

TGS-NOPEC Geophysical Company ASA

4th Quarter & Full Year 2000 Results

TGS-NOPEC delivers record results in a strengthening market.

4th Quarter 2000 Financial Highlights

- Gross consolidated Revenues were NOK 300,7 million, up 76% from NOK 171,2 million in Q4 1999.
- Net Revenues increased 70% to NOK 274,5 million and Operating Profit increased 54% compared to Q4 1999.
- Gross Late Sales from the Multi-Client library **doubled** from Q4 1999 to NOK 248,5 million.
- Operating Profit of NOK 124,1 million was 45% of Net Revenues, up 54% from NOK 80,5 million in Q4 1999.
- Fourth quarter EBITDA from operations of NOK 226,1 million was 82% of Net Revenues, up 69% from the same period last year (NOK 133,8 million).
- Pre-tax Profit was NOK 130,4 million representing 47% of Net Revenues and an increase of 70% from NOK 76,4 million during Q4 1999.
- Earnings per Share were NOK 3,43 (NOK 3,27 fully diluted) for Q4 2000 compared to NOK 1,86 in Q4 1999.

Full Year 2000 Financial Highlights

- ❖ Gross consolidated Revenues were NOK 817,7 million, up 32% from NOK 617,3 million in 1999.
- ❖ Net Revenues increased 32% to NOK 773,6 million and Operating Profit increased 68% over 1999.
- ❖ Net Late Sales from the Multi-Client library increased 64% over 1999 to NOK 551,0 million.
- ❖ Operating Profit of NOK 349,1 million was 45% of Net Revenues compared to NOK 207,6 million (35% of Net Revenues) in 1999.
- ❖ EBITDA from operations of NOK 622,6 million was 80% of Net Revenues, up 43% from last year (NOK 436,5 million).
- ❖ Pre-tax Profit was NOK 330,4 million representing 43% of Net Revenues and an increase of 71% from NOK 193,1 million during 1999.
- ❖ Earnings per Share were NOK 8,85 (NOK 8,45 fully diluted) for 2000 compared to NOK 4,97 in 1999.

Revenue Breakdown

Gross Late Sales of NOK 248,5 million increased 100% from Q4 1999 (NOK 125,1 million) and accounted for 81% of Gross Consolidated Revenues. Early Participant revenues totaled NOK 51,1 million, funding 64% of the Company's investment into the Multi-Client Library during the fourth quarter. Proprietary Contract Revenues in Q4 2000 were NOK 1,1 mill (0,4%).

Gulf of Mexico sales were particularly strong during the fourth quarter, followed by Brazil, Europe, and Africa. Quarterly net revenues were split roughly 79%-21% between 2D and 3D respectively. For the full year 2000, geographic distribution of net revenues was approximately as follows: 45% Gulf of Mexico, 30% other Western Hemisphere (Brazil and Canada), 17% Europe, and 8% Africa & Asia/Pacific.

"The extraordinary data library sales achieved in the fourth quarter result from a combination of factors including previous oil company under-spending of 2000 budget funds, a realization that prospect inventories will now start to decline, preparation for upcoming licensing rounds, the excellent timing and placement of our newest projects, and a terrific effort from our marketing staff" states CEO Hank Hamilton. *"We are very comfortable with the stated net book value of our library. The sales momentum we have established gives us great confidence in growing our Multi-Client investments."*

Operational Costs

The amortization charge associated with Net Multi-Client revenues was 36% of Net Revenues during Q4 2000 compared to 37% in the preceding quarter. The corresponding amortization rate for Q4 1999 was 30%. This rate does fluctuate from quarter to quarter, depending on the sales mix of projects. The amortization rate for the full year 2000 was 33% of Net Revenues compared to 31% for 1999. 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 43,1 million. Personnel related costs were approximately NOK 9,0 million higher in Q4 2000 than the average reported cost of the preceding three quarters mainly due to the Company's employee profit sharing plan. Because the accrual in Q3 2000 for profit-sharing costs was too low, there was an extra impact on Q4 2000. Other Operational costs were far lower than last year due to the sale of vessels at the end of 1999. Cost of Materials were NOK 3,8 million higher than in Q4 1999 due to the costs expended in relation to the proprietary contract work and the substantial higher volume of deliverables related to Multi-Client sales.

