TGS

Presentation of the 2nd Quarter 2005 Results August 11th 2005

Arne Helland Chief Financial Officer

Hank Hamilton Chief Executive Officer



TGS-NOPEC Geophysical Company

Forward-Looking Statements

All statements is 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.



Q2 2005 Financial Highlights

Net Revenues up 34% from Q2 2004

• Totaled 55.0 MUSD, up MUSD 14,0

Net Late Sales increased 65%

Totaled 45,2 MUSD

Prefunding on Investments 39% vs 43% in Q2 last year

Investments 10% lower: MUSD 21,8 vs MUSD 24 in Q2 2004

Multi-Client Amortization Rate 41%

• Vs. 45% in Q2 2004

Cash Flow from Operations Positive 16.0 MUSD

Vs. A Negative 19.4 MUSD during Q2 2004

EBIT margin 40% and up 66% from Q2 2004

Was 32% in Q2 2004

EPS (fully diluted) : 54 cents, up 77% from Q2 2004

Undiluted 57 cents, up 74% from Q2 2004



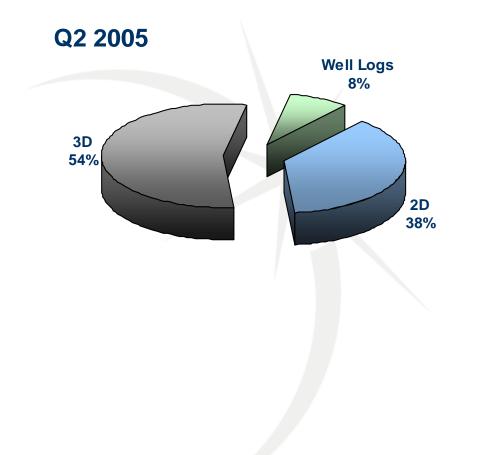
Q2 2005 Profit & Loss (MUSD)

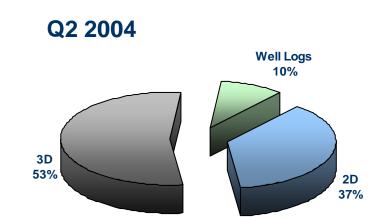
		Q2 2005	Q2 2004	Change	%
Gross Sales		62.5	44.9	17.6	39%
Income sharing & Royalties		-7.5	-3.9	-3.6	90%
Net Operating Revenues		55.0	41.0	14.1	34%
Materials		0.2	1.8	-1.7	-91%
MCS Amortization	41%	21.9	16.9	5.0	30%
Gross Margin		32.9	22.2	10.7	48%
Other operating expenses		9.9	8.2	1.7	20%
Cost of Stock Options		0.7	0.3	0.4	108%
Depreciation		0.4	0.5	-0.1	-11%
Operating Profit	40%	21.9	13.2	8.7	66%
Net Financial items		0.3	-0.8	1.1	-137%
Pre-tax Profit	40%	22.2	12.4	9.8	79%
Taxes		7.6	4.2	3.4	80%
Net Income	27%	14.6	8.2	6.4	78%
EPS, undiluted		0.57	0.33	0.2	74%
EPS, fully diluted		0.54	0.31	0.2	77%



Q2 2005 Net Revenues

- Per Segment

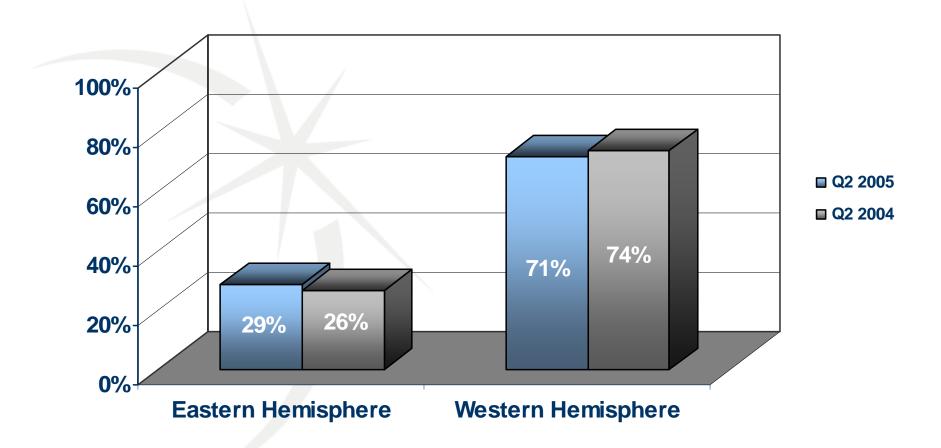






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Q2 Geographical Net Revenue Distribution





