



# **AWILCO DRILLING**

Oslo, 11<sup>th</sup> of May 2017

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# Agenda

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1. Highlights
2. Q1 2017 Financial Results
3. Operational Update
4. Market Outlook
5. Summary
6. Q&A

# 1. Highlights

# Highlights

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- Announcement of USD 0.20 dividend
- Total Q1 Revenue USD 31.9 million; EBITDA of USD 24.8 million, net profit of USD 15.8 million
- Q1 Opex average for WilPhoenix approx. USD 67,300 per day
- Total contract backlog at end of Q1 2017 was USD 148 million



## **2. Q1 2017 Financial Results**

# Q1 2017 Income Statement

## Condensed statement of comprehensive income

in USD thousands, except earnings per share

	Q1 2017 (unaudited)	Q1 2016 (unaudited)
Contract revenue	31,647	-
Reimbursables	296	33
Other revenue	6	13
	<u>31,949</u>	<u>46</u>
Rig operating expenses	6,122	11,550
Reimbursables	42	-
General and administrative expenses	1,013	1,876
Depreciation	3,848	4,921
	<u>11,025</u>	<u>18,347</u>
Operating profit/(loss)	<u>20,924</u>	<u>(18,301)</u>
Interest income	32	287
Interest expense	(1,817)	(2,014)
Other financial items	185	(514)
Net financial items	<u>(1,600)</u>	<u>(2,241)</u>
Profit/(loss) before tax	19,324	(20,542)
Tax (expense)/benefit	(3,523)	1,860
Net profit/(loss)	<u>15,801</u>	<u>(18,682)</u>
Total comprehensive income/(loss)	<u>15,801</u>	<u>(18,682)</u>
Attributable to shareholders of the parent	15,801	(18,682)
Basic and diluted earnings per share	0.53	(0.62)

