

SeaBird Exploration

Fourth Quarter Presentation
23 February 2018

CEO Christophe Debouvry
CFO Nils Haugestad



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 Q4 2017 earnings release.

Agenda

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

Highlights



Q4-17 Highlights

Financial results

- Revenues of \$5.5 million (\$2.7 million Q3 2017)
- Adjusted EBITDA of negative \$1.5 million (negative \$5.0 million Q3 2017)
- Adjusted EBIT of negative \$3.6 million (negative \$8.2 million Q3 2017)
- Equity of gross NOK 105 million raised in private placement and repair issue

Quarterly observations

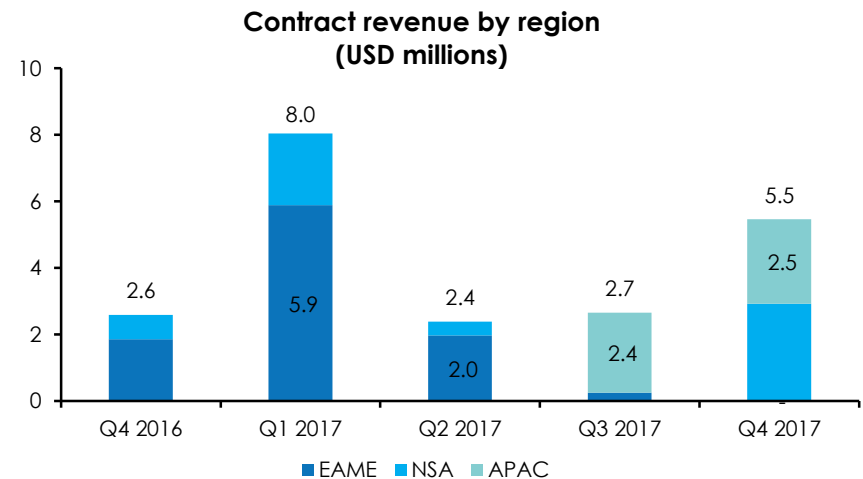
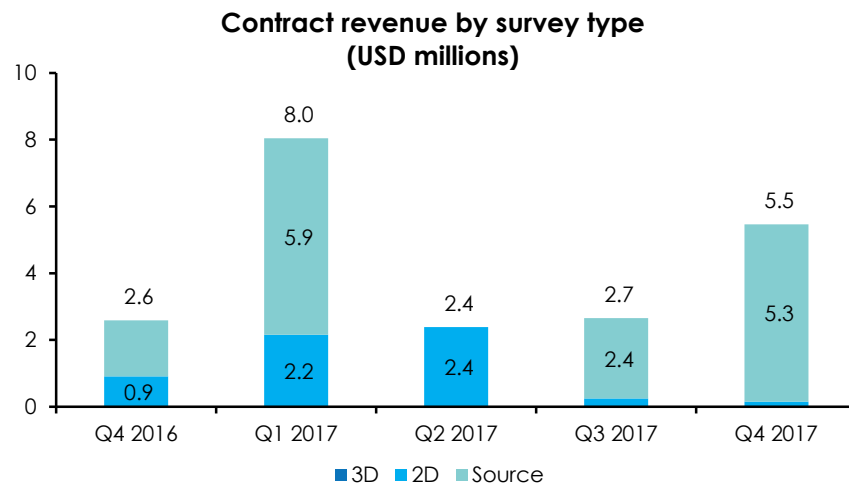
- Two vessels on contract throughout Q4-17
- Final leg of historical fleet rationalization with last two sub-standard vessels retired
 - Agreement to sell Northern signed Q4-17; decommissioning completed early Q1-18
 - Termination of Munin charter party; redelivery early Q2-18 and subsequent 3-year non-compete
- Continued implementation of cost reduction program
 - Significant SG&A reduction in Q4-17, with December level in line with announced target
 - Q1-18 expected to be first full quarter at target SG&A run rate

