



# September 2016 Roadshow Presentation

H1 Financial Results

2016 CGG Roadmap

*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.*





# H1 2016 financial highlights

- Market conditions remained very weak and challenging with early signs of stabilization
- The downsizing of the operated Marine fleet effective only in Q2 2016
- H1 results driven by sustained GGR performance
  - Revenue at \$603m and Operating Income at \$(104)m
  - Solid execution of our operations and of our Transformation Plan
  - GGR: good level of multi-client sales driven by strong 77% cash prefunding rate
  - Equipment: sales and margin strongly impacted by very low volumes
  - Contractual Data Acquisition: lower revenue due to higher fleet allocation rate to multi-client programs

**Continued focus on operational excellence and delivery of our Transformation Plan**



# H1 2016 P&L

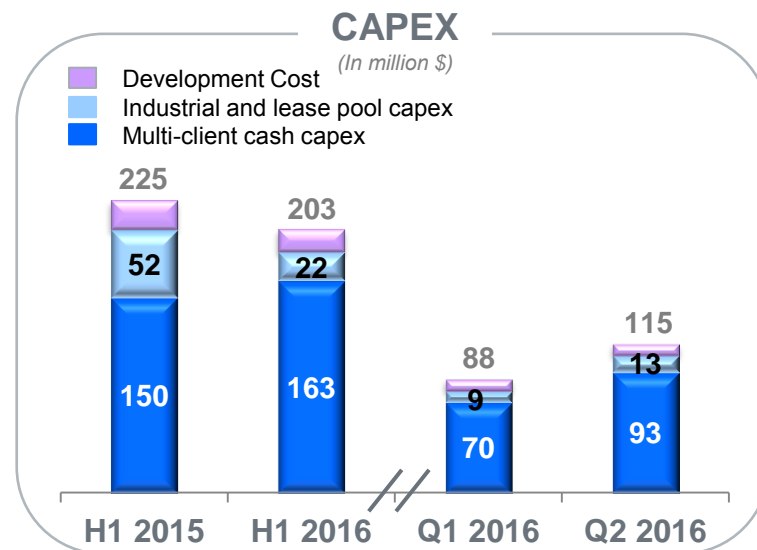
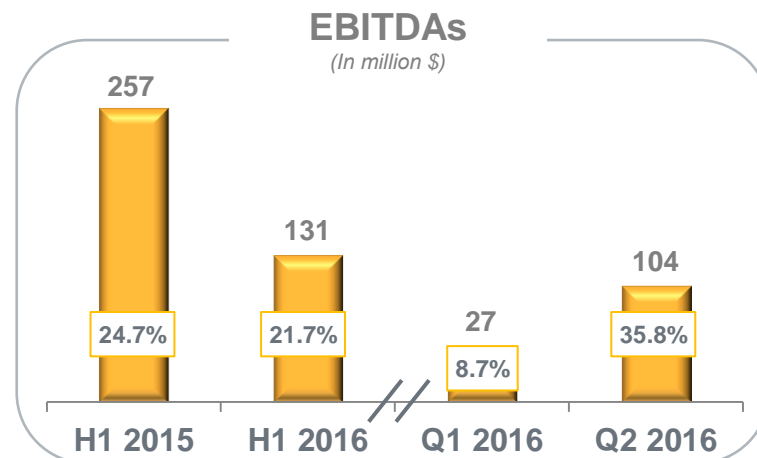
In Million \$	First Half 2016	Q1 2016	Q2 2016
<b>Total Revenue</b>	<b>603</b>	<b>313</b>	<b>290</b>
Group EBITDAs excluding NOR	146	37	109
NOR	(15)	(10)	(5)
<b>Group EBITDAs</b>	<b>131</b>	<b>27</b>	<b>104</b>
Group OPINC excluding NOR	(55)	(54.7)	0.2
NOR	(49)	(27)	(22)
<b>Group OPINC</b>	<b>(104)</b>	<b>(81)</b>	<b>(22)</b>
Equity from Investments	0	5	(5)
Non-recurring charges	(7)	(5.5)	(1.7)
Net financial costs	(85)	(41)	(44)
Taxes	(13)	(6.2)	(6.3)
<b>Net Income</b>	<b>(209)</b>	<b>(130)</b>	<b>(79)</b>

- **Group Revenue at \$603m**, down 42% y-o-y
  - Mostly due to Marine change of perimeter
- **Group EBITDAs at \$131m**, EBITDAs excluding Non-Operated Resources at \$146m
  - Embedding \$189m contribution from GGR
- **Group OPINC at \$(104)m**, OPINC excluding NOR at \$(55)m
  - Including \$(34)m from Contractual Data Acquisition in Q1 2016
- **Net Income at \$(209)m**

