TGS

Presentation of the 2nd Quarter 2007 Results

August 9th 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 is 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.

Q2 2007 Financial Highlights

- **Net Revenues 88.7 MUSD, up 7% from Q2 2006**
  - Net Late Sales 50.3 MUSD, down 18% from Q2 2006
  - Proprietary Contract work MUSD 13.7, vs MUSD 4.8 in Q2-06
- **Operational Investments up 19% from 27.4 MUSD in Q2-06 to 32.7 MUSD supported by 76% prefunding (24,7 MUSD)**
- **Multi-Client Amortization rate 34%**
- **EBIT Margin 42% of Net Revenues**
  - EBIT 37.6 MUSD, down 17% from 45.3 MUSD in Q2 2006
- **EPS $0.24, down 16% from $0.28 in Q2 2006**
- **Cash Flow from Operations (ex investments) 38.0 MUSD, up 313% from 9.2 MUSD in Q2 last year.**
- **Finalized PDS acquisition**
- **Bought back 1,209,850 shares for approx. 25 MUSD**

Q2 2007 PROFIT & LOSS (MUSD)

		Q2 2007	Q2 2006	Change	%
Net Operating Revenues		**88.7**	82.7	6.1	7%
Materials		**7.1**	0.3	6.7	2074%
MC Amortization	34%	**25.8**	19.8	6.0	30%
Gross Margin		**55.9**	62.5	(6.6)	-11%
Other Operating Expenses		**14.0**	15.5	(1.5)	-10%
Cost of Stock Options		**1.1**	0.7	0.4	51%
Depreciation		**3.2**	1.0	2.2	228%
Operating Profit	42%	**37.6**	45.3	(7.7)	-17%
Net Financial Items		**(0.7)**	(0.5)	(0.2)	43%
Pre-tax Profit	42%	**36.9**	44.9	(8.0)	-18%
Taxes		**11.6**	14.9	(3.3)	-22%
Net Income	28%	**25.3**	29.9	(4.6)	-16%
EPS, undiluted		**0.24**	0.28	(0.0)	-16%
EPS, fully diluted		**0.23**	0.28	(0.0)	-15%

Q2 2007 CASH FLOW

	Q2 2007	Q2 2006
Payments from Sales Received	81.9	42.8
Operational Costs Paid	(27.9)	(13.6)
Gain/(Loss) from Currency Exchange	(2.5)	(1.6)
Taxes Paid	(13.5)	(18.5)
Operational Cash Flow	38.0	9.2
Investments in Fixed Assets	(4.1)	(1.4)
Payments for Acquired Multi-Client Products	(30.2)	(33.8)
Investments through Mergers and Acquisition	(58.2)	-
Interest Income	4.7	2.1
Net Change in Long-term Receivables	(0.1)	(0.5)
Net Change in Long-term loans	(0.1)	(1.1)
Interest Expense	(1.2)	(1.0)
Purchase of own Shares	(25.2)	-
Paid in Equity	0.4	1.2
Change in Cash Balance	(76.1)	(25.4)

6 Months 2007

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6 Months 2007 Financial Highlights

- **Net Revenues 184.2 MUSD, up 7% from 6M 2006**
  - Net Late Sales 123.3 MUSD, down 10% from 6M 2006
  - Proprietary revenues 18.0 MUSD vs 8.5 MUSD in 6M 2006 (Up 112%)
- **Operational Investments up 25% from 52.6 MUSD to 65.8 MUSD supported by 65% prefunding (42.9 MUSD)**
- **Multi-Client Amortization rate 31%**
- **EBIT Margin 48% of Net Revenues**
  - EBIT 88.7 MUSD, down 6% from 94.4 MUSD 6M 2006
- **Cashflow from Operations before MC investments 136.2 MUSD compared to 124.0 MUSD 6M 2006**

