



# CGG Maritime Exposure

## *Liabilities management & New ownership set-up*

March 27<sup>th</sup>, 2017

# CGG maritime exposure: c. **\$600m** cash obligations by YE 2016

- **CGG Marine footprint: an outcome of history ...**
  - Charter contracts put in place mainly in the years 2008-2010
  - Nordic loan put in place in 2013
  - Chartered vessels / Owned vessels
  - Operated vessels / Non-operated vessels
- **... leading to unaffordable cash obligations in present market conditions**
  - Charter liabilities: c. \$380m up to 2023 / day-rates far above present market level
  - Nordic loan: \$190m principal, Libor (floored 1%)+5.5% interest-weighted
  - Leading to a total cash obligation of c. **\$600m**

**Plan was to mitigate at the most such cash obligations with focus on 2017-2019**



# Maritime liabilities & New ownership set-up





## Maritime liabilities mitigation plan: a two step process

- **Step 1** (January 2017): reducing obligations related to the **3 cold-stacked chartered vessels**
  - Vanquish / Phoenix / Pacific Finder
  - Settlement agreements with Eidesvik (Vanquish), Master and Commander (Phoenix), and Swire (Pacific Finder) leading to the issue of c. **\$59m** 2021 Notes
- **Step 2** (March 2017): reducing obligations related to **one operated chartered vessel** and **one cold-stacked chartered vessel**
  - Champion: reduction agreement with Norfield leading to the issue of c. **\$12m** 2021 Notes
  - Vanquish: **completion** of the settlement agreement throughout the implementation of the new ownership set-up for the operated fleet (see here-after)





## A new ownership set-up for the **operated fleet**

- A new **Asset (holding) Company** owned 50/50 by CGG and Eidesvik (the 50% stake being accounted for using the equity method)
- The holding company will hold two ring-fenced asset companies:
  - One owning the **2 vessels today co-owned with Eidesvik** with the related outstanding debt
  - The second owning the **5 vessels today owned by CGG** with the related outstanding debt (Nordic Loan)
- Chartering to CGG **up to 5 vessels** through umbrella capacity agreements (ending Q1 2027), consistently with the planned exit timetable of the currently operated chartered vessels
- Bearing all the **cold-stacking costs** for the owned vessels not in operations and the **maritime re-rigging costs**
- To be fully incorporated **beginning of Q2 2017**





## A set-up consistent with an **unchanged CGG Marine strategy**

- An operated fleet sized to meet our Multi-Client production needs, leading to **5 vessels in operation**
- Same **restart planning** for the 3 C-Class: Geo Coral from the second quarter 2017, one other C-Class in Spring 2018 and the third one in Summer 2020
- Vessels operated under the **same maritime and operational management**
- **Streamer-related capex** remains under CGG management





## Main merits for CGG and its stakeholders ...

- Improved competitiveness: all operated vessels chartered at a **materially reduced rate** and back in line with present market conditions
- Substantial NOR cost savings: reduction of **charter liabilities of the non-operated vessels** and externalization of the cold-stacking burden
- Material **liquidity improvement** in the short/medium term
- Start of Group's deleverage / reduction of cash cost of debt / financial restructuring through the full **externalization of the \$182.5m Nordic loan**
- Protection of the **intrinsic value** of Group's assets through the 50% stake owned in the New Asset Company





## ... all of this **being obtained**

- Through a partial monetization of the Marine Assets owned today by CGG against the **offset of certain cash liabilities**
  - Current high day-rates for the X-Bows / Vanquish liability
- Without any increase of the total amount of the maritime-related obligations and **related CGG SA guarantees**
  - The extended charter obligations and CGG SA guarantees are off balance sheet commitments



