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**Presentation of the 4<sup>th</sup> Quarter and Full Year 2009 Results**  
**February 11<sup>th</sup> 2010**

**Arne Helland**  
**Chief Financial Officer**

**Robert Hobbs**  
**Chief Executive Officer**



# 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 2009 Financial Highlights

- **Gross MC Late Sales 178.6 MUSD, 33% higher than in Q4 2008.**
- **Net Late Sales of 129.5 MUSD were 24% up from Q4 2008.**
- **Net Prefunding 18.4 MUSD**
  - **49% of operational investments**
  - **Investments 37.1 MUSD, 34% lower than 56.1 MUSD in Q4 2008.**
- **Limited seismic proprietary acquisition activity:**
  - **Proprietary revenues 9.9 MUSD vs 14.1 MUSD in Q4 2008.**
- **Net revenues 157.8 MUSD, up 1% from operational Net revenues of 155.8 MUSD in Q4 2008 (ex 16.6 MUSD settlement from Wavefield-Inseis in 2008).**

## Q4 2009 Financial Highlights (Continued)

- **Multi-Client Amortization 37% of Net MC Revenue**
  - vs 39% in Q4 2008
- **Personnel and Other Operating Costs:**
  - Down 31% compared to Q4 2008 (Q4-08 included one-off items)
- **Operating profit (EBIT), was 77.0 MUSD (49% of Net Revenues)**
  - up 14% from operational EBIT of 67.8 MUSD in Q4 2008 (Wavefield settlement effects in Q4 2008 excluded).
- **Redeemed 4.2 MUSD from ARS but recorded an 0.5 MUSD unrealized loss on ARS in P&L**
- **The tax rate reported for the quarter was only 24%**
  - A retroactive tax benefit of 4.1 MUSD related to cost of stock options in the USA
- **Net Income 58.7 MUSD, 37% of Net Revenues**
- **Earnings per share (fully diluted) were USD 0.56, up 1% from Q4 2008**
  - up 18% operational excl. WAVE settlement effects in Q4 2008

## Q4 2009 PROFIT & LOSS (MUSD)

		Q4 2009	Q4 2008	Change	%
<b>Net Operating Revenues</b>		<b>157.8</b>	172.4	(14.6)	-8%
Materials		<b>2.5</b>	2.9	(0.4)	-14%
MC Amortization	37%	<b>54.0</b>	55.4	(1.4)	-2%
<b>Gross Margin</b>		<b>101.2</b>	114.1	(12.9)	-11%
Other Operating Expenses		<b>21.2</b>	30.6	(9.4)	-31%
Cost of Stock Options		<b>0.8</b>	0.6	0.2	34%
Depreciation		<b>2.2</b>	2.8	(0.7)	-23%
<b>Operating Profit</b>	49%	<b>77.0</b>	80.0	(3.0)	-4%
Net Financial Items		<b>0.2</b>	10.1	(10.0)	-98%
<b>Pre-tax Profit</b>	49%	<b>77.2</b>	90.2	(13.0)	-14%
Taxes		<b>18.4</b>	31.5	(13.1)	-42%
<b>Net Income</b>	37%	<b>58.7</b>	58.6	0.1	0%
EPS, undiluted		<b>0.57</b>	0.57	(0.00)	0%
<b>EPS, fully diluted</b>		<b>0.56</b>	0.56	0.00	1%

# Q4 2009 CASH FLOW

	Q4 2009	Q4 2008
Payments from Sales Received	103.8	152.3
Operational Costs Paid	(20.2)	(29.3)
Gain/(Loss) from Currency Exchange	0.1	0.5
Taxes Paid	(6.7)	(13.2)
<b>Operational Cash Flow</b>	<b>77.0</b>	<b>110.3</b>
Investments in Fixed Assets	(7.0)	0.5
Investments in Multi-Client	(58.5)	(73.3)
Net Cash from Mergers and Acquisition	(0.9)	-
Net change in Short-Term Investments & Deposits	4.2	5.5
Financial Income	0.8	(2.4)
Net Change in Long-term loans	-	(0.1)
Financial Expense	(0.1)	(6.4)
Purchase of own Shares	-	(2.2)
Paid in Equity	3.2	-
<b>Change in Cash Balance</b>	<b>18.8</b>	<b>32.0</b>

# 2009 Financial Highlights

- **Consolidated net revenues 477.7 MUSD, 18% below 2008.**
- **Gross MC Late Sales totaled 460.7 MUSD, up 6% from 2008.**
  - Net late sales from the Multi-Client library after revenue sharing totaled 321.0 MUSD, down 5% from 337.5 MUSD in 2008.
- **Operating profit (EBIT) was 210.2 MUSD**
  - 44% of Net Revenues, down 22% from 269.0 MUSD in 2008.
- **Operational investments in the MC Library were 47% pre-funded and totaled 266.0 MUSD, 7% down from 287.0 MUSD in 2008.**
- **Earnings per share (fully diluted) were USD 1.56 versus USD 1.10 reported in 2008.**

## 2009 PROFIT & LOSS (MUSD)

		12M 2009	12M 2008	Change	%
<b>Net Operating Revenues</b>		<b>477.7</b>	582.4	(104.7)	-18%
Materials		<b>8.4</b>	36.2	(27.8)	-77%
MC Amortization	40%	<b>176.7</b>	169.3	7.4	4%
<b>Gross Margin</b>		<b>292.6</b>	376.9	(84.3)	-22%
Other Operating Expenses		<b>70.7</b>	94.6	(24.0)	-25%
Cost of Stock Options		<b>3.0</b>	2.6	0.4	16%
Depreciation		<b>8.7</b>	10.6	(1.9)	-18%
<b>Operating Profit</b>	44%	<b>210.2</b>	269.0	(58.8)	-22%
Net Financial Items		<b>9.0</b>	(65.8)	74.8	N/A
<b>Pre-tax Profit</b>	46%	<b>219.2</b>	203.2	16.0	8%
Taxes		<b>56.7</b>	89.4	(32.7)	-37%
<b>Net Income</b>	34%	<b>162.5</b>	113.8	48.7	43%
EPS, undiluted		<b>1.58</b>	1.10	0.48	44%
<b>EPS, fully diluted</b>		<b>1.56</b>	1.10	0.46	42%



# Balance Sheet – Key Figures

	12/31/2009	%	9/30/2009	%	12/31/2008	%
<b>Assets</b>						
Cash	243.5	21%	224.7	21%	148.3	16%
Investments Available for Sale	27.2	2%	32.3	3%	51.1	5%
Other Current Assets	339.8	30%	260.7	25%	298.1	31%
<b>Total Current Assets</b>	<b>610.5</b>	<b>53%</b>	<b>517.7</b>	<b>49%</b>	<b>497.5</b>	<b>52%</b>
Intangible Assets & LT Receivables	88.3	8%	86.5	8%	99.1	10%
MC Library	424.3	37%	441.0	42%	335.0	35%
Fixed Assets	21.2	2%	16.9	2%	22.7	2%
<b>Total Assets</b>	<b>1,144.3</b>	<b>100%</b>	<b>1,062.1</b>	<b>100%</b>	<b>954.3</b>	<b>100%</b>
<b>Liabilities</b>						
Short-term debt	-	0%	-	0%	42.9	4%
Current Liabilities	231.6	20%	224.2	21%	194.7	20%
Long-term loans	0.0	0%	0.0	0%	0.0	0%
Deferred Tax Liability	72.8	6%	66.9	6%	55.7	6%
<b>Equity</b>	<b>839.9</b>	<b>73%</b>	<b>771.0</b>	<b>73%</b>	<b>661.1</b>	<b>69%</b>

# 2009 CASH FLOW

	2009	2008
Payments from Sales Received	443.9	538.4
Operational Costs Paid	(77.9)	(127.4)
Gain/(Loss) from Currency Exchange	4.2	-
Taxes Paid	(44.1)	(60.1)
<b>Operational Cash Flow</b>	<b>326.1</b>	<b>350.8</b>
Investments in Fixed Assets	(9.6)	(3.6)
Investments in Multi-Client	(238.5)	(284.7)
Net Cash from Mergers and Acquisition	(0.9)	(4.5)
Financial Income	3.2	6.2
Net change in Short-Term Investments & Deposits	54.3	32.4
Net Change in Long-term loans	(44.1)	(1.2)
Financial Expense	(0.6)	(16.3)
Purchase of own Shares	-	(15.0)
Paid in Equity	5.2	2.3
<b>Change in Cash Balance</b>	<b>95.2</b>	<b>66.4</b>

## **Use of Cash: Notice sent to OSE this morning..**

### ***“TGS Board to Propose Dividend, Share Buybacks***

***Asker, Norway (10 February, 2010) – At its quarterly meeting today, the Board of Directors decided to propose to the shareholders at the June 2010 Annual General Meeting a dividend of NOK 4 per share of outstanding common stock from the Company’s 2009 earnings, of which NOK 2 per share is a non-recurring distribution.***

