Agreement in Principle on Financial Restructuring

June 2nd, 2017

CGG
Passion for Geoscience

Disclaimer

- This presentation has been prepared by CGG S.A. ("CGG") in the context of the negotiations between it and certain of its creditors and other stakeholders in respect of a potential restructuring plan. It is not intended for, and may not be used for, any other purposes.

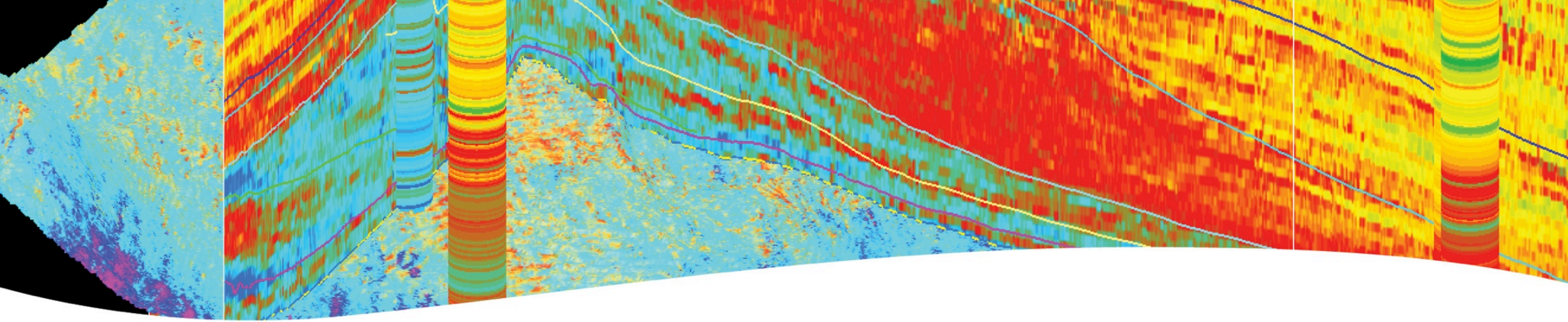
- This document contains forward-looking statements, which involve risks and uncertainties, including statements regarding certain key financial indicators. Such forward-looking statements are management objectives and do not constitute profit forecasts as defined in European regulation (EC) 809/2004 . The business plan highlights presented herein are notably based on hypotheses built by the management and market environment estimates. Forward-looking statements for the 2017, 2018 and 2019 financial years have been established in an unstable and volatile environment which make it difficult to determine with a satisfactory degree of certainty the future performances of the group.

- Although CGG believes its business plan highlights presented herein are based on its reasonable assumptions at the time about future events, these statements are subject to numerous risks and uncertainties. As a result, actual results may differ materially from those that we expected.

- A description of the risks to which the CGG group is exposed appears in section 3 "Risk Factors" of the CGG's "Document de référence" and in Item 3 of CGG's annual report on Form 20-F, filed with the French financial markets authority (AMF) and the Securities and Exchange Commission (SEC), respectively, on 1 May 2017. The forward-looking statements contained in this document are based upon information available to CGG on the date of this document. CGG does not undertake to update or revise any of these statements to take account of events or circumstances arising after the date of this document or to take account of the occurrence of unexpected events.

Agenda

- Agreement in Principle
- Characteristics of the group after the financial restructuring
- Conclusion and timetable



Agreement in Principle

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Restructuring discussions: positive outcome

- Following the May 12th announcement, the Company has reengaged, under the aegis of the Mandataire Ad Hoc, in restructuring discussions with its main creditors and DNCA
    - The “Secured Lenders Coordinating Committee”[1] = 52.7% principal amount
    - The “HYB ad hoc Committee”[2] = 52.4% principal amount
    - DNCA = 7.9% share capital / 5.5% principal amount of HYB / 18.7% principal amount of CB
- Agreement in Principle supported by all those parties

[1].Members of the Secured Lenders Coordinating Committee: funds or assets managed by Goldman Sachs, Makuria, Och Ziff, T Rowe Price, respectively

[2].Members of the HYB ad hoc Committee: funds managed by Alden Global, Attestor Capital, Aurelius Capital, Boussard & Gavaudan Asset Management, Contrarian Capital Management, Third Point Capital, respectively

Reminder: CGG's Priorities

- Protect the corporate interest of the Company and the full value of its businesses
  - Timetable to deliver the targeted Financial Restructuring is of the essence in the present market environment
- Preserve the Group's integrity
  - Highly interlinked technologies, Production Units and Geographies
- Provide a framework for long-term sustainability for the Company's businesses, employees and customers
  - CGG is a Services Company which value is mostly made by Clients and People
  - Put the Company in a safe harbor from a Liquidity viewpoint to face any possible delay in the Geoscience Market recovery
- Find a solution respecting the existing interest of each stakeholder and their ability to take part in the Company's recovery
  - The rights and weights of the stakeholders are heterogeneous, depending notably of their subordination rank, and will have to be eventually balanced and fulfilled under the authority of French and US Court

Financial Restructuring objectives met

- **Legacy Maritime Liabilities and Nordic Debt** fully addressed in Q1
- **Full Equitization** of the principal amount of the unsecured debt leading to substantial Group deleveraging
- **Extension of the maturity** of the secured debt to 2022 (5 years from restructuring closing date)
- **Significantly improved liquidity** position both to protect the Company in the event of operational sensitivities and to be able to finance growth at recovery time

