

# TGS-NOPEC Geophysical Company ASA

## 2nd Quarter 2002 Results

TGS-NOPEC delivers solid performance driven by growth in Late Sales from the MC library.

### 2nd Quarter 2002 Highlights Consolidated

- ❖ The weakened USD heavily impacts NOK-reported figures.
- ❖ Total Net Revenues increased 3% to NOK 283,7 million compared to Q2 2001. Net Revenues increased 15% in USD.
- ❖ Operating Profit of NOK 117,2 million was 41% of Net Revenues, down 7% from NOK 125,8 million in Q2 2001, due to the weaker USD and increased amortization.
- ❖ Second quarter EBITDA from operations of NOK 231,1 million was 81% of Net Revenues, up 3% from the same period last year (NOK 225,0 million).
- ❖ Earnings per Share were NOK 3,26 (NOK 3,05 fully diluted) for Q2 2002, down 2% (4%) from NOK 3,34 (NOK 3,17) in Q2 2001.
- ❖ Acquired A2D Technologies in June for USD 22,0 million and entered a new Multi-Client segment: Digital Well Logs.

### 2<sup>nd</sup> Quarter Highlights Seismic Segment

- ❖ Net Revenues increased 13% in USD compared to Q2 2001.
- ❖ Net Late Sales from the Multi-Client library totaled NOK 241,8 million, up 15% from NOK 211,1 million in Q2 2001. Net Late Sales increased approximately 28% in USD.
- ❖ Net Pre-funding Revenues were NOK 36,1, funding 43% of the quarter's investments into new MC surveys.
- ❖ Amortization charge was NOK 106,9 million, 38% of Net Revenues.

### June Highlights A2D Well Log Segment

- ❖ Consolidated into results from June 1<sup>st</sup>, 2002.
- ❖ Net Revenues were NOK 5,8 million, anomalously low compared to previous months.
- ❖ Net Late Sales from the Multi-Client library totaled NOK 1,8 million, and proprietary revenues NOK 1,5 million.
- ❖ Net Pre-funding Revenues were NOK 2,5 million, funding 80% of the month's investments into new MC well logs.

### 6 Months 2002 Highlights

- ❖ Net Operating Revenues NOK 574,5 million, up 11% compared to first six months of 2001.
- ❖ Operating Profit NOK 249,9 million, representing 43% of Net Revenues.
- ❖ Net Income 30% of Net Revenues and up 15% from first six months of 2001.

*“The strong growth achieved in year-over-year quarterly late sales sends a very positive signal about the quality of the investments we have made in our seismic library” stated TGS-NOPEC’s CEO Hank Hamilton. “Our acquisition of A2D Technologies, the world’s leading provider of digital well log data and integrated well log solutions, gives us the unique opportunity to expand our multi-client business into new realms. With our current multi-client seismic activity levels and the addition of A2D, we continue to strengthen our portfolio of exploration products and services for the future while delivering excellent margins today.”*

### Revenue Breakdown Consolidated

Quarterly Net Late Sales of NOK 243,6 million increased 15% from Q2 2001 (NOK 211,1 million) and accounted for 86% of Net Consolidated Revenues. Early Participant revenues totaled NOK 38,6 million, funding approximately 44% of the Company's investments into new Multi-Client products during Q2 (NOK 87,7 million). The Company conducted no proprietary contract work in the seismic segment during the quarter, while A2D earned proprietary contract revenues of NOK 1,5 million in June.

Gulf of Mexico Net Revenues continued to be extremely strong during the second quarter, followed by good sales in Canada and Brazil. Europe sales were slower than expected, mainly due to low activity in Norway following the applications for the 17<sup>th</sup> licensing round.

Net Consolidated Revenues for the 6 months ending June 30<sup>th</sup>, 2002 were up 11% from the first half of 2001.

