



# Q4 - FY 2020 FINANCIAL RESULTS & 2021 PERSPECTIVES



# Disclaimer

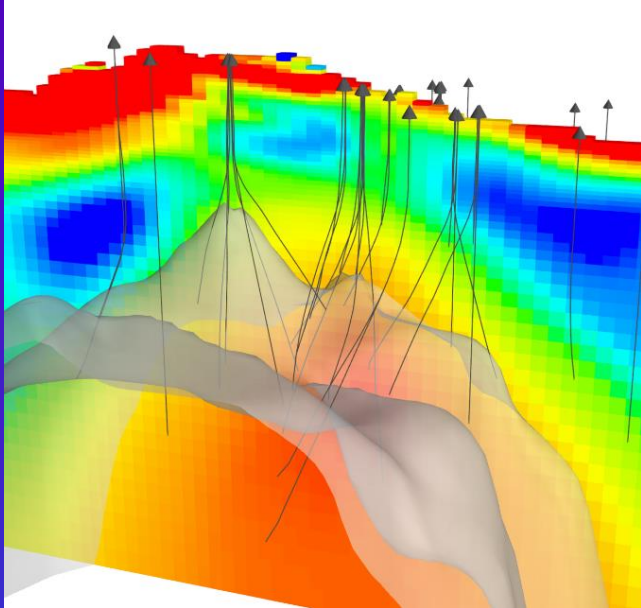
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# Agenda



**01** Market trends

**02** Operational review

**03** Financial review

**04** 2021 business outlook & Financial objectives



# MARKET TRENDS



# 2020 was a year of extremely difficult business environment

## An energy shock

- Covid-19 pandemic
- Rapid drop in demand for oil
- Strong pressure on oil price

## Oil & gas companies significantly cut E&P capex

- E&P Capex down by c.(30)% in 2020
- IOCs and Independents reshaping and going through major reorganizations
- NOCs still focused on long term projects
- Strong demand from clients for high-end technologies to increase reservoir production and de-risk field development and near field exploration in the context of portfolio optimization

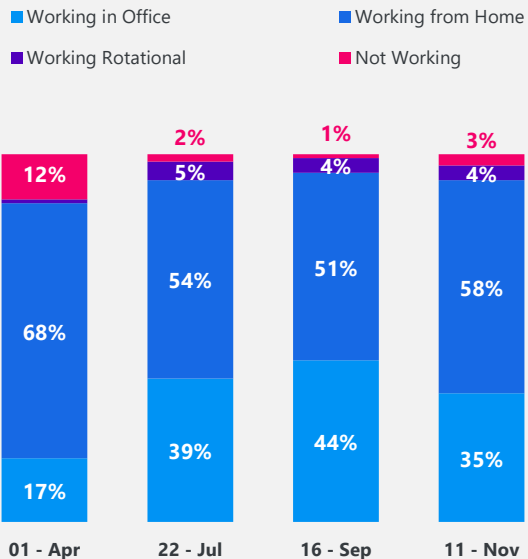
## Oil & gas companies redeploying capital from traditional upstream to renewables

- IOCs are increasing investments into renewables (wind, solar and hydrogen) and energy transition (geothermal and CCUS)
- Many O&G companies have clear decarbonization roadmaps
- However, oil & especially gas will continue to stay a major part of energy balance and a major source of cash flows for O&G companies for years to come



# CGG's response to 2020 crisis

## CGG successfully managed the health & safety of its employees while preserving business continuity



## CGG maintained its technology leadership position and focus on development & production

- Geoscience more resilient, revenues down only 15% year-on-year
- Multi-client surveys focused on key mature basins (Campos in Brazil, Cornerstone and North Viking Graben in the North Sea)
- Equipment delivered over 320,000 land channels enlarging its installed base

## CGG demonstrated its ability to generate positive Free Cash Flow before change in working capital

- Cash costs reductions of around \$35m in 2020 & around \$90m of fixed cash costs annualized
- Multi-Client capex of \$239m with 89% prefunding
- Segment FCF positive at \$50m before negative change in working capital



# OPERATIONAL REVIEW



# Q4 & FY 2020 key highlights

## SEGMENT REVENUE

**\$283m**

**\$955m**

## ADJUSTED SEGMENT EBITDAS

**\$122m**

before \$(4)m of  
severance cash costs,  
43% margin

**\$402m**

before \$(42)m of  
severance cash costs,  
42% margin

## CASH FLOW

**Segment FCF \$(29)m**

**Net Cash Flow \$(95)m**

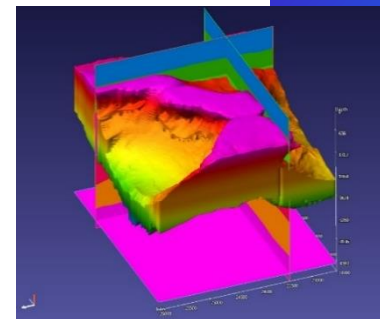
including \$(21)m NRC and  
\$(88)m negative change in  
working capital

