Archer

8 May 2020

First quarter 2020 trading update

Dag Skindlo, President and CEO
Espen Joranger, CFO

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, 2019. 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.

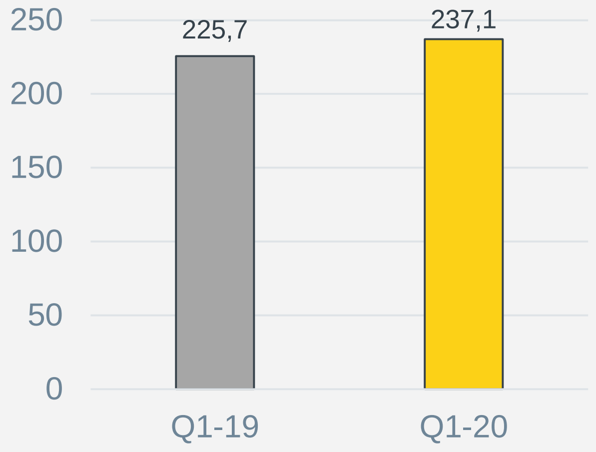
The forward-looking statements in this report are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management’s examination of historical operating trends, data contained in our records and other data available from Fourth parties. 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.

Key highlights

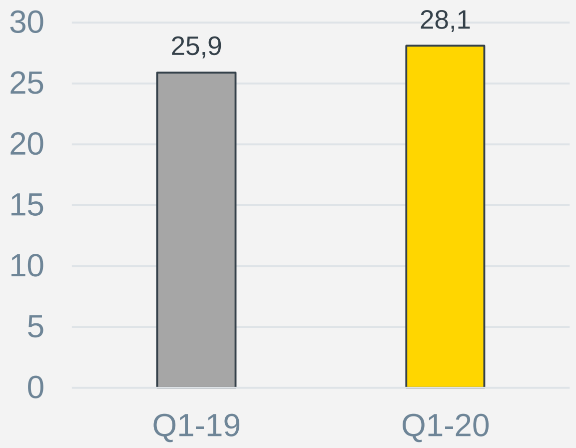
- Strong operational results for Q1 2020
- Refinancing closed with maturity of main facility in Q4 2023
- Modular rigs mobilized for operations in New Zealand and Norway
- Covid-19 and oil price reduction with immediate impact on client activity

