CGG
Form 6-K
November 08, 2016


**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER**

**PURSUANT TO RULE 13a-16 OR 15d-16 OF**

**THE SECURITIES EXCHANGE ACT OF 1934**

**For the month of November, 2016**

**Commission File Number 001-14622**

**CGG**

**(Translation of registrant s name into English)**

**Tour Maine Montparnasse**

**33, avenue du Maine**

**75015 Paris**

**France**

**(33) 1 64 47 45 00**

**(Address of principal executive offices)**

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

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## FORWARD-LOOKING STATEMENTS

This document includes forward-looking statements . We have based these forward-looking statements on our current views and assumptions about future events.

These forward-looking statements involve certain risks and uncertainties. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include, among others, the following factors:

- the impact of the current economic environment and oil and natural gas prices;
- the social, political and economic risks of our global operations;
- our ability to integrate successfully the businesses or assets we acquire;
- the risks associated with activities operated through joint ventures in which we hold a minority interest;
- any write-downs of goodwill on our statement of financial position;
- our ability to sell our seismic data library;
- exposure to foreign exchange rate risk;
- our ability to finance our operations on acceptable terms;
- the impact of fluctuations in fuel costs on our marine acquisition business;
- the weight of intra-group production on our results of operations;
- the timely development and acceptance of our new products and services;
- difficulties and costs in protecting intellectual property rights and exposure to infringement claims by others;
- ongoing operational risks and our ability to have adequate insurance against such risks;

- our liquidity and outlook;
- the implementation of our Transformation Plan;
- the level of capital expenditures by the oil and gas industry and changes in demand for seismic products and services;
- our clients ability to unilaterally delay or terminate certain contracts in our backlog;
- the effects of competition;
- difficulties in adapting our fleet to changes in the seismic market;
- the seasonal nature of our revenues;
- the costs of compliance with governmental regulation, including environmental, health and safety laws;
- our substantial indebtedness and the restrictive covenants in our debt agreements;
- our ability to access the debt and equity markets during the periods covered by the forward-looking statements, which will depend on general market conditions and on our credit ratings for our debt obligations;
- exposure to interest rate risk; and
- our success at managing the foregoing risks.

We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this document might not occur.

Certain of these risks are described in our annual report on Form 20-F for the year ended December 31, 2015 that we filed with the SEC on April 15, 2016. Our annual report on Form 20-F is available on our website at www.cgg.com or on the website maintained by the SEC at www.sec.gov. You may request a copy of our annual report on Form 20-F, which includes our complete audited financial statements, at no charge, by calling our investor relations department at + 33 1 6447 3831, sending an electronic message to invrelparis@cgg.com or invrelhouston@cgg.com or writing to CGG Investor Relations Department, Tour Maine Montparnasse 33, avenue du Maine 75015 Paris, France.

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**Item 1: FINANCIAL STATEMENTS**

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**UNAUDITED INTERIM CONSOLIDATED STATEMENT OF OPERATIONS**

| **Amounts in millions of U.S.$, except per share data or unless indicated** | | **Three months ended September 30, 2016** | **2015** |
|---|---|---|---|
| **Operating revenues** | | **264.0** | **469.8** |
| Other income from ordinary activities | | 0.3 | 0.3 |
| **Total income from ordinary activities** | | **264.3** | **470.1** |
| Cost of operations | | (270.2) | (404.4) |
| **Gross profit** | | **(5.9)** | **65.7** |
| Research and development expenses, net | | (4.9) | (16.9) |
| Marketing and selling expenses | | (13.9) | (19.2) |
| General and administrative expenses | | (17.7) | (23.4) |
| Other revenues (expenses), net | | (0.3) | (969.3) |
| **Operating income** | | **(42.7)** | **(963.1)** |
| Expenses related to financial debt | | (45.7) | (44.2) |
| Income provided by cash and cash equivalents | | 0.5 | 0.4 |
| **Cost of financial debt, net** | | **(45.2)** | **(43.8)** |
| Other financial income (loss) | | 0.2 | (5.9) |
| **Income (loss) of consolidated companies before income taxes** | | **(87.7)** | **(1,012.8)** |
| Deferred taxes on currency translation | | 1.0 | (0.6) |
| Other income taxes | | (4.2) | (71.8) |
| **Total income taxes** | | **(3.2)** | **(72.4)** |
| **Net income (loss) from consolidated companies** | | **(90.9)** | **(1,085.2)** |
| Share of income (loss) in companies accounted for under equity method | | 3.0 | 10.8 |
| **Net income (loss)** | | **(87.9)** | **(1,074.4)** |
| *Attributable to:* | | | |
| *Owners of CGG SA* | $ | (87.4) | (1,074.4) |
| *Owners of CGG SA* (2) | | (78.6) | (958.8) |
| *Non-controlling interests* | $ | (0.5) | |
| Weighted average number of shares outstanding (3) (4) | | 22,133,149 | 6,080,535 |
| Dilutive potential shares from stock-options | | (1) | (1) |
| Dilutive potential shares from performance share plans | | (1) | (1) |
| Dilutive potential shares from convertible bonds | | (1) | (1) |
| Dilutive weighted average number of shares outstanding adjusted when dilutive (3) (4) | | 22,133,149 | 6,080,535 |
| **Net income (loss) per share** | | | |
| Basic | $ | (3.95) | (176.68) |
| Basic (2) | | (3.55) | (157.67) |
| Diluted | $ | (3.95) | (176.68) |
| Diluted (2) | | (3.55) | (157.67) |

*(1) As our net result was a loss, stock-options, performance shares plans and 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 loss per share.*

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

*(3) As a result of the February 5, 2016 CGG SA capital increase via an offering of preferential subscription rights to existing shareholders, the calculation of basic and diluted earnings per share for 2015 has been adjusted retrospectively. Number of ordinary shares outstanding has been adjusted to reflect the proportionate change in the number of shares.*

*(4) As a result of the July 20, 2016 reverse stock split the calculation of basic and diluted earnings per share for 2015 has been adjusted retrospectively. Number of ordinary shares outstanding has been adjusted to reflect the proportionate change in the number of shares.*

