# CGG Announces its 2018 Fourth Quarter & Full-Year Results

***From Q4 2018, CGG applied the following accounting changes:***
- ***Following the strategic plan announced on Nov. 7, 2018 and actions undertaken afterwards, Acquisition is accounted under IFRS 5 as discontinued operations and assets held for sale and therefore is no longer included in Sales, EBITDAs and Operating income;***
- ***In line with industry standards, CGG applied prospectively 4-year straight-line amortization for its Multi-Client library.***

## Q4 2018: solid sales and positive net cash flow at $21m

- IFRS figures: revenue at $370m, OPINC at $(282)m
- Segment revenue[1] at $438m, up 21% year-on-year, driven by strong multi-client sales
- Segment EBITDAs[1] at $235m, up 44% year-on-year, a 54% margin
- Segment operating income[1] at $10m, impacted by $(94)m additional straight-line amortization in Multi-Client due to change in estimate

## Q4 P&L impacts of the 2021 strategic roadmap and other NRC

- Group net income of $(790)m, impacted by:
  - Non-cash impairment charges of $(240)m, mainly linked to US Gulf of Mexico StagSeis data library of $(197)m, and Sercel inventory provision of $(30)m
  - Discontinued operations net loss of $(488)m, including $(263)m provisions and $(139)m non-cash impairments associated with Acquisition exit, in line with November 7, 2018 strategic announcements

## FY 2018: strong revenue growth and positive segment FCF at $134m

- IFRS figures: revenue at $1,194m, OPINC at $(180)m, Group net income at $(96)m
- Segment revenue[1] at $1,227m, up 19%
- Segment EBITDAs[1] at $556m, up 28%, a 45% margin
- Segment operating income[1] at $142m, versus $48m last year
- Net debt of $733m and liquidity of $434m at year-end with net cash flow of $(124)m. Leverage ratio at 1.3x

## 2019 Outlook

- Expected high single digit revenue growth in line with increase in E&P spending
- Segment EBITDAs margin expected at c. 45%, depending on revenue mix
- Segment operating income in the range of $75-125m, including multi-client amortization of $(365)-(385)m
- Total capex in the range of $330m-365m with multi-client cash capex at $250-275m, with a cash prefunding rate above 70%, and Industrial and R&D capex at $80-90m
- Higher cash generation, with segment FCF in the range of $175-200m

[1] Segment figures presented before IFRS 15 and Non-Recurring Charges (NRC)

***PARIS, France*** – *March 8th 2019* – **CGG** (ISIN: FR0013181864 – NYSE: CGG), **world leader in Geoscience**, announced today its 2018 fourth quarter and full-year unaudited results.

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

*"As the market continues its gradual recovery, CGG in its new profile delivered excellent 2018 operating results, which were above expectations. Our Geoscience, Multi-Client and Equipment businesses generated $134m of segment free cash flow validating our strategic decision to refocus the Company on its high value-add and profitable businesses.*

*CGG enjoys a leading technology position in Geoscience and Equipment, and as a result of our sustained investments in R&D during the downturn, we anticipate a solid pipeline of* *new products and innovative solutions to continue to generate strong returns in 2019 and beyond. As we enter 2019, we expect the Group to grow in line with market trends and remain focused on generating cash and are on track to deliver our 2021 plan."*

**Impacts from changes of profile and in accounting methods:**

- Discontinued operations

Following the strategic plan announced on Nov. 7, 2018 and actions undertaken afterwards, Contractual Data Acquisition is accounted under IFRS 5 as discontinued operations and 'assets held for sale' and therefore is no longer included in Sales, EBITDAs, operating income and free cash flow. Previous periods have been restated accordingly for P&L and cash-flow statements (but not for the balance sheet).
Implementation of the CGG 2021 strategic plan must comply with the undertakings and requirements in the CGG safeguard plan and other applicable local legal requirements.

- Change in Multi-Client four-year straight line amortization estimate

In line with industry standards, CGG applied prospectively a 4 year straight-line amortization for its Multi-Client library starting October 1, 2018. Total impact was an additional charge of $(94) million in Q4 2018, including $(57) million for the full amortization of surveys older than 4 years.

- IFRS 15

CGG implemented IFRS 15 on January 1, 2018 with a modified retrospective application. The only change compared to Group historical practices is related to multi-clients prefunding revenues. These prefunding revenues are recorded at delivery of the final data while they were historically recorded based on percentage of completion. For internal reporting purposes, CGG continues using historical method with prefunding revenues recorded based on percentage of completion.

CGG, as other seismic players, presents then a dual approach in the Group's results including: one set of figures (the "IFRS" figures) with prefunding revenue recognized in full only upon delivery of the final data and a second set of figures (the "Segment figures") produced in accordance with the Group's historical method, which correspond to the figures used for internal management reporting purposes and provide comparative information during the year 2018.

- IFRS 16

CGG will implement IFRS 16 starting January 1, 2019 with a modified retrospective application. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings on January 1, 2019, with no restatement of comparative information.

## Key Figures - Fourth Quarter 2018

| In million $ | Fourth Quarter 2017* | Fourth Quarter 2018 |
|---|---|---|
| **Group revenue** | **360.9** | **370.2** |
| **Operating income** | **29.4** | **(282.4)** |
| Equity from investments | (0.2) | (0.3) |
| Net cost of financial debt | (46.8) | (30.6) |
| Other financial income (loss) | 1.3 | (7.8) |
| Income taxes | (13.3) | 19.1 |
| **Net income from continuing operations** | **(29.6)** | **(302.0)** |
| Net income from discontinued operations | (45.3) | (488.0) |
| **Group net income** | **(74.9)** | **(790.0)** |
| Operating Cash Flow | 160.5 | 136.2 |
| Free Cash Flow | 33.7 | 47.6 |
| **Net debt** | **2,639.9** | **732.6** |
| **Capital employed** | **3,156.4** | **2,406.8** |

**Previous periods are not restated in accordance with IFRS 15*

## Key Segment Figures - Fourth Quarter 2018

| In million $ | Fourth Quarter 2017 | Fourth Quarter 2018 |
|---|---|---|
| **Segment revenue** | **360.9** | **437.6** |
| **Segment EBITDAs** | **163.2** | **234.8** |
| *Group EBITDAs margin* | *45.2%* | *53.7%* |
| **Segment operating income** | **54.6** | **9.7** |
| *Opinc margin* | *15.1%* | *2.2%* |
| Non-recurring charges (NRC) | (25.2) | (269.0) |
| IFRS 15 adjustment | - | (23.1) |
| **IFRS operating income** | **29.4** | **(282.4)** |
| Segment Operating Cash Flow | 180.6 | 140.3 |
| Segment Free Cash Flow | 66.6 | 86.1 |

