



# **AWILCO DRILLING**

Oslo, 17<sup>th</sup> of August 2017

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# Agenda

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1. Highlights
2. Q2 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 Q2 Revenue USD 33.5 million; EBITDA of USD 24.6 million, net profit of USD 15.1 million
- Q2 Opex average for WilPhoenix approx. USD 66,900 per day
- Total contract backlog at end of Q2 2017 was USD 113 million



## **2. Q2 2017 Financial Results**

# Q2 2017 Income Statement

## Condensed statement of comprehensive income in USD thousands, except earnings per share

	Q2 2017	YTD	Q2 2016	YTD
	(unaudited)	30.06.17 (unaudited)	(unaudited)	30.06.16 (audited)
Contract revenue	33,149	64,796	24,436	24,436
Reimbursables	336	632	17	50
Other revenue	6	12	(4)	10
	<u>33,491</u>	<u>65,440</u>	<u>24,449</u>	<u>24,496</u>
Rig operating expenses	6,319	12,440	9,753	21,304
Reimbursables	86	128	-	-
General and administrative expenses	2,484	3,496	2,504	4,379
Depreciation	3,913	7,762	3,444	8,366
	<u>12,802</u>	<u>23,826</u>	<u>15,702</u>	<u>34,049</u>
Operating profit/(loss)	<u>20,689</u>	<u>41,614</u>	<u>8,747</u>	<u>(9,553)</u>
Interest income	66	98	180	467
Interest expense	(1,687)	(3,504)	(1,892)	(3,906)
Other financial items	(191)	(5)	(186)	(700)
Net financial items	<u>(1,812)</u>	<u>(3,411)</u>	<u>(1,898)</u>	<u>(4,139)</u>
Profit/(loss) before tax	18,877	38,203	6,849	(13,692)
Tax (expense)/benefit	(3,807)	(7,331)	80	1,940
Net profit/(loss)	<u>15,070</u>	<u>30,872</u>	<u>6,929</u>	<u>(11,752)</u>
Total comprehensive income/(loss)	<u>15,070</u>	<u>30,872</u>	<u>6,929</u>	<u>(11,752)</u>
Attributable to shareholders of the parent	15,070	30,872	6,929	(11,752)
Basic and diluted earnings per share	0.50	1.03	0.23	(0.39)

