



AWILCO DRILLING

BORE- OG RIGGKONFERANSEN 2018

Stavanger, 30th of May 2018

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AGENDA

1. Awilco Drilling Fundamentals

2. Market Outlook

3. Summary

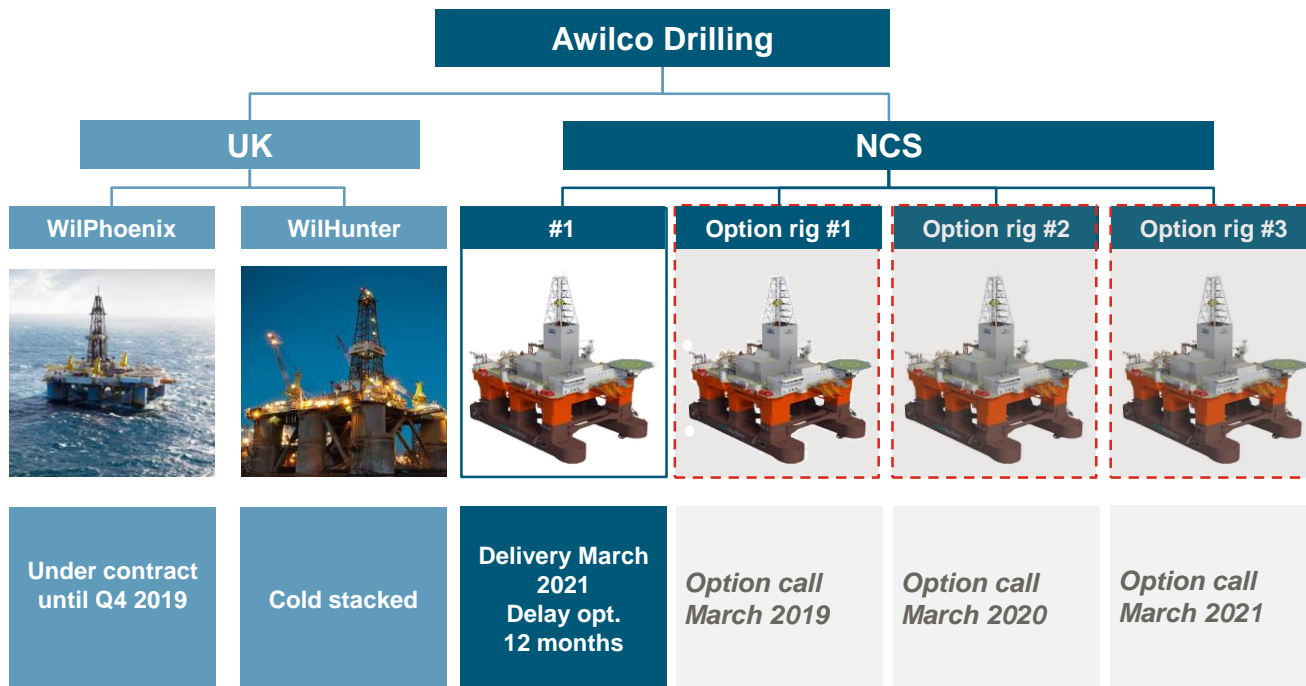
4. Q&A



1. AWILCO DRILLING FUNDAMENTALS

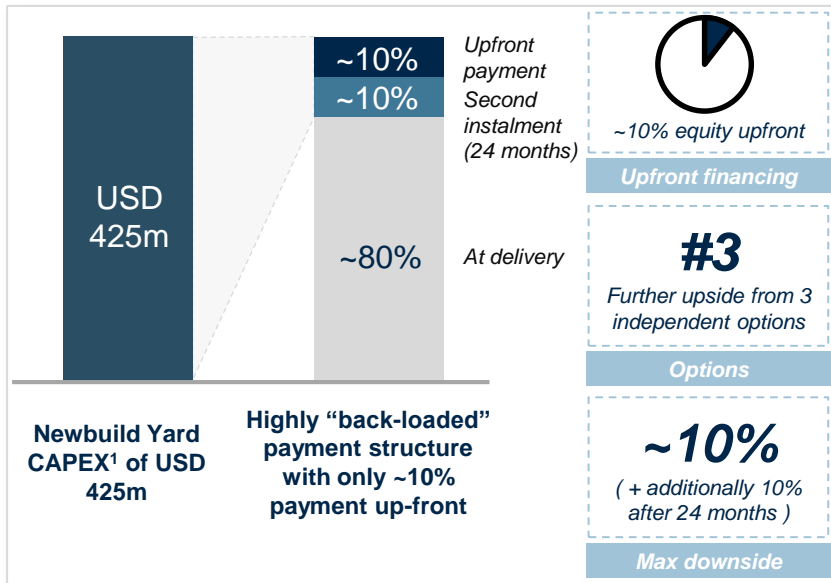
The background of the slide is a photograph of an offshore oil drilling rig, specifically a jack-up rig, situated in the middle of a vast, choppy ocean. The rig's derrick and various platform structures are visible against a hazy, blue sky. The entire image is overlaid with a semi-transparent blue filter, which makes the rig appear as a lighter blue silhouette against the darker blue sea and sky. The horizon line is visible in the upper third of the frame.

