



**FOURTH QUARTER 2015
PRELIMINARY FULL YEAR 2015 RESULTS**

**Awilco Drilling PLC is a UK based offshore drilling company
owning and operating two semi submersible drilling rigs.
The Company is listed at the Oslo Stock Exchange
(Oslo Axess) under the ticker code AWDR.**

Q4 Report – Highlights

- Awilco Drilling PLC reported contract revenue of USD 19.1 million (USD 90.4 million in Q3), EBITDA of USD 3.7 million (USD 74.0 million in Q3) and net loss of USD 32.9 million after an impairment charge of USD 30 million (USD 57.7 million profit in Q3)
- Revenue efficiency was 97.7% whilst operational during the quarter (90.3% in Q3)
- Contract utilisation including unpaid shipyard time was 50.0% during the quarter, excluding unpaid shipyard time was 26.1% (60.2% in Q3)
- Contract backlog at the end of Q4 was approximately USD 258 million (approximately USD 276 million Q3)
- The Board approved a dividend distribution payable in Q1 2016 of USD 0.25 per share. The share will trade ex-dividend on 23 February 2016, the record date is 24 February 2016 and the payment date is on or around 18 March 2016.

Key financial figures:

In USD million, except per day operating expenses and EPS

USD million	Q4 2015	Q3 2015	2015	2014
Contract revenue	19.1	90.4	247.0	276.1
Operating expenses	12.8	14.5	57.6	64.2
EBITDA	3.7	74.0	180.2	197.4
Net (loss)/profit	(32.9)	57.7	129.2	137.5
EPS	(1.10)	1.92	4.30	4.58
Total assets	454.4	507.1	454.4	458.1
Total equity	232.6	280.5	232.6	208.4
Interest bearing debt	110.0	115.0	110.0	120.0
Gearing ratio	-12.2%	-15.0%	-12.2%	17.5%
Per day operating expenses	69,549	78,710	78,947	87,915

Financial Results – Quarter 2015

Comprehensive Income Statement

Awilco Drilling reports total comprehensive loss for the fourth quarter 2015 of USD 32.9 million.

Revenue earned in the fourth quarter was USD 19.1 million.

In the fourth quarter Awilco Drilling had rig operating expenses of USD 12.8 million. General and administration expenses were USD 2.6 million. This includes USD 0.1 million in respect of the stock award of synthetic stock options. The stock award provision is restated each quarter based on the valuation of the Company's shares.

EBITDA for the fourth quarter was USD 3.7 million while the operating loss was USD 30.7 million.

In the fourth quarter Awilco Drilling incurred an impairment charge of USD 30 million, primarily due to the negative developments in both the UKCS and global drilling markets.

Interest expense amounted to USD 2.0 million, which relates to accrued interest on the secured bond.

Loss before tax was USD 32.9 million and with minimal tax impact the resulting net profit was also USD 32.9 million. Earnings per share (EPS) for the second quarter were USD (1.10).

Statement on financial position

As of 31 December 2015, total assets amounted to USD 454.4 million. At the same date, Awilco Drilling had USD 135.3 million in cash and cash equivalents.

Financial Results - Full Year 2015

Awilco Drilling reports total comprehensive income for 2015 of USD 99.3 million. Total full year revenues were USD 247.0 million. Rig operating expenses were USD 57.6 million and general and administration expenses were USD 8.6 million. EBITDA for the year was USD 180.2 million with an impairment charge of USD 30 million while the operating profit was USD 132.2 million. Profit before tax was USD 123.5 million. The tax charge for the year was USD 24.2 million. The resulting net profit was USD 99.3 million. Earnings per share (EPS) for the year were USD 3.31.

Operations and Contract Status

WilPhoenix

In Q4 2015 the WilPhoenix was in continued operations for Apache North Sea Ltd until 17 November when the rig proceeded to the Able Shipyard in Hartlepool to commence the five yearly renewal survey, where it remained through the end of the quarter. As of the date of this report, the SPS and capital work on the WilPhoenix is substantially complete. The rig is currently undergoing final project acceptance, which is delaying the rig's return to operations. The total cost of the yard stay project is expected to be less than the budget of USD 42.5 million.

Revenue efficiency for the quarter was 97.7%. Contract utilisation was 52.2% excluding 44 days of shipyard time.

At the end of December and as of the date of this report, WilPhoenix had a total remaining contract backlog of approximately USD 258 million.

WilHunter

In Q4 2015 the WilHunter remained hot stacked in Invergordon.