Key differences from Company's Proposal dated May 12th

- ## Key differences in Debt Equitization
  - Conversion price of the High Yield Bonds: \$3.5 vs \$4 in May 12 proposal
  - Conversion price of the Convertible Bonds: \$11.5 vs \$15 in May 12 proposal
  - Accrued High Yield Bond coupon to be paid on closing through issuance of new High Yield Bond
  - Accrued Convertible coupon to be paid on closing in cash
  - Existing shareholders receive 4 Warrants for 3 shares (vs 6 for 5 in May 12 proposal) / 4-year Warrants with a strike price of \$3.5 (vs \$4 in May 12 proposal)
- ## Key differences in New Money
  - Rights issue increased to \$125m (vs \$75m)
  - Amount of HYB new money increased to \$375m (vs 350m in May 12 proposal) available to all eligible HYB holders

Agreement in Principle: Equitization of the Unsecured Debt

	SUMMARY OF MAIN ECONOMIC TERMS
Treatment of the Unsecured Debt Coupon	■ HYB: \$86m accrued and unpaid interest to be paid on closing with new HY Bonds ■ CB: \$5m accrued and unpaid interest to be paid on closing in cash
Reserved Capital Increase to HY Bondholders	■ HYB outstanding amount of c.\$1,515m to be exchanged into Equity (except for the portion potentially used in the backstop of the Rights Issue) ■ Exchange at Par for Shares at \$3.50
Reserved Capital Increase to Convertible Bondholders	■ Convertible Bonds amount of c.\$378m to be exchanged into Equity ■ Exchange at Par for Shares at \$11.50
Issue of Warrants in favor of Original Shareholders	■ Warrants #1 at \$3.50 / 4-year maturity ■ 4 Warrants for 3 Shares

Agreement in Principle: New Money

	SUMMARY OF MAIN ECONOMIC TERMS

$125m Rights Issue with Warrants (ABSA) limited to Existing Shareholders	▪ Issuing New Shares at $1.75 coupled with Warrants #2 at $4.5 / 5 year maturity
	  ▪ 2 Warrants for 3 New Shares
	▪ Open to all existing shareholders (before equitization of the HY Bonds and the Convertible Bonds)
	▪ Backstop (payable on closing):
	  ▪ DNCA has agreed to backstop $70m of the Rights Issue in cash
	  ▪ Until no later than 21 days before the shareholders meeting, the Company, at its election, may propose to, and agree with significant shareholder(s) who would sign a lock up agreement to backstop the amount not taken up by DNCA
	  ▪ Any amount not backstopped will be backstopped by the HY Bondholders by way of set off of their claims under the HY Bonds
	  ▪ 10% Backstop fee payable in cash pro rata to those parties who provide the backstop in cash

$375m New HYB provided by the Unsecured Lenders	▪ Issuing New High Yield Bonds at par coupled with Penny Warrants (fully diluted basis before Warrants #1 & #2)
	  ▪ Floating Libor (floor at 1%) + 4% cash + 8.5% PIK
	  ▪ 6-year maturity post Closing Date
	  ▪ (i) USD Tranche and (ii) EUR Tranche, in an amount to be agreed
	▪ Backstop (payable on closing):
	  ▪ Backstopped by HYB Ad Hoc Committee
	  ▪ **3% cash backstop fee** paid to the HYB Ad Hoc Committee
	  ▪ **Penny warrants** allowing to subscribe **for 1.5% of share capital** (after restructuring but before exercise of Warrants 1 and Warrants 2) granted to the HYB Ad Hoc Committee
	▪ Commitment fee (payable on closing):
	  ▪ Possibility to commit to subscribe for their exact prorata amount offered to all qualified investors holding HYB on June 1 , 2017 (the "Record Date"), who sign the lock-up agreement during the plan support period (dates to be determined). Allocations will be determined based on the lower of holdings on (i) the Record Date and (ii) the commitment date
	  ▪ **7% cash commitment fee paid prorata** to parties committing to subscribe for New High Yield Bonds
	  ▪ **Penny warrants** allowing to subscribe **for 16.0% of share capital** (after restructuring but before exercise of Warrants 1 and Warrants 2) prorata to parties committing to subscribe for New High Yield Bonds

Other	▪ **Penny warrants** allowing to subscribe **for 1% of share capital** (after restructuring but before exercise of Warrants 1 and Warrants 2) granted to the HYB Ad Hoc Committee as a **Global Coordinator fee** (payable on closing) ▪ No deal no fee

Agreement in Principle: reinstated secured debt

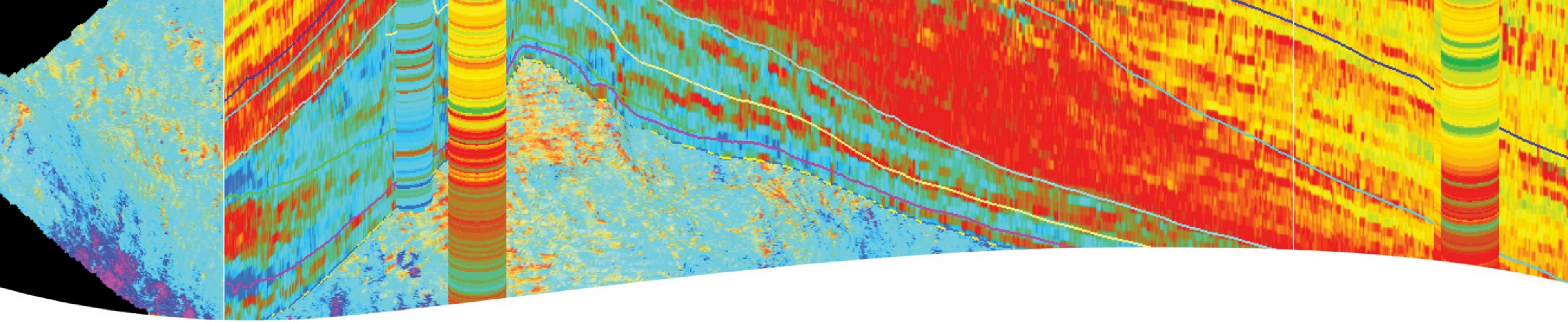
- Reinstatement of the outstanding c. $800m US and French Revolving Credit Facility + Term Loan B
  - Up to $150m prepaid at Closing
  - Secured Bond format
  - 5 year maturity
  - Libor (floor 1%) + 6.5% cash / 2.5% PIK
  - No maintenance covenant except $185m minimum cash and cash equivalent
  - Basket for up to $200m additional pari passu secured debt under a 2.5x first lien leverage cap and 3x interest cover

