



AWILCO DRILLING

Q4 2017 PRESENTATION

Oslo, 15th of February 2018

DISCLAIMER

This presentation is being made only to, and is only directed at, persons to whom such presentation may lawfully be communicated («relevant persons»). Any person who is not a relevant person should not act or rely on these presentations or any of its contents. Information in the following presentations relating to price at which relevant investments have been bought or sold in the past or the yield on such investments cannot be relied upon as a guide to future performance of such investments. This presentation does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire securities in Awilco Drilling PLC or any affiliated company thereof. The release, publication or distribution of this presentation in certain jurisdictions may be restricted by law, and therefore persons in such jurisdictions into which this presentation is released, published or distributed should inform themselves about, and observe, such restrictions.

This presentation may include certain forward-looking statements, estimates, predictions, influences and projections with respect to anticipated future performance and as to the market for products or services which may reflect various assumptions made by the management of the Company. These assumptions may or may not prove to be correct and no representation is made as to the accuracy of such statements, estimates, projections, predictions and influences. These statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. The information and opinions contained in this presentation are subject to change without notice and the Company assumes no responsibility or obligation to update publicly or review any of the forward-looking statements contained herein.



AGENDA

- 1. Highlights*
 - 2. Q4 2017 and Preliminary Full-Year 2017 Financial Results*
 - 3. Operational Update*
 - 4. Market Outlook*
 - 5. Summary*
 - 6. Q&A*
- 
- A faint, blue-tinted background image of an offshore oil rig on the ocean. The rig is a large, complex structure with a tall derrick and various platforms, situated in the middle of the sea. The water is choppy with small waves. The overall color scheme is a monochromatic blue.

1. HIGHLIGHTS





HIGHLIGHTS

- Announcement of USD 0.20 dividend
- Total Q4 Revenue USD 33.9 million; EBITDA of USD 24.5 million, Net Loss of USD -23.8 million after impairment charge of USD 45 million
- Q4 Opex average for WilPhoenix approx. USD 78 100 per day
- Total contract backlog at end of Q4 2017 was USD 41 million





SUBSEQUENT EVENTS

- Yesterday, Awilco Drilling announced that following revisions to the project schedule the Letter of Award from Alpha Petroleum Resources Limited did not result in an agreed contract for WilPhoenix.
- At the same time, Awilco Drilling announced that it has signed a Letter of Intent with an undisclosed operator for the provision of WilPhoenix. The program is expected to commence around 1st September 2018, with an estimated duration of 450 days for an undisclosed dayrate.



SUBSEQUENT EVENTS

- Further to our press release of 23rd January 2018 relating to a Letter of Intent with an undisclosed operator for the provision of WilPhoenix for a one well program with an estimated duration of 115 days.
- Awilco Drilling has today been advised that the operator will no longer proceed with this program of work.
- The WilPhoenix is therefore currently available from around 1st May 2018, prior to its later commitment from around 1st of September 2018.



2. Q4 2017 AND PRELIMINARY FULL-YEAR 2017 FINANCIAL RESULTS



Q4 2017 INCOME STATEMENT

Condensed statement of comprehensive income in USD thousands, except earnings per share

