


TGS-NOPEC

*Presentation of 2nd Quarter 2003 Results
August 7th, 2003*

Arne Helland
Chief Financial Officer

Hank Hamilton
Chief Executive Officer

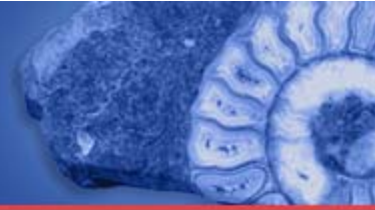


Exploring a World of Opportunities

Presentation Outline

- **Q2 2003 Financial Results**
- **Current Operations and Activity**
- **Outlook**

Q2 in a Nutshell



- *“Q2 2002 results are slightly below our expectations due to lower late sales from our library, but we are still on plan on a year to date basis.”*
- *“Pre-funding levels on our new programs have improved over last year and our backlog increased for the 3rd consecutive quarter.”*
- *“Based on scheduled delivery of new projects, upcoming licensing rounds, and strong oil company cash flows, our outlook for late sales is improving.”*

Q2 2003 Financial Highlights

- Consolidated

- Net Revenues 28,3 MUSD
 - Decreased 18% from Q2 2002 in USD terms
- Net Late Sales 19,2 MUSD
 - Decreased 36% from Q2 2002 in USD terms
- Net Pre-funding up 75% to 8,3 MUSD
 - funding 50% of investments in seismic and well logs
- Net Profit 5,5 MUSD, 20% of Net Revenues
 - vs 10,2 MUSD and 29% of Net Revs in Q2 2002
- Equity 82% of Assets

Q2 2003 Results vs Analysts Expectations*

(MUSD)	Actual Q1 2003	Average Analysts	Actual vs Consensus	Actual vs Consensus	High	Low	Median
Net Revenue	28,3	31,3	(3,0)	-10 %	33,3	28,5	32,0
EBIT	8,4	10,1	(1,7)	-17 %	12,2	8,0	10,5
Pre-tax Profit	8,2	10,1	(1,9)	-18 %	12,0	7,9	10,4
Net Income	5,5	6,7	(1,2)	-18 %	8,0	5,2	6,9
Earnings per Share	0,22	0,27	(0,05)	-18 %	0,33	0,21	0,28

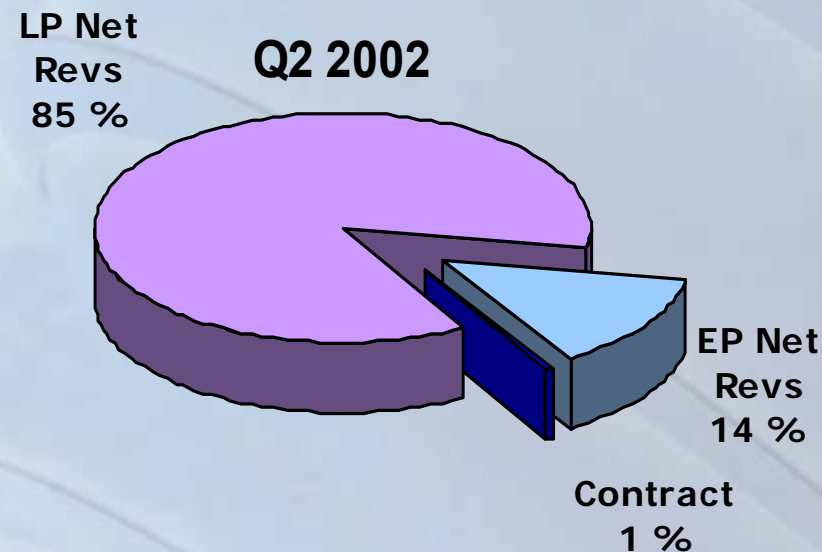
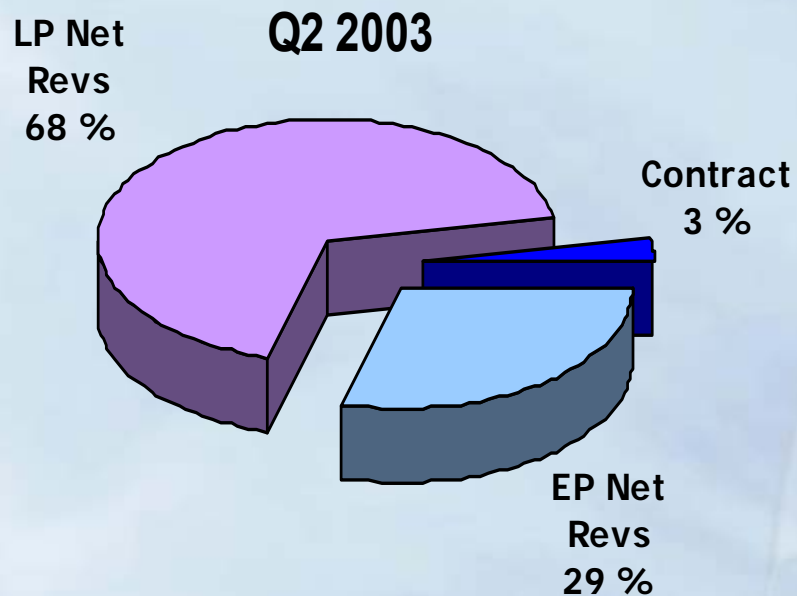
Results within Analysts' range, but below Consensus

* Source TDN Finans/SME

Q2 2003 Profit & Loss (MUSD)

	Q2 2003	Q2 2002	Change	%
Gross Sales	31,4	36,8	-5,3	-15 %
Income sharing & Royalties	-3,1	-2,1	-1,0	49 %
Net Operating Revenues	28,3	34,7	-6,4	-18 %
Materials	0,5	0,6	-0,1	-18 %
MCS Amortization 41 %	11,2	12,1	-0,9	-7 %
Gross Margin	16,6	22,0	-5,4	-25 %
Other operating expenses	6,9	5,6	1,3	24 %
Depreciation	1,2	0,7	0,5	63 %
EBIT Bef. Non-recurr.it 30 %	8,4	15,6	-7,2	-46 %
Non-recurring Items	0,0	0,0	0,0	100 %
Operating Profit 30 %	8,4	15,6	-7,2	-46 %
Net financial items	-0,2	0,1	-0,3	-306 %
Pre-tax Profit 29 %	8,2	15,7	-7,5	-48 %
Taxes	2,7	5,5	-2,8	-51 %
Net Income 20 %	5,5	10,2	-4,7	-46 %
EPS Undiluted	0,22	0,42	-0,20	-48 %
EPS, fully diluted	0,21	0,39	-0,18	-46 %

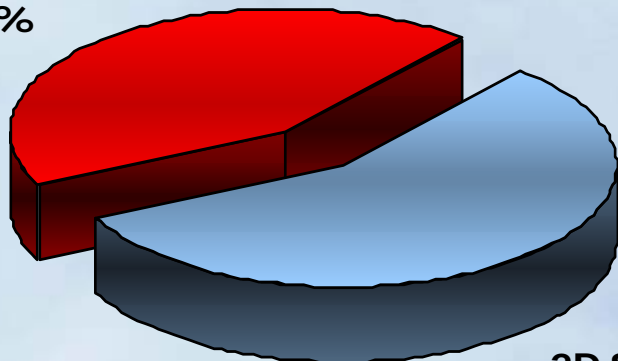
Q2 Distribution of Net EP & LP Revenues - Consolidated



Q2 2D/3D Net MCS Revenues - Seismic Segment

Q2 2003

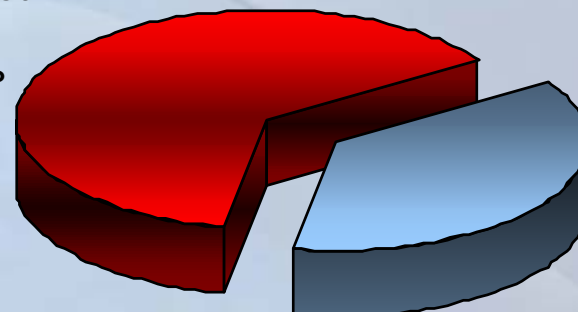
3D Seismic
MCS Net Revs
43 %



2D Seismic
MCS Net Revs
57 %

Q2 2002

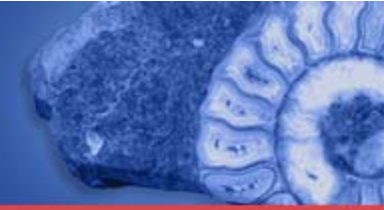
3D Seismic
MCS Net
Revs
63 %



2D Seismic
MCS Net
Revs
37 %

1st Half 2003 Financial Highlights

- Consolidated



- **Total Net Revenues down 13% compared to 1H 2002; in line with Management guiding**
- **Net Late Sales down 29%**
- **Operational Investments in MC library MUSD 30,7 million, up 71% from 1st half 2002**
- **Pre-funding 52% compared to 43% last year**
- **Amortization rate 39%**
- **Free Cash Flow from Operations MUSD 12,9**
- **Equity 82% of Assets**

