



Archer

Q4 2022 results and 2023 outlook

Dag Skindlo
Chief Executive Officer

Espen Joranger
Chief Financial Officer

28 February 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 2022 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, 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.



Q4 2022

At a glance

Archer

The Well Company



\$970 million
'22 revenue



\$95 million
Adj. EBITDA '22



\$2.3+ billion
Contract backlog



50 years
Operational experience



40
Locations globally



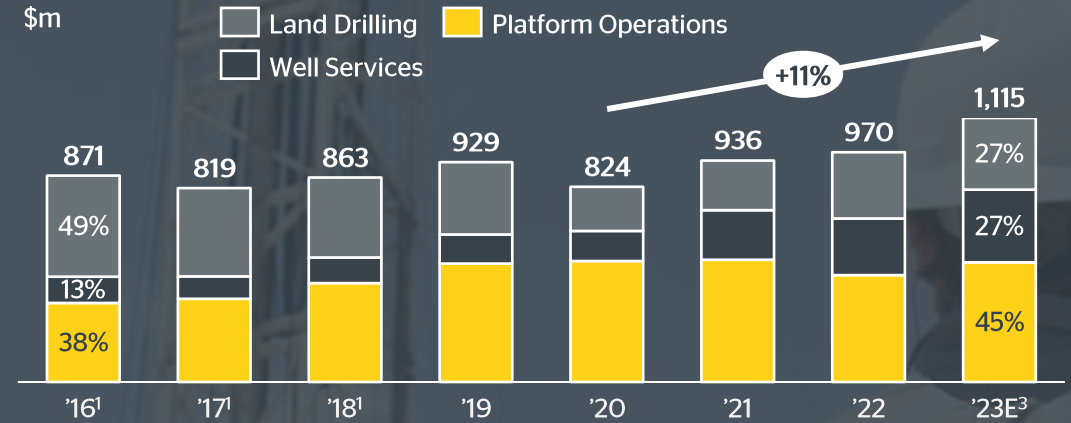
4,500+
Global personnel



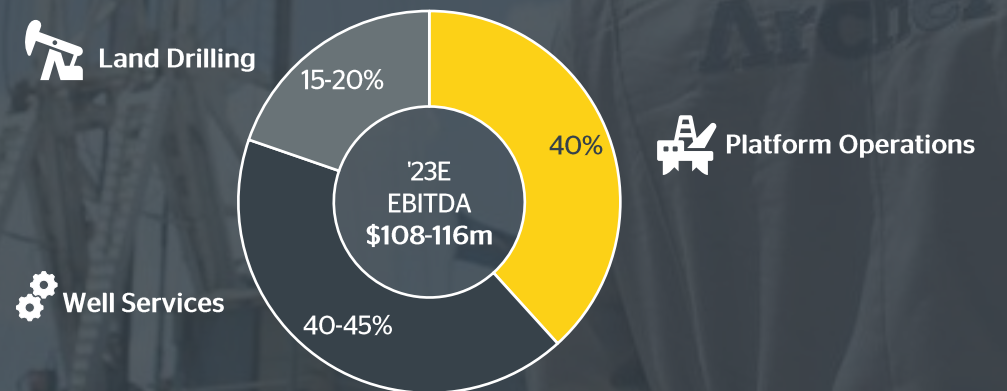
Carbon neutral in '22
Scope 1 & 2 outside Argentina and Bolivia

1) On each year during '16-'18 revenue excludes revenue from sold companies, 2) Percentages reflect segment share of revenues
3) Midrange of 2023 revenue estimate

Resilient through-the-cycle financial performance



Diversified operations across three core business segments²





Q4 2022

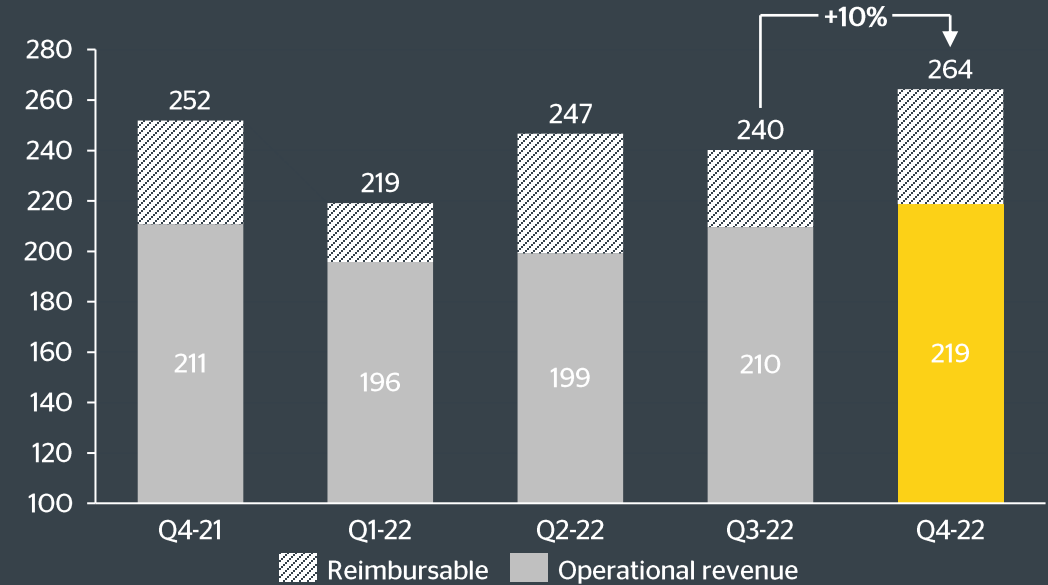
Q4 Highlights

- Revenue of \$264 million, up 10% from last quarter
- EBITDA before exceptional items of \$29.2 million, up 23% from last quarter
- Positive net results for Q4 of \$16.4 million and full year 2022 of \$9.8 million
- Finalized the 50% investment in Iceland Drilling

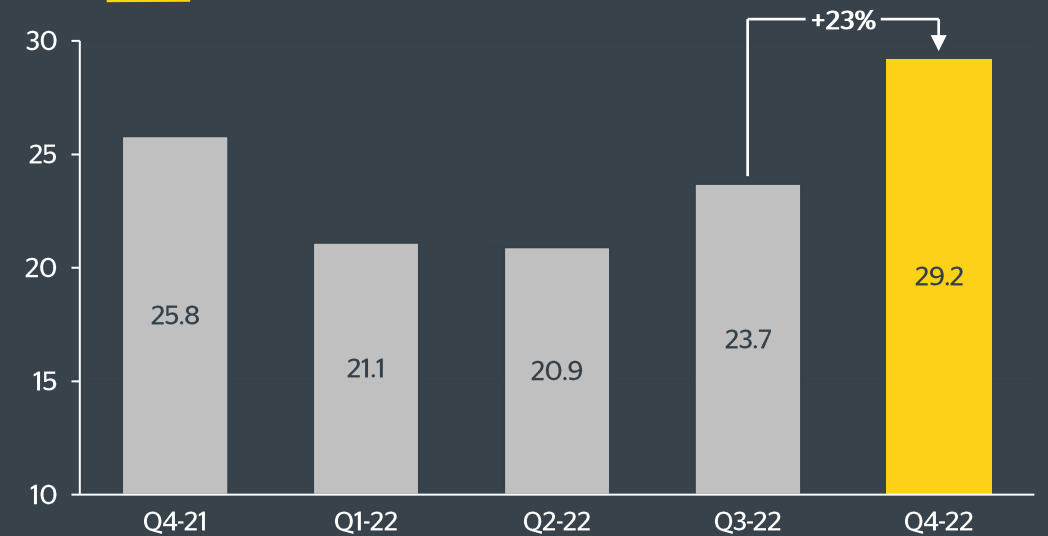
Subsequent events

- Acquired P&A specialist Romar-Abrado
- Announced the acquisition of Baker Hughes' coil tubing and pumping business in UK
- Raises EBITDA guidance for 2023 to 25%-35% above 2022

Revenue (\$m)



Adjusted EBITDA (\$m)



Acquisition of Romar-Abrado: Specialist provider of wellbore P&A solutions

Transaction highlights

- 1 Positions Archer with the broadest well P&A solutions in the industry
- 2 Established global provider of swarf handling in relation to section milling
- 3 Delivering advanced section milling solutions in challenging environments
- 4 Strong technical team and competence for P&A services

Strategic goals

Broader portfolio offering

Fill obvious gaps

Increased geo. footprint

New Technology

Geographic footprint

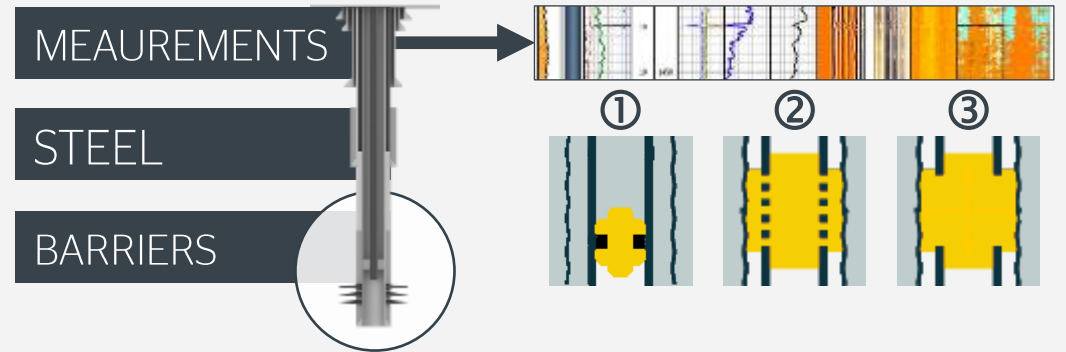
Norway

USA

UK

UAE

Solutions offering



✓	✓	
		✓

- Archer's Oiltools division has developed a service offering within Slot Recovery (heavy intervention) and P&A
- The Company's services have been developed around steel retrieval and recovery (1) and the establishment of barriers (2)
- The acquisition of Romar-Abrado adds steel removal services (3) to the portfolio and provides Archer with access to new market estimated at over \$170m annually



