



CGG Announces its Q1 2023 Results

A strong start to the year :

Revenue at \$210m, up 37% y-o-y

Ebitda at \$66m, up 71% y-o-y

PARIS, France – May 3, 2023 – **CGG** (ISIN: FR0013181864), a **global technology and high-performance computing (HPC) leader**, announced today its first quarter 2023 non-audited results.

Commenting on these results, Sophie Zurquiyah, CGG CEO, said:

"We delivered a strong start to the year, supported by robust performance in Geoscience, increased Earth Data sales, mainly in the Gulf of Mexico, and expected equipment deliveries in Sensing and Monitoring. I was pleased to see the continued progress of our Beyond the Core activities during the quarter, especially the signature of our first external HPC & Cloud Solutions contract, with BioSymulitics, supplying specialized HPC services to support their AI-enhanced molecular Pharma modelling.

Looking ahead, our clients are ramping up their longer-term exploration efforts with increasing emphasis on efficiency, effectiveness, and lowering their carbon footprint. Based on the market leading position of our advanced technology, across all Business Lines, and the continued growth of the digital and decarbonization markets, CGG is well positioned to answer the needs of our clients, reinforcing our confidence in delivering our 2023 objectives."

Q1 2023: A strong start to the year

- **IFRS figures:** revenue at \$178m, EBITDAs at \$34m, OPINC at \$7m
- **Segment revenue at \$210m**, up 37% year-on-year.
 - Geoscience at \$79m, up 5% year-on-year. Sustained growing activity worldwide and increased level of order intakes, up 31% year-on-year.
 - Earth Data at \$65m, up 47% year-on-year, as clients are returning to exploration. Prefunding revenue at \$35 m and after-sales stable year-on-year at \$30m.
 - Sensing and Monitoring at \$66m, up 95% year-on-year. Better quarter than anticipated thanks to early streamer equipment deliveries. Significant commercial opportunities for land equipment and OBN sales.
- **Segment EBITDAs at \$66m** up 71% year-on-year, a 31% margin.
- **Segment Operating income at \$13m.**



- **Group Net loss** at **\$(16)m**.

Cash flow and balance sheet

- **Net cash flow** at **\$1m** including \$(4)m negative change in working capital & provisions.
- **Cash liquidity** of **\$301m** as of March 31, 2023, excluding **\$95m** undrawn RCF.
- **Net debt before IFRS 16** at **\$905m** as of March 31, 2023.

Post closing event

- On April 5, **Fitch Ratings has upgraded CGG SA's to 'B' from 'B-'**, and its USD500 million and EUR585 million notes due 2027's senior secured rating to 'B+' from 'B'. The Recovery Rating on the notes is 'RR3'. The Outlook on the Long-Term IDR is Stable.

Key Figures - First Quarter 2023

Key Figures IFRS - Quarter In million \$	2022 Q1	2023 Q1	Variances %
Operating revenues	175	178	2%
Operating income / (loss)	11	7	(40%)
Equity from investment	0	0	-
Net cost of financial debt	(26)	(24)	7%
Other financial income / (loss)	7	3	(59%)
Income taxes	(9)	(1)	83%
Net income / (loss) from continuing operations	(16)	(16)	3%
Net income / (loss) from discontinued operations	(2)	(0)	93%
Group net income / (loss)	(19)	(16)	14%
Operating cash flow	130	54	(58%)
Net cash flow	68	1	(99%)
Net debt	925	994	7%
Net debt before lease liabilities	807	905	12%
Capital employed	1,917	2,035	6%

Key Segment Figures - First Quarter 2023

Key Segment Figures - Quarter In million \$	2022 Q1	2023 Q1	Variances %
Segment revenue	153	210	37%
Segment EBITDAs	39	66	71%
<i>EBITDAs margin</i>	<i>25%</i>	<i>31%</i>	<i>6 bps</i>
Segment operating income / (loss)	(5)	13	-
<i>OPINC margin</i>	<i>(3%)</i>	<i>6%</i>	<i>9 bps</i>
IFRS 15 adjustment	16	(6)	-
IFRS operating income / (loss)	11	7	(40%)
Operating cash flow	130	54	(58%)
Segment net cash flow	68	1	(99%)

