Q2 2019 Financial Results

Strong Operational Performance & Cash Flow Generation
Validate the Asset Light Strategy

All figures are 'segment figures' used for management reporting (before non-recurring charges and IFRS 15), unless stated otherwise

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Disclaimer

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 AMF. Investors are cautioned not to place undue reliance on such forward-looking statements.

Implementation of the CGG 2021 strategic plan must comply with the undertakings and requirements in the CGG safeguard plan and other applicable local legal requirements.
Agenda

01 OPERATIONAL REVIEW

02 FINANCIAL REVIEW

03 CONCLUSION
Operational review

All figures are ‘segment figures’ used for management reporting (including IFRS 16 and before non-recurring charges and IFRS 15), unless stated otherwise
Q2 2019 key highlights

Segment Revenue at $340m, up 24% y-o-y driven by solid multi-client sales and high land equipment volumes

- GGR at $220m and Equipment at $120m

Segment EBITDAs at $171m, up 51%, a 50% margin driven by increased profitability of Geoscience and Equipment

Segment Operating Income at $53m, including $(37)m impact of new multi-client amortization policy, a 16% margin

Segment Free Cash Flow at $38m, compared to $4m last year

Net Cash Flow negative at $(31)m due to negative change in working capital of $(58)m expected to be recovered in H2

Group net loss of $(98)m, impacted by $(113)m net loss from discontinued operations, including non-cash impairment of $(104)m related to marine and JV disposal groups
H1 2019 key highlights

**Segment Revenue** at $623m, up 23% y-o-y driven by strong equipment recovery

- GGR at $401m and Equipment at $222m

**Segment EBITDAs** at $290m, up 46%, a 47% margin

**Segment Operating Income** at $64m, including $(64)m impact of new multi-client amortization policy, a 10% margin

**Segment Free Cash Flow** at $167m

**Net Cash Flow** positive at $13m and H1 segment Free Cash Flow y.o.y improvement of $147m

**Group net loss** of $(128)m, impacted by $(129)m net loss from discontinued operations, including non-cash impairment of $(104)m related to marine and JV disposal groups
GGR key financial indicators

SEGMENT REVENUE ($m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Geoscience</th>
<th>Multi-Client</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>401</td>
<td>383</td>
</tr>
<tr>
<td>2017</td>
<td>351</td>
<td>469</td>
</tr>
<tr>
<td>2018</td>
<td>396</td>
<td>517</td>
</tr>
<tr>
<td>H1 2018</td>
<td>195</td>
<td>388</td>
</tr>
<tr>
<td>H1 2019</td>
<td>216</td>
<td>400</td>
</tr>
<tr>
<td>2q 2018</td>
<td>111</td>
<td>204</td>
</tr>
<tr>
<td>2q 2019</td>
<td>93</td>
<td>220</td>
</tr>
</tbody>
</table>

SEGMENT EBITDAS ($m) & MARGIN

<table>
<thead>
<tr>
<th>Year</th>
<th>Geoscience</th>
<th>Multi-Client</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>460</td>
<td>59%</td>
</tr>
<tr>
<td>2017</td>
<td>486</td>
<td>59%</td>
</tr>
<tr>
<td>2018</td>
<td>558</td>
<td>61%</td>
</tr>
<tr>
<td>H1 2018</td>
<td>214</td>
<td>55%</td>
</tr>
<tr>
<td>H1 2019</td>
<td>254</td>
<td>63%</td>
</tr>
<tr>
<td>2q 2018</td>
<td>117</td>
<td>57%</td>
</tr>
<tr>
<td>2q 2019</td>
<td>149</td>
<td>68%</td>
</tr>
</tbody>
</table>

SEGMENT OPERATING INCOME ($m) & MARGIN

<table>
<thead>
<tr>
<th>Year</th>
<th>Geoscience</th>
<th>Multi-Client</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>81</td>
<td>10%</td>
</tr>
<tr>
<td>2017</td>
<td>131</td>
<td>16%</td>
</tr>
<tr>
<td>2018</td>
<td>176</td>
<td>19%</td>
</tr>
<tr>
<td>H1 2018</td>
<td>102</td>
<td>26%</td>
</tr>
<tr>
<td>H1 2019</td>
<td>45</td>
<td>11%</td>
</tr>
<tr>
<td>2q 2018</td>
<td>64</td>
<td>31%</td>
</tr>
<tr>
<td>2q 2019</td>
<td>40</td>
<td>18%</td>
</tr>
</tbody>
</table>

