

# Seajacks International Ltd.

Second Quarter 2009 Results



## Second Quarter 2009 Highlights

- Net result for the quarter was a profit before taxation of US\$ 2.0 million.
- Seajacks Kraken commenced a time charter on 8 May 2009 with ExxonMobil Canada. She went off-hire on 10 May 2009 to finalize certain technical modifications required by the Canadian regulatory authorities, and went back on hire again on 31 May 2009. Between 31 May and 31 July 2009 she has had been utilized for 99.02% of the available time.
- On 25 June 2009 Seajacks signed a contract with Dong Energy AS for a total of 18 months service using a combination of the Seajacks Kraken and the Seajacks Leviathan with a total contract value of US\$ 70-79 million (excluding mobilization/demobilization). This contract is due to start May 2010.
- Seajacks took delivery of the Seajacks Leviathan on 30 June 2009, on time and within budget.
- Significant events since 30 June 2009:
  - The Seajacks Leviathan departed from the Lamprell Energy ("Lamprell") yard in Dubai on 25 July 2009 on a heavy lift vessel and is expected to arrive in Europe on 3 September 2009.
  - On 28 July 2009 Seajacks announced that they have initiated a process to evaluate strategic alternatives available to the Company. The Company has retained Credit Suisse and First Securities as financial advisors to help with the evaluation process.

## Second Quarter 30 June 2009 Financial Review

- Revenues for the quarter totalled US\$ 10.8 million (US\$ Nil for the same quarter last year).
- Operating costs for the second quarter totalled US\$ 7.2 million (US\$ 0.7 million for the same quarter last year).
- Operating profit for the second quarter totalled US\$ 3.6 million (US\$ loss 0.7 million for the same quarter last year).
- Post tax profit for the second quarter totalled US\$ 1.4 million (US\$ 5.4 million for the same quarter last year).
- At 30 June 2009, revenues for the six month period amounted to US\$ 14.2 million (US\$ Nil for the same period last year). Other income for the six month period includes the mobilization fee (US\$ 4.3 million) for the Seajacks Kraken and the income received for the Seajacks Kraken heavy lift to Canada (US\$ 4.9 million). Operating expenses for the period totalled US\$ 10.9 million (US\$ 1.7 million for the same period last year). The operating costs for the six month period include the costs relating to the heavy lift from Dubai to Canada for the Seajacks Kraken (US\$ 4.9 million).
- Post tax profit for the six month period ended 30 June 2009 amounted to US\$ 0.9 million (US\$ 0.8 million for the same period last year).
- At 30 June 2009, total assets amounted to US\$ 306.5 million (June 2008: US\$ 184.4 million). This primarily consists of cash and cash equivalents of approximately US\$ 34.9 million (June 2008: US\$ 23.7 million) and vessels of US\$ 260.2 million (June 2008: vessels under construction US\$ 160.5 million).
- At 30 June 2009, total current liabilities including the current portion of long term debt amounted to US\$ 52.8 million (June 2008: US\$ 5.5 million), while total long term debt totalled US\$ 152.2 million (June 2008: US\$ 65.1 million).
- At 30 June 2009, shareholders' equity totalled US\$ 101.4 million (June 2008: US\$ 113.8 million). The decrease of US\$ 12.4 million is primarily due to the increase in the unrealised interest rate swap liability of US\$ 7.3 million recorded in equity together with the net loss for the 12 month period to June 2009 of US\$ 5.1 million. The interest rate swap arrangement was designated as a hedge on 27 August 2008 and any changes in value since this date are recorded in equity.
- At 30 June 2009 the total number of shares outstanding in Seajacks International Ltd. was 13,128,963 of US\$ 1.00 par value each.

## Operations

Seajacks Kraken left Halifax harbour on 31 May 2009 and successfully commenced operations offshore at ExxonMobil's Sable Island complex.

Seajacks continues to build and prepare its organisation to receive and commence operations of the Seajacks Leviathan. We have now reached a level of staffing which enables us to manage two vessels proficiently. Any required increase in manning to add further vessels to our fleet will be minimal. Seajacks currently employs 22 corporate staff at its offices in Great Yarmouth (UK) from where it undertakes the management, construction supervision, financing, marketing and chartering of the vessels.

