



# CONTINUING TRANSFORMATION OF THE COMPANY THROUGH EXERCISING OF FIRST OPTION

*Oslo, 8<sup>th</sup> March 2019*

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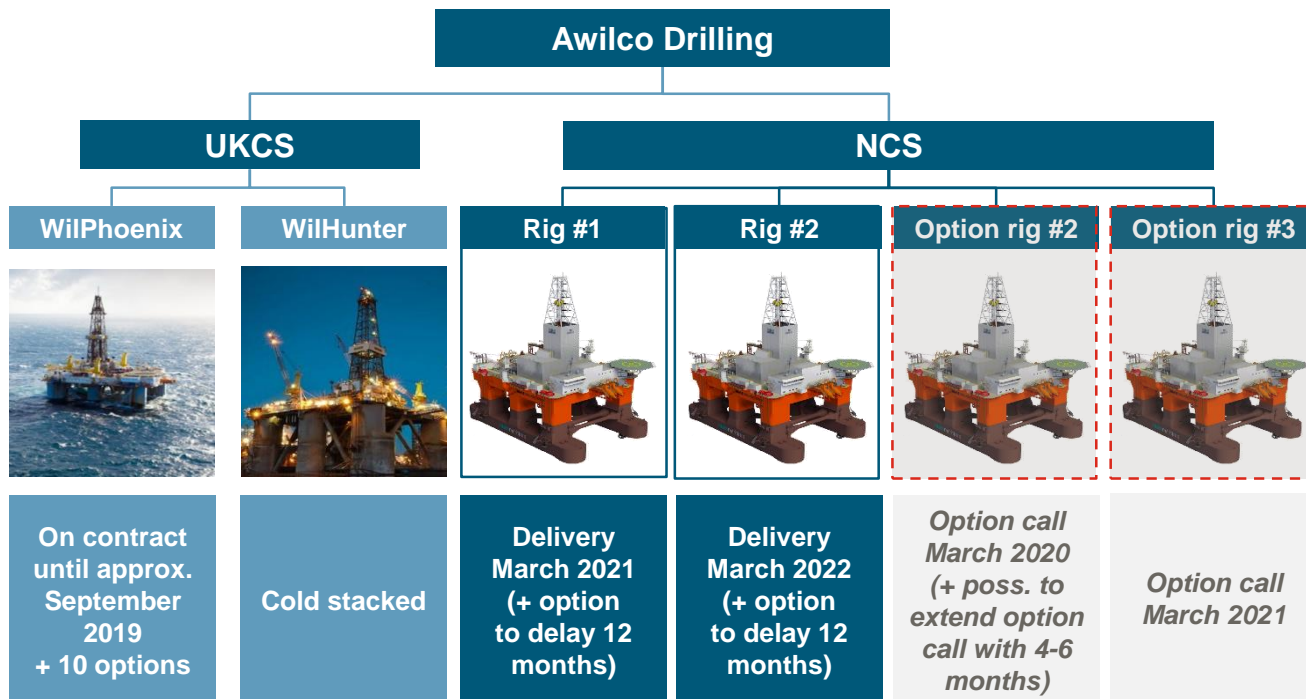
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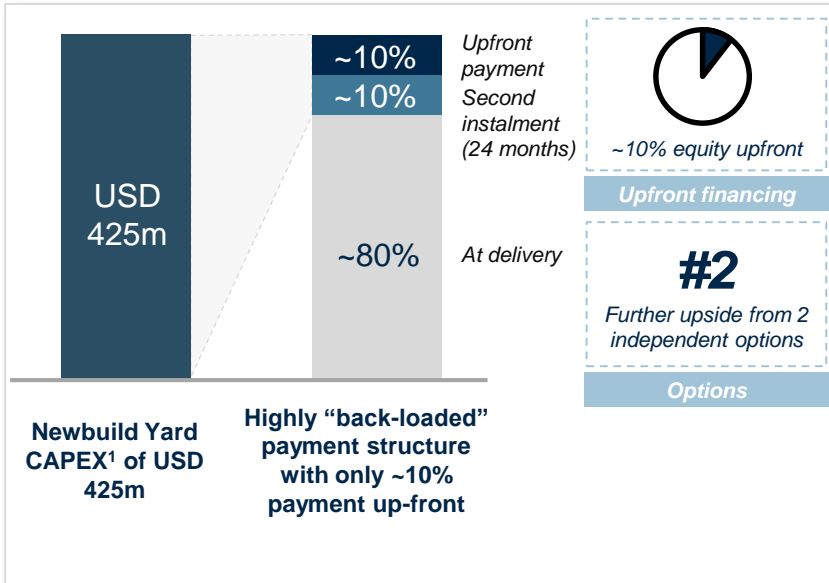


