

TGS-NOPEC

*Presentation of 4th Quarter 2003 Results
February 12th 2004*

Arne Helland
Chief Financial Officer

Hank Hamilton
Chief Executive Officer

Exploring a World of Opportunities

Presentation Outline

- **Q4 2003 Financial Results**
- **Current Operations and Activity**
- **Outlook**

Q4 2003 Financial Highlights

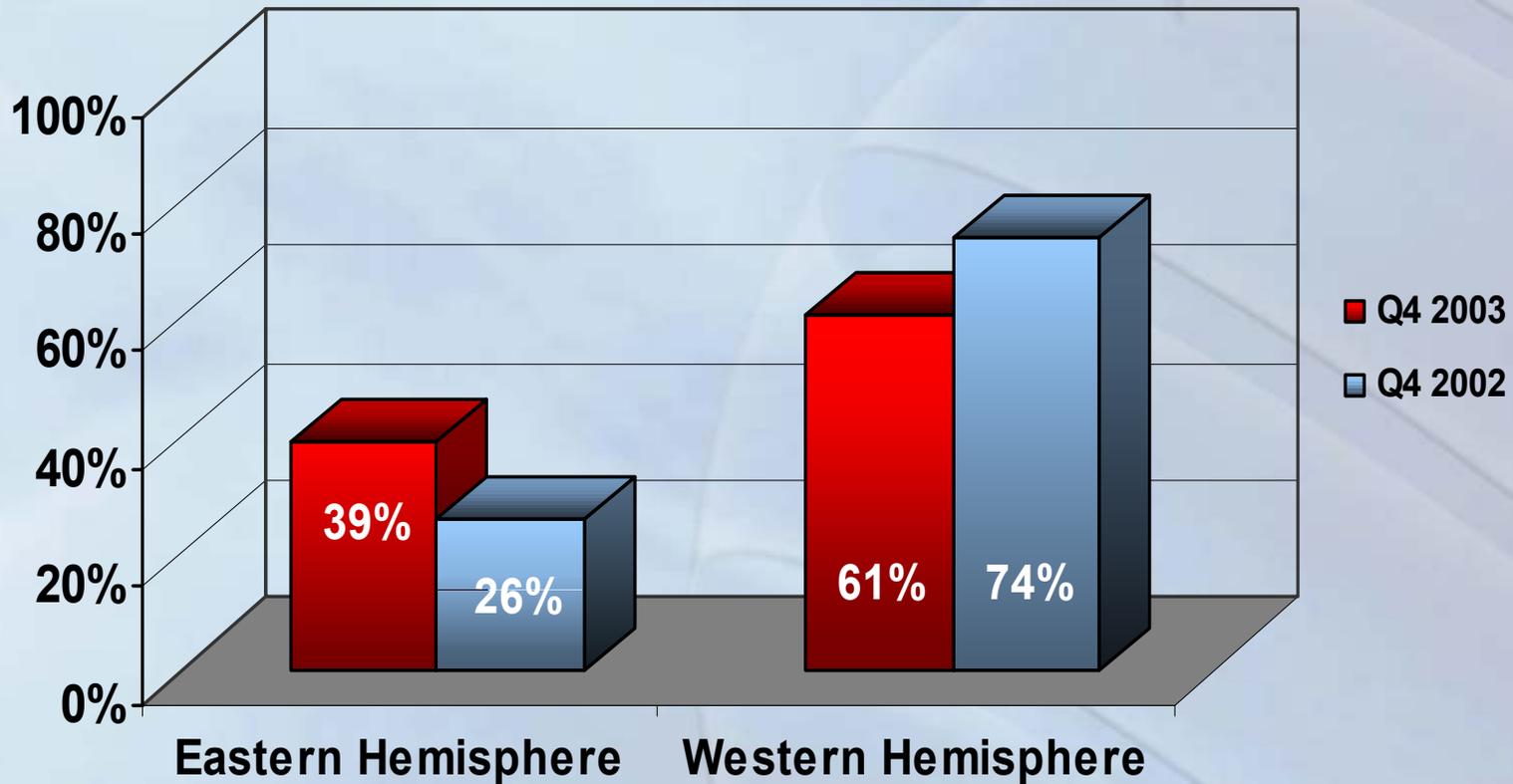
- Consolidated

- Net Revenues 46,1 MUSD
 - Increased 29% from Q4 2002
- Net Late Sales 31,4 MUSD
 - Increased 10% from Q4 2002
- Net Pre-funding 14,2 MUSD
 - up 149% from 5,7 in Q4 2002
 - funding 62% of operational investments (USD 22,9 mill)
- MC Amortization rate 49%
- EBIT 13,6 MUSD
 - Up 49% from 9,1 MUSD in Q4 2002
 - 30% of Net Revenues
- Cash Flow from Operations 2,3 MUSD

Q4 2003 Profit & Loss (MUSD)

