



AWILCO DRILLING

Q3 2014 Presentation

Oslo, 12th of November 2014

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Agenda

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4. Market Outlook
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1. Highlights

Highlights

- Announcement of USD 1.15 dividend
- Total Q3 Revenue USD 76.2 million; EBITDA USD 56.0 million
- Q3 Opex per rig approx. USD 91,600 per day
- Total contract backlog at end of Q3 was USD 582 million
- Revenue efficiency during Q3 was 99.3%

2. Q3 2014 Financial Results

Q3 2014 Income Statement

Condensed statement of comprehensive income

in USD thousands, except earnings per share

	Q3 2014	YTD	Q3 2013	YTD
	(unaudited)	30.09.14 (unaudited)	(unaudited)	30.09.13 (unaudited)
Contract revenue	74,568	201,854	61,429	172,419
Reimbursables	1,578	3,270	825	2,679
Other revenue	69	143	12	37
	<u>76,215</u>	<u>205,267</u>	<u>62,266</u>	<u>175,135</u>
Rig operating expenses	16,857	48,490	13,516	40,256
Reimbursables	306	874	272	1,035
General and administrative expenses	3,527	13,572	4,286	15,199
Other (income)	-	-	(2,132)	(2,200)
Other expense	(482)	(201)	-	1,900
Depreciation	4,507	13,369	4,405	13,194
	<u>24,715</u>	<u>76,104</u>	<u>20,347</u>	<u>69,384</u>
Operating profit	<u>51,500</u>	<u>129,163</u>	<u>41,919</u>	<u>105,751</u>
Interest income	59	114	38	100
Interest expense	(2,304)	(9,640)	(2,354)	(7,141)
Other financial items	-	-	-	(128)
Net financial items	<u>(2,245)</u>	<u>(9,526)</u>	<u>(2,316)</u>	<u>(7,169)</u>
Profit before tax	49,254	119,637	39,603	98,583
Tax (expense)	(11,115)	(21,091)	(2,986)	(7,882)
Net profit	<u>38,140</u>	<u>98,546</u>	<u>36,617</u>	<u>90,701</u>
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>38,140</u>	<u>98,546</u>	<u>36,617</u>	<u>90,701</u>
Attributable to minority interests	-	-	-	-
Attributable to shareholders of the parent	38,140	98,546	36,617	90,701
Basic and diluted earnings per share	1.27	3.28	1.22	3.02

Q3 2014 Balance Sheet

Condensed statement of financial position

in USD thousands

	30.09.2014	31.12.2013
	(unaudited)	(audited)
Rigs, machinery and equipment	251,477	245,279
Deferred tax asset	1,260	2,763
	<u>252,737</u>	<u>248,042</u>
Trade and other receivables	30,676	14,417
Prepayments and accrued revenue	22,171	25,835
Inventory	4,800	4,800
Cash and cash equivalents	60,399	52,347
Current tax	75,819	42,317
	<u>193,865</u>	<u>139,716</u>
Total assets	<u>446,602</u>	<u>387,758</u>
Paid in capital	130,142	130,142
Retained earnings	73,810	77,370
	<u>203,952</u>	<u>207,512</u>
Deferred tax liability	13	554
Long-term interest-bearing debt	115,000	87,098
	<u>115,013</u>	<u>87,652</u>
Current portion of long-term debt	10,000	11,000
Trade and other creditors	2,483	3,140
Accruals and provisions	20,777	25,182
Current tax payable	94,377	53,272
	<u>127,637</u>	<u>92,594</u>
Total equity and liabilities	<u>446,602</u>	<u>387,758</u>

3. Operational Update

Operational Performance

- Very good operational performance in Q3 with 99.6 % operational uptime
- Successful start-up with new customer Apache (Marathon Oil)
- Continued positive customer feedback
- Opex in Q3 slightly lower than guidance
- Continued Yard Stay projects planning and preparations



