



Q3 2016 Financial Results

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

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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.





Q3 2016 Financial highlights

- Persistently difficult market conditions

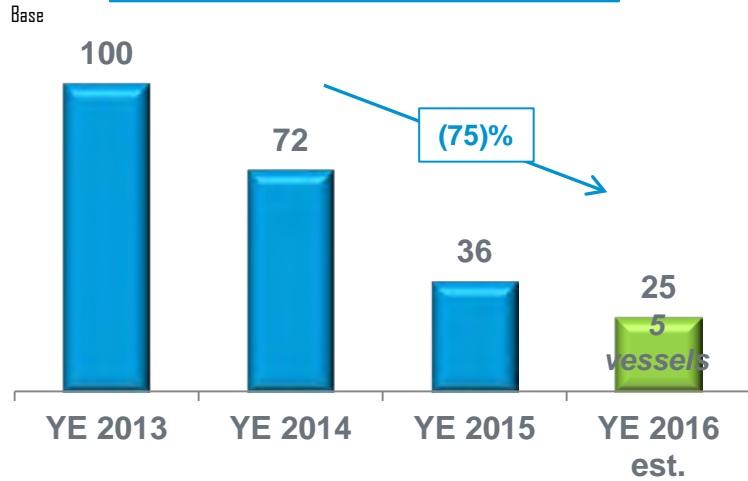
- Q3 results
 - Revenue at \$264m, down 9% q-o-q and Operating Income at \$(39)m
 - Solid operational performance and good execution of our Transformation Plan
 - GGR: resilient with solid Multi-Client prefunding, leading to an 88% YTD cash prefunding rate
 - Equipment: still impacted by low external volumes
 - Contractual Data Acquisition: low revenue due to weaker land activity and high fleet allocation to Multi-Client programs

- Cash flow
 - Q3 EBITDAs at \$97m and YTD EBITDAs at \$228m
 - Free Cash Flow at \$(105)m in Q3, with monitored YTD Free Cash Flow at \$(9)m
 - Net Debt at \$2,304m at end of September, corresponding to a 4.4x leverage ratio and \$604m liquidity

