



AWILCO DRILLING

Q1 2018 PRESENTATION

Oslo, 9th of May 2018

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AGENDA

- 1. Highlights*
- 2. Q1 2018 Financial Results*
- 3. Operational Update*
- 4. Market Outlook*
- 5. Summary*
- 6. Q&A*



1. HIGHLIGHTS



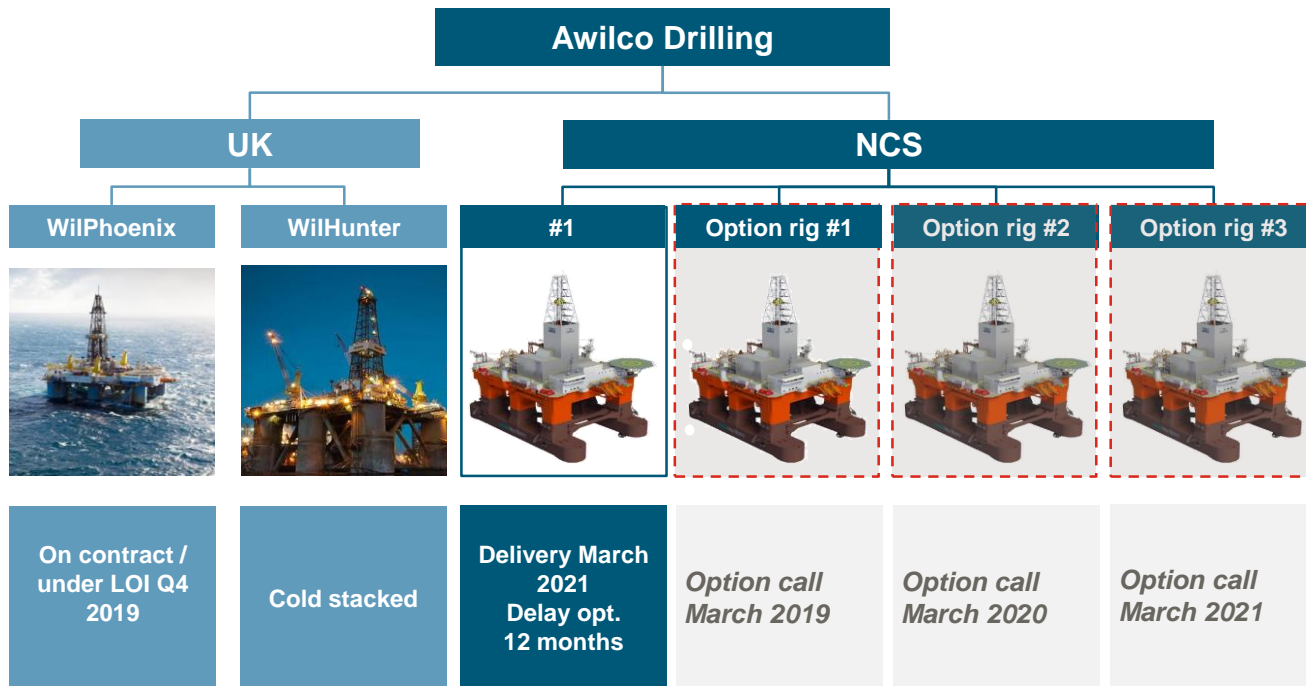


HIGHLIGHTS FROM Q1 2018

- Private placement of USD 65 million with significant over-subscription
- Signed contract with KeppelFELS for the building of one new CS60 ECO MW rig equipped for harsh environment drilling with independent options to build up to three additional rigs
- Announcement of USD 0.20 dividend
- Total Q1 Revenue USD 34.1 million; EBITDA of USD 24.0 million, Net Profit of USD 19.1 million
- Q1 Opex average for WilPhoenix approx. USD 77 600 per day

