UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2021

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________________________ to ________________________

Commission file number: 001-36246

Civeo Corporation

(Exact name of registrant as specified in its charter)

British Columbia, Canada (State or other jurisdiction of incorporation or organization)	98-1253716 (I.R.S. Employer Identification No.)
Three Allen Center, 333 Clay Street, Suite 4980, Houston, Texas (Address of principal executive offices)	77002 (Zip Code)

(713) 510-2400

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Shares, no par value	CVEO	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "accelerated filer," "large accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☐	Accelerated Filer	☒	Emerging Growth Company	☐
Non-Accelerated Filer	☐	Smaller Reporting 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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes	☐	No	☒

The Registrant had 14,316,274 common shares outstanding as of July 26, 2021.

CIVEO CORPORATION

INDEX

PART I -- FINANCIAL INFORMATION

ITEM 1. ***Financial Statements***

CIVEO CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, Except Per Share Amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenues:				
Service and other	$ 147,784	$ 110,006	$ 269,780	$ 239,405
Rental	4,540	3,865	7,604	10,044
Product	1,852	831	2,222	4,045
	154,176	114,702	279,606	253,494
Costs and expenses:				
Service and other costs	103,449	78,860	199,911	174,904
Rental costs	3,661	3,615	6,631	8,428
Product costs	892	658	1,270	3,114
Selling, general and administrative expenses	14,703	11,490	28,884	25,427
Depreciation and amortization expense	21,377	22,205	42,646	47,707
Impairment expense	7,935	—	7,935	144,120
Other operating expense (income)	30	(285)	101	704
	152,047	116,543	287,378	404,404
Operating income (loss)	2,129	(1,841)	(7,772)	(150,910)
Interest expense	(3,401)	(3,854)	(6,763)	(9,449)
Interest income	2	4	2	20
Other income	788	12,642	5,702	12,667
(Loss) income before income taxes	(482)	6,951	(8,831)	(147,672)
Income tax benefit (expense)	492	(122)	(584)	8,689
Net income (loss)	10	6,829	(9,415)	(138,983)
Less: Net income attributable to noncontrolling interest	(3)	222	56	480
Net income (loss) attributable to Civeo Corporation	13	6,607	(9,471)	(139,463)
Less: Dividends attributable to Class A preferred shares	480	471	958	939
Net (loss) income attributable to Civeo common shareholders	$ (467)	$ 6,136	$ (10,429)	$ (140,402)
Per Share Data (see Note 7) (1)				
Basic net (loss) income per share attributable to Civeo Corporation common shareholders	$ (0.03)	$ 0.37	$ (0.73)	$ (9.96)
Diluted net (loss) income per share attributable to Civeo Corporation common shareholders	$ (0.03)	$ 0.37	$ (0.73)	$ (9.96)
Weighted average number of common shares outstanding:				
Basic	14,278	14,151	14,244	14,097
Diluted	14,278	14,166	14,244	14,097

(1) Reflects our 1-for-12 reverse share split that became effective November 19, 2020. See Note 1 - Description of Business and Basis of Presentation to the notes to the unaudited consolidated financial statements included in Item 1 of this quarterly report for further discussion.

The accompanying notes are an integral part of these financial statements.

CIVEO CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In Thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income (loss)	$ 10	$ 6,829	$ (9,415)	$ (138,983)
Other comprehensive income (loss), net of taxes:				
Foreign currency translation adjustment, net of zero taxes	(1,573)	29,385	(3,200)	(19,156)
Total other comprehensive income (loss), net of taxes	(1,573)	29,385	(3,200)	(19,156)
Comprehensive income (loss)	(1,563)	36,214	(12,615)	(158,139)
Less: Comprehensive (loss) income attributable to noncontrolling interest	(11)	303	38	466
Comprehensive (loss) income attributable to Civeo Corporation	$ (1,552)	$ 35,911	$ (12,653)	$ (158,605)

The accompanying notes are an integral part of these financial statements.

CIVEO CORPORATION

CONSOLIDATED BALANCE SHEETS
(In Thousands, Excluding Share Amounts)

	June 30, 2021	December 31, 2020
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,414	$ 6,155
Accounts receivable, net	114,187	89,782
Inventories	6,958	6,181
Prepaid expenses	5,537	7,020
Other current assets	9,976	6,165
Assets held for sale	2,205	3,910
Total current assets	143,277	119,213
Property, plant and equipment, net	442,819	486,930
Goodwill	8,474	8,729
Other intangible assets, net	98,967	99,749
Operating lease right-of-use assets	21,445	22,606
Other noncurrent assets	2,705	3,626
Total assets	$ 717,687	$ 740,853
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 43,956	$ 42,056
Accrued liabilities	23,983	27,349
Income taxes	225	203
Current portion of long-term debt	35,593	34,585
Deferred revenue	21,486	6,812
Other current liabilities	5,997	5,760
Total current liabilities	131,240	116,765
Long-term debt, less current maturities	189,228	214,000
Operating lease liabilities	17,997	19,834
Other noncurrent liabilities	15,817	14,897
Total liabilities	354,282	365,496
Commitments and contingencies (Note 10)		
Shareholders' Equity:		
Preferred shares (Class A Series 1, no par value; 50,000,000 shares authorized, 9,042 shares issued and outstanding, respectively; aggregate liquidation preference of $96,471,559 and $95,514,031 as of June 30, 2021 and December 31, 2020)	60,974	60,016
Common shares (no par value; 46,000,000 shares authorized, 14,636,872 shares and 14,478,878 shares issued, respectively, and 14,316,274 shares and 14,215,169 shares outstanding, respectively) (1)	—	—
Additional paid-in capital	1,580,213	1,578,315
Accumulated deficit	(918,156)	(907,727)
Common shares held in treasury at cost, 320,598 and 263,709 shares, respectively	(8,050)	(6,930)
Accumulated other comprehensive loss	(352,171)	(348,989)
Total Civeo Corporation shareholders' equity	362,810	374,685
Noncontrolling interest	595	672
Total shareholders' equity	363,405	375,357
Total liabilities and shareholders' equity	$ 717,687	$ 740,853

(1) Reflects our 1-for-12 reverse share split that became effective November 19, 2020. See Note 1 - Description of Business and Basis of Presentation to the notes to the unaudited consolidated financial statements included in Item 1 of this quarterly report for further discussion.

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CIVEO CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (In Thousands)

	Attributable to Civeo							
	Preferred Shares	Common Shares						
	Amount	Par Value	Additional Paid-in Capital	Accumulated Deficit	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total Shareholders' Equity
Balance, March 31, 2020	**$ 58,597**	**$ —**	**$ 1,574,457**	**$ (918,128)**	**$ (6,914)**	**$ (411,619)**	**$ 552**	**$ 296,945**
Net income (loss)	—	—	—	6,607	—	—	222	6,829
Currency translation adjustment	—	—	—	—	—	29,304	81	29,385
Dividends paid	—	—	—	—	—	—	(231)	(231)
Dividends attributable to Class A preferred shares	471	—	—	(471)	—	—	—	—
Share-based compensation	—	—	1,331	—	(16)	—	—	1,315
Balance, June 30, 2020	**$ 59,068**	**$ —**	**$ 1,575,788**	**$ (911,992)**	**$ (6,930)**	**$ (382,315)**	**$ 624**	**$ 334,243**
Balance, March 31, 2021	**$ 60,494**	**$ —**	**$ 1,579,342**	**$ (917,689)**	**$ (8,050)**	**$ (350,606)**	**$ 648**	**$ 364,139**
Net income (loss)	—	—	—	13	—	—	(3)	10
Currency translation adjustment	—	—	—	—	—	(1,565)	(8)	(1,573)
Dividends paid	—	—	—	—	—	—	(42)	(42)
Dividends attributable to Class A preferred shares	480	—	—	(480)	—	—	—	—
Share-based compensation	—	—	871	—	—	—	—	871
Balance, June 30, 2021	**$ 60,974**	**$ —**	**$ 1,580,213**	**$ (918,156)**	**$ (8,050)**	**$ (352,171)**	**$ 595**	**$ 363,405**
Balance, December 31, 2019	**$ 58,129**	**$ —**	**$ 1,572,249**	**$ (771,590)**	**$ (5,472)**	**$ (363,173)**	**$ 662**	**$ 490,805**
Net income (loss)	—	—	—	(139,463)	—	—	480	(138,983)
Currency translation adjustment	—	—	—	—	—	(19,142)	(14)	(19,156)
Dividends paid	—	—	—	—	—	—	(504)	(504)
Dividends attributable to Class A preferred shares	939	—	—	(939)	—	—	—	—
Share-based compensation	—	—	3,539	—	(1,458)	—	—	2,081
Balance, June 30, 2020	**$ 59,068**	**$ —**	**$ 1,575,788**	**$ (911,992)**	**$ (6,930)**	**$ (382,315)**	**$ 624**	**$ 334,243**
Balance, December 31, 2020	**$ 60,016**	**$ —**	**$ 1,578,315**	**$ (907,727)**	**$ (6,930)**	**$ (348,989)**	**$ 672**	**$ 375,357**
Net income (loss)	—	—	—	(9,471)	—	—	56	(9,415)
Currency translation adjustment	—	—	—	—	—	(3,182)	(18)	(3,200)
Dividends paid	—	—	—	—	—	—	(115)	(115)
Dividends attributable to Class A preferred shares	958	—	—	(958)	—	—	—	—
Share-based compensation	—	—	1,898	—	(1,120)	—	—	778
Balance, June 30, 2021	**$ 60,974**	**$ —**	**$ 1,580,213**	**$ (918,156)**	**$ (8,050)**	**$ (352,171)**	**$ 595**	**$ 363,405**

	Preferred Shares	Common Shares (in thousands)[(1)]
Balance, December 31, 2020	**9,042**	**14,215**
Share-based compensation	—	101
Balance, June 30, 2021	**9,042**	**14,316**

(1) Reflects our 1-for-12 reverse share split that became effective November 19, 2020. See Note 1 - Description of Business and Basis of Presentation to the notes to the unaudited consolidated financial statements included in Item 1 of this quarterly report for further discussion.

The accompanying notes are an integral part of these financial statements.

CIVEO CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	Six Months Ended June 30,	
	2021	2020
Cash flows from operating activities:		
Net loss	$ (9,415)	$ (138,983)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	42,646	47,707
Impairment charges	7,935	144,120
Deferred income tax expense (benefit)	416	(8,941)
Non-cash compensation charge	1,898	3,539
Gains on disposals of assets	(1,941)	(1,819)
Provision for credit losses, net of recoveries	147	25
Other, net	1,483	(3,240)
Changes in operating assets and liabilities:		
Accounts receivable	(24,617)	10,231
Inventories	(830)	(1,895)
Accounts payable and accrued liabilities	(563)	(4,583)
Taxes payable	21	251
Other current and noncurrent assets and liabilities, net	12,170	(1,094)
Net cash flows provided by operating activities	29,350	45,318
Cash flows from investing activities:		
Capital expenditures	(6,530)	(3,847)
Proceeds from disposition of property, plant and equipment	7,012	1,897
Other, net	—	4,619
Net cash flows provided by investing activities	482	2,669
Cash flows from financing activities:		
Revolving credit borrowings	117,976	122,320
Revolving credit repayments	(130,080)	(147,950)
Term loan repayments	(17,874)	(16,551)
Taxes paid on vested shares	(1,120)	(1,458)
Net cash flows used in financing activities	(31,098)	(43,639)
Effect of exchange rate changes on cash	(475)	(368)
Net change in cash and cash equivalents	(1,741)	3,980
Cash and cash equivalents, beginning of period	6,155	3,331
Cash and cash equivalents, end of period	$ 4,414	$ 7,311
Non-cash financing activities:		
Preferred dividends paid-in-kind	$ 958	$ 939

The accompanying notes are an integral part of these financial statements.

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of the Business

We provide hospitality services to the natural resources industry in Canada, Australia and the U.S. We provide a full suite of hospitality services for our guests, including lodging, catering and food service, housekeeping and maintenance at accommodation facilities that we or our customers own. In many cases, we provide services that support the day-to-day operations of accommodation facilities, such as laundry, facility management and maintenance, water and wastewater treatment, power generation, communication systems, security and logistics. We also offer development activities for workforce accommodation facilities, including site selection, permitting, engineering and design, manufacturing management and site construction, along with providing hospitality services once the facility is constructed. We primarily operate in some of the world's most active oil, metallurgical (met) coal, liquefied natural gas (LNG) and iron ore producing regions, and our customers include major and independent oil companies, mining companies, engineering companies and oilfield and mining service companies. We operate in three principal reportable business segments – Canada, Australia and the U.S.

Reverse Share Split

On November 19, 2020, we effected a reverse share split where each twelve issued and outstanding common shares were converted into one common share. Our common shares began trading on a reverse share split adjusted basis on November 19, 2020. A total of 14,215,169 common shares were issued and outstanding immediately after the reverse share split. No fractional shares were outstanding following the reverse share split. In lieu of any fractional share, the aggregate number of common shares that a holder was entitled to was, if the fraction was less than half a common share, rounded down to the next closest whole number of common shares, and if the fraction was at least half of a common share, rounded up to one whole common share.

