

# Q3 2022 financial results

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# Disclaimer

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 AMF. Investors are cautioned not to place undue reliance on such forward-looking statements.



# Agenda



- 01** Q3 & 9 months 2022 overview
- 02** Operational review
- 03** Financial review
- 04** Outlook



# Q3 & 9 MONTHS 2022 OVERVIEW



# Q3 & 9 months 2022 Key segment financial highlights

	REVENUE	EBITDAS	NET CASH FLOW
Q3 2022	<b>\$217 million</b> down (16) % pro-forma* y-o-y	<b>\$77 million</b> 35% margin	<b>\$(78) million</b> including \$ (19)m investment in M&A and \$(40)m change in working capital
YTD 2022	<b>\$610 million</b> slightly up pro-forma* with DDE up 30% y-o-y	<b>\$241 million</b> 40% margin, up 27% y-o-y	<b>\$(65) million</b> including \$ (37)m investments in M&A
<b>Liquidity of \$325 million, including \$100 million undrawn RCF</b>			

\*Pro-forma indicators represent supplementary information adjusted for GeoSoftware and Physical Asset Storage and Services businesses sold in 2021

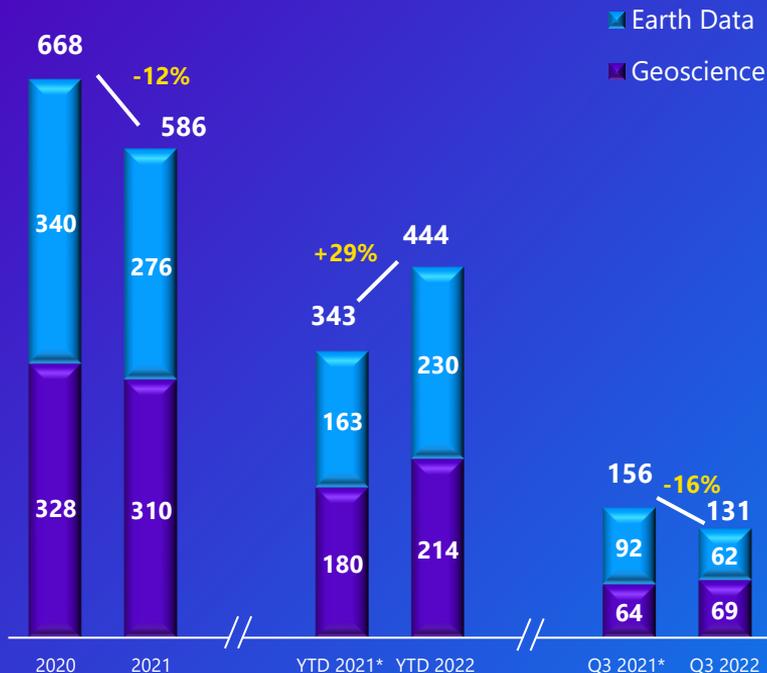


# OPERATIONAL REVIEW



# Data, Digital and Energy Transition (ex-GGR) key financial indicators

## SEGMENT REVENUE (\$m)



## ADJUSTED SEGMENT EBITDAS (\$m) & MARGIN (%)



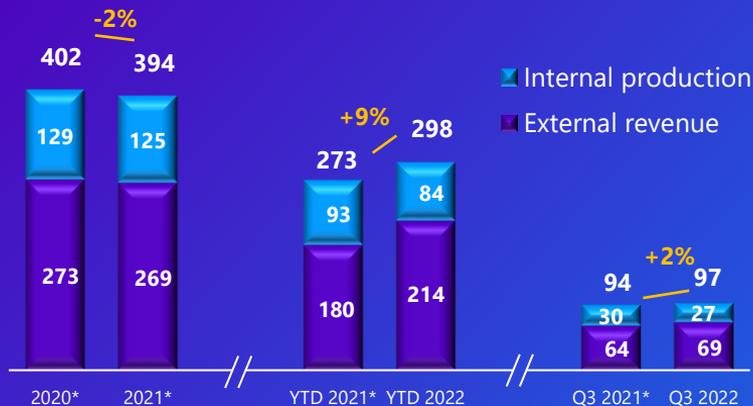
## ADJUSTED SEGMENT OPINC (\$m) & MARGIN (%)





