



# **AWILCO DRILLING**

## **Q2 2013 Presentation**

Oslo, 15<sup>th</sup> of August 2013

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# Agenda

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1. Highlights
2. Q2 2013 Financial Results
3. Operational Update
4. Market Outlook
5. Summary
6. Q&A

# **1. Highlights**

# Highlights

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- Announcement of USD 1.00 dividend
- Contract signed with Apache and Taqa – contract value USD 424 million
- Total Q2 Revenue approx. USD 59.5 million; EBITDA USD 38.6 million
- Q2 Opex per rig approx. USD 72,500 per day
- Total contract backlog per end of Q2 was USD 860 million
- Revenue efficiency during Q2 was 97.3%

## **2. Q2 2013 Financial Results**

# Q2 2013 Income Statement

## Condensed statement of comprehensive income

in USD thousands, except earnings per share

	YTD		YTD	
	Q2 2013 (unaudited)	30.06.13 (unaudited)	Q2 2012 (unaudited)	30.06.2012 (unaudited)
Contract revenue	58,698	110,990	32,142	51,658
Reimbursables	794	1,854	360	584
Other revenue	19	24	15	2,849
	<u>59,511</u>	<u>112,868</u>	<u>32,517</u>	<u>55,091</u>
Rig operating expenses	13,190	26,740	14,927	28,692
Reimbursables	263	763	172	262
Provision for doubtful debts	-	-	695	3,165
General and administrative expenses	5,533	10,913	3,010	5,905
Other expense	1,900	1,900	-	-
Depreciation	4,398	8,789	4,456	8,816
	<u>25,284</u>	<u>49,105</u>	<u>23,260</u>	<u>46,840</u>
Operating profit	<u>34,227</u>	<u>63,764</u>	<u>9,257</u>	<u>8,251</u>
Interest income	46	62	4	10
Interest expense	(2,365)	(4,788)	(3,561)	(7,065)
Other financial items	57	(59)	68	(63)
Net financial items	<u>(2,262)</u>	<u>(4,785)</u>	<u>(3,489)</u>	<u>(7,118)</u>
Profit/(Loss) before tax	31,965	58,979	5,768	1,133
Tax (expense)	(2,596)	(4,896)	(570)	7
Net profit/(loss)	<u>29,369</u>	<u>54,083</u>	<u>5,198</u>	<u>1,140</u>
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>29,369</u>	<u>54,083</u>	<u>5,198</u>	<u>1,140</u>
Attributable to minority interests	-	-	-	-
Attributable to shareholders of the parent	29,369	54,083	5,198	1,140
Basic and diluted earnings per share	0.98	1.80	0.17	0.04