Q2 2005 Cash Flow Statement

	Q2 2005	Q2 2004
Payments From Sales Received	38.0	21.2
Payments for acquired seismic and well logs	-12.0	-28.5
Operational Cost Paid	-8.8	-9.5
Taxes Paid	-1.1	-2.6
Operational Cash Flow	16.0	-19.4
Investments Fixed Assets	-0.5	-0.2
Investments through Mergers and Acquisitions	0.0	-1.3
Net Change in Long-term Receivables	0.0	0.3
Net Change in Loans	-0.1	39.4
Purchase of own Shares	-2.2	0.0
Paid in Equity	0.2	0.8
Change in Cash Balance	13.5	19.5



Share Buyback in May 2005

- 17,550 shares bought May 9th at NOK 165,76
- 11,400 shares bought May 10th at NOK 169,57
- 30,000 shares bought May 12th at NOK 171,00
- 25,250 shares bought May 13th at NOK 164,05

All in all 84,200 shares bought back in the market for USD 2,2 million (average 167,63 NOK per share)



Year-To-Date Results

Arne Helland Chief Financial Officer



TGS-NOPEC Geophysical Company

YTD 2005 Financial Highlights

Net Revenues up 35% from YTD 2004

Totaled 93.8 MUSD, up MUSD 24.1

Net Late Sales increased 66%

Totaled 79.9 MUSD

Prefunding on Investments 41% vs 39% 6 months 2004

Investments 27% lower to MUSD 37.7

Multi-Client Amortization Rate 39%

Vs. 45% the first 6 months 2004

Cash Flow from Operations Positive 42.3 MUSD

Vs. A Negative 7.2 MUSD for first 6 months 2004

EBIT margin 39% and up 80% from 6 months 2004

Was 29% first 6 months 2004

• EPS (fully diluted) : 89 cents, up 79% from last year

Undiluted 94 cents, up 76% from last year



YTD 2005 Profit & Loss (MUSD)

	6 Months 2005	6 Months 2004	Change	%
Gross Sales	104.1	77.0	27.1	35%
Income sharing & Royalties	-10.3	-7.3	-3.0	41%
Net Operating Revenues	93.8	69.7	24.1	35%
Materials	0.2	2.1	-1.9	-88%
MCS Amortization 39%	35.8	29.6	6.2	21%
Gross Margin	57.7	37.9	19.8	52%
Other operating expenses	19.2	16.2	3.0	18%
Cost of Stock Options	1.5	0.7	0.8	118%
Depreciation	0.9	1.0	-0.1	-9%
Operating Profit 39%	36.2	20.1	16.1	80%
Net Financial items	0.3	0.1	0.2	279%
Pre-tax Profit 39%	36.5	20.2	16.3	81%
Taxes	12.5	6.9	5.7	82%
Net Income 26%	24.0	13.3	10.7	80%
EPS, undiluted	0.94	0.53	0.4	76%
EPS, fully diluted	0.89	0.50	0.4	79%



YTD 2005 Cash Flow Statement

	YTD 2005	YTD 2004
Payments From Sales Received	105.8	75.3
Payments for acquired seismic and well logs	-30.9	-59.2
Operational Cost Paid	-18.9	-16.9
Taxes Paid	-13.7	-6.4
Operational Cash Flow	42.3	-7.2
Investments Fixed Assets	-1.6	-0.4
Investments through Mergers and Acquisitions	0.0	-2.6
Net Change in Long-term Receivables	0.2	1.0
Net Change in Loans	-0.4	36.5
Purchase of own Shares	-2.2	0.0
Paid in Equity	9.4	2.3
Change in Cash Balance	47.7	29.6



