



AWILCO DRILLING

Q4 2015 Presentation

Oslo, 11th of February 2016

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Agenda

1. Highlights
2. Q4 2015 and Preliminary Full Year 2015 Financial Results
3. Operational Update
4. Market Outlook
5. Summary
6. Q&A

1. Highlights

Highlights

- Announcement of USD 0.25 dividend
- Total Q4 Revenue USD 19.1 million; EBITDA USD 3.7 million, net loss of USD 32.9 million after an impairment charge of USD 30 million
- Q4 Opex per rig approx. USD 69,600 per day
- Total contract backlog at end of Q4 was USD 258 million
- Revenue efficiency whilst operational during Q4 was 97.7%
- Contract utilisation during Q4 including unpaid shipyard time was 50.0 % and 26.1 % excluding unpaid shipyard time



2. Q4 2015 and Preliminary Full Year 2015 Financial Results

Q4 2015 Income Statement

Condensed statement of comprehensive income

in USD thousands, except earnings per share

	Q4 2015	Full Year	Q4 2014	Full Year
	(unaudited)	2015	(unaudited)	2014
		(unaudited)		(audited)
Contract revenue	18,946	193,949	70,116	271,971
Reimbursables	181	1,711	699	3,969
Other revenue	15	51,385	55	198
	<u>19,142</u>	<u>247,045</u>	<u>70,870</u>	<u>276,138</u>
Rig operating expenses	12,797	57,632	15,687	64,178
Reimbursables	64	645	283	1,157
General and administrative expenses	2,597	8,578	2,134	15,706
Other (income)	-	-	(2,485)	(2,485)
Other expense	-	-	382	180
Depreciation	4,427	18,008	4,542	17,912
Impairment	30,000	30,000	-	-
	<u>49,885</u>	<u>114,863</u>	<u>20,543</u>	<u>96,648</u>
Operating (loss)/profit	<u>(30,743)</u>	<u>132,182</u>	<u>50,326</u>	<u>179,490</u>
Interest income	20	130	46	161
Interest expense	(1,979)	(8,349)	(2,221)	(11,861)
Other financial items	(235)	(445)	-	-
Net financial items	<u>(2,194)</u>	<u>(8,664)</u>	<u>(2,175)</u>	<u>(11,700)</u>
(Loss)/profit before tax	(32,937)	123,518	48,151	167,790
Tax benefit/(expense)	26	(24,171)	(9,215)	(30,306)
Net (loss)/profit	<u>(32,911)</u>	<u>99,347</u>	<u>38,935</u>	<u>137,484</u>
Total comprehensive (loss)/income	<u>(32,911)</u>	<u>99,347</u>	<u>38,935</u>	<u>137,484</u>
Attributable to shareholders of the parent	(32,911)	99,347	38,935	137,484
Basic and diluted earnings per share	(1.10)	3.31	1.30	4.58

Q4 2015 Balance Sheet

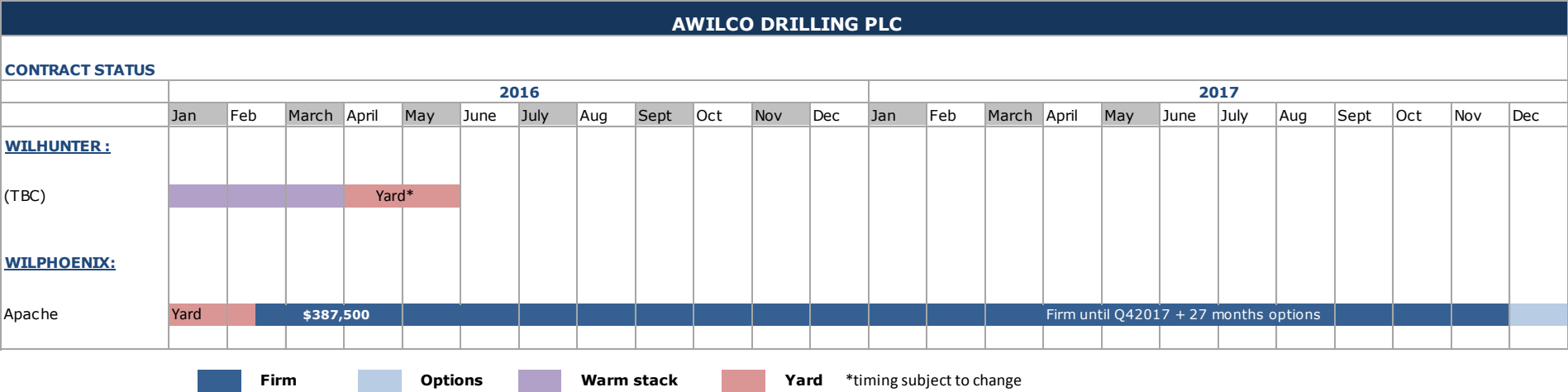
Condensed statement of financial position

