

# SeaBird Exploration

Q3 2023 presentation



# Forward-looking statements

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# Agenda / Presenters

- Introduction
- Key developments
- Contract and outlook
- Financial
- Summary
- Q&A



Ståle Rodahl

*Executive Chairman*



Finn Atle Hamre

*CEO*



Sveinung Alvestad

*CFO*

# SeaBird Exploration Plc

- **Only pure play OBN source company listed globally**
- Headquarter in Bergen
- Listed in Oslo under ticker SBX NO
- Market Cap.: USD 39.7m
- NIBD: USD 12.6m
- **Strong backlog** and positive market outlook
- Company approaching next phase – **capital distribution**



**Eagle Explorer**

OBN Source  
2D



**Fulmar Explorer**

OBN Source



**Equipment**

Can equip one 2D and one OBN source, alternatively two OBN source

# Key events Q3 2023

## Operational

- Utilization of 96 %
- **Eagle Explorer**
  - Completed source project in Malaysia early October
  - Completed 3<sup>rd</sup> SPS early November
  - Currently mobilizing for 2D project in Malaysia
- **Fulmar Explorer**
  - Good steady production in GoM
  - 2 year firm Contract started in September

## Financial

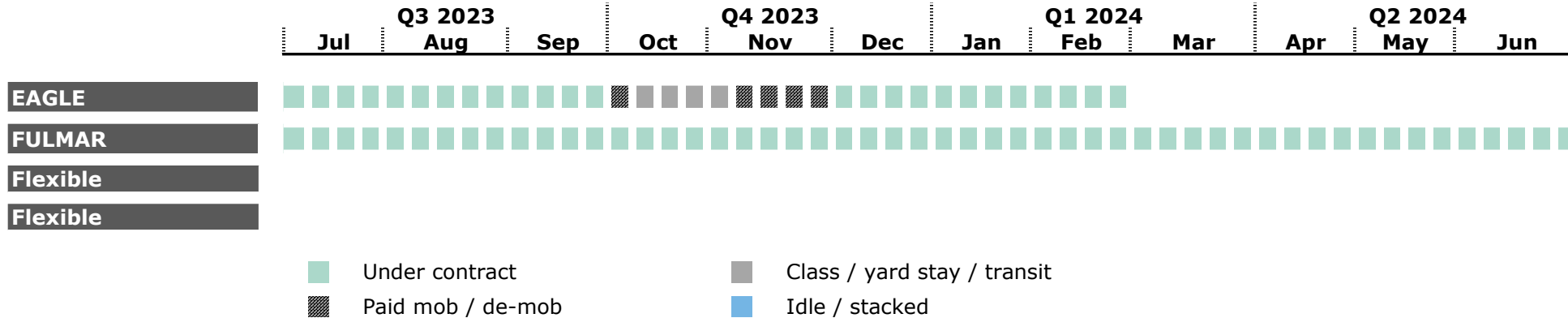
- Revenue: USD 6.5m (Q3 2022: USD 2.8m)
- EBITDA: USD 2.0m (USD -0.6m)
- Net income: USD 0.5m (USD -2.5m)
- Project unwind in India negatively impacted the revenue with USD 2.1m as disclosed in the Q2 2023 report. Hence, operational EBITDA was USD 4.2m.
- Cash flow operating activities USD 3.4m (USD -8.1m)
- Cash: USD 4.1m (USD 1.2m)\*
- Net interest bearing debt: 12.6m (USD 17.6m)\*
- Strong focus to optimize working capital. Tied up capital in contract commencement is somewhat offset by improving payment terms.