2007 YTD PROFIT & LOSS (MUSD)

		6M 2007	6M 2006	Change	%
Net Operating Revenues		**184.2**	172.4	11.8	7%
Materials		**7.8**	2.0	5.8	296%
MC Amortization	31%	**51.2**	43.6	7.6	17%
Gross Margin		**125.2**	126.8	(1.6)	-1%
Other Operating Expenses		**29.8**	29.1	0.7	2%
Cost of Stock Options		**2.2**	1.4	0.8	54%
Depreciation		**4.5**	1.9	2.6	139%
Operating Profit	48%	**88.7**	94.4	(5.7)	-6%
Net Financial Items		**(0.5)**	(0.5)	0.1	-11%
Pre-tax Profit	48%	**88.2**	93.9	(5.7)	-6%
Taxes		**28.9**	31.4	(2.4)	-8%
Net Income	32%	**59.3**	62.6	(3.3)	-5%
EPS, undiluted		**0.56**	0.60	(0.0)	-6%
EPS, fully diluted		**0.55**	0.58	(0.0)	-5%

2007 YTD CASH FLOW

	6M 2007	6M 2006
Payments from Sales Received	205.1	187.1
Operational Costs Paid	(40.4)	(27.5)
Gain/(Loss) from Currency Exchange	(4.6)	(2.6)
Taxes Paid	(23.9)	(33.0)
Operational Cash Flow	**136.2**	**124.0**
Investments in Fixed Assets	(11.8)	(1.9)
Payments for Acquired Multi-Client Products	(66.9)	(62.8)
Investments through Mergers and Acquisition	(58.2)	(7.2)
Interest Income	8.7	3.8
Net Change in Long-term Receivables	(0.2)	(4.0)
Net Change in Long-term loans	(0.1)	2.7
Interest Expense	(1.7)	(1.8)
Purchase of own Shares	(25.2)	-
Paid in Equity	2.6	4.3
Change in Cash Balance	**(16.5)**	**57.1**

Balance Sheet – Key Figures

	6/30/2007	%	3/31/2007	%	12/31/2006	%
Assets						
Cash	**254.0**	35%	**330.1**	47%	**270.6**	40%
Other Current Assets	**126.1**	17%	**109.7**	15%	**152.9**	23%
Total Current Assets	**380.1**	52%	**439.8**	62%	**423.4**	63%
Intangible Assets & LT Receivables	**111.6**	15%	**44.6**	6%	**42.8**	6%
MC Library	**211.8**	29%	**205.0**	29%	**195.6**	29%
Fixed Assets	**25.1**	3%	**20.3**	3%	**14.4**	2%
Total Assets	**728.6**	100%	**709.7**	100%	**676.2**	100%
Liabilities						
Short-term debt	**-**	0%	**-**	0%	**0.0**	0%
Current Liabilities	**105.9**	15%	**106.8**	15%	**114.0**	17%
Long-term loans	**50.9**	7%	**49.4**	7%	**48.3**	7%
Deferred Tax Liability	**43.2**	6%	**39.1**	6%	**37.0**	5%
Equity	**528.6**	73%	**514.4**	72%	**477.0**	71%