**Segment FCF \$(39)m**

**Net Cash Flow \$(247)m**

including \$(101)m NRC and  
\$(89)m negative change in  
working capital

**Cash liquidity of \$385m at the end of December 2020**

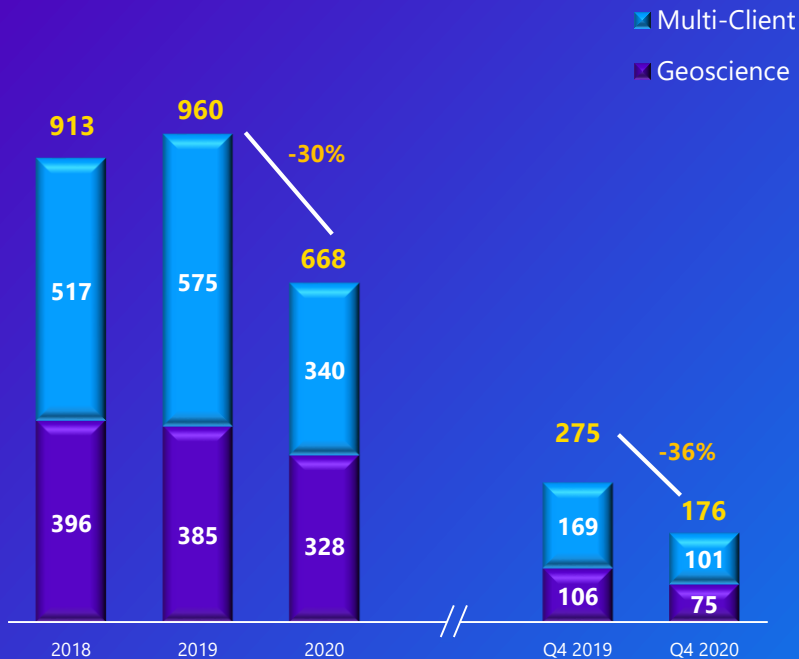




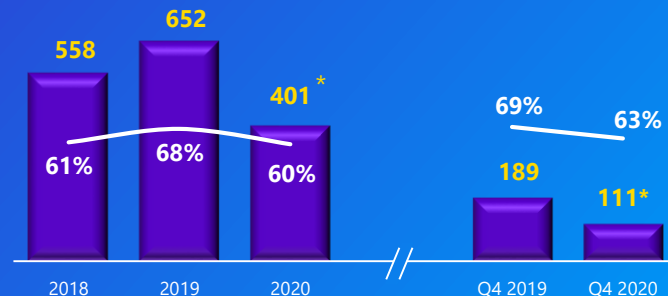


# GGR key financial indicators

## SEGMENT REVENUE (\$m)

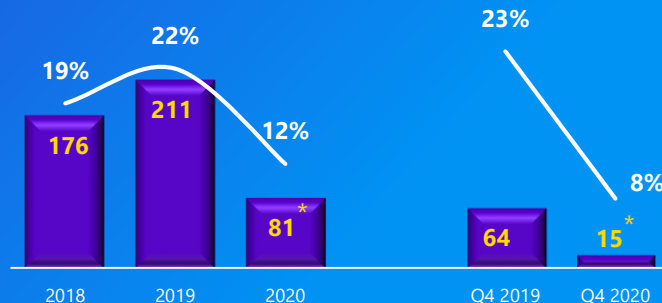


## ADJUSTED SEGMENT EBITDAS (\$m) & MARGIN (%)



\* excluding \$(3)m non-recurring charges in Q4 & and \$(39)m in 2020

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

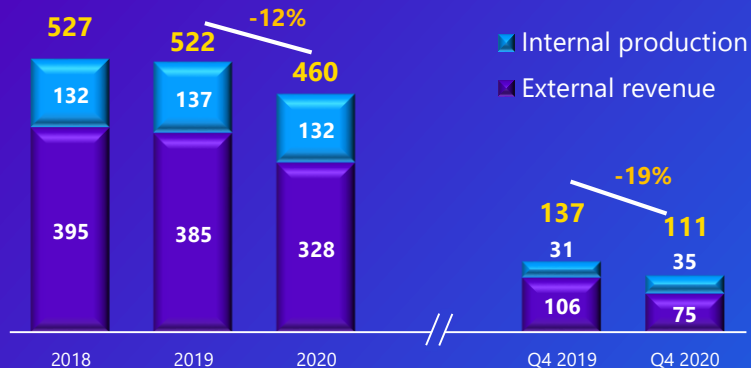


\* excluding \$(59)m non-recurring charges in Q4 2020 and \$(211)m in 2020

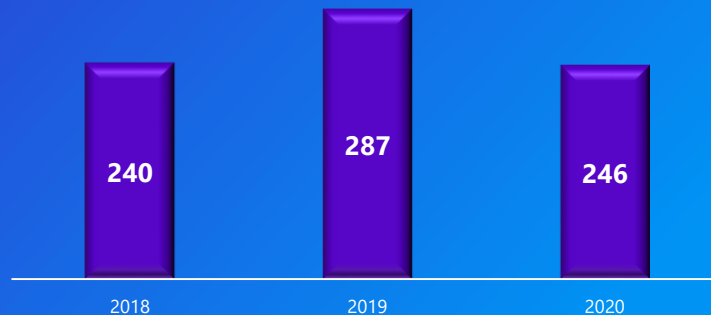


# Geoscience key business indicators

## TOTAL PRODUCTION (\$m)



## BACKLOG AS OF JAN. 1<sup>ST</sup> (\$m)



## TOTAL PRODUCTION / HEAD (\$k)

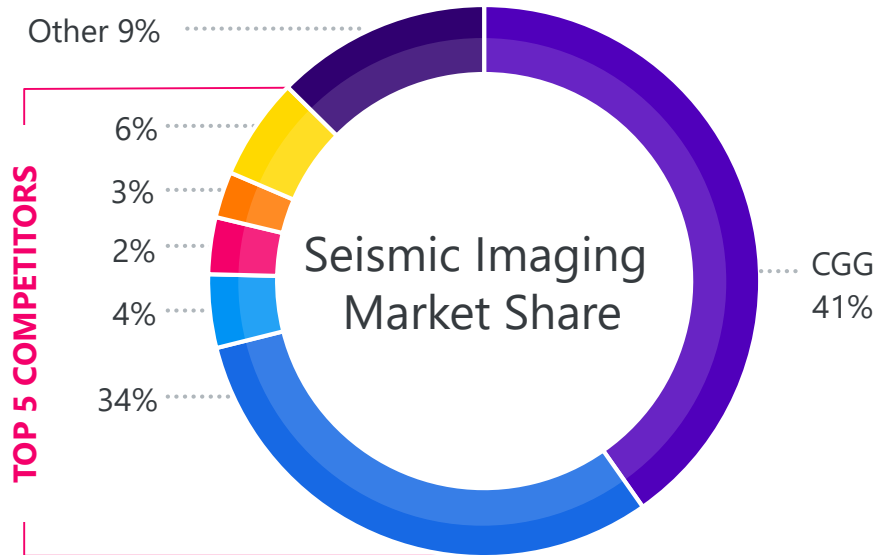


## COMPUTING POWER (PFLOPS)





# Geoscience operational highlights



## Continued adaptation to lower demand

- 75% of Geoscience revenue dedicated to Reservoir Development and Production