| | Q4 2017 | Full Year | Q4 2016 | Full Year |
|--|-----------------|---------------------|----------------|-------------------|
| | (unaudited) | 2017 (unaudited) | (unaudited) | 2016 (audited) |
| Contract revenue | 33,525 | 130,403 | 34,823 | 94,582 |
| Reimbursables | 343 | 1,306 | 298 | 704 |
| Other revenue | 1 | 22 | - | 10 |
| | <u>33,869</u> | <u>131,731</u> | <u>35,121</u> | <u>95,296</u> |
| Rig operating expenses | 7,222 | 27,751 | 7,290 | 36,726 |
| Reimbursables | 137 | 357 | 74 | 187 |
| General and administrative expenses | 1,975 | 8,818 | 2,380 | 8,909 |
| Depreciation | 3,963 | 15,686 | 3,729 | 15,579 |
| Impairment | 45,000 | 45,000 | - | - |
| | <u>58,297</u> | <u>97,612</u> | <u>13,473</u> | <u>61,401</u> |
| Operating (loss)/profit | <u>(24,428)</u> | <u>34,119</u> | <u>21,649</u> | <u>33,895</u> |
| Interest income | 609 | 792 | 21 | 631 |
| Interest expense | (1,615) | (6,919) | (1,805) | (7,658) |
| Other financial items | 1,010 | 818 | (1,125) | (2,479) |
| Net financial items | <u>4</u> | <u>(5,309)</u> | <u>(2,909)</u> | <u>(9,506)</u> |
| (Loss)/profit before tax | <u>(24,424)</u> | <u>28,810</u> | <u>18,740</u> | <u>24,390</u> |
| Tax benefit/(expense) | 585 | (7,555) | (3,823) | (3,364) |
| Net (loss)/profit | <u>(23,839)</u> | <u>21,255</u> | <u>14,917</u> | <u>21,026</u> |
| Total comprehensive (loss)/income | <u>(23,839)</u> | <u>21,255</u> | <u>14,917</u> | <u>21,026</u> |
| Attributable to shareholders of the parent | (23,839) | 21,255 | 14,917 | 21,026 |
| Basic and diluted earnings per share | (0.79) | 0.71 | 0.50 | 0.70 |



Q4 2017 BALANCE SHEET

Condensed statement of financial position

in USD thousands

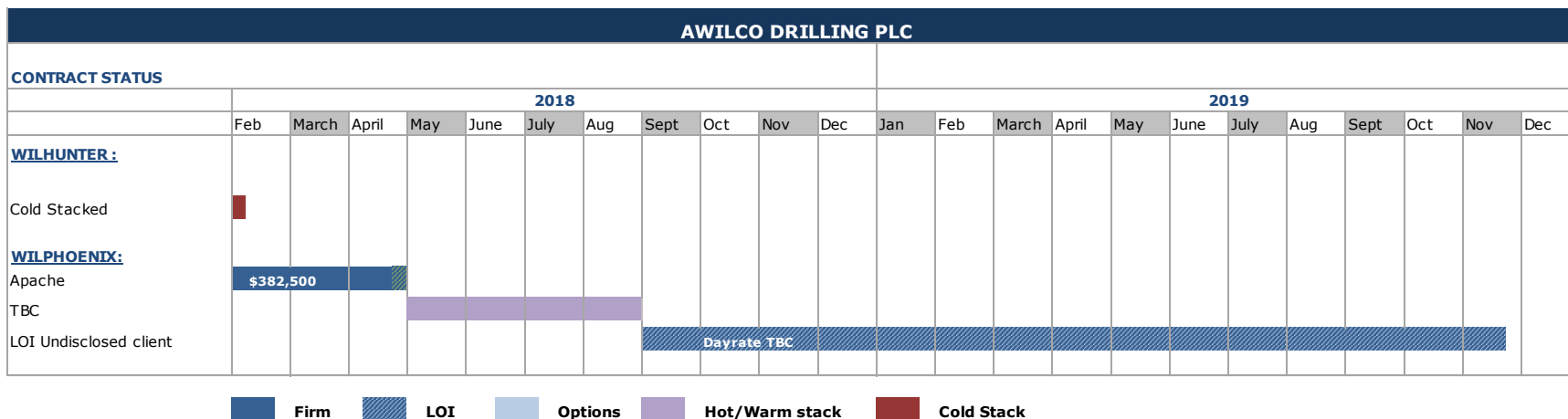
| | 31.12.2017 (unaudited) | 31.12.2016 (audited) |
|-----------------------------------|---------------------------|-------------------------|
| Rigs, machinery and equipment | 178,808 | 238,868 |
| Deferred tax asset | 1,954 | 3,058 |
| | <u>180,762</u> | <u>241,926</u> |
| Trade and other receivables | 17,168 | 17,269 |
| Prepayments and accrued revenue | 6,905 | 7,213 |
| Inventory | 4,809 | 4,844 |
| Cash and cash equivalents | 119,286 | 70,070 |
| Current tax | 227 | 22,079 |
| | <u>148,395</u> | <u>121,475</u> |
| Total assets | <u>329,157</u> | <u>363,401</u> |
| Paid in capital | 130,142 | 130,142 |
| Retained earnings | 94,156 | 96,926 |
| | <u>224,298</u> | <u>227,068</u> |
| Deferred tax liability | - | 1,129 |
| Long-term interest-bearing debt | 80,000 | 90,000 |
| | <u>80,000</u> | <u>91,129</u> |
| Current portion of long-term debt | 10,000 | 10,000 |
| Trade and other creditors | 1,170 | 573 |
| Accruals and provisions | 9,519 | 10,708 |
| Current tax payable | 4,170 | 23,923 |
| | <u>24,859</u> | <u>45,204</u> |
| Total equity and liabilities | <u>329,157</u> | <u>363,401</u> |