Balance Sheet – Key Figures

	Jun-05	%	Mar-05	%	Dec-04	%
Assets						
Cash	110.1	29%	96.6	28%	62.4	18%
Other Current Assets	79.4	21%	62.3	18%	91.4	26%
MC Library	151.4	40%	151.5	43%	149.5	43%
Total Current Assets	340.8	90%	310.4	89%	303.3	88%
Goodwill & Long Receiv.	24.2	6%	25.9	7%	28.5	8%
Fixed Assets	14.2	4%	14.2	4%	13.6	4%
Total Assets	379.2	100%	350.5	100%	345.3	100%
Liabilities						
Short-term debt	0.0	0%	0.1	0%	0.1	0%
Current Liabilities	43.4	11%	30.1	9%	45.1	13%
Long-term Loans	47.1	12%	48.7	14%	51.4	15%
Deferred Tax	16.5	4%	13.0	4%	9.1	3%
Equity	272.2	72%	258.7	74%	239.5	69%

Cash in excess of interest bearing debt 63.0 MUSD



Multi-Client Library



TGS-NOPEC Geophysical Company

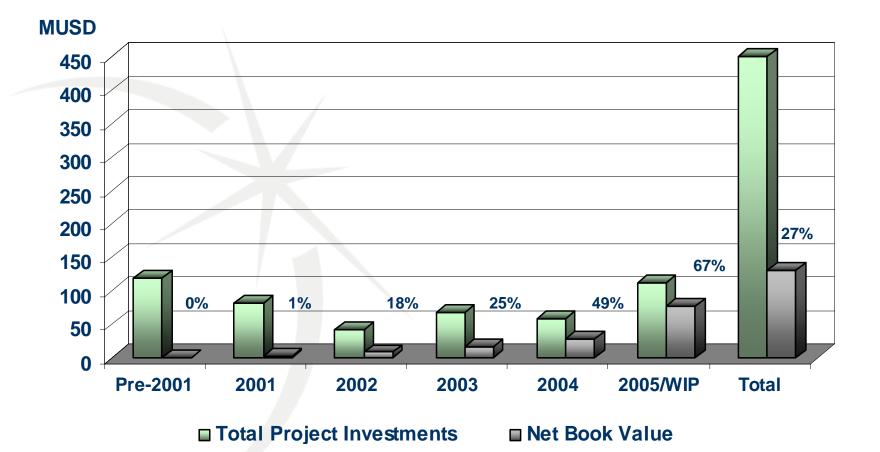
MCS Accounting – Matching Principle

- 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

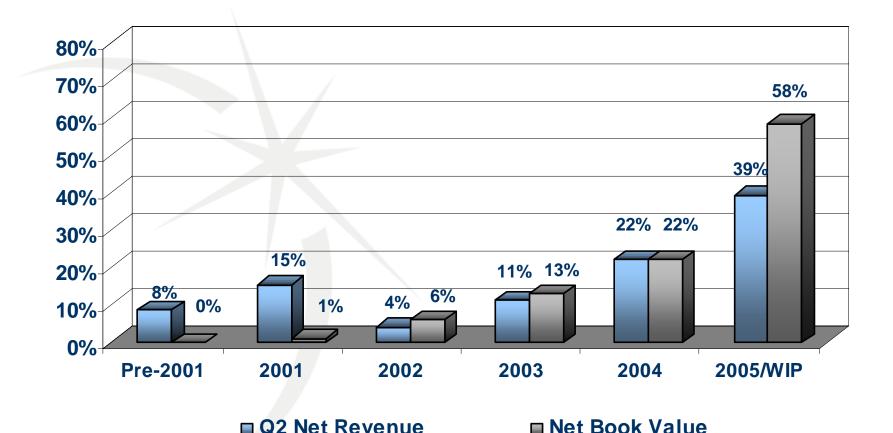
- Seismic segment – June 30, 2005





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Q2 2005 Multi-Client Revenue & ending NBV - Seismic Segment



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Operations & Outlook

Hank Hamilton Chief Executive Officer



TGS-NOPEC Geophysical Company

Late Sales in Q2

- Up 65% from a year ago
- Accounted for 82% of total net revenues
- Very balanced sales mix by product type, vintage, client base, and geographic area
- Strongest regions: Gulf of Mexico, Norway, Brazil, Indonesia
- Noticeably more urgency in customer demand



