



# 1<sup>st</sup> Quarter 2014 Financial Results

*Q1 and Q4 2013 are presented before Non-Recurring Items linked to Fugro (NRFI) and before impairment & write-off, unless stated otherwise.*

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# Forward-Looking Statements

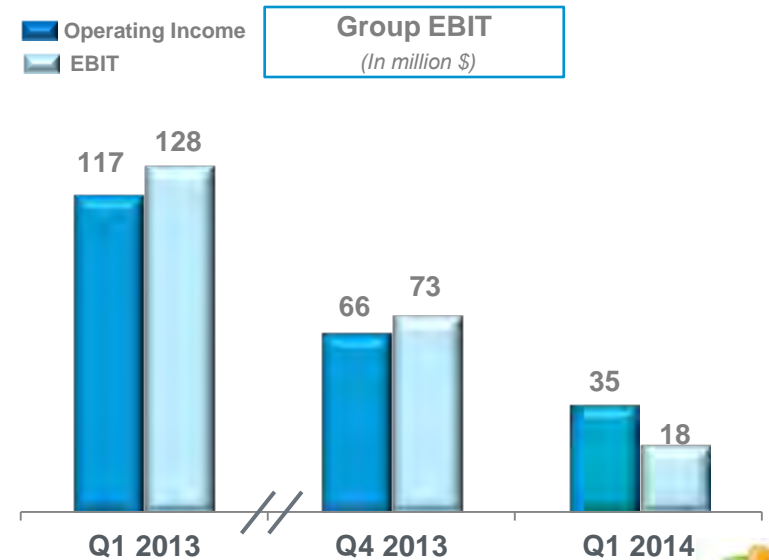
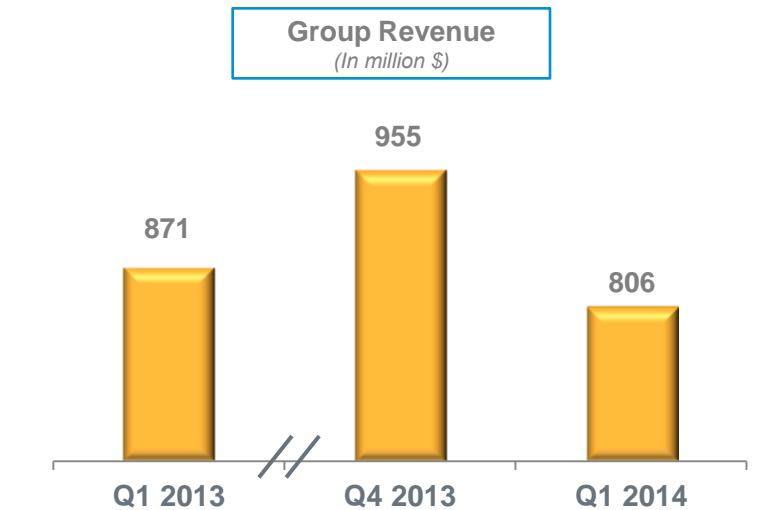
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*This presentation contains forward-looking statements, including, without limitation, statements about CGG (“the Company”) plans, strategies and prospects. These forward-looking statements are subject to risks and uncertainties that may change at 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.*



# Q1 2014 Results: In line with our expectations

- **Group Revenue at \$806m, down 7% y-o-y**
  - Equipment at \$206m, down 18%
  - GGR at \$290m, up 12%
  - Acquisition at \$559m, down 6%
- **Solid operational performance, notably in Marine**
  - Fleet availability rate at 94%
  - Fleet production rate at 93%
- **Operating Income at \$35m**
  - In line with our expectations
- **EBIT at \$18m, including a \$(17)m contribution from the Equity from Investees**
  - Mainly related to Seabed Geosolutions JV
- **Net Income at \$(39)m**
- **CGG backlog as of April 1<sup>st</sup>: \$1.2bn**
  - Fleet coverage: 97% in Q2, 60% in Q3 & 10% in Q4



# Focus on Management actions

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## 2014-2016 Transformation Plan on track

- The Symphony vessel was de-rigged as planned
- Ongoing reduction in the marine fleet and associated support structure
- Restructuring of Land North America activity ongoing