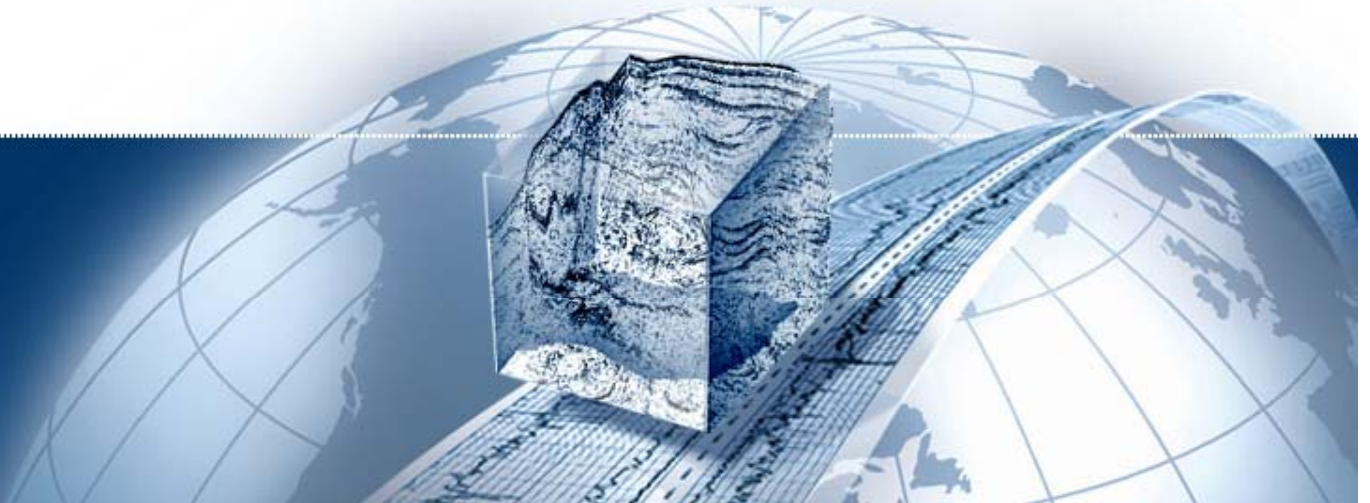
***In addition, the Board of Directors intends to spend up to US\$30 million in repurchasing TGS shares during the remainder of 2010.***

***The Board of Directors of TGS-NOPEC Geophysical Company ASA“***

# Multi-Client Library

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**TGS** 



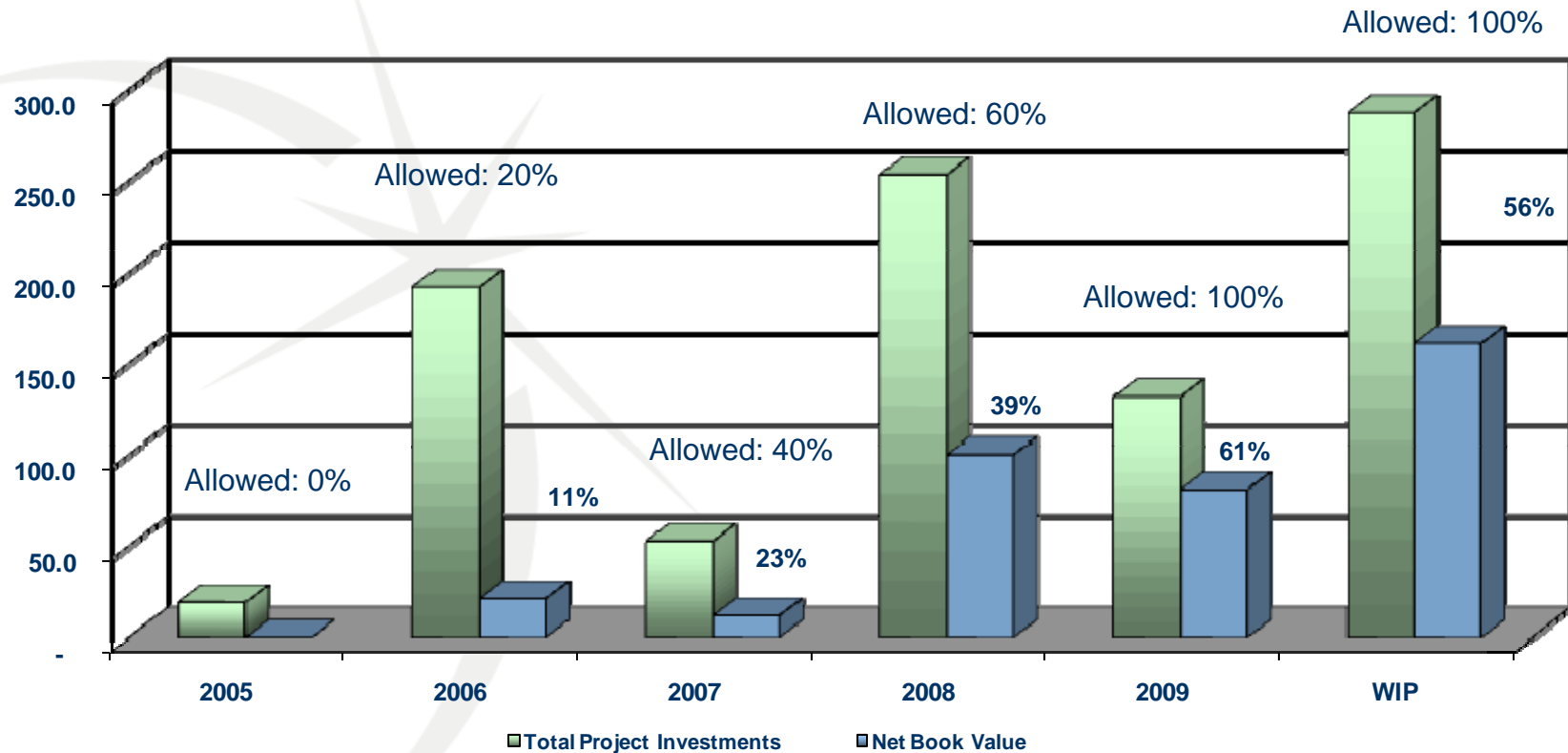
# MCS Accounting – Matching Principle

- **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

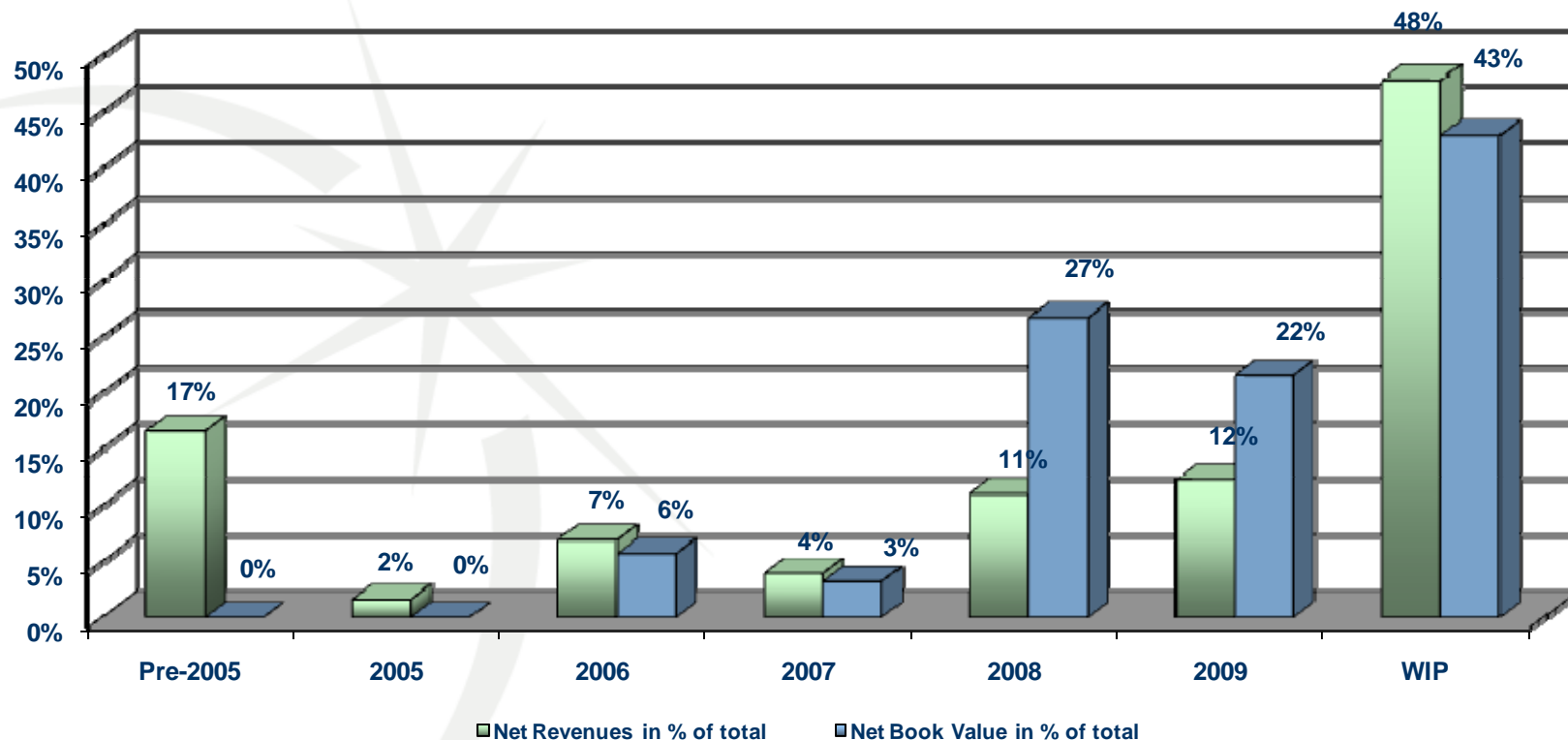
Seismic Surveys as of December 31st 2009

