



Archer First Quarter 2018

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Disclaimer – forward looking statements

Cautionary Statement Regarding Forward-Looking Statements

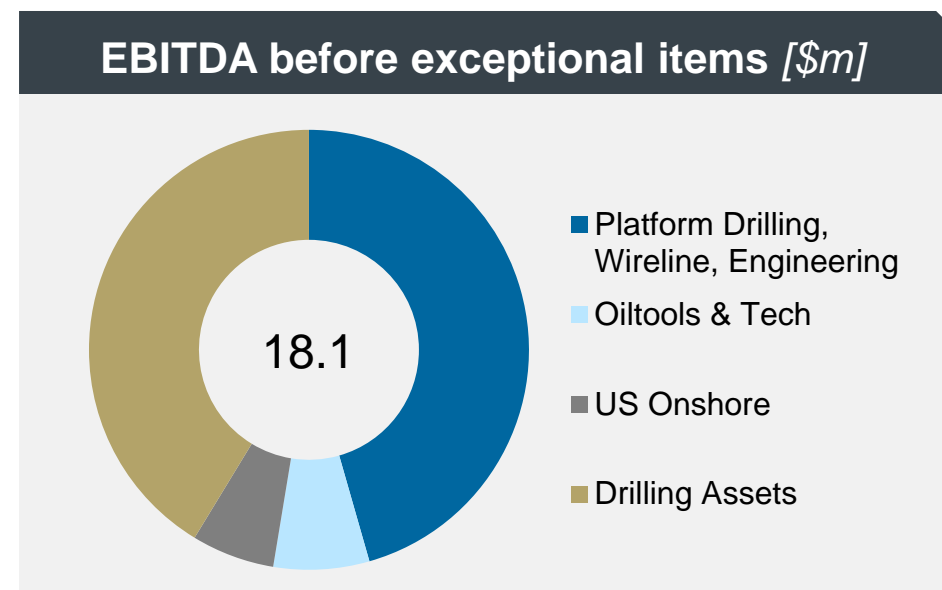
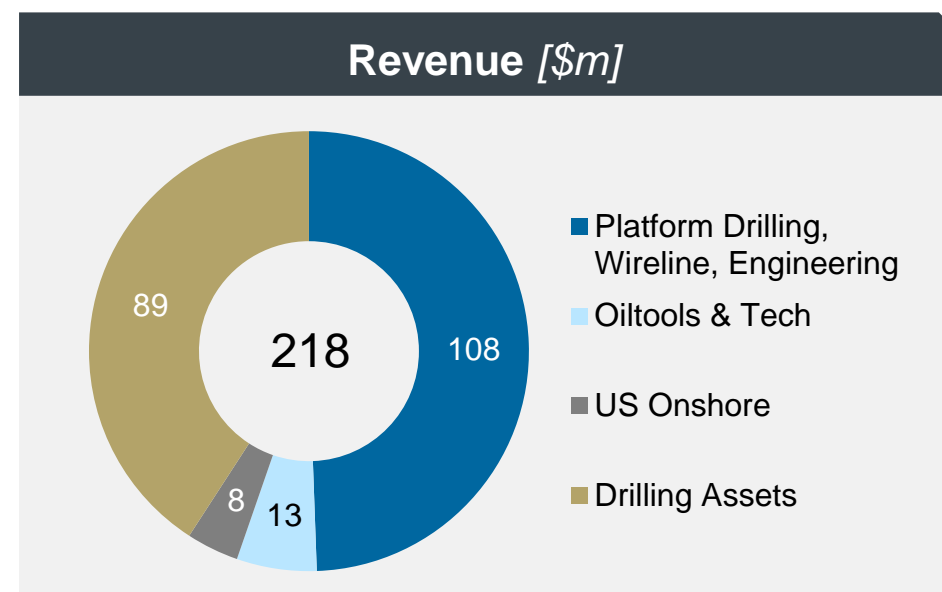
In addition to historical information, this press release contains statements relating to our future business and/or results. These statements include certain projections and business trends that are “forward-looking.” All statements, other than statements of historical fact, are statements that could 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, 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.

Archer – first quarter highlights 2018

- Revenue of \$218 million.
- EBITDA of \$18.1 million before exceptional items. ¹⁾
- Statoil awarded Archer 12 of the 18 drilling platforms tendered, with a firm contract value of more than NOK 6 billion.
- IPO of QES on the New York Stock exchange.
- Activity picking up in selected regions, with both Wireline and Oiltools experiencing increased activity.
- AWC continues to grow, and is currently experiencing robust new valve demand.
- Strong financial performance in the north of Argentina, and two rigs now in operation in Bolivia.
- Financial results in south of Argentina impacted by additional redundancy expenses and costs of idle personnel.



1) Exceptional items of \$4.9m in Q1 2018 include restructuring costs and other non recurring items.

