



AWILCO DRILLING

Q3 2015 Presentation

Oslo, 19th of November 2015

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Agenda

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2. Q3 2015 Financial Results
3. Operational Update
4. Market Outlook
5. Summary
6. Q&A

1. Highlights

Highlights

- Announcement of USD 0.50 dividend
- Total Q3 Revenue USD 90.4 million; EBITDA USD 74.0 million
- Q3 Opex per rig approx. USD 78,700 per day
- Total contract backlog at end of Q3 was USD 276 million
- Revenue efficiency during Q3 was 90.3%
- Contract utilisation during Q3 was 60.2 %



2. Q3 2015 Financial Results

Q3 2015 Income Statement

Condensed statement of comprehensive income

in USD thousands, except earnings per share

	YTD		YTD	
	Q3 2015 (unaudited)	30.09.15 (unaudited)	Q3 2014 (unaudited)	30.09.14 (unaudited)
Contract revenue	38,797	175,002	74,568	201,854
Reimbursables	316	1,530	1,578	3,270
Other revenue	51,308	51,370	69	143
	<u>90,421</u>	<u>227,902</u>	<u>76,215</u>	<u>205,267</u>
Rig operating expenses	14,483	44,835	16,857	48,490
Reimbursables	107	581	306	874
General and administrative expenses	1,817	5,981	3,527	13,572
Other expense	-	-	(482)	(201)
Depreciation	4,535	13,581	4,507	13,369
	<u>20,942</u>	<u>64,978</u>	<u>24,715</u>	<u>76,104</u>
Operating profit	<u>69,479</u>	<u>162,924</u>	<u>51,500</u>	<u>129,163</u>
Interest income	19	110	59	114
Interest expense	(2,126)	(6,370)	(2,304)	(9,640)
Other financial items	(152)	(210)	-	-
Net financial items	<u>(2,259)</u>	<u>(6,470)</u>	<u>(2,245)</u>	<u>(9,526)</u>
Profit before tax	67,220	156,454	49,255	119,637
Tax (expense)	(9,546)	(24,197)	(11,115)	(21,091)
Net profit	<u>57,674</u>	<u>132,257</u>	<u>38,140</u>	<u>98,546</u>
Total comprehensive income	<u>57,674</u>	<u>132,257</u>	<u>38,140</u>	<u>98,546</u>
Attributable to shareholders of the parent	57,674	132,257	38,140	98,546
Basic and diluted earnings per share	1.92	4.40	1.27	3.28

Q3 2015 Balance Sheet

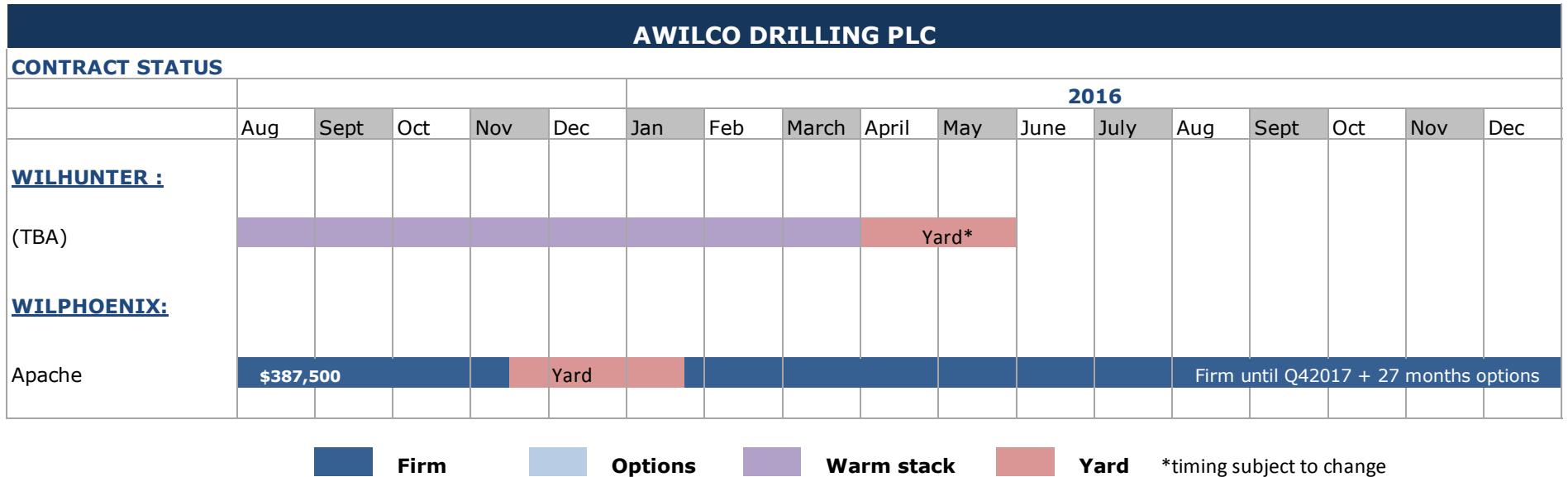
Condensed statement of financial position

