



## **CGG Announces Second Quarter 2013 Results**

### **Very Strong Second Quarter 2013 Excellent operational and financial performance High level of multi-client sales**

**PARIS, France – August 1<sup>st</sup> 2013** – CGG (ISIN: 0000120164 – NYSE: CGG) announced today its non-audited second quarter 2013 consolidated results. All comparisons are made on a year-on-year basis with CGG 2012 results before the Fugro Geoscience acquisition.

- **Very strong quarter with Revenue up 24% and an EBIT at \$117 million corresponding to an EBIT at \$128 million not-including a \$11 million\* negative non-recurring impact**
  - Group Revenue at \$1.032 billion, up 24%
  - Group EBIT margin was 11% and 12% not-including the negative non-recurring impact from the Fugro Geosciences transaction
  - Sustained EBIT margin at 28% for the Equipment division in line with forecasts
  - Acquisition division's EBIT margin at 5% with a sequential improvement in marine acquisition and with seasonal weak activity in land acquisition
  - Strong EBIT margin from Geology, Geophysics & Reservoir (GGR) division at 26%, notably driven by a high level of multi-client sales at \$190 million. 84% multi-client cash prefunding rate
  - Strong sequential increase in operating cash flow at \$204 million
  - Negative free cash flow at \$(43) million after payment of \$58 million in interest
  - Net income of \$36 million
  - Backlog at the end of June stood at \$1.3 billion

#### **CGG CEO, Jean-Georges Malcor, commented:**

*"CGG, in its new configuration, delivered a very good operational and financial performance over the quarter. Two of our divisions, Equipment and Geology, Geophysics & Reservoir, both achieved high operating margins, confirming the strength of their businesses, positioning and operations. In the Acquisition Division, Marine results were driven by record utilization rates while Land registered a loss, mainly due to the low seasonal activity in North America and severe weather and security conditions in certain countries.*

*Looking forward to the end of 2013 and 2014, we remain confident about exploration & production spending levels of our clients. While the integration of Fugro's former activities is progressing well and is already bearing fruit, the reinforcement of CGG in the Geosciences is providing significant new long-term opportunities. In this context, we are confirming our annual objectives, with a second semester that we expect to be characterized by a very strong fourth quarter, especially for Sercel and multi-client."*

\*This negative impact of \$(11)m linked to the Fugro Geoscience Acquisition comes in addition to the \$35m positive impact during the first quarter of 2013.

### Post-closing events:

As part of the company's proactive management of its debt, CGG accelerated in July the refinancing of its credit facilities by extending the debt maturity periods:

- A five-year-\$200-million credit facility was signed with a 4.4% interest rate, notably to reimburse the 2013 tranche of our Fugro Vendor Loan
- The two existing \$289m Revolving Credit Facilities expiring in January 2014 were fully renewed with:
  - A-\$165-million US Revolving Credit Facility for a period of 3+1+1 year
  - A-\$325-million French Revolving Credit Facility for a period of three year with an option for five year
- CGG also sent an early redemption notice to repay \$125 million of the 9.5% 2016 High Yield Bond

### Confirmation of our 2013 Financial Objectives

- 25% growth in revenue
- To address sustained demand in multi-client especially in Brazil, multi-client cash capex was revised up to \$400-\$450 million with a prefunding rate confirmed above 75%
- Industrial capex maintained around \$300-\$350 million
- Positive Free Cash Flow generation
- Return on Capital Employed improvement

### Second Quarter 2013 Key Figures

In million \$	Second Quarter 2012	First Quarter 2013	Second Quarter 2013
<b>Group Revenue</b>	<b>831</b>	<b>871</b>	<b>1 032</b>
Sercel	285	251	254
Acquisition	466	594	605
Geology, Geophysics & Reservoir (GGR)	200	260	367
<b>Group EBITDAs</b>	<b>229</b>	<b>313</b>	<b>324</b>
<b>Group EBIT</b>	<b>96</b>	<b>162</b>	<b>117</b>
Non-recurring items related to Fugro	0	35	(11)
<b>Group EBIT before NRI</b>	<b>96</b>	<b>128</b>	<b>128</b>
Sercel	92	69	71
Acquisition	5	47	28
GGR	30	81	96
<b>Net Income</b>	<b>34</b>	<b>79</b>	<b>36</b>
<b>Cash Flow from Operations</b>	<b>104</b>	<b>63</b>	<b>204</b>
<b>Free Cash Flow</b>	<b>(129)</b>	<b>(148)</b>	<b>(43)</b>
<b>Net Debt</b>	<b>1 600</b>	<b>2 092</b>	<b>2 170</b>
<b>Capital Employed</b>	<b>5 514</b>	<b>6 776</b>	<b>6 868</b>
<b>Backlog</b>	<b>1 300</b>	<b>1 400</b>	<b>1 300</b>

## Second Quarter 2013 Financial Results by Division

### Equipment

Equipment	Second Quarter 2012	First Quarter 2013	Second Quarter 2013
In million \$			
<b>Equipment Total Revenue</b>	<b>285</b>	<b>251</b>	<b>254</b>
External Revenue	232	190	188
<b>EBITDAs</b>	<b>103</b>	<b>81</b>	<b>83</b>
Margin	36%	32%	33%
<b>EBIT</b>	<b>92</b>	<b>69</b>	<b>71</b>
Margin	32%	28%	28%
<b>Capital Employed</b> (in billion \$)	-	<b>0.8</b>	<b>0.8</b>

**Equipment division Total Revenue** was \$254 million, down 11% compared to second the quarter of 2012 and up slightly sequentially. Marine equipment sales represented 48% of total revenue. Sales were strong in Eastern Europe, Asia and Russia. The commercial success of UNITE, Sercel's wireless land acquisition system, is confirmed with sales in North America and Latin America during the quarter. External sales were \$188 million, down 19% and internal sales represented 26% of total revenue.

