

Trading Update Q4 2018 and Outlook 2019

23 January 2019

Archer

Disclaimer – forward looking statements



Cautionary Statement Regarding Forward-Looking Statements

In addition to historical information, this presentation contains statements relating to our future business and/or results. These statements include certain projections and business trends that are “forward-looking.” All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements, including statements preceded by, followed by or that include the words “estimate,” pro forma numbers, “plan,” “project,” “forecast,” “intend,” “expect,” “predict,” “anticipate,” “believe,” “think,” “view,” “seek,” “target,” “goal” or similar expressions; any projections of earnings, revenues, expenses, synergies, margins or other financial items; any statements of the plans, strategies and objectives of management for future operations, including integration and any potential restructuring plans; any statements concerning proposed new products, services, developments or industry rankings; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing.

Forward-looking statements do not guarantee future performance and involve risks and uncertainties. Actual results may differ materially from projected results/pro forma results as a result of certain risks and uncertainties. Further information about these risks and uncertainties are set forth in our most recent annual report for the Year ending December 31, 2017. These forward-looking statements are made only as of the date of this press release. We do not undertake any obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

The forward-looking statements in this report are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management’s examination of historical operating trends, data contained in our records and other data available from Fourth parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies, which are impossible to predict and are beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections.

Note: The numbers used in this trading update are preliminary and rounded to nearest \$1 million

Archer

A global oil service company with more than 5,000 employees

Platform Drilling & Engineering



A people business

- Operates 45 platforms
- Owns and operates 2 modular drilling rigs
- Provides engineering services

Land Drilling



An asset business

- Owns and operates 81 land rigs in Argentina and Bolivia for drilling, workover and pulling services

Well Services



Technology & services

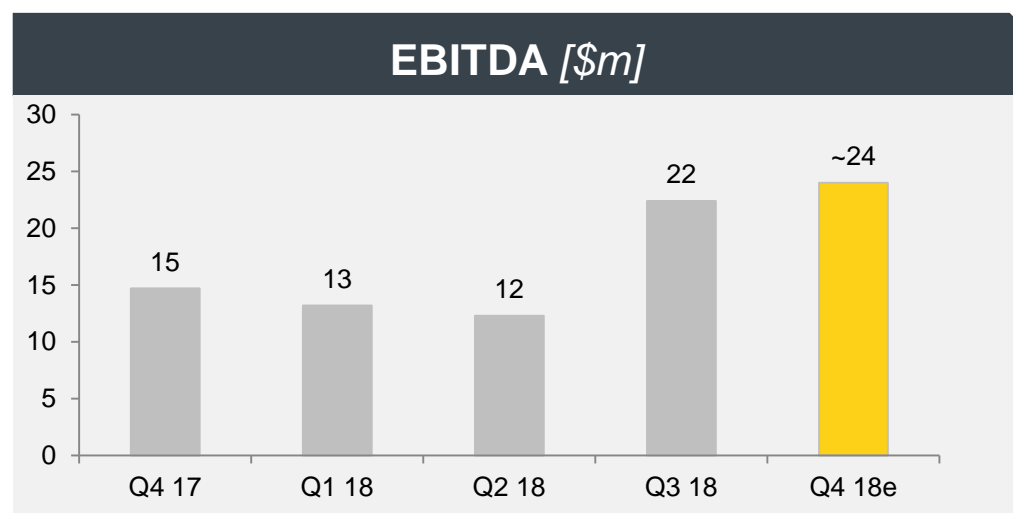
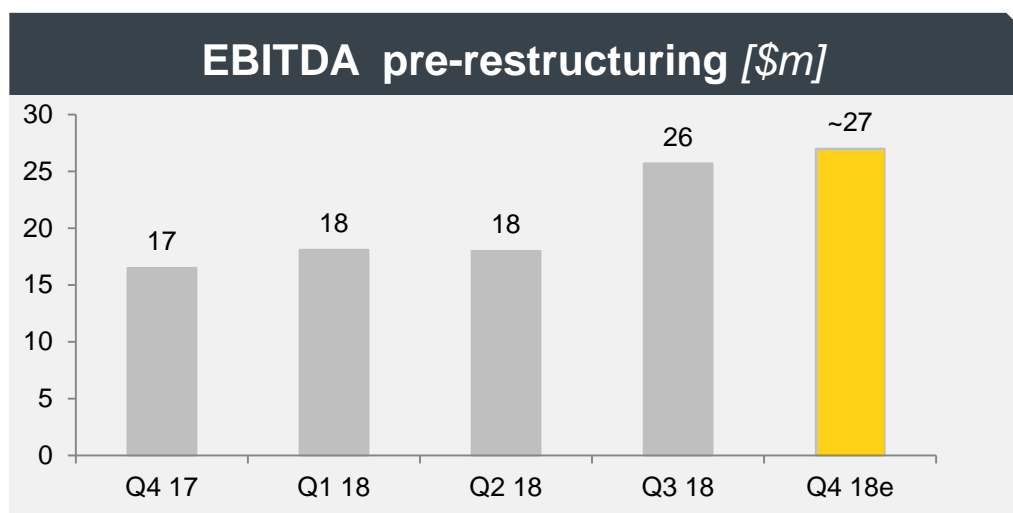
- Provides well integrity services and technologies
- Deploys well intervention products