## Two successful refinancing operations conducted in April to extend debt maturity

- Issue of a €400m Senior Notes due 2020 and of a US \$500m Senior Notes due 2022
- Full repurchase of the 2016 Convertible Bond, reimbursement of all the Senior Notes due 2016 and 2/3 of the Senior Notes due 2017
- Average Debt maturity as of end-March 2014 up to 6 years from 4 years





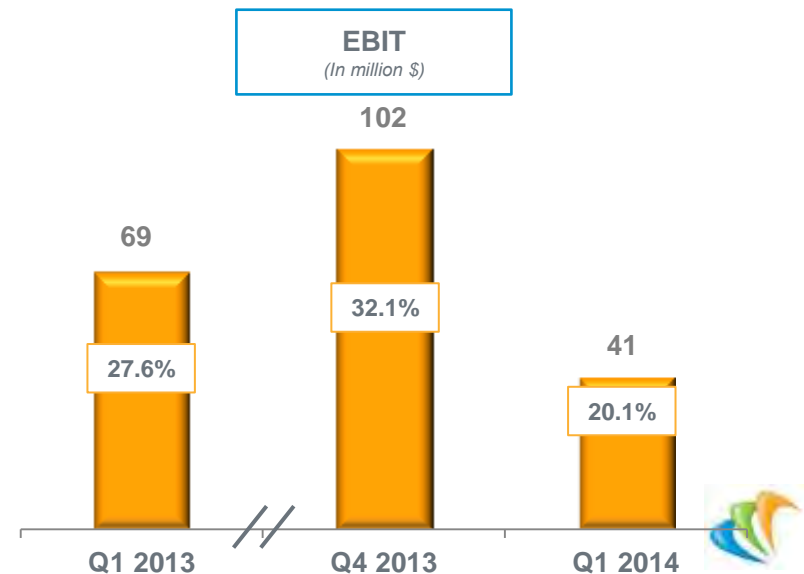
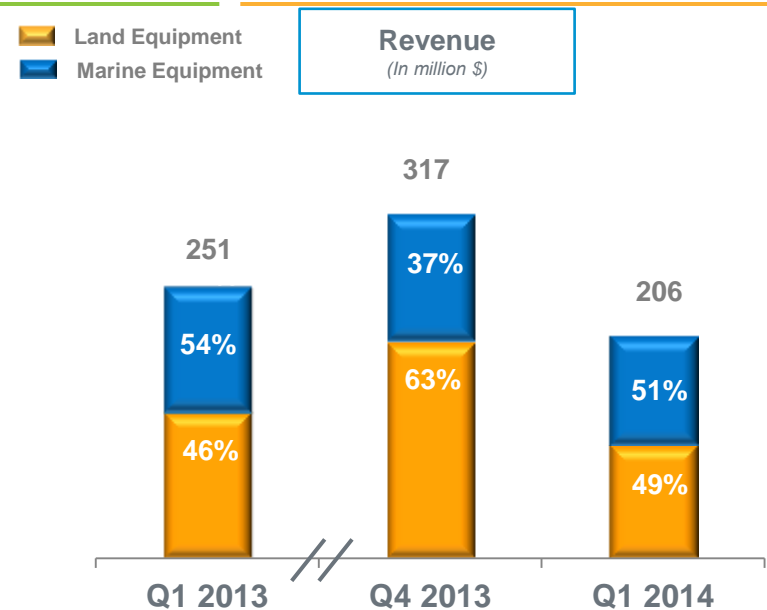
# 1<sup>st</sup> Quarter 2014 Operational Review

