

# SeaBird Exploration

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# SeaBird Exploration - investment highlights

## **Established seismic operator**

- Market leading high-end 2D seismic and source vessel provider
- ~25 years operational track record and long-standing relations with tier 1 clients
- Only full-service provider with core focus on our niche markets

## **Global market presence**

## **Flexible cost structure**

- Steady growth in source market; modest cyclical recovery in 2D/3D
- Global economic uncertainty may impact timing of recovery
- Well positioned for structural shift towards ocean bottom seismic spending (OBN)
- Increased operational fleet from 2 to 6 vessels, whereof 2 flexible charter-in
- 20 – 30% increase in day rates compared to one year ago

## **Sound investment platform**

- NOK 400m “all equity” fleet & equipment renewal – est. payback less than 4 years
- Clean balance sheet: net cash – only USD 5m gross debt – no covenants
- Listed on Oslo Stock Exchange with actively traded share
- Company targets to distribute all excess free cash flow to shareholders








































# Structural shift in the seismic industry

*SBX is well positioned to benefit from this shift*

Time period	E&P companies focus	Impact for seismic industry
2005 to 2014	<ul style="list-style-type: none"> <li>• «Elephant» discoveries in harsh and Deepwater regions</li> <li>• Large scale seismic surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Large, high capacity 3D streamer vessels</li> <li>• Increasing multi-client activity</li> </ul>
2018 ↓	<ul style="list-style-type: none"> <li>• Increased oil recovery (IOR) on existing fields</li> <li>• Near-field development</li> </ul>	<ul style="list-style-type: none"> <li>• OBS is well suited for the “new” E&amp;P focus</li> <li>• OBS market share ~20% vs 10% in 2013</li> <li>• High source vessel intensity in OBS projects</li> <li>• 20-25 active source vessels today vs 5-10 in 2016</li> </ul>
	<ul style="list-style-type: none"> <li>• Frontier exploration in regions focusing on energy security</li> </ul>	<ul style="list-style-type: none"> <li>• Selective frontier 2D and niche 3D exploration</li> <li>• ~ 5 active 2D vessels today vs ~20-30 in 2013</li> </ul>

# Seismic industry overview

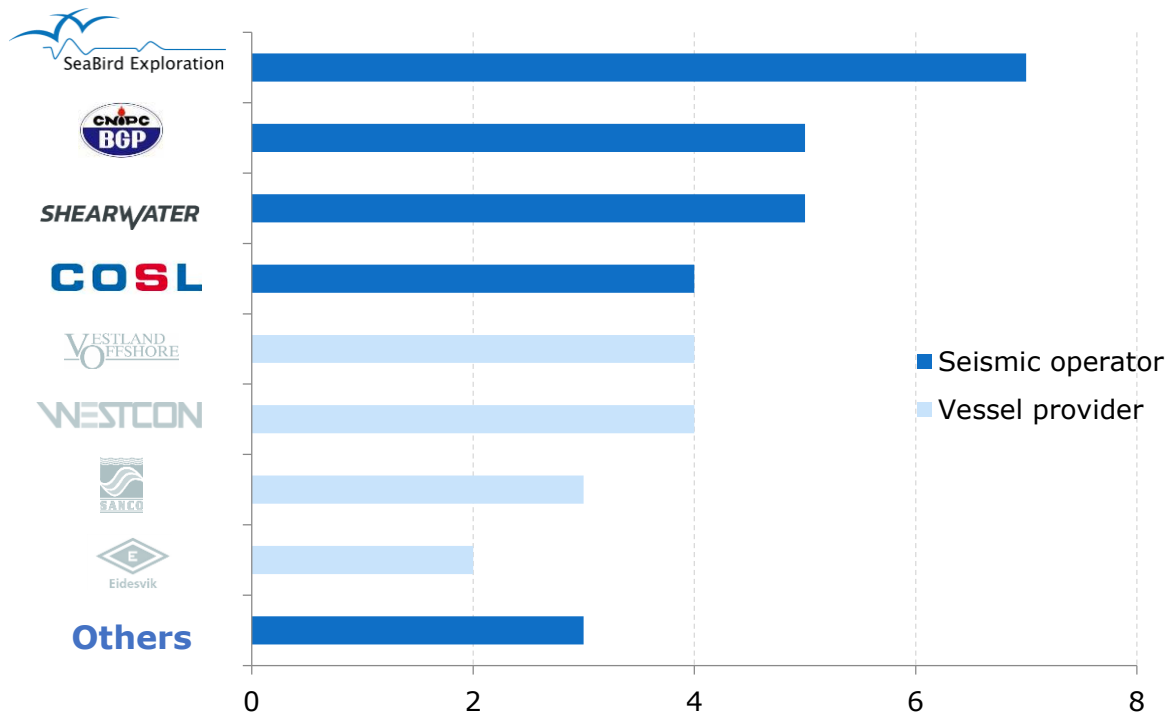
*BGP migrating into OBS – PGS, Polarcus, Shearwater focusing on 3D*

