

TGS-NOPEC Geophysical Company ASA

3rd Quarter 1999 Results

3rd Quarter 1999 Financial Highlights

TGS-NOPEC reports significantly increased Operating Revenues and Operating Profit during Q3 1999. Net Operating Revenues of NOK 180,9 million represented an increase of 58% over the second quarter of 1999 (NOK 114,2 million) and an increase of 45% over Q3 1998 (NOK 124,6 million). Third quarter EBITDA from operations of NOK 140,8 million was 78% of Net Revenues and 58% up from the same period last year (NOK 89,4 million). The Company has recorded a non-cash, non-recurrent write down of NOK 22,2 million in the third quarter in order to bring the Net Book Value of its two idle vessels, Atlantic Access and Odin Explorer, down to the expected sales price of the vessels. Operating Profit for Q3 1999 was NOK 79,0 million before this non-recurrent loss, an increase of 235% over Q2 1999 (NOK 23,6 million) and 16% over Q3 1998.

Revenue Breakdown

Total Gross Sales including Joint Venture revenues totaled NOK 349,1 million for the quarter, up 52% from NOK 229,2 million during Q3 1998. Of Gross Consolidated Revenues totaling NOK 187,3 million, 45% (NOK 83,4 million) came from Late Sales, 8% (NOK 13,3 million) from Proprietary Contract Revenues, and 48% (NOK 90,5 million) from Early Participant Revenues.

Operational Costs

Because of higher Late Sales in Q3, the amortization charge associated with Net Multi-Client revenues decreased from 40% in Q2 1999 to 34% in Q3. Costs classified as Materials amounted to NOK 8,3 million, mainly reflecting the costs incurred under a Proprietary Contract. Total operational costs payable for the quarter, including materials, amounted to NOK 40,1 million compared to NOK 39,4 million in Q2 1999.

Unusual Items

The Company has reached an agreement to sell the Atlantic Access and is actively negotiating an agreement to sell the Odin Explorer. As a result, the Board of Directors decided today to write down the Net Book Value of the vessels to the expected net sales price. This loss of NOK 22,2 million has been charged to the Income Statement for the third quarter of 1999, in accordance with NGAAP.

Profit

After deduction of the NOK 22,2 million loss incurred from the sale of the two idle vessels, the Operating Profit for the quarter was NOK 56,8 million, 31% of Net Revenues. This was 16% lower than in Q3 1998 (NOK 67,9 million). The Pre-tax Profit of NOK 55,3 million was 22% lower than the NOK 70,7 million reported in Q3 1998.

The Company had reported an estimated tax rate of 34% during the first half of 1999. Upon review of the Company's tax situation, a provision of 38% tax has been charged to the results in Q3 1999 to bring the year-to-date tax provision up to 36%.

Net Income reported for the quarter was NOK 34,2 million.

Arne Helland, Chief Financial Officer, states, "Our strategy continues to be successful, even in a market which has been slow to recover from low oil prices. Our financial results demonstrate the value of conducting carefully planned and selected strategic seismic programs, as opposed to projects conducted out of need to occupy fixed assets. The pre-tax profit from operations was NOK 77,5 million, which is 10% higher than Q3 last year, 44% of Net Operating Revenues and 275% higher than Q2 this year."

Hank Hamilton, Chief Executive Officer, adds *“During the third quarter, Late Sales from the data library strengthened considerably, especially in certain geographic areas where we are well positioned. We have continued to invest steadily in high quality MC projects, which we expect to provide solid growth as oil company spending continues to revive. The increase in our third quarter revenues resulted from a combination of highly pre-funded projects in progress and improved sales of existing data. We view this as positive evidence that the seismic market is recovering.”*

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 1998 and the first six months of 1999. During the third quarter of 1999, one of the deployed vessels performed a proprietary contract 2D survey generating revenues of NOK 13,3 million. During Q3 1999, the Company investments in its data library peaked for the year at NOK 110,3 million - an increase of 190% over Q3 1998 and 23% over Q2 1999. The Company recognized NOK 90,5 million in Early Participant revenues, representing an average pre-funding level of 82%.

