Third Quarter 2013 Results

November 7, 2013
Agenda

- Third Quarter 2013 and Year to Date Financial Review
- Year to Date Operational Review
- Year to Date Financial Figures
- 2013 Outlook
Third Quarter 2013 and Year to Date Figures
Third Quarter 2013

Financial Performance:
- Group Revenue at $908m, up 6%
- Group EBIT at $95m EBIT not-including $(21)m* of Non-Recurring Items related to the Fugro Geoscience transaction, down 26% with a 10.4% margin

Operational Performance:
- Low marine equipment sales due to temporary weakness in equipment demand
- Marine production rate at record level
- Gradual recovery in Land activity
- Low multi-client after-sales after a strong Q2 but solid multi-client cash prefunding rate at 79%
- Strong activity in Subsurface Imaging & Reservoir

*This negative impact of $(21)m linked to Fugro Geoscience Transaction comes in addition to the $24m positive impact at the end of June
YTD Key Figures: Growth and Profitability Improvement

### Revenue

- **YTD 2012**: $2473m
- **YTD 2013**: $2810m
- **+14% Growth**

### EBIT

- **YTD 2012**: $350m
- **YTD 2013**: $280m
- **+25% Growth**

### EPS

- **YTD 2012**: $0.41
- **YTD 2013**: $0.64
- **+56% Growth**

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(1) Not including $3m Non-Recurring Items relating to the Fugro Geoscience Transaction (NFRI)
End of September 2013 Overview

**Market Changes**
- Delays in big marine contract awards for the winter season
- Softer marine market conditions
- More CGG vessels dedicated to multi-client programs
- Softer seismic equipment market

**Special Focus**
- Difficult safety and weather conditions for recovery in land operations
- Slow start of the Seabed Geosolutions JV (NRFI)

**CGG Achievements**
- Successful integration of Fugro Geoscience
- CGG’s technology differentiation is accelerating with BroadSeis™, Sentinel MS and 508XT the new land acquisition system
- High and sustained vessel availability and production rates
- Higher and stable multi-client prefunding rate at 70% YTD
- GGR sustained profitability at 25%
- Backlog at $1.25bn by the end of October
- Marine fleet booked at 96% in Q4, 75% in Q1 2014 and 50% in Q2 2014
2013 End of September Operational Review
Equipment : Strong Resilience in a Year of Transition

Q3 Overview

- Q3 Total Revenue at $223m down 21% y-o-y
  - Temporary weakness in demand for seismic equipment
  - Total sales driven 34% by marine and 66% by land products
  - External Revenue at $187m, down 15% y-o-y
  - Intra-group sales represented 16% of total sales
- Q3 EBIT margin at 22.9%

YTD Overview

- Successful launch mid Sept of the 508 XT new land acquisition system
- Solid activity in Eastern Europe and Russia
- Marine equipment sales sustained by the replacement market
- YTD EBIT margin at 26.3%

Outlook

- Strong Q4 sales anticipated ahead of the winter season
- 2013 EBIT margin confirmed at 28% in difficult market conditions and despite lower volume of equipment sales
Acquisition: Good Operational Performance in a Challenging Market

Q3 Overview
- Q3 Total Revenue at $568m up 8% y-o-y
  - Strong operational overview in a softer marine contract market
  - Marine external revenue at $462m, up 28%
  - Land & Airborne revenue at $106m, down 37% y-o-y
- Q3 EBIT margin at 7.4%*

YTD Overview
- YTD marine fleet production rate at 93% record level
- Recent award of major contracts in Angola and Mexico
- GeoAtlantic returned to its shipowner / GeoBarents now used as a source vessel
- Gradual Land recovery
- Airborne joined CGG on 2nd of September
- YTD EBIT margin at 6.6%*

Outlook
- Soft winter marine season
- Despite low 2013 Marine price increase, marine improved profitability driven by productivity and differentiation
- Fleet 96% booked into Q4, 75% into Q1 2014 and 50% in Q2 2014

