



# Archer

## Q2 2023 results

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**Dag Skindlo**  
Chief Executive Officer

**Espen Joranger**  
Chief Financial Officer

16 August 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.



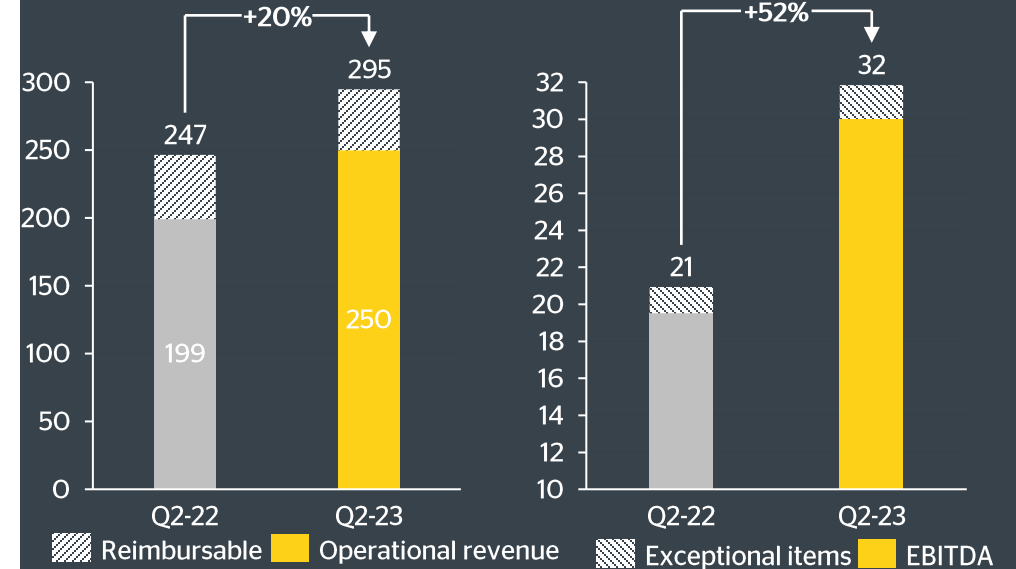
## Q2 Highlights

- Revenue of \$295 million; up 20% YOY
- Adjusted EBITDA of \$31.9 million; up 52% YOY
- EBITDA of \$30.0 million; up 54% YOY
- EBIT-margin of 6.2%, totaling \$18.4 million
- On track to meet upper range of our financial guidance for 2023
- Secured a five-year \$50 million coiled tubing contract

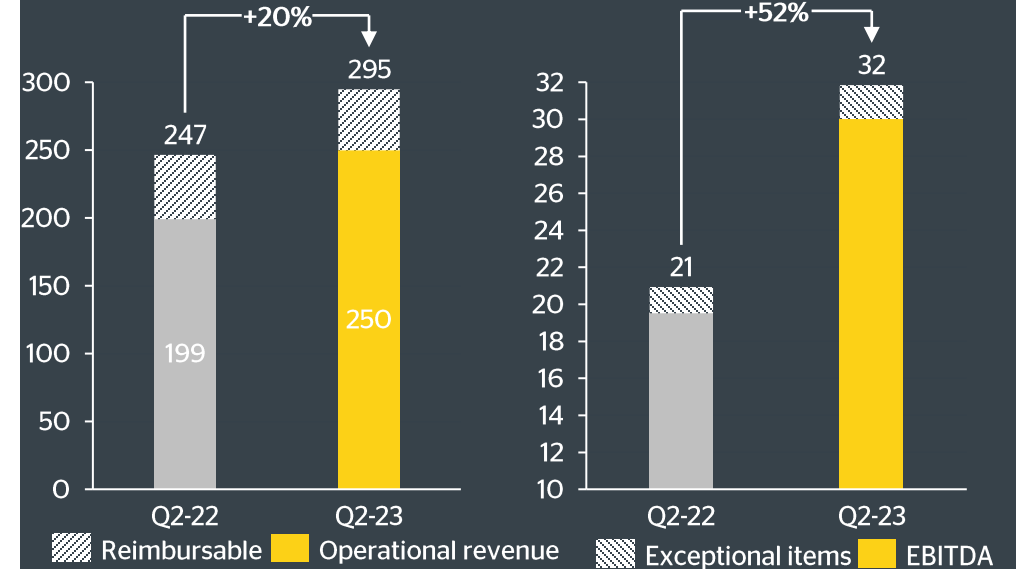
## Subsequent events

- Awarded a \$165 million contract for permanent abandonment of 32 wells in UK

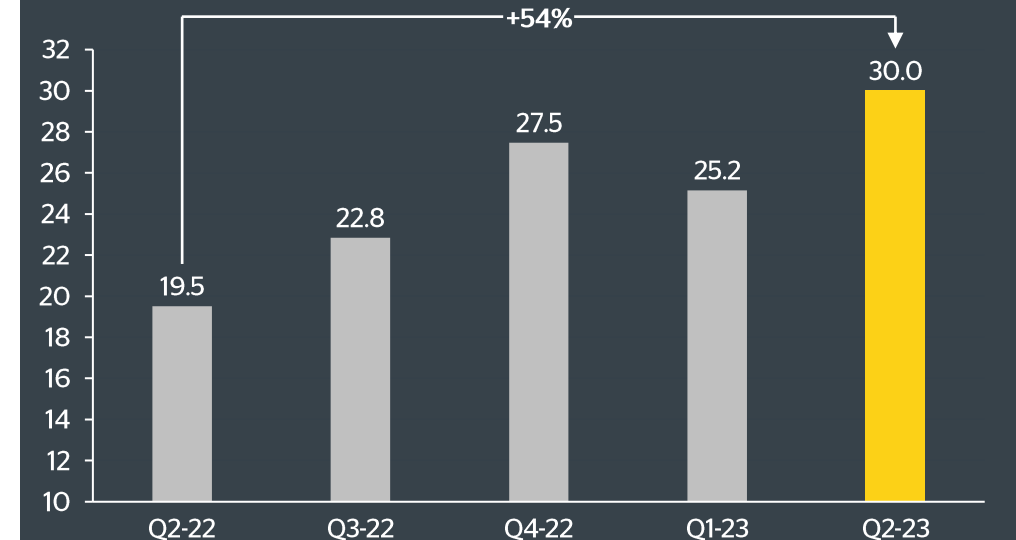
### Revenue (\$m)



### Adjusted EBITDA (\$m)



### EBITDA (\$m)





# Archer awarded \$165 million Plug & Abandonment project

# Archer

## 1 Project award to solidify company growth projections

- Awarded project with contract value of \$165 million is incremental to current contract portfolio and business volume
- Archer in tender process for similar projects and looking to win more projects in next 6 to 18 months

## 2 Archer with best service and technology portfolio for P&A in industry

- Archer has over years built a first-class pool of tools and services for performing P&A
- Recent completed M&A transactions, have complemented Archer with a full range of complete P&A tools and service offering

## 3 Strong market outlook for larger P&A projects

- Large market for P&A in the UK, with platform wells being the largest market
- A number of the fields globally require an MDR or P&A unit in order to complete work scope cost effective and safe

## 4 New integrated contract model for P&A projects

- Archer deliver a new fully integrated contract model for performing well P&A, with Archer as the main contract holder
- Archer offer key services inhouse, Platform Operations and Well Services, including partnering with key subcontractors to complete scope



Q2 2023

# Key highlight Fulmar award

Total scope of permanent plug and abandonment (P&A) for the Fulmar field, fully integrated P&A project, covering the complete work scope, including a modular Rig (Archer Emerald), well services and well engineering.