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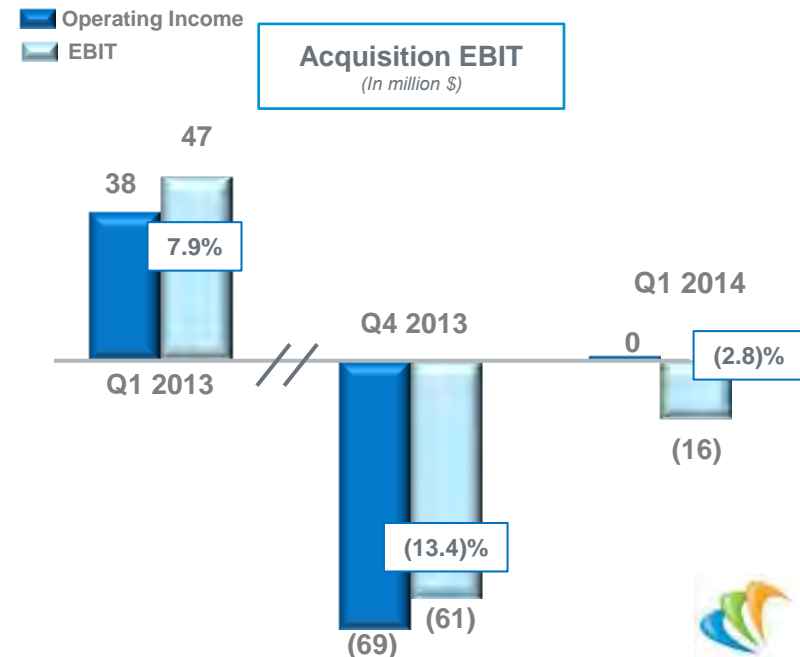
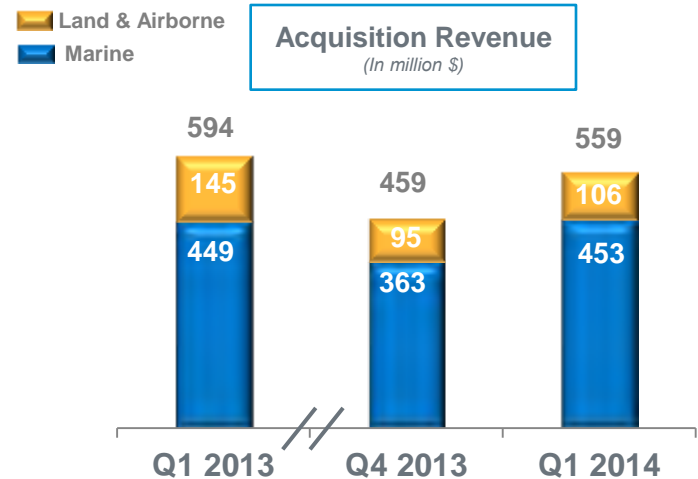
# Equipment: Resilient despite lower revenues

- Total sales were \$206m, down 18%
  - External sales at \$163m, down 14%
    - Lower land sales across all regions following strong deliveries in Q4 2013
  - Internal sales represented 21% of total sales versus 24% last year
  - 51% marine equipment sales and 49% land equipment sales
  
- EBIT margin at 20.1%
  - Unfavorable € / \$ exchange rate
  - Low volume of sales
  - Unfavorable product mix with lower electronic components for land equipment sales



