

TGS-NOPEC Geophysical Company ASA

4th Quarter & Full Year 2001 Results

TGS-NOPEC delivers record results.

4th Quarter 2001 Financial Highlights

- ❖ Net Revenues increased 33% to NOK 364,9 million compared to Q4 2000.
- ❖ Net Late Sales from the Multi-Client library totaled NOK 295,0 million, up 33% from NOK 222,3 million in Q4 2000.
- ❖ Operating Profit of NOK 179,9 million was 49% of Net Revenues, up 45% from NOK 124,1 million in Q4 2000.
- ❖ Fourth quarter EBITDA from operations of NOK 296,0 million was 81% of Net Revenues, up 31% from the same period last year (NOK 226,1 million).
- ❖ Earnings per Share were NOK 4,99 (NOK 4,69 fully diluted) for Q4 2001, up 45% from NOK 3,43 in Q4 2000.

Full Year 2001 Financial Highlights

- ❖ Net Revenues increased 49% to NOK 1,156,0 million compared to 2000.
- ❖ Net Late Sales from the Multi-Client library increased 58% over 2000 to NOK 872,7 million.
- ❖ Operating Profit of NOK 523,1 million was up 50% from NOK 349,1 million in 2000. The Operating Profit Margin of 45% was unchanged from 2000.
- ❖ EBITDA from operations of NOK 934,7million was 81% of Net Revenues, up 50% from last year (NOK 622,6 million).
- ❖ Earnings per Share were NOK 13,99 (NOK 13,23 fully diluted) for 2001, an increase of 58% from NOK 8,85 in 2000.

“Once again, we are thrilled to be able to report record quarterly and annual revenues and earnings,” stated TGS-NOPEC’s CEO Hank Hamilton. *“Our Company’s development over the past three years represents a truly remarkable example of profitable growth. Our marketing and sales teams continue to do a super job of capturing opportunities for us and delivering on our goals to grow our 3D business,”* he continued. *“Despite a weakened commodity price environment, we remain focused on our strategy and believe that we can continue to demonstrate healthy growth.”*

Revenue Breakdown

Quarterly Net Late Sales of NOK 295,0 million increased 33% from Q4 2000 (NOK 222,3 million) and accounted for 81% of Gross Consolidated Revenues. Early Participant revenues totaled NOK 42,2 million, funding approximately 40% of the Company’s operational investments into new surveys during the fourth quarter. Proprietary Contract Revenues in Q4 2001 were unusually high, totaling NOK 27,7 million (8% of Net Revenues).

Gulf of Mexico sales were particularly strong during the fourth quarter, followed by Europe and Canada. Quarterly Net Revenues were split roughly 65%-35% between 3D and 2D respectively. On an annual basis, Net Revenues from 3D accounted for 49% of Total Net Revenues, compared to 24% in 2000. For the full year 2001, geographic distribution of Net Revenues was approximately as follows: 50% Gulf of Mexico, 14% other Western Hemisphere (Brazil and Canada), 21% Europe, and 15% Africa, Middle East & Asia/Pacific.

Operational Costs

The amortization charge associated with Net Multi-Client revenues was only 33% of Net Revenues during Q4 2001 compared to 36% in Q4 2000. This rate does fluctuate from quarter to quarter, depending on the sales mix of projects. The amortization rate for the full year 2000 was 36% of Net Multi-Client Revenues compared to 33% for 2001. This was at the low end of Management's stated expectations of 35-40% during 2001.

Operational costs payable for the quarter, excluding materials, were NOK 51,7 million. Cost of Materials were NOK 17,1 million due to the costs expensed in relation to the proprietary contract work and the substantially higher volume of deliverables related to Multi-Client sales. For the twelve months 2001, Personnel related costs increased 30%, mainly as a result of the Company's profit sharing plan and staff additions. Other Operational costs increased 26% from 2000.