Key financial highlights Q1 2020

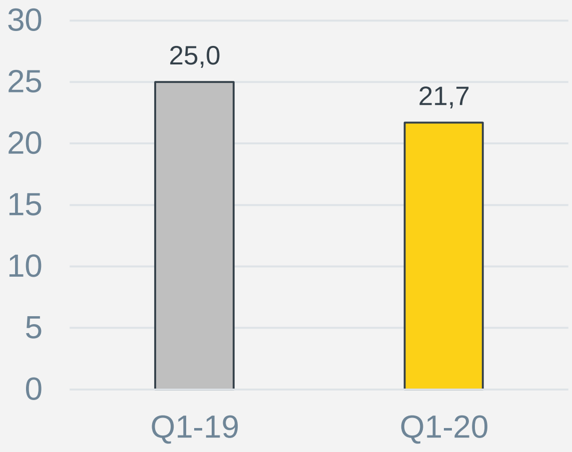
Revenue *[$m]*



EBITDA before exceptional items *[$m]*



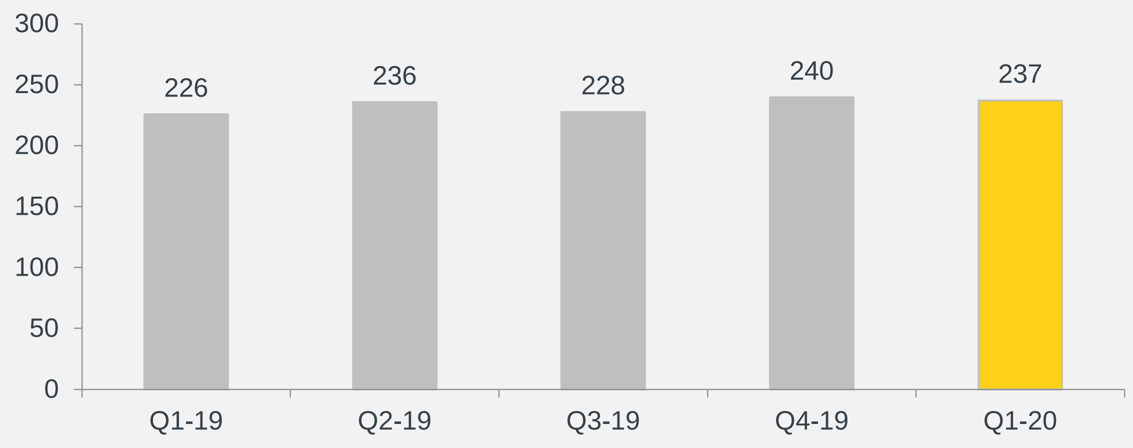
EBITDA *[$m]*



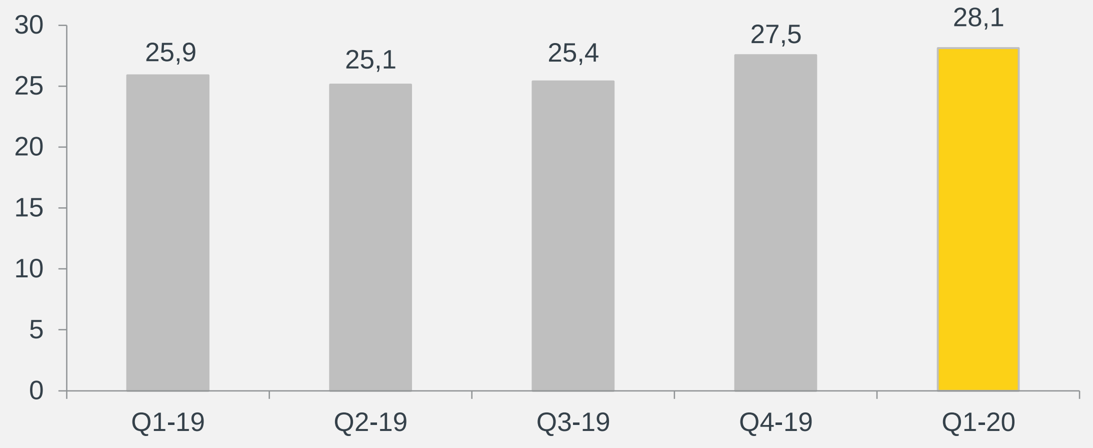
- Revenue of $237.1 million
- EBITDA before exceptional items of $28.1 million
- Exceptional items of $6.4 million related to redundancies and lockdown
- NIBD at $588.3 million, with pro forma NIBD at $543.6 million
- Available liquidity at $121.3 million, with pro forma liquidity at $91.2 million