The reverse share split did not affect the number of authorized or issued and outstanding shares of our preferred shares. As a result of the reverse share split, the conversion price for the Company's outstanding Class A Series 1 preferred shares (Series A preferred shares) was automatically increased to $39.60 for each Series A preferred share (previously it was $3.30 per Series A preferred share).

All authorized, issued and outstanding shares and per share amounts contained in the accompanying consolidated financial statements have been adjusted to reflect this reverse share split for all prior periods presented.

Basis of Presentation

Unless otherwise stated or the context otherwise indicates: (i) all references in these consolidated financial statements to "Civeo," "us," "our" or "we" refer to Civeo Corporation and its consolidated subsidiaries; and (ii) all references in this report to "dollars" or "$" are to U.S. dollars.

The accompanying unaudited consolidated financial statements of Civeo have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the SEC) pertaining to interim financial information. Certain information in footnote disclosures normally included in financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) has been condensed or omitted pursuant to those rules and regulations. The unaudited financial statements included in this report reflect all the adjustments, consisting of normal recurring adjustments, which Civeo considers necessary for a fair presentation of the results of operations for the interim periods covered and for the financial condition of Civeo at the date of the interim balance sheet. Results for the interim periods are not necessarily indicative of results for the full year.

The preparation of consolidated financial statements in conformity with GAAP requires the use of estimates and assumptions by management in determining the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. If the underlying estimates and assumptions upon which the financial statements are based change in future periods, actual amounts may differ from those included in the accompanying consolidated financial statements.

The financial statements included in this report should be read in conjunction with our audited financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2020.

2. RECENT ACCOUNTING PRONOUNCEMENTS

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (the FASB), which are adopted by us as of the specified effective date. Unless otherwise discussed, management believes that the impact of recently issued standards or other guidance updates, which are not yet effective, will not have a material impact on our consolidated financial statements upon adoption.

In December 2019, the FASB issued Accounting Standards Update (ASU) 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. The amendments in ASU 2019-12 remove certain exceptions to the general principles in Accounting Standards Codification Topic 740. The amendments also clarify and amend existing guidance to improve consistent application. The amendments are effective for financial statements issued for reporting periods beginning after December 15, 2020 and interim periods within the reporting periods. The transition method (retrospective, modified retrospective or prospective basis) related to the amendments depends on the applicable guidance, and all amendments for which there is no transition guidance specified are to be applied on a prospective basis. We adopted ASU 2019-12 on January 1, 2021 and have applied the prospective basis. The adoption of this new standard did not have an impact on our consolidated financial statements.

3. REVENUE

The following table disaggregates our revenue by our three reportable segments: Canada, Australia and the U.S., and major categories for the periods indicated (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Canada				
Accommodation revenues	$ 69,759	$ 40,204	$ 116,289	$ 106
Mobile facility rental revenues	8,666	6,072	19,165	8
Food service and other services revenues	4,856	6,710	9,712	17
Total Canada revenues	83,281	52,986	145,166	132
Australia				
Accommodation revenues	$ 37,780	$ 34,933	$ 71,455	$ 67
Food service and other services revenues	26,239	22,138	52,201	38
Total Australia revenues	64,019	57,071	123,656	106
U.S.				
Accommodation revenues	$ 1,605	$ 242	$ 2,377	$ 1
Mobile facility rental revenues	3,761	3,870	6,828	10
Manufacturing revenues	1,499	524	1,562	3
Food service and other services revenues	11	9	17	
Total U.S. revenues	6,876	4,645	10,784	14
Total revenues	$ 154,176	$ 114,702	$ 279,606	$ 253

Our payment terms vary by the type and location of our customer and the products or services offered. The term between invoicing and when our performance obligations are satisfied is not significant. Payment terms are generally within 30 days and do not extend beyond 60 days, unless otherwise agreed to. We do not have significant financing components or significant payment terms.

As of June 30, 2021, for contracts that are greater than one year, the table below discloses the estimated revenues related to performance obligations that are unsatisfied (or partially unsatisfied) and when we expect to recognize the revenue. The table only includes revenue expected to be recognized from contracts where the quantity of service is certain (in thousands):

	For the years ending December 31,				
	2021	2022	2023	Thereafter	Total
Revenue expected to be recognized as of June 30, 2021	$ 53,065	$ 81,244	$ 14,253	$ 2,008	$ 150,570

We applied the practical expedient and do not disclose consideration for remaining performance obligations with an original expected duration of one year or less. In addition, we do not estimate revenues expected to be recognized related to unsatisfied performance obligations for contracts without minimum room commitments. The table above represents only a portion of our expected future consolidated revenues and it is not necessarily indicative of the expected trend in total revenues.

4. FAIR VALUE MEASUREMENTS

Our financial instruments consist of cash and cash equivalents, receivables, payables and debt instruments. We believe that the carrying values of these instruments on the accompanying consolidated balance sheets approximate their fair values.

As of June 30, 2021 and December 31, 2020, we believe the carrying value of our floating-rate debt outstanding under our term loans and revolving credit facilities approximates fair value because the terms include short-term interest rates and exclude penalties for prepayment. We estimated the fair value of our floating-rate term loan and revolving credit facilities using significant other observable inputs, representative of a Level 2 fair value measurement, including terms and credit spreads for these loans.

During the first quarter of 2020, we recorded goodwill impairment charges related to one of our reporting units. Our estimates of fair value required us to use significant unobservable inputs, representative of Level 3 fair value measurements, including numerous assumptions with respect to future circumstances that might directly impact each of the relevant asset groups' operations in the future and are therefore uncertain. These assumptions with respect to future circumstances included future cash flows, oil, met coal and natural gas prices, anticipated spending by our customers, the cost of capital, and industry and/or local market conditions. We estimated the fair value when conducting the goodwill impairment test primarily using an income approach. The discount rates used to value our reporting units for the goodwill impairment test ranged between 10.5% and 14.0%.

During the second quarter of 2021 and the first quarter of 2020, we wrote down certain long-lived assets to fair value. During the first quarter of 2020, we estimated the fair value when conducting the long-lived asset impairment tests primarily using an income approach. We used a variety of unobservable inputs and underlying assumptions consistent with those discussed above for purposes of our goodwill impairment test. The discount rates used to value our Canadian and U.S. segments long-lived asset impairment analysis ranged between 11.0% and 14.0%. During the second quarter of 2021, our estimate of the fair value of undeveloped land positions in Australia that were impaired was based on appraisals from third parties.

See Note 6 – Impairment Charges for further information.

5. DETAILS OF SELECTED BALANCE SHEET ACCOUNTS

Additional information regarding selected balance sheet accounts at June 30, 2021 and December 31, 2020 is presented below (in thousands):

	June 30, 2021	December 31, 2020
Accounts receivable, net:		
Trade	$ 82,844	$ 66,071
Unbilled revenue	31,716	22,565
Other	7	1,421
Total accounts receivable	114,567	90,057
Allowance for credit losses	(380)	(275)
Total accounts receivable, net	$ 114,187	$ 89,782

As of December 31, 2020, Other accounts receivable included $1.1 million related to the Canada Emergency Wage Subsidy (CEWS), a subsidy implemented by the Canadian government in response to the COVID-19 pandemic. For the three months ended June 30, 2021 and 2020, Other income related to the CEWS was $0.7 million and $6.2 million, respectively. For the six months ended June 30, 2021 and 2020, Other income related to the CEWS was $3.5 million and $6.2 million, respectively.

	June 30, 2021	December 31, 2020
Inventories:		
Finished goods and purchased products	$ 5,330	$ 5,047
Work in process	337	45
Raw materials	1,291	1,089
Total inventories	$ 6,958	$ 6,181

	Estimated Useful Life (in years)	June 30, 2021	December 31, 2020
Property, plant and equipment, net:			
Land		$ 40,723	$ 47,751
Accommodations assets	3 — 15	1,718,621	1,737,620
Buildings and leasehold improvements	7 — 20	28,471	28,831
Machinery and equipment	4 — 15	13,541	12,784
Office furniture and equipment	3 — 7	63,556	61,850
Vehicles	3 — 5	14,467	15,363
Construction in progress		6,443	5,523
Total property, plant and equipment		1,885,822	1,909,722
Accumulated depreciation		(1,443,003)	(1,422,792)
Total property, plant and equipment, net		$ 442,819	$ 486,930

As of December 31, 2020, assets held for sale included $3.9 million related to our modular construction and manufacturing plant near Edmonton, Alberta, Canada. During the first quarter 2021, the manufacturing facility was sold. As of June 30, 2021, assets held for sale included $2.2 million related to various non-operational land holdings in Australia.

	June 30, 2021	December 31, 2020
Accrued liabilities:		
Accrued compensation	$ 18,898	$ 22,475
Accrued taxes, other than income taxes	3,534	3,099
Other	1,551	1,775
Total accrued liabilities	$ 23,983	$ 27,349

6. IMPAIRMENT CHARGES

Quarter ended June 30, 2021. During the second quarter of 2021, we recorded impairment expense of $7.9 million related to various undeveloped land positions and related permitting costs in Australia. At June 30, 2021, we identified an impairment trigger related to certain of these properties due to the cancellation of a significant thermal coal project in Australia and our negative expectations related to other possible Australian thermal coal projects becoming viable in the near term. Accordingly, the assets were written down to their estimated fair value of $2.4 million. As of June 30, 2021, we concluded certain of the undeveloped land positions met the criteria to be classified as held for sale.

Quarter ended March 31, 2020. During the first quarter of 2020, we recorded impairment expense related to goodwill and long-lived assets.

The spread of the COVID-19 coronavirus (COVID-19) and the response thereto during the first quarter of 2020 negatively impacted the global economy. The resulting unprecedented decline in oil demand, coupled with disagreements between Saudi Arabia and Russia about production limits, resulted in a collapse of global oil prices in March 2020, thereby creating unprecedented downward pressure on stock prices in the energy industry, particularly small-cap companies with operations in the U.S. and Canada, such as Civeo. As a result, we experienced a sustained reduction of our share price during the first quarter of 2020. Our market capitalization implied an enterprise value which was significantly less than the sum of the estimated fair values of our reporting units, and we determined that an indicator of a goodwill impairment was present as of March 31, 2020. Accordingly, we performed an interim goodwill impairment test as of March 31, 2020, and the carrying amount of our Canadian reporting unit exceeded the reporting unit's fair value. Based on the results of the impairment test, we reduced the value of our goodwill in our Canadian reporting unit to zero and recognized impairment expense in the first quarter of 2020 of $93.6 million.

Furthermore, as a result of the decline in global oil prices and forecasts for a potentially protracted period of lower prices, as well as the goodwill impairment in our Canadian segment, we determined all asset groups within this segment had experienced a trigger that indicated that the carrying values might not be recoverable. Accordingly, we assessed the carrying value of each asset group to determine if it continued to be recoverable based on estimated future cash flows. Based on the assessment, the carrying values of certain asset groups were determined to not be fully recoverable, and we proceeded to compare the estimated fair value of these asset groups to their respective carrying values. As a result, certain asset groups were written down to their estimated fair values of $43.5 million and we recorded impairment expense of $38.1 million related to certain long-lived assets in our Canadian segment.

Also, as a result of the decline in global oil prices and forecasts for a potentially protracted period of lower prices, we reviewed all asset groups in our U.S. segment to determine if an indicator of impairment had occurred that would indicate that the carrying values of the asset groups in the segment might not be recoverable. We determined that certain asset groups within the segment had experienced an indicator of impairment, and thus we assessed the carrying values of our long-lived assets in the U.S. to determine if they continued to be recoverable based on estimated future cash flows. Based on the assessment, the carrying values of certain of our U.S. asset groups were determined to not be recoverable, and we proceeded to compare the estimated fair values of the asset groups to their respective carrying values. Accordingly, these assets were written down to their estimated fair values of $12.5 million. We recorded impairment expense of $12.4 million during the first quarter of 2020 related to our U.S. segment.

7. EARNINGS PER SHARE

As previously disclosed in Note 1 - Description of Business and Basis of Presentation, a 1-for-12 reverse share split became effective on November 19, 2020 for all authorized, issued and outstanding shares of Civeo common shares. Accordingly, all share and per share amounts have been adjusted to reflect this reverse stock split for all prior periods presented.

We calculate basic and diluted earnings per share by applying the two-class method because we have participating securities in the form of Class A preferred shares. Participating securities are allocated a proportional share of net income determined by dividing total weighted average participating securities by the sum of total weighted average common shares and participating securities. We also apply the treasury stock method with respect to certain share-based awards in the calculation of diluted earnings per share, if dilutive.

