



AWILCO DRILLING

**TRANSFORMING THE COMPANY AT
THE BOTTOM OF THE CYCLE**

ABG Sundal Collier Oil & Oil service conference

London, 1st of March 2018

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AGENDA

1. Awilco Drilling Fundamentals

2. Market Outlook

3. Summary

4. Q&A



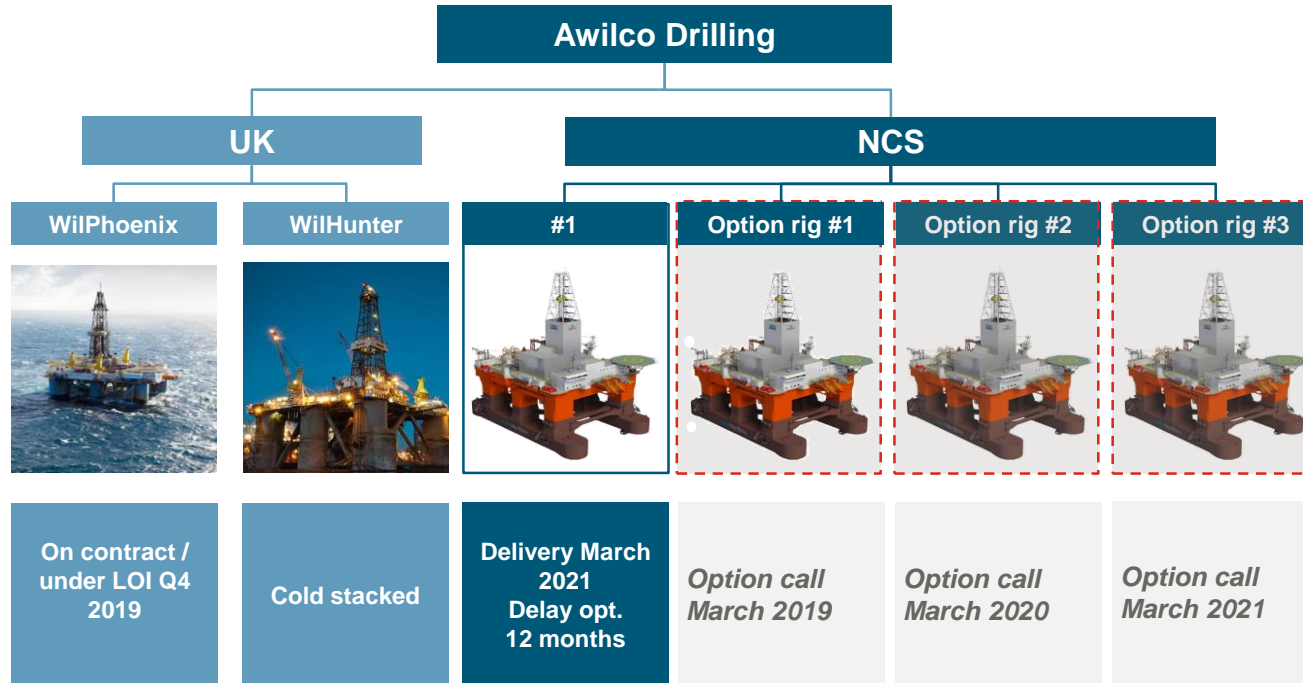
1. AWILCO DRILLING FUNDAMENTALS

The background of the slide is a photograph of an offshore oil drilling rig, specifically a jack-up rig, situated in the middle of a vast, choppy ocean. The rig's derrick and various platform structures are visible against a hazy, blue sky. The entire image is overlaid with a semi-transparent blue filter, which serves as a backdrop for the title text.

