



Archer

Q3 2022 Results

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25 November 2022



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 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, 2021. 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.

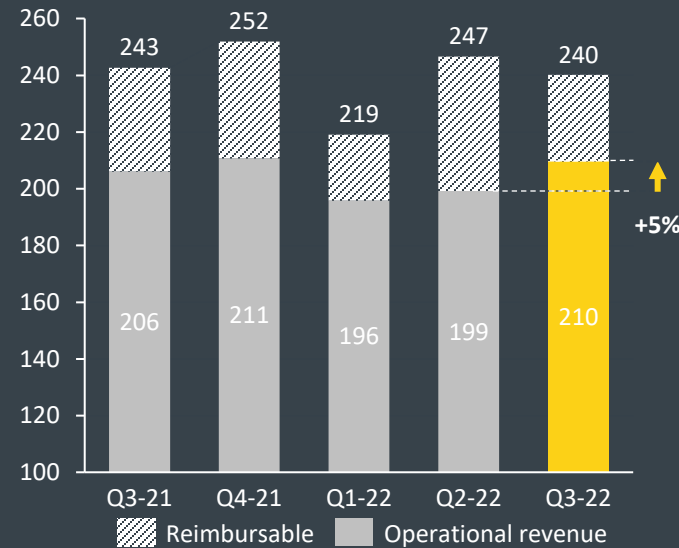
The forward-looking statements in this report are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management’s examination of historical operating trends, data contained in our records and other data available from Fourth parties.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



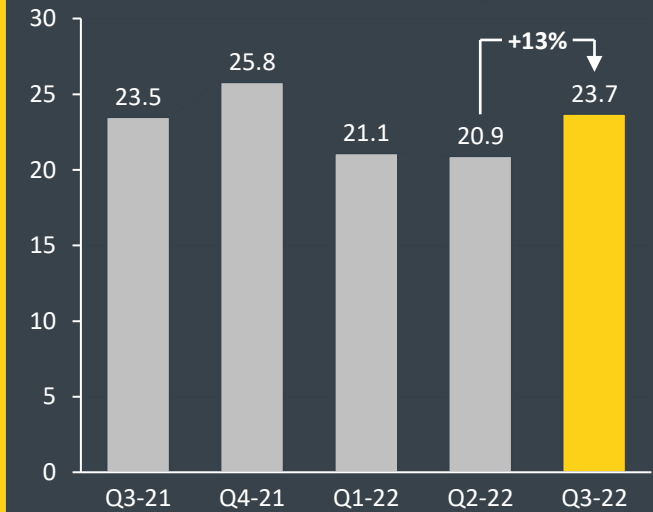
Q3 Highlights

- Revenue of \$240 million
- EBITDA before exceptional items of \$23.7 million
- Strong cashflow reducing NIBD by \$21 million
- Awarded new Equinor scope valued at \$200 million
- Awarded a five-year platform drilling contract extension valued at \$50 million
- Acquired 50% of renewable energy service company Iceland Drilling (closed November 16th)

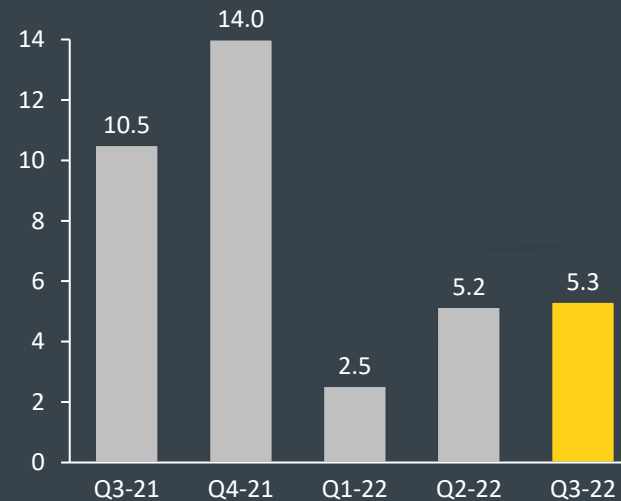
Revenue (\$m)



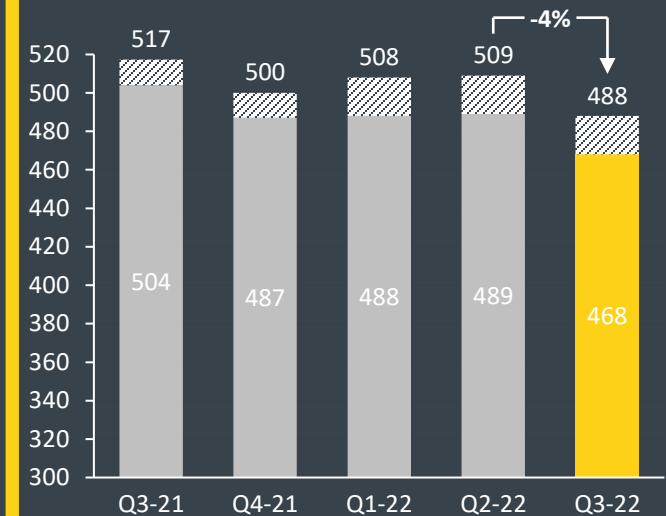
Adjusted EBITDA (\$m)



CAPEX (\$m)



Net interest-bearing debt (\$m)