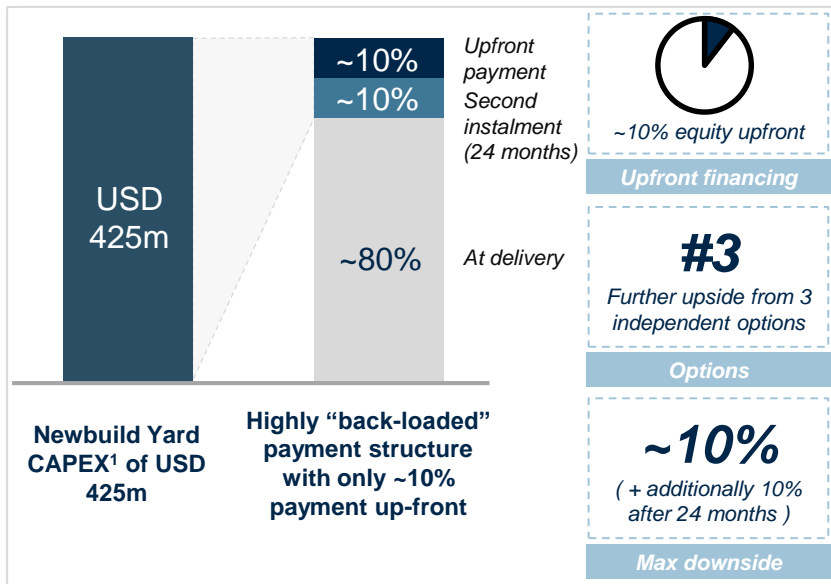


TRANSFORMING THE COMPANY THROUGH A NEWBUILDING PROGRAMME



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

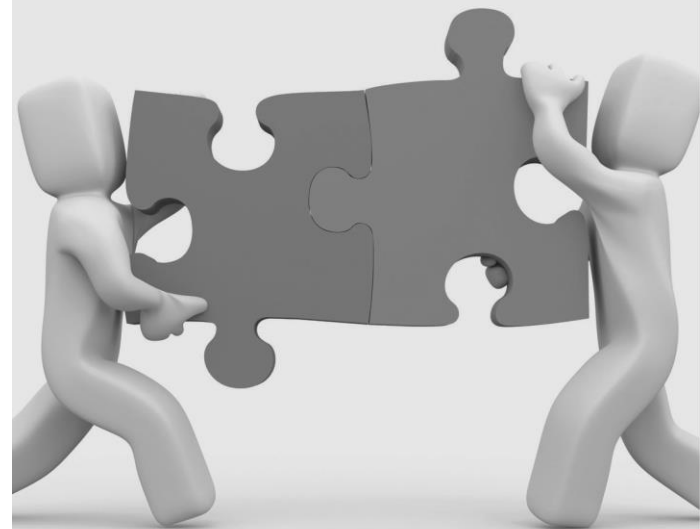
MOSS CS60 ECO MW REPRESENTS A GAME CHANGER IN DRILLING DESIGN, TECHNOLOGY & PERFORMANCE

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

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. Q1 2018 FINANCIAL RESULTS



Q1 2018 INCOME STATEMENT

Condensed statement of comprehensive income

in USD thousands, except earnings per share

	Q1 2018 (unaudited)	Q1 2017 (unaudited)
Contract revenue	33,759	31,647
Reimbursables	343	296
Other revenue	1	6
	<u>34,103</u>	<u>31,949</u>
Rig operating expenses	7,223	6,122
Reimbursables	141	42
General and administrative expenses	2,782	1,013
Depreciation	<u>3,402</u>	<u>3,848</u>
	<u>13,548</u>	<u>11,025</u>
Operating profit	<u>20,555</u>	<u>20,924</u>
Interest income	550	32
Interest expense	(1,642)	(1,817)
Other financial items	358	185
Net financial items	<u>(734)</u>	<u>(1,600)</u>
Profit before tax	19,821	19,324
Tax expense	<u>(706)</u>	<u>(3,523)</u>
Net profit	<u>19,115</u>	<u>15,801</u>
Total comprehensive income	<u>19,115</u>	<u>15,801</u>
Attributable to shareholders of the parent	19,115	15,801
Basic and diluted earnings per share	0.62	0.53