Archer Group – financial highlights first quarter 2020

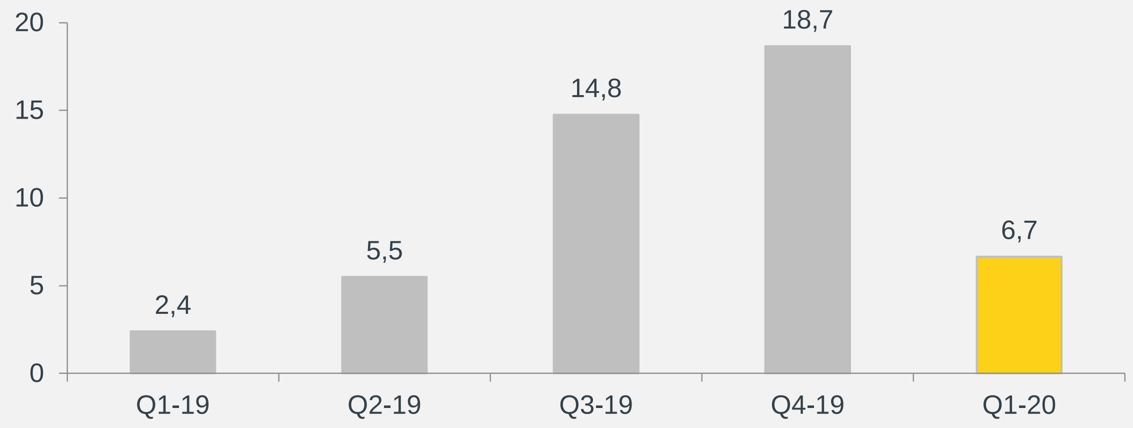
Revenue *[$m]*



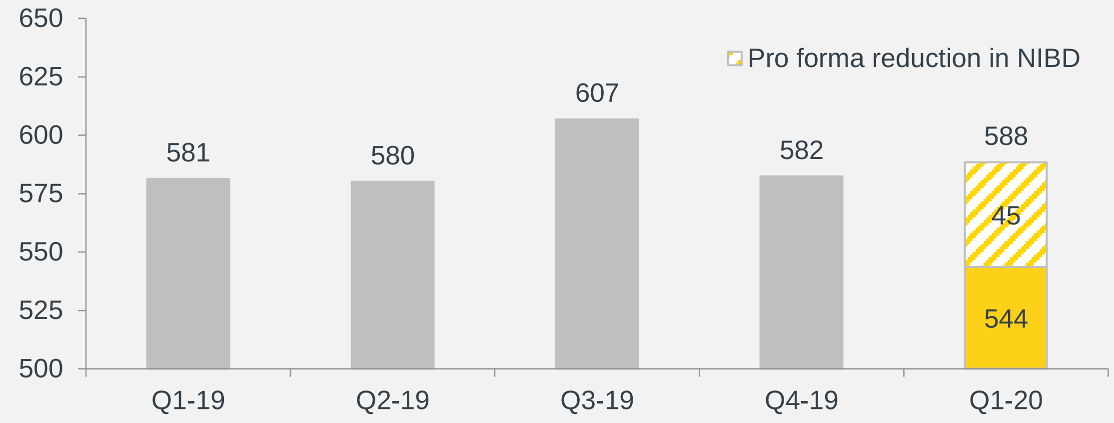
EBITDA before exceptional items *[$m]*



Capex *[$m]*



Net Interest Bearing Debt *[$m]*

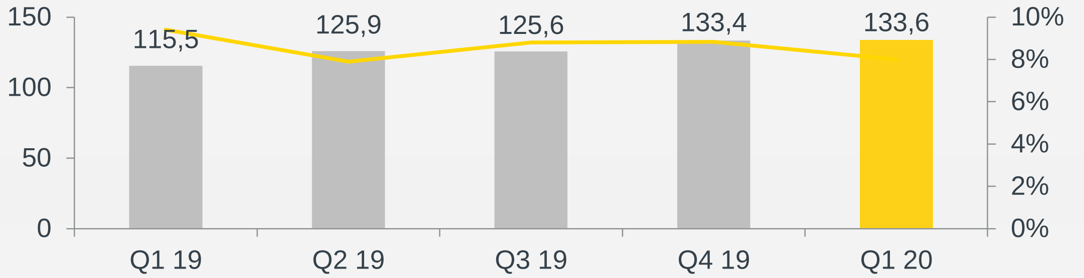


Covid-19 outbreak and significant drop in oil price

- Our clients have reacted to deteriorated outlook and announced investment cuts of 20-30%
    - Drilling and intervention operation in North Sea reduced for Archer
    - Selective international projects delays
- Governmental lockdowns for Covid-19
    - 75% of Archer operation in Argentina on stand-by with staff at home
    - Emerald start-up in New Zealand delayed 3 months
    - Brazil operation suspended
    - Selective international projects delayed due to travel restriction
    - Home office in most countries
- Archer maintained focus on safety and operational performance
- Archer has reacted to reduction in activity / outlook to safeguard liquidity
    - Implemented cost saving amounting to more than $40 million annualized in Eastern Hemisphere, including termination of 300 employees/consultants and 160 temporarily laid off
    - Implemented monthly cost saving in Argentina of approximately $7 million with approximately 1,500 employees at home
    - Current client activity plans will result in a total headcount reduction of 12-15% in 2020 compared to end of 2019
    - Investments expected to be 40-50% below 2019

