

SeaBird Exploration

Second Quarter Presentation
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Agenda

- Highlights
- Market and operational review
- Financial review
- Summary and outlook
- Q&A

Highlights



Q2-19 Highlights

Key financial & operational figures

- Revenues of \$9.2 million (\$12.3 million Q1 2019)
- EBITDA of negative \$1.7 million (positive \$2.7 million Q1 2019)
 - Includes loss provision for Q3 on Nordic Explorer of \$1.3 million
- EBIT of negative \$7.2 million (positive \$0.1 million Q1 2019)
- 68% fleet utilization
- CAPEX of \$12.9 million

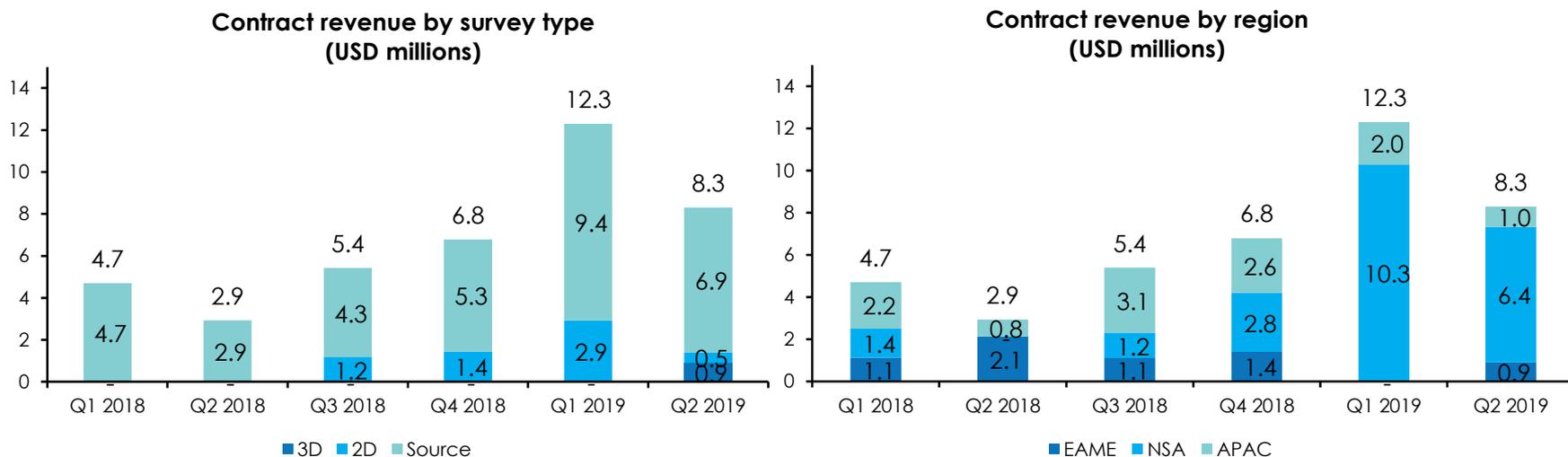
Major events during the quarter

- Agreement to acquire BOA Galatea (Petrel) and BOA Thalassa (Fulmar) at \$11 million per vessel; took delivery of BOA Thalassa late in the quarter
- Completed NOK 250 million private placement and NOK 28 million share issue to bondholders as part settlement of BOA Thalassa acquisition
- Delayed revenue recognition and higher costs in the quarter due to streamer-related challenges on Nordic Explorer and Harrier Explorer
- Continued good operational performance on rest of fleet
- Aquila Explorer to be decommissioned in Q3; seismic equipment to be reused on Fulmar Explorer

Market and operational review



Segment operating activity



Key take-aways:

- Source operations still largest share of revenues
- 2D/3D projects impacted by operational issues (Nordic and Harrier)
- High activity in the NSA region
- \$0.9 million in multi-client revenues not included

Operational issues in West Africa and South America



- 3D survey in West Africa with Nordic Explorer is estimated to be completed mid September; two months later than the original plan
 - Acquired with 2 streamers (instead of 4 streamers)
 - The project will have negative margin of \$1.4 million; onerous contract charge of \$1.3 million in Q2
- 2D survey in South America with Harrier Explorer is estimated to be completed ultimo September 2019; two months later than the original plan
 - Extended survey duration will result in increased operating expenses and generate an estimated project margin of close to zero
- Both surveys are affected by difficulties with availability and lead-time of select seismic streamer equipment parts relating to the Digistreamer technology