The calculation of earnings per share attributable to Civeo common shareholders is presented below for the periods indicated (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Numerator:				
Net (loss) income attributable to Civeo common shareholders	$ (467)	$ 6,136	$ (10,429)	$ (140,402)
Less: income allocated to participating securities	—	(886)	—	—
Basic net income (loss) attributable to Civeo Corporation common shareholders	$ (467)	$ 5,250	$ (10,429)	$ (140,402)
Add: undistributed income attributable to participating securities	—	886	—	—
Less: undistributed income reallocated to participating securities	—	(885)	—	—
Diluted net income (loss) attributable to Civeo Corporation common shareholders	$ (467)	$ 5,251	$ (10,429)	$ (140,402)
Denominator:				
Weighted average shares outstanding - basic	14,278	14,151	14,244	14,097
Dilutive shares - share-based awards	—	15	—	—
Weighted average shares outstanding - diluted	14,278	14,166	14,244	14,097
Basic net loss per share attributable to Civeo Corporation common shareholders [(1)]	$ (0.03)	$ 0.37	$ (0.73)	$ (9.96)
Diluted net loss per share attributable to Civeo Corporation common shareholders [(1)]	$ (0.03)	$ 0.37	$ (0.73)	$ (9.96)

(1) Computations may reflect rounding adjustments.

For the three months ended June 30, 2020, we excluded 0.3 million share-based awards from the computation of diluted earnings per share because their effect was anti-dilutive. When an entity has a net loss from continuing operations, it is prohibited from including potential common shares in the computation of diluted per share amounts. For the three months ended June 30, 2021 and the six months ended June 30, 2021 and 2020, we excluded from the computation of diluted loss per share 0.1 million, 0.2 million and 0.4 million share-based awards, respectively, since the effect would have been anti-dilutive. Additionally, for the three and six months ended June 30, 2021 and 2020, we excluded from the computation the impact of converting the Preferred Shares into 2.4 million and 2.4 million common shares, respectively, since the effect would have been anti-dilutive.

8. DEBT

As of June 30, 2021 and December 31, 2020, long-term debt consisted of the following (in thousands):

	June 30, 2021	December 31, 2020
Canadian term loan, which matures on May 30, 2023; C$11.2 million principal repayable per quarter; weighted average interest rate of 4.0% for the six month period ended June 30, 2021	$ 174,636	$ 187,530
U.S. revolving credit facility, which matures on May 30, 2023; weighted average interest rate of 5.8% for the six month period ended June 30, 2021	—	—
Canadian revolving credit facility, which matures on May 30, 2023; weighted average interest rate of 4.5% for the six month period ended June 30, 2021	44,697	45,789
Australian revolving credit facility, which matures on May 30, 2023; weighted average interest rate of 3.6% for the six month period ended June 30, 2021	7,500	17,767
	226,833	251,086
Less: Unamortized debt issuance costs	2,012	2,501
Total debt	224,821	248,585
Less: Current portion of long-term debt, including unamortized debt issuance costs, net	35,593	34,585
Long-term debt, less current maturities	$ 189,228	$ 214,000

Credit Agreement

As of June 30, 2021, our Credit Agreement (as then amended to date, the Credit Agreement) provided for: (i) a $167.3 million revolving credit facility scheduled to mature on May 30, 2023, allocated as follows: (A) a $10.0 million senior secured revolving credit facility in favor of certain of our U.S. subsidiaries, as borrowers; (B) a $122.3 million senior secured revolving credit facility in favor of Civeo and certain of our Canadian subsidiaries, as borrowers; and (C) a $35.0 million senior secured revolving credit facility in favor of one of our Australian subsidiaries, as borrower; and (ii) a $194.8 million term loan facility scheduled to mature on May 30, 2023 for certain lenders in favor of Civeo.

U.S. dollar amounts outstanding under the facilities provided by the Credit Agreement bear interest at a variable rate equal to the London Inter-Bank Offered Rate (LIBOR) plus a margin of 3.50% to 4.50%, or a base rate plus 2.50% to 3.50%, in each case based on a ratio of our total debt to consolidated EBITDA (as defined in the Credit Agreement). Canadian dollar amounts outstanding bear interest at a variable rate equal to a Bankers' Acceptance Discount Rate (as defined in the Credit Agreement) based on the Canadian Dollar Offered Rate (CDOR) plus a margin of 3.50% to 4.50%, or a Canadian Prime rate plus a margin of 2.50% to 3.50%, in each case based on a ratio of our total debt to consolidated EBITDA. Australian dollar amounts outstanding under the Credit Agreement bear interest at a variable rate equal to the Bank Bill Swap Bid Rate plus a margin of 3.50% to 4.50%, based on a ratio of our total debt to consolidated EBITDA. The future transitions from LIBOR and CDOR as interest rate benchmarks are addressed in the Credit Agreement and at such time the transition from LIBOR or CDOR takes place, we will endeavor with the administrative agent to establish an alternate rate of interest to LIBOR or CDOR that gives due consideration to (1) the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time for the replacement of LIBOR and (2) any evolving or then existing convention for similar Canadian Dollar denominated syndicated credit facilities for the replacement of CDOR.

The Credit Agreement contains customary affirmative and negative covenants that, among other things, limit or restrict: (i) indebtedness, liens and fundamental changes; (ii) asset sales; (iii) acquisitions of margin stock; (iv) specified acquisitions; (v) certain restrictive agreements; (vi) transactions with affiliates; and (vii) investments and other restricted payments, including dividends and other distributions. In addition, we must maintain an interest coverage ratio, defined as the ratio of consolidated EBITDA to consolidated interest expense, of at least 3.00 to 1.00 and our maximum leverage ratio, defined as the ratio of total debt to consolidated EBITDA, of no greater than 3.50 to 1.00. Following a qualified offering of indebtedness with gross proceeds in excess of $150.0 million, we will be required to maintain a maximum leverage ratio of no greater than 4.00 to 1.00 and a maximum senior secured ratio less than 2.50 to 1.00. Each of the factors considered in the calculations of these ratios are defined in the Credit Agreement. EBITDA and consolidated interest, as defined, exclude goodwill and asset impairments, debt discount amortization, amortization of intangibles and other non-cash charges. We were in compliance with our covenants as of June 30, 2021.

Borrowings under the Credit Agreement are secured by a pledge of substantially all of our assets and the assets of our subsidiaries subject to customary exceptions. The obligations under the Credit Agreement are guaranteed by our significant subsidiaries. As of June 30, 2021, we had eight lenders that were parties to the Credit Agreement, with total commitments (including both revolving commitments and term commitments) ranging from $22.4 million to $71.1 million. As of June 30, 2021, we had outstanding letters of credit of $0.9 million under the U.S. facility, zero under the Australian facility and $2.1 million under the Canadian facility.

As of June 30, 2021, we had one bank guarantee facility totaling A$1.0 million. We had bank guarantees of A$0.8 million outstanding under the facility as of June 30, 2021.

9. INCOME TAXES

Our operations are conducted through various subsidiaries in a number of countries throughout the world. We have provided for income taxes based upon the tax laws and rates in the countries in which operations are conducted and income is earned.

We operate in three jurisdictions, Canada, Australia and the U.S., where statutory tax rates range from 21% to 30%. Our effective tax rate will vary from period to period based on changes in earnings mix between these different jurisdictions.

We compute our quarterly taxes under the effective tax rate method by applying an anticipated annual effective rate to our year-to-date income, except for significant unusual or extraordinary transactions. Income taxes for any significant and unusual or extraordinary transactions are computed and recorded in the period in which the specific transaction occurs. As of June 30, 2021 and 2020, Canada and the U.S. were considered loss jurisdictions for tax accounting purposes and were removed from the annual effective tax rate computation for purposes of computing the interim tax provision.

Our income tax benefit for the three months ended June 30, 2021 totaled $0.5 million, or 102.1% of pretax loss, compared to tax expense of $0.1 million, or 1.8% of pretax income, for the three months ended June 30, 2020. Our effective tax rate for both the three months ended June 30, 2021 and June 30, 2020 was impacted by considering Canada and the U.S. loss jurisdictions that were removed from the annual effective tax rate computation for purposes of computing the interim tax provision. Under ASC 740-270, "Accounting for Income Taxes," the quarterly tax provision is based on our current estimate of the annual effective tax rate less the prior quarter's year-to-date provision.

Our income tax expense for the six months ended June 30, 2021 totaled $0.6 million, or (6.6)% of pretax loss, compared to a benefit of $8.7 million, or 5.9% of pretax loss, for the six months ended June 30, 2020. Our effective tax rate for the six months ended June 30, 2021 and June 30, 2020 was impacted by considering Canada and the U.S. loss jurisdictions. Although Australia was not considered a loss jurisdiction for the six months ended June 30, 2020, our effective tax rate was impacted by utilization of deferred tax assets and a release of the corresponding valuation allowance in Australia, resulting in no income tax expense for that jurisdiction. Additionally, our effective tax rate for the six months ended June 30, 2020 was impacted by a deferred tax benefit of $9.6 million offset by an increase of $0.7 million in the valuation allowance in Canada.

10. COMMITMENTS AND CONTINGENCIES

We are a party to various pending or threatened claims, lawsuits and administrative proceedings seeking damages or other remedies concerning our commercial operations, products, employees and other matters, including warranty and product liability claims as a result of our products or operations. Although we can give no assurance about the outcome of pending legal and administrative proceedings and the effect such outcomes may have on us, management believes that any ultimate liability resulting from the outcome of such proceedings, to the extent not otherwise provided for or covered by insurance, will not have a material adverse effect on our consolidated financial position, results of operations or liquidity.

11. ACCUMULATED OTHER COMPREHENSIVE LOSS

Our accumulated other comprehensive loss increased $3.2 million from $349.0 million at December 31, 2020 to $352.2 million at June 30, 2021, as a result of foreign currency exchange rate fluctuations. Changes in other comprehensive loss during the first six months of 2021 were primarily driven by the Australian dollar decreasing in value compared to the U.S. dollar, partially offset by the Canadian dollar increasing in value compared to the U.S. dollar. Excluding intercompany balances, our Canadian dollar and Australian dollar functional currency net assets totaled approximately C$166 million and A$280 million, respectively, at June 30, 2021.

12. SHARE-BASED COMPENSATION

Certain key employees and non-employee directors participate in the Amended and Restated 2014 Equity Participation Plan of Civeo Corporation (the Civeo Plan). The Civeo Plan authorizes our Board of Directors and the Compensation Committee of our Board of Directors to approve grants of options, awards of restricted shares, performance awards, phantom share awards and dividend equivalents, awards of deferred shares, and share payments to our employees and non-employee directors. No more than 2.4 million Civeo common shares are authorized to be issued under the Civeo Plan.

Outstanding Awards

Restricted Share Awards / Restricted Share Units / Deferred Share Awards. On May 19, 2021, we granted 45,762 restricted share awards to our non-employee directors, which vest in their entirety on May 19, 2022.

Compensation expense associated with restricted share awards, restricted share units and deferred share awards recognized in the three months ended June 30, 2021 and 2020 totaled $0.3 million and $0.8 million, respectively. Compensation expense associated with restricted share awards, restricted share units and deferred share awards recognized in the six months ended June 30, 2021 and 2020 totaled $0.8 million and $2.0 million, respectively. The total fair value of restricted share awards, restricted share units and deferred share awards that vested during the three months ended June 30, 2021 and 2020 was zero and $0.2 million, respectively. The total fair value of restricted share awards, restricted share units and deferred share awards that vested during the six months ended June 30, 2021 and 2020 was $1.5 million and $2.6 million, respectively.

At June 30, 2021, unrecognized compensation cost related to restricted share awards, restricted share units and deferred share awards was $1.2 million, which is expected to be recognized over a weighted average period of 0.8 years.

Phantom Share Awards. On February 22, 2021, we granted 270,079 phantom share awards under the Civeo Plan, which vest in three equal annual installments beginning on February 22, 2022. We also granted 81,774 phantom share awards under the Canadian Long-Term Incentive Plan, which vest in three equal annual installments beginning on February 22, 2022.

During the three months ended June 30, 2021 and 2020, we recognized compensation expense associated with phantom shares totaling $1.4 million and $0.4 million, respectively. During the six months ended June 30, 2021 and 2020, we recognized compensation expense associated with phantom shares totaling $2.9 million and $0.7 million, respectively. At June 30, 2021, unrecognized compensation cost related to phantom shares was $9.6 million, as remeasured at June 30, 2021, which is expected to be recognized over a weighted average period of 2.2 years.

Performance Awards. On February 22, 2021, we granted 129,754 performance awards under the Civeo Plan, which cliff vest in three years on February 22, 2024. These awards will be earned in amounts between 0% and 200% of the participant’s target performance share award, based on (1) the payout percentage associated with Civeo’s relative total shareholder return rank among a peer group that includes 17 other companies and (2) the payout percentage associated with Civeo's cumulative free cash flow over the performance period relative to a preset target. The portion of the performance awards tied to cumulative free cash flow includes a performance-based vesting requirement. The fair value of these awards is based on the closing market price of our common shares on the date of grant. We evaluate the probability of achieving the performance criteria throughout the performance period and will adjust share-based compensation expense based on the number of shares expected to vest based on our estimate of the most probable performance outcome. The ultimate payout of the cumulative free cash flow component of the award can vary from 0% to 60% based on actual results.