Balance Sheet

As at September 30th, 1999, the Company’s total cash holdings amounted to NOK 158,8 million. Total interest bearing debt was NOK 211,0 million.

In November 1999, the Company and its auditors became aware of the fact that the estimated deferred tax effect of the change in accounting principles from cash basis to NGAAP in the US subsidiary reflected in the proforma Balance Sheet as per December 31st, 1997 was understated. Due to this and other matters the Equity in the Balance Sheet as per December 31st, 1997 was overstated by NOK 17,2 million. The Balance Sheets per September 30th 1998 and December 31st, 1998 have therefore been restated to reflect this. The Company’s Equity after the restatement was 53% of total Assets as per September 30th, 1999.

The Company has implemented the Norwegian Accounting Act 1998. The new Act has not caused a change in the reported financial statements.

The Multi-client Library:

Million NOKs	Q3-99	Q3-98	9 Mnth-99	9 Mnth-98	Year 1998	Year 1997
Opening Balance	262,8	196,1	203,0	129,3	129,3	116,6
Investment	110,3	38,1	244,5	149,7	192,2	107,6
Amortization	-56,2	-16,6	-130,6	-61,4	-118,5	-94,9
Net Book Value Ended	316,9	217,6	316,9	217,6	203,0	129,3

Key MCS figures:

Net MCS Revenues for the period	167,6	123,1	412,3	375,7	555,6	490,8
Change in MCS Revenue	36 %		10 %		13 %	
Change in investment in MCS	190 %		63 %		79 %	
Amortisation in % of Net Revenues	34 %	13 %	32 %	16 %	21 %	16 %
Increase in NBV during the period	21 %	11 %	56 %	68 %	57 %	11 %

Operational Highlights

The Company added 60,000 kms of 2D and 700 square kms of 3D to its library of marketed surveys during the third quarter. While most of this activity was concentrated in Brazil, Norway, and Nova Scotia, TGS-NOPEC also acquired smaller projects in Greenland and Indonesia. A total of ten different seismic vessels contributed to this effort.

The Company also signed agreements with government authorities in both Morocco and Portugal, paving the way for planned new non-exclusive seismic projects in several prospective basins off the coasts of these countries.

Outlook

With the onset of seasonal weather conditions in the Northern Hemisphere, the Company will reduce its expenditures on acquisition of new projects during the next two quarters. Financial results during this period will therefore become less dependent on pre-funding and more dependent on late sales of projects from the Company's library.

At the end of the third quarter, the Company's backlog of unrecognized, committed pre-funding revenues totaled NOK 40 million. By mid-November, this backlog had grown to NOK 68 million, representing over 90% of anticipated costs for projects in progress.

Improved oil and gas prices have started to positively impact oil company spending. We expect a growing share of this spending to flow into seismic purchases in the next two to three quarters.

Brazil

Over 50% of the 85,000-km joint project with Schlumberger Geco-Prakla has been acquired. Thirteen oil companies joined the program prior to the Early Participation deadline of October 31, 1999. A second large 2D project is planned.

Nova Scotia

This well-funded 1999 project was expanded to 31,000 kms in the third quarter. *Geco Sigma* and *Geco Rho* completed acquisition of the project in October.

Gulf of Mexico

TGS-NOPEC recently announced a major new 3D project in the Mississippi Canyon area of the deepwater Gulf of Mexico, encompassing approximately 14,000 square kms. *CGG Mistral* and *Geco Searcher* are both currently engaged in acquiring this massive project, the largest 3D in TGS-NOPEC's history.

Norway, UK and Greenland

The three vessels *Zephyr-1*, *Professor Polshkov* and *Akademik Lazarev* acquired a total of 17,000 2D kms for the Multiclient Library in Norwegian, UK and Greenland waters during 3rd quarter.

