



**FOURTH QUARTER 2016
PRELIMINARY FULL YEAR 2016 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 35.1 million (USD 35.7 million in Q3), EBITDA USD 25.4 million (USD 25.3 million in Q3) and net profit of USD 14.9 million (USD 17.9 million in Q3).
- Revenue efficiency was 97.7% during the quarter (99.1% in Q3).
- Contract utilisation was 50.0% during the quarter, (50 % in Q3).
- Contract backlog at the end of Q4 was approximately USD 159 million (approximately USD 195 million Q3).
- The Board approved a dividend distribution payable in Q1 2017 of USD 0.20 per share. The shares will trade ex-dividend on 21 February 2017, the record date is 22 February 2017 and the payment date is on or around 24 March 2017.

Key financial figures:

In USD million, except per day operating expenses and EPS

USD million	Q4 2016	Q3 2016	2016	2015
Contract revenue	35.1	35.7	95.3	247.0
Operating expenses	7.3	8.1	36.7	57.6
EBITDA	25.4	25.3	49.5	150.2
Net profit	14.9	17.9	21.0	111.0
EPS	0.50	0.59	0.70	3.70
Total assets	383.6	381.2	383.6	426.2
Total equity	245.8	236.9	245.8	218.1
Interest bearing debt	100.0	105.0	100.0	110.0
Gearing ratio	10.9%	15.8%	10.9%	3.9%

Financial Results – Quarter 4, 2016

At the end of Q4 2016, the WilPhoenix was in operations for TAQA Bratani Ltd at the Sturgeon location and the WilHunter was cold stacked in Invergordon.

Comprehensive Income Statement

Awilco Drilling reports total comprehensive profit for the fourth quarter 2016 of USD 14.9 million.

Revenue earned in the fourth quarter was USD 35.1 million. In the fourth quarter Awilco Drilling had rig operating expenses of USD 7.3 million. General and administration expenses were USD 2.4 million. This includes USD 0.5 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 25.4 million while the operating profit was USD 21.6 million.

Interest expense amounted to USD 1.8 million, which relates to accrued interest on the secured bond.

Profit before tax was USD 18.7 million. The tax charge for the quarter was USD 3.8 million resulting in a net profit of USD 14.9 million. Earnings per share (EPS) for the fourth quarter were USD 0.50.

Statement on financial position

As of 31 December 2016, total assets amounted to USD 383.6 million. At the same date, Awilco Drilling had USD 70.1 million in cash and cash equivalents.

Financial Results – Full Year 2016

Awilco Drilling reports total comprehensive income for 2016 of USD 21.0 million. Total full year revenues were USD 95.3 million. Rig operating expenses were USD 36.7 million and general and administration expenses were USD 8.9 million. EBITDA for the year was USD 49.5 million while the operating profit was USD 33.9 million. Profit before tax was USD 24.4 million. The tax charge for the year was USD 3.4 million. The resulting net profit was USD 21.0 million. Earnings per share (EPS) for the year were USD 0.70.

Operations and Contract Status

WilPhoenix

In Q4 2016 the WilPhoenix was in continued operations for Apache North Sea Ltd. at the Kinord location before handing over to TAQA Bratani Ltd. in December for operations at the Sturgeon location.

Revenue efficiency for the quarter was 97.7%. Contract utilisation was 100%.

At the end of December, WilPhoenix had a total remaining contract backlog of approximately USD 159 million.

The standby revenue billing of USD 22.8 million booked in Q2 in respect of the period that Awilco Drilling was awaiting client instructions remains unresolved. Awilco Drilling and Apache North Sea Ltd. are in discussions to resolve this matter. In the event this is resolved then an adjustment to revenue to reflect this will be included in the annual audited accounts.

WilHunter

During Q4 2016 the WilHunter was cold 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 uncertain future market prospects.

Organisation

At the end of Q4 2016, Awilco Drilling's Aberdeen based employees numbered 24 permanent personnel supported by 2 contractors. Awilco Drilling Pte. Ltd. offshore personnel numbered 117 permanent personnel. The Awilhelmsen Group continues to supply some support personnel via a management agreement.