Q1 2018 BALANCE SHEET

Condensed statement of financial position

in USD thousands

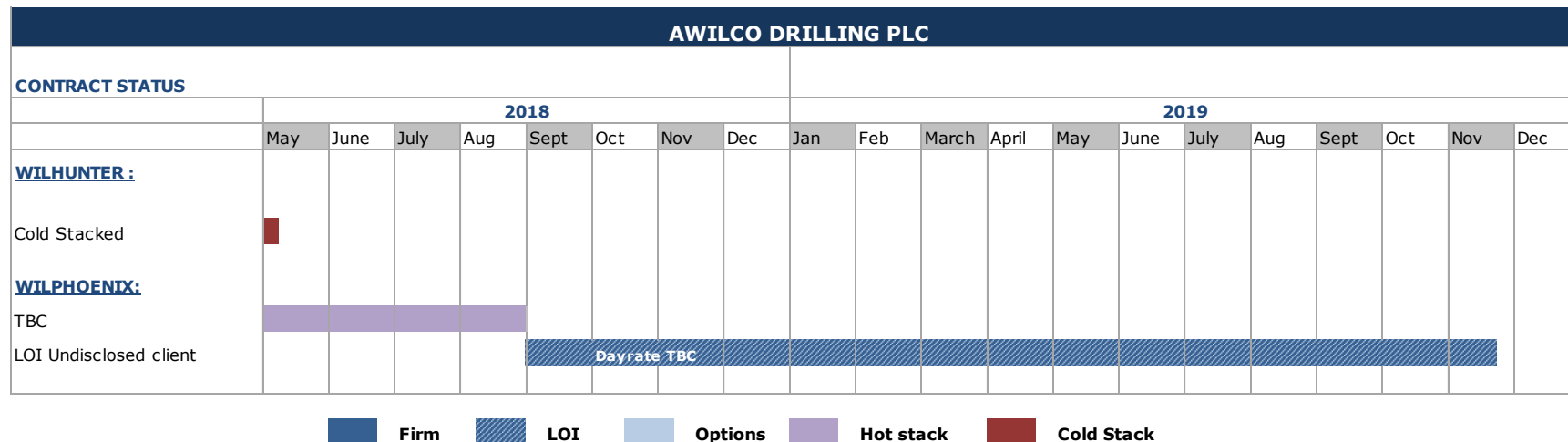
	31.03.2018 (unaudited)	31.12.2017 (audited)
Rigs, machinery and equipment	217,935	178,808
Deferred tax asset	1,483	1,372
	<u>219,418</u>	<u>180,180</u>
Trade and other receivables	73,837	17,168
Prepayments and accrued revenue	13,173	6,905
Inventory	4,809	4,809
Cash and cash equivalents	92,472	119,286
Current tax	5,903	3,551
	<u>190,194</u>	<u>151,719</u>
Total assets	<u>409,612</u>	<u>331,899</u>
Paid in capital	194,060	130,142
Retained earnings	114,177	101,068
	<u>308,237</u>	<u>231,210</u>
Long-term interest-bearing debt	80,000	80,000
	<u>80,000</u>	<u>80,000</u>
Current portion of long-term debt	10,000	10,000
Trade and other creditors	926	1,170
Accruals and provisions	10,449	9,519
	<u>21,375</u>	<u>20,689</u>
Total equity and liabilities	<u>409,612</u>	<u>331,899</u>