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



# Q4 2009 Multi-Client Net Revenues & Ending NBV

## - Seismic Surveys



# Operations & Outlook

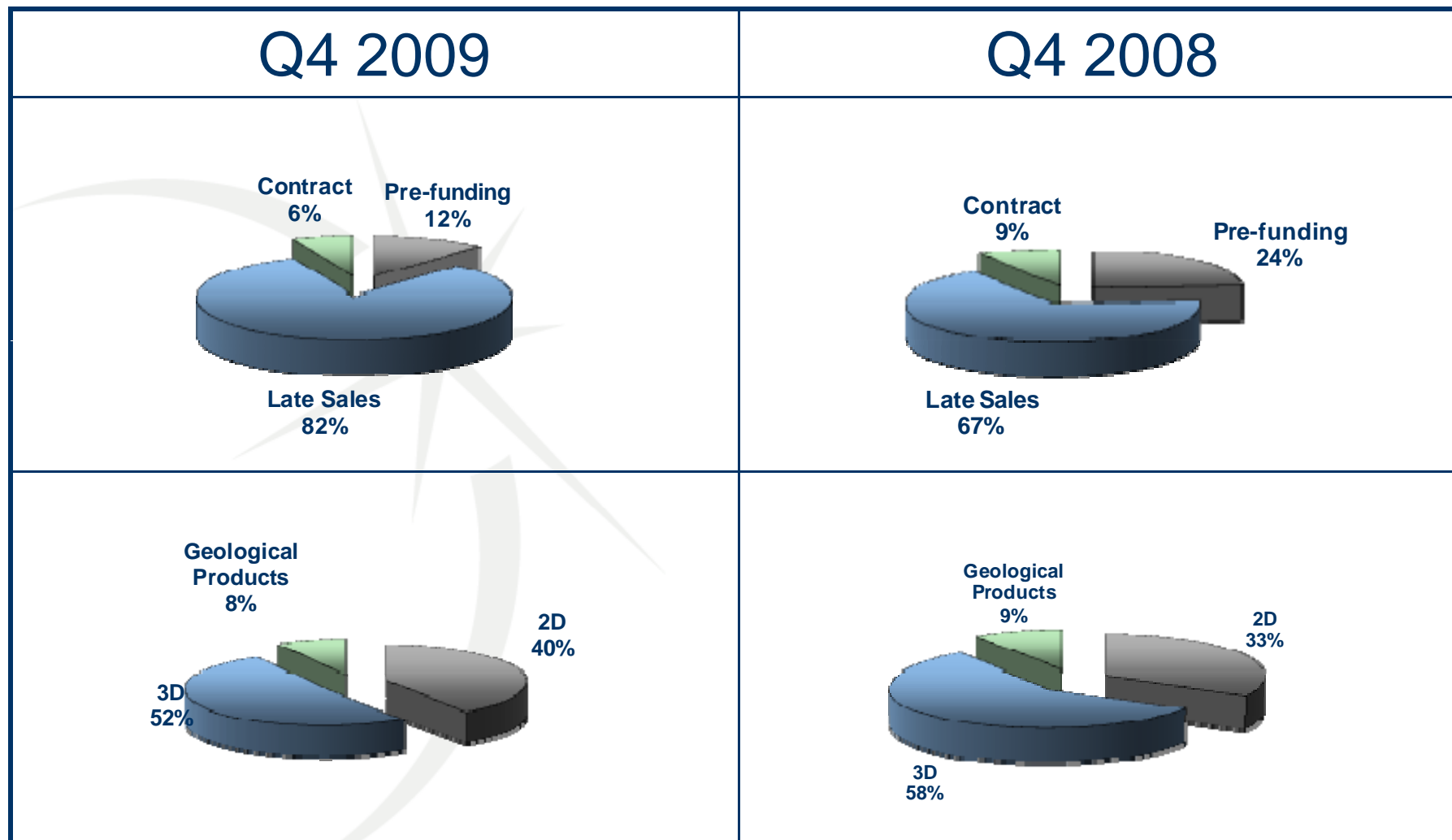
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**Robert Hobbs**  
Chief Executive Officer

