



AWILCO DRILLING

Q3 2017 PRESENTATION

Oslo, 16th of November 2017

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AGENDA

- 1. Highlights*
- 2. Q3 2017 Financial Results*
- 3. Operational Update*
- 4. Market Outlook*
- 5. Summary*
- 6. Q&A*



1. HIGHLIGHTS





HIGHLIGHTS

- Announcement of USD 0.20 dividend
- Total Q3 Revenue USD 32.4 million; EBITDA of USD 20.9 million, net profit of USD 14.2 million
- Q3 Opex average for WilPhoenix approx. USD 85,800 per day
- Total contract backlog at end of Q3 2017 was USD 76 million, plus USD 126 million of LOA backlog



2. Q3 2017 FINANCIAL RESULTS



Q3 2017 INCOME STATEMENT

Condensed statement of comprehensive income

in USD thousands, except earnings per share

	YTD		YTD	
	Q3 2017	30.09.17	Q3 2016	30.09.16
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Contract revenue	32 082	96 878	35 324	59 759
Reimbursables	331	963	356	406
Other revenue	9	21	-	10
	<u>32 422</u>	<u>97 862</u>	<u>35 680</u>	<u>60 175</u>
Rig operating expenses	8 089	20 529	8 131	29 435
Reimbursables	92	220	113	113
General and administrative expenses	3 347	6 844	2 149	6 529
Depreciation	3 961	11 723	3 485	11 850
	<u>15 489</u>	<u>39 316</u>	<u>13 878</u>	<u>47 927</u>
Operating profit/(loss)	<u>16 933</u>	<u>58 546</u>	<u>21 802</u>	<u>12 248</u>
Interest income	85	183	143	610
Interest expense	(1 800)	(5 304)	(1 947)	(5 853)
Other financial items	(186)	(191)	(654)	(1 354)
Net financial items	<u>(1 901)</u>	<u>(5 312)</u>	<u>(2 458)</u>	<u>(6 597)</u>
Profit/(loss) before tax	15 032	53 234	19 344	5 651
Tax (expense)/benefit	(809)	(8 140)	(1 481)	459
Net profit/(loss)	<u>14 223</u>	<u>45 094</u>	<u>17 863</u>	<u>6 110</u>
Total comprehensive income/(loss)	<u>14 223</u>	<u>45 094</u>	<u>17 863</u>	<u>6 110</u>
Attributable to shareholders of the parent	14 223	45 094	17 863	6 110
Basic and diluted earnings per share	0,47	1,50	0,59	0,20