Associated investments

- 28.2% ownership in Quintana Energy Services (NYSE:QES)
- 50% ownership in C6 Technologies (intervention / conveyance)

Key highlights Q4 2018






- Best operational results since 2015
 - Revenue of approximately \$233 million
 - EBITDA before restructuring of approximately \$27 million
 - EBITDA of approximately \$24 million
- Net interest bearing debt reduced to approximately \$586 million
- Significant backlog to support activity growth in 2019



Q4 2018 and preliminary full year 2018 results will be reported on 27th February 2019

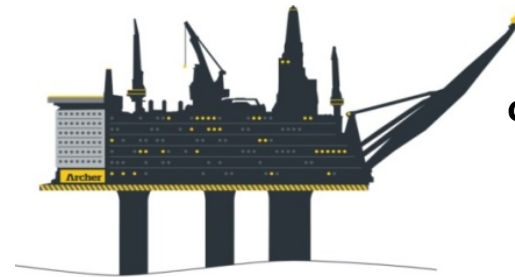
We delivered on our promises for 2018

Status

| | | |
|---|--|---|
| 1 | All business units in the Eastern Hemisphere experiencing increased demand with combined expected revenue growth of 15% over 2017. |  18% above |
| 2 | Average EBITDA margin before restructuring expected to improve 1-2% points over 2017. |  2.3% points improvement |
| 3 | Improved EBITDA in second half of year on the back of higher activity, reduced cost and better terms in Land Drilling. |  46% higher |
| 4 | Capex below 3% of revenue. |  2.7% of revenue |
| 5 | Strategic process for onshore US ongoing. |  Completed |

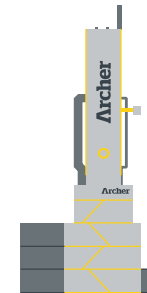
North Sea market leader

- Operates and maintains operator owned drilling equipment.
- Supplies rental drilling tubulars and associated handling equipment.
- Supported by Archer Engineering, providing multidiscipline engineering, project management & execution for platform drilling facilities.
- Long-term contracts and strong cash flow generating business with limited capex.
- Growth enablers:
 - Deploy modular rigs
 - Grow selectively internationally
 - Expand services offered in North Sea
 - Expand rental equipment