See notes to Interim Consolidated Financial Statements

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**UNAUDITED INTERIM CONSOLIDATED STATEMENT OF OPERATIONS**

| Amounts in millions of U.S.$, except per share data or unless indicated | | Nine months ended September 30, 2016 | 2015 |
|---|---|---|---|
| **Operating revenues** | | **867.2** | **1,511.9** |
| Other income from ordinary activities | | 0.9 | 1.1 |
| **Total income from ordinary activities** | | **868.1** | **1,513.0** |
| Cost of operations | | (894.5) | (1,318.1) |
| **Gross profit** | | **(26.4)** | **194.9** |
| Research and development expenses, net | | (6.6) | (64.4) |
| Marketing and selling expenses | | (46.4) | (65.0) |
| General and administrative expenses | | (63.0) | (73.4) |
| Other revenues (expenses), net | | (11.2) | (984.1) |
| **Operating income** | | **(153.6)** | **(992.0)** |
| Expenses related to financial debt | | (131.2) | (134.8) |
| Income provided by cash and cash equivalents | | 1.4 | 1.4 |
| **Cost of financial debt, net** | | **(129.8)** | **(133.4)** |
| Other financial income (loss) | | (0.4) | (9.5) |
| **Income (loss) of consolidated companies before income taxes** | | **(283.8)** | **(1,134.9)** |
| Deferred taxes on currency translation | | 2.6 | (1.8) |
| Other income taxes | | (18.5) | (80.1) |
| **Total income taxes** | | **(15.9)** | **(81.9)** |
| **Net income (loss) from consolidated companies** | | **(299.7)** | **(1,216.8)** |
| Share of income (loss) in companies accounted for under equity method | | 2.9 | 27.0 |
| **Net income (loss)** | | **(296.8)** | **(1,189.8)** |
| *Attributable to:* | | | |
| *Owners of CGG SA* | $ | (294.3) | (1,191.4) |
| *Owners of CGG SA* (2) | | (265.0) | (1,062.7) |
| *Non-controlling interests* | $ | (2.5) | 1.6 |
| Weighted average number of shares outstanding (3) (4) | | 20,349,525 | 6,080,535 |
| Dilutive potential shares from stock-options | | (1) | (1) |
| Dilutive potential shares from performance share plans | | (1) | (1) |
| Dilutive potential shares from convertible bonds | | (1) | (1) |
| Dilutive weighted average number of shares outstanding adjusted when dilutive (3) (4) | | 20,349,525 | 6,080,535 |
| **Net income (loss) per share** | | | |
| Basic | $ | (14.46) | (195.93) |
| Basic (2) | | (13.02) | (174.77) |
| Diluted | $ | (14.46) | (195.93) |
| Diluted (2) | | (13.02) | (174.77) |

*(1)*

*As our net result was a loss, stock-options, performance shares plans and 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 loss per share.*

*(2) Converted at the average exchange rate of U.S.$1.1106 and U.S.$1.1211 per for the periods ended September 30, 2016 and 2015, respectively.*

*(3) As a result of the February 5, 2016 CGG SA capital increase via an offering of preferential subscription rights to existing shareholders, the calculation of basic and diluted earnings per share for 2015 has been adjusted retrospectively. Number of ordinary shares outstanding has been adjusted to reflect the proportionate change in the number of shares.*

*(4) As a result of the July 20, 2016 reverse stock split the calculation of basic and diluted earnings per share for 2015 has been adjusted retrospectively. Number of ordinary shares outstanding has been adjusted to reflect the proportionate change in the number of shares.*

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**UNAUDITED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)**

| Amounts in millions of U.S.$ | Nine months ended September 30, 2016 | 2015 |
|---|---|---|
| **Net income (loss) from statements of operations** | **(296.8)** | **(1,189.8)** |
| **Other comprehensive income to be reclassified in profit (loss) in subsequent period:** | | |
| Net gain (loss) on cash flow hedges | (0.2) | 0.6 |
| Net gain (loss) on available-for-sale financial assets | | (0.7) |
| Exchange differences on translation of foreign operations | (1.6) | (14.9) |
| **Net other comprehensive income to be reclassified in profit (loss) in subsequent period [1]** | **(1.8)** | **(15.0)** |
| **Other comprehensive income not to be classified in profit (loss) in subsequent period:** | | |
| Net gain (loss) on actuarial changes on pension plan | | (3.8) |
| **Net other comprehensive income not to be reclassified in profit (loss) in subsequent period [2]** | | **(3.8)** |
| **Total other comprehensive income (loss) for the period, net of taxes [1] + [2]** | **(1.8)** | **(18.8)** |
| **Total comprehensive income (loss) for the period** | **(298.6)** | **(1,208.6)** |
| *Attributable to:* | | |
| *Owners of CGG SA* | *(295.1)* | *(1,208.1)* |
| *Non-controlling interests* | *(3.5)* | *(0.5)* |

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

| **Amounts in millions of U.S.$, unless indicated** | **September 30, 2016 (unaudited)** | **December 31, 2015** |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | 603.5 | 385.3 |
| Trade accounts and notes receivable, net | 401.8 | 812.5 |
| Inventories and work-in-progress, net | 309.9 | 329.3 |
| Income tax assets | 90.4 | 91.2 |
| Other current assets, net | 110.4 | 119.2 |
| Assets held for sale | 74.5 | 34.4 |
| **Total current assets** | **1,590.5** | **1,771.9** |
| Deferred tax assets | 41.8 | 52.2 |
| Investments and other financial assets, net | 50.8 | 87.6 |
| Investments in companies under equity method | 201.4 | 200.7 |
| Property, plant and equipment, net | 738.0 | 885.2 |
| Intangible assets, net | 1,339.2 | 1,286.7 |
| Goodwill, net | 1,228.3 | 1,228.7 |
| **Total non-current assets** | **3,599.5** | **3,741.1** |
| **TOTAL ASSETS** | **5,190.0** | **5,513.0** |
| **LIABILITIES AND EQUITY** | | |
| Bank overdrafts | 1.6 | 0.7 |
| Current portion of financial debt | 106.7 | 96.5 |
| Trade accounts and notes payable | 149.6 | 267.8 |
| Accrued payroll costs | 134.3 | 169.2 |
| Income taxes liability payable | 20.2 | 47.0 |
| Advance billings to customers | 26.6 | 56.0 |
| Provisions current portion | 140.7 | 219.5 |
| Other current liabilities | 129.9 | 198.6 |
| Liabilities directly associated with the assets classified as held for sale | 14.6 | |
| **Total current liabilities** | **724.2** | **1,055.3** |
| Deferred tax liabilities | 116.0 | 136.3 |
| Provisions non-current portion | 120.8 | 155.9 |
| Non-current portion of financial debt | 2,799.2 | 2,787.6 |
| Other non-current liabilities | 14.5 | 19.5 |
| **Total non-current liabilities** | **3,050.5** | **3,099.3** |
| Common stock 26,900,581 shares authorized and 22,133,149 shares with a 0.80 nominal value issued and outstanding at September 30, 2016 and 5,533,287 at December 31, 2015 [1] | 20.3 | 92.8 |
| Additional paid-in capital | 1,850.0 | 1,410.0 |
| Retained earnings | (267.6) | 1,181.7 |
| Other reserves | 129.0 | 138.0 |
| Treasury shares | (20.1) | (20.6) |

| | | |
|---|---|---|
| Net income (loss) for the period attributable to owners of CGG SA | (294.3) | (1,450.2) |
| Cumulative income and expense recognized directly in equity | (0.8) | (0.6) |
| Cumulative translation adjustment | (39.5) | (38.9) |
| **Equity attributable to owners of CGG SA** | **1,377.0** | **1,312.2** |
| Non-controlling interests | 38.3 | 46.2 |
| **Total equity** | **1,415.3** | **1,358.4** |
| **TOTAL LIABILITIES AND EQUITY** | **5,190.0** | **5,513.0** |