- Production teams adapted to new level of activity while preserving a high level of customer service and real-time innovation

## Continued stable long-term revenue from our dedicated centers

- As of January 2021, all 7 of our Dedicated Seismic Imaging Centers are under long term contract
- Demonstrating a continued high level of customer satisfaction and long-term revenue stability

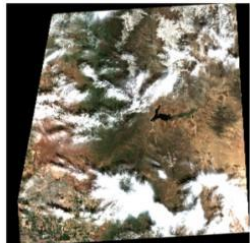


**RESILIENCE IN A DIFFICULT MARKET  
MARKET SHARE LEADERSHIP DRIVEN BY TECHNOLOGY**

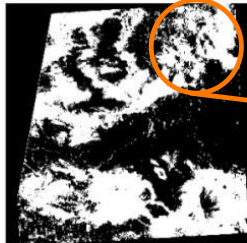


# Cloud masking of satellite imagery with deep learning

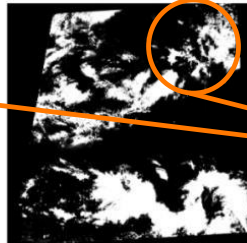
Satellite imagery



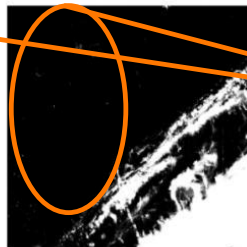
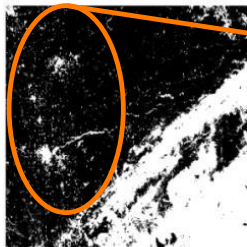
Benchmark



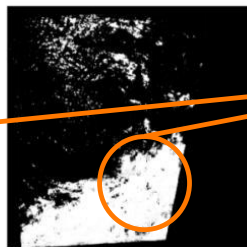
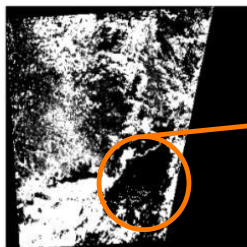
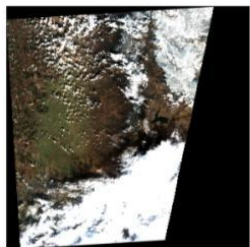
Deep learning



Fewer false positives over snow



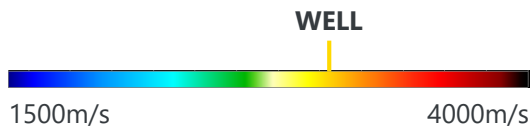
Fewer false positives over land/urban areas