*including negative impact of new multi-client amortization of respectively $(64)m in H1 and $(37)m in Q2
Q2 Geoscience performance confirms positive momentum seen since 2018

- Second quarter production up +3% year-on-year
- Geoscience external revenue was $93 million, stable year-on-year mainly due to project delays and increased focus on more profitable businesses
- Year to date new orders intake reached $230m, +30% y-o-y including a large OBN ADNOC project
- External order book increased +19% from December 2018, reaching $292m on July 1st 2019
- OBN acquisition and processing/imaging market showing continued growth
- Deep water activity improving
Geoscience key business indicators

**TOTAL PRODUCTION ($m)**

- 2016: 401
- 2017: 350
- 2018: 395
- H1 2018: 193
- H1 2019: 184
- 2q 2018: 93
- 2q 2019: 93

**Internal production**: +6%

**Total production / head ($k)**

- 2016: 219
- 2017: 226
- 2018: 252
- H1 2019: 245

**BACKLOG as of JULY, 1ST ($m)**

- 2017: 278
- 2018: 273
- 2019: 292

**Computing power (PFlops)**

- 2014: 21
- 2015: 41
- 2016: 58
- 2017: 72
- 2018: 166
- H1 2019: 194

- 2017: +6%
- 2018: +3%
- 2019: +2%
- 2018: +7%
- 2019: +2%
Multi-Client operational highlights
2019 - Featured Projects

Chickasha Extension
• Acquisition complete

Bayou Bœuf
• 578 sq. miles
• Preparing to start acquisition in October

Mississippi Canyon
• 1st Multi-Client nodes job
• Acquisition complete in June

Santos Nebula
• 15,000 km² w/ 8,000 km² dual azimuth
• Acquisition started end of June

Barents Sea
• 5,000 km²
• TopSeis technology
• Acquisition starting mid-July

West of Shetlands
• Footprint extension
• Mid-July start

North Sea – Quad 21
• Acquisition complete in July

Gippsland
• Transiting in Q4 for January 2020 start
Multi-Client key business indicators

### Multi-Client Revenue ($m)

<table>
<thead>
<tr>
<th>Year</th>
<th>H1 2018</th>
<th>H1 2019</th>
<th>2q 2018</th>
<th>2q 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>383</td>
<td>272</td>
<td>111</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>469</td>
<td>269</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>518</td>
<td>216</td>
<td>302</td>
<td></td>
</tr>
</tbody>
</table>

- **1.3x**
- **1.9x**
- **2.3x**

- **After-sales**
- **Prefunding**
- **Cash on cash**

### Multi-Client CAPEX ($m) & Pre-Funding (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>H1 2018</th>
<th>H1 2019</th>
<th>2q 2018</th>
<th>2q 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>295</td>
<td>116</td>
<td>54</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>251</td>
<td>96</td>
<td>56</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>223</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **92%**
- **107%**
- **97%**
- **63%**
- **95%**
- **44%**
- **88%**

### Data Library NBV Split as of 06/30/2019

- **46%**
- **19%**
- **17%**
- **7%**

- **up to 4 years old**
- **up to 3 years old**
- **up to 2 years old**
- **up to 1 year old**
- **WIP**

### Data Library NBV Regional Split as of 06/30/2019

- **US Land**
- **Europe - Africa**
- **Others**
- **North & South America**

- **44%**
- **31%**
- **16%**
- **9%**
Equipment operational highlights

**Land**
- Three 508\textsuperscript{XT} land acquisition systems delivered
- Significant deliveries in Middle-East (508\textsuperscript{XT}) and North Africa (428XL)

**Downhole tools**
- Flat demand for Artificial Lift
- Main deliveries in the US lower 48

**Marine**
- Continued slow marine market

**Non Oil & Gas**
- Good progress on Structural Health Monitoring
### Equipment Key Financial Indicators

#### Segment Revenue ($m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Land</th>
<th>Non Oil &amp; Gas</th>
<th>Downhole</th>
<th>Marine</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>255</td>
<td>241</td>
<td>35</td>
<td>11</td>
<td>297</td>
</tr>
<tr>
<td>2017</td>
<td>19</td>
<td>100</td>
<td>10</td>
<td>8</td>
<td>127</td>
</tr>
<tr>
<td>2018</td>
<td>11</td>
<td>241</td>
<td>35</td>
<td>9</td>
<td>255</td>
</tr>
</tbody>
</table>

