Archer Second Quarter 2018

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14 August 2018

Disclaimer – forward looking statements

Archer

Cautionary Statement Regarding Forward-Looking Statements

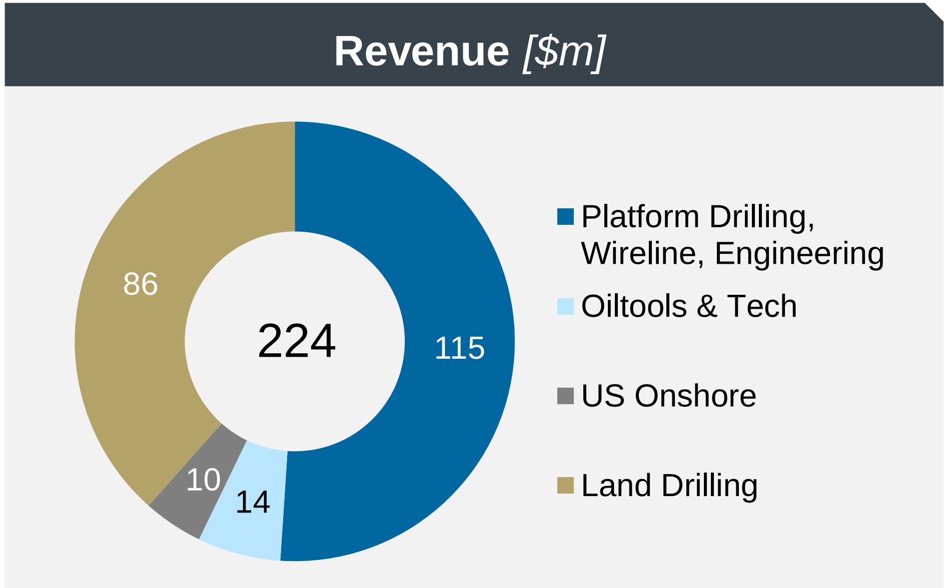
In addition to historical information, this press release contains statements relating to our future business and/or results. These statements include certain projections and business trends that are "forward-looking." All statements, other than statements of historical fact, are statements that could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

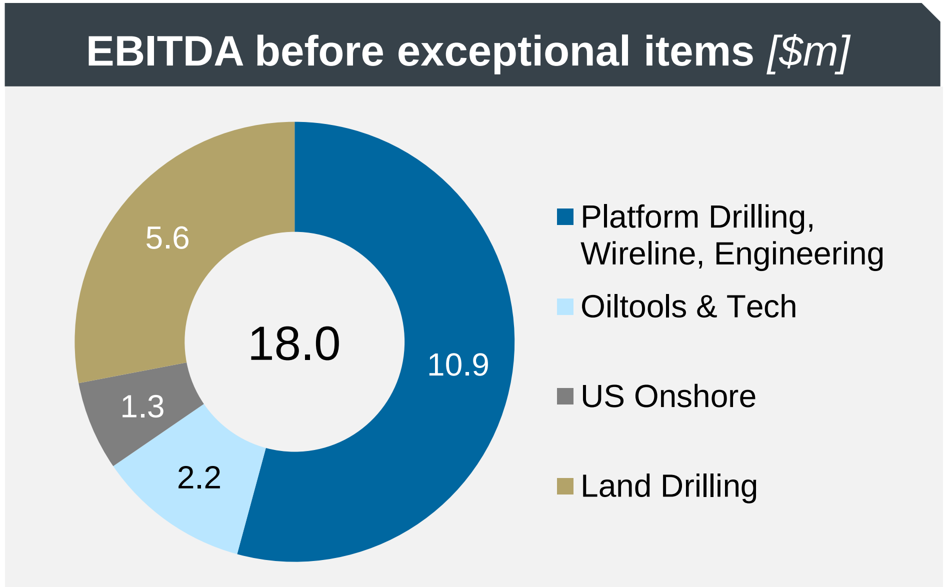
Forward-looking statements do not guarantee future performance and involve risks and uncertainties. Actual results may differ materially from projected results/pro forma results as a result of certain risks and uncertainties. Further information about these risks and uncertainties are set forth in our 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 – second quarter highlights 2018

- Revenue of $224 million.
- EBITDA of $18.0 million before exceptional items [1].
- Revenue and margin increase for all segments in Eastern Hemisphere.
- Award of four additional Equinor platforms to commence in fourth quarter 2018.
- Depreciation of the Argentine Peso reduced Land Drilling revenue (reported in USD) by 8% in the quarter.
- New management team in place for Land Drilling with improvement program ongoing. Improved incentives agreed with major customer.
- US Onshore continues to increase revenue and results in line with increased completion activity.



