



CGG Announces its 2019 Third Quarter Results

Strong Operational Performance & Cash Flow Generation Drive Leverage Ratio below 1x

PARIS, France – November 6 2019 – **CGG** (ISIN: FR0013181864 – NYSE: CGG), **world leader in Geoscience**, announced today its 2019 third quarter unaudited results.

Q3 2019: Very Strong Revenue and EBITDA growth year-on-year

- **IFRS figures:** revenue at \$323m, OPINC at \$98m, net income at \$41m
- **Segment revenue at \$382m**, up 36% year-on-year
 - Geoscience: stable activity supported by high-end projects
 - Multi-client: 92% growth year-on-year on the back of high prefunding and strong after-sales driven by one-off transfer fees
 - Equipment: robust sales on land equipment deliveries
- **Segment EBITDAs at \$225m**, up 83% year-on-year, a high 59% margin driven by increased profitability of all businesses
- **Segment operating income at \$111m**, including \$(19)m impact of the new multi-client amortization policy, up 83%, a high 29% margin
- **Net Income at \$41m**

9 Months 2019: Strong Revenue and EBITDA growth year-on-year

- **Segment revenue at \$1,004m**, up 27% year-on-year
- **Segment EBITDAs at \$515m**, up 60% year-on-year, a 51% margin
- **Segment operating income at \$175m**, including \$(82)m impact of the new multi-client amortization policy, up 32% year-on-year, a 17% margin

High Cash Generation with Strong Financial Position

- **Q3 2019 Net Cash Flow of \$167m** including \$50m positive change in working capital from discontinued operations and solid Multi-client and Equipment cash collections
- **YTD 2019 Net Cash Flow of \$179m**
- **Net debt of \$590m** before IFRS 16 at the end of September, **cash liquidity of \$596m** and leverage ratio Net Debt/LTM EBITDAs at **0.8x**

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

"Our performance was very strong this quarter, across all three businesses. In particular, Multi-client delivered high prefunding and after-sales, which included favorable one-off transfer fees. In the current market environment, with E&P companies continuing to prioritize spending around quicker returns, and generating free cash flow, we remain focused on bringing new technology to our clients for their near field exploration, field development and reservoir optimization needs. We further advanced our subsurface imaging and data science technology, delivering superior reservoir understanding to our clients, and providing support for their digitalization agendas. Also during the quarter, we launched GPR, Sercel's new ocean bottom node. Cash flow generation remains our priority, and, with our very high net cash flow of \$167m this quarter, we confirm that CGG will generate positive net cash flow in 2019."

Key IFRS Figures - Third Quarter 2019

In million \$	Third Quarter 2018	Third Quarter 2019
Group revenue	387.7	323.4
Operating income	68.9	98.0
Equity from investments	(0.1)	(0.2)
Net cost of financial debt	(30.3)	(32.5)
Other financial income (loss)	(3.7)	3.0
Income taxes	(2.6)	(5.6)
Net income / (loss) from continuing operations	32.2	62.7
Net income / (loss) from discontinued operations	(33.7)	(22.0)
Group net income / (loss)	(1.5)	40.7
Operating Cash Flow	107.8	244.1
Free Cash Flow	14.8	163.3
Net debt	768.9	731.8
Net debt before IFRS 16	768.9	589.6
Capital employed	3,213.9	2,311.7

Key Segment Figures - Third Quarter 2019

In million \$	Third Quarter 2018	Third Quarter 2019
Segment revenue	281.5	381.7
Segment EBITDAs	123.3	225.3
<i>Group EBITDAs margin</i>	43.8%	59.0%
Segment operating income	60.9	111.2
<i>Opinc margin</i>	21.6%	29.1%
Non-recurring charges (NRC)	(1.8)	-
IFRS 15 adjustment	9.8	(13.2)
IFRS operating income	68.9	98.0
Segment Operating Cash Flow	111.1	244.1
Segment Free Cash Flow	23.7	153.8

Key IFRS Figures – 9 Months 2019

In million \$	9 Months 2018	9 Months 2019
Group revenue	823.3	930.1
Operating income	102.7	169.2
Equity from investments	(0.9)	(0.1)
Net cost of financial debt	(96.8)	(98.3)
Other financial income (loss)	827.7	3.5
Income taxes	(26.5)	(11.2)
Net income / (loss) from continuing operations	806.2	63.1
Net income / (loss) from discontinued operations	(112.0)	(150.5)
Group net income / (loss)	694.2	(87.4)
Operating Cash Flow	229.1	572.4
Free Cash Flow	(51.9)	319.3
Net debt	768.9	731.8
Net debt before IFRS 16	768.9	589.6
Capital employed	3,213.9	2,311.7

