



AWILCO DRILLING

Q2 2014 Presentation

Oslo, 13th of August 2014

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Agenda

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2. Q2 2014 Financial Results
3. Operational Update
4. Market Outlook
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1. Highlights

Highlights

- Announcement of USD 1.15 dividend
- Total Q2 Revenue USD 66.3 million; EBITDA USD 42.4 million
- Q2 Opex per rig approx. USD 94,600 per day
- Total contract backlog at end of Q2 was USD 642 million
- Revenue efficiency during Q2 was 99.7%

2. Q2 2014 Financial Results

Q2 2014 Income Statement

Condensed statement of comprehensive income

in USD thousands, except earnings per share

	Q2 2014	YTD	Q2 2013	YTD
	(unaudited)	30.06.14 (unaudited)	(unaudited)	30.06.13 (unaudited)
Contract revenue	65,075	127,286	58,698	110,990
Reimbursables	1,189	1,692	794	1,854
Other revenue	41	74	19	24
	<u>66,305</u>	<u>129,052</u>	<u>59,511</u>	<u>112,868</u>
Rig operating expenses	17,212	31,634	13,190	26,740
Reimbursables	373	568	263	763
General and administrative expenses	6,010	10,045	5,533	10,913
Other expense	269	281	1,900	1,900
Depreciation	4,462	8,862	4,398	8,789
	<u>28,326</u>	<u>51,390</u>	<u>25,284</u>	<u>49,105</u>
Operating profit	<u>37,979</u>	<u>77,662</u>	<u>34,227</u>	<u>63,764</u>
Interest income	17	56	46	62
Interest expense	(4,847)	(7,336)	(2,365)	(4,788)
Other financial items	-	-	57	(59)
Net financial items	<u>(4,830)</u>	<u>(7,280)</u>	<u>(2,262)</u>	<u>(4,785)</u>
Profit before tax	33,149	70,382	31,965	58,979
Tax (expense)	(7,224)	(9,976)	(2,596)	(4,896)
Net profit	<u>25,925</u>	<u>60,406</u>	<u>29,369</u>	<u>54,083</u>
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>25,925</u>	<u>60,406</u>	<u>29,369</u>	<u>54,083</u>
Attributable to minority interests	-	-	-	-
Attributable to shareholders of the parent	25,926	60,406	29,369	54,083
Basic and diluted earnings per share	0.86	2.01	0.98	1.80

Q2 2014 Balance Sheet

Condensed statement of financial position

in USD thousands

	30.06.2014	31.12.2013
	(unaudited)	(audited)
Rigs, machinery and equipment	252,796	245,279
Deferred tax asset	3,363	2,763
	<u>256,159</u>	<u>248,042</u>
Trade and other receivables	35,852	14,417
Prepayments and accrued revenue	24,047	25,835
Inventory	4,800	4,800
Cash and cash equivalents	44,684	52,347
Current tax	55,368	42,317
	<u>164,751</u>	<u>139,716</u>
Total assets	<u>420,910</u>	<u>387,758</u>
Paid in capital	130,142	130,142
Retained earnings	70,205	77,370
	<u>200,347</u>	<u>207,512</u>
Deferred tax liability	554	554
Long-term interest-bearing debt	115,000	87,098
	<u>115,554</u>	<u>87,652</u>
Current portion of long-term debt	10,000	11,000
Trade and other creditors	3,159	3,140
Accruals and provisions	26,867	25,182
Current tax payable	64,983	53,272
	<u>105,009</u>	<u>92,594</u>
Total equity and liabilities	<u>420,910</u>	<u>387,758</u>

3. Operational Update

Contract Status – Current Backlog USD 616 million*

CONTRACT STATUS																	
	2014					2015											
	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
<u>WILHUNTER :</u>																	
Hess	\$385,000																Yard
<u>WILPHOENIX:</u>																	
Premier Oil																	
Apache	\$387,500																

CONTRACT STATUS (continued)												
	2016											
	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
<u>WILHUNTER :</u>												
Hess	Max 275 days option											
<u>WILPHOENIX:</u>												
Apache	Firm until 2H2017 + 27 months options											

Firm
 Options
 Yard

*as of 12 August 2014

Operational Performance

- Very good operational performance in Q2 with 99.5% operational uptime
- Continued positive customer feedback
- Opex in Q2 in line with 2014 guidance
 - Social tax for offshore crew payable effective from 1 April 2014
 - Good progress of planned maintenance projects
- Planning for Yard Stay Projects ongoing