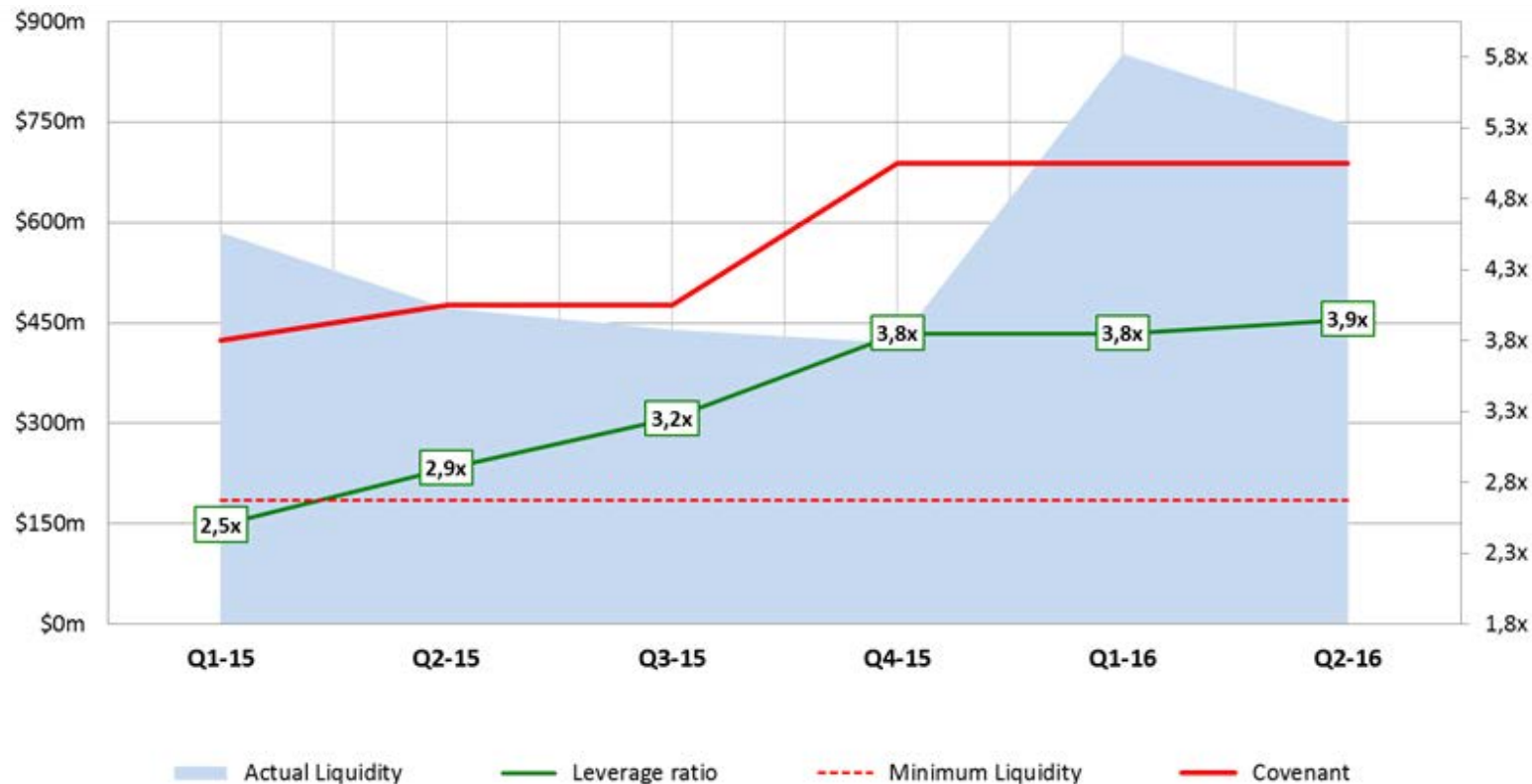


# H1 2016: Positive free cash flow generation

- Operating Cash Flow at \$372m, up 71% y-o-y
  - Not including \$(89)m non-recurring payments related to the Transformation Plan
- Capex at \$203m, down (10)% y-o-y
  - Multi-client cash capex at \$163m, up 8%
  - Industrial capex at \$22m, down (58)%
- Positive Free Cash Flow at \$97m versus negative \$(83)m last year
  - FCF positive at \$8m including the non-recurring payments related to the Transformation Plan



