



# 4th Quarter and Full Year 2012 Financial Results

## 2013: Delivering the Transformation of the New CGG

*All results are presented before \$48 million non recurring items related to the Fugro Geoscience acquisition and its financing, unless stated otherwise*

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# Forward Looking Statements

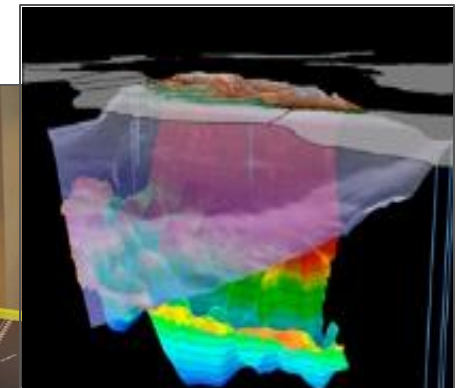
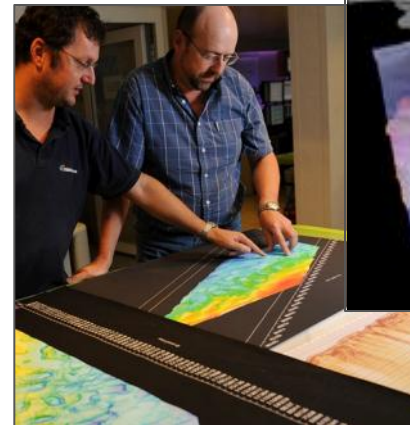
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*This presentation contains forward-looking statements, including, without limitation, statements about CGG (“the Company”) plans, strategies and prospects. These forward-looking statements are subject to risks and uncertainties that may change at 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.*



# 2012 A Year of Solid Financial Performance

- Group Revenue above \$3.4 billion and up 7%
  - Sercel above \$1.2 billion
  - Services at \$2.5 billion
- Operating Income<sup>(1)</sup> at \$365 million, up 78% and a 11% operating margin
- EBIT<sup>(1)</sup> at \$403 million, up 82%, a 12% margin
- Net Income<sup>(1)</sup> at \$123 million, EPS<sup>(1)</sup> at €0.50
- Free Cash Flow was positive at \$63 million
- Strategic acquisition of Fugro's Geoscience division and creation of Seabed Geosolutions JV
- Sustained exploration activity across the world
- 2010-2012 Performance Plan delivered



# 2010 – 2012 : Performance Plan has delivered

## Operational Performance Improvement/Cost Reduction

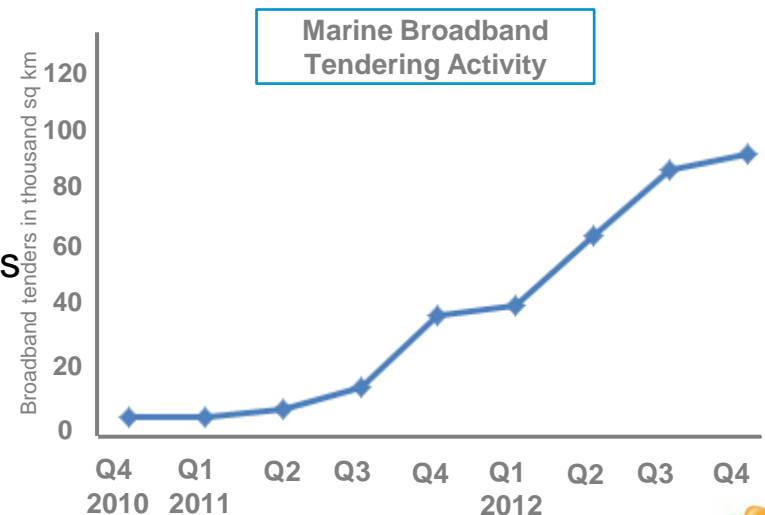
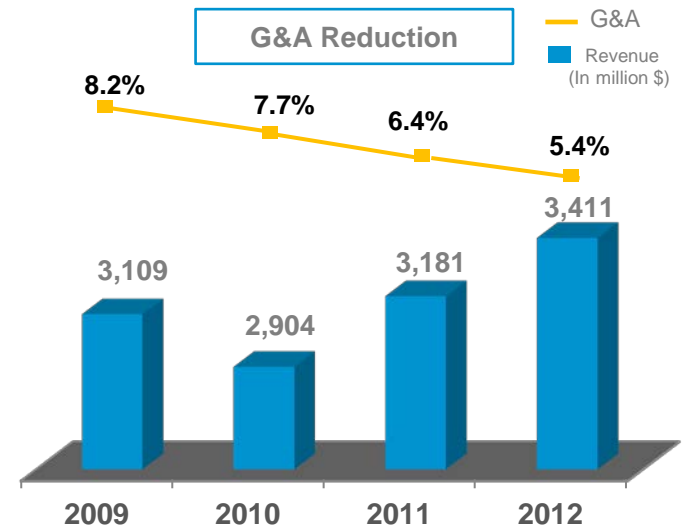
- Marine availability and production rates above 90% as targeted
- 3D Fleet upgrade completed with 13.5 streamers on average towing capacity per vessel versus 10.1 in 2010
- G&A reduced from 7.7% to 5.4% of revenue

## Technology Differentiation

- Broadband: BroadSeis™/ BroadSource™
- StagSeis™
- Sercel Sentinel RD®
- SpiceRack™ with Saudi Aramco
- Technological partnerships with Fugro

