

**TGS-NOPEC EARNINGS RELEASE**

February 12, 2004

**4<sup>th</sup> QUARTER & FULL YEAR 2003 RESULTS****4<sup>th</sup> QUARTER 2003 HIGHLIGHTS**

- Consolidated Net Revenues were USD 46,1 million, an increase of 29% compared to Q4 2002.
- Operating Profit (EBIT) was USD 13,6 million, 30% of Net Revenues and was 49% up from USD 9,1 million in Q4 2002.
- Net Pre-funding Revenues of USD 14,2 million covered 62% of operational Multi-Client investments.
- Acquisition of Riley Electric Logs Inc. for USD 9,0 million was completed in December.
- Total backlog grew 10% from Q3 2003 and 54% from one year ago to USD 29,2 million.
- Gross Late Sales from the Multi-Client library totaled USD 39,3 million, up 31% from USD 29,9 million in Q4 2002.
- Cash flow from operations after taxes was positive USD 2,3 million.
- Earnings per Share (undiluted) were USD 0,39, up 109% compared to USD 0,19 in Q4 2002. (Q4 2002 EPS has been restated from USD 0,22 due to a change in the method for calculating tax.)

**FULL YEAR 2003 HIGHLIGHTS**

- Consolidated Net Revenues were USD 136,9 million, up 10% compared to USD 124,2 million in 2002.
- Operational investments in the Multi-Client library were USD 68,7 million with 54% pre-funding coverage, compared to USD 58,8 million with 38% pre-funding during 2002.
- Operating Profit (EBIT) of USD 42,1 million was 31% of Net Revenues and up 2% compared to 2002.
- Net income was USD 28,4 million, 4% down from USD 29,6 million in 2002. (Net Income for 2002 has been restated from USD 26,2 million due to a change in the method for calculating tax.)
- Cash flow from operations after taxes was positive USD 18,3 million.
- Total Equity ended December 31st, 2003 was USD 195,9 million, representing 78% of total assets.

**REVENUE BREAKDOWN**

Consolidated Gross Late Sales of USD 39,3 million represented 72% of total revenues for the quarter. Net Late Sales were up 13% compared to Q4 2002. Net Early Participant revenues totaled USD 14,2 million, funding 62% of the Company's operational investments into new Multi-Client products during Q4 (USD 22,9 million). The Company earned proprietary contract revenues during the quarter of USD 0,4 million compared to USD 1,8 million in Q4 2002.

**Consolidated Net Revs Q4 2003 vs Q4 2002 per Geographical region**

(In mill USD)	Q4 2003	Q4 2002	Q4 2003	Q4 2002	Change
Eastern Hemisphere	18,0	9,3	39 %	26 %	94 %
Western Hemisphere	28,1	26,5	61 %	74 %	6 %
Sum	46,1	35,8	100 %	100 %	29 %

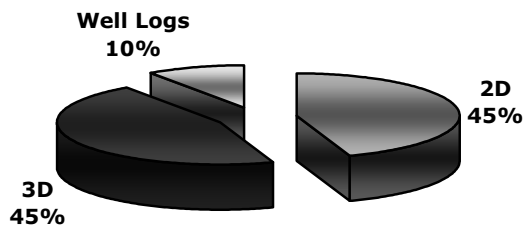
## FULL YEAR REVENUE SEGMENT INFORMATION

### Consolidated Net Revs Full Year per Geographical region

(In mill USD)	2003	2002	2003	2002	Change
Eastern Hemisphere	38,6	29,3	28 %	24 %	32 %
Western Hemisphere	98,3	95,2	72 %	76 %	3 %
Sum	136,9	124,4	100 %	100 %	10 %

Full Year Revenue split per segment:

### 2003



## OPERATIONAL COSTS

The consolidated amortization charge associated with Net Multi-Client Revenues was 49% during Q4 2003 compared to 53% in Q4 2002. This rate does fluctuate from quarter to quarter, depending on the sales mix of projects. One full year basis, the amortization charge was 44% of Net Multi-Client Revenues.

Personnel and other operating costs payable for the quarter, excluding materials, were USD 8,2 million, an increase of 28% from Q4 2002 (USD 6,4 million). The main reason for the increase in personnel related costs is the amount of the employee profit-sharing bonus accrual for Q4 2003. While end-of-the-year adjustments resulted in exceptionally low Other Operational Costs in Q4 2002, Q4 2003 results include an accrual for a cost reduction plan in the UK, resulting in unusually high Q4 2003 costs in comparison to a year ago. Costs of Materials were USD 0,8 million, down from USD 1,1 million in Q4 2002 as no seismic proprietary contract work was performed in Q4 2003.