## Sustained level of liquidity and stable leverage ratio



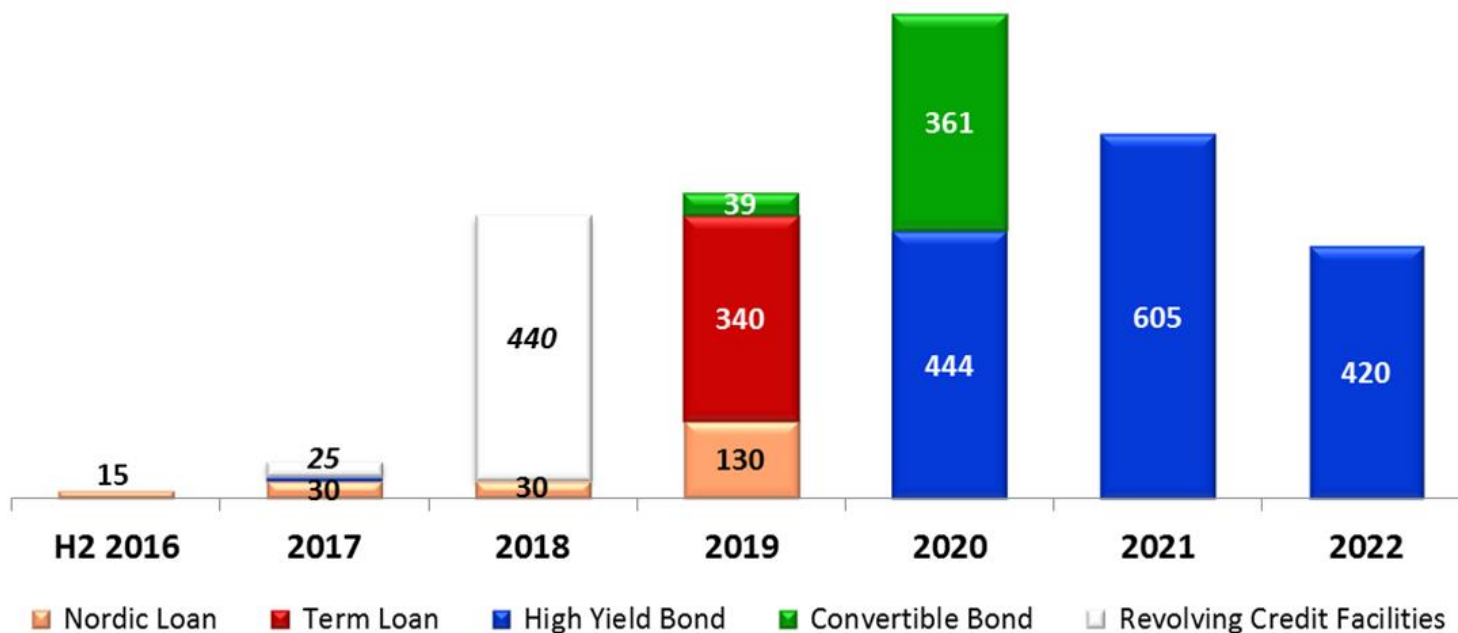
- Group Liquidity (available cash plus undrawn RCF) at \$745m
  - Embedding \$465m French and US RCF commitments
- Group Leverage ratio stable at 3.9x
  - Based on Net Debt at \$2,150m as of June 2016





# Debt profile: No major debt instalment before 2019

Senior Debt Profile by end of H1 2016



- €/\$ closing rate at 1.11
- Average Maturity, excluding RCF, at 4.0 years as of end of June 2016
- Average cost of debt, excluding RCF, at 5.4%



# 2016 CGG Roadmap

## Portfolio rebalancing towards Geoscience

- Geology, Geophysics & Reservoir to represent above 60% of revenue
- Multi-client vessel utilization: c.75% in Q3 and c.35% in Q4
- SIR: focus on high-end added-value businesses and solutions

## Contractual Marine downsizing

- Contractual Data Acquisition (Marine and Land) to represent below 20% of 2016 revenue
- Marine 3D fleet reduced from 11 to 5 vessels by end of Q1

## On-going cost reduction

- Worldwide cost reduction plan across CGG
- Worldwide headcount reduction (ca. 6,000 people estimated at Y.E.16)

## Focusing on capex/ cash & asset management

- Multi-Client cash capex at \$300/350m with prefunding rate above 70%
- Industrial capex at \$75/100m
- On-going sale of Multi-Physics business







# Our vision for CGG

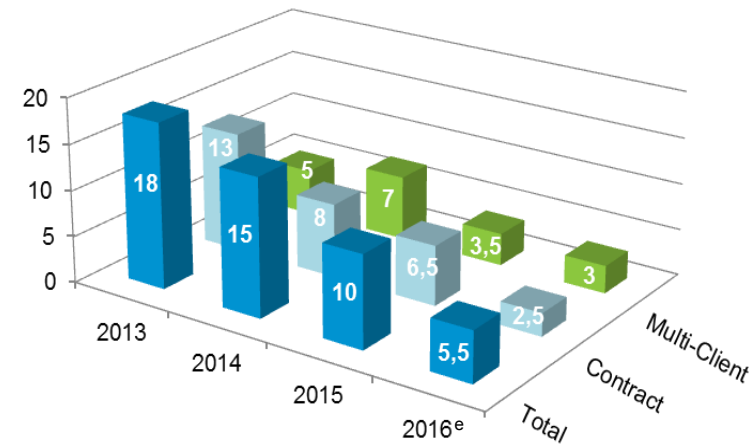
Passion for Geoscience



# Marine Data Acquisition: Fleet sized to fit our own needs

- Significant industry overcapacity
  - Cold-stacked vessels ready to resume at limited cost when market will tighten
- Fleet sized to 5 vessels to fit our own multi-client requirements
- Significant reduction of the internal marine costs as part of the Transformation Plan
  - On-going action planned to further reduce external costs
- Focus on technology
  - Stagseis for subsalt geology
  - Topseis for shallow water reservoir