Multi-Client Library

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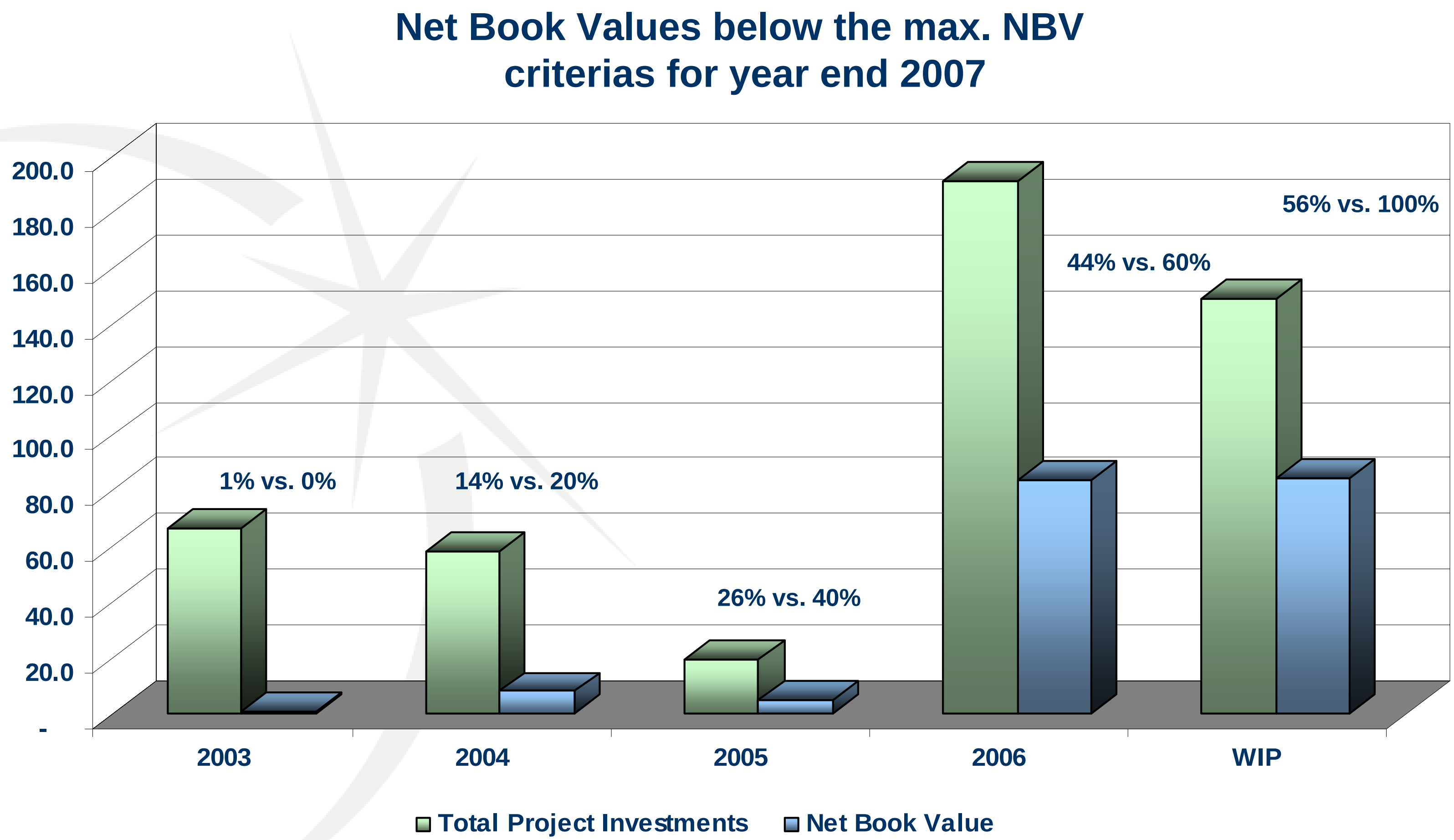
MCS Accounting – Matching Principle