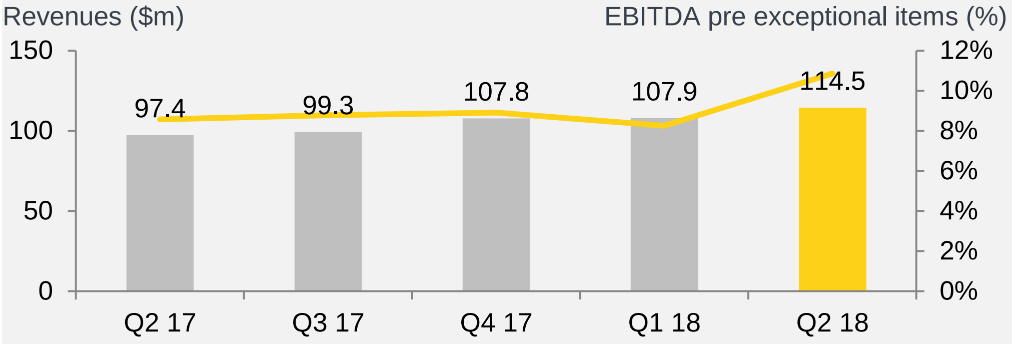


1) Exceptional items of $5.6m in Q2 2018 include restructuring costs and other non recurring items.

Platform Drilling, Engineering & Wireline
Steady increase in revenue and EBITDA margin

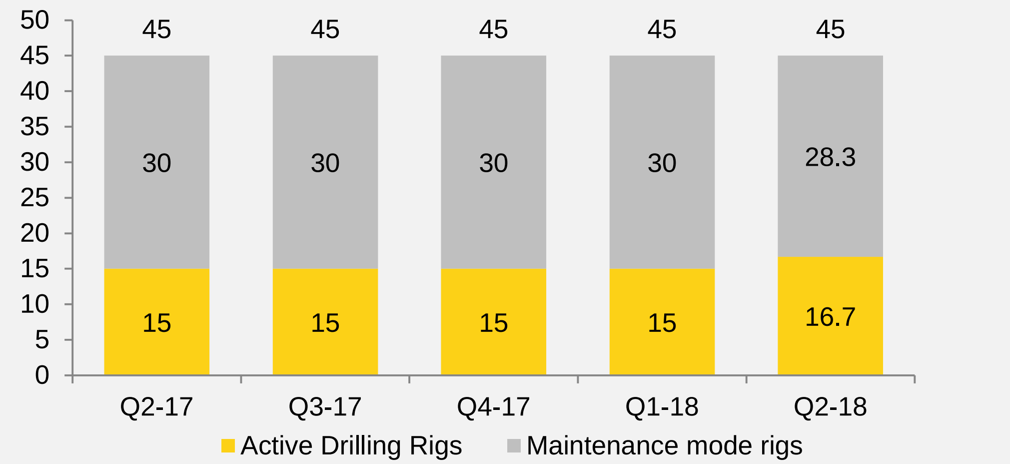
Archer

Revenue and EBITDA1) *[$m and %]*



$m	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18
EBITDA pre except. items	8.3	8.7	9.6 2)	8.9	10.9
Capex	0.4	0.4	2.3	0.3	0.6

Platform Drilling Contracted rigs *[nr of rigs]*



Platform Drilling

- Revenue increase a result of:
  - Additional active platforms in the quarter.
  - Increased reimbursable revenue.
  - Increased rentals activity.
- Four additional platforms awarded by for Equinor to commence Q4 2018.
- Awarded 1 year contract extension with Energean in Greece in April.

Engineering

- Activity steadily increasing in Norway quarter on quarter.
- Ramping up organization in Norway to deliver engineering for additional Equinor platforms awarded to Platform Drilling.
- Low activity in the UK.

Wireline

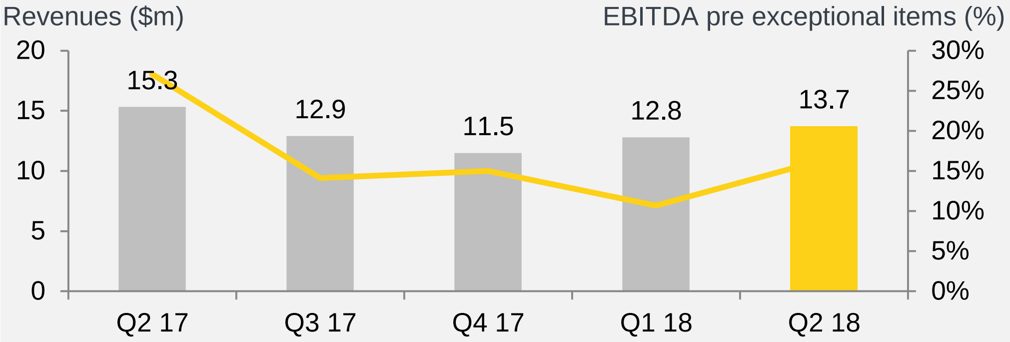
- Revenue and margin increase quarter on quarter, for both mechanical wireline and logging.
- Growing organization in Norway in line with increased activity.
- Commercialization of new logging tools gathering momentum.