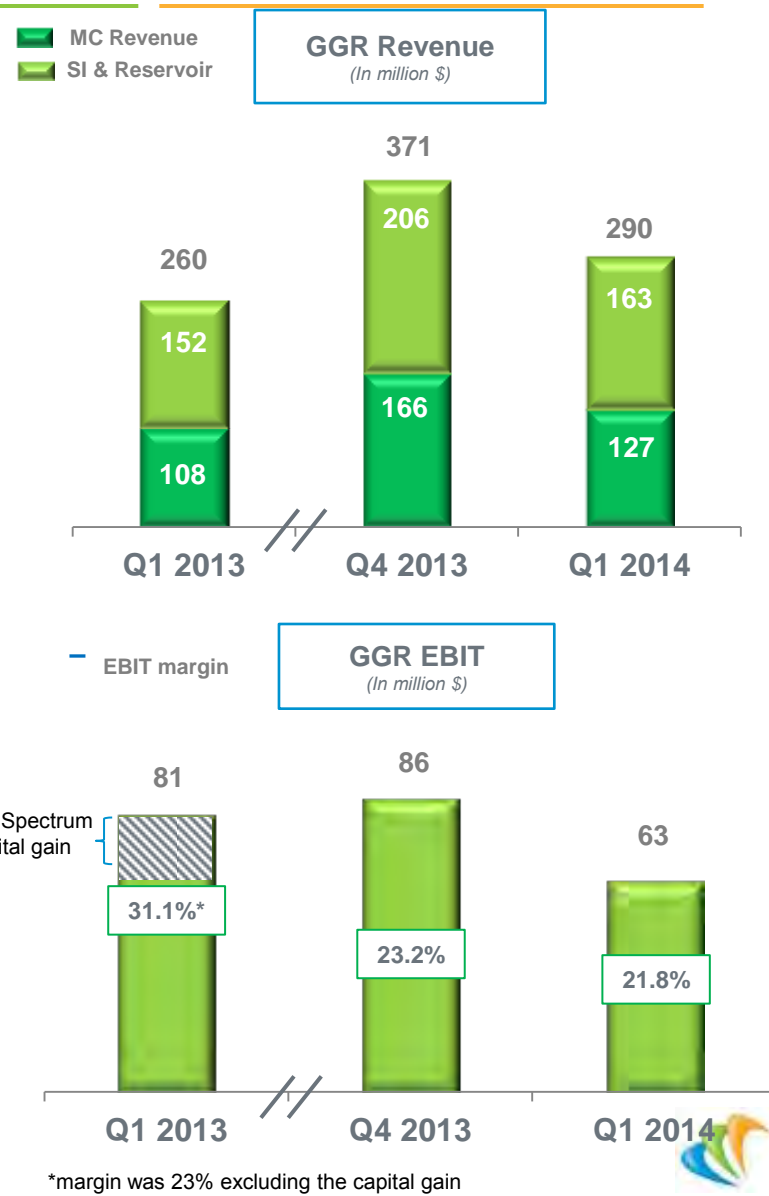
# Acquisition: Still difficult market conditions

- Acquisition revenue at \$559m, down 6%
  - External revenue at \$353m, down 16%
- Land & Airborne revenue at \$106m, down 26%
  - Record low winter campaign in North America
  - Airborne impacted by still depressed mining market
- Marine revenue at \$453m, quite stable y-o-y and up 25% sequentially
  - The Symphony was de-rigged as planned
  - Solid operational performance
- Acquisition Operating Income at breakeven and EBIT at \$(16)m
  - Marine profitability increased significantly sequentially due to an availability rate at 94% versus 83% in Q4 2013
  - Land acquisition suffered from a historically low winter season
  - Negative contribution from Seabed Geosolutions JV



# GGR: Continuing Sustained Profitability

- GGR revenue at \$290m, up 12% y-o-y
- Multi-Client at \$127m, up 18% y-o-y, the best Q1 performance since 2008
  - Prefunding revenue was \$80m
  - Good level of after-sales in Canada & Brazil
  - Amortization rate at 61%
- Subsurface Imaging (SI) & Reservoir at \$163m, up 7% y-o-y
  - Subsurface Imaging: strong performance
  - CGG and Baker Hughes signed an exclusive agreement for RoqSCAN™ technology
- GGR EBIT at \$63m, a 21.8% margin
  - Quite stable y-on-y, excluding the \$20m Spectrum capital gain







