



2nd Quarter 2014 Financial Results

Q2 2013, Q1 2014 and Q2 2014 are presented before Non-Recurring Charges (NRC), unless stated otherwise

Passion for Geoscience



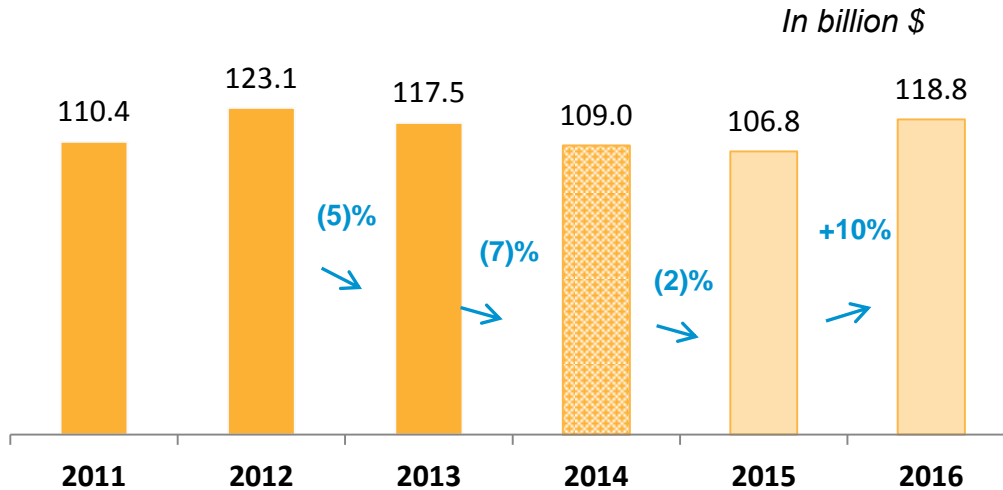
Forward-Looking Statements

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.



Weak market environment

2011- 2016 Exploration spending forecast



- Capex discipline is a key element of the clients' plans to boost their free cash flow
- In 2014, Exploration investment is expected to decline by 7%

Source : Rystad D Cube



In 2014 :

- Seismic market expected to decline by 6%
- Seismic Equipment market expected to be down 15%



Accelerating and intensifying the Transformation Plan

Rebalanced business portfolio

Reformatting and rebalancing of businesses

- Rebalancing from cyclical and capital intensive businesses to more profitable, less capital intensive and more cash generating businesses



- Accelerating the right-sizing of the fleet from 18 to 13 vessels as soon as 2014
- North American land contract operations disposed to Geokinetics

Commercial efficiency

- Accelerate partnerships and secure long-term contracts



- New Argas land acquisition set up finalized in the Middle East
- Agreement with Sovcomflot to form a marine JV

Technology and innovation

- Speed up introduction of new geoscience solutions



- First deliveries of Sercel's 508^{XT} land acquisition system
- Paradigm shift in GoM with the first high quality StagSeis fast track available and strong interest from our customers



Accelerating and intensifying the Transformation Plan

Tight cash and debt management

Cost control

- Strong action across the Group to reduce OPEX and G&A expenses



- Scaling up across the board with 2.5% headcount reduction since Jan 2014
- More than 10% staff reduction by end 2014 (more than 1000 employees)

Operational performance

- Maintain focus on operational efficiency



- Fleet availability & production rates above 90% in H1 2014
- Excellent customer feedback (data acquisition activities in the Welling Report)

Tight cash management

- Active debt management



- Refinancing operations pushing forward the main mandatory debt instalments beyond 2019
- Extension of the French Revolver Credit facility

Capex reduction

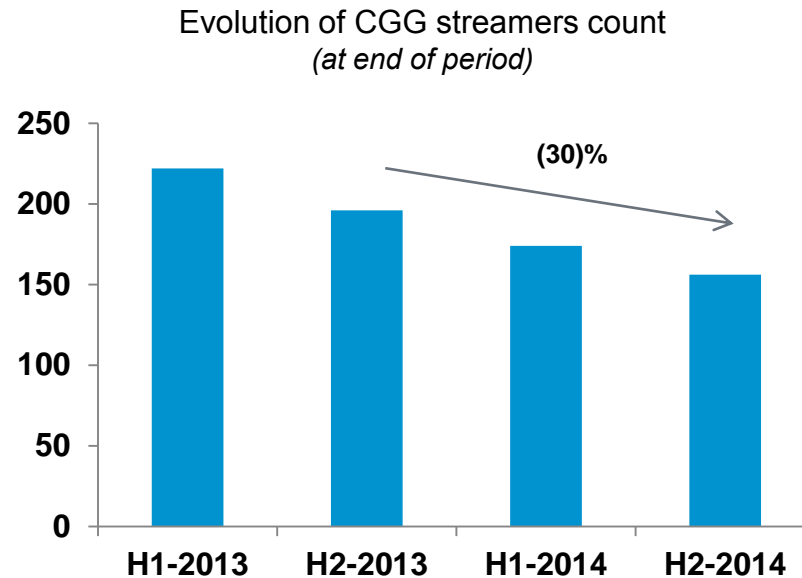
- Tight monitoring of capex in line with rightsizing of acquisition and MC programs



