



Presentation of the 1st Quarter 2006 Results

May 3rd 2006

A webcast of this presentation is available at www.tgsnopec.no

Arne Helland
Chief Financial Officer

Hank Hamilton
Chief Executive Officer



TGS-NOPEC Geophysical Company

A large, stylized graphic in the background showing a globe with a grid of latitude and longitude lines. A 3D seismic data cube is superimposed on the globe, showing a cross-section of geological layers. The globe is rendered in shades of blue and white.

Forward-Looking Statements

All statements in this presentation other than statements of historical fact, 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 principle 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 for any reason.

Recap: IFRS Adjustment to 2005 Accounts

- **Our auditor's IFRS experts introduced a new interpretation of revenue recognition under IFRS in March 2006**
- **Delayed recognition of 14.0 MUSD of net revenues and USD 0.2 MUSD of associated amortization from Q4 2005 to Q1 2006.** See notice to OSE on March 24, 2006.

IFRS Adjustment to 2005 Accounts – P&L

	2005 Preliminary	Adjustments	2005 Audited
Gross Sales	278.0	-14.0	263.9
Income sharing & Royalties	-23.6		-23.6
Net Operating Revenues	254.4	-14.0	240.4
Materials	0.8		0.8
MCS Amortization	94.4	-0.2	94.1
Gross Margin	159.2	-13.8	145.4
Other operating expenses	45.9	-1.3	44.6
Cost of Stock Options	2.0		2.0
Depreciation	2.8		2.8
Operating Profit	108.5	-12.5	96.0
Net Financial items	1.2		1.2
Pre-tax Profit	109.7	-12.5	97.2
Taxes	36.4	-4.3	32.1
Net Income	73.3	-8.1	65.1
EPS, undiluted	2.84	-0.31	2.53
EPS, fully diluted	2.71	-0.30	2.41

Q1 Actuals vs. Analysts Expectations

(MUSD)	Actual	Average	Actual	Actual	High	Low	Median
	Q1 2006	Analysts	vs Consensus	vs Consensus			
Net Revenue	89.7	80.2	9.5	12%	101.0	69.5	77.5
EBITDA	73.8	65.6	8.2	12%	86.4	57.9	62.6
EBIT	49.1	39.4	9.7	25%	52.0	30.0	38.0
Net Income	32.6	26.2	6.4	25%	31.1	20.0	26.0
Earnings per Share *	1.25	1.00	0.25	25%	1.19	0.76	0.99

*Avg. number of shares (undiluted) 26168

Source: SME Direkt

Q1 2006 Financial Highlights

- **Net Revenues 89.7 MUSD, up 132% from Q1 2005**
 - Net Late Sales 76.1 MUSD, up 149% from Q1 2005
 - Net Prefunding 9.8 MUSD, funding 39% of operational investments
 - Operational Investments up 59% from 15.9 MUSD to 25.3 MUSD
- **Multi-Client Amortization rate 28%**
- **EBIT 49.1 MUSD, up 245% from 14.2 MUSD in Q1 2005**
 - 55% of Net Revenues
- **EPS (fully diluted) \$1.20 versus \$0.37 in Q1 2005**
- **Cash Flow from Operations before MC investments 115.8 MUSD compared to 45.1 MUSD in Q1 2005**
- **M&A : Bought Aceca Ltd in January**

Q1 2006 PROFIT & LOSS (MUSD)

	Q1 2006	Q1 2005	Change	%
Gross Sales	93.0	41.5	51.4	124%
Income sharing & Royalties	-3.3	-2.8	-0.5	16%
Net Operating Revenues	89.7	38.7	51.0	132%
Materials	1.6	0.1	1.6	1822%
MCS Amortization 28%	23.8	13.9	9.9	71%
Gross Margin	64.3	24.8	39.5	159%
Other operating expenses	13.6	9.3	4.3	46%
Cost of Stock Options	0.7	0.8	-0.1	-12%
Depreciation	0.9	0.5	0.4	95%
Operating Profit 55%	49.1	14.2	34.9	245%
Net Financial items	-0.1	0.0	-0.1	-201%
Pre-tax Profit 55%	49.0	14.3	34.8	243%
Taxes	16.4	5.0	11.4	230%
Net Income 36%	32.6	9.3	23.3	250%
EPS, undiluted	1.25	0.37	0.9	241%
EPS, fully diluted	1.20	0.34	0.9	248%

