



# **AWILCO DRILLING**

## **Q2 2016 Presentation**

Oslo, 17<sup>th</sup> of August 2016

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# Agenda

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1. Highlights
2. Q2 2016 Financial Results
3. Operational Update
4. Market Outlook
5. Summary
6. Q&A

# **1. Highlights**

# Highlights

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- Announcement of USD 0.10 dividend
- Total Q2 Revenue USD 24.4 ; EBITDA of USD 12.2 million, net profit of USD 6.9 million
- Q2 Opex average per rig approx. USD 53,600 per day
- Total contract backlog at end of Q2 was USD 231 million
- WilHunter stacking costs further reduced during the quarter

## **2. Q2 2016 Financial Results**

# Q2 2016 Income Statement

## Condensed statement of comprehensive income

in USD thousands, except earnings per share

	Q2 2016	YTD	Q2 2015	YTD
	(unaudited)	30.06.16 (unaudited)	(unaudited)	30.06.15 (unaudited)
Contract revenue	24,436	24,436	68,366	136,205
Reimbursables	17	50	584	1,213
Other revenue	(4)	10	34	62
	<u>24,449</u>	<u>24,496</u>	<u>68,984</u>	<u>137,480</u>
Rig operating expenses	9,753	21,304	15,999	30,352
Reimbursables	-	-	206	474
General and administrative expenses	2,504	4,379	2,474	4,163
Depreciation	3,444	8,366	4,527	9,046
	<u>15,702</u>	<u>34,049</u>	<u>23,206</u>	<u>44,035</u>
Operating profit/(loss)	<u>8,747</u>	<u>(9,553)</u>	<u>45,778</u>	<u>93,445</u>
Interest income	180	467	19	90
Interest expense	(1,892)	(3,906)	(2,066)	(4,244)
Other financial items	(186)	(700)	385	(58)
Net financial items	<u>(1,898)</u>	<u>(4,139)</u>	<u>(1,662)</u>	<u>(4,212)</u>
Profit/(loss) before tax	6,850	(13,692)	44,116	89,233
Tax benefit/(expense)	80	1,940	(8,771)	(14,651)
Net profit/(loss)	<u>6,929</u>	<u>(11,752)</u>	<u>35,345</u>	<u>74,582</u>
Total comprehensive income/(loss)	<u>6,929</u>	<u>(11,752)</u>	<u>35,345</u>	<u>74,582</u>
Attributable to shareholders of the parent	6,929	(11,752)	35,345	74,582
Basic and diluted earnings per share	0.23	(0.39)	1.18	2.48