## Commercial differentiation and strategic partnerships

- March: PetroVietnam
- July: SMNG
- November: Baker Hughes





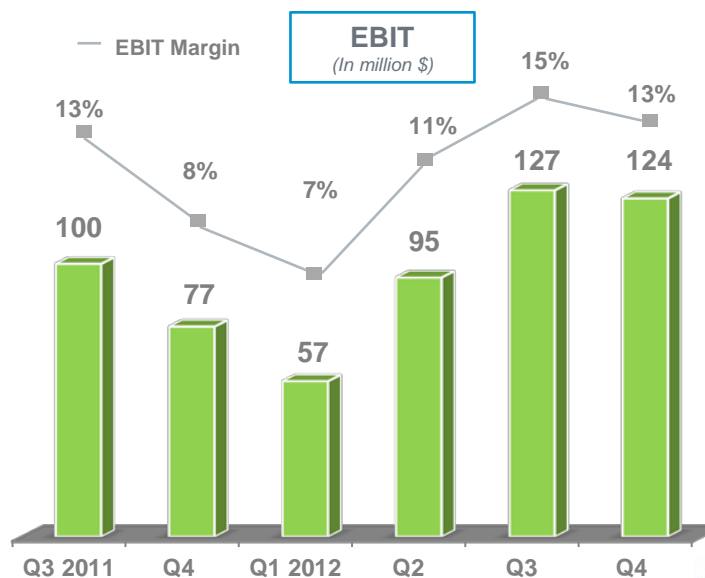
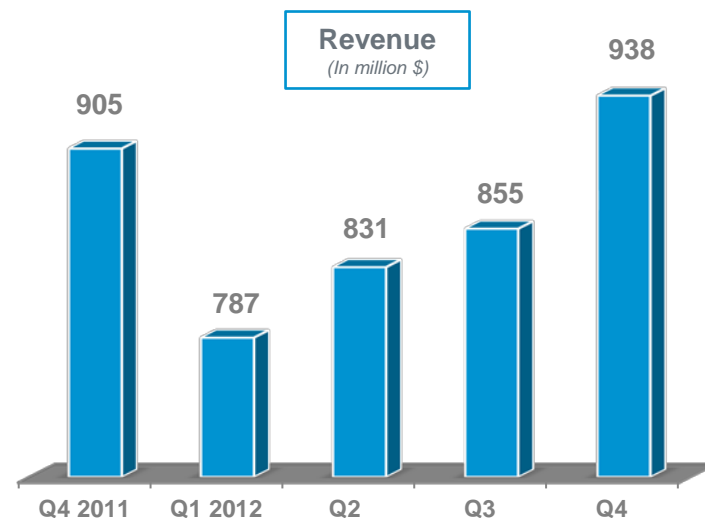
# Q4 2012 Review

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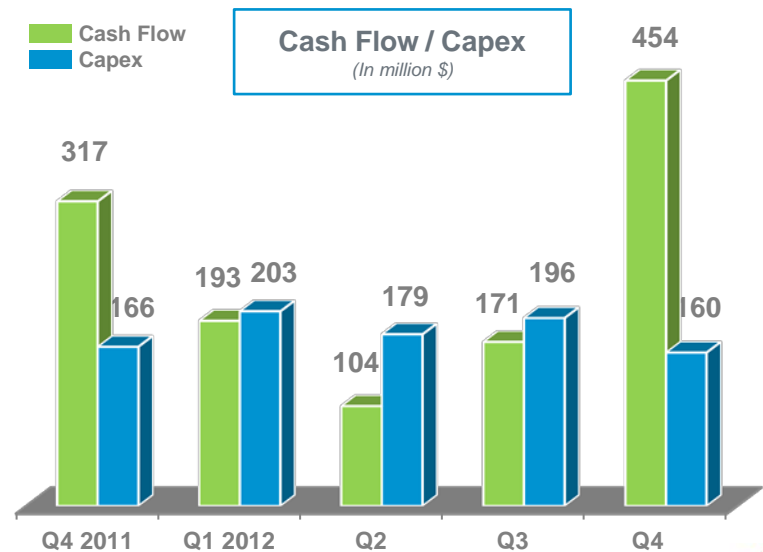
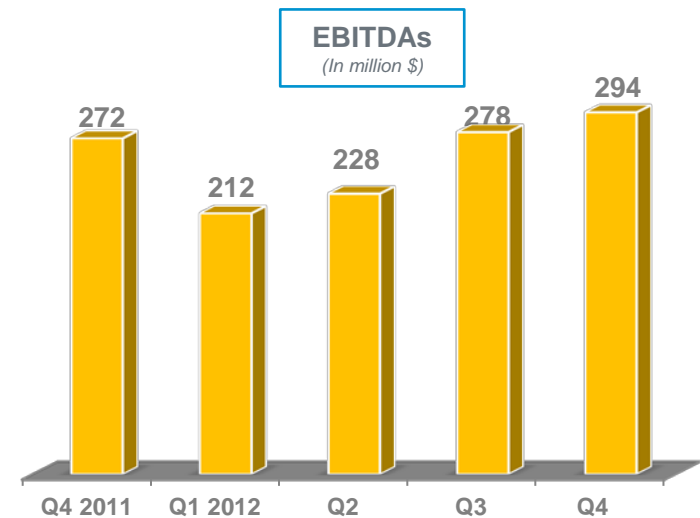
# Q4 2012 Financial Overview

- Revenue was \$938m, up 4% y-o-y and up 10% sequentially
  - Sercel at \$288m, down 11% y-o-y
  - Services at \$692m, up 10% y-o-y
  
- Operating Income <sup>(1)</sup> was \$113m, a 12% margin
  - Sercel at 28% operating margin
  - Services Operating margin at 8%
    - Excellent performance of Processing, Imaging & Reservoir activity
    - Lower than expected multi-client sales
  
- EBIT <sup>(1)</sup> was \$124m, up 61% y-o-y, a 13% margin
  - Solid performance of equity from investees at \$11m, mainly related to Argas
  
