



Presentation of the 3rd Quarter 2006 Results

October 26th 2006

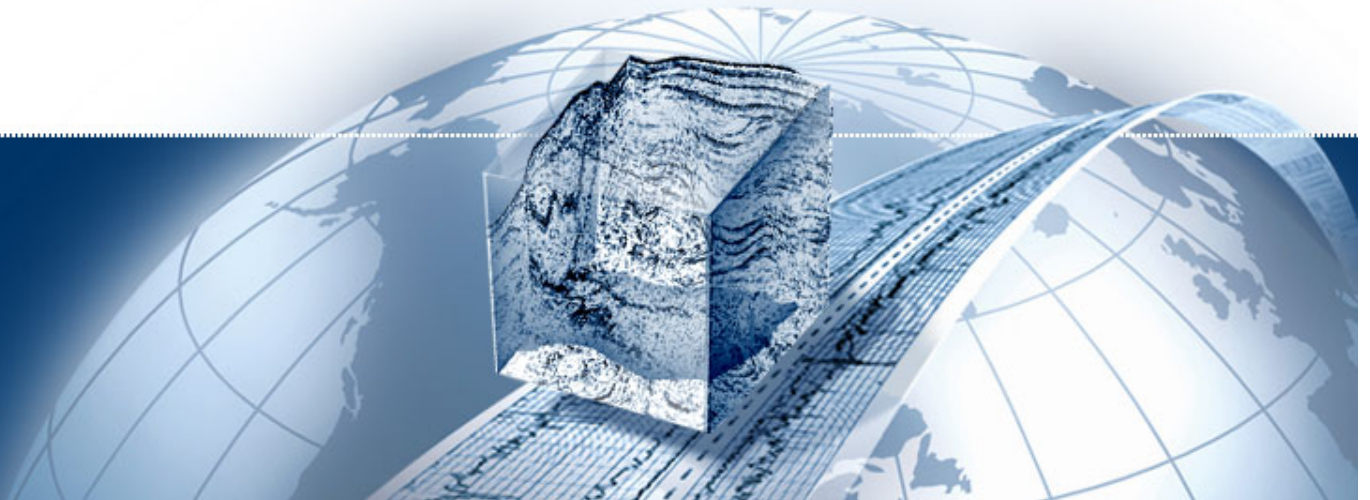
A webcast of this presentation is available at www.tgsnopec.no

Arne Helland
Chief Financial Officer

Hank Hamilton
Chief Executive Officer



TGS-NOPEC Geophysical Company



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.

Q3 2006 Financial Highlights

- **Net Revenues 99.8 MUSD, up 40% from Q3 2005**
 - Net Late Sales 68.3 MUSD, up 22% from Q3 2005
- **Operational Investments up 35% from 32.2 MUSD in Q3-05 to 43.4 MUSD supported by 65% prefunding (up 127%)**
- **Multi-Client Amortization rate 30%**
- **EBIT Margin 55% of Net Revenues**
 - EBIT 54.8 MUSD, up 79% from 30.6 MUSD in Q3 2005
- **EPS \$0.35, up 81% from \$0.19 in Q3 2005**
- **Cash Flow from Operations (ex investments) 81.0 MUSD, up from 39.2 MUSD in Q3 last year..**
- **Spent 10.0 MUSD repurchasing 640,000 shares at NOK 101.51 per share**

Q3 2006 PROFIT & LOSS (MUSD)

	Q3 2006	Q3 2005	Change	%
Gross Sales	107.0	76.3	30.8	40%
Income Sharing & Royalties	(7.2)	(4.9)	(2.3)	46%
Net Operating Revenues	99.8	71.3	28.5	40%
Materials	0.6	0.5	0.1	20%
MC Amortization 30%	28.7	27.3	1.4	5%
Gross Margin	70.6	43.6	27.0	62%
Other Operating Expenses	14.3	12.3	2.0	16%
Cost of Stock Options	0.6	(0.2)	0.8	-448%
Depreciation	0.9	0.9	0.0	5%
Operating Profit 55%	54.8	30.6	24.2	79%
Net Financial Items	2.4	0.4	2.0	501%
Pre-tax Profit 57%	57.1	31.0	26.1	84%
Taxes	19.0	10.2	8.9	87%
Net Income 38%	38.1	20.8	17.3	83%
EPS, undiluted	0.36	0.20	0.2	79%
EPS, fully diluted	0.35	0.19	0.2	81%