Acquisition of the UK coiled tubing business from Baker Hughes¹

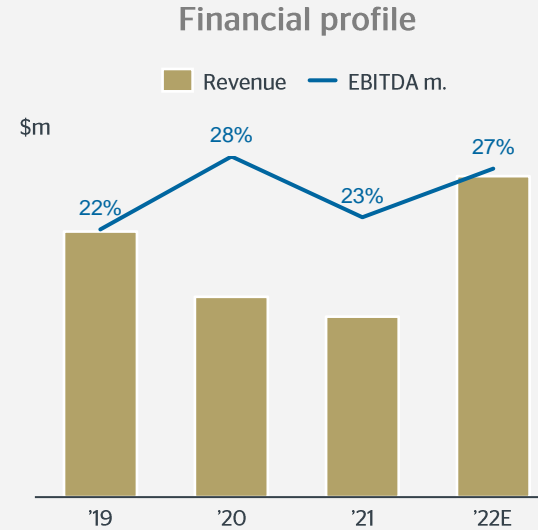
Investment highlights and transaction rationale

- 1 Expands well service offering in the UK
- 2 Expands Archer's integrated P&A offering with Platform operations and well services
- 3 Experienced employees & valuable fleet
- 4 Strong customer base

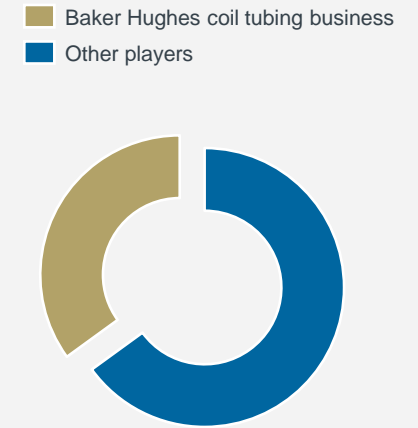


- ✓ Complementary product offering and asset base
- ✓ Increasing P&A offering in UK
- ✓ Accretive acquisition at attractive valuation levels

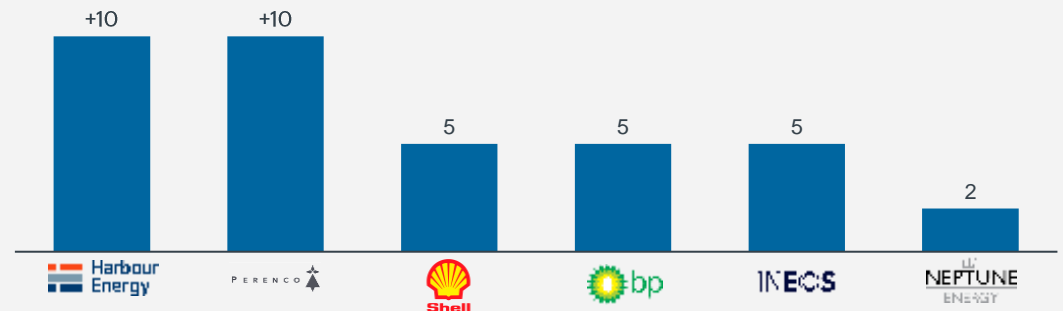
Key financial data



UK coiled tubing market



Key customer tenure (years)



1) Closing of the acquisition is subject to regulatory approval



Platform Operations: 50% market share in the North Sea

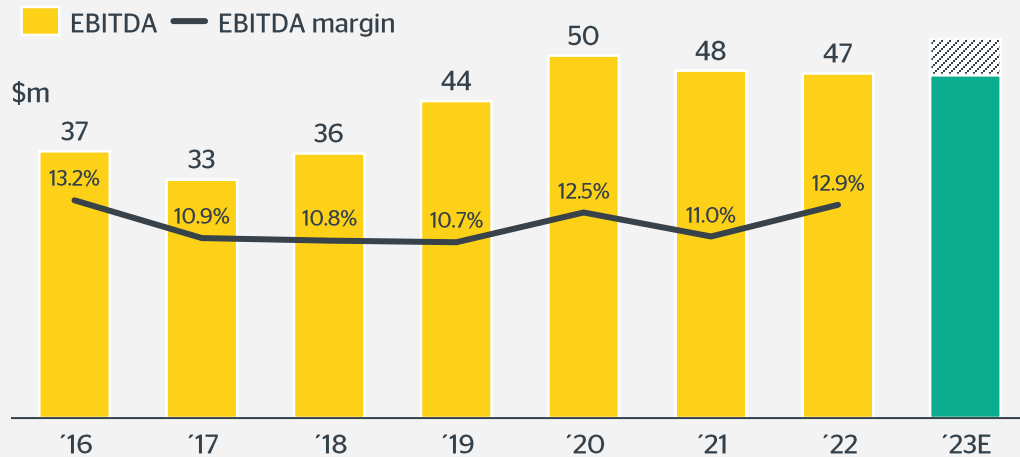


2023e EBITDA share of total

Platform operations is brownfield and P&A operation

- Stable annual cash contribution¹ of about \$40m during the last three years
- Estimated firm backlog of \$1.2bn (\$2.8bn including options)
- Innovative operational model and integrated service offering
- Primarily exposed to production, late life and decommissioning
- Well positioned to capture increasing P&A activity
- Good platform to sell well services technologies
- North Sea focused operation based on long-term contracts with operators

Resilient EBITDA with strong margin development



Note: ¹ Cash contribution calculated as EBITDA - Capex

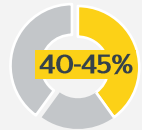
Diverse service offering



<p>Platform Drilling operates and maintains fixed, modular and mobile drilling facilities</p>	<p>Engineering lifecycle engineering solutions dedicated to enhancing asset performance</p>	<p>Modular Rigs are used on installations without its own drilling facilities</p>	<p>Rental provides drill pipe and other standard equipment</p>
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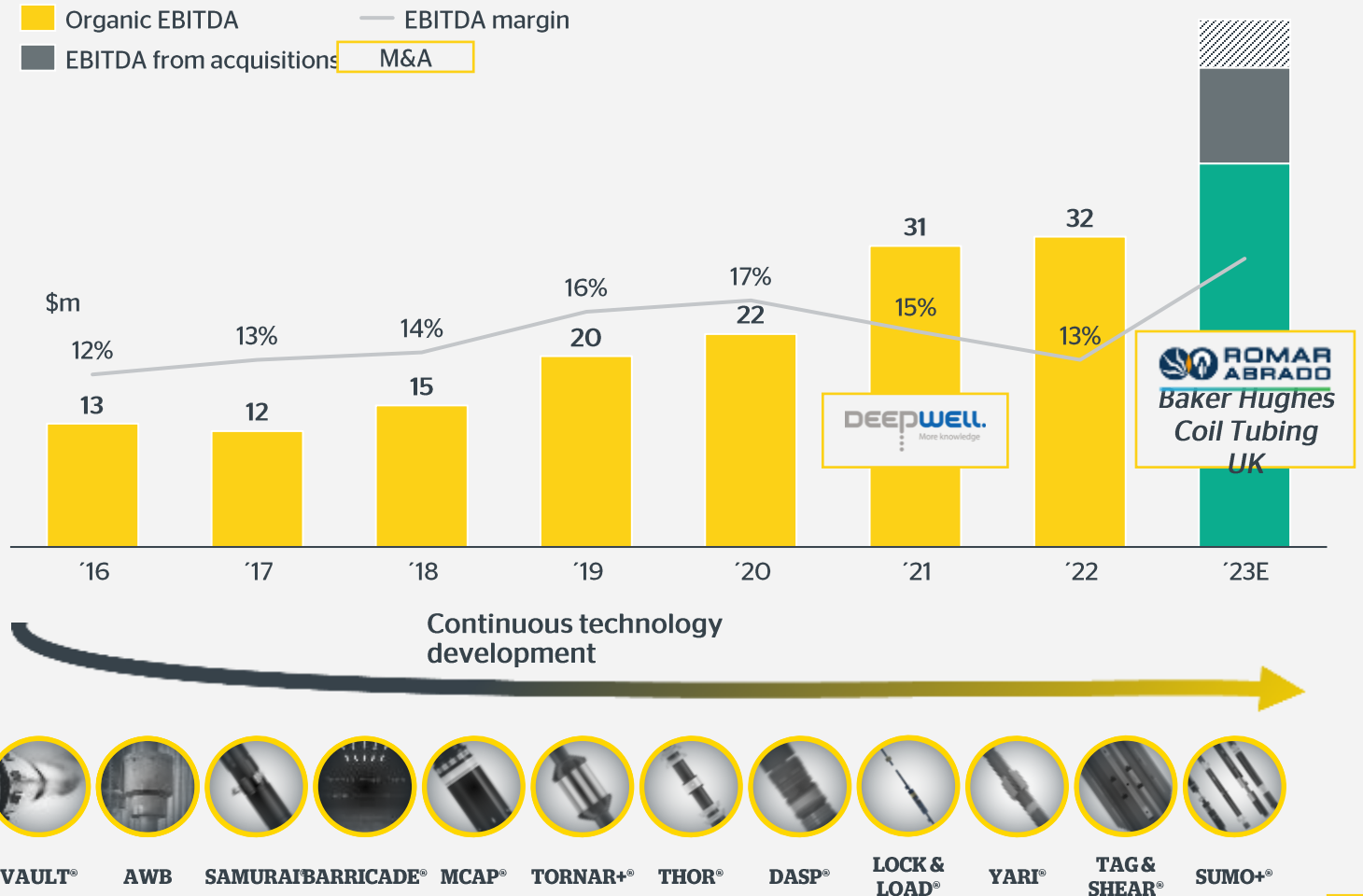
Well Services: Strong organic growth combined with recent acquisitions