	Q4 2003	Q4 2002	Change	%
Gross Sales	54,4	37,9	16,5	44 %
Income sharing & Royalties	-8,3	-2,1	-6,2	297 %
Net Operating Revenues	46,1	35,8	10,3	29 %
Materials	0,8	1,1	-0,3	-31 %
MCS Amortization 49 %	22,5	18,0	4,5	25 %
Gross Margin	22,8	16,7	6,1	37 %
Other operating expenses	8,2	6,4	1,8	28 %
Depreciation	1,0	1,2	-0,2	-16 %
EBIT Bef. Non-recurr.it 30 %	13,6	9,1	4,5	50 %
Non-recurring Items	0,0	0,0	0,0	100 %
Operating Profit 30 %	13,6	9,1	4,5	50 %
Net financial items	-0,6	-0,3	-0,3	83 %
Pre-tax Profit 28 %	13,0	8,8	4,2	48 %
Taxes	3,3	3,4	-0,2	-5 %
Net Income 21 %	9,7	5,3	4,4	83 %
EPS Undiluted	0,39	0,19	0,20	105 %
EPS, fully diluted	0,37	0,17	0,20	118 %

Q4 Geographical Net Revenue Distribution - Consolidated



12 Months 2003 Results vs Analysts Expectations*

(MUSD)	Actual 12M 2003	Average Analysts	Actual vs	Actual vs	High	Low	Median
			Consensus	Consensus			
Net Revenue	136.9	136.4	0.5	0%	137.8	134.7	136.7
EBIT	42.2	44.5	-2.3	-5%	45.5	43.3	44.6
Pre-tax Profit	41.1	44.0	-2.9	-7%	45.1	42.9	44.3
Net Income	28.4	29.2	-0.8	-3%	30.1	28.5	29.2
Earnings per Share	1.15	1.17	-0.02	-2%	1.21	1.15	1.17

Revenues spot on Guided for the year, up 10,03% from 2002...

Amortization 44%, in the high end of guided 39-44%

Changed tax calculation according to IAS 12

- **TGS-NOPEC changed to report in functional currency USD as from 2003.**
- **Q1 through Q3 were reported applying Mgmt's expected operational tax rate as blend of local tax rates**
- **According to IAS 12, the tax charge computation in the functional currency is to be made as a function of local profits in non-USD countries and the effect of changes in exchange-rates on the accounts; Balance Sheet and P&L**
- **This makes it difficult to predict tax rates on an annual basis.**
- **Computed tax rate for 2003 is 31%, for restated 2002 27%...**

12 Months 2003 Financial Highlights

- Consolidated

- **Net Revenues 136,9 MUSD, up 10% compared to 12 Months 2002 (124,4 MUSD)**
- **Gross Late Sales up 4% to 109,4 MUSD**
 - Net Late Sales down 4% due to high revenue-sharing with Partners
- **Net Pre-funding 37,1 MUSD up 66% from 2002.**
 - Funding 54% of investments vs 49% in 2002
- **Operational Investments in MC library 68,7 MUSD, up 17% from 58,8 MUSD in 2002**
- **Amortization rate 44%**
- **EBIT 31% of Net Revenues, EPS 1,15.**
- **Cash Flow from Operations 18,3 MUSD**

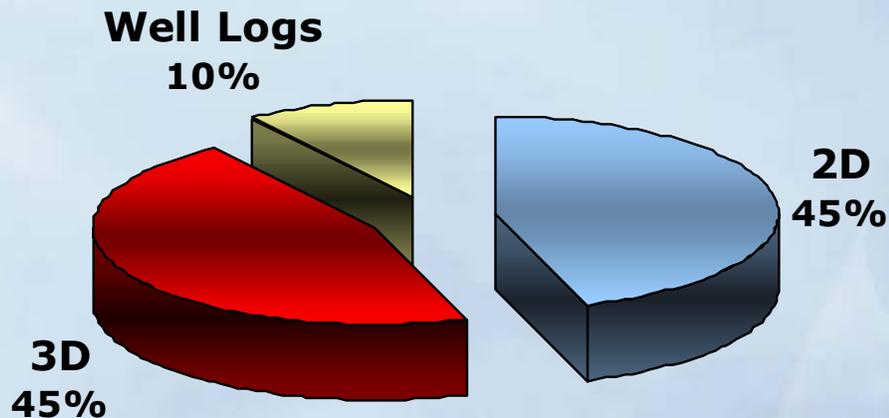
12 Months 2003 Profit & Loss (MUSD)

	12 Months 2003	12 Months 2002	Change	%
Gross Sales	152.3	132.1	20.2	15%
Income sharing & Royalties	-15.4	-7.7	-7.8	101%
Net Operating Revenues	136.9	124.4	12.5	10%
Materials	2.6	3.0	-0.4	-14%
MCS Amortization 44%	58.3	48.7	9.6	20%
Gross Margin	76.0	72.7	3.3	5%
Other operating expenses	29.6	22.9	6.6	29%
Depreciation	4.3	3.6	0.7	21%
EBIT Bef. Non-recurr.it 31%	42.2	46.3	-4.1	-9%
Non-recurring Items	0.0	5.1	-5.1	100%
Operating Profit 31%	42.2	41.2	1.0	2%
Net financial items	-1.1	-0.4	-0.7	158%
Pre-tax Profit 30%	41.1	40.7	0.3	1%
Taxes	12.7	11.1	1.6	14%
Net Income 21%	28.4	29.6	-1.2	-4%
EPS Undiluted	1.15	1.20	-0.05	-4%
EPS, fully diluted	1.07	1.12	-0.05	-4%