# Geoscience key business indicators

## TOTAL PRODUCTION (\$m)



## EXTERNAL BACKLOG AS OF SEPTEMBER 30TH (\$m)



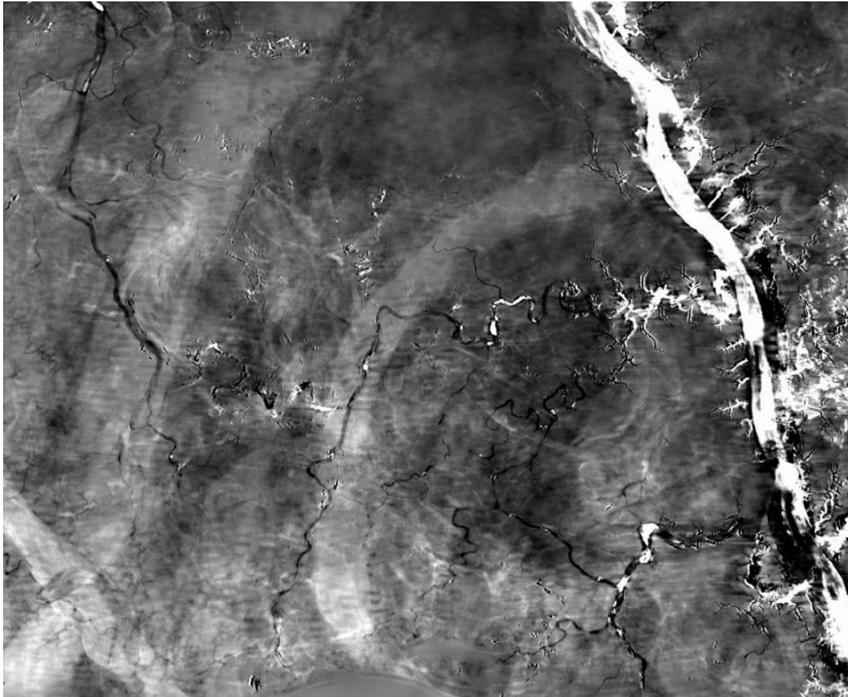
## TOTAL PRODUCTION / HEAD (\$K)



## COMPUTING POWER (PFLOPS)



# Geoscience Q3 operational highlights



Superior resolution in FWI Image, Suriname shallow water

## Geoscience

- Solid Geoscience commercial activity worldwide:
  - High level of bid submissions, up 26% year-on-year during the first 9 months of 2022
  - Order intake value up 37% year-on-year during the first 9 months of 2022