Capital Requirements and Dividend

The Company's intention is to pay a quarterly dividend in support of its main objective to maximise returns to shareholders. All of the Company's free cash flow is intended to be distributed subject to maintaining a robust cash buffer to support working capital requirements, planned capital expenditure and future market prospects.

Organisation

At the end of Q4 2015, Awilco Drilling's Aberdeen based employees numbered 29 permanent personnel supported by 3 contractors. Awilco Drilling Pte. Ltd. offshore personnel numbered 203 permanent personnel. The Awilhelmsen Group continues to supply some support personnel via the management agreement.

Market Outlook

The current low oil prices are likely to push new drilling programmes further out in time and few new requirements are emerging. This indicates that the fleet of available units is likely to increase in 2016/17.

Statement of Responsibility

We confirm that, to the best of our knowledge, the condensed set of financial statements for the fourth quarter of 2015, which has been prepared in accordance with IAS 34 Interim Financial Statements, gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Aberdeen, 10 February, 2016

The Board of Directors of Awilco Drilling PLC

CEO:

Jon Oliver Bryce

Mobile: +44 1224 737900

E-mail: job@awilcodrilling.com

Investor Relations:

Cathrine Haavind

Mobile: +47 93 42 84 64

E-mail: ch@awilcodrilling.com

Company background

Awilco Drilling was incorporated in December 2009. Awilco Drilling owns two semi submersible drilling rigs; WilPhoenix built in 1982 and upgraded in 2011 and WilHunter built in 1983 and upgraded in 1999 and 2011.

Awilco Drilling was listed on the Oslo Stock Exchange (Oslo Axxess) in June 2011 under ticker code AWDR. Awilco Drilling's headquarters are located in Aberdeen, UK.

The total number of outstanding shares of Awilco Drilling at the date of this report is 30 031 500.

www.awilcodrilling.com

Forward Looking Statements

This Operating and Financial Review contains certain forward-looking statements that involve risks and uncertainties. Forward-looking statements are sometimes, but not always, identified by such phrases as “will”, “expects”, “is expected to”, “should”, “may”, “is likely to”, “intends” and “believes”. These forward-looking statements reflect current views with respect to future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. These statements are based on various assumptions, many of which are based, in turn, upon further assumptions, including Awilco Drilling’s examination of historical operating trends. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including the competitive nature of the offshore drilling industry, oil and gas prices, technological developments, government regulations, changes in economical conditions or political events, inability of the Company to obtain financing on favourable terms, changes of the spending plan of our customers, changes in the Company’s operating expenses including crew wages, insurance, dry-docking, repairs and maintenance, failure of shipyards to comply with delivery schedules on a timely basis and other important factors mentioned from time to time in our report.

Condensed statement of comprehensive income

in USD thousands, except earnings per share

	Q4 2015	Full Year	Q4 2014	Full Year
	(unaudited)	2015	(unaudited)	2014
		(unaudited)		(audited)
Contract revenue	18,946	193,949	70,116	271,971
Reimbursables	181	1,711	699	3,969
Other revenue	15	51,385	55	198
	<u>19,142</u>	<u>247,045</u>	<u>70,870</u>	<u>276,138</u>
Rig operating expenses	12,797	57,632	15,687	64,178
Reimbursables	64	645	283	1,157
General and administrative expenses	2,597	8,578	2,134	15,706
Other (income)	-	-	(2,485)	(2,485)
Other expense	-	-	382	180
Depreciation	4,427	18,008	4,542	17,912
Impairment	30,000	30,000	-	-
	<u>49,885</u>	<u>114,863</u>	<u>20,543</u>	<u>96,648</u>
Operating (loss)/profit	<u>(30,743)</u>	<u>132,182</u>	<u>50,326</u>	<u>179,490</u>
Interest income	20	130	46	161
Interest expense	(1,979)	(8,349)	(2,221)	(11,861)
Other financial items	(235)	(445)	-	-
Net financial items	<u>(2,194)</u>	<u>(8,664)</u>	<u>(2,175)</u>	<u>(11,700)</u>
(Loss)/profit before tax	<u>(32,937)</u>	<u>123,518</u>	<u>48,151</u>	<u>167,790</u>
Tax benefit/(expense)	26	(24,171)	(9,215)	(30,306)
Net (loss)/profit	<u>(32,911)</u>	<u>99,347</u>	<u>38,935</u>	<u>137,484</u>
Total comprehensive (loss)/income	<u>(32,911)</u>	<u>99,347</u>	<u>38,935</u>	<u>137,484</u>
Attributable to shareholders of the parent	(32,911)	99,347	38,935	137,484
Basic and diluted earnings per share	(1.10)	3.31	1.30	4.58

