



4th Quarter & Full-Year 2016 Financial Results

Weak volumes in difficult market conditions

Financial restructuring process engaged

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



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.





Agenda

- 2016 operational review
- Transformation Plan delivery
- 2016 financial review
- 2017 outlook and financial restructuring





2016 Operational Review

Passion for Geoscience

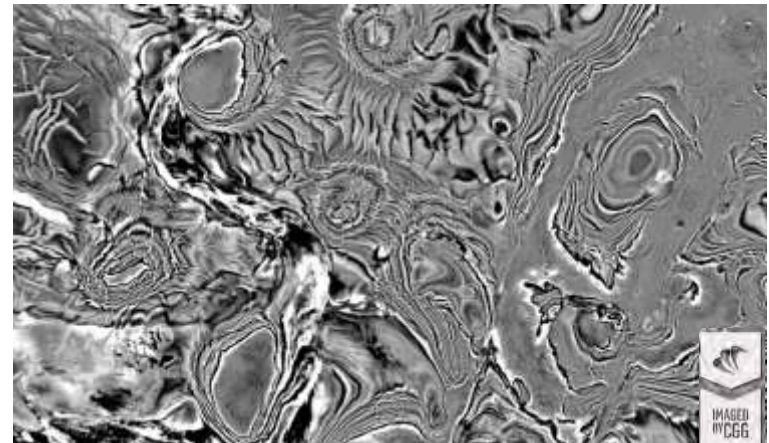


2016 key highlights

- Revenue at \$1,196m
- EBITDAs at \$328m
- Operating income at \$(213)m
- Good execution of our Transformation Plan with strong cost reduction programs
- Net debt at \$2,312m at end of December, in line with guidance



Oceanic Endeavour at work in the Black Sea in Q4 2016

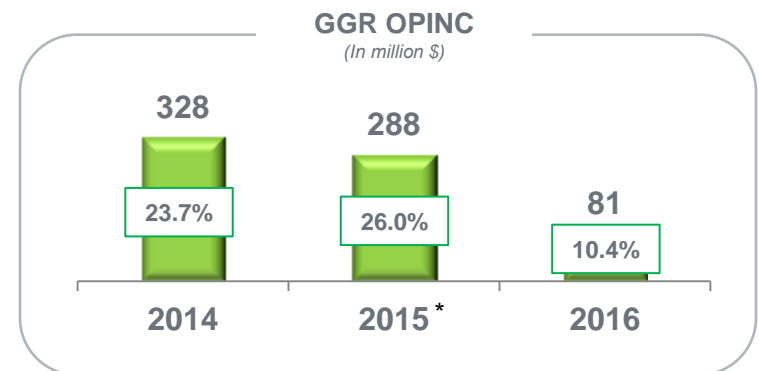
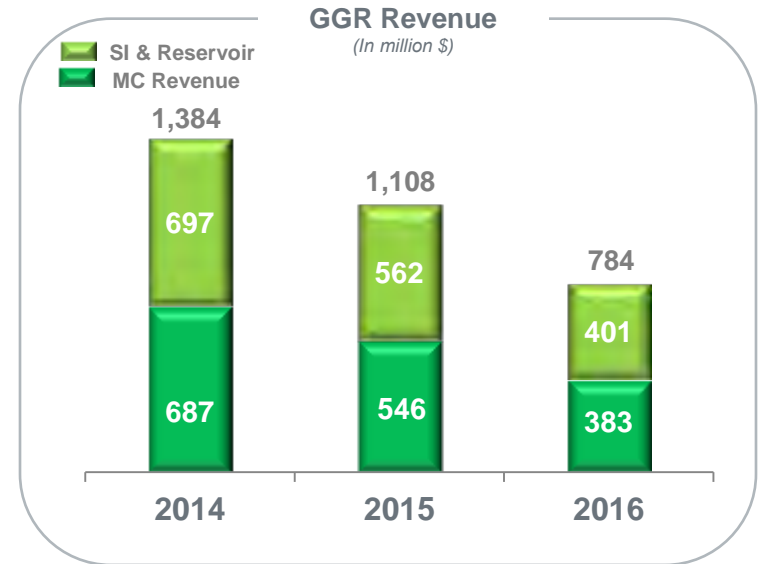


