

# SeaBird Exploration

Norne Securities Vekst & Verdi Aksjeseminar  
21 September 2018




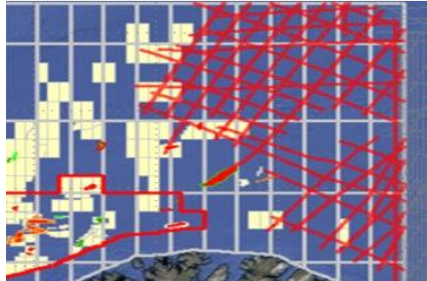
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# Forward-looking statements

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# SeaBird Exploration in brief

2D Acquisition	Source	3D Acquisition	Multi-client
<p>Global reach &amp; track record</p> <p>Largest fleet</p> <p>Cyclical recovery</p>	<p>Providing services to OBN and WAZ surveys</p> <p>Structural growth in OBN</p>	<p>4-8 streamer market where SBX low cost base enables attractive margins</p> <p>Operators with renewed focus on shallow water exploration</p>	<p>Capitalize on attractive opportunities</p>
			

- Leading QHSE systems; pre-qualified to work for oil majors
- The only Western marine seismic service provider focusing on the niche Source, 2D and shallow water 3D market segments
- In pole position to service the strong growth in the OBN market driven by operators focus on increased oil & gas recovery (IOR)

# SeaBird value drivers

Diversified set of strong value drivers

**Strong demand side effects  
combining cyclical and structural growth**

**Global operating reach**

**Low and flexible cost base**  
- G&A cost reduced ~65%  
- Vessel opex per day reduced ~ 25 %

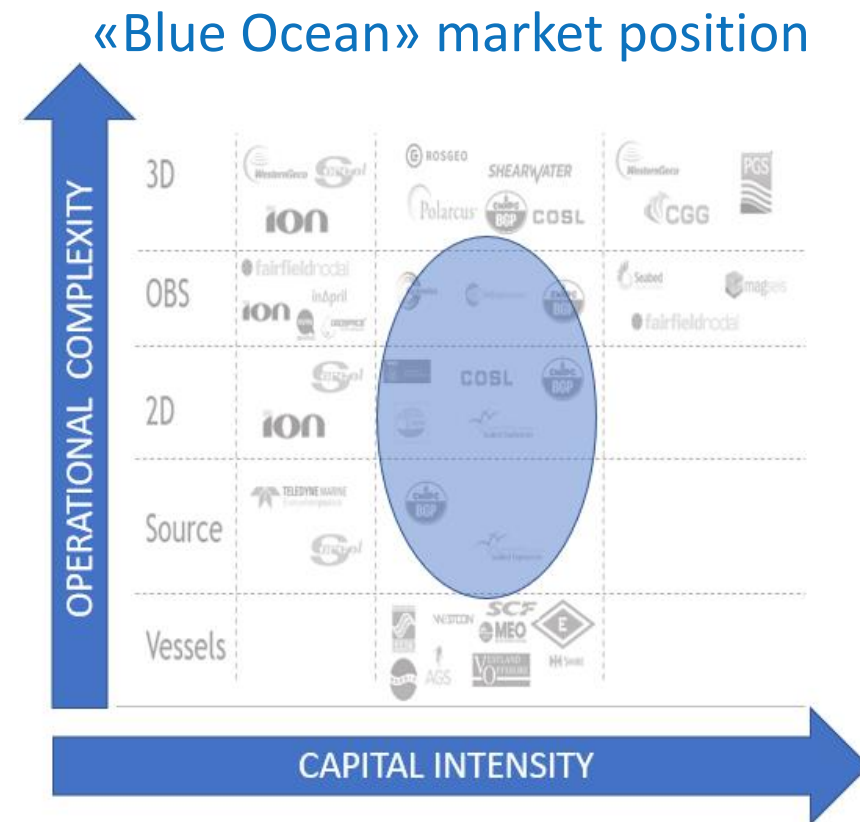
**New management team  
with strong track record**