Q1 2006 CASH FLOW

	Q1 2006	Q1 2005
Payments From Sales Received	144.2	67.8
Operational Cost Paid	-14.0	-10.1
Taxes Paid	-14.5	-12.6
Operational Cash Flow	115.8	45.1
Investments Fixed Assets	-0.4	-1.1
Payments for acquired seismic and well logs	-29.0	-18.8
Investments through Mergers and Acquisitions	-7.2	0.0
Net Change in Long-term Receivables	-3.6	0.2
Net Change in Loans	3.7	-0.3
Purchase of own Shares	0.0	0.0
Paid in Equity	3.2	9.2
Change in Cash Balance	82.4	34.2

Balance Sheet – Key Figures

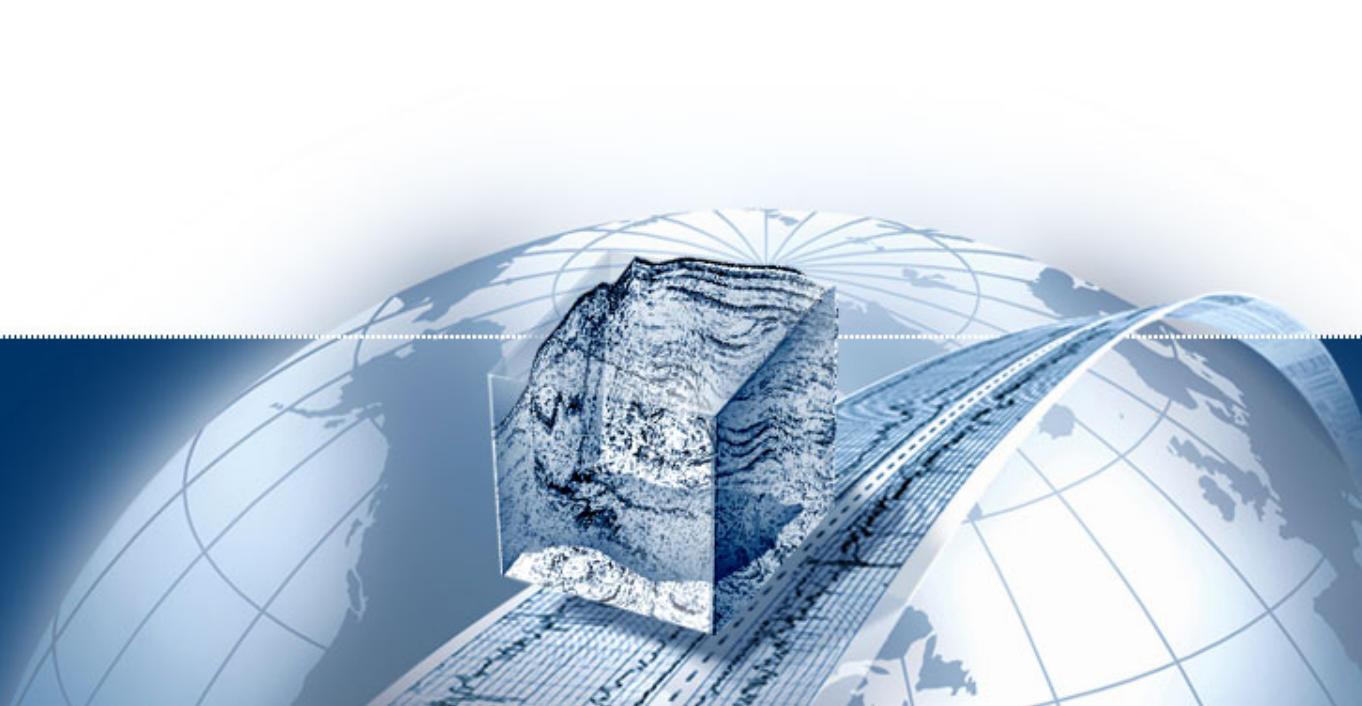
	Mar-06	%	Dec-05	%
Assets				
Cash	216.5	43%	134.1	29%
Other Current Assets	77.3	15%	129.9	28%
Total Current Assets	293.8	58%	264.0	57%
Goodwill & Long Receiv.	29.4	6%	21.1	5%
MC Library	165.8	33%	160.8	35%
Fixed Assets	19.9	4%	18.7	4%
Total Assets	509.0	100%	464.5	100%
Liabilities				
Short-term debt	0.0		0.0	0%
Current Liabilities	73.6	14%	73.6	16%
Long-term Loans	47.3	9%	45.1	10%
Deferred Tax	27.5	5%	25.1	5%
Equity	360.6	71%	320.8	69%