- Net Income <sup>(1)</sup> was positive at \$45m



# Q4 2012 Financial Overview

- EBITDAs <sup>(1)</sup>: \$294m, a 31% margin
  - Sercel at \$93m, a 32% margin
  - Services at \$224m, a 32% margin
- Cash Flow from Operations was \$454m, up 43% y-o-y
- Total Capex of \$160m
  - Industrial Capex: \$71m
  - R&D Capex: \$8m
  - Multi-Client Cash Capex: \$81m with a high prefunding rate at 108%
    - Marine MC Cash Capex at \$74m mainly related to our IBALT program in GoM, 111% prefunded
    - Land MC Cash Capex at \$7m dedicated to our Marcellus program, 75% prefunded
- Free Cash Flow was positive at \$238m for the quarter



# 2012 Review

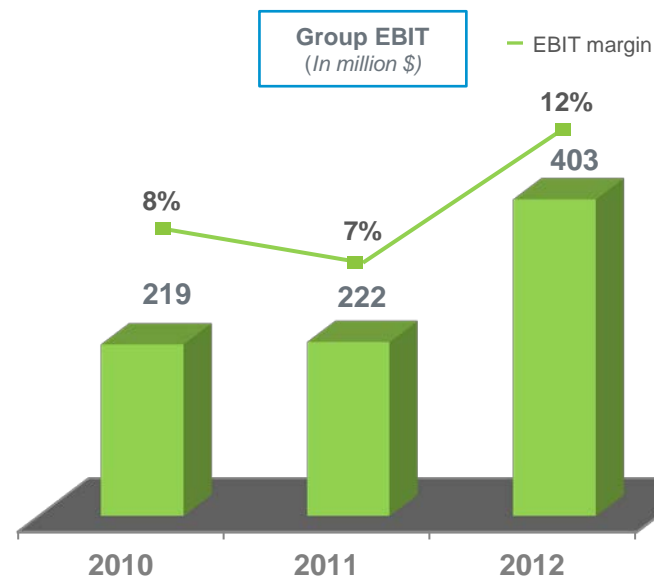
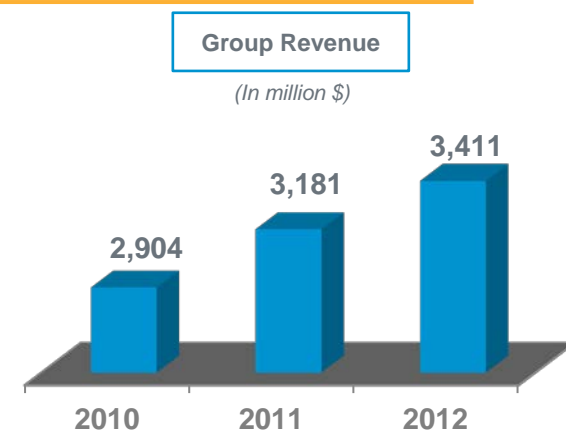
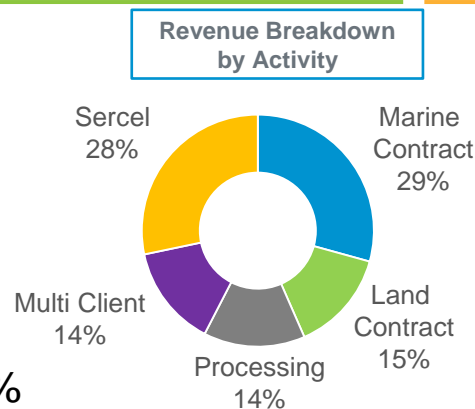
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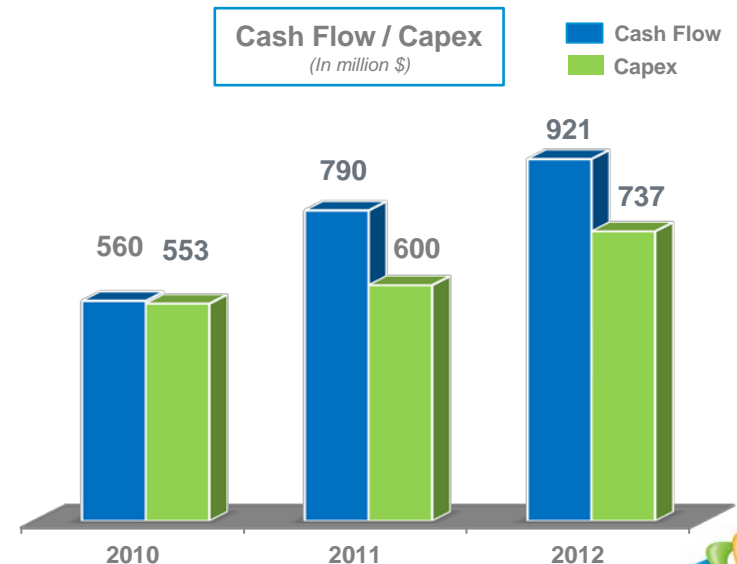
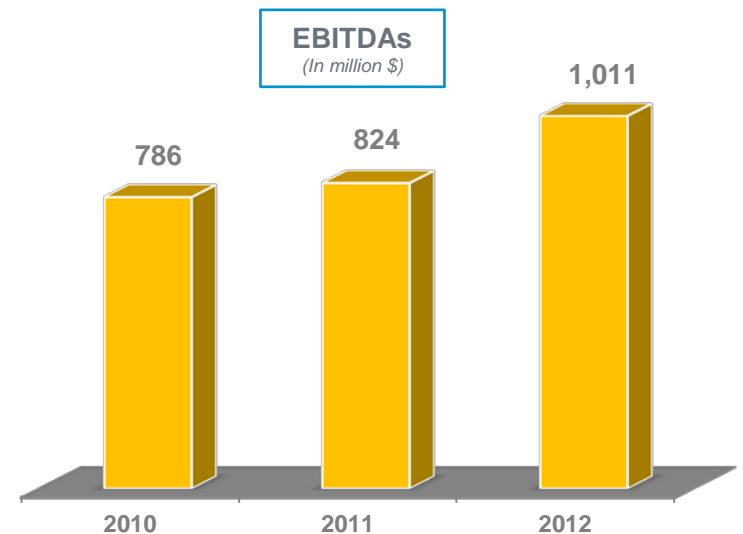
# 2012 Financial Overview

