



**AWILCO DRILLING**

**Pareto Oil & Offshore Conference**

Oslo, 2<sup>nd</sup> September 2015

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# Agenda

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1. Company Overview
2. Market Outlook
3. Summary
4. Q&A

# **1. Company Overview**

# Awilco Drilling PLC

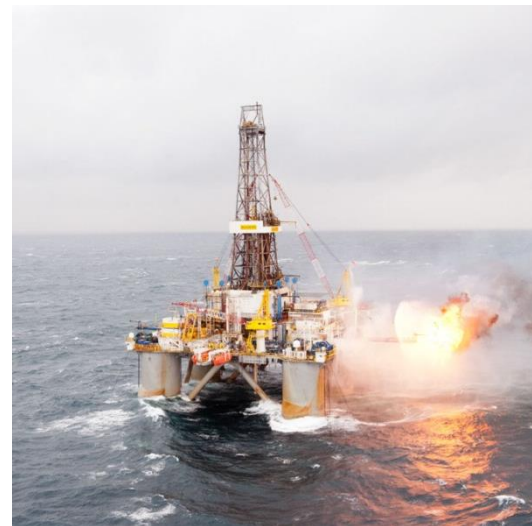
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- Aberdeen-based drilling contractor, established in December 2009
- Owning and operating two refurbished mid-water semi submersibles in the UK North Sea
- Listed on the Oslo Stock Exchange (Oslo Axess)
- Market cap' approx. USD 135 million
- Fully financed with senior secured bond listed at Oslo ABM
  - Outstanding amount USD 115 million
  - Coupon rate 7%
  - Maturity April 2019



## WilPhoenix

- Friede & Goldman L-907 Enhanced Pacesetter
- Built in 1982
- Upgraded in 2011



## WilHunter

- Friede & Goldman L-907 Enhanced Pacesetter
- Built in 1983
- Upgraded in 1999 and 2011

# Performance and Ability to Return Cash to Shareholders

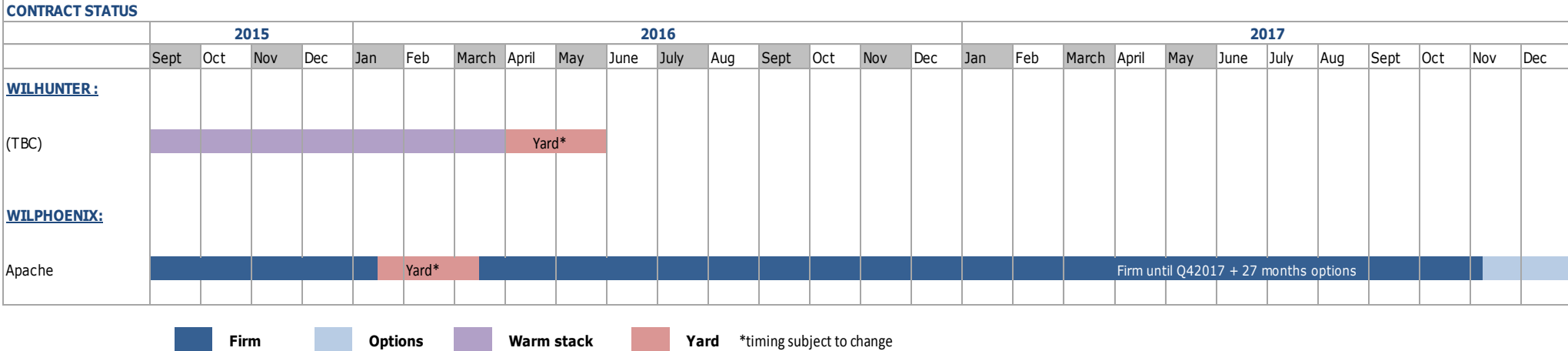
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- Continued high operational performance in 2015, with revenue efficiency of 97.5%
- Continued positive customer feedback
- Awilco Drilling attained the OHSAS 18001 Safety Standard during the quarter
  - The Company previously attained accreditation to the ISO 9001 Quality Standard and the ISO 14001 Environmental Standard. All three standards apply to both the onshore and offshore organisation
- Revenue 1H 2015 USD 136.0 million; EBITDA USD 102.5 million
- Dividend distribution of USD 0.50 per share for Q1 and Q2 2015; dividends paid since 2013 totalling USD 290 million
- The Company's dividend policy of distributing free cash flow above a robust cash buffer remains unchanged, however, current levels of dividends will be challenged by upcoming capital expenditure and future market prospects



