



Presentation of the 4th Quarter 2006 Results

February 8th 2007

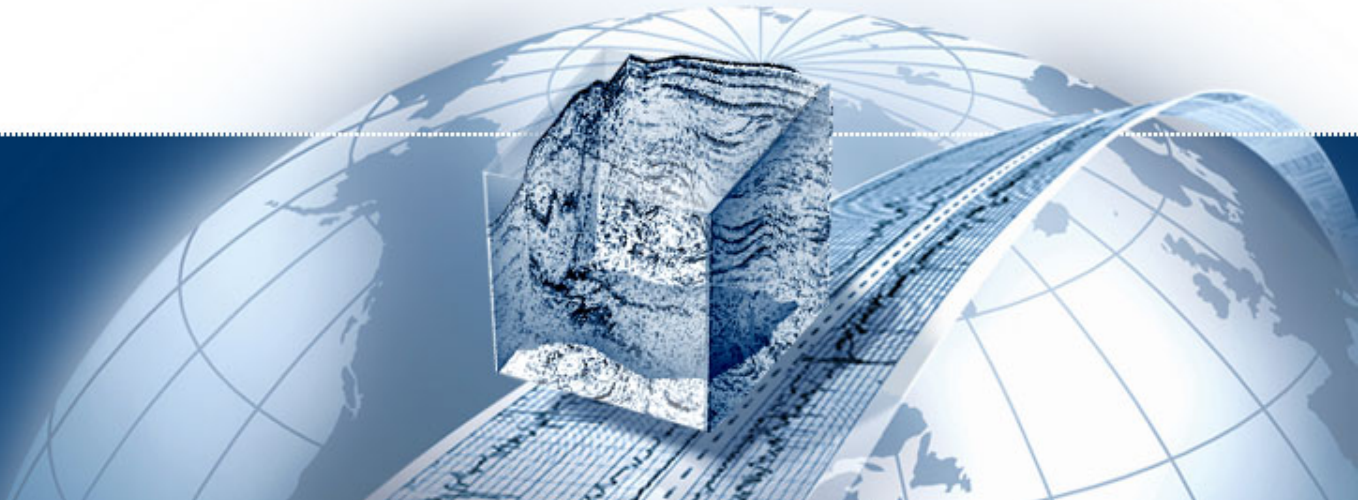
A webcast of this presentation is available at www.tgsnopec.no

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.

Q4 2006 Financial Highlights

- **Net Revenues 123.7 MUSD, up 64% from Q4 2005**
 - Net Late Sales 95.4 MUSD, up 62% from Q4 2005
 - Proprietary Contract work MUSD 7.5, vs MUSD 3,0 in Q4-05
- **Operational Investments up 6% from 33.9 MUSD in Q4-05 to 35.9 MUSD supported by 58% prefunding (up 54% to MUSD 20,8)**
- **Multi-Client Amortization rate 25%**
- **EBIT Margin 58% of Net Revenues**
 - EBIT 72.1 MUSD, up 146% from 29.3 MUSD in Q4 2005
- **EPS \$0.48, up 143% from \$0.20 in Q4 2005**
- **Cash Flow from Operations (ex investments) 77.9 MUSD, up 96% from 39.6 MUSD in Q4 last year..**

Q4 2006 PROFIT & LOSS (MUSD)

		Q4 2006	Q4 2005	Change	%
Gross Sales		135.3	83.6	51.7	62%
Income Sharing & Royalties		(11.7)	(8.4)	(3.3)	39%
Net Operating Revenues		123.7	75.2	48.4	64%
Materials		3.5	0.1	3.4	2841%
MC Amortization	25%	29.4	31.0	(1.6)	-5%
Gross Margin		90.7	44.1	46.6	106%
Other Operating Expenses		15.8	13.2	2.6	20%
Cost of Stock Options		1.0	0.7	0.3	45%
Depreciation		1.9	1.0	0.9	88%
Operating Profit	58%	72.1	29.3	42.8	146%
Net Financial Items		(3.6)	0.5	(4.1)	-828%
Pre-tax Profit	55%	68.5	29.8	38.7	130%
Taxes		18.2	9.4	8.9	94%
Net Income	41%	50.3	20.4	29.9	147%
EPS, undiluted		0.48	0.20	0.3	143%
EPS, fully diluted		0.46	0.19	0.3	146%

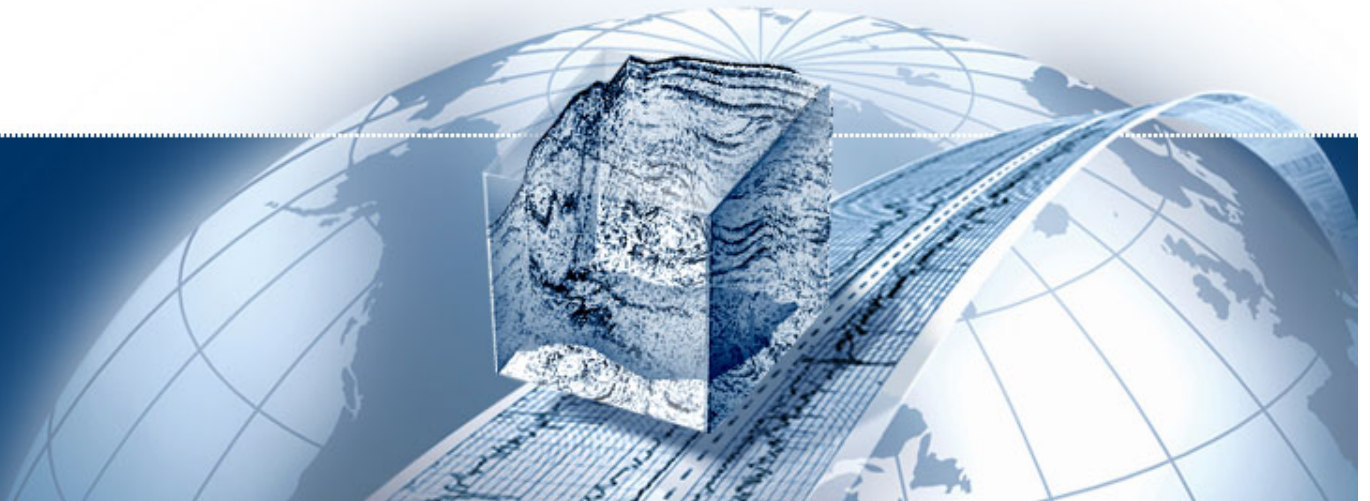
Q4 2006 CASH FLOW

	Q4 2006	Q4 2005
Payments from Sales Received	111.4	56.2
Operational Costs Paid	(23.0)	(12.7)
Net Financial Items	(5.2)	0.5
Taxes Paid	(5.3)	(4.4)
Operational Cash Flow	77.9	39.6
Investments in Fixed Assets	(3.3)	0.2
Payments for Acquired Multi-Client Products	(23.2)	(28.7)
Investments through Mergers and Acquisition	0.1	-
Net Change in Long-term Receivables	3.6	0.9
Net Change in Long-term loans	(4.5)	(0.3)
Purchase of own Shares	-	-
Paid in Equity	1.4	0.2
Change in Cash Balance	52.0	12.0

Full Year 2006



TGS-NOPEC Geophysical Company



2006 Financial Highlights

- **Net Revenues 395.9 MUSD, up 65% from 2005**
 - Net Late Sales 301.4 MUSD, up 58% from 2005
 - Net Prefunding 75.1 MUSD, funding 57% of operational investments
 - Proprietary revenues 19.4 MUSD vs 8.2 MUSD in 2005
- **Operational Investments up 27% from 103.8 MUSD to 131.9 MUSD**
- **Multi-Client Amortization rate 27%**
- **EBIT Margin 56% of Net Revenues**
 - EBIT 221.3 MUSD, up 131% from 96.0 MUSD 2005
- **Cashflow from Operations before MC investments 286.5 MUSD compared to 151.9 MUSD 2005**
- **Cashflow from Operations after Investments in MC-Library MUSD 153.1, up 139% from MUSD 64.0 for the 2005.**