## Key Figures – Full-Year 2018

| In million $ | FY 2017* | FY 2018 |
|---|---|---|
| **Group revenue** | **1,035.1** | **1,193.5** |
| **Operating income** | **(57.9)** | **(179.7)** |
| Equity from investments | (0.4) | (1.2) |
| Net cost of financial debt | (211.0) | (127.4) |
| Other financial income (loss) | 21.5 | 819.9 |
| Income taxes | (18.7) | (7.4) |
| **Net income from continuing operations** | **(266.5)** | **504.2** |
| Net income from discontinued operations | (247.6) | (600.0) |
| **Group Net income** | **(514.1)** | **(95.8)** |
| Operating Cash Flow | 385.6 | 365.3 |
| Free Cash Flow | (7.1) | (4.3) |
| **Net debt** | **2,639.9** | **732.6** |
| **Capital employed** | **3,156.4** | **2,406.8** |

* *Previous periods are not restated in accordance with IFRS 15*

## Key Segment Figures – Full-Year 2018

| In million $ | FY 2017 | FY 2018 |
|---|---|---|
| **Segment revenue** | **1,035.1** | **1,227.4** |
| **Segment EBITDAs** | **434.0** | **556.0** |
| *Group EBITDAs margin* | *41.9%* | *45.3%* |
| **Segment operating income** | **48.3** | **142.3** |
| *Opinc margin* | *4.7%* | *11.6%* |
| Non-recurring charges (NRC) | (106.2) | (287.8) |
| IFRS 15 adjustment | - | (34.2) |
| **IFRS operating income** | **(57.9)** | **(179.7)** |
| Segment Operating Cash Flow | 437.1 | 430.2 |
| Segment Free Cash Flow | 129.4 | 133.8 |

## Key figures bridge: Segment to IFRS - Fourth Quarter 2018

| **Q4 2018 P&L items**<br>In million $ | **Segment figures** | **IFRS 15 adjustments** | **NRC* adjustments** | **IFRS figures** |
|---|---|---|---|---|
| Total revenue | 437.6 | (67.4) | - | 370.2 |
| Operating income | 9.7 | (23.1) | (269.0) | (282.4) |

| **Q4 2018 Cash Flow Statement items**<br>In million $ | **Segment figures** | **IFRS 15 adjustments** | **NRC* adjustments** | **IFRS figures** |
|---|---|---|---|---|
| EBITDAs | 234.8 | (67.4) | (29.1) | 138.3 |
| Change in Working Capital & Provisions | (87.0) | 67.4 | 3.1 | (16.5) |
| Cash Flow from Operations | 140.3 | - | (4.1) | 136.2 |

| **Multi-Client Data Library NBV**<br>In million $ | **Segment figures** | **IFRS 15 adjustments** | **NRC* adjustments** | **IFRS figures** |
|---|---|---|---|---|
| Opening Balance Sheet – October 1st 2018** | 902.4 | 72.6 | - | 975.0 |
| Closing Balance Sheet – December 31st 2018 | 744.6 | 114.7 | (226.0) | 633.3 |

**NRC linked to the 2021 plan, Transformation Plan, Financial Restructuring, impairments and write-offs*
*** Before $(57)m full amortization of surveys older than 4-years*

## Key figures bridge: Segment to IFRS – Full-Year 2018

| **FY 2018 P&L items**<br>In million $ | **Segment figures** | **IFRS 15 adjustments** | **NRC* adjustments** | **IFRS figures** |
|---|---|---|---|---|
| Total revenue | 1,227.4 | (33.9) | - | 1,193.5 |
| Operating income | 142.3 | (34.2) | (287.8) | (179.7) |

| **FY 2018 Cash Flow Statement items**<br>In million $ | **Segment figures** | **IFRS 15 adjustments** | **NRC* adjustments** | **IFRS figures** |
|---|---|---|---|---|
| EBITDAs | 556.0 | (33.9) | (47.9) | 474.2 |
| Change in Working Capital & Provisions | (107.0) | 33.9 | (13.9) | (87.0) |
| Cash Flow from Operations | 430.2 | - | (64.9) | 365.3 |

| **Multi-Client Data Library NBV**<br>In million $ | **Segment figures** | **IFRS 15 adjustments** | **NRC* adjustments** | **IFRS figures** |
|---|---|---|---|---|
| Opening Balance Sheet – January 1st 2018 | 831.2 | 119.0 | - | 950.2 |
| Closing Balance Sheet – December 31st 2018 | 744.6 | 114.7 | (226.0) | 633.3 |

**NRC linked to the 2021 plan Transformation Plan, Financial Restructuring, impairments and write-offs*

## Fourth Quarter 2018 Segment Financial Results

### Geology, Geophysics & Reservoir (GGR)

| GGR<br>In million $ | Fourth Quarter 2017 | Fourth Quarter 2018 | Variation Year-on-year |
|---|---|---|---|
| **Segment revenue** | **255.0** | **332.8** | **31%** |
| Geoscience (SIR) | 96.3 | 109.2 | 13% |
| Multi-Client | 158.7 | 223.6 | 41% |
| *Prefunding* | *72.1* | *106.8* | *48%* |
| *After-Sales* | *86.6* | *116.8* | *35%* |
| **Segment EBITDAs** | **164.5** | **230.8** | **40%** |
| *Margin* | *64.5%* | *69.4%* | *490 bps* |
| **Segment operating income** | **63.3** | **14.5** | **(77)%** |
| *Margin* | *24.8%* | *4.4%* | *na* |
| Equity from investments | (0.2) | (0.3) | 50% |
| **Capital employed** (in billion $) | **2.2** | **2.0** | *na* |
| **Other key metrics** | | | |
| Fleet allocated to Multi-Client surveys (%) | 75% | 45% | *na* |
| Multi-Client cash capex ($m) | 89.0 | 39.7 | *na* |
| Multi-Client cash prefunding rate (%) | 82% | 268% | *na* |

**GGR segment revenue** was $333 million, up 31% year-on-year.

- **Geoscience revenue** was $109 million, up 13% year-on-year, with typical seasonality for software sales at year-end. Demand was solid across all regions for high-end imaging and reservoir delineation services.
- **Multi-Client revenue** was $224 million, up 41% year-on-year. After-sales were strong in active basins, at $117 million up 35% year-on-year. Prefunding sales were up 48% year-on-year at $107 million and supported by a c. $25 million catch-up in Africa that slipped into Q4. Two vessels were active for offshore multi-client surveys in the North Sea and Australia. CGG was active in the lower 48 with the Chickasha Extension in Oklahoma and the start of the Bayou Boeuf survey in Louisiana targeting new unconventional plays.

**GGR segment EBITDAs** was $231 million, up 40% with 69% margin.

**GGR segment operating income** was $15 million, with a 4% margin, after $(94) million impact based on updating to a 4-year straight-line amortization estimate, in line with industry standards. After year-end impairments of $(226) million, mainly attributable to the $(197) million US Gulf of Mexico StagSeis survey, the segment library Net Book Value stood at $519 million at the end of December 2018, split 90% offshore and 10% onshore.

