



Presentation of the 3rd Quarter 2009 Results

October 29th 2009

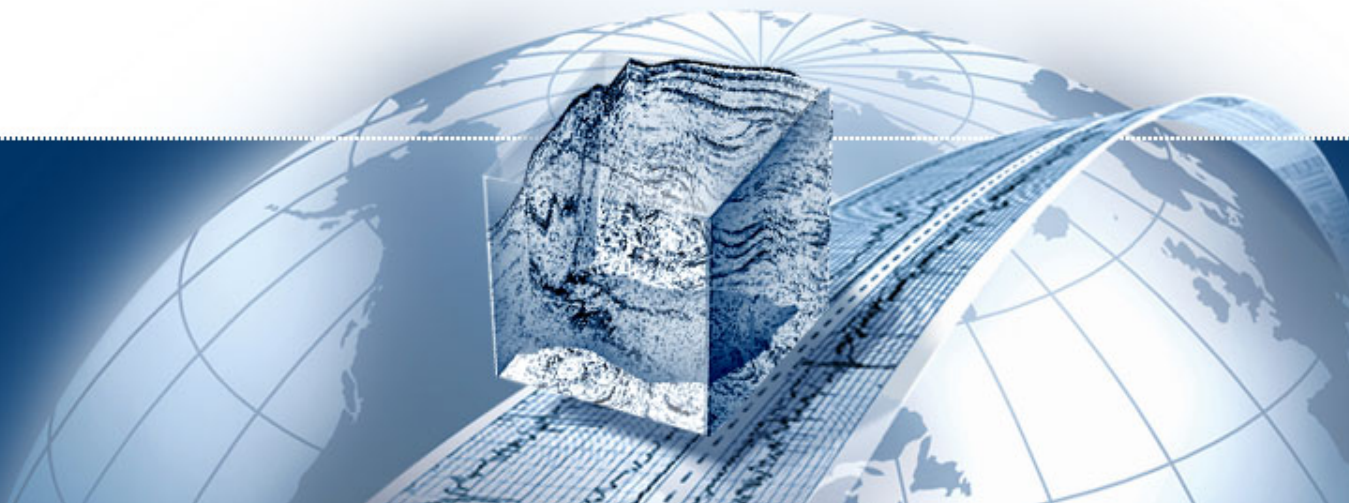
A webcast of this presentation is available at www.tgsnopec.com

Arne Helland
Chief Financial Officer

Robert Hobbs
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 2009 Financial Highlights

- **Gross Sales volume 174.0 MUSD**
 - About the same as in Q2 2009
 - 16% lower than in Q3 2008
- **Net Late Sales 77.1 MUSD, down 21% from Q3 2008**
- **Net prefunding 37.3 MUSD;**
 - 43% of operational Investments
 - Investments 87.4 MUSD, up 9% from Q3 2008.)
- **Limited seismic proprietary acquisition activity compared to Q3 2008:**
 - Proprietary Revenues 10.6 MUSD
 - Down 72% from 37.4 MUSD in Q3 2008
- **Net Revenues 125.0 MUSD, 27% below Q3 2008**

Q3 2009 Financial Highlights (Continued)

- Proprietary COGS down 77% due to lower proprietary operations
- Multi-Client Amortization 38% of Net MC Revenue
- Operating Personnel and Other Operating Costs:
 - Down 30% from Q3 2008 (3.2 MUSD merger costs in 2008 eliminated):
 - Effect of cost cutting programme done in Q2
 - Reversal of overaccrued expensed costs earlier quarters
 - Lower bonuses due to lower EBIT than in Q3 2008
- Operating profit (EBIT) 59.1 MUSD (47% of Net Revenues), down 22% from 75.8 MUSD in Q3 2008.
- Redeemed 9.8 MUSD from ARS and recognized 1.1 MUSD profit
- Taxrate only 21%; exchange rate NOK/USD and tax accrual reversal
- Net Income 50.3 MUSD, 40% of Net Revenues
- EPS, fully diluted 0.48 vs (0.11) in Q3 2008

Balance Sheet – Key Figures

	9/30/2009	%	6/30/2009	%	12/31/2008	%
Assets						
Cash	224.7	21%	184.7	19%	148.3	16%
Investments Available for Sale	32.3	3%	40.7	4%	51.1	5%
Other Current Assets	260.7	25%	241.2	25%	298.1	31%
Total Current Assets	517.7	49%	466.7	48%	497.5	52%
Intangible Assets & LT Receivables	86.5	8%	90.9	9%	99.1	10%
MC Library	441.0	42%	397.2	41%	335.0	35%
Fixed Assets	16.9	2%	18.0	2%	22.7	2%
Total Assets	1,062.1	100%	972.8	100%	954.3	100%
Liabilities						
Short-term debt	-	0%	-	0%	42.9	4%
Current Liabilities	224.2	21%	199.6	21%	194.7	20%
Long-term loans	0.0	0%	0.0	0%	0.0	0%
Deferred Tax Liability	66.9	6%	54.1	6%	55.7	6%
Equity	771.0	73%	719.1	74%	661.1	69%

Q3 2009 PROFIT & LOSS (MUSD)

		Q3 2009	Q3 2008	Change	%
Net Operating Revenues		125.0	170.8	(45.7)	-27%
Materials		4.5	19.6	(15.1)	-77%
MC Amortization	38%	43.6	46.8	(3.2)	-7%
Gross Margin		77.0	104.4	(27.4)	-26%
Other Operating Expenses		15.4	25.5	(10.0)	-39%
Cost of Stock Options		0.9	0.7	0.2	28%
Depreciation		1.6	2.5	(0.9)	-36%
Operating Profit	47%	59.1	75.8	(16.7)	-22%
Net Financial Items		4.4	(66.2)	70.6	N/A
Pre-tax Profit	51%	63.5	9.6	53.9	563%
Taxes		13.2	21.1	(7.8)	-37%
Net Income	40%	50.3	(11.5)	61.8	N/A
EPS, undiluted		0.49	(0.11)	0.60	N/A
EPS, fully diluted		0.48	(0.11)	0.59	N/A

Q3 2009 CASH FLOW

	Q3 2009	Q3 2008
Payments from Sales Received	133.3	102.5
Operational Costs Paid	(21.9)	(44.4)
Gain/(Loss) from Currency Exchange	2.8	4.5
Taxes Paid	(5.6)	(1.5)
Operational Cash Flow	108.7	61.2
Investments in Fixed Assets	(0.8)	(1.3)
Investments in Multi-Client	(79.0)	(48.3)
Other items	11.0	(4.4)
Net Change in Cash	39.9	7.2

9M 2009 Financial Highlights

- **Net Revenues 319.9 MUSD, down 22% from 9M 2008**
 - Net Late Sales 191.5 MUSD, down 18% from last year
 - Net Pre-funding revenues 105.6 MUSD, down 1% from last year
 - Proprietary and Other revenue 22.9 MUSD
 - down 67% compared to 69.9 MUSD 9M 2008
- **Operational Investments 228.7 MUSD, 46% pre-funded**
 - vs. 230.8 MUSD 9M 2008, 46% pre-funded
- **MC Amortization rate 41% vs. 34% 9M 2008**
- **Reported EBIT Margin 133.2 MUSD, 42% of Net Revenues**
- **Net Income 103.7 MUSD, 32% of Net Revenues**
- **Earnings per share (fully diluted) USD 1.01**

9M 2009 PROFIT & LOSS (MUSD)

		9M 2009	9M 2008	Change	%
Net Operating Revenues		319.9	410.0	(90.1)	-22%
Materials		5.9	33.3	(27.4)	-82%
MC Amortization	41%	122.7	113.9	8.7	8%
Gross Margin		191.4	262.8	(71.4)	-27%
Other Operating Expenses		49.4	64.0	(14.6)	-23%
Cost of Stock Options		2.2	2.0	0.2	10%
Depreciation		6.5	7.8	(1.3)	-16%
Operating Profit	42%	133.2	188.9	(55.7)	-29%
Net Financial Items		8.8	(75.9)	84.7	N/A
Pre-tax Profit	44%	142.0	113.0	29.0	26%
Taxes		38.3	57.9	(19.6)	-34%
Net Income	32%	103.7	55.2	48.6	88%
EPS, undiluted		1.01	0.53	0.48	90%
EPS, fully diluted		1.01	0.53	0.47	89%

9M 2009 CASH FLOW

	9M 2009	9M 2008
Payments from Sales Received	340.1	386.1
Operational Costs Paid	(57.7)	(98.2)
Gain/(Loss) from Currency Exchange	4.1	(0.5)
Taxes Paid	(37.4)	(46.9)
Operational Cash Flow	249.1	240.5
Investments in Fixed Assets	(2.6)	(4.1)
Investments in Multi-Client	(179.9)	(211.4)
Other items	9.8	9.4
Net Change in Cash	76.4	34.4