Key Segment Figures - 9 Months 2019

In million \$	9 Months 2018	9 Months 2019
Segment revenue	789.8	1,004.4
Segment EBITDAs	321.2	515.2
<i>Group EBITDAs margin</i>	<i>40.7%</i>	<i>51.3%</i>
Segment operating income	132.6	174.9
<i>Opinc margin</i>	<i>16.8%</i>	<i>17.4%</i>
Non-recurring charges (NRC)	(18.8)	-
IFRS 15 adjustment	(11.1)	(5.7)
IFRS operating income	102.7	169.2
Segment Operating Cash Flow	290.1	572.4
Segment Free Cash Flow	43.6	325.7

Key figures bridge: Segment to IFRS - Third Quarter 2019

Q3 2019 P&L items	Segment figures	IFRS 15 adjustments	NRC* adjustments	IFRS figures
In million \$				
Total Revenue	381.7	(58.3)	-	323.4
Operating Income	111.2	(13.2)	-	98.0

Q3 2019 Cash Flow Statement items	Segment figures	IFRS 15 adjustments	NRC* adjustments	IFRS figures
In million \$				
EBITDAs	225.3	(58.4)	-	166.9
Change in Working Capital & Provisions	25.9	58.4	-	84.3
Cash Flow from Operations	244.1	-	-	244.1

Multi-Client Data Library NBV	Segment figures	IFRS 15 adjustments	NRC* adjustments	IFRS figures
In million \$				
Opening Balance Sheet – June 30 2019	458.4	139.0	-	597.4
Closing Balance Sheet – Sept. 30 2019	434.1	181.3	-	615.4

Key figures bridge: Segment to IFRS - Year to date 2019

9 Months 2019 P&L items	Segment figures	IFRS 15 adjustments	NRC* adjustments	IFRS figures
In million \$				
Total Revenue	1,004.4	(74.3)	-	930.1
Operating Income	174.9	(5.7)	-	169.2

9 Months 2019 Cash Flow Statement	Segment figures	IFRS 15 adjustments	NRC* adjustments	IFRS figures
In million \$				
EBITDAs	515.2	(74.3)	-	440.9
Change in Working Capital & Provisions	75.9	74.3	-	150.2
Cash Flow from Operations	572.4	-	-	572.4

Multi-Client Data Library NBV	Segment figures	IFRS 15 adjustments	NRC* adjustments	IFRS figures
In million \$				
Opening Balance Sheet – Jan. 1st 2019	518.6	114.7	-	633.3
Closing Balance Sheet – Sept. 30 2019	434.1	181.3	-	615.4

**NRC linked to the 2021 plan, Transformation Plan, Financial Restructuring and impairments*

Third Quarter 2019 Financial Results by Operating Segment and before non-recurring charges

Geology, Geophysics & Reservoir (GGR)

GGR	Third Quarter 2018	Third Quarter 2019	Variation year-on-year
In million \$			
Segment revenue	192.2	284.7	48%
Geoscience (SIR)	93.3	94.8	2%
Multi-Client	98.9	189.9	92%
<i>Prefunding</i>	36.0	64.8	80%
<i>After-Sales</i>	62.9	125.1	99%
Segment EBITDAs	113.3	209.0	84%
<i>Margin</i>	58.9%	73.4%	25%
Segment operating income	58.8	102.8	75%
<i>Margin</i>	30.6%	36.1%	18%
Equity from investments	(0.1)	(0.2)	(100)%
Capital employed (in billion \$)	2.2	1.9	(14)%
Other key metrics			
Multi-Client cash capex (\$m)	(67)	(57)	14%
Multi-Client cash prefunding rate (%)	54%	113%	109%

GGR segment revenue was \$285 million, up 48% year-on-year.

- **Geoscience total production** (external revenue + internal production dedicated to the processing of CGG multi-clients programs) was \$128 million, stable year on year.
- **Geoscience external revenue** was \$95 million, up 2% year-on-year.

Despite continuing solid demand for high-end OBN projects, delays during their acquisition phase are affecting Geoscience production. Backlog is stable year-on-year and deep-water activity is improving. CGG remains strongly focused on high value projects and technology development including effective application of machine learning and artificial intelligence technologies in the GeoSoftware reservoir characterization workflows.

- **Multi-Client revenue** was \$190 million this quarter, up 92% year on year.

Prefunding revenue of our Multi-client projects reached \$65 million this quarter, up 80% from \$36 million in the third quarter of 2018. Multi-Client cash capex was at \$(57) million this quarter with a 113% prefunding rate.

Our Multi-client programs this quarter were driven by offshore projects in Brazil and the Barents Sea, where we completed our TopSeis multi-client study, and onshore projects in the US Lower 48.

After-sales were \$125 million this quarter, up 99% year-on-year, driven by strong demand for our data and one-off transfer fees.

The segment library Net Book Value was \$434 million (\$615 million after IFRS 15 adjustment) at the end of September 2019, split 90% offshore and 10% onshore.