Cash in excess of interest bearing debt 169.2 MUSD

Multi-Client Library



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MCS Accounting – Matching Principle

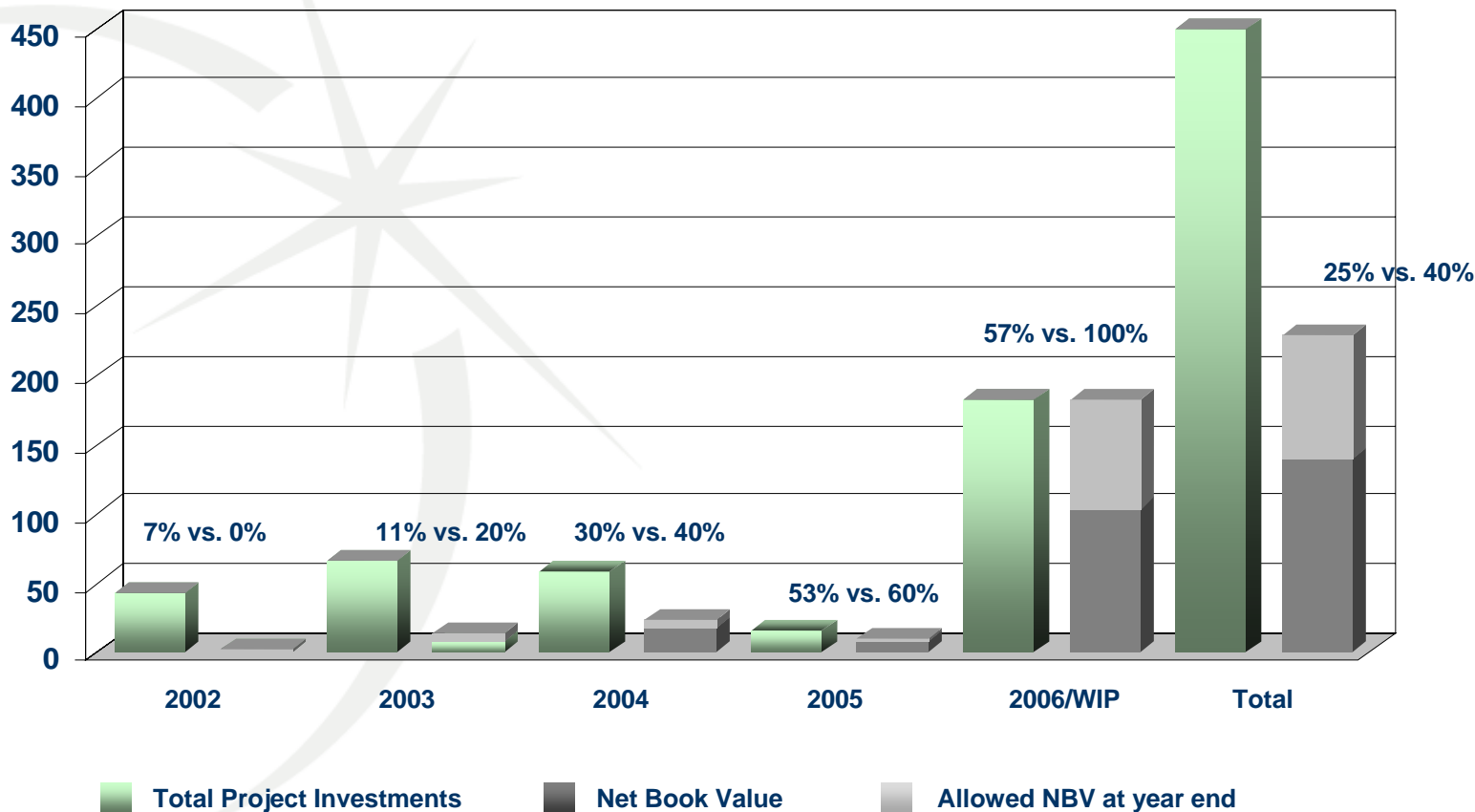
- **Accounting Standards recommend to match Revenues and Costs in time**
- **TGS capitalizes the direct costs of surveys as investments in the Balance Sheet and amortizes them over 5 years (including the first year – WIP) as a function of expected ratio Sales/Investment**
- **If sales are lower than expectations, a minimum amortization kicks in:**
 - Maximum NBV one year after completion is 60%, then 40%, then 20%, then zero
 - At the end of the fourth year after survey completion, each survey is fully amortized