Platform Drilling awarded 12 out of 18 platforms for Statoil

Archer

Archer operated Statoil platforms in Norway



Grane



Gullfaks A



Gullfaks B



Gullfaks C



Sleipner A



Statfjord A



Statfjord B



Statfjord C



Njord



Snorre A



Snorre B



Visund



Veslefrikk A/B¹⁾





Semi-submersible / TLP assets



- Statoil awarded Archer a four-year firm contract for a total of 12 platforms located on the NCS.
- The contract is effective from October 1, 2018, following a transition period to prepare for operations.
- The contract award includes three contract extension options of two years each.
- The firm contract award has a value of more than NOK 6 billion based on the current drilling schedule. This value excludes additional work scope such as modifications and upgrades of the platforms in the portfolio.
- Platforms not already operated by Archer include Gullfaks A, B, C and Grane. These four platforms are in active drilling mode and will materially contribute in Q4 and onwards

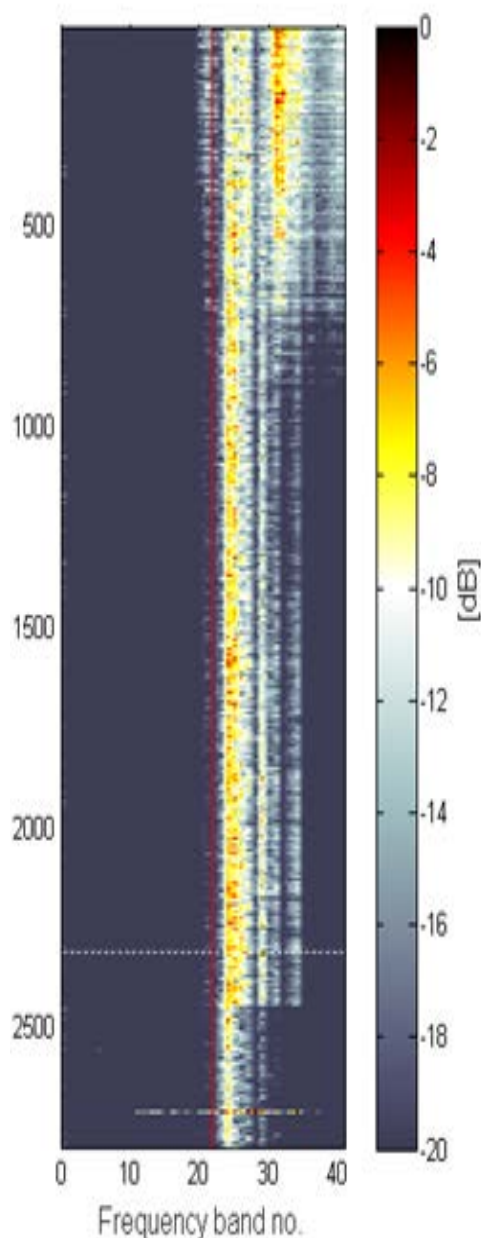
1) Archer holds a life-of-field contract for Veslefrikk A/B

Archer Platform Drilling is the market leader in the North Sea **Archer**

Platform Drilling contract backlog 2018-2021

Country	Operator	Nr. of platforms	2018				2019				2020				2021			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Apache	7																
	Chevron	2																
	Fairfield	1																
	Marathon	3																
	Marathon	1																
	Shell	2																
	Shell	1																
	Repsol Sinopec	7																
	Aker BP	3																
	ConocoPhillips	3																
	ConocoPhillips	1																
	Repsol	1																
	Statoil	8																
	Statoil	4																
	Statoil	1																
	Statoil	2																
	Energean	1																

 Firm Contract
  Contract Options

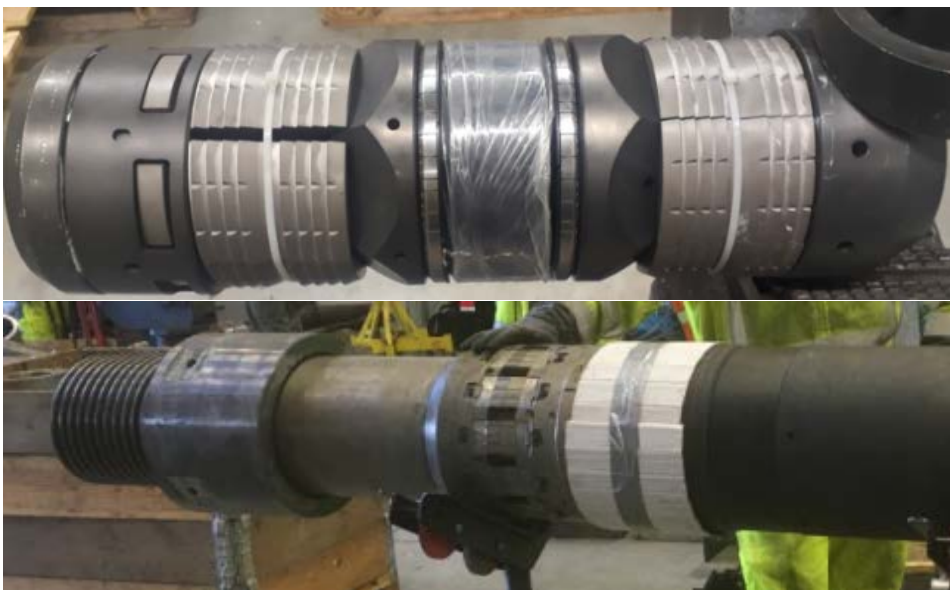


Wireline

- Initial slow start to the year, but activity picked up mid quarter – continued into Q2.
- Increased headcount required to cope with increased activity.
- Awarded a 3-year logging contract with Petronas in Malaysia, with estimated value of \$20m.
- Have launched next generation logging tool, which is rapidly gathering commercial interest.

