



CGG Announces its 2020 Third Quarter Results

Solid Q3 Adjusted EBITDAs performance Business activity gradually resuming

PARIS, France – November 5, 2020 – **CGG** (ISIN: FR0013181864), a world leader in **Geoscience**, announced today its 2020 third quarter unaudited results.

Commenting on these results, Sophie Zurquiyah, CGG CEO, said:

“CGG markets stabilized in Q3 as large Independents and NOCs started to resume activity, mainly in their core areas. We are on track with the implementation of the cost reduction plan resulting in increased Adjusted EBITDAs. Our high-end technology significantly improves our client’s understanding of the subsurface and provides important insights to the prioritization of their energy investments. This, combined with our focus on mature basins and the technology vital for step-out exploration, development and production, provides CGG with a unique value proposition for our clients. We have been able to maintain market share in our core businesses throughout the year, and I have been pleased with our progress towards developing offerings in adjacent fields, including structural health monitoring, CCUS, geothermal and environmental geosciences. “

Q3 2020: stable Revenue and increased Adjusted EBITDAs quarter-on-quarter

- **IFRS figures:** revenue at \$178m, OPINC at \$(43)m, Group net loss at \$(93)m
- **Segment revenue at \$199m**, stable quarter-on-quarter
 - Geoscience: Resilient activity of large and dedicated imaging centers
 - Multi-client: Increased sales driven by higher after-sales
 - Equipment: Lower land activity and delays in deliveries
- Segment EBITDAs at \$52m and **Adjusted* Segment EBITDAs at \$80m** before \$(28)m of non-recurring severance costs, up 6% quarter-on-quarter, a 40% margin
- Segment Operating Income at \$(38)m and **Adjusted* Segment Operating Income at \$(4)m** before \$(34)m of non-recurring charges

*Adjusted indicators represent supplementary information adjusted for non-recurring charges triggered by economic downturn.

Liquidity of \$465m at the end of September 2020

- **Q3 2020 negative change in working capital of \$(37)m** supporting increased Q4 sales
- **Q3 2020 non-recurring cash costs of \$(26)m**, including \$(7)m severance and \$(19)m of CGG 2021 plan costs
- **Q3 2020 Segment Free Cash Flow at \$(59)m**, including high negative change in working capital. **Net Cash Flow of \$(92)m**
- **Liquidity of \$465m and Net debt before IFRS 16 of \$749m** at September 30, 2020

Confirming 2020 Cash Capex and 2020 cost reduction measures**

- **2020 Cash Capex around \$300 million:**
 - ✓ 2020 Multi-client cash capex confirmed at around **\$225 million** and around **75% prefunding rate**
 - ✓ 2020 Industrial and development costs cash capex around **\$75 million**
- All saving plans (2021 plan and Covid-19) expected to generate cash costs reductions of around **\$35m** in 2020 and around **\$135m** annualized, including around **\$90m** of fixed cash costs
- Covid-19 plan total expenses of around **\$(50)m**, with P&L impact of \$(44)m in 2020 and \$(6)m\$ in 2021 and cash-out sequence of \$(15)m in 2020 and \$(35)m in 2021

**As mentioned on May 12, 2020, capex and cost reductions are the only two metrics for 2020 guidance provided by the company in current crisis environment

Sercel and Shearwater agreed to suspend negotiations on marine streamer JV

Due to the downturn in the oil & gas industry, triggered by the COVID-19 pandemic, CGG and Shearwater have jointly agreed to suspend negotiations around creating a marine streamer equipment JV until visibility in the streamer replacement cycle improves. Both parties continue to benefit from the marine acquisition partnership and remain committed to the establishment of its technology component to further their mutually beneficial cooperation.

Key Figures - Third Quarter 2020

Key Figures IFRS - Quarter In million \$	2020 Q2	2020 Q3	Variances %
Operating revenues	239	178	(26)%
Operating Income	(32)	(43)	(32)%
Equity from Investment	0	0	-
Net cost of financial debt	(33)	(34)	4%
Other financial income (loss)	(36)	(12)	(67)%
Income taxes	(33)	1	103%
Net Income / Loss from continuing operations	(134)	(88)	34%
Net Income / Loss from discontinued operations	(13)	(5)	62%
Group net income / (loss)	(147)	(93)	37%
Operating Cash Flow	81	12	(85)%
Net Cash Flow	(77)	(92)	(20)%
Net debt	783	910	16%
Net debt before lease	626	749	20%
Capital employed	2,129	2,172	2%

