4th Quarter and Full-Year 2013 Financial Results

All results are presented before Non-Recurring Items linked to Fugro (NRFI) and before impairment & 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.
2013 Key achievements

- **Industrial**
  - Successful integration of Fugro Geoscience’s assets and people
  - 92% fleet production rate - a record high level

- **Technology**
  - Launch of Sercel 508\textsuperscript{XT}, new land equipment acquisition system and Sentinel MS multi-sensor streamer
  - BroadSeis breakthrough confirmed with more than 100 surveys recorded to date

- **Commercial**
  - Successful awards of 5 out of 7 large marine projects (Brazil, Mexico, Angola)
  - Backlog as of January 1\textsuperscript{st} was $1.35bn

- **Financial Performance**
  - Sercel at 28% EBIT margin
  - GGR at 24.5% EBIT margin
  - Multi-Client Capex 69% pre-funded
  - Positive cash generation (before NRFI)
2013: Challenging market conditions

- A strong H1 driven by:
  - Good level of equipment sales, especially in Russia
  - Strong marine operational performance and improved pricing conditions
  - High multi-client revenue
  - Solid Subsurface Imaging activity worldwide

- A new context in H2:
  - Shift of Middle East land high-channel-count / mega crew projects
  - Softer marine market conditions, with sequentially lower prices
  - Very depressed winter season for land acquisition in North America

New Strategic Phase
Launch of a 2014-2016 Cash & Profitability Plan
Q4 2013

- Group Revenue at $955m, up 2% year-on-year
  - Equipment at $317m, up 10%
  - Acquisition at $459m, down 9%
  - GGR at $371m, up 28%

- EBIT at $73m, down 41%, and a 7.6% margin
  - Equipment at $102m, up 26%
  - Acquisition at $(61)m
  - GGR at $86m, up 38%

- Net Income* at $(17)m

- Positive $179m Free Cash Flow

*Presented after $(20) million NRFI and before $(793)m one-off linked to Acquisition impairment & write-off post tax
2013: Revenue growth in a contrasting year

- Group Revenue at $3.8 bn, up 10%
  - 17% positive impact of Fugro Geoscience
  - (4)% negative impact of the SWOBS carve-out
  - (3)% on organic perimeter despite solid GGR revenue growth

- Lower Revenue growth due to:
  - 1/3 to Equipment market
  - 1/3 to Acquisition
    - Marine: less favorable pricing, lower availability
    - Land: depressed market conditions (NAM, EAME)
  - 1/3 to more intra-group production (higher MC capex)
2013: Good resilience in a contrasting year

- **EBIT** at $423m corresponding to a 11.2% margin
  - EBIT margin at 13.4% in H1 and at 9.0% in H2

- **Non-recurring items**:
  - NRFI $(17)m related to the Fugro transaction
  - $(800)m related to the impairment and write-off of Acquisition assets

- **Cost of debt** at $(192)m of which the total amount of interest paid was $(137)m

- **Net income*** at $101m, **EPS*** at €0.40, up 11%

*Presented after $(17) million NRFI and before $(793)m one-off linked to Acquisition impairment & write-off post tax
2013 Operational Review
Equipment: Resilient despite lower revenues

- Total sales were $1,045m, down 13%:
  - External sales at $834m, down 13%
  - 57% land equipment and 43% marine equipment
  - No deliveries for mega crews in 2013
  - Record sales in Russia
  - R&D spending at high level, 5.6% of sales
    - Launch of new multi-sensor Sentinel MS streamer
    - Launch of new 508\textsuperscript{XT} land acquisition system

- EBIT margin at 28.0%

- Quarterly margins highly sensitive to volumes
  - Q4 sales up 42% sequentially at $317m
  - 32% EBIT margin, 920 bps sequential improvement
Acquisition: Challenging market conditions

