



Archer

Q1 2023 results

Dag Skindlo

Chief Executive Officer

Espen Joranger

Chief Financial Officer

10 May 2023





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. Financials figures presented for 2023 are unaudited.

Forward-looking statements do not guarantee future performance and involve risks and uncertainties. Actual results may differ materially from projected results due to 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, 2022. 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.

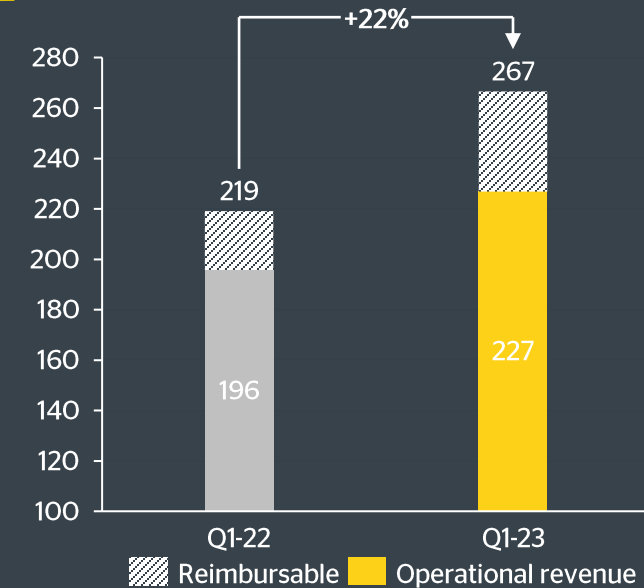
The forward-looking statements in this report are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management’s examination of historical operating trends, data contained in our records and other data available from Fourth parties.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



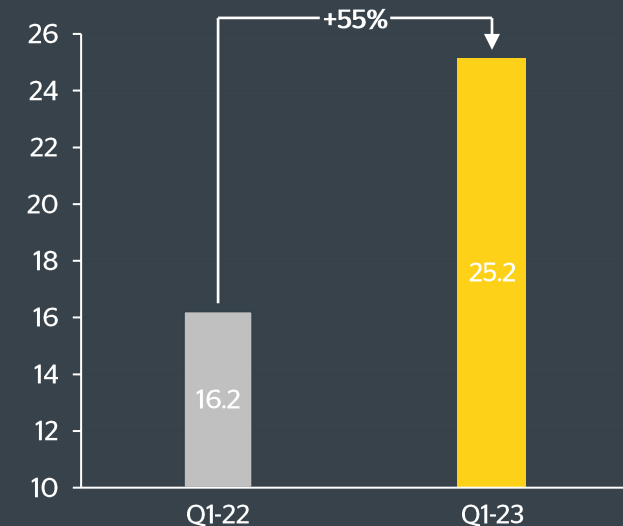
Q1 Highlights

- Revenue of \$267 million, up 22% from same quarter last year
- Strong EBITDA of \$25.2 million, up 55% from same quarter last year
- Strong focus on cash management in the quarter contributed to reduced NIBD, adjusted for the equity issuance
- Well on track to meet our financial guidance 2023
- Integrated the P&A specialist Romar-Abrado in Archer during the quarter
- Acquired Baker Hughes` coil tubing and pumping business in UK
- Completed refinancing in April

Revenue (\$m)



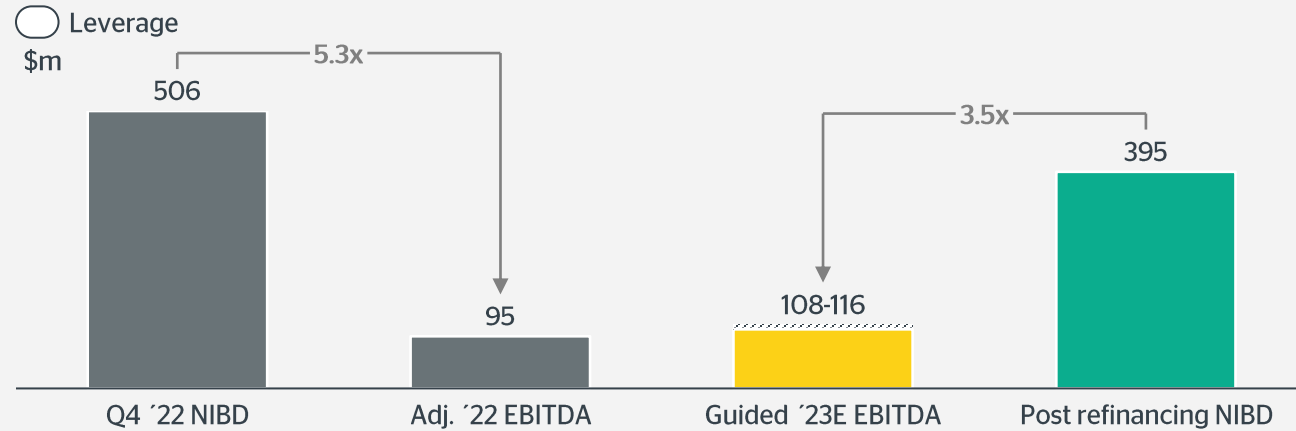
EBITDA (\$m)





Refinancing completed in April 2023 - secures financial solidity and capital flexibility