Backlog and new bank financing setting company up for next phase

# Contract overview and outlook



# Contract coverage



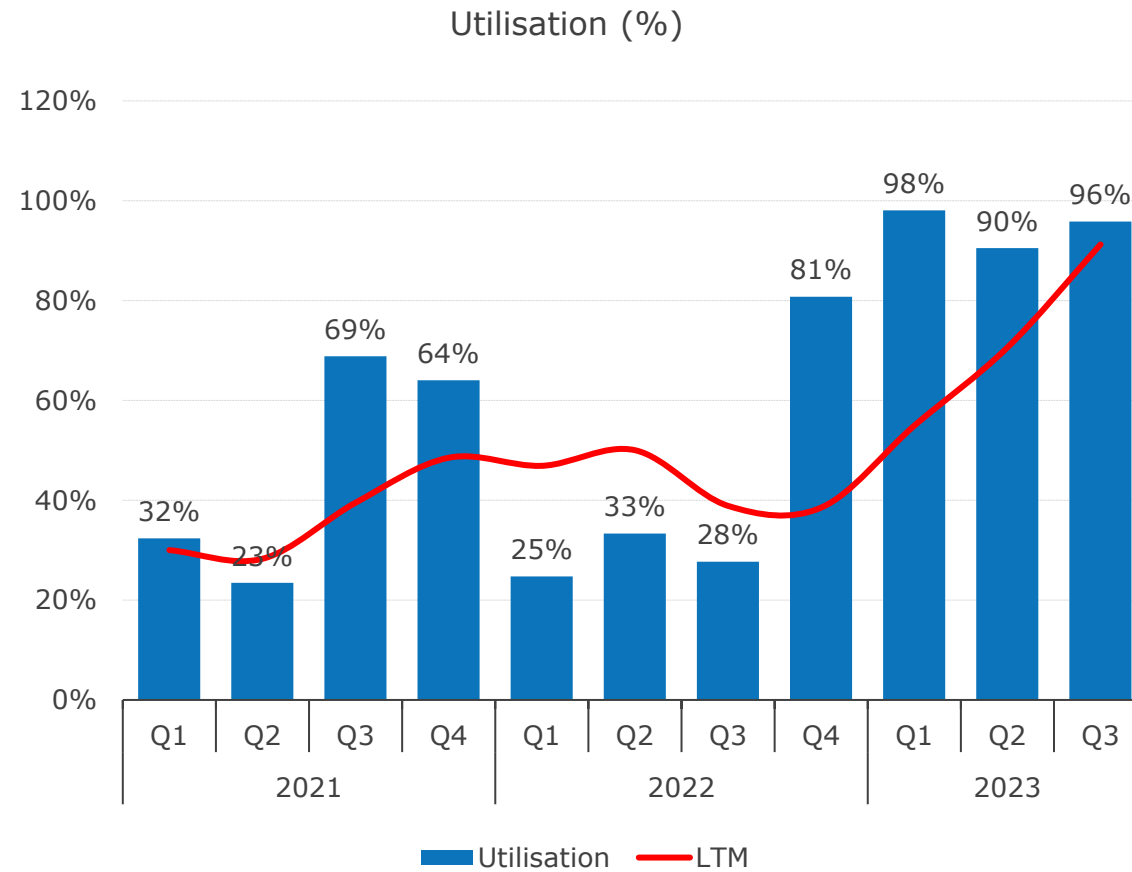
## Key highlights:

- **“Fulmar Explorer”**
  - In production
  - Fully booked until September 2025
- **“Eagle Explorer”**
  - In production
  - SPS completed on time and budget
  - Currently mobilizing for a 90-days 2D project

## Positive outlook:

- A number of new contract opportunities are being evaluated
- Opportunities supporting profitable growth are continuously monitored

# Utilisation

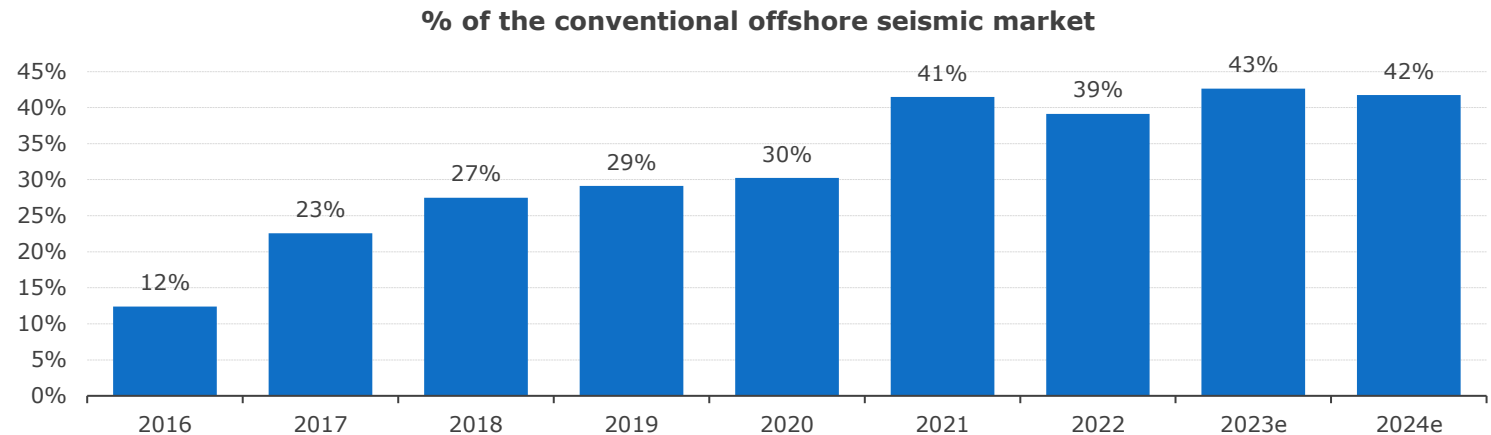
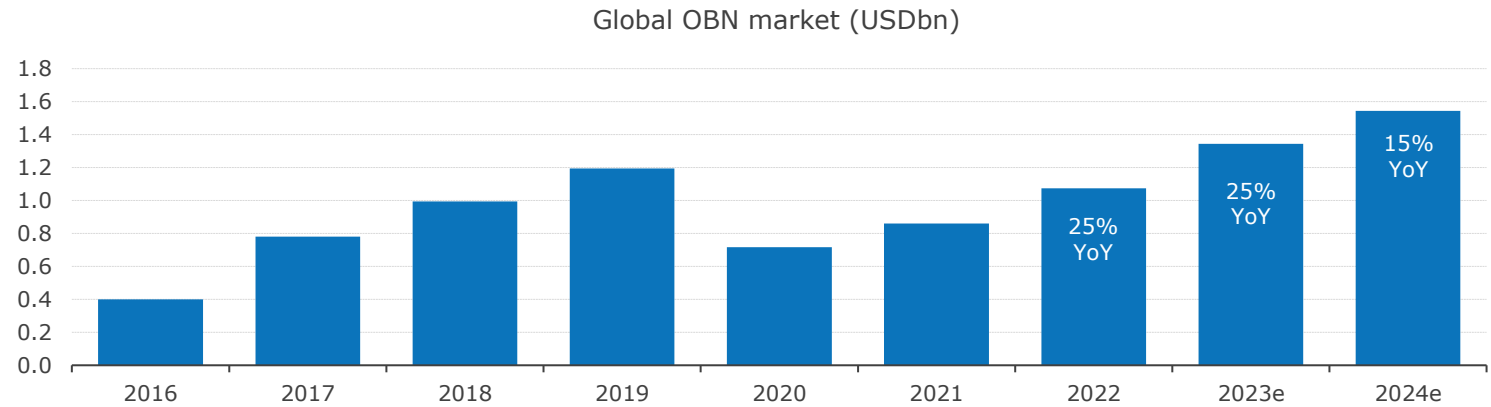