Profit

Operating Profit for the quarter was NOK 124,1 million, representing 45% of Net Revenues and a 54% increase over Q4 1999 (NOK 80,5 million). For the full year 2000, the Company's Operating Profit was NOK 349,1 million, 45% of Net Revenues, up 71% from NOK 207,6 million for 1999. Adjusted for the unusual write-down of vessels in Q1 and Q3 1999, the annual increase in Operating Profit from 1999 to 2000 was 47%.

The quarterly Pre-tax Profit of NOK 130,4 million was 70% higher than the NOK 76,5 million reported in Q4 1999 and the annual Pre-tax Profit of NOK 330,4 million was 71% higher than the NOK 193,1 million reported in 1999.

EBITDA (Earnings before Interest, Tax, Depreciation and Amortization) for the three months ended December 31st was NOK 226,1 million, 82% of Net Revenues, up 69% from NOK 133,8 in Q4 1999. For the twelve months ended December 31st, 2000, EBITDA was NOK 622,6 million, representing 80% of Net Revenues and 43% up from NOK 436,9 million for 1999.

Financial Items

The rate of exchange between the USD and the NOK changed from 9,15 on September 30th to 8,80 per December 31st 2000. In accordance with NGAAP, a non-cash exchange profit of NOK 5,8 million was recorded in the accounts, mainly regarding the USD 18,9 million loan per December 31st.

Tax

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. The calculated tax rate per September 30th, 2000 was 34,3%. As the majority of the revenues in Q4 2000 were made on US surveys, the tax rate for Q4 2000 increased to 35,88% bringing the tax rate for the year 2000 up to 34,94%.

Net Income and Earnings per Share (EPS)

Net Income for Q4 2000 was NOK 83,6 million, up 88% from the NOK 44,6 million reported in Q4 1999. Earnings per Share (EPS) was NOK 3,43 undiluted and NOK 3,27 fully diluted, 84% higher than reported in Q4 1999 (NOK 1,86 per share). For the twelve months ended December 31st, 2000, the Company's EPS was NOK 8,85; up 78% from NOK 4,97 for the twelve months 1999.

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 year 2000. Investments in the data library totaled NOK 79,7 million for the fourth quarter, 42% higher than in Q4 1999 (NOK 56,3 million). Total investments in the library during the twelve months of 2000 were NOK 370,8 million, well in line with management's stated plan of NOK 360 million. This represents an increase of 23% compared to the NOK 300,8 million in Multi-Client investments in 1999. The Company recognized NOK 51,1 million in Early Participant revenues during the quarter, representing 64% of Multi-Client investments. Average pre-funding was 59% for the twelve months ended December 31st, 2000, again in line with management's expectations for the year as stated in February 2000. This compares to an exceptionally high average pre-funding of 79% during 1999.

Balance Sheet

As of December 31st, 2000, the Company's total cash holdings amounted to NOK 224,6 million compared to NOK 118,2 million on December 31st, 1999. Total interest bearing debt was NOK 206,1 million versus NOK 202,8 million per December 31st, 1999.

Total Equity per December 31st, 2000 was NOK 805,1 million, 62% of Total Assets.

The Multi-client Library:

Million NOKs	Q4-00	Q4-99	Year 2000	Year 1999	Year 1998
Opening Balance	456,8	316,9	324,0	203,0	129,3
Investment	79,7	56,3	370,8	300,8	193,5
Amortization	- 97,5	- 49,2	- 255,8	-179,8	-119,8
Net Book Value Ended	439,1	324,0	439,1	324,0	203,0

Key MCS figures:

Net MCS Revenues for the period	299,6	161,9	793,8	574,2	555,6
Change in MCS Revenue	85 %	-10 %	38 %	3 %	13 %
Change in investment in MCS	42 %	29 %	23 %	55 %	80 %
Amortization in % of Net Revenues	36 %	30 %	33 %	31 %	22 %
Increase in NBV during the period	- 4 %	2 %	36 %	60 %	57 %

Operational Highlights

The Company added over 36,000 kms of 2D to its library of marketed surveys during the fourth quarter. The majority of this activity was concentrated in Brazil, the Gulf of Mexico, the Mediterranean Sea and West Africa. A total of seven different seismic vessels contributed to this effort. For the year ended December 31, 2000 the Company added over 175,000 kms of 2D and more than 11,000 sq kms of 3D data to its library of marketed surveys.

In December the Company announced a major new 3D project in the northwest shelf area of Australia. Acquisition of this 1,500-sq km project commenced in January 2001. Also during the quarter TGS-NOPEC continued its strategy of developing value-added products by launching a pre-stack depth migration project on a 6,000-km subset of its Brazil 2D database. The Company further established its presence in the Mediterranean Sea market by launching a new 2D Multi-Client project offshore Malta.

