

TGS-NOPEC

Presentation of 1st Quarter 2003 Results May 8th, 2003

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Exploring a World of Opportunities

Presentation Outline

- Financial Reporting In USD versus NOK
- Q1 2003 Financial Results
- Industry Benchmarking
- Current operations and Activity
- Outlook



Reporting Currency: NOK vs USD

- Nearly 100% of the Group's revenues and the majority of the costs are in USD, meaning that USD is the Company's functional currency.
- The exchange rate between the two currencies has been very volatile over the past years, affecting the financial reports by "blurring" the picture perceivable of the actual financial performance of TGS-NOPEC:
- Exchange rate December 1999: 8,04
- Exchange rate December 2000 : 8,85
- Exchange rate December 2001: 9,01
- Exchange rate December 2002 : 6,96

->To show the business performance of the Company → switch to USD



Conversion of Accounts from NOK to USD

- The conversion of 2000, 2001 and 2002 done in accordance with the Recommendation made by Norw. Accounting Standards:
- 1. Current assets and all liabilities translated into USD applying Balance Sheet Date exchange rates.
- 2. The Multi-client library and fixed assets converted to USD applying the historic exchange rates at the time of investment, all the way back to 1996.
- 3. The quarterly average exchange rates between the USD/NOK have been applied for the P&L transactions.
- KPMG, have reviewed and agreed to the method and principles applied in the conversion of the financial statements.

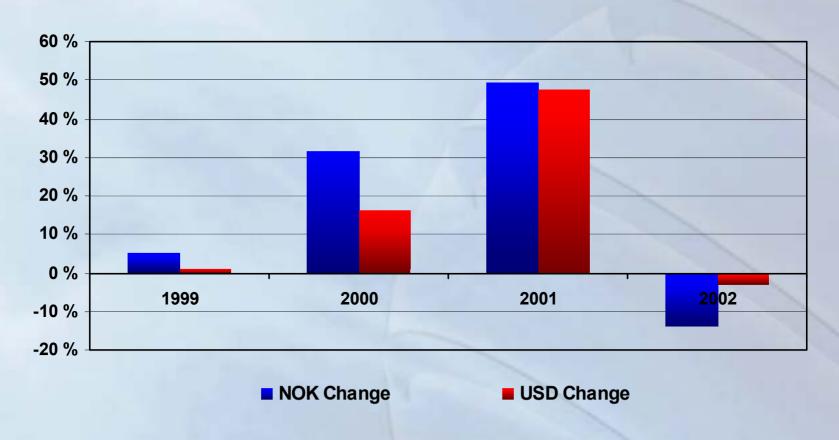


Real USD Performance vs previously reported NOK

- Affects:
- Revenue growth from a year to the next
- Net Book Value of Library and Revenue
 - → Amortization rates
- EBIT margin
- Neutralize unrealized exchange gains or losses on Balance Sheet items
- Net Income and EPS

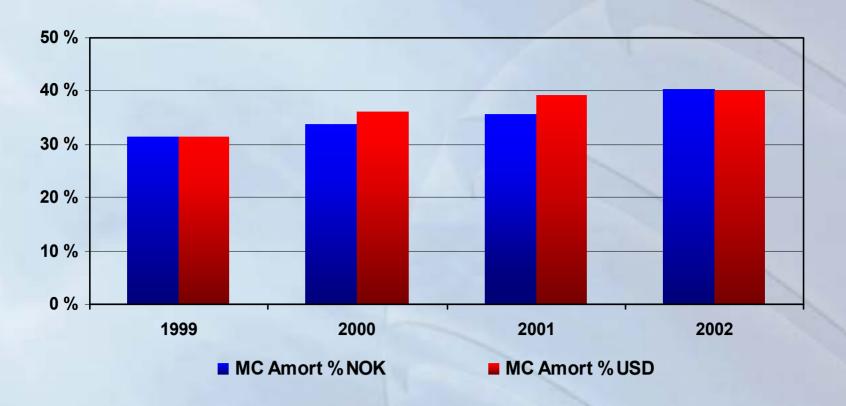


Change of Net Revenues in % from year to year



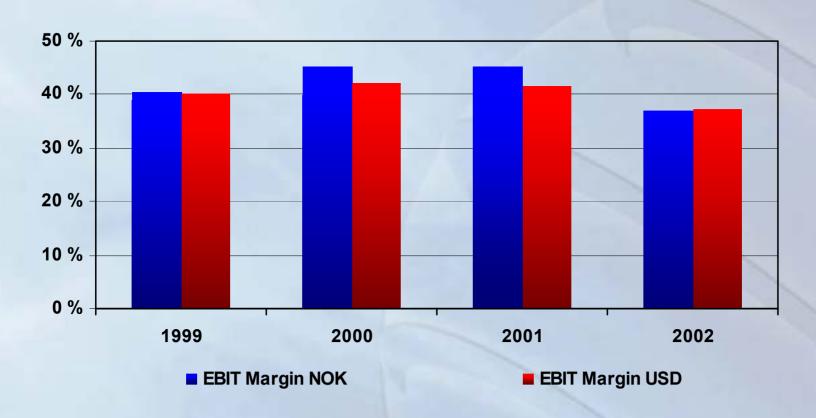


Amort in % of Net MC Revenues from year to year



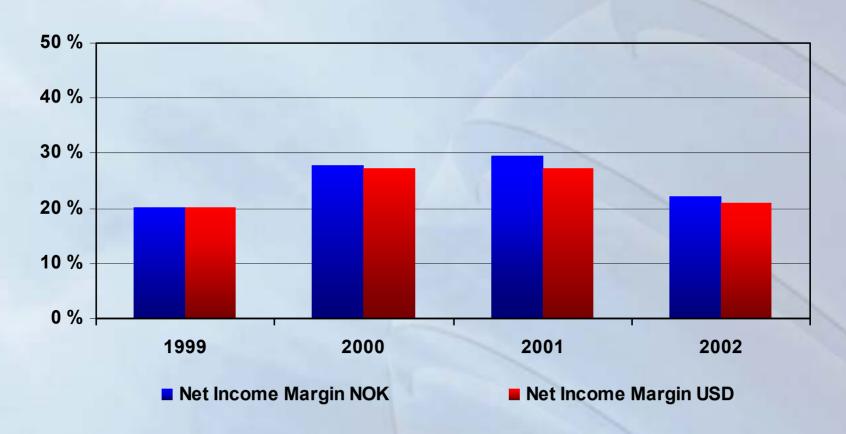


EBIT Margins from year to year



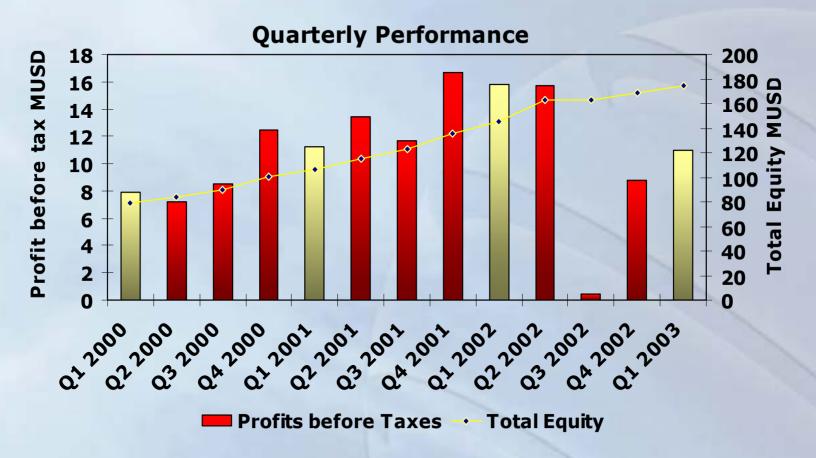


Net Income Margins from year to year





Profitabilty per Quarter in Mill USD



USD; 2002 ROCE = 26% 2001 ROCE = 39% 2000 ROCE = 34%

NOK; 2002 ROCE = 25% 2001 ROCE = 45% 2000 ROCE = 41%



Q1 2003 Results vs Analysts Expectations*

			Actual		
	Actual	Median	VS		
(In MUSD)	Q1 2003	Analysts	Consensus	High	Low
Net Revenue	30,6	30,1	2 %	34,2	27,0
EBITDA	23,1	22,5	3 %	27,0	19,0
EBIT	10,9	10,0	9 %	11,8	7,0
Pre-tax Profit	11,0	9,9	11 %	11,9	7,0
Net Income	7,7	6,5	18 %	8,4	4,3
EPS diluted	0,28	0,24	17 %	0,31	0,16

* Source TDN Finans



Q1 2003 Financial Highlights

- Consolidated

- Net Revenues 30,6 MUSD
 - Decreased 6% from Q1 2002 in USD terms
 - Net Late Sales 22,5 MUSD
 - Decreased 22% from Q1 2002 in USD terms
 - Net Pre-funding up 154% to 7,6 MUSD funding 54% of investments in seismic and well logs
- Net Profit 7,7 MUSD, 25% of Net Revenues
 - vs 10,4 MUSD and 31% of Net Revs in Q1 2002
- EPS 0,31 USD undiluted
- Free Cash Flow from Operations MUSD 12,0
 - vs mUSD 7,4 in Q1 2002.
- Equity 80% of Assets after MUSD 10,7 loan paydown



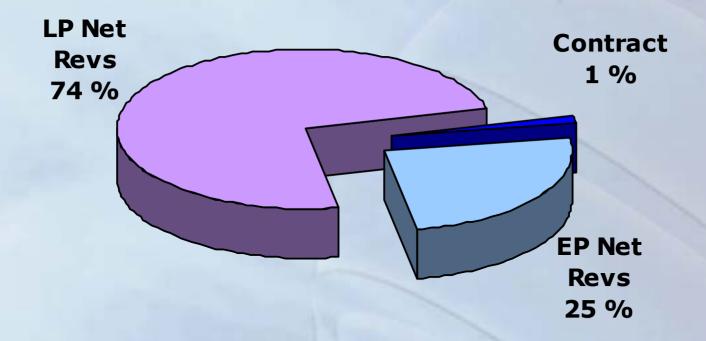
Q1 2003 PROFIT & LOSS (MUSD)