*(1) Number of shares as of December 31, 2015 has been restated to reflect the 32-for-one stock split on July 20, 2016.*

See notes to Interim Consolidated Financial Statements

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**UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

| Amounts in millions of U.S.$ | Nine months ended September 30, 2016 | 2015 |
|---|---|---|
| **OPERATING** | | |
| Net income (loss) | (296.8) | (1,189.8) |
| Depreciation and amortization | 199.3 | 1,216.5 |
| Multi-client surveys depreciation and amortization | 205.1 | 177.4 |
| Depreciation and amortization capitalized to multi-client surveys | (34.2) | (61.7) |
| Variance on provisions | (119.7) | (55.5) |
| Stock based compensation expenses | 0.5 | 1.5 |
| Net gain (loss) on disposal of fixed assets | 1.2 | (0.8) |
| Equity income (loss) of investees | (2.9) | (27.0) |
| Dividends received from affiliates | 13.0 | 5.1 |
| Other non-cash items | (0.4) | (7.3) |
| **Net cash including net cost of financial debt and income tax** | **(34.9)** | **58.4** |
| Add back net cost of financial debt | 129.8 | 133.4 |
| Add back income tax expense | 15.9 | 81.9 |
| **Net cash excluding net cost of financial debt and income tax** | **110.8** | **273.7** |
| Income tax paid | (12.9) | (17.7) |
| **Net cash before changes in working capital** | **97.9** | **256.0** |
| - change in trade accounts and notes receivable | 325.1 | 171.0 |
| - change in inventories and work-in-progress | 29.7 | 27.8 |
| - change in other current assets | (24.8) | 47.0 |
| - change in trade accounts and notes payable | (100.0) | (137.3) |
| - change in other current liabilities | (58.9) | (86.5) |
| Impact of changes in exchange rate on financial items | (9.0) | 12.0 |
| **Net cash provided by operating activities** | **260.0** | **290.0** |
| **INVESTING** | | |
| Capital expenditures (including variation of fixed assets suppliers, excluding multi-client surveys) | (68.7) | (112.8) |
| Investment in multi-client surveys, net cash | (241.8) | (218.4) |
| Proceeds from disposals of tangible and intangible assets | 11.5 | 9.7 |
| Total net proceeds from financial assets | 6.1 | 4.4 |
| Acquisition of investments, net of cash and cash equivalents acquired | | (19.3) |
| Impact of changes in consolidation scope | | |
| Variation in loans granted | 19.3 | (21.6) |
| Variation in subsidies for capital expenditures | (0.6) | (0.6) |
| Variation in other non-current financial assets | 1.3 | 3.1 |
| **Net cash used in investing activities** | **(272.9)** | **(355.5)** |
| **FINANCING** | | |
| Repayment of long-term debts | (487.4) | (222.1) |
| Total issuance of long-term debts | 456.6 | 396.3 |

| | | |
|---|---|---|
| Lease repayments | (6.5) | (6.1) |
| Change in short-term loans | 0.9 | (1.9) |
| Financial expenses paid | (103.0) | (101.4) |
| *Net proceeds from capital increase* | | |
| - from shareholders | 367.5 | |
| - from non-controlling interests of integrated companies | | |
| *Dividends paid and share capital reimbursements* | | |
| - to shareholders | | |
| - to non-controlling interests of integrated companies | (4.4) | (7.5) |
| Acquisition/disposal from treasury shares | 0.5 | |
| **Net cash provided by (used in) financing activities** | **224.2** | **57.3** |
| Effects of exchange rates on cash | 6.9 | (15.5) |
| Impact of changes in consolidation scope | | |
| **Net increase (decrease) in cash and cash equivalents** | **218.2** | **(23.7)** |
| **Cash and cash equivalents at beginning of year** | **385.3** | **359.1** |
| **Cash and cash equivalents at end of period** | **603.5** | **335.4** |

See notes to Interim Consolidated Financial Statements

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**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

| Amounts in millions of U.S.$, except share data | Number of Shares issued (a) | Share capital | Additional paid-in capital | Retained earnings | Other reserves | Treasury shares | Income and expense recognized directly in equity | Cumulative translation adjustment | Equity attributable to owners of CGG SA | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at January 1, 2015** | ***5,533,287*** | **92.8** | **3,180.4** | **(592.4)** | **64.7** | **(20.6)** | **(7.6)** | **(24.3)** | **2,693.0** | **53.2** | **2,746.2** |
| Net gain (loss) on actuarial changes on pension plan (1) | | | | (3.8) | | | | | (3.8) | | **(3.8)** |
| Net gain (loss) on cash flow hedges (2) | | | | | | | 0.6 | | 0.6 | | **0.6** |
| Net gain (loss) on available-for-sale financial assets (3) | | | | | | | (0.7) | | (0.7) | | (0.7) |
| Exchange differences on foreign currency translation (4) | | | | | | | 0.7 | (13.5) | (12.8) | (2.1) | (14.9) |
| **Other comprehensive income (1)+(2)+(3)+(4)** | | | | **(3.8)** | | | **0.6** | **(13.5)** | **(16.7)** | **(2.1)** | **(18.8)** |
| Net income (5) | | | | (1,191.4) | | | | | (1,191.4) | 1.6 | **(1,189.8)** |
| **Comprehensive income (1)+(2)+(3)+(4)+(5)** | | | | **(1,195.2)** | | | **0.6** | **(13.5)** | **(1,208.1)** | **(0.5)** | **(1,208.6)** |
| Dividends | | | | | | | | | | (7.5) | **(7.5)** |
| Cost of share-based payment | | | | 1.9 | | | | | 1.9 | | **1.9** |
| Exchange differences on foreign currency translation generated by the parent | | | | | 55.7 | | | | 55.7 | | **55.7** |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| company | | | | | | | | | | | |
| Public exchange offer of convertible bonds, net of tax | | | | 8.5 | | | | | 8.5 | | **8.5** |
| Transfer to retained earnings of the parent company | | | (1,770.7) | 1,770.7 | | | | | | | |
| Changes in consolidation scope and other | | | | 0.6 | | | | | 0.6 | (0.6) | |
| **Balance at September 30, 2015** | ***5,533,287*** | **92.8** | **1,409.7** | **(5.9)** | **120.4** | **(20.6)** | **(7.0)** | **(37.8)** | **1,551.6** | **44.6** | **1,596.2** |

