

TGS-NOPEC

*Presentation of 2nd Quarter 2004 Results
August 12th 2004*

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Chief Financial Officer

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Chief Executive Officer



Exploring a World of Opportunities

Presentation Outline

- **Q2 2004 Financial Results**
- **Current Operations and Activity**
- **Outlook**

Q2 2004 Results vs Analysts Expectations*



(MUSD)	Actual	Average	Actual	Actual	High	Low	Median
	Q2 2004	Analysts	vs Consensus	vs Consensus			
Net Revenue	41.0	34.7	6.3	18%	36.2	32.5	35.3
EBIT	12.9	9.9	3.0	31%	11.2	8.1	10.0
Pre-tax Profit	12.1	9.8	2.3	24%	11.1	8.2	9.9
Net Income	8.1	6.5	1.6	25%	7.4	5.5	6.7
Earnings per Share	0.32	0.26	0.06	25%	0.29	0.22	0.27

*Source: TDN-Finans

Q2 2004 Financial Highlights

- Consolidated

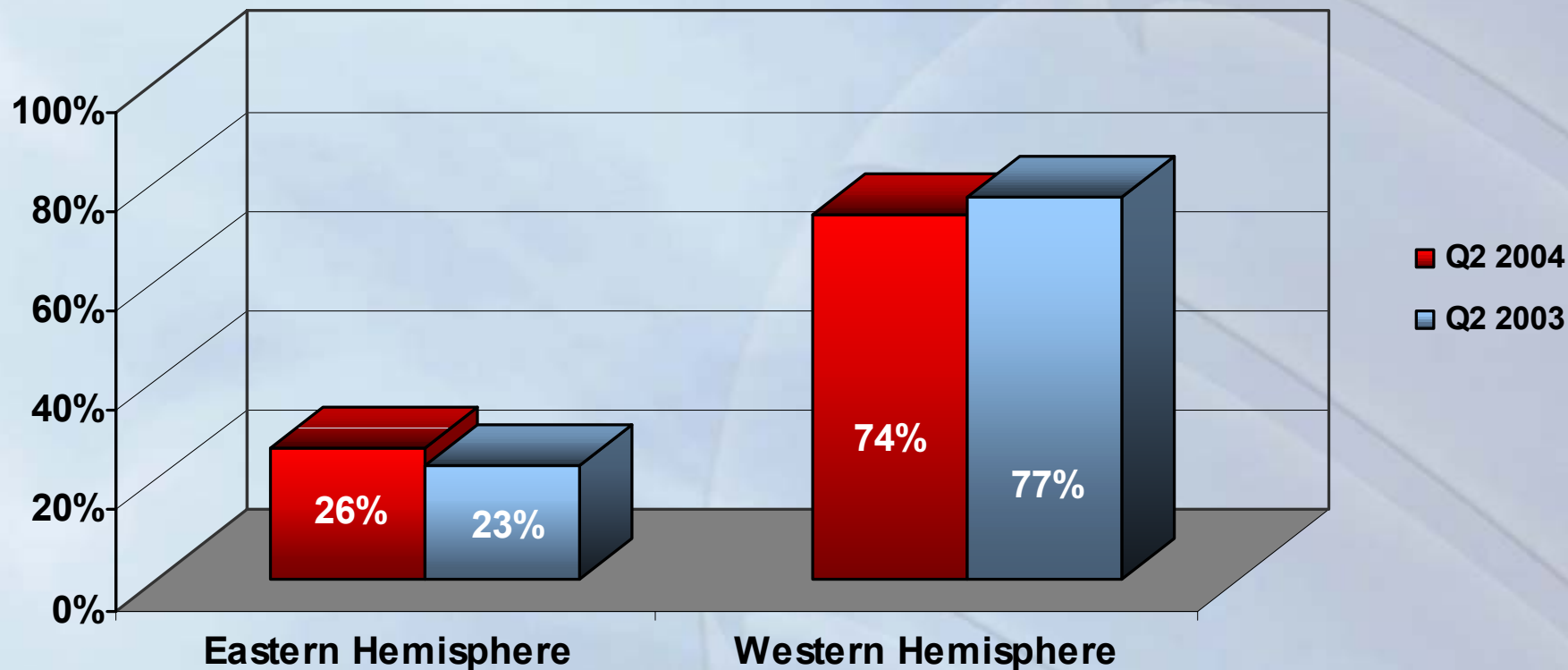
- Gross Revenues 44,9 MUSD
 - 13,5 MUSD (43%) up from Q2 2003
- Net Revenues 41,0 MUSD
 - Up 45% from Q2 2003
- Net Pre-funding 10,5 MUSD
 - funding 43% of operational investments vs 50% in Q2 2003
- Net Late Sales 27,4 MUSD
 - Increased 43% (up 8,3 MUSD)from Q2 2003
- Proprietary Revenues 3,0 MUSD vs 0,9 MUSD in Q2 2003
- EBIT 12,9 MUSD
 - Up 53% from last year and is 32% of Net Revenue (30% in Q2 2003)
- EPS 0,32 , up 44% from 0,23 in Q2 2003

Q2 2004 Profit & Loss (MUSD)



		Q2 2004	Q2 2003	Change	%
Gross Sales		44,9	31,4	13,5	43 %
Income sharing & Royalties		-3,9	-3,1	-0,8	25 %
Net Operating Revenues		41,0	28,3	12,7	45 %
Materials		1,8	0,5	1,3	276 %
MCS Amortization	45 %	16,9	11,2	5,7	51 %
Gross Margin		22,2	16,6	5,6	34 %
Other operating expenses		8,2	6,9	1,3	18 %
Depreciation		1,1	1,2	-0,1	-9 %
Operating Profit (EBIT)	32 %	12,9	8,4	4,5	53 %
Net Financial items		-0,8	-0,2	-0,6	321 %
Pre-tax Profit	30 %	12,1	8,2	3,9	47 %
Taxes	33 %	4,0	2,7	1,3	47 %
Net Income	20 %	8,1	5,5	2,6	47 %
EPS, undiluted		0,32	0,23	0,1	44 %
EPS, fully diluted		0,30	0,21	0,1	44 %

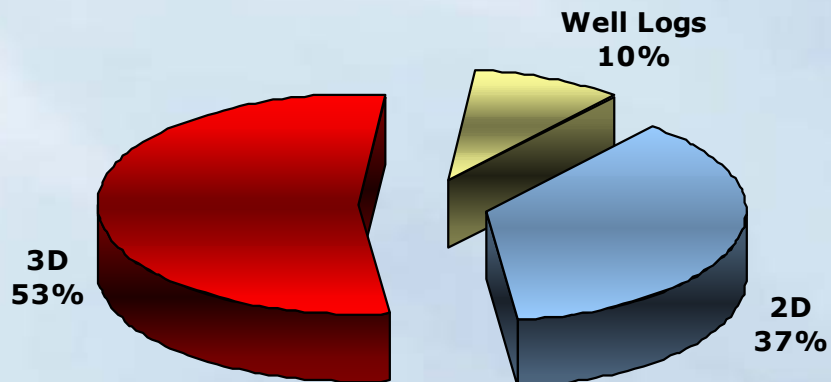
Q2 Geographical Net Revenue Distribution - Consolidated