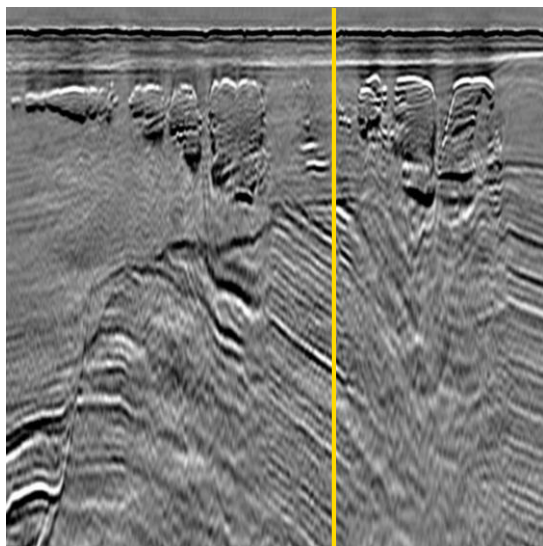
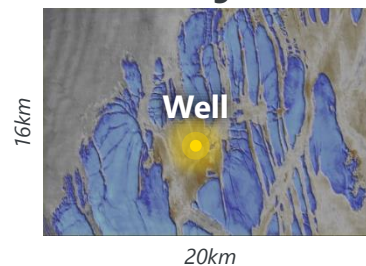
Improved performance over thick cloud



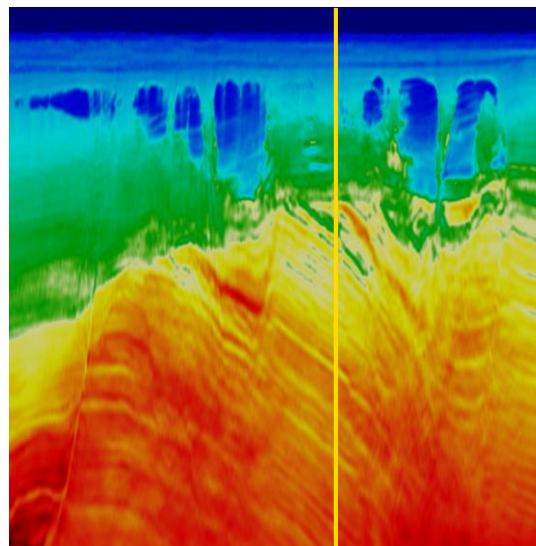
# Barents Sea gas cloud imaging



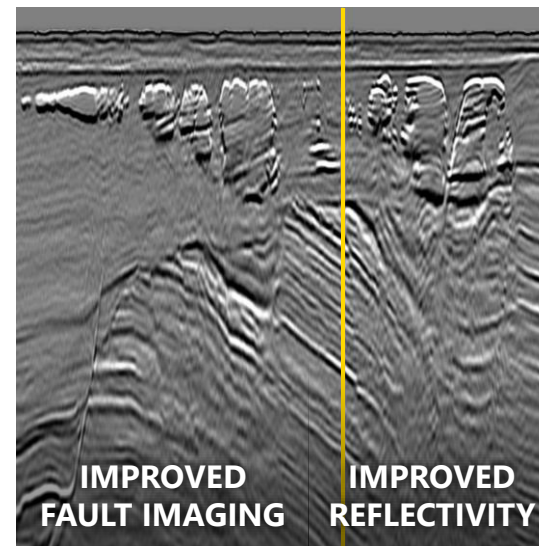
Takehavet gas clouds



QRTM (40Hz)



TL-QFWI\* velocity model (40Hz)

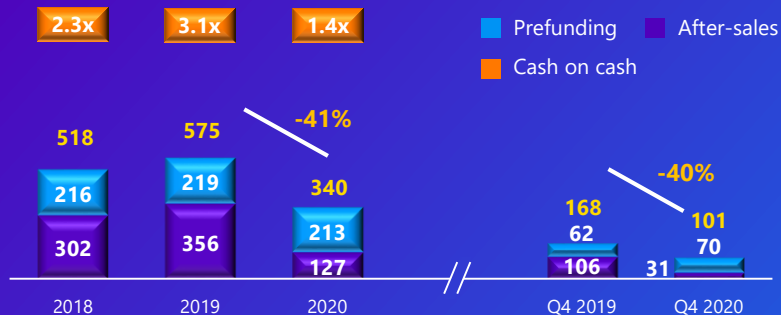


TL-QFWI image (40Hz)

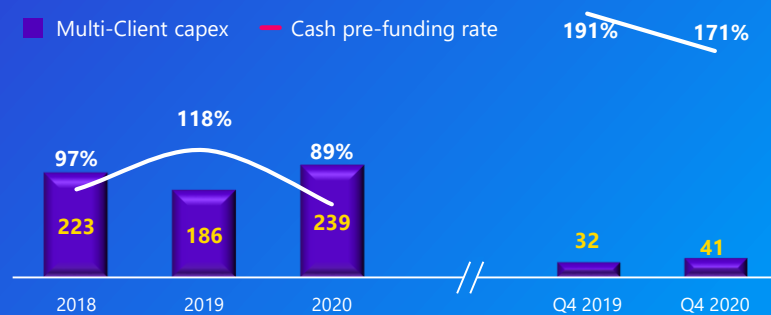


# Multi-Client key business indicators

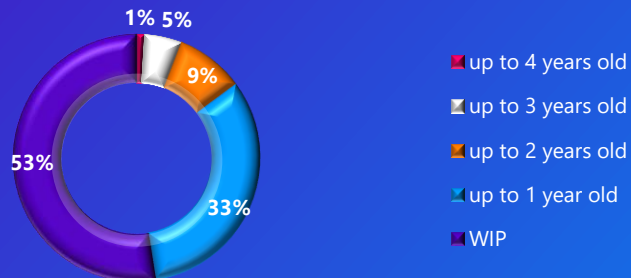
## MULTI-CLIENT REVENUE (\$m)