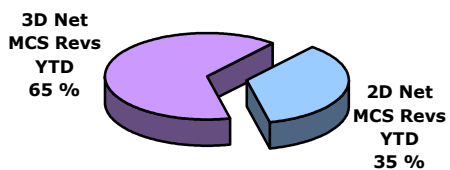
### Geographical distribution of Net Revenues for 6 Months ended June 30

(In Mill NOK)	YTD 2002	YTD 2001	YTD 2002	YTD 2001	Change
<b>EUROPE</b>	<b>83,0</b>	98,4	<b>14 %</b>	19 %	<b>-16 %</b>
<b>AMEAP</b>	<b>22,5</b>	103,8	<b>4 %</b>	20 %	<b>-78 %</b>
<b>NSA</b>	<b>468,9</b>	313,3	<b>82 %</b>	61 %	<b>50 %</b>
<b>Total</b>	<b>574,4</b>	515,5	<b>100 %</b>	100 %	<b>11 %</b>

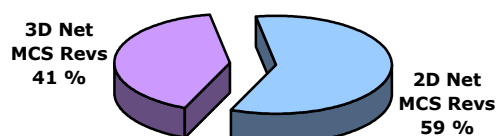
### Net Revenues per Segment for 6 months ended June 30<sup>th</sup>:

	YTD 2002	YTD 2001	YTD 2002	YTD 2001	Change
2D MCS Net Revs	197,6	303,2	34 %	59 %	-35 %
3D MCS Net Revs	363,2	208,5	63 %	40 %	74 %
A2D MC Net Revs	4,3	-	1 %	N/A	N/A
<b>Total MCS Net Revs</b>	<b>565,1</b>	<b>511,6</b>	<b>98 %</b>	<b>99 %</b>	<b>10 %</b>
Proprietary Revs	9,3	3,9	2 %	1 %	142 %
<b>Total Net Revs</b>	<b>574,5</b>	<b>515,5</b>	<b>100 %</b>	<b>100 %</b>	<b>11 %</b>

YTD 2D vs 3D Net MCS Revenues 2002  
(Not Incl. A2D)



YTD 2D vs 3D Net MCS Revenues 2001



### Operational Costs

The consolidated amortization charge associated with Net Multi-Client revenues was 38% of Net Revenues during Q2 2002 compared to 34% in Q2 2001. This rate does fluctuate from quarter to quarter, depending on the sales mix of projects. The increase is in line with management's expectations and guidance for the year.

Operational costs payable for the quarter, excluding materials, were NOK 47,7 million, up 14% from Q2 2001 (NOK 41,7 million) as a result of including A2D from June 1<sup>st</sup> slightly offset by the move in the USD/NOK exchange rate. Costs of Materials were NOK 4,8 million, down from NOK 9,1 million in Q2 2001 due to exchange rate differences and the absence of any seismic proprietary contract work in Q2 2002.

**Profit**

Operating Profit for the quarter was NOK 117,2 million, representing 41% of Net Revenues, a 7% decrease from Q2 2001 (NOK 125,8 million).

The quarterly Pre-tax Profit of NOK 123,5 million was 1% lower than the NOK 124,5 million reported in Q2 2001.

EBITDA (Earnings before Interest, Tax, Depreciation and Amortization) for the three months ended June 30<sup>th</sup> was NOK 231,1 million, 81% of Net Revenues, up 3% from NOK 225,0 in Q2 2001.

**Financial Items**

As a consequence of the purchase of A2D in June, the amount of cash held by the Company decreased, yielding lower interest income and resulting in a net interest charge for the quarter of NOK 0,1 million. In accordance with NGAAP, the Company recorded unrealized currency exchange profit on its USD debt as the NOK/USD exchange rate decreased from 8,81 per March 30<sup>th</sup>, 2002 to 7,45 per June 30<sup>th</sup>. This was somewhat offset by the effect on accounts receivable and payments. Net exchange gain reported was NOK 6,5 million versus a loss of NOK 0,5 million in Q2 2001.

**Tax**

The computed tax rate for Q2 2002 was 35,24%, slightly above Management's expectations for the year 2002. This was mainly due to strong sales in the USA. The year-to-date computed tax rate is 34,7%.

**Net Income and Earnings per Share (EPS)**

Net Income for Q2 2002 was NOK 80,0 million, 2% lower than the NOK 81,5 million reported in Q2 2001.