in USD thousands

	30.09.2015	31.12.2014
	(unaudited)	(audited)
Rigs, machinery and equipment	254,969	251,165
Deferred tax asset	455	2,486
	<u>255,424</u>	<u>253,651</u>
Trade and other receivables	18,403	12,116
Prepayments and accrued revenue	7,834	28,938
Inventory	4,914	4,800
Cash and cash equivalents	151,549	75,951
Current tax	68,939	82,594
	<u>251,639</u>	<u>204,399</u>
Total assets	<u>507,063</u>	<u>458,050</u>
Paid in capital	130,142	130,142
Retained earnings	150,405	78,211
	<u>280,547</u>	<u>208,353</u>
Deferred tax liability	7,817	0
Long-term interest-bearing debt	105,000	110,000
	<u>112,817</u>	<u>110,000</u>
Current portion of long-term debt	10,000	10,000
Trade and other creditors	5,291	3,233
Accruals and provisions	16,657	17,942
Current tax payable	81,751	108,522
	<u>113,699</u>	<u>139,697</u>
Total equity and liabilities	<u>507,063</u>	<u>458,050</u>

3. Operational Update

Contract Status – Current Backlog USD 257 million*



- Timing of WilHunter SPS will depend on when sufficient follow-on work is secured
- Warm stack status on WilHunter to be continuously reviewed

*as of 18 November 2015

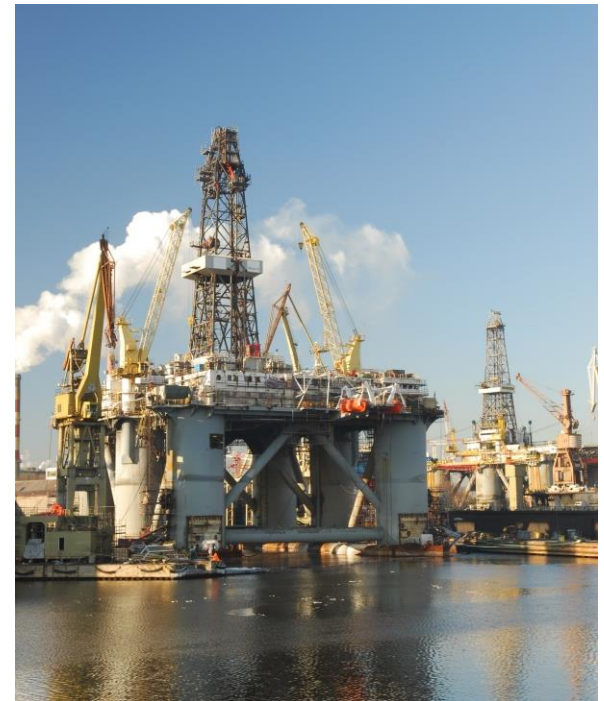
Operational Performance Remains Good

- Operational performance in Q2 was 92.5 %
 - WilPhoenix experienced some downtime in July and August
- Opex in Q2 in accordance with guidance
 - Some saving on WilHunter opex compared to WilPhoenix due to hot stacking mode
- Customer feedback remains positive



