

CGG VERITAS
Form 6-K
July 31, 2009

Table of Contents

**FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934
For the month of July 2009
CGG-Veritas**

Tour Maine Montparnasse 33 Avenue du Maine BP 191 75755 PARIS CEDEX 15 (address of principal executive offices)

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

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.
Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82

TABLE OF CONTENTS

SIGNATURES

Table of Contents

CGGVeritas Announces Second Quarter 2009 Results
Operating Margin of 9% Before
Marine Restructuring Charges

PARIS, France July 30 2009 CGGVeritas (ISIN: 0000120164 NYSE: CGV) announced today its non-audited second quarter 2009 consolidated results. All comparisons are made on a year-on-year basis unless stated otherwise. All results are reported after restructuring charges unless stated otherwise.

Results in line with expectations

- § Group revenue was \$779m and although down 11%, outperformed the market with strong results in Sercel, good marine performance, robust contract land in the Middle-East, strong processing performance and increased marine after-sales
- § Before restructuring costs, group operating margin was 9%, and net income was \$23m
- § After restructuring costs, net income was a loss of \$32m
- § Backlog as of July 1st was \$1.3 billion

Adjusting to current market conditions

- § Reducing our marine fleet from 27 to 20 vessels. Four removed in 2009 and three more by mid 2010. This adjustment generated a one-time restructuring charge of \$87m
- § Disciplined capital spending plan is on track
- § Our marine restructuring and cost reduction plans are expected to reduce our cost base by \$350m in 2011 and have a \$250m impact in 2010
- § Strengthened balance sheet through more favorable covenants and extension of the debt maturity profile with a successful high-yield bond issue of \$350 million

Q2 2009 key figures

In M\$	Q2 2009	<i>variance</i>	Q2 2008
Group Revenue	779	<i>-11%</i>	874
Sercel	239	<i>-15%</i>	281
Service	558	<i>-9%</i>	613
Group Operating Income before restructuring	67	<i>-56%</i>	151
<i>margin</i>	<i>9%</i>		<i>17%</i>
Sercel	57	<i>-33%</i>	85
<i>margin</i>	<i>24%</i>		<i>30%</i>
Services	28	<i>-66%</i>	84
<i>margin</i>	<i>5%</i>		<i>14%</i>
Net Income before restructuring	23	<i>-72%</i>	81
<i>margin</i>	<i>3%</i>		<i>9%</i>
Net Income	-32		81

<i>margin</i>	-4%		9%
Cash Flow from Operations	218	<i>-11%</i>	246
Net Debt	1,499 (30 Jun 09)	<i>+5%</i>	1,432 (31 Dec 08)
<i>Net Debt to Equity ratio</i>	36%		35%

Table of Contents**CGGVeritas Chairman & CEO, Robert Brunck commented:**

The seismic market continued to weaken during the quarter, especially in contract marine as industry capacity reduction lagged demand decrease. In this context, results were supported by robust Sercel sales this quarter, good marine performance, strong land contract in the Middle East, revitalized marine multi-client after-sales and our industry leading imaging technologies.

The oil price increase since the beginning of the year has generated growing interest in our recent multi-client programs and is a positive sign for the future, but has not yet been sufficient to initiate a rebound in the seismic market. In the second half of the year, the industry has to reduce capacity to adjust to current market conditions. We will take the opportunity, while adjusting our marine capacity, to standardize and high-grade our fleet to increase performance.

In 2009 we restructured our debt, and remain focused on cash flow with the objective of maintaining our net debt to equity ratio at current levels. For the longer term, we have programs in place, across the organization, that are expected to reduce our cost base by \$350m in 2011 and have a \$250m impact in 2010.

Q2 2009 Financial Results**Group Revenue**

Group Revenue was down 11% in \$ and up 2% in ϵ outperforming the market both in Sercel and Services.

