



2nd Quarter 2015 Financial Results

Active Cash and Cost Management in Challenging Market Environment

All results are presented before Non-Recurring Charges & write-off, unless stated otherwise

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Forward-Looking Statements

This presentation contains forward-looking statements, including, without limitation, statements about CGG (“the Company”) plans, strategies and prospects. These forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, the Company’s actual results may differ materially from those that were expected. The Company based these forward-looking statements on its current assumptions, expectations and projections about future events. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it is very difficult to predict the impact of known factors and it is impossible for us to anticipate all factors that could affect our proposed results. All forward-looking statements are based upon information available to the Company as of the date of this presentation. Important factors that could cause actual results to differ materially from management’s expectations are disclosed in the Company’s periodic reports and registration statements filed with the SEC and the AMF. Investors are cautioned not to place undue reliance on such forward-looking statements.



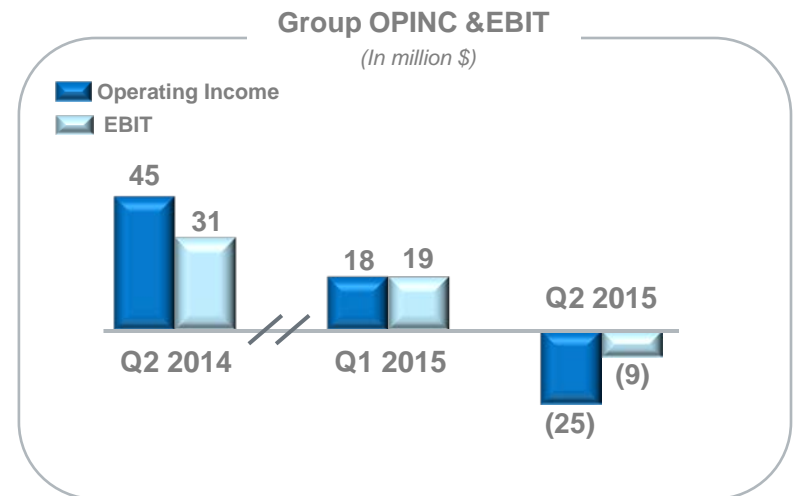
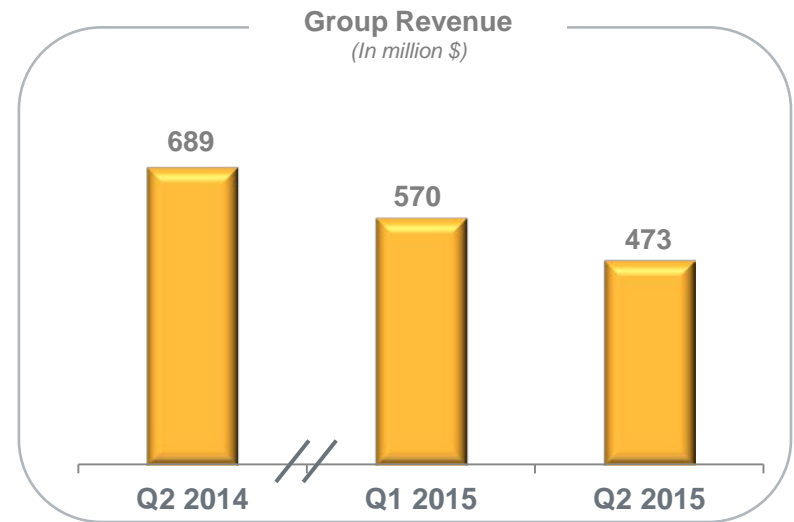
Q2 2015: Highlights

- **Challenging market conditions impacting Q2 revenue**
 - **Data Acquisition:** weak pricing conditions in marine and low fleet availability rate
 - **Equipment:** reduced volume
 - **GGR:** sustained SIR activity and solid Multi-Client sales at \$120m with high 106% prefunding rate
- **Operational performance backed by the efficient rollout of our Transformation Plan**
 - **Cost reduction** plan on track and fleet production rate at historic high level of 94%
 - **Data acquisition:** although negative marine margin, positive contribution from the other businesses
 - **Equipment:** positive performance
 - **GGR** solid and resilient operational margin
- **Strong capex discipline and active cash and debt management**
 - **Capex** discipline leading to a better H1'15 Free Cash Flow at \$(83)m versus \$(204)m in H1'14
 - Successful 2019 **Convertible Bonds** Public Exchange Offer
 - Increase in **Covenant** headroom



Q2 2015: Operational performance backed by efficient rollout of our Transformation Plan

