

SeaBird Exploration

Company presentation
March 2018



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Investment highlights

Targeting growing niche segments

- 2D, source & shallow-water 3D specialist
- **SeaBird perfectly positioned** to profit from the technology driven **structural growth in ocean bottom seismic**

Global operating reach

- Pre-approved by most oil majors
- Track-record of work in all global regions

Low cost base

- Limited idle burn rate through flexible offshore crewing and charter parties
- Annual SG&A cost targeted below USD 6m in 2018, from USD ~20m in 2015

Company positioned for the next upturn

- **Sound balance sheet after the 2017 restructuring**
- High operating leverage towards improving market conditions

Agenda

- **Seabird Exploration – company overview**
 - **Management team & Board of Directors**
 - **Strategic positioning**
 - **Current fleet composition**
- Earnings scenarios and sensitivities
- Market trends
 - Streamer seismic in early stages of recovery – potentially led by US offshore
 - Heading for a super cycle in the source vessel market

Company management



Christophe Debouvry has held the position as Chief Executive Officer of the company since January 2016. He has over 25 years' experience in the Oil Services sector with a long track record in international offshore operations, strategy and finance. This includes years working with leading seismic company CGG Group until 2010. After leaving CGG, he has in particular worked with Oaktree Capital Management on the build-up of the UK-based Harkand Group, an offshore service provider. Mr Debouvry holds a Master of Science degree in Electrical Engineering and a Master of Business Administration degree from Insead.



Nils Haugestad has held the position as Chief Financial Officer of the company since April 2012. He has over 20 years' experience in investment banking, principal investments and corporate strategy. Prior to joining SeaBird, Mr. Haugestad had previously held a number of positions in the investment banking sector. Mr. Haugestad holds a Bachelor of Science degree from the Wharton School, University of Pennsylvania and a Master of Business Administration degree from Harvard Business School.



Kjell Mangerøy has held the position as VP Business Development in the company since February 2008 after holding the position as VP Operations over 2006-08. Prior to SeaBird, he held business development and operations management positions in PGS between 1995 and 2006. Throughout 1985-95 he worked for CGG on board vessels as Party Chief and later as Operations Manager. From 1976 to 1985 he held various positions in seismic and survey companies. Mr. Mangerøy has extensive 35 years experience from 35 years in the seismic industry.

Board of directors

Arne Helland - Chairman

- Has held a number of relevant positions in Norwegian seismic companies including serving as the CFO of TGS-Nopec and EVP Strategy and Business Development at Spectrum ASA

Stig R. Myrseth - Director

- Has a long-standing career as a financial analyst, fund manager and founder of brokerage and fund management companies in Norway, including Dovre Forvaltning

Hans Petter Klohs - Director

- Has extensive experience in the offshore seismic sector, including serving as the CFO of GC Rieber Shipping ASA, CEO of Arrow Seismic ASA and CFO of Rocksource ASA

Strategy going forward

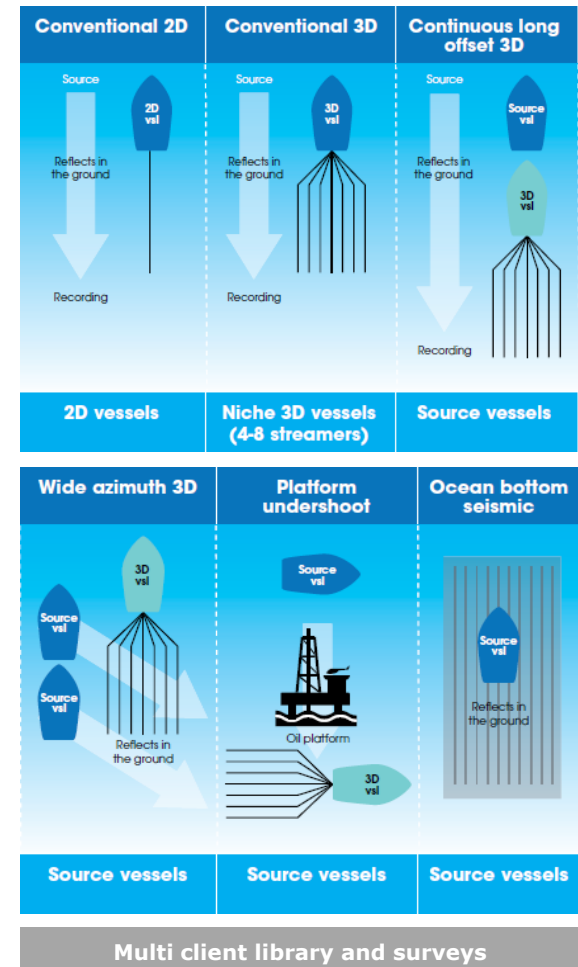
- Develop a **market leadership position** in targeted niche segments
 - **2D-seismic** acquisition
 - **Source vessel** services (seabed nodes, undershoot, wide azimuth)
 - **Shallow-water 3D-seismic** acquisition (4-6 streamers)
- **Expand the fleet towards ocean bottom seismic**
 - Focus on hi-tech / high productivity multi-purpose offering
 - Opportunistically review both flexible charter parties and outright vessel purchase
- Remain a preferred service provider for the oil and gas industry
 - Continued focus on maintaining an excellent QHSE record
- Establish commercial partnerships with other seismic players
 - Contribute in the **consolidation within the industry**