(a) *Number of shares as of January 1, 2015 and September 30, 2015 has been restated to reflect the 32-for-one stock split on July 20, 2016.*

| **Amounts in millions of U.S.$, except share data** | **Number of Shares issued (a)** | **Share capital** | **Additional paid-in capital** | **Retained earnings** | **Other reserves** | **Treasury shares** | **Income and expense recognized directly in equity** | **Cumulative translation adjustment** | **Equity attributable to owners of CGG SA** | **Non-controlling interests** | **Total equity** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at January 1, 2016** | ***5,533,287*** | **92.8** | **1,410.0** | **(268.5)** | **138.0** | **(20.6)** | **(0.6)** | **(38.9)** | **1,312.2** | **46.2** | **1,358.4** |
| Net gain (loss) on actuarial changes on pension plan (1) | | | | | | | | | | | |
| Net gain (loss) on cash flow hedges (2) | | | | | | | (0.2) | | (0.2) | | **(0.2)** |
| Exchange differences on foreign currency translation (3) | | | | | | | | (0.6) | (0.6) | (1.0) | **(1.6)** |
| **Other comprehensive income (1)+(2)+(3)** | | | | | | | **(0.2)** | **(0.6)** | **(0.8)** | **(1.0)** | **(1.8)** |
| Net income (4) | | | | (294.3) | | | | | (294.3) | (2.5) | **(296.8)** |
| | | | | **(294.3)** | | | **(0.2)** | **(0.6)** | **(295.1)** | **(3.5)** | **(298.6)** |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Comprehensive income (1)+(2)+(3)+(4)** | | | | | | | | | | | |
| Capital increase | *16,599,862* | 231.6 | 135.9 | | | 0.5 | | | 368.0 | | **368.0** |
| Share capital reduction *(see note 3)* | | (304.1) | 304.1 | | | | | | | | |
| Dividends | | | | | | | | | | (4.4) | **(4.4)** |
| Cost of share-based payment | | | | 1.1 | | | | | 1.1 | | **1.1** |
| Exchange differences on foreign currency translation generated by the parent company | | | | | (9.0) | | | | (9.0) | | **(9.0)** |
| Changes in consolidation scope and other | | | | (0.2) | | | | | (0.2) | | **(0.2)** |
| **Balance at September 30, 2016** | ***22,133,149*** | **20.3** | **1,850.0** | **(561.9)** | **129.0** | **(20.1)** | **(0.8)** | **(39.5)** | **1,377.0** | **38.3** | **1,415.3** |

*(a) Number of shares as of January 1, 2016 and capital increase have been restated to reflect the 32-for-one stock split on July 20, 2016.*

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## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CGG S.A. ( the Company ), along with its subsidiaries (together, the Group ) is a global participant in the geophysical and geological services industry, providing a wide range of data acquisition, processing and interpretation services as well as related imaging and interpretation software to clients in the oil and gas exploration and production business. It is also a global manufacturer of geophysical equipment.

Given that the Company is listed on a European Stock Exchange and pursuant to European regulation n°1606/2002 dated July 19, 2002, the accompanying interim condensed consolidated financial statements have been prepared in accordance with IAS34 as issued by the International Accounting Standards Board (IASB) and adopted by the European Union.

These interim condensed consolidated financial statements have been authorized by the Audit Committee on November 4, 2016 for issue.

The interim condensed consolidated financial statements are presented in U.S. dollars and have been prepared on a historical cost basis, except for certain financial assets and liabilities that have been measured at fair value.

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates due to the change in economic conditions, changes in laws and regulations, changes in strategy and the inherent imprecision associated with the use of estimates.

**Critical accounting policies**

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group s annual financial statements as of and for the year ended December 31, 2015 included in its report on Form 20-F for the year 2015 filed with the SEC on April 15, 2016.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group s annual financial statements for the year ended December 31, 2015, except for the adoption of the following new Standards, Amendments, and Interpretations:

- Annual Improvements (2012-2014)
- Amendments to IAS 1 Disclosure initiative
- Amendments to IAS 16 & IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization

- Amendment to IFRS 11 Acquisition of an interest in a joint operation

The adoption of these Standards, Amendments, and Interpretations had limited impact on the Group s interim financial statements.

At the date of issuance of these consolidated financial statements, the following Standards, Amendments, and Interpretations were issued but not yet adopted by the European Union and were thus not effective:

- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 7 Disclosure initiative
- Amendments to IAS 12 Recognition of deferred tax assets for unrealized losses
- IFRS 9 Financial instrument classification and valuation of financial assets
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- Amendments to IFRS 15 Revenue from Contracts with Customers
- Amendments to IFRS 2 Share-based payment

We are currently reviewing these Standards, Amendments, and Interpretations to measure their potential impact on our consolidated financial statements.

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**Application of Amendments to IAS 16 & IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization**

The amendment of IAS 38 Intangible assets led CGG to adapt its multi-client library amortization pattern as follows:

- Each survey is fully amortized or impaired over a 5-years period after the delivery date based on the following principles:
  - Based on the sales pattern, each survey will be amortized in a manner that reflects the pattern of consumption of its economic benefits during both prefunding and the after-sale periods.
  - Consequently, an amortization rate corresponding to the ratio of capitalized costs to total expected sales over the accounting life of the survey will be applied to each sale recognized. For 2016, and as applied conservatively by CGG since January 1, 2014, such amortization rate will be 80%.
  - For certain large sales, the amortization rate will be adjusted to reflect the commercial effects of price elements: if a special rebate is granted to a customer buying a large volume of data, a higher amortization rate could then be triggered.
  - Each quarter, the Net Book Value of each survey is compared to its Gross Book Value decreasing linearly over a 5-year period starting from delivery date. If this calculated value is lower than the Net Book Value of the survey, this is an indication of a loss of value. The guidance for impairment in such case is to adjust the Net Book Value of the survey to the linearly calculated value or to a lower amount, depending on the sales forecasts.
- In addition, an impairment assessment will continue to be performed on an annual basis (or more frequently, whenever there is an indication that a survey may be impaired).

These principles are fairly consistent with the characteristic of our multi-client business models and they comply with the amendment of IAS 38 as they reflect the expected pattern of consumption of the economic benefits of the multi-client library.

These principles for the multi-clients library amortization have been applied from January 1, 2016.

***Use of judgment and estimates***

Key judgments and estimates used in the financial statements are summarized in the following table:

| Judgments and estimates | Key assumptions |
|---|---|
| | Pattern used to determine the fair value of assets and liabilities |

| | |
|---|---|
| Fair value of assets and liabilities acquired through purchase accounting | |
| Recoverability of client receivables | Assessment of clients credit default risk |
| Valuation of investments | Financial assets fair value<br><br>Equity method companies fair value |
| Amortization and impairment of multi-client surveys | Expected margin rate for each category of surveys<br><br>Expected useful life of multi-client surveys |
| Depreciation and amortization of tangible and intangible assets | Assets useful lives |
| Recoverable value of goodwill and intangible assets | Expected geophysical market trends and timing of recovery<br><br>Discount rate (WACC) |
| Post-employment benefits | Discount rate<br><br>Participation rate to post employment benefit plans<br><br>Inflation rate |
| Provisions for restructuring and onerous contracts | Assessment of future costs related to restructuring plans and onerous contracts |
| Provisions for risks, claims and litigations | Assessment of risks considering court rulings and attorney s positions |
| Revenue recognition | Contract completion rates<br><br>Assessment of fair value of customer loyalty programs<br><br>Assessment of fair value of contracts identifiable parts |
| Development costs | Assessment of future benefits of each project |
| Deferred tax assets | Hypothesis supporting the achievement of future taxable benefits |

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***Operating revenues***

Operating revenues are recognized when they can be measured reliably, and when it is likely that the economic benefits associated with the transaction will flow to the entity, which is at the point that such revenues have been realized or are considered realizable.