- Group Revenue at \$473m, down (17)% q-o-q
 - Equipment at \$107m, down (15)%
 - Data Acquisition at \$223m, down (24)%
 - GGR at \$257m, up 8%
- Operating Income at \$(25)m,
 - Impacted by marine acquisition results
- EBIT at \$(9)m, including a \$15m contribution from the Equity from Investees
 - Positive contributions of Seabed Geosolutions JV and Argas
- Net Income at \$(61)m
- CGG backlog as of July 1st: \$933m
 - Fleet coverage: 91% in Q3, 71% in Q4





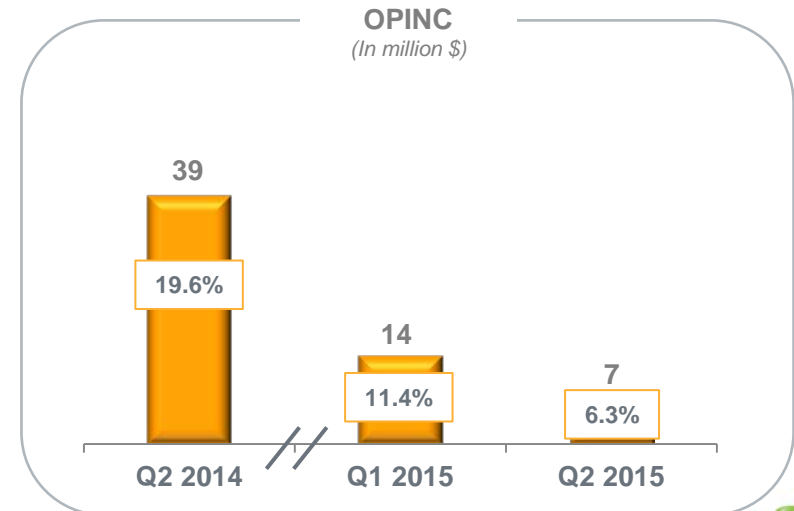
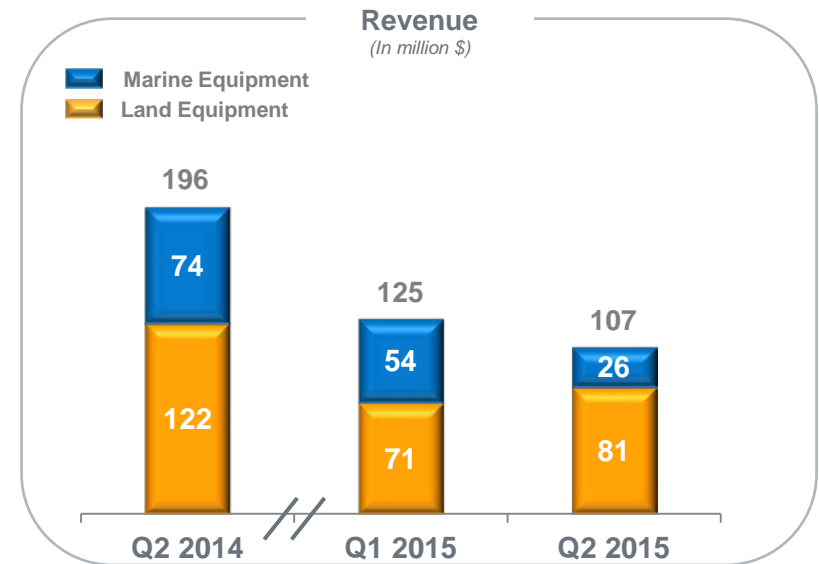
Operational Review