- Q3 utilisation was 96%
- Utilisation year to date has been 95%

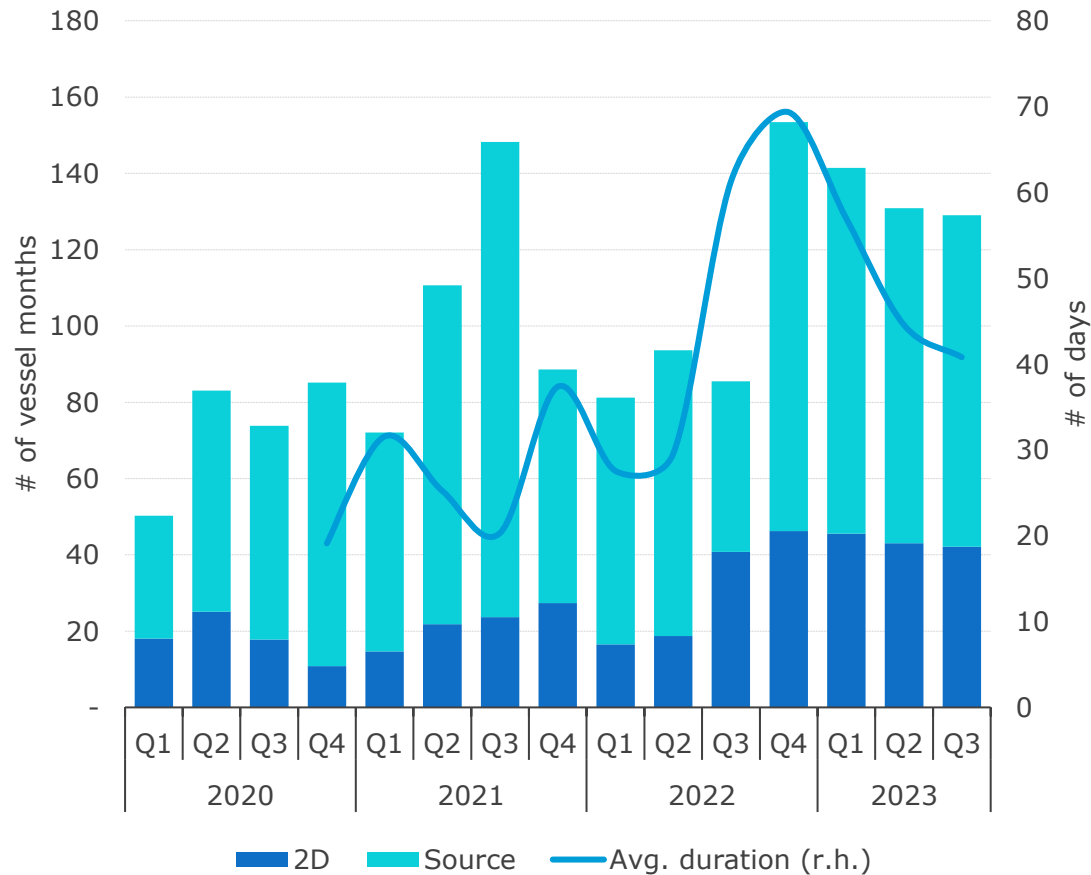


# Global OBN market is strengthening

- OBN market has grown 20% annually the last 7 years
- OBN now accounts from ~40% of overall seismic spending
- Structural growth in OBN:
  - In-field
  - Near-field
  - 4D
- «We continue to drive down unit cost. Ocean Bottom Seismic now is being deployed widely across our portfolio, giving a better view of the barrels that remain.»  
*BP Q4 2022 conference call*



