Financial restructuring plan, moving forward

Credit investors presentation June 27, 2017

CGG

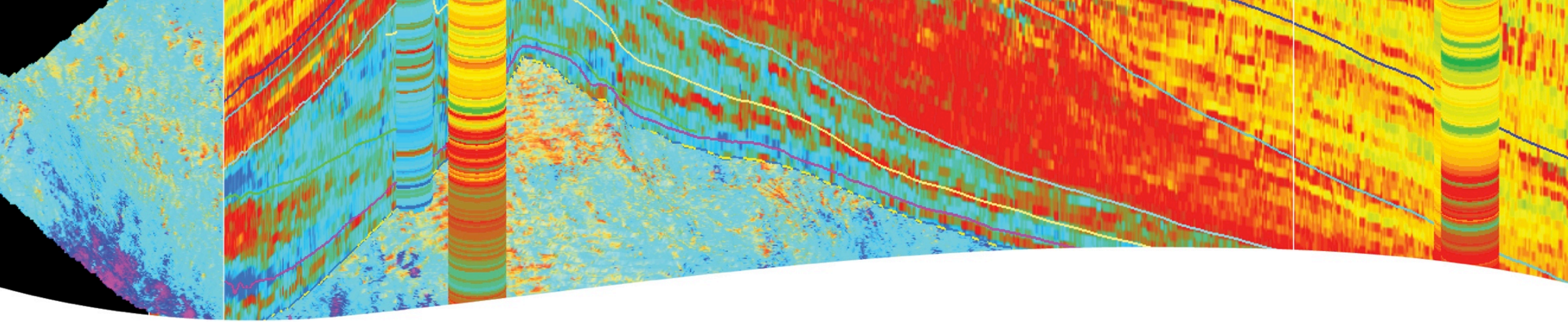
Passion for Geoscience

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 .
- 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

- Financial restructuring Agreement
- Characteristics of the group after the financial restructuring
- Conclusion



Financial Restructuring Agreement

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
  - c. $200m nordic debt externalization and extension from 2019 up to 2027
- **Full Equitization** of the principal amount of the unsecured debt leading to substantial Group deleveraging
  - $1.9 billion coming from $1.5bn Senior Notes and $0.4bn Oceanes
- **Extension of the maturity** of the secured debt to 2022 (5 years from restructuring closing date)
  - $0.8 billion in total, with up to $150m repaid at closing
- **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
  - $500m new money in total, with $375m new 2023 HYB and $125m rights issue, both backstopped

Agreement : 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[1] accrued and unpaid interest to be paid on closing in cash
Reserved Capital Increase to HY Bondholders	▪ HYB outstanding amount of c.$1,545m[1] 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.$404m[2] to be exchanged into equity ▪ Exchange at Par for Shares at $11.50
Issue of Free Warrants in favor of Original Shareholders	▪ Warrants #1 at $3.50 per new share / 4-year maturity ▪ Each “old share” receives 1 Warrant #1. 3 Warrants #1 give right to subscribe to 4 new shares

[1] Converted into euros at 1 EUR = 1.1206 USD.
[2] If the amount of debt taken into account for the purposes of the equitization (principal amount plus accrued and unpaid interest reduced by the amount of the coupon above) was as of October 31, 2017 (illustrative purposes only as the reference date may be later).

Agreement : 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 with a strike price per new share of $4.5 / 5 year maturity
	  ■ Each new money share gives access to 1 warrant #2. 3 Warrants # 2 give right to subscribe to 2 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 $80m 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 in cash 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 Senior Notes holders	■ 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 for up to USD100 million
	■ 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) for €0.01 per new share[1], 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")[2], who sign the lock-up agreement during the commitment period (from June 27 until July 7). 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 the amount subscribed** 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), for €0.01 per new share[1] prorata to the amounts of New High Yield Bonds that parties are committing to subscribe

Other	■ **Penny warrants** allowing to subscribe for a maximum of **1% of share capital** (after restructuring but before exercise of Warrants 1 and Warrants 2) for €0.01 new share[1] granted to the HYB Ad Hoc Committee as a **Global Coordinator fee** (payable on closing) ■ No deal no fee