“Digistreamer” problems - causes and status

BACKGROUND

- The “Harrier Explorer” was reactivated in 2018 and acquired six 2D surveys in the period August 2018 to February 2019 with good operational performance
- The “Nordic Explorer” was chartered-in (including streamers)

ROOT CAUSE

- Increased repair period and logistical lead times exceeded the equipment related contingency included in the project plans for the 2D and 3D surveys
- The service offering, repair facilities and inventory level for certain technology components included in the “Digistreamer” all being significantly downscaled post the 2014 downturn
- Worse than expected condition of the “Nordic Explorer” streamer pool equipment

LESSONS LEARNT

- We underestimated supply chain and logistical bottlenecks relating to repair of Digistreamer sections
- The spare part contingency included in the project plan should have been more robust

OPERATIONAL STATUS

- SeaBird now has a significant pool of repaired and tested “Digistreamer” ready for use
- In addition comes a larger pool of Sercel Sentinel streamer
- The current “Digistreamer” problems are not expected to have any effects on future 2D & niche 3D projects

Fleet overview

Three modern vessels added and one vintage vessel retired last twelve months

2D and source vessels



Harrier Explorer

2D - 1 X 12 Km
Source

Owned vessel

Osprey Explorer

2D - 1 X 12 Km
Source

Owned vessel

3D/2D and source vessels



Voyager Explorer

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

Chartered vessel

Eagle Explorer

3D - 6 X 8 Km
2D - 1 X 12 Km
Source

Owned vessel

EM vessel



Petrel Explorer

Configured for
Electromagnetic seismic

Owned vessel



Fulmar Explorer

To be rigged for
2D/source operations

Owned vessel¹⁾



Nordic Explorer

3D-SW - 4 X 8 km
2D - 1 X 12 Km
Source

Chartered vessel

1) Acquired in July 2019

Strengthened balance sheet

- Acquired the “Eagle Explorer”, “Boa Thalassa” and “Boa Galatea” for approximately \$40 million during the last twelve months
 - 70-80% discount to new build cost
 - 100% financed with equity
- Significant pool of in-sea equipment worth about \$10 -15 million in second hand market
 - Source equipment
 - Recording / streamer equipment
- Limited financial indebtedness
 - SBX04 bond: \$4.8 million due in June 2020
 - Trade payable agreement: \$0.4 million due in June 2020
 - Book equity of 72% as per 30 June 2019