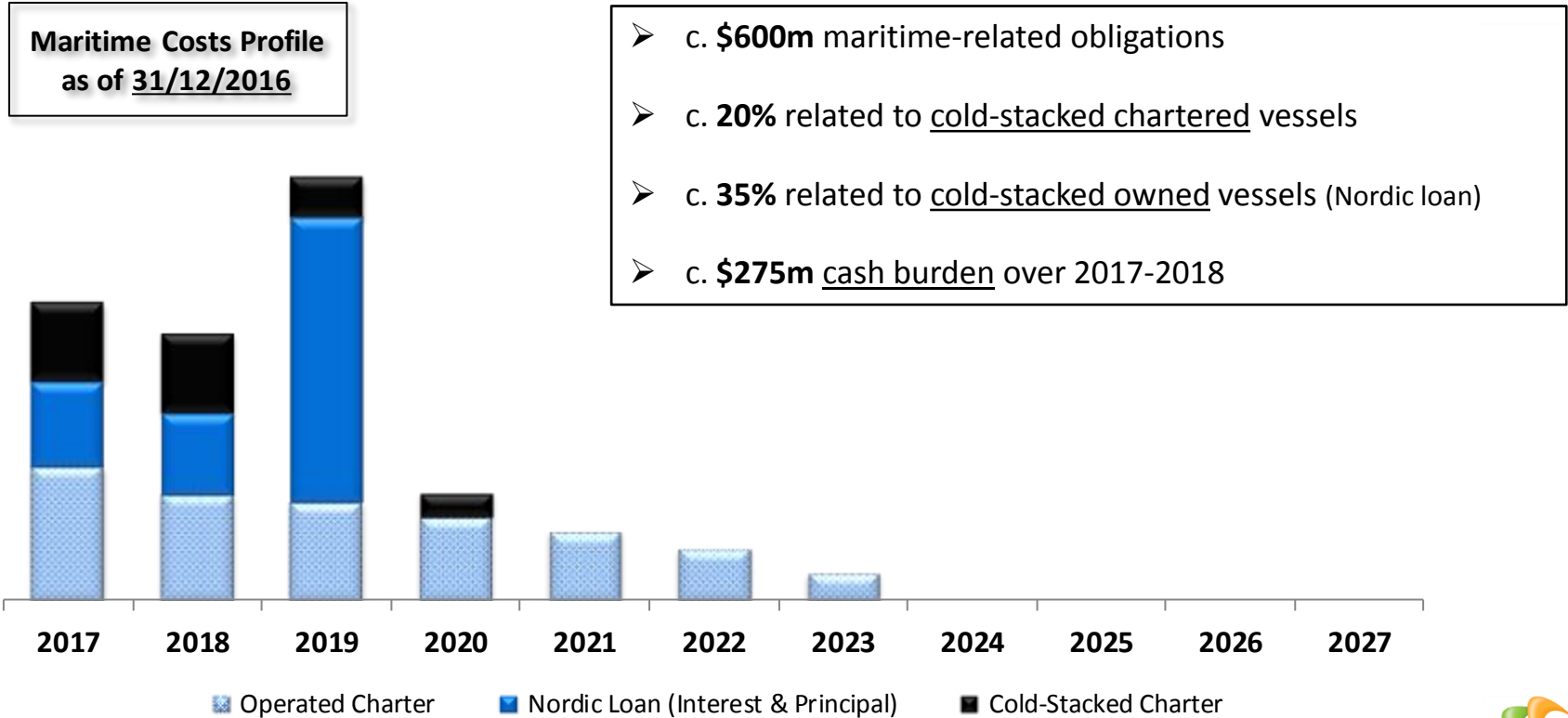


# Re-profiling of the maritime-related obligations *(charter & debt)*





# Charter obligations & debt profile before any action plan

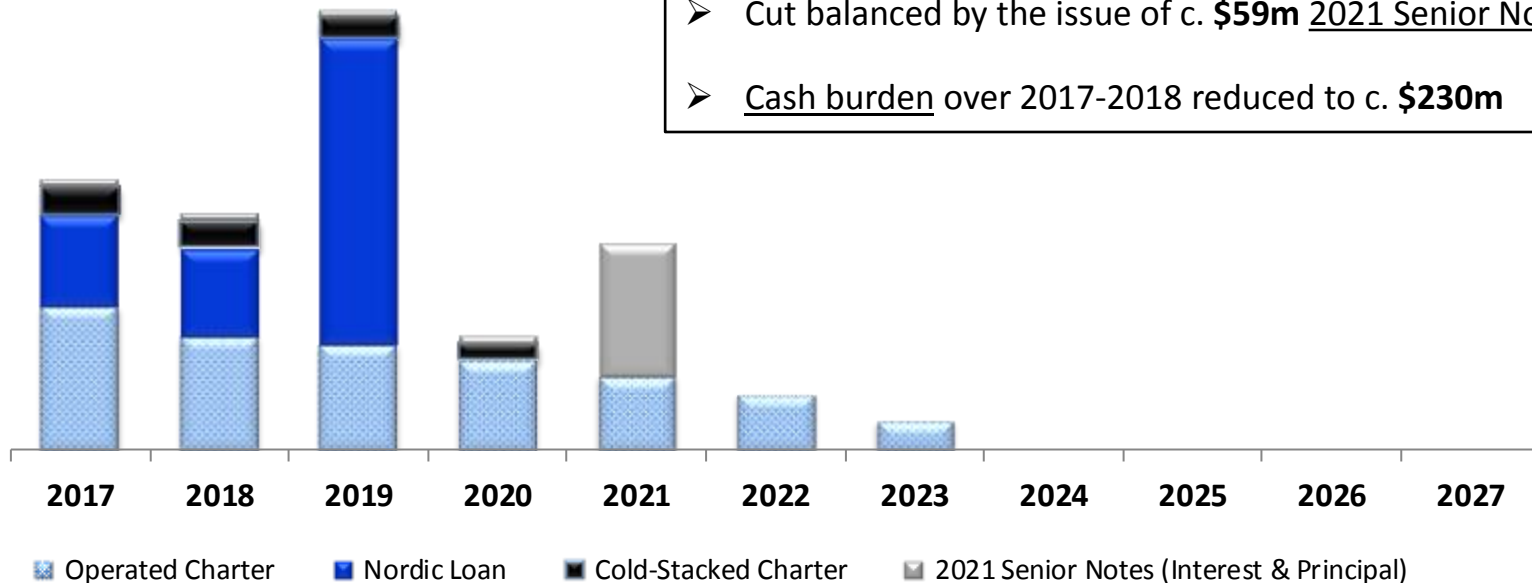




# Profile after January 2017 maritime liabilities mitigation

**Maritime Costs Profile  
post ML Mitigation**

- Maritime-related obligations cut by more than **(10)%**
- Cold-stacked chartered vessels costs cut by more than **(60)%**
- Cut balanced by the issue of c. **\$59m** 2021 Senior Notes
- Cash burden over 2017-2018 reduced to c. **\$230m**

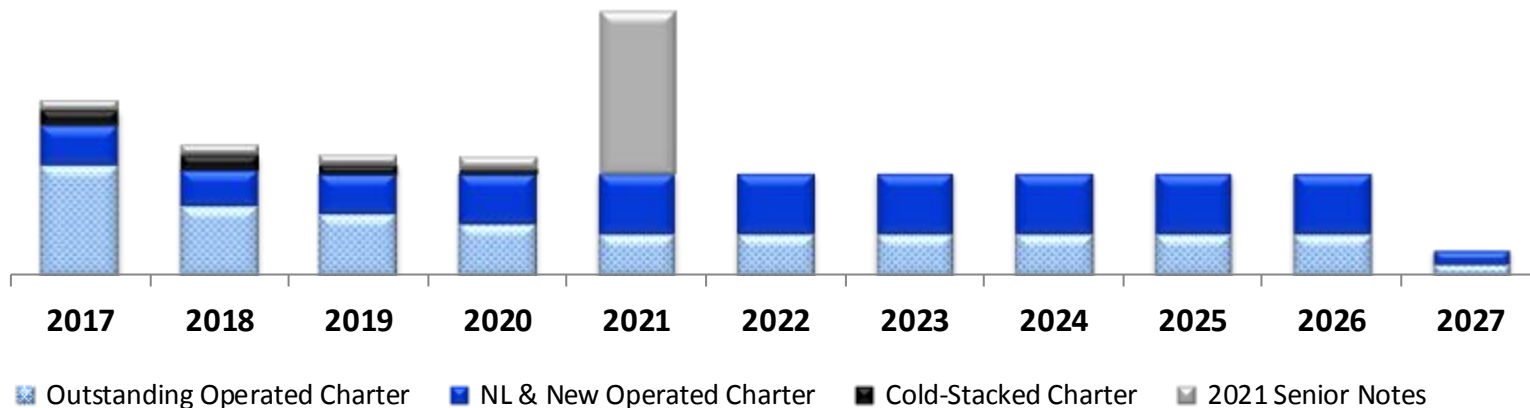




# Profile after full implementation of the new maritime set-up

## Maritime Costs Profile with New Set-Up

- Maritime-related obligations cut by c. **(15)%** versus YE 2016
- Cold-stacked chartered vessels costs cut by **(80)%**
- Cut balanced by the issue of c. **\$71m** 2021 Senior Notes
- Cash burden over 2017-2018 cut by half at c. **\$140m**



# Appendix: Fleet status



# Fleet status

NEW OWNERSHIP SET-UP	VESSEL		STATUS		USE		DEDICATION	
