



AWILCO DRILLING

Q3 2018 PRESENTATION

Oslo, 13th of November 2018

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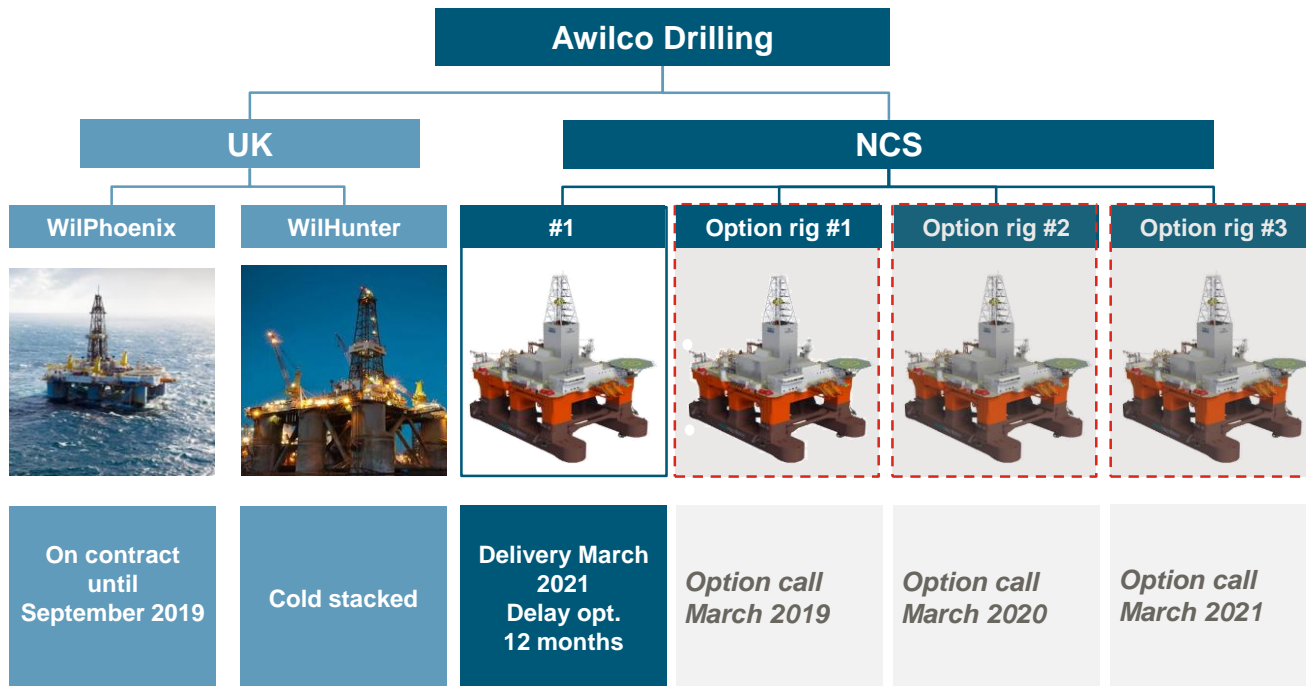


AGENDA

- 1. Highlights*
- 2. Q3 2018 Financial Results*
- 3. Operational Update*
- 4. Market Outlook*
- 5. Summary*
- 6. Q&A*



TRANSFORMING THE COMPANY THROUGH A NEWBUILDING PROGRAMME



1. HIGHLIGHTS





HIGHLIGHTS

- Total Q3 Revenue USD 3.2 million, EBITDA loss of USD 6.5 million, Net Loss of USD 10.2 million
- Q3 Opex average for WilPhoenix approx. USD 76 000 per day
- WilPhoenix commenced working for Shell on 7th September
- Shell contract amended with addition of options for three exploration wells
- Transfer from the Oslo Axess to the Oslo Stock Exchange main list completed