Leverage reduction



Key outcomes



Net debt reduced by **\$110m** with NIBD/EBITDA reduced from **5.3x to 3.5x**



Extended debt maturities to **2027** giving adequate runway

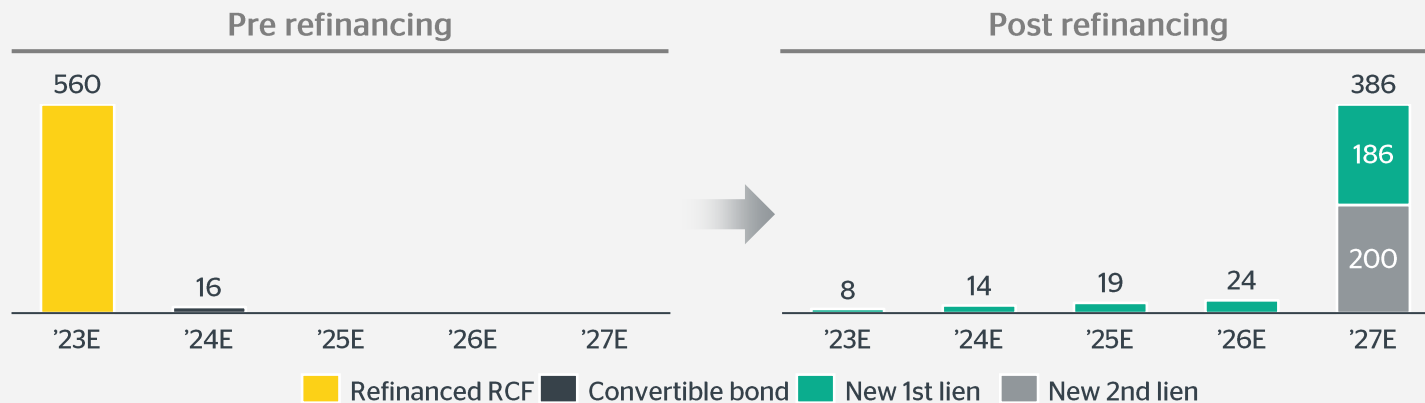


Financing package with average cash cost around **7.5%** in the 4 year term based on SOFR forward curve and margin grid (cost including PIK around 10%)



1st lien Credit Facility of **\$250m**
2nd lien Bond Issue of **\$200m**
Estimated cash at closing of **\$66m**

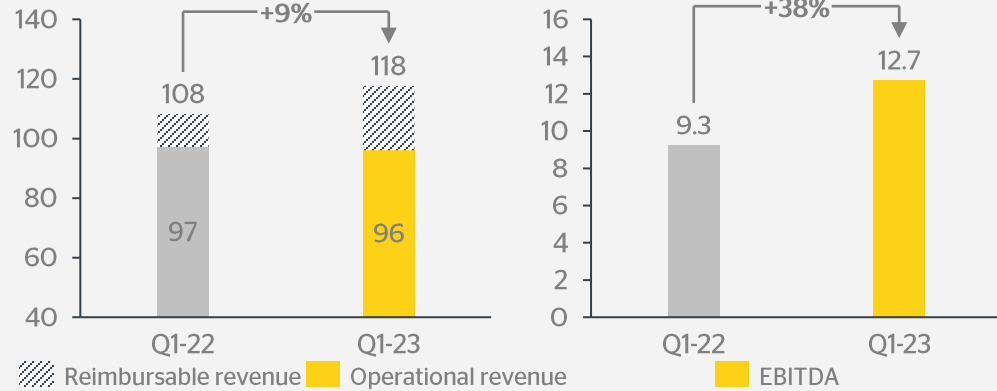
New capital structure post refinancing (\$m)