## EBIT and EBITDA

Operating Profit (EBIT) for the quarter was USD 13,6 million, representing 30% of Net Revenues and up 49% from the reported USD 9,1 million in Q4 2002. The quarterly Pre-tax Profit was USD 13,0 million, up 48% compared to USD 8,8 million reported in Q4 2002. EBITDA (Earnings before Interest, Tax, Depreciation and Amortization) for the three months ended December 31<sup>st</sup> was USD 37,1 million, 81% of Net Revenues, up 31% from USD 28,3 million in Q4 2002.

## TAX

The tax provisions charged to the P&L statements reported for Q1 through Q3 2003 have been the flat local tax rate of calculated USD pre-tax profit in each company in the Group. TGS-NOPEC has adopted Accounting Standard IAS 12, whereby tax charges are computed based on the USD value relating to the appropriate tax provisions according to local tax regulations and currencies in each jurisdiction. After the change of functional currency from Norwegian Kroner to US Dollars the tax charges are influenced not only from local profits, but also fluctuate with changes in exchange rates between the local currency and USD. The consolidated computed tax rate for the twelve months ended December 31<sup>st</sup>, 2003 is 31%. Since the tax provisions charged to the Profit & Loss Statement during the first 9 months of the year applying the previous method were too high, the computed tax rate for Q4 2003 was

unusually low at 25,2%. The Company has also restated its tax provisions for Q4 and Full Year 2002 utilizing the revised method for comparison purposes.

This method makes it more difficult to predict tax charges on a quarterly or annual basis. For instance: The restated tax charge for Q4 2002 was 47% of pre-tax profit, while the same for the 12 month 2002 was 27%. If the USD/NOK exchange rate remains stable in 2004, management expects the annualized effective tax rate to be in the range of 31 – 34%.

## NET INCOME AND EARNINGS PER SHARE (EPS)

Net Income for Q4 2003 was USD 9,7 million (21% of Net Revenues) compared to the USD 4,7million (restated) from Q4 2002. Earnings per Share (EPS) were USD 0,39 undiluted and USD 0,37 fully diluted. This is 109% and 111% respectively up from EPS restated for Q4 2002; USD 0,19 per share (USD 0,17 fully diluted).

## BUSINESS SEGMENTS AND INVESTMENTS

TGS-NOPEC's main business is developing, managing, conducting, and selling non-exclusive seismic surveys. This activity accounted for 92% of the Company's business during the quarter. A2D Technologies, a digital well log and solutions provider acquired in June 2002, accounted for the rest, approximately 8% of Consolidated Net Revenues in the 4th quarter. No proprietary seismic contract work was performed in Q4 2003.

The Company invested approximately USD 27,8 million in its data library during Q4 2003, out of which USD 5,0 million was related to the acquisition of Riley Electric Log. This represents an increase of 31% compared to Q4 2002 (USD 19,4 million). The Company recognized USD 14,2 million in Net Early Participant Revenues in Q4, funding approximately 62% of its operational Multi-Client investments during the quarter.

On a full year basis, total Multi-Client investments were up 20% from last year. Operational Multi-Client investments (excluding the Riley purchase in 2003 and the A2D purchase in 2002) for the full year were USD 68,7 million, up 17% from 2002.

## BALANCE SHEET & CASH FLOW

As of December 31st, 2003, the Company's total cash holdings amounted to USD 17,7 million compared to USD 20,5 million at September 30<sup>th</sup>, 2003. Net cash flow from operating activities (including Multi-Client investments) and after tax payments was USD 2,3 million in Q4 2003. Net cash flow from operating activities (including Multi-Client investments) and after tax payments was USD 18,2 million for the whole year 2003. The Cash Balance at December 31<sup>st</sup>, 2003 was USD 0,4 million lower than at December 31<sup>st</sup>, 2002 due to repayment of interest-bearing debt and the purchase of Riley Electric Log Inc.

Total Equity per December 31st, 2003 was USD 195,9 million, representing 78% of Total Assets.

## THE MULTI-CLIENT DATA LIBRARY:

MUSD	Q4 2003	Q4 2002	12 months 2003	12 months 2002	Year 2001	Year 2000
Opening Balance	127,9	116,5	117,8	98,2	55,5	40,0
In purchase price of A2D				9,5		
In purchase price of Riley	5,0		5,0			
Investment	22,9	19,4	68,7	58,8	90,9	46,4
Amortization	22,5	18,0	58,3	48,7	48,2	30,9
Net Book Value Ended	133,2	117,8	133,2	117,8	98,2	55,5

