



AWILCO DRILLING

Pareto Oil & Offshore Conference

Oslo, 14th September 2016

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Agenda

1. Awilco Drilling Fundamentals
2. Market Outlook
3. Awilco Drilling Future
4. Summary
5. Q&A

1. Awilco Drilling Fundamentals

Awilco Drilling Fundamentals



Small is Beautiful

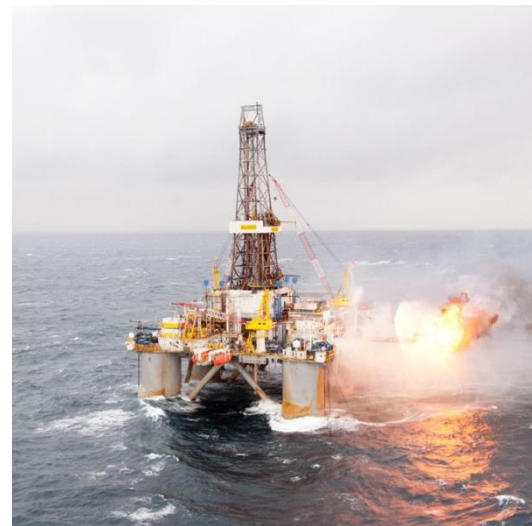
Awilco Drilling Basics

- **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 110** million
- Fully financed with senior **secured bond** listed at Oslo ABM
 - Outstanding amount USD 105 million
 - Coupon rate 7%
 - Maturity April 2019



WilPhoenix

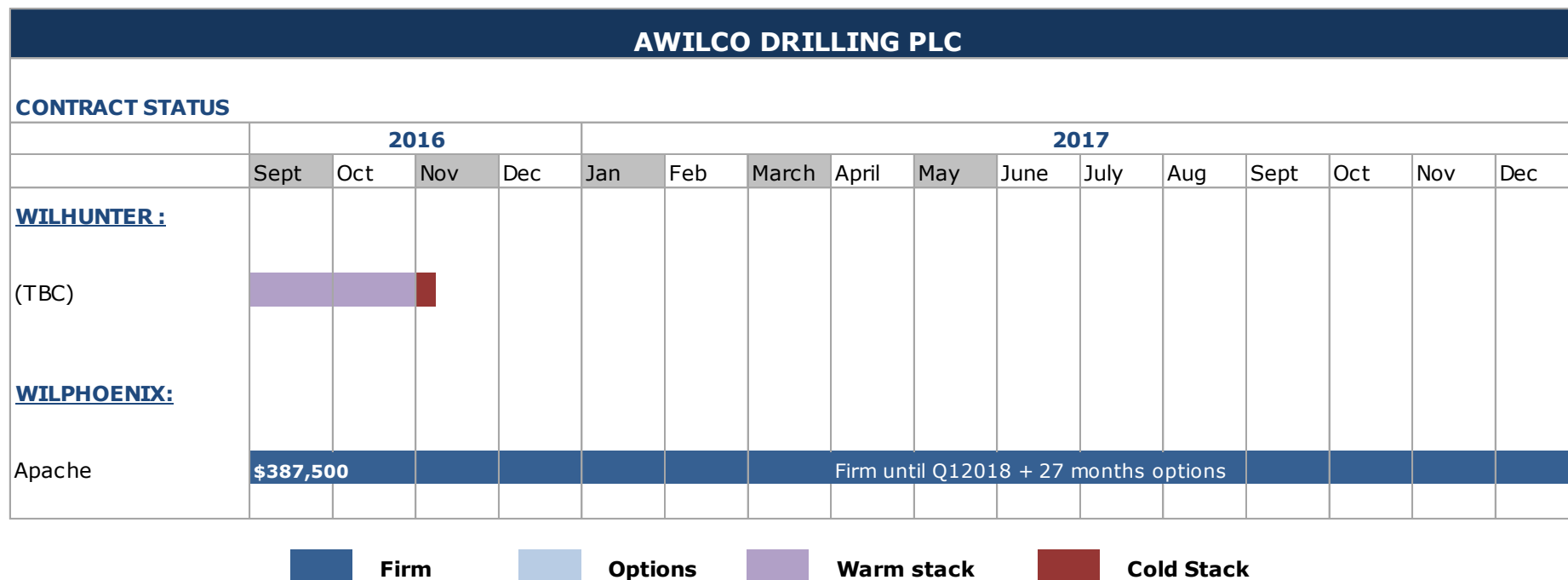
- Friede & Goldman L-907 Enhanced Pacesetter
- Built in 1982
- Upgraded in 2011 and 2016



