



AWILCO DRILLING

Q1 2014 Presentation

Oslo, 14th of May 2014

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Agenda

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2. Q1 2014 Financial Results
3. Operational Update
4. Market Outlook
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1. Highlights

Highlights

- Announcement of USD 1.15 dividend
- Total Q1 Revenue USD 62.7 million; EBITDA USD 44.1 million
- Q1 Opex per rig approx. USD 80,100 per day
- Total contract backlog at end of Q1 was USD 707 million
- Revenue efficiency during Q1 was 97.2%

2. Q1 2014 Financial Results

Q1 2014 Income Statement

Condensed statement of comprehensive income

in USD thousands, except earnings per share

	Q1 2014	Q1 2013	Full Year
	(unaudited)	(unaudited)	2013
			(audited)
Contract revenue	62,211	52,292	233,152
Reimbursables	503	1,060	3,314
Other revenue	33	5	66
	<u>62,747</u>	<u>53,357</u>	<u>236,532</u>
Rig operating expenses	14,422	13,550	56,568
Reimbursables	195	500	1,239
General and administrative expenses	4,035	5,379	20,887
Other (income)	-	-	(3,535)
Other expense	12	-	1,900
Depreciation	4,400	4,391	17,609
	<u>23,064</u>	<u>23,820</u>	<u>94,668</u>
Operating profit	<u>39,683</u>	<u>29,537</u>	<u>141,864</u>
Interest income	38	16	120
Interest expense	(2,488)	(2,423)	(9,379)
Other financial items	-	(116)	(128)
Net financial items	<u>(2,450)</u>	<u>(2,523)</u>	<u>(9,387)</u>
Profit before tax	37,233	27,014	132,477
Tax (expense)	(2,753)	(2,300)	(10,214)
Net profit	<u>34,480</u>	<u>24,714</u>	<u>122,263</u>
Other comprehensive income	-	-	-
Total comprehensive income	<u>34,480</u>	<u>24,714</u>	<u>122,263</u>
Attributable to minority interests	-	-	-
Attributable to shareholders of the parent	34,480	24,714	122,263
Basic and diluted earnings per share	1.15	0.82	4.07

Q1 2014 Balance Sheet

Condensed statement of financial position

in USD thousands

	31.03.2014	31.12.2013
	(unaudited)	(audited)
Rigs, machinery and equipment	248,146	245,279
Deferred tax asset	2,977	2,763
	<u>251,123</u>	<u>248,042</u>
Trade and other receivables	28,648	14,417
Prepayments and accrued revenue	17,129	25,835
Inventory	4,800	4,800
Cash and cash equivalents	45,175	52,347
Current tax	52,355	42,317
	<u>148,107</u>	<u>139,716</u>
Total assets	<u>399,230</u>	<u>387,758</u>
Paid in capital	130,142	130,142
Retained earnings	78,816	77,370
	<u>208,958</u>	<u>207,512</u>
Deferred tax liability	554	554
Long-term interest-bearing debt	0	87,098
	<u>554</u>	<u>87,652</u>
Current portion of long-term debt	95,348	11,000
Trade and other creditors	2,702	3,140
Accruals and provisions	27,809	25,182
Current tax payable	63,859	53,272
	<u>189,718</u>	<u>92,594</u>
Total equity and liabilities	<u>399,230</u>	<u>387,758</u>

3. Operational Update

Contract Status – Current Backlog USD 680 million*

AWILCO DRILLING PLC																					
CONTRACT STATUS																					
	2014								2015												
	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	
WILHUNTER:																					
Hess	\$360K	\$385,000									\$385,000										Yard
WILPHOENIX:																					
Premier Oil	\$322K	\$442,500																			
Apache								\$387,500													

Firm
 Potential extension
 Options
 Yard

CONTRACT STATUS (continued)													
	2016												
	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	
WILHUNTER:													
Hess													
			Max 275 days option										
WILPHOENIX:													
Apache		Yard										Firm until 2H2017 + 27 months options	

Firm
 Options
 Yard

*as of 12 May 2014

Operational Performance

- Good operational performance in Q1 with 99.4% operational uptime
- Adverse weather conditions caused waiting-on-weather
- Continued positive customer feedback
- Opex in Q1 lower than guiding for 2014
 - Timing of projects
 - Lower intermediate survey cost on WilPhoenix

