



AWILCO DRILLING

Q2 2015 Presentation

Oslo, 19th of August 2015

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Agenda

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2. Q2 2015 Financial Results
3. Operational Update
4. Market Outlook
5. Summary
6. Q&A

1. Highlights

Highlights

- Announcement of USD 0.50 dividend
- Total Q2 Revenue USD 69.0 million; EBITDA USD 50.3 million
- Q2 Opex per rig approx. USD 87,900 per day
- Total contract backlog at end of Q2 was USD 371 million
- Revenue efficiency during Q2 was 97.3%



2. Q2 2015 Financial Results

Q2 2015 Income Statement

Condensed statement of comprehensive income

in USD thousands, except earnings per share

	YTD		YTD	
	Q2 2015 (unaudited)	30.06.15 (unaudited)	Q2 2014 (unaudited)	30.06.14 (unaudited)
Contract revenue	68,366	136,205	65,075	127,286
Reimbursables	584	1,213	1,189	1,692
Other revenue	34	62	41	74
	<u>68,984</u>	<u>137,480</u>	<u>66,305</u>	<u>129,052</u>
Rig operating expenses	15,999	30,352	17,212	31,634
Reimbursables	206	474	373	568
General and administrative expenses	2,474	4,163	6,010	10,045
Other expense	-	-	269	281
Depreciation	4,527	9,046	4,462	8,862
	<u>23,206</u>	<u>44,035</u>	<u>28,326</u>	<u>51,390</u>
Operating profit	<u>45,778</u>	<u>93,445</u>	<u>37,979</u>	<u>77,662</u>
Interest income	19	90	17	56
Interest expense	(2,066)	(4,244)	(4,847)	(7,336)
Other financial items	385	(58)	-	-
Net financial items	<u>(1,662)</u>	<u>(4,212)</u>	<u>(4,830)</u>	<u>(7,280)</u>
Profit before tax	44,116	89,233	33,149	70,382
Tax (expense)	(8,771)	(14,651)	(7,224)	(9,976)
Net profit	<u>35,345</u>	<u>74,582</u>	<u>25,925</u>	<u>60,406</u>
Total comprehensive income	<u>35,345</u>	<u>74,582</u>	<u>25,925</u>	<u>60,406</u>
Attributable to shareholders of the parent	35,345	74,582	25,925	60,406
Basic and diluted earnings per share	1.18	2.48	0.86	2.01

Q2 2015 Balance Sheet

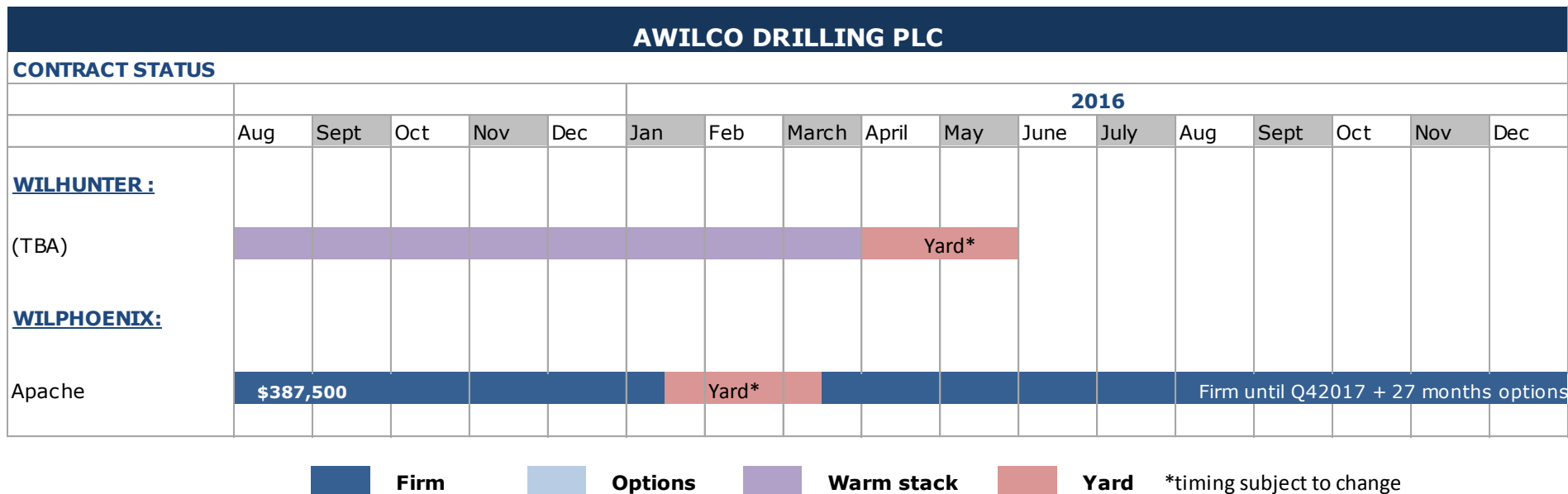
Condensed statement of financial position