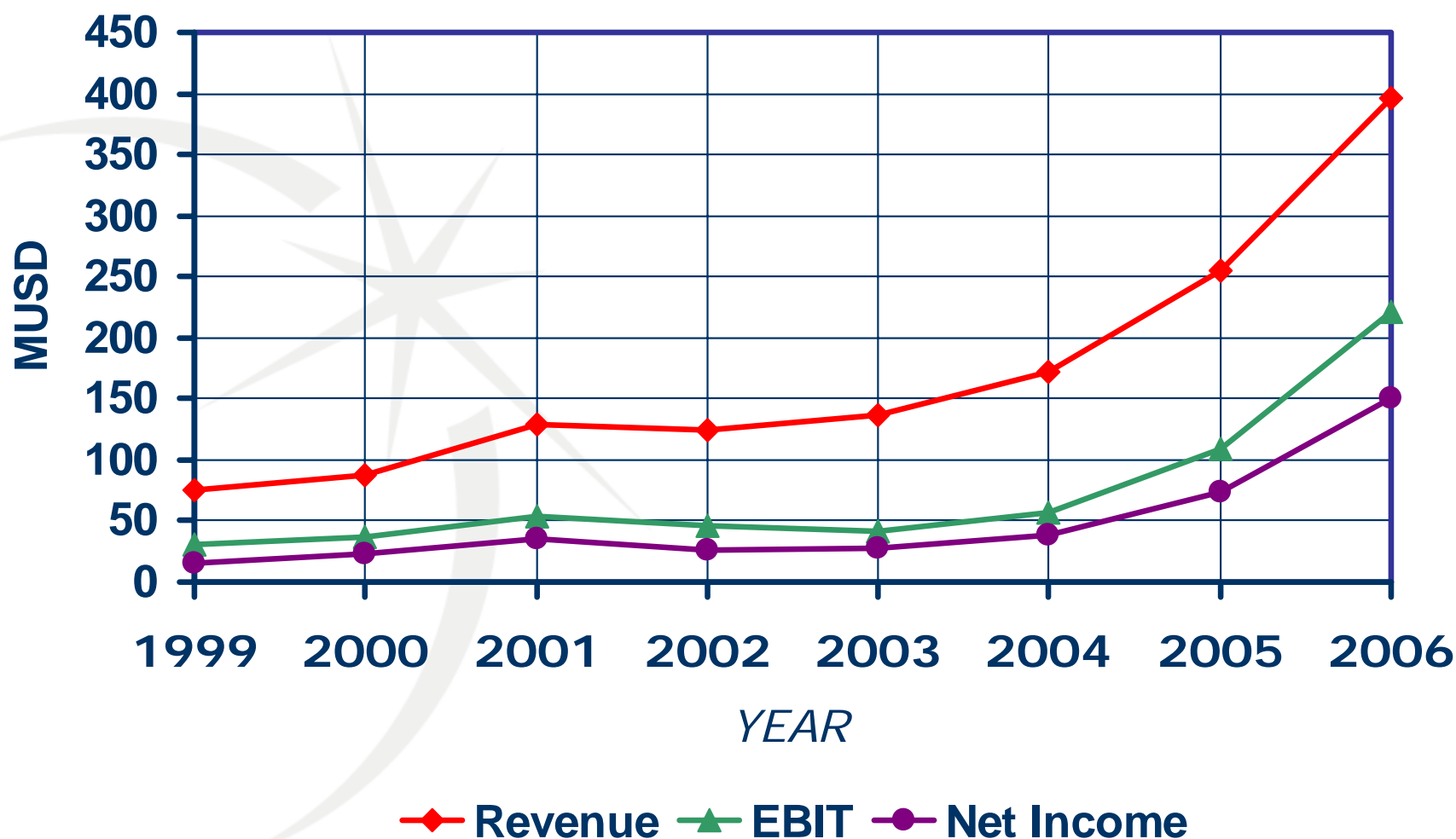
2006 Full Year Analysts vs. Actuals

	Actual	Average	Actual	Actual		
(MUSD)	2006	Analysts	vs	vs	High	Low
			Consensus	Consensus		
Net Revenue	395.9	388.0	7.9	2%	392.0	384.0
EBIT	221.3	212.0	9.3	4%	220.0	211.0

2006 PROFIT & LOSS (MUSD)

		2006	2005	Change	%
Gross Sales		427.0	263.9	163.0	62%
Income Sharing & Royalties		(31.1)	(23.6)	(7.5)	32%
Net Operating Revenues		395.9	240.4	155.5	65%
Materials		6.1	0.8	5.2	617%
MC Amortization	27%	101.7	94.1	7.5	8%
Gross Margin		288.1	145.4	142.7	98%
Other Operating Expenses		59.1	44.6	14.5	33%
Cost of Stock Options		3.0	2.0	1.0	49%
Depreciation		4.7	2.8	1.9	68%
Operating Profit	56%	221.3	96.0	125.3	131%
Net Financial Items		(1.8)	1.2	(3.0)	-246%
Pre-tax Profit	55%	219.5	97.2	122.3	126%
Taxes		68.6	32.1	36.6	114%
Net Income	38%	150.9	65.1	85.8	132%
EPS, undiluted		1.43	0.63	0.8	127%
EPS, fully diluted		1.39	0.60	0.8	130%

TGS Revenue, EBIT, Net Income



2006 CASH FLOW

	2006	2005
Payments from Sales Received	397.8	217.0
Operational Costs Paid	(60.3)	(41.7)
Net Financial Items	(2.7)	1.2
Taxes Paid	(48.3)	(24.6)
Operational Cash Flow	286.5	151.9
Investments in Fixed Assets	(6.1)	(7.1)
Payments for Acquired Multi-Client Products	(133.5)	(87.9)
Investments through Mergers and Acquisition	(7.1)	-
Net Change in Long-term Receivables	(0.2)	1.7
Net Change in Long-term loans	(2.1)	(0.9)
Purchase of own Shares	(10.0)	(2.2)
Paid in Equity	8.8	16.3
Change in Cash Balance	136.5	71.7

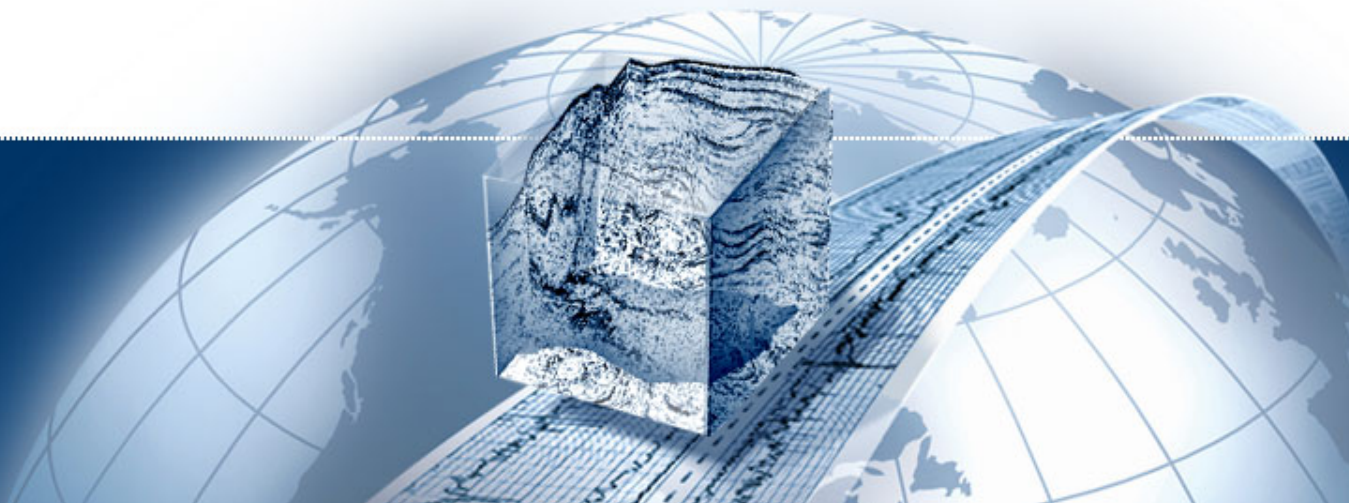
Balance Sheet – Key Figures

	12/31/2006	%	12/31/2005	%
Assets				
Cash	270.6	40%	134.1	29%
Other Current Assets	152.9	23%	129.9	28%
Total Current Assets	423.4	63%	264.0	57%
Intangible Assets & LT Receivables	42.8	6%	21.3	5%
MC Library	195.6	29%	160.8	35%
Fixed Assets	14.4	2%	18.7	4%
Total Assets	676.2	100%	464.7	100%
Liabilities				
Short-term debt	0.0	0%	0.0	0%
Current Liabilities	114.0	17%	73.6	16%
Long-term loans	48.3	7%	45.1	10%
Deferred Tax Liability	37.0	5%	25.3	5%
Equity	477.0	71%	320.8	69%

Multi-Client Library



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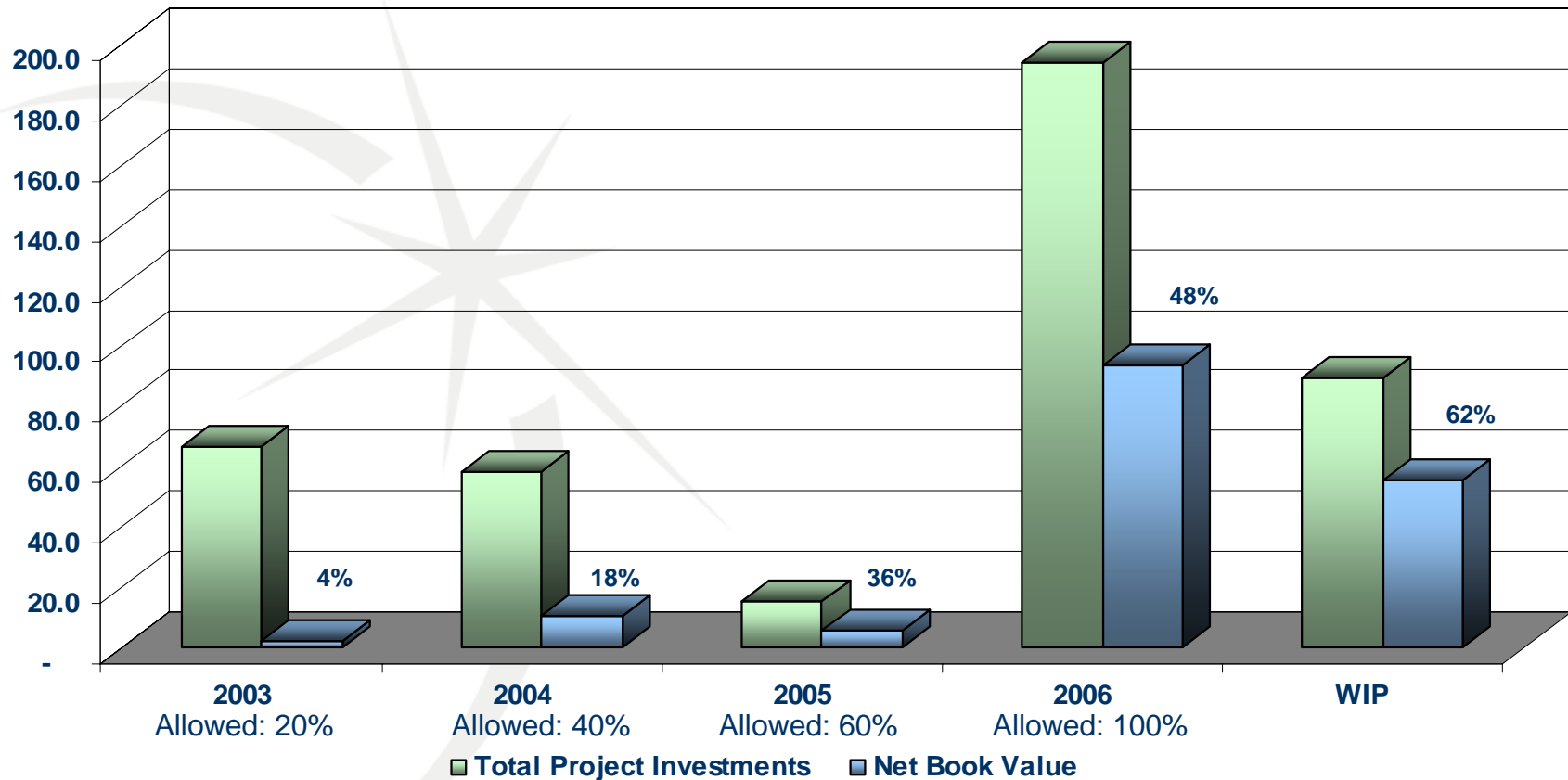
MCS Accounting – Matching Principle