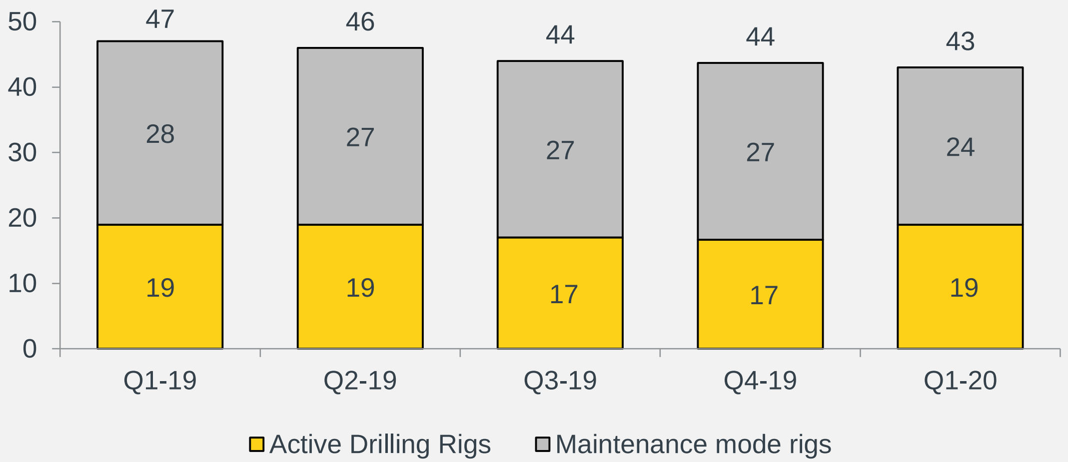
Platform Drilling & Engineering

Revenue and EBITDA before exceptional items *[$m and %]*



$m	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20
EBITDA before exceptional items	10.9	10.0	11.0	11.8	10.7
EBITDA	10.9	10.0	11.0	11.8	6.7
Capex	0.2	1.1	3.7	6.8	2.1

Platform Drilling contracted rigs* [# of rigs]



*Excluding modular rigs

Financial highlights

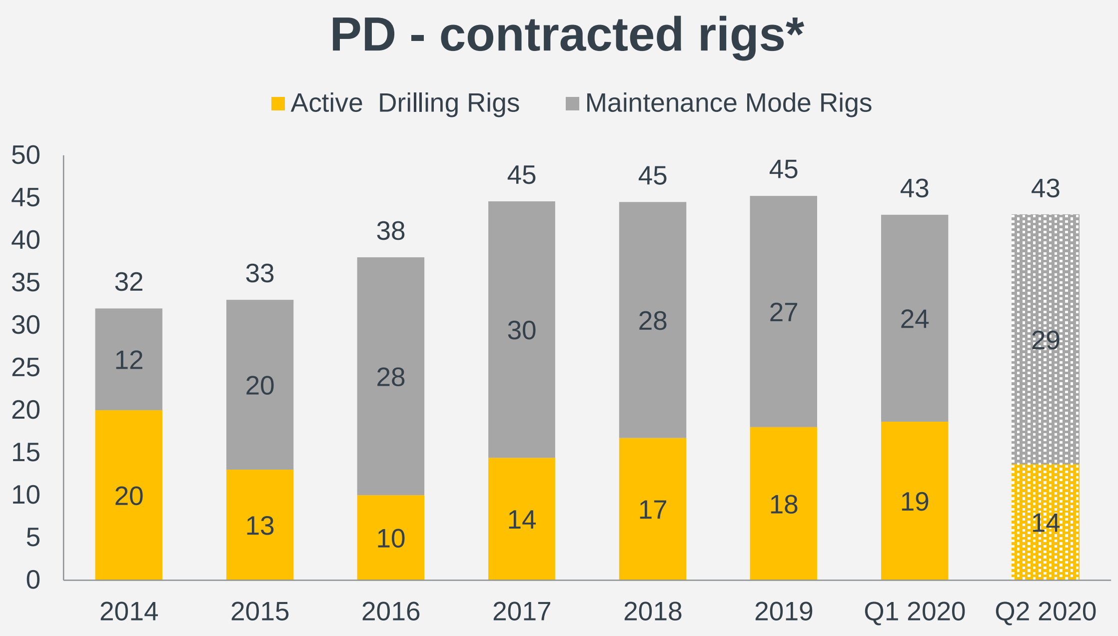
- Revenue up 16% compared to same quarter last year.
- Exceptional items recorded of $4.1 million related to Covid-19, mainly related to redundancy provision for more than 200 employees in UK
- Capex spend in the quarter of $2.1 million related to MDR reactivation and overhauls and certifications