# Market trends



## General

- Tendering activity continues strong and reflects seasonal positioning
- Duration of new tenders is increasing
- Strong outlook for energy prices following years of underinvestment
- Oil & gas to remain an important part of energy mix in the foreseeable future

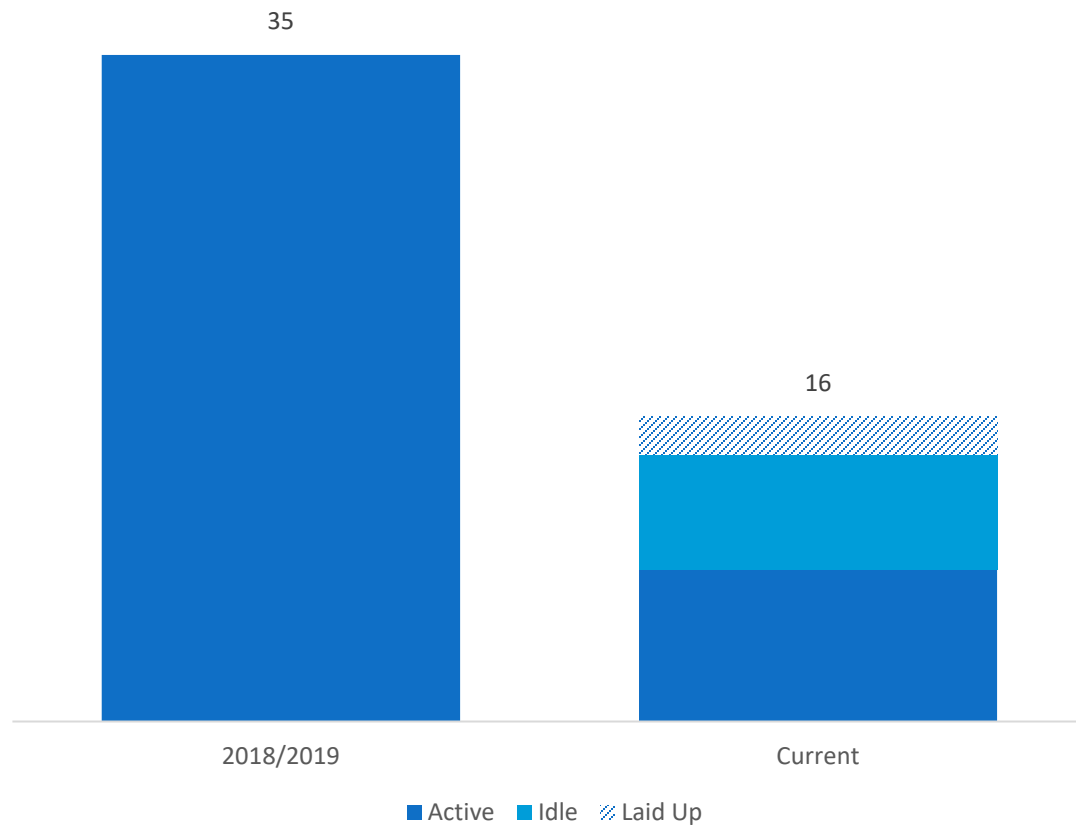
## Ocean bottom seismic

- Oil & gas companies' focus on increased oil recovery on producing fields, as well as near-field exploration
- Reduced competition following equipment consolidation and vessels exiting the OBN source segment
- Key areas Gulf of Mexico, Brazil, West Africa, North Sea and India

## Proprietary 2D surveys

- Energy security emerging as a demand driver in select regions - Far East, Africa and South America
- India expected to be an important market for 2D going forward

# Source fleet overview



- Current fleet of active source vessels consists of 14 vessels\*
- 2 vessels laid up with average age of 13-14
- Vessels leaving the industry
- The comparable fleet in 2018/2019 was 35 vessels.
- Active fleet reduced by ~60%

*\* This is the "free" fleet competing for work globally, excluding Russian and Chinese vessels due to limitations and also "inhouse" vessels from integrated players not being offered to competitors*

# Financials



# Financial highlights

## **Q3 2023\***

- Revenues of USD 6.5m (Q3/22: USD 2.8m)
  - Negatively impacted by a USD 2.1m pre-announced project unwind in India. Underlying revenues of USD 8.7m
- EBITDA of USD 2.0m (USD -0.6m)
- Net profit of USD 0.5m (USD -2.5m)
- Cash flow operating activities of USD 3.4m (USD -8.1m)
- Net interest bearing debt of USD 12.6m (USD 12.9m)
- Equity ratio of 58% (48%)

