Third Quarter 2013 results

November 28, 2013

Archer
The well company

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Introductory remarks and brief summary

- Improved results in all Areas except North America
  - Improved utilization and market in Argentina
  - Solid performance of Platform Drilling and Modular Rig
  - Strong demand for Archer Oiltools products
  - High startup costs and difficult market in North America
- Full operational test of ComTrac™ at Ullrigg test rig with encouraging results
- Finalized sale of North American Underbalanced assets
- Actions to improve profitability and adjust to difficult market in North America

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THIRD QUARTER 2013 FINANCIAL UPDATE

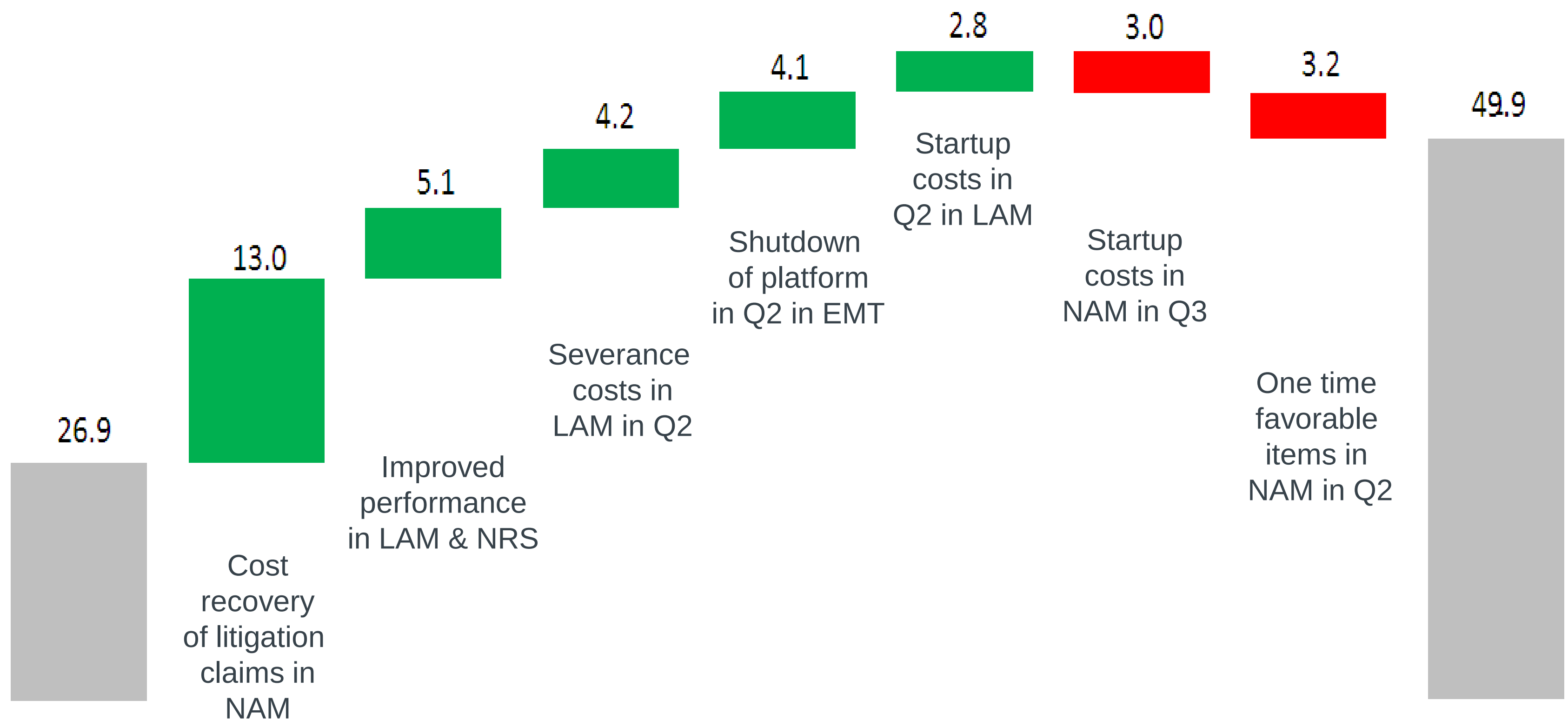
Christoph Bausch, CFO

Third quarter 2013 key financials

- Revenue from continuing operations of $522.6 million
- EBITDA from continuing operations of $49.9 million
- One-time credit of $13 million
- Net loss for the quarter of $24.2 million
- Net interest-bearing debt of $745.6 million
- Total charges expected in Fourth Quarter 2014 of $12 – $15 million

