Archer Third Quarter 2017

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31 October 2017

Disclaimer – forward looking statements

Cautionary Statement Regarding Forward-Looking Statements

In addition to historical information, this press release 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.

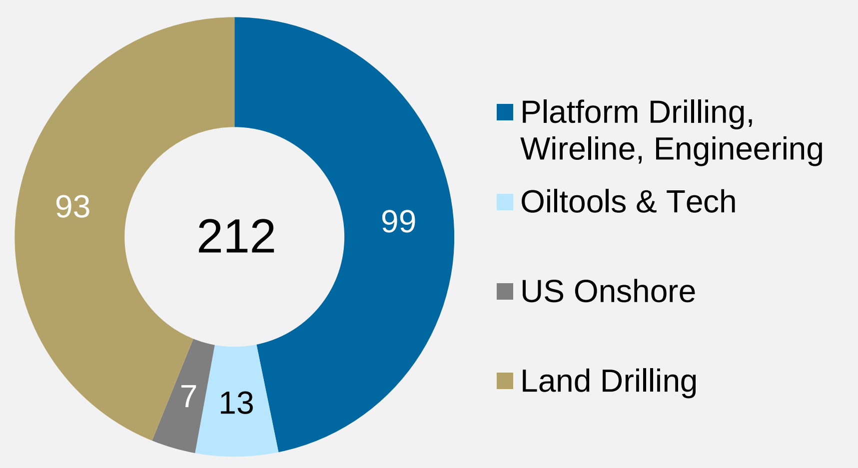
Forward-looking statements do not guarantee future performance and involve risks and uncertainties. Actual results may differ materially from projected results/pro forma results as a result of certain risks and uncertainties. Further information about these risks and uncertainties are set forth in our most recent annual report for the Year ending December 31, 2016. 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.

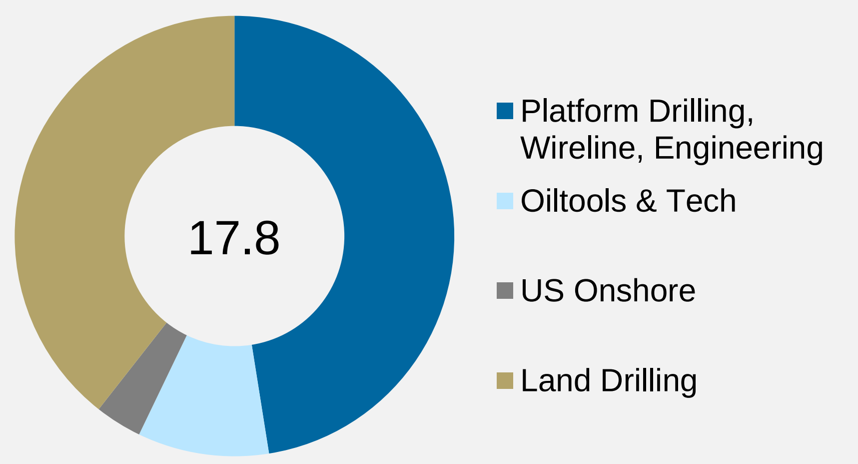
Archer – third quarter highlights 2017

- Revenue of $212.3 million
- EBITDA of $17.8 million before exceptional items [1)]
- Contract awards and renewals during Q3 17 improved order backlog by roughly $100 million
  - P&A contract for Platform Drilling for Repsol Norway
  - Renewed contract for Platform Drilling for Chevron UK
  - Oiltools and Wireline won frame agreement with Repsol Norway to deliver P&A and related services
- US Onshore impacted by Hurricane Harvey, but trend remains positive. Excluding estimated Q3 loss related to Harvey, normalized EBITDA before exceptional items was $18.5 million
- First two Flex rigs on contract with Pan American Energy mobilized on schedule

