



## CGG Announces its 2019 Second Quarter Results

### Strong Operational Performance & Cash Flow Generation Validate the Asset Light Strategy

**PARIS, France** – July 26 2019 – **CGG** (ISIN: FR0013181864 – NYSE: CGG), **world leader in Geoscience**, announced today its 2019 second quarter unaudited results.

#### Q2 2019: Strong Revenue and Ebitda growth year-on- year

- **IFRS figures:** revenue at \$335m, OPINC at \$52m, net income at \$(98)m
- **Segment revenue at \$340m**, up 24% year-on-year
  - Geoscience: Focus on more profitable businesses
  - Multi-client: Solid sales with high prefunding
  - Equipment: Strong volume increase fueled by Land market
- **Segment EBITDAs at \$171m**, up 51% year-on-year, a high 50% margin driven by increased profitability of Equipment and Geoscience
- **Segment operating income at \$53m**, including \$(37)m impact of the new multi-client amortization policy, stable year on year, a 16% margin, supported by favorable Multi-Client sales mix and increase in land Equipment volumes

#### H1 2019: Strong equipment recovery and positive cash generation

- **IFRS figures:** revenue at \$607m, OPINC at \$71m, net income at \$(128)m
- **Segment revenue at \$623m**, up 23% year-on-year
- **Segment EBITDAs at \$290m**, up 46% year-on-year, a 47% margin
- **Segment operating income at \$64m**, including \$(64)m impact of the new multi-client amortization policy, a 10% margin

#### Sound Financial Situation

- **H1 2019 Net Cash Flow of \$13m**
- **Q2 2019 Net Cash Flow of \$(31)m** due to **\$(58)m** negative change in working capital expected to be recovered in H2
- **First semester net cash flow** generation improvement of **\$147m**
- **Net debt of \$741m** before IFRS 16 at the end of June, **liquidity of \$441m** and leverage ratio at **1.2x**

#### Commenting on these results, Sophie Zurquiyah, CGG CEO, said:

*"I am very pleased to see the strong performance of CGG in the first half of 2019. As global offshore exploration continues to gradually recover and our clients maintain focus on improved efficiency, near field exploration and reservoir development, our Geoscience technology and services along with our portfolio of multi-client data are increasingly key profitability levers. Also, our Equipment business continued to benefit from the strong land equipment market. With the encouraging first half, we significantly improved cash generation as compared to last year and confirm our 2019 full year financial targets. The strategic partnership with Shearwater that we recently announced is a major milestone in our transition to an asset light, people, data, and technology company and we are well on track to close this transaction by year-end."*

## Key IFRS Figures - Second Quarter 2019

In million \$	Second Quarter 2018	Second Quarter 2019
<b>Group revenue</b>	<b>250.4</b>	<b>335.3</b>
<b>Operating income</b>	<b>38.9</b>	<b>51.6</b>
Equity from investments	(0.3)	-
Net cost of financial debt	(33.3)	(32.9)
Other financial income (loss)	69.1	(0.4)
Income taxes	(8.7)	(2.7)
<b>Net income / (loss) from continuing operations</b>	<b>65.7</b>	<b>15.6</b>
Net income / (loss) from discontinued operations	(16.6)	(113.2)
<b>Group net income / (loss)</b>	<b>49.1</b>	<b>(97.6)</b>
Operating Cash Flow	78.4	124.5
Free Cash Flow	(0.6)	37.7
<b>Net debt</b>	<b>715.9</b>	<b>883.1</b>
<b>Net debt before IFRS 16</b>	<b>715.9</b>	<b>740.7</b>
<b>Capital employed</b>	<b>3,158.1</b>	<b>2,435.1</b>

## Key Segment Figures - Second Quarter 2019

In million \$	Second Quarter 2018	Second Quarter 2019
<b>Segment revenue</b>	<b>274.0</b>	<b>340.3</b>
<b>Segment EBITDAs</b>	<b>112.8</b>	<b>170.6</b>
<i>Group EBITDAs margin</i>	<i>41.2%</i>	<i>50.1%</i>
<b>Segment operating income</b>	<b>52.6</b>	<b>52.9</b>
<i>Opinc margin</i>	<i>19.2%</i>	<i>15.5%</i>
Non-recurring charges (NRC)	(3.7)	-
IFRS 15 adjustment	(10.0)	(1.3)
<b>IFRS operating income</b>	<b>38.9</b>	<b>51.6</b>
Segment Operating Cash Flow	82.7	124.5
Segment Free Cash Flow	3.7	37.7

## Key IFRS Figures – First Half 2019

In million \$	First Half 2018	First Half 2019
<b>Group revenue</b>	<b>435.6</b>	<b>606.7</b>
<b>Operating income</b>	<b>33.8</b>	<b>71.2</b>
Equity from investments	(0.8)	0.1
Net cost of financial debt	(66.5)	(65.8)
Other financial income (loss)	831.4	0.5
Income taxes	(23.9)	(5.6)
<b>Net income / (loss) from continuing operations</b>	<b>774.0</b>	<b>0.4</b>
Net income / (loss) from discontinued operations	(78.3)	(128.5)
<b>Group net income / (loss)</b>	<b>695.7</b>	<b>(128.1)</b>
Operating Cash Flow	121.3	328.3
Free Cash Flow	(37.8)	167.4
<b>Net debt</b>	<b>715.9</b>	<b>883.1</b>
<b>Net debt before IFRS 16</b>	<b>715.9</b>	<b>740.7</b>
<b>Capital employed</b>	<b>3,158.1</b>	<b>2,435.1</b>

