



Roadshow presentation

Transformation Plan on track and strong cash generation
Q1 2016 results strongly impacted by very low volumes

Catherine Leveau, SVP Investor Relations, June 2016

All results are presented before Non-Recurring Charges & write-off, unless stated otherwise



Forward-Looking Statements

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.





Our vision in 2016

Portfolio Rebalancing Towards Geoscience



- Geology, Geophysics&Reservoir to represent 60% of revenues
- 2/3 of the fleet dedicated to Multi-Client programs
- Multi-client vessel utilization: 70% in Q2 and 60% in Q3
- SIR: focus on high-end added-value businesses and solutions

Contractual Marine Downsizing



- Contractual Data Acquisition (Marine and Land) to represent less than 15% of revenues
- Marine 3D fleet reduced from 11 to 5 vessels by end of March

On-going Cost Reduction



- Worldwide cost reduction plan across CGG
- Reduction of personnel worldwide (6,300 people estimated at Y.E.16)

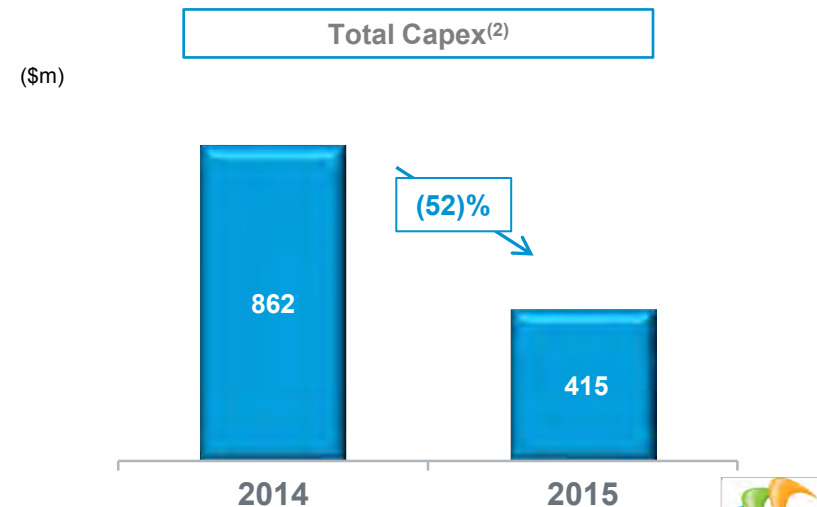
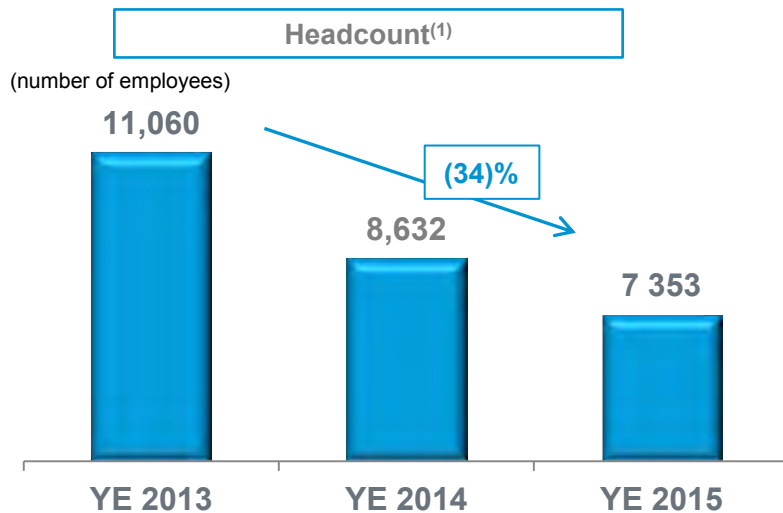
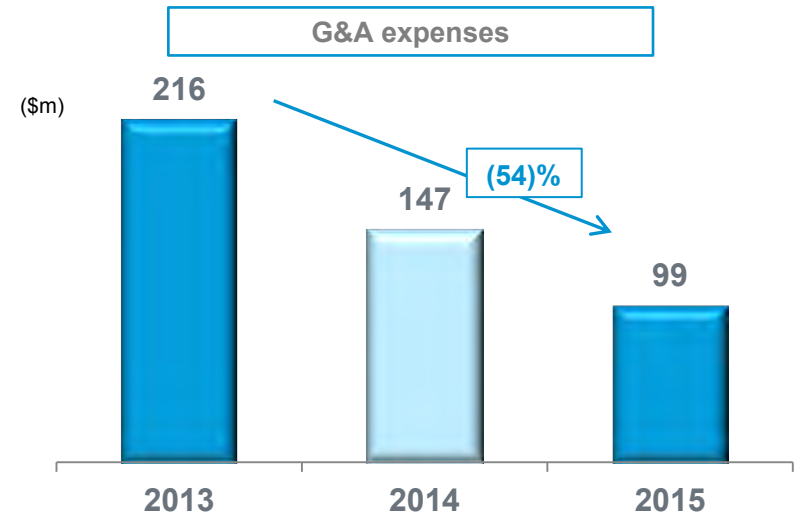
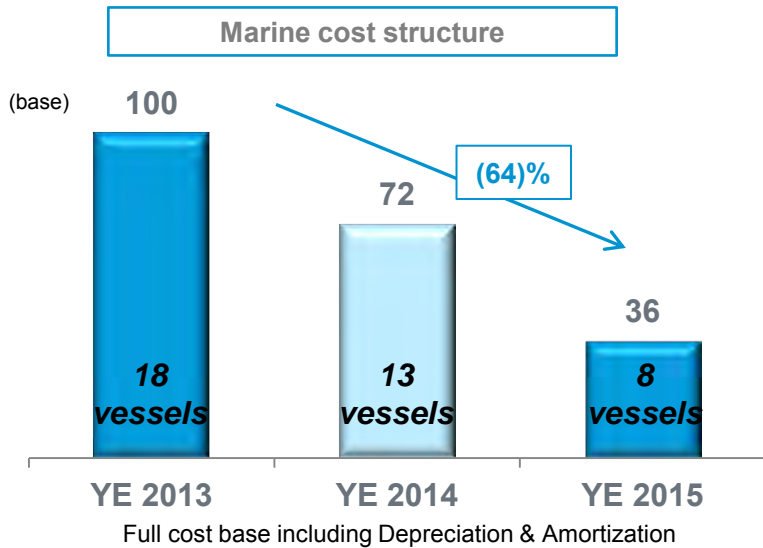
Focusing on Capex & Cash management



- Industrial Capex at \$100/125m
- Multi-Client Cash Capex at \$325/375m with prefunding rate above 70%



Severe cost-cutting measures implemented over two years



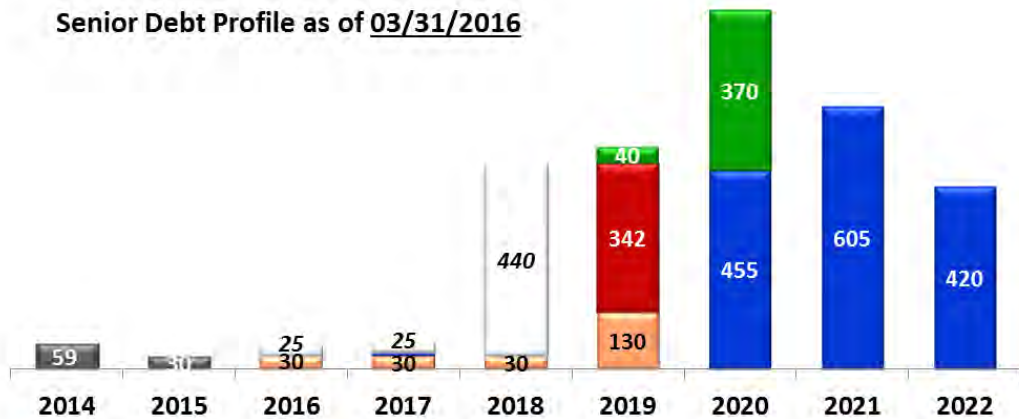
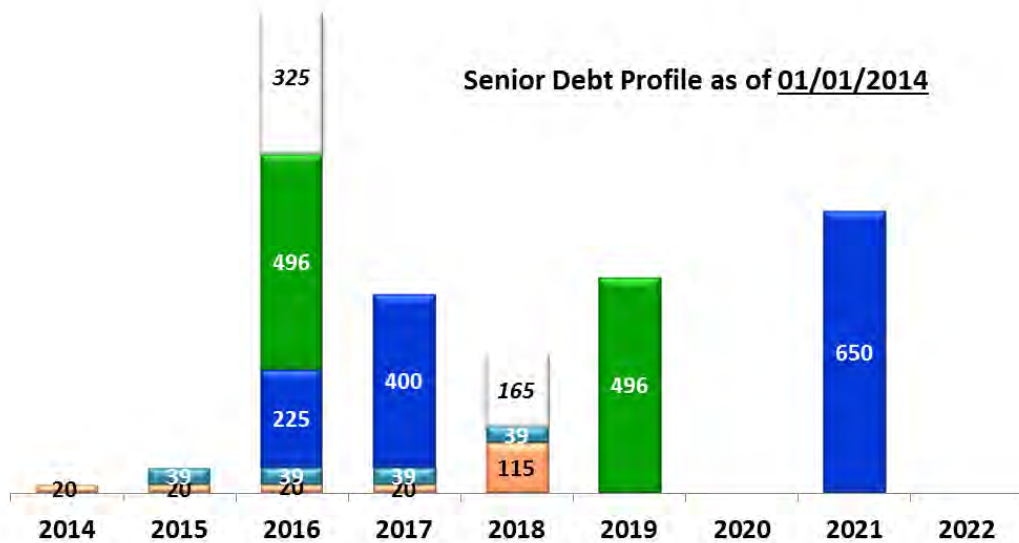
Source: Company