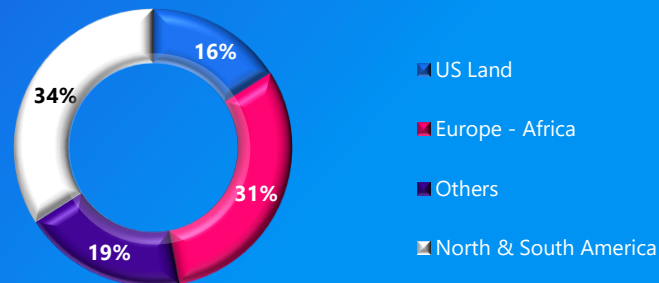
## MULTI-CLIENT CAPEX (\$m) & PRE-FUNDING (%)



## DATA LIBRARY NBV SPLIT AS OF 12/31/20



## DATA LIBRARY NBV REGIONAL SPLIT AS OF 12/31/20





# A successful strategy to build a worldwide multi-client footprint in mature basins



## GEOLOGY & SATELLITE

500 Geologic Studies  
 1,000 Petroleum system analyses  
 Global hydrocarbon seep database

## GEOSPEC - LEGACY SEISMIC

696,000 km² worldwide  
 4,490,000 km 2D worldwide

## > 1.2 million km²

Leading coverage

Little exposure to recent US regulatory announcements

- US Onshore, no book value exposed to Federal land leases
- US Offshore, less than 30 million\$ of NBV exposed with the completion of current reprocessing projects

Extensive contiguous reimaged datasets in the UK and Norwegian North Sea

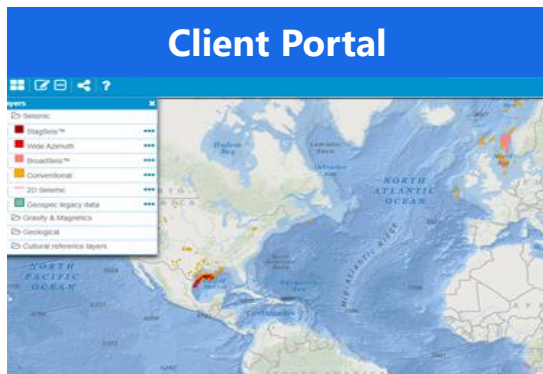
New premium-quality acquisitions in Australia, Brazil, North Sea and US land

Key, high-quality surveys and data in select frontier and developing basins

CGG Multi-Client products feature the most advanced imaging technology



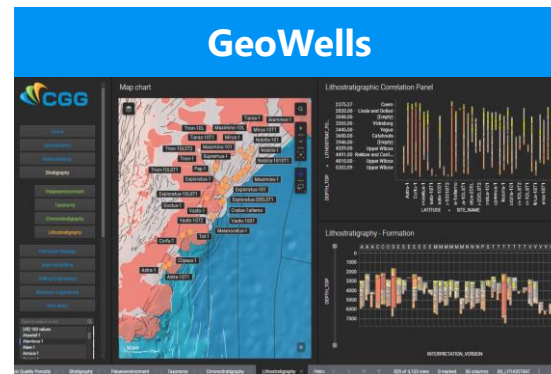
# Digitalization solutions enrich multi-client offers



Portal deployed to facilitate clients' access



A global integrated geological database ready for licensing



Advanced multi-discipline well data available in GOM (Mexico), Brazil pre-salt basins, and Norway



