TGS

Energy starts with us.

TGS EARNINGS RELEASE

4th QUARTER 2020 RESULTS*

* In accordance with IFRS 3 Spectrum ASA is included from its date of acquisition on 14 August 2019

4th QUARTER 2020 FINANCIAL HIGHLIGHTS

IFRS (all amounts in USD 1,000 unless specified otherwise)	**Q4 2020**	**Q4 2019**	**YTD 2020**	**YTD 2019**
Net operating revenues	**142,897**	**218,846**	**319,453**	**585,610**
Operating profit (EBIT)	**-48,476**	**69,581**	**-292,995**	**128,998**
- Operating profit margin	-34%	32%	-92%	22%
Net income	**-26,288**	**70,384**	**-204,861**	**113,111**
EPS (fully diluted) (USD)	**-0.22**	**0.59**	**-1.73**	**1.04**
Organic multi-client investments in new projects	28,181	53,946	297,797	327,622
Risk-sharing investments	0	4,850	0	11,889
Inorganic multi-client investments	0	3,256	15,000	183,505
Amortization and impairment of multi-client library	172,662	95,627	493,377	302,233
Multi-client library net book value	**917,502**	**1,091,294**	**917,502**	**1,091,294**
Free cash flow (after multi-client investments)	28,386	106,197	13,582	226,360
Cash balance	**195,716**	**323,408**	**195,716**	**323,408**
Return on average capital employed[1]	-17%	12%	-17%	12%

Segment reporting[2] (all amounts in USD 1,000 unless specified otherwise)	**Q4 2020**	**Q4 2019**	**YTD 2020**	**YTD 2019**
Net operating revenues	**120,322**	**232,486**	**448,780**	**772,574**
- Net pre-funding revenues	13,319	26,115	151,924	127,332
- Net late sales	103,230	200,893	281,647	627,047
- Net proprietary revenues	3,773	5,478	15,210	18,194
EBITDA	**105,565**	**189,116**	**349,642**	**641,967**
Operating profit	**-65,910**	**58,966**	**-196,825**	**221,192**
- Operating profit margin	-55%	25%	-44%	29%
Amortization and impairment of multi-client library	167,521	119,882	526,535	397,272
Multi-client library net book value	**623,852**	**830,803**	**623,852**	**830,803**
Pre-funding rate	47%	48%	51%	39%
Return on average capital employed[1]	-16%	19%	-16%	19%

"As expected, we saw a seasonal uptick in the activity level during Q4 and we are pleased to report a 70% sequential growth in late sales. While we continue to see signs of a gradual improvement, partly driven by a higher oil price, we remain cautious about the speed of a recovery, with only modest changes to E&P spending expected for 2021", says TGS' CEO Kristian Johansen.

[1] 12 months trailing.
[2] Revenues of projects in progress recognized on a Percentage of Completion basis. Please refer to note 4 of the interim financial statements for more details.

Q4 HIGHLIGHTS – SEGMENT REPORTING

- Segment net revenues were USD 120.3 million in Q4 2020, down 48.2% versus USD 232.5 million in Q4 2019.
- Late sales recognized in the quarter were USD 103.2 million, up 70% sequentially from Q3 2020. Late sales in Q4 2019 were USD 200.9 million.
- Operating expenses for Q4 2020 were USD 14.8 million, down 58% from Q4 2019, demonstrating the company's flexibility in its ability to respond to changing market conditions.
- New investments of USD 28.2 million were supported by prefunding of USD 13.3 million (47.3%) during Q4 2020. This compares to USD 62 million in investments (of which USD 3.3 million was inorganic and USD 4.9 million were risk-sharing investments) with pre-funding of USD 26.1 million (48.4%) in Q4 2019.
- Q4 2020 EBITDA was USD 105.6 million, down 44.2% from USD 189.1 million in Q4 2019.
- TGS' backlog amounted to USD 88.9 million at the end of Q4 2020, down 13.0% compared to USD 102.1 million at the end of Q3 2020
- Free cash flow (cash flow from operations after investments in the multi-client library) was USD 28.4 million for Q4 2020 compared to USD 106.2 million in Q4 2019.
- Cash balance at 31 December 2020 was USD 195.7 million, supporting an increased dividend to USD 0.14 per share and a USD 20 million share buyback program.

FINANCIALS – IFRS REPORTING

Following the implementation of the IFRS 15 accounting standard from 1 January 2018, prefunding committed prior to start-up of the project and late sales committed in the work-in-progress phase are not recognized until delivery of the data to the customer. For internal reporting purposes, TGS prepares accounts in accordance with historical practice, with sales committed prior to completion of the project recognized on a Percentage of Completion basis. The discussion and analysis in this section are based on IFRS reporting standard.

Net operating revenues and operating profit

Net revenues amounted to USD 142.9 million in Q4 2020, a reduction of 34.7% from USD 218.8 million in Q4 2019. Revenues from projects completed during the quarter decreased by USD 74.3 million compared to last year, while proprietary revenues decreased by USD 1.6 million. Late sales were USD 101.6 million, a reduction of 31.6% from the same period last year.

Amortization and impairments of the multi-client library amounted to USD 172.7 million in Q4 2020 versus USD 95.6 million in Q4 2019. Of this, impairments amounted to USD 119.6 million in Q4 2020. TGS reported no impairment in Q4 2019. See note 6 of the interim financial statements for further details.

Personnel costs were USD 7.8 million, a decrease of 69.1% compared to USD 25.3 million in Q4 2019. Other operating expenses amounted to USD 6.0 million, compared to USD 16.8 million in Q4 2019. The underlying decrease is mainly due to synergies after the Spectrum acquisition and the cost reduction program announced on 8 April 2020. The majority of other operating expenses in Q4 2020 are hardware and software expenses totalling USD 4.9 million. The Q4 2020 figures include USD 1.6 million in professional services related to legal and tax advisors for Finance and Latin America. Professional services expenses are offset by a credit of USD 1.6 million in relation to reimbursed legal cost after aquittal in the Skeie case. See note 8 of the interim financial statements for further details.

Depreciation decreased to USD 4.0 million in Q4 2020 from USD 10.3 million in Q4 2019.

Operating profit amounted to USD -48.5 million in the quarter compared to USD 69.6 million in the same quarter of last year. The loss is a direct consequence of the USD 119.6 million impairment of the multi-client library in Q4 2020.

Financial items and profit before tax

Net financial items for Q4 2020 totaled USD -2.0 million compared to USD -2.4 million in Q4 2019. Net financial items in Q4 2020 mainly consist of net foreign exchange losses of USD –1.8 million.

Pre-tax profit was USD -50.4 million in Q4 2020 compared to USD 67.2 million in Q4 2019.

Tax and net income

TGS reports tax charges in accordance with the Accounting Standard IAS 12. Taxes are computed based on the USD value of the appropriate tax provisions according to local tax regulations. The tax charges are influenced not only by local profits, but also by fluctuations in exchange rates between the respective local currencies and USD. This method makes it difficult to predict tax charges on a quarterly or annual basis.

