
Section 1: 8-K (CURRENT REPORT)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) November 3, 2017

LINDBLAD EXPEDITIONS HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

| | | |
|---|--|---|
| <u>Delaware</u> (State or other jurisdiction of incorporation) | <u>001-35898</u> (Commission File Number) | <u>27-4749725</u> (IRS Employer Identification No.) |
| <u>96 Morton Street, 9th Floor, New York, New York</u> (Address of principal executive offices) | | <u>10014</u> (Zip Code) |

Registrant's telephone number including area code: (212) 261-9000

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

Effective November 3, 2017, Lindblad Maritime Enterprises, Ltd. (“LME”), a subsidiary of Lindblad Expeditions Holdings, Inc. (the “Company”), entered into a Shipbuilding Contract (the “Agreement”) with Ulstein Verft AS, a company organized and existing under the laws of Norway (the “Builder”). The Agreement provides for the Builder to construct a new exploration cruise vessel at a purchase price of 1,066,000,000 Norwegian Kroner (NOK). Subsequently, LME exercised its right to make payments in United States Dollars, which resulted in a purchase price of \$134.6 million, including hedging costs. The purchase price is subject to potential adjustments from contract specifications for variations in speed, deadweight, fuel consumption and delivery date, and is due in installments. The first 20% of the purchase price is to be paid shortly after execution of the Agreement with the remaining 80% due upon delivery and acceptance of the vessel.

The Builder is required to deliver the vessel on January 21, 2020, with the potential for accelerated delivery as early as November 18, 2019. The risk of loss or damage to the vessel remains with the Builder until the vessel is delivered to and accepted by LME. The Agreement provides for a one-year warranty of the vessel for defects in design, construction, materials and workmanship under normal use and service. LME may terminate the Agreement in the event the Builder fails to deliver the vessel within 180 days of the due date. The Agreement contains options to purchase two additional identical vessels, at a purchase price of NOK 1,031,000,000 (exercisable within six months of the Agreement) and NOK 1,051,000,000 (exercisable within six months of exercise of the first option), respectively. The Agreement also contains a guarantee by the Company of LME’s obligations, as well as customary representations, warranties, covenants and indemnities.

The forgoing summary does not purport to be complete and is qualified in its entirety by the Agreement, which will be filed as an exhibit to the Company’s Annual Report on Form 10-K for the year ended December 31, 2017.

Item 2.02 Results of Operations and Financial Condition.

On November 7, 2017, the Company issued a press release announcing its financial results for its third quarter ended September 30, 2017.

This Item 2.02 and the press release attached hereto are being furnished by the Company pursuant to Item 2.02 “Results of Operations and Financial Condition.” In accordance with General Instruction B.2 of Form 8-K, the information contained in this Item 2.02, including Exhibit 99.1, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended. In addition, this information shall not be deemed incorporated by reference into any of the Company’s filings with the Securities and Exchange Commission, except as shall be expressly set forth by specific reference in any such filing.

Item 7.01 Regulation FD Disclosure.

On November 7, 2017, the Company issued a press release announcing the entry into the Agreement described above, which is attached as Exhibit 99.2.

This Item 7.01 and the press release attached hereto are being furnished by the Company. In accordance with General Instruction B.2 of Form 8-K, the information contained in this Item 7.01 to Current Report on Form 8-K, including Exhibit 99.2, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended. In addition, this information shall not be deemed incorporated by reference into any of the Company’s filings with the Securities and Exchange Commission, except as shall be expressly set forth by specific reference in any such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit 99.1 [Press release issued November 7, 2017.](#)

Exhibit 99.2 [Press release issued November 7, 2017.](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LINDBLAD EXPEDITIONS HOLDINGS, INC. (registrant)

November 7, 2017

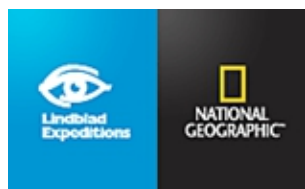
By: /s/ Craig I Felenstein
Craig I. Felenstein, Chief Financial Officer

3

[\(Back To Top\)](#)

Section 2: EX-99.1 (PRESS RELEASE ISSUED NOVEMBER 7, 2017)

Exhibit 99.1



Lindblad Expeditions Holdings, Inc. Reports 2017 Third Quarter Financial Results

Third Quarter 2017 Highlights:

- Tour revenues increased 20% to \$84.6 million
- Net income attributable to Lindblad increased 25% to \$9.3 million
- Adjusted EBITDA increased 33% to \$23.1 million
- Lindblad segment Net Yield increased 4% to \$1,048 and Occupancy was 91%

NEW YORK, November 7, 2017 – Lindblad Expeditions Holdings, Inc. (NASDAQ: LIND; the “Company” or “Lindblad”), a global provider of expedition cruises and adventure travel experiences, today reported financial results for the quarter ended September 30, 2017.

Sven-Olof Lindblad, President and Chief Executive Officer, said “Lindblad’s strategic investment to expand our capacity to capitalize on the rapidly growing demand for expedition travel has begun to deliver significant returns. Bookings in 2017 are up over 30% versus a year ago and the Company delivered strong third quarter financial growth fueled by the July launch of our first new-build vessel, the *National Geographic Quest*, while at the same time maintaining high occupancy levels across our existing fleet. This is only the first step in expanding our inventory and we are well under way on construction of her sister ship, the *National Geographic Venture*, which will be delivered in the fourth quarter of 2018. We also announced this morning that we have signed a contract for a new, state-of-the-art, polar ice class vessel. This contract includes options for two additional ships and these vessels will enable us to further immerse our guests in unique and authentic itineraries and broaden our ability to build additional shareholder value in the years to come.”