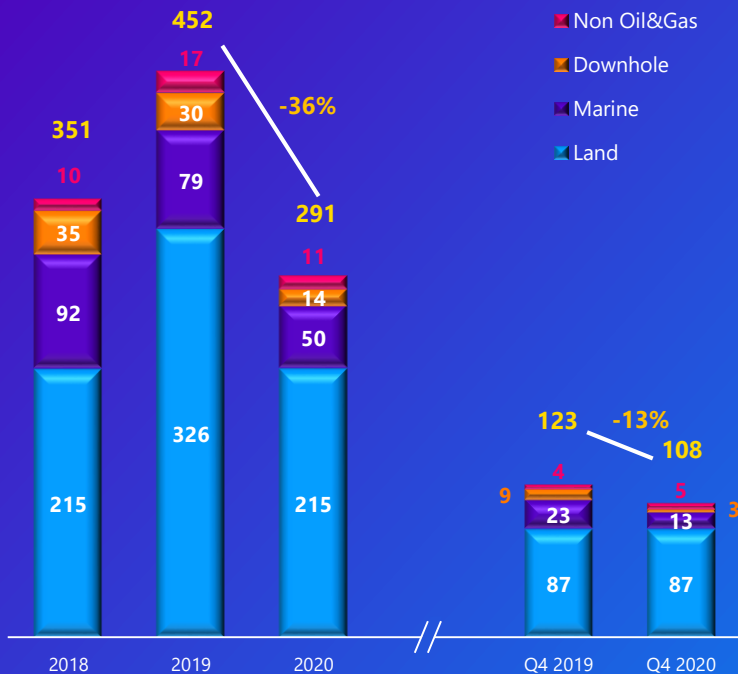
**INDUSTRY PARTNERSHIP TO BUILD A COMMON ECOSYSTEM FOR MULTI-CLIENT DATA**



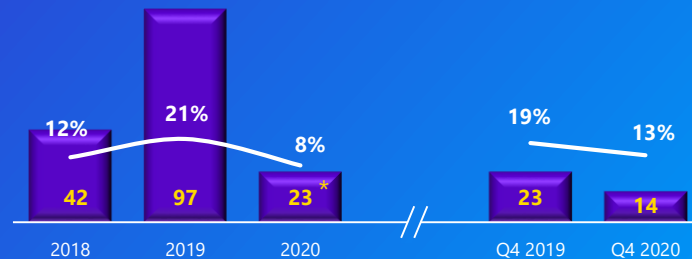


# Equipment key financial indicators

## SEGMENT PRODUCTION (\$m)

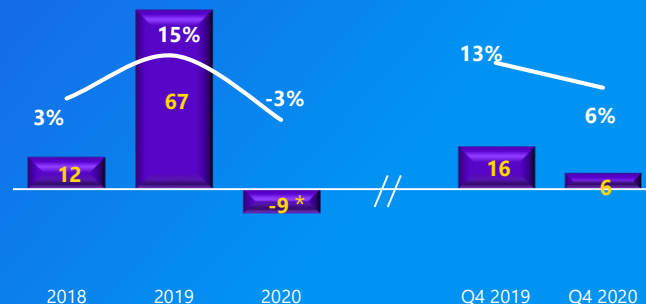


## ADJUSTED SEGMENT EBITDAS (\$m) & MARGIN (%)



\* Excluding \$(1)m non-recurring charges in 2020

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



\* Excluding \$(1)m non-recurring charges in 2020



# Equipment activity supported by strong demand from the Middle East



*Sercel 508<sup>XT</sup> in the Middle East*

## Land

Over 100 thousand channels delivered in Q4 mainly to North Africa and the Middle East

Delivery of a WiNG system in Latin America

Orders in Q4 included mega-crews with 508<sup>XT</sup> systems, geophones and Nomad vibrators, as well as spares and extensions brought by Sercel's largest installed base around the world

## Marine

Activity in the streamer market still relies on spares Sentinel section sales brought by Sercel's installed customer's base

## Downhole tools

Artificial Lift gauges reduced significantly in the US Shale.  
Memory gauges activity resilient so far

## Non-Oil & Gas

SHM: S-lynks solution launched officially in November; partnership with Apave for France and Italy



# FINANCIAL REVIEW



# Q4 2020 and FY 2020 Income Statement

In million \$	Q4 2020	Q4 2019	FY 2020	FY 2019
<b>Segment Revenue</b>	<b>283</b>	<b>396</b>	<b>955</b>	<b>1,400</b>
IFRS 15 adjustment	(66)	30	(69)	(44)
IFRS Revenue	217	426	886	1,356
<b>Segment EBITDAs</b>	<b>118</b>	<b>206</b>	<b>361</b>	<b>721</b>
<b>Adjusted Segment EBITDAs</b>	<b>122</b>	<b>206</b>	<b>402</b>	<b>721</b>
<b>Segment OPINC</b>	<b>(42)</b>	<b>72</b>	<b>(164)</b>	<b>247</b>
<b>Adjusted Segment OPINC</b>	<b>17</b>	<b>72</b>	<b>48</b>	<b>247</b>
IFRS 15 adjustment	(16)	2	(8)	(4)
IFRS OPINC	(58)	74	(173)	244
Net cost of financial debt	(34)	(33)	(134)	(132)
Other financial income	2	2	(39)	6
Taxes	7	20	(30)	9
<b>Net income / (loss) from continuing operations</b>	<b>(83)</b>	<b>63</b>	<b>(376)</b>	<b>126</b>
<b>Net income / (loss) from discontinued operations</b>	<b>(18)</b>	<b>(37)</b>	<b>(63)</b>	<b>(188)</b>
<b>Group Net income / (loss)</b>	<b>(100)</b>	<b>26</b>	<b>(438)</b>	<b>(61)</b>

**FY 2020 Segment Revenue at \$955m**,  
down 32% year-on-year

**Segment EBITDAs at \$361m**  
**Adjusted Segment EBITDAs at \$402m**,  
before \$(42)m severance costs, a 42% margin

**Segment OPINC at \$(164)m**  
**Adjusted Segment OPINC at \$48m**,  
before \$(213)m non-recurring charges

**Group Net Loss of \$(438)m**, after \$(336)m non-recurring charges

- **\$(376)m net loss from continuing operations**  
after \$(269)m non-recurring charges
- **\$(63)m net loss from discontinued operations**  
after \$(67)m CGG 2021 Plan non-recurring charges