WilHunter

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

Contract Status - Current Backlog USD 203 million*

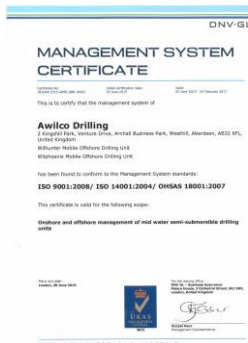


*as of 14th September 2016

Best in Class Performance

Awilco Drilling 2014 **Operational Uptime** = 99.2%
Awilco Drilling 2015 **Operational Uptime** = 96.6%
Awilco Drilling 2016 **Operational Uptime** = 99.5 %

Performance



- ISO **9001** Quality
- ISO **14001** Environmental
- OSHAS **18001** Safety
- DNV Accredited 2014/15
- Applicable Onshore & Offshore

- Sector High Scoring
- Recently re-audited



Achievements



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



- 2014 **Winner** “Best Safety Performance” – Awilco Drilling
- 2014 **Chairman's Award** for “Best Semi in North Sea” – WilHunter
- 2015 **Chairman's Award** for “Best Semi in North Sea” Runner Up – WilHunter

Industry Recognition

Capital Project Success

- 2010/11 – WilHunter and WilPhoenix SPS & Upgrade Project delivered for USD 97.5 million versus budget of USD 90 million (**including additional scope**)
- 2016 – WilPhoenix SPS delivered **under budget** at USD 16 million versus USD 20 million
- 2016 – WilPhoenix Upgrade Project (BOP) delivered **on budget** at USD 22.5 million
- WilPhoenix **now working successfully** following on from its SPS & Upgrade Project Yard-Stay
- In-house project team. **3 years of planning** for 2016 WilPhoenix SPS & Upgrade Project
- Success delivered through Awilco Drilling's **unique culture of ownership and cost focus**
- **Planning underway** for WilHunter Cold Stack preservation and subsequent reactivation

Performance and Ability to Return Cash to Shareholders

- Continued **high operational performance** in 2016, with revenue efficiency of 97.2%
- **Cost cutting measures** implemented in 2014, 2015 and 2016, including WilHunter Capex freeze, ultimately cold stacking the WilHunter, SG&A reductions and WilPhoenix Opex reductions
- Extensive planning and **strict financial discipline**, delivering WilPhoenix SPS project below budget
- 2016 Q2 **WilPhoenix Opex** at circa USD 80,000/day (compared with USD 95,000/day in Q2 2014)
- 2016 Q2 **WilHunter Opex** at USD 31,000/day (Warm Stack). Will reduce further for Cold Stack
- Dividend distribution of USD 0.10 per share for Q1 and Q2 2016; dividends paid since 2013 totalling **USD 315 million**
- Dividend policy of **distributing free cash flow** above a robust cash buffer remains unchanged, however, dividend levels will be challenged by future market prospects



Awilco Drilling - what we are NOT

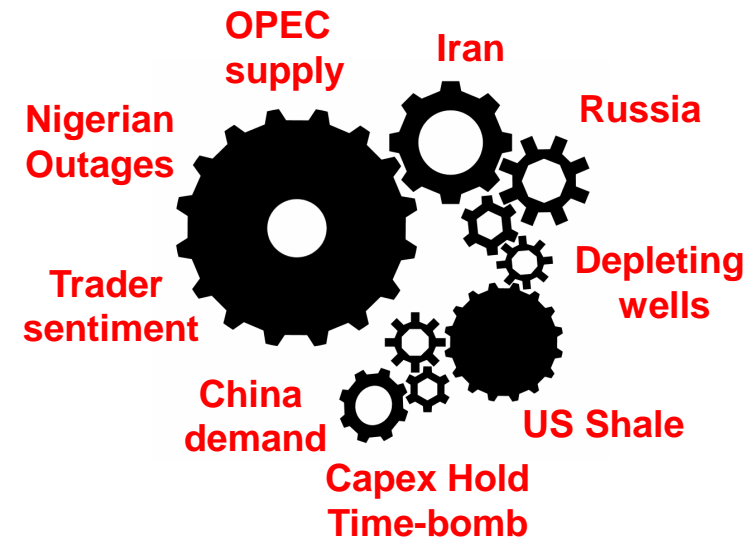
- Awilco Drilling does NOT have **large idle fleet** exposure
- Awilco Drilling does NOT have **large debt** challenges
- Awilco Drilling does NOT have a **refinance / restructure** challenge looming
- Awilco Drilling does NOT have **Growth Capex** commitment challenges (New Rigs)
- Awilco Drilling is NOT in a **shipyard dispute** (Unwanted New Rigs)
- Awilco Drilling does NOT operate a **large and expensive** SG&A / Senior Management Structure