## **Guidance**

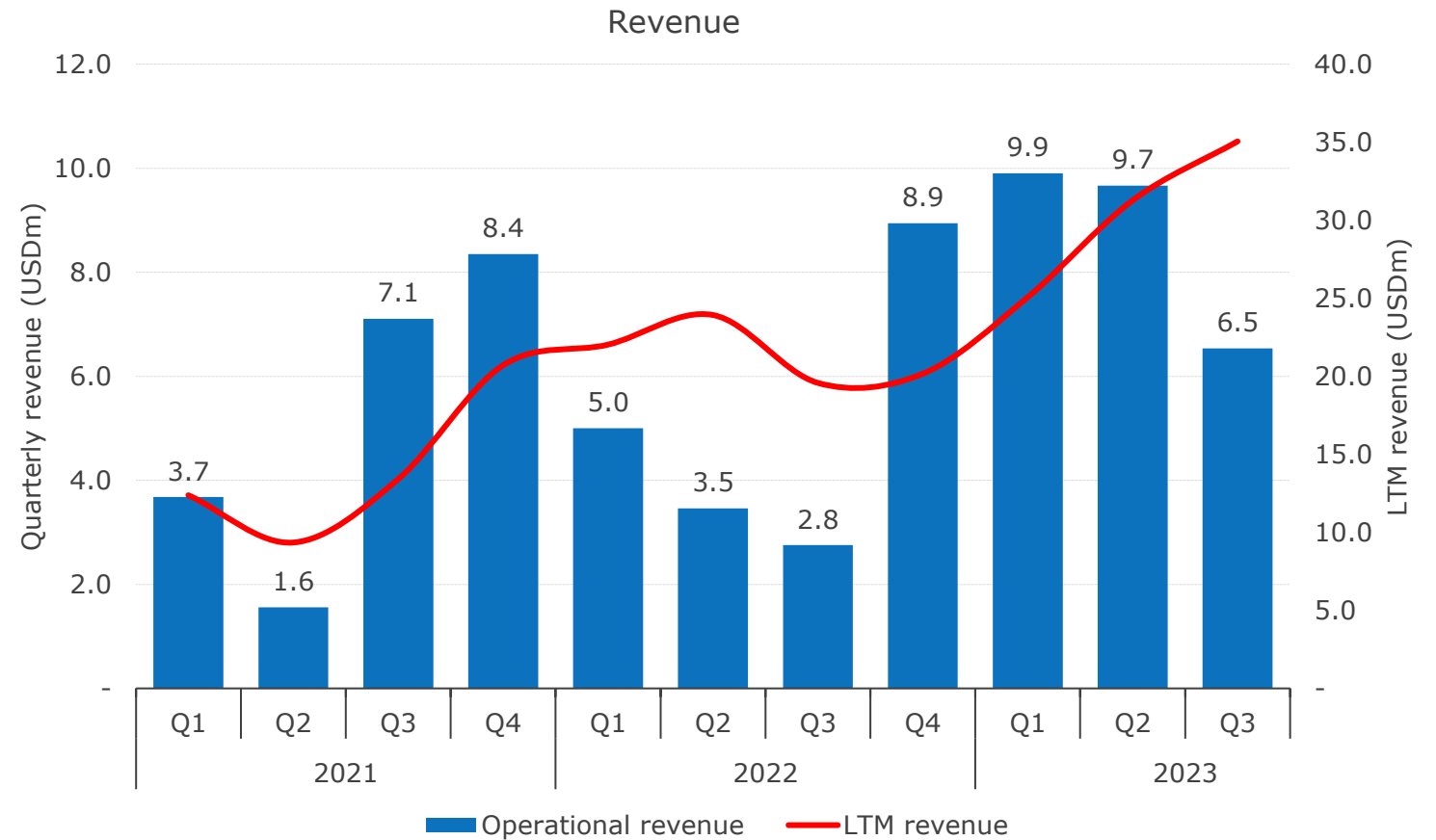
- SG&A: Annual run-rate lowered to USD 3.5-4.0 million due to operational optimization and favourable currency development
- Tied up capital in contract commencement is somewhat offset by improving payment terms
- Strong focus on working capital optimization, cash conversion and free cash flow to equity
- Expect to announce first dividend with the Q4 2023 report February 16th 2024