- **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

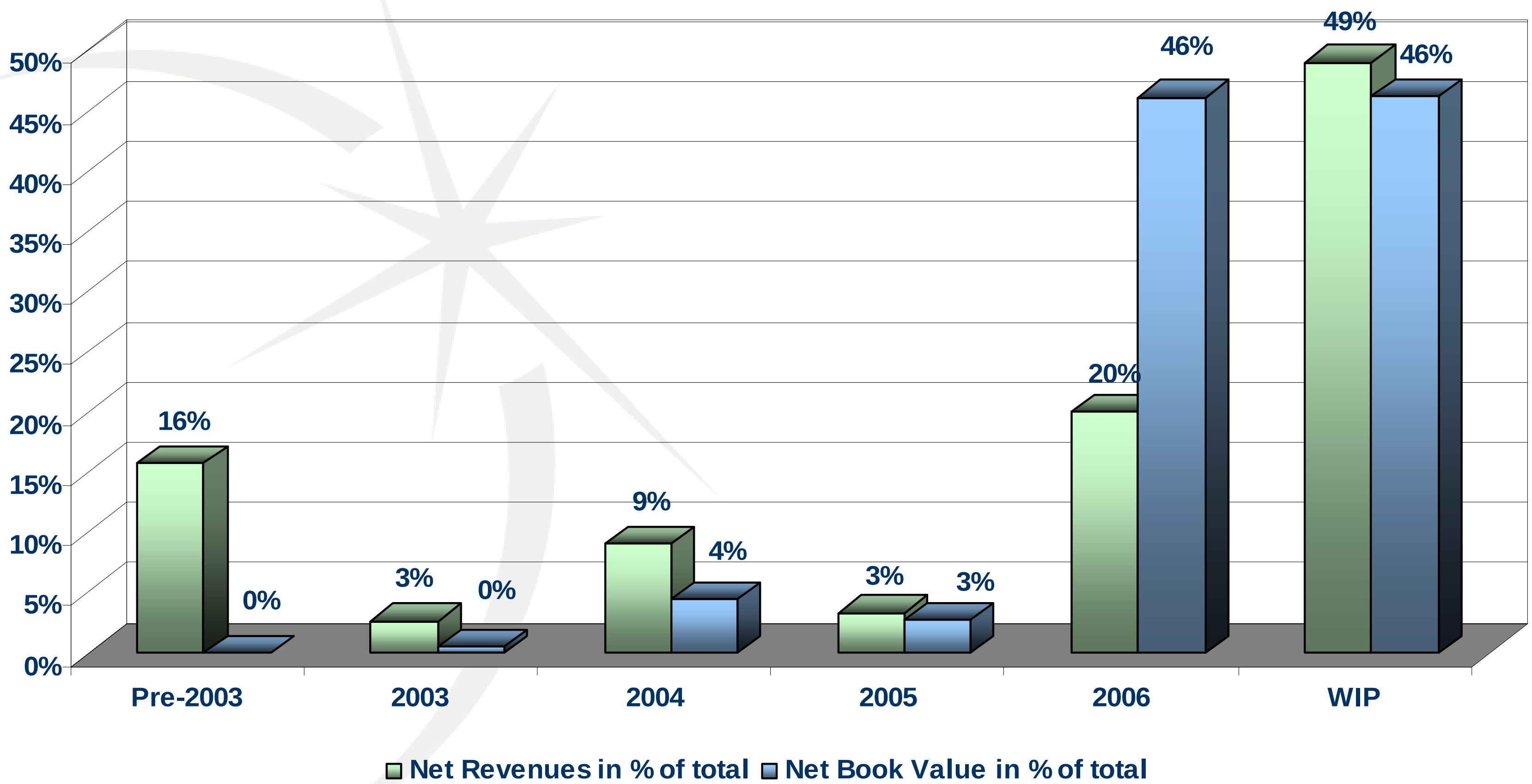
Multi-Client Library NBV in % of Investment