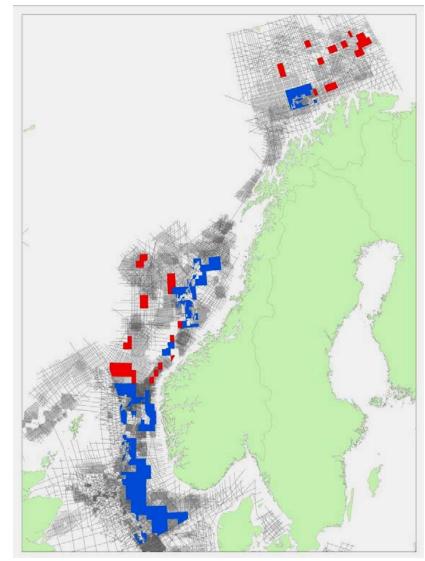
Licensing Rounds in Norway 2005

• 19th Round:

- Deadline for application:
 - ~Dec. 2005

APA blocks:

 Deadline for application: 1st Oct. 2005





Operational Highlights

- GoM: Continuation of Deep Resolve 3D, start of new Sophie's Link 3D
- Europe: 2005 North Sea Renaissance 2D campaign, first multi-client CSEM project
- Africa-Middle East: New 2D project offshore Egypt
- A2D: Two new multi-year comprehensive well log contracts, on track with conversion of Riley hardcopy inventory

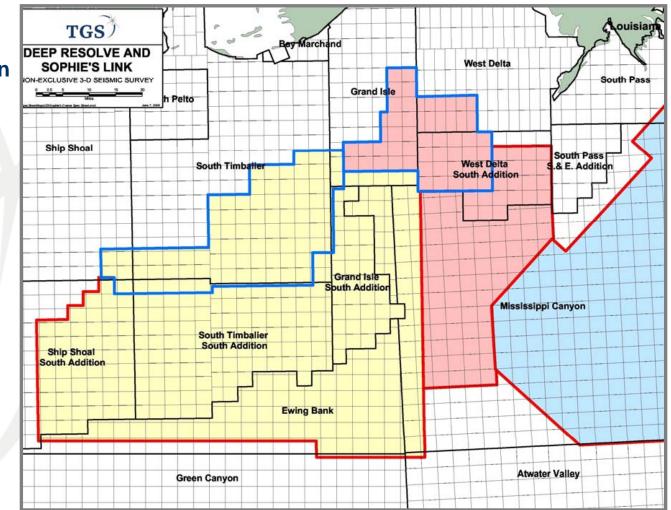


Deep Resolve & Sophie's Link 3D's

 Deep Resolve acquisition to be completed in Q3

Sophie's Link started in Q2:

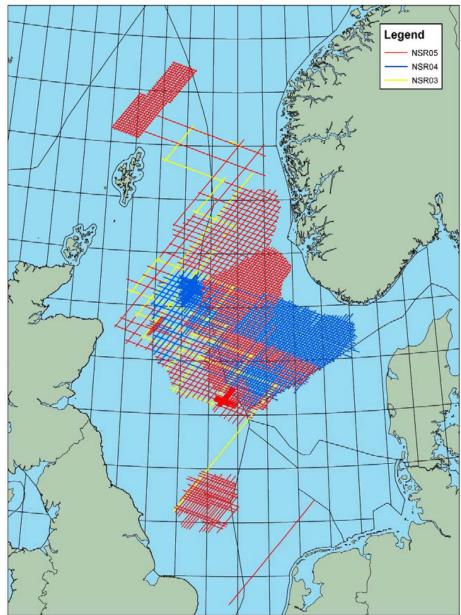
- 4,500 sq km
- OBC & streamer technologies
- Combination deep shelf & deep water (WD: 20 - 1,000 m)





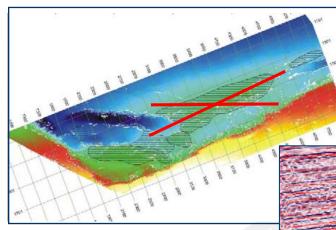
North Sea Renaissance

- NSR 2003: 3,300 km
- NSR 2004: 17,600 km
- NSR 2005: ~ 22,000 km





Controlled-Source Electromagnetic (CSEM)