# Q2 2016 Balance Sheet

## Condensed statement of financial position

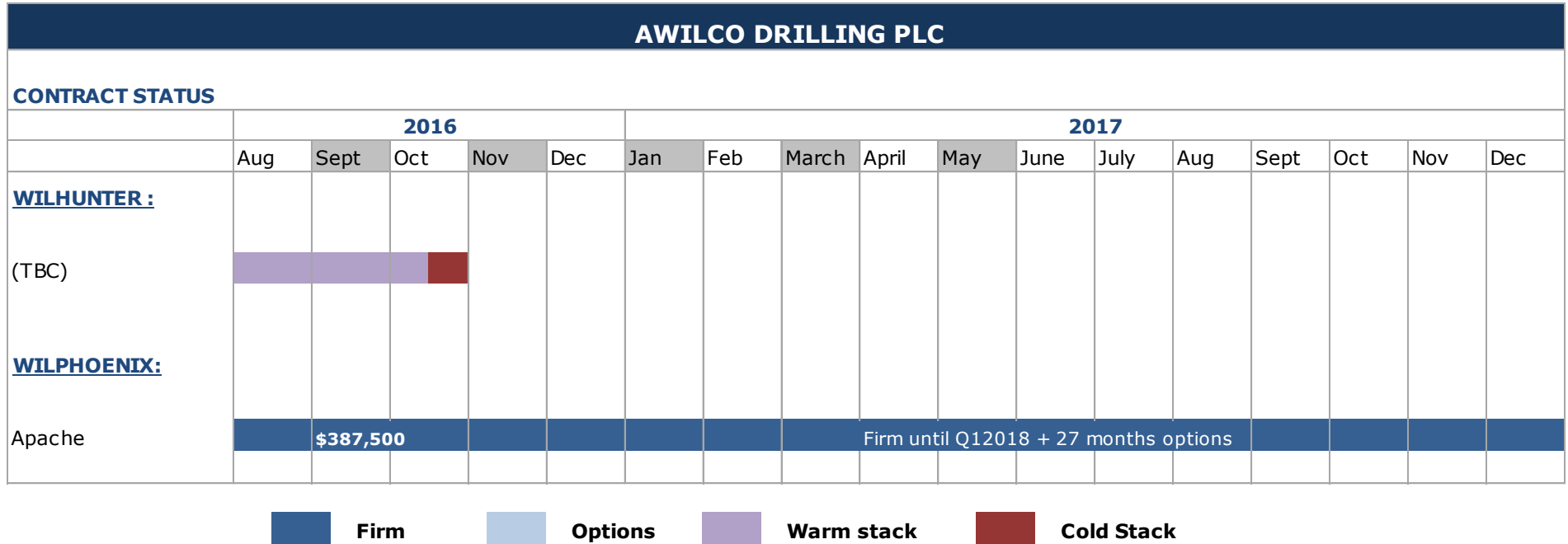
in USD thousands

	31.06.2016	31.12.2015
	(unaudited)	(audited)
Rigs, machinery and equipment	245,316	234,336
Deferred tax asset	3,932	2,002
	<u>249,248</u>	<u>236,338</u>
Trade and other receivables	0	7,352
Prepayments and accrued revenue	27,240	2,682
Inventory	4,878	5,015
Cash and cash equivalents	37,867	135,257
Current tax	44,016	68,899
	<u>114,001</u>	<u>219,205</u>
Total assets	<u>363,249</u>	<u>455,543</u>
Paid in capital	130,142	130,142
Retained earnings	91,872	114,135
	<u>222,014</u>	<u>244,277</u>
Deferred tax liability	0	0
Long-term interest-bearing debt	95,000	100,000
	<u>95,000</u>	<u>100,000</u>
Current portion of long-term debt	10,000	10,000
Trade and other creditors	1,857	5,990
Accruals and provisions	13,236	17,702
Current tax payable	21,142	77,574
	<u>46,235</u>	<u>111,266</u>
Total equity and liabilities	<u>363,249</u>	<u>455,543</u>



## **3. Operational Update**

# Contract Status – Current Backlog USD 214 million\*



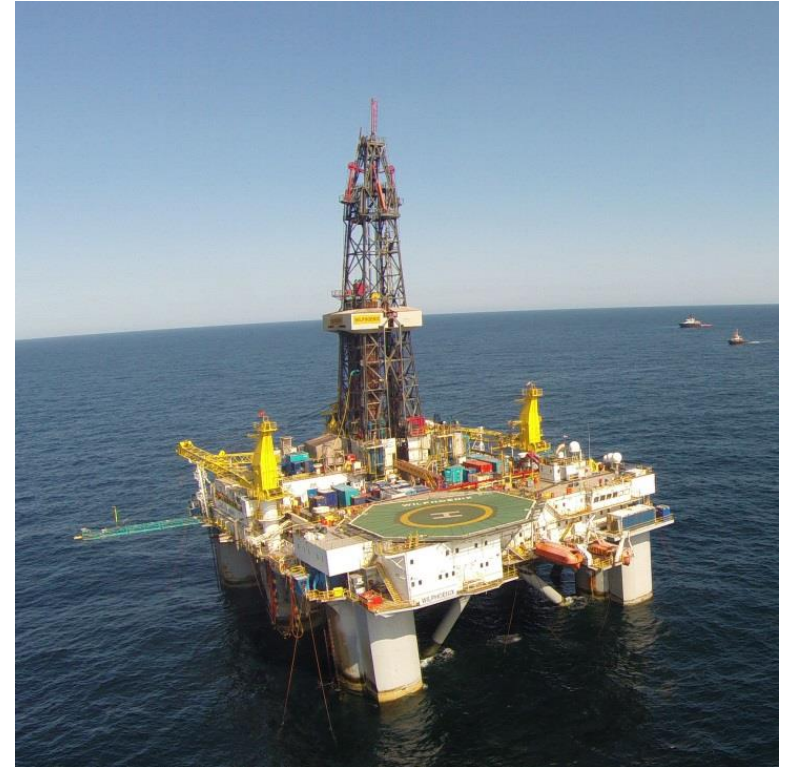
- The process of cold stacking WilHunter will be initiated shortly due to lack of attractive work opportunities in the short term

