

TGS-NOPEC Geophysical Company ASA

1st Quarter 2002 Results

TGS-NOPEC delivers profitable growth in flat market.

1st Quarter 2002 Highlights

- ❖ Net Revenues increased 21% to NOK 290,8 million compared to Q1 2001.
- ❖ Net Late Sales from the Multi-Client library totaled NOK 256,8 million, up 45% from NOK 177,7 million in Q1 2001.
- ❖ Operating Profit of NOK 132,7 million was 46% of Net Revenues, up 26% from NOK 105,1 million in Q1 2001.
- ❖ First quarter EBITDA from operations of NOK 238,4 million was 82% of Net Revenues, up 23% from the same period last year (NOK 193,7 million).
- ❖ Earnings per Share were NOK 3,69 (NOK 3,47 fully diluted) for Q1 2002, up 37% from NOK 2,70 in Q1 2001.
- ❖ Repurchased 80,000 shares of TGS-NOPEC stock at an average price of NOK 132,79 per share following release of the Q4 2001 results.
- ❖ Chartered M/V Polar Search and extended MC 3D cooperation agreement with WesternGeco in Norway, securing necessary capacity for 3D plans.

“Despite a relatively sluggish seismic market during the first quarter, we once again delivered excellent revenue growth without sacrificing margins”, stated TGS-NOPEC’s CEO Hank Hamilton. “We remain right on course towards fulfilling our organic growth and profit goals for the year. In addition, the charter of the M/V Polar Search and the extension of the MC 3D cooperation agreement with WesternGeco represent important milestones along our 3D growth path.”

Revenue Breakdown

Quarterly Net Late Sales of NOK 256,7 million increased 45% from Q1 2001 (NOK 177,7 million) and accounted for 88% of Net Consolidated Revenues. Early Participant revenues totaled NOK 26,2 million, funding approximately 42% of the Company’s investments into new surveys during the fourth quarter. Proprietary Contract Revenues in Q1 2002 totaled NOK 7,8 million (3% of Net Revenues).

Gulf of Mexico Net Revenues were particularly strong during the first quarter, primarily as a result of the increased ownership in GoM surveys following the acquisition of partners’ interests in December 2001. Europe also performed well, with continuing strong sales for the 17th licensing round in Norway. Quarterly Net Revenues were split roughly 65%-35% between 3D and 2D respectively. Geographic distribution of Net Revenues was approximately as follows: 79% North and South America (GoM, Brazil and Canada), 17% Europe, and 4% Africa, Middle East & Asia/Pacific.

Operational Costs

The amortization charge associated with Net Multi-Client revenues was 36% of Net Revenues during Q1 2002 compared to 35% in Q1 2001. This rate does fluctuate from quarter to quarter, depending on the sales mix of projects.

Operational costs payable for the quarter, excluding materials, were NOK 43,6 million, up 8% from Q1 2001 (NOK 40,3 million). Cost of Materials were NOK 8,8 million, up from NOK 5,7 million in Q1 2001 due to the costs expensed in relation to proprietary contract work and the higher volume of deliverables related to Multi-Client sales.

Profit

Operating Profit for the quarter was NOK 132,7 million, representing 46% of Net Revenues and a 26% increase over Q1 2001 (NOK 105,1 million).

The quarterly Pre-tax Profit of NOK 137,1 million was 33% higher than the NOK 103,0 million reported in Q1 2001.

EBITDA (Earnings before Interest, Tax, Depreciation and Amortization) for the three months ended March 31st was NOK 238,4 million, 82% of Net Revenues, up 23% from NOK 193,7 in Q1 2001.

Financial Items

With the amount of cash held by the Company versus its debt, net interest earned exceeded the interest paid during the quarter. In accordance with NGAAP, the Company recorded an unrealized currency exchange profit of NOK 3,5 million in Q1 2002 mainly on its USD debt as the NOK/USD exchange rate decreased from 9,01 per December 31st, 2001 to 8,81 per March 31st, 2002.

Tax

The computed tax rate for Q1 2002 was 34,22%, slightly above Management's expectations for the year 2002. This was mainly due to the strong sales in the U.S.A.

Net Income and Earnings per Share (EPS)

Net Income for Q1 2002 was NOK 90,2 million, up 37% from the NOK 66,0 million reported in Q1 2001. Earnings per Share (EPS) were NOK 3,69 undiluted and NOK 3,47 fully diluted, 37% higher than reported in Q1 2001 (NOK 2,70 per share).

Effect of change in NOK/USD exchange rate

Nearly all of the Company's operating revenues and approximately 80% of its operating costs are in USD. Thus, the Company's operations are not significantly impacted by changes in exchange rates between currencies. However, since TGS-NOPEC reports its financial results in NOK, shifts in the NOK/USD exchange rate will impact the presented performance in NOK. During Q2, the NOK/USD exchange rate has dropped to about NOK 8,30 from 9,01 per December 31st, 2001.