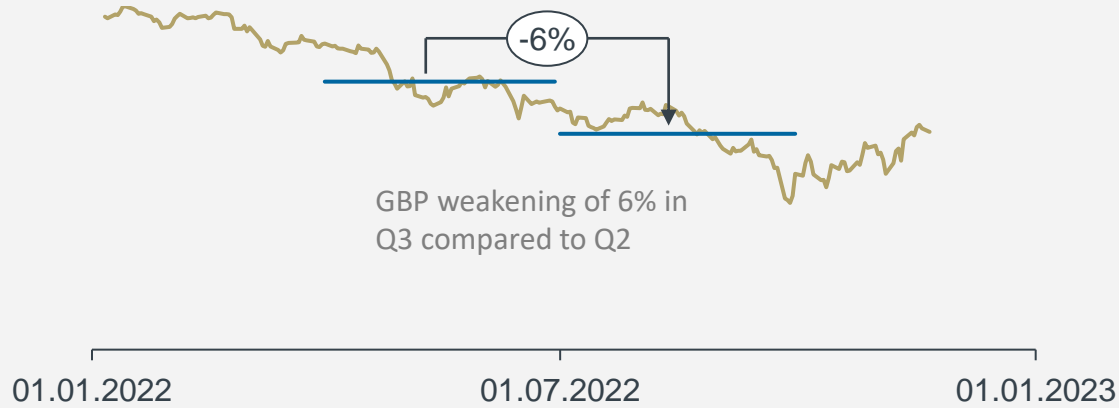


*Highlighting net impact on NIBD from acquisitions during 2021 and 2022

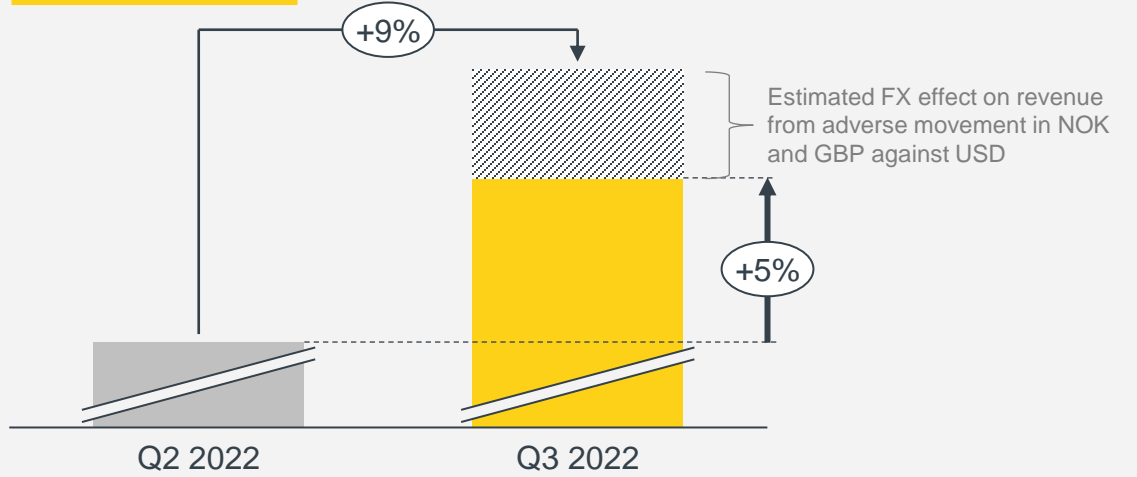


Operating revenue grew by 9% and EBITDA by 18% adjusted for unfavorable FX movement

GBPUSD FX rate



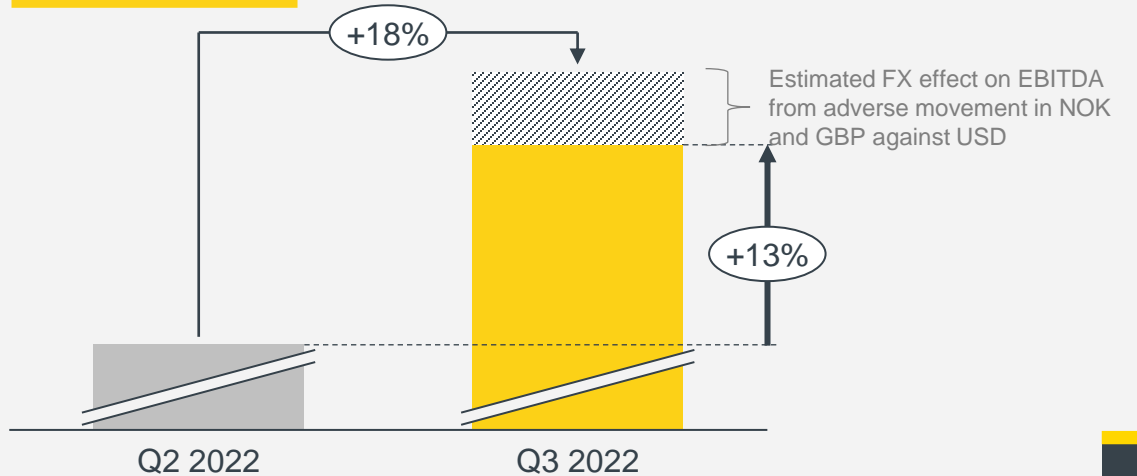
USD operating revenue



NOKUSD FX rate



USD adjusted EBITDA





Q3 2022

Drill Pipe Pool Services contract



Contract value

- \$200 million

Contract Commencement

- December 1st, 2022

Duration

- 6 years firm + 2 x 2 years options

Area of operation

- Norway

Services offered:

- Management, handling, maintenance, storage, repair and purchase of drill pipe and equipment on behalf of Equinor