Horizontal depth slice from Espirito Santo Ph. 3 MC survey, Brazil



GGR: profitability hampered by higher multi-client amortization

- Total revenue at \$784m, down (29)% y-o-y
- Multi-Client sales at \$383m, down (30)% y-o-y
 - Multi-Client sales particularly active in Brazil and North Sea
 - Prefunding sales at \$272m and after-sales at \$111m
 - High cash prefunding rate at 92%
 - 50% of fleet allocated to multi-client programs
 - Fleet dedicated to multi-client programs expected to be c. 30% in Q1 and c. 40% in Q2 2017
- Subsurface Imaging & Reservoir (SIR) at \$401m, down (29)% y-o-y
 - Resilient despite the significant reduction in data acquisition market volumes
 - Clear leadership position confirmed by 2016 Kimberlite report
- EBITDAs at \$460m
- Operating income at \$81m, a 10% margin
 - Multi-client amortization rate at 84%, versus 60% in 2015



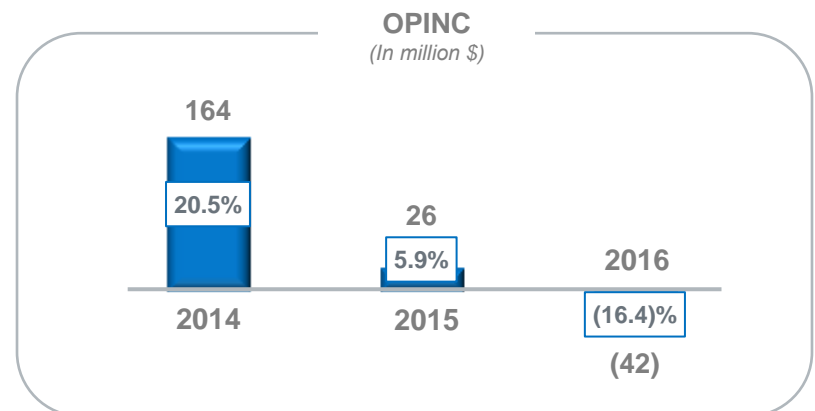
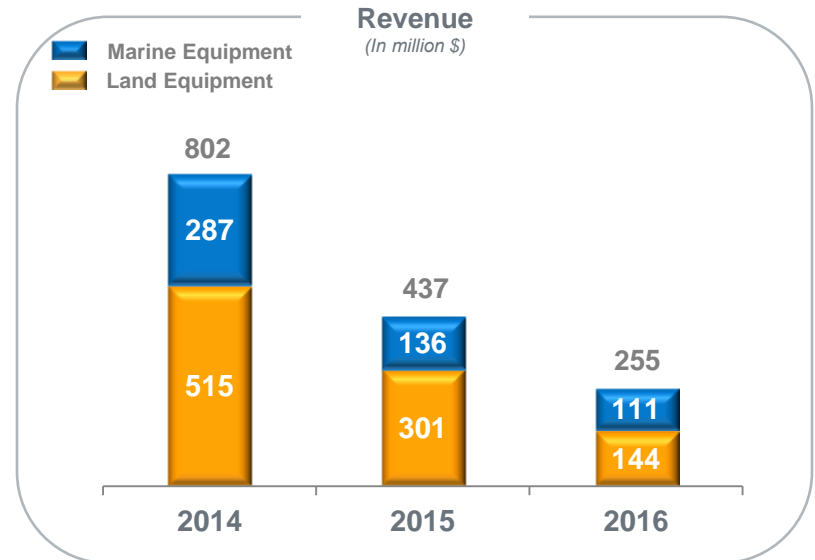
*Multi-client data library impairment restated to NRC in 2015