Dividend Distribution

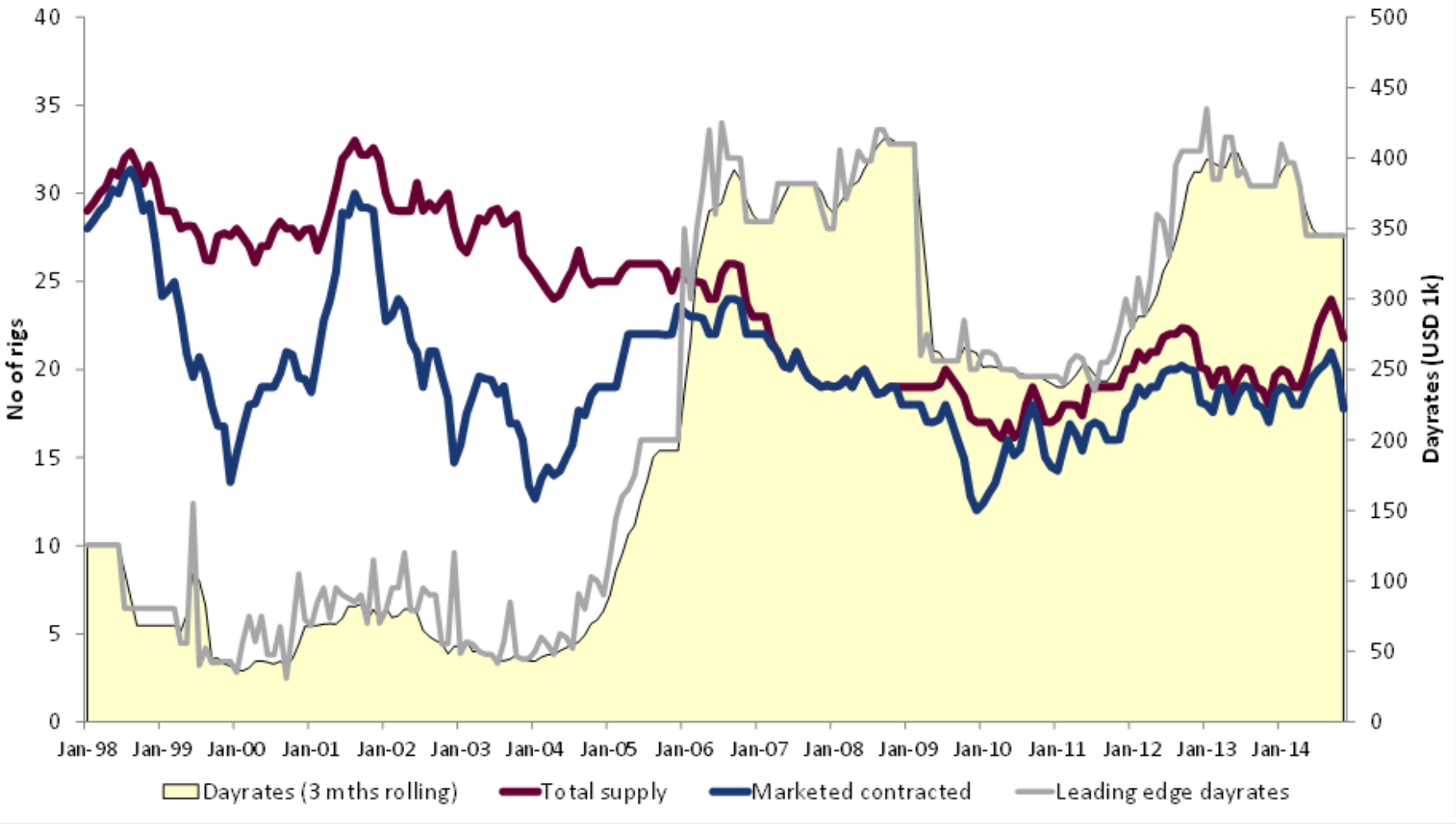
- Announcement of dividend payable in Q4 of USD 1.15 per share
- Dividend payable on or around the 19th December 2014
- Share will trade ex-dividend on 18th November 2014, the record date will be 19th November
- Future quarterly dividend payments will be in line with the Company's intent of distributing all free cash flow above a robust cash buffer to support operational working capital requirements and planned capital expenditure including SPS

Assumptions for 2015

- Opex expected to be approximately USD 100,000 per day
- SG&A expected to be approximately USD 3 million per quarter
- Total Capex expected to be around USD 60 million (full year, both rigs)
 - BOP commitments USD 25 million
 - Routine Capex USD 20 million
 - Special Periodic Survey USD 15 million