Category	Equipment	Technology independent	Technology dependent
OBS	    	  	 
3D	  	   	  
2D	 	  	
Source	 	   	
Vessel only (no seismic acquisition capacity)		       	

# SeaBird is the market leader in an attractive niche market

*Largest operator of active 2D/source vessels<sup>1</sup>*

## Largest operator of active 2D/source vessels<sup>1</sup>



***SeaBird offers a global fleet and full-service platform with reduced mobilization costs compared to peers***

# SeaBird market segments

*Global provider of source vessels and seismic data acquisition services*

## Business segments

### Source

- OBN and WAZ surveys
- IOR driven structural growth in OBN

### 2D acquisition

- Frontier exploration
- Exploration driven cyclical recovery

### Niche 3D (4-8 streamers)

- Low cost base -> Attractive margins
- Renewed focus shallow water exploration

### Multiclient

- Partnership model
- High pre-funding required



## A diversified blue-chip client base

### Major oil



### National oil



### Independent oil

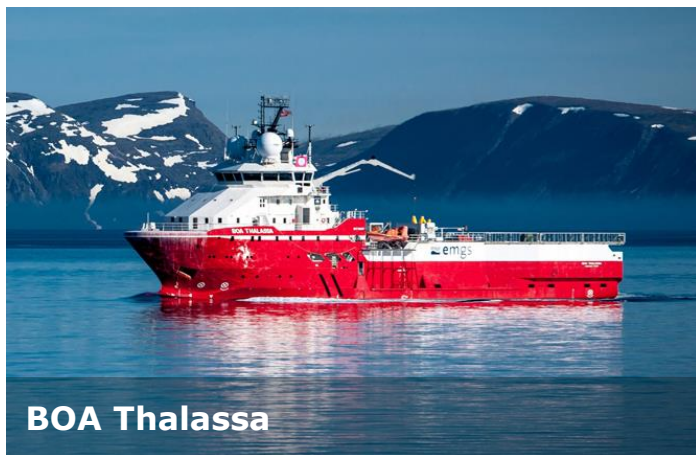


### Seismic



# Fleet renewal completed in Q2 2019

## *Attractive acquisition economics for BOA Galatea and BOA Thalassa*



- BOA Galatea (renamed Fulmar Explorer) and BOA Thalassa (to be renamed Petrel Explorer) are sister vessels built 2008/09 in Norway for approximately USD 50m each
- Agreed acquisition price USD ~11 million/vessel
- Can be made source vessel capable at cost of ~USD 8 million (USD 11 million/vessel including existing equipment) <sup>1</sup>
- All-in cost of USD ~22 million/vessel<sup>1</sup> implies attractive EV/EBITDA of ~3.7x<sup>2</sup> at current source market rates
- BOA Thalassa is currently chartered by EMGS
  - Firm until March 2020, options to extend for 2 x 6 months
  - Implied ~3.6x<sup>2</sup> EV/EBITDA in EM seabed logging mode
- Vessel acquisition completed in June & July 2019

***Two of very few vessels meeting high-end requirements in a growing OBS market***



# Strengthened balance sheet

USD 40 million fleet renewal in 2018/19 financed with equity

- Acquired the “Eagle Explorer”, “Boa Thalassa” and “Boa Galatea” for approximately USD 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 USD 10 -15 million in second hand market
  - Source equipment
  - Recording / streamer equipment
- Limited financial indebtedness
  - SBX04 bond: Q2 book value of USD 4.8 million; due 30 June 2020
  - Trade payable agreement: Q2 book value USD 0.1 million; due 30 June 2020
  - Book equity of 72% as per 30 June 2019