EBITDA bridge Second quarter – Third quarter 2013

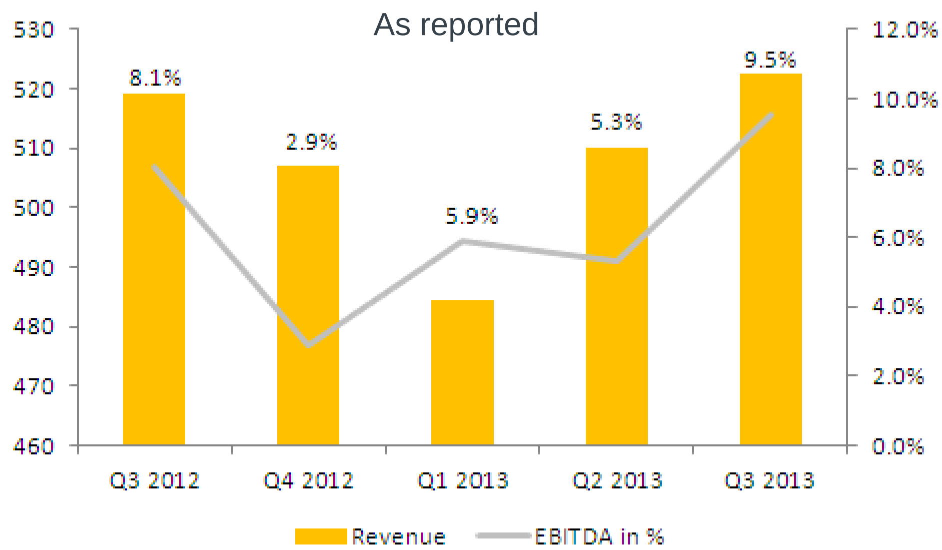
In $ millions continued operations

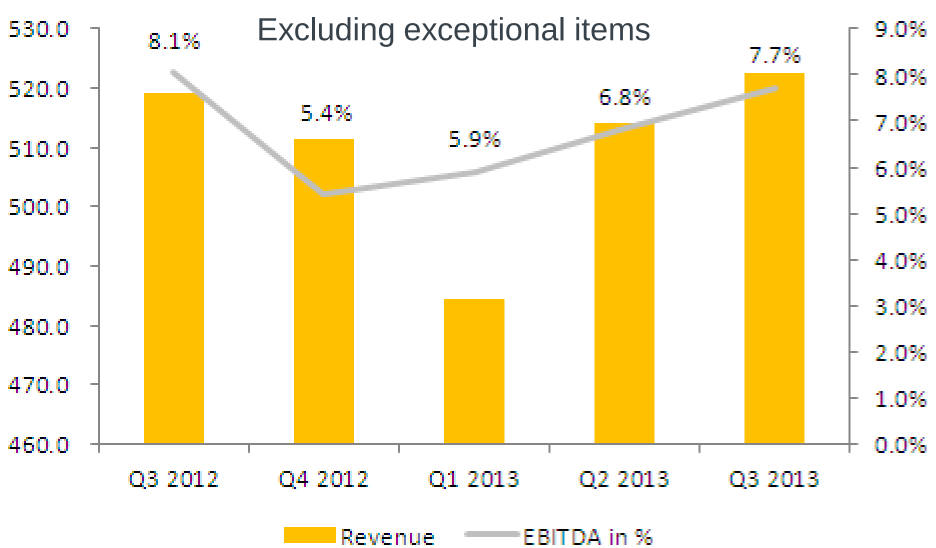


Note: EBITDA defined as earnings before interest, taxes, depreciation and amortization

Evolution of consolidated revenue and EBITDA

in $ millions excluding discontinued operations





- Improving revenue trend with higher activity in all Areas
- Improved EBITDA as reported and excluding exceptionals
- Excluding exceptional items EBITDA improved in all operations outside the US
- Expect this trend to continue
- Restructuring plan to accelerate improvements in particular in the US but also in Land Drilling Brazil