THIRD QUARTER RESULTS

Tour Revenues

Third quarter tour revenues of \$84.6 million increased \$13.8 million, or 20%, as compared to the same period in 2016. The increase was driven by \$11.3 million of additional contributions from the Lindblad segment and a \$2.5 million increase at Natural Habitat. The third quarter of 2017 also included the cancellation of four highly booked voyages on the *National Geographic Quest* due to a delay in the launch of the vessel. Excluding the impact of these voyage cancellations and additional insurance proceeds received related to the *National Geographic Orion*, the Company estimates that total tour revenues would have increased 24% over the prior year period to \$87.4 million.

Lindblad segment tour revenues of \$67.5 million increased 20% compared to the third quarter a year ago primarily due to an \$11.6 million increase in ticket revenue, mostly related to the launch of the *National Geographic Quest* in July of 2017. The growth in ticket revenue also reflects a 4% increase in Net Yield to \$1,048, due to increased pricing and changes in itineraries, as well as Occupancy of 91%, which was in line with the same period a year ago. Available Guest Nights increased by 16% primarily due to the addition of the *National Geographic Quest* to the fleet and from the cancellation of a voyage on the *National Geographic Orion* in the third quarter of 2016. Excluding the impact of the *National Geographic Quest* cancellations and additional insurance proceeds received related to the *National Geographic Orion*, the Company estimates that Lindblad segment tour revenue would have increased 25% over the prior year period to \$70.3 million.

Natural Habitat revenues of \$17.1 million increased 17% primarily due to higher ticket revenue from additional guests in the current year.

Net Income

Net income attributable to Lindblad for the third quarter was \$9.3 million, \$0.20 per diluted share, as compared with net income attributable to Lindblad of \$7.4 million, \$0.16 per diluted share, in the third quarter of 2016. The \$1.9 million improvement was primarily due to the higher operating results as well as lower depreciation and amortization due mainly to the accelerated depreciation associated with the retirement of the *National Geographic Endeavour* a year ago. The third quarter of 2017 also includes \$1.7 million of additional stock-based compensation expense primarily related to grants under the 2016 CEO Share Allocation Plan, which provides our CEO the ability to transfer shares from his existing holdings in the Company to eligible employees, as well as \$1.4 million in executive severance expense.

Adjusted EBITDA

Third quarter Adjusted EBITDA of \$23.1 million increased \$5.7 million, or 33%, as compared to the same period in 2016. The increase was due to \$4.5 million of additional contributions from the Lindblad segment and a \$1.2 million increase at Natural Habitat. Excluding the impact of the voyage cancellations and insurance proceeds, the Company estimates that Adjusted EBITDA would have increased 46% over the prior year period to \$25.3 million.

Lindblad segment Adjusted EBITDA of \$21.3 million increased 27% compared to the third quarter a year ago primarily due to the revenue growth partially offset by increased costs related to the launch of the *National Geographic Quest*. Excluding the impact of the voyage cancellations and insurance proceeds, the Company estimates that Lindblad segment Adjusted EBITDA would have increased 40% over the prior year period to \$23.5 million.

Natural Habitat Adjusted EBITDA of \$1.8 million increased \$1.2 million compared to the third quarter a year ago primarily due to the revenue growth partially offset by higher cost of tours from additional guests and increased personnel costs.

| (In thousands) | For the Three Months Ended September 30, | | | | For the Nine Months Ended September 30, | | | |
|---|---|-----------|-----------|------|--|------------|------------|--------|
| | 2017 | 2016 | Change | % | 2017 | 2016* | Change | % |
| Tour revenues: | | | | | | | | |
| Lindblad | \$ 67,451 | \$ 56,175 | \$ 11,276 | 20% | \$ 167,891 | \$ 165,936 | \$ 1,955 | 1% |
| Natural Habitat | 17,133 | 14,599 | 2,534 | 17% | 35,392 | 20,282 | 15,110 | 74% |
| Total tour revenues | \$ 84,584 | \$ 70,774 | \$ 13,810 | 20% | \$ 203,283 | \$ 186,218 | \$ 17,065 | 9% |
| Impact of voyage cancellations | 2,860 | - | 2,860 | NA | 12,478 | - | 12,478 | NA |
| Total tour revenues excluding voyage cancellations | \$ 87,444 | \$ 70,774 | \$ 16,670 | 24% | \$ 215,761 | \$ 186,218 | \$ 29,543 | 16% |
| Operating (loss) income: | | | | | | | | |
| Lindblad | \$ 12,070 | \$ 9,863 | \$ 2,207 | 22% | \$ 12,386 | \$ 19,038 | \$ (6,652) | (35%) |
| Natural Habitat | 1,479 | 306 | 1,173 | 383% | 873 | (488) | 1,361 | (279%) |
| Total operating income | 13,549 | 10,169 | 3,380 | 33% | 13,259 | 18,550 | (5,291) | (29%) |
| Impact of voyage cancellations | 1,981 | - | 1,981 | NA | 8,923 | - | 8,923 | NA |
| Total operating income excluding voyage cancellations | \$ 15,530 | \$ 10,169 | \$ 5,360 | 53% | \$ 22,182 | \$ 18,550 | \$ 3,632 | 20% |
| Adjusted EBITDA: | | | | | | | | |
| Lindblad | \$ 21,276 | \$ 16,741 | \$ 4,535 | 27% | \$ 36,766 | \$ 40,117 | \$ (3,351) | (8%) |
| Natural Habitat | 1,838 | 625 | 1,213 | 194% | 1,896 | 42 | 1,854 | NA |
| Total adjusted EBITDA | 23,114 | 17,366 | 5,748 | 33% | 38,662 | 40,159 | (1,497) | (4%) |
| Impact of voyage cancellations | 2,230 | - | 2,230 | NA | 9,172 | - | 9,172 | NA |
| Total adjusted EBITDA excluding voyage cancellations | \$ 25,344 | \$ 17,366 | \$ 7,978 | 46% | \$ 47,834 | \$ 40,159 | \$ 7,675 | 19% |

* 2016 results for Natural Habitat represent activity from the acquisition date of May 2016 through September 30, 2016.