Based on the corporate income tax rate in Norway (22% in 2020), in Brazil (34% in 2020) and in the US (21% in 2020), TGS has assessed the normalized operating consolidated tax rate to be approximately 22% for 2020.

The negative tax expense for Q4 2020 was USD -24.1 million (USD -3.2 million in Q4 2019), corresponding to a tax rate of 47.9%. The fluctuation in the tax rate is primarily driven by currency conversion losses for the Norwegian entities and subsequent effects on permanent differences. YTD tax rate was 29.3% compared to 13.8% in YTD 2019.

Net income amounted to USD -26.3 million in Q4 2020, compared to USD 70.4 million in Q4 2019. This corresponds to a fully diluted EPS of USD -0.22 versus USD 0.59 in Q4 2019.

Balance sheet

As of 31 December 2020, the Company had a cash balance of USD 195.7 million, a reduction of USD 127.7 million from 31 December 2019 (USD 323.4 million). Interest-bearing debt decreased to USD 2.5 million in Q4 2020 compared to USD 2.8 million in Q4 2019, resulting in a net cash balance of USD 193.2 million (USD 320.6 million in Q4 2019).

Goodwill has not been changed after 31 December 2019, except for USD 3.6 million related to Spectrum merger measurement period adjustment presented in Q3 2020. The changes are retrospectively adjusted to the 31 December 2019 balance presented in this report.

The net book value of the multi-client library was USD 917.5 million as of 31 December 2020, compared to USD 1,091.3 million as of 31 December 2019. The decrease is primarily a result of impairments recognized in Q4 2020 and a lower level of investments compared to amortization.

Total equity as of 31 December 2020 was USD 1,249.6 million, corresponding to 61.8% of total assets. On 31 December 2019, total equity amounted to USD 1,545.8 million (70.3% of total assets).

Cash flow

Net cash flow from operations for the quarter totaled USD 58.7 million, compared to USD 221.9 million in Q4 2019. Cash outflows related to investments in the multi-client library were USD 30.3 million, compared to USD 115.7 million in Q4 2019, resulting in free cash flow (cash flow from operations after investments in the multi-client library) of USD 28.4 million versus USD 106.2 million in Q4 2019. Net increase in cash for Q4 2020 was USD 11.2 million (increase of USD 57.7 million in Q4 2019). Interest paid increased to USD 0.6 million in Q4 2020 from USD 0.1 million in Q4 2019.

FINANCIALS – SEGMENT REPORTING

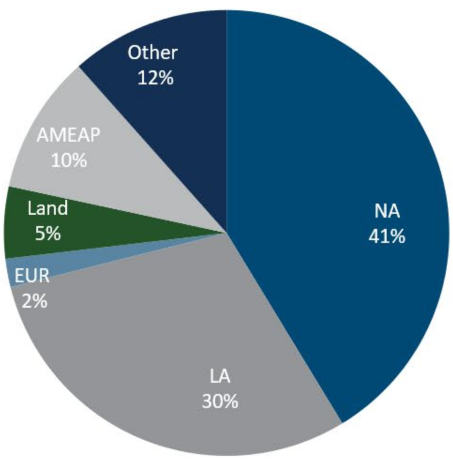
For internal reporting purposes TGS uses segment reporting, with net revenues from projects-in-progress recognized based on Percentage of Completion (POC), as opposed to the IFRS accounts where revenue recognition is deferred until project completion and delivery to the customer. It is the Board's opinion that the POC methodology provides a better picture of the inherent risk and value creation of the business. The discussion and analysis in this section are based on segment reporting.

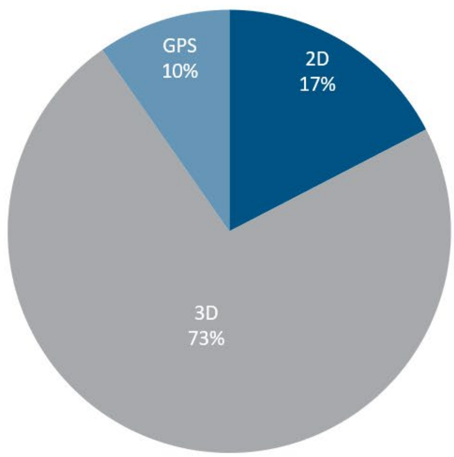
Net operating revenues

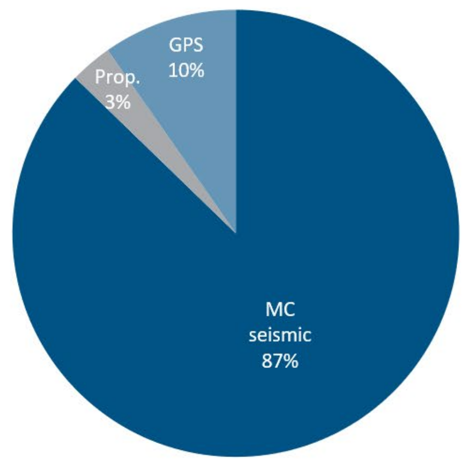
Net operating revenues for Q4 2020 amounted to USD 120.3 million, a decrease of 48.2% from the USD 232.5 million recognized in Q4 2019. Net prefunding revenues totaled USD 13.3 million in the quarter (USD 26.1 million in Q4 2019), which funded 47.3% (48.4% in Q4 2019) of the USD 28.2 million (USD 53.9 million in Q4 2019) of organic investments in the multi-client library.

Net late sales for the quarter amounted to USD 103.2 million, a decrease of 48.6% compared to the USD 200.9 million recorded in Q4 2019. Proprietary contract revenues decreased by 31.1% to USD 3.8 million from USD 5.5 million in Q4 2019.

Revenue distribution







Source: TGS

EBITDA, amortization and operating profit

After subtracting operating costs as described in the IFRS section (which remain unchanged under Segment reporting), EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) totaled USD 105.6 million in Q4 2020, compared to USD 189.1 million in Q4 2019, a decrease of 44.2%.

Amortization and impairment of the multi-client library amounted to USD 167.5 million in Q4 2020, up from USD 119.9 million in Q4 2019. Of this, impairments amounted to USD 87.8 million in Q4 2020. TGS reported no impairment in Q4 2019.

Operating profit in Q4 2020 amounted to USD -65.9 million (margin of -54.8%), down from USD 59.0 million (margin of 25.0%) in Q4 2019.

Multi-client library

Organic multi-client investments amounted to USD 28.2 million in Q4 2020, 47.8% lower than the USD 53.9 million invested in Q4 2019. There were no investments contingent on sales (risk share investments) in Q4 2020 versus USD 4.9 million in Q4 2019.

The net book value of the multi-client library was USD 623.9 million as of 31 December 2020, compared to USD 830.8 million as of 31 December 2019.