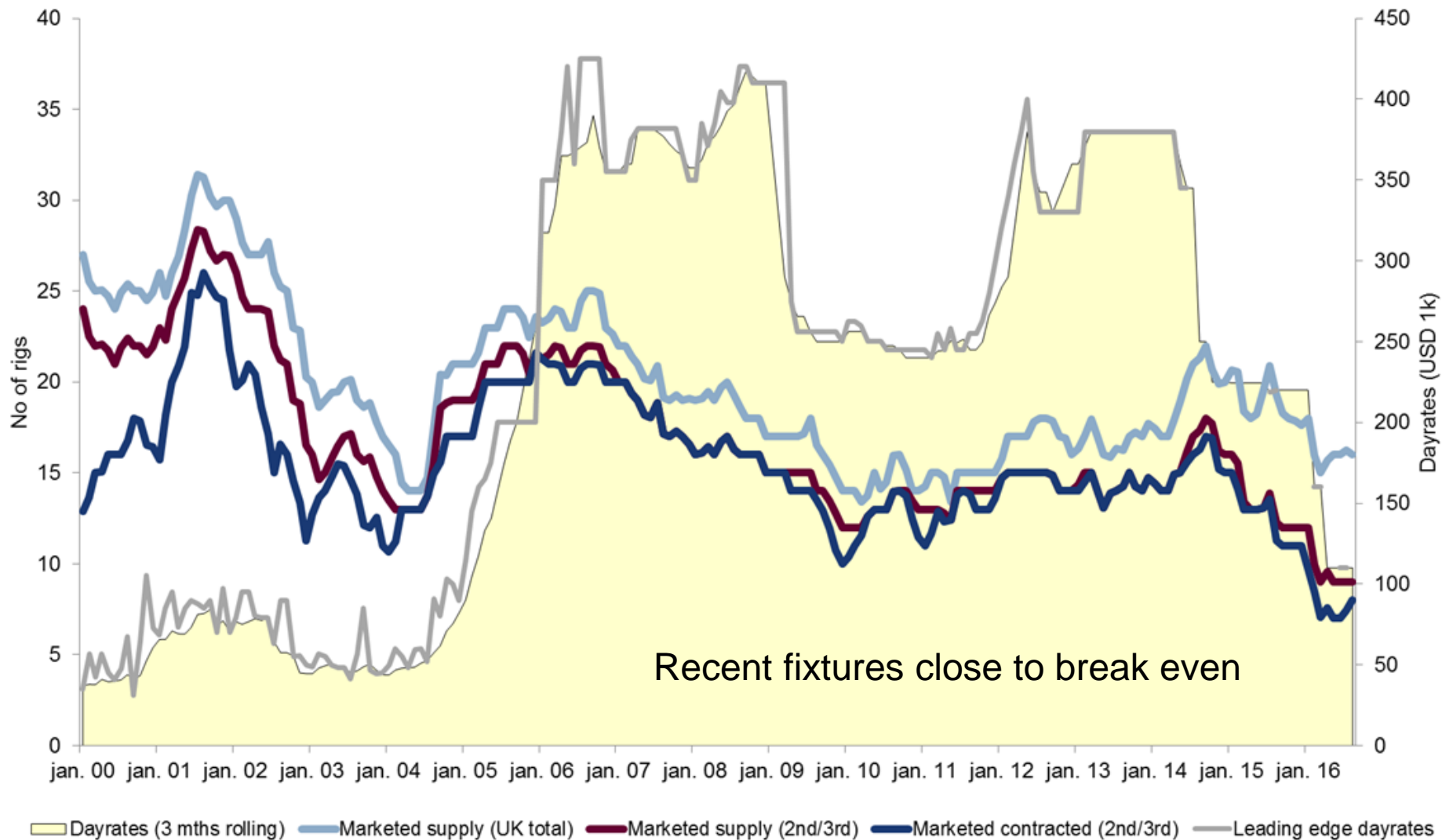
4. Market Outlook

The Downturn Continued throughout the Last Year...