Certificates of accreditation with Lloyds Register for external Quality Assurance for ISO 9001:2000, ISM and ISPS Code requirements have been achieved. Vessel stand alone Safety Case required for working on the UK and Dutch Continental Shelf has been submitted to the UK Health and Safety Executive. Formal acceptance of the safety case for the Seajacks Kraken has been received and we expect to receive acceptance for the Seajacks Leviathan within the third quarter of 2009.

Registration of the vessels with the Panamanian Flag Authorities is complete both for the Seajacks Kraken and the Seajacks Leviathan.

### CONSTRUCTION

On 30 June 2009, Seajacks took delivery of its second liftboat, the Seajacks Leviathan from Lamprell in Dubai. In addition, Lamprell have undertaken modifications to the Seajacks Leviathan to prepare her for work in the offshore wind farm sector.

Seajacks has now completed its committed construction program with Lamprell. The Seajacks Kraken and the Seajacks Leviathan have both been delivered on time and within budget and Seajacks are pleased with the quality and standard of workmanship achieved by Lamprell.

### CHARTER CONTRACTS

In addition to the previously signed contracts with ExxonMobil and Fluor Ltd., Seajacks has been awarded a contract from Dong Energy AS to provide the Seajacks Leviathan

and the Seajacks Kraken for the installation of wind turbines on Walney 1 and Walney 2 wind farms, which will be located in the Irish Sea.

The Seajacks Kraken has been contracted for a firm period of approximately 15 months from 15 June 2010 (excluding mobilization/demobilization). The Seajacks Leviathan has been contracted for a firm period of approximately three months from 15 May 2011 (excluding mobilization/demobilization). The total contract value excluding mobilization and demobilization is a minimum of approximately US\$ 70 million up to a maximum of approximately US\$79 million depending on the duration of the period between final conclusion of Walney 1 and commencement of Walney 2.

The future duration of signed contracts to date for the Seajacks fleet is now approximately 40 months which is expected to generate time charter revenues of approximately US\$ 166 million.



## Market Conditions

Despite lower oil and gas prices and the continuing world-wide financial turmoil, the market for the Seajacks liftboats remains active. Activity in the offshore wind farm sector is particularly high and Seajacks believes this provides an excellent opportunity for the chartering of its existing assets beyond 2011 and as an avenue for further fleet growth.

### The Wind Farm Sector

The offshore wind farm segment remains strong and Seajacks is receiving a number of enquiries. In addition to the 8GW already in operation or under development under Rounds 1 and 2 in the UK, Round 3 is set to bring a further estimated 25GW of installed capacity to the UK alone. This represents an increase of 7,000 turbines around the UK coastline alone.

Recently, the UK government has been increasing subsidies to ensure continued development of offshore wind farms. Subsidies for turbines ordered before 31 March 2010 have been increased by 25%, while subsidies for turbines ordered between 1 April 2010 and 31 March 2011 have been increased by 12.5% from their current level.

This move has been very well received by the wind farm operators and is expected to result in a continued increase in market activity in the coming years. Seajacks sees not only the installation of turbines as an attractive market, but also the longer term operations and maintenance of these turbines.

### The Oil and Gas Sector

In the oil and gas sector, Seajacks remains focused on providing vessels to support inspection, maintenance and repair activities both for the topside platform infrastructure and for subsurface well integrity. With less susceptibility to volatile commodity prices than the exploration sector, and continuing pressure from Governments on health, safety and integrity issues associated with ever ageing installations, Seajacks expects a healthy level of enquiries for its vessels to continue.

### VESSEL OPTIONS PROGRAM

Seajacks has an agreement with Lamprell for five optional vessels. Three of these options have expired. Exercising the remaining options will be dependent on market demand and availability of financing.

Hamilton, Bermuda  
19 August 2009

The Board of Directors  
Seajacks International Ltd.

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# Seajacks International Ltd.