**Net cash positive and limited debt**  
- Well positioned for pursuing M&A at attractive pricing levels

# Targeted market positioning

Responding to the structural change in operators demand for seismic data

- E&P growth focus (2005-2014):
  - Cyclical upturn
  - Harsh environment & deep water «elephant» discoveries
  - Large scale 3D seismic surveys
  - Seismic industry moved up in the value chain focusing on high capacity towed streamer acquisition
- E&P growth focus (2018->):
  - Cyclical recovery & Structural change
  - IOR on existing fields triggering OBN surveys
  - Near-field development
  - Exploration 3D (WAZ)
  - 2D/Source vessels in strong demand supporting OBN and WAZ surveys
- Most seismic players weighed down by legacy investments and debt levels



# A diversified blue-chip client base

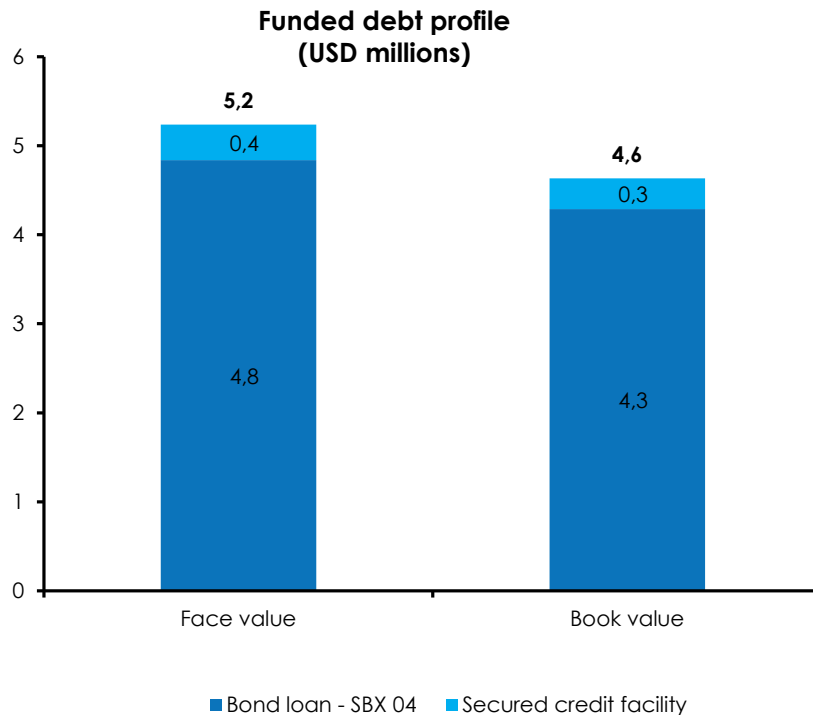
Pre-qualified to work with most oil majors



- Operational track-record ensures blue-chip client base

# Debt profile

Limited debt maturing in 2020 - Net cash positive USD 12.5 million as of 30 June 2018



## Debt terms

- All interest is PIKable
- All amortization is deferred until maturity
- No financial covenants

# Raised NOK 297m in new equity in 2018

~284 million shares outstanding <sup>(1,2)</sup>

Overview of share issues	Gross amount	Issue price <sup>1)</sup>	Number of shares issued <sup>1)</sup>	Number of outstanding shares <sup>1)</sup>	
May private placement	NOK 150 million	1.60	93,750,000	204,495,515	
May repair issue	NOK 25 million	1.60	15,625,000	220,120,515	
July private placement	NOK 120 million	1.90	63,200,000	283,320,515	
July repair issue	NOK 2 million	1.90	1,166,791	284,487,306	To be booked in Q3

1) Post split

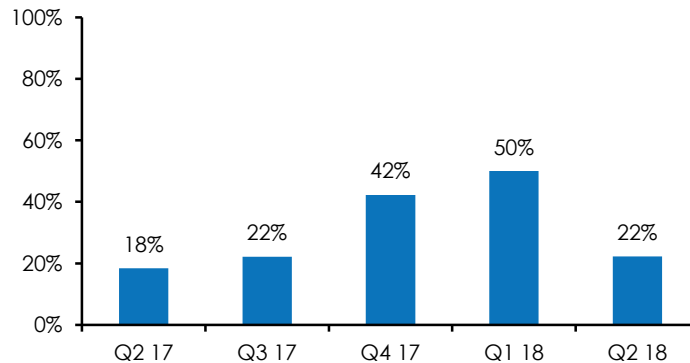
2) As of 17 September 2018; 1,166,791 shares related to the July repair offering are yet to be issued