[1] This requires the prior reduction of the nominal value of CGG shares from 0.8 € to 0,01€ (by way of a reduction in the share capital) the difference being booked as unavailable reserves

[2] For the purposes of calculating the holdings of HYB as of the Record Date, the net positive position of HYB that are subject to binding trades that have not yet been settled on such date will be deemed as "held" on the Record Date

Agreement: Governance

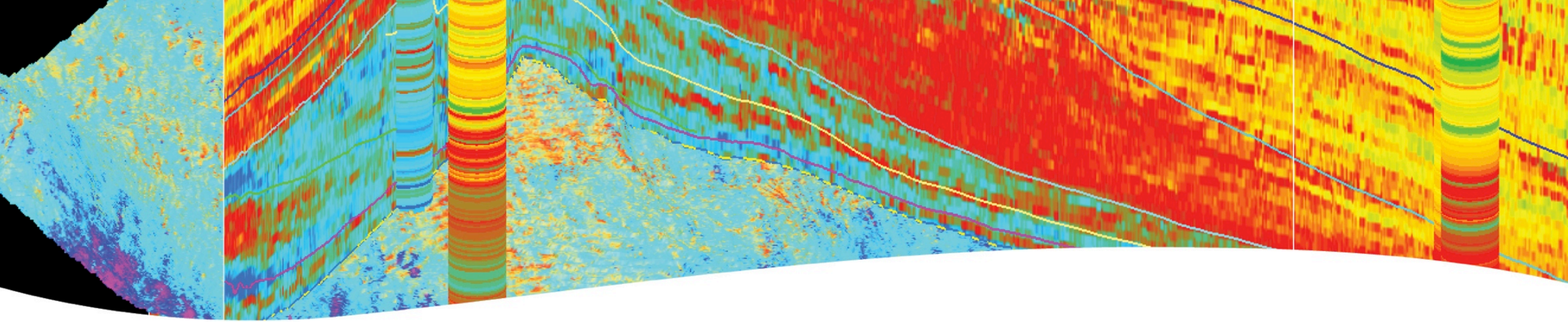
Governance	■ The structure and composition of the Company's board of directors after completion of the Restructuring will be determined in consultation with DNCA and the members of the Ad Hoc Senior Noteholder Committee who will have become and remain shareholders of the Company. ■ Such proposed structure and composition of the board shall comply with the AFEP-MEDEF Code and be implemented as soon as practicable, but in any case no longer than 3 months after completion of the Restructuring

Agreement: Indicative Equity Ownership

Shareholding Pre New Money (Pre Penny Warrants)	Post Debt Equitisation	Including Warrants 1
Existing shareholders	4.4%	9.8%
Convert. Bonds	7.0%	6.7%
HYB	88.5%	83.6%
Total	**100%**	**100%**

Shareholding Post New Money	Post Debt Equitisation	Including Warrants 1	Including Warrants 2
Existing shareholders	13.4%	16.9%	22.0%
of which from new money	*10.2%*	*9.8%*	*15.3%*
of which from existing shares	*3.2%*	*7.1%*	*6.6%*
Convert. Bonds	5.0%	4.8%	4.5%
HYB	81.6%	78.3%	73.5%
Total	**100%**	**100%**	**100%**

Note: Assuming a full take-up in the Rights Issue – and amount of unsecured debt taken into account as of 31 October 2017



