3rd Quarter 2015 Financial Results

Next step in our Transformation Plan

• Focus on high added value businesses
• Five operated vessels mainly dedicated to Multi-Client

Q3 2014, Q2 2015 and Q3 2015 are presented before Non-Recurring Charges (NRC), 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. The Company assumes no obligation to update or revise any forward-looking or other statements. Actual results may vary materially.
Our long-standing Strategic Rationale

- **Transform CGG, from a Seismic Acquisition Company into an Integrated Geoscience Company**
  - We have been pursuing this journey for the last two years
  - Today, we are intensifying our plan due to market conditions that could be lower for longer

- **Remain positioned over the three key seismic segments**
  - Far less exposed to Marine Contract Acquisition, the most cyclical and capital intensive part of our operations
  - Focused on our high added value businesses
Transformation Plan: what we have delivered so far

**Marine monthly cost structure**

<table>
<thead>
<tr>
<th>Year</th>
<th>YE 2013</th>
<th>Q3 14</th>
<th>Q3 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td>100</td>
<td>80</td>
<td>49</td>
</tr>
<tr>
<td>Full cost base including Depreciation &amp; Amortization</td>
<td>(51)%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Headcount**

<table>
<thead>
<tr>
<th>Year</th>
<th>YE 2013</th>
<th>End-Q3 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>(number of employees)</td>
<td>11,060</td>
<td>7,658</td>
</tr>
<tr>
<td>(31)%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**G&A expenses**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>3Q 13</th>
<th>3Q 14</th>
<th>3Q 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>(m$)</td>
<td>161</td>
<td>114</td>
<td>73</td>
</tr>
<tr>
<td>(55)%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total Capex**

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>(m$)</td>
<td>862</td>
<td>[450/475]e</td>
</tr>
<tr>
<td>(46)%</td>
<td></td>
<td>331</td>
</tr>
</tbody>
</table>

Source: Company

(1) Excluding impact of variation of fixed asset suppliers of $3.5m for FY 2014 and $(3)m for 3Q 2015
(2) Including Manufacturing temporaries
Transformation Plan: The next step

**Portfolio Rebalancing**
- Focus on high-end added value businesses
- Operated fleet 2/3 dedicated to Multi-Client programs
- GGR representing more than 60% of revenue and Contractual Data Acquisition less than 15%

**Further Restructuring**
- Marine 3D fleet reduced from 11 to 5 vessels
- 3 vessels already cold-stacked by October-end, 3 more to come

**Further Cost Reduction**
- Further cost reduction plan across the Group and worldwide
- Additional reduction of 930 positions worldwide

**Capex Reduction**
- Industrial Capex further reduced by 20% to $100/125m in 2015(e)
- Multi-Client Cash Capex further reduced by 15% to $275/325m in 2015(e)

**Cost of Transformation**
- $950m non-cash write off
- $200m of forward cash costs

**Financing**
- Group financing requirements: disposal of non-core assets and equity offering or sale of a minority interest
Q3 2015: Business Overview
Q3 2015: A good cash performance

- Group Revenue at $470m, stable sequentially
- Operating Income at $4m
  - Reduced losses for Contractual marine data acquisition
- EBIT at $15m, including a $11m contribution from the Equity from Investees
  - Positive contributions of Seabed Geosolutions JV and Argas
- Net Income at $(1,074) after NRC
  - NRC amounting globally to $(1,015)m …
  - … out of which $950m non-cash NRC – including $804m Goodwill Impairment - related to the Next Step of Transformation Plan
- Free cash flow positive at $22m
- CGG backlog as of October 1st: $821m
  - Fleet coverage: 92% in Q4
  - Fleet coverage Indicator no longer relevant in 2016, as the fleet will be mainly dedicated to Multi-Client activity
Equipment: Impacted by lower volumes

- **Sales at $103m, quite stable sequentially**
  - Low volumes impacted by weak marine sales
  - 71% Land and 29% Marine
  - Internal sales representing 7% of total sales

- **Resilient OPINC margin at 4.8%**
  - Continued cost reduction initiatives to lower breakeven point

- **Year-To-Date**
  - 3Q’15 EBITDAs at $57m versus 3Q’14 at $143m
  - 7.7% YTD 2015 OPINC margin
Contractual Data Acquisition: Deteriorated market conditions

- Total revenue at $152m, up 17% sequentially
- Contractual Marine revenue at $110m, up 29% sequentially
  - Higher availability rate at 84%, compared to 74% in Q2
- Land & Multi-Physics total revenue at $42m, down (5)% sequentially
- Operating Income at $(24)m
  - Long-lasting poor pricing conditions in Marine mitigated by cost cutting and better availability rate
  - Positive contribution from other Data Acquisition businesses
- EBIT at $(13)m
  - Positive operational performance by Seabed Geosolutions and Argas JVs
- Year-To-Date: a huge year-on-year profitability drop
  - 3Q’15 EBITDAs at $5m versus 3Q’14 EBITDAs at $92m
  - 3Q’15 OPINC at $(103)m versus to 3Q’14 OPINC at $(19)m

(1) New segment reporting (see Appendix)
GGR: Resilient profitability

- Total revenue at $227m, down (12)% sequentially
- Multi-Client at $84m, down (30)% sequentially
  - Multi-Client capex down (14)% in Q3
  - 33% of the fleet dedicated to multi-client production
  - Prefunding sales at $57m, down (32)%
  - Q3 and YTD cash prefunding rate at 83%
  - After-sales at $27m, down (25)%
- Subsurface Imaging (SI) & Reservoir at $143m, up 4% sequentially
  - Resilient activity in North America
  - Good software sales
- Operating income at $47m, a 20.5% margin
  - Solid margin also supported by cost-cutting measures
- Year-To-Date
  - 3Q’15 EBITDAs at $369m versus 3Q’14 at $486m
  - 20% YTD 2015 OPINC margin
Non-Operated Resources (N.O.R)