2. Q3 2018 FINANCIAL RESULTS



Q3 2018 INCOME STATEMENT

Condensed statement of comprehensive income

in USD thousands, except earnings per share

	Q3 2018	YTD 30.09.18	Q3 2017	YTD 30.09.17
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Contract revenue	3,040	45,726	32,082	96,878
Reimbursables	135	545	331	963
Other revenue	12	15	9	21
	<u>3,187</u>	<u>46,286</u>	<u>32,422</u>	<u>97,862</u>
Rig operating expenses	7,159	21,823	8,089	20,529
Reimbursables	77	248	92	220
General and administrative expenses	2,486	8,713	3,347	6,844
Depreciation	3,726	10,274	3,961	11,723
	<u>13,448</u>	<u>41,058</u>	<u>15,489</u>	<u>39,316</u>
Operating (loss)/profit	<u>(10,261)</u>	<u>5,228</u>	<u>16,933</u>	<u>58,546</u>
Interest income	85	1,140	85	183
Interest expense	(4)	(4,671)	(1,800)	(5,304)
Other financial items	(78)	300	(186)	(191)
Net financial items	<u>3</u>	<u>(3,231)</u>	<u>(1,901)</u>	<u>(5,312)</u>
(Loss)/profit before tax	<u>(10,258)</u>	<u>1,997</u>	<u>15,032</u>	<u>53,234</u>
Tax expense	75	(681)	(809)	(8,140)
Net (loss)/profit	<u>(10,183)</u>	<u>1,316</u>	<u>14,223</u>	<u>45,094</u>
Total comprehensive (loss)/income	<u>(10,183)</u>	<u>1,316</u>	<u>14,223</u>	<u>45,094</u>
Attributable to shareholders of the parent	(10,183)	1,316	14,223	45,094
Basic and diluted earnings per share	(0.21)	0.03	0.47	1.50



Q3 2018 BALANCE SHEET

Condensed statement of financial position

in USD thousands

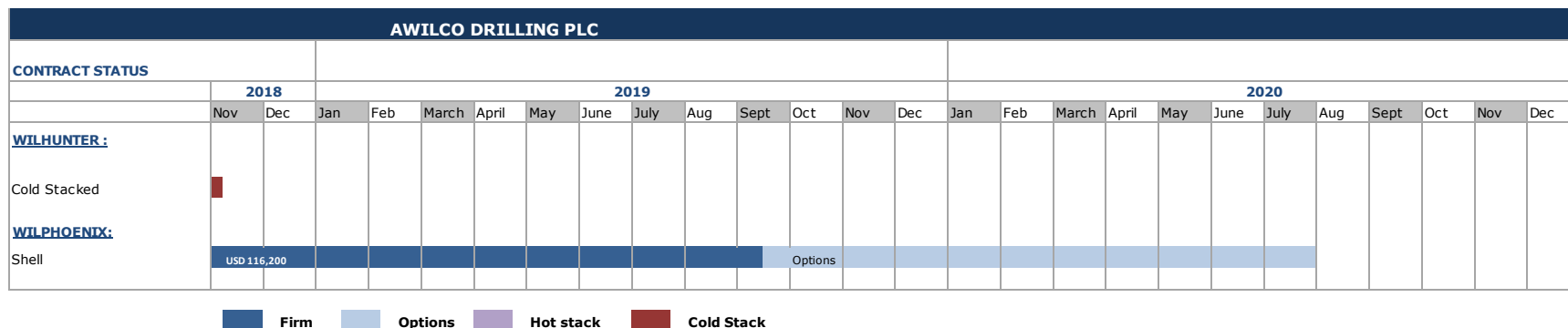
	30.09.2018 (unaudited)	31.12.2017 (audited)
Rigs, machinery and equipment	212,919	178,808
Deferred tax asset	1,521	1,372
	<u>214,440</u>	<u>180,180</u>
Trade and other receivables	824	17,168
Prepayments and accrued revenue	4,126	6,905
Inventory	4,879	4,809
Cash and cash equivalents	66,321	119,286
Current tax	5,757	3,551
	<u>81,907</u>	<u>151,719</u>
Total assets	<u>296,347</u>	<u>331,899</u>
Paid in capital	198,719	130,142
Retained earnings	86,852	101,068
	<u>285,571</u>	<u>231,210</u>
Long-term interest-bearing debt	-	80,000
	<u>-</u>	<u>80,000</u>
Current portion of long-term debt	-	10,000
Trade and other creditors	2,263	1,170
Accruals and provisions	8,513	9,519
	<u>10,776</u>	<u>20,689</u>
Total equity and liabilities	<u>296,347</u>	<u>331,899</u>