\*as of 16 August 2016

# Operational Update

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- WilPhoenix re-commenced drilling operations on the 26<sup>th</sup> of June
- Operational uptime whilst working in Q2 was 97.8 %
- In dialogue with Apache about the standby period between the 21<sup>st</sup> of April and the 22<sup>nd</sup> of June



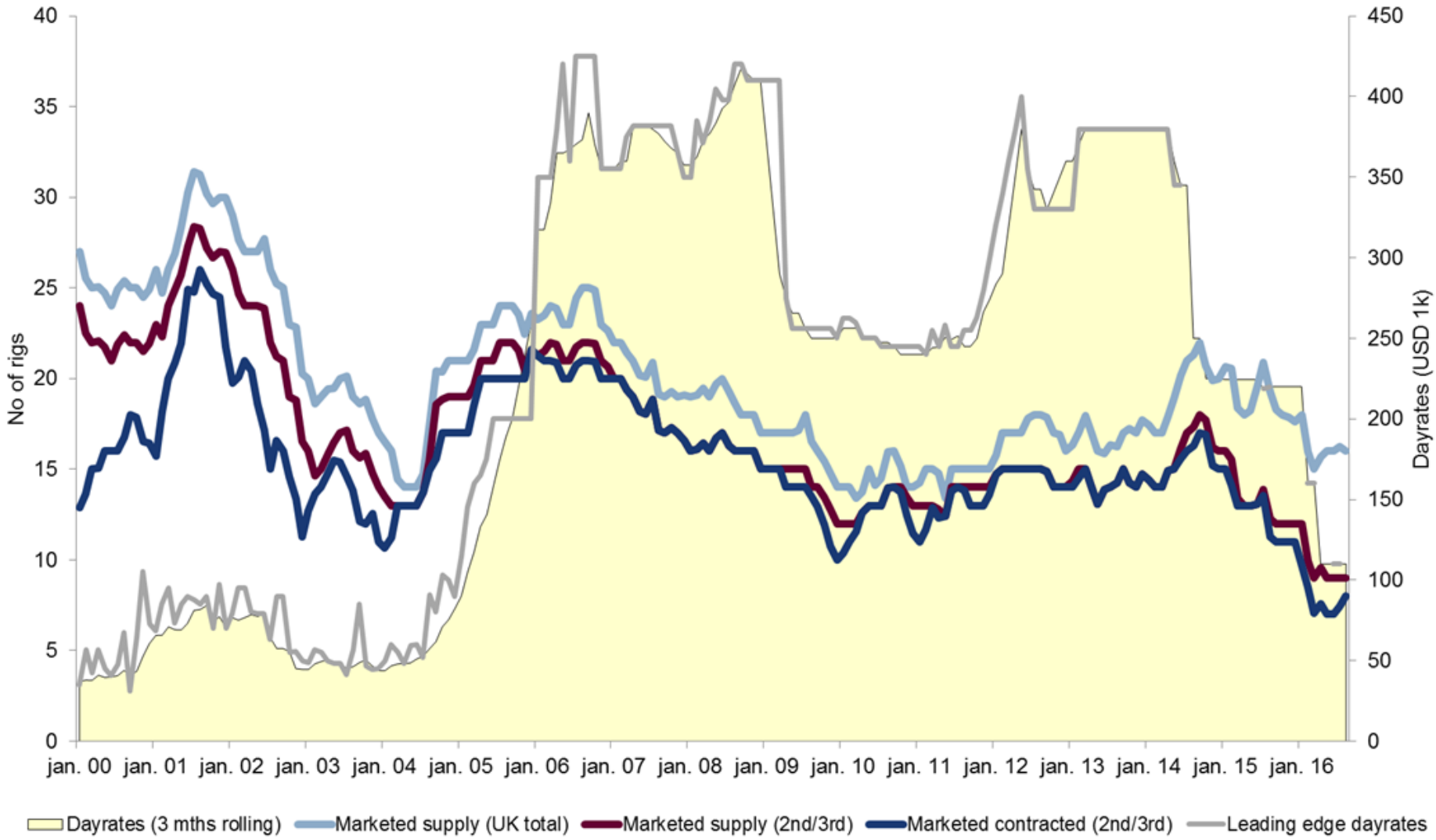
# Dividend Distribution

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- Announcement of dividend payable of USD 0.10 per share
- Dividend payable on or around the 23<sup>rd</sup> of September 2016
- Share will trade ex-dividend on 23<sup>rd</sup> of August 2016, the record date will be 24<sup>th</sup> of 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.”*