Profit

Operating Profit for the quarter was NOK 179,9 million, representing 49% of Net Revenues and a 45% increase over Q4 2000 (NOK 124,1 million). For the full year 2001, the Company's Operating Profit was NOK 523,1 million, 45% of Net Revenues, up 50% from NOK 349,1 million for 2000.

The quarterly Pre-tax Profit of NOK 178,0 million was 37% higher than the NOK 130,4 million reported in Q4 2000 and the annual Pre-tax Profit of NOK 515,8 million was 56% higher than the NOK 330,4 million reported in 2000.

EBITDA (Earnings before Interest, Tax, Depreciation and Amortization) for the three months ended December 31st was NOK 296,0 million, 81% of Net Revenues, up 31% from NOK 226,1 in Q4 2000. For the twelve months ended December 31st, 2001, EBITDA was NOK 934,7 million, representing 81% of Net Revenues and 50% up from NOK 622,6 million for 2000.

Financial Items

With the amount of cash held by the Company versus its debt, net interest earned nearly matched the interest paid during the quarter. The Company recorded an exchange loss of NOK 1,6 million in Q4 2001 mainly on its USD debt as the exchange rate between the USD/NOK increased from 8,88 per September 30th to 9,01 per December 31st, 2001.

Tax

The Norwegian entity continued to record taxable profits bringing the overall Company tax rate down from 35,95% in Q1 2001 to 34,55% in Q2 2001 and 34,44% in Q3 2001. The year-to date tax rate per September 30th, 2001 was 34,94%. The effective tax rate in Q4 2001 was down to 31,40%, including an adjustment of an over-accrued tax provision in the US from the previous quarters. The resulting effective tax rate for the year 2001 was 33,72%, slightly below Management's expectations.

Net Income and Earnings per Share (EPS)

Net Income for Q4 2001 was NOK 122,1 million, up 46% from the NOK 83,6 million reported in Q4 2000. Earnings per Share (EPS) were NOK 4,99 undiluted and NOK 4,69 fully diluted, 43% higher than reported in Q4 2000 (NOK 3,27 per share). For the twelve months ended December 31st, 2001, the Company's undiluted EPS was NOK 13,99; up 58% from NOK 8,85 for the full year 2000. Fully diluted EPS for the year was 13.23, up 57% from 8.45 in 2000.

Business Segments and Investments

TGS-NOPEC's main business is developing, managing, conducting, and selling non-exclusive seismic surveys. This activity accounted for 92% of the Company's business during the quarter.

On December 19, 2001 the Company announced that it had reached agreements to buy out its partners in various joint ventures that owned more than 14,600 square kilometers of 3D seismic data, 435,000 kilometers of 2D seismic data, and a number of associated derivative and interpretation products in the Gulf of Mexico. This cash investment of approximately USD 32 million was booked in the 4th quarter, but is payable in installments from Q4 2001 through Q2 2002. Effective December 1, 2001, TGS-NOPEC retained all licensing revenues from the surveys acquired. Prior to this transaction, TGS-NOPEC's share of gross licensing revenues from the 3D data involved was approximately 17%. TGS-NOPEC's previous average ownership stake in the 2D surveys was approximately 50%.

In addition to this major investment, the Company invested approximately NOK 105 million in its data library during Q4 2001, 32% higher than in Q4 2000. For the full year 2001, after adjusting for partner buyouts, investments were approximately NOK 487 million, 31% higher than in 2000, and in line with the Company's stated 2001 investment plan.

The Company recognized NOK 42,2 million in Early Participant Revenues during the quarter and NOK 233,5 for the full year, funding approximately 40% and 48% of its investments during the quarter and the year respectively.

Balance Sheet

As of December 31st, 2001, the Company's total cash holdings amounted to NOK 272,3 million compared to NOK 224,6 million on December 31st, 2000. Total interest bearing debt was NOK 155,2 million versus NOK 206,1 million per December 31st, 2000.

Total Equity per December 31st, 2001 was NOK 1,180 million, representing 62% of Total Assets and an increase of 46% from December 31st, 2000.