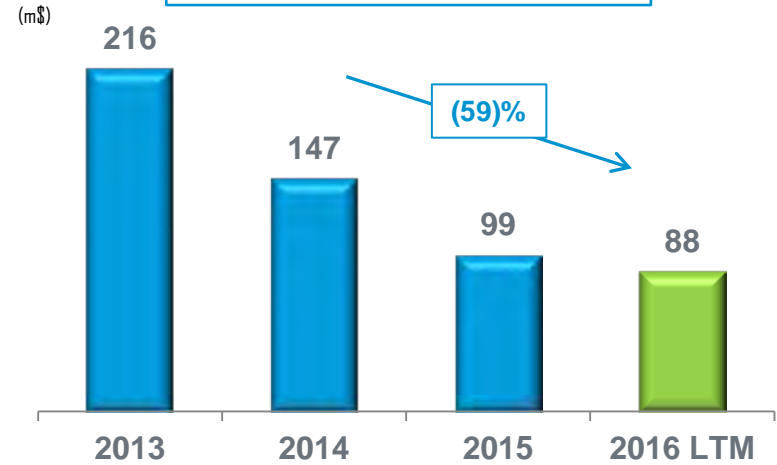


Good execution of our Transformation Plan

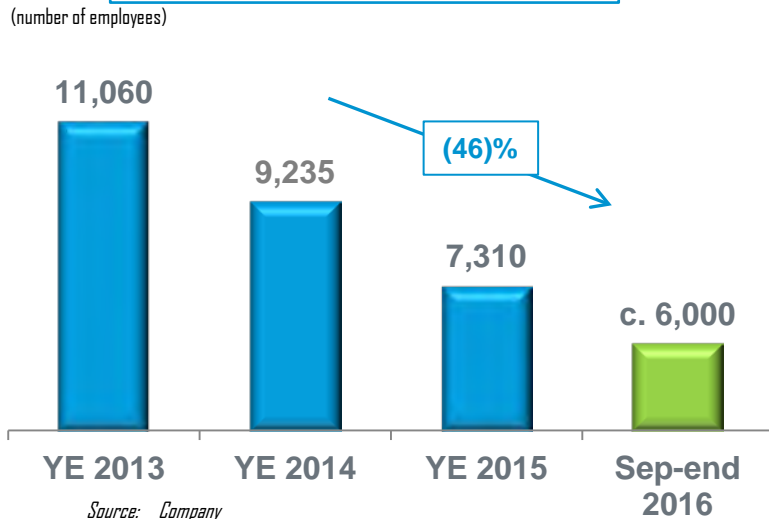
Marine monthly cost structure⁽¹⁾



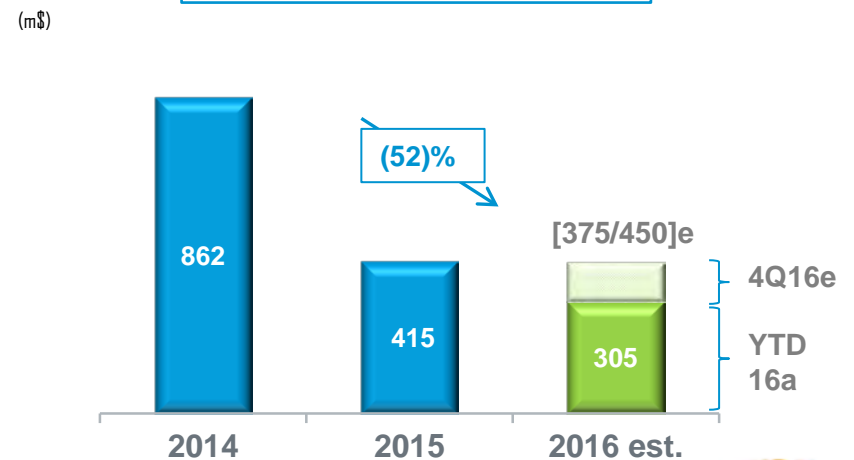
G&A expenses



Headcount⁽²⁾



Total Capex⁽³⁾



Source: Company

(1) Full cost base including Depreciation and Amortization

(2) Including Manufacturing temporaries

(3) Excluding impact of variation in fixed asset suppliers





Year-end outlook

- Fourth quarter highly dependent on seasonal Multi-Client activity and more specifically on the level of after-sales
 - Full year cash prefunding rate now expected to be above 80% (versus 70% target)
- Recent commercial wins leading to a solid fleet coverage during the winter
 - Recent Mozambique and Mexico awards driven by CGG's integrated geoscience profile
 - Fleet coverage: 95% for Q4 2016 and 80% for Q1 2017
 - Leading technology position in Subsurface Imaging: a key differentiator
- Focus on cost and cash management and on preserving our liquidity
 - 2016 multi-client cash capex at \$300/350m and industrial capex at \$75/100m
 - Full impact of cost reductions
 - Year-end net debt target confirmed below \$2.4bn





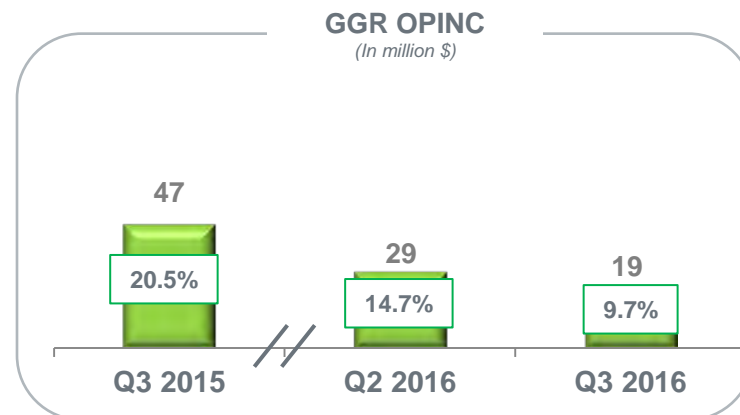
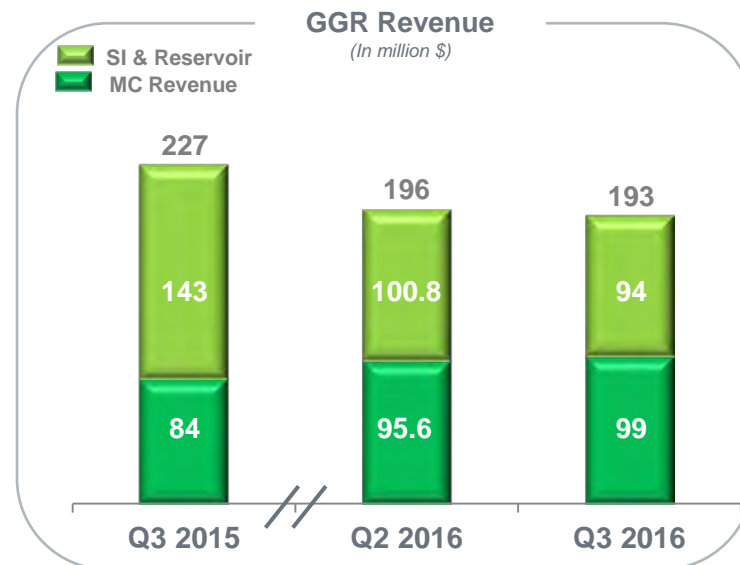
Q3 Operational Review