With major cost and historical assets optimization now completed, the company is well poised to benefit from future market uptick

Market and operational review



Segment operating activity



Key take-aways:

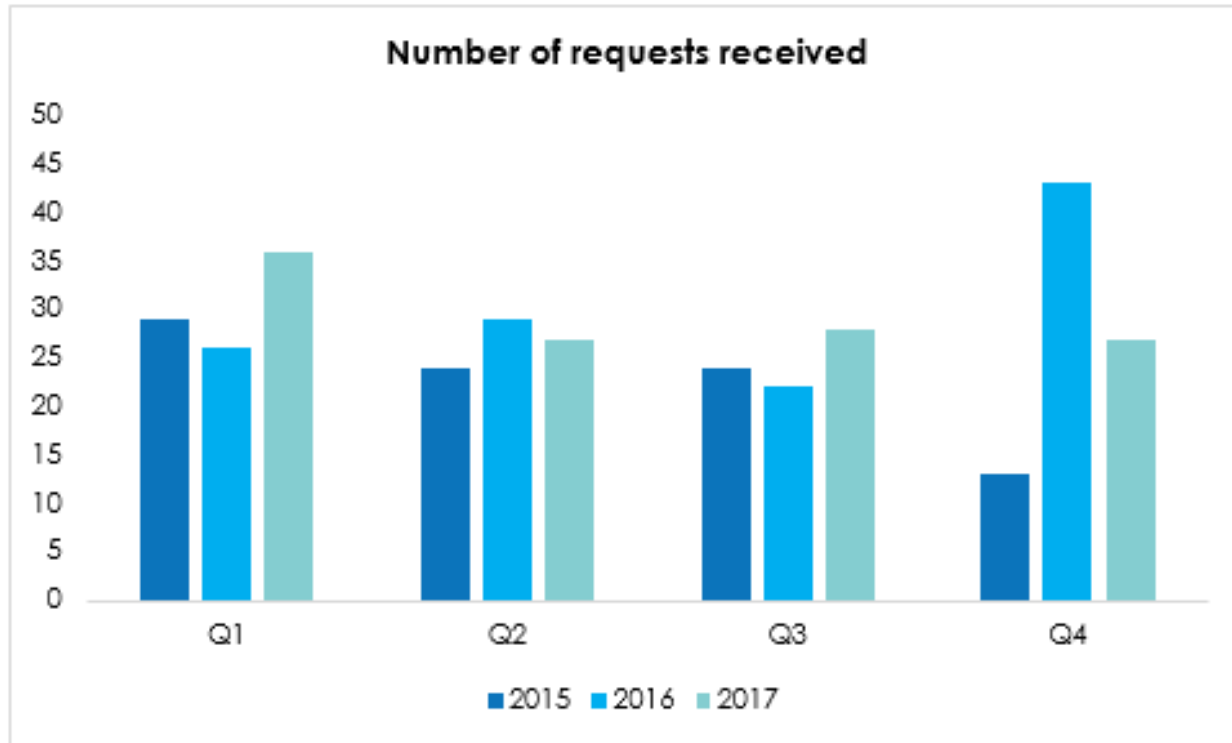
- Q4-17 revenues doubled versus Q3-17
- Strongly supported by the growing ocean bottom survey market, with two vessels active during the quarter as source vessels
- Activity shared between NSA and APAC

Operations & commercial activity

- Voyager Explorer currently operating on a 8 month seabed seismic project in APAC, and is expected to remain on contract at least 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 about to mobilize for another source contract in West Africa with 60 days expected duration.
- Other information:
 - Voyager Explorer to be re-rigged immediately after current project 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.



