



**FOURTH QUARTER 2020
PRELIMINARY FULL YEAR 2020 RESULTS**

Awilco Drilling PLC is a North Sea Drilling Contractor owning and operating two refurbished and enhanced UK compliant 3rd generation mid-water semi-submersible drilling rigs. The Company has one remaining option for a new build rig of Moss CS60 ECO MW design equipped for drilling in harsh environments, including the Barents Sea. The Company is listed at the Oslo Stock Exchange under the ticker code AWDR.

Q4 Report – Highlights

- Awilco Drilling PLC reports contract revenue of USD 8.6 million (USD 10.6 million Q3), Adjusted EBITDA of USD 2.6 million loss (USD 1.7 million positive in Q3) and a net loss of USD 141.1 million, (USD 1.0 million loss in Q3). Net loss includes de-recognition of assets totaling USD 110.8 million and impairments of USD 25 million.
- Revenue efficiency was 54.1% during the quarter (100% in Q3)
- Operational uptime was 65.5% during the quarter (100% in Q3)
- Contract backlog at the end of Q4 was approximately USD 15.0 million (USD 15.2 million Q3)

Key financial figures:

In USD million, except EPS

USD million	Q4 2020	Q3 2020	2020	2019
Contract revenue	8.6	10.6	25.6	38.1
Operating expenses	6.1	5.9	21.6	24.8
EBITDA	(2.6)	1.7	(9.8)	4.2
Net loss	(141.1)	(1.0)	(156.1)	(30.6)
EPS	(2.59)	(0.02)	(2.86)	(0.57)
Total assets	102.0	241.9	102.0	259.0
Total equity	94.9	236.0	94.9	251.0

Financial Results – Quarter 4, 2020

Comprehensive Income Statement

Awilco Drilling ('the Company') reports total comprehensive loss for the fourth quarter 2020 of USD 141.1 million.

Revenue earned in the fourth quarter was USD 8.6 million.

In the fourth quarter Awilco Drilling had rig operating expenses of USD 6.1 million. General and administration expenses were USD 5.0 million. This includes USD 1.0 million in relation to staff reductions in the Stavanger office.

In the fourth quarter, Awilco Drilling made an impairment charge of USD 25 million, due to the continued cold stack status of the WilHunter and lack of visibility of future contracting opportunities for the WilPhoenix.

Also in the fourth quarter, following the termination of the Nordic Winter and Nordic Spring contracts, Awilco Drilling derecognised a total of USD 110.8 million. This is made up of USD 97.7 million for amounts deemed recoverable from Keppel FELS and a further USD 13.1 million in respect of derecognition of other new build project related costs.

Adjusted EBITDA for the fourth quarter was USD 2.6 million loss while the operating loss was USD 141.0 million.

Loss before tax was USD 141.0 million. The tax expense for the quarter was USD 0.1 million resulting in a net loss of USD 141.1 million. Earnings/(loss) per share (EPS) for the fourth quarter were USD (2.59).

Statement on financial position

As of 31 December 2020, total assets amounted to USD 102.0 million. At the same date, Awilco Drilling had USD 14.7 million in cash and cash equivalents.

Financial Results – Full Year 2020

Awilco Drilling reports a total comprehensive loss for 2020 of USD 156.1 million. Total full year revenues were USD 25.6 million. Rig operating expenses were USD 21.6 million and general and administration expenses were USD 13.7 million. Adjusted EBITDA for the year was USD 9.8 million loss, while the operating loss was USD 156.2 million. Loss before tax was 155.9 million. The tax charge for the year was 0.2 million. The resulting net loss was USD 156.1 million. Earnings/(loss) per share (EPS) for the year were (2.86).

Operations and Contract Status

WilPhoenix

In Q4 2020 the WilPhoenix was in continued operation for Serica at the Rhum location where it remained until after the end of the quarter.

Revenue efficiency was 54.1% and contract utilisation was 100%. Revenue efficiency was lower due to repair time and reduced waiting on weather rate during the quarter.

At the end of December, WilPhoenix had a total remaining contract backlog of approximately USD 15.0 million.

WilHunter

During Q4 2020 the WilHunter was cold stacked in Invergordon.

New Build Status

In June 2020, the Company's subsidiary Awilco Rig 1 Pte. Ltd. (AR1) terminated the construction contract for new build Rig 1 (Nordic Winter) and claimed a refund of instalments paid to Keppel FELS ("KFELS") of USD 54.7 million plus accrued interest. AR1 and KFELS are in the process of arbitration to resolve the matter.

Following a letter sent from Awilco Rig 2 Pte. Ltd. (AR2) in November raising concerns about the status of the project, KFELS sent a notice purporting to terminate the vessel construction contract early December. AR2 vigorously denied the allegations by KFELS in the notice and disputes the validity of the Notice. KFELS has also served AR2 with a notice of arbitration.