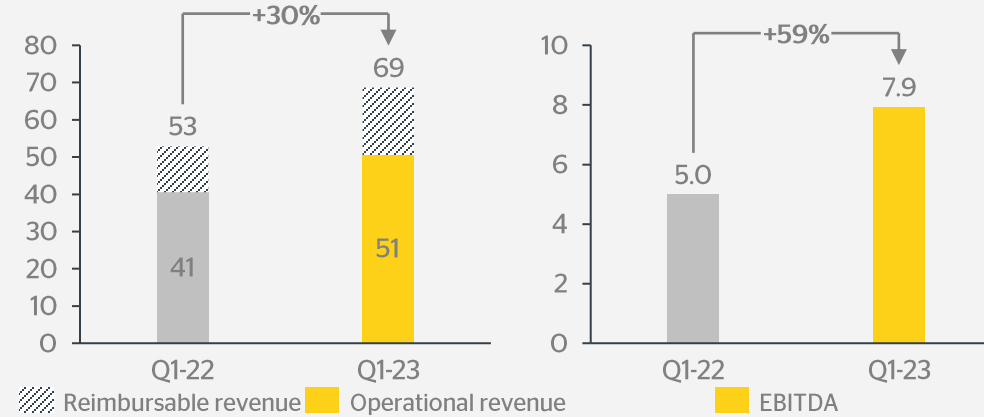


Financial performance by segment

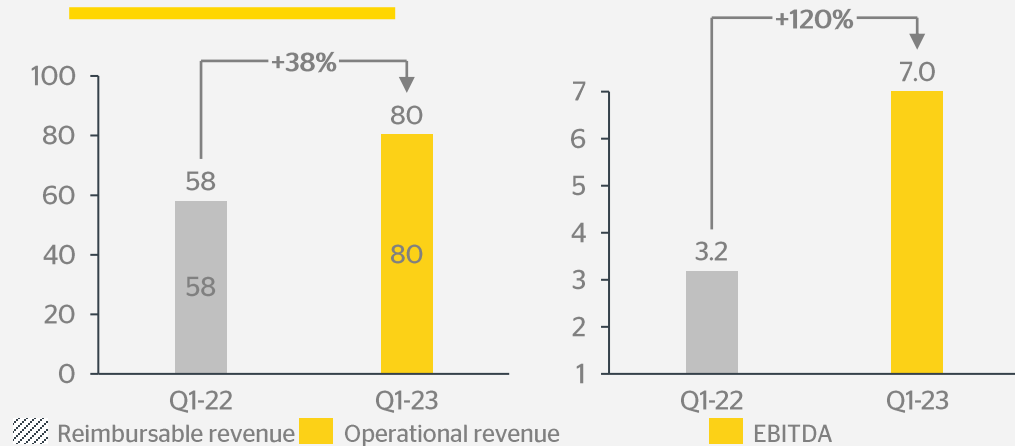
Platform Operations (\$m)



Well Services (\$m)



Land Drilling (\$m)



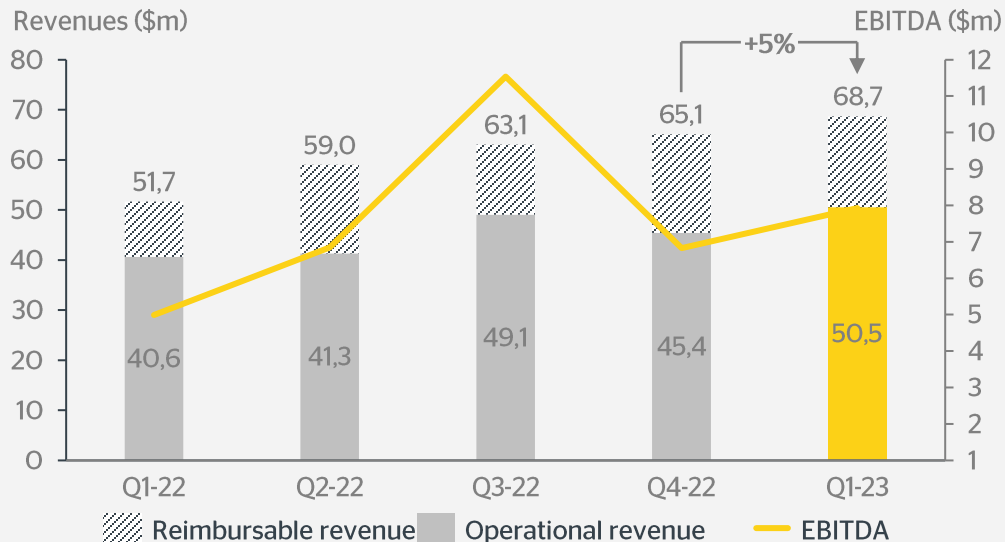
- Significant year-over-year growth, despite 13% weakening of NOK and 9% weakening of GBP against USD
- Well on track to meet our overall target for 2023 and our guidance



Well Services

Financials

- **Revenue** increased by 5% over the quarter, ending at \$69 million, including a full quarter of Romar-Abrado
- **EBITDA** increased by 16% from previous quarter, to \$7.9 million
- Exceptional integration costs in the quarter of \$0.4 million, implying an **adjusted EBITDA** of \$8.3 million



Operations

- Increased international demand and activity
- Started first wireline operation in **Brazil**
- Extended footprint in Guyana with new workshop facilities

Completed two M&A transactions

- ✓ Expands well service offering in the UK
- ✓ Positions Archer with the broadest well P&A solutions in the industry
- ✓ Established global provider of swarf handling in relation to section milling
- ✓ Expands Archer’s integrated P&A offering with Platform operations and well services