- Group Revenue at \$3,411m, up 7%
  - Sercel revenue at \$1,204m, up 5%
  - Services revenue at \$2,457m, up 7%
  
- Operating Income <sup>(1)</sup> at \$365m, up 78% and 11% margin
  - Sercel operating income at \$380m, 32% margin
  - Services operating income improved to \$131m, 5% margin
  
- EBIT <sup>(1)</sup> at \$403m, up 82% and 12% margin
  - Strong performance of equity from investees at \$37m compared to \$16m in 2011, and mainly related to Argas
  
- Income Taxes at \$116m
  
- Net Income <sup>(1)</sup> at \$123m compared to net loss of \$14 million in 2011, EPS<sup>(1)</sup> at €0.50

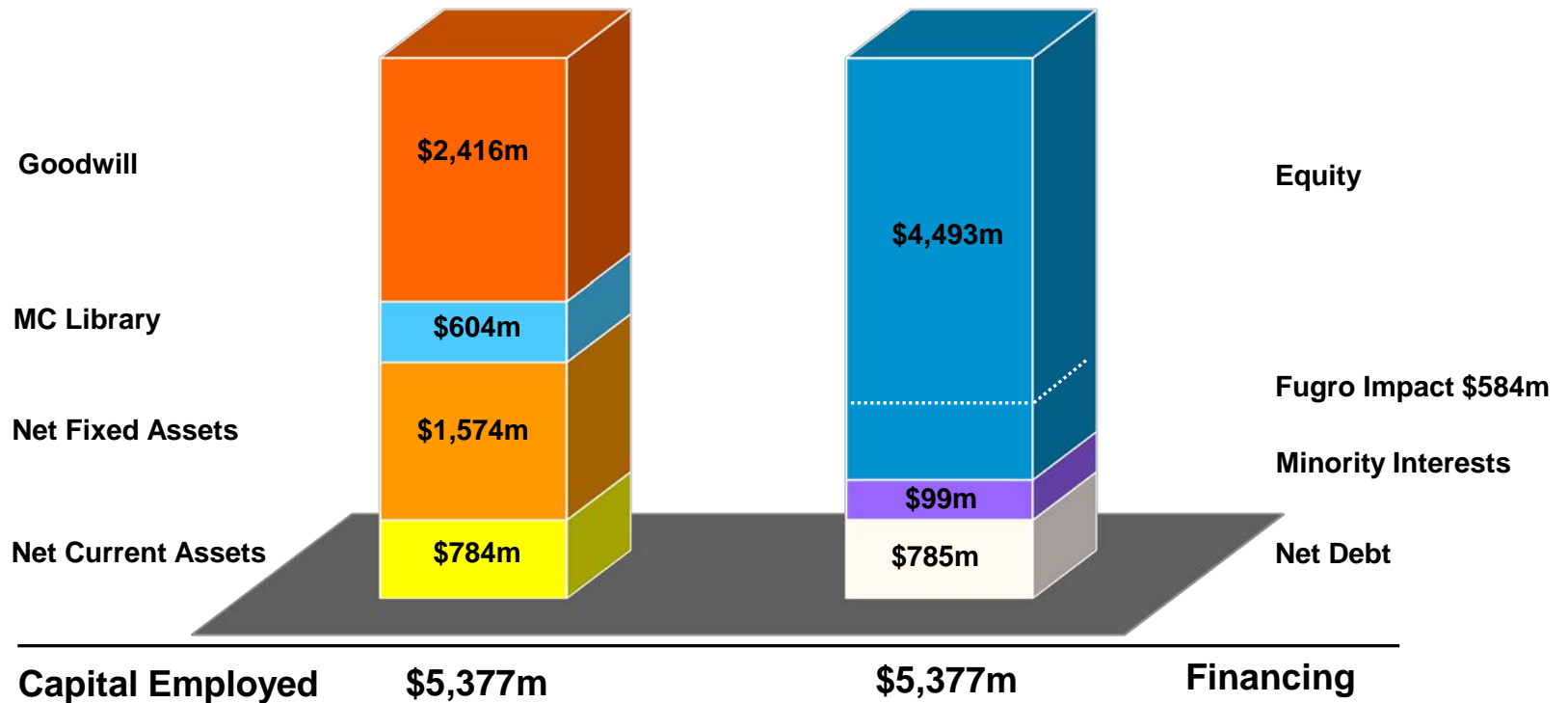


# 2012 Financial Overview

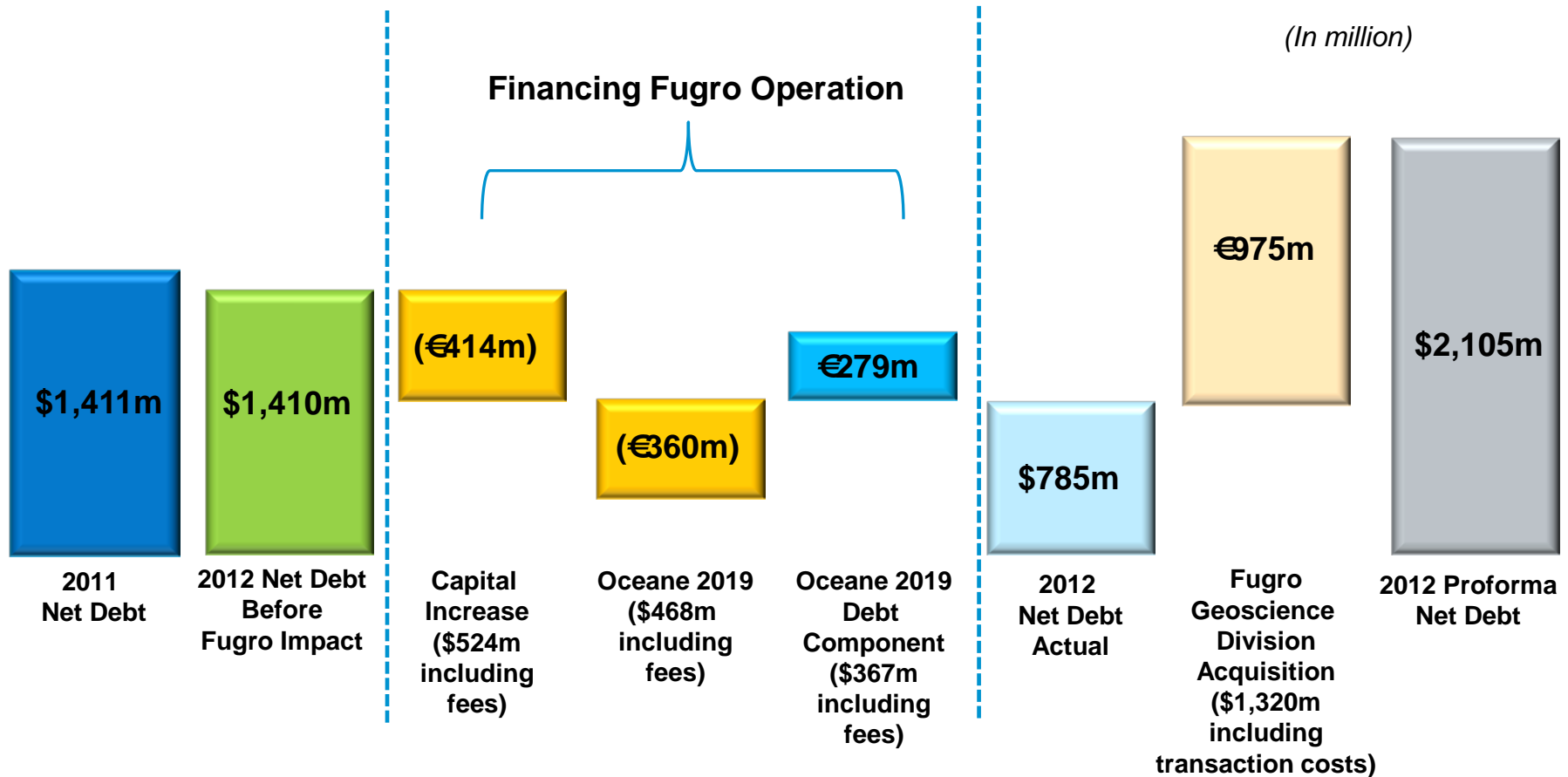
- EBITDAs<sup>(1)</sup>: \$1,011m, a 30% margin
  - Sercel at \$427m, a 35% margin
  - Services at \$721m, a 29% margin
- Cash Flow from Operations was \$921m, up 17% y-o-y
- Total Capex of \$737m
  - Industrial Capex: \$345m
  - R&D Capex: \$29m
  - Multi-Client Cash Capex: \$364m, 72% prefunded
    - Marine MC Cash Capex at \$252m, mainly related to Brazil, Angola and our IBALT program in GoM and 62% prefunded