Agreement in Principle: Indicative Equity Ownership

Shareholding Pre New Money (Pre Penny Warrants)	Post Debt Equitisation	Including Warrants 1
Existing shareholders	4,5%	10,0%
Convert. Bonds	6,7%	6,4%
HYB	88,7%	83,7%
Total	**100%**	**100%**

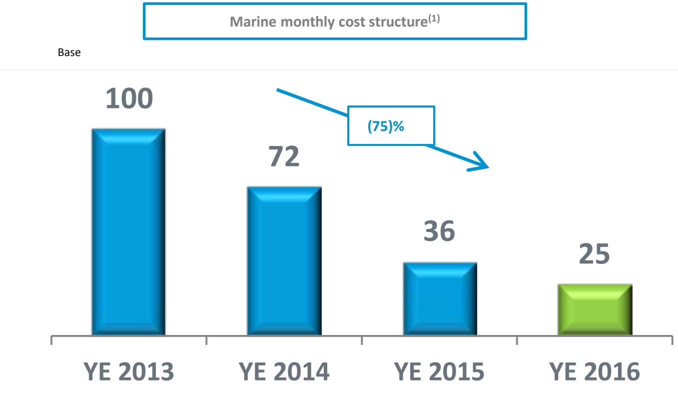
Shareholding Post New Money	Post Debt Equitisation	Including Warrants 1	Including Warrants 2
Existing shareholders	13,6%	17.2%	22.4%
of which from new money	*10.4%*	*10.0%*	*15.6%*
of which from existing shares	*3.2%*	*7.2%*	*6.8%*
Convert. Bonds	4.8%	4.6%	4.3%
HYB	81.6%	78.2%	73.3%
Total	**100%**	**100%**	**100%**

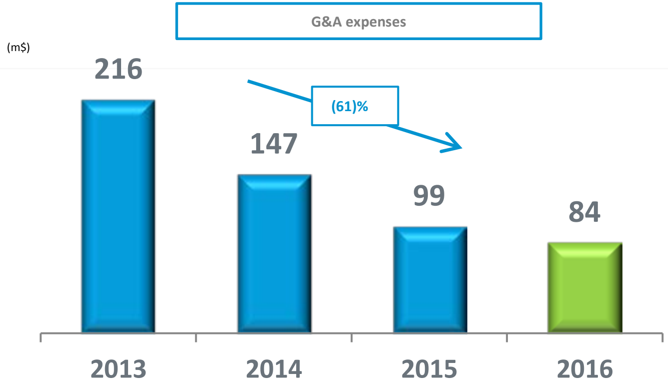
Note: Assuming a full take-up in the Rights Issue

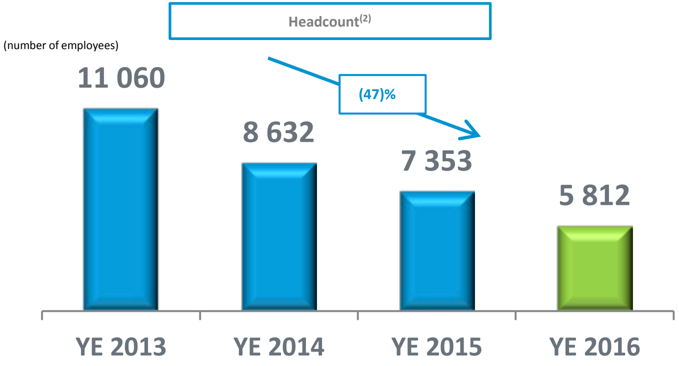


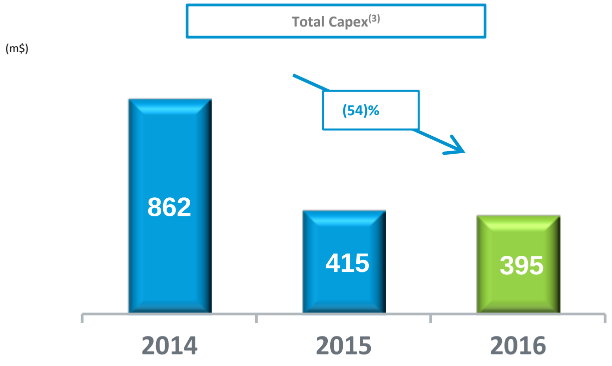
Characteristics of the group after the financial restructuring