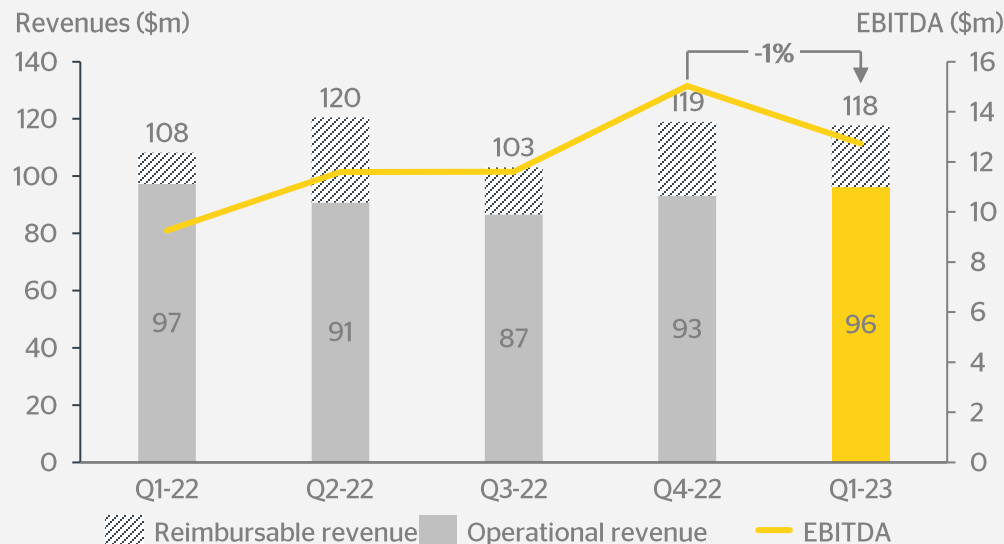




Platform Operations

Financials

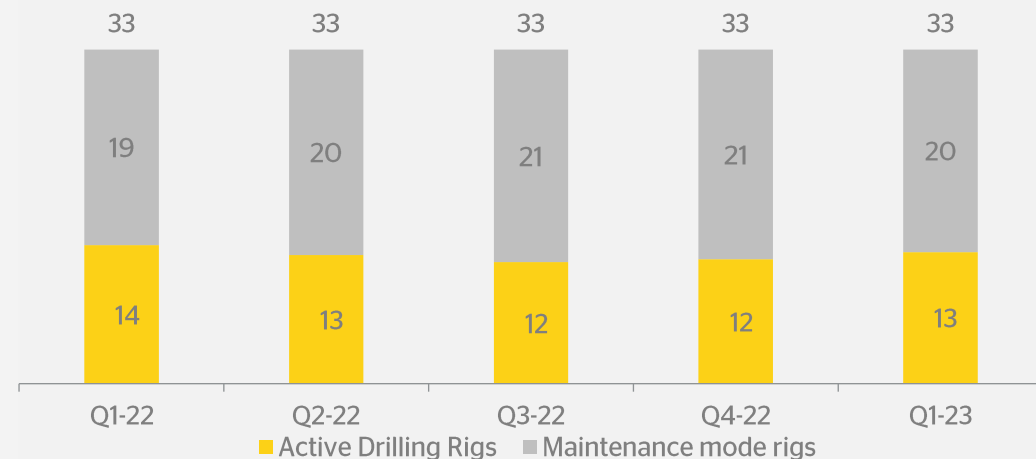
- **Operational revenue** increased by 3% over the quarter from increased activity
- Year-over-year, revenue impacted by weakening of NOK and GBP against USD
- **EBITDA** of \$12.7 million in the quarter is a 15% reduction over the quarter due to an exceptional Q4 in 22 with certain one-off effects



Operations

- Increased activity in the quarter with **one additional active drilling rig** in Norway
- **Modular Rig Archer Topaz** commenced the 3 years contract in UK at the end of Q1
- Demobilization of operations for **Modular Rig Archer Emerald** early second quarter

Platform Drilling contracted rigs [# of rigs]