Market Outlook

The UK floater market of 2017 is expected to see modestly higher levels of marketed utilisation in the summer season. This seasonal demand being adequately filled by active rigs rolling off contract, albeit at close to breakeven rates. The sustained current oil price, combined with a reduced market fleet, gives optimism for better prospects from 2018, particularly when early indications of activity from operators are combined with currently forecast decommissioning requirements.

Statement of Responsibility

We confirm that, to the best of our knowledge, the condensed set of financial statements for the fourth quarter of 2016, 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, 13 February, 2017

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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 Axess) 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 2016	Full Year	Q4 2015	Full Year
	(unaudited)	2016	(unaudited)	2015
		(unaudited)		(audited)
Contract revenue	34,823	94,582	38,797	193,949
Reimbursables	298	704	316	1,711
Other revenue	0	10	51,308	51,385
	<u>35,121</u>	<u>95,296</u>	<u>90,421</u>	<u>247,045</u>
Rig operating expenses	7,290	36,726	14,483	57,632
Reimbursables	74	187	107	645
General and administrative expenses	2,380	8,909	1,817	8,578
Depreciation	3,729	15,579	4,535	18,008
	<u>13,473</u>	<u>61,401</u>	<u>20,942</u>	<u>114,863</u>
Operating profit	<u>21,649</u>	<u>33,895</u>	<u>69,479</u>	<u>132,182</u>
Interest income	21	631	19	130
Interest expense	(1,805)	(7,658)	(2,126)	(8,349)
Other financial items	(1,125)	(2,479)	(152)	(445)
Net financial items	<u>(2,909)</u>	<u>(9,506)</u>	<u>(2,259)</u>	<u>(8,664)</u>
Profit before tax	18,740	24,390	67,220	123,518
Tax expense	(3,823)	(3,364)	(546)	(12,515)
Net profit	<u>14,917</u>	<u>21,026</u>	<u>66,674</u>	<u>111,003</u>
Total comprehensive income	<u>14,917</u>	<u>21,026</u>	<u>66,674</u>	<u>111,003</u>
Attributable to shareholders of the parent	14,917	21,026	66,674	111,003
Basic and diluted earnings per share	0.50	0.70	1.92	3.70

Condensed statement of financial position

in USD thousands

	31.12.2016	31.12.2015
	(unaudited)	(audited)
Rigs, machinery and equipment	238,868	234,336
Deferred tax asset	476	2,002
	<u>239,344</u>	<u>236,338</u>
Trade and other receivables	17,269	7,352
Prepayments and accrued revenue	30,036	2,682
Inventory	4,845	5,015
Cash and cash equivalents	70,070	135,257
Current tax	22,079	68,899
	<u>144,299</u>	<u>219,205</u>
Total assets	<u><u>383,643</u></u>	<u><u>455,543</u></u>
Paid in capital	130,142	130,142
Retained earnings	115,641	114,135
	<u>245,783</u>	<u>244,277</u>
Deferred tax liability	1,129	0
Long-term interest-bearing debt	90,000	100,000
	<u>91,129</u>	<u>100,000</u>
Current portion of long-term debt	10,000	10,000
Trade and other creditors	574	5,990
Accruals and provisions	10,708	17,702
Current tax payable	25,449	77,574
	<u>46,731</u>	<u>111,266</u>
Total equity and liabilities	<u><u>383,643</u></u>	<u><u>455,543</u></u>

**Condensed statement of changes in equity for the period from
1st January 2015 to 31 December 2016**

in USD thousands

	Paid-in-equity	Other equity (retained earnings)	Total equity
Equity at 1 January 2015	130 142	78 211	208 353
Total comprehensive profit to 31 December 2015	-	111 003	111 003
Dividends paid		(75 079)	(75 079)
Balance as at 31 December 2015	130 142	114 135	244 277
Total comprehensive profit to 31 December 2016	-	21 026	21 026
Dividends paid	-	(19 520)	(19 520)
Balance as at 31 December 2016	130 142	115 641	245 783