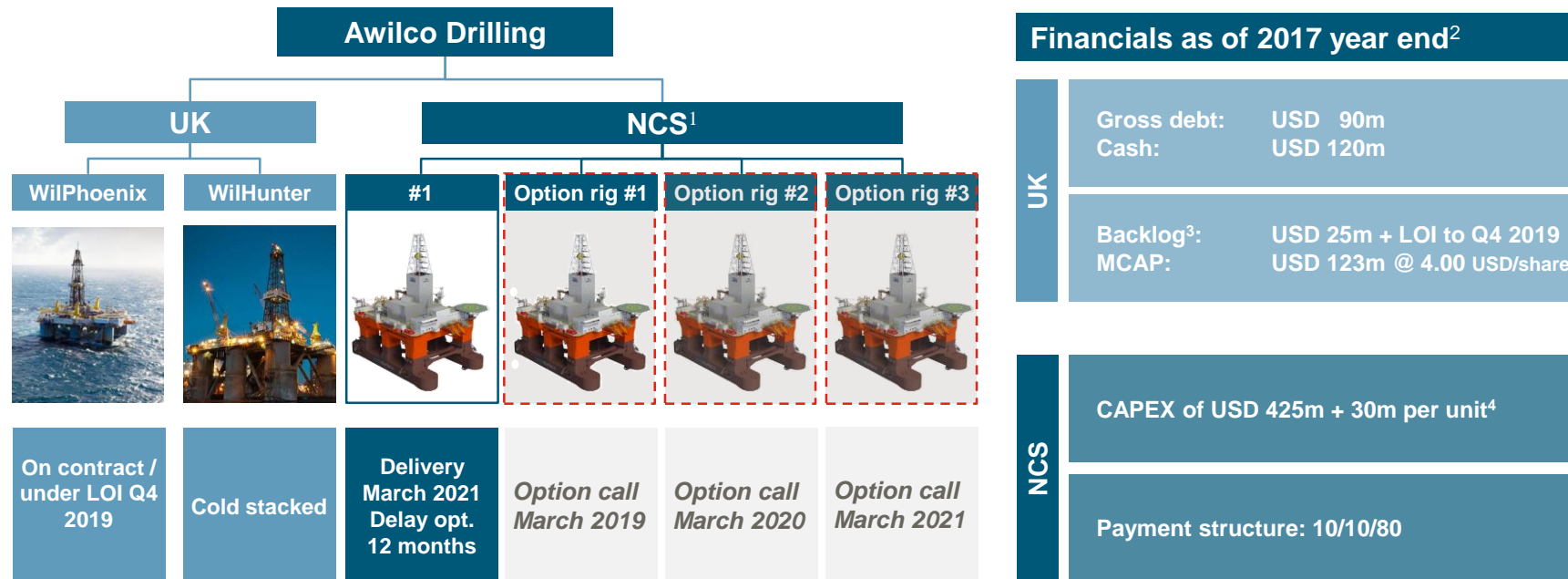
AWILCO DRILLING – AS OF LAST WEEK



AWILCO DRILLING – AS OF TODAY



THE NEW AWILCO DRILLING IS IDEALLY POSITIONED FOR A NORTH SEA MARKET RECOVERY...