Key Segment Figures - Third Quarter 2020

Key Segment Figures - Quarter In million \$	2020 Q2	2020 Q3	Variances %
Segment revenue	202	199	(1)%
Segment EBITDAs	68	52	(24)%
<i>Group EBITDAs margin</i>	<i>34%</i>	<i>26%</i>	<i>(77) bps</i>
Segment operating income	(53)	(38)	29%
<i>Opinc margin</i>	<i>(26)%</i>	<i>(19)%</i>	<i>75 bps</i>
IFRS 15 adjustment	21	(5)	(123)%
IFRS operating income	(32)	(43)	(32)%
Operating Cash Flow	81	12	(85)%
Net Segment Cash Flow	(77)	(92)	(20)%
Supplementary information			
Adjusted segment EBITDAs before NRC	76	80	6%
<i>EBITDAs margin</i>	<i>37%</i>	<i>40%</i>	<i>29 bps</i>
Adjusted segment operating income before NRC	(5)	(4)	15%
<i>Opinc margin</i>	<i>(2)%</i>	<i>(2)%</i>	<i>3 bps</i>

Key Figures – 9 Months 2020

Key Figures IFRS - YTD In million \$	2019 Sept YTD	2020 Sept YTD	Variances %
Operating revenues	930	669	(28)%
Operating Income	169	(115)	-
Equity from Investment	0	0	-
Net cost of financial debt	(98)	(100)	(1)%
Other financial income (loss)	4	(42)	-
Income taxes	(11)	(37)	-
Net Income / Loss from continuing operations	63	(293)	-
Net Income / Loss from discontinued operations	(151)	(45)	70%
Group net income / (loss)	(87)	(338)	-
Operating Cash Flow	572	238	(58)%
Net Cash Flow	179	(152)	-
Net debt	732	910	24%
Net debt before leases	544	749	38%
Capital employed	2,312	2,172	(6)%

Key Segment Figures – 9 Months 2020

Key Segment Figures - YTD In million \$	2019 Sept YTD	2020 Sept YTD	Variances %
Segment revenue	1,004	672	(33)%
Segment EBITDAs	515	243	(53)%
<i>Group EBITDAs margin</i>	<i>51%</i>	<i>36%</i>	<i>(152) bps</i>
Segment operating income	175	(122)	-
<i>Opinc margin</i>	<i>17%</i>	<i>(18)%</i>	<i>(356) bps</i>
IFRS 15 adjustment	(6)	7	-
IFRS operating income	169	(115)	-
Operating Cash Flow	572	238	(58)%
Net Segment Cash Flow	179	(152)	-
Supplementary information			
Adjusted segment EBITDAs before NRC	515	281	(46)%
<i>Group EBITDAs margin</i>	<i>51%</i>	<i>42%</i>	<i>(96) bps</i>
Adjusted segment operating income before NRC	175	32	(82)%
<i>Opinc margin</i>	<i>17%</i>	<i>5%</i>	<i>(127) bps</i>

Key figures bridge: Segment to IFRS - Third Quarter 2020

P&L items - Q3 In million \$	Segment figures	IFRS 15 adjustment	IFRS figures
Total Revenue	199	(22)	178
OPINC	(38)	(5)	(43)

Cash Flow Statement items - Q3 In million \$	Segment figures	IFRS 15 adjustment	IFRS figures
EBITDAs	52	(22)	30
Change in Working Capital & Provisions	(37)	22	(16)
Cash Provided by Operations	12	(0)	12

Multi-Client Data Library NBV In million \$	Segment figures	IFRS 15 adjustment	IFRS figures
Opening Balance Sheet, Mar 20	340	140	480
Closing Balance Sheet, Sept 20	345	154	499

Key figures bridge: Segment to IFRS – 9 Months 2020

P&L items - YTD In million \$	Segment figures	IFRS 15 adjustment	IFRS figures
Total Revenue	672	(3)	669
OPINC	(122)	7	(115)

Cash Flow Statement items - YTD In million \$	Segment figures	IFRS 15 adjustment	IFRS figures
EBITDAs	243	(3)	240
Change in Working Capital & Provisions	(1)	3	2
Cash Provided by Operations	238	(0)	238

Multi-Client Data Library NBV In million \$	Segment figures	IFRS 15 adjustment	IFRS figures
Opening Balance Sheet , Dec 19	376	155	531
Closing Balance Sheet , Sep 20	345	154	499