Portugal/Morocco

TGS-NOPEC plans to send the vessel *Zephyr-1* to Portugal/Morocco during 4th quarter. Marketing efforts for these projects are underway.

Indonesia

TGS-NOPEC completed a 3,000 kms joint project with Schlumberger Geco-Prakla in eastern Indonesia during Q3. The project partly infills a 1998 vintage TGS-NOPEC survey in the same area south west of Irian Jaya.

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

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Houston, November 17th, 1999

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)				9 Months	9 Months	12 Months
	Q3 1999	Q3 1998		1999	1998	1998
<i>Operating Revenues</i>						
Sales	187 259	126 086		446 047	406 103	601 909
Income sharing & Royalties	-6 343	-1 505		-20 401	-27 361	-43 342
Net Operating Revenues	180 916	124 581		425 646	378 742	558 567
<i>Operating expenses</i>						
Materials	8 276			16 317	-	
Amortisation of Seismic Libra	56 174	16 601		130 601	61 354	119 816
Personnel costs	18 495	25 477		59 949	71 133	85 796
Other operating expenses	13 326	9 705		46 668	44 454	61 292
Depreciation	5 609	4 884		15 431	12 571	24 494
Unusual Items	22 217	-		29 617		
Total operating expenses	124 097	56 667		298 583	189 512	291 398
					-	
Operating profit	56 819	67 914		127 063	189 230	267 169
<i>Financial income and expenses</i>						
Interest Income	2 360	2 732		7 042	8 279	11 561
Interest Expense	-4 604	-2 531		-12 201	-7 737	-10 089
Exchange gains/losses	723	2 617		-5 307	3 158	5 285
Net financial items	-1 521	2 818		-10 466	3 700	6 757
Profit before taxes	55 298	70 732		116 597	192 930	273 926
Estimated Taxes	21 132	23 553		41 974	65 106	97 052
Net Income	34 166	47 179		74 623	127 824	176 874
Earnings per Share(EPS)	1,42	1,98		3,11	5,37	7,46

TGS NOPEC Geophysical Company ASA

Consolidated Balance Sheet

Balance sheet as at September 30th, 1999

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

30,09,99

30,09,98

31,12,98

ASSETS

Long-term assets

Intangible assets

Goodwill	38 962	27 422	42 968
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Fixed Assets

Buildings	33 331	33 602	33 555
Machinery and equipment	21 910	21 113	27 930
Vessels	178 910	128 088	208 671

Financial Assets

Long term receivables, included pre-payments	4 472	8 591	12 898
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Total long-term assets

277 585	218 816	326 022
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Current assets

Inventories

Multiclient seismic Library, net	316 913	217 647	203 017
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Receivables

Accounts receivable	158 123	72 180	152 751
Other short term receivables	30 312	37 466	22 352

Cash and cash equivalents

Cash and cash equivalents (including money market funds)	158 772	213 741	167 593
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Total current assets

664 120	541 034	545 714
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TOTAL ASSETS

941 705

759 850

871 736

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Consolidated Balance Sheet

Balance sheet as at September 30th, 1999

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

30,09,99

30,09,98

31,12,98

LIABILITIES AND EQUITY

Equity

Share capital	24 002	23 788	23 925
Other equity	470 941	325 937	391 184
Total equity	494 943	349 725	415 109

Provisions and liabilities

Provisions

Deferred tax liability	25 508	42 412	46 313
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Long term liabilities

Mortgage loans/secured loans	146 437	119 466	156 441
Capitalised lease liabilities	44 695		37 418

Current liabilities

Short-term interest-bearing debt	19 837		-
Accounts payable and debt to partners	133 966	96 231	109 461
Taxes payable, withheld payroll tax, social security etc.	33 383	38 575	43 634
Other current liabilities	42 936	113 441	63 360

Total provisions and liabilities	446 762	410 125	456 628
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TOTAL LIABILITIES AND EQUITY	941 705	759 850	871 736
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