    - Land MC Cash Capex at \$112m dedicated to Marcellus program and Alaska and 96% prefunded
- Free Cash Flow was positive at \$63m



# Balance Sheet: Capital Employed as End of December 2012



# Net Debt by Year-End 2012



**5.4 years** maturity by Year-end **2012**



**36%** Net Debt /Equity ratio before Fugro impact

**47%** Proforma Net Debt /Equity ratio





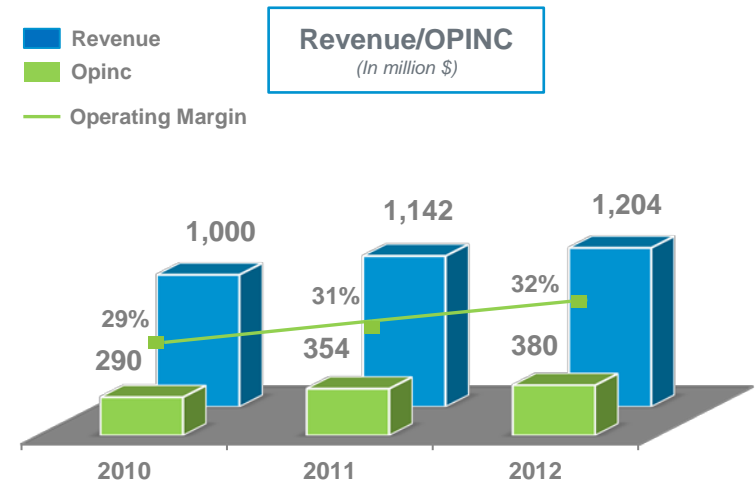
# 2012 Operational Review

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# Sercel: 2012 Operational Overview

- Total Revenue was \$1,204m,
  - External Revenue at \$954m, up 7%
  - 36% of the total sales related to Marine Equipment and 64% to Land Equipment
  - Marine sales were stable y-o-y
  - Land sales at record level and up 14%, driven by sustained demand for high channel counts especially in the Middle East
  - Increasing demand for Unite wireless cable systems
  - R&D spending at high level
    - Launch of new Sentinel RD<sup>®</sup> streamer with reduced diameter
    - New generation of Land products
- Sustained high performance
  - Operating margin at 32%
  - Strong financial performance

