



AWILCO DRILLING

Oslo, 17th of November 2016

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Agenda

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2. Q3 2016 Financial Results
3. Operational Update
4. Market Outlook
5. Summary
6. Q&A

1. Highlights

Highlights

- Announcement of USD 0.20 dividend
- Total Q3 Revenue USD 35.7 ; EBITDA of USD 25.3 million, net profit of USD 17.9 million
- Q3 Opex average per rig approx. USD 44,200 per day
- Total contract backlog at end of Q3 was USD 195 million
- WilHunter cold stacking completed end of October



2. Q3 2016 Financial Results

Q3 2016 Income Statement

Condensed statement of comprehensive income

in USD thousands, except earnings per share

	Q3 2016	YTD	Q3 2015	YTD
	(unaudited)	30.09.16 (unaudited)	(unaudited)	30.09.15 (unaudited)
Contract revenue	35,324	59,759	38,797	175,002
Reimbursables	356	406	316	1,530
Other revenue	-	10	51,308	51,370
	<u>35,680</u>	<u>60,175</u>	<u>90,421</u>	<u>227,902</u>
Rig operating expenses	8,131	29,435	14,483	44,835
Reimbursables	113	113	107	581
General and administrative expenses	2,149	6,529	1,817	5,981
Depreciation	3,485	11,850	4,535	13,581
	<u>13,878</u>	<u>47,927</u>	<u>20,942</u>	<u>64,978</u>
Operating profit/(loss)	<u>21,802</u>	<u>12,248</u>	<u>69,479</u>	<u>162,924</u>
Interest income	143	610	19	110
Interest expense	(1,947)	(5,853)	(2,126)	(6,370)
Other financial items	(654)	(1,354)	(152)	(210)
Net financial items	<u>(2,458)</u>	<u>(6,597)</u>	<u>(2,259)</u>	<u>(6,470)</u>
Profit/(loss) before tax	19,344	5,651	67,220	156,454
Tax benefit/(expense)	(1,481)	459	(546)	(24,197)
Net profit/(loss)	<u>17,863</u>	<u>6,110</u>	<u>57,674</u>	<u>132,257</u>
Total comprehensive income/(loss)	<u>17,863</u>	<u>6,110</u>	<u>57,674</u>	<u>132,257</u>
Attributable to shareholders of the parent	17,863	6,110	57,674	132,257
Basic and diluted earnings per share	0.59	0.20	1.92	4.40

Q3 2016 Balance Sheet


Condensed statement of financial position





in USD thousands

	30.09.2016	31.12.2015
	(unaudited)	(audited)
Rigs, machinery and equipment	242,846	234,336
Deferred tax asset	2,578	2,002
	<u>245,424</u>	<u>236,338</u>
Trade and other receivables	11,943	7,352
Prepayments and accrued revenue	36,225	2,682
Inventory	4,865	5,015
Cash and cash equivalents	60,672	135,257
Current tax	22,079	68,899
	<u>135,784</u>	<u>219,205</u>
Total assets	<u>381,208</u>	<u>455,543</u>
Paid in capital	130,142	130,142
Retained earnings	106,731	114,135
	<u>236,873</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	1,811	5,990
Accruals and provisions	12,665	17,702
Current tax payable	24,859	77,574
	<u>49,335</u>	<u>111,266</u>
Total equity and liabilities	<u>381,208</u>	<u>455,543</u>

3. Operational Update

Contract Status – Current Backlog USD 179 million*

AWILCO DRILLING PLC														
CONTRACT STATUS														
	2016		2017											
	Nov	Dec	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
<u>WILHUNTER :</u>														
(TBC)														
<u>WILPHOENIX:</u>														
Apache	\$387,500											Firm until Q1 2018		

 **Firm**
  **Options**
  **Warm stack**
  **Cold Stack**

*as of 16 November 2016

Operational Update

- Operational uptime in Q3 was 98.8 %
- Excellent HSE performance – more than 1 year without Recordable Incident and more than 2 years without Environmental Incident
- An explorer's lucky rig – three consecutive exploration successes so far...
- Drilling a fourth exploration well for Apache then to Taqa in Q1 2017 for 4 to 6 months
- In dialogue with Apache about the standby period between the 21st of April and the 22nd of June