Condensed statement of cash flow for the period

	Full Year 2016 (unaudited)	Full Year 2015 (audited)
Cash flow from operating activities		
Profit before tax	24 390	123 518
Depreciation	15 579	18 008
Interest cost	7 027	8 219
Sharebased payment	32	(844)
(Increase)/decrease in trade and other receivables	(32 741)	4 764
(Increase)/decrease in stock	171	(215)
(Increase)/decrease in prepayments and accrued revenue	(4 532)	25 963
Increase/(decrease) in trade and other payables	(12 302)	3 814
Interests paid	(7 798)	(8 509)
Interests received	631	130
Taxation paid	(6 013)	(29 283)
Net cash flow from operating activities	(15 556)	175 565
Cash flow from investing activities		
Purchase of property, plant and equipment	(20 111)	(31 180)
Net cash flow from investing activities	(20 111)	(31 180)
Cash flow from financing activities		
Dividends paid	(19 520)	(75 079)
Repayment of loans	(10 000)	(10 000)
Net cash flow from financing activities	(29 520)	(85 079)
Net increase/(decrease) in cash and cash equivalents	(65 187)	59 306
Cash and cash equivalents at beginning of the period	135 257	75 951
Cash and cash equivalents at the end of the period	70 070	135 257

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, 2015. This interim report should be read in conjunction with the audited 2015 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
<u>Cost</u>			
Opening balance 1 Jan 2016	360,475	1,898	362,373
Additions	20,111	-	20,111
Closing balance	<u>380,586</u>	<u>1,898</u>	<u>382,484</u>
<u>Depreciation</u>			
Opening balance 1 Jan 2016	(126,821)	(1,216)	(128,037)
Depreciation charge	(15,498)	(81)	(15,579)
Accumulated depreciation per ending balance	<u>(142,319)</u>	<u>(1,297)</u>	<u>(143,616)</u>
Net carrying amount at end of period	<u>238,267</u>	<u>601</u>	<u>238,868</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.			

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

	<u>Total</u>
Secured Bond	125,000
Repayment of debt	(25,000)
Total debt per end of accounting period	<u>100,000</u>
Current portion of long term debt	10,000
Long term debt per end of period	<u>90,000</u>
	<u>100,000</u>

Note 3 - Related party transactions

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:

	<u>YTD Q4 2016</u>
Purchases	(395)
Payables	(81)

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 2.1 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 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 3.9 million.

Note 8 - Share capital

As of 31 December 2016 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 2016	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
AWILHELMSSEN OFFSHORE	12,998,938	43.28%
UBS SECURITIES LLC	4,686,226	15.60%
EUROCLEAR BANK N.V.	2,033,962	6.77%
CITIBANK, N.A.	1,655,467	5.51%
CITIBANK, N.A.	1,204,045	4.01%
CITIGROUP GLOBAL MAR	1,129,000	3.76%
BANK OF AMERICA, N.A	834,615	2.78%
AVANZA BANK AB	572,631	1.91%
MERRILL LYNCH, PIERC	558,727	1.86%
CLEARSTREAM BANKING	513,792	1.71%
NORDNET BANK AB	356,581	1.19%
BNP PARIBAS S.A.	339,820	1.13%
J.P. MORGAN SECURITI	184,702	0.62%
INTERACTIVE BROKERS	159,240	0.53%
UBS SWITZERLAND AG	147,665	0.49%
FIRST CLEARING LLC	146,490	0.49%
JPMORGAN CHASE BANK,	142,236	0.47%
CITIBANK, N.A.	130,801	0.44%
PERSHING LLC	122,115	0.41%
DZ PRIVATBANK S.A.	109,448	0.36%
OTHER	2,004,999	6.68%
	<u>30,031,500</u>	<u>100.00%</u>

Note 9 - Derivative Financial Instrument

in USD thousands

31.12.2016
(unaudited)

Fair value of foreign currency forward contracts

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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 financial items in the Statement of Comprehensive Income and classified as accruals in the Statement of Financial Position.