in USD thousands

	31.12.2015	31.12.2014
	(unaudited)	(audited)
Rigs, machinery and equipment	234,336	251,165
Deferred tax asset	903	2,486
	<u>235,239</u>	<u>253,651</u>
Trade and other receivables	7,352	12,116
Prepayments and accrued revenue	2,682	28,938
Inventory	5,015	4,800
Cash and cash equivalents	135,257	75,951
Current tax	68,899	82,594
	<u>219,205</u>	<u>204,399</u>
Total assets	<u>454,444</u>	<u>458,050</u>
Paid in capital	130,142	130,142
Retained earnings	102,479	78,211
	<u>232,621</u>	<u>208,353</u>
Deferred tax liability	7,517	0
Long-term interest-bearing debt	100,000	110,000
	<u>107,517</u>	<u>110,000</u>
Current portion of long-term debt	10,000	10,000
Trade and other creditors	5,990	3,233
Accruals and provisions	17,702	17,942
Current tax payable	80,614	108,522
	<u>114,306</u>	<u>139,697</u>
Total equity and liabilities	<u>454,444</u>	<u>458,050</u>

3. Operational Update

Contract Status – Current Backlog USD 258 million*



- Timing of WilHunter SPS will depend on when sufficient follow-on work is secured
- Warm stack status on WilHunter is continuously reviewed

*as of 10 February 2016



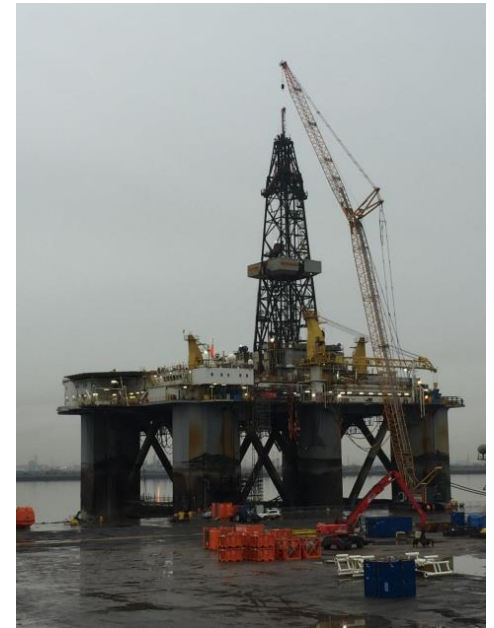
Operational Performance Remains Good

- Operational performance in Q4 was 97.9 %
 - Only WilPhoenix operational and only half of the quarter
- Opex in Q4 below guidance
 - Some WilHunter crew used on the WilPhoenix yard stay project reducing opex
 - Savings on WilHunter opex due to hot stacking mode
 - Favourable foreign exchange rates
- Successful drilling discoveries – *“lucky rig”*



SPS Yard Stay Projects

- WilPhoenix demobilised from location on 17th November, arrived at the yard on 24th November 2015
- Yard work scope substantially complete, final project acceptance remaining
- Total yard stay cost below the budget of USD 42.5 million



Main Workscope Completed during the Yard Stay

- DNV undertaken Hull and Machinery Inspection
 - No significant findings
 - Certified for 5 further years of operations
- Installed new 5 ram 15,000 psi Blow Out Preventer (BOP) and new BOP control system
- Upgraded Normar Carrier
- Renewed and upgraded the Choke and Kill Manifold
 - High pressure, high temperature (HP/HT) capable
- Installed new Air Compressors
- Replaced Vent Lines
- Overhauled all major Drilling Equipment