Revenue *[$m]*



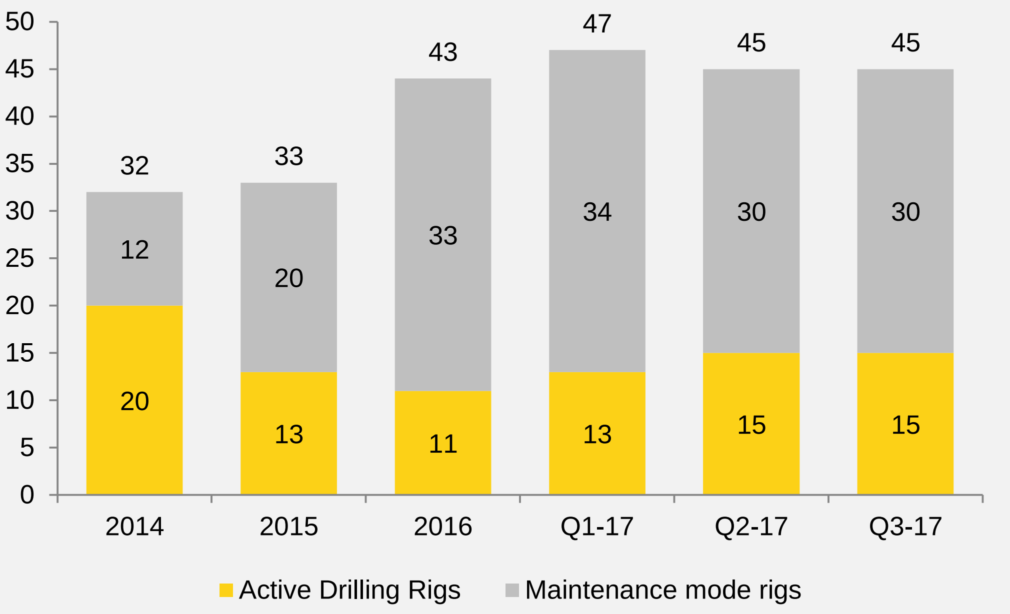
EBITDA before exceptional items *[$m]*



1) Exceptional items include restructuring costs and other non recurring items

Eastern Hemisphere – activity in line with previous quarter

Platform Drilling Contracted rigs *[nr of rigs]*



- Platform drilling has been able to renew all major contracts so far in 2017
- Archer successfully renewed platform drilling contracts with Repsol (Norway) and Chevron (UK) in Q3 with estimated contract values of more than $70 million

Oiltools

- Frame agreement award with Repsol Norway for delivering P&A services
- Repsol UK P&A work awarded

Wireline

- Key award by Repsol Norway for P&A services
- Increase in mechanical activity in Norway but high margin logging activity remains low
- Closure of Archer's wireline operations in Denmark

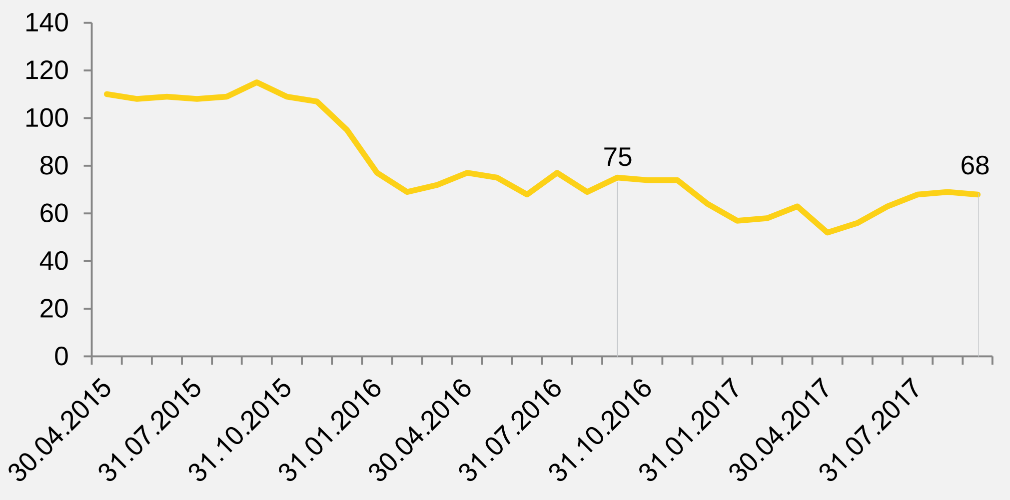
Engineering

- Operators continue to delay and postpone larger projects
- Performance in line with previous quarter

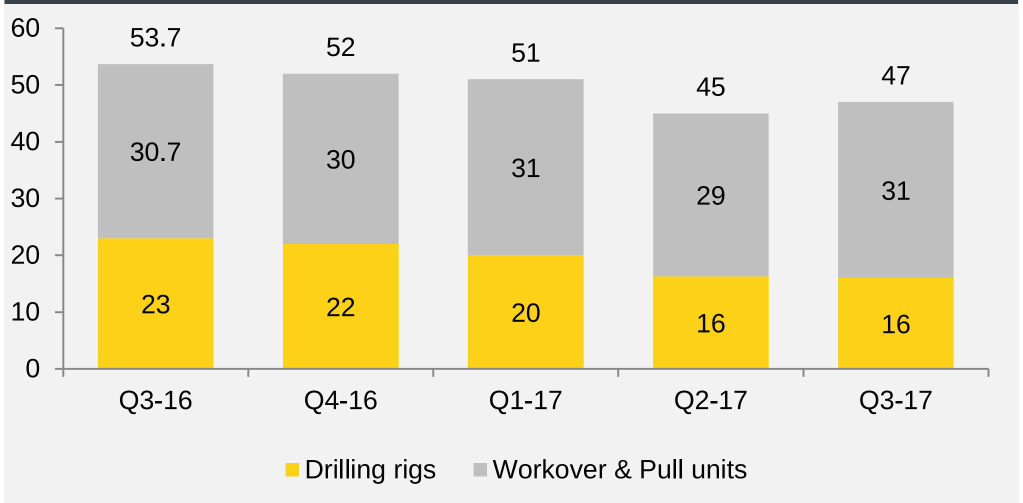
Land Drilling – rig utilization steady state