Industrial restructuring: fully achieved





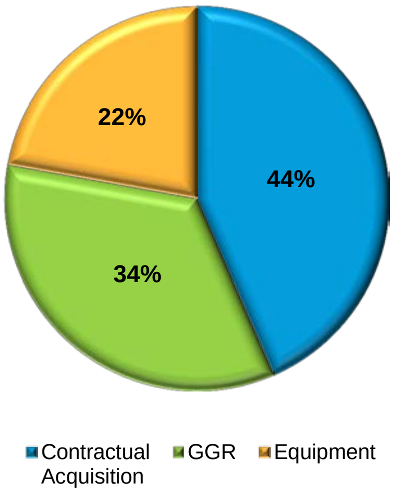




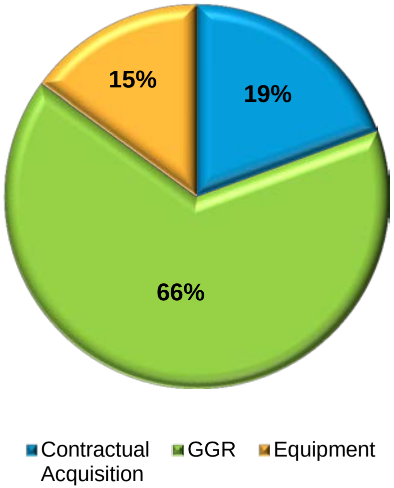
Source: Company
(1) Full cost base including Depreciation and Amortization
(2) Including Manufacturing temporaries
(3) Excluding impact of variation in fixed asset suppliers

Business mix evolution

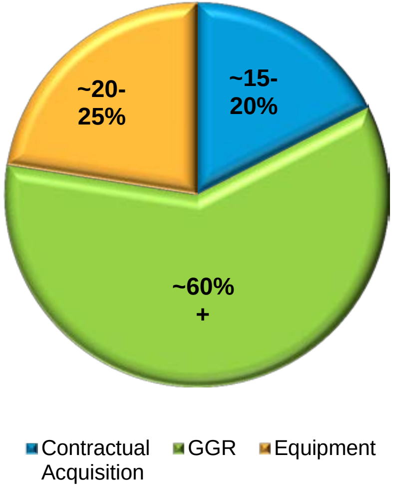
2013A	2016A	MID-TERM OBJECTIVE



Total revenue: $3.8 BN



Total revenue: $1.2 BN



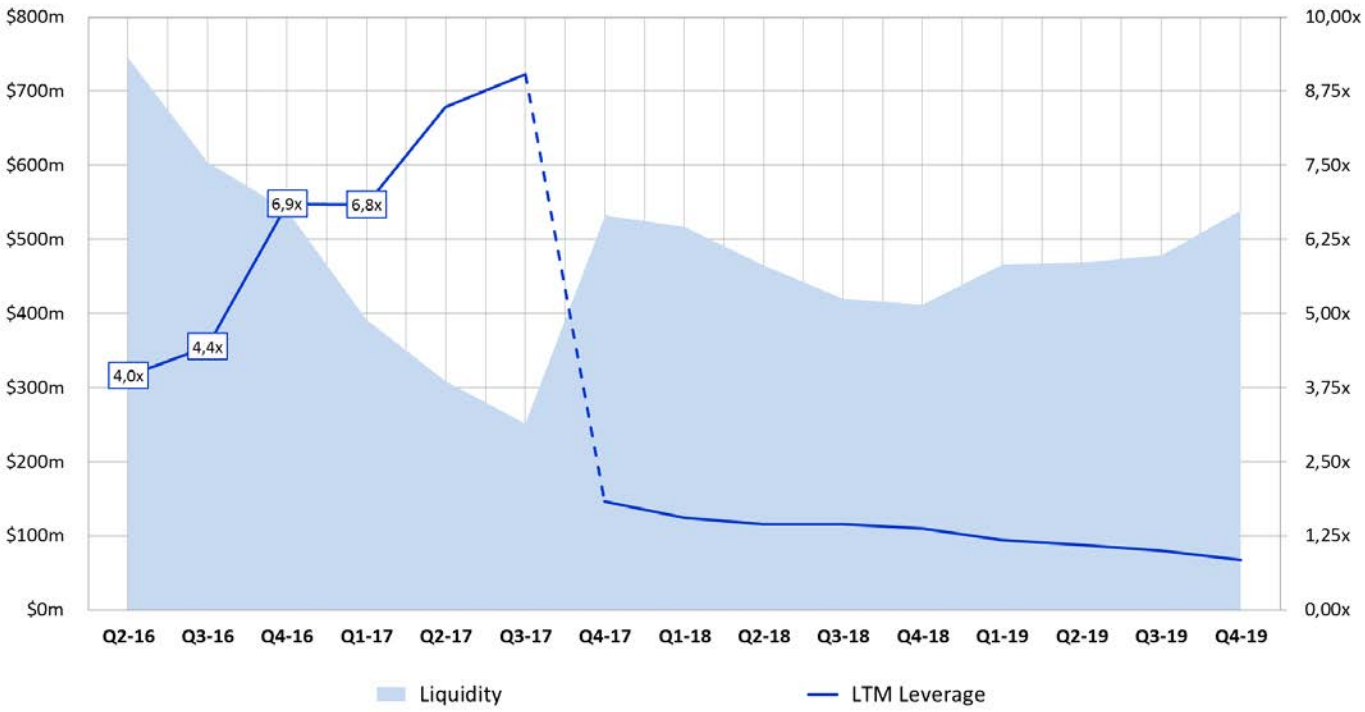
Total revenue: ~$2.0 BN

Business plan: selected financial targets

FYE 31/12	2016A	2017E	2018E	2019E
Revenue	**$1.2 BN**	***In line with 2016A results***	**~$1.5 BN**	**~$2.0 BN**
***EBITDA Margin* (1)**	***27.4%***		***35.0% - 40.0%***	***37.5% - 42.5%***
MC Capex	**$295m**		**$275 – 325m**	
Industrial Capex	**$71m**		**$100 – 125m**	
R&D Capex	**$34m**		**Stable at c.$35m**	
Change in Working Capital	**$198m**	***Negative – In line with revenue growth (excluding ~$50 MM Pemex accelerated factoring in 2017)***		
Cash Transformation Cost	**$167m**	**$80m**	**$15m**	**$10m**