Multi-Client Library

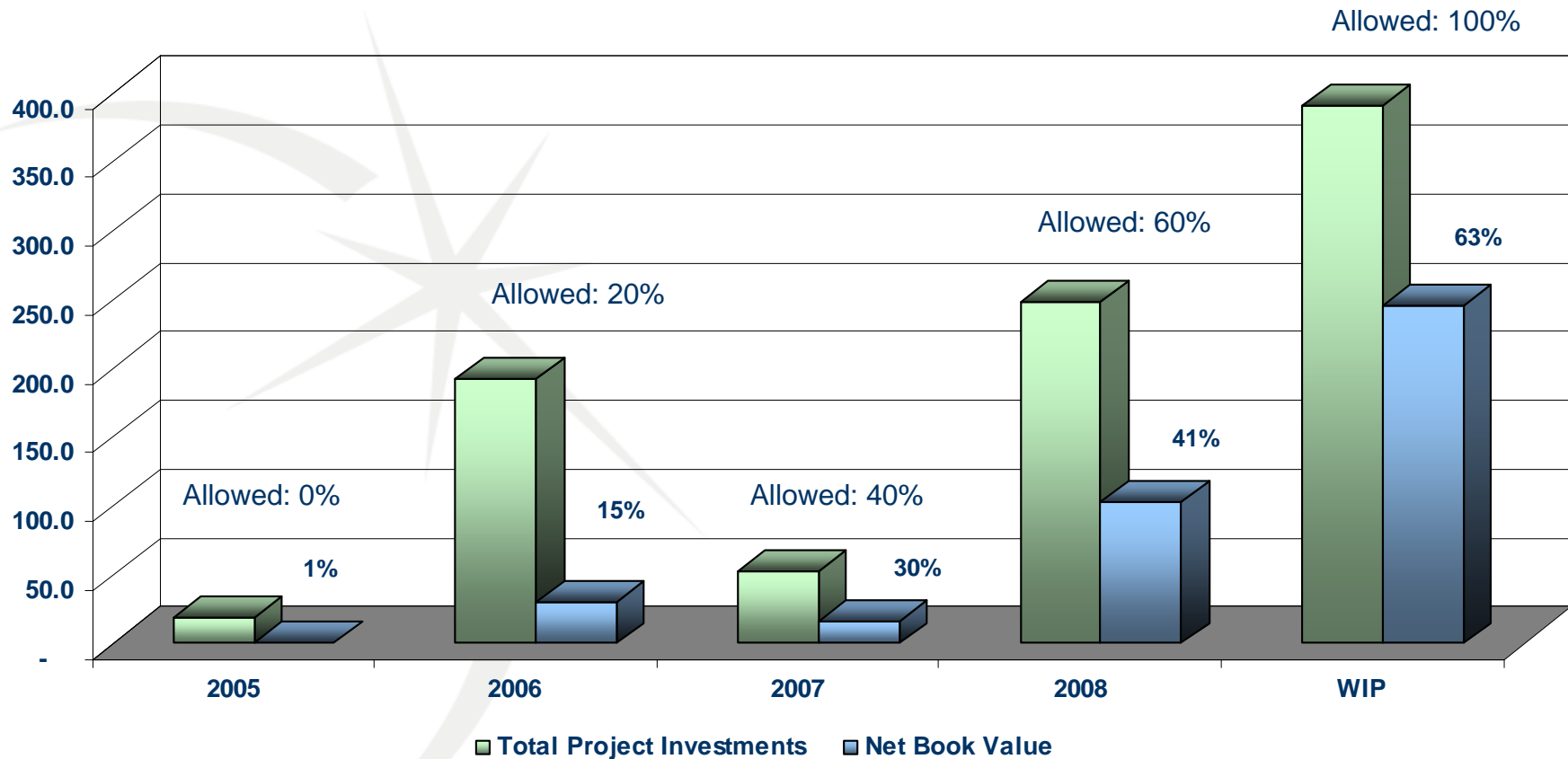
MCS Accounting – Matching Principle

- 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

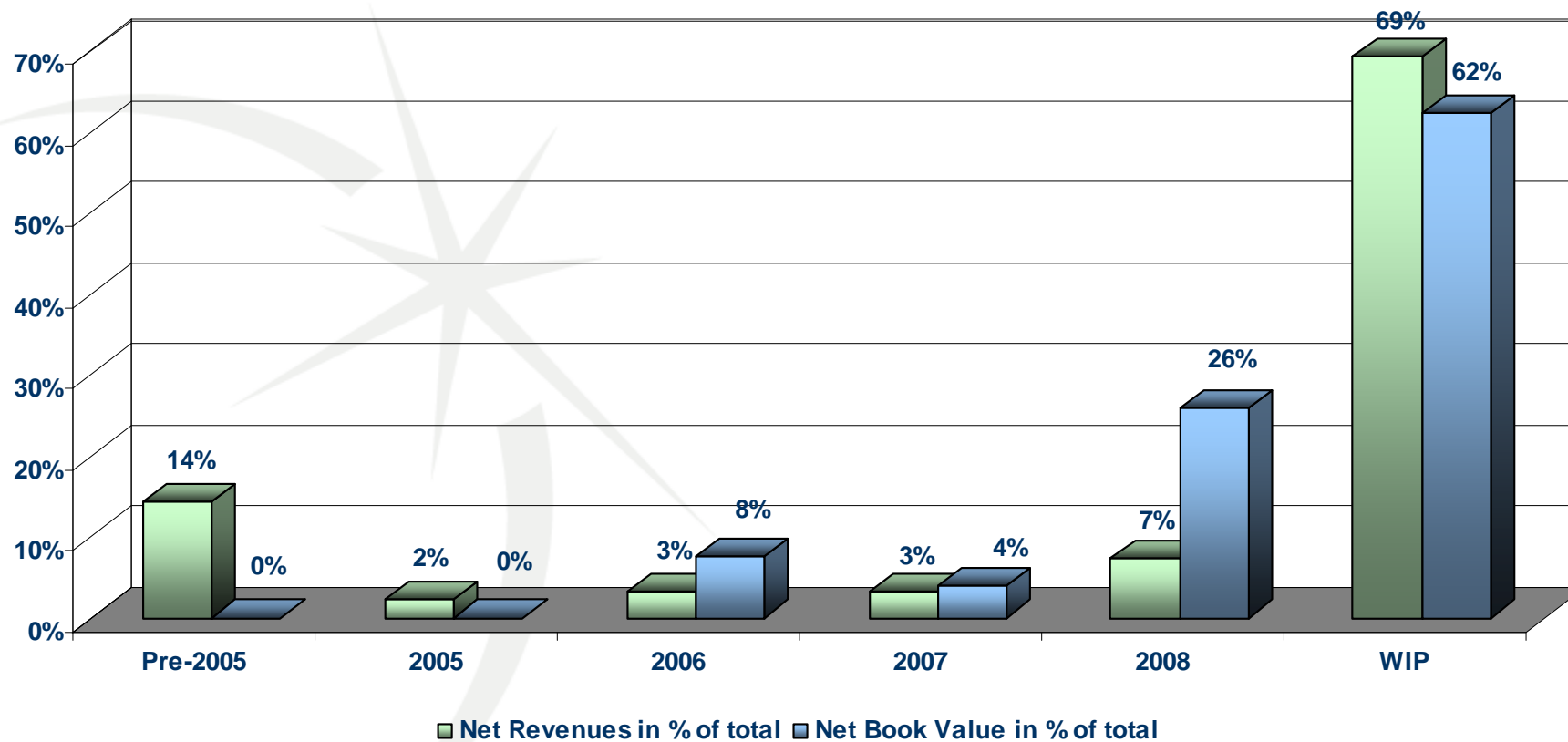
Seismic Surveys as of September 30th 2009

Net Book Value per Vintage vs allowed NBV at end of 2009.