TRANSFORMING THE COMPANY THROUGH A NEWBUILDING PROGRAMME



ATTRACTIVE UPSIDE POTENTIAL FROM NEWBUILDS THROUGH SIGNIFICANT LEVERAGE AND OPTIONS

Attractive financing structure of newbuilds...



...with significant flexibility and upside potential

- “Sleeping beauty provision” – flexibility to delay delivery up to 12 months to optimise impact of delivery to market
- An early bet on a recovering market with low initial equity investment and limited downside enabled through an attractive financing structure
- Deal agreement providing sufficient time to secure further debt/equity financing at attractive terms

THE *OPTIMUM* SEMI SUB RIG FOR HE MW OPERATIONS, DIFFERENTIATING ITSELF FROM PEERS

Tailor-made harsh environment (HE) premium floater

Moss CS60 ECO MW *Premium Harsh Environment Drilling Rig*



Category	Specs
Yard	Keppel FELS
Design	Moss Maritime CS60 ECO MW
Depth capacity	Up to 1,500 m
Variable deck-load	5,000 t (contract minimum, expected to be ~7,000 t)
Hook-load	2.0 million lbs
Station keeping	Mooring and Thruster assist
Drilling package	Automated drilling control
Thruster capacity	4 x 3,600 kW
BOP	15k psi 18 3/4" 5 rams
Accommodation	140 POB in one-person cabins
Main generators	5 x 4,900 kW
Certificates NCS & UK compliant	DNV, Drill (N), Posmoor (atar), Battery (Safety & Power), Clean (Tier III) Winterised (basic)

Key newbuilding attributes



Lowest environmental footprint



Enhanced operational efficiency and safety performance



Reduced operating cost for both rig owner and operator



Latest Design and Technology



NCS and Barents Sea targeted

MOSS CS60 ECO MW REPRESENTS A GAME CHANGER IN DRILLING DESIGN, TECHNOLOGY & PERFORMANCE

Upgraded design <i>2018 model</i>	Hybrid Power Tech. <i>"Green tech."</i>	Real Time Data Support <i>Reduced Opex</i>	Condition Monitoring <i>Reduced maintenance</i>
<p><i>Reflecting the need to improve</i></p> <ul style="list-style-type: none"> ▪ <i>environmental footprint</i> ▪ <i>reduce time and cost per well</i> ▪ <i>safety performance</i> ▪ <i>reduce non-productive time</i> 	<p><i>Reduced fuel oil consumption/ emissions</i></p> <ul style="list-style-type: none"> ▪ <i>protecting the environment</i> ▪ <i>saving of fuel cost , minimizing CO₂ / NOx duty</i> ▪ <i>hybrid power supply with batteries</i> ▪ <i>hydraulic hoisting system with heave compensation</i> ▪ <i>energy saving and regeneration features</i> 	<p><i>Real time data support</i></p> <ul style="list-style-type: none"> ▪ <i>condition monitoring reducing likelihood of downtime</i> ▪ <i>Shore-based competence continuously available for interpretation of well data</i> ▪ <i>enhanced support , enhanced drilling efficiency and rig performance</i> ▪ <i>reduced OPEX and cost per well</i> 	<p><i>Continuous certification</i></p> <ul style="list-style-type: none"> ▪ <i>reduced likelihood of technical down time</i> ▪ <i>reduced offshore for special survey</i> ▪ <i>reduced opex</i> ▪ <i>higher revenue efficiency</i>

The improved drilling efficiency and reliability of the CS60 ECO MW will deliver significant OPEX and spread cost savings in the range of USD 25,000 – 35,000 per day compared to competition

AWILCO DRILLING HAS A HISTORY OF BEST IN CLASS PERFORMANCE...