Secures production on 45 offshore platforms globally

**#1 in Norway
#1 in UK**



Own and operate 2 modular drilling rigs



~2000 multi-skilled platform operators

~180 skilled engineers

\$1 billion of firm backlog

Contract backlog 2019-2021*

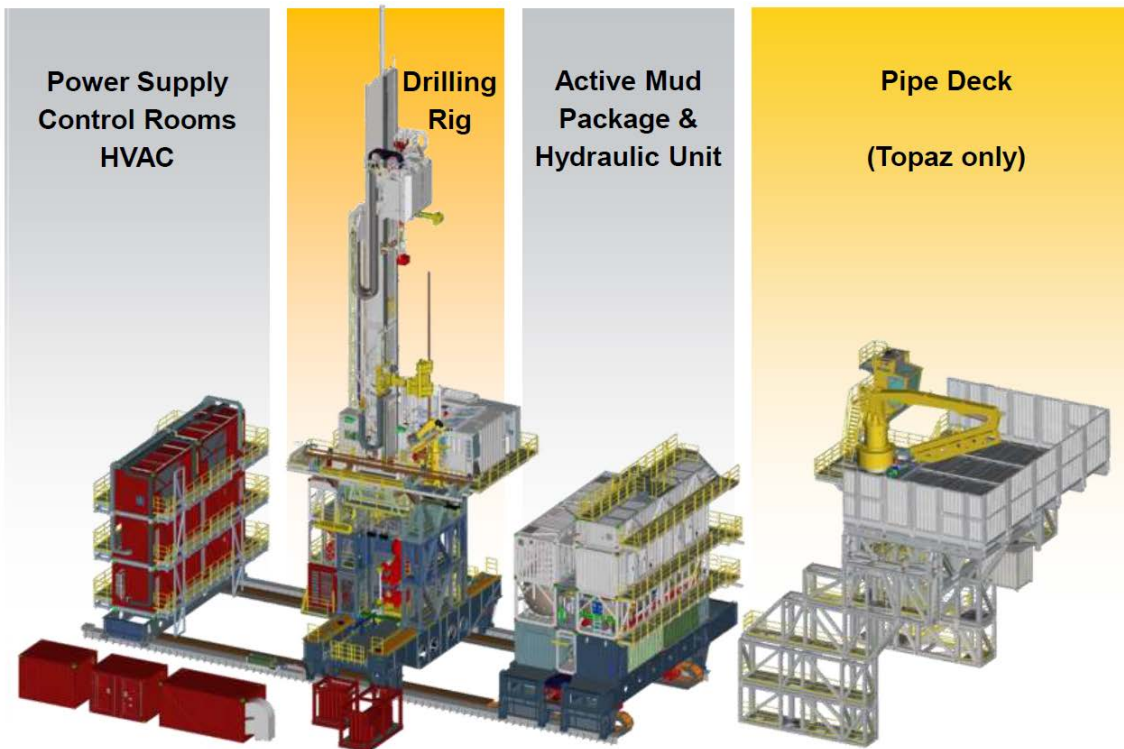
| Country | Operator | Nr. of platforms | 2019 | | | | 2020 | | | | 2021 | | | | 2022 | | | |
|----------------|----------------|------------------|---------------|----|------------------------|---------------|------------------|----|----|---------------|------------------------|----|----|---------------|------------------|----|----|----|
| | | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| United Kingdom | Apache | 6 | Firm Contract | | | | Firm Contract | | | | Contract Options | | | | Contract Options | | | |
| | Chevron | 2 | Firm Contract | | | | Firm Contract | | | | Firm Contract | | | | Firm Contract | | | |
| | Fairfield | 1 | Firm Contract | | | | Life of Field | | | | P&A expected to finish | | | | Contract Options | | | |
| | Marathon | 2 | Firm Contract | | | | Firm Contract | | | | Firm Contract | | | | Firm Contract | | | |
| | Shell | 2 | Firm Contract | | | | Firm Contract | | | | Firm Contract | | | | Firm Contract | | | |
| | Shell | 1 | Firm Contract | | P&A expected to finish | | Firm Contract | | | | Firm Contract | | | | Firm Contract | | | |
| | Repsol Sinopec | 7 | Firm Contract | | | | Firm Contract | | | | Firm Contract | | | | Contract Options | | | |
| Norway | Aker BP | 3 | Firm Contract | | | Firm Contract | | | | Firm Contract | | | | Firm Contract | | | | |
| | ConocoPhillips | 3 | Firm Contract | | | | Firm Contract | | | | Firm Contract | | | | Firm Contract | | | |
| | Repsol | 1 | Firm Contract | | | | Firm Contract | | | | Firm Contract | | | | Contract Options | | | |
| | Equinor | 12 | Firm Contract | | | | Firm Contract | | | | Firm Contract | | | | Firm Contract | | | |
| | Equinor | 1 | Firm Contract | | | | Firm Contract | | | | Firm Contract | | | | Life of Field | | | |
| Brazil | Equinor | 2 | Firm Contract | | | | Firm Contract | | | | Firm Contract | | | | Firm Contract | | | |
| Greece | Energiean | 1 | Firm Contract | | Contract Options | | Contract Options | | | | Contract Options | | | | Contract Options | | | |

Firm Contract

Contract Options

* = Excludes platforms under contract that have been permanently abandoned

Our Modular Rigs are gaining renewed industry interest



- Archer owns and operates two state-of-the-art MDRs.
- Can be tailored to meet well-specific requirements and provide operators with a cost efficient alternative.
- Highly relevant for platforms with sporadic drilling/well intervention requirements, or platforms where upgrade/re-certification of drilling facilities would be required for P&A activities.