	Q1 2003	Q1 2002	Change	%
Gross Sales	32,0	34,8	-2,8	-8 %
Income sharing & Royalties	-1,4	-2,2	0,7	-34 %
Net Operating Revenues	30,6	32,6	-2,0	-6 %
Materials	0,1	1,0	-0,9	-90 %
MCS Amortization 37 %	11,2	10,3	0,9	9 %
Gross Margin	19,3	21,4	-2,1	-10 %
Other operating expenses Depreciation	7,3 1,1	5,0 0,6	2,4 0,5	48 % 84 %
EBIT Bef. Non-recurr.it 36 %	10,9	15,8	-4,9	-31 %
Non-recurring Items	0,0	0,0	0,0	100 %
Operating Profit 36 %	10,9	15,8	-4,9	-31 %
Net financial items	0,1	0,0	0,1	#####
Pre-tax Profit 36 %	11,0	15,8	-4,9	-31 %
Taxes	3,3	5,4	-2,1	-39 %
Net Income 25 %	7,7	10,4	-2,8	-27 %
EPS Undiluted	0,31	0,43	-0,12	-28 %



Distribution of Net EP & LP Revenues Q1 2003

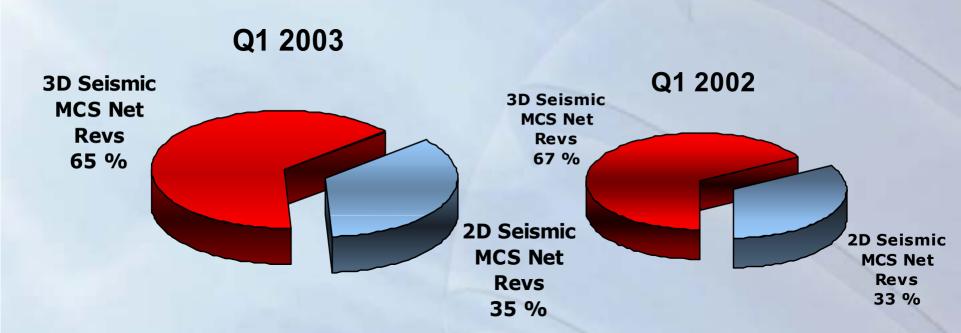
- Consolidated





2D/3D Net MCS Revenues Q1 2003 vs Q1 2002

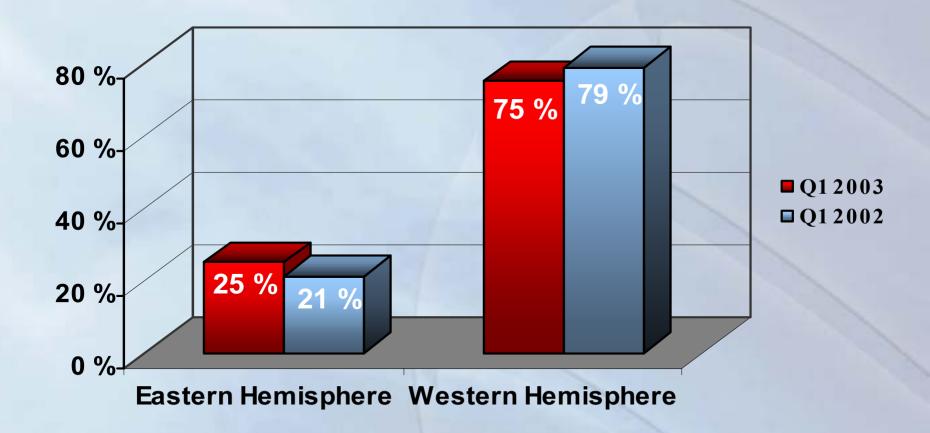
- Seismic Segment





Q1 2003 vs Q1 2002 Net Revenue Distribution in %

- Consolidated





Q1 2003 EBITDA / OPERATIONAL CASH GENERATED

IN MUSD	Q1 2003	Q1 2002	Change
Net Operating Revenues	30,6	32,6	-6 %
Materials	0,1	1,0	-90 %
Other operating expenses	7,3	5,0	48 %
EBITDA /Cash before Invest.	23,1	26,7	-13 %
EBITDA in % of Revenues	76 %	82 %	-8 %
Investments MC Library	14,2	7,8	82 %
Less Non-cash Inv. portion	0,0	-0,5	
Cash from Operations	8,9	19,4	-54 %
In % of Net Revenues	29 %	59 %	

(Timing & Currency effects eliminated)



Q1 2003 CASH FLOW STATEMENT

Payments From Sales Received	44,0
Investments MC	-14,2
Operational Costs Paid	-17,8
Operational Cash Flow	12,0
Traveschus and a Five d Associa	0.5
Investments Fixed Assets	-0,5
Downpayments Loans	-11,5
Other items	0,4
Change in Cash Balance	0,4



BALANCE SHEET KEY FIGURES

(MUSD)	Mar-03	%	Dec-02	%	Change
Assets					
Cash	18	8 %	18	8 %	0
Other Current Assets	50	23 %	63	28 %	-13
MC Library	121	56 %	118	52 %	3
Total Current Assets	189	87 %	199	87 %	-10
Goodwill & Long Receiv	22	10 %	22	10 %	-1
Fixed Assets	7	3 %	7	3 %	0
Total Assets	218	100 %	229	100 %	-11
Liabilities					
Short-term debt	0	0 %	7	3 %	-7
Current Liab	30	14 %	36	16 %	-7
Long term Loans	9	4 %	15	6 %	-6
Deferred tax	4	2 %	2	1 %	3
Equity	175	80 %	169	74 %	6

Cash in excess of Interest bearing debt MUSD 9,15

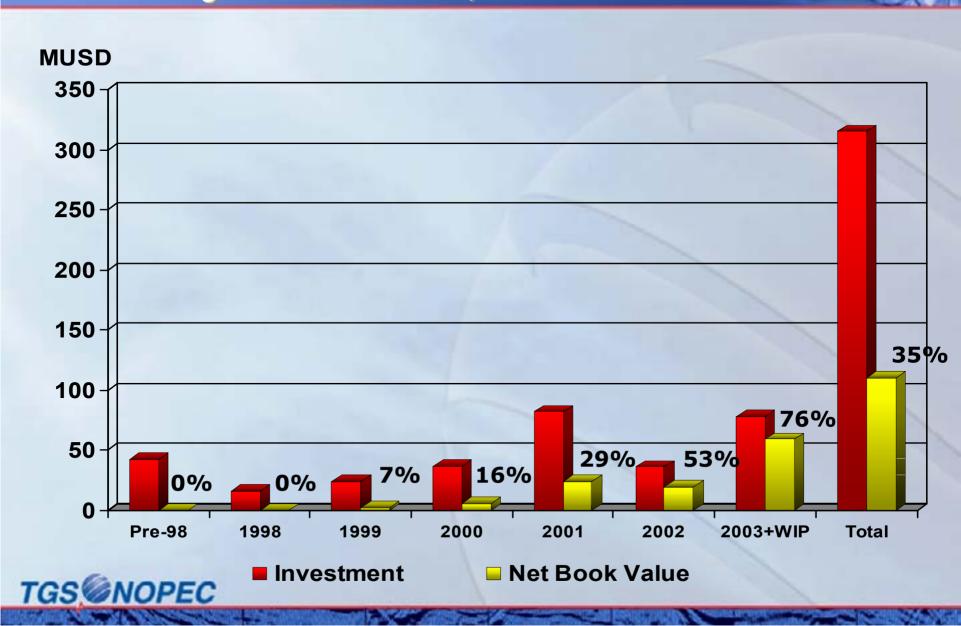


MCS ACCOUNTING - MATCHING PRINCIPLE

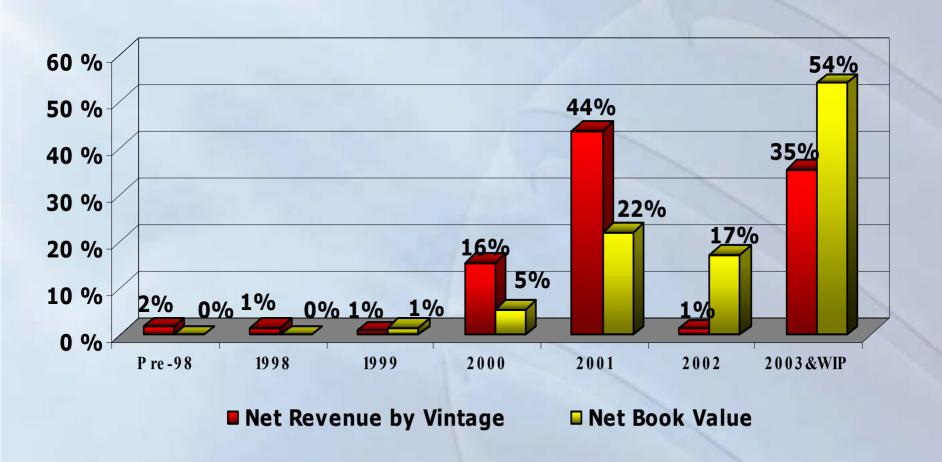
- Accounting Standards recommend to match Revenues and Costs in time
- For TGS-NOPEC, accounting for the Multi-Client Business means capitalize the direct costs of the surveys as investments in the Balance Sheet and amortize over first 5 years as a function of expected ratio Sales/Investment
- If sales are low the first years, a minimum amortization kicks in:
- Maximum NBV one year after completion is 60%, then 40%, then 20% then zero
- The application of such rules vary from company to company, some allowing for longer lifetime giving less amortization the first years.