Late December, AR2 notified KFELS that it had exercised its contractual termination right under the newbuilding contract between KFELS and AR2 for the construction of the semi-submersible drilling rig, Nordic Spring, as a result of breaches under the vessel construction contract. At the same time, AR2 also exercised its contractual rights under the contract and gave KFELS notice of termination as a result of Force Majeure.

The vessel construction contract for Nordic Spring provides that on termination AR2 will be entitled to a refund of the instalments paid to KFELS of USD 43.0 million plus accrued interest.

Funding Requirements

The Company has a cash balance at the end of the fourth quarter of USD 14.7 million.

Following the termination of the shipbuilding contract for New Build Rig 2 (Nordic Spring), there are no longer any future funding requirements in respect of the new build program. Additional funding may be required to support the ongoing arbitration process, SPS for the WilPhoenix and other working capital requirements.

Capital Requirements and Dividend

Dividend payments have been suspended in recent years due to the New Build programme but will resume when the Company again reaches an appropriate free cash flow situation.

Organisation

At the end of Q4 2020, Awilco Drilling's Aberdeen based employees numbered 19. Awilco Drilling Pte. Ltd. personnel numbered 101 offshore plus 1 onshore. Awilco Drilling's Norway based employees numbered 11 but will be reduced to nil in Q1 2021 following closure of the Stavanger office. The Awilhelmsen Group continues to supply some support personnel via a management agreement.

Market Outlook

Conventional UK drilling rig demand in 2021 remains somewhat limited but the ongoing attrition of previously marketed units is clearly supportive for the overall supply/demand balance. UK Plug & Abandonment demand continues to mature and rig contract awards for 2021 and 2022 commencement are anticipated in Q1 and Q2 of 2021. The longer-term UK Plug & Abandonment market continues to firm up as operators clarify the timing of future rig demand from 2022, 2023 and beyond.

Contingent Liability

As reported in our last five quarterly financial reports, Awilco Drilling's subsidiary, WilHunter (UK) Ltd, has been in regular contact with HMRC over the classification of an element of income booked in 2015. This company has maintained its position that the income was such that accumulated losses could be utilised against it, resulting in a reduction in its tax liability for the year. HMRC have disagreed with this position and issued a notice of amendment indicating additional tax and interest due of about GBP 7.7 million. WilHunter (UK) Ltd is of the opinion that HMRC are incorrect in their assessment of the facts and an appeal has been submitted with further action to be taken as necessary. This is considered as a contingent liability only and no provision has been made.

Contingent Asset

Following the termination of Nordic Winter and Nordic Spring, and the derecognition of the amount recoverable from KFELS in respect of deposit and variation order payments, a total amount of USD 97.7 million is considered to be recoverable by the Company and is therefore classified as a contingent asset.

Statement of Responsibility

We confirm that, to the best of our knowledge, the condensed set of financial statements for the fourth quarter of 2020, which has been prepared in accordance with IAS 34 Interim Financial Statements, gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Subsequent Events

During January, Jens Berge, Chief Executive Officer decided to leave the Company with effect from 1 February 2021 to pursue other opportunities. Eric Jacobs, General Counsel in the Awilhelmsen Group, will act as interim Chief Executive Officer until the Board of Directors appoints a permanent replacement.

Aberdeen, 9 February 2021

The Board of Directors of Awilco Drilling PLC

Interim CEO:

Eric Jacobs

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Investor Relations:

Cathrine Haavind

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Company background

Awilco Drilling was incorporated in December 2009. Awilco Drilling owns two semi submersible drilling rigs; WilPhoenix built in 1982 and upgraded in 2011 and WilHunter built in 1983 and upgraded in 1999 and 2011. The Company has one remaining option for a new build rig of Moss CS60 ECO MW design equipped for drilling in harsh environments, including the Barents Sea.

Awilco Drilling was listed on the Oslo Stock Exchange (Oslo Axess) in June 2011 under ticker code AWDR and transferred to the Oslo Stock Exchange main list early September 2018. Awilco Drilling's headquarters are located in Aberdeen, UK.

The total number of outstanding shares of Awilco Drilling at the date of this report is 54,581,500 .

www.awilcodrilling.com

Forward Looking Statements

This Operating and Financial Review contains certain forward-looking statements that involve risks and uncertainties. Forward-looking statements are sometimes, but not always, identified by such phrases as “will”, “expects”, “is expected to”, “should”, “may”, “is likely to”, “intends” and “believes”. These forward-looking statements reflect current views with respect to future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. These statements are based on various assumptions, many of which are based, in turn, upon further assumptions, including Awilco Drilling’s examination of historical operating trends. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including the competitive nature of the offshore drilling industry, oil and gas prices, technological developments, government regulations, changes in economical conditions or political events, inability of the Company to obtain financing on favourable terms, changes of the spending plan of our customers, changes in the Company’s operating expenses including crew wages, insurance, dry-docking, repairs and maintenance, failure of shipyards to comply with delivery schedules on a timely basis and other important factors mentioned from time to time in our report.

