CGGVeritas Announces First Quarter 2011 Results

Group Operating Margin at 3%

Net Free Cash Flow of $65m

Significant Progress on Performance Plan

PARIS, France – May 4th 2011 – CGGVeritas (ISIN: 0000120164 – NYSE: CGV) announced today its non-audited first quarter 2011 consolidated results. All comparisons are made on a year-on-year basis unless stated otherwise. All fourth quarter 2010 results are reported before restructuring and impairment.

- Group Revenue was $728m, up 5% year-on-year and down 20% sequentially following a particularly strong fourth quarter. Seasonally low Multi-client sales and low fleet utilization contrasted with robust Sercel sales and a notable increase in Land revenue this quarter.
- Group Operating Income was $23m.
  - Sercel performance was excellent with an operating income at $95m.
  - Services operating income was a loss of $26m mainly related to Marine. Services were also impacted by unrest in the Middle East and North Africa. Multi-client contributions were low while the North American land winter campaign was particularly strong and Processing and Imaging sustained high levels of activity.
- Net Income was negative at $37m, including one-off $25m refinancing costs.
- Cash flow from operations was $202m, up 34% year-on-year following a noticeable reduction of working capital.
- Net Free Cash Flow was positive at $65m.
- Net Debt to Equity ratio was 38% improving sequentially from 41% at the end of 2010.
- During the quarter we made significant progress on our Performance Plan:
  - Master and Endeavour major vessel upgrades are on schedule to be completed in the second quarter, Voyager ownership was transferred to CGGVeritas and we initiated a JV with Eidesvik for ship management.
  - The cost reduction program is progressing well but exposed to rising fuel costs and the weakening dollar.
  - Marine differentiation was strengthened technically with four BroadSeis projects awarded, and commercially with JVs announced in Russia, Indonesia and Vietnam.
- Backlog as of April 1st was $1.22 billion in a market expected to progressively strengthen.

First Quarter 2011 key figures

In million $	Fourth Quarter 2010	First Quarter 2011	First Quarter 2010
Group Revenue	**905**	**728**	**696**
Sercel	284	275	222
Services	651	533	511
Group Operating Income	**120**	**23**	**37**
Margin	*13%*	*3%*	*5%*
Sercel	101	95	50
Margin	*36%*	*34%*	*22%*
Services	35	-26	14
Margin	*5%*	*-5%*	*3%*
Net Income	**53**	**-37**	**1**
Margin	*6%*	*-5%*	*0%*
Net Debt	**1,536**	**1,444**	**1,343**
Net Debt to Equity ratio	*41%*	*38%*	*35%*

CGGVeritas CEO, Jean-Georges Malcor commented:

"As previously communicated, the first quarter was shaped by our planned vessel upgrades, maritime interruptions, geopolitical unrest and multi-client seasonality. Sercel continued to generate excellent performance and Land had a particularly strong winter campaign.

During the quarter, we made significant progress on our performance plan which focuses on operational excellence and financial performance while further developing our technological and commercial edge. Our cost reduction program which is progressing well remains exposed to rising fuel costs and the weakening US dollar. Our commercial JVs are already actively building backlog and several vessels will be operating on BroadSeis projects in the coming months.

In the context of strong oil and gas fundamentals, along with the fast changing geopolitical and economic environment, we maintain our cash generation and performance improvement objectives and continue to position the company to fully benefit from the progressive strengthening seismic market in the second half."

First Quarter 2011 Financial Results

Group Revenue

Group Revenue was up 5% in $ and 7% in € year-on-year and down sequentially 20% in $ following a particularly strong fourth quarter. Low fleet utilization and multi-client sales offset robust Sercel sales and a notable increase in Land revenue.