Q3 2017 BALANCE SHEET

Condensed statement of financial position

in USD thousands

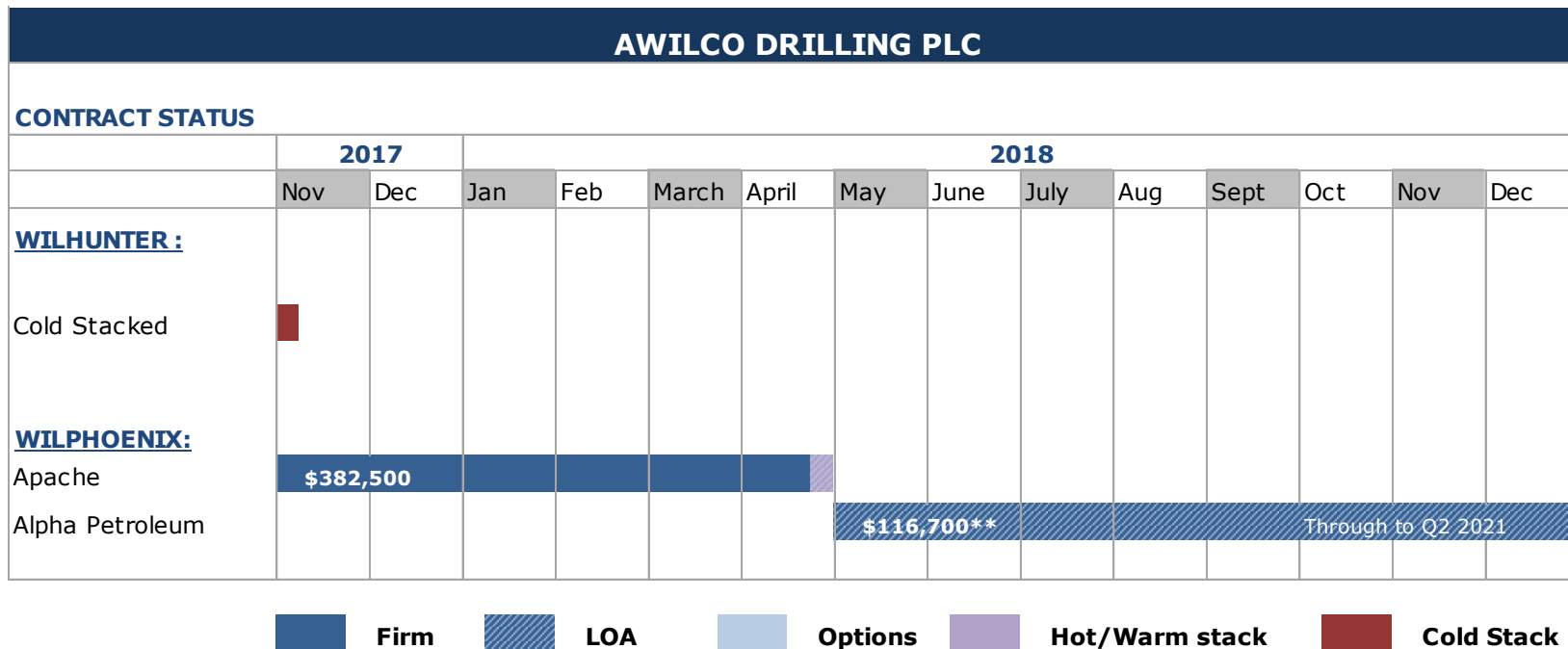
	30.09.2017	31.12.2016
	(unaudited)	(audited)
Rigs, machinery and equipment	227,700	238,868
Deferred tax asset	726	3,058
	<u>228,426</u>	<u>241,926</u>
Trade and other receivables	6,119	17,269
Prepayments and accrued revenue	13,560	7,213
Inventory	4,809	4,844
Cash and cash equivalents	115,683	70,070
Current tax	227	22,079
	<u>140,398</u>	<u>121,475</u>
Total assets	<u>368,824</u>	<u>363,401</u>
Paid in capital	130,142	130,142
Retained earnings	124,001	96,926
	<u>254,143</u>	<u>227,068</u>
Deferred tax liability	2,821	1,129
Long-term interest-bearing debt	85,000	90,000
	<u>87,821</u>	<u>91,129</u>
Current portion of long-term debt	10,000	10,000
Trade and other creditors	1,398	573
Accruals and provisions	12,211	10,708
Current tax payable	3,251	23,923
	<u>26,860</u>	<u>45,204</u>
Total equity and liabilities	<u>368,824</u>	<u>363,401</u>