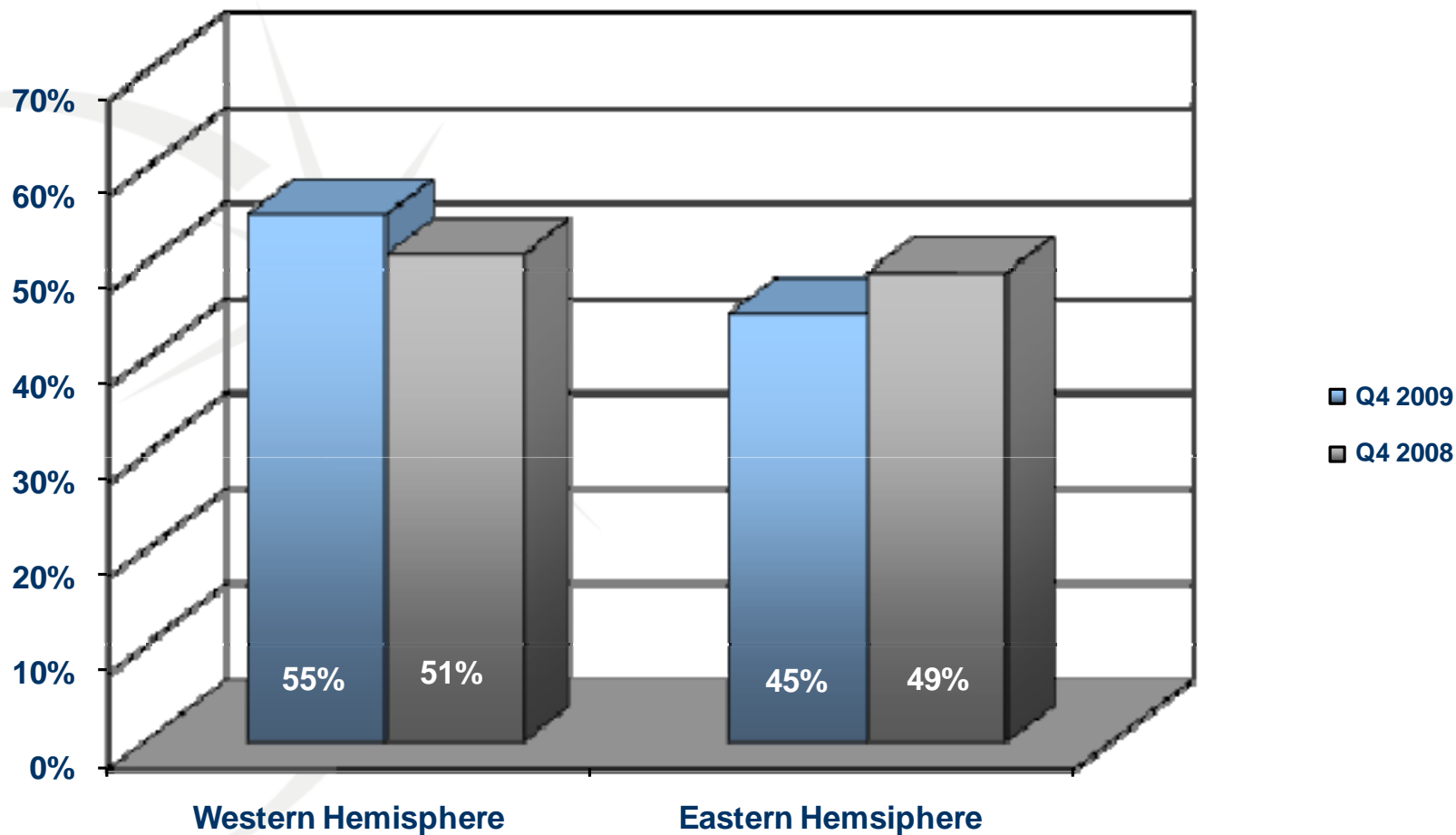




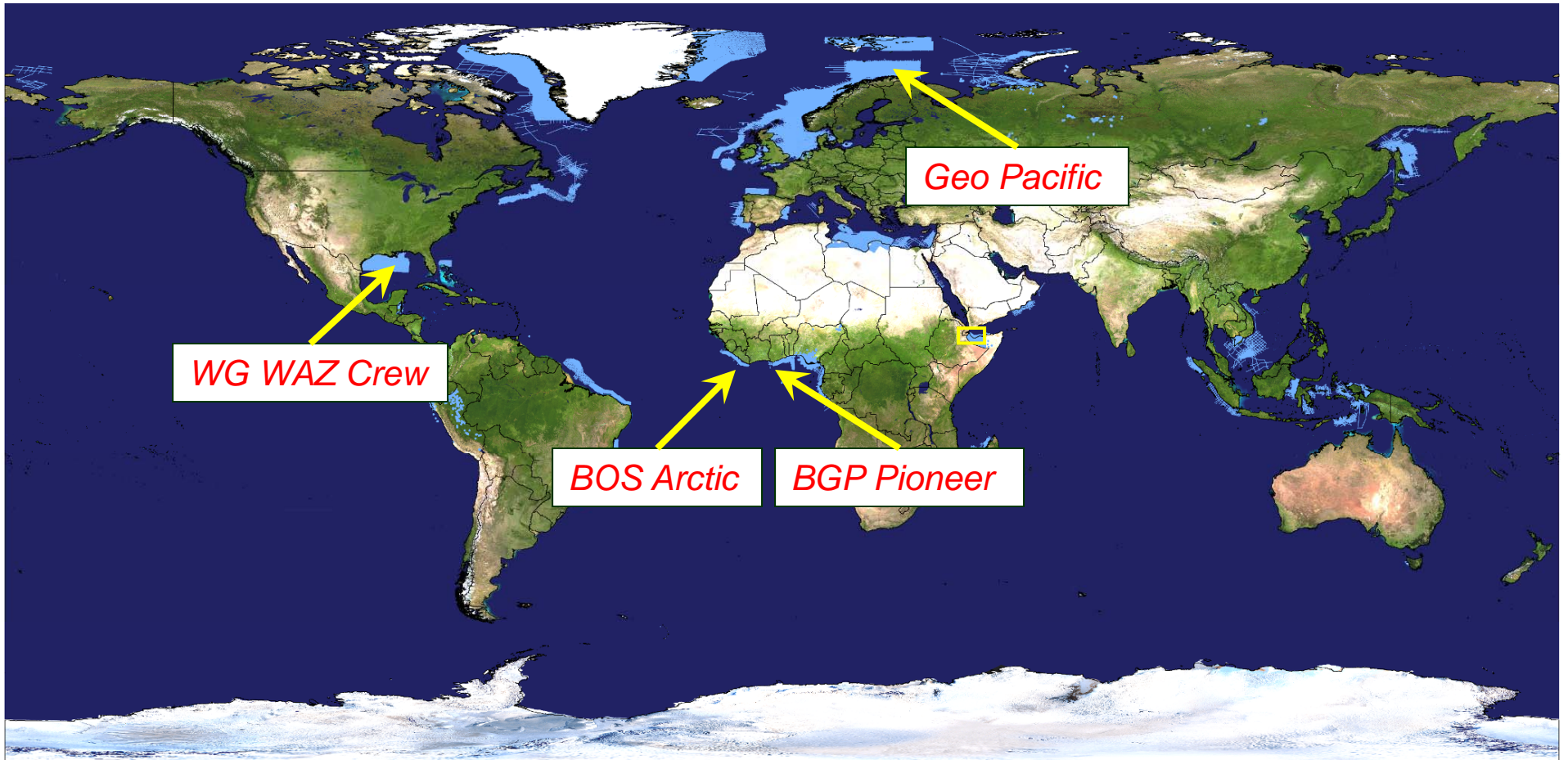
# Q4 2009 vs. Q4 2008 Net Revenue Breakdown



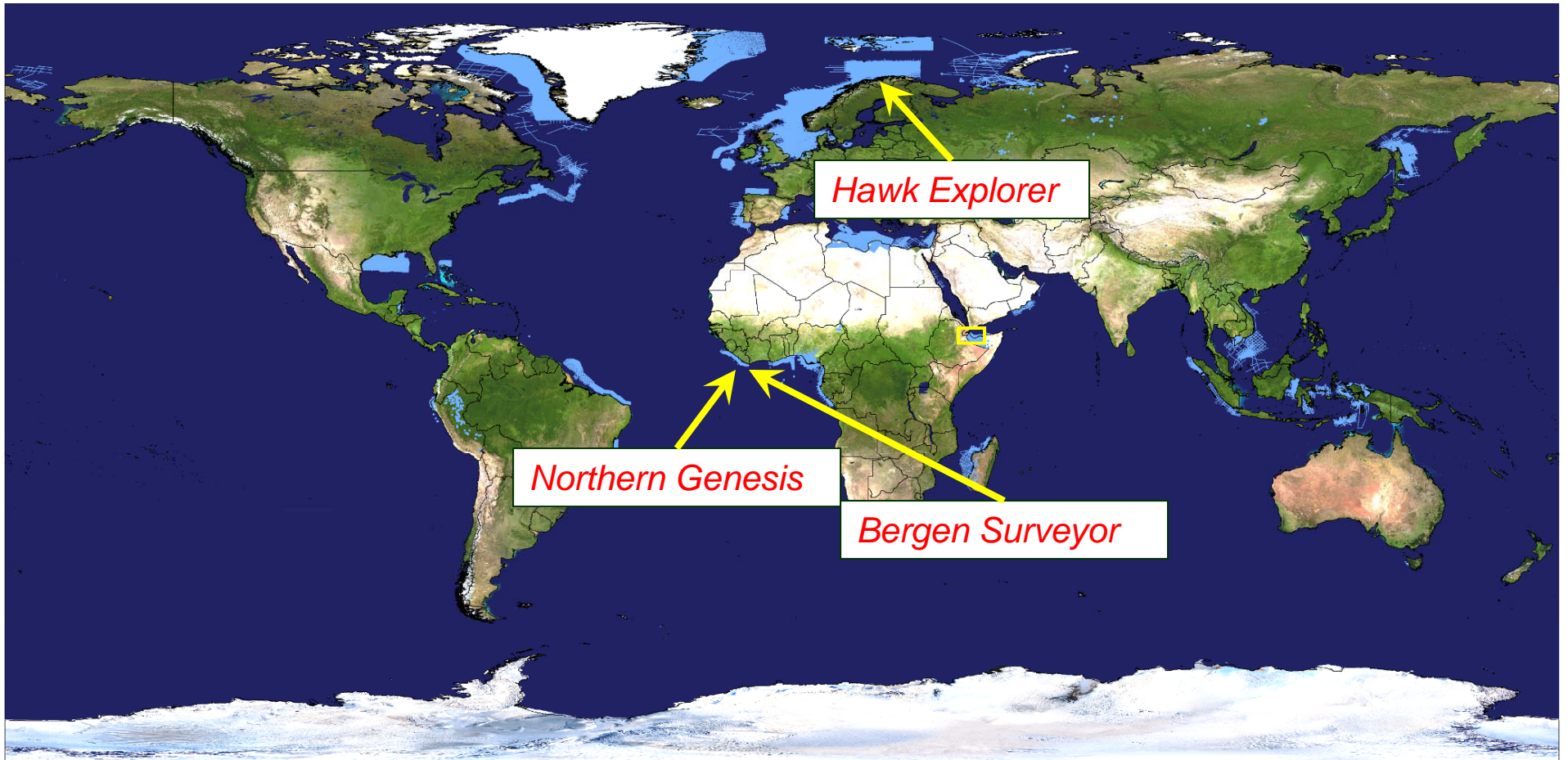
# Q4 2009 vs Q4 2008 Geographical Net Revenue Breakdown