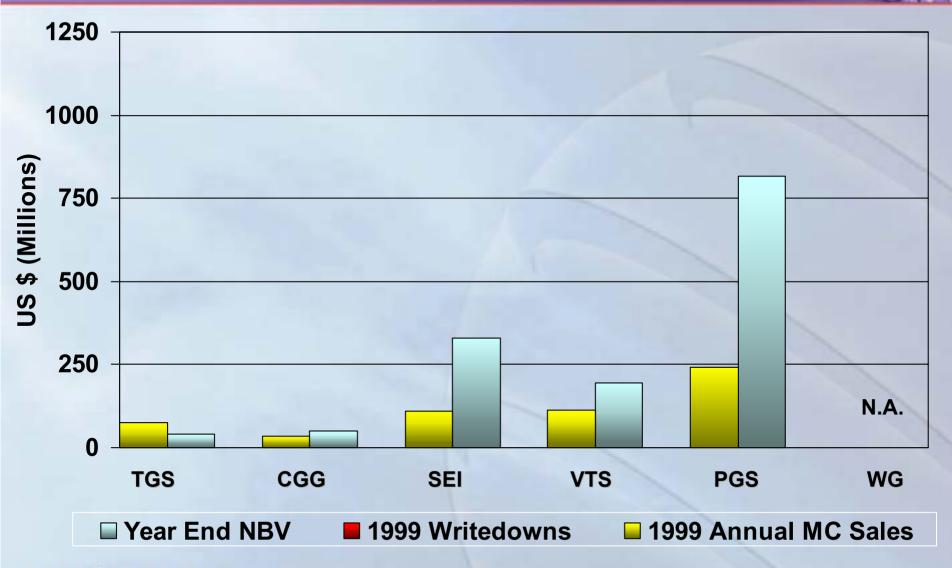
MCS LIBRARY Net Book Value in % of Original Investment - Seismic Segment – March 31, 2003



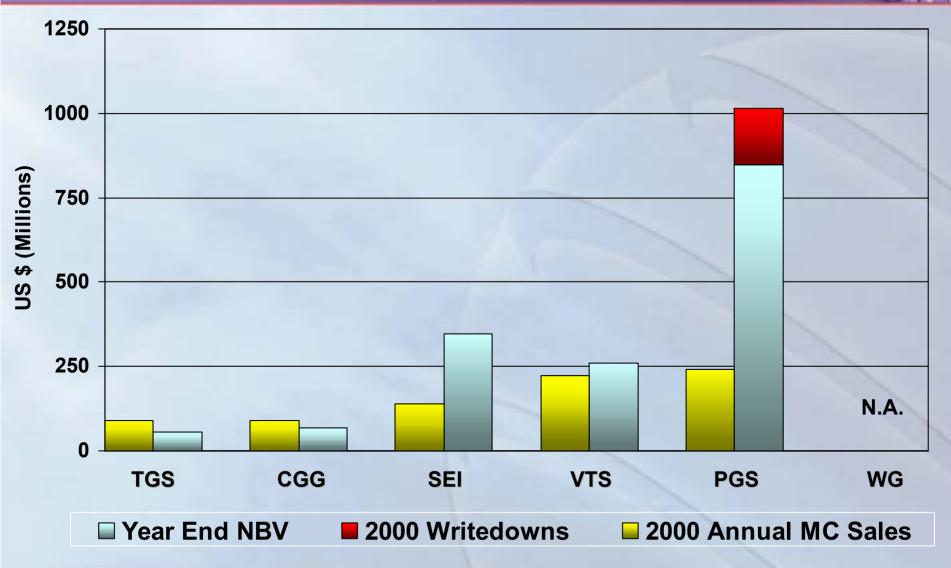
Q1 2003 MCS NET REVENUES & MCS LIBRARY NBV PER VINTAGE - Seismic Segment



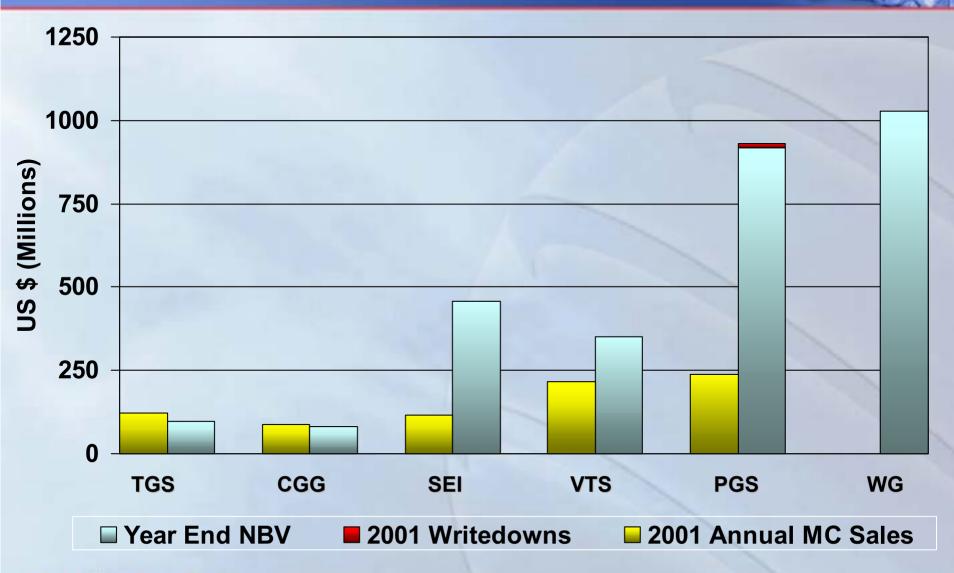




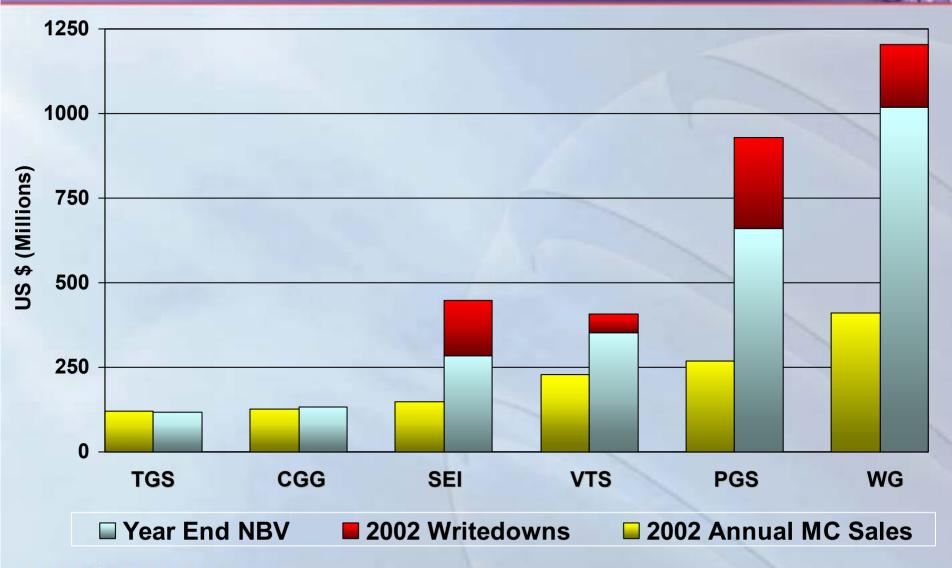






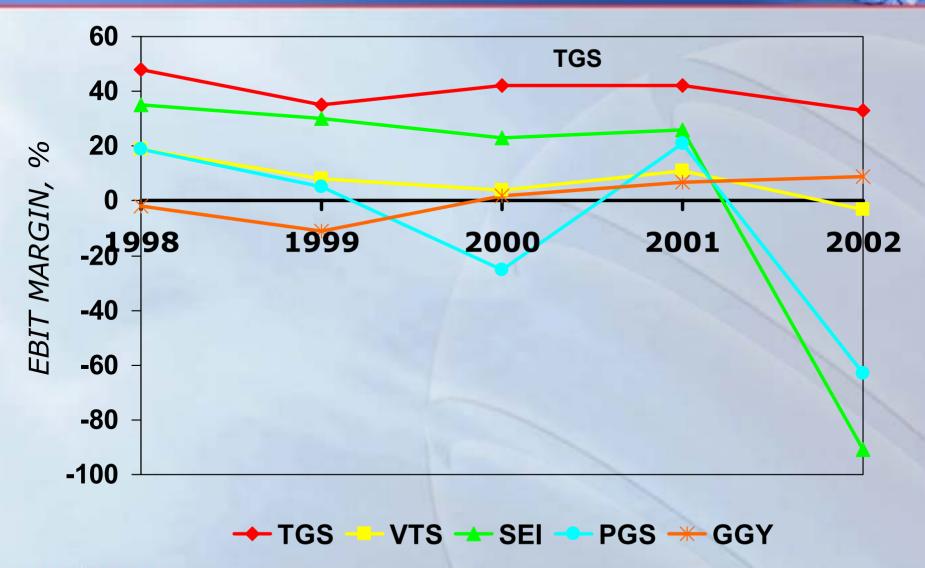








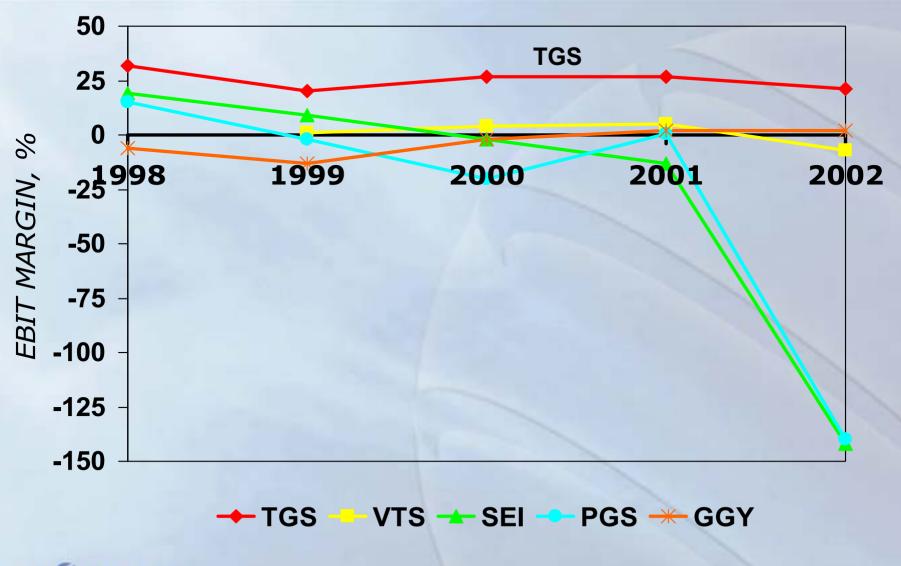
EBIT (Operating Profit) Margin





*VTS figures are from February-January.