Current market update

- Meaningful increase in studies and enquiries from operators
- Several project opportunities with expected start-up in 2020
- Projects related to both P&A and Drilling
- Projects centered around North Sea, as well as selective international opportunities
- Peak demand expected between 2022 to 2025 (number of potential projects exceeds capacity)
- Time to prepare and mobilize rig is approximately ~6 months prior to operation

A leading player in the largest unconventional play outside US

- Leading provider of land drilling and workover services in Argentina and Bolivia.
- Strong market position and long-term contracts in the Vaca Muerta play.
- Currently ~2100 employees.
- Operations split into:
 - North (Vaca Muerta & Bolivia)
 - Strong operational and financial performance;
 - South (San Jorge Gulf / brownfield)
 - Challenging business environment, but have made significant sustainable operational improvements



Own and operate 81 drilling rigs, workover and pulling units

**#1 in Bolivia
#2 in Vaca Muerta (Argentina)**

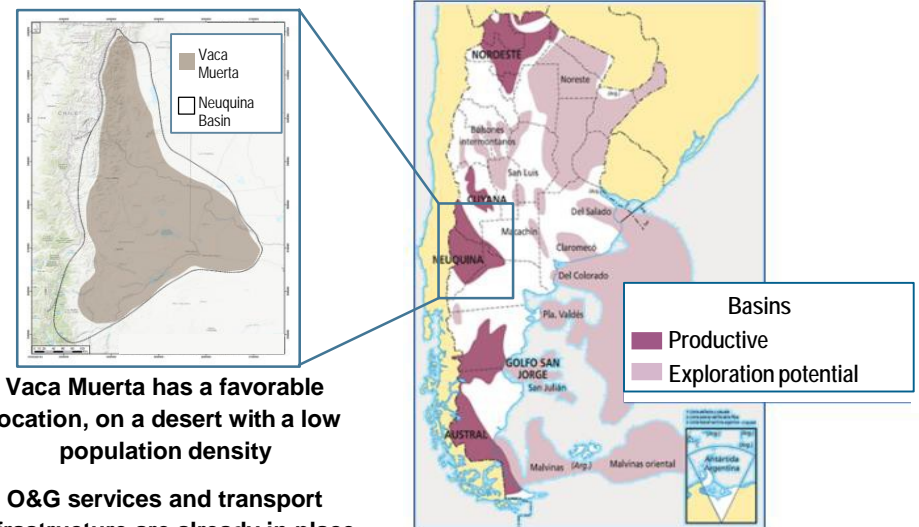


Market backdrop - Vaca Muerta (Land Drilling North)

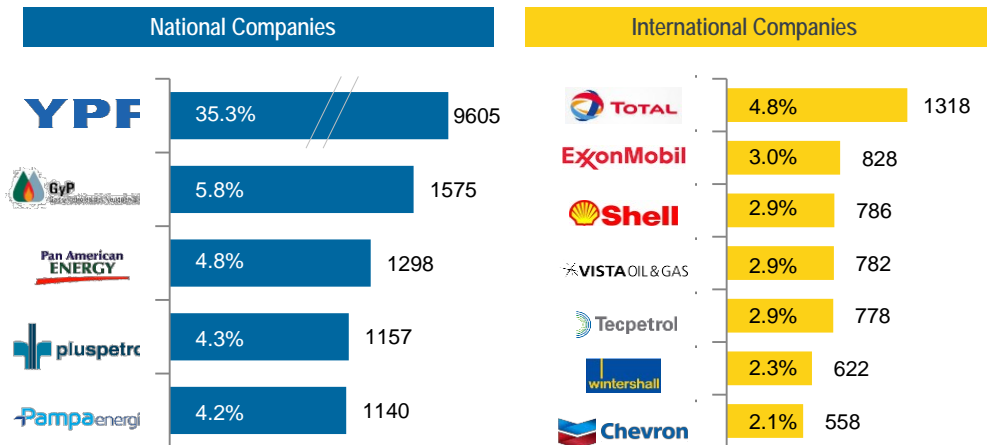
Vaca Muerta Overview

- Vaca Muerta is a geological formation of 30,000 km² located largely in the province of Neuquén. Oil & Gas is found at a depth of more than 2,500 meters, far from the groundwater which in this region is located at a depth of between 300 and 400 meters.
- As of July 2018, 961 wells have been drilled in Vaca Muerta in the Province of Neuquén.
- Non conventional monthly production for October 2018: 66 kbb/d (oil) and 25.000.000 m³/d (gas).

Vaca Muerta Geographic Location



Companies With Presence in Vaca Muerta (by km²)