The Multi-client Library:

Million NOKs	YEAR					
	Q4-01	Q4-00	2001	2000	1999	1998
Opening Balance	575,6	456,8	439,1	324,0	203,0	129,3
Investment	400,7	79,7	819,5	370,8	300,8	193,5
Amortization	- 111,0	-97,5	- 393,3	- 255,8	-179,8	-119,8
Net Book Value Ended	865,3	439,1	865,3	439,1	324,0	203,0

Key MCS figures:

Net MCS Revenues for the period	337,2	273,4	1106,2	793,8	574,2	555,6
Change in MCS Revenue	23 %	69 %	39%	38 %	3 %	13 %
Change in investment in MCS	403 %	42 %	121%	23 %	55 %	80 %
Amortization in % of Net MCS Revenues	33 %	36 %	36%	33 %	31 %	22 %
Increase in NBV during the period	50 %	- 4 %	97%	36 %	60 %	57 %

Operational Highlights

The Company added over 30,000 kilometers of new 2D data to its library of marketed surveys during the 4th quarter. A total of seven different seismic vessels contributed to this effort. The most active areas for new acquisition were Indonesia and the Mediterranean region. Heavy activity continued on a number of high profile reprocessing projects: Mississippi Canyon 3D PSTM (GoM), Pangaea 3D PSTM (GoM), and NS-100 2D PSTM and PSDM (Canada).

Outlook

The Company's backlog of secured pre-funding for new projects declined seasonally to 71,1 million at the end of the 4th quarter. This is below the backlog level of one year ago due to the commitments that had been secured at that time for our Q1 2001 3D project in Australia. Our major 3D activity in 2002 is not expected to commence until Q2.

Due to seasonal weather conditions, the Company plans to keep acquisition activity on new projects at stable levels during the 1st quarter of 2002 before ramping up in the summer season. For the full year 2002, the Company plans to invest approximately NOK 560 to 610 million in new multi-client data. This represents an increase of approximately 15-25% over 2001 levels after adjustments for the partner buyout transactions. Roughly one third of this investment is targeted for 3D.

Global oil prices are significantly below the levels of one year ago, but appear to have stabilized above the levels necessary to promote active exploration. Natural gas prices in North America recently dipped below USD 2 per mcf while one year ago, they were peaking at nearly USD 10 per mcf. This is hurting cash flows at the small to medium-sized independent oil companies in North America and has already caused a substantial decline in the rig count and subsequently, a slight decline in gas production. Most industry experts expect the North America gas market to recover sometime during 2002.

TGS-NOPEC management expects seismic spending in 2002 to be relatively flat on a global basis compared to 2001. Based on this assumption, we expect to grow our Net Revenues by 10-20% over 2001 levels. We also expect typical seasonal revenue fluctuations. The 2nd half of the year could provide upside to our forecasts if oil and gas commodity pricing develops in the positive direction. Pre-funding levels are expected to remain in the 40-45% range for the full year. We expect amortization rates for Multi-Client Net Revenues to fall in the range of 38-43% for the full year.

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, February 6th, 2002

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)

	Q4 2001	Q4 2000	12 Months 2001	12 Months 2000
<i>Operating Revenues</i>				
Sales	417 356	300 690	1 298 982	817 686
Income sharing & Royalties	-52 455	-26 197	-143 355	-44 051
Net Operating Revenues	364 901	274 493	1 155 626	773 636
<i>Operating expenses</i>				
Materials	17 148	5 304	48 915	17 141
Amortisation of Seismic Libra	111 005	97 503	393 280	255 780
Personnel costs	34 047	29 680	115 345	88 960
Other operating expenses	17 715	13 430	56 690	44 939
Depreciation	5 094	4 470	18 262	17 708
Unusual Items	-	-	-	-
Total operating expenses	185 008	150 386	632 492	424 527
Operating profit	179 893	124 107	523 134	349 109
<i>Financial income and expenses</i>				
Interest Income	2 682	5 672	15 918	13 979
Interest Expense	-2 891	-5 200	-20 268	-19 512
Exchange gains/losses	-1 645	5 776	-3 009	-13 207
Net financial items	-1 853	6 248	-7 359	-18 740
Profit before taxes	178 040	130 354	515 775	330 368
Tax provision	55 912	46 770	173 926	115 443
Net Income	122 128	83 584	341 849	214 926
EPS NOK undiluted	4,99	3,43	13,99	8,85
EPS NOK fully diluted	4,69	3,27	13,23	8,45