GGR segment EBITDAs was \$209 million, up 84% year-on-year, a high 73% margin driven by favorable Multi-client mix and improved Geoscience profitability.

GGR segment operating income was \$103 million, up 75%, a 36% margin, including \$(19) million from the application of the 4-year straight-line amortization.

GGR capital employed was \$2 billion at the end of September 2019.

Equipment

Equipment	Third Quarter 2018	Third Quarter 2019	Variation year-on-year
In million \$			
Segment revenue	94.4	100.4	6%
<i>Land</i>	69	64	(7)%
<i>Marine</i>	23	25	9%
<i>Downhole gauges</i>	-	8	-
<i>Non Oil & Gas</i>	2	3	50%
Segment EBITDAs	17.8	23.1	30%
<i>Margin</i>	<i>18.9%</i>	<i>23.0%</i>	<i>22%</i>
Segment operating income	10.5	16.2	54%
<i>Margin</i>	<i>11.1%</i>	<i>16.1%</i>	<i>45%</i>
Capital employed (in billion \$)	0.6	0.5	(17)%

Equipment segment revenue was \$100 million up 6% year-on-year.

External sales were \$97 million, a 9% increase year-on-year.

Land equipment sales represented around 64% of total sales, driven in particular by channels deliveries in the Middle East and North Africa, and Marine equipment sales represented 25% of total sales.

Equipment segment EBITDAs was \$23 million, up 30% year-on-year, a margin of 23%, driven by strong volumes.

Equipment segment operating income was \$16 million, up 54%, a margin of 16%, on better absorption of manufacturing costs with higher volumes.

Equipment capital employed was \$0.5 billion at the end of September 2019.

Third Quarter 2019 Financial Results

Consolidated Income Statements	Third Quarter 2018	Third Quarter 2019	Variation year-on-year
In million \$			
<i>Exchange rate euro/dollar</i>	1.17	1.12	(4)%
Segment revenue	281.5	381.7	36%
GGR	192.2	284.7	48%
Equipment	94.4	100.4	6%
Eliminations	(5.1)	(3.4)	34%
Gross margin	96.4	146.8	52%
Segment EBITDAs	123.3	225.3	83%
GGR	113.3	209.0	84%
Equipment	17.8	23.1	30%
Corporate	(7.8)	(6.9)	12%
Eliminations	-		N/A
Segment operating income	60.9	111.2	83%
GGR	58.8	102.8	75%
Equipment	10.5	16.2	54%
Corporate	(8.1)	(7.6)	6%
Eliminations	(0.3)	(0.1)	67%
NRC	(1.8)	-	N/A
<i>IFRS 15 adjustment</i>	9.8	(13.2)	N/A
IFRS operating income	68.9	98.0	42%
Equity from investments	(0.1)	(0.2)	(100)%
Net cost of financial debt	(30.3)	(32.5)	(7)%
Other financial income (loss)	(3.7)	3.0	181%
Income taxes	(2.6)	(5.6)	(115)%
Net income / (loss) from continuing operations	32.2	62.7	95%
Net income / (loss) from discontinued operations	(33.7)	(22.0)	35%
IFRS net income / (loss)	(1.5)	40.7	N/A
Shareholder's net income / (loss)	(3.2)	40.4	N/A
Basic Earnings per share in \$	-	0.06	N/A
Basic Earnings per share in €	0.01	0.05	N/A

Segment revenue was \$382 million, up 36% year-on-year. The respective contributions from the Group's businesses were 25% from Geoscience, 50% from Multi-Client (75% from the GGR segment) and 25% from Equipment.

Segment EBITDAs was \$225 million, up 83% year-on-year, a 59% margin.

Segment operating income was \$111 million, up 80%, a high 29% margin, including \$(19) million impact of the new multi-client amortization policy.

IFRS 15 adjustment at operating income level was \$(13) million and **IFRS operating income**, after IFRS 15 adjustment, was \$98 million.

Cost of financial debt was \$(33) million. The total amount of interest paid during the quarter was \$(7) million.

Income taxes were \$(6) million.

Net income from continuing operations was \$63 million.

Discontinued operations

Correspond to the former Contractual Data Acquisition and Non-Operated Resources segments. Main aggregates are as follows:

-**Segment revenue** was \$26 million this quarter.

-**Net loss from discontinued operations** was \$(22) million.

-**Net cash flow from discontinued operations** was \$39 million, including a positive change in working capital of \$50 million.

Group net income was \$41 million.

After minority interests, **Group net income attributable to CGG shareholders** was \$40 million / €36 million.