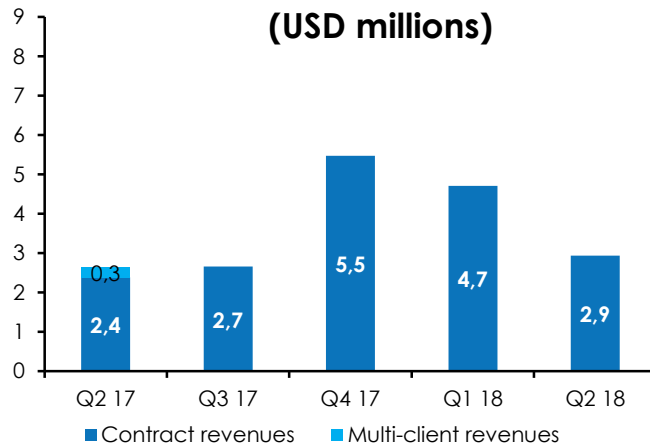
# Historical operating comparison

Significant improvement in EBITDA despite low utilization and revenues

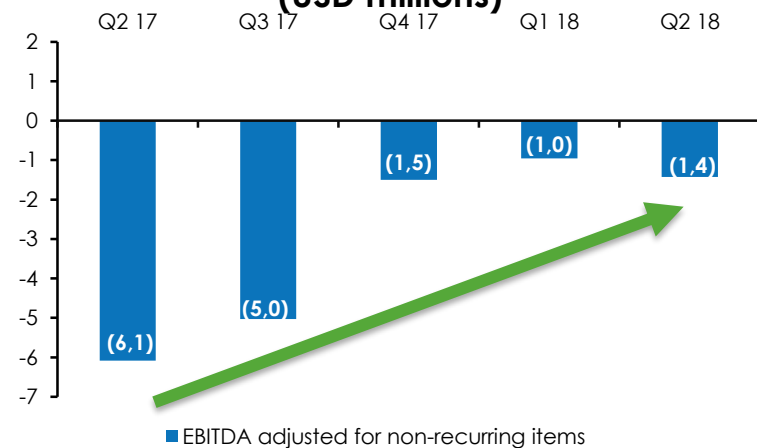
**Vessel utilization**



**Revenues  
(USD millions)**



**EBITDA  
(USD millions)**



# Acquisition of Geowave Voyager

## Fleet renewal at attractive terms

- Built 2009 ~ \$120 million newbuild cost
  - 10 streamer capacity
- **\$17 million purchase price** includes
  - Fully rigged vessel including 3 high-capacity compressors and source equipment
  - 40km Sercel Sentinel solid streamer
- Well suited for 2D, Source and niche-3D
  - Powerful 2D and Source vessel
  - MoA with CGG allows for up to 6 streamer operations in 3D-mode
  - Can be modified for use as node laying vessel in the OBN market
- «Preferred supplier» to CGG for 2D/Source projects
  - When using the Geowave Voyager
- Increase in earnings capacity from early Q1-19 with slight increase in SG&A run rate