- 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

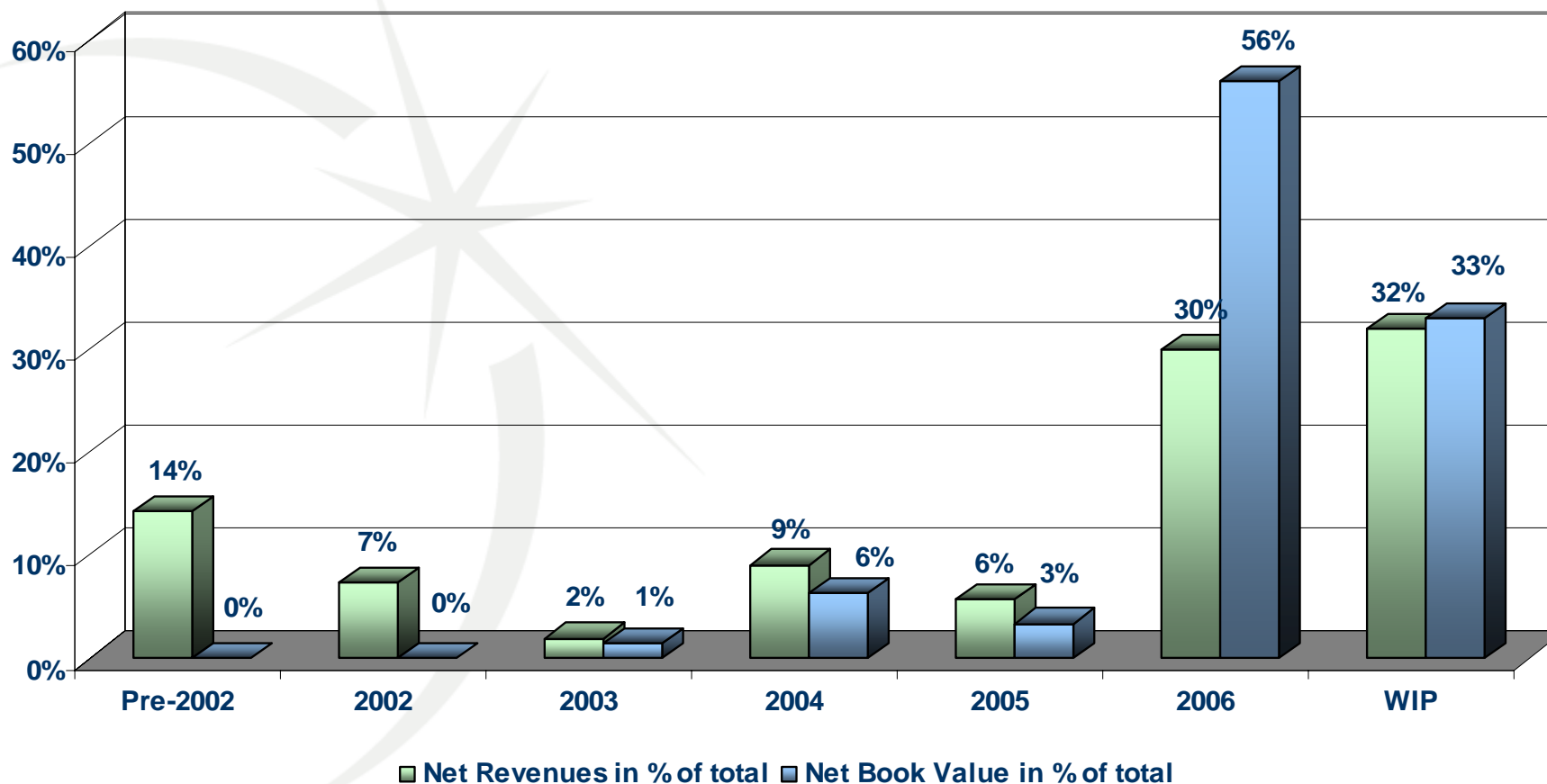
Seismic Surveys as of December 31st 2006

