



AWILCO DRILLING

Q4 2017 PRESENTATION

Oslo, 15th of February 2018

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AGENDA

- 1. Highlights*
 - 2. Q4 2017 and Preliminary Full-Year 2017 Financial Results*
 - 3. Operational Update*
 - 4. Market Outlook*
 - 5. Summary*
 - 6. Q&A*
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- The background of the slide features a faded, blue-tinted image of an offshore oil drilling rig. The rig is a complex structure with a tall derrick and various platforms, situated in the middle of a vast, choppy ocean. The overall aesthetic is professional and industry-focused.

1. HIGHLIGHTS





HIGHLIGHTS

- Announcement of USD 0.20 dividend
- Total Q4 Revenue USD 33.9 million; EBITDA of USD 24.5 million, Net Loss of USD -23.8 million after impairment charge of USD 45 million
- Q4 Opex average for WilPhoenix approx. USD 78 100 per day
- Total contract backlog at end of Q4 2017 was USD 41 million





SUBSEQUENT EVENTS

- Yesterday, Awilco Drilling announced that following revisions to the project schedule the Letter of Award from Alpha Petroleum Resources Limited did not result in an agreed contract for WilPhoenix.
- At the same time, Awilco Drilling announced that it has signed a Letter of Intent with an undisclosed operator for the provision of WilPhoenix. The program is expected to commence around 1st September 2018, with an estimated duration of 450 days for an undisclosed dayrate.





2. Q4 2017 AND PRELIMINARY FULL-YEAR 2017 FINANCIAL RESULTS

Q4 2017 INCOME STATEMENT

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

| | Q4 2017 | Full Year | Q4 2016 | Full Year |
|--|-----------------|----------------|----------------|----------------|
| | (unaudited) | 2017 | (unaudited) | 2016 |
| | | (unaudited) | | (audited) |
| Contract revenue | 33,525 | 130,403 | 34,823 | 94,582 |
| Reimbursables | 343 | 1,306 | 298 | 704 |
| Other revenue | 1 | 22 | - | 10 |
| | <u>33,869</u> | <u>131,731</u> | <u>35,121</u> | <u>95,296</u> |
| Rig operating expenses | 7,222 | 27,751 | 7,290 | 36,726 |
| Reimbursables | 137 | 357 | 74 | 187 |
| General and administrative expenses | 1,975 | 8,818 | 2,380 | 8,909 |
| Depreciation | 3,963 | 15,686 | 3,729 | 15,579 |
| Impairment | 45,000 | 45,000 | - | - |
| | <u>58,297</u> | <u>97,612</u> | <u>13,473</u> | <u>61,401</u> |
| Operating (loss)/profit | <u>(24,428)</u> | <u>34,119</u> | <u>21,649</u> | <u>33,895</u> |
| Interest income | 609 | 792 | 21 | 631 |
| Interest expense | (1,615) | (6,919) | (1,805) | (7,658) |
| Other financial items | 1,010 | 818 | (1,125) | (2,479) |
| Net financial items | <u>4</u> | <u>(5,309)</u> | <u>(2,909)</u> | <u>(9,506)</u> |
| (Loss)/profit before tax | <u>(24,424)</u> | <u>28,810</u> | <u>18,740</u> | <u>24,390</u> |
| Tax benefit/(expense) | 585 | (7,555) | (3,823) | (3,364) |
| Net (loss)/profit | <u>(23,839)</u> | <u>21,255</u> | <u>14,917</u> | <u>21,026</u> |
| Total comprehensive (loss)/income | <u>(23,839)</u> | <u>21,255</u> | <u>14,917</u> | <u>21,026</u> |
| Attributable to shareholders of the parent | (23,839) | 21,255 | 14,917 | 21,026 |
| Basic and diluted earnings per share | (0.79) | 0.71 | 0.50 | 0.70 |