Source: CGG Eidesvik Ship Management AS

# Fleet overview

*A fleet of 5 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

## 3D/2D and source vessels



***Geowave Voyager***

3D - 6 X 8 000m  
2D - 1 X 12 Km  
Source

- Dual Source
- Dual Propulsion

Owned vessel



***Voyager Explorer***

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

- Dual Source
- Dual Propulsion

Chartered vessel

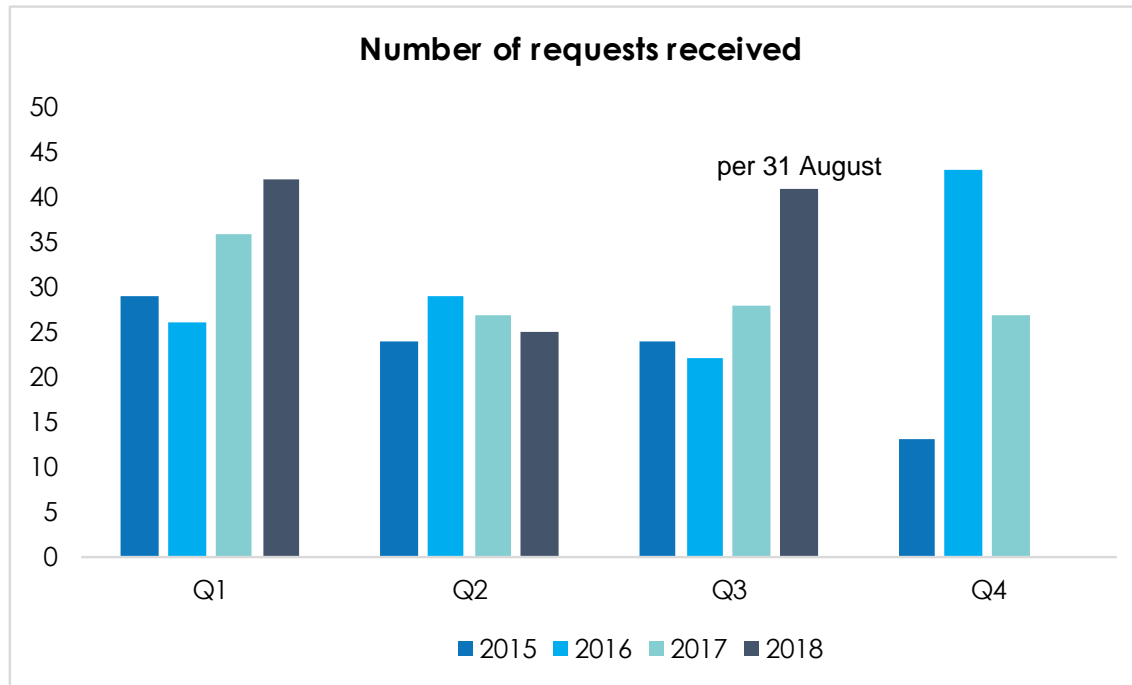
# Operational update

- Osprey Explorer mobilized for OBN source project in the US Gulf of Mexico
  - Operations started late Q3, somewhat delayed due to technical upgrade of the source equipment
- Harrier Explorer mobilized for projects in Norway
  - Vessel reactivation and yard stay
  - 2D project start-up mid Q3 (now completed)
  - 6,000 km 2D MC project started (cash neutral)
- Voyager Explorer started working on source project in Asia Pacific late Q2
  - Completed mid Q3
  - Another 3 month OBN source project in same area currently initiated
- Aquila Explorer will remain stacked until utilization and margins has improved
- Geowave Voyager expected to join the fleet after dry-dock in late Q4



# Tender activity in SeaBird markets

Significant increase in tendering volume seen into 3rd quarter

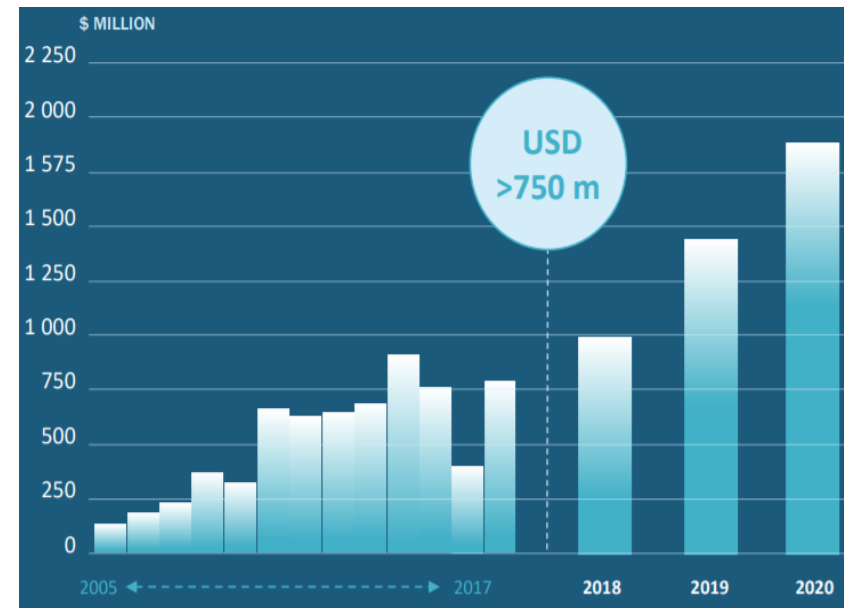


- More diversified demand from all regions for source vessel (towed WAZ surveys, OBN surveys), 2D and shallow water 3D surveys
- Split between Source (WAZ and OBN) and 2D/3D is 60/40
- Tenders for OBN source vessels with multi year duration