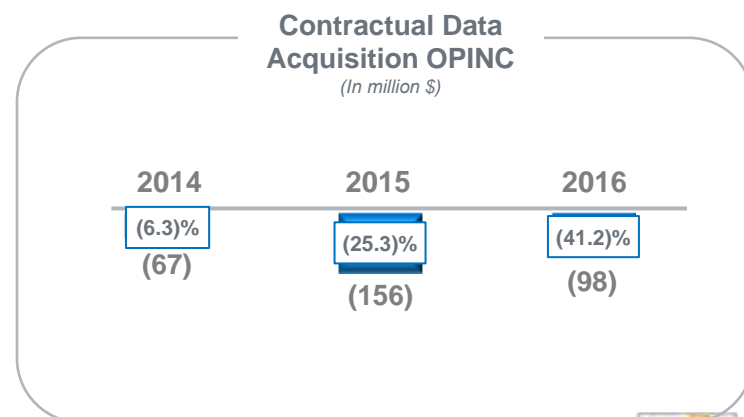
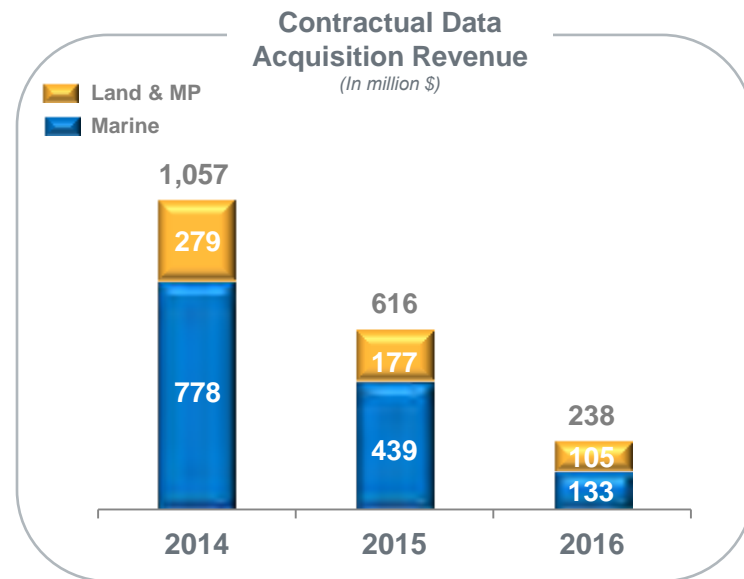
Equipment: persistent low external volumes

- Total sales at \$255m, down (42)% y-o-y
 - Sales split: 56% Land and 44% Marine
 - Land sales: Sercel 508^{XT} in India, Russia and Pakistan
 - High internal sales at \$76m, including the delivery of a new high-tech Sentinel MS (multi-sensor) streamer to CGG marine fleet
- EBITDAs at \$(6)m
- Operating income at \$(42)m
 - Breakeven point further reduced



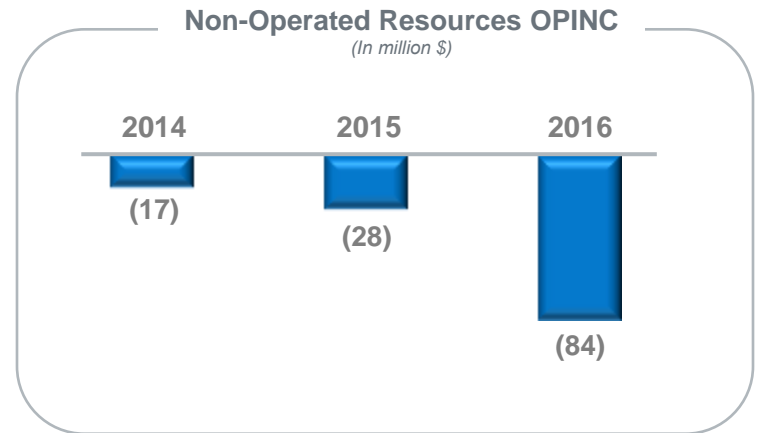
Contractual Data Acquisition: weak activity and low pricing conditions

- Total revenue at \$238m, down (61)% y-o-y
- Marine revenue at \$133m, down (70)% y-o-y
 - 85% due to fleet reduction and less vessels dedicated to contractual activity
 - Solid fleet operational performance:
 - 92% availability rate and 94% production rate
 - Still competitive market environment
- Land & Multi-Physics total revenue at \$105m, down (41)% y-o-y
 - Low market activity, slow client decision process
 - Decision to keep Multi-Physics within the Group
- EBITDAs at \$(36)m
- Operating income at \$(98)m



Non-Operated Resources (N.O.R)

