

# SeaBird Exploration

Second Quarter Presentation  
18 August 2017

CEO    Christophe Debouvry  
CFO    Nils Haugestad

A large, stylized white graphic of a bird in flight, positioned on the right side of the slide. The bird is composed of several thick, curved lines that define its wings and tail, creating a sense of movement and elegance. It is set against a solid blue background.

# Forward-looking statements

All statements contained in this presentation that are not statements of historical facts, including statements on projected operating results, financial position, business strategy and other plans and objectives for future results, constitute forward-looking statements and are prediction of, or indicate, future events and future trends which do not relate to historical matters. No person should rely on these forward-looking statements because they involve known and unknown risks, uncertainties and other factors which are, in many cases, beyond the company's control and may cause its actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by the forward-looking statements and from past results, performance or achievements. These forward-looking statements are made as of the date of this presentation and are not intended to give any assurance as to future results. None of the company, its employees and representatives assumes any obligation to update these statements. This presentation includes historical financial data. Your attention is directed to the notes to such data for a description of the accounting principles used to prepare historical data. This presentation must be viewed only in connection with the company's separately distributed Q2 2017 earnings release.

# Agenda

- Q2 highlights
- Restructuring and cost reduction
- Q2 operational review
- Q2 financial review
- Summary and outlook
- Q&A

# Q2 highlights



# Highlights

## Financial results

- Revenues of \$2.6 million (\$8.4 million Q1 2017)
- Adjusted EBITDA of negative \$6.1 million (negative \$0.1 million Q1 2017)
- Adjusted EBIT of negative \$9.5 million (negative \$3.6 million Q1 2017)
- Cash and cash equivalents of \$3.3 million (\$8.8 million in Q1 2017)
- Net non-recurring charges of \$0.2 million relating to legal fees for the restructuring partially offset by a non-recurring gain in relation to the 2016 redelivery of Voyager Explorer

## Quarterly observations

- 13 vessel months in announced new contract awards and LOIs
- Option agreement with TGS Nopec to provide up to 20 vessel months of seismic services
- Implemented incremental \$6 million in annual cost reductions during the quarter; total \$22 million in SG&A and cost of sales annual savings relative to 2014 based on a five-vessel fleet
- Debt restructuring completed subsequent to quarter end

# Restructuring and cost reduction



# SeaBird restructuring approved

- Restructuring proposal approved by bondholders on 6 June and by shareholders on 13 June; all remaining consents received on 1 August
- Agreement with SBX04 tranche B bondholders and Glander to convert ~81.5% of outstanding claim to equity, extend maturity date for remaining claim to 30 June 2020 and introduction of payment in kind option
- Agreement with TGS that SBX04 tranche A be exchanged for the company's multi-client library<sup>1)</sup>
- Agreement with Ordinat to extend the Munin charter period to 30 June 2020 and reduce the charter hire to \$2,088 per day; introduction of payment in kind option. Unpaid previous charter hire and charter hire reduction from earlier contract converted into equity

# Restructuring summary

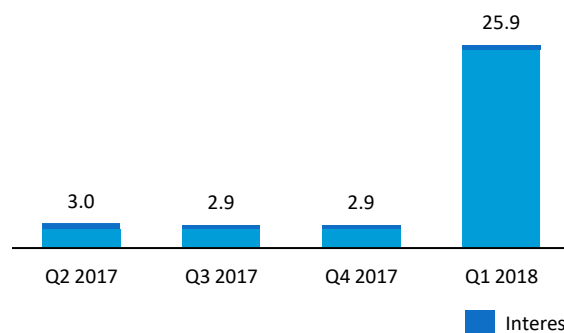
- Reduced debt and extended maturities
  - Total nominal debt and charter hire obligations reduced by \$37.5 million
  - Remaining financial debt of \$5.7 million
  - No significant debt maturities until 30 June 2020
  - Interest payment in kind
  - Option to postpone payment of remaining charter hire to June 2020
  - All financial covenants suspended
- 54,389,711 shares issued as a part of the restructuring. The total number of shares in the company after issuance of the new shares will be 57,455,145
- The company is working closely with its financial advisors to raise additional capital for working capital purposes