	Fourth Quarter	First Quarter		First Quarter	
In millions	2010 ($)	2011 ($)	2010 ($)	2011 (€)	2010 (€)
Group Revenue	**905**	**728**	**696**	**534**	**498**
Sercel Revenue	284	275	222	202	159
Services Revenue	651	533	511	391	366
Eliminations	*-30*	*-80*	*-37*	*-58*	*-27*
Marine contract	207	199	203	146	145
Land contract	106	160	114	117	82
Processing	108	99	94	73	67
Multi-client	230	75	100	55	72
MC marine	178	45	74	33	53
MC land	52	30	26	22	19

Sercel

Year-on-year, revenue was up 24% in $ and 27% in €. Sequentially, revenue moderated, down 3% in $ from a strong fourth quarter. Strong Sercel performance was supported by continued robust demand for both high end land and marine equipment, including increased new technology sales of Unite wireless and DSU digital sensors in land. Unrest in North Africa partially impacted land sales with expected deliveries postponed in Libya. Internal sales represented 29% of revenue, a record high level this quarter as Sentinel and Nautilus were delivered for the Pacific Finder and Master.

Services

Year-on-year, revenue was up 4% in $ and 7% in €. Sequentially revenue was down 18% in $ impacted by lower vessel utilization rates, lower multi-client sales this quarter and unrest in the Middle East and North Africa in particular. Land revenue increased significantly and Processing Imaging and Reservoir remained strong.

- Marine contract revenue was down 2% year-on-year in $ and stable in €. Sequentially, revenue was down 4% in $, with a lower vessel availability rate[1] of 81% and production rate[2] of 80%. Marine utilization was impacted by planned upgrades and higher than usual operational interruptions including exceptional adverse weather conditions and the mitigation of piracy risks in the Indian Ocean. 94% of the 3D fleet operated on contract. Our performance plan is on track as two vessels, the Endeavour and the Master, which were renamed Oceanic Endeavour and Oceanic Phoenix are undergoing major upgrades to respectively a 16 and 12 Sentinel solid streamer with Nautilus configuration. The Champion returned to operations during the quarter and is scheduled for its performance upgrade to 12 streamers in the second half of the year. Also during the quarter we initiated a Joint Venture with Eidesvik for the ship management of 10 of our high-end 3D vessels. Supporting our plans to streamline the number of our maritime partners, this Joint Venture is a significant step forward.

- Land contract revenue was up 40% year-on-year in $ and 44% in €. Sequentially revenue was up 51% in $ supported by the very strong winter campaign in North America, particularly in Alaska, a trend we expect will extend into the 2011 and 2012 winter season. We operated a total of 14 crews this quarter in North America and following winter demobilization in the second quarter, summer activity in the lower 48 is expected to remain strong. With the unrest in the Middle East and North Africa, operations in Tunisia, Egypt and Oman slowed and the start up of one Egyptian crew was delayed. Worldwide demand for shallow water and OBC operations continue to be strong. We see growing interest for SeisMovie, our real-time reservoir monitoring and enhanced oil recovery technology.

- Processing, Imaging and Reservoir revenue was up 6% year-on-year in $ and 9% in €. Sequentially revenue was down 8% in $ including disruptions to the operations of our processing centers in Tripoli, Tunis and Cairo. Demand is expected to grow in 2011 particularly for our high-end imaging. During the quarter, we acquired Petrodata Consulting LLC, a Moscow-based company, strengthening our reservoir expertise across the seismic to

[1] - The ***vessel availability rate***, a metric measuring the structural availability of our vessels to meet demand; this metric is related to the entire fleet, and corresponds to the total vessel time reduced by the sum of the standby time, the shipyard time and the steaming time (the "available time"), all divided by total vessel time.

[2] - The ***vessel production rate***, a metric measuring the effective utilization of the vessels once available; this metric is related to the entire fleet, and corresponds to the available time reduced by the operational downtime, all then divided by available time.

simulation workflow and further developing our presence in the important Russian oil and gas market.

- Multi-client revenue was down 26% year-on-year in $ and 24% in €, mainly driven by lower Gulf of Mexico marine sales, seasonality and reduced multi-client capex spending. Capex was low at $44 million (€33 million) this quarter. The amortization rate averaged 63%, with 72% in land and 58% in marine. Net Book Value of the library at the end of March was $602 million (€424 million).

  Multi-client marine revenue was down 40% in $. Capex was $20 million (€15 million). We began acquisition of our first BroadSeis multi-client program in the North Sea with high levels of client interest and commitment. Prefunding was $18 million (€13 million), a rate of 92%. After-sales worldwide were low at $26 million (€19 million) particularly related to the Gulf of Mexico.