Engineering

- Steady activity increase expected in Norway throughout 2018.
- Gullfaks and Grane, recently awarded to Platform Drilling, have significant upgrade and modification requirements over next few years.
- Start-up of inspection business in Norway in 2018.
- UK activity level remains slow in a competitive market environment.

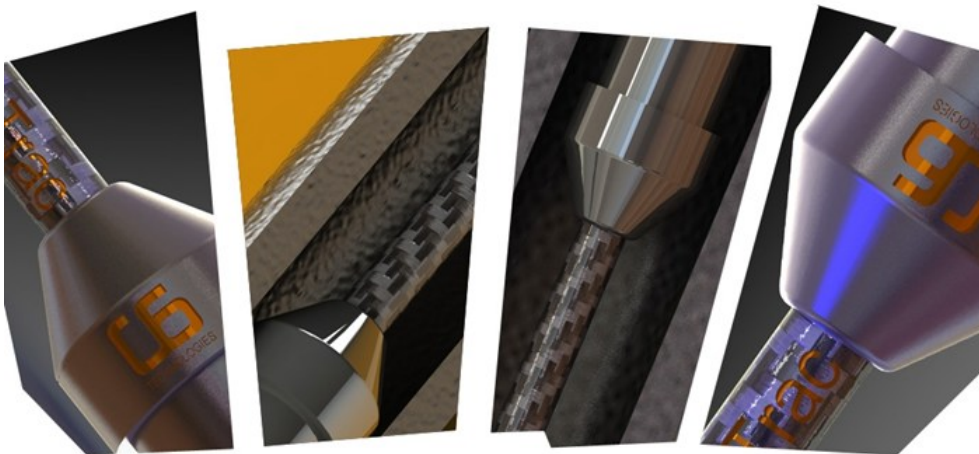


Oiltools

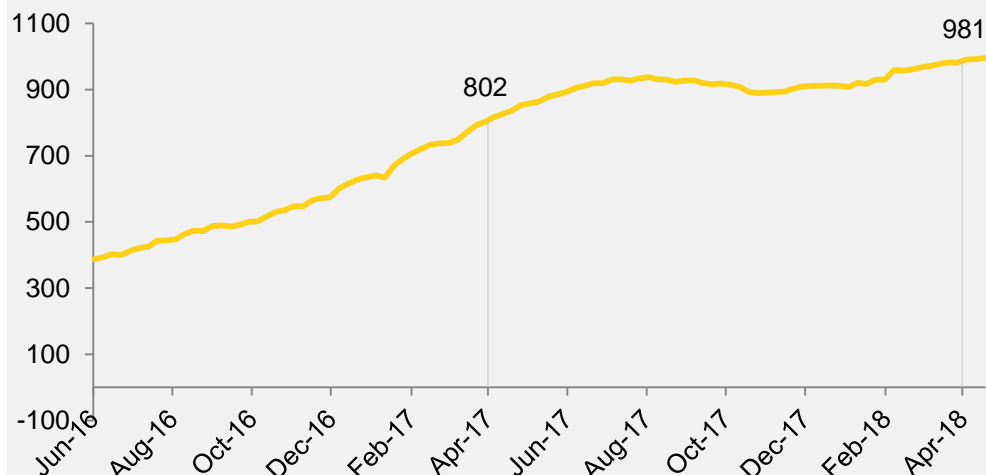
- Second highest all-time monthly number of runs in March. Good momentum in Norway.
- Pricing still remains somewhat muted, despite increase in activity.
- First prototype of annulus packer designed for Middle East onshore market is built and being pressure tested – field test with Saudi Aramco next step.

C6 technologies (50/50 JV)

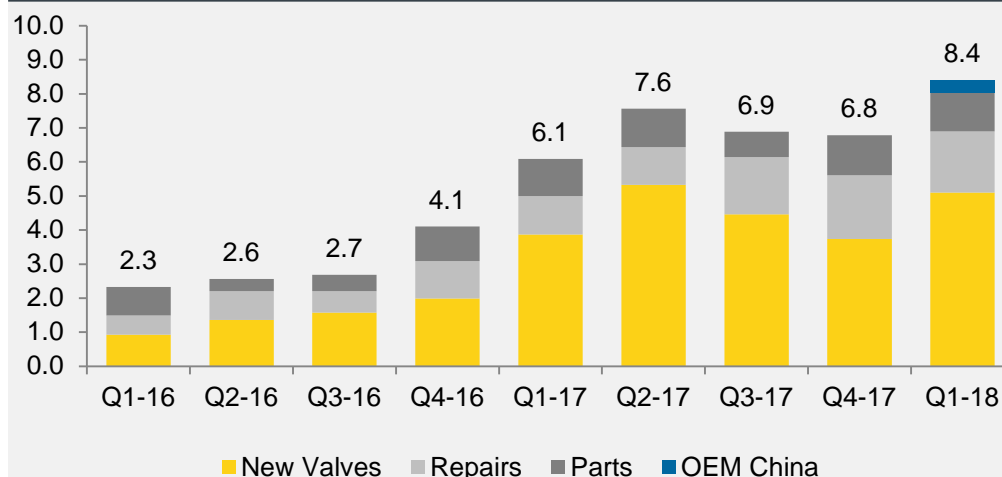
- ComTrac continues to attract commercial customer interest – has demonstrated superior strength and lift performance carrying heavy loads including perforating runs.
- Wireline Tractor/Drone now ready for field test.
- First mechanical intervention tools expected to be field test ready in Q2 2018.