**GGR capital employed** was down to $2.0 billion at the end of December 2018.

## Equipment

| Equipment<br>In million $ | Fourth Quarter 2017 | Fourth Quarter 2018 | Variation Year-on-year |
|---|---|---|---|
| **Segment revenue** | **116.0** | **107.8** | **(7)%** |
| *Land* | *66.9* | *79.8* | *19%* |
| *Marine* | *38.8* | *16.3* | *(58)%* |
| *Downhole gauges* | *6.9* | *9.3* | *35%* |
| *Non Oil&Gas* | *3.5* | *2.3* | *(34)%* |
| **Segment EBITDAs** | **16.4** | **18.3** | **12%** |
| *Margin* | *14.1%* | *17.0%* | *310 bps* |
| **Segment operating income** | **8.9** | **10.1** | **13%** |
| *Margin* | *7.7%* | *9.4%* | *170 bps* |
| **Capital employed** (in billion $) | **0.6** | **0.5** | *na* |

**Equipment segment revenue** was $108 million, down 7%. External sales were $105 million, stable year-on-year.

Land equipment sales represented 74% of total sales, compared to 58% last year, driven by strong land channel and geophone deliveries in India and China.

Marine equipment sales represented 15% of total sales, compared to 34% last year, in a continued weak data acquisition marine market.

Downhole equipment sales were up 35% at $9 million on the back of strong unconventional activity in US lower 48.

**Equipment segment EBITDAs** was $18 million, with 17% margin.

**Equipment segment operating income** was $10 million, with 9% margin.

**Equipment capital employed** was down to $0.5 billion at the end of December 2018.

# Fourth Quarter 2018 Financial Results

| Consolidated Income Statements<br>In million $ | Fourth Quarter 2017 | Fourth Quarter 2018 | Variation Year-on-year |
|---|---|---|---|
| *Exchange rate euro/dollar* | *1.18* | *1.14* | *na* |
| **Segment revenue** | **360.9** | **437.6** | **21%** |
| GGR | 255.0 | 332.8 | 31% |
| Equipment | 116.0 | 107.8 | (7)% |
| Elimination | (10.1) | (3.0) | *na* |
| **Gross margin** | **88.9** | **56.1** | **(37)%** |
| **Segment EBITDAs** | **163.2** | **234.8** | **44%** |
| GGR | 164.5 | 230.8 | 40% |
| Equipment | 16.4 | 18.3 | 12% |
| Corporate | (13.8) | (12.7) | (8)% |
| Eliminations | (3.9) | (1.6) | *na* |
| *NRC before impairment* | (25.2) | (29.1) | 15% |
| **Segment operating income** | **54.6** | **9.7** | **(82)%** |
| GGR | 63.3 | 14.5 | (77)% |
| Equipment | 8.9 | 10.1 | 13% |
| Corporate | (13.8) | (12.7) | (8)% |
| Eliminations | (3.8) | (2.2) | *na* |
| *NRC* | (25.2) | (269.0) | 967% |
| *IFRS 15 adjustment* | - | (23.1) | *na* |
| **IFRS operating income** | **29.4** | **(282.4)** | *na* |
| Equity from investments | (0.2) | (0.3) | 50% |
| Net cost of financial debt | (46.8) | (30.6) | 35% |
| Other financial income (loss) | 1.3 | (7.8) | (700)% |
| Income taxes | (13.3) | 19.1 | 244% |
| **Net income from continuing operations** | **(29.6)** | **(302.0)** | (920)% |
| Net income from discontinued operations | (45.3) | (488.0) | (977)% |
| **IFRS net income** | **(74.9)** | **(790.0)** | **(955)%** |
| Shareholder's net income | (76.9) | (791.0) | (929)% |
| Earnings per share in $ | (1.67) | (1.11) | *na* |
| Earnings per share in € | (1.36) | (0.93) | *na* |

**Segment revenue** was $438 million, up 21% year-on-year. The respective contributions from the Group's businesses were 26% from Geoscience, 50% from Multi-Client (in total 76% for GGR) and 24% from Equipment.

**Segment EBITDAs** was $235 million, a 54% margin.

**Segment operating income** was $10 million, a 2% margin, after the $(94) million additional Multi-Client straight-line amortization, of which $(57) million was for the rebasing of surveys older than 4 years to zero.

**Non-recurring charges** (NRC) were $(269) million, split as follows:

- $(240) million of assets impairment, mainly linked to Gulf of Mexico StagSeis data library of $(197) million; and
- $(30) million of inventory provision at Sercel.

**IFRS 15 adjustment** at operating income level was $(23) million.

**IFRS operating income**, after NRC and IFRS 15 adjustment, was $(282) million.

**Cost of financial debt** was $(31) million. The total amount of interest paid during the quarter was $(34) million.

**Other financial items** were $(8) million, mainly linked to negative foreign exchange effect.

**Income taxes** were positive $19 million, mainly due to deferred tax in the US and UK.

**Net income from continuing operations** was $(302) million.

**Discontinued operations**

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

- Segment revenue were $50 million this quarter and segment operating income $(35) million.

- Non-recurring charges amounted to $(406) million, split as follows: $(263) million for provisions and $(139) for non-cash impairments linked to the 2021 plan, following our decision to exit the Acquisition businesses, and $(4) million of provisions linked to our old Transformation Plan.

Net income from discontinued operations was $(488) million.

**Group net income** was $(790) million.

After minority interests, **Group net income attributable to CGG shareholders** was $(791) million/ €(669) million.

## Cash Flow

| Cash Flow items<br>In million $ | Fourth Quarter 2017 | Fourth Quarter 2018 | Variation Year-on-year |
|---|---|---|---|
| **Segment Operating Cash Flow** | **180.6** | **140.3** | **(22)%** |
| **Capex** | **(116.2)** | **(57.9)** | 50% |
| Industrial | (17.5) | (8.2) | (53)% |
| R&D | (9.7) | (10.0) | 3% |
| Multi-Client (Cash) | (89.0) | (39.7) | (55)% |
| *Marine MC* | (74.0) | (33.5) | (55)% |
| *Land MC* | (15.0) | (6.2) | (59)% |
| Proceeds from disposals of assets | 2.2 | 3.7 | 68% |
| **Segment Free Cash Flow** | **66.6** | **86.1** | 29% |
| Paid cost of debt | (12.8) | (34.4) | (169)% |
| Cash NRC | (20.1) | (4.1) | 80% |
| Free cash flow from discontinued operations | (46.7) | (26.6) | (43)% |
| **Net cash flow** | **(13.0)** | **21.0** | 262% |

**Segment Operating Cash Flow** was $140 million compared to $181 million for the fourth quarter of 2017. Including cash Non-Recurring Charges of $(4) million, the IFRS Operating Cash Flow was $136 million.