- 2014 industrial capex reduction by 10%
- End of MC IBALT GoM program in Q3



Reduced Acquisition Footprint: Rightsizing of the fleet

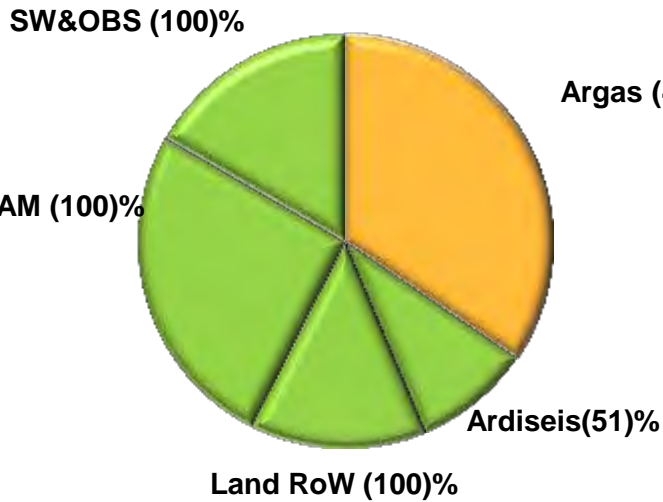


- Fleet reduced to 13 seismic vessels by end 2014:
 - Symphony decommissioned
 - 1 vessel retired from the seismic market
 - 2 vessels de-rigged
 - 1 permanently converted to source vessel



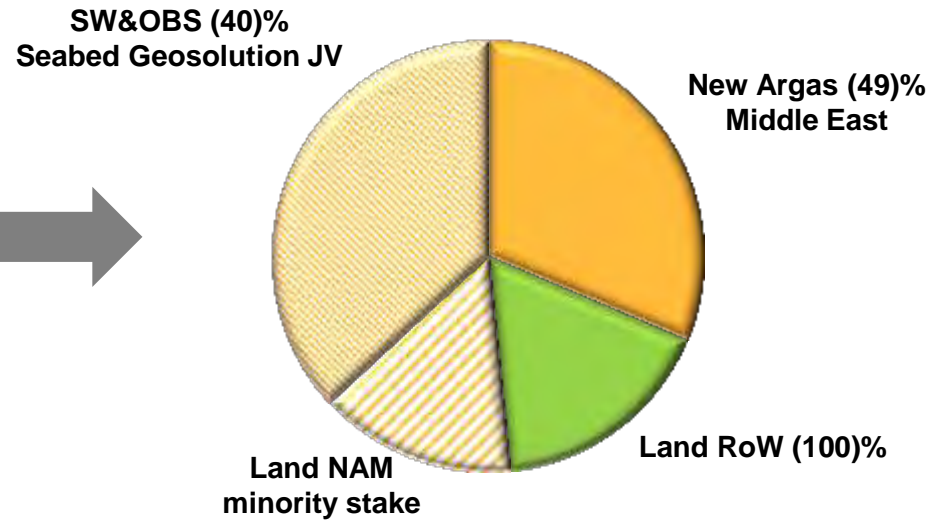
Reduced Acquisition Footprint: Land, a shift in business model

Land revenue, incl. minority stakes
(end of 2012)



**\$870m with 65%
directly operated**

Land revenue, incl. minority stakes
(target 2015)



**>\$1,000m with 18%
directly operated**

- Operated perimeter
- Non-operated
- Non consolidated minority stake

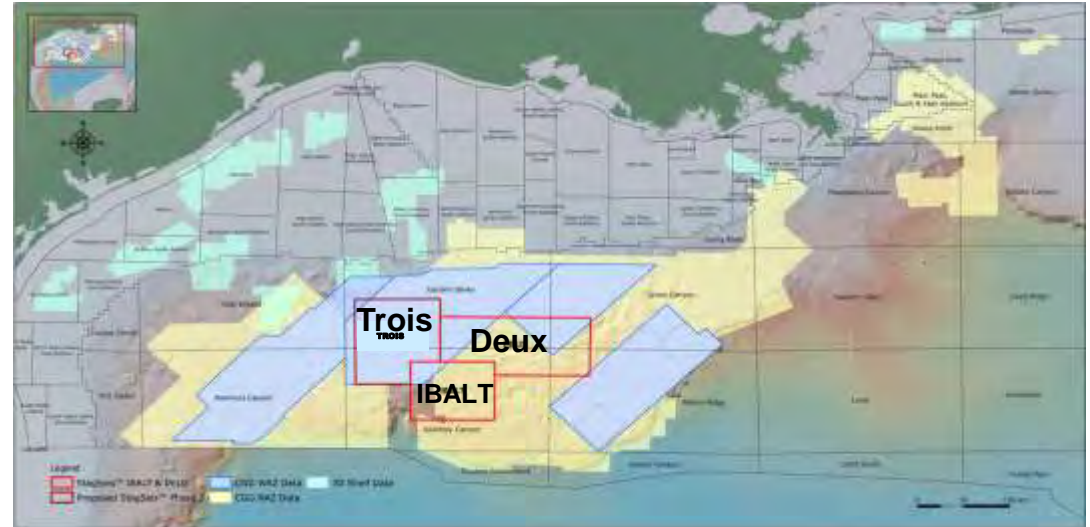
➔ From a directly operated business model towards geographical / specific purpose JVs