- EBITDAs at \$(22)m
- Operating income at \$(84)m
 - Increase in cold-stacked vessels and corresponding equipment:
 - 3 vessels cold-stacked since Q4 2015
 - 3 additional vessels cold-stacked since Q1 2016
 - Amortization of excess streamers and lay-up costs
 - Owned vessels cold-stacked in Dunkirk provide high flexibility





Transformation Plan Delivery

Passion for Geoscience



Transformation Plan: 2016 implementation in a tough market

Portfolio Rebalancing



- GGR >60% and Contractual Data Acquisition <20% of Group revenue
- Focus on high-end added-value businesses

Marine Downsizing



- Marine fleet reduced to five 3D vessels
- 50% of fleet dedicated to multi-client programs

Cost Reduction



- Reduction of 1,500 permanent positions worldwide
- Overhead cost structure further reduced by 14%

Capex Monitoring

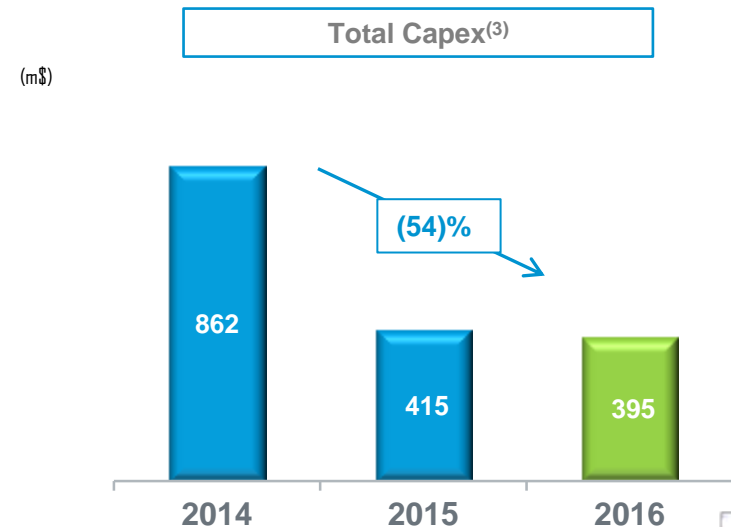
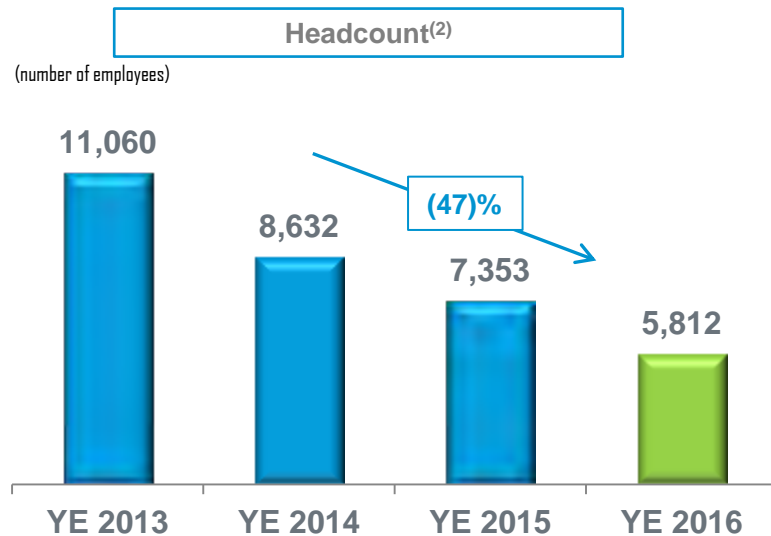
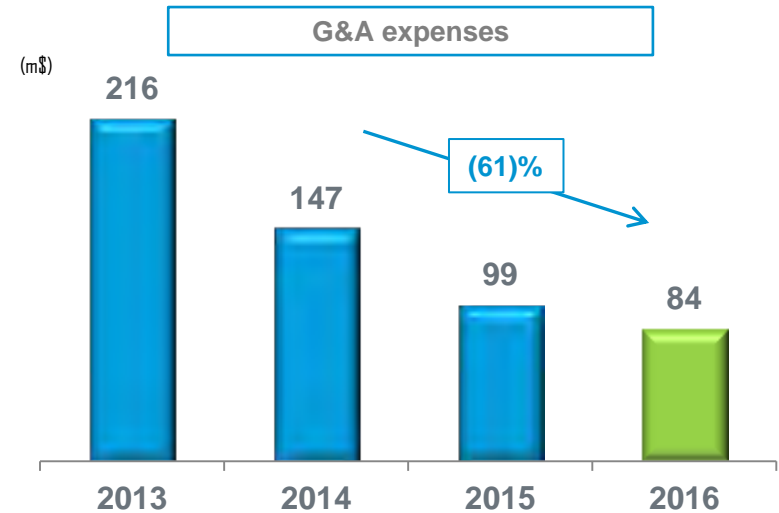
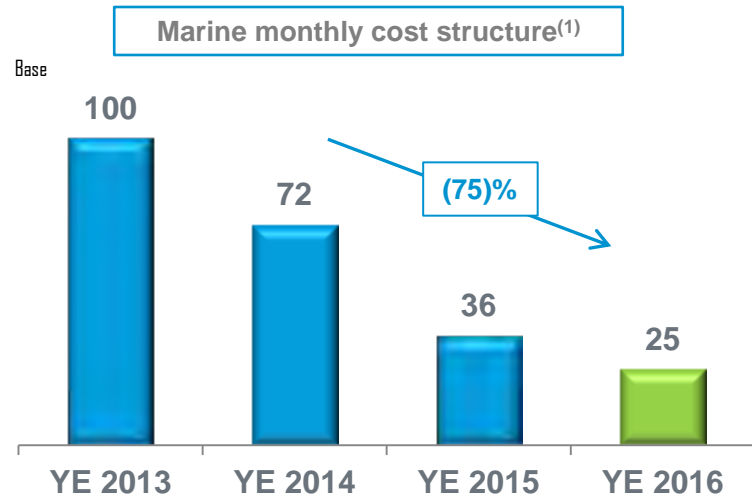