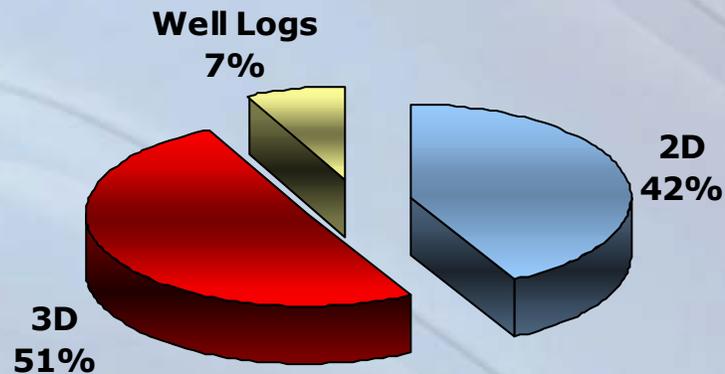
-> Tax rate for 2003 = 31%, for 2002 = 27%

Full Year Net Revenues - Per Segment

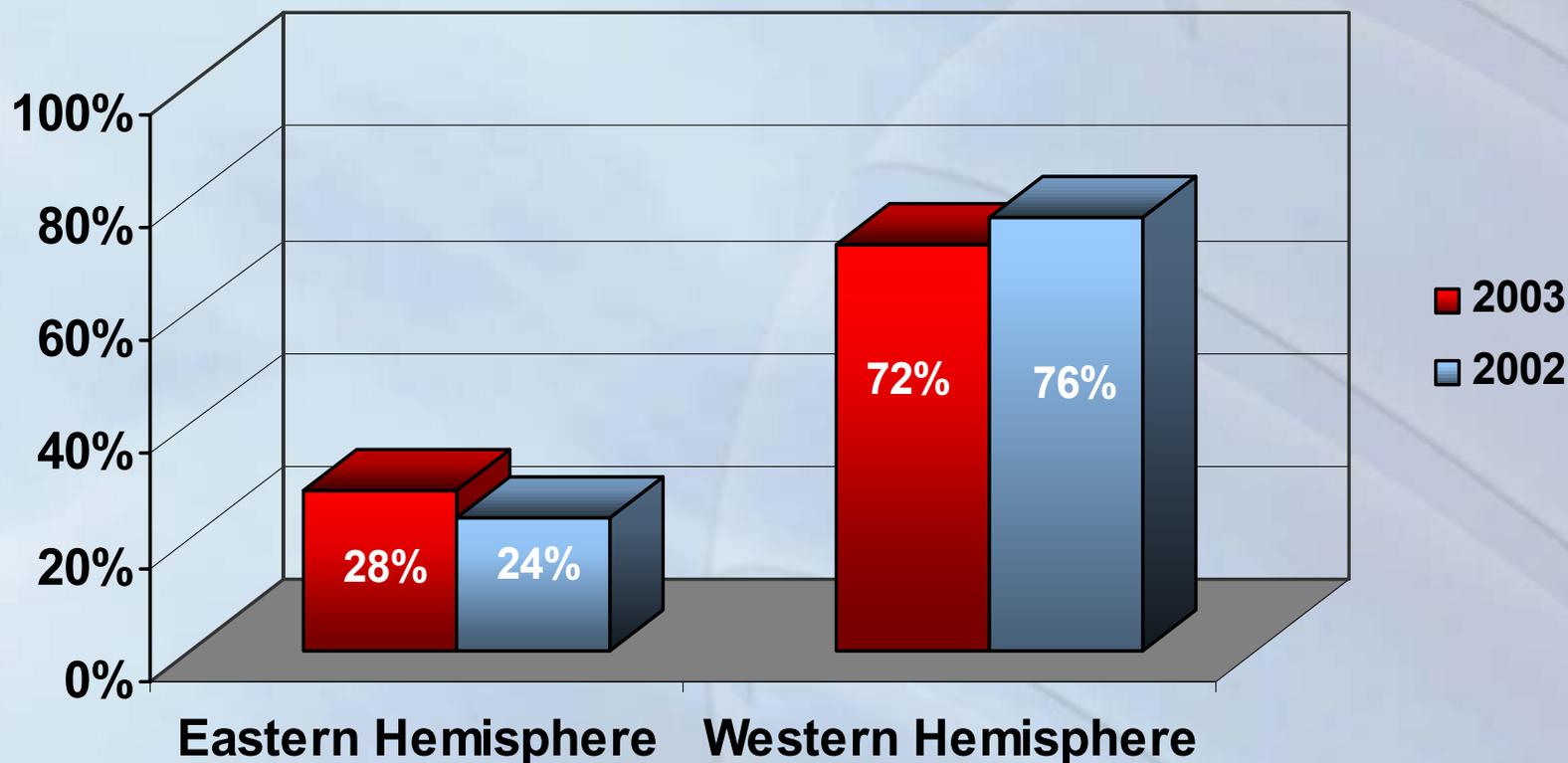
2003



2002



Full Year Geographical Net Revenue Distribution - Consolidated

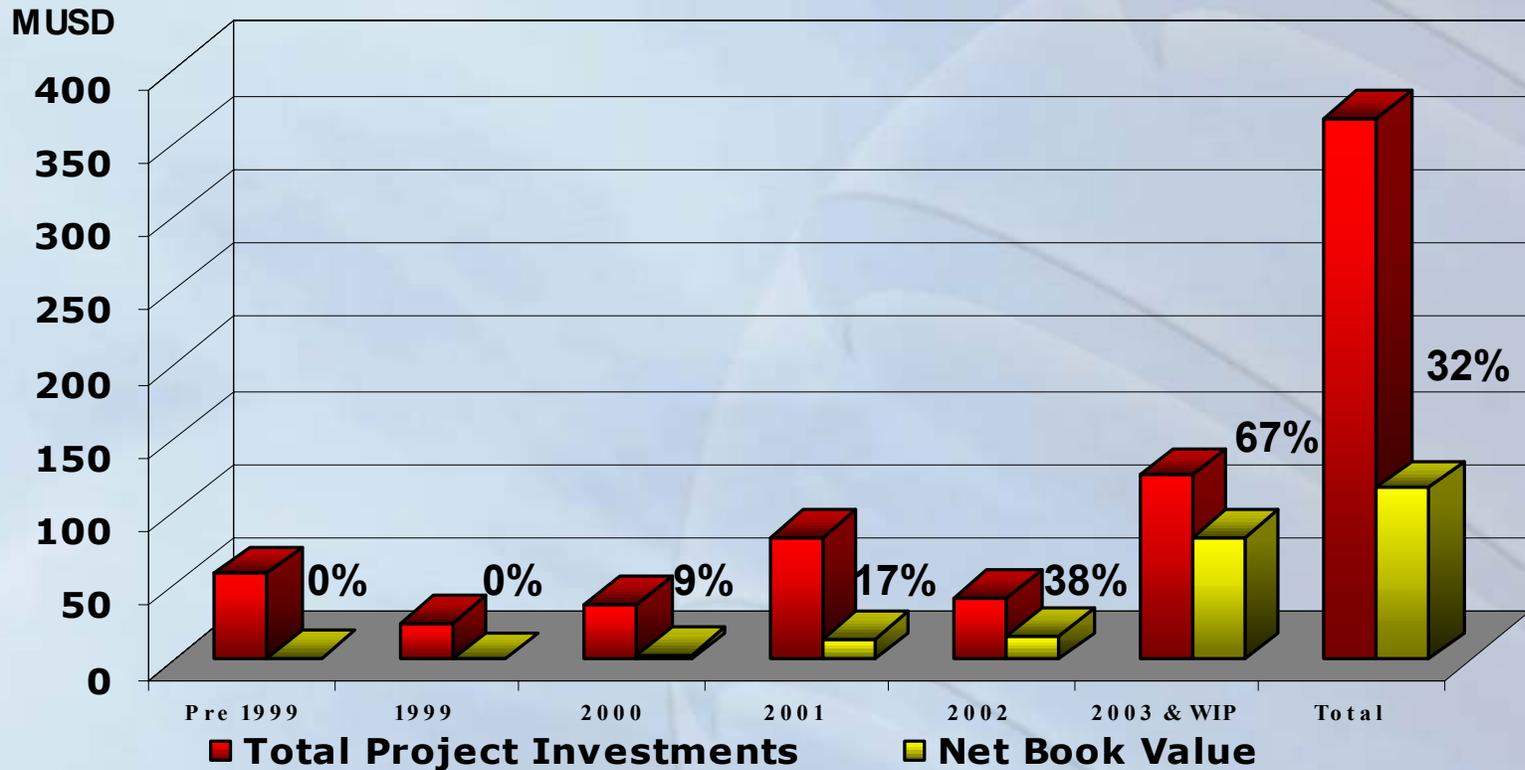


MCS Accounting – Matching Principle

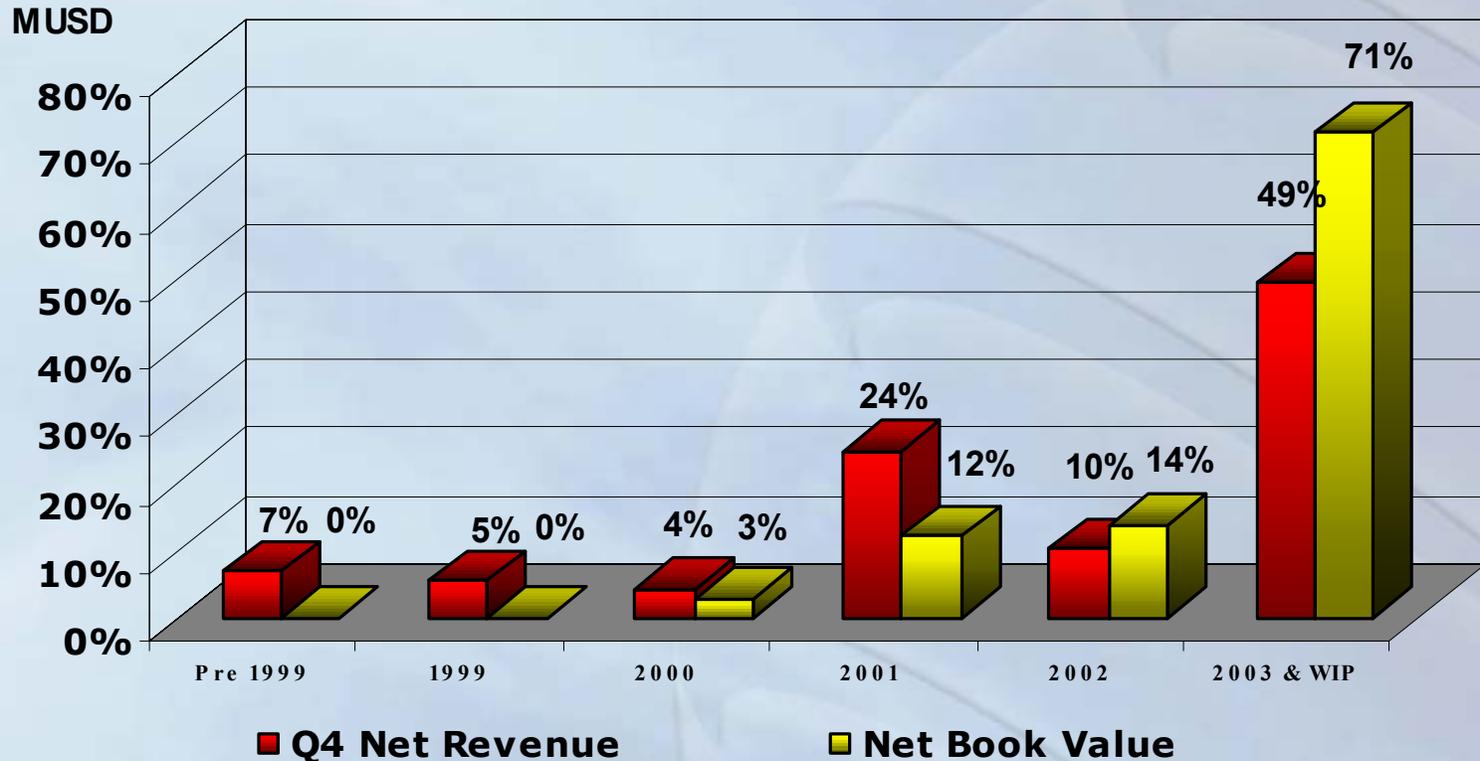
- Accounting Standards recommend to match Revenues and Costs in time
- TGS-NOPEC capitalizes the direct costs of surveys as investments in the Balance Sheet and amortizes them over 5 years (including the first year – WiP) as a function of expected ratio Sales/Investment
- If sales are lower than expectations, 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
- The application of such rules varies from company to company, some allowing for longer lifetimes and less amortization in the first years.

Multi-Client Library NBV in % of Original Investment

– Seismic Segment – December 31, 2003



Q4 2003 Multi-Client Net Revenues & NBV Per Vintage - Seismic Segment



- Only 3% of the NBV relates to surveys older than 2001
- These vintages generated 16% of the revenue

Balance Sheet - Key Figures



(MUSD)	Dec-03	%	Dec-02	%
Assets				
Cash	18	7%	18	8%
Other Current Assets	71	28%	63	28%
MC Library	133	53%	118	52%
Total Current Assets	222	89%	199	87%
Goodwill & Long Receiv	20	8%	22	10%
Fixed Assets	8	3%	7	3%
Total Assets	250	100%	229	100%
Liabilities				
Short-term debt	1	0%	7	3%
Current Liab	38	15%	36	16%
Long term Loans	7	3%	15	6%
Deferred tax	8	3%	4	2%
Equity	196	78%	166	73%

Cash in excess of Interest bearing debt MUSD 10,0 (Dec-03)