Cash Flow

Cash Flow items In million \$	Third Quarter 2018	Third Quarter 2019	Variation year-on- year
Segment Operating Cash Flow	111.1	244.1	120%
Capex	(86.4)	(73.3)	(15)%
Industrial	(12.5)	(8.1)	(35)%
R&D	(7.0)	(7.8)	(11)%
Multi-Client (Cash)	(66.9)	(57.4)	(14)%
<i>Marine MC</i>	(54.0)	(50.4)	(7)%
<i>Land MC</i>	(12.9)	(7.0)	(46)%
Proceeds from disposals of assets	0.4	(0.1)	(125)%
Lease repayments	(1.4)	(12.4)	N/A
Segment Free Cash Flow	23.7	158.3	N/A
Paid cost of debt	(7.0)	(7.4)	6%
Cash NRC / Plan 2021	(3.3)	(23.1)	N/A
Net cash flow from discontinued operations	(44.3)	38.8	N/A
Net Cash Flow	(30.9)	166.6	N/A
Other financing cash flow	(0.2)	0.1	N/A
Forex and other	(3.6)	(12.3)	N/A
Net increase/(decrease) in cash	(34.7)	154.4	N/A

Segment Operating Cash Flow was \$244 million compared to \$111 million for the third quarter of 2018.

Capex was \$(73) million, down 15% year-on-year:

- **Industrial capex** was \$(8) million, down 35% year-on-year
- **Research & Development capex** was \$(8) million, and
- **Multi-client cash capex** was \$(57) million, down 14% year-on-year.

Segment Free Cash Flow, including lease repayments of \$(13) million, was \$159 million, compared to \$24 million for the third quarter of 2018.

After paid cost of debt of \$(7) million, CGG 2021 Plan cash costs of \$(23) million and Net cash flow from discontinued operations of \$39 million, including a \$50 million positive change in working capital, **Group Net Cash Flow** was 167 million.

9 Months 2019 Financial Results

Consolidated Income Statements	9 Months 2018	9 Months 2019	Variation year-on-year
In million \$			
<i>Exchange rate euro/dollar</i>	1.20	1.13	(6)%
Segment revenue	789.8	1,004.4	27%
GGR	580.6	685.2	18%
Equipment	243.0	328.6	35%
Eliminations	(33.8)	(9.4)	72%
Gross margin	242.0	284.0	17%
Segment EBITDAs	321.2	515.2	60%
GGR	327.0	463.0	42%
Equipment	23.8	73.6	209%
Corporate	(26.4)	(21.5)	(19)%
Eliminations	(3.2)	-	N/A
Segment operating income	132.6	174.9	32%
GGR	161.3	147.7	(8)%
Equipment	1.6	50.9	N/A
Corporate	(26.4)	(23.4)	11%
Eliminations	(3.9)	(0.2)	(95)%
<i>NRC</i>	(18.8)	-	(100)%
<i>IFRS 15 adjustment</i>	(11.1)	(5.7)	(48)%
IFRS operating income	102.7	169.2	65%
Equity from investments	(0.9)	(0.1)	89%
Net cost of financial debt	(96.8)	(98.3)	2%
Other financial income (loss)	827.7	3.5	(100)%
Income taxes	(26.5)	(11.2)	(58)%
Net income / (loss) from continuing operations	806.2	63.1	(92)%
Net income / (loss) from discontinued operations	(112.0)	(150.5)	(34)%
IFRS net income / (loss)	694.2	(87.4)	(113)%
Shareholder's net income / (loss)	689.4	(94.2)	(114)%
Basic Earnings per share in \$	1.22	(0.13)	(111)%
Basic Earnings per share in €	1.02	(0.12)	(112)%

Segment revenue was \$1,004 million, up 27% compared to the same period last year. The respective contributions from the Group's businesses were 28% from Geoscience, 40% from Multi-Client (68% from the GGR segment) and 32% from Equipment.

GGR segment revenue was \$685 million, up 18% year-on-year

- **Geoscience total production** (external revenue + internal production dedicated to the processing of CGG multi-clients programs) was \$385 million, stable year-on-year.
- **Geoscience revenue** was \$279 million, down 2% year-on-year mainly due to project delays and increased focus on more profitable businesses.

- **Multi-Client sales** reached \$406 million, up 38% year-on-year. Prefunding revenue was \$156 million, up 44% year-on-year. Multi-Client cash capex was \$(153) million, down 16% year-on-year due to regulatory delays. Cash prefunding rate was 113% well above the 54% rate over the same period last year.

After-sales were \$250 million, up 35% year-on-year.

Equipment revenue was \$329 million, up 35% year-on-year. **External Equipment sales** were strong at \$319 million, up 53% year-on-year due to higher land equipment volumes with more 508XT systems delivered.

Segment EBITDAs was \$515 million, up 60% year-on-year, a high 51% margin. **GGR EBITDA** margin was at 68% and **Equipment EBITDA** margin at 23%

Segment operating income was \$175 million, up 32% year-on-year, including \$(82) million impact of the new multi-client amortization policy, a 17% margin.

IFRS 15 adjustment at operating income level was \$6 million and **IFRS operating income**, after IFRS 15 adjustment, was \$169 million.