In millions	Q2 09 (\$)	variance	Q2 08 (\$)	Q2 09 (ϵ)	variance	Q2 08 (ϵ)
Group Revenue	779	-11%	874	573	+2%	559
Sercel Revenue	239	-15%	281	175	-3%	180
Services Revenue	558	-9%	613	409	+5%	392
<i>Eliminations</i>	<i>-17</i>		<i>-20</i>	<i>-12</i>		<i>-13</i>
Marine contract	261	+22%	214	191	+40%	136
Land contract	83	-25%	110	61	-13%	70
Processing	97	+1%	97	72	+16%	62
Multi-client	116	-40%	192	86	-31%	124
MC marine	103	-31%	149	76	-20%	96
MC land	13	-71%	43	10	-66%	28

Sercel

Revenue was down 15% in \$ and 3% in ϵ . Internal sales represented 6% of revenue. Land equipment sales were robust this quarter and stable year-on-year. Marine sales were impacted by the reduction in marine Capex spending.

Services

Revenue was down 9% in \$ and up 5% in ϵ with good vessel utilization despite increasing standby between contracts. Revenue was also supported by strong processing performance, long-term contracts in the Middle East and increasing multi-client interest. Low prefunding due to startup of multi-client programs in the Gulf of Mexico and onshore US in Haynesville were offset by an increasing level of marine multi-client after sales that were up sequentially, and year-on-year.

Table of Contents

Marine capacity adjustment: During the quarter, we initiated a marine capacity adjustment plan. The Harmattan 3D vessel was decommissioned in Q2. Following contract completions, two other 3D vessels and one 2D vessel will be de-rigged in 2009. Three additional 2D vessels will be decommissioned in 2010.

Overall adjustment generated a one-time restructuring charge during the second quarter of \$87m (\$30m for assets write-off and \$57m of expenses)

- § **Marine contract** revenue growth was strong, up 22% in \$ and up 40% in . The vessel availability rate was 89%, including a 5% impact related to standby between contracts and the production rate² was 88%. 75% of the 3D fleet operated on contract. During the quarter, we saw the impact of lower pricing as many of the higher rate surveys from 2008 came to a close.
- § **Land contract** revenue was down 25% in \$ and 13% in . We operated 12 crews worldwide, including Argas crews in Saudi Arabia and our large high-density contracts in Qatar and Oman. North American land activity slowed based on the seasonal decommissioning of Arctic crews and weak market conditions. Demand remains strong in the Middle East for large land and shallow water 3D acquisition projects.
- § **Processing & imaging** revenue was up 1% in \$ and up 16% in as the performance and demand for our high-end differentiated imaging technologies and dedicated centers remained high.
- § **Multi-client** revenue was down 40% in \$ and 31% in in line with our decreasing Capex spending. The amortization rate averaged 57%, with 76% in land and 54% in marine. The Net Book Value of the library and the end of June stood at \$832 million.

Multi-client marine revenue was down 31% in \$ and 20% in as a result of decreasing Capex at \$89 million (66 million) and the direct impact this has on prefunding. Four 3D vessels were active, one in the GoM on the 3 Corners wide-azimuth survey, one in Brazil where we initiated an extension program of our Santos cluster survey around the Tupi discovery, one offshore Australia and one in the North Sea. Prefunding was \$48 million (35 million) with a rate of 54%, which is expected to significantly increase throughout the year. After-sales worldwide strengthened during the quarter and were up 7% in \$ and 24% in at \$55 million (41 million).

Multi-client land revenue was down 71% in \$ and 66% in . Capex eased as planned to \$13 million (9 million) as CGGVeritas began acquiring the Tri-Parish Line 3D multi-client survey in northern Louisiana. The 1500 square km wide-azimuth survey is the largest contiguous Haynesville shale survey to date. Prefunding, while expected to rapidly increase above 100%, was low during the quarter, at \$2 million (1 million), as the crew was mobilizing. After-sales were low year-on-year due to soft gas prices but increased sequentially to \$11 million (8 million).

¹ - The *vessel availability rate*, a metric measuring the structural availability of our vessels to meet demand; this metric is related to the entire fleet, and corresponds to the total vessel time reduced by the sum of the standby time between contracts, of the shipyard time and the steaming time (the available

time), all divided by total vessel time;

² - The *vessel production rate*, a metric measuring the effective utilization of the vessels once available; this metric is related to the entire fleet, and corresponds to the available time reduced by the operational downtime, all then divided by available time.