During the three months ended June 30, 2021 and 2020, we recognized compensation expense associated with performance awards totaling $0.6 million and $0.6 million, respectively. During the six months ended June 30, 2021 and 2020, we recognized compensation expense associated with performance awards totaling $1.1 million and $1.5 million, respectively. The total fair value of performance share awards that vested during the three months ended June 30, 2021 and 2020 was zero. The total fair value of performance share awards that vested during the six months ended June 30, 2021 and 2020 was $1.9 million and $1.9 million, respectively. At June 30, 2021, unrecognized compensation cost related to performance shares was $3.9 million, which is expected to be recognized over a weighted average period of 2.2 years.

13. SEGMENT AND RELATED INFORMATION

In accordance with current accounting standards regarding disclosures about segments of an enterprise and related information, we have identified the following reportable segments: Canada, Australia and the U.S., which represent our strategic focus on hospitality services and workforce accommodations.

Financial information by business segment for each of the three and six months ended June 30, 2021 and 2020 is summarized in the following table (in thousands):

	Total revenues	Depreciation and amortization	Operating income (loss)	Capital expenditures	Total assets
Three months ended June 30, 2021					
Canada	$ 83,281	$ 12,152	$ 7,452	$ 1,143	$ 763,763
Australia	64,019	8,512	(2,656)	1,147	242,730
U.S.	6,876	542	(1,109)	482	27,793
Corporate and eliminations	—	171	(1,558)	386	(316,599)
Total	$ 154,176	$ 21,377	$ 2,129	$ 3,158	$ 717,687
Three months ended June 30, 2020					
Canada	$ 52,986	$ 12,177	$ (6,719)	$ 231	$ 662,926
Australia	57,071	9,733	8,191	748	261,188
U.S.	4,645	195	(2,623)	12	30,503
Corporate and eliminations	—	100	(690)	205	(220,034)
Total	$ 114,702	$ 22,205	$ (1,841)	$ 1,196	$ 734,583
Six months ended June 30, 2021					
Canada	$ 145,166	$ 24,239	$ (207)	$ 2,323	$ 763,763
Australia	123,656	16,971	651	2,701	242,730
United States	10,784	1,108	(3,707)	851	27,793
Corporate and eliminations	—	328	(4,509)	655	(316,599)
Total	$ 279,606	$ 42,646	$ (7,772)	$ 6,530	$ 717,687
Six months ended June 30, 2020					
Canada	$ 132,334	$ 26,546	$ (143,350)	$ 841	$ 662,926
Australia	106,184	19,028	14,355	1,211	261,188
United States	14,976	1,778	(16,757)	1,384	30,503
Corporate and eliminations	—	355	(5,158)	411	(220,034)
Total	$ 253,494	$ 47,707	$ (150,910)	$ 3,847	$ 734,583

Cautionary Statement Regarding Forward-Looking Statements

This quarterly report on Form 10-Q contains certain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the Exchange Act). The Private Securities Litigation Reform Act of 1995 provides safe harbor provisions for forward-looking information. The forward-looking statements can be identified by the use of forward-looking terminology including "may," "expect," "anticipate," "estimate," "continue," "believe" or other similar words. The forward-looking statements in this report include, but are not limited to, the statements in "Management's Discussion and Analysis of Financial Condition and Results of Operations" relating to our expectations about the macroeconomic environment and industry conditions, including the impact of COVID-19 and the response thereto and the volatility in the price of and demand for oil, as well as our expectations about capital expenditures in 2021 and beliefs with respect to liquidity needs. Actual results could differ materially from those projected in the forward-looking statements as a result of a number of important factors. For a discussion of known material factors that could affect our results, please refer to "Risk Factors," "Cautionary Statement Regarding Forward-Looking Statements," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the year ended December 31, 2020 and our subsequent SEC filings. Should one or more of these risks or uncertainties materialize, or should the assumptions prove incorrect, actual results may differ materially from those expected, estimated or projected. Our management believes these forward-looking statements are reasonable. However, you should not place undue reliance on these forward-looking statements, which are based only on our current expectations and are not guarantees of future performance. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the foregoing. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to publicly update or revise any of them in light of new information, future events or otherwise, except to the extent required by applicable law.

In addition, in certain places in this quarterly report, we refer to reports published by third parties that purport to describe trends or developments in the energy industry. We do so for the convenience of our shareholders and in an effort to provide information available in the market that will assist our investors in a better understanding of the market environment in which we operate. However, we specifically disclaim any responsibility for the accuracy and completeness of such information and undertake no obligation to update such information.

ITEM 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

You should read the following discussion and analysis together with our consolidated financial statements and the notes to those statements included elsewhere in this quarterly report on Form 10-Q.

Reverse Share Split

On November 19, 2020, we effected a reverse share split where each twelve issued and outstanding common shares were converted into one common share (Reverse Share Split). Our common shares began trading on a reverse share split adjusted basis on November 19, 2020. All common share and per common share data included in this quarterly report have been retroactively adjusted to reflect the Reverse Share Split.

See Note 1 - Description of Business and Basis of Presentation to the notes to the unaudited consolidated financial statements included in Item 1 of this quarterly report for further discussion.

Overview and Macroeconomic Environment

We provide hospitality services to the natural resources industry in Canada, Australia and the U.S. Demand for our services can be attributed to two phases of our customers' projects: (1) the development or construction phase; and (2) the operations or production phase. Historically, initial demand for our hospitality services has been driven by our customers' capital spending programs related to the construction and development of natural resource projects and associated infrastructure, as well as the exploration for oil and natural gas. Long-term demand for our services has been driven by natural resource production, maintenance and operation of those facilities as well as expansion of those sites. In general, industry capital spending programs are based on the outlook for commodity prices, economic growth, global commodity supply/demand dynamics and estimates of resource production. As a result, demand for our hospitality services is largely sensitive to expected commodity prices, principally related to oil, metallurgical (met) coal, liquefied natural gas (LNG) and iron ore. Other factors that can affect our business and financial results include the general global economic environment and regulatory changes in

Canada, Australia, the U.S. and other markets, including governmental measures introduced to fight climate change or to help slow the spread or mitigate the impact of COVID-19.

Our business is predominantly located in northern Alberta, Canada; British Columbia, Canada; Queensland, Australia; and Western Australia. We derive most of our business from natural resource companies who are developing and producing oil sands, met coal, LNG and iron ore resources and, to a lesser extent, other hydrocarbon and mineral resources. Approximately 67% of our revenue is generated by our lodges in Canada and our villages in Australia. Where traditional accommodations and infrastructure are insufficient, inaccessible or cost ineffective, our lodge and village facilities provide comprehensive hospitality services similar to those found in an urban hotel. We typically contract our facilities to our customers on a fee-per-person-per- day basis that covers lodging and meals and is based on the duration of customer needs, which can range from several weeks to several years. The remainder of our revenue is generated by our hospitality services at customer-owned locations in Canada and Australia, mobile assets in Canada and the U.S and our lodges in the U.S.

Generally, our core Canadian oil sands and Australian mining customers make significant capital investments to develop their prospects, which have estimated reserve lives ranging from ten years to in excess of 30 years. Consequently, these investments are primarily dependent on those customers' long-term views of commodity demand and prices.

The spread of COVID-19 and the response thereto have negatively impacted the global economy. The actions taken by governments and the private-sector to mitigate the spread of COVID-19 and the risk of infection, including government-imposed or voluntary social distancing and quarantining, reduced travel and remote work policies, have evolved with the introduction of vaccination efforts, and may continue to evolve as the surfacing of virus variants has added a degree of uncertainty to the continuing global impact of COVID-19. Additionally, global oil prices dropped to historically low levels in March and April 2020 due to severely reduced global oil demand, high global crude inventory levels, uncertainty around timing and slope of worldwide economic recovery after COVID-19 related economic shut-downs and effectiveness of production cuts by major oil producing countries, such as Saudi Arabia, Russia and the U.S. In mid-April 2020, OPEC+ (the combination of historical OPEC members and other significant oil producers, such as Russia) announced production cuts of up to approximately 10 million barrels per day. However, oil prices remained at depressed levels throughout most of 2020, before modest improvement late in the year and into early 2021. As global oil demand recovered in the second quarter of 2021, oil supply did not keep up, resulting in falling inventories and a significant increase in oil prices continuing into July 2021. In July 2021, OPEC+ agreed to phase out 5.8 million barrels per day of oil production cuts by September 2022.

We continue to closely monitor the COVID-19 situation and have taken measures to help ensure the health and well-being of our employees, guests and contractors, including screening of individuals that enter our facilities, social distancing practices, enhanced cleaning and deep sanitization, the suspension of nonessential employee travel and implementation of work-from-home policies, where applicable.

Alberta, Canada. In Canada, Western Canadian Select (WCS) crude is the benchmark price for our oil sands customers. Pricing for WCS is driven by several factors, including the underlying price for West Texas Intermediate (WTI) crude, the availability of transportation infrastructure (consisting of pipelines and crude by railcar) and governmental regulation. Historically, WCS has traded at a discount to WTI, creating a "WCS Differential," due to transportation costs and capacity restrictions to move Canadian heavy oil production to refineries, primarily along the U.S. Gulf Coast. The WCS Differential has varied depending on the extent of transportation capacity availability.

Certain expansionary oil pipeline projects have the potential to both drive incremental demand for mobile assets and to improve take-away capacity for Canadian oil sands producers over the longer term. While these pipeline projects, including the Trans Mountain Pipeline (TMX), have recently received incremental regulatory approvals, it is still not certain if any of the proposed pipeline projects will ultimately be completed. Certain segments of the TMX pipeline have resumed construction without conflict at the present time. Recent legal issues with the Canadian government and First Nation groups have been resolved for the time being. The Canadian federal government acquired the TMX pipeline in 2018, approved the expansion of the project and is currently working through a revised construction timeline to adjust for recent delays related to legal hurdles and the COVID-19 pandemic.

WCS prices in the second quarter of 2021 averaged $53.27 per barrel compared to $19.73 in the second quarter of 2020. The WCS Differential decreased from $15.35 per barrel at the end of the fourth quarter of 2020 to $13.95 at the end of the second quarter of 2021. In 2018, the Government of Alberta announced it would mandate temporary curtailments of the province's oil production. However, monthly production limits were put on hold in December 2020 until further notice, allowing operators to produce freely at their discretion while the government monitors production and inventory levels. Should forecasts show storage inventories approaching maximum capacity, the government may reintroduce production limits. As of July 26, 2021, the WTI price was $71.91 and the WCS price was $58.27, resulting in a WCS Differential of $13.64.

Together with the initial spread of COVID-19, the depressed price levels of both WTI and WCS materially impacted 2020 maintenance and production spending and activity by Canadian operators and, therefore, demand for our hospitality services. Customers began increasing production activity in the fourth quarter of 2020 and into the first half of 2021. Continued uncertainty, including about the impact of COVID-19, and commodity price volatility and regulatory complications could cause our Canadian oil sands and pipeline customers to reduce production, delay expansionary and maintenance spending and defer additional investments in their oil sands assets. Additionally, if oil prices do not stabilize, the resulting impact could continue to negatively affect the value of our long-lived assets.

British Columbia, Canada. Our Sitka Lodge supports the LNG Canada project and related pipeline projects (see discussion below). From a macroeconomic standpoint, LNG demand continued to grow despite the COVID-19 pandemic, reinforcing the need for the global LNG industry to expand access to natural gas. Evolving government energy policies around the world have amplified support for cleaner energy supply, creating more opportunities for natural gas and LNG. Accordingly, the current view is additional investment in LNG supply will be needed to meet the expected long-term LNG demand growth.

Currently, Western Canada does not have any operational LNG export facilities. LNG Canada (LNGC), a joint venture among Shell Canada Energy, an affiliate of Royal Dutch Shell plc (40 percent), and affiliates of PETRONAS, through its wholly-owned entity, North Montney LNG Limited Partnership (25 percent), PetroChina (15 percent), Mitsubishi Corporation (15 percent) and Korea Gas Corporation (5 percent), is currently constructing a liquefaction and export facility in Kitimat, British Columbia (Kitimat LNG Facility). British Columbia LNG activity and related pipeline projects are a material driver of activity for our Sitka Lodge, as well as for our mobile assets, which are contracted to serve several portions of the related pipeline construction activity. The actual timing of when revenue is realized from the Coastal Gas Link pipeline and Sitka Lodge contracts could be impacted by any delays in the construction of the Kitimat LNG Facility or the pipeline, such as protest blockades and the COVID-19 pandemic.

In late March 2020, LNGC announced steps being taken to reduce the spread of COVID-19, including reduction of the workforce at the project site to essential personnel only. This resulted in a reduction in occupancy at our Sitka Lodge during the second quarter of 2020, before returning to expected levels in the second half of 2020. In late December 2020, British Columbia’s public health officer issued a health order limiting workforce size at all large industrial projects across the province, including LNGC. This order once again reduced occupancy at our Sitka Lodge in the first quarter of 2021. In the second quarter of 2021, this order was repealed. It was replaced with less restrictive requirements focused on monitoring, allowing workforces to return to their optimal sizes.