Tender and bid activity



Continued Q4 tendering activity in line with prior quarters

Fleet overview

A fleet of 4 vessels adapted to flexible service offering and matching industry technical requirements

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

The last two sub-standard vessels of the historical fleet now retired and out of the competitive outlook

Divested vessels



Northern Explorer

Sold for scrap H2 2017

Decommissioning
completed early
February 2018



Munin Explorer

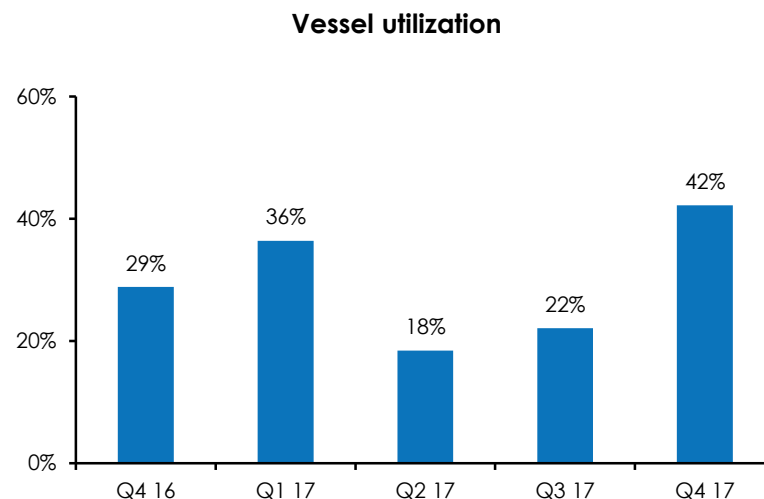
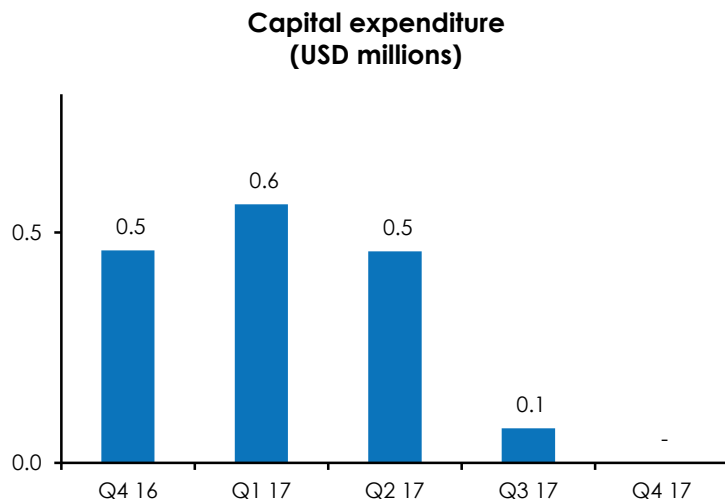
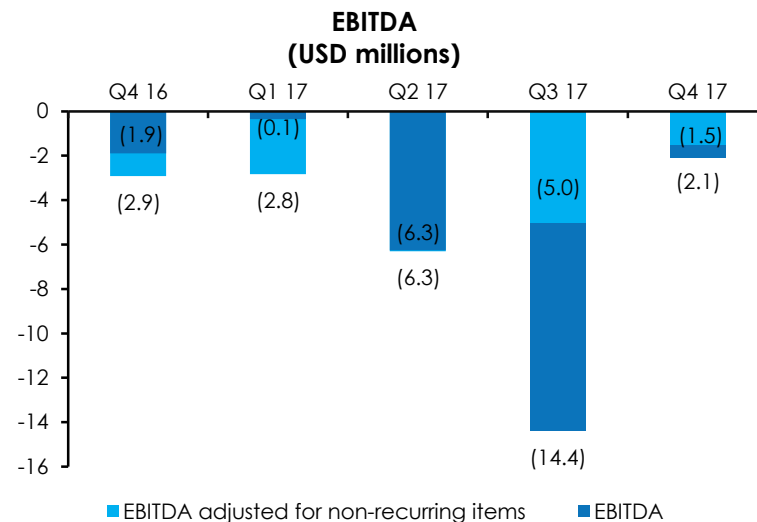
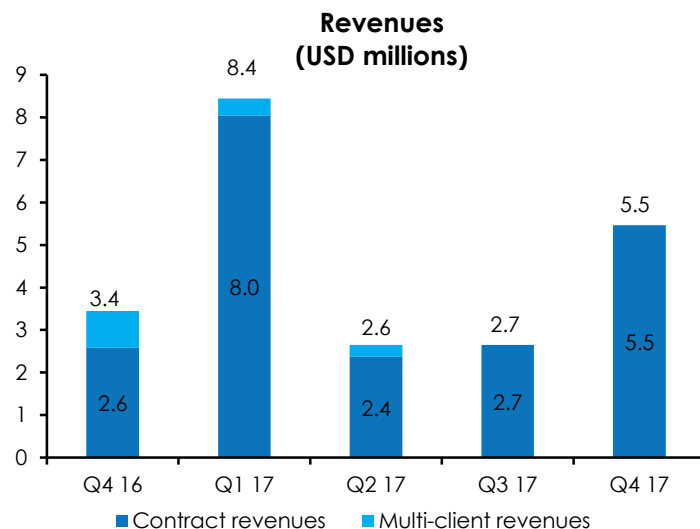
Previously chartered-in vessel