Q4 2003 Cash Flow Statement

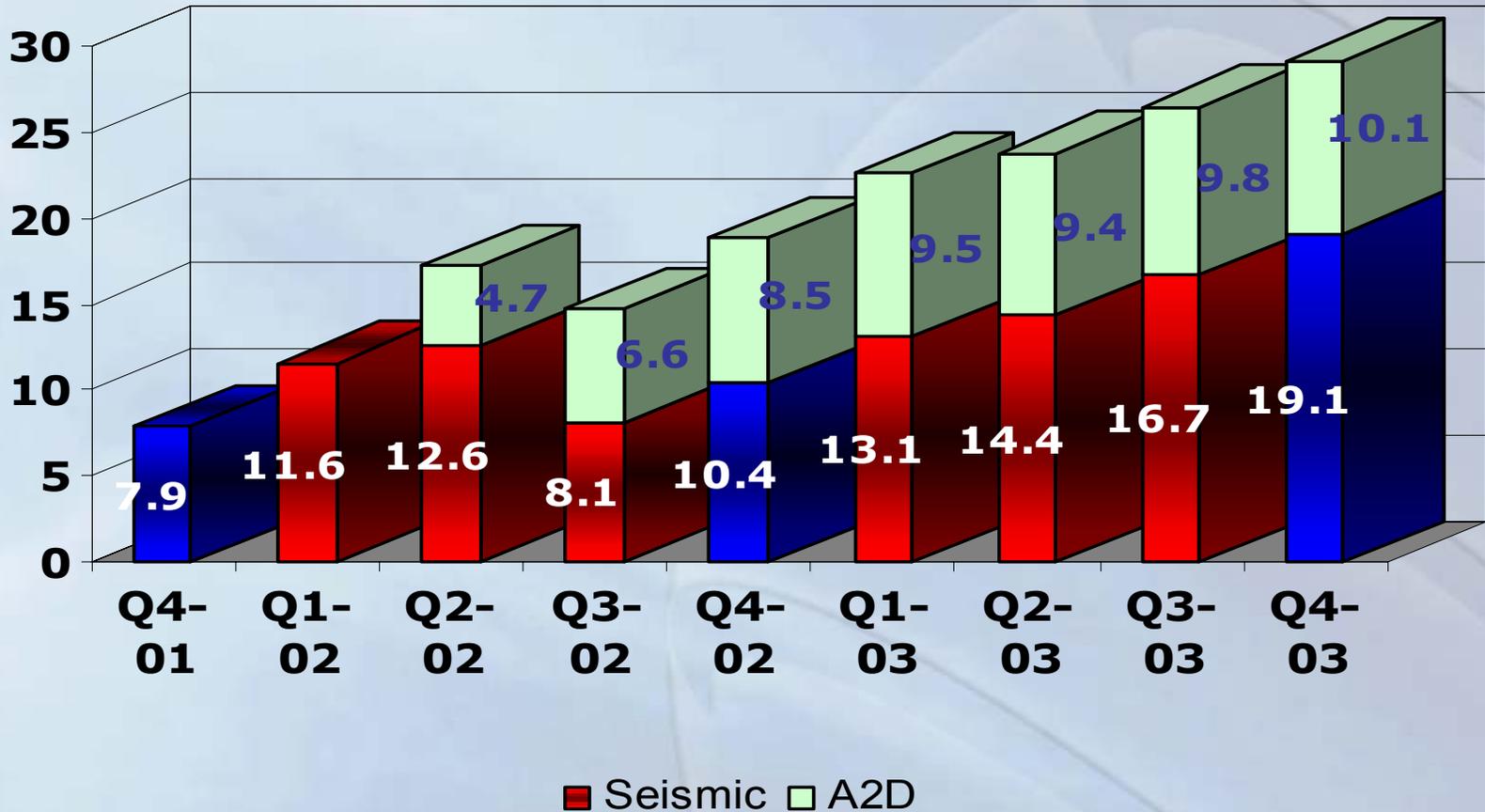
Payments From Sales Received	26.8
Investments MC	-20.1
Operational Costs Paid	-5.1
Taxes Paid	1
Operational Cash Flow	2.3
Investments Fixed Assets	-0.5
Investment in Riley	-6.5
Net Change in Long Term Receivables	0.8
Net Change in Loans	0.7
Paid in Equity	0.4
Change in Cash Balance	-2.8

Full Year 2003 Cash Flow Statement

Payments From Sales Received	129.2
Investments MC	-79.6
Operational Costs Paid	-19.9
Taxes Paid	-11
Operational Cash Flow	18.3
Investments Fixed Assets	-1.5
Investment in Riley	-6.5
Net Change in Long Term Receivables	2.0
Net Change in Loans	-13.1
Paid in Equity	0.4
Change in Cash Balance	-0.4

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

MUSD



Operational Highlights

- An unusual Q4 - no very large scale single transactions. Sales were well-balanced, from a broad range of customers in a broad range of areas and projects.
- Completed the acquisition of Riley Electric Log
- Additions to the library focused primarily in the Gulf of Mexico, followed by Eastern Canada and Greenland
- Completed delivery of Phase 50 2D
- Expanded and accelerated the “Deep Resolve” 3D project
- Launched major new 3D reprocessing project, “MC Revival”, 14,000 square kilometers
- Despite late announcement, realized significant sales related to Norway’s 18th Round