3. OPERATIONAL UPDATE

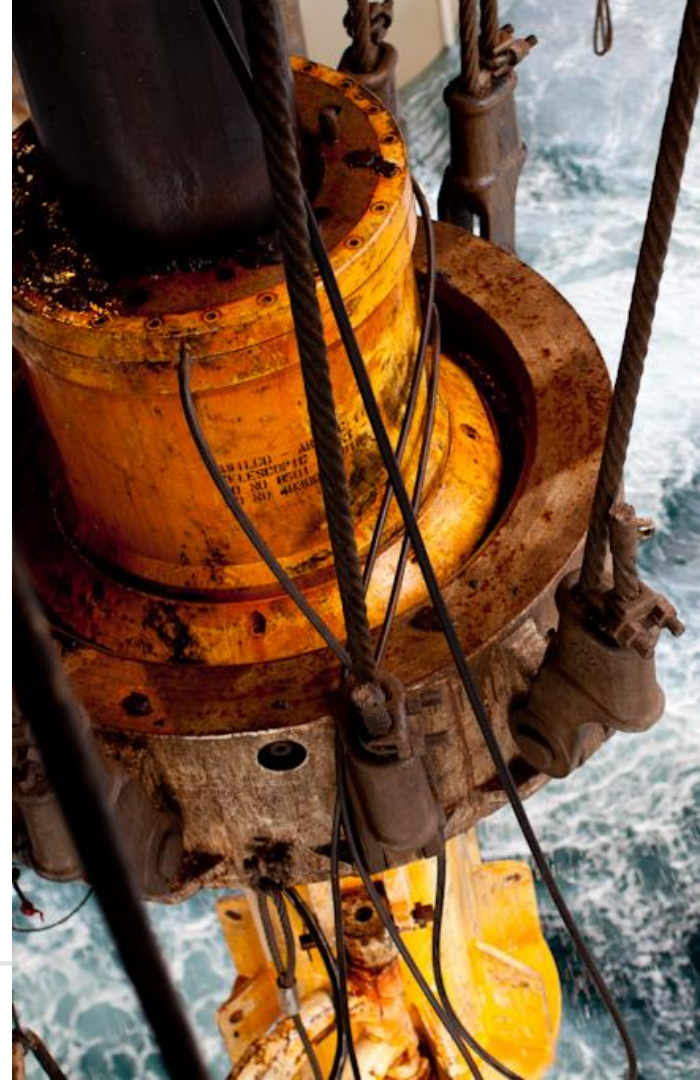


WILPHOENIX COMMITTED UNTIL AT LEAST NOVEMBER 2019



OPERATIONAL UPDATE

- Operational uptime in Q1 was 99.5%
- Continued positive customer feedback
- Received Chairman's award for 2017 for safety performance (floating rigs) and OPITO accreditation for Competence Management System
- Contract negotiations with undisclosed LOI client close to completion for start-up around 1st of September
- WilPhoenix being marketed for summer work programmes



DIVIDEND DISTRIBUTION

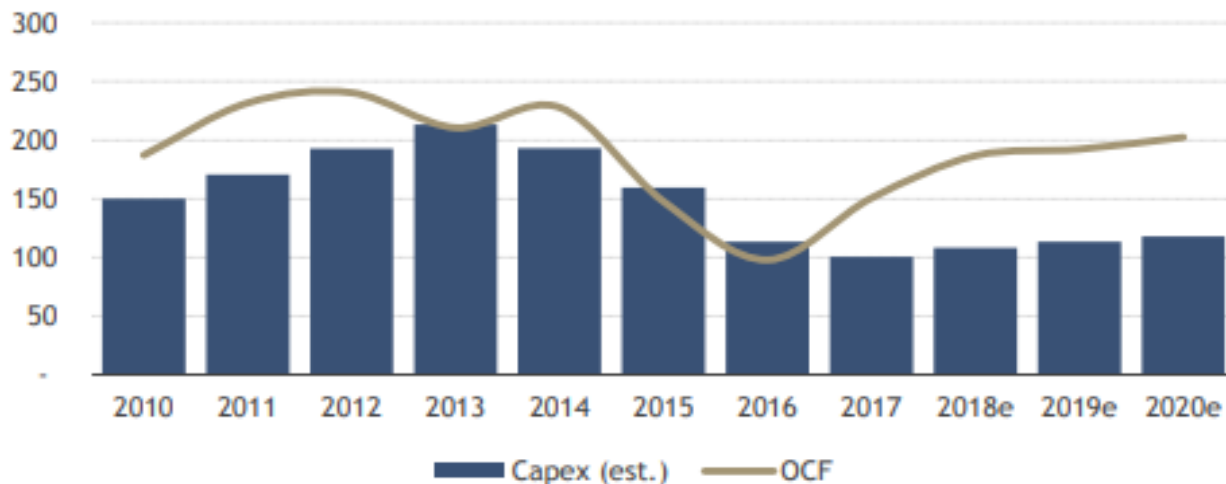
- Announcement of dividend payable of USD 0.20 per share
- Dividend payable on or around 22 June 2018
- Shares will trade ex-dividend on 22nd of May 2018, the record date will be 23rd of May
- In view of the Company's new building programme, the Board intends to review the future dividend policy.