# Fleet overview

Last 12 month development: Three modern vessels added - one vintage vessel retired

## 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



### **Eagle Explorer**

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

Owned vessel



### **Voyager Explorer**

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

Chartered vessel

## EM vessel



### **Petrel Explorer**

Configured for  
Electromagnetic seismic

Owned vessel



### **Fulmar Explorer**

To be rigged for source  
operations

Owned vessel<sup>1)</sup>



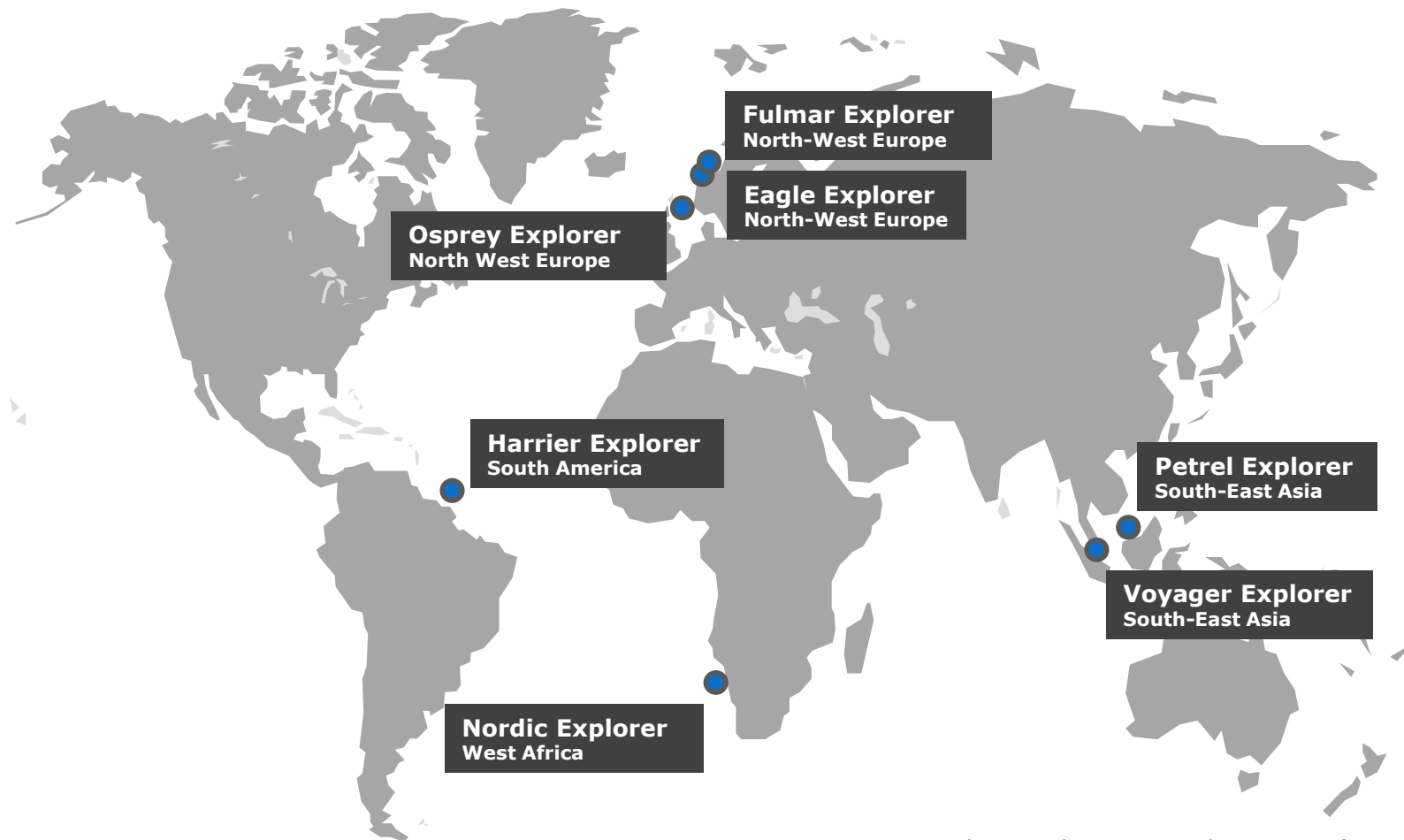
### **Nordic Explorer**

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

Chartered vessel

1) Acquired in July 2019

# SeaBird fleet positioning

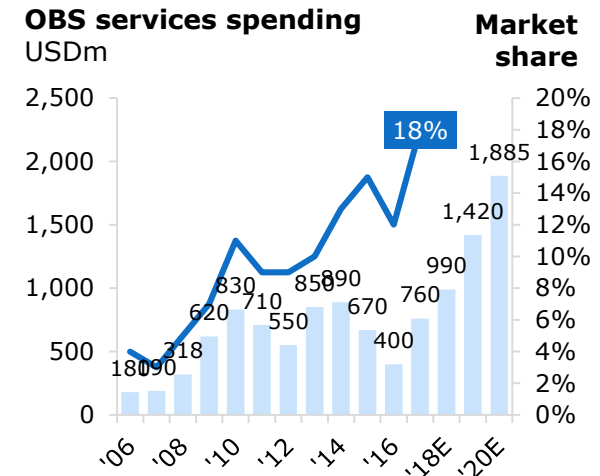


- Fulmar Explorer transited to Norway for upgrades
- Voyager Explorer warm-stacked in South-East Asia

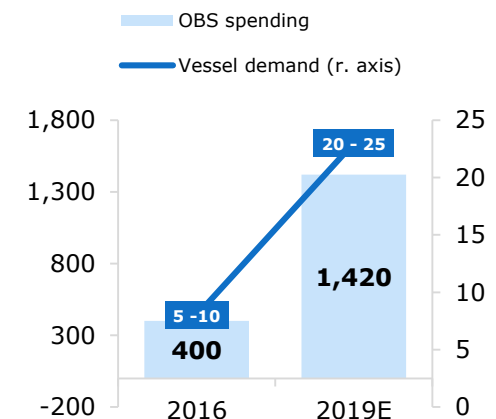
# Market trends

Steady growth in source market; modest cyclical recovery in 2D/3D

- Ocean bottom seismic (OBS) market remains in structural growth trend
  - Demand driven by the oil & gas companies' focus on IOR on producing fields and near-field exploration
  - Indications of a busy 2020 for OBS (combination of proprietary surveys and MC projects)
  - High source vessel intensity in OBS projects; 20-25 active source vessels today vs 5-10 in 2016
- 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 key demand driver in select regions
- 2D MC conversion still lagging due to limited prefunding