Operational Performance

Awilco Drilling 2014 **Operational Uptime** = 99.2%
Awilco Drilling 2015 **Operational Uptime** = 96.6%
Awilco Drilling 2016 **Operational Uptime** = 99.5 %
Awilco Drilling 2017 **Operational Uptime** = 95.4 %

Achievements



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

- Sector High Scoring
- Recently re-audited



Capital Projects

Unique culture of ownership and cost focus
Major Rig Reactivation & Upgrade Projects delivered on Budget
Rig SPS & Upgrade Projects delivered under budget
Annual Capex Projects delivered on / below budget

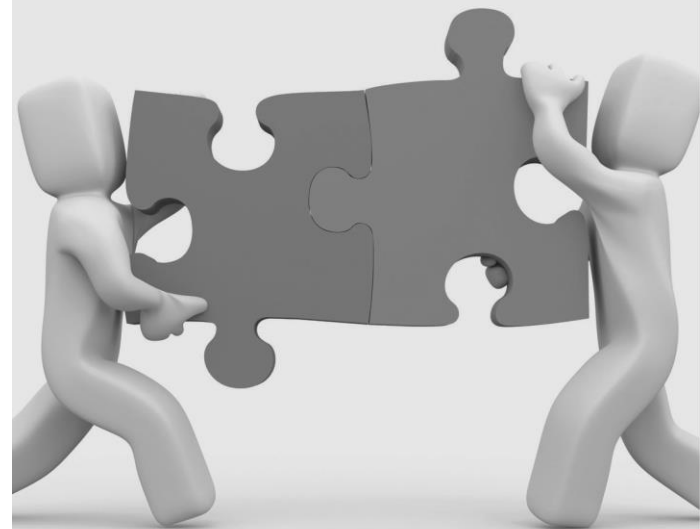
Industry Recognition



- 2015 **Winner** "Best Safety Performance" – Awilco Drilling
- 2015 **Chairman's Award** for "Best Semi in North Sea"
- 2016 **Chairman's Award** for "Best Semi in North Sea" Runner Up – WilHunter
- 2017 **Winner** - Safety Award – Awilco Drilling Floating Rigs under 500,000 man-hours

FOCUS ON BUILDING THE NEW AWILCO DRILLING

- Preparing to appoint senior positions based on individuals with whom we have previously worked on successful projects
- Marketing activities towards NCS oil companies
- Building an Awilco Drilling organisation in Norway

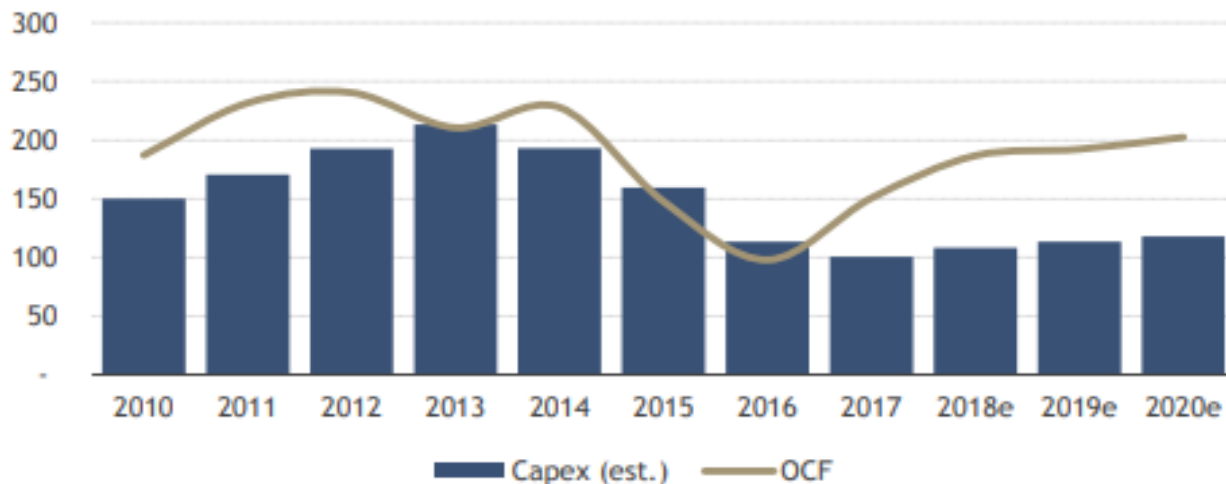


2. MARKET OUTLOOK



WHAT ARE THE OIL COMPANIES DOING WITH ALL THEIR FREE CASH?