Sercel successfully launched its new multi-sensor solid streamer, the Sentinel® MS streamer at the European seismic convention in June. It offers directional measurements for both cross-line and vertical wave fronts and delivers multi-sensor data sets for enhanced broadband imaging.

**Equipment division EBITDAs** was \$83 million, a margin of 33%.

**Equipment division EBIT** was \$71 million, a margin of 28%.

**Equipment division Capital Employed** was \$0.8 billion at the end of June 2013.

### Acquisition

Acquisition	Second Quarter 2012	First Quarter 2013	Second Quarter 2013
In million \$			
<b>Acquisition Total Revenue</b>	<b>466</b>	<b>594</b>	<b>605</b>
External Revenue	400	421	477
Total Marine	335	449	511
Total Land and Airborne Acquisition	131	145	94
<b>EBITDAs</b>	<b>60</b>	<b>121</b>	<b>121</b>
Margin	13%	20%	20%
<b>EBIT</b>	<b>5</b>	<b>47</b>	<b>28</b>
Margin	1%	8%	5%
<b>Capital Employed</b> (in billion \$)	-	<b>3.3</b>	<b>3.3</b>

**Acquisition division Total Revenue** increased sharply to \$605 million, up 30% year-on-year and up 2% sequentially, due to an excellent operational performance by Marine acquisition. External revenue was \$477 million.

- **Marine Acquisition** revenue increased sharply to \$511 million, up 53% year-on-year and 14% sequentially. Production was high this quarter for the whole fleet with record availability and production rates at 93% and 92%. 45% of the fleet was acquiring BroadSeis™ projects. A large part of the fleet was located in the North Sea where six vessels were in operation, four in the Gulf of Mexico and six in Asia. 21% of the fleet was dedicated to multi-client programs.

- **Land and Airborne Acquisition** revenue totalled \$94 million, down 28% year-on-year and 35% sequentially. During this typically weak quarter, land crews operated in challenging safety and weather conditions. The Airborne organization should join CGG in early September.

**Acquisition division EBITDAs** was \$121 million, a margin of 20%.

**Acquisition division EBIT** was \$28 million, a margin of 5%. Marine acquisition continued to improve its operational and financial performance with a record utilization rate. The traditionally low level of land activity in the second quarter, due to the demobilization of the winter crews in North America, was impacted by difficult safety conditions in North Africa and in Egypt and by unfavorable climate conditions particularly in Oman and France.

**Acquisition division Capital Employed** was \$3.3 billion at the end of June 2013.

## Geology, Geophysics & Reservoir (GGR)

GGR	Second Quarter 2012	First Quarter 2013	Second Quarter 2013
In million \$			
<b>GGR Total Revenue</b>	<b>200</b>	<b>260</b>	<b>367</b>
<b>Multi-client and basin data</b>	<b>86</b>	<b>123</b>	<b>215</b>
<i>Prefunding</i>	<i>45</i>	<i>61</i>	<i>87</i>
<b>Subsurface Imaging &amp; Reservoir</b>	<b>114</b>	<b>137</b>	<b>152</b>
<b>EBITDAs</b>	<b>104</b>	<b>163</b>	<b>218</b>
<i>Margin</i>	<i>52%</i>	<i>63%</i>	<i>59%</i>
<b>EBIT</b>	<b>30</b>	<b>81</b>	<b>96</b>
<i>Margin</i>	<i>15%</i>	<i>31%</i>	<i>26%</i>
<b>Capital Employed</b> (in billion \$)	<b>-</b>	<b>2.7</b>	<b>2.8</b>

**GGR Division Total Revenue** was \$367 million, up 84% year-on-year and up 41% sequentially due to a good performance across all businesses in a strong market.

- **Multi-client and basin data revenue** increased sharply to \$215 million, up 149% year-on-year and 75% sequentially.
  - *Prefunding revenue* was \$87 million. Multi-client cash capex was at \$107 million and was mainly focused offshore in the Gulf of Mexico with the continuation of our IBALT program and in the North Sea. Onshore multi-client cash capex was spent in the Marcellus region. After-sales were at a high level across the regions and particularly in Brazil, ahead of the October Santos pre-salt bid round. The multi-client cash prefunding rate was 84% this quarter.
- **Imaging & Reservoir** revenue was \$152 million, up 35% year-on-year and 12% sequentially. The imaging and reservoir characterization markets remain buoyant due to the increasing volume of data and by a high number of projects in more complex geologies.

**GGR Division EBITDAs** was \$218 million, a margin of 59%.

**GGR Division EBIT** was \$96 million, a margin of 26%. The depreciation rate averaged 51%, the Net Book Value at the end of June 2013 was \$751 million.

**GGR Division Capital Employed** was \$2.8 billion at the end of June 2013.

## Second Quarter 2013 Financial Results

**Group Total Revenue** was \$1.032 billion, up 24% year-on-year and 18% sequentially. It breaks down to 18% from the Equipment division, 46% from the Acquisition division, and 36% from the GGR division.

**Group EBITDAs** was \$324 million, a margin of 31%. Before the non-recurring charge associated with the Fugro Geoscience deal, Group EBITDAs was \$333 million.