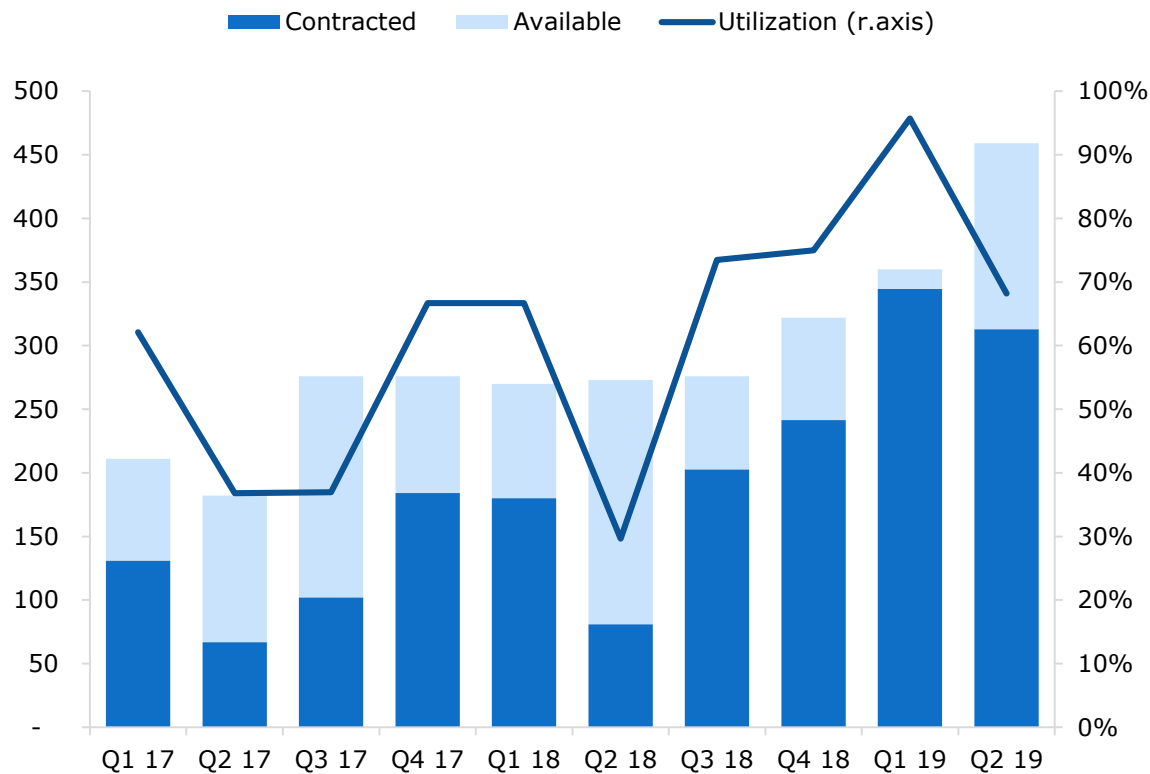


## Source vessel demand

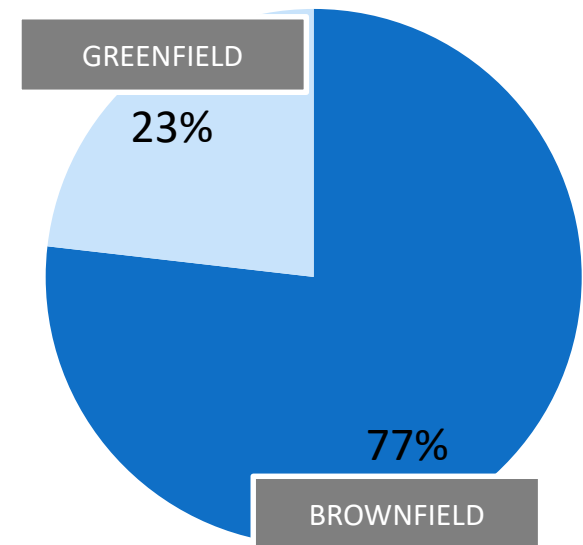


# Steady increase in fleet capacity and utilization

## Contracted vessel days