# Structural growth in demand for OBN and source vessel services

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

## OBS expected market growth



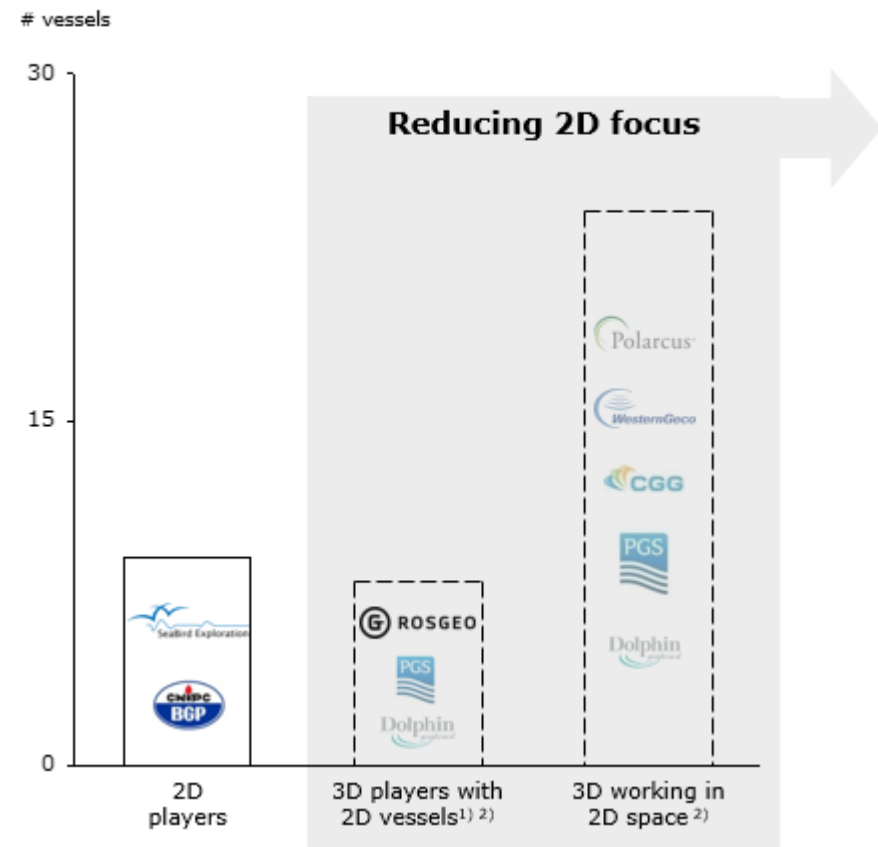
Source: Magseis ASA company presentation

# Cyclical recovery in demand for 2D seismic – significant reduction in supply/capacity

Strong improvement in market balance

- Global fleet reduced with 50% vs 2015
- Commercial 2D-fleet
  - in 2012 seen at 25-30 vessels
  - In 2018 reduced to **10-12 vessels**
- Competitive pressure from 3D contractors has eased
- **Cyclical recovery** expected as 2D-seismic is the first tool in the box to find new offshore oil reserves in frontier areas
- SeaBird and BGP are the only 2D operators remaining with a global service offering

## 2D market dynamics improving



1) Rosgeo controlled by Russian government, operates in Russian waters  
 2) ex-Dolphin fleet now operated under Shearwater, with no 2D capability

# Summary

- SeaBird's operational and financial reorganization is completed
  - Reducing debt with 85% and SG&A with 70% during 2H 2017
  - Raised gross NOK 295 million in new equity in May-August 2018
- Market activity on the up, with good tendering activity, particularly within OBN
- SeaBird positioned to benefit from strong demand side effects;
  - Towed streamer seismic in early stage of **cyclical recovery**
  - **Structural increase** in ocean bottom seismic activity
  - **High operational leverage** in a recovery
- Will utilize the net cash positive balance sheet and current attractive pricing levels to
  - Renew and grow the fleet (assuming satisfactory backlog is secured)
  - Develop the source equipment pool to create a comparative advantage in the OBN market



# Q&A