3. OPERATIONAL UPDATE

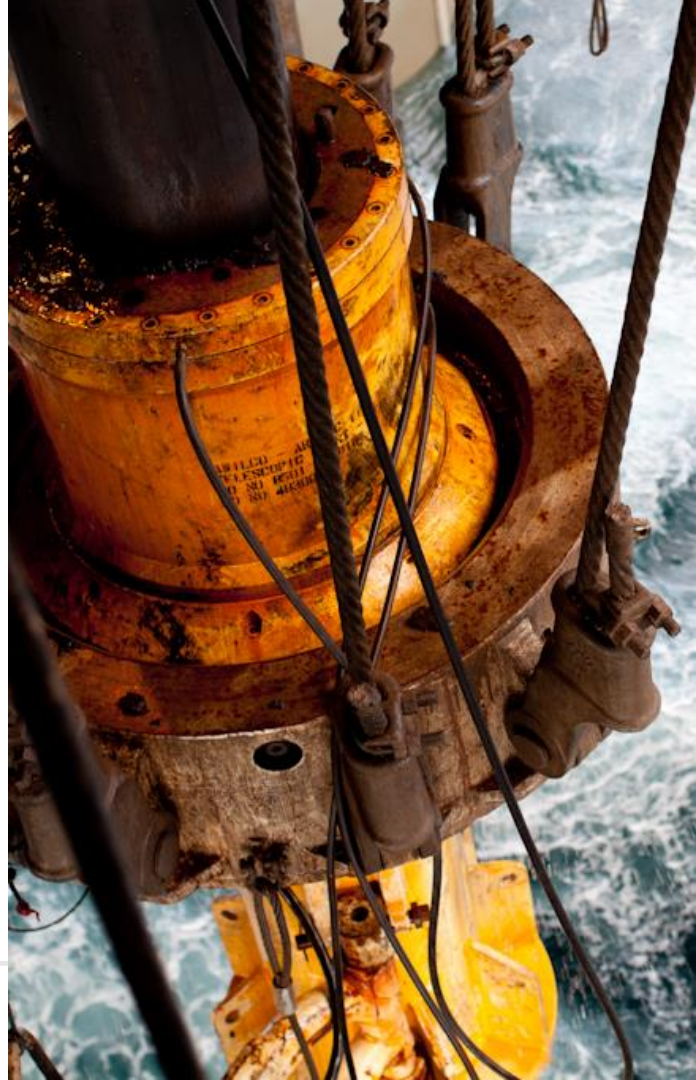


WILPHOENIX CURRENTLY AVAILABLE FOR SUMMER 2018, THEREAFTER COMMITTED UNTIL AT LEAST NOVEMBER 2019



OPERATIONAL UPDATE

- Operational uptime in Q4 was 99.6%
- Continued positive customer feedback
- Actively marketing WilPhoenix for new work in summer 2018, after today's unexpected program cancellation
- Secured new 450 day LOI with undisclosed client and contract negotiations process started