Upcoming SPS Yard Stay Projects

- WilPhoenix currently on its way to the yard. Timing of yard stay to accommodate customer's operational preference
- WilPhoenix yard stay still scheduled for 60 days duration, but potentially an additional 10 days due to festive period
- WilHunter yard stay timing dependent on sufficient follow-on work being secured
- Total budget for SPS project remains unchanged at USD 20 million per rig
- Total budget for new BOP's remains unchanged at USD 22.5 million per rig



Assumptions for 2016

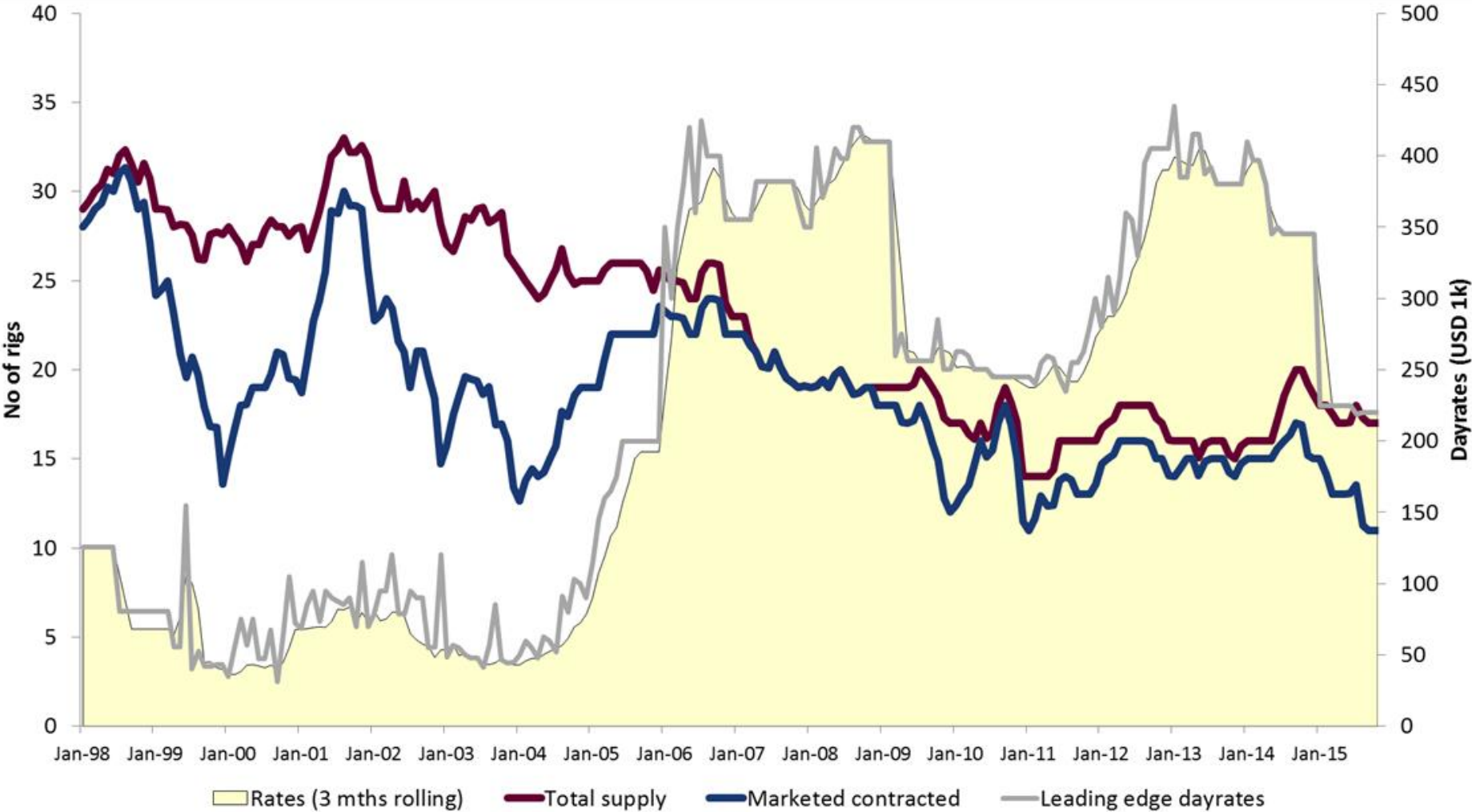
- Opex expected to be approximately USD 85,000 per day (assumes both rigs operating)
- SG&A expected to be approximately USD 2.5 million per quarter
- Total Capital/SPS expenditure expected to be around USD 48 million (full year, both rigs – USD 17 million if WilHunter yard stay deferred to 2017)
 - BOP commitments USD 10 million (5 million if WilHunter yard stay deferred to 2017)
 - Routine Capex USD 12 million (6 million if WilHunter yard stay deferred to 2017)
 - Special Periodic Survey USD 26 million (6 million if WilHunter yard stay deferred to 2017)