GGR multi-client: StagSeis ready on time for GoM lease rounds

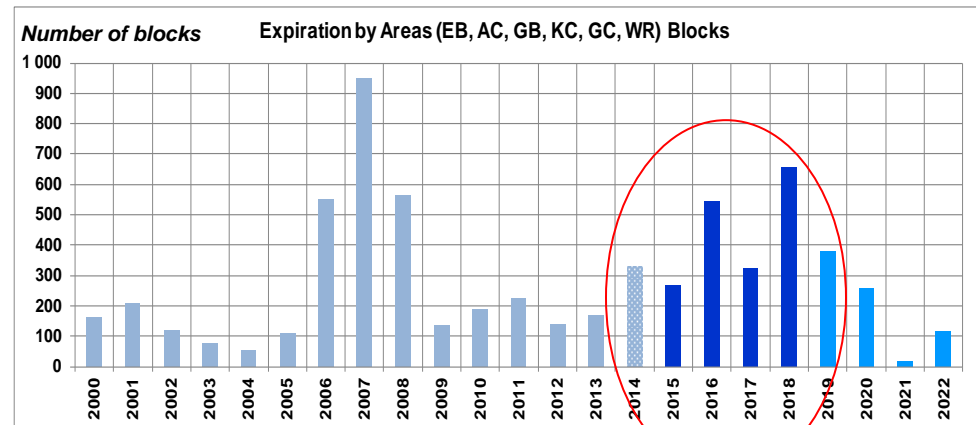
- 3 year program started in 2012 and finishing end of 2014
- 20,320km² data acquired with latest StagSeis technology

CGG IBALT / StagSeis footprint



- Historically, in Western and Central GoM areas, lease rounds in ultra-deep waters peaked every 10 years
- Strong match with the location of IBALT, DEUX and TROIS StagSeis surveys

Western & Central GoM lease rounds cycle (number of blocks)





2nd Quarter 2014 Review

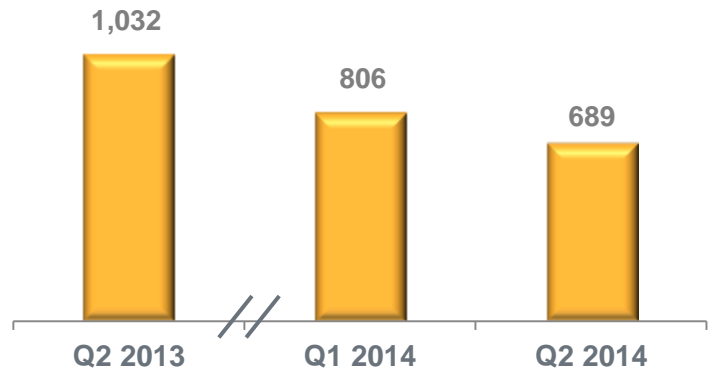
Passion for Geoscience



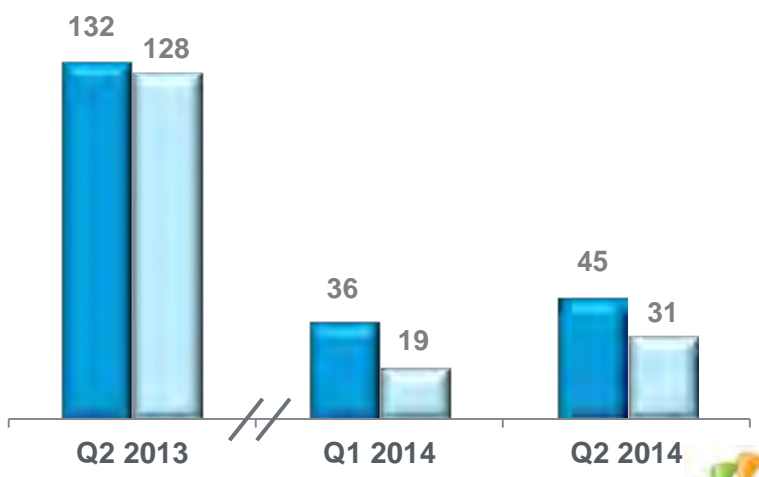
Q2 2014 Results: Resilient operating income in weaker market conditions