3. OPERATIONAL UPDATE

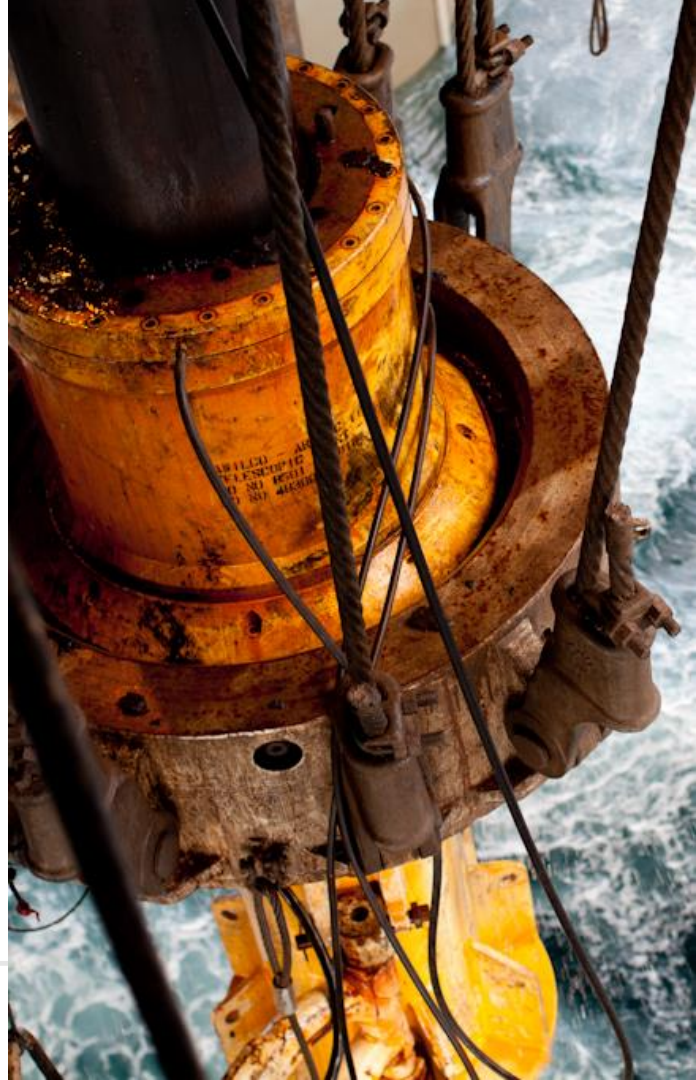


WILPHOENIX CONTRACTED UNTIL AT LEAST SEPT. 2019



OPERATIONS UPDATE

- Operational uptime for WilPhoenix when on contract during the quarter was 99.9%
- WilPhoenix contract with Shell commenced on 7th of September
- Shell contract amended with addition of three options for exploration wells
- Shell contract now 19 firm P&A wells and 10 option P&A and exploration drilling wells
- Contract dayrate USD 116,200 per day, changing to market-indexed rate at 600 day point



NEWBUILD UPDATE

- A bespoke high-end Harsh Environment semi-submersible, built to be the most cost efficient and environmentally friendly unit operating on the NCS and incorporating a new generation of technology including battery power and digitalisation
- Rig Build on schedule and on budget
- “First Steel” on track for mid-November
- Newbuild project – site team continuing to ramp-up
- Marketing activities towards NCS oil companies ongoing
- Building an Awilco Drilling organisation in Norway



The **best rigs** deserve the **best team**, come join us!

Awilco Drilling has ordered a Moss Maritime CS60 ECO MW semi-submersible drilling rig from Keppel FELS, Singapore, with options for three further sister rigs. This is a bespoke mid-water drilling rig, designed to operate in the harshest of environments and future proofed with the most advanced technology ever seen offshore. The rig's unique design will ensure safer operations, will deliver higher drilling efficiency and will generate the lowest environmental footprint as compared to peers. The rig can operate globally, but is specifically targeted for work on the Norwegian Continental Shelf, including the Barents Sea, and will be delivered in Q1 2021.