Table of Contents

Group EBITDAs before restructuring was \$232 million (170 million), a margin of 30% with the impact of lower pricing and lower contribution from multi-client sales.

Group EBITDAs was \$175 million (128 million).

In millions						
before restructuring	Q2 09 (\$)	<i>variance</i>	Q2 08 (\$)	Q2 09 ()	<i>variance</i>	Q2 08 ()
Group EBITDAs	232	-32%	339	170	-22%	217
<i>margin</i>	30%		39%	30%		39%
Sercel EBITDAs	67	-29%	94	49	-18%	60
<i>margin</i>	28%		33%	28%		33%
Services EBITDAs	188	-30%	269	138	-20%	172
<i>margin</i>	34%		44%	34%		44%

Group Operating Income before restructuring was \$67million, with a margin of 9% based on resilient performance of Sercel while weaker marine prices impacted Services.

Group Operating Income was a loss of \$20 million (16 million).

In millions						
before restructuring	Q2 09 (\$)	<i>variance</i>	Q2 08 (\$)	Q2 09 ()	<i>variance</i>	Q2 08 ()
Group Operating Income	67	-56%	151	49	-50%	96
<i>margin</i>	9%		17%	9%		17%
Sercel Op. Income	57	-33%	85	42	-22%	54
<i>margin</i>	24%		30%	24%		30%
Services Op. Income	28	-66%	84	20	-62%	53
<i>margin</i>	5%		14%	5%		14%

Group Net Income before restructuring was \$23 million (16 million), a 3% margin, compared to \$81 million (52 million) last year, down 72% in \$ and 68% in , resulting in an EPS of 0.09 per ordinary share and \$0.13 per ADS. **Group Net Income** was a loss of \$32 million (25 million), resulting in an EPS of -0.18 per ordinary share and \$-0.24 per ADS.

Taxes

The effective tax rate was 32%.

Financial Charges

Financial charges were \$34 million (25 million).

Table of Contents**Cash Flow*****Cash Flow from Operations***

Cash flow from operations was \$218 million (162 million) a reduction of 11% year-on-year.

Capex

Global Capex was \$147 million (108 million) this quarter, down 28% year-on-year.

§ Industrial Capex was \$45 million (33 million), sequentially down from the first quarter.

§ Multi-client Capex was \$102 million (75 million) with a prefunding rate of 49% compared to 79% last year.

In millions	Q2 09 (\$)	<i>variance</i>	Q2 08 (\$)
Capex	147	-28%	203
Industrial	45	-25%	61
Multi-client	102	-29%	143

Net Free Cash Flow

After interest expenses paid during the quarter, net free cash flow was at \$19 million versus a negative \$6 million last year.

Financing

During the quarter, consistently with its conservative financial policy, CGGVeritas reinforced its balance sheet with more favorable covenants and extensions of the debt maturity profile with no significant payments due until 2014.

We amended the financial covenants of both its US and French secured credit facilities. In consideration of these amendments, we repaid \$100 million of its term loan B under the US senior facilities and increased the applicable margin for all borrowings under the US senior facilities and French revolving facility by 1.0%.

Also during the quarter, we issued \$350 million of 9.5% unsecured Senior Notes due 2016. Part of the net proceeds of this offering will be used to repay existing debts.

