



AWILCO DRILLING



Q1 2019 PRESENTATION

Oslo, 15th of May 2019

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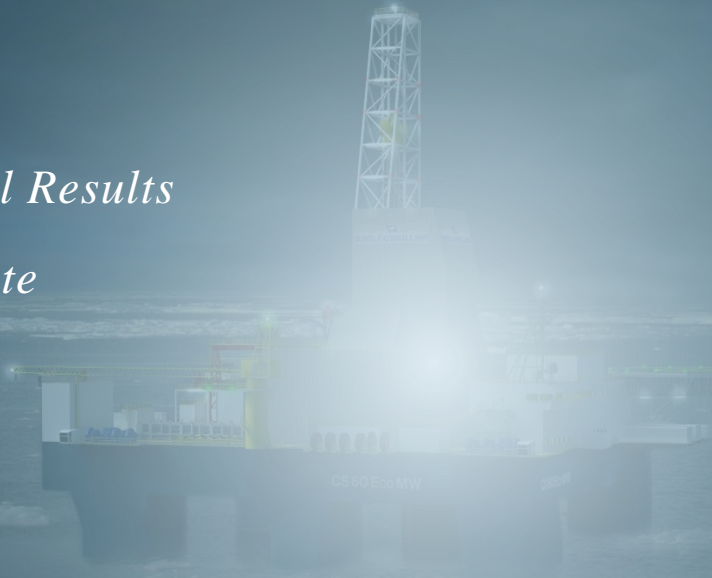
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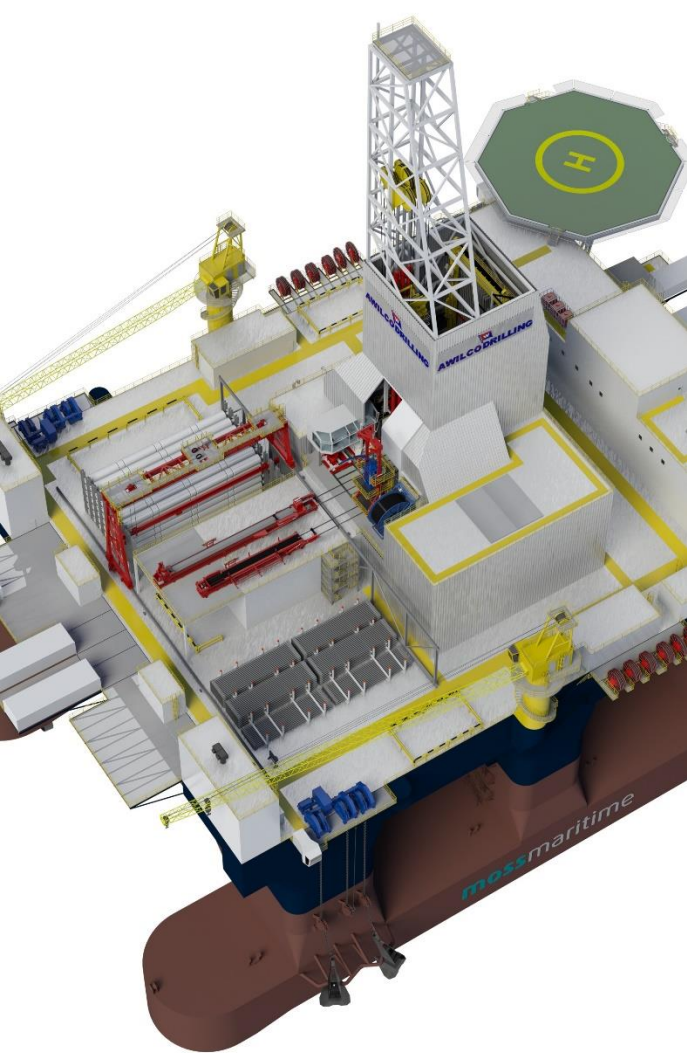
AGENDA

- 1. Highlights*
- 2. Q1 2019 Financial Results*
- 3. Operational Update*
- 4. Newbuild Update*
- 5. Market Outlook*
- 6. Summary*
- 7. Q&A*



1. HIGHLIGHTS





HIGHLIGHTS

- Option for the second newbuild exercised 8 March
- Equity issue of USD 20 million in relation to the option exercise
- New CEO started 1 May
- Shell exercised options on WilPhoenix, extending firm period to end of 2019
- Total Q1 2019 Revenue USD 9.1 million, EBITDA loss USD 0.3 million, Net Loss of USD 2.4 million



An offshore oil rig is shown in a dark, stormy sea with a thick layer of ice in the foreground. The rig is illuminated by its own lights, creating a bright glow. The text "2. Q1 2019 FINANCIAL RESULTS" is overlaid in white on the left side of the image. The rig's name "CS 80 Eco MW" is visible on its side.