The average exchange rate during Q1 2002 was similar to Q1 2001. When looking forward, analysts and investors should be aware of the effects of the exchange rate on the figures presented. For example, should the exchange rate stay at USD 1 = NOK 8,30 and should the Company's USD operating revenues turn out to be identical to the quarter on quarter USD revenues in 2001 for the remainder of the year, the conversion would show a 9% decrease in revenues in Q2 and a 6% decrease in Q3 and Q4. The effect on Operating profit would be slightly greater on a percentage basis.

Business Segments and Investments

TGS-NOPEC's main business is developing, managing, conducting, and selling non-exclusive seismic surveys. This activity accounted for 97% of the Company's business during the quarter.

The Company invested approximately NOK 62,2 million in its data library during Q1 2002. This was 42% lower than in Q1 2001 (NOK 106,4 million), mainly because no new MC 3D acquisition was performed during this quarter while the Flinders MC 3D in Australia represented a large part of investments in the same quarter a year ago.

The Company recognized NOK 26,2 million in Net Early Participant Revenues in Q1, funding approximately 42% of its investments during the quarter.

Balance Sheet

As of March 31st, 2002, the Company's total cash holdings amounted to NOK 305,2 million compared to NOK 272,3 million on December 31st, 2001. Total interest bearing debt was NOK 130,1 million versus NOK 155,2 million per December 31st, 2001.

Total Equity per March 31st, 2002 was approximately NOK 1,245 million, representing 72% of Total Assets versus 62% of Total Assets per December 31st, 2001 as a consequence of Q1 profits and a substantial decrease in both Accounts Receivable and Accounts Payable. The majority of the Company's December USD 32 million buyout of partnership interests was paid during the quarter.

Share Buyback

On February 8th, 2002, the Company repurchased 80,000 TGS-NOPEC shares over the Oslo Stock Exchange at an average price of NOK 132,79 per share. Total cost was approximately NOK 10,6 million. As of March 31st, 2002 the Company holds a balance of 84,866 TGS-NOPEC shares.

The Multi-client Library:

Million NOKs	Q1-02	Q1-01	Year 2001	Year 2000	Year 1999	Year 1998
Opening Balance	865,3	439,1	439,1	324,0	203,0	129,3
Investment	62,2	106,4	819,5	370,8	300,8	193,5
Amortization	- 101,2	-84,5	- 393,3	- 255,8	-179,8	-119,8
Net Book Value Ended	826,3	461,0	865,3	439,1	324,0	203,0

Key MCS figures:

Net MCS Revenues for the period	283,0	239,0	1106,2	793,8	574,2	555,6
Change in MCS Revenue	18 %	57 %	39%	38 %	3 %	13 %
Change in investment in MCS	- 42 %	27 %	121%	23 %	55 %	80 %
Amortization in % of Net MCS Revenues	36 %	35 %	36%	33 %	31 %	22 %
Increase in NBV during the period	- 5 %	5 %	97%	36 %	60 %	57 %

Operational Highlights

The Company added over 11,000 kilometers of new 2D data to its library of marketed surveys during the 1st quarter. A total of four different seismic vessels contributed to this effort. The most active areas for new acquisition were the Mediterranean region and the Gulf of Mexico, where the Company launched a 3,000-kilometer 2D pilot project designed to improve imaging for lightly explored but very deep gas targets on the Louisiana shelf and flex trend. Heavy activity continued on a number of high profile reprocessing and value-added projects: Mississippi Canyon 3D PSDM (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 increased to NOK 101,8 million per March 31st, 2002, up 43% from NOK 71,1 million at the end of the 4th quarter last year. This is below the backlog level of one year ago due to the commitments that had been secured at that time for our 2001 3D project in Australia. Our major 3D activity in 2002 is not expected to commence until mid-Q2 in Europe and mid-Q3 in the Gulf of Mexico.

Global oil prices improved during the quarter with the continuing conflict in the Middle East and signals that the global economy is recovering. Natural gas prices in North America have also rebounded to comfortably above the USD 3 per mcf level earlier than most industry experts expected. These developments should set the stage for improved seismic spending during the second half of 2002.

We reiterate our previous statement that we expect net revenues for 2002 to exceed 2001 levels by 10%-20% for the full year. Given our unusually strong Q2 results in 2001 and the recent sharp drop in the NOK/USD exchange rate, our net revenue expectation for Q2 2002 is approximately the same as our Q2 2001 net revenues in NOK, meaning a slight increase in USD.