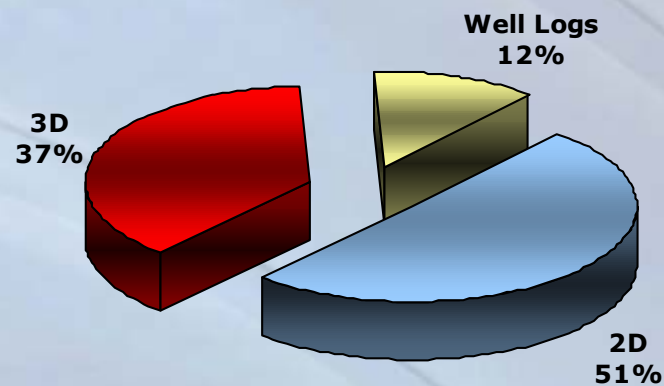
Q2 2004 Net Revenues - Per Segment



Q2 2004



Q2 2003



YTD 2004 Financial Highlights

- Consolidated



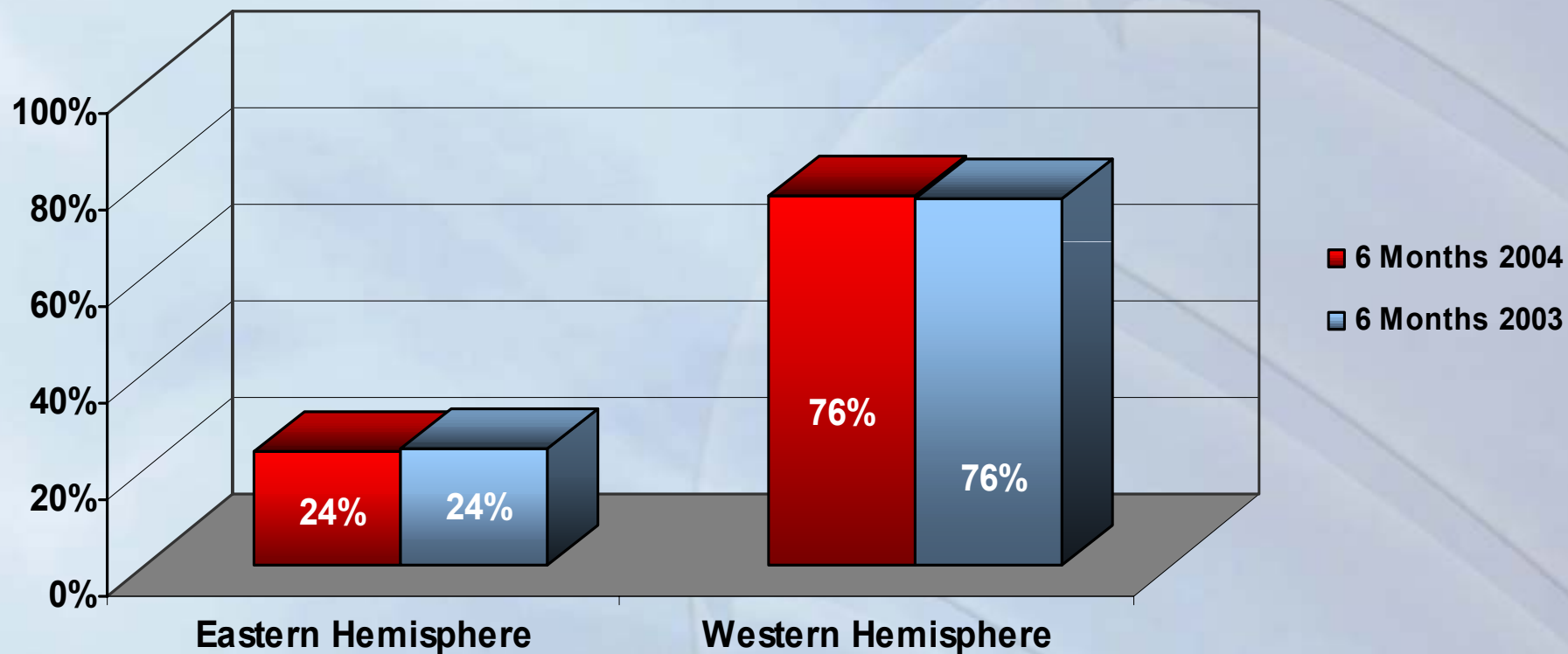
- Net Revenues 69,7 MUSD
 - 18% up from 6 Months 2003
- Net Late Sales 45,7 MUSD
 - Up 10% from 6 Months 2003
- Net Pre-funding 20,3 MUSD
 - funding 39% of operational investments vs 50% 6 Months 2003
- MC Amortization rate 45%
 - vs 39% for 6 Months 2003 and 44% for 12 months 2003.
- Operational Investments up 74% YTD, to 51,5 MUSD
- EBIT 19,5 MUSD vs 19,3 MUSD for 6 months 2003.
 - 28% of Net Revenues
- EPS 0,53 vs 0,53 for 6 months 2003

YTD 2004 Profit & Loss (MUSD)

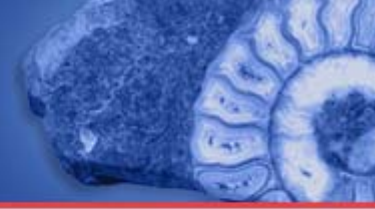


		6 Months 2004	6 Months 2003	Change	%
Gross Sales		77.0	63.4	13.5	21%
Income sharing & Royalties		-7.3	-4.6	-2.7	60%
Net Operating Revenues		69.7	58.9	10.8	18%
Materials		2.1	0.6	1.5	258%
MCS Amortization	45%	29.6	22.4	7.2	32%
Gross Margin		37.9	35.9	2.0	6%
Other operating expenses		16.2	14.3	1.9	13%
Depreciation		2.2	2.3	-0.1	-4%
EBIT (Bef Non-recurr. It.)	28%	19.5	19.3	0.2	1%
Non-recurring items		0.0	0.0	0.0	
Operating Profit	28%	19.5	19.3	0.2	1%
Net Financial items		0.1	-0.1	0.2	-185%
Pre-tax Profit	28%	19.6	19.2	0.4	2%
Taxes		6.5	6.0	0.4	7%
Net Income	19%	13.1	13.2	0.0	0%
EPS, undiluted		0.53	0.53	0.0	-1%
EPS, fully diluted		0.49	0.50	0.0	-2%

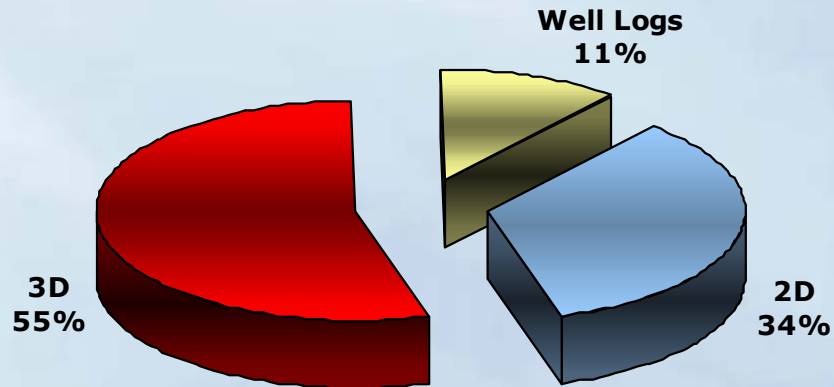
YTD 2004 Geographical Net Revenue Distribution - Consolidated



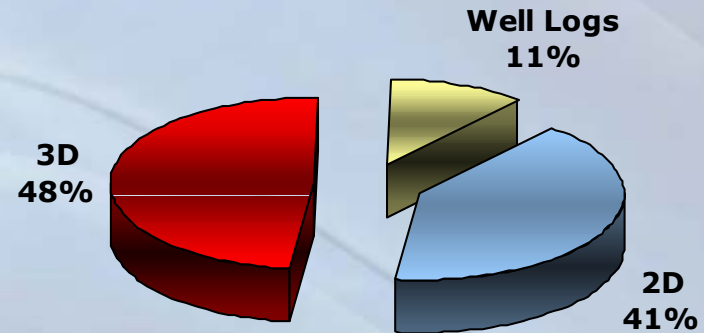
YTD 2004 Net Revenues - Per Segment



YTD 2004



YTD 2003



Balance Sheet - Key Figures

	Jun-04	%	Mar-04	%	Dec-03	%
Assets						
Cash	47	16%	28	11%	18	7%
Other Current Assets	65	22%	45	18%	71	28%
MC Library	157	53%	148	60%	133	53%
Total Current Assets	269	91%	221	89%	222	89%
Goodwill & Long Receiv.	18	6%	19	8%	20	8%
Fixed Assets	7	2%	8	3%	8	3%
Total Assets	295	100%	248	100%	250	100%
Liabilities						
Short-term debt	0	0%	0	0%	1	0%
Current Liabilities	27	9%	33	13%	38	15%
Long-term Loans	44	15%	5	2%	7	3%
Deferred Tax	13	4%	8	3%	8	3%
Equity	211	72%	202	82%	196	78%