## KEY MULTI CLIENT FIGURES:

MUSD	Q4	Q4	12 months	12 months	Year	Year
	2003	2002	2003	2002	2001	2000
Net MC Revenues	<b>45,6</b>	33,9	<b>132,6</b>	121,5	123,1	85,1
Change in MC Revenue	<b>34 %</b>	<b>11 %</b>	<b>9 %</b>	-1 %	45 %	14 %
Change MC Investment	18 %	23 %	17 %	-35 %	96 %	21 %
Amort% of Net MC Revs	<b>49 %</b>	<b>53 %</b>	<b>44 %</b>	40 %	39 %	36 %
Increase in NBV	<b>4 %</b>	<b>1 %</b>	<b>13 %</b>	20 %	77 %	39 %

## OPERATIONAL HIGHLIGHTS

The Company added approximately 11,000 kilometers of new 2D and 4,000 square kilometers of new 3D data to its library of marketed seismic surveys during the 4<sup>th</sup> quarter. A total of six different seismic vessels contributed to this effort. Most of the new acquisition was located in the US Gulf of Mexico, followed by Canada and Greenland. In December, the Company completed delivery of its Phase 50 2D program and added an OBC (ocean bottom cable) crew to expand and accelerate its previously announced "Deep Resolve" long offset 3D project.

A2D added 80,000 logs from 25,000 wells to its digital well log library, bringing the total inventory to 1,7 million digital well log images from approximately 815,000 wells. A2D completed its acquisition of Riley Electric Log in December and also signed agreements with two geoscience firms to jointly develop and produce new specialty added-value derivative products from well log data.

## OUTLOOK

The Company's backlog for new seismic projects increased 14% to USD 19,1 million per December 31st, 2003 from USD 16,7 million at the end of the 3<sup>rd</sup> quarter. A2D backlog also increased slightly to USD 10,1 million compared to USD 9,8 million per September 30<sup>th</sup>. Total backlog increased for the 5<sup>th</sup> consecutive quarter and stands at USD 29,2 million at the end of Q4.

As a result of continuing high oil and gas prices, oil companies are reporting very positive financial results with strong cash flows and reduced levels of debt. Replacing reserves through exploration is a growing theme in their strategies. Industry analysts are forecasting annual growth in total exploration and production spending within a range of 3-10% for 2004. Although in recent years there has not been an exact correlation between total E & P spending and seismic spending, TGS-NOPEC expects a small improvement in its market segments after a generally flat market development during 2003. The Company expects to continue to grow its market share and projects an approximate 15% increase in net revenues for the full year 2004. Investments in multi-client data during 2004 are expected to be in the range of USD 75 - 80 million compared to approximately USD 69 million in 2003. Average annual pre-funding is anticipated to be in the range of 45-55% compared to 54% in 2003 and average annual amortization rates in the range of 42-47% compared to 44% in 2003.

TGS-NOPEC's Board of Directors proposes not to issue a dividend for 2003.

**CONTACTS FOR ADDITIONAL INFORMATION**

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**Naersnes, February 11<sup>th</sup>, 2004**

The Board of Directors of TGS-NOPEC Geophysical Company ASA

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*This interim Financial Report has been prepared applying the same accounting principles as applied in the Company's Annual Reports and complies with the Norwegian Accounting Standard NRS 11.*

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*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*  
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TGS-NOPEC Geophysical Company ASA

## Consolidated Profit & Loss Accounts

			12 Months	12 Months
(All amounts in USD 1000's unless noted otherwise)	Q4 2003	Q4 2002	2003	2002
<i>Operating Revenues</i>				
Sales	54 420	37 877	152 345	132 099
Income sharing	-8 348	-2 101	-15 433	-7 665
<b>Net Operating Revenues</b>	<b>46 072</b>	<b>35 776</b>	<b>136 912</b>	<b>124 434</b>
<i>Operating expenses</i>				
Materials	768	1 110	2 577	2 986
Amortization of Multi-Client Data Library	22 513	17 986	58 320	48 707
Personnel costs	5 048	4 597	19 614	14 968
Other operating expenses	3 125	1 803	9 946	7 954
Depreciation	972	1 164	4 298	3 560
Loss on disposal of vessel				5 102
<b>Total operating expenses</b>	<b>32 426</b>	<b>26 660</b>	<b>94 755</b>	<b>83 277</b>
<b>Operating profit</b>	<b>13 646</b>	<b>9 116</b>	<b>42 157</b>	<b>41 157</b>
<i>Financial income and expenses</i>				
Interest Income	56	132	233	723
Interest Expense	-74	-374	-506	-901
Exchange gains/losses	-619	-107	-806	-241
<b>Net financial items</b>	<b>-637</b>	<b>-349</b>	<b>-1 079</b>	<b>-419</b>
<b>Profit before taxes</b>	<b>13 009</b>	<b>8 767</b>	<b>41 078</b>	<b>40 738</b>
Tax provision	3 283	4 112	12 684	11 114
<b>Net Income</b>	<b>9 726</b>	<b>4 655</b>	<b>28 393</b>	<b>29 624</b>
EPS USD	0,39	0,19	1,15	1,20
EPS USD fully diluted	0,37	0,17	1,07	1,12