(1) Company historical Seasonality of EBITDA is significantly weighted to H2. H1 2017 is expected to be impacted by fleet transition, more contractual activity than multi-client and lower volumes in Sercel

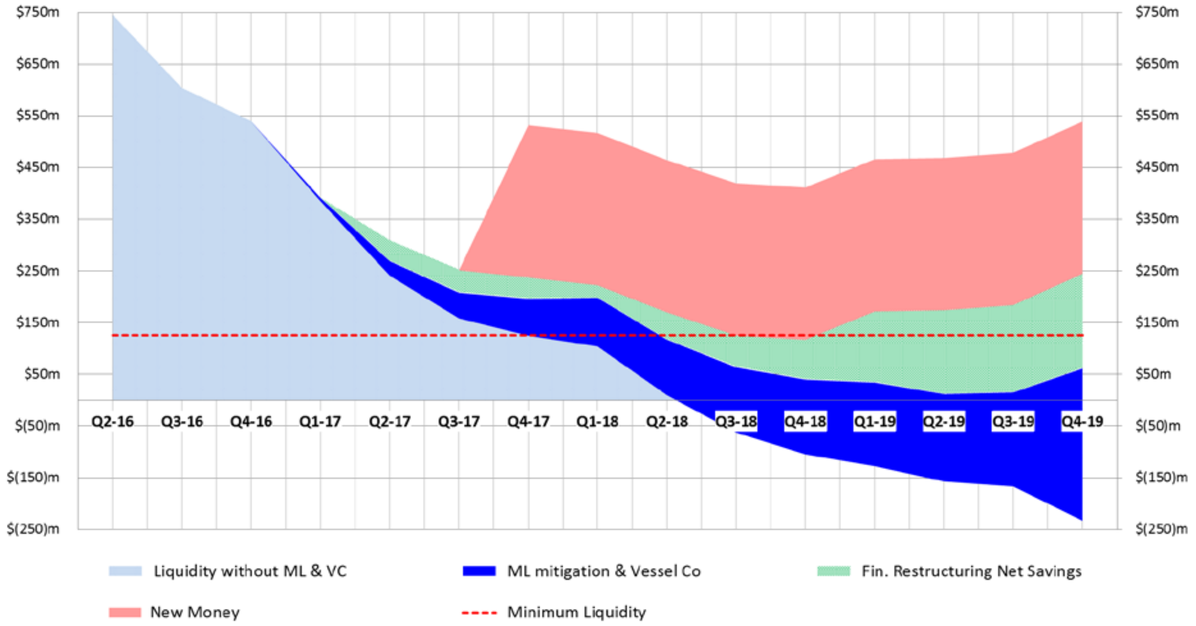
Group Leverage: back below 1.5x beginning of 2018



Based on mid-point of Business Plan targets, post Restructuring, Net Financial Debt* over EBITDA ratio below the 1.5x area

* Here-shown excluding **Capital Lease**

Group Liquidity: $1bn improvement at YE 2019 horizon



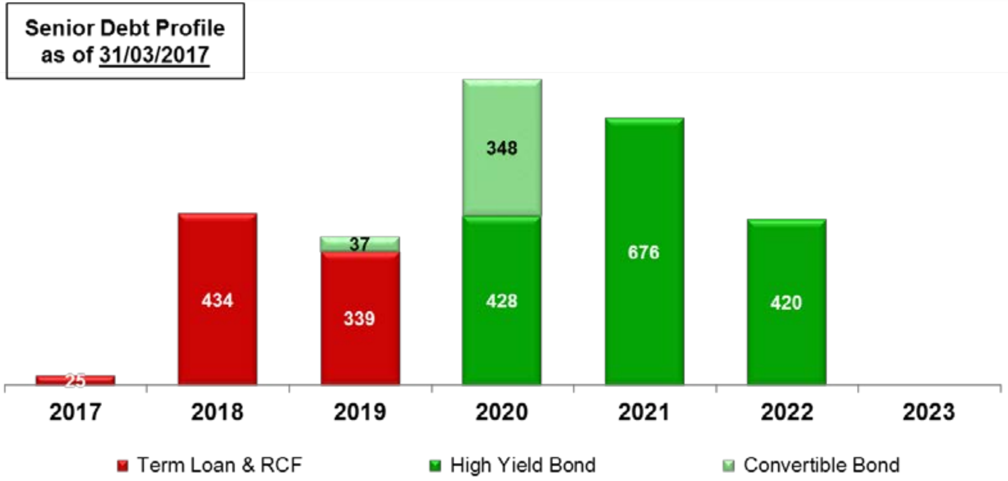
Restructuring Savings (over 2017-2019)