# Reduced commitments

## Restructured debt obligations

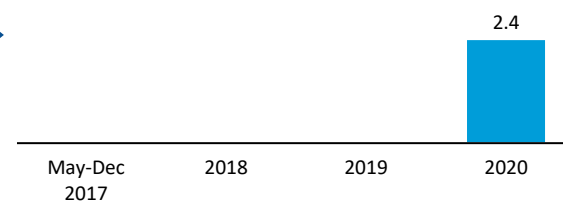
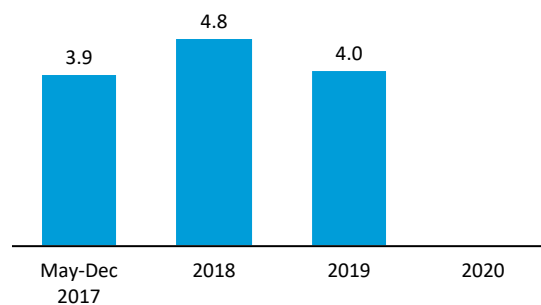
### Pre restructuring



### Post restructuring

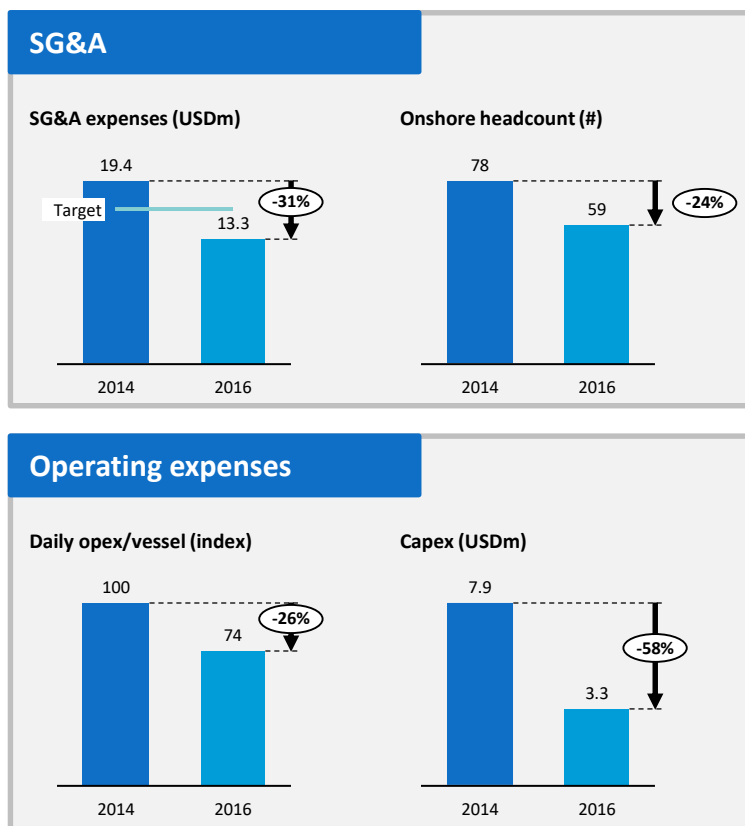


## Charter hire obligations

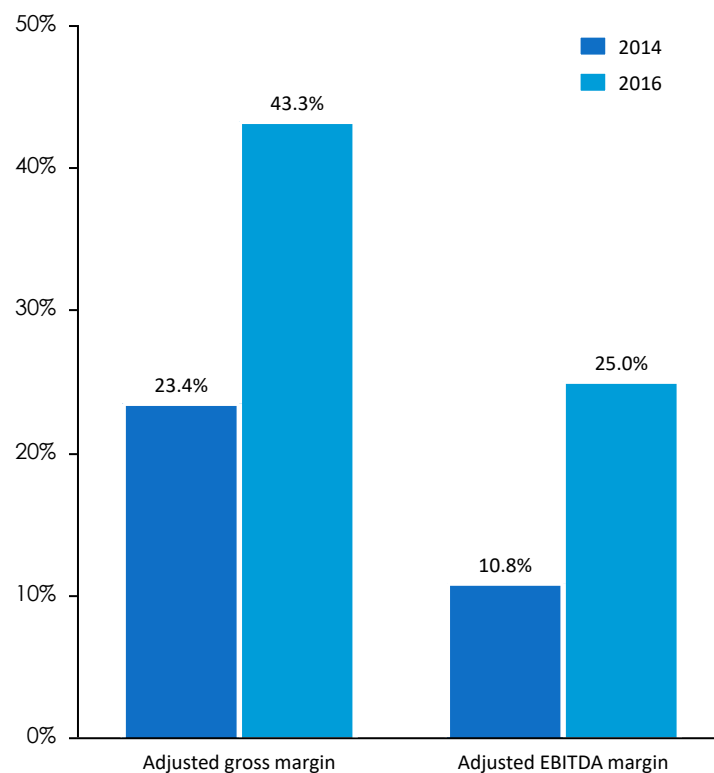


# Significant cost reductions fully implemented by end of 2016

## Continuous cost focus...



## ...leads to margin improvement



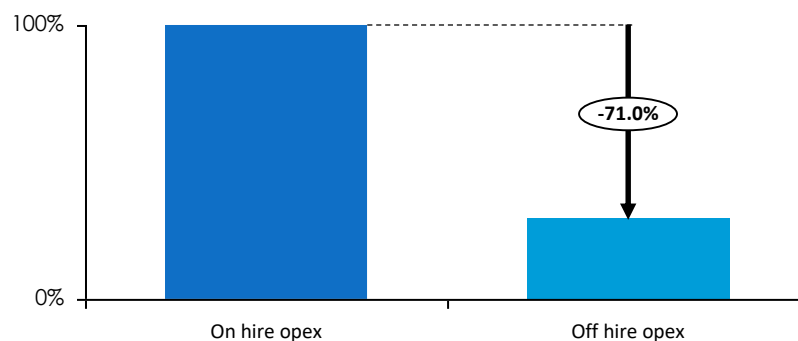