- **2018** vs **2017**: +54%

#### Segment EBITDAS ($m) & Margin

<table>
<thead>
<tr>
<th></th>
<th>2016 H1</th>
<th>2017 H1</th>
<th>2018 H1</th>
<th>2018 2q</th>
<th>2019 H1</th>
<th>2019 2q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin</td>
<td>12%</td>
<td>-2%</td>
<td>11%</td>
<td>-6%</td>
<td>22%</td>
<td>-6%</td>
</tr>
<tr>
<td>EBITDAS</td>
<td>-6 $m</td>
<td>-6 $m</td>
<td>42 $m</td>
<td>50 $m</td>
<td>6 $m</td>
<td>9 $m</td>
</tr>
</tbody>
</table>

#### Segment Opinc ($m) & Margin

<table>
<thead>
<tr>
<th></th>
<th>2016 H1</th>
<th>2017 H1</th>
<th>2018 H1</th>
<th>2018 2q</th>
<th>2019 H1</th>
<th>2019 2q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin</td>
<td>-16%</td>
<td>-15%</td>
<td>-6%</td>
<td>-9</td>
<td>15%</td>
<td>16%</td>
</tr>
<tr>
<td>Opinc</td>
<td>35 $m</td>
<td>35 $m</td>
<td>20 $m</td>
<td>20 $m</td>
<td>2 $m</td>
<td>1 $m</td>
</tr>
<tr>
<td></td>
<td>-42</td>
<td>-36</td>
<td>-9</td>
<td>-9</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>
Sercel 508 XT: More than 10% of the seismic crews worldwide are now equipped with new 508 XT

Cross Technology (XT)
- The 508 XT brings cost effective and innovative solutions to improve field operations efficiency
- Ability to parallel tasks to optimize productivity
- Different levels of redundancies to allow the production to continue in case of field issues

Market Penetration and Recent Successes
- 40 systems delivered with 450,000 channels
- A fourth 508 XT high-channel count systems (75,000 channels) for a mega-crew in Saudi to a Chinese company
- First Transition Zone version (TZ-508) with 6,000 channels delivered in Russia to be operated in the Gulf of Ob river next month

Evolution and Perspectives
- TZ version for shallow water operations just released
- A lighter version of Central Unit is scheduled for portable crews
- Continuous productivity improvements (Vibrators Auto Guidance, Source Management, etc.)
- System is flexible enough to adapt to future acquisition methods
### Q2 2019 P&L

<table>
<thead>
<tr>
<th>In million $</th>
<th>Q2 2018</th>
<th>Q2 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment revenue (R.P.)</td>
<td>274</td>
<td>340</td>
</tr>
<tr>
<td>IFRS 15 adjustment</td>
<td>(24)</td>
<td>(5)</td>
</tr>
<tr>
<td>IFRS Revenue</td>
<td>250</td>
<td>335</td>
</tr>
<tr>
<td>Segment EBITDAs</td>
<td>113</td>
<td>171</td>
</tr>
<tr>
<td>Segment OPINC</td>
<td>53</td>
<td>53</td>
</tr>
<tr>
<td>IFRS 15 adjustment</td>
<td>(10)</td>
<td>(1)</td>
</tr>
<tr>
<td>NRC</td>
<td>(4)</td>
<td>(0)</td>
</tr>
<tr>
<td>IFRS OPINC</td>
<td>39</td>
<td>52</td>
</tr>
<tr>
<td>Equity from Investments</td>
<td>(0)</td>
<td>(0)</td>
</tr>
<tr>
<td>Net cost of financial debt</td>
<td>(33)</td>
<td>(33)</td>
</tr>
<tr>
<td>Other financial income</td>
<td>69</td>
<td>(0)</td>
</tr>
<tr>
<td>Taxes</td>
<td>(9)</td>
<td>(3)</td>
</tr>
<tr>
<td>Net income / (loss) from continuing operations</td>
<td>66</td>
<td>16</td>
</tr>
<tr>
<td>Net income / (loss) from discontinued operations</td>
<td>(17)</td>
<td>(113)</td>
</tr>
<tr>
<td>Group net income / (loss)</td>
<td>49</td>
<td>(98)</td>
</tr>
</tbody>
</table>

**Segment revenue for the new profile at $340m, up 24% y-o-y**

**Segment EBITDAs at $171m, a 50% margin**

**Positive segment OPINC at $53m, a 16% margin,** impacted by $(37)m of the application of the 4 year straight-line multi-client amortization