Vintages still carrying a Net Book Value

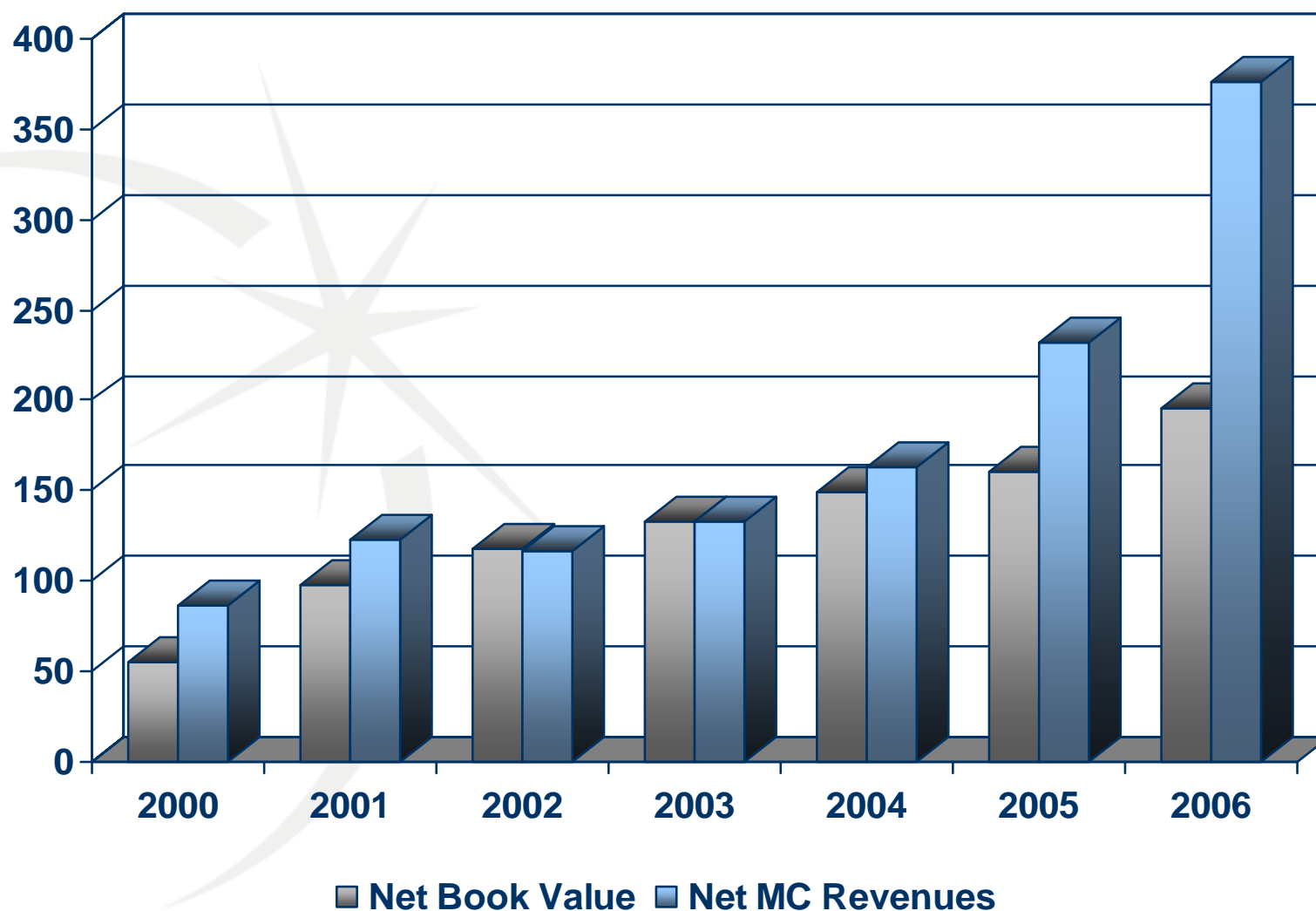


Q4 2006 Multi-Client Net Revenues & Ending NBV

- Seismic Surveys



Multi-Client Library Revenue vs. Ending NBV

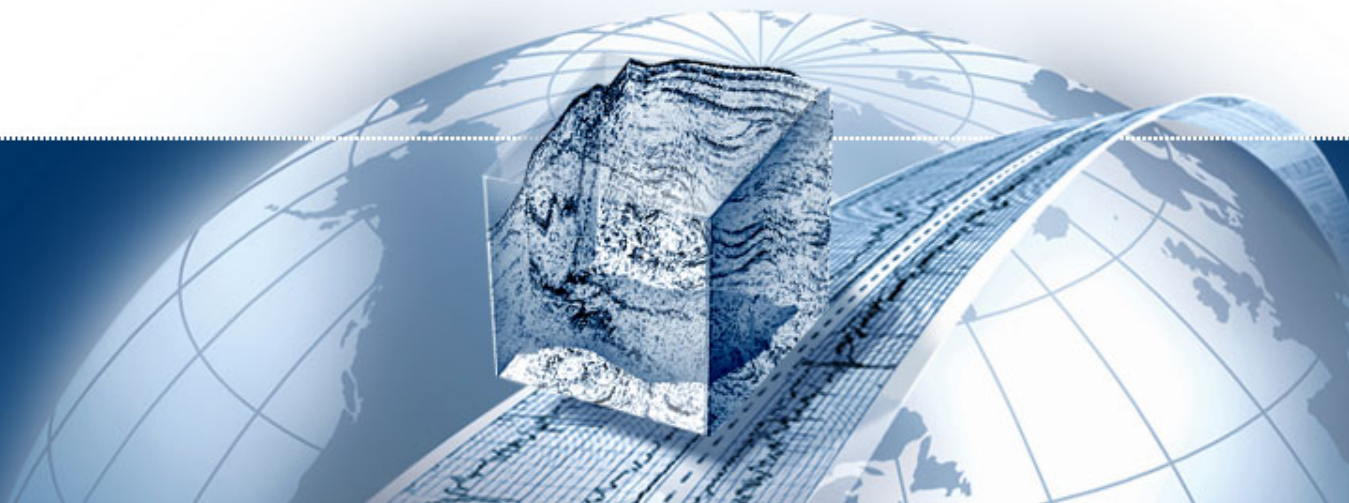


Operations & Outlook

Hank Hamilton
Chief Executive Officer

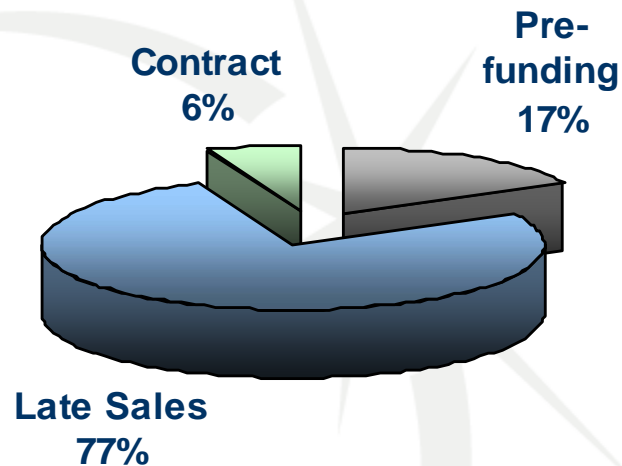


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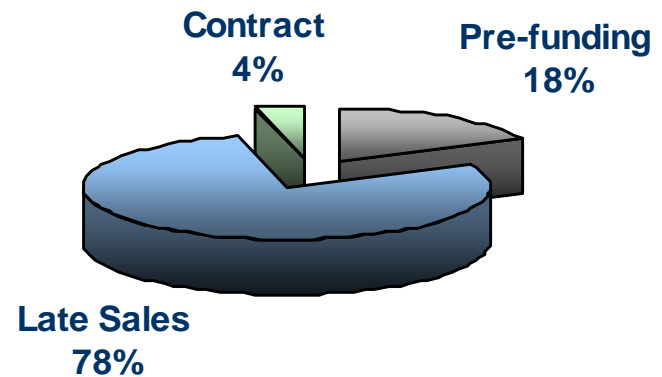


Q4 Net Revenue Breakdown

Q4 2006

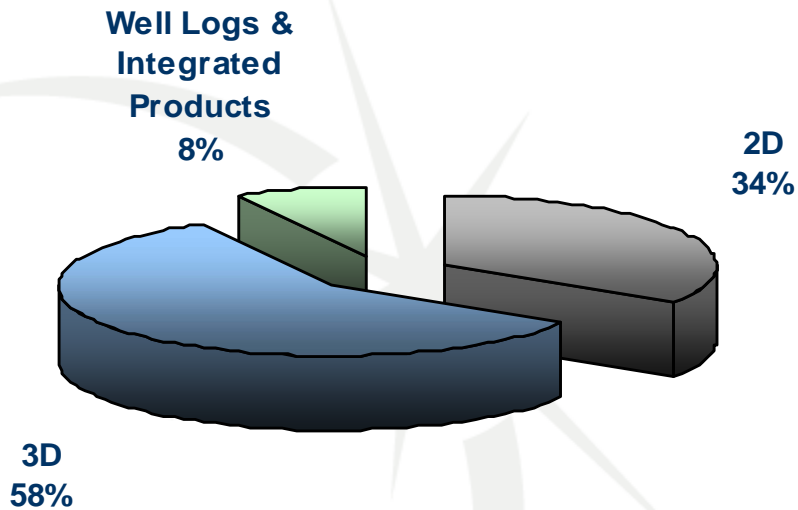


Q4 2005

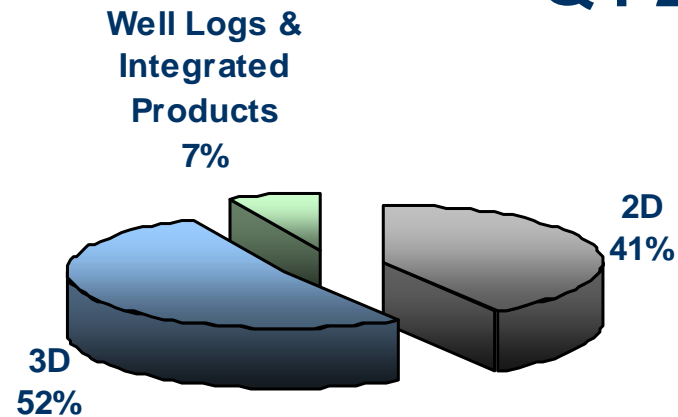


Q4 Net Revenue By Product Type

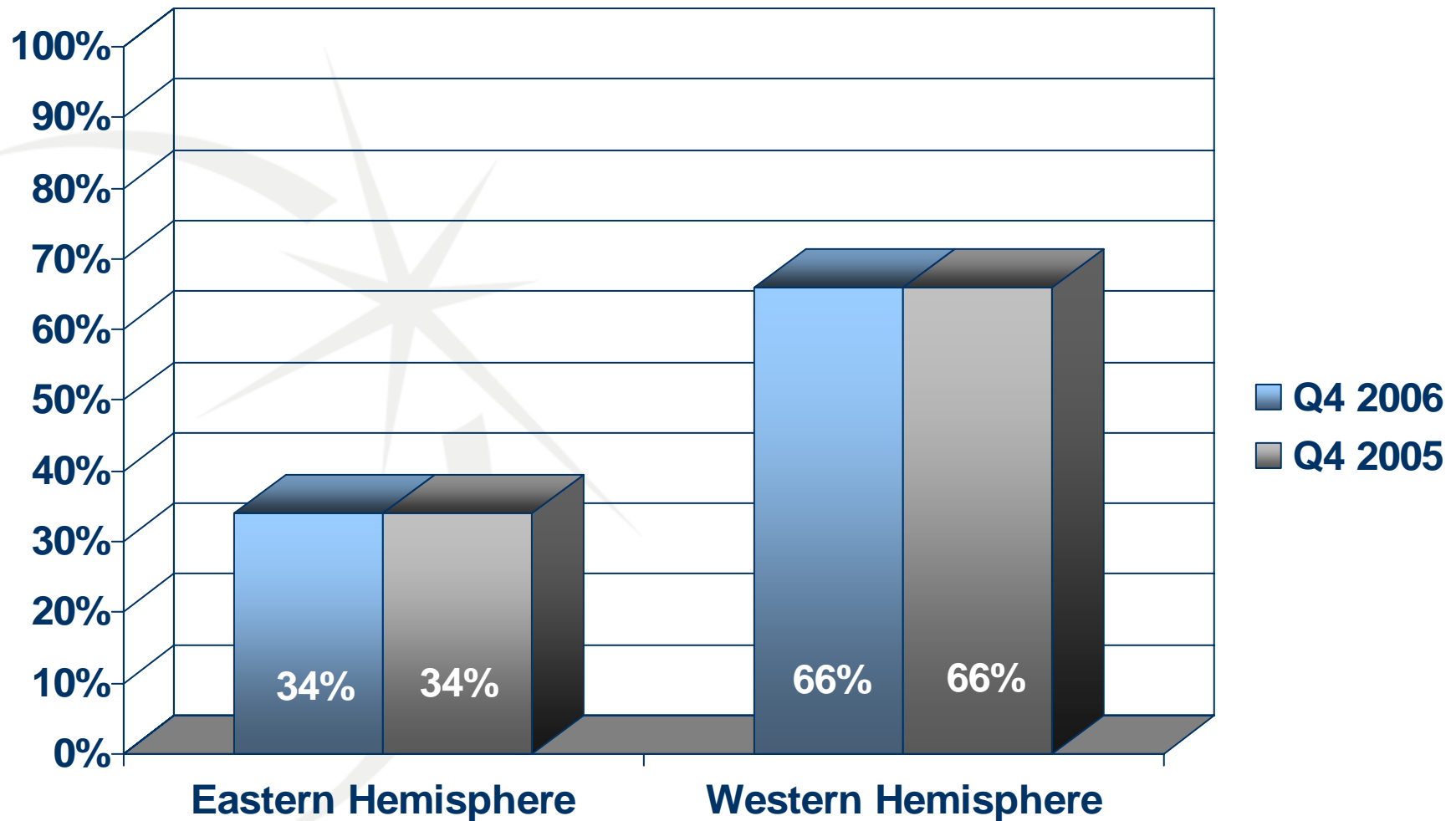
Q4 2006



Q4 2005



Q4 Geographical Net Revenue Breakdown



Operational Highlights

Gulf of Mexico

- Continued acquisition of Stanley & East Delta 3D's
- Delivered Sophie's Link 3D PSTM and Deep Resolve PSDM
- Started 40,000-km 2D reprocessing in new Lease Sale area

Europe

- Completed acquisition of 2006 NSR 2D
- Completed acquisition of East Russia 2D (Sea of Okhotsk & Chukchi)
- Acquired 7 CSEM surveys in Norway

Africa, Middle East, Asia/Pacific

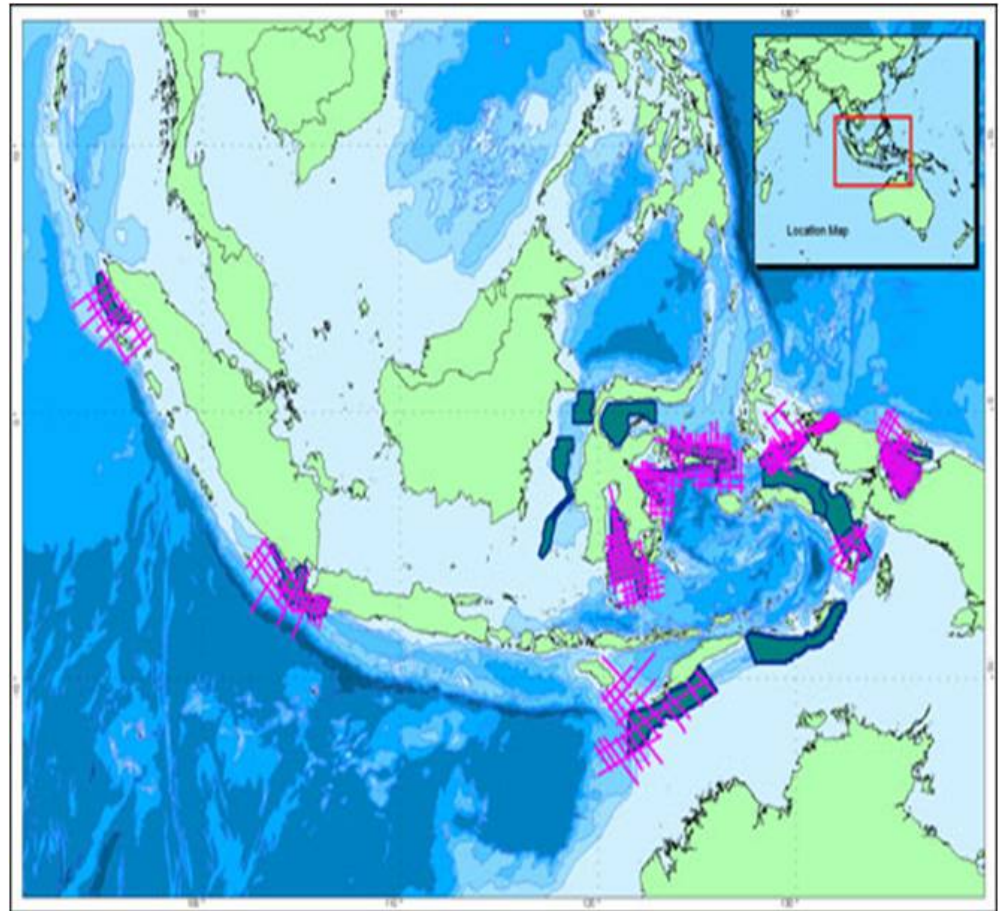
- Completed acquisition of Tunisia 3D
- Commenced 2D project offshore Oman
- Initiated Indonesia Frontier Basins "Mega-Project"