  Multi-client land revenue was up 12% in $. Capex was $25 million (€18 million) mainly dedicated to our 1800 sqm Marcellus program. Prefunding was $22 million (€16 million), a rate of 89%. After-sales were $8 million (€6 million).

Group EBITDAs was $160 million (€117 million), a margin of 22%.

In millions	Fourth Quarter 2010 ($)	First Quarter 2011 ($)	First Quarter 2010 ($)	First Quarter 2011 (€)	First Quarter 2010 (€)
Group EBITDAs	**326**	**160**	**176**	**117**	**126**
margin	*36%*	*22%*	*25%*	*22%*	*25%*
Sercel EBITDAs	115	108	62	79	44
margin	*41%*	*39%*	*28%*	*39%*	*28%*
Services EBITDAs	224	95	137	70	98
margin	*34%*	*18%*	*27%*	*18%*	*27%*

Group Operating Income was $23 million (€17 million), a margin of 3% particularly related to Marine along with North African unrest and lower Multi-client contributions offsetting excellent Sercel performance, a strong winter Land campaign in North America and sustained levels of activity in Processing and Imaging.

In millions	Fourth Quarter 2010 ($)	First Quarter 2011 ($)	First Quarter 2010 ($)	First Quarter 2011 (€)	First Quarter 2010 (€)
Group Operating Income	**120**	**23**	**37**	**17**	**26**
margin	*13%*	*3%*	*5%*	*3%*	*5%*
Sercel Op. Income	101	95	50	69	36
margin	*36%*	*34%*	*22%*	*34%*	*22%*
Services Op. Income	35	-26	14	-19	10
margin	*5%*	*-5%*	*3%*	*-5%*	*3%*

Financial Charges

Financial charges were $59 million (€43 million):

- Cost of Debt was $44 million including $5 million accelerated one-off issuing fees amortization for our 2015 High Yield Bond and $3 million one-off cost of debt related to our High Yield Bond (due to the Convertible Bond February interest expenses overlap).

- Other financial items at $15 million include a $17 million one-off High Yield Bond 2015 call premium.

Taxes were $3 million (€2 million) including the favorable impact of $5 million (€4 million) of currency translation.

Group Net Income was negative at $37 million (€27 million).

Net Income attributable to owners of CGGVeritas was negative at $41 million (€30 million), resulting, after the impact of minority interests of $4 million, in a negative EPS of -€0.20 per ordinary share and -$0.27 per ADS.

Cash Flow

Cash Flow from Operations

Cash flow from operations was $202 million (€149 million), up 34% year-on-year following a noticeable reduction of working capital requirements this quarter.

Capex

Global Capex was $123 million (€91 million) this quarter, a reduction of 13% year-on-year.

- Industrial Capex was $79 million (€58 million)
- Multi-client Capex was $44 million (€33 million) down 49% in $ with a 90% prefunding rate.

In million $	Fourth Quarter 2010	First Quarter 2011	First Quarter 2010
Capex	121	123	142
Industrial	64	79	55
Multi-client	57	44	87

Free Cash Flow

After interest expenses paid during the quarter, free cash flow was $65 million.

Balance Sheet

Net Debt to Equity Ratio

On January 13th 2011, we completed the acquisition of the Geowave Voyager through the NOS transaction, leading to a $48 million net debt increase.

On January 19th 2011, we successfully issued a €360 million 2016 convertible 1.75% bond. The net proceeds of the issuance was used to repay ($460 million) part of the 7.5% Senior Notes due May 2015, allowing the Group to reduce its cash interest expense.

Group gross debt was reduced to $1.955 billion (€1.376 billion) at the end of March 2011.

With $512 million (€375 million) in available cash, Group net debt was reduced to $1.444 billion (€1.016 billion), from $1.536 billion at the end of 2010.

Consequently, the net debt to equity ratio improved from 41% at the end of December 2010 to 38% at the end of March 2011.