6 Months 2003 Results vs Analysts Expectations*

(MUSD)	Actual 6M 2003	Average Analysts	Actual vs Consensus	Actual vs Consensus			
					High	Low	Median
Net Revenue	58,9	61,9	(3,0)	-5 %	63,9	59,1	62,6
EBIT	19,3	21,0	(1,7)	-8 %	23,1	18,9	21,4
Pre-tax Profit	19,2	21,1	(1,9)	-9 %	23,2	18,9	21,4
Net Income	13,2	14,4	(1,2)	-8 %	16,0	12,9	14,6
Earnings per Share	0,53	0,58	(0,05)	-9 %	0,65	0,52	0,59

YTD results close to Analysts' Consensus

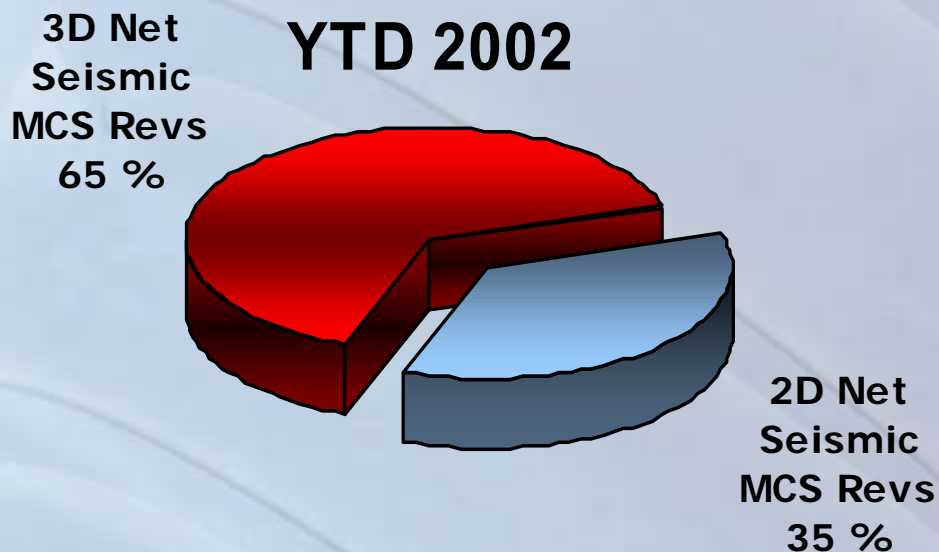
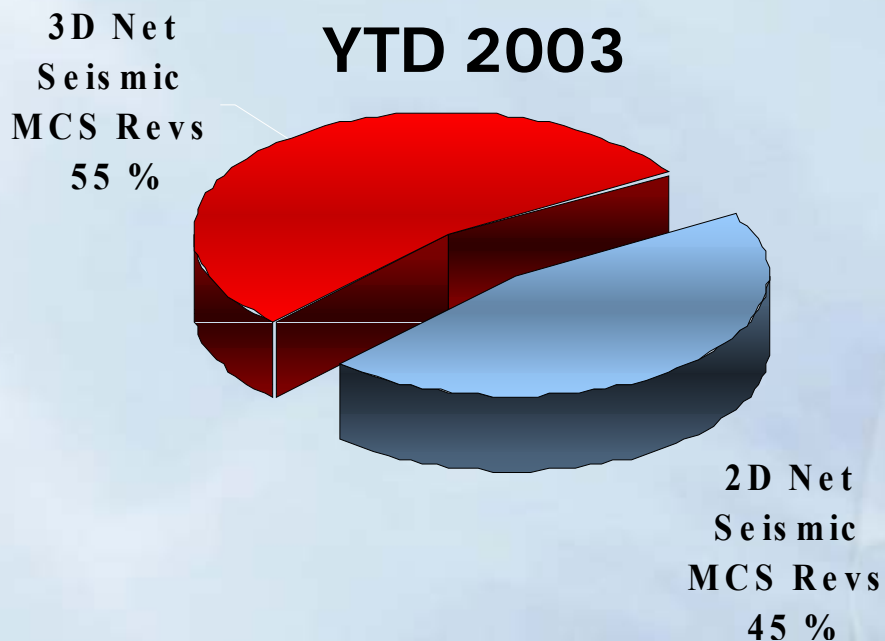
* Source TDN Finans,SME

6 Months 2003 Profit & Loss (MUSD)

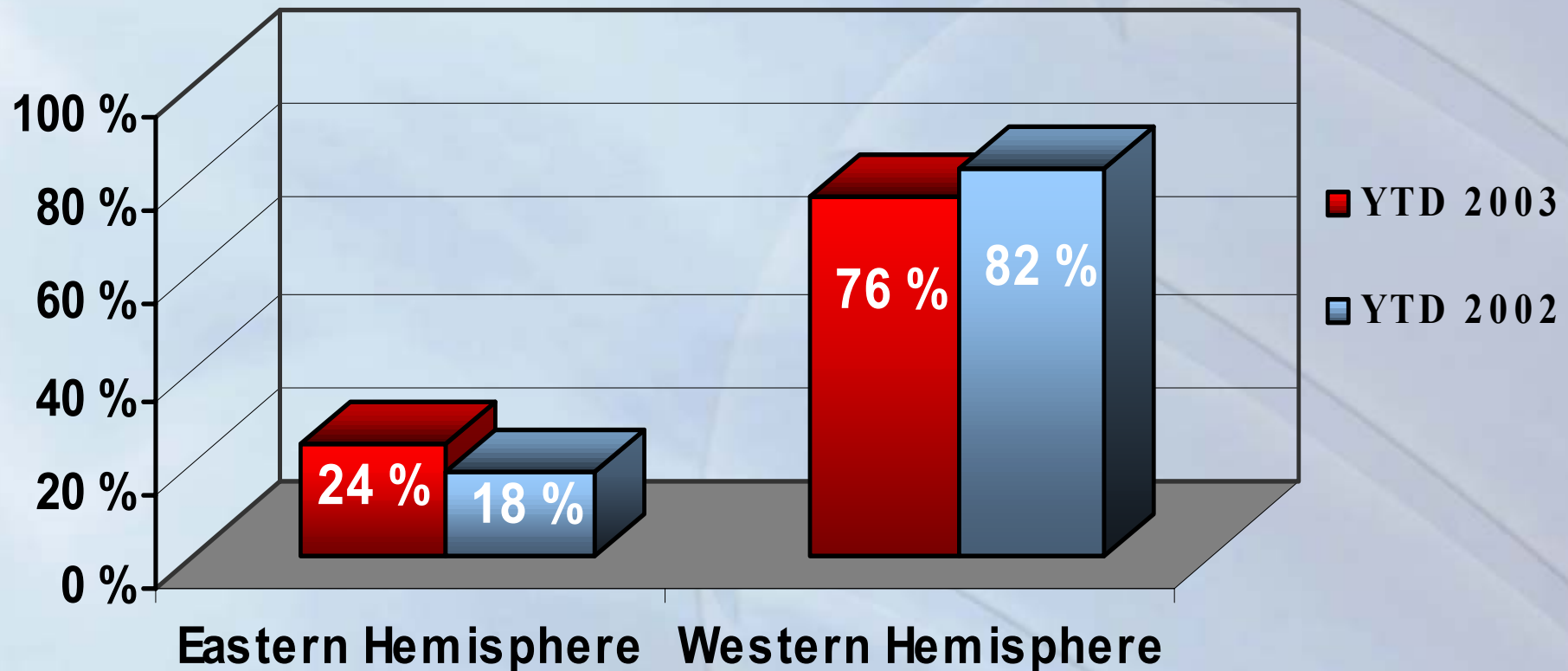
	6 Month 2003	6 Month 2002	Change	%
Gross Sales	63,4	71,5	-8,1	-11 %
Income sharing & Royalties	-4,5	-4,2	-0,3	7 %
Net Operating Revenues	58,9	67,3	-8,4	-13 %
Materials	0,6	1,6	-1,0	-63 %
MCS Amortization 39 %	22,4	22,4	0,0	0 %
Gross Margin	35,9	43,3	-7,4	-17 %
Other operating expenses	14,3	10,6	3,7	35 %
Depreciation	2,3	1,3	1,0	77 %
EBIT Bef. Non-recurr.it 33 %	19,3	31,4	-12,1	-39 %
Non-recurring Items	0,0	0,0	0,0	100 %
Operating Profit 33 %	19,3	31,4	-12,1	-39 %
Net financial items	-0,1	0,1	-0,2	-212 %
Pre-tax Profit 33 %	19,2	31,5	-12,3	-39 %
Taxes	6,0	10,9	-4,9	-45 %
Net Income 22 %	13,2	20,6	-7,4	-36 %
EPS Undiluted	0,53	0,84	-0,31	-37 %
EPS, fully diluted	0,50	0,79	-0,29	-37 %

YTD 2D/3D Net MCS Revenues

- Seismic Segment



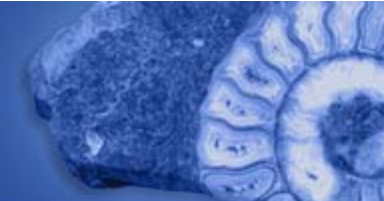
YTD Geographical Net Revenue Distribution - Consolidated