Dividend Distribution

- Announcement of dividend payable of USD 0.50 per share
- Dividend payable on or around the 18th December 2015
- Share will trade ex-dividend on 24th November 2015, the record date will be 25th November
- 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

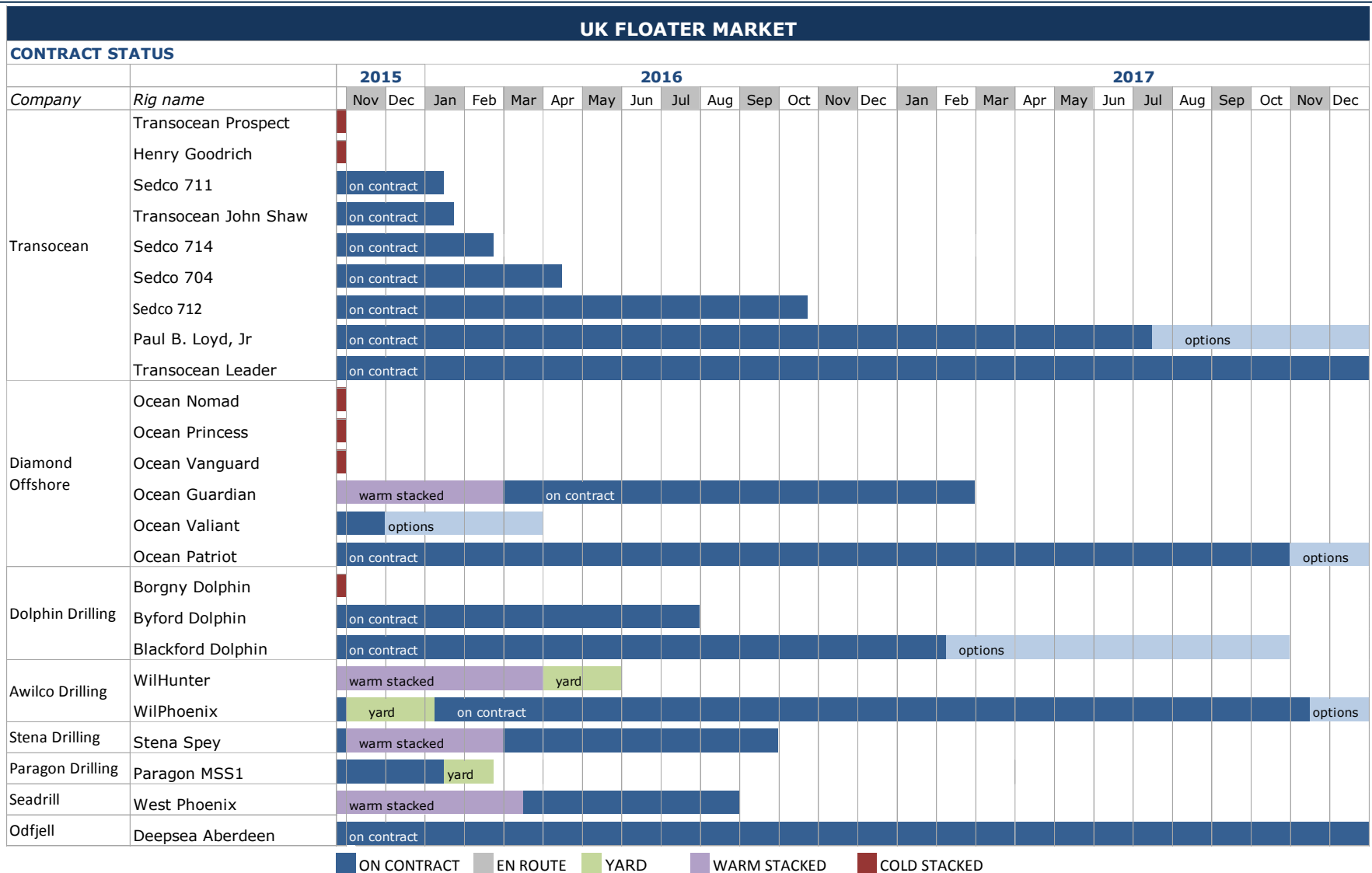
Continued low contracting activity and dayrates in the UK market...