The impact of the cancelled voyages on tour revenues was calculated as booked tour revenue at the time of cancellation less insurance proceeds. The impact of the cancelled voyages on operating income and Adjusted EBITDA was calculated as booked tour revenue at the time of cancellation less insurance proceeds and estimated operating costs.

Liquidity

The Company's cash and cash equivalents were \$112.3 million as of September 30, 2017, as compared with \$135.4 million as of December 31, 2016. The decrease primarily reflects purchases of property and equipment of \$44.0 million, mostly for the construction of the two new coastal vessels, and \$6.2 million used to repurchase stock and warrants, partially offset by \$29.4 million in net cash provided by operating activities due in large part to advanced bookings for future travel.

Free cash flow use was \$14.6 million for the nine months ended September 30, 2017 as compared with a use of \$34.9 million in the same period of 2016. The improved results reflect the increased operating performance, higher bookings for future travel and lower capital expenditures for new vessels. Free cash flow is defined as net cash provided by operating activities less purchases of property and equipment.

LINDBLAD FLEET ACTIVITIES

The Company expanded its travel offerings in July 2017 with the launch of the *National Geographic Quest*, which sailed in Alaska and British Columbia during the summer before voyaging to Costa Rica and Panama for the winter season. The Company's second new-build coastal vessel, the *National Geographic Venture*, is currently expected to launch in the fourth quarter of 2018.

Following the quarter, the Company announced that it had signed a contract with Ulstein Verft to build a new polar ice class vessel for delivery in January 2020, with potential accelerated delivery to November 2019. This state-of-the-art vessel will join the *National Geographic Explorer* and *National Geographic Orion* as the third ice class ship in the Lindblad National Geographic fleet, with the ability to voyage anywhere around the globe and specializing in polar travel. She will be capable of exploring deep into the Antarctic and Arctic waters, and will be built with the Ulstein X-BOW® design allowing for greater comfort and speed through rough waters. The contract with Ulstein Verft also includes options to build two additional polar ice class vessels, the first for delivery twelve months after the initial vessel and the second for delivery twelve months thereafter.

STOCK AND WARRANT REPURCHASE PLAN

The Company has a \$35.0 million stock and warrant repurchase plan in place which authorizes the Company to purchase from time to time the Company's outstanding stock and warrants through open market repurchases and/or in privately negotiated transactions based on market and business conditions, applicable legal requirements and other factors. There were no purchases during the third quarter and as of November 6, 2017, the Company had repurchased 5.4 million warrants and 855,776 shares under the plan for a total of \$22.2 million and had \$12.8 million remaining under the plan. As of November 3, 2017, there were 45.4 million common shares and 10.7 million warrants outstanding.

FINANCIAL OUTLOOK

The Company's current expectations for the full year 2017 are as follows:

- Tour revenues of \$266 - \$270 million
- Adjusted EBITDA of \$42 - \$44 million

This outlook includes the estimated \$3.6 million revenue impact and \$3.0 million Adjusted EBITDA impact associated with the cancellation of four voyages during the third quarter due to the delayed launch of the *National Geographic Quest*. The current outlook also includes the estimated \$8.9 million revenue impact and estimated \$6.2 million Adjusted EBITDA impact associated with the first quarter cancellation of four voyages on the *National Geographic Orion* and two voyages on the *National Geographic Sea Lion* for necessary repairs. As of October 31, 2017, the Lindblad segment had 99% of full year 2017 projected guest ticket revenues on the books versus 101% of full year 2016 revenue at the same time last year. Overall, bookings thus far in 2017 have increased over 30% compared with the same period a year ago. The Company continues to anticipate it will achieve its long-range revenue and Adjusted EBITDA targets.

NON-GAAP FINANCIAL MEASURES

The Company uses a variety of operational and financial metrics, including non-GAAP financial measures such as Adjusted EBITDA, Occupancy, Net Yields and Net Cruise Costs, to enable it to analyze its performance and financial condition. The Company utilizes these financial measures to manage its business on a day-to-day basis and believes that they are the most relevant measures of performance. Some of these measures are commonly used in the cruise and tourism industry to evaluate performance. The Company believes these non-GAAP measures provide expanded insight to assess revenue and cost performance, in addition to the standard GAAP-based financial measures. There are no specific rules or regulations for determining non-GAAP measures, and as such, they may not be comparable to measures used by other companies within the industry.

The presentation of non-GAAP financial information should not be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. The definitions of non-GAAP financial measures along with a reconciliation of non-GAAP financial information to GAAP are included in the supplemental financial schedules beginning on page 10.

Conference Call Information

The Company has scheduled a conference call at 8:30 a.m. Eastern Time on November 7, 2017 to discuss the earnings of the Company. The conference call can be accessed by dialing (844) 378-6487 (United States), (855) 669-9657 (Canada) or (412) 542-4182 (outside the U.S.). A replay of the call will be available at the Company's investor relations website, <http://www.investors.expeditions.com>.