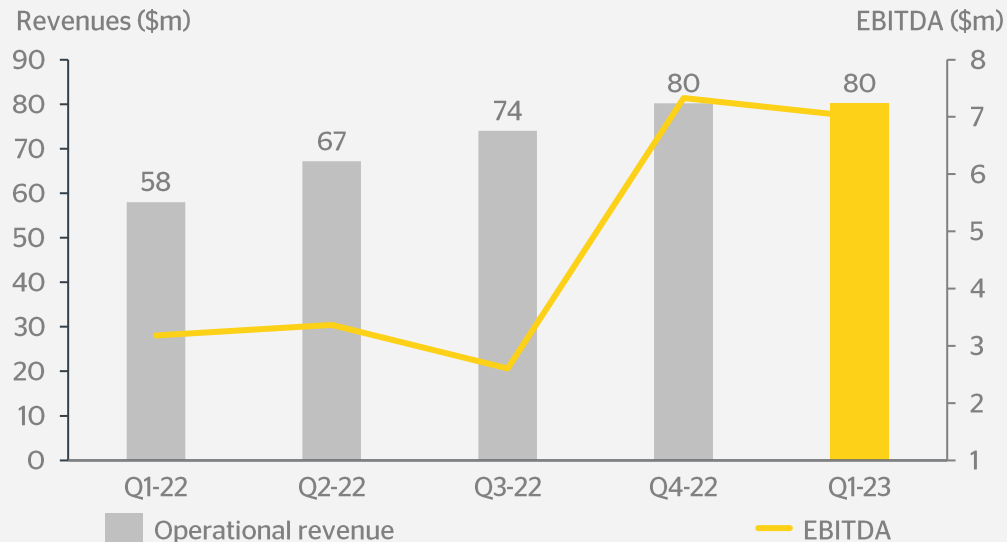




Land drilling

Financials

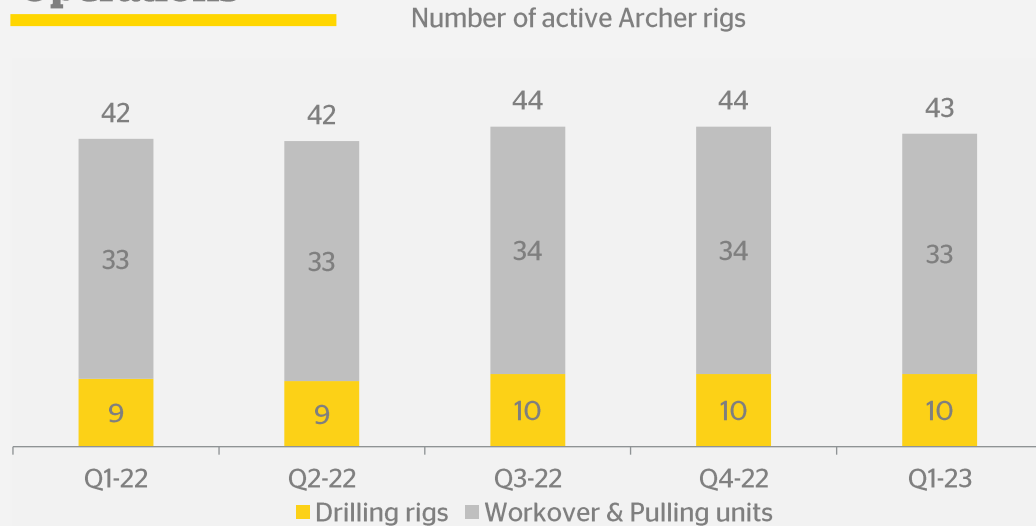
- **Revenue** stable at \$80 million in line with previous quarter
- **EBITDA** of \$7.0 million, a modest reduction compared to previous quarter, but at a new level compared to preceding quarters
- Exceptional items related down manning in the quarter of \$1.8 million, implying an adjusted EBITDA of \$8.8 million



Operations

- **Operational performance** improved in the quarter, with additional well performance incentives received
- Strong operational performance with **less non-productive time** and overall reduced cost
- Upgrade of the sixth rig to **high spec completed** in the quarter
- **Bolivia rig** started rental contract during the quarter

Operations





Condensed profit & loss

- Total revenue of \$266.6 million in Q1 2023 represent an increase of \$47.5 million from same quarter last year, based on increased activity
- EBITDA of \$25.2 million is an increase of \$9.0 million or 55% compared to Q1 2022
- EBIT of \$12.8 million
- Other financial items negatively impacted by adverse currency movements on internal loan balances and the reduction in market value of our investment in KLX Energy

<i>\$ million</i>	Q1 2023	Q1 2022
Operating revenues	226.9	195.8
Reimbursable revenue	39.7	23.3
Total Revenues	266.6	219.1
EBITDA before exceptional items	27.4	21.1
<i>EBITDA margin before exceptional items</i>	10.3%	9.6%
Exceptional items	(2.2)	(4.9)
EBITDA	25.2	16.2
<i>EBITDA margin</i>	9.5%	7.4%
Impairments	(2.0)	(5.0)
Deprecation, amortization, other	(10.4)	(13.2)
EBIT	12.8	(2.0)
Gain on bargain purchase	(0.1)	9.2
Result from associated entities	(1.8)	(0.3)
Net interest expense	(11.4)	(7.2)
Other financial items	(15.7)	17.6
Net income before tax	(16.1)	17.3
Tax cost	(1.8)	(3.3)
Net income-/(loss)	(17.9)	13.9



<i>\$ million</i>	31.03.2023	31.12.2022
Cash and cash equivalents	196.9	82.1
Restricted cash	1.3	10.9
Accounts receivables	147.1	152.6
Inventories	62.1	55.2
Other current assets	41.3	39.0
Investments and loans to associates	19.9	27.8
Property, plant and equipment	307.8	310.7
Right of use assets	25.2	26.4
Goodwill	149.1	149.4
Other non-current assets	39.7	52.2
Total assets	990.5	906.2
Current portion of interest-bearing debt	3.6	562.9
Accounts payable	58.0	47.2
Lease liability current	5.0	5.6
Other current liabilities	159.0	162.3
Long-term interest-bearing debt	564.7	8.7
Subordinated related party loan	15.9	15.9
Deferred taxes	0.3	0.4
Lease liability	20.2	20.8
	3.7	0.8
Shareholder's equity	160.0	81.5
Total liabilities and shareholders' equity	990.5	906.2

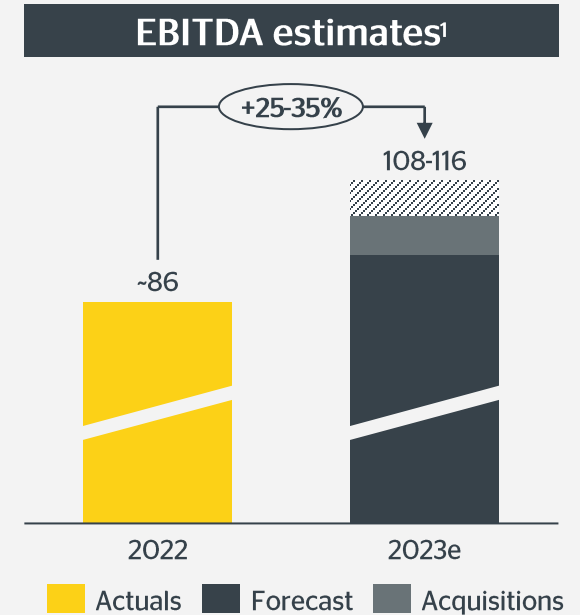
Condensed balance sheet

- Increase in cash a result of the equity issuance in March
- NIBD at \$387.2million end Q1 2023
- Equity of \$160 million
- Subsequent offering, the conversion of the subordinated debt and the overall refinancing not reflected in the Q1 balance sheet, as these are subsequent events
- Old loan agreement reported as long term