Vaca Muerta Technical Highlights

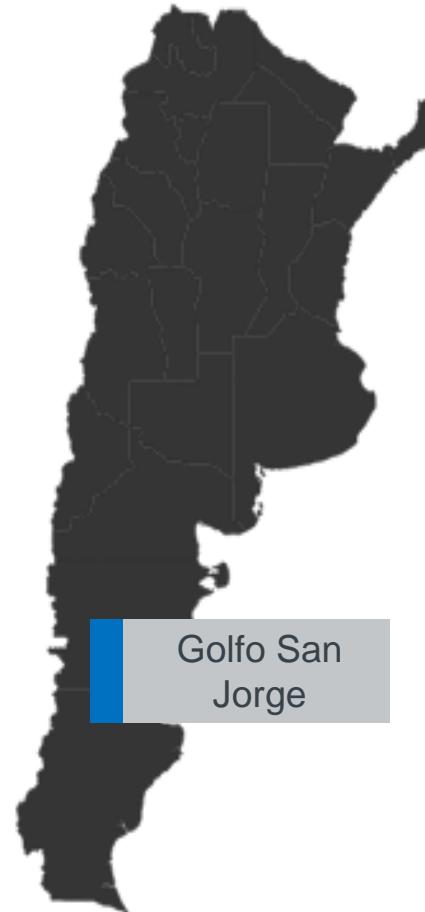
| | TOC (%) | Thickness (m) | Reservoir Pressure (psi) |
|-----------------------|----------|---------------|--------------------------|
| <i>desired</i> | >2 | >30 | High |
| Vaca Muerta | 3 - 10 ✓ | 30 - 450 ✓ | 4,500 - 9,500 ✓ |
| Haynesville 🇺🇸 | 0.5 - 4 | 60 - 90 | 7,000 - 12,000 |
| Marcellus 🇺🇸 | 2 - 12 | 10 - 60 | 2,000 - 5,500 |
| Eagle Ford 🇺🇸 | 3 - 5 | 30 - 100 | 4,500 - 8,500 |
| Wolfcamp 🇺🇸 | 3 | 200 - 300 | 4,600 |

Market backdrop –San Jorge Gulf (Land Drilling South)

- In May 2017 Archer announced a four year contract for the provision of Drilling, Workover and Pulling Services for Pan American Energy's Cerro Dragon field in the Golfo San Jorge basin in southern Argentina.
- Pan America Energy (PAE) is Argentina's second largest producer of oil and gas, producing approx. 18% of Argentina's total oil and gas production.
- PAE owns and operates the 90,000 barrels of oil a day (b/d) Campana refinery, which is planned to increase to approx. 120,000 – 130,000 b/d by Q4 2020.
- With the refinery increase, PAE is planning to increase the number of wells a year from 202 wells in 2017 to 260 by 2020 (+29%) in order to serve the refinery capacity.

Key facts – Golfo San Jorge (Cerro Dragón)

ARGENTINA



Cerro Dragón is the largest hydrocarbon-producing block in Argentina



Cerro Dragón is the third largest gas producing block in Argentina

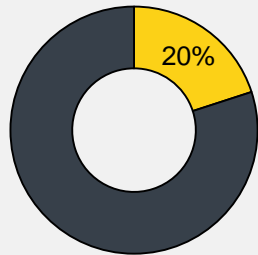


PAE operate more than 3,800 production wells in the area

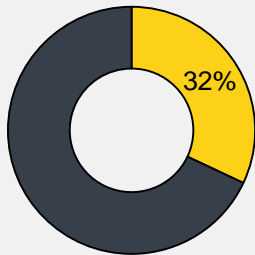
We believe the 2018 operational improvements are sustainable

Leading market share

Vaca Muerta



Golfo San Jorge

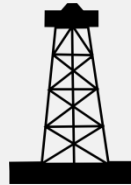


■ Est. Archer market share (revenue)

Operational improvement (2018 vs 2017)



~8% headcount reduction in Argentina



~18 % more wells drilled per rig in South



Land Drilling South re-negotiated its main contract with Pan American Energy

Ambitious goals set by Argentine Government¹⁾



Double the oil and natural gas production within five years



CAGR of Investments 2018-2024 = 19%



Enhance Argentina's trade balance through net exports totaling \$15 billion by 2023

Land Drilling right-sized and well positioned to deliver stable performance

Provides high-end well integrity technologies and services

- A global technology provider of tools and equipment for oil & gas wells.
- Industry leader for gas-tight well integrity products.
- Technology and application portfolio greatly expanded over recent years.
- Full range of wireline intervention services in Norway with a ~40% market share.
- Proprietary well diagnostic technologies being deployed globally.
- Unique conveyance solutions.