# Q4 3D Operations

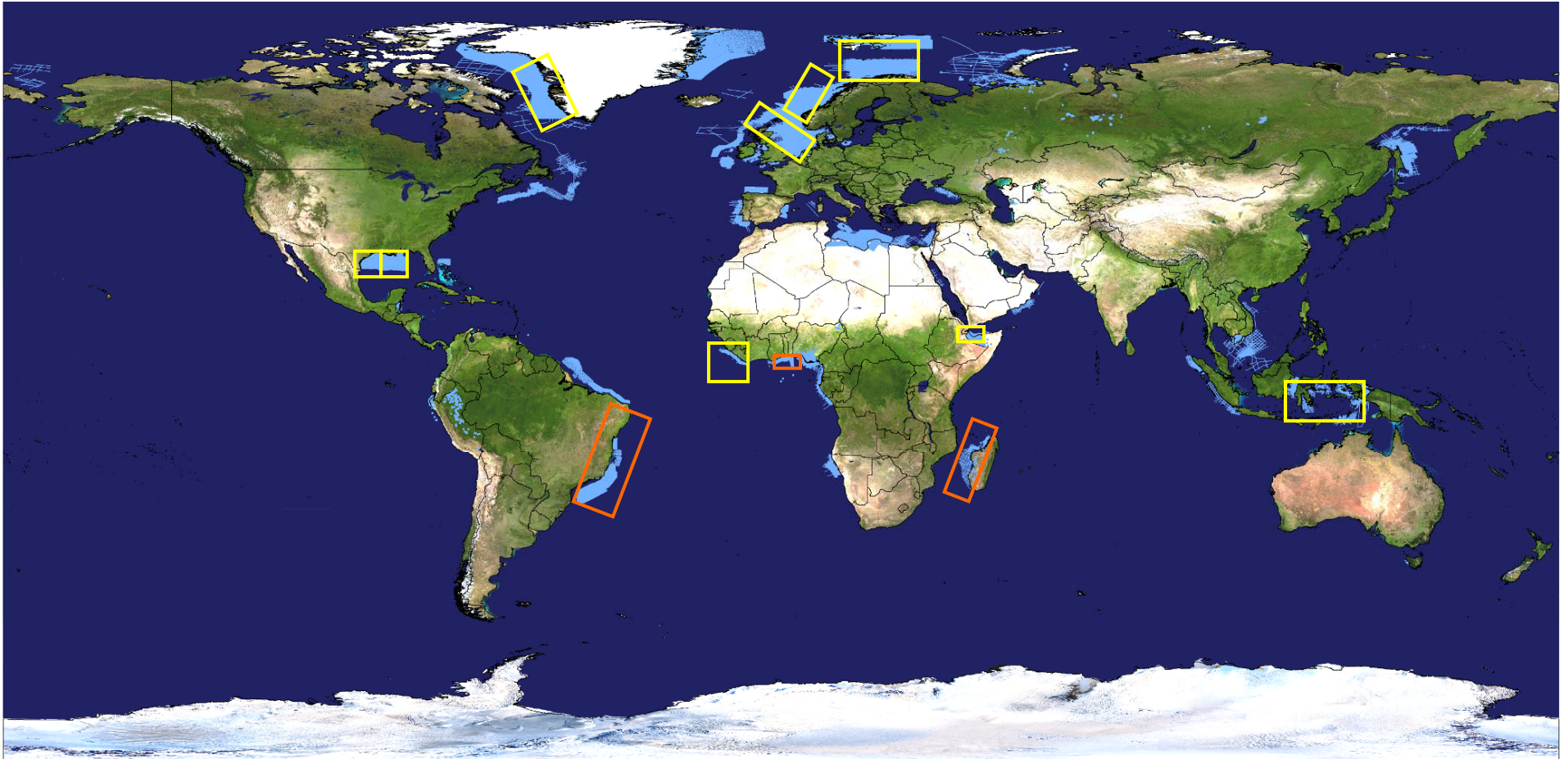


# Q4 2D Operations





# License Round Activity



Expected

Announced

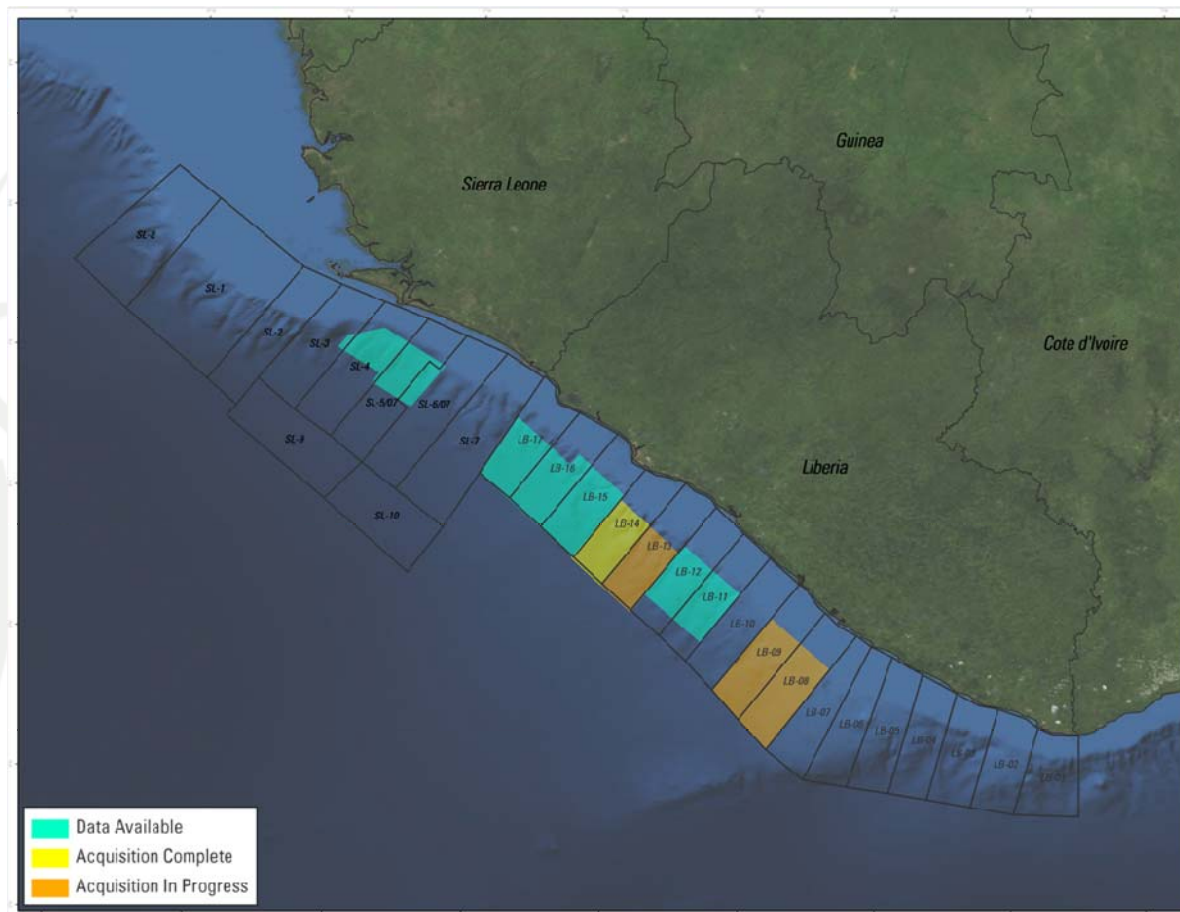
# West Africa 3D – A Key New Exploration Play

## Sierra Leone

- 2,500 km<sup>2</sup> available

## Liberia

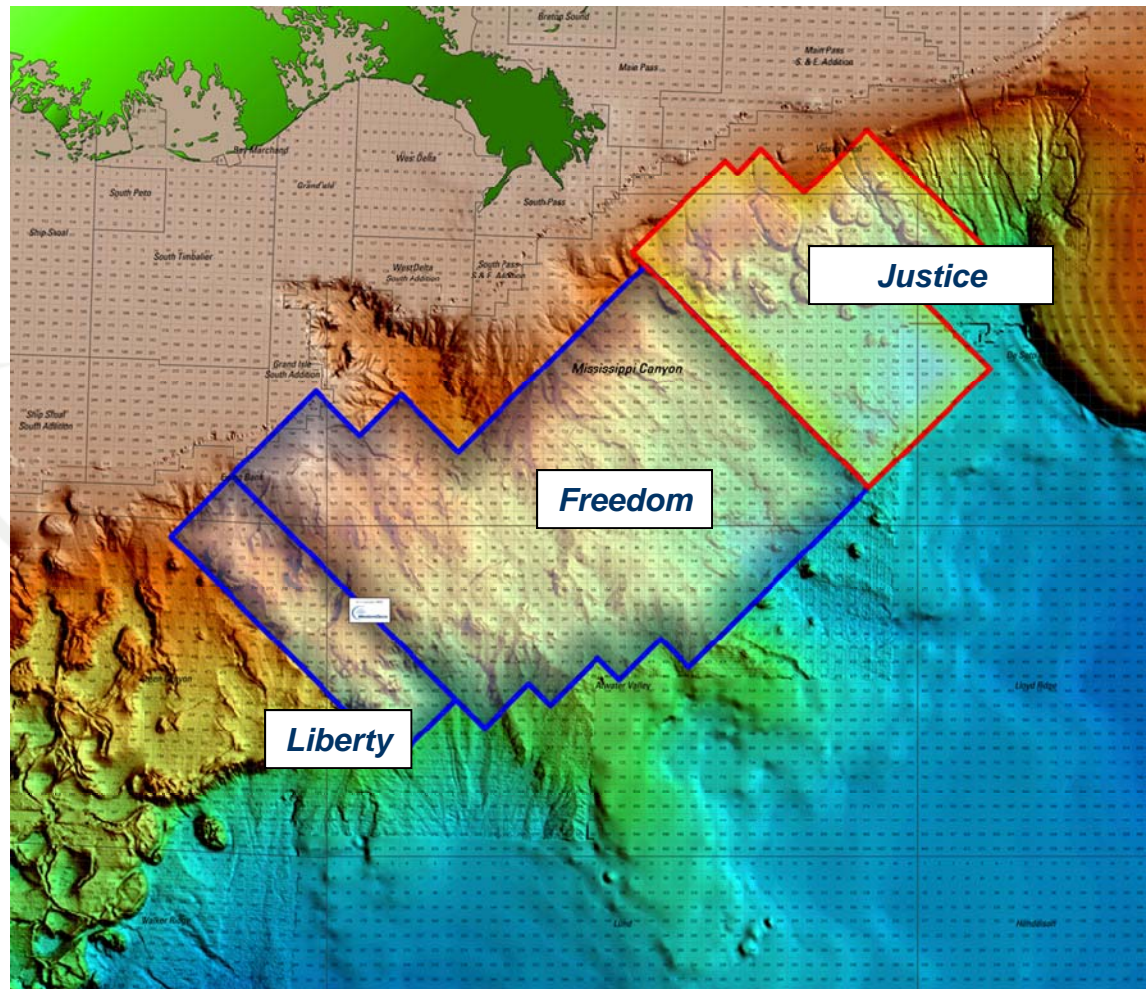
- 9,000 km<sup>2</sup> available
- 2,000 km<sup>2</sup> acquisition complete
- 7,000 km<sup>2</sup> acquisition in progress