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

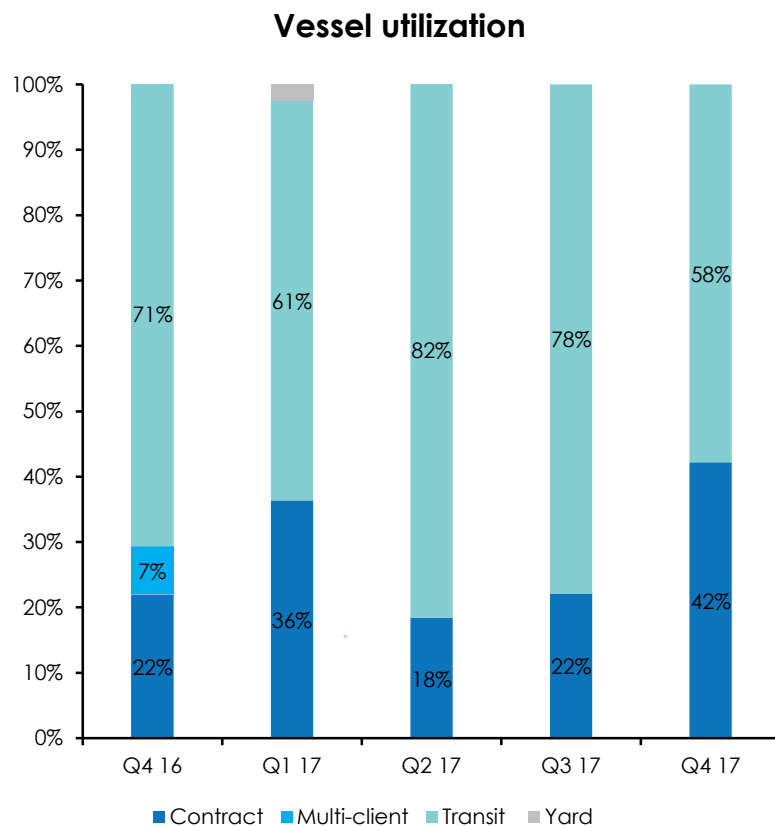
Financial review



Historical operating comparison



Vessel utilization



- Q4 utilization for available vessels of 42%
- 100% utilization on two active vessel in the quarter
 - Osprey Explorer active in South America
 - Voyager Explorer active in Southeast Asia
- Northern Explorer decommissioned 8 December 2017; four vessels available in fleet

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

Summary non-recurring charges

OVERVIEW OF ADJUSTMENTS	
	USD millions
Cost of sales	
Northern Explorer transit costs	0.4
Munin Explorer charges	0.1
SG&A	
Office closing costs and restructuring	0.2
Operational restructuring gain	
Loss from increase in amortized cost of debt	0.1
Gain from return of multi-client surveys ¹⁾	-0.2
Financial restructuring loss	
Loss from increase in amortized cost of debt	0.3
Impairment	
Impairment of seismic equipment	0.3
Impairment of multi-client surveys ¹⁾	0.2
Total adjustments	1.5