Third Quarter 2020 Segment Financial Results

Geology, Geophysics & Reservoir (GGR)

Geology, Geophysics & Reservoir (GGR) In million \$	2020 Q2	2020 Q3	Variances, %
Segment revenue	144	150	4%
Geoscience	83	77	(7)%
Multi-Client	62	73	18%
Prefunding	46	39	(15)%
After-Sales	15	34	120%
Segment EBITDAs	74	56	(24)%
<i>EBITDAs Margin</i>	<i>51%</i>	<i>38%</i>	<i>(137) bps</i>
Segment operating income	(39)	(25)	37%
<i>OPINC Margin</i>	<i>(27)%</i>	<i>(16)%</i>	<i>106 bps</i>
Equity from investments	0	0	-
Capital employed (in billion \$)	1.7	1.7	1%
Supplementary information			
Adjusted segment EBITDAs before NRC	81	85	6%
<i>EBITDAs Margin</i>	<i>56%</i>	<i>57%</i>	<i>10 bps</i>
Adjusted segment OPINC before NRC	9	10	7%
<i>OPINC Margin</i>	<i>6%</i>	<i>7%</i>	<i>2 bps</i>
Other Key Metrics			
Multi-Client cash capex (\$m)	(73)	(58)	(20)%
Multi-Client cash prefunding rate (%)	63%	68%	43 bps

GGR segment revenue was \$150 million, up 4% quarter-on-quarter.

- **Geoscience revenue** was \$77 million, down (7)% quarter-on-quarter.

Despite the general slowdown of the economy and its effect on clients' E&P spending, Geoscience activity remained resilient, down sequentially (7)% driven by sustained activity in the main large imaging centers, GeoSoftware and our dedicated processing centers.

Geoscience is adapting to lower demand as Q3 total production was down only (2)% sequentially.

Preservation of business continuity and profitability remains the focus. CGG's Geoscience leading technology continues to be recognized by major clients. GeoSoftware continued to delivered innovation this quarter with new reservoir characterization cloud technology, and Smart Data Solutions business won significant data management contracts.

- **Multi-Client revenue** was \$73 million this quarter, up 18% quarter-on-quarter.

- Prefunding revenue of our multi-client projects was \$39 million, down (15)% quarter-on-quarter as multi-client cash capex was (20)% lower at \$(58)m in Q3. Prefunding rate was 68%.

We had four multi-client programs this quarter: three marine streamer surveys – Nebula in Brazil, Gippsland – in Australia and North Viking Graben in Norway, and one ocean bottom nodes survey in the UK North Sea.

- Multi-client after-sales were at \$34 million this quarter driven by Brazil and US Gulf of Mexico, up 120% quarter-on-quarter.

The segment library Net Book Value was \$345 million (\$499 million after IFRS 15 adjustments) at the end of September 2020, split 86% offshore and 14% onshore.

GGR segment EBITDAs was \$56 million, with 38% margin.

GGR Adjusted segment EBITDAs \$85 million with 57% margin before \$(28) million of COVID-19 plan costs.

GGR segment operating income was \$(25) million.

GGR Adjusted segment operating income was \$10 million with 6% margin before \$(35) million of non-recurring charges.

GGR capital employed was stable at \$1.7 billion at the end of September 2020.

Equipment

Equipment In million \$	2020 Q2	2020 Q3	Variances, %
Segment revenue	58	50	(14)%
Land	45	31	(30)%
Marine	10	15	52%
Downhole gauges	3	2	(28)%
Non Oil & Gas	1	3	92%
Segment EBITDAs	0	(1)	-
<i>EBITDAs margin</i>	<i>0%</i>	<i>(1)%</i>	<i>(18) bps</i>
Segment operating income	(7)	(9)	(27)%
<i>OPINC Margin</i>	<i>(12)%</i>	<i>(18)%</i>	<i>(51) bps</i>
Capital employed (in billion \$)	0.5	0.6	5%
Supplementary information			
Adjusted segment EBITDAs before NRC	1	0	-
<i>EBITDAs margin</i>	<i>2%</i>	<i>0%</i>	<i>(25) bps</i>
Adjusted segment OPINC before NRC	(6)	(9)	(38)%
<i>OPINC Margin</i>	<i>(11)%</i>	<i>(17)%</i>	<i>(58) bps</i>

Equipment segment revenue was \$50 million, down 14% quarter-on-quarter. External sales were \$50 million.