Global service offering

Current vessel positioning



Scale & scope in operations



A diversified blue-chip client base

- Operational track-record ensures blue-chip client base
- Company prequalified to work with most oil majors



Fleet overview

Current fleet

2D and source vessels



Aquila Explorer

2D - 1 X 12 Km
Source

- Dual Source
- Dual Propulsion

Owned vessel



Osprey Explorer

2D - 1 X 12 Km
Source

- Dual Source
- Dual Propulsion

Owned vessel



Harrier Explorer

2D - 1 X 12 Km
Source

- Dual Source
- Dual Propulsion

Owned vessel

SW¹⁾-3D vessels



Voyager Explorer

3D-SW - 4 X 6 000m
2D - 1 X 12 Km
Source

- Dual Source
- Dual Propulsion

Joint marketing agreement

Divested vessels



Northern Explorer

Previously owned vessel

Decommissioning
completed early February
2018



Munin Explorer

Previously chartered-in vessel

Agreement for redelivery signed Q1 2018,
with redelivery in Q2 2018 and subsequent
3-year non compete

Operations & commercial activity

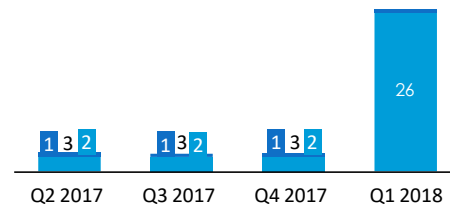
- Voyager Explorer currently operating on a 8 month seabed seismic project in APAC, and is expected to remain on contract through Q1-18. Work scope was extended 3 months beyond original schedule
- Osprey Explorer successfully completed a source contract in South America mid-February, and is currently mobilizing for another source contract in West Africa with 60 days expected duration
- Other information:
 - Voyager Explorer to be re-rigged for shallow water 3D-seismic survey operations. Prime geographical focus is expected to be West Africa
 - Harrier and Aquila currently idle in optimal stacking locations, respectively in the Americas and Europe. Will be reactivated as soon as market demands is deemed sufficient
 - Option agreement for up to 600 vessel days under call-off mechanism with TGS remains in place



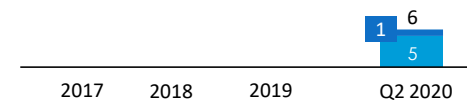
Debt obligations and maturity schedule post restructuring

Restructured debt obligations

Pre 2017 restructuring

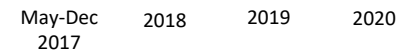
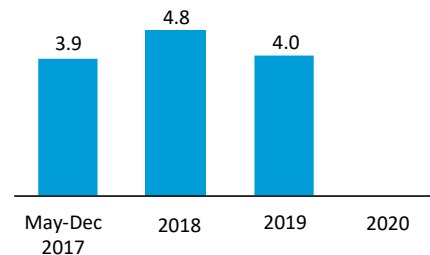


Post restructuring



Interest Principal

Charter hire obligations



Remaining charter hire obligations completely removed after Munin Explorer redelivery

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- **Earnings scenarios and sensitivities**
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 - Heading for a super cycle in the source vessel market

Earnings sensitivity - break-even level

Annual cash EBITDA estimate		
All figures in USD millions	Utilization	Sum
Vessels active (2)	70 %	8,2
Vessels stacked (2)	0 %	(2,2)
SG&A		(6,0)
Total cash EBITDA		0,0

- Operating costs are substantially reduced compared to previous years
- **Based on maintaining two vessels in active use 70% of the time, SeaBird is fully funded going forward**
 - ~66% average utilization in weak 2017 with two vessel equivalent
 - Stable cash position expected from Q2-18; working capital fluctuations will occur

Assumptions:

- Two vessels with 70% active utilization in source and/or 2D mode through a year
 - SW3D work excluded, offers upside to estimates if secured
- Vessel OPEX including fuel at stable levels
- Dayrates remaining at achieved 2017 levels
- One vessel warm stacked, and one vessel cold stacked

Earnings potential – normalized scenario

Annual cash EBITDA estimate		
All figures in USD millions	Utilization	Sum
Vessels active (4)	70 %	43,0
Vessels stacked (0)	0 %	-
SG&A		(8,0)
Total cash EBITDA		35,0