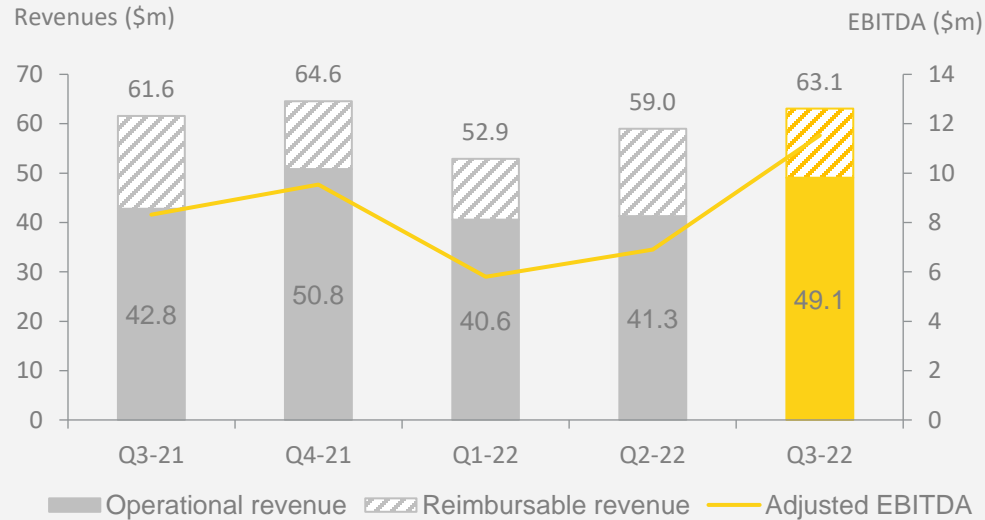




Well Services

Financials

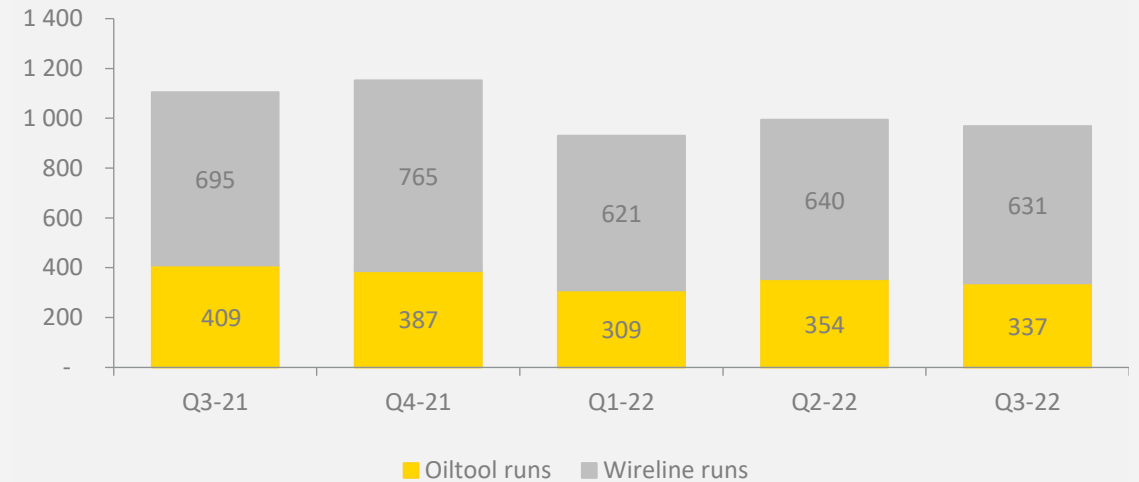
- Strongest quarterly financial performance, with a total EBITDA of \$11.5 million
- Revenue increased by \$4.1 million compared to previous quarter, related to higher activity for Wireline



Operations

- World record achieved for Comtrac, deepest intervention job achieved reaching 40 600 feet in Abu Dhabi
- Increasing activity across product lines for both Wireline and Oiltools
- High volume of staged cement tool sales during third quarter