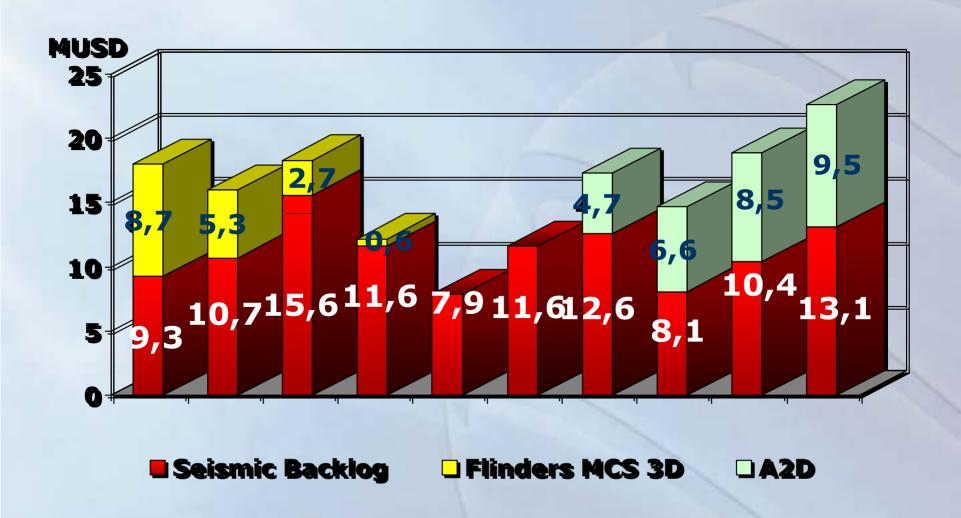
Net Income Margin





*VTS figures are from February-January.

Backlog MC Pre-Funding & WL Subscriptions - At end of Quarter



TGS NOPEC

Current Activity and Operations



Brazil Round 5

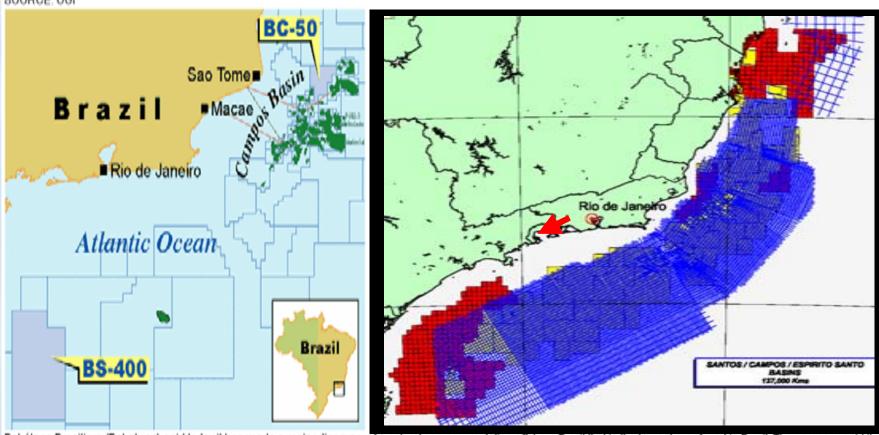
- Recent communications from the ANP indicate that Round 5 will be held in August. 2003
- Total offering > 195,000 square kilometers
- More flexible program with smaller "cells" or block sizes
- According to ANP, changes are "aimed at reducing barriers for small and medium sized players that want to enter Brazil"
- Recent highlight is discovery in Santos Basin by Petrobras



Brasil

29.04 Petrobras makes Brazil's largest gas discovery

SOURCE: OGI



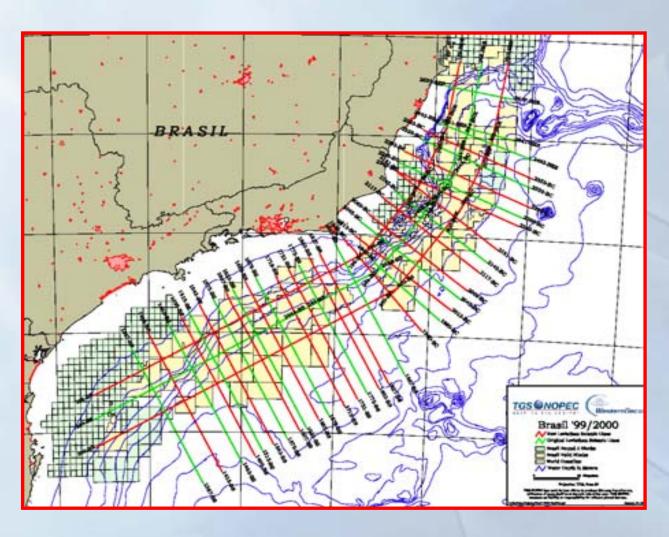
Petróleos Brasiliero (Petrobras) said today it has made a major discovery of a natural gas accumulation offshore Brazil that is the largest ever found in Brazil. The company said it expects the new gasfield will increase the country's gas reserves by 30%.

Petrobras said that the discovery was made with its exploratory well 1-SPS-35 drilled by the semisubmersible Alaskan Star in Block BS-400 off the coast of Sao Paulo state in the Santos Basin by the in 1,591 ft water depth.

The company said the discovery was some 137 km off the coast and tapped a reserve estimated to be approximately 2.47 Tcf of natural gas capable of producing some 105.9 million cf/d.



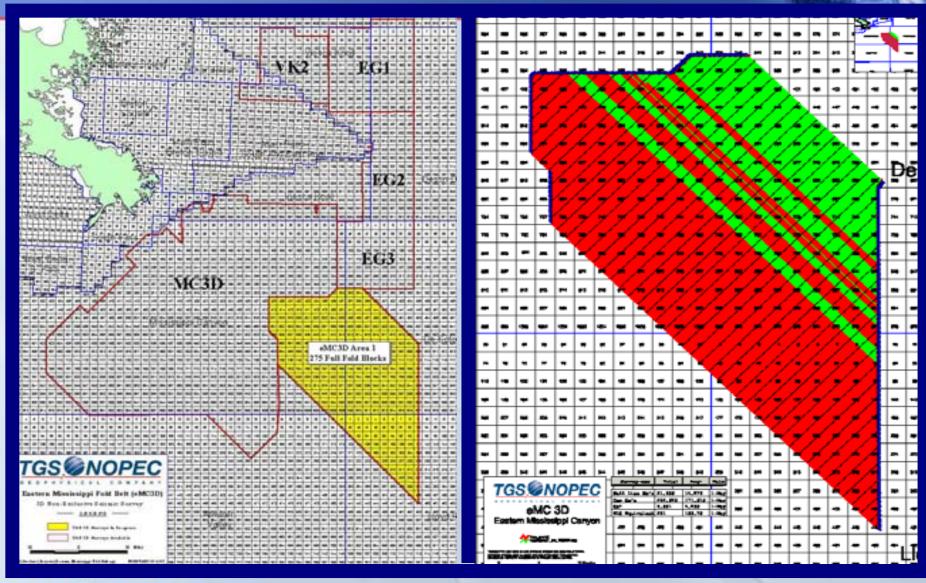
Brazil Depth Migration - Phase 2



- 7,800 kms in Phase 2 will bring total PSDM offering to 12,600 kms
- Highly prefunded
- Phases 1 and 2
 represent only
 10% of 127,000
 km total
 inventory
 in Brazil's
 Southern Basins

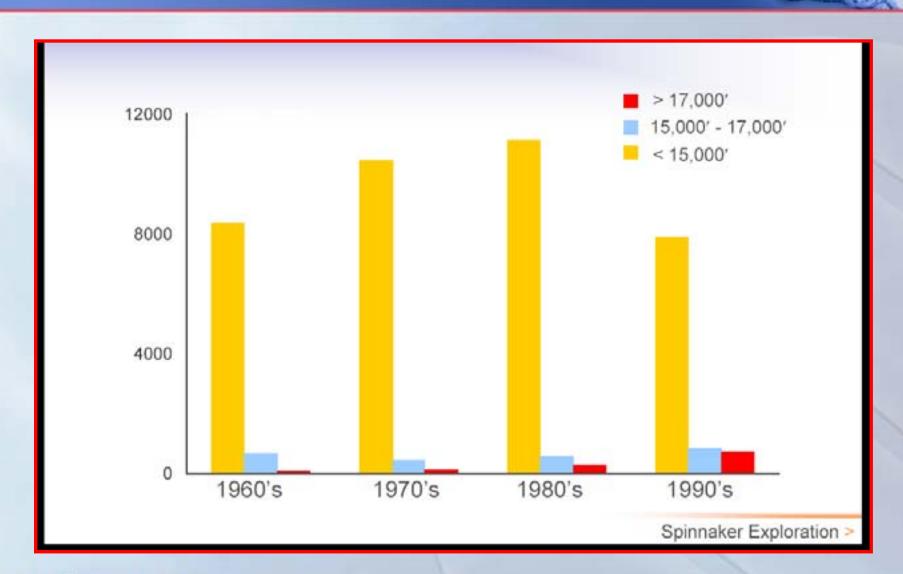


eMC3-D Acquisition Status





Deep GoM Shelf - Wells Drilled





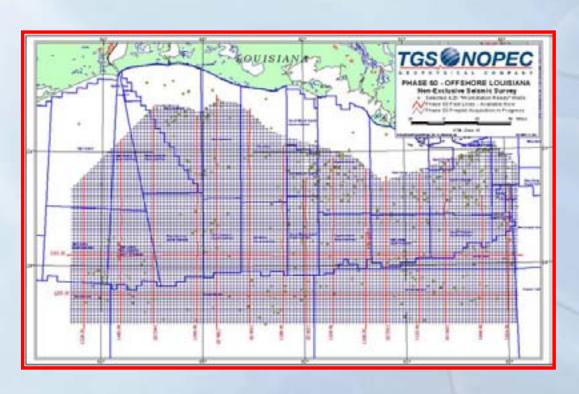
Deep Gas Play on GoM Shelf

- Under-explored compared to traditional shallow targets
- Play concepts proven with recent drilling successes
- Significantly larger reserves estimates compared to remaining shallow targets
- Shallow water and existing infrastructure facilitate quick development cycles compared to deep water
- Exploration wells are expensive and high risk
- Newest seismic technology can reduce risk