- Multi-client cash capex at \$295m, 92% prefunded
- Industrial capex reduced by 26% to \$66m

Transformation Plan fully funded through the February 2016 rights issue



Transformation Plan: 2014-2016 achievements



Source: Company

(1) Full cost base including Depreciation and Amortization

(2) Including Manufacturing temporaries

(3) Excluding impact of variation in fixed asset suppliers





2016 Financial Review

Passion for Geoscience



2016 Q4 and full-year P&L

In Million \$	Q4 2016	FY 2016
Total Revenue	328	1,196
Group EBITDAs excluding NOR	105	350
NOR	(5)	(22)
Group EBITDAs	100	328
Group OPINC excluding NOR	(52)	(129)
NOR	(18)	(84)
Group OPINC	(70)	(213)
Equity from Investments	(11)	(8)
Non-recurring charges	(173)	(184)
Net financial costs	(55)	(186)
Taxes	30	14
Net Income	(280)	(577)

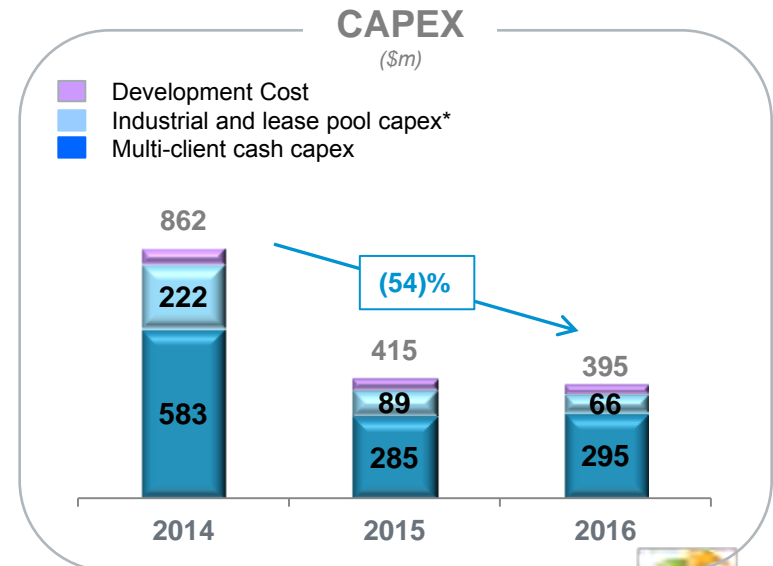
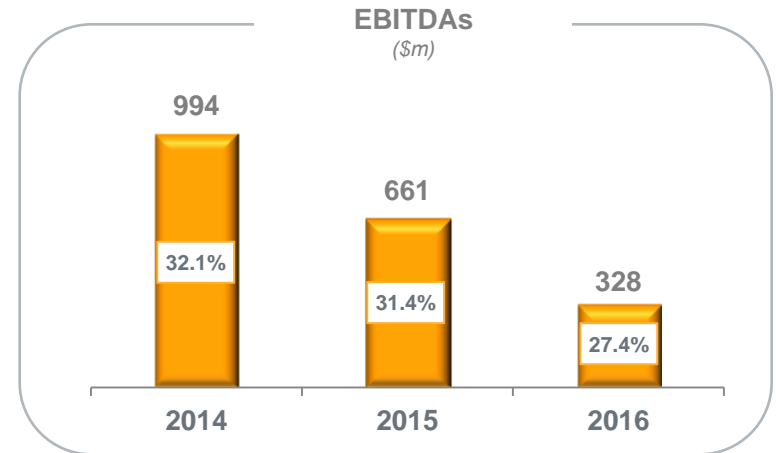