- Land equipment sales represented 62% of total sales, as we delivered in Q3 over 50 thousand 508XT channels mainly in Russia and India. Sercel also delivered its first land node WiNG system in North America.
- Marine equipment sales represented 29% of total sales driven by spares sections sales of Sentinel streamers' installed base.
- Downhole equipment sales were \$2 million and sales from non Oil & Gas equipment were \$3 million

Equipment segment EBITDAs was \$(1) million.

Equipment Adjusted segment EBITDAs was \$0m before \$(1) million of COVID-19 plan costs.

Equipment segment operating income was \$(9) million.

Equipment Adjusted segment operating income \$(9) million before \$(0.5) million of non-recurring charges.

Equipment capital employed was up at \$0.6 billion at the end of September 2020.

Third Quarter 2020 Financial Results

Consolidated Income Statements In million \$	2020 Q2	2020 Q3	Variances %
<i>Exchange rate euro/dollar</i>	<i>1.10</i>	<i>1.17</i>	<i>6%</i>
Segment revenue	202	199	(1)%
GGR	144	150	4%
Equipment	58	50	(14)%
Elim & Other	(1)	(1)	7%
Segment Gross Margin	24	27	13%
Segment EBITDAs	68	52	(24)%
GGR	81	85	6%
Equipment	1	0	-
Corporate	(6)	(5)	7%
Elim & Other	0	1	-
COVID-19 plan	(7)	(28)	-
Segment operating income	(53)	(38)	29%
GGR	9	10	7%
Equipment	(6)	(9)	(38)%
Corporate	(7)	(6)	8%
Elim & Other	(1)	1	-
Non recurring charges	(49)	(34)	31%
IFRS 15 adjustment	21	(5)	-
IFRS operating income	(32)	(43)	(32)%
Equity from investments	0	0	-
Net cost of financial debt	(33)	(34)	(4)%
Other financial income (loss)	1	(4)	-
Income taxes	(24)	1	104%
NRC (Tax & OFI)	(46)	(8)	83%
Net income / (loss) from continuing operations	(134)	(88)	34%
Net income / (loss) from discontinued operations	(13)	(5)	62%
IFRS net income / (loss)	(147)	(93)	37%
Shareholder's net income / (loss)	(147)	(93)	37%
Basic Earnings per share in \$	(0.21)	(0.13)	37%
Basic Earnings per share in €	(0.19)	(0.11)	40%

Segment revenue was \$199 million, stable quarter-on-quarter. The respective contributions from the Group's businesses were 38% from Geoscience, 37% from Multi-Client (75% for the GGR segment) and 25% from Equipment.

Segment EBITDAs was \$52 million and **Adjusted* segment EBITDAs** was **\$80 million** before \$(28) million of Covid-19 plan costs, up 6% sequentially, a 40% margin.

Segment operating income was \$(38) million and **Adjusted* segment operating income** was **\$(4) million** before \$(34) million of non-recurring charges.

IFRS 15 adjustment at operating income level was \$(5) million and **IFRS operating income**, after IFRS 15 adjustment, was \$(43) million.

Cost of financial debt was \$(34) million. The total amount of interest paid during the quarter was \$(7) million.

Other Financial Items were \$(12) million including \$(8) million of non-recurring charges related to remeasurement of fair value of other financial assets and liabilities.

Taxes were at \$1 million.

Net loss from continuing operations was \$(88) million.

Discontinued operations

Correspond to the former Contractual Data Acquisition and Non-Operated Resources segments. Main aggregates are as follows:

- **Q3 revenue from discontinued operations** was \$6 million.
- **Net loss from discontinued operations** was \$(5) million this quarter.
- **Net Cash flow from discontinued operations** was \$7 million before Plan 2021

Group net loss was \$(93) million.

After minority interests, **Group net loss attributable to CGG shareholders** was \$(93) million/ €(79) million.

Adjusted Net loss from continuing operations, excluding \$(41) million of non-recurring charges, was \$(47) million.