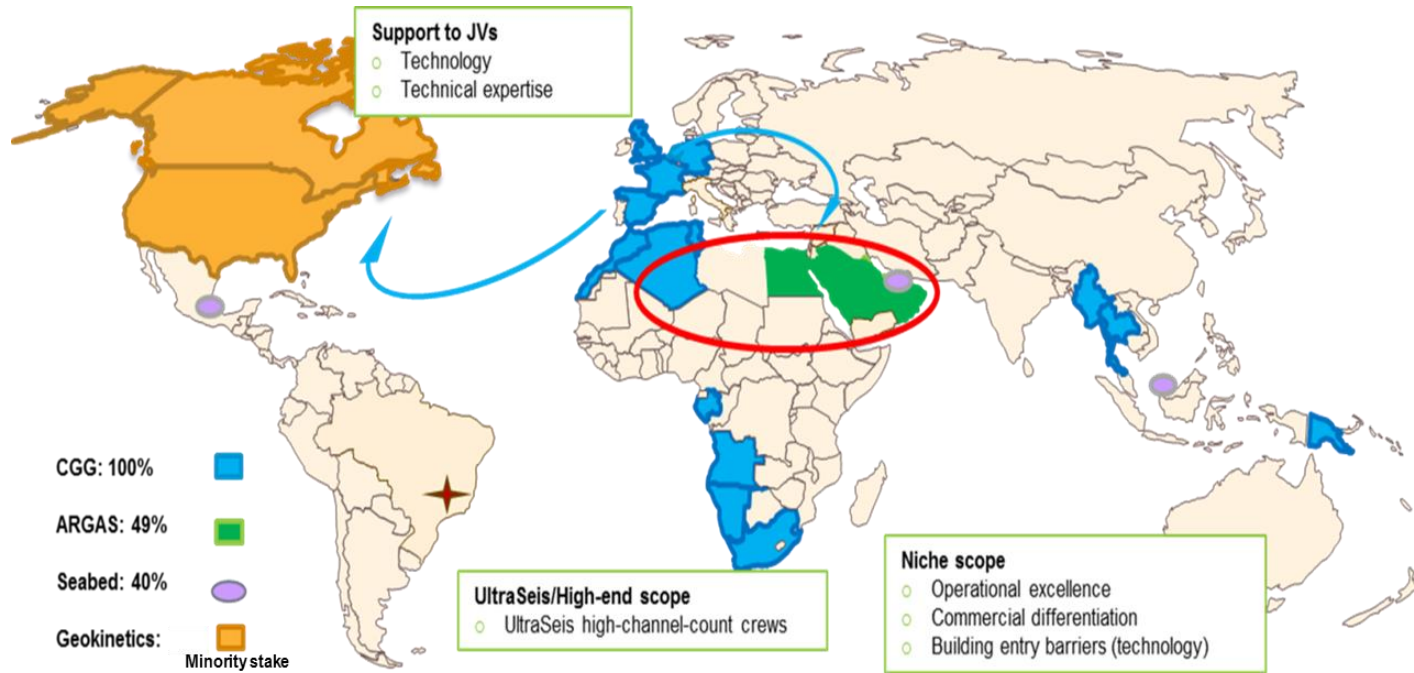
CGG Average Fleet Trend



**Focus on cost efficiency, technology, differentiation  
and cash generation optimization**



# Land Data Acquisition: A light capital employed model



- Reduced direct exposure: capacity to deploy 5 crews
- Specific focus on active markets:
  - Middle East with Argas JV
  - Shallow water with SBGS JV



# Equipment: A leadership position in an unprecedentedly difficult seismic equipment market

Very strong reduction in demand, both onshore and offshore (China, Russia and Middle East)

Sercel cost base drastically reduced by 40%

Leadership position maintained with Sercel market share<sup>(1)</sup> above 70% and the largest installed base worldwide (over 3.5 million land sensors all over the globe)

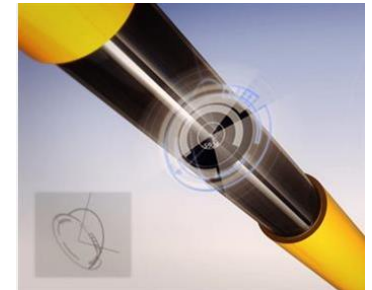
## Land:

- Leading technological edge through the new 508<sup>XT</sup> land acquisition system
- Successful deployment of Nomad 65 vibrator truck



## Marine:

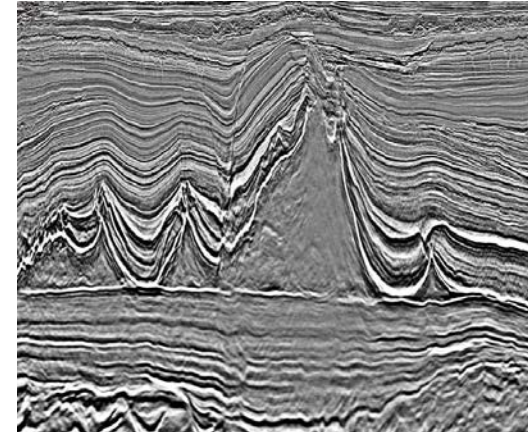
- Operational launch of the Sentinel MS
- Good acceptance of the QuietSea solution in the streamer configuration



# Subsurface Imaging & Reservoir (SIR): A resilient and profitable business driven by people expertise

## Exceeding our clients' expectations in resolving their challenges

- Highly skilled geoscientists developing new algorithms – over 15% staff dedicated to R&D
- Huge leased computing power capacity to handle massive volumes of data
- 31 processing centers worldwide
- Process high-profile and large-scale multi-client data library
- Reprocess vintage data sets to benefit from latest algorithms and technologies
- Resilient activity in North America