of runs

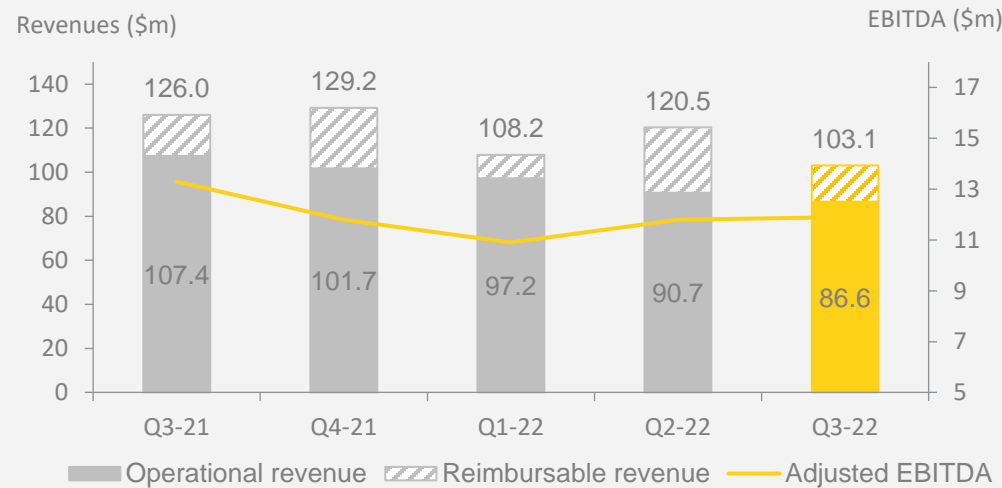




Platform Drilling, Modular Rigs & Engineering

Financials

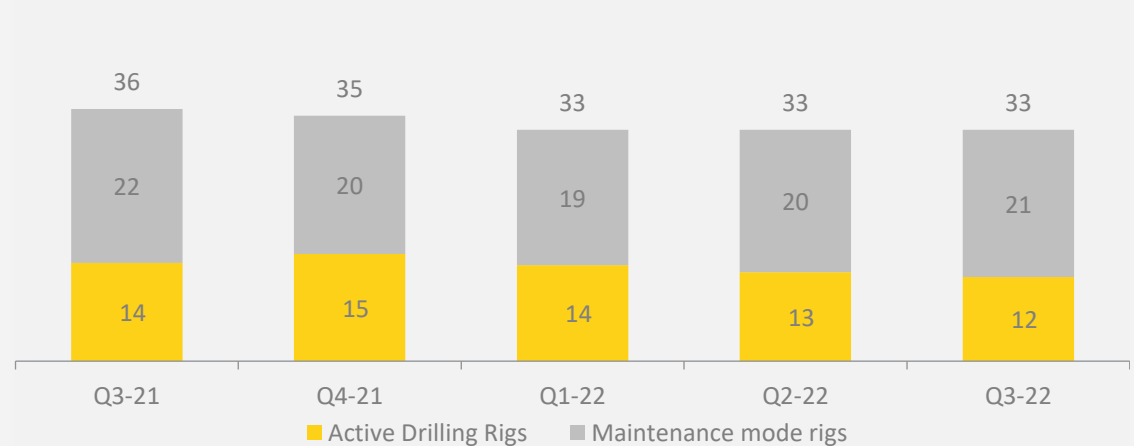
- Revenue decreased by \$17.4 million compared to previous quarter, of which \$13.2 million relates to lower reimbursable revenue
- Adjusted EBITDA of \$11.9 million in the quarter
- Unfavorable development in GBP and NOK main driver of drop in EBITDA compared to previous year



Operations

- Award of new drill pipe pool contract Equinor
- PD UK secured continuation of contract on seven installations
- PD Norway with perfect well delivery for Equinor with significant performance bonus achievement
- Topaz MDR project for TAQA delayed start-up into 2023

Platform Drilling contracted rigs [# of rigs]





Q3 2022

Global presence in geothermal energy and land drilling



Geothermal energy

delivers high temperature deep geothermal drilling as well as shallower wells for district heating



Drilling rigs

Conventional and unconventional drilling to operators in Argentina and Bolivia



Workover rigs

provide heavy well intervention services to improve well performance



Pulling units

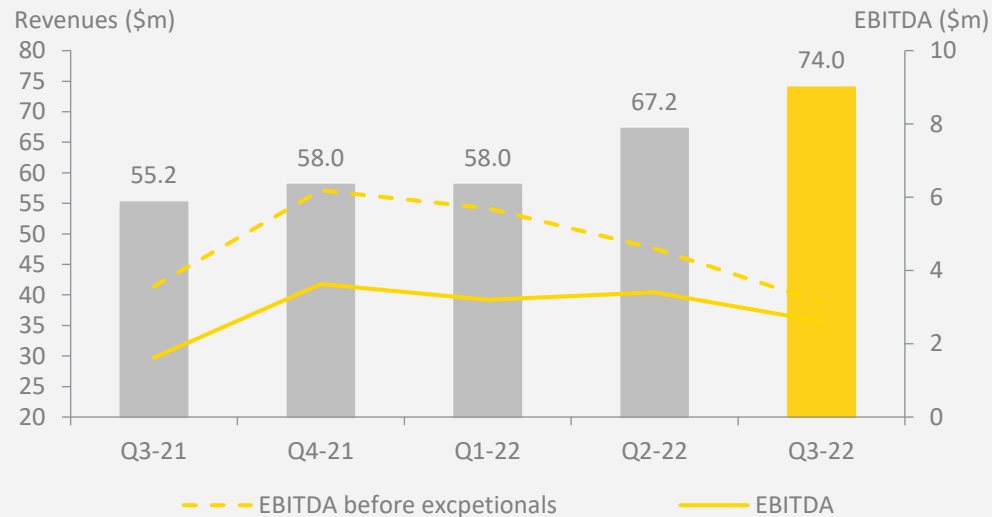
deliver pulling services to maintain production in producing wells



Land drilling

Financials

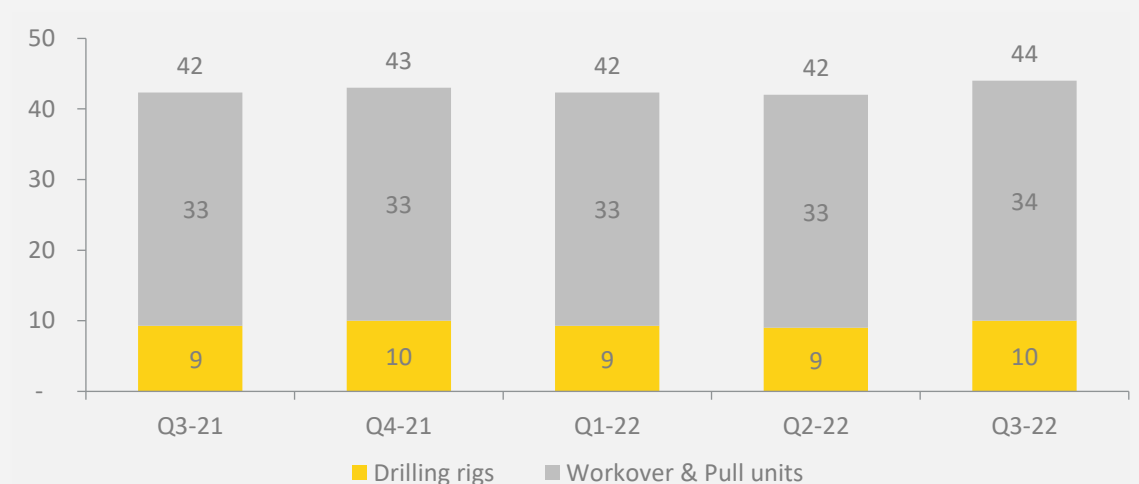
- Revenue increased by \$6.8 million compared to previous quarter
- Adjusted EBITDA of \$3.1 million
- Exceptional items in the quarter of \$0.5 million