## Key Segment Figures - First Half 2019

In million \$	First Half 2018	First Half 2019
<b>Segment revenue</b>	<b>508.3</b>	<b>622.7</b>
<b>Segment EBITDAs</b>	<b>197.9</b>	<b>289.9</b>
<i>Group EBITDAs margin</i>	<i>38.9%</i>	<i>46.6%</i>
<b>Segment operating income</b>	<b>71.7</b>	<b>63.7</b>
<i>Opinc margin</i>	<i>14.1%</i>	<i>10.2%</i>
Non-recurring charges (NRC)	(17.0)	-
IFRS 15 adjustment	(20.9)	7.5
<b>IFRS operating income</b>	<b>33.8</b>	<b>71.2</b>
Segment Operating Cash Flow	179.0	328.3
Segment Free Cash Flow	19.9	167.4

### Key figures bridge: Segment to IFRS - Second Quarter 2019

<b>Q2 2019 P&amp;L items</b>	<b>Segment figures</b>	<b>IFRS 15 adjustments</b>	<b>NRC* adjustments</b>	<b>IFRS figures</b>
In million \$				
Total Revenue	340.3	(5.0)	-	335.3
Operating Income	52.9	(1.3)	-	51.6

<b>Q2 2019 Cash Flow Statement items</b>	<b>Segment figures</b>	<b>IFRS 15 adjustments</b>	<b>NRC* adjustments</b>	<b>IFRS figures</b>
In million \$				
EBITDAs	170.6	(4.9)	-	165.7
Change in Working Capital & Provisions	(43.5)	4.9	-	(38.6)
Cash Flow from Operations	124.5	-	-	124.5

<b>Multi-Client Data Library NBV</b>	<b>Segment figures</b>	<b>IFRS 15 adjustments</b>	<b>NRC* adjustments</b>	<b>IFRS figures</b>
In million \$				
Opening Balance Sheet – March 31 2019	482.5	133.6	-	616.1
Closing Balance Sheet – June 30 2019	458.4	139.0	-	597.4

### Key figures bridge: Segment to IFRS - First Half 2019

<b>H1 2019 P&amp;L items</b>	<b>Segment figures</b>	<b>IFRS 15 adjustments</b>	<b>NRC* adjustments</b>	<b>IFRS figures</b>
In million \$				
Total Revenue	622.7	(16.0)	-	606.7
Operating Income	63.7	7.5	-	71.2

<b>H1 2019 Cash Flow Statement items</b>	<b>Segment figures</b>	<b>IFRS 15 adjustments</b>	<b>NRC* adjustments</b>	<b>IFRS figures</b>
In million \$				
EBITDAs	289.9	(15.9)	-	274.0
Change in Working Capital & Provisions	50.0	15.9	-	65.9
Cash Flow from Operations	328.3	-	-	328.3

<b>Multi-Client Data Library NBV</b>	<b>Segment figures</b>	<b>IFRS 15 adjustments</b>	<b>NRC* adjustments</b>	<b>IFRS figures</b>
In million \$				
Opening Balance Sheet – Jan. 1st 2019	518.6	114.7	-	633.3
Closing Balance Sheet – June 30 2019	458.4	139.0	-	597.4

\*NRC linked to the 2021 plan, Transformation Plan, Financial Restructuring and impairments

## Second Quarter 2019 Financial Results by Operating Segment and before non-recurring charges

### Geology, Geophysics & Reservoir (GGR)

<b>GGR</b>	<b>Second Quarter 2018</b>	<b>Second Quarter 2019</b>	<b>Variation Year-on-year</b>
In million \$			
<b>Segment revenue</b>	<b>203.3</b>	<b>220.4</b>	<b>8%</b>
Geoscience (SIR)	92.8	92.9	0%
Multi-Client	110.5	127.5	15%
<i>Prefunding</i>	23.7	49.3	108%
<i>After-Sales</i>	86.8	78.2	(10)%
<b>Segment EBITDAs</b>	<b>116.8</b>	<b>149.0</b>	<b>28%</b>
<i>Margin</i>	57.5%	67.6%	18%
<b>Segment operating income</b>	<b>64.1</b>	<b>39.7</b>	<b>(38)%</b>
<i>Margin</i>	31.5%	18.0%	(43)%
Equity from investments	(0.3)	-	100%
<b>Capital employed</b> (in billion \$)	<b>2.3</b>	<b>2.0</b>	<b>(13)%</b>
<b>Other key metrics</b>			
Fleet allocated to Multi-Client surveys (%)	39%	46%	18%
Multi-Client cash capex (\$m)	(54)	(56)	4%
Multi-Client cash prefunding rate (%)	44%	88%	101%

**GGR segment revenue** was \$220 million, up 8% year-on-year.

- **Geoscience total production** (external revenue + internal production dedicated to the processing of CGG multi-clients programs) was \$128 million, up 3% year on year.
- **Geoscience external revenue** was \$93 million, stable year-on-year mainly due to project delays and increased focus on more profitable businesses.

Recent contracts awards and positive market signals provide confidence in H2 sequential revenue increase. OBN Market is showing continued growth. External Order Book increased 19% from January 1<sup>st</sup> 2019, reaching \$292m on July 1<sup>st</sup> 2019.

- **Multi-Client revenue** was \$128 million this quarter, up 15% year on year.

Prefunding revenue of our multi-client projects reached \$49 million this quarter, up from \$24 million in the second quarter of 2018. Multi-Client cash capex was at \$(56) million this quarter with 88% prefunding rate.

Our multi-client programs this quarter were focused on offshore projects in North Sea, Brazil, where we started a 15,000 sqkm program late June, and in the US GoM where we completed our first nodes multi-client study, and onshore projects in the US Lower 48.

After-sales were \$78 million this quarter, down 10% year-on-year, and particularly strong in Scandinavia.

The segment library Net Book Value was \$458 million (\$597 million after IFRS 15 adjustment) at the end of June 2019, split 91% offshore and 9% onshore.

**GGR segment EBITDAs** was \$149 million, up 28% year-on-year, a high 68% margin driven by favorable multi-client mix and improved Geoscience profitability.

**GGR segment operating income** was \$40 million, a 18% margin, including \$(37) million from the application of the 4 year straight-line amortization.