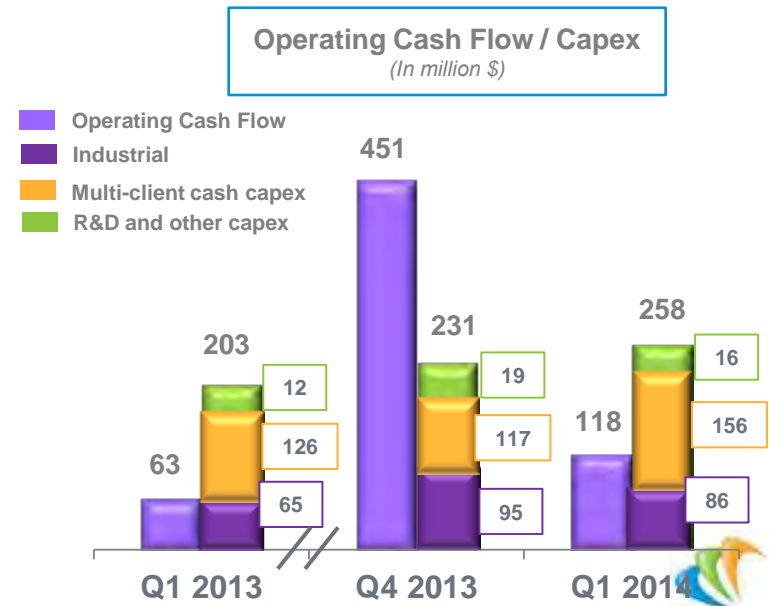
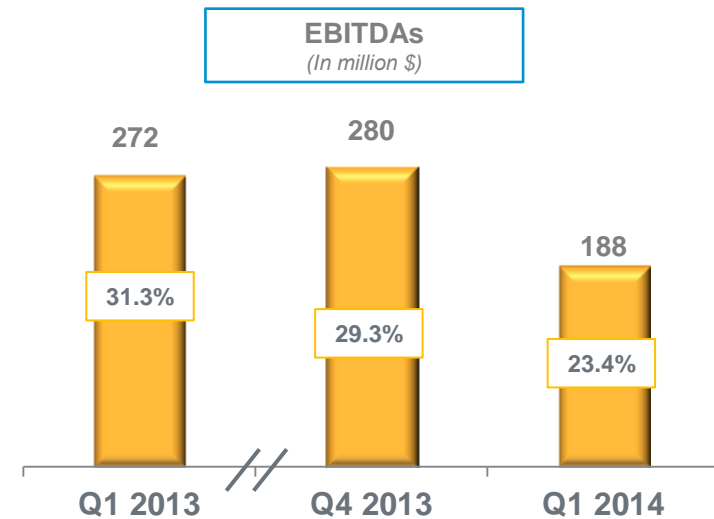
# 1<sup>st</sup> Quarter 2014 Financial Review

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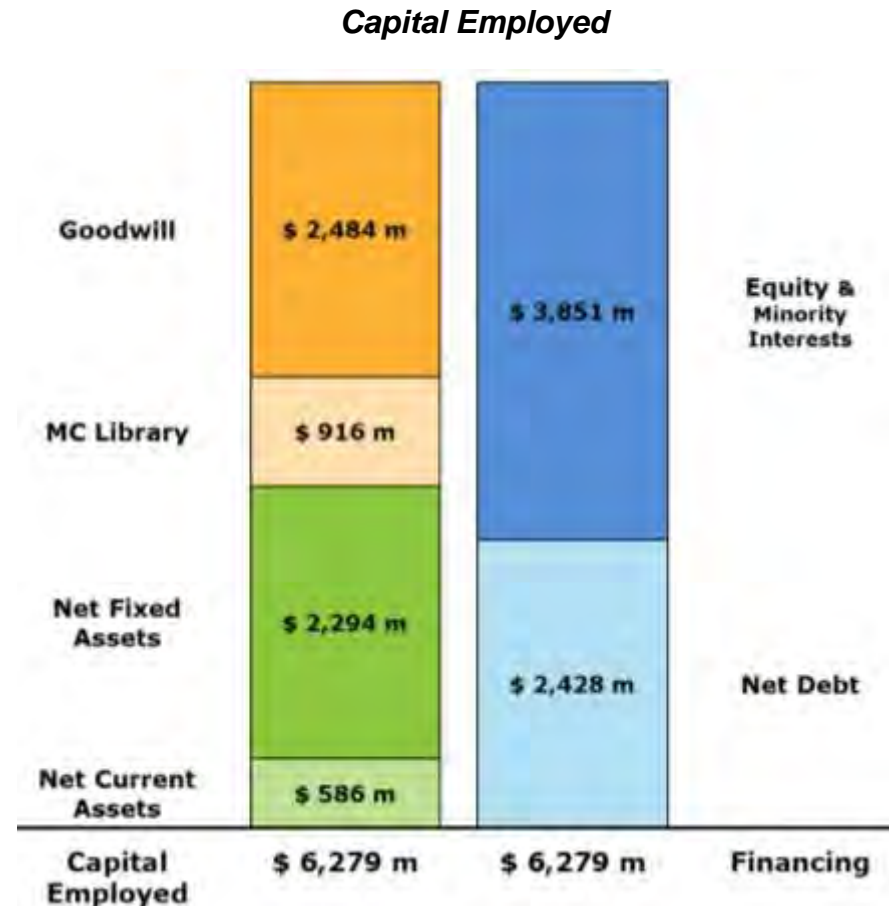
# Q1 2014 Cash: A typical Q1 pattern