Cash in excess of Interest bearing debt MUSD 3,1

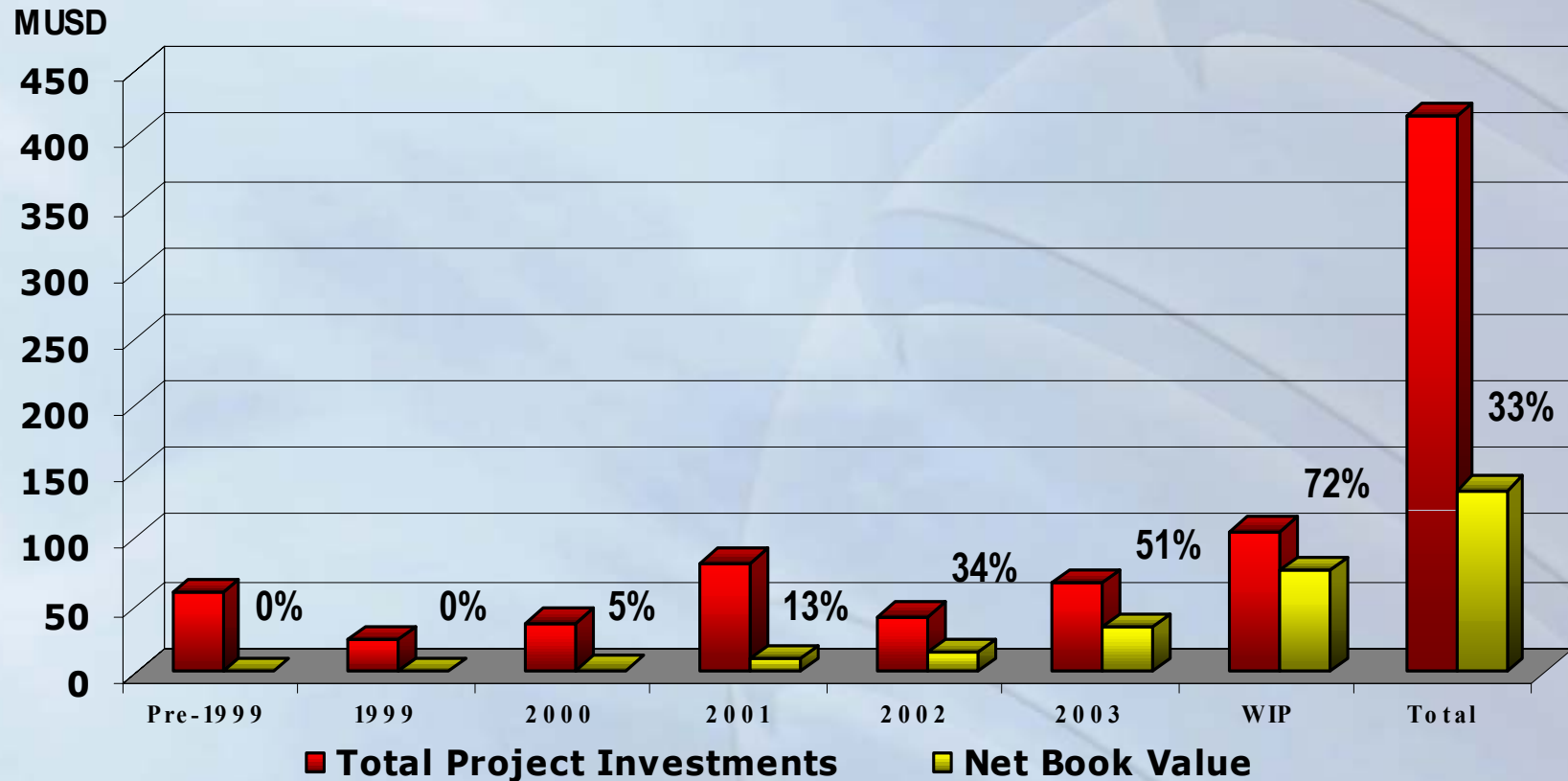
MCS Accounting – Matching Principle



- Accounting Standards recommend to match Revenues and Costs in time
- TGS-NOPEC 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
- The application of such rules varies from company to company, some allowing for longer lifetimes and less amortization in the first years.

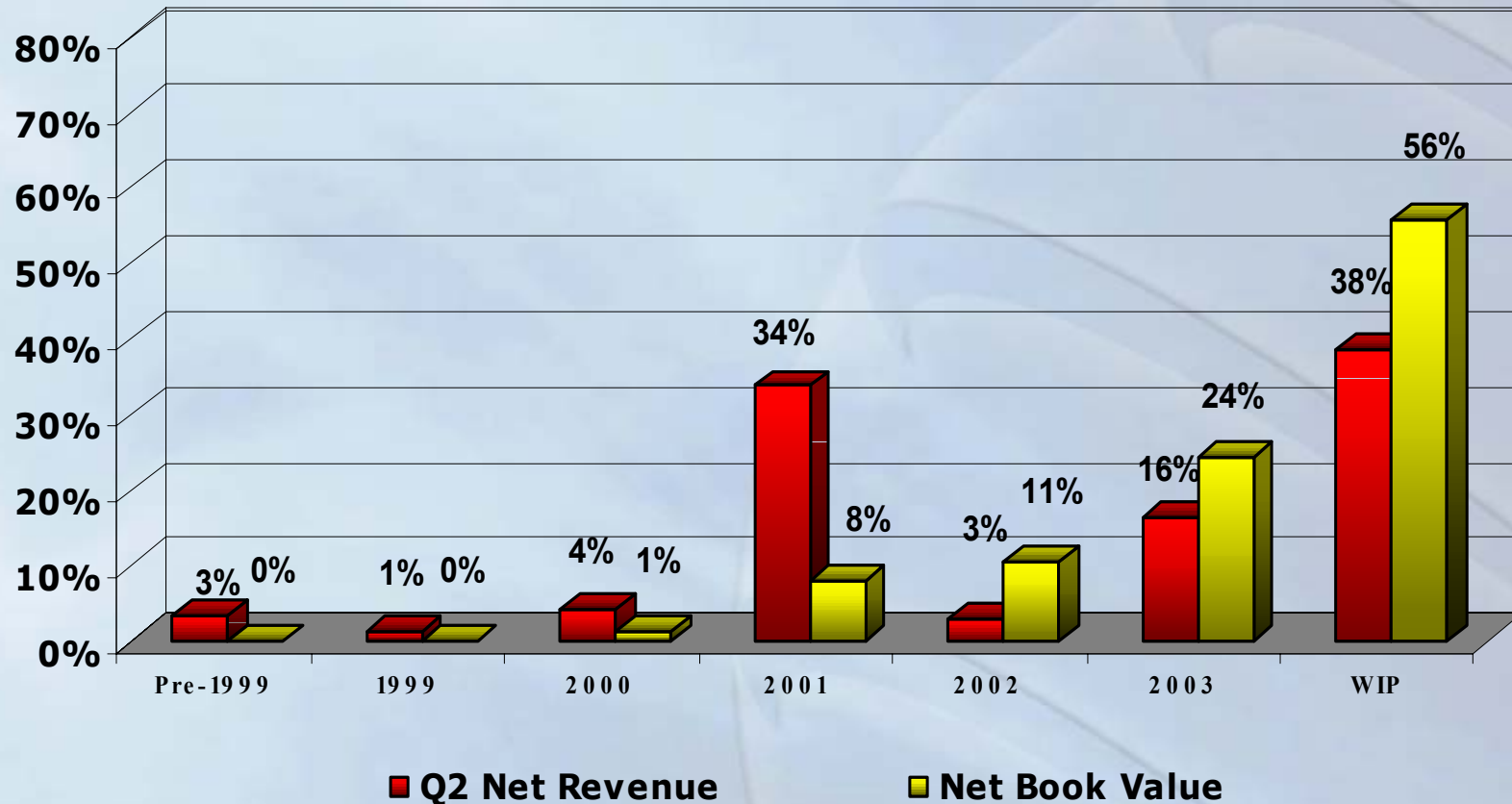
Multi-Client Library NBV in % of Original Investment

– Seismic Segment – June 30, 2004

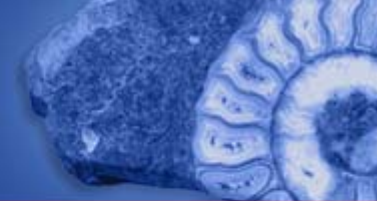


Q2 2004 Multi-Client Net Revenues & NBV Per Vintage

- Seismic Segment



Q2 2004 Cash Flow Statement



Payments From Sales Received	21.2
Payments for acquired seismic and well logs	-28.5
Operational Cost Paid	-9.5
Taxes Paid	-2.6
Operational Cash Flow	-19.4
Investments Fixed Assets	-0.2
Investment in Riley	-1.3
Net Change in Long-term Receivables	0.3
Net Change in Loans	39.4
Paid in Equity	0.8
Change in Cash Balance	19.5