- 2016 Non-Recurring Charges of \$(184)m
 - \$(97)m of multi-client data library impairment, mainly related to US offshore
 - \$(56)m of Group Transformation Plan charges, including \$(28)m due to maritime liabilities
 - \$(31)m of marine assets net book value adjustment
- Q4 2016 Net Income at \$(280)m and Full Year 2016 at \$(577)m





2016: tight cash management throughout the year

- EBITDAs at \$328m
 - 27.4% margin sustained in a tough environment
- Operating Cash Flow at \$522m
- Capex strictly monitored at \$395m
 - Including \$295m multi-client cash capex, with strong cash prefunding rate at 92% and above target
 - R&D and technology efforts preserved at \$34m
- Free Cash Flow at \$(7)m versus \$(9)m last year
 - Cash-outs related to the Transformation Plan:
 - \$(167)m in 2016
 - Circa \$(80)m expected in 2017



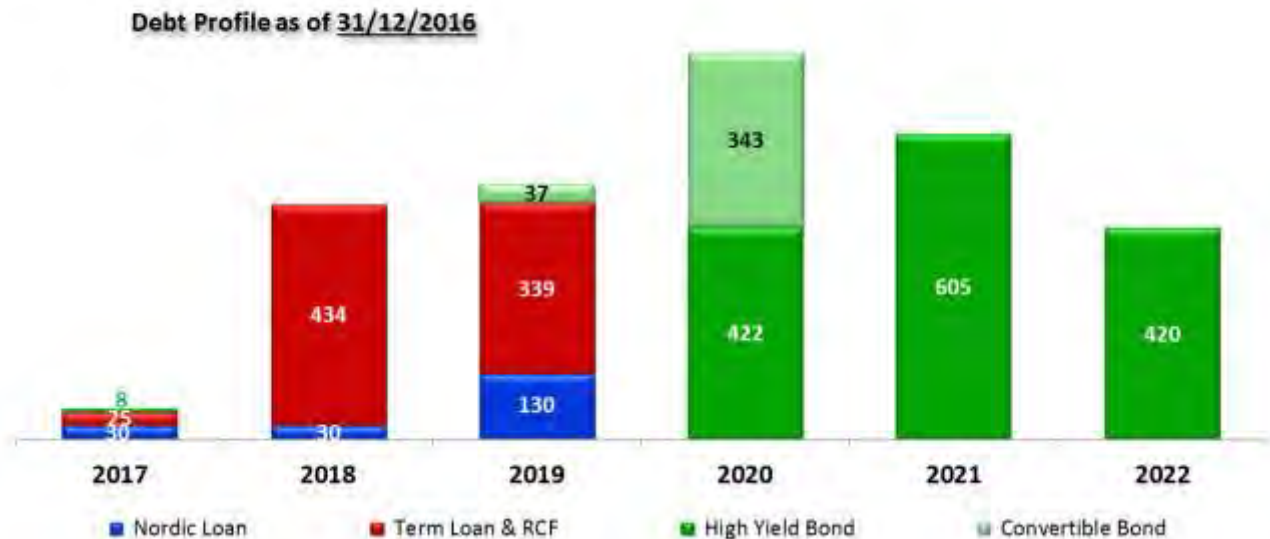
* Excluding change in fixed assets payables