- **Group Revenue at \$689m, down 15% q-to-q**
 - Equipment at \$196m, down 5%
 - Acquisition at \$481m, down 14%
 - GGR at \$300m, up 3%
- **Operating Income at \$45m**
- **EBIT at \$31m, including a \$(13)m contribution from the Equity from Investees**
- **Non-recurring charges (NRC):**
 - \$(120)m of restructuring costs due to the acceleration of the Plan
 - \$(74)m write-off related to Seabed activities
 - \$(37)m write-off related to the 2007-2008 Brazilian surveys
- **\$(57)m one-off costs attached to the April refinancing plan**
- **After NRC, Net Income at \$(325)m**
- **CGG backlog as of July 1st: \$1.1bn**
 - Fleet coverage: 97% in Q3 & 40% in Q4

Group Revenue
(In million \$)

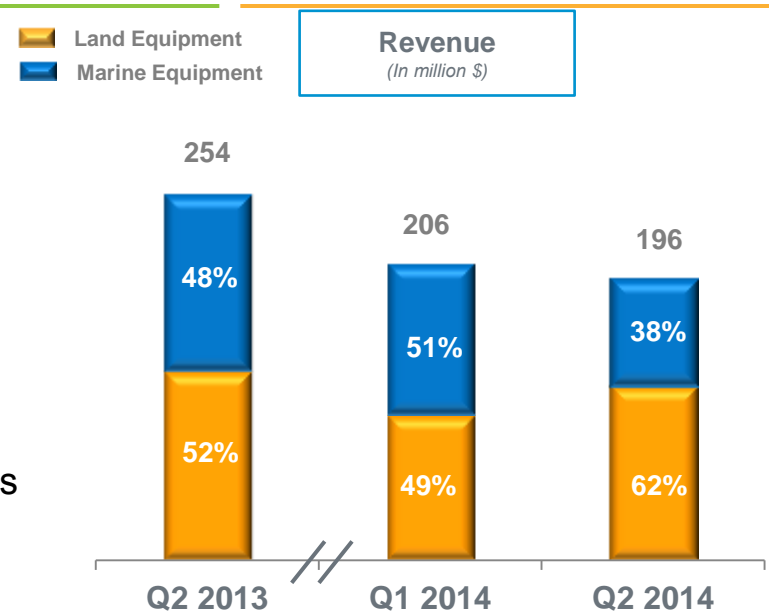


Group EBIT
(In million \$)

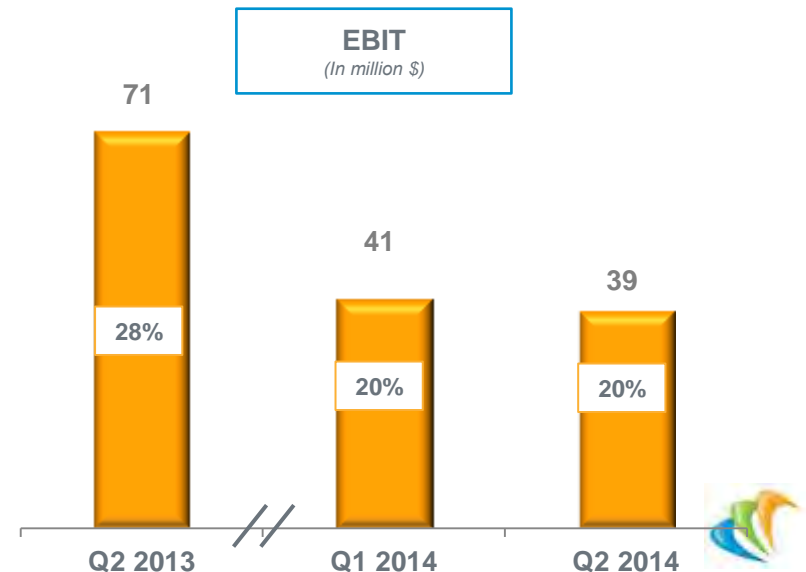


Equipment: Stable profitability sequentially in weak market conditions

- Total sales were \$196m, down 5% q-to-q
 - Lower sales due to weak market conditions from seismic contractors but market share increased
 - External sales at \$148m, down 9%
 - Award of the 60 000 channels count crew in Saudi Arabia
 - 1st deliveries of 508^{XT} and new order in North America
 - Internal sales represented 24% of total sales versus 26% last year
 - No orders for new marine equipment as CGG is reducing its fleet
 - 38% marine equipment sales and 62% land equipment sales