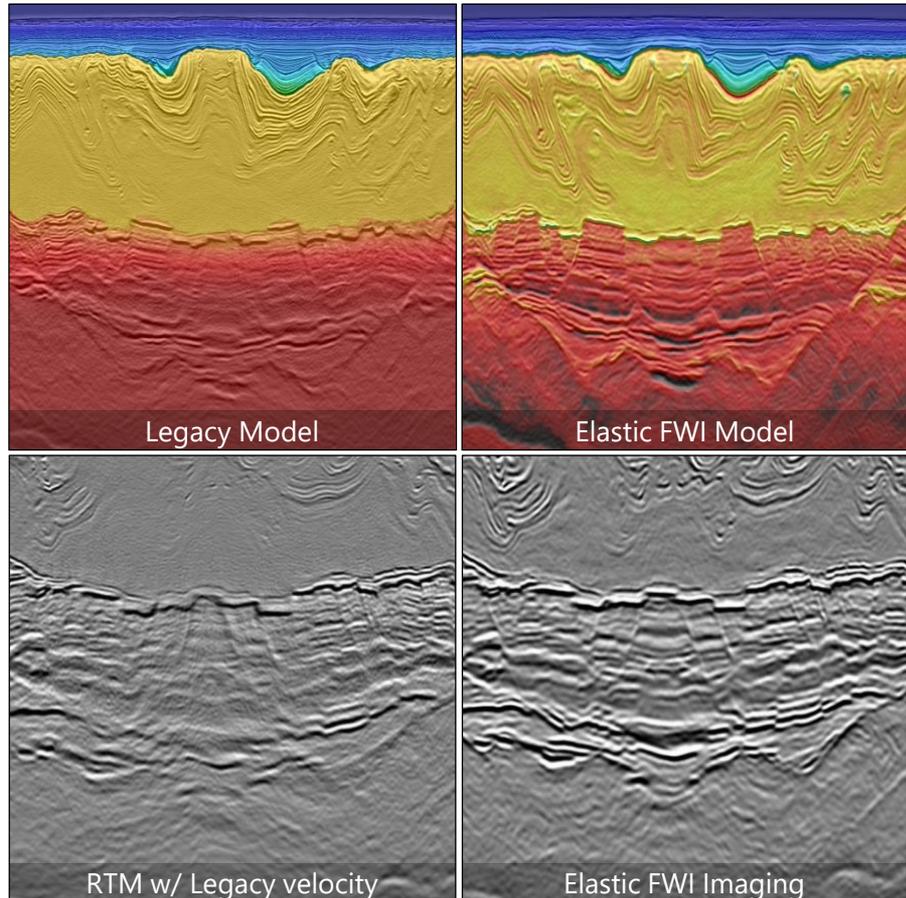
## Subsurface Imaging

- Stabilization of activity following the recovering first half of the year.
- Strong Imaging activity in North America driven by continuous demand for technology

## Beyond the Core

- Sustained and strong commercial activity for the Energy Transition and Environmental services
- Promising new commercial leads for our Data Hub offering

# Unique elastic FWI technology leveraging CGG HPC



## Elastic Full Waveform Inversion (FWI)

brings a step-change to seismic imaging and velocity model building:

- Attains unprecedented level of resolution and detail
- Reveals hidden deep and complex structures
- Improves amplitude fidelity and S/N
- Maximizes value of OBN data for reservoir development

**Elastic FWI** has been applied to regions outside North America



# CGG HPC and Cloud Services



- 3 main compute hubs  
UK, USA, Singapore

- 1 lab  
France



UK – new data center



France



USA

Singapore



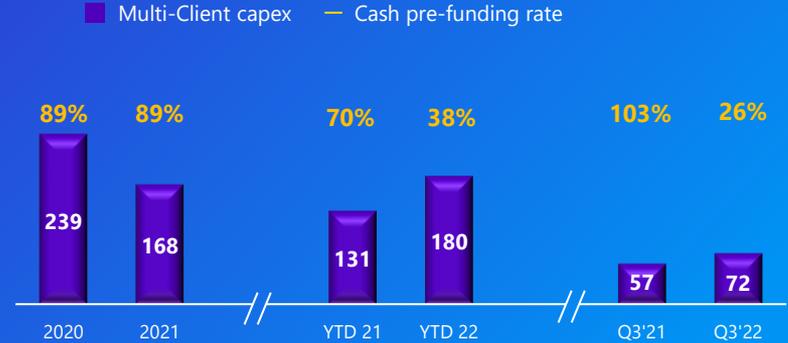


# Earth Data (Multi-Client) key business indicators

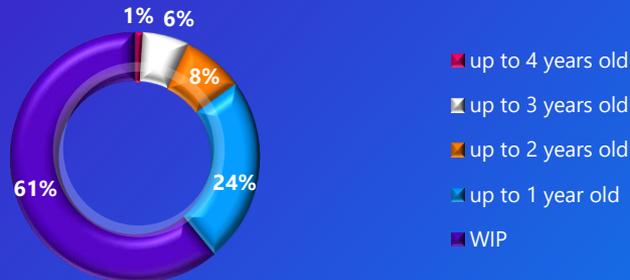
## EDA REVENUE (\$m)



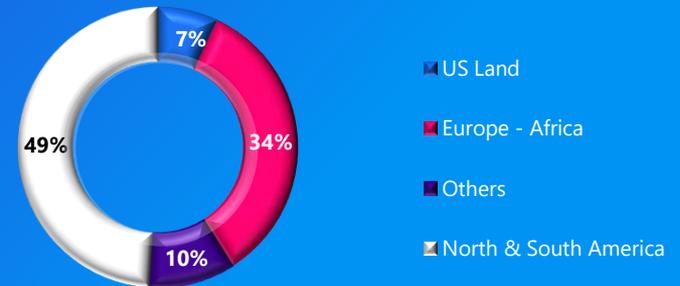
## EDA CAPEX (\$m) & PRE-FUNDING (%)