Rig count Onshore US [nr of rigs]



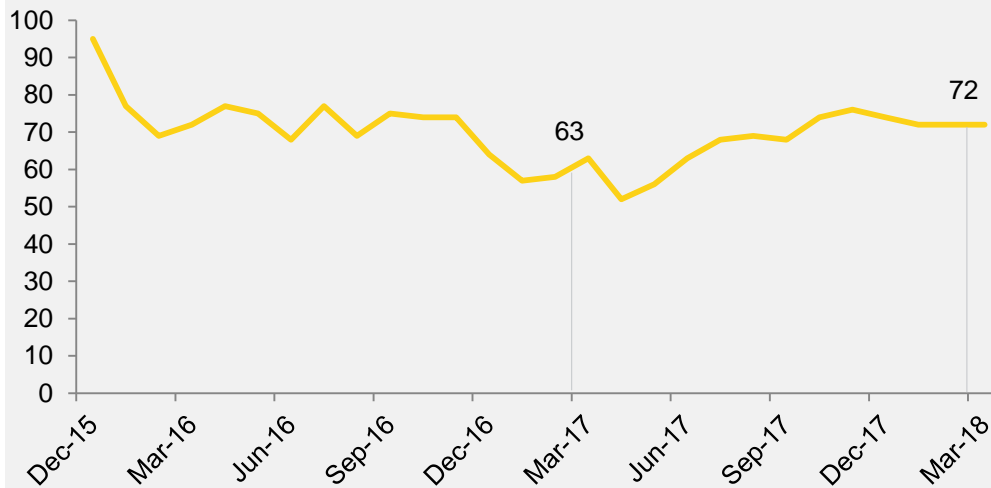
AWC revenue by quarter [\$m]



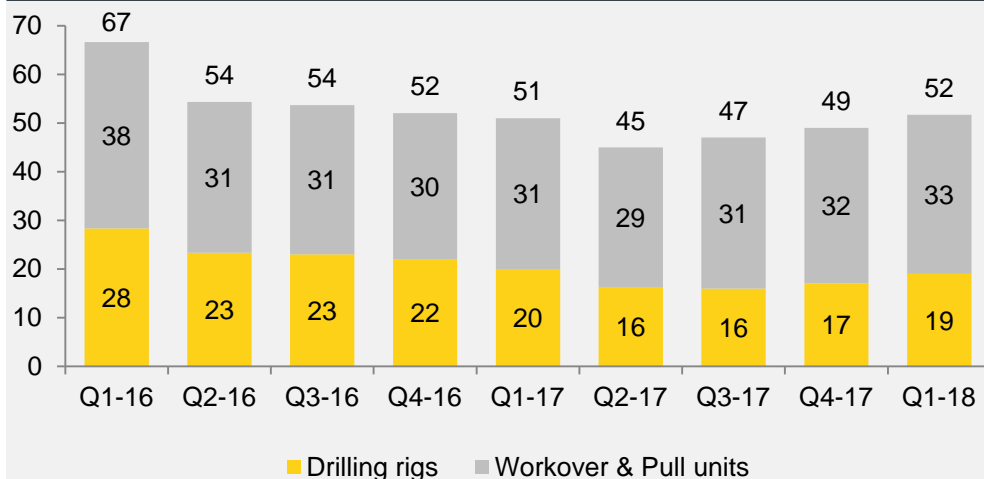
Key market development and trends

- US onshore rig count at 981 active rigs at the end of Q1 2018, up 22% from corresponding quarter last year.
- AWC experience a slow start to the year, but as of March activity increased significantly.
- Strong demand for new valves is forecast into Q2 2018. Customer base is becoming increasingly diversified.
- First quarter where OEM spare parts have been sourced internationally and sold to market – current demand is higher than delivery rate.
- Q1 2018 revenue of \$8.4m is up 38% from corresponding quarter last year.

Drilling Rig count in Argentina and Bolivia



Archer active rigs [nr of rigs]