YTD 2004 Cash Flow Statement



Payments From Sales Received	75.3
Payments for acquired seismic and well logs	-59.2
Operational Cost Paid	-16.9
Taxes Paid	-6.4
Operational Cash Flow	-7.2
Investments Fixed Assets	-0.4
Investment in Riley	-2.6
Net Change in Long-term Receivables	1.0
Net Change in Loans	36.5
Paid in Equity	2.3
Change in Cash Balance	29.6

Q2 Cash Flow vs P&L - TIMING EFFECTS



- **Negative Operating Cash Flow in Q2 of 19,4 MUSD due to:**
 - Net Sales 41,0 MUSD, collected only 21,2 MUSD,
 - so 20,0 MUSD Accounts Receivable build-up
- **Reduced Short-term Liabilities by 6,0 million**
- **Management expects Operating Cash Flow to be positive in Q3 and Q4 and for the 12 months of 2004**
- **M&A Activities unforeseeable re Cash Flow.**
- **Liquidity Reserve at end June,2004 total 66,5 MUSD:**
 - Cash 47 MUSD
 - Unused drawing rights 19,5 MUSD

Q2-04 EBITDA / Cash Generated

			Q2 2004	Q2 2003	%
Net Operating Revenues			41.0	28.3	45%
Materials			1.8	0.5	265%
Other operating expenses			8.2	6.9	19%
EBITDA /Cash before Invest.			30.9	20.9	48%
			76%	74%	
Op Investment MC Library			24.2	16.5	47%
Less Non-cash Inv. portion					
Cash from Operations			6.7	4.4	53%
In % of Net Revenues			16%	16%	

(Timing of in and outflows eliminated)

Late Sales in Q2

- Accounted for 69% of Gross Revenues
- Strongest regions were Gulf of Mexico and Europe
- Results included a more normal distribution of “large-scale” purchase commitments than the two previous quarters

Operational Highlights



- Completed OBC phase of “Deep Resolve” 3D project in mid-May. Streamer operations continue on schedule.
- Completed acquisition of new 2D project in the Natuna Sea along the boundary between Indonesia and Vietnam
- Began acquiring a major expansion of North Sea Renaissance 2D project
- Mobilized to begin acquiring a new 2D project in the Russian Sea of Okhotsk
- In June, began work for the US Minerals Management Service as the official contractor for collecting and distributing processed well log data from new offshore wells

Natuna Sea – Heimdall 2D Project

- 9,300kms within both Indonesian & Vietnamese Waters
- South China Sea maritime border agreed June 2003
- Supported by industry pre-funding
- Separate Bid rounds to be conducted by Indonesia & Vietnam – 2nd half 2005



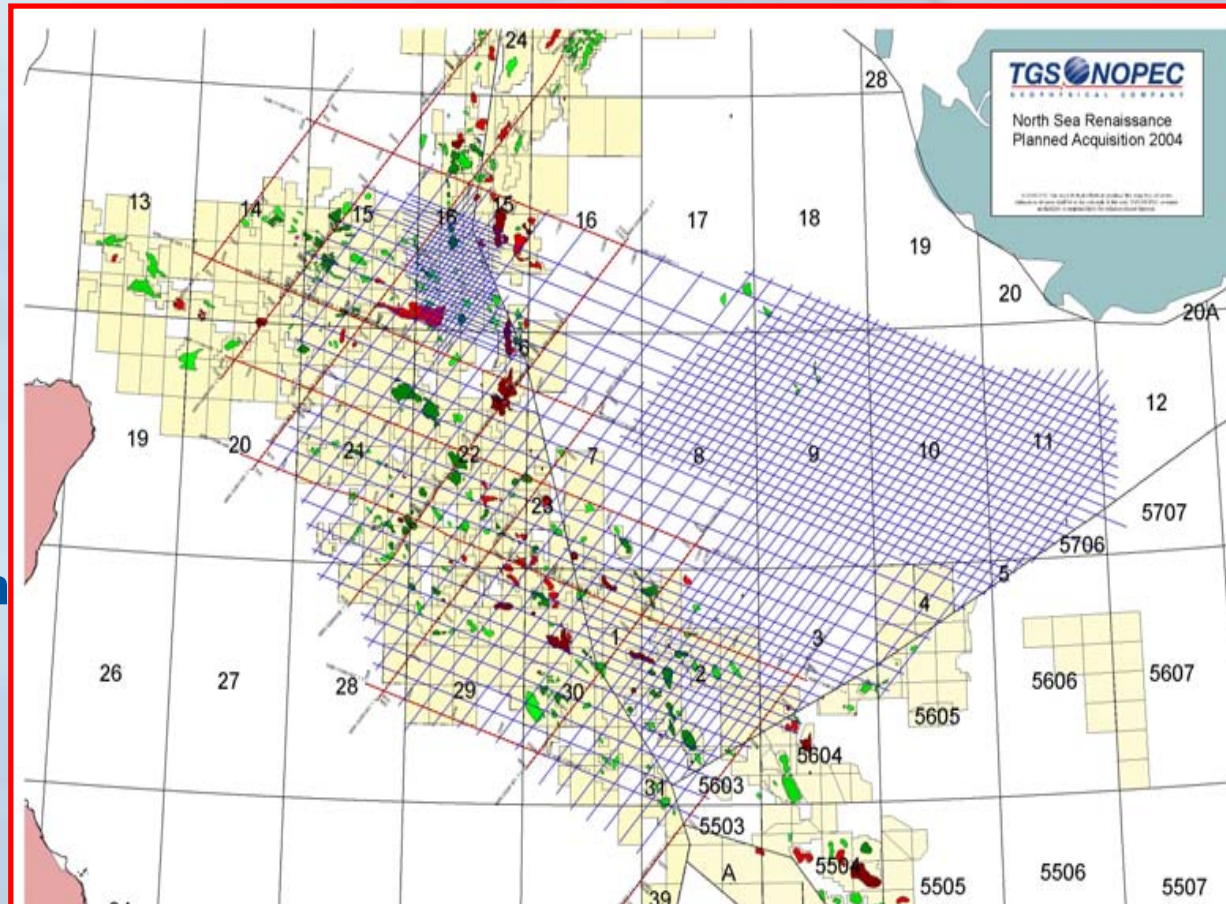
North Sea Renaissance 2D Project

2003 Pilot Program:
successfully proved the
long offset concept for
the North Sea

- 3,300 km
- Better deeper imaging
- Enhanced AVO capabilities, including 3 angle stacks and PSTM corrected gathers
- Adds confidence to interpretation