Prospect with CSEM profiles

Bright target on seismic section

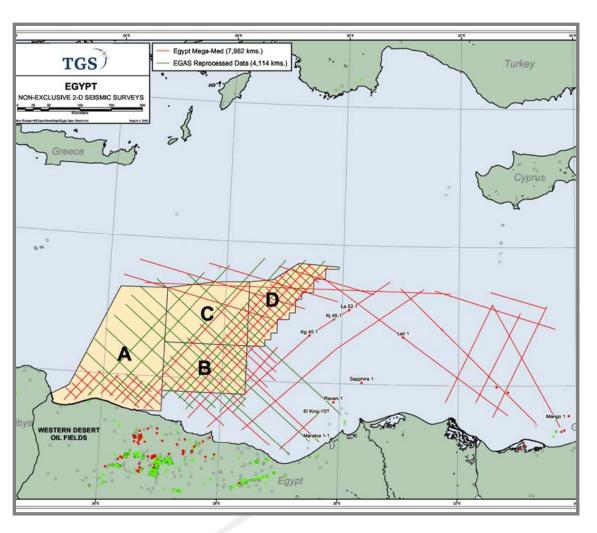
Note: data examples are not from the MFZ survey !

Resistivity co-rendered With seismic section



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Egypt 2D Survey



8,000 kms new data, 4,000 kms reprocessed data

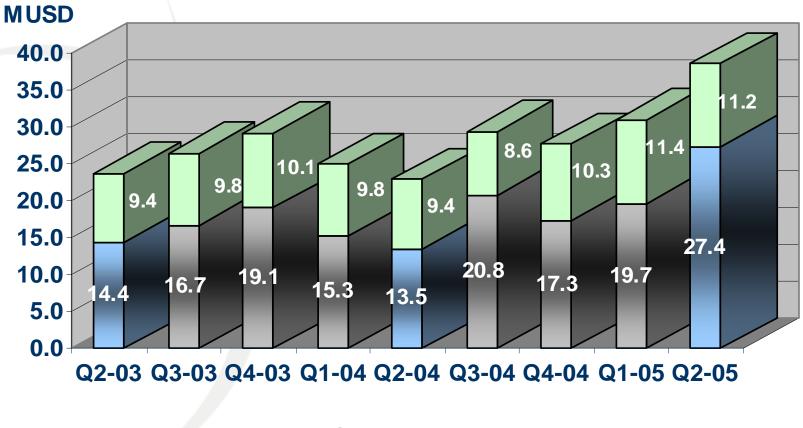
Ties several key discovery wells

 Designed to enhance deeper (oil-prone) geology across entire Nile Delta region

 More detailed coverage over open blocks to be included in a planned licensing round



Backlog



Seismic A2D



Market Outlook

- Demand for seismic & well log data continues to strengthen as exploration becomes a higher priority
- 2005 MC investment plan revised upwards based on high quality & well-funded new project opportunities:
 - Greenland
 - Sea of Okhotsk Sakhalin
 - Barents Sea
 - Other potential projects still possible within 2005
- Vessels secured to handle expanded plan



Updated 2005 Expectations

- MC Library investments of <u>USD 95 110 million</u> (up from 80-90)
- Average pre-funding 45 55% of investments (unchanged)

Average amortization rate 42 – 47% of net revenues (unchanged)

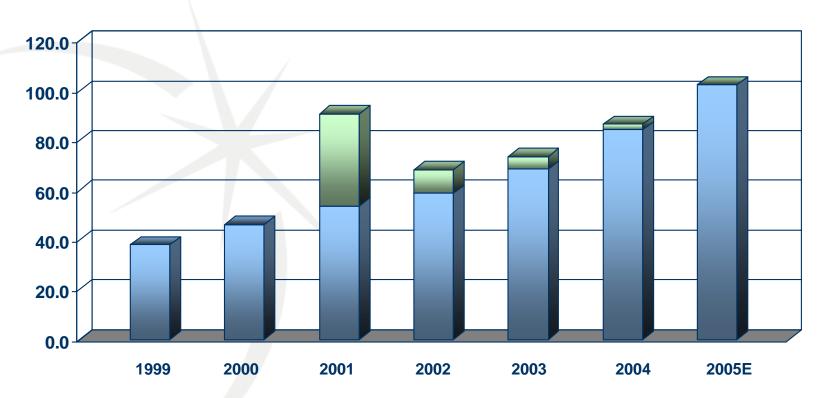
Annual net revenue growth of approximately <u>30%</u> (up from ~ 20%)



Multi-Client Investment by Year

- Well positioned to profit from the up-cycle !

MUSD



Investments in New Projects

Multi-Client Seismic Purchased from Third Parties



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