## **Key figures**

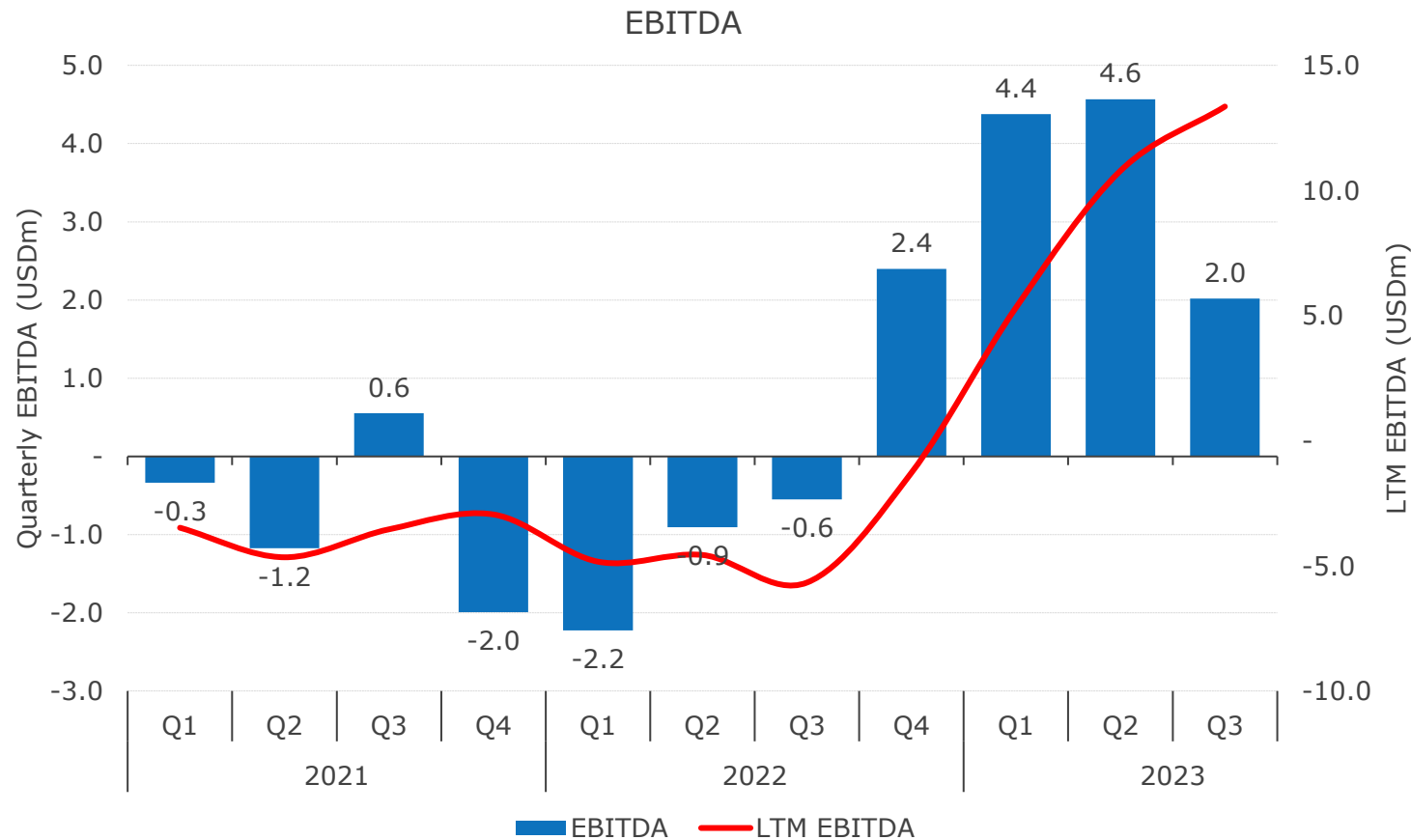
All figures in USD '000 (except EPS and equity ratio)	Quarters*		9 months ending*		Full year*	
	Q3 2023	Q3 2022	30.09.23	30.09.22	2022	2021
Revenues	6,537	2,756	26,109	11,220	20,164	20,705
EBITDA	2,018	-609	10,961	-1,676	-1,275	-4,185
EBIT	517	-1,842	6,513	-7,319	-9,617	-11,779
Profit/(loss) for the period	454	-2,534	9,497	-9,034	-12,861	-11,425
Earnings per share	0.01	-0.04	0.12	-0.18	-0.21	-0.35
Cash flow operating activities	3,405	-8,070	7,049	-17,408	-16,459	6,526
Total assets	54,886	68,292			0	0
Net interest bearing debt	12,606	12,879			15,435	13,015
Equity ratio	58%	48%			45%	41%

# Revenue

- Q3 revenue of USD 6.5m was negatively impacted by the preannounced USD 2.1m non-cash reversal of receivables
- Operational revenue for the quarter was USD 8.7m, reflecting continued high utilisation of 96%
- Solid revenue contribution from both vessels
- Revenues for last twelve months of USD 35.1 million