- 2014 Q3 – Slow down of Operator spend
 - 2014 Q4 – Sudden reduction in Crude pricing
 - 2015 – Volatile Crude pricing, many projects became sub-economic
 - 2016 – More of the same
-
- Many **“moving parts”** to current Crude pricing
 - 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
 - Drillings Contractors facing debt and impairment challenges

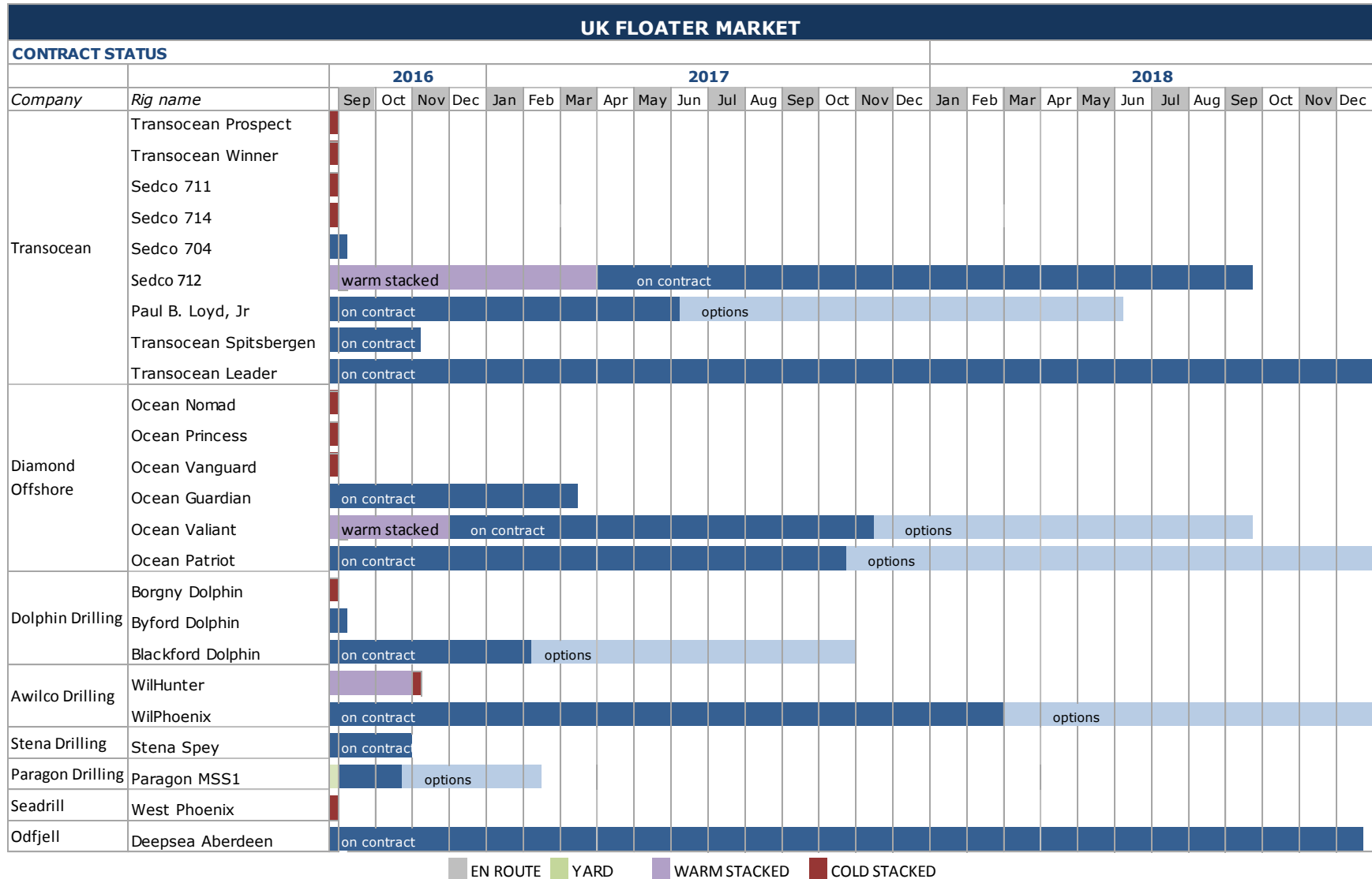


Dayrates have Reduced Considerably in the UK market



Recent fixtures close to break even

High Seasonal Variation in Activity Expected in the UK Market



EN ROUTE YARD WARM STACKED COLD STACKED

Timing of Return to Higher Activity Levels Remains Unknown

Global

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

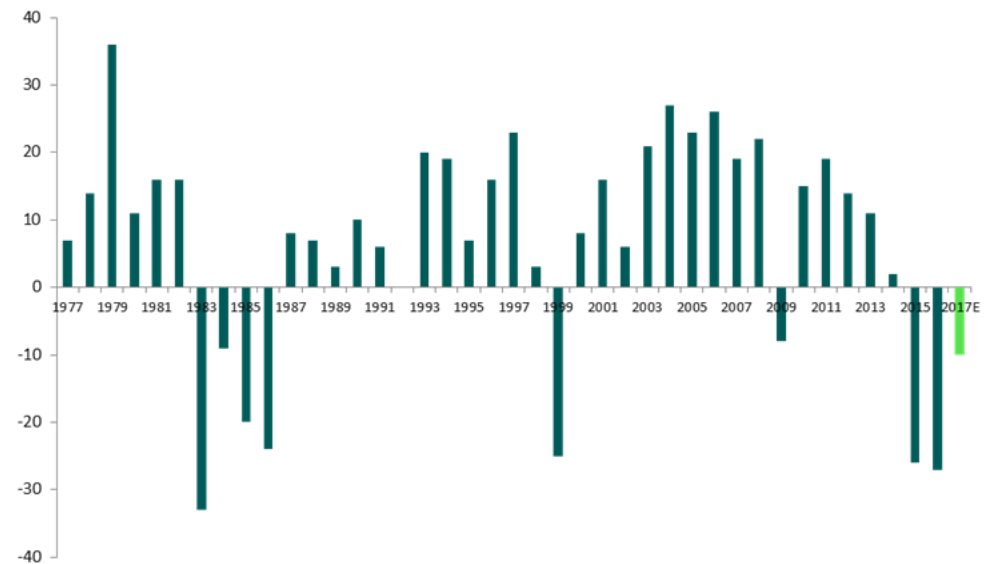
UK

- 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
- The 29th UK licensing round has just been initiated in a bid to increase activity (with a new model for smaller independent operators)
- Well decommissioning has created a modest increase in rig demand
- Seasonal (better weather summer months) drilling campaigns becoming more prevalent

A glimmer of hope

- Demand for oil continues to grow, while reduced investment fails to stem base production decline and allows reserve replacement to fall away
- Attrition to date substantially focused on the mid-water space where (unlike the UDW and JU segments) little new building has taken place
- Higher levels of rig utilization will come on the back of a return to investment. That return to investment will be on the back of higher and stable oil prices coupled with a lower service cost base. Attrition will amplify the effects of mid-water marketed undersupply.