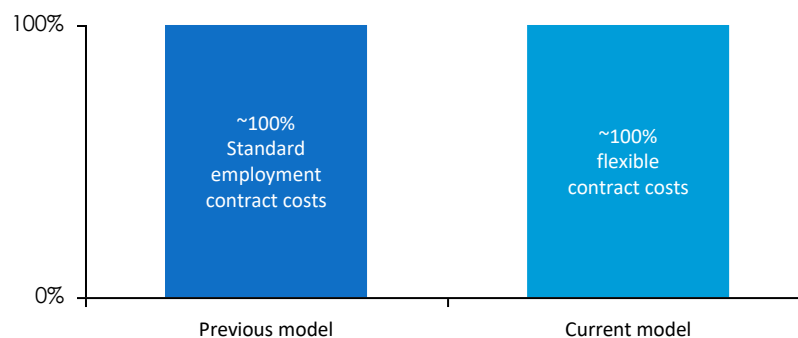
# Highly flexible cost structure in place by end of 2016

## Cost flexibility

Improved cost elasticity;  
warm-stacking instruction

Targeting 100% of crew cost  
on flexible contracts

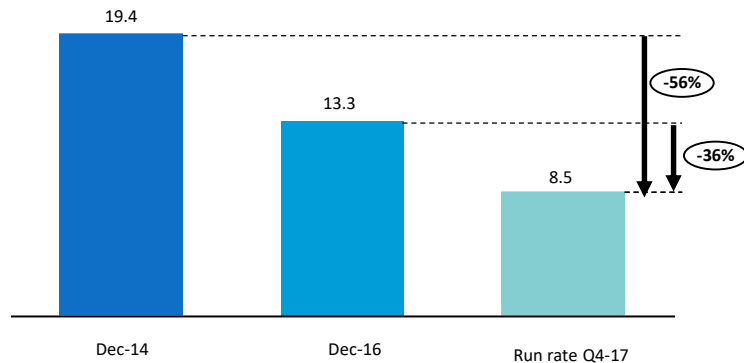
Ability to scale up and down depending on  
market activity



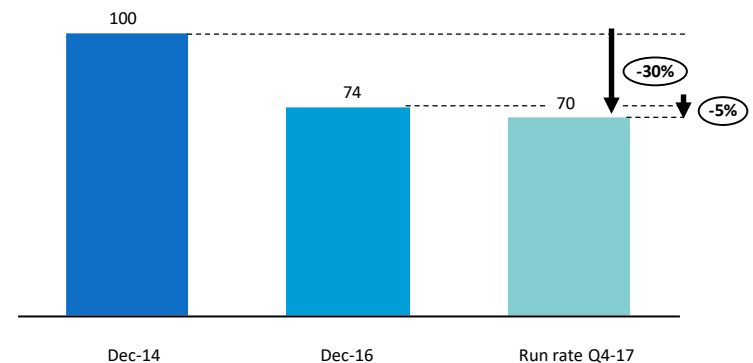
Note: excl. fuel

# Further cost reductions implemented in 2017

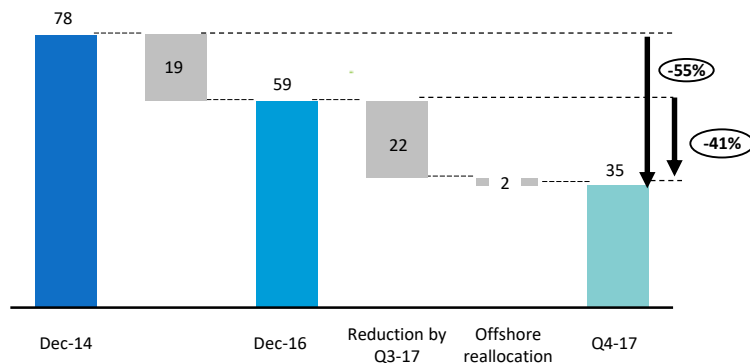
## SG&A costs (USDm)