4. 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

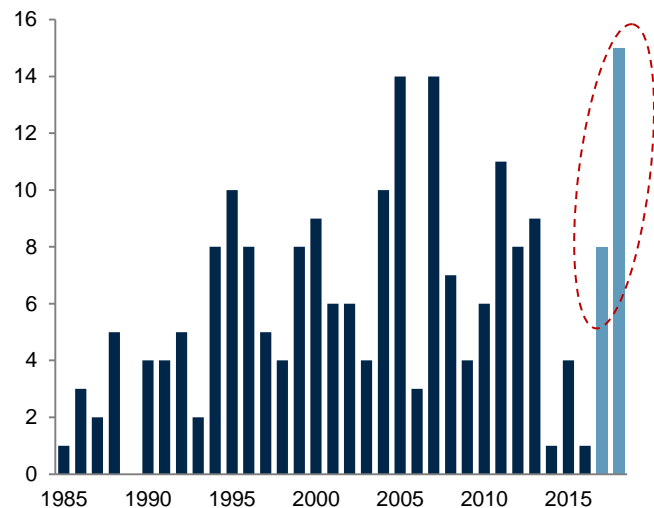
North Sea tendering activity

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



Norwegian # of PDOs

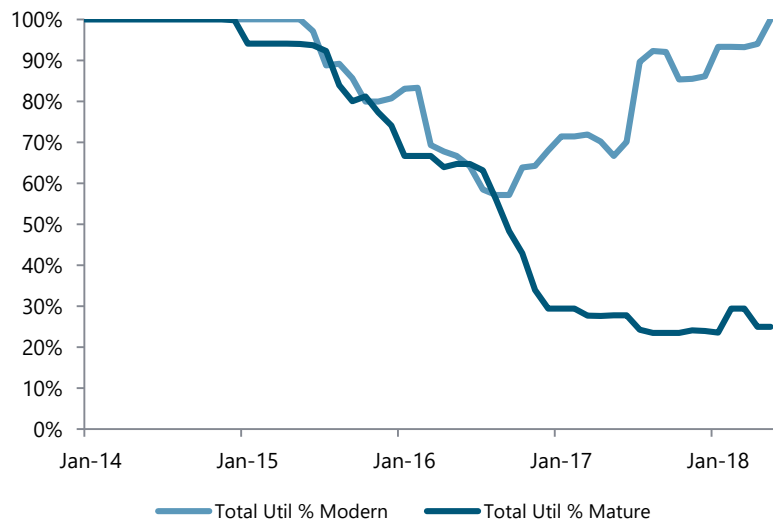
of PDOs approved in Norway



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

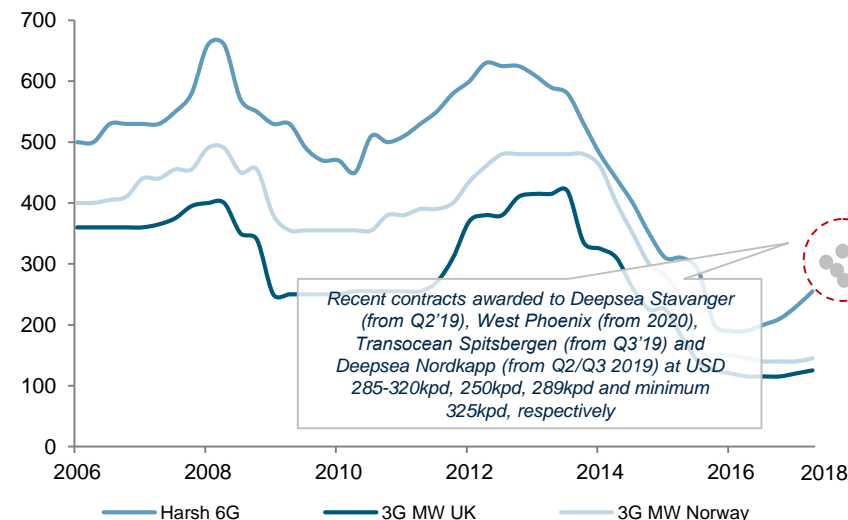
Rig utilisation – modern vs. old rigs (Norway)