- Seabird has **significant operational leverage** towards a return to **normalized mid-cycle market conditions**

Assumptions:

- Four vessels with 70% active utilization in source and/or 2D mode through the year
 - SW3D work excluded, offers upside to estimates if secured
- **Historical mid-cycle day rates achieved**
- OPEX including fuel at stable levels
- SG&A costs growing 25% due to increased company activity

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Market trends

2D

- Traditionally muted interest for frontier exploration during downturns
- Substantial reduction in reserve replacement fueling recent increase in exploration budgets
- Potential **opening of US offshore** should create significant 2D seismic demand

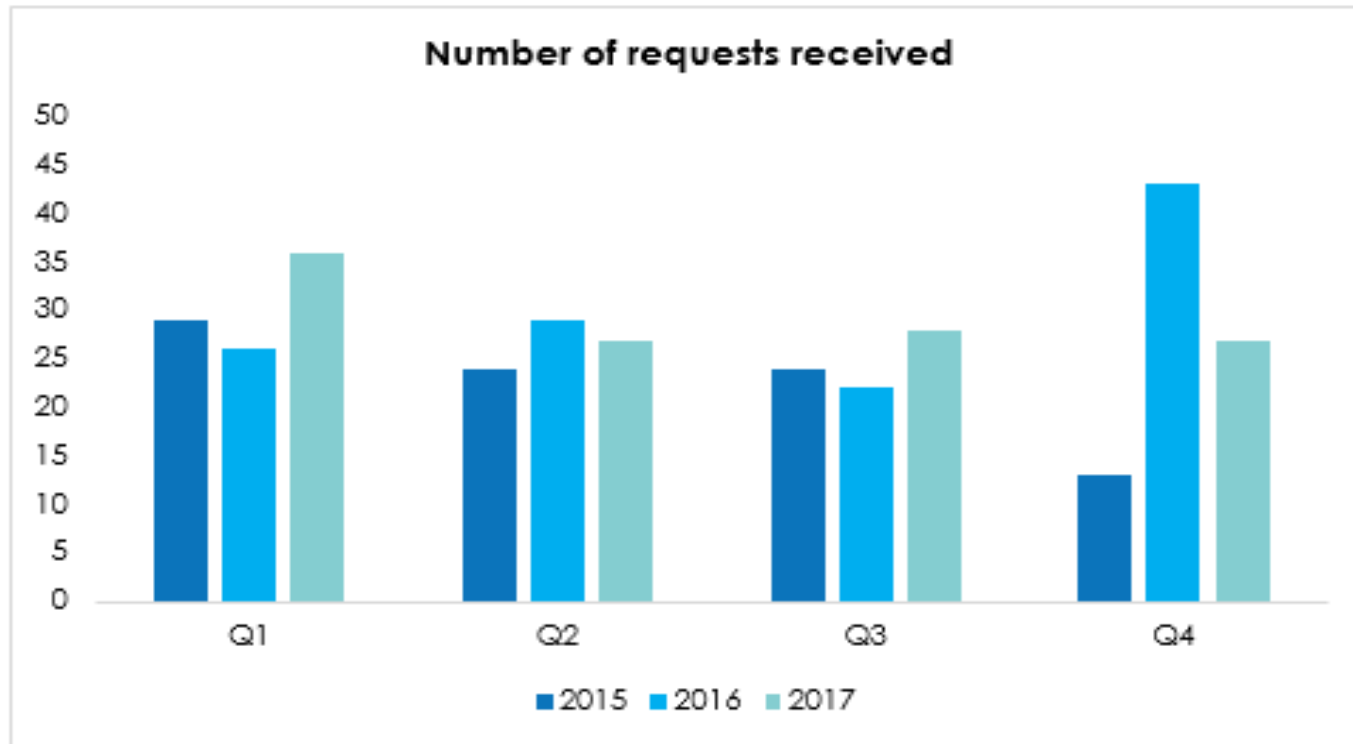
Source

- **Structural growth in the demand** for source vessels could create a **super cycle**
- Ocean bottom seismic tendering activity at record levels, awards expected coming months

SW-3D

- Shallow-water 3D is **coming to life again**, after zero activity in recent years
- Shallow-water development increasingly viewed as a time and cost effective alternative to deepwater mega projects