(1) Including Manufacturing temporaries

(2) Excluding impact of variation in fixed asset suppliers of \$(3.5)m for 2014 and \$(15.0)m for 2015



Proactive Debt Monitoring



■ Nordic Loan
 ■ Term Loan
 ■ High Yield Bond
 ■ Convertible Bond
 ■ Revolving Credit Facilities

Refinancing implemented early and continuously in the cycle

- Issuance of two new HYB maturing in 2020 and 2022, in Q2 2014, to refinance most of 2016 debt maturities
- **2019 Convertible Bonds exchange offer**, in Q2 2015, 90% successful
- **New 2019 Term Loan** issued, in Q4 2015, to refinance 94% of the 2017 HYB and 100% of the Fugro Loan



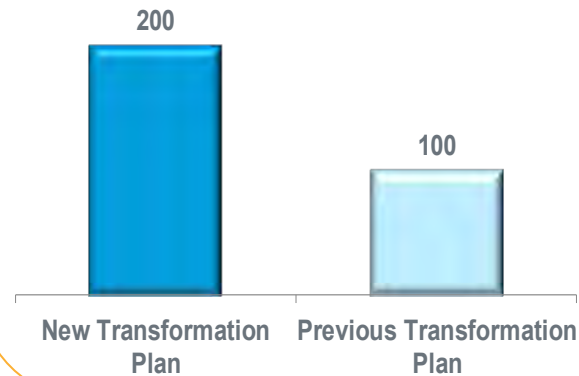
A €350m equity increase to finance the transformation of CGG

Cost of the November 2015 Transformation Plan

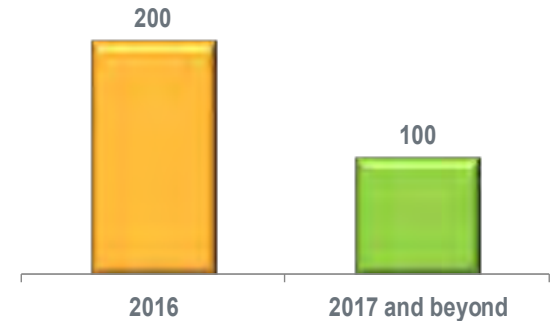
- \$950m non-cash write-off in Q3 2015
- \$187m restructuring costs booked in Q4 2015

New & Previous Transformation Plan: c.\$300m of forward cash costs

Origin of forward cash costs



Timing of forward cash out



Other financing

- Non core disposals (Multi-Physics ...)



Net debt targeted below \$2.4bn by end 2016



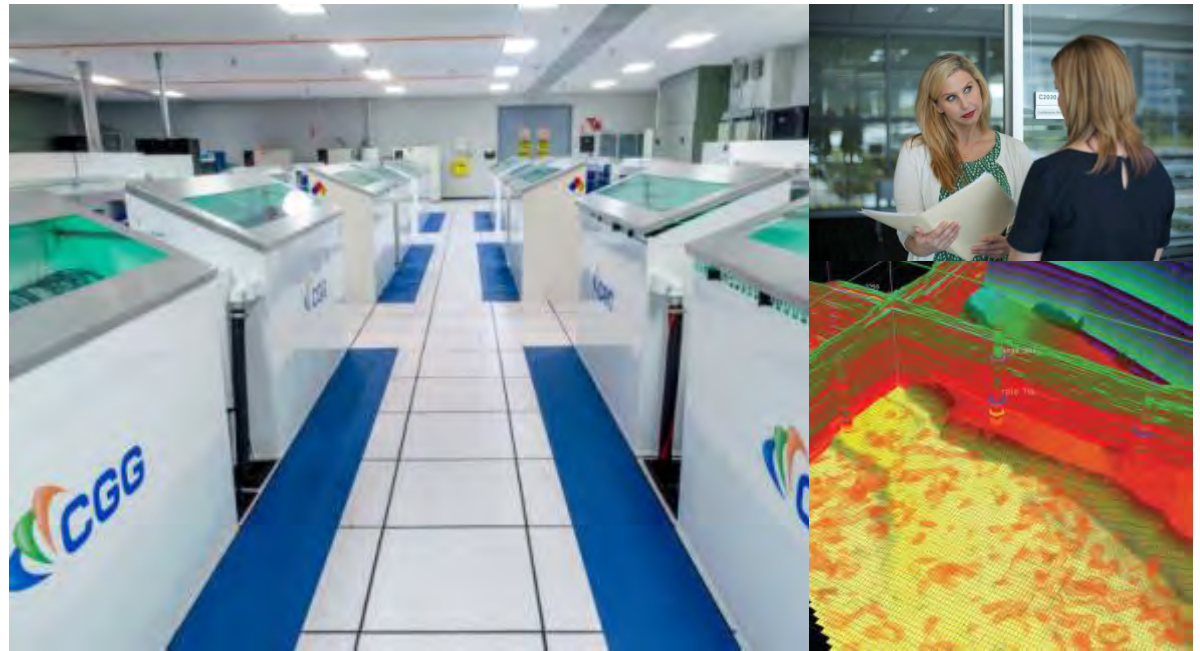
A dynamic transformation focused on less capital-intensive businesses to weather the downturn

- **A rebalanced portfolio to manage the cycle with the right format**
 - Overhead structure reduced by 55% and breakeven lowered in all businesses
 - R&D kept at high levels to maintain clear technology leadership positions in all businesses
- **A significant financial restructuring to weather the current headwinds**
 - No material debt instalment to repay before May 2019
 - Successful capital increase
 - Year-end 2016 Net debt targeted below \$2.4bn
- **A refocused CGG to fit with new E&P industry requirements by offering Geoscience solutions at all scales**
 - A fast, lean, flexible and customer focused Group
 - Focused on our high added-value businesses and on what we can control
 - Less capital-intensive businesses to drive limited need for new industrial capex
 - In position to protect our future and fully capture market recovery



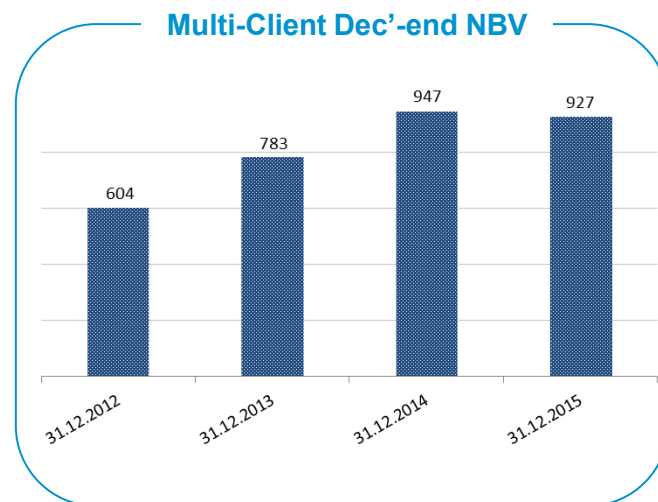
Operational Review

Geology, Geophysics & Reservoir

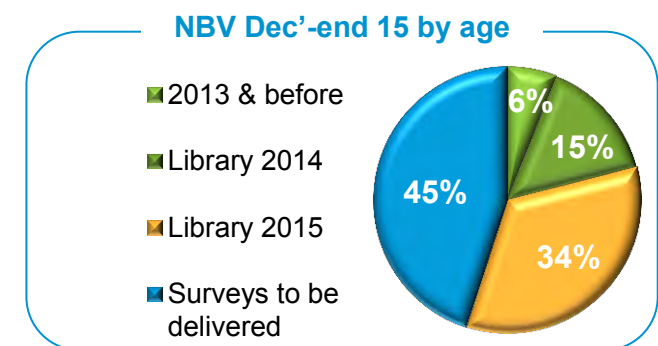


Multi-Client 2015: Active in safe harbors

- 2015 sales at \$546m, with strong Q4 at \$243m**
 - FY cash prefunding rate at 102% versus 86% in 2014
 - After-sales at \$256m, up 38%
 - Solid demand for offshore high-quality images in traditional legacy basins: GoM 25%, North Sea 25%, Brazil 20%
 - 2015 depreciation rate of 60%, including some Q4 accelerated depreciation



- Multi-client distribution**
 - Net book value (NBV) of \$927 million, down (11)% from Q3 2015
 - NBV: 45% WIP, 49% 2014-2015, 6 % before 2014
 - 88% Marine and 12% Land