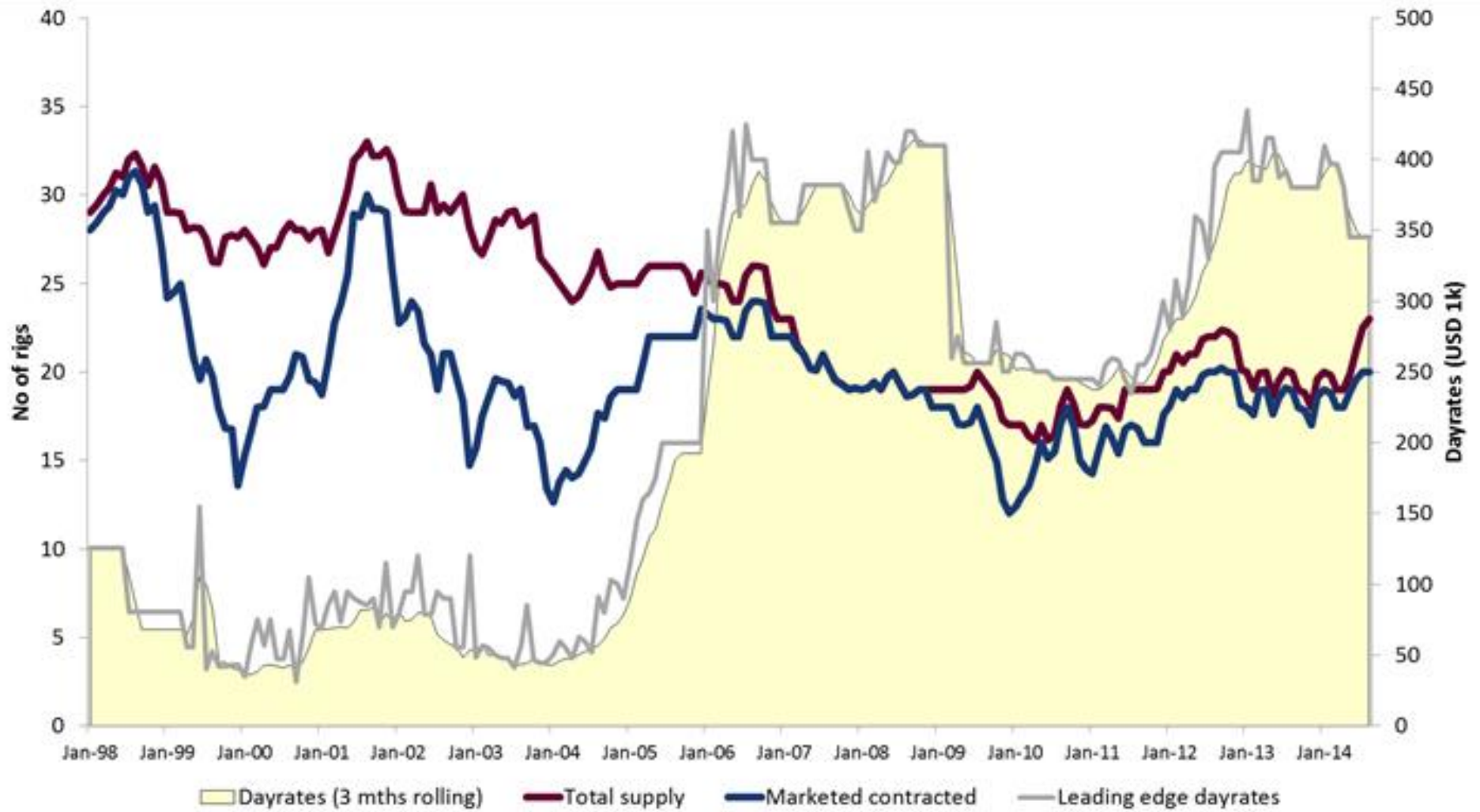


Dividend Distribution

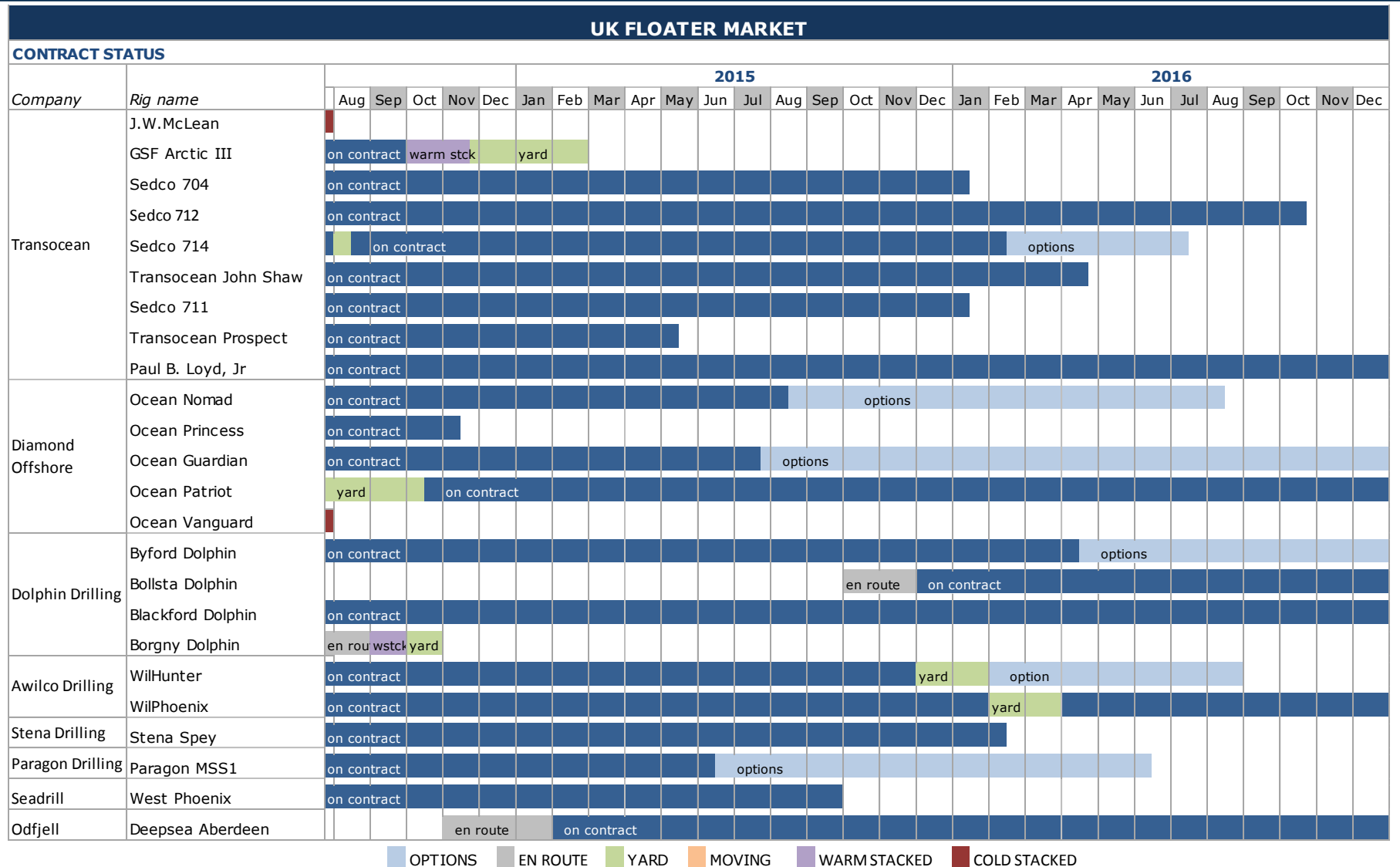
- Announcement of dividend payable in Q3 of USD 1.15 per share
- Dividend payable on or around the 19th September 2014
- Share will trade ex-dividend on 19th August 2014, the record date will be 21st August
- Future quarterly dividend payments will be in line with the Company's intent of distributing all free cash flow above a robust cash buffer to support operational working capital requirements and planned capital expenditure

4. Market Outlook

Attractive UK Dayrates, but Low Contracting Activity in the Quarter



Shorter Contracts and Lead Times Anticipated in the UK Market



UK Market Anticipated to Return to Higher Activity Levels in 2016

- Sustained “high” oil price and increased operator financial discipline anticipated to increase global operator investments from 2016 onwards
- Potential for short term seasonal rig availability
- UK Government has set out a new vision to maximise the recovery of hydrocarbon reserves
- Major Operators continuing to undertake exploration and appraisal drilling, development drilling, and well decommissioning activity throughout the North Sea
- Independent Operators continuing to exploit marginal fields
- UK market has barriers to entry

5. Summary

Summary

- Announcement of dividend payable in Q3 of USD 1.15
- Revenue efficiency during Q2 was 99.7%, continued focus on operational efficiency
- Solid current contract backlog of USD 616 million, with 100 % contract coverage through 2015
- Long term rig demand fundamentals remain positive
- Evaluating growth opportunities on a case-by-case basis

Q&A