Key figures bridge: Segment to IFRS - First Quarter 2023

P&L items In million \$	Segment figures	IFRS 15 adjustment	IFRS figures
Total revenue	210	(32)	178
OPINC	13	(6)	7

Cash Flow Statement items In million \$	Segment figures	IFRS 15 adjustment	IFRS figures
EBITDAs	66	(32)	34
Change in working capital & provisions	(4)	32	28
Cash provided by operations	54	-	54

Earth Data Data Library NBV In million \$	Segment figures	IFRS 15 adjustment	IFRS figures
Opening balance sheet , Jan 1 st 23	283	109	392
Closing balance sheet , Mar 31 th 23	291	133	424



First Quarter 2023 Segment Financial Results

Digital, Data and Energy Transition (DDE)

Data, Digital & Energy Transition (DDE) In million \$	2022 Q1	2023 Q1	Variances %
Segment revenue	119	144	21%
Geoscience	75	79	5%
Earth Data	44	65	48%
Prefunding	14	35	-
After-Sales	30	30	-
DDE proforma	119	144	21%
Segment EBITDAs	57	71	24%
<i>EBITDAs Margin</i>	<i>48%</i>	<i>49%</i>	<i>1 bps</i>
Segment operating income	22	25	12%
<i>OPINC Margin</i>	<i>18%</i>	<i>17%</i>	<i>(1) bps</i>
Capital employed (in billion \$)	1.5	1.5	-
Other Key Metrics			
Earth Data cash capex (\$m)	(33)	(28)	(16%)
Earth Data cash prefunding rate (%)	42%	126%	84 bps

Digital, Data and Energy Transition (DDE) segment revenue was \$144 million, up 21% year-on-year.

- **Geoscience (GEO) revenue** was \$79 million, up 5% year-on-year.

Geoscience had a very solid activity led by all regions. The level of commercial activity continues to be solid and order intake was up 31% year-on-year at the end of March sustained by demand for high-end integrated projects and disruptive imaging technologies.

- **Earth Data (EDA) revenue** was \$65 million, up 47% year-on-year.

Earth Data cash capex was \$(28) million this quarter, down (16)% year-on-year with one marine streamer program offshore Brazil. Prefunding revenue was solid at \$35 million, up 152% and prefunding rate was at 126%. After-sales were at \$30 million this quarter, stable year-on-year mainly driven by the US Gulf of Mexico.

The segment library Net Book Value was \$291 million (\$424 million after IFRS 15 adjustments) at the end of March 2023.

DDE segment EBITDAs was \$71 million, up 24% year-on-year, a solid 49% margin.

DDE segment operating income was \$25 million, up 12% year-on-year.

DDE capital employed decreased to \$1.4 billion at the end of March 2023.



Sensing and Monitoring (SMO)

Sensing and Monitoring (SMO) In million \$	2022 Q1	2023 Q1	Variances %
Segment revenue	34	66	95%
Land	20	13	(34%)
Marine	6	34	-
Downhole gauges	4	6	53%
Non Oil & Gas	4	12	-
Segment EBITDAs	(12)	0	97%
<i>EBITDAs margin</i>	<i>(40%)</i>	<i>(1%)</i>	<i>35 bps</i>
Segment operating income / (loss)	(19)	(7)	63%
<i>OPINC Margin</i>	<i>(64%)</i>	<i>(11%)</i>	<i>46 bps</i>
Capital employed (in billion \$)	0.5	0.6	20%

Sensing and Monitoring (SMO) segment revenue was \$66 million, up 95% year-on-year.

- Low level of land equipment sales at \$13 million due to timing of deliveries.
- Marine equipment at \$34 million and better than anticipated due to early deliveries of asset of streamer for oceanographic operations. Significant commercial opportunities for OBN equipment deliveries over the next quarters.
- Downhole sales were \$6 million, stable year-on-year.
- Beyond the Core revenues were high at \$12 million.

SMO segment EBITDAs was \$0 million.

SMO segment operating income / (loss) was \$(7) million.

SMO capital employed increased to \$0.6 billion at the end of March 2023.