Passion for Geoscience



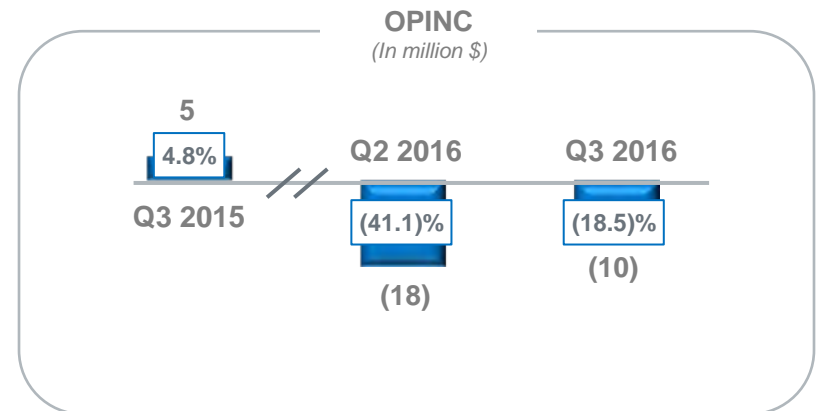
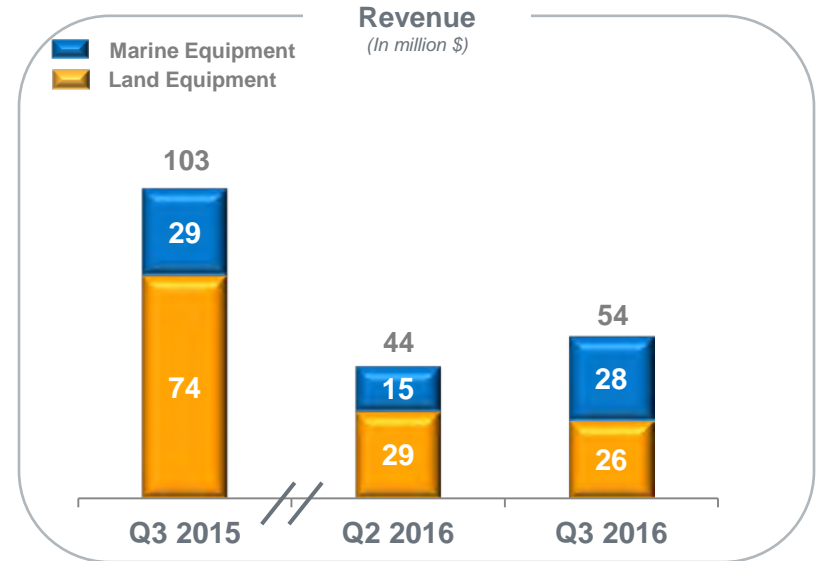
GGR: resilient with solid Multi-Client prefunding sales

- Total revenue at \$193m, down (2)% q-o-q
- Multi-Client sales at \$99m, up 4% q-o-q
 - Prefunding sales at \$89m and after-sales at \$10m
 - High cash prefunding rate at 112% and YTD at 88%
 - 71% of fleet allocated to multi-client production in Q3, particularly active in North Sea, Brazil, Mexico and Ireland
 - Fleet dedicated to multi-client programs expected to be 40% in Q4 and c.30% in Q1
- Subsurface Imaging & Reservoir (SIR) at \$94m, down (6)% q-o-q
 - Resilient despite the significant reduction in data acquisition market volumes
 - Clear leadership position confirmed by 2016 Kimberlite report
- EBITDAs at \$116m
- Operating Income at \$19m, a 10% margin
 - Amortization rate at 83%, versus 80% in Q2 2016



