



COMPAGNIE GENERALE DE GEOPHYSIQUE

First quarter 2005 results

Revenues in \$ up 25% at \$252 M

Net Result of €5 M

Record backlog as of May 1st of \$485 M, up 60%

Paris, May 12th 2005

Compagnie Générale de Géophysique (ISIN: 0000120164 – NYSE: GGY) published today its consolidated results for the first quarter of 2005.

Pursuant to European regulation n°1606/2002 dated July 19, 2002, the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB).

These are the Group's first IFRS consolidated financial statements. They include comparative information for the period of 2004 using the same standards.

Q1 2005 highlights:

- Revenues for the first quarter of 2005 are up 18% in Euros and up 25% in USD compared to the first quarter of 2004, representing a record first quarter for both Sercel and Geophysical Services.
- Geophysical Services operating result (not including Argas) at break even, an improvement of nearly € 7M.
- Sercel operating income of €15.7M representing a 20% operating margin.
- Group operating result and Group net result both stable year on year at respectively €13.9M and € 5.0M, despite a negative €/ \$ exchange rate effect estimated at €4.0M.
- Refinancing of existing \$150M Senior Notes through a new \$165M issue (yield 7,5% compared to 105/8% and maturity 2015 vs 2007).
- Record Group backlog of \$485M as of May 1st 2005, a 60% increase year on year.

Consolidated Statement of Earnings (non audited)

Million Euros IFRS	Period ended March 31 st	
	2005	2004
Operating revenues	190.4	161.8
Gross margin	40.5	34.2
Operating profit (loss)	13.9	14.9
Income (loss) from equity investments	3.8	2.1
Cost of financial debt	(5.4)	(6.0)
Other financial items	0.9	(1.4)
Income taxes	(8.1)	(4.6)
Net income (loss)	5.1	5.0
Net income loss attributable to Group share	5.0	5.0
Earnings per share (Euros)	0.43	0.43

Revenues:

At Euros 190 million (USD 252 million), revenues for the first quarter of 2005 are up 18% in Euros and 25% in USD compared to Euros 162 million (USD 202 million) for the first quarter of 2004.

Per segment:

Total revenues for Geophysical Services for the first quarter 2005 are Euros 113 million (USD 150 million), up 37% in Euros and 45% in USD compared to Euros 83 million (USD 104 million) for the first quarter of 2004.

Land revenues are Euros 23 million (USD 30 million), down 8% in euros and stable in \$ when compared to the first quarter of 2004 revenues of Euros 25 million (USD 31 million). After the trough of the second semester of 2004, the land acquisition SBU with ten crews in operation will return in the second quarter of 2005 to a level of activity in line with the objective of its restructuring plan.

Offshore revenues at Euros 67 million (USD 89 million) for the first quarter 2005 are up 92% in Euros and 104% in dollars compared to Euros 35 million (USD 44 million) for the first quarter of 2004. This strong improvement reflects the price increase in the exclusive marine market, the excellent productivity of the fleet and the good level of multi-client after-sales, which doubled year on year. The net book value of the offshore seismic data library at the end of March 2005 is Euros 119 million.

For the first quarter 2005, **Processing and Reservoir** revenues are Euros 24 million (USD 32 million), up 2 % in Euros and 9% in USD compared to Euros 23 million (USD 29 million) for the first quarter of 2004 in a market stimulated by the demand in marine acquisition.

For the first quarter 2005, Sercel total sales are Euros 81 million (USD 107 million), up 3 % in USD, compared to the already high level of sales in the first quarter of 2004 of USD 103 million (Euros 83 million). External sales for the first quarter 2005 are Euros 77 million (USD 102 million). Sercel in the first quarter took already advantage of its good positioning in a market characterised by a steady high demand for land equipment and an increasing demand for marine equipment.

Operating Income:

The Group Operating Income for the first quarter 2005 is a Euros 13.9 million profit compared to a Euros 14.9 million profit for the first quarter of 2004 which benefited from a Euros 5.9 millions positive impact of other revenues (compared to Euros 0.9 millions in Q1 05) of which in particular insurance proceeds.

The Group Operating Income including Argas equity result for the first quarter 2005 is Euros 17.7 million compared to Euros 17.0 million in the first quarter 2004.

With a better contribution from the Offshore SBU, the Geophysical Services operating income is at break even in the first quarter 2005 compared to an operating loss of 6.8 million in the first quarter 2004.

Sercel's operating income for the first quarter of 2005 represents 20% of revenues, in line with 2004 average profitability but down compared to the first quarter 2004, which represented a 28% exceptional operating margin, as a result of a very favourable products mix.

Segment information

Million Euros IFRS	Period ended March 31 st	
	2005	2004
Operating revenues		
Services	113.6	83.9
Products	80.6	82.8
Elimination	(3.8)	(4.9)
Total	190.4	161.8
Operating profit (loss)		
Services	0.1	(6.8)
Products	15.7	23.0
Corporate	(2.8)	(2.5)
Elimination	0.9	1.2
Total	13.9	14.9

Net Result :

Net result for the first quarter 2005 is a stable Euros 5.0 million profit stable compared to the first quarter 2004, despite a negative €/€ exchange rate impact of €4.0 million, and increased income taxes.

Operating Result Before Depreciation and Amortization :

The Operating Result Before Depreciation and Amortization, “ORBDA”, previously denominated “Adjusted EBITDA” in our former financial reports is defined as operating income (loss) excluding non-recurring revenues (expenses) plus depreciation, amortization and additions (deductions) to valuation allowances of assets and add-back of dividends received from equity companies.

The ORBDA for the first quarter 2005 is Euros 48.5 million, representing 26% of revenues and a 25% increase year on year.

Summary of cash-flows

Million Euros IFRS	Period ended March 31 st	
	2005	2004
Net Cash after cost of net debt*	39.7	29.1
Net Cash before cost of net debt*	46.5	35.6
Cash flow provided by operating activities	17.8	41.3
Capital expenditures	(13.5)	(14.2)
Investment in library	(6.3)	(18.0)

*Before changes in working capital

Balance Sheet items :

As of March 31st 2005, net equity is Euros 443 million and net debt Euros 133 million, representing a 30% gearing ratio.

During the first quarter, the company successfully closed its offering of USD165 million of 7½% Senior Notes due 2015. The net proceeds will be used to redeem and pay accrued interest on all

- **Robert BRUNCK, Chairman and CEO**, will comment on the results during the shareholders meeting at 9:30 am – Maison de la Mécanique - 39, 41 rue Louis Blanc - Courbevoie.

- **An English language conference call is scheduled at 3 p.m.** (Paris time) – 8 am (US CT) – 9 am (US ET). To take part in the English language conference, simply dial five to ten minutes prior to the scheduled start time.

- **International call-in** **1 719 457 2679**
- **US call-in** **(800) 500 01 77**
- **Replay** **(719) 457 0820 & (888) 203 1112 - code 9441943**

You will be asked for the name of the conference: “CGG Q1 2005 Results” and the name of the CEO: “Robert Brunck”.

Slides of the presentation for this conference call will be posted on the company web site and can be downloaded. This conference call will be broadcast live on CGG’s website and replays will be available for a month thereafter.