CGG VERITAS
Form 6-K
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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 2011

CGG-Veritas

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(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 x 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 x

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

CGGVeritas Announces Second Quarter 2011 Results

Group Revenue at $750m, up 16%

Group Operating Income at $16m

PARIS, France July 29th 2011 CGGVeritas (ISIN: 0000120164 NYSE: CGV) announced today its non-audited second quarter 2011 consolidated results. All comparisons are made on a year-on-year basis unless stated otherwise. All second half 2010 results are reported before restructuring and impairment.

Group Revenue was $750m, up 16% year-on-year and 3% sequentially.

Group Operating Income was $16m:

Sercel continued to deliver strong performance with Operating Income at $76m, a margin of 29%.

Services Operating Income was a loss of $29m mainly related to North American seasonality in Land, operational interruptions and continued overcapacity in the marine market.
Multi-client marine and Processing & Imaging contributions were particularly strong.

Net Income was negative at $38m, including one-off $17m refinancing costs.

Net Free Cash Flow was negative at $7m this quarter and positive at $58m for the first half of the year.

Net Debt to Equity ratio was 40%.

Debt maturity was extended to 2021 and Term Loan B was fully repaid with the issuance of our $650 million Senior Note.

As planned in our Performance Program, following their upgrades, the Oceanic Phoenix and Oceanic Endeavour returned to operations. Our ship management partnership with Eidesvik was established and a support vessel charter agreement with Bourbon was signed. The Commander was decommissioned at the end of May.
BroadSeis™, our advanced marine solution continued to see growing acceptance, and we further developed our newly established commercial joint ventures.

Our cost reduction program is progressing well in the context of rising fuel cost and the weakening US dollar.

Backlog as of July 1st sequentially strengthened, up 7% to $1.31 billion.

Post Closing Events:

Strategic agreement signed with Spectrum, a Norwegian multi-client company, for the contribution by CGGVeritas of our 2D Multi-client marine library for a consideration in cash and a 25% equity position in Spectrum.

Second Quarter 2011 key figures

In million $	First Quarter 2011	Second Quarter 2011	Second Quarter 2010
Group Revenue	**728**	**750**	**647**
Sercel	275	267	247
Services	533	533	460
Group Operating Income	**23**	**16**	**37**
Margin	***3%***	***2%***	***6%***
Sercel	95	76	66
Margin	***34%***	***29%***	***27%***
Services	-26	-29	5
Margin	***-5%***	***-5%***	***1%***
Net Income	**-37**	**-38**	**8**
Margin	-5%	-5%	1%
Net Debt	**1,444**	**1,492**	**1,452**
Net Debt to Equity ratio	***38%***	***40%***	***39%***

CGGVeritas CEO, Jean-Georges Malcor commented:

During the quarter, Sercel delivered excellent performance and Services, despite the impact of Land seasonality, continued to see the signs of a progressively strengthening second half of the year.

North American Land activity was seasonally low as we repositioned our crews from Canada and the Arctic to the lower 48 for an expected robust summer campaign. Increasing demand for our marine multi-client data in advance of the announced Gulf of Mexico and Brazil lease sales was confirmed, a promising trend for both future multi-client sales and the progressive balancing of over-capacity in marine.

Our performance plan is progressing well in a context that remains impacted by rising fuel cost and a weakening US dollar. We continued to manage our balance sheet proactively with the significant extension of debt maturity, and in the first half of the year generated positive net free cash flow.

Looking forward, we expect Sercel to continue to deliver strong financial performance and, while difficult conditions remain in the marine market, Services should benefit from our performance program and from the increasing demand for multi-client data in the second half of the year and particularly near year-end.

Second Quarter 2011 Financial Results

Group Revenue

Group Revenue was up 16% in $ (4% in) year-on-year and sequentially up 3%.

In millions	First Quarter 2011 ($)	Second Quarter 2011 ($)	2010 ($)	Second Quarter 2011 ( )	2010 ( )
Group Revenue	**728**	**750**	**647**	**517**	**498**
Sercel Revenue	275	267	247	184	191
Services Revenue	533	533	460	367	353
Eliminations	*-80*	*-50*	*-60*	*-34*	*-46*
Marine contract	199	242	195	168	150
Land contract	160	81	79	54	62
Processing	99	106	94	73	72
Multi-client	75	104	92	72	70
MC marine	45	78	60	55	46
MC land	30	26	32	18	24

Sercel

Year-on-year, revenue was up 8% in $ (down 4% in). Sequentially, revenue moderated down 3% from a record first quarter. Operating margin was 29% compared to 27% margin in the second quarter of 2010 and 34% in the first quarter 2011. While operating margin was sequentially lower in the context of a weakening US dollar, Sercel full year perspectives remain strong and unchanged.

Land equipment sales remained at high levels on demand for increasing channel counts and regional activity especially in Europe and the Middle East. In marine equipment, lower sales of streamers this quarter were partially compensated by strong sustained demand for our SeaRay® Ocean Bottom Cable technology. Internal sales represented 19% of total revenue.

Services

Year-on-year, revenue was up 16% in $ (4% in). Sequentially revenue was relatively stable.

<u>Marine contract</u> revenue was up 24% year-on-year in $ (12% in). Sequentially, revenue was up 22%, with a higher vessel availability rate[1] of 92% and production rate[2] of 85% while operational performance remained impacted by maritime interruptions and operational incidents. The Oceanic Phoenix and Oceanic Endeavour returned to operations with their enhanced configuration following upgrades and sea trials. The Commander was decommissioned at the end of May and our new build X-BOW Oceanic Sirius vessel is on schedule to be delivered in early October. Our wide azimuth contract in Mexico was further extended until mid-December. BroadSeis™ commercial take-up expanded into new complex geological areas including the salt structures in the deep water offshore Gabon.