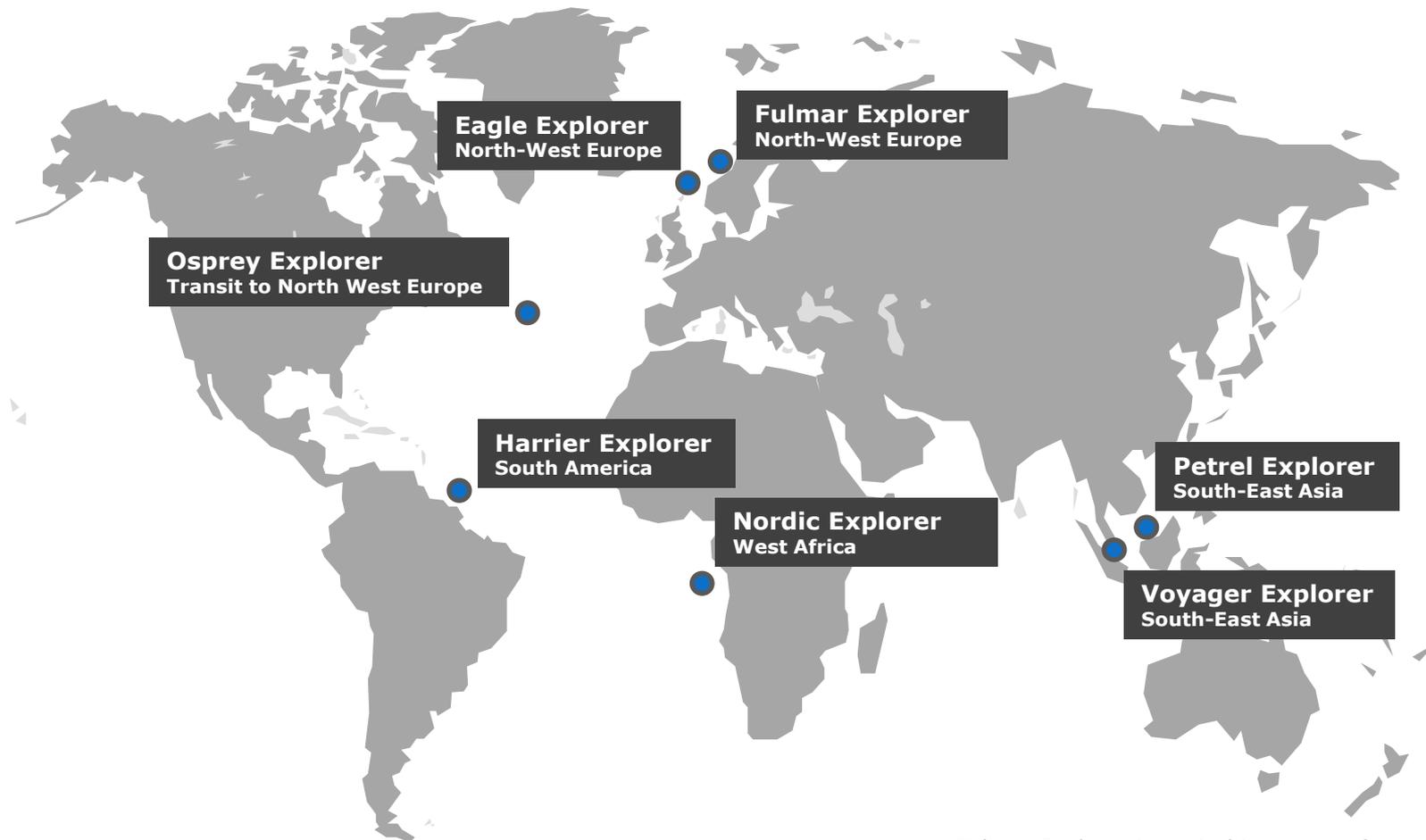
Operational update

Six vessels in operation during the quarter

- Harrier Explorer (NSA)
 - Completed source project in the US Gulf of Mexico
 - Started on new 2D project in South America
- Eagle Explorer (GoM)
 - Source project for CGG in Gulf of Mexico
 - Mobilization to Europe for source project
- Osprey Explorer (GoM)
 - Source project in the US Gulf of Mexico
- Petrel Explorer (Asia Pacific)
 - Delivered to SeaBird in June
 - Operating on contract with EMGS
- Voyager Explorer (Asia Pacific)
 - Completed source project in April
- Nordic Explorer (WAF)
 - Commenced 3D project in West Africa
- Decision to decommission Aquila Explorer and reuse seismic equipment on Fulmar Explorer



SeaBird fleet positioning



- Fulmar Explorer transited to Norway for upgrades
- Voyager Explorer warm-stacked in South-East Asia

Contract update

- **Eagle Explorer**
 - Source contract with CGG in Northern Europe, estimated completion late August
 - 2D survey in Norway with estimated duration of one month
- **Petrel Explorer**
 - Contracted with EMGS until March 2020
 - Options for EMGS to extend for two periods of six months each
- **Harrier Explorer**
 - 2D survey in South America, estimated completion ultimo September
- **Osprey Explorer**
 - Source contract in the Americas completed early Q3
 - Mobilizing to the NCS for a two-month source project with estimated completion late September / early October
- **Nordic Explorer**
 - Niche 3D survey in West Africa, estimated completion mid September
- **Voyager Explorer**
 - Marketed for new projects