2023e EBITDA share of total

Well intervention service and technology, largely within brownfield operations and P&A

- Well services delivers high tech solutions for ensuring safe wells when they are drilled, when they produce and when they are abandoned - in addition to improving well performance and extension of well life
- \$430m in firm contract backlog and \$575m in options
- Strong growth EBITDA 2016-2023e CAGR above 25%
- Consistent EBITDA margin expansion towards 20% in 2023
- Share of total EBITDA from Well Services expected to be above 40% in 2023 versus 12% in 2016
- 2023 focus areas:
 - Increase footprint outside of North Sea
 - Position as broadest provider of well services within well P&A
 - Continue to consolidate the market and drive expanded offering and synergies





Land Drilling: Growing in a rebounding market

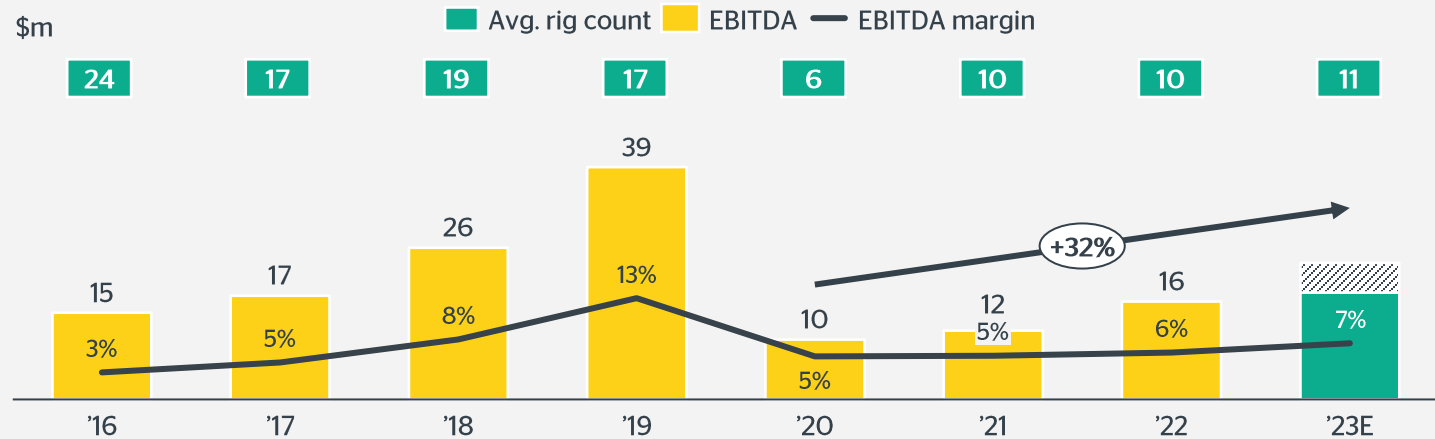


2023e EBITDA share of total

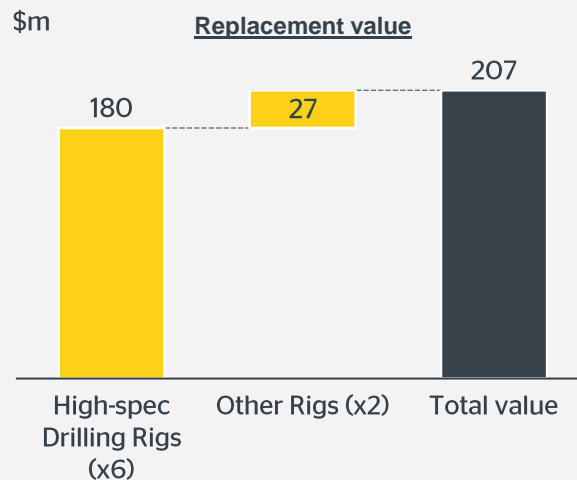
Key highlights

- Leading position as second largest provider of land drilling and workover services in Argentina
- Land Drilling is divided between North, South and Bolivia, with the high spec drilling rigs located in Vaca Muerta in the North
- 2023 EBITDA set to grow by 25-40% over 2022
- Contract backlog estimated to be worth \$650m
- Historically, Archer has been able to extract cash out, but the current political situation makes it difficult
- Market is now improving on the back of new infrastructure coming into place, with Vaca Muerta set to account for the majority of Argentina's oil production growth

Financial profile



Considerable underlying asset values



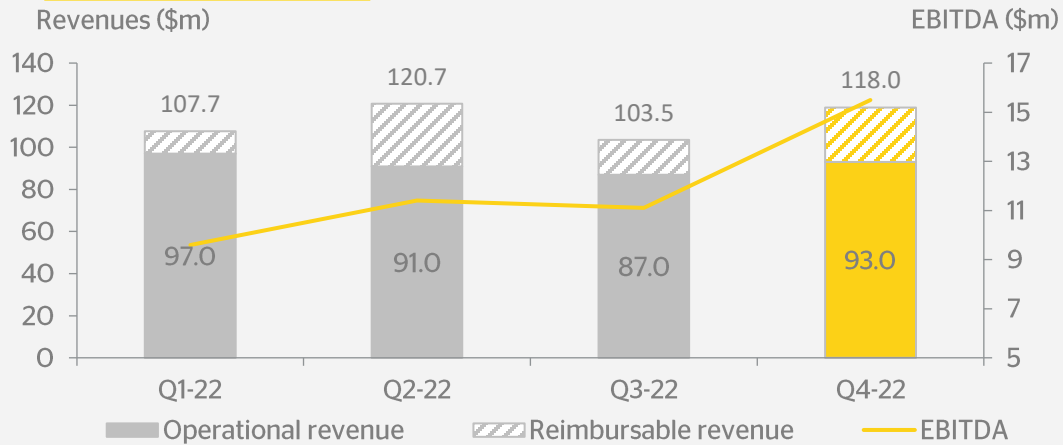
New O&G infrastructure to boost rig demand

New infrastructure projects	Capex (\$m)				
	'22	'23	'24	'25	'22 - '25
Vaca Muerta Norte - Pipeline	~150	~850			- 250
Oldelval Pipeline Expansion			~1,200		- 750
Ote Terminal Expansion				~600	- 300
Vaca Muerta Sur - Pipeline & Terminal		~850			- 1,500
Total Capex	~ 150	~ 850	~ 1,200	~ 600	~ 2,800

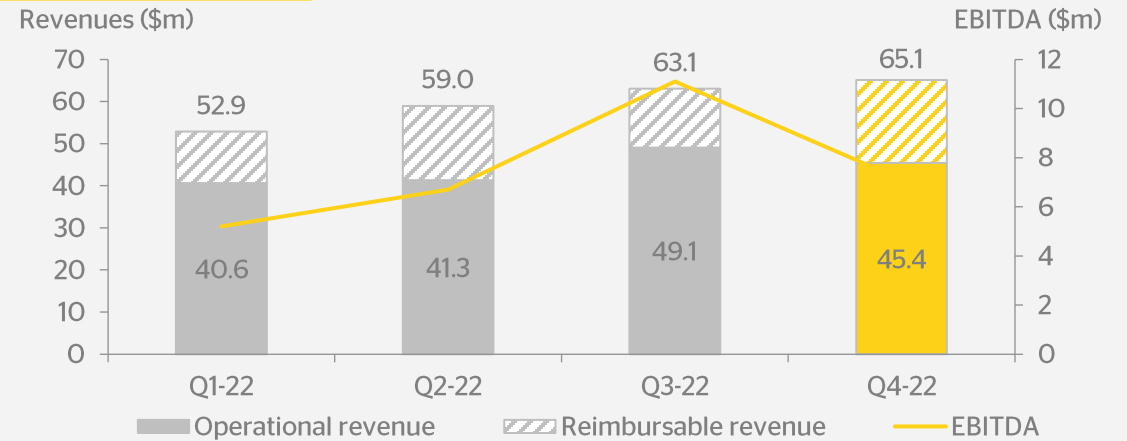


Financial performance by division

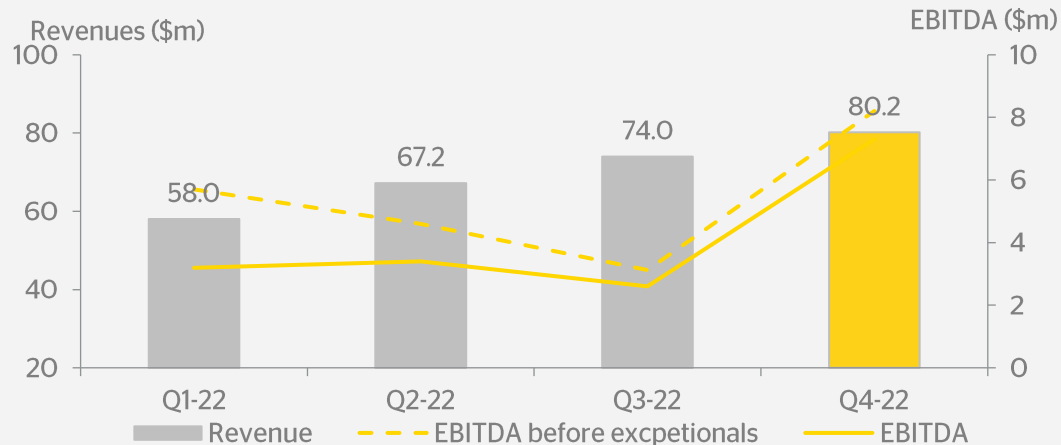
Platform Operations



Well Services



Land Drilling
















Other investment

- Investment in renewable energy company, Iceland Drilling, an Icelandic geothermal drilling company.
- Value of our financial investment in KLX Energy Services increased by \$8.4 million in the quarter