Characteristics of the group after the financial restructuring

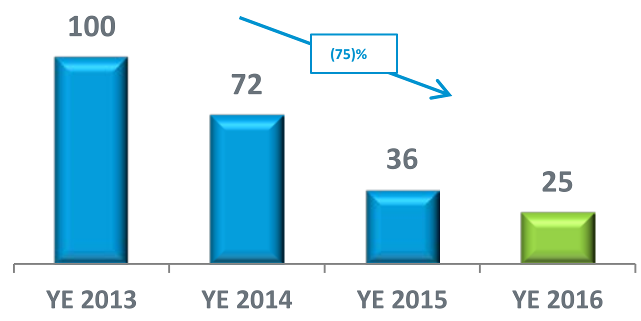
cgg.com

Passion for Geoscience

Industrial restructuring: fully achieved

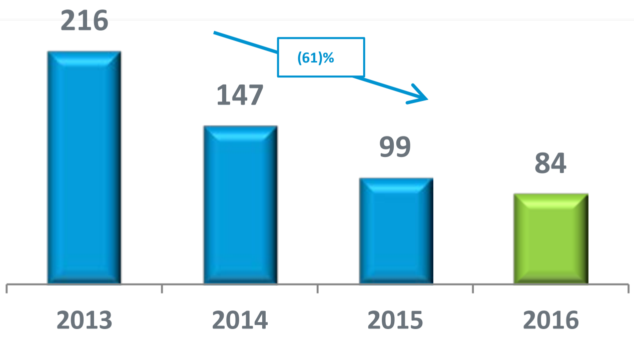
Marine monthly cost structure[1]

Base



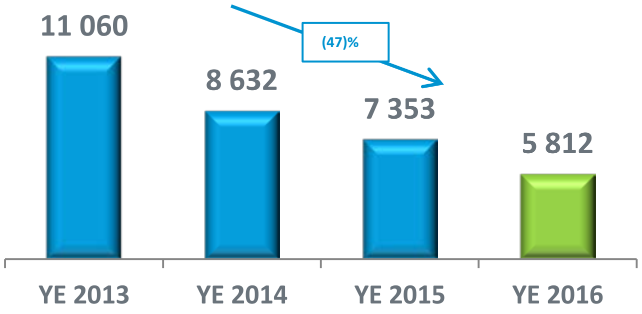
G&A expenses

(m$)



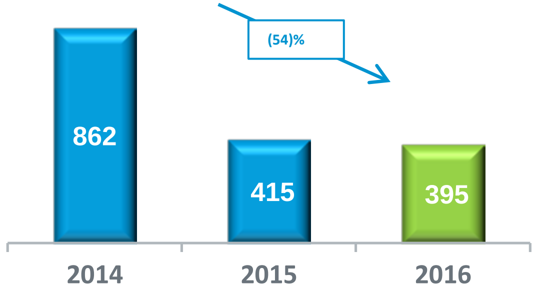
Headcount[2]

(number of employees)



Total Capex[3]

(m$)



Source: Company

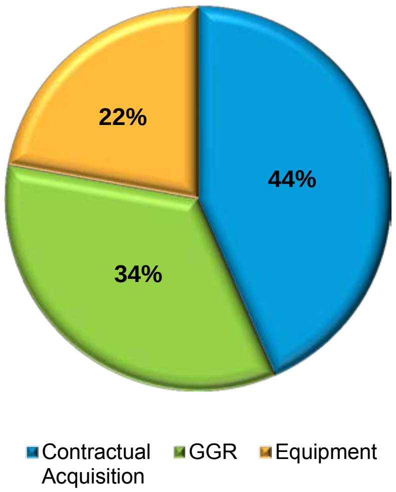
(1) Full cost base including Depreciation and Amortization