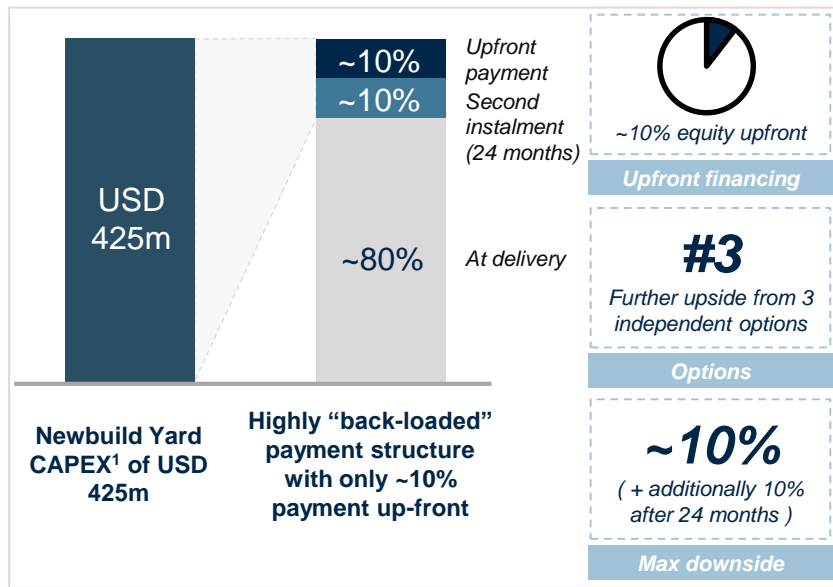


Competitive newbuild-deal with high flexibility and optionality vs. future market development. Current fleet with positive cash flow and negative net debt secures market position and organisational preparation

- 1) NCS = Norwegian Continental Shelf
- 2) Unaudited numbers
- 3) LOI for 450 days at undisclosed rate from around 1 Sept 2018
- 4) Capitalised costs for yard supervision, commissioning, spares and tools (excluding mobilisation)

ATTRACTIVE UPSIDE POTENTIAL FROM NEWBUILDS THROUGH SIGNIFICANT LEVERAGE AND OPTIONS

Attractive financing structure of newbuilds...



...with significant flexibility and upside potential

- “Sleeping beauty provision” – flexibility to delay delivery up to 12 months to optimise impact of delivery to market
- An early bet on a recovering market with low initial equity investment and limited downside enabled through an attractive financing structure
- Deal agreement providing sufficient time to secure further debt/equity financing at attractive terms

Financing structure allows for a strong return on invested capital for Awilco Drilling shareholders

PURPOSE BUILT PREMIUM HE NEWBUILD FOR NORTH SEA OPERATIONS WITH HIGH OPERATING EFFICIENCY

Purpose built harsh environment (HE) premium floater

Moss CS60 ECO MW Premium Harsh Environment Drilling Rig



Category	Specs
Yard	Keppel FELS
Design	Moss Maritime CS60 ECO MW
Depth capacity	Up to 1,500 m
Variable deck-load	5,000 t
Hook-load	2.0 million lbs
Station keeping	Mooring and Thruster assist
Drilling package	Automated drilling control
Thruster capacity	4 x 3,600 kW
BOP	15k psi 18 3/4" 5 rams
Accommodation	140 POB in one-person cabins
Main generators	5 x 4,900 kW
Certificates NCS & UK compliant	DNV, Drill (N), Posmoor (atar), Battery (Safety & Power), Clean (Tier III) Winterised (basic)

Key newbuilding attributes



NCS and Barents Sea targeted



Lowest environmental footprint



Latest Design and Technology



***Digitalization enhancing
efficiency and reducing risk***



***Condition monitoring reducing
cost and risk***

MOSS CS60 ECO MW REPRESENTS A GAME CHANGER IN DRILLING DESIGN AND TECHNOLOGY

Upgraded design <i>2018 model</i>	Hybrid Power Tech. <i>"Green tech."</i>	Real Time Data Support <i>Reduced Opex</i>	Condition Monitoring <i>Reduced maintenance</i>
<p><i>Reflecting the need to improve</i></p> <ul style="list-style-type: none"> ▪ <i>environmental footprint</i> ▪ <i>reduce time and cost per well</i> ▪ <i>safety performance</i> ▪ <i>reduce non-productive time</i> 	<p><i>Reduced fuel oil consumption/ emissions</i></p> <ul style="list-style-type: none"> ▪ <i>protecting the environment</i> ▪ <i>saving of fuel cost , minimizing CO₂ / NOx duty</i> ▪ <i>hybrid power supply with batteries</i> ▪ <i>hydraulic hoisting system with heave compensation</i> ▪ <i>energy saving and regeneration features</i> 	<p><i>Real time data support</i></p> <ul style="list-style-type: none"> ▪ <i>condition monitoring reducing likelihood of downtime</i> ▪ <i>Shore-based competence continuously available for interpretation of well data</i> ▪ <i>enhanced support , enhanced drilling efficiency and rig performance</i> ▪ <i>reduced OPEX and cost per well</i> 	<p><i>Continuous certification</i></p> <ul style="list-style-type: none"> ▪ <i>reduced likelihood of technical down time</i> ▪ <i>reduced offshore for special survey</i> ▪ <i>reduced opex</i> ▪ <i>higher revenue efficiency</i>