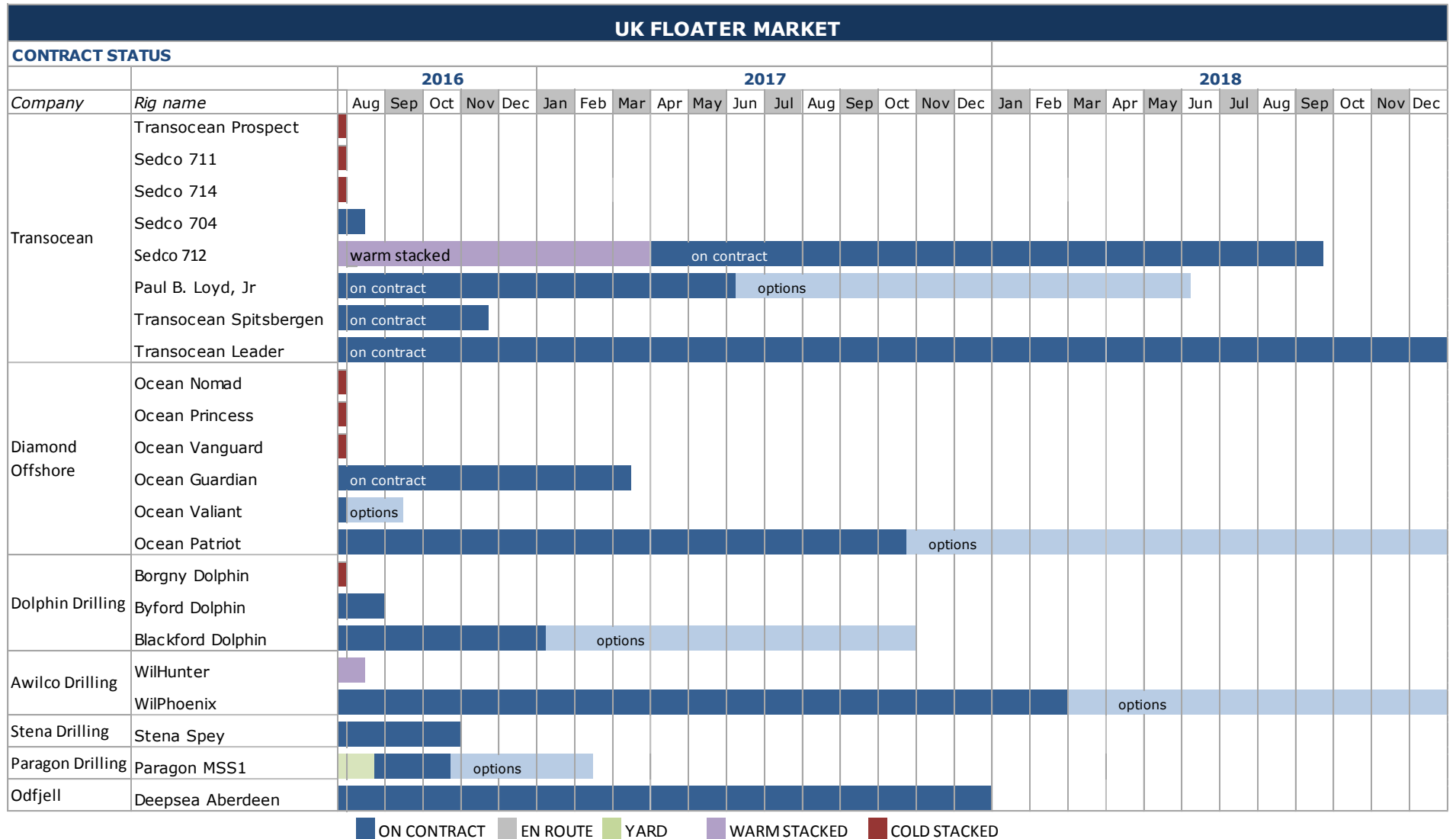
## **4. Market Outlook**

# Decreasing UK Day Rates and Limited Number of New Opportunities...



Source: Fearnley Securities

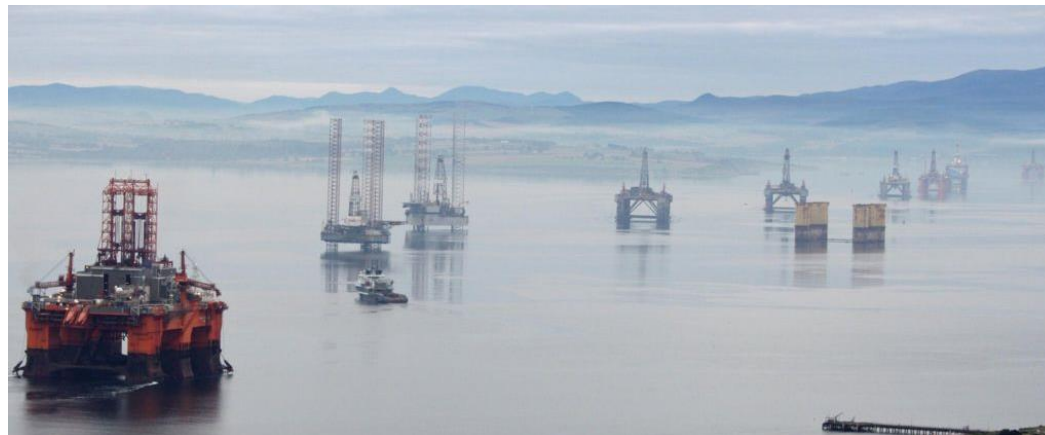
# ...Leads to a Large Number of Idle Rigs in 2016 and 2017



# The UK Market is Becoming Increasingly Seasonal

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- Continued rig attrition is positive for future rebalancing of the rig market
- More discussions and enquiries for decommissioning work
- The number of active rigs in the UK expected to fluctuate between summer and winter
- Recent contract awards are at low day rates as rigs continue to roll off contracts





## **5. Summary**

# Summary

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- Announcement of dividend payable of USD 0.10
- Initiating the process of cold stacking WilHunter
- Contract backlog of USD 214 million
- Market uncertainty continues with respect to the timing and shape of recovery
- Evaluating market opportunities on a case-by-case basis

**Q&A**