# CONTINUING TRANSFORMATION OF THE COMPANY THROUGH EXERCISING OF FIRST OPTION



# 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 per rig 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

## CS 60 ECO MW - “Premium” Harsh Environment Drilling Rig

### A Bespoke Mid-Water Rig Design



Category	Specs
Yard	Keppel FELS, Singapore
Design	Moss Maritime CS60 ECO MW
Displacement	63,000 tonnes
Water Depth	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	12 Point Mooring + DP2
Drilling Package	MH Wirth
Thruster Capacity	4 x 3,600 kW
Main Generators	5 x 4,900 kW
Accommodation	140 POB in one-person cabins
BOP	15k 18 ¾" 5 Ram
Certification	NCS AOC & UK Safety Case
Certificates	DNV Drill (N), Winterised (Basic) Ice (T) Battery (Safety & Power)

## Key Rig Attributes



***Lowest Environmental Footprint***



***Enhanced Operational Efficiency and Safety Performance***



***Reduced Operating Cost for Both Rig Owner and Customer***



***Latest Design and Technology***



***NCS and Barents Sea Targeted***

# THE 'GREENEST' RIG BUILT TO DATE

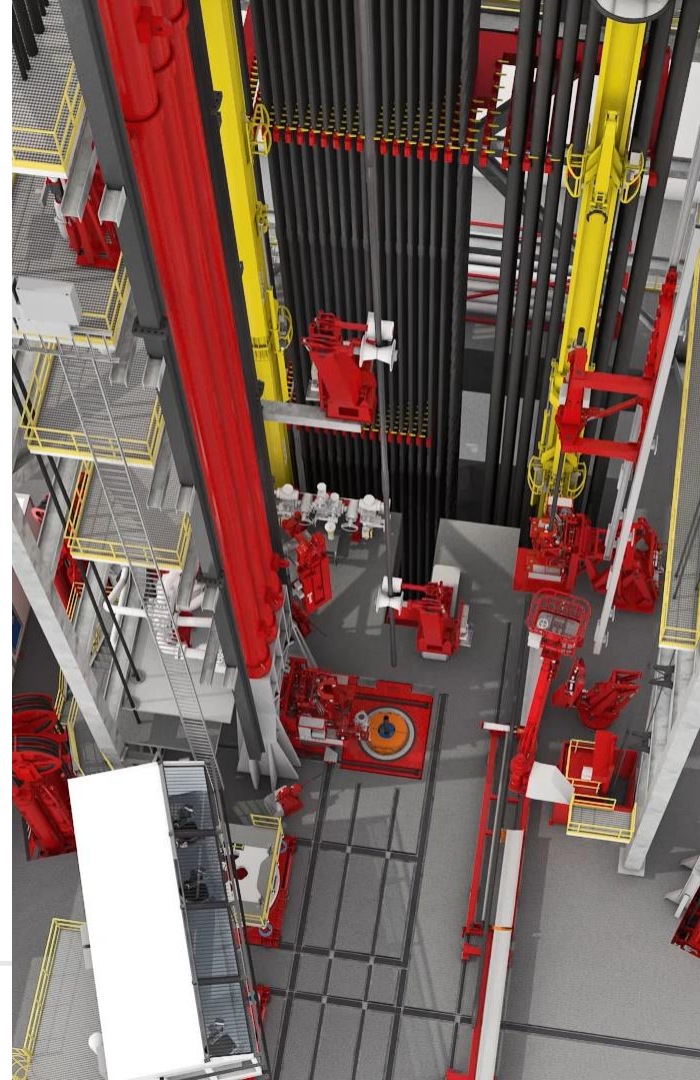


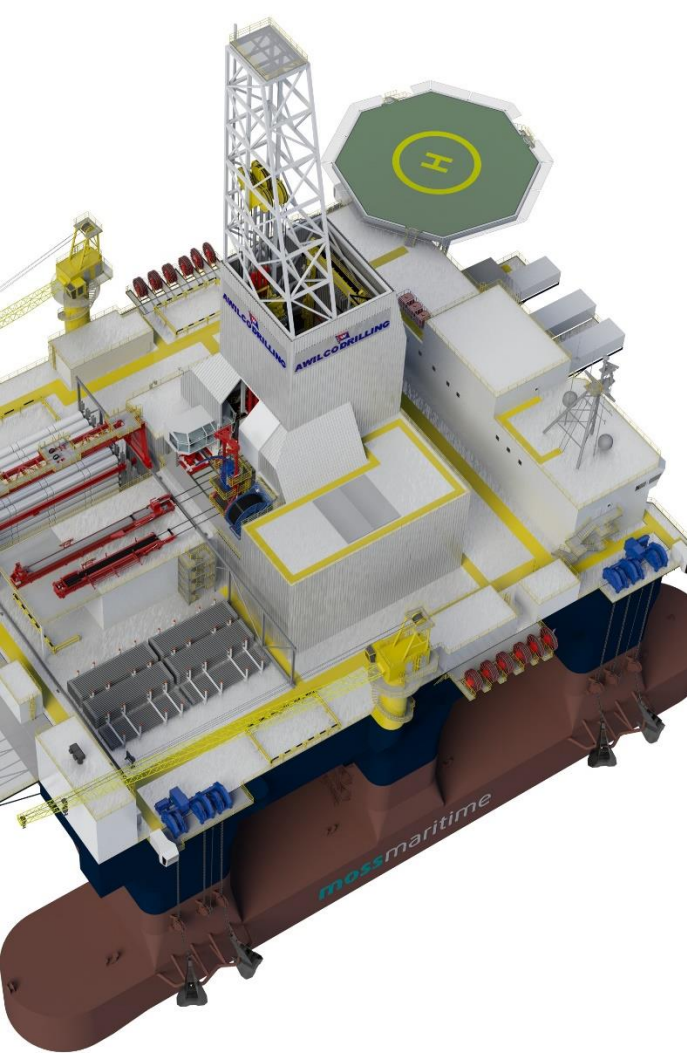
- Estimated saving on fuel consumption and CO<sub>2</sub> taxes is USD 10,000 – 40,000 per day compared to peers due to:
  - *Hybrid battery technology*
  - *Optimised power systems*
  - *Closed bus technology*
  - *Waste heat recovery*
  - *Energy storage and regeneration*
- With Tier III engines and NO<sub>x</sub> scrubbers – NO<sub>x</sub> emissions are reduced by 95%



# AWDR RIGS WILL MATCH OR EXCEED THE PERFORMANCE\* OF THE TOP 10 HARSH RIGS

- Higher tripping speeds with the ram rig
- 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
- Shorter mud hose connect and disconnect times using FPS gooseneck handling systems