Backlog

TGS' backlog amounted to USD 88.9 million at the end of Q4 2020, down 13.0% compared to USD 102.1 million at the end of Q3 2020. Backlog at the end of the quarter decreased 50.9% from backlog of USD 181 million at the end of Q4 2019.

Dividend and Share Buybacks

It is the ambition of TGS to pay a cash dividend that is in line with its long-term underlying cash flow. When deciding the dividend amount, the TGS Board of Directors will consider expected cash flow, investment plans, financing requirements and a level of financial flexibility that is appropriate for the TGS business model. In addition to paying a cash dividend, TGS may also buy back own shares as part of its plan to distribute capital to shareholders.

Since 2016, TGS has paid quarterly dividends in accordance with the resolution made by the Annual General Meeting. The aim will be to keep a stable quarterly dividend through the year, though the actual level paid will be subject to continuous evaluation of the underlying development of the company and the market.

The Board of Directors has resolved to increase the dividend to USD 0.14 per share in Q1 2021. The dividend will be paid in the form of NOK 1.18 per share on 4 March 2021. The share will trade ex-dividend on 18 February 2021. In Q4 2020 TGS paid a cash dividend of USD 0.125 per share (NOK 1.17 per share).

In addition, the Board of Directors has authorized a share repurchase program of up to USD 20 million. The share repurchase program will remain in place until the Company's annual general meeting in May 2022, or such earlier time as the maximum number of shares has been acquired or the Board resolves to terminate the program. Any repurchased shares will be held in treasury and, subject to approval by a general meeting, thereafter be canceled. Repurchased shares may also in part be used to satisfy obligations under incentive programs and/or otherwise disposed of (for cash or in-kind consideration as part of transactions). It is expected that shares will primarily be repurchased in the open market on the Oslo Stock Exchange. The share repurchases will be conducted based on the authorization to acquire treasury shares granted at the annual general meeting of the Company on 12 May 2020 and is subject to renewal at the annual general meeting on 11 May 2021.

OPERATIONAL HIGHLIGHTS

Vessels operating for TGS during parts of Q4 2020 included one 3D vessel, one Coring vessel (operated under a joint venture agreement) and one Full Tension Gravity Gradiometry (eFTG) aircraft (operated under a joint venture agreement).

TGS' first-ever regional airborne Enhanced Full Tensor Gravity Gradiometry (eFTG) multi-client survey continued in Q4 2020. The survey will cover an area of approximately 120,000 km2 of the Upper Egypt region and will also acquire magnetic and lidar data in addition to eFTG. This will provide unique, high-resolution imaging of the region with increased accuracy and higher spatial resolution to enhance exploration activities.

In Q4 2020, TGS, in conjunction with joint venture partner TGS-PetroData, completed a geochemical coring project offshore Nigeria. The project covers an area of approximately 82,000 km2 and will incorporate 17 seabed heat flow measurements and 272 seabed cores whose location is based on multibeam and backscatter anomalies. Final reports are expected to be ready for industry review in Q2 2021 following completion of geochemistry work.

In Latin America, acquisition commenced on the remaining 5,000 km2 Malvinas 3D multi-client program in Argentina, which will bring total coverage in the area to approximately 18,000 km2. Acquisition is expected to be completed in Q1 2021 with final delivery of processed data late 2021, early 2022.

Onshore North America, TGS continued permitting activities for the Voyager 3D multi-client survey in the Powder River Basin, Wyoming. Recording of data is expected to be completed in December 2021.

TGS' Geologic Products and Services Division (GPS) continued to add to its inventory of multi-client products in the quarter. The well data library grew with the addition of approximately 2,869 new digital well logs, 5,631 new enhanced digital well logs and 4,574 new validated well headers.

Outlook

The COVID-19 pandemic and the subsequent drop in oil price have had severe consequences for the global oil and gas industry, and resulted in dramatic reductions in spending. As significant parts of E&P companies' budgets were already committed pre-COVID, the cuts had a disproportionately higher impact on the uncommitted part of their budgets (i.e. discretionary spending) in 2020. Most seismic purchases tend to fall into this category; hence demand has sunk to unprecedented levels. For 2021, clients have indicated flat exploration spending and a more focused exploration strategy near existing infrastructure.

On January 27, the new administration in the United States announced an executive order to pause new oil and natural gas leases on public lands or in offshore waters pending completion of a comprehensive review and reconsideration of federal oil and gas permitting and leasing practices. It is expected that the administration will provide more information about the duration of the pause and to what extent it will impact future leases and permits. TGS has some exposure to US federal lands both onshore and offshore, representing approximately 17% of the multi-client library and 19% of the 2020 net revenues. Over the past two to three years, there has been a gradual shift from frontier to infrastructure-led exploration in the US Gulf of Mexico, and TGS' recent OBN-projects have been primarily targeted at held acreage rather than future licensing rounds. In a scenario where permitting and leasing practices are permanently suspended, TGS maintains that the majority of revenues in the US would not be negatively impacted.

With an asset-light business model characterized by a low proportion of fixed cost, TGS is well-positioned to manage cyclical downturns and even prolonged periods of lower demand. To maintain a strong balance sheet and liquidity, the company carried out a major cost cutting program in 2020 with cash operating cost (defined as personnel cost and other operating cost) in Q4 reduced by 58% compared to Q4 2019. Furthermore, TGS recorded an impairment of its multi-client library totaling USD 87.8 million (IFRS USD 119.6 million), reflecting the challenging market conditions and longer payback times for certain multi-client surveys.

A significantly lower cost base places TGS in a strong position to deliver profitability and industry leading return on capital in the future. With a strong cash balance of close to USD 200 million and positive free cash flow in the second half of 2020, TGS is delivering on the revised plan communicated to the market in April.

The energy transition offers interesting opportunities for TGS, and the company has set an ambition to leverage core strengths to help shape the future of energy. The world's largest library of subsurface data, combined with strong competencies in geoscience, large-scale data management, data processing and analytics, position TGS well to contribute with insights related to carbon capture, utilization and storage (CCUS) and offshore mineral exploration, as well as to the renewables energy industries. The company has launched several partnerships with established industry players where TGS leverages its core strengths to generate business opportunities outside the traditional oil and gas markets. In addition to partnerships, the company will pursue both organic and inorganic opportunities to build a database and insight within these new markets.

While there are uncertainties related to the short- and medium-term development of client spending, TGS will take advantage of the challenging market conditions to further enhance its position as the world's leading subsurface data company. The company's relentless focus on cost, capital discipline and a strong balance sheet allows the company to continue growing its database with counter-cyclical investments at low unit costs, while maintaining a healthy distribution to shareholders. These factors, together with its strengths in managing and analyzing data, place TGS in a strong position to advance its clients efforts in the energy transition.