*Multi-client surveys*

Revenues related to multi-client surveys result from (i) pre-commitments and (ii) licenses after completion of the surveys ( after-sales ).

*Pre-commitments* generally, we obtain commitments from a limited number of customers before a seismic project is completed. These pre-commitments cover part or all of the survey area blocks. In return for the commitment, the customer typically gains the right to direct or influence the project specifications, advance access to data as it is being acquired, and favorable pricing. We record payments that we receive during periods of mobilization as advance billing in the statement of financial position in the line item Advance billings to customers .

We recognize pre-commitments as revenue when production has started based on the physical progress of the project, as services are rendered.

*After sales* generally, we grant a license entitling non-exclusive access to a complete and ready for use, specifically defined portion of our multi-client data library in exchange for a fixed and determinable payment. We recognize after sales revenue upon the client executing a valid license agreement and being granted access to the data.

In case after sales agreements contain multiple deliverable elements, the revenue is allocated to the various elements based on specific objective evidence of fair value, regardless of any separate allocations stated within the contract for each element.

*After sales volume agreements* we enter into a customer arrangement in which we agree to grant licenses to the customer for access to a specified number of blocks of the multi-client library. These arrangements typically enable the customer to select and access the specific blocks for a limited period of time. We recognize revenue when the blocks are selected and the client has been granted access to the data and if the corresponding revenue can be reliably estimated.

*Exclusive surveys*

In exclusive surveys, we perform seismic services (acquisition and processing) for a specific customer. We recognize proprietary/contract revenues as the services are rendered. Revenue is recognized using the percentage of completion method (or proportional performance method ).

The billings and the costs related to the transit of seismic vessels at the beginning of the survey are deferred and recognized over the duration of the contract by reference to the technical stage of completion.

In some exclusive survey contracts and a limited number of multi-client survey contracts, we are required to meet certain milestones. We defer recognition of revenue on such contracts until all milestones before which the customer has a right of cancellation or refund of amounts paid have been achieved.

*Equipment sales*

We recognize revenues on equipment sales upon delivery to the customer when risks and rewards are fully transferred. Any advance billings to customers are recorded in current liabilities.

*Software and hardware sales*

We recognize revenues from the sale of software and hardware products following acceptance of the product by the customer at which time we have no further significant vendor obligations remaining. Any advance billings to customers are recorded in current liabilities.

If an arrangement to deliver software, either alone or together with other products or services, requires significant production, modification, or customization of software, the entire arrangement is accounted for as a production-type contract, i.e. using the percentage of completion method.

If the software arrangement provides for multiple deliverables (e.g. upgrades or enhancements, post-contract customer support such as maintenance, or services), the revenue is allocated to the various elements based on specific objective evidence of fair value, regardless of any separate allocations stated within the contract for each element.

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Maintenance revenues consist primarily of post contract customer support agreements and are recorded as advance billings to customers and recognized as revenue on a proportional performance basis over the contract period.

*Other geophysical sales/services*

Revenues from our other geophysical sales/services are recognized as the services are performed and, when related to long-term contracts, using the proportional performance method of recognizing revenues.

*Customer loyalty programs*

We may grant award credits to our main clients. These award credits are contractually based on cumulative services provided during the calendar year and attributable to future services.

These credits are considered as a separate component of the initial sale and measured at their fair value by reference to the contractual rates and the forecasted cumulative revenues for the calendar year. These proceeds are recognized as revenue only when the obligation has been fulfilled.

***Multi-client surveys***

Multi-client surveys consist of seismic surveys to be licensed to customers on a non-exclusive basis. All costs directly incurred in acquiring, processing and otherwise completing seismic surveys are capitalized into the multi-client surveys (including transit costs when applicable). The value of our multi-client library is stated on our statement of financial position at the aggregate of those costs less accumulated amortization or at fair value if lower. We review the library for potential impairment at each statement of financial position date at the relevant level (independent surveys or groups of surveys).

Multi-client surveys are classified into a same category when they are located in the same area with the same estimated sales ratio, such estimates generally relying on the historical patterns.

Each survey is amortized in a manner that reflects the pattern of consumption of its economic benefits during both prefunding and after-sale periods. An amortization rate of 80% corresponding to the ratio of capitalized costs to total expected sales over the accounting life of the survey is applied to each sale recognized, unless specific indications lead to application of a different rate. If that is the case, the amortization rate is adjusted to reflect the commercial effects of price elements. Each survey will be fully amortized or impaired over a 5-year period after the delivery date.

***Development costs***

Expenditures on research activities undertaken with the prospect of gaining new scientific or technological knowledge and understanding are recognized in the income statement as expenses as incurred and are presented as Research and development expenses net . Expenditures on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalized if:

the project is clearly defined, and costs are separately identified and reliably measured,

- the product or process is technically and commercially feasible,
- we have sufficient resources to complete development, and
- the intangible asset is likely to generate future economic benefits, either because it is useful to us or through an existing market for the intangible asset itself or for its products.

The expenditures capitalized include the cost of materials, direct labor and an appropriate proportion of overhead. Other development expenditures are recognized in the income statement as expenses as incurred and are presented as "Research and development expenses — net".

Capitalized development expenditures are stated at cost less accumulated amortization and impairment losses.

Capitalized developments costs are amortized over 5 years.

Research and development expenses in our income statement represent the net cost of development costs that are not capitalized, of research costs, offset by government grants acquired for research and development.

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***Convertible debt***

The Company recognizes separately the components of convertible debt as (i) a financial liability and (ii) an option to the holder of the instrument to convert it into an equity instrument of the Company.

The Company first determines the carrying amount of the liability component by measuring the fair value of a similar liability (including any embedded non-equity derivative features) that does not have an associated equity component.

The carrying amount of the equity instrument represented by the option to convert the instrument into ordinary shares is then determined by deducting the fair value of the financial liability from the fair value of the compound financial instrument as a whole. The carrying amount is presented net of associated deferred taxes.

The sum of the carrying amounts assigned to the liability and equity components on initial recognition is always equal to the fair value that would be ascribed to the instrument as a whole.

**NOTE 2 ACQUISITIONS AND DIVESTITURES**

*Sale of the Multi-Physics Business Line*

CGG announced on April 29, 2016 that it had entered into a binding agreement with NEOS for the sale of the Multi-Physics business line. The transaction is expected to close before year-end following receipt of required approvals and licenses. As of September 30, 2016 assets and liabilities to be disposed of are classified in assets held for sale and liabilities directly associated with the assets classified as held for sale in the consolidated statement of financial position.