Condensed statement of comprehensive income

in USD thousands, except earnings per share

	Q4 2020	Full Year	Q4 2019	Full Year
	(unaudited)	2020	(unaudited)	2019
		(unaudited)		(audited)
Contract revenue	8,264	25,293	8,097	37,004
Reimbursables	254	257	4	(8)
Other revenue	48	52	219	1,140
	<u>8,566</u>	<u>25,602</u>	<u>8,320</u>	<u>38,136</u>
Rig operating expenses	6,128	21,644	6,061	24,765
Reimbursables	23	38	3	14
General and administrative expenses	5,028	13,736	2,801	9,153
Depreciation	2,518	10,072	3,257	11,586
Impairment	25,000	25,000	23,000	23,000
De-recognition of assets	110,839	111,280	-	-
	<u>149,536</u>	<u>181,771</u>	<u>35,122</u>	<u>68,518</u>
Operating loss	<u>(140,970)</u>	<u>(156,169)</u>	<u>(26,802)</u>	<u>(30,382)</u>
Interest income	0	386	273	949
Interest expense	(7)	(28)	(14)	(14)
Other financial items	(67)	(132)	(303)	(717)
Net financial items	<u>(73)</u>	<u>226</u>	<u>(44)</u>	<u>218</u>
Loss before tax	<u>(141,044)</u>	<u>(155,943)</u>	<u>(26,846)</u>	<u>(30,164)</u>
Tax expense	<u>(67)</u>	<u>(161)</u>	<u>(147)</u>	<u>(427)</u>
Net loss	<u>(141,111)</u>	<u>(156,104)</u>	<u>(26,993)</u>	<u>(30,592)</u>
Total comprehensive loss	<u>(141,111)</u>	<u>(156,104)</u>	<u>(26,993)</u>	<u>(30,592)</u>
Attributable to shareholders of the parent	(141,111)	(156,104)	(26,993)	(30,592)
Basic and diluted loss per share	(2.59)	(2.86)	(0.49)	(0.57)

Condensed statement of financial position

in USD thousands

	<u>31.12.2020</u> (unaudited)	<u>31.12.2019</u> (audited)
Rigs, machinery and equipment	76,795	201,918
Right-of-use asset	1,096	1,417
Deferred tax asset	16	108
	<u>77,907</u>	<u>203,443</u>
Trade and other receivables	3,523	8,908
Prepayments and accrued revenue	2,800	502
Inventory	3,026	4,946
Cash and cash equivalents	14,738	41,249
	<u>24,087</u>	<u>55,605</u>
Total assets	<u><u>101,994</u></u>	<u><u>259,048</u></u>
Paid in capital	218,905	218,905
Retained earnings	(124,023)	32,080
	<u>94,882</u>	<u>250,985</u>
Trade and other creditors	2,231	1,284
Accruals and provisions	4,815	6,708
Current tax payable	66	71
	<u>7,112</u>	<u>8,063</u>
Total equity and liabilities	<u>101,994</u>	<u>259,048</u>

**Condensed statement of changes in equity for the period from
1st January 2019 to 31 December 2020**

in USD thousands

	Paid-in-equity	Other equity (retained earnings)	Total equity
Equity at 1 January 2019	198,718	62,671	261,389
Equity issue at 13 March 2019	20,595		20,595
Equity issue costs at 13 March 2019	(408)		(408)
Total comprehensive loss to 31 December 2019	-	(30,591)	(30,591)
Balance as at 31 December 2019	218,905	32,080	250,985
Total comprehensive loss to 31 December 2020	-	(156,103)	(156,103)
Balance as at 31 December 2020	218,905	(124,023)	94,882

Condensed statement of cash flow for the period

	Full Year 2020 (unaudited)	Full Year 2019 (audited)
Cash flow from operating activities		
Loss before tax	(155,943)	(30,164)
Depreciation	10,072	11,586
Derecognition of property, plant and equipment	111,280	-
Impairment	25,000	23,000
Interest cost	(358)	(934)
Sharebased payment	(532)	(1,655)
(Increase)/Decrease in trade and other receivables	5,369	4,020
Decrease/(Increase) in stock	299	(138)
(Increase)/Decrease in prepayments and accrued revenue	(1,985)	1,421
(Decrease)/Increase in trade and other payables	(371)	363
Interest paid	(28)	(14)
Interest received	386	949
Taxation paid/received	(74)	270
Net cash flow from operating activities	(6,884)	8,704
Cash flow from investing activities		
Purchase of property, plant and equipment	(19,287)	(51,160)
Net cash flow from investing activities	(19,287)	(51,160)
Cash flow from financing activities		
Proceeds from issue of share capital	-	20,595
Equity issue costs	-	(408)
Payment of principal portion of lease liabilities	(340)	(346)
Net cash flow from financing activities	(340)	19,841
Net increase/(decrease) in cash and cash equivalents	(26,511)	(22,616)
Cash and cash equivalents at beginning of the period	41,249	63,865
Cash and cash equivalents at the end of the period	14,738	41,249

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of preparation

These unaudited interim condensed financial statements have been prepared in accordance with IAS 34 “Interim financial reporting”.