2021 financial guidance:

- Multi-client investments of between USD 200 - 230 million
- Continued sector outperformance on cash flow and ROACE
- Industry-leading distribution to shareholders

Oslo, 11 February 2021

The Board of Directors of TGS-NOPEC Geophysical Company ASA

Henry H. Hamilton III
Chairman

Mark S. Leonard
Director

Wenche Agerup
Director

Irene Egset
Director

Torstein Sanness
Director

Vicki Messer
Director

Christopher Finlayson
Director

Kristian Johansen
Chief Executive Officer

ABOUT TGS

TGS provides scientific data and intelligence to companies active in the energy sector. In addition to a global, extensive and diverse energy data library, TGS offers specialized services such as advanced processing and analytics alongside cloud-based data applications and solutions.

TGS-NOPEC Geophysical Company ASA is listed on the Oslo Stock Exchange (OSLO:TGS).
TGS sponsored American Depositary Shares trade on the U.S. over-the-counter market under the symbol "TGSGY".
Website: www.tgs.com

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All statements in this earnings release other than statements of historical facts are forward-looking statements, which are subject to a number of risks, uncertainties and assumptions that are difficult to predict, and are based upon assumptions as to future events that may not prove accurate. These factors include TGS' reliance on a cyclical industry and principal customers, TGS' ability to continue to expand markets for licensing of data, and TGS' ability to acquire and process data products at costs commensurate with profitability. Actual results may differ materially from those expected or projected in the forward-looking statements. TGS undertakes no responsibility or obligation to update or alter forward-looking statements.

Energy starts with us.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in USD 1,000s unless noted otherwise)	Note	2020 Q4	2019 Q4[1]	2020 YTD	2019 YTD
Net revenues	4	**142,897**	**218,846**	**319,453**	**585,610**
Cost of goods sold - proprietary and other		908	1,252	5,409	2,413
Amortization and impairment of multi-client library	5, 6	172,662	95,627	493,377	302,233
Personnel costs		7,827	25,295	53,864	86,345
Other operating expenses		6,022	16,823	39,866	42,120
Depreciation, amortization and impairment		3,954	10,268	19,932	23,503
Total operating expenses		**191,373**	**149,265**	**612,447**	**456,613**
Operating profit	4	**-48,476**	**69,581**	**-292,995**	**128,998**
Financial income and expenses					
Financial income		106	993	853	10,385
Financial expenses		-263	-1,725	-2,896	-3,672
Net exchange gains/(losses)		-1,803	-1,665	5,354	-4,500
Net financial items		**-1,959**	**-2,396**	**3,312**	**2,213**
Profit before taxes		**-50,435**	**67,185**	**-289,683**	**131,210**
Taxes[2]		-24,148	-3,200	-84,822	18,100
Net income		**-26,288**	**70,384**	**-204,861**	**113,111**
EPS USD		**-0.22**	**0.60**	**-1.75**	**1.05**
EPS USD, fully diluted		**-0.22**	**0.59**	**-1.73**	**1.04**
Other comprehensive income:					
Exchange differences on translation of foreign operations		-	-3,000	-	240
Other comprehensive income/(loss) for the period, net of tax		-	-3,000	-	240
Total comprehensive income for the period		**-26,288**	**67,384**	**-204,861**	**113,351**

[1] Q4 2019 figures are updated for final tax expense disclosed in the 2019 annual report.
[2] Tax expense includes estimated expenses in certain jurisdictions.

INTERIM CONSOLIDATED BALANCE SHEET

(All amounts in USD 1,000s)	Note	2020 31-Dec	2019 31-Dec Restated[1]
Goodwill	6	288,377	288,377
Multi-client library	5, 6	917,502	1,091,294
Other intangible non-current assets		17,396	13,703
Deferred tax asset		113,468	27,486
Buildings		2,257	2,396
Machinery and equipment		25,349	22,314
Right of use asset	6	48,690	23,445
Sublease asset		965	2,366
Other non-current assets		19,471	11,061
Total non-current assets		**1,433,475**	**1,482,442**
Accounts receivable	6	168,746	223,211
Accrued revenues		108,737	101,153
Other receivables		114,512	69,530
Cash and cash equivalents		195,716	323,408
Total current assets		**587,711**	**717,302**
TOTAL ASSETS		**2,021,186**	**2,199,744**
Share capital		4,082	4,127
Other equity		1,245,496	1,541,679
Total equity	3	**1,249,578**	**1,545,806**
Long-term debt		-	2,809
Other non-current liabilities		757	1,503
Lease liability		44,551	19,589
Deferred taxes		28,984	40,375
Total non-current liabilities		**74,292**	**64,276**
Short-term debt		2,500	-
Accounts payable and debt to partners		140,078	108,087
Taxes payable, withheld payroll tax, social security		2,935	37,639
Other current liabilities		551,804	443,935
Total current liabilities		**697,316**	**589,661**
TOTAL EQUITY AND LIABILITIES		**2,021,186**	**2,199,744**

[1] Measurement period adjustments Spectrum PPA finalized during Q3 2020. Reference is made to note 2 for further explanations.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOW

(All amounts in USD 1,000s)	Note	2020 Q4	2019 Q4	2020 YTD	2019 YTD
Cash flow from operating activities:					
Received payments from customers		115,866	303,429	572,021	786,035
Payments for salaries, pensions, social security tax		-15,279	-27,628	-69,340	-87,216
Payments of other operational costs		-19,785	-39,922	-84,260	-99,879
Paid taxes		-22,127	-13,996	-63,694	-38,293
Net cash flow from operating activities [1]		**58,676**	**221,883**	**354,728**	**560,648**
Cash flow from investing activities:					
Investments in tangible and intangible assets		-2,120	-3,041	-35,200	-20,969
Investments in multi-client library	5	-30,290	-115,686	-341,146	-334,289
Investments through mergers and acquisitions		-	-	-15,000	14,627
Interest received		106	993	853	6,261
Net cash flow from investing activities		**-32,304**	**-117,734**	**-390,493**	**-334,370**
Cash flow from financing activites:					
Interest paid		-556	-132	-2,896	-778
Dividend payments	3	-14,654	-31,762	-87,783	-114,640
Repayment of interest bearing debt		-	-57	-	-16,283
Proceeds from share issuances	3	-	-	-	1,512
Purchase of own shares	3	-	-14,483	-6,601	-43,151
Net cash flow from financing activites		**-15,210**	**-46,434**	**-97,280**	**-173,340**
Net change in cash and cash equivalents		**11,162**	**57,715**	**-133,045**	**52,938**
Cash and cash equivalents at the beginning of period		179,819	265,460	323,408	273,527
Net unrealized currency gains/(losses)		4,735	233	5,354	-3,057
Cash and cash equivalents at the end of period		**195,716**	**323,408**	**195,716**	**323,408**
1) Reconciliation					
Profit before taxes		-24,758	67,185	-293,055	131,211
Depreciation/amortization/impairment	5,6	179,988	105,895	516,681	325,736
Disposals at cost price		-	-	-	4,666
Changes in accounts receivables and accrued revenues		52,980	138,490	101,688	8,020
Unrealized currency gains/(losses)		-4,735	-	-5,354	-
Changes in other receivables		-39,316	13,395	-39,316	1,386
Changes in other balance sheet items		-83,355	-89,089	137,778	127,919
Paid taxes		-22,127	-13,995	-63,694	-38,292
Net cash flow from operating activities		**58,676**	**221,883**	**354,728**	**560,648**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ending 31 December 2020