Equipment: still impacted by low external volumes

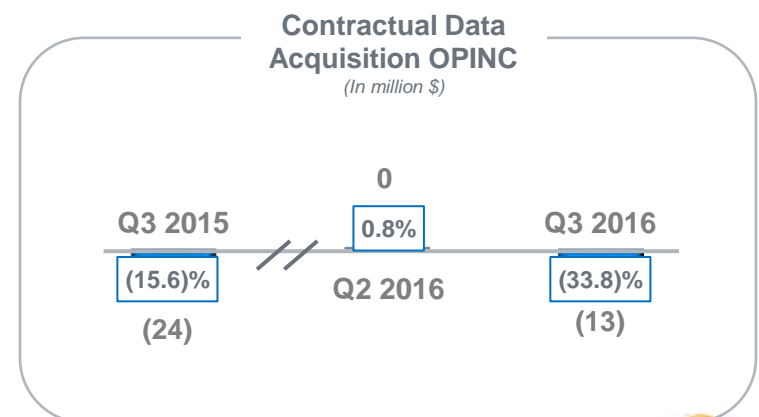
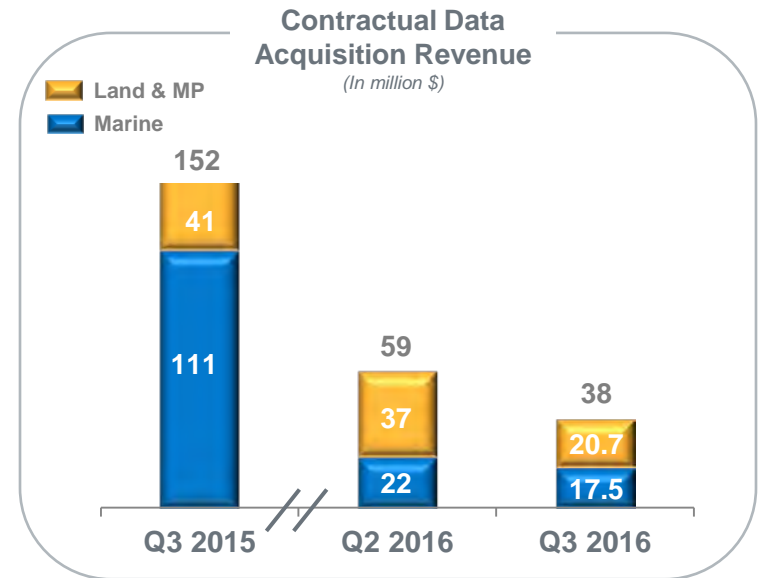
- Total sales at \$54m, up 21% q-o-q
 - Higher internal sales at \$20m
 - Sales split: 48% Land and 52% Marine
 - Land sales: Sercel 508^{XT} in India and Poland
 - First orders of new high-tech Sentinel MS (multi-sensor) streamer sections for CGG Marine
- EBITDAs at \$(1)m
- Operating Income at \$(10)m
 - Transformation Plan fully implemented
 - Break-even point further reduced



Contractual Data Acquisition:

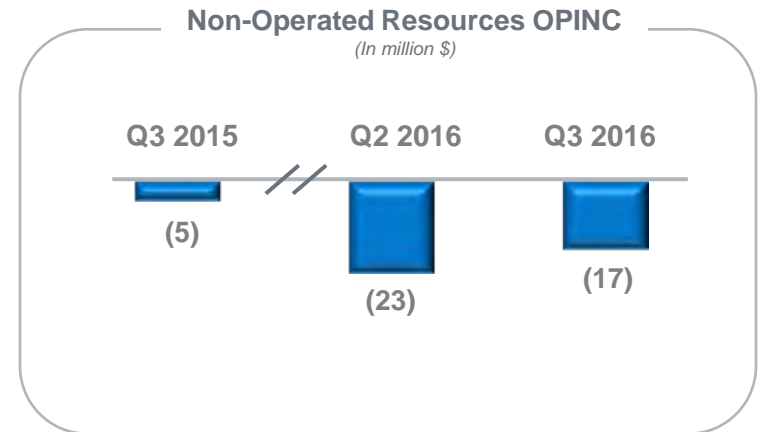
Weak land activity and high fleet allocation to Multi-Client