Well Logs & Integrated Products

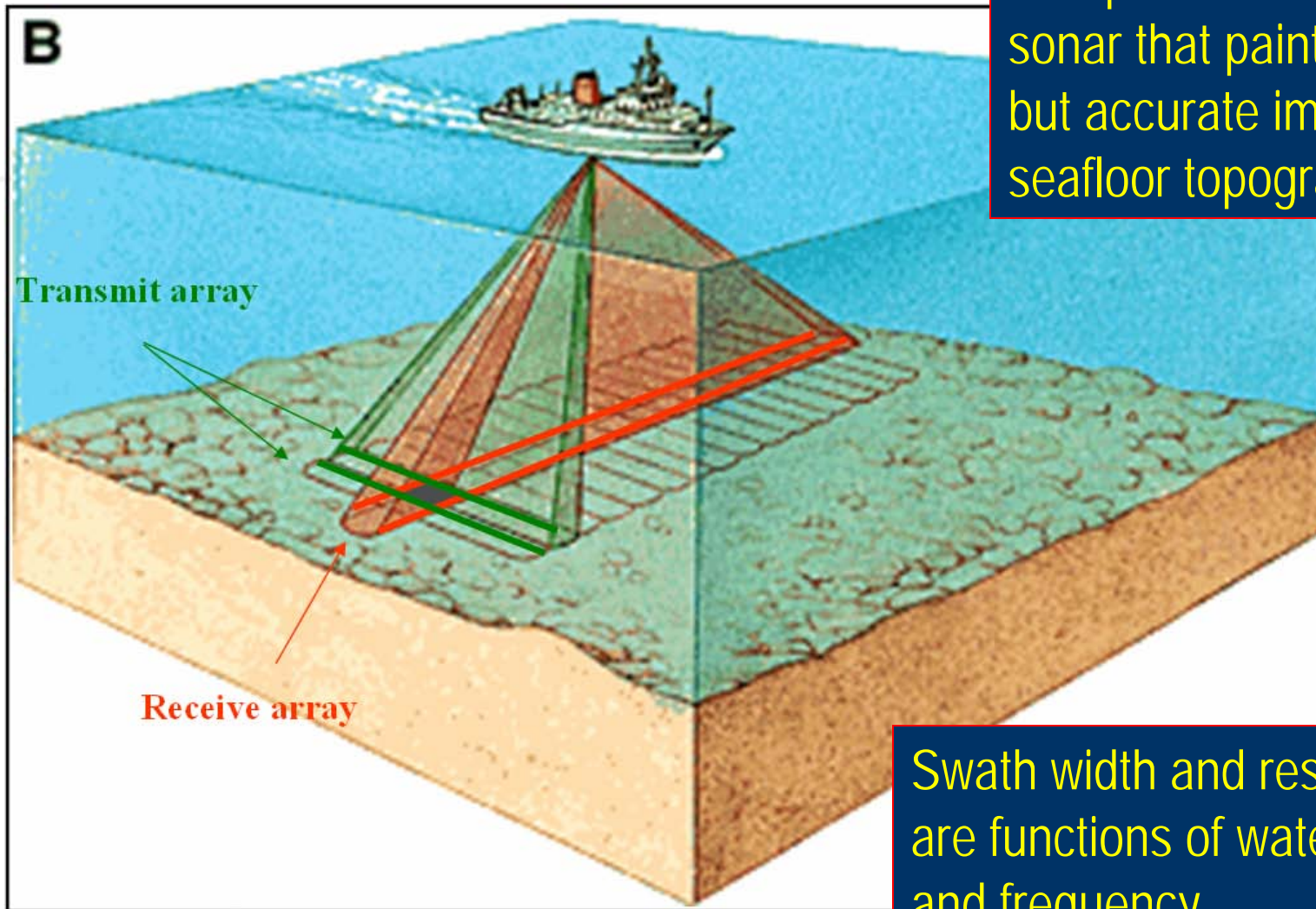
- Completed Nigeria well log database

Indonesia Frontier Basins Mega-Project

- **Comprehensive prospectivity analysis over 16 basins and 1 million square kilometers**
- **Multi-disciplinary data set acquired including:**
 - 33,000 kms 2D seismic
 - 419,000 km² Multibeam data
 - 1,500 sediment cores
 - 4,500 geochemical analyses
 - 250 heat probes



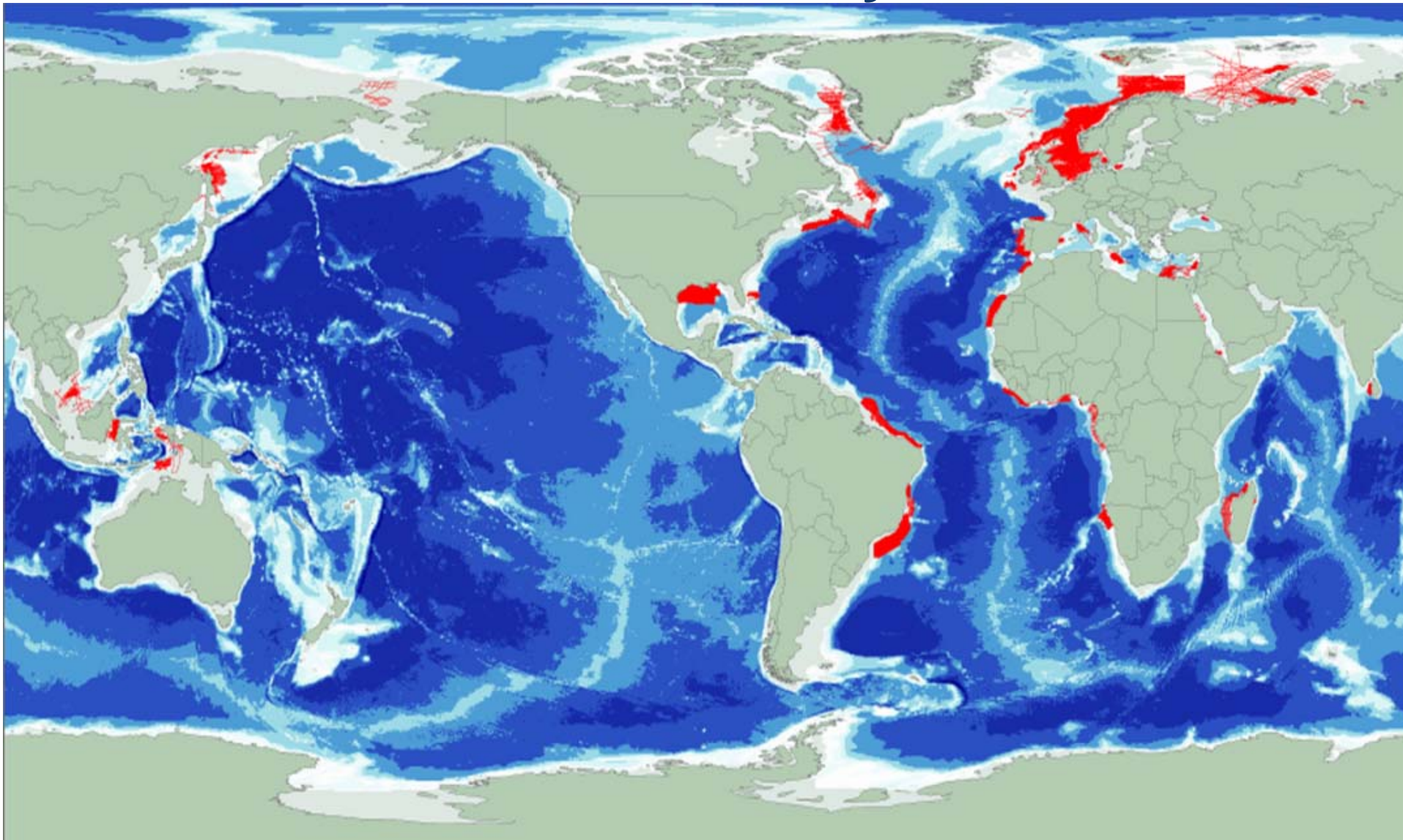
What is Multibeam?