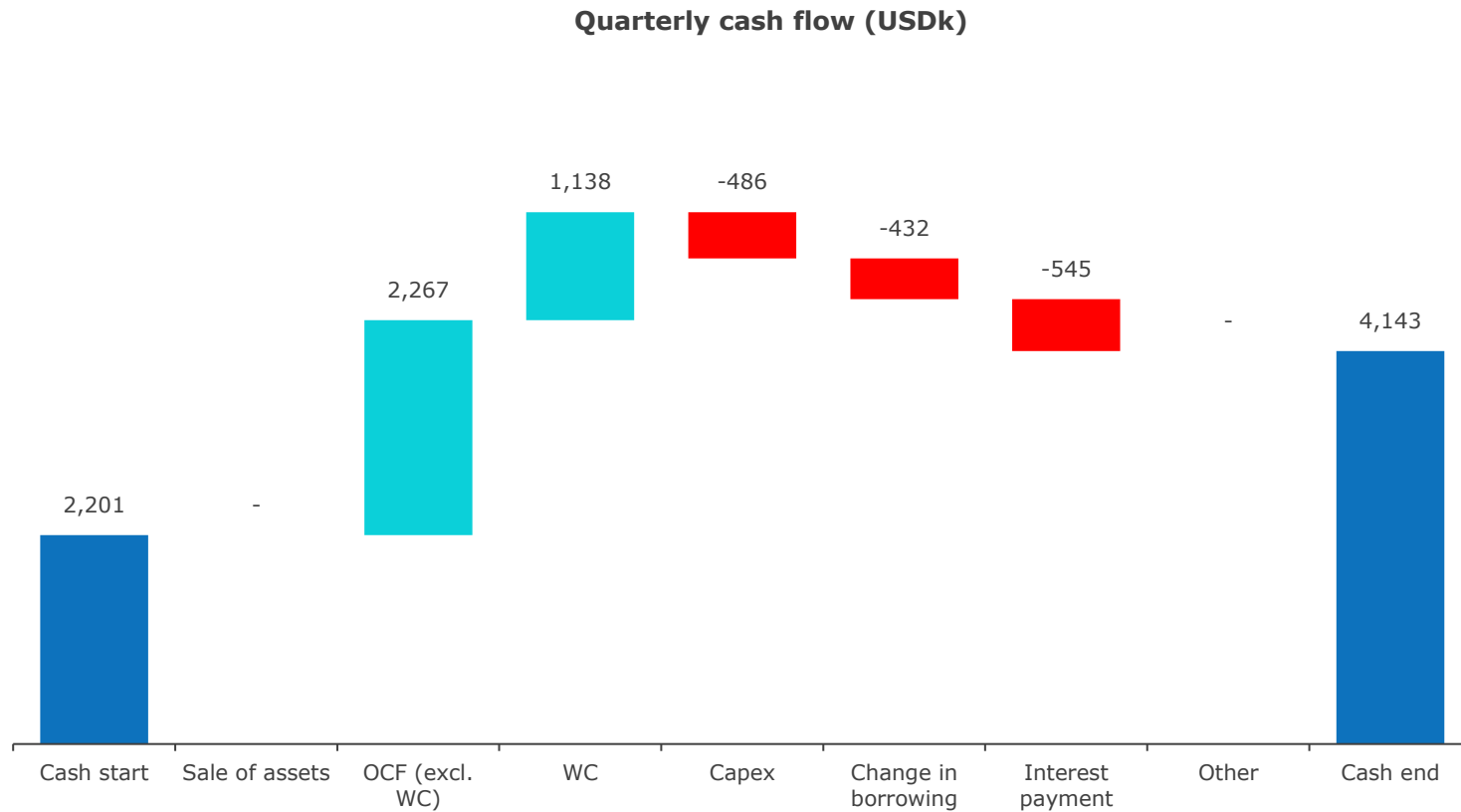


# EBITDA



- Q3 EBITDA of USD 2.0m negatively impacted by the USD 2.1m reversal as described earlier.
- Underlying EBITDA for the quarter was USD 4.2m, up from USD -0.6m the prior year quarter
- EBITDA the last twelve months of USD 13.4m
- SG&A was USD 0.7m. SG&A expectations lowered to USD 3.5-4.0m annually with quarterly fluctuation