Table of Contents**Q2 2009 Comparison with Q2 2008**

Consolidated Statement of Income before restructuring*	Second Quarter <i>(in million dollars)</i>		Second Quarter <i>(in million euros)</i>	
	Q2 09	Q2 08	Q2 09	Q2 08
<i>Exchange rate euro/dollar</i>	1.335	1.562	1.335	1.562
Operating Revenue	778.9	874.1	572.6	559.0
<i>Sercel</i>	238.7	281.3	175.2	179.9
<i>Services</i>	557.6	613.1	409.3	391.6
<i>Elimination</i>	-17.4	-20.3	-11.9	-12.5
Gross Profit*	164.2	244.9	119.7	155.8
Operating Income*	67.1	151.1	48.5	96.1
<i>Sercel</i>	56.7	84.5	41.9	53.9
<i>Services</i>	28.4	83.6	20.0	52.7
<i>Corporate and Elimination</i>	-18.2	-17.0	-13.3	-10.5
Income from Equity Investments	2.7	0.4	2.0	0.2
Net Income*	23.2	81.5	16.5	51.8
Earnings per share () / per ADS (\$)	0.13	0.56	0.09	0.35
EBITDAs*	231.7	339.4	170.0	217.0
<i>Sercel</i>	66.5	94.1	49.1	60.1
<i>Services</i>	187.7	269.4	137.6	172.0
Industrial Capex	45.2	60.5	32.8	38.6
Multi-client Capex	101.7	142.7	75.0	91.2

Key Figures

In millions	Q2 09 (\$)	<i>variance</i>	Q2 08 (\$)	Q2 09 ()	<i>variance</i>	Q2 08 ()
-------------	-------------------	-----------------	-------------------	------------------	-----------------	------------------

Group EBITDAs

Edgar Filing: CGG VERITAS - Form 6-K

Before restructuring costs	232	-32%	339	170	-22%	217
<i>margin</i>	30%		39%	30%		39%
After restructuring costs	175	-48%	339	128	-41%	217
<i>margin</i>	22%		39%	22%		39%
Group Operating Income						
Before restructuring costs	67	-56%	151	49	-50%	96
<i>margin</i>	9%		17%	9%		17%
After restructuring costs	-20	-113%	151	-16	-117%	96
<i>margin</i>	-3%		17%	-3%		17%
Group Net Income						
Before restructuring costs	23	-72%	81	16	-68%	52
<i>margin</i>	3%		9%	3%		9%
After restructuring costs	-32	-140%	81	-25	-149%	52
<i>margin</i>	-4%		9%	-4%		9%
Earnings per share () / per ADS (\$)						
Before restructuring costs	0.13	-76%	0.56	0.09	-74%	0.35
After restructuring costs	-0.24	-143%	0.56	-0.18	-152%	0.35

Table of Contents**H1 2009 Financial Results****Group Revenue**

Group Revenue remained nearly flat, down 7% in \$ and up 7% in €, outperforming the market with strong performance in Sercel and stable revenue in Services supported by the addition of Wavefield.

In millions	H1 09 (\$)	variance	H1 08 (\$)	H1 09 (€)	variance	H1 08 (€)
Group Revenue	1 630	<i>-7%</i>	1 747	1 221	<i>+7%</i>	1 144
Sercel Revenue	440	<i>-22%</i>	563	329	<i>-11%</i>	369
Services Revenue	1 246	<i>-1%</i>	1 260	934	<i>13%</i>	825
<i>Eliminations</i>	<i>-56</i>		<i>-76</i>	<i>-42</i>		<i>-50</i>
Marine contract	634	<i>+40%</i>	451	475	<i>+61%</i>	296
Land contract	215	<i>-19%</i>	265	161	<i>-7%</i>	173
Processing	198	<i>+2%</i>	194	149	<i>+17%</i>	127
Multi-client	198	<i>-43%</i>	350	148	<i>-35%</i>	229
MC marine	173	<i>-35%</i>	267	130	<i>-26%</i>	175
MC land	25	<i>-70%</i>	83	19	<i>-66%</i>	54

Sercel

Sercel sales were down 22%, in \$ and 11% in € outperforming the market. Land equipment sales remained stable and marine sales were down as future fleet plans were adjusted.

Services

Revenue was stable in \$ and up 13% in € supported by the addition of Wavefield in marine and strong processing performance.

- § **Marine contract** revenue growth was strong, up 40% in \$ and up 61% in €. Over the first half of the year, vessel production rates continued to improve while the impact of overcapacity sequentially impacted availability rates. For the first half of the year, fleet availability rate was 91% and the production rate was 89%.
- § **Land contract** revenue was down 19% in \$ and 7% in € mainly based on the weaker N. American onshore market. We operated 15 crews worldwide on average, including Argas crews in Saudi Arabia.
- § **Processing & imaging** revenue was up 2% in \$ and up 17% in € based on the continued strengthening performance and demand for our high-end differentiated technologies.
- § **Multi-client** revenue was down 43% in \$ and 35% in €. Capex eased as planned to \$193 million (€ 145 million) and was down 33% in \$ and 23% in €. The amortization rate averaged 60%, a level we expect to continue throughout 2009. Amortization was 77% in land and 58% in marine.