The improved drilling efficiency and reliability of the CS60 ECO MW will deliver significant OPEX and spread cost savings in the range of USD 25,000 – 35,000 per day compared to competition

AWILCO DRILLING HAS A HISTORY OF BEST IN CLASS PERFORMANCE...

Operational Performance

Awilco Drilling 2014 **Operational Uptime** = 99.2%
Awilco Drilling 2015 **Operational Uptime** = 96.6%
Awilco Drilling 2016 **Operational Uptime** = 99.5 %
Awilco Drilling 2017 **Operational Uptime** = 95.4 %

Achievements



- ISO **9001** Quality
- ISO **14001** Environmental
- OSHAS **18001** Safety
- DNV Accredited
- Applicable Onshore & Offshore

- Sector High Scoring
- Recently re-audited



Capital Projects

Unique culture of ownership and cost focus
Major Rig Reactivation & Upgrade Projects delivered on Budget
Rig SPS & Upgrade Projects delivered under budget
Annual Capex Projects delivered on / below budget

Industry Recognition



- 2015 **Winner** “Best Safety Performance” – Awilco Drilling
- 2015 **Chairman's Award** for “Best Semi in North Sea”
- 2016 **Chairman's Award** for “Best Semi in North Sea” Runner Up – WilHunter
- 2017 **Winner** - Safety Award – Awilco Drilling Floating Rigs under 500,000 man-hours

2. MARKET OUTLOOK

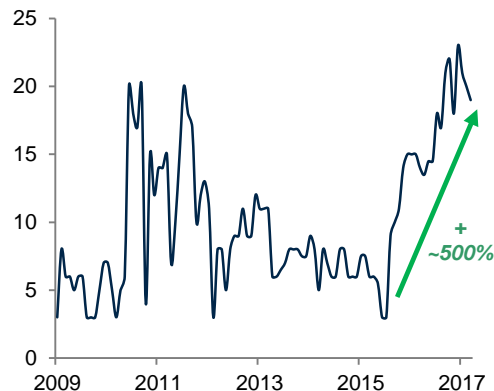


EVIDENT INCREASE IN NORTH SEA ACTIVITY

Early signs of market recovery from increasing number of tenders and PDOs¹

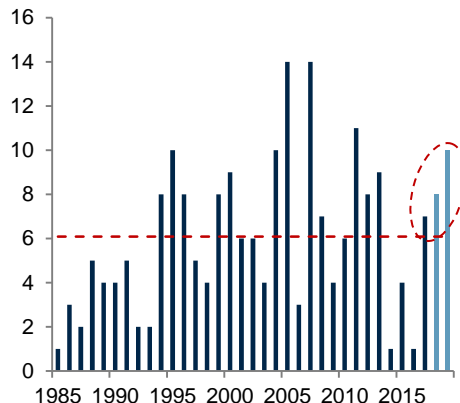
North Sea tendering activity

North Sea floaters: Tenders & pre-tenders (rig-years)



Norwegian # of PDOs

of PDOs approved in Norway



New investments expected on the back of a period of underinvestment among key operators on NCS, driving up rig demand