About Lindblad Expeditions Holdings, Inc.

Lindblad Expeditions Holdings, Inc. is an expedition travel company that focuses on ship-based voyages through its Lindblad Expeditions brand and on land-based travel through its subsidiary, Natural Habitat Adventures, an adventure travel and ecotourism company with a focus on responsible nature travel.

Lindblad Expeditions works in partnership with National Geographic to inspire people to explore and care about the planet. The organizations work in tandem to produce innovative marine expedition programs and to promote conservation and sustainable tourism around the world. The partnership's educationally oriented voyages allow guests to interact with and learn from leading scientists, naturalists and researchers while discovering stunning natural environments, above and below the sea, through state-of-the-art exploration tools.

Natural Habitat partners with the World Wildlife Fund to offer and promote conservation and sustainable travel that directly protects nature. Natural Habitat's adventures include polar bear tours in Churchill, Canada, Alaskan grizzly bear adventures and African safaris.

Forward Looking Statements

Certain matters discussed in this press release are "forward-looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements include the Company's financial projections and may also generally be identified as such because the context of such statements will include words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "will," "would" or words of similar import. Similarly, statements that describe the Company's financial guidance or future plans, objectives or goals are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties that could cause results to differ materially from those expected, including, but not limited to, the following: (i) changes adversely affecting the business in which the Company is engaged; (ii) management of the Company's growth and its ability to execute on its planned growth; (iii) general economic conditions; (iv) the Company's business strategy and plans; (v) unscheduled disruptions in our business due to weather events, mechanical failures, or other events; (vi) compliance with laws and regulations; (vii) compliance with the financial and/or operating covenants in the Company's Second amended and restated credit agreement; (viii) adverse publicity regarding the cruise industry in general; (ix) loss of business due to competition; (x) the result of future financing efforts; (xi) the inability to meet revenue and Adjusted EBITDA projections; and (xii) those risks described in the Company's filings with the SEC. Stockholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements made herein are made only as of the date of this press release and the Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. More detailed information about factors that may affect the Company's performance may be found in its filings with the SEC, which are available at <http://www.sec.gov> or at <http://www.expeditions.com> in the Investor Relations section of the Company's website.

LINDBLAD EXPEDITIONS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

| | As of | |
|---|-----------------------|----------------------|
| | September 30, 2017 | December 31, 2016 |
| | (Unaudited) | |
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 112,316 | \$ 135,416 |
| Restricted cash and marketable securities | 8,704 | 9,015 |
| Inventories | 1,783 | 1,665 |
| Marine operating supplies | 4,539 | 4,142 |
| Prepaid expenses and other current assets | 22,887 | 20,782 |
| Total current assets | <u>150,229</u> | <u>171,020</u> |
| Property and equipment, net | 219,498 | 186,236 |
| Goodwill | 22,105 | 22,105 |
| Intangibles, net | 9,948 | 11,132 |
| Other long-term assets | 10,831 | 13,090 |
| Deferred tax assets | 7,916 | 4,118 |
| Total assets | <u>\$ 420,527</u> | <u>\$ 407,701</u> |
| LIABILITIES | | |
| Current Liabilities: | | |
| Unearned passenger revenues | \$ 99,740 | \$ 91,501 |
| Accounts payable and accrued expenses | 23,810 | 30,662 |
| Long-term debt - current | 1,750 | 1,750 |
| Total current liabilities | <u>125,300</u> | <u>123,913</u> |
| Long-term debt, less current portion | 164,165 | 164,128 |
| Other long-term liabilities | 703 | 681 |
| Total liabilities | <u>290,168</u> | <u>288,722</u> |
| COMMITMENTS AND CONTINGENCIES | | |
| REDEEMABLE NONCONTROLLING INTEREST | <u>5,319</u> | <u>5,170</u> |
| STOCKHOLDERS' EQUITY | | |
| Preferred stock, \$0.0001 par value, 1,000,000 shares authorized; 0 shares issued and outstanding | - | - |
| Common stock, \$0.0001 par value, 200,000,000 shares authorized; 45,155,621 and 45,659,762 issued and outstanding as of September 30, 2017, and December 31, 2016, respectively | 5 | 5 |
| Additional paid-in capital | 45,213 | 43,097 |
| Retained earnings | 79,822 | 70,707 |
| Total stockholders' equity | <u>125,040</u> | <u>113,809</u> |
| Total liabilities, redeemable noncontrolling interest and stockholders' equity | <u>\$ 420,527</u> | <u>\$ 407,701</u> |

LINDBLAD EXPEDITIONS HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Income
(In thousands, except share and per share data)
(Unaudited)