Q2 2003 Cash Flow Statement

Payments From Sales Received	30,9
Investments MC	-16,5
Operational Costs Paid	-9,0
Operational Cash Flow	5,4
Investments Fixed Assets	-0,3
Downpayments Loans	-0,2
Taxes Paid	-4,6
Other Balance Sheet changes	0,6
Change in Cash Balance	0,9

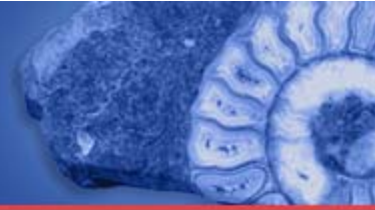
Balance Sheet - Key Figures



(MUSD)	Jun-03	%	Mar-02	%	Dec-02	%
Assets						
Cash	19	9 %	18	8 %	18	8 %
Other Current Assets	47	21 %	50	23 %	63	28 %
MC Library	126	57 %	121	56 %	118	52 %
Total Current Assets	192	87 %	189	87 %	199	87 %
Goodwill & Long Receiv	21	9 %	22	10 %	22	10 %
Fixed Assets	7	3 %	7	3 %	7	3 %
Total Assets	220	100 %	218	100 %	229	100 %
Liabilities						
Short-term debt	0	0 %	0	0 %	7	3 %
Current Liab	24	11 %	30	14 %	36	16 %
Long term Loans	9	4 %	9	4 %	15	6 %
Deferred tax	7	3 %	4	2 %	2	1 %
Equity	180	82 %	175	80 %	169	74 %

Cash in excess of Interest bearing debt MUSD 10,1 (June-03)

MCS Accounting – Matching Principle

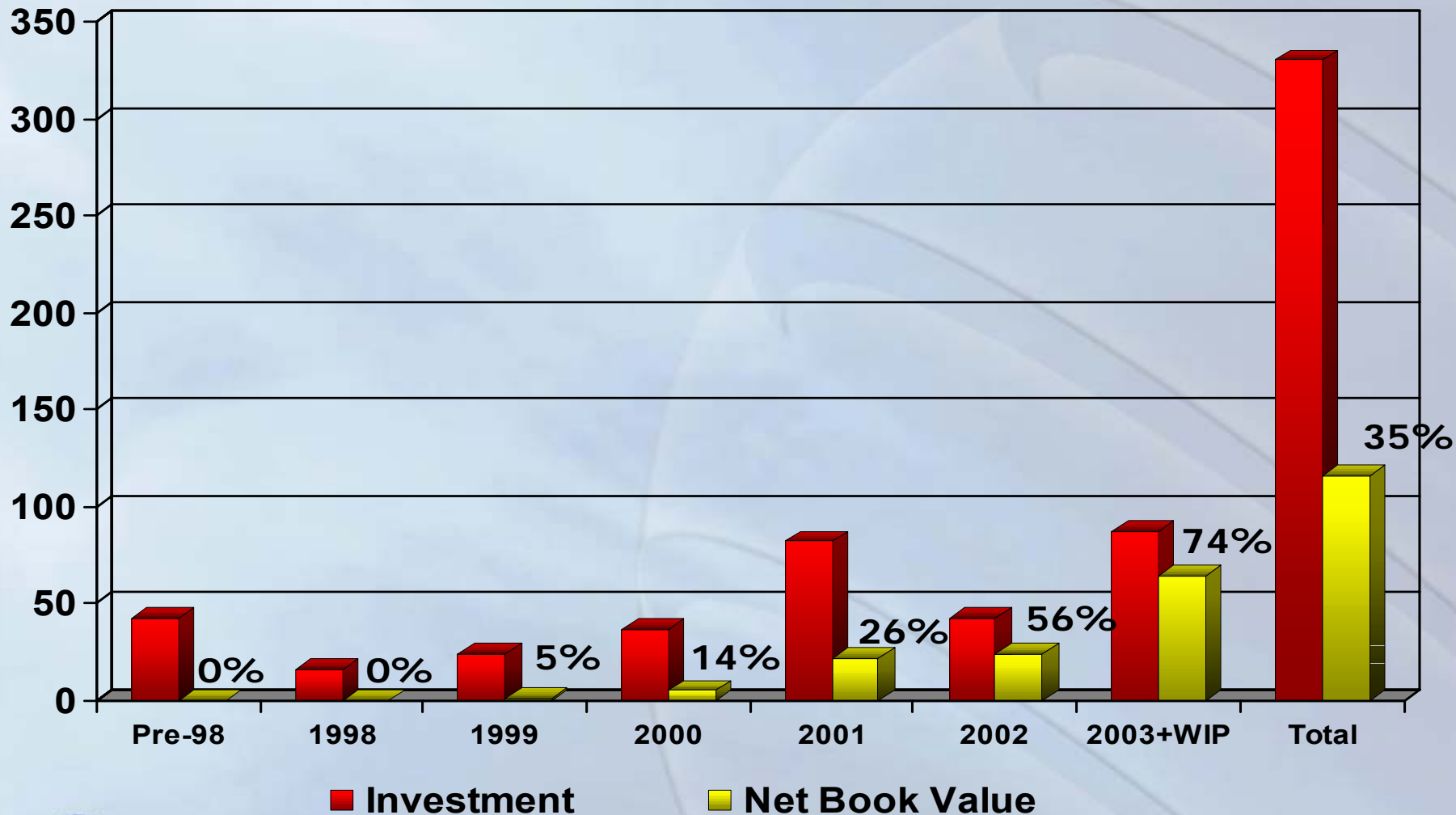


- Accounting Standards recommend to match Revenues and Costs in time
- For TGS-NOPEC, accounting for the Multi-Client Business means capitalize the direct costs of the surveys as investments in the Balance Sheet and amortize over first 5 years as a function of expected ratio Sales/Investment
- If sales are low the first years, a minimum amortization kicks in:
- Maximum NBV one year after completion is 60%, then 40%, then 20% then zero
- The application of such rules vary from company to company, some allowing for longer lifetime giving less amortization the first years.