Archer

Rig count in Argentina and Bolivia *[nr of rigs]*



Archer active rigs *[nr of rigs]*



Key market development and trends

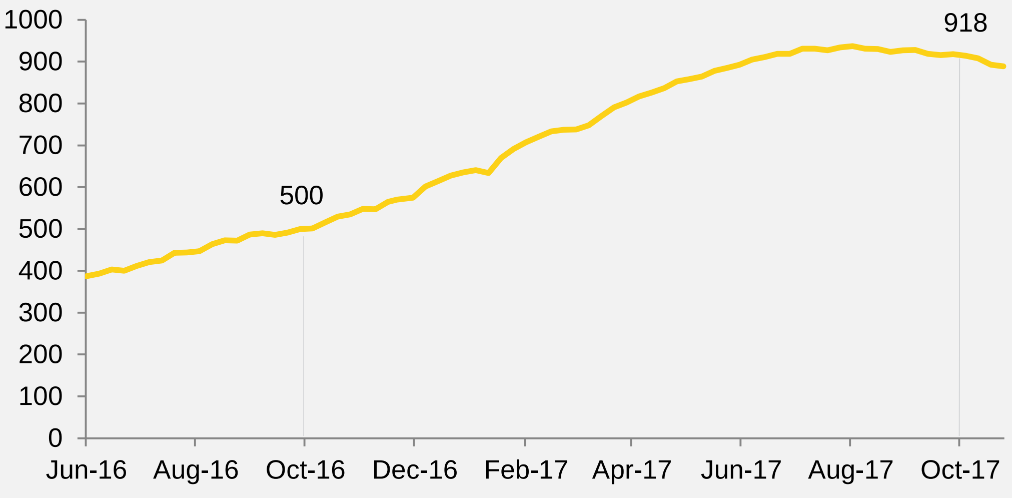
- Archer rig utilization of 59%, roughly in line with last quarter
- Several positive operator comments and increased tender activity in Vaca Muerta. Expecting gradual increase in active rigs over the next few years
- Two leased Flex rigs mobilized for Pan American on schedule
- Operating environment in the South of Argentina remains challenging
- No Archer drilling activity in Bolivia at the end of quarter, but one rig has been awarded contract with start-up late 2017

Note: Source for rig count in Argentina and Bolivia are the Baker Hughes Rig Count

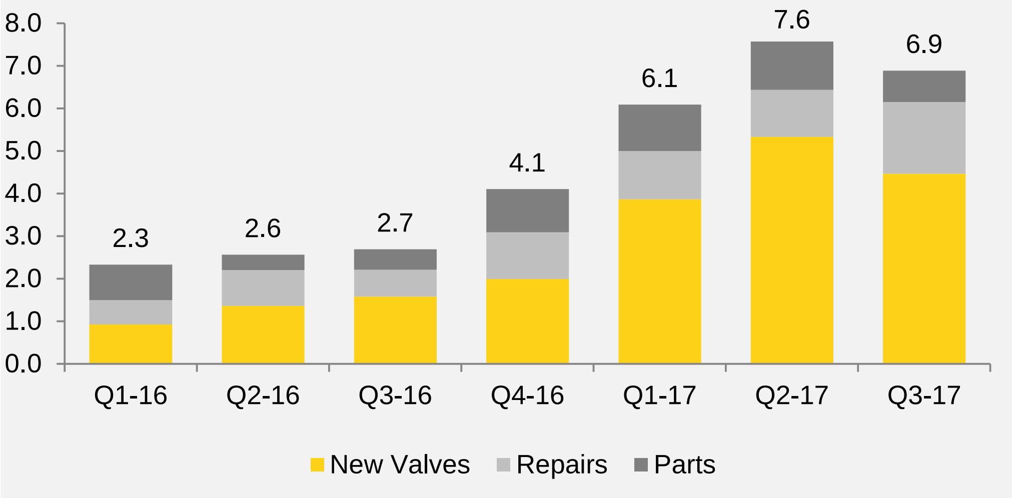
US onshore – rig activity stabilized at high level during Q3

Archer

Rig count Onshore US *[nr of rigs]*



AWC revenue by quarter *[$m]*



Key market development and trends

- US onshore rig count at 918 active rigs at the end of Q3 2017, up 84% from corresponding quarter last year
- New valves sale in AWC was down 16% quarter over quarter due to downtime suffered in relation to Hurricane Harvey in Texas (flooded facility)
- Repair revenue was up by 52% quarter on quarter
- Q3 revenue of $6.9m is up 155% from corresponding quarter last year
- Hurricane Harvey impact on Q3 revenue and EBITDA estimated to be $1.7m and $0.7m respectively