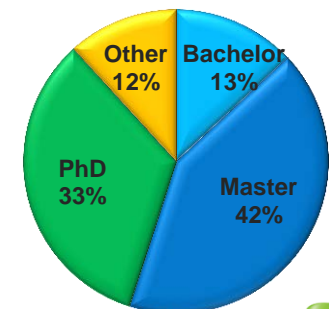
Subsurface Imaging innovation:

- 3D deghosting for broadband
- FWI for high-res models
- Advanced RTM imaging toolbox

Multi-Client data - Brazil

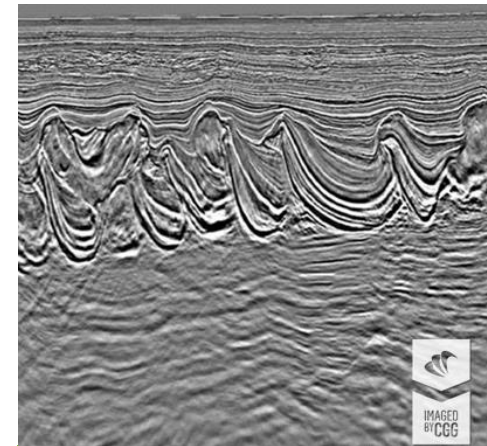
Exceptional people, remarkable technology & outstanding service

## Staffs educational level



# Multi-Client: How we differentiate

- The most recent and advanced seismic data library in world's key basins and frontiers
- Integrated geoscience solutions and reservoir optimization packages:
- US, Brazil and Mexico unique sub-salt expertise
- GeoSpec enhanced legacy seismic and wells
- Robertson innovative products and services for New Ventures



- 800,000 km<sup>2</sup> marine seismic
- 14,000 mi<sup>2</sup> US land seismic
- 500,000 km legacy 2D seismic
- Over 500 geological studies

Multi-Client data - South Basin, Gabon

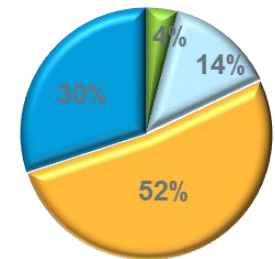
## Multi-client library key figures:

- Net book value of \$990 million
- 82% acquired in the last two years
- 88% Marine and 12% Land

**The right data, in the right place, at the right time**

## NBV June-end 16 by age

- 3 years old & more
- 2 years old
- 1 year old
- Surveys to be delivered

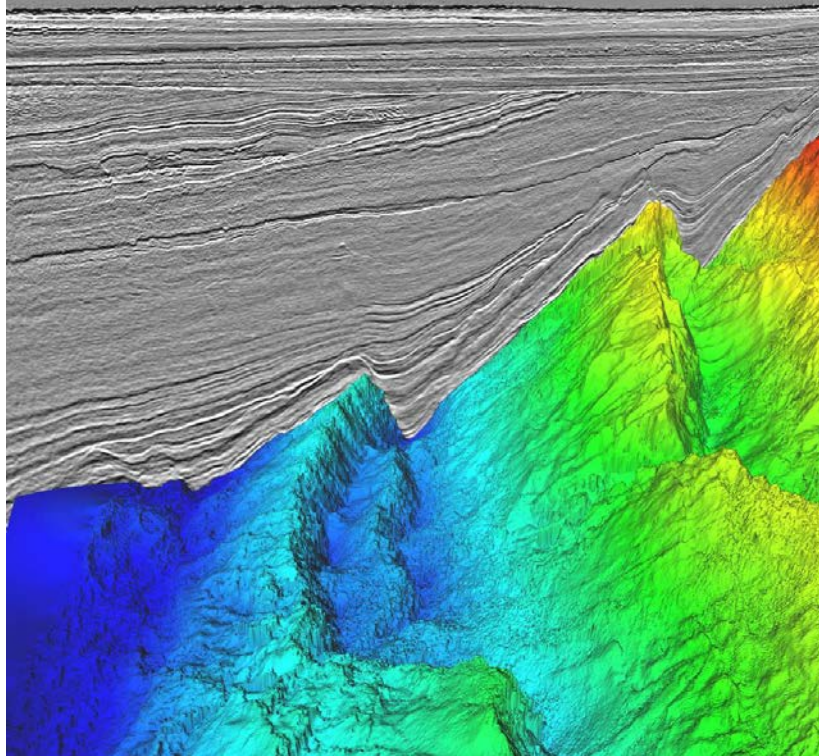




# Best-in-class Geoscience: A unique North Sea program

Founded on our unique geosciences capabilities and leadership in each domain, we deliver **best-in-class** products and services:

- through **integrated solutions**
- for **all geological settings**



North Viking Graben, North Sea  
Courtesy of Multi-Client & New Ventures

## Sercel

Sentinel & Nautilus  
SeaPro Nav

## Multi-Client New Ventures

Integrated project management

## Marine Acquisition

BroadSeis & BroadSource

## Subsurface Imaging

Reservoir-oriented processing  
Advanced broadband imaging

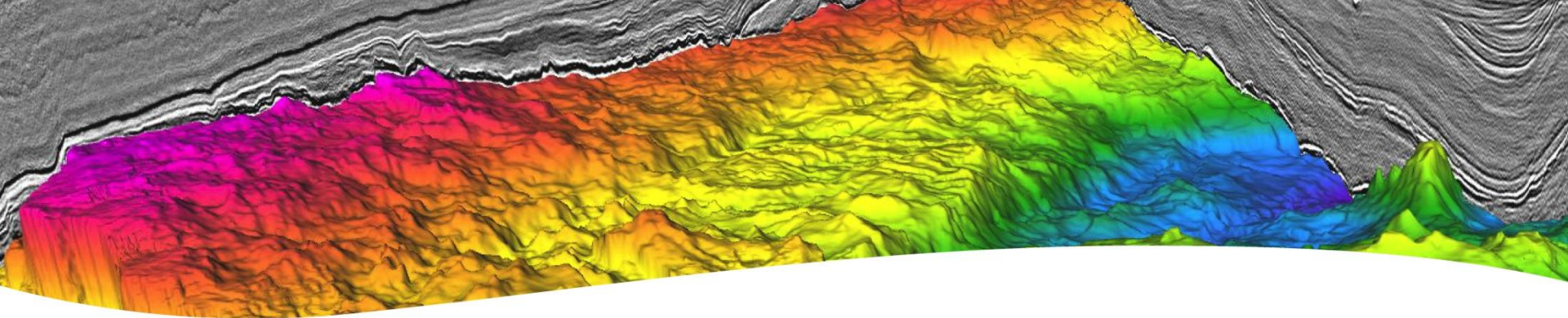
## GeoSoftware

Petrophysics  
Interpretation  
Inversion

## GeoConsulting

Seismic reservoir characterization  
Geological interpretation  
Satellite Mapping  
Data Management





# Conclusion



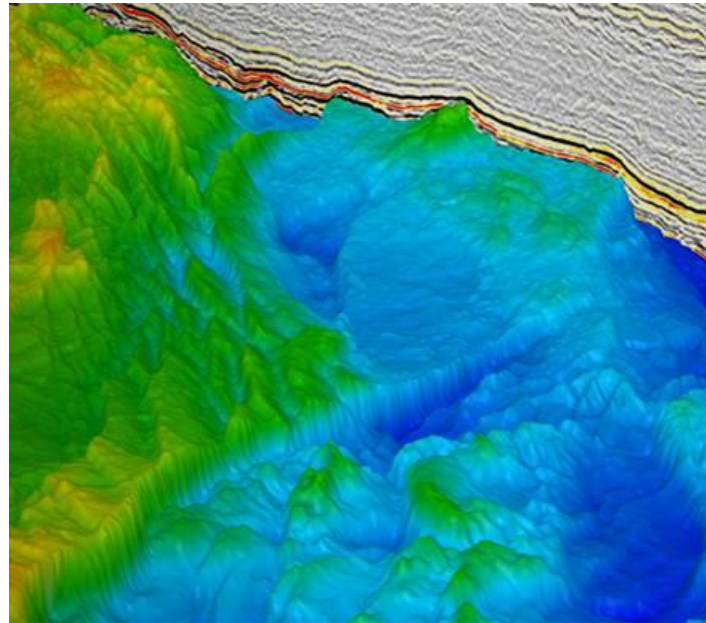


## Leading edge seismic & deep geological expertise

Valuable Multi-Client  
Studies

Powerful Software  
Workflows

Integrated Reservoir  
Characterization



Interpretation-ready  
Reservoir Data

Diverse Consulting  
Services

World-class Training

**We deliver unique Geoscience insight**



# Focus on operational excellence, execution of our Transformation Plan and cash generation

- Market remains challenging with very low pricing and reduced volumes but seems to be stabilizing with early signs of change in client sentiment
- Focusing on what we can control
  - Strong operational performance
  - Executing our Transformation Plan with no concessions to reap the full benefits in H2
  - Strict cost discipline and continuous optimization of our external cost base
  - 2016 Multi-client cash capex at \$300m/\$350m and industrial capex at \$75m/\$100m
  - Stringent cash management
- A transformed CGG offering Geoscience solutions at all scales
  - A fast, lean, flexible and customer focused Group
  - Less capital-intensive businesses to drive limited need for new industrial capex

**Confirmation of year-end 2016 Net Debt target below \$2.4bn**





# Thank you

Visit our website at [cgg.com](http://cgg.com)