Creation of this new reporting segment to improve quality of reporting

- **Scope**
  - Cold-stacked vessels: maintenance costs and Hull amortization
  - Amortization of streamers in excess
  - Restructuring current costs and liabilities

- **Operating Income before NRC at $(5)m in Q3**
  - Amortization of excess streamers

- **Operating Income after NRC at $(10)m in Q3**
Financial review
Q3 2015: Cash management is paying off

- **EBITDAs at $122m**
  - A 26.0% margin

- **Operating Cash Flow at $145m**
  - Not including $(25)m non-recurring payments related to the ongoing Transformation Plan

- **Capex at $98m**
  - Multi-Client cash Capex at $68m, 83% prefunded
  - Low Industrial Capex at $22m

- **Free Cash Flow at $22 m versus $(64)m last quarter**
  - $(3)m including the non-recurring payments related to the on-going Transformation Plan
  - 3Q’15 Free Cash Flow at $(61)m versus $(267)m last year
Sept-End 2015 Balance Sheet and breakdown of Capital Employed

- $4.15bn Capital Employed by September-end
  - Net debt at $2.55bn / Minority Interests at $0.05bn
  - Equity at $1.55bn post Impairment and write-offs

- $0.8bn Capital Employed for Contractual Data Acquisition Post Impairment
  - $0.6bn on a pro forma basis (6 vessels cold-stacked)
  - More than half of the pro forma Capital Employed are related to Investees (ARGAS, SBGS …)

- $0.05bn Capital Employed for N.O.R
  - $0.25bn on a pro forma basis (6 vessels cold-stacked)
  - Assets: cold-stacked hulls and streamers in excess
  - Restructuring liabilities

- $0.7bn Capital Employed for Equipment
  - 50% of Inventories

- $2.6bn Capital Employed for GGR, post Marine Capital Employed transfer and Impairment
  - $1.4bn Capital Employed for Multi-Client (including $1.05bn for the sole Library)
  - $1.2bn Capital Employed for Subsurface Imaging and Reservoir businesses (SI&R)
Managing the liquidity and covenant headroom

Net debt and Liquidity by end of September

- Net Debt at $2,538m
  - Leverage ratio (Net Debt over LTM EBITDA) at 3.2x, below the 4.0x Cap
  - Coverage ratio (LTM EBITDA over Cash Interest) at 5.1x, above the 3.0x floor
- Solid liquidity at $440m (versus $472m by June-end)

Managing the Group Liquidity and Covenant headroom

- Covenant Holiday by December-end 2015
  - Unfavorable EBITDAs comparison with record Q4 2014
  - However FY’15 current Free Cash Flow expected to be stable y-o-y
- Preserve the Group Liquidity by proactively addressing Group Financing Needs
  - Transformation cost to be cashed out mostly in Q2-Q3 2016
Conclusion
A rebalanced company

- A reduced exposure to Marine acquisition:
  - Fleet of 5 active vessels
  - 2/3 of our fleet capacity to be dedicated to Multi-Client programs

- GGR: A unique integrated geoscience platform with two key businesses
  - Subsurface Imaging and Reservoir, a global, leading position
  - Multi-Client: The combination of our latest data acquisition technology and subsurface imaging located in key places

- Equipment business generating cash and profit in very low volume

- Overall, a new Group profile with reduced headcount, lower fixed cost base and lower Capex needs
  - Additional 13% headcount reduction
  - Additional $50m cut in capex, leading close to 50% reduction y-o-y

⇒ A rebalanced company with GGR representing above 60% of revenue and Contractual Data Acquisition 15% only
  - Resilient through a prolonged downturn
  - Strongly cash generative when the market bounces back
Appendix
New segment reporting

- **Equipment**: seismic equipment used for data acquisition, both onshore and offshore
  - No change to the existing segment

- **Contractual Data Acquisition**: Marine offshore seismic data acquisition and Land and Multi-Physics
  - Solely dedicated to external clients (proprietary market)

- **Geology, Geophysics & Reservoir GGR**: Multi-Client and Subsurface Imaging and Reservoir (SIR)
  - Marine capacity dedicated to Multi-Client, merged within Multi-Client BL of “GGR” segment
  - Representing 2/3 of 5 vessels’ time
  - Corresponding costs and capital employed directly incorporated within Multi-Client

- **Non Operated Resources**: costs of the non-operated marine assets, as well as the transformation costs related to cold-stacked assets
  - This segment will never have any revenue
Data Acquisition: Deteriorated market conditions (former breakdown)

- Total revenue at $225m, up 1% q-o-q
  - External revenue at $148m, up 25%
- Marine revenue at $183m, up 2% q-o-q
  - Higher availability rate at 84%, compared to 74% in Q2
- Land & Multi-Physics total revenue at $42m, down (6)% q-o-q
- EBITDA at $34m, up 474% q-o-q
- Operating Income at $(22)m
- EBIT at $(12)m
GGR: Continuing sustained profitability (former breakdown)

- Total revenue at $227m, down (12)% q-o-q
- Multi-Client at $84m, down (30)% q-o-q
  - Multi-Client capex down (14)% in Q3
  - 33% of the fleet dedicated to multi-client production
  - Prefunding sales at $57m, down (32)%
  - Cash prefunding rate at 83% this quarter and YTD
  - After-sales at $27m, down (25)%
- Subsurface Imaging (SI) & Reservoir at $143m, up 4% q-o-q
- EBITDA at $114m, down (17)% q-o-q
- Operating income at $48m, a 21.2% margin