# Q2 2017 Balance Sheet

## Condensed statement of financial position

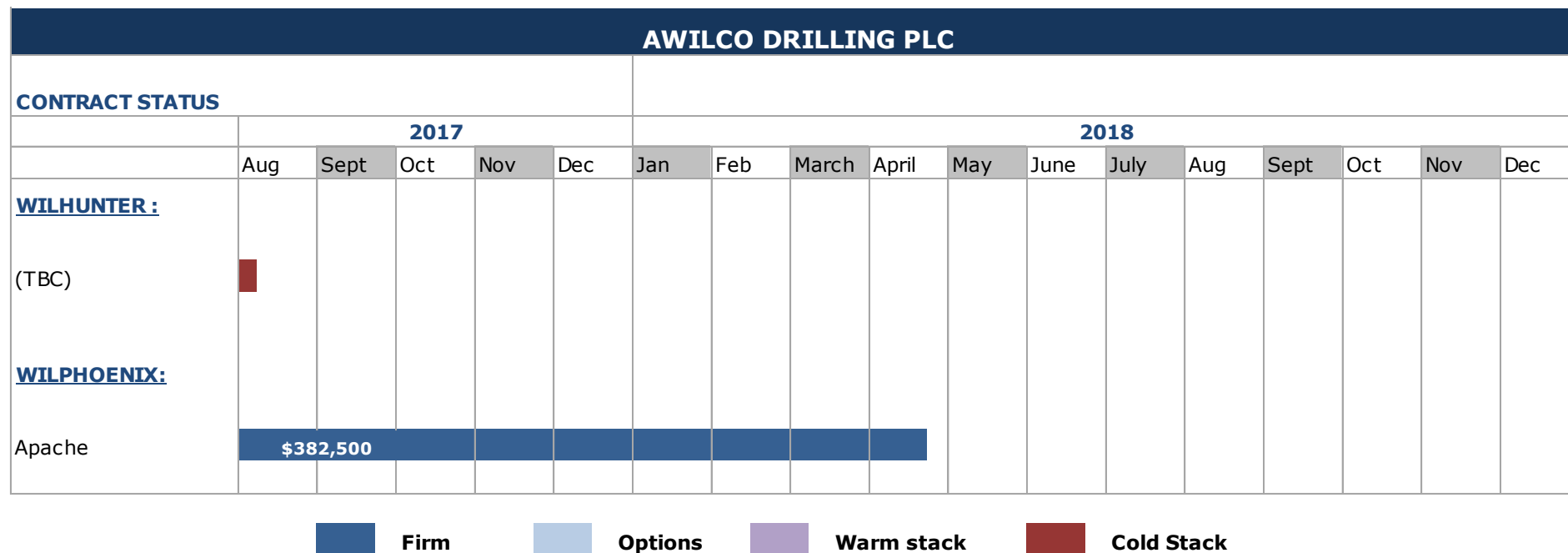
in USD thousands

	30.06.2017	31.12.2016
	(unaudited)	(audited)
Rigs, machinery and equipment	231,545	238,868
Deferred tax asset	470	3,058
	<u>232,015</u>	<u>241,926</u>
Trade and other receivables	11,345	17,269
Prepayments and accrued revenue	13,296	7,213
Inventory	4,809	4,844
Cash and cash equivalents	93,926	70,070
Current tax	227	22,079
	<u>123,603</u>	<u>121,475</u>
<b>Total assets</b>	<b><u>355,618</u></b>	<b><u>363,401</u></b>
Paid in capital	130,142	130,142
Retained earnings	115,786	96,926
	<u>245,928</u>	<u>227,068</u>
Deferred tax liability	2,254	1,129
Long-term interest-bearing debt	85,000	90,000
	<u>87,254</u>	<u>91,129</u>
Current portion of long-term debt	10,000	10,000
Trade and other creditors	1,553	573
Accruals and provisions	8,130	10,708
Current tax payable	2,753	23,923
	<u>22,436</u>	<u>45,204</u>
<b>Total equity and liabilities</b>	<b><u>355,618</u></b>	<b><u>363,401</u></b>



## **3. Operational Update**

# Contract Status – Current Backlog USD 95 million\*



\*as of 16 August 2017

# Operational Update

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- Operational uptime in Q2 was 99.6 %
- Continued excellent HSE performance
- Rig returned to Apache from TAQA late May
- Reached agreement with client regarding contract escalation adjustment
  - Dayrate reduced due to reduced labour cost
  - New headline dayrate ca. USD 382,500
  - Margin protected