4-5 years contract



Contract value \$165 million



More than 30 wells to be P&A



Key collaboration with partners



Bundled P&A Service with key partners

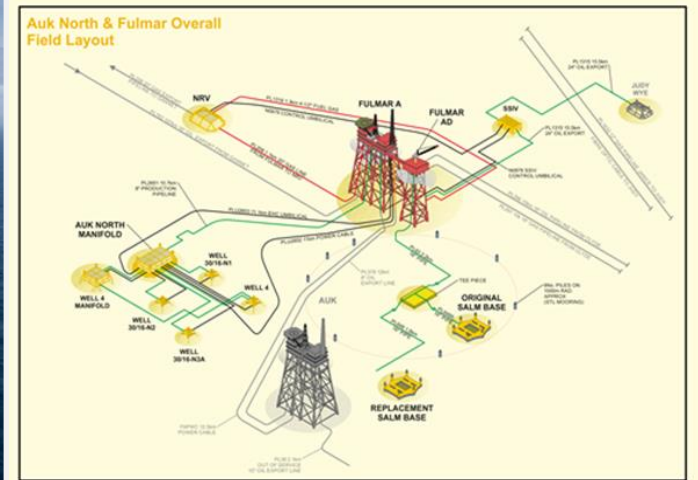
# Archer



claxton



Augean PLC



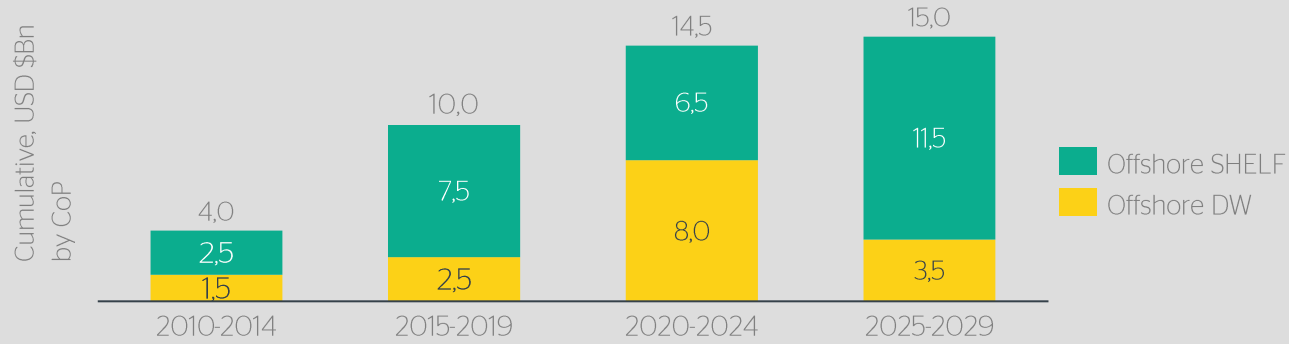
Archer will deliver fully integrated P&A projects with partners – from well engineering through conductor retrieval