Phase 50 - Gaining Momentum

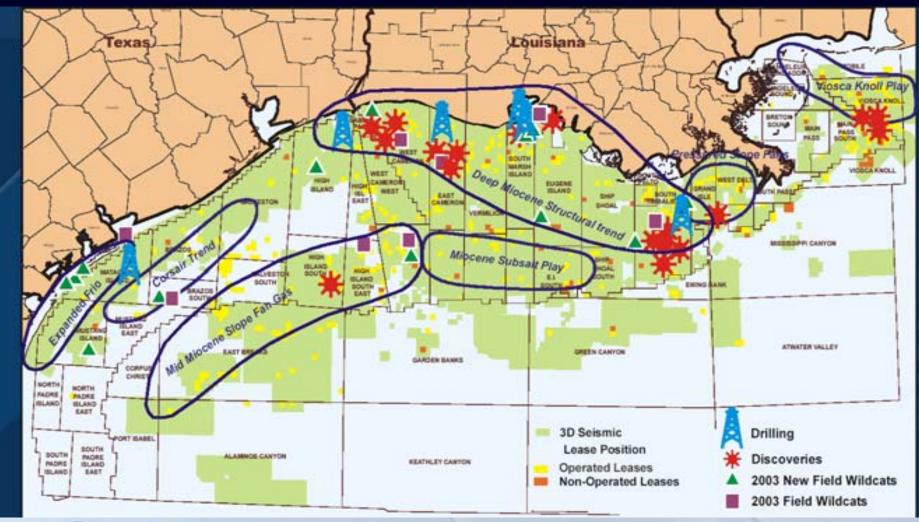
Designed specifically to image deeper targets



- · 48,000 kilometers
- 8,000 meter long offsets
- 2 vessels currently working on program;
 ~55% complete
- Plan to deliver entire project in 2003
- 500 A2D WSR logs from deepest, most significant wells available with seismic



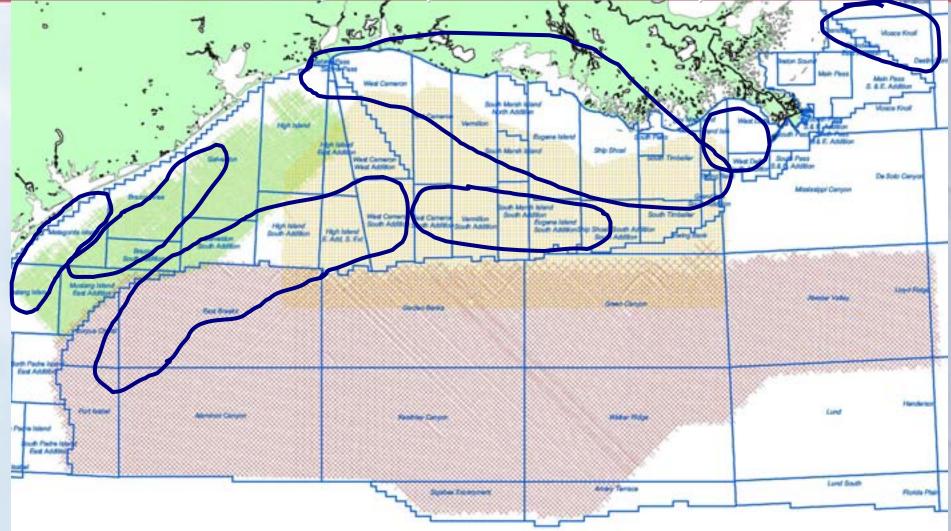
Deep Gas Exploration Geologic Trends





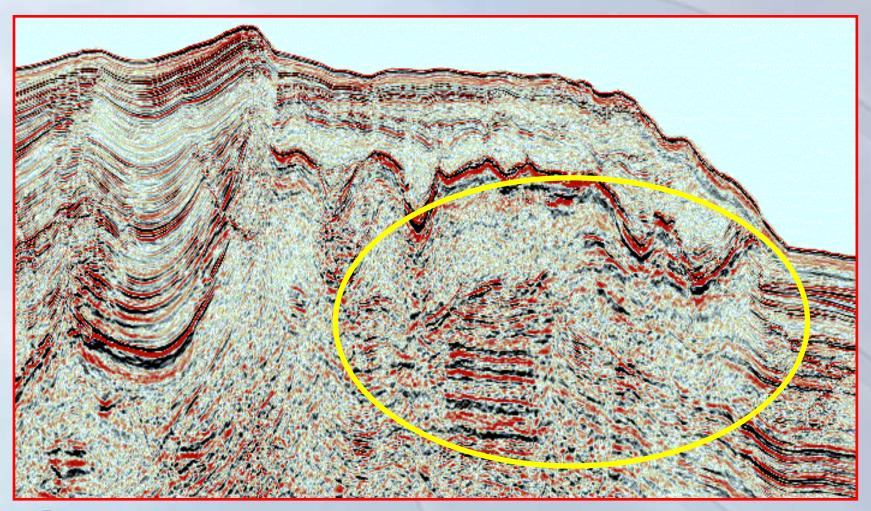
Long Offset Exploration for Deep Gas

Phase 45 PSDM/PSTM; Phase 48 PSTM; Phase 50



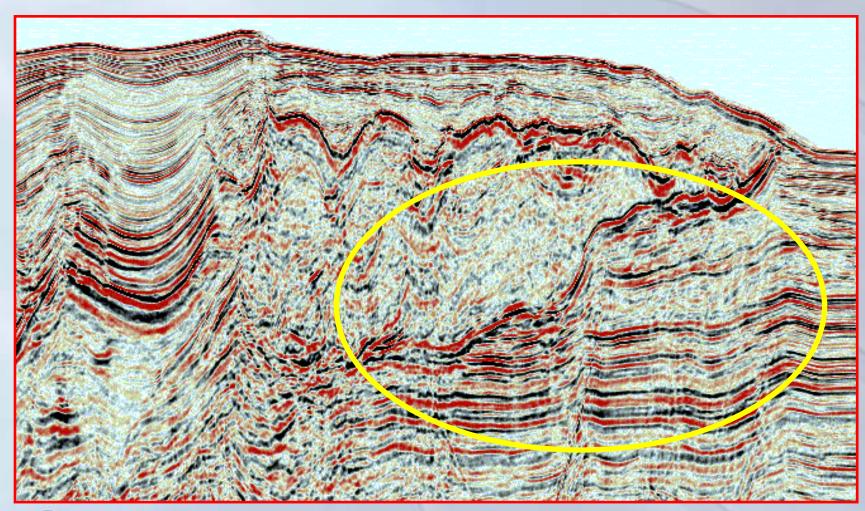


Phase 45 Post Stack Time Migration



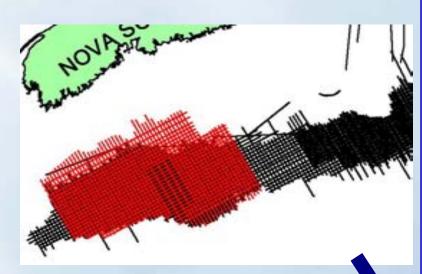


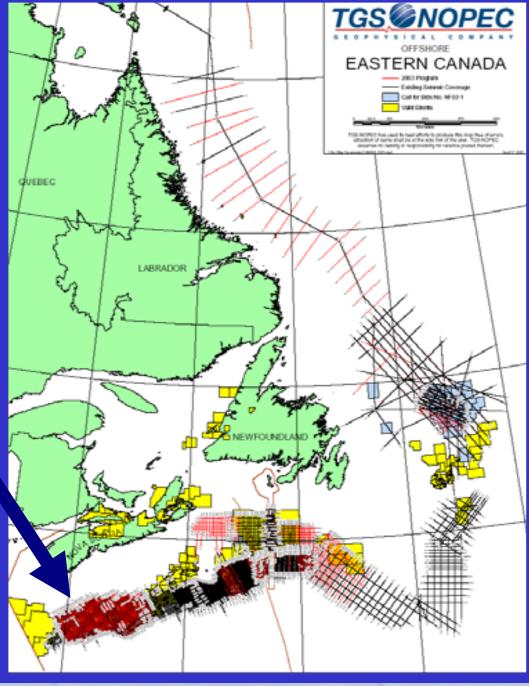
Phase 45 Prestack Depth Migration





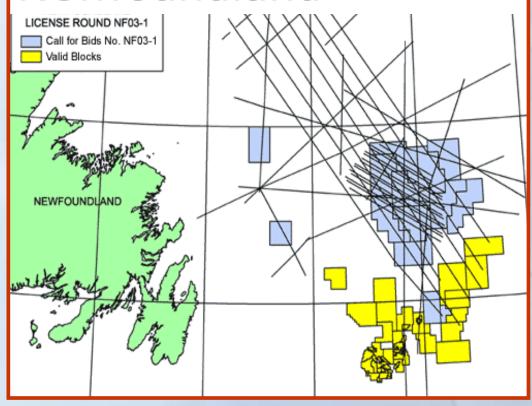
Eastern Canada 2003 Program







Licensing Rounds – Offshore Eastern Canada Newfoundland



The <u>Canada-Newfoundland Offshore Petroleum Board</u> has announced details of the 2003 <u>Call for Bids</u> in the Newfoundland Offshore area. The Call will comprise fourteen parcels (<u>refer to map</u>), two located in the Northeast Newfoundland Shelf (Parcels 1 and 2), ten in

the Orphan Basin (Parcels 3 to 12) and two in the Flemish Pass Area (Parcels 13 and 14). These parcels comprise a total of 3,167,445 hectares.