Operational highlights

- Engineering have a positive project backlog with recent projects awarded in both Norway and UK
- Emerald started mobilization in New Zealand, but currently delayed for 3 months due to Covid-19.
- High activity for PD with 19 active rigs operating for Q1 on average
- Client-announced change in activity will impact revenue and activity from Q2 onwards

Platform Drilling market development Q1/Q2 2020

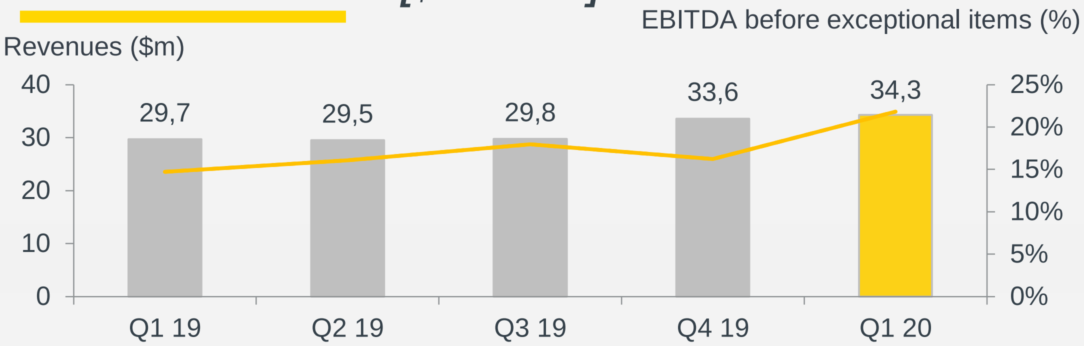
- Our platform drilling clients have initiated a 30-35% reduction in their drilling and P&A activity. Archer retains the contracts with reduced crew for maintenance and support activity.
- ConocoPhillips contract in Norway will, as previously announced, terminate early Q3
- Archer Emerald successfully mobilized to New Zealand. Rig-up suspended due to COVID-19. Scheduled to recommence in Q3
- Archer Topaz rig mobilization ongoing for offshore operation to start late Q2
- The LOI for the multiyear P&A campaign, as announced in Q4 2019, is expected to be formalized in a firm contract for Topaz during Q2



*Excluding modular rigs

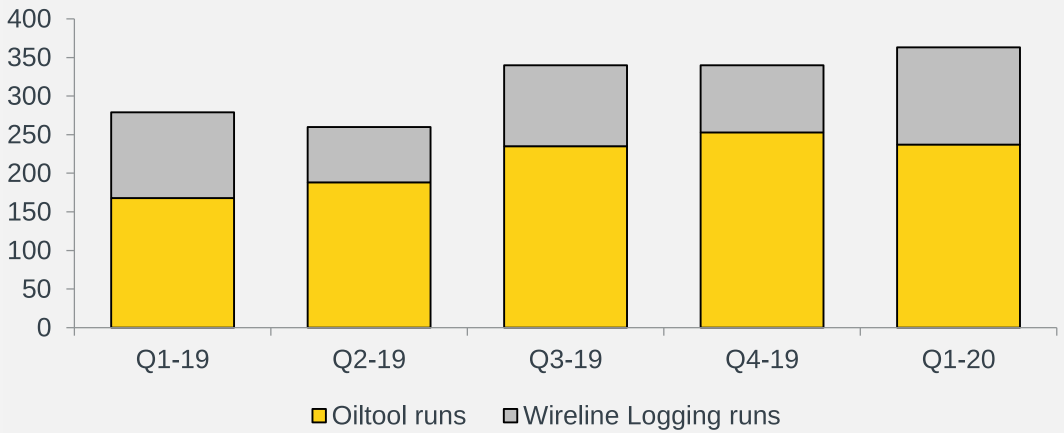
Well Services

Revenue and EBITDA *[$m and %]*



$m	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20
EBITDA before exceptional items	4.4	4.7	5.3	5.4	7.0
EBITDA	4.4	4.7	5.3	5.4	7.0
Capex	1.1	1.0	2.6	2.0	2.2