Global economic crisis, triggered by Covid-19 pandemic and unprecedented drop in oil price and E&P spending lead CGG to launch cost reduction actions («Covid-19 plan») and recognize other non-recurring charges. **\$(41) million of non-recurring charges** were booked during the third quarter of 2020:

- \$(28) million of severance costs
- \$(6) million of non-cash fair value remeasurement of assets available for sale
- \$(8) million of non-cash remeasurement of other financial assets and liabilities mainly related to Marine Acquisition exit transaction

Non-recurring charges (in m\$)	Q3 2020
Operational costs provisions	(28)
Multi-client library Impairment	
Asset impairment	(6)
Goodwill impairment	
Other Financial Items (OFI) adjustment	(8)
Deferred Tax Assets impairment	
Total	(41)

Third Quarter 2020 Cash Flow

Cash Flow items In million \$	2020 Q2	2020 Q3	Variances %
Segment Operating Cash Flow	81	12	(85)%
CAPEX	(89)	(71)	(20)%
Industrial	(4)	(5)	21%
R&D	(12)	(8)	(33)%
Multi-Client (Cash)	(73)	(58)	(20)%
Marine MC	(62)	(56)	(9)%
Land MC	(11)	(2)	(84)%
Proceeds from disposals of assets	0	0	-
Segment Free Cash Flow	(8)	(59)	-
Lease repayments	(15)	(15)	1%
Paid Cost of debt	(32)	(7)	78%
Plan 2021	(22)	(19)	15%
Free cash flow from discontinued operations	0	7	-
Net Cash flow	(77)	(92)	(20)%
Financing cash flow	0	(5)	-
Forex and other	(1)	16	-
Net increase/(decrease) in cash	(78)	(81)	(4)%
Supplementary information			
Change in working capital and provisions, included in Segment Operating Cash Flow	15	(37)	-
COVID-19 plan Cash	(3)	(7)	-
Segment Free Cash Flow before COVID-19 plan	(5)	(52)	-

Total capex was \$(71) million, down (20)% quarter-on-quarter:

- **Industrial capex** was \$(5) million,
- **Research & Development capex** was \$(8) million,
- **Multi-client cash capex** was \$(58) million, down (20)% quarter-on-quarter

Segment Free Cash Flow, including \$(37) million change in working capital and \$(7)m of non-recurring severance cash costs, was \$(59) million.

After \$(15) million lease repayments, \$(7) million paid cost of debt, \$(19) million 2021 plan cash costs and \$7 million free cash flow from discontinued operations, **Net Cash Flow** was \$(92) million.

First 9 months 2020 Financial Results

Consolidated Income Statements In million \$	2019 Sept YTD	2020 Sept YTD	Variances %
<i>Exchange rate euro/dollar</i>	1.13	1.12	(0)%
Segment revenue	1,004	672	(33)%
GGR	685	492	(28)%
Equipment	329	183	(44)%
Elim & Other	(9)	(2)	74%
Segment Gross Margin	284	124	(57)%
Segment EBITDAs	515	243	(53)%
GGR	463	289	(37)%
Equipment	74	9	(88)%
Corporate	(21)	(17)	19%
Elim & Other	0	0	-
COVID-19 plan	0	(38)	-
Segment operating income	175	(122)	-
GGR	148	66	(55)%
Equipment	51	(15)	-
Corporate	(23)	(19)	17%
Elim & Other	0	(0)	-
Non-recurring charges	0	(154)	-
IFRS 15 adjustment	(6)	7	-
IFRS operating income	169	(115)	-
Equity from investments	0	0	-
Net cost of financial debt	(98)	(100)	1%
Other financial income (loss)	4	3	(21)%
Income taxes	(11)	(28)	-
NRC (Tax & OFI)	-	(53)	-
Net income / (loss) from continuing operations	63	(293)	-
Net income / (loss) from discontinued operations	(151)	(45)	70%
IFRS net income / (loss)	(87)	(338)	-
Shareholder's net income / (loss)	(94)	(340)	-
Basic Earnings per share in \$	(0.13)	(0.48)	-
Basic Earnings per share in €	(0.12)	(0.43)	-

Segment revenue was \$672 million, down (33)% compared to last year. The respective contributions from the Group's businesses were 38% from Geoscience, 35% from Multi-Client (73% for the GGR segment) and 27% from Equipment.

GGR segment revenue was \$492 million, down (28)% year-on-year

- **Geoscience revenue** was \$253 million, down (9)% year-on-year and more resilient mainly due to backlog.
- **Multi-Client sales** were \$239 million, down (41)% year-on-year.
 - Prefunding revenue was \$143 million, down (9)% year-on-year. Multi-Client cash capex was \$(198) million, up 29% year-on-year and cash prefunding rate was 72%.
 - After-sales were \$96 million, down (62)% year-on-year, including large one-off transfer fees in Q3 2019.

