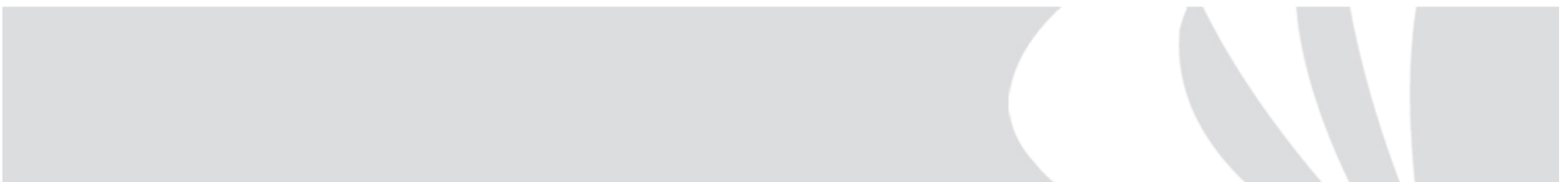




Thierry Le Roux – President and COO





New environment: Short Term Uncertainty, Strong Fundamentals

- ▶ Industry cycle times growing shorter and shorter
- ▶ Uncertainties around the depth and breadth of global economic slow down generate low visibility in 2009
- ▶ The credit crunch impacts the sector, affecting directly mid/low tier players and specific regions – North America, Russia
- ▶ Long term oil and gas fundamentals remain strong – oil remains the most efficient transportation energy source



Industry and Seismic Outlook

- ▶ Substantial reduction in exploration and seismic budgets from a certain number of oil companies
- ▶ Overall E&P spending could decrease in the range of 10 -15%, with exploration activity particularly under pressure, as this can be deferred without immediate visible effect
 - ▶ Independents (large and small) and more vulnerable markets, especially onshore North America, are the most impacted
 - ▶ International Oil Companies and National Oil Companies, especially in Brazil, Middle East, Mexico and various locations throughout Asia Pacific are most resilient
- ▶ A few cancellations of programmes
- ▶ Key projects confirmed, often spread out in time
- ▶ Clients' discretionary spending to contract sharply

However, **maintaining the production levels tomorrow depend of exploration spending today**



Industry and Seismic Outlook

- ▶ Backlog covers well H1 but H2 uncertain
- ▶ Overall pressure on prices from clients, reinforced by significant marine capacity increase – *to be seen if it will be offset by major players' actions*. Services prices under strain especially in Marine contract
- ▶ Costs evolution:
 - ▶ Lower costs (fuel, etc.) should support positive adjustments, with impact visible in Marine contract
 - ▶ Overall review of supplier pricing; expected reduction with mid term re-alignment

Strategy impact

Imperatives:

A. Manage *short term uncertainties*

while developing long term potential

Cost, capacity and capital discipline

Further technology leadership

Flawless execution

Human capital - preservation/development

B. Ensure flexibility to be able to tackle the unexpected



2009 Strategic Directions Evolution

Cost, capacity and capital discipline:

- ▶ Cost optimization to be implemented across all activities, while insuring capacity adjustment flexibility
 - Sercel: manufacturing costs being adjusted to meet market demand; supply chain optimization ongoing
 - Services Land: long term contracts and selected markets fortify our position
 - Services Marine: capacity will be adjusted as required
 - Services purchasing optimization initiative launched

- ▶ Capital spending is being reduced – lower Multi Client investment

- ▶ Continue to focus on overall cash flow management



2009 Strategic Directions Evolution

Strengthen technology leadership:

- ▶ Higher level of R&D with increased focus - selected backbone projects for R&D scope
- ▶ Further technology leadership in Sercel with continued innovation
- ▶ Increase growing technology differentiation in Services
 - High-end Marine position further strengthened by Wavefield
 - Ultra high resolution capabilities in Land
 - Advanced depth imaging



2009 Strategic Directions Evolution

Flawless execution:

- ▶ Service quality and efficiency - separate quality organization, mandated to attack effectively cost of non quality
- ▶ Services organization streamlined
- ▶ Processes streamlined - integration of Wavefield

Human Capital:

- ▶ Preserve and develop our people resources
 - Reinforce HR initiatives
 - Talent management & development



Conclusion

In order to ensure perennial development in a highly fluctuating environment, there is no other option then tackling short term constraints AND enabling long term development

A solid departure point in the crisis period (strong balance sheet, strong order book) mandatory to execute such an ambitious strategy