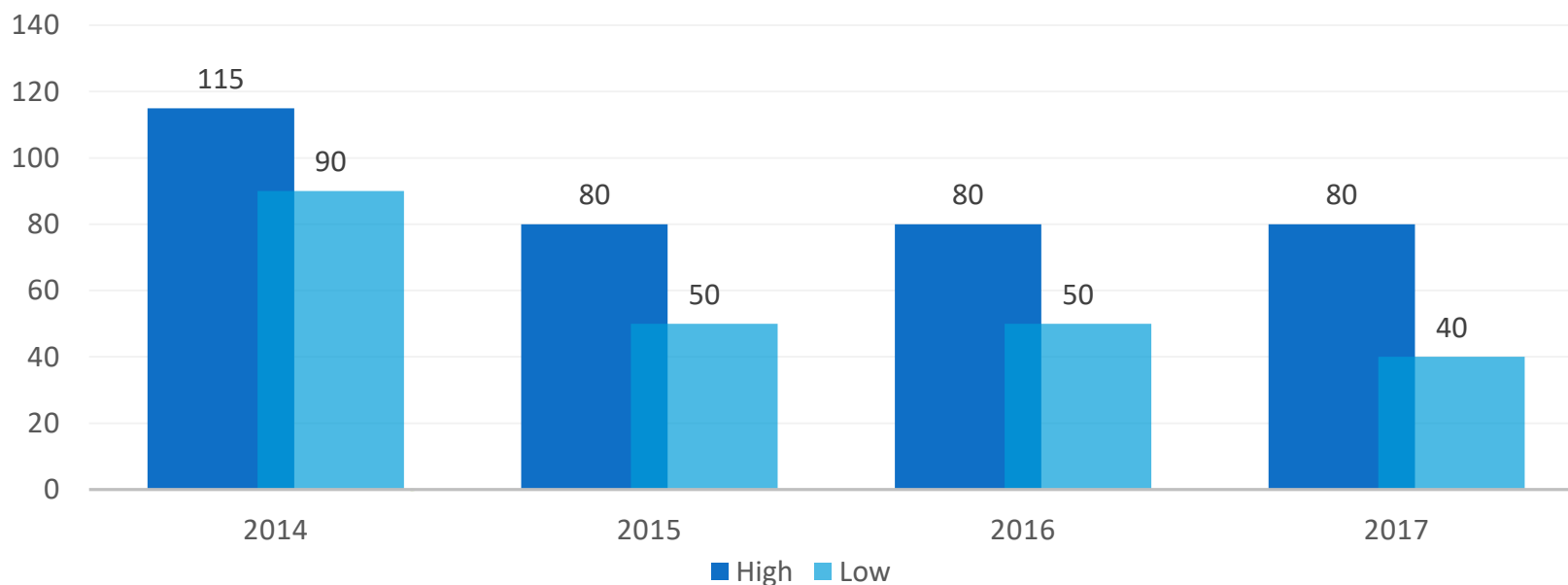
Tender and bid activity



The seismic market has troughed, stable level of new tendering activity seen recent quarters

Dayrate environment

2D/Source dayrates (USD thousand)



Source: Petrodata

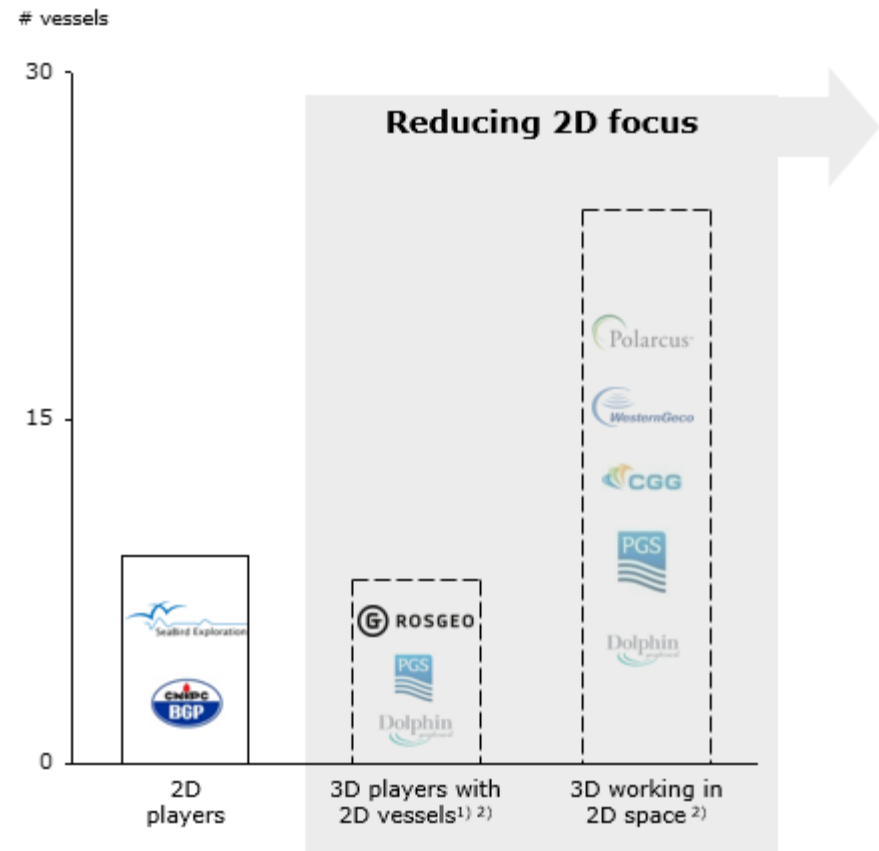
2D and source rates have declined less than traditional 3D contract rates throughout the downturn, and have been stable since early 2017