(2) Including Manufacturing temporaries

(3) Excluding impact of variation in fixed asset suppliers

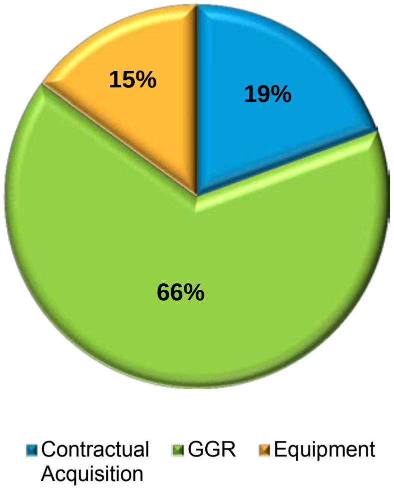
Business mix evolution

2013A



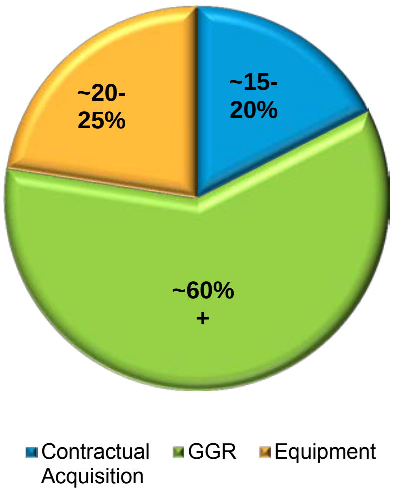
Total revenue: $3.8 BN

2016A



Total revenue: $1.2 BN

MID-TERM OBJECTIVE



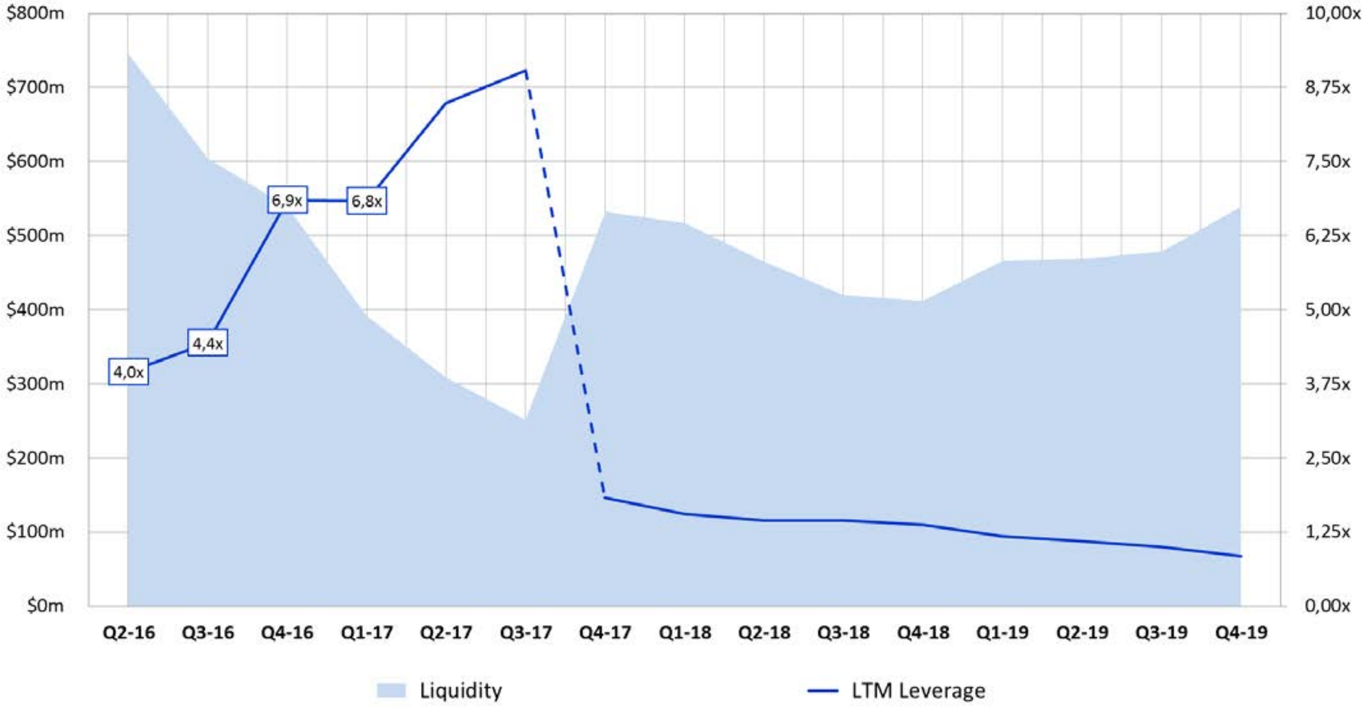
Total revenue: ~$2.0 BN

Business plan: selected financial targets

FYE 31/12	2016A	2017E	2018E	2019E
Revenue	**$1.2 BN**		**~$1.5 BN**	**~$2.0 BN**
EBITDA Margin [(1)]	***27.4%***		***35.0% - 40.0%***	***37.5% - 42.5%***
MC Capex	**$295m**	***In line with 2016A results***	**$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

