



AWILCO DRILLING

Q4 2014 Presentation

Oslo, 12th of February 2015

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Agenda

1. Highlights
2. Q4 2014 and Preliminary Full Year 2014 Financial Results
3. Operational Update
4. Market Outlook
5. Summary
6. Q&A

1. Highlights

Highlights

- Announcement of USD 1.00 dividend
- Total Q4 Revenue USD 70.9 million; EBITDA USD 54.9 million
- Q4 Opex per rig approx. USD 85,300 per day
- Total contract backlog at end of Q4 was USD 511 million
- Revenue efficiency during Q4 was 98.7%



2. Q4 2014 and Preliminary Full Year Financial Results

Q4 2014 Income Statement

Condensed statement of comprehensive income

in USD thousands, except earnings per share

	Q4 2014 (unaudited)	Full Year 2014 (unaudited)	Q4 2013 (unaudited)	Full Year 2013 (audited)
Contract revenue	70,116	271,971	60,733	233,152
Reimbursables	699	3,969	635	3,314
Other revenue	55	198	29	66
	<u>70,870</u>	<u>276,138</u>	<u>61,397</u>	<u>236,532</u>
Rig operating expenses	15,687	64,178	16,313	56,568
Reimbursables	283	1,157	204	1,239
General and administrative expenses	2,134	15,706	5,688	20,887
Other (income)	(2,485)	(2,485)	(1,335)	(3,535)
Other expense	382	180	-	1,900
Depreciation	4,542	17,912	4,415	17,609
	<u>20,543</u>	<u>96,648</u>	<u>25,285</u>	<u>94,668</u>
Operating profit	<u>50,326</u>	<u>179,490</u>	<u>36,112</u>	<u>141,864</u>
Interest income	46	161	20	120
Interest expense	(2,221)	(11,861)	(2,238)	(9,379)
Other financial items	-	-	-	(128)
Net financial items	<u>(2,175)</u>	<u>(11,700)</u>	<u>(2,218)</u>	<u>(9,387)</u>
Profit before tax	48,151	167,790	33,894	132,477
Tax (expense)	(9,215)	(30,306)	(2,332)	(10,214)
Net profit	<u>38,935</u>	<u>137,484</u>	<u>31,562</u>	<u>122,263</u>
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>38,935</u>	<u>137,484</u>	<u>31,562</u>	<u>122,263</u>
Attributable to shareholders of the parent	38,935	137,484	31,562	122,263
Basic and diluted earnings per share	1.30	4.58	1.05	4.07

Q4 2014 Balance Sheet

Condensed statement of financial position

in USD thousands

	31.12.2014	31.12.2013
	(unaudited)	(audited)
Rigs, machinery and equipment	251,165	245,279
Deferred tax asset	2,486	2,763
	<u>253,651</u>	<u>248,042</u>
Trade and other receivables	12,116	14,417
Prepayments and accrued revenue	28,938	25,835
Inventory	4,800	4,800
Cash and cash equivalents	75,951	52,347
Current tax	82,594	42,317
	<u>204,399</u>	<u>139,716</u>
Total assets	<u>458,050</u>	<u>387,758</u>
Paid in capital	130,142	130,142
Retained earnings	78,211	77,370
	<u>208,353</u>	<u>207,512</u>
Deferred tax liability	-	554
Long-term interest-bearing debt	110,000	87,098
	<u>110,000</u>	<u>87,652</u>
Current portion of long-term debt	10,000	11,000
Trade and other creditors	3,233	3,140
Accruals and provisions	17,942	25,182
Current tax payable	108,522	53,272
	<u>139,697</u>	<u>92,594</u>
Total equity and liabilities	<u>458,050</u>	<u>387,758</u>

3. Operational Update

Contract Status – Current Backlog USD 478 million*

AWILCO DRILLING PLC

CONTRACT STATUS

	2015												2016												
	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec		
WILHUNTER :																									
Hess	\$385,000											Max 275 days option		Yard**											
WILPHOENIX:																									
Apache	\$387,500											Yard**		Firm until 2H2017 + 27 months options											

Firm
 Options
 Yard
 **timing subject to change

*as of 11 February 2015

Operational Performance

- Very good operational performance in Q4 with 99.0 % operational uptime
- Continued positive customer feedback
- Opex in Q4 lower than guidance
 - Favourable exchange rates
 - Increased focus on cost discipline
- Revised opex guidance for 2015 is USD 95,000 per day
- Continued Yard Stay projects planning and preparations