Q3 2006 CASH FLOW

	Q3 2006	Q3 2005
Payments from Sales Received	99.4	55.0
Operational Costs Paid	(9.8)	(9.7)
Net Financial Items	1.4	0.4
Taxes Paid	(10.0)	(6.6)
Operational Cash Flow	81.0	39.2
Investments in Fixed Assets	(0.9)	(5.8)
Payments for Acquired Multi-Client Products	(47.4)	(28.4)
Investments through Mergers and Acquisition	-	-
Net Change in Long-term Receivables	0.2	0.6
Net Change in Loans	(0.2)	(0.3)
Purchase of own Shares	(10.0)	-
Paid in Equity	3.1	6.7
Change in Cash Balance	25.9	12.0

9 Months 2006 Financial Highlights

- **Net Revenues 272.2 MUSD, up 65% from 9M 2005**
 - Net Late Sales 205.9 MUSD, up 56% from 9M 2005
 - Net Prefunding 54.3 MUSD, funding 57% of operational investments
 - Proprietary revenues 11.9 MUSD vs 5.2 MUSD in 9M 2005
- **Operational Investments up 37% from 69.9 MUSD to 96.0 MUSD year-to date**
- **Multi-Client Amortization rate 28%**
- **EBIT Margin 55% of Net Revenues**
 - EBIT 149.2 MUSD, up 124% from 66.7 MUSD 9M 2005
- **Cashflow from Operations before MC investments 208.6 MUSD compared to 112.3 MUSD 9M 2005**
- **Cashflow from Operations after Investments in MC-Library MUSD 98.4, up 85% from MUSD 53,1 for the 9 months 2005.**

9 Months 2006 PROFIT & LOSS (MUSD)

		9M 2006	9M 2005	Change	%
Gross Sales		291.6	180.3	111.3	62%
Income Sharing & Royalties		(19.5)	(15.2)	(4.2)	28%
Net Operating Revenues		272.2	165.1	107.1	65%
Materials		2.5	0.7	1.8	249%
MC Amortization	28%	72.3	63.1	9.2	15%
Gross Margin		197.4	101.3	96.1	95%
Other Operating Expenses		43.4	31.4	11.9	38%
Cost of Stock Options		2.0	1.3	0.7	52%
Depreciation		2.8	1.8	1.0	57%
Operating Profit	55%	149.2	66.7	82.5	124%
Net Financial Items		1.8	0.7	1.1	149%
Pre-tax Profit	55%	151.0	67.5	83.6	124%
Taxes		50.4	22.7	27.7	122%
Net Income	37%	100.6	44.8	55.9	125%
EPS, undiluted		0.96	0.44	0.5	120%
EPS, fully diluted		0.92	0.41	0.5	123%

9 Months 2006 CASH FLOW

	9M 2006	9M 2005
Payments from Sales Received	286.4	160.8
Operational Costs Paid	(37.3)	(28.9)
Net Financial Items	2.5	0.7
Taxes Paid	(42.9)	(20.3)
Operational Cash Flow	208.6	112.3
Investments in Fixed Assets	(2.8)	(7.3)
Payments for Acquired Multi-Client Products	(110.2)	(59.2)
Investments through Mergers and Acquisition	(7.2)	-
Net Change in Long-term Receivables	(3.8)	0.7
Net Change in Loans	2.5	(0.7)
Purchase of own Shares	(10.0)	(2.2)
Paid in Equity	7.4	16.0
Change in Cash Balance	84.5	59.7

Balance Sheet – Key Figures

	30-Sep	%	30-Jun	%	31-Dec	%
Assets						
Cash	218.5	38%	192.7	36%	134.1	29%
Other Current Assets	122.6	21%	124.9	23%	129.9	28%
Total Current Assets	341.2	59%	317.6	59%	264.0	57%
Goodwill & Long-term Receivables	30.2	5%	32.4	6%	21.1	5%
MC Library	188.1	33%	173.3	32%	160.8	35%
Fixed Assets	17.3	3%	17.4	3%	18.7	4%
Total Assets	576.7	100%	540.7	100%	464.5	100%
Liabilities						
Short-term debt	0.0	0%	0.0	0%	0.0	0%
Current Liabilities	63.9	11%	63.6	12%	73.6	16%
Long-term loans	46.6	8%	48.8	9%	45.1	10%
Deferred Tax	41.5	7%	35.5	7%	25.1	5%
Equity	424.6	74%	392.8	73%	320.8	69%