MCS Library NBV in % of Original Investment

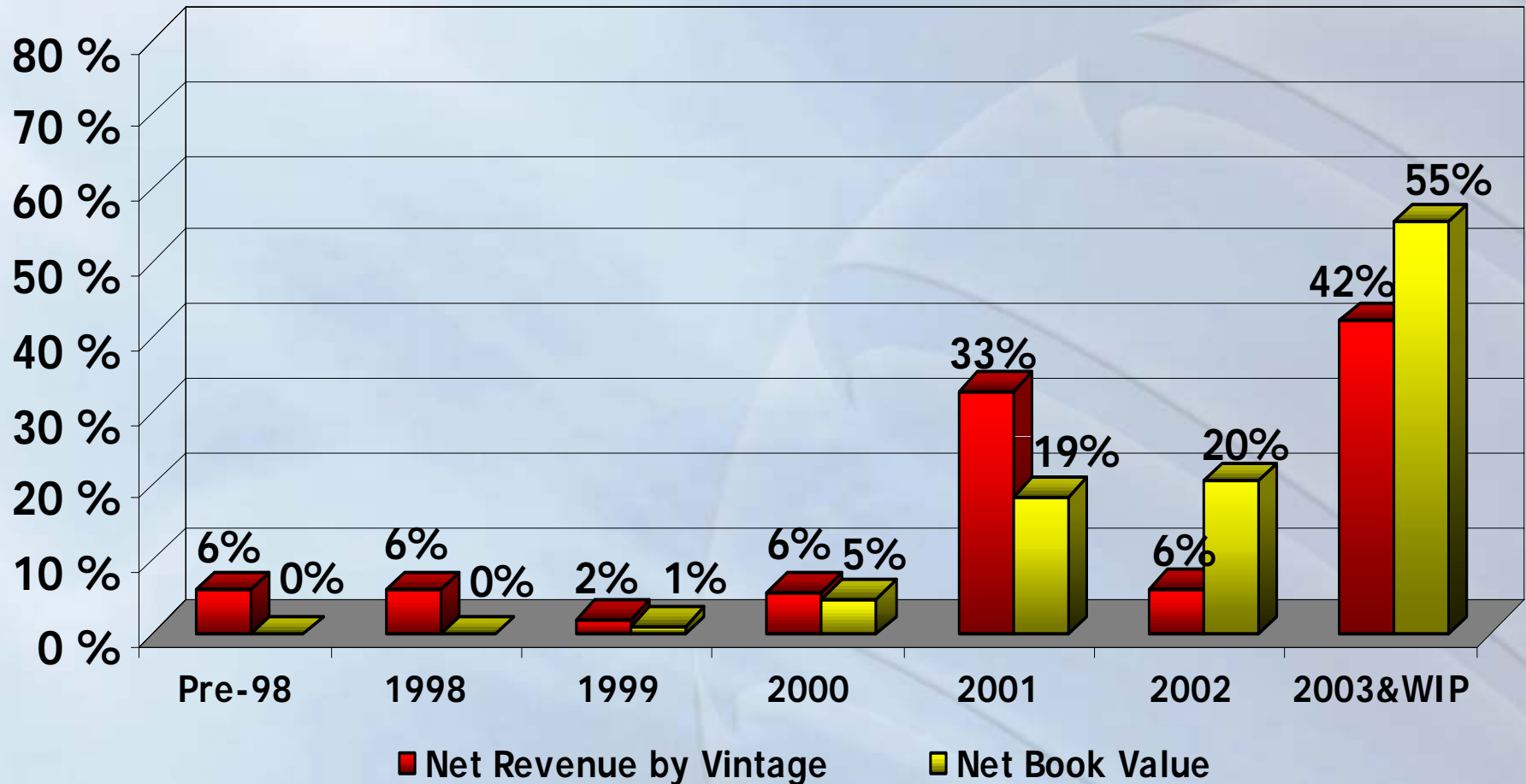
– Seismic Segment – June 30, 2003

MUSD



Q2 2003 MCS Net Revenues & NBV Per Vintage

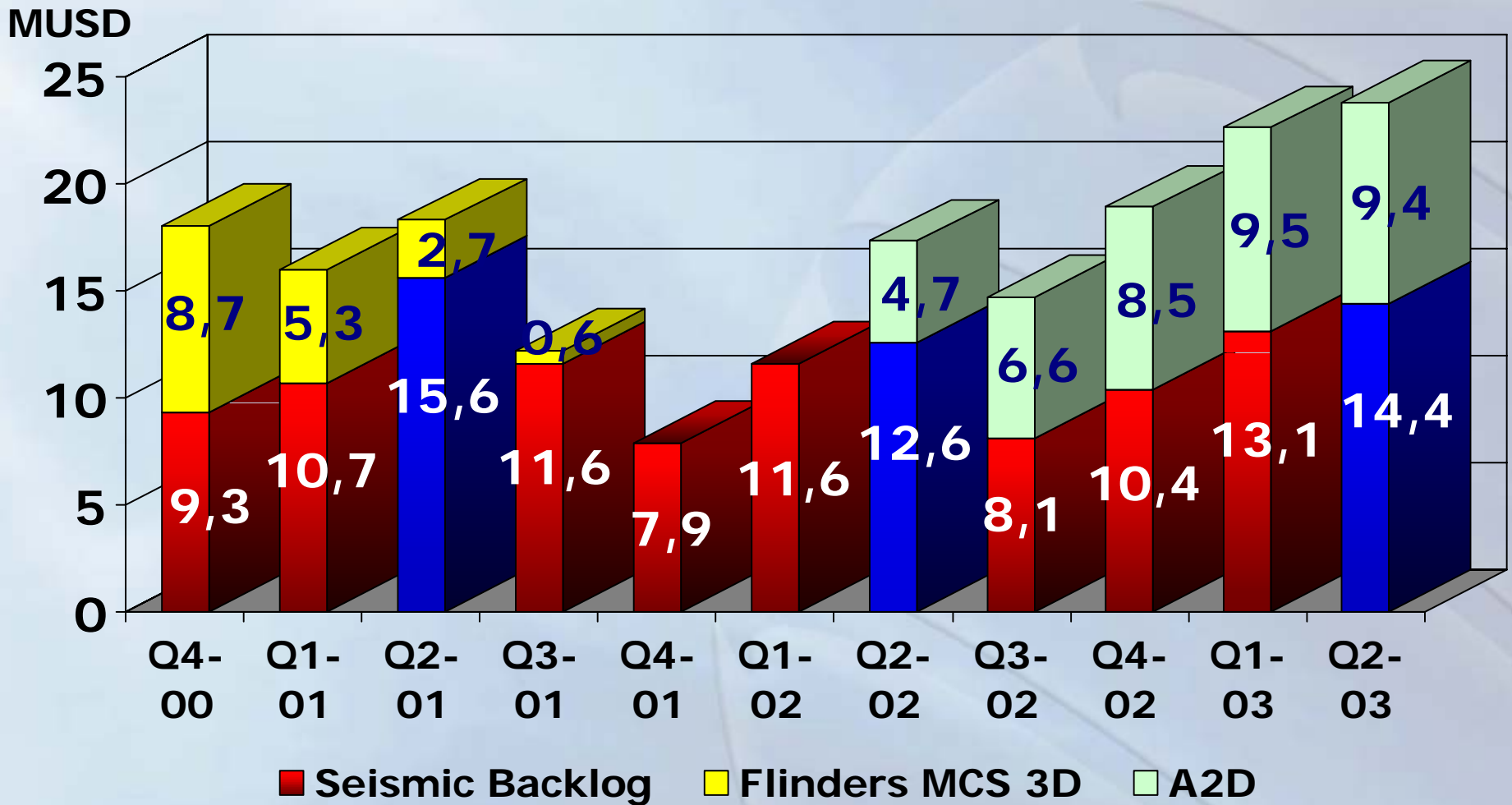
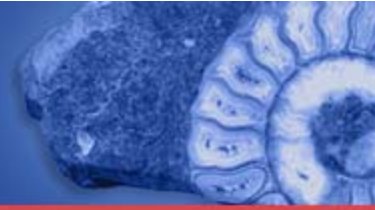
- Seismic Segment



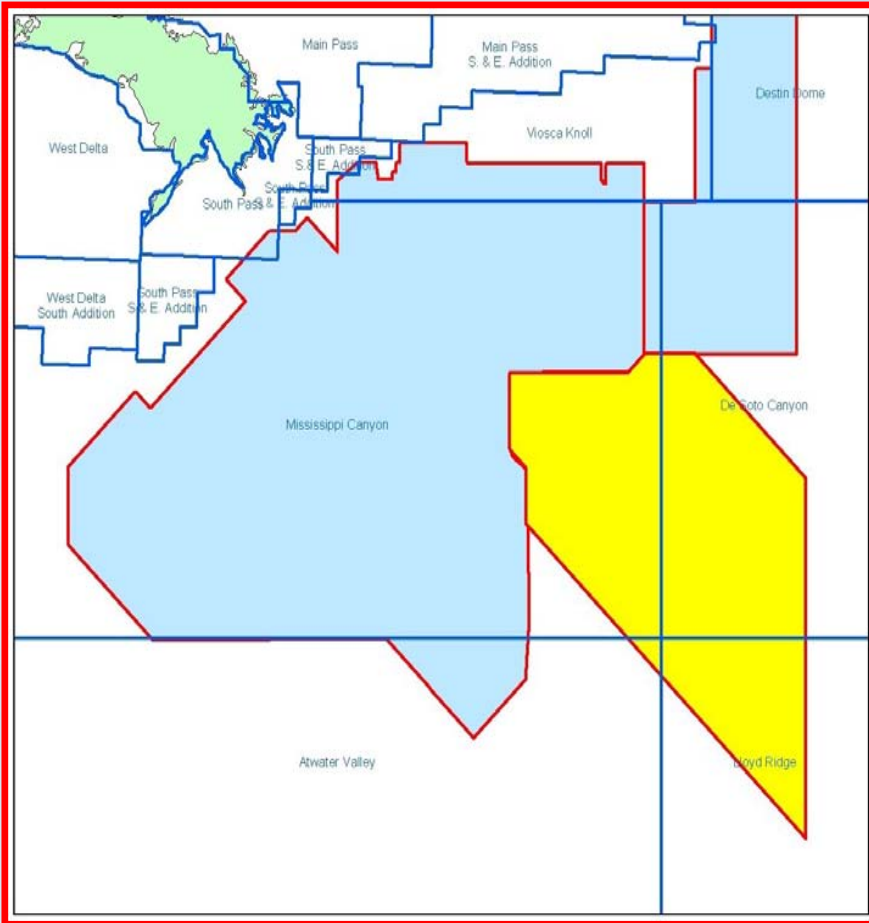
- Only 6% of the NBV relates to surveys older than 2001

- These vintages generated 20% of the revenue!