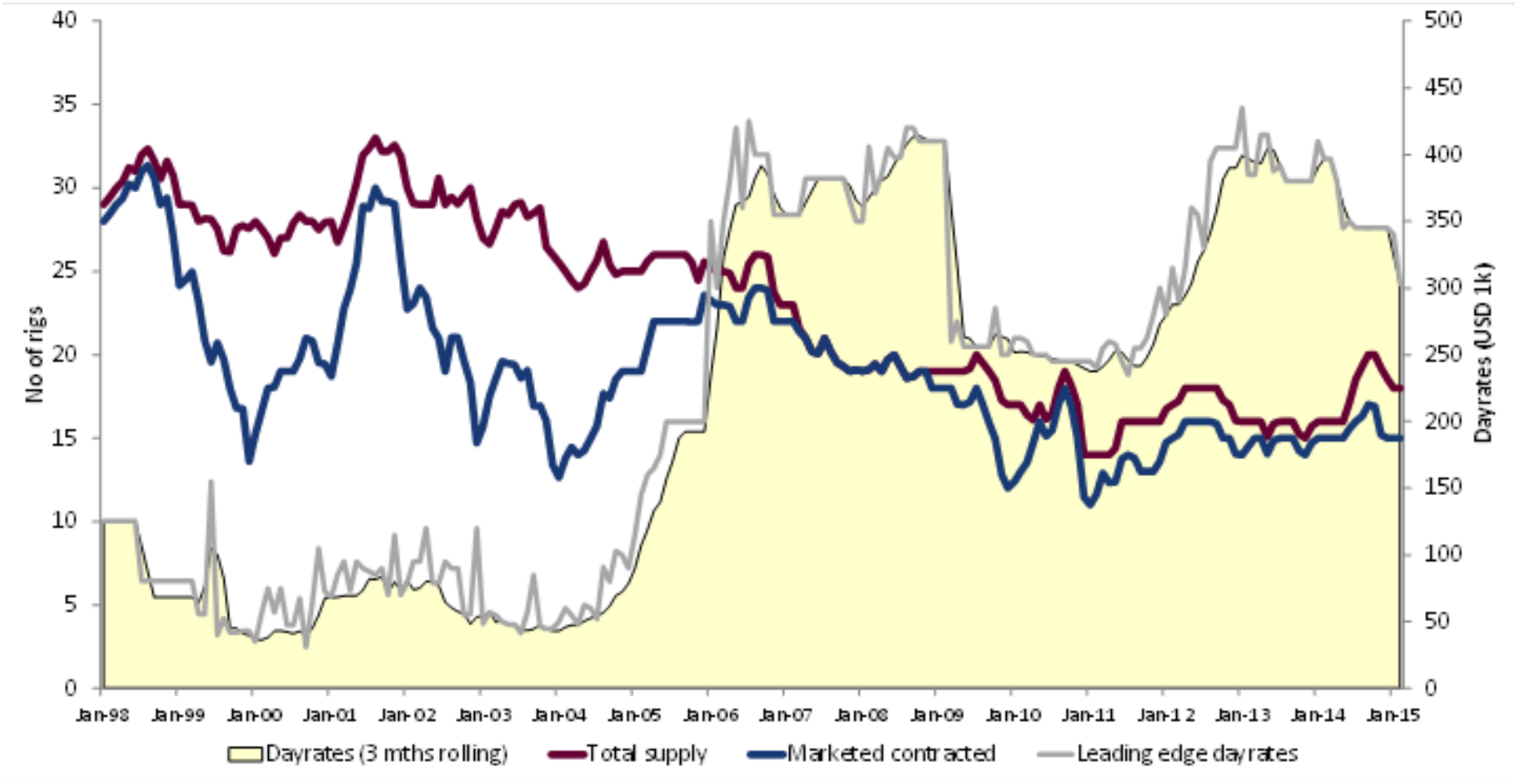


Dividend Distribution

- Announcement of dividend payable in Q4 of USD 1.00 per share
- Dividend payable on or around the 20th March 2015
- Share will trade ex-dividend on 17th February 2015, the record date will be 18th February
- Future quarterly dividend payments will be in line with the Company's intent of distributing all free cash flow above a robust cash buffer to support operational working capital requirements and capital expenditure, including SPS
- Current levels of dividends will be challenged by upcoming capital expenditure and future market prospects