*Gardline CGG Pte Ltd*

On March 24, 2016, CGG sold its 49% stake in Gardline CGG Pte Ltd., which was accounted for using the equity method in our financial statements.

**NOTE 3 CAPITAL INCREASE, REVERSE STOCK SPLIT AND CHANGE OF NOMINAL VALUE OF ORDINARY SHARES**

**Capital increase**

CGG increased its share capital through the distribution of preferential subscription rights to existing shareholders launched on January 13, 2016. The final gross proceeds amounted to 350,589,080.16, corresponding to the issuance of 531,195,576 new shares. The net proceeds of the issuance amounted to 337 million and were used to reinforce the shareholders equity of CGG and improve its liquidity as it finances its Transformation Plan.

The transaction was fully underwritten (excluding the Bpifrance and IFP Energies Nouvelles subscription commitments) by a syndicate of banks. The fees and costs related to this transaction amounted to 13 million (U.S.$14 million).

The listing of the new shares on the regulated market of Euronext Paris (Segment B) on the same line as the existing shares (FR0000120164) took place on February 5, 2016. As from that date, the share capital of CGG is composed of 708,260,768 shares with a nominal value of 0.40 each, for a total nominal share capital of 283,304,307.20.

**Reverse stock split**

The Company carried out on July 20, 2016 the reverse stock split that the combined general shareholders meeting approved on May 27, 2016. All shareholders received one new share (with all rights pertaining to shares), in exchange for 32 former shares. The first share price on July 20 was calculated on the basis of the last share price traded on July 19 ( 0.69) multiplied by 32.

The listing of the new shares on the regulated market of Euronext Paris (Segment B) on a new line (FR0013181864) took place on July 20, 2016. As from that date, the share capital of CGG is composed of 22,133,149 shares with a nominal value of 12.80 each, for a total nominal share capital of 283,304,307.20.

**Change of nominal value of ordinary shares**

The Company carried out on August 11 2016 the change of nominal value of ordinary shares that the combined general shareholders meeting approved on May 27. The Company s share capital was reduced by 265,597,788 to bring it down from 283,304,307 to 17,706,519 by reducing the nominal value of the Company s shares after realization of the reverse split from 12.80 to 0.80.

The amount of 265,597,788, corresponding to the share capital reduction, was allocated in full to the additional paid in capital account.

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## NOTE 4 FINANCIAL DEBT

Gross financial debt as of September 30, 2016 was U.S.$2,907.5 million compared to U.S.$2,884.8 million as of December 31, 2015.

**Nine months period ended September 30, 2016**

***Revolving Credit Facilities***

A summary of our authorized credit lines as of September 30, 2016 is as follows:

| | Date | Maturity | Authorized amount | Used amount | Available amount |
|---|---|---|---|---|---|
| | | | (in millions of US$) | | |
| US Revolving facility | 2013 | 2018 | 165.0 | 165.0 | |
| French Revolving facility[1] | 2013 | 2018 | 300.0 | 300.0 | |
| Nordic Revolving facility | 2014 | 2019 | 100.0 | 100.0 | |
| **Total credit facilities before issuing fees** | | | **565.0** | **565.0** | |

(1) *Our French revolving facility, as amended, provides for the following schedule of total commitments: $300 million from July 2016 to July 2017; and $275 million from July 2017 to July 2018.*

As of September 30, 2016, the revolving credit facilities were fully drawn.

We revised our financial covenants, effective on February 4, 2016. Our French revolving facility and our US revolving facility require that we meet the following new ratios, which are tested at the end of each quarter for the rolling 12-month testing period:

- a minimum Group Liquidity amount (cash and cash equivalents plus undrawn revolving credit facilities) of $175 million at each quarter end;
- a maximum leverage ratio (defined as total net financial debt to EBITDAS) of 5.00x for each rolling 12-month period ending in 2016, 4.75x for the rolling period ending in March 2017, 4.25x for the rolling period ending in June 2017, 4.00x for the rolling period ending in September 2017, 3.50x for the rolling period ending in December 2017, 3.25x for the rolling period ending in March 2018 and 3.00x thereafter; and
- an interest cover ratio (defined as consolidated EBITDAS to total interest costs) above 3.00:1.00.

All of these financial covenants were complied with at September 30, 2016.

Our Nordic credit facility requires that we meet the following ratios and tests:

- cash plus cash equivalents of not less than US$100 million at all times;
- a maximum leverage ratio (defined as total net financial debt to EBITDAS) of 5.00x for each rolling 12-month period ending in 2016, 4.75x for the rolling period ending in March 2017, 4.25x for the rolling period ending in June 2017, 4.00x for the rolling period ending in September 2017, 3.50x for the rolling period ending in December 2017, 3.25x for the rolling period ending in March 2018 and 3.00x thereafter; and
- a ratio of EBITDAS to total interest costs of at least 3.00:1.00.

All of these financial covenants were complied with at September 30, 2016.

Our French revolving facility amendment has also led to an extension of maturity with a new schedule of the total commitments as follow:

- US$325 million until July 2016;
- US$300 million from July 2016 to July 2017; and
- US$275 million from July 2017 to July 2018.

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***Convertible Bonds conversion ratio adjustment***

Following the capital increase and the reverse split, the convertible bonds conversion ratio has been adjusted as follow:

| | **Conversion ratio before capital increase** | | **Conversion ratio after capital increase** | | **Conversion ratio after reverse split and change of nominal value of ordinary shares** | |
|---|---|---|---|---|---|---|
| Convertible bond due 2019 | 1 CGG share of price | 0.40 nominal | 1.422 CGG share of price | 0.40 nominal | 0.044 CGG share of nominal price | 0.80 |
| Convertible bond due 2020 | 1 CGG share of price | 0.40 nominal | 1.422 CGG share of price | 0.40 nominal | 0.044 CGG share of nominal price | 0.80 |

**Nine months period ended September 30, 2015**

***Simplified public exchange of convertible bonds***

In May 2015, CGG initiated a simplified public exchange offer for its outstanding 11,200,995 bonds convertible into and/or exchangeable for new or existing share of the company (convertible bonds) due 2019, with the intention to issue new convertible bonds due 2020 at a ratio of five 2020 convertible bonds for two 2019 convertible bonds tendered into the offer.

On June 26, 2015, holders exchanged 90.3% of the principal amount of the existing 2019 convertible bonds (or 10,114,014 bonds). In consideration, CGG issued 25,285,035 convertible bonds maturing on January 1, 2020 for a total nominal amount of 325.1 million (or U.S.$363.7 million converted at the historical closing exchange rate of U.S.$1.1189).

The 2020 convertible bonds nominal value was set at 12.86 per bond (versus 32.14 for the 2019 convertible bonds). The new bonds bear interest at a rate of 1.75% payable semi-annually in arrears on January 1 and July 1 of each year (versus 1.25% for the 2019 convertible bonds). The bonds entitle the holders to receive new and/or existing CGG shares at the ratio of one share per one bond, subject to adjustments. Under certain conditions, the bonds may be redeemed prior to maturity at our option.