Cost of financial debt was \$(98) million. The total amount of interest paid during the first 9 months of 2019 was \$(47) million. **Income taxes** were at \$(11) million.

Net income from continuing operations was \$63 million.

Discontinued operations

Correspond to the former Contractual Data Acquisition and Non-Operated Resources segments. Main aggregates are as follows:

-**Year-to-date revenue from discontinued operations** was \$161 million.

-**Net loss from discontinued operations** was \$(150) million

-**Net Cash flow from discontinued operations** was \$(35) million

Group net loss was \$(87) million.

After minority interests, **Group net loss attributable to CGG shareholders** was \$(94) million / €(84) million.

Cash Flow

Cash Flow items	9 Months 2018	9 Months 2019	Variation year-on- year
In million \$			
Segment Operating Cash Flow	290.1	572.4	97%
Capex	(242.9)	(205.5)	(15)%
Industrial	(36.7)	(28.1)	(23)%
R&D	(23.1)	(24.2)	(5)%
Multi-Client (Cash)	(183.1)	(153.2)	(16)%
<i>Marine MC</i>	(155.2)	(131.2)	(15)%
<i>Land MC</i>	(27.9)	(22.0)	(21)%
Proceeds from disposals of assets	0.7	(0.1)	(114)%
Lease repayments	(4.3)	(41.1)	N/A
Segment Free Cash Flow	43.6	325.7	N/A
Paid cost of debt	(38.8)	(47.5)	22%
Cash NRC / Plan 2021	(61.0)	(64.0)	5%
Net cash flow from discontinued operations	(92.7)	(35.0)	62%
Net cash flow	(148.9)	179.2	220%
Other financing cash flow	269.9	0.1	N/A
Forex and other	(24.2)	(17.8)	27%
Net increase/(decrease) in cash	96.8	161.5	67%

Segment Operating Cash Flow was \$326 million compared to \$44 million for the first 9 months of 2018, a very strong increase.

Capex was \$(205) million, down 15% year-on-year:

- **Industrial capex** was \$(28) million, down 23% year-on-year,
- **Research & Development capex** was \$(24) million,
- **Multi-client cash capex** was \$(153) million, down (16)% year-on-year.

Segment Free Cash Flow, including lease repayments of \$(41) million, was \$326 million compared to \$44 million for the first 9 months of 2018.

After paid cost of debt of \$(47) million, CGG 2021 Plan cash costs of \$(64) million and Net cash flow from discontinued operations of \$(35) million, **Group Net Cash Flow** was \$179 million, compared to \$(149) million for the first 9 months of 2018.

Balance Sheet

At the end of September 2019, **Group gross debt before IFRS 16** was \$1,185 million and net debt was \$590 million. **Group gross debt after IFRS 16** was \$1,327 million and **net debt** was \$732 million.

Group's **liquidity** amounted to \$596 million at the end of September 2019. **Net debt to LTM EBITDAs** ratio at the end of September was **0.8x** (excluding IFRS 16 impact).

Q3 2019 Conference call

An English language analysts' conference call is scheduled today at 8:30 am (Paris time) – 7:30 am (London time)

To follow this conference, please access the live webcast from your computer at www.cgg.com

A replay of the conference will be available via webcast on the CGG website at: www.cgg.com

For analysts, please dial the following numbers 5 to 10 minutes prior to the scheduled start time:

France call-in	+33(0) 1 76 70 07 94
UK call-in	+44(0) 844 571 8892
Access code	7187129

About CGG

CGG (www.cgg.com) is a fully integrated Geoscience 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 businesses of Equipment, Acquisition and Geology, Geophysics & Reservoir (GGR), CGG brings value across all aspects of natural resource exploration and exploitation. CGG employs more than 5,100 people around the world, all with a Passion for Geoscience and working together to deliver the best solutions to its customers. CGG is listed on the Euronext Paris SA (ISIN: 0013181864).

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CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2019

