CGG Maritime Exposure

Liabilities management & New ownership set-up

March 27th, 2017
CGG maritime exposure: c. $600m cash obligations by YE 2016

- **CGG Marine footprint: an outcome of history ...**
  - Charter contracts put in place mainly in the years 2008-2010
  - Nordic loan put in place in 2013
  - Chartered vessels / Owned vessels
  - Operated vessels / Non-operated vessels

- **... leading to unaffordable cash obligations in present market conditions**
  - Charter liabilities: c. $380m up to 2023 / day-rates far above present market level
  - Nordic loan: $190m principal, Libor (floored 1%)+5.5% interest-weighted
    - Leading to a total cash obligation of c. $600m

Plan was to mitigate at the most such cash obligations with focus on 2017-2019
Maritime liabilities & New ownership set-up
Maritime liabilities mitigation plan: a two step process

- **Step 1** (January 2017): reducing obligations related to the **3 cold-stacked chartered vessels**
  - Vanquish / Phoenix / Pacific Finder
  - Settlement agreements with Eidesvik (Vanquish), Master and Commander (Phoenix), and Swire (Pacific Finder) leading to the issue of c. **$59m 2021 Notes**

- **Step 2** (March 2017): reducing obligations related to **one operated chartered vessel** and **one cold-stacked chartered vessel**
  - Champion: reduction agreement with Norfield leading to the issue of c. **$12m 2021 Notes**
  - Vanquish: **completion** of the settlement agreement throughout the implementation of the new ownership set-up for the operated fleet (see here-after)
A new ownership set-up for the **operated fleet**

- A new **Asset (holding) Company** owned 50/50 by CGG and Eidesvik (the 50% stake being accounted for using the equity method)

- The holding company will hold two ring-fenced asset companies:
  - One owning the **2 vessels today co-owned with Eidesvik** with the related outstanding debt
  - The second owning the **5 vessels today owned by CGG** with the related outstanding debt (Nordic Loan)

- Chartering to CGG **up to 5 vessels** through umbrella capacity agreements (ending Q1 2027), consistently with the planned exit timetable of the currently operated chartered vessels

- Bearing all the **cold-stacking costs** for the owned vessels not in operations and the **maritime re-rigging costs**

- To be fully incorporated **beginning of Q2 2017**
A set-up consistent with an **unchanged CGG Marine strategy**

- An operated fleet sized to meet our Multi-Client production needs, leading to **5 vessels in operation**

- Same **restart planning** for the 3 C-Class: Geo Coral from the second quarter 2017, one other C-Class in Spring 2018 and the third one in Summer 2020

- Vessels operated under the **same maritime and operational management**

- **Streamer-related capex** remains under CGG management
Main merits for CGG and its stakeholders ...

- Improved competitiveness: all operated vessels chartered at a *materially reduced rate* and back in line with present market conditions

- Substantial NOR cost savings: reduction of *charter liabilities of the non-operated vessels* and externalization of the cold-stacking burden

- Material *liquidity improvement* in the short/medium term

- Start of Group’s deleverage / reduction of cash cost of debt / financial restructuring through the full *externalization of the $182.5m Nordic loan*

- Protection of the *intrinsic value* of Group’s assets through the 50% stake owned in the New Asset Company
Through a partial monetization of the Marine Assets owned today by CGG against the offset of certain cash liabilities

- Current high day-rates for the X-Bows / Vanquish liability

Without any increase of the total amount of the maritime-related obligations and related CGG SA guarantees

- The extended charter obligations and CGG SA guarantees are off balance sheet commitments
Re-profiling of the maritime-related obligations
(charter & debt)
Charter obligations & debt profile before any action plan

Maritime Costs Profile as of 31/12/2016

- c. $600m maritime-related obligations
- c. 20% related to cold-stacked chartered vessels
- c. 35% related to cold-stacked owned vessels (Nordic loan)
- c. $275m cash burden over 2017-2018
Maritime Costs Profile post ML Mitigation

- Maritime-related obligations cut by more than (10)%
- Cold-stacked chartered vessels costs cut by more than (60)%
- Cut balanced by the issue of c. $59m 2021 Senior Notes
- Cash burden over 2017-2018 reduced to c. $230m
Profile after full implementation of the new maritime set-up

- Maritime-related obligations cut by c. (15)% versus YE 2016
- Cold-stacked chartered vessels costs cut by (80)%
- Cut balanced by the issue of c. $71m 2021 Senior Notes
- Cash burden over 2017-2018 cut by half at c. $140m
Appendix: Fleet status
## Fleet status

<table>
<thead>
<tr>
<th>VESSEL</th>
<th>STATUS</th>
<th>USE</th>
<th>DEDICATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>VEGA</td>
<td>Chartered up to June 2022</td>
<td>In operation</td>
<td>Chartered by VESSEL CO</td>
</tr>
<tr>
<td></td>
<td>Co-owned (ESV)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SIRIUS</td>
<td>Chartered up to Oct. 2023</td>
<td>In operation</td>
<td>Chartered by VESSEL CO</td>
</tr>
<tr>
<td></td>
<td>Co-owned (OSV)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CORAL</td>
<td>Owned (Geo Vessels)</td>
<td>Back in operation in Q2 2017</td>
<td>Chartered by VESSEL CO</td>
</tr>
<tr>
<td>CARIBBEAN</td>
<td>Owned (Geo Vessels)</td>
<td>Cold-stacked</td>
<td>Back in operation 2018/2020</td>
</tr>
<tr>
<td>CELTIC</td>
<td>Owned (Geo Vessels)</td>
<td>Cold-stacked</td>
<td>Back in operation 2018/2020</td>
</tr>
<tr>
<td>ALIZE</td>
<td>Owned (Geo Vessels)</td>
<td>Cold-stacked</td>
<td>Candidate for monetization</td>
</tr>
<tr>
<td>CHALLENGER</td>
<td>Owned (Geo Vessels)</td>
<td>Cold-stacked</td>
<td>Candidate for monetization</td>
</tr>
<tr>
<td>ENDEAVOUR</td>
<td>Chartered up to Apr. 2018</td>
<td>In operation</td>
<td>Back to her owner in 2018</td>
</tr>
<tr>
<td>CHAMPION</td>
<td>Chartered up to June 2020</td>
<td>In operation</td>
<td>Back to her owner in 2020</td>
</tr>
<tr>
<td>PHOENIX</td>
<td>Chartered up to Mar. 2019</td>
<td>Cold-stacked</td>
<td>Back to her owner in 2019</td>
</tr>
<tr>
<td>VANQUISH</td>
<td>Chartered up to Nov. 2020</td>
<td>Cold-stacked</td>
<td>Back to her owner in 2020</td>
</tr>
<tr>
<td>CASPIAN</td>
<td>Chartered up to Feb. 2017</td>
<td>Back to her owner in Q1 2017</td>
<td>Back to her owner in 2020</td>
</tr>
<tr>
<td>PAC. FINDER</td>
<td>Chartered up to Mar. 2019</td>
<td>Back to her owner in Q1 2017</td>
<td>Back to her owner in 2020</td>
</tr>
</tbody>
</table>