<u>Land contract</u> revenue was up 2% in $ year-on-year (down 12% in). Sequentially revenue was down 49% from the record first quarter as our Arctic crews demobilized and activity in the Middle East and North Africa was tempered by the unrest earlier in the year. The Land summer campaign is expected to be robust in the lower 48 and the further development of both high-channel count surveys and the OBC market is confirmed particularly in the Middle-East.

<u>Processing, Imaging and Reservoir</u> revenue was up 13% year-on-year in $ (2% in). Sequentially revenue was up 7% on continued advanced technology leadership. The early processing of our BroadSeis™ surveys show very promising results both for our contract and multi-client surveys. During the quarter multiple dedicated center contracts were extended.

<u>Multi-client</u> revenue was up 14% year-on-year in $ (2% in). Capex was at a low point this quarter at $45 million (31 million), with prefunding at $27 million (18 million), a rate of 59%. The amortization rate averaged 49%, with 56% in land and 47% in marine. Net Book Value of the library at the end of June was slightly down at $596 million (412 million).

Multi-client marine revenue was up 31% in $. Capex was low at $12 million (8 million). Prefunding was $11 million (8 million), a rate of 97%. After-sales worldwide strengthened sequentially to $67 million (47 million) as demand for Brazil, North Sea and Gulf of Mexico picked up ahead of lease sales scheduled for the end of the year.

Multi-client land revenue was down 19% in $, following reduced Capex at $33 million (23 million) and adverse weather conditions in the US over our new programs during the quarter. Prefunding was low this quarter at $15 million (10 million), a rate of 46%. After-sales were $11 million (7 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, 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.

Group EBITDAs was $152 million (105 million), a margin of 20%.

In millions	First Quarter 2011 ($)	Second Quarter 2011 ($)	Second Quarter 2010 ($)	Second Quarter 2011 ( )	Second Quarter 2010 ( )
Group EBITDAs	**160**	**152**	**166**	**105**	**128**
Margin	***22%***	***20%***	***26%***	***20%***	***26%***
Sercel EBITDAs	108	90	78	62	60
Margin	***39%***	***34%***	***31%***	***34%***	***31%***
Services EBITDAs	95	93	120	64	92
Margin	***18%***	***18%***	***26%***	***18%***	***26%***

Group Operating Income was $16 million (11 million), a margin of 2%.

In millions	First Quarter 2011 ($)	Second Quarter 2011 ($)	Second Quarter 2010 ($)	Second Quarter 2011 ( )	Second Quarter 2010 ( )
Group Operating Income	**23**	**16**	**37**	**11**	**29**
Margin	***3%***	***2%***	***6%***	***2%***	***6%***
Sercel Op. Income	95	76	66	52	51
Margin	***34%***	***29%***	***27%***	***29%***	***27%***
Services Op. Income	-26	-29	5	-20	4
Margin	***-5%***	***-5%***	***1%***	***-5%***	***1%***

Financial Charges

Financial charges were $55 million (37 million) including $17 million one-off charges:

Cost of Debt was $51 million including $15 million accelerated one-off issuing fees amortization related to Term Loan B and to repayments of the 2015 High Yield Bond.

Other financial items were $4 million including a $2 million one-off High Yield Bond 2015 call premium.

Taxes were $4 million (3 million) including the favorable impact of $1 million (1million) of currency translation.

Group Net Income was negative at $38 million (26 million).

Net Income attributable to owners of CGGVeritas was negative at $41 million (28 million) after the impact of minority interests of $3 million, resulting in a negative EPS of - 0.19 per ordinary share and -$0.27 per ADS.

Cash Flow*

Cash Flow from Operations

Cash flow from operations was $164 million (112 million).

Capex

Global Capex was $145 million (100 million) this quarter, a reduction of 11% year-on-year.

Industrial Capex was $100 million (69 million), an increase of 28% year-on-year.

Multi-client Capex was $45 million (31 million), a reduction of 48% year-on-year.

In million $	First Quarter 2011	Second Quarter 2011	2010
Capex	123	145	163
Industrial	79	100	78
Multi-client	44	45	86

Free Cash Flow

After interest expenses paid during the quarter, net free cash flow was negative at $7 million (7 million).

* - Cash Flow from operations: is Net cash provided by operating activities , as presented in the Unaudited interim consolidated statement of cash flows.
- Net Free Cash Flow: is Cash Flow from operations minus (i) Total net capital expenditures and Investments in multi-client surveys presented in the Investing section of the Unaudited interim consolidated statement of cash flows, and (ii) Financial expenses paid presented in the Financing section of the Unaudited interim consolidated statement of cash flows.

Second Quarter 2011 Comparisons with Second Quarter 2010

Consolidated Income Statement	**First Quarter**	**Second Quarter**		**Second Quarter**	
In millions	**2011 ($)**	**2011 ($)**	**2010 ($)**	**2011 ( )**	**2010 ( )**
Exchange rate euro/dollar	*1.363*	*1.448*	*1.303*	*1.448*	*1.303*
Operating Revenue	**728.2**	**749.6**	**646.9**	**517.2**	**498.0**
Sercel	*274.8*	*266.7*	*247.0*	*183.8*	*190.6*
Services	*532.9*	*532.7*	*459.8*	*367.1*	*353.3*
Elimination	*-79.5*	*-49.8*	*-60.1*	*-33.7*	*-45.9*
Gross Profit	**96.7**	**104.0**	**129.4**	**71.8**	**99.9**
Operating Income	**23.1**	**15.5**	**37.1**	**10.5**	**28.5**
Sercel	*94.6*	*76.4*	*65.8*	*52.3*	*50.5*
Services					