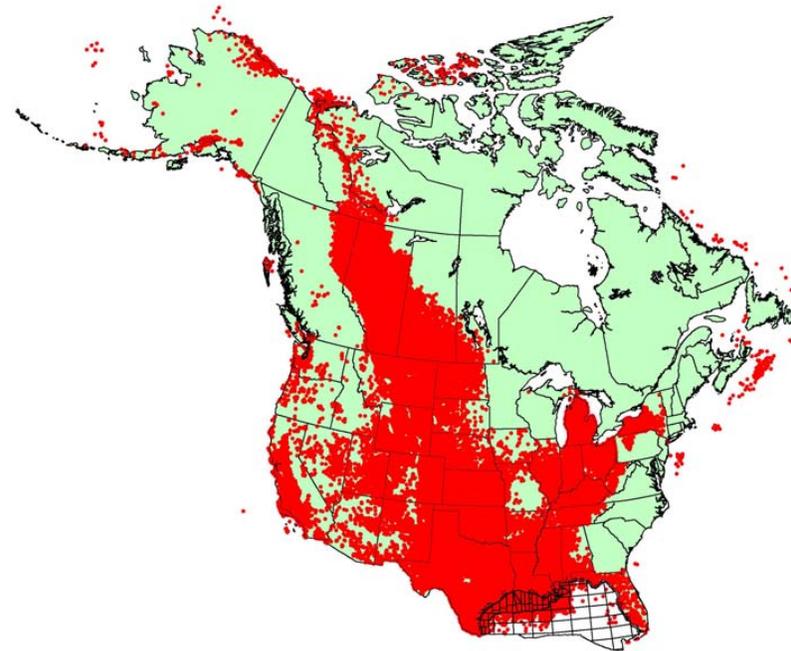
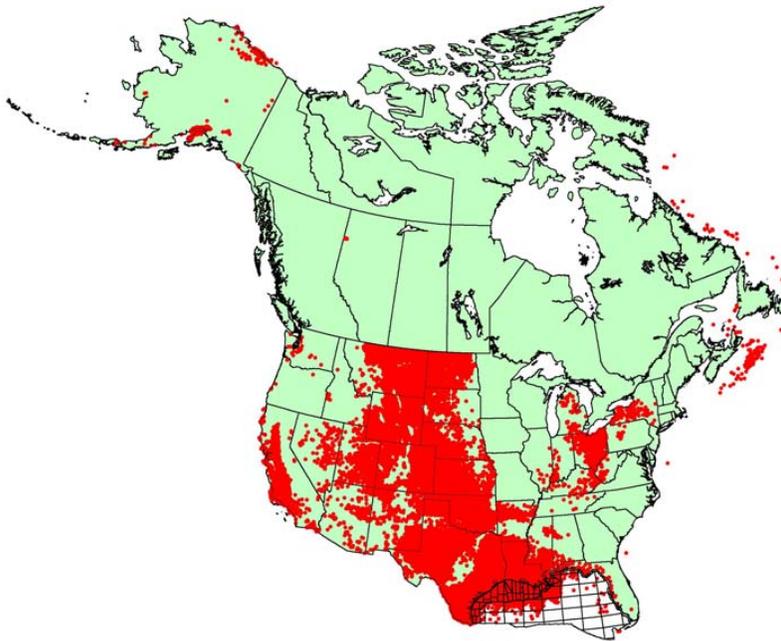
Latest M&A transaction: Riley Electric Log

- December-03: Completed the acquisition of all shares of Riley Electric Log plus a perpetual license to market ~ 1.2 million Canadian well log images
- Purchase price \$9 million
- Assets merged into A2D Technologies
- Riley owns the most comprehensive and complete set of hard copy well logs in the US, over 3 million
- Expect transaction to increase A2D's annual revenues by 30%
- Main value drivers:
 - Feedstock for completion of the US digital well log library, enhancing the value of our "Total Well Log Solution"
 - Large-scale entry into the market for Canadian well logs, 1.2 million images