and utilization<sup>1</sup>



## Split by type (YTD 2019)<sup>2</sup>



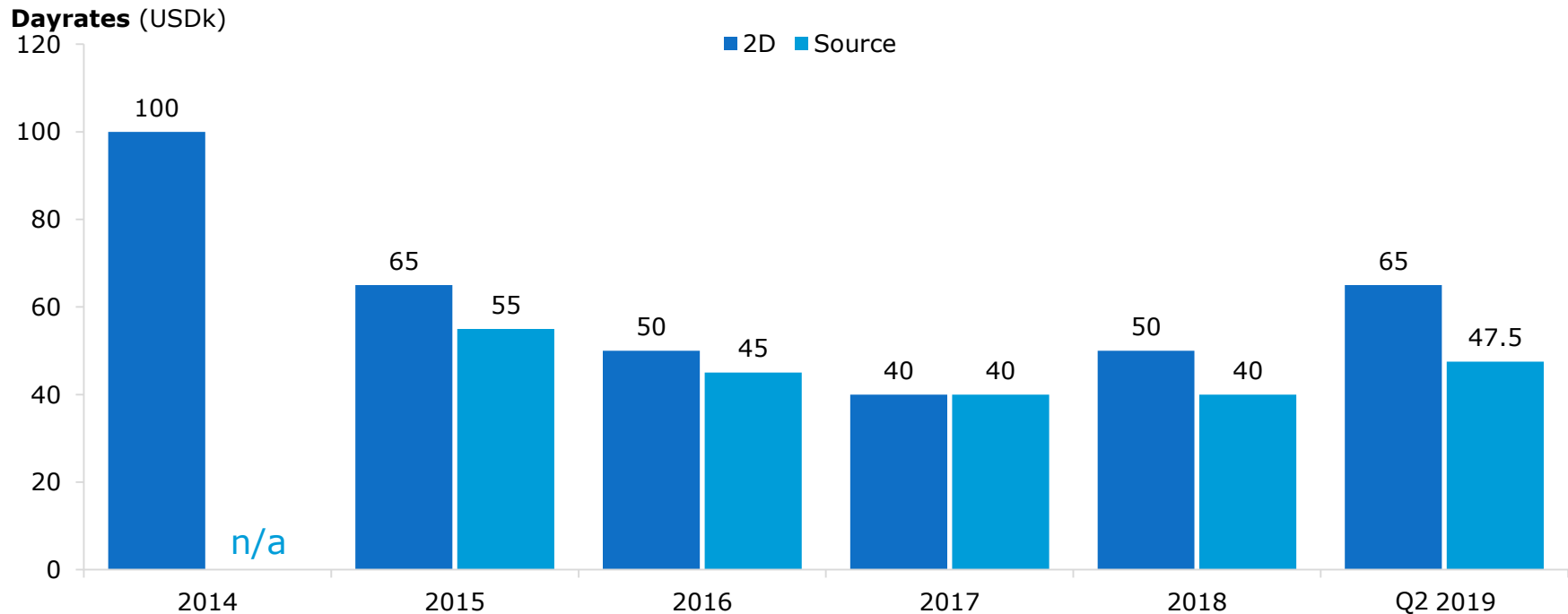
1) Includes BOA Thalassa as of 12 June 2019.

2) Greenfield: 2D/3D; Brownfield: source.