2. Q1 2019 FINANCIAL RESULTS

Q1 2019 INCOME STATEMENT

Condensed statement of comprehensive income

in USD thousands, except earnings per share

	Q1 2019 (unaudited)	Q1 2018 (unaudited)
Contract revenue	8,972	33,759
Reimbursables	(23)	343
Other revenue	113	1
	<u>9,062</u>	<u>34,103</u>
Rig operating expenses	6,253	7,223
Reimbursables	2	141
General and administrative expenses	3,133	2,782
Depreciation	2,651	3,402
	<u>12,039</u>	<u>13,548</u>
Operating (loss)/profit	<u>(2,977)</u>	<u>20,555</u>
Interest income	533	550
Interest expense	-	(1,642)
Other financial items	142	358
Net financial items	<u>675</u>	<u>(734)</u>
(Loss)/Profit before tax	(2,302)	19,821
Tax expense	(50)	(706)
Net (loss)/profit	<u>(2,352)</u>	<u>19,115</u>
Total comprehensive (loss)/income	<u>(2,352)</u>	<u>19,115</u>
Attributable to shareholders of the parent	(2,352)	19,115
Basic and diluted earnings per share	(0.05)	0.62



Q1 2019 BALANCE SHEET

Condensed statement of financial position

in USD thousands

	<u>31.03.2019</u>	<u>31.03.2018</u>
	(unaudited)	(unaudited)
Rigs, machinery and equipment	227,470	217,935
Deferred tax asset	<u>410</u>	<u>1,483</u>
	<u>227,880</u>	<u>219,418</u>
Trade and other receivables	6,317	73,837
Prepayments and accrued revenue	4,082	13,173
Inventory	4,809	4,809
Cash and cash equivalents	42,900	92,472
Current tax	<u>340</u>	<u>5,903</u>
	<u>58,448</u>	<u>190,194</u>
Total assets	<u>286,328</u>	<u>409,612</u>
Paid in capital	218,905	194,060
Retained earnings	<u>60,319</u>	<u>114,177</u>
	<u>279,224</u>	<u>308,237</u>
Long-term interest-bearing debt	-	80,000
	<u>-</u>	<u>80,000</u>
Current portion of long-term debt	-	10,000
Trade and other creditors	1,287	926
Accruals and provisions	5,751	10,449
Current tax payable	<u>66</u>	<u>0</u>
	<u>7,104</u>	<u>21,375</u>
Total equity and liabilities	<u>286,328</u>	<u>409,612</u>