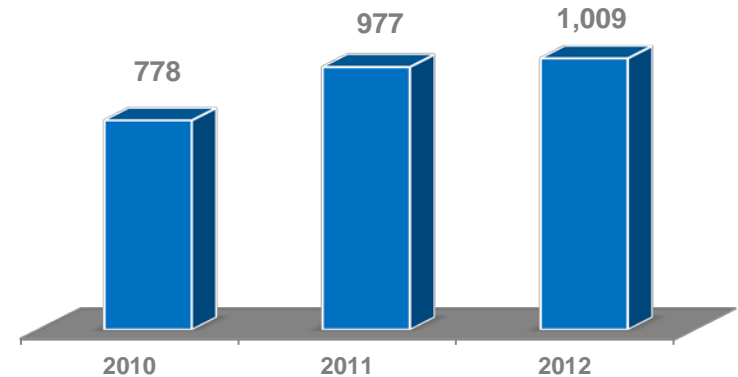


# Services: 2012 Operational Overview (1/2)

- Marine Contract at \$1,009m, up 3% y-o-y
  - Fleet Performance
    - Availability and production rates above 90% and on target
    - 80% of the fleet with 12 streamers or more, a 10.5 years average age of the fleet
    - All 3D vessels full BroadSeis™ compatible
  - Technology Differentiation
    - Confirmation of client strong interest for BroadSeis™ with more than 50 surveys since its announcement, representing 1/3 of our 2012 surveys
  - Commercial Differentiation
    - Vietnam and CIS
- Land Contract at \$498m, up 34% y-o-y
  - Strong performance in the Middle East
  - North Africa projects impacted by the ongoing aftermath of the Arab Spring and return to Algeria after 15 years
  - Strong winter campaign in Alaska and Canada and good level of activity in the Lower 48

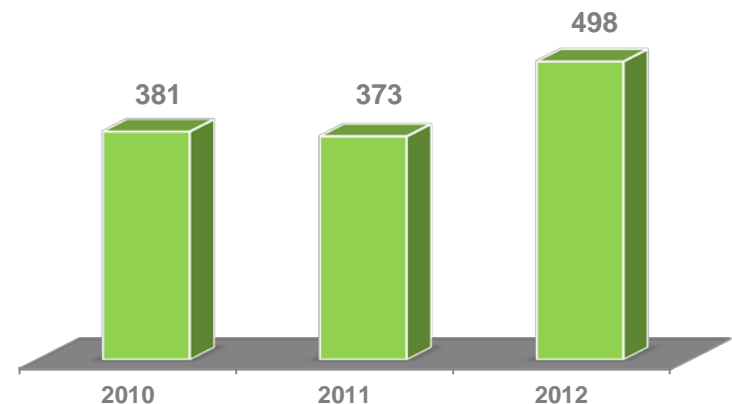
Marine Contract Revenue

(In million \$)



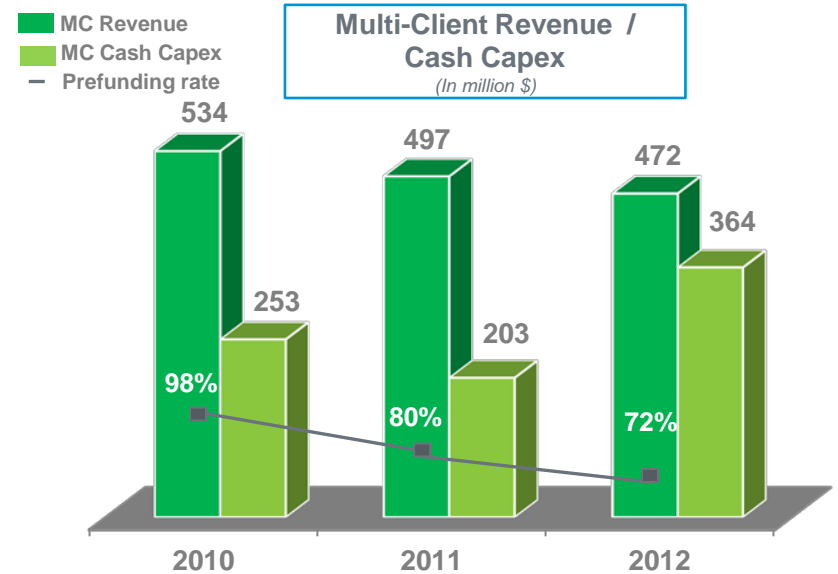
Land Contract Revenue

(In million \$)