# Contract Status – Current Backlog USD 288 million\*

## AWILCO DRILLING PLC



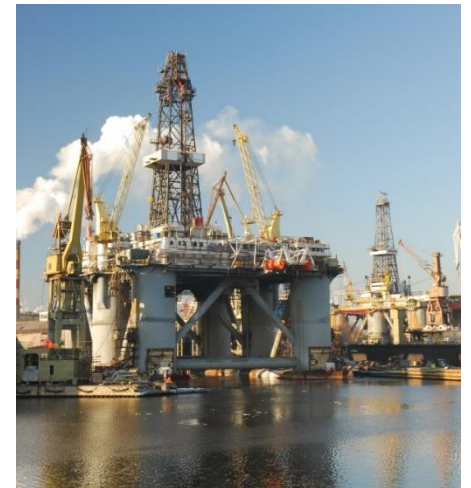
- WilHunter released early from Hess contract end of July
- No negative financial repercussions from early termination to either parties
- WilHunter SPS will only be carried out if sufficient follow-on work is secured
- Warm stack status on WilHunter to be continuously reviewed

\*as of 1 September 2015

# Upcoming SPS Yard Stay Projects

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- Experienced project team has been planning the yard stay projects since 2013
- Budget for Special Periodic Survey (SPS) projects remains unchanged at USD 20 million per rig
- Budget for new BOPs remains unchanged at USD 22.5 million per rig
- Yearly capex for rig maintenance remains unchanged at USD 15 million
- WilPhoenix yard stay scheduled for late 2015/early 2016
- WilHunter yard stay scheduled for Q2 2016, however, dependent on sufficient follow-on work being secured





# Marketing the WilHunter – Best in Class Performance

AWDR 2014 **Operational Uptime** = 99.2%



- AWDR Onshore and Offshore
- ISO 9001 Quality
- ISO 14001 Environmental
- OSHAS 18001 Safety
- DNV Accredited 2014/15



Customer Recognition  
“**HESS 2014 Rig of the Year**”  
Award for WilHunter



- **Winner** “Best Safety Performance” – Awilco Drilling (Floating Rigs, under 1 million man hours)
- 2014 **Chairman's Award** for “Best Semi in North Sea” – WilHunter