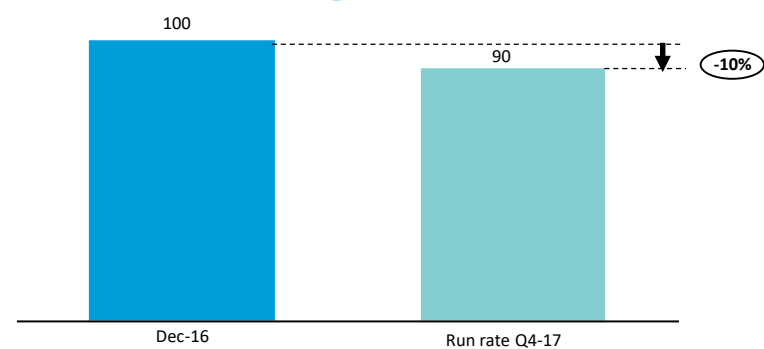
## Vessel opex (Indexed)



## Onshore headcount (#)



## Warm stacking costs (Indexed)

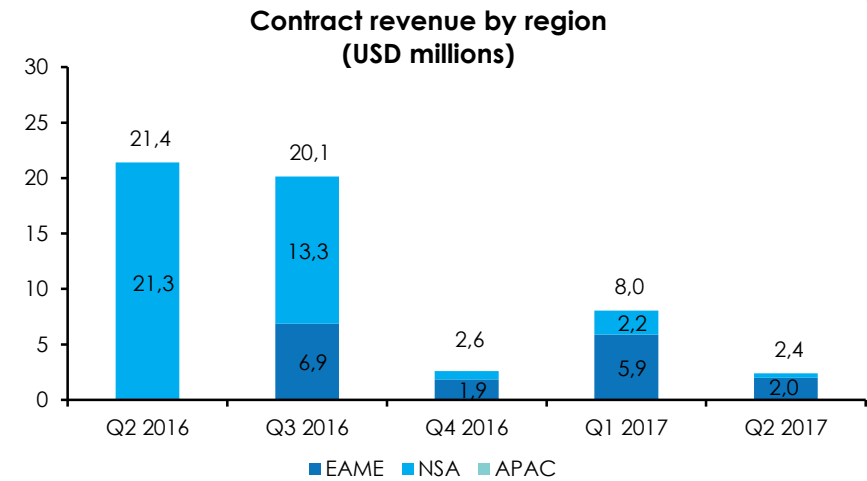
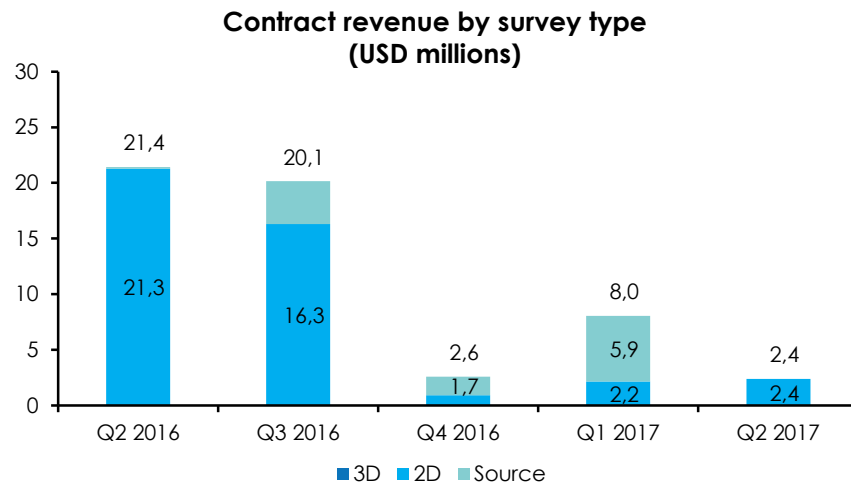


**Incremental 2017 annual savings of USD 6m on comparable fleet basis;  
total annual savings of USD 22m relative to 2014**