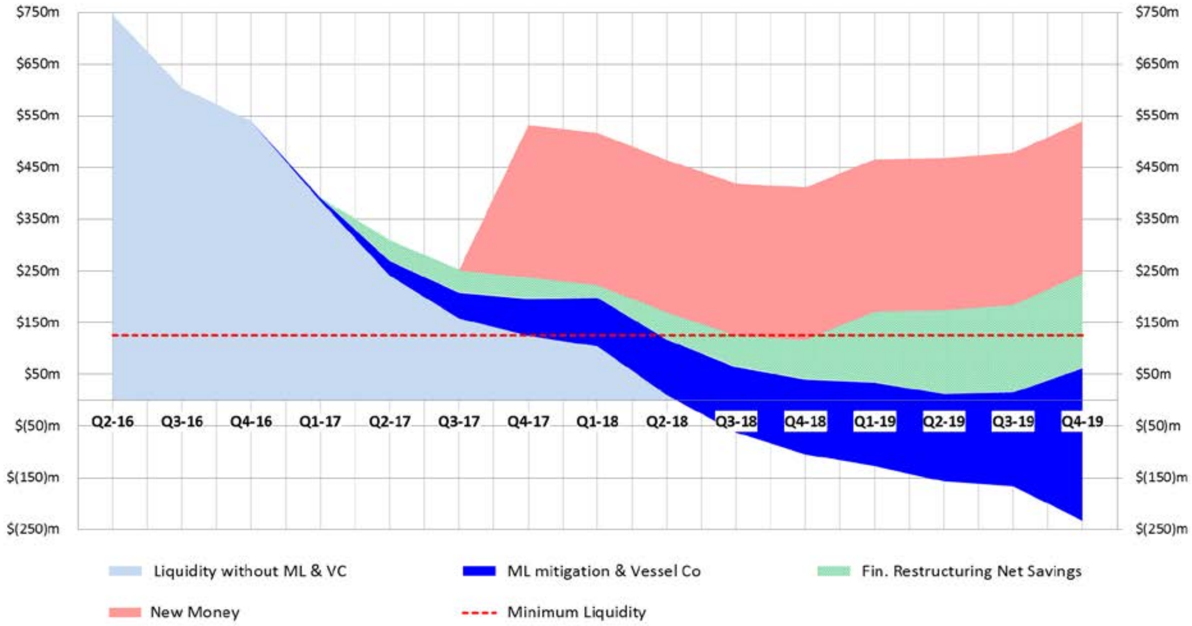
Group Leverage: back below 1.5x beginning of 2018



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



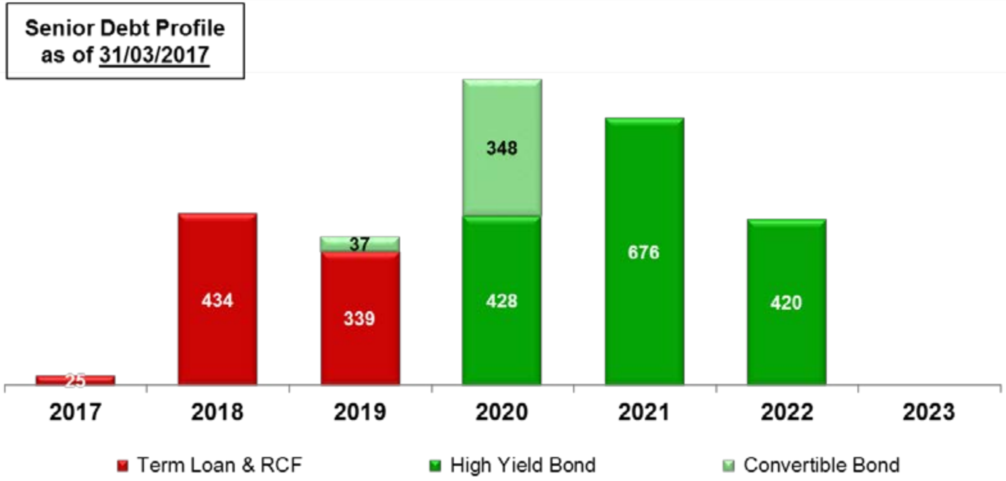
<u>Restructuring Savings</u> (over 2017-2019)