Equipment revenue was \$183 million, down (44)% year-on-year with a drop in equipment market triggered by the Covid-19 crisis.

Segment EBITDAs was \$243 million and **Adjusted segment EBITDAs** was \$281 million, before \$(38) million of Covid-19 plan costs, down 46% year-on-year, a 42% margin.

GGR adjusted EBITDA margin was at 59% and Equipment adjusted EBITDA margin at 4%.

Segment operating income was \$(122) million and **Adjusted segment operating income**, was \$32 million, before \$(154) million of non-recurring charges.

IFRS 15 adjustment at operating income level was \$7 million and **IFRS operating income**, after IFRS 15 adjustment, was \$(115) million.

Cost of financial debt was \$(100) million. The total amount of interest paid during the first 9 months 2020 was \$(47) million.

Other Financial Items were \$(42) million, including \$(45) million of non-recurring charges related to remeasurement of fair value of other financial assets and liabilities.

Taxes were at \$(28) million.

Net loss from continuing operations was \$(293) million.

Discontinued operations

Correspond to the former Contractual Data Acquisition and Non-Operated Resources segments. Main aggregates are as follows:

-First 9 months 2020 **revenue from discontinued operations** was \$25 million.

-**Net loss from discontinued operations** was \$(45) million.

-**Net Cash flow from discontinued operations** was \$17 million before Plan 2021.

Group net loss was \$(338) million.

After minority interests, **Group loss attributable to CGG shareholders** was \$(340) million/ €(302) million.

Adjusted Net Loss from continuing operations, excluding \$(207) million non-recurring charges, was \$(86) million.

Global economic crisis, triggered by Covid-19 pandemic and unprecedented drop in oil price and E&P spending lead CGG to launch cost reduction actions and recognize other non-recurring charges. **\$(207) million of non-recurring charges** were booked during the first 9 months of 2020:

- \$(38) million severance cash costs related to Covid-19 plan
- \$(69) million non-cash impairment of the multi-client library
- \$(23) million non-cash fair value remeasurement of GeoSoftware business available for sale
- \$(24) million non-cash goodwill impairment related to GeoConsulting business mainly focused on exploration and appraisal
- \$(45) million non-cash remeasurement of other financial assets and liabilities mainly related to Marine Acquisition exit transaction
- \$(9) million non-cash impairment of Deferred Tax Assets

Non-recurring charges (in m\$)	9 months 2020
Operational costs provisions	(38)
Multi-client library Impairment	(69)
Asset impairment	(23)
Goodwill impairment	(24)
Other Financial Items (OFI) adjustment	(45)
Deferred Tax Assets impairment	(9)
Total	(207)

First 9 months 2020 Cash Flow

Cash Flow items (in m\$)	2019 Sept YTD	2020 Sept YTD	Variations %
Segment Operating Cash Flow	572	238	(58)%
CAPEX	(205)	(248)	21%
Industrial	(28)	(18)	(36)%
R&D	(24)	(32)	31%
Multi-Client (Cash)	(153)	(198)	29%
Marine MC	(131)	(169)	29%
Land MC	(22)	(29)	30%
Proceeds from disposals of assets	0	0	-
Segment Free Cash Flow	367	(9)	-
Lease repayments	(41)	(44)	(6)%
Paid Cost of debt	(47)	(47)	2%
Plan 2021	(65)	(69)	(7)%
Free cash flow from discontinued operations	(35)	17	-
Net Cash flow	179	(152)	-
Financing cash flow	0	(5)	-
Forex and other	(18)	11	-
Net increase/(decrease) in cash	161	(146)	-
Supplementary information			
Change in working capital and provisions, included in Segment Operating Cash Flow	77	(1)	-
COVID-19 plan Cash	-	(11)	-
Segment Free Cash Flow before COVID-19 plan	367	1	-

Segment Operating Cash Flow was \$238 million compared to \$572 million for the first nine months of 2019, a (58)% decrease year-on-year.

Capex was \$(248) million, up 21% year-on-year:

- **Industrial capex** was \$(18) million, down (36)% year-on-year,
- **Research & Development capex** was \$(32) million, up 31% year-on-year,
- **Multi-client cash capex** was \$(198) million, up 29% year-on-year.