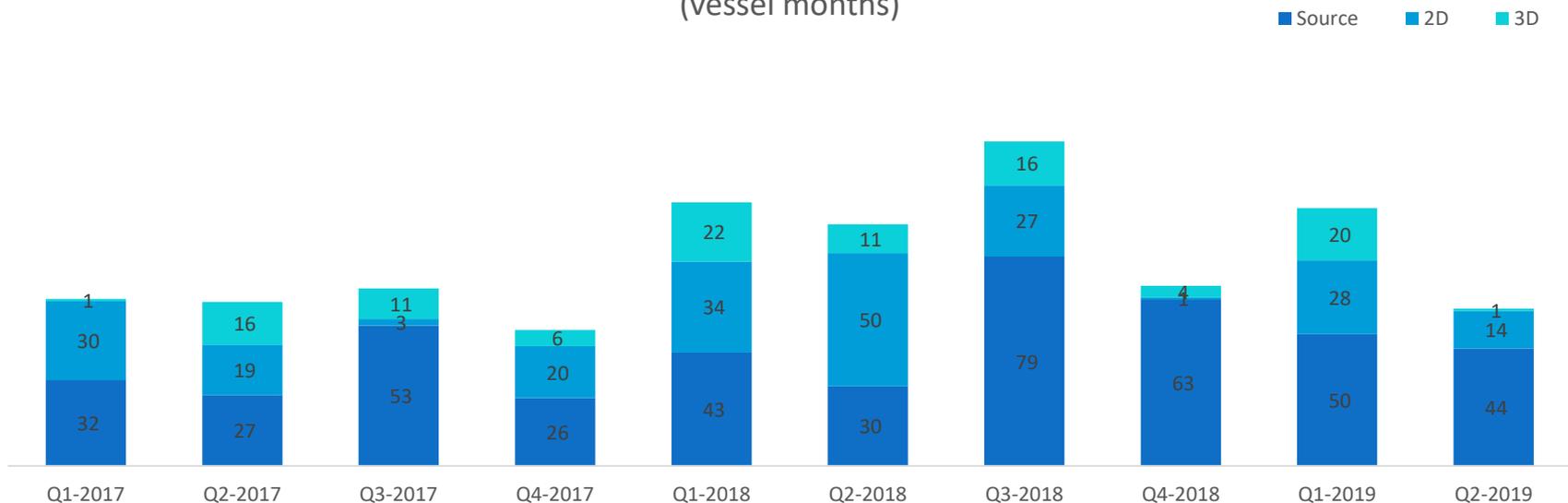


Market trends

- Ocean bottom seismic (OBS) market remains in structural growth trend
 - Demand largely driven by the oil & gas companies' focus on increased oil recovery on producing fields, as well as near-field exploration
 - Indications of a busy 2020 for OBS, with a combination of proprietary surveys and multi-client projects
- Demand for proprietary 2D and niche 3D exploration surveys based on license commitments continues at a moderate pace
 - High conversion ratio, but limited survey sizes
 - Energy security emerging as a demand driver in select regions
- 2D multi-client tender conversion is still lagging due to limited prefunding

Tender activity in SeaBird markets

Logged leads
(vessel months)