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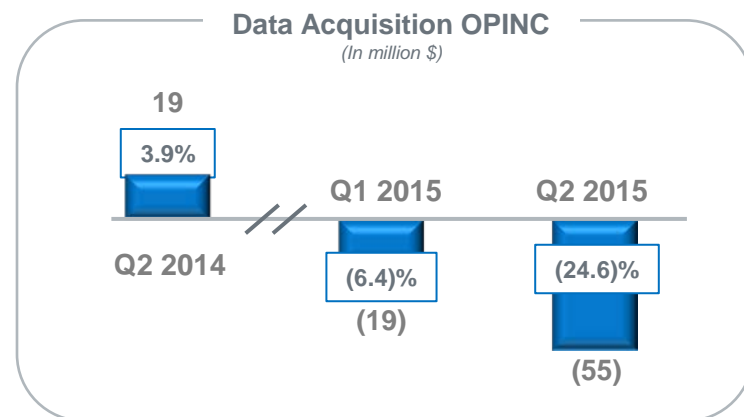
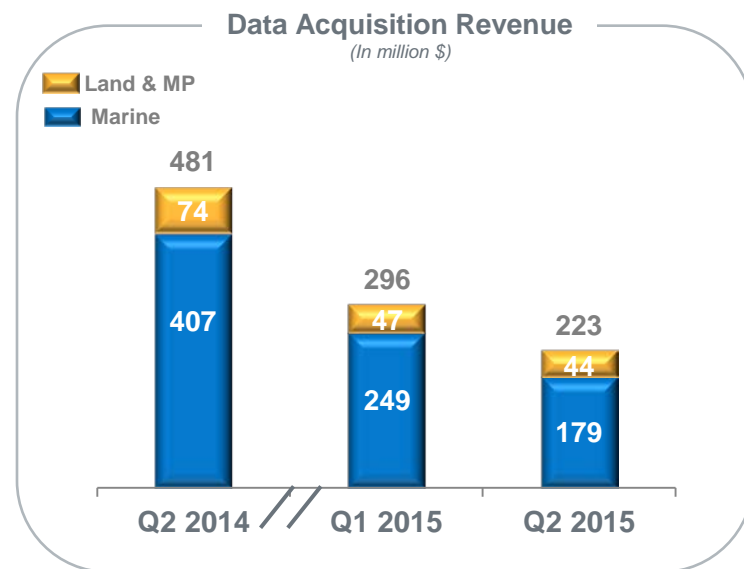
Equipment: Impacted by lower volumes

- Total sales at \$107m, down (15)% q-o-q
 - Low volumes driven by marine sales
 - 76% Land and 24% Marine equipment
 - Internal sales representing 9% of total sales stable sequentially, at a low level
 - External sales at \$97m, down (15)%
- Stable market share
 - Volumes decrease in line with the market
- Resilient OPINC margin at 6.3%
 - Breakeven point further reduced
 - 9.0% H1 OPINC margin



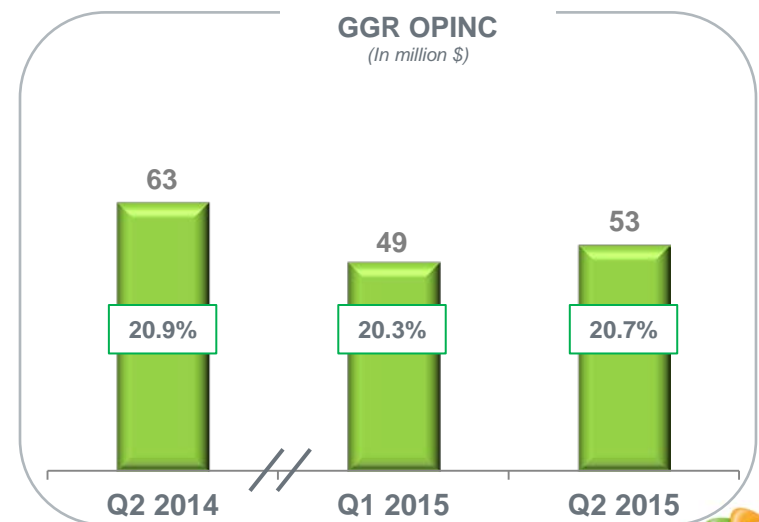
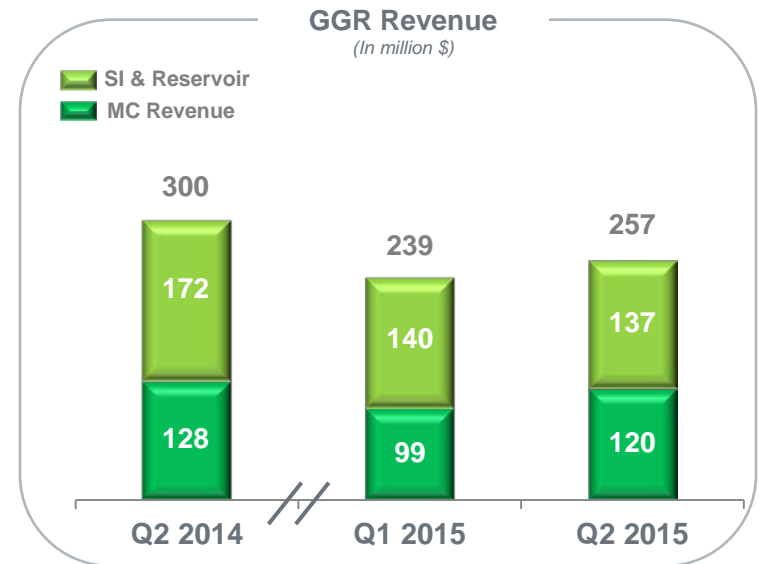
Data Acquisition: Difficult market conditions