Awilco Drilling is now looking for key people who want to join us in developing the most modern drilling organisation in the North Sea, to market and operate these rigs. You will appreciate and understand the benefits of our new technology, will help us develop synergies together with the operator community and will develop collaborative rig solutions for the Harsh Environment drilling market. Based in Stavanger or Bergen, you share our entrepreneurial spirit and will be an energetic team builder.

For further information, please contact our advisors in Belienso Executive:
Jan Fredrik Eriksen, phone: +47 93 42 43 91, Ole Torbjørn Moy, Phone: +47 92 88 33 11, or Tove Presterud, Phone: +47 90 69 21 54.

Please send your application and CV to otm@belienso.com.



Awilco Drilling was established in 2010. In addition to its newbuild program, the Company owns and operates two UK compliant 3rd generation semi-submersible drilling rigs, the WiPhoenix and the WiHunter. WiPhoenix is currently on contract with Shell UK. Awilco Drilling is committed to continuing best in class operational performance, building on the qualities and long-term focus of its founder and largest shareholder Awilhelmsen.

www.awilcodrilling.no

ASSUMPTIONS FOR 2019

- WilPhoenix:
 - *Opex in 2019 expected to be around USD 80,000 per day for operations*
 - *Capex guidance is approximately USD 2 million*
- WilHunter:
 - *Opex in 2019 expected to be around USD 2,000 per day for cold stack*
 - *No Capex planned – reactivation date TBA*
- Newbuild project:
 - *Capex guidance is approximately USD 7 million*
- SG&A expected to be approximately USD 2.8 million per quarter
- UK corporate tax rate 19%



4. MARKET OUTLOOK



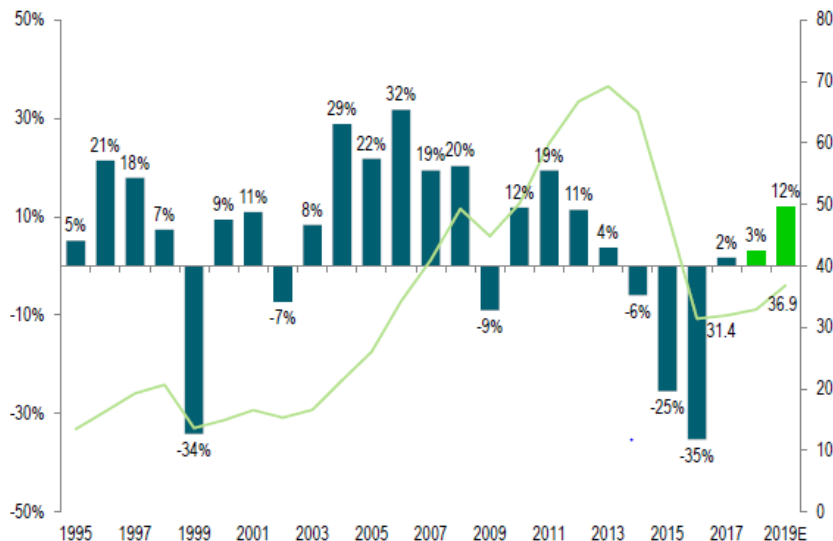
CRUDE PRICING REMAINS INVESTMENT SUPPORTIVE

- Crude continuously in the USD 60 to US 85 bbl band for the last twelve months
- Brent has, however, seen a recent softening within this band
- OPEC has reacted quickly
- Production cuts announced and price now recovering
- Operators will make money with a Brent floor of USD 70 bbl and will increase spending
- US Shale still seeing negative cash flow, indicating higher than anticipated break-even



E&P SPENDING IS INCREASING...