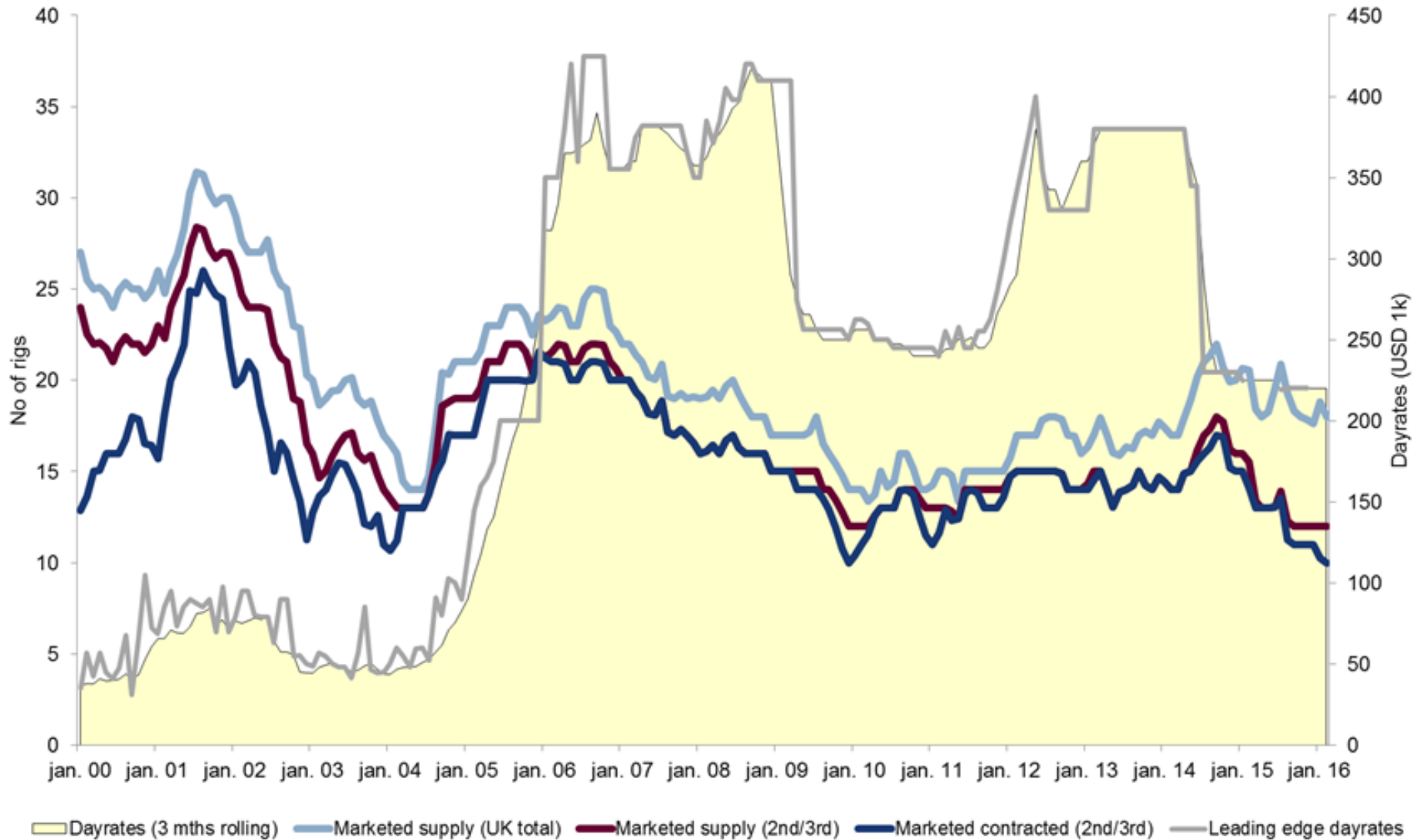


Dividend Distribution

- Announcement of dividend payable of USD 0.25 per share
- Dividend payable on or around the 18th March 2016
- Share will trade ex-dividend on 23rd February 2016, the record date will be 24th February
- 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.”
- Current levels of dividends will continue to be challenged by upcoming capital expenditure and future market prospects