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 14th, 2002

The Board of Directors of TGS-NOPEC Geophysical Company ASA

TGS NOPEC Geophysical Company ASA

Consolidated Profit & Loss Accounts

	12 Months			
<i>(All amounts in NOK 1000's unless noted otherwise)</i>	Q1 2002	Q1 2001	2001	
<i>Operating Revenues</i>				
Sales	309 996	251 979	1 298 982	
Income sharing & Royalties	-19 181	-12 333	-143 355	
Net Operating Revenues	290 815	239 646	1 155 626	
<i>Operating expenses</i>				
Materials	8 775	5 656	48 915	
Amortisation of Seismic Library	101 221	84 479	393 280	
Personnel costs	30 743	27 862	115 345	
Other operating expenses	12 923	12 400	56 690	
Depreciation	4 445	4 188	18 262	
Unusual Items	-	-	-	
<i>Total operating expenses</i>	158 107	134 585	632 492	
Operating profit	132 708	105 061	523 134	
<i>Financial income and expenses</i>				
Interest Income	2 436	3 212	15 918	
Interest Expense	-1 597	-4 676	-20 268	
Exchange gains/losses	3 544	-579	-3 009	
<i>Net financial items</i>	4 382	-2 043	-7 359	
Profit before taxes	137 090	103 018	515 775	
Tax provision	46 909	37 039	173 926	
Net Income	90 181	65 979	341 849	
EPS NOK	undiluted	3,69	2,70	13,99
EPS NOK	fully diluted	3,47	2,58	13,23

TGS NOPEC Geophysical Company ASA

Consolidated Balance Sheet

Balance sheet as at March 31, 2002

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

31.03.2002

31.03.2001

31.12.2001

ASSETS

Long-term assets

Intangible assets

Goodwill	30 582	35 795	31 965
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Fixed Assets

Buildings	27 450	29 780	27 653
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Machinery and equipment	26 997	25 404	26 447
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Vessels	111 211	130 532	116 613
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Financial Assets

Long term receivables, included pre-payments	7 617	-	8 962
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Total long-term assets	203 858	221 511	211 641
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Current assets

Inventories

Multiclient seismic Library, net	826 290	461 033	865 317
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Receivables

Accounts receivable	375 513	350 919	518 532
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Other short term receivables	21 937	33 114	20 483
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Prepaid taxes	-	-	8 973
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Cash and cash equivalents

Cash and cash equivalents (including money market funds)	305 156	306 741	272 250
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Total current assets	1 528 896	1 151 807	1 685 556
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TOTAL ASSETS

1 732 754

1 373 318

1 897 197

TGS NOPEC Geophysical Company ASA

Consolidated Balance Sheet

Balance sheet as at March 31, 2002

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

31.03.2002

31.03.2001

31.12.2001

LIABILITIES AND EQUITY

Equity

Share capital	24 396	24 413	24 474
Other equity	1 220 505	860 972	1 155 297
Total equity	1 244 902	885 385	1 179 771

Provisions and liabilities

Provisions

Deferred tax liability	74 313	31 017	63 365
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Long term liabilities

Mortgage loans/secured loans	114 977	161 258	136 471
Capitalised lease liabilities	14 907	28 169	18 434

Current liabilities

Short-term interest-bearing debt	231	1 652	285
Accounts payable and debt to partners	183 783	116 513	392 191
Taxes payable, withheld payroll tax, social security etc	36 194	69 758	30 825
Other current liabilities	63 448	79 566	75 856

Total provisions and liabilities	487 853	487 933	717 427
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TOTAL LIABILITIES AND EQUITY	1 732 754	1 373 318	1 897 197
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TGS NOPEC Geophysical Company ASA

Consolidated Cashflow Statement

	12 Months	
(All amounts in NOK 1000's unless noted otherwise)	Q1 2002	2001
<i>Cashflow from operating activities:</i>		
Received payments from sales	441 353	1 012 387
Payments for purchased seismic and services	-279 426	-573 709
Payments for salaries, pensions, social security tax and tax deducted	-30 743	-115 345
Received interest and other financial income	2 436	15 918
Interest payments and other financial cost	-1 597	-23 277
Paid tax and government taxes	-30 592	-162 375
Payments for other operating activities	-19 798	-47 116
Net cash flow from operating activities	81 633	106 483
<i>Cash flow from investing activities:</i>		
Investment in tangible fixed assets		-15 818
Adjustment to cost price for one of the vessels		5 799
Net change in long term receivables	1 345	-8 962
Net cash flow from investing activities	1 345	-18 981
<i>Cash flow from financing activities:</i>		
Repayment of long term loans	-25 021	-51 220
Purchase of own shares	-10 644	-577
Received payments due to share offering	437	2 915
Currency exchange differences	-14 844	9 027
Net cash flow from financing activities	-50 072	-39 855
Net change in cash and cash equivalents	32 906	47 647
Cash and cash equivalents at the beginning of period	272 250	224 603
Cash and cash equivalents at the end of period	305 156	272 250