2D seismic industry leader, favorable supply side

Observations

- Industry fleet size significantly reduced since 2015
- Competitive pressure from 3D vessel owners has eased
 - Older 3D vessels used in the 2D space now mostly redelivered, cold stacked or retired
- **Seabird and Chinese BGP are the only 2D operators remaining with a global service offering**

2D market dynamics improving



Note: Approximation of players focusing on 2D

1) Rosgeo controlled by Russian government, operates in Russian waters

2) ex-Dolphin fleet now operated under ShearWater, with no 2D capability

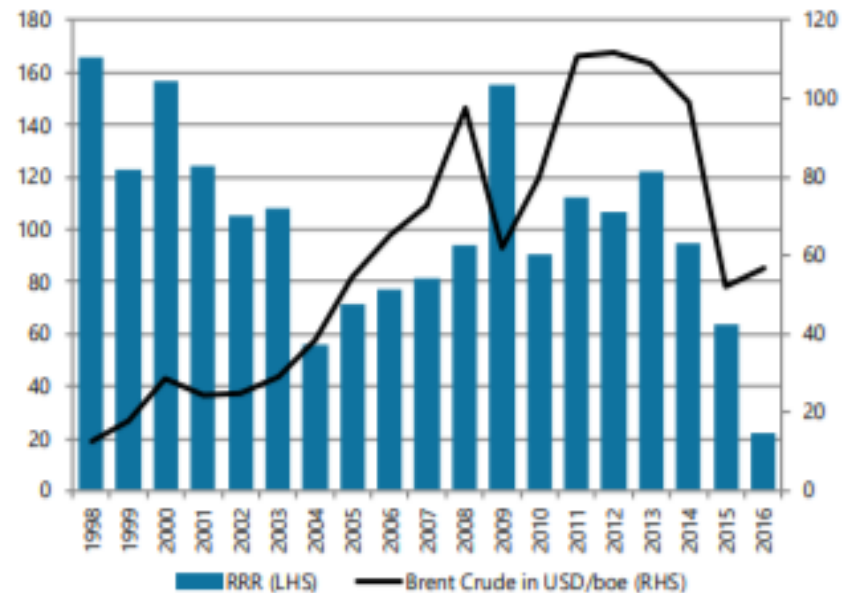
Oil discoveries unsustainably low

- 2017 all time low year for discovered resources
- Declining reserve replacement rates continue to take effect
- **2D seismic first tool in the box to find new offshore oil reserves**

"I am worried about being able to meet the supplies of production we need from 2020 and beyond"

Suhail Al Mazrouei, Minister of Energy UAE

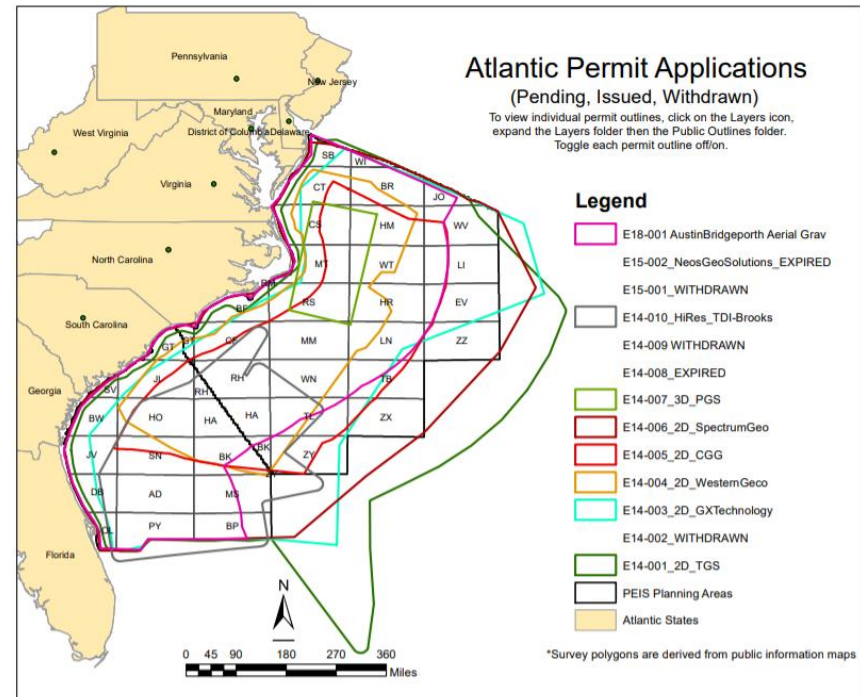
Organic reserve replacement ratio



Source: Magseis 2018 prospectus

US offshore areas potentially opening

- Nearly all US offshore areas to be opened for O&G exploration under a new 5 year lease plan
- Still subject to public hearings and reviews, with an uncertain implementation timeline
- **Demand for 2D seismic likely to be significant** if implemented in current form
- Companies including TGS-Nopec, Spectrum, CGG and ION Geophysical have pending applications for 2D surveys