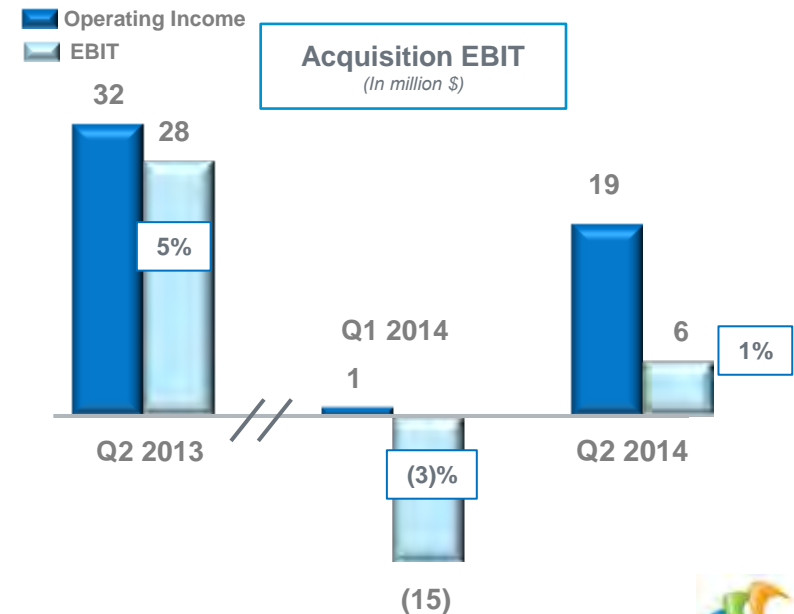
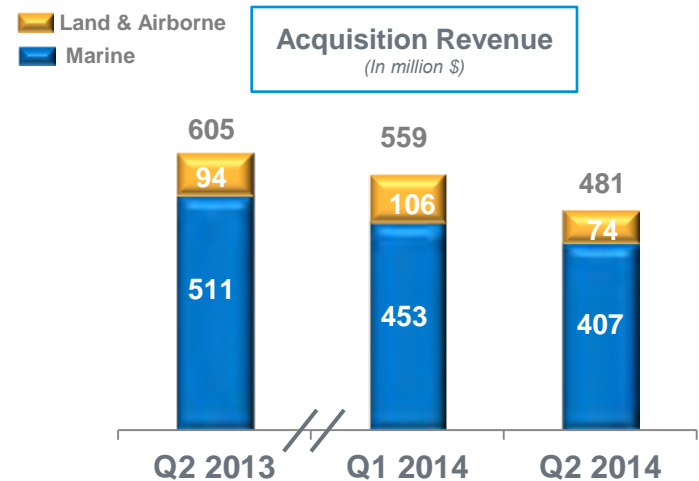


- EBIT margin at 20% in line with Q1 performance
 - Low volume of sales
 - Unfavorable € / \$ exchange rate as in Q1 2014
 - Pressure on pricing due to competitive environment



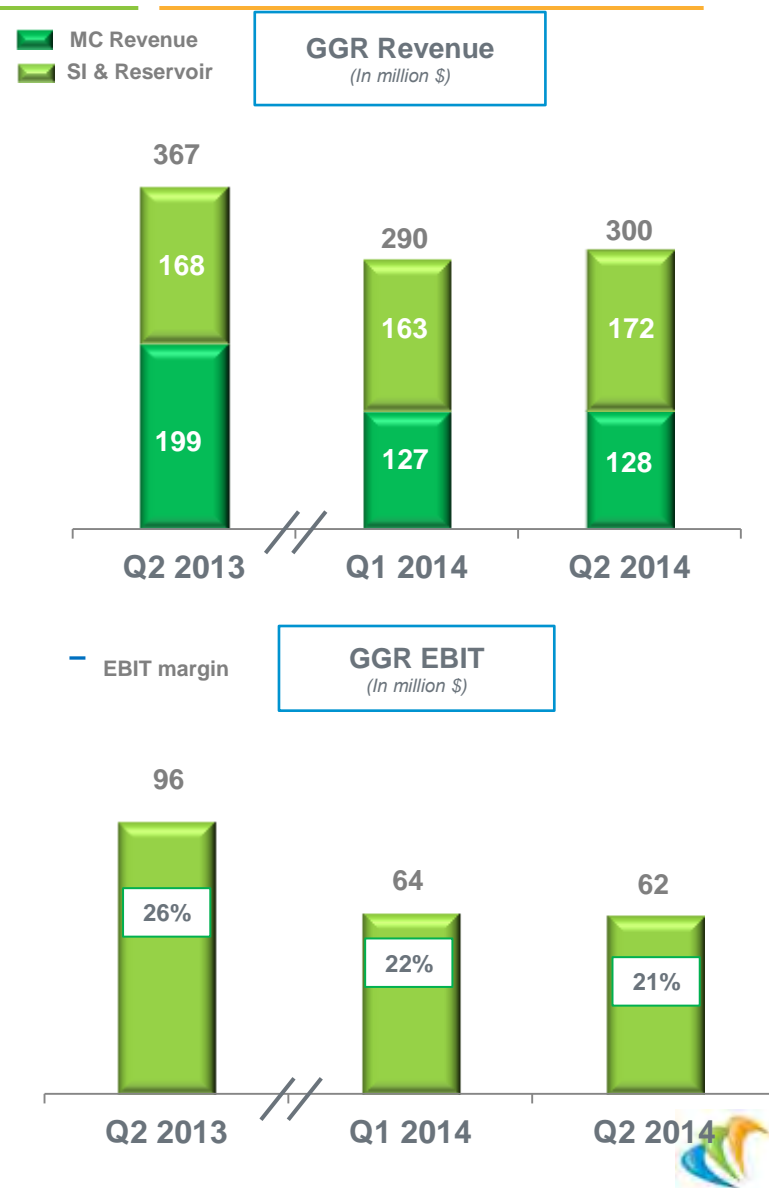
Acquisition: Solid operational performance in a weak market