Table of Contents

Multi-client marine revenue was down 35% in \$ and 26% in . Capex was \$163 million (122 million). Prefunding was \$103 million (77 million) with a rate of 63%. After-sales were \$70 million (52 million).

Multi-client land revenue was down 70% in \$ and 66% in . Capex eased as planned to \$30 million (22 million). Prefunding was \$6 million (4 million) with a rate of 20% as crews mobilized for new programs. After-sales were \$19 million (14 million).

Group EBITDAs before restructuring was \$514 million (385 million), a margin of 32% mainly based on the impact of lower pricing and particularly the lower contribution from multi-client sales.

Group EBITDAs was \$458 million (343 million).

In millions before restructuring	H1 09 (\$)	variance	H1 08 (\$)	H1 09 ()	variance	H1 08 ()
Group EBITDAs	514	-25%	682	385	-14%	447
<i>margin</i>	32%		39%	32%		39%
Sercel EBITDAs	131	-32%	193	98	-22%	126
<i>margin</i>	30%		34%	30%		33%
Services EBITDAs	431	-22%	553	323	-11%	362
<i>margin</i>	35%		44%	35%		44%

Group Operating Income before restructuring was \$199 million (149 million), a 12% margin driven by the industry leading and resilient performance of Sercel while good operational performance of vessels was hampered by a decrease in marine prices and lower multi-client contributions.

Group Operating Income was \$ 112 million (84 million).

In millions before restructuring	H1 09 (\$)	variance	H1 08 (\$)	H1 09 ()	variance	H1 08 ()
Group Operating Income	199	-41%	335	149	-32%	219
<i>margin</i>	12%		19%	12%		19%
Sercel Op. Income	111	-36%	174	83	-27%	114
<i>margin</i>	25%		31%	25%		31%
Services Op. Income	127	-41%	216	95	-33%	142
<i>margin</i>	10%		17%	10%		17%

Group Net Income before restructuring was \$94 million (70 million), a 6% margin, compared to \$177 million (116 million) last year, down 47% in \$ and 39% in , resulting in an EPS of 0.44 per ordinary share and \$0.59 per ADS.

Group Net Income was \$38 million (29 million), down 78% in \$ and 75% in , resulting in an EPS of 0.17 per ordinary share and \$0.22 per ADS.

Taxes

The effective tax rate was 28%.

Financial Charges

Financial charges were \$69 million (51 million).

Table of Contents**Cash Flow*****Cash Flow from Operations***

Cash flow from operations was \$340 million (255 million) a reduction of 33% year-on-year.

Capex

Global Capex was \$322 million (241 million) at the end of June, down 24% in \$ year-on-year.

§ Industrial Capex was \$129 million (97 million), including a \$30m capital lease for the seismic equipment on the new vessel Wavefield Voyager during the first quarter.

§ Multi-client Capex was reduced by 33% in \$ year-on-year.

In millions	H1 09 (\$)		H12 08 (\$)
Capex	322	-24%	425
Industrial	129	-6%	137
Multi-client	193	-33%	288

Net Free Cash Flow

After interest expenses paid during the first half of the year, net free cash flow was negative at -\$19 million versus a positive \$24 million last year.

Balance Sheet***Net debt to equity remained stable***

The Group's gross debt was down at \$2.227 billion (1.576 billion) at the end of June 2009. With \$729 million (515 million) in available cash, group net debt was \$1.499 billion (1.060 billion) and the net debt to equity ratio was stable at 36%.