- Total revenue at \$223m, down (24)% q-o-q
 - External revenue at \$119m, down (45)%
 - 42% of the fleet dedicated to multi-client production
- Marine revenue at \$179m, down (28)% q-o-q
 - 2/3 due to deteriorating market conditions and 1/3 due to low availability at 74%
- Land & Multi-Physics total revenue at \$44m, down (6)% q-o-q
- Operating Income at \$(55)m
 - Marine impacted by poor pricing conditions
 - Positive contribution from other data acquisition businesses
- EBIT at \$(40)m
 - Good performance by Seabed Geosolutions and Argas JVs.



GGR: Continuing sustained profitability

- Total revenue at \$257m, up 8% q-o-q
- Multi-Client at \$120m, up 21% q-o-q
 - Multi-client capex up 11% in Q2
 - Prefunding sales at \$83m, up 100%
 - Cash prefunding rate at 106% and 83% in H1 2015
 - After-sales down (36)% at \$37m
- Subsurface Imaging (SI) & Reservoir at \$137m, down (2)% q-o-q
 - Very robust SI activity, particularly in the US market
 - Softer market and seasonal activity in Reservoir
- Operating income at \$53m, a 20.7% margin
 - Solid margin with good product mix and cost-cutting effect





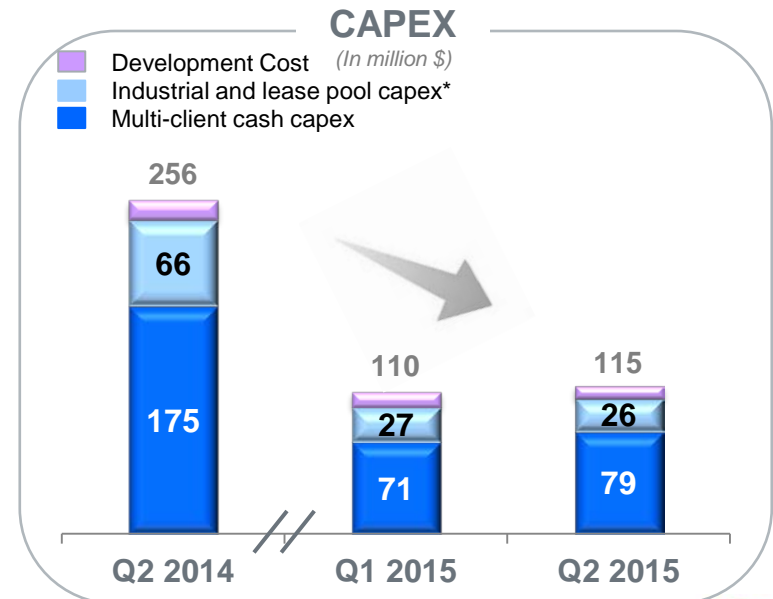
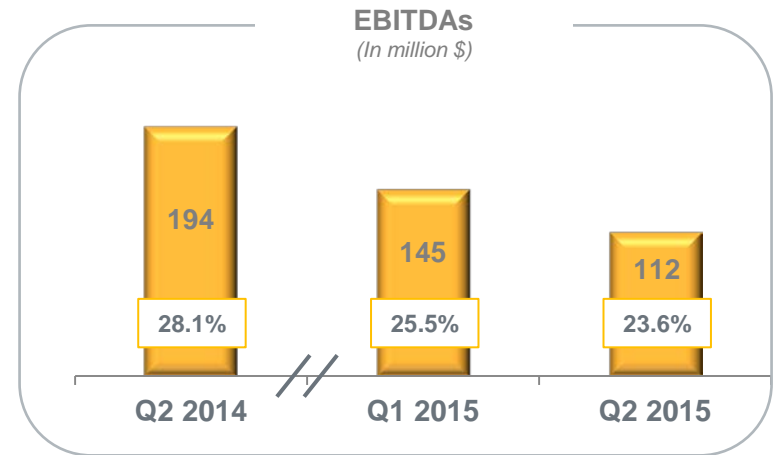
Financial Review

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Q2 2015: Cash management is paying off