	Second Quarter 2012	First Quarter 2013	Second Quarter 2013
In million \$			
<b>Group EBITDAs</b>	<b>229</b>	<b>313</b>	<b>324</b>
<i>Margin</i>	<i>28%</i>	<i>36%</i>	<i>31%</i>
<b>Sercel</b>	<b>103</b>	<b>81</b>	<b>83</b>
<b>Acquisition</b>	<b>60</b>	<b>121</b>	<b>121</b>
<b>GGR</b>	<b>104</b>	<b>163</b>	<b>218</b>
<i>Eliminations</i>	<i>(26)</i>	<i>(83)</i>	<i>(75)</i>
<i>Corporate</i>	<i>(12)</i>	<i>(11)</i>	<i>(14)</i>
<i>Non-recurring items related to Fugro</i>	<i>0</i>	<i>41</i>	<i>(10)</i>

**Group EBIT** was \$117 million, a margin of 11%. Before the non-recurring charge associated with the Fugro Geoscience deal, Group EBIT was \$128 million, a margin of 12%.

	Second Quarter 2012	First Quarter 2013	Second Quarter 2013
In million \$			
<b>Group EBIT</b>	<b>96</b>	<b>162</b>	<b>117</b>
<i>Margin</i>	<i>11%</i>	<i>19%</i>	<i>11%</i>
<b>Sercel</b>	<b>92</b>	<b>69</b>	<b>71</b>
<b>Acquisition</b>	<b>5</b>	<b>47</b>	<b>28</b>
<b>GGR</b>	<b>30</b>	<b>81</b>	<b>96</b>
<i>Eliminations</i>	<i>(18)</i>	<i>(56)</i>	<i>(51)</i>
<i>Corporate</i>	<i>(13)</i>	<i>(13)</i>	<i>(15)</i>
<i>Non-recurring items related to Fugro</i>	<i>0</i>	<i>35</i>	<i>(11)</i>

**Financial Charges** were \$47 million:

- Cost of Debt was \$47 million, while the total amount of interest paid during the quarter was \$58 million

**Taxes** were \$35 million including the \$2 million favorable impact of deferred tax on currency translation.

**Group Net Income** was \$36 million.

After minority interests, **Net Income attributable to the owners of CGG** was a gain of \$35 million/€27 million. EPS was positive at \$0.20/€0.15.

## Cash Flow

**Cash Flow from operations** was \$204 million, a significant improvement compared to the first quarter 2013 figure of \$63 million.

**Global Capex** was \$198 million this quarter.

- **Industrial capex** was \$77 million
- **Research & Development capex** was \$14 million
- **Multi-client cash capex** was \$107 million

In million \$	Second Quarter 2012	First Quarter 2013	Second Quarter 2013
<b>Capex</b>	<b>179</b>	<b>202</b>	<b>198</b>
Industrial	90	64	77
R&D	7	11	14
Multi-client Cash	82	127	107
<i>Marine MC</i>	41	119	87
<i>Other MC</i>	41	8	20

### Free Cash Flow

After \$58 million interest expenses paid during the quarter and Capex, **free cash flow** was negative at \$(43) million.

## Second Quarter 2013 Comparisons with Second Quarter 2012

Consolidated Income Statements	Second Quarter	First Quarter	Second Quarter
In million \$	2012	2013	2013
<i>Exchange rate euro/dollar</i>	1.298	1.329	1.296
<b>Operating Revenue</b>	831.0	870.7	1031.7
<i>Sercel</i>	285.2	250.7	254.3
<i>Acquisition</i>	466.5	594.0	605.4
<i>GGR</i>	199.5	259.6	366.9
<i>Elimination</i>	(120.2)	(233.6)	(194.9)
<b>Gross Margin</b>	<b>177.8</b>	<b>196.1</b>	<b>237.9</b>
<b>Operating Income</b>	<b>85.4</b>	<b>151.8</b>	<b>121.5</b>
<b>Equity from Investments</b>	<b>10.1</b>	<b>10.6</b>	<b>(4.5)</b>
<b>EBIT</b>	<b>95.5</b>	<b>162.4</b>	<b>117.0</b>
<i>Sercel</i>	91.7	69.1	71.0
<i>Acquisition</i>	5.3	47.2	28.0
<i>GGR</i>	29.9	80.7	95.9
<i>Non-recurring items related to Fugro</i>	0.0	34.7	(10.8)
<i>Corporate and eliminations</i>	(31.4)	(69.3)	(67.1)
<b>Net Financial Costs</b>	<b>(34.0)</b>	<b>(51.3)</b>	<b>(46.7)</b>
<b>Income Taxes</b>	<b>(24.4)</b>	<b>(25.3)</b>	<b>(36.3)</b>
<b>Deferred Tax on Currency Translation</b>	<b>(2.8)</b>	<b>(6.7)</b>	<b>1.7</b>
<b>Net Income</b>	<b>34.3</b>	<b>79.1</b>	<b>35.7</b>
<b>Earnings per share in \$</b>	<b>0.19</b>	<b>0.43</b>	<b>0.20</b>
<b>Earnings per share in €</b>	<b>0.14</b>	<b>0.33</b>	<b>0.15</b>
<b>EBITDAs</b>	<b>228.8</b>	<b>313.2</b>	<b>323.8</b>
<i>Sercel</i>	102.5	81.2	83.1
<i>Acquisition</i>	59.6	121.2	120.6
<i>GGR</i>	103.9	163.5	217.9
<i>Non-recurring items related to Fugro</i>	0.0	40.9	(9.6)
<i>Corporate and eliminations</i>	(37.2)	(93.6)	(88.2)
Industrial Capex (including R&D capex)	97.1	74.9	90.2
Multi-client Cash Capex	81.9	127.2	107.3

## First Half 2013 Financial Results

**Group Total Revenue** was \$1.902 billion up 18% compared to the first half 2012. It breaks down to 20% from the Equipment division, 47% from the Acquisition division and 33% from the GGR division.

**Group EBITDAs** was \$637 million up 44%, a 33% margin. Before the non-recurring impact of the Fugro Geoscience deal, Group EBITDAs was \$606 million.