Rig utilisation (%)

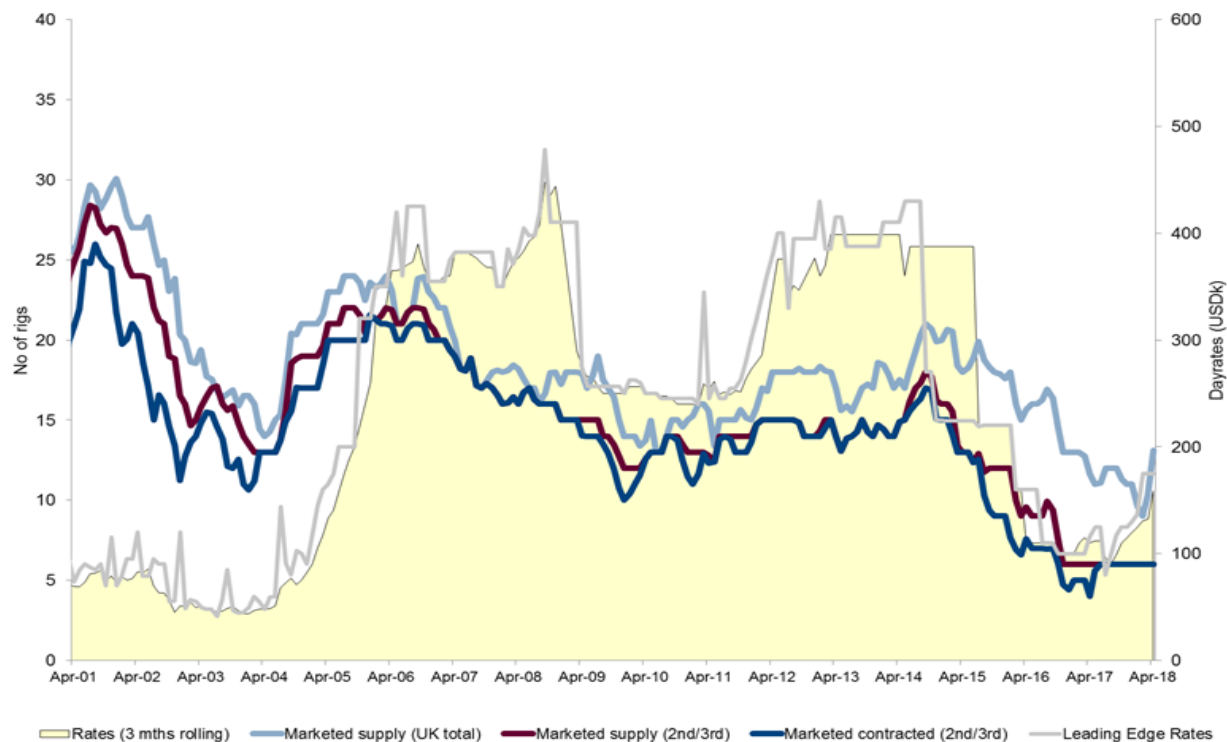


Dayrates – 6G vs. 3G rigs

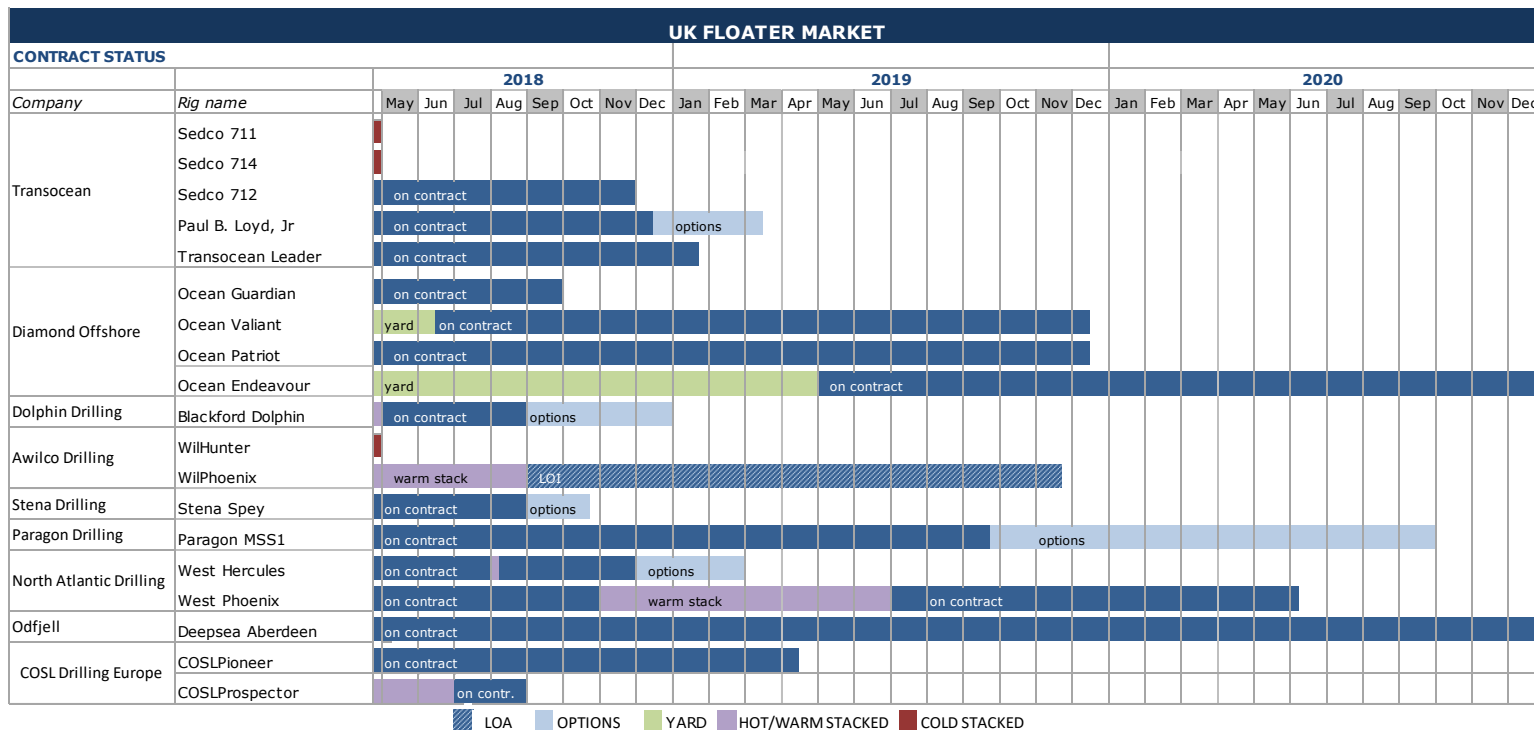
Dayrates (USD 000')



INCREASED ACTIVITY ALSO IN THE UK MARKET



HIGH ACTIVITY LEVEL AND NEW WORK PROGRAMMES STILL BEING TENDERED, BUT ACTIVITY FORECAST TO DIP OVER WINTER



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



5. 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
- Announcement of dividend payable of USD 0.20
- WilPhoenix LOI committed until at least November 2019
- The market is improving
- Evaluating further growth opportunities on a case-by-case basis



Q&A



AWILCO DRILLING