Table of Contents**H1 2009 Comparison with H1 2008**

Consolidated Statement of Income before restructuring*	First Half <i>(in million dollars)</i>		First Half <i>(in million euros)</i>	
	H1 09	H1 08	H1 09	H1 08
<i>Exchange rate euro/dollar</i>	<i>1.335</i>	<i>1.527</i>	<i>1.335</i>	<i>1.527</i>
Operating Revenue	1 630.1	1 746.9	1 221.1	1 144.0
<i>Sercel</i>	<i>439.8</i>	<i>563.0</i>	<i>329.0</i>	<i>368.7</i>
<i>Services</i>	<i>1 245.8</i>	<i>1 259.6</i>	<i>933.6</i>	<i>824.9</i>
<i>Elimination</i>	<i>-55.5</i>	<i>-75.7</i>	<i>-41.5</i>	<i>-49.6</i>
Gross Profit*	420.4	544.0	315.0	356.2
Operating Income*	198.6	335.2	148.7	219.5
<i>Sercel</i>	<i>111.0</i>	<i>174.1</i>	<i>83.0</i>	<i>114.0</i>
<i>Services</i>	<i>127.3</i>	<i>216.5</i>	<i>95.3</i>	<i>141.8</i>
<i>Corporate and Elimination</i>	<i>-39.6</i>	<i>-55.4</i>	<i>-29.7</i>	<i>-36.3</i>
Income from Equity Investments	3.3	4.6	2.4	3.0
Net Income*	93.9	176.9	70.3	115.9
Earnings per share () / per ADS (\$)	0.59	1.24	0.44	0.81
EBITDAs*	514.3	682.3	385.3	446.8
<i>Sercel</i>	<i>130.7</i>	<i>192.6</i>	<i>97.8</i>	<i>126.1</i>
<i>Services</i>	<i>430.8</i>	<i>553.5</i>	<i>322.8</i>	<i>362.5</i>
Industrial Capex	129.1	137.1	96.7	89.8
Multi-client Capex	192.8	287.9	144.5	188.5

In millions	H1 09 (\$)	<i>variation</i>	H1 08 (\$)	H1 09 ()	<i>variation</i>	H1 08 ()
Group EBITDAs						
Before restructuring costs	514	-25%	682	385	-14%	447

<i>margin</i>	32%		39%	32%		39%
After restructuring costs	458	-33%	682	343	-23%	447
<i>margin</i>	28%		39%	28%		39%
Group Operating Income						
Before restructuring costs	199	-41%	335	149	-32%	219
<i>margin</i>	12%		19%	12%		19%
After restructuring costs	112	-67%	335	84	-62%	219
<i>margin</i>	7%		19%	7%		19%
Group Net Income						
Before restructuring costs	94	-47%	177	70	-39%	116
<i>margin</i>	6%			6%		
After restructuring costs	38	-78%	177	29	-75%	116
<i>margin</i>	2%		10%	2%		10%
Earnings per share () / per ADS (\$)						
Before restructuring costs	0.59	-52%	1.24	0.44	-45%	0.81
After restructuring costs	0.22	-82%	1.24	0.17	-80%	0.81

Table of Contents

Key Figures

About CGGVeritas:

CGGVeritas (www.cggveritas.com) is a leading international pure-play geophysical company delivering a wide range of technologies, services and equipment through Sercel, to its broad base of customers mainly throughout the global oil and gas industry. CGGVeritas is listed on the Euronext Paris SA (ISIN: 0000120164) and the New York Stock Exchange (in the form of American Depositary Shares, NYSE: CGV).

Investor Relations Contacts

Paris:

Christophe Barnini

Tel: +33 1 64 47 38 10

E-Mail: invrelparis@cggveritas.com

Houston:

Hovey Cox

Tel: +1 (832) 351-8821

E-Mail: invrelhouston@cggveritas.com

Table of Contents

THIS FORM 6-K REPORT IS HEREBY INCORPORATED BY REFERENCE INTO THE PROSPECTUS CONTAINED IN CGG VERITAS REGISTRATION STATEMENT ON FORM S-8 (REGISTRATION STATEMENT NO. 333-150384) AND SHALL BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Compagnie Générale de Géophysique Veritas has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: July 30th, 2009

By /s/ Gerard CHAMBOVET
Gerard CHAMBOVET
Senior EVP QHSE, Career Development &
training, Communication and Audit

Page 13