Reiterate financial outlook for 2023

Forecast item	2023e	Comments
Revenue	10 - 20% Revenue growth from 2022	<ul style="list-style-type: none"> Strong performance in Q1 2023 Growth in heavy intervention and P&A market share Operators drilling plans in the North Sea Moderately higher rig utilization in Vaca Muerta in Argentina Romar-Abrado and Baker Hughes' UK coil tubing acquisitions will add to strong organic growth, resulting in Well Services EBITDA increasing of 65-75% from 2022 to 2023 Second half financial performance to exceed first half based on seasonality and fewer days in Q1
EBITDA	25 - 35% EBITDA growth from 2022	
Capital Expenditures	3 - 4% of revenue	<ul style="list-style-type: none"> Moderate Capex is expected to support the growth, in line with previous years



Four equity analysts issued report with buy recommendation following the refinancing

1) All guidance numbers estimates assumes USD/NOK 10 and GBP/USD 1.2





Appendix

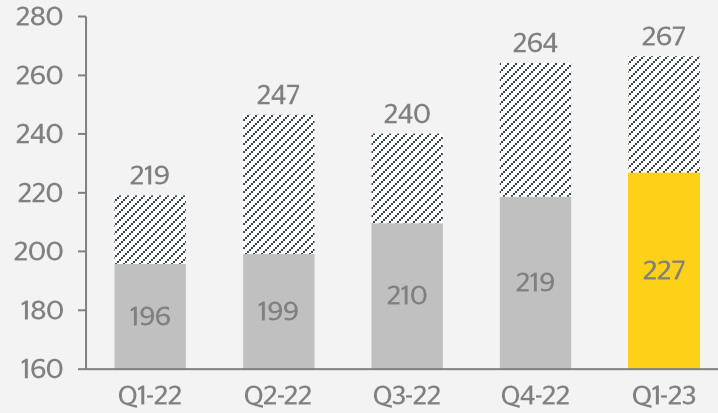




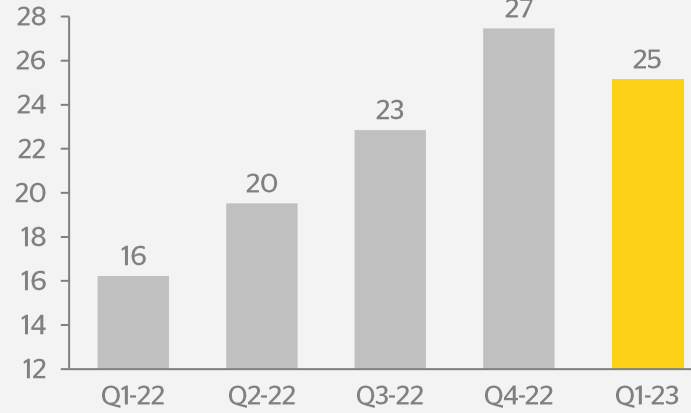
Key financials

 Reimbursable
 Operational revenue

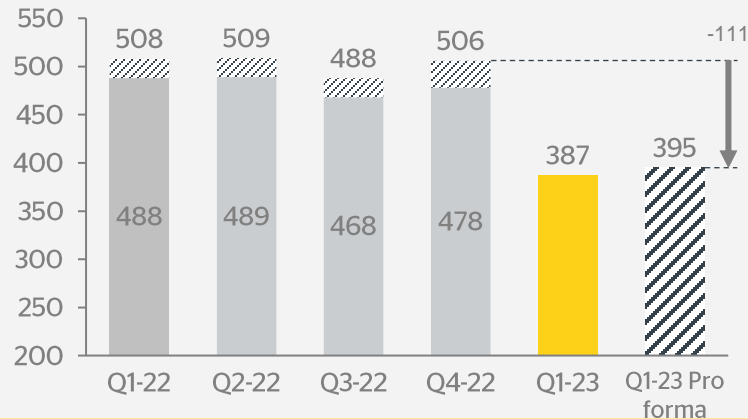
Revenue [\$m]





EBITDA [\$m]

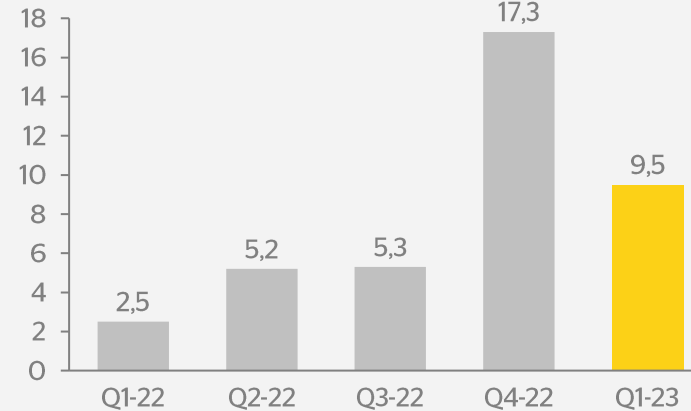


NIBD [\$m]