**GGR capital employed** was \$2 billion at the end of June 2019.

## Equipment

<b>Equipment</b>	<b>Second Quarter 2018</b>	<b>Second Quarter 2019</b>	<b>Variation Year-on-year</b>
In million \$			
<b>Segment revenue</b>	<b>82.9</b>	<b>123.0</b>	<b>48%</b>
<i>Land</i>	<i>31</i>	<i>90</i>	<i>190%</i>
<i>Marine</i>	<i>39</i>	<i>19</i>	<i>(51)%</i>
<i>Downhole gauges</i>	<i>10</i>	<i>9</i>	<i>(10)%</i>
<i>Non Oil &amp; Gas</i>	<i>3</i>	<i>6</i>	<i>100%</i>
<b>Segment EBITDAs</b>	<b>8.6</b>	<b>27.5</b>	<b>220%</b>
<i>Margin</i>	<i>10.4%</i>	<i>22.4%</i>	<i>116%</i>
<b>Segment operating income</b>	<b>1.0</b>	<b>19.8</b>	<b>N/A</b>
<i>Margin</i>	<i>1.2%</i>	<i>16.1%</i>	<i>N/A</i>
<b>Capital employed (in billion \$)</b>	<b>0.6</b>	<b>0.6</b>	<b>N/A</b>

**Equipment segment revenue** was \$123 million up 48% year-on-year.

External sales were \$120 million, a 70% increase year-on-year.

Land equipment sales represented around 70% of total sales, driven in particular by channels deliveries in the Middle East and North Africa.

Marine equipment sales represented 15% of total sales as replacement market remains constrained by low capex from marine contractors.

**Equipment segment EBITDAs** was \$28 million, up 220% year-on-year, a margin of 22%, driven by strong volumes.

**Equipment segment operating income** was \$20 million, a margin of 16%, on better absorption of manufacturing costs with higher volumes.

**Equipment capital employed** was \$0.6 billion at the end of June 2019.

## Second Quarter 2019 Financial Results

Consolidated Income Statements	Second Quarter 2018	Second Quarter 2019	Variation Year-on-year
In million \$			
<i>Exchange rate euro/dollar</i>	1.20	1.12	(7)%
<b>Segment revenue</b>	<b>274.0</b>	<b>340.3</b>	<b>24%</b>
GGR	203.3	220.4	8%
Equipment	82.9	123.0	48%
Eliminations	(12.2)	(3.1)	75%
<b>Gross margin</b>	<b>89.9</b>	<b>88.1</b>	<b>(2)%</b>
<b>Segment EBITDAs</b>	<b>112.8</b>	<b>170.6</b>	<b>51%</b>
GGR	116.8	149.0	28%
Equipment	8.6	27.5	220%
Corporate	(10.2)	(5.9)	42%
Eliminations	(2.4)	-	N/A
<b>Segment operating income</b>	<b>52.6</b>	<b>52.9</b>	<b>1%</b>
GGR	64.1	39.7	(38)%
Equipment	1.0	19.8	N/A
Corporate	(10.2)	(6.6)	35%
Eliminations	(2.3)	-	N/A
<i>NRC</i>	(3.7)	-	N/A
<i>IFRS 15 adjustment</i>	(10.0)	(1.3)	N/A
<b>IFRS operating income</b>	<b>38.9</b>	<b>51.6</b>	<b>33%</b>
Equity from investments	(0.3)	-	N/A
Net cost of financial debt	(33.3)	(32.9)	1%
Other financial income (loss)	69.1	(0.4)	(101)%
Income taxes	(8.7)	(2.7)	69%
<b>Net income / (loss) from continuing operations</b>	<b>65.7</b>	<b>15.6</b>	<b>(76)%</b>
Net income / (loss) from discontinued operations	(16.6)	(113.2)	(582)%
<b>IFRS net income / (loss)</b>	<b>49.1</b>	<b>(97.6)</b>	<b>(299)%</b>
Shareholder's net income / (loss)	47.4	(100.7)	(312)%
Basic Earnings per share in \$	0.07	(0.12)	(277)%
Basic Earnings per share in €	0.06	(0.11)	(287)%

**Segment revenue** was \$340 million, up 24% year-on-year. The respective contributions from the Group's businesses were 27% from Geoscience, 38% from Multi-Client (65% for the GGR segment) and 35% from Equipment.

**Segment EBITDAs** was \$171 million, up 51% year-on-year, a 50% margin.

**Segment operating income** was \$53 million, a 16% margin, including \$(37)m impact of the new multi-client amortization policy.

**IFRS 15 adjustment** at operating income level was \$(1) million and **IFRS operating income**, after IFRS 15 adjustment, was \$52 million.

**Cost of financial debt** was \$(33) million. The total amount of interest paid during the quarter was \$(33) million.

**Income taxes** were \$(3) million.

**Net income from continuing operations** was \$16 million.

**Discontinued operations**

*Correspond to the former Contractual Data Acquisition and Non-Operated Resources segments. Main aggregates are as follows:*

**-Segment revenue** was \$64 million this quarter.

**-Net loss from discontinued operations** was \$(113) million, including non-cash impairment of \$(104) million in marine and JV disposal groups recognized on the remeasurement to fair value less cost to sell.

**-Net cash flow from discontinued operations** was \$(21) million, including a negative change in working capital of (14) million expected to be recovered in H2 2019.

**Group net loss** was \$(98) million.

After minority interests, **Group net loss attributable to CGG shareholders** was \$(101) million/ €(89) million.