TGS-NOPEC offers more than 4,500 kms of newly acquired multi-client 2D data in and around the 2003 Newfoundland parcels. This data was acquired in 2002 and is immediately available to evaluate the hydrocarbon potential of these offshore Newfoundland areas.

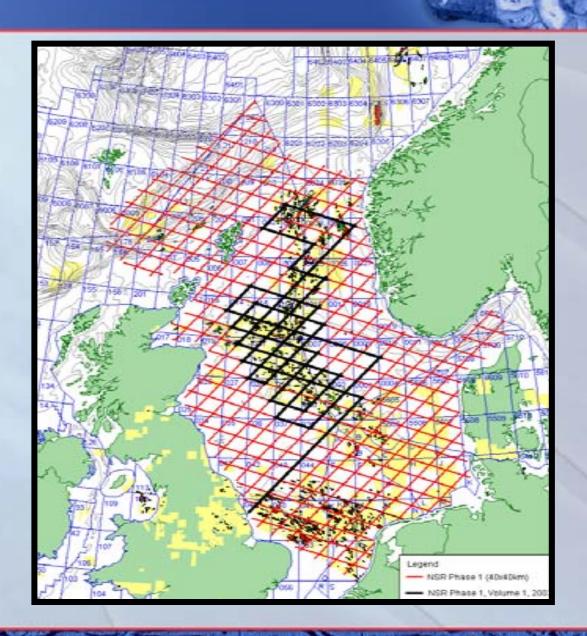
The Canada-Newfoundland Offshore Petroleum Board will conduct a strategic environmental assessment (SEA) of the area containing the fourteen parcels offered in the Call. The Board's advisory agencies in government, fisheries interests, and public stakeholders will be consulted during this process. A draft of the SEA report will be published on the Board's website early in the fall for public comment. The Board will consider any recommendations made in the SEA report and where necessary may amend the Call to ensure concerns are addressed.

Interested parties will have until 4:00 p.m. on December 17, 2003 to submit sealed bids. The sole criterion for selecting winning bids will be the total amount of money the bidder commits to spend on exploration of the respective parcel during the first 5 years (Period I). The minimum bid for all parcels is 1 million dollars. Subject to Ministerial approval, successful bidders will be issued an exploration license for a term of 9 years, and during Period I, a well must be spudded to validate the license for the full 9-year term. Period I may be extended to six years by posting an additional deposit of one million dollars as security for drilling a well.



North Sea Renaissance

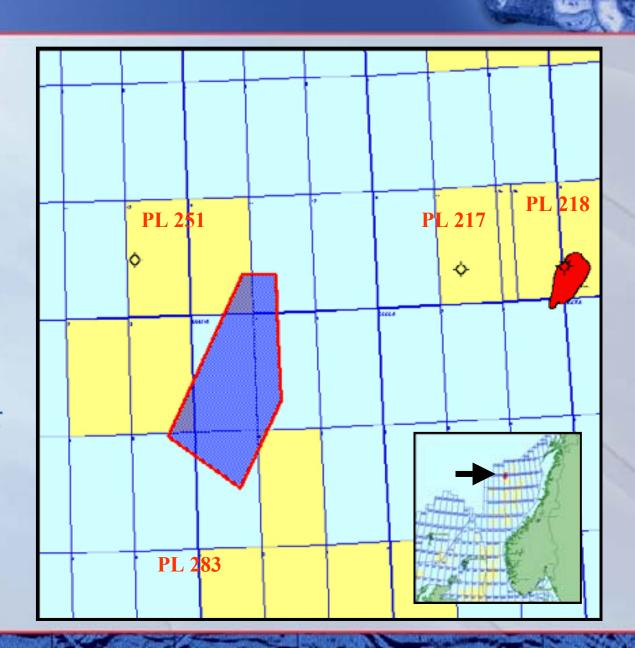
- Pilot project in progress
- Long offset technology development only recent years and after last generation of 2D.
- New long offset 2D data is needed
- Deeper penetration with potential new targets in mature as well as unexplored regions



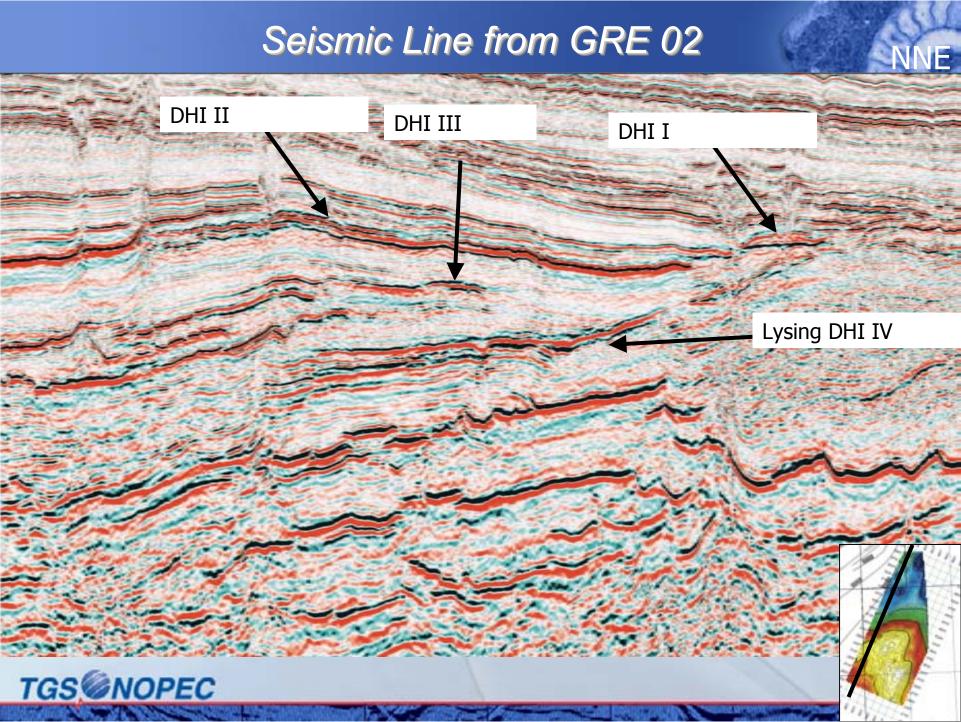


Gjallar Ridge East 3D

- Norwegian Sea
- •780 sq km
- •Based on MC 2D surveys acquired in -94, -96 and 2000
- •18. round relevant
- •17. round nom.

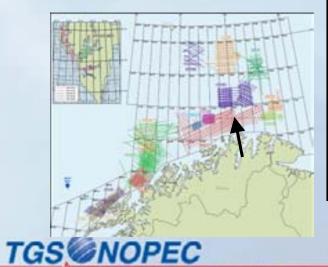


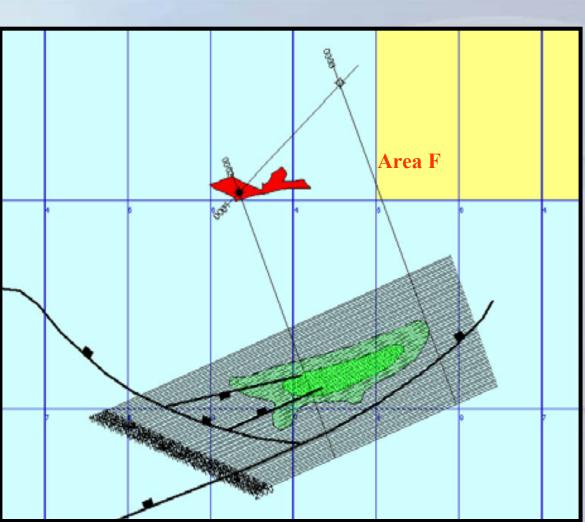




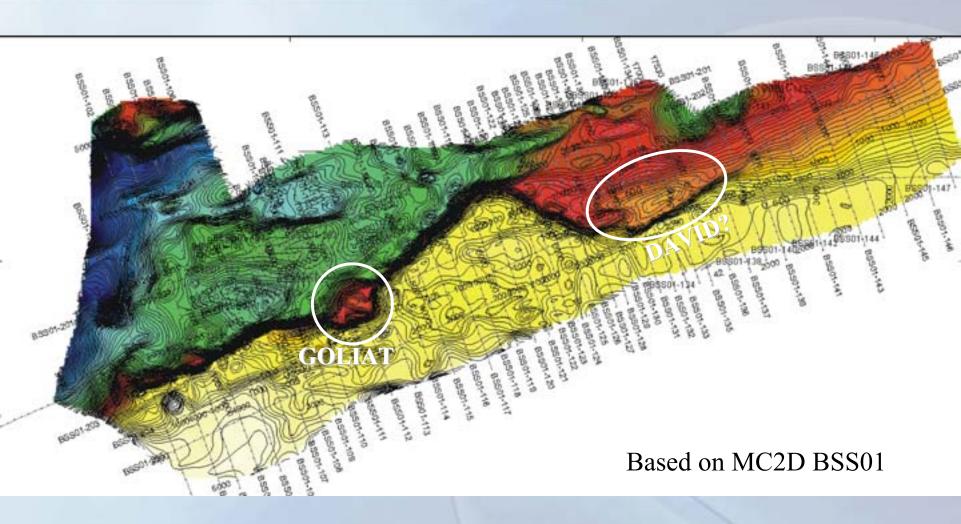
Måsøy Fault Zone 3D

- •Barents Sea
- •844 sqkm
- •Based on MC 2D survey acquired 2001
- Next BS round