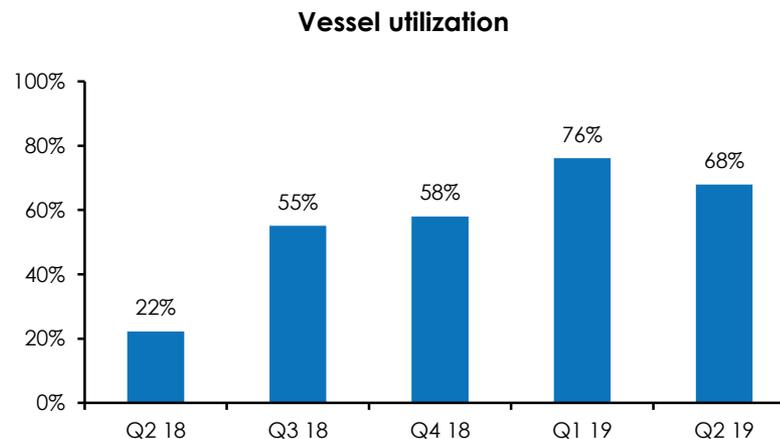
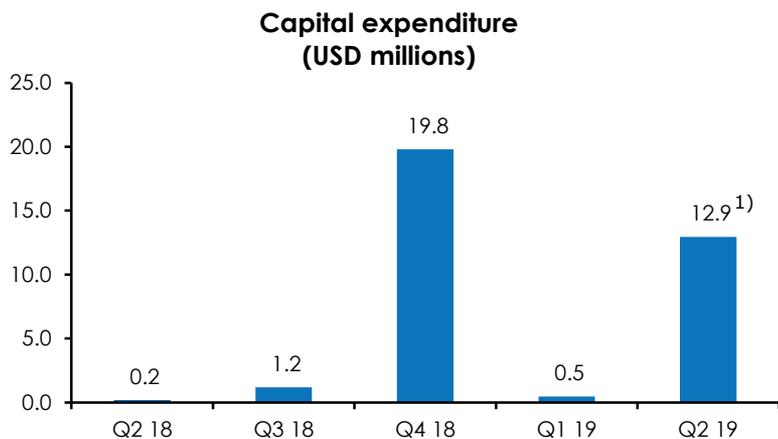
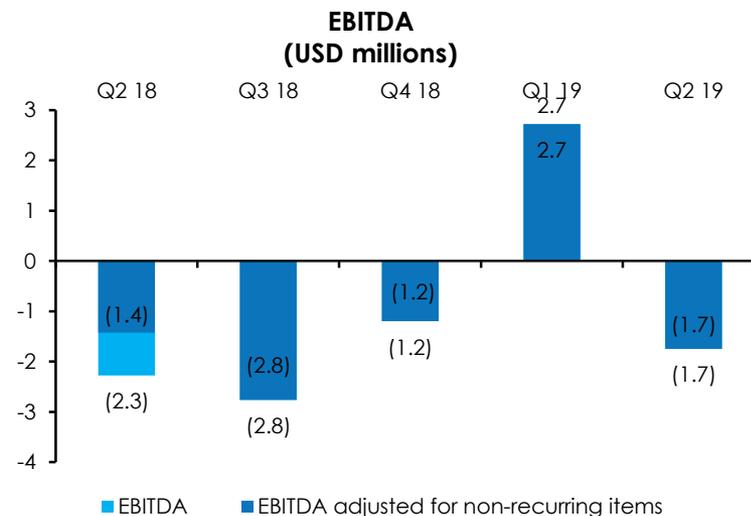
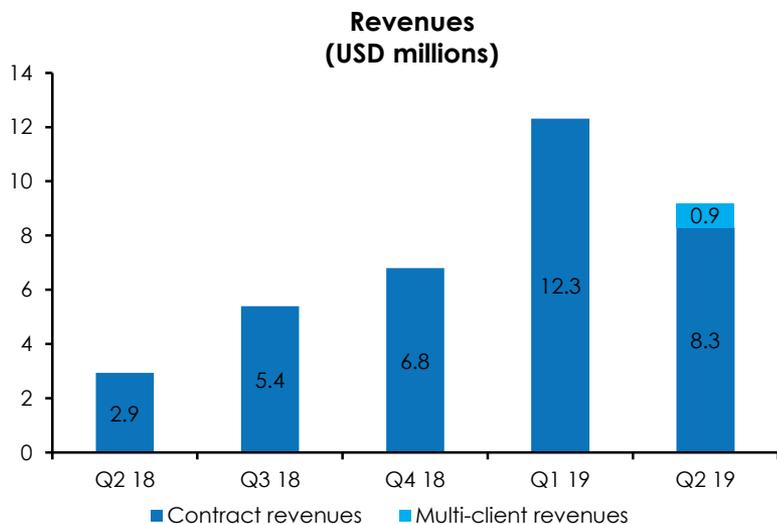


- Healthy OBN related tendering activity
 - Year-over-year growth in tendered vessel months, but sequential drop, in line with seasonal trends
 - Source component of projects for 2020 execution primarily in pre-tendering phase
- 2D tendering continues at a moderate pace
- Still short lead time from contract award to project start-up