Multi-Client Library



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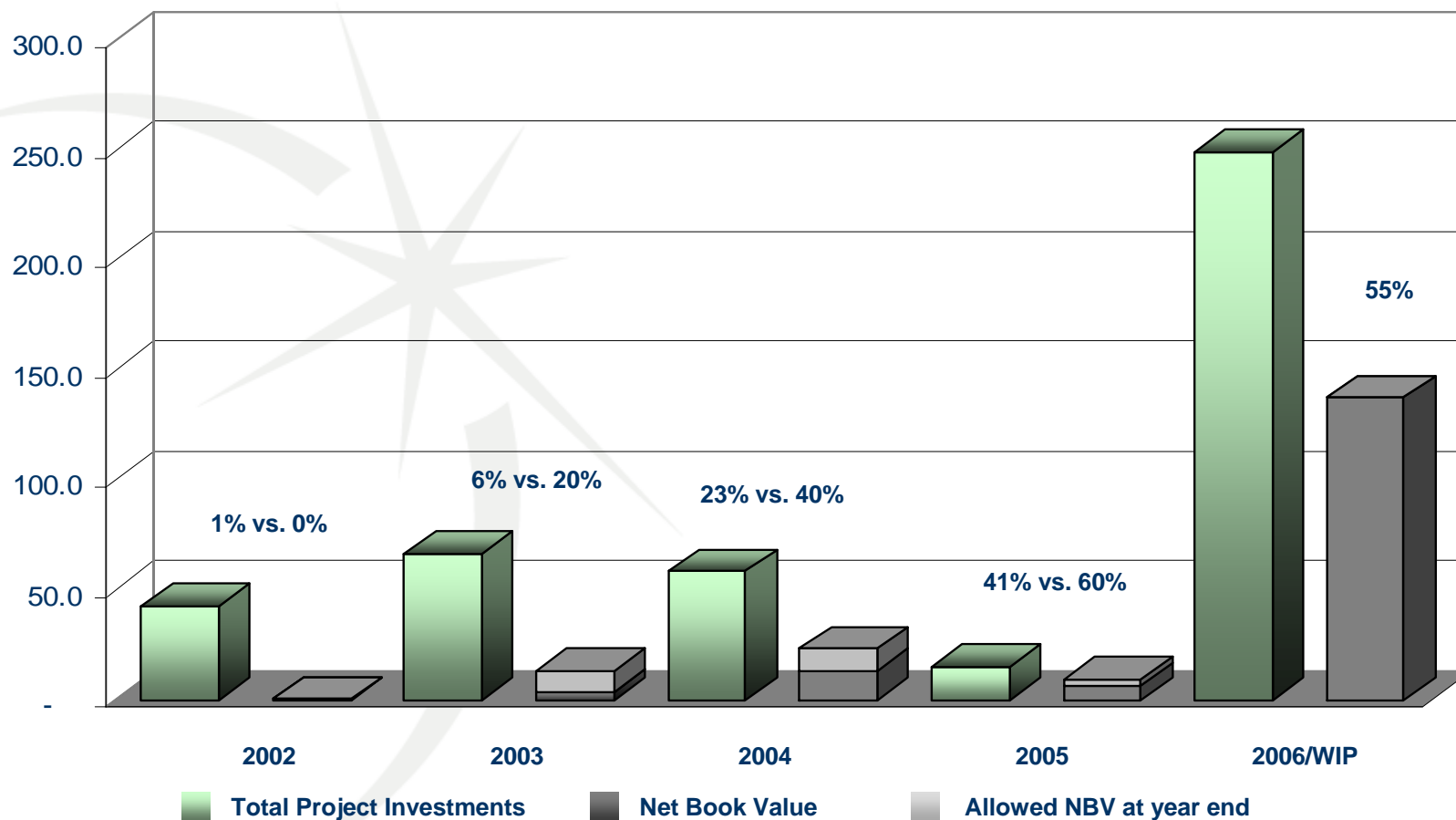
MCS Accounting – Matching Principle