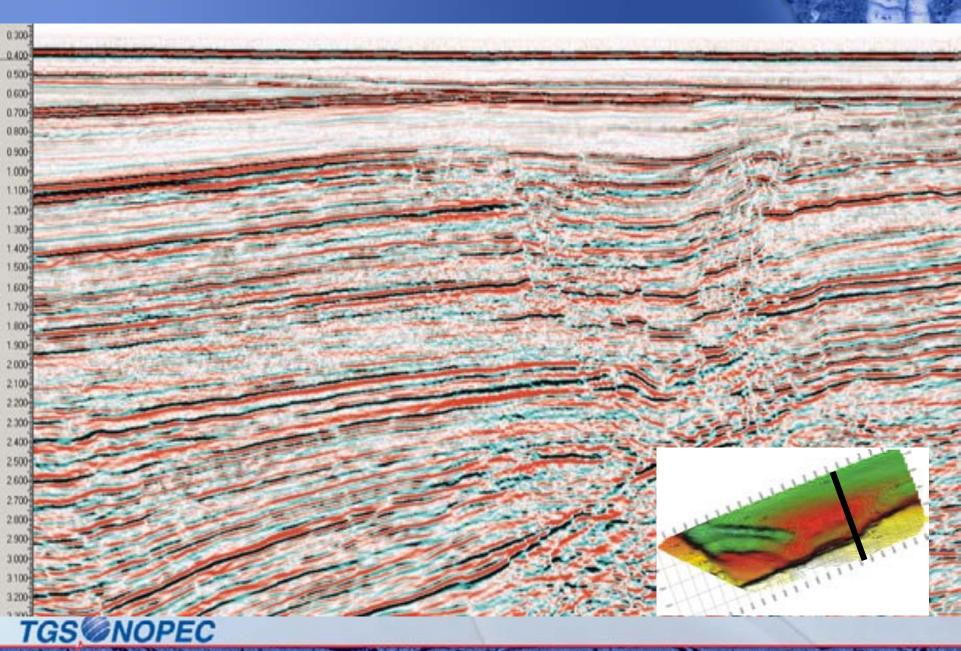


Stuctural correlation with Goliat

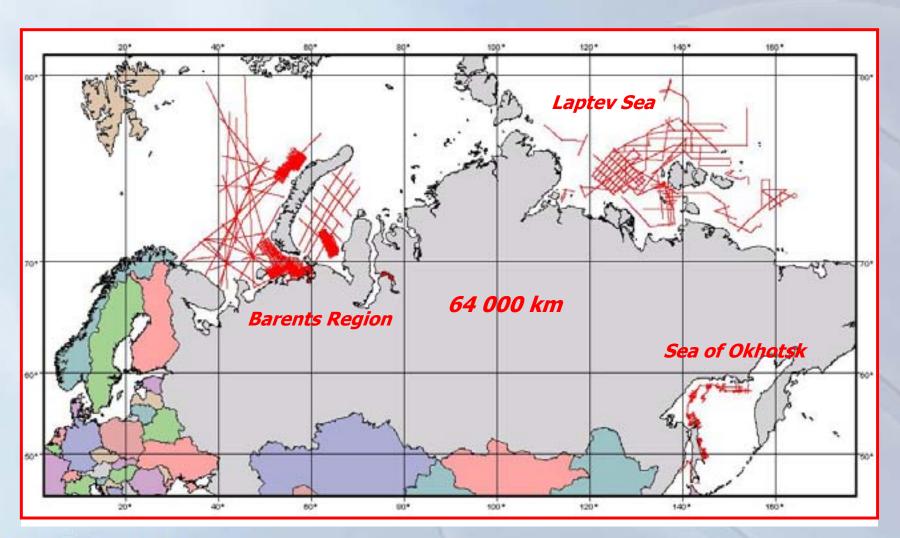




Seismic line from MFZ 02



Russia non-exclusive data base





INDONESIA





Makassar Straits

- The Makassar Straits borders the Mahakam Delta, the second most important production area in Indonesia. The Mahakam Delta contains 2.5 billion barrels of oil, and over 30 TCF of gas.
- Area well established as global scale hydrocarbon province with world's first LNG plant (Bontang)offshore Brunei.
- Circum Makassar programs (CM-01 and CM-02) are being prepared for a licensing round scheduled by MIGAS for .mid-2004.



Indonesia - Makassar Straits



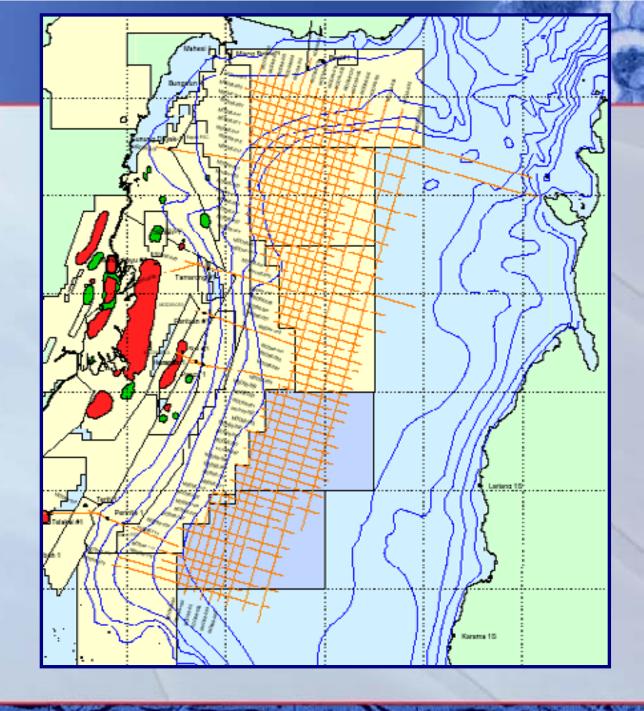


MDD99

Technical risk (reservoir) No prefunding Survey commercially successful Lines to Sulawesi gave hint about structures associated with thrusting



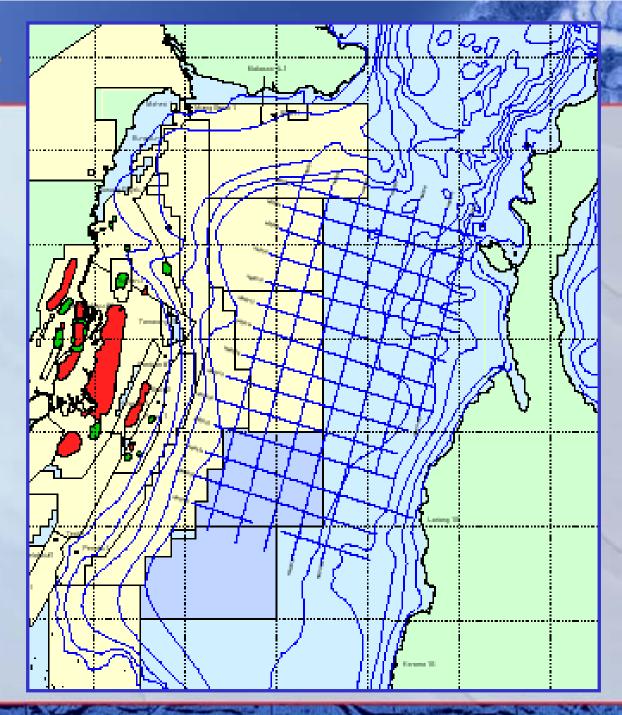






JNOC Reprocessing3,053 Kms

- Confirmed and gave valuable information about Sulawesi thrusting
- Showed possibility of Neogene section beneath thrust sheets
- TGSN designedCM-01 survey