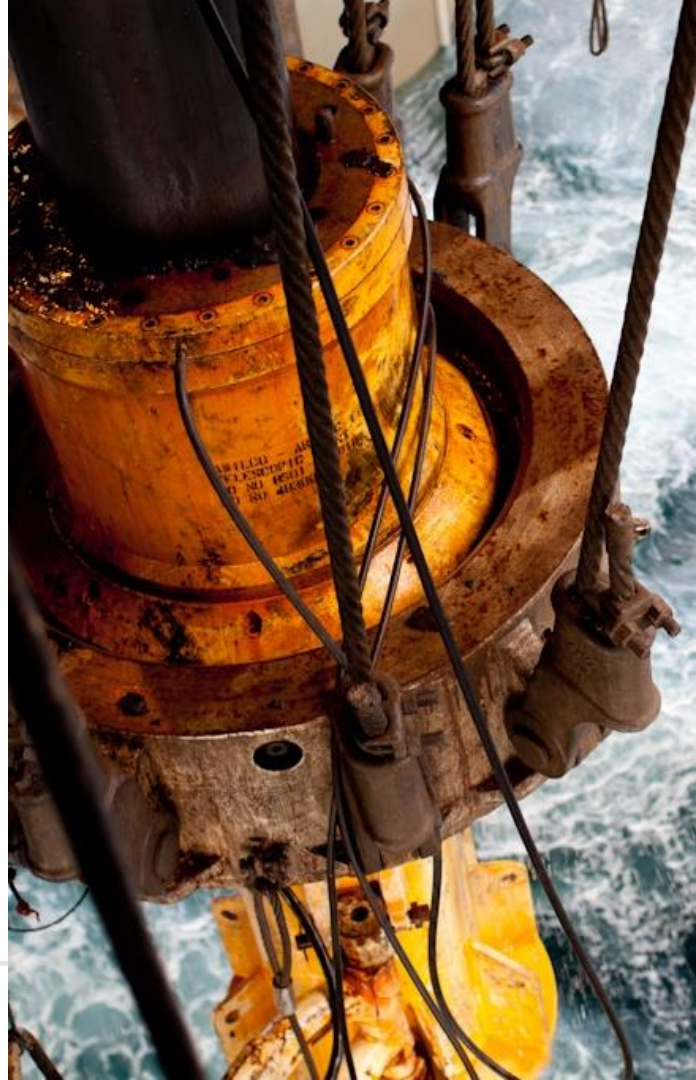


3. OPERATIONAL UPDATE



SHELL EXTENDED WILPHOENIX CONTRACT UNTIL END OF 2019

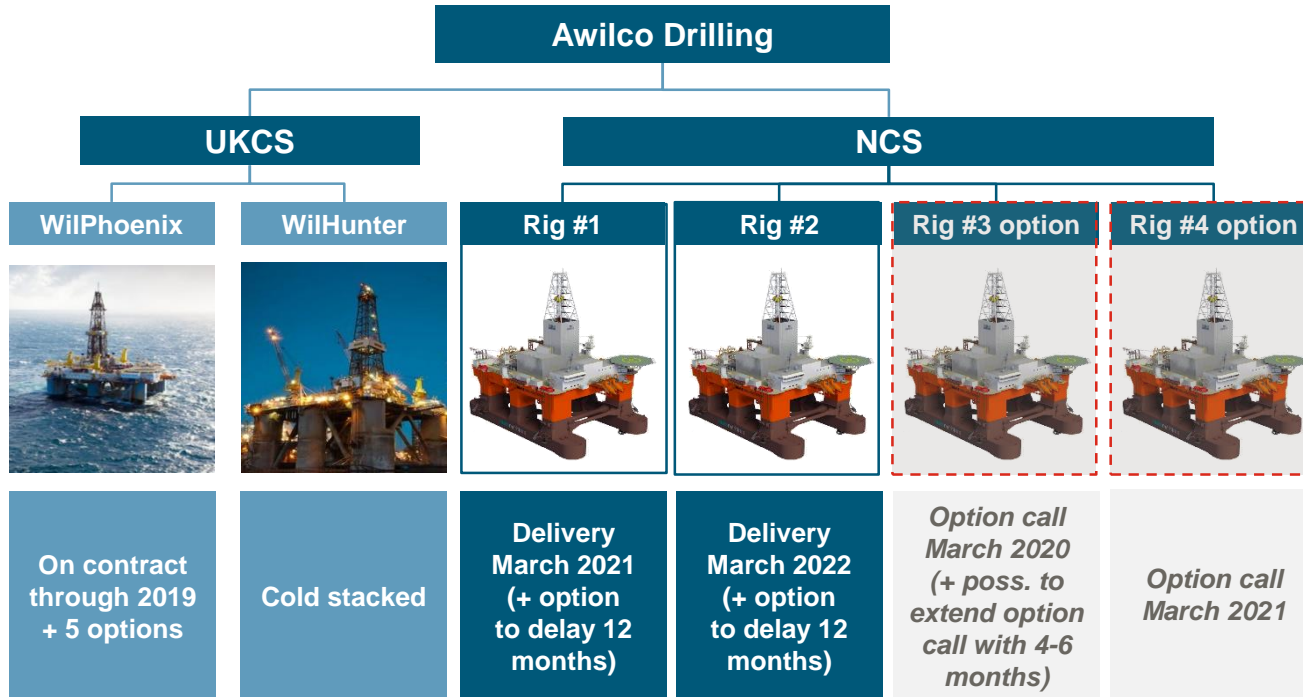
- Operational uptime was 100% in Q1 2019
 - *WilPhoenix performs well but experienced considerable 'waiting-on-weather' during this quarter*
- 2 options covering 5 P&A wells exercised by Shell UK, taking the firm part of the contract until end of 2019
- Total contract backlog as of today is approximately USD 26 million



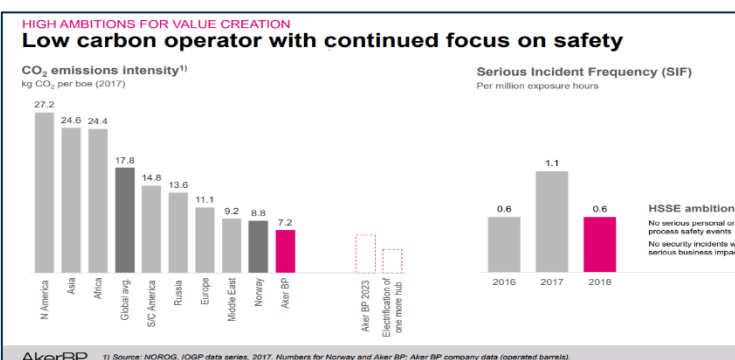
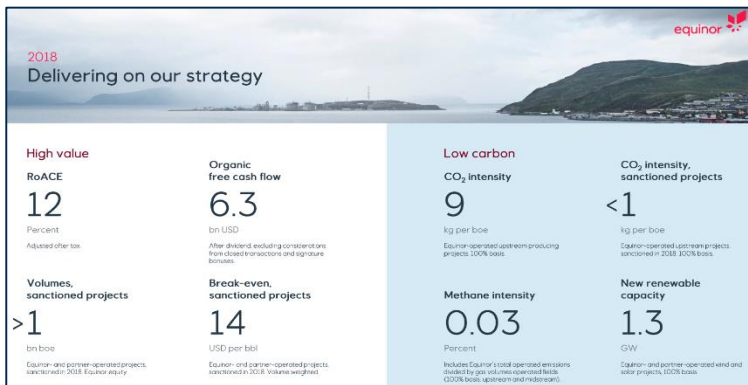
4. NEWBUILD UPDATE