- 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





# 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*





# COMPANY UPDATE

- New CEO appointed
- Building a Norwegian Drilling organisation
- Marketing activities towards NCS oil companies ongoing
- Newbuild project – site team in place
- Rig Build on schedule and on budget
- “First Steel” on rig #1 was mid-November 2018



The **best rigs** deserve the **best team**, come join us!

Awilco Drilling has ordered a Moss Maritime C560 ECO MW semi-submersible drilling rig from Keppel FELS, Singapore, with options for three further sister rigs. This is a bespoke mid-water drilling rig, designed to operate in the harshest of environments and future proofed with the most advanced technology ever seen offshore. The rig's unique design will ensure safer operations, will deliver higher drilling efficiency and will generate the lowest environmental footprint as compared to peers. The rig can operate globally, but is specifically targeted for work on the Norwegian Continental Shelf, including the Barents Sea, and will be delivered in Q1 2021.

Awilco Drilling is now looking for key people who want to join us in developing the most modern drilling organisation in the North Sea, to market and operate these rigs. You will appreciate and understand the benefits of our new technology, will help us develop synergies together with the operator community and will develop collaborative rig solutions for the Harsh Environment drilling market. Based in Stavanger or Bergen, you share our entrepreneurial spirit and will be an energetic team builder.

For further information, please contact our advisors in Belienso Executive:  
Jan Fredrik Eriksen, phone: +47 93 42 43 91, Ole Tørbjørn Møy, Phone: +47 92 88 33 11, or Tove Presterud, Phone: +47 90 69 21 54.