First Quarter 2011 Comparisons with First Quarter 2010

Consolidated Income Statement In millions	Fourth Quarter 2010 ($)	First Quarter 2011 ($)	 2010 ($)	First Quarter 2011 (€)	 2010 (€)
Exchange rate euro/dollar	*1.329*	*1.363*	*1.398*	*1.363*	*1.398*
Operating Revenue	905.0	728.2	696.1	534.3	498.0
Sercel	*283.7*	*274.8*	*221.9*	*201.6*	*158.9*
Services	*651.3*	*532.9*	*511.3*	*391.0*	*365.7*
Elimination	*-30.2*	*-79.5*	*-37.1*	*-58.3*	*-26.6*
Gross Profit	**208.8**	**96.7**	**148.1**	**69.4**	**105.9**
Operating Income	**119.9**	**23.1**	**36.8**	**17.0**	**26.3**
Sercel	*101.0*	*94.6*	*49.6*	*69.3*	*35.5*
Services	*34.7*	*-26.0*	*14.1*	*-19.1*	*10.1*
Corporate and Elimination	*-15.8*	*-45.5*	*-26.9*	*-33.2*	*-19.3*
Financial Items	**-36.4**	**-59.0**	**-23.9**	**-43.3**	**-17.1**
Income Tax	**-27.5**	**-8.1**	**-8.9**	**-5.9**	**-6.4**
Deferred Tax on Currency Translation	**-6.1**	**5.2**	**-3.8**	**3.8**	**-2.7**
Income from Equity Investments	**3.4**	**2.0**	**0.3**	**1.4**	**0.2**
Net Income	**53.2**	**-39.8**	**0.5**	**-27.0**	**0.4**
Earnings per share (€) / per ADS ($)	**0.34**	**-0.27**	**-0.02**	**-0.20**	**-0.02**
EBITDAs	**325.6**	**159.8**	**175.5**	**117.2**	**125.7**
Sercel	*115.0*	*108.1*	*61.7*	*79.3*	*44.2*
Services	*223.6*	*95.1*	*136.8*	*69.8*	*97.9*
Industrial Capex	*64.0*	*79.4*	*54.9*	*58.2*	*39.3*
Multi-client Capex	*57.0*	44.5	*87.0*	*32.6*	*62.2*

Other Information:

- **Jean-Georges MALCOR. CEO.** will comment on the results today during the Annual Shareholders Meeting at 9:30 AM – at La Maison des Arts et Métiers – Salon La Rochefoucauld – 9 bis avenue d'Iéna - Paris 16ème.

- **An English language conference call** is scheduled today at 3:00 PM (Paris time) – 2:00 PM (London time) – 8:00 AM (US CT) – 9:00 AM (US ET).

  To take part in the English language conference, simply dial five to ten minutes prior to the scheduled start time.

  - US Toll-Free 1 877 485 3104
  - International call-in 1 201 689 8579
  - Replay 1 877 660 6853 & 1 201 612 7415 - ACCT#356 – ID#365960

- **The presentation** will be posted on the Company website and can be downloaded.

- **Detailed financial results (6K)** are available on our website: **www.cggveritas.com**

- **The conference call will be broadcast live** on our website **www.cggveritas.com** and a replay will be available for two weeks thereafter

About CGGVeritas

CGGVeritas (www.cggveritas.com) is a leading international pure-play geophysical company delivering a wide range of technologies, services and equipment through Sercel, to its broad base of customers mainly throughout the global oil and gas industry. CGGVeritas is listed on the Euronext Paris SA (ISIN: 0000120164) and the New York Stock Exchange (in the form of American Depositary Shares. NYSE: CGV).

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The information included herein contains certain forward-looking statements within the meaning of Section 27A of the securities act of 1933 and section 21E of the Securities Exchange Act of 1934. These forward-looking statements reflect numerous assumptions and involve a number of risks and uncertainties as disclosed by the Company from time to time in its filings with the Securities and Exchange Commission. Actual results may vary materially.