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

Amounts in millions of US\$, except per share data or unless indicated	Three months ended September 30,	
	2019	2018 (restated*)
Operating revenues	323.4	387.7
Other income from ordinary activities	0.1	0.4
Total income from ordinary activities	323.5	388.1
Cost of operations	(189.8)	(281.9)
Gross profit	133.7	106.2
Research and development expenses, net	(5.6)	(5.5)
Marketing and selling expenses	(12.6)	(10.7)
General and administrative expenses	(16.8)	(19.4)
Other revenues (expenses), net	(0.7)	(1.7)
Operating income	98.0	68.9
Expenses related to financial debt	(33.4)	(30.9)
Income provided by cash and cash equivalents	0.9	0.6
Cost of financial debt, net	(32.5)	(30.3)
Other financial income (loss)	3.0	(3.7)
Income (loss) of consolidated companies before income taxes	68.5	34.9
Income taxes	(5.6)	(2.6)
Net income (loss) from consolidated companies	62.9	32.3
Share of income (loss) in companies accounted for under equity method	(0.2)	(0.1)
Net income (loss) from continuing operations	62.7	32.2
Net income (loss) from discontinued operations	(22.0)	(33.7)
Net income (loss)	40.7	(1.5)
<i>Attributable to :</i>		
<i>Owners of CGG S.A</i>	\$ 40.4	(3.2)
<i>Owners of CGG S.A. ⁽¹⁾</i>	€ 35.4	4.6
<i>Non-controlling interests</i>	\$ 0.3	1.7
Weighted average number of shares outstanding	709,951,130	706,403,381
Dilutive potential shares from stock-options	443,920	—
Dilutive potential shares from performance share plans	5,052,616	—
Dilutive potential shares from warrants	—	4,003,218
Dilutive weighted average number of shares outstanding adjusted when dilutive	715,447,666	710,406,599
Net income (loss) per share		
Basic	\$ 0.06	0.00
Basic ⁽¹⁾	€ 0.05	0.01
Diluted	\$ 0.06	0.00
Diluted ⁽¹⁾	€ 0.05	0.01

* In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the profit and loss accounts related to the discontinued operations have been presented in the separate line item "Net income (loss) from discontinued operations" for the periods ended September 30, 2019 and 2018.

(1) Corresponding to the nine months amount in euros less the half-year amount in euros.

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

Amounts in millions of US\$, except per share data or unless indicated	Nine months ended September 30,	
	2019	2018 (restated*)
Operating revenues	930.1	823.3
Other income from ordinary activities	0.5	1.1
Total income from ordinary activities	930.6	824.4
Cost of operations	(652.3)	(593.5)
Gross profit	278.3	230.9
Research and development expenses, net	(17.9)	(14.4)
Marketing and selling expenses	(34.3)	(32.8)
General and administrative expenses	(54.0)	(62.0)
Other revenues (expenses), net	(2.9)	(19.0)
Operating income	169.2	102.7
Expenses related to financial debt	(100.8)	(98.7)
Income provided by cash and cash equivalents	2.5	1.9
Cost of financial debt, net	(98.3)	(96.8)
Other financial income (loss)	3.5	827.7
Income (loss) of consolidated companies before income taxes	74.4	833.6
Income taxes	(11.2)	(26.5)
Net income (loss) from consolidated companies	63.2	807.1
Share of income (loss) in companies accounted for under equity method	(0.1)	(0.9)
Net income (loss) from continuing operations	63.1	806.2
Net income (loss) from discontinued operations ⁽²⁾	(150.5)	(112.0)
Net income (loss)	(87.4)	694.2
<i>Attributable to :</i>		
<i>Owners of CGG S.A</i>	\$ (94.2)	689.4
<i>Owners of CGG S.A.</i> ⁽¹⁾	€ (83.5)	575.9
<i>Non-controlling interests</i>	\$ 6.8	4.8
Weighted average number of shares outstanding	709,949,374	565,906,800
Dilutive potential shares from stock-options	124,615	–
Dilutive potential shares from performance share plans	3,797,129	–
Dilutive potential shares from warrants	–	6,898,627
Dilutive weighted average number of shares outstanding adjusted when dilutive	713,871,118	572,805,427
Net income (loss) per share		
Basic	\$ (0.13)	1.22
Basic ⁽¹⁾	€ (0.12)	1.02
Diluted	\$ (0.13)	1.20
Diluted ⁽¹⁾	€ (0.12)	1.01

* In accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, the profit and loss accounts related to the discontinued operations have been presented in the separate line item “Net income (loss) from discontinued operations” for the periods ended September 30, 2019 and 2018.

(1) Converted at the average exchange rates of US\$1.1279 and US\$1.1972 per €1.00 for the periods ended September 30, 2019 and 2018, respectively

(2) Net income (loss) from discontinued operations includes in 2019 US\$110 million of impairment loss recognized on the remeasurement to fair value less cost to sell of our JV disposal groups (loss of US\$59 million), Marine disposal group (loss of US\$47 million); and MultiPhysics disposal group (loss of US\$4 million).