Q3 2009 Multi-Client Net Revenues & Ending NBV

- Seismic Surveys

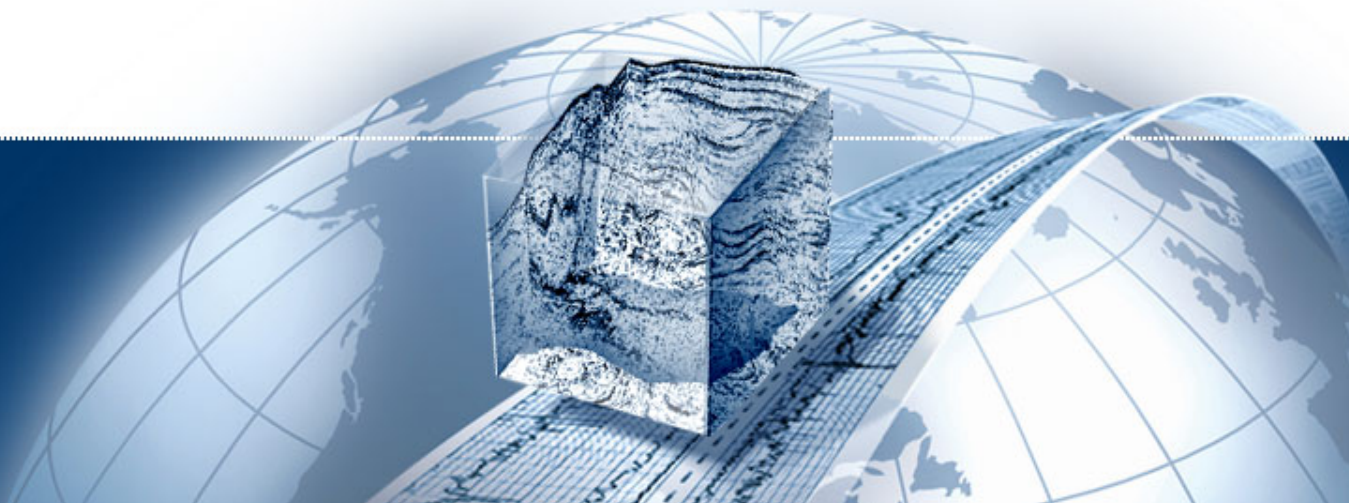


Operations & Outlook

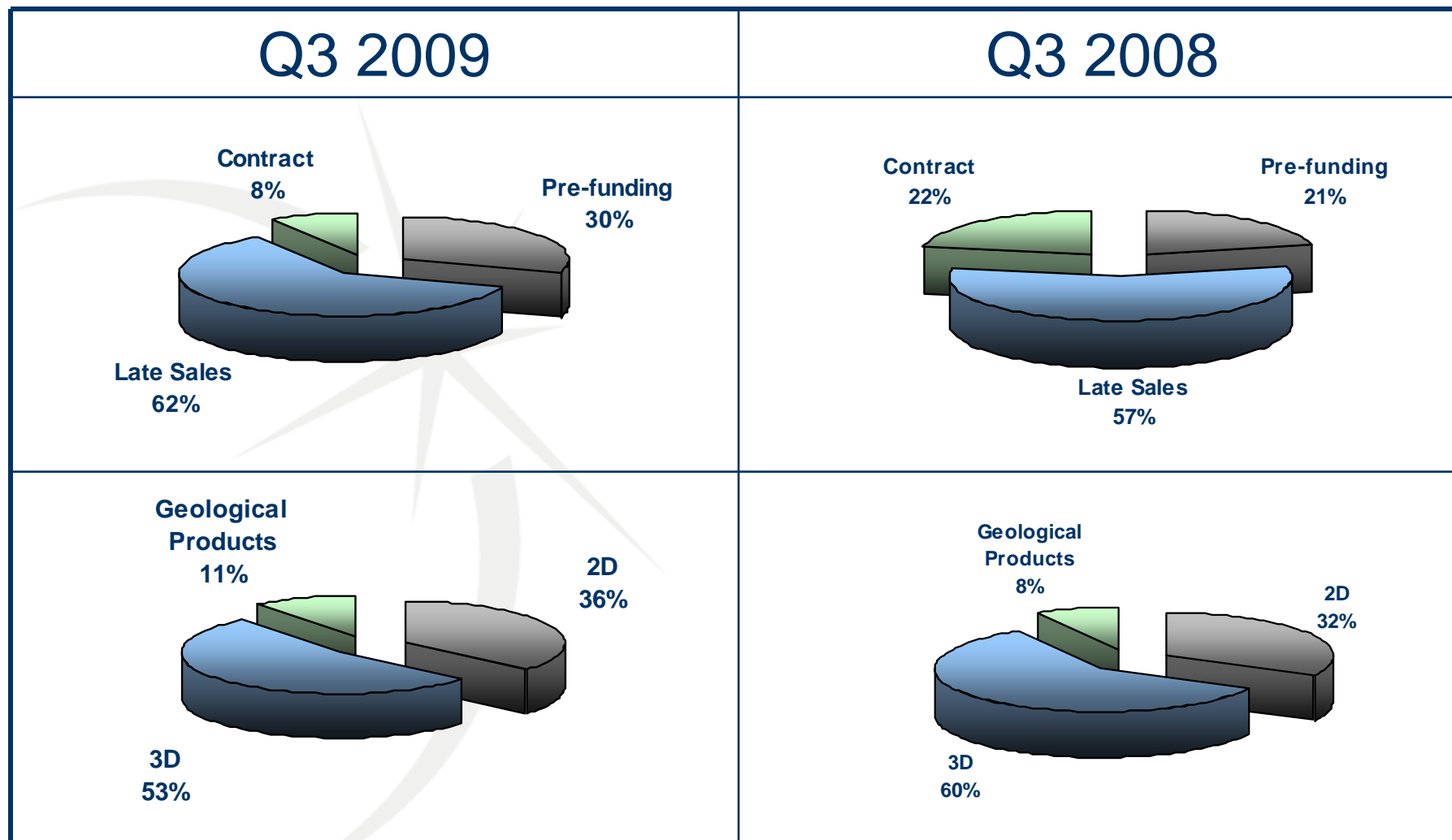
Robert Hobbs
Chief Executive Officer



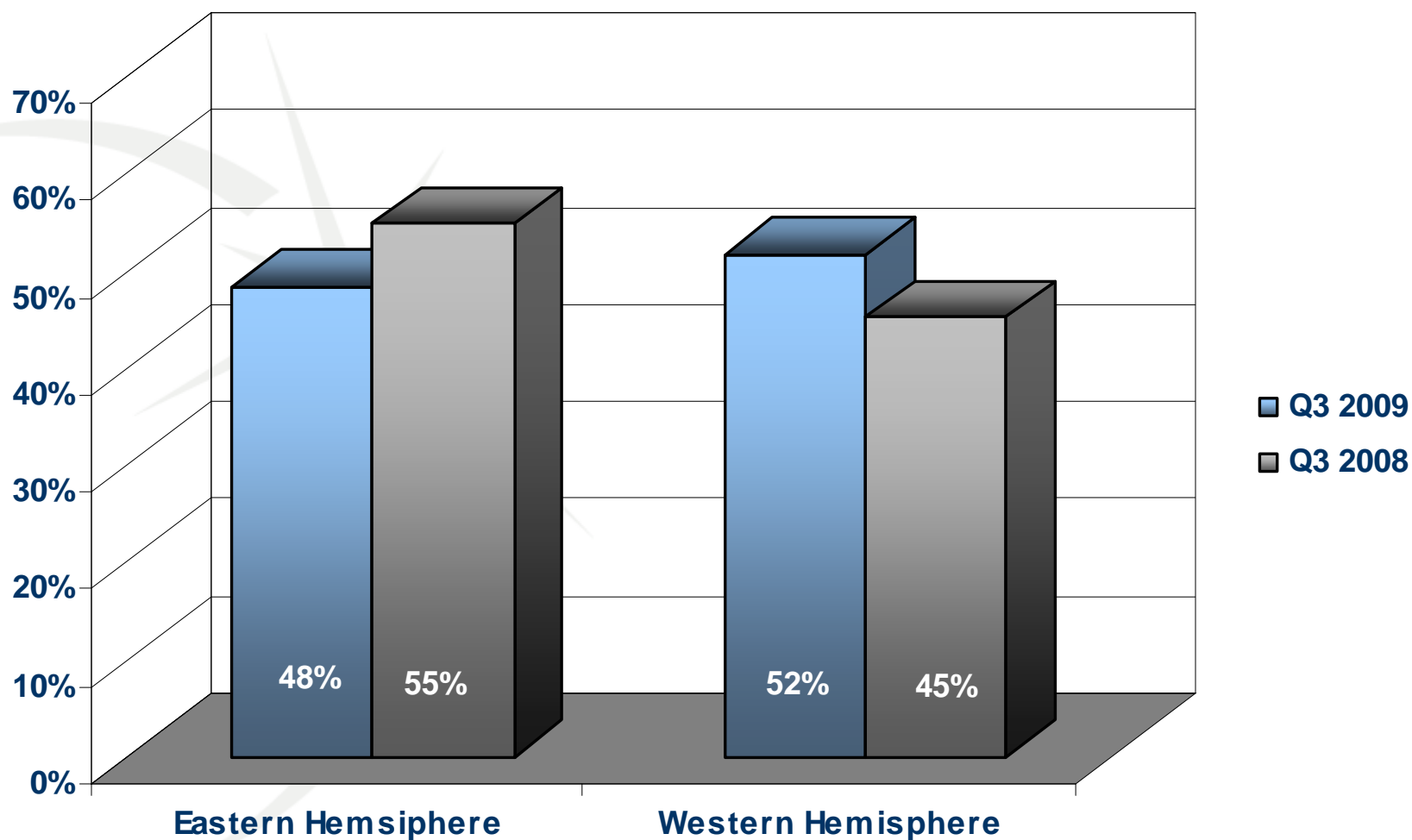
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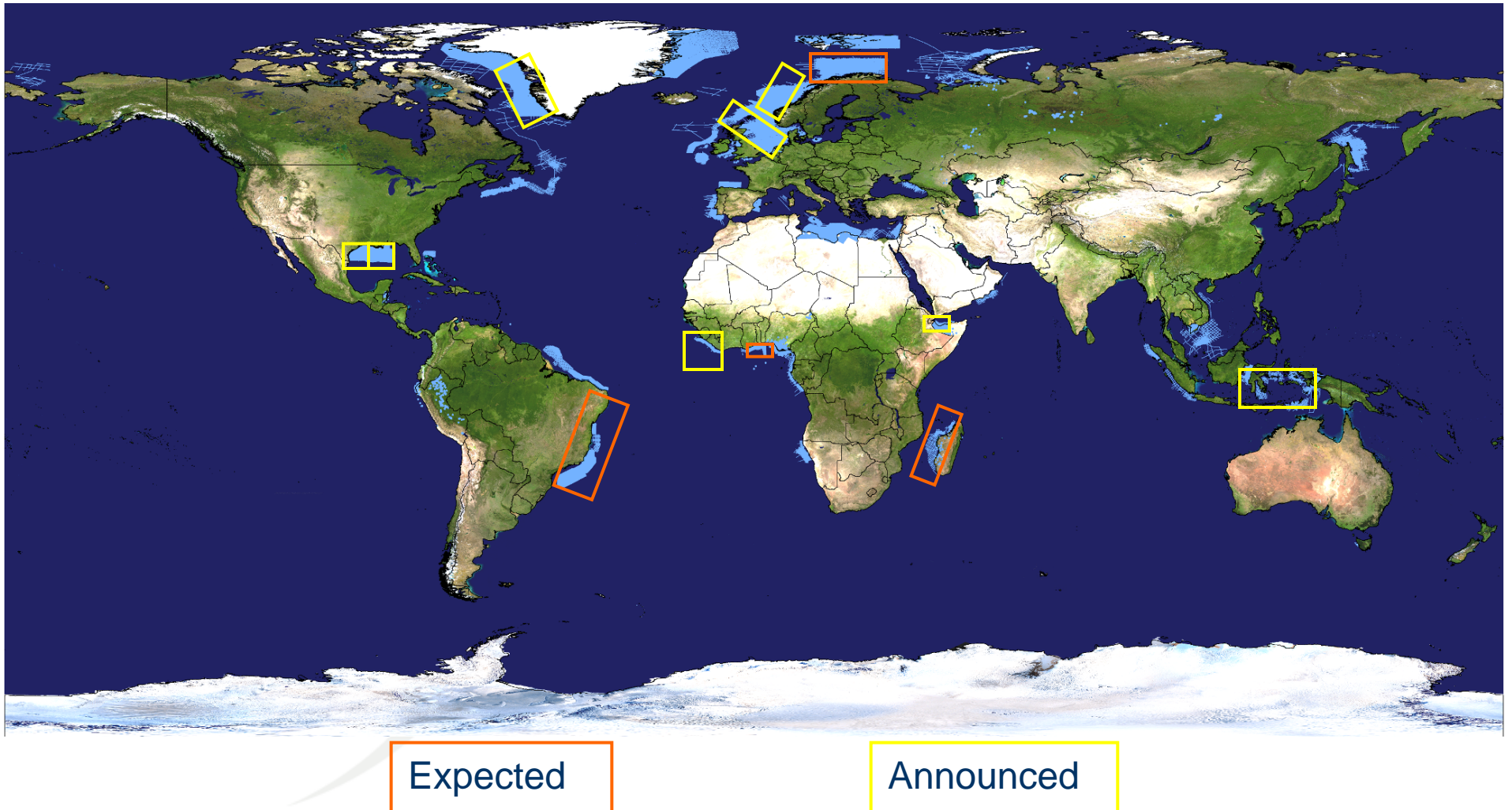
Q3 2009 vs. Q3 2008 Net Revenue Breakdown