Suite of premium oil tools

- Plugs & plug solutions
- Cementing solutions
- Cleaning solutions
- Perforation and wash solutions
- Slot recovery solutions



Complete range of wireline services:

- Advanced well integrity diagnostics
- Mechanical interventions
- Production logging
- Complex fishing operations
- Conveyance
- Horizontal well evaluation

We have developed several new products since 2014

Plugs & plug solutions

Cleaning solutions

P&A solutions

Cementing solutions

Well diagnostics

Existing technologies



MCAP



VIVID



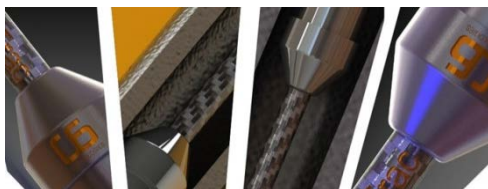
CFlex



Point SPACE



C6 Technologies



ComTrac[®]
C6 Welldrone[®]

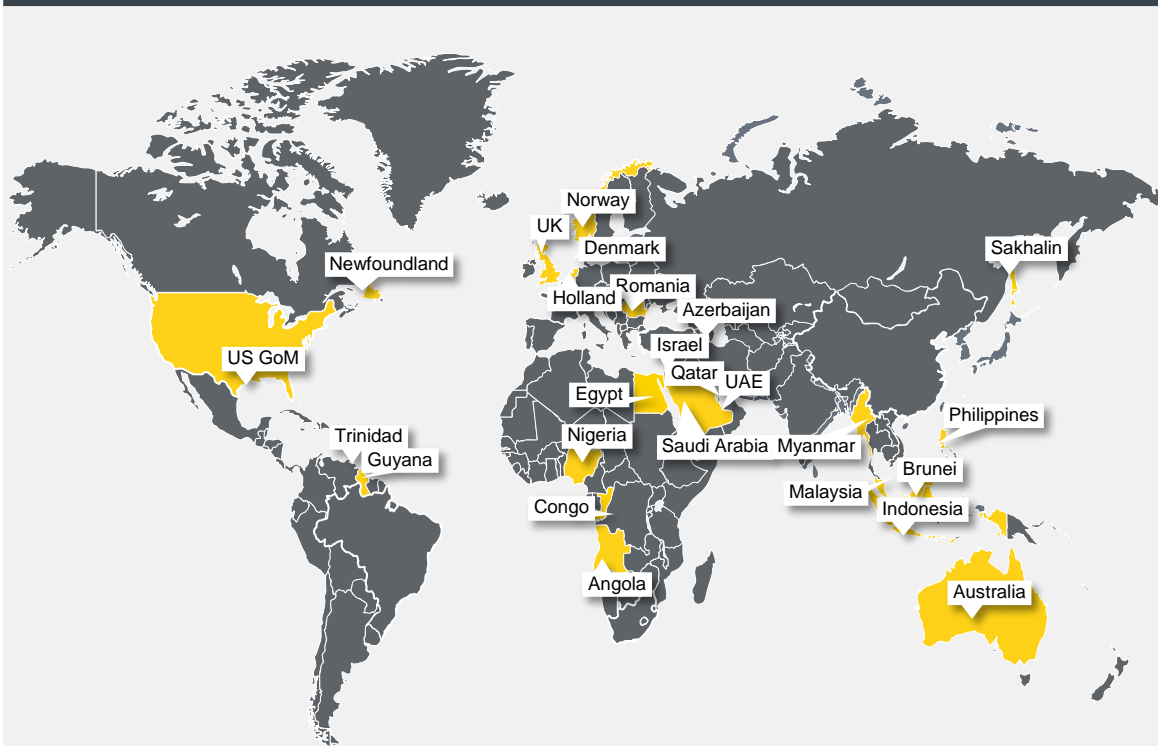


Cement heads

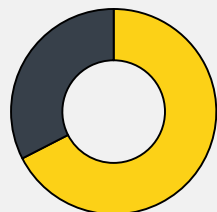


We expect the new products to drive growth in new markets

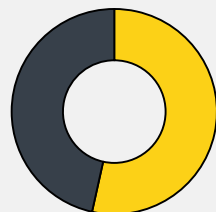
Well services is a global business with a stronghold in the North Sea