As of June 30, 2015, as a result of this transaction, we derecognized the financial liability and equity components related to the 2019 convertible bonds that were exchanged. We also recognized the 2020 convertible bonds at their fair value amounting to 275.2 million (or U.S.$307.8 million converted at the historical closing exchange rate of U.S.$1.1189). The financial liability component was assessed using a 6.63% interest rate and amounted to 265.4 million (or U.S.$296.9 million). The equity component was 9.7 million (or U.S.$10.9 million).

The outstanding amount of the financial liability that corresponded to the 2019 convertible bonds that were not exchanged amounted to 30.3 million (or U.S.$34 million) in the consolidated statement of financial position as of September 30, 2015.

The impact of the transaction on the net income of the period was not significant. The impact on equity amounted to U.S.$8.6 million, net of taxes.

**NOTE 5 ANALYSIS BY OPERATING SEGMENT AND GEOGRAPHIC AREA**

Since September 30, 2015, we have organized our activities in four segments for financial reporting: (i) Contractual Data Acquisition, (ii) Geology, Geophysics & Reservoir, (iii) Equipment and (iv) Non-Operated Resources. Financial information by segment is reported in accordance with our internal reporting system and provides internal segment information that is used by the chief operating decision maker to manage and measure performance.

Taking into account the long cyclical trough of the seismic market, which further worsened during the summer of 2015 as a consequence of a renewed bearish forward view on the price of oil, CGG decided, during the third quarter of 2015, to implement new adaptation measures throughout the Group as a new step in its Transformation Plan and further reduce its marine fleet to five vessels mainly dedicated to multi-client surveys. Going forward, the downsized CGG fleet will be dedicated on average two-thirds to multi-client surveys and only one-third to exclusive surveys. As a result of the reduction of the fleet, part of our owned vessels will not be operated for a certain period of time. The costs of these non-operated resources, as well as the costs of the Transformation Plan are reported, in the Non-Operated Resources segment.

A summary of our four segments is set out below:

**Contractual Data Acquisition**. This Operating segment comprises the following business lines:

- Marine: offshore seismic data acquisition undertaken by us on behalf of a specific client;
- Land and Multi-Physics: other seismic data acquisition undertaken by us on behalf of a specific client.

**Geology, Geophysics & Reservoir** ( GGR ). This operating segment comprises the Multi-client business line (development and management of seismic surveys that we undertake and license to a number of clients on a

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non-exclusive basis) and the Subsurface Imaging and Reservoir business lines (processing and imaging of geophysical data, reservoir characterization, geophysical consulting and software services, geological data library and data management solutions). Both business lines regularly combine their offerings, generating overall synergies between their respective activities. The GGR segment includes the costs, industrial capital expenditures and capital employed related to the vessels dedicated to multi-client surveys.

**Equipment**. This operating segment comprises our manufacturing and sales activities for seismic equipment used for data acquisition, both on land and marine. The Equipment segment carries out its activities through our subsidiary Sercel.

**Non-Operated Resources**. This segment mainly comprises the costs of the non-operated marine resources as well as all the costs of our Transformation Plan (mainly restructuring provisions and provisions for onerous contracts). The capital employed includes the non-operated marine assets and the provisions related to the Transformation Plan. In this segment, the recoverable value retained is the fair value less costs of disposal.

As a complement to Operating Income, EBIT may be used by management as a performance indicator for segments because it captures the contribution to our results of the significant businesses that are managed through our joint ventures. We define EBIT as Operating Income plus our share of income in companies accounted for under the equity method.

Inter-company analytical transactions between segments are made at arm s length prices. They relate primarily to geophysical equipment sales made by the Equipment segment to the Contractual Data Acquisition and GGR segments (with the reference being the spot market). As GGR includes marine capacity dedicated to multi-client surveys, there are no longer any services rendered by Contractual Data Acquisition to GGR for multi-client surveys. Transactions between subsidiaries of the Group are made at market prices.

These inter-segment revenues and the related earnings are eliminated in consolidation in the tables that follow under the column Eliminations and other .

The inter-segment sales and the related earnings recognized by the Equipment segment are eliminated and presented in the tables that follow as follows: (i) Operating Income and EBIT for our Contractual Data Acquisition and GGR segments are presented after elimination of amortization expenses corresponding to capital expenditures between our Equipment segment and Contractual Data Acquisition and GGR segments; and (ii) capital expenditures for our Contractual Data Acquisition and GGR segments are presented after elimination of inter-segment margin.

Operating Income and EBIT may include non-recurring items, which are disclosed in the reportable segment if material. General corporate expenses, which include Group management, financing, and legal activities, have been included in the column Eliminations and other in the tables that follow. The Group does not disclose financial expenses or financial revenues by segment because they are managed at the Group level.

Identifiable assets are those used in the operations of each segment. Unallocated and corporate assets consist of investments and other financial assets and cash and cash equivalents of our consolidated statement of financial position. The group does not track its assets based on country of origin.

Capital employed is defined as "total assets" excluding "cash and cash equivalents" less (i) "current liabilities" excluding "bank overdrafts" and "current portion of financial debt" and (ii) "non-current liabilities" excluding "financial debt".

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The following tables also present operating revenues, Operating Income and EBIT by segment, and operating revenues by geographic area (by location of customers).

***Analysis by segment***

| | Three months ended September 30, | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2016 | | | | | | 2015 | | | | | |
| **In millions of U.S.$, except for assets and capital employed in billions of U.S.$** | **Contractual Data Acquisition** | **Non Operated Resources** | **GGR** | **Equipment** | **Eliminations and other** | **Consolidated Total** | **Contractual Data Acquisition** | **Non Operated Resources** | **GGR** | **Equipment** | **Eliminations and other** | **Consolidated Total** |
| Revenues from unaffiliated customers | 36.9 | | 193.4 | 33.7 | | 264.0 | 147.7 | | 226.6 | 95.5 | | 469.8 |
| Inter-segment revenues | 1.3 | | | 19.8 | (21.1) | | 4.5 | | | 7.3 | (11.8) | |
| **Operating revenues** | **38.2** | | **193.4** | **53.5** | **(21.1)** | **264.0** | **152.2** | | **226.6** | **102.8** | **(11.8)** | **469.8** |
| Depreciation and amortization (excluding multi-client surveys) | (14.6) | (15.0) | (27.3) | (8.6) | (0.1) | (65.6) | (537.3) | (4.6) | (483.7) | (10.4) | | (1,036.0) |
| Depreciation and amortization of multi-client surveys | | | (82.0) | | | (82.0) | | | (51.2) | | | (51.2) |
| **Operating income** | **(12.9)** | **(21.2)** | **18.7** | **(9.9)** | **(17.4)** | **(42.7)** | **(529.1)** | **(10.3)** | **(409.9)** | **4.9** | **(18.7)** | **(963.1)** |
| Share of income in companies accounted for under equity method (1) | 3.0 | | | | | 3.0 | 10.8 | | | | | 10.8 |
| **Earnings before** | **(9.9)** | **(21.2)** | **18.7** | **(9.9)** | **(17.4)** | **(39.7)** | **(518.3)** | **(10.3)** | **(409.9)** | **4.9** | **(18.7)** | **(952.3)** |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **interest and tax (2)** | | | | | | | | | | |
| Capital expenditures (excluding multi-client surveys) (3) | 3.4 | 16.0 | 3.1 | 0.3 | 22.8 | 14.5 | 7.5 | 4.6 | 3.6 | 30.2 |
| Investments in multi-client surveys, net cash | | 79.0 | | | 79.0 | | 68.0 | | | 68.0 |

(1) Share of operating results of companies accounted for under equity method is U.S.$3.4 million and U.S.$11.8 million for the three months ended September 30, 2016 and 2015, respectively.