- EBITDAs at \$112m
 - A 23.6% margin
- Operating Cash Flow at \$101m
 - Not including \$(21)m non-recurring payments related to the Transformation Plan
- Capex at \$115m
 - Multi-client cash Capex at \$79m, 106% prefunded
 - Industrial Capex low at \$26m
- Free Cash Flow at \$(64)m versus \$(20)m last quarter
 - \$(85)m including the non-recurring payments related to the Transformation Plan
 - H1'15 Free Cash Flow at \$(83)m versus \$(204)m in H1'14

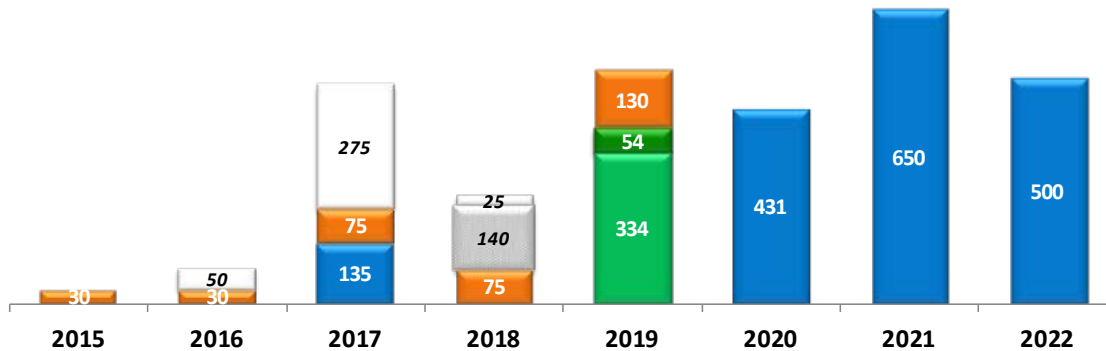


* Excluding change in fixed assets payables

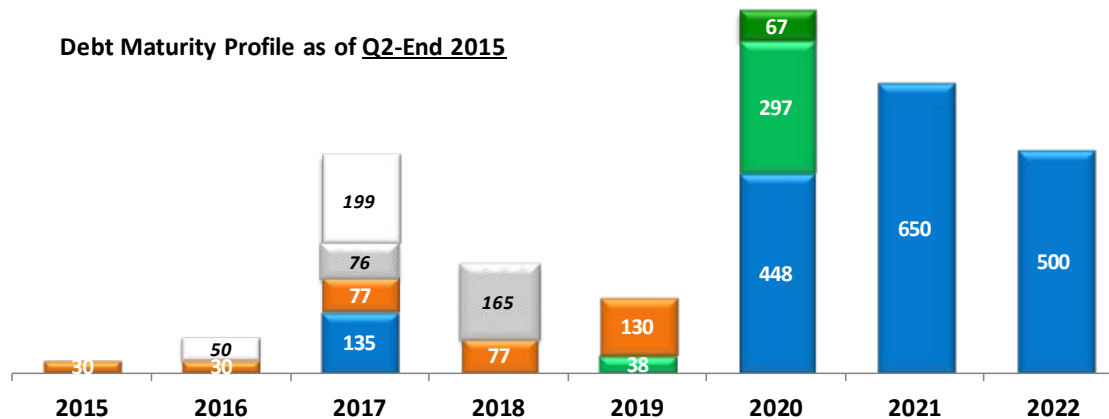


Debt Profile: Improved by our successful Convertible Bonds exchange offer

Debt Maturity Profile as of Q1-End 2015



Debt Maturity Profile as of Q2-End 2015



■ Unsecured High Yield Bond
 ■ Convert. Bond (Debt Comp.)
 ■ Convert. Bond (Equity Comp.)
■ MT Loan (Fugro, Nordic, TLB)
 ■ Drawn Revolving Credit F.
 ■ Undrawn Revolving Credit F.