1) Note that Modular Rigs previously included in segment "Drilling Assets" now moved to "Platform Drilling, Engineering & Wireline" as of Q2 2018 and retrospectively
2) Less addition of internal allocation of group costs of $2.3m in Q4-17 previously reported

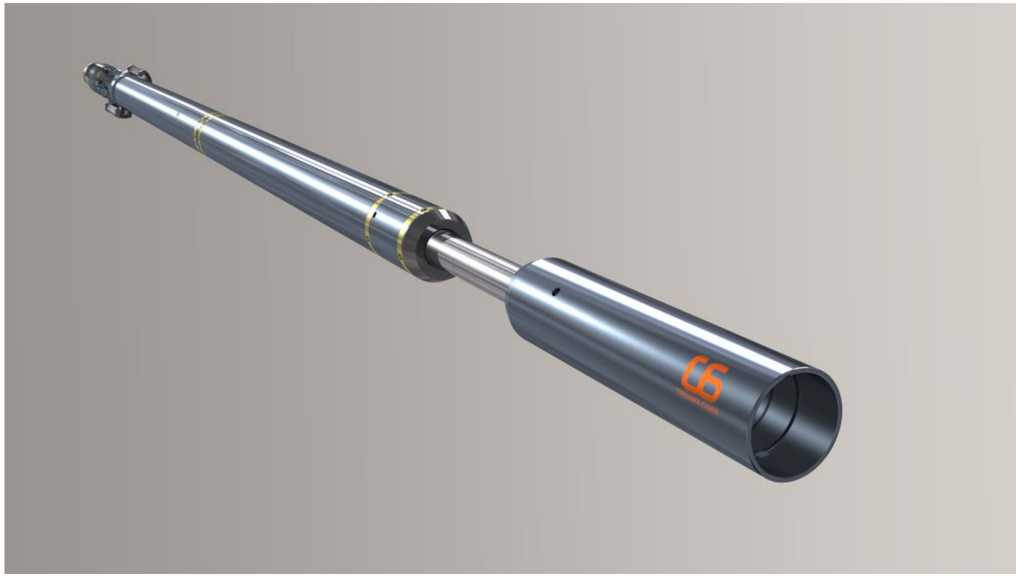
Oiltools & Technology

We expect the trough to be behind us

Revenue and EBITDA *[$m and %]*



$m	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18
EBITDA pre except. items	4.1	1.8	1.7	1.4	2.2
Capex	0.1	0.3	0.1	0.1	0.2



Oiltools

- Activity levels in Norway continue positive trend, with Asia Pacific region following suit.
- Clients globally are showing increased interest in high-performance multistage cementing.
- As standard plug pricing remains highly competitive, Archer increasingly focuses on unique isolation and remediation solutions that enable cost and time savings for a wide range of operations.

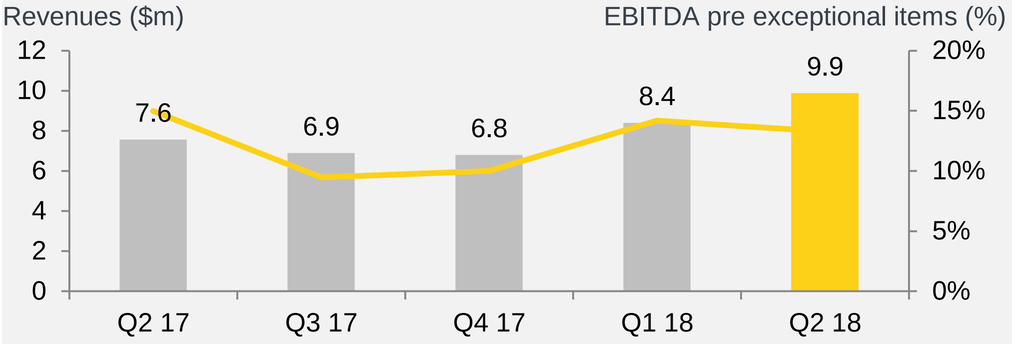
C6 technologies (50/50 JV)

- High number of ComTrac opportunities/trials on a global basis for a wide set of applications.
- Wireline Tractor/Drone field test discussions with two major oil companies.
- First two mechanical intervention tools now ready for field test.

US Onshore

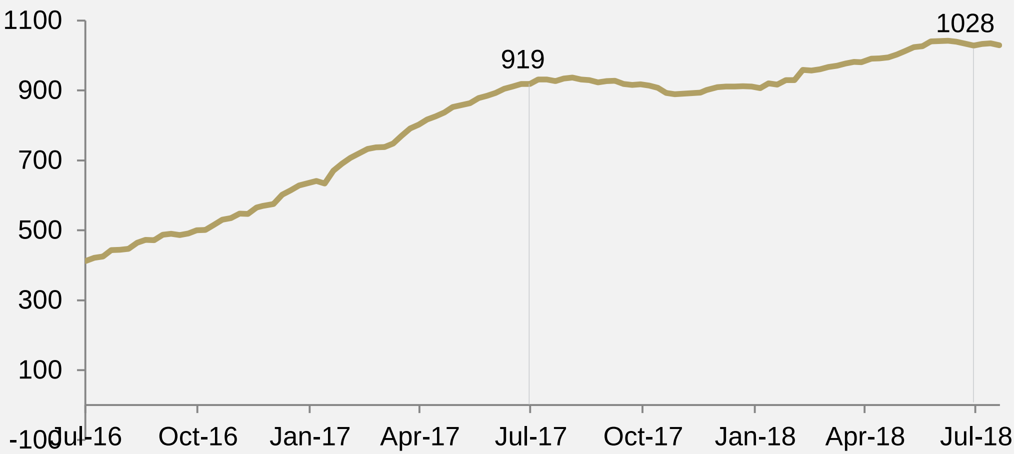
Strong growth in line with increase in onshore rig count