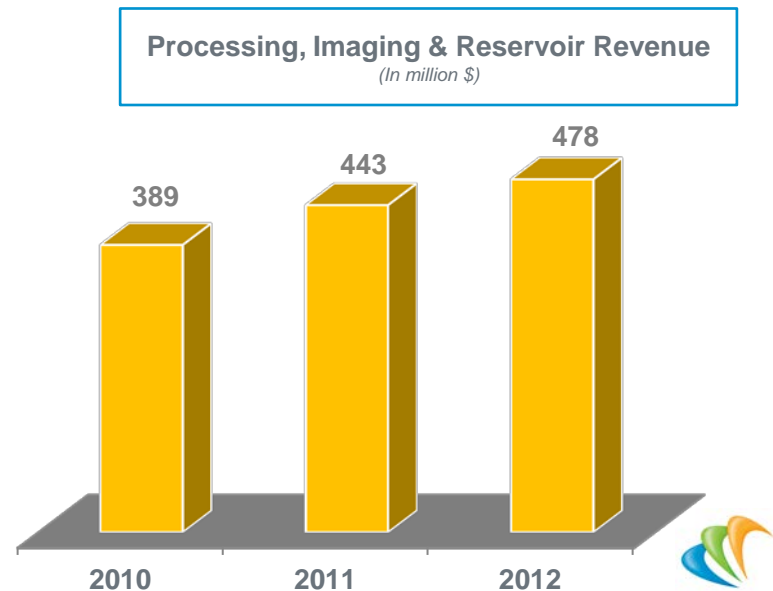


# Services: 2012 Operational Overview (2/2)

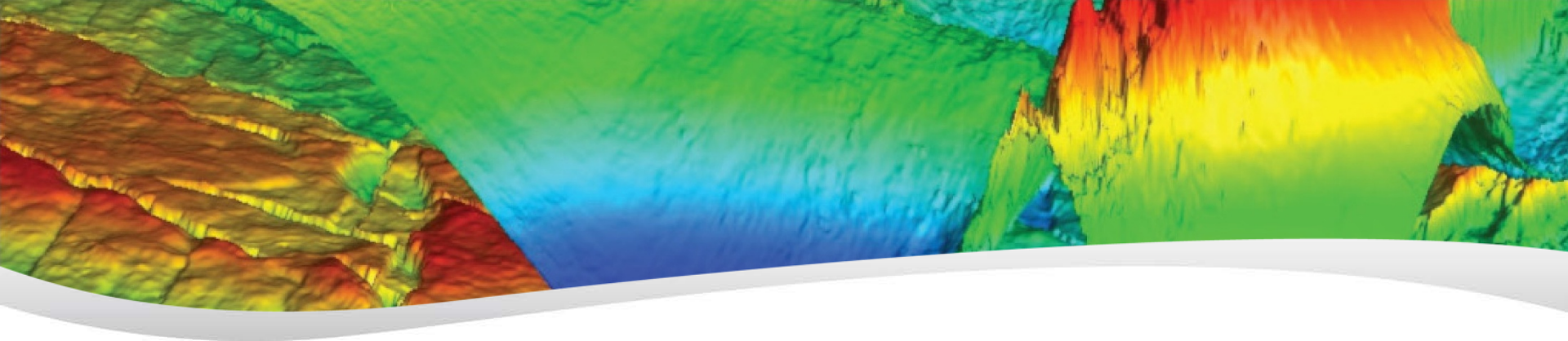
- Multi-Client at \$472m, down 5% y-o-y
  - Cash capex prefunding rate at 72% and on target
  - High amortization rate at 72%, overweighted by straightlined amortization in a context of lower after sales
  - Lower level of after-sales in Q4 due in particular to Brazil uncertainties
  - Return to GoM with the new IBALT program



- Processing, Imaging & Reservoir at \$478m, up 8% y-o-y
  - 2012 a record year both in revenue and operational performance
  - Strong demand for high-end processing sustained by high-resolution acquisition and for BroadSeis™ surveys
  - Activity at high levels in our major international centers







# 2013: Delivering the Transformation of the New CGG

Passion for Geoscience



# Fugro Geoscience Acquisition: A Transforming Deal Focused on Shareholder Value Creation

|                            |  |
|----------------------------|--|
| May 30 <sup>th</sup>       | Fugro announcement to divest of its marine seismic business  |
| July-September             | Discussions and due diligence with Fugro management  |
| September 24 <sup>th</sup> | CGG announces the acquisition of Fugro's Geoscience  |
| September 26 <sup>th</sup> | €414 million rights offering with preferential subscription rights to existing shareholders, completed on October 21 <sup>st</sup> |
| November 13 <sup>th</sup>  | €360 million convertible bond with 40% premium (€32 strike)  |
| January 28 <sup>th</sup>   | Closing of the Fugro's Geoscience transaction  |
| January 31 <sup>st</sup>   | €225 million Vendor Loan   |
| February 16 <sup>th</sup>  | Creation of the Seabed Geosolutions Joint Venture  |

 ***A transforming deal, completed in time and fully financed***



# Our New Organization

## Equipment



Full range of products and clear market leadership Onshore, Offshore and Downhole:

- Technology leadership
- Large installed base
- A cornerstone for CGG integrated solutions

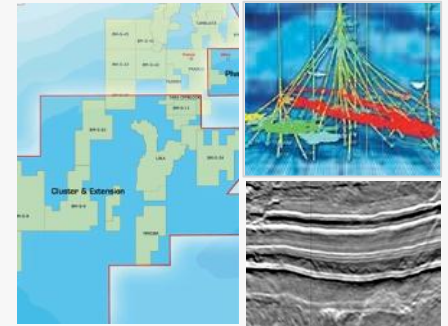
## Acquisition



Full range of seismic and other geophysical methods for acquisition:

- Marine
- Land
- Airborne\*
- *Seabed\*\**

## Geology, Geophysics & Reservoir



- Multi-Client Data Library:
  - Seismic, Grav-Mag, Geological
- Exploration & Appraisal
- Processing & Imaging
- Geological Services
- Satellite Mapping Services
- Reservoir Software & Services
- Data Management Services

\*Airborne will be integrated once operating licenses and administrative authorizations have been received

\*\*Through the Seabed Geosolutions Joint Venture owned by Fugro 60% and CGG 40%

- 9 800 Employees
- 70 locations worldwide

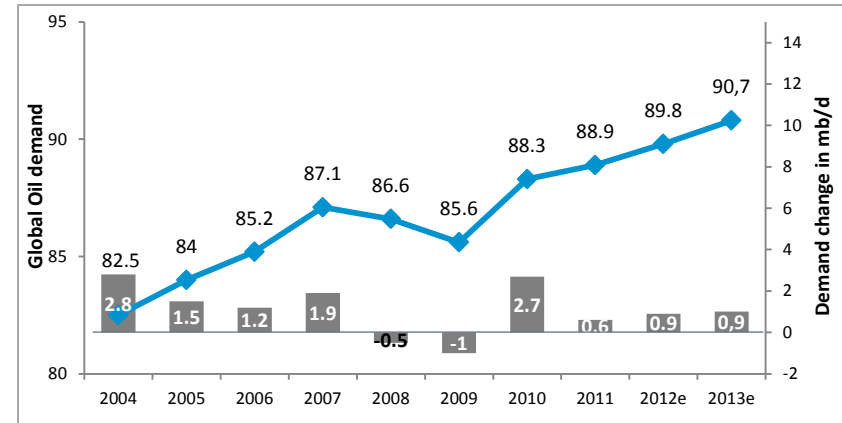


# Market Trends

- E&P: high single digit growth expected, driven by more challenging exploration zones and increased focus on production
- Geology & Geophysics' role becoming critical, with a growing demand for high resolution and reservoir scale seismic
- Extra demand in data content for safer drilling and completion, fracture and stress prediction, characterization of conventional and unconventional reservoirs
- Increasing impact of seismic on production strategies shifting to tight reservoir
- Sustained demand for seismic driven by higher tendering activity and licensing rounds