Cash flow statement

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

Cashflow 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

- With cost reduction and fleet optimization mostly completed, liquidity needs and operating costs substantially reduced going forward

Based on achieving the company budgetary plan of maintaining two vessels in active operation 70% of the time, the company is adequately funded

- Stable cash position expected from Q2 2018 onward*
- Temporary swings in working capital*

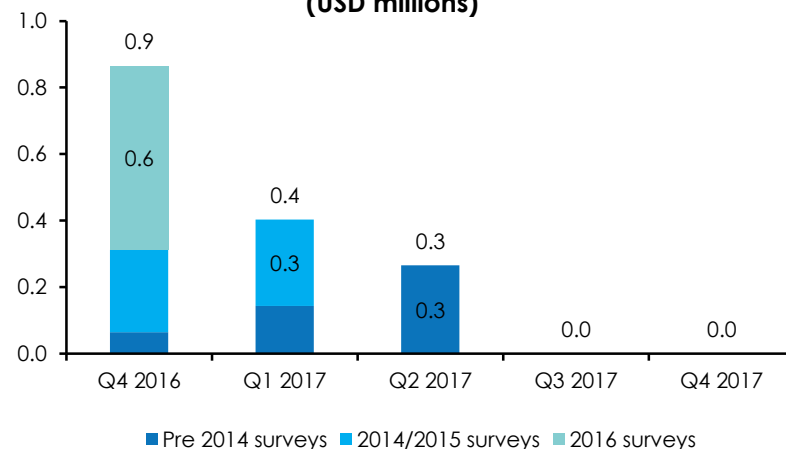
Balance sheet

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%

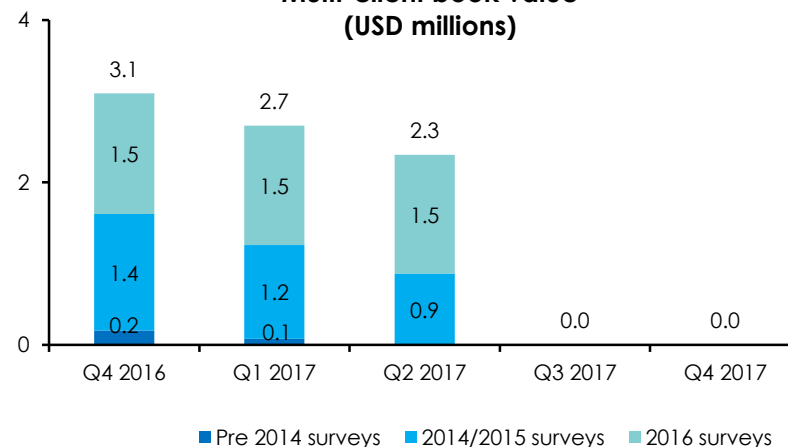
Multi-client update

- No multi-client revenues in the quarter
- Major part of multi-client library exchanged for Tranche A SBX04 bonds during quarter three
- Three surveys to remain with company
 - One survey in the EMEA region (2014)
 - Two surveys in South East Asia region (2014 and 2015)
- Multi-client assets carried at zero book value

**Multi-client revenues
(USD millions)**



**Multi-client book value
(USD millions)**



Termination of Munin Explorer charter agreement

- Agreed termination of the charter party agreement and redelivery of the vessel subsequent to quarter end
- The transaction is conditional on the fulfilment of certain preconditions and is expected to be approximately cash neutral to the company in 2018 and 2019
- Estimated savings from the transaction in excess of \$2 million over the term of the contract, including the forgiveness of the \$2.4 million charter hire payment due 30 June 2020
- Three year non-competition restriction whereby the vessel cannot compete in the company's markets