**Total capex** was $58 million, down 50%:

- **Industrial capex** was $8 million, down 53%
- **Research & Development capex** was $10 million, up 3%
- **Multi-client cash capex** was $40 million, down 55%, with a 268% cash prefunding rate

**Segment Free Cash Flow** was at $86 million, compared to $67 million for the fourth quarter of 2017. After paid cost of debt, cash NRC and free cash flow from discontinued operations, **Net Cash Flow** was at $21 million.

## Full-Year 2018 Financial Results

| Consolidated Income Statements<br>In million $ | FY 2017 | FY 2018 | Variation Year-on-year |
|---|---|---|---|
| *Exchange rate euro/dollar* | *1.12* | *1.18* | *na* |
| **Segment revenue** | **1,035.1** | **1,227.4** | **19%** |
| GGR | 819.6 | 913.4 | 11% |
| Equipment | 241.2 | 350.8 | 45% |
| Elimination | (25.7) | (36.8) | *na* |
| **Gross margin** | **186.2** | **298.1** | **60%** |
| **Segment EBITDAs** | **434.0** | **556.0** | **28%** |
| GGR | 486.0 | 557.8 | 15% |
| Equipment | (6.1) | 42.1 | 790% |
| Corporate | (37.8) | (39.1) | 3% |
| Eliminations | (8.1) | (4.8) | *na* |
| *NRC before impairment* | (106.2) | (47.9) | (55)% |
| **Segment operating income** | **48.3** | **142.3** | **195%** |
| GGR | 130.7 | 175.8 | 35% |
| Equipment | (35.9) | 11.7 | 133% |
| Corporate | (37.8) | (39.1) | 3% |
| Eliminations | (8.7) | (6.1) | *na* |
| *NRC* | (106.2) | (287.8) | 171% |
| *IFRS 15 adjustment* | - | (34.2) | *na* |
| **IFRS operating income** | **(57.9)** | **(179.7)** | **(210)%** |
| Equity from investments | (0.4) | (1.2) | 200% |
| Net cost of financial debt | (211.0) | (127.4) | (40)% |
| Other financial income (loss) | 21.5 | 819.9 | *na* |
| Income taxes | (18.7) | (7.4) | (60)% |
| **Net income from continuing operations** | (266.5) | 504.2 | **289%** |
| Net income from discontinued operations | (247.6) | (600.0) | (142)% |
| **Group net income** | **(514.1)** | **(95.8)** | **(81)%** |
| Shareholder's net income | (514.9) | (101.6) | 80% |
| Earnings per share in $ | (11.18) | (0.17) | *na* |
| Earnings per share in € | (9.96) | (0.14) | *na* |

**Segment revenue** was $1,228 million, up 19% compared to 2017. The respective contributions from the Group’s businesses were 32% from Geoscience, 42% from Multi-Client (in total 74% for GGR) and 26% from Equipment.

**GGR segment revenue** was $913 million, up 11% year-on-year.

- **Geoscience revenue** was $396 million, up 13% year-on-year.
- **Multi-Client revenue** was $517 million, up 10% year-on-year. After-sales were strong in active basins, at $302 million up 35% year-on-year. Prefunding sales were down year-on-year at $216 million as capex was down to $223 million. The 2018 prefunding rate was 97% and above the 70% target

**Equipment segment total revenue** was $351 million, up 45% year-on-year. External sales were $314 million up 46% year-on-year.

**Segment EBITDAs** was $556 million, up 28% with 45% margin.

**Segment operating income** was $142 million, up 195% with 12% margin.

- **GGR** operating income was $176m, up 35% with 19% margin.

Geoscience delivered a strong performance, with increased activity across all businesses.

Multi-Client sales reached $517 million, offshore sales were highest in North Sea and Brazil. The depreciation rate was 107%, after year-end impairments, leading to a segment library Net Book Value of $519 million at the end of December.

- **Equipment** operating income was back to black at $12 million, mainly due to strong land equipment sales and continued growth in downhole gauges and despite a weak marine equipment market.

**Non-recurring charges** (NRC) were $(288) million, split as follows:

- $(240) million of assets impairment, mainly linked to StagSeis data library of $(197) million;
- $(30) million of inventory provision at Sercel;
- $(15) million of professional fees mainly linked to the financial restructuring; and
- $(3) million of other costs related to our 'Transformation Plan'.

**IFRS 15 adjustment** at operating income level was $(34) million.

**IFRS operating income**, after NRC and IFRS 15 adjustment was $(180) million.

**Cost of financial debt** was $(127) million. The total amount of interest paid during the year was $(73) million.

**Other financial income** was positive at $820 million, split as follows:

- $771 million positive financial restructuring impact;
- $74 million one-offs, mainly linked to positive foreign exchange effect associated with the shift of EURO/US$ balance sheet exposure following on one hand, the financial restructuring and on the other hand, the first lien refinancing. EURO/US$ balance sheet exposure was significantly reduced by end of June;
- $(21) million first lien refinancing costs; and
- $(4) million of other charges

**Income taxes** were $(7) million.

**Net income from continuing operations** was $504 million.

**Discontinued operations**

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

- Segment revenue was $226 million this year and segment operating income was $(110) million.

- Non-recurring charges amounted to $(429) million, split as follows: $(263) million for provisions and $(139) for non-cash impairments following our decision to exit the Acquisition businesses, and $(27) million of provisions linked to our old Transformation Plan.

- Other elements were: $(32) million negative impact in Other Financial Income, $(25) million of tax charges and $(4) million Equity from investments contribution, mainly attributable to the negative contributions from the GSS and SBGS JVs.

Net income from discontinued operations was $(600) million.

**Group net income** was $(96) million.

After minority interests, **Group net income attributable to CGG shareholders** was $(102) million / €(86) million.

## Cash Flow

| Cash Flow items<br>In million $ | FY 2017 | FY 2018 | Variation Year-on-year |
|---|---|---|---|
| **Segment Operating Cash Flow** | **437.1** | **430.2** | **(2)%** |
| **Capex** | **(318.2)** | **(300.8)** | **(5)%** |
| Industrial | (35.4) | (44.9) | 27% |
| R&D | (31.8) | (33.1) | 4% |
| Multi-Client (Cash) | (251.0) | (222.8) | (11)% |
| *Marine MC* | (217.8) | (188.7) | (13)% |
| *Land MC* | (33.2) | (34.1) | 3% |
| Proceeds from disposals of assets | 10.5 | 4.4 | (58)% |
| **Segment Free Cash Flow** | **129.4** | **133.8** | **3%** |
| Paid cost of debt | (85.0) | (73.2) | (11)% |
| Cash NRC | (51.5) | (64.9) | (26)% |
| Free cash flow from discontinued operations | (189.9) | (119.3) | 37% |
| **Net cash flow** | **(197.0)** | **(123.6)** | **37%** |

**Segment Operating Cash Flow** was $430 million, compared to $437 million in 2017. Including cash Non-Recurring Charges of $(65) million, the IFRS Operating Cash Flow was $365 million.