Source: BOEM

Source vessel demand expected to rise...

- Ocean Bottom Seismic is experiencing **strong structural growth** driven by technological breakthroughs and cost reduction
- Source vessel demand tied to the growth in OBS
 - Vessels send signals which the ocean bottom receivers pick up
 - Source vessels needed regardless of survey technology choice
- Mainly used for **increased oil recovery** (IOR) on **existing fields** and proven reserves
 - Exposure to less volatile E&P operating budgets

OBS expected market growth

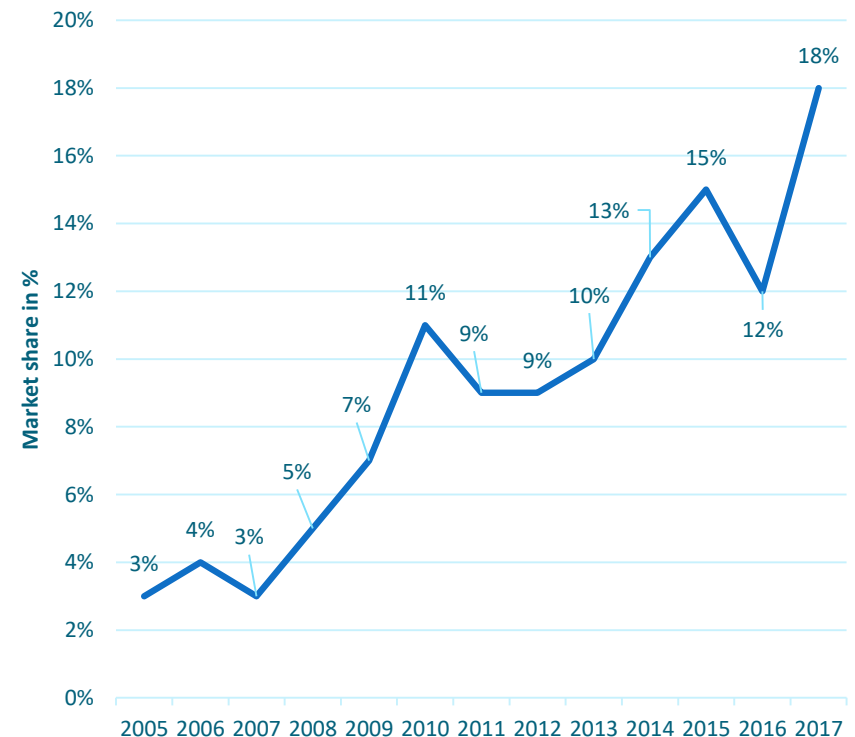


Source: Magseis ASA company presentation

...on the back of continued OBS market share gains

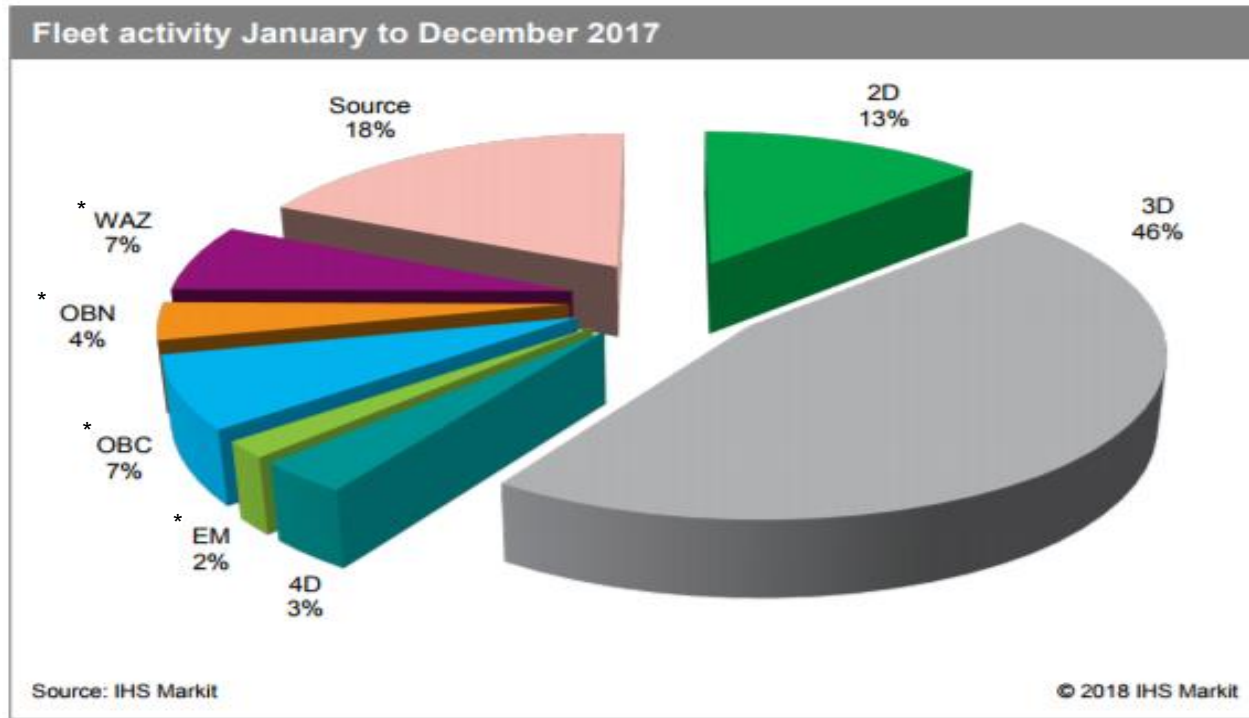
- OBS delivers **superior data quality** compared to streamer seismic
- Has **systematically gained market share** from 3D streamer seismic
 - Significant survey cost reductions achieved
 - Technology has improved
 - E&P adoption increasing
- Trend expected to continue
 - Further improvements in technology; new node-models in pipeline
 - Gains in node-laying speed and source vessel productivity

OBS share of total seismic spending



Source: InApril AS company presentation, Arkwright

Seismic vessel activity breakdown



Source: IHS Markit

OBS node-laying and source services accounted for ~30% of avg 2017 vessel activity

- Year-end 2017 share of active fleet seen at 47% (source: Seisintel)

Source vessel supply is limited

- The seismic industry has mainly invested in larger 3D vessels over the last 10 years, **ignoring the «low-end» segment**
- Current marketed fleet limited to around 10-12 vessels
 - Additional capable vessels could bring total available fleet to around 30 vessels in a market recovery, but most would require substantial investment to re-enter
- Most OBS operators do not have «in-house» source vessel capacity
- SeaBird differentiated through seismic operational expertise, **well adapted to meet increasing project demands**