	VEGA	Chartered up to June 2022 Co-owned (ESV)	In operation	Chartered by VESSEL CO				
	SIRIUS	Chartered up to Oct. 2023 Co-owned (OSV)	In operation	Chartered by VESSEL CO				
	CORAL	Owned (Geo Vessels)	Back in operation in Q2 2017	Chartered by VESSEL CO				
	CARIBBEAN	Owned (Geo Vessels)	Cold-stacked	Back in operation 2018/2020				
	CELTIC	Owned (Geo Vessels)	Cold-stacked	Back in operation 2018/2020				
	ALIZE	<i>Owned (Geo Vessels)</i>	<i>Cold-stacked</i>	<i>Candidate for monetization</i>				
	CHALLENGER	<i>Owned (Geo Vessels)</i>	<i>Cold-stacked</i>	<i>Candidate for monetization</i>				
	ENDEAVOUR	Chartered up to Apr. 2018	In operation	Back to her owner in 2018				
	CHAMPION	Chartered up to June 2020	In operation	Back to her owner in 2020				
PHOENIX	Chartered up to Mar. 2019	Cold-stacked	Back to her owner in 2019					
VANQUISH	Chartered up to Nov. 2020	Cold-stacked	Back to her owner in 2020					
CASPIAN	Chartered up to Feb. 2017	Back to her owner in Q1 2017						
PAC. FINDER	Chartered up to Mar. 2019	Back to her owner in Q1 2017						