(All amounts in USD 1,000s)	Share Capital	Treasury Shares	Share Premium	Other Paid-In Capital	Currency Translation Reserve	Retained Earnings	Total Equity
Opening balance 1 January 2020	**4,127**	**-49**	**416,877**	**45,248**	**-22,233**	**1,101,836**	**1,545,806**
Adjustments [1]					22,233	-22,233	-
Opening balance 1 January 2020	**4,127**	**-49**	**416,877**	**45,248**	**-**	**1,079,603**	**1,545,806**
Net income	-	-	-	-		-204,861	**-204,861**
Other comprehensive income	-	-	-	-		-	**-**
Total comprehensive income	**-**	**-**	**-**	**-**		**-204,861**	**-204,861**
Purchase of own shares	-	-7	-	-		-6,594	**-6,601**
Distribution of treasury shares	-	0.4	-	-		165	**165**
Cancellation of treasury shares held	-54	54	-	-		-	**-**
Cost of equity-settled long term incentive plans	9	-	-	-		2,843	**2,852**
Dividends	-	-	-	-		-87,783	**-87,783**
Closing balance as of 31 December 2020	**4,082**	**-1**	**416,877**	**45,248**	**-**	**783,372**	**1,249,578**

For the year ending 31 December 2019

(All amounts in USD 1,000s)	Share Capital	Treasury Shares	Share Premium	Other Paid-In Capital	Currency Translation Reserve	Retained Earnings	Total Equity
Opening balance 1 January 2019	**3,672**	**-4**	**67,355**	**45,248**	**-22,473**	**1,138,809**	**1,232,606**
Net income	-	-	-	-	-	113,111	**113,111**
Other comprehensive income	-	-	-	-	240	-	**240**
Total comprehensive income	**-**	**-**	**-**	**-**	**240**	**113,111**	**113,351**
Share issue Spectrum merger	449	-	349,523	-	-	-	**349,972**
Transaction cost share issues	-	-	-	-	-	-739	**-739**
Distribution of treasury shares	-	1	-	-	-	249	**250**
Purchase of own shares	-	-47	-	-	-	-43,365	**-43,412**
Cost of equity-settled long term incentive plans	5	-	-	-	-	8,411	**8,416**
Dividends	-	-	-	-	-	-114,640	**-114,640**
Closing balance as of 31 December 2019	**4,127**	**-49**	**416,877**	**45,248**	**-22,233**	**1,101,836**	**1,545,806**

[1] Currency translation reserve netted with retained earnings as TGS has no subsidiaries with functional currency different than USD as of 31 December 2020

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 1 General information

TGS-NOPEC Geophysical Company ASA (TGS or the Company) is a public limited company listed on the Oslo Stock Exchange. The address of its registered office is Askekroken 11, 0277 Oslo, Norway.

Note 2 Basis for Preparation

The condensed consolidated interim financial statements of TGS have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting as approved by EU and additional requirements in the Norwegian Securities Trading Act. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with TGS' annual report for 2019 which is available at www.tgs.com.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the annual financial statements for 2019. The balance sheet presented as at 31 December 2019 is presented in the same manner as in the Q3 2020 interim financial statements, i.e. retrospectively restated for measurement period adjustments to the Spectrum purchase price allocation being made in Q3 2020. The PPA was finalized in Q3 2020. For more information, see note 9 to the Q3 Earnings Release report which is available at www.tgs.com.

The comparable Q4 2019 statement of comprehensive income has been updated to reflect the final tax expense presented in the 2019 Annual Report. The tax expense for Q4 2019 has been reduced with USD 13.7 million compared to what was initially presented in the Q4 2019 interim report, which is also affecting net income and EPS.

Note 3 Share capital and equity

Ordinary shares	Number of shares
1 January 2020	**118,906,778**
Shares issued during Q3 2020	321,070
Cancellation of treasury shares	-1,924,450
31 December 2020	**117,303,398**

Treasury shares	Number of shares
1 January 2020	**1,742,100**
Net change in period	-1,667,100
31 December 2020	**75,000**

The net change in treasury shares during 2020 comprise repurchase of 268,900 own shares in Q1, less 11,550 treasury shares distributed to Board members in Q2 and cancellation of 1,924,450 treasury shares in Q3.

The Annual General Meeting held 12 May 2020 renewed the Board of Directors' authorizations to repurchase shares and distribute quarterly dividends on the basis of the 2019 financial statements. The authorizations are valid until the Company's Annual General Meeting in 2021, but no later than 30 June 2021.

The Board has resolved to launch a USD 20 million share buyback program to be completed prior to Annual General Meeting 2022. The full program is contingent on renewed authority to buy back shares at the 2021 Annual General Meeting.

Furthermore, the Board of Directors has resolved to increase the dividend to USD 0.14 per share in Q1 2021. The dividend will be paid in the form of NOK 1.18 per share on 4 March 2021. The share will trade ex-dividend on 18 February 2021.

In Q4 TGS paid a cash dividend of USD 0.125 per share (NOK 1.17 per share).

Largest Shareholders as of 31 December 2020	Country	Account type	No. of shares	Share
1. State Street Bank and Trust Comp	USA	NOM	14,697,808	12.5 %
2. FOLKETRYGDFONDET	Norway		10,500,564	9.0 %
3. The Bank of New York Mellon SA/NV	The Netherlands	NOM	8,507,076	7.3 %
4. The Northern Trust Comp	United Kingdom	NOM	6,787,402	5.8 %
5. RBC INVESTOR SERVICES TRUST	Canada	NOM	4,539,495	3.9 %
6. JPMorgan Chase Bank	United States	NOM	3,635,421	3.1 %
7. State Street Bank and Trust Comp	United States	NOM	3,433,588	2.9 %
8. PARETO AKSJE NORGE VERDIPAPIRFOND	Norway		2,435,545	2.1 %
9. VERDIPAPIRFOND ODIN NORDEN	Norway		1,838,719	1.6 %
10. The Northern Trust Comp	United Kingdom	NOM	1,561,810	1.3%
10 largest			**57,937,428**	**49%**
Total Shares Outstanding *			**117,228,398**	**100%**

* Total shares outstanding are net of treasury shares held per 31 December 2020

Average number of shares outstanding for Current Quarter *	
Average number of shares outstanding during the quarter	117,228,398
Average number of shares fully diluted during the quarter	118,377,798

* Shares outstanding net of treasury shares per 31 December 2020 (75,000 TGS shares), composed of average outstanding TGS shares during the quarter.