Including negative change in working capital of \$(1) million and \$(11) million of COVID-19 plan severance cash costs, **Segment Free Cash Flow** before lease repayments was **at \$(9) million**.

After lease repayments of \$(44) million, payment of interest expenses of \$(47) million, CGG 2021 Plan cash costs of \$(69) million and positive free cash flow from discontinued operations of \$17 million, **Group Net Cash Flow** was \$(152) million.

Balance Sheet

Group gross debt before IFRS 16 was **\$1,213 million** at the end of September 2020 and **net debt** was **\$749 million**.

Group gross debt after IFRS 16 was **\$1,375 million** at the end of September 2020 and **net debt** was **\$910 million**.

Group's liquidity amounted to **\$465 million** at the end of September 2020.

Q3 2020 Conference call

An English language analysts' conference call is scheduled today at 8:15 am (Paris time) – 7:15 am (London time)

To follow this conference, please access the live webcast:

From your computer at: www.cgg.com

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About CGG

CGG (www.cgg.com) is a global geoscience technology leader. Employing around 4,000 people worldwide, CGG provides a comprehensive range of data, products, services and equipment that supports the discovery and responsible management of the Earth's natural resources. CGG is listed on the Euronext Paris SA (ISIN: 0013181864).

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CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2020

Unaudited Interim Consolidated statements of operations

<i>(In millions of US\$, except per share data)</i>	Nine months ended September 30,	
	2020	2019
Operating revenues	668.9	930.1
Other income from ordinary activities	0.5	0.5
Total income from ordinary activities	669.4	930.6
Cost of operations	(538.4)	(652.3)
Gross profit	131.0	278.3
Research and development expenses - net	(12.9)	(17.9)
Marketing and selling expenses	(25.2)	(34.3)
General and administrative expenses	(52.9)	(54.0)
Other revenues (expenses) - net	(154.8)	(2.9)
Operating income (loss)	(114.8)	169.2
Expenses related to financial debt	(101.6)	(100.8)
Income provided by cash and cash equivalents	1.9	2.5
Cost of financial debt, net	(99.7)	(98.3)
Other financial income (loss)	(41.8)	3.5
Income (loss) before incomes taxes	(256.3)	74.4
Income taxes	(36.8)	(11.2)
Net income (loss) from consolidated companies before share of income (loss) in companies accounted for under the equity method	(293.1)	63.2
Share of income (loss) in companies accounted for under the equity method	0.1	(0.1)
Net income (loss) from continuing operations	(293.0)	63.1
Net income (loss) from discontinued operations	(45.0)	(150.5)
Net income (loss)	(338.0)	(87.4)
<i>Attributable to :</i>		
<i>Owners of CGG S.A</i>	(339.6)	(94.2)
<i>Non-controlling interests</i>	1.6	6.8
Net income (loss) per share		
Basic	(0.48)	(0.13)
Diluted	(0.48)	(0.13)
Net income (loss) from continuing operations per share		
Basic	(0.41)	0.08
Diluted	(0.41)	0.08
Net income (loss) from discontinued operations per share		
Basic	(0.06)	(0.21)
Diluted	(0.06)	(0.21)

Unaudited Consolidated statements of financial position

<i>(In millions of US\$)</i>	September 30, 2020	December 31, 2019
ASSETS		
Cash and cash equivalents	464.5	610.5
Trade accounts and notes receivable, net	259.0	436.0
Inventories and work-in-progress, net	236.9	200.1
Income tax assets	86.2	84.9
Other current assets, net	84.9	116.7
Assets held for sale, net	134.3	316.6
Total current assets	1,265.8	1,764.8
Deferred tax assets	10.7	19.7
Investments and other financial assets, net	33.9	27.4
Investments in companies under the equity method	3.6	3.0
Property, plant and equipment, net	278.9	300.0
Intangible assets, net	654.5	690.8
Goodwill, net	1,181.5	1,206.9
Total non-current assets	2,163.1	2,247.8
TOTAL ASSETS	3,428.9	4,012.6
LIABILITIES AND EQUITY		
Financial debt – current portion	73.4	59.4
Trade accounts and notes payables	83.0	117.4
Accrued payroll costs	123.1	156.6
Income taxes payable	73.0	59.3
Advance billings to customers	22.3	36.9
Provisions — current portion	55.5	50.0
Other current financial liabilities	37.0	—
Other current liabilities	230.9	327.3
Liabilities directly associated with the assets classified as held for sale	8.1	259.2
Total current liabilities	706.3	1,066.1
Deferred tax liabilities	15.8	10.4
Provisions — non-current portion	48.0	58.1
Financial debt – non-current portion	1,301.1	1,266.6
Other non-current financial liabilities	47.9	—
Other non-current liabilities	47.8	4.0
Total non-current liabilities	1,460.6	1,339.1
Common stock: 1,194,086,134 shares authorized and 711,324,363 shares with a €0.01 nominal value outstanding at September 30, 2020	8.7	8.7
Additional paid-in capital	1,687.1	3,184.7
Retained earnings	(371.9)	(1,531.1)
Other Reserves	(33.1)	(23.5)
Treasury shares	(20.1)	(20.1)
Cumulative income and expense recognized directly in equity	(0.8)	(0.7)
Cumulative translation adjustment	(48.9)	(56.3)
Equity attributable to owners of CGG S.A.	1,221.0	1,561.7
Non-controlling interests	41.0	45.7
Total equity	1,262.0	1,607.4
TOTAL LIABILITIES AND EQUITY	3,428.9	4,012.6