	First Half 2012	First Half 2013
In million \$		
<b>Group EBITDAs</b>	<b>441</b>	<b>637</b>
<i>Margin</i>	<i>27%</i>	<i>33%</i>
<b>Sercel</b>	<b>229</b>	<b>164</b>
<b>Acquisition</b>	<b>85</b>	<b>242</b>
<b>GGR</b>	<b>230</b>	<b>381</b>
<i>Eliminations</i>	<i>(81)</i>	<i>(157)</i>
<i>Corporate Costs</i>	<i>(23)</i>	<i>(24)</i>
<i>Non-recurring items linked to Fugro</i>	<i>0</i>	<i>31</i>

**Group EBIT** was \$279 million up 82%, a margin of 15%. Before the non-recurring impact of the Fugro Geoscience deal, Group EBIT was \$256 million, a margin of 13%.

	First Half 2012	First Half 2013
In million \$		
<b>Group EBIT</b>	<b>153</b>	<b>279</b>
<i>Margin</i>	<i>9%</i>	<i>15%</i>
<b>Sercel</b>	<b>207</b>	<b>140</b>
<b>Acquisition</b>	<b>(34)</b>	<b>75</b>
<b>GGR</b>	<b>67</b>	<b>177</b>
<i>Eliminations</i>	<i>(61)</i>	<i>(107)</i>
<i>Corporate Costs</i>	<i>(27)</i>	<i>(29)</i>
<i>Non-recurring items linked to Fugro</i>	<i>0</i>	<i>24</i>

**Financial Charges** were \$98 million:

- The cost of Debt was \$93 million, while the total amount of interest paid during the quarter was \$66 million
- Other financial items were negative at \$5 million including \$3 million related to additional bridge-loan commitment fees

**Taxes** were \$67 million including \$5 million due to the unfavorable impact of deferred tax on currency translation.

**Group Net Income** was \$115 million.

After minority interests, **Net Income attributable to the owners of CGG** was \$112 million/€85 million. EPS was positive at \$0.63/€0.48.



## Cash Flow

**Cash Flow from operations** was \$267 million.

**Global Capex** was \$400 million in the first half of the year.

- **Industrial capex** was \$141 million, 47% of the total amount of the year
- **Research & Development capex** was \$24 million
- **Multi-client cash capex** was \$235 million, 52% of the total amount of the year

In million \$	First Half 2012	First Half 2013
<b>Capex</b>	<b>382</b>	<b>400</b>
Industrial	210	141
R&D	14	24
Multi-client Cash	157	235
<i>Marine MC</i>	92	207
<i>Other MC</i>	66	28

## Free Cash Flow

After \$66 million of interest paid during the first half of the year and Capex, **free cash flow** was negative at \$(191) million.

## Balance Sheet

### Net Debt to Equity Ratio:

Group gross debt was \$2.529 billion at the end of June 2013.

Available cash was \$359 million. Group net debt was \$2.170 billion at the end of June 2013.

Net debt to equity ratio, at the end of June 2013, was 47%.

## 2013 First Half Comparisons with 2012 First Half

Consolidated Income Statements	First Half	First Half
In million \$	2012	2013
Exchange rate euro/dollar	1.308	1.312
<b>Operating Revenue</b>	1617.6	1902.4
<i>Sercel</i>	633.0	505.0
<i>Acquisition</i>	849.3	1199.4
<i>GGR</i>	418.8	626.5
<i>Elimination</i>	(283.5)	(428.5)
<b>Gross Margin</b>	316.4	434.0
<b>Operating Income</b>	139.2	273.3
<b>Equity from Investments</b>	13.7	6.1
<b>EBIT</b>	152.9	279.4
<i>Sercel</i>	207.2	140.1
<i>Acquisition</i>	(34.0)	75.2
<i>GGR</i>	67.2	176.6
<i>Non-recurring items related to Fugro</i>	0.0	23.8
<i>Corporate and eliminations</i>	(87.5)	(136.3)
<b>Net Financial Costs</b>	(75.9)	(98.0)
<b>Income Taxes</b>	(46.2)	(61.6)
<b>Deferred Tax on Currency Translation</b>	0.0	(5.0)
<b>Net Income</b>	30.8	114.8
<b>Earnings per share in \$</b>	0.13	0.63
<b>Earnings per share in €</b>	0.10	0.48
<b>EBITDAs</b>	440.8	637.0
<i>Sercel</i>	229.4	164.3
<i>Acquisition</i>	84.7	241.8
<i>GGR</i>	230.5	381.4
<i>Non-recurring items related to Fugro</i>	0.0	31.4
<i>Corporate and eliminations</i>	(103.8)	(181.9)
Industrial Capex (including R&D capex)	224.2	165.1
Multi-client Cash Capex	157.4	234.5

## Other Information

- An English language conference call is scheduled today August 1<sup>st</sup>, 2013 at 10:00 AM (Paris time) – 9:00 AM (London time).

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

- US Toll-Free 1-877-317-6789
- International call-in 1-412-317-6789
- Replay 1-877-344-7529 & 1-412-317-0088

Conference number: 10024658

You will be connected to the conference: "CGG Q2 2013 results".

- Copies of the presentation are posted on the Company website [www.cgg.com](http://www.cgg.com) and can be downloaded.
- The conference call will be broadcast live on the CGG website [www.cgg.com](http://www.cgg.com) and a replay will be available for two weeks thereafter.

### About CGG:

CGG ([www.cgg.com](http://www.cgg.com)) is a fully integrated Geosciences company providing leading geological, geophysical and reservoir capabilities to its broad base of customers primarily from the global oil and gas industry. Through its three complementary business divisions of Equipment, Acquisition and Geology, Geophysics & Reservoir (GGR), CGG brings value across all aspects of natural resource exploration and exploitation.