Strong Q4 2015 highlighting the strength of our well-positioned library



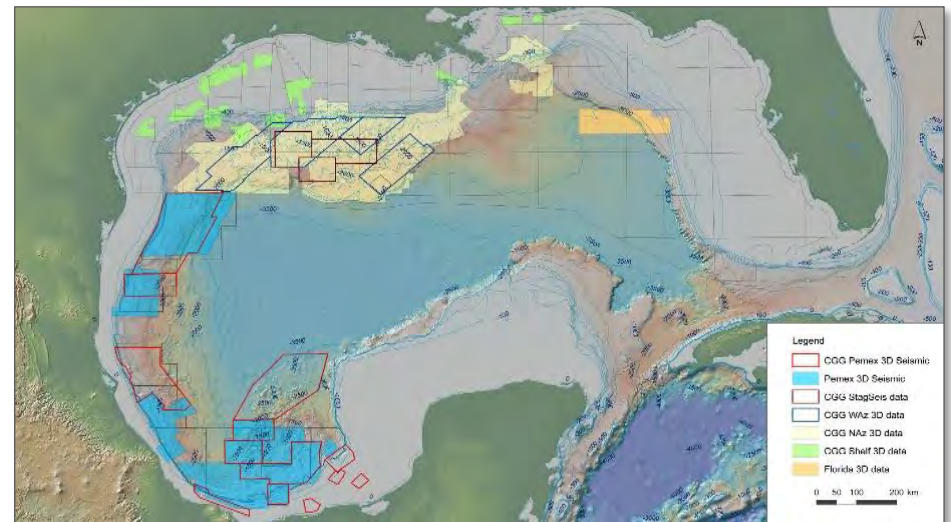
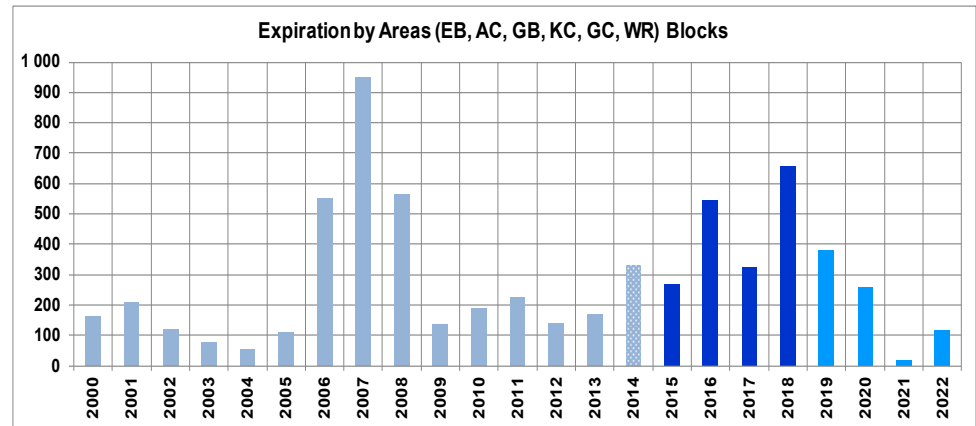
Multi-Client: World's most technically advanced data library in key locations will drive cash generation in 2016-2018

- **Harvest recent programs**
 - Once-in-decade opportunity for clients to acquire blocks in ultra deepwater GoM
 - CGG's investment (StagSeis) in the past years in GoM expected to pay off
 - Reprocessing of vintage libraries, including Mexico

- **Continue to develop locations**
 - Large positions in Brazil and North Sea
 - Scandinavia and West Africa driven by future lease sales

- **Leverage our geoscience expertise**
 - Rich, multi-disciplinary multi-client library
 - Incorporating value-added elements from our reservoir knowledge

GoM lease round cycle (number of blocks)



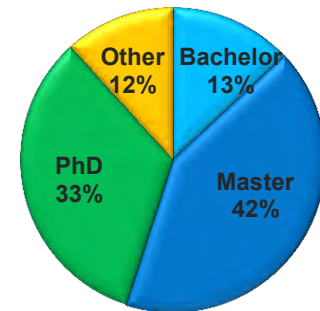
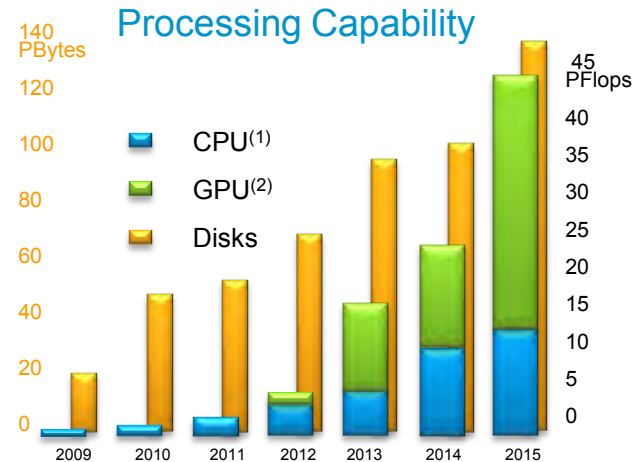
Subsurface Imaging & Reservoir (SIR): A resilient and profitable business

Subsurface Imaging

- Highly skilled engineers producing new algorithms - 1,950 staff globally
- Expanding computing power to handle large data volumes - 11th in the world in terms of computing power
- 35 processing centers worldwide

Unique pool of experts and massive compute power to address wide scope of client needs:

- Process high-profile and large-scale multi-client data library
- Process the most challenging client projects
- Reprocess vintage data sets to benefit from latest algorithms and technologies
- Resilient activity in North America

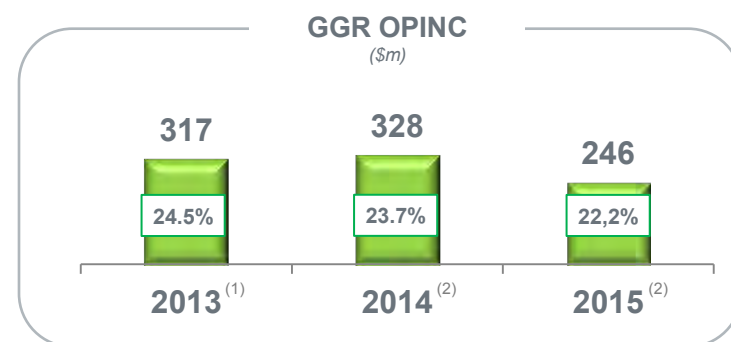
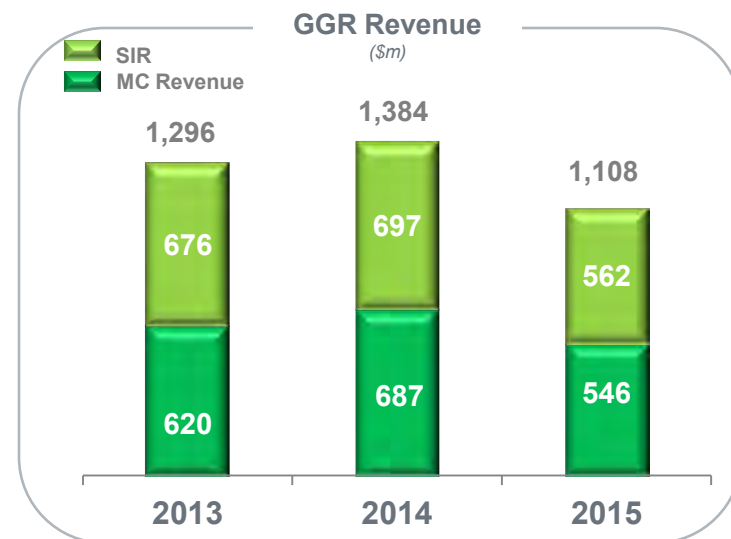


**High-quality subsurface imaging is of key importance for clients
as seismic data and reservoir information are critical assets**



GGR FY 2015: Sustained profitability despite slowdown in revenue

- Total revenue at \$1,108m, down (20)% y-o-y
- Multi-Client revenue at \$546m, down (21)% y-o-y
 - With MC Cash Capex cut by half y-o-y
- Subsurface Imaging (SI) & Reservoir revenue at \$562m, down (19)% y-o-y
- EBITDAs at \$681m, a 61.5% margin
- Operating Income at \$246m, a 22.2% margin

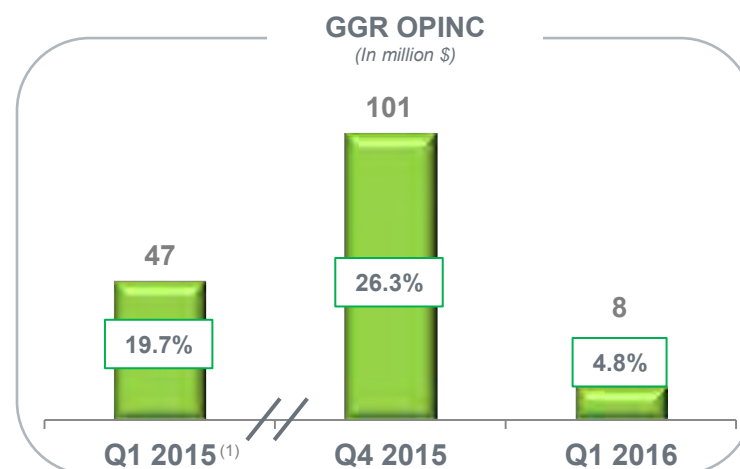
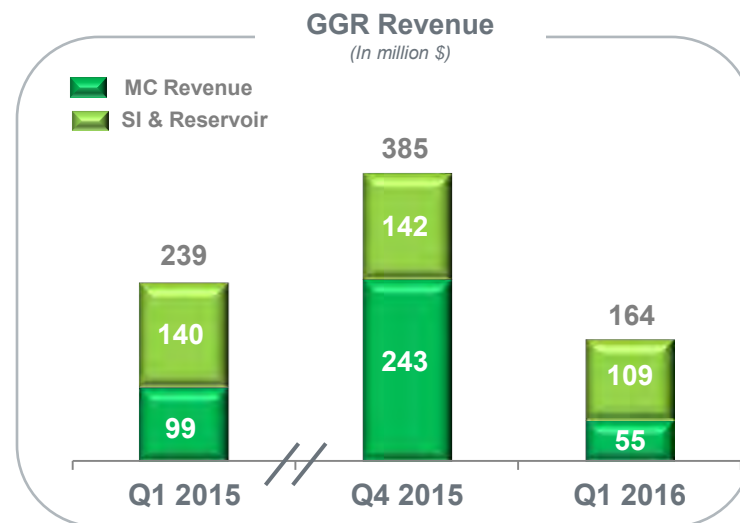