A2D North American Well Log Coverage

Pre-transaction

Post-transaction



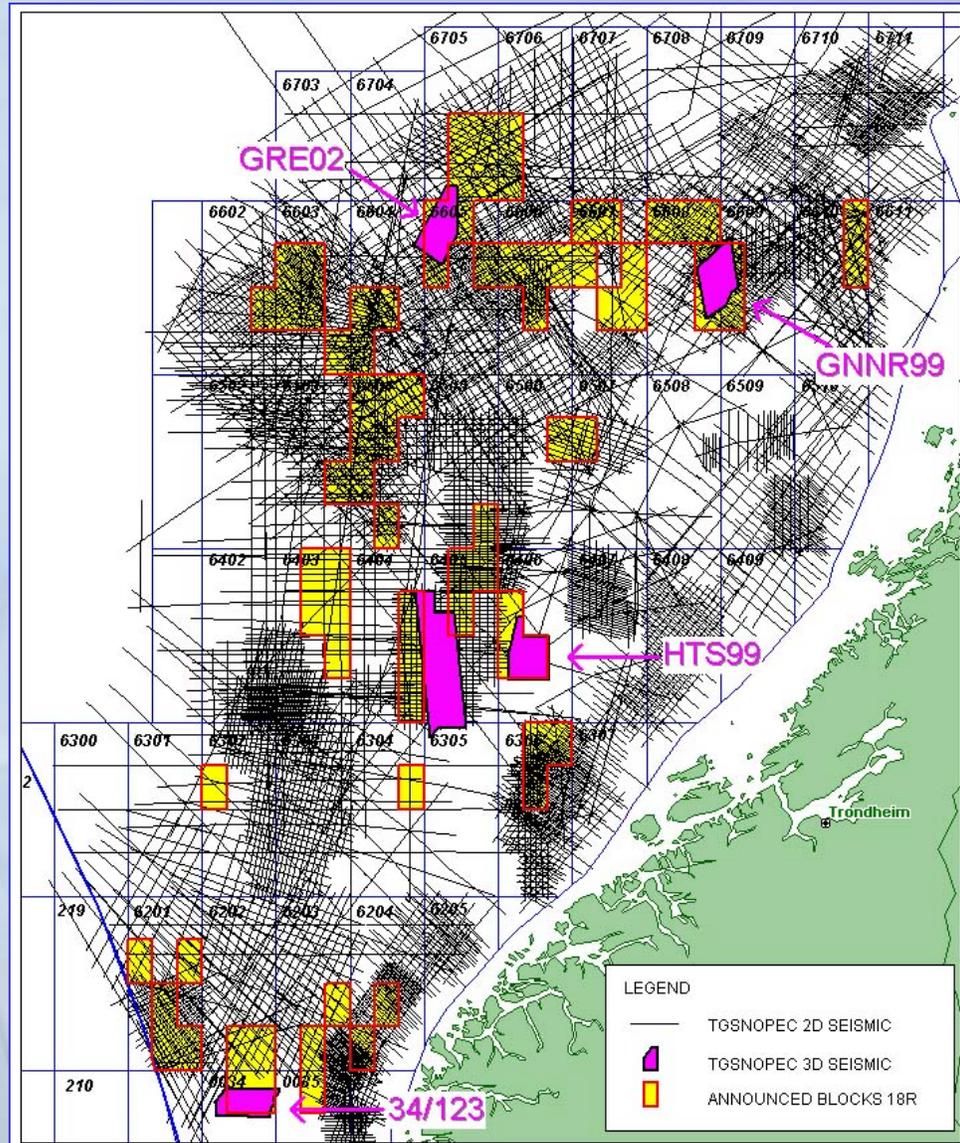
Deep Resolve 3D – Expanded, Accelerated

9	110	111	112	113	114	115	21	22	23	24	25	52	53	54	55	56	57	58	59	60	62	63	64
2	121	120	119	118	117	116	74	73	72	71	70	69	68	67	66	65	64	63	62	61	73	72	71
3	134	135	136	137	138	139	75	76	77	78	79	80	81	82	83	84	85	86	87	88	74	75	76
16	145	144	143	142	141	140	98	97	96	95	94	93	92	91	90	89	126	125	124	123	85	84	83
57	158	159	160	161	162	163	99	100	101	102	103	104	105	106	107	127	128	129	130	131	86	87	304
70	169	168	167	166	165	164	112	111	110	109	108	140	139	138	137	136	135	134	133	132	88	347	348
81	182	183	184	185	186	187	141	142	143	144	145	146	147	148	149	150	151	152	153	154	89	90	91
94	193	192	191	190	189	188	168	167	166	165	164	163	162	161	160	159	158	157	156	155	94	93	92
105	206	207	208	209	210	211	169	170	171	172	173	174	175	176	177	178	179	180	181	182	95	96	97
118	217	216	215	214	213	212	196	195	194	193	192	191	190	189	188	187	186	185	184	183	100	99	98
29	230	231	232	233	234	235	197	198	199	200	201	202	203	204	205	206	207	208	209	210	101	102	103
42	241	240	239	238	237	236	215	214	213	212	211	221	222	223	224	225	226	227	228	229	108	107	106
53	254	255	256	257	258	259	216	217	218	219	220	238	237	236	235	234	233	232	231	230	109	110	111
66	265	264	263	262	261	260	243	242	241	240	239	249	250	251	252	253	254	255	256	257	117	116	115
77	278	279	280	281	282	283	244	245	246	247	248	266	265	264	263	262	261	260	259	258	118	119	120
90	289	288	287	286	285	284	271	270	269	268	267	277	278	279	280	281	282	283	284	285	121	743	744
101	302	303	304	305	306	307	272	273	274	275	276	294	293	292	291	290	289	288	287	286	787	788	
114	313	312	311	310	309	308	299	298	297	296	295	305	306	307	781	782	783	784	785	786	831	832	
325	326	327	328	329	330	331	300	301	302	303	304	310	309	308	824	825	826	827	828	829	830	831	832
338	337	336	335	334	333	332	315	314	313	312	311	310	309	308	868	869	870	871	872	873	874	875	876
349	350	351	352	353	354	355	316	317	318	319	320	867	911	912	913	914	915	916	917	918	919	920	
359	358	357	356	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920		
	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964		
368	988	989	990	991	992	993	994	995	996	997	998	999	1000	1001	1002	1003	1004	1005	1006	1007	1008		

- First new generation shelf 3D based on Phase 50 long offset 2D survey
- Expanded to 5,300 sq kms, > 225 OCS blocks
- Acquisition started in Sept '03
- Combination of complex 2-vessel streamer operation and an OBC crew due to obstructions in area
- Supported with good pre-funding

18th Round - Norway

- Excellent 2D coverage
- Four 3D's within announced blocks
- Block announcements made 16 December '03
- Applications due by 15 March '04
- Awards expected in early summer '04



Key 2004 Licensing Rounds

- **Norway 18th Round: applications due in March 2004**
- **Central GoM Lease Sale: March 2004**
- **UK SEA4 area, West of Shetland: opens in February, closes May '04**
- **Greenland: opens in April, closes October 2004**
- **Brazil Round 6: August 2004**
- **Western GoM Lease Sale: August 2004**
- **Liberia: opens in April, closes November 2004**

Market Conditions & Outlook

- Excellent oil company financial results. Strong cash flows and reduced debt levels.
- Replacement of reserves through exploration is becoming a higher priority.
- Most industry surveys point to a modest increase in E & P expenditures from oil companies in 2004 (3 to 10%).
- Correlation to seismic spending difficult to pin down, but we expect some strengthening in demand for seismic.
- Major seismic contractors have all indicated plans to reduce multi-client investments in 2004.

TGS-NOPEC 2004 Expectations

- Continued market share gain in multi-client data sector
- ~15% increase in Net Revenues over 2003
- Multi-client library investments of USD 75 – 80 million
- Average annual pre-funding of 45 – 55 %
- Average annual amortization rate of 42 – 47 % of net multi-client revenues