CGGVeritas

CONSOLIDATED FINANCIAL STATEMENTS

March 30. 2011

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET

amounts in millions of	March 31, 2011 €	March 31, 2011 US$ (1)
ASSETS		
Cash and cash equivalents	360.1	511.6
Trade accounts and notes receivable, net	586.3	832.9
Inventories and work-in-progress, net	273.6	388.8
Income tax assets	94.5	134.3
Other current assets, net	133.8	190.1
Assets held for sale, net	12.9	18.3
Total current assets	**1,461.2**	**2,076.0**
Deferred tax assets	117.3	166.6
Investments and other financial assets, net	29.2	41.5
Investments in companies under equity method	71.2	101.1
Property, plant and equipment, net	830.1	1,179.4
Intangible assets, net	674.3	958.0
Goodwill, net	1,897.4	2,695.6
Total non-current assets	**3,619.5**	**5,142,2**
TOTAL ASSETS	**5,080.7**	**7,218.2**
LIABILITIES AND EQUITY		
Bank overdrafts	1.8	2.6
Current portion of financial debt	79.6	113.1
Trade accounts and notes payable	275.0	390.6
Accrued payroll costs	102.4	145.5
Income taxes liability payable	77.6	110.3
Advance billings to customers	26.8	38.1
Provisions – current portion	35.9	51.0
Other current liabilities	218.8	310.9
Total current liabilities	**817.9**	**1,162.1**
Deferred tax liabilities	114.6	162.8
Provisions – non-current portion	75.7	107.6
Financial debt	1,294.9	1,839.6
Other non-current liabilities	36.1	51.3
Total non-current liabilities	**1,521.3**	**2,161.3**
Common stock 151,753,275 shares with a €0.40 nominal value issued and outstanding at March 31, 2011	60.7	86.2
Additional paid-in capital	1,969.6	2,798.2
Retained earnings	888.6	1,262.6
Treasury shares	(13.8)	(19.6)
Net income (loss) for the period – Attributable to the Group	(29.7)	(42.3)
Income and expense recognized directly in equity	-	-
Cumulative translation adjustment	(190.4)	(270.5)
Equity attributable to owners of CGGVeritas SA	**2,685.0**	**3,814.6**
Non controlling interests	56.5	80.2
Total equity	**2,741.5**	**3,894.8**
TOTAL LIABILITIES AND EQUITY	**5,080.7**	**7,218.2**

(1) Dollar amounts represent euro amounts converted at the exchange rate of US$1.421 per € on the balance sheet date.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF OPERATIONS

except per share data, amounts in millions of	March 31, 2011 €	US$ (1)
Operating revenues	**534.3**	**728.2**
Other income from ordinary activities	0.7	0.9
Total income from ordinary activities	**535.0**	**729.1**
Cost of operations	(464.0)	(632.5)
Gross profit	**71.0**	**96.6**
Research and development expenses, net	(14.8)	(20.1)
Marketing and selling expenses	(13.6)	(18.5)
General and administrative expenses	(34.5)	(47.0)
Other revenues (expenses), net	8.9	12.1
Operating income	**17.0**	**23.1**
Expenses related to financial debt	(32.9)	(44.9)
Income provided by cash and cash equivalents	0.4	0.5
Cost of financial debt, net	**(32.5)**	**(44.4)**
Other financial income (loss)	(10.8)	(14.7)
Income of consolidated companies before income taxes	**(26.3)**	**(36.0)**
Deferred taxes on currency translation	3.8	5.2
Other income taxes	(5.9)	(8.1)
Total income taxes	**(2.1)**	**(2.9)**
Net income from consolidated companies	**(28.4)**	**(38.9)**
Equity in income of investees	1.4	2.0
Net income	**(27.0)**	**(36.9)**
Attributable to :		
Owners of CGGVeritas SA	(29.7)	(40.5)
Non controlling interests	2.7	3.6
Weighted average number of shares outstanding	151,561,798	
Dilutive potential shares from stock-options	(2)	(2)
Dilutive potential shares from free shares	(2)	(2)
Adjusted weighted average number of shares and assumed option exercises when dilutive	151,561,798	
Net income (loss) per share attributable to owners of CGGVeritas SA		
Basic	(0.2)	(0.3)
Diluted	(0.2)	(0.3)