Source: Fearnley Fonds and IHS Petrodata

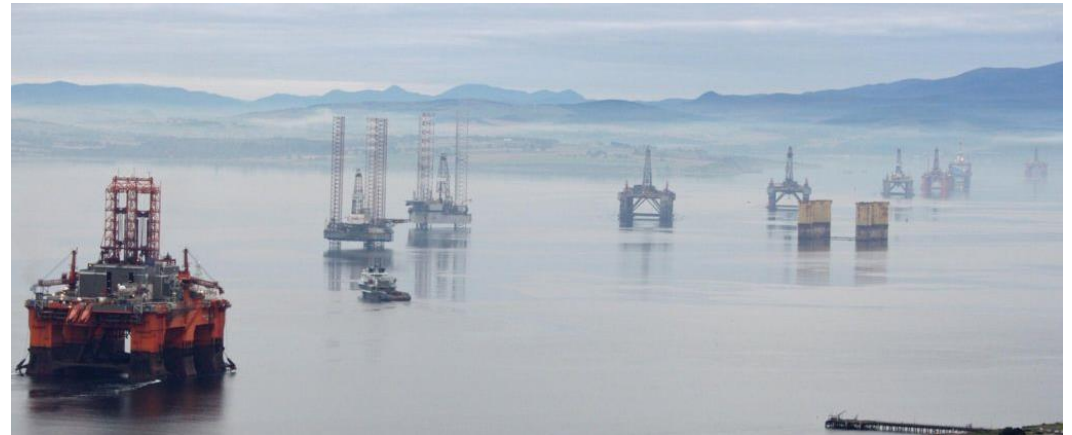


...and only 5 out of 18 rigs have firm contracts beyond Q1 2017



Uncertainty Continues with Respect to the Timing and Shape of Market Recovery

- Operators continue with reductions in current and planned E&P expenditure
- Increased number of available rigs expected to continue through 2016 and beyond
- Lack of new contract opportunities currently leading to rig cold-stacking
- Continued rig attrition is key to rebalancing the future rig market



5. Summary

Summary

- Announcement of dividend payable of USD 0.50
- Revenue efficiency during Q3 was 90.3 %, continued focus on cost discipline
- Contract backlog of USD 257 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