Dividend Distribution

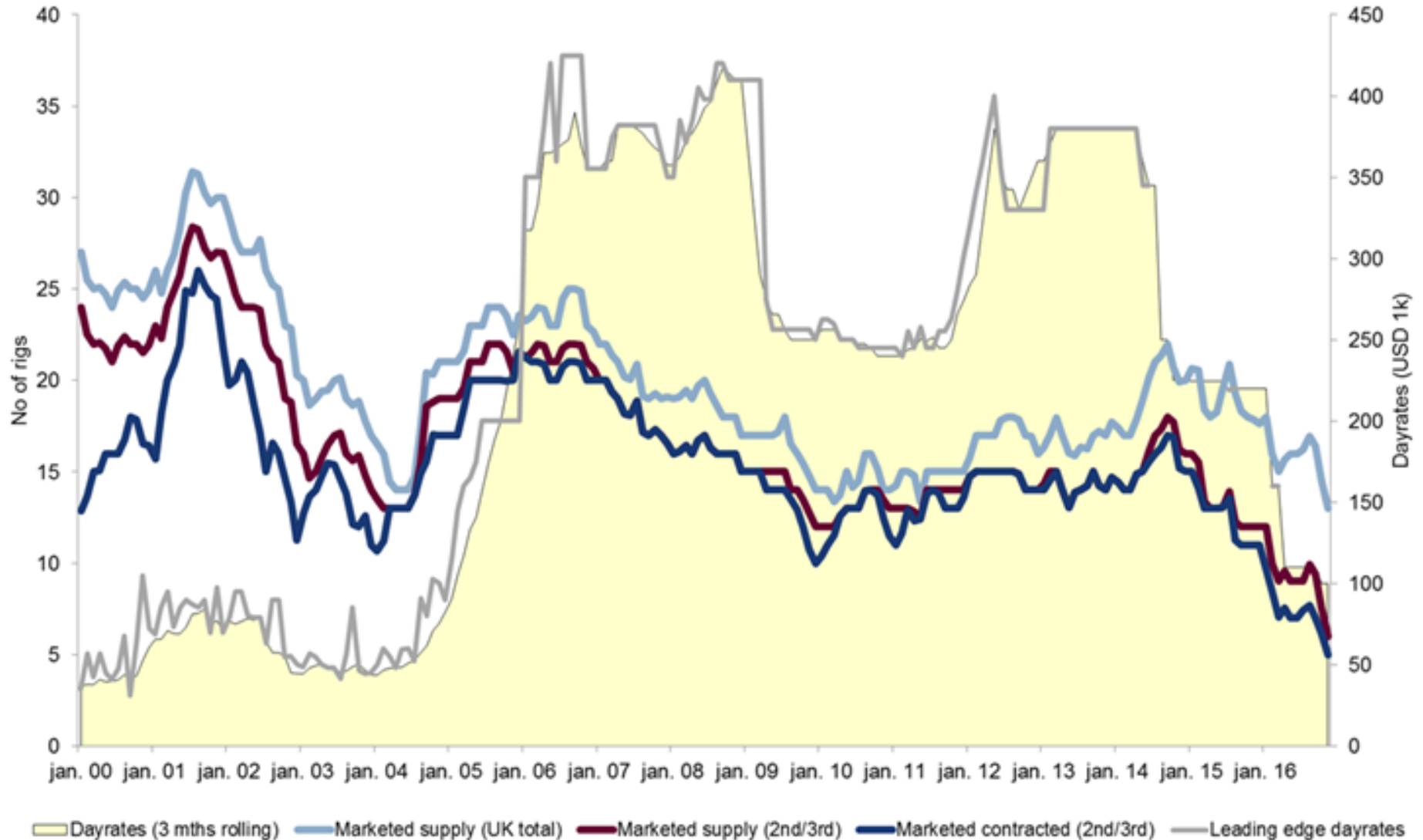
- Announcement of dividend payable of USD 0.20 per share
- Dividend payable on or around the 16th of December 2016
- Shares will trade ex-dividend on 22nd of November 2016, the record date will be 23rd of November
- The Company's dividend policy remains unchanged:
“The Company intends to distribute all free cash flow above a robust cash buffer to support operational working capital requirements and capital expenditure, including SPS.”