Condensed statement of financial position

in USD thousands

	<u>31.12.2015</u> (unaudited)	<u>31.12.2014</u> (audited)
Rigs, machinery and equipment	234,336	251,165
Deferred tax asset	903	2,486
	<u>235,239</u>	<u>253,651</u>
Trade and other receivables	7,352	12,116
Prepayments and accrued revenue	2,682	28,938
Inventory	5,015	4,800
Cash and cash equivalents	135,257	75,951
Current tax	68,899	82,594
	<u>219,205</u>	<u>204,399</u>
Total assets	<u><u>454,444</u></u>	<u><u>458,050</u></u>
Paid in capital	130,142	130,142
Retained earnings	102,479	78,211
	<u>232,621</u>	<u>208,353</u>
Deferred tax liability	7,517	0
Long-term interest-bearing debt	100,000	110,000
	<u>107,517</u>	<u>110,000</u>
Current portion of long-term debt	10,000	10,000
Trade and other creditors	5,990	3,233
Accruals and provisions	17,702	17,942
Current tax payable	80,614	108,522
	<u>114,306</u>	<u>139,697</u>
Total equity and liabilities	<u><u>454,444</u></u>	<u><u>458,050</u></u>

**Condensed statement of changes in equity for the period from
1st January 2014 to 31 December 2015**

in USD thousands

	Paid-in-equity	Other equity (retained earnings)	Total equity
Equity at 1 January 2014	130,142	77,370	207,512
Total comprehensive profit to 31 December 2014	-	137,484	137,484
Dividends paid		(136,643)	(136,643)
Balance as at 31 December 2014	130,142	78,211	208,353
Total comprehensive profit to 31 December 2015	-	99,347	99,347
Dividends paid	-	(75,079)	(75,079)
Balance as at 31 December 2015	130,142	102,479	232,621

Condensed statement of cash flow for the period

	Full Year 2015 (unaudited)	Full Year 2014 (audited)
Cash flow from operating activities		
Profit before tax	123,518	167,790
Depreciation	18,008	17,912
Impairment	30,000	-
Interest cost	8,219	11,695
Sharebased payment	(844)	(7,149)
(Increase)/decrease in trade and other receivables	4,764	2,301
(Increase)/decrease in stock	(215)	-
(Increase)/decrease in prepayments and accrued revenue	25,963	(6,375)
Increase/(decrease) in trade and other payables	3,814	3,347
Interests paid	(8,509)	(11,929)
Interests received	130	161
Taxation paid	(29,283)	(15,610)
Net cash flow from operating activities	175,565	162,144
Cash flow from investing activities		
Purchase of property, plant and equipment	(31,180)	(23,797)
Net cash flow from investing activities	(31,180)	(23,797)
Cash flow from financing activities		
Dividends paid	(75,079)	(136,643)
Issue of loans	-	125,000
Repayment of loans	(10,000)	(103,098)
Net cash flow from financing activities	(85,079)	(114,741)
Net increase/(decrease) in cash and cash equivalents	59,306	23,604
Cash and cash equivalents at beginning of the period	75,951	52,347
Cash and cash equivalents at the end of the period	135,257	75,951

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of preparation

These unaudited interim condensed financial statements have been prepared in accordance with IAS 34 "Interim financial reporting".

Significant accounting policies

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual audited financial statements for the year ended December 31, 2014. This interim report should be read in conjunction with the audited 2014 financial statements, which include a full description of the Group's significant accounting policies.

Notes

Note 1 - Rigs, machinery and equipment

in USD thousands, except per share data

	Semi submersible drilling rigs/SPS	Other fixtures and equipment	Total
Opening balance 1 Jan 2015	329,321	1,872	331,194
Additions	31,154	26	31,180
Closing balance	<u>360,475</u>	<u>1,898</u>	<u>362,373</u>
Opening balance 1 Jan 2015	(78,994)	(1,035)	(80,029)
Depreciation	(17,827)	(180)	(18,008)
Impairment	(30,000)	-	(30,000)
Accumulated depreciation per ending balance	<u>(126,821)</u>	<u>(1,215)</u>	<u>(128,037)</u>
Net carrying amount at end of period	<u>233,654</u>	<u>683</u>	<u>234,336</u>
Expected useful life	5-20 years	3-10 years	
Depreciation rates	5% - 20%	10% - 33%	
Depreciation method	Straight line	Straight line	
Residual value per rig is USD 15 million.			