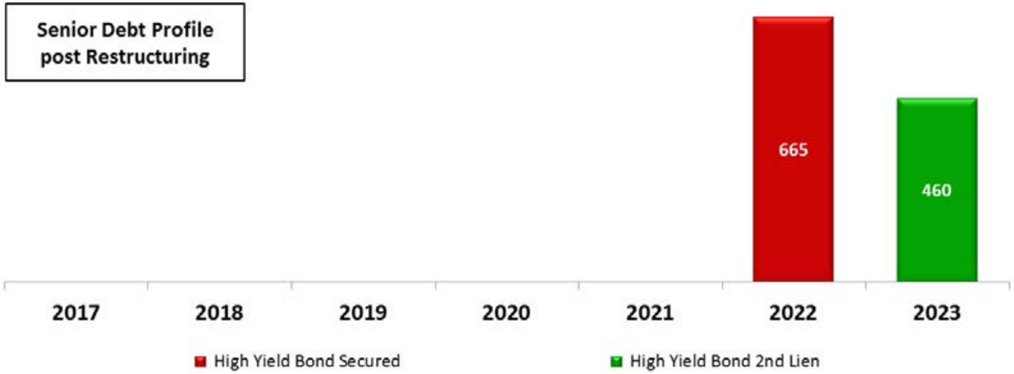
- ML mitigation & Nordic Loan: c. **$300m**
- Cost of Debt reduction net of fees: c. **$200m**

<u>Additional Liquidity</u>

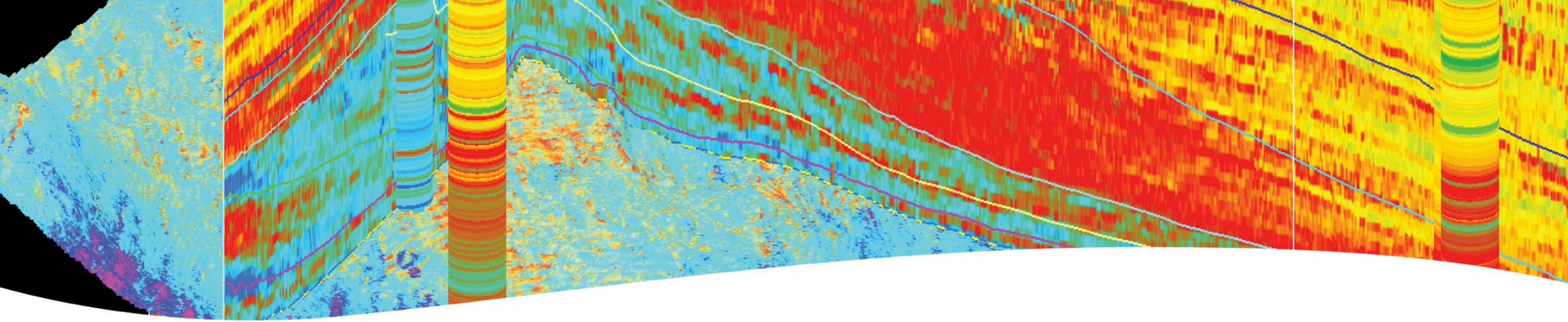
- Net New Money: c. **$300m**
- Basket for new Secured debt: c. **$200m**