# Q4 / FY 2020 Simplified Cash Flow

In million \$	FY 2020	FY 2019	Q4 2020	Q4 2019
<b>Segment FCF before change in working cap</b>	<b>50</b>	<b>433</b>	<b>59</b>	<b>144</b>
Change in working capital	(89)	58	(88)	(20)
<b>Segment FCF</b>	<b>(39)</b>	<b>491</b>	<b>(29)</b>	<b>124</b>
Cash Cost of Debt & Lease repayments	(135)	(138)	(46)	(49)
Net Cash Flow from Discontinued Operations	15	(32)	(2)	3
Plan 2021 cash costs	(87)	(136)	(18)	(71)
<b>Net cash flow</b>	<b>(247)</b>	<b>186</b>	<b>(95)</b>	<b>7</b>

## 2020 Net Cash Flow at \$(247)m

Segment Free Cash Flow at **\$(39)m**

Segment Free Cash Flow was positive at **\$50m** before **\$(89)m** change in working capital

Net Paid Cost of Debt at **\$(80)m** and lease repayments at **\$(55)m**

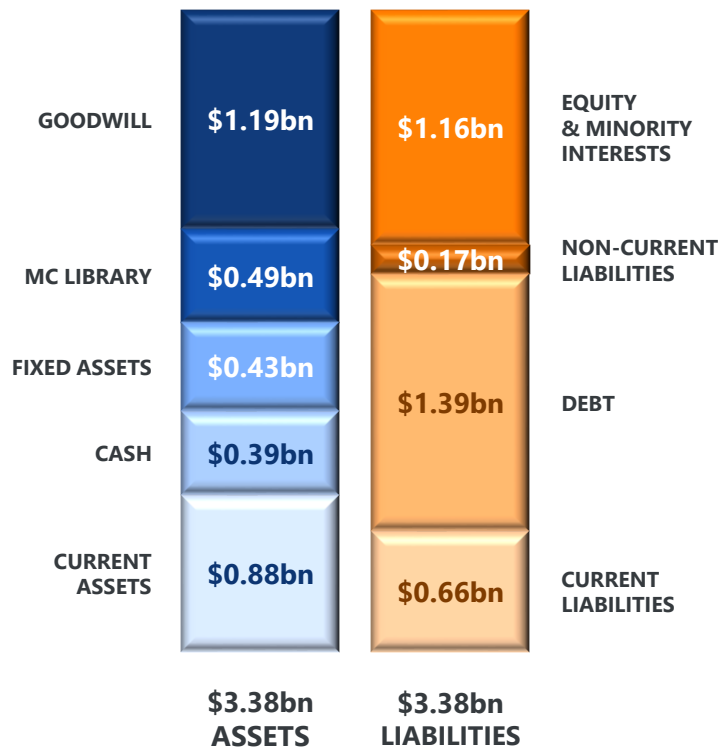
Net Cash Flow from Discontinued Operations at **\$15m**

CGG 2021 Plan & severance cash costs at **\$(101)m**

**Sound Liquidity at \$385m**



## Balance Sheet at Year-end 2020



Group's liquidity amounted to **\$385m** as of December 31, 2020

Group gross debt before IFRS 16 was **\$1,234m** and net debt was **\$849m**

Group gross debt after IFRS 16 was **\$1,389m** and net debt was **\$1,004m**

- \$644m 1<sup>st</sup> Lien Bonds USD & EUR due 2023
- \$577m 2<sup>nd</sup> Lien Bonds USD & EUR due 2024
- \$13m other items, mainly accrued interest
- \$155m Lease liabilities:
  - \$42m of financial lease
  - \$113m of operating leases under IFRS16

Segment leverage ratio of Net debt to Segment EBITDAs was **2.8x**



# 2021 BUSINESS OUTLOOK



# ESG: CGG committed to carbon neutrality by 2050

## OUR CARBON NEUTRALITY STATEMENT

### We pledge to carbon neutrality by 2050

By lowering our direct emissions (scope 1 & 2) to the lowest practical level and by bridging the gap to zero emission by way of carbon credits only if they are originating from our own activity

With an intermediary milestone in 2030 with a target **reduction of 50% of our direct emissions**

## OUR CARBON NEUTRALITY STATEMENT

<b>GHG emissions</b> Scope 1 (K tons CO <sub>2</sub> eq)	<b>2019:</b> 3 K tons <b>2020:</b> <b>2 K tons</b>	<b>50% reduction by 2030</b> 100% by 2050
<b>GHG emissions</b> Scope 2 (K tons CO <sub>2</sub> eq)	<b>2019:</b> 55 K tons <b>2020:</b> <b>51 K tons</b>	<b>50% reduction by 2030</b> 90% by 2050
<b>% Green Energy</b> (total kwh consumption Scope 1 & 2)	<b>H1 2020:</b> 23% <b>FY 2020:</b> <b>30%</b>	<b>50% in 2030</b> 90% in 2050  <i>or sooner depending on availability and prices</i>
<b>Power Usage Efficiency</b> (3 main centers)	<b>2019:</b> 1.33 <b>2020:</b> <b>1.32</b>	<b>&lt;= 1,2 by 2030</b>