# Operational review

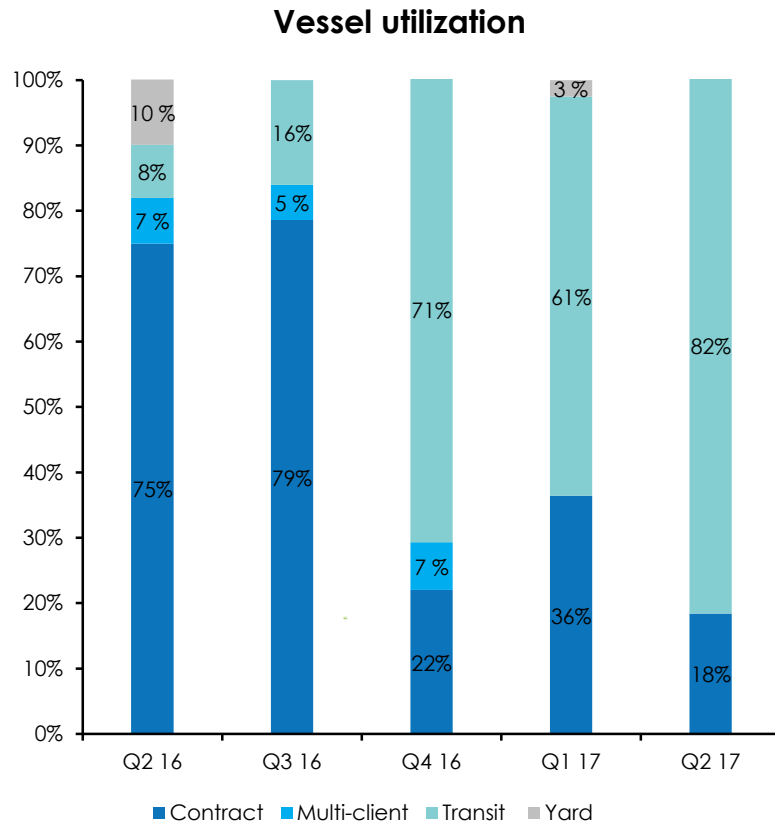


# Segment operating activity



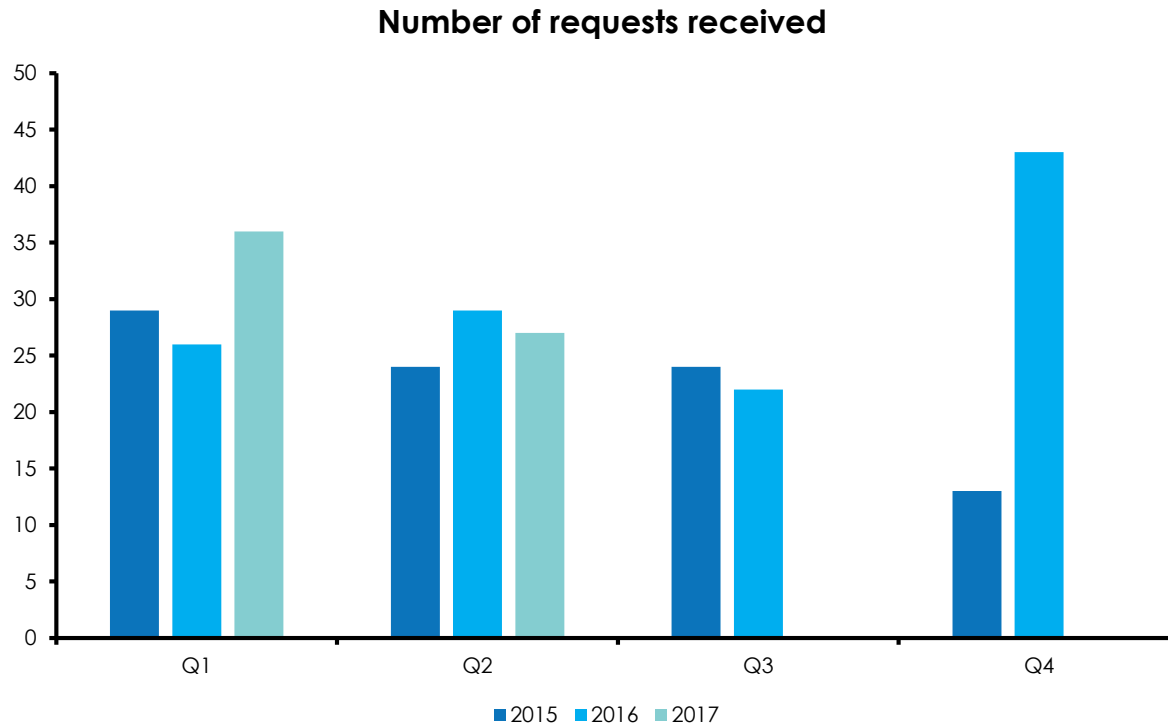
- Q2 revenues impacted by market weakness
- Largest revenue contribution from EAME region also in Q2

