

# Q3 2017 PRESENTATION

Oslo, 16th of November 2017

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# **AGENDA**

- 1. Highlights
- 2. Q3 2017 Financial Results
- 3. Operational Update
- 4. Market Outlook
- 5. Summary
- 6. *Q&A*





# **HIGHLIGHTS**

- · Announcement of USD 0.20 dividend
- Total Q3 Revenue USD 32.4 million; EBITDA of USD 20.9 million, net profit of USD 14.2 million
- Q3 Opex average for WilPhoenix approx. USD 85,800 per day
- Total contract backlog at end of Q3 2017 was USD 76 million, plus USD 126 million of LOA backlog





# Q3 2017 INCOME STATEMENT

Basic and diluted earnings per share

Condensed statement of comprehensive income in USD thousands, except earnings per share YTD YTD Q3 2017 30.09.17 30.09.16 Q3 2016 (unaudited) (unaudited) (unaudited) (unaudited) 35 324 Contract revenue 32 082 96 878 59 759 Reimbursables 331 963 356 406 21 10 Other revenue 32 422 97 862 35 680 60 175 Rig operating expenses 8 089 20 529 8 131 29 435 Reimbursables 220 113 113 92 General and administrative expenses 6 529 3 347 6 844 2 149 3 961 11 850 Depreciation 11 723 3 485 15 489 39 316 13 878 47 927 Operating profit/(loss) 16 933 58 546 21 802 12 248 Interest income 85 183 143 610 (1800) $(5\ 304)$ (1947)(5.853)Interest expense (1 354) Other financial items (186)(191)(654)Net financial items (1 901) (6 597) (5312)(2458)Profit/(loss) before tax 15 032 53 234 19 344 5 651 Tax (expense)/benefit (809)(8 140)(1.481)459 Net profit/(loss) 14 223 45 094 17 863 6 110 Total comprehensive income/(loss) 14 223 45 094 17 863 6 110 Attributable to shareholders of the parent 14 223 17 863 45 094 6 110

0,47

1,50

0,59

0,20



# Q3 2017 BALANCE SHEET

### Condensed statement of financial position

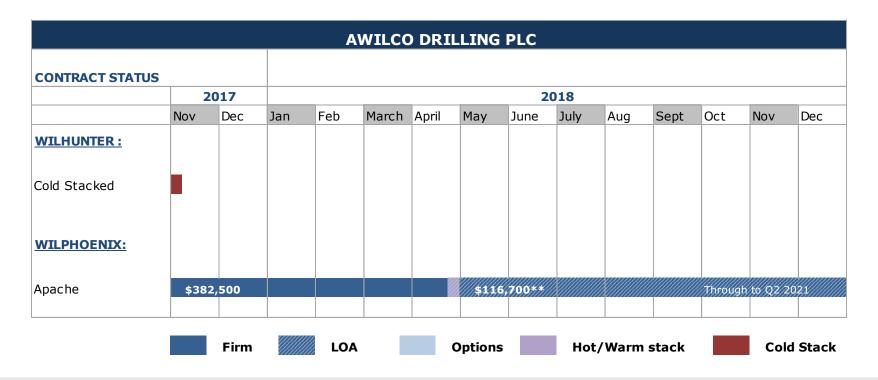
in USD thousands

in USD thousands		
	30.09.2017	31.12.2016
	(unaudited)	(audited)
Rigs, machinery and equipment	227,700	238,868
Deferred tax asset	726	3,058
	228,426	241,926
Trade and other receivables	6,119	17,269
Prepayments and accrued revenue	13,560	7,213
Inventory	4,809	4,844
Cash and cash equivalents	115,683	70,070
Current tax	227	22,079
	140,398	121,475
Total assets	368,824	363,401
Paid in capital	130,142	130,142
Retained earnings	124,001	96,926
	254,143	227,068
Deferred tax liability	2,821	1,129
Long-term interest-bearing debt	85,000	90,000
	87,821	91,129
Current portion of long-term debt	10,000	10,000
Trade and other creditors	1,398	573
Accruals and provisions	12,211	10,708
Current tax payable	3,251	23,923
	26,860	45,204
Total equity and liabilities	368,824	363,401