3. OPERATIONAL UPDATE

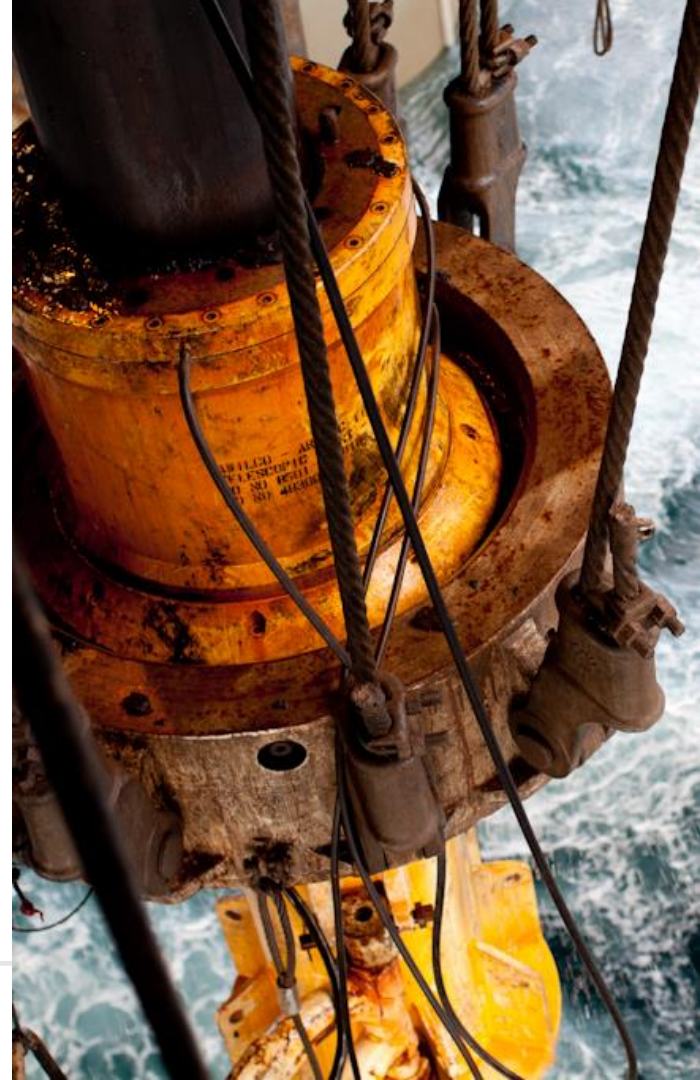


CURRENT FIRM CONTRACT BACKLOG USD 60 MILLION* AND LOA BACKLOG OF USD 126 MILLION



OPERATIONAL UPDATE

- Operational uptime in Q3 was 89.1%
 - *Downtime on BOP*
 - *Repair and inspection time resulting in lost revenue*
- Positive customer feedback during the quarter
- Continued excellent HSE performance
- Contract negotiations with Alpha Petroleum ongoing



DIVIDEND DISTRIBUTION

- Announcement of dividend payable of USD 0.20 per share
- Dividend payable on or around 15 December 2017
- Shares will trade ex-dividend on 21st of November 2017, the record date will be 22nd of November
- The Company's dividend policy remains unchanged:

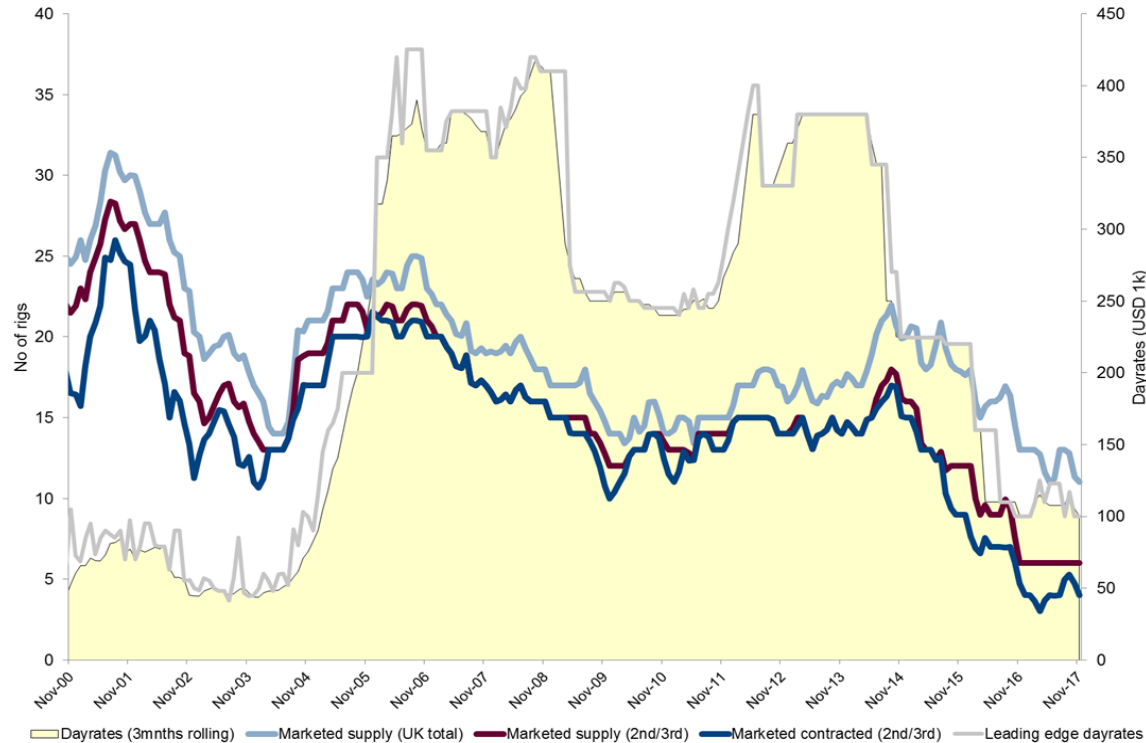
“The Company intends to distribute all free cash flow above a robust cash buffer to support operational working capital requirements and capital expenditure, including SPS.”