| | <u>For the Three Months Ended</u> <u>September 30,</u> | | <u>For the Nine Months Ended</u> <u>September 30,</u> | |
|---|---|-------------------|--|-------------------|
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| Tour revenues | \$ 84,584 | \$ 70,774 | \$ 203,283 | \$ 186,218 |
| Cost of tours | 38,480 | 32,446 | 99,780 | 87,111 |
| Gross profit | <u>46,104</u> | <u>38,328</u> | <u>103,503</u> | <u>99,107</u> |
| Operating expenses: | | | | |
| General and administrative | 16,526 | 12,915 | 46,710 | 36,740 |
| Selling and marketing | 11,676 | 10,164 | 31,521 | 29,294 |
| Depreciation and amortization | 4,354 | 5,080 | 12,012 | 14,523 |
| Total operating expenses | <u>32,556</u> | <u>28,159</u> | <u>90,243</u> | <u>80,557</u> |
| Operating income | <u>13,548</u> | <u>10,169</u> | <u>13,260</u> | <u>18,550</u> |
| Other income (expense): | | | | |
| Gain (loss) on foreign currency | 224 | (5) | 1,047 | (291) |
| Other income (expense) | 59 | (38) | (97) | (38) |
| Interest expense, net | (2,802) | (2,476) | (7,192) | (7,914) |
| Total other expense | <u>(2,519)</u> | <u>(2,519)</u> | <u>(6,242)</u> | <u>(8,243)</u> |
| Income before income taxes | 11,029 | 7,650 | 7,018 | 10,307 |
| Income tax expense (benefit) | <u>1,586</u> | <u>203</u> | <u>(473)</u> | <u>(3,113)</u> |
| Net income | 9,443 | 7,447 | 7,491 | 13,420 |
| Net income (loss) attributable to noncontrolling interest | <u>165</u> | <u>29</u> | <u>149</u> | <u>(119)</u> |
| Net income attributable to Lindblad | <u>\$ 9,278</u> | <u>\$ 7,418</u> | <u>\$ 7,342</u> | <u>\$ 13,539</u> |
| <u>Common stock</u> | | | | |
| Net income available to common stockholders | <u>\$ 9,278</u> | <u>\$ 7,418</u> | <u>\$ 7,342</u> | <u>\$ 13,539</u> |
| Weighted average shares outstanding | | | | |
| Basic | <u>44,457,656</u> | <u>45,776,443</u> | <u>44,528,878</u> | <u>45,639,608</u> |
| Diluted | <u>45,718,513</u> | <u>46,541,257</u> | <u>45,609,560</u> | <u>46,329,880</u> |
| Net income per share attributable to Lindblad | | | | |
| Basic | <u>\$ 0.21</u> | <u>\$ 0.16</u> | <u>\$ 0.16</u> | <u>\$ 0.30</u> |
| Diluted | <u>\$ 0.20</u> | <u>\$ 0.16</u> | <u>\$ 0.16</u> | <u>\$ 0.29</u> |

LINDBLAD EXPEDITIONS HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

| | For the Nine Months Ended | |
|--|----------------------------------|-------------------|
| | September 30, | |
| | 2017 | 2016 |
| Cash Flows From Operating Activities | | |
| Net income | \$ 7,491 | \$ 13,420 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 12,012 | 14,523 |
| Amortization of National Geographic fee | 2,180 | 2,180 |
| Amortization of debt discount, deferred financing and other, net | 1,662 | 2,582 |
| Stock-based compensation | 9,464 | 3,982 |
| Deferred income taxes | (2,017) | (3,709) |
| (Gain) loss on currency translation | (1,047) | 291 |
| Changes in operating assets and liabilities | | |
| Inventories and marine operating supplies | (516) | 1,505 |
| Prepaid expenses and other current assets | (1,087) | 1,098 |
| Unearned passenger revenues | 8,062 | (8,620) |
| Other long-term assets | 192 | (3,159) |
| Other long-term liabilities | 14 | 22 |
| Accounts payable and accrued expenses | (6,964) | (8,430) |
| Net cash provided by operating activities | <u>29,446</u> | <u>15,685</u> |
| Cash Flows From Investing Activities | | |
| Acquisition of Natural Habitat, Inc., net of \$4,904 cash acquired | - | (9,946) |
| Purchases of property and equipment | (44,089) | (50,598) |
| Redemption (purchase) of restricted cash and marketable securities | 311 | (1,907) |
| Net cash used in investing activities | <u>(43,778)</u> | <u>(62,451)</u> |
| Cash Flows From Financing Activities | | |
| Payment of deferred financing costs | (312) | (1,565) |
| Repayments of long-term debt | (1,312) | (1,312) |
| Repurchase of employee shares as part of cashless exercise of options or vesting of restricted shares for tax purposes | (1,182) | (2,695) |
| Repurchase of warrants and common shares | (6,166) | (5,420) |
| Net cash used in financing activities | <u>(8,972)</u> | <u>(10,992)</u> |
| Effect of exchange rate changes on cash | <u>204</u> | <u>(128)</u> |
| Net decrease in cash and cash equivalents | (23,100) | (57,886) |
| Cash and cash equivalents as of beginning of period | <u>135,416</u> | <u>206,903</u> |
| Cash and cash equivalents as of end of period | <u>\$ 112,316</u> | <u>\$ 149,017</u> |
| Supplemental disclosures of cash flow information: | | |
| Cash paid during the period for: | | |
| Interest | \$ 7,841 | \$ 7,427 |
| Income taxes | <u>\$ 965</u> | <u>\$ 992</u> |
| Non-cash investing and financing activities: | | |
| Additional paid-in capital exercise proceeds of option shares | \$ 168 | \$ 1,123 |
| Additional paid-in capital exchange proceeds used for option shares | (168) | (1,123) |

LINDBLAD EXPEDITIONS HOLDINGS, INC. AND SUBSIDIARIES
Supplemental Financial Schedules
(In thousands, except guest metrics)
(Unaudited)