**Total capex** was $301 million, down 5%:

- **Industrial capex** was $45 million, up 27%
- **Research & development capex** was $33 million, up 4%
- **Multi-client cash capex** was $223 million, down 11%, with a cash prefunding rate of 97%

**Segment Free Cash Flow** was at $134 million, up 3% compared to 2017. After paid cost of debt, cash NRC – mainly linked to the payment of financial restructuring fees – and free cash flow from discontinued operations, **Net Cash Flow** was at $(124) million.

## Balance Sheet

Group gross debt was $1,167 million at the end of December 2018. Available cash was $434 million and Group **net debt** was $733 million.

The Group's **liquidity** amounted to $434 million at the end of December 2018.

## Q4 2018 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:**

**From your computer at:** **www.cgg.com**

A replay of the conference will be available via webcast on the CGG website at: www.cgg.com.

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

| | |
|---|---|
| France call-in | +33(0) 1 76 70 07 94 |
| UK call-in | +44(0) 844 571 8892 |
| Access code | 6279887 |

### About CGG:

*CGG (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 business segments of Equipment, Acquisition and Geology, Geophysics & Reservoir (GGR), CGG brings value across all aspects of natural resource exploration and exploitation. CGG employs around 5.200 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).*

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# CONSOLIDATED FINANCIAL STATEMENTS

# DECEMBER 31. 2018

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| Amounts in millions of U.S.$, unless indicated | December 31, 2018 | December 31, 2017 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | 434.1 | 315.4 |
| Trade accounts and notes receivable, net (2) | 520.2 | 522.6 |
| Inventories and work-in-progress, net | 204.8 | 239.3 |
| Income tax assets | 72.1 | 61.6 |
| Other current assets, net | 99.1 | 117.0 |
| Assets held for sale, net (4) | 195.5 | 14.6 |
| **Total current assets** | **1,525.8** | **1,270.5** |
| Deferred tax assets | 22.6 | 21.9 |
| Investments and other financial assets, net | 31.1 | 62.6 |
| Investments in companies under equity method | 0.1 | 192.7 |
| Property, plant and equipment, net | 189.2 | 330.3 |
| Intangible assets, net (2) (3) | 898.9 | 1,152.2 |
| Goodwill, net | 1,229.0 | 1,234.0 |
| **Total non-current assets** | **2,370.9** | **2,993.7** |
| **TOTAL ASSETS** | **3,896.7** | **4,264.2** |
| **LIABILITIES AND EQUITY** | | |
| Bank overdrafts | — | 0.2 |
| Current portion of financial debt (1) | 17.8 | 2,902.8 |
| Trade accounts and notes payables | 126.4 | 169.9 |
| Accrued payroll costs | 135.8 | 153.6 |
| Income taxes payable | 49.6 | 38.7 |
| Advance billings to customers | 35.7 | 25.9 |
| Provisions — current portion | 172.4 | 58.3 |
| Current liabilities associated with funded receivables | — | 9.8 |
| Other current liabilities (2) | 250.9 | 123.1 |
| Liabilities directly associated with the assets classified as held for sale (4) | 131.7 | — |
| **Total current liabilities** | **920.3** | **3,482.3** |
| Deferred tax liabilities | 44.4 | 62.0 |
| Provisions — non-current portion | 95.9 | 121.6 |
| Financial debt (1) | 1,148.9 | 52.3 |
| Other non-current liabilities | 13.1 | 17.9 |
| **Total non-current liabilities** | **1,302.3** | **253.8** |
| Common stock: 829,153,000 shares authorized and 709,944,816 shares with a €0.01 nominal value issued and outstanding at December 31, 2018 | 8.7 | 20.3 |
| Additional paid-in capital (1) | 3,184.6 | 1,850.0 |
| Retained earnings (1) | (1,457.8) | (1,354.6) |
| Other Reserves | (27.9) | 37.6 |
| Treasury shares | (20.1) | (20.1) |
| Cumulative income and expense recognized directly in equity | (0.9) | (0.8) |
| Cumulative translation adjustment | (55.1) | (43.3) |
| **Equity attributable to owners of CGG S.A.** | **1,631.5** | **489.1** |
| Non-controlling interest | 42.6 | 39.0 |
| **Total equity** (1) (2) | **1,674.1** | **528.1** |
| **TOTAL LIABILITIES AND EQUITY** | **3,896.7** | **4,264.2** |

*(1) After completion of the financial restructuring, the financial debt decreased from US$2,955 million as of December 31, 2017 down to US$1,205 million as of February 21, 2018, out of which US$10 million were current and US$1,195 million were non-current. The equity of the Group has been positively impacted by the completion of the financial restructuring as of February 21, 2018: c. US$2.08 billion equity increased, including a c.US$0.76 billion net income impact.*

*(2) The cumulative effects due to the changes related to the adoption of IFRS 15 are US$(11.6) million on opening equity. As of December 31, 2018 the effects are US$(46.4) million on equity, an increase of US$114.7 million of multiclient library and an increase of US$138.5 million of deferred revenues.*

*(3) The impact of changes in estimates on multi-clients amortization is a reduction of the NBV calculated amounting to US$(94) million compared to the NBV calculated with previous amortization estimate as of December 31, 2018.*

*(4) As a direct consequences of 7th of November 2018 Capital Market Day strategy announcement (CGG 2021), US$195.5 million are presented as Assets held for sale and US$ (131.7) million are presented in liabilities directly associated with assets held for sale as of December 31, 2018.*

