

THE CONTROL OF CONCENTRATIONS
BETWEEN ENTERPRISES LAW No. 83(I)/2014

**Notification of concentration regarding the creation of a joint venture by the
companies CGG Holding BV and OOO SCF GEO**

Commission for the Protection of Competition:

Mrs. Loukia Christodoulou,	Chairperson
Mrs. Eleni Karaoli,	Member
Mr. Andreas Karides,	Member
Mr. Charis Pastellis,	Member
Mr. Christos Tsingis	Member

Date of decision: 18 July 2014

SUMMARY OF THE DECISION

On the 2nd of July 2014, the Commission for the Protection of Competition (hereinafter the «Commission») received notification of a proposed concentration by CGG Holding B.V. (hereinafter "CGG") and OOO SCF GEO (hereinafter «SCF»), in accordance with section 10(1) of the Control of Concentrations between Enterprises Law (Number 83(I)/2014) (hereinafter the «Law»). The notification concerns the creation of a joint venture by the companies CGG and SCF.

CGG Holding BV is a company duly registered under the laws of the Netherlands and belongs to a Group of Companies, which is controlled by CGG S.A. CGG S.A. is a company duly registered under the laws of France and is listed in Paris and New York Stock Exchange. This Group of Companies is active in providing seismic services, which are structured in the following pillars: (a) equipment (manufacturing and supplying equipment for recovery seismic data), (b) recovery (research for recovery seismic data)

and (c) geology, geophysics and database (processing, imaging and interpretation of geophysical data).

OOO SCF GEO is a company duly registered under the laws of the Russian Federation and belongs to a Group of Companies which is controlled by OAO Sovcomflot. OAO Sovcomflot belongs 100% to the Russian Federation. This Group of Companies is active in providing services for safe and reliable seaborne transportation of energy to its customers, such as: operation of crude oil tankers, chemical carriers, liquefied natural gas and petroleum gas carriers and ice-class ships. The Group of Companies also provides logistical support for offshore development, renders port-related services including management of oil terminals and tugs operations and technical management for vessels. It is also active to a limited extent in the sector of chartering seismographic research ships to clients and providing seismic services through the only vessel with which it operates.

This transaction is based on a Joint Venture Agreement (hereinafter the «Agreement»), dated 18 June 2014, between CGG and SCF. According to the said Agreement, a Joint Venture will be set up under the Law of the Russian Federation as a limited liability company, whose share capital will be owned by SCF and CGG. The intended name of the Joint Venture will be said COO AGE, which is a shortcut of the phrase "Arctic Geophysical Explorations".

The Commission examined whether CGG and SCF exercise joint control over the new undertaking and its autonomy and concluded that the two companies have joint control over the new undertaking which will have operational autonomy.

The Commission, taking into account the above facts and events concerning this concentration has concluded that this transaction constitutes a concentration within the meaning of section 6(1)(b) of the Law, since it results in the creation of a joint venture by the companies CGG and SCF.

Furthermore, based on the information contained in the notification, the Commission found that the criteria set by section 3(2)(a) of the Law were satisfied and therefore the notified concentration was of major importance under the Law. According to the notification, the aggregate turnover achieved by CGG and SCF for the year 2013,

exceeded, in relation to each one of them, 3.500.000 euro. In addition, both undertakings concerned engage in commercial activities within the Republic of Cyprus and their aggregate turnover for the supply of goods or services within the Republic for the year 2013 exceeded 3.500.000 euro.

This transaction is based on the creation of a joint venture company, which will be active in the market of marine seismic services.

The Commission for purposes of evaluating this concentration defined the relevant product/service market as the market of 2D/3D/4D seismic acquisition services. The geographical market in this case was left open.

Both CGG and SCF engage in commercial activities within the territory of the Republic of Cyprus. However, only CGG operates within the territory of the Republic of Cyprus in the relevant market of 2D/3D/4D seismic acquisition services. Also, according to the parties, the joint venture will be mainly active in the Arctic zone. As a result, the concentration does not create any affected markets. Therefore, the concentration does not create any affected markets as determined in Annex I of the Law.

The Commission, on the basis of the factual and legal circumstances, applying the relevant provisions of the Law and taking into consideration the report of the Service, unanimously decided that this concentration does not create or strengthen a dominant position as there is no affected market and therefore the concentration does not raise serious doubts as to its compatibility with the operation of the competition in the market.

Therefore, the Commission, acting in accordance with section 22 of the Law, unanimously decided not to oppose the notified concentration and declare it as being compatible with the operation of the competition in the market.

Mrs. Loukia Christodoulou
Chairperson of the Commission for the Protection of Competition