Earnings per Share (EPS) were NOK 3,26 undiluted and NOK 3,05 fully diluted, 2% lower than reported in Q2 2001 (NOK 3,34 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. By the end of Q2 2002, the NOK/USD exchange rate had dropped to 7,45 from 9,01 per December 31<sup>st</sup>, 2001.

The average exchange rate during Q2 2002 was 8,18. This was 11% lower than the 9,18 rate during Q2 2001. When looking at Q2-2002 and forward, analysts and investors should be aware of the effects of the exchange rate on the figures presented. The Company's revenues from the seismic segment (TGS-NOPEC without A2D) increased approximately 13% from approximately USD 30,0 million in Q2 2001 to approximately USD 34,0 million in Q2 2002. The corresponding reported NOK figures are NOK 275,8 in Q2 2001 and NOK 277,9 in Q2 2002, an increase of only 1%. Should the exchange rate stay at USD 1 = NOK 7,50 during the 2<sup>nd</sup> half of 2002 and should the Company's 2<sup>nd</sup> half 2002 USD operating revenues in a theoretical case turn out to be identical to the 2<sup>nd</sup> half 2001 operating revenues, the conversion would show approximately a 15% decrease in revenues. 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 98% of the Company's business during the quarter. A2D Technologies, acquired in June, accounted for approximately 2% of Consolidated Net Revenues in the 2<sup>nd</sup> quarter out of which 2/3<sup>rd</sup>s were Multi-Client revenues.

The Company invested approximately NOK 87,7 million in its data library during Q2 2002. This was 50% lower than in Q2 2001 (NOK 175,6 million). The investments in Q2 last year were heavily impacted by the purchase of Western Geco's share of eight 3D surveys located within TGS-NOPEC's "Pangaea" complex of 3D surveys on the offshore Louisiana shelf. The weakening of the USD vs. the NOK also lowers the investments reported in NOK. The Company recognized NOK 38,6 million in Net Early Participant Revenues in Q2, funding approximately 44% of its investments during the quarter.

**Investments and Prefunding for Q2 2002:**

MNOK	MCS Seismic	A2D Well Logs	Total
Net Prefunding Revs	36,1	2,5	38,6
<b>MCS Investment</b>	<b>84,6</b>	<b>3,1</b>	<b>87,7</b>
Prefunding in %	43 %	80 %	44 %

**Balance Sheet**

Amounts reported in NOK but held or owed in USD are impacted by the change in the USD/NOK exchange rate. As of June 30<sup>th</sup>, 2002, the Company's total cash holdings amounted to NOK 150,5 million compared to NOK 305,2 million on March 31<sup>st</sup>, 2002. The residual of the Company's December USD 32 million buyout of partnership interests was paid during the quarter, and the Company paid USD 13,0 million in cash as part of the A2D transaction in early June. Total interest bearing debt was NOK 109,7 million versus NOK 130,1 million per March 31<sup>st</sup>, 2002.

Total Equity per June 30<sup>th</sup>, 2002 was NOK 1,260,4 million, representing 76% of Total Assets versus 72% of Total Assets per March 30<sup>th</sup>, 2002.

**Treasury Shares.**

Following the purchase of A2D, the Company no longer holds any TGS-NOPEC shares.

**The Multi-Client Seismic Library (TGS-NOPEC without A2D):**

Million NOKs	Q2-02	Q2-01	6 Month 2002	6 Months 2001	Year 2001	Year 2000	Year 1999	Year 1998
Opening Balance	<b>826,3</b>	461,0	<b>865,3</b>	439,1	439,1	324,0	203,0	129,3
Effect Change USD/NOK	<b>-40,2</b>		<b>-43,4</b>					
Investment	<b>84,6</b>	175,6	<b>150,1</b>	282,0	819,5	370,8	300,8	193,5
Amortization	<b>- 106,9</b>	-94,9	<b>-208,2</b>	-179,4	- 393,3	- 255,8	-179,8	-119,8
Net Book Value Ended	<b>763,8</b>	541,7	<b>763,8</b>	541,7	865,3	439,1	324,0	203,0