Financial review



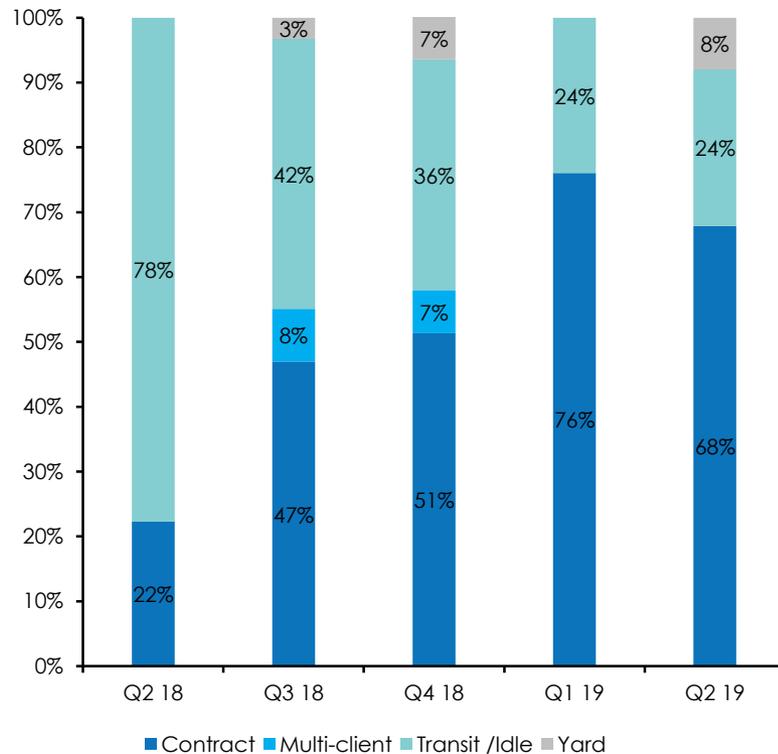
Historical operating comparison



1) CAPEX includes \$3.2 million in non-cash investment in BOA Thalassa raised from sellers of the vessel

Vessel utilization

Vessel utilization



- Q2 utilization of 68% for whole fleet
 - Six vessels active
 - Osprey Explorer and Harrier Explorer in yard during the quarter to upgrade equipment

Notes:
 Aquila Explorer not included in utilization from Q2 2019
 BOA Thalassa included in utilization from date of delivery

Income statement Q2 2019

CONSOLIDATED INTERIM STATEMENT OF INCOME		
	Q2 2019	Q2 2018
All figures in USD millions (except EPS)	Actual	Actual
Contract	8.3	2.9
Multi-client	0.9	-
Total revenues	9.2	2.9
Cost of sales	(9.4)	(3.5)
SG&A	(1.8)	(1.8)
Reversal of bad debt charges	-	-
Other income (expenses), net	0.2	0.0
Restructuring gain on leases	-	-
EBITDA	(1.7)	(2.3)
Depreciation	(2.5)	(1.7)
Amortization	(0.7)	-
Impairment	(2.3)	-
EBIT	(7.2)	(4.0)
Interest expense	0.1	(0.7)
Other financial items	0.7	0.1
Restructuring gain	-	-
Income tax	(0.1)	1.0
Profit/(loss) continuing operations	(6.6)	(3.6)
Net profit/(loss) discontinued operations	-	0.9
Profit/(loss) for the period	(6.6)	(2.7)
Earnings per share from continued operations		
Basic	(0.02)	(0.02)
Diluted	(0.02)	(0.02)

- Revenues negatively affected by project delays on Nordic and Harrier Explorer
- Loss provision of \$1.3 million related to niche 3D project included in cost of sales
- SG&A in the quarter includes:
 - \$0.1 million non-cash option expense
- \$2.3 million impairment on Aquila Explorer decommissioning

Balance sheet

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION		
All figures in USD millions (except for equity ratio)	As of 30 June	
	2019	2018
Property, plant and equipment	47.3	25.3
MultiClient Investment	1.1	0.0
Other non-current assets	0.6	0.1
Inventories	2.1	0.9
Trade receivables	5.5	2.7
Other current assets	7.6	3.4
Contract assets	0.6	0.0
Assets classified as held for sale	0.2	0.0
Restricted cash	0.2	0.9
Cash and cash equivalents	18.9	16.2
Total assets	84.0	49.4
Equity	60.6	29.0
Non-current borrowings	0.0	4.6
Long term trade payables	0.0	0.0
Long term tax liabilities	1.1	1.2
Other long term liabilities	0.4	0.9
Trade payables	3.4	3.9
Contract liabilities	0.5	0.0
Other payables	10.3	8.1
Provisions	1.3	0.0
Current borrowings	4.8	0.0
Current tax liabilities	1.5	1.6
Total equity and liabilities	84.0	49.4
Net interest bearing debt	(14.1)	(11.6)
Equity ratio	72%	59%