Activity level in the North Sea on the rise

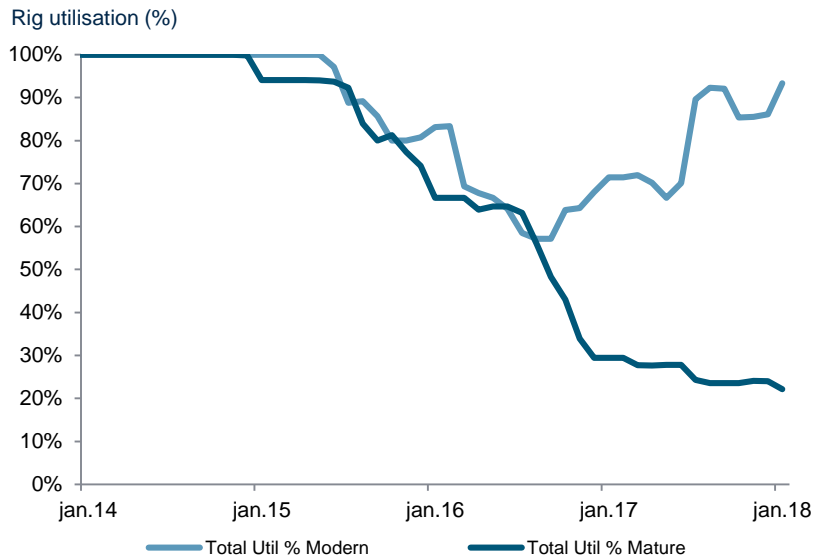
- Rig tender activity in the North Sea has been steadily increasing after bottoming out in early 2016
- Catch-up effect in E&P spending on the back of a period with underinvestment for the large NCS players
- Increasing PDO activity in Norway, supportive for drilling activity going forwards

Key players on the NCS:

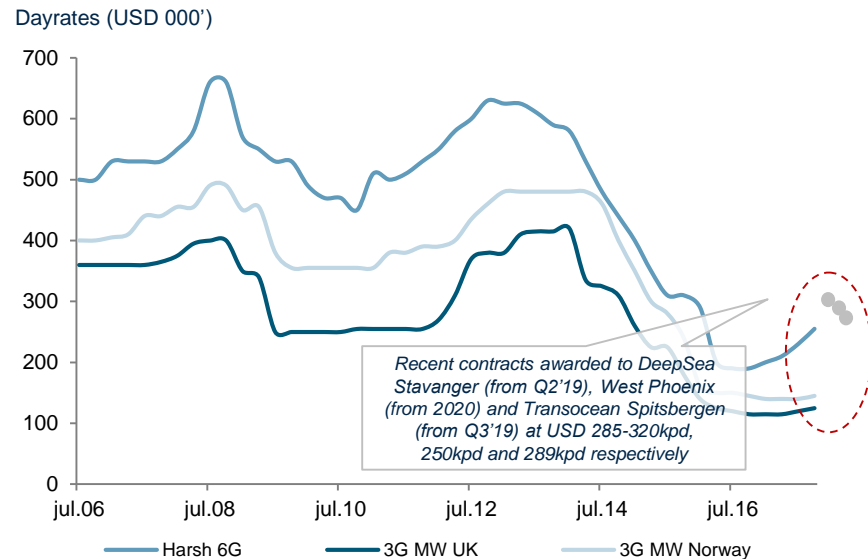


MODERN HE SEMIS PREFERRED BY NCS OPERATORS – BIFURCATED UTILISATION INCREASE DRIVES DAYRATE UPTICK

Rig utilisation – modern vs. old rigs (Norway)