 - SeaBird can provide full-blown operational service to clients, while active competition consist of ship-owners that mostly only provide the vessels and some equipment
 - Industry trend towards multiple source vessels per survey, that will require capacity to match source equipment among vessels
 - Only SeaBird can provide a homogeneous fleet of up to 4 vessels; all equipped with a unified technical set-up

4D market offer significant repeat business potential

- **4D seismic increasingly done through OBS solutions**
 - Repeat surveys on same area/reserves over a longer period of time
 - Primarily used on **active fields for reservoir monitoring** and increased oil recovery efforts
- Heightened operational risks and QHSE requirements around existing field infrastructure
 - Node technology better adapted in this environment
- As these programmes require **source vessel capacity in intervals over a life-of-field period**, they offer increased long-term demand visibility for the low-end vessel segment
 - The need to minimize execution-related data interference **favors established seismic vessel operators**, such as SeaBird, who can deliver a stable product from year to year

Outlook

- SeaBird's operational and financial reorganization is completed. The cost structure, asset base and liquidity runway now **aligned to current market conditions**
- The company expects to have 2 vessels on contract through most of Q1-18
- Market activity on the up, but decision processes and contract conversion remain drawn out in the near term
- SeaBird positioned to profit from improving market conditions
 - Streamer seismic in early stage of recovery
 - Increasing ocean bottom seismic activity levels
 - Strong operational leverage in a recovery
- Pro-actively looking to **grow the fleet at current attractive pricing levels**, assuming satisfactory backlog is secured
- Seek to take an **active part in the ongoing industry consolidation** process