- **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

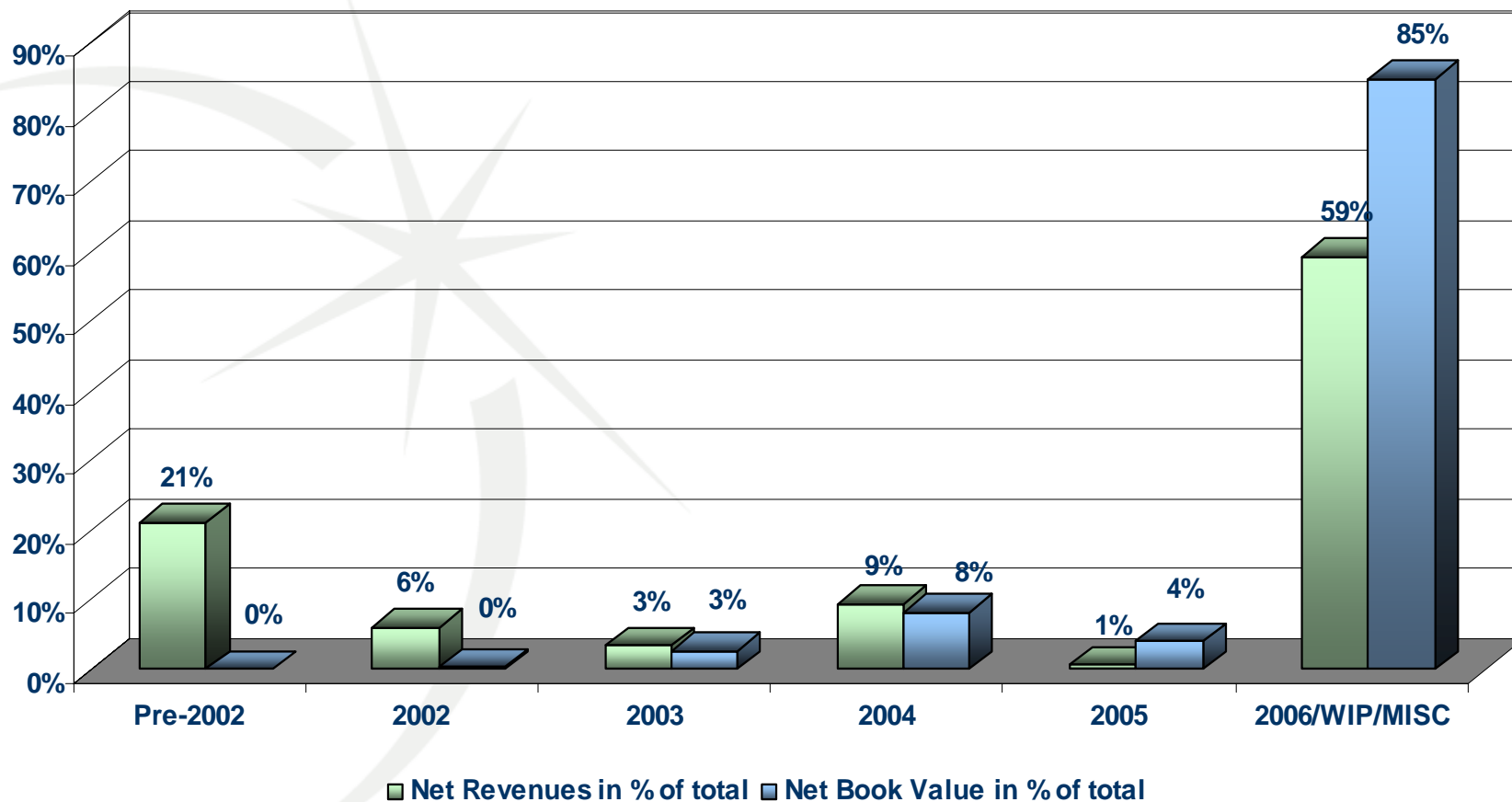
Seismic Segment as of September 30th 2006