CONTINUING TRANSFORMATION OF THE COMPANY THROUGH EXERCISING OF FIRST OPTION



ENVIRONMENTAL FOCUS FROM OPERATORS



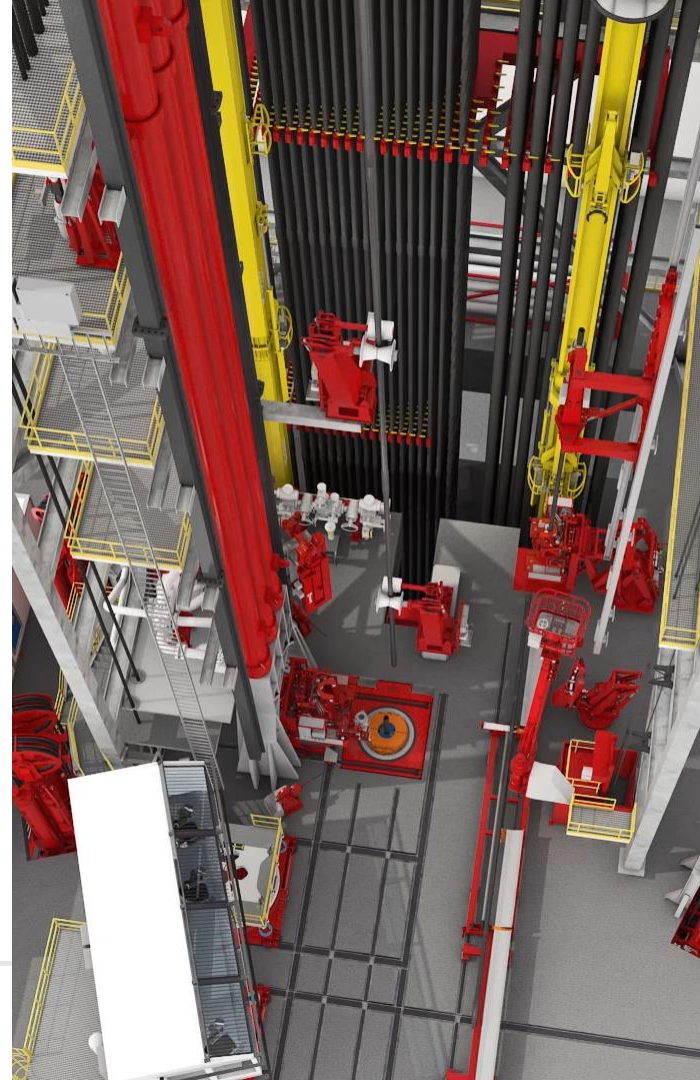
BUILDING TO MEET CUSTOMERS' REQUIREMENTS GREEN BY DESIGN – ESTABLISHING A NEW STANDARD

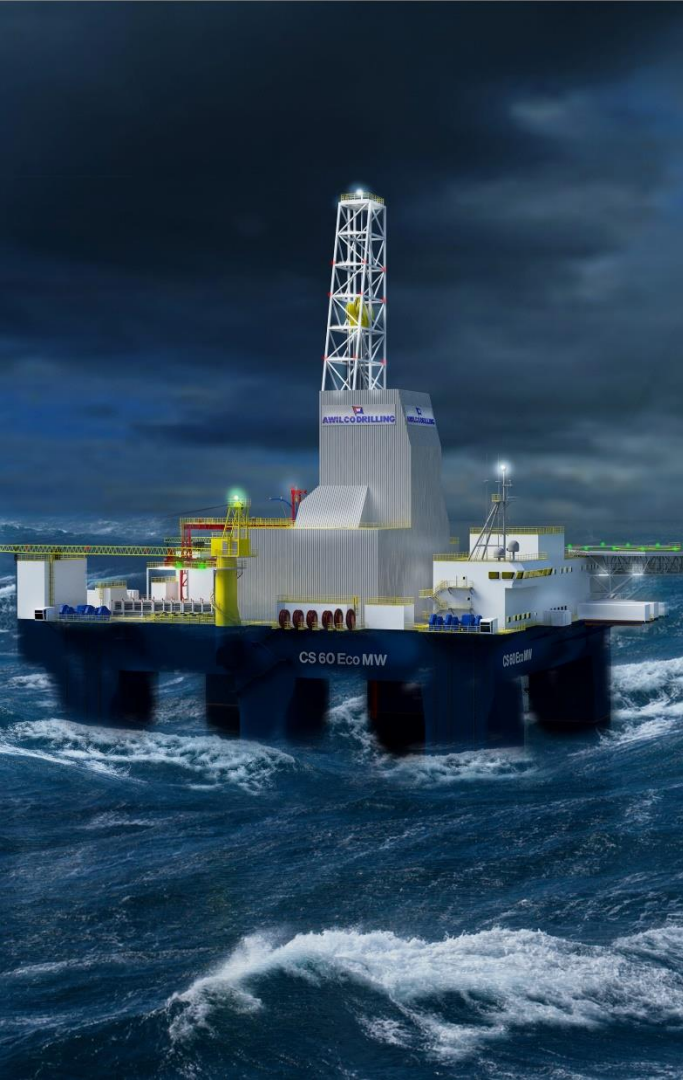


- Estimated saving on fuel consumption and CO₂ taxes is USD 10,000 – 40,000 per day compared to peers due to:
 - *Hybrid battery technology*
 - *Optimised power systems*
 - *Energy efficient drilling system*
 - *Waste heat recovery*
 - *Energy storage and regeneration*
- With Tier III engines and NO_x scrubbers – NO_x emissions are reduced by 95%

BUILDING TO MEET THE VERY HIGHEST DEMANDS FOR OPERATIONAL PERFORMANCE IN THE FUTURE

- Automated Drilling Control (ADC) designed and built into the unit – not an upgrade. Equinor quote well duration reductions of 10% on units with ADC
- Faster riser running and recovery speeds deploying MH QTR riser
- Increased weather uptime by maximising useable length of the telescopic joint by matching it to longer MRT rods as well as proven 6 column hull design
- Highly automated and efficient offline capabilities
- High degree of digitalization





SIGNIFICANT EFFICIENCIES GAINED THROUGH DESIGN AND FEATURES

Estimated well durations* are reduced by:

- approx. 12 % compared to 5th generation units
- approx. 40% compared to 4th generation units