Seismic Segment as of June 30th 2007



Q2 2007 Multi-Client Net Revenues & Ending NBV

- Seismic Segment



Operations & Outlook

Hank Hamilton
Chief Executive Officer

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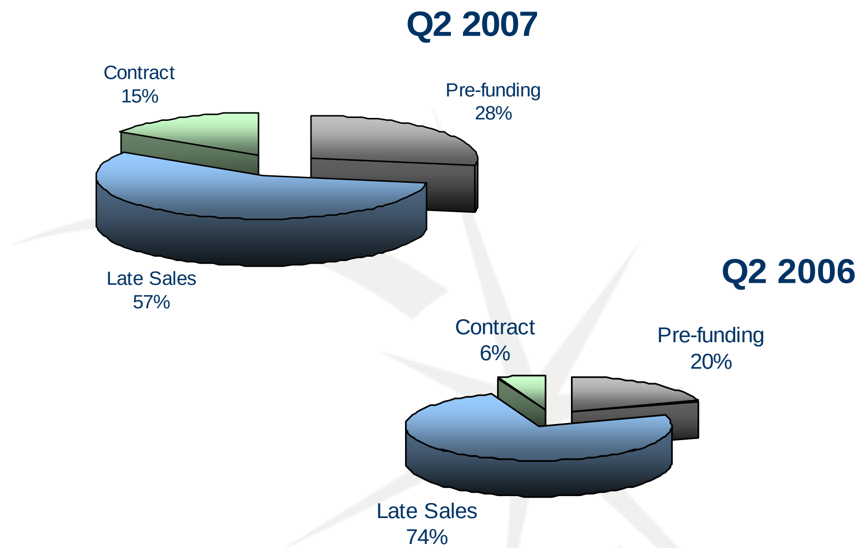
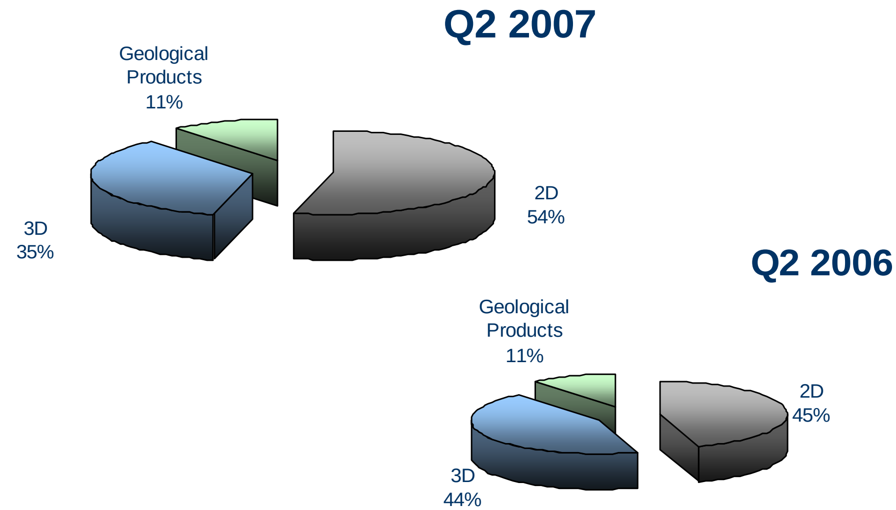
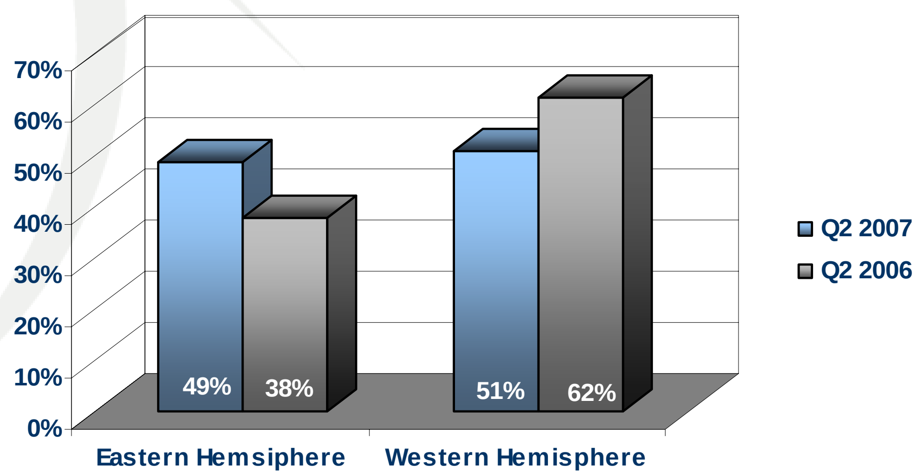
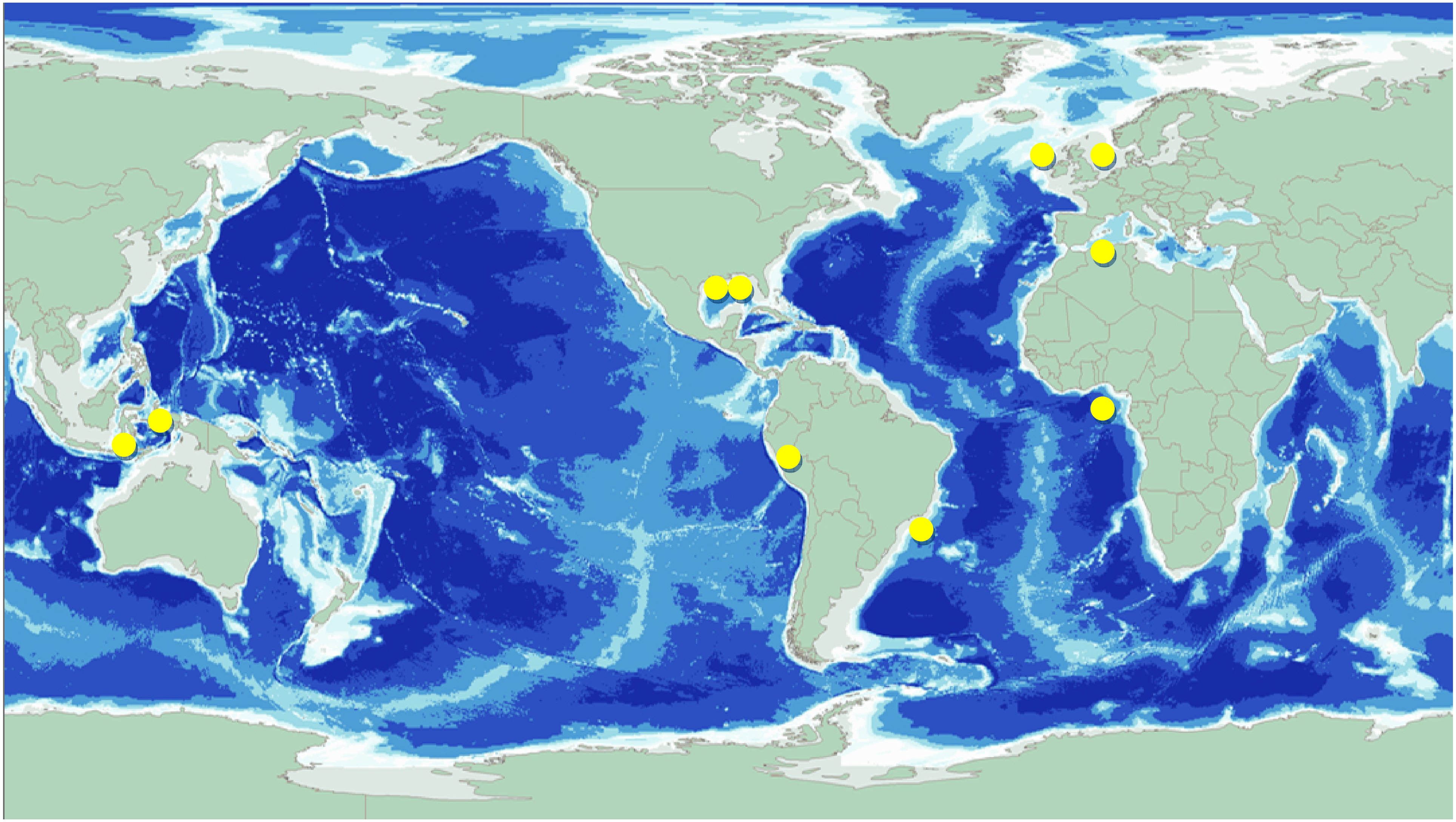
Q2 2007 Net Revenue Breakdown