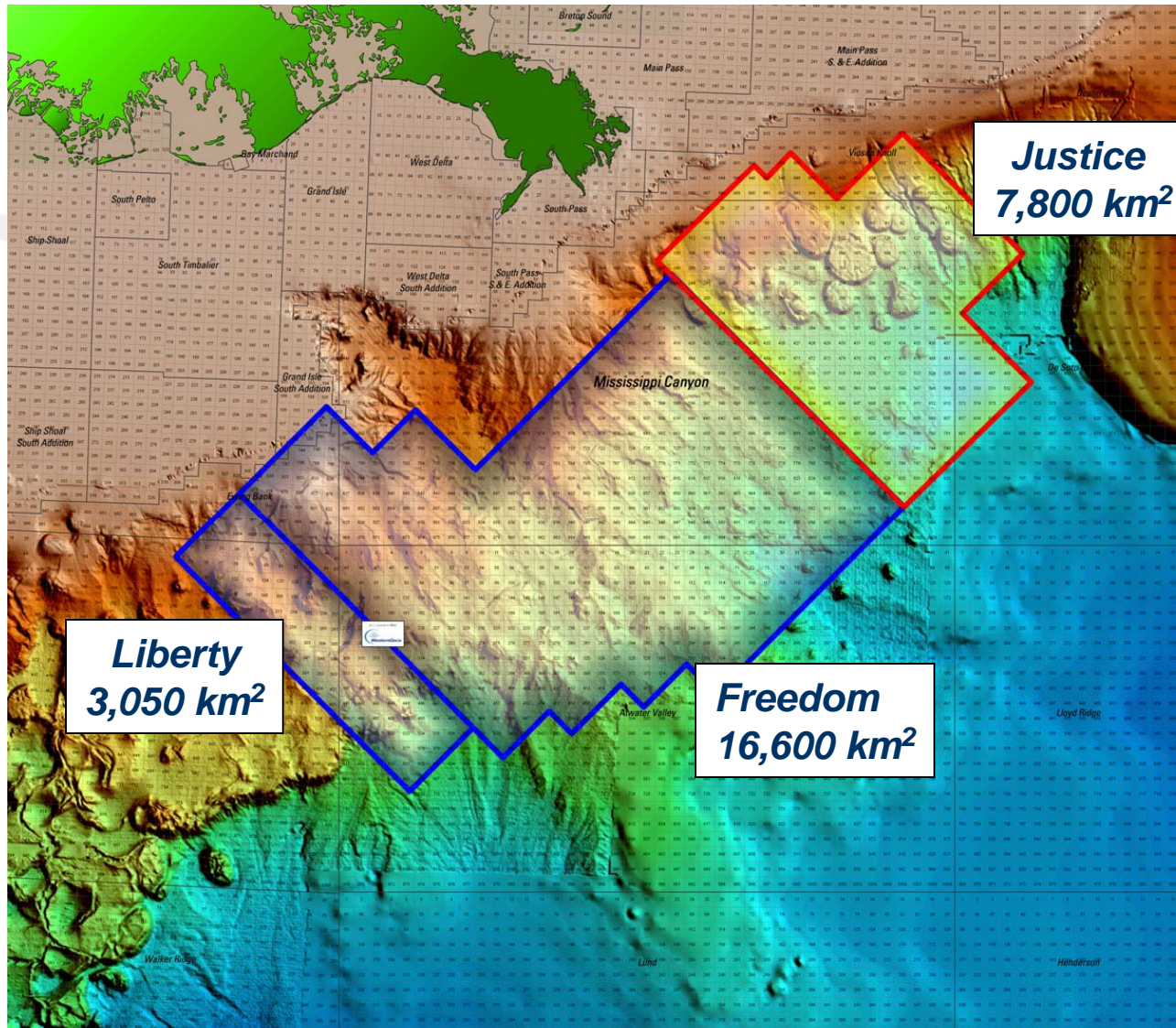
Q3 2009 vs Q3 2008 Geographical Net Revenue Breakdown