# Q1 2017 Balance Sheet

## Condensed statement of financial position

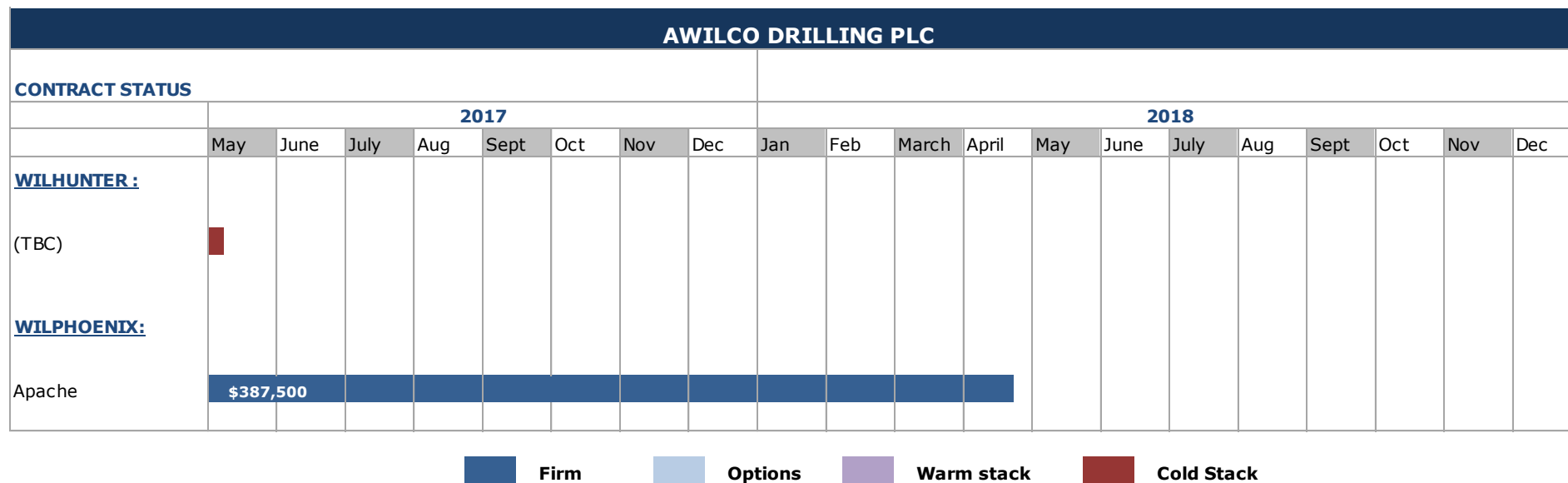
in USD thousands

	31.03.2017	31.12.2016
	(unaudited)	(audited)
Rigs, machinery and equipment	235,241	238,868
Deferred tax asset	376	3,058
	<u>235,617</u>	<u>241,926</u>
Trade and other receivables	13,883	17,269
Prepayments and accrued revenue	8,926	7,213
Inventory	4,809	4,844
Cash and cash equivalents	89,902	70,070
Current tax	22,079	22,079
	<u>139,599</u>	<u>121,475</u>
Total assets	<u><u>375,216</u></u>	<u><u>363,401</u></u>
Paid in capital	130,142	130,142
Retained earnings	106,721	96,926
	<u>236,863</u>	<u>227,068</u>
Deferred tax liability	1,645	1,129
Long-term interest-bearing debt	90,000	90,000
	<u>91,645</u>	<u>91,129</u>
Current portion of long-term debt	10,000	10,000
Trade and other creditors	1,730	573
Accruals and provisions	10,729	10,708
Current tax payable	24,249	23,923
	<u>46,708</u>	<u>45,204</u>
Total equity and liabilities	<u><u>375,216</u></u>	<u><u>363,401</u></u>



## **3. Operational Update**

# Contract Status – Current Backlog USD 134 million\*

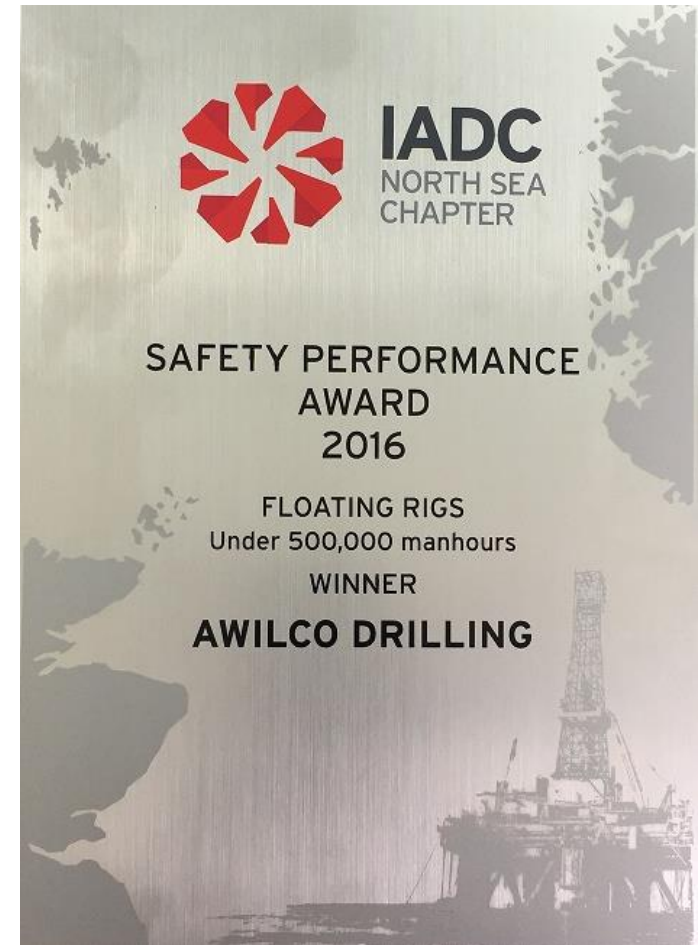


\*as of 10 May 2017

# Operational Update

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- Operational uptime in Q1 was 93.3 % due to 4.5 days of unpaid downtime
- Winner of the IADC Safety Award “2016 Floating Rigs under 500,000 manhours”
- Continued excellent HSE performance
- Discussions with Apache about the standby period between the 21<sup>st</sup> of April and the 22<sup>nd</sup> of June 2016 have been resolved
- Operating for TAQA as part of the rig sharing agreement under the Apache contract, rig expected to return to Apache late May