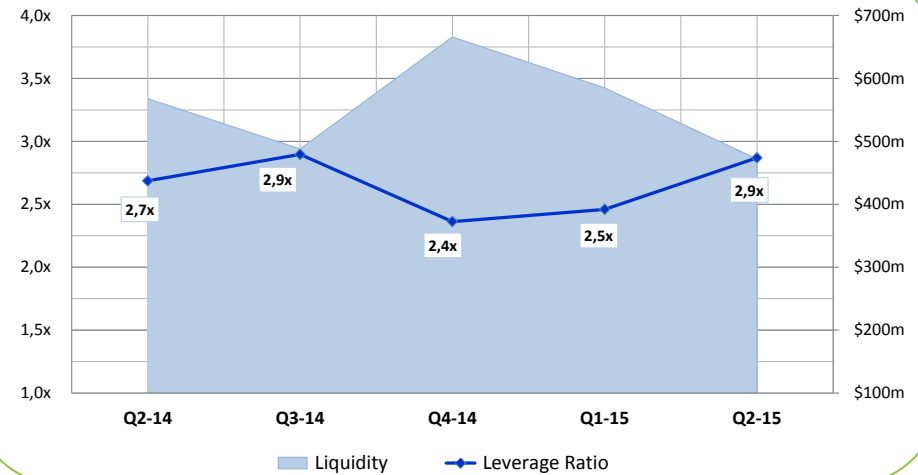
- Public Exchange Offer on 2019 CB **90% successful**
 - As of June-end 2015, no major debt installment due before 2020
- New 2020 CB
 - Coupon at **1.75%**
 - Conversion strike at **€12.86**
- Average Senior Debt Maturity at 4.7 years
- Average Cost of Debt at **5.3%**



Managing the liquidity and covenant headroom

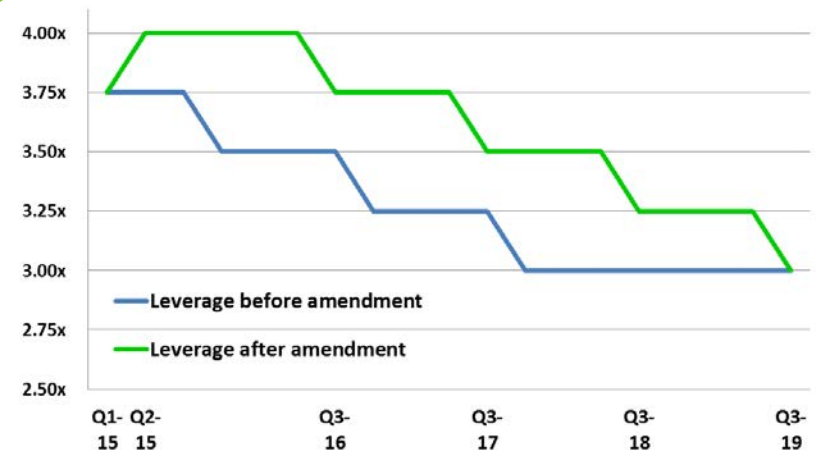
Net debt and liquidity by June-end

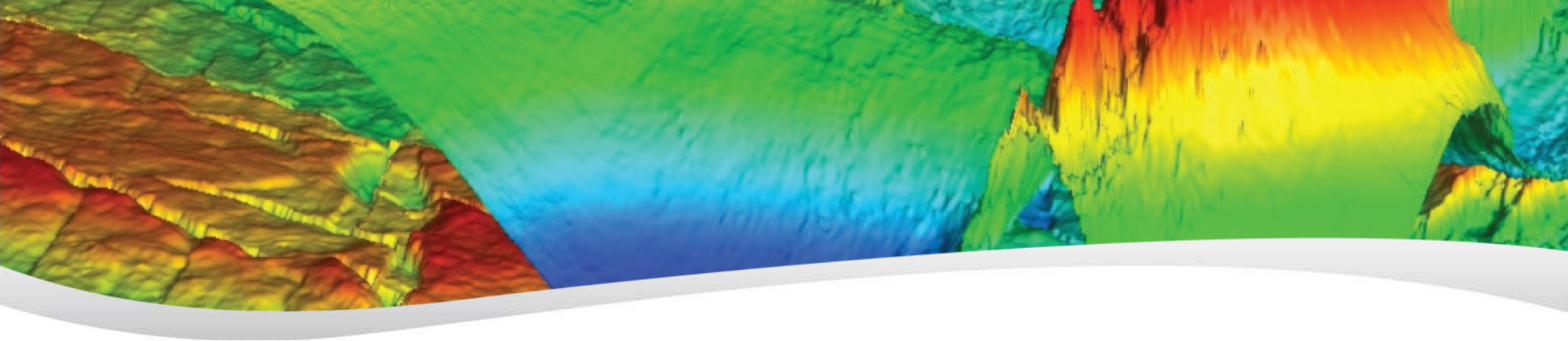
- Net Debt at **\$2,497m**
- Gearing at **95%**
- Leverage ratio (Net Debt over LTM EBITDA) at **2.9x**
- Coverage ratio (LTM EBITDA over Cash Interest) at **5.5x**
- Solid liquidity at **\$472m**