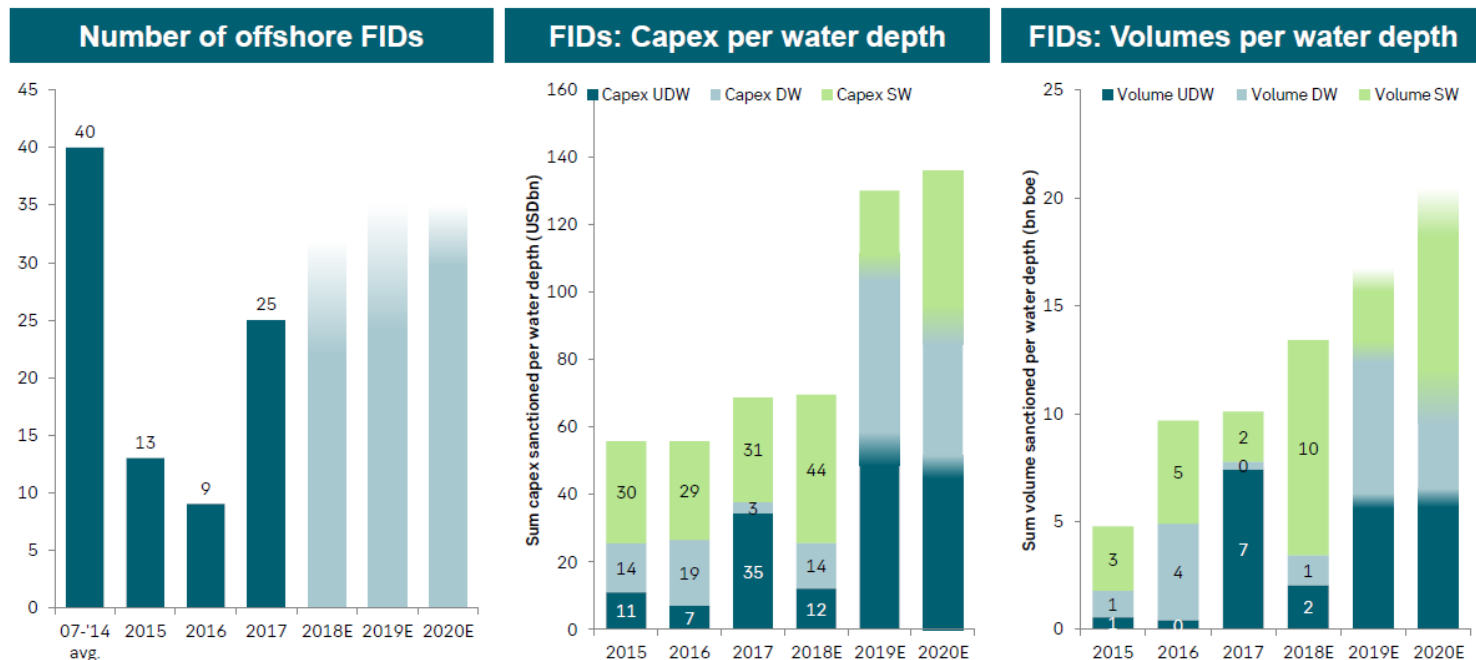
Annual change in exploration spending



Strong correlation between the Seismic market and Exploration spending



...PROVEN BY INCREASE IN FINAL INVESTMENT DECISIONS



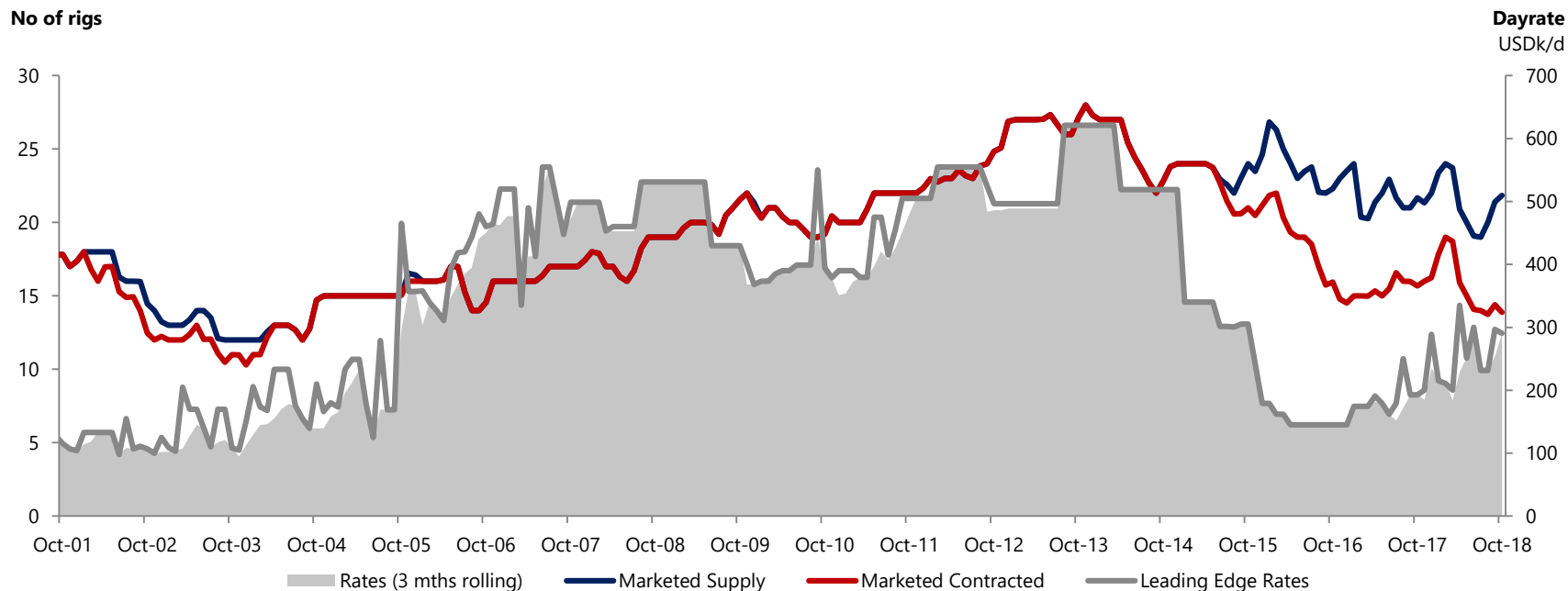
MIDWATER ACTIVITY IS INCREASING

FIXTURES	UDW	Deepwater	Midwater	Jackup
Last week	0	0	0	4