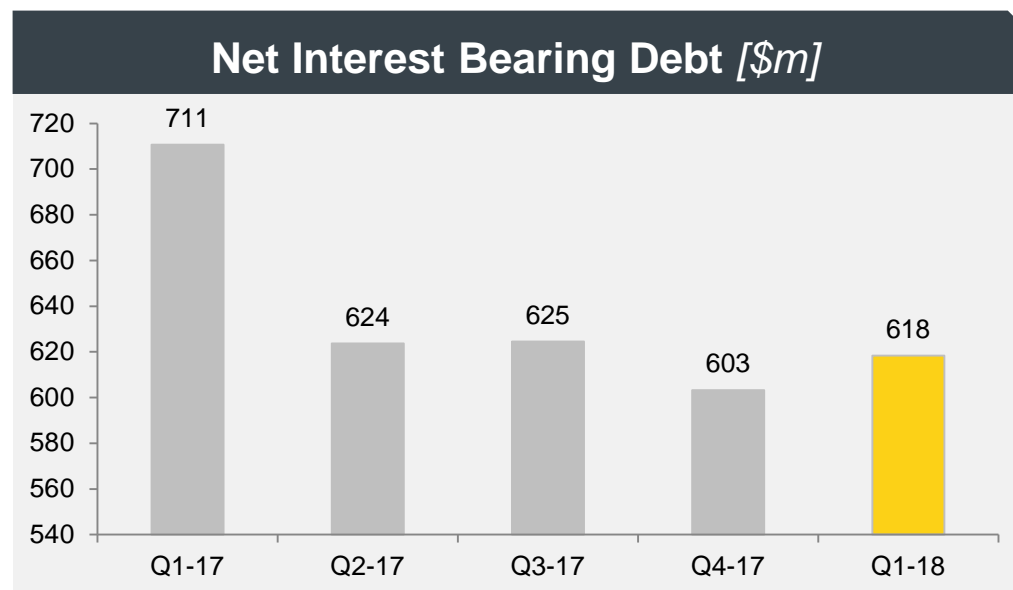
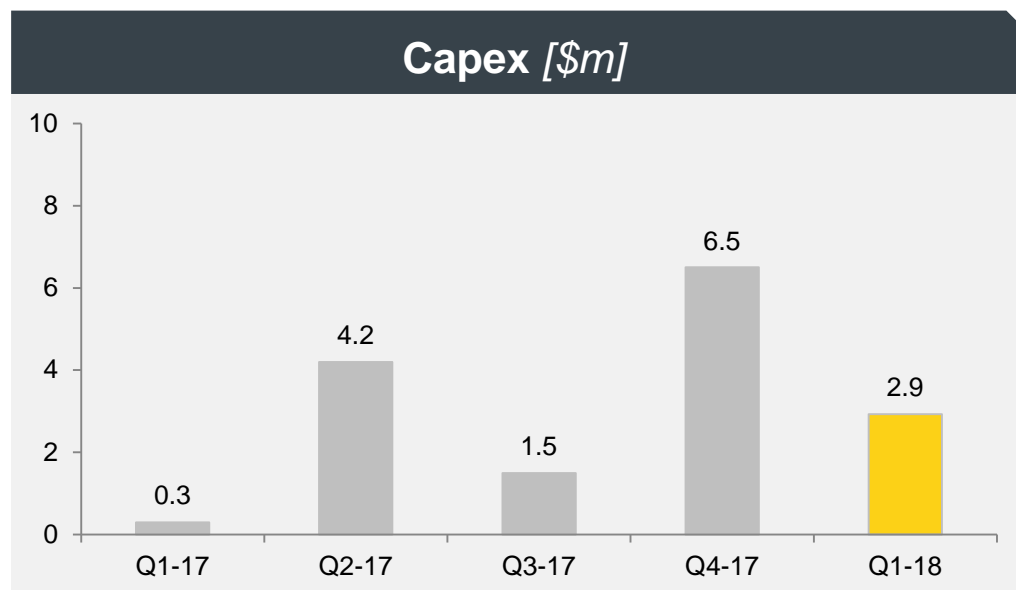
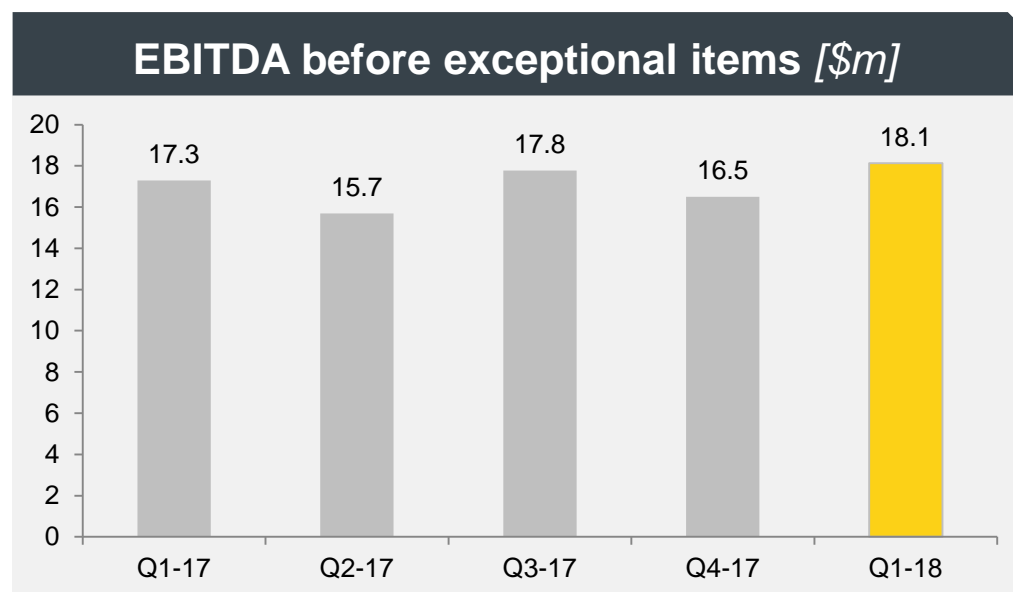
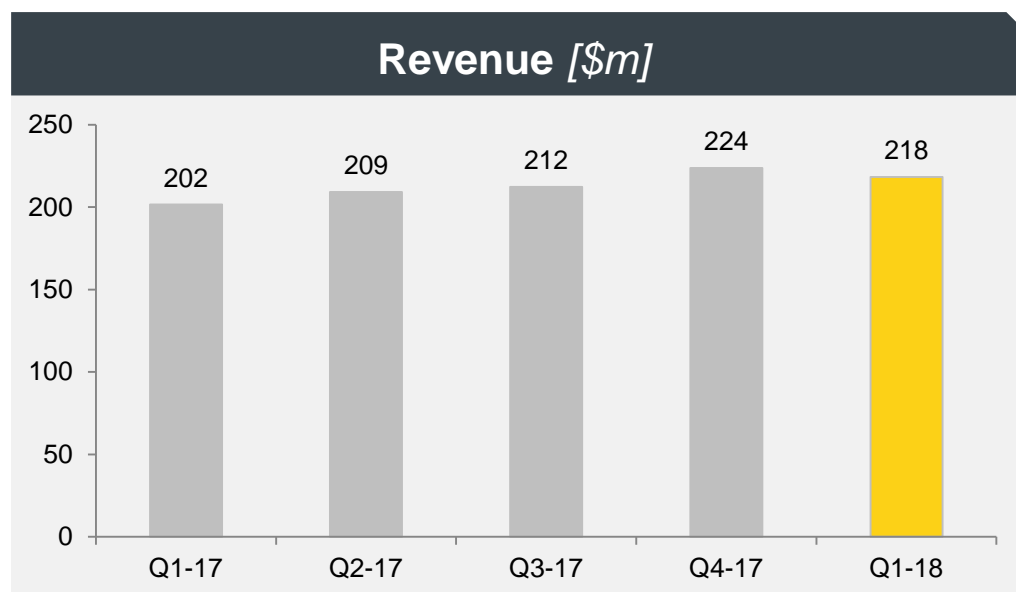