## DATA LIBRARY NBV SPLIT AS OF 9/30/22

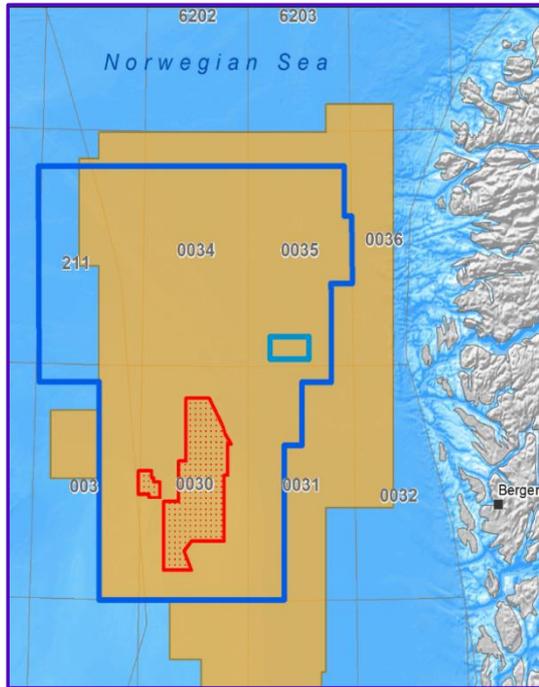


## DATA LIBRARY NBV REGIONAL SPLIT AS OF 9/30/22





# Earth Data market and operational highlights



Finished hybrid streamer-node acquisition in NVG

## Quarterly revenue

- Q3 prefunding revenue at \$19m and after-sales at \$43m
- YTD prefunding revenue \$69m and after-sales \$161m

## South America

- Brazil - Antares ongoing with estimated acquisition completion in Nov 2022
- Suriname consortium project - acquisition complete

## North Sea

- Norway 2022 NVG E-W plus nodes - acquisition complete
- Norway government received applications from 26 companies in APA 2022

## US Gulf of Mexico

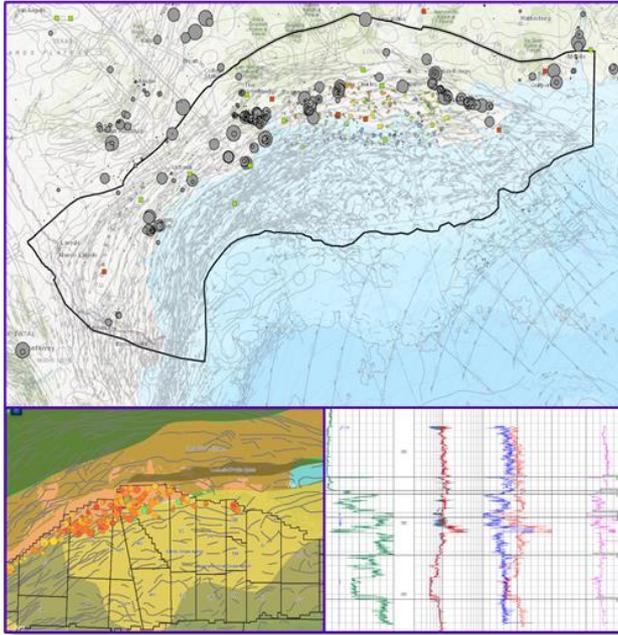
- Licensing round #257 reinstated – 307 high bids totaling \$192m
- Next licensing round in March 2023
- Started building a comprehensive CCUS database in the coast of GOM