Current quarter	14	1	4	28
2018 YTD	71	15	18	164
2017 (full year)	58	10	31	159
2016 (full year)	33	17	19	141
2015 (full year)	33	15	19	214

**Excluded Caspian*



NORWEGIAN SEMI-SUBMERSIBLE MARKET



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

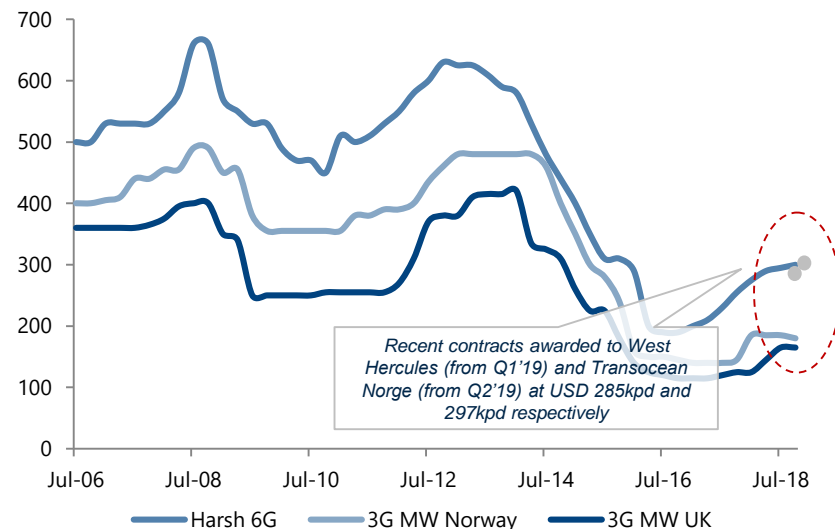
Rig utilisation – modern vs. old rigs (Norway)