Assumptions for 2017

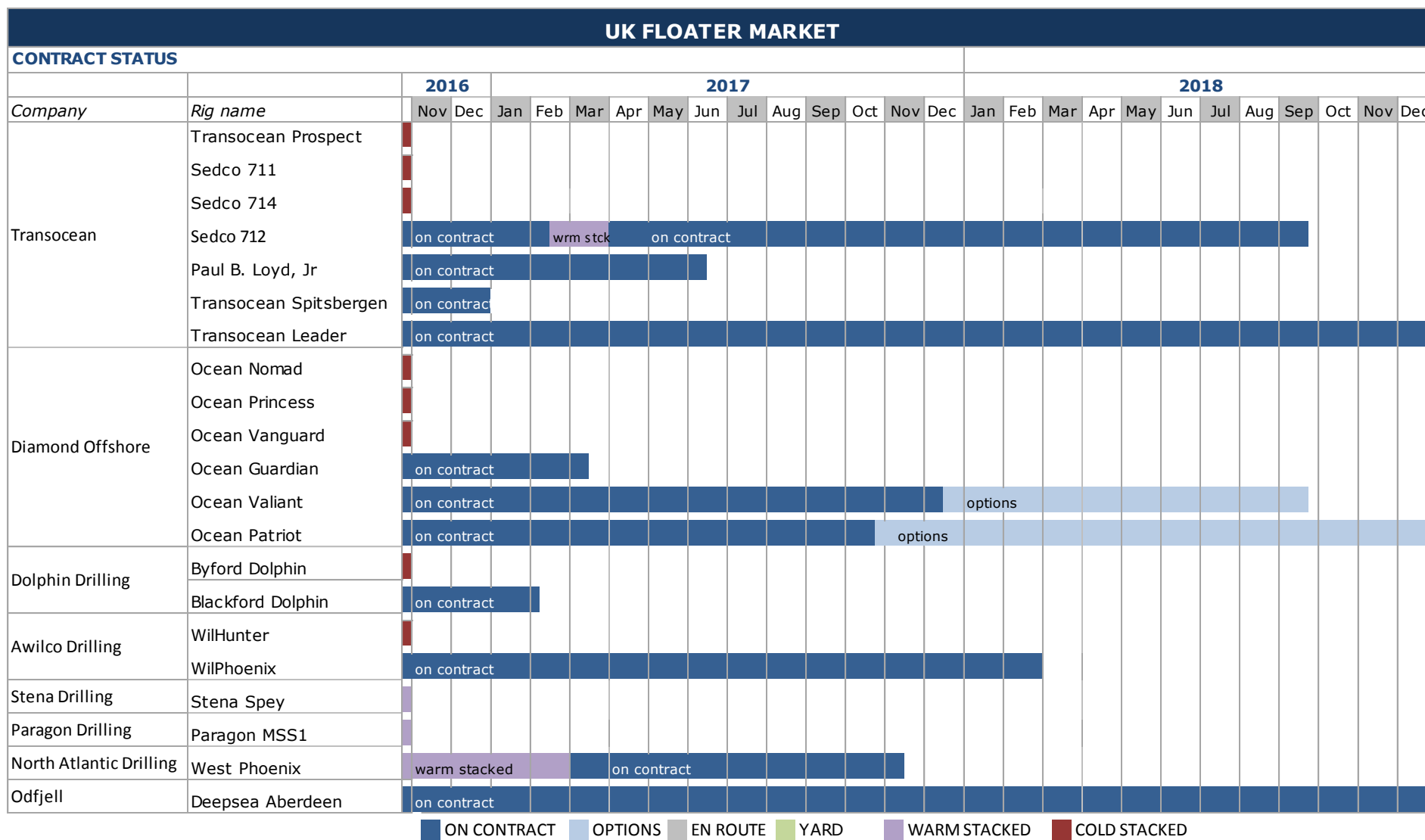
- Opex for WilPhoenix expected to be around USD 80,000 per day
- Opex for WilHunter while cold stacked expected to be around USD 3,500 per day
- SG&A expected to be approximately USD 2.0 million per quarter
- Total capital expenditure expected to be around USD 6 million (about USD 3 million if WilHunter reactivation is pushed out in time)

4. Market Outlook

Dayrates have Reduced Considerably in the UK Market



Lower levels of utilization in winter than in summer materializing as the market becomes more seasonal



Timing of Return to Higher Activity Levels Remains Unknown

Global

- Market uncertainty continues with respect to the timing and shape of recovery
- Operators continue with reductions in current and planned E&P expenditure

UK

- Oversupply of semi-submersibles in northwest Europe expected to persist beyond 2016
- Few new contract opportunities coupled with low rates leading to rig cold-stacking and attrition
- Tax incentives and stimulus aimed at Operators have had little impact to date
- The 29th UK licensing round has just been initiated in a bid to increase activity (with a new model for smaller independent operators)
- Modest visible increase in well decommissioning demand but start-up windows moving into 2018
- Seasonal (better weather summer months) drilling campaigns becoming more prevalent

5. Summary

Summary

- Announcement of dividend payable of USD 0.20
- Completed the process of cold stacking WilHunter
- Contract backlog of USD 179 million
- Market uncertainty continues with respect to the timing and shape of recovery
- Evaluating market opportunities on a case-by-case basis, Awilco Drilling's fundamentals are good

Q&A