Q4 2017 BALANCE SHEET

Condensed statement of financial position

in USD thousands

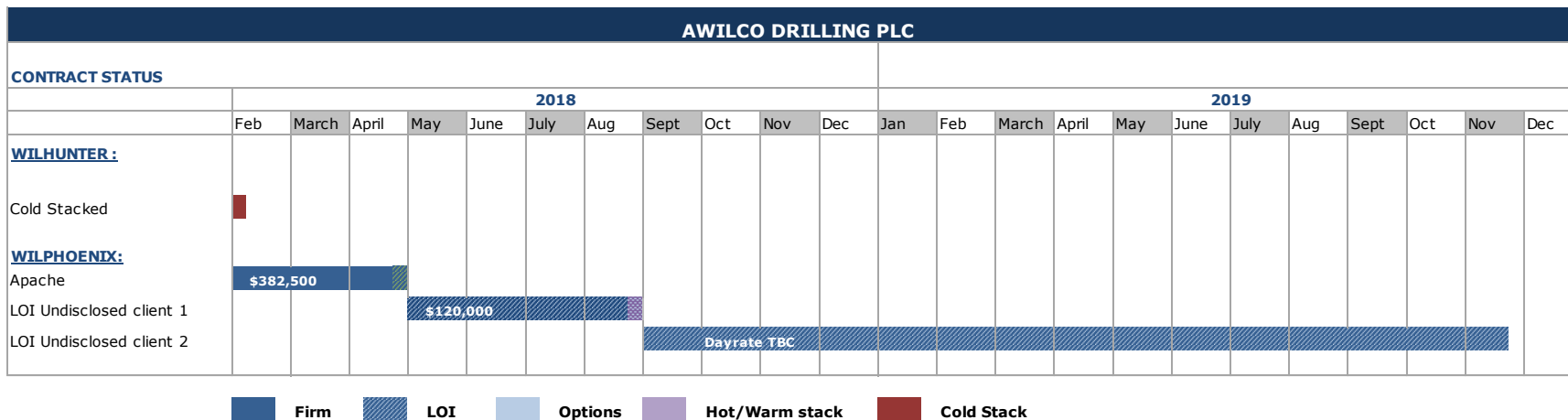
| | 31.12.2017 | 31.12.2016 |
|-------------------------------------|-----------------------|-----------------------|
| | (unaudited) | (audited) |
| Rigs, machinery and equipment | 178,808 | 238,868 |
| Deferred tax asset | 1,954 | 3,058 |
| | <u>180,762</u> | <u>241,926</u> |
| Trade and other receivables | 17,168 | 17,269 |
| Prepayments and accrued revenue | 6,905 | 7,213 |
| Inventory | 4,809 | 4,844 |
| Cash and cash equivalents | 119,286 | 70,070 |
| Current tax | 227 | 22,079 |
| | <u>148,395</u> | <u>121,475</u> |
| Total assets | <u>329,157</u> | <u>363,401</u> |
| Paid in capital | 130,142 | 130,142 |
| Retained earnings | 94,156 | 96,926 |
| | <u>224,298</u> | <u>227,068</u> |
| Deferred tax liability | - | 1,129 |
| Long-term interest-bearing debt | 80,000 | 90,000 |
| | <u>80,000</u> | <u>91,129</u> |
| Current portion of long-term debt | 10,000 | 10,000 |
| Trade and other creditors | 1,170 | 573 |
| Accruals and provisions | 9,519 | 10,708 |
| Current tax payable | 4,170 | 23,923 |
| | <u>24,859</u> | <u>45,204</u> |
| Total equity and liabilities | <u>329,157</u> | <u>363,401</u> |