First Quarter 2023 Financial Results

Consolidated Income Statements In million \$	2022 Q1	2023 Q1	Variations %
Exchange rate euro/dollar	1.12	1.07	(4%)
Segment revenue	153	210	37%
DDE	119	144	21%
Sensing & Monitoring	34	66	93%
Segment Gross Margin	23	46	-
Segment EBITDAs	39	66	71%
DDE	58	71	23%
Sensing & Monitoring	(12)	0	97%
Corporate	(5)	(4)	14%
Elim & Other	(1)	0	-
Segment operating income	(5)	13	-
DDE	22	25	10%
Sensing & Monitoring	(19)	(7)	63%
Corporate	(6)	(4)	30%
Elim & Other	(2)	0	-
IFRS 15 adjustment	16	(6)	-
IFRS operating income	11	7	(40%)
Equity from investments	0	0	-
Net cost of financial debt	(26)	(24)	7%
Other financial income (loss)	7	3	(59%)
Income taxes	(9)	(1)	83%
Net income / (loss) from continuing operations	(16)	(16)	3%
Net income / (loss) from discontinued operations	(2)	0	93%
IFRS net income / (loss)	(19)	(16)	14%
Shareholder's net income / (loss)	(18)	(16)	11%
Basic Earnings per share in \$	(0.02)	(0.02)	11%
Basic Earnings per share in €	(0.02)	(0.02)	7%

Segment revenue was \$210 million, up 37% pro-forma. The respective contributions from the Group's businesses were 38% from GEO, 31% from EDA (69% for the DDE segment) and 31% from the SMO segment.

Segment EBITDAs was \$66 million, up 71% year-on-year, a 31% margin.

Segment operating income was \$13 million, a 6% margin. **IFRS 15 adjustment** was \$(6) million and **IFRS operating income** was \$7 million.

Cost of financial debt was \$(24) million. **Other financial items** were at \$3million. **Taxes** were at \$(1) million.

Group net loss was \$(16) million / €(15) million. And **the shareholder net income**, after taking minority interests into account, was a loss of \$(16) million.



First Quarter 2023 Cash Flow

Cash Flow items In million \$	2022 Q1	2023 Q1	Variances %
Segment Operating Cash Flow	130	54	(58%)
CAPEX	(42)	(52)	24%
Industrial	(4)	(19)	-
R&D	(5)	(6)	6%
Earth Data (Cash)	(33)	(28)	(15%)
Marine Offshore	(32)	(28)	(14%)
Land Onshore	0	0	-
Proceeds from disposals of assets	(1)	(0)	92%
Segment Free Cash Flow	86	2	(98%)
Lease repayments	(13)	2	-
Paid Cost of debt	-	2	-
CGG 2021 Plan	(7)	(6)	13%
Free cash flow from discontinued operations	2	1	(60%)
Net Cash flow	68	1	(99%)
Financing cash flow	1	1	-
Forex and other	-	1	-
Net increase/(decrease) in cash	69	3	-
Supplementary information			
Change in working capital and provisions, included in Segment Operating Cash Flow	90	(4)	-

Total capex was \$(52) million:

- **Industrial capex** was \$(19) million
- **R&D capex** was \$(6) million
- **Earth Data cash capex** was \$(28) million

Segment free cash flow was \$2 million, including \$(4) million negative change in working capital & provisions. After \$2 million lease repayments, \$2 million other financial, \$(6) million CGG 2021 Plan cash costs, and \$1 million free cash flow from discontinued operations, **Net cash flow** was \$1 million.

Balance Sheet

Group's liquidity amounted to **\$301 million** at the end of March 31, 2023, excluding **\$95m** undrawn RCF.

Group gross debt before IFRS 16 was **\$1,206 million\$** and **net debt** was **905 million\$** at the end of March 31, 2023. **Group gross debt after IFRS 16** was **\$1,296 million** and **net debt** was **\$994 million** at the end of March 31, 2023.

Segment leverage ratio of **Net debt to Segment adjusted EBITDAs** was **2.4x** at the end of March 2023.