## CONSOLIDATED STATEMENTS OF OPERATIONS

| Amounts in millions of U.S.$, except per share data or unless indicated | | December 31, 2018 | December 31, 2017 (restated*) |
|---|---|---|---|
| Operating revenues (5) | | 1,193.5 | 1,035.1 |
| Other income from ordinary activities | | 1.4 | 0.8 |
| **Total income from ordinary activities** | | **1,194.9** | **1,035.9** |
| Cost of operations (6) | | (931.0) | (849.7) |
| **Gross profit** | | **263.9** | **186.2** |
| Research and development expenses — net | | (30.5) | (17.9) |
| Marketing and selling expenses | | (45.9) | (46.6) |
| General and administrative expenses | | (81.1) | (74.1) |
| Other revenues (expenses) — net | | (286.1) | (105.5) |
| **Operating income** | | **(179.7)** | **(57.9)** |
| Expenses related to financial debt | | (129.7) | (214.0) |
| Income provided by cash and cash equivalents | | 2.3 | 3.0 |
| **Cost of financial debt, net** | | **(127.4)** | **(211.0)** |
| Other financial income (loss) (4) | | 819.9 | 21.5 |
| **Income (loss) before income taxes and share of income (loss) in companies accounted for under equity method** | | **512.8** | **(247.4)** |
| Income taxes | | (7.4) | (18.7) |
| Share of income (loss) in companies accounted for under equity method | | (1.2) | (0.4) |
| **Net income (loss) from continuing operations** | | **504.2** | **(266.5)** |
| Net income (loss) from discontinued operations (7) | | (600.0) | (247.6) |
| **Net income (loss)** (5) | | **(95.8)** | **(514.1)** |
| *Attributable to :* | | | |
| *Owners of CGG SA* | $ | (101.6) | (514.9) |
| *Owners of CGG SA* (1) | € | (85.9) | (458.6) |
| *Non-controlling interests* | $ | 5.8 | 0.8 |
| Weighted average number of shares outstanding (2) | | 608,438,241 | 46,038,287 |
| Dilutive potential shares from stock options | | (3) | (3) |
| Dilutive potential shares from performance share plans | | (3) | (3) |
| Dilutive potential shares from warrants | | (3) | (3) |
| Dilutive weighted average number of shares outstanding adjusted when dilutive (2) | | 608,438,241 | 46,038,287 |
| **Net income (loss) per share** | | | |
| Basic | $ | (0.17) | (11.18) |
| Basic(1) | € | (0.14) | (9.96) |
| Diluted | $ | (0.17) | (11.18) |
| Diluted(1) | € | (0.14) | (9.96) |

** 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" at December 31, 2018 and 2017.*

*(1) Converted at the average exchange rate of US$1.1828 and US$1.1227 per € for 2018 and 2017 respectively.*

*(2) As a result of the February 21, 2018 CGG S.A. capital increase via an offering of preferential subscription rights to existing shareholders, the calculation of basic and diluted earnings per share for 2017 has been adjusted retrospectively. Number of ordinary shares outstanding has been adjusted to reflect the proportionate change in the number of shares.*

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

*(4) The net income of the Group has been positively impacted by the completion of the financial restructuring as of February 21, 2018, c. US$0.76 billion net income impact.*

*(5) The effects due to the changes related to the adoption of IFRS 15 are US$(33.9) million on revenues and US$(38.3) million on net income in 2018.*

*(6) The impact of changes in estimates on multi-clients amortization is an additional amortization of US$(94) million on 2018 compared to previous estimate of amortization.*

*(7) As a direct consequences of 7th of November 2018 Capital Market Day strategy announcement, US$(600.0) million are presented as a loss of discontinued operations in 2018, including a US$(422.8) million impact of CGG 2021 plan.*

## CONSOLIDATED STATEMENTS OF OPERATIONS

| Amounts in millions of U.S.$, except per share data or unless indicated | | Three months ended December 31, 2018 | 2017 (restated*) |
|---|---|---|---|
| Operating revenues [4] | | 370.2 | 360.9 |
| Other income from ordinary activities | | 0.3 | 0.1 |
| **Total income from ordinary activities** | | **370.5** | **361.0** |
| Cost of operations [5] | | (337.5) | (272.1) |
| **Gross profit** | | **33.0** | **88.9** |
| Research and development expenses — net | | (16.1) | (3.2) |
| Marketing and selling expenses | | (13.1) | (12.3) |
| General and administrative expenses | | (19.1) | (20.1) |
| Other revenues (expenses) — net | | (267.1) | (23.9) |
| **Operating income** | | **(282.4)** | **29.4** |
| Expenses related to financial debt | | (31.0) | (47.7) |
| Income provided by cash and cash equivalents | | 0.4 | 0.9 |
| **Cost of financial debt, net** | | **(30.6)** | **(46.8)** |
| Other financial income (loss) | | (7.8) | 1.3 |
| **Income (loss) before income taxes and share of income (loss) in companies accounted for under equity method** | | **(320.8)** | **(16.1)** |
| Income taxes | | 19.1 | (13.3) |
| Share of income (loss) in companies accounted for under equity method | | (0.3) | (0.2) |
| **Net income (loss) from continuing operations** | | **(302.0)** | **(29.6)** |
| Net income (loss) from discontinued operations [6] | | (488.0) | (45.3) |
| **Net income (loss)** [4] | | **(790.0)** | **(74.9)** |
| *Attributable to :* | | | |
| *Owners of CGG SA* | $ | (791.0) | (76.9) |
| *Owners of CGG SA* [1] | € | (661.8) | (62.5) |
| *Non-controlling interests* | $ | 1.0 | 2.0 |
| Weighted average number of shares outstanding [2] | | 709,944,367 | 46,038,287 |
| Dilutive potential shares from stock options | | [3] | [3] |
| Dilutive potential shares from performance share plans | | [3] | [3] |
| Dilutive potential shares from warrants | | [3] | [3] |
| Dilutive weighted average number of shares outstanding adjusted when dilutive [2] | | 709,944,367 | 46,038,287 |
| **Net income (loss) per share** | | | |
| Basic | $ | (1.11) | (1.67) |
| Basic[1] | € | (0.93) | (1.36) |
| Diluted | $ | (1.11) | (1.67) |
| Diluted[1] | € | (0.93) | (1.36) |

** 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" at December 31, 2018 and 2017.*

(1) *Corresponding to the full year amount in euros less the nine months amount in euros.*

(2) *As a result of the February 21, 2018 CGG S.A. capital increase via an offering of preferential subscription rights to existing shareholders, the calculation of basic and diluted earnings per share for 2017 has been adjusted retrospectively. Number of ordinary shares outstanding has been adjusted to reflect the proportionate change in the number of shares.*

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

(4) *The effects due to the changes related to the adoption of IFRS 15 are US$(67.4) million on revenues and US$(24.5) million in Q4'18 net income.*

(5) *The impact of changes in estimates on multi-clients amortization is an additional amortization of US$(94) million incurred in Q4'18 compared to previous estimate of amortization.*

(6) *As a direct consequences of 7th of November 2018 Capital Market Day strategy announcement, US$(488.0) million are presented as a loss of discontinued operations in Q4'18.*