- Total revenue at \$38m, down (35)% q-o-q
- Marine revenue at \$18m, down (21)% q-o-q
 - Only 29% of our five-vessel fleet dedicated to contractual market
 - Solid fleet operational performance
 - 94% availability rate and 93% production rate
 - Continuing competitive market
- Land & Multi-Physics total revenue at \$21m, down (44)% q-o-q
 - Low market activity and delays in permitting
 - Multi-Physics sale expected before year-end
- EBITDAs at \$2m
- Operating Income at \$(13)m
 - Ongoing discussions with shipowners to reduce charter costs



Non-Operated Resources (N.O.R)

- EBITDAs at \$(2)m
- Operating Income at \$(17)m
 - Amortization of excess streamers and lay-up costs
 - Owned vessels cold-stacked in Dunkirk provide high flexibility





Financial Review

Passion for Geoscience



Year-to-Date 2016: P&L

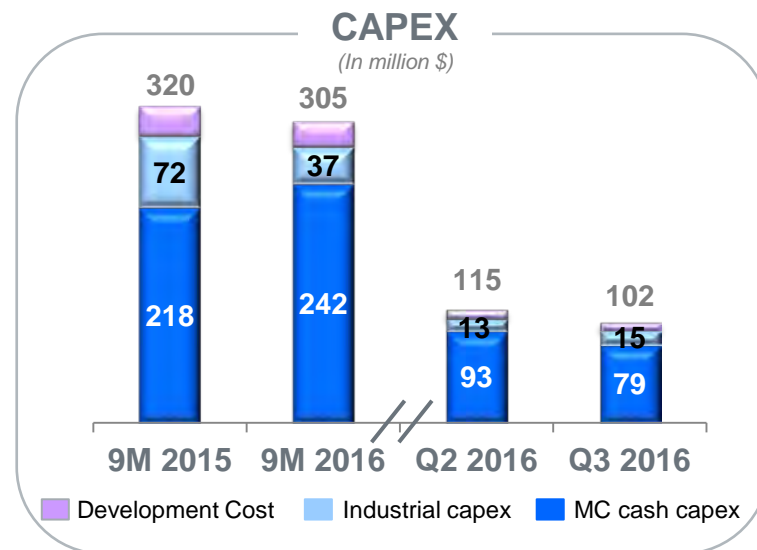
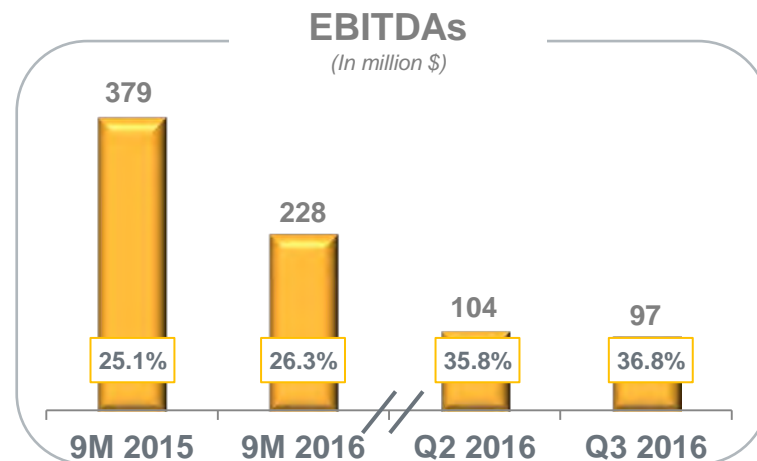
In Million \$	YTD 2016	Q1 2016	Q2 2016	Q3 2016
Total Revenue	867	313	290	264
Group EBITDAs excluding NOR	245	37	109	99
NOR	(17)	(10)	(5)	(2)
Group EBITDAs	228	27	104	97
Group OPINC excluding NOR	(76)	(55)	0	(22)
NOR	(67)	(27)	(22)	(17)
Group OPINC	(143)	(81)	(22)	(39)
Equity from Investments	3	5	(5)	3
Non-recurring charges	(11)	(5)	(2)	(4)
Net financial costs	(130)	(41)	(44)	(45)
Taxes	(16)	(6)	(6)	(4)
Net Income	(297)	(130)	(79)	(88)

- Group EBITDAs at \$228m and at \$245m excluding NOR
- Group OPINC at \$(143)m and at \$(76)m excluding NOR
- Net Income at \$(297)m