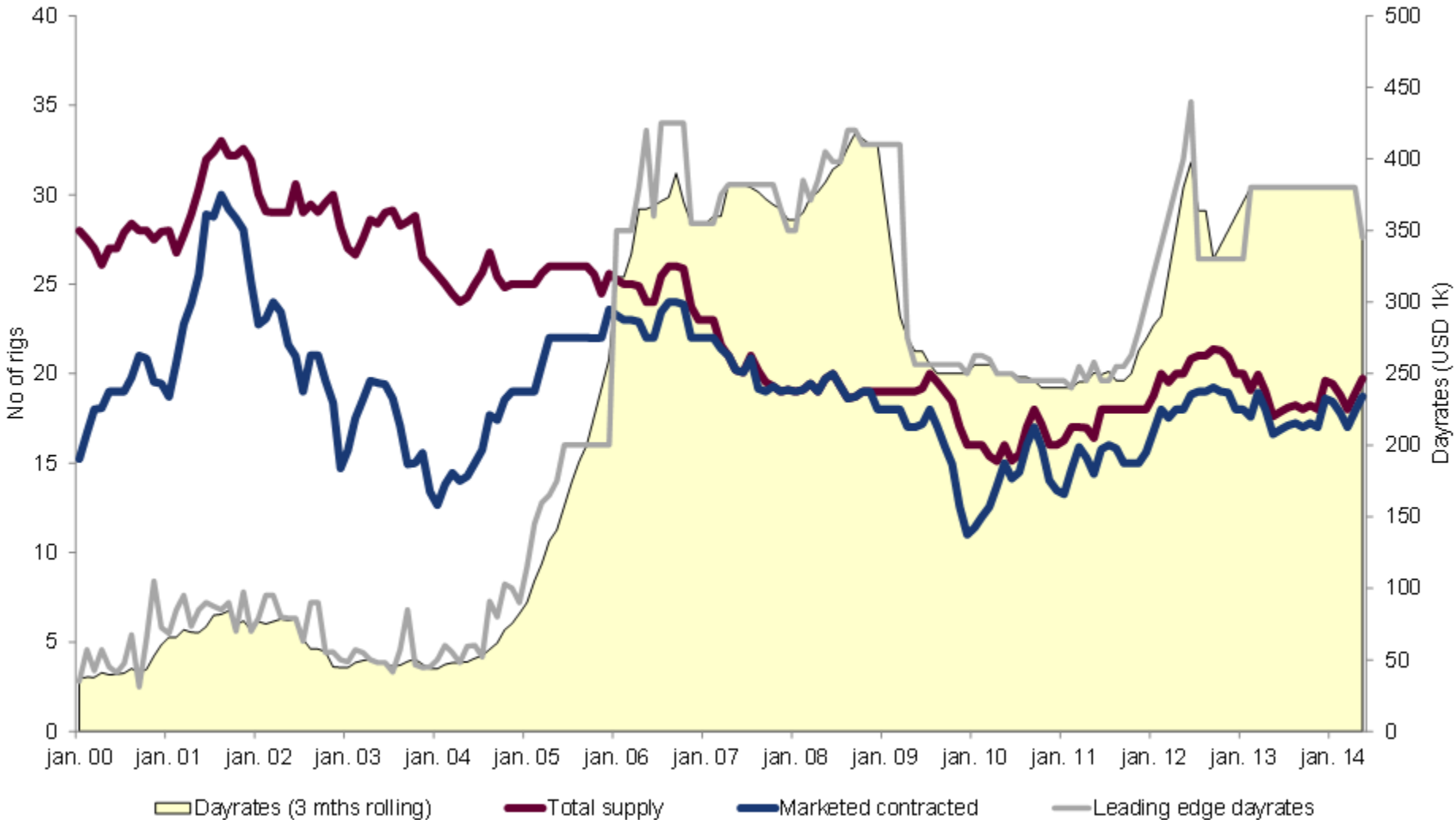


Dividend Distribution

- Announcement of dividend payable in Q2 of USD 1.15 per share
- Dividend payable on or around the 20th June 2014
- Share will trade ex-dividend on 19th May 2014, the record date will be 21st May
- 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

Contract Rates Remain Attractive in the UK Market



Source: Fearnley Fonds and IHS Petrodata

Why do we expect the UK market to be tight beyond mid-2015?

- Sustained “high” oil price and increased operator financial discipline anticipated to increase global operator investments from 2015/2016 onwards
- UK Government has set out a new vision to maximise the recovery of hydrocarbon reserves
- Major Operators continuing to commit to development drilling throughout the North Sea
- Major Operators increasing decommissioning and well abandonment activity
- Independent Operators continuing to exploit marginal fields & push the sublet market
- UK market has barriers to entry

5. Summary

Summary

- Long term market fundamentals remain positive
- Solid current contract backlog of USD 680 million, positioning Awilco Drilling well for any potential near term market softness
- Continued focus on operational efficiency
- Announcement of dividend payable in Q2 of USD 1.15
- Evaluating growth opportunities on a case-by-case basis

Q&A