CM01 Survey

Technical risk (reservoir) Survey pre-funded

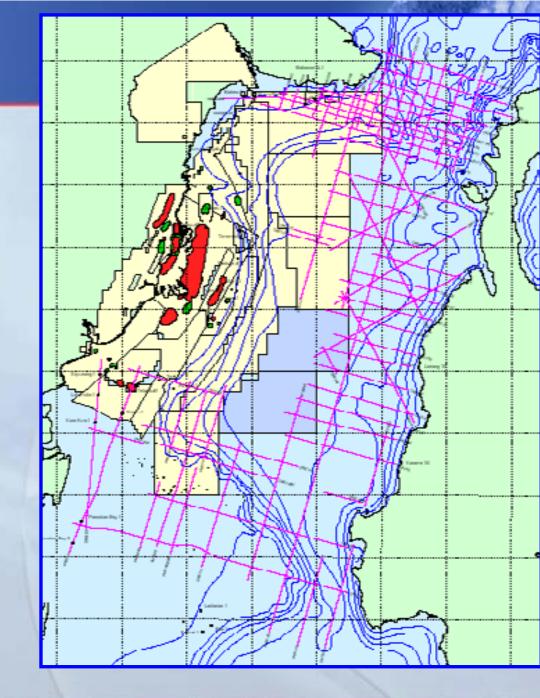
WesternGeco partner

Showed presence of previously unknown fold-and-thrust belt

Numerous structures, some with amplitude anomalies

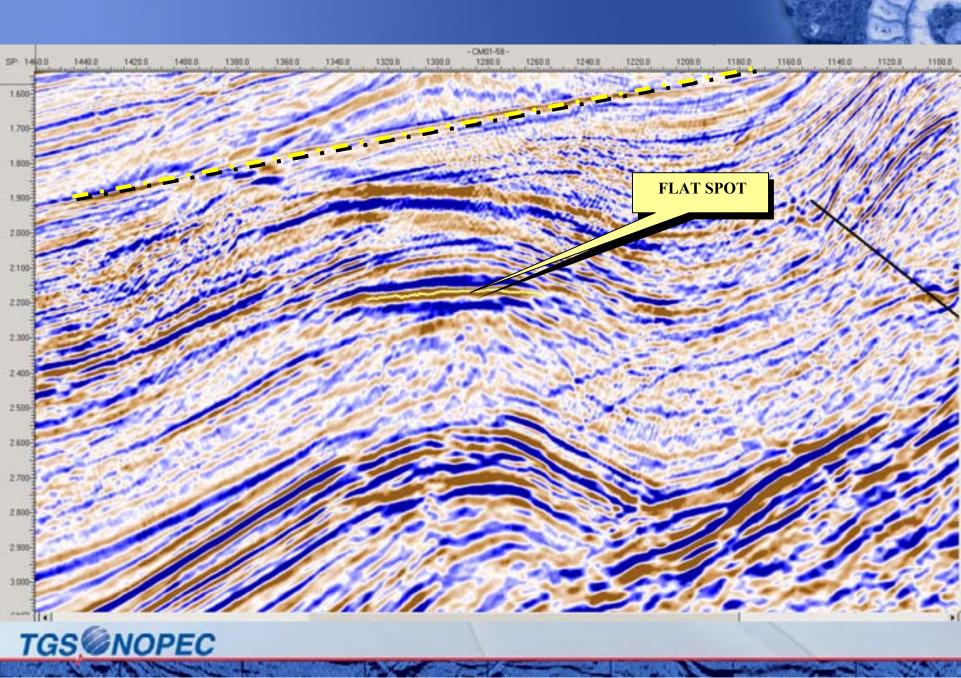
Convincing evidence that turbidites from Borneo reached Sulawesi

Infill data required to properly delineate fold-and-thrust belt





Thrust Front Fold



CM02 Survey

Acquisition complete

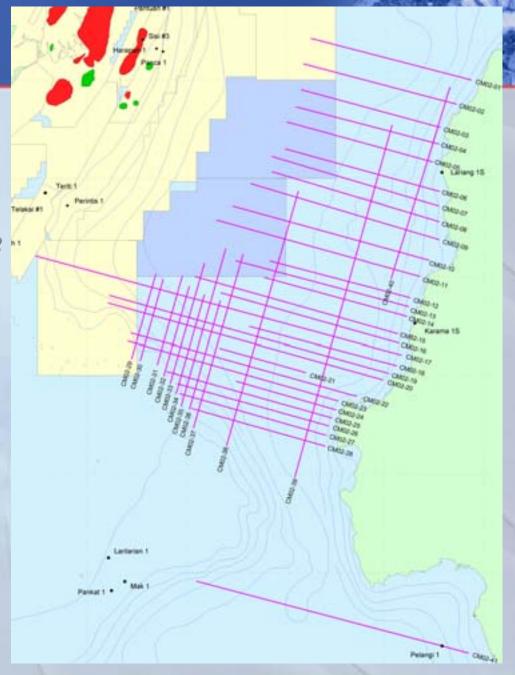
Processing due for completion May 15th 2003

Infill of CMO2 largely within foldbelt

Commercial Risk shared with WesternGeco







Makassar Straits Surveys

MDD99 (orange) 6599 km

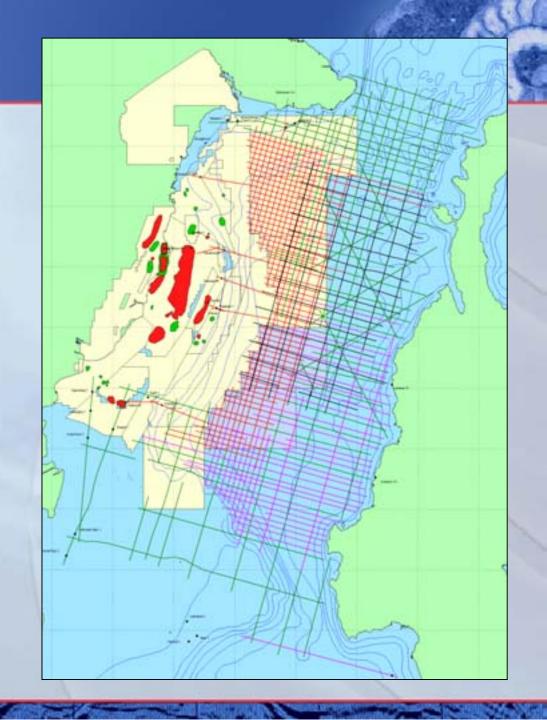
JNOC Repro

(grey) 3054 km

CM01 (green) 7364 km

CM02 (lilac) 4142 km

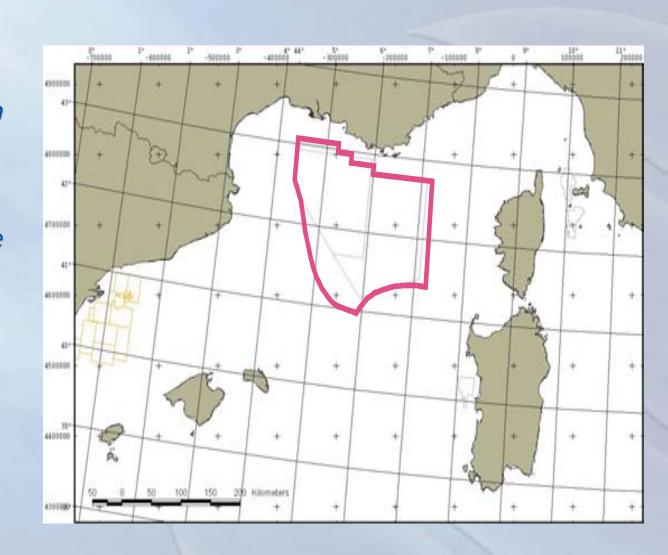
TOTAL 21,159 km





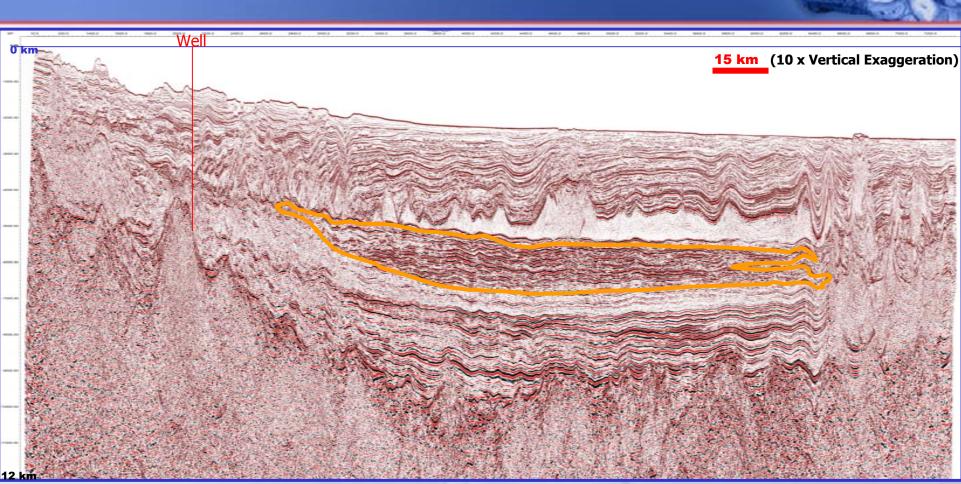
France: Rhone Maritime Exploration License

- •Seismic acquired 2001
- Deeper penetration with new leads and play concepts
- Exploration License granted Nov. 2002
- •Invitation to dataroom and farm-in opportunities offered - ongoing
- •25,000 sq km





Regional Dip Line - Depth



- Pre-salt prospective interval
 - Bright, pinches out before well

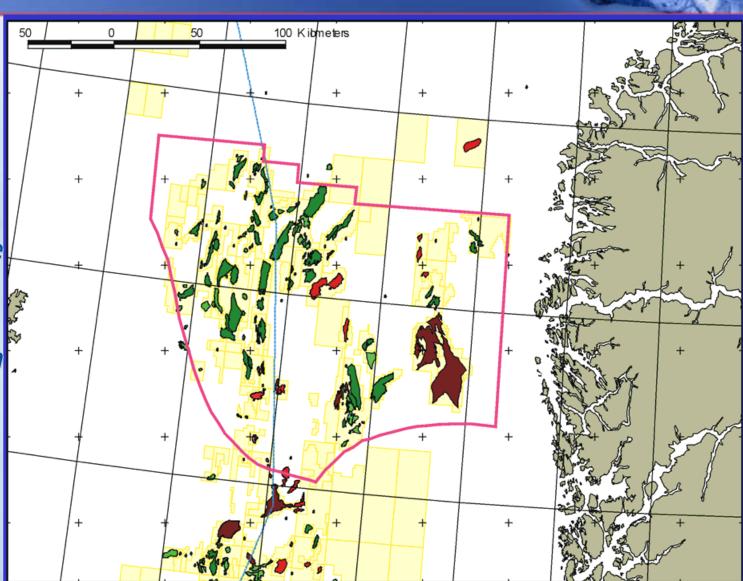
Post-salt prospective interval



Rhone Maritime Size Compared to N. North Sea

Northern
North Sea
hydrocarbon
province
with Rhone
Expl. License
overlay

25,000 sqkm





2003 Outlook & Expectations

- Commodity prices remain well above levels budgeted by oil companies. Q1 results of oil co's vastly improved.
- US rig count continues to climb (mostly onshore) and international rig count starting to improve.
- Overall expectation for seismic spending is flat with 2002 levels. Second half of the year is likely to be stronger than the first half of the year.
- No change in TGS-NOPEC guidance:
 - Lower first half net revenues in 2003 compared to 2002
 - Full year net revenues 10% higher in 2003 than 2002