## OUR ESG RATINGS







# Our new business solutions for energy transition

## Environmental monitoring



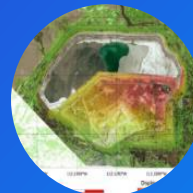
### Offshore pollution monitoring

Satellite imagery, machine learning and interpretation to enhance awareness and understanding of pollution incidents



### Marine mammal monitoring

Fully-integrated, passive acoustic monitoring to detect marine mammals for environmentally responsible operations



### Minerals and Mining

Mapping, auditing and monitoring of mine infrastructure, production and tailings to reduce operational risk

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## Transition to Low Carbon



### Clients' emission reduction support

Reducing the impact of E&P with advanced seismic. CGG Cloud has been on a green tariff for 8 years in the UK



### Geothermal Sciences

Multi-disciplinary team with combined experience of >130 projects globally. Leveraging sedimentary basin expertise and digital technologies for new insights



### Carbon Capture & Monitoring

Technology and expertise to help identify, characterize and de-risk storage sites and monitor CCUS projects



# Market outlook

## Improving market outlook

- Roll-out of Covid-19 vaccinations is accelerating
- Recent OPEC+ agreements support the rebalancing of supply and demand
- Oil price is gradually recovering and has stabilized above \$50/bbl threshold
- E&P Capex expected to be flattish

## Energy companies focused on higher efficiency and production

- Prioritization of investments towards core basins and strong focus on discovered and mature resources with reduced demand for frontier exploration
- NOCs and the Middle East region resilient with long-term energy development projects
- CGG technologies remain fundamental to our clients' success, as we play a significant part in the efficiency and effectiveness of their business
- CGG is well placed to further develop and grow in Digital Geoscience

## Energy companies redeploying capital to renewables

- Energy companies focus on returning value to shareholders and restoring balance sheet
- The pace of capital redeployment to renewables by oil majors has been slow so far
- CGG is well positioned to play in Geothermal energy, CCUS, Earth observation and monitoring and Structural Health Monitoring (SHM)



# CGG 2021 Business perspectives

## GEOSCIENCE

- Progressive recovery starting H2 2021
- Solid demand for best-in-class subsurface imaging technologies
- Sustained activity with large NOCs

## MULTI-CLIENT

- Reduced 2021 multi-client cash capex with focus on core mature basins
  - Nebula program offshore Brazil will continue in 2021
  - Summer activity scheduled in the North Sea
- Reprocessing of existing data library applying our latest imaging technologies

## EQUIPMENT

- Solid H1 driven by deliveries of land equipment for mega crews in Saudi Arabia
- Increased demand for land equipment in Algeria, Russia and Pakistan
- Increased commercial interest for WING node onshore and GPR node offshore
- Demand for marine streamers expected to remain low

## OTHER BUSINESS INITIATIVES

- Developing in adjacent areas where we could extend from our current core business (SHM)
- Leveraging existing core capabilities by extending into other domains (Geothermal, Mining)
- Expanding into areas where our clients are growing (CCUS)



# CGG 2021 Financial objectives

## REVENUE

Based on Brent oil price above \$50/bbl and no deterioration in pandemic and market conditions, 2021 segment revenue is expected to increase by low single digits y-o-y with growth in Equipment, recovery in Geoscience from H2 and reduced Multi-client prefunding revenue

## EBITDAS

CGG is expecting 2021 Segment EBITDAs to remain stable with a less favorable business mix

## NET CASH FLOW

CGG is expecting to generate positive net cash flow in 2021

- Multi-client cash capex will be reduced to around \$165m with prefunding above 75% and industrial capex is expected to be around \$70m
- Non-recurring cash costs are expected to come down to around \$(60)m



THANK YOU



## Annex: Q4 2020 and FY 2020 non-recurring charges

In million \$	Q4 2020	2020
Operational costs provisions	(4)	(42)
Multi-client library Impairments	(29)	(98)
Asset impairments	(10)	(11)
Fair value remeasurement of asset available for sale	(15)	(37)
Goodwill impairments	(0)	(24)
Other Financial Items (OFI) adjustments	(3)	(48)
Deferred Tax Assets impairments	(0)	(9)
<b>Subtotal Continuing Operations</b>	<b>(61)</b>	<b>(269)</b>
<b>Subtotal Discontinued Operations</b>	<b>(23)</b>	<b>(67)</b>
<b>Total Non-recurring charges</b>	<b>(84)</b>	<b>(336)</b>

Global economic crisis and unprecedented drop in oil prices and E&P spending lead CGG to launch cost reduction actions in 2020

### **\$(61)m of additional non-recurring charges were booked in Q4 2020 in continuing operations**

- **\$(4)m** severance costs
- **\$(29)m** non-cash impairments related to Ireland, Gabon & Mozambique MC surveys. No impairments related to US library
- **\$(15)m** non-cash fair value remeasurement of businesses available for sale
- **\$(3)m** non-cash remeasurement of other financial assets and liabilities

### **\$(336)m of non-recurring charges were booked in 2020:**

- **\$(269)m in continuing operations**
- **\$(67)m in discontinued operations**