Number of runs



Financial highlights

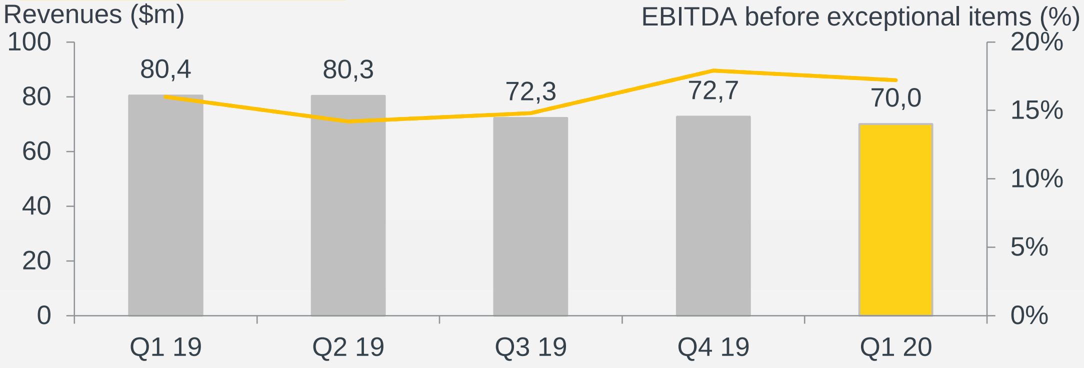
- Strong development relative to Q1 2019:
  - 15.4% increase in Revenue
  - 60.7% increase in EBITDA
- EBITDA up by 34.6% in Q1 2020 compared to previous quarter on the back of strong activity in Oiltools
- Capex spend in the quarter of $2.2 million to support growth in Oiltools

Operational highlights

- Strong operational quarter for Oiltools with high activity onshore and offshore
- Oiltools activity has been limited impact from drop in activity
- Wireline customer cut activity following the outbreak of Covid-19 and drop in oil price. Rightsizing and cost cuts implemented to preserve margins.

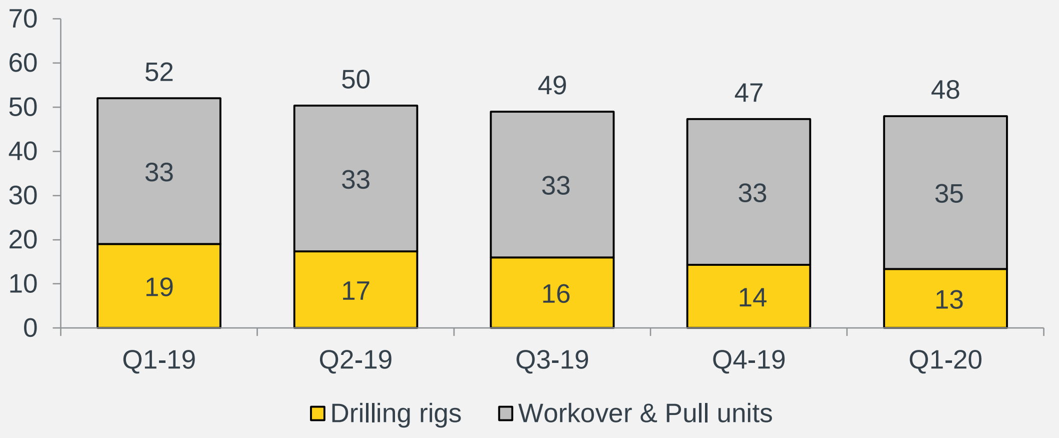
Land Drilling

Revenue and EBITDA *[$m and %]*



$m	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20
EBITDA before exceptional items	12.9	11.4	10.7	13.0	12.1
EBITDA	12.0	9.7	8.7	8.3	10.0
Capex	1.0	3.1	8.1	9.1	1.4