Strategy and outlook



Company positioning

Targeting growing niche segments

- 2D, source & shallow-water 3D specialist addressing exploration and production needs across cycles
- *Production-enhancement seismic* – Increasing demand for OBS (ocean bottom seismic) will create a growth cycle for source vessel providers – SeaBird positioned to profit
- *Exploration seismic* – Streamer 2D/SW-3D, a cyclical segment expected to pick-up in upturns – Recognized player, SeaBird well poised to benefit from a market left by most

Global operating reach

- Pre-approved by most oil majors across all targeted market segments
- 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

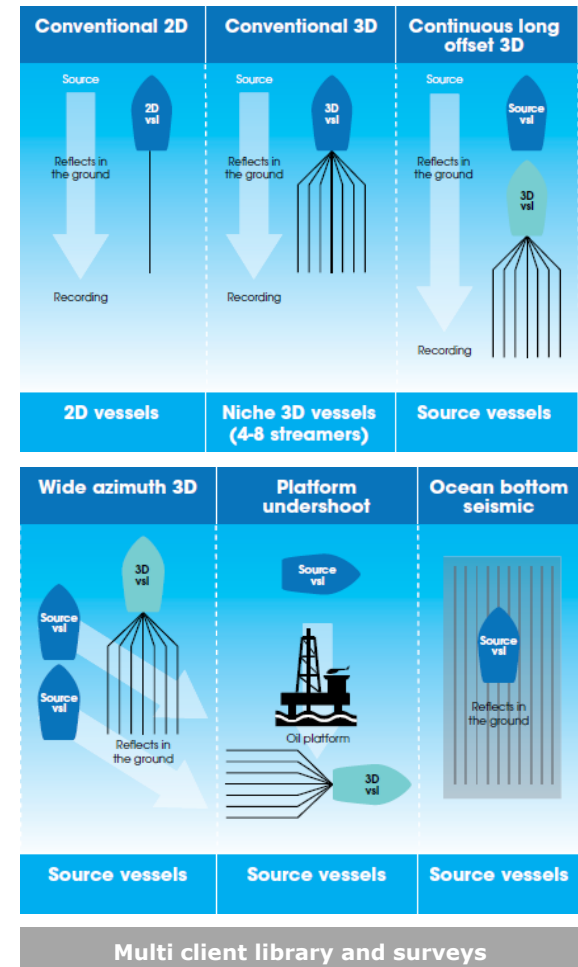
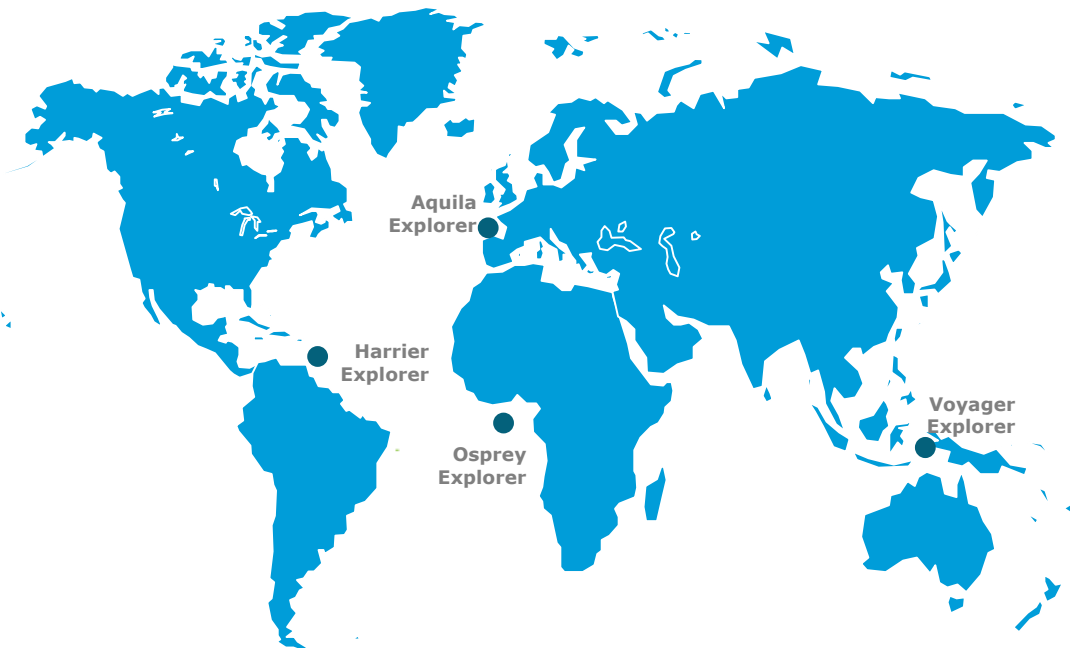
Company positioned for the next upturn