**Unique Selling Point -**  
Extensive Decommissioning  
Experience and Performance



**Proven Tack Record** for  
Mid-Water Drilling in the North Sea

## **4. Market Outlook**

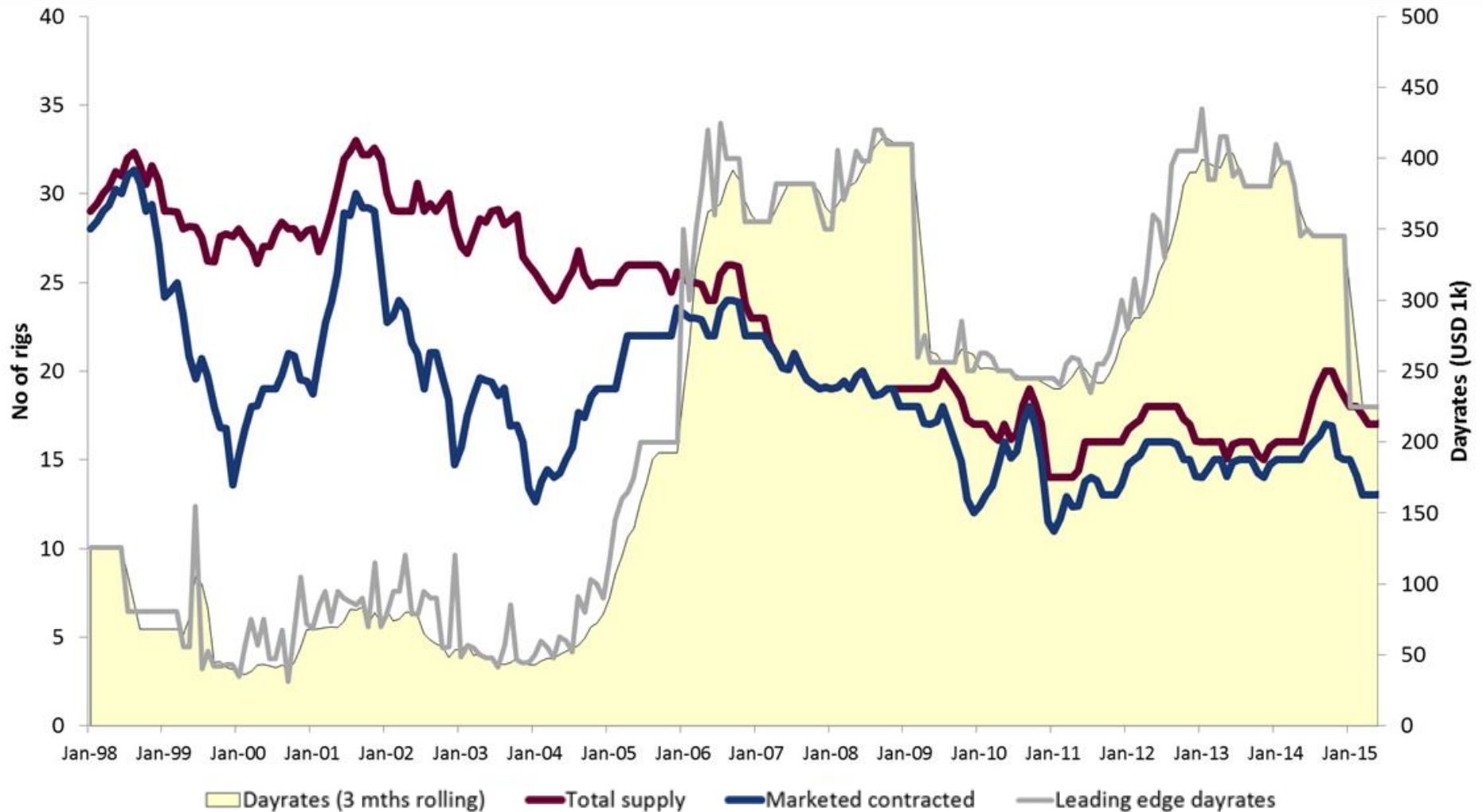
# What a difference a year makes....

