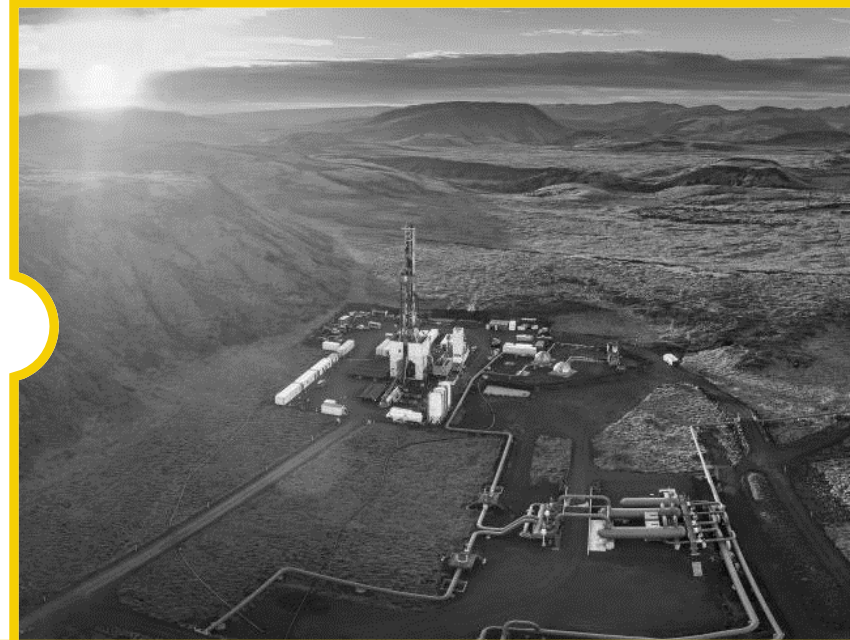


# Archer

The Well Company



Q4 2023 trading update and 2024 outlook

26.01.2024



## At a glance

# Archer

The Well Company



**\$1,169m**  
2023 revenue



**\$117m**  
2023 EBITDA  
reported



**\$1.7bn**  
Contract backlog



**50 years**  
Operational experience



**40**  
Locations globally



**4,800+**  
Global personnel



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



**Dag Skindlo**  
Chief Executive Officer



**Espen Joranger**  
Chief Financial Officer



## 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.



# Strong quarter, significant growth and deleverage set to continue

## Strong Q4 and full year 2023

Full year EBITDA:  
**\$117 million (+36% Y/Y)**

Q4 Adjusted EBITDA:  
**\$33 million (+14% Y/Y)**

## Improved leverage ratio

Leverage ratio 2023 year-end:  
**2.9x**

## Positive outlook for 2024

EBITDA growth:  
**15-20%**

Leverage ratio:  
**Down to 2.4-2.7x**

*Adjusted EBITDA: EBITDA before exceptional items*

*Leverage ratio: Reported net interest-bearing debt / Adjusted EBITDA*



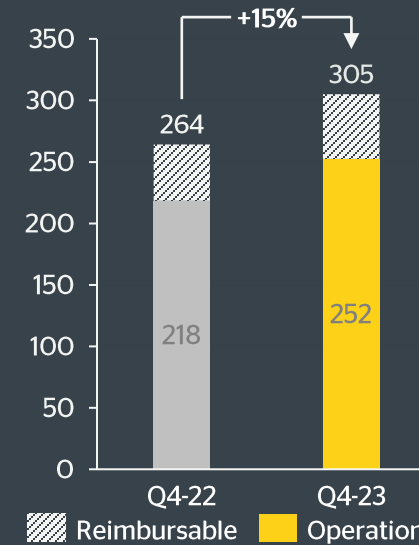
# Continued strong financial performance in Q4

- ✓ Revenue of \$305 million; up 15% YOY
- ✓ Adjusted EBITDA of \$33.4 million; up 14% YOY
- ✓ EBITDA of \$30.9 million, or 10.1% of revenue
- ✓ EBIT-margin of 5.5%, totaling \$16.9 million
- ✓ EBITDA-growth of 10% in average each quarter since Q1 2022