CGG employs 9,800 people around the world, all with a Passion for Geosciences and working together to deliver the best solutions to its customers.

CGG is listed on the Euronext Paris SA (ISIN: 0000120164) and the New York Stock Exchange (in the form of American Depositary Shares. NYSE: CGG).

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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.*

**CGG**

**CONSOLIDATED FINANCIAL  
STATEMENTS**

**Second Quarter 2013**

## CONSOLIDATED BALANCE SHEET

	June 30, 2013 (unaudited)	December 31, 2012 (restated)
<b>Amounts in millions of U.S.\$, unless indicated</b>		
<b>ASSETS</b>		
Cash and cash equivalents .....	358.8	1,520.2
Trade accounts and notes receivable, net .....	1,062.5	888.7
Inventories and work-in-progress, net .....	445.0	419.2
Income tax assets .....	131.5	111.7
Other current assets, net .....	178.7	139.6
Assets held for sale, net .....	10.6	393.9
<b>Total current assets .....</b>	<b>2,187.1</b>	<b>3,473.3</b>
Deferred tax assets .....	175.5	171.4
Investments and other financial assets, net .....	56.5	53.7
Investments in companies under equity method .....	332.8	124.5
Property, plant and equipment, net .....	1,688.2	1,159.5
Intangible assets, net .....	1,208.0	934.9
Goodwill, net .....	3,111.8	2,415.5
<b>Total non-current assets .....</b>	<b>6,572.8</b>	<b>4,859.5</b>
<b>TOTAL ASSETS .....</b>	<b>8,759.9</b>	<b>8,332.8</b>
<b>LIABILITIES AND EQUITY</b>		
Bank overdrafts .....	8.4	4.2
Current portion of financial debt .....	164.2	47.8
Trade accounts and notes payable .....	478.3	505.5
Accrued payroll costs .....	218.5	209.9
Income taxes liability payable .....	101.7	97.0
Advance billings to customers .....	40.8	36.0
Provisions – current portion .....	44.3	21.0
Other current liabilities .....	335.9	300.2
<b>Total current liabilities .....</b>	<b>1,392.1</b>	<b>1,221.6</b>
Deferred tax liabilities .....	137.5	106.0
Provisions – non-current portion .....	137.1	123.5
Financial debt .....	2,356.5	2,253.2
Other non-current liabilities .....	39.3	46.6
<b>Total non-current liabilities .....</b>	<b>2,670.4</b>	<b>2,529.3</b>
Common stock 301,836,238 shares authorized and 176,860,885 shares with a €0.40 nominal value issued and outstanding at June 30, 2013 and 176,392,225 at December 31, 2012 .....	92.7	92.4
Additional paid-in capital .....	3,180.0	3,179.1
Retained earnings .....	1,274.5	1,190.6
Other reserves .....	(25.2)	(27.8)
Treasury shares .....	(20.6)	(20.6)
Net income (loss) for the period attributable to the owners of CGG .....	111.6	75.2
Cumulative income and expense recognized directly in equity .....	(7.7)	(7.6)
Cumulative translation adjustment .....	(3.5)	1.9
<b>Equity attributable to owners of CGG .....</b>	<b>4,601.8</b>	<b>4,483.2</b>
Non-controlling interests .....	95.6	98.7
<b>Total equity .....</b>	<b>4,697.4</b>	<b>4,581.9</b>
<b>TOTAL LIABILITIES AND EQUITY .....</b>	<b>8,759.9</b>	<b>8,332.8</b>

\* Starting January 1, 2013, CGG applies IAS19 revised - Employee benefits. As the application of this new standard is a change of accounting policy, all comparative financial information has been restated to present comparative amounts for each period presented as if the new accounting policy had always been applied. The adjustments resulting from the immediate recognition of past services costs were as follows as of December 31, 2012: Increase in employee benefit liability of U.S.\$15.9 million, decrease in opening retained earnings of U.S.\$(10.0) million and decrease in deferred tax liability of U.S.\$(5.9) million.

# UNAUDITED INTERIM CONSOLIDATED STATEMENT OF OPERATIONS

	Six months ended June 30,	
	2013	2012 (restated) (4)
<b>Amounts in millions of U.S.\$, except per share data or unless indicated</b>		
<b>Operating revenues</b> .....	<b>1,902.4</b>	<b>1,617.6</b>
Other income from ordinary activities .....	1.1	2.1
<b>Total income from ordinary activities</b> .....	<b>1,903.5</b>	<b>1,619.7</b>
Cost of operations .....	(1,469.5)	(1,303.3)
<b>Gross profit</b> .....	<b>434.0</b>	<b>316.4</b>
Research and development expenses, net .....	(51.0)	(44.5)
Marketing and selling expenses .....	(62.9)	(46.6)
General and administrative expenses .....	(105.2)	(92.1)
Other revenues (expenses), net .....	58.4	6.0
<b>Operating income</b> .....	<b>273.3</b>	<b>139.2</b>
Expenses related to financial debt .....	(94.1)	(78.7)
Income provided by cash and cash equivalents .....	1.0	1.4
<b>Cost of financial debt, net</b> .....	<b>(93.1)</b>	<b>(77.3)</b>
Other financial income (loss) .....	(4.9)	1.4
<b>Income (loss) of consolidated companies before income taxes</b> .....	<b>175.3</b>	<b>63.3</b>
Deferred taxes on currency translation .....	(5.0)	-
Other income taxes .....	(61.6)	(46.2)
<b>Total income taxes</b> .....	<b>(66.6)</b>	<b>(46.2)</b>
<b>Net income (loss) from consolidated companies</b> .....	<b>108.7</b>	<b>17.1</b>
Share of income (loss) in companies accounted for under equity method .....	6.1	13.7
<b>Net income (loss)</b> .....	<b>114.8</b>	<b>30.8</b>
<i>Attributable to :</i>		
Owners of CGG .....	\$ 111.6	21.2
Owners of CGG <sup>(1)</sup> .....	€ 85.1	16.2
Non-controlling interests .....	\$ 3.2	9.6
Weighted average number of shares outstanding .....	176,750,616	158,703,135
Dilutive potential shares from stock-options .....	588,127	658,216
Dilutive potential shares from performance share plan .....	611,140	678,850
Dilutive potential shares from convertible bonds .....	(2)	(2)
Dilutive weighted average number of shares outstanding adjusted when dilutive .....	177,949,883	160,040,201
<b>Net income (loss) per share</b>		
Basic .....	\$ 0.63	0.13 (3)
Basic <sup>(1)</sup> .....	€ 0.48	0.10 (3)
Diluted .....	\$ 0.63	0.13 (3)
Diluted <sup>(1)</sup> .....	€ 0.48	0.10 (3)