Note: Source for rig count US onshore are the Baker Hughes Rig Count

QES – growing, with a third crew mobilized in Q4

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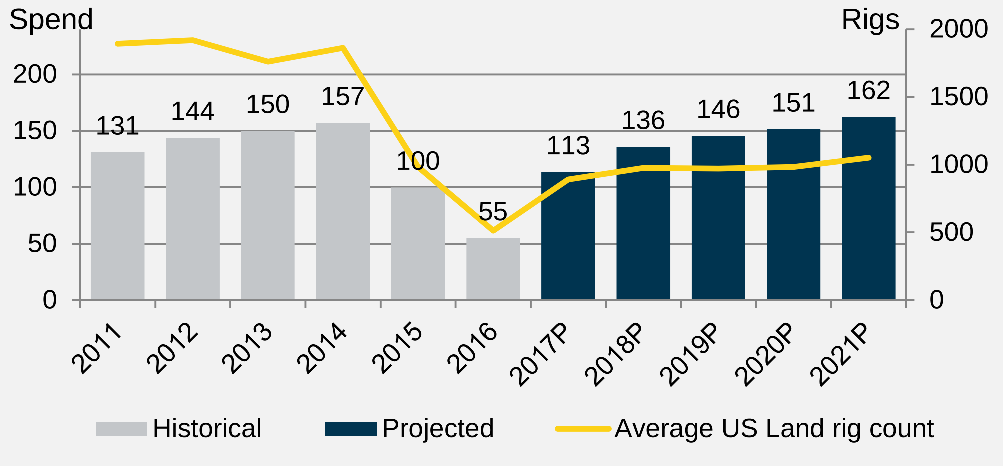
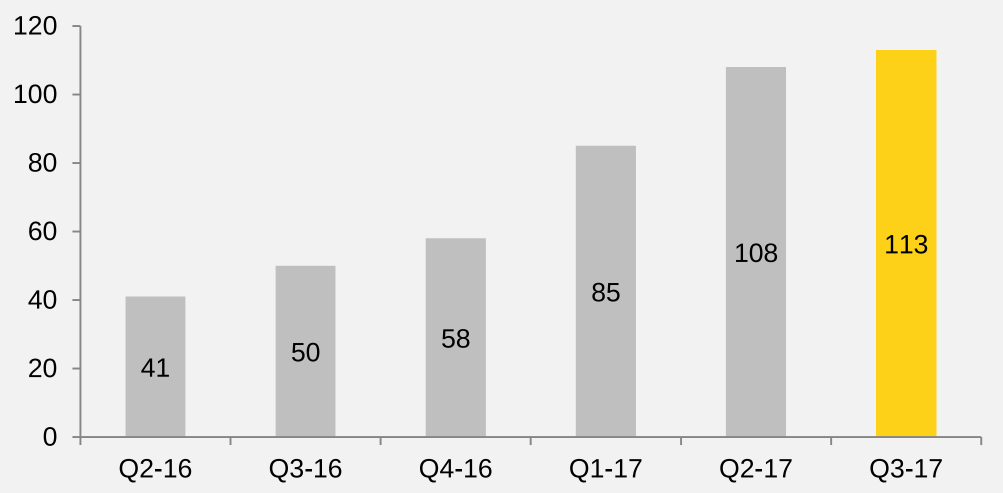
Historical and Projected US Drilling and Completion Spending [1] *[$mm and nr of rigs]*



Source: Spears and Associates. As of June 2017

QES Revenue development per quarter [2] *[$m]*



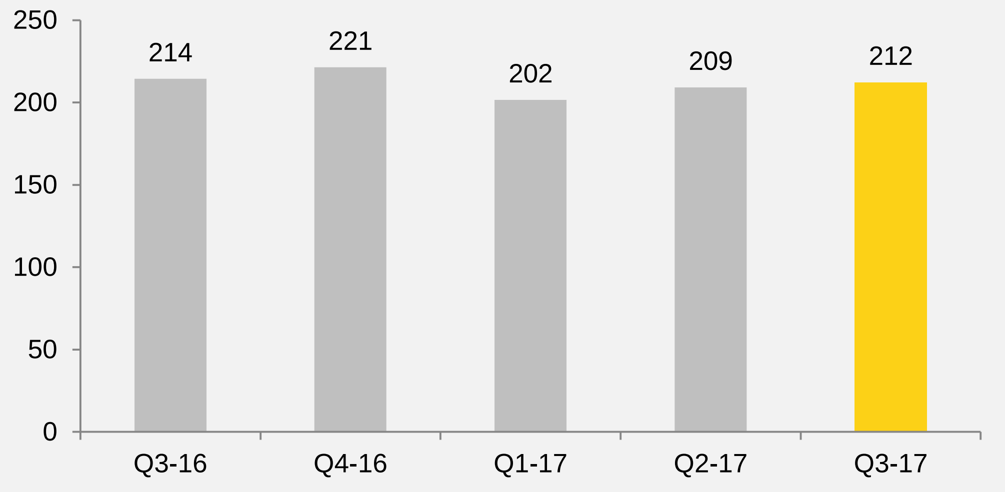
Update on investment in QES

- Q3 revenue up marginally over Q2 driven by slight increases in pricing and utilization
- Q3 results were negatively impacted by Hurricane Harvey and mobilization costs associated with Spread III
- Spread III (third pressure pumping crew) moblized to the Mid-Con in early October under a 12 month contract for a leading independent
- Commodity prices have improved but market outlook for 2018 is moderating as investors focus on ROCE and industry expects a relatively flat rig count
- Pressure Pumping and Directional Drilling remain two of the more attractive segments in the NAM onshore services market

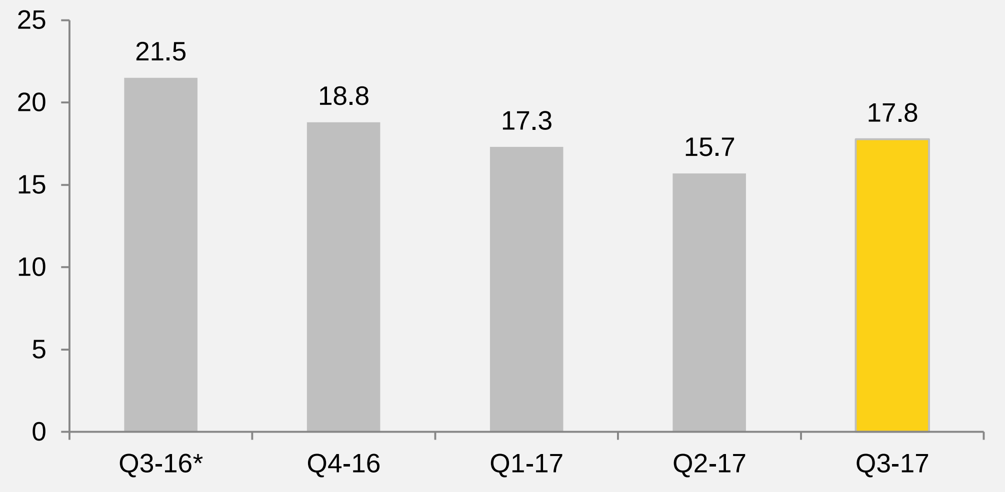
1) Source: Spears and Associates. As of June 2017
2) QES is a privately owned company and revenue provided are estimates and unaudited