Evolution of revenue and EBITDA for NAM & EMT

in $ millions excluding exceptional items and discontinued operations

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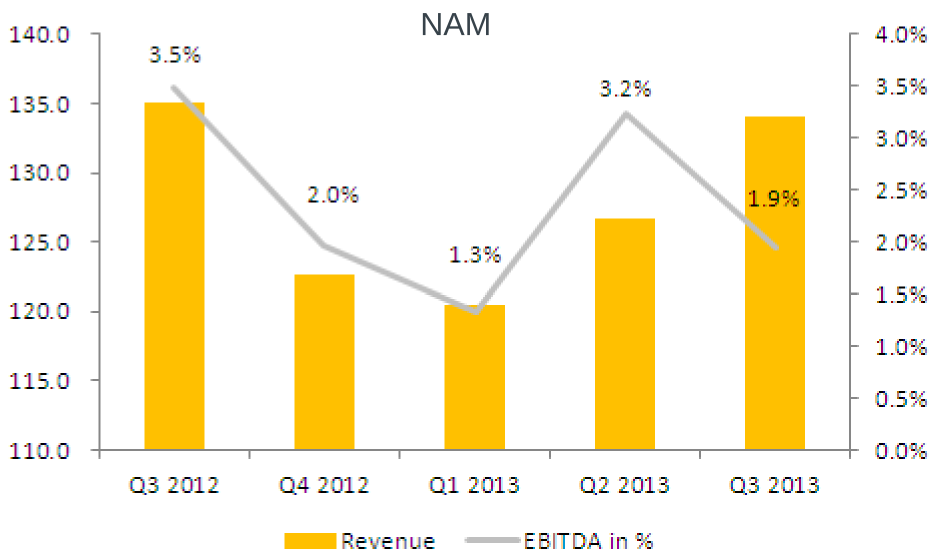

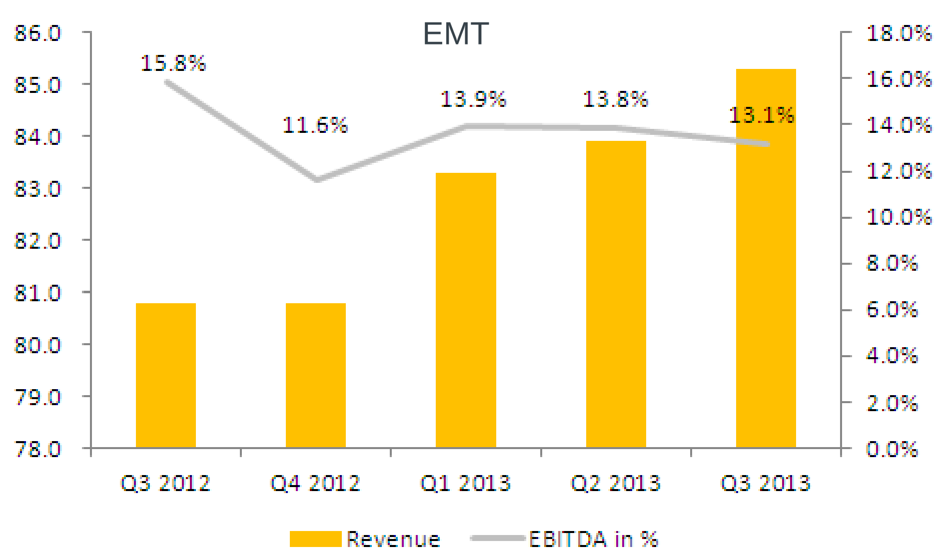

- Higher revenue with additional fleet and better utilization in NAM
- EBITDA returns not satisfactory with low pricing, high costs in some basins and limited scale
- NAM one-time credits in Q2 and startup costs in Q3 excluded
- Revenue growth in EMT mainly coming from offshore markets partly offset by decline in US land
- High margins in Divisions working in offshore operations offset by reducing margins in US
- Platform shutdown in Second Quarter adjusted as exceptional