# And a 20-30% increase in 2D and source rates

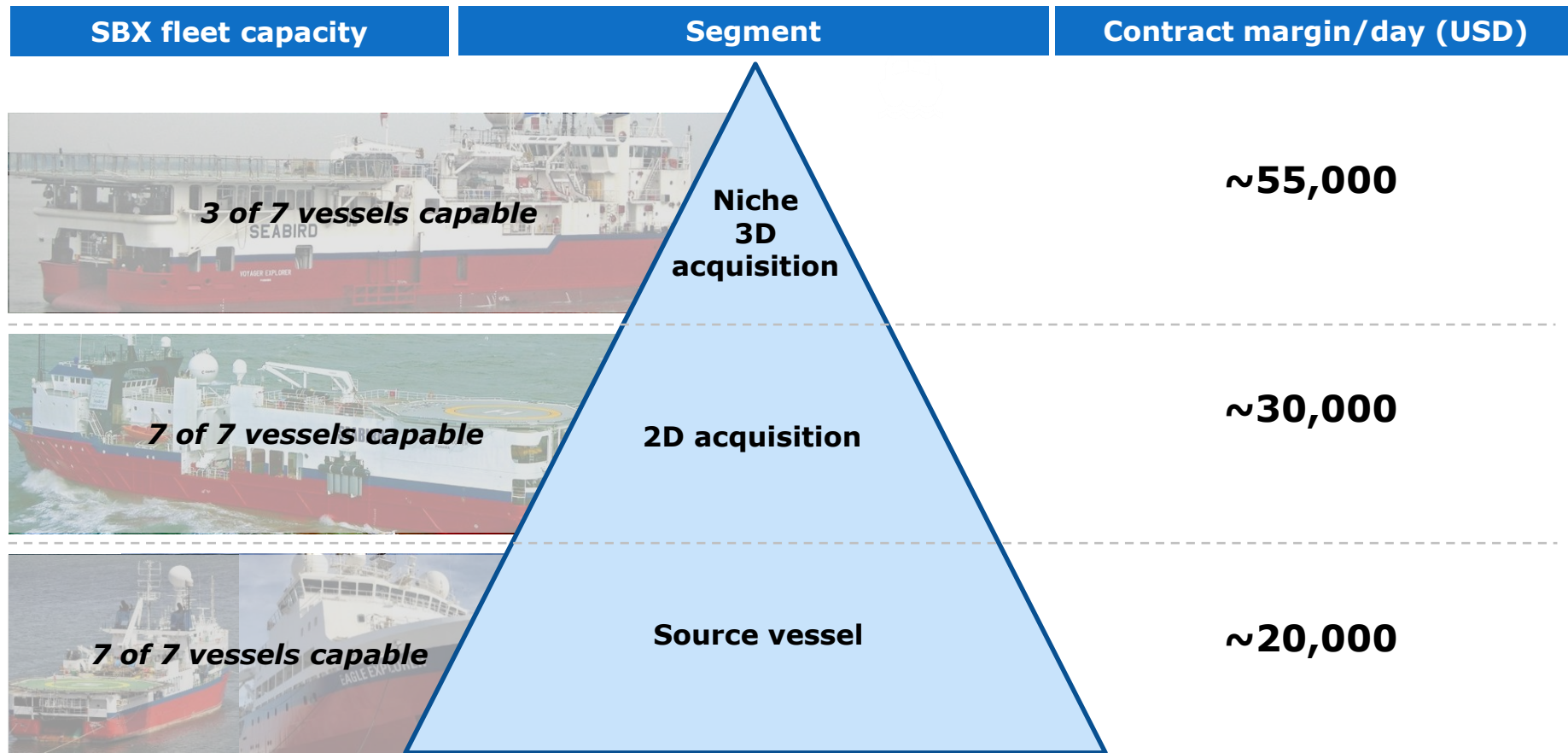
*2019 YTD reports indicate improved contract prices across all seismic segments*