## Carbon Capture

- Data licensing for CCUS in US Land and Norway



# Building a comprehensive database for CCUS in GOM



CCUS database in GOM

## **An integrated database with industry support**

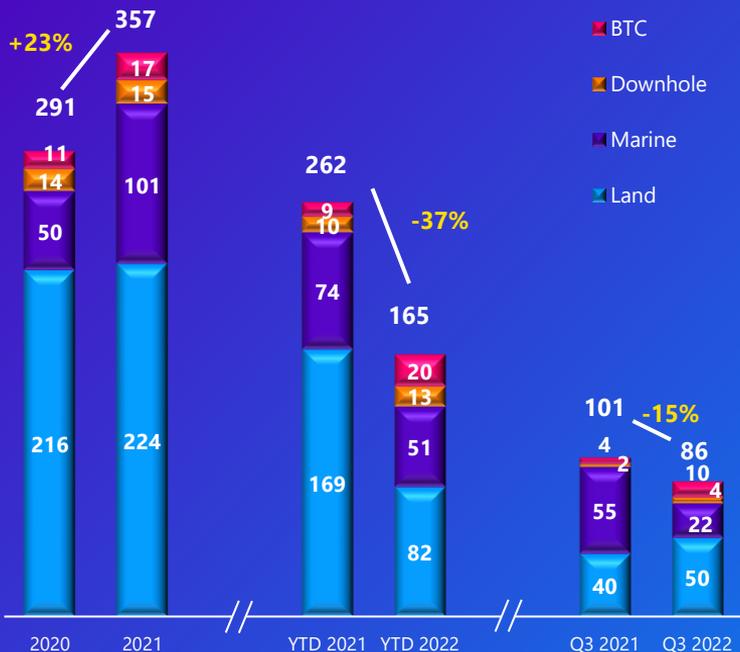
- Multi-disciplinary data: seismic, geochemistry, geomechanics, petrophysics, engineering and surface data
- Leveraging in-house subject matter expertise
- Utilizing machine-learning/AI technology
- Screening for optimal storage sites
- Accessible on the GeoVerse platform
- To be completed in November

## **Data-rich, science-based and expert-driven**

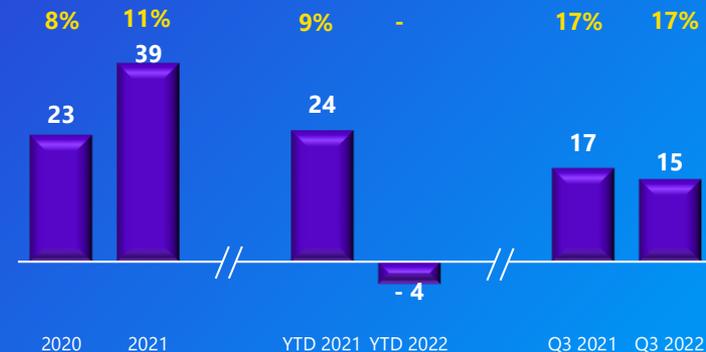


# Sensing & Monitoring (SMO) key financial indicators

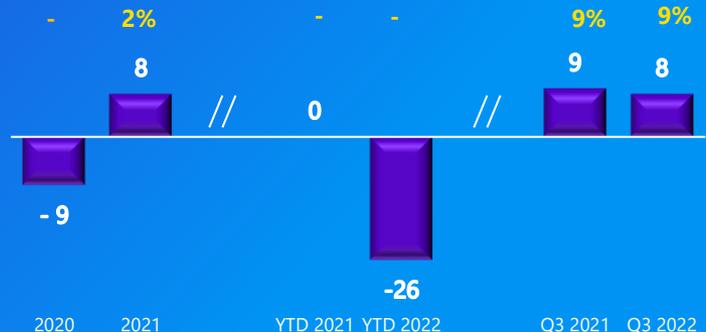
## SEGMENT PRODUCTION (\$m)



## ADJUSTED SEGMENT EBITDAS (\$m) & MARGIN (%)



## ADJUSTED SEGMENT OPINC (\$m) & MARGIN (%)





# Sensing & Monitoring Q3 operational highlights



## Land

- Over 100,000 508<sup>XT</sup> channels delivered to MENA and Asia
- Delivery of WiNG nodes to Europe and the USA

## Marine

- Completed the acquisition of ION's software division
- Significant deliveries of GPR300 OBN node

## Downhole tools

- Strong activity for Artificial Lift gauges in the US market

## Beyond the Core

- Diversification opportunities leveraging ION's software business with its Marlin simultaneous maritime operations management software
- Ongoing discussions with potential customers in the US and Europe for Infrastructure Monitoring projects



# Structural Health Monitoring: successful bridge test in Texas



## Market

- Structural Health Monitoring market estimated ~2B\$ in 2022, growing at a 14% CAGR
- Leveraging CGG's high-quality wireless sensors and data processing expertise to deliver full solutions for the monitoring of large and critical infrastructures