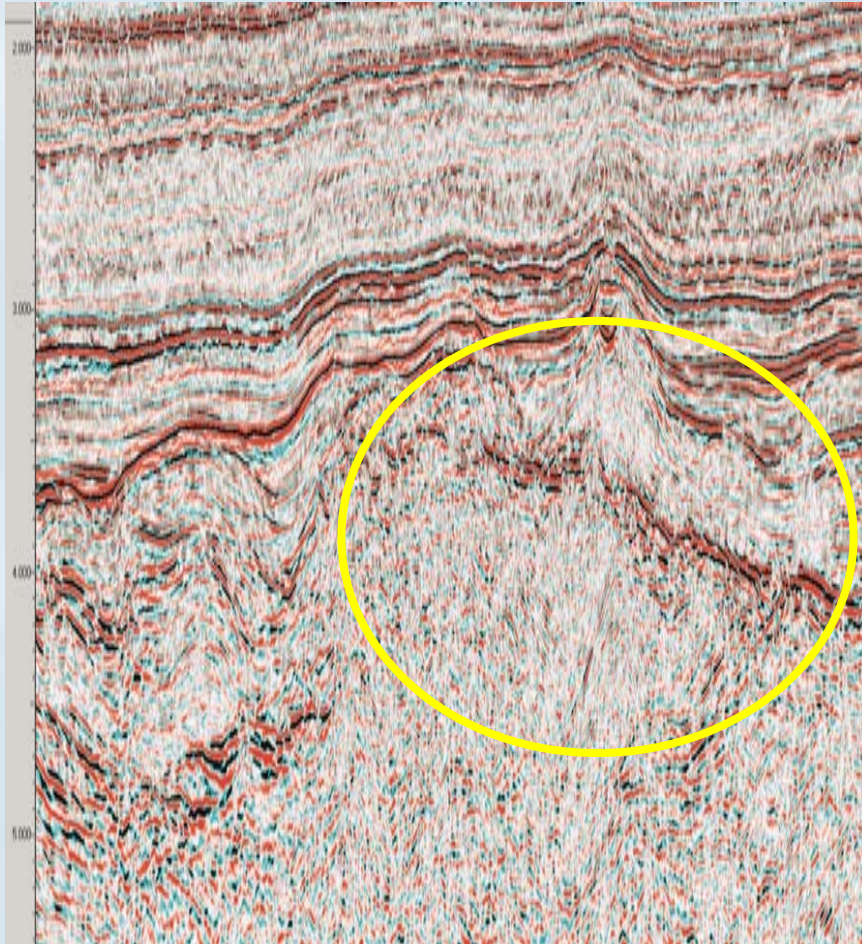
2004 planned acquisition

- 23,000 km (~ 6,000 km in Q2)
- Pre-funded by several oil companies

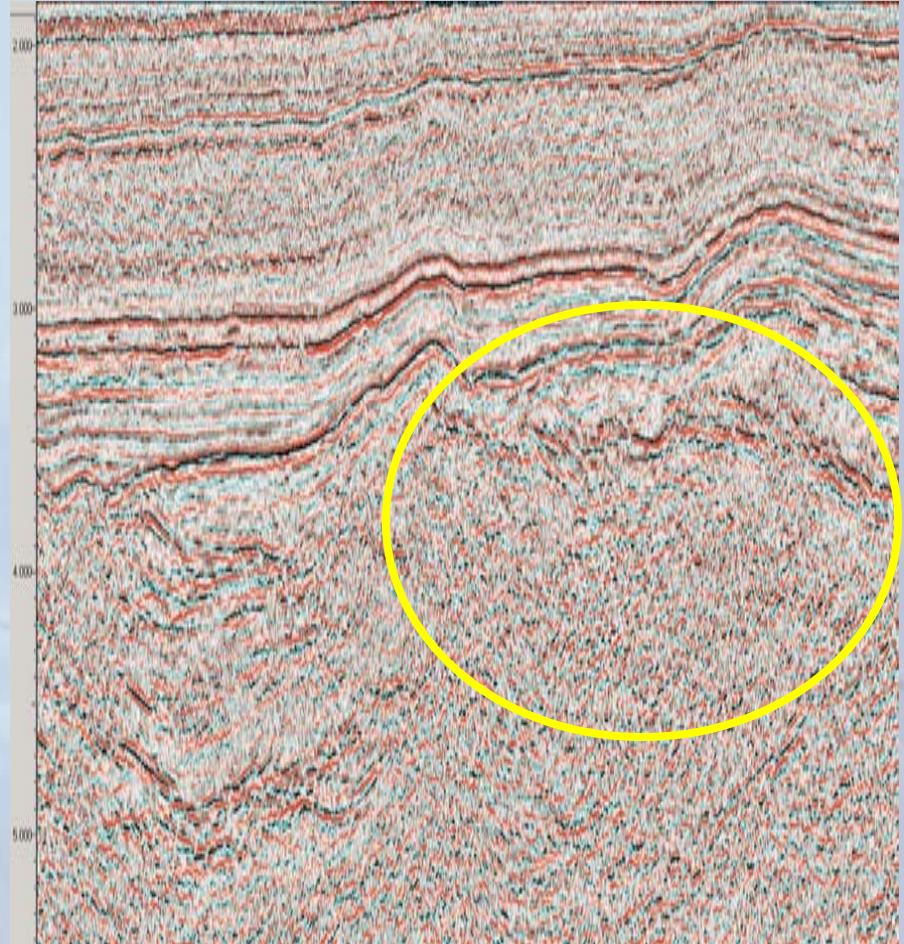


North Sea Renaissance

NSR Long offset data

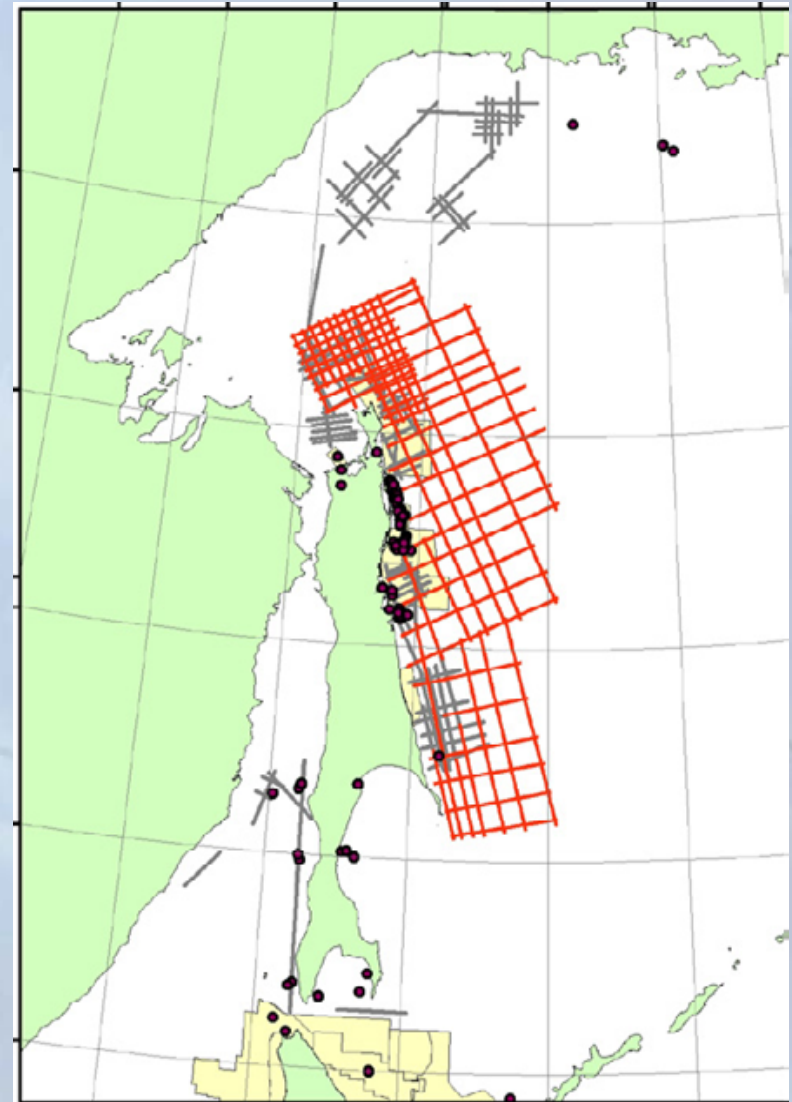


Vintage data standard offset



Sea of Okhotsk – SA04 2D Project

- Proven but under-explored basin, potential for world-class reserves
- Approximately 10,000 km
- Acquisition start-up: July 2004 & Data delivery: Nov/Dec 2004
- Infill of -98 survey (just reprocessed) + testing new exploration models in intermediate to deep water
- Well pre-funded