Archer Group – financial highlights third quarter 2017

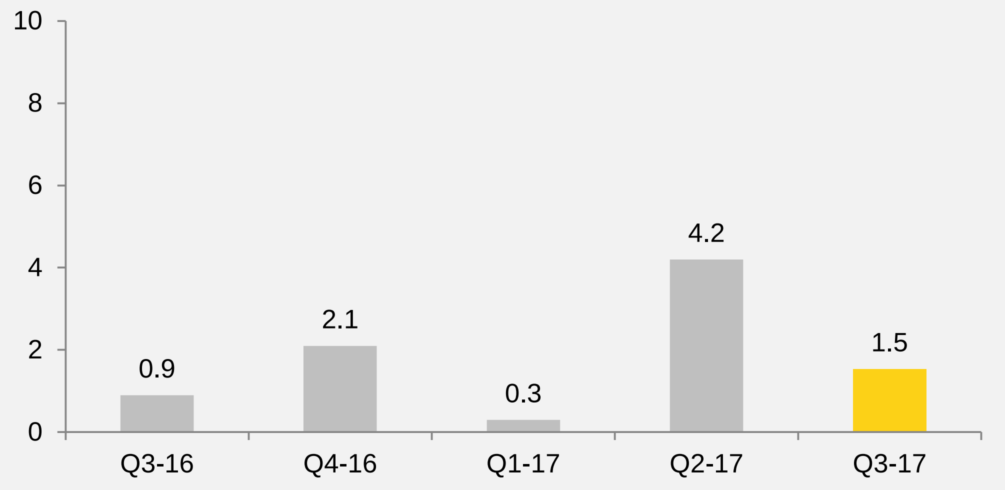
Revenue *[$m]*



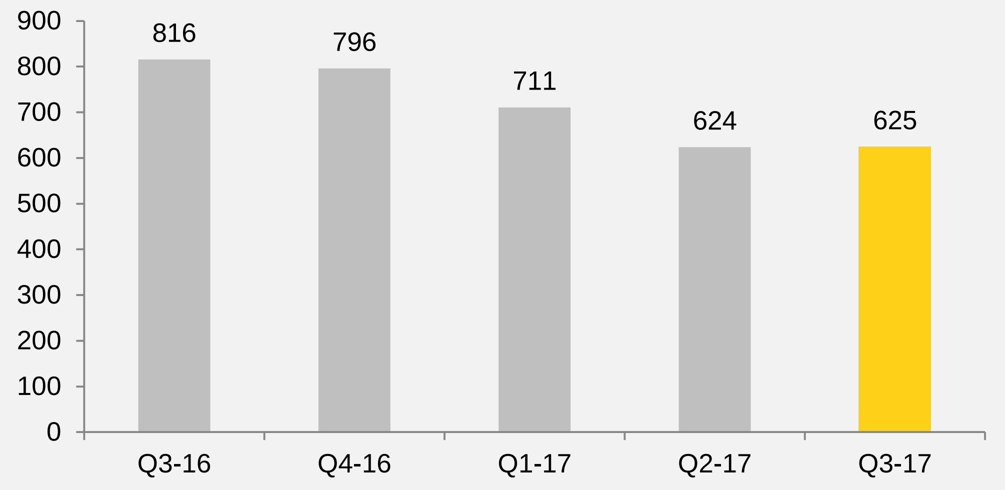
EBITDA before exceptional items *[$m]*



Capex *[$m]*



Net Interest Bearing Debt *[$m]*



* = Includes one-off gain of $5m relating to pension credit

Condensed profit and loss statement

Archer

(Figures in $ million)	Q2 17	Q3 17	YTD 16	YTD 17
Operating revenues	195.3	199.9	610.0	585.7
Reimbursable revenue	13.9	12.4	52.4	37.4
Total Revenues	**209.2**	**212.3**	**662.4**	**623.1**
EBITDA before exceptional items	**15.7**	**17.8**	**79.4**	**50.8**
Exceptional items	(2.8)	(5.0)	(44.4)	(9.9)
EBITDA after exceptional items	**12.9**	**12.8**	**35.0**	**40.8**
Deprecation, amortization, impairments, other	(16.7)	(16.0)	(73.7)	(48.1)
EBIT	**(3.8)**	**(2.9)**	**(38.6)**	**(7.2)**
Result from associated entities	(2.0)	(5.2)	(48.6)	(15.1)
Interest rate expensed	(10.2)	(10.1)	(44.8)	(34.1)
Other financial costs	122.1	9.2	24.0	132.8
Net financial items	**109.8**	**(6.1)**	**(69.4)**	**83.6**
Net result before tax	**106.0**	**(9.0)**	**(108.1)**	**76.4**
Tax expense	6.9	4.4	(6.0)	9.6
Net result	**112.9**	**(4.8)**	**(114.0)**	**86.0**
Net loss from discontinued operations	(0)	(2.2)	(1.8)	(2.2)

