

CGG
Form 6-K
May 03, 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 May, 2016

Commission File Number 001-14622

CGG

(Translation of registrant's name into English)

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France

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(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.

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 March 31,	
	2016	2015
Operating revenues	313.0	569.5
Other income from ordinary activities	0.3	0.4
Total income from ordinary activities	313.3	569.9
Cost of operations	(335.5)	(479.8)
Gross profit	(22.2)	90.1
Research and development expenses, net	(12.1)	(26.1)
Marketing and selling expenses	(16.0)	(23.7)
General and administrative expenses	(24.1)	(26.5)
Other revenues (expenses), net	(12.4)	(13.1)
Operating income	(86.8)	0.7
Expenses related to financial debt	(43.4)	(42.9)
Income provided by cash and cash equivalents	0.4	0.5
Cost of financial debt, net	(43.0)	(42.4)
Other financial income (loss)	1.7	(4.6)
Income (loss) of consolidated companies before income taxes	(128.1)	(46.3)
Deferred taxes on currency translation	1.8	(1.7)
Other income taxes	(8.1)	(7.3)
Total income taxes	(6.3)	(9.0)
Net income (loss) from consolidated companies	(134.4)	(55.3)
Share of income (loss) in companies accounted for under equity method	4.7	0.8
Net income (loss)	(129.7)	(54.5)
<i>Attributable to :</i>		
<i>Owners of CGG SA</i>	\$ (129.1)	(55.5)
<i>Owners of CGG SA ⁽¹⁾</i>	(118.5)	(48.1)
<i>Non-controlling interests</i>	\$ (0.6)	1.0
Weighted average number of shares outstanding ⁽³⁾	531,195,576	194,577,134
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)	531,195,576	194,577,134
Net income (loss) per share		
Basic	\$ (0.24)	(0.29)
Basic ⁽²⁾	(0.22)	(0.25)
Diluted	\$ (0.24)	(0.29)
Diluted ⁽²⁾	(0.22)	(0.25)

(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.\$1.090 and U.S.\$1.155 per for the periods ended March 31, 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 shares 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 COMPREHENSIVE INCOME (LOSS)

Amounts in millions of U.S.\$	Three months ended March 31,	
	2016	2015
Net income (loss) from statements of operations	(129.7)	(54.5)
Other comprehensive income to be reclassified in profit (loss) in subsequent period:		
Net gain (loss) on cash flow hedges	(0.1)	(0.6)
Net gain (loss) on available-for-sale financial assets		
Exchange differences on translation of foreign operations	0.6	(12.7)
Net other comprehensive income to be reclassified in profit (loss) in subsequent period ⁽¹⁾	0.5	(13.3)
Other comprehensive income not to be classified in profit (loss) in subsequent period:		
Net gain (loss) on actuarial changes on pension plan		
Net other comprehensive income not to be reclassified in profit (loss) in subsequent period ⁽²⁾		
Total other comprehensive income (loss) for the period, net of taxes ^{(1) + (2)}	0.5	(13.3)
Total comprehensive income (loss) for the period	(129.2)	(67.8)
<i>Attributable to :</i>		
<i>Owners of CGG SA</i>	<i>(128.8)</i>	<i>(68.5)</i>
<i>Non-controlling interests</i>	<i>(0.4)</i>	<i>0.7</i>

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in millions of U.S.\$, unless indicated	March 31, 2016 (unaudited)	December 31, 2015
ASSETS		
Cash and cash equivalents	362.6	385.3
Trade accounts and notes receivable, net	497.8	812.5
Inventories and work-in-progress, net	322.1	329.3
Income tax assets	87.7	91.2
Other current assets, net	117.1	119.2
Assets held for sale, net	62.9	34.4
Total current assets	1,450.2	1,771.9
Deferred tax assets	59.5	52.2
Investments and other financial assets, net	88.1	87.6
Investments in companies under equity method	196.9	200.7
Property, plant and equipment, net	818.3	885.2
Intangible assets, net	1,313.4	1,286.7
Goodwill, net	1,233.5	1,228.7
Total non-current assets	3,709.7	3,741.1
TOTAL ASSETS	5,159.9	5,513.0
LIABILITIES AND EQUITY		
Bank overdrafts	1.1	0.7
Current portion of financial debt	80.3	96.5
Trade accounts and notes payable	193.9	267.8
Accrued payroll costs	145.4	169.2
Income taxes liability payable	43.7	47.0
Advance billings to customers	48.0	56.0
Provisions - current portion	206.7	219.5
Other current liabilities	185.1	198.6
Total current liabilities	904.2	1,055.3
Deferred tax liabilities	139.9	136.3
Provisions - non-current portion	133.9	155.9
Non-current portion of financial debt	2,382.9	2,787.6
Other non-current liabilities	19.4	19.5
Total non-current liabilities	2,676.1	3,099.3
Common stock 1,118,197,733 shares authorized and 708,260,768 shares with a 0.40 nominal value issued and outstanding at March 31, 2016 and 177,065,192 at December 31, 2015	324.4	92.8
Additional paid-in capital	1,546.9	1,410.0
Retained earnings	(268.4)	1,181.7
Other reserves	119.3	138.0
Treasury shares	(20.1)	(20.6)
Net income (loss) for the period attributable to owners of CGG SA	(129.1)	(1,450.2)
Cumulative income and expense recognized directly in equity	(0.7)	(0.6)
Cumulative translation adjustment	(38.5)	(38.9)
Equity attributable to owners of CGG SA	1,533.8	1,312.2