in USD thousands

	30.06.2015	31.12.2014
	(unaudited)	(audited)
Rigs, machinery and equipment	249,972	251,165
Deferred tax asset	545	2,486
	<u>250,517</u>	<u>253,651</u>
Trade and other receivables	23,472	12,116
Prepayments and accrued revenue	27,255	28,938
Inventory	4,787	4,800
Cash and cash equivalents	86,371	75,951
Current tax	59,545	82,594
	<u>201,430</u>	<u>204,399</u>
Total assets	<u>451,947</u>	<u>458,050</u>
Paid in capital	130,142	130,142
Retained earnings	107,746	78,211
	<u>237,888</u>	<u>208,353</u>
Deferred tax liability	2,960	0
Long-term interest-bearing debt	105,000	110,000
	<u>107,960</u>	<u>110,000</u>
Current portion of long-term debt	10,000	10,000
Trade and other creditors	3,292	3,233
Accruals and provisions	16,405	17,942
Current tax payable	76,402	108,522
	<u>106,099</u>	<u>139,697</u>
Total equity and liabilities	<u>451,947</u>	<u>458,050</u>

3. Operational Update

Contract Status – Current Backlog USD 293 million*



- WilHunter released early from Hess contract end of July
- No negative financial repercussions from early termination to either parties
- WilHunter SPS will only be carried out if sufficient follow-on work is secured
- Warm stack status on WilHunter to be continuously reviewed

*as of 18 August 2015

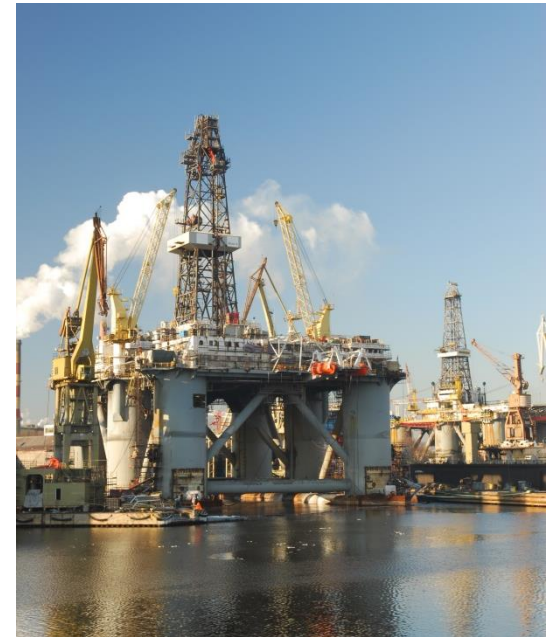
Solid Operational Performance Continues

- Good operational performance in Q2 with 96.7 % operational uptime
- Opex in Q2 in accordance with guidance
- Continued positive customer feedback
- Awilco Drilling attained the OHSAS 18001 Safety Standard during the quarter
- The Company previously attained accreditation to the ISO 9001 Quality Standard and the ISO 14001 Environmental Standard. All three standards apply to both the onshore and offshore organisation



Upcoming SPS Yard Stay Projects

- Experienced project team has been planning the yard stay projects since 2013
- Budget for SPS project remains unchanged at USD 20 million per rig
- Budget for new BOP's remains unchanged at USD 22.5 million per rig
- WilPhoenix yard stay scheduled for late 2015/early 2016
- WilHunter yard stay scheduled for Q2 2016, however, dependent on sufficient follow-on work being secured