Despite lower volumes in 2015, GGR's profitability proved to be resilient



GGR Q1 2016: Profitability impacted by low volumes and weak Multi-Client after-sales

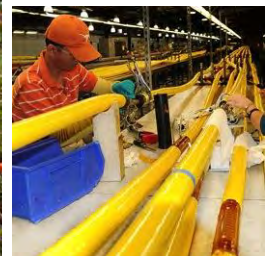
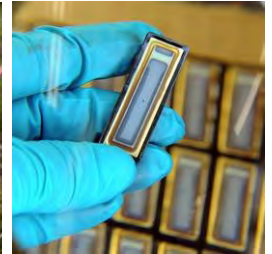
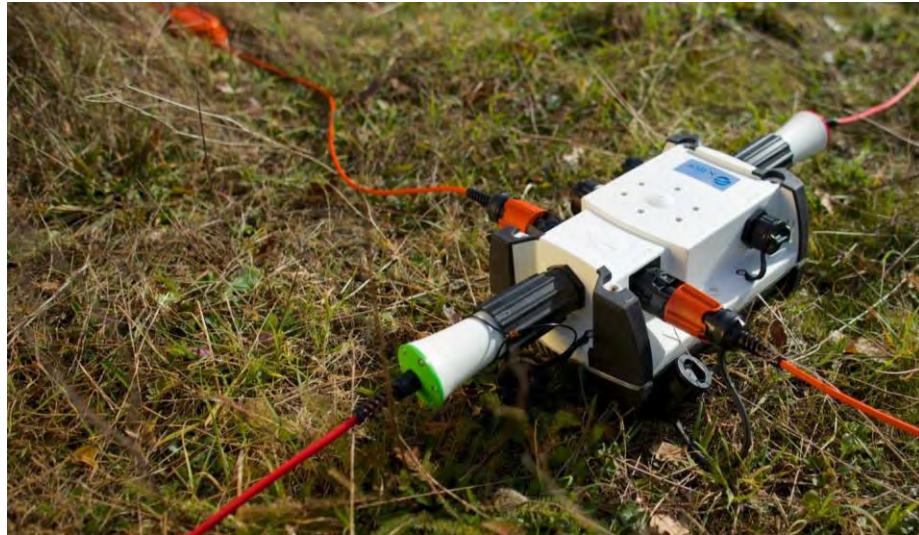
- Total revenue at \$164m, down (31)% y-o-y
 - 25% of fleet dedicated to multi-client production
 - Fleet dedicated to multi-client expected to be 70% in Q2 and 60% in Q3
- Multi-Client at \$55m, down (44)% y-o-y
 - Prefunding sales at \$47m, up 13%
 - Cash prefunding rate at 67% vs 58% in Q1 2015
 - After-sales at \$8m, down (87)% following strong Q4 2015
- Subsurface Imaging (SI) & Reservoir at \$109m, down (22)% y-o-y
 - Good commercial performance, volumes in line with market reduction
- EBITDAs at \$69m
- Operating income at \$8m, a 5% margin
 - Impacted by low multi-client after-sales and high amortization rate at 78%, versus 62% in Q4 2015 and 54% in Q1 2015



(1) New reporting format



Equipment



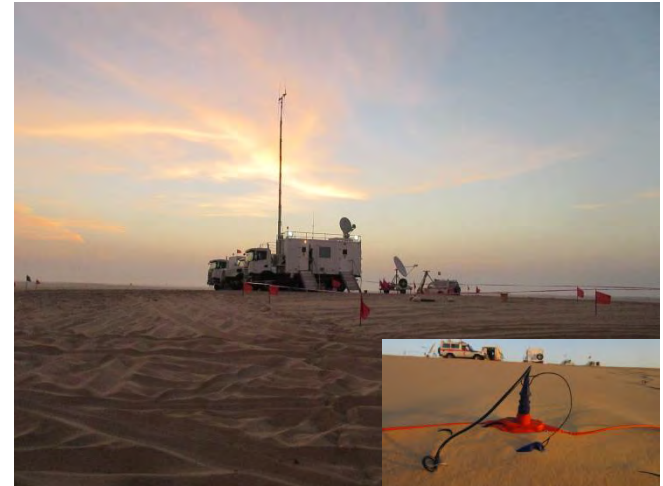
Equipment: A leadership position in an unprecedentedly difficult seismic equipment market

Marine: a leadership position in a tough market impacted by vessel withdrawal

- Demand for new streamers sustained by oceanography and hydrography
- Activity also sustained by replacement and repair of damaged streamers already in operation

Land: a sustained leadership position, gaining market share in a difficult market environment

- Leading technological edge through the new 508^{XT} land acquisition system
- Over 3.5 million land sensors installed all over the globe, with a presence in markets with high upside potential (China, Russia, Middle East)

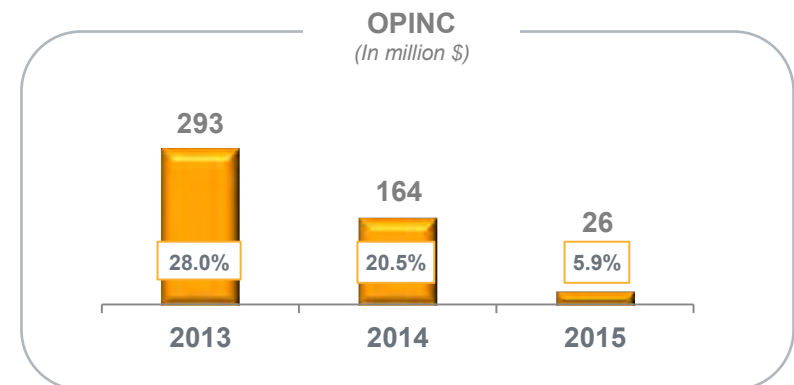
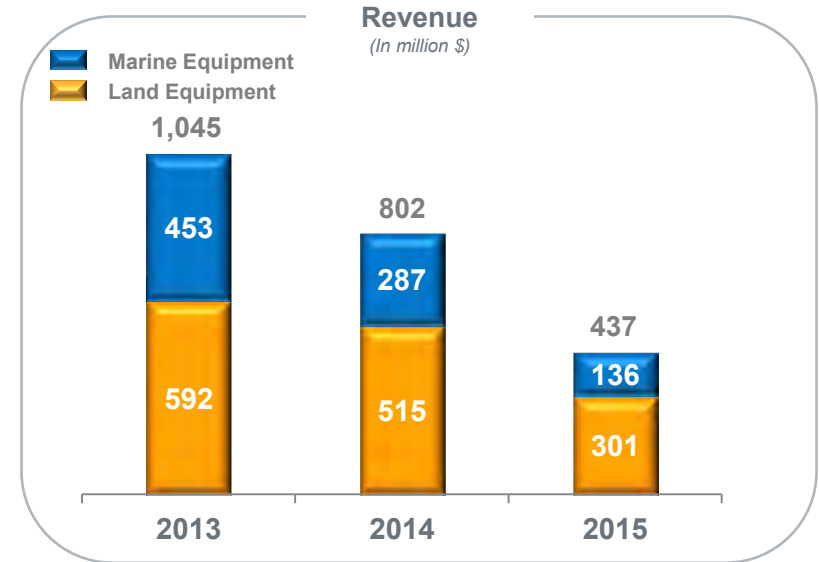


Sercel's market share⁽¹⁾ increased from 63% to 71% during the difficult 2013-2015 period



Equipment: Historically good profitability impacted by lower volumes in the last two years

- 2015 sales at \$437m
 - 69% Land and 31% Marine
 - Low volumes impacted by weak land and marine sales
 - Marine sales levels only sustained by repair, oceanography and hydrography
- 2015 EBITDAs at \$68m with 16% margin
- 2015 OPINC margin at 6%

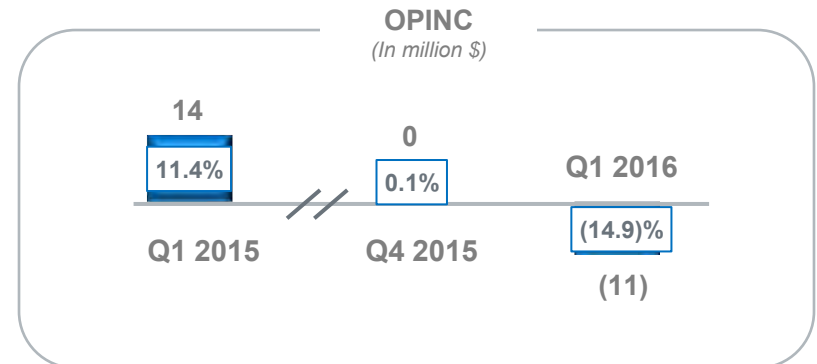
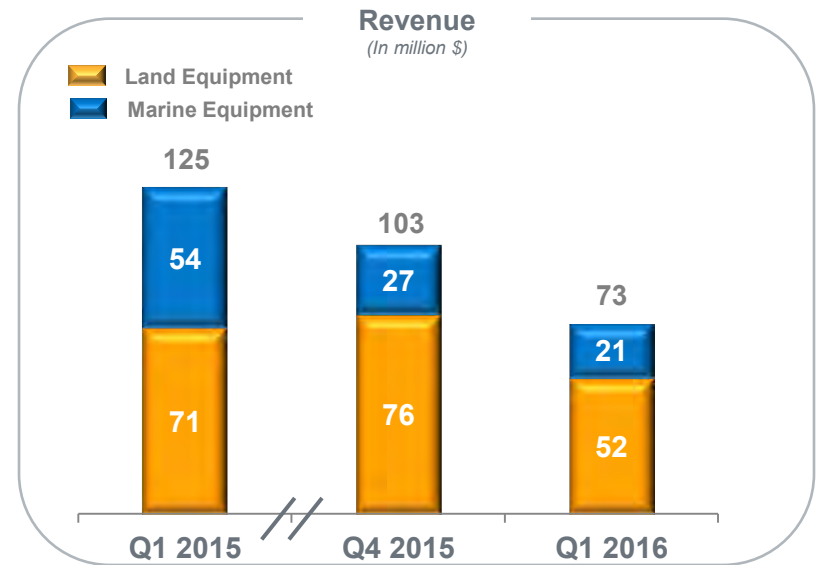