**Key MCS figures:**

Net MCS Revenues for the period	<b>277,9</b>	272,6	<b>560,9</b>	511,6	1106,2	793,8	574,2	555,6
Change in MCS Revenue	<b>2 %</b>	101 %	<b>10%</b>	79%	39%	38 %	3 %	13 %
Change in investment in MCS	<b>- 52 %</b>	136 %	<b>-47%</b>	79%	121%	23 %	55 %	80 %
Amortization in % of Net MCS Revenues	<b>38 %</b>	35 %	<b>37%</b>	35%	36%	33 %	31 %	22 %
Increase in NBV during the period	<b>- 8 %</b>	18 %	<b>-12%</b>	23%	97%	36 %	60 %	57 %

**The Multi-Client Well Log Library (A2D):**

Million NOKs	Q2-02
Acquired June 1st, 2002	65,8
Investment	3,1
Amortization	-1,5
Net Book Value ended	67,4

**Operational Highlights**

The Company added over 13,000 kilometers of new 2D and approximately 1,000 square kilometers of new 3D data to its library of marketed surveys during the 2nd quarter. A total of seven different seismic vessels contributed to this effort. The most active areas for new acquisition were Canada, West Africa, and Norway, where the Company acquired a 3D project with WesternGeco in the Gjallar Ridge area.

TGS-NOPEC and WesternGeco have just commenced another multi-client 3D survey in Norway located in the Barents Sea northeast of Norsk Agip's Goliath discovery along the same geological trend. Covering an area of 850 square kilometers over open non-licensed acreage, this high-density 3D is supported with pre-funding from oil companies and is based on TGS-NOPEC's multi-client 2D data acquired in 2001 in the same area.

### **Outlook**

The Company's backlog of secured pre-funding for new seismic projects increased 9% in USD terms to USD 12,6 million per June 30<sup>th</sup>, 2002 from USD 11,6 million at the end of the 1st quarter. In NOK terms, the backlog for new seismic projects decreased 8% from NOK 101,8 million to NOK 94,0 million. A2D backlog per June 30<sup>th</sup>, 2002 was NOK 35,0 (USD 4,7) million. Total backlog at the end of Q2 was NOK 129,0 (USD 17,3) million.

The upgrade of the M/V Polar Search, chartered by TGS-NOPEC to conduct multi-client 3D surveys in the Gulf of Mexico, is taking longer than expected. As a result, 3D operations in the GoM are now not expected to commence until the very end of Q3 2002.

At the beginning of 2002, we anticipated our annual investments in multi-client surveys would be in the range of NOK 560 to 610 million. As a result of the dramatic weakening of the USD, the delays in the rigging of the Polar Search, and the purchase of A2D Technologies, we now expect total 2002 multi-client seismic investments to be in the range of NOK 440 to 480 million. Between 25% and 30% of this total is targeted for 3D. In addition, we expect multi-client investments in new well logs to be approximately NOK 20 million.

Global oil prices remained steady during the quarter. Despite relatively high inventory storage levels, natural gas prices in North America hovered around the USD 3 per mcf level. Exploration spending has been very slow to respond to the improved commodity price environment so far in 2002 as oil companies continue to take a very cautious approach, creating near-term softness in our market segments. Recently, however, a few of the major oil companies have indicated a renewed focus on exploration in frontier areas. Combined with steadily improving cash flows at large and small independents, this could set the stage for increased seismic spending towards the end of 2002.

Based on the current USD/NOK exchange rate (7,74), our net consolidated revenue expectation for Q3 2002 is roughly 5% below our Q3 2001 net revenues on a NOK basis, implying approximately 8-10% growth on a USD basis.

On a year-over-year basis, we still anticipate a 10-20% Net Consolidated Revenue growth for 2002 in USD.