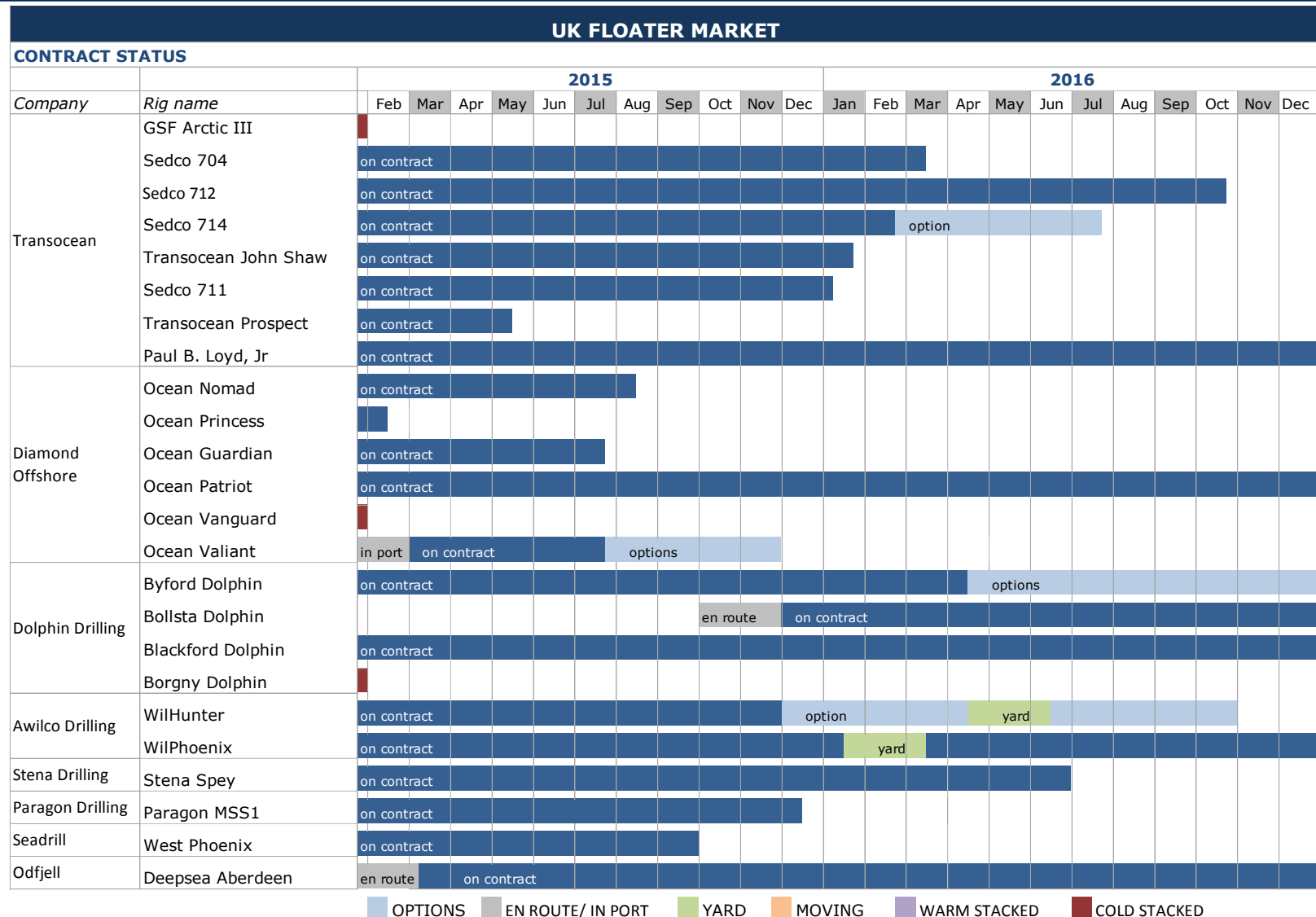
4. Market Outlook

Falling Dayrates and Low Contracting Activity in the UK market



Source: Fearnley Fonds and IHS Petrodata

Up to 6 Rigs Available for New Contracts during 2015



■ OPTIONS
 ■ EN ROUTE/ IN PORT
 ■ YARD
 ■ MOVING
 ■ WARM STACKED
 ■ COLD STACKED

Timing of Return to Higher Activity Levels is Uncertain

- Significant market change during the quarter due to sharply falling oil price
- Prompt reaction from Operators with reductions in current and planned expenditure
- Continued low level of rig contract activity in the UK
- Hints on potential stimulus /tax treatment from UK government but nothing confirmed
- Increased number of available rigs expected to last through 2015 and 2016
- The UK market still has barriers to entry
- Globally, some increase in mid-water Semi Submersible rig attrition programmes
- Accelerated market downturn leads to increased uncertainty with respect to the market recovery

5. Summary

Summary

- Announcement of dividend payable in Q1 of USD 1.00
- Revenue efficiency during Q4 was 98.7 %, continued focus on operational efficiency
- Solid contract backlog of USD 478 million, with close to 100 % contract coverage through 2015 market
- Short and medium term rig market is challenging, timing of upturn is uncertain
- Evaluating market opportunities on a case-by-case basis

Q&A