Backlog in Seismic & Well Log Segments - At end of Quarter



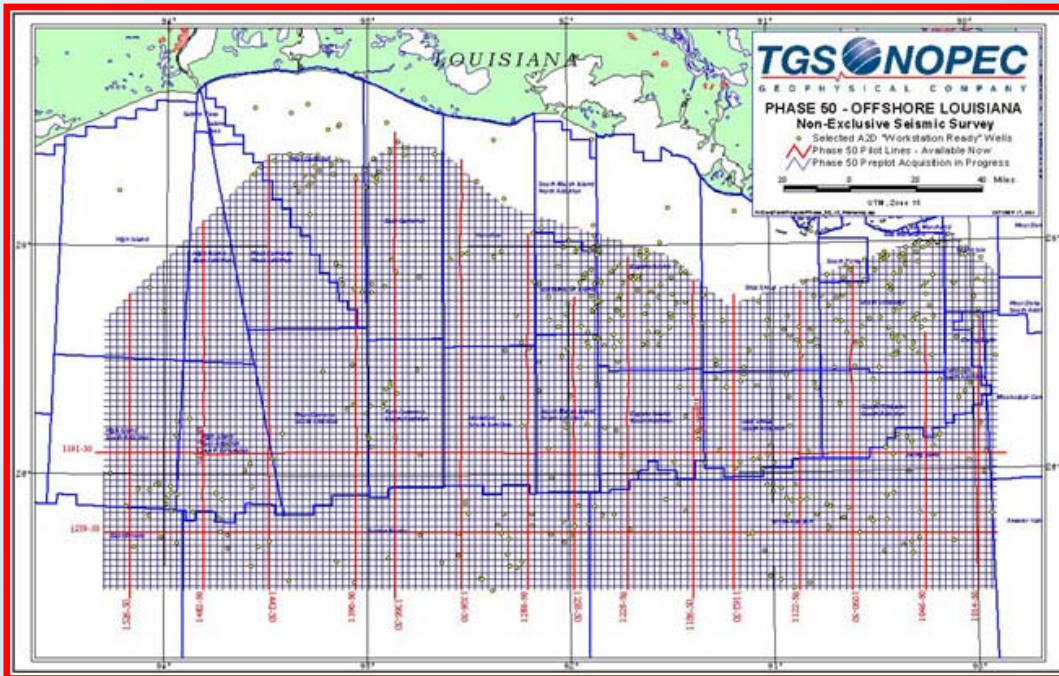
eMC 3D



- **First TGSN 3D in GoM since Mississippi Canyon (delivered in 2001)**
- **6,500 sq kms, 280 OCS blocks**
- **Improved technology: higher density and long offsets**
- **Acq should be completed in Sept '03**
- **Delivery of Phase 1 – October '03, Phase 2 – January '04**

Phase 50 – Gaining Momentum

*Designed specifically to
image deeper targets*

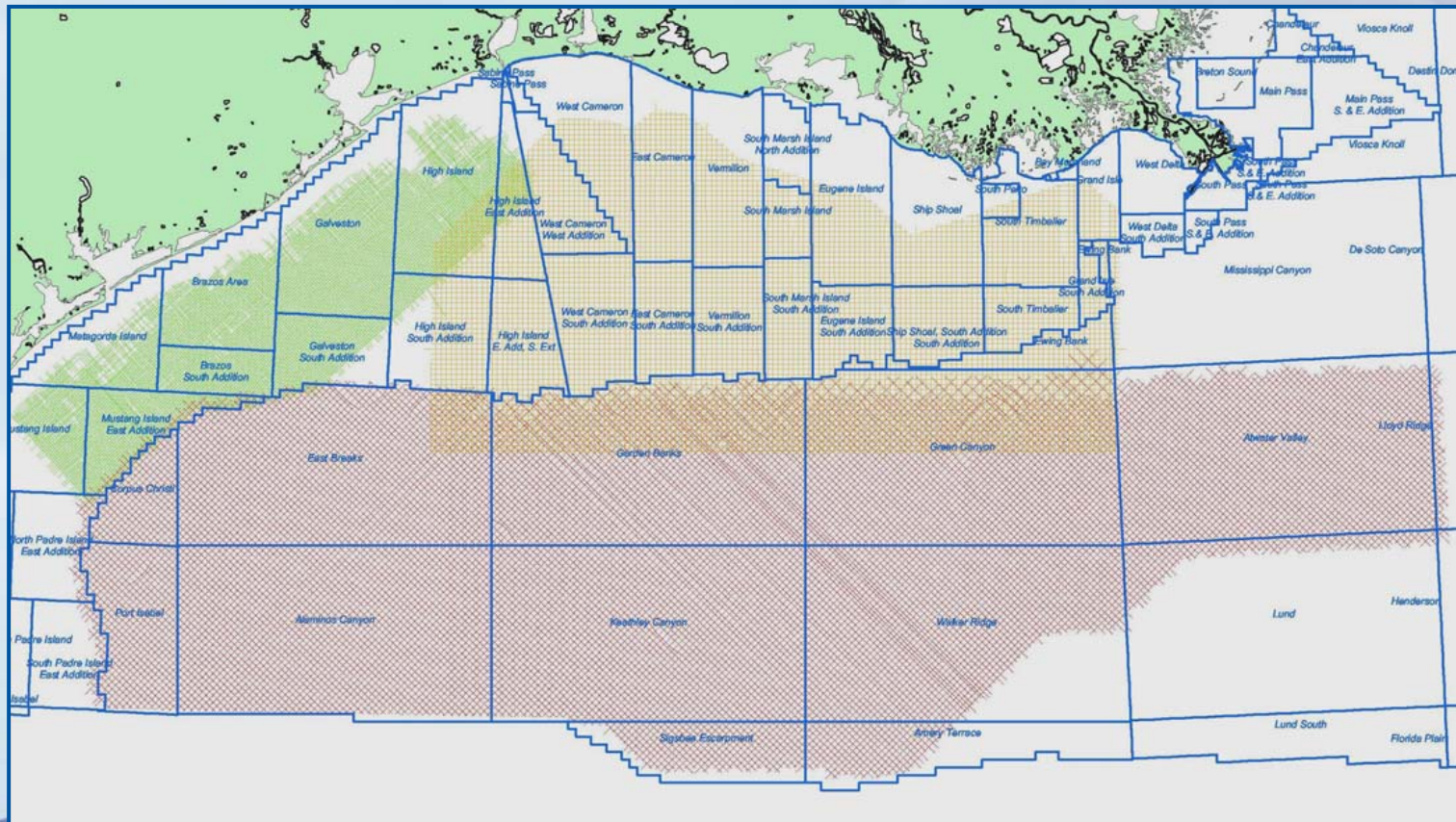


- 48,000 kilometers
- 8,000 meter long offsets
- Acq over 80% complete
- Less than 25% was available for Late Sale in Q2
- Plan to deliver entire project in 2003

Long Offset Exploration for Deep Gas

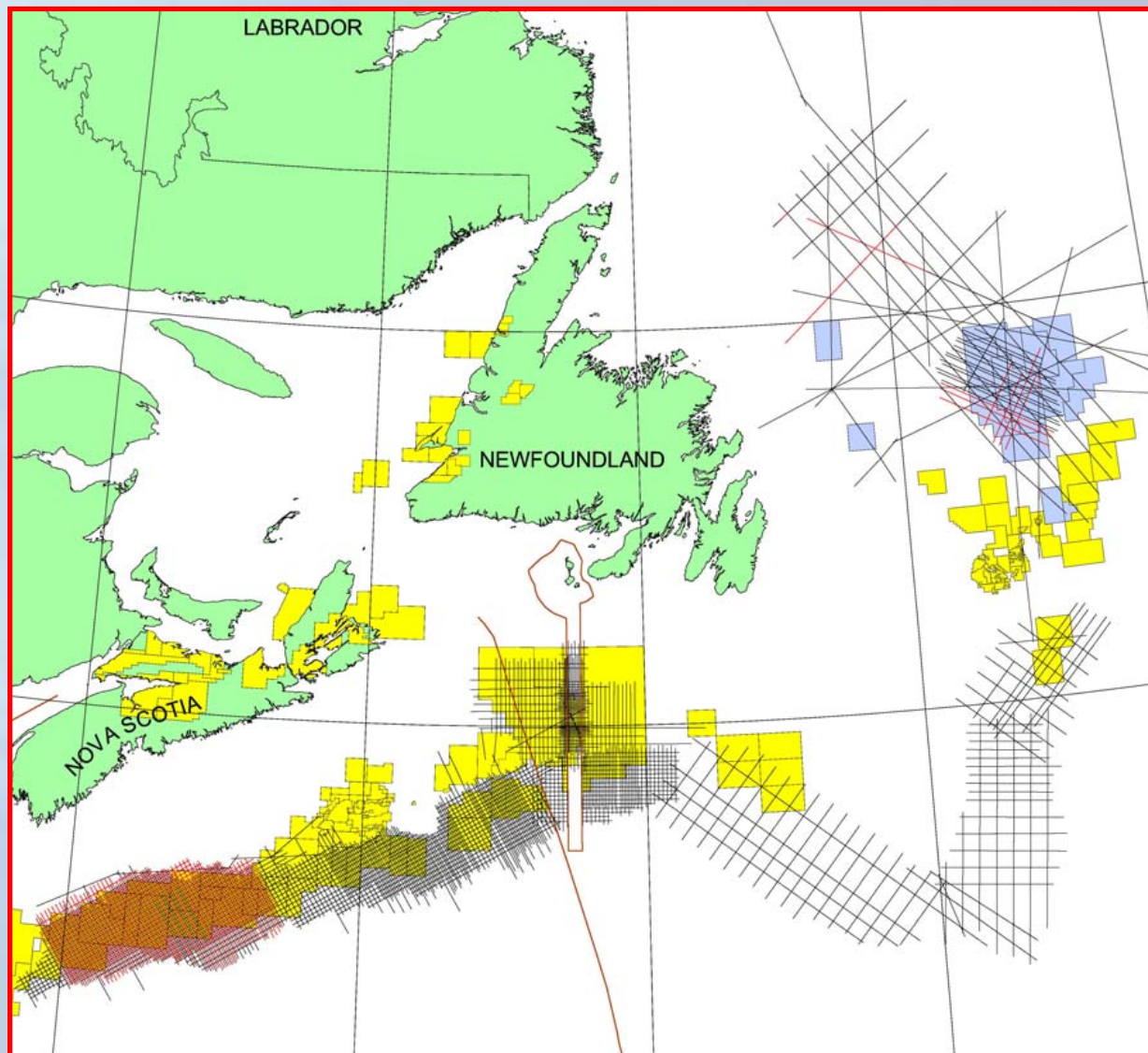
- New GoM 2D Products

- Phase 50 – 48,000 kms new data – delivery May '03 through year end 2003
- Phase 45 – 100,000 kms PSTM & PSDM – delivery Jun '03 through Feb '04
- Phase 48 – 34,000 kms PSTM – delivery Jul '03 through October '03