Australia. In Australia, 82% of our rooms are located in the Bowen Basin of Queensland, Australia and primarily serve met coal mines in that region. Met coal pricing and production growth in the Bowen Basin region is predominantly influenced by the levels of global steel production, which increased by 14.4% during the first half of 2021 compared to the same period of 2020. As of July 26, 2021, met coal spot prices were $215 per metric tonne. Long-term demand for steel is expected to be driven by global infrastructure spending and increased steel consumption per capita in developing economies, such as China and India, whose current consumption per capita is a fraction of developed countries. In 2020, the impact of the outbreak of COVID-19 led to a high level of uncertainty for demand of iron ore and met coal. However, due to strong global steel demand, supply disruptions in other countries and limited COVID-19 cases in Australia, Australian met coal and iron ore activity was relatively buoyant in 2020 and the first half of 2021. An increase in global infrastructure spending to stimulate economies is expected to support demand for raw materials, particularly met coal and iron ore.

Currently, China and Australia are in a trade dispute that has led to China implementing a trade embargo on Australian coal. China has historically accounted for approximately 22% of Australia’s met coal exports. The continuing uncertainty in the Chinese demand for Australian met coal has led to volatile Australian met coal spot pricing. The Chinese trade embargo and volatile Australian met coal spot pricing have created a shuffling of global export trade flows. If this dispute continues, it could continue to impact pricing volatility, and demand for Australian met coal and consequently lead to reduced occupancy at our Australian villages.

Civeo's activity in Western Australia is driven primarily by iron ore production, which is a key steel-making ingredient. As of July 26, 2021, iron ore spot prices were $197.30 per metric tonne.

Our integrated services business provides catering and managed services to the mining industry in Western Australia. We have contracts to manage customer-owned villages in Western Australia which primarily support iron ore mines in addition to gold, lithium and nickel mines. We believe iron ore prices are currently at a level that may contribute to increased activity over the long term if our customers view these price levels as sustainable.

U.S. Our U.S. business supports oil shale drilling and completion activity and is primarily tied to WTI oil prices in the U.S. shale formations in the Permian Basin, the Mid-Continent, the Bakken and the Rockies. During 2019, the U.S. oil rig count and associated completion activity decreased due to the oil price decline in late 2018 and early 2019 coupled with other market dynamics negatively impacting exploration and production (E&P) spending, finishing the year at 677 rigs. In 2020, the U.S. oil rig count and associated completion activity further decreased due to the global oil price decline discussed above. Only 267 oil rigs were active at the end of 2020. As oil prices began to recover in 2021, oil rig count and drilling activity recovered somewhat, with 372 oil rigs active at the end of the second quarter 2021. The Permian Basin remains the most active U.S. unconventional play, representing 63% of the oil rigs active in the U.S. at the end of the second quarter of 2021. The lower U.S. rig count and decline in oil prices resulted in decreased U.S. oil production from an average of 12.2 million barrels per day in 2019 to an average of 11.3 million barrels per day in 2020 and to an average of 11.2 million barrels per day through the first five months of 2021. As of July 23, 2021, there were 387 active oil rigs in the U.S. (as measured by Bakerhughes.com). With the recent volatility in oil prices and a resulting reduction in spending by E&P companies, we exited the Bakken and reduced our presence in the Rockies regions for our U.S. mobile assets. Those assets were either sold or transported to our Permian Basin and Mid-Continent district locations. This process is underway and we expect it to be complete during the third quarter of 2021. U.S. oil shale drilling and completion activity will continue to be dependent on sustained higher WTI oil prices, pipeline capacity and sufficient capital to support E&P drilling and completion plans. In addition, consolidation among our E&P customer base in the U.S. has historically created short-term spending and activity dislocations. Should the current trend of industry consolidation continue, we may see activity, utilization and occupancy declines in the near term.

Recent Commodity Prices. Recent WTI crude, WCS crude, met coal and iron ore pricing trends are as follows:

	Average Price [1]			
Quarter ended	WTI Crude (per bbl)	WCS Crude (per bbl)	Hard Coking Coal (Met Coal) (per tonne)	Iron Ore (per tonne)
Third Quarter through July 26, 2021	$ 72.35	$ 58.77	$ 207.69	$ 209.68
6/30/2021	66.19	53.27	136.44	195.97
3/31/2021	58.13	46.28	127.95	159.83
12/31/2020	42.63	31.34	109.37	128.24
9/30/2020	40.90	31.15	113.30	116.10
6/30/2020	27.95	19.73	120.27	89.53
3/31/2020	45.38	27.92	156.17	83.57
12/30/2019	56.85	37.94	141.39	85.13
9/30/2019	56.40	43.88	160.25	101.41
6/30/2019	59.89	47.39	204.78	94.62
3/31/2019	54.87	44.49	203.30	79.26
12/31/2018	59.32	25.66	223.02	70.13
9/30/2018	69.61	41.58	188.46	61.91
6/30/2018	67.97	49.93	189.41	62.58

(1) Source: WTI crude prices are from U.S. Energy Information Administration (EIA), WCS crude prices and iron ore prices are from Bloomberg and hard coking coal prices are from IHS Markit.

Foreign Currency Exchange Rates. Exchange rates between the U.S. dollar and each of the Canadian dollar and the Australian dollar influence our U.S. dollar reported financial results. Our business has historically derived the vast majority of its revenues and operating income (loss) in Canada and Australia. These revenues and profits/losses are translated into U.S. dollars for U.S. GAAP financial reporting purposes. The following tables summarize the fluctuations in the exchange rates between the U.S. dollar and each of the Canadian dollar and the Australian dollar:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2021	2020	Change	Percentage	2021	2020	Change	Percentage
Average Canadian dollar to U.S. dollar	$0.815	$0.722	0.09	12.8%	$0.802	$0.733	$0.07	9.4%
Average Australian dollar to U.S. dollar	$0.770	$0.658	0.11	17.2%	$0.772	$0.658	$0.11	17.3%

	As of			
	June 30, 2021	December 31, 2020	Change	Percentage
Canadian dollar to U.S. dollar	$0.807	$0.785	0.02	2.8%
Australian dollar to U.S. dollar	$0.750	$0.773	(0.02)	(3.0)%

These fluctuations of the Canadian and Australian dollars have had and will continue to have an impact on the translation of earnings generated from our Canadian and Australian subsidiaries and, therefore, our financial results.

Capital Expenditures. We continue to monitor the COVID-19 global pandemic and the responses thereto, the global economy, the price of and demand for crude oil, met coal, LNG and iron ore and the resultant impact on the capital spending plans of our customers in order to plan our business activities. We currently expect that our 2021 capital expenditures, exclusive of any business acquisitions, will total approximately $20 million, compared to 2020 capital expenditures of $10.1 million. We may adjust our capital expenditure plans in the future as we continue to monitor customer activity and the impact of COVID-19. See “Liquidity and Capital Resources” below for further discussion of 2021 capital expenditures.

Results of Operations

Unless otherwise indicated, discussion of results for the three months ended June 30, 2021, is based on a comparison to the corresponding period of 2020.

Results of Operations – Three Months Ended June 30, 2021 Compared to Three Months Ended June 30, 2020

	Three Months Ended June 30,		
	2021	**2020**	**Change**
		($ in thousands)	
Revenues			
Canada	$ 83,281	$ 52,986	$ 30,295
Australia	64,019	57,071	6,948
U.S. and other	6,876	4,645	2,231
Total revenues	154,176	114,702	39,474
Costs and expenses			
Cost of sales and services			
Canada	57,342	42,465	14,877
Australia	44,895	34,913	9,982
U.S. and other	5,765	5,755	10
Total cost of sales and services	108,002	83,133	24,869
Selling, general and administrative expenses	14,703	11,490	3,213
Depreciation and amortization expense	21,377	22,205	(828)
Impairment expense	7,935	—	7,935
Other operating expense (income)	30	(285)	315
Total costs and expenses	152,047	116,543	35,504
Operating income (loss)	2,129	(1,841)	3,970
Interest expense, net	(3,399)	(3,850)	451
Other income	788	12,642	(11,854)
(Loss) income before income taxes	(482)	6,951	(7,433)
Income tax benefit (expense)	492	(122)	614
Net income	10	6,829	(6,819)
Less: Net income attributable to noncontrolling interest	(3)	222	(225)
Net income attributable to Civeo Corporation	13	6,607	(6,594)
Less: Dividends attributable to preferred shares	480	471	9
Net (loss) income attributable to Civeo common shareholders	$ (467)	$ 6,136	$ (6,603)

We reported net loss attributable to Civeo for the quarter ended June 30, 2021 of $0.5 million, or $0.03 per diluted share. As further discussed below, net loss included a $7.9 million pre-tax loss resulting from the impairment of fixed assets included in Impairment expense.

We reported net income attributable to Civeo for the quarter ended June 30, 2020 of $6.1 million, or $0.37 per diluted share. As further discussed below, net income included $4.7 million of income associated with the settlement of a representations and warranties claim related to the Noralta acquisition included in Other income.

Revenues. Consolidated revenues increased $39.5 million, or 34%, in the second quarter of 2021 compared to the second quarter of 2020. This increase was primarily due to (i) higher billed rooms at our Canadian oil sands lodges related to turnaround activities by a number of customers, (ii) increased mobile asset activity from a pipeline project in Canada, (iii) increased occupancy at our Australian integrated services villages, (iv) increased activity levels in certain U.S. markets and (v) a stronger Australian and Canadian dollar relative to the U.S. dollar in the second quarter of 2021 compared to the second quarter of 2020. These items were partially offset by (i) reduced occupancy at our Canadian Sitka Lodge related to the COVID-19 pandemic and the British Columbia health order, (ii) reduced food service activity, as an overflow site supporting a LNG-related project in 2020 is no longer required, (iii) decreased activity at our Bowen Basin villages and Western Australia villages and (iv) decreased activity at our U.S. wellsite business. See the discussion of segment results of operations below for further information.

Cost of Sales and Services. Our consolidated cost of sales and services increased $24.9 million, or 30%, in the second quarter of 2021 compared to the second quarter of 2020. This increase was primarily due to (i) increased occupancy at our Canadian oil sands lodges related to turnaround activities by a number of customers, (ii) increased mobile asset activity from a pipeline project in Canada, (iii) increased occupancy at our Australian integrated services villages and increased cost of temporary labor due to ongoing labor shortages in Australia, (iv) increased activity levels in certain U.S. markets and (v) a stronger Australian and Canadian dollar relative to the U.S. dollar in the second quarter of 2021 compared to the second quarter of 2020. These items were partially offset by (i) reduced occupancy at our Canadian Sitka Lodge related to the COVID-19 pandemic and the British Columbia health order, (ii) reduced food service activity, as an overflow site supporting a LNG-related project in 2020 is no longer required, (iii) decreased activity at our Bowen Basin villages and Western Australia villages and (iv) decreased activity at our U.S. wellsite business. See the discussion of segment results of operations below for further information.

Selling, General and Administrative Expenses. SG&A expense increased $3.2 million, or 28%, in the second quarter of 2021 compared to the second quarter of 2020. This increase was primarily due to higher incentive compensation costs, share-based compensation expense and compensation expense. In addition, SG&A expense increased approximately $1.0 million due to a stronger Australian and Canadian dollar relative to the U.S. dollar in the second quarter of 2021 compared to the second quarter of 2020. The increase in share-based compensation was due to an increase in our stock price during the second quarter of 2021 compared to the second quarter of 2020.

Depreciation and Amortization Expense. Depreciation and amortization expense decreased $0.8 million, or 4%, in the second quarter of 2021 compared to the second quarter of 2020. The decrease was primarily due to certain assets and intangibles becoming fully depreciated during 2020 and the extension of the remaining life of certain long-lived assets in the U.S. during the second quarter of 2020. These items were partially offset by a stronger Australian and Canadian dollar relative to the U.S. dollar in the second quarter of 2021 compared to the second quarter of 2020.

Impairment Expense. We recorded pre-tax impairment expense of $7.9 million in the second quarter of 2021 associated with long-lived assets in our Australian reporting unit. See Note 6 - Impairment Charges to the notes to the unaudited consolidated financial statements included in Item 1 of this quarterly report for further discussion.

Operating Income (Loss). Consolidated operating income increased $4.0 million, or 216%, in the second quarter of 2021 compared to the second quarter of 2020, primarily due to increased activity levels in Canada, partially offset by higher impairment expense.

Interest Expense, net. Net interest expense decreased by $0.5 million, or 12%, in the second quarter of 2021 compared to the second quarter of 2020, primarily related to lower average debt levels and lower interest rates on term loan and revolving credit facility borrowings during 2021 compared to 2020.

Other Income. Consolidated other income decreased $11.9 million in the second quarter of 2021 compared to the second quarter of 2020. The second quarter of 2021 included $0.7 million related to proceeds from the Canada Emergency Wage Subsidy (CEWS). The second quarter of 2020 included $4.7 million of other income associated with the settlement of a representations and warranties claim related to the Noralta acquisition, $6.2 million of other income related to proceeds from the CEWS and a higher gain on sale of assets compared to the second quarter of 2020.