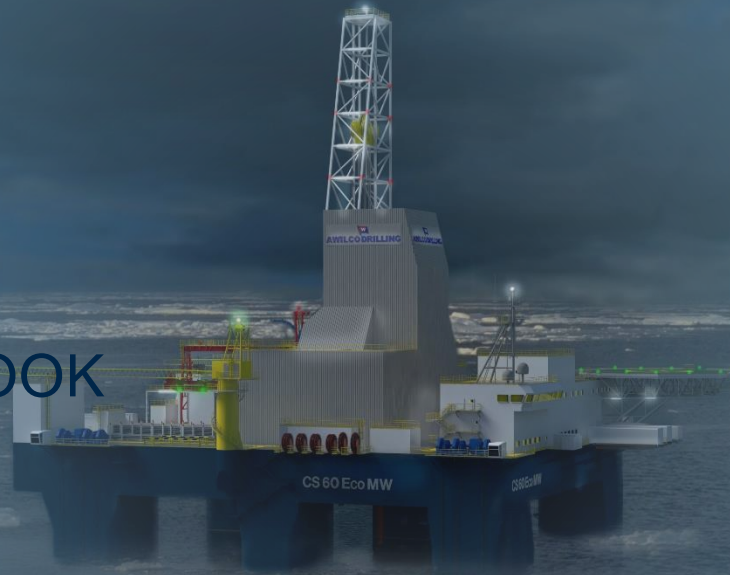
Please send your application and CV to [otm@belienso.com](mailto:otm@belienso.com).



Awilco Drilling was established in 2010. In addition to its newbuild program, the Company owns and operates two UK compliant 3rd generation semi-submersible drilling rigs, the WiPhoenix and the WiHunter. WiPhoenix is currently on contract with Shell UK. Awilco Drilling is committed to continuing best in class operational performance, building on the qualities and long-term focus of its founder and largest shareholder Awilhelmsen.

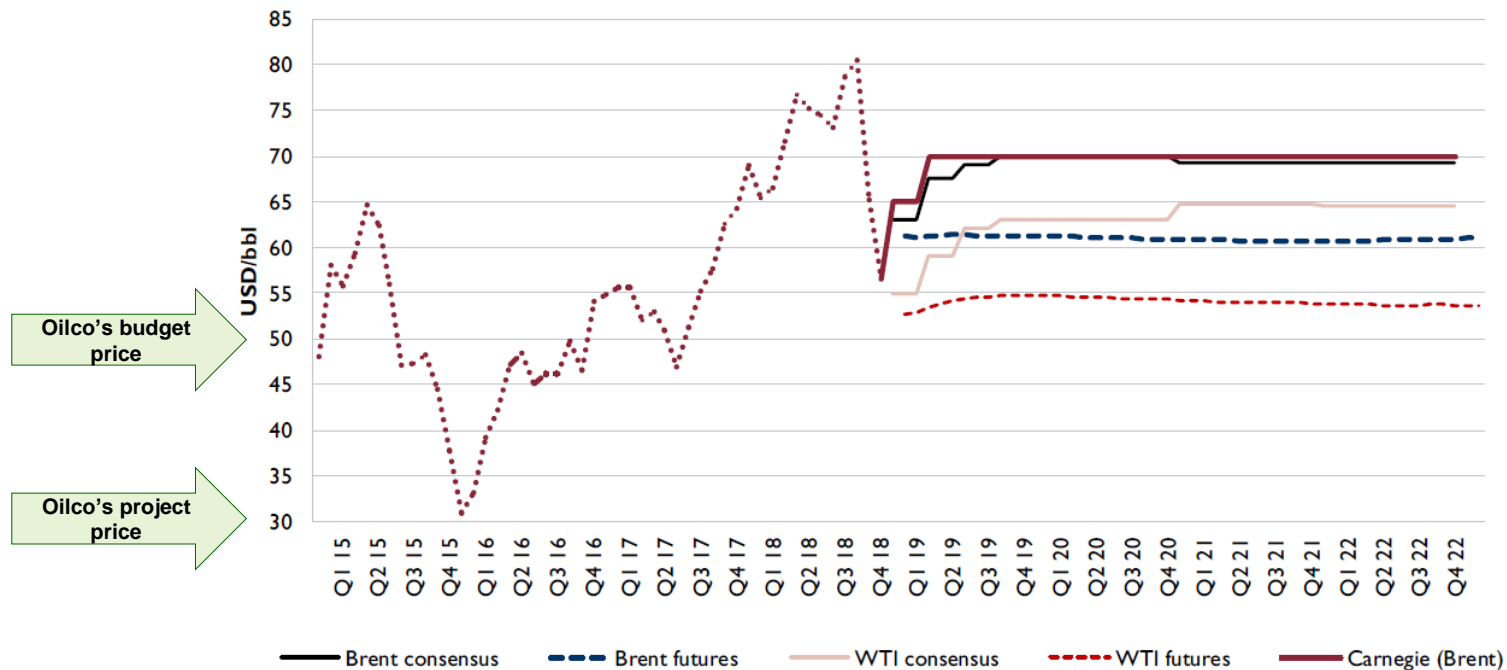
[www.awilcodrilling.no](http://www.awilcodrilling.no)