DIVIDEND DISTRIBUTION

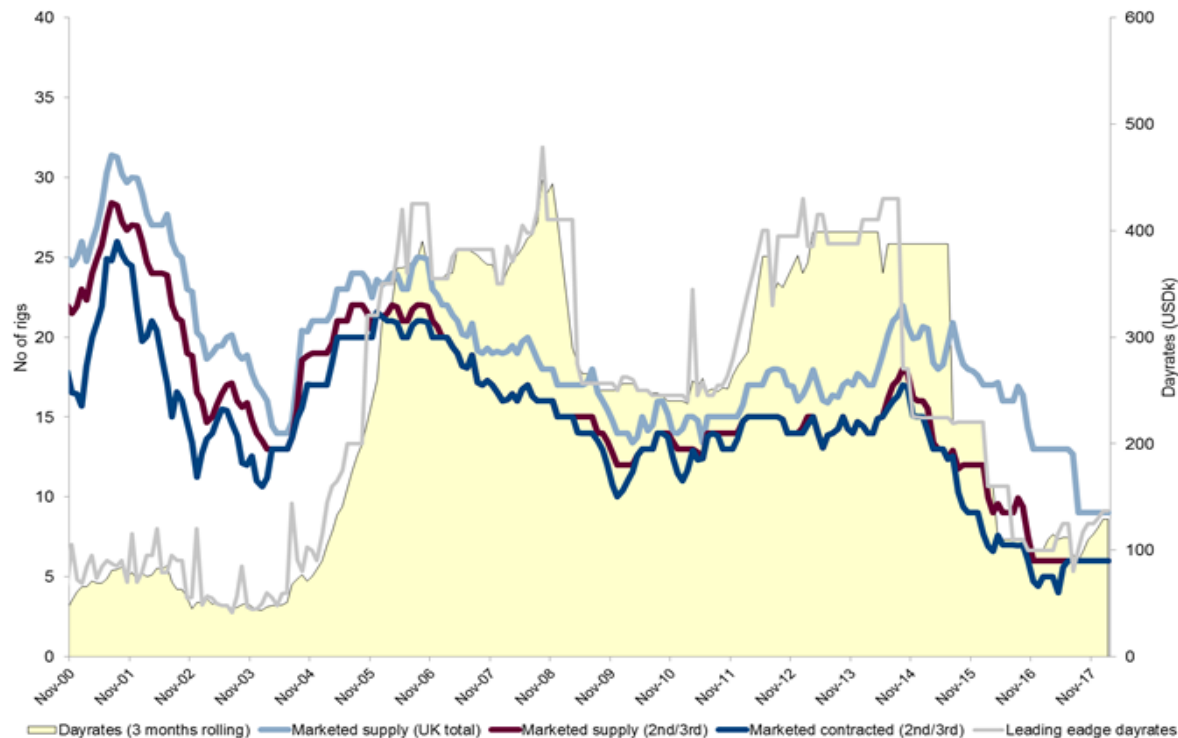
- Announcement of dividend payable of USD 0.20 per share
- Dividend payable on or around 23 March 2018
- Shares will trade ex-dividend on 20th of February 2018, the record date will be 21st of February
- The Company's dividend policy remains unchanged:

“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.”