 Acquisitions
 NIBD adjusted for acquisitions

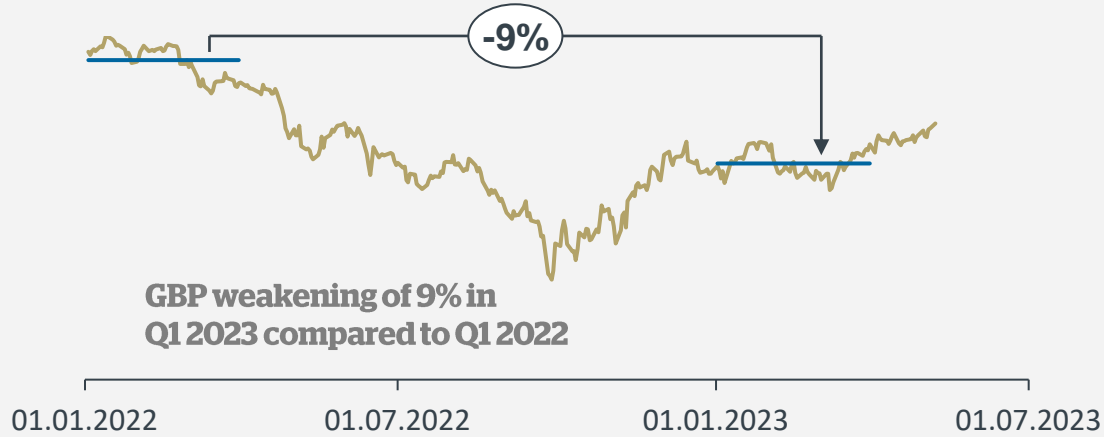
CAPEX [\$m]