Current revenue distribution

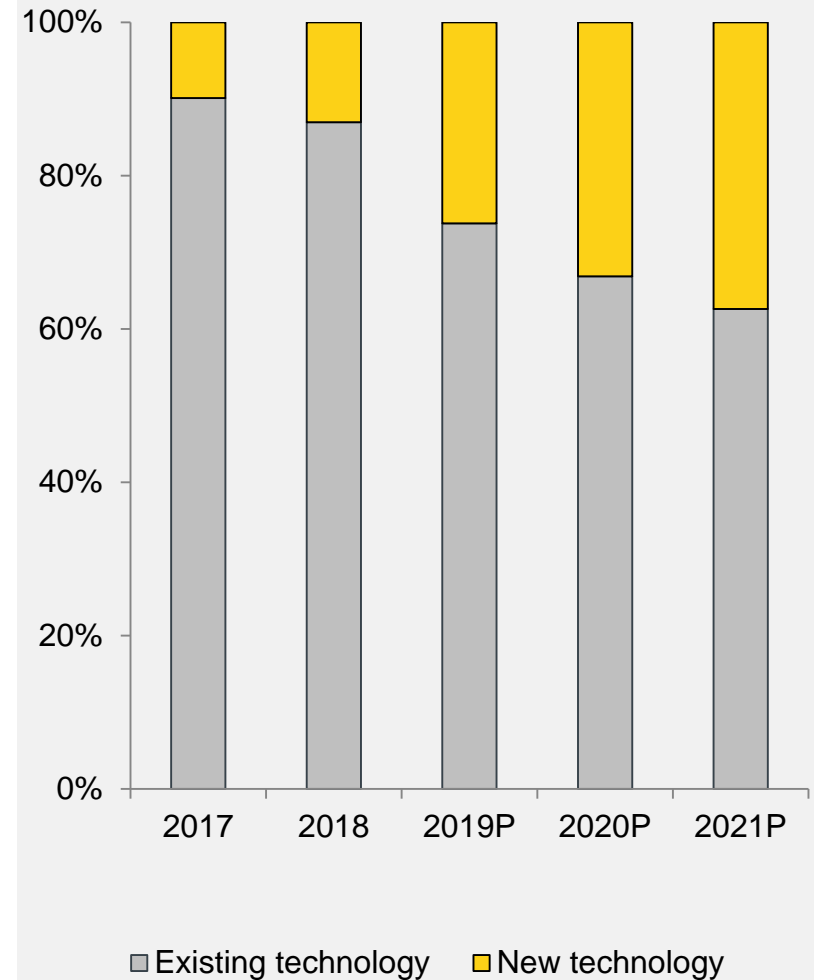


■ North Sea
■ Rest of the World



■ Oiltools
■ Wireline

Expected mix of new vs. existing products



QES and C6 Technologies



- QES is a growth-oriented provider of diversified oilfield services focused on U.S. unconventional resources.
- Operate via four segments:
 - Directional Drilling.
 - Pressure Control.
 - Pressure Pumping.
 - Wireline.
- Listed on the New York Stock Exchange (NYSE:QES).



- C6 Technologies is an oilfield technology company offering new solutions for well intervention and conveyance:
 1. ComTrac[®] - A carbon composite rod conveyance/intervention system.
 2. A unique and innovative downhole tractor – the C6 WellDrone[®].
 3. An extensive mechanical service platform (MSP) of downhole intervention tools.