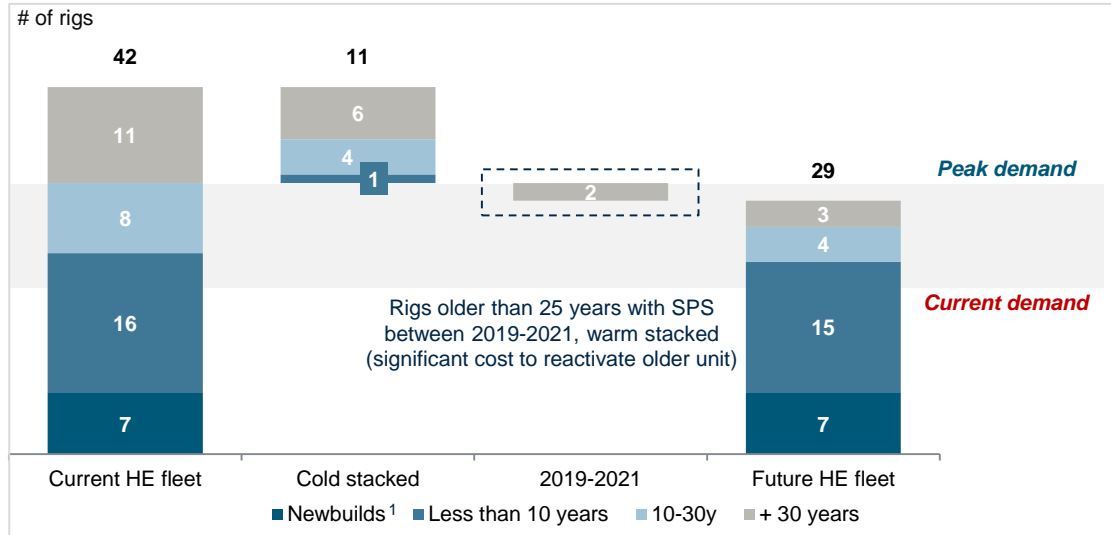
Dayrates – 6G vs. 3G rigs



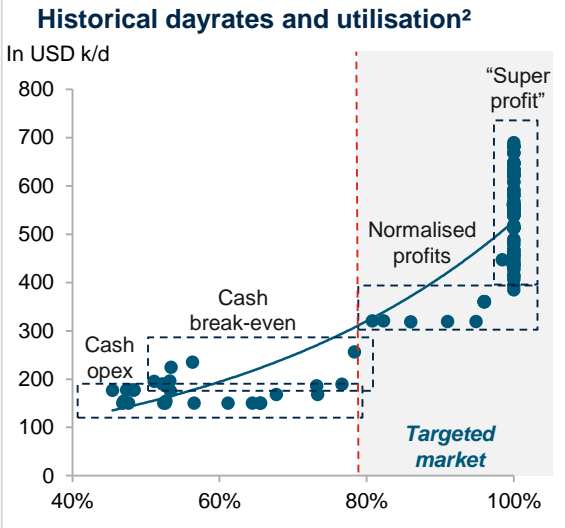
Clear market preference for modern high spec rigs demonstrated in utilisation bifurcation

MARKET MOVING TOWARDS A BALANCED SUPPLY OF PREMIUM HARSH ENVIRONMENT RIGS...