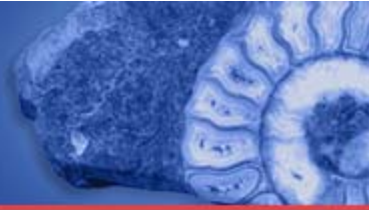


Eastern Canada

- 2003 campaign (red) includes 1,000 kms in Newfoundland and 12,000 kms in Nova Scotia
- Supported with pre-funding
- Newfoundland Call for Bids: 14 blocks, deadline Dec 17 '03
- TGSN coverage over offered blocks includes 4,500 kms of 2002 program plus the 2003 shooting



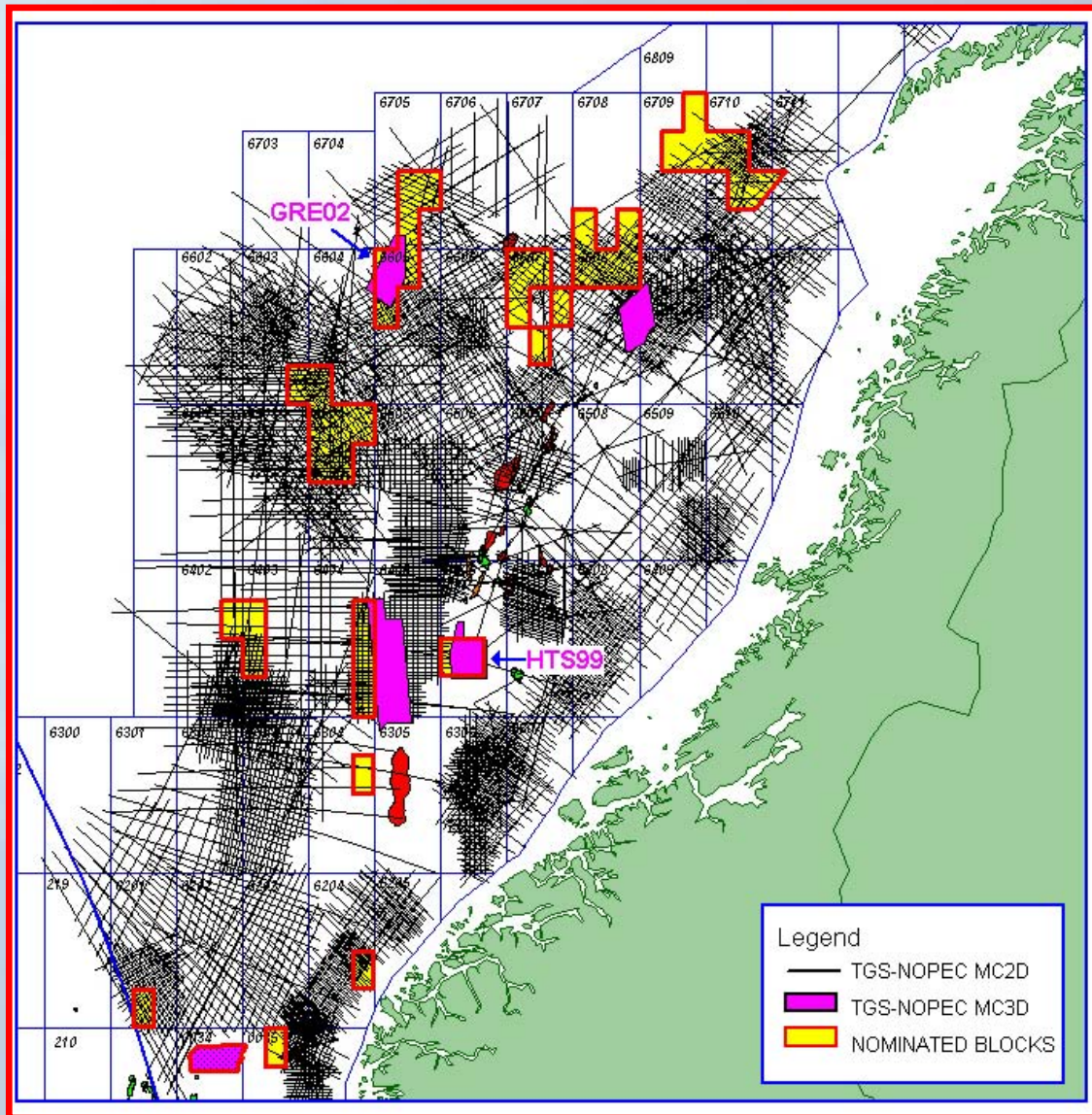
Brazil



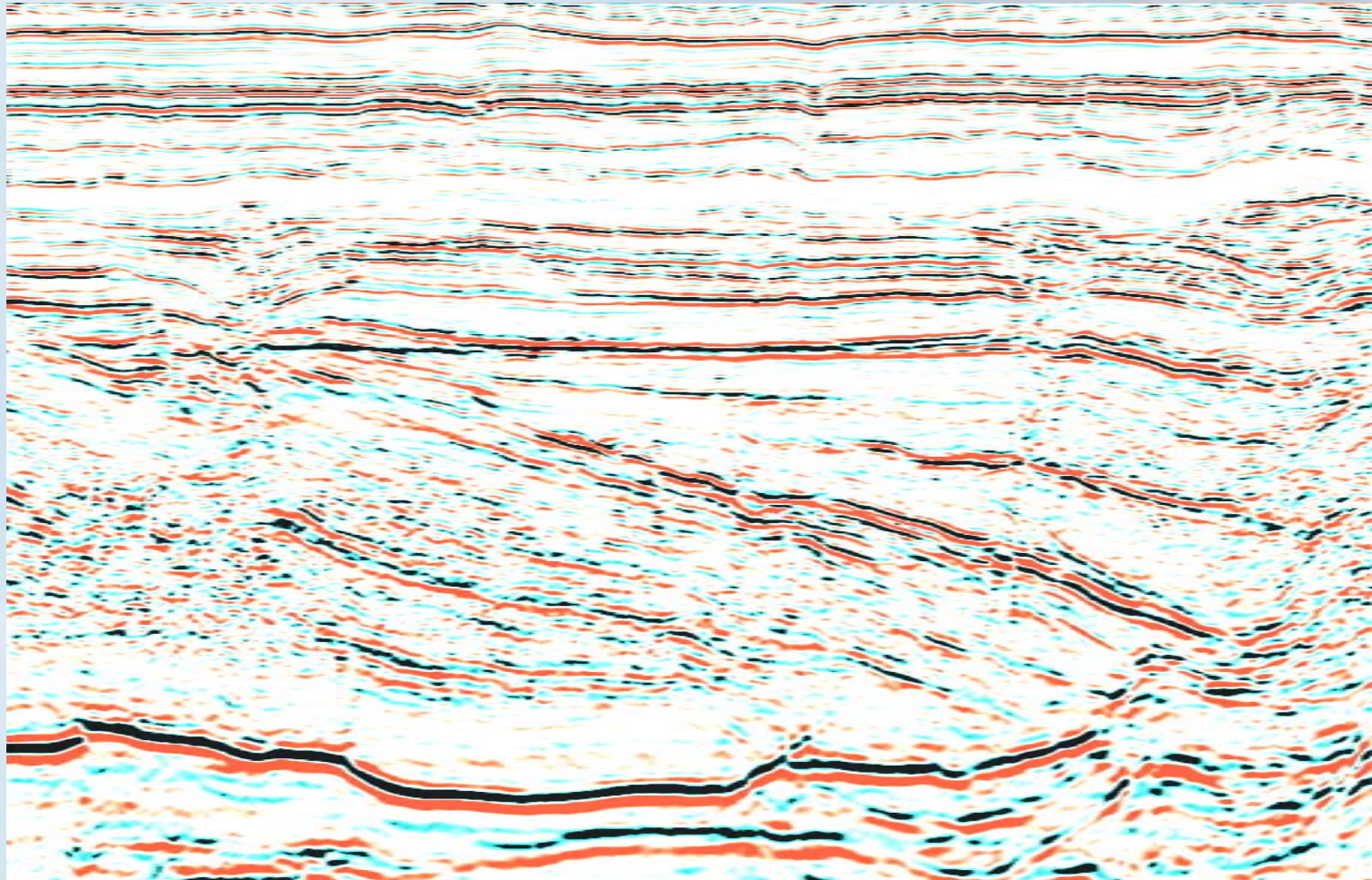
- Phase 2 PSDM (7,800 kms) completed in Q2
- Low interest in Round 5 due to location of offered acreage
- Round 6 shaping up to be much more attractive:
 - Will include acreage relinquished from Petrobras and others acquired in “Round 0” and Round 1
 - Likely to include more attractive new acreage
 - ANP has indicated a desire for accelerated schedule, expectation is February 2004.