Outlook

During the fourth quarter, the Company's backlog of secured pre-funding for new projects increased to NOK 159,1 million from NOK 84,1 million as of September 30th, 2000.

Consistent with its stated growth strategy, the Company plans to increase its investments in Multi-Client projects by 20-25% during 2001. Management expects the increase in investment levels to be primarily directed towards 3D activity and value-added products developed from its existing library. Due to the seasonality of the seismic business, the investments are likely to be weighted towards the second and third quarters of the year.

As previously stated in our third quarter earnings release, management expects 2001 activity to be driven by an unusually high number of licensing rounds where TGS-NOPEC has a strong data position. Over the past four to six quarters, we have seen clear evidence of a strengthening market for data library sales. With sustained, steady oil and gas prices, the announced increases in oil company spending plans, and our belief that oil companies will significantly eat into their backlog of identified drillable prospects during 2001, and increase expenditures for seismic exploration.

We therefore expect the positive trends in our markets to continue.

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

John Adamick, VP Business Development tel +1-713-860-2114

or

Arne Helland, CFO tel +47-31-29-20-00/+47-91-88-78-29

Naersnes, February 7th, 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	12 Months
		Q4 2000	Q4 1999	2000	1999
<i>Operating Revenues</i>					
Sales		300 690	171 253	817 686	617 300
Income sharing & Royalties		-26 197	-9 401	-44 051	-29 803
<i>Net Operating Revenues</i>		274 493	161 852	773 636	587 497
<i>Operating expenses</i>					
Materials		5 304	1 548	17 141	17 865
Amortisation of Seismic Library		97 503	49 174	255 780	179 775
Personnel costs		29 680	10 781	88 960	70 731
Other operating expenses		13 430	15 726	44 939	62 392
Depreciation		4 470	4 112	17 708	19 543
Unusual Items		-	-	-	29 616
<i>Total operating expenses</i>		150 386	81 341	424 527	379 922
Operating profit		124 107	80 511	349 109	207 575
<i>Financial income and expenses</i>					
Interest Income		5 672	3 597	13 979	10 608
Interest Expense		-5 200	-5 300	-19 512	-17 471
Exchange gains/losses		5 776	-2 335	-13 207	-7 642
<i>Net financial items</i>		6 248	-4 038	-18 740	-14 505
Profit before taxes		130 354	76 473	330 368	193 070
Tax provision		46 770	31 912	115 443	73 886
Net Income		83 584	44 561	214 926	119 184
EPS NOK	undiluted	3,43	1,86	8,85	4,97
EPS NOK	fully diluted	3,27	1,86	8,45	4,97

TGS NOPEC Geophysical Company ASA

Consolidated Balance Sheet

Balance sheet as at December 31, 2000

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

31,12,2000

31,12,99

ASSETS

Long-term assets

Intangible assets

Goodwill	31 942	37 622
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Fixed Assets

Buildings	30 090	33 213
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Machinery and equipment	23 470	21 628
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Vessels	141 289	172 726
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Financial Assets

Long term receivables, included pre-payments	1 590	-
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Total long-term assets	228 381	265 189
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Current assets

Inventories

Multiclient seismic Library, net	439 101	324 042
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Receivables

Accounts receivable	375 293	202 234
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Other short term receivables	37 560	38 986
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Cash and cash equivalents

Cash and cash equivalents (including money market funds)	224 603	118 242
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Total current assets	1 076 557	683 504
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TOTAL ASSETS

1 304 938

948 693

TGS NOPEC Geophysical Company ASA

Consolidated Balance Sheet

Balance sheet as at December 31, 2000

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

31,12,2000

31,12,99

LIABILITIES AND EQUITY

Equity

Share capital	24 419	24 009
Other equity	781 871	523 600
Total equity	806 290	547 609

Provisions and liabilities

Provisions

Deferred tax liability	58 534	46 525
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Long term liabilities

Mortgage loans/secured loans	175 237	142 461
Capitalised lease liabilities	30 888	41 486

Current liabilities

Short-term interest-bearing debt	-	18 813
Accounts payable and debt to partners	114 946	94 299
Taxes payable, withheld payroll tax, social security etc.	35 399	11 997
Other current liabilities	83 644	45 503

Total provisions and liabilities	498 648	401 084
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TOTAL LIABILITIES AND EQUITY	1 304 938	948 693
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