survey in the High Island area of the Gulf of Mexico.

In March TGS-NOPEC completed its acquisition of Symtronix Corporation, a Houston-based company specializing in seismic data loading and format conversions. Symtronix contributed approximately NOK 2,5 million in Net Revenues during the 1st quarter.

Outlook

The Company's backlog of secured pre-funding for new projects remains healthy, although it decreased slightly (8%) during the quarter to NOK 145,7 million.

As previously stated, the Company plans to increase its investments in Multi-Client projects by approximately 25% during 2001. While the exact mix of investment types is difficult to predict, the increase in investment levels will be primarily directed towards 3D activity and value-added products developed from our existing library.

Recent market estimates of 2001 E&P spending indicate perhaps stronger growth in the service sectors than previously anticipated. TGS-NOPEC maintains a strong data position in many of the most active global E&P areas. Assuming that commodity prices remain above levels that are "acceptable" to oil companies, we expect steady improvement in our business.

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).

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Naersnes, May 9th, 2001

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 2001	Q1 2000	2000
<i>Operating Revenues</i>				
Sales		251 979	155 350	817 686
Income sharing & Royalties		-12 333	-2 767	-44 051
<i>Net Operating Revenues</i>		239 646	152 583	773 636
<i>Operating expenses</i>				
Materials		5 656	2 211	17 141
Amortisation of Seismic Library		84 479	48 586	255 780
Personnel costs		27 862	19 444	88 960
Other operating expenses		12 400	11 699	44 939
Depreciation		4 188	4 283	17 708
Unusual Items		-	-	-
<i>Total operating expenses</i>		134 585	86 223	424 527
Operating profit		105 061	66 360	349 109
<i>Financial income and expenses</i>				
Interest Income		3 212	1 925	13 979
Interest Expense		-4 676	-4 671	-19 512
Exchange gains/losses		-579	-7 886	-13 207
<i>Net financial items</i>		-2 043	-10 632	-18 740
Profit before taxes		103 018	55 728	330 368
Tax provision		37 039	19 505	115 443
Net Income		65 979	36 223	214 926
EPS NOK	undiluted	2,70	1,50	8,85
EPS NOK	fully diluted	2,58	1,48	8,45

TGS NOPEC Geophysical Company ASA

Consolidated Balance Sheet

Balance sheet as at March 31, 2001

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

31,03,2001 31,03,2000 31,12,2000

LIABILITIES AND EQUITY

Equity

Share capital	24 413	24 268	24 419
Other equity	860 972	585 603	781 871
Total equity	885 385	609 871	806 290

Provisions and liabilities

Provisions

Deferred tax liability	31 017	46 143	58 534
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Long term liabilities

Mortgage loans/secured loans	161 258	189 807	175 237
Capitalised lease liabilities	28 169	38 491	30 888

Current liabilities

Short-term interest-bearing debt	1 652	10 936	-
Accounts payable and debt to partners	116 513	72 018	114 946
Taxes payable, withheld payroll tax, social security etc.	69 758	29 445	35 399
Other current liabilities	79 566	39 661	83 644

Total provisions and liabilities	487 933	426 501	498 648
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TOTAL LIABILITIES AND EQUITY	1 373 318	1 036 372	1 304 938
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