Unaudited Consolidated statements of cash flows

Nine months ended September
30,

<i>(In millions of US\$)</i>	2020	2019
OPERATING		
Net income (loss)	(338.0)	(87.4)
Less: Net income (loss) from discontinued operations	(45.0)	(150.5)
Net income (loss) from continuing operations	(293.0)	63.1
Depreciation, amortization and impairment	136.5	98.0
Multi-client surveys impairment and amortization	227.4	175.6
Depreciation and amortization capitalized in Multi-client surveys	(13.2)	(5.9)
Variance on provisions	22.5	1.7
Share-based compensation expenses	3.9	4.0
Net (gain) loss on disposal of fixed and financial assets	—	(0.1)
Equity (income) loss of investees	(0.1)	0.1
Dividends received from investments in companies under the equity method	—	—
Other non-cash items	41.8	(2.8)
Net cash-flow including net cost of financial debt and income tax	125.8	333.7
Less : net cost of financial debt	99.7	98.3
Less : income tax expense (gain)	36.8	11.2
Net cash-flow excluding net cost of financial debt and income tax	262.3	443.2
Income tax paid	(3.4)	(19.3)
Net cash-flow before changes in working capital	258.9	423.9
Changes in working capital	(20.5)	148.5
- change in trade accounts and notes receivable	70.6	199.6
- change in inventories and work-in-progress	(34.8)	(17.7)
- change in other current assets	(6.1)	(13.8)
- change in trade accounts and notes payable	(14.9)	(1.8)
- change in other current liabilities	(35.3)	(17.8)
Net cash-flow provided by operating activities	238.4	572.4
INVESTING		
Total capital expenditures (including variation of fixed assets suppliers, excluding Multi-client surveys)	(49.8)	(52.3)
Investment in Multi-client surveys, net cash	(198.0)	(153.2)
Proceeds from disposals of tangible and intangible assets	0.3	(0.1)
Total net proceeds from financial assets	—	—
Acquisition of investments, net of cash and cash equivalents acquired	(0.4)	—
Variation in loans granted	—	—
Variation in subsidies for capital expenditures	—	—
Variation in other non-current financial assets	12.0	0.6
Net cash-flow used in investing activities	(235.9)	(205.0)

Nine months ended September
30,

<i>(In millions of US\$)</i>	2020	2019
FINANCING		
Repayment of long-term debt	(5.2)	—
Total issuance of long-term debt	—	—
Lease repayments	(43.6)	(41.1)
Change in short-term loans	—	0.1
Financial expenses paid	(46.5)	(47.5)
Net proceeds from capital increase:		
— from shareholders	—	—
— from non-controlling interests of integrated companies	—	—
Dividends paid and share capital reimbursements:		
— to shareholders	—	—
— to non-controlling interests of integrated companies	(7.2)	(3.8)
Acquisition/disposal from treasury shares	—	—
Net cash-flow provided by (used in) financing activities	(102.5)	(92.3)
Effects of exchange rates on cash	6.5	(14.5)
Impact of changes in consolidation scope	—	—
Net cash flows incurred by discontinued operations	(52.5)	(99.1)
Net increase (decrease) in cash and cash equivalents	(146.0)	161.5
Cash and cash equivalents at beginning of year	610.5	434.1
Cash and cash equivalents at end of period	464.5	595.6