# Q2 2013 Balance Sheet

## Condensed statement of financial position

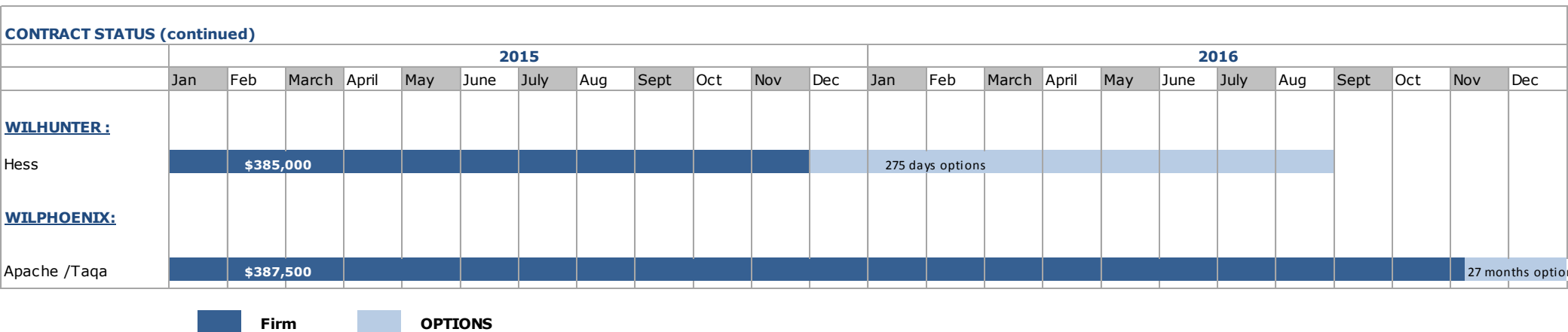
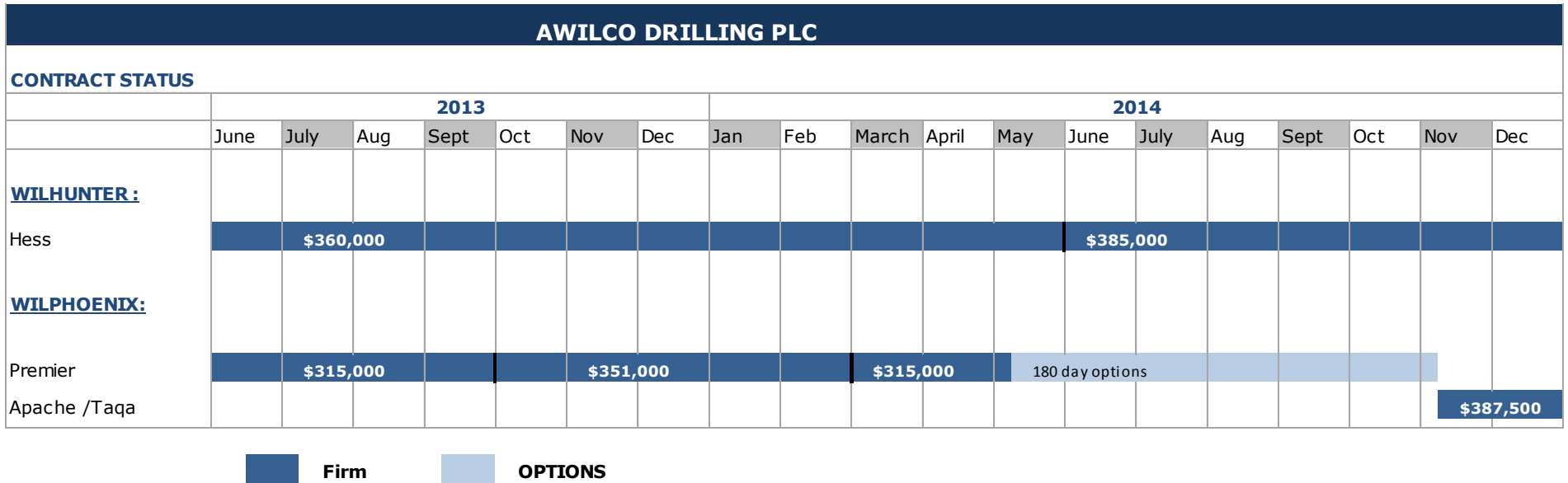
in USD thousands

	30.06.2013	31.12.2012
	(unaudited)	(audited)
Rigs, machinery and equipment	246,516	250,173
Deferred tax asset	1,914	853
	<u>248,430</u>	<u>251,026</u>
Trade and other receivables	18,356	22,285
Prepayments and accrued revenue	23,006	15,529
Inventory	4,800	4,800
Cash and cash equivalents	38,535	16,926
Current tax	15,951	6,542
	<u>100,648</u>	<u>66,082</u>
<b>Total assets</b>	<b><u>349,078</u></b>	<b><u>317,108</u></b>
Paid in capital	130,142	130,142
Retained earnings	72,257	48,206
	<u>202,399</u>	<u>178,348</u>
Deferred tax liability	769	769
Long-term interest-bearing debt	92,598	98,098
	<u>93,367</u>	<u>98,867</u>
Current portion of long-term debt	11,000	16,500
Trade and other creditors	2,250	1,965
Accruals and provisions	19,540	12,041
Current tax payable	20,522	9,387
	<u>53,312</u>	<u>39,893</u>
<b>Total equity and liabilities</b>	<b><u>349,078</u></b>	<b><u>317,108</u></b>



## **3. Operational Update**

# Contract Status – Current Backlog USD 830 million



# Operational Performance

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- High operational performance in Q2 with 97.3% operational uptime
- Continued positive customer feedback
- Opex still lower than guidance in Q2
  - Lower than planned spend on major expense projects due to timing