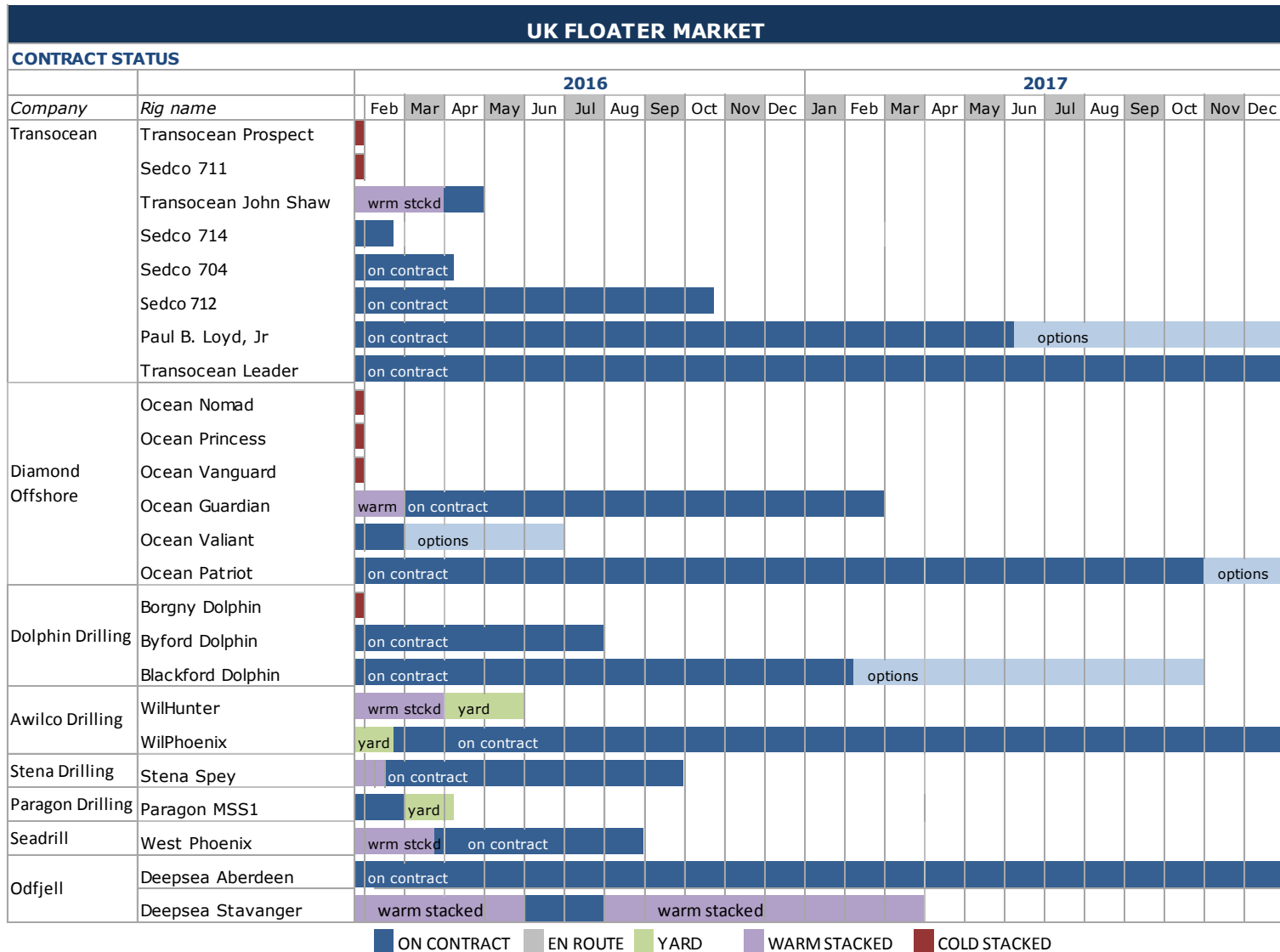
4. Market Outlook

Limited Contract Opportunities and Decreasing UK Dayrates...



Source: Fearnley Fonds and IHS Petrodata

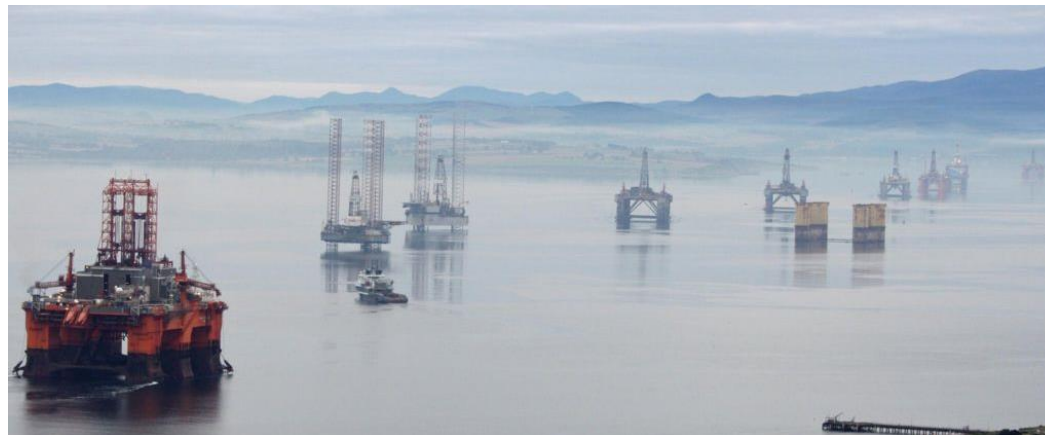
...Results in Increased Rig Surplus in 2016



ON CONTRACT EN ROUTE YARD WARM STACKED COLD STACKED

Market Recovery seems to be Pushed even Further Out in Time

- Due to continued low oil price, operators have reduced current and planned E&P expenditure
- Increased number of available rigs expected to continue through 2016 and beyond
- Lack of new contract opportunities currently leading to rig cold-stacking
- Continued rig attrition is key to rebalancing the future rig market



5. Summary

Summary

- Announcement of dividend payable of USD 0.25
- Yard stay for WilPhoenix taking longer than expected but expected to be completed below budgeted cost
- Contract backlog of USD 258 million, focus on securing new work for WilHunter
- Market uncertainty continues with respect to the timing and shape of recovery
- Evaluating market opportunities on a case-by-case basis

Q&A