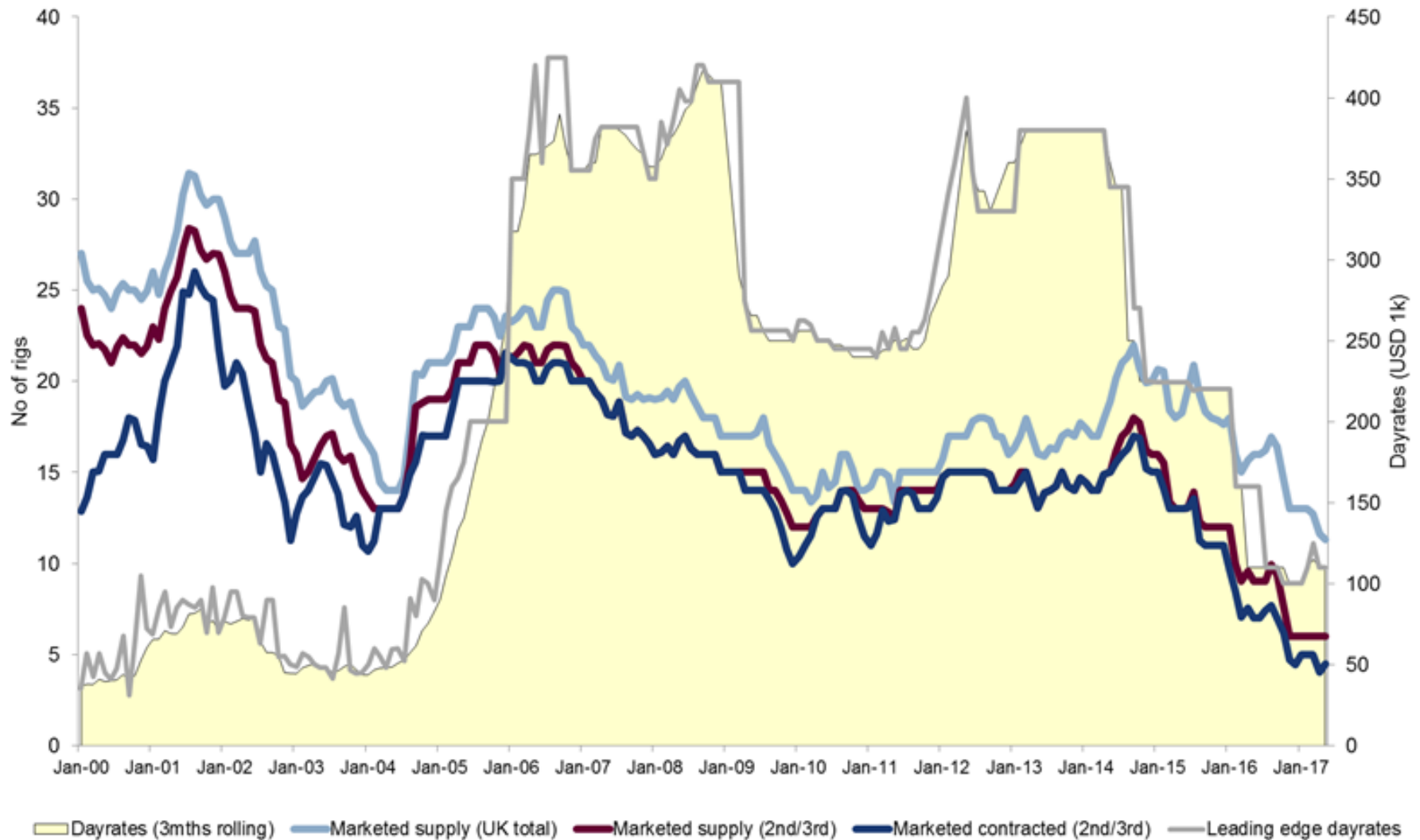
# Dividend Distribution

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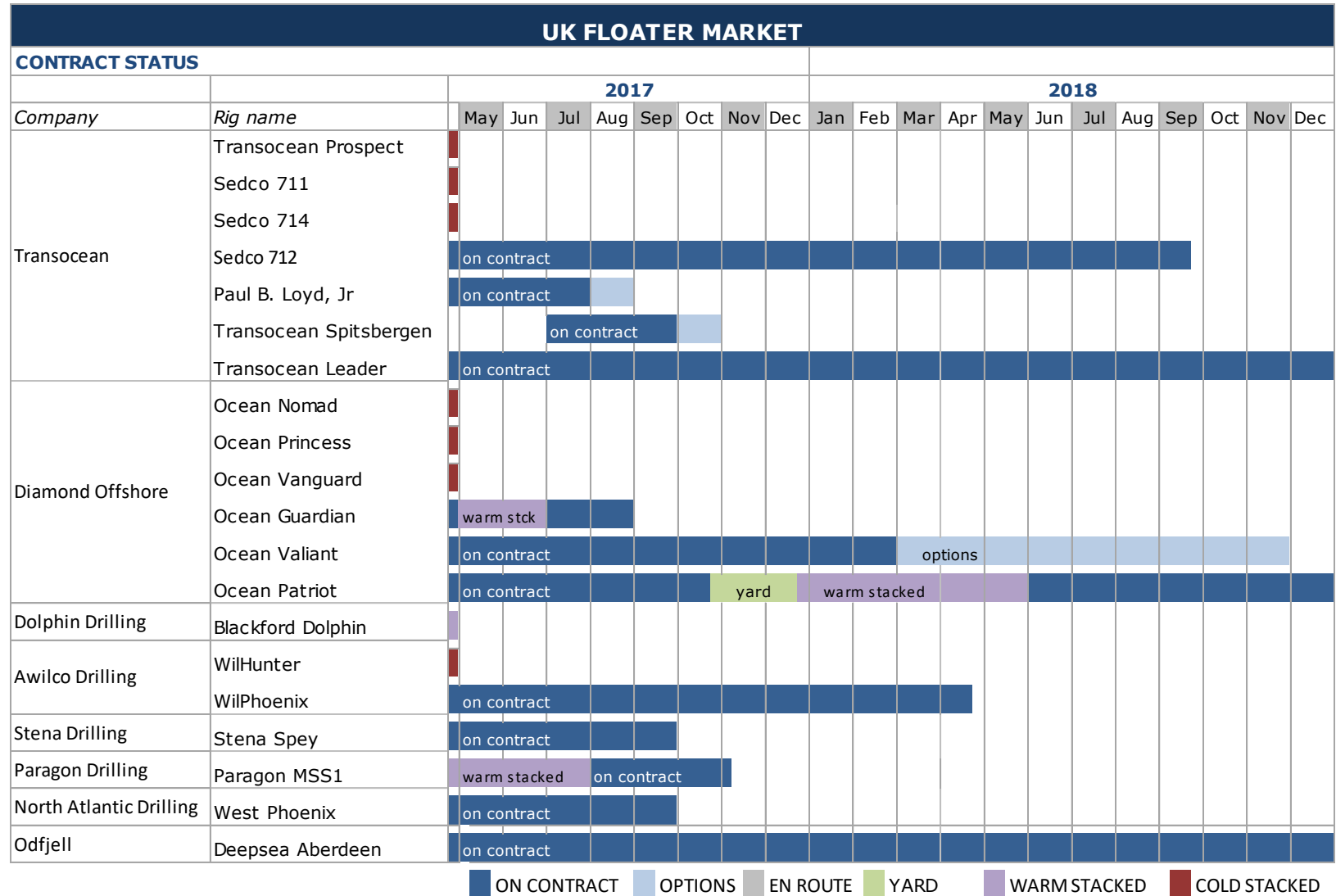
- Announcement of dividend payable of USD 0.20 per share
- Dividend payable on or around the 23<sup>rd</sup> of June 2017
- Shares will trade ex-dividend on 23<sup>rd</sup> of May 2017, the record date will be 24<sup>th</sup> of May
- The Company's dividend policy remains unchanged:  
*“The Company intends 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**

# Dayrates in the UK Market have Bottomed out while Marketed Fleet has been Considerably Reduced since 2014...



# ...and Shorter Contracts Create a Seasonal UK Market



Source: IHS-Petrodata, Awilco Drilling

# Market Trough Levelled Out?

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- Attrition and cold stacking has resulted in a reduced marketed supply
- Seasonal demand for the rigs remaining in the market for 2017 and 2018
- Dayrates are expected to remain low during 2017 and early 2018
- Decommissioning demand continues to firm up from spring 2018
- Seeing increased interest from Operators of all sizes from Q2 2018



## **5. Summary**

# Summary

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- Announcement of dividend payable of USD 0.20
- Current contract backlog of USD 134 million
- Optimism for better market prospects from 2018 – green shoots
- Evaluating growth opportunities on a case-by-case basis, Awilco Drilling's fundamentals are good

**Q&A**