# Vessel utilization



- Q2 utilization of 18%
  - One vessel working in the EAME region
  - One vessel completing a project in the NSA region early in the quarter

# Tender and bid activity





# Six new contract awards and LOIs

- 13 vessel months in announced new contract awards and LOIs:
  - Seismic source vessel contract in the Asia Pacific region (Voyager) with an expected duration of five to six months
  - 2D contract in West Africa starting in quarter two with a duration of approximately one month
  - 2D survey letter of award for two weeks in West Africa commencing in quarter two
  - Letter of intent for an upcoming 2D seismic survey in South America with a duration of approximately two and a half months
  - Source vessel agreement for an upcoming survey in South America with a duration of approximately 2 months
  - Letter of intent to conduct a shallow water 3D seismic survey in the West Africa region with a duration of approximately two months



# Option agreement with TGS

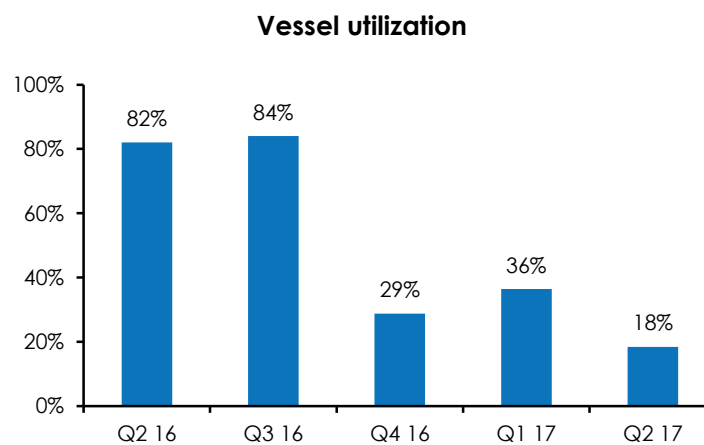
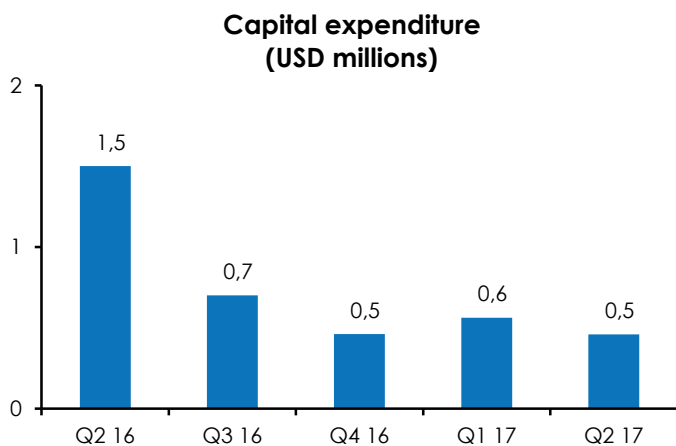
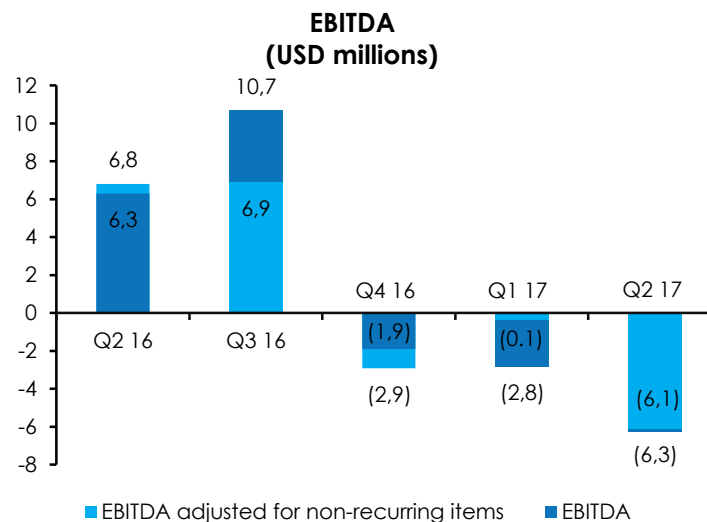
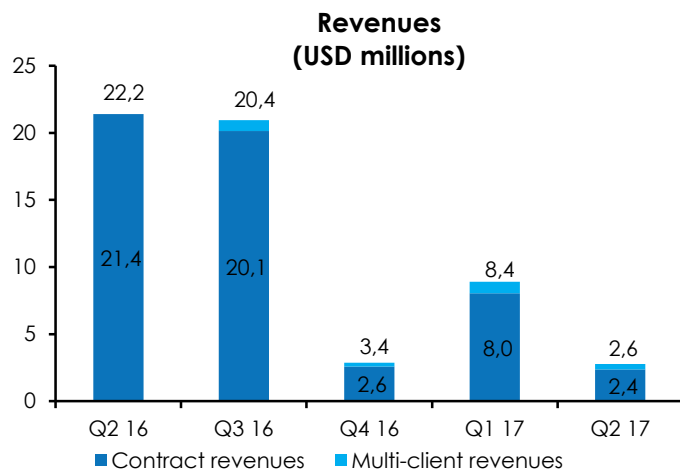
- Signed option agreement with TGS Nopec to provide up to 600 vessel days of seismic services
- The agreement offers TGS access to one or more SeaBird vessels to perform seismic services on a global basis
- Call-off under the option agreement may be made throughout 2017; agreement may be extended through 2018 under certain conditions