Operations

- Increase in activity with rigs coming back to operations and positive tender activity ongoing in Vaca Muerta
- Operation in Comodoro remains challenging with limited prospects of increased activity
- Inflation in certain cost categories above general inflation and not adjusted in client rate

Number of active Archer rigs





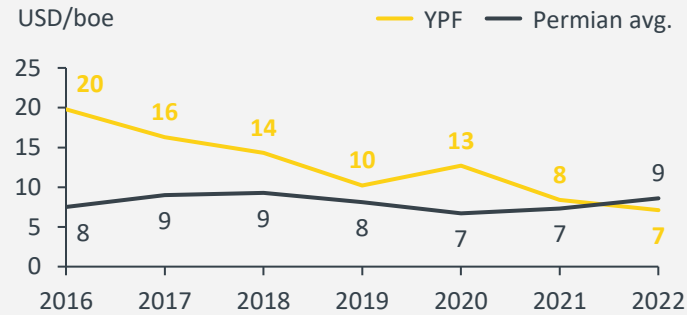
Positive outlook for Argentina and Vaca Muerta

Investments in new infrastructure together with falling production costs expected to boost demand for rigs

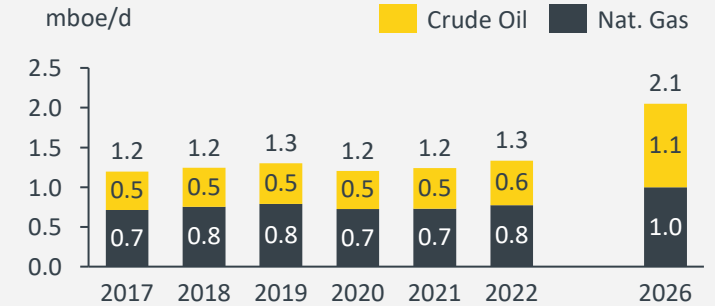
Investment in infrastructure¹

	2022	2023	2024	2025	2022 - 2025
Vaca Muerta Norte - Pipeline	[Bar chart showing investment from 2022 to 2024]				~ 250
Oldelval Pipeline Expansion	[Bar chart showing investment from 2022 to 2024]				~ 750
Ote Terminal Expansion	[Bar chart showing investment from 2022 to 2024]				~ 300
Vaca Muerta Sur - Pipeline & Terminal	[Bar chart showing investment from 2023 to 2025]				~ 1,500
Total Capex	~ 150	~ 850	~ 1,200	~ 600	~ 2,800

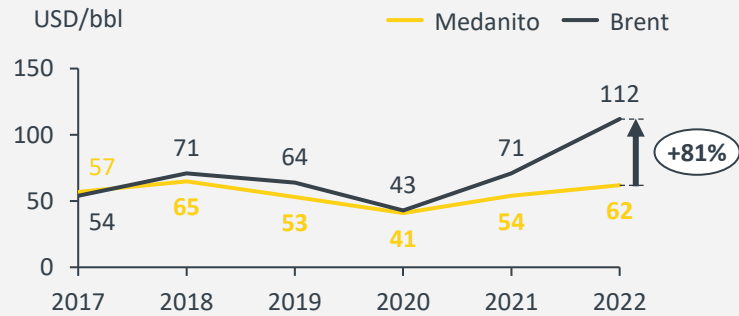
Production costs¹



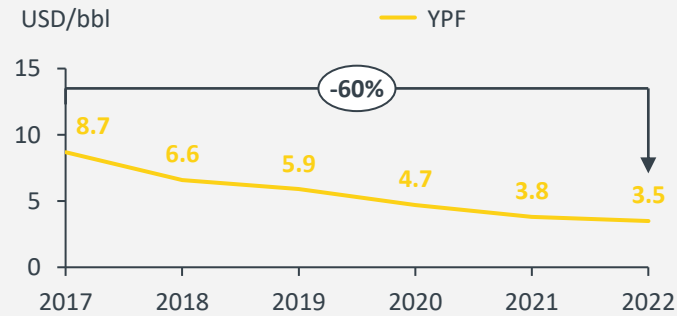
Argentina oil and gas production¹



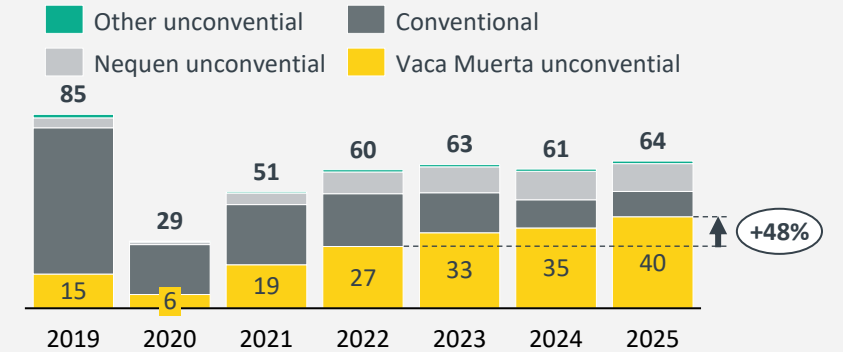
Local and international oil price¹



YPF's lifting cost¹



Demand for rigs²



Source: 1) YPF 2) Rystad Energy



Condensed profit & loss

- Total revenue of \$240 million represent a decrease of \$2.6 million YOY due to depreciation of operational currencies towards US\$
- EBITDA before exceptional items of \$23.7 million is an increase of \$2.3 million or 7% compared to Q3 2021
- Exceptional charges in Q3, 2022 of \$ 0.9 million, relates to severance payments in Argentina