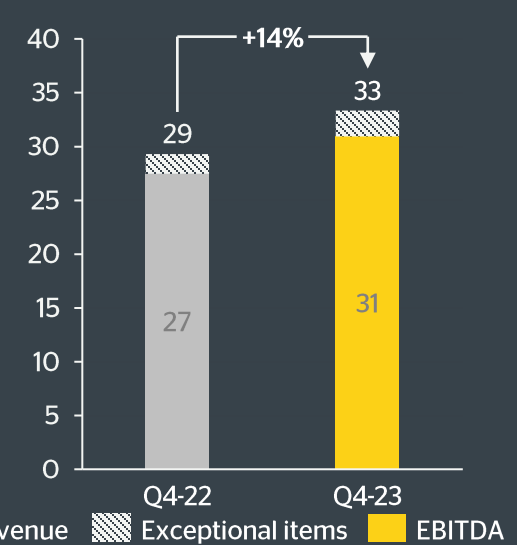
## Subsequent event

- ✓ Award of \$125 million contracts in Argentina

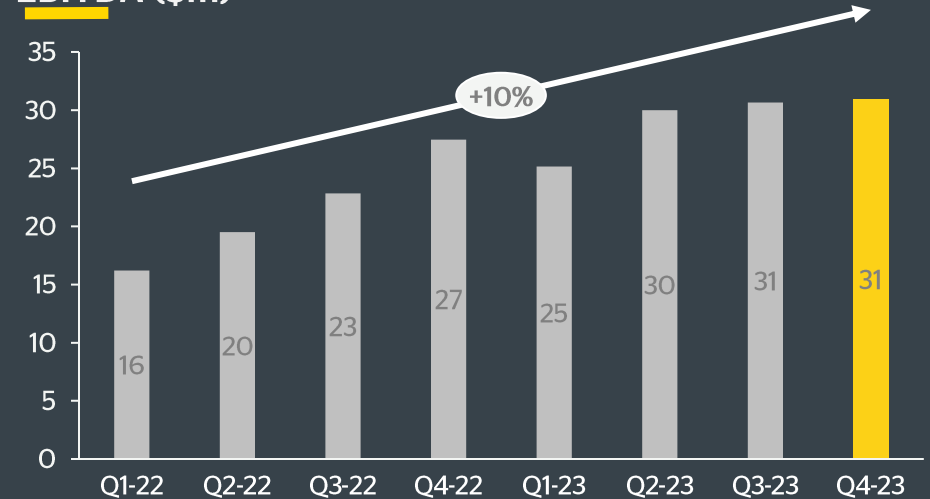
### Revenue (\$m)



### Adjusted EBITDA (\$m)



### EBITDA (\$m)



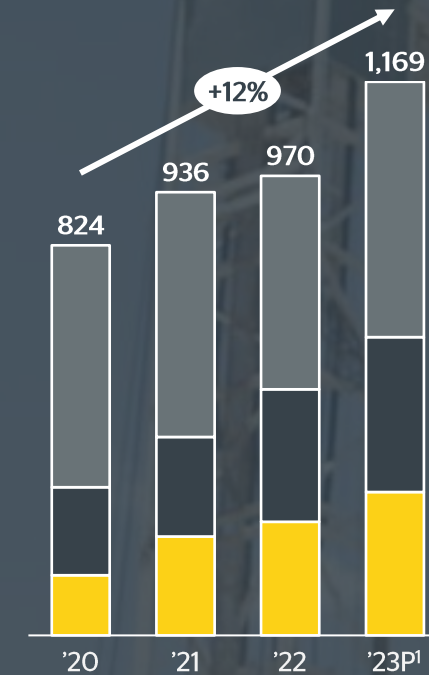


## 2023 Summary

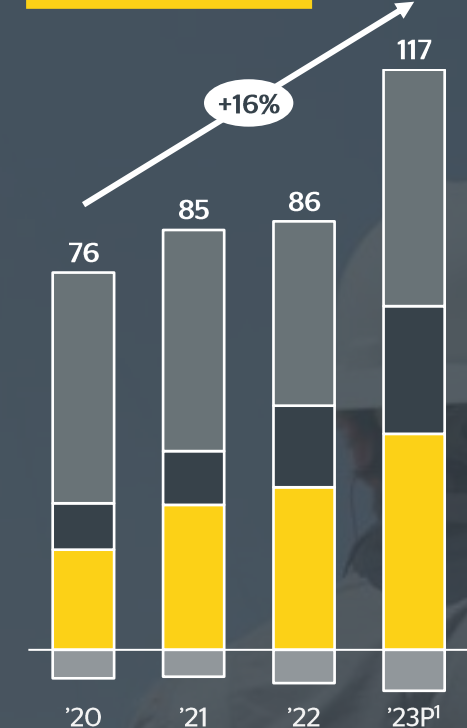
# Archer grew EBITDA by 36% in 2023 and delevered to 2.9

- ✓ Revenue of \$1,169 million; up 20% YOY
- ✓ EBITDA of \$116.8 million; up 36% YOY
- ✓ EBIT of \$64.7 million; up 121% YOY
- ✓ Exceeded upper range of our financial guidance for 2023
- ✓ Refinanced and leverage at 2.9 at year-end
- ✓ Expanded P&A portfolio by acquiring Romar Abrado
- ✓ Strengthened UK offering by acquiring Coiled Tubing business
- ✓ Strong HSE performance and zero HIPO incidents in 2023