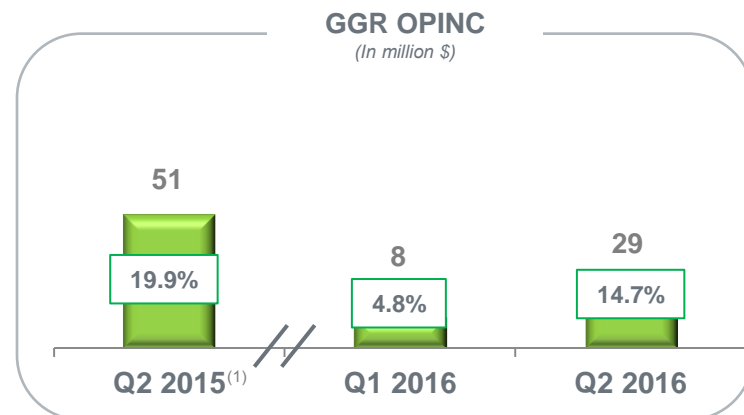
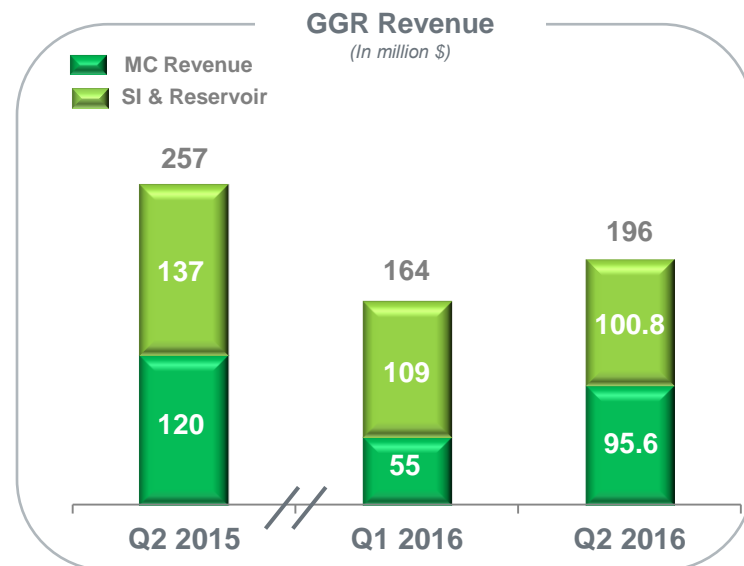
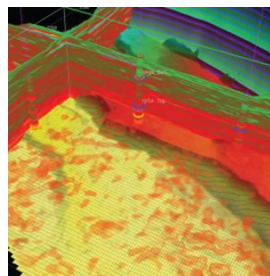
# Q2 Operational Review

Passion for Geoscience



# GGR: Solid Multi-Client revenue and SIR performance

- Total revenue at \$196m, up 20% q-o-q
- Multi-Client at \$96m, up 74% q-o-q
  - Prefunding sales at \$77.9m, up 65%
  - High cash prefunding rate at 84% vs 67% in Q1 2016
  - After-sales at \$17.7m, up 130%
  - Mostly in Latin America and Scandinavia
- Subsurface Imaging (SI) & Reservoir at \$101m, down (8)% q-o-q
  - Resilient in current conditions
- EBITDAs at \$120m
- Operating Income at \$29m, a 15% margin
  - Amortization rate at 80%, versus 78% in Q1 2016

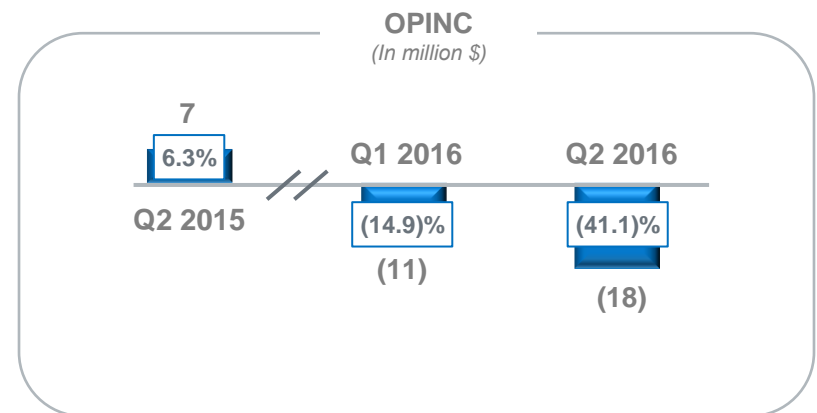
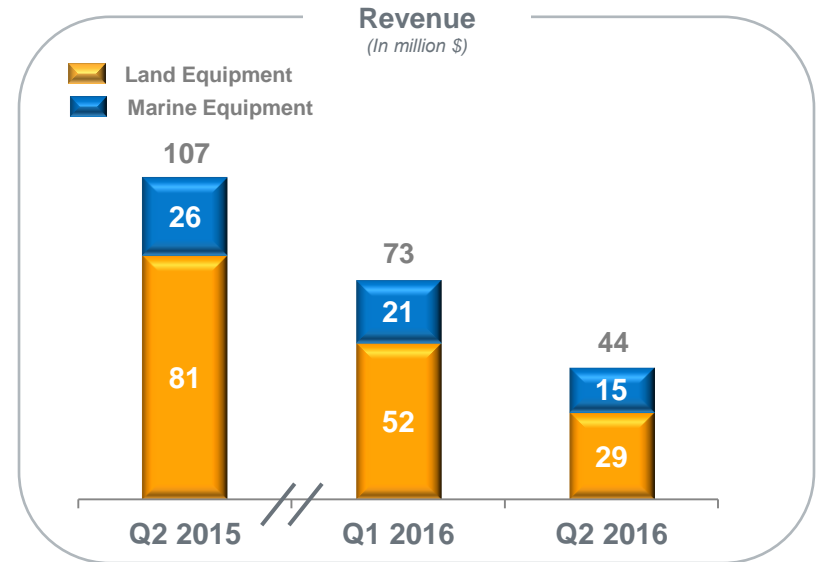