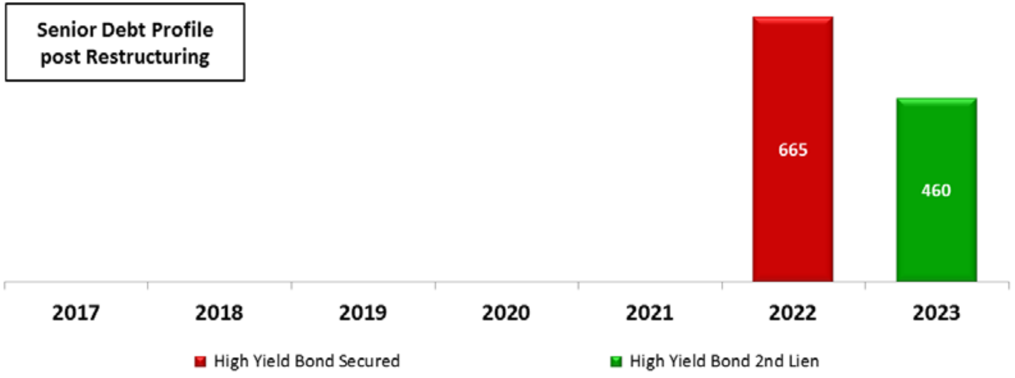
- ML mitigation & Nordic Loan: c. **$300m**
- Cost of Debt reduction net of fees: c. **$200m**

Additional Liquidity

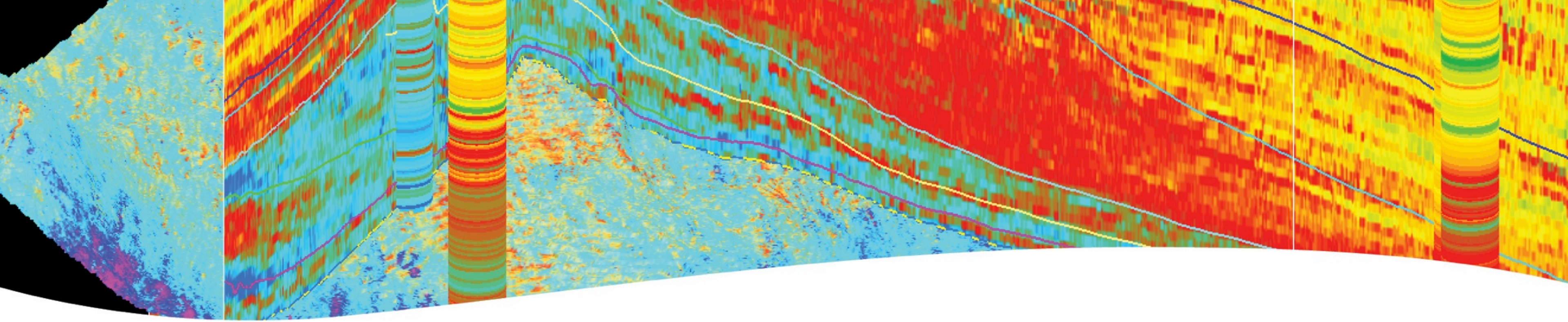
- Net New Money: c. **$300m**
- Basket for new Secured debt: c. **$200m**

Debt profile post financial restructuring





- From **$2.75bn** before Restructuring to **$1.15bn** post restructuring
- Maturities extended to **2022** and **2023**
- Average cost of debt at **7.0%** cash + **5.0%** PIK
  - **c. $80m** cash burden in 2018



Conclusion and timetable

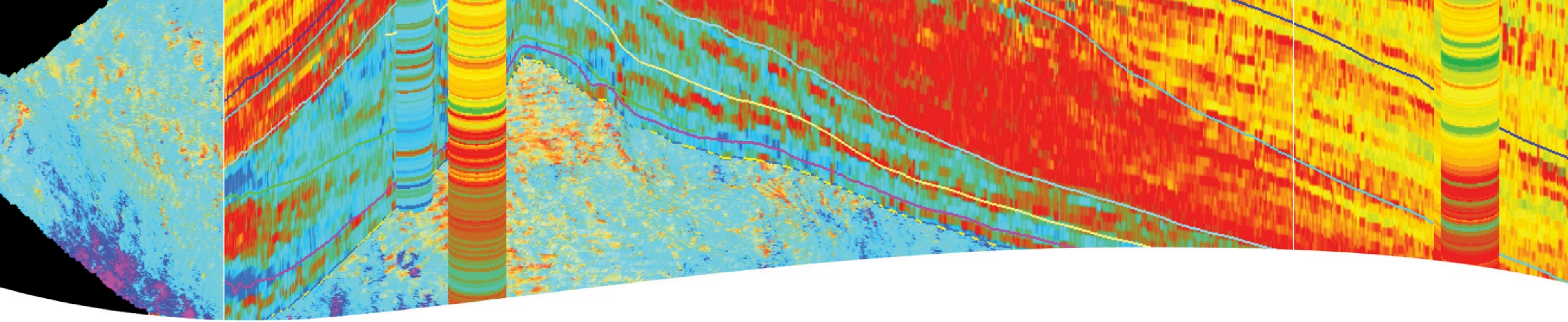
Next Steps

- Finalize legal documentation including lock-up agreements by June 12th at the latest
  - Agreement in principle is subject to final documentation as well as customary conditions
- Interest on the 6.5% Senior Notes due on June 1st 2017
  - Put on hold during the 30-day grace period
- Interest on the 5.875% Senior Notes due on May 15th 2017
  - 30-day grace period ending June 14th
- Potential voluntary Court proceedings in multiple jurisdictions to fully implement the financial restructuring