<i>\$ million</i>	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Operating revenues	209.8	206.1	604.8	602.4
Reimbursable revenue	30.4	36.6	101.1	81.8
Total Revenues	240.2	242.8	705.9	684.2
EBITDA before exceptional items	23.7	23.5	65.8	67.3
<i>EBITDA margin before exceptional items</i>	9.9%	9.7%	9.3%	9.8%
Exceptional items	(0.9)	(3.0)	(7.2)	(4.6)
EBITDA	22.9	20.5	58.6	62.7
<i>EBITDA margin</i>	9.5%	8.4%	8.3%	9.2%
Impairments	-	-	(5.0)	(3.0)
Deprecation, amortization, other	(12.3)	(13.2)	(37.4)	(38.8)
EBIT	10.6	7.4	16.2	20.9
Gain on bargain purchase	-	-	9.2	12.2
Result from associated entities	(0.1)	(0.4)	(0.4)	(0.6)
Net interest expense	(6.8)	(6.8)	(21.8)	(20.9)
Other financial items	(0.3)	(7.8)	(0.3)	(6.8)
Net income before tax	3.4	(7.5)	2.9	4.9
Tax cost	(4.4)	(2.2)	(9.5)	(7.0)
Net (loss) income	(1.1)	(9.7)	(6.6)	(2.0)



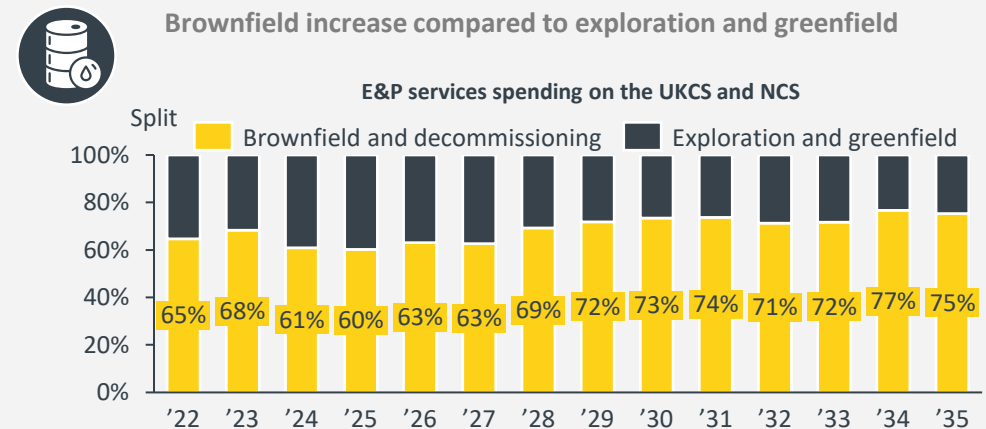
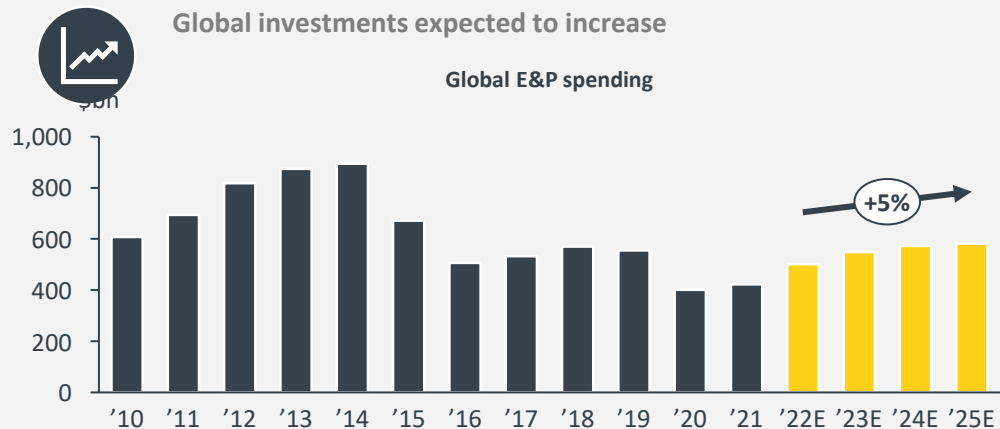
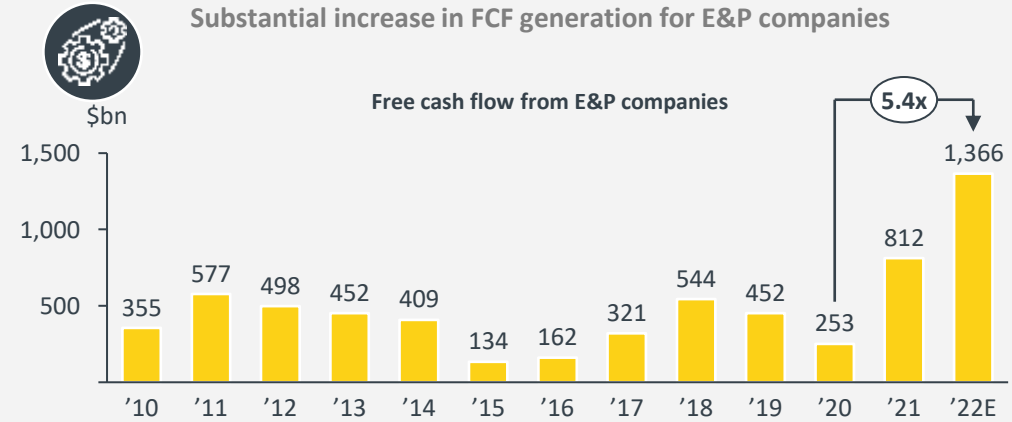