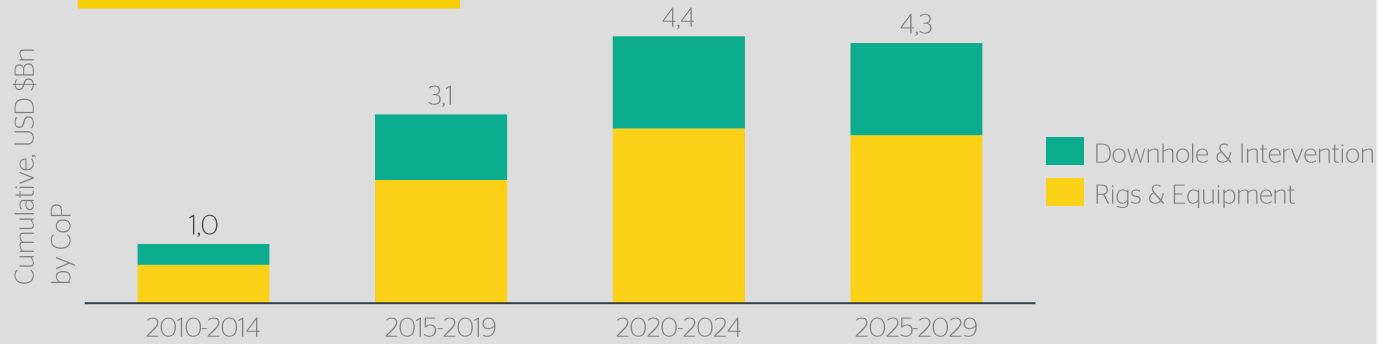
Q2 2023

# Europe Offshore Well P&A and Decommissioning

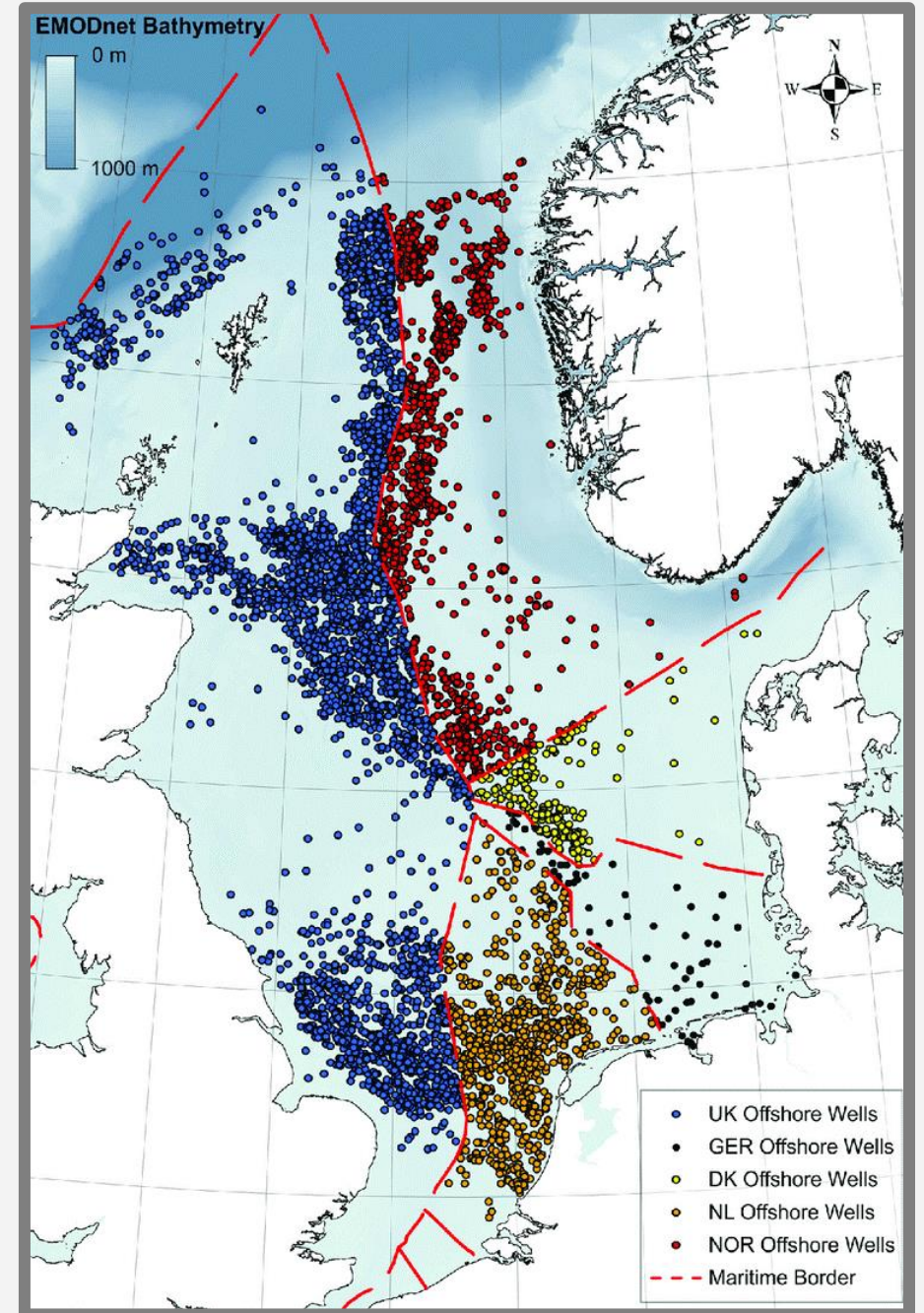
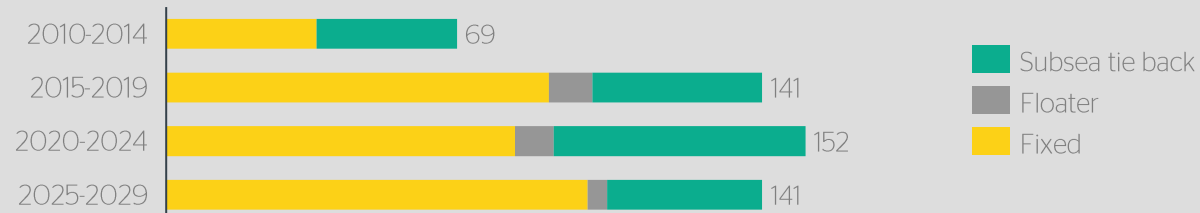
## Total Decommissioning commitments - by supply type



## Decommissioning commitments - by selected service segment



## No. Of Projects to be shut in by facility types



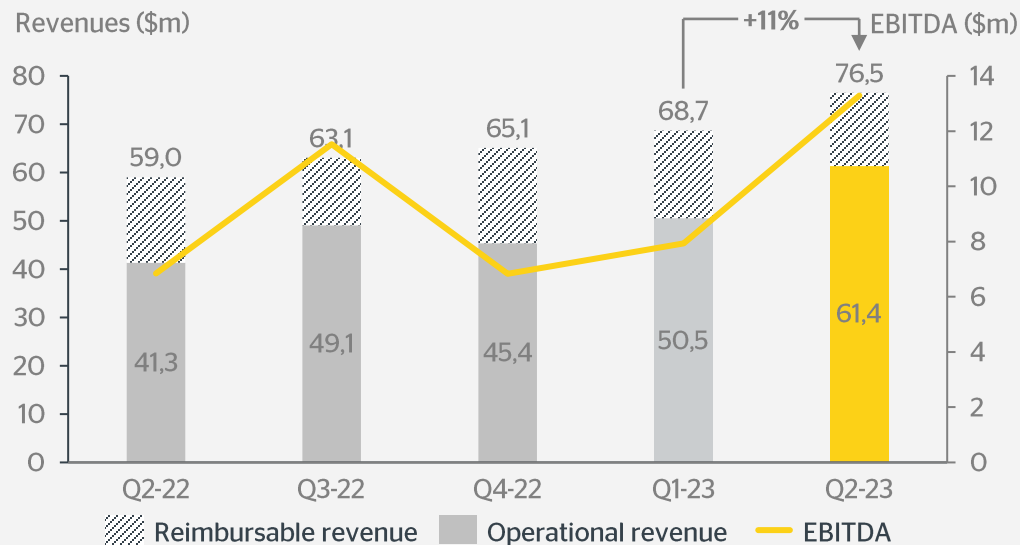




# Well Services

## Financials

- **Revenue** increased by 11% over the quarter, ending at \$76.5 million
- **EBITDA** increased by 59% from previous quarter, to \$13.3 million
- Positive contribution from the **acquired businesses**, contributing with EBITDA of \$1.8 million in the quarter



## Operations

- Continued growth in demand for our well services and positive impact from the inclusion of the acquired businesses
- Awarded a 5-year contract for P&A, Fishing, Cleaning and Rental Services in Norway

## Integration of recent acquisitions

- Successful integration of Romar-Abrado and coiled tubing business
- Secured a coiled tubing and pumping contract in the UK:



5 years contract including two options for one year



Estimated contract value of \$50 million



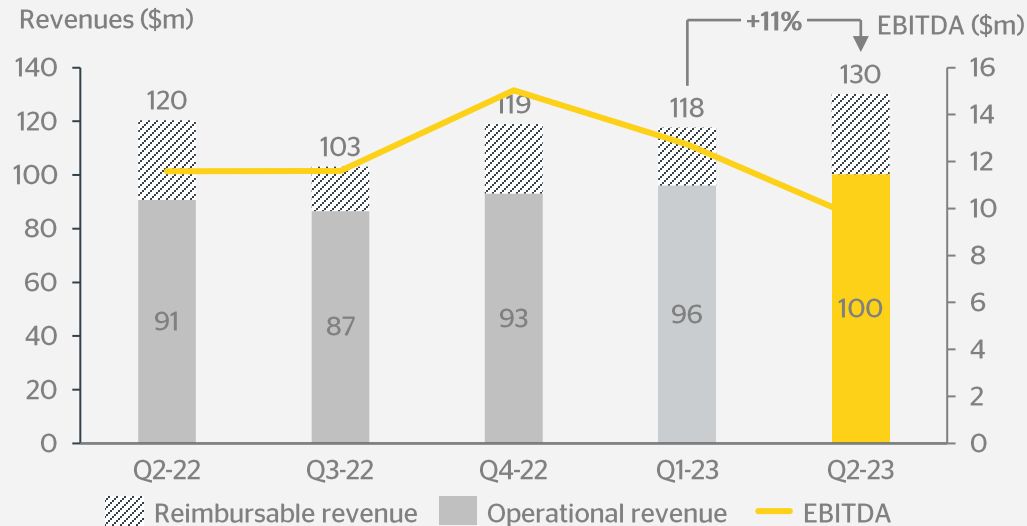
Continuation long-term relationship with Perenco UK



# Platform Operations

## Financials

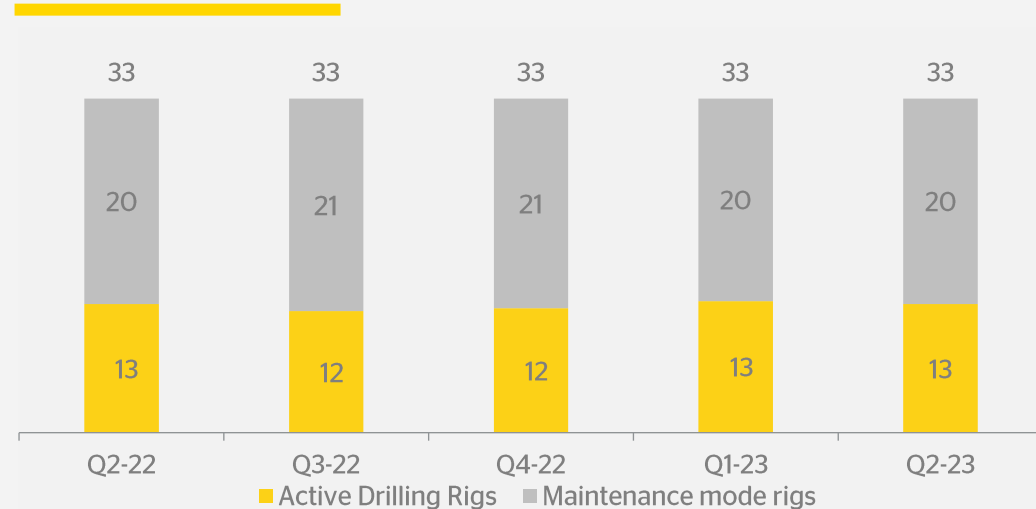
- **Operational revenue** increased by 4% over the quarter from increased activity
- **EBITDA** of \$9.5 million in the quarter is a 25% reduction over the quarter, due to rigs on standby rates, less performance incentives and \$0.9 million in charges related to down manning
- Revenue and EBITDA impacted by weakening of NOK against USD



## Operations

- Activity temporarily reduced in the quarter due to standby rates in Brazil and maintenance stops in Norway
- Full quarter with operations for **Modular Rig Archer Topaz** in UK, replacing Modular Rig Emerald demobilized from New Zealand
- Demobilization of the rig crew for **Apache UK** during the quarter (down manning of ~ 40 employees)

## Platform Drilling contracted rigs [# of rigs]



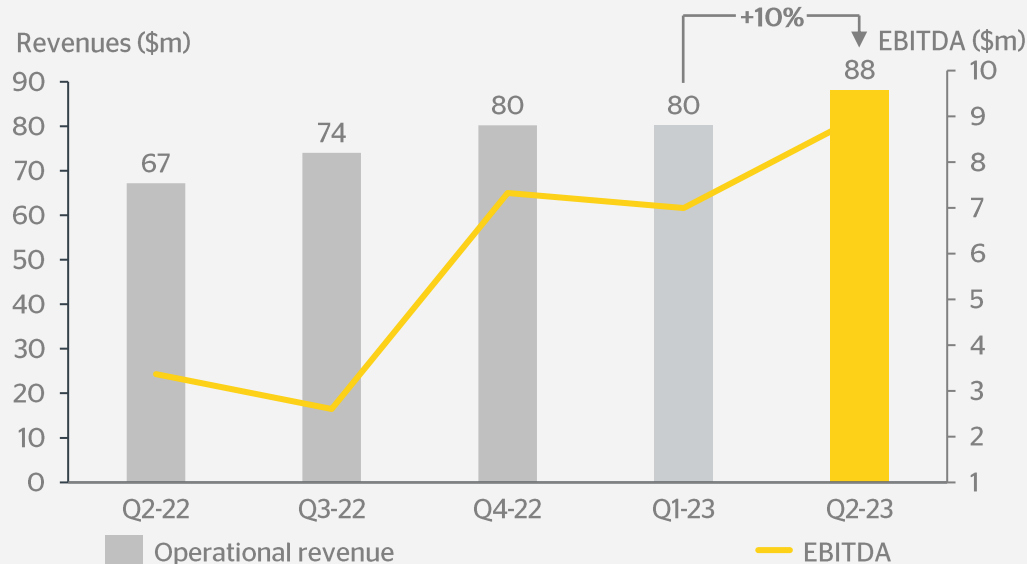




# Land drilling

## Financials

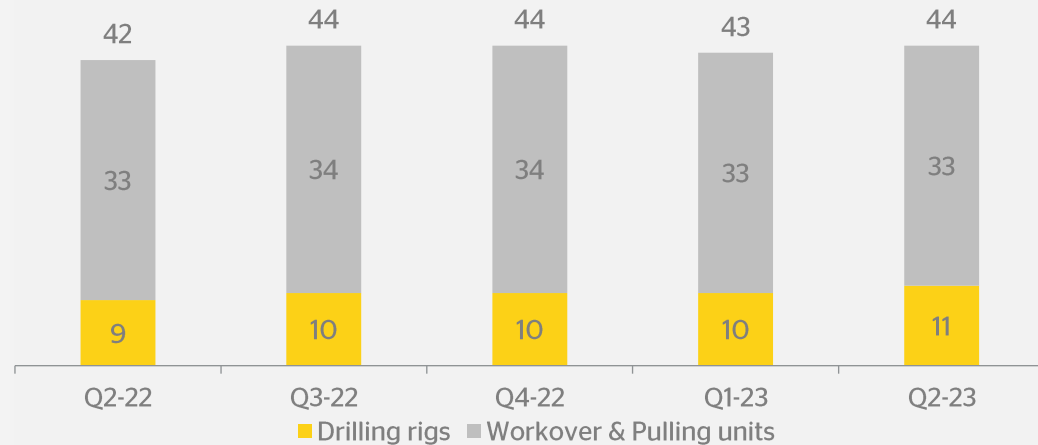
- **Revenue** increased by 10 % to \$88.2 million compared with previous quarter
- **EBITDA** of \$9.0 million, is a solid 29% increased compared to previous quarter
- Exceptional items related to down manning in the quarter of \$1.0 million