(1) New reporting format



# Equipment: Volumes at historical low level

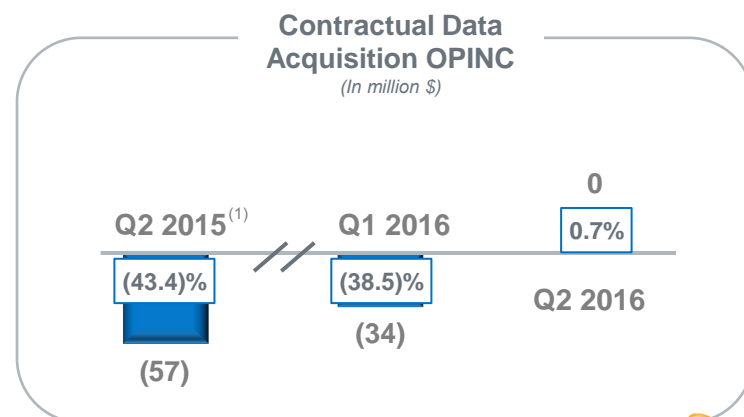
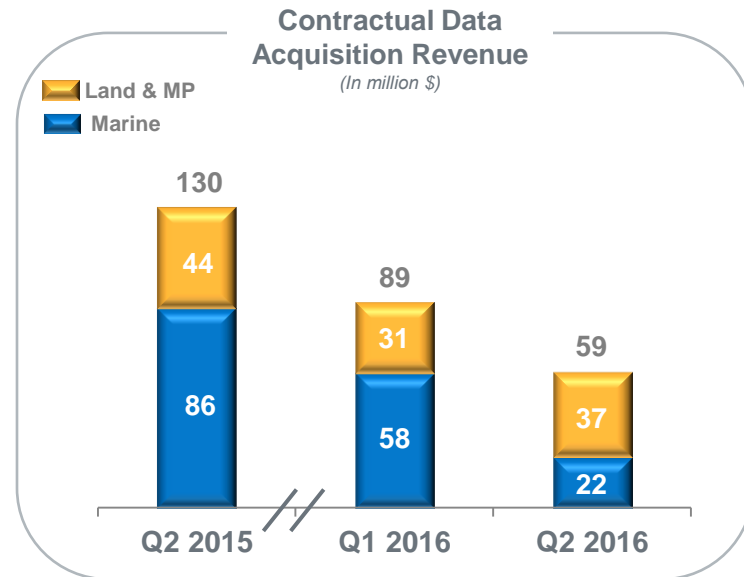
- Total sales at \$44m, down (39)% q-o-q
  - Some orders being delayed
  - 64% Land and 36% Marine equipment
  - Very low internal sales at \$8m
- EBITDAs at \$(9)m
- Operating Income at \$(18)m
  - Highly sensitive to volume
  - Break-even point further reduced
- H2 expected to be stronger in a lower cost base



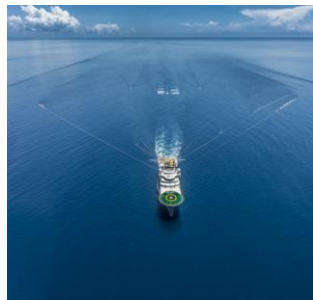


# Contractual Data Acquisition: Lower Marine weight due to higher fleet allocation to Multi-Client

- Total revenue at \$59m, down (34)% q-o-q
- Marine revenue at \$22m, down (62)% q-o-q
  - Only 34% of our five-vessel fleet dedicated to contractual market in Q2
  - Poor but stabilizing market conditions
- Land & Multi-Physics total revenue at \$37m, up 20% q-o-q
  - Low market activity except in Middle East and North Africa
  - Multi-Physics sale expected before year end
- EBITDAs at \$9m
- Operating Income at breakeven

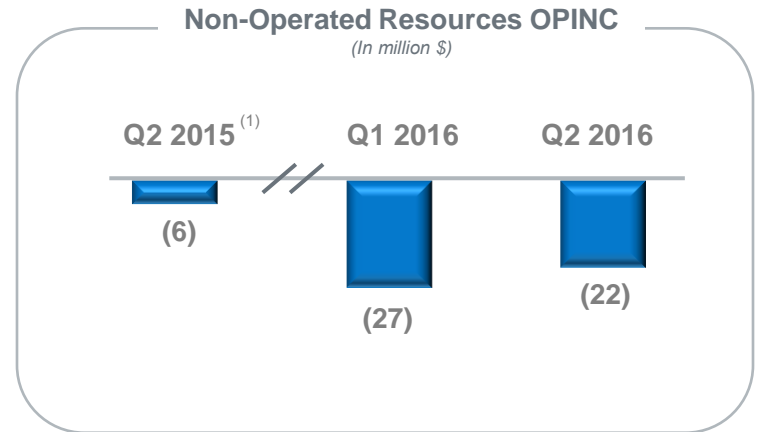


(1) New reporting format



# Non-Operated Resources (N.O.R)

- EBITDAs at \$(5)m
- Operating Income at \$(22)m
  - Amortization of excess streamers and lay-up costs
  - Owned vessels cold-stacked in Dunkirk provide high flexibility and ability to adapt quickly to market needs



(1) New reporting format