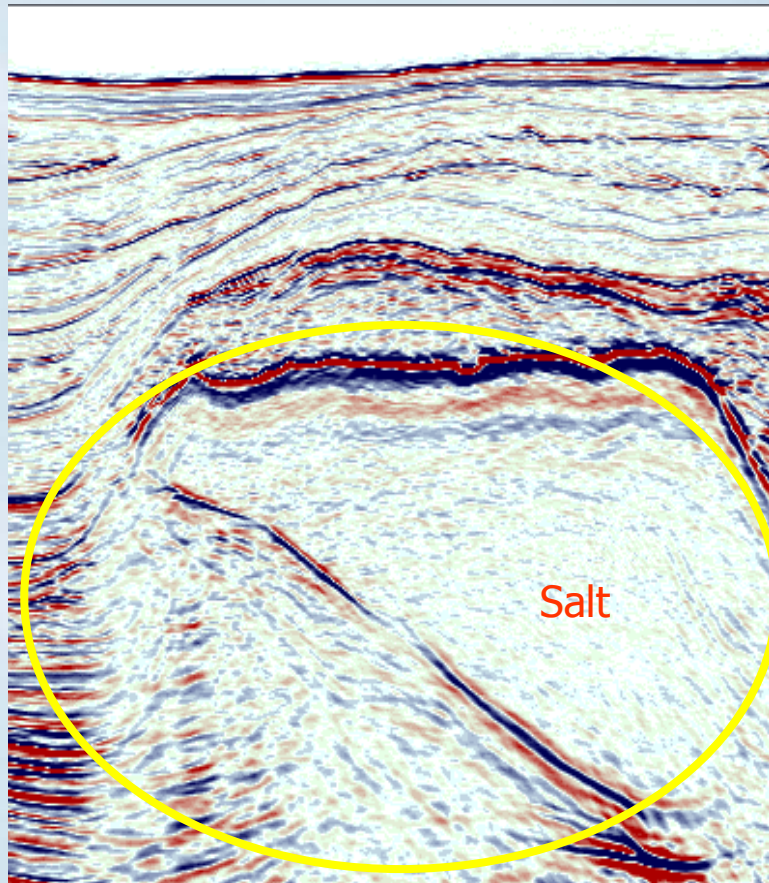




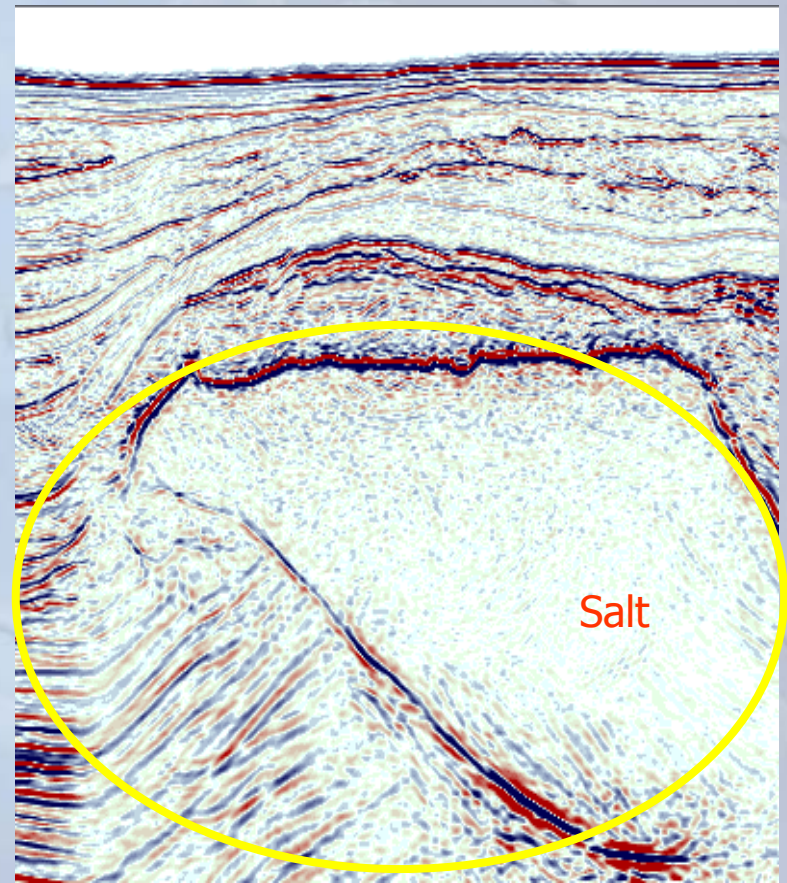
- Leading edge provider of high-tech seismic imaging solutions based in Houston
 - 25 employees
 - Internally developed proprietary tools and techniques
 - Over 5 Terra flops of compute power
- Earned 2003 revenues of USD 10,6 M and operating profit of USD 2,5 M (un-audited)
- Current backlog largely composed of two major TGS-NOPEC 3D projects: Deep Resolve and Mississippi Canyon Revival totaling **20,000 sq kms!**