Multi-Client Library NBV in % of Investment

Seismic Segment as of March 31st 2006

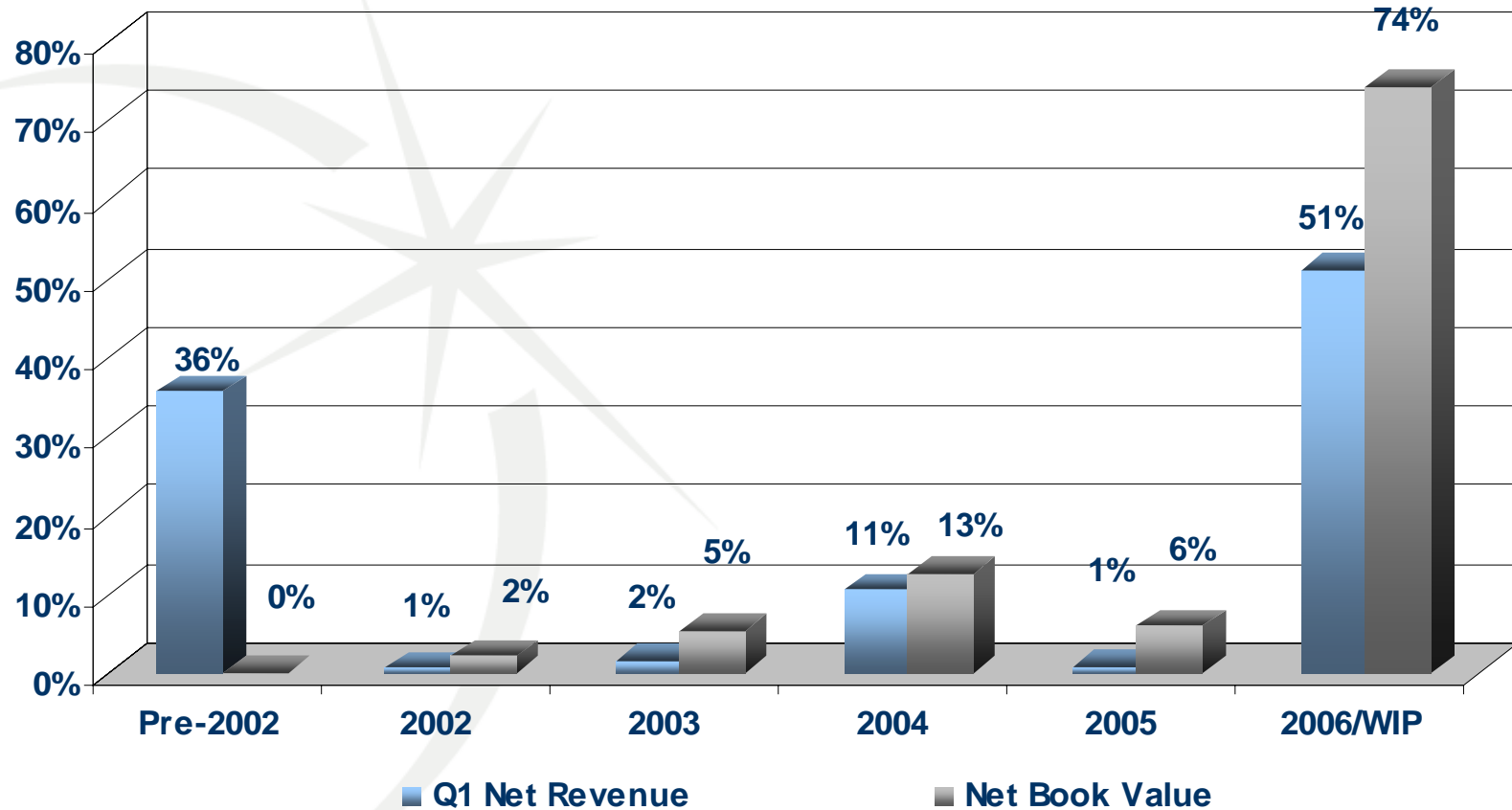
Net Book Values below the max. NBV
criteria for year end 2006