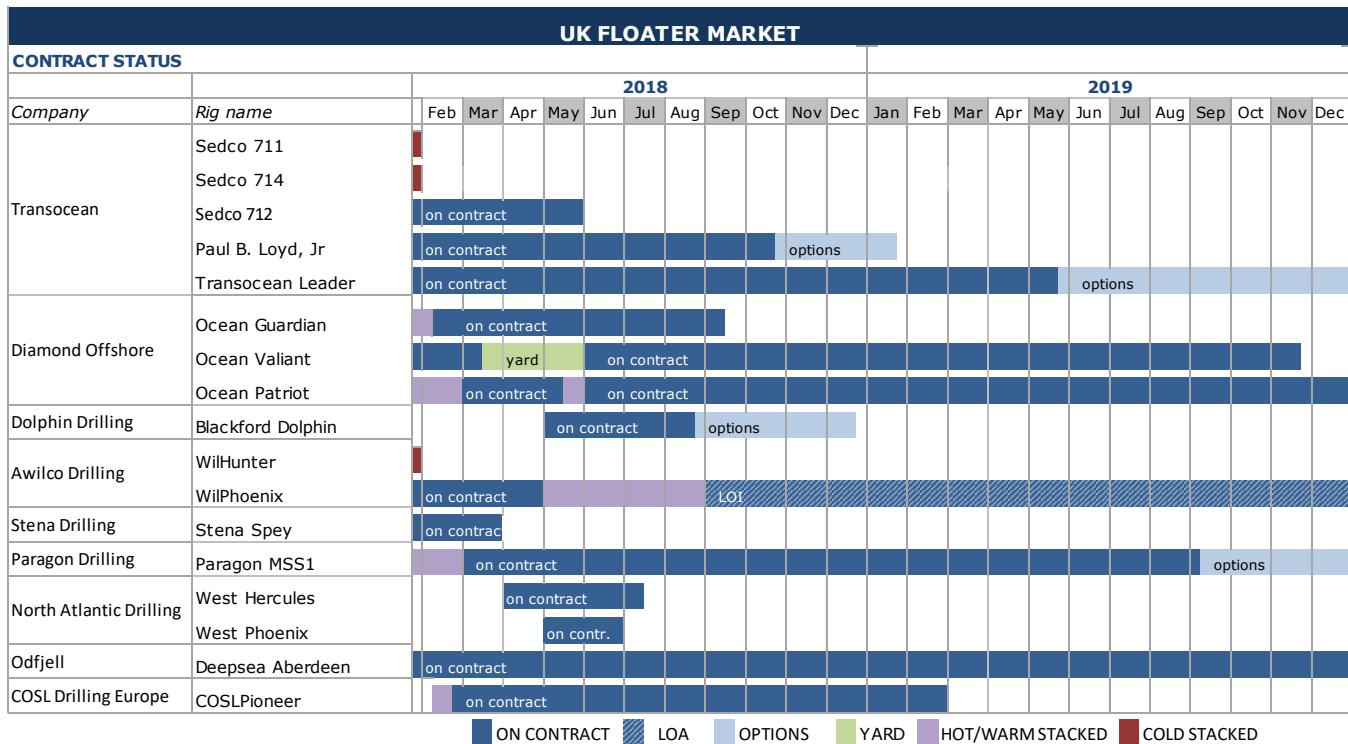
4. MARKET OUTLOOK



THE UK MARKET HAS BOTTOMED OUT...



...AND TENDERING ACTIVITY IS INCREASING, ALTHOUGH WINTER WORK IS STILL SCARCE



INCREASING SIGNS OF MARKET IMPROVEMENT

- Attrition is starting to have a positive effect on market balance
- Summer demand in 2018 is exceeding supply, however, winter work opportunities are slim
- As a consequence, start up of programs are being delayed and pushed into 2019
- 2019 demand seems stronger than 2018
- Overall outlook continues to improve
- M&A activity and stranded asset acquisitions have been seen in the market



5. SUMMARY



SUMMARY

- Announcement of dividend payable of USD 0.20
- Current firm contract backlog of USD 25 million, plus undisclosed LOI value
- WilPhoenix currently available during summer 2018, thereafter committed until at least November 2019
- Continued signs of market improvement
- Evaluating growth opportunities on a case-by-case basis
 - *Awilco Drilling's fundamentals are good*



Q&A



AWILCO DRILLING