Appendix

Income statement Q4 2017

CONSOLIDATED INTERIM STATEMENT OF INCOME				
	Adjusted	Non-recurring items	Quarter ended 31 December	
All figures in USD millions (except EPS)	2017	2017	2017	2016
Contract	5.5	-	5.5	2.6
Multi-client	-	-	-	0.9
Total revenues	5.5	-	5.5	3.5
Cost of sales	(4.9)	0.5	(5.4)	(3.8)
SG&A	(2.1)	0.2	(2.3)	(3.1)
Reversal of bad debt charges	-	-	-	1.2
Other income (expenses), net	0.0	-	0.0	0.3
Operational restructuring gain	-	(0.1)	0.1	-
EBITDA	(1.5)	0.6	(2.1)	(1.9)
Depreciation	(2.1)	-	(2.1)	(2.8)
Amortization	-	-	-	(0.8)
Impairment	-	0.6	(0.6)	-
EBIT	(3.6)	1.1	(4.8)	(5.5)
Interest and finance expense	(0.7)	-	(0.7)	(1.4)
Financial restructuring loss	-	0.3	(0.3)	-
Income tax	(0.1)	-	(0.1)	(0.0)
Profit/(loss)	(4.4)	1.5	(5.9)	(6.9)
Earnings per share from continued operations				
Basic			(0.01)	(2.25)
Diluted			(0.01)	(2.25)

- Adjusted cost of sales includes approximately \$1 million related to decommissioned vessels
- SG&A December run rate at approximately \$1.5 million per quarter

Balance sheet Q4 2017

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION		
	As of 31 December	
All figures in USD millions (except for equity ratio)	2017	2016
Property, plant and equipment	28.4	47.5
Multi-client library	-	3.1
Other non-current assets	0.1	0.1
Inventories	1.0	1.3
Trade receivables	1.2	2.1
Other current assets	3.6	3.0
Cash and cash equivalents	6.6	15.0
Assets classified as held for sale	0.5	-
Total assets	41.2	72.2
Equity	14.6	22.1
Non-current loans and borrowings	4.4	23.3
Other long-term liabilities	0.4	-
Trade payables	5.1	5.6
Other payables	8.2	6.7
Provisions	3.0	2.0
Tax payable	5.2	5.2
Current loans and borrowings	0.2	7.4
Total equity and liabilities	41.2	72.2
Net interest bearing debt	(1.9)	15.6
Equity ratio %	35.5%	30.6%

Cash flow statement Q4 2017

CONSOLIDATED INTERIM STATEMENT OF CASH FLOW		
	Quarter ended 31 December	
All figures in USD millions	2017	2016
Profit / (loss) before income tax	(5.8)	(6.9)
Depreciation, amortization and impairment	2.7	3.6
Movement in provision	(0.4)	(2.3)
Working capital	(4.3)	10.2
Increase/(decrease) in long term liabilities	0.4	-
Other cash from operating activities	0.1	0.8
Net cash from operating activities	(7.2)	5.4
Capital expenditures	-	(0.5)
Other term investment	-	0.0
Multi-client investment	-	(1.0)
Net cash used in investing activities	-	(1.4)
Proceeds from issuance of ordinary shares	12.6	-
Receipts from borrowings	0.5	-
Repayment of borrowings	(1.0)	(0.2)
Interest paid	0.1	(0.6)
Net cash from financing activities	12.2	(0.8)
Net (decrease)/increase in cash and cash equivalents	5.1	3.2

Q4-17 cash flow and liquidity observations

- Cash use in quarter four largely attributable to operational optimization and one-time items

KEY Q4 OPERATIONAL CASH FLOW ITEMS	
	USD millions
Decommissioned vessels	1.1
Payable unwind	3.7
Financial advisory expenses	1.4
SG&A at previous levels	0.6
Total	6.8

Top 20 shareholders

Top shares	%	Navn	Type	Country
145 800 000	13,17	MIEL HOLDING AS C/O SVEIN ØVREBØ		NOR
100 863 567	9,11	AB SEB bankas A/C CLIENTS ACCOUNT	NOM	LTU
79 000 000	7,13	VATNE EQUITY AS		NOR
79 000 000	7,13	GRUNNFJELLET AS		NOR
66 026 296	5,96	NORTH ENERGY CAPITAL		NOR
50 000 000	4,51	CMD AS		NOR
40 000 000	3,61	MP PENSJON PK		NOR
37 500 003	3,39	Goldman Sachs & Co. GOLDMAN SACHS & CO	NOM	USA
30 000 000	2,71	Active Pro AS		NOR
27 849 196	2,51	KRISTIAN FALNES AS		NOR
27 007 817	2,44	OMA INVEST AS		NOR
24 000 000	2,17	NEWTON HEATH HOLDING		NOR
20 000 000	1,81	Adan Holding As		NOR
18 532 169	1,67	STRANDEN INVEST AS		NOR
17 000 000	1,54	SILVERCOIN INDUSTRIE		NOR
12 500 000	1,13	ACME AS		NOR
10 000 000	0,90	ONSAGER AXEL NORGREN 605W 42ST		NOR
10 000 000	0,90	FRØILAND INVEST AS		NOR
9 549 332	0,86	Nordnet Bank AB	NOM	SWE
9 533 333	0,86	MATSPECIALEN AS		NOR

Date: 01.03.18