Breakeven point reduced below \$400m at the end of 2015



Equipment Q1 2016: Strongly impacted by very low volumes

- Total sales at \$73m, down (42)% y-o-y
 - Particularly low volumes in Q1
 - 72% Land and 28% Marine equipment
 - Internal sales at \$11m, stable
- EBITDAs at \$(1)m
- Operating income at \$(11)m
 - Highly sensitive to volume
- Stable market share

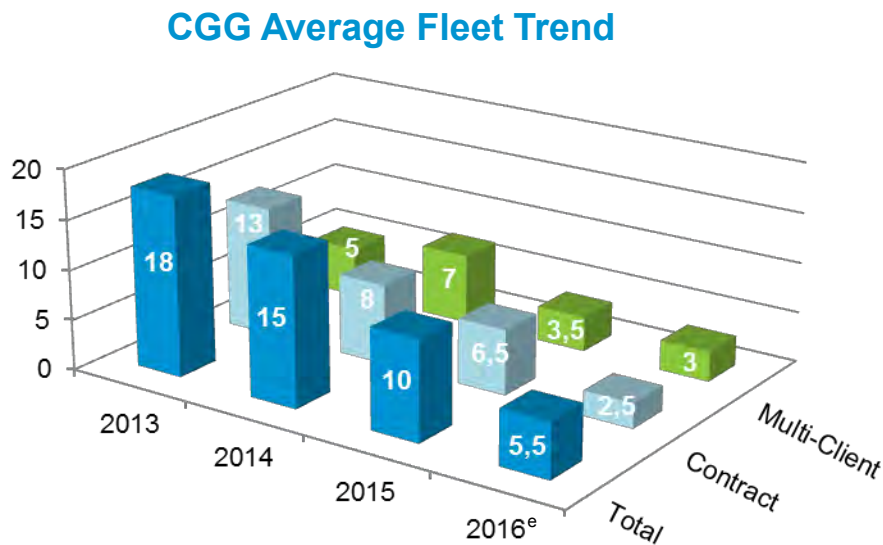


Contractual Data Acquisition



Marine: A significant fleet downsizing

- **Pre-exploration and new frontier exploration currently halted**
 - Reduced demand for deep and ultra deep water programs
- **Significant industry marine overcapacity**
 - Recent industry vessels stacked and ready to resume service at limited cost
- **Decision to reduce CGG Marine fleet to 5 vessels**
 - 8 vessels operated at end-2015
 - 5 vessels operated by Q2 2016,
- **Q1 2016 vessel availability rate at 94% & vessel production rate at 94%**

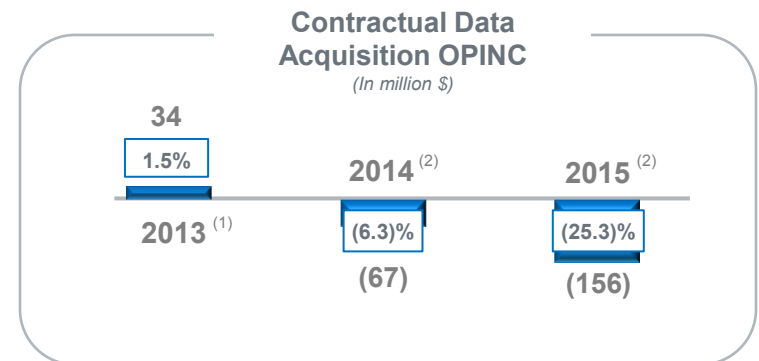
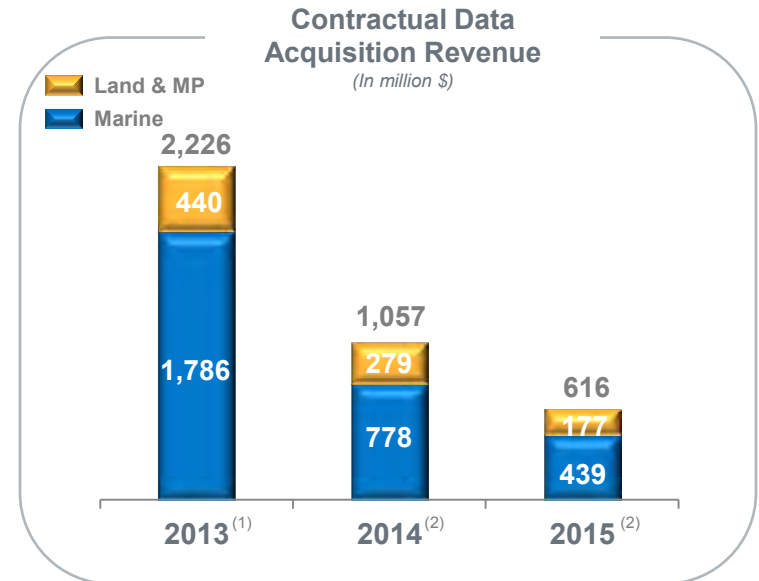


5 vessels under chart agreement to be operated
Owned vessels to gradually replace them at the end of the lease
A maximum of 2 vessel-years dedicated to contractual operations



Contractual Data Acquisition FY 2015: Difficult market conditions

- Total revenue at \$616m
 - Marine revenue at \$439m
 - Land & Multi-Physics total revenue at \$177m
- EBITDAs at \$(24)m, a significant y-o-y reduction in profitability
- Operating Income at \$(156)m
 - Land & Multi-Physics back to profitability
 - Marine pricing conditions at historical low level, especially in H2

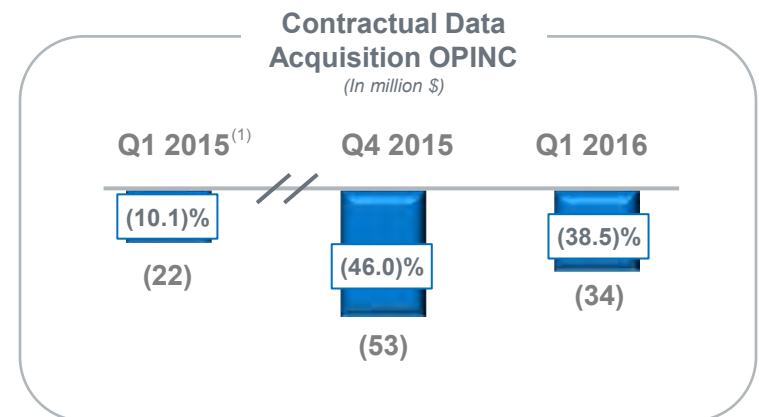
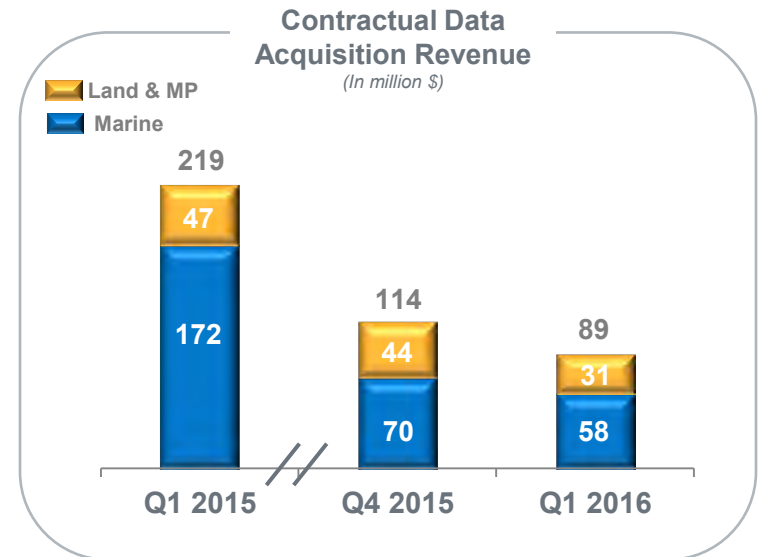


Gradual downsizing of the CGG fleet to drastically improve cash generation



Contractual Data Acquisition Q1 2016: Weak market conditions, Perimeter effects & Transformation Plan implementation

- Total revenue at \$89m, down (59)% y-o-y
- Marine revenue at \$58m, down (66)% y-o-y
 - 75% dedicated to contractual marine market
 - Poor but stabilizing market conditions
- Land & Multi-Physics total revenue at \$31m, down (34)% y-o-y
 - Multi-Physics divestment underway
- EBITDAs at \$(14)m
- Operating Income at \$(34)m