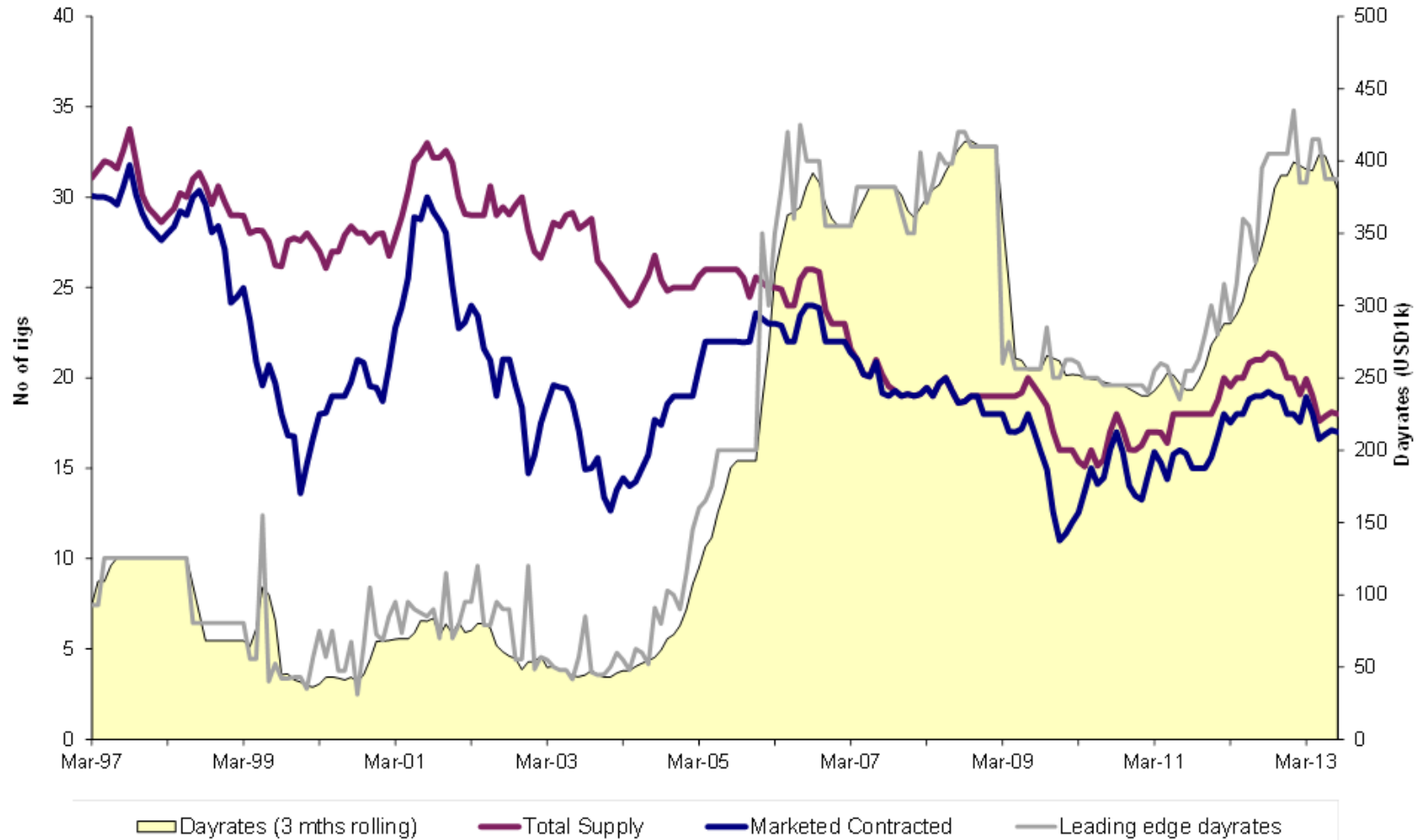
# Dividend Distribution

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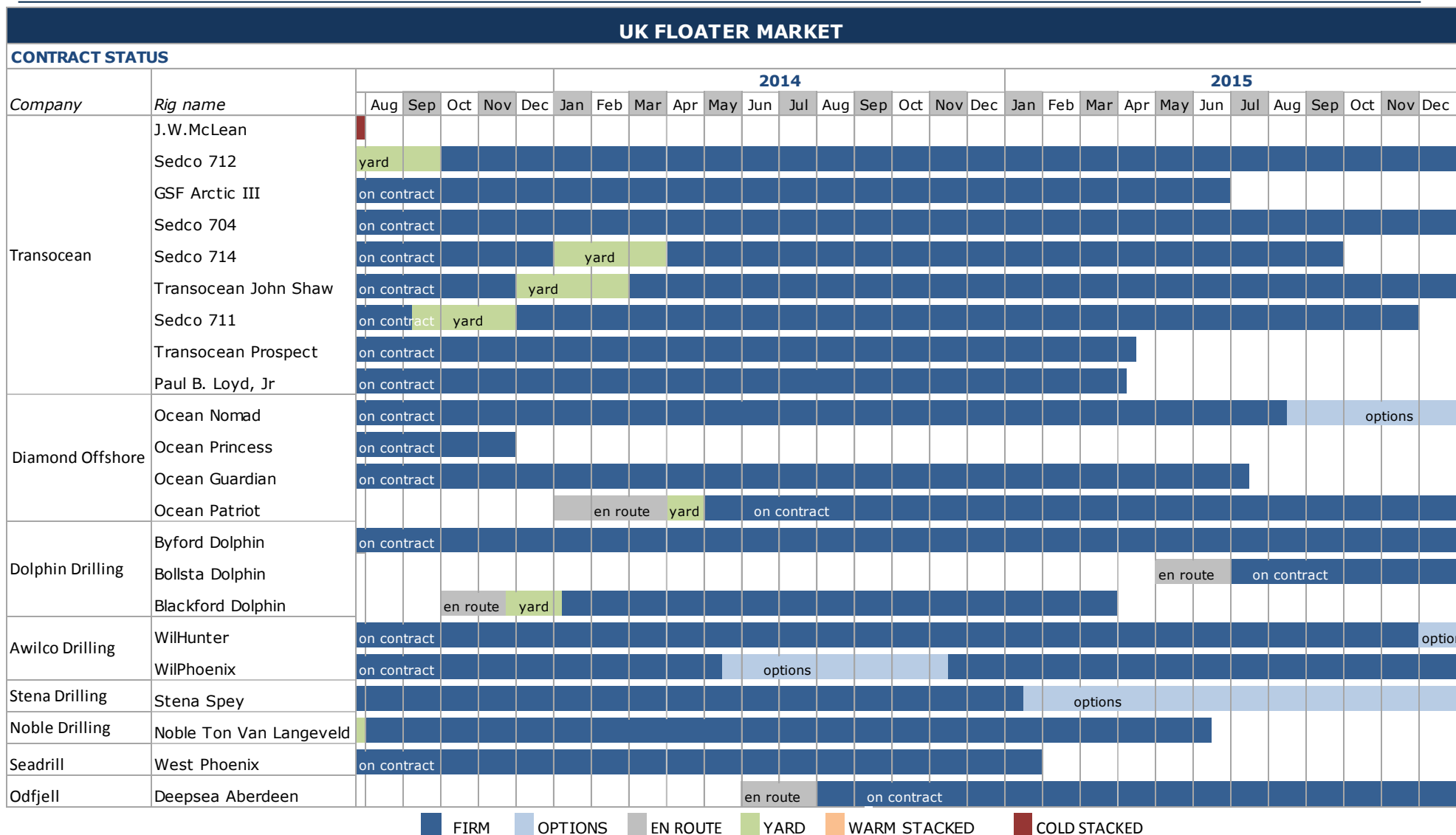
- Announcement of dividend payable in Q3 of USD 1.00 per share
- Dividend payable on or around the 20<sup>th</sup> September 2013
- Share will trade ex-dividend on 21<sup>st</sup> August 2013, the record date will be 23<sup>rd</sup> August
- Future quarterly dividend payments will be in line with the Company's intent of distributing all free cash flow above a robust cash buffer to support operational working capital requirements and planned capital expenditure

## **4. Market Outlook**

# Dayrates and Contract Duration remain Attractive in the UK Market



# The UK Market is close to Sold Out until mid-2015



Source: IHS-Petrodata

# Why do we expect the UK market to be tight beyond 2014?

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- Sustained “high” oil price well above investment triggers and combined with the UKs stable tax regime is under-pinning operator confidence
- UK Government encouraging drilling activity through licensing
- Major Operators increasing activity in established Northern and Central North Sea
- Major Operators increasing activity in new developments West of Shetland
- Major Operators increasing decommissioning and well abandonment activity
- Independents Operators continuing to exploit marginal fields & push the sublet market
- UK market has barriers to entry



## **5. Summary**

# Summary

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- Market fundamentals remain positive
- Solid current contract backlog of USD 830 million
- Continued focus on operational efficiency
- Announcement of dividend payable in Q3 of USD 1.00
- Evaluating growth opportunities on a case-by-case basis

**Q&A**