## 2D/Source day rates<sup>1</sup>



- 2D and source rates have remained cash positive throughout the downturn
- Day rates in 2019 increased across all segments in the range of 20-30% y-o-y

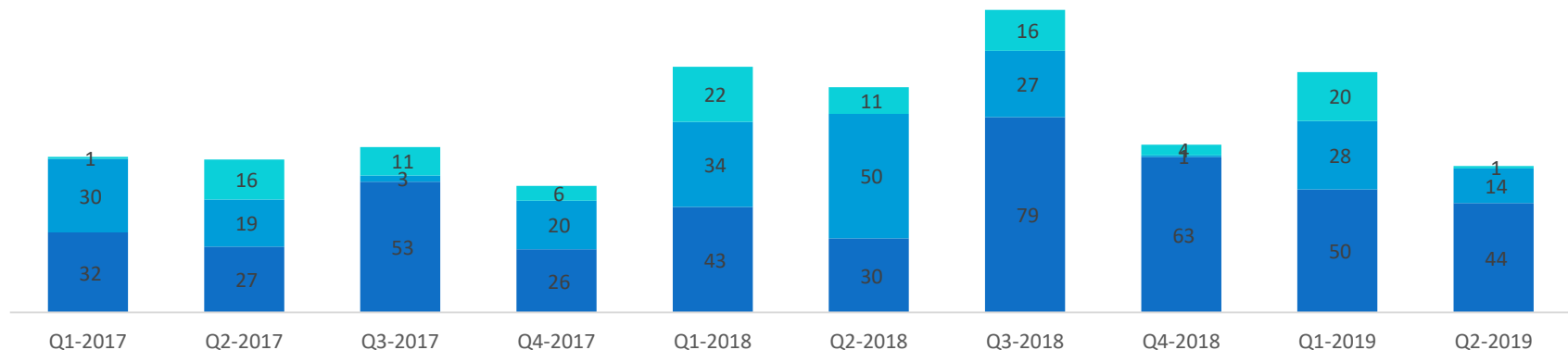
# Versatile fleet enables upside potential from higher streamer utilization in revenue mix



# Tender activity in SeaBird markets

Logged leads  
(vessel months)

■ Source ■ 2D ■ 3D



- 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
- Continued short lead time from contract award to project start-up
- Expect contract awards for Q4 2019 in coming weeks



# Summary & Outlook



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



**Global economic uncertainty may impact expected growth in E&P spending**



**Day rates increased 20-30% YoY**



**Fleet renewal completed – enlarged and versatile service offering**



**Strengthened balance sheet - net cash positive**

# Q&A