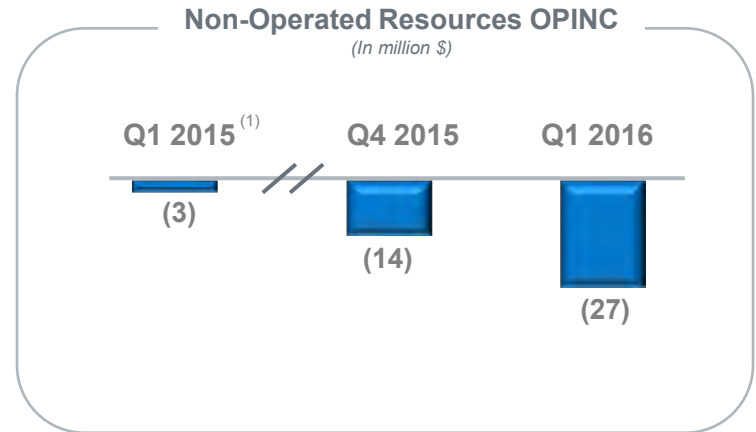


(1) New reporting format



Non-Operated Resources (N.O.R) in Q1 2016

- EBITDAs at \$(10)m
- Operating Income at \$(27)m
 - Amortization of excess streamers and lay-up costs
 - Gradual cold-stacking of vessels negatively impacting operating income
 - 6 vessels cold-stacked in Dunkirk



(1) New reporting format



Financial Review

Q1 2016: P&L

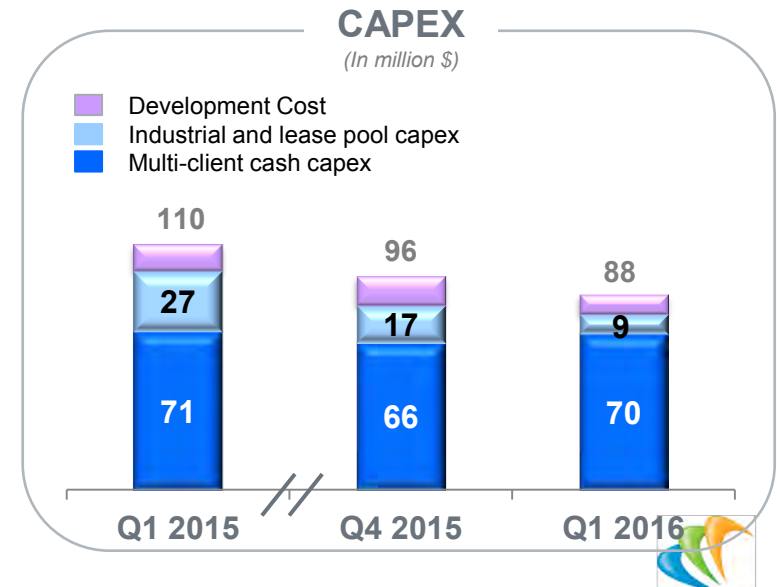
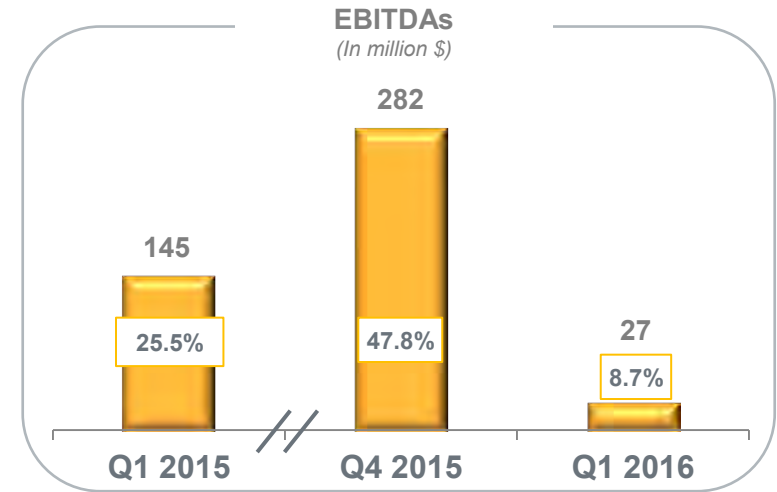
In Million \$	Q1 2016
Total Revenue	313
Group EBITDAs excluding NOR	37
NOR	(10)
Group EBITDAs	27
Group OPINC excluding NOR	(54)
NOR	(27)
Group OPINC	(81)
Equity from Investments	5
Non-recurring charges	(6)
Net financial costs	(41)
Taxes	(6)
Net Income	(130)

- Group EBITDAs at \$27m, EBITDAs excluding NOR at \$37m
- Group OPINC at \$(81)m, OPINC excluding NOR at \$(54)m
- Net Income at \$(130)m



Q1 2016: Strong cash generation

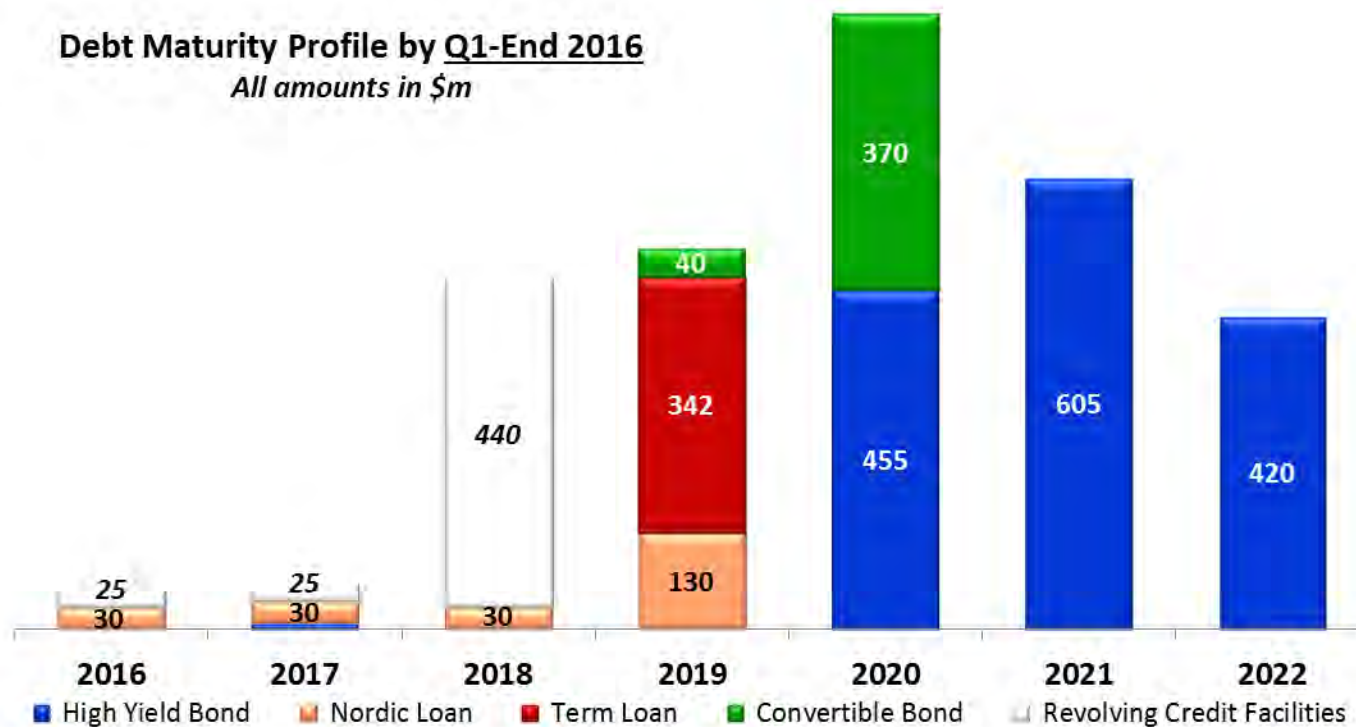
- EBITDAs at \$27m, down (81)% y-o-y
- Operating Cash Flow at \$238m, up 105% y-o-y
 - Not including \$(42)m non-recurring payments related to the Transformation Plan
- Capex at \$88m, down (20)% y-o-y
 - Multi-client cash capex at \$70m, down (2)%
 - Industrial capex at \$9m, down (66)%
- Positive Free Cash Flow at \$118m versus negative \$(20)m last year
 - FCF at \$76m including the non-recurring payments related to the Transformation Plan



Debt profile: No major debt instalment before 2019

Debt Maturity Profile by Q1-End 2016

All amounts in \$m



- €/ \$ closing rate at 1.14
- Average Maturity, excluding RCF, at 4.2 years as of end March 2016
- Average cost of debt, excluding RCF, at 5.4%
- \$275m French RCF extended to June 2018