Mississippi Canyon 3D – Revival PSTM Reprocessing

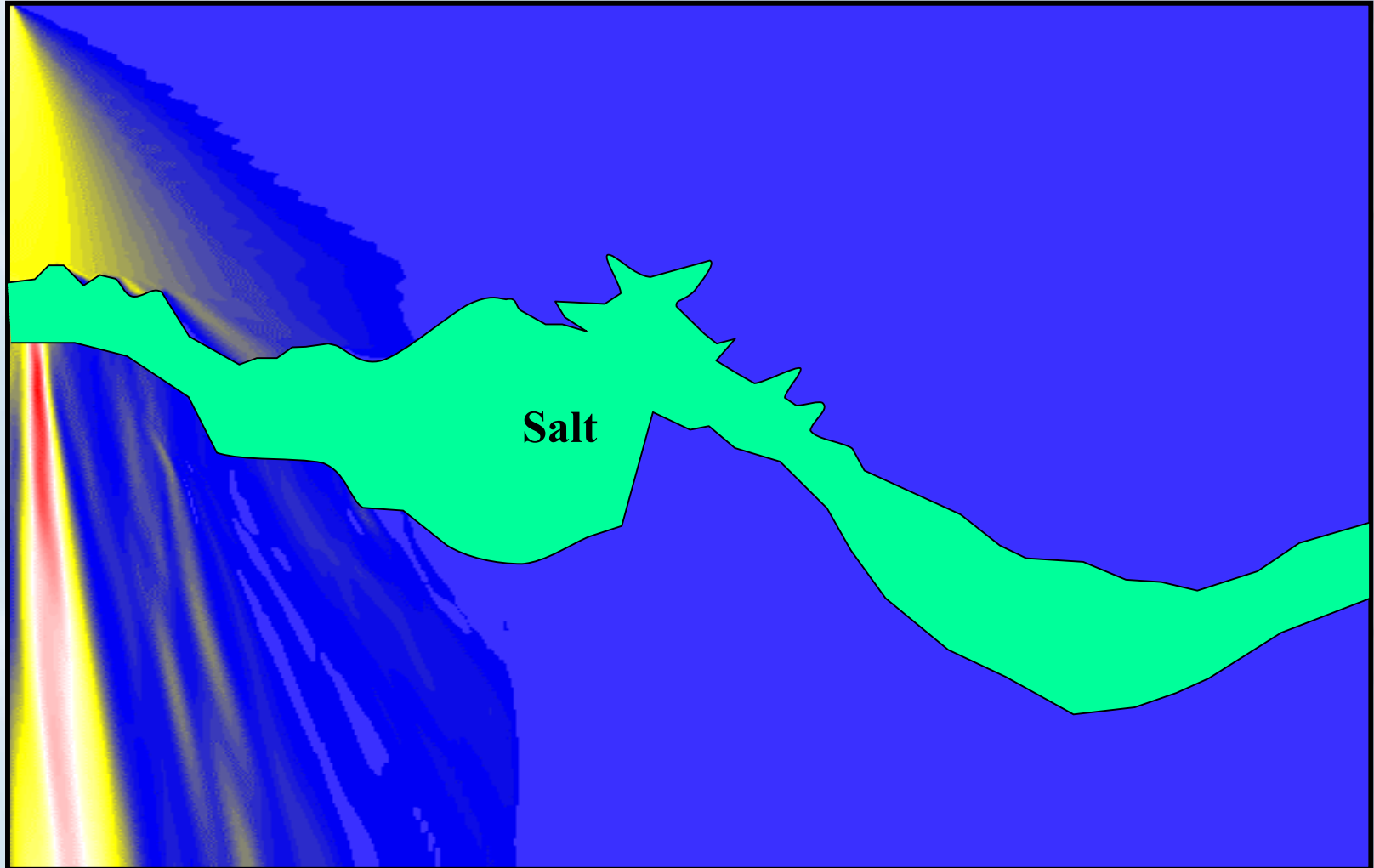
Original Processing



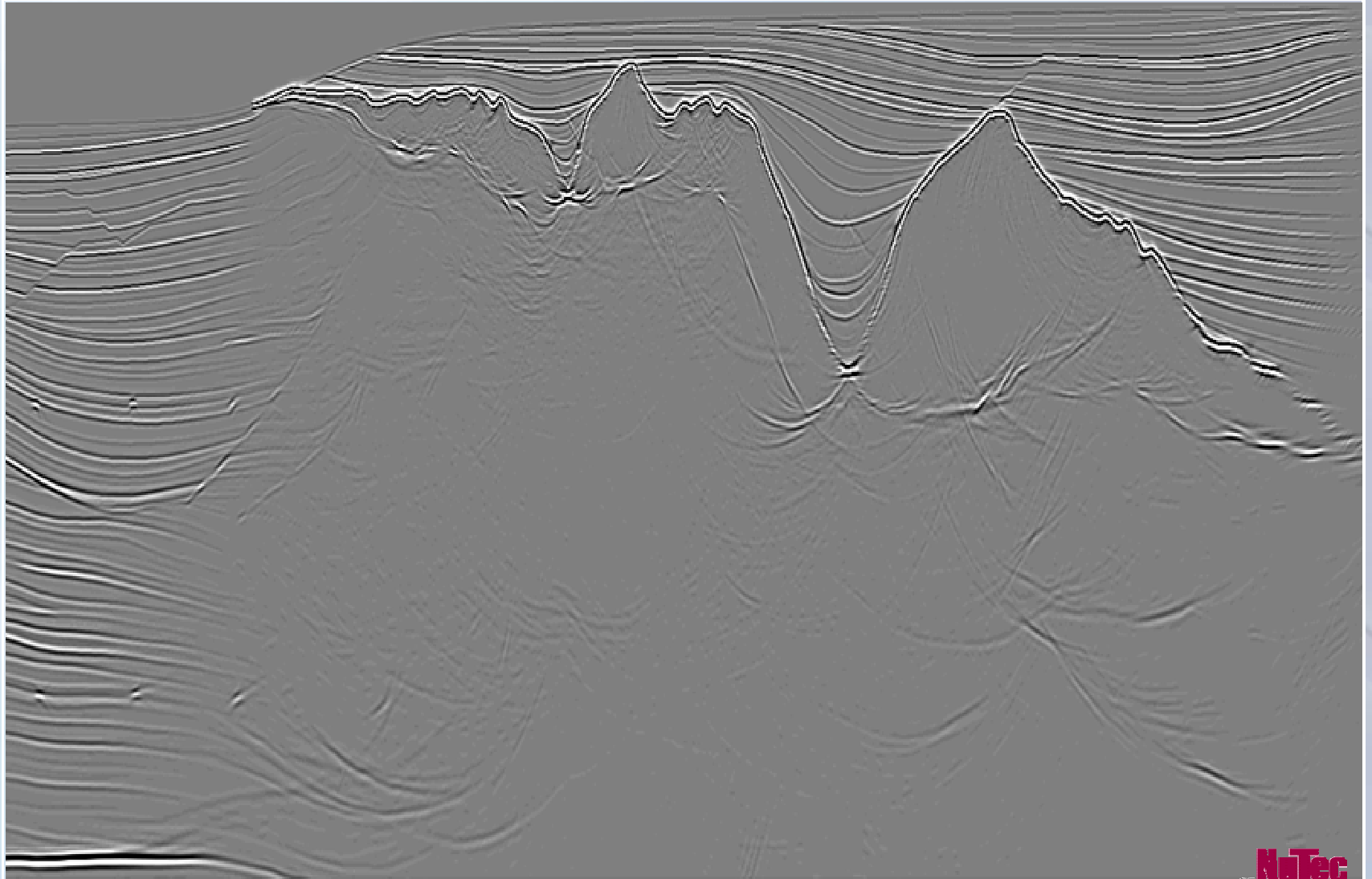
NuTec 2004 Processing



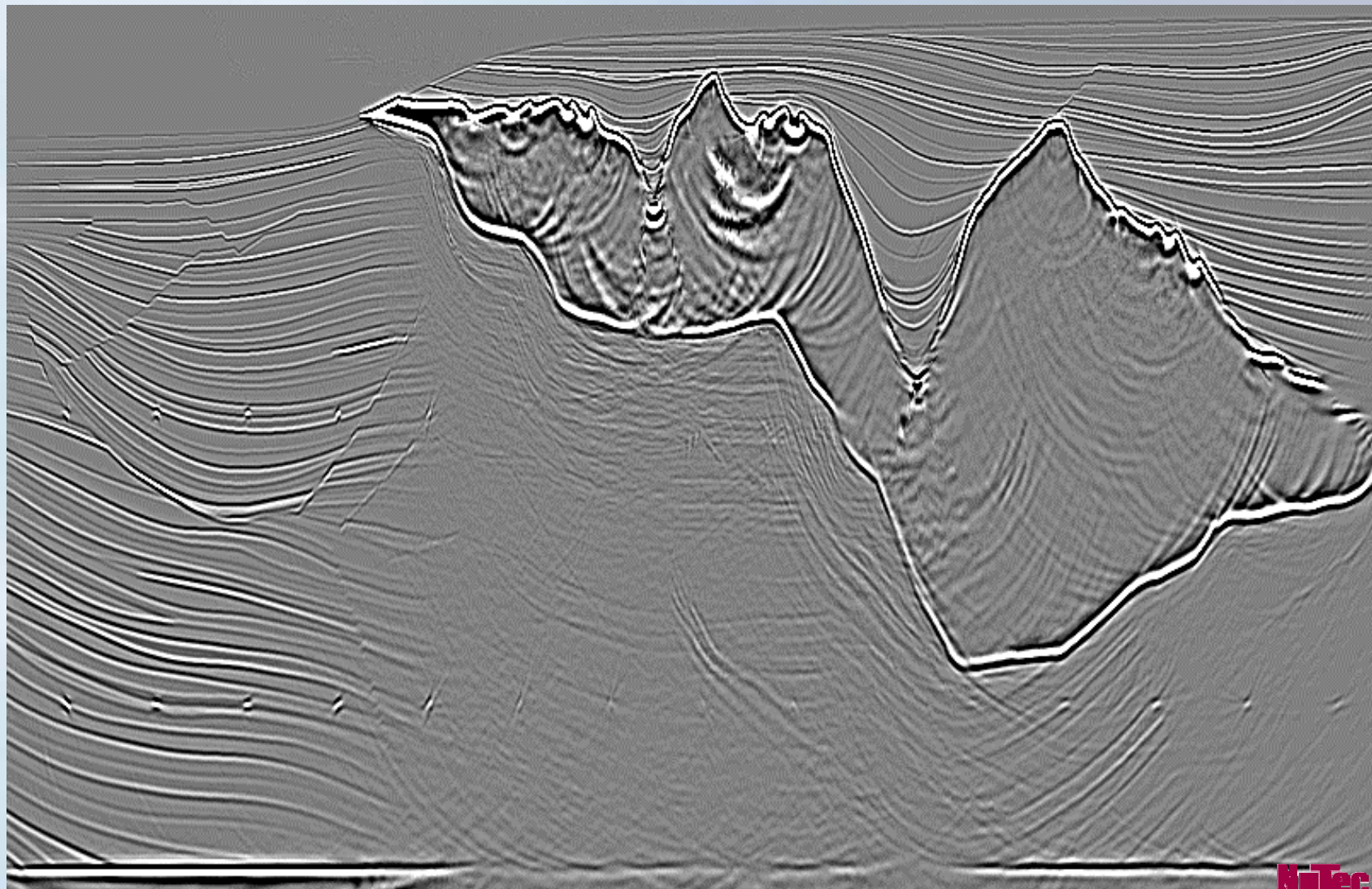
NuTec Wave Equation Illumination Analysis