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

A global multi-service offering

Servicing customers globally

Scale & scope in operations



A diversified blue-chip client base

- History of operational excellence ensures blue-chip client base
- Leading QHSE systems prequalifies the company to work with most oil majors, which sets SeaBird apart from competitors

Major oil



National oil



Independent oil



Seismic → Surface
→ Seabed



Market trends

2D

- Traditionally muted demand for frontier exploration during downturns
- Competitive pressure from 3D vessel owners has eased
- Potential opening of US offshore should create significant 2D demand

Source

- Structural demand growth within ocean bottom seismic potentially creating a super cycle for source vessel providers
- Increasing technical and productivity requirements will provide competitive edge to seismic players with good understanding of E&P companies' needs

SW 3D

- Shallow-water 3D is coming to life again, after zero activity in recent years
- A demanding niche segment that requires both expert track-record and scarce adapted multi-streamer seismic vessel capacity

Source vessel demand expected to rise

- Ocean Bottom Seismic is expected to see strong growth going forward
- Source vessel demand is tied to the growth in OBS
 - Used to send signals to the ocean bottom receivers
 - Needed regardless of OBS technology choice
- Different types of OBS
 - Nodes (OBN)
 - Cable/Rope (OBC)
 - Permanent Reservoir Monitoring (PRM)
- Mainly used for improved 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

Strategy going forward

- Continue to develop a market leadership position in targeted niche markets
 - Exploration-oriented 2D acquisition
 - Production-oriented Source services (seabed nodes, undershoot, wide azimuth)
 - Niche shallow-water 3D acquisition (4-6 streamers)
- Address both contract seismic and multiclient (in partnership or directly, on the basis of strict RoI criteria) in line with market demand
- Use the current downturn to expand the fleet offering in line with the increasing market demand for hi-tech/high productivity multi-service offering, including the growing ocean bottom seismic segment
 - Historical fleet composition optimization now completed
 - Opportunistic review of 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 where it makes sense with other seismic players in need of 2D and/or source services, and technology providers

Summary

- The company has completed the in-depth operational and financial reorganization of its historical organization. As the cost structure, asset base and liquidity runway is now aligned with current market conditions, SeaBird is well poised to benefit from future market uptick and evolving technology requirements.
- The company expects to have 2 vessels in operations end of Q1-18. Capacity to ramp up operational vessel capacity quickly to match any surge in market demand remains intact with 2 other vessels that can and will remain stacked as long as needed.
- Oil prices and other macro indicators improved markedly in the second half of 2017. We expect these improvements to translate into growing demand in all our core business segments:
 - Continued structural growth in the ocean bottom seismic market is expected to result in increasing source vessel demand; the company is well positioned to capitalize on this development
 - The niche 3D shallow water is showing signs of life after years of inactivity, while the currently weak 2D market is expected to bounce back with an upcoming reserve replacement cycle
- SeaBird now aims at leveraging its reinforced position to proactively anticipate evolving industry requirements in terms of fleet capabilities and seismic technology evolutions.

SeaBird intends to take an active part in the continued rationalization and consolidation within the seismic industry

Q&A