Conclusion: financial objectives met

- **Legacy Maritime Liabilities and Nordic Debt** fully addressed in Q1
- **Full Equitization** of the principal amount of the unsecured debt leading to substantial Group deleveraging
- **Extension of the maturity** of the secured debt to 2022 (5 years from restructuring closing date)
- **Significantly improved liquidity** position both to protect the Company in the event of operational sensitivities and to be able to finance growth at recovery time

In parallel with our financial restructuring process, we remain focused on our high level of services to our customers and quality of our integrated product offerings



Appendix

Agreement in Principle: key changes vs Company proposal dated 12 May 2017

	COMPANY PROPOSAL (12/05/2017)	AGREEMENT IN PRINCIPLE (01/06/2017)
HY Bondholders	▪ HYB amount of principal plus accrued and unpaid interest ($1,601m, if closing occurs by the end of October 2017) to be converted into Equity @ $4 (except for the portion potentially used in the backstop of the Rights Issue)	▪ HYB amount of principal plus accrued and unpaid interest not paid in kind on Closing Date ($1,515m, if closing occurs by the end of October 2017), to be converted into Equity @ $3.5 (except for the portion potentially used in the backstop of the Rights Issue) ▪ $86m accrued and unpaid interest to be paid on closing with new HY Bonds
Convertible Bondholders	▪ Convertible Bonds amount of principal plus accrued and unpaid interest ($383m if closing occurs by the end of October 2017) to be converted into Equity @ $15 ▪ Possibility to participate in the new HYB ($25m)	▪ Convertible Bonds amount of principal plus accrued and unpaid interest not paid in cash on Closing Date ($378m if closing occurs by the end of October 2017) to be converted into Equity @ $11.5 ▪ No participation in the new HYB ▪ $5m accrued and unpaid interest to be paid on closing in cash
Rights Issue	▪ New Money of $75m @ $2 ▪ Warrants 2 based on a 1/1 ratio	▪ New Money of $125m @ $1.75 ▪ Warrants 2 based on a 2 warrants for 3 shares ratio

New HYB	▪ $350m (with Penny warrants for 12.5%)
	  ▪ HYB: $325m (11.6%)
	  ▪ CB: $25 (0.9%)
	▪ 10% Backstop fee payable in cash to those parties providing the backstop
		▪ $375m (with Penny warrants for 16% of the share capital)
		  ▪ HYB: $375m
		  ▪ CB: $0m
		▪ Backstop (payable on closing):
		  ▪ Backstopped by HYB Ad Hoc Committee
		  ▪ 3% cash backstop fee paid to the HYB Ad Hoc Committee
		  ▪ Penny warrants allowing to subscribe for 1.5% of share capital (after restructuring but before exercise of Warrants 1 and Warrants 2) granted to te HYB Ad Hoc Committee
		▪ Commitment fee (payable on closing):
		  ▪ 7% cash commitment fee paid prorata to parties committing to subscribe for New High Yield Bonds
		  ▪ Penny warrants allowing to subscribe for 16.0% of share capital (after restructuring but before exercise of Warrants 1 and Warrants 2) prorata to parties committing to subscribe for New High Yield Bond

Other	▪ Global Coordinator fee: Penny Warrants allowing to subscribe for 3.0% of share capital (after restructuring but before exercise of Warrants 1 and Warrants 2) ▪ Warrants 1 for existing shareholders based on a 1.2x ratio	▪ **Global Coordinator fee for the HYB ad hoc committee (payable on closing):** Penny Warrants allowing to subscribe for 1.0% of share capital (after restructuring but before exercise of Warrants 1 and Warrants 2) ▪ Warrants 1 for existing shareholders based on a 4 warrants for 3 shares ratio ▪ No deal no fee

Headline Terms of the Agreement in Principle
Secured Lenders (US & French RCF and TLB) – 1/2

AREAS TO BE ADDRESSED	HEADLINE TERMS
Borrower	▪ CGG Holdings Inc. (US)
Form	▪ Bond format ▪ NY Law
Guarantors	▪ Adjusted guarantee package compared to existing package, reflecting release of following guarantors[1]: CGG MRN, CGG Holding UK I, CGG Holding UK II, Sercel Inc, Sercel GRC ▪ Additional guarantors to be considered ▪ Pledge of shares owned by Obligors of any guarantor being released
Maturity	▪ 5-year from Closing Date
Interest	▪ Interest to be set at Closing Date, based on linear ratchet grid (and fixed for life with respect to the ratchet grid) : – Floating Libor (100bps floor) + 650bps cash + 250bps PIK if ≥ $700m outstanding at Closing Date – Floating Libor (100bps floor) + 650bps cash + PIK between 125bps and 250bps depending on total outstanding, if outstanding between $600m and $700m outstanding at Closing Date – Floating Libor (100bps floor) + 650bps cash + PIK between 0bps and 125bps depending on total outstanding, if outstanding between $500m and $600m outstanding at Closing Date – Floating Libor (100bps floor) + 650bps cash if ≤ $500m outstanding at Closing Date
Amortization	▪ Full Bullet Bond (no contractual amortization) ▪ No excess cash flow sweep

Note 1: Subject to the provision of specified satisfactory information on Guarantors

Headline Terms of the Agreement in Principle
Secured Lenders (US & French RCF and TLB) – 2/2