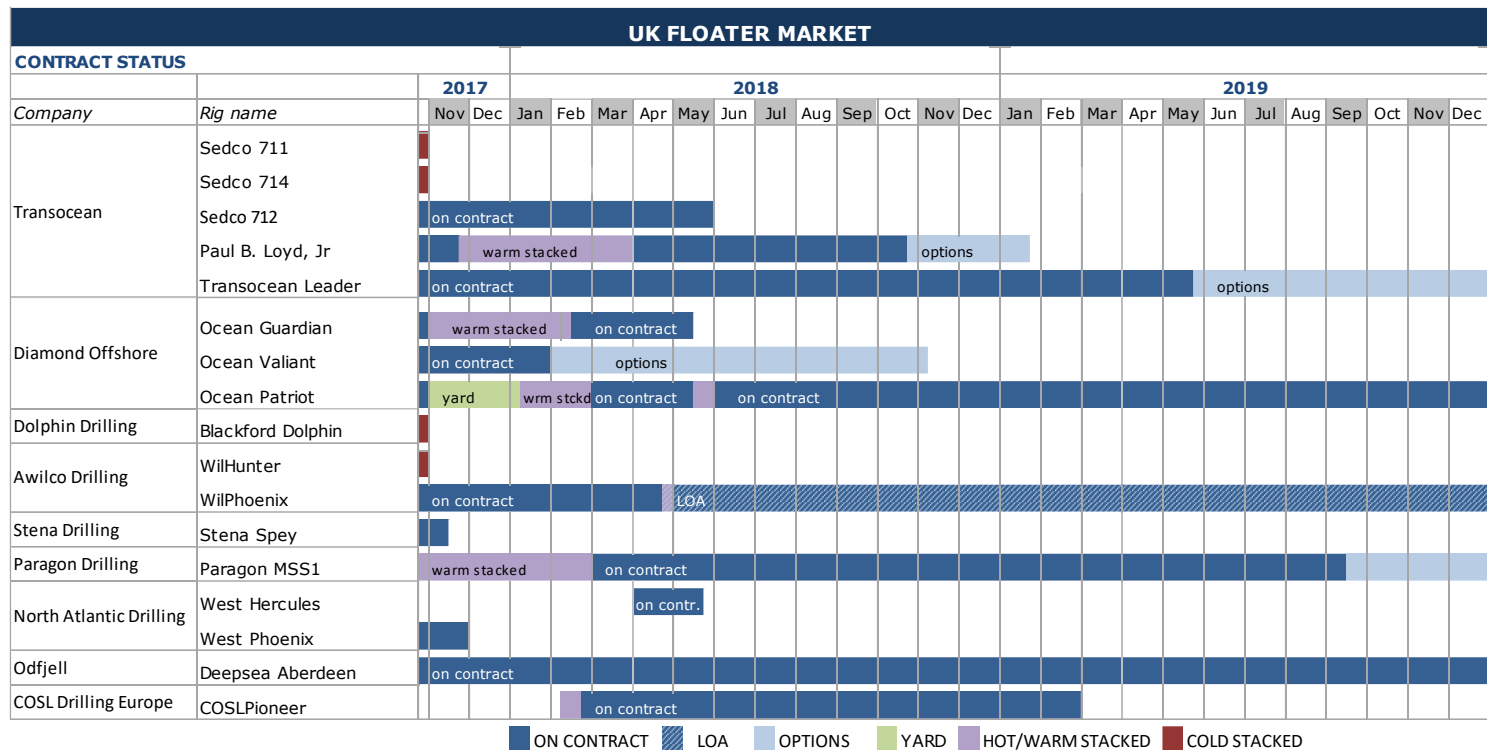
4. MARKET OUTLOOK



DAYRATES IN THE UK MARKET CONTINUE TO BE VERY LOW



FURTHER SEMI-SUB ATTRITION SEEN IN THE UK AND GLOBALLY



ENCOURAGING SIGNS OF MARKET IMPROVEMENT

- Seasonal demand expected to prevail into 2019, although some term has also appeared
- Dayrates continue to be at challenging levels
- Drilling program interest from Operators of all sizes
- Decommissioning demand firming up from 2018/2019
- Continued attrition will help rebalance the market
- M&A activity has been seen in the market



5. SUMMARY



SUMMARY

- Announcement of dividend payable of USD 0.20
- Current firm contract backlog of USD 60 million, USD 126 million of LOA backlog
- Encouraging signs of market improvement although not yet translated into higher dayrates
- Evaluating growth opportunities on a case-by-case basis
 - *Awilco Drilling's fundamentals are good*



Q&A



AWILCO DRILLING