** Based on a development well in the Barents Sea estimated at 90 days using a 4th generation rig*



NEWBUILD UPDATE

- Newbuild status
 - *Rig #1 construction progress on schedule and budget*
 - *Steel cut for Rig #2 scheduled for Q4 2019*

Building a Norwegian organisation

- *Recruitment for key positions in Norway ongoing*
 - *Norwegian office to be established by Q4 2019*
- Increased focus on marketing activities towards NCS oil companies



De **beste riggene** fortjener det **beste laget!**

Awilco Drilling har bestilt to Moss Maritime CS60 ECO MW halvt nedsenkbare boreriggere fra Keppel FELS i Singapore, med opsjon på ytterligere to tilsvarende enheter. Riggene har avansert hybridteknologi, og vil operere med en miljøprofil uten tidligere sammenligning i riggindustrien hva angår både drivstoff-forbruk og miljøutslipp. Med siste generasjons RamRig, det siste innen moderne boreteknologi, høy grad av digitalisering og kontinuerlig tilstandsovervåking vil operasjonsrisikoen bli vesentlig redusert og boreoperasjonen ytterligere effektivisert. Riggene er streddersyde for operasjon i Norge, inkludert i Barentshavet, og leveres i 1. kvartal 2021 og 1. kvartal 2022.

Vi søker etter følgende nøkkelpersoner i Norge:

- Leder for Helse, Miljø, Sikkerhet og Kvalitetsstyring
- Leder for Personell og Organisasjon
- Teknisk Leder
- Plattformssjef
- Operasjonsleder
- ICT Leder

Du verdsetter vår nye teknologi og har forutsetninger for å bidra til innovative, effektive og miljøvennlige boreriggøsninger i samspill med operasjonsmiljøene. Du er visjonær og energisk, men er også grundig, lojal og med godt forankrede personlige verdier. Du liker å jobbe i en ambisiøs organisasjon med fokus på samspill. Arbeidssted blir i Stavanger.

For nærmere opplysninger, vennligst ta kontakt med en av våre rådgivere i Belsenso Executive:
Jan Fredrik Eriksen, tlf +47 93 42 43 91 eller Ole Torbjørn Moy, tlf +47 92 88 33 11.
Søknad og CV sendes snarest til otm@belsenso.com.



Awilco Drilling ble etablert i 2010. I tillegg til rybyggingsprogrammet, eier og opererer selskapet to 3. generasjons halvt nedsenkbare boreriggere godkjent for britisk sokkel, WiPhoenix og WiHunter. WiPhoenix er på kontrakt med Shell UK, Awilco Drilling tilstreber å levere førsteklasses drift, og bygger på kvalitetene og langsiktigheten til selskapets største aksjonær, Awhelhelmsen.