Norwegian market moving towards balance as old rigs are scrapped



Utilisation level to dictate day rates



Peak demand

29 floaters were contracted in 2013

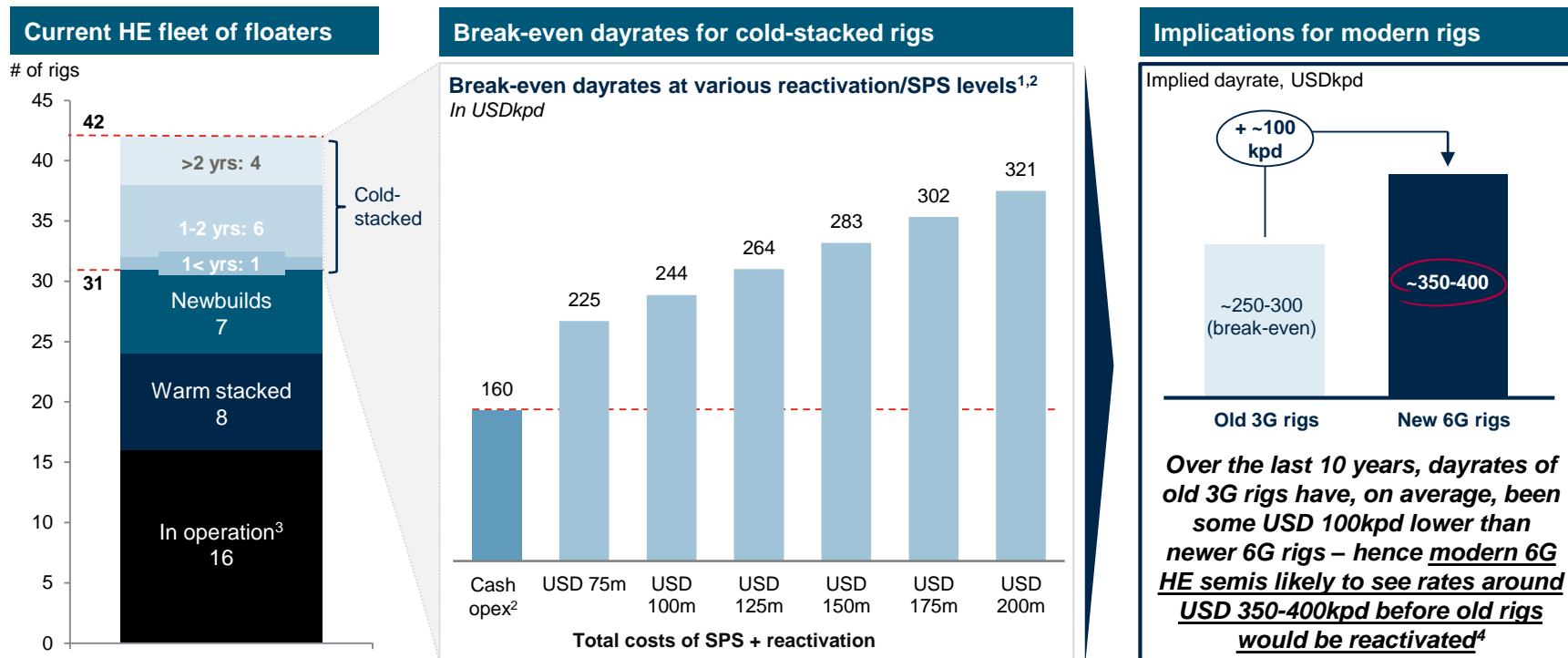
Current demand

20 rigs are currently contracted

Currently, 28 of these rigs in NCS waters – of these are 15 contracted and the rest cold-stacked

Source: IHS Petrodata, Fearnley Securities

... AS SUBSTANTIALLY HIGHER DAYRATES ARE REQUIRED TO JUSTIFY REACTIVATION OF COLDSTACKED RIGS ON THE NCS



1) Methodology: Calculates the required dayrate to break-even for a given cost of SPS & Reactivation for a 5 year cycle (assumes rig free of debt before reactivation)
 2) Assumptions: 5y SPS cycle, WACC = 10%, Utilisation = 95%, opex at USD 130kpd, G&A of USD 10kpd and maintenance capex of USD 20kpd, implying a cash opex at USD 160kpd
 3) Including COSL Prospector which is in transit to Norway & Transocean Leader – currently undergoing SPS
 4) Assuming total reactivation costs of USD 100-175m for old units



4. SUMMARY



AWILCO DRILLING WELL POSITIONED TO CAPITALISE ON A RECOVERING MARKET IN THE NORTH SEA

- Track Record for Best in Class Operational and Financial Performance
- Lean & Cost-Focused Operations and Capex Projects
- Transforming the Company at the Bottom of the Cycle through Newbuild Program
 - *CS60 ECO MW – NCS compliant premium harsh environment design and technology*
 - *Competitive newbuild price from premium yard*
 - *Financially attractive terms*
 - *Favourable supply/demand and oil price macro picture*



5. Q&A



WILPHOENIX CURRENTLY AVAILABLE FOR SUMMER 2018, THEREAFTER COMMITTED UNTIL AT LEAST NOVEMBER 2019