## Cash Flow

Cash Flow items	Second Quarter 2018	Second Quarter 2019	Variation Year-on-year
In million \$			
<b>Segment Operating Cash Flow</b>	<b>82.7</b>	<b>124.5</b>	51%
<b>Capex</b>	<b>(77.6)</b>	<b>(73.9)</b>	(5)%
Industrial	(15.3)	(9.5)	(38)%
R&D	(8.1)	(8.3)	(2)%
Multi-Client (Cash)	(54.2)	(56.1)	4%
<i>Marine MC</i>	(47.9)	(50.7)	6%
<i>Land MC</i>	(6.3)	(5.4)	(14)%
Proceeds from disposals of assets	-	(0.1)	N/A
Lease repayments	(1.4)	(12.8)	N/A
<b>Segment Free Cash Flow</b>	<b>3.7</b>	<b>37.7</b>	N/A
Paid cost of debt	(17.7)	(32.7)	85%
Cash NRC / Plan 2021	(4.3)	(15.5)	N/A
Net cash flow from discontinued operations	(2.6)	(20.9)	N/A
<b>Net Cash Flow</b>	<b>(20.9)</b>	<b>(31.4)</b>	(50)%
Other financing cash flow	(44.6)	-	N/A
Forex and other	(25.7)	(2.5)	90%
<b>Net increase/(decrease) in cash</b>	<b>(91.2)</b>	<b>(33.9)</b>	(63)%

**Segment Operating Cash Flow** was \$125 million, including a negative \$(44) million change in working capital, and compared to \$83 million for the second quarter of 2018, a 51% increase.

**Capex** was \$(74) million, down (5)% year-on-year:

- **Industrial capex** was \$(10) million, down (38)% year-on-year
- **Research & Development capex** was \$(8) million, stable year-on-year, and
- **Multi-client cash capex** was \$(56) million, slightly up 4% year-on-year.

**Segment Free Cash Flow**, including lease repayments of \$(13) million, was \$38 million, compared to \$4 million for the second quarter of 2018.

**Segment Free Cash Flow**, after paid cost of debt of \$(33) million, was at \$5 million compared to \$(14) million for the second quarter of 2018.

After CGG 2021 Plan cash costs of \$(16) million and Free Cash Flow from discontinued operations of \$(21) million including a negative \$(14) million change in working capital, **Group Net Cash Flow** was \$(31) million.

## First Half 2019 Financial Results

Consolidated Statements	Income	First Half 2018	Firs Half 2019	Variation Year-on-year
In million \$				
<i>Exchange rate euro/dollar</i>		1.21	1.13	(7)%
<b>Segment revenue</b>		<b>508.3</b>	<b>622.7</b>	23%
GGR		388.4	400.5	3%
Equipment		148.6	228.2	54%
Eliminations		(28.7)	(6.0)	79%
<b>Gross margin</b>		<b>145.6</b>	<b>137.2</b>	(6)%
<b>Segment EBITDAs</b>		<b>197.9</b>	<b>289.9</b>	46%
GGR		213.7	254.0	19%
Equipment		6.0	50.5	742%
Corporate		(18.2)	(14.6)	(20)%
Eliminations		(3.6)	-	N/A
<b>Segment operating income</b>		<b>71.7</b>	<b>63.7</b>	(11)%
GGR		102.5	44.9	(56)%
Equipment		(8.9)	34.7	490%
Corporate		(18.3)	(15.9)	(13)%
Eliminations		(3.6)	-	N/A
<i>NRC</i>		(17.0)	-	N/A
<i>IFRS 15 adjustment</i>		(20.9)	7.5	(136)%
<b>IFRS operating income</b>		<b>33.8</b>	<b>71.2</b>	111%
Equity from investments		(0.8)	0.1	113%
Net cost of financial debt		(66.5)	(65.8)	(1)%
Other financial income (loss)		831.4	0.5	(100)%
Income taxes		(23.9)	(5.6)	(77)%
<b>Net income / (loss) from continuing operations</b>		<b>774.0</b>	<b>0.4</b>	(100)%
Net income / (loss) from discontinued operations		(78.3)	(128.5)	(64)%
<b>IFRS net income / (loss)</b>		<b>695.7</b>	<b>(128.1)</b>	(118)%
Shareholder's net income / (loss)		692.6	(134.6)	(119)%
Basic Earnings per share in \$		1.4	(0.2)	(112)%
Basic Earnings per share in €		1.1	(0.1)	(112)%

**Segment revenue** was \$623 million, up 23% compared to H1 2018. The respective contributions from the Group's businesses were 29% from Geoscience, 35% from Multi-Client (64% for the GGR segment) and 36% from Equipment.

**GGR segment revenue** was \$401 million, up 3% year-on-year

- **Geoscience total production** (external revenue + internal production dedicated to the processing of CGG multi-clients programs) was \$257 million, stable year-on-year.
- **Geoscience revenue** was \$184 million, down 5% year-on-year mainly due to project delays and increased focus on more profitable businesses.

- **Multi-Client sales** reached \$216 million, up 11% year-on-year. Prefunding revenue was \$91 million, up 25% year-on-year. Multi-Client cash capex was \$(96) million, down 18% year-on-year due to regulatory delays. Cash prefunding rate was 95% well above the H1 2018 cash prefunding rate of 63%.

After-sales were \$127 million, stable year-on-year.

**Equipment revenue** was \$228 million, up 54% year-on-year. **External Equipment sales** were strong at \$222 million, up 85% year-on-year due to higher land equipment volumes with more 508XT systems delivered.

**Segment EBITDAs** was \$290 million, up 46% year-on-year, a 47% margin. GGR EBITDA margin was at 63% and Equipment EBITDA margin at 23%

**Segment operating income** was \$64 million, including \$(64) million impact of the new multi-client amortization policy, a 10% margin.

**IFRS 15 adjustment** at operating income level was \$7 million and **IFRS operating income**, after IFRS 15 adjustment, was \$71 million.

**Cost of financial debt** was \$(66) million. The total amount of interest paid during H1 was \$(40) million. **Income taxes** were \$(6) million.

**Net income from continuing operations** was \$0.4 million.

#### **Discontinued operations**

*Correspond to the former Contractual Data Acquisition and Non-Operated Resources segments. Main aggregates are as follows:*

**-H1 revenue from discontinued operations** was \$135 million.

**-Net loss from discontinued operations** was \$(129) million, including non cash impairment of \$(104) million in marine and JV disposal groups recognized on the remeasurement to fair value less cost to sell.