TGS NOPEC Geophysical Company ASA

Consolidated Balance Sheet

Balance sheet as at December 31, 2001

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

31,12,2001 **31,12,2000**

ASSETS

Long-term assets

Intangible assets

Goodwill	31 965	31 942
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Fixed Assets

Buildings	27 653	30 090
Machinery and equipment	26 447	23 470
Vessels	116 613	141 289

Financial Assets

Long term receivables, included pre-payments	8 962	-
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Total long-term assets	211 641	226 791
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Current assets

Inventories

Multiclient seismic Library, net	865 317	439 101
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Receivables

Accounts receivable	518 532	376 883
Other short term receivables	20 483	37 560
Prepaid taxes	8 973	0

Cash and cash equivalents

Cash and cash equivalents (including money market funds)	272 250	224 603
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Total current assets	1 685 556	1 078 147
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TOTAL ASSETS	1 897 197	1 304 938
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TGS NOPEC Geophysical Company ASA

Consolidated Balance Sheet

Balance sheet as at December 31, 2001

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

31,12,2001

31,12,2000

LIABILITIES AND EQUITY

Equity

Share capital	24 474	24 419
Other equity	1 155 297	781 871
Total equity	1 179 771	806 290

Provisions and liabilities

Provisions

Deferred tax liability	63 365	58 534
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Long term liabilities

Mortgage loans/secured loans	136 471	175 237
Capitalised lease liabilities	18 434	30 888

Current liabilities

Short-term interest-bearing debt	285	-
Accounts payable and debt to partners	392 191	114 946
Taxes payable, withheld payroll tax, social security etc.	30 825	35 399
Other current liabilities	75 856	83 644

Total provisions and liabilities	717 427	498 648
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TOTAL LIABILITIES AND EQUITY	1 897 197	1 304 938
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TGS NOPEC Geophysical Company ASA

Consolidated Cashflow Statement

	12 Months		12 Months
(All amounts in NOK 1000's unless noted otherwise)	Q4 2001	2001	2000
<i>Cashflow from operating activities:</i>			
Received payments from sales	185 015	1 012 387	602 003
Payments for purchased seismic and services	-181 402	-573 709	-309 893
Payments for salaries, pensions, social security tax and tax deducted	-34 047	-115 345	-88 960
Received interest and other financial income	2 682	15 918	13 979
Interest payments and other financial cost	-4 535	-23 277	-22 441
Paid tax and government taxes	-18 272	-162 375	-86 797
Payments for other operating activities	655	-47 116	-44 939
Net cash flow from operating activities	-49 904	106 483	62 952
<i>Cash flow from investing activities:</i>			
Received payments from fixed assets			14 084
Investment in tangible fixed assets	-1 096	-15 818	-11 074
Adjustment to cost price for one of the vessels	5 799	5 799	
Increased long term receivables	-8 962	-8 962	
Investments in shares and partnerships			-1 590
Net cash flow from investing activities	-4 259	-18 981	1 420
<i>Cash flow from financing activities:</i>			
Net changes in short term loans			-18 813
New long term loans			26 497
Repayment of long term loans	-3 210	-51 220	-14 598
Own shares held		-577	
Received payments due to share offering	2 512	2 915	13 465
Currency exchange differences	8 428	9 027	35 438
Net cash flow from financing activities	7 730	-39 855	41 989
Net change in cash and cash equivalents	-46 433	47 647	106 361
Cash and cash equivalents at the beginning of period	318 683	224 603	118 242
Cash and cash equivalents at the end of period	272 250	272 250	224 603