Year-to-Date 2016: Free Cash Flow generation

- EBITDAs at \$228m, down (40)% y-o-y
- Operating Cash Flow at \$393m, up 9% y-o-y
- Capex at \$305m, down (5)% y-o-y
 - Multi-client cash capex at \$242m, up 11%
 - Industrial capex at \$37m, down (48)%
- Free Cash Flow at \$(9)m versus \$(61)m last year
 - FCF at \$(142)m, including \$(133)m non-recurring payments related to our Transformation Plan



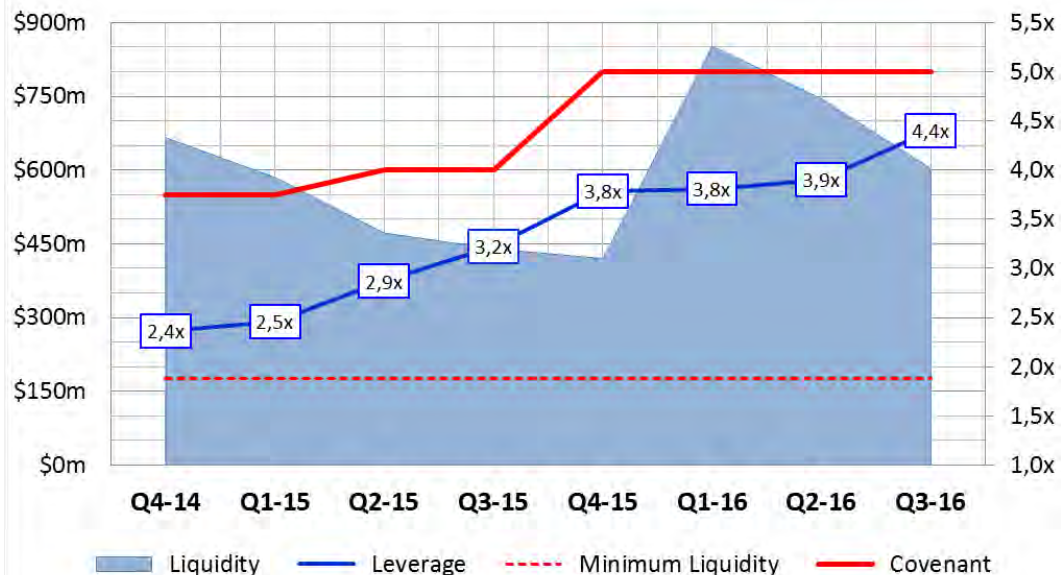
Liquidity and leverage ratio

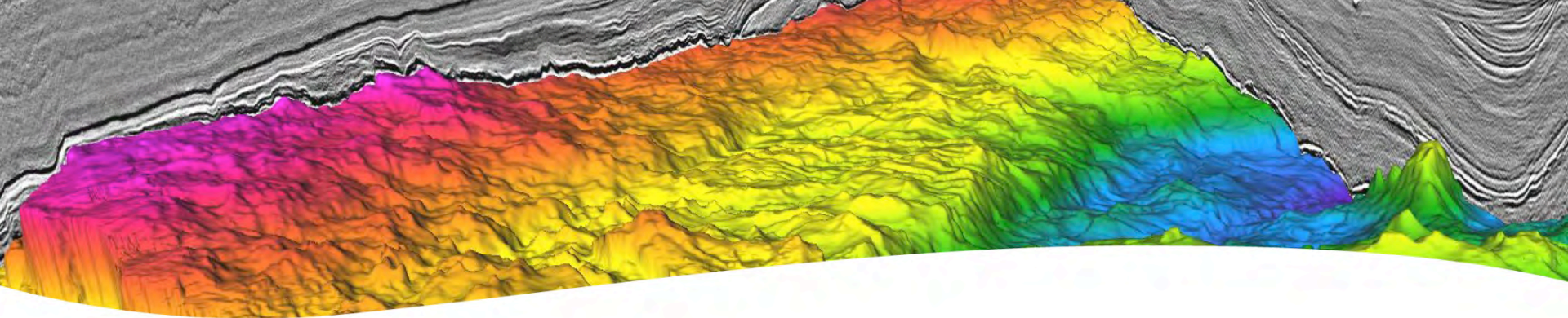
Liquidity by end September

- Group Liquidity (available cash plus undrawn RCF) at **\$604m**
- US & French RCF fully drawn by end of September