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Amounts in millions of US\$, unless indicated	September 30, 2019	December 31, 2018
ASSETS		
Cash and cash equivalents	595.6	434.1
Trade accounts and notes receivable, net	373.0	520.2
Inventories and work-in-progress, net	207.8	204.8
Income tax assets	79.0	72.1
Other current assets, net	127.6	99.1
Assets held for sale, net	192.8	195.5
Total current assets	1,575.8	1,525.8
Deferred tax assets	25.7	22.6
Investments and other financial assets, net	27.0	31.1
Investments in companies under equity method	3.2	0.1
Property, plant and equipment, net	317.6	189.2
Intangible assets, net	857.9	898.9
Goodwill, net	1,225.8	1,229.0
Total non-current assets	2,457.2	2,370.9
TOTAL ASSETS	4,033.0	3,896.7
LIABILITIES AND EQUITY		
Bank overdrafts	0.1	—
Current portion of financial debt	72.4	17.8
Trade accounts and notes payables	114.0	126.4
Accrued payroll costs	159.3	135.8
Income taxes payable	59.9	49.6
Advance billings to customers	34.6	35.7
Provisions — current portion	69.7	172.4
Other current liabilities	311.0	250.9
Liabilities directly associated with the assets classified as held for sale	257.9	131.7
Total current liabilities	1,078.9	920.3
Deferred tax liabilities	39.7	44.4
Provisions — non-current portion	75.6	95.9
Financial debt	1,254.9	1,148.9
Other non-current liabilities	4.0	13.1
Total non-current liabilities	1,374.2	1,302.3
Common stock 1,181,708,264 shares authorized and 709,951,646 shares with a €0.01 nominal value issued and outstanding at September 30, 2019 and 709,944,816 at December 31, 2018	8.7	8.7
Additional paid-in capital	3,184.7	3,184.6
Retained earnings	(1,551.2)	(1,457.8)
Other Reserves	(34.3)	(27.9)
Treasury shares	(20.1)	(20.1)
Cumulative income and expense recognized directly in equity	(1.3)	(0.9)
Cumulative translation adjustment	(50.9)	(55.1)
Equity attributable to owners of CGG S.A.	1,535.6	1,631.5
Non-controlling interests	44.3	42.6
Total equity	1,579.9	1,674.1
TOTAL LIABILITIES AND EQUITY	4,033.0	3,896.7

Closing rates were US\$1.0889 per €1.00 and US\$1.1575 per €1.00 for September 30, 2019 and December 31, 2018, respectively.

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Amounts in millions of US\$	Nine months ended September 30,	
	2019	2018 (restated*)
OPERATING		
Net income (loss)	(87.4)	694.2
Less: Net income (loss) from discontinued operations	(150.5)	112.0
Net income (loss) from continuing operations	63.1	806.2
Depreciation and amortization	98.0	80.2
Multi-client surveys depreciation and amortization	175.6	168.8
Depreciation and amortization capitalized in multi-client surveys	(5.9)	(17.2)
Variance on provisions	1.7	(12.9)
Stock based compensation expenses	4.0	1.4
Net (gain) loss on disposal of fixed and financial assets	(0.1)	—
Equity (income) loss of investees	0.1	0.9
Dividends received from investments in companies under equity method	—	—
Other non-cash items	(2.8)	(852.9)
Net cash-flow including net cost of financial debt and income tax	333.7	174.5
Less net cost of financial debt	98.3	96.8
Less income tax expense	11.2	26.5
Net cash-flow excluding net cost of financial debt and income tax	443.2	297.8
Income tax paid	(19.3)	(11.1)
Net cash-flow before changes in working capital	423.9	286.7
Change in working capital	148.5	(57.6)
- change in trade accounts and notes receivable	199.6	(20.2)
- change in inventories and work-in-progress	(17.7)	1.2
- change in other current assets	(13.8)	15.1
- change in trade accounts and notes payable	(1.8)	(11.4)
- change in other current liabilities	(17.8)	(42.3)
Net cash-flow provided by operating activities	572.4	229.1
INVESTING		
Total capital expenditures (including variation of fixed assets suppliers, excluding multi-client surveys)	(52.3)	(59.8)
Investment in multi-client surveys, net cash	(153.2)	(183.1)
Proceeds from disposals of tangible and intangible assets	(0.1)	0.7
Total net proceeds from financial assets	—	—
Acquisition of investments, net of cash and cash equivalents acquired	—	—
Variation in loans granted	—	(0.4)
Variation in subsidies for capital expenditures	—	—
Variation in other non-current financial assets	0.6	(7.1)
Net cash-flow used in investing activities	(205.0)	(249.7)
FINANCING		
Repayment of long-term debt	—	(195.6)
Total issuance of long-term debt	—	336.5
Lease repayments ⁽¹⁾	(41.1)	(4.3)
Change in short-term loans	0.1	(0.1)
Financial expenses paid	(47.5)	(38.8)
<i>Net proceeds from capital increase:</i>		
— from shareholders	—	129.1
— from non-controlling interests of integrated companies	—	—
<i>Dividends paid and share capital reimbursements:</i>		
— to shareholders	—	—
— to non-controlling interests of integrated companies	(3.8)	—
Acquisition/disposal from treasury shares	—	—
Net cash-flow provided by (used in) financing activities	(92.3)	226.8
Effects of exchange rates on cash	(14.5)	(16.7)
Impact of changes in consolidation scope	—	—
Net cash flows incurred by Discontinued Operations	(99.1)	(92.7)
Net increase (decrease) in cash and cash equivalents	161.5	96.8
Cash and cash equivalents at beginning of year	434.1	315.4
Cash and cash equivalents at end of period	595.6	412.2

* In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the cash flow statements line items related to the discontinued operations have been presented in the separate line item "Net cash flows incurred by Discontinued Operations" for the periods ended September 30, 2019 and 2018.