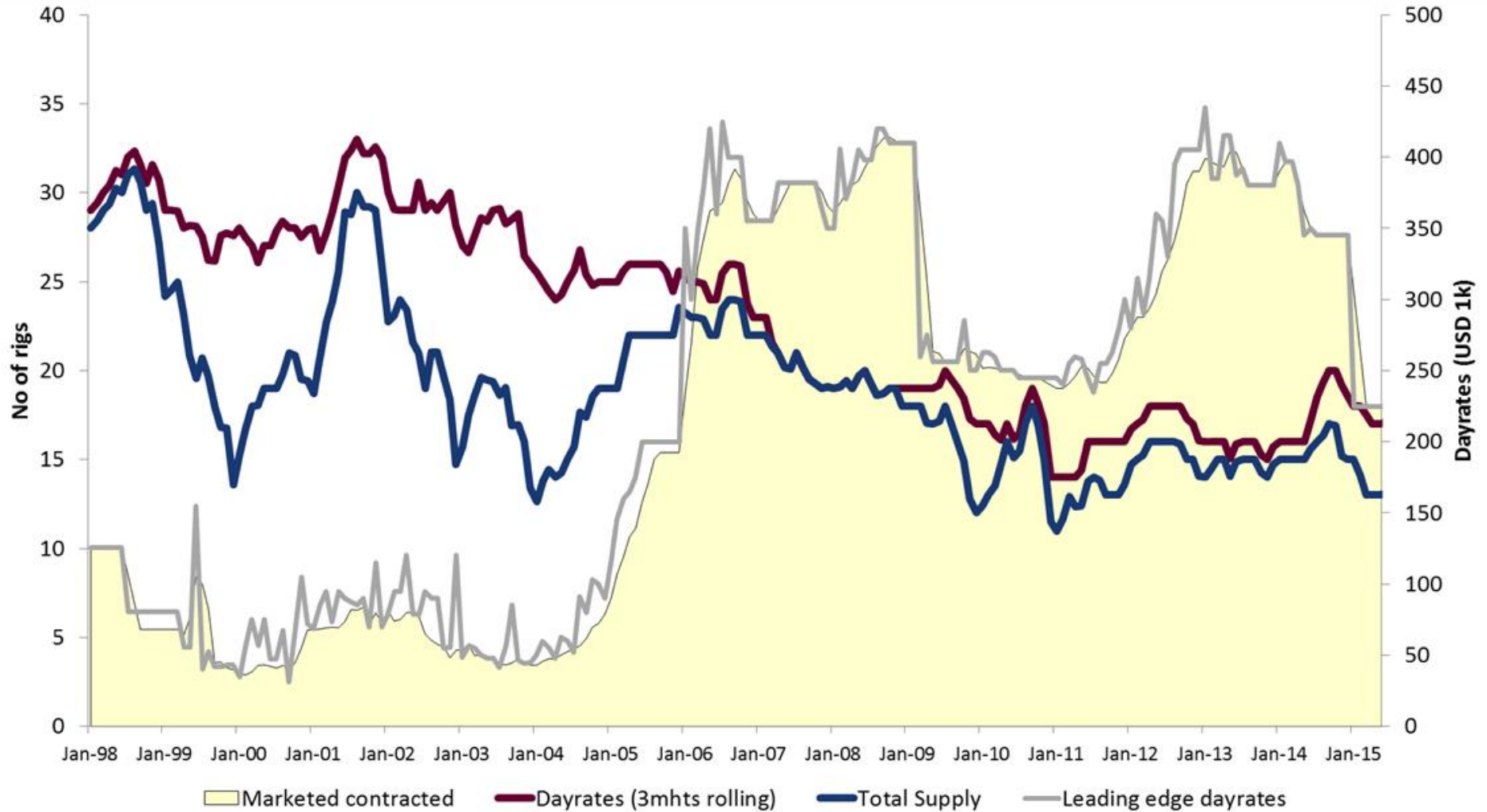


Dividend Distribution

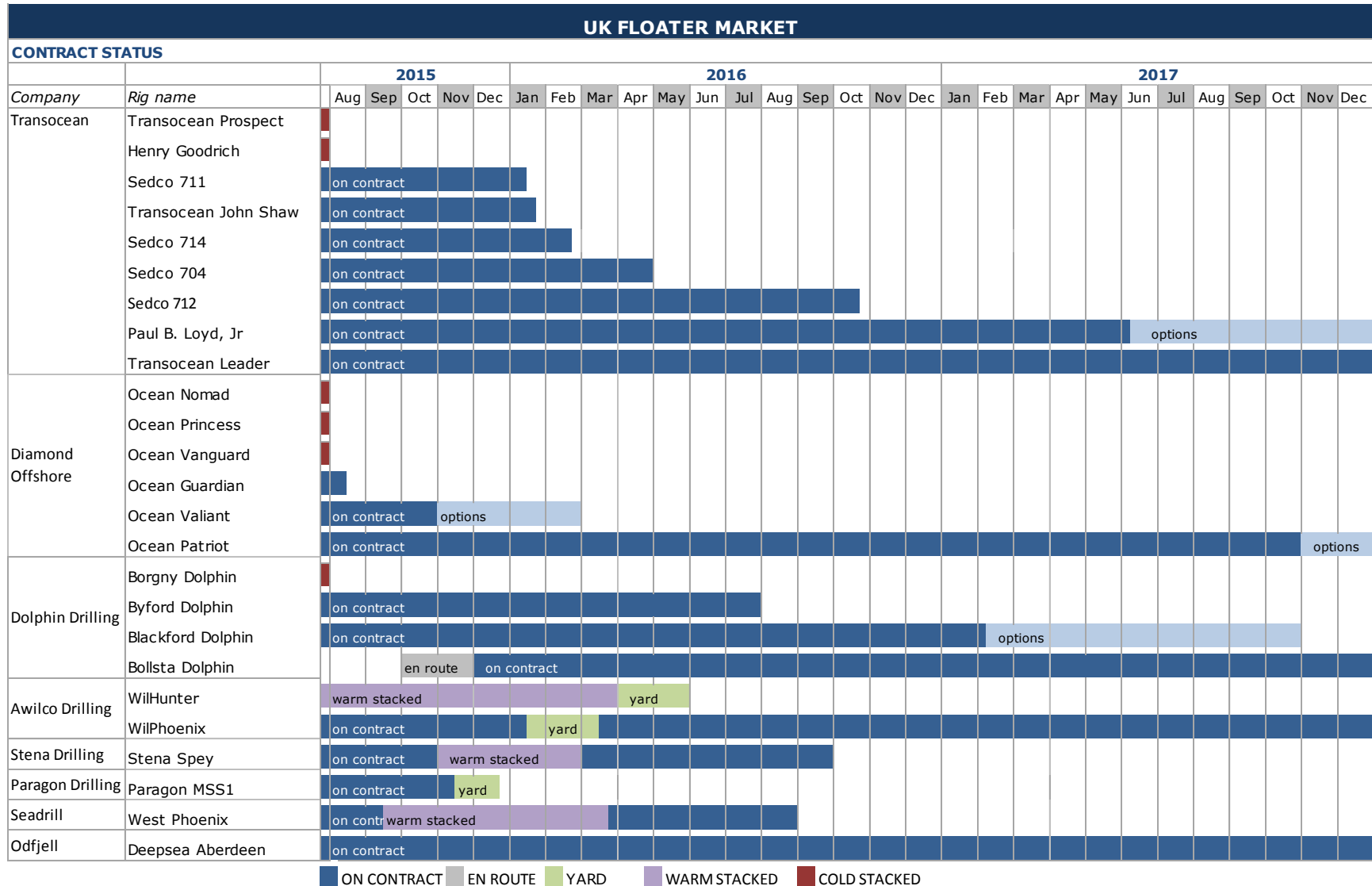
- Announcement of dividend payable of USD 0.50 per share
- Dividend payable on or around the 25th September 2015
- Share will trade ex-dividend on 25th August 2015, the record date will be 26th August
- The Company's dividend policy remains unchanged:
“The Company intends to distribute all free cash flow above a robust cash buffer to support operational working capital requirements and capital expenditure, including SPS.”
- Current levels of dividends will continue to be challenged by upcoming capital expenditure and future market prospects

4. Market Outlook

Dayrates have reduced considerably in the UK market



Up to 10 Rigs Available for New Contracts the Next 12 Months



ON CONTRACT EN ROUTE YARD WARM STACKED COLD STACKED

Timing of Return to Higher Activity Levels Remains Unknown

- Market uncertainty continues with respect to the timing and shape of recovery
- Operators continue with reductions in current and planned E&P expenditure
- UK tax incentives aimed at operators have had little impact to date
- Increased number of available rigs expected to continue through 2016 and potentially beyond
- Lack of new contract opportunities currently leading to rig cold-stacking and attrition

5. Summary

Summary

- Announcement of dividend payable of USD 0.50
- Revenue efficiency during Q2 was 97.3 %, continued focus on cost discipline
- Contract backlog of USD 293 million, focus on securing new work for WilHunter
- Market uncertainty continues with respect to the timing and shape of recovery
- Evaluating market opportunities on a case-by-case basis

Q&A