Q1 2016: Strong liquidity and stable leverage ratio

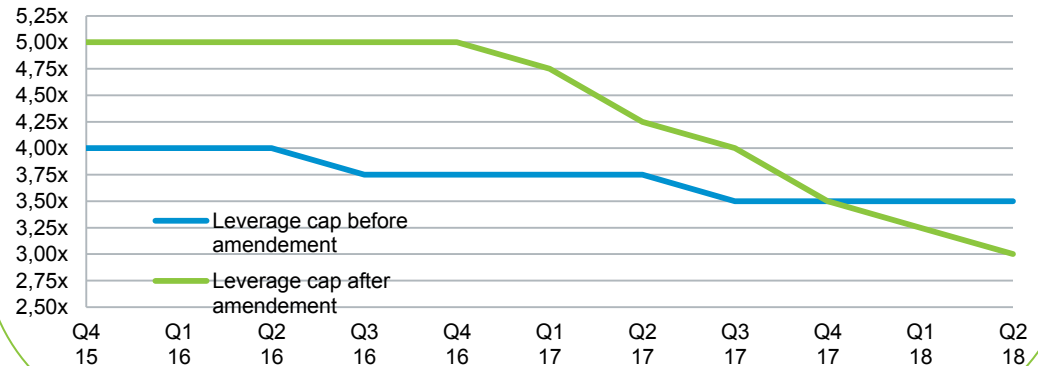
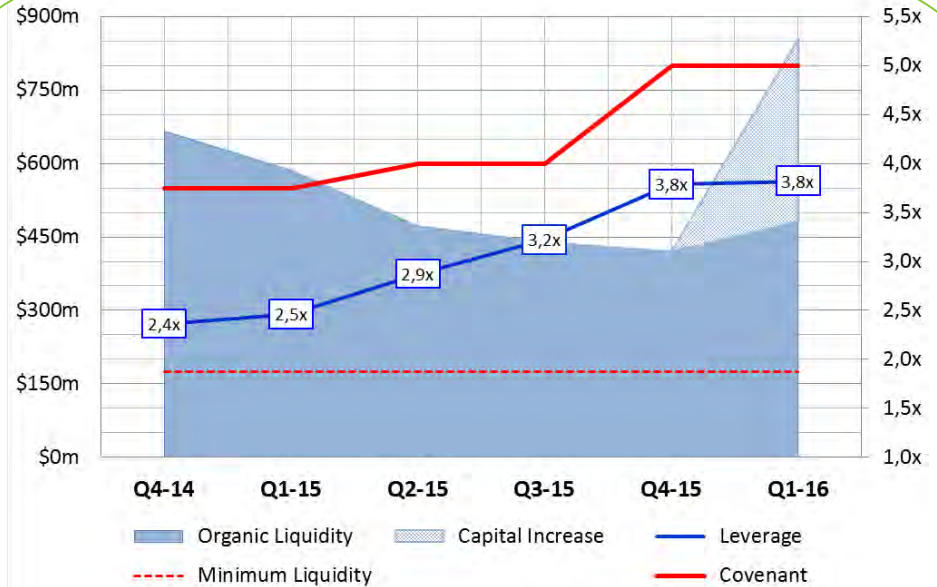
Liquidity by end March

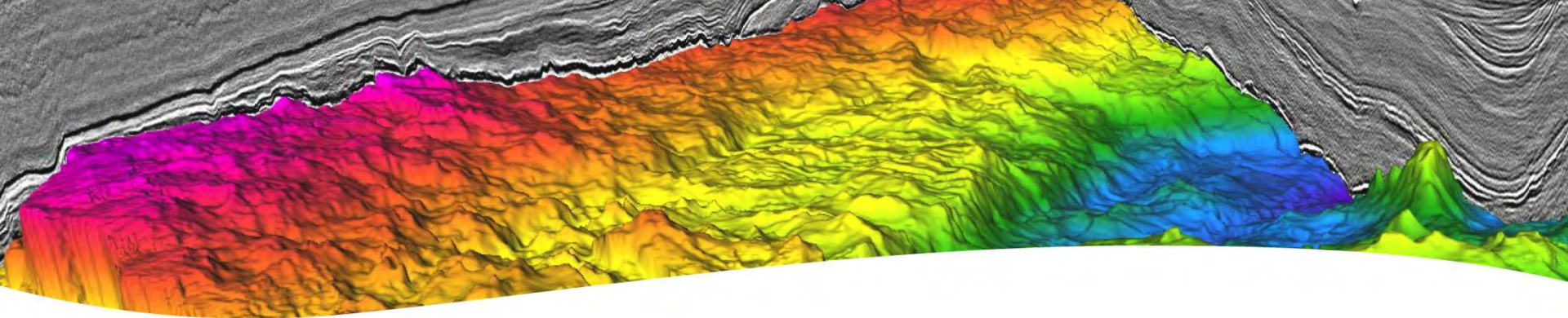
- Group Liquidity (available cash plus undrawn RCF) at **\$853m**
- Post c.\$370m net proceeds of the rights issue
- US & French RCF fully undrawn by end of March



RCF Covenant Headroom

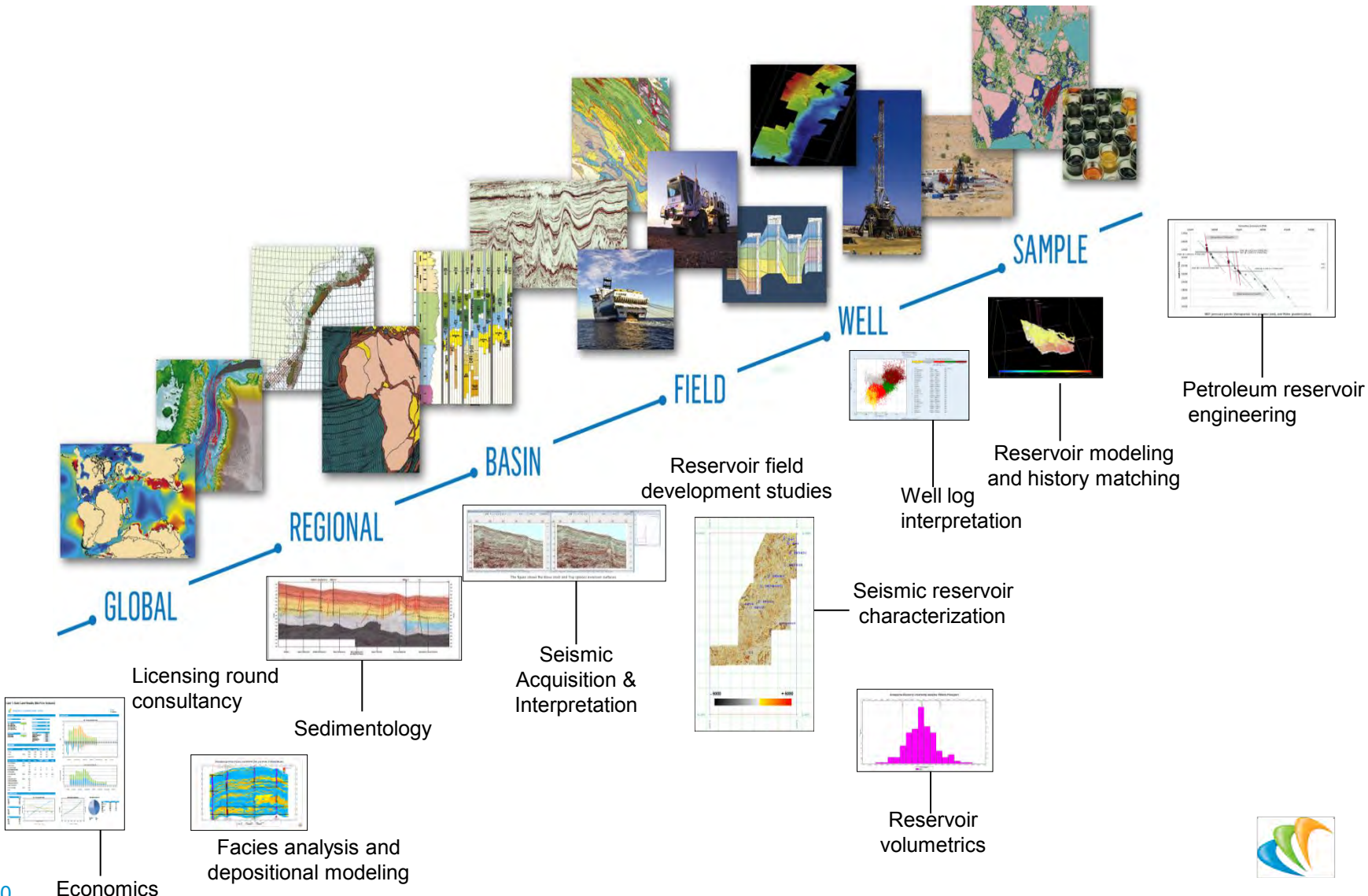
- Group Net Debt at \$2,102m as of March 2016 from \$2,500m at Dec.15
- Leverage ratio (Net Debt over LTM EBITDA – Cap at 5.0x) at **3.8x**
- Coverage ratio (LTM EBITDA over Cash Interests - Floor at 3.0x) at **3.6x**





Conclusion

Geoscience Solutions at all scales : A dynamic transformation focused on less capital-intensive businesses



Focus on Transformation Plan Execution and Cash Generation

- **A depressed Oil & Gas environment**
 - Unprecedented sequence of E&P investment cuts
 - Q1 2016 turned out to be one of the weakest ever
 - High uncertainties and volatility remaining
 - Increasing evidence of a supply and demand mid-term tightening
- **Focusing on our high added-value businesses and what we can control**
 - Adapt, reduce and cut massively in our cost base
 - Execute our Transformation Plan with no concessions
 - Continuously improve our operational and HSE performance
 - Leverage our business portfolio
 - Secure our liquidity during the downturn
- **Full-Year CAPEX: Cash multi-client at \$325m/\$375m, with 70% prefunding rate target, and industrial at \$100m/\$125m**

Reap full benefits of the Transformation Plan in the second half
Year-end 2016 Net debt targeted below \$2.4bn