## ANALYSIS BY SEGMENT

| In millions of US$, except for assets and capital employed in billions of US$ | December 31, 2018 | | | | | | |
|---|---|---|---|---|---|---|---|
| | GGR | Equipment | Eliminations and other | Segment figures | IFRS 15 adjustments | Non-recurring charges | Consolidated Total / IFRS figures |
| Revenues from unaffiliated customers | 913.4 | 314.0 | – | 1,227.4 | (33.9) | – | 1,193.5 |
| Inter-segment revenues (1) | – | 36.8 | (36.8) | – | – | – | – |
| **Operating revenues** | **913.4** | **350.8** | **(36.8)** | **1,227.4** | **(33.9)** | – | **1,193.5** |
| Depreciation and amortization (excluding multi-client surveys) | (73.6) | (30.1) | (0.3) | (104.0) | – | (13.9) | (117.9) |
| Depreciation and amortization of multi-client surveys | (326.0) | – | – | (326.0) | (0.3) | (226.0) | (552.3) |
| **Operating income (2)** | **175.8** | **11.7** | **(45.2)** | **142.3** | **(34.2)** | **(287.8)** | **(179.7)** |
| **EBITDAS** | **557.8** | **42.1** | **(43.9)** | **556.0** | **(33.9)** | **(47.9)** | **474.2** |
| Share of income in companies accounted for under equity method | (1.2) | – | – | (1.2) | | – | (1.2) |
| **Earnings Before Interest and Tax (2)** | **174.6** | **11.7** | **(45.2)** | **141.1** | **(34.2)** | **(287.8)** | **(180.9)** |
| Capital expenditures (excluding multi-client surveys) (3) | 54.4 | 24.8 | (1.2) | 78.0 | - | - | 78.0 |
| Investments in multi-client surveys, net cash | 222.8 | – | – | 222.8 | – | – | 222.8 |
| **Capital employed (4)** | **2.0** | **0.5** | **(0.1)** | **2.4** | – | – | **2.4** |
| **Total identifiable assets (4)** | **2.3** | **0.6** | **0.5** | **3.4** | – | – | **3.4** |

(1) *Sale of equipment to the Contractual Data Acquisition segment which is classified as discontinued operations*

(2) *For the year ended December 31, 2018, "non-recurring charges" included US$(226.0) million impairment of multi-client surveys, US$(30.1) million inventory write-off in Equipment division, and US$(13.9) million relating to other tangible and intangible assets impairment*
*For the year ended December 31, 2018, "eliminations and other" included US$(39.1) million of general corporate expenses and US$(5.0) million of intra-group margin.*

(3) *Capital expenditures included capitalized development costs of US$(33.1) million for the year ended December 31, 2018. "Eliminations and other" corresponded to the variance of suppliers of assets for the year ended December 31, 2018.*

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

| In millions of US$, except for assets and capital employed in billions of US$ | December 31, 2017 (Restated) | | | | | | |
|---|---|---|---|---|---|---|---|
| | GGR | Equipment | Eliminations and other | Segment figures | IFRS 15 adjustments | Non-recurring charges | Consolidated Total / IFRS figures |
| Revenues from unaffiliated customers | 819.6 | 215.5 | – | 1,035.1 | – | – | 1,035.1 |
| Inter-segment revenues (1) | – | 25.7 | (25.7) | – | – | – | – |
| **Operating revenues** | **819.6** | **241.2** | **(25.7)** | **1,035.1** | – | – | **1,035.1** |
| Depreciation and amortization (excluding multi-client surveys) | (87.5) | (29.8) | (0.2) | (117.5) | – | – | (117.5) |
| Depreciation and amortization of multi-client surveys | (297.7) | – | – | (297.7) | – | – | (297.7) |
| **Operating income (2)** | **130.7** | **(35.9)** | **(46.5)** | **48.3** | – | **(106.2)** | **(57.9)** |
| **EBITDAS** | **486.0** | **(6.1)** | **(45.9)** | **434.0** | – | **(106.2)** | **327.8** |
| Share of income in companies accounted for under equity method | (0.4) | – | – | (0.4) | – | – | (0.4) |
| **Earnings Before Interest and Tax (2)** | **130.3** | **(35.9)** | **(46.5)** | **47.9** | – | **(106.2)** | **(58.3)** |
| Capital expenditures (excluding multi-client surveys) (3) | 45.0 | 22.2 | – | 67.2 | – | – | 67.2 |
| Investments in multi-client surveys, net cash | 251.0 | – | – | 251.0 | – | – | 251.0 |
| **Capital employed (4)** | **2.2** | **0.6** | **0.4** | **3.2** | – | – | **3.2** |
| **Total identifiable assets (4)** | **2.6** | **0.7** | **0.6** | **3.9** | – | – | **3.9** |

(1) *Sale of equipment to the Contractual Data Acquisition segment which is classified as discontinued operations and to the GGR segment.*

(2) *For the year ended December 31, 2017, "non-recurring charges" included US$(93.7) million of professional fees mainly linked to the US Chapter 11 and French Safeguard procedures and US$(12.5) million of other costs related to our Transformation Plan.*
*For the year ended December 31, 2017, "eliminations and other" included US$(37.8) million of general corporate expenses and US$(8.7) million of intra-group margin.*

(3) *Capital expenditures included capitalized development costs of US$(31.8) million for the year ended December 31, 2017. "Eliminations and other" corresponded to the variance of suppliers of assets for the year ended December 31, 2017.*

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

## ANALYSIS BY SEGMENT

| In millions of US$, except for assets and capital employed in billions of US$ | Three months ended December 31, 2018 | | | | | | |
|---|---|---|---|---|---|---|---|
| | GGR | Equipment | Eliminations and other | Segment figures | IFRS 15 adjustments | Non-recurring charges | Consolidated Total / IFRS figures |
| Revenues from unaffiliated customers | 332.8 | 104.8 | - | 437.6 | (67.4) | - | 370.2 |
| Inter-segment revenues (1) | - | 3.0 | (3.0) | - | - | - | - |
| **Operating revenues** | **332.8** | **107.8** | **(3.0)** | **437.6** | **(67.4)** | **-** | **370.2** |
| Depreciation and amortization (excluding multi-client surveys) | (15.9) | (7.9) | - | (23.8) | - | (13.9) | (37.7) |
| Depreciation and amortization of multi-client surveys | (201.8) | - | - | (201.8) | 44.3 | (226.0) | (383.5) |
| **Operating income (2)** | **14.5** | **10.1** | **(14.9)** | **9.7** | **(23.1)** | **(269.0)** | **(282.4)** |
| **EBITDAS** | **230.8** | **18.3** | **(14.3)** | **234.8** | **(67.4)** | **(29.1)** | **138.3** |
| Share of income in companies accounted for under equity method | (0.3) | - | - | (0.3) | - | - | (0.3) |
| **Earnings Before Interest and Tax (2)** | **14.2** | **10.1** | **(14.9)** | **9.4** | **(23.1)** | **(269.0)** | **(282.7)** |
| Capital expenditures (excluding multi-client surveys) (3) | 13.9 | 5.0 | (0.7) | 18.2 | - | - | 18.2 |
| Investments in multi-client surveys, net cash | 39.7 | - | - | 39.7 | - | - | 39.7 |

*(1)* *Sale of equipment to the Contractual Data Acquisition segment which is classified as discontinued operations*

*(2)* *For the three months ended December 31, 2018, "non-recurring charges" included US$(226.0) million impairment of multi-client surveys, US$(30.1) million inventory write-off in Equipment division, and US$(13.9) million relating to other tangible and intangible assets impairment*
*For the three months ended December 31, 2018, "eliminations and other" included US$(12.7) million of general corporate expenses and US$(1.1) million of intra-group margin.*