License Round Activity



New Activity - GOM WAZ Programs



New Activity - GOM 3D Programs

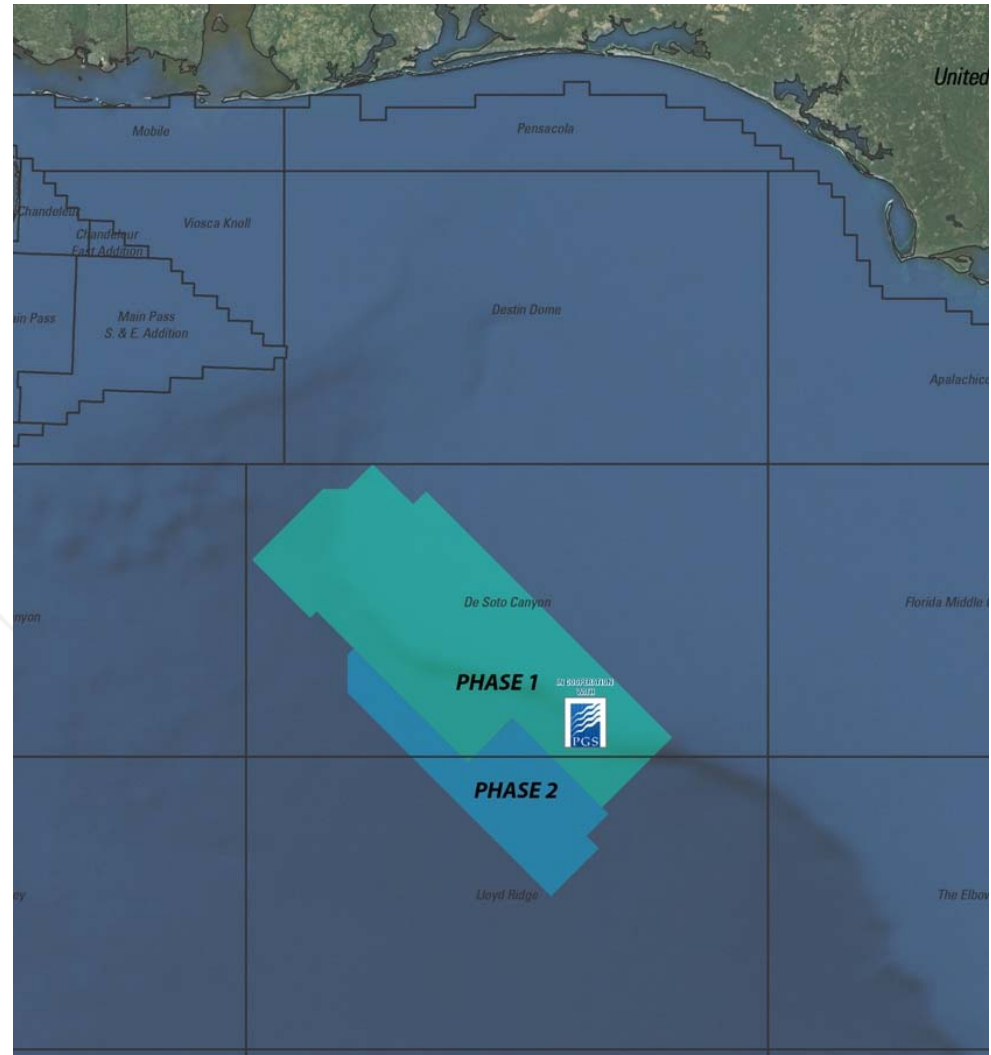
Hernando 3D

Phase 1

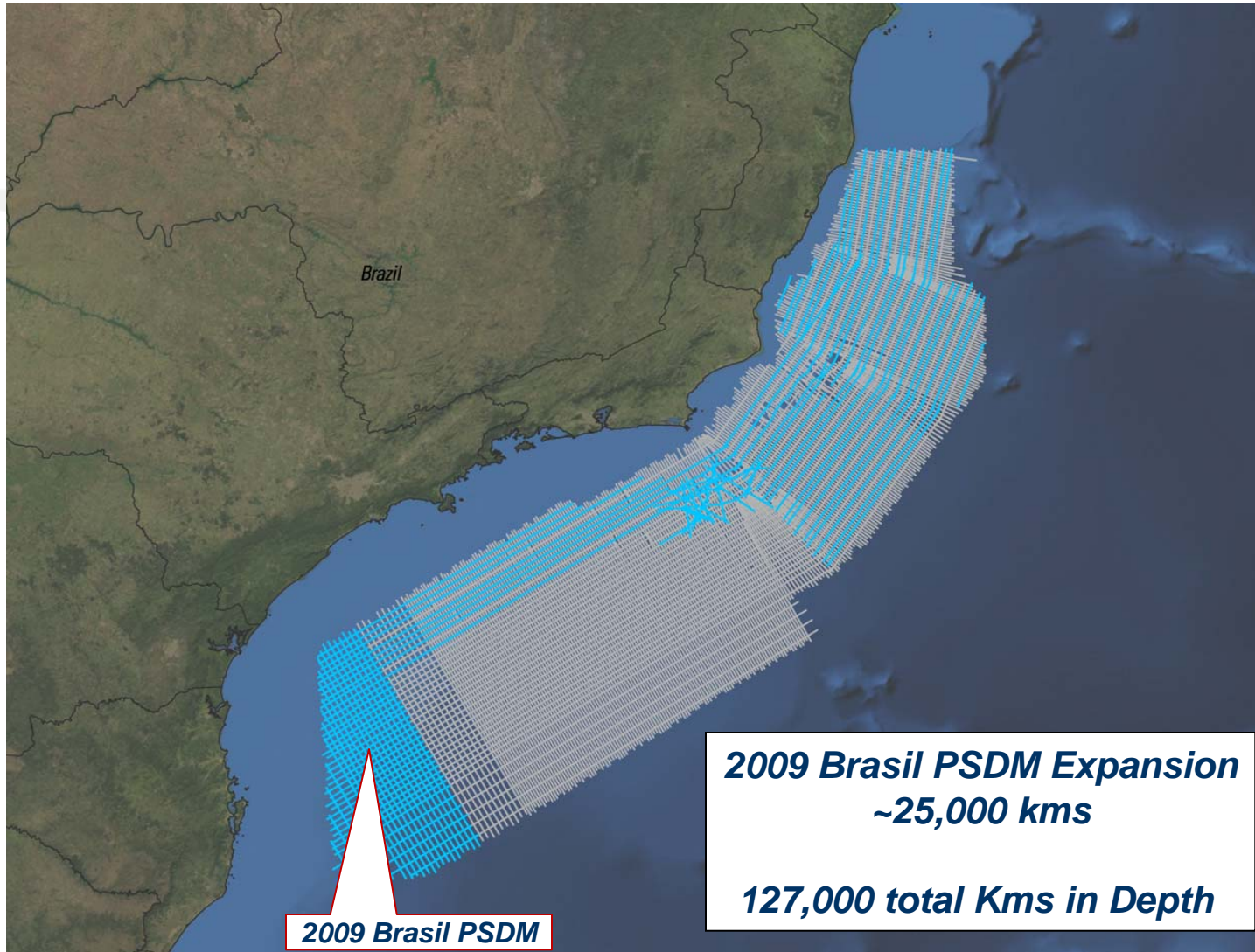
- Expanded original 300 block survey to 365 OCS blocks (8500 km²)
- In cooperation with PGS -costs and revenue on late sales split between parties based on proportional investment

Phase 2

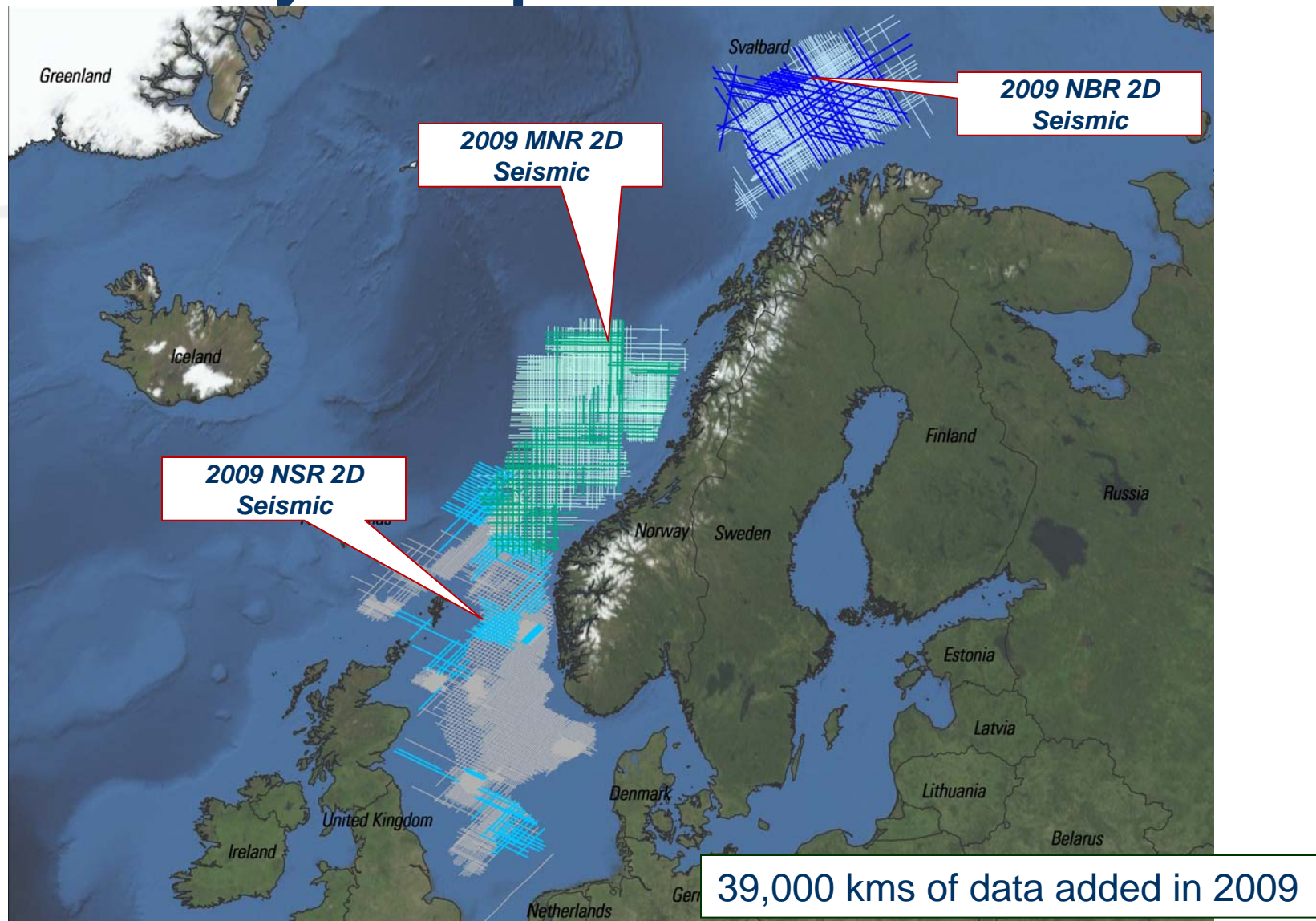
- Additional expansion in progress
 - Phase 2 – 100% TGS owned
 - Acquisition complete in Q3
 - Processing to be complete in Q1, 2010