Income Tax (Expense) Benefit. Our income tax benefit for the three months ended June 30, 2021 totaled $0.5 million, or 102.1% of pretax loss, compared to an income tax expense of $0.1 million, or 1.8% of pretax income, for the three months ended June 30, 2020. Our effective tax rate for both the three months ended June 30, 2021 and June 30, 2020 was impacted by considering Canada and the U.S. loss jurisdictions that were removed from the annual effective tax rate computation for purposes of computing the interim tax provision. Under ASC 740-270, "Accounting for Income Taxes," the quarterly tax provision is based on our current estimate of the annual effective tax rate less the prior quarter's year-to-date provision.

Other Comprehensive (Loss) Income. Other comprehensive income decreased $31.0 million in the second quarter of 2021 compared to the second quarter of 2020, primarily as a result of foreign currency translation adjustments due to changes in the Canadian and Australian dollar exchange rates compared to the U.S. dollar. The Canadian dollar exchange rate compared to the U.S. dollar increased 1% in the second quarter of 2021 compared to a 4% decrease in the second quarter of 2020. The Australian dollar exchange rate compared to the U.S. dollar decreased 1% in the second quarter of 2021 compared to a 2% decrease in the second quarter of 2020.

Segment Results of Operations – Canadian Segment

	Three Months Ended June 30, 2021	2020	Change
Revenues ($ in thousands)			
Accommodation revenue [1]	$ 69,759	$ 40,204	$ 29,555
Mobile facility rental revenue [2]	8,666	6,072	2,594
Food service and other services revenue [3]	4,856	6,710	(1,854)
Total revenues	$ 83,281	$ 52,986	$ 30,295
Cost of sales and services ($ in thousands)			
Accommodation cost	$ 44,992	$ 28,598	$ 16,394
Mobile facility rental cost	5,644	5,285	359
Food service and other services cost	4,455	6,163	(1,708)
Indirect other costs	2,251	2,419	(168)
Total cost of sales and services	$ 57,342	$ 42,465	$ 14,877
Gross margin as a % of revenues	31.1 %	19.9 %	11.3 %
Average daily rate for lodges [4]	$ 96	$ 96	$ —
Total billed rooms for lodges [5]	723,324	409,897	313,427
Average Canadian dollar to U.S. dollar	$ 0.815	$ 0.722	$ 0.093

(1) Includes revenues related to lodge rooms and hospitality services for owned rooms for the periods presented.
(2) Includes revenues related to mobile assets for the periods presented.
(3) Includes revenues related to food services, laundry and water and wastewater treatment services for the periods presented.
(4) Average daily rate is based on billed rooms and accommodation revenue.
(5) Billed rooms represents total billed days for owned assets for the periods presented.

Our Canadian segment reported revenues in the second quarter of 2021 that were $30.3 million, or 57%, higher than the second quarter of 2020. The strengthening of the average exchange rate for the Canadian dollar relative to the U.S. dollar by 13% in the second quarter of 2021 compared to the second quarter of 2020 resulted in a $9.6 million period-over-period increase in revenues. Excluding the impact of the stronger Canadian exchange rate, the segment experienced a 39% increase in revenues. This increase was driven by higher billed rooms at our oil sands lodges related to turnaround activities by a number of customers and by increased mobile asset activity from a pipeline project. Partially offsetting these items, revenue was lower at our Sitka Lodge related to the COVID-19 pandemic and the British Columbia health order and from food services activity, as an overflow site supporting a LNG-related project in 2020 is no longer required.

Our Canadian segment cost of sales and services increased $14.9 million, or 35%, in the second quarter of 2021 compared to the second quarter of 2020. The strengthening of the average exchange rate for the Canadian dollar relative to the U.S. dollar by 13% in the second quarter of 2021 compared to the second quarter of 2020 resulted in a $6.5 million period-over-period increase in cost of sales and services. Excluding the impact of the stronger Canadian exchange rate, the increased cost of sales and services was driven by increased occupancy at our oil sands lodges related to turnaround activities by a number of customers and by increased mobile asset activity from a pipeline project. Partially offsetting these items, cost of sales and services decreased at our Sitka Lodge related to the COVID-19 pandemic and the British Columbia health order and from food services activity, as an overflow site supporting a LNG-related project in 2020 is no longer required.

Our Canadian segment gross margin as a percentage of revenues increased from 19.9% in the second quarter of 2020 to 31.1% in the second quarter of 2021. This was primarily driven by increased operating efficiencies at our oil sands lodges due to higher occupancy and from our increased mobile asset activity.

Segment Results of Operations – Australian Segment

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Change
Revenues ($ in thousands)			
Accommodation revenue [1]	$ 37,780	$ 34,933	$ 2,847
Food service and other services revenue [2]	26,239	22,138	4,101
Total revenues	$ 64,019	$ 57,071	$ 6,948
Cost of sales and services ($ in thousands)			
Accommodation cost	$ 18,082	$ 15,269	$ 2,813
Food service and other services cost	25,154	18,759	6,395
Indirect other cost	1,659	885	774
Total cost of sales and services	$ 44,895	$ 34,913	$ 9,982
Gross margin as a % of revenues	29.9 %	38.8 %	(9.0)%
Average daily rate for villages [3]	$ 81	$ 70	$ 11
Total billed rooms for villages [4]	466,298	502,392	(36,094)
Australian dollar to U.S. dollar	$ 0.770	$ 0.658	$ 0.113

(1) Includes revenues related to village rooms and hospitality services for owned rooms for the periods presented.
(2) Includes revenues related to food services and other services, including facilities management for the periods presented.
(3) Average daily rate is based on billed rooms and accommodation revenue.
(4) Billed rooms represent total billed days for owned assets for the periods presented.

Our Australian segment reported revenues in the second quarter of 2021 that were $6.9 million, or 12%, higher than the second quarter of 2020. The strengthening of the average exchange rate for Australian dollars relative to the U.S. dollar by 17% in the second quarter of 2021 compared to the second quarter of 2020 resulted in a $9.4 million period-over-period increase in revenues. Accordingly, the increase in the average daily rate is entirely attributable to the strengthening of the Australia dollar. Excluding the impact of the stronger Australian exchange rate, the Australian segment experienced a 4% decrease in revenues largely due to decreased activity at our Bowen Basin villages and Western Australia villages, partially offset by increased occupancy at our integrated services villages.

Our Australian segment cost of sales and services increased $10.0 million, or 29%, in the second quarter of 2021 compared to the second quarter of 2020. The strengthening of the average exchange rate for Australian dollars relative to the U.S. dollar by 17% in the second quarter of 2021 compared to the second quarter of 2020 resulted in a $6.6 million period-over-period increase in cost of sales and services. Excluding the impact of the stronger Australian exchange rate, the increase in cost of sales and services was largely driven by the increased occupancy at our integrated services villages and increased costs of temporary labor due to ongoing labor shortages.

Our Australian segment gross margin as a percentage of revenues decreased to 29.9% in the second quarter of 2021 from 38.8% in the second quarter of 2020. This was primarily driven by our integrated services business, which has a service-only business model, and therefore results in lower overall gross margins than the accommodation business. Reduced occupancy at the Bowen Basin villages and Western Australia villages has also impacted our Australian gross margin. Segment gross margin has also been negatively impacted by increased staff costs as a result of a hospitality labor shortage in Australia which has been exacerbated by state and international border closures due to COVID-19. State and international border closures have affected the number of staff available which has subsequently led to an increased reliance on more expensive temporary labor hire resources and has placed upward pressure on wages for permanent staff as competitors compete for a small pool of labor.

Segment Results of Operations – U.S. Segment

	Three Months Ended June 30,		
	2021	**2020**	**Change**
Revenues ($ in thousands)	$ 6,876	$ 4,645	$ 2,231
Cost of sales and services ($ in thousands)	$ 5,765	$ 5,755	$ 10
Gross margin as a % of revenues	16.2 %	(23.9) %	40.1 %

Our U.S. segment reported revenues in the second quarter of 2021 that were $2.2 million, or 48%, higher than the second quarter of 2020. This increase was due to increased occupancy at our West Permian, Killdeer and Acadian Acres lodges and increased activity in our offshore business from fabrication and unit sales, partially offset by reduced U.S. drilling activity affecting our wellsite business.

Our U.S. segment cost of sales and services slightly increased in the second quarter of 2021 compared to the second quarter of 2020. This increase was due to greater activity in our offshore business, partially offset by reduced costs in our wellsite business attributable to its reduced activity.

Our U.S. segment gross margin as a percentage of revenues increased from (23.9)% in the second quarter of 2020 to 16.2% in the second quarter of 2021 primarily due to increased occupancy at our West Permian, Killdeer and Acadian Acres lodges and in our offshore business from product sales, partially offset by reduced operating efficiencies at lower activity levels in our wellsite business.

Results of Operations – Six Months Ended June 30, 2021 Compared to Six Months Ended June 30, 2020

	Six Months Ended June 30,		
	2021	**2020**	**Change**
	($ in thousands)		
Revenues			
Canada	$ 145,166	$ 132,334	$ 12,832
Australia	123,656	106,184	17,472
U.S. and other	10,784	14,976	(4,192)
Total revenues	279,606	253,494	26,112
Costs and expenses			
Cost of sales and services			
Canada	109,227	106,737	2,490
Australia	87,798	64,466	23,332
U.S. and other	10,787	15,243	(4,456)
Total cost of sales and services	207,812	186,446	21,366
Selling, general and administrative expenses	28,884	25,427	3,457
Depreciation and amortization expense	42,646	47,707	(5,061)
Impairment expense	7,935	144,120	(136,185)
Other operating income	101	704	(603)
Total costs and expenses	287,378	404,404	(117,026)
Operating loss	(7,772)	(150,910)	143,138
Interest expense, net	(6,761)	(9,429)	2,668
Other income	5,702	12,667	(6,965)
Loss before income taxes	(8,831)	(147,672)	138,841
Income tax (expense) benefit	(584)	8,689	(9,273)
Net loss	(9,415)	(138,983)	129,568
Less: Net income attributable to noncontrolling interest	56	480	(424)
Net loss attributable to Civeo Corporation	(9,471)	(139,463)	129,992
Less: Dividends attributable to preferred shares	958	939	19
Net loss attributable to Civeo common shareholders	$ (10,429)	$ (140,402)	$ 129,973

We reported net loss attributable to Civeo for the six months ended June 30, 2021 of $10.4 million, or $0.73 per diluted share. As further discussed below, net loss included a $7.9 million pre-tax loss resulting from the impairment of fixed assets included in Impairment expense.

We reported net loss attributable to Civeo for the six months ended June 30, 2020 of $140.4 million, or $9.96 per diluted share. As further discussed below, net loss included (i) a $93.6 million pre-tax loss resulting from the impairment of goodwill in our Canada segment included in Impairment expense, (ii) a $38.1 million pre-tax loss resulting from the impairment of long-lived assets in our Canada segment included in Impairment expense and (iii) a $12.4 million pre-tax loss resulting from the impairment of long-lived assets in our U.S. segment included in Impairment expense. Net loss was partially offset by $4.7 million of income associated with the settlement of a representations and warranties claim related to the Noralta acquisition included in Other income.

Revenues. Consolidated revenues increased $26.1 million, or 10%, in the six months ended June 30, 2021 compared to the six months ended June 30, 2020. This increase was primarily due to (i) increased mobile asset activity from a pipeline project in Canada, (ii) increased occupancy at our Australian integrated services villages and (iii) a stronger Australian and Canadian dollar relative to the U.S. dollar in the six months ended June 30, 2021 compared to the six months ended June 30, 2020. These items were partially offset by (i) reduced food service activity, as an overflow site supporting a LNG-related project in 2020 is no longer required, (ii) decreased activity at our Bowen Basin villages and Western Australia villages and (iii) decreased activity at our U.S. wellsite business. See the discussion of segment results of operations below for further information.

Cost of Sales and Services. Our consolidated cost of sales and services increased $21.4 million million, or 11%, in the six months ended June 30, 2021 compared to the six months ended June 30, 2020. This increase was primarily due to (i) increased mobile asset activity from a pipeline project in Canada, (ii) increased occupancy at our Australian integrated services villages and increased cost of temporary labor due to ongoing labor shortages in Australia and (iii) a stronger Australian and Canadian dollar relative to the U.S. dollar in the six months ended June 30, 2021 compared to the six months ended June 30, 2020. These items were partially offset by (i) reduced food service activity, as an overflow site supporting a LNG-related project in 2020 is no longer required, (ii) decreased activity at our Bowen Basin villages and Western Australia villages and (iii) lower activity in certain markets in the U.S. See the discussion of segment results of operations below for further information.

Selling, General and Administrative Expenses. SG&A expense increased $3.5 million, or 14%, in the six months ended June 30, 2021 compared to the six months ended June 30, 2020. This increase was primarily due to higher incentive compensation costs, share-based compensation expense and compensation expense, partially offset by lower professional fees. The increase in share-based compensation was due to an increase in our stock price during 2021 compared to 2020.

Depreciation and Amortization Expense. Depreciation and amortization expense decreased $5.1 million, or 11%, in the six months ended June 30, 2021 compared to the six months ended June 30, 2020. The decrease was primarily due to (i) certain assets and intangibles becoming fully depreciated during 2020, (ii) the impairment of certain long-lived assets in Canada and the U.S. during the first quarter of 2020 and (iii) the extension of the remaining life of certain long-lived assets in the U.S. during the second quarter of 2020. These items were partially offset by a stronger Australian and Canadian dollar relative to the U.S. dollar in the six months ended June 30, 2021 compared to the six months ended June 30, 2020.