# 3. OPERATIONAL UPDATE

# CURRENT FIRM CONTRACT BACKLOG USD 60 MILLION\* AND LOA BACKLOG OF USD 126 MILLION



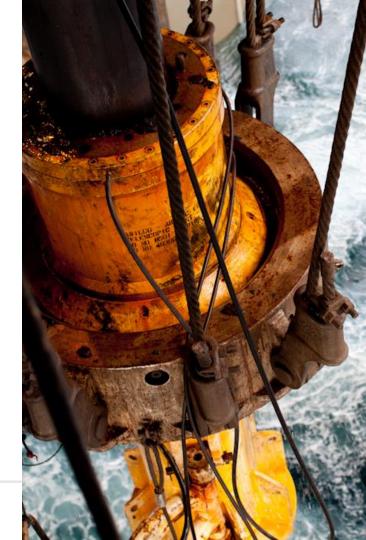


<sup>\*\*</sup> Average minimum dayrate for the LOA



# **OPERATIONAL UPDATE**

- · Operational uptime in Q3 was 89.1%
  - · Downtime on BOP
  - · Repair and inspection time resulting in lost revenue
- · Positive customer feedback during the quarter
- · Continued excellent HSE performance
- · Contract negotiations with Alpha Petroleum ongoing



## **DIVIDEND DISTRIBUTION**

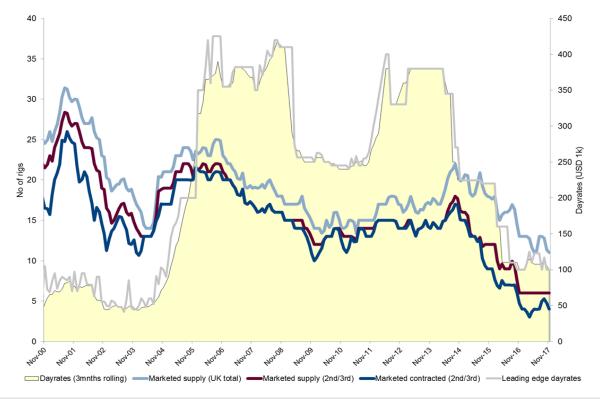
- · Announcement of dividend payable of USD 0.20 per share
- · Dividend payable on or around 15 December 2017
- · Shares will trade ex-dividend on 21st of November 2017, the record date will be 22nd of November
- The Company's dividend policy remains unchanged:

"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."



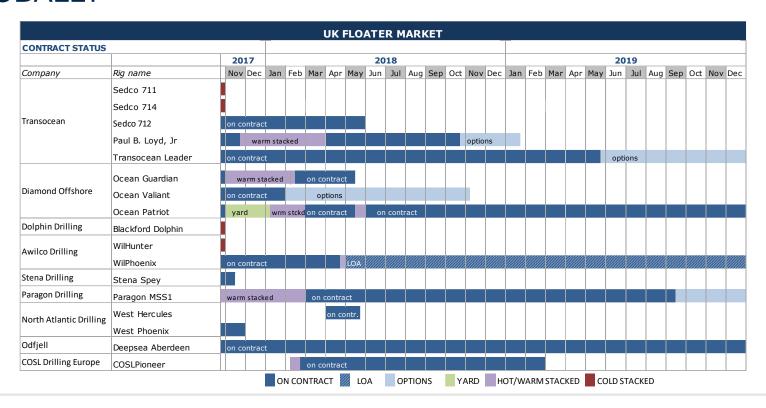
# 4. MARKET OUTLOOK

# DAYRATES IN THE UK MARKET CONTINUE TO BE VERY LOW





# FURTHER SEMI-SUB ATTRITION SEEN IN THE UK AND GLOBALLY





# **ENCOURAGING SIGNS OF MARKET IMPROVEMENT**

- · Seasonal demand expected to prevail into 2019, although some term has also appeared
- · Dayrates continue to be at challenging levels
- · Drilling program interest from Operators of all sizes
- · Decommissioning demand firming up from 2018/2019
- · Continued attrition will help rebalance the market
- · M&A activity has been seen in the market





## **SUMMARY**

- · Announcement of dividend payable of USD 0.20
- · Current firm contract backlog of USD 60 million, USD 126 million of LOA backlog
- · Encouraging signs of market improvement although not yet translated into higher dayrates
- · Evaluating growth opportunities on a case-by-case basis
  - · Awilco Drilling's fundamentals are good



Q&A

AWILCO DRILLING