Archer well-positioned in segments with attractive long-term outlook

Business segment		Key regions	Sentiment ¹	Outlook
 Platform Operations	Platform Drilling	North Sea / Global		<ul style="list-style-type: none"> • Norwegian market set to be relatively stable and moderately increase over next few years with Archer becoming the late life partner for major operators • UK market likely to rebound from a very low level on energy security, new policy, sustained high oil prices, as well as some large P&A and decommissioning projects maturing • Modular Rigs are well-suited for the expected upcoming UK P&A • Engineering largely following Platform Drilling and Modular Rigs activity due to increased demand from drilling contractors
	Modular Rigs	North Sea / Global		
	Engineering	North Sea		
 Well Services	Oiltools/Wireline	Norway and Global offshore		<ul style="list-style-type: none"> • Development tied to global E&P expenditure, but largely linked to increased penetration of products and services both with clients and in new geographies • Well-positioned to penetrate prosperous regions in Brazil and Africa which will drive earnings • UK well intervention market is expected to return from low activity in '22, increasing demand for well services within this market. Drilling and well intervention related products are applicable in all phases from exploration to abandonment
	Romar / Baker's UK Coil Tubing	UK and Global offshore		
 Land Drilling	Land Drilling Vaca Muerta	LatAm onshore		<ul style="list-style-type: none"> • Drilling activity in Vaca Muerta is expected to pick up over next few years, on the back of investment in additional pipeline and robust international prices for oil and gas • Government encourage operators in the South to increase drilling for export of oil. Oil operators are reluctant to increase investments and market not expected to improve as Vaca Muerta offer better returns • Market activity somewhat muted as international operators have steadily left the country to the national oil company. Drilling activity in country to restart but at a moderate level
	Land Drilling South	Southern Argentina		
	Bolivia	LatAm		
 Geothermal	Iceland Drilling 50%	Iceland / NZ / Caribbean / other		<ul style="list-style-type: none"> • Rystad estimate 12% CAGR in geothermal drilling and well services until '30 • Geothermal energy is expected, together with other renewable sources, to account for 35% of the revenues by '40 and yield long-term sustainability

¹) Medium-term growth outlook

Source: Archer, Baker Hughes Rig Count, EIA, IEA, NPD, Oil & Gas UK, Wood Mackenzie



Condensed profit & loss

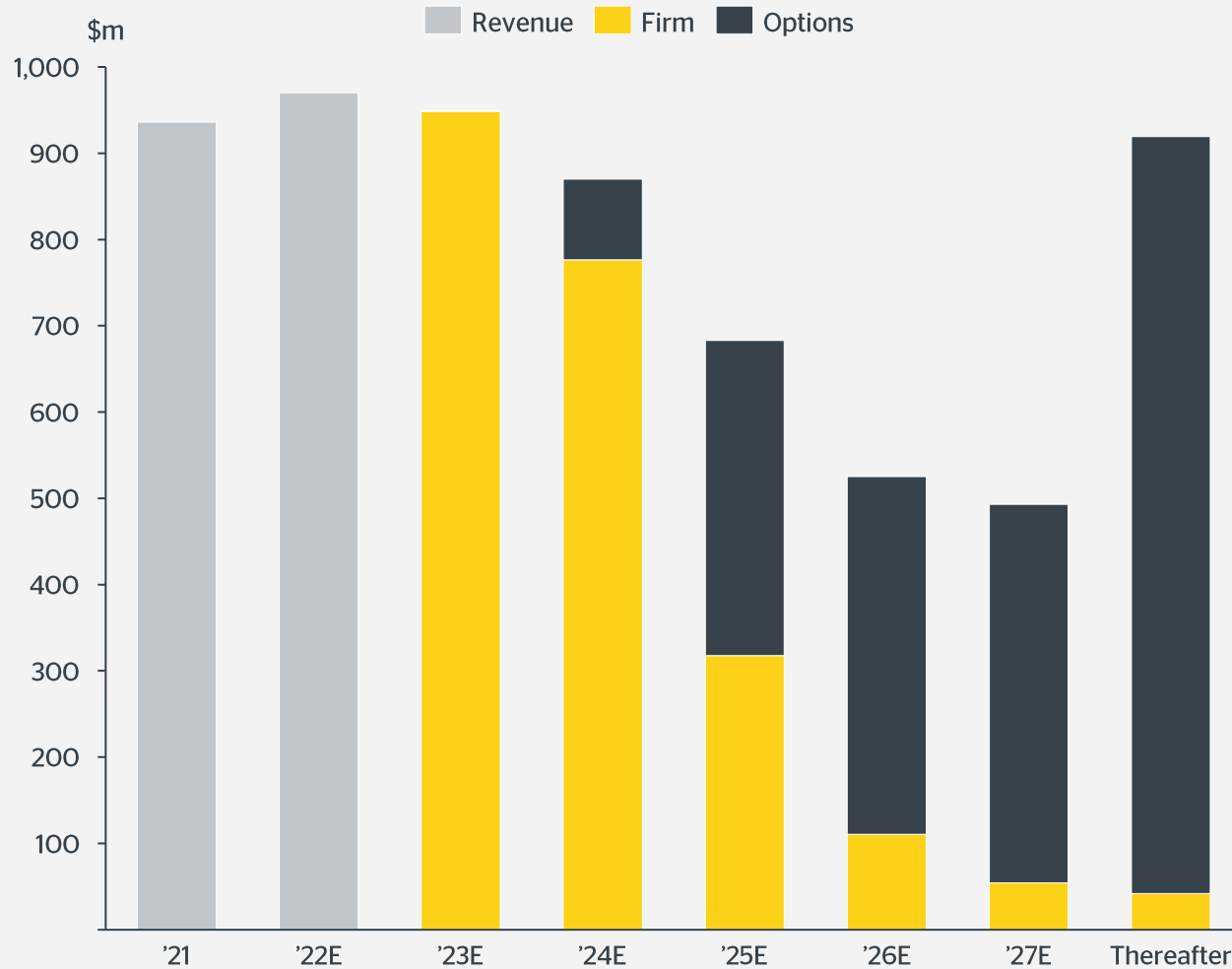
- Total revenue of \$264 million in Q4 2022 represent an increase of \$12.4 million from same quarter last year, based on increased activity, offset by unfavorable foreign exchange movements.
- EBITDA reported of \$27.4 million is an increase of \$5.0 million or 22% compared to Q4 2021
- 2022 EBIT of \$29.2 million, or 3% of revenue, was up 90% from 2021
- 2022 net income before tax of \$23.1 million up \$30.2 million from 2021.

\$ million	Q4 2022	Q4 2021	2022	2021
Operating revenues	218.5	210.7	823.3	813.1
Reimbursable revenue	45.8	41.2	146.9	123.0
Total Revenues	264.3	251.9	970.2	936.1
EBITDA before exceptional items	29.2	25.8	95.0	93.0
<i>EBITDA margin before exceptional items</i>	<i>11.0%</i>	<i>10.2%</i>	<i>9.8%</i>	<i>9.8%</i>
Exceptional items	(1.8)	(3.4)	(9.0)	(8.0)
EBITDA	27.4	22.4	86.0	85.0
<i>EBITDA margin</i>	<i>10.3%</i>	<i>8.9%</i>	<i>8.9%</i>	<i>9.1%</i>
Impairments	(2.3)	(13.5)	(7.3)	(16.4)
Depreciation, amortization, other	(12.1)	(14.4)	(49.5)	(53.2)
EBIT	13.0	(5.5)	29.2	15.4
Gain on bargain purchase	-	(0.8)	9.2	11.4
Result from associated entities	(0.1)	0.1	(0.6)	(0.5)
Net interest expense	(10.2)	(5.8)	(32.1)	(26.6)
Other financial ims	17.6	(0.0)	17.3	(6.8)
Net income before tax	20.2	(12.0)	23.1	(7.1)
Tax cost	(3.8)	(0.7)	(13.3)	(7.7)
Net income-/(loss)	16.4	(12.7)	9.8	(14.8)



Firm revenue backlog of \$2.3 billion and additional \$2.2 billion in options

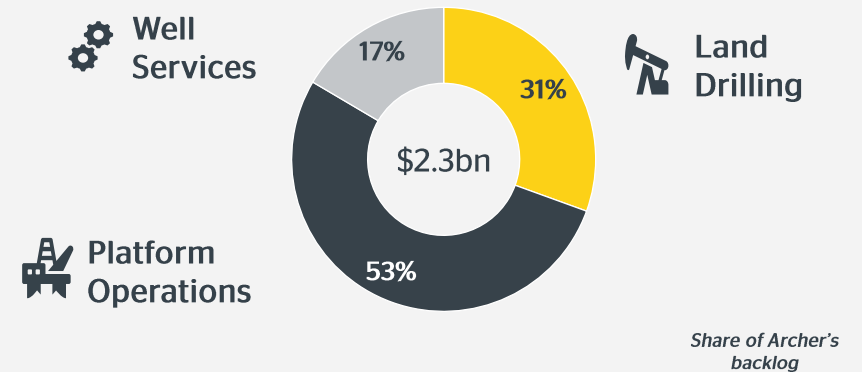
High revenue visibility evidenced by solid backlog coverage