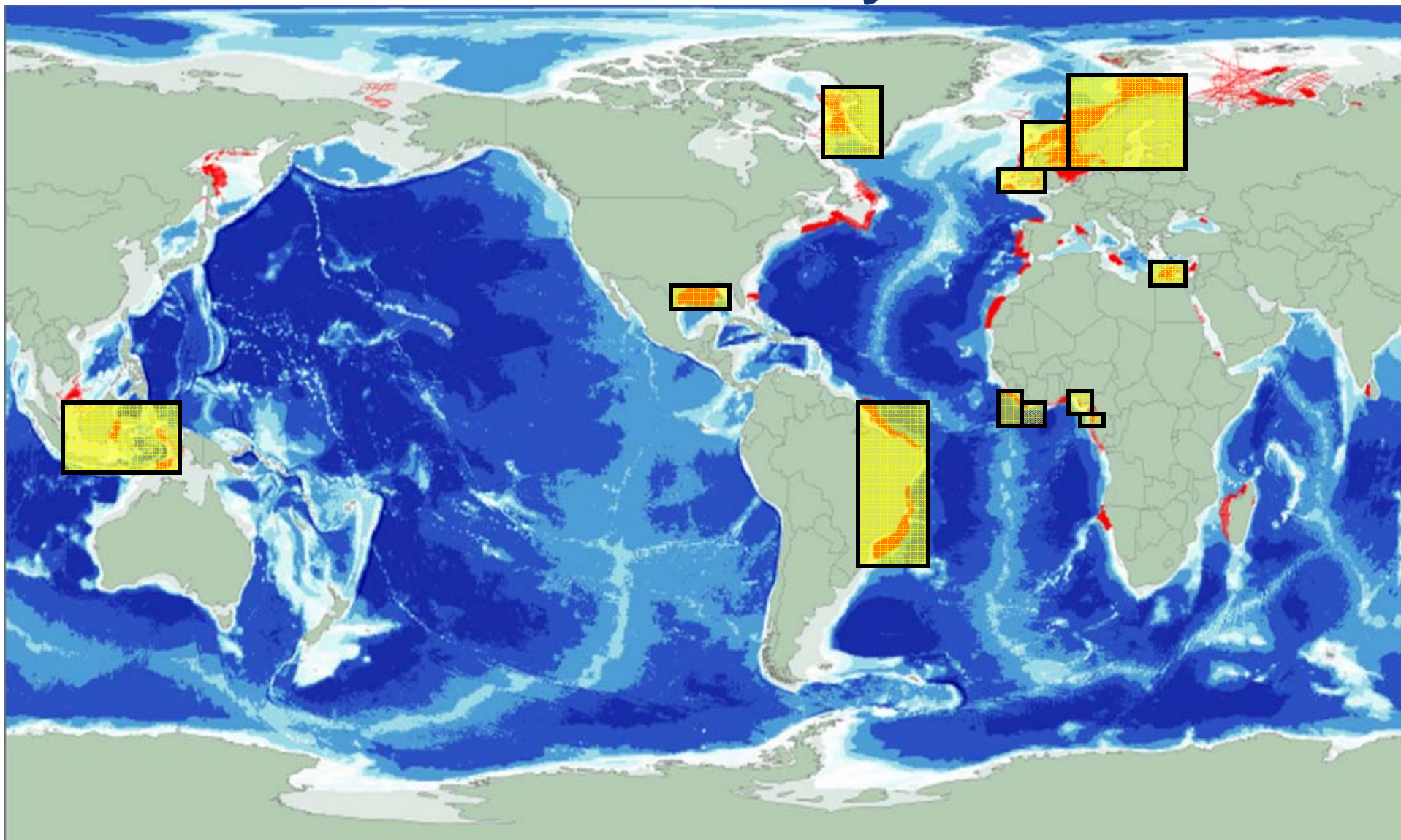
Multiple bands of swath sonar that paint a broad but accurate image of seafloor topography