New Activity – Brasil PSDM Imaging



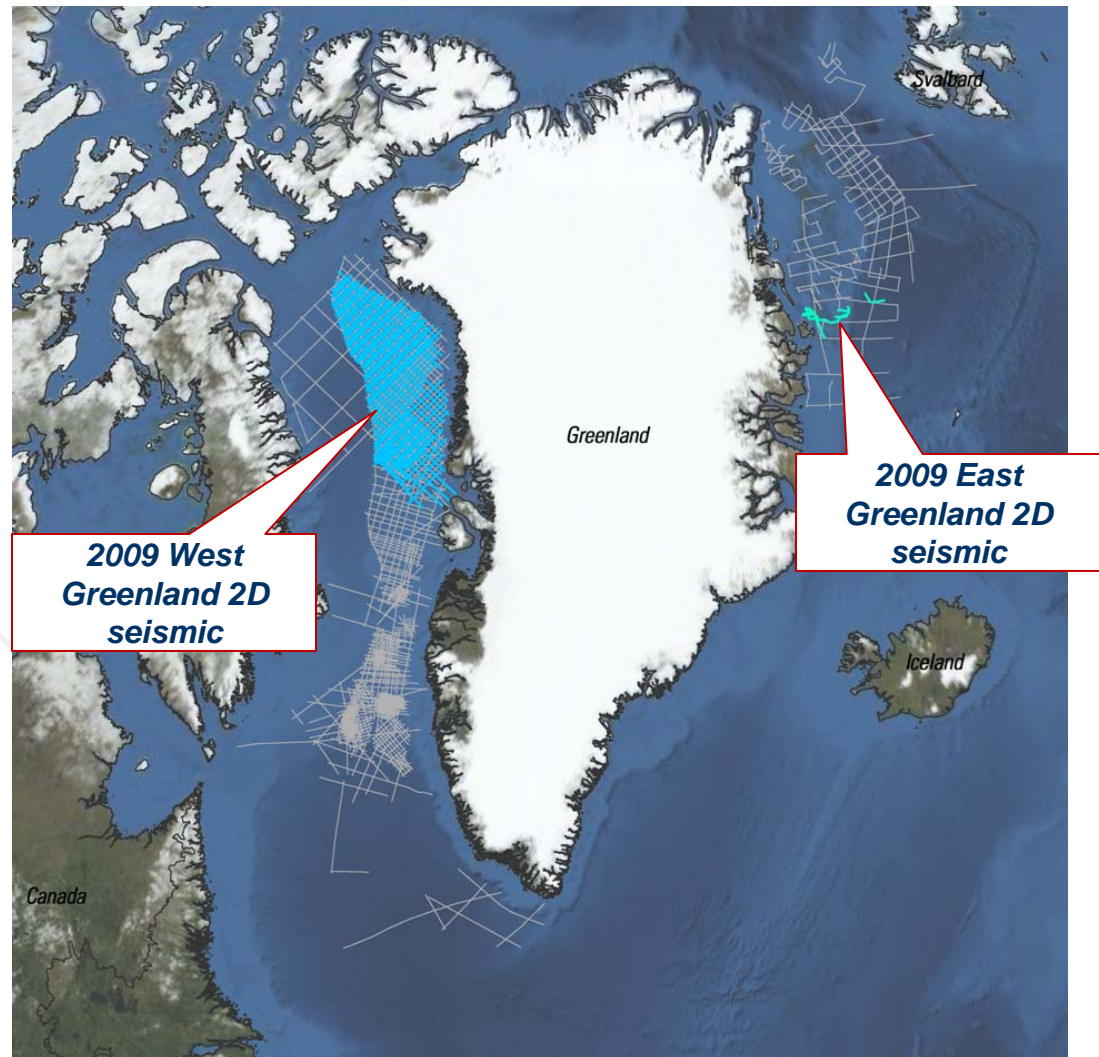
New Activity- Europe Renaissance



New Activity - Greenland

Greenland 2D Seismic

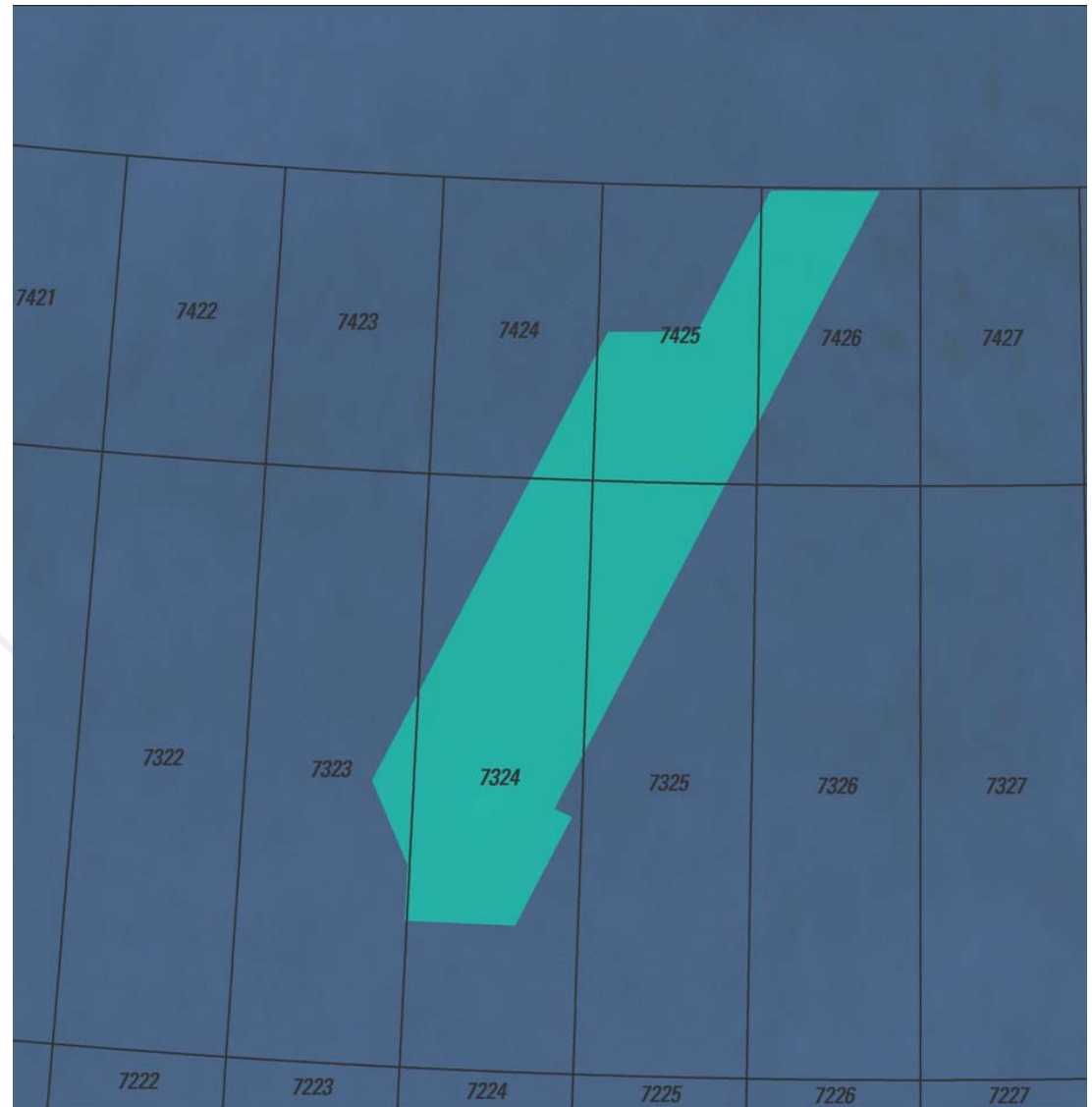
- Total 2D coverage - 60,000 kms
- 15,000 kms of 2D in 2009
- 47,000 kms of new Aeromag Acquired in 2009
 - Completed in Q3
- 10 years of consistent investment



New Activity - Barents Sea

Hoop 3D

- 4300 km² over the Hoop Fault Complex in the Barents Sea
 - 3500 km² acquired 2009 season
- Survey plan guided by 2D coverage and CSEM tests
- Coverage over open acreage and 20th Round award blocks



New Activity – North Sea

ESB09 3D

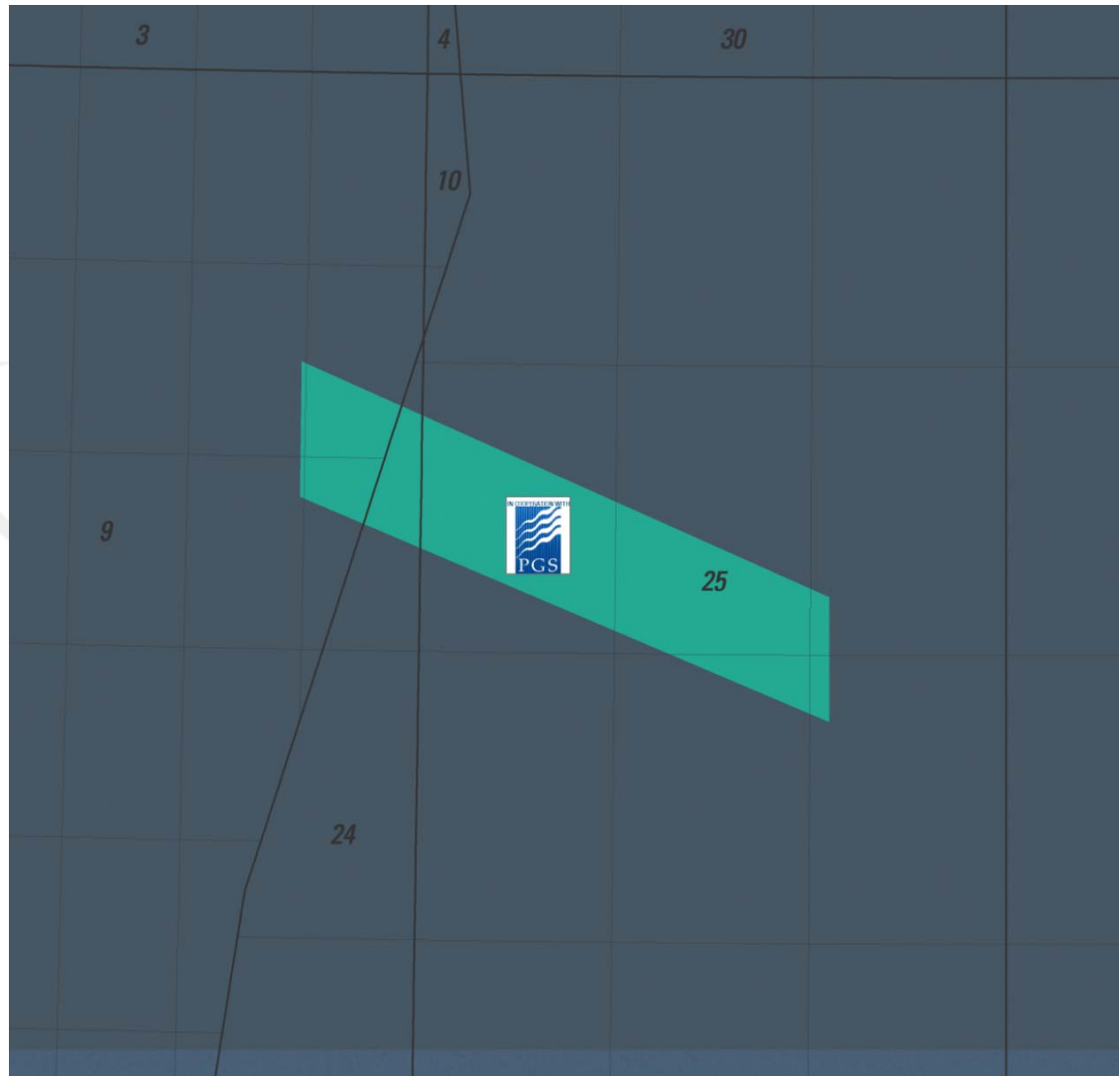
- 2,000 km² over a highly productive Quad 211 in the East Shetland Basin
- TGS/PGS JV
- High Density 3D