Share price information	
Share price 31 December 2020 (NOK)	132.70
USD/NOK exchange rate end of period	8.54
Market capitalization 31 December 2020 (NOK million)	15,566

Note 4 Segment information

TGS reports Segment information based on the information reported to the management. Segment revenues related to multi-client pre-funded contracts are measured by applying the percentage-of-completion method to estimated total contract revenues. As such the timing and assessment of amortization will follow the timing of revenue recognition. Management believes Segment reporting provides useful information as to the value generated by the Company relative to the related activities and resources employed.

(USD 1,000)	North America	Latin America	Europe & Russia	Land	Africa, Middle East & Asia/Pacific	Other segments / Corporate costs	Segment reporting consolidated	Adjustment	IFRS reporting
Q4 2020									
Net external revenues	51,144	36,899	2,543	6,463	12,460	14,329	123,838	19,059	142,897
Operating profit	14,928	-24,183	-36,377	-7,456	-570	-4,697	-58,356	9,880	-48,476
Q4 2019									
Net external revenues	59,177	103,344	25,434	7,769	22,530	14,232	232,486	-13,640	218,846
Operating profit	25,850	45,501	10,131	-2,488	10,971	-31,000	58,966	10,615	69,581
YTD 2020									
Net external revenues	96,302	163,773	35,264	60,215	55,678	41,065	452,297	-132,844	319,453
Operating profit	-24,001	-39,974	-47,995	-15,478	12,858	-74,681	-189,271	-103,724	-292,995
YTD 2019									
Net external revenues	227,023	216,410	113,084	82,516	62,844	70,697	772,574	-405,809	366,765
Operating profit	98,794	82,203	52,960	34,440	37,985	-85,191	221,192	-161,775	59,417

There are no intersegment revenues between the reportable operating segments.

The Company does not allocate all cost items to its reportable operating segments during the year. Unallocated cost items are reported as “Other segments/Corporate costs”.

Impact on Income Statement

(All amounts in USD 1,000s)	Q4 2020 As reported	Adjustments	Q4 2020 Segment
Net revenues	**142,897**	**-22,575**	**120,322**
Amortization and impairment of multi-client library	172,662	-5,141	167,521
Total operating expenses	**191,373**	**-5,141**	**186,232**
Taxes	-24,148	-5,776	-29,923
Net income	**-26,288**	**-11,658**	**-37,946**

(All amounts in USD 1,000s)	YTD 2020 As reported	Adjustments	YTD 2020 Segment
Net revenues	**319,453**	**129,328**	**448,780**
Amortization and impairment of multi-client library	493,377	-14,041	479,335
Total operating expenses	**612,447**	**33,158**	**645,605**
Taxes	-84,822	26,494	-58,328
Net income	**-204,861**	**69,676**	**-135,185**

Impact on Balance Sheet

(All amounts in USD 1,000s)	31-Dec-20 As reported	Adjustments	31-Dec-20 Segment
Multi-client library	917,502	-293,650	623,852
Deferred tax asset	113,468	-58,120	55,348
Total non-current assets	**1,433,475**	**-351,770**	**1,081,704**
Accrued revenues	108,737	102,547	211,284
Total current assets	**587,711**	**102,547**	**690,258**
Equity	**1,249,578**	**149,465**	**1,399,043**
Deferred taxes	28,984	2,113	31,096
Total non-current liabilities	**74,292**	**2,113**	**76,404**
Accounts payable and debt to partners	140,078	58,514	198,592
Other current liabilities	551,804	-459,314	92,489
Total current liabilities	**697,316**	**-400,800**	**296,516**

Note 5 Multi-client library

(Numbers in USD millions)	Segment Q4 2020	IFRS Q4 2020	Segment Q4 2019	IFRS Q4 2019	Segment YTD 2020	IFRS YTD 2020	Segment YTD 2019	IFRS YTD 2019
Opening balance net book value	**763.2**	**1,062.0**	**888.5**	**1,124.7**	**830.8**	**1,091.3**	**726.1**	**870.5**
Other changes to MCL	0.0	0.0	0.2	0.2	6.8	6.8	-3.1	0.0
Non-operational investments	0.0	0.0	3.3	3.3	15.0	15.0	165.5	183.5
Operational investments	28.2	28.2	58.8	58.8	297.8	297.8	339.6	339.6
Amortization and impairment	-167.5	-172.7	-119.9	-95.6	-526.5	-493.4	-397.3	-302.3
Closing net book value	**623.9**	**917.5**	**830.8**	**1,091.3**	**623.9**	**917.5**	**830.8**	**1,091.3**
Net MC revenues	116.5	139.1	227.0	213.5	433.6	304.2	754.4	567.4
Change in MC revenue	-49%	-35%	22%	-21%	-43%	-46%	23%	-6%
Change in Operational MC investment	-52%	-52%	-7%	-7%	-12%	-12%	32%	32%
Amort. in % of net MC revs.	144%	124%	53%	45%	121%	162%	53%	53%
Change in net book value	-25%	-16%	14%	25%	-25%	-16%	14%	25%
Contract Revenues	3.8	3.8	5.5	5.5	15.2	15.2	18.2	18.2

Note 6 Evaluation of estimates and assumptions

TGS reviews the carrying value of its multi-client libraries and goodwill when there are events and changes in circumstances that indicate that the carrying value of these assets may not be recoverable. Impairment indicators have been assessed as a result of the significant volatility in the market during 2020, and include factors such as revised sales estimates on existing surveys, Covid-19 market effects and oil price collapse. Key inputs and assumptions in the impairment model have been revisited. The challenging market presents uncertainties and risk related to these estimates. The sales forecasts for future periods have been adjusted in Q4. Please see the section Outlook, page 6, for further details for the Company`s view of the current market situation.

Multi-client library

The Company estimates value in use based on discounted estimated future sales forecasts. For the multi-client library, the value in use has been determined based on revenue and cash flow projections from financial estimates prepared by management. Due to the prevailing markets, future expected cash flows are reduced and consequently the value in use of the multi-client library is reduced. TGS has implemented a detailed process each quarter to assess projects at risk and impairment of the library amid the current volatility and uncertainty in the market. The underlying estimates that form the basis for the sales forecast depend on a number of variables, such as the number of oil and gas exploration and production (E&P) companies operating in the area with potential interest in the data, overall E&P spending, expectations regarding hydrocarbons in the area, whether licenses will be awarded in the future, expected farm-ins to licenses, relinquishments, etc. Local tax rates and sales costs are applied.