Revenue and EBITDA *[$m and %]*



$m	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18
EBITDA pre except. items	1.1	0.7	0.7	1.2	1.3
Capex	0.0	0.0	0.8	0.1	0.0

Rig count Onshore US *[nr of rigs]*



- US onshore rig count at 1028 active rigs at the end of Q2 2018, up 12% from corresponding quarter last year.
- Q2 2018 revenue of $9.9m is up 30% from corresponding quarter last year, and up 18% relative to Q1 2018.
- New valve sales revenue increased by 17% in Q2 over Q1, while repair revenue increased by 16%.
- Parts sales increased by 20% driven by a 47% increase in Ancillary Equipment sales.
- Strong momentum is expected to continue into Q3 2018.

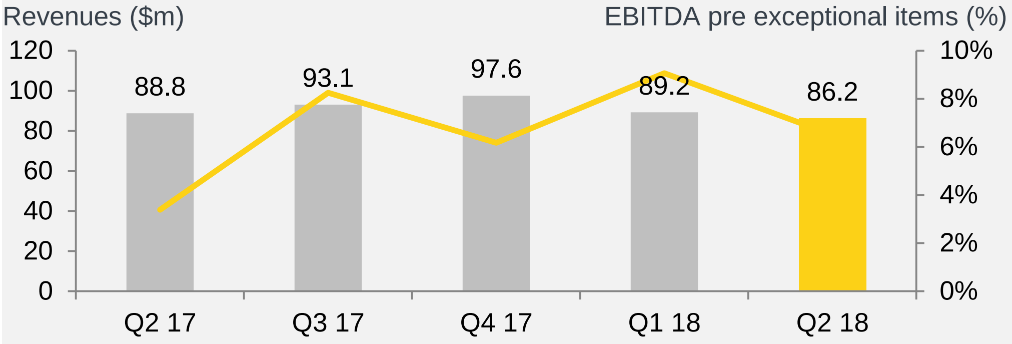
Note: Source for rig count US onshore is the Baker Hughes Rig Count

Land Drilling

Results affected by depreciation of Peso and ongoing improvement project

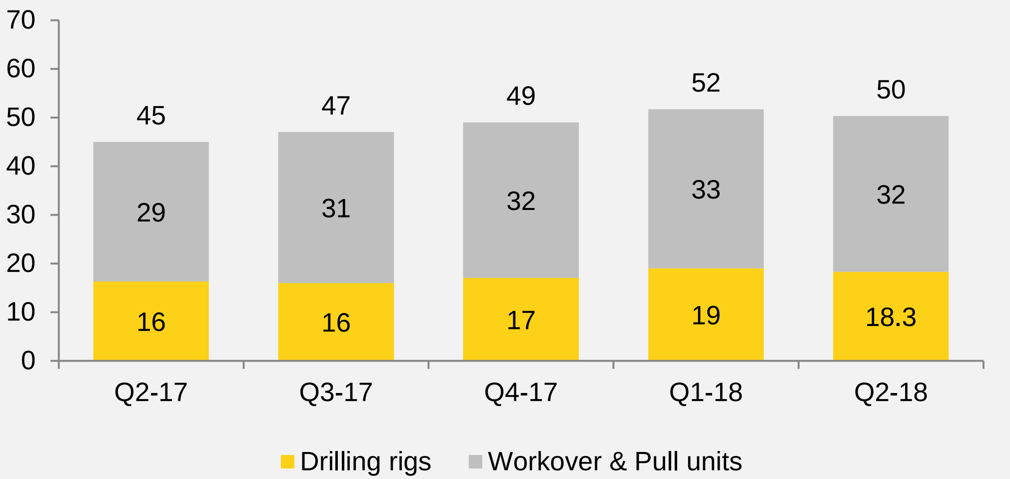
Archer

Revenue and EBITDA[1)] *[$m and %]*



$m	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18
EBITDA pre except. items	3.0	7.7	6.0	8.1	5.6
Capex	3.4	0.7	3.4	1.8	3.8