### Revenue (\$m)

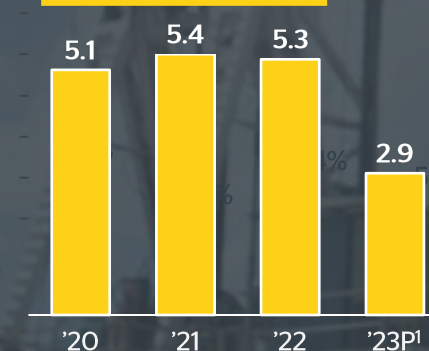


### EBITDA (\$m)



Platform Operations
  Land Drilling
  Well Services

### Deleveraging



### Cash contribution



Reported NIBD/adj. EBITDA

EBITDA - CAPEX

1) Preliminary unaudited 2023 figures



## Delivered ahead of our 2023 promises

1

Revenues grew 20% in 2023 compared to 2022  
(Guided 10-20% growth)



2

EBITDA for 2023 ended 36% higher than 2022  
(Guided 25-35% growth)



3

Capex 4.4% of revenue  
(Guided 3-4% of revenue)



4

Positive free cash flow



5

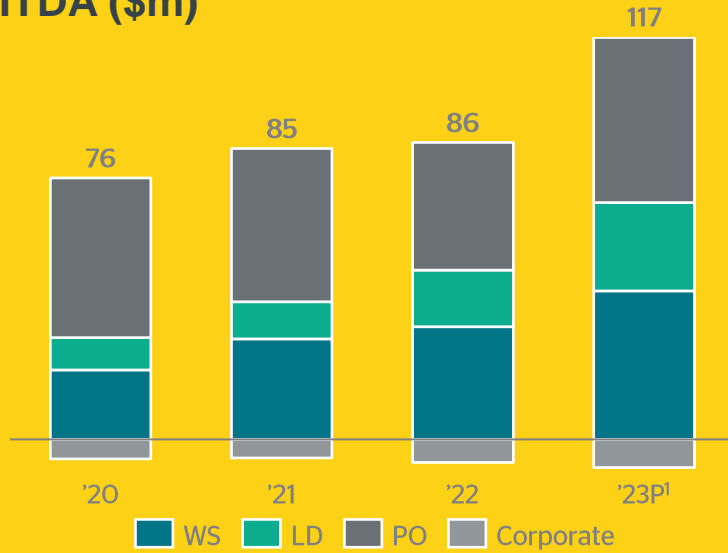
Continued reduction in NIBD



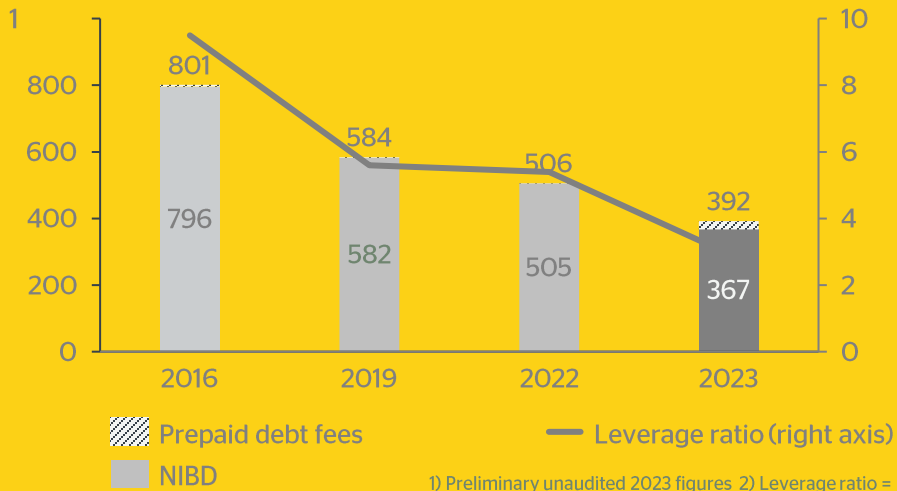
# Archer



## EBITDA (\$m)



## NIBD (\$m) and leverage ratio<sup>2</sup>



1) Preliminary unaudited 2023 figures 2) Leverage ratio = NIBD as reported/LTM adjusted EBITDA