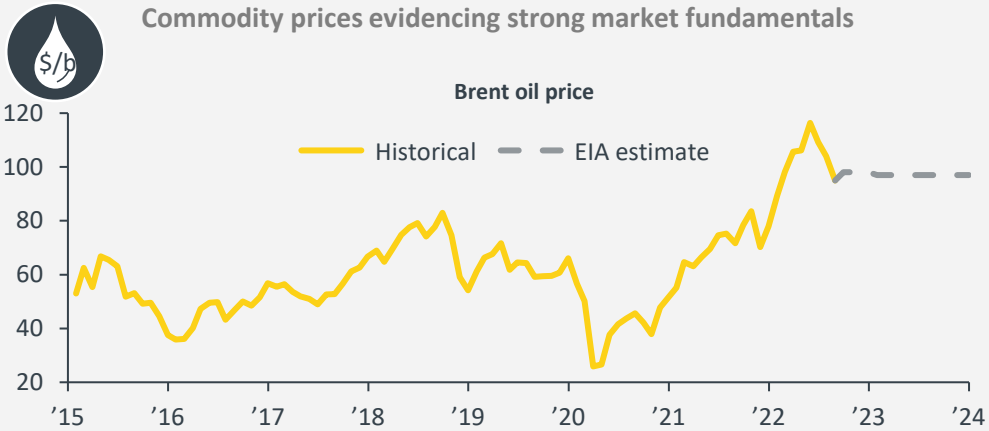
<i>\$ million</i>	30.09.2022	31.12.2021	30.09.2021
Cash and cash equivalents	102.2	50.7	26.6
Restricted cash	6.5	14.8	10.0
Accounts receivables	121.3	125.6	125.0
Inventories	51.0	52.1	53.4
Other current assets	39.5	30.7	32.6
Investments and loans to associates	10.1	6.3	7.5
Property, plant and equipment	303.0	343.6	355.8
Right of use assets	32.4	26.7	27.8
Goodwill	138.3	167.5	168.2
Other non-current assets	41.9	32.6	31.2
Total assets	846.1	850.7	838.1
Current portion of interest-bearing debt	567.9	25.3	21.8
Accounts payable	48.2	43.5	37.3
Lease liability current	5.7	5.2	5.4
Other current liabilities	122.5	140.2	125.1
Long-term interest-bearing debt	5.9	509.5	506.5
Subordinated related party loan	15.9	15.9	15.9
Deferred taxes	0.4	1.0	0.8
Lease liability	26.7	21.5	22.4
			0.1
Shareholder's equity	52.9	88.5	102.9
Total liabilities and shareholders' equity	846.1	850.7	838.1