3. OPERATIONAL UPDATE

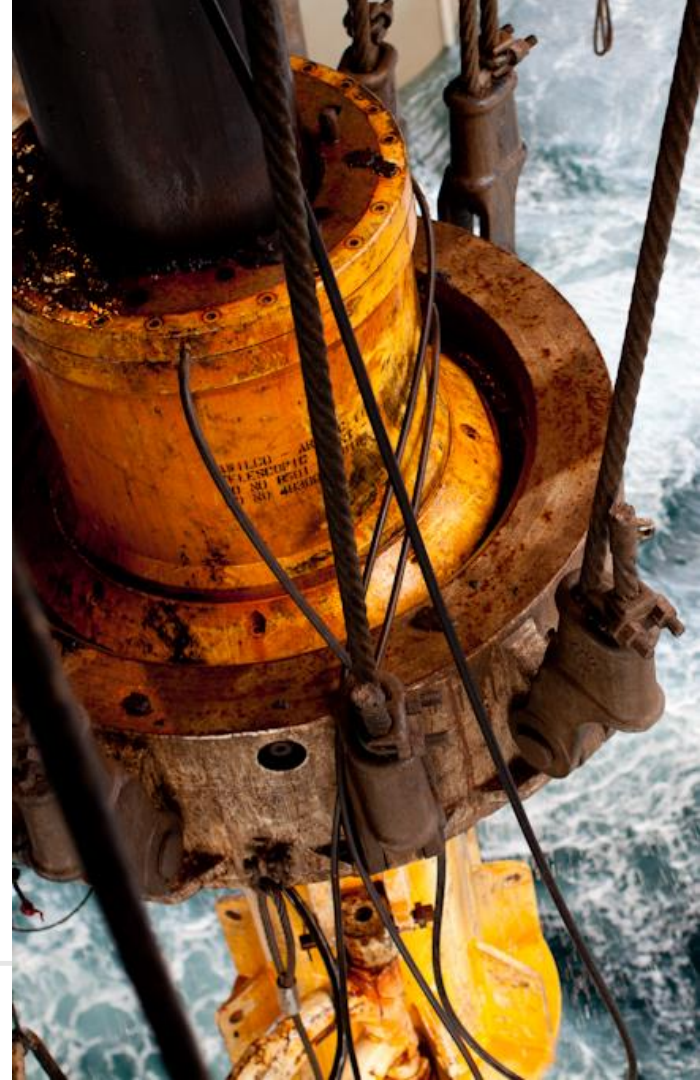


CURRENT FIRM CONTRACT BACKLOG USD 25 MILLION* AND WILPHOENIX COMMITTED UNTIL AT LEAST NOVEMBER 2019



OPERATIONAL UPDATE

- Operational uptime in Q4 was 99.6%
- Continued positive customer feedback
- Contract negotiations with undisclosed LOI client 1 ongoing
- Secured new LOI with undisclosed client 2 and contract negotiations process started



DIVIDEND DISTRIBUTION

- Announcement of dividend payable of USD 0.20 per share
- Dividend payable on or around 23 March 2018
- Shares will trade ex-dividend on 20th of February 2018, the record date will be 21st of February
- The Company's dividend policy remains unchanged:

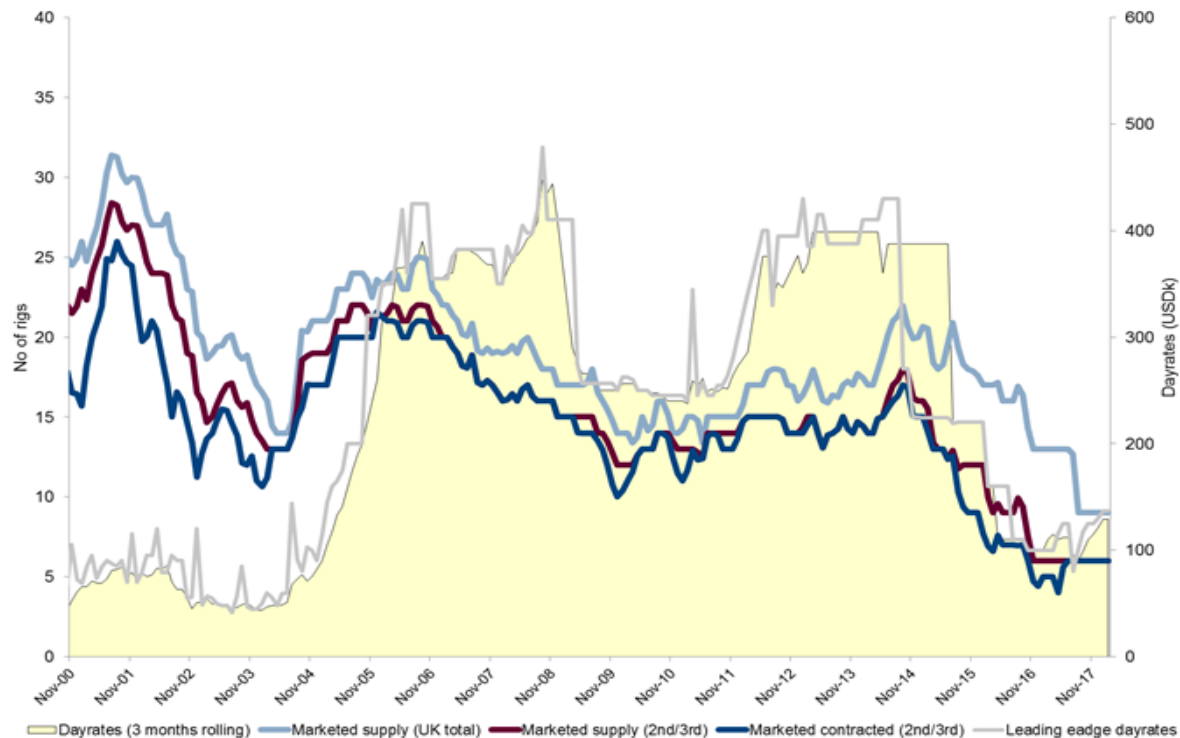
“The Company intends to distribute all free cash flow above a robust cash buffer to support operational working capital requirements and capital expenditure, including SPS.”