Considerations

- As of Q4 '22, the company has a total estimated backlog of \$2.3bn, with an estimated \$230m of EBITDA
- \$2.2bn additional backlog in options
- '23 activity level of at least 98% of '22 revenue secured through firm backlog, while the backlog for '24 amounts to nearly 80% of '22 revenue

Well diversified backlog across segments





Financial outlook for 2023 revenue development and distribution

Forecast item	2023e	Comments	EBITDA estimates ¹
Revenue	10 - 20% Revenue growth from 2022	<ul style="list-style-type: none"> Constructive increase in global E&P activity driving demand for Archer’s services 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 Payable taxes in 2023 between 0.5% and 1.0% of revenue 	

1) All guidance numbers estimates assumes USD/NOK 10 and GBP/USD 1.2
 2) 2023 Guidance assumes CMA Approves Baker Hughes CT acquisition



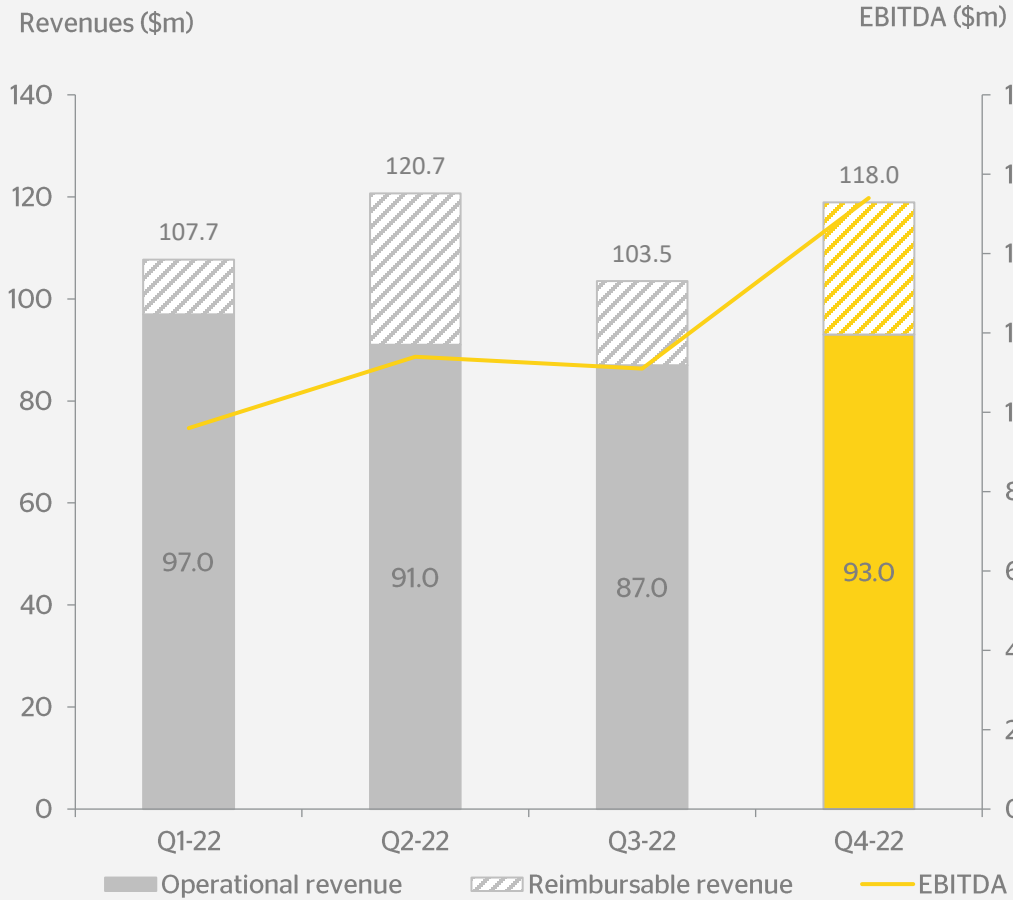
Appendix



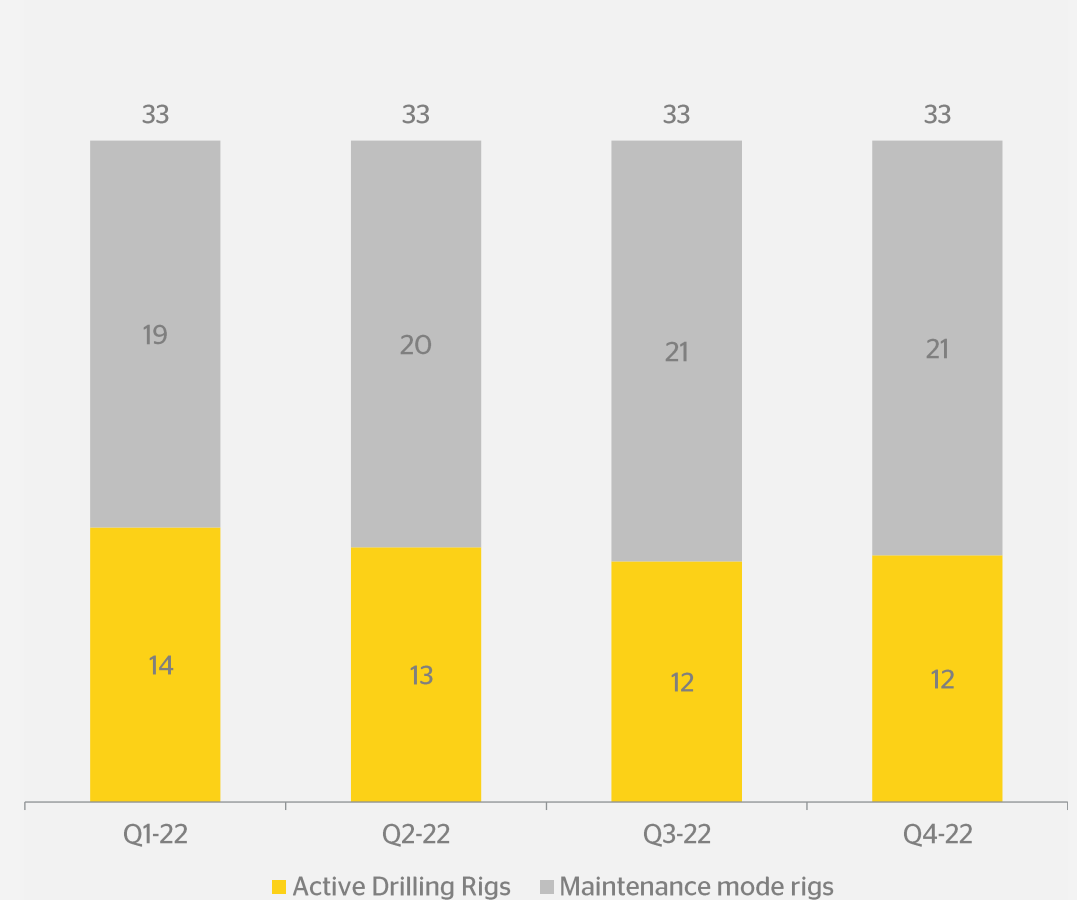


Platform Drilling, Modular Rigs & Engineering

Financials



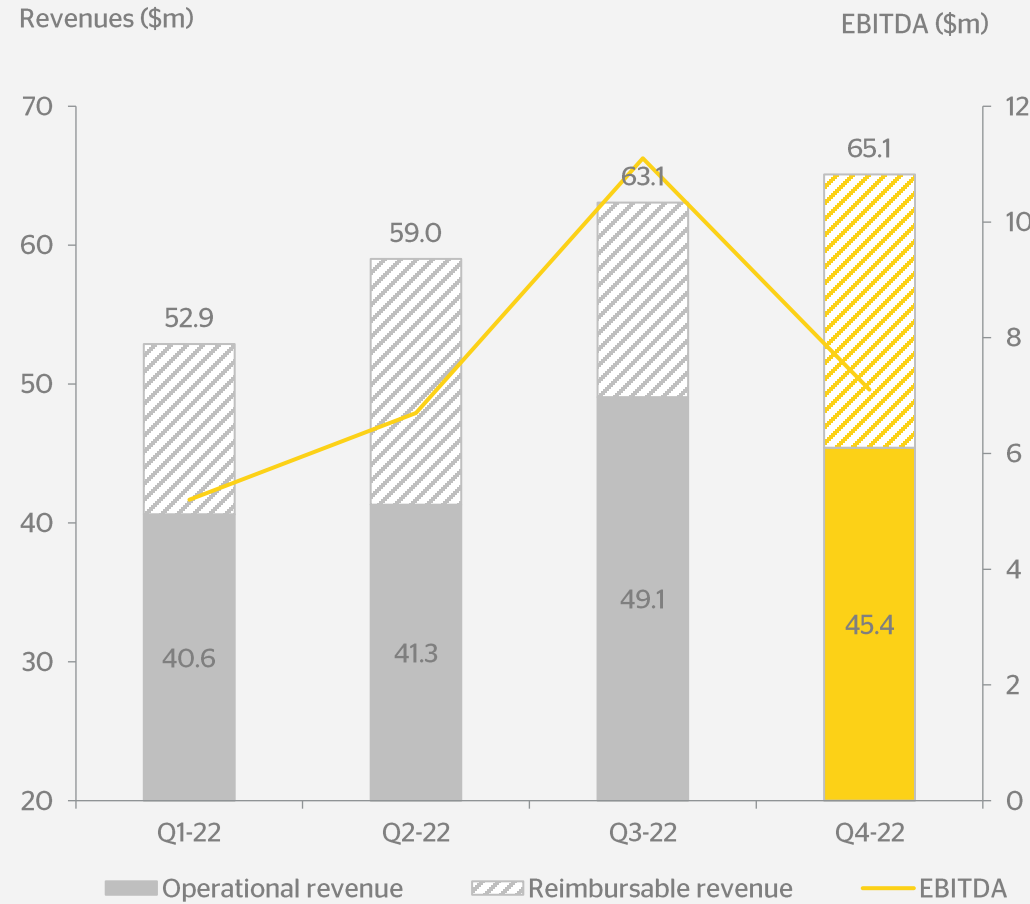
Platform Drilling contracted rigs [# of rigs]