(2) At the Group level, Operating Income and EBIT before costs related to the Transformation Plan amount to U.S.$(38.9) million and U.S.$(35.9) million, respectively, for the three months ended September 30, 2016, compared to U.S.$4.3 million and U.S.$15.1 million, respectively, for the three months ended September 30, 2015.

For the three months ended September 30, 2016, Non-Operated Resources EBIT includes U.S.$(3.8) million related to the Transformation Plan.

For the three months ended September 30, 2015, Non-Operated Resources EBIT included U.S.$(5.7) million related to the Marine Transformation Plan.

For the three months ended September 30, 2015, Contractual Data Acquisition EBIT included:

(i) U.S.$(365.0) million of marine goodwill depreciation;

(ii) U.S.$(110.0) million relating to impairment of marine equipment;

(iii) U.S.$(25.0) million relating to other intangible assets impairment;

For the three months ended September 30, 2015, GGR EBIT also included

(i) U.S.$(438.8) related to GGR CGUs goodwill depreciation,

(ii) U.S.$(11.2) impairment of intangibles assets.

For the three months ended September 30, 2016, eliminations and other includes U.S.$(8.8) million of general corporate expenses and U.S.$(8.6) million of intra-group margin. For the three months ended September 30, 2015, eliminations and other included U.S.$(9.4) million of general corporate expenses and U.S.$(9.3) million of intra-group margin.

(3) Capital expenditures include capitalized development costs of U.S.$(7.5) million and U.S.$(7.6) million for the three months ended September 30, 2016 and 2015, respectively. Eliminations and other corresponds to the variance of suppliers of assets for the period.

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| n millions of U.S.$, xcept for assets and apital employed in illions of U.S.$ | Nine months ended September 30, 2016 Contractual Data Acquisition | Non Operated Resources | GGR | Equipment | Eliminations and other | Consolidated Total | 2015 Contractual Data Acquisition | Non Operated Resources | GGR | Equipment | Eliminations and other | Consolidated Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| evenues from naffiliated customers | 181.9 | | 553.8 | 131.5 | | 867.2 | 483.0 | | 723.0 | 305.9 | | 1,511.9 |
| nter-segment evenues | 4.6 | | | 39.5 | (44.1) | | 18.1 | | | 28.9 | (47.0) | |
| **perating revenues** | **186.5** | | **553.8** | **171.0** | **(44.1)** | **867.2** | **501.1** | | **723.0** | **334.8** | **(47.0)** | **1,511.9** |
| epreciation and mortization excluding ulti-client surveys) | (43.9) | (49.5) | (78.3) | (27.3) | (0.3) | (199.3) | (613.2) | (13.7) | (558.4) | (31.2) | | (1,216.5) |
| epreciation and mortization of ulti-client surveys | | | (205.1) | | | (205.1) | | | (177.4) | | | (177.4) |
| **perating income** | **(46.7)** | **(77.6)** | **55.4** | **(39.0)** | **(45.7)** | **(153.6)** | **(607.9)** | **(36.0)** | **(317.8)** | **25.8** | **(56.1)** | **(992.0)** |
| hare of income in ompanies accounted or under equity ethod (1) | 2.9 | | | | | 2.9 | 27.0 | | | | | 27.0 |
| **arnings before nterest and tax (2)** | **(43.8)** | **(77.6)** | **55.4** | **(39.0)** | **(45.7)** | **(150.7)** | **(580.9)** | **(36.0)** | **(317.8)** | **25.8** | **(56.1)** | **(965.0)** |
| apital expenditures xcluding ulti-client urveys) (3) | 12.7 | | 41.4 | 8.8 | 5.8 | 68.7 | 58.2 | | 26.3 | 16.6 | 11.7 | 112.8 |
| nvestments in ulti-client surveys, et cash | | | 241.8 | | | 241.8 | | | 218.4 | | | 218.4 |
| **apital employed** | **0.5** | **0.2** | **2.3** | **0.7** | | **3.7** | **0.8** | | **2.6** | **0.7** | | **4.1** |
| **otal identifiable ssets** | **0.7** | **0.4** | **2.7** | **0.7** | | **4.5** | **1.1** | **0.2** | **2.9** | **0.9** | | **5.1** |

(1) Share of operating results of companies accounted for under equity method is U.S.$3.1 million and U.S.$34.1 million for the nine months ended September 30, 2016 and 2015, respectively.

(2) At the Group level, Operating Income and EBIT before costs related to the Transformation Plan amount to U.S.$(142.6) million and U.S.$(139.7) million, respectively, for the nine months ended September 30, 2016, compared to U.S.$(2.0) million and U.S.$25.0 million, respectively, for the nine months ended September 30, 2015.

For the nine months ended September 30, 2016, Non-Operated Resources EBIT includes U.S.$(11.0) million related to the Transformation Plan.

For the nine months ended September 30, 2015, Non-Operated Resources EBIT included U.S.$(22.3) million related to the Marine Transformation Plan.

For the nine months ended September 30, 2015, Contractual Data Acquisition EBIT included:

(i) U.S.$(365.0) million of marine goodwill depreciation;

(ii) U.S.$(110.0) million relating to impairment of marine equipment;

(iii) U.S.$(25.0) million relating to other intangible assets impairment;

For the nine months ended September 30, 2015, GGR EBIT also included:

(i) U.S.$(438.8) related to GGR CGUs goodwill depreciation,

(ii) U.S.$(11.2) impairment of intangibles assets.

For the nine months ended September 30, 2016, eliminations and other includes U.S.$(26.4) million of general corporate expenses and U.S.$(19.3) million of intra-group margin. For the nine months ended September 30, 2015, eliminations and other included U.S.$(27.0) million of general corporate expenses and U.S.$(29.1) million of intra-group margin.

(3) Capital expenditures include capitalized development costs of U.S.$(25.6) million and U.S.$(29.1) million for the nine months ended September 30, 2016 and 2015, respectively. Eliminations and other corresponds to the variance of suppliers of assets for the period.

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