- **EBITDAs : \$188m, a 23.4% margin**
  - Equipment at \$52m, a 25% margin
  - Acquisition at \$79m, a 14% margin
  - GGR at \$159m, a 55% margin
  
- **Cash Flow from Operations at \$118m, up 87% y-o-y**
  
- **Total Capex of \$258m**
  - Industrial Capex: \$86m
  - R&D Capex: \$16m
  - Multi-Client Cash Capex: \$156m
    - Marine Capex at \$143m, up 20% y-o-y (GoM program & Brazil)
    - Cash prefunding rate at 51% versus 48% in Q1 2013
  
- **Negative Free Cash Flow at \$(152)m**



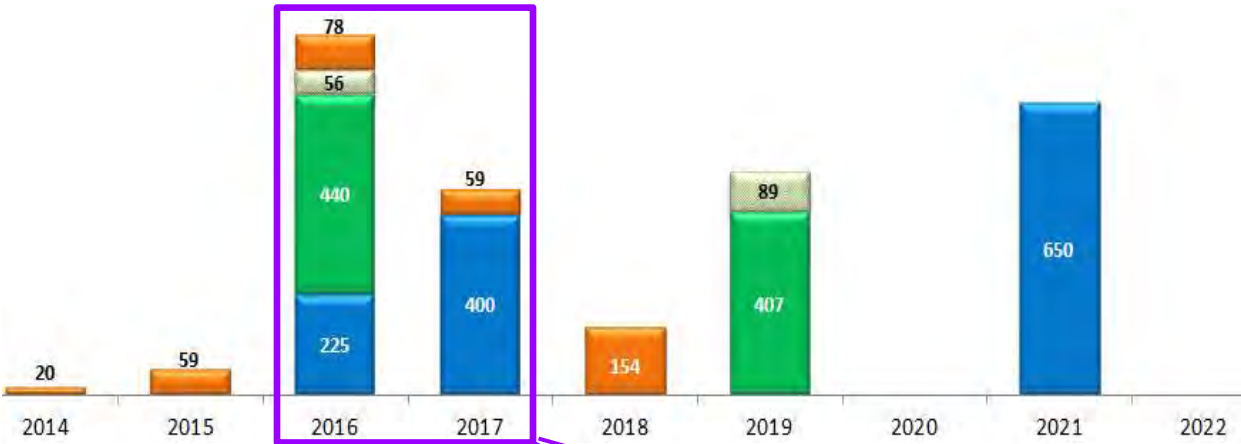
# Balance Sheet as of end of March 2014

- Total Capital Employed at \$6,279m as of end of March
- Multi-Client Library Book Value up at \$916m
  - Increase mostly due to the IBALT program in the Gulf of Mexico
  - Cash multi-client Capex pre-funded at 51%
  - Amortization rate at 61%
- Net Debt at \$2.4bn by end of March 2014
  - Euro-denominated component at €1.0bn
  - Net Debt to Equity ratio at 65%