Q1 2023 Conference call

- The press release and the presentation are available on our website www.cgg.com at 5:45 pm (CET).
- An English language analysts conference call is scheduled today at 6.30 pm (CET).

Participants should register for the call [here](#) to receive a dial-in number and code or participate in the live webcast from [here](#).

A replay of the conference call will be made available the day after for a period of 12 months in audio format on the Company's website www.cgg.com.

About CGG

CGG (www.cgg.com) is a global technology and HPC leader that provides data, products, services and solutions in Earth science, data science, sensing and monitoring. Our unique portfolio supports our clients in efficiently and responsibly solving complex digital, energy transition, natural resource, environmental, and infrastructure challenges for a more sustainable future. CGG employs around 3,400 people worldwide and is listed on the Euronext Paris SA (ISIN: 0013181864).

Contacts

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CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023



Unaudited Interim Consolidated statements of operations

<i>(In millions of US\$, except per share data)</i>	Three months ended March 31,	
	2023	2022
Operating revenues	178.1	175.4
Other income from ordinary activities	0.1	0.2
Total income from ordinary activities	178.2	175.6
Cost of operations	(138.2)	(136.9)
Gross profit	40.0	38.7
Research and development expenses - net	(6.9)	(3.2)
Marketing and selling expenses	(9.0)	(7.3)
General and administrative expenses	(16.5)	(16.3)
Other revenues (expenses) - net	(1.0)	(0.8)
Operating income (loss)	6.6	11.1
Expenses related to financial debt	(25.8)	(26.0)
Income provided by cash and cash equivalents	2.0	0.3
Cost of financial debt, net	(23.8)	(25.7)
Other financial income (loss)	2.8	6.9
Income (loss) before incomes taxes	(14.4)	(7.7)
Income taxes	(1.4)	(8.6)
Net income (loss) from consolidated companies before share of income (loss) in companies accounted for under the equity method	(15.8)	(16.3)
Share of income (loss) in companies accounted for under the equity method	0.1	-
Net income (loss) from continuing operations	(15.7)	(16.3)
Net income (loss) from discontinued operations	3	(2.2)
Net income (loss)	(15.9)	(18.5)
<i>Attributable to :</i>		
<i>Owners of CGG S.A</i>	\$	(15.6)
<i>Non-controlling interests</i>	\$	(0.3)
Net income (loss) per share		
Basic	\$	(0.02)
Diluted	\$	(0.02)
Net income (loss) from continuing operations per share		
Basic	\$	(0.02)
Diluted	\$	(0.02)
Net income (loss) from discontinued operations per share		
Basic	\$	-
Diluted	\$	-



Unaudited Consolidated statements of financial position

(In millions of US\$)

	March 31, 2023	December 31, 2022
ASSETS		
Cash and cash equivalents	301.2	298.0
Trade accounts and notes receivable, net	252.3	308.3
Inventories and work-in-progress, net	292.9	257.2
Income tax assets	55.1	53.4
Other current financial assets, net	-	0.1
Other current assets, net	113.1	99.9
Assets held for sale, net	-	-
Total current assets	1,014.6	1,016.9
Deferred tax assets	63.2	24.2
Other non-current assets, net	11.6	8.2
Investments and other financial assets, net	18.2	18.4
Investments in companies under the equity method	10.7	10.8
Property, plant and equipment, net	179.1	167.3
Intangible assets, net	578.9	554.2
Goodwill, net	1,091.1	1,089.4
Total non-current assets	1,952.8	1,872.5
TOTAL ASSETS	2,967.4	2,889.4
LIABILITIES AND EQUITY		
Bank overdrafts	-	-
Financial debt – current portion	90.6	60.4
Trade accounts and notes payables	99.0	92
Accrued payroll costs	75.7	85.6
Income taxes payable	22.3	27.2
Advance billings to customers	29.0	29.4
Provisions – current portion	17.8	17.6
Other current financial liabilities	20.4	20
Other current liabilities	248.2	222.1
Total current liabilities	603.0	554.3
Deferred tax liabilities	57.2	18.7
Provisions – non-current portion	29.9	28.6
Financial debt – non-current portion	1,205.0	1,188.8
Other non-current financial liabilities	16.6	21.8
Other non-current liabilities	14.7	18.4
Total non-current liabilities	1,323.4	1,276.3
Common stock: 1,102,899,675 shares authorized and 712,381,115 shares with a €0.01 nominal value outstanding at March 31, 2023	8.7	8.7
Additional paid-in capital	118.7	118.6
Retained earnings	952.9	967.9
Other Reserves	41.7	50
Treasury shares	(20.1)	(20.1)
Cumulative income and expense recognized directly in equity	(3.4)	(3.4)
Cumulative translation adjustment	(97.2)	(102.4)
Equity attributable to owners of CGG S.A.	1,001.3	1,019.3
Non-controlling interests	39.7	39.5
Total equity	1,041.0	1,058.8
TOTAL LIABILITIES AND EQUITY	2,967.4	2,889.4