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

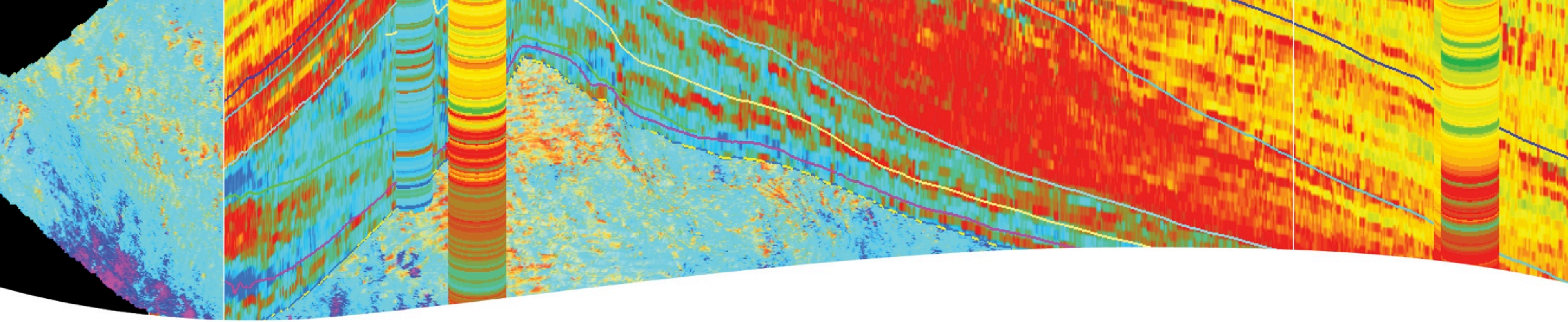


Conclusion

Next Steps

- **Private Placement Agreement** commitment period from June 27 until July 7
  - Fully backstopped by the *ad hoc* committee of senior noteholders
  - Open to eligible unsecured senior noteholders
- **Creditors committee votes** on draft Sauvegarde plan tentatively by end of July
- **Company shareholders' meeting** by end of October
- U.S. Bankruptcy Court confirmation of the chapter 11 plan and French court sanction of the Sauvegarde plan in November
- Assuming the applicable conditions are satisfied or waived, restructuring plan is expected to be implemented by the end of February 2018

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

Details of the Agreement

Headline Terms of the Agreement
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: 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

Headline Terms of the Agreement
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. Any prepayment premium due following an acceleration to be capped at 10% ■ 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) if the issuer exercises a call following a change of control) – 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 - *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 for up to USD100 million ▪ $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 ▪ 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 - *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) for €0.01 per new share[1], 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")[2], who sign the lock-up agreement during the commitment period (from June 27 until July 7). 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 the amount subscribed 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) for €0.01 per new share[1] prorata to the amounts of New High Yield Bonds that parties are committing to subscribe

Other	▪ **Penny Warrants** allowing to subscribe for a maximum of **1% of share capital** (after restructuring but before exercise of Warrants 1 and Warrants 2) for €0.01 per new share[1], granted to the HYB Ad Hoc Committee as a **Global Coordinator fee** (payable on closing)

[1] This requires the prior reduction of the nominal value of CGG shares from 0.8 € to 0,01€, the difference being booked as unavailable reserves
[2] For the purposes of calculating the holdings of HYB as of the Record Date, the net positive position of HYB that are subject to binding trades that have not yet been settled on such date will be deemed as "held" on the Record Date

Weight of guarantor perimeter under chapter 11

- On June 14, 2017, **fourteen direct and indirect subsidiaries** (U.S. and non-U.S.), filed voluntary petitions for reorganization under chapter 11 of the U.S. Bankruptcy Code in the Bankruptcy Court of the Southern District of New York. These entities, which are borrowers or guarantors of group debt:
  - accounted for c.$528 million of the group's revenue for the year 2016, before group eliminations (on the basis of preparation used in note 32 to CGG's 2016 annual report on Form 20-F);
  - contributed 26% (c.$311 million) and 26% (c.$85 million) of the group's consolidated revenue and EBITDA before Non-Recurring Charges (NRC), respectively for the year 2016; and
  - taking also into account the contribution of their direct and indirect subsidiaries (which are assets embedded in the Chapter 11 scope), contributed 56% (c.$670 million) and 65% (c.$212 million), respectively, of the group's consolidated revenue and EBITDA before NRC for the year 2016.

Thank you

Visit our website cgg.com

CGG
Passion for Geoscience