Reconciliation of Net Income to Adjusted EBITDA
Consolidated

| (In thousands) | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|--|---|------------------|--|------------------|
| | 2017 | 2016 | 2017 | 2016 * |
| Net income | \$ 9,443 | \$ 7,447 | \$ 7,491 | \$ 13,420 |
| Income tax expense (benefit) | 1,586 | 203 | (473) | (3,113) |
| Interest expense, net | 2,802 | 2,476 | 7,192 | 7,914 |
| Depreciation and amortization | 4,354 | 5,080 | 12,012 | 14,523 |
| Gain (loss) on foreign currency | (224) | 5 | (1,047) | 291 |
| Other (income) expense, net | (59) | 38 | 97 | 38 |
| Stock-based compensation | 3,057 | 1,359 | 9,464 | 3,982 |
| National Geographic fee amortization | 727 | 727 | 2,180 | 2,180 |
| Reorganization costs | 29 | - | 346 | - |
| Acquisition-related expenses | - | 31 | - | 924 |
| Executive severance costs | 1,400 | - | 1,400 | - |
| Adjusted EBITDA - Consolidated | 23,114 | 17,366 | 38,662 | 40,159 |
| Impact of voyage cancellations | 2,230 | - | 9,172 | - |
| Adjusted EBITDA - Consolidated excluding impact of voyage cancellations | \$ 25,344 | \$ 17,366 | \$ 47,834 | \$ 40,159 |

* 2016 results for Natural Habitat represent activity from the acquisition date of May 2016 through September 30, 2016.

Reconciliation of Operating Income to Adjusted EBITDA
Lindblad Segment

| (In thousands) | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|--|---|------------------|--|------------------|
| | 2017 | 2016 | 2017 | 2016 |
| Operating income | \$ 12,070 | \$ 9,863 | \$ 12,387 | \$ 19,038 |
| Depreciation and amortization | 3,994 | 4,761 | 10,989 | 13,993 |
| Stock-based compensation | 3,057 | 1,359 | 9,464 | 3,982 |
| National Geographic fee amortization | 727 | 727 | 2,180 | 2,180 |
| Reorganization costs | 29 | - | 346 | - |
| Acquisition-related expenses | - | 31 | - | 924 |
| Executive severance costs | 1,400 | - | 1,400 | - |
| Adjusted EBITDA - Lindblad segment | 21,276 | 16,741 | 36,766 | 40,117 |
| Impact of voyage cancellations | 2,230 | - | 9,172 | - |
| Adjusted EBITDA - Lindblad segment excluding impact of voyage cancellations | \$ 23,506 | \$ 16,741 | \$ 45,938 | \$ 40,117 |

Reconciliation of Operating Income to Adjusted EBITDA
Natural Habitat Segment

| (In thousands) | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|--|---|---------------|--|--------------|
| | 2017 | 2016 | 2017 | 2016* |
| Operating income (loss) | \$ 1,478 | \$ 306 | \$ 873 | \$ (488) |
| Depreciation and amortization | 360 | 319 | 1,023 | 530 |
| Adjusted EBITDA - Natural Habitat segment | \$ 1,838 | \$ 625 | \$ 1,896 | \$ 42 |

* 2016 results for Natural Habitat represent activity from the acquisition date of May 2016 through September 30, 2016.

LINDBLAD EXPEDITIONS HOLDINGS, INC. AND SUBSIDIARIES
Supplemental Financial Schedules
(In thousands, except guest metrics)
(Unaudited)

Reconciliation of Free Cash Flow to Net Cash Provided by Operating Activities

| (In thousands) | For the Nine Months Ended September 30, | |
|---|--|--------------------|
| | 2017 | 2016 |
| Net cash provided by operating activities | \$ 29,446 | \$ 15,685 |
| Less: purchases of property and equipment | (44,089) | (50,598) |
| Free Cash Flow | <u>\$ (14,643)</u> | <u>\$ (34,913)</u> |

Guest Metrics - Lindblad Segment

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|------------------------|---|-------------|--|-------------|
| | 2017 | 2016 | 2017 | 2016 |
| Available Guest Nights | 56,398 | 48,595 | 142,291 | 141,665 |
| Guest Nights Sold | 51,122 | 44,139 | 124,951 | 129,633 |
| Occupancy | 90.6% | 90.8% | 87.8% | 91.5% |
| Maximum Guests | 7,518 | 6,177 | 17,727 | 17,118 |
| Number of Guests | 6,846 | 5,632 | 15,758 | 15,742 |
| Voyages | 97 | 84 | 244 | 231 |

Calculation of Gross Yield and Net Yield - Lindblad Segment

| (In thousands, except for Available Guest Nights, Gross and Net Yield) | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|--|---|------------------|--|-------------------|
| | 2017 | 2016 | 2017 | 2016 |
| Guest ticket revenues | \$ 61,715 | \$ 50,089 | \$ 147,504 | \$ 146,613 |
| Other tour revenues | 5,736 | 6,086 | 20,387 | 19,323 |
| Tour Revenues | 67,451 | 56,175 | 167,891 | 165,936 |
| Less: Orion Insurance Proceeds | (248) | - | (2,148) | - |
| Adjusted Tour Revenues | 67,203 | 56,175 | 165,743 | 165,936 |
| Less: Commissions | (4,559) | (3,957) | (12,321) | (11,725) |
| Less: Other tour expenses | (3,532) | (3,211) | (10,622) | (11,757) |
| Net Revenue | \$ 59,112 | \$ 49,007 | \$ 142,800 | \$ 142,454 |
| Available Guest Nights | 56,398 | 48,595 | 142,291 | 141,665 |
| Gross Yield | \$ 1,192 | \$ 1,156 | \$ 1,165 | \$ 1,171 |
| Net Yield | 1,048 | 1,008 | 1,004 | 1,006 |

LINDBLAD EXPEDITIONS HOLDINGS, INC. AND SUBSIDIARIES
Supplemental Financial Schedules
(In thousands, except guest metrics)
(Unaudited)