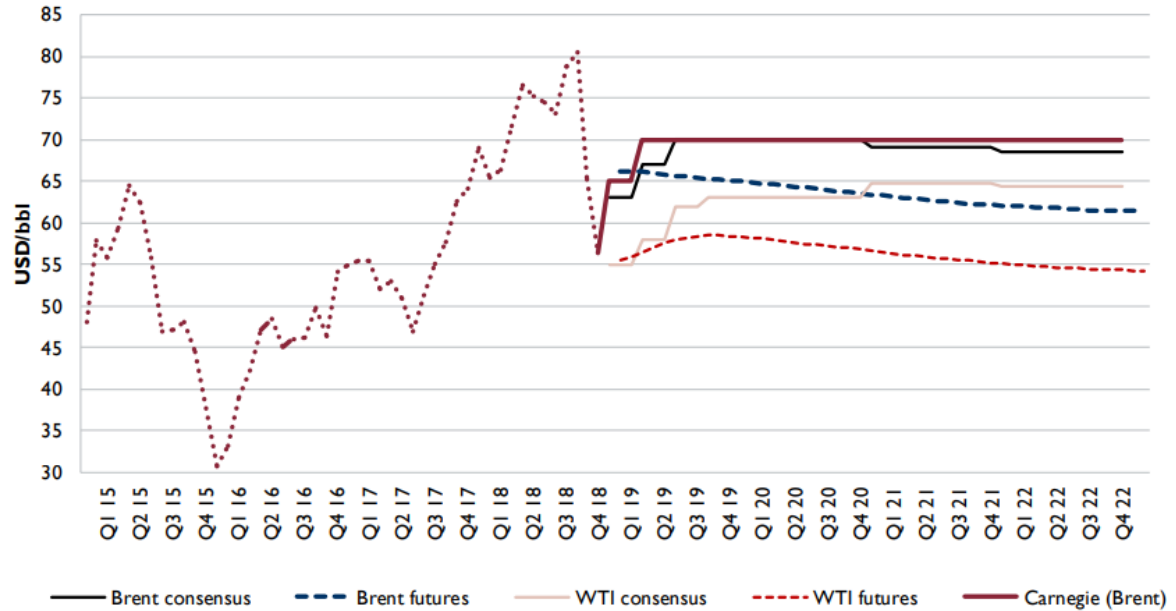
www.awilcodrilling.com

5. MARKET OUTLOOK



CRUDE PRICING REMAINS INVESTMENT SUPPORTIVE

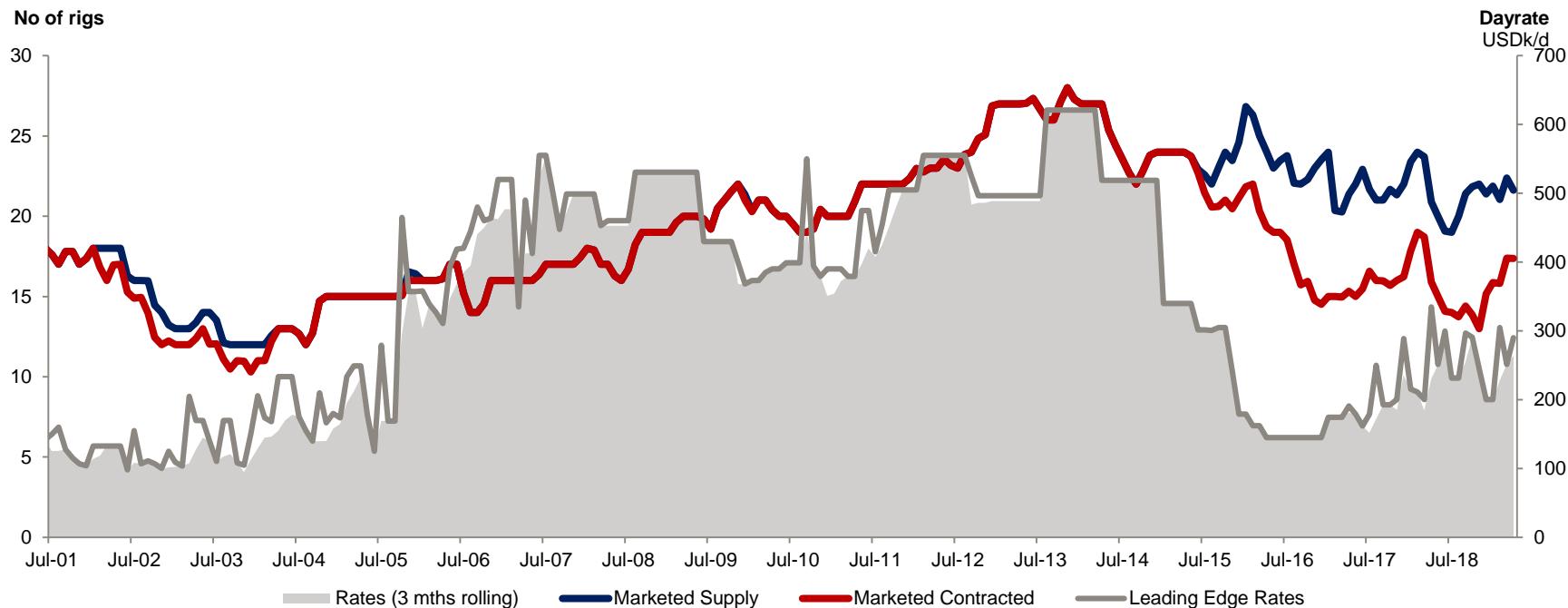
Oil price estimates



Source: Carnegie Research

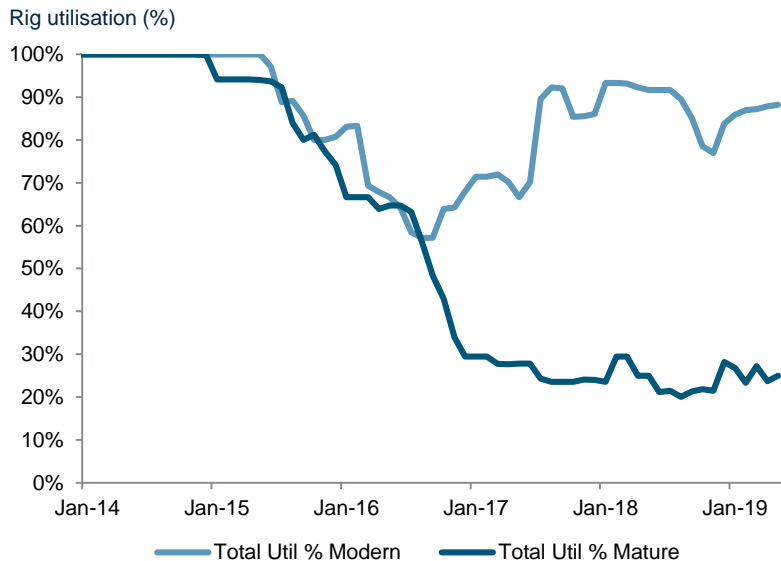


TOTAL NORWEGIAN SEMI-SUBMERSIBLE MARKET

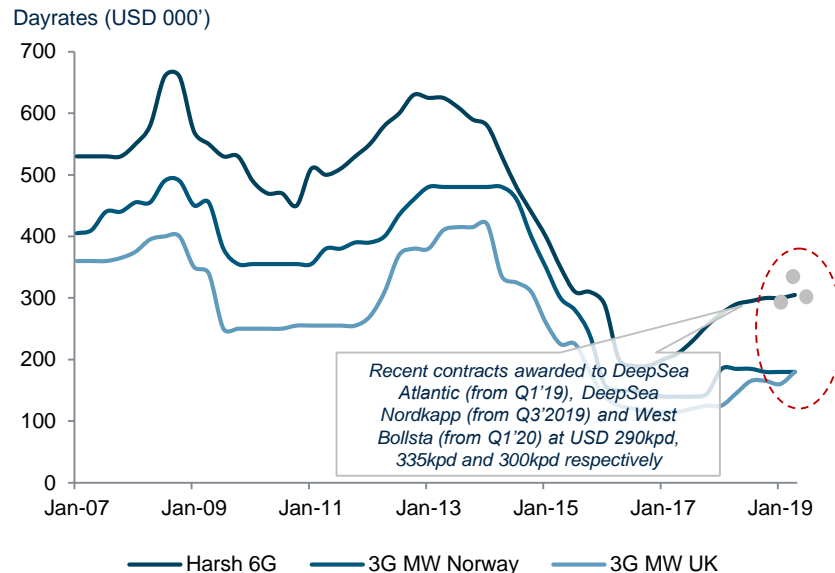


MODERN HE SEMIS PREFERRED BY NCS OPERATORS – DETACHED UTILISATION INCREASE DRIVES DAYRATE UPTICK

Rig utilisation – modern vs. old rigs (Norway)



Dayrates – 6G vs. 3G rigs

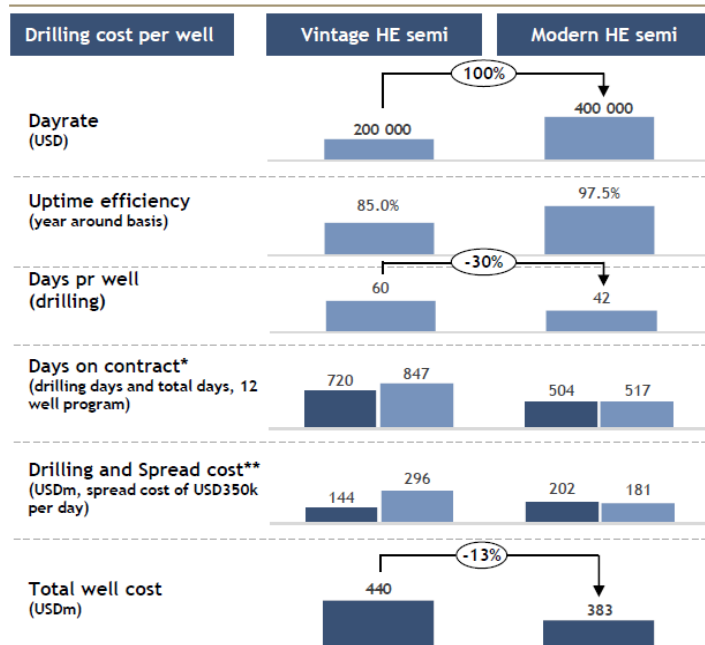


Clear market preference for modern high spec rigs demonstrated in utilisation bifurcation



WHY MODERN HE SEMIS ARE PREFERRED OVER VINTAGE RIGS

Efficiency: Illustration of potential cost savings



Other reasons why E&P's prefer a modern unit

- Deck capacity**
 - Better logistics on deck which has a significant efficiency gain
 - Less dependent on supply vessels, reducing the spread cost
- Motions**
 - Significant better rig motion characteristics ensuring optimized uptime
 - Ability to operate in all locations worldwide
- Winterization**
 - Capability to work year-around in the Barents Sea
 - Few rigs can operate year around in the Barents Sea
- Digitalization/Integration**
 - Infrastructure, software and sensors allowing oil service company (i.e. SLB or BHGE) to link their system to the rig
 - AutoDrill capability allowing real time downhole information