**-Net Cash flow from discontinued operations** was \$(74) million, including a significant negative change in working capital of \$(47) million expected to be recovered in H2 2019.

**Group net loss** was \$(128) million.

After minority interests, **Group loss attributable to CGG shareholders** was \$(135) million/ €(119) million.

## Cash Flow

Cash Flow items	First Half 2018	First Half 2019	Variation Year-on-year
In million \$			
<b>Segment Operating Cash Flow</b>	<b>179.0</b>	<b>328.3</b>	83%
<b>Capex</b>	(156.5)	(132.2)	(16)%
Industrial	(24.2)	(20.0)	(17)%
R&D	(16.1)	(16.4)	2%
Multi-Client (Cash)	(116.2)	(95.8)	(18)%
<i>Marine MC</i>	(101.2)	(80.8)	(20)%
<i>Land MC</i>	(15.0)	(15.0)	-
Proceeds from disposals of assets	0.3	-	N/A
Lease repayments	(2.9)	(28.7)	N/A
<b>Segment Free Cash Flow</b>	<b>19.9</b>	<b>167.4</b>	N/A
Paid cost of debt	(31.8)	(40.1)	26%
Cash NRC / Plan 2021	(57.7)	(40.9)	(29)%
Net cash flow from discontinued operations	(48.4)	(73.8)	(53)%
<b>Net cash flow</b>	<b>(118.0)</b>	<b>12.6</b>	N/A
Other financing cash flow	270.1	-	N/A
Forex and other	(20.6)	(5.5)	73%
<b>Net increase/(decrease) in cash</b>	<b>131.5</b>	<b>7.1</b>	(95)%

**Segment Operating Cash Flow** was \$328 million compared to \$179 million for the first half of 2018, a 83% increase.

**Capex** was \$(132) million, down 16% year-on-year:

- **Industrial capex** was \$(20) million, down 17% year-on-year,
- **Research & Development capex** was \$(16) million, stable year-on-year,
- **Multi-client cash capex** was \$(96) million, down (18)% year-on-year.

**Segment Free Cash Flow**, including lease repayments of \$(29) million, was \$167 million compared to \$20 million in H1 2018.

**Segment Net Free Cash Flow**, after the payment of interest expenses of \$(40) million, was at \$127 million compared to \$(12) million for in H1 2018.

After CGG 2021 Plan cash costs of \$(41) million and Free cash flow from discontinued operations of \$(74) million, including a negative change in working capital of \$(47) million, **Group Net Cash Flow** was \$13 million, compared to \$(118) million in H1 2018.

## Balance Sheet

At the end of June 2019 **Group gross debt before IFRS 16** was \$1,182 million and net debt was \$741 million. **Group gross debt after IFRS 16** was \$1,324 million and **net debt** was \$883 million.

Group's **liquidity** amounted to \$441 million at the end of June 2019. **Net debt to LTM EBITDAs** ratio at the end of June was 1.2x (excluding IFRS 16 impact).

## Q2 2019 Conference call

An English language analysts' conference call is scheduled today at 8:30 am (Paris time) – 7:30 am (London time)

**To follow this conference, please access the live webcast:**

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For analysts, please dial the following numbers 5 to 10 minutes prior to the scheduled start time:

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Access code	8678899

### About CGG:

#### About CGG

*CGG ([www.cgg.com](http://www.cgg.com)) is a fully integrated Geoscience company providing leading geological, geophysical and reservoir capabilities to its broad base of customers primarily from the global oil and gas industry. Through its three complementary businesses of Equipment, Acquisition and Geology, Geophysics & Reservoir (GGR), CGG brings value across all aspects of natural resource exploration and exploitation. CGG employs more than 5,100 people around the world, all with a Passion for Geoscience and working together to deliver the best solutions to its customers. CGG is listed on the Euronext Paris SA (ISIN: 0013181864).*

### Contacts

#### Group Communications & Investor Relations

Christophe Barnini

Tel: + 33 1 64 47 38 11

E-Mail: : [invrelparis@cgg.com](mailto:invrelparis@cgg.com)

# **CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2019**

## UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

Amounts in millions of US\$, except per share data or unless indicated	Three months ended June 30,	
	2019	2018 (restated*)
<b>Operating revenues</b>	335.3	250.4
Other income from ordinary activities	0.2	0.4
<b>Total income from ordinary activities</b>	<b>335.5</b>	<b>250.8</b>
Cost of operations	(248.8)	(170.9)
<b>Gross profit</b>	<b>86.7</b>	<b>79.9</b>
Research and development expenses, net	(6.3)	(3.9)
Marketing and selling expenses	(11.8)	(11.3)
General and administrative expenses	(16.9)	(22.0)
Other revenues (expenses), net	(0.1)	(3.8)
<b>Operating income</b>	<b>51.6</b>	<b>38.9</b>
Expenses related to financial debt	(33.8)	(33.7)
Income provided by cash and cash equivalents	0.9	0.4
<b>Cost of financial debt, net</b>	<b>(32.9)</b>	<b>(33.3)</b>
Other financial income (loss)	(0.4)	69.1
<b>Income (loss) of consolidated companies before income taxes</b>	<b>18.3</b>	<b>74.7</b>
Income taxes	(2.7)	(8.7)
<b>Net income (loss) from consolidated companies</b>	<b>15.6</b>	<b>66.0</b>
Share of income (loss) in companies accounted for under equity method	—	(0.3)
<b>Net income (loss) from continuing operations</b>	<b>15.6</b>	<b>65.7</b>
Net income (loss) from discontinued operations <sup>(3)</sup>	(113.2)	(16.6)
<b>Net income (loss)</b>	<b>(97.6)</b>	<b>49.1</b>
<i>Attributable to :</i>		
<i>Owners of CGG S.A</i>	\$ (100.7)	47.4
<i>Owners of CGG S.A.</i> <sup>(2)</sup>	€ (89.3)	39.4
<i>Non-controlling interests</i>	\$ 3.1	1.7
Weighted average number of shares outstanding	709,949,269	697,294,339
Dilutive potential shares from stock-options <sup>(1)</sup>	—	—
Dilutive potential shares from performance share plans <sup>(1)</sup>	—	—
Dilutive potential shares from warrants <sup>(1)</sup>	—	14,141,453
Dilutive weighted average number of shares outstanding adjusted when dilutive	709,949,269	711,435,792
<b>Net income (loss) per share</b>		
Basic	\$ (0.14)	0.07
Basic <sup>(2)</sup>	€ (0.12)	0.06
Diluted	\$ (0.14)	0.07
Diluted <sup>(2)</sup>	€ (0.12)	0.06