# MARKET OUTLOOK



# CRUDE PRICING REMAINS INVESTMENT SUPPORTIVE

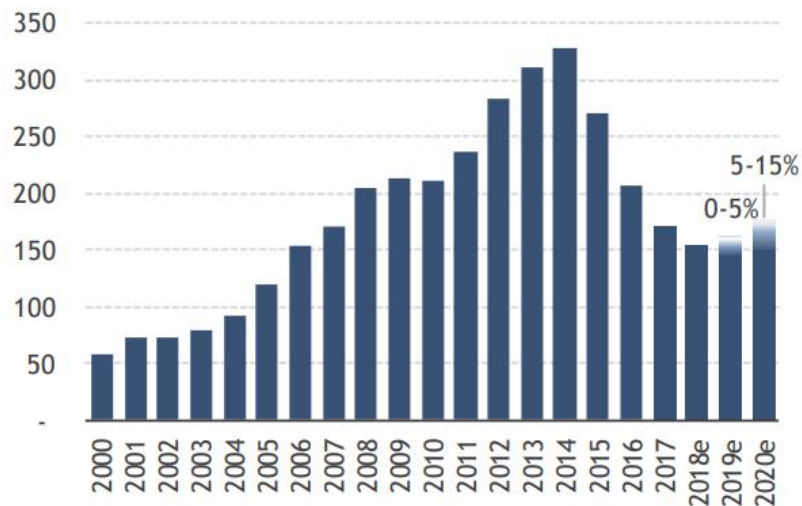
Oil price estimates



# STRONG CASH FLOW PROJECTIONS UNDERPINNING INCREASED E&P SPENDING

## E&P spending outlook reiterated - 0-5% in 2019

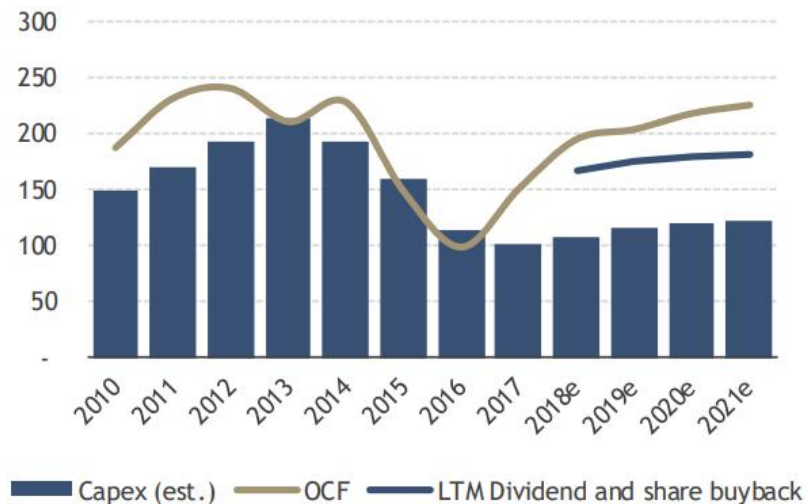
Global offshore E&P spending (USDbn)



Source: Arctic Securities research, Company data, Rystad Energy

## Strong cash flow projections bodes well for services

Major offshore spending (USDbn)