18th Round - Norway

- Excellent 2D coverage
- At least two 3D's relevant so far
- Expected final block announcements in Nov-Dec '03
- Awards before summer 2004

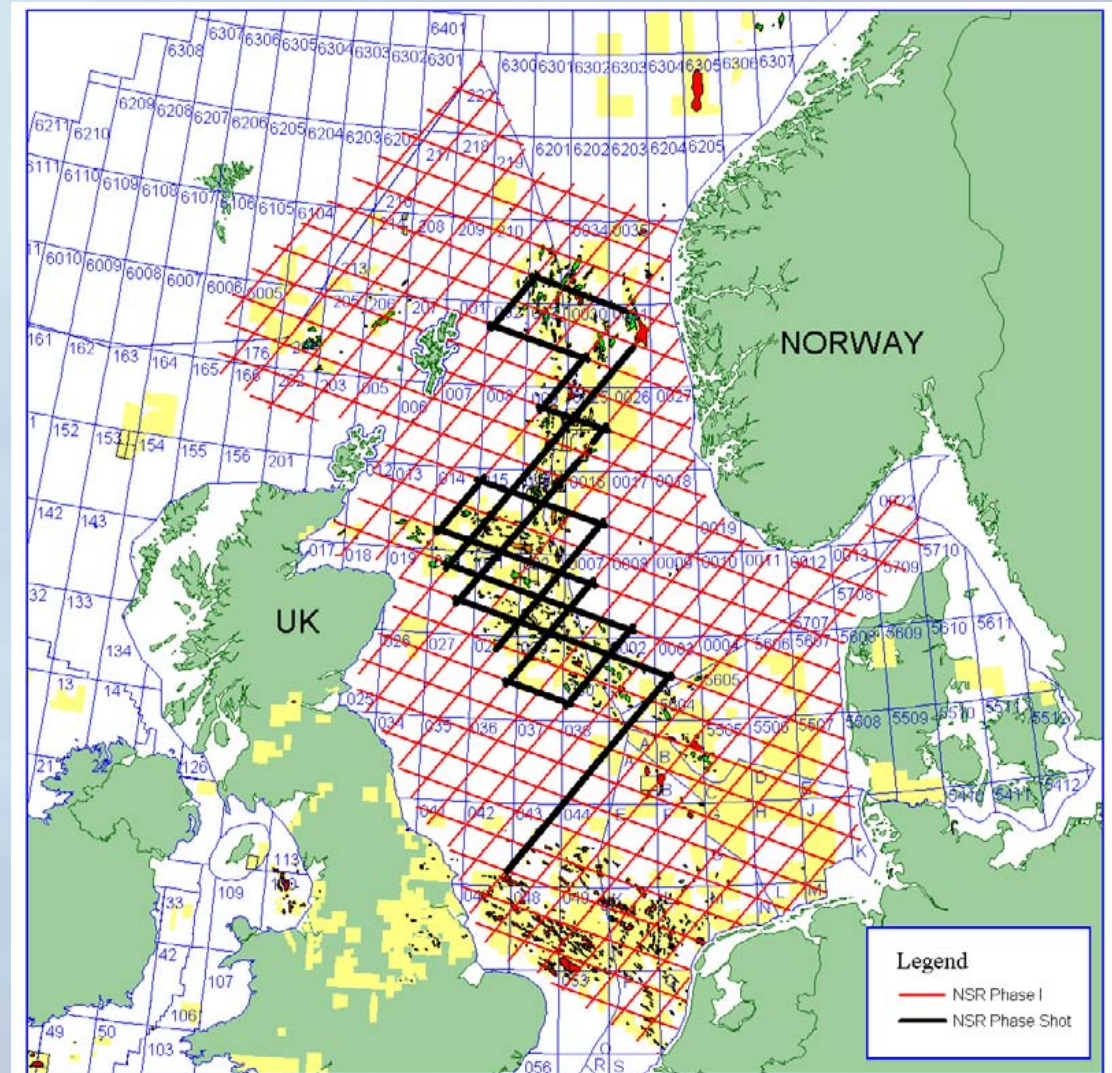


Gjallar Ridge East 3D



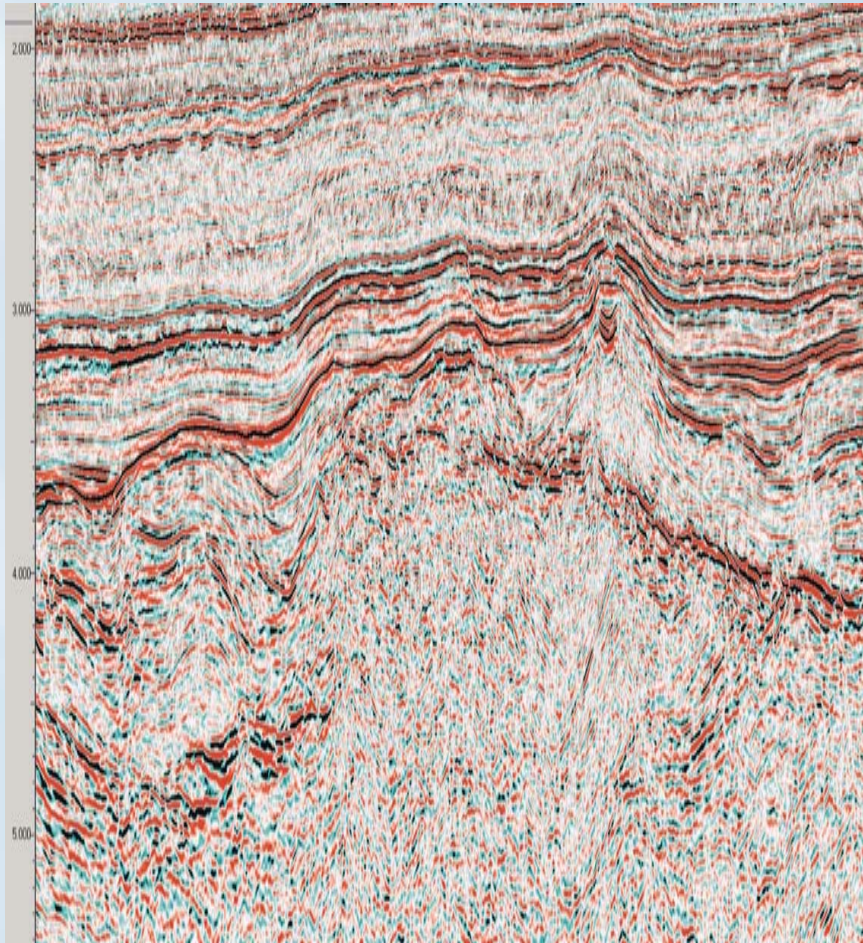
North Sea Renaissance – the pilot program

- Acquired 3,000-km pilot
- Long offset technology recently developed after last generation of 2D.
- Deeper penetration with potential new targets in mature and unexplored regions
- Initial processing results are promising