Calculation of Net Cruise Cost Metrics - Lindblad Segment

(In thousands, except for Available Guest Nights,
Gross and Net Cruise Cost)

| | For the Three Months Ended | | For the Nine Months Ended | |
|---|-----------------------------------|------------------|----------------------------------|-------------------|
| | September 30, | | September 30, | |
| | 2017 | 2016 | 2017 | 2016 |
| Cost of tours | \$ 27,374 | \$ 22,239 | \$ 76,915 | \$ 72,632 |
| Plus: Selling and marketing | 10,358 | 8,848 | 28,629 | 27,511 |
| Plus: General and administrative | 13,656 | 10,464 | 38,972 | 32,762 |
| Gross Cruise Cost | 51,388 | 41,551 | 144,516 | 132,905 |
| Less: Commission expense | (4,559) | (3,957) | (12,321) | (11,725) |
| Less: Other tour expenses | (3,532) | (3,211) | (10,622) | (11,757) |
| Net Cruise Cost | 43,297 | 34,383 | 121,573 | 109,423 |
| Less: Fuel expense | (1,894) | (1,645) | (4,858) | (5,307) |
| Net Cruise Cost Excluding Fuel | 41,403 | 32,738 | 116,715 | 104,116 |
| Non-GAAP Adjustments: | | | | |
| Stock-based compensation | (3,057) | (1,359) | (9,464) | (3,982) |
| National Geographic fee amortization | (727) | (727) | (2,180) | (2,180) |
| Acquisition-related expenses | - | (31) | - | (924) |
| Executive severance costs | (1,400) | - | (1,400) | - |
| Adjusted Net Cruise Cost Excluding Fuel | \$ 36,220 | \$ 30,621 | \$ 103,671 | \$ 97,030 |
| Adjusted Net Cruise Cost | \$ 38,114 | \$ 32,266 | \$ 108,529 | \$ 102,337 |
| Available Guest Nights | 56,398 | 48,595 | 142,291 | 141,665 |
| Gross Cruise Cost per Available Guest Night | \$ 911 | \$ 855 | \$ 1,016 | \$ 938 |
| Net Cruise Cost per Available Guest Night | 768 | 708 | 854 | 772 |
| Net Cruise Cost Excl. Fuel per Available Guest Night | 734 | 674 | 820 | 735 |
| Adj. Net Cruise Cost Excl. Fuel per Avail. Guest Night | 642 | 630 | 729 | 685 |
| Adjusted Net Cruise Cost per Available Guest Night | 676 | 664 | 763 | 722 |

Operational and Financial Metrics

Adjusted EBITDA is net income (loss) excluding depreciation and amortization, net interest expense, other income (expense), and income tax benefit (expense), and other supplemental adjustments. Other supplemental adjustments include certain non-operating items such as stock-based compensation, executive severance costs, the National Geographic fee amortization, merger-related expenses, and acquisition-related expenses. The Company believes Adjusted EBITDA, when considered along with other performance measures, is a useful measure as it reflects certain operating drivers of the business, such as sales growth, operating costs, selling and administrative expense, and other operating income and expense. The Company believes Adjusted EBITDA helps provide a more complete understanding of the underlying operating results and trends and an enhanced overall understanding of the Company's financial performance and prospects for the future. While Adjusted EBITDA is not a recognized measure under GAAP, management uses this financial measure to evaluate and forecast business performance. Adjusted EBITDA is not intended to be a measure of liquidity or cash flows from operations or a measure comparable to net income as it does not take into account certain requirements, such as unearned passenger revenues, capital expenditures and related depreciation, principal and interest payments, and tax payments. The Company's use of Adjusted EBITDA may not be comparable to other companies within the industry.

The following metrics apply to the Lindblad segment:

Adjusted Net Cruise Cost represents Net Cruise Cost adjusted for Non-GAAP other supplemental adjustments which include certain non-operating items such as stock-based compensation, the National Geographic fee amortization, merger-related expenses, and acquisition-related expenses.

Available Guest Nights is a measurement of capacity and represents double occupancy per cabin (except single occupancy for a single capacity cabin) multiplied by the number of cruise days for the period. The Company also records the number of guest nights available on its limited land programs in this definition.

Gross Cruise Cost represents the sum of cost of tours plus merger-related expenses, selling and marketing expense, and general and administrative expense.

Gross Yield represents tour revenues less insurance proceeds divided by Available Guest Nights.

Guest Nights Sold represents the number of guests carried for the period multiplied by the number of nights sailed within the period.

Maximum Guests is a measure of capacity and represents the maximum number of guests in a period and is based on double occupancy per cabin (except single occupancy for a single capacity cabin).

Net Cruise Cost represents Gross Cruise Cost excluding commissions and certain other direct costs of guest ticket revenues and other tour revenues.

Net Cruise Cost Excluding Fuel represents Net Cruise Cost excluding fuel costs.

Net Revenue represents tour revenues less insurance proceeds, commissions and direct costs of other tour revenues.

Net Yield represents Net Revenue divided by Available Guest Nights.

Number of Guests represents the number of guests that travel with the Company in a period.

Occupancy is calculated by dividing Guest Nights Sold by Available Guest Nights.

Voyages represent the number of ship expeditions completed during the period.

[\(Back To Top\)](#)

Section 3: EX-99.2 (PRESS RELEASE ISSUED NOVEMBER 7, 2017)

Exhibit 99.2



**LINDBLAD EXPEDITIONS HOLDINGS, INC. SIGNS AGREEMENT WITH
ULSTEIN VERFT FOR BUILDING OF NEW POLAR VESSEL**

**World's Foremost Expedition Vessel Will Be the First Polar New Build in the
Lindblad Expeditions-National Geographic Fleet**

NEW YORK, NY, November 7, 2017 --- Lindblad Expeditions Holdings, Inc. (NASDAQ: LIND; "Lindblad", the "Company"), the global leader of expedition cruises and adventure travel experiences, today announced that it has signed an agreement with Norwegian shipbuilder and ship designer Ulstein to build the world's foremost expedition ship.