Number of active rigs



Financial highlights

- Revenue down ~13% relative to same quarter last year due to lower drilling activity level
- EBITDA before exceptional items of $12 million
- Exceptional items in Q1 relates to Covid-19 lockdown and termination cost in Argentina and Bolivia

Operational highlights

- Country wide lockdown in Argentina from March 20th
- Personnel for drilling and workover in standby at home with reduced compensation.
- Ongoing negotiations with clients for standby fees during lockdown. The level of activity post lockdown will depend on oil demand and prices set in Argentina
- Pulling units continued operations during lockdown
- Two drilling rigs received terminations of contracts and stopped operation end of February

QES merger process

On May 4, QES announced the plan to combine their services with KLX Energy Services in an all-stock merger transaction

Transaction Highlights

- Highly complementary product and service offerings across all major US oil and gas basins provide for increased scale to serve a blue-chip customer base
- Accretive to free cash flow per share within 12 months of closing
- Annualized cost synergies in excess of $40 million, achievable within twelve months
- Combined company to retain the KLXE name and ticker while the corporate headquarters will move to Houston, TX
- QES executive team, including President and CEO Chris Baker along with EVP and CFO Keefer Lehner will remain in those roles with the combined company
- Nine member Board of Directors, comprising five from the KLXE Board, including John Collins as Chairman, and four from the QES Board, including Archer CEO Dag Skindlo
- Enhanced ability to effect further industry consolidation

Archer believes the transaction will create value for all stakeholders and has entered into a voting- and support agreement in favor of the merger

Archer ownership

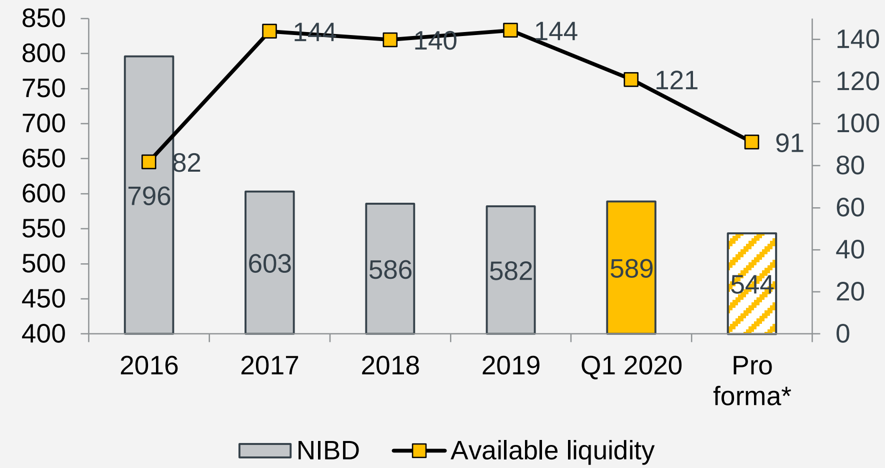
- Archer currently owns approximately 28.1% of the shares in the NYSE listed oilfield service company QES
- Following a successful closing of the merger, Archer will own approximately 11.5% of the combined company.
- The closing of the merger is conditioned, amongst other, by shareholder approval in both QES and KLXE.

Refinancing completed

Refinancing completed in April

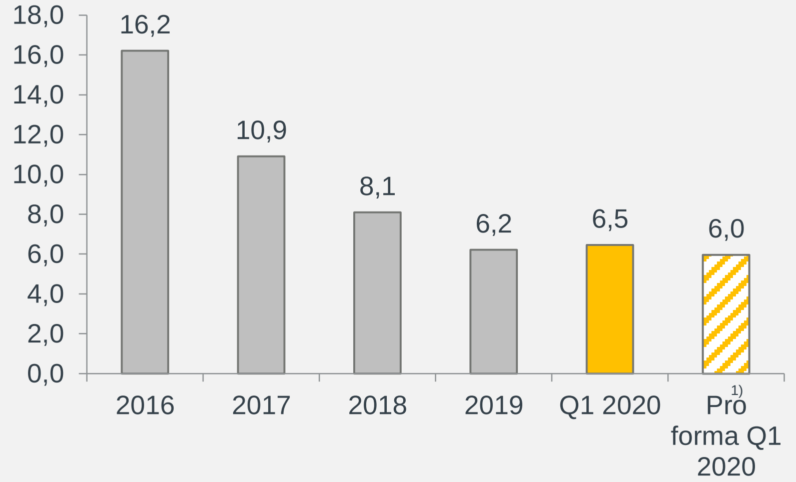
- Main loan facility extended until October 1, 2023
- A fixed quarterly amortization schedule with instalments totaling roughly $5.5 million commencing on March 31, 2021
- Interest margins unchanged
- No new equity or liquidity required
- The commitments under our loan agreements has been reduced by $42.7 million compared to Q4
- A positive P&L effect of $45 million in second quarter following the equivalent debt forgiveness
- Available liquidity in excess of $90 million following the refinancing