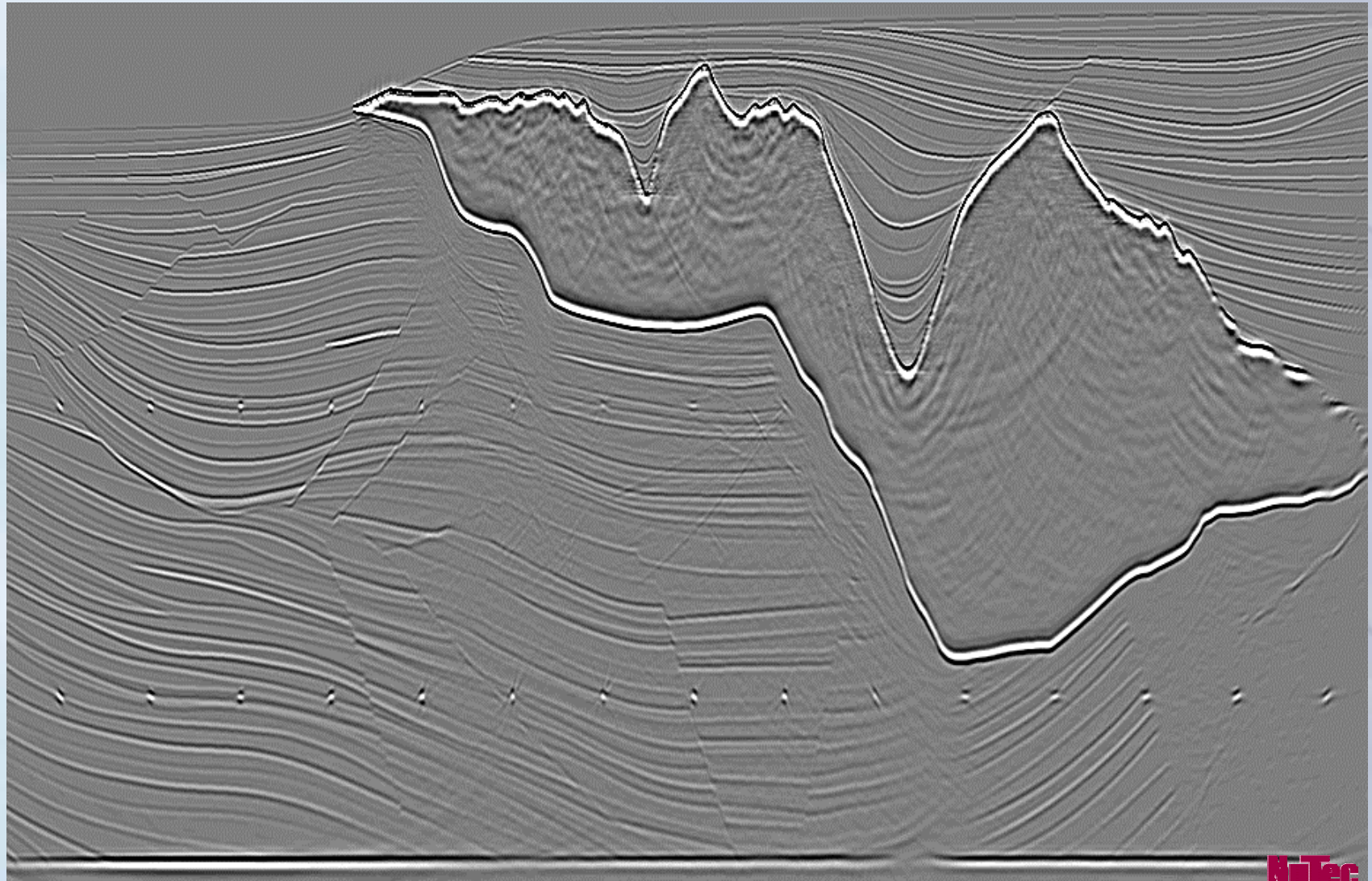
3D Pre-stack Time Migration (Sigsbee Model)



3D Kirchhoff Pre-Stack Depth Migration (Sigsbee Model)



3D Wave Equation Pre-Stack Depth Migration (Sigsbee Model)



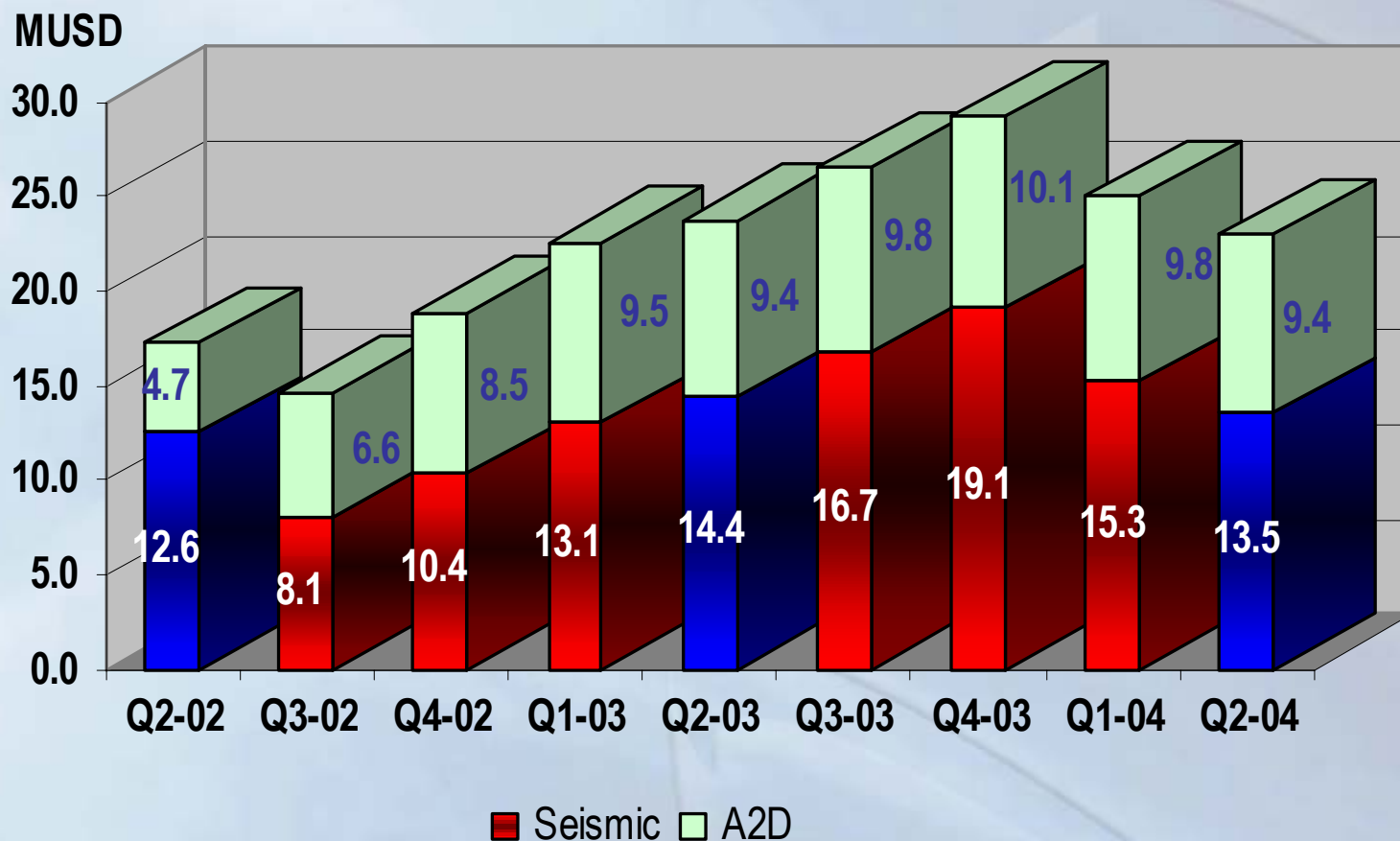
Plan for NuTec



- **Continue development of 3rd party contract imaging services & sw sales**
 - *Between USD 1.5 and 2 million expected in 2nd half 2004*
 - *Global TGSN sales force and marketing expertise will add value over time*
- **Upgrade and grow TGSN data library at attractive sales/cost multiples utilizing NuTec's high end imaging technology**
 - *Best-in-class technology on new multi-client surveys*
 - *Re-vitalize older projects*
- **Offer highly efficient and quick "custom add-on" iterations for clients during the processing of TGSN multi-client surveys**
 - *Better value to TGSN project pre-funders*
- **Generate return on investment in NuTec comparable to our best performing multi-client survey investments**

Backlog in Seismic & Well Log Segments

- At end of Quarter



Total Backlog was down 8% during Q2, and 3% lower than a year ago.

Outlook & Expectations

- Level of interest from customers and current sales quotation activity are encouraging
- Rate of investment in multi-client library will slow during the second half of the year. Total 2004 operational investments expected to be at the high end of the previously guided USD 75 – 80 million range
- Pre-funding ratio expected to be towards the low end of the previously guided range (45 – 55%)
- Operational cash flow expected to be positive for Q3, Q4, & the full year 2004
- We continue to forecast full year net revenue growth of 15%