Impairment Expense. We recorded pre-tax impairment expense of $7.9 million in the six months ended June 30, 2021 associated with long-lived assets in our Australian reporting unit.

Impairment expense of $144.1 million in the six months ended June 30, 2020 included the following items:

- Pre-tax impairment expense of $93.6 million related to the impairment of goodwill in our Canadian reporting unit.
- Pre-tax impairment expense of $38.1 million associated with long-lived assets in our Canadian reporting unit.
- Pre-tax impairment expense of $12.4 million associated with long-lived assets in our U.S. reporting unit.

See Note 6 - Impairment Charges to the notes to the unaudited consolidated financial statements included in Item 1 of this quarterly report for further discussion.

Operating Loss. Consolidated operating loss decreased $143.1 million, or 95%, in the six months ended June 30, 2021 compared to the six months ended June 30, 2020, primarily due to impairment expense of goodwill and long-lived assets in 2020.

Interest Expense, net. Net interest expense decreased by $2.7 million, or 28%, in the six months ended June 30, 2021 compared to the six months ended June 30, 2020, primarily related to lower average debt levels and lower interest rates on term loan and revolving credit facility borrowings during 2021 compared to 2020.

Other Income. Consolidated other income decreased $7.0 million in the six months ended June 30, 2021 compared to the six months ended June 30, 2020. The six months ended June 30, 2021 included $3.5 million related to proceeds from the CEWS and a higher gain on the sale of assets primarily related to the sale of a manufacturing facility and mobile assets in Canada. The six months ended June 30, 2020 included $4.7 million of other income associated with the settlement of a representations and warranties claim related to the Noralta acquisition, $6.2 million of other income related to proceeds from the CEWS and a gain on sale of assets related to unutilized lodge assets in Canada.

Income Tax (Expense) Benefit. Our income tax expense for the six months ended June 30, 2021 totaled $0.6 million, or (6.6)% of pretax loss, compared to an income tax benefit of $8.7 million, or 5.9% of pretax loss, for the six months ended June 30, 2020. Our effective tax rate for both the six months ended June 30, 2021 and June 30, 2020 was impacted by considering Canada and the U.S. loss jurisdictions that were removed from the annual effective tax rate computation for purposes of computing the interim tax provision. Additionally, our effective tax rate for the six months ended June 30, 2020 was impacted by a deferred tax benefit of $9.6 million offset by an increase of $0.7 million in the valuation allowance in Canada.

Other Comprehensive Loss. Other comprehensive loss decreased $16.0 million in the six months ended June 30, 2021 compared to the six months ended June 30, 2020, primarily as a result of foreign currency translation adjustments due to changes in the Canadian and Australian dollar exchange rates compared to the U.S. dollar. The Canadian dollar exchange rate compared to the U.S. dollar increased 3% in the six months ended June 30, 2021 compared to a 5% decrease in the six months ended June 30, 2020. The Australian dollar exchange rate compared to the U.S. dollar decreased 3% in the six months ended June 30, 2021 compared to a 2% decrease in the six months ended June 30, 2020.

Segment Results of Operations – Canadian Segment

	Six Months Ended June 30,		
	2021	2020	Change
Revenues ($ in thousands)			
Accommodation revenue [1]	$ 116,289	$ 106,270	$ 10,019
Mobile facility rental revenue [2]	19,165	8,580	10,585
Food service and other services revenue [3]	9,712	17,484	(7,772)
Total revenues	$ 145,166	$ 132,334	$ 12,832
Cost of sales and services ($ in thousands)			
Accommodation cost	$ 83,328	$ 76,653	$ 6,675
Mobile facility rental cost	12,418	8,542	3,876
Food service and other services cost	8,576	16,178	(7,602)
Indirect other costs	4,905	5,364	(459)
Total cost of sales and services	$ 109,227	$ 106,737	$ 2,490
Gross margin as a % of revenues	24.8 %	19.3 %	5.4 %
Average daily rate for lodges [4]	$ 97	$ 94	$ 3
Total billed rooms for lodges [5]	1,203,390	1,118,220	85,170
Average Canadian dollar to U.S. dollar	$ 0.802	$ 0.733	$ 0.069

(1) Includes revenues related to lodge rooms and hospitality services for owned rooms for the periods presented.
(2) Includes revenues related to mobile assets for the periods presented.
(3) Includes revenues related to food services, laundry and water and wastewater treatment services for the periods presented.
(4) Average daily rate is based on billed rooms and accommodation revenue.
(5) Billed rooms represents total billed days for owned assets for the periods presented.

Our Canadian segment reported revenues in the six months ended June 30, 2021 that were $12.8 million, or 10%, higher than the six months ended June 30, 2020. The strengthening of the average exchange rate for the Canadian dollar relative to the U.S. dollar by 9% in the six months ended June 30, 2021 compared to the six months ended June 30, 2020 resulted in a $13.3 million period-over-period increase in revenues. Excluding the impact of the stronger Canadian exchange rate, revenue remained relatively flat; however, it was positively impacted by higher billed rooms at our oil sands lodges related to turnaround activities by a number of customers and by increased mobile asset activity from a pipeline project. Partially offsetting these increases were reduced billed rooms at our Sitka Lodge related to the COVID-19 pandemic and the British Columbia health order and reduced food services activity, as an overflow site supporting a LNG-related project in 2020 is no longer required.

Our Canadian segment cost of sales and services increased $2.5 million, or 2%, in the six months ended June 30, 2021 compared to the six months ended June 30, 2020. The strengthening of the average exchange rate for the Canadian dollar relative to the U.S. dollar by 9% in the six months ended June 30, 2021 compared to the six months ended June 30, 2020 resulted in a $9.6 million period-over-period increase in cost of sales and services. Excluding the impact of the stronger Canadian exchange rate, the decreased cost of sales and services was driven by reduced food services activity, as an overflow site supporting a LNG-related project in 2020 is no longer required and reduced activity at our Sitka Lodge related to the COVID-19 pandemic and British Columbia health order. Partially offsetting these decreases were increased mobile asset activity from a pipeline project and increased activity at our oil sands lodges related to turnaround activities by a number of customers.

Our Canadian segment gross margin as a percentage of revenues increased from 19.3% in the six months ended June 30, 2020 to 24.8% in the six months ended June 30, 2021. This was primarily driven by increased mobile asset activity and related operating efficiencies. Accommodation gross margins were maintained at 28% with an increase in margins at our oil sands lodges related to turnaround activities by a number of customers and related operating efficiencies at these higher levels, offset by a reduction in margins at our Sitka Lodge related to reduced operating efficiencies at the lower occupancy levels experienced due to the COVID-19 pandemic and the British Columbia health order.

Segment Results of Operations – Australian Segment

	Six Months Ended June 30,		
	2021	2020	Change
Revenues ($ in thousands)			
Accommodation revenue [1]	$ 71,455	$ 67,518	$ 3,937
Food service and other services revenue [2]	52,201	$ 38,666	$ 13,535
Total revenues	$ 123,656	$ 106,184	$ 17,472
Cost of sales and services ($ in thousands)			
Accommodation cost	$ 35,187	$ 30,264	$ 4,923
Food service and other services cost	49,451	32,466	16,985
Indirect other cost	3,160	1,736	1,424
Total cost of sales and services	$ 87,798	$ 64,466	$ 23,332
Gross margin as a % of revenues	29.0 %	39.3 %	(10.3)%
Average daily rate for villages [3]	$ 80	$ 69	$ 11
Total billed rooms for villages [4]	890,964	974,232	(83,268)
Australian dollar to U.S. dollar	$ 0.772	$ 0.658	$ 0.114

(1) Includes revenues related to village rooms and hospitality services for owned rooms for the periods presented.
(2) Includes revenues related to food services and other services, including facilities management for the periods presented.
(3) Average daily rate is based on billed rooms and accommodation revenue.
(4) Billed rooms represent total billed days for owned assets for the periods presented.

Our Australian segment reported revenues in the six months ended June 30, 2021 that were $17.5 million, or 17%, higher than the six months ended June 30, 2020. The strengthening of the average exchange rate for Australian dollars relative to the U.S. dollar by 17% in the six months ended June 30, 2021 compared to the six months ended June 30, 2020 resulted in a $18.3 million period-over-period increase in revenues. Accordingly, the increase in the average daily rate is entirely attributable to the strengthening of the Australia dollar. Excluding the impact of the stronger Australian exchange rate, the Australian segment experienced a 1% decrease in revenues largely due to decreased activity at our Bowen Basin villages and Western Australia villages, partially offset by increased occupancy at our integrated services villages.

Our Australian segment cost of sales and services increased $23.3 million, or 36%, in the six months ended June 30, 2021 compared to the six months ended June 30, 2020. The strengthening of the average exchange rate for Australian dollars relative to the U.S. dollar by 17% in the six months ended June 30, 2021 compared to the six months ended June 30, 2020 resulted in a $13.0 million period-over-period increase in cost of sales and services. Excluding the impact of the stronger Australian exchange rate, the increase in cost of sales and services was largely driven by increased occupancy at our integrated services villages and increased costs of temporary labor due to ongoing labor shortages.

Our Australian segment gross margin as a percentage of revenues decreased to 29% in the six months ended June 30, 2021 from 39.3% in the six months ended June 30, 2020. This was primarily driven by our integrated services business, which has a service-only business model, and therefore results in lower overall gross margins than the accommodation business. Reduced occupancy at the Bowen Basin villages and Western Australia villages has also impacted our Australian segment gross margin. Segment gross margin has also been negatively impacted by increased staff costs as a result of a hospitality labor shortage in Australia which has been exacerbated by state and international border closures due to COVID-19. State and international border closures have affected the number of staff available which has subsequently led to an increased reliance on more expensive temporary labor hire resources and has placed upward pressure on wages for permanent staff as competitors compete for a small pool of labor.

Segment Results of Operations – U.S. Segment

	Six Months Ended June 30,		
	2021	2020	Change
Revenues ($ in thousands)	$ 10,784	$ 14,976	$ (4,192)
Cost of sales and services ($ in thousands)	$ 10,787	$ 15,243	$ (4,456)
Gross margin as a % of revenues	0.0 %	(1.8) %	1.8 %

Our U.S. segment reported revenues in the six months ended June 30, 2021 that were $4.2 million, or 28%, lower than the six months ended June 30, 2020. This decrease was due to reduced U.S. drilling activity affecting our wellsite business and reduced activity in our offshore fabrication business as a project was completed in the first half of 2020 that did not recur to the same extent in 2021. These decreases were partially offset by increased activity at our Acadian Acres lodge related to a client's turnaround activity.

Our U.S. segment cost of sales and services decreased $4.5 million, or 29%, in the six months ended June 30, 2021 compared to the six months ended June 30, 2020. This decrease was due to reduced U.S. drilling activity affecting our wellsite business, reduced activity in our offshore fabrication business as a project was completed in the first half of 2020 that did not recur to the same extent in 2021 and reduced costs at our West Permian lodge under a new customer contract.

Our U.S. segment gross margin as a percentage of revenues increased 1.8% from the six months ended June 30, 2020 to the six months ended June 30, 2021, primarily due to improved margins at our West Permian lodge under a new customer contract and in our offshore business from product sales, partially offset by reduced operating efficiencies at lower activity levels in our wellsite business.

Liquidity and Capital Resources

Our primary liquidity needs are to fund capital expenditures, which in the past have included expanding and improving our hospitality services, developing new lodges and villages, purchasing or leasing land, and for general working capital needs. In addition, capital has been used to repay debt and fund strategic business acquisitions. Historically, our primary sources of funds have been available cash, cash flow from operations, borrowings under our Credit Agreement and proceeds from equity issuances. In the future, we may seek to access the debt and equity capital markets from time to time to raise additional capital, increase liquidity, fund acquisitions, refinance debt or retire preferred shares.

The following table summarizes our consolidated liquidity position as of June 30, 2021 and December 31, 2020 (in thousands):

	June 30, 2021	December 31, 2020
Lender commitments (1)	$ 167,300	$ 167,300
Borrowings against revolving credit capacity	(52,197)	(63,556)
Outstanding letters of credit	(2,982)	(4,487)
Unused availability	112,121	99,257
Cash and cash equivalents	4,414	6,155
Total available liquidity	$ 116,535	$ 105,412

(1) As of June 30, 2021, we had one bank guarantee facility totaling A$1.0 million. As of December 31, 2020, we had two bank guarantee facilities totaling $3.0 million. We had bank guarantees of A$0.8 million outstanding under the facilities as of both June 30, 2021 and December 31, 2020.

Cash totaling $29.4 million was provided by operations during the six months ended June 30, 2021, compared to $45.3 million provided by operations during the six months ended June 30, 2020. During the six months ended June 30, 2021 and

2020, $13.8 million was used in working capital and $2.9 million was provided by working capital, respectively. The decrease in cash provided by working capital in 2021 compared to 2020 is largely due to increased accounts receivable balances in Canada.