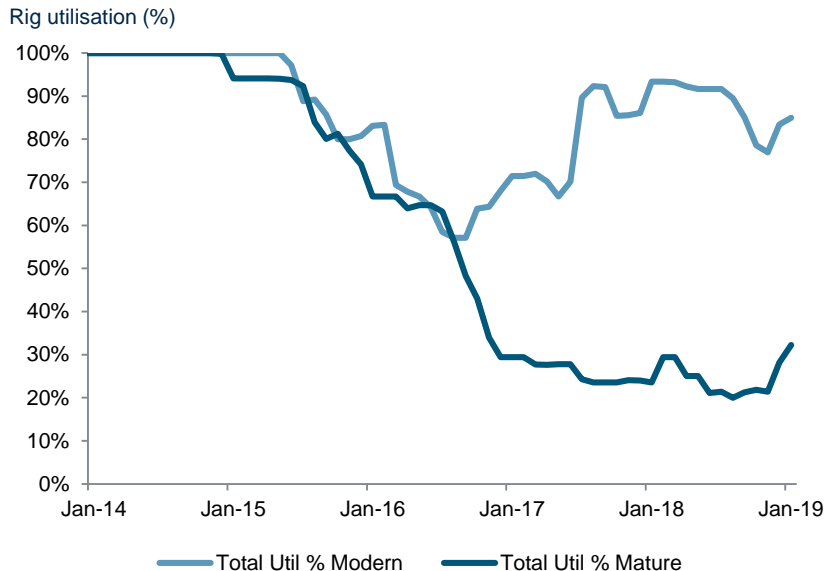


Source: Arctic Securities research, Company data, Bloomberg

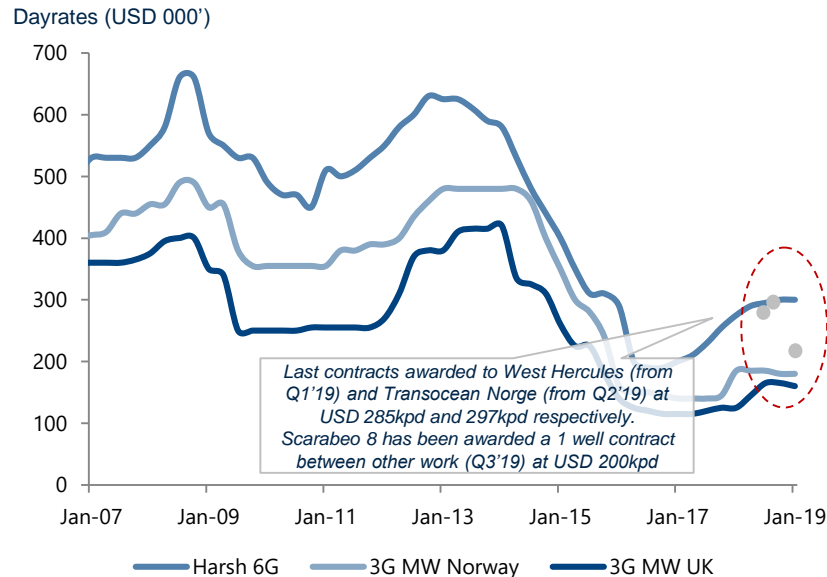


# MODERN HE SEMIS PREFERRED BY NCS OPERATORS – DETACHED UTILISATION INCREASE DRIVES DAYRATE UPTICK

Rig utilisation – modern vs. old rigs (Norway)



Dayrates – 6G vs. 3G rigs

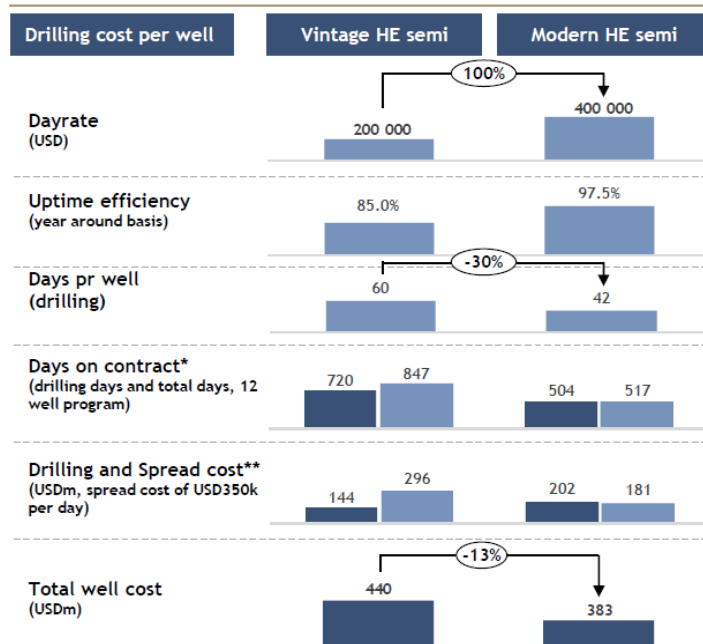


*Clear market preference for modern high spec rigs demonstrated in utilisation bifurcation*