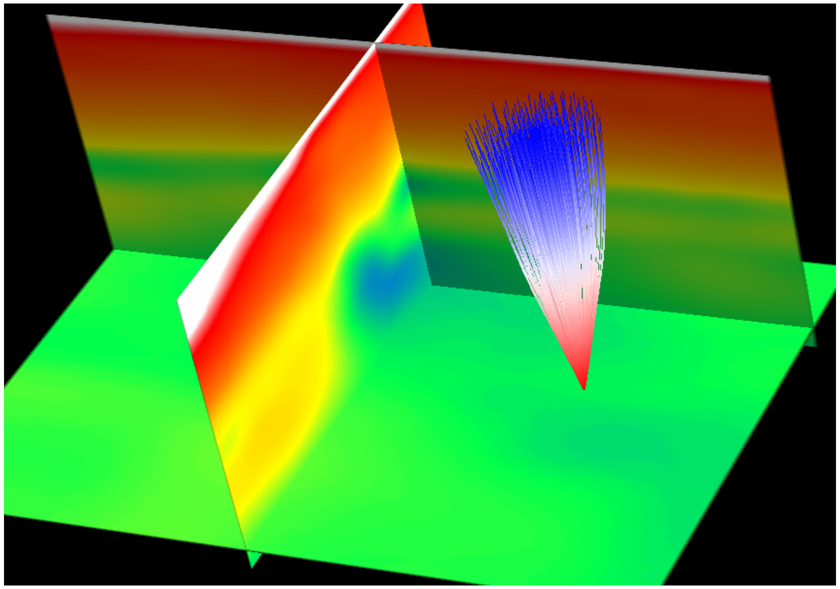
Operational Review



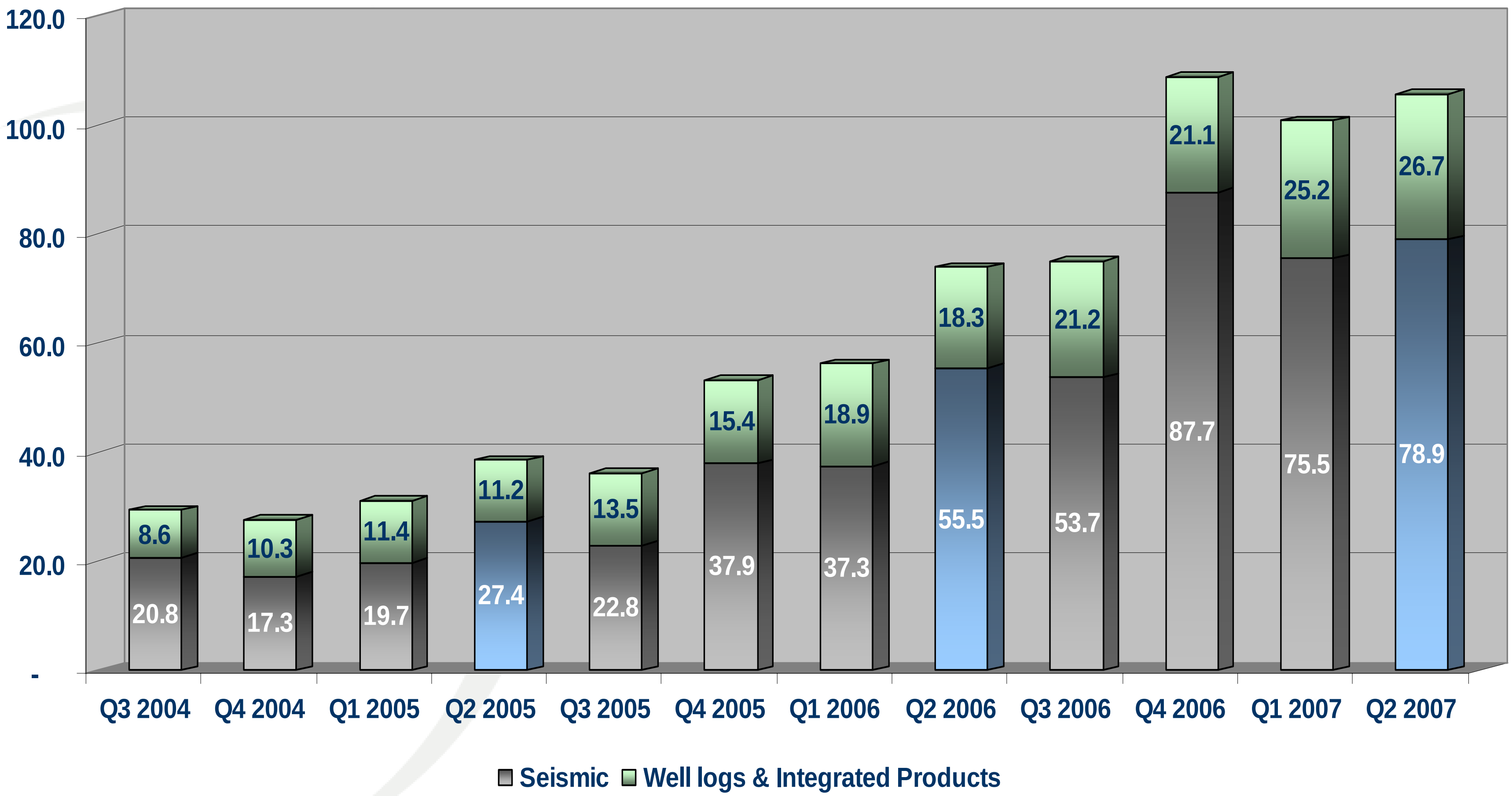
PDS Acquisition

- Leading edge imaging technology
- Increases capacity: 3 to 4 X
- Wide azimuth ready
- New algorithms on the way

Parallel Data Systems



Backlog


120.0
100.0
80.0
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-
Q3 2004
Q4 2004
Q1 2005
Q2 2005
Q3 2005
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17.3
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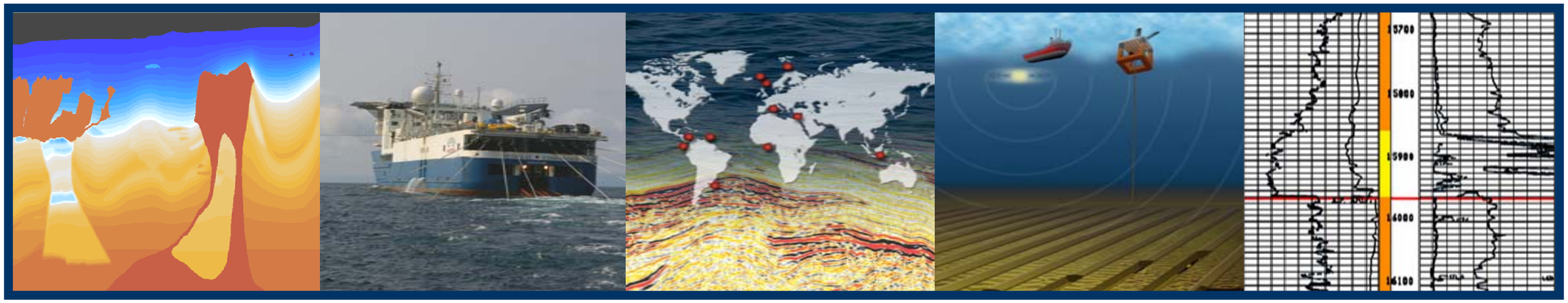
19.7
11.4
27.4
11.2
22.8
13.5
37.9
15.4
37.3
18.9
55.5
18.3
53.7
21.2
87.7
21.1
75.5
25.2
78.9
26.7
Seismic
Well logs & Integrated Products

2007 Outlook / Expectations

- Healthy pipeline of high impact late sale opportunities
- Substantial pre-funding for first Wide Azimuth 3D
- Multi-client library investments: USD 160 - 170 million
- Average annual pre-funding: 60 - 70 % of investments
- Average annual amortization rate: 28 – 33 % of net multi-client revenues
- 15-20% increase in net revenues over 2006

Merger of
TGS-NOPEC and Wavefield Inseis



Creating the next generation geophysical force

30 July 2007