Cash was provided by investing activities during the six months ended June 30, 2021 in the amount of $0.5 million, compared to cash provided by investing activities during the six months ended June 30, 2020 in the amount of $2.7 million. The decrease in cash provided by investing activities was primarily due to $4.7 million of other income associated with the settlement of a representations and warranties claim related to the Noralta acquisition and lower capital expenditures during the six months ended June 30, 2020, partially offset by higher proceeds from the sale of our manufacturing facility and mobile assets in Canada during the six months ended June 30, 2021. Capital expenditures totaled $6.5 million and $3.8 million during the six months ended June 30, 2021 and 2020, respectively.

We expect our capital expenditures for 2021, exclusive of any business acquisitions or any growth capital expenditures, to be approximately $20 million, which excludes any unannounced and uncommitted projects, the spending for which is contingent on obtaining customer contracts. Whether planned expenditures will actually be spent in 2021 depends on industry conditions, project approvals and schedules, customer room commitments and project and construction timing. We expect to fund these capital expenditures with available cash, cash flow from operations and revolving credit borrowings under our Credit Agreement. The foregoing capital expenditure forecast does not include any funds for strategic acquisitions, which we could pursue should the transaction economics be attractive enough to us compared to the current capital allocation priorities of debt reduction. We continue to monitor the COVID-19 global pandemic and the responses thereto, the global economy, the prices of and demand for crude oil, met coal and iron ore and the resultant impact on the capital spending plans of our customers in order to plan our business activities, and we may adjust our capital expenditure plans in the future.

Net cash of $31.1 million was used in financing activities during the six months ended June 30, 2021 primarily due to net repayments under our revolving credit facilities of $12.1 million, repayments of term loan borrowings of $17.9 million and $1.1 million used to settle tax obligations on vested shares under our share-based compensation plans. Net cash of $43.6 million was used in financing activities during the six months ended June 30, 2020 primarily due to net repayments under our revolving credit facilities of $25.6 million, repayments of term loan borrowings of $16.5 million and $1.5 million used to settle tax obligations on vested shares under our share-based compensation plans.

The following table summarizes the changes in debt outstanding during the six months ended June 30, 2021 (in thousands):

Balance at December 31, 2020	$	251,086
Borrowings under revolving credit facilities		117,976
Repayments of borrowings under revolving credit facilities		(130,080)
Repayments of term loans		(17,874)
Translation		5,725
Balance at June 30, 2021	$	226,833

We believe that cash on hand and cash flow from operations will be sufficient to meet our anticipated liquidity needs in the coming 12 months. If our plans or assumptions change, including as a result of the impact of COVID-19 or the decline in the price of and demand for oil, or are inaccurate, or if we make acquisitions, we may need to raise additional capital. Acquisitions have been, and our management believes acquisitions will continue to be, an element of our long-term business strategy. The timing, size or success of any acquisition effort and the associated potential capital commitments are unpredictable and uncertain. We may seek to fund all or part of any such efforts with proceeds from debt and/or equity issuances or may issue equity directly to the sellers. Our ability to obtain capital for additional projects to implement our growth strategy over the longer term will depend on our future operating performance, financial condition and, more broadly, on the availability of equity and debt financing. Capital availability will be affected by prevailing conditions in our industry, the global economy, the global financial markets and other factors, many of which are beyond our control. In addition, any additional debt service requirements we take on could be based on higher interest rates and shorter maturities and could impose a significant burden on our results of operations and financial condition, and the issuance of additional equity securities could result in significant dilution to shareholders.

Credit Agreement

As of June 30, 2021, our Credit Agreement (as then amended to date, the Credit Agreement) provided for: (i) a $167.3 million revolving credit facility scheduled to mature on May 30, 2023, allocated as follows: (A) a $10.0 million senior secured revolving credit facility in favor of certain of our U.S. subsidiaries, as borrowers; (B) a $122.3 million senior secured revolving credit facility in favor of Civeo and certain of our Canadian subsidiaries, as borrowers; and (C) a $35.0 million senior secured revolving credit facility in favor of one of our Australian subsidiaries, as borrower; and (ii) a $194.8 million term loan facility scheduled to mature on May 30, 2023 for certain lenders in favor of Civeo.

As of June 30, 2021, we had outstanding letters of credit of $0.9 million under the U.S. facility, zero under the Australian facility and $2.1 million under the Canadian facility.

As of June 30, 2021, we had one bank guarantee facility totaling A$1.0 million. We had bank guarantees of A$0.8 million outstanding under the facility as of June 30, 2021.

See Note 8 – Debt to the notes to the unaudited consolidated financial statements included in Item 1 of this quarterly report for further discussion.

Dividends

The declaration and amount of all potential future dividends will be at the discretion of our Board of Directors and will depend upon many factors, including our financial condition, results of operations, cash flows, prospects, industry conditions, capital requirements of our business, covenants associated with certain debt obligations, legal requirements, regulatory constraints, industry practice and other factors the Board of Directors deems relevant. In addition, our ability to pay cash dividends on common or preferred shares is limited by covenants in the Credit Agreement. Future agreements may also limit our ability to pay dividends, and we may incur incremental taxes if we are required to repatriate foreign earnings to pay such dividends. If we elect to pay dividends in the future, the amount per share of our dividend payments may be changed, or dividends may be suspended, without advance notice. The likelihood that dividends will be reduced or suspended is increased during periods of market weakness. There can be no assurance that we will pay a dividend in the future.

The preferred shares we issued in the Noralta acquisition are entitled to receive a 2% annual dividend on the liquidation preference (initially $10,000 per share), paid quarterly in cash or, at our option, by increasing the preferred shares' liquidation preference, or any combination thereof. Quarterly dividends were paid in-kind on June 30, 2021, thereby increasing the liquidation preference to $10,669 per share as of June 30, 2021. We currently expect to pay dividends on the preferred shares for the foreseeable future through an increase in liquidation preference rather than cash.

Off-Balance Sheet Arrangements

As of June 30, 2021, we had no off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K.

Contractual Obligations

For additional information about our contractual obligations, refer to "Liquidity and Capital Resources—Contractual Obligations" in our Annual Report on Form 10-K for the year ended December 31, 2020. As of June 30, 2021, except for net repayments under our revolving credit facilities, there were no material changes to the disclosure regarding our contractual obligations made in our Annual Report on Form 10-K for the year ended December 31, 2020.

Critical Accounting Policies

For a discussion of the critical accounting policies and estimates that we use in the preparation of our consolidated financial statements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2020. These estimates require significant judgments, assumptions and estimates. We have discussed the development, selection and disclosure of these critical accounting policies and estimates with the audit committee of our Board of Directors. There have been no material changes to the judgments, assumptions and estimates upon which our critical accounting estimates are based.

ITEM 3. *Quantitative and Qualitative Disclosures about Market Risk*

Our principal market risks are our exposure to changes in interest rates and foreign currency exchange rates.

Interest Rate Risk

We have credit facilities that are subject to the risk of higher interest charges associated with increases in interest rates. As of June 30, 2021, we had $226.8 million of outstanding floating-rate obligations under our credit facilities. These floating-rate obligations expose us to the risk of increased interest expense in the event of increases in short-term interest rates. If floating interest rates increased by 100 basis points, our consolidated interest expense would increase by approximately $2.3 million annually, based on our floating-rate debt obligations and interest rates in effect as of June 30, 2021.

Foreign Currency Exchange Rate Risk

Our operations are conducted in various countries around the world, and we receive revenue and pay expenses from these operations in a number of different currencies. As such, our earnings are subject to movements in foreign currency exchange rates when transactions are denominated in (i) currencies other than the U.S. dollar, which is our reporting currency, or (ii) the functional currency of our subsidiaries, which is not necessarily the U.S. dollar. Excluding intercompany balances, our Canadian dollar and Australian dollar functional currency net assets total approximately C$166 million and A$280 million, respectively, at June 30, 2021. We use a sensitivity analysis model to measure the impact of a 10% adverse movement of foreign currency exchange rates against the United States dollar. A hypothetical 10% adverse change in the value of the Canadian dollar and Australian dollar relative to the U.S. dollar as of June 30, 2021 would result in translation adjustments of approximately $17 million and $28 million, respectively, recorded in other comprehensive loss. Although we do not currently have any foreign exchange agreements outstanding, in order to reduce our exposure to fluctuations in currency exchange rates, we may enter into foreign exchange agreements with financial institutions in the future.

ITEM 4. *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2021, at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

During the three months ended June 30, 2021, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II -- OTHER INFORMATION

ITEM 1. ***Legal Proceedings***

We are a party to various pending or threatened claims, lawsuits and administrative proceedings seeking damages or other remedies concerning our commercial operations, products, employees and other matters, including occasional claims by individuals alleging exposure to hazardous materials as a result of our products or operations. Some of these claims relate to matters occurring prior to our acquisition of businesses, and some relate to businesses we have sold. In certain cases, we are entitled to indemnification from the sellers of businesses, and in other cases, we have indemnified the buyers of businesses from us. Although we can give no assurance about the outcome of pending legal and administrative proceedings and the effect such outcomes may have on us, we believe that any ultimate liability resulting from the outcome of such proceedings, to the extent not otherwise provided for or covered by indemnity or insurance, will not have a material adverse effect on our consolidated financial position, results of operations or liquidity.

ITEM 1A. ***Risk Factors***

For additional information about our risk factors, you should carefully read the section entitled "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2020.

ITEM 6. ***Exhibits***

(a) INDEX OF EXHIBITS

Exhibit No.		Description
31.1*	—	Certification of Chief Executive Officer of Civeo Corporation pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934.
31.2*	—	Certification of Chief Financial Officer of Civeo Corporation pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934.
32.1**	—	Certification of Chief Executive Officer of Civeo Corporation pursuant to Rules 13a-14(b) or 15d-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350.
32.2**	—	Certification of Chief Financial Officer of Civeo Corporation pursuant to Rules 13a-14(b) or 15d-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350.
101.INS*	—	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	—	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	—	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	—	Inline Taxonomy Extension Definition Linkbase Document
101.LAB*	—	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	—	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	—	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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* Filed herewith.

** Furnished herewith.

PLEASE NOTE: Pursuant to the rules and regulations of the Securities and Exchange Commission, we have filed or incorporated by reference the agreements referenced above as exhibits to this Quarterly Report on Form 10-Q. The agreements have been filed to provide investors with information regarding their respective terms. The agreements are not intended to provide any other factual information about Civeo or its business or operations. In particular, the assertions embodied in any representations, warranties and covenants contained in the agreements may be subject to qualifications with respect to knowledge and materiality different from those applicable to investors and may be qualified by information in confidential disclosure schedules not included with the exhibits. These disclosure schedules may contain information that modifies, qualifies and creates exceptions to the representations, warranties and covenants set forth in the agreements. Moreover, certain representations, warranties and covenants in the agreements may have been used for the purpose of allocating risk between the parties, rather than establishing matters as facts. In addition, information concerning the subject matter of the representations, warranties and covenants may have changed after the date of the respective agreement, which subsequent information may or may not be fully reflected in our public disclosures. Accordingly, investors should not rely on the representations, warranties and covenants in the agreements as characterizations of the actual state of facts about Civeo or its business or operations on the date hereof.

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 thereunto duly authorized.

CIVEO CORPORATION

Date: July 30, 2021

By /s/ Carolyn J. Stone
Carolyn J. Stone
Senior Vice President, Chief Financial Officer and Treasurer (Duly Authorized Officer and Principal Financial Officer)

EXHIBIT 31.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
OF CIVEO CORPORATION
PURSUANT TO RULE 13a–14(a) UNDER THE
SECURITIES EXCHANGE ACT OF 1934

I, Bradley J. Dodson, certify that:

1 I have reviewed this Quarterly Report on Form 10-Q of Civeo Corporation (Registrant);

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4 The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

a designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5 The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent functions):

a all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: July 30, 2021

/s/ Bradley J. Dodson
Bradley J. Dodson
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
OF CIVEO CORPORATION
PURSUANT TO RULE 13a–14(a) UNDER THE
SECURITIES EXCHANGE ACT OF 1934

I, Carolyn J. Stone, certify that:

1 I have reviewed this Quarterly Report on Form 10-Q of Civeo Corporation (Registrant);

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4 The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

a designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5 The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s Board of Directors (or persons performing the equivalent functions):

a all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

b any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: July 30, 2021

/s/ Carolyn J. Stone
Carolyn J. Stone
Senior Vice President, Chief Financial Officer and Treasurer

EXHIBIT 32.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
OF CIVEO CORPORATION
PURSUANT TO 18 U.S.C. § 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Civeo Corporation (the "Company") for the quarterly period ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bradley J. Dodson, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1 The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2 The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Bradley J. Dodson

Name:	Bradley J. Dodson
Date:	July 30, 2021

EXHIBIT 32.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
OF CIVEO CORPORATION
PURSUANT TO 18 U.S.C. § 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Civeo Corporation (the "Company") for the quarterly period ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Carolyn J. Stone, Senior Vice President, Chief Financial Officer and Treasurer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1 The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2 The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Carolyn J. Stone

Name:	Carolyn J. Stone
Date:	July 30, 2021