Vintages still carrying a Net Book Value



Q3 2006 Multi-Client Net Revenues & Ending NBV

- Seismic Segment

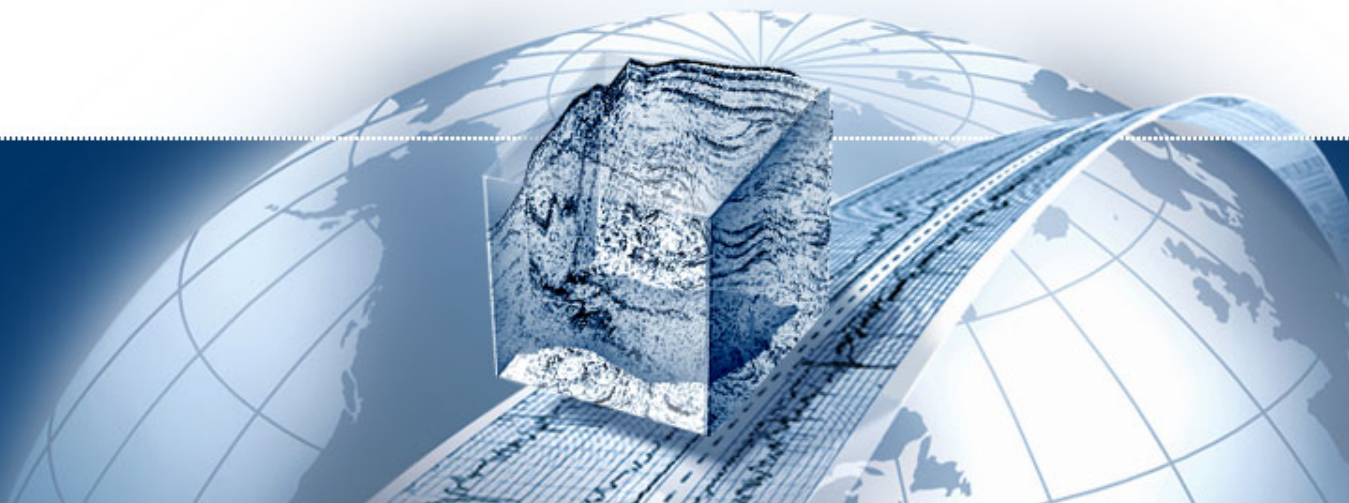


Operations & Outlook

Hank Hamilton
Chief Executive Officer

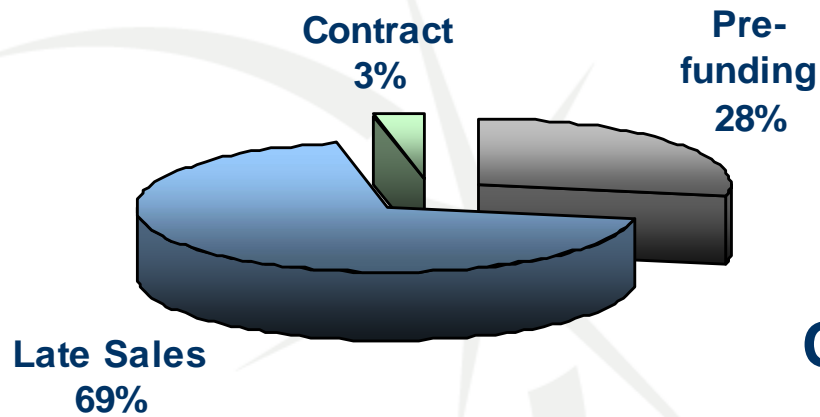


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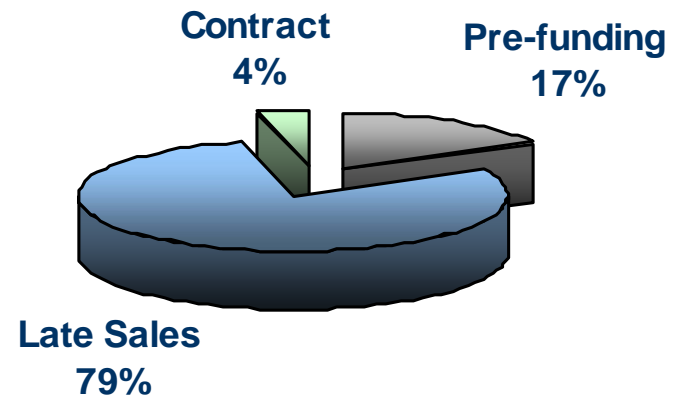