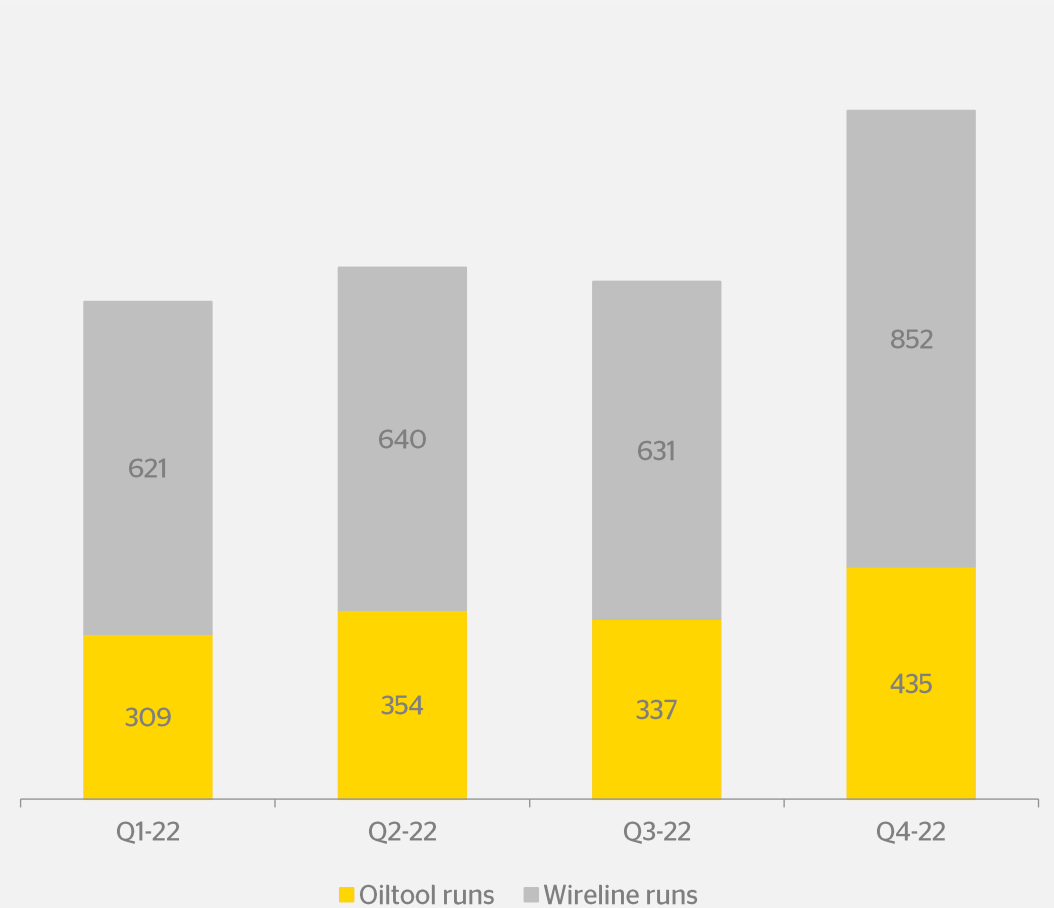


Well Services

Financials



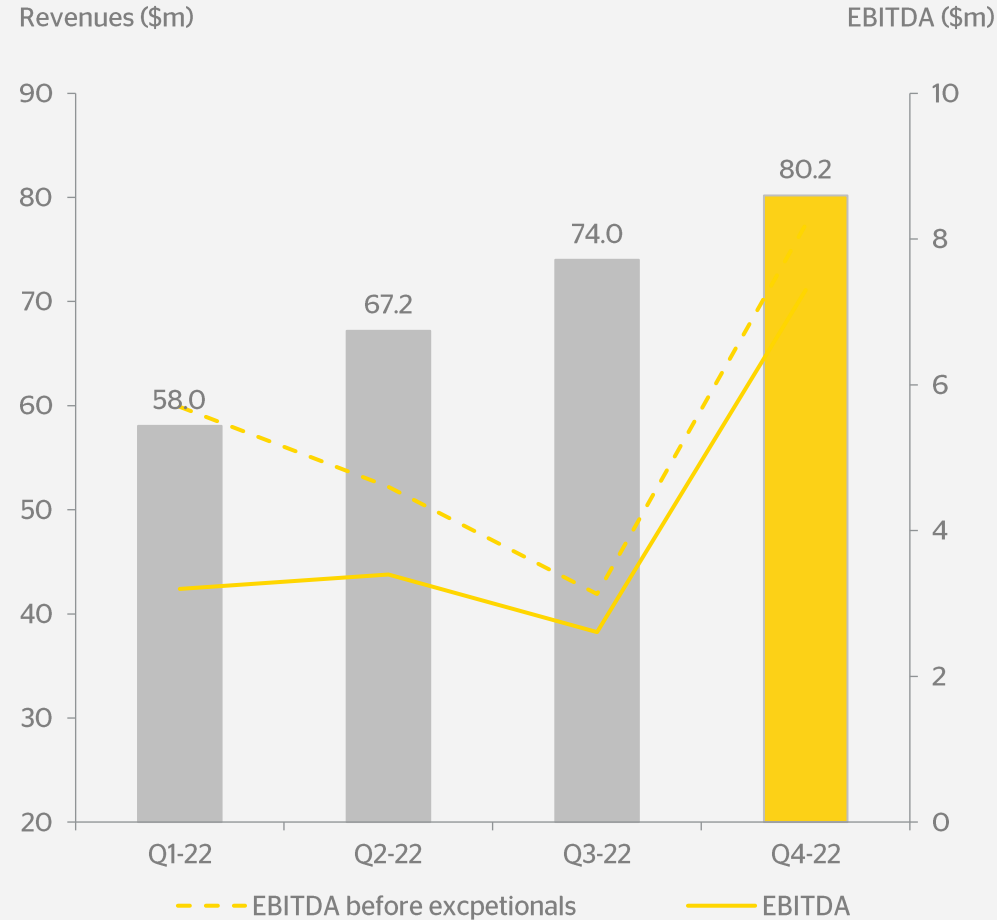
of runs



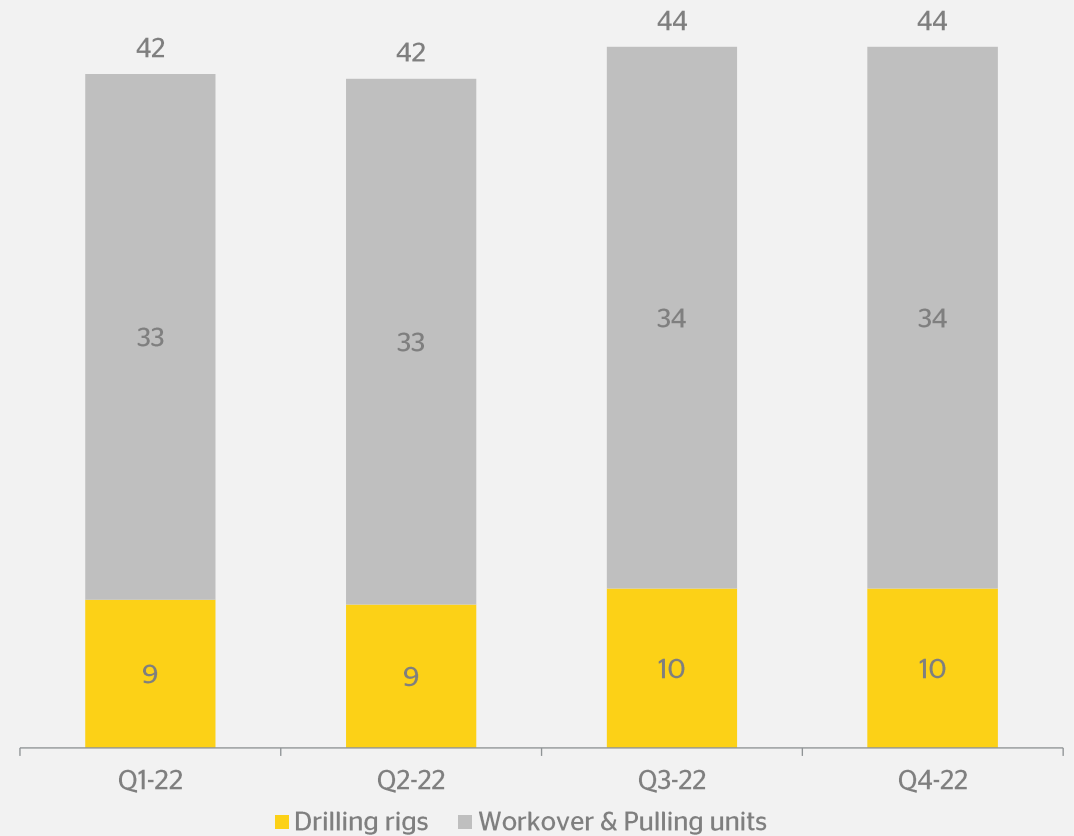


Land drilling

Financials



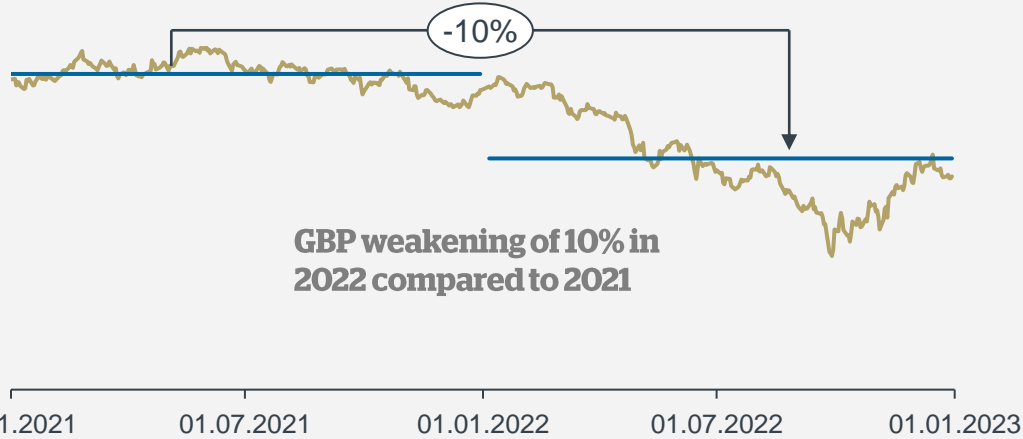
Number of active Archer rigs



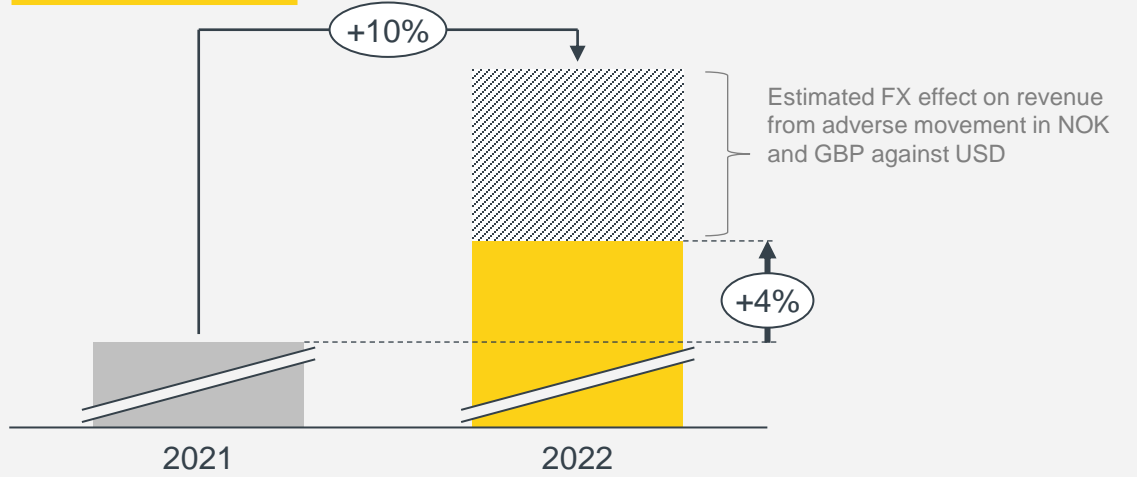


2022 revenue grew by 10% and adjusted EBITDA by 8% adjusted for unfavorable FX movement