Key market development and trends

- Continued strong performance in the North of Argentina (Vaca Muerta) – market tightening with limited unconventional rigs available.
- Two rigs mobilized and working in Bolivia. Third rig mobilizing with expected start up in July 2018.
- Improvement project ongoing in South Argentina:
 - Improve drilling performance (operating model, processes, people, maintenance).
 - Increase revenue through improved drilling performance.
 - Aim of reducing overall headcount by 7-9% during 2018, with the largest portion of these positions in support and overhead. 34 people were terminated in Q1 2018. Average payback on redundancy cost is approximately 12 months.
- Our fluids business has experienced intense pricing pressure and has lost several contracts resulting in planned down manning of 48 employees, of which 30 were terminated in Q1 2018.

Archer Group – financial highlights first quarter 2018

Archer



Condensed profit and loss statement



<i>(Figures in \$ million)</i>	Q1 17	Q4 17	Q1 18	2017
Operating revenues	190.5	204.0	201.6	789.7
Reimbursable revenue	11.1	19.7	16.7	57.1
Total Revenues	201.6	223.7	218.3	846.8
EBITDA before exceptional items	17.3	16.5	18.1	67.5
Exceptional items	(2.4)	(1.8)	(4.9)	(12.0)
EBITDA after exceptional items	14.9	14.7	13.2	55.5
Deprecation, amortization, impairments, other	(15.4)	(18.2)	(14.7)	(66.2)
EBIT	(0.5)	(3.5)	(1.5)	(10.7)
Result from associated entities	(7.9)	0.2	(4.0)	(14.9)
Interest rate expensed	(13.7)	(8.9)	(8.9)	(43.0)
Other financial costs	1.5	(11.1)	16.9	121.7
Net financial items	(20.1)	(19.8)	4.0	63.8
Net result before tax	(20.6)	(23.3)	2.5	53.1
Tax expense/(benefit)	(1.7)	0.6	1.9	10.2
Net result	(22.3)	(22.7)	4.4	63.3
Net loss from discontinued operations	-	-	-	(2.2)

- First quarter revenue of \$218.3 million was 8 % higher than the corresponding quarter last year.
- Revenue in the quarter was negatively impacted by;
 - Winter season in the North Sea
 - Less operating days in first quarter 2018 compared to fourth quarter 2017
 - Strikes and higher than normal downtime in Land Drilling South
 - Loss of Fluids contract reduced revenue by \$3.1 million from last quarter
 - Unfavorable foreign exchange movements in Argentina
- EBITDA before exceptional items of \$18.1 million was \$1.6 million higher than fourth quarter 2017.
- Exceptional items for the first quarter amounted to \$4.9 million, which largely is a result of redundancy payments in Argentina as well as compensation cost for idle personnel (time on payroll until we are able to terminate employee).
- A positive currency effect on internal loans contributed to a positive net result for the quarter of \$4.4 million, compared to a net loss of \$22.7 million in Q4 2017.

- Platform Drilling strengthens its position as the market leader in the North Sea.
- Oiltools and Wireline experiencing higher activity levels.
- AWC is experiencing strong demand for its products and services.
- Archer group performance continues to be negatively impacted by Land Drilling in the South of Argentina, which is set to improve in second half of 2018.
- Improved outlook for 2018 with a good base for further growth in 2019.