# GOM WAZ Programs

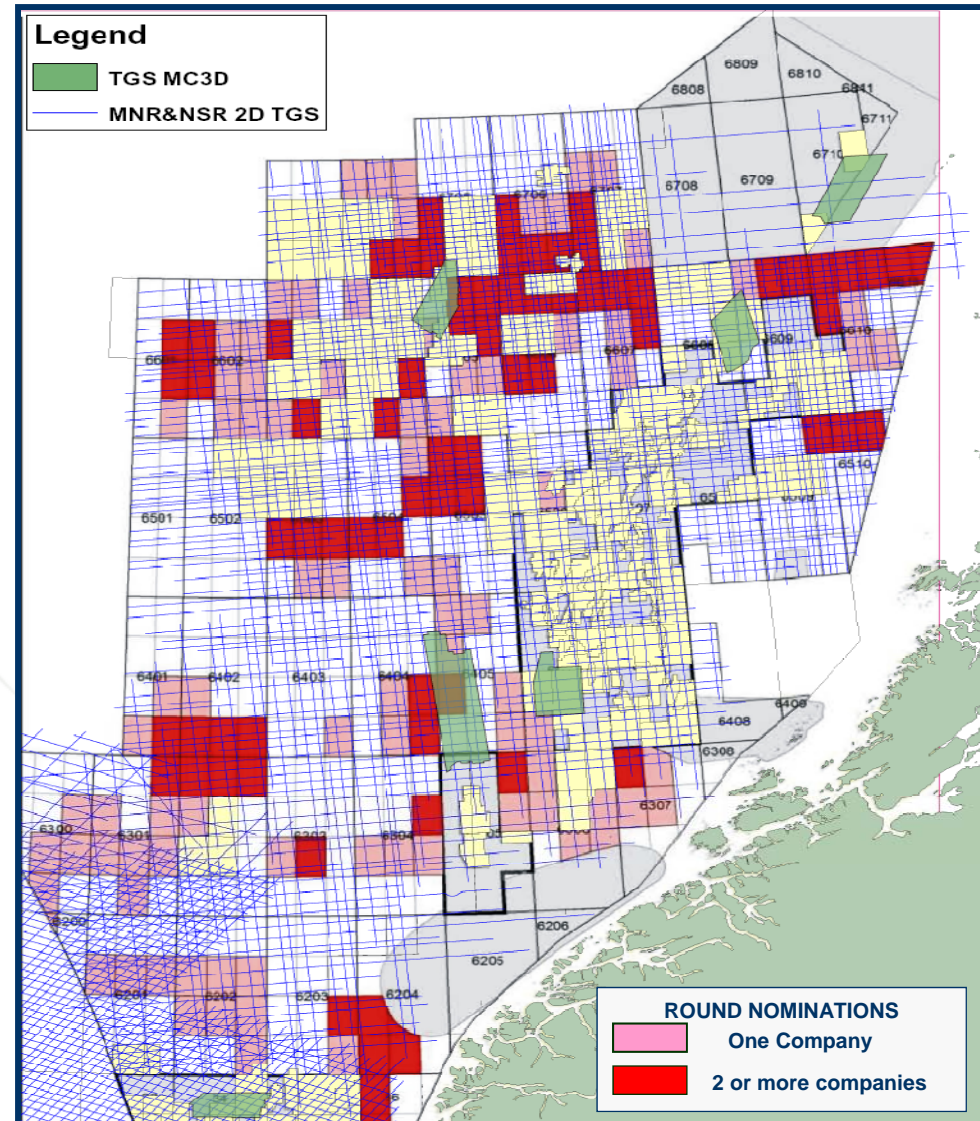
- **Acquisition Complete**
  - Freedom – 16,600 km<sup>2</sup>
  - Liberty – 3,050 km<sup>2</sup>
  - TGS 50% Owned
- **Acquisition In progress**
  - Justice – 7,800 km<sup>2</sup>
  - TGS 100% Owned
- **Central GOM Round**
  - March 2010



# Norway Exploration Round

## Norwegian Sea

- 65,000 km of modern long-offset 2D seismic
- 5,000 km<sup>2</sup> of multi-client 3D data available