**Group net loss at $(98)m after:**
- Net income from continuing operations at $16m
- Net loss from discontinued operations at $(113)m
Sound financial situation

H1 2019 Net Cash Flow at $13m

H1 2019 positive net cash flow of $13m
• Segment free cash high at $167m vs $20m in H1 2018
• Paid cost of debt at $(40)m
• Free cash flow from discontinued operations at $(74)m
• CGG 2021 cash costs at $(41)m
• Net cash flow at $13m vs $(118)m in H1 2018

H1 negative change in working capital from discontinued operations of $(47)m to be recovered in H2 2019

H1 Segment Free Cash Flow year-on-year improvement of $147m

Solid liquidity at $441m

<table>
<thead>
<tr>
<th></th>
<th>H1 2019</th>
<th>H1 2018</th>
<th>Q2 2019</th>
<th>Q2 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment Free Cash Flow</td>
<td>167</td>
<td>20</td>
<td>38</td>
<td>4</td>
</tr>
<tr>
<td>Cash Cost of Debt</td>
<td>(40)</td>
<td>(32)</td>
<td>(33)</td>
<td>(18)</td>
</tr>
<tr>
<td>Cash Flow from Discontinued Operations</td>
<td>(74)</td>
<td>(48)</td>
<td>(21)</td>
<td>(3)</td>
</tr>
<tr>
<td>Plan 2021 / 2018 NRC</td>
<td>(41)</td>
<td>(58)</td>
<td>(16)</td>
<td>(4)</td>
</tr>
<tr>
<td>Net Cash Flow</td>
<td>13</td>
<td>(118)</td>
<td>(31)</td>
<td>(21)</td>
</tr>
</tbody>
</table>
• Gross debt at $1,182m before IFRS 16 and $1,324m after IFRS16
• Net debt at $741m before IFRS 16 and $883m after IFRS16
• Net debt / LTM EBITDAs ratio at 1.2x
Conclusion
Strategic partnership with Shearwater for high-end seismic vessels and creation of a global leader in streamer technology

- Transfer of five high-end streamer vessels jointly owned by CGG and Eidesvik Offshore ASA to Shearwater GeoServices. Shearwater GeoServices will assume the net liabilities associated with all vessels at the time of completion.

- Five-year agreement for the utilization of two vessel-years per year, which ensures CGG has access to capacity for its future multi-client projects.

- Creation of a structured partnership, under the Sercel brand and CGG’s majority ownership, for the manufacturing, commercialisation and support of marine streamer seismic acquisition equipment as well as related research and development activities.

*Final closing planned before year-end. Agreements are subject to an agreement with the banks financing GSS debt, the ship owning company jointly held by CGG and Eidesvik in equal parts, approval by the competent authorities, and other customary conditions in relevant countries, including work council consultation.*
Confirmation of 2019 objectives

Gradual recovery in Geology & Geophysical spend driven by new technologies for near field exploration and reservoir development

Acquisition exit and strategic partnership with Shearwater on track for final execution by year-end 2019

Positive cash generation in H1 2019 reflecting strength of CGG’s core businesses and cost management focus

First semester 2019 financial performance above expectations

Confirmation of 2019 guidance
THANK YOU!

Visit our website cgg.com
2019 Objectives

Continuing gradual market recovery

Expected high single digit revenue growth in line with increase in E&P spending

EBITDAs margin expected at c. 45%, depending on revenue mix

Capex spending:
- Multi-client cash capex at $250-275m with a cash prefunding rate above 70%
- Industrial and R&D capex at $80-90m

OPINC in the range of $75-125m, including multi-client amortization of $(365)-(385)m

Higher cash generation, with segment FCF in the range of $175-200m
IFRS 16 impacts

At January 1st, 2019 CGG applied IFRS 16. CGG recognized right of use assets and lease liabilities for operating leases.

The impact of adoption of IFRS 16 on 2019 New Profile P&L is:

- Reduction in cash costs of c.$53m
- Lease costs previously recognized within gross cash costs will be replaced by depreciation of c.$(46)m and interest expense of c.$(10)m

### In million $

<table>
<thead>
<tr>
<th></th>
<th>Opening 2019</th>
<th>Q2 2019</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant &amp; equipment, net</td>
<td>increased by c. $150</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td>increased by c. $155</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions and others</td>
<td>decreased by c. $20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>increased by c. $10</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Lease liability by nature as of January 1st, 2019**

- Buildings: 78%
- SI Servers: 17%
- Other: 6%