## Unaudited Consolidated Income Statement

(in thousands of US\$)

2009 Apr-Jun	2008 Apr-Jun		2009 Jan-Jun	2008 Jan-Jun
		<b>Operating Revenues</b>		
4,239	-	Time charter revenues	4,239	-
6,620	-	Other income	10,016	-
10,859	-	<b>Total Operating Revenues</b>	14,255	-
		<b>Operating Expenses</b>		
(4,352)	-	Vessel operating expenses	(6,999)	-
(2,192)	(708)	Administrative expenses	(3,113)	(1,708)
(677)	-	Depreciation and amortization	(827)	-
(7,221)	(708)	<b>Total Operating Expenses</b>	(10,939)	(1,708)
3,638	(708)	<b>Net Operating Profit/(Loss)</b>	3,316	(1,708)
89	263	Interest income	159	553
(2,163)	-	Interest expense	(2,372)	-
444	1,255	Gain on foreign currency exchange	392	1,813
-	4,576	Other financial items	-	120
2,008	5,386	<b>Profit before Taxation</b>	1,495	778
(560)	-	Taxation	(560)	-
1,448	5,386	<b>Profit for the Period</b>	935	778
0.11	0.41	Basic earnings per share - US\$	0.07	0.06

# Seajacks International Ltd.

## Unaudited Consolidated Balance Sheet

(in thousands of US\$)

	<b>2009</b>	<b>2008</b>	<b>2008</b>
	<b>30 Jun</b>	<b>31 Dec</b>	<b>30 Jun</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	34,896	19,501	23,685
Accounts receivables	7,187	-	-
Other current assets	4,048	1,489	81
	<u>46,131</u>	<u>20,990</u>	<u>23,766</u>
<b>Vessels and Equipment, Net</b>			
Vessels under construction	-	213,875	160,538
Vessels	260,188	-	-
Other assets	169	182	126
<b>Total Assets</b>	<b><u>306,488</u></b>	<b><u>235,047</u></b>	<b><u>184,430</u></b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and other short term liabilities	17,020	1,900	1,823
Current portion of long term debt	24,906	12,157	-
Derivative financial instruments	10,892	14,644	3,634
	<u>52,818</u>	<u>28,701</u>	<u>5,457</u>
<b>Non-Current Liabilities and Shareholders' Equity</b>			
Long term debt	152,234	109,648	65,135
Shareholders' equity	101,436	96,698	113,838
<b>Total Liabilities and Shareholders' Equity</b>	<b><u>306,488</u></b>	<b><u>235,047</u></b>	<b><u>184,430</u></b>

# Seajacks International Ltd.

## Unaudited Consolidated Statement of Cashflow

(in thousands of US\$)

2009	2008		2009	2008
Apr-Jun	Apr-Jun		Jan-Jun	Jan-Jun
		<b>OPERATING ACTIVITIES</b>		
<b>1,448</b>	<b>5,386</b>	<b>Profit for the Period</b>	<b>935</b>	<b>778</b>
		Adjustments to reconcile net income to net cash provided by operating activities:		
(89)	(263)	Interest income	(159)	(553)
(444)	(1,255)	Gain on foreign currency exchange	(392)	(1,813)
-	-	Fair value of shares issued	-	55
677	-	Depreciation and amortization	827	-
-	(4,576)	Unrealised gain in financial instruments	-	(120)
12,059	(130)	Short term liabilities	14,536	784
(5,888)	110	Accounts receivable and other current assets	(9,746)	(12)
<b>7,763</b>	<b>(728)</b>	<b>Cash Inflow/(Outflow) from Operating Activities</b>	<b>6,001</b>	<b>(881)</b>
		<b>INVESTING ACTIVITIES</b>		
(27,280)	(19,231)	Purchase of fixed assets	(46,479)	(52,341)
76	263	Interest received	146	553
<b>(27,204)</b>	<b>(18,968)</b>	<b>Cash Outflow from Investing Activities</b>	<b>(46,333)</b>	<b>(51,788)</b>
		<b>FINANCING ACTIVITIES</b>		
444	1,255	Gain on foreign currency exchange	392	1,813
14,532	17,221	Drawdown of loan	55,335	50,785
<b>14,976</b>	<b>18,476</b>	<b>Cash Inflow from Financing Activities</b>	<b>55,727</b>	<b>52,598</b>
<b>(4,465)</b>	<b>(1,220)</b>	<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>15,395</b>	<b>(71)</b>
<b>39,361</b>	<b>24,905</b>	<b>Cash and Cash Equivalents at the Beginning of the Period</b>	<b>19,501</b>	<b>23,756</b>
<b>34,896</b>	<b>23,685</b>	<b>Cash and Cash Equivalents at the End of the Period</b>	<b>34,896</b>	<b>23,685</b>

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