Swath width and resolution are functions of water depth and frequency

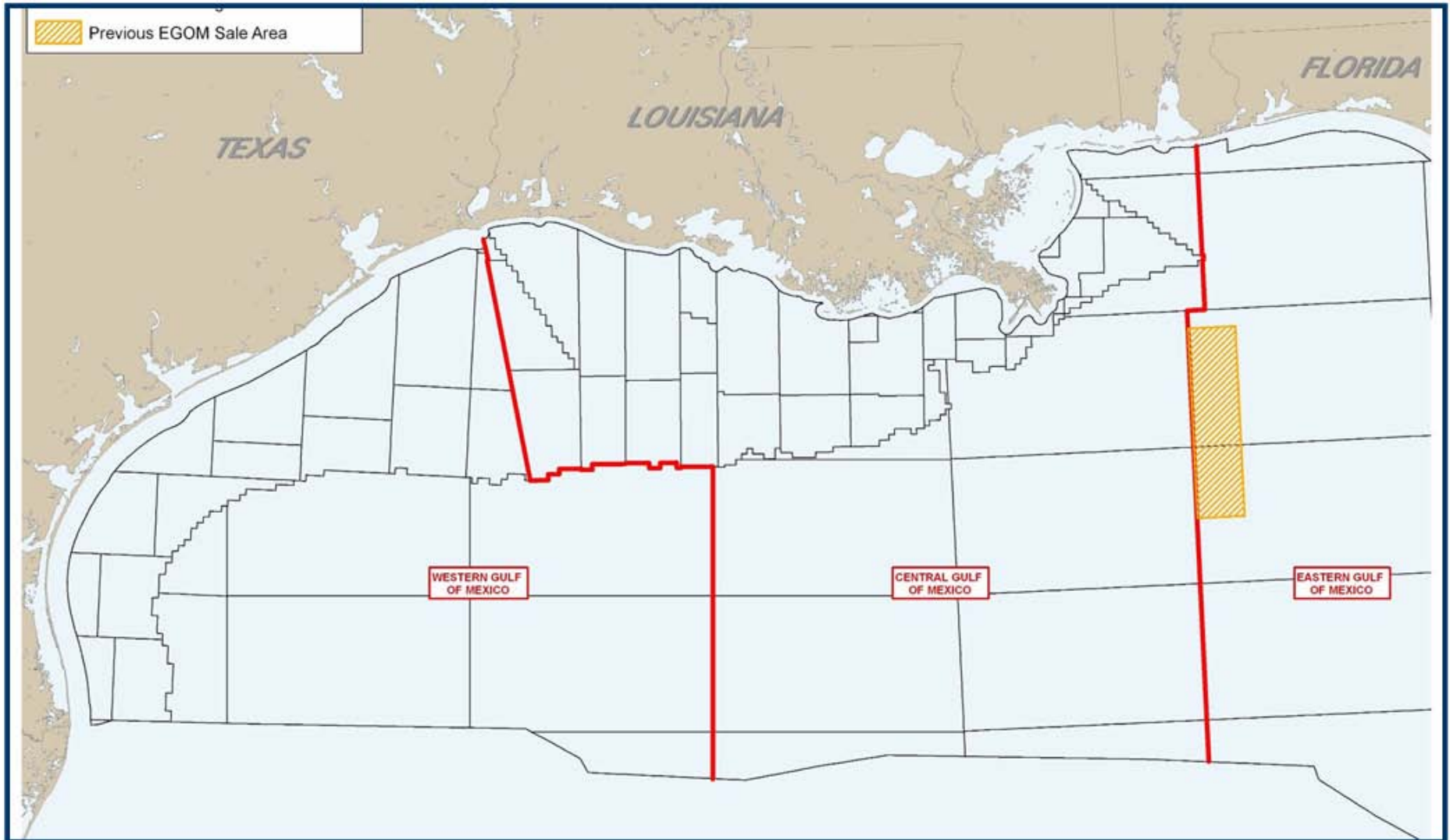
2007 License Round Activity



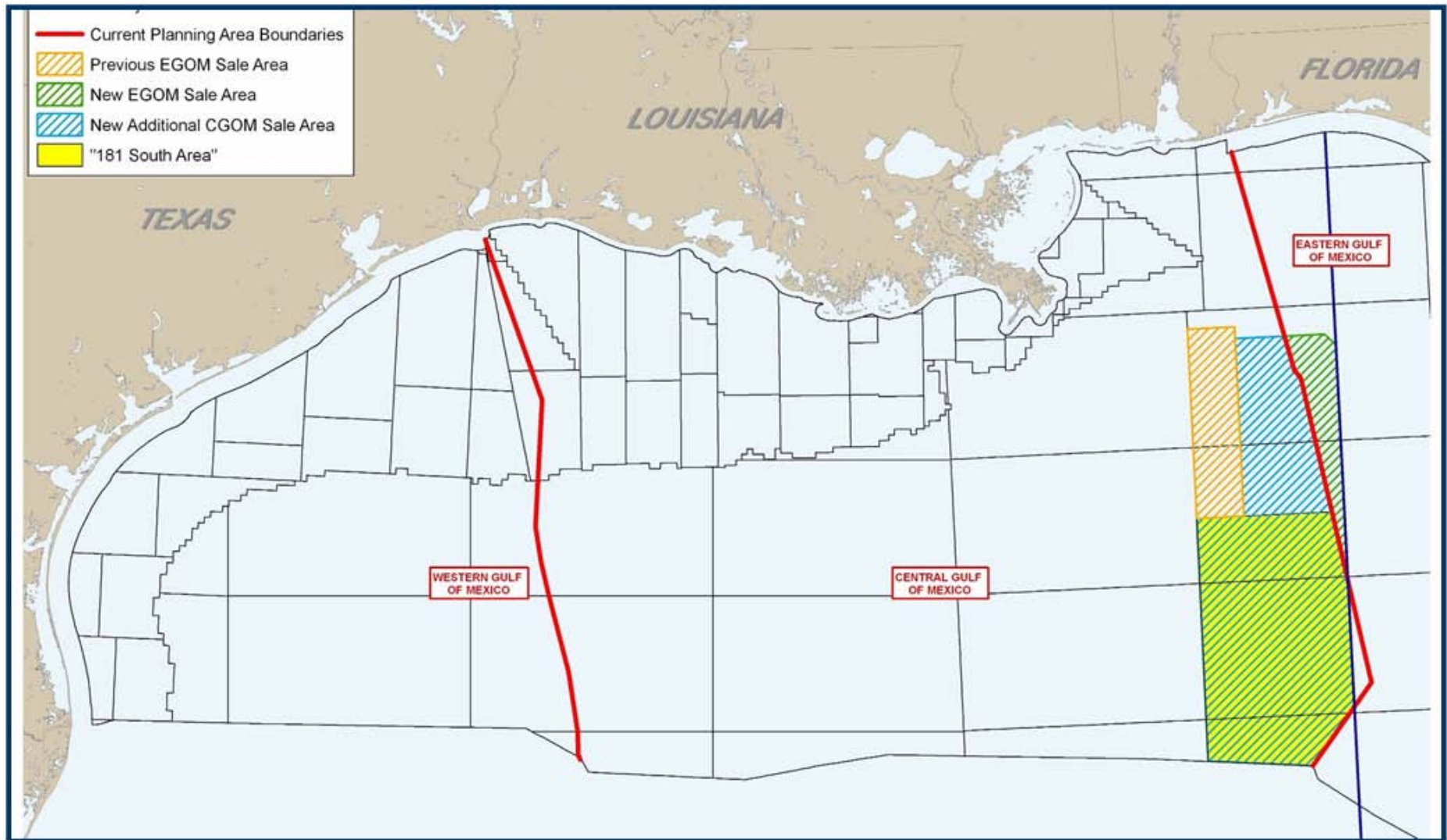
2007 License Round Activity



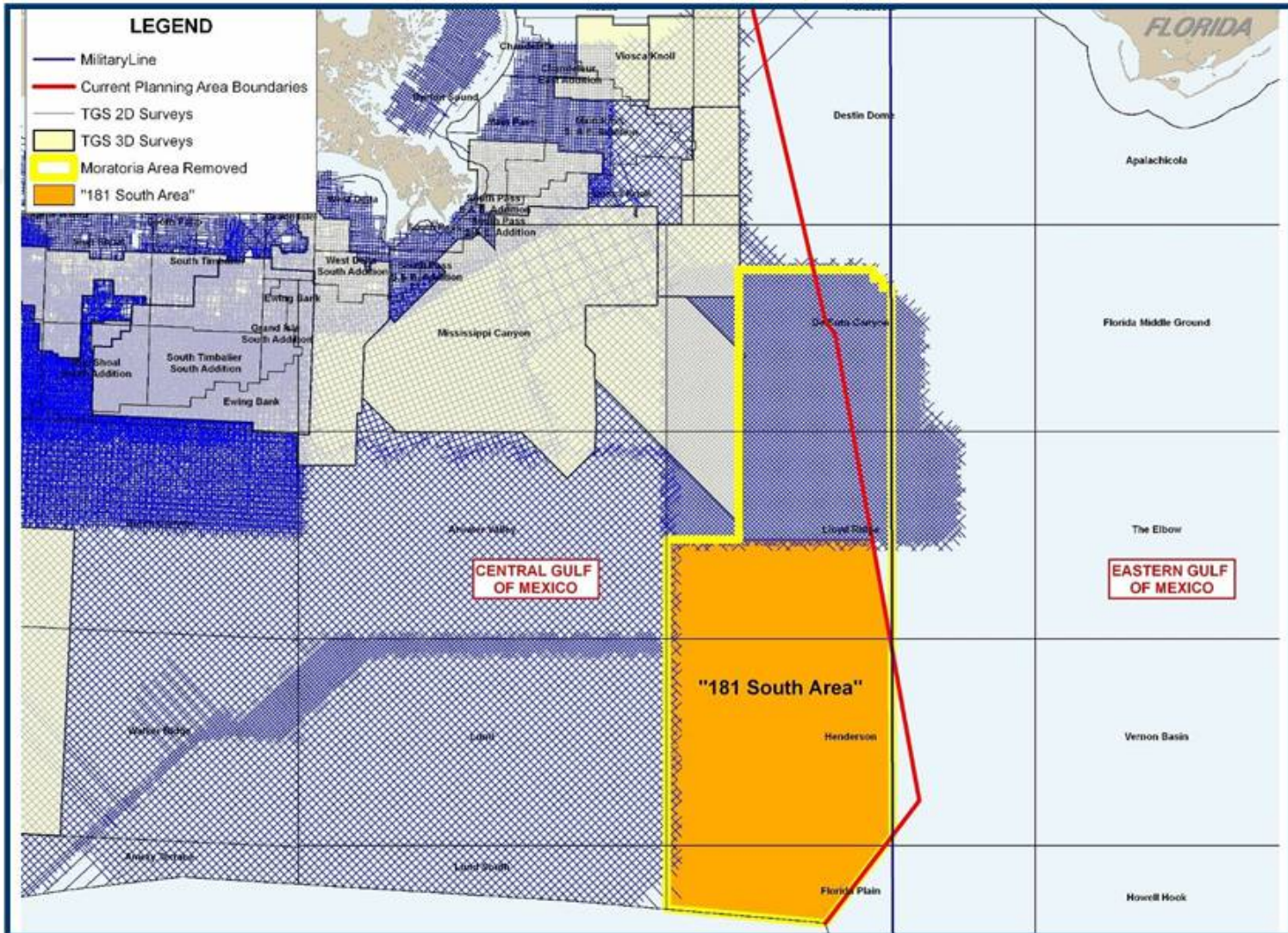
Previous Lease Sale Planning Areas



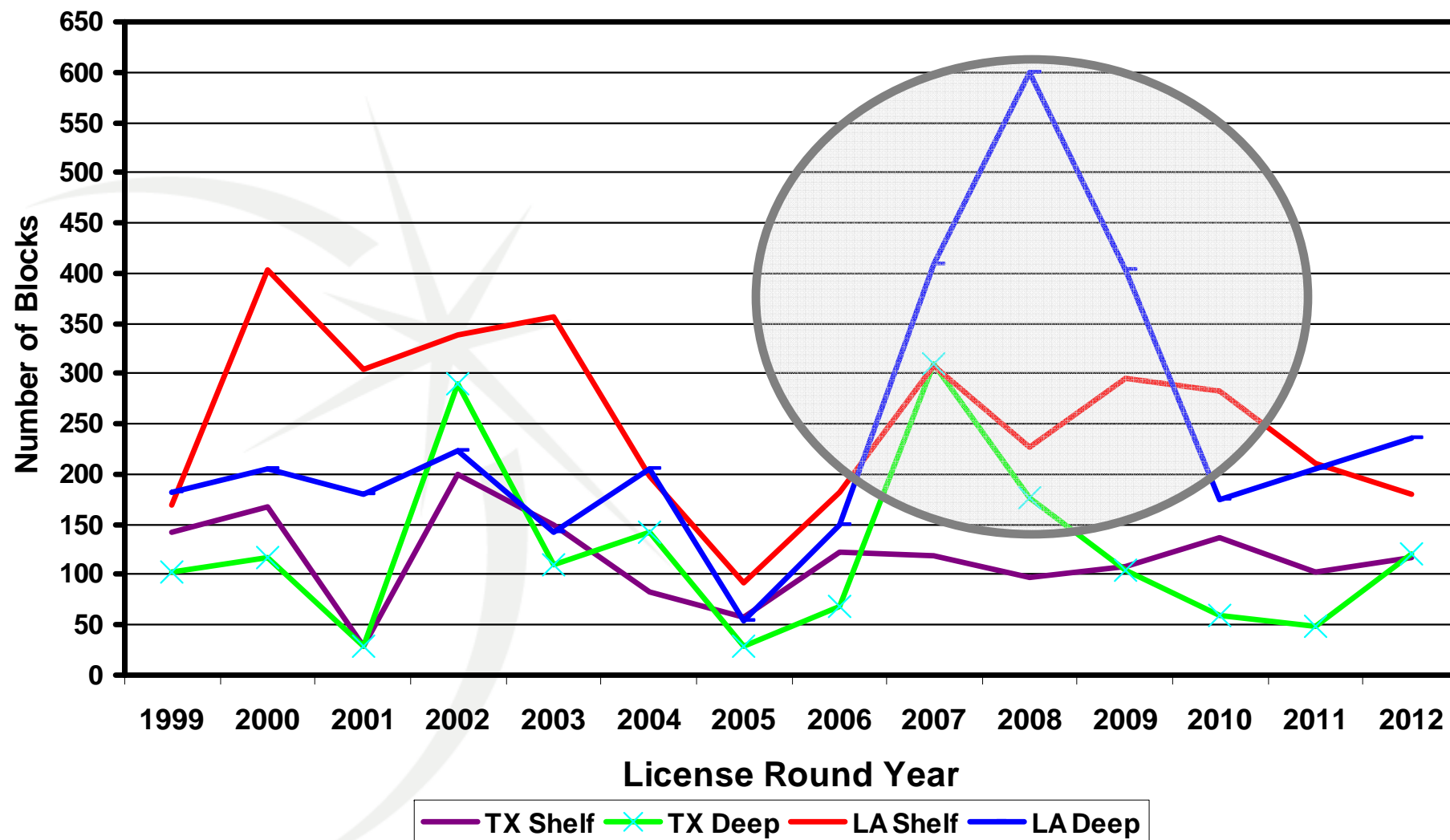
New Lease Sale Planning Areas



Previous Moratoria Removed

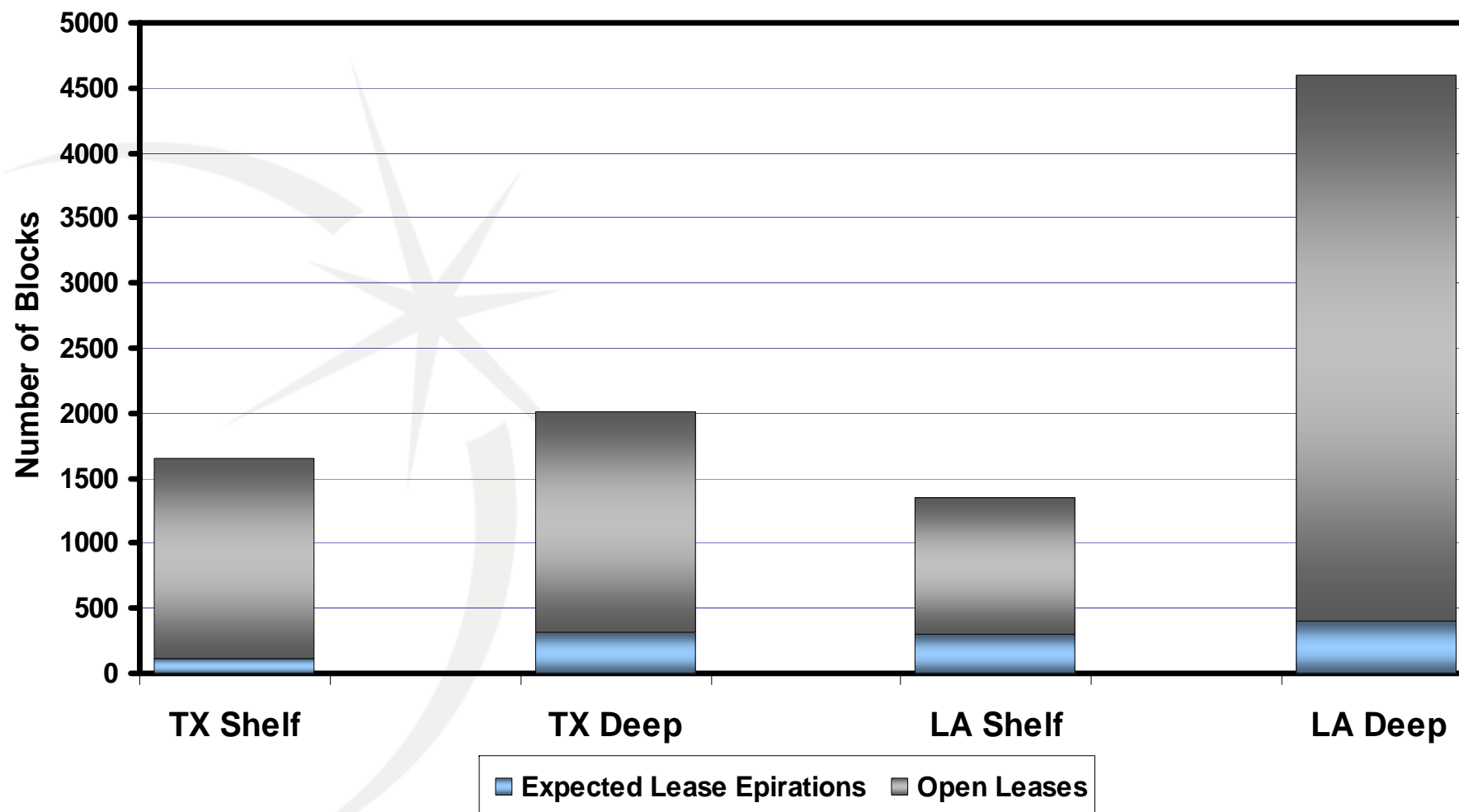


Expiring Leases – Availability for Future Rounds



***Note: Curves for 2007-2012 reflect new MMS administrative boundaries.**

GOM Blocks Available for Leasing - 2007



Note: LA Deep does not include blocks in "181 South Area"