# 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	<ul style="list-style-type: none"> <li>Better logistics on deck which has a significant efficiency gain</li> <li>Less dependent on supply vessels, reducing the spread cost</li> </ul>
Motions	<ul style="list-style-type: none"> <li>Significant better rig motion characteristics ensuring optimized uptime</li> <li>Ability to operate in all locations worldwide</li> </ul>
Winterization	<ul style="list-style-type: none"> <li>Capability to work year-around in the Barents Sea</li> <li>Few rigs can operate year around in the Barents Sea</li> </ul>
Digitalization/Integration	<ul style="list-style-type: none"> <li>Infrastructure, software and sensors allowing oil service company (i.e. SLB or BHGE) to link their system to the rig</li> <li>AutoDrill capability allowing real time downhole information</li> </ul>

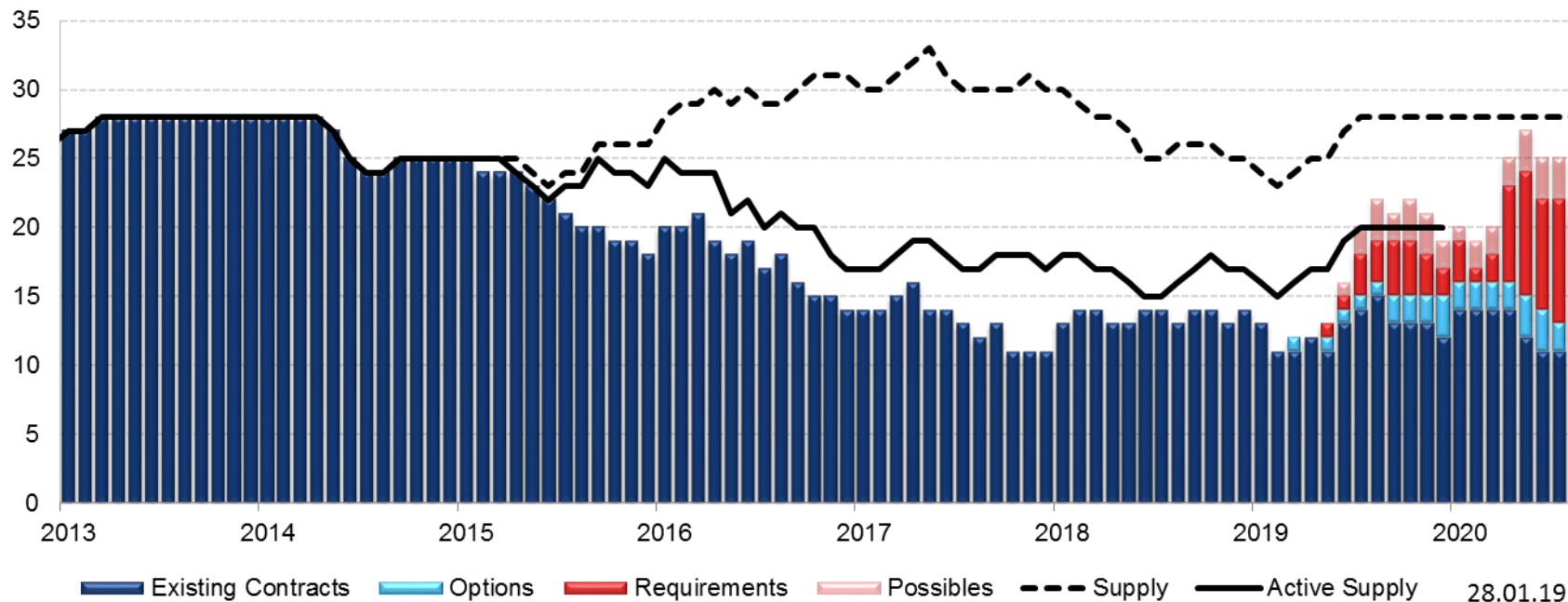
Source: Arctic Securities

\*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



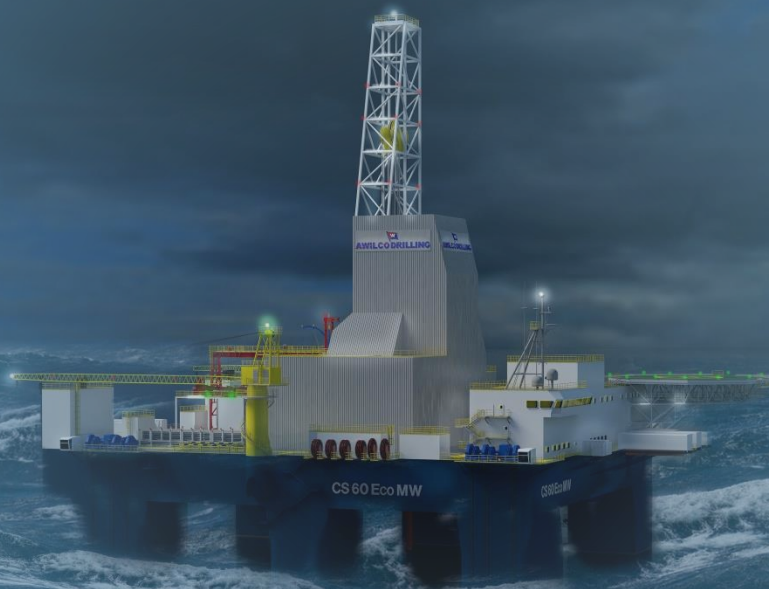
# CONTRACT STATUS & EXPECTED DEMAND FLOATING DRILLING UNITS – NCS<sup>1</sup>



# AWILCO DRILLING – A PURE PLAY HARSH ENVIRONMENT GROWTH STORY

- The Awilco Drilling CS60 ECO rigs will compete on drilling performance at the very top of the Norwegian market while setting a completely new environmental standard as to low fuel consumption and emissions
- Two rigs ordered, options for two more
- New CEO appointed
- Establishing a Norwegian organisation and engaging with NCS customers
- Optionality and Flexibility in both new rig financing and contract timing
- WilPhoenix contracted to Shell for 19 firm wells + 10 option wells
- Data points support market improvement





**AWILCO DRILLING**

# Q4 2018 INCOME STATEMENT

## Condensed statement of comprehensive income in USD thousands, except earnings per share

	Q4 2018 (unaudited)	Full Year 2018 (unaudited)	Q4 2017 (unaudited)	Full Year 2017 (audited)