(1) See note 1 and 4 of our interim financial statements for more information on IFRS16 impact.

UNAUDITED ANALYSIS BY SEGMENT

Nine months ended September 30, 2019

In millions of US\$, except for assets and capital employed in billions of US\$	GGR	Equipment	Eliminations and other	Segment figures	IFRS 15 adjustments	Transformation Plan / Financial restructuring	Consolidated Total / As reported
Revenues from unaffiliated customers	685.2	319.2	–	1,004.4	(74.3)	–	930.1
Inter-segment revenues ⁽¹⁾	–	9.4	(9.4)	–	–	–	–
Operating revenues	685.2	328.6	(9.4)	1,004.4	(74.3)	–	930.1
Depreciation and amortization (excluding multi-client surveys)	(75.0)	(22.5)	(0.6)	(98.0)			(98.0)
Depreciation and amortization of multi-client surveys	(244.2)		–	(244.2)	68.6	–	(175.6)
Operating income ⁽²⁾	147.7	50.9	(23.6)	174.9	(5.7)	–	169.2
EBITDAS	463.0	73.6	(21.5)	515.2	(74.3)	–	440.9
Share of income in companies accounted for under equity method	(0.1)	–	–	(0.1)			(0.1)
Earnings Before Interest and Tax ⁽²⁾	147.6	50.9	(23.6)	174.8	(5.7)	–	169.1
Capital expenditures (excluding multi-client surveys) ⁽³⁾	37.7	13.8	0.8	52.3			52.3
Investments in multi-client surveys, net cash	153.2	–	–	153.2			153.2
Capital employed ⁽⁴⁾	1.9	0.5	(0.1)	2.3	–	–	2.3
Total identifiable assets ⁽⁴⁾	2.2	0.6	0.6	3.4	–	–	3.4

(1) Sale of equipment to the Contractual Data Acquisition segment, which is classified as, discontinued operation.

(2) “Eliminations and other” corresponded to general corporate expenses.

(3) Capital expenditures included capitalized development costs of US\$(24.2) million for the nine months ended September 30, 2019. “Eliminations and other” corresponded to the variance of suppliers of assets for the nine months ended September 30, 2019.

(4) Capital employed and identifiable assets related to discontinued operations are included under the column “Eliminations and other”.

Nine months ended September 30, 2018 (restated)

In millions of US\$, except for assets and capital employed in billions of US\$	GGR	Equipment	Eliminations and other	Segment figures	IFRS 15 adjustments	Transformation Plan / Financial restructuring	Consolidated Total / As reported
Revenues from unaffiliated customers	580.6	209.2	–	789.8		33.5	823.3
Inter-segment revenues ⁽¹⁾	–	33.8	(33.8)	–	–	–	–
Operating revenues	580.6	243.0	(33.8)	789.8		33.5	823.3
Depreciation and amortization (excluding multi-client surveys)	(57.7)	(22.2)	(0.3)	(80.2)			(80.2)
Depreciation and amortization of multi-client surveys	(124.2)	–	–	(124.2)		(44.6)	(168.8)
Operating income ⁽²⁾	161.3	1.6	(30.3)	132.6	(18.8)	(11.1)	102.7
EBITDAS	327.0	23.8	(29.6)	321.2	(18.8)	33.5	335.9
Share of income in companies accounted for under equity method ⁽¹⁾	(0.9)	–	–	(0.9)	–	–	(0.9)
Earnings Before Interest and Tax ⁽²⁾	160.4	1.6	(30.3)	131.7	(18.8)	(11.1)	101.8
Capital expenditures (excluding multi-client surveys) ⁽³⁾	40.5	19.8	(0.5)	59.8			59.8
Investments in multi-client surveys, net cash	183.1	–	–	183.1			183.1
Capital employed ⁽⁴⁾	2.2	0.6	0.4	3.2	–	–	3.2
Total identifiable assets ⁽⁴⁾	2.6	0.7	0.5	3.8	–	–	3.8

(1) Sale of equipment to the Contractual Data Acquisition segment, which is classified as, discontinued operation.

(2) “Eliminations and other” includes US\$(26.4) million of general corporate expenses and US\$(3.9) million of intra-group margin.

(3) Capital expenditures included capitalized development costs of US\$(23.1) million for the nine months ended September 30, 2018. “Eliminations and other” corresponded to the variance of suppliers of assets for the nine months ended September 30, 2018.

(4) Capital employed and identifiable assets related to discontinued operations are included under the column “Eliminations and other”.