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
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\textsuperscript{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
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

**Marine monthly cost structure**

- **Base**: 100
- **YE 2013**: 100
- **YE 2014**: 72
- **YE 2015**: 36
- **YE 2016**: 25

- (75)%

**Headcount**

- ** YE 2013**: 11,060
- ** YE 2014**: 8,632
- ** YE 2015**: 7,353
- ** YE 2016**: 5,812

- (47)%

**G&A expenses**

- **2013**: 216
- **2014**: 147
- **2015**: 99
- **2016**: 84

- (61)%

**Total Capex**

- **2014**: 862
- **2015**: 415
- **2016**: 395

- (54)%

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

- **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**

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

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**EBITDAs ($m)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDAs</td>
<td>994</td>
<td>661</td>
<td>328</td>
</tr>
<tr>
<td>Margin Percentage</td>
<td>32.1%</td>
<td>31.4%</td>
<td>27.4%</td>
</tr>
</tbody>
</table>

**CAPEX ($m)**

- Development Cost
- Industrial and lease pool capex*
- Multi-client cash capex

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total CAPEX</td>
<td>862</td>
<td>415</td>
<td>395</td>
</tr>
<tr>
<td>Industrial and lease pool capex*</td>
<td>583</td>
<td>285</td>
<td>295</td>
</tr>
<tr>
<td>Multi-client cash capex</td>
<td>222</td>
<td>89</td>
<td>66</td>
</tr>
<tr>
<td>Multi-client cash capex percentage</td>
<td>(54)%</td>
<td></td>
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</tr>
</tbody>
</table>

*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
# 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**