- Acquisition revenue at $2,226m, up 19%
  - External revenue at $1,636m, up 9%

- Land & Airborne revenue at $440m, down 23%:
  - $146m impact of the SWOBS transfer
  - Land: weak H2 activity especially in North America
  - Airborne joined early September, impacted by depressed mining market

- Marine contract revenue at $1,786m, up 36% y-o-y:
  - Strong operational performance by the fleet including ex-Fugro's vessels, 92% production rate
  - Flat prices in 2013
  - Q4 negative impact of Brazilian project delays
  - Geo Atlantic returned to its shipowner and Geo Barents converted into source vessel

- Acquisition EBIT at $56m, a 2.5% margin
GGR: Solid and sustained profitability

- GGR revenue at $1,296m up 36%
- Multi-Client at $585m, up 24% with capex up 29% y-o-y:
  - Strong H1 multi-client sales
  - Lower than anticipated Q4 multi-client after-sales as some clients deferred spending decisions
  - Cash prefunding rate at 69% quasi stable y-o-y
  - Amortization rate back to 65%
- Subsurface Imaging (SI) & Other GGR at $711m, up 49%, with sustained high profitability:
  - Subsurface Imaging: outstanding performance across our processing centers
  - Solid contribution from newly acquired ex-Fugro businesses
  - Large data management contract in awarded in Norway with the NPD
- GGR EBIT at $317m, a 24.5% margin
2013 Cash: In line with our target

- **EBITDAs**: $1,160m, up 15% and a 30.8% margin
  - Equipment at $339m, a 32.4% margin
  - Acquisition at $369m, a 16.6% margin
  - GGR at $780m, a 60.2% margin

- **Cash Flow from Operations**: at $908m, stable y-o-y

- **Total Capex**: of $834m, up 13%
  - Industrial Capex: $298m
  - R&D Capex: $57m
  - Multi-Client Cash Capex: $468m, 69% prefunded
    - Marine Capex at $405m, up 61% y-o-y, mainly related to our StagSeis program in GoM and to North Sea
    - Land Capex at $64m corresponding to the completion of the Marcellus program

- **Positive Free Cash Flow**: at $5m before NFRI
2013 Balance Sheet and Acquisition impairment & write-off

- Acquisition Impairment & write-off: $800m
  - Land: $79m as a result of overall more difficult market conditions
  - Marine $721m
    - $139m vessels fair value rebasement to reflect future utilization mode
    - $582m goodwill impairment as a consequence of (25)% fleet downsizing and the change of market outlook

- Capital Employed at $6.1bn by end of 2013
  - $2.4bn for Acquisition post impairment
  - $2.8bn for GGR
  - $0.9bn for Equipment

- Net Debt at $2.2bn by end of 2013
  - 58% Equity and 1.9x EBITDA
  - 4.3 year average maturity on senior debt
  - 4.9% average cash interest on senior debt
Outlook
2013-2016: Business context remains favorable for our unique integrated Geoscience Group

**Exploration**
- New frontier exploration
- Complex geological pattern
- Need for enriched imaging
  - broader frequency range
  - wider azimuth, etc.

**Development**
- De-risking
- Reserve evaluation

**Production**
- Aging fields:
  - need for higher density
  - 4D
- Geosciences

- Unique expertise in Geology
- Equipment leadership cutting edge
  - High-end and flexible fleet of 13 vessels
  - Land acquisition focused on highly productive crews and partnerships
- CGG ranked n°1 in Subsurface Imaging by clients
- Successful partnerships with NOC’s
- Global Geoscience expertise
- Integrated workflow from Seismic to Reservoir
- Reinforced partnership with Baker Hughes
2013-2016: Rebalancing portfolio

### 2013

- **$3.8bn Revenue**
  - **GGR**: $1,045m, Ebit margin: 28.0%, Capital Empl.: $0.9bn
  - **Equipment**: $2,226m, Ebit margin: 2.5%, Capital Empl.: $2.4bn
  - **Acquisition**: $1,296m, Ebit margin: 24.5%, Capital Empl.: $2.8bn