(1) Converted at the average exchange rate of U.S.\$1.312 and U.S.\$1.308 per € for the periods ended June 30, 2013 and 2012, respectively.

(2) Convertible bonds had an accretive effect; as a consequence, potential shares linked to those instruments were not taken into account in the dilutive weighted average number of shares or in the calculation of diluted income per share.

(3) As a result of the capital increase of CGG in 2012 via an offering of preferential subscription rights to existing shareholders, the calculation of basic and diluted earnings per shares for 2012 has been adjusted retrospectively. Number of ordinary shares outstanding has been adjusted to reflect the proportionate change in the number of shares.

(4) Restatement related to IAS19 revised.

# UNAUDITED INTERIM CONSOLIDATED STATEMENT OF OPERATIONS

	Three months ended June 30,	
	2013	2012 (restated) (4)
<b>Amounts in millions of U.S.\$, except per share data or unless indicated</b>		
<b>Operating revenues</b> .....	<b>1,031.7</b>	<b>831.0</b>
Other income from ordinary activities .....	0.5	0.9
<b>Total income from ordinary activities</b> .....	<b>1,032.2</b>	<b>831.9</b>
Cost of operations .....	(794.3)	(654.1)
<b>Gross profit</b> .....	<b>237.9</b>	<b>177.8</b>
Research and development expenses, net .....	(24.9)	(22.7)
Marketing and selling expenses .....	(34.5)	(24.6)
General and administrative expenses .....	(54.2)	(45.0)
Other revenues (expenses), net .....	(2.8)	(0.1)
<b>Operating income</b> .....	<b>121.5</b>	<b>85.4</b>
Expenses related to financial debt .....	(47.2)	(39.2)
Income provided by cash and cash equivalents .....	0.4	0.5
<b>Cost of financial debt, net</b> .....	<b>(46.8)</b>	<b>(38.7)</b>
Other financial income (loss) .....	0.1	4.7
<b>Income (loss) of consolidated companies before income taxes</b> .....	<b>74.8</b>	<b>51.4</b>
Deferred taxes on currency translation .....	1.7	(2.8)
Other income taxes .....	(36.3)	(24.4)
<b>Total income taxes</b> .....	<b>(34.6)</b>	<b>(27.2)</b>
<b>Net income (loss) from consolidated companies</b> .....	<b>40.2</b>	<b>24.2</b>
Share of income (loss) in companies accounted for under equity method .....	(4.5)	10.1
<b>Net income (loss)</b> .....	<b>35.7</b>	<b>34.3</b>
<i>Attributable to :</i>		
Owners of CGG .....	\$ 34.9	29.9
Owners of CGG <sup>(1)</sup> .....	€ 26.6	22.8
Non-controlling interests .....	\$ 0.8	4.4
Weighted average number of shares outstanding .....	176,719,125	158,738,591
Dilutive potential shares from stock-options .....	507,561	578,040
Dilutive potential shares from performance share plan .....	611,140	678,850
Dilutive potential shares from convertible bonds .....	(2)	(2)
Dilutive weighted average number of shares outstanding adjusted when dilutive .....	177,837,826	159,995,481
<b>Net income (loss) per share</b>		
Basic .....	\$ 0.20	0.19 (3)
Basic <sup>(1)</sup> .....	€ 0.15	0.14 (3)
Diluted .....	\$ 0.20	0.19 (3)
Diluted <sup>(1)</sup> .....	€ 0.15	0.14 (3)

(1) Corresponding to the half-year amount in euros less the first quarter amount in euros.

(2) Convertible bonds had an accretive effect; as a consequence, potential shares linked to those instruments were not taken into account in the dilutive weighted average number of shares or in the calculation of diluted income per share.

(3) As a result of the capital increase of CGG in 2012 via an offering of preferential subscription rights to existing shareholders, the calculation of basic and diluted earnings per shares for 2012 has been adjusted retrospectively. Number of ordinary shares outstanding has been adjusted to reflect the proportionate change in the number of shares.

(4) Restatement related to IAS19 revised.

## UNAUDITED ANALYSIS BY OPERATING SEGMENT

We previously reported our results on the basis of two operating segments: Geophysical Services and Geophysical Equipment. As a result of the acquisition of the Fugro's Geoscience Division, we changed our organization, as well as the way management measures our performance. Since February 1, 2013, we are organized in three Divisions with the following operating segments:

- **Acquisition** segment, which comprises:
  - Marine acquisition: seismic data acquisition offshore undertaken by us on behalf of a specific client;
  - Land and Airborne: other seismic data acquisition undertaken by us on behalf of a specific client;
- **Geology, Geophysics & Reservoir ("GGR")** segment which comprises:
  - Multi-clients, basin data and Data Management: seismic and geological data undertaken by us and licensed to a number of clients on a non-exclusive basis and data management services;
  - Imaging and Reservoir: processing and imaging of geophysical data and reservoir characterization.
- **Equipment** segment, which we conduct through Sercel, comprises our manufacturing and sales activities for seismic equipment used for data acquisition, both on land and marine.