# Accelerated Refinancing Program with Senior Debt Maturity extended by 2 years

2013 Senior Debt Maturity Profile (in \$m)



2013 Pro-forma Senior Debt Maturity Profile (in \$m)



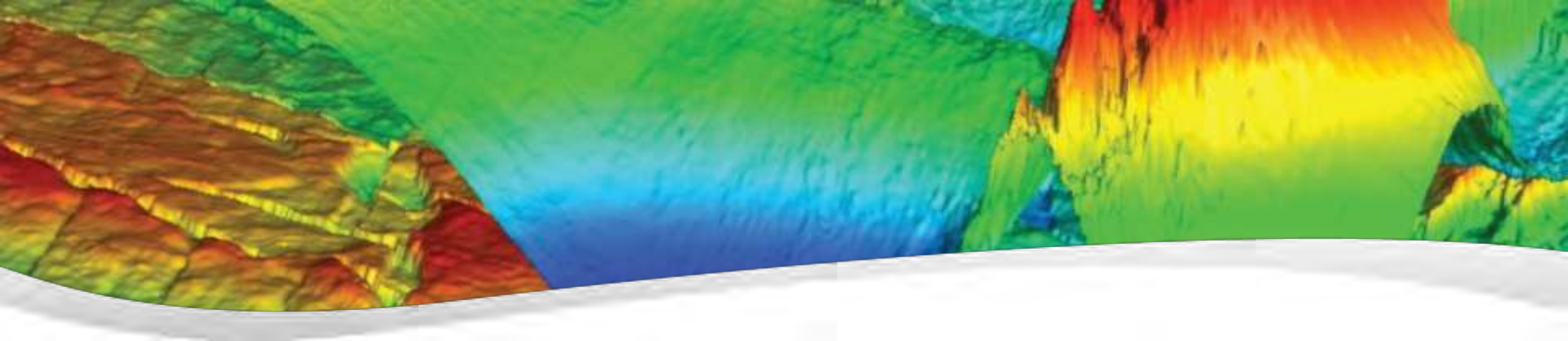
- In April, issue of two new High Yield Bonds ...
  - €400m due 2020 at 5.875% coupon
  - \$500m due 2022 at 6.875% coupon
- ... to push-back 2016-2017 mandatory instalments
  - €360m 2016 Convertible Bond
  - \$225m 2016 Senior Notes
  - 2/3 \$400m 2017 Senior Notes



- Maturity as of end of March extended to 6 years from 4 years
- Average cash cost of Debt at 5.3%
- New Notes 6.3% interest-weighted on average

■ Unsecured HYB                      ■ Convertible Bond (Debt Component)  
■ Convertible Bond (Equity Component)                      ■ Vendor Loan & Nordea Credit Facility





# Outlook

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# 2014 Management priorities reaffirmed

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Seismic market conditions expected to remain flattish



CGG management fully committed to implementing its 2014-2016 transformation plan

- First steps in the Acquisition division downsizing plan in Q1 2014
- Positive cash generation and active debt management
  - 2014 Industrial Capex: \$275-300m
  - 2014 Multi-client Cash Capex: \$500-550m
  - Prefunding level above 70%
- Target 400 bps EBIT improvement in 2016
  - Rebalanced portfolio
  - Operational & commercial efficiency
  - Cost reductions & tight cash management





# Thank you

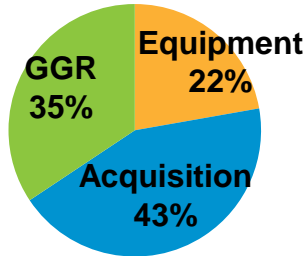
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# 2013-2016: Rebalancing portfolio

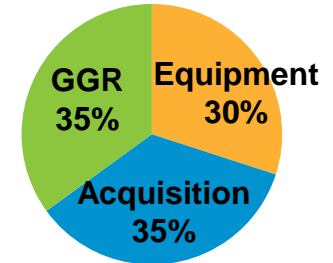
**2013**  
**\$3.8bn Revenue**



## Main Drivers

- Strong organic growth for Equipment
  - (25)% reduction in marine fleet capacity
  - GGR growth despite reduced MC capex
- *At unchanged market conditions*  
▪ *Revenue before intra-group eliminations*

**2016**  
**>\$4.0bn Revenue**



Equipment

- Revenue: \$1,045m
- Ebit margin: 28.0%
- Capital Empl. \$0.9bn

- 508<sup>XT</sup> & high-channel-count / mega crews
- New generation of streamers

- Revenue: \$1.2-1.3bn
- Ebit margin: >28%

Acquisition

- Revenue: \$2,226m
- Ebit margin: 2.5%
- Capital Empl. \$2.4bn

- High-end and flexible fleet & reduced costs
- Land & Airborne successful turnarounds
- Strengthened partnerships / JV

- Revenue: \$1.6-1.8bn
- Ebit margin: 8%-10%

GGR

- Revenue: \$1,296m
- Ebit margin: 24.5%
- Capital Empl.: \$2.8bn

- 2016-2017 GoM lease sales
- Continued leadership in Subsurface Imaging
- Integrated Geosciences offerings & workflows

- Revenue: \$1.5-1.6bn
- Ebit margin: 20%-25%