\* In accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, the profit and loss accounts related to the discontinued operations have been presented in the separate line item “Net income (loss) from discontinued operations” for the periods ended June 30, 2019 and 2018.

- (1) As our 2019 net result is a loss, stock options, performance shares plans, and warrants had an anti-dilutive effect; as a consequence, potential shares (3,276,580 shares) linked to those instruments were not taken into account in the diluted weighted average number of shares or in the calculation of diluted loss per share.
- (2) Corresponding to the half-year amount in euros less the first quarter amount in euros.
- (3) Net income (loss) from discontinued operations includes in 2019 US\$101 million of impairment loss recognized on the remeasurement to fair value less cost to sell of our JV disposal groups (loss of US\$59 million), Marine disposal group (loss of US\$45 million); and MultiPhysics disposal group (gain of US\$3 million).

## UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

Amounts in millions of US\$, except per share data or unless indicated	Six months ended June 30,	
	2019	2018 (restated*)
<b>Operating revenues</b>	606.7	435.6
Other income from ordinary activities	0.4	0.7
<b>Total income from ordinary activities</b>	<b>607.1</b>	<b>436.3</b>
Cost of operations	(462.5)	(311.6)
<b>Gross profit</b>	<b>144.6</b>	<b>124.7</b>
Research and development expenses, net	(12.3)	(8.9)
Marketing and selling expenses	(21.7)	(22.1)
General and administrative expenses	(37.2)	(42.6)
Other revenues (expenses), net	(2.2)	(17.3)
<b>Operating income</b>	<b>71.2</b>	<b>33.8</b>
Expenses related to financial debt	(67.4)	(67.8)
Income provided by cash and cash equivalents	1.6	1.3
<b>Cost of financial debt, net</b>	<b>(65.8)</b>	<b>(66.5)</b>
Other financial income (loss)	0.5	831.4
<b>Income (loss) of consolidated companies before income taxes</b>	<b>5.9</b>	<b>798.7</b>
Income taxes	(5.6)	(23.9)
<b>Net income (loss) from consolidated companies</b>	<b>0.3</b>	<b>774.8</b>
Share of income (loss) in companies accounted for under equity method	0.1	(0.8)
<b>Net income (loss) from continuing operations</b>	<b>0.4</b>	<b>774.0</b>
Net income (loss) from discontinued operations <sup>(3)</sup>	(128.5)	(78.3)
<b>Net income (loss)</b>	<b>(128.1)</b>	<b>695.7</b>
<i>Attributable to :</i>		
<i>Owners of CGG S.A</i>	\$ (134.6)	692.6
<i>Owners of CGG S.A.</i> <sup>(2)</sup>	€ (118.9)	571.3
<i>Non-controlling interests</i>	\$ 6.5	3.1
Weighted average number of shares outstanding	709,948,484	501,946,362
Dilutive potential shares from stock-options <sup>(1)</sup>	—	—
Dilutive potential shares from performance share plans <sup>(1)</sup>	—	—
Dilutive potential shares from warrants <sup>(1)</sup>	—	16,019,532
Dilutive weighted average number of shares outstanding adjusted when dilutive	709,948,484	517,965,894
<b>Net income (loss) per share</b>		
Basic	\$ (0.19)	1.38
Basic <sup>(2)</sup>	€ (0.17)	1.14
Diluted	\$ (0.19)	1.34
Diluted <sup>(2)</sup>	€ (0.17)	1.10

\* In accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, the profit and loss accounts related to the discontinued operations have been presented in the separate line item “Net income (loss) from discontinued operations” for the periods ended June 30, 2019 and 2018.

(1) As our 2019 net result is a loss, stock options, performance shares plans, and warrants had an anti-dilutive effect; as a consequence, potential shares (3, 246,586 shares) linked to those instruments were not taken into account in the diluted weighted average number of shares or in the calculation of diluted loss per share.

(2) Converted at the average exchange rates of US\$1.1325 and US\$1.2122 per €1.00 for the periods ended June 30, 2019 and 2018, respectively.

(3) Net income (loss) from discontinued operations includes in 2019 US\$94 million of impairment loss recognized on the remeasurement to fair value less cost to sell of our JV disposal groups (loss of US\$59 million), Marine disposal group (loss of US\$45 million); and MultiPhysics disposal group (gain of US\$10 million).