Condensed balance sheet

- NIBD at \$488 million end Q3 2022, based on strong cash flow generation and low days outstanding end of September 2022
- Available liquidity \$113 million
- Reduction in goodwill of \$29.2 million from year-end following value adjustment from FX effects
- Borrowing under our RCF reclassified as current debt as maturity is October 1st 2023
- Equity of \$52.9 million



Key market fundamentals driving increased activity in core segments



Source: Rystad Energy (underlying data), EIA



Q3 2022

Financial outlook 2022 and 2023

Reconfirms 2022 guidance and 15-20% EBITDA growth in 2023

- Revenue for 2022 expected to increase moderately from 2021
- EBITDA reported for 2022 expected to increase moderately from 2021 consistent with previous guiding, despite weakening of currencies against USD
- Capex 2022 approximately 3% of revenue
- Positive free cash flow and reduction in NIBD in 2022 adjusted for acquisitions
- 15-20% EBITDA growth in 2023 compared to 2022;
 - Constructive increase in global oil and gas activity
 - Operators drilling plans in the North Sea
 - Higher rig utilization in Vaca Muerta in Argentina
 - Growth in the Well Services division





Appendix



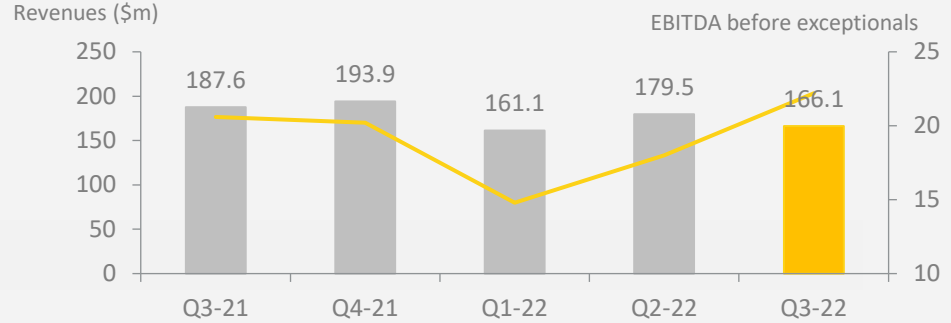


Segment key financials

Eastern Hemisphere

Platform drilling & Engineering

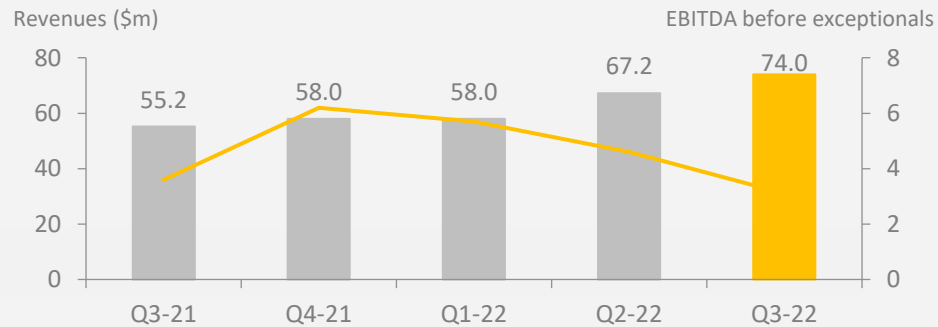
Well Services



\$m	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Revenues	187.6	193.9	161.1	179.5	166.1
EBITDA before exceptional items	21.7	21.0	17.2	18.3	22.5
EBITDA	20.6	20.2	14.8	18.0	22.2
Capex	6.5	9.9	1.5	3.4	2.0

Western Hemisphere

Land drilling



\$m	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Revenues	55.2	58.0	58.0	67.2	74.0
EBITDA before exceptional items	3.6	6.2	5.7	4.6	3.1
EBITDA	1.6	3.6	3.2	3.4	2.6
Capex	4.0	4.1	1.0	1.8	3.3



Condensed profit and loss statement

(Figures in \$ million)	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Operating revenues	206.1	210.7	195.8	199.2	209.8
Reimbursable revenue	36.6	41.2	23.3	47.4	30.4
Total Revenues	242.8	251.9	219.1	246.6	240.2
EBITDA before exceptional items	23.5	25.8	21.1	20.9	23.7
Severance payments	(1.2)	(2.5)	(0.9)	(0.9)	(0.5)
Other	(1.8)	(0.9)	(4.0)	(0.5)	(0.3)
Total Exceptional items*	(3.0)	(3.4)	(4.9)	(1.4)	(0.9)
EBITDA	20.5	22.4	16.2	19.5	22.8
Depreciation, amortization, impairments, other	(13.1)	(27.9)	(18.2)	(11.9)	(12.3)
EBIT	7.4	(5.5)	(2.0)	7.7	10.6
Gain from bargain purchase	-	(0.8)	9.2	-	-
Result from associated entities	(0.4)	0.1	(0.3)	(0.1)	(0.1)
Net interest expense	(6.8)	(5.8)	(7.2)	(7.8)	(6.8)
Other financial items	(7.8)	(0.0)	17.6	(17.6)	(0.3)
Net financial items	(15.0)	(5.7)	10.1	(25.5)	(7.2)
Net result before tax	(7.5)	(12.0)	17.3	(17.8)	3.4
Tax benefit / (expense)	(2.2)	(0.7)	(3.3)	(1.7)	(4.4)
Net income/(loss)	(9.7)	(12.7)	13.9	(19.5)	(1.1)

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



Condensed balance sheet

<i>\$ million</i>	30.09.2021	31.12.2021	31.03.2022	30.06.2022	30.09.2022
Cash, cash equivalents & restricted cash	36.6	65.5	104.3	99.1	108.7
Accounts receivables	125.0	125.6	124.7	135.0	121.3
Inventories	53.4	52.1	52.7	52.9	51.0
Other current assets	32.6	30.7	34.9	36.3	39.5
Investments and loans in associates	7.5	6.3	8.0	6.8	10.1
Property, plant and equipment, net	355.8	343.6	331.7	314.9	303.0
Right of use assets	27.8	26.7	24.7	24.7	32.4
Goodwill	168.2	167.5	170.4	149.4	138.3
Other non-current assets	31.2	32.6	51.6	36.9	41.9
Total assets	838.1	850.7	903.0	855.9	846.1
Current portion of interest-bearing debt	21.8	25.3	23.0	22.9	567.9
Accounts payable	37.3	43.5	36.1	48.4	48.2
Lease liability current	5.4	5.2	4.7	4.7	5.7
Other current liabilities	125.1	140.2	134.4	121.4	122.5
Long-term interest-bearing debt	506.5	509.5	564.9	555.7	5.9
Subordinated related party loan	15.9	15.9	15.9	15.9	15.9
Deferred taxes	0.8	1.0	0.7	0.6	0.4
Lease liability	22.4	21.5	20.0	20.0	26.7
Other noncurrent liabilities	0.1	0.0	0.0	0.0	0.0
Shareholder's equity	102.9	88.5	103.3	66.3	52.9
Total liabilities and shareholders' equity	838.1	850.7	903.0	855.9	846.1



Condensed cash flow statement – last 5 quarters

<i>(Figures in \$ million)</i>	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Operating activities	1.5	40.0	(8.7)	16.8	24.7
Investing activities	(9.0)	(14.3)	(7.8)	(4.8)	(4.3)
Financing activities	(1.8)	6.1	52.9	(8.2)	(4.4)
FX effect	(0.9)	0.0	2.4	(8.9)	(6.4)
Total*	(10.2)	31.8	38.9	(5.1)	9.6

*Includes net movements in restricted cash.