LTM Revenue

\$576m

LTM EBITDA

\$45m

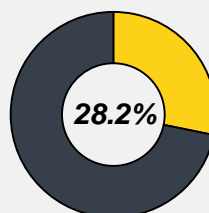
Market cap

\$144m

EV

\$156m

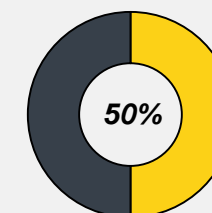
Archer ownership



Two Comtrac[®] units in commercial operation

C6 WellDrone[®] and all MSP tools ready for field test

Archer ownership



Archer is positioned in segments with positive outlook in rebounding markets

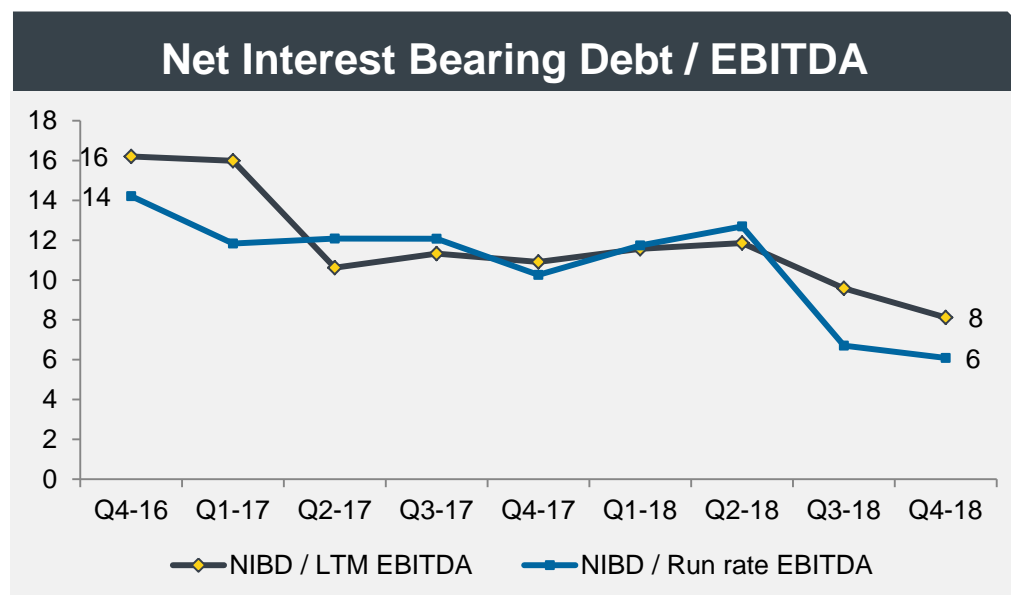
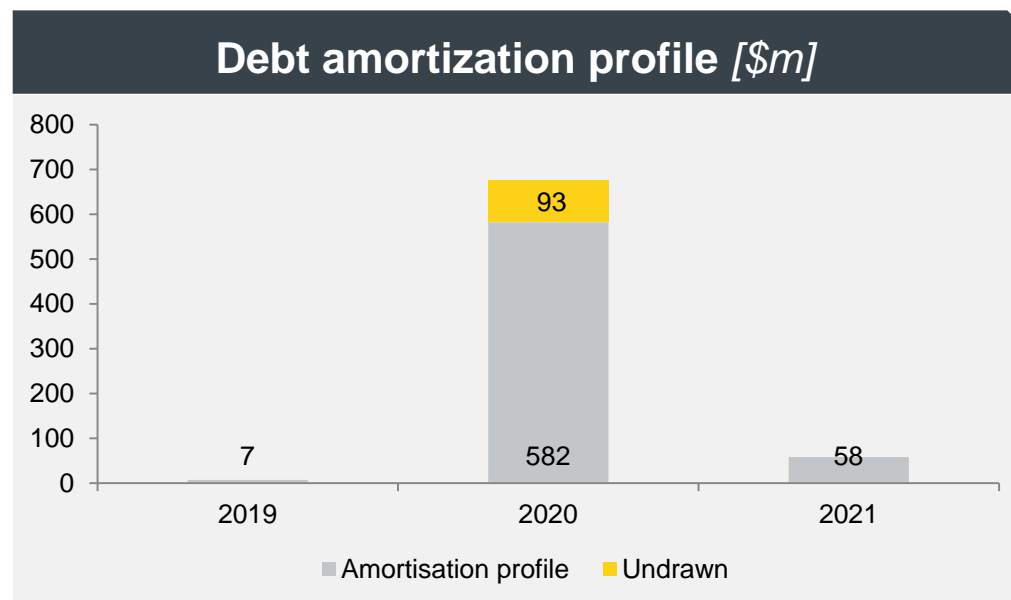


| | Business units | Key drivers | Key region | Outlook* |
|---------------------------------|---------------------|--|--|----------|
| Platform Drilling & Engineering | Platform Drilling | <ul style="list-style-type: none"> • Lowest cost production drilling for platforms with drilling facilities • P&A market in the North Sea for Modular rigs | North Sea | |
| | Engineering | | North Sea | |
| | Modular rigs | | Global offshore | |
| Land Drilling | Land Drilling North | <ul style="list-style-type: none"> • Land drilling market in Bolivia and Argentina | Bolivia and Vaca Muerta | |
| | Land Drilling South | | Southern Argentina | |
| Well Services | Oiltools | <ul style="list-style-type: none"> • Well intervention & P&A • New products | North Sea, Global offshore and Middle East onshore | |
| | Wireline | | | |

* Medium term growth outlook

Strong liquidity position and improving credit metrics

- Main credit facilities mature Q3 2020 with subordinated loan from Seadrill maturing in 2021.
- Archer operates well within all covenant requirements including liquidity, EBITDA and Capex.
- Significant EBITDA-improvement and reduced NIBD.
 - NIBD / EBITDA ratio down 50% since 2016
 - NIBD / EBITDA ratio meaningfully reduced over the last two quarters.
 - Non-consolidated associated investments (QES and C6) further lowers NIBD/EBITDA ratio compared to graph
- Robust liquidity position of approximately \$139 million.



- Recent oil price volatility creates uncertainty regarding operators 2019 budgets, but Archer expects continued growth in 2019 on the back of strong backlog:
 - Revenue set to increase 4-6% over 2018
 - Eastern Hemisphere set to further increase 15-20% from 2018
 - EBITDA margin about 10-12%
 - Capex 3-4% of revenue
 - Robust liquidity and strong operational cash flow
- Beyond 2019, Archer is well positioned for further growth:
 - Platform Drilling with good prospects to deploy modular drilling rigs from 2020
 - New technology revenue in Well Services and general market rebound to drive growth
 - Modern assets and attractive market position in Vaca Muerta