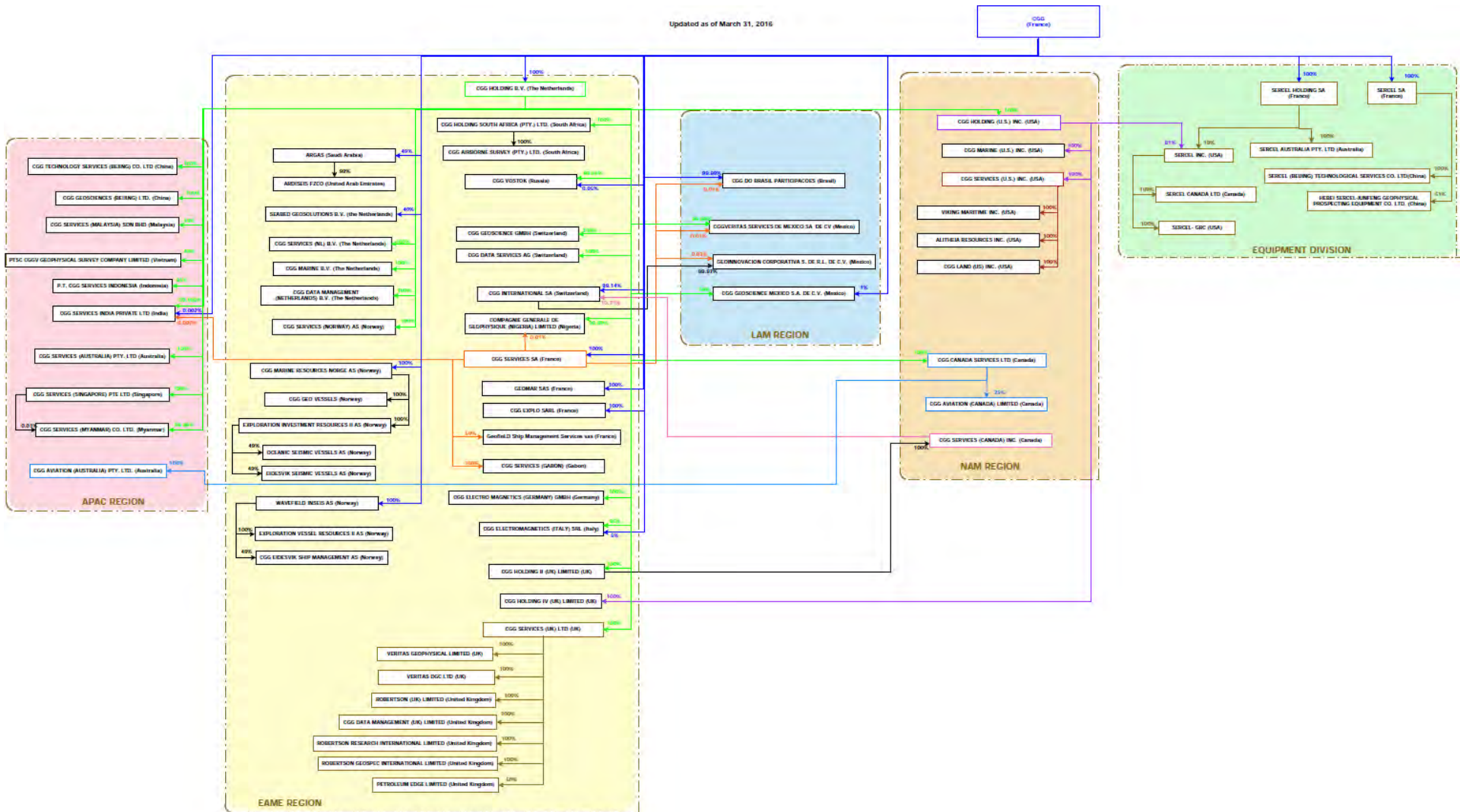
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Group Organization Chart

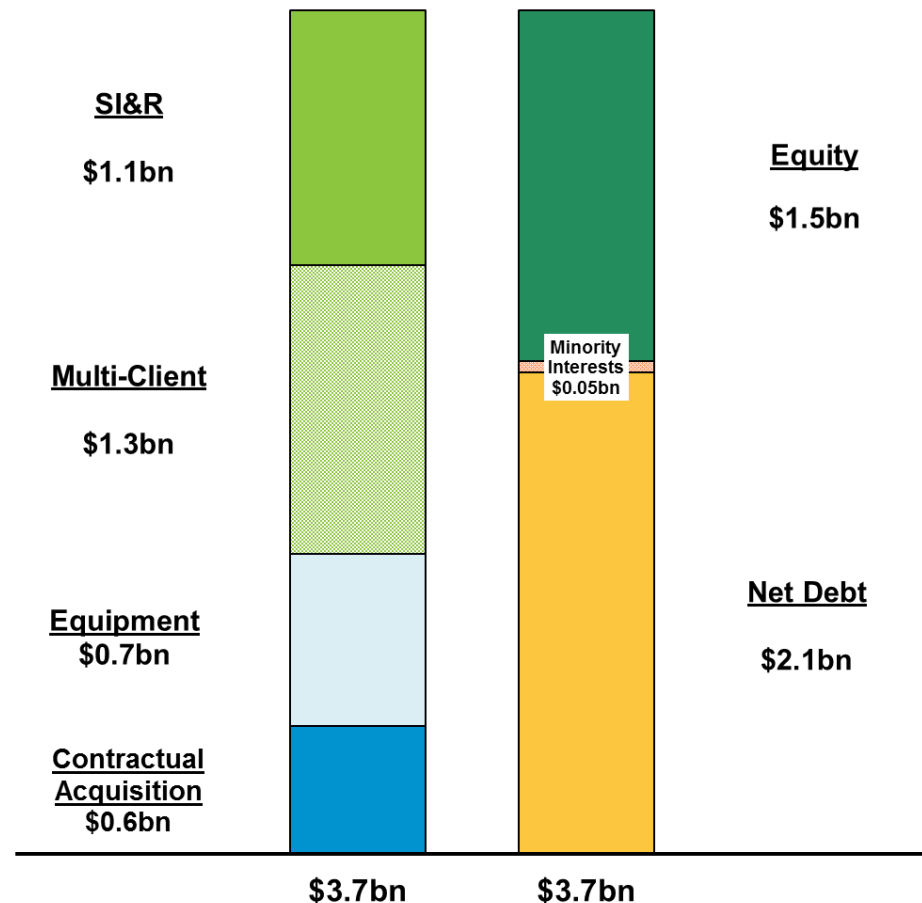
Updated as of March 31, 2016





Portfolio of high-value assets

- **\$3.7bn Capital Employed by end March 2016**
 - Net debt at \$2.1bn / Minority Interests at \$0.05bn
 - Equity at \$1.5bn post rights offering
- **\$0.6bn Capital Employed for Contractual Data Acquisition**
 - ~ half related to Investees (ARGAS, SBGS, etc.)
- **Capital Employed for N.O.R nil**
 - Assets: cold-stacked hulls and excess streamers
 - Restructuring liabilities
- **\$0.7bn Capital Employed for Equipment**
 - ~ half of Inventories
- **\$2.4bn Capital Employed for GGR**
 - \$1.3bn Capital Employed for Multi-Client (including \$0.96bn for the sole Library)
 - \$1.1bn Capital Employed for Subsurface Imaging and Reservoir businesses (SIR)





Q1 2016 Financial Highlights

- In a depressed market environment, CGG delivered a weak operating income
 - Revenue at \$313m, down 45% y-o-y and Operating Income at \$(81)m
 - GGR: very low multi-client revenue after strong Q4, margin impacted by high amortization rate and low after-sales
 - Equipment: sales and margin strongly impacted by very low volumes
 - Contractual Data Acquisition: a transitional quarter with good operational performance in low but stabilizing marine pricing conditions
- Execution of Transformation Plan on track
 - 3D marine fleet downsized to 5 vessels
 - Good ramp-up of our 2016 multi-client programs
 - Staff, Costs & Capex reduction plans on track
- Successful capital increase and extension of French Revolver Credit Facility
- Strong cash generation
 - Positive Free cash flow at \$118m versus negative \$(20)m in Q1 2015



Q1 2016 Operational Highlights

Multi-Client

- 25% of fleet dedicated to multi-client production in Q1, notably active in Brazil
- Fleet dedicated to multi-client expected to be 70% in Q2 and 60% in Q3

SI & Reservoir

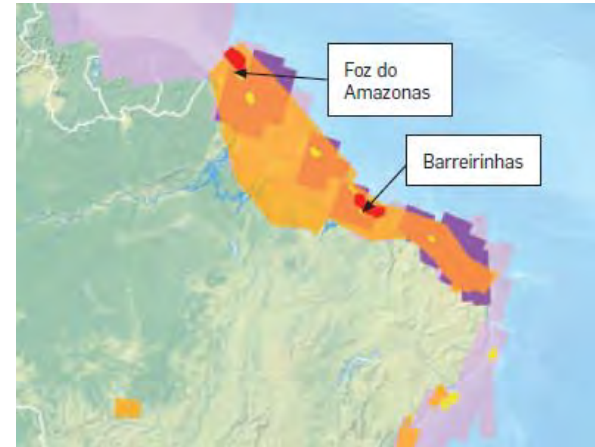
- Successful delivery of the first large high-density broadband integrated survey offshore Asia, from marine acquisition, data processing and imaging, to reservoir inversion
- First Simultaneous Shooting of data acquired and processed for multi-client program offshore West Africa
- Excellent results from the new least-squares Reverse Time Migration technology in subsalt imaging in the deepwater Gulf of Mexico

Equipment

- Land sales: Sercel Nomad 65 vibrator to Saudi Arabia and 428 XL traces to Algeria
- Marine sales: driven by maintenance

Contractual Data Acquisition

- 6 vessels operated and strong Marine operational performance
 - 94% availability rate and 94% production rate



CGG Megabar survey in Brazil (Barreirinhas)



Nomad 65 on a land acquisition survey