- Acquisition revenue at \$481m, down 14% q-to-q
 - External revenue at \$241m, down 32%
- Land & Airborne revenue at \$74m, down 30% q-to-q
 - Weak market conditions across the regions
 - Low revenue in Airborne due to reduced mining activity and flat oil & gas market
- Marine revenue at \$407m, down 10% q-to-q
 - 17 3D vessels including source vessels in operation
 - Solid operational performance
 - 52% of the fleet dedicated to multi-client programs
- Acquisition Operating Income at \$19m and EBIT at \$6m
 - Marine profitability increased sequentially
 - Negative contribution from Seabed Geosolutions JV



GGR: Sustained profitability despite low MC after-sales

- GGR revenue at \$300m, up 3% q-to-q
- Multi-Client at \$128m, stable sequentially
 - Prefunding revenue was \$92m, up 15%
 - Low level of multi-client sales due to overall lower exploration spending and delays in operations and permitting issues in Brazil
 - Amortization rate at 62%
- Subsurface Imaging (SI) & Reservoir at \$172m, up 6% q-to-q
 - Strong demand for Imaging, geosciences & reservoir services and software activities
- GGR EBIT at \$62m, a 21% margin
 - Profitability remains high despite lower after sales





2nd Quarter 2014 Financial Review

Passion for Geoscience



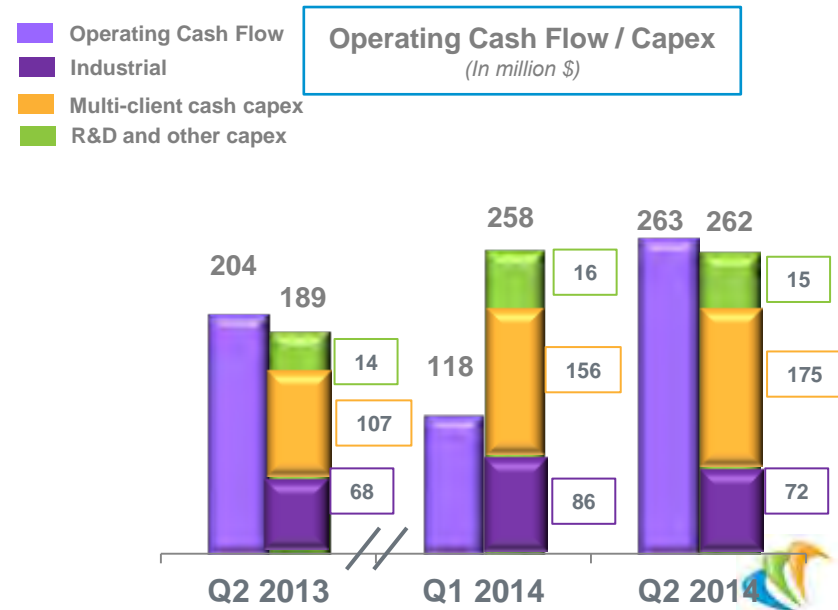
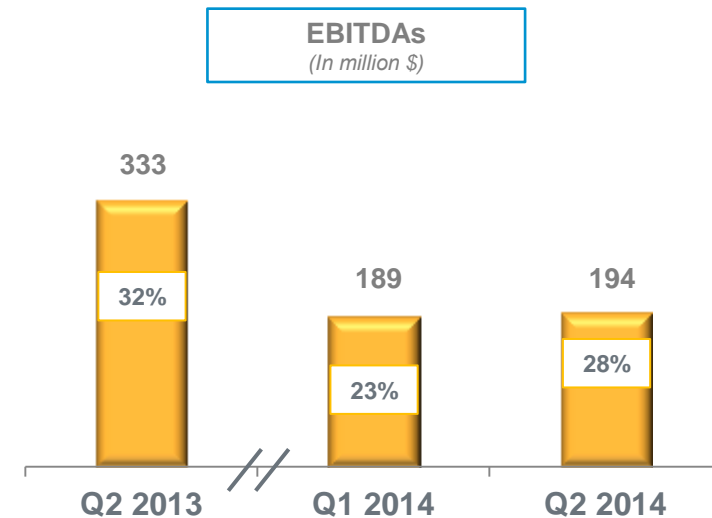
Q2 2014 Cash Performance