Annual change in global Upstream E&P spending (%), 1977-2017E



4. Awilco Drilling Future

The Future?



Ready to take advantage of a disastrous market....

The Future?

- Awilco Drilling was built on a unique acquisition opportunity which took advantage of the last downturn. **More of the same ahead...?**
- Small and **manoeuvrable**
- **Not constrained** by debt
- Ideal **platform** for growth
- New rigs **would not compete** with Awilco Drilling's own existing 3rd generation fleet
- Long term **entrepreneurial** investors

Ready to take advantage of a disastrous market...

The Future?

- Where can **growth** come from?
- Awilco Drilling will continue to **evaluate opportunities** on a case by case basis
- Awilco Drilling will NOT necessarily grab the first interesting project on offer
- Awilco Drilling will continue to evaluate opportunities with **strict financial discipline**, focusing on value creation and well understood risks
- Awilco Drilling is a well established, recognisably competent drilling contractor, positioned to leverage growth based on capability and capacity, but firmly focused on managing risk and **creating shareholder value...**

Ready to take advantage of a disastrous market...

5. Summary

Summary

- Awilco Drilling's Fundamentals are good
- Best in Class Performance
- Lean & cost-focused operation
- Returning cash to shareholders
- Small, manoeuvrable & entrepreneurial
- Ideal platform for growth

- Market uncertainty prevails
- Opportunities abound



Small is Beautiful

Q&A