## Cable-stayed bridge test in Texas

- Demonstration of S-lynks system for TxDOT on a major cable-stayed bridge in Texas
- System measured bridge vibration modes and cables tension, providing actionable data that will allow more relevant and targeted maintenance



# FINANCIAL REVIEW

# Income Statement

In million \$	Q3 2022	Q3 2021	YTD 2022	YTD 2021
<b>Segment Revenue</b>	<b>217</b>	<b>270</b>	<b>610</b>	<b>640</b>
IFRS 15 adjustment	38	(60)	49	(49)
IFRS Revenue	255	210	659	591
<b>Segment EBITDAs</b>	<b>77</b>	<b>118</b>	<b>241</b>	<b>190</b>
<b>Adjusted** Segment EBITDAs</b>	<b>75</b>	<b>119</b>	<b>236</b>	<b>188</b>
<b>Segment OPINC</b>	<b>25</b>	<b>33</b>	<b>86</b>	<b>9</b>
<b>Adjusted** Segment OPINC</b>	<b>24</b>	<b>35</b>	<b>82</b>	<b>0</b>
IFRS 15 adjustment	2	(13)	11	(9)
IFRS OPINC	28	21	97	0
Net cost of financial debt	(24)	(27)	(75)	(94)
Other financial income	(1)	-	2	(42)
Taxes	(4)	(7)	(27)	(17)
<b>Net income / (loss) from continuing operations</b>	<b>(1)</b>	<b>(13)</b>	<b>(2)</b>	<b>(154)</b>
Net income / (loss) Discop	0	(3)	(2)	2
<b>Group Net income / (loss)</b>	<b>(2)</b>	<b>(16)</b>	<b>(4)</b>	<b>(152)</b>

## Q3 2022

**Segment Revenue at \$217m**, down (16)% pro-forma\* year-on-year

**Adjusted\*\* Segment EBITDAs at \$75m**, a 35% margin

- DDE adjusted\*\* Segment EBITDAs at \$66m, a high 50% margin
- SMO adjusted\*\* Segment EBITDAs at \$15m, a 17% margin

**Adjusted\*\* Segment OPINC at \$24m**,

- DDE adjusted\*\* Segment OPINC at \$23m, a 17% margin
- SMO adjusted\*\* Segment OPINC at \$8m, a 9% margin

**Group Net Income at \$(2)m** compared to a net loss of \$(16)m last year

\*Pro-forma indicators represent supplementary information adjusted for GeoSoftware & Physical Asset Storage and Services businesses sold in 2021

\*\*Adjusted indicators represent supplementary information adjusted for non-recurring charges



# Simplified Cash Flow

In million \$	Q3 2022	Q3 2021	YTD 2022	YTD 2021
<b>Segment Operating Cash Flow before change in working capital</b>	<b>77</b>	<b>125</b>	<b>235</b>	<b>196</b>
Change in working capital & provisions	(40)	(49)	9	39
Capex	(82)	(73)	(210)	(172)
Acquisitions and disposals	(16)	(1)	1	(4)
<b>Segment free cash flow</b>	<b>(61)</b>	<b>2</b>	<b>35</b>	<b>59</b>
Cash cost of debt, Other financial items & Lease repayments	(11)	(14)	(83)	(80)
Free cash flow from Discontinued Operations	1	(15)	2	(14)
CGG 2021 Plan	(7)	(7)	(19)	(26)
<b>Net cash flow before forex impact</b>	<b>(78)</b>	<b>(34)</b>	<b>(65)</b>	<b>(61)</b>