MUSD



Q1 2006 Multi-Client Net Revenues & Ending NBV

- Seismic Segment

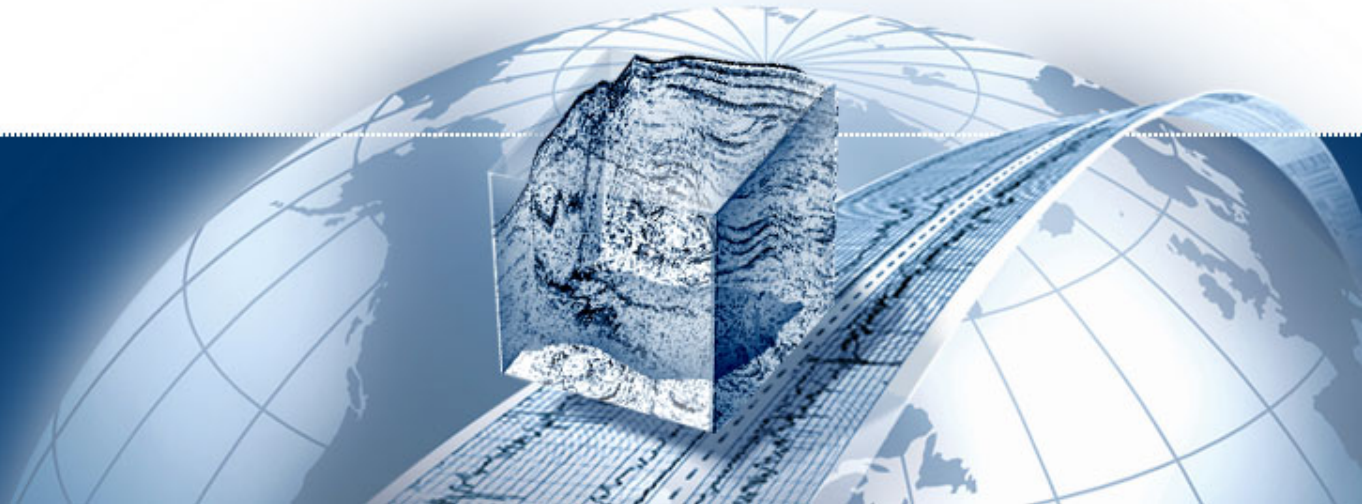


Operations & Outlook

Hank Hamilton
Chief Executive Officer

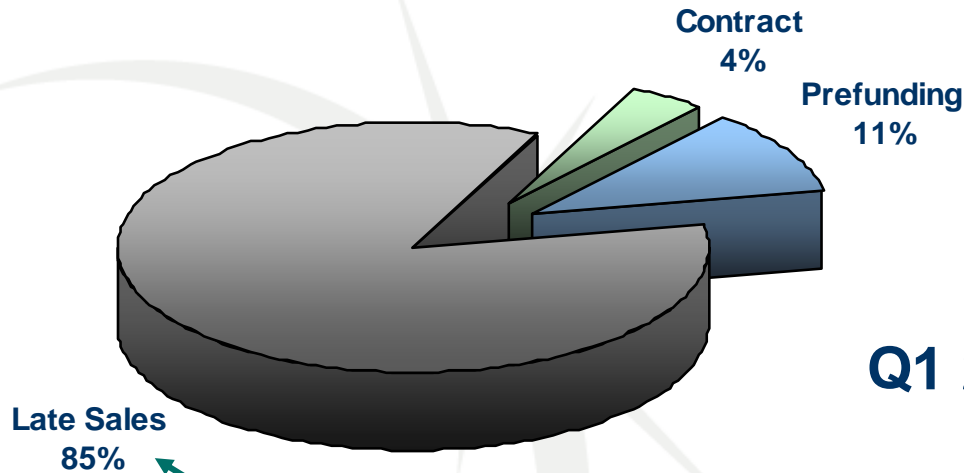