Q3 Net Revenue Breakdown

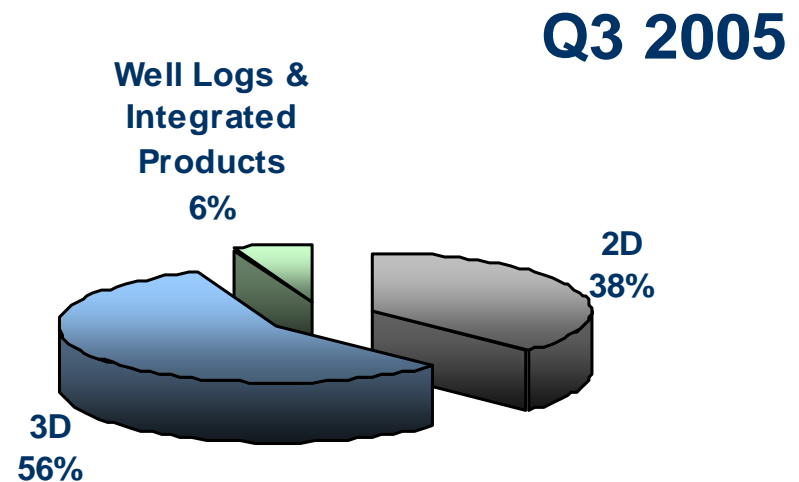
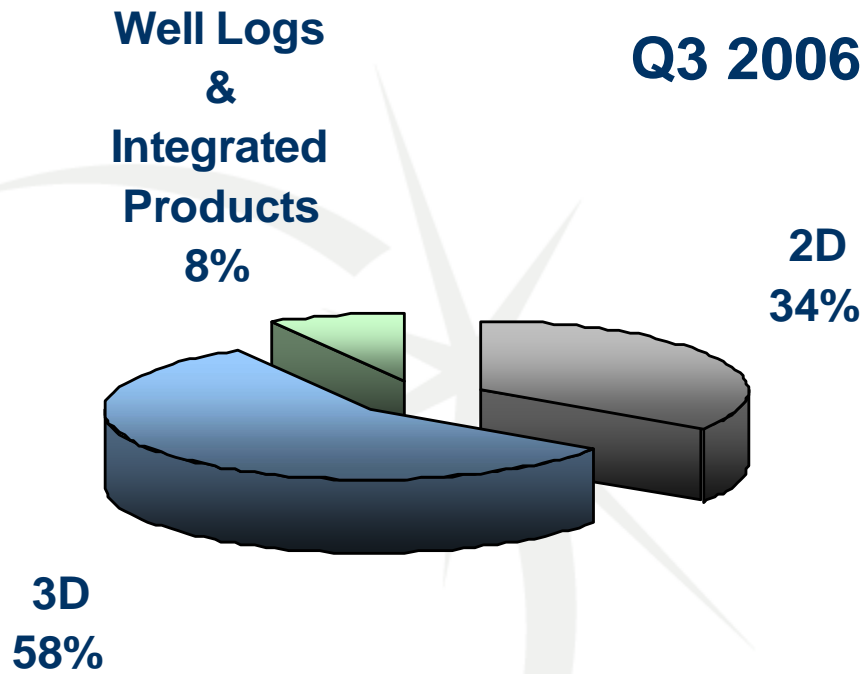
Q3 2006