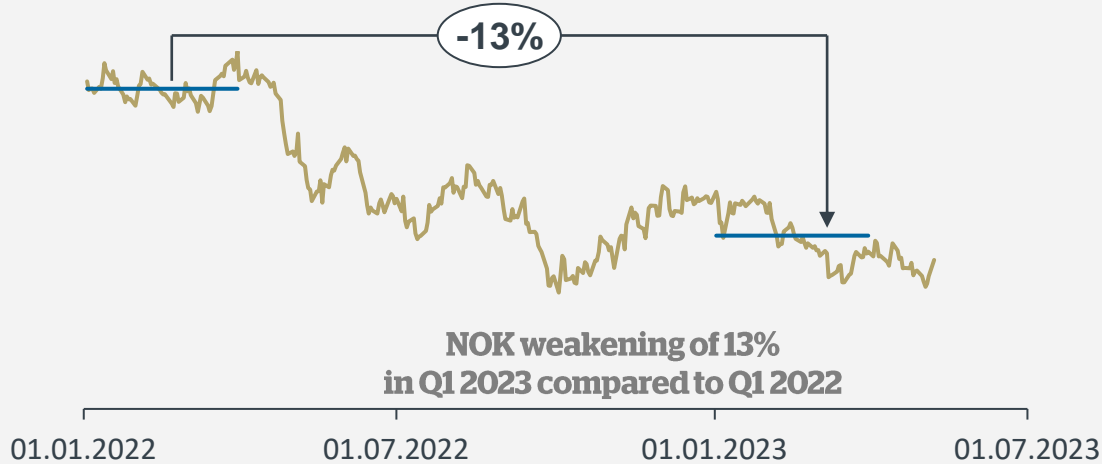


Q1 revenue and EBITDA impacted by unfavorable FX movement

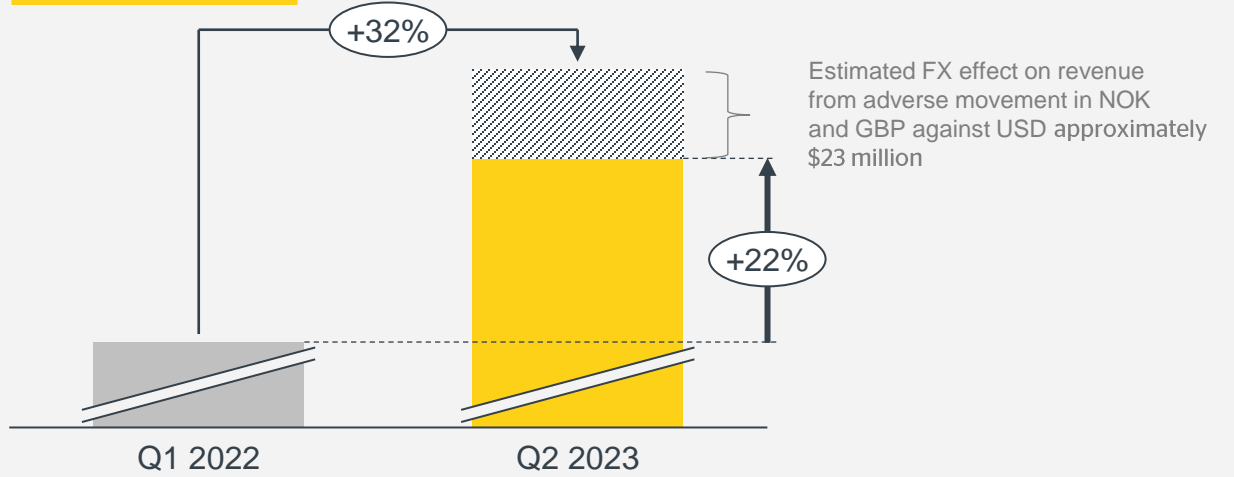
GBPUSD FX rate



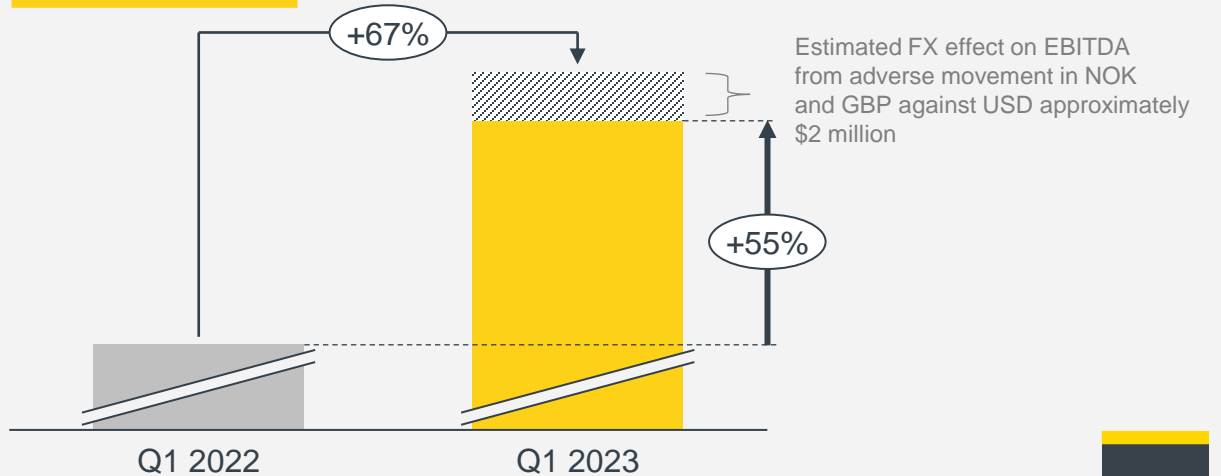
NOKUSD FX rate



Revenue [\$m]



EBITDA [\$m]





Condensed profit and loss statement (unaudited)

(Figures in \$ million)	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
Operating revenues	195.8	199.2	209.8	218.5	226.9
Reimbursable revenue	23.3	47.4	30.4	45.8	39.7
Total Revenues	219.1	246.6	240.2	264.3	266.6
EBITDA before exceptional items	21.1	20.9	23.7	29.2	27.4
Severance payments	(0.9)	(0.9)	(0.5)	(0.8)	(1.8)
Other	(4.0)	(0.5)	(0.3)	(1.0)	(0.4)
Total Exceptional items*	(4.9)	(1.4)	(0.9)	(1.8)	(2.2)
EBITDA	16.2	19.5	22.8	27.4	25.2
Depreciation, amortization, impairments, other	(18.2)	(11.9)	(12.3)	(14.4)	(12.4)
EBIT	(2.0)	7.7	10.6	13.0	12.8
Gain from bargain purchase	9.2	-	-	-	(0.1)
Result from associated entities	(0.3)	(0.1)	(0.1)	(0.1)	(1.8)
Net interest expense	(7.2)	(7.8)	(6.8)	(10.2)	(11.4)
Other financial items	17.6	(17.6)	(0.3)	17.6	(15.7)
Net financial items	10.1	(25.5)	(7.2)	7.2	(28.9)
Net result before tax	17.3	(17.8)	3.4	20.2	(16.1)
Tax benefit / (expense)	(3.3)	(1.7)	(4.4)	(3.8)	(1.8)
Net income/(loss)	13.9	(19.5)	(1.1)	16.4	(17.9)

*Exceptional items include costs of non-recurring nature, including restructuring charges and specific charges related to Covid-19



Condensed balance sheet (unaudited)

<i>\$ million</i>	31.03.2022	30.06.2022	30.09.2022	31.12.2022	31.03.2023
Cash, cash equivalents & restricted cash	104.3	99.1	108.7	93.0	198.2
Accounts receivables	124.7	135.0	121.3	152.6	147.1
Inventories	52.7	52.9	51.0	55.2	62.1
Other current assets	34.9	36.3	39.5	39.0	41.3
Investments and loans in associates	8.0	6.8	10.1	27.8	19.9
Property, plant and equipment, net	331.7	314.9	303.0	310.7	307.8
Right of use assets	24.7	24.7	32.4	26.4	25.2
Goodwill	170.4	149.4	138.3	149.4	149.1
Other non-current assets	51.6	36.9	41.9	52.2	39.7
Total assets	903.0	855.9	846.1	906.2	990.5
Current portion of interest-bearing debt	23.0	22.9	567.9	562.9	3.6
Accounts payable	36.1	48.4	48.2	47.2	58.0
Lease liability current	4.7	4.7	5.7	5.6	5.0
Other current liabilities	134.4	121.4	122.5	162.3	159.0
Long-term interest-bearing debt	564.9	555.7	5.9	8.7	564.7
Subordinated related party loan	15.9	15.9	15.9	15.9	15.9
Deferred taxes	0.7	0.6	0.4	0.4	0.3
Lease liability	20.0	20.0	26.7	20.8	20.2
Other noncurrent liabilities	0.0	0.0	0.0	0.8	3.7
Shareholder's equity	103.3	66.3	52.9	81.5	160.0
Total liabilities and shareholders' equity	903.0	855.9	846.1	906.2	990.5



Condensed cash flow statement – last 5 quarters (unaudited)

<i>(Figures in \$ million)</i>	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
Operating activities	(8.7)	16.8	24.7	8.7	29.2
Investing activities	(7.8)	(4.8)	(4.3)	(26.7)	(17.7)
Financing activities	52.9	(8.2)	(4.4)	(3.2)	95.8
FX effect	2.4	(8.9)	(6.4)	5.4	(2.1)
Total*	38.9	(5.1)	9.6	(15.8)	105.2

*Includes net movements in restricted cash.