**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

<b>Amounts in millions of US\$, unless indicated</b>	<b>June 30, 2019</b>	<b>December 31, 2018</b>
<b>ASSETS</b>		
Cash and cash equivalents	441.2	434.1
Trade accounts and notes receivable, net	504.0	520.2
Inventories and work-in-progress, net	204.1	204.8
Income tax assets	75.8	72.1
Other current assets, net	135.8	99.1
Assets held for sale, net	209.3	195.5
<b>Total current assets</b>	<b>1,570.2</b>	<b>1,525.8</b>
Deferred tax assets	28.0	22.6
Investments and other financial assets, net	29.1	31.1
Investments in companies under equity method	3.4	0.1
Property, plant and equipment, net	325.9	189.2
Intangible assets, net	847.6	898.9
Goodwill, net	1,229.1	1,229.0
<b>Total non-current assets</b>	<b>2,463.1</b>	<b>2,370.9</b>
<b>TOTAL ASSETS</b>	<b>4,033.3</b>	<b>3,896.7</b>
<b>LIABILITIES AND EQUITY</b>		
Bank overdrafts	—	—
Current portion of financial debt	54.5	17.8
Trade accounts and notes payables	154.6	126.4
Accrued payroll costs	114.0	135.8
Income taxes payable	57.7	49.6
Advance billings to customers	22.4	35.7
Provisions — current portion	130.3	172.4
Other current liabilities	283.3	250.9
Liabilities directly associated with the assets classified as held for sale	266.5	131.7
<b>Total current liabilities</b>	<b>1,083.3</b>	<b>920.3</b>
Deferred tax liabilities	45.8	44.4
Provisions — non-current portion	78.8	95.9
Financial debt	1,269.8	1,148.9
Other non-current liabilities	3.6	13.1
<b>Total non-current liabilities</b>	<b>1,398.0</b>	<b>1,302.3</b>
Common stock 1,181,802,110 shares authorized and 709,949,912 shares with a €0.01 nominal value issued and outstanding at June 30, 2019 and 709,944,816 at December 31, 2018	8.7	8.7
Additional paid-in capital	3,184.6	3,184.6
Retained earnings	(1,585.1)	(1,457.8)
Other Reserves	(25.9)	(27.9)
Treasury shares	(20.1)	(20.1)
Cumulative income and expense recognized directly in equity	(0.3)	(0.9)
Cumulative translation adjustment	(55.2)	(55.1)
<b>Equity attributable to owners of CGG S.A.</b>	<b>1,506.7</b>	<b>1,631.5</b>
Non-controlling interests	45.3	42.6
<b>Total equity</b>	<b>1,552.0</b>	<b>1,674.1</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>4,033.3</b>	<b>3,896.7</b>

*Closing rates were US\$1.1380 per €1.00 and US\$1.1450 per €1.00 for June 30, 2019 and December 31, 2018, respectively.*

## UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Amounts in millions of US\$	Six months ended June 30,	
	2019	2018 (restated*)
<b>OPERATING</b>		
<b>Net income (loss)</b>	(128.1)	695.7
Less: Net income (loss) from discontinued operations	(128.5)	(78.3)
<b>Net income (loss) from continuing operations</b>	<b>0.4</b>	<b>774.0</b>
Depreciation and amortization	65.1	52.7
Multi-client surveys depreciation and amortization	139.2	32.0
Depreciation and amortization capitalized in multi-client surveys	(4.0)	(10.3)
Variance on provisions	(0.6)	(21.2)
Stock based compensation expenses	2.5	—
Net (gain) loss on disposal of fixed and financial assets	0.1	(0.2)
Equity (income) loss of investees	(0.1)	0.8
Dividends received from investments in companies under equity method	—	—
Other non-cash items	0.8	(836.3)
<b>Net cash-flow including net cost of financial debt and income tax</b>	<b>203.4</b>	<b>(8.5)</b>
Less net cost of financial debt	65.8	66.5
Less income tax expense	5.6	23.9
<b>Net cash-flow excluding net cost of financial debt and income tax</b>	<b>274.8</b>	<b>81.9</b>
Income tax paid	(13.0)	(7.7)
<b>Net cash-flow before changes in working capital</b>	<b>261.8</b>	<b>74.2</b>
Change in working capital	<b>66.5</b>	<b>47.1</b>
- change in trade accounts and notes receivable	90.6	132.1
- change in inventories and work-in-progress	(4.4)	0.1
- change in other current assets	(23.2)	(4.7)
- change in trade accounts and notes payable	19.8	(23.4)
- change in other current liabilities	(16.3)	(57.0)
<b>Net cash-flow provided by operating activities</b>	<b>328.3</b>	<b>121.3</b>
<b>INVESTING</b>		
Total capital expenditures (including variation of fixed assets suppliers, excluding multi-client surveys)	(36.4)	(40.3)
Investment in multi-client surveys, net cash	(95.8)	(116.2)
Proceeds from disposals of tangible and intangible assets	—	0.3
Total net proceeds from financial assets	—	—
Acquisition of investments, net of cash and cash equivalents acquired	—	—
Variation in loans granted	—	(0.3)
Variation in subsidies for capital expenditures	—	—
Variation in other non-current financial assets	(1.4)	(6.1)
<b>Net cash-flow used in investing activities</b>	<b>(133.6)</b>	<b>(162.6)</b>
<b>FINANCING</b>		
Repayment of long-term debt	—	(195.3)
Total issuance of long-term debt	—	336.5
Lease repayments <sup>(1)</sup>	(28.7)	(2.9)
Change in short-term loans	—	(0.2)
Financial expenses paid	(40.1)	(31.8)
<i>Net proceeds from capital increase:</i>		
— from shareholders	—	129.1
— from non-controlling interests of integrated companies	—	—
<i>Dividends paid and share capital reimbursements:</i>		
— to shareholders	—	—
— to non-controlling interests of integrated companies	(3.8)	—
Acquisition/disposal from treasury shares	—	—
<b>Net cash-flow provided by (used in) financing activities</b>	<b>(72.6)</b>	<b>235.4</b>
Effects of exchange rates on cash	(0.3)	—
Impact of changes in consolidation scope	—	—
<b>Net cash flows incurred by Discontinued Operations</b>	<b>(114.7)</b>	<b>(48.4)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>7.1</b>	<b>131.5</b>
Cash and cash equivalents at beginning of year	434.1	315.4
<b>Cash and cash equivalents at end of period</b>	<b>441.2</b>	<b>446.9</b>

\* In accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, the cash flow statements line items related to the discontinued operations have been presented in the separate line item “Net cash flows incurred by Discontinued Operations” for the periods ended June 30, 2019 and 2018.