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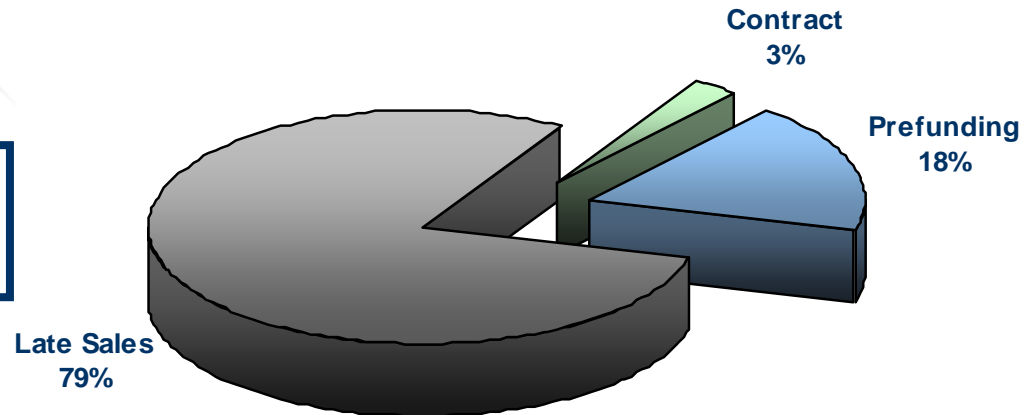


Net Revenue Breakdown

Q1 2006



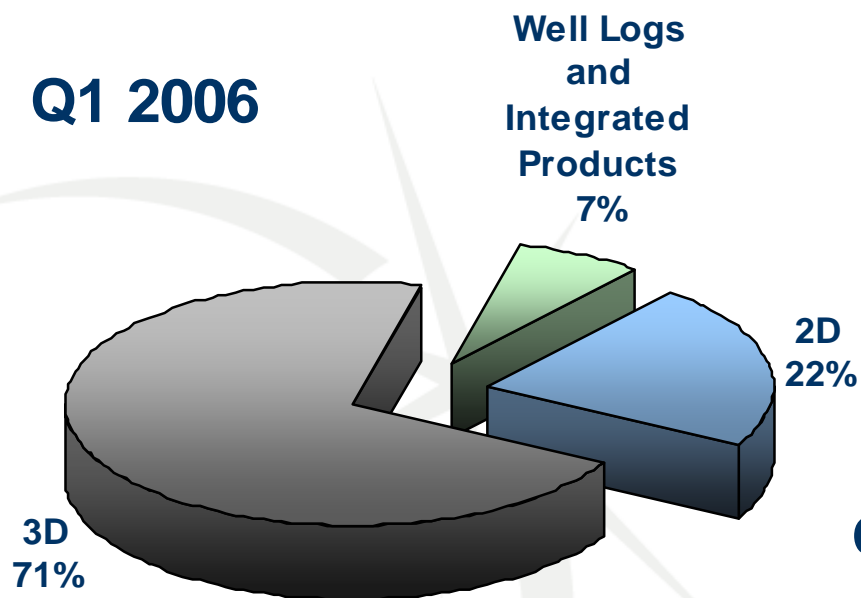
Q1 2005



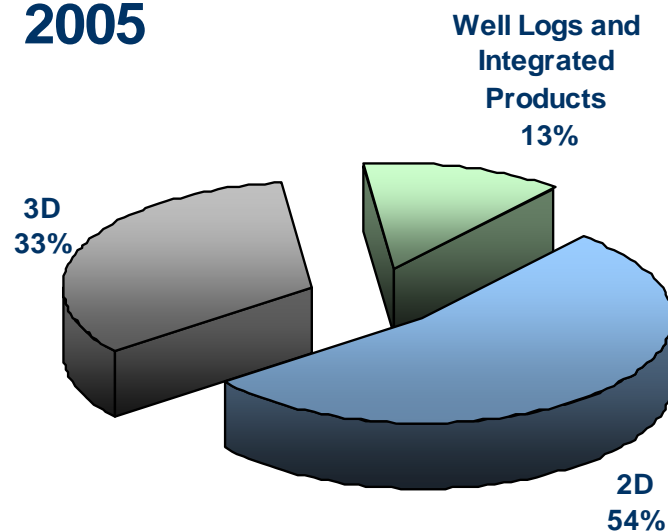
**Quarterly Record of \$76.1 M
Up 149% !**