Capacity to spend is growing



Source: Arctic Securities Research, Bloomberg



DON'T LISTEN TO WHAT OIL COMPANIES ARE SAYING, LOOK AT WHAT THEY ARE DOING

MC sales as a leading indicator*, 2008 - 2017



EVIDENT INCREASE IN NORTH SEA ACTIVITY

Early signs of North Sea market recovery from increasing number of tenders and PDOs¹

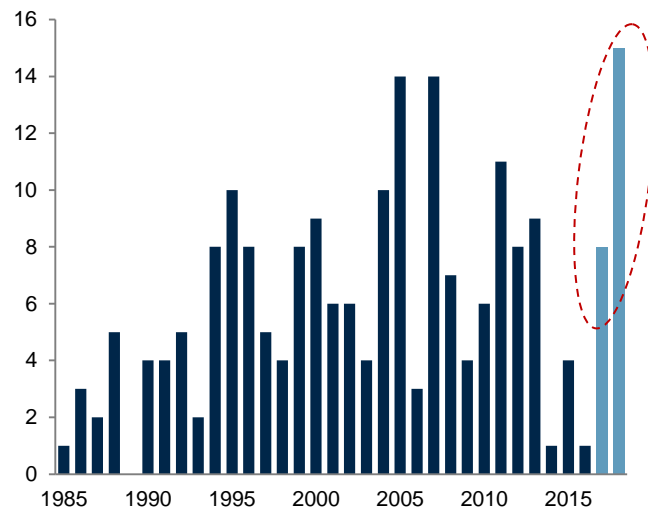
North Sea tendering activity

North Sea floaters: Tenders & pre-tenders (rig-years)



Norwegian # of PDOs

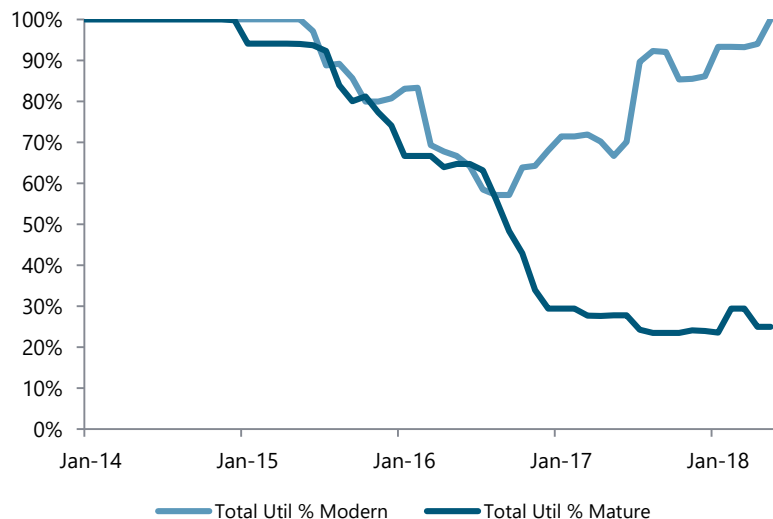
of PDOs approved in Norway



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

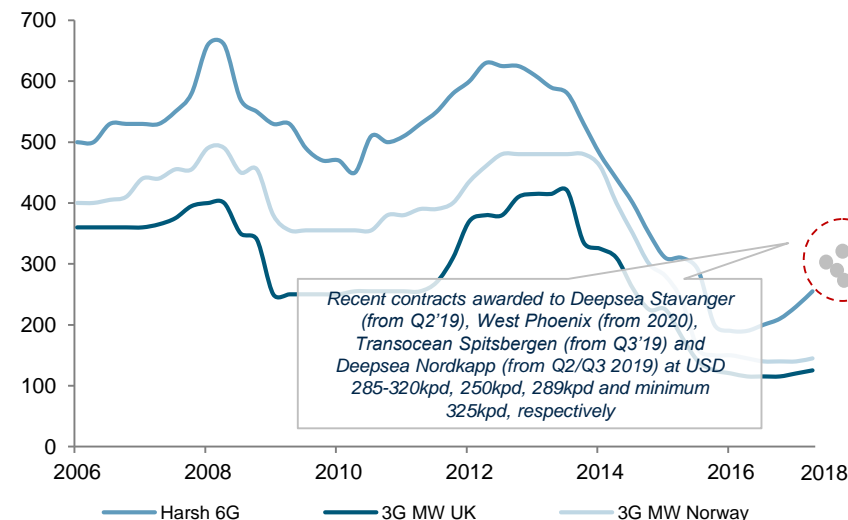
Rig utilisation – modern vs. old rigs (Norway)