Rig utilisation (%)



Dayrates – 6G vs. 3G rigs

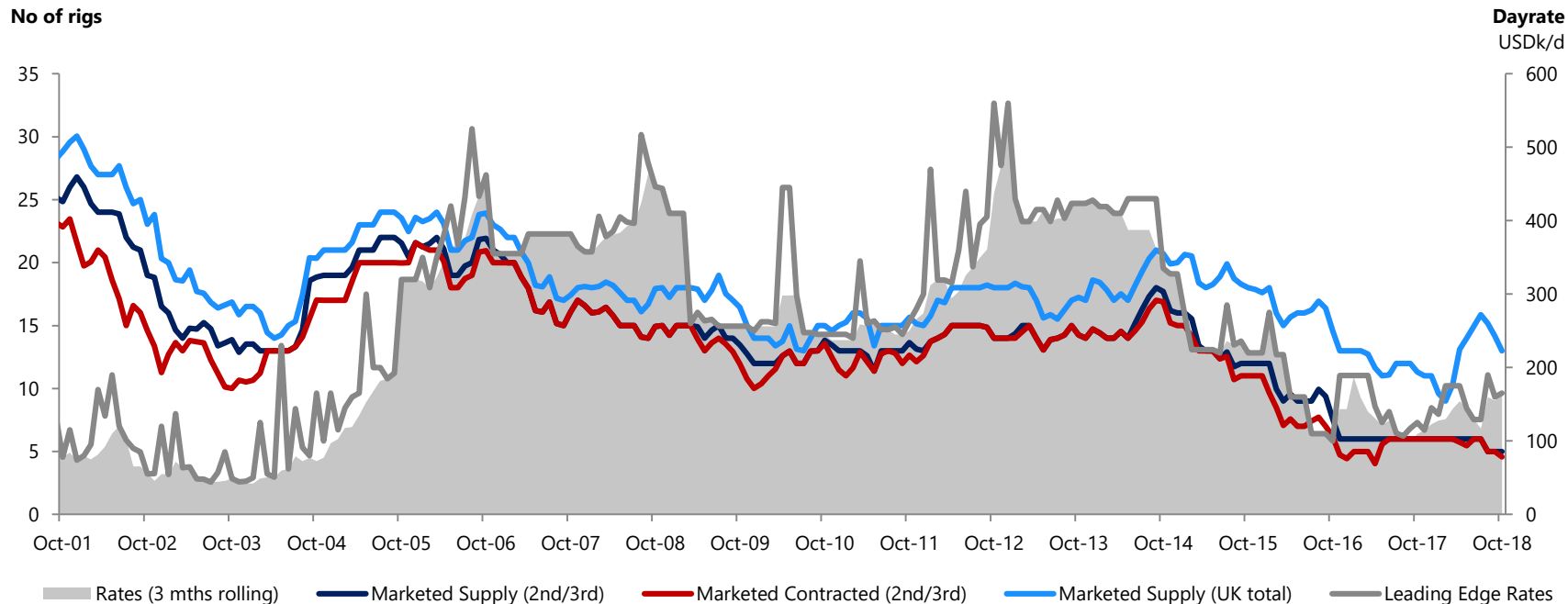
Dayrates (USD 000')



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



UK SEMI-SUBMERSIBLE MARKET



INCREASED MARKET ACTIVITY IN BOTH UK AND NORWAY

- Global rig supply has reduced through continued attrition, helping to rebalance the market
- Overall rig demand outlook continues to improve
- Fleet contract utilization is improving
- Seasonality is still, however, likely to prevail in UK through to 2019
- Rig dayrates improving, especially in the high-end segment
- The financial markets continue to support the funding of new asset acquisitions

5. SUMMARY



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

- Transforming the Company at the bottom of the cycle through newbuild programme
- New rig build on schedule and budget
- Optionality and Flexibility in both new rig financing and contract timing
- Establishing Norwegian organisation and engaging with customers
- WilPhoenix contracted to Shell for 19 firm wells + 10 option wells
- The market is improving



Q&A



AWILCO DRILLING