New Activity - Europe 3D Program

NVG09 3D

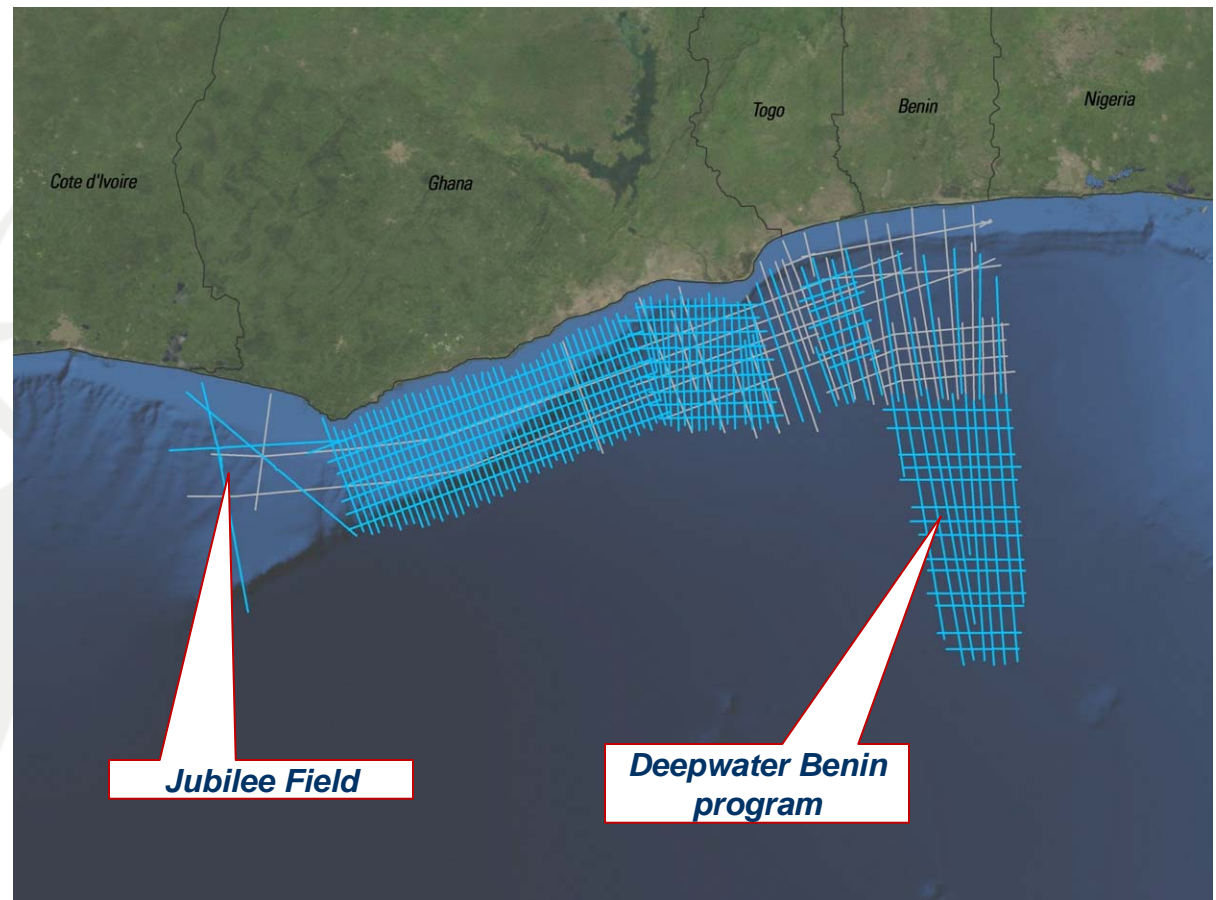
- 640 km² over the North Viking Graben
- TGS/PGS JV
- Utilizing Geostreamer Technology



New Activity – West Africa 2D

2009 West Africa Regional Survey

- Well-tie to significant recent discoveries in western Ghana
- Approx 13,500 km completed from Ghana to Benin
- Program images open blocks with significant exploration potential
- Time processing complete in Q3



New Activity - Liberia 3D

Liberia 3D

● Phase 1 3D

- complete Q4 2008
- 3000 km2

● Phase 2 3D

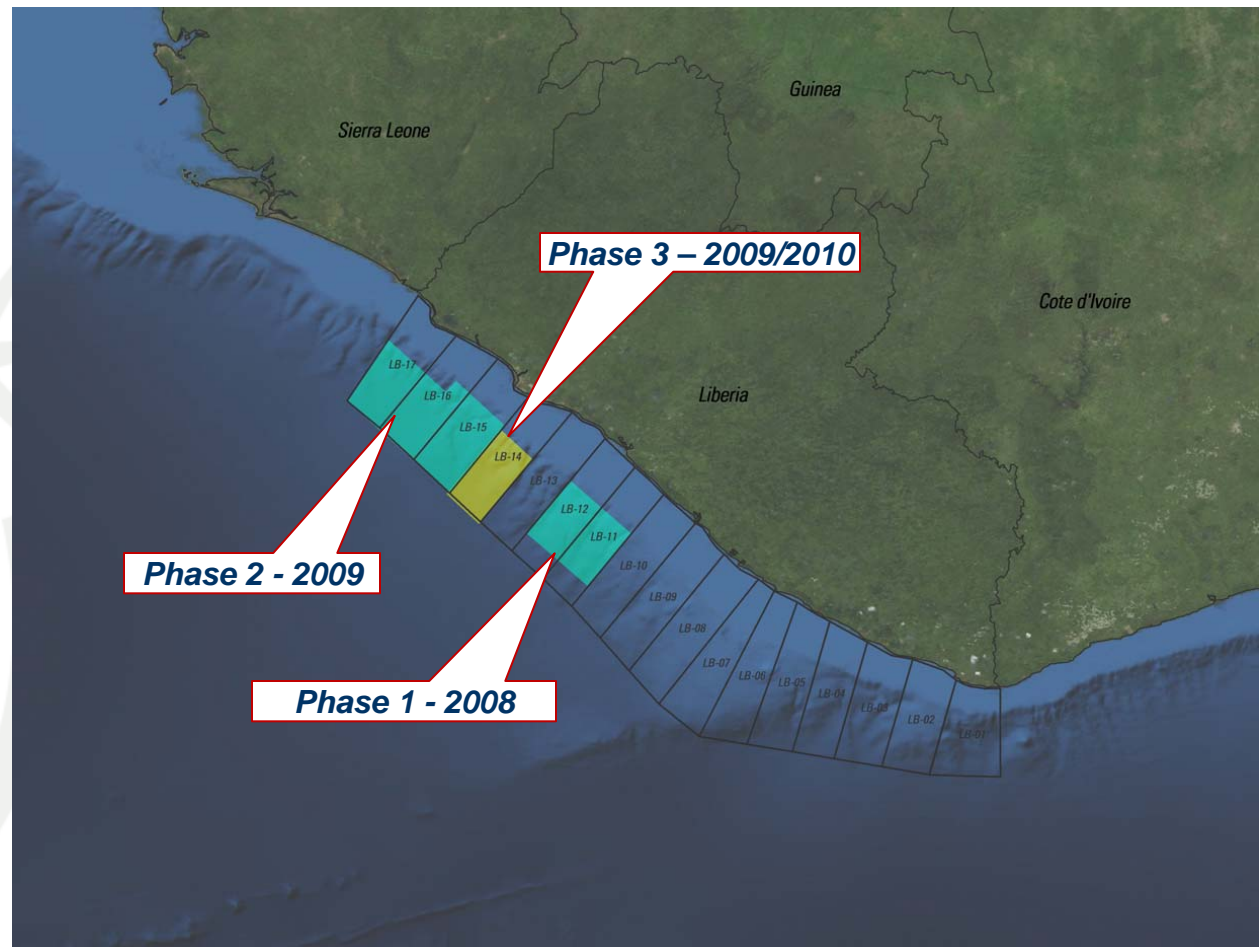
- acquisition complete May 4, 2009
- 6000 km2