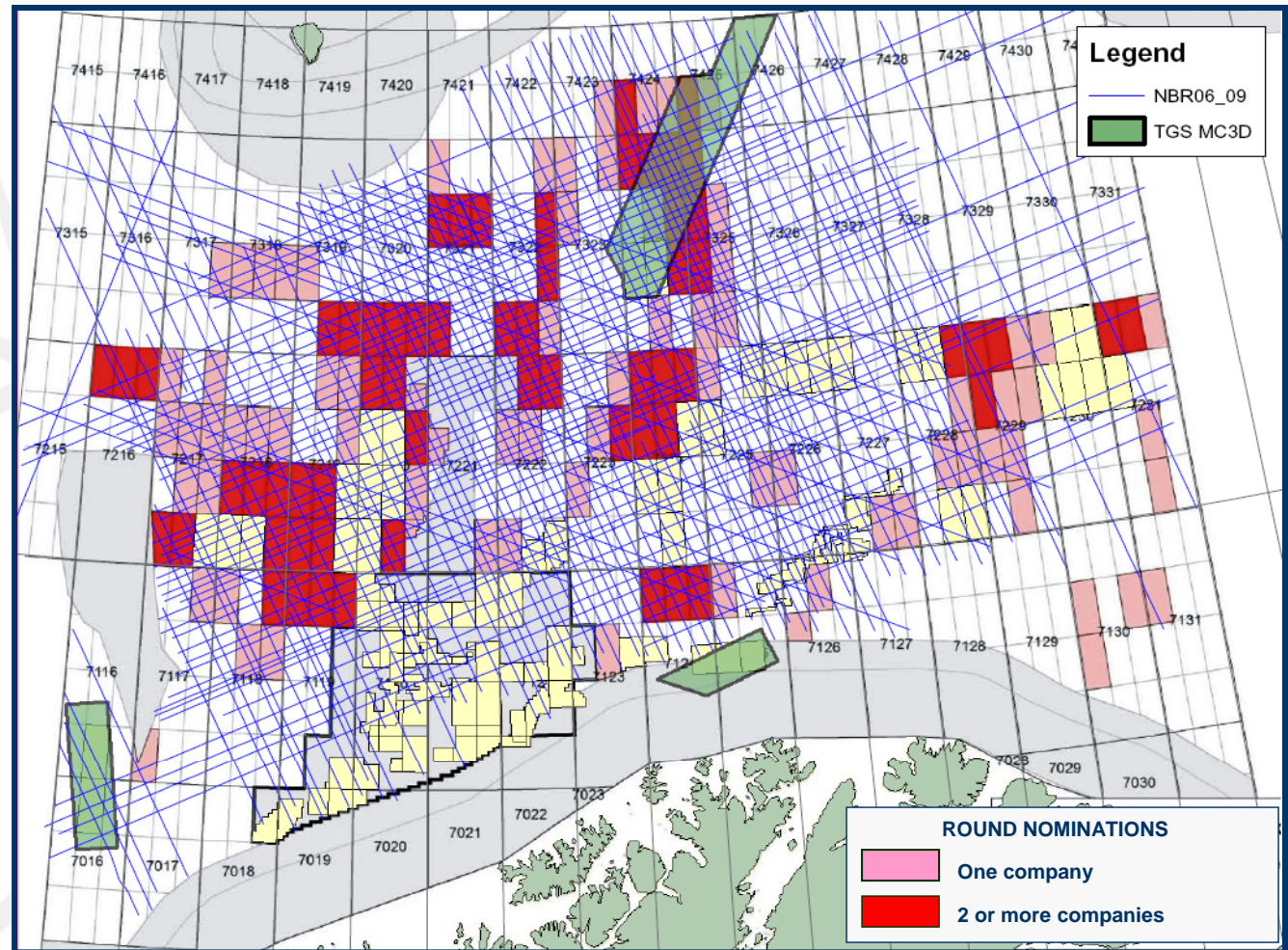




# Norway Exploration Round

## Barents Sea

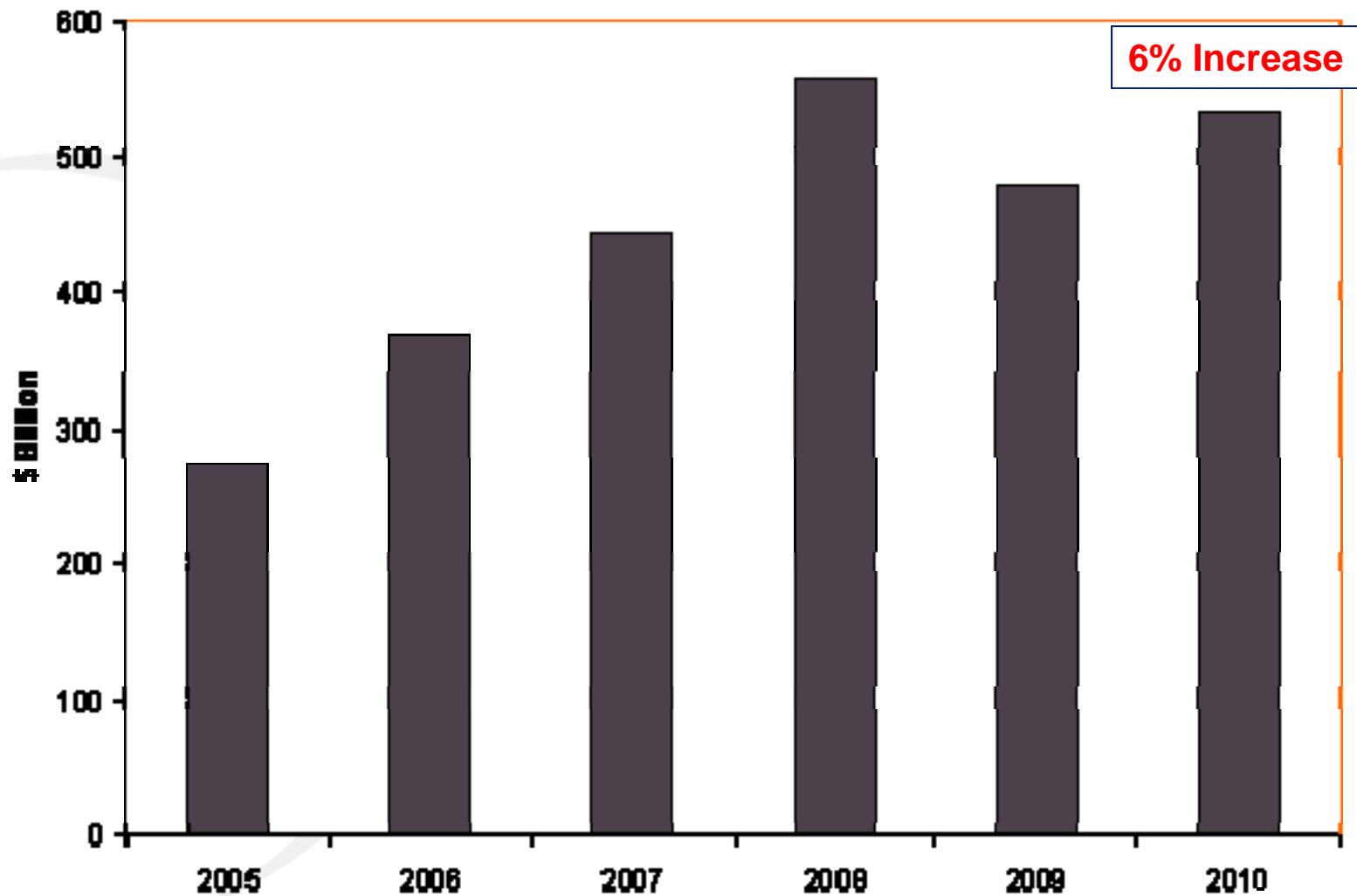
- 43,000 km of modern long-offset 2D seismic
- 6,200 km<sup>2</sup> of Multi-client 3D data



# Outlook

- Industry E&P budgets expected to increase 5-8% in 2010

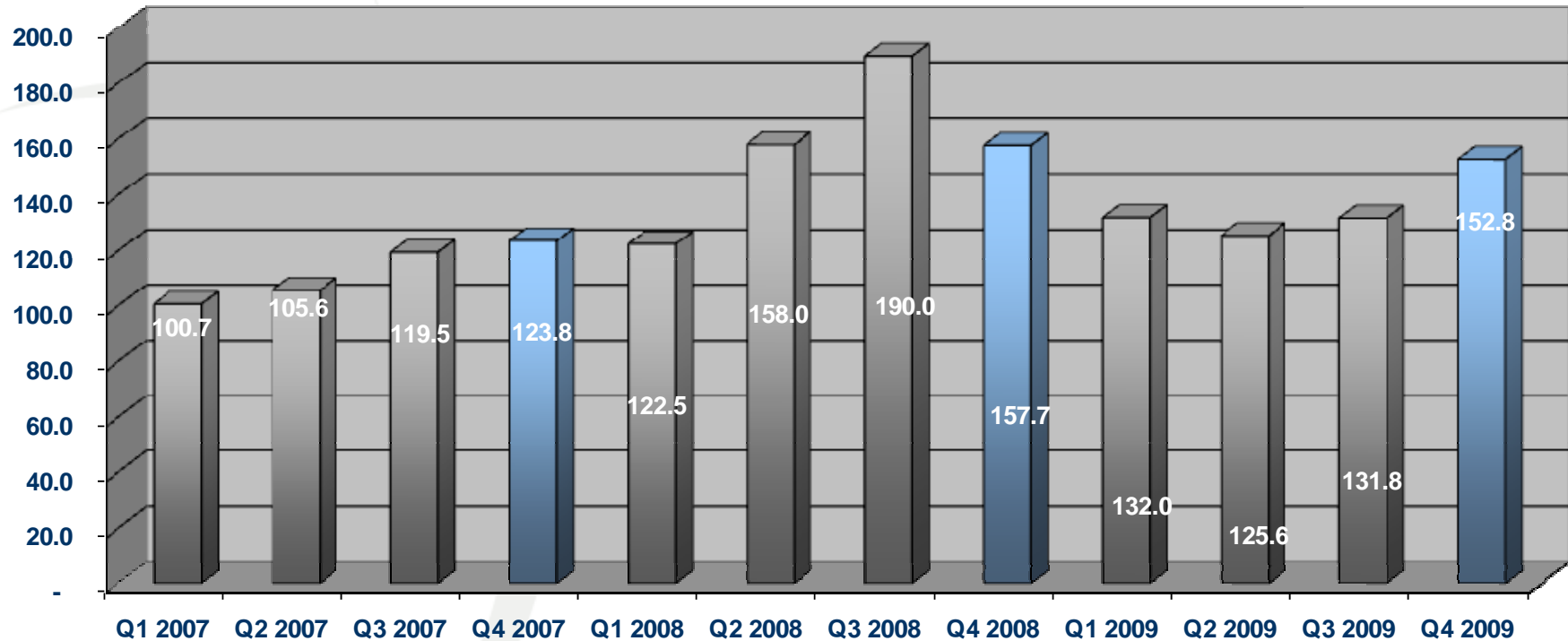
## Exploration and Production Sector, Capital Expenditure, \$ Billion, 2005–2010



Source Global Data January 2010

# Backlog

Commitments from clients not yet recognized as revenue



# Outlook

- Industry E&P budgets expected to increase 5-8% in 2010
- **Streamer capacity to grow 32% in 2010 through new 3D vessels on market**
- **Current vessel commitments in 2010 locked in near market lows**
  - Expected average 3D rate change from 2009 for TGS – Down 33%
  - Expected average 3D WAZ rate change from 2009 for TGS – Down 9%