The Company has performed an impairment test which resulted in an impairment of USD 30 million. The impairment test was based on future industry conditions and operations, future expected utilisation, contract rates, opex and capital requirements of the rigs. A discount rate of 10.5% has been applied.

Note 2 - Debt and financing

The Company completed a USD 125 million secured bond in the Norwegian bond market in April 2014. The bond was issued with an interest rate of 7% with maturity in April 2019. Repayment terms are USD 5 million six monthly and commenced in October 2014

	Total
Secured Bond	125,000
Repayment of debt	<u>(15,000)</u>
Total debt per end of accounting period	<u>110,000</u>
Current portion of long term debt	10,000
Long term debt per end of period	<u>100,000</u>
	<u>110,000</u>

Note 3 - Related party transactions

in USD thousands except per share data

In the normal course of its business, Awilco Drilling enters into a number of transactions with Awilhelmsen which is a major shareholder through its wholly owned subsidiary Awilco Drilling AS.

Transactions with Awilhelmsen are specified as follows:

	YTD Q4 2015
Purchases	(531)
Payables	(189)

Note 4 - Segment information

The company owns the semi submersible rigs WilHunter and WilPhoenix. Currently, the company is only operating in the mid water segment in the UK sector of the North Sea. The potential market for the rigs will be the international drilling market. As the rigs are managed as one business segment, the Company has only one reportable segment.

Note 5 - Restricted cash

The company has restricted cash of USD 1.45 million which has been deposited in relation to the forward hedge agreements.

Note 6 - Corporation taxes

Corporation tax provision is based on the tax laws and rates in the countries the rigs are operated and where the rigs are owned. During Q4 the rigs were operational and average tax rates have been applied consistent with the prevailing average tax rate for the year.

Note 7 - Capital commitments

Outstanding Capital Commitments as at the end of Quarter 4 were USD 15.1 million.

Note 8 - Share capital

As of 31 December 2015 total outstanding shares in the Company was 30,031,500 with a nominal value per share of GBP 0.0065. The share capital and share premium reserve below are expressed in USD at the exchange rate at time of conversion from USD to GBP.

	Shares	Par value per share	Share capital	Share premium reserve
Share capital per 31 December 2015	30,031,500	£0.0065	304,173	129,837,405
Basic/diluted average number of shares, 1 January - 31 December	30,031,500			
Basic/diluted average number of shares, YTD	30,031,500			

Ranking	Shares	Ownership
AWILHELMOSEN OFFSHORE	12,998,938	43.28%
UBS SECURITIES LLC	3,323,016	11.07%
EUROCLEAR BANK S.A./	1,888,652	6.29%
CITIBANK, N.A.	1,394,724	4.64%
CITIBANK, N.A.	1,169,839	3.90%
CITIGROUP GLOBAL MAR	1,131,100	3.77%
JPMORGAN CHASE BANK	1,045,260	3.48%
AVANZA BANK AB	676,067	2.25%
MERRILL LYNCH, PIERCE	635,561	2.12%
CLEARSTREAM BANKING	418,183	1.39%
JPMORGAN CHASE BANK	371,521	1.24%
NORDNET BANK AB	362,435	1.21%
DEUTSCHE BANK AG	293,185	0.98%
UBS SECURITIES LLC	260,877	0.87%
PERSHING LLC	201,966	0.67%
FIRST CLEARING A/C L	172,417	0.57%
SIX SIS AG	170,628	0.57%
GOLDMAN SACHS INTERN	161,668	0.54%
JPMORGAN CHASE BANK	152,809	0.51%
JP MORGAN CLEARING C	136,056	0.45%
OTHER	3,066,598	10.21%
	<u>30,031,500</u>	<u>100.00%</u>

Note 9 - Derivative Financial Instrument

in USD thousands

	<u>31.12.2015</u> (unaudited)
Fair value of foreign currency forward contracts	\$443k

The foreign currency forward contracts were entered into in order to minimise the Group's exposure to losses resulting from adverse fluctuations in foreign currency exchange rates on monthly operating expenses. The fair value of the forward exchange contracts, as shown above, is recorded as other income in the Statement of Comprehensive Income and classified as accruals in the Statement of Financial Position.