## Q3 2022

Net cash flow at **\$(78)m**

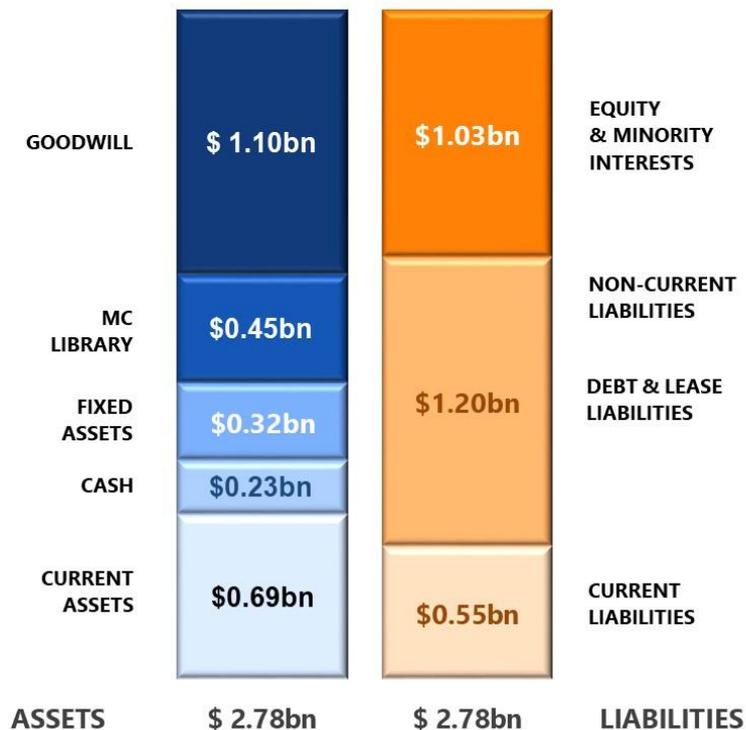
Segment operating cash flow before **\$(40)m** change in working capital & provisions was at **\$77m**

Capex at **\$(82)m**

Acquisitions & disposals at **\$(16)m** including **\$(19)m** investment for the acquisition of the ION Software business

Other financial items and lease repayments at **\$(11)m**

# Balance Sheet



## As of September 31, 2022

Group liquidity amounted to **\$325m**, including:

**\$225m** cash liquidity

**\$100m** undrawn RCF

Group gross debt before IFRS 16 was **\$1,114m** and net debt was **\$889m**

Group gross debt after IFRS 16 was **\$1,201m** and net debt was **\$976m**

**\$1,070m** HY Bonds, due 2027

**\$87m** Lease liabilities

**\$41m** Accrued interests

**\$3m** Bank loans

Group leverage (Net Debt to Segment EBITDAs) was **2.5x**



# OUTLOOK

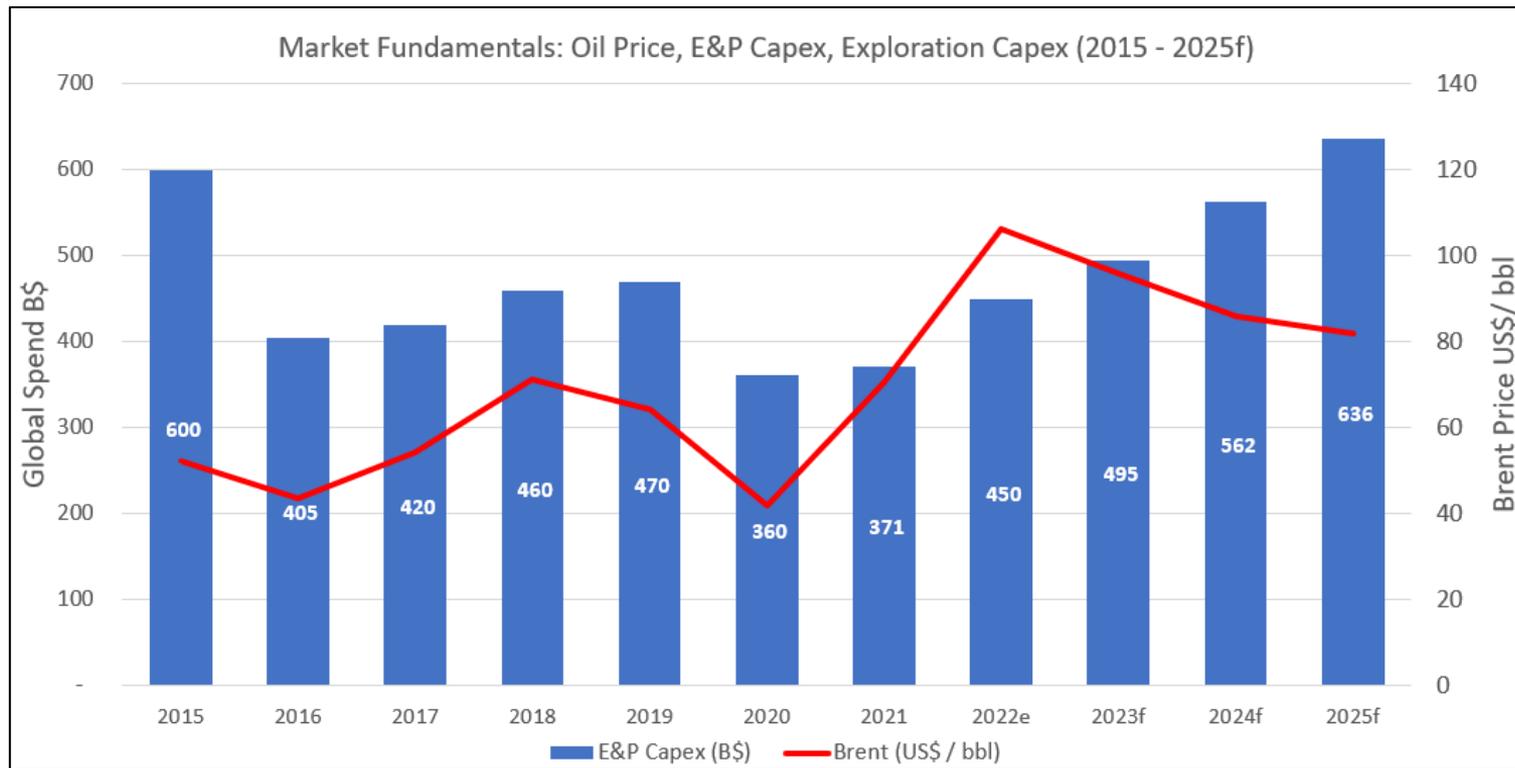


## 2022 Financial objectives update

- 2022 CGG segment revenue expected to be around \$900m, stable pro-forma\* year-on-year
  - DDE 2022 segment revenue expected to be up around 18% pro-forma\* year-on-year
    - SMO 2022 segment revenue expected to be down around 30% year-on-year and below guidance due to shift of major clients' projects to 2023 and the ban on exports to Russia (\$50m impact). SMO inventories are expected to come down during H1 2023 on the back of higher equipment deliveries.
- 2022 segment EBITDAs is expected to be around \$380m, up 10% year-on-year and up 15% pro-forma\* year-on-year. EBITDAs segment margin is expected to increase to around 42% due to a favorable business mix
- 2022 EDA cash Capex is expected to be around \$200m with prefunding at around 60-70% mainly due to the shift of some prefunding revenue for our programs offshore Brazil into 2023. 2022 Industrial and R&D Capex is expected to be around \$60m, \$10m lower than guidance
- With these updated EBITDAs and Capex, 2022 Free EBITDAs (EBITDAs - Capex) is expected to be around \$120m, broadly in line with our original expectations based on financial objectives provided on March 3, 2022
- Strengthening market confirms multi-year upcycle from 2023 onwards



# Industry is entering a favorable multi-year upcycle advantageous to CGG as a technology market leader



Source: 1. Brent Forecasts: S&P Global Commodity Insights, Rystad Energy, Fitch Solutions, Bloomberg Consensus. 2. E&P CAPEX Forecasts: 2022 Evercore ISI Global E&P mid-tear spending outlook, Barclays Capital European Energy Services



# Conclusion

- The industry is entering a favorable multi-year upcycle, driven by years of underinvestment and lack of supply of oil and gas
- Exploration will progressively increase, especially offshore, to fill the supply gap
- 2022 is a year of transition for CGG, which required increased investments in people, data, technologies, M&A and working capital to capture the upcycle in the Core and advance our growth Beyond the Core
- CGG has been resilient through the post-covid supply challenges, and we continue to make good progress on our ESG objectives, highlighted by our AA rating reconfirmed recently by MCSI
- CGG has leading market positions across its businesses, and our unique high-end technology and data are critical to our clients to reduce risks and effectively address the energy challenges
- Our unique capabilities enable differentiation in markets beyond our core, and we are seeing good progress in HPC & Cloud Solutions, Infrastructure Monitoring, Data Hub and CCUS
- Looking forward, we expect improvements across all our businesses, core and beyond the core, and further accelerating growth in 2023 and beyond



THANK YOU