Non-controlling interests	45.8	46.2
Total equity	1,579.6	1,358.4
TOTAL LIABILITIES AND EQUITY	5,159.9	5,513.0

See notes to Interim Consolidated Financial Statements

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UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in millions of U.S.\$	Three months ended March 31,	
	2016	2015
OPERATING		
Net income (loss)	(129.7)	(54.5)
Depreciation and amortization	69.9	92.1
Multi-client surveys depreciation and amortization	46.7	53.7
Depreciation and amortization capitalized to multi-client surveys	(8.2)	(20.2)
Variance on provisions	(39.5)	(9.1)
Stock based compensation expenses		1.5
Net gain (loss) on disposal of fixed assets	4.8	0.6
Equity income (loss) of investees	(4.7)	(0.8)
Dividends received from affiliates		
Other non-cash items	(1.3)	(1.1)
Net cash including net cost of financial debt and income tax	(62.0)	62.2
Add back net cost of financial debt	43.0	42.4
Add back income tax expense	6.3	9.0
Net cash excluding net cost of financial debt and income tax	(12.7)	113.6
Income tax paid	(9.7)	(18.4)
Net cash before changes in working capital	(22.4)	95.2
- change in trade accounts and notes receivable	302.2	119.3
- change in inventories and work-in-progress	18.7	8.7
- change in other current assets	20.6	(17.4)
- change in trade accounts and notes payable	(74.9)	(93.0)
- change in other current liabilities	(41.1)	(41.5)
Impact of changes in exchange rate on financial items	(6.9)	19.5
Net cash provided by operating activities	196.2	90.8
INVESTING		
Capital expenditures (including variation of fixed assets suppliers, excluding multi-client surveys)	(19.8)	(45.0)
Investment in multi-client surveys, net cash	(69.9)	(71.5)
Proceeds from disposals of tangible and intangible assets	0.8	7.4
Total net proceeds from financial assets	6.1	3.1
Acquisition of investments, net of cash and cash equivalents acquired		(16.6)
Impact of changes in consolidation scope		
Variation in loans granted	1.3	(6.4)
Variation in subsidies for capital expenditures	(0.6)	
Variation in other non-current financial assets	(0.8)	(1.2)
Net cash used in investing activities	(82.9)	(130.2)
FINANCING		
Repayment of long-term debts	(477.1)	(169.3)
Total issuance of long-term debts		125.0
Lease repayments	(2.1)	(2.1)
Change in short-term loans	0.3	(0.1)
Financial expenses paid	(31.0)	(26.3)

<i>Net proceeds from capital increase</i>		
- from shareholders	368.5	
- from non-controlling interests of integrated companies		
<i>Dividends paid and share capital reimbursements</i>		
- to shareholders		
- to non-controlling interests of integrated companies		
Acquisition/disposal from treasury shares	0.5	
Net cash provided by (used in) financing activities	(140.9)	(72.8)
Effects of exchange rates on cash	4.9	(10.9)
Impact of changes in consolidation scope		
Net increase (decrease) in cash and cash equivalents	(22.7)	(123.1)
Cash and cash equivalents at beginning of year	385.3	359.1
Cash and cash equivalents at end of period	362.6	236.0

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	Additional Shares paid-in capital	Retained earnings	Other services	Treasury shares	Income and expense recognized directly Cumulative	in translation adjustment	Equity	Non- controlling interests	Total equity
								attributable to owners of CGG		