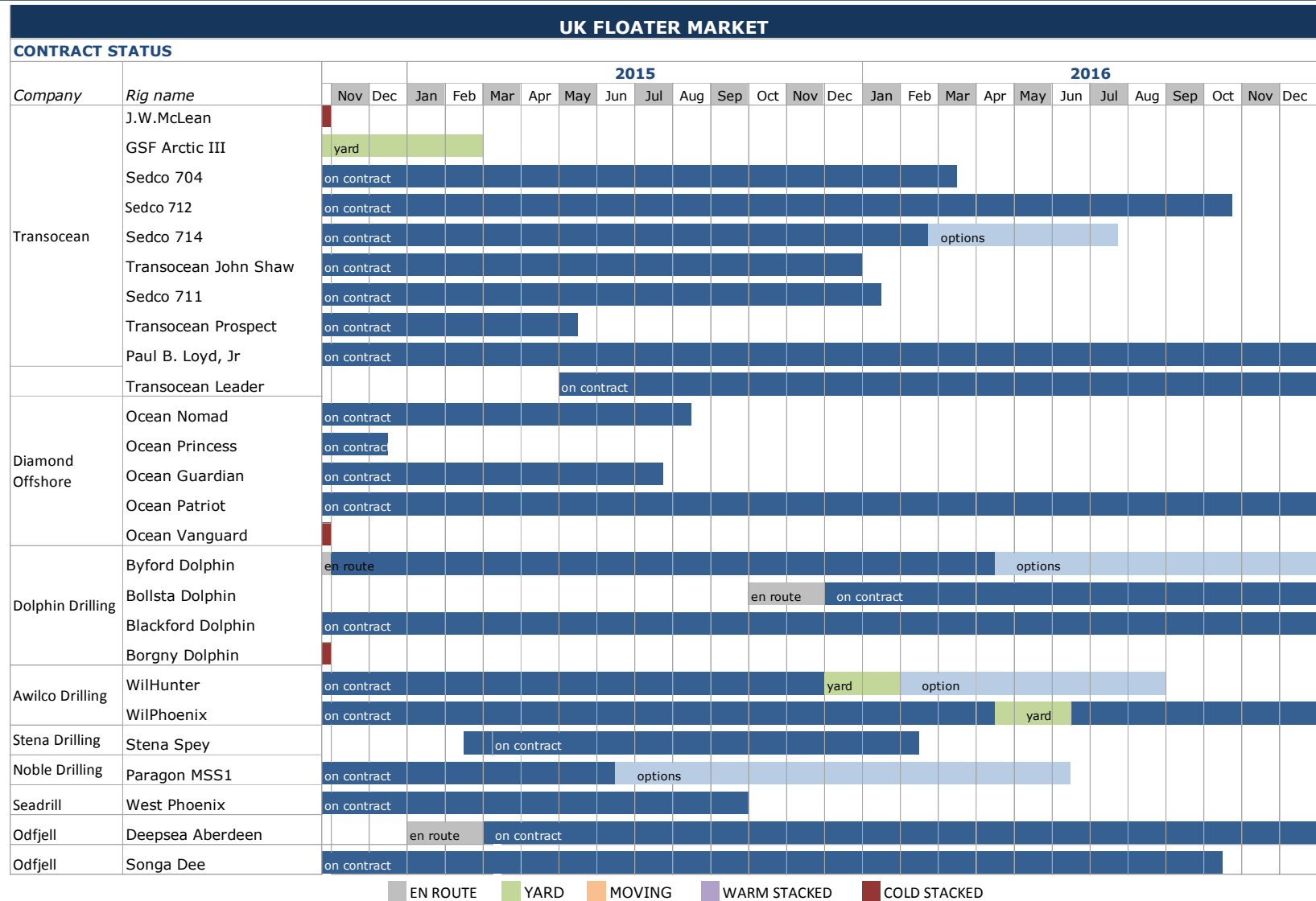
4. Market Outlook

Low Contracting Activity in the Quarter



Source: Fearnley Fonds and IHS Petrodata

Shorter Contracts and Lead Times Anticipated in the UK Market



EN ROUTE YARD MOVING WARM STACKED COLD STACKED

UK Market Anticipated to Return to Higher Activity Levels 2016/2017

- Increased operator financial discipline anticipated to lead to upturn in global investments longer term
- Seasonal rig availability expected and potentially beyond
- 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 Q4 of USD 1.15
- Revenue efficiency during Q3 was 99.3 %, continued focus on operational efficiency
- Solid current contract backlog of USD 550 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