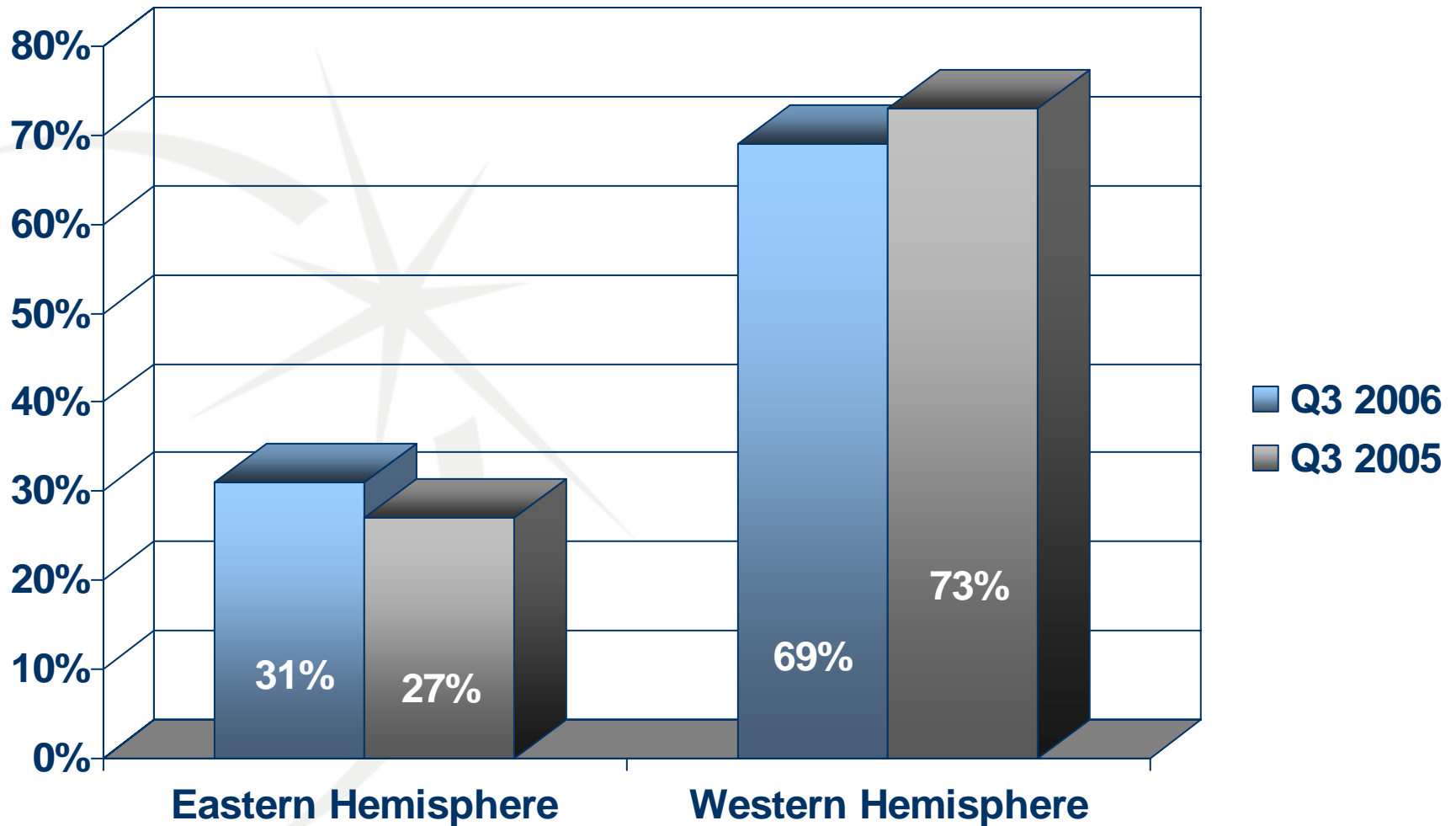
Q3 2005



Q3 Net Revenue by Product Type



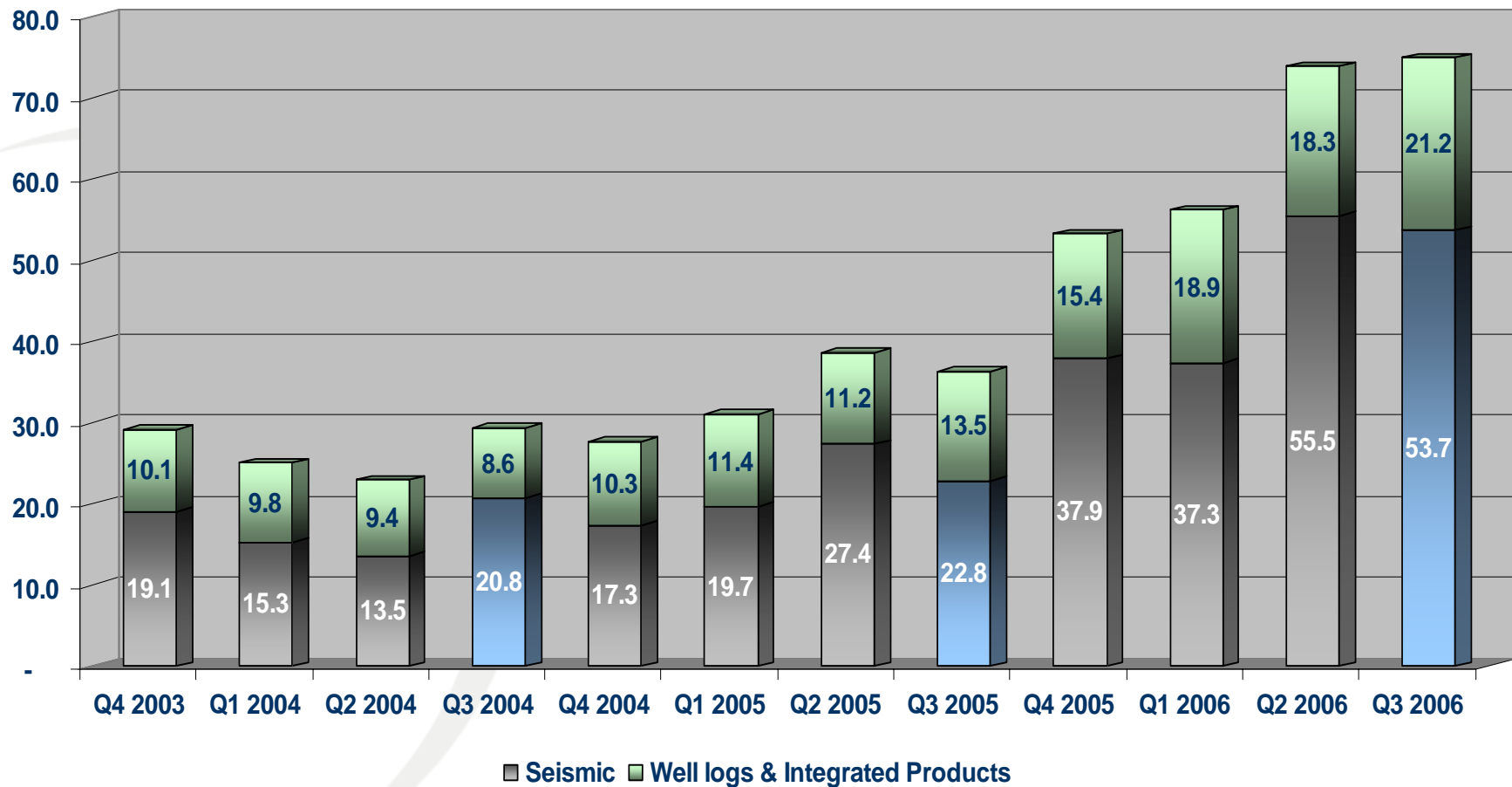
Q3 Geographical Net Revenue Breakdown



Operational Highlights

- Continued acquisition of 2 GoM 3D projects
- Continued acquisition of 2D projects: NSR (2 vessels) and East Russia (2 vessels)
- Launched a series of new CSEM projects offshore Norway
- Began acquisition of a 3D project offshore Tunisia
- A2D: 5-yr subscription agreement with a customer granting full access to entire smartRASTER library
- Aceca: Very high demand for contract interpretation services

Backlog



Updated Expectations

2006

- MC Library investments: US\$ 125 – 135 million (unchanged)
- Avg amortization rate: 27 – 32% (unchanged)
- Avg pre-funding: 50 – 60% of investments (up from 40 – 50%)
- Annual net revenue growth: 55 – 60% (up from 50 – 55%)

2007

- Secured three 3D crews and five 2D crews
- Sufficient to fuel strong MC investment plan