Archer active rigs *[nr of rigs]*



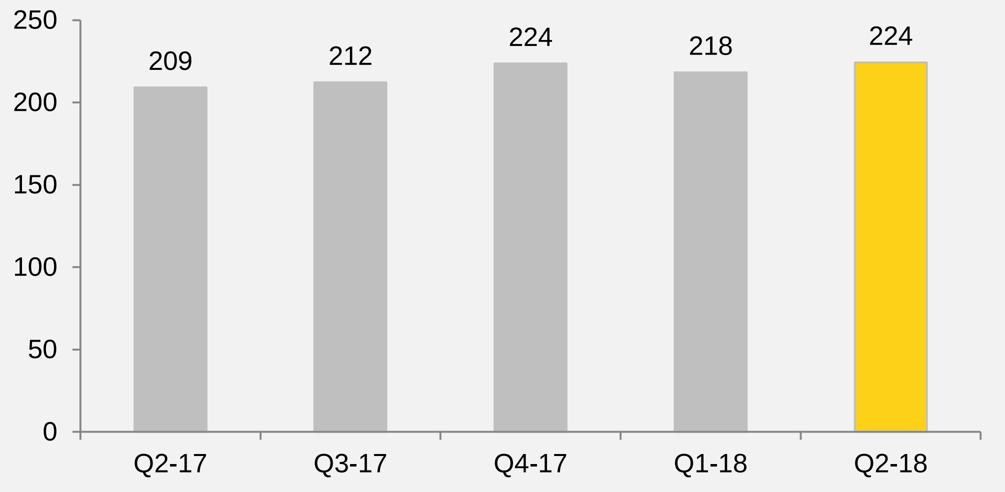
- The Argentine Peso has depreciated 35% relative to USD since year end 2017. Average revenues (in USD terms) with clients in Argentina down by 8% from Q1.
- Archer contract structure protects EBITDA margin from depreciation of the Argentine Peso, yielding, in isolation, a small positive contribution to EBITDA in USD.
- New three year contract signed with Pampa Energy for Rig 165 in the Vaca Muerta play.
- Stable strong financial performance continues in the North of Argentina (Vaca Muerta).
- Challenging winter conditions in the South of Argentina and delayed rig mobilization in Bolivia hampered financial performance.
- Continued focus on improving performance in the South of Argentina. Signed improved incentives with major customer.

1) Note that Modular Rigs previously included in segment "Drilling Assets" now moved to "Platform Drilling, Engineering & Wireline" as of Q2 2018 and retrospectively

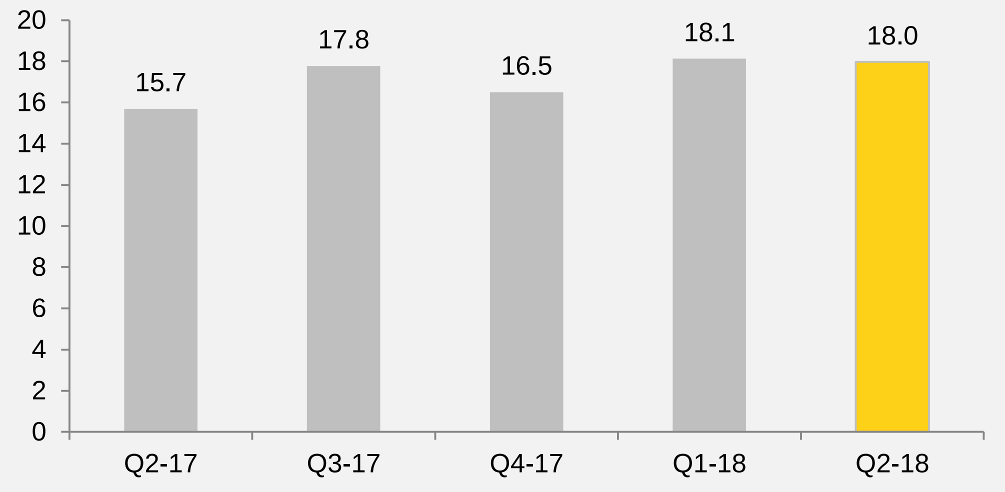
Archer Group – financial highlights second quarter 2018