The new vessel will be built in Ulsteinvik, Norway and is scheduled for delivery in the first quarter of 2020, with an option for two additional ships to be delivered in subsequent years.

The state-of-the-art polar vessel has been designed as the ultimate expedition platform with a focus on safety and comfort, as well as incorporating innovative sustainability solutions to reduce its environmental impact. A core feature is Ulstein's signature X-BOW®, a distinctive bow that provides fuel efficiency while significantly improving guest comfort in rough seas; and a very high ice class for access deep into polar regions. The ship's expanded fuel and water tanks provide for extended operations in remote areas; while the zero-speed stabilizers will ensure stability underway, whether at zero speed when stopped for wildlife observation, or embarking/disembarking the ship.

"We are incredibly excited to be working with Ulstein and their brilliant team of engineers and designers on this state-of-the-art vessel as we continue expansion of our fleet. It is the next step in the long-term growth of the company, and will be the most extraordinary global expedition ship in the world on a multitude of levels," said Sven Lindblad, President and CEO of Lindblad.

"The launch of this ship will mark the 50th anniversary year of the first-ever purpose-built expedition ship, *Lindblad Explorer*, which was built by my father, Lars-Eric Lindblad, and will set another important milestone in the company's commitment to deliver expedition travel at its best," added Lindblad.

In keeping with the Lindblad Expeditions-National Geographic ethos to connect guests with the environment being explored, the ship will be designed to access the outside environment from anywhere on the ship. With 75% of the cabins featuring balconies for private viewing; multiple observation decks inside and outside, and new "observation wings," the surrounding environs will always be accessible. Off-ship exploring will be greatly enhanced with an innovative Zodiac loading system which will allow everyone to get ashore quickly and safely, ensuring quick access to every destination. The ship's complement of expedition tools for exploration will include kayaks, cross-country skis, a remotely operated vehicle (ROV), hydrophones, a video microscope, underwater video cameras, a helicopter landing platform, and more to be announced in the coming months.

The ship will afford gracious comfort and an unparalleled level of service, with the highest comfort class for guests to ensure a quiet and peaceful environment onboard. The 69 spacious guest cabins and suites will include 12 cabins for solo travelers. The spa and fitness area will include treatment rooms, saunas, a fitness room, a relaxation area and yoga room; and there will be two infinity Jacuzzis for the utmost relaxation in pristine environments. Dining offerings include a main restaurant with outstanding views to the surroundings, and an outdoor barbeque and bistro area.

“Our expedition cruises, operated through our alliance with Lindblad Expeditions, have delivered remarkable experiences to our guests for the past 13 years,” said Nancy Schumacher, head of Travel and Tour Operations for National Geographic. “The expansion of the Lindblad-National Geographic fleet is truly terrific news, as it allows us to offer these unforgettable trips to even more travelers in the future. We look forward to joining our partner Lindblad Expeditions in celebrating the launch of the latest addition to the Lindblad-National Geographic fleet.”

“We are pleased to have been chosen as a partner for this exciting project. Lindblad is an innovative company and a frontrunner in the exploration cruise industry. We look forward to turning this project into reality together with Lindblad and their partners,” stated Gunvor Ulstein, CEO at Ulstein Group.

About Lindblad Expeditions Holdings, Inc.

Lindblad Expeditions Holdings, Inc. is an expedition travel company that works in partnership with National Geographic to inspire people to explore and care about the planet. The organizations work in tandem to produce innovative marine expedition programs and to promote conservation and sustainable tourism around the world. The partnership’s educationally oriented voyages allow guests to interact with and learn from leading scientists, naturalists and researchers while discovering stunning natural environments, above and below the sea, through state-of-the-art exploration tools.

About Ulstein Group

ULSTEIN has 600 employees and is headquartered in Ulsteinvik, Norway. ULSTEIN delivers products and services within ship design, shipbuilding and equipment packages to the international market. In 2017, they celebrate their 100-year anniversary. Throughout a century they have created tomorrow’s solutions for sustainable marine operations together with their partners.

About National Geographic Partners LLC

National Geographic Partners LLC (NGP), a joint venture between National Geographic and 21st Century Fox, is committed to bringing the world premium science, adventure and exploration content across an unrivaled portfolio of media assets. NGP combines the global National Geographic television channels (National Geographic Channel, Nat Geo WILD, Nat Geo MUNDO, Nat Geo PEOPLE) with National Geographic’s media and consumer-oriented assets, including National Geographic magazines; National Geographic studios; related digital and social media platforms; books; maps; children’s media; and ancillary activities that include travel, global experiences and events, archival sales, licensing and ecommerce businesses. Furthering knowledge and understanding of our world has been the core purpose of National Geographic for 129 years, and now we are committed to going deeper, pushing boundaries, going further for our consumers ... and reaching over 760 million people around the world in 172 countries and 43 languages every month as we do it. NGP returns 27 percent of our proceeds to the nonprofit National Geographic Society to fund work in the areas of science, exploration, conservation and education. For more information visit natgeotv.com or nationalgeographic.com, or find us on Facebook, Twitter, Instagram, Google+, YouTube, LinkedIn and Pinterest.

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[\(Back To Top\)](#)