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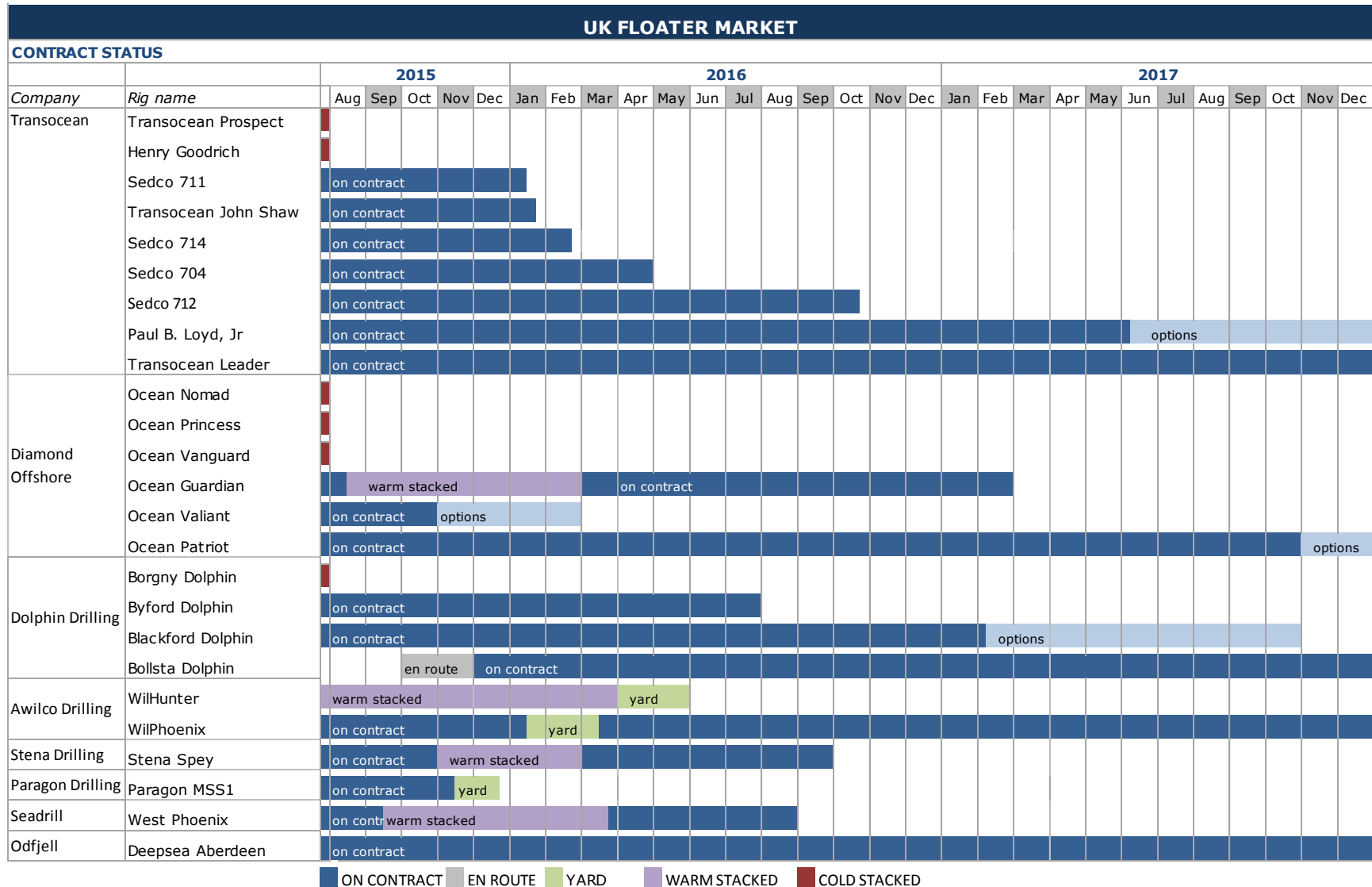
- 2014 Q3 – Slow down of Operator spend
- 2014 Q4 – Sudden reduction in Crude pricing
- 2015 – Sub-economic and volatile Crude pricing
  
- Many “**moving parts**” to the current Crude pricing situation
- Uncertainty prevails
- Operators continue with Opex cost reductions
- Operators continue to defer / cancel major Capex
  
- Reduction in rig demand and fleet utilizations
- Renegotiations and changes to some existing rig contracts
- Reductions in new rig contract day-rate levels and less favourable terms
- Drilling Contractors seeing reduced Margins, Dividends and Market Caps
- Drilling Contractors facing debt and impairment challenges



# Dayrates have Reduced Considerably in the UK market



# Up to 10 Rigs Available for New Contracts the Next 12 Months



# Timing of Return to Higher Activity Levels Remains Unknown

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## Global

- Market uncertainty continues with respect to the timing and shape of recovery
- Operators continue with reductions in current and planned E&P expenditure

## UK

- Increased number of available rigs expected to continue through 2016 and potentially beyond
- Lack of new contract opportunities leading to rig cold-stacking and attrition
- Tax incentives and stimulus aimed at Operators have had little impact to date
- 41 new licenses issued by new regulator (OGA) in a bid to increase activity
- Well decommissioning may drive some rig demand at current pricing levels

## **5. Summary**

# Summary

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- Solid operational performance and demonstrated cost discipline
- Contract backlog of USD 288 million, focus on securing new work for WilHunter
- Planning and preparing for rig yard stay projects but keeping options open
- Market uncertainty continues with respect to the timing and shape of recovery
- Evaluating market opportunities on a case-by-case basis





**Q&A**