- Revenue for third quarter 2017 was $212.3 million compared to $209.2 million for the second quarter 2017, an increase of $3.1 million following:
  - Reduced activity in all Eastern Hemisphere divisions, except Platform Drilling which had a 4% increase
  - Increased activity in Western Hemisphere mainly driven by higher activity on mobilization of Flex rigs and rate increases for DLS Sucursal
- EBITDA before exceptional items increased by $2.1 million in third quarter 2017. The increase in EBITDA is mainly due to improvement in Latin America, offset by reduced results for AWC in US due to Hurricane Harvey. Normalized EBITDA before exceptional items estimated to be $18.5 million excluding loss related to Harvey.
- Exceptional items for the third quarter were $5.0 million. The increase in exceptional items is related to a provision following a successful sublease of a major workshop facility in the US. The sublease will increase our cash flow and EBITDA going forward with $0.7 million per year. The remainder of the restructuring cost is mainly related to reduction of idle personnel in Argentina, closure of Wireline Denmark and a provision for costs related to Hurricane Harvey for AWC.

Condensed balance sheet

Archer

(Figures in $ million)	31/12/16	30/06/17	30/09/17
ASSETS			
Cash, cash equivalents & restricted cash	34.9	80.9	50.9
Accounts receivables	150.5	146.6	153.8
Inventories	61.8	55.0	56.0
Other current assets	39.9	47.5	41.9
Total current assets	**287.1**	**330.0**	**302.7**
Investments and loans in associates	105.9	103.3	99.4
Property, plant and equipment, net	476.4	454.5	444.4
Goodwill	172.6	178.4	187.4
Other non current assets	18.3	26.7	30.5
Total noncurrent assets	**773.2**	**762.9**	**761.8**
Total assets	**1060.3**	**1092.9**	**1064.5**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current portion of interest-bearing debt	131.1	21.7	28.5
Accounts payable	52.0	46.8	49.2
Other current liabilities	130.0	111.4	110.1
Total current liabilities	**313.1**	**179.9**	**187.8**
Long-term interest-bearing debt	567.1	671.2	640.8
Subordinated related party loan	125.0	0.0	0.0
Deferred taxes	9.7	10.4	10.7
Other noncurrent liabilities	15.9	3.4	3.1
Total noncurrent liabilities	**717.7**	**685.0**	**654.6**
Shareholder's equity	**29.6**	**228.0**	**222.1**
Total liabilities and shareholders' equity	**1060.3**	**1092.9**	**1064.5**

Comments

Assets

- Total assets for the third quarter reduced compared to the previous quarter, predominantly explained by the usage of excess cash at hand to reduce drawing under our revolving facility

Liabilities

- Total current liabilities increased by $7.7 million in the third quarter compared to the previous quarter as a result of increased short term borrowing.
- Total non-current liabilities reduced by $30.4 million compared to the previous quarter due to a reduction in drawing on the revolving facility.
- Net interest bearing debt at end of September 2017 of $624.5 million is an increase of $1.0 million compared to end of June 2017.

Equity

- Total equity at $222.1 million, is a reduction of $5.9 million compared to previous quarter, mainly related to net loss incurred for the third quarter.

Concluding remarks and outlook

- Platform Drilling continues to secure contract extensions
- Performance of US land is expected to increase in the quarters to come
- Offshore drilling and exploration activity remains muted
- A stable oil price at current level will support growth into 2018
- Strong liquidity position with $125 million in available liquidity
- Continued focus on cash generation to de-leverage and strengthen balance sheet





Appendices

Archer
The well company

Segment key financials

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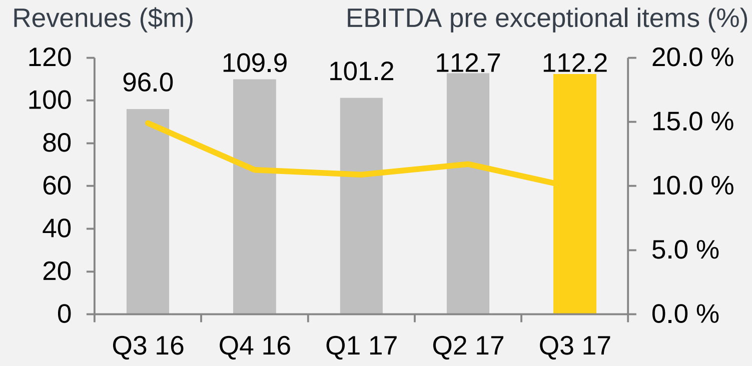
Eastern Hemisphere

Platform drilling, MDR*, engineering & wireline

Oiltools & Technology



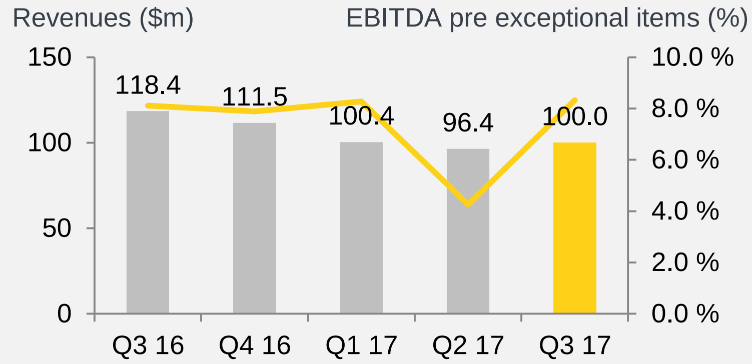
$m	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17
Revenues	96.0	109.9	101.2	112.7	112.2
EBITDA pre except. items	14.3**	12.4	11.0	13.2	11.1
Capex	0.2	0.2	0.5	0.6	0.7