TGS is operating in a global industry. TGS' customers are operating on a global scale, and the market for TGS' products is global. However, many local aspects affect the risk of the various cash generating units (CGUs) across the world, as each survey is considered a CGU. Based on this, TGS applies a country risk premium to determine the post-tax weighted average cost of capital (WACC) of all CGUs. The WACC varies between 8.0% to 19.2% for all the CGUs throughout the Company. The significant difference is due to the country risk added for specific surveys in the multi-client library. The WACC unadjusted country specific risk is 8.0%. The average WACC weighted according to CGU net book value is 9.8% post tax and 12.2% pre-tax. At year-end 2019, TGS used a WACC between 8.4% to 19.4% for all the CGUs throughout the Company, with a WACC unadjusted country specific risk of 8.4%. The reduction from 2019 to 2020 is mainly due to a reduction of risk-free rate.

The table below shows the impairment charges recognized for the multi-client library in the applicable quarter, reflected in line item "Amortization and impairment of the multi-client library" in the statement of comprehensive income:

(USD 1,000)	North America	Latin America	Europe & Russia	Land	Africa, Middle East & Asia/Pacific	Other	IFRS reporting
Q4 2020							
Impairment	23,772	23,861	33,683	1,068	34,902	2,350	119,636
YTD 2020							
Impairment	39,389	47,323	40,161	6,183	35,591	2,350	170,997

(USD 1,000)	North America	Latin America	Europe & Russia	Land	Africa, Middle East & Asia/Pacific	Other	IFRS reporting
Net book value Multi-client Library							
Before impairment	192,398	317,894	175,351	168,731	118,710	60,682	1,033,766
Q4 2020 impairment	23,772	23,861	33,683	1,068	34,902	2,350	119,636
Net book value Multi-client Library Q4 2020	**168,626**	**294,033**	**141,668**	**167,663**	**83,808**	**58,332**	**914,130**
WACC post-tax	7.9 %	12.5 %	8.0 %	7.9 %	12.2 %	9.4 %	9.8 %

The impairment review is sensitive to multiple inputs, such as expected sales forecasts and WACC. A change in expected sales forecast can significantly impact the impairment review for a CGU. The impact will depend on the current value in use and carrying value of the relevant CGU. A change in WACC will also impact the impairment review, while other inputs are considered not to have a significant impact. The following provides a sensitivity analysis as to these inputs:

- 10% reduction of sales forecast would lead to increased impairment of USD 18.6 million
- 20% reduction of sales forecast would lead to increased impairment of USD 38.8 million
- 2.5% increase in WACC would lead to increased impairment of USD 14.9 million
- 5% increase in WACC would lead to increased impairment of USD 26.8 million

Goodwill

In accordance with IFRS, TGS tests goodwill for impairment annually at year-end, or more frequently if there are indications that goodwill might be impaired. A group of CGUs should be impaired if the carrying amount is higher than the recoverable amount. The recoverable amount is the higher amount of the fair value and the value in use of a CGU. The carrying amount is the carrying amount of all PPE, intangibles, multi-client library, net working capital and goodwill allocated to the CGUs.

Goodwill acquired through business combinations has been allocated to individual cash generating units (CGU) as referred to in the table below:

(USD 1,000)	North America	Latin America	Europe & Russia	Land	Africa, Middle East & Asia/Pacific	Other	IFRS reporting
Net book value as of 31 December 2020	24,899	100,856	37,201	26,894	48,820	49,707	288,377

Based on the impairment testing performed, no impairments have been recognized during 2020.

In assessing value in use, the estimated future cash flows both from the current multi-client library and expected future investments are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The post-tax rate is calculated based on the local tax rates in the relevant tax jurisdictions and applying an average of the relevant country risks for the groups of CGUs as specified in the table above. TGS bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of TGS' CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. Currently a long term growth rate of 0% is applied.

The impairment calculations are most sensitive to the changes in the forecasted sales, which depend on both the expected investments and expected returns of investments. These factors are mainly influenced by future E&P spending and demand for TGS' products. A change in expected sales forecast can significantly impact the impairment review for a CGU. The impact will depend on the current value in use and carrying value of the relevant CGU. In addition, the impairment calculations are sensitive to changes in WACC, as well as expected cost levels and expected development of working capital. The following provides a sensitivity analysis as to these inputs:

- 10% reduction of expected return of investments would not lead to an impairment
- 20% reduction of expected return of investments would lead to an impairment of USD 0.9 million
- 2.5% increase in WACC would not lead to an impairment
- 5% increase in WACC would lead to an impairment of USD 39.3 million

Management does not see any other reasonable changes in the key assumptions that would cause the value in use to be lower than it's carrying value.

Expected credit losses

The Company has assessed the measurement of expected credit losses in light of the current market situation. A total allowance for expected credit losses of USD 1.3 million has been recognized in the quarter, which is a net increase in the allowance of USD 0.2 million since Q3.

Note 7 Related parties

No material transactions with related parties took place during the quarter.

Note 8 Contingent liabilities

Økokrim charges and related civil matters

Reference is made to Note 24 to the Consolidated Financial Statements included in the 2019 Annual Report, which includes a detailed description of charges issued by Økokrim in 2014 and certain subsequent civil claims, including a claim by DNB, who, as a pledgee, accepted liability under Norwegian law for the alleged unwarranted tax refunds, but claims TGS and others are liable for DNB's losses. This note provides an update as to any matters that have occurred since 31 December 2019.

The appellate trial before Borgarting Lagmannsrett referenced in Note 24 of the Consolidated Financial Statement resulted in a unanimous decision issued in April 2020, acquitting TGS and all other defendants in the matter. The Appeal Court's decision is in line with the view TGS has argued since the case materialized in 2014. All charges in this matter against TGS and its former CFO are now fully resolved as Økokrim did not appeal the decision in their favor to the Norwegian Supreme Court. The Appeal Court awarded the Company MNOK 16.5 (USD 1.8 million) for costs and expenses incurred in connection with the matter, which the Company received in October 2020. The reimbursed cost offset USD 0.2 million of pending invoices and USD 1.6 million of cost recognized in prior periods.

The civil matters that have arisen relate to the transactions forming the basis for the Økokrim charges. The trial on the DNB claims is scheduled to start in Oslo District Court in October 2021. Given the early stage of these proceedings, it is impracticable to render an accurate assessment of the outcome. However, consistent with the Company's belief that it did nothing wrong in the criminal proceedings, as supported by Borgarting Appeal Court's decision, the Company also believes these claims of liability are not well-founded, and it intends to challenge the claims vigorously. As a result, the Company does not consider it probable that an outflow of resources embodying economic benefits will be required to settle the obligation and no provisions have been made.

Tax exposure

TGS operates in a range of tax jurisdictions with complex considerations and legislation concerning both indirect and direct taxation, including Brazil and Argentina. Thus, uncertainties exist related to reported tax liabilities and exposures. Recognized taxes (both direct and indirect) are based on all known and available information and represents our best estimate as of the date of reporting.