Historic NIBD and Liquidity *[$m]*



* Estimated pro forma NIBD after the debt forgiveness as part of the refinancing agreements

Net Interest Bearing Debt / 12 month EBITDA



Summary Q1 2020

- Strong operational results in Q1 2020
- Completed refinancing securing long term financing and sufficient liquidity
- Rapidly adjusting operations, cost and investments to the current market conditions

Financial outlook 2020

- Significant uncertainty related to forecasting in current environment
- Revenues forecasted to reduce by 20-25%
- Positive free cash flow in 2020
- NIBD estimated at $525-535 million end 2020 , down approximately 10% from end 2019

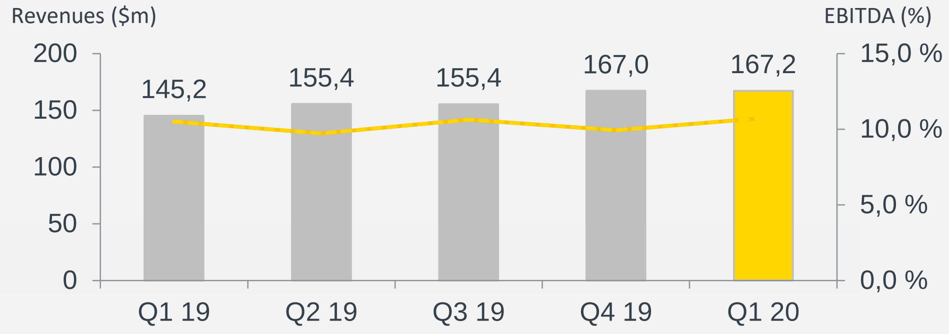
Appendix

Segment key financials

Eastern Hemisphere

Platform drilling & Engineering

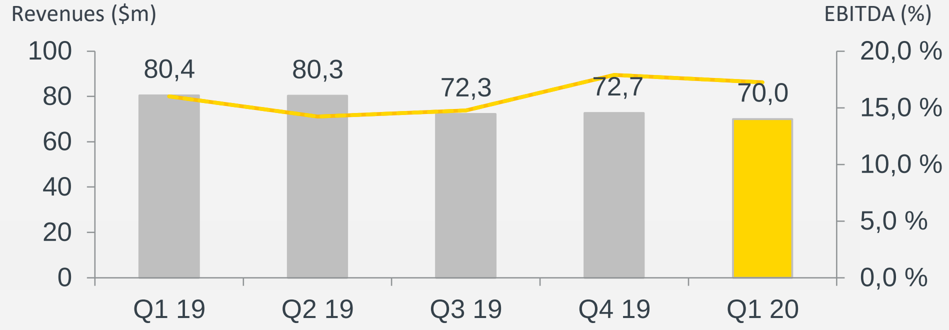
Well Services



$m	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20
Revenues	145.2	155.4	155.4	167.0	167.2
EBITDA before exceptional items	15.	15.1	16.5	16.6	18.0
EBITDA	15.2	15.1	16.5	16.3	13.7
Capex	1.4	2.6	6.6	9.5	5.2

Western Hemisphere

Land drilling



$m	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20
Revenues	80.4	80.3	80.3	72.7	70.0
EBITDA before exceptional items	12.9	11.4	10.7	13.0	12.1
EBITDA	12.0	9.7	8.7	8.3	10.0
Capex	1.0	3.1	8.1	9.1	1.5