## Deleverage through growth, equity issuance and positive cashflow

- Steadily declining net interest-bearing debt and net leverage
- Consistently decreasing net interest-bearing debt over time - down from \$796 million in 2016
- Available liquidity of \$77 million
- Debt maturities in Q2 2027
- Average cash interest around SOFR + 4.4% (Cost including PIK around SOFR + 6.9%)
- Archer has high degree of flexibility and can elect to settle interest under the bond by issuing additional bonds
- Continue disciplined capex management and strong cost control in positive market
- Historical capex levels have been modest compared to industry standard







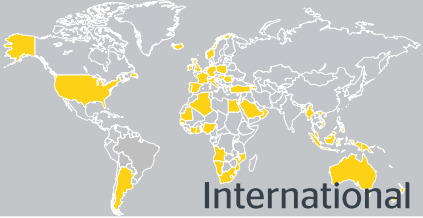







# Market outlook and 2024 guidance

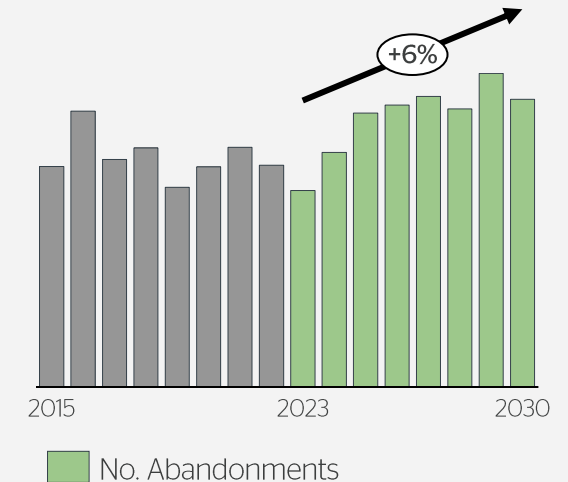
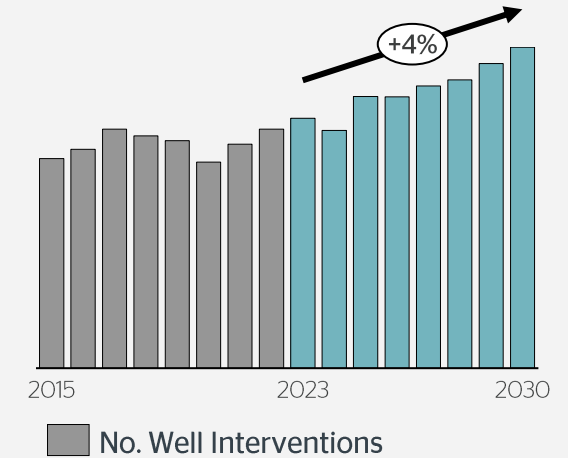


# Market outlook

Well-positioned in segments with attractive long-term outlook

Business Area	Archer sentiment <sup>1</sup>	Outlook
 <p>UK</p>		<p>Strong growth as we expand service offering and growing P&amp;A market</p> <ul style="list-style-type: none"> <li>• Production focused with intervention and workover services</li> <li>• Integrated P&amp;A projects</li> </ul>
 <p>International</p>		<p>Market for Archer’s core services continue to grow</p> <ul style="list-style-type: none"> <li>• Significantly growth opportunity as Archer have moderate international well services presence today</li> <li>• P&amp;A market set to double next 10 years regardless of oil-price</li> </ul>
 <p>Norway</p>		<p>Stable activity and growth for Archer services</p> <ul style="list-style-type: none"> <li>• Production focused with intervention and workover services</li> <li>• Continue to expand service offering and value for clients</li> </ul>
 <p>Argentina</p>		<p>Increased activity on new transport infrastructure and demand</p> <ul style="list-style-type: none"> <li>• Drilling services activity to follow increased capacity for transport</li> <li>• Workover services to maintain production in existing wells</li> </ul>

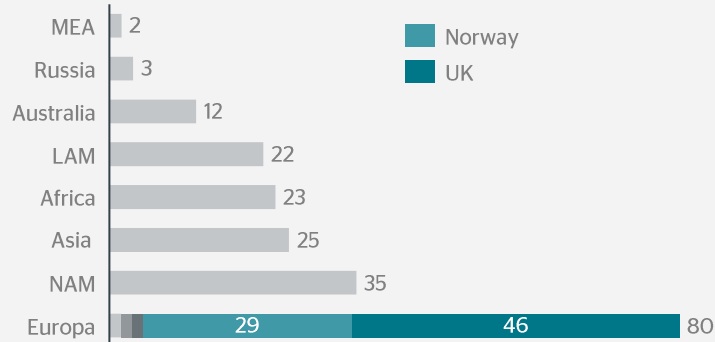
1) Medium-term growth outlook