RCF Covenant Headroom

- Group **Net Debt at \$2,304m** as of September 2016 from \$2,150m by June end
- Leverage ratio (Net Debt over LTM EBITDA – Cap at 5.0x) at **4.4x**
- Coverage ratio (LTM EBITDA over Cash Interests - Floor at 3.0x) at **3.5x**





Conclusion



Conclusion

- Our latest discussions with our clients suggest that our 2017 market should remain very similar to 2016
 - Growing perception of tightness in mid-term supply and demand ...
 - ...not yet translating into short-term improved volumes or pricing in client spending
- In light of this situation and based on our Q4 performance, we will take steps to evaluate our short- and long-term alternatives to address our capital structure constraints
- While remaining focused on what we can control
 - Relentless commercial efforts
 - Strong operational performance
 - Executing our Transformation Plan, while preserving our industrial capabilities and technological expertise
 - Strict internal and external cost discipline





Thank you

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A global best-in-class Geoscience company

85 years
of pioneering

Over
800,000
km² of
offshore data

Around
6,000
permanent
employees

5 million
Sercel land channels
deployed worldwide

Among the world's
top **15**
for computing
capacity

500
staff dedicated to
R&D

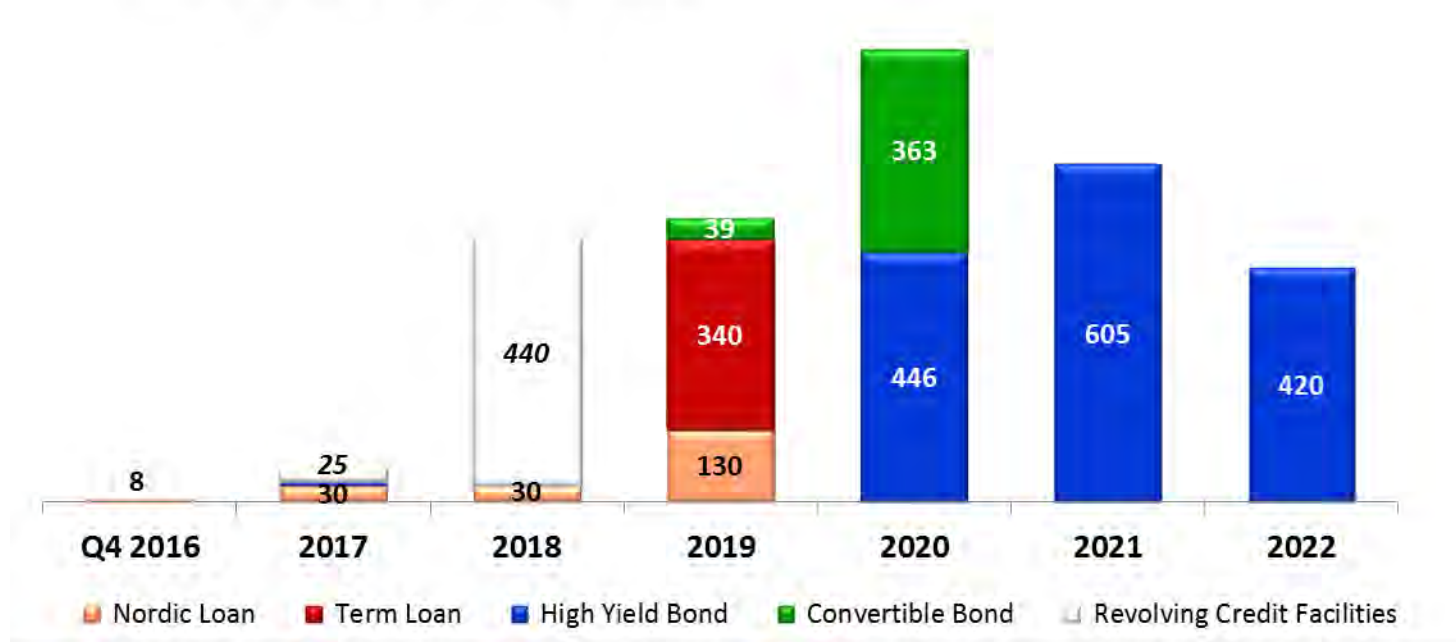
50 locations
worldwide

31 Subsurface
Imaging centers
worldwide



Debt profile

Senior Debt Profile by end of Q3 2016



- €/€ closing rate at 1.12
- Average Maturity, excluding RCF, at 3.7 years as of September-end 2016
- Average cost of debt, excluding RCF, at 5.4%