## Operations

- Increased activity in the quarter with **one additional active drilling rig**
- **Strong operational performance** in the quarter, with less down time and additional well performance incentives received
- Argentina market more uncertain during upcoming election period

## Number of active Archer rigs





Q2 2023

## Condensed profit & loss

- Total revenue of \$294.9 million in Q2 2023 represent an increase of \$48.3 million from same quarter last year, driven by increased activity mainly in Well Services and Land Drilling
- Adjusted EBITDA margin of 10.8%
- EBITDA of \$30.0 million is an increase of \$10.5 million or 54% compared to Q2 2022. Increased EBITDA is driven by increased activity as mentioned above, in addition some one-off sales of C-flex systems for Oiltools and surplus equipment in Land Drilling
- EBIT of \$18.4 million
- Net interest expense impacted by increased amortization of prepaid debt fees
- Other financial items negatively impacted by adverse non-cash currency movements, charges related to refinancing of the convertible loan and the reduction in market value of our investment in KLX Energy

\$ million	Q2 2023	Q2 2022
Operating revenues	249.8	199.2
Reimbursable revenue	45.1	47.4
<b>Total Revenues</b>	<b>294.9</b>	<b>246.6</b>
EBITDA before exceptional items	31.9	20.9
<i>EBITDA margin before exceptional items</i>	10.8%	8.5%
Exceptional items	(1.9)	(1.4)
<b>EBITDA</b>	<b>30.0</b>	<b>19.5</b>
<i>EBITDA margin</i>	10.2%	7.9%
Deprecation, amortization, other	(11.6)	(11.9)
<b>EBIT</b>	<b>18.4</b>	<b>7.7</b>
Gain on bargain purchase	0.1	-
Result from associated entities	(2.3)	(0.1)
Net interest expense	(13.3)	(7.4)
Amortization of prepaid debt fees	(1.7)	(0.4)
Other financial items	(15.3)	(17.6)
<b>Net income before tax</b>	<b>(14.1)</b>	<b>(17.8)</b>
Tax cost	(2.0)	(1.7)
<b>Net income-/ (loss)</b>	<b>(16.2)</b>	<b>(19.5)</b>

<i>\$ million</i>	30.06.2023	31.12.2022
Cash and cash equivalents	67.5	82.1
Restricted cash	5.5	10.9
Accounts receivables	161.2	152.6
Inventories	68.5	55.2
Other current assets	36.4	39.0
Investments and loans to associates	18.5	27.8
Property, plant and equipment	304.3	310.7
Right of use assets	24.7	26.4
Goodwill	147.9	149.4
Other non-current assets	39.1	52.2
<b>Total assets</b>	<b>873.4</b>	<b>906.2</b>
Current portion of interest-bearing debt	3.5	562.9
Accounts payable	62.9	47.2
Lease liability current	5.6	5.6
Other current liabilities	163.1	162.3
Long-term interest-bearing debt	430.7	8.7
Subordinated related party loan	-	15.9
Deferred taxes	0.3	0.4
Lease liability	19.1	20.8
Other noncurrent liabilities	4.6	0.8
Shareholder's equity	183.6	81.5
<b>Total liabilities and shareholders' equity</b>	<b>873.4</b>	<b>906.2</b>

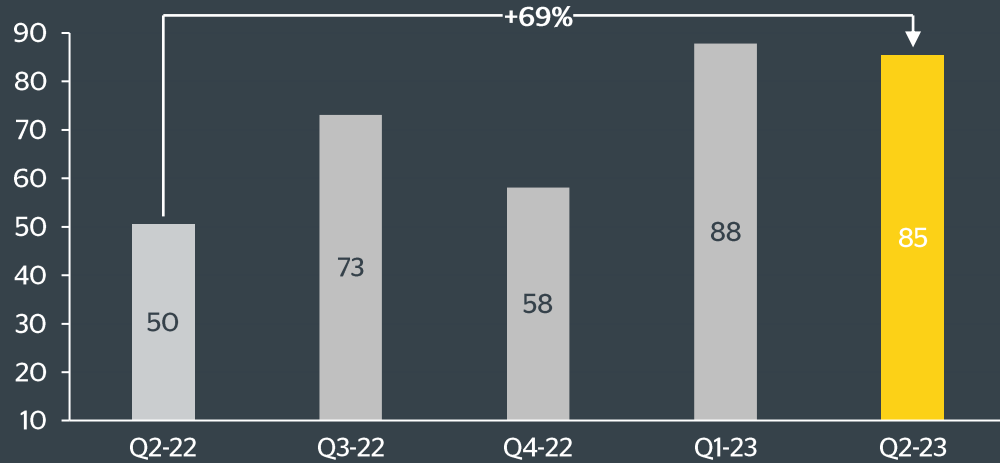
## Condensed balance sheet

- Cash and cash equivalents of \$67.5 million, reduced related to completion of the refinancing during April 2023
- Restricted cash of \$5.5 million is a reduction from previous year, related to implementation of a guarantee for employee tax for Norwegian employees
- Equity of \$183.6 million increased by more than \$100 million from 31.12.2022. Equity increased, based on the private placement of \$100 million in March 2023 and the conversion of subordinated related party loan of \$15.9 million.