AREAS TO BE ADDRESSED	HEADLINE TERMS
Early Prepayment	■ Callable at par (in whole but not in part) at any time during the first 6 months after Closing Date (for avoidance of doubt from end of month 3 the repayment will be inclusive of the 3% roll-over fee that will be PIKed) ; Non-call between months 7 and 36, thereafter callable at no prepayment premium ■ Closing Date shall be the date of completion of the last of the operations to be implemented in the context of the restructuring including for the avoidance of doubt, effective date of chapter 11 and safeguards, satisfaction of all the conditions precedent and completion of the securities issuances ■ Same suite of mandatory prepayment events as current documentation (excluding Permitted Junior Debt Refinancing and Change of Control to be a put at 101% (for the avoidance of doubt the Non Call premium will still be due during the Non Call period)) – Permitted Junior Debt Refinancing terms: Cash coupon (in $m) not higher than new HYB, maturity not earlier than new HYB and no better security than HYB
Upfront Paydown	■ Any net new money amount above $250m (incl. New money capital increase) after fees would paydown secured debt subject to a cap of $150m
Covenant	■ No maintenance covenants except a minimum cash and cash equivalent covenant set at $185MM ■ Customary incurrence covenant including in respect with the issuance of additional debt (definition and threshold to be agreed)
Security	■ Consistent with existing security package (except for adjustments to guarantees as noted above) including customary negative pledge on unencumbered assets
Rollover Fee	■ Additional interest paid in kind in an amount equal to 3.0% of principal amount of the rolled over secured debt if no refinancing has occurred during the first 3 months after Closing
Other	■ Enable incurrence of additional debt up to $200m pari passu (under a secured cap of $900 MM) to fund Company's growth ■ Secured lenders to have right of first refusal on providing the additional secured debt if the cost is greater than existing terms ■ Will provide incremental security if we increase secured gross debt above $800 MM ■ Incremental security (1.5x coverage) for $100 MM flexibility above $800 MM ■ Documentation refresh

Headline Terms of the Agreement in Principle

New HYB Terms (1/2)

AREAS TO BE ADDRESSED	HEADLINE TERMS
Issuer	■ CGG SA ■ Format: US$ documentation consistent with existing US$ HYB
Amount	■ $375m in cash ■ (i) USD Tranche and (ii) EUR Tranche in an amount to be agreed ■ $86m from the payment of accrued and unpaid Coupon
Ranking	■ Adjusted guarantee package compared to existing package in favor of HYB, reflecting release of following guarantors: CGG MRN, CGG Holding UK I, CGG Holding UK II, Sercel Inc, Sercel GRC, Sercel Australia, Sercel Canada, CGG Canada Services Ltd ■ Additional guarantors to be considered ■ Obligation of CGG SA with a Silent Second Lien on US and French collateral (and additional collateral if legally feasible to have Silent Second Lien under local laws)
Intercreditor principles	■ Silent second lien intercreditor agreement to be governed by NY law and to include drag along guaranty and lien release provisions upon disposition of collateral (i) permitted under senior debt documents in effect as of the closing date, (ii) consented to by the required senior lenders, (iii) pursuant to an exercise of remedies by the senior lenders and/or (iv) in connection with a sale under Section 363 of the Bankruptcy Code, in each case subject to lien attachment to proceeds
Tenor	■ 6 years from Closing Date (12 months after secured debt maturity)
Coupon	■ Floating Libor (100 bps floor) + 400bps (cash) + 850bps (PIK), for the USD Tranche ■ Floating Euribor (100 bps floor) + 400bps (cash) + 850bps (PIK), for the EUR Tranche

Headline Terms of the Agreement in Principle
New HYB Terms (2/2)

AREAS TO BE ADDRESSED	HEADLINE TERMS
Call	▪ Year 1: 120% ▪ Year 2: 120% ▪ Year 3: 112.5% ▪ From Year 4: par
Covenants	▪ Incurrence based covenants only, consistent with existing US$ HYB due 2022 subject to increase in baskets for operational purposes and flex for incurrence of $200m additional debt for new senior secured financing ▪ Cross acceleration to senior secured debt
Use of proceeds	▪ General corporate purpose for the first $250m ▪ Any new money amount above $250m (incl. New money capital increase) after fees would pay down secured debt (capped at $150m)

Backstop / Commitment fee	▪ <u>Backstop (payable on closing)</u>:
	  ▪ Backstopped by HYB Ad Hoc Committee
	  ▪ **3% cash backstop fee** paid to the HYB Ad Hoc Committee
	  ▪ **Penny warrants** allowing to subscribe **for 1.5% of share capital** (after restructuring but before exercise of Warrants 1 and Warrants 2) granted to the HYB Ad Hoc Committee
	▪ <u>Commitment fee (payable on closing):</u>
	  ▪ Possibility to commit to subscribe for their exact prorata amount offered to all qualified investors holding HYB on June 1 , 2017 (the “Record Date”), who sign the lock-up agreement during the plan support period (dates to be determined). Allocations will be determined based on the lower holdings on (i) on the Record Date and (ii) on the commitment date
	  ▪ **7% cash commitment fee paid prorata** to parties committing to subscribe for New High Yield Bonds
	  ▪ **Penny warrants** allowing to subscribe **for 16.0% of share capital** (after restructuring but before exercise of Warrants 1 and Warrants 2) prorata to parties committing to subscribe for New High Yield Bonds

Other	▪ **Global coordination Penny Warrants** allowing to subscribe for **1% of share capital** (after restructuring but before exercise of Warrants 1 and Warrants 2) payable to the HYB Ad Hoc Committee on closing

Thank you

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