Too heavy debt burden

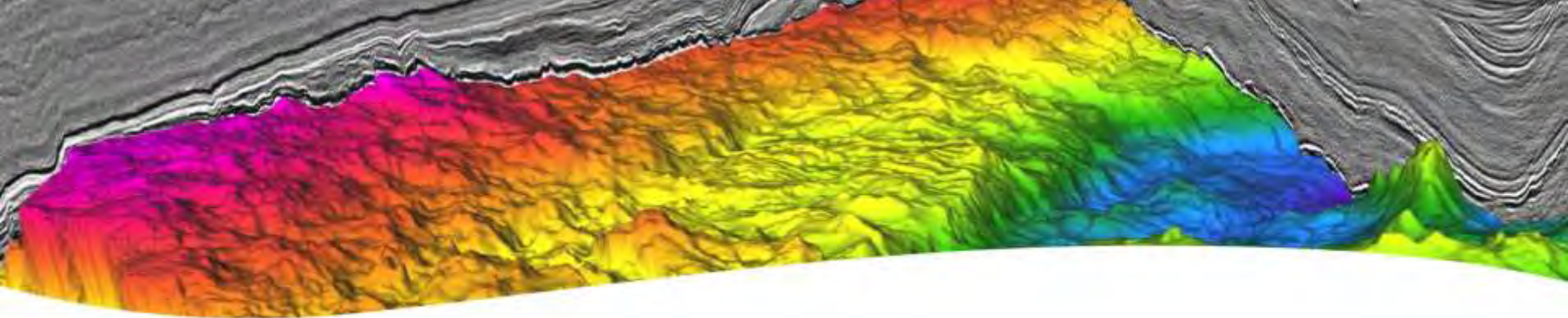
Debt and Liquidity by end December

- Group Liquidity at **\$539m** with RCF fully drawn
- Group **Net Debt at \$2,312m** as of December 2016 versus \$2,304m by September-end
- Maintenance **covenants disapplied** at year –end
 - Alignment of RCF and Nordic Loan interest rate with Term Loan B
- On February 24, squeeze out of the 2017 notes (\$8.3m)



Looking forward in 2017 average 5.85% interest rate leading to c. \$165m cash cost of debt burden





Outlook and financial restructuring



Outlook

- **Market conditions: no improvement expected in 2017**
 - 2017 operating results expected to be in line with 2016, with a weak Q1 due to vessel swap and mobilization
 - Multi-client cash capex expected to be at \$250-300m, with cash prefunding rate above 70% and industrial capex at \$75-100m
 - Cash generation expected to be lower in 2017 due to lack of positive change in working capital versus 2016
- **Liquidity Outlook**
 - Enough cash liquidity to fund 2017 operations:
 - Based on cash flow projections of current operations and planned specific actions
 - Assuming standstill agreement or covenants' relief
- **Pushed back recovery**
 - Expected level of activity not sufficient to generate the necessary cash-flow to service our debt over the years to come





Financial restructuring process engaged

- *'Mandataire ad hoc'* appointed on February 27th
 - Requested waivers to appoint a *'mandataire ad hoc'* and obtained consents
 - To better organize and facilitate discussions with and between all stakeholders
- Financial restructuring proposed by the Group to significantly reduce debt level and cash interest burden
 - Conversion of unsecured debt into equity
 - Extension of secured debt maturities
 - Implementation timetable to be aligned with business and financial constraints
 - Restructuring plan should respect the best interest of all Group's stakeholders

Continue building on strong operational performance, technology, innovation and solid track record with our clients





Thank you

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A global best-in-class Geoscience company

86 years
of pioneering

Over
800,000
km² of
offshore data

Around
5,800
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

30 Subsurface
Imaging centers
worldwide