**Global Oil Demand**

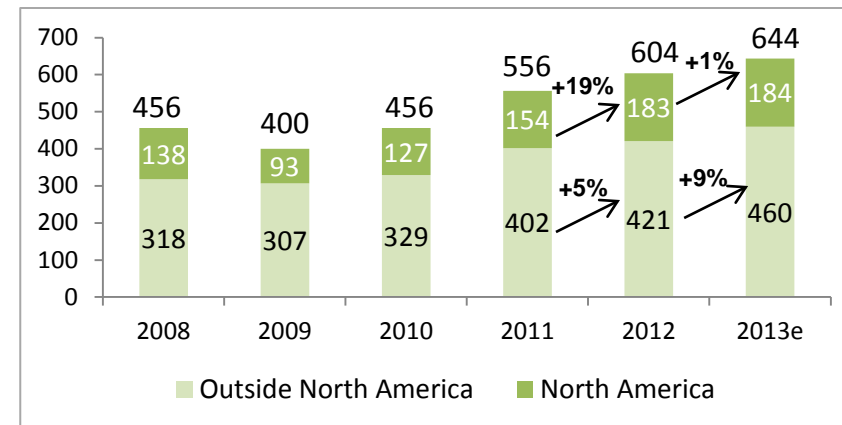
(In million barrel per day)



Source : International Energy Agency - IEA (February 2013)

**Exploration and Production Investment**

(In billion \$)



Source : Barclays Capital , December 2012



# 2013 Market Outlook

## Equipment

Stable market in a year of transition

### Land Equipment

- Volume linked to large megacrews projects
- Progressive shift from land analog systems to digital systems

### Marine Equipment

- Limited number of new builds

## Acquisition

### Marine

- Increasing demand for Broadband (BroadSeis™ and BroadSource™)
- Good summer season with volumes up 10% y-o-y
- Limited and predictable increase in 3D high-end supply

### Land

- Increasing split between a commodity market and high-end long term reservoir oriented business
- Soft winter season in Canada and Alaska

### Airborne

- A business 70% Mining and 30% Oil & Gas

## Geology, Geophysics & Reservoir

### Multi-client

- New frontiers exploration and high licensing rounds

### Robertson

- Strong demand for new basins and for reservoir appraisal

### Processing & Imaging

- High volume of data in complex geologies

### Reservoir Management

- Increasing demand for reservoir characterization

### Data Management

- Need for more intelligent data storage

# CGG 2013 Revenue Trends

## Equipment

Total Revenue expected to remain stable in 2013

- Timing of potential large Land projects uncertain
- Marine sales fuelled by the ramp-up of replacement equipment market
- Following 2010-2012 fleet upgrade, lower level of internal sales

## Acquisition

### Marine acquisition

- Combined fleet: 90% booked into Q1, 80% into Q2 and 65% in Q3
- New contracts closed in line with improving market trends
- Targeted baseline for 3D high-end fleet = 14 + 4 C Class additional vessels

### Land acquisition

- Positioning on the high-end market
- Circa 25% reduction in revenue due to the carve out of SWOBS activity to the Seabed Geosolutions JV

### Airborne

- Expected to join CGG in H1

## Geology, Geophysics & Reservoir

### Multi-client

- Multi-client program based on:
  - continuity of IBALT in GoM
  - new basins
  - completion of the Marcellus Land program

### Robertson

- Building global Group cross-fertilization

### Processing & Imaging

- Strong growth expected to continue in 2013

### Reservoir Characterization

- Increasing worldwide activity for software and services

### Data Management

- Growth driven by higher volume of data

# Delivering the Transformation of the New CGG

## Building the New CGG

- A **new organization** and **clear Integration Plan** already in place for full efficiency by end H1
- Maintaining strong **focus on cost base** and **operational** excellence
- Reporting on **EBIT** along with three new business segments as soon as Q1 2013 **to improve visibility** and **externalize value**

## Being The Partner of Choice

- Provide integrated **geoscience solutions** to our customers
- Operate **safely** and with **integrity**
- Strong **R&D** boost to accelerate **innovation** (next generation of products, Broadband, new algorithms, new acquisition concepts, reservoir integrated solutions, ...)
- Reinforce **partnerships** to enter **new markets**

## Increasing Our Return on Capital Employed

- Manage asset and business portfolio to **optimize capital employed**
- Focus on **cash generation**
- Reduce **cost of debt** and **financial leverage**

## Accelerating Growth...

- People, Asset and Expertise differentiation
- Wider and integrated offering
- Strategic positioning on growth markets

## ... while Creating Value

- For our customers and stakeholders
- Sustained & social responsible performance
- Streamlining and financial flexibility



# 2013 Financial Objectives

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In this year of transformation:

- Total Industrial Capex expected to be in the range of \$350 - 400 million
- Multi-clients capex expected to be in the range of \$350 - 400 million with a prefunding rate above 75%

CGG is well positioned to deliver:

- Revenue increase around 25%
- Improved Ebit margin
- Improved Return on Capital Employed







# Thank you

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