- EBITDAs : \$194m, a 28% margin
 - Equipment at \$50m, a 26% margin
 - Acquisition at \$95m, a 20% margin
 - GGR at \$159m, a 53% margin

- Cash Flow from Operations at \$263m after NRC, up 123% sequentially

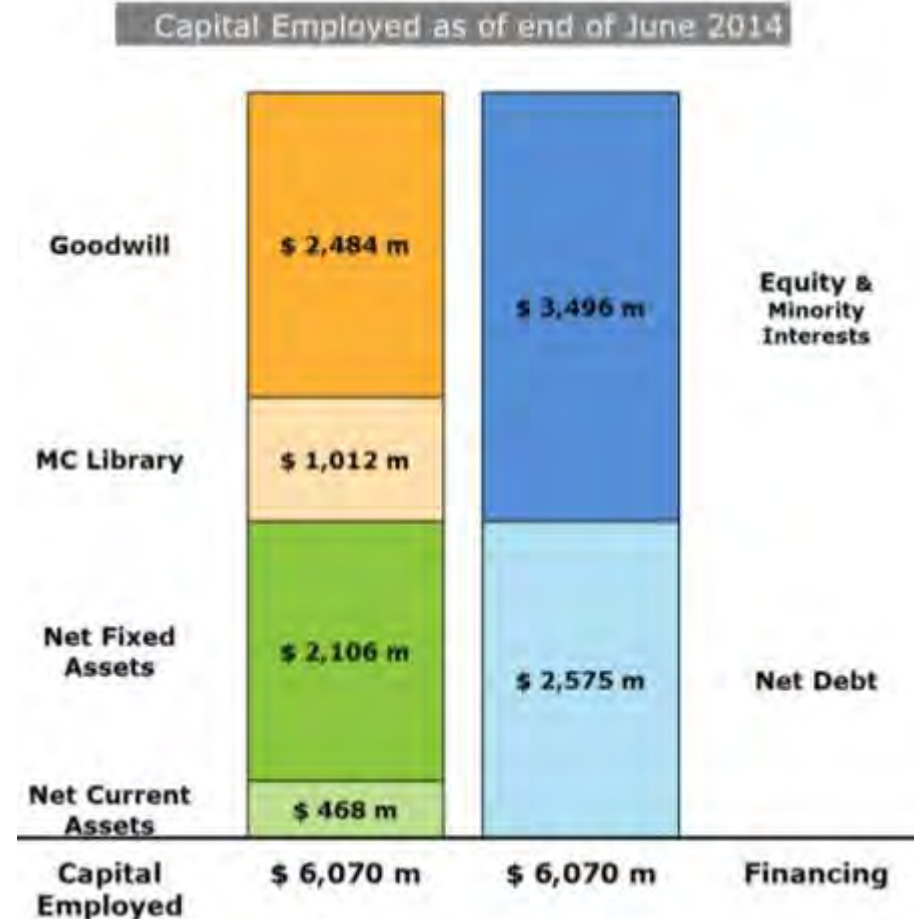
- Total Capex of \$262m, stable sequentially
 - Industrial Capex: \$63m, excluding the \$9m Sercel's lease pool
 - R&D Capex: \$15m
 - Multi-Client Cash Capex: \$175m
 - Marine Capex at \$160m, up 11% q-o-q (GoM program & Brazil)
 - Cash prefunding rate at 53%