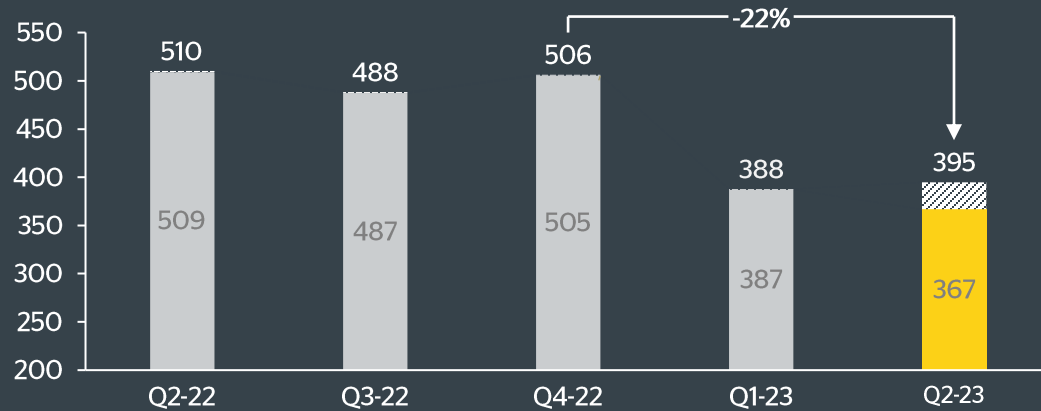




## LTM cashflow from operations\*



## NIBD development



Prepaid debt fees NIBD

\*Last Twelve Months cash flow from operating activities adjusted for interest paid and disposals of financial instruments

## Strong cash flow from operations

- Solid improvement in Last Twelve-Month cash flow from operations, in line with increased activity and improved margins
- Reported NIBD ending at \$366.7 following successful refinancing in Q2, including fees in relation to the refinancing. Excluding debt fees, NIBD came out at \$394.6 million. Debt fees will be amortized over the tenor of the financing



# Reiterate financial outlook for 2023 - on track for upper range

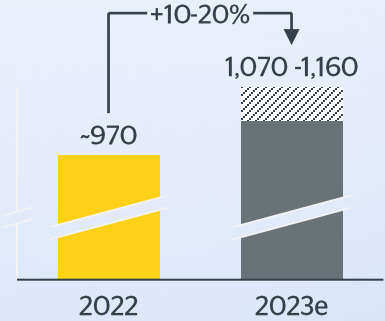
## 2023 Guidance

## Comments

## Archer Value Proposition

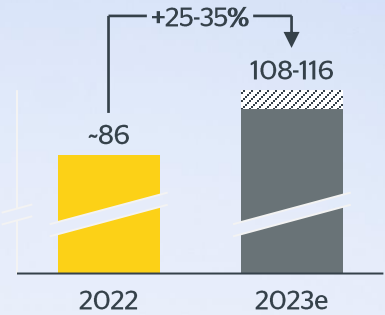
### Revenue

10 - 20% growth



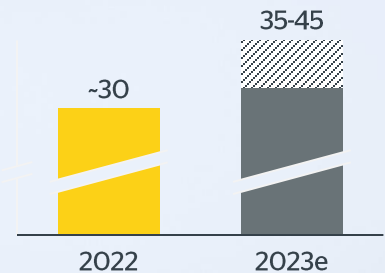
### EBITDA

25 - 35% growth



### Capital Expenditures

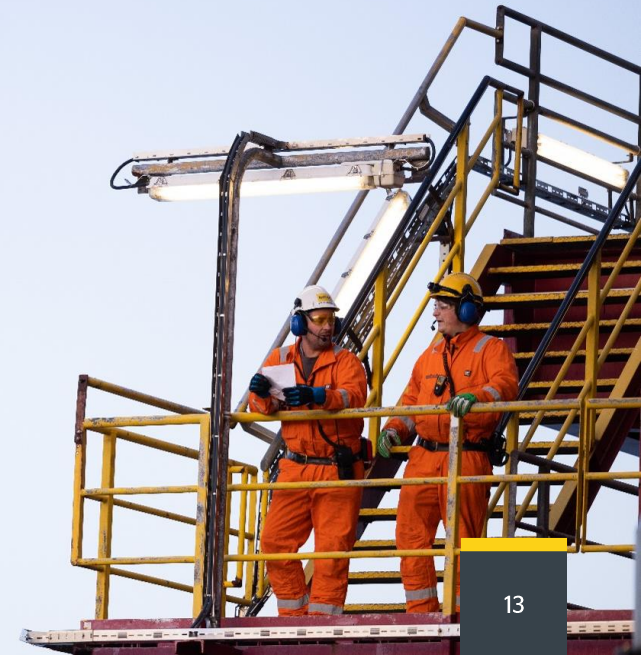
3 - 4% of revenue



- Strong performance in first half of 2023
- Growth in heavy intervention and P&A market share
- Growth in the international market driven by Well Services
- Secured strategic key contract for P&A in 2023, which enables future growth to deliver on the company strategy
- Second half financial performance to exceed first half based on seasonality and fewer days in Q1

- Market leading position and high-end offering
- Proven organic growth over time
- Robust cash generation through cycles
- Brownfield exposure for the long term
- Unique positioned to capture growing P&A and decommission market
- Proven ability for accretive bolt-on acquisitions