Increased Covenant Headroom

- Leverage ratio Cap raised to **4.0x** until Q2-2016
- Versus **3.5x** starting Q4 2015
- Coverage ratio floor reduced to **3.0x**
- Versus 4.0x





Outlook

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Focus on delivery of Transformation Plan and Capex discipline

- Market environment continues to be challenging with low visibility, particularly in Marine Acquisition
 - **Marine Acquisition:** margin expected to remain weak
 - **Equipment:** volume driven by Land demand
 - **GGR:** sustained activity
- Management focus on the efficient delivery of the Transformation Plan:
 - Further cost reductions,
 - Sustained HSE and operational performance,
 - Improving fleet availability rate,
 - Technology differentiation.
- Tight cash management and strong capex discipline with an additional **\$50m cut**
 - Industrial Capex reduced to **\$125m-\$150m**
 - Multi-Client Cash Capex within **\$325m-\$375m** range, with a prefunding rate **above 70%**



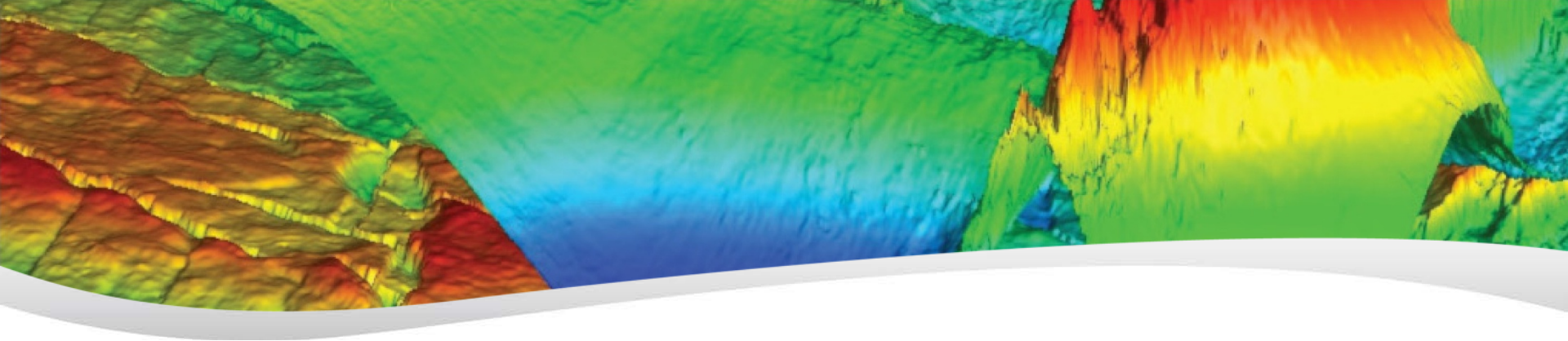


Thank you

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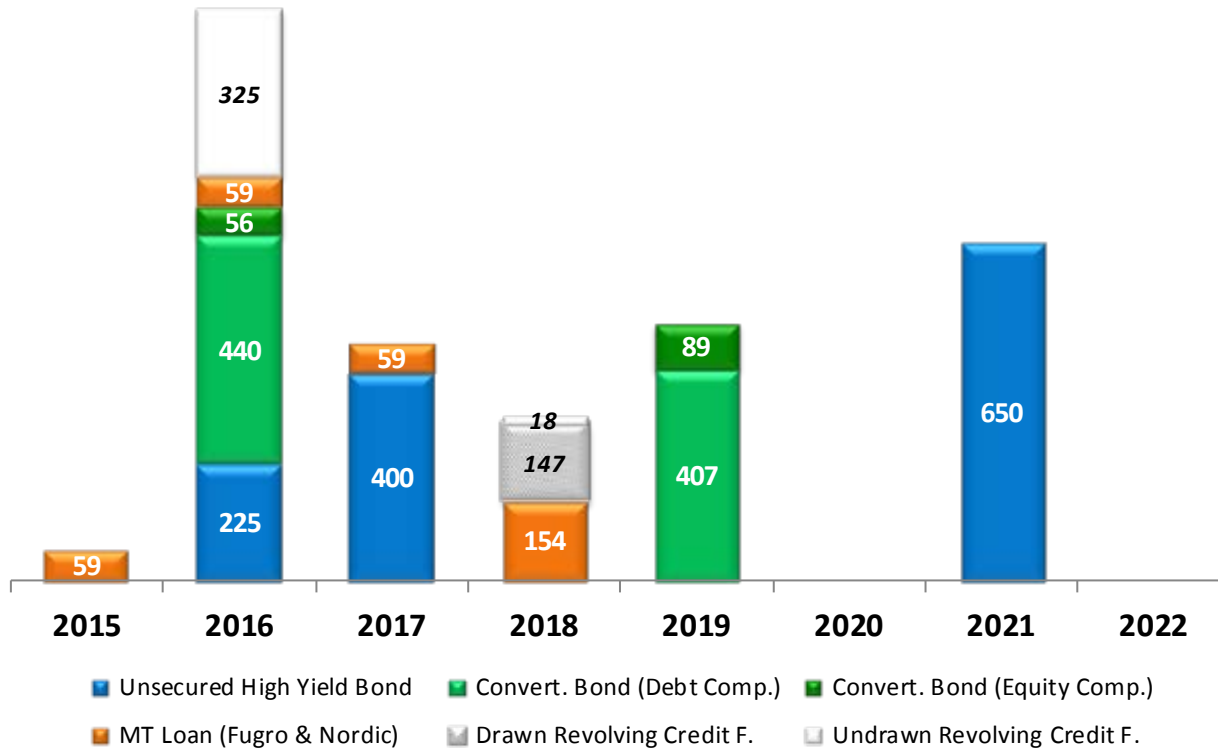
Appendix