- Negative Free Cash Flow at \$(53)m

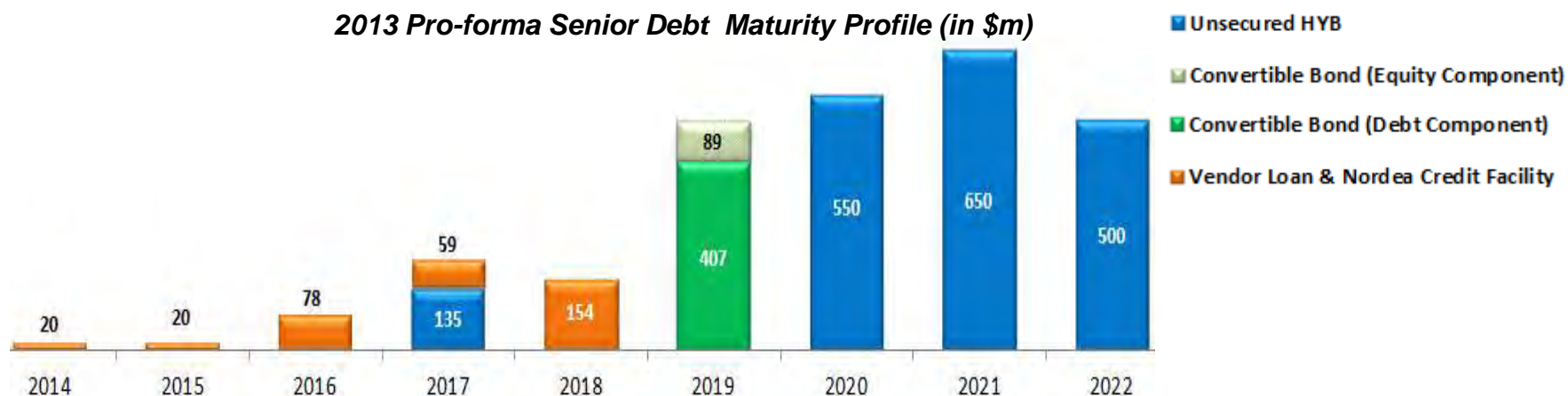


Balance Sheet as of end of June 2014

- Total Capital Employed at \$6.1bn
- \$(74)m write-off related to Seabed activities (in line with Fugro's recent announcement)
- \$(37)m write-off related to Brazilian Multi-Client surveys acquired in 2007-2008
- Multi-Client library NBV up at \$1,012m
 - Increase mostly due to the IBALT program in the Gulf of Mexico
 - Cash multi-client Capex pre-funded at 53%
 - Amortization rate at 62%
- Net Debt at \$2,6bn by end of June 2014
 - Euro-denominated component at €1.1bn
 - Net Debt to Equity ratio at 75%
 - 2.7x Net Debt over LTM EBITDA

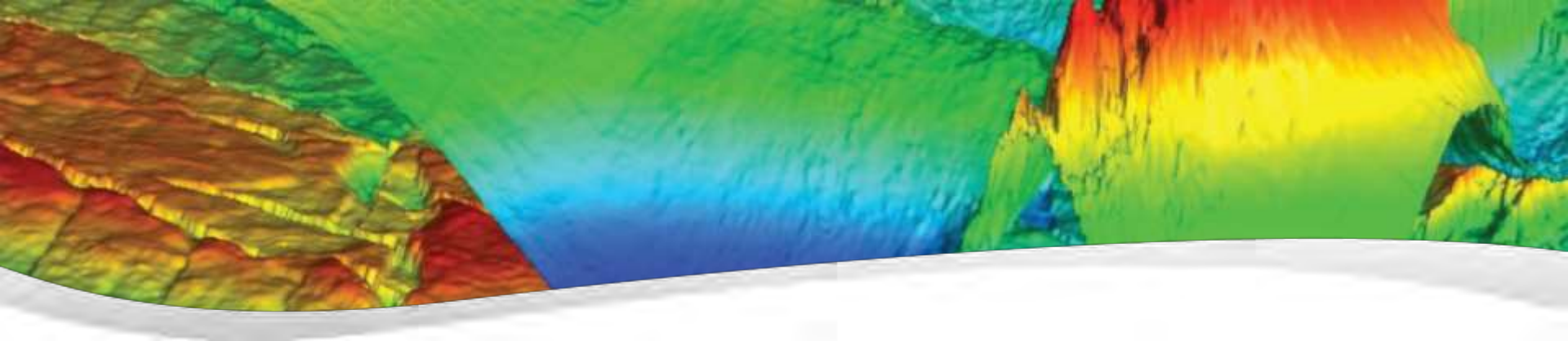


Debt Maturity Profile: No major installment before 2019



- **In April, issue of two new High Yield Bonds**
 - Maturity as of end of March extended from 4 years to approximately 6 years
 - Main mandatory debt installment pushed forward to beyond 2019
 - Average cash cost of Debt at 5.3%
 - \$(57)m one-off costs attached to this refinancing plan in Q2
- **Post-closing event**
 - On the 21st of July, CGG negotiated a one-year extension of the French Revolving Credit Facility to maintain the 3 year maturity





Outlook

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2014 Management priorities reaffirmed

Weakening Seismic market conditions due to cost cutting measures from our customer base and less predictable exploration spending



CGG management intensifying and accelerating its 2014-2016 Transformation Plan

- Vessel reductions, partnerships, Land NAM sale, site closures and OPEX reduction
- 2014 industrial capex guidance reduced to \$250-275m versus \$275-300m
- H2 expected to be stronger than H1, with a typical seasonality characterized by a strong Q4 in Equipment and Multi-Client



With an intensified and accelerated Plan, the Group confirms its objective of 400 bps EBIT margin improvement in 2016





Thank you

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