- **Platform Drilling** had a slight increase in activity in the third quarter 2017 relating to increased personnel revenue on the active rigs.
- **Oiltools** experienced a softer third quarter, with activity reduction across services & products.
- **Wireline** revenues in third quarter down compared to previous quarter, mainly due to closure of the office in Denmark.
- **Engineering** revenue was in line with activity in second quarter, with improved revenue in Norway offset by lower activity in UK.
- Overall margins decreased during the third quarter as a result of low activity within Oiltools, Wireline and Engineering businesses.
- Capex spend reflecting current activity level and utilization of existing tools and assets.

Western Hemisphere

US onshore

Land drilling



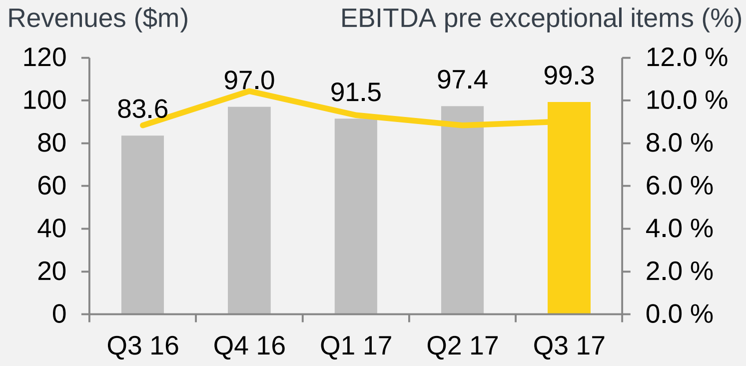
$m	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17
Revenues	118.4	111.5	100.4	96.4	100.0
EBITDA pre except. items	9.6	8.8	8.3	4.1	8.3
Capex	0.6	1.9	0.0	3.4	0.7

- **Land drilling** activity in Argentina increased during third quarter 2017 compared to previous quarter, mainly as a results of mobilization of the two new Flex rigs and salary / rate increases.
- Land Drilling reduced headcount by 50 during the third quarter.
- Overall margins improved during the third quarter and are back at previous levels. We experience challenges with our contracts in DLS Sucursal where we incurred higher downtime than expected and received less incentive bonus than forecast.
- **AWC's** revenue fell by $0.7 million from second quarter as a result of Hurricane Harvey. Impact of Harvey estimated at approximately $1.7 million lost revenue in the quarter.
- Capex for third quarter of $0.7 million relates to fleet maintenance and is expected to increase next quarter as rigs are mobilized on contracts.

* = Modular Drilling Rigs
** = Includes one-off gain of $5m relating to pension credit

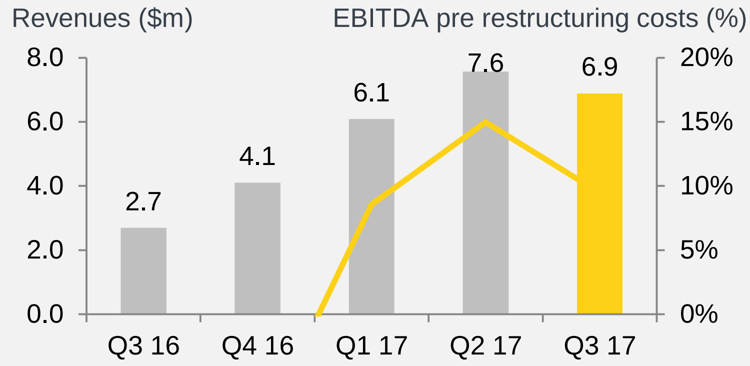
Segment key financials

Platform Drilling, Engineering & Wireline



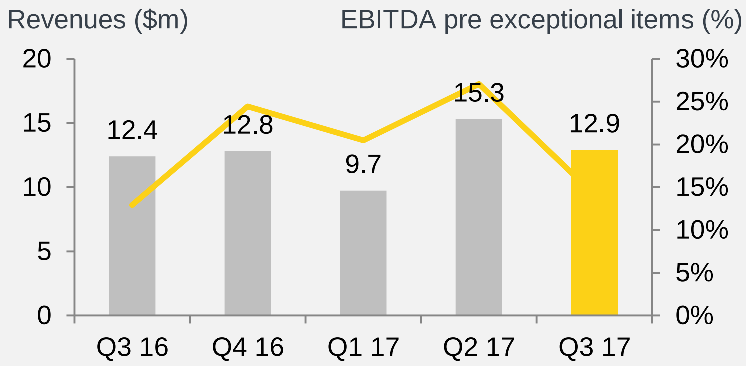
$m	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17
Revenues	83.6	97.0	91.5	97.4	99.3
EBITDA pre except. items	7.4	10.1	8.5	8.6	9.0
Capex	0.1	0.2	0.2	0.4	0.4