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## Consolidated Balance Sheet

(All amounts in USD 1000's unless noted otherwise)	31.12.2003	31.12.2002
<b>ASSETS</b>		
<b>Long-term assets</b>		
<i>Intangible assets</i>		
Goodwill	16 166	16 486
<i>Fixed Assets</i>		
Buildings	3 917	3 456
Machinery and equipment	3 991	3 949
<i>Financial Assets</i>		
Long term receivables, included pre-payments	4 000	6 000
<b>Total long-term assets</b>	<b>28 074</b>	<b>29 891</b>
<b>Current assets</b>		
<i>Inventories</i>		
Multi-Client Data Library, net	133 237	117 822
<i>Receivables</i>		
Accounts receivable	66 288	58 105
Other short term receivables	4 396	4 858
<i>Cash and cash equivalents</i>		
Cash and cash equivalents	17 724	18 078
<b>Total current assets</b>	<b>221 645</b>	<b>198 863</b>
<b>TOTAL ASSETS</b>	<b>249 719</b>	<b>228 754</b>

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## TGS-NOPEC Geophysical Company ASA Consolidated Balance Sheet

(All amounts in USD 1000's unless noted otherwise)	31.12.2003	31.12.2002
<b>LIABILITIES AND EQUITY</b>		
<i>Equity</i>		
Share capital	3 556	3 549
Other equity	192 358	162 425
<b>Total equity</b>	<b>195 914</b>	<b>165 974</b>
<b>Provisions and liabilities</b>		
<i>Provisions</i>		
Deferred tax liability	7 692	4 432
<i>Long term liabilities</i>		
Mortgage loans/secured loans	6 430	13 990
Capitalized lease liabilities	416	733
<i>Current liabilities</i>		
Short-term interest-bearing debt	861	7 397
Accounts payable and debt to partners	28 975	14 996
Taxes payable, withheld payroll tax, social security	2 600	8 035
Other current liabilities	6 831	13 197
<b>Total provisions and liabilities</b>	<b>53 805</b>	<b>62 780</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>249 719</b>	<b>228 754</b>



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TGS-NOPEC Geophysical Company ASA

**Consolidated Cashflow Statement**

			<b>12 Months</b>	<b>12 Months</b>
(All amounts in USD 1000's unless noted otherwise)	<b>Q4 2003</b>	<b>Q4 2002</b>	<b>YTD 2003</b>	<b>2002</b>
<b>Cashflow from operating activities:</b>				
Received payments from sales	26 845	22 399	129 185	123 364
Payments for acquired seismic and services	-20 105	-19 525	-79 550	-99 799
Payments for salaries, pensions, social security tax and tax deducted	-5 097	-4 600	-19 664	-14 968
Received interest and other financial income	56	131	232	723
Interest payments and other financial cost	-73	-373	-506	-901
Paid tax and government taxes	723	-845	-11 407	-15 771
Payments for other oper. activities and currency diff.				4 965
<b>Net cash flow from operating activities</b>	<b>2 349</b>	<b>-2 813</b>	<b>18 290</b>	<b>-2 387</b>
<b>Cash flow from investing activities:</b>				
Received payments from fixed assets		3 663		
Investment in tangible fixed assets	-530	-940	-1 495	
Investment in Riley (2003) and A2D (2002)	-6 492		-6 492	-14 500
Net change in long term receivables	833	-5 338	2 000	993
<b>Net cash flow from investing activities</b>	<b>-6 189</b>	<b>-2 615</b>	<b>-5 987</b>	<b>-13 507</b>
<b>Cash flow from financing activities:</b>				
Net change in short term loans	761	7 182	-6 535	6 500
Net change in long term loans	-98	-6	-6 530	-2 948
Paid in equity	408		408	215
<b>Net cash flow from financing activities</b>	<b>1 071</b>	<b>7 176</b>	<b>-12 657</b>	<b>3 767</b>
<b>Net change in cash and cash equivalents</b>	<b>-2 769</b>	<b>1 748</b>	<b>-354</b>	<b>-12 127</b>
Cash and cash equivalents at the beginning of period	20 493	16 330	18 078	30 205
<b>Cash and cash equivalents at the end of period</b>	<b>17 724</b>	<b>18 078</b>	<b>17 724</b>	<b>18 078</b>

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### **Equity Reconciliation per December 31st 2003**

(All amounts in USD 1000's unless noted otherwise)	2003
<b>Opening Balance</b>	<b>165 974</b>
Changes in share capital during the year	408
Net Income	28 393
Effect of change in exchange rates and other items	1 139
<b>Closing balance per December 31st 2003</b>	<b>195 914</b>