Net Revenues by Product Type

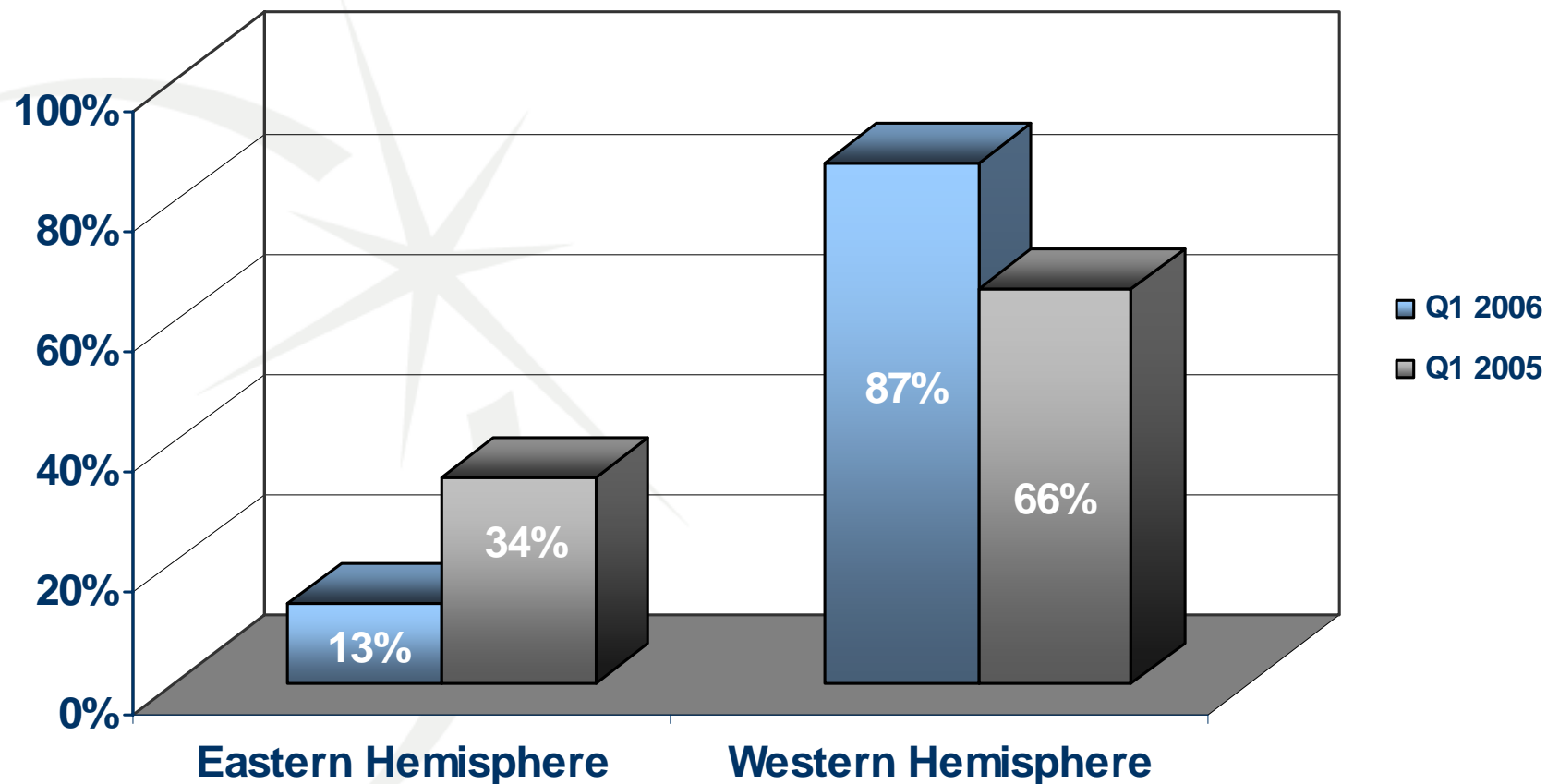
Q1 2006



Q1 2005



Q1 Geographical Net Revenue Breakdown



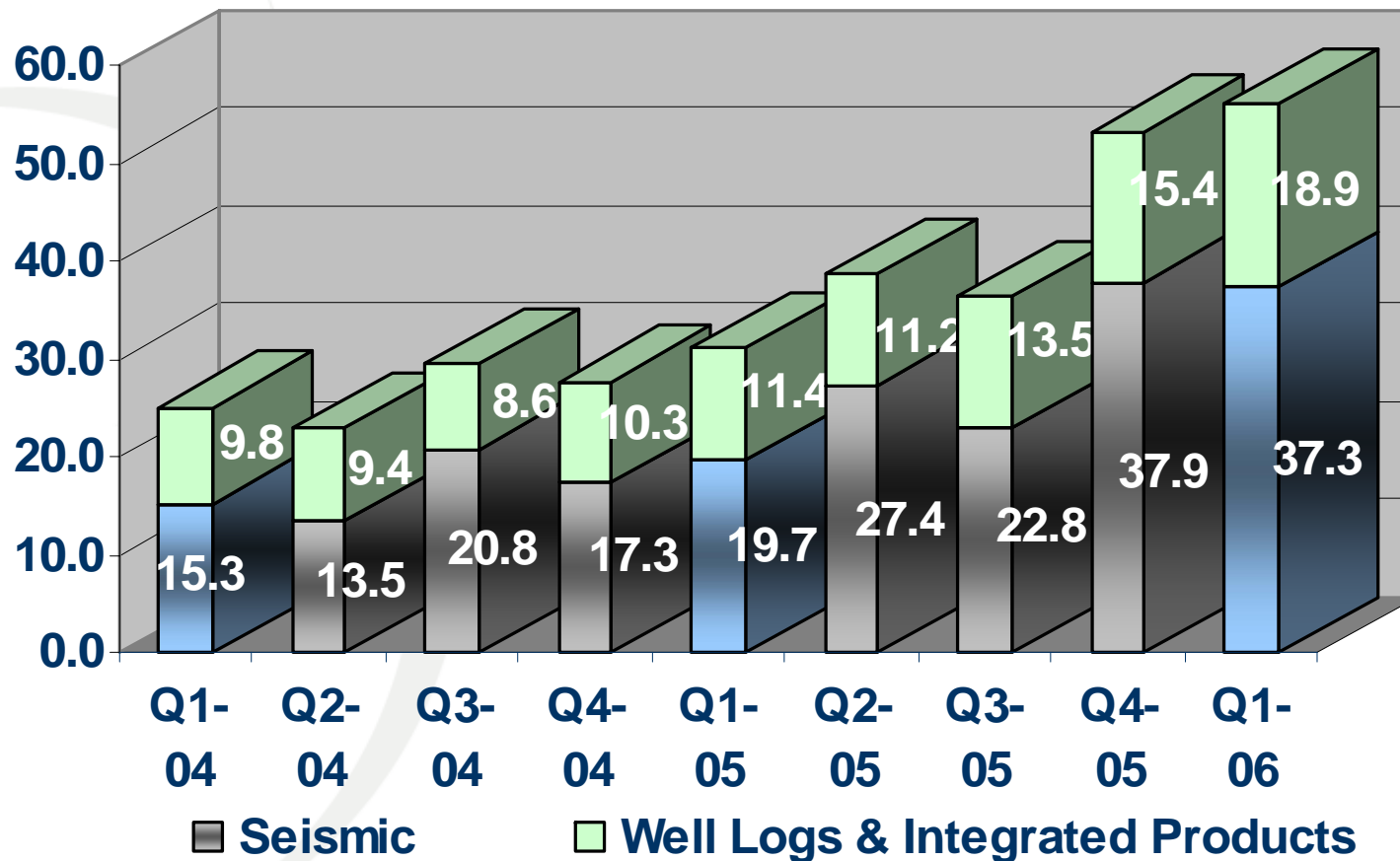
Gulf of Mexico 3D dominates Q1 Sales!

Operational Highlights

- Continued acquisition of Sophie's Link 3D in GoM
- Started Eastern Delta 3D in GoM (OBC)
- Delivered final Deep Resolve 3D PSTM and Mississippi Canyon 3D PSDM
- Expanded 2D project offshore Madagascar by 70%
- A2D secured pre-funding for conversion of GoM wells to WSR format & concluded agreements to source log data from Russia, Nigeria, NW Europe, & Madagascar
- Aceca secured solid pre-funding for '06 annual product updates and several significant consulting contracts

Backlog

MUSD



Note: Q4-05 Backlog figure adjusted to include \$14 M in sales originally recognized in Q4

Outlook & Expectations

- Demand for geoscientific services & products remains very strong
- MC investments will begin to ramp up seasonally in Q2:
 - Continuation of Sophie's Link & Eastern Delta GoM 3D's
 - Continuation of east Africa 2D
 - Start of 2006 NSR 2D campaign (2 vessels)
 - Sea of Okhotsk 2D campaign to start mid-summer (2 vessels)
- Original 2006 expectations remain unchanged:
 - MC Library investments of USD 125 – 135 million
 - Average pre-funding 40 – 50% of investments
 - Average amortization rate 35 – 40% of net revenues
 - Annual net revenue growth of 38 - 43%