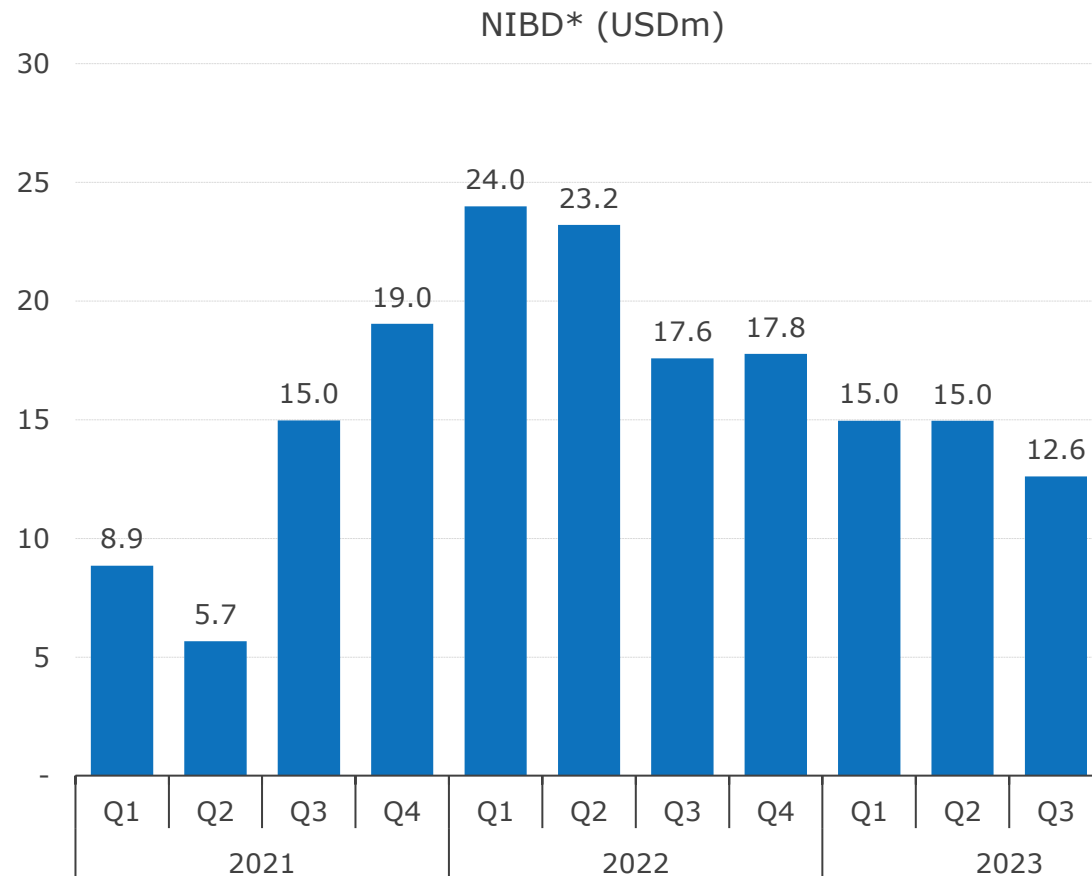
# Cash flow bridge



- Strong operational cash flow at USD 3.4m
- Capex was USD 0.5m
- Debt service cost was USD 1.0m
- Net cash flow for the quarter was USD 1.9 m



# Net interest-bearing debt



- Net interest-bearing debt has been reduced from USD 24.0m from the start of 2022 to USD 12.6m as of Q3 2023
  - Bank financing: USD 14.2m
  - Equipment financing: USD 2.5m
  - Cash: USD 4.1m
- Reduced NIBD by USD 11.4m (~50%) since Q1 2022
- The refinancing of the bank facilities was finalized in July 2023
- The company is in compliance with all bank covenants

# Summary



# Illustrative annual EBITDA potential

Market condition as in:	2013	2020	2021	2022	Current market
<b>Vessel</b>					
2D	25	6	7	12-15	15-22
OBN source	20	2	5	11-14	12-16
SG&A	-4	-4	-4	-4	-4
Debt service					- 4.5
Capex					- 1.5
FCF to Equity ex flex capacity					17-28
<b>FCF to Equity per share (NOK)</b>					<b>2.3-3.8</b>
<i>EBITDA from 1x OBN flex capacity</i>					8-13

## Bank debt

- Maturity in June 2026
- Gross USD 14.2m
- USD 4.5m in annual debt service

## Capital Expenditure

- SPS Eagle in Q4 '23 – USD 1.5m
- SPS Fulmar in 2026
- Est. annual CapEx without SPS of USD 1.5m per annum


## Working capital


- Strong focus on working capital optimization, cash conversion and free cash flow to equity

- Based on “rough” rate-level in the different period and current opex level
- Illustration above is based on 95% utilization for a full year and would be sensitive to any changes
- “Flex capacity” would require limited increase in SG&A
- “Flex capacity” not included in FCF to Equity

# Capital distribution

- ✓ Secured new bank debt with maturity in June 2026
- ✓ ~USD 10m WC build last 18 months and bank debt repayment of ~USD 8m
- ✓ Secured base utilization with attractive backlog for Fulmar Explorer until September 2025
- ✓ Completed a 5-year special survey for Eagle Explorer after quarter-end

 **Prerequisite:** Continued strong operational performance for both the Fulmar and Eagle

 **Timing:** Expect to announce first dividend with the Q4 2023 report February 16th 2024

 **Aim to distribute excess cash without jeopardizing Seabirds sound financial position**

# Strategy

- Strong operational performance
- Backlog length and quality improving
- Focus on cash conversion and free cash flow to equity
- Actively monitor value accretive opportunities
- Backlog quality and debt refinancing sets the Company up for the next phase – **capital distribution**
  - Capital will be returned through dividends and/or share buy-backs. General preference towards dividends, but at current share price and outlook buy-backs will be considered
  - Expect to announce first dividend with the Q4 2023 report February 16th 2024



**Sound platform for profitability and consolidation in place**

**Q&A**