(1) See note 1 and 6 of our interim financial statements for more information on IFRS16 impact.

## UNAUDITED ANALYSIS BY SEGMENT

Six months ended June 30, 2019

In millions of US\$, except for assets and capital employed in billions of US\$	GGR	Equipment	Eliminations and other	Segment figures	IFRS 15 adjustments	Transformation Plan / Financial restructuring	Consolidated Total / As reported
Revenues from unaffiliated customers	400.5	222.2	–	622.7	(16.0)	–	606.7
Inter-segment revenues <sup>(1)</sup>	–	6.0	(6.0)	–	–	–	–
<b>Operating revenues</b>	<b>400.5</b>	<b>228.2</b>	<b>(6.0)</b>	<b>622.7</b>	<b>(16.0)</b>	–	<b>606.7</b>
Depreciation and amortization (excluding multi-client surveys)	(49.1)	(15.7)	(0.3)	(65.1)	–	–	(65.1)
Depreciation and amortization of multi-client surveys	(162.6)	–	–	(162.6)	23.4	–	(139.2)
<b>Operating income <sup>(2)</sup></b>	<b>44.9</b>	<b>34.7</b>	<b>(15.9)</b>	<b>63.7</b>	<b>7.5</b>	–	<b>71.2</b>
<b>EBITDAS</b>	<b>254.0</b>	<b>50.5</b>	<b>(14.6)</b>	<b>289.9</b>	<b>(15.9)</b>	–	<b>274.0</b>
Share of income in companies accounted for under equity method	0.1	–	–	0.1	–	–	0.1
<b>Earnings Before Interest and Tax <sup>(2)</sup></b>	<b>44.9</b>	<b>34.7</b>	<b>(15.8)</b>	<b>63.8</b>	<b>7.5</b>	–	<b>71.3</b>
Capital expenditures (excluding multi-client surveys) <sup>(3)</sup>	26.2	9.3	0.9	36.4	–	–	36.4
Investments in multi-client surveys, net cash	95.8	–	–	95.8	–	–	95.8
<b>Capital employed <sup>(4)</sup></b>	<b>2.0</b>	<b>0.6</b>	<b>(0.2)</b>	<b>2.4</b>	–	–	<b>2.4</b>
<b>Total identifiable assets <sup>(4)</sup></b>	<b>2.2</b>	<b>0.7</b>	<b>0.7</b>	<b>3.6</b>	–	–	<b>3.6</b>

(1) Sale of equipment to the Contractual Data Acquisition segment, which is classified as, discontinued operation.

(2) “Eliminations and other” corresponded to general corporate expenses.

(3) Capital expenditures included capitalized development costs of US\$(16.4) million for the six months ended June 30, 2019. “Eliminations and other” corresponded to the variance of suppliers of assets for the six months ended June 30, 2019.

(4) Capital employed and identifiable assets related to discontinued operations are included under the column “Eliminations and other”.

Six months ended June 30, 2018 (restated)

In millions of US\$, except for assets and capital employed in billions of US\$	GGR	Equipment	Eliminations and other	Segment figures	IFRS 15 adjustments	Transformation Plan / Financial restructuring	Consolidated Total / As reported
Revenues from unaffiliated customers	388.4	119.9	–	508.3	(72.7)	–	435.6
Inter-segment revenues <sup>(1)</sup>	–	28.7	(28.7)	–	–	–	–
<b>Operating revenues</b>	<b>388.4</b>	<b>148.6</b>	<b>(28.7)</b>	<b>508.3</b>	<b>(72.7)</b>	–	<b>435.6</b>
Depreciation and amortization (excluding multi-client surveys)	(37.7)	(14.8)	(0.2)	(52.7)	–	–	(52.7)
Depreciation and amortization of multi-client surveys	(83.8)	–	–	(83.8)	51.8	–	(32.0)
<b>Operating income <sup>(2)</sup></b>	<b>102.5</b>	<b>(8.9)</b>	<b>(21.9)</b>	<b>71.7</b>	<b>(20.9)</b>	<b>(17.0)</b>	<b>33.8</b>
<b>EBITDAS</b>	<b>213.7</b>	<b>6.0</b>	<b>(21.8)</b>	<b>197.9</b>	<b>(72.7)</b>	<b>(17.0)</b>	<b>108.2</b>
Share of income in companies accounted for under equity method <sup>(1)</sup>	(0.8)	–	–	(0.8)	–	–	(0.8)
<b>Earnings Before Interest and Tax <sup>(2)</sup></b>	<b>101.7</b>	<b>(8.9)</b>	<b>(21.9)</b>	<b>70.9</b>	<b>(20.9)</b>	<b>(17.0)</b>	<b>33.0</b>
Capital expenditures (excluding multi-client surveys) <sup>(3)</sup>	29.6	11.2	(0.5)	40.3	–	–	40.3
Investments in multi-client surveys, net cash	116.2	–	–	116.2	–	–	116.2
<b>Capital employed <sup>(4)</sup></b>	<b>2.3</b>	<b>0.6</b>	<b>0.3</b>	<b>3.2</b>	–	–	<b>3.2</b>
<b>Total identifiable assets <sup>(4)</sup></b>	<b>2.6</b>	<b>0.6</b>	<b>0.6</b>	<b>3.8</b>	<b>0.1</b>	–	<b>3.9</b>

(1) Sale of equipment to the Contractual Data Acquisition segment, which is classified as, discontinued operation.

(2) “Eliminations and other” includes US\$(18.3) million of general corporate expenses and US\$(3.6) million of intra-group margin.

(3) Capital expenditures included capitalized development costs of US\$(16.1) million for the six months ended June 30, 2018. “Eliminations and other” corresponded to the variance of suppliers of assets for the six months ended June 30, 2018.

(4) Capital employed and identifiable assets related to discontinued operations are included under the column “Eliminations and other”.