*Before Non-Recurring Items associated to with the Fugro Geoscience Transaction (NFRI)
GGR: A Sustained Excellent Performance

Q3 Overview
- Q3 Total Revenue at $298m, up 24% y-o-y
  - Lower multi-client sales after a strong Q2
  - Multi-Client & Basin data: $145m, up 24% with a solid prefunding rate at 79%
  - Subsurface Imaging & Reservoir revenue at $153m, up 25% y-o-y
- Q3 EBIT margin at 18.2%

YTD Overview
- Solid Multi-Client activity with a strong prefunding rate at 70% YTD
- Subsurface Imaging & Reservoir up 22% in fair market conditions
- Increasing commercial activity in Reservoir and Geology
- Baker Hughes JV reinforced in unconventional resource plays and other emerging markets
- YTD EBIT margin at 25.0%

Outlook
- Q4 expected to be strong, driven by good multi-client sales and sustained activity across businesses
- EBIT margin expected to remain at the top end of the 22-25% range
Year To Date Financial Figures
YTD Key Financial Figures

- Group Revenue at $2,810m, up 14% y-o-y
  - Respective contribution amounting to 20% for Equipment, 47% for Acquisition, and 33% for GGR
  - Intra group sales: 22% for Equipment and 25% for Acquisition
- EBIT at $350m* corresponding to a 12.5% margin
  - Equipment margin at 26.3%
  - Acquisition margin at 6.6%
  - GGR margin at 25.0%
- NFRI were $3m:
  - $69m of net gain related to the SWOBS Transaction: $85m capital gain reduced by the year-to-date negative contribution of the Seabed GeoSolutions JV
  - $(66)m on-going integration-restructuring costs: $(50)m in Q1, $(11)m in Q2 and $(5)m in Q3
- Net Income was $119m
  - EPS of $0.63 (€0.49), up 56% year-on-year

* Not included Non-Recurring Items related to the Fugro Geoscience Transaction (NRFI)
YTD Key Financial Figures

- **EBITDAs**: $880m*, a 31% margin
- **Total Capex of $605m**
  - Industrial Capex at $205m
  - R&D Capex at $41m
  - Multi-Client Cash Capex at $359m with a 70% prefinancing rate
- **Operational Cash Flow of $456m**, stable y-o-y
  - $(284)m change in working capital
- **Free Cash Flow was $(222)m negative**
  - After $82m down payment of financial interests
  - Includes $(47)m related to cash NRFI: net of those elements, Free Cash Flow is stable y-o-y

*Not included Non-Recurring Items related to the Fugro Geoscience Transaction (NRFI)
Financial Structure

(In million US$)

- Capital Employed up $100m due to the full completion of Fugro Geoscience Acquisition
- Available Cash was $320m
- Net debt to equity ratio at 51%
- Debt maturity (including RCF) at the end of September is 4.5 years
- Cash cost of the mid-term debt at 4.85%
2013 Outlook
2013 Revenue Growth Revised to 15%-17%

2012 Revenue $3.4bn

FY 2013 Previous

Intra group sales (21)%
Equipment (20)%
GGR $1.0bn
Equipment $1.2bn
Acquisition $1.9bn

FY 2013 Updated Vision

Intra group sales (18)%
Equipment (10)%
GGR +45%
Acquisition +15%

+15-17%e

2013 Group Revenue +15-17%
2013 Outlook

CGG revised targets:

- 15%-17% Growth in revenue
- EBIT margin between 12% and 13% including a 28% EBIT margin for the Equipment Division

Key elements:

- Multi-client Cash capex up at $450m-$500m
- Multi-client Prefunding rate targeted above 75%
- Industrial capex targeted at $300m-$350m
- Positive Free Cash Flow generation, before Fugro Geoscience transaction negative cash elements,
- Improved Return on Capital Employed
- Marine fleet coverage: Q4 96%, Q1 2014 75% and Q2 2014 50%
Thank you