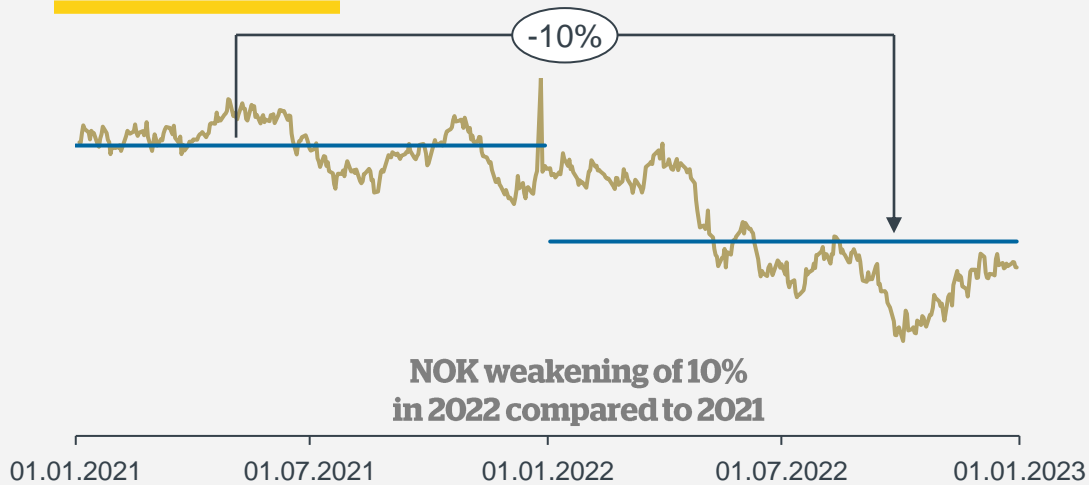
GBPUSD FX rate



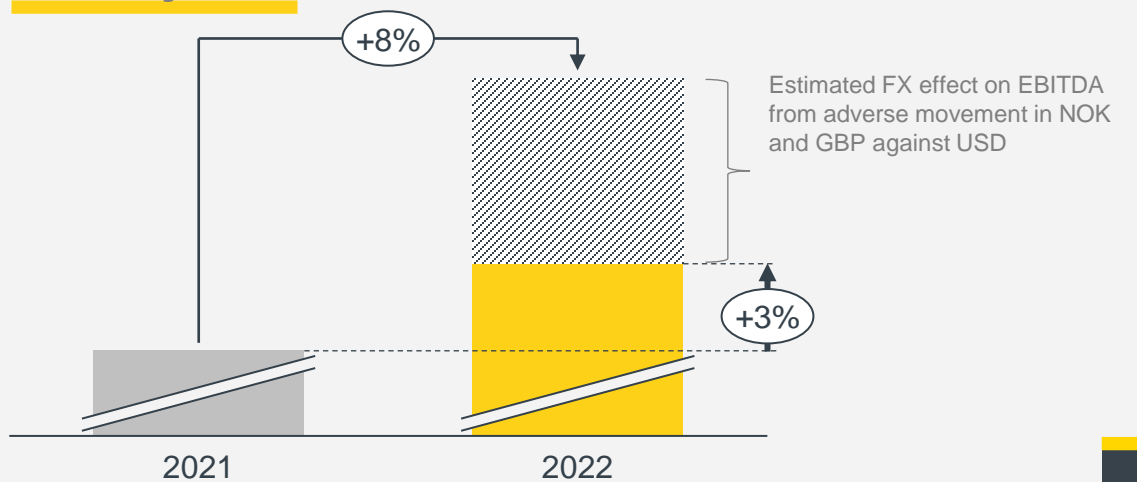
USD revenue



NOKUSD FX rate



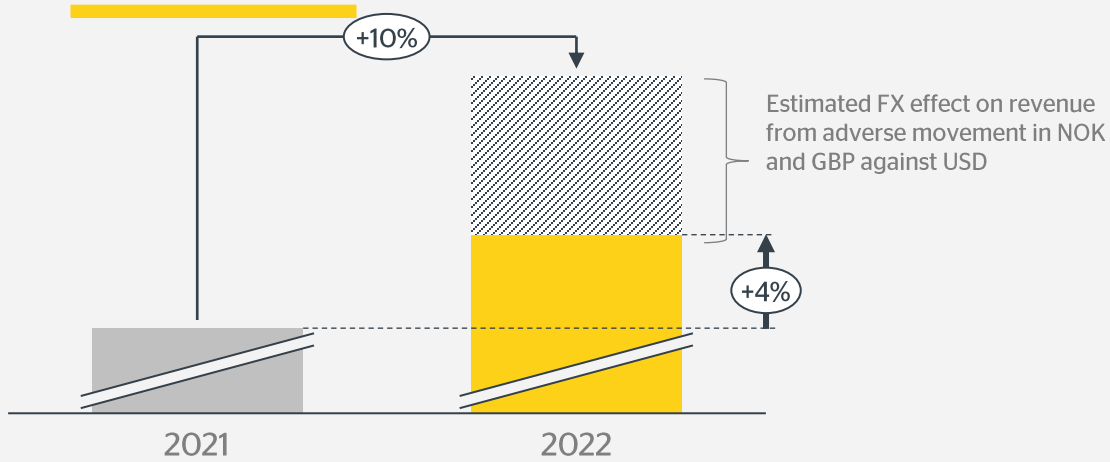
USD adjusted EBITDA



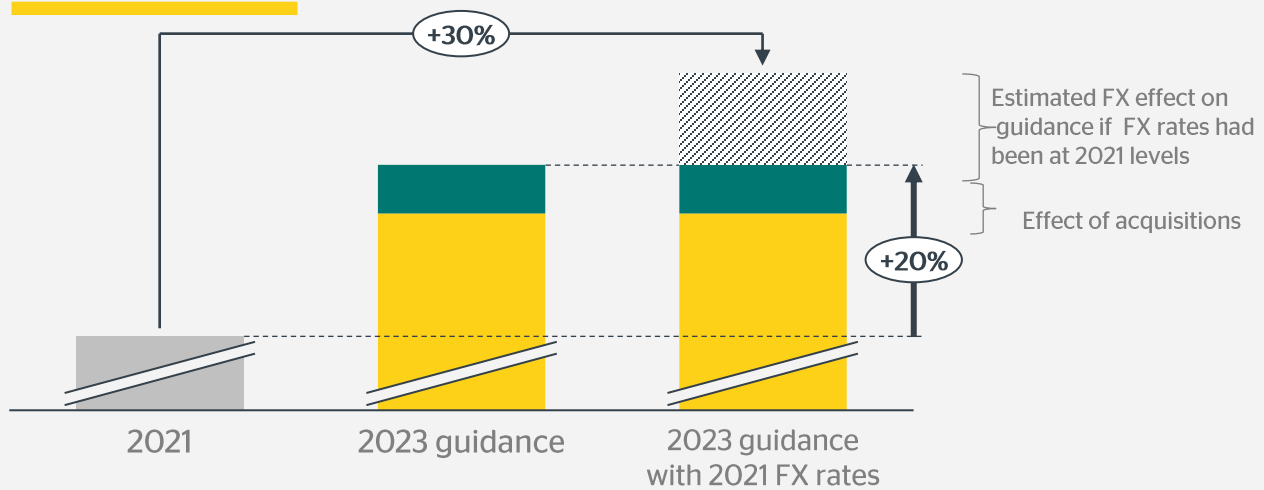


Strong underlying growth muted by weakening NOK and GBP impacting USD reported numbers

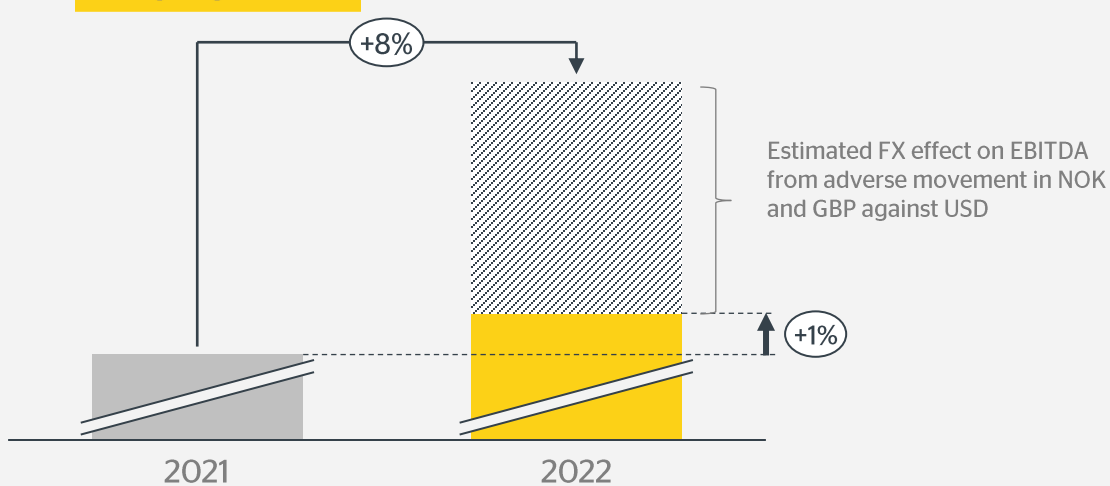
2022 revenue grew by 10% adjusted for unfavorable FX movement (using avg. 2021 rates)



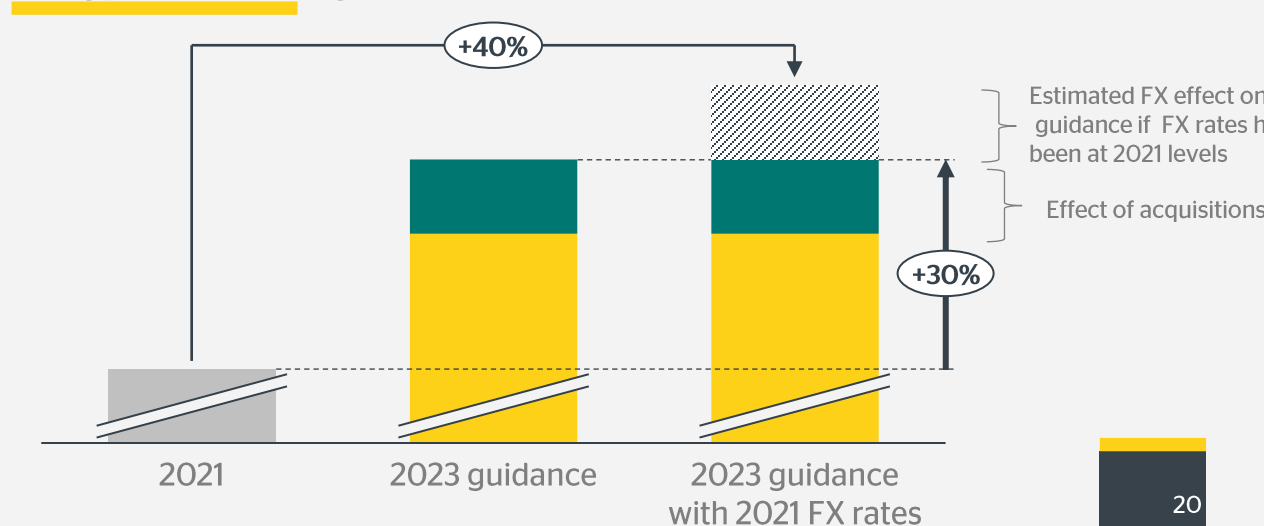
2023 revenue mid point projection would have been 10% higher using pre-war exchange rates (2021 rates)



2022 EBITDA grew by 8% adjusted for unfavorable FX movement (using avg. 2021 rates)



2023 EBITDA mid point projection would have been 10% higher using pre-war exchange rates (2021 rates)





Condensed profit and loss statement (unaudited)

(Figures in \$ million)	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
Operating revenues	210.7	195.8	199.2	209.8	218.5
Reimbursable revenue	41.2	23.3	47.4	30.4	45.8
Total Revenues	251.9	219.1	246.6	240.2	264.3
EBITDA before exceptional items	25.8	21.1	20.9	23.7	29.2
Severance payments	(2.5)	(0.9)	(0.9)	(0.5)	(0.8)
Other	(0.9)	(4.0)	(0.5)	(0.3)	(1.0)
Total Exceptional items*	(3.4)	(4.9)	(1.4)	(0.9)	(1.8)
EBITDA	22.4	16.2	19.5	22.8	27.4
Depreciation, amortization, impairments, other	(27.9)	(18.2)	(11.9)	(12.3)	(14.4)
EBIT	(5.5)	(2.0)	7.7	10.6	13.0
Gain from bargain purchase	(0.8)	9.2	-	-	-
Result from associated entities	0.1	(0.3)	(0.1)	(0.1)	(0.1)
Net interest expense	(5.8)	(7.2)	(7.8)	(6.8)	(10.2)
Other financial items	(0.0)	17.6	(17.6)	(0.3)	17.6
Net financial items	(5.7)	10.1	(25.5)	(7.2)	7.2
Net result before tax	(12.0)	17.3	(17.8)	3.4	20.2