US onshore



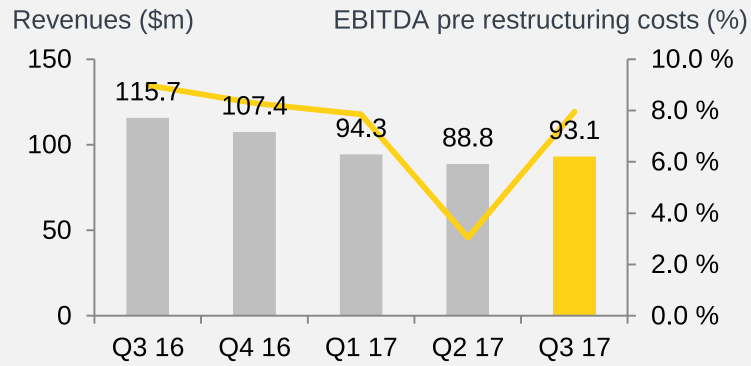
$m	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17
Revenues	2.7	4.1	6.1	7.6	6.9
EBITDA pre except. items	(1.2)	(0.4)	0.5	1.1	0.7
Capex	0.0	0.0	0.0	0.0	0.0

Oiltools & Technology



$m	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17
Revenues	12.4	12.8	9.7	15.3	12.9
EBITDA pre except. items	1.6	3.1	2.0	4.1	1.8
Capex	0.1	0.0	0.3	0.1	0.3

Drilling assets (Land Drilling and MDR)



$m	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17
Revenues	115.7	107.4	94.3	88.8	93.1
EBITDA pre except. items	10.4	8.9	7.4	2.7	7.4
Capex	0.6	1.9	0.0	3.4	0.7

Condensed profit and loss statement

Archer

(Figures in $ million)	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	YTD 16	YTD 17
Operating revenues	197.8	207.6	190.5	195.3	199.9	610.0	585.7
Reimbursable revenue	16.6	13.8	11.1	13.9	12.4	52.4	37.4
Total Revenues	**214.4**	**221.4**	**201.6**	**209.2**	**212.3**	**662.4**	**623.1**
EBITDA before exceptional items	**21.5**	**19.0**	**17.3**	**15.7**	**17.8**	**79.4**	**50.8**
Exceptional items	(4.7)	(4.8)	(2.4)	(2.8)	(5.0)	(44.4)	(9.9)
EBITDA after exceptional items	**16.8**	**14.2**	**14.9**	**12.9**	**12.8**	**35.0**	**40.8**
Deprecation, amortization, impairments, other	(29.6)	(16.4)	(15.4)	(16.7)	(16.0)	(73.7)	(48.1)
EBIT	**(12.8)**	**(2.4)**	**(0.5)**	**(3.8)**	**(2.9)**	**(38.7)**	**(7.2)**
Result from associated entities	(15.8)	(20.1)	(7.9)	(2.0)	(5.1)	(48.6)	(15.1)
Interest rate expensed	(17.6)	(16.6)	(16.3)	(10.2)	(10.1)	(44.8)	(34.1)
Other financial costs	7.2	(14.5)	4.1	122.1	9.2	24.0	132.8
Net financial items	**(26.2)**	**(51.2)**	**(20.1)**	**109.8**	**(6.1)**	**(69.3)**	**83.6**
Net result before tax	**(38.9)**	**(53.6)**	**(20.6)**	**106.0**	**(9.0)**	**(108.1)**	**76.4**
Tax expense	(3.1)	5.1	(1.7)	6.9	4.4	(6.0)	9.6
Net result	**(42.0)**	**(48.3)**	**(22.3)**	**112.9**	**(4.6)**	**(114.0)**	**86.0**
Net loss from discontinued operations	(0.8)	(1.6)	(0)	(0)	(2.2)	(1.8)	(2.2)

Condensed balance sheet

Archer

(Figures in $ million)	30/09/16	31/12/16	31/03/17	30/06/17	30/09/17
ASSETS					
Cash, cash equivalents & restricted cash	22.4	34.9	84.8	80.9	50.9
Accounts receivables	164.7	150.5	141.6	146.6	153.8
Inventories	68.0	61.8	57.4	55.0	56.0
Other current assets	44.2	39.9	47.2	47.5	41.9
Total current assets	**299.3**	**287.1**	**330.9**	**330.0**	**302.7**
Investments and loans in associates	120.9	105.9	103.8	103.3	99.4
Property, plant and equipment, net	497.2	476.4	462.1	454.5	444.4
Goodwill	184.4	172.6	174.9	178.4	187.4
Other non current assets	13.7	18.3	22.1	26.7	30.5
Total noncurrent assets	**816.2**	**773.2**	**762.9**	**762.9**	**761.8**
Total assets	**1115.5**	**1060.3**	**1093.8**	**1092.9**	**1064.5**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current portion of interest-bearing debt	108.8	131.1	122.3	21.7	28.5
Accounts payable	49.7	52.0	43.6	46.8	49.2
Other current liabilities	135.4	130.0	126.5	111.4	110.1
Total current liabilities	**293.9**	**313.1**	**292.4**	**179.9**	**187.8**
Long-term interest-bearing debt	598.6	567.1	542.6	671.2	640.8
Subordinated related party loan	125.0	125.0	125.0	0.0	0.0
Deferred taxes	10.1	9.7	10.2	10.4	10.7
Other noncurrent liabilities	4.9	15.9	18.2	3.4	3.1
Total noncurrent liabilities	**738.6**	**717.7**	**696.0**	**685.0**	**654.6**
Shareholder's equity	**83.0**	**29.6**	**105.4**	**228.0**	**222.1**
Total liabilities and shareholders' equity	**1115.5**	**1060.3**	**1093.8**	**1092.9**	**1064.5**