Market Conditions & Outlook

- Exploration on the "front burner" again
- Industry surveys show expected increase in E & P expenditures of 5 - 17%
- Exploration spending increases expected to outpace total E & P spending
- Seismic companies have excellent backlog with nearly all marine crews booked at attractive rates for 2007
- Total MC investments expected to continue growing in 2007

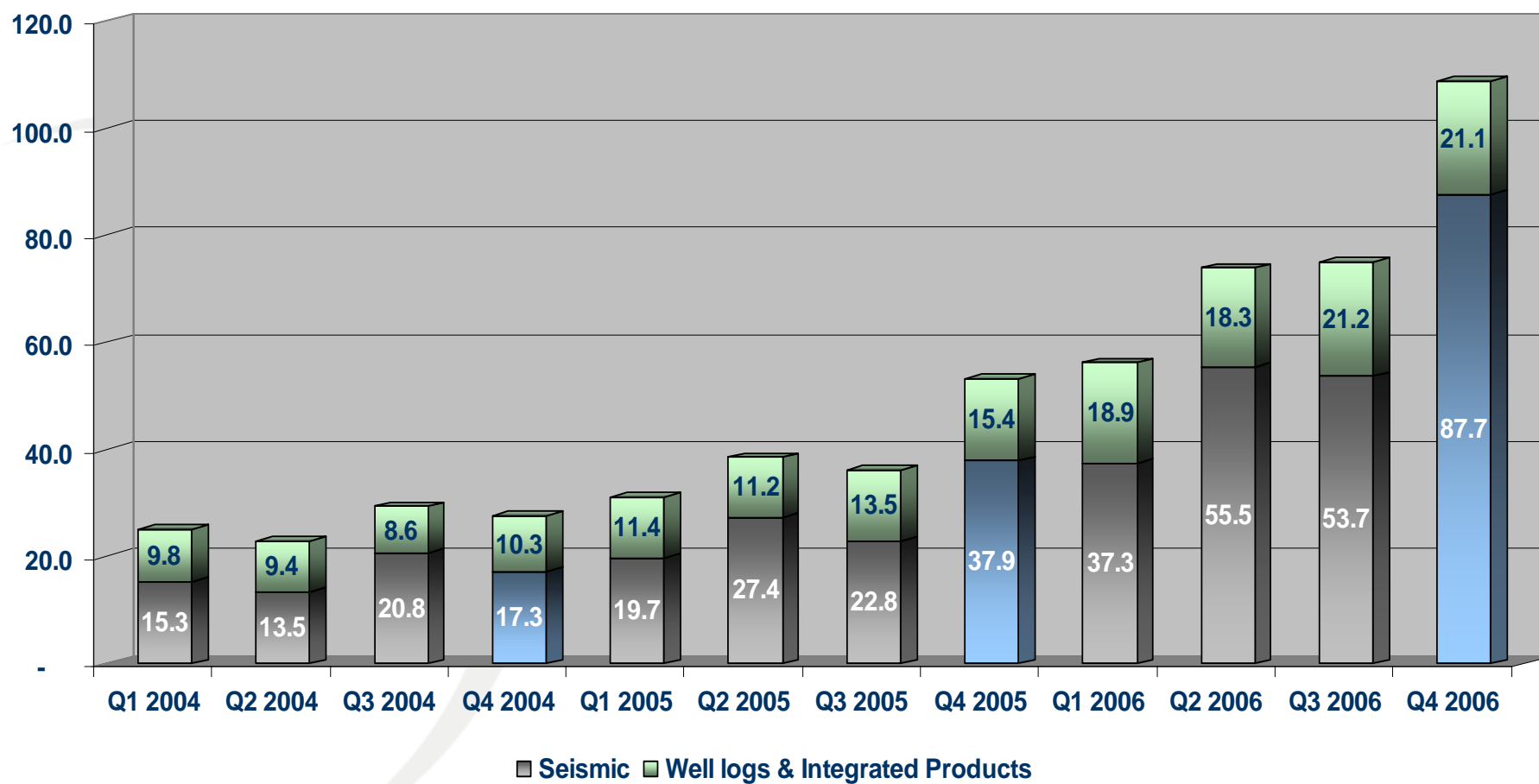
Market Situation for Vessels

- Supply for 2007 is very tight
- Significant new capacity on the way:
 - 3D vessel count: 36 in spring 2005, 45 at year-end 2006, 55 by year-end 2007, 65 by early 2009: **>80%** growth
 - 3D streamer count: **>90%** growth over same period
 - 2D vessel count: 30 in early 2005, 35 at year-end 2006, 41 by mid 2007, plus 8 existing or planned source vessels brings total count to 49 by mid 2007, **>60%** growth

TGS Vessel Situation

- Three 3D crews and six 2D crews under contract for all or portions of 2007
- Average rates in 2007 are 15-20% higher than 2006
- Majority of vessel contracts contain options for extension through 2008 at no additional rate

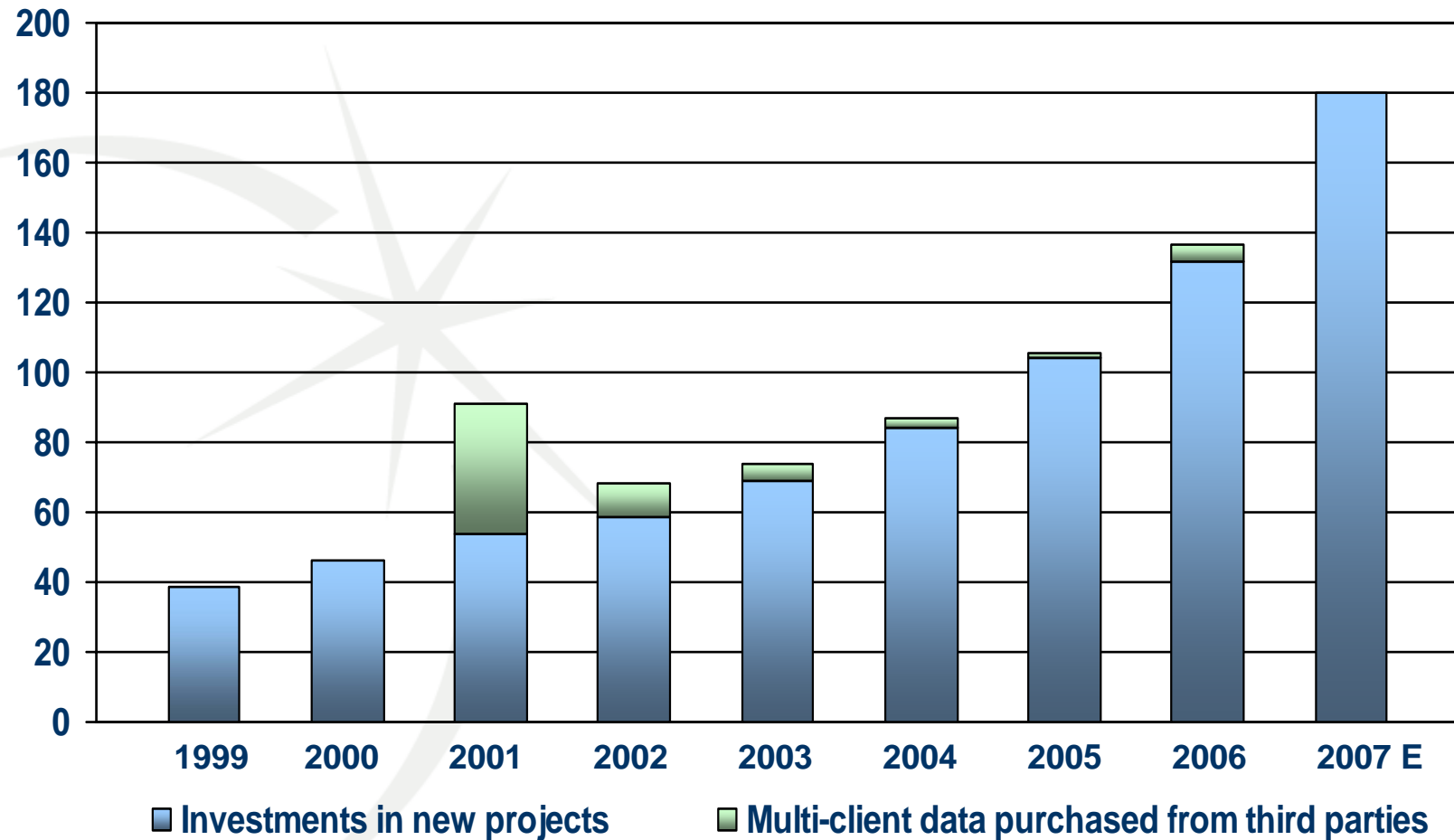
Backlog



TGS 2007 Expectations

- **Multi-client library investments: USD 175 - 185 million**

Investments in Multi-Client Library



TGS 2007 Expectations

- **Multi-client library investments: USD 175 - 185 million**
- **Average annual pre-funding: 50 – 60 % of investments**
- **Average annual amortization rate: 28 – 33 % of net multi-client revenues**
- **20 – 25 % increase in Net Revenues over 2006**