538,931,387 shares currently outstanding

Cash flow statement

CONSOLIDATED INTERIM STATEMENT OF CASH FLOW		
All figures in USD millions	Quarter ended 30 June	
	2019	2018
Profit / (loss) before income tax	(6.5)	(4.6)
Non-cash effects of restructuring	-	-
Depreciation, amortization and impairment	5.6	1.7
Other items	(0.1)	2.1
Movement in provision	1.3	0.0
Unrealized exchange (gain) /loss	(0.1)	0.2
Interest expense on financial liabilities	0.2	0.2
Paid income tax	(0.1)	(0.0)
(Increase)/decrease in inventories	(0.8)	0.1
(Increase)/decrease in contract assets	2.7	0.7
(Increase)/decrease in trade and other receivables	(5.3)	0.2
Increase/(decrease) in long term liabilities	(4.4)	(0.1)
Increase/(decrease) in trade and other payables	4.9	(2.9)
Increase/(decrease) in contract liability	(0.1)	-
Net cash from operating activities	(2.6)	(2.6)
Capital expenditures	(9.3)	(0.2)
Proceeds from disposal of PPE	-	-
Long term investment	-	-
Multi-client investment	(0.0)	0.0
Net cash used in investing activities	(9.3)	(0.2)
Proceeds from issuance of ordinary shares	28.5	17.2
Transaction costs on issuance of ordinary shares	(2.0)	(0.2)
Receipts from borrowings	-	-
Repayment of borrowings	(0.0)	(0.0)
Movements in borrowings	-	-
Interest paid	-	-
Net cash from financing activities	26.6	17.0
Net (decrease)/increase in cash and cash equivalents	14.7	14.2
Cash and cash equivalents at beginning of the period	4.3	2.0
Cash and cash equivalents at end of the period	18.9	16.2

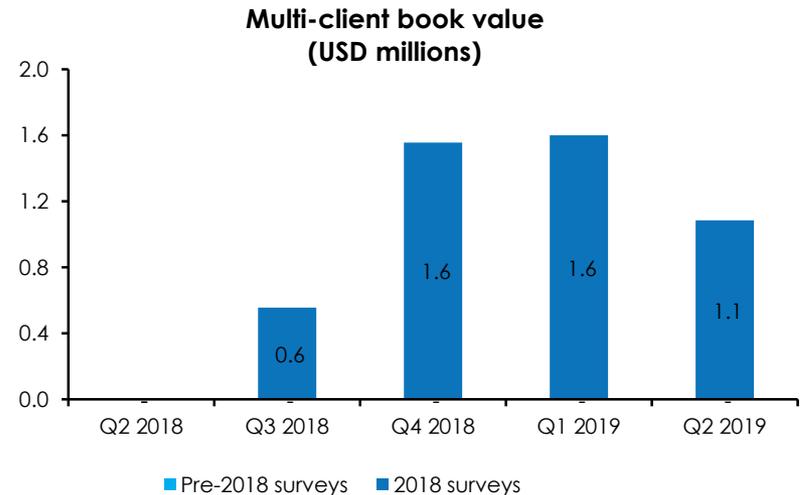
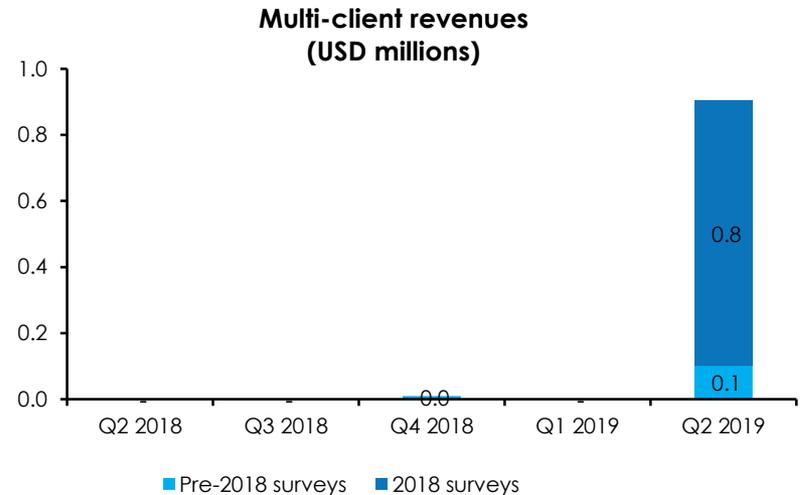
Multi-client status

Multi-client revenues

- \$0.9 million multi-client revenues in the quarter
 - \$0.8 million in recognized prefunding from 2018 projects
 - \$0.1 million in additional MC late sales

- \$1.1 million net book value of MC-library as per 30 June

- No additional multi-client projects in the quarter



Summary and outlook



Summary & Outlook



Q2 revenue and EBITDA hampered by technical issues on two vessels



Structural growth in OBN seismic and early cyclical growth in 2D/3D demand



Day rates increased 20-30% YoY



Fleet renewal completed – enlarged and versatile service offering



Strengthened balance sheet

Q&A