Evolution of revenue and EBITDA for LAM & NRS

in $ millions excluding exceptional items and discontinued operations

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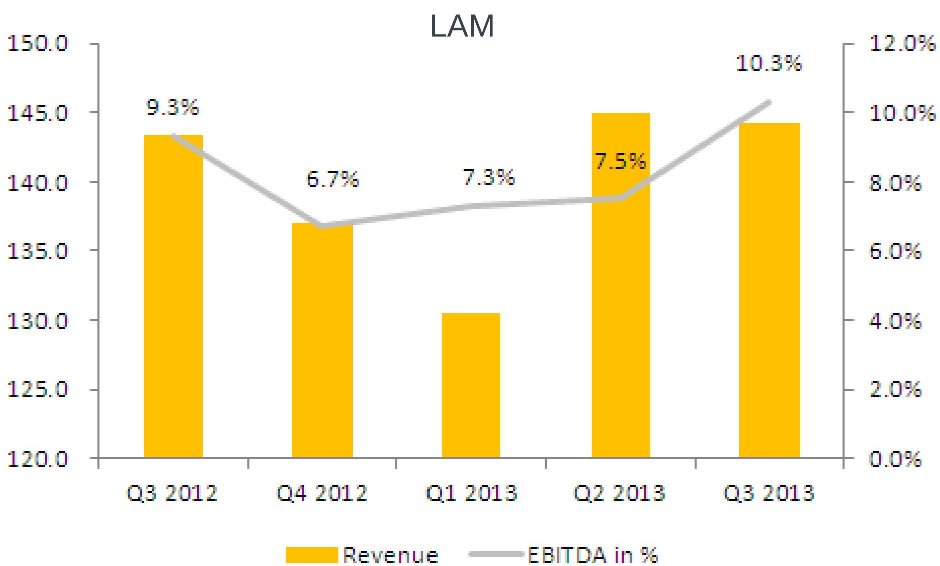

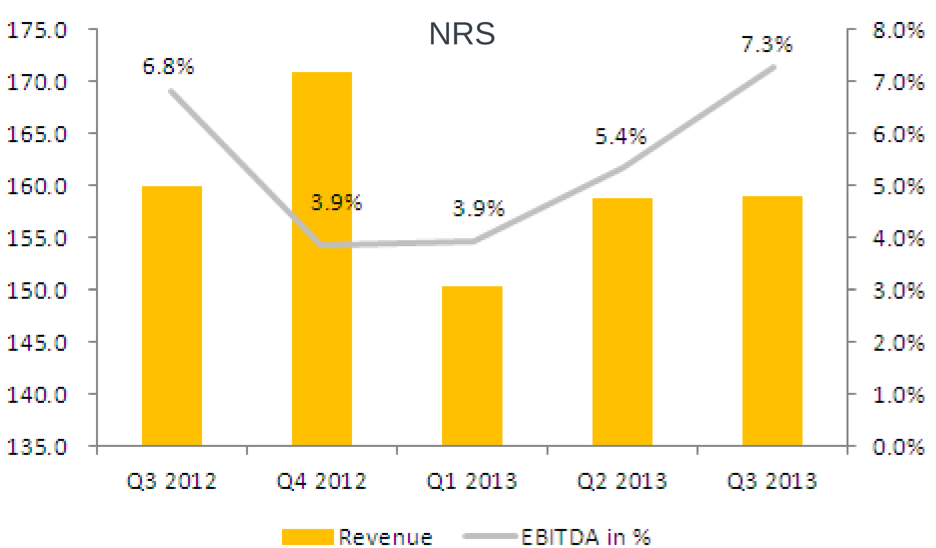

- Revenue in LAM flat with lower Brazil revenue offset by Argentina
- EBITDA margins improving as Argentina activity increases and land activity in Brazil ends
- Temporary shutdown and start-up costs excluded as exceptional
- Improving revenue trend in NRS in UK and with Modular Rig
- Positive EBITDA trend with shift to higher margin activity
- Charge for receivable write off in Q4 2012 excluded as one time

Net Interest Bearing Debt, Leverage Ratio and cash flow
in $ millions unless indicated