Tax benefit / (expense)	(0.7)	(3.3)	(1.7)	(4.4)	(3.8)
Net income/(loss)	(12.7)	13.9	(19.5)	(1.1)	16.4

*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>	31.12.2021	31.03.2022	30.06.2022	30.09.2022	31.12.2022
Cash, cash equivalents & restricted cash	65.5	104.3	99.1	108.7	93.0
Accounts receivables	125.6	124.7	135.0	121.3	152.6
Inventories	52.1	52.7	52.9	51.0	55.2
Other current assets	30.7	34.9	36.3	39.5	39.0
Investments and loans in associates	6.3	8.0	6.8	10.1	27.8
Property, plant and equipment, net	343.6	331.7	314.9	303.0	310.7
Right of use assets	26.7	24.7	24.7	32.4	26.4
Goodwill	167.5	170.4	149.4	138.3	149.4
Other non-current assets	32.6	51.6	36.9	41.9	52.2
Total assets	850.7	903.0	855.9	846.1	906.2
Current portion of interest-bearing debt	25.3	23.0	22.9	567.9	562.9
Accounts payable	43.5	36.1	48.4	48.2	47.2
Lease liability current	5.2	4.7	4.7	5.7	5.6
Other current liabilities	140.2	134.4	121.4	122.5	162.3
Long-term interest-bearing debt	509.5	564.9	555.7	5.9	8.7
Subordinated related party loan	15.9	15.9	15.9	15.9	15.9
Deferred taxes	1.0	0.7	0.6	0.4	0.4
Lease liability	21.5	20.0	20.0	26.7	20.8
Other noncurrent liabilities	0.0	0.0	0.0	0.0	0.8
Shareholder's equity	88.5	103.3	66.3	52.9	81.5
Total liabilities and shareholders' equity	850.7	903.0	855.9	846.1	906.2



Condensed cash flow statement – last 5 quarters (unaudited)

<i>(Figures in \$ million)</i>	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
Operating activities	40.0	(8.7)	16.8	24.7	8.7
Investing activities	(14.3)	(7.8)	(4.8)	(4.3)	(26.7)
Financing activities	6.1	52.9	(8.2)	(4.4)	(3.2)
FX effect	0.0	2.4	(8.9)	(6.4)	5.4
Total*	31.8	38.9	(5.1)	9.6	(15.8)

*Includes net movements in restricted cash.