● Phase 3 3D

- In progress
- 2,000 km2

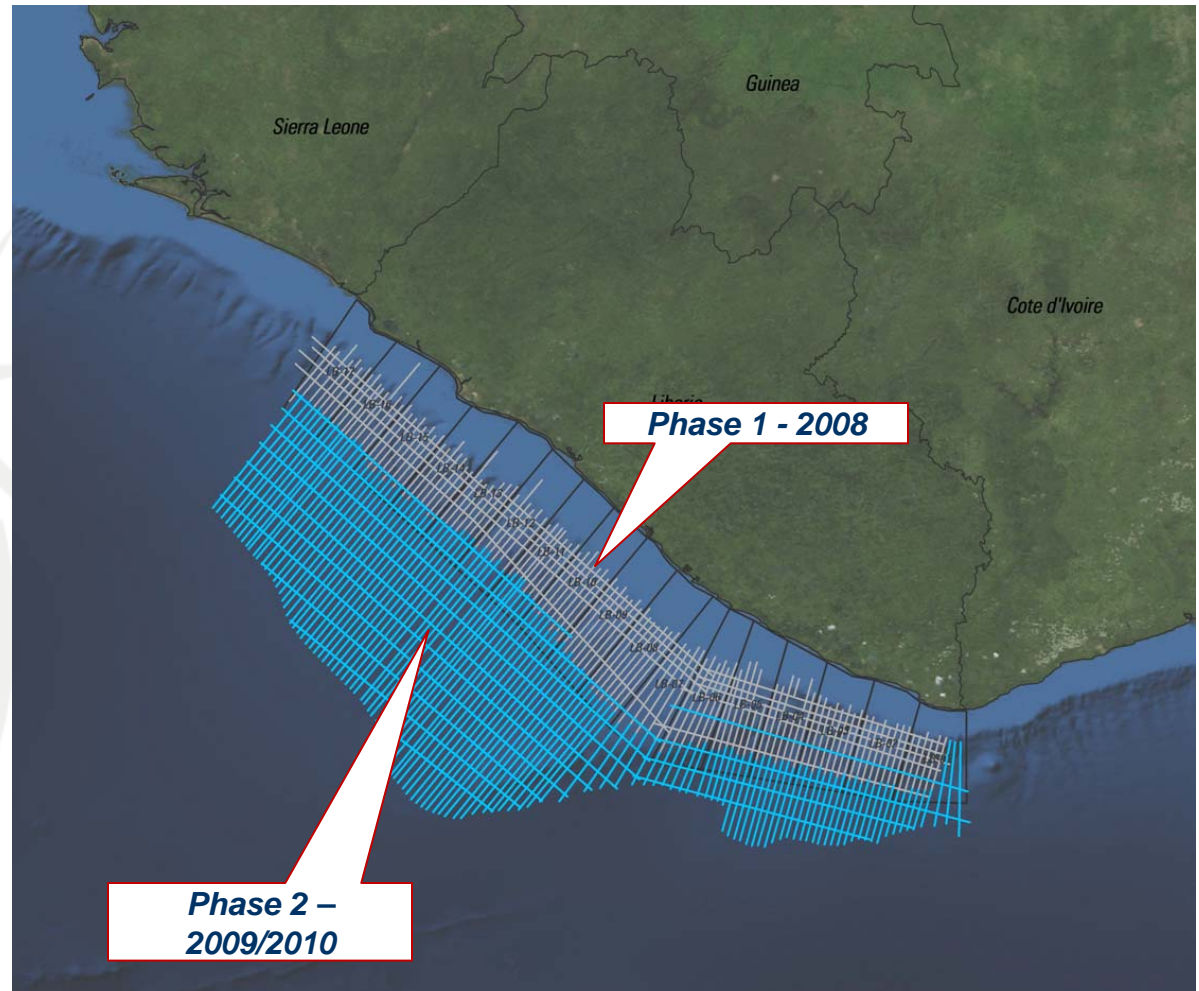
● Geological Setting

- Images extension of Cretaceous Play



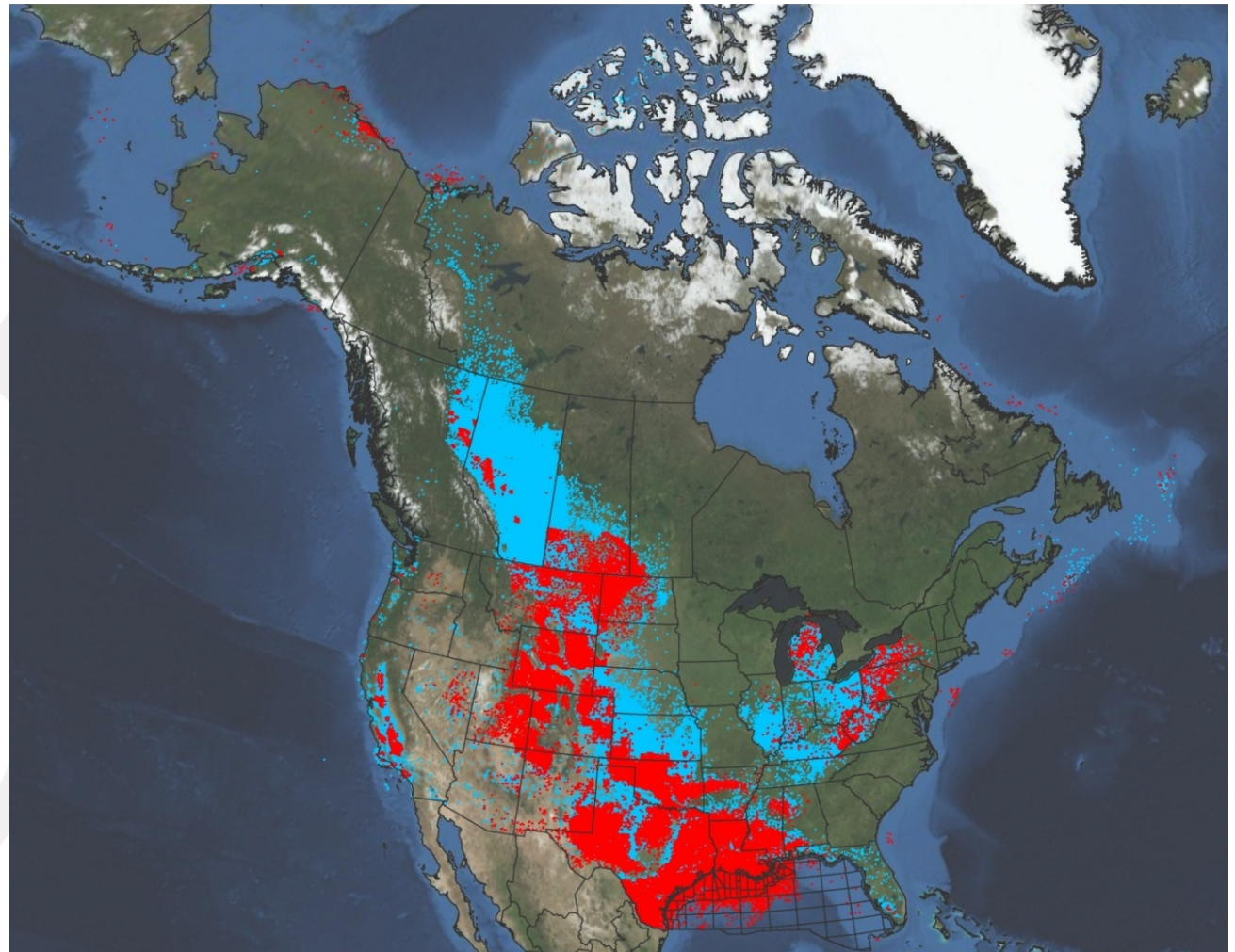
New Activity - Liberia 2D

- **2009/2010 Program**
 - 15,000 kilometers
 - Gravity
- **Total Kilometers 25,000**

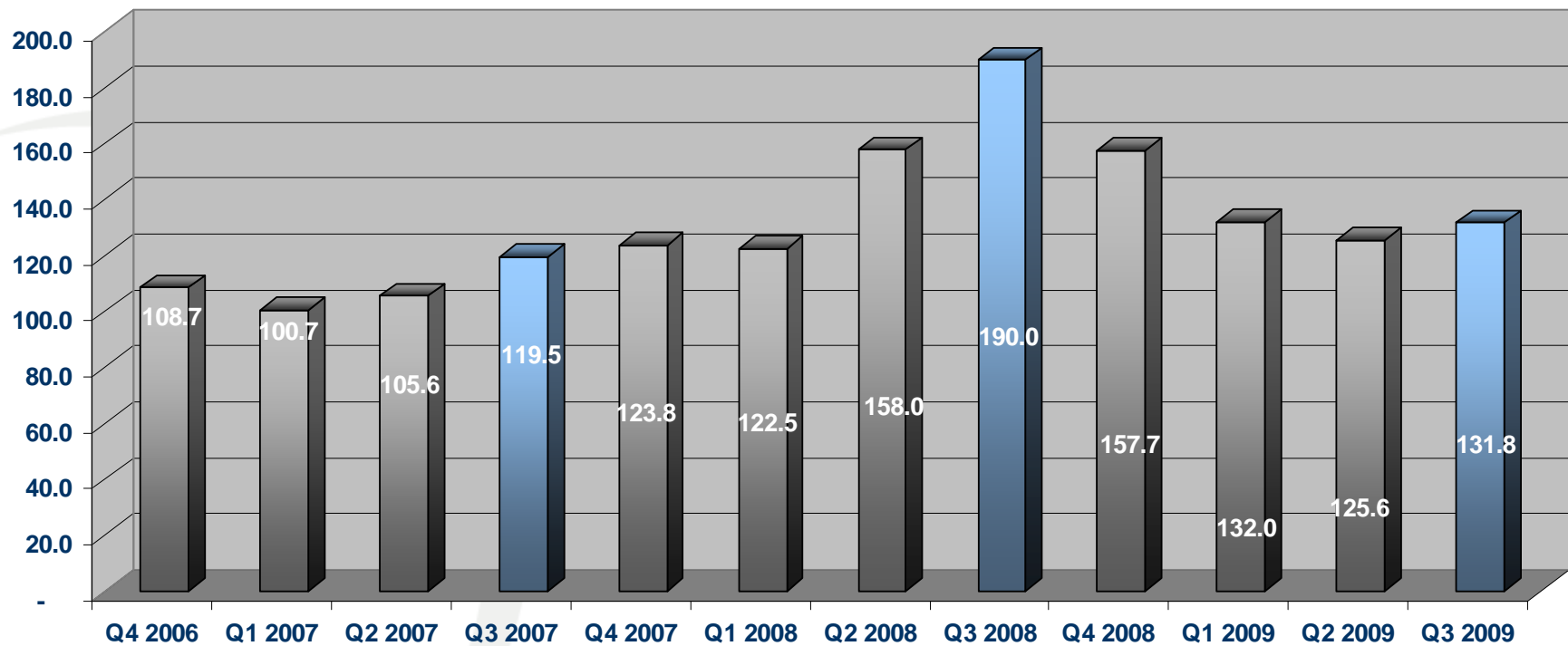


Digital Well Log Library

- 39,000 LAS well logs added to database in Q3
- New 5-year contract with US Minerals Management Service signed to manage US well log data in the OCS



Backlog



Outlook

- Sales activity sustained from Q2 although difficult to replicate record sales in Q3 2008 in current market
- Portfolio of attractive opportunities is growing
- Availability of vessels at favorable rates continues to grow
- Strong balance sheet positions TGS for market share growth during the current cycle
- Will maintain a cautious but opportunistic approach to new investment

Expectations for 2009

- **Multi-client investments USD 250 – 280 million**
 - Adjusted up from (USD 230 – 270 million)
- **Average pre-funding 45 – 55%**
- **Average multi-client amortization rate 35 – 40%**
- **Net revenues USD 470 – 530 million**
- **Contract revenues 5 – 10% of total revenues**
- **Lower Operational costs due to cost reduction plan implemented earlier in the year**

TGS Performs in all Cycles!

Profit Margin (EBIT) versus Peer Group