Rig utilisation (%)

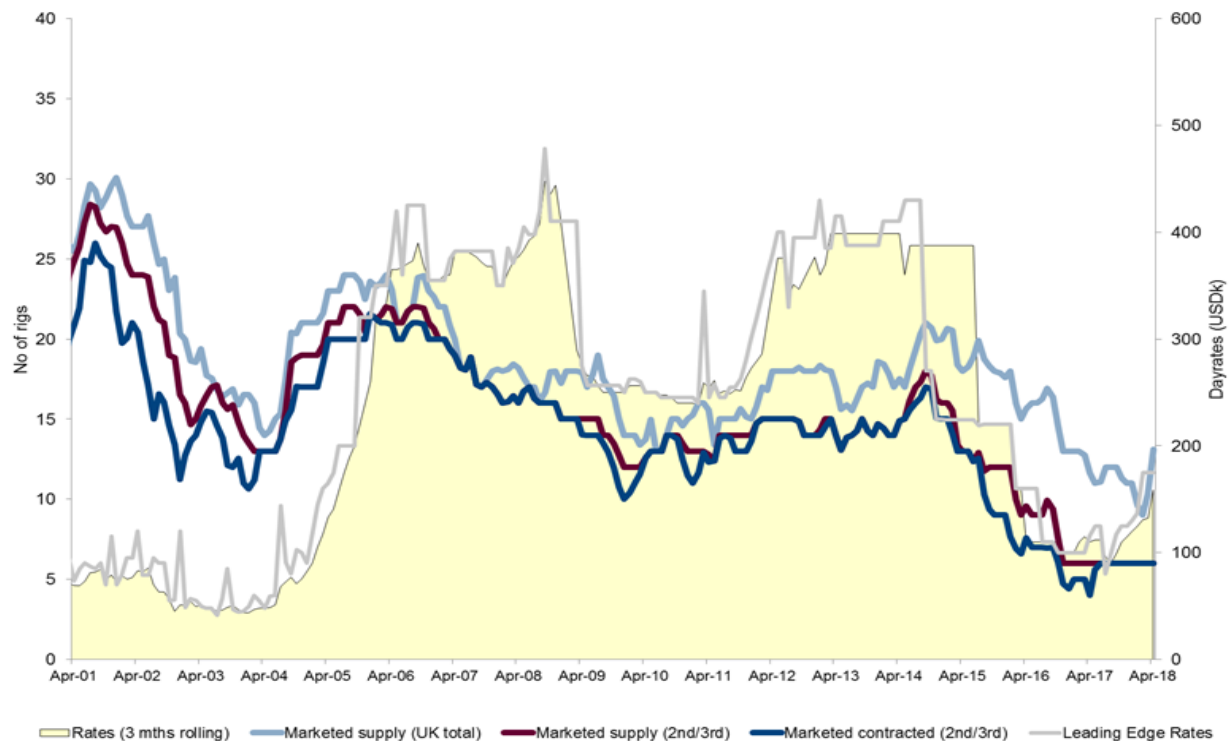


Dayrates – 6G vs. 3G rigs

Dayrates (USD 000')



INCREASED ACTIVITY ALSO IN THE UK MARKET



INCREASING SIGNS OF MARKET IMPROVEMENT BOTH IN THE UK AND IN NORWAY

- Global rig supply has reduced through continued attrition, further helping to rebalance the market
- The overall rig demand outlook continues to improve
- 2019 demand higher than 2018 but seasonality expected to continue
- The financial markets continue to support the funding of new asset acquisitions

4. 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
- Continued good operational performance
- WilPhoenix has long term contract with Shell
- The market is improving
- Evaluating further growth opportunities on a case-by-case basis



Q&A



AWILCO DRILLING