Financial information by operating segment is reported in accordance with our internal reporting system and shows internal segment information that is used by the chief operating decision maker to manage and measure the performance.

We also changed our main performance indicator from operating income to earnings before interest and tax ("EBIT"). We define EBIT as operating income plus our share of income in companies accounted for under the equity method. EBIT is used by management as performance indicator because it captures the contribution to our results of the significant businesses that we manage through our joint-ventures.

Prior period segment disclosure has been restated to reflect the new segments.





**Six months ended June 30,**

	<b>2013</b>					<b>2012 (restated)</b>				
	<b>Acqui- sition</b>	<b>GGR</b>	<b>Equi- p- men- t</b>	<b>Eliminatio- ns and Other</b>	<b>Consolida- ted Total</b>	<b>Acqui- sition</b>	<b>GGR</b>	<b>Equip- ment</b>	<b>Eliminatio- ns and Other</b>	<b>Consolidat- ed Total</b>
In millions of U.S.\$, except for assets and capital employed in billions of U.S.\$										
Revenues from unaffiliated customers.....	898.0	626.5	377.9	-	1,902.4	711.7	418.8	487.1	-	1,617.6
Inter-segment revenues.....	301.4	-	127.1	(428.5)	-	137.6	-	145.9	(283.5)	-
<b>Operating revenues .....</b>	<b>1,199.4</b>	<b>626.5</b>	<b>505.0</b>	<b>(428.5)</b>	<b>1,902.4</b>	<b>849.3</b>	<b>418.8</b>	<b>633.0</b>	<b>(283.5)</b>	<b>1,617.6</b>
Depreciation and amortization (excluding multi-client surveys) .....	(174.6)	(30.1)	(23.0)	-	(227.7)	(129.7)	(19.4)	(20.9)	-	(170.0)
Depreciation and amortization of multi- client surveys .....	-	(174.0)	-	-	(174.0)	-	(144.9)	-	-	(144.9)
Share of income in companies accounted for under equity method (1) ..	5.1	1.0	-	-	6.1	11.1	2.6	-	-	13.7
<b>Earnings before interest and tax (2) .....</b>	<b>75.2</b>	<b>176.6</b>	<b>140.1</b>	<b>(112.5)</b>	<b>279.4</b>	<b>(34.0)</b>	<b>67.2</b>	<b>207.2</b>	<b>(87.5)</b>	<b>152.9</b>
Capital expenditures (excluding multi-client surveys) (3) .....	122.0	23.5	19.5	(7.0)	158.0	197.0	15.5	11.7	(11.0)	213.2
Investments in multi- client surveys, net cash.....	-	234.5	-	-	234.5	-	157.4	-	-	157.4
<b>Capital employed (4) ...</b>	<b>3.3</b>	<b>2.8</b>	<b>0.8</b>	<b>-</b>	<b>6.9</b>	<b>3.1</b>	<b>1.7</b>	<b>0.7</b>	<b>-</b>	<b>5.5</b>
<b>Total assets (4) .....</b>	<b>3.8</b>	<b>3.0</b>	<b>1.0</b>	<b>0.6</b>	<b>8.4</b>	<b>3.5</b>	<b>1.9</b>	<b>0.9</b>	<b>0.5</b>	<b>6.8</b>

(1) Operational results of companies accounted for under equity method were U.S.\$4.8 million and U.S.\$20.7 million for the six months ended June 30, 2013 and 2012, respectively.

(2) GGR EBIT for the six months ended June 30, 2013 includes a gain of U.S.\$19.8 million related to the sale of the Company's shareholding interest in Spectrum ASA.

For the six months ended June 30, 2013, "eliminations and other" include general corporate expenses of U.S.\$(29.2) million, U.S.\$(107.4) million of intra-group margin and U.S.\$24.1 million of non recurring items related to the acquisition of Fugro's Geosciences Division: (i) a gain of U.S.\$84.5 million related to contribution of shallow-water and OBC assets to our Seabed joint-venture with Fugro; (ii) restructuring costs of U.S.\$37.3 million related to the acquired vessels from Fugro; and (iii) acquisition costs of U.S.\$23.1 million.

For the six months ended June 30, 2012, general corporate expenses amounted to U.S.\$ (27.1) million.

(3) Capital expenditures include capitalized development costs of U.S.\$24.5 million and U.S.\$14.1 million for the six months ended June 30, 2013 and 2012, respectively.

(4) Based on a preliminary Fugro Purchase price allocation.