# Financial review



# Historical operating comparison



# Income statement Q2 2017

CONSOLIDATED INTERIM STATEMENT OF INCOME				
All figures in USD millions (except EPS)	Adjusted 2017	Non- recurring items 2017	Quarter ended 30 June	
			2017	2016
Contract	2.4	-	2.4	21.4
Multi-client	0.3	-	0.3	0.8
<b>Total revenues</b>	<b>2.6</b>	<b>-</b>	<b>2.6</b>	<b>22.2</b>
Cost of sales	(5.7)	(0.1)	(5.6)	(12.9)
SG&A	(3.1)	0.3	(3.4)	(3.2)
Reversal of bad debt charges	0.1	-	0.1	-
Other income (expenses), net	-	-	-	0.2
<b>EBITDA</b>	<b>(6.1)</b>	<b>0.2</b>	<b>(6.3)</b>	<b>6.3</b>
Depreciation	(3.1)	-	(3.1)	(3.5)
Amortization	(0.4)	-	(0.4)	(0.9)
Impairment	-	-	-	-
<b>EBIT</b>	<b>(9.5)</b>	<b>0.2</b>	<b>(9.7)</b>	<b>1.9</b>
Interest and finance expense	(1.5)	-	(1.5)	(1.6)
Restructuring gain	-	-	-	-
Income tax	0.0	-	0.0	(0.3)
<b>Profit/(loss)</b>	<b>(11.0)</b>	<b>0.2</b>	<b>(11.2)</b>	<b>0.1</b>
Earnings per share from continued operations				
Basic			(3.64)	0.03
Diluted			(3.64)	0.03

# Cash flow statement

CONSOLIDATED INTERIM STATEMENT OF CASH FLOW		
	Quarter ended 30 June	
All figures in USD millions	2017	2016
Profit/(loss) before income tax	(11.2)	0.4
Restructuring gain	-	-
Other non-cash items	3.0	3.2
Paid income tax	(0.2)	(0.3)
Working capital changes	3.8	(1.7)
(Increase)/decrease in inventories	0.1	0.2
(Increase)/decrease in trade and other receivables	3.0	(2.9)
Increase/(decrease) in trade and other payables	0.6	1.0
<b>Net cash from operating activities</b>	<b>(4.7)</b>	<b>1.5</b>
Capital expenditures	(0.5)	(1.5)
Other long term investment	-	(0.0)
Multi-client investments	0.0	(0.6)
<b>Net cash from investing activities</b>	<b>(0.5)</b>	<b>(2.0)</b>
Proceeds from share issuance	-	-
Borrowings	(0.2)	(0.7)
Other financial items	(0.1)	(0.8)
<b>Net cash from financing activities</b>	<b>(0.4)</b>	<b>(1.5)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(5.5)</b>	<b>(2.0)</b>

# Balance sheet

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION		
	As of 30 June	
All figures in USD millions (except for equity ratio)	2017	2016
Property, plant and equipment	42.4	62.6
Multi-client library	2.3	2.7
Other non-current assets	0.1	0.1
Inventories	1.1	2.9
Trade receivables	3.6	11.7
Other current assets	2.8	8.5
Cash and cash equivalents	3.3	8.1
<b>Total assets</b>	<b>55.7</b>	<b>96.6</b>
Equity	3.2	31.9
Non-current loans and borrowings	-	30.1
Trade and other payables	13.9	17.9
Provisions	1.6	8.5
Tax liabilities	5.1	5.4
Current loans and borrowings	31.8	2.9
<b>Total equity and liabilities</b>	<b>55.7</b>	<b>96.6</b>
Net interest bearing debt	28.5	25.0
Equity ratio %	5.8%	33.0%