# Vessel Commitments

2010

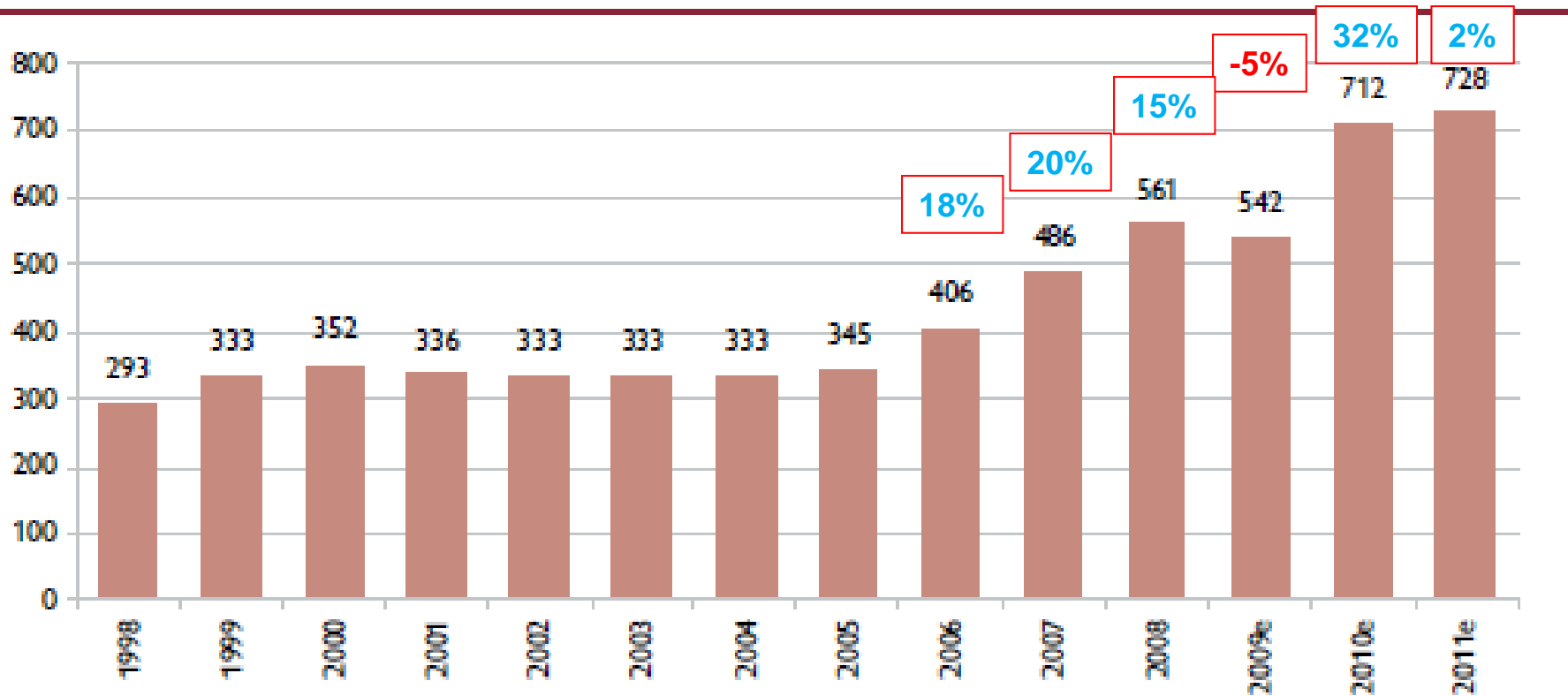
2D capacity	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Northern Genesis</b>	Firm charter until March 2012											
<b>Mezen</b>	4 months charter											
<b>Bergen Surveyor</b>	18 months firm charter agreement											
3D capacity												
<b>BGP Pioneer</b>	Firm charter											
<b>Polarcus Nadia</b>	Firm charter					Option One						
<b>WG Waz crew</b>	Commitment for Justice Waz											
<b>CGG Veritas</b>	option for upto 24 months through Dec 2012											

2011

2D capacity	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Northern Genesis</b>												
3D capacity												
<b>Polarcus Nadia</b>	Option 2											
<b>CGG Veritas</b>	Option for upto 24 months through Dec 2012											

# Streamer count (Jan 2010)

Practical streamer capacity year end



Source: Carnegie Research

# Outlook

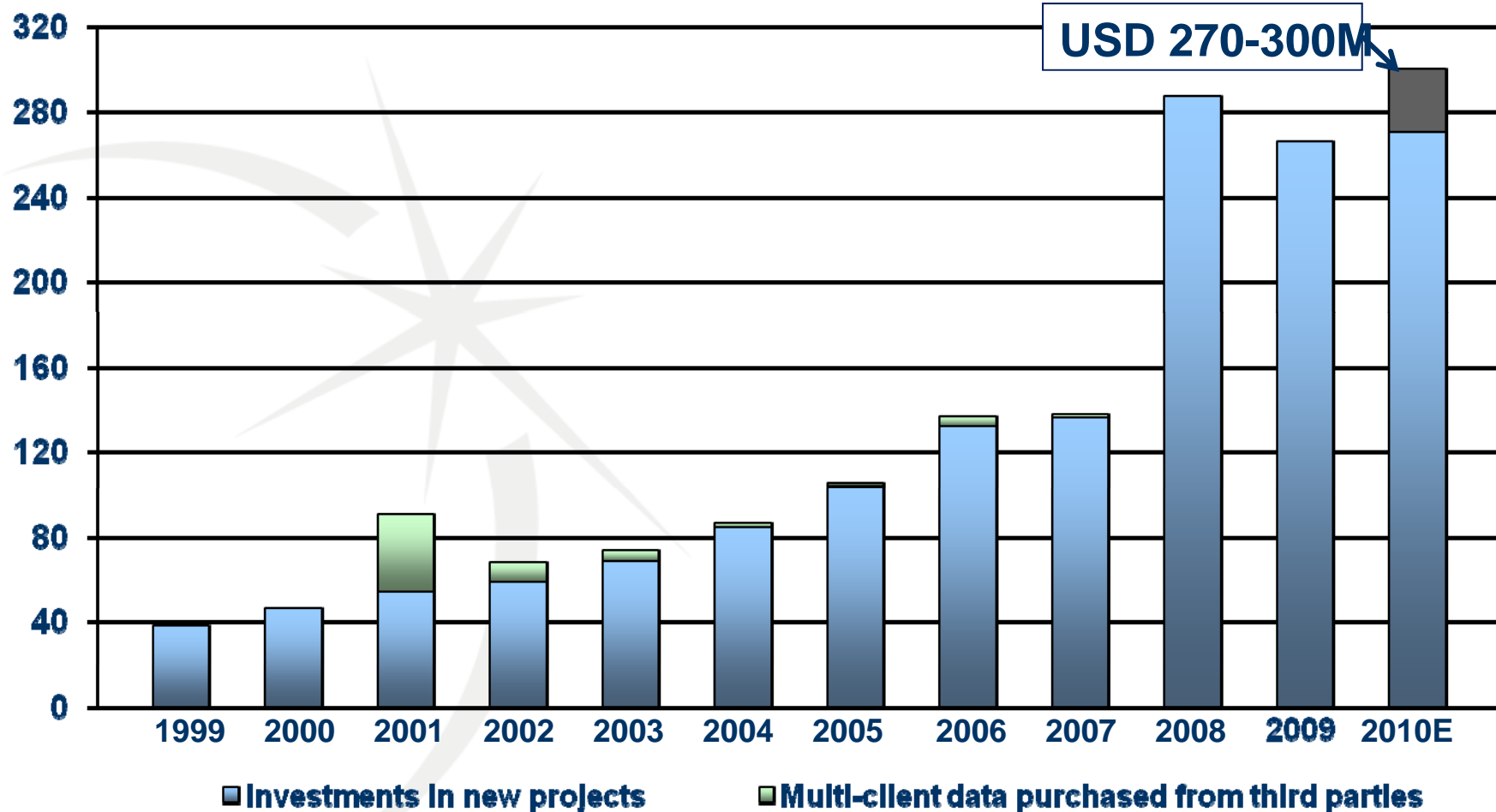
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- Streamer capacity to grow 32% in 2010 through new 3D vessels on market
- Current vessel commitments in 2010 locked in near market lows
  - Expected average 3D rate change from 2009 for TGS – Down 33%
  - Expected average 3D WAZ rate change from 2009 for TGS – Down 9%
- **TGS project activity well-suited to capitalize on market recovery**
- **License Round Activity increased over 2009 in key TGS regions of strength**
  - Greenland
  - UK
  - Norway
  - GOM
- **Portfolio of attractive opportunities is growing**



# Expectations for 2010

- **Multi-client investments USD 270 – 300 million**

# Investments in Multi-Client Library



# Expectations for 2010

- **Multi-client investments USD 270 – 300 million**
- **Average pre-funding 50 – 60%**
- **Average multi-client amortization rate 37 – 43%**
- **Net revenues USD 560 – 600 million**
- **Contract revenues of approximately 5% of total revenues**

# TGS Performs in all Cycles!

## Profit Margin (EBIT) versus Peer Group