Archer

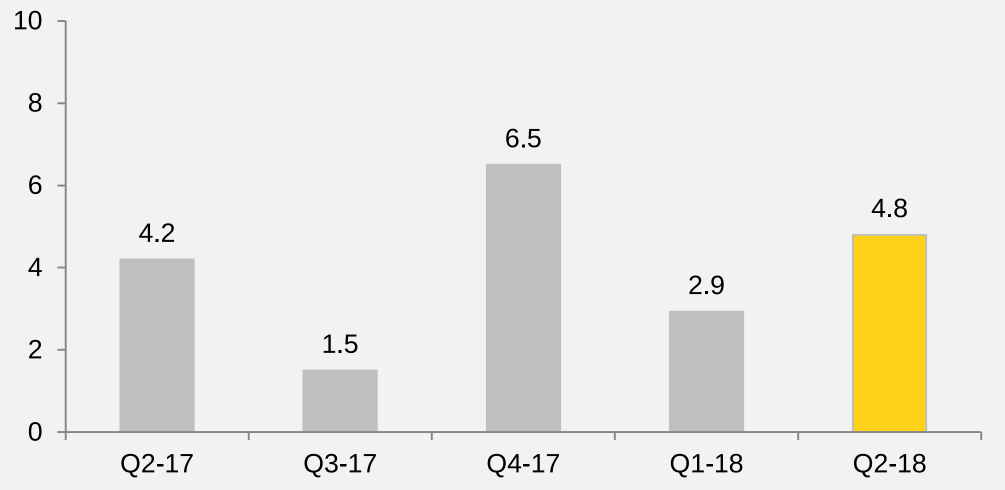
Revenue *[$m]*



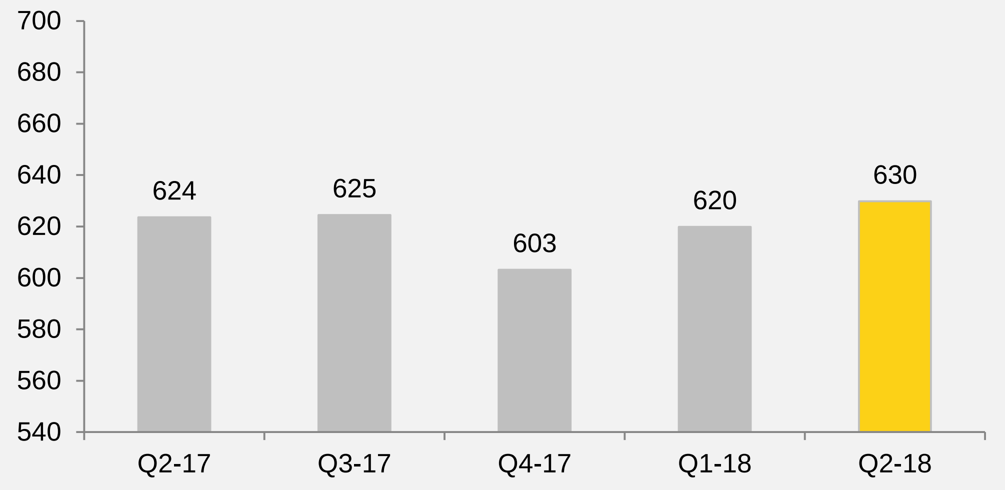
EBITDA before exceptional items *[$m]*



Capex *[$m]*



Net Interest Bearing Debt *[$m]*



Condensed profit and loss statement

Archer

(Figures in $ million)	Q1 18	Q2 18	YTD 2017	YTD 2018
Operating revenues	201.6	204.0	385.8	405.6
Reimbursable revenue	16.7	20.4	25.0	37.1
Total Revenues	**218.3**	**224.4**	**410.8**	**442.7**
EBITDA before exceptional items	**18.1**	**18.0**	**33.0**	**36.1**
Exceptional items	(4.9)	(5.6)	(5.2)	(10.5)
EBITDA after exceptional items	**13.2**	**12.3**	**27.8**	**25.6**
Deprecation, amortization, impairments, other	(14.7)	(14.6)	(32.1)	(29.4)
EBIT	**(1.5)**	**(2.3)**	**(4.3)**	**(3.8)**
Result from associated entities	(4.0)	0.3	(9.9)	(3.7)
Interest rate expensed	(8.9)	(10.0)	(24.0)	(18.9)
Other financial costs	16.9	(10.1)	123.6	6.8
Net financial items	**4.0**	**(19.8)**	**89.7**	**(15.8)**
Net result before tax	**2.5**	**(22.1)**	**85.4**	**(19.6)**
Tax expense/(benefit)	1.9	14.7	5.2	16.6
Net result	**4.4**	**(7.4)**	**90.6**	**(3.0)**
Net loss from discontinued operations	-	-	-	-

- Second quarter revenue of $224.4 million was $6.1 million ahead of first quarter 2018, and 7% higher than the corresponding quarter last year.
- Revenue in the quarter was impacted by:
  - Increased activity in all divisions in the Eastern Hemisphere.
  - Additional operating days in second quarter compared to first quarter.
  - Negatively impacted by unfavorable foreign exchange movements for the Argentina Pesos.
- EBITDA before exceptional items of $18.0 million was in line with previous quarter.
- Exceptional items for the second quarter amounted to $5.6 million, largely redundancy payments in Argentina as well as compensation cost for idle personnel (time on payroll until we are able to terminate employee).
- Second quarter reported EBITDA was $12.4 million, $0.8 million below the first quarter.
- A negative currency effect on internal loans (NOK loan) contributed to a negative net result for the second quarter of $7.4 million, compared to a net gain of $4.4 million in first quarter.