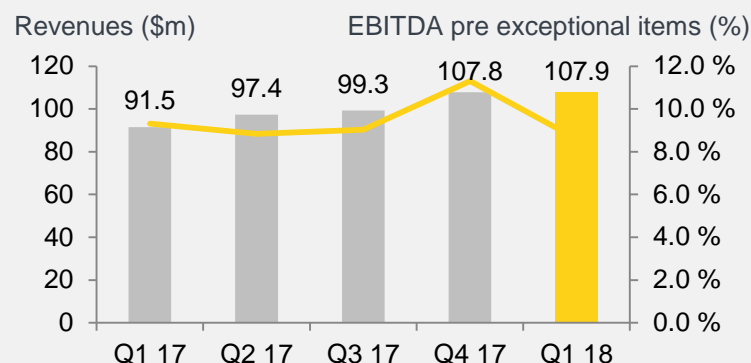
Appendices

Archer
The well company

Segment key financials

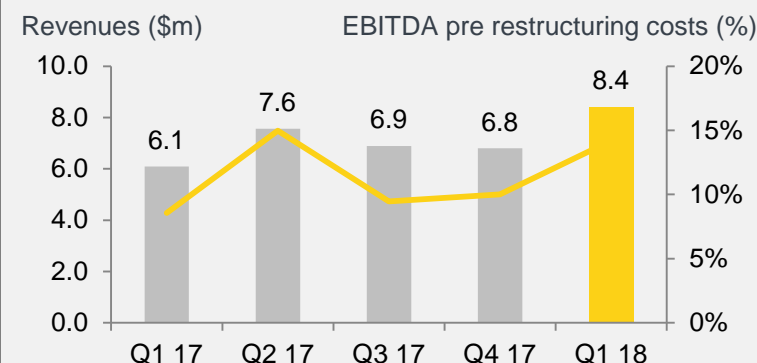
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Platform Drilling, Engineering & Wireline



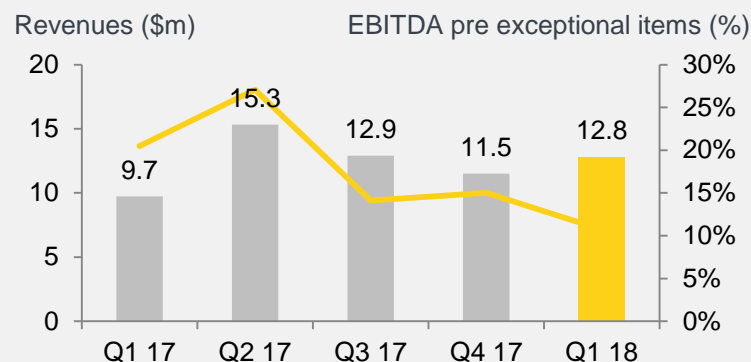
\$m	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18
Revenues	91.5	97.4	99.3	107.8	107.9
EBITDA pre except. items	8.5	8.6	9.0	12.2 ¹⁾	9.2
Capex	0.2	0.4	0.4	2.3	0.3

US onshore



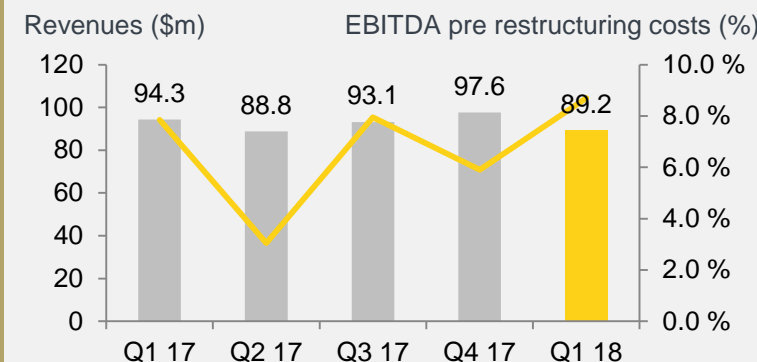
\$m	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18
Revenues	6.1	7.6	6.9	6.8	8.4
EBITDA pre except. items	0.5	1.1	0.7	0.7	1.2
Capex	0.0	0.0	0.0	0.8	0.1

Oiltools & Technology



\$m	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18
Revenues	9.7	15.3	12.9	11.5	12.8
EBITDA pre except. items	2.0	4.1	1.8	1.7	1.4
Capex	0.3	0.1	0.3	0.1	0.1

Drilling assets (Land Drilling and MDR)



\$m	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18
Revenues	94.3	88.8	93.1	97.6	89.2
EBITDA pre except. items	7.4	2.7	7.4	5.7	7.7
Capex	0.0	3.4	0.7	3.4	1.8

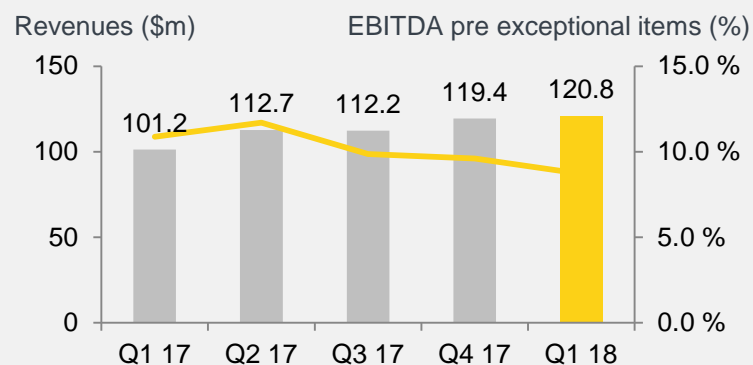
1) EBITDA Q4-17 positively affected by change in internal allocation of group costs of \$2.3m