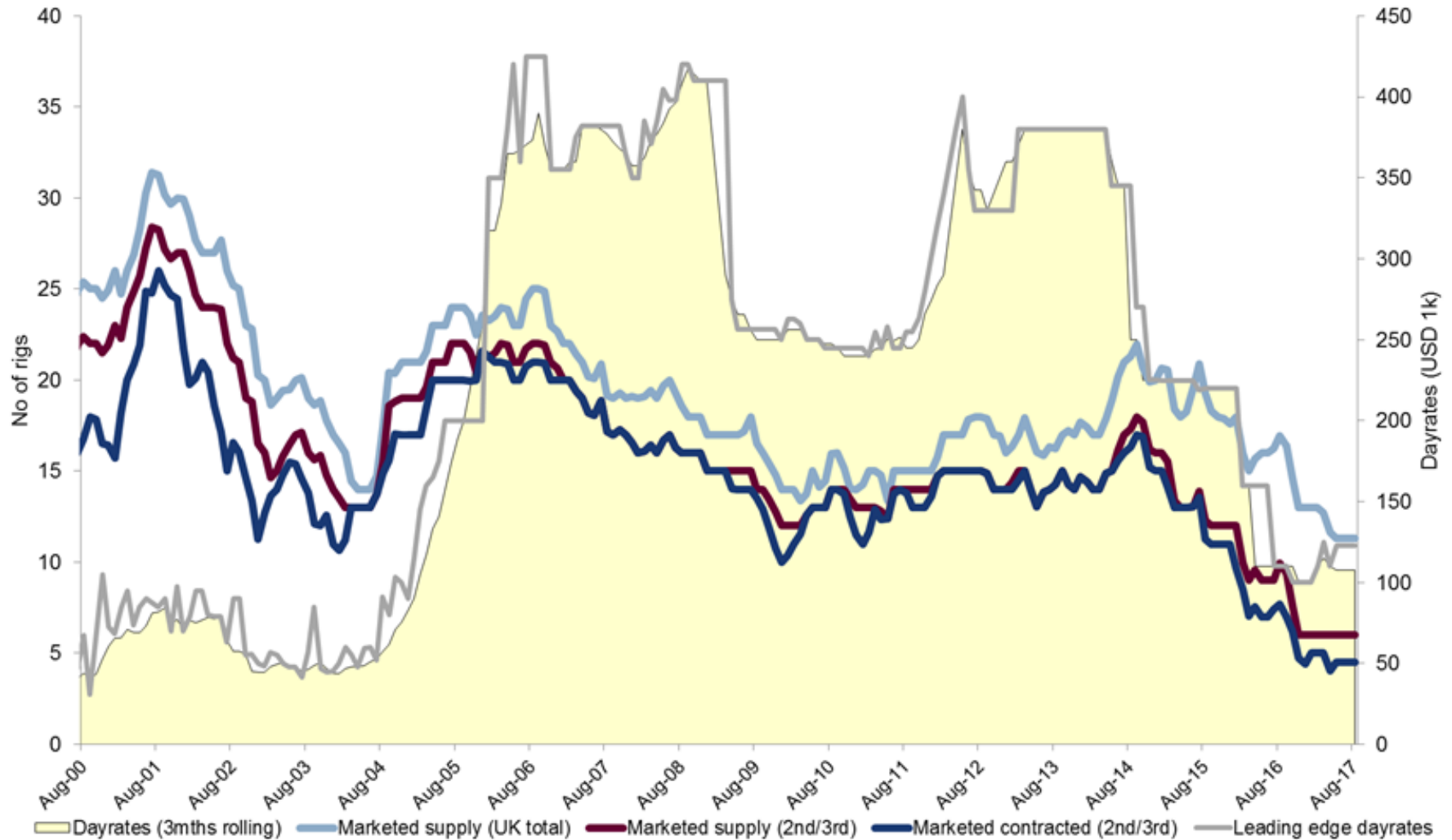
# Dividend Distribution

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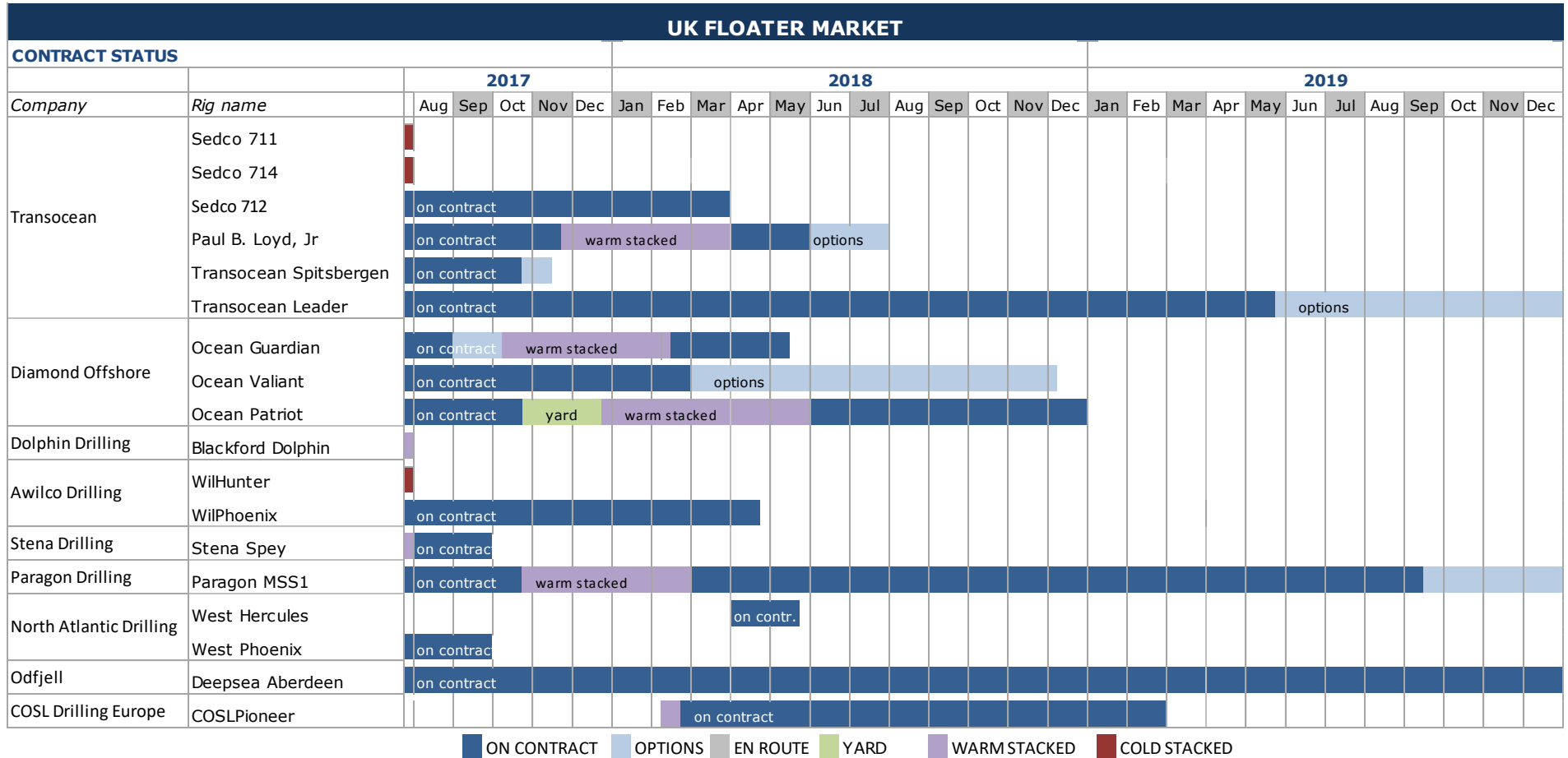
- Announcement of dividend payable of USD 0.20 per share
- Dividend payable on or around the 22<sup>nd</sup> of September 2017
- Shares will trade ex-dividend on 22<sup>nd</sup> of August 2017, the record date will be 23<sup>rd</sup> of August
- The Company's dividend policy remains unchanged:  
*“The 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**

# Dayrates in the UK Market continue to be very low



# Further Semi-Sub Attrition seen in the UK and Globally



Source: IHS-Petrodata, Awilco Drilling

# More Confidence in Market Improvement

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- Seasonal demand remains a feature of 2018, although term has also appeared
- Dayrates continue to be at challenging levels
- Decommissioning demand firming up from 2018/2019
- Seeing increased interest from Operators of all sizes from Q2 2018
- Significant attrition and cold stacking is creating a better balanced market
- Further M&A activity has been seen in the market



## **5. Summary**

# Summary

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- Announcement of dividend payable of USD 0.20
- Current contract backlog of USD 95 million
- Increased confidence in market reaching inflection point
- Evaluating growth opportunities on a case-by-case basis, Awilco Drilling's fundamentals are good

**Q&A**