Condensed balance sheet

Archer

(Figures in $ million)	30/06/17	31/03/18	30/06/18
ASSETS			
Cash, cash equivalents & restricted cash	80.9	50.8	33.2
Accounts receivables	146.6	145.6	140.0
Inventories	55.0	58.9	57.7
Other current assets	47.5	39.1	31.2
Total current assets	**330.0**	**294.4**	**262.1**
Investments and loans in associates	103.3	109.2	110.0
Property, plant and equipment, net	454.5	424.4	411.6
Goodwill	178.4	192.8	183.0
Other non-current assets	26.7	30.0	35.3
Total non-current assets	**762.9**	**756.4**	**739.9**
Total assets	**1092.9**	**1050.8**	**1002.0**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current portion of interest-bearing debt	21.7	8.9	8.9
Accounts payable	46.8	55.0	51.8
Other current liabilities	111.4	115.3	100.8
Total current liabilities	**179.9**	**179.2**	**161.5**
Long-term interest-bearing debt	612.9	597.1	584.4
Subordinated related party loan	58.3	58.3	58.3
Deferred taxes	10.4	7.8	3.1
Other non-current liabilities	3.4	2.0	1.7
Total non-current liabilities	**685.0**	**665.2**	**647.5**
Shareholder's equity	**228.0**	**206.4**	**193.0**
Total liabilities and shareholders' equity	**1092.9**	**1050.8**	**1002.0**

Assets

- Total assets for the second quarter decreased compared to the previous quarter, predominantly explained by reduction in cash and cash equivalents (down $17.6 million), property, plant and equipment reduction due to ordinary depreciation (down $12.8 million) and foreign exchange adjustment on goodwill (down $9.8 million).
- Cash and cash equivalent reduced by $17.6 million, largely through the net $12.7 installment payment on the loan facility.

Liabilities

- Net Interest Bearing Debt at end of June 2018 of $629.8 million is an increase of $9.9 million compared to end of March 2018.
- Short term borrowing was $8.9 million (in line with previous quarter) and long term interest bearing debt was $642.7 million (down $12.7 million). The decrease in long term interest bearing debt is related to the installment payment on the facility.
- Established two new credit overdraft facilities with our lenders during second quarter

Equity

- Total equity of $193.0 million, reduced by $13.4 million compared to the previous quarter as a result of net reported loss and translation differences.

Concluding remarks and outlook

- All business units in the Eastern Hemisphere experiencing increased demand with combined expected revenue growth of 15% over 2017.
- Land Drilling operational activity has increased over 2017, but USD reported revenue has decrease following depreciation of the Argentine Peso. Improvement project and better customer terms in the South will improve financial results in H2.
- We reiterate previous guidance given:
  - Average EBITDA margin before restructuring expected to improve 1-2% points over 2017.
  - Improved EBITDA in second half of year on the back of higher activity, reduced cost and better terms in Land Drilling.
  - Capex below 3% of revenue.
- Strategic process for onshore US ongoing.





Appendices

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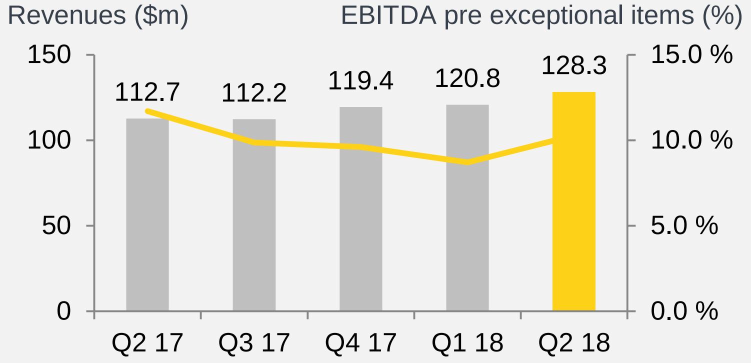
The well company

Segment key financials

Eastern Hemisphere

Platform drilling, engineering & wireline

Oiltools & Technology

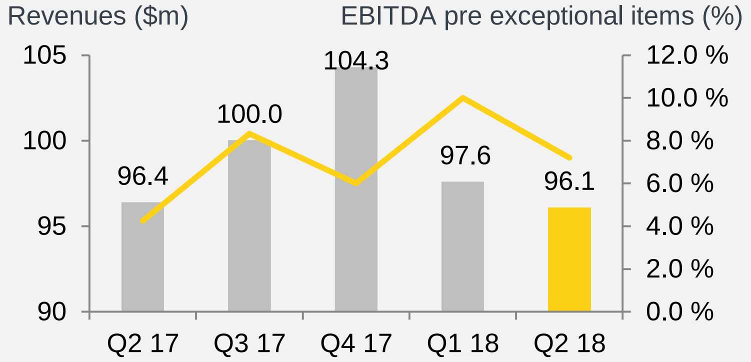


$m	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18
Revenues	112.7	112.2	119.4	120.8	128.3
EBITDA pre except. items	13.2	11.1	11.4	10.6	13.2
Capex	0.6	0.7	3.1	1.0	1.0

Western Hemisphere

US onshore

Land drilling



$m	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18
Revenues	96.4	100.0	104.3	97.5	96.1
EBITDA pre except. items	4.1	8.3	6.7	9.3	6.9
Capex	3.4	0.7	4.2	1.9	3.8