- Moderate Capex is expected to support the growth, in line with previous years





# Appendix



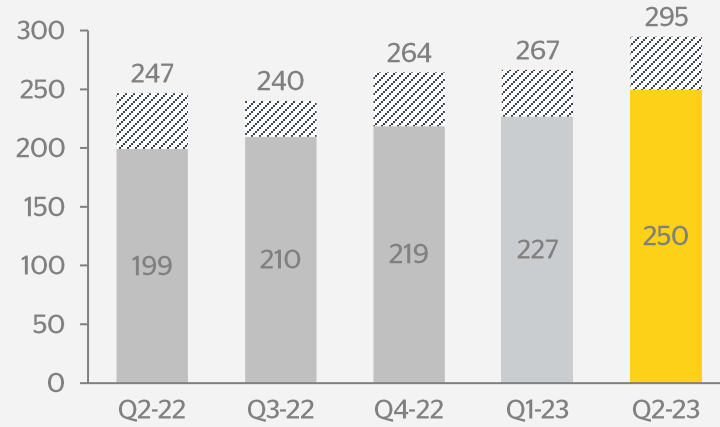




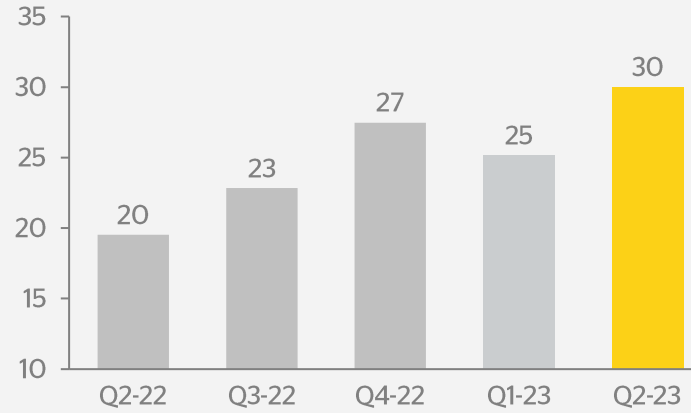
# Key financials

Reimbursable  
Operational revenue

### Revenue [\$m]

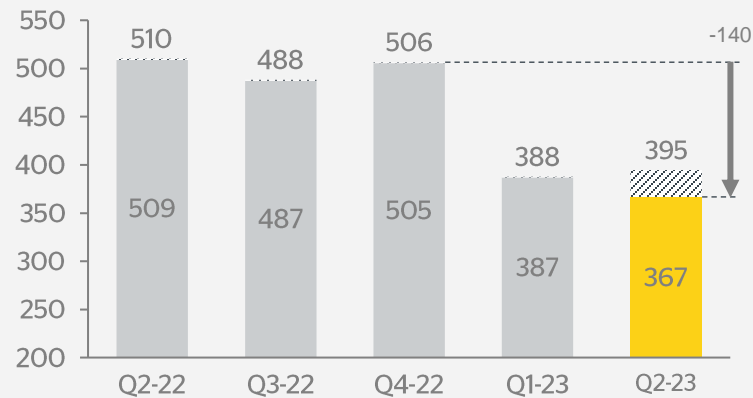


### EBITDA [\$m]

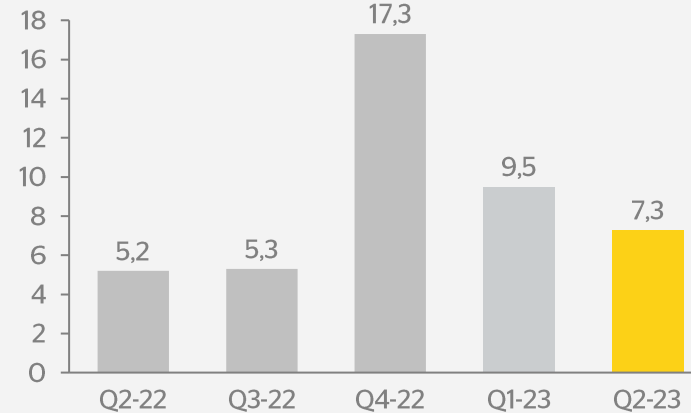


### NIBD [\$m]

Prepaid debt fees  
NIBD



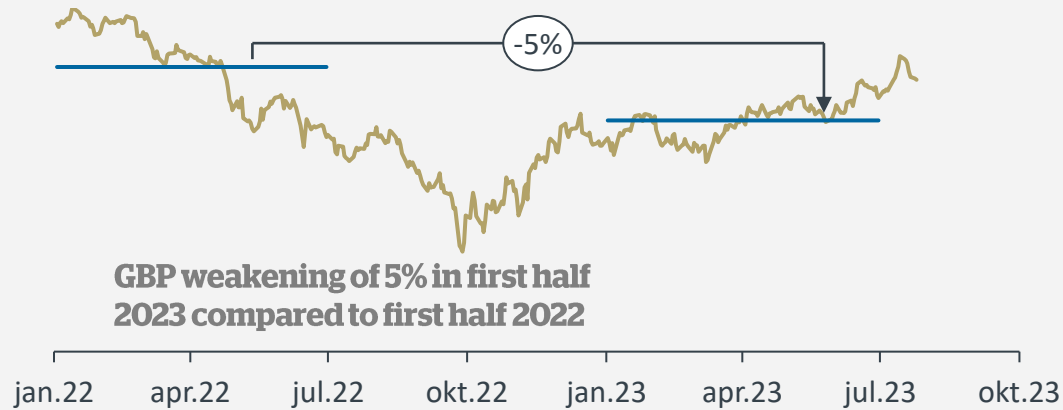
### CAPEX [\$m]