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Appendix 1: Senior Debt status by Year-end 2013

Debt Maturity Profile by Year-End 2013
All amounts in \$m

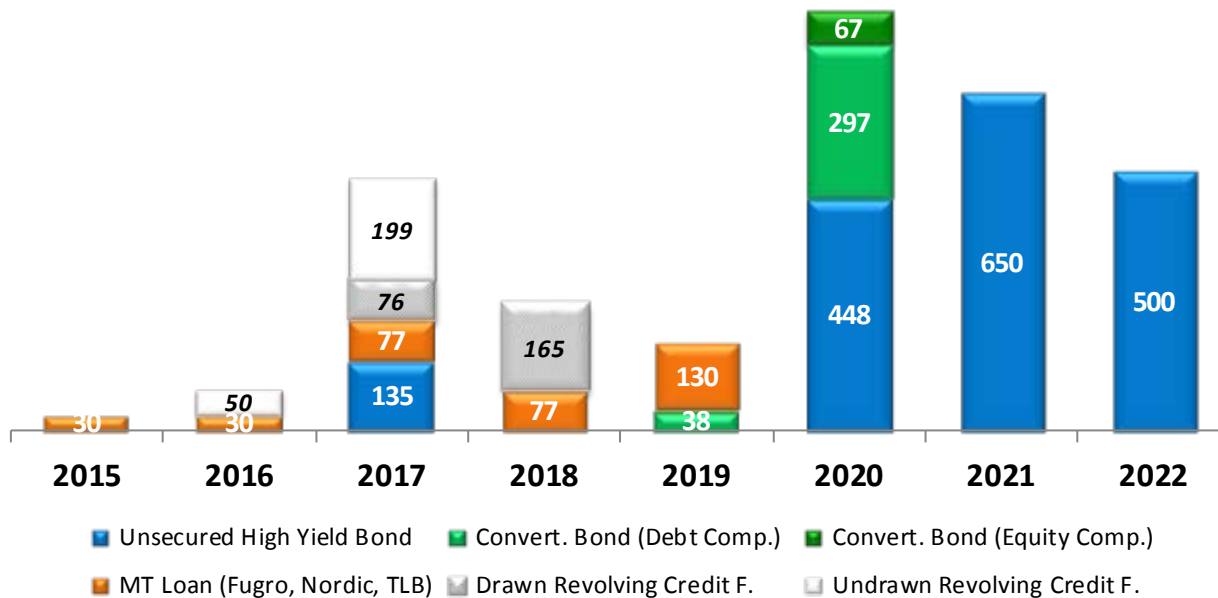


- ❖ Closing FX rate at **1.38**
- ❖ Maturity at **4.3 years**
 - **RCF 30% drawn**
 - **\$2.1bn** to repay/refinance over the 2015-2019 period
- ❖ Cash Cost at **4.75%**



Appendix 2: Senior Debt status by Q2-end 2015

Debt Maturity Profile as of Q2-End 2015
All amounts in \$m



❖ Closing FX rate at **1.12**

❖ Maturity at **4.7 years**

➤ **RCF 50% drawn**

➤ **\$0.75bn** to repay/refinance over the 2015-2019 period

❖ Cash Cost at **5.30%**