Contract revenue	10,192	55,917	33,525	130,403
Reimbursables	40	586	343	1,306
Other revenue	4	19	1	22
	<u>10,236</u>	<u>56,522</u>	<u>33,869</u>	<u>131,731</u>
Rig operating expenses	5,520	27,342	7,222	27,751
Reimbursables	15	263	137	357
General and administrative expenses	53	8,766	1,975	8,818
Depreciation	3,151	13,425	3,963	15,686
Impairment	25,000	25,000	45,000	45,000
	<u>33,739</u>	<u>74,796</u>	<u>58,297</u>	<u>97,612</u>
Operating (loss)/profit	<u>(23,503)</u>	<u>(18,274)</u>	<u>(24,428)</u>	<u>34,119</u>
Interest income	802	1,943	609	792
Interest expense	(0)	(4,671)	(1,615)	(6,919)
Other financial items	(466)	(167)	1,010	818
Net financial items	<u>336</u>	<u>(2,895)</u>	<u>4</u>	<u>(5,309)</u>
(Loss)/Profit before tax	<u>(23,167)</u>	<u>(21,169)</u>	<u>(24,424)</u>	<u>28,810</u>
Tax expense	<u>(1,013)</u>	<u>(1,695)</u>	<u>7,497</u>	<u>(643)</u>
Net (loss)/profit	<u>(24,181)</u>	<u>(22,864)</u>	<u>(16,927)</u>	<u>28,167</u>
Total comprehensive (loss)/income	<u>(24,181)</u>	<u>(22,864)</u>	<u>(16,927)</u>	<u>28,167</u>
Attributable to shareholders of the parent	(24,181)	(22,864)	(16,927)	28,167
Basic and diluted earnings per share	(0.49)	(0.52)	(0.56)	0.94





# Q4 2018 BALANCE SHEET

## Condensed statement of financial position

in USD thousands

	31.12.2018 (unaudited)	31.12.2017 (audited)
Rigs, machinery and equipment	186 761	178 808
Deferred tax asset	461	1 372
	<u>187 222</u>	<u>180 180</u>
Trade and other receivables	9 075	17 168
Prepayments and accrued revenue	2 862	6 905
Inventory	4 809	4 809
Cash and cash equivalents	63 865	119 286
Current tax	340	3 551
	<u>80 951</u>	<u>151 719</u>
Total assets	<u>268 173</u>	<u>331 899</u>
Paid in capital	198 719	130 142
Retained earnings	62 671	101 068
	<u>261 390</u>	<u>231 210</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	1 213	1 170
Accruals and provisions	5 504	9 519
Current tax payable	66	0
	<u>6 783</u>	<u>20 689</u>
Total equity and liabilities	<u>268 173</u>	<u>331 899</u>