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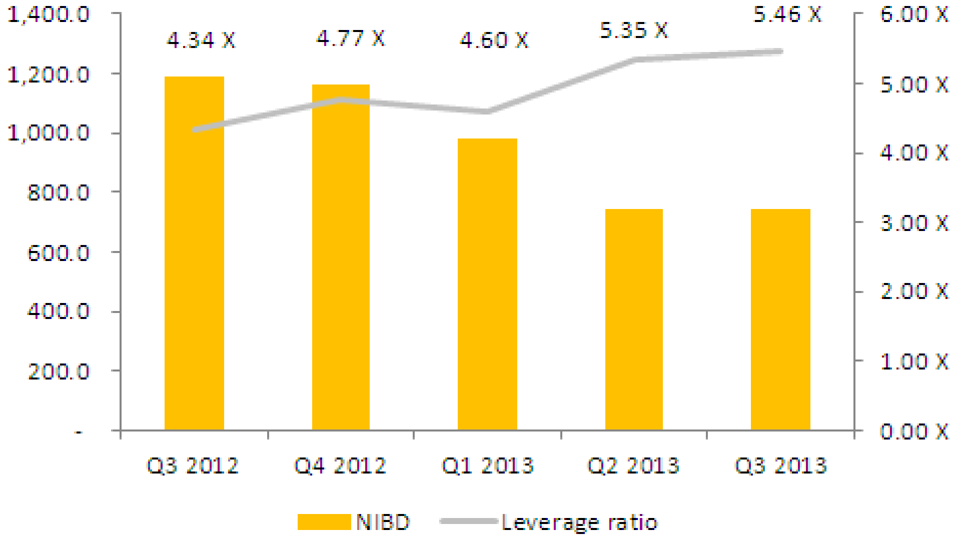

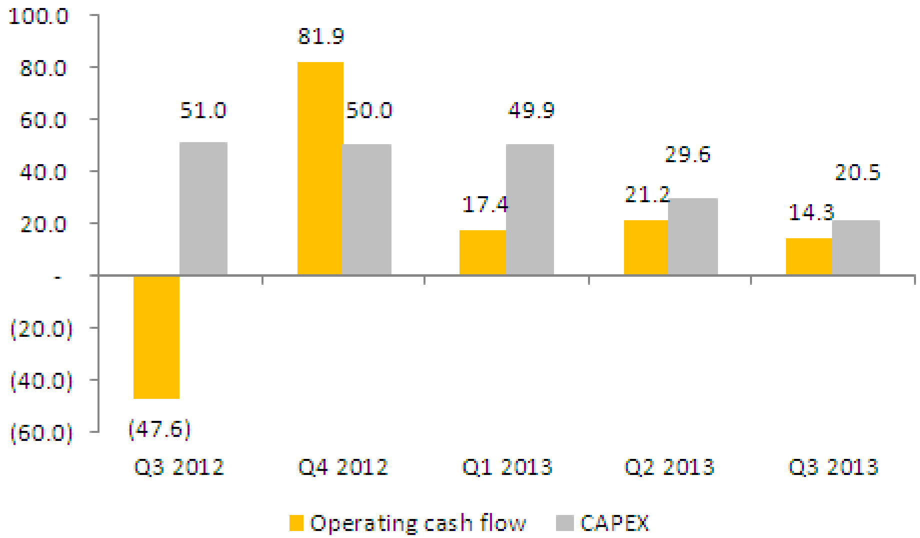

- Debt reduced from $ 1.2 billion to $ 775 million in nine months
- Reduction as a result of private placement in the First Quarter and divestitures
- Deterioration of leverage ratio as above average margin EBITDA business was divested in Q2
- Improvement of operating cash flow with strong focus on working capital
- Disciplined CAPEX spending

OPERATIONAL UPDATE & MARKET OUTLOOK

David King, CEO

Operational update North America

- Startup for new Pressure Pumping customer in Permian
- Fracked 1,071 stages in Third Quarter 10% above the Second Quarter
- Improved utilization in Coiled Tubing and Snubbing and slightly higher pricing compared to Second Quarter
- Inaugurated new base in Ohio to be closer to an emerging market
- Experienced drop in new frac valve sales in the Third Quarter but repair and parts revenue remain at high level
- Directional Drilling was down due to lower amount of jobs as a result of rig moves

Operational update EMT

- Revenue in Wireline Norway resumed following the platform shutdown in Q2
- We were awarded several contracts in Wireline during the Third Quarter
- Wireline land activity in the US remained flat at a level below our capacity with increased costs
- Record Oiltools revenue with strong Cflex sales in the US and higher LOCK activity in Norway
- Increased activity in Angola
- Concluded a full operational test at Ullrigg of our Carbon rod technology ComTrac™ with encouraging results