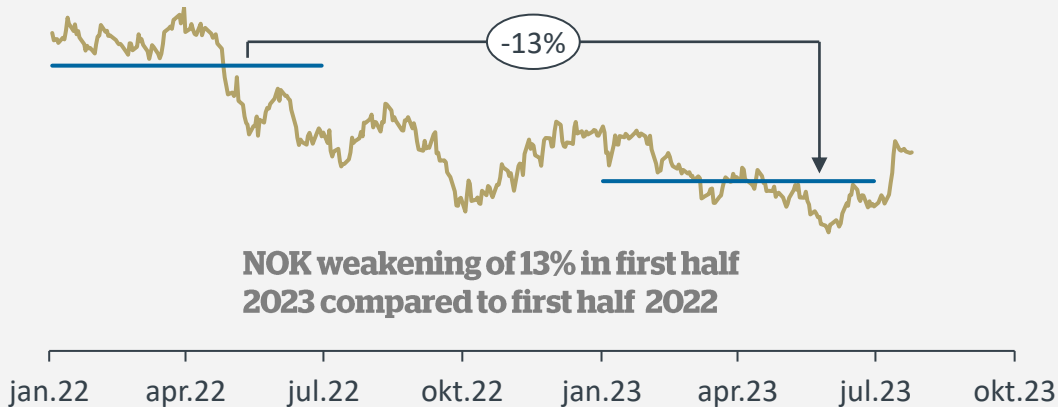


# First half revenue and EBITDA impacted by unfavorable FX movement

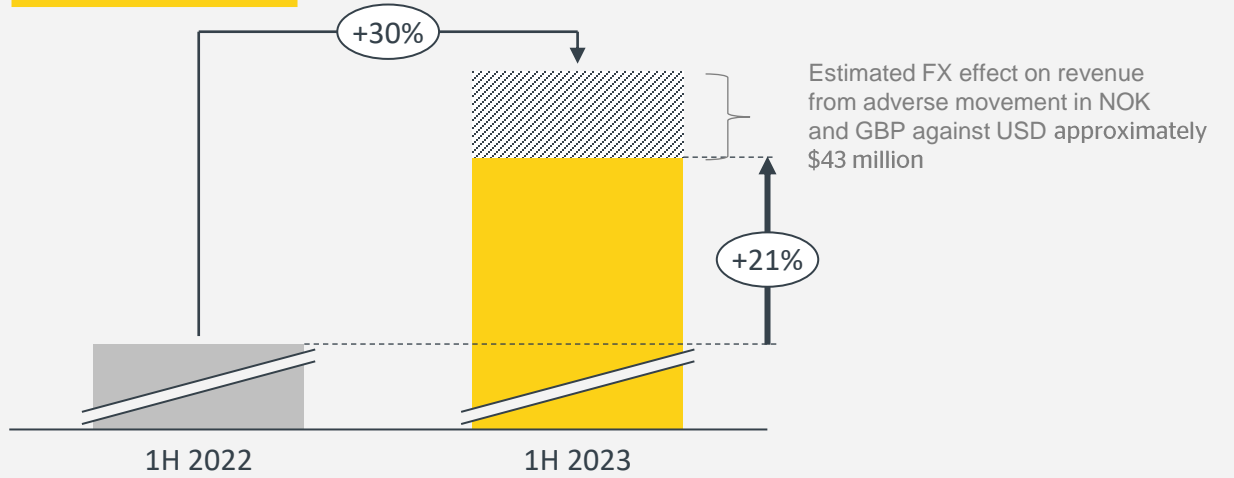
## GBPUSD FX rate



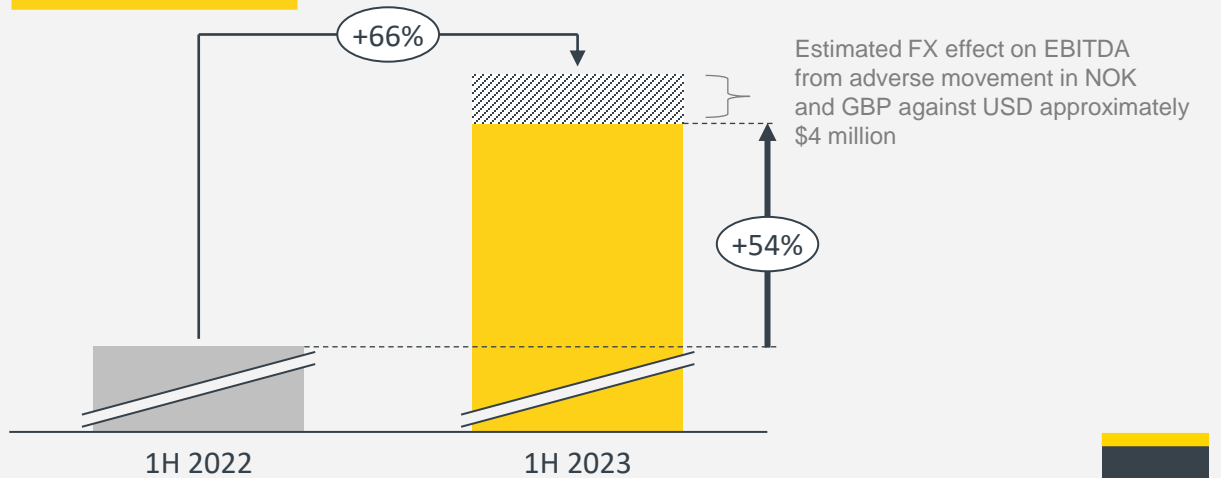
## NOKUSD FX rate



## Revenue [\$m]



## EBITDA [\$m]





## Condensed profit and loss statement (unaudited)

(Figures in \$ million)	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23
Operating revenues	199.2	209.8	218.5	226.9	249.8
Reimbursable revenue	47.4	30.4	45.8	39.7	45.1
<b>Total Revenues</b>	<b>246.6</b>	<b>240.2</b>	<b>264.3</b>	<b>266.6</b>	<b>294.9</b>
EBITDA before exceptional items	20.9	23.7	29.2	27.4	31.9
Severance payments	(0.9)	(0.5)	(0.8)	(1.8)	(1.7)
Other	(0.5)	(0.3)	(1.0)	(0.4)	(0.2)
<b>Total Exceptional items*</b>	<b>(1.4)</b>	<b>(0.9)</b>	<b>(1.8)</b>	<b>(2.2)</b>	<b>(1.9)</b>
<b>EBITDA</b>	<b>19.5</b>	<b>22.8</b>	<b>27.4</b>	<b>25.2</b>	<b>30.0</b>
Depreciation, amortization, impairments, other	(11.9)	(12.3)	(14.4)	(12.4)	(11.6)
<b>EBIT</b>	<b>7.7</b>	<b>10.6</b>	<b>13.0</b>	<b>12.8</b>	<b>18.4</b>
Gain from bargain purchase	-	-	-	(0.1)	0.1
Result from associated entities	(0.1)	(0.1)	(0.1)	(1.8)	(2.3)
Net interest expense	(7.8)	(6.8)	(10.2)	(11.4)	(15.0)
Other financial items	(17.6)	(0.3)	17.6	(15.7)	(15.3)
<b>Net financial items</b>	<b>(25.5)</b>	<b>(7.2)</b>	<b>7.2</b>	<b>(28.9)</b>	<b>(32.6)</b>
<b>Net result before tax</b>	<b>(17.8)</b>	<b>3.4</b>	<b>20.2</b>	<b>(16.1)</b>	<b>(14.1)</b>
Tax benefit / (expense)	(1.7)	(4.4)	(3.8)	(1.8)	(2.0)
<b>Net income/(loss)</b>	<b>(19.5)</b>	<b>(1.1)</b>	<b>16.4</b>	<b>(17.9)</b>	<b>(16.2)</b>

\*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>	30.06.2022	30.09.2022	31.12.2022	31.03.2023	30.06.2023
Cash, cash equivalents & restricted cash	99.1	108.7	93.0	198.2	73.1
Accounts receivables	135.0	121.3	152.6	147.1	161.2
Inventories	52.9	51.0	55.2	62.1	68.5
Other current assets	36.3	39.5	39.0	41.3	36.4
Investments and loans in associates	6.8	10.1	27.8	19.9	18.5
Property, plant and equipment, net	314.9	303.0	310.7	307.8	304.3
Right of use assets	24.7	32.4	26.4	25.2	24.7
Goodwill	149.4	138.3	149.4	149.1	147.9
Other non-current assets	36.9	41.9	52.2	39.7	39.1
<b>Total assets</b>	<b>855.9</b>	<b>846.1</b>	<b>906.2</b>	<b>990.5</b>	<b>873.4</b>
Current portion of interest-bearing debt	22.9	567.9	562.9	3.6	3.5
Accounts payable	48.4	48.2	47.2	58.0	62.9
Lease liability current	4.7	5.7	5.6	5.0	5.6
Other current liabilities	121.4	122.5	162.3	159.0	163.1
Long-term interest-bearing debt	555.7	5.9	8.7	564.7	430.7
Subordinated related party loan	15.9	15.9	15.9	15.9	-
Deferred taxes	0.6	0.4	0.4	0.3	0.3
Lease liability	20.0	26.7	20.8	20.2	19.1
Other noncurrent liabilities	0.0	0.0	0.8	3.7	4.6
Shareholder's equity	66.3	52.9	81.5	160.0	183.6
<b>Total liabilities and shareholders' equity</b>	<b>855.9</b>	<b>846.1</b>	<b>906.2</b>	<b>990.5</b>	<b>873.4</b>



## Condensed cash flow statement – last 5 quarters (unaudited)

<i>(Figures in \$ million)</i>	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23
Operating activities	16.8	24.7	8.7	30.2	1.7
Investing activities	(4.8)	(4.3)	(26.7)	(17.7)	(10.9)
Financing activities	(8.2)	(4.4)	(3.2)	94.7	(114.8)
FX effect	(8.9)	(6.4)	5.4	(2.0)	(1.2)
<b>Total*</b>	<b>(5.1)</b>	<b>9.6</b>	<b>(15.8)</b>	<b>105.2</b>	<b>(125.2)</b>

\*Includes net movements in restricted cash.