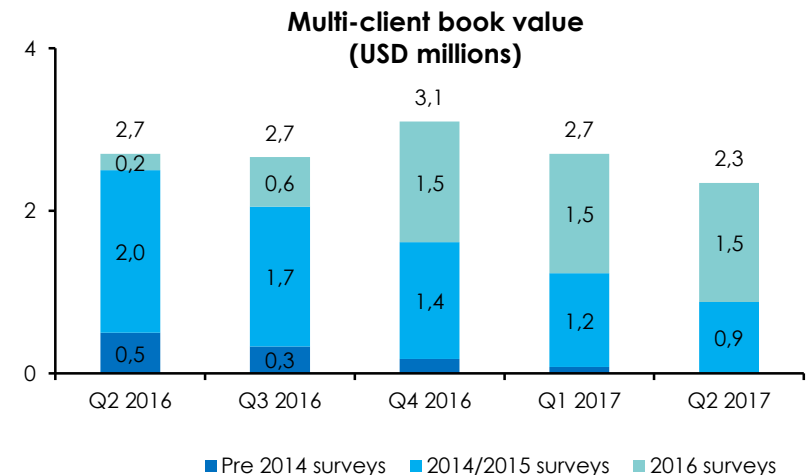
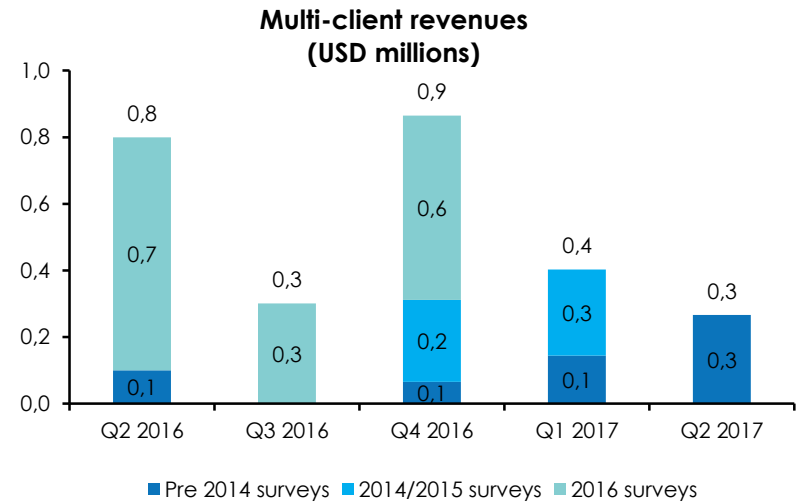
# Preliminary estimated restructuring impact

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION			
		As of 30 June	
All figures in USD millions (except for equity ratio)	2017	Adjustments	Preliminary proforma estimated
Multi-client library	2.3	(2.3)	-
Other assets	53.4	-	53.4
<b>Total assets</b>	<b>55.7</b>	<b>(2.3)</b>	<b>53.4</b>
Equity	3.2	28.1	31.4
Loans and borrowings	31.8	(27.3)	4.5
Other liabilities	20.6	(3.1)	17.5
<b>Total equity and liabilities</b>	<b>55.7</b>	<b>(2.3)</b>	<b>53.4</b>
Net interest bearing debt	28.6		1.2
Equity ratio %	5.8%		58.8%



# Multi-client update

- Multi-client revenues in the quarter of \$0.3 million relating to late sales
- No new multi-client projects performed in the second quarter
- Multi-client library<sup>1)</sup> exchanged for Tranche A SBX04 bonds subsequent to quarter end as a part of restructuring



# Provisions

- Incurred \$1.5 million in operating costs and \$0.1 million in interest expense that were charged against provisions during the quarter
- Remaining provision of \$1.6 million relating to Munin Explorer

Provisions	
	USD millions
Opening balance 1 April 2017	3.0
Incurred cost	(1.5)
Interest expense	0.1
<b>Ending balance 30 June 2017</b>	<b>1.6</b>

# Summary and outlook



# Outlook

- Company reorganization and cost optimization engaged into in H1-17 completed; further cost initiatives under review; EBITDA break-even achievable with two active vessels
- Voyager Explorer started its source project in Q3 and Osprey Explorer expected to start on a new project in Q3 as well; expect to have both vessels active throughout the rest of the year
- Global fleet capacity is reduced substantially and this should help a recovery in the sector
- Short-term, encouraging tender activity. Yet, the third and fourth quarter 2017 revenues are expected to be negatively impacted by slow contract award lead times
- The company requires additional capital for working capital purposes; working closely with financial advisors to raise additional funds

# Q&A