*TGS-NOPEC is a leading global provider of multi-client geoscience data and associated products and services to the oil and gas industry. TGS-NOPEC specializes in the planning, acquisition, processing, interpretation and marketing of non-exclusive seismic surveys worldwide. A2D Technologies, a wholly owned subsidiary, pioneered the delivery of digital well log data over the Internet and currently offers a one-of-a-kind integrated solution for well log data sourcing, well log data management, and well log correlation. The TGS-NOPEC group places a strong emphasis on providing high-quality data and the highest level of service to the industry.*

*TGS-NOPEC is listed on the Oslo Stock Exchange (OSLO:TGS).*

Contacts for additional information:

John Adamick, VP Business Development tel +1-713-860-2114

or

Arne Helland, CFO tel +47-31-29-20-00/+47-91-88-78-29

Naersnes, August 7th, 2002

The Board of Directors of TGS-NOPEC Geophysical Company ASA

\*\*\*\*\*

*All statements in this press release other than statements of historical fact are forward-looking statements, which are subject to a number of risks, uncertainties and assumptions. These include TGS-NOPEC's reliance on a cyclical*

*industry and principal customers, the company's ability to continue to expand markets for licensing of data, and the company's ability to acquire and process data products at costs commensurate with profitability. Actual results may differ materially from those expected or projected. TGS-NOPEC undertakes no responsibility to update forward-looking statements.*

\*\*\*\*\*

# TGS NOPEC Geophysical Company ASA

## Consolidated Profit & Loss Accounts

			6 Months	6 Months	12 Months	
(All amounts in NOK 1000's unless noted otherwise)	Q2 2002	Q2 2001	2002	2001	2001	
<i>Operating Revenues</i>						
Sales	300 838	306 868	610 834	558 847	1 298 982	
Income sharing & Royalties	-17 162	-31 028	-36 342	-43 361	-143 355	
<b>Net Operating Revenues</b>	<b>283 676</b>	<b>275 840</b>	<b>574 492</b>	<b>515 486</b>	<b>1 155 626</b>	
<i>Operating expenses</i>						
Materials	4 832	9 144	13 608	14 800	48 915	
Amortisation of Seismic Library	108 470	94 908	209 692	179 387	393 280	
Personnel costs	29 672	28 982	60 415	56 844	115 345	
Other operating expenses	18 033	12 740	30 956	25 140	56 690	
Depreciation	5 504	4 314	9 948	8 502	18 262	
Unusual Items	-	-	-	-	-	
<i>Total operating expenses</i>	<b>166 511</b>	<b>150 088</b>	<b>324 619</b>	<b>284 673</b>	<b>632 492</b>	
<b>Operating profit</b>	<b>117 165</b>	<b>125 752</b>	<b>249 873</b>	<b>230 813</b>	<b>523 134</b>	
<i>Financial income and expenses</i>						
Interest Income	1 421	5 613	3 857	8 825	15 918	
Interest Expense	-1 564	-6 364	-3 161	-11 040	-20 268	
Exchange gains/losses	6 456	-535	10 000	-1 114	-3 009	
<i>Net financial items</i>	<b>6 314</b>	<b>-1 286</b>	<b>10 696</b>	<b>-3 329</b>	<b>-7 359</b>	
<b>Profit before taxes</b>	<b>123 479</b>	<b>124 466</b>	<b>260 569</b>	<b>227 484</b>	<b>515 775</b>	
Tax provision	43 513	43 004	90 422	80 043	173 926	
<b>Net Income</b>	<b>79 966</b>	<b>81 462</b>	<b>170 147</b>	<b>147 441</b>	<b>341 849</b>	
EPS NOK	undiluted	3,26	3,34	6,95	6,04	13,99
EPS NOK	fully diluted	3,05	3,17	6,51	5,75	13,23

# TGS NOPEC Geophysical Company ASA

## Consolidated Balance Sheet

Balance sheet as at June 30, 2002

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

30.06.2002

30.06.2001

31.12.2001

### ASSETS

#### Long-term assets

##### *Intangible assets*

Goodwill	133 771	34 732	31 965
----------	---------	--------	--------

##### *Fixed Assets*

Buildings	31 297	29 671	27 653
-----------	--------	--------	--------

Machinery and equipment	23 143	24 795	26 447
-------------------------	--------	--------	--------

Vessels	106 107	125 609	116 613
---------	---------	---------	---------

##### *Financial Assets*

Long term receivables, included pre-payments	6 274	-	8 962
----------------------------------------------	-------	---	-------