Operational update Latin America

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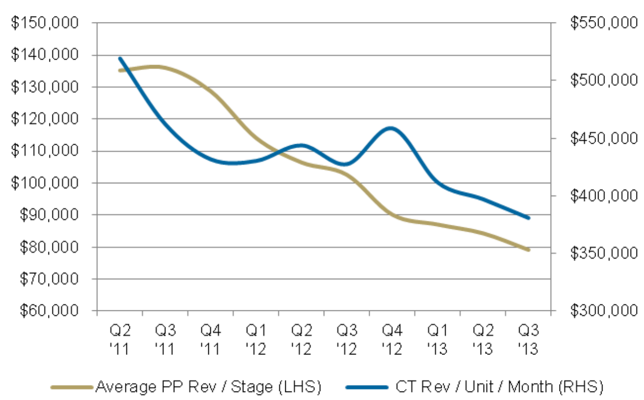
- Higher Drilling rig utilization in Argentina and Bolivia with 91.7% during the quarter
- Increased operation in Neuquén during the Third Quarter with rig 148 and rig 161
- Achieved improved terms & conditions on some contracts resulting in a small price increase for existing operations
- Reduction of activity in Brazil as utilization dropped to a record low of 17.1% after finalization of Petrobras contract
- Continued transferring land rigs from Brazil to Argentina. Receivables in Brazil were reduced during quarter

Operational update North Sea

- Increased operations in the UK with P&A related activities and additional services
- Reduced revenue in Norway as a result of a temporary shutdown of the Ula platform
- Modular Rig revenue benefitted from success fee for reaching a critical milestone and higher day rate
- Improved utilization in Engineering as operations on several contracts started following customer delays in Q2 2013
- Won Engineering contract from a major Engineering house to design the Drilling facility of a new platform in Newfoundland

North American market update

- Compared to the Second Quarter 2013 land rig count in the United States remained flat while number of wells drilled increased by 5%
- Industry achieved efficiency gains through process improvements
- Bakken and Eagleford are leading the way with Permian following
- Number of stages increased beyond well growth due to a greater proportion of horizontal activity
- Effective increase in capacity through process and technology innovation



- Pricing for both Pressure Pumping as well as Coiled Tubing continues to be under pressure
- Over the past 2 months some market analysts have changed their sentiment to be more bullish about 2014

Emerging Market & Technologies market update

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- Decrease in gas related activity had a significant impact on our Wireline business in the US Land market
- Intense competition for experienced personnel increased cost base in particular in the Bakken and in the Permian basin
- Strong demand for Well Integrity products in the Gulf of Mexico
- International cased hole logging market is growing and operators are increasingly focusing on well integrity issues
- Core North Sea market for well integrity offering will continue to grow
- Increasing requirement for more efficient well interventions as well as plug & abandonment services
- New products and service offerings as well as international expansion will support double digit growth in well integrity offering

Latin America market update

- Increasing signals from Argentinean government to support local oil & gas production to replace expensive imports
- Production of both oil and natural gas is increasing
- Overall rig utilization in Argentina is approaching 100% with 30 additional drilling rigs added in last 12 month
- We expect an additional 25 drilling rigs to enter Argentina in 2014 with the majority being in the non-conventional areas
- The Bolivia market is steady with a total of 18 active rigs
- In Brazil we saw a shift in focus of Petrobras, which is now focusing predominantly offshore impacting international land drillers
- Land rig count in Brazil reduced from 59 active rigs in October 2012 to 35 active rigs in October 2013

North Sea market update

- Increased number of mobile rigs drilling exploration/appraisal wells following significant discoveries in the last 2 years
- More wells are needed in existing fields to counter declining production
- Number of fixed platforms stable but drilling activity from existing platforms has increased
- New developments focus on subsea tie backs to existing platform infrastructure, further extending platform asset life requirements
- High level of engineering and platform modifications to address regulatory requirements and extend life of platforms
- Total backlog of $ 1.2 billion and $ 1.8 billion of options
- UK market is leading on P&A activity, but Norway is starting also
- Interest in modular rig technology is increasing as efficient solution to address need for additional wells from older platforms

Restructuring plan

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- Expect to book total charges of $12 – $15 million
  - Severance, base and office closures, other costs
  - Majority of the costs will be incurred in the Fourth Quarter 2013 and a smaller portion in the First Quarter 2014
- Size specific US operations to their market
  - Reduce field and support organization
  - Improved coordination between business lines
- Shut down Brazil land business
- Improve results of smaller businesses
- Adjust overall overhead and shared costs
- Expect return of less than one year

Summary

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- Improving results in all Areas except North America
- Improved balance sheet following strategic steps
- North American market will remain challenging
- Restructuring plan initiated
- Interesting growth opportunities in Argentina
- Continued growth in offshore markets

Thank you

Questions

David King, CEO, Christoph Bausch, CFO