### Main Drivers

- **GGR**
  - $1.2-1.3bn, Ebit margin: >28%
  - 508XT & high-channel-count / mega crews
  - New generation of streamers

- **Equipment**
  - $1.6-1.8bn, Ebit margin: 8%-10%
  - High-end and flexible fleet & reduced costs
  - Land & Airborne successful turnarounds
  - Strengthened partnerships / JV

- **Acquisition**
  - $1.5-1.6bn, Ebit margin: 20%-25%
  - 2016-2017 GoM lease sales
  - Continued leadership in Subsurface Imaging
  - Integrated Geosciences offerings & workflows

### 2016

- **>$4.0bn Revenue**
  - **GGR**: $1.2-1.3bn, Ebit margin: >28%
  - **Equipment**: $1.6-1.8bn, Ebit margin: 8%-10%
  - **Acquisition**: $1.5-1.6bn, Ebit margin: 20%-25%

**Main Drivers**

- Strong organic growth for Equipment
- (25)% reduction in marine fleet capacity
- GGR growth despite reduced MC capex

At unchanged market conditions
Revenue before intra-group eliminations
Strengthened presence in Middle East
  - Historical long-term partnership with TAQA in the Middle East
  - CGG holding 49% of the new ARGAS
  - Strategic supplier agreement with Sercel, well positioned to benefit from the high-channel-count/mega crew awards

Ongoing restructuring in North America

Ramp up of the Seabed Geosolutions activity

Strategic Roadmap: New Land Acquisition set up

- **SAUDI ARABIA**
  - 2/3 high-channel-count / mega-crews
  - 50 000 to 200 000 channels / crew

- **OMAN**
  - 2 mega-crews
  - 250 000 channels / crew

- **KUWAIT**
  - 2 mega-crews
  - 150 000 to 200 000 channels / crew

- **UAE**
  - 1 mega-crew
  - 180 000 channels / crew
Strategic Roadmap: Marine down-sizing

17 vessels on the open market

HIGH-END CAPACITY
12-20 streamers

- Oceanic Sirius
  20 Tow Points
- Oceanic Vega
  20 Tow Points
- Geo Coral
  16 Tow Points
- Geo Caspian
  16 Tow Points
- Oceanic Endeavour
  16 Tow Points
- Alizé
  16 Tow Points
- Geo Caribbean
  14 Tow Points
- Oceanic Phoenix
  14 Tow Points
- Oceanic Champion
  14 Tow Points
- Viking Vision
  14 Tow Points
- Geo Celtic
  12 Tow Points
- Oceanic Challenger
  12 Tow Points

MID-END CAPACITY
8-12 streamers

- Geowave Voyager
  12 Tow Points
- Viking Vanquish
  12 Tow Points
- Vantage
  10 Tow Points
- Viking
  10 Tow Points
- Oceanic Phoenix
  14 Tow Points
- Viking Vanquish
  12 Tow Points
- Symphony
  12 Tow Points
- Viking II
  8 Tow Points

- CGG Symphony de-rigged from mid February 2014
- 2 vessels temporarily converted into source vessels: Geo Voyager & Vantage
- Confirmation of the down-sizing of our fleet to 13 high-end vessels by 2016
2014 Management priorities

- Focus on commercial performance in market conditions expected to remain stable with a low Q1
  - CGG backlog as of January 1st: $1.35bn
  - Marine fleet coverage: 100% booked in Q1, 75% in Q2, 35% in Q3

- Focus on cost reduction and operational efficiency

- Positive cash generation and active debt management
  - 2014 Industrial Capex: $275-300m
  - 2014 Multi-client Cash Capex: $500-550m
  - Prefunding level above 70%

- Implement 2014-2016 strategic roadmap
  - Target 400 bps EBIT improvement in 2016
    - Rebalance portfolio
    - Operational & commercial efficiency
    - Cost reductions
    - Tight cash management
Thank you