*(3)* *Capital expenditures included capitalized development costs of US$(10.0) million for the three months ended December 31, 2018. "Eliminations and other" corresponded to the variance of suppliers of assets for the three months ended December 31, 2018.*

| In millions of US$, except for assets and capital employed in billions of US$ | Three months ended December 31, 2017 (Restated) | | | | | | |
|---|---|---|---|---|---|---|---|
| | GGR | Equipment | Eliminations and other | Segment figures | IFRS 15 adjustments | Non-recurring charges | Consolidated Total / IFRS figures |
| Revenues from unaffiliated customers | 255.0 | 105.9 | - | 360.9 | - | - | 360.9 |
| Inter-segment revenues (1) | - | 10.1 | (10.1) | - | - | - | - |
| **Operating revenues** | **255.0** | **116.0** | **(10.1)** | **360.9** | **-** | **-** | **360.9** |
| Depreciation and amortization (excluding multi-client surveys) | (26.4) | (7.5) | 0.5 | (33.4) | - | - | (33.4) |
| Depreciation and amortization of multi-client surveys | (85.2) | - | - | (85.2) | - | - | (85.2) |
| **Operating income (2)** | **63.3** | **8.9** | **(17.6)** | **54.6** | **-** | **(25.2)** | **29.4** |
| **EBITDAS** | **164.5** | **16.4** | **(17.7)** | **163.2** | **-** | **(25.2)** | **138.0** |
| Share of income in companies accounted for under equity method | (0.2) | - | - | (0.2) | - | - | (0.2) |
| **Earnings Before Interest and Tax (2)** | **63.1** | **8.9** | **(17.6)** | **54.4** | **-** | **(25.2)** | **29.2** |
| Capital expenditures (excluding multi-client surveys) (3) | 14.9 | 12.3 | - | 27.2 | - | - | 27.2 |
| Investments in multi-client surveys, net cash | 89.0 | - | - | 89.0 | - | - | 89.0 |

*(1)* *Sale of equipment to the Contractual Data Acquisition segment which is classified as discontinued operations and to the GGR segment.*

*(2)* *For the three months ended December 31, 2017, "non-recurring charges" included US$(20.9) million of professional fees mainly linked to the US Chapter 11 and French Safeguard procedures and US$(4.3) million of other costs related to our Transformation Plan.*
*For the three months ended December 31, 2017, "eliminations and other" included US$(13.8) million of general corporate expenses and US$(3.8) million of intra-group margin.*

*(3)* *Capital expenditures included capitalized development costs of US$(9.7) million for the three months ended December 31, 2017. "Eliminations and other" corresponded to the variance of suppliers of assets for the three months ended December 31, 2017.*

## CONSOLIDATED STATEMENTS OF CASH FLOWS

| Amounts in millions of U.S.$ | December 31, 2018 | December 31, 2017 (restated*) |
|---|---|---|
| **OPERATING** | | |
| Net income (loss) | (95.8) | (514.1) |
| Less : Net income (loss) from discontinued operations | 600.0 | 247.6 |
| **Net income (loss) from continuing operations** | **504.2** | **(266.5)** |
| Depreciation and amortization | 117.9 | 117.5 |
| Multi-client surveys depreciation and amortization | 552.3 | 297.7 |
| Depreciation and amortization capitalized in multi-client surveys | (18.8) | (30.0) |
| Variance on provisions | (18.2) | 26.9 |
| Stock based compensation expenses | 2.5 | 0.5 |
| Net (gain) loss on disposal of fixed and financial assets | (1.5) | (4.2) |
| Equity (income) loss of investees | 1.2 | 0.4 |
| Dividends received from investments in companies under equity method | — | — |
| Other non-cash items | (823.3) | (48.8) |
| **Net cash flow including net cost of financial debt and income tax** | **316.3** | **93.5** |
| Less net cost of financial debt | 127.4 | 211.0 |
| Less income tax expense | 7.4 | 18.7 |
| **Net cash flow excluding net cost of financial debt and income tax** | **451.1** | **323.2** |
| Income tax paid | (17.0) | 48.5 |
| **Net cash flow before changes in working capital** | **434.1** | **371.7** |
| Change in working capital | (68.8) | 13.9 |
| — change in trade accounts and notes receivables | (75.5) | (77.5) |
| — change in inventories and work-in-progress | 33.3 | 55.0 |
| — change in other current assets | 4.3 | (40.7) |
| — change in trade accounts and notes payable | (4.9) | 27.7 |
| — change in other current liabilities | (26.0) | 49.4 |
| Impact of changes in exchange rate on financial items | — | — |
| **Net cash flow provided by operating activities** | **365.3** | **385.6** |
| **INVESTING** | | |
| Total capital expenditures (including variation of fixed assets suppliers, excluding multi-client surveys) | (78.0) | (67.2) |
| Investments in multi-client surveys, net cash | (222.8) | (251.0) |
| Proceeds from disposals of tangible and intangible assets | 4.4 | 10.5 |
| Total net proceeds from financial assets | — | 4.5 |
| Acquisition of investments, net of cash & cash equivalents acquired | — | — |
| Variation in loans granted | (0.4) | (1.5) |
| Variation in subsidies for capital expenditures | (0.2) | (0.5) |
| Variation in other non-current financial assets | (3.8) | 4.2 |
| **Net cash flow used in investing activities** | **(300.8)** | **(301.0)** |
| **FINANCING** | | |
| Repayment of long-term debt | (195.9) | (26.9) |
| Total issuance of long-term debt | 336.5 | 2.3 |
| Lease repayments | (5.7) | (5.7) |
| Change in short-term loans | (0.2) | (1.4) |
| Financial expenses paid | (73.2) | (85.0) |
| *Net proceeds from capital increase:* | | |
| — from shareholders | 129.3 | — |
| — from non-controlling interests of integrated companies | — | — |
| *Dividends paid and share capital reimbursements:* | | |
| — to shareholders | — | — |
| — to non-controlling interests of integrated companies | — | — |
| Acquisition/disposal from treasury shares | — | — |
| **Net cash flow provided by (used in) financing activities** | **190.8** | **(116.7)** |
| Effect of exchange rates on cash | (17.3) | 6.1 |
| Impact of changes in consolidation scope | — | (7.5) |
| **Net cash flows incurred by Discontinued Operations [(1)]** | **(119.3)** | **(189.9)** |
| **Net increase (decrease) in cash and cash equivalents** | **118.7** | **(223.4)** |
| Cash and cash equivalents at beginning of year | 315.4 | 538.8 |
| **Cash and cash equivalents at end of period** | **434.1** | **315.4** |

**In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", financial information was restated to present comparative amounts for each period presented.*

*(1) As a direct consequences of 7th of November 2018 Capital Market Day strategy announcement, US$(119.3) million are presented as net cash flows incurred by discontinued operations in 2018.*