Condensed profit and loss statement – last 5 quarters

(Figures in $ million)	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	YTD 2017	YTD 2018
Operating revenues	195.3	199.9	204.0	201.6	204.0	385.8	405.6
Reimbursable revenue	13.9	12.4	19.7	16.7	20.4	25.0	37.1
Total Revenues	**209.2**	**212.3**	**223.7**	**218.3**	**224.4**	**410.8**	**442.7**
EBITDA before exceptional items	**15.7**	**17.8**	**16.5**	**18.1**	**18.0**	**33.0**	**36.1**
Severance payments	(1.2)	(2.3)	(1.2)	(2.5)	(4.5)	(2.0)	(7.5)
Idle personnel costs	(1.6)	(0.5)	(0.6)	(2.1)	(1.1)	(3.2)	(2.6)
Office costs	-	(1.9)	-	(0.4)			(0.4)
Other exceptional items	-	(0.3)	-	-			
Total Exceptional items	**(2.8)**	**(5.0)**	**(1.8)**	**(4.9)**	**(5.6)**	**(5.2)**	**(10.5)**
EBITDA after exceptional items	**12.9**	**12.8**	**14.7**	**13.2**	**12.3**	**27.8**	**25.6**
Deprecation, amortization, impairments, other	(16.7)	(15.7)	(18.2)	(14.7)	(14.6)	(32.1)	(29.4)
EBIT	**(3.8)**	**(2.9)**	**(3.5)**	**(1.5)**	**(2.3)**	**(4.3)**	**(3.8)**
Result from associated entities	(2.0)	(5.2)	0.2	(4.0)	0.3	(9.9)	(3.7)
Interest rate expensed	(10.3)	(10.1)	(8.9)	(8.9)	(10.0)	(24.0)	(18.9)
Other financial costs	122.1	9.2	(11.1)	16.9	(10.1)	123.6	6.8
Net financial items	**109.8**	**(6.1)**	**(19.8)**	4.0	**(19.8)**	**89.7**	**(15.8)**
Net result before tax	**106.0**	**(9.0)**	**(23.3)**	**2.5**	**(22.1)**	**85.4**	**(19.6)**
Tax expense	6.9	4.4	0.6	1.9	14.7	5.2	16.6
Net result	**112.9**	**(4.6)**	**(22.7)**	**4.4**	**(7.4)**	**90.6**	**(3.0)**
Net loss from discontinued operations	-	(2.2)	-	-			

Condensed balance sheet – last 5 quarters

(Figures in $ million)	30/06/17	30/09/17	31/12/17	31/03/18	30/06/18
ASSETS					
Cash, cash equivalents & restricted cash	80.9	50.9	67.7	50.8	33.2
Accounts receivables	146.6	153.9	140.4	145.6	140.0
Inventories	55.0	56.0	58.0	58.9	57.7
Other current assets	47.5	41.9	35.9	39.1	31.2
Total current assets	**330.0**	**302.7**	**302.0**	**294.4**	**262.1**
Investments and loans in associates	103.3	99.4	100.2	109.2	110.0
Property, plant and equipment, net	454.5	444.4	432.2	424.4	411.6
Goodwill	178.4	187.5	181.9	192.8	183.0
Other non current assets	26.7	30.5	26.6	30.0	35.3
Total noncurrent assets	**762.9**	**761.8**	**740.9**	**756.4**	**739.9**
Total assets	**1092.9**	**1064.5**	**1042.9**	**1050.8**	**1002.0**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current portion of interest-bearing debt	21.7	29.9	7.2	8.9	8.9
Accounts payable	46.8	49.2	53.6	55.0	51.8
Other current liabilities	111.4	110.1	117.0	115.3	100.8
Total current liabilities	**179.9**	**189.2**	**177.8**	**179.2**	**161.5**
Long-term interest-bearing debt	612.9	581.1	596.7	597.1	584.4
Subordinated related party loan	58.3	58.3	58.3	58.3	58.3
Deferred taxes	10.4	10.7	7.3	7.8	3.1
Other noncurrent liabilities	3.4	3.1	2.4	2.0	1.7
Total noncurrent liabilities	**685.0**	**653.2**	**664.7**	**665.2**	**647.5**
Shareholder's equity	**228.0**	**222.1**	**200.4**	**206.4**	**193.0**
Total liabilities and shareholders' equity	**1092.9**	**1064.5**	**1042.9**	**1050.8**	**1002.0**

Condensed cash flow statement – last 5 quarters

(Figures in $ million)	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	YTD 2017	YTD 2018
Operating activities	2.4	(15.9)	32.4	(2.6)	4.9	(3.1)	2.3
Investing activities	(10.1)	3.1	(8.9)	(10.5)	(10.6)	(14.0)	(21.1)
Financing activities	(2.3)	(28.4)	(7.6)	0.8	(11.4)	59.3	(10.6)
FX effect	0.3	16.4	(1.5)	(2.3)	(5.4)	(0.1)	(7.8)
Total	**(9.7)**	**(24.8)**	**14.4**	**(14.7)**	**(22.5)**	**42.1**	**(37.2)**