Unaudited Consolidated statements of cash flows

(In millions of US\$)	Three months ended March 31,	
	2023	2022
OPERATING		
Net income (loss)	(15.9)	(18.5)
Less: Net income (loss) from discontinued operations	0.2	2.2
Net income (loss) from continuing operations	(15.7)	(16.3)
Depreciation, amortization and impairment	20.2	22.2
Earth Data surveys impairment and amortization	11.3	31.0
Depreciation and amortization capitalized in Earth <u>Data</u> surveys	(4.7)	(3.8)
Variance on provisions	0.4	(0.8)
Share-based compensation expenses	0.8	0.7
Net (gain) loss on disposal of fixed and financial assets	0.1	(0.1)
Equity (income) loss of investees	(0.1)	—
Dividends received from investments in companies under the equity method	-	—
Other non-cash items	(2.9)	(6.9)
Net cash-flow including net cost of financial debt and income tax	9.4	26.0
Less : net cost of financial debt	23.8	25.7
Less : income tax expense (gain)	1.4	8.6
Net cash-flow excluding net cost of financial debt and income tax	34.6	60.3
Income tax paid	(7.1)	1.7
Net cash-flow before changes in working capital	27.5	62.0
Changes in working capital	27.6	67.8
- change in trade accounts and notes receivable	88.5	122.5
- change in inventories and work-in-progress	(31.5)	(20.5)
- change in other current assets	(7.4)	(6.7)
- change in trade accounts and notes payable	(10.5)	(7.8)
- change in other current liabilities	(11.9)	(19.7)
- Impact of changes in exchange rate on financial items	0.4	—
Net cash-flow provided by operating activities	55.1	129.8
INVESTING		
Total capital expenditures (including variation of fixed assets suppliers, excluding Earth Data surveys)	(24.5)	(9.6)
Investment in Earth Data surveys, net cash	(27.8)	(32.7)
Proceeds from disposals of tangible and intangible assets	-	—
Total net proceeds from financial assets	-	—
Acquisition of investments, net of cash and cash equivalents acquired	-	(1.4)
Variation in loans granted	-	—
Variation in subsidies for capital expenditures	-	(0.1)
Variation in other non-current financial assets	1.6	—
Net cash-flow used in investing activities	(50.7)	(43.8)

<i>(In millions of US\$)</i>	Three months ended March 31,	
	2023	2022
FINANCING		
Repayment of long-term debt	0.3	—
Total issuance of long-term debt	14.3	—
Lease repayments	(12.5)	(13.1)
Change in short-term loans	—	—
Financial expenses paid	1.0	(0.2)
Net proceeds from capital increase:	—	0.4
— from shareholders	0.1	0.4
— from non-controlling interests of integrated companies	—	—
Dividends paid and share capital reimbursements:		
— to shareholders	—	—
— to non-controlling interests of integrated companies	—	—
Acquisition/disposal from treasury shares	—	—
Net cash-flow provided by (used in) financing activities	2.6	(12.9)
Effects of exchange rates on cash	1.0	0.1
Impact of changes in consolidation scope	—	—
Net cash flows incurred by discontinued operations	(4.8)	(4.3)
Net increase (decrease) in cash and cash equivalents	3.2	68.9
Cash and cash equivalents at beginning of year	298.0	319.2
Cash and cash equivalents at end of period	301.2	388.1