<b>Total long-term assets</b>	<b>300 592</b>	<b>214 807</b>	<b>211 641</b>
-------------------------------	----------------	----------------	----------------

#### Current assets

##### *Inventories*

Multiclient seismic Library, net	831 168	541 744	865 317
----------------------------------	---------	---------	---------

##### *Receivables*

Accounts receivable	356 567	397 648	518 532
---------------------	---------	---------	---------

Other short term receivables	19 715	52 554	20 483
------------------------------	--------	--------	--------

Prepaid taxes	-	-	8 973
---------------	---	---	-------

##### *Cash and cash equivalents*

Cash and cash equivalents (including money market funds)	150 526	246 606	272 250
----------------------------------------------------------	---------	---------	---------

<b>Total current assets</b>	<b>1 357 976</b>	<b>1 238 552</b>	<b>1 685 556</b>
-----------------------------	------------------	------------------	------------------

<b>TOTAL ASSETS</b>	<b>1 658 568</b>	<b>1 453 359</b>	<b>1 897 197</b>
---------------------	------------------	------------------	------------------



# TGS NOPEC Geophysical Company ASA

## Consolidated Balance Sheet

### Balance sheet as at June 30, 2002

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

30.06.2002

30.06.2001

31.12.2001

### LIABILITIES AND EQUITY

#### *Equity*

Share capital	24 778	24 427	24 474
Other equity	1 235 594	952 150	1 155 297
<b>Total equity</b>	<b>1 260 372</b>	<b>976 577</b>	<b>1 179 771</b>

#### **Provisions and liabilities**

#### *Provisions*

Deferred tax liability	74 461	39 011	63 365
------------------------	--------	--------	--------

#### *Long term liabilities*

Mortgage loans/secured loans	96 557	162 242	136 471
Capitalised lease liabilities	10 322	25 233	18 434

#### *Current liabilities*

Short-term interest-bearing debt	2 841	-	285
Accounts payable and debt to partners	124 536	118 330	392 191
Taxes payable, withheld payroll tax, social security etc	961	39 443	30 825
Other current liabilities	88 518	92 523	75 856

<b>Total provisions and liabilities</b>	<b>398 196</b>	<b>476 782</b>	<b>717 427</b>
-----------------------------------------	----------------	----------------	----------------

<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1 658 568</b>	<b>1 453 359</b>	<b>1 897 197</b>
-------------------------------------	------------------	------------------	------------------

# TGS NOPEC Geophysical Company ASA

## Consolidated Cashflow Statement

	<b>12 Months</b>	
(All amounts in NOK 1000's unless noted otherwise)	<b>Q2 2002</b>	<b>2001</b>
<b><i>Cashflow from operating activities:</i></b>		
Received payments from sales	304 845	1 012 387
Payments for acquired seismic and services	-177 428	-573 709
Payments for salaries, pensions, social security tax and tax deducted	-29 672	-115 345
Received interest and other financial income	1 421	15 918
Interest payments and other financial cost	-1 564	-23 277
Paid tax and government taxes	-78 598	-162 375
Payments for other operating activities	16 103	-47 116
<b>Net cash flow from operating activities</b>	<b>35 107</b>	<b>106 483</b>
 <b><i>Cash flow from investing activities:</i></b>		
Investment in tangible fixed assets		-15 818
Investment in A2D	-103 581	
Adjustment to cost price for one of the vessels		5 799
Net change in long term receivables	1 344	-8 962
<b>Net cash flow from investing activities</b>	<b>-102 237</b>	<b>-18 981</b>
 <b><i>Cash flow from financing activities:</i></b>		
Repayment of long term loans	-23 005	-51 220
Purchase of own shares	0	-577
Received payments due to share offering	146	2 915
Currency exchange differences	-64 641	9 027
<b>Net cash flow from financing activities</b>	<b>-87 500</b>	<b>-39 855</b>
 <b>Net change in cash and cash equivalents</b>	 <b>-154 630</b>	 <b>47 647</b>
Cash and cash equivalents at the beginning of period	305 156	224 603
<b>Cash and cash equivalents at the end of period</b>	<b>150 526</b>	<b>272 250</b>