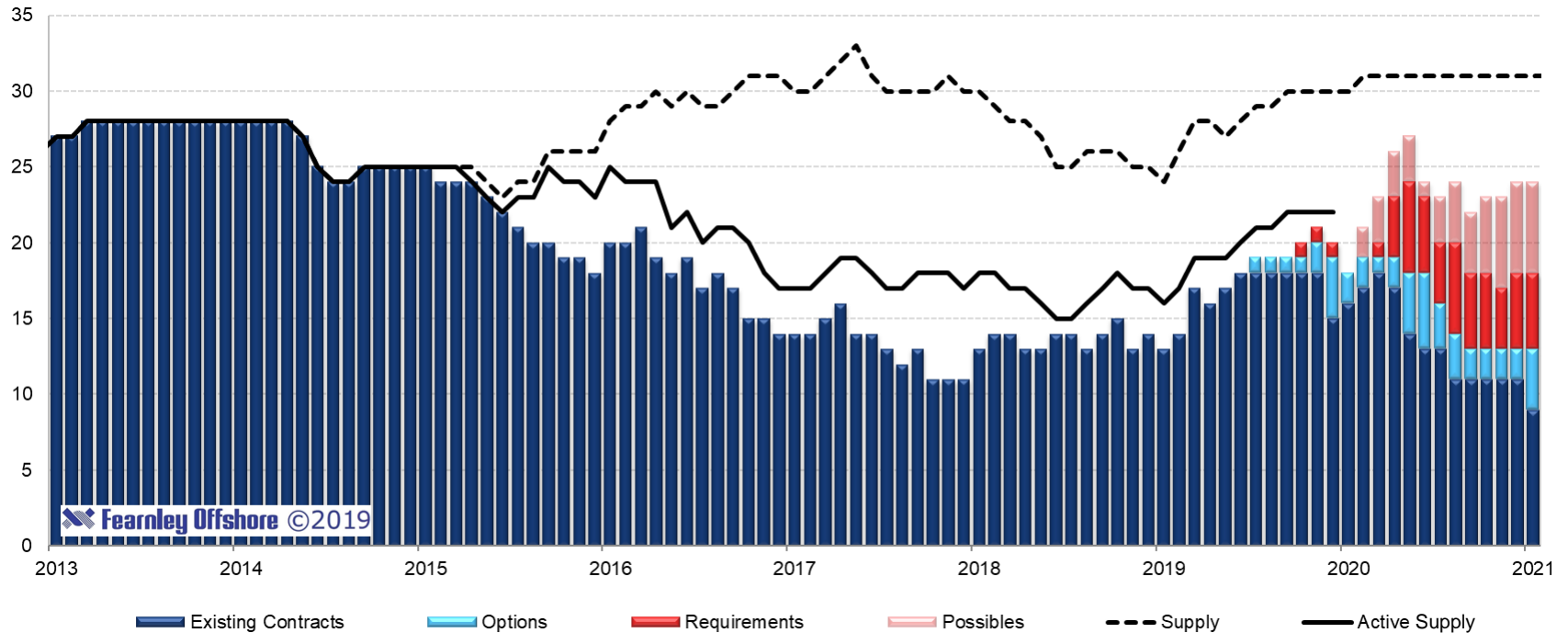
Source: Arctic Securities

*Total days includes downtime when applying uptime efficiency

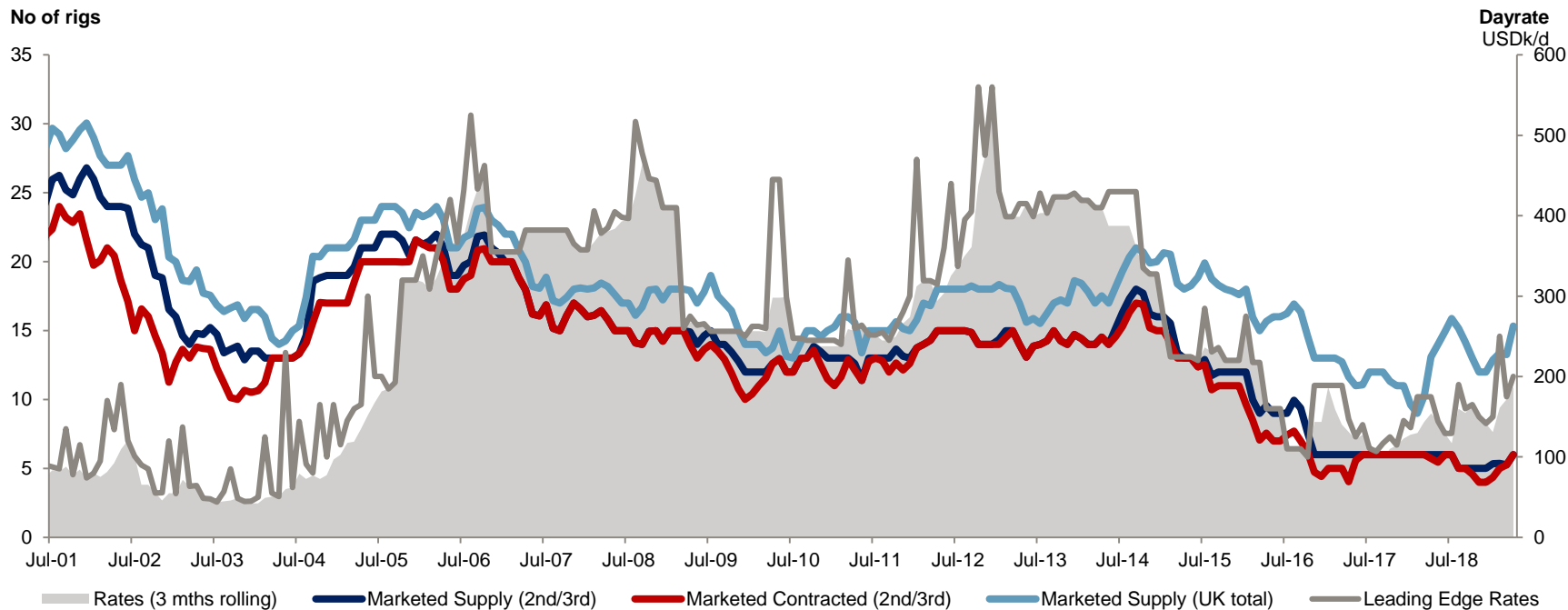
**The drilling cost to E&Ps for vintage HE semi will in reality be higher as they historically have paid for waiting on weather which is a significant part of the lower uptime vs a modern semi



CONTRACT STATUS & EXPECTED DEMAND FLOATING DRILLING UNITS – NCS¹



UK MARKET



6. SUMMARY



“WE HAVE ALL THE FLEXIBILITY WE NEED”

- The Awilco Drilling CS60 ECO rig design will prove itself as a Harsh Environment mid-water game changer
- New rig build on schedule and budget
- Optionality and Flexibility in both new rig financing and contract timing
- Establishing a Norwegian organisation and engaging with NCS customers
- WilPhoenix contracted to Shell for 24 firm wells + 5 option wells
- The market is improving





AWILCO DRILLING

Q&A