Significant accounting policies

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual audited financial statements for the year ended December 31, 2019. This interim report should be read in conjunction with the audited 2019 financial statements, which include a full description of the Group’s significant accounting policies.

Notes

Note 1 - Rigs, machinery and equipment

in USD thousands

	Semi submersible drilling rigs/SPS	Assets Under Construction	Other fixtures and equipment	Total
<u>Cost</u>				
Opening balance 1 January 2020	307,337	92,608	2,024	401,969
Additions	623	18,672	-	19,295
Disposal	-	0	(9)	(9)
Derecognition	-	(111,280)	-	(111,280)
Closing balance	307,960	-	2,015	309,975
<u>Depreciation</u>				
Opening balance 1 January 2020	(198,588)	-	(1,464)	(200,052)
Depreciation charge	(9,683)	-	(68)	(9,751)
Impairment	(23,379)	-	-	(23,379)
Accumulated depreciation per ending balance	(231,650)	-	(1,532)	(233,182)
Net carrying amount at end of period	76,311	0	483	76,794
Expected useful life	5-20 years		3-10 years	
Depreciation rates	5% - 20%		10% - 33%	
Depreciation method	Straight line		Straight line	
Residual value per rig is USD 15 million.				

Note 2 - Related party transactions

in USD thousands

Transactions with Awilhelmsen are specified as follows:

	YTD Q4 2020
Purchases	(947)
Payables	(236)

Note 3 - Segment information

The company owns the semi submersible rigs WilHunter and WilPhoenix. Currently, the company is only operating in the mid water segment in the UK sector of the North Sea. The potential market for the rigs will be the international drilling market. As the rigs are managed as one business segment, the Company has only one reportable segment.

Note 4 - Corporation taxes

Corporation tax provision is based on the tax laws and rates in the countries the rigs are operated and where the rigs are owned. During Q4 the average tax rates have been applied consistent with the prevailing average tax rate for the year.

Note 5 - Capital commitments

Outstanding Capital Commitments as at the end of Quarter 4 were USD 0.1 million.

Note 6 - Share capital

As of 31 December 2020 total outstanding shares in the Company was 54,581,500 with a nominal value per share of GBP 0.0065. The share capital and share premium reserve below are expressed in USD at the exchange rate at time of conversion from USD to GBP.

	Shares	Par value per share	Share capital	Share premium reserve
Share capital per 31 December 2020	54,581,500	£0.0065	524,699	218,380,597
Basic/diluted average number of shares, 1 October - 31 December	54,581,500			
Basic/diluted average number of shares, YTD	54,581,500			

Ranking	Shares	Ownership
AWILHELMSSEN OFFSHORE AS	20,240,814	37.1%
PERSHING LLC	10,875,114	19.9%
AKASTOR AS	3,049,673	5.6%
Euroclear Bank S.A./N.V.	2,140,309	3.9%
Citibank, N.A.	2,085,061	3.8%
SEB PRIME SOLUTIONS SISSENER CANOP	2,000,000	3.7%
State Street Bank and Trust Comp	1,327,994	2.4%
Northern Trust Global Services SE	849,319	1.6%
Avanza Bank AB	805,224	1.5%
Bank of America, N.A.	745,694	1.4%
Nordnet Bank AB	610,382	1.1%
TVENGE	500,000	0.9%
CLEARSTREAM BANKING S.A.	485,778	0.9%
Merrill Lynch Prof. Clearing Corp.	453,091	0.8%
Citibank, N.A.	388,073	0.7%
State Street Bank and Trust Comp	305,572	0.6%
Danske Bank A/S	265,282	0.5%
VJ INVEST AS	244,667	0.4%
Swedbank AS	211,591	0.4%
DZ PRIVATBANK S.A.	209,272	0.4%
Other	6,788,590	12.4%
	<u>54,581,500</u>	<u>100.00%</u>

Note 7 - Subsequent events

During January, Jens Berge, Chief Executive Officer decided to leave the Company with effect from 1 February 2021 to pursue other opportunities. Eric Jacobs, General Counsel in the Awilhelmsen Group, will act as interim Chief Executive Officer until the Board of Directors appoints a permanent replacement.