(1) Dollar amounts represent euro amounts converted at the average exchange rate for the period of US$1.363 per €.
(2) Stock-options and performance shares plans have an anti-dilutive effect at March 31, 2011; as a consequence, potential shares linked to those instruments are not taken into account in the dilutive weighted average number of shares, nor in the calculation of diluted loss per share.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

amounts in millions of	Three months ended March 31, 2011 €	US$ (1)
OPERATING		
Net income (loss)	(27.0)	(36.9)
Depreciation and amortization	61.8	84.3
Multi-client surveys amortization	34.6	47.1
Variance on provisions	(8.5)	(11.6)
Stock based compensation expenses	3.8	5.2
Net gain (loss) on disposal of fixed assets	(8.5)	(11.6)
Equity income (loss) of investees	(1.4)	(2.0)
Dividends received from affiliates	-	-
Other non-cash items	4.0	5.5
Net cash including net cost of financial debt and income tax	**58.8**	**80.0**
Less net cost of financial debt	32.5	44.4
Less income taxes expense	2.1	2.9
Net cash excluding net cost of financial debt and income tax	**93.4**	**127.3**
Income tax paid	(3.4)	(4.6)
Net cash before changes in working capital	**90.0**	**122.7**
- change in trade accounts and notes receivables	117.0	159.5
- change in inventories and work-in-progress	(15.4)	(21.0)
- change in other currents assets	(39.5)	(53.8)
- change in trade accounts and notes payable	(29.8)	(40.6)
- change in other current liabilities	12.0	16.2
Impact of changes in exchange rate on financial items	14.2	19.4
Net cash provided by operating activities	**148.5**	**202.4**
INVESTING		
Total capital expenditures (including variation of fixed assets suppliers, excluding multi-client surveys)	(54.3)	(74.0)
Investments in multi-client surveys	(32.6)	(44.4)
Proceeds from disposals of tangible and intangible assets	1.5	2.0
Total net proceeds from financial assets	3.2	4.4
Acquisition of investments, net of cash and cash equivalents acquired	(0.5)	(0.7)
Impact of changes in consolidation scope	-	-
Variation in loans granted	0.6	0.8
Variation in subsidies for capital expenditures	(0.1)	(0.1)
Variation in other financial assets	(3.6)	(4.9)
Net cash used in investing activities	**(85.8)**	**(116.9)**
FINANCING		
Repayment of long-term debts	(366.4)	(499.4)
Total issuance of long-term debts	374.3	510.3
Lease repayments	(15.0)	(20.4)
Change in short-term loans	(2.5)	(3.4)
Financial expenses paid	(14.1)	(19.2)
Net proceeds from capital increase		
- from shareholders	1.8	2.5
- from non controlling interests of integrated companies		
Divident paid and share capital reimbursements		
- to shareholders		
-to non-controlling interests of integrated companies		
Acquisition /disposal from treasury shares		
Net cash provided by (used in) financing activities	**(21.9)**	**(29.7)**
Effects of exchange rate changes on cash	(16.6)	7.0
Net increase (decrease) in cash and cash equivalents	**24.2**	**62.8**
Cash and cash equivalents at beginning of year	**335.9**	**448.8**
Cash and cash equivalents at end of period	**360.1**	**511.6**

(1) Dollar amounts represent euro amounts converted at the average exchange rate for the period of US$1.363 per € (except cash and cash equivalents balances converted at the closing exchange rate of US$1.421 per € at March 31, 2011.

Analysis by operating segment

(in millions of euros)	Three months ended March 31, 2011			
	Services	Equipment	Eliminations and Adjustments	Consolidated Total
Revenues from unaffiliated customers	**391.0**	**143.3**	**-**	**534.3**
Inter-segment revenues	-	58.3	(58.3)	-
Operating revenues	**391.0**	**201.6**	**(58.3)**	**534.3**
Other income from ordinary activities	-	0.7	-	0.7
Total income from ordinary activities	**391.0**	**202.3**	**(58.3)**	**535.0**
Operating income (loss)	**(19.1)**	**69.3**	**(33.2)**	**17.0**

(in millions of US$)	Three months ended March 31, 2011 (1)			
	Services	Equipment	Eliminations and Adjustments	Consolidated Total
Revenues from unaffiliated customers	**532.9**	**195.3**	**-**	**728.2**
Inter-segment revenues	-	79.5	(79.5)	-
Operating revenues	**532.9**	**274.8**	**(79.5)**	**728.2**
Other income from ordinary activities	-	0.9	-	0.9
Total income from ordinary activities	**532.9**	**275.7**	**(79.5)**	**729.1**
Operating income (loss)	**(26.0)**	**94.6**	**(45.5)**	**23.1**

(1) Dollar amounts represent euro amounts converted at the average exchange rate for the period of US$1.363 per €.