Segment key financials

Eastern Hemisphere

Platform drilling, MDR*, engineering & wireline

Oiltools & Technology

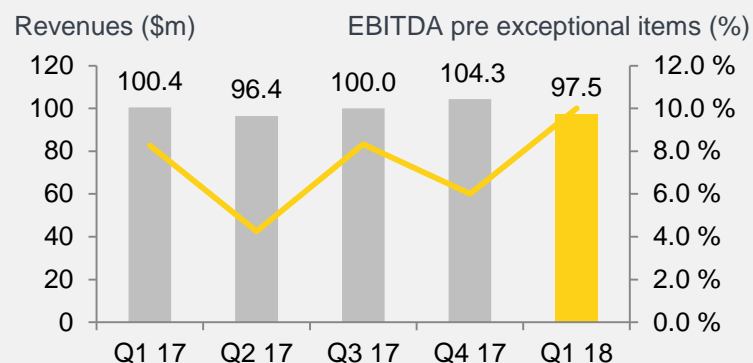


\$m	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18
Revenues	101.2	112.7	112.2	119.4	120.8
EBITDA pre except. items	11.0	13.2	11.1	11.4	10.6
Capex	0.5	0.6	0.7	3.1	1.0

Western Hemisphere

US onshore

Land drilling



\$m	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18
Revenues	100.4	96.4	100.0	104.3	97.5
EBITDA pre except. items	8.3	4.1	8.3	6.7	9.3
Capex	0.0	3.4	0.7	4.2	1.9

Condensed profit and loss statement – last 5 quarters



(Figures in \$ million)	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	2017
Operating revenues	190.5	195.3	199.9	204.0	201.6	789.7
Reimbursable revenue	11.1	13.9	12.4	19.7	16.7	57.1
Total Revenues	201.6	209.2	212.3	223.7	218.3	846.8
EBITDA before exceptional items	17.3	15.7	17.8	16.5	18.1	67.5
Severance payments	(0.8)	(1.2)	(2.3)	(1.2)	(2.5)	(5.3)
Idle personnel costs	(1.7)	(1.6)	(0.5)	(0.6)	(2.1)	(4.4)
Office costs	-	-	(1.9)	-	(0.4)	(1.9)
Other exceptional items	-	-	(0.3)	-	-	(0.3)
Total Exceptional items	(2.4)	(2.8)	(5.0)	(1.8)	(4.9)	(11.9)
EBITDA after exceptional items	14.9	12.9	12.8	14.7	13.2	55.5
Depreciation, amortization, impairments, other	(15.4)	(16.7)	(15.7)	(18.2)	(14.7)	(66.2)
EBIT	(0.5)	(3.8)	(2.9)	(3.5)	(1.5)	(10.7)
Result from associated entities	(7.9)	(2.0)	(5.2)	0.2	(4.0)	(14.9)
Interest rate expensed	(13.7)	(10.3)	(10.1)	(8.9)	(8.9)	(43.0)
Other financial costs	1.5	122.1	9.2	(11.1)	16.9	121.7
Net financial items	(20.1)	109.8	(6.1)	(19.8)	4.0	63.8
Net result before tax	(20.6)	106.0	(9.0)	(23.3)	2.5	53.1
Tax expense	(1.7)	6.9	4.4	0.6	1.9	10.2
Net result	(22.3)	112.9	(4.6)	(22.7)	4.4	63.3
Net loss from discontinued operations	-	-	(2.2)	-	-	(2.2)

Condensed balance sheet – last 5 quarters

<i>(Figures in \$ million)</i>	31/03/17	30/06/17	30/09/17	31/12/17	31/03/18
ASSETS					
Cash, cash equivalents & restricted cash	84.8	80.9	50.9	67.7	50.8
Accounts receivables	141.5	146.6	153.9	140.4	145.6
Inventories	57.4	55.0	56.0	58.0	58.9
Other current assets	47.2	47.5	41.9	35.9	39.1
Total current assets	330.9	330.0	302.7	302.0	294.4
Investments and loans in associates	103.8	103.3	99.4	100.2	109.2
Property, plant and equipment, net	462.1	454.5	444.4	432.2	424.4
Goodwill	174.9	178.4	187.5	181.9	192.8
Other non current assets	22.1	26.7	30.5	26.6	30.0
Total noncurrent assets	762.9	762.9	761.8	740.9	756.4
Total assets	1093.8	1092.9	1064.5	1042.9	1050.8
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current portion of interest-bearing debt	122.3	21.7	29.9	7.2	8.9
Accounts payable	43.6	46.8	49.2	53.6	55.0
Other current liabilities	126.5	111.4	110.1	117.0	115.3
Total current liabilities	292.4	179.9	189.2	177.8	179.2
Long-term interest-bearing debt	542.6	612.9	581.1	596.7	597.1
Subordinated related party loan	125.0	58.3	58.3	58.3	58.3
Deferred taxes	10.2	10.4	10.7	7.3	7.8
Other noncurrent liabilities	18.2	3.4	3.1	2.4	2.0
Total noncurrent liabilities	696.0	685.0	653.2	664.7	665.2
Shareholder's equity	105.4	228.0	222.1	200.4	206.4
Total liabilities and shareholders' equity	1093.8	1092.9	1064.5	1042.9	1050.8

Condensed cash flow statement – last 5 quarters

<i>(Figures in \$ million)</i>	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	2017
Operating activities	(5.5)	2.4	(15.9)	32.4	(2.6)	13.4
Investing activities	(3.9)	(10.1)	3.1	(8.9)	(10.5)	(19.8)
Financing activities	61.6	(2.3)	(28.4)	(7.6)	0.8	23.3
FX effect	(0.4)	0.3	16.4	(1.5)	(2.4)	14.8
Total	51.8	(9.7)	(24.8)	14.4	(14.7)	31.7