Three months ended June 30,

In millions of U.S.\$, except for assets and capital employed in billions of U.S.\$	2013					2012 (restated)				
	Acqui- sition	GGR	Equip- ment	Eliminatio ns and Other	Consolida ted Total	Acqui- sition	GGR	Equip- ment	Eliminatio ns and Other	Consolidat ed Total
Revenues from unaffiliated customers .....	476.7	366.9	188.1	-	1,031.7	399.9	199.5	231.6	-	831.0
Inter-segment revenues ...	128.7	-	66.2	(194.9)	-	66.6	-	53.6	(120.2)	-
<b>Operating revenues.....</b>	<b>605.4</b>	<b>366.9</b>	<b>254.3</b>	<b>(194.9)</b>	<b>1,031.7</b>	<b>466.5</b>	<b>199.5</b>	<b>285.2</b>	<b>(120.2)</b>	<b>831.0</b>
Depreciation and amortization (excluding multi-client surveys) .....	(86.2)	(18.1)	(11.6)	-	(115.9)	(65.4)	(10.2)	(10.4)	-	(86.0)
Depreciation and amortization of multi-client surveys .....	-	(102.4)	-	-	(102.4)	-	(63.7)	-	-	(63.7)
Share of income in companies accounted for under equity method (1) ..	(4.0)	(0.5)	-	-	(4.5)	10.2	(0.1)	-	-	10.1
<b>Earnings before interest and tax (2) .....</b>	<b>28.0</b>	<b>95.9</b>	<b>71.0</b>	<b>(77.9)</b>	<b>117.0</b>	<b>5.3</b>	<b>29.9</b>	<b>91.7</b>	<b>(31.4)</b>	<b>95.5</b>
Capital expenditures (excluding multi-client surveys) (3) .....	65.0	12.3	12.8	(8.2)	81.9	82.3	8.2	6.5	(1.1)	95.9
Investments in multi-client surveys, net cash ....	-	107.3	-	-	107.3	-	81.9	-	-	81.9

- (1) Operational results of companies accounted for under equity method were U.S.\$(6.8) million and U.S.\$13.5 million for the three months ended June 30, 2013 and 2012, respectively.
- (2) For the three months ended June 30, 2013, "eliminations and other" include general corporate expenses of U.S.\$(15.7) million, U.S.\$(51.4) million of intra-group margin and U.S.\$(10.8) million of non recurring items related to the acquisition of Fugro's Geosciences Division: (i) restructuring costs of U.S.\$6.2 million related to the acquired vessels from Fugro; and (iii) acquisition costs of U.S.\$4.6 million.  
For the three months ended June 30, 2012, general corporate expenses amounted to U.S.\$(13.1) million.
- (3) Capital expenditures include capitalized development costs of U.S.\$13.7 million and U.S.\$6.9 million for the three months ended June 30, 2013 and 2012, respectively.

# UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended June 30,	
	2013	2012 (restated) <sup>(1)</sup>
<b>Amounts in millions of U.S.\$</b>		
<b>OPERATING</b>		
Net income (loss) .....	114.8	30.8
Depreciation and amortization .....	227.7	170.0
Multi-client surveys depreciation and amortization .....	174.0	144.9
Depreciation and amortization capitalized to multi-client surveys .....	(47.1)	(22.4)
Variance on provisions .....	17.1	(11.6)
Stock based compensation expenses .....	9.1	9.1
Net gain (loss) on disposal of fixed assets .....	(97.5)	(7.9)
Equity income (loss) of investees .....	(6.1)	(13.7)
Dividends received from affiliates .....	–	22.1
Other non-cash items .....	3.7	0.8
<b>Net cash including net cost of financial debt and income tax .....</b>	<b>395.7</b>	<b>322.1</b>
Less net cost of financial debt .....	93.1	77.3
Less income tax expense .....	66.6	46.2
<b>Net cash excluding net cost of financial debt and income tax .....</b>	<b>555.4</b>	<b>445.6</b>
Income tax paid .....	(58.7)	(84.4)
<b>Net cash before changes in working capital .....</b>	<b>496.7</b>	<b>361.2</b>
- change in trade accounts and notes receivable .....	(31.9)	(39.7)
- change in inventories and work-in-progress .....	(7.4)	(27.9)
- change in other current assets .....	(1.6)	(4.8)
- change in trade accounts and notes payable .....	(146.8)	52.4
- change in other current liabilities .....	(44.0)	(51.4)
Impact of changes in exchange rate on financial items .....	2.1	6.3
<b>Net cash provided by operating activities .....</b>	<b>267.1</b>	<b>296.1</b>
<b>INVESTING</b>		
Capital expenditures (including variation of fixed assets suppliers, excluding multi-client surveys) .....	(158.0)	(213.2)
Investment in multi-client surveys, net cash .....	(234.5)	(157.4)
Proceeds from disposals of tangible and intangible assets .....	4.6	2.5
Total net proceeds from financial assets .....	33.7	11.8
Acquisition of investments, net of cash and cash equivalents acquired .....	(939.6)	(52.5)
Impact of changes in consolidation scope .....	–	–
Variation in loans granted .....	–	0.6
Variation in subsidies for capital expenditures .....	–	(1.2)
Variation in other non-current financial assets .....	0.1	(0.7)
<b>Net cash used in investing activities .....</b>	<b>(1,293.7)</b>	<b>(410.1)</b>
<b>FINANCING</b>		
Repayment of long-term debts .....	(184.2)	(47.3)
Total issuance of long-term debts .....	111.8	39.2
Lease repayments .....	(9.3)	(17.1)
Change in short-term loans .....	3.5	(1.9)
Financial expenses paid .....	(65.8)	(61.7)
<i>Net proceeds from capital increase</i>		
- from shareholders .....	1.2	0.6
- from non-controlling interests of integrated companies .....	–	–
<i>Dividends paid and share capital reimbursements</i>		
- to shareholders .....	–	–
- to non-controlling interests of integrated companies .....	(7.5)	(5.6)
Acquisition/disposal from treasury shares .....	–	–
<b>Net cash provided by (used in) financing activities .....</b>	<b>(150.3)</b>	<b>(93.8)</b>
Effects of exchange rates on cash .....	15.5	(4.8)
<b>Net increase (decrease) in cash and cash equivalents .....</b>	<b>(1,161.4)</b>	<b>(212.6)</b>
<b>Cash and cash equivalents at beginning of year .....</b>	<b>1,520.2</b>	<b>531.4</b>
<b>Cash and cash equivalents at end of period .....</b>	<b>358.8</b>	<b>318.8</b>

(1) Restatement related to IAS19 revised.