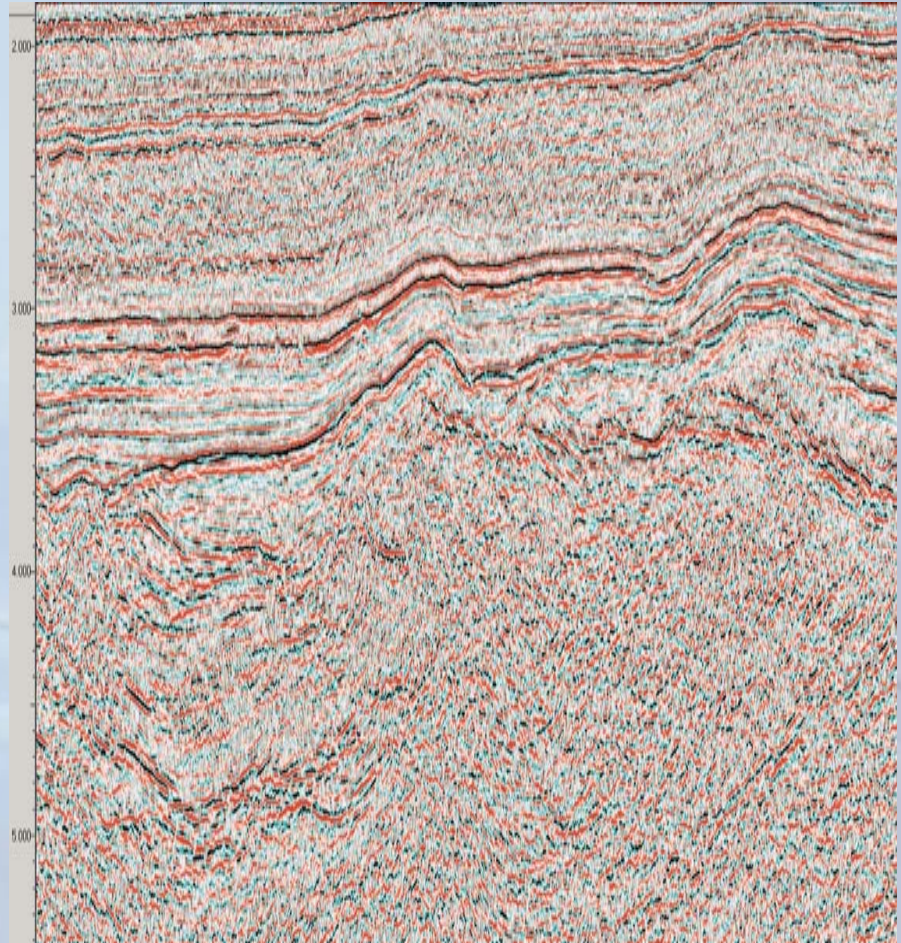


North Sea Renaissance

NSR Long offset data

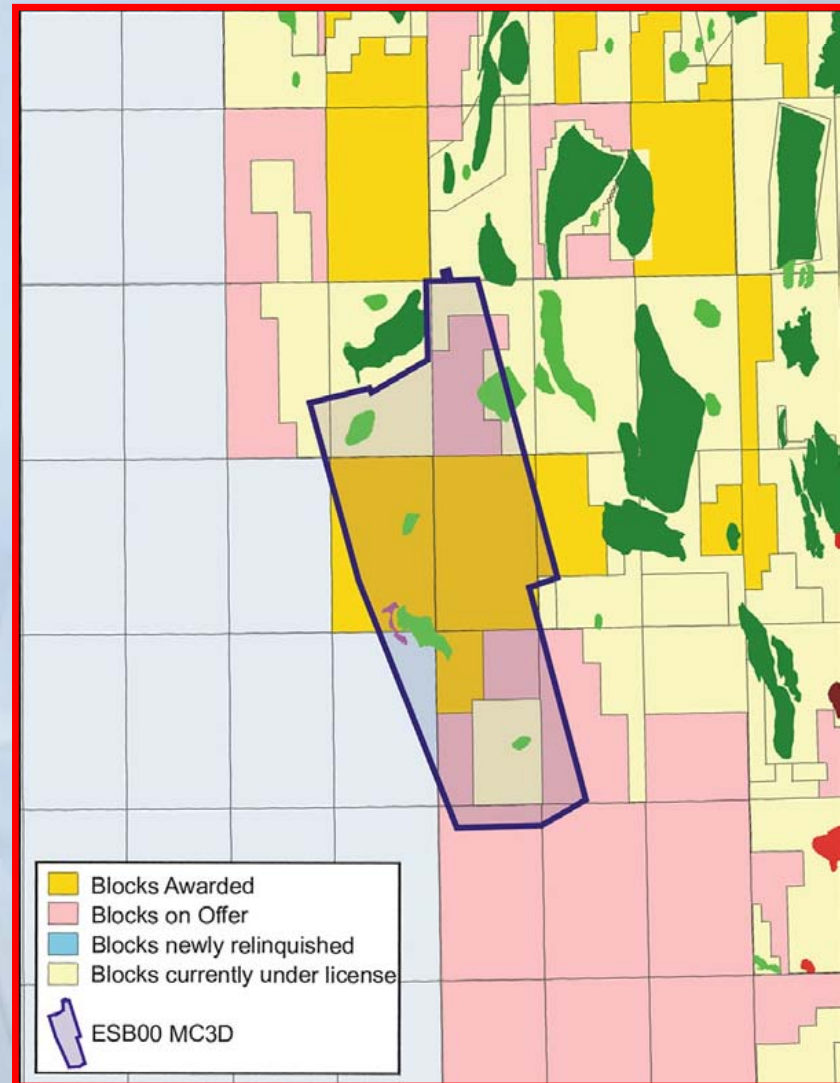


Vintage data standard offset



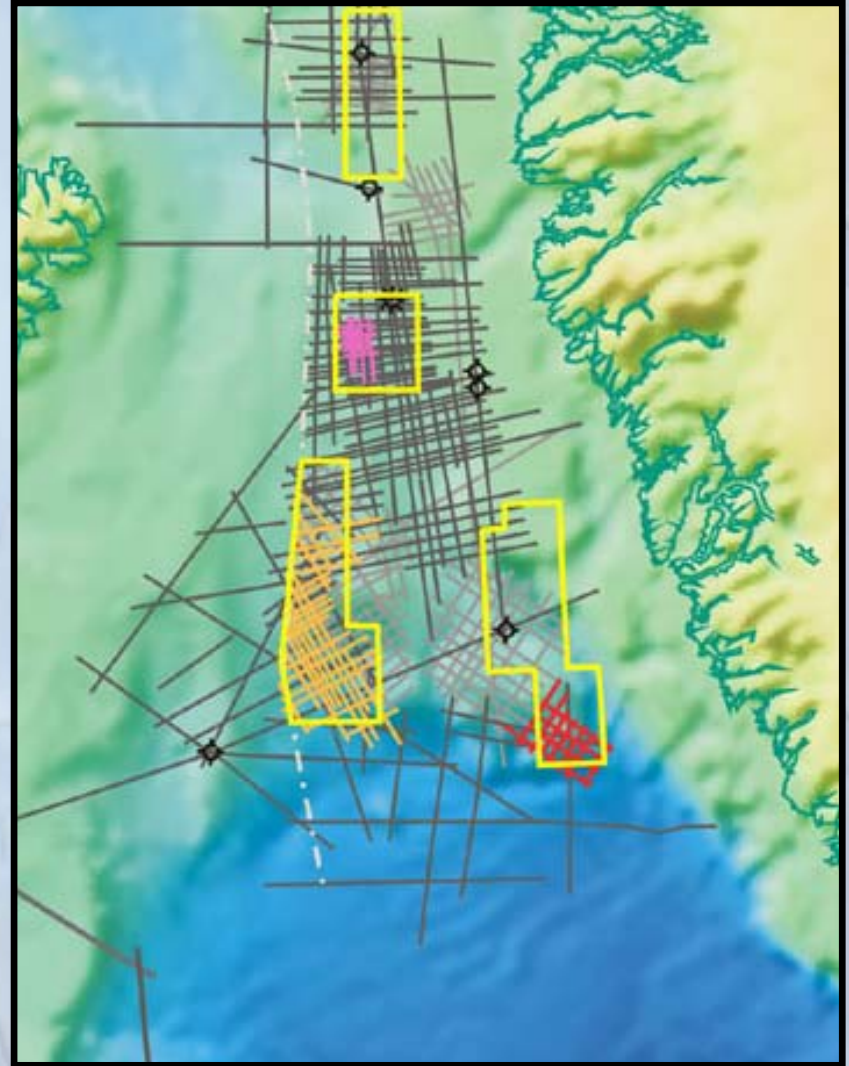
21st Round Awards UK

- Good industry response to new "promote" concept : 53 promote licenses granted plus 35 traditional licenses. 62 companies participated including 27 new entrants.
- Recent awards will generate some new sales as well as "uplifts" on previous sales
- Example: East Shetland Basin 3D

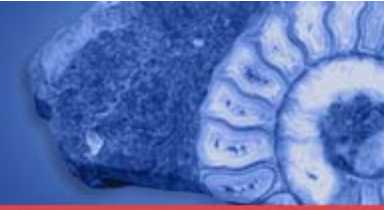


West Greenland

- New Round just announced, opening in April, 2004 and closing in October, 2004
- Excellent existing 2D coverage
- New 2003 program is 7000 kms including 3500 kms within announced round blocks
- Highly pre-funded
- Currently mobilizing to begin



Summary of Near-Term Drivers



● **License Rounds**

- UK 21st Round Awards: August 2003
- Sierra Leone Round 1 Final Block Awards: September 2003
- Eastern GoM Lease Sale: December 2003
- Canada-Newfoundland Bids: December 2003
- Norway 18th Round: Nov 03 – Apr 04 (?)
- Brazil Round 6: February 2004 (?)
- Central GoM Lease Sale: March 2004

● **Delivery of New GoM Projects**

- eMC 3D: half in October 2003, half in January 2004
- Phase 50: May 2003 through end of 2003
- Phase 45 PSTM & PSDM: June 2003 through February 2004
- Phase 48 PSTM: July 2003 through October 2003

2003 Outlook & Expectations

- Commodity prices remain well above levels budgeted by oil companies. Oil company cash flows are excellent.
- Overall expectation for annual seismic spending is flat with 2002 levels. Second half of 2003 is likely to be stronger than the first half, while the inverse was true for 2002.
- In view of this, no change in TGS-NOPEC guidance:
 - **Full year net revenues approximately 10% higher in 2003 than 2002**