The jurisdictions in which TGS operates are also subject to changing tax regulations which may impact assessments, for instance concerning the recoverability of credits. Furthermore, tax authorities may challenge the calculation of both taxes and credits from prior periods. Such processes and proceedings may result in changes to previously reported and calculated tax positions, which in turn may lead to TGS having to recognize operating or financial expenses in the period of change.

Note 9 – Foreign exchange effects prior periods

The Group has in its interim reports for Q1 to Q3 2020 reported foreign exchange losses related to TGS Brasil's intercompany loan denominated in USD. As TGS Brasil is considered to have USD as its functional currency, such foreign exchange effects should not have been recognized. Total foreign exchange losses recognized in Q1 to Q3 are USD 15.8 million, and the group has retrospectively corrected these in each respective quarter of 2020. See table below for the effects on exchange gains/ (losses) reported in previous quarters. Comparative figures for Q1 – Q3 2020 will be restated when presenting interim reports for Q1 – Q3 2021.

Further, the Group reported in Q1 net currency losses related to an internal merger receivable of 13.3 million, which should have been eliminated. Comparative figures for Q1 2020 will be restated when presenting the interim report for Q1 2021. See table below for further illustration of effects on net exchange gains/ (losses).

(All amounts in USD 1,000s	Net exchange gains/(losses) initially reported	Elimination exhange effects USD IC loan in Brazil	Correction of exchange effects merger receivable	Net Exchange gains/(losses) after adjustments	Impact on Net financial items
Q1 2020	-13,087	12,886	13,291	13,090	26,177
Q2 2020	-6,560	1,932		-4,627	1,932
Q3 2020	-2,246	941		-1,305	941

Note 10 – Subsequent events

TGS has as of 31 December 2020 a net receivable of USD 5.7 million against Axxis Geo Solutions. A petition for bankruptcy was issued by GMC Maritime AS 13 January 2021. TGS' net receivable is secured by collateral in underlying assets. No impairments are made as of 31 December 2020.

DEFINITIONS – ALTERNATIVE PERFORMANCE MEASURES

TGS' financial information is prepared in accordance with IFRS. In addition, TGS provides alternative performance measures to enhance the understanding of TGS' performance. The alternative performance measures presented by TGS may be determined or calculated differently by other companies.

EBIT (Operating Profit)

Earnings before interest and tax is an important measure for TGS as it provides an indication of the profitability of the operating activities.

The EBIT margin presented is defined as EBIT (Operating Profit) divided by net revenues.

Prefunding percentage

The prefunding percentage is calculated by dividing the multi-client prefunding revenues by the operational investments in the multi-client library, excluding investments related to projects where payments to the vendors are contingent on sales (risk-sharing investments). The prefunding percentage is considered as an important measure as it indicates how the Company's financial risk is reduced on multi-client investments.

EBITDA

EBITDA means earnings before interest, taxes, amortization and depreciation. TGS uses EBITDA because it is useful when evaluating operating profitability as it excludes amortization, depreciation and impairments related to investments that occurred in the past. Also, the measure is useful when comparing the Company's performance to other companies.

(All amounts in USD 1,000s)	Q4 2020 Segment	Q4 2020 IFRS	Q4 2019 Segment	Q4 2019 IFRS
Net income	-37,946	-26,288	37,347	70,384
Taxes	-29,923	-24,148	19,223	-3,200
Net financial items	1,959	1,959	2,396	2,396
Depreciation, amortization and impairment	3,954	3,954	10,268	10,268
Amortization and impairment of multi-client library	167,521	172,662	119,882	95,627
EBITDA	**105,565**	**128,140**	**189,116**	**175,475**

(All amounts in USD 1,000s)	2020 Segment	2020 IFRS	2019 Segment	2019 IFRS
Net income	-135,185	-204,861	163,469	113,111
Taxes	-58,328	-84,822	59,936	18,100
Net financial items	-3,312	-3,312	-2,213	-2,213
Depreciation, amortization and impairment	19,932	19,932	23,503	23,503
Amortization and impairment of multi-client library	526,535	493,377	397,272	302,233
EBITDA	**349,642**	**220,314**	**641,967**	**454,734**

Return on average capital employed

Return on average capital employed (ROACE) shows the profitability compared to the capital that is employed by TGS, and it is calculated as operating profit divided by the average of the opening and closing capital employed for a period of time.

Capital employed is calculated as equity plus net interest-bearing debt. Net interest-bearing debt is defined as interest bearing debt minus cash and cash equivalents. TGS uses the ROACE measure as it provides useful information about the performance under evaluation.

(All amounts in USD 1,000s)	31-Dec-20 Segment	31-Dec-20 IFRS	31-Dec-19 Segment	31-Dec-19 IFRS
Equity	1,399,043	1,249,578	1,611,574	1,545,806
Interest bearing debt	2,500	2,500	2,809	2,809
Cash	195,716	195,716	323,408	323,408
Net interest bearing debt	-193,216	-193,216	-320,599	-320,599
Capital employed	**1,205,826**	**1,056,362**	**1,290,975**	**1,225,207**
Average capital employed	1,248,401	1,140,784	1,142,673	1,102,940
Operating profit (12 months trailing)	-196,825	-196,049	221,192	128,998
ROACE	**-16%**	**-17%**	**19%**	**12%**

Free cash flow (after MC investments)

Free cash flow (after MC investments) when used by TGS means cash flow from operational activities minus cash investments in multi-client projects. TGS uses this measure as it represents the cash that the Company is able to generate after investing the cash required to maintain or expand the multi-client library.

(All amounts in USD 1,000s)	Q4 2020	Q4 2019	2020	2019
Cash flow from operational activities	58,676	221,883	354,728	560,648
Investments in multi-client library	-30,290	-115,686	-341,146	-334,289
Free cash flow (after MC investments)	**28,386**	**106,197**	**13,582**	**226,359**

Backlog

Backlog is defined as the total value of future revenue based on segment reporting from signed customer contracts.

Responsibility Statement

We confirm to the best of our knowledge that the condensed interim financial statements for the period 1 January to 31 December 2020 has been prepared in accordance with IAS 34 – Interim Financial Reporting as adopted by EU, and additional requirements found in the Norwegian Securities Trading Act, Norwegian Accounting Act, and gives a true and fair view of the Company's consolidated assets, liabilities, financial position and result for the period. We also confirm to the best of our knowledge that the financial review gives a true and fair view of important events that have occurred during the first nine months of the financial year and their impact on the interim financial statements, any major related parties transactions, and a description of the principal risks and uncertainties for the remaining three months of the financial year.

Oslo, 11 February 2021

The Board of Directors of TGS-NOPEC Geophysical Company ASA

Henry H. Hamilton III
Chairman

Mark S. Leonard
Director

Wenche Agerup
Director

Irene Egset
Director

Torstein Sanness
Director

Vicki Messer
Director

Christopher Finlayson
Director

Kristian Johansen
Chief Executive Officer