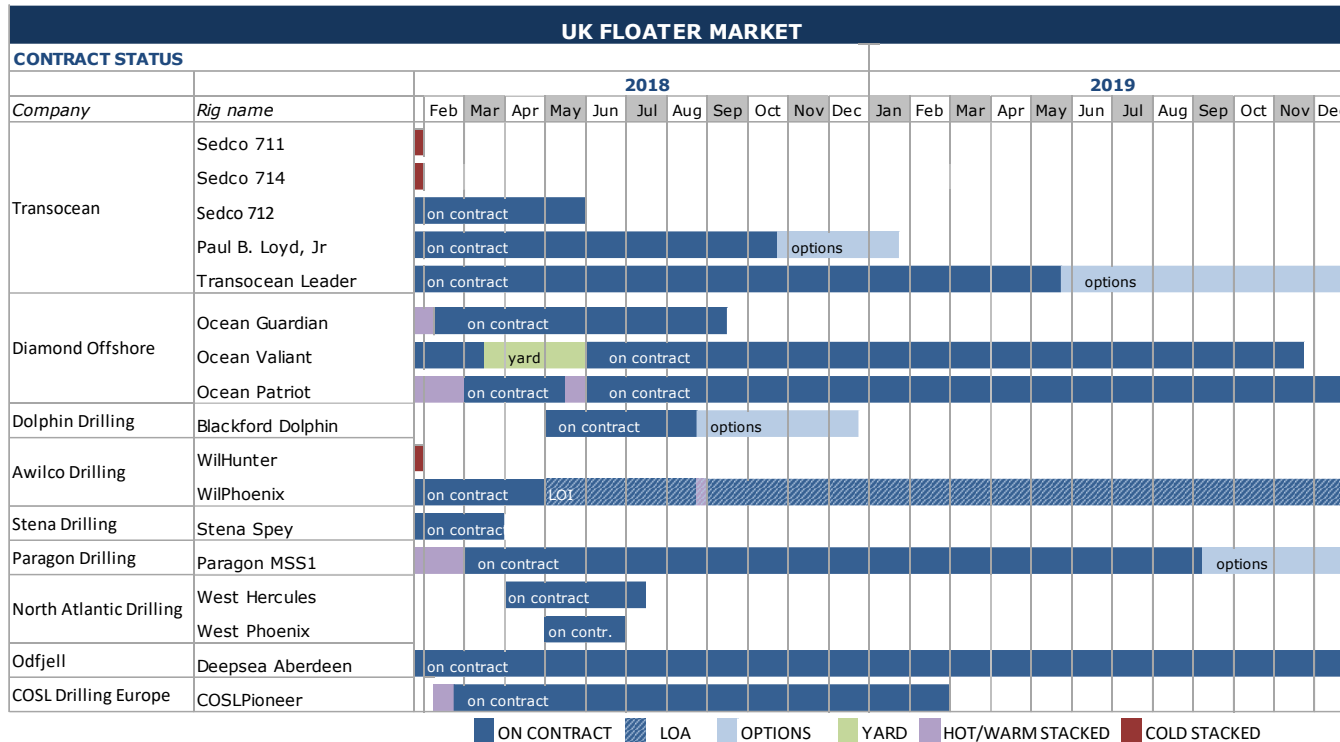
4. MARKET OUTLOOK



THE UK MARKET HAS BOTTOMED OUT...



...AND TENDERING ACTIVITY IS INCREASING, ALTHOUGH WINTER WORK IS STILL SCARCE



INCREASING SIGNS OF MARKET IMPROVEMENT

- Attrition is starting to have a positive effect on market balance
- Summer demand in 2018 is exceeding supply, however, winter work opportunities are slim
- As a consequence, start up of programs are being delayed and pushed into 2019
- 2019 demand seems stronger than 2018
- Overall outlook continues to improve
- M&A activity and stranded asset acquisitions have been seen in the market



5. SUMMARY



SUMMARY

- Announcement of dividend payable of USD 0.20
- Current firm contract backlog of USD 25 million, and WilPhoenix committed until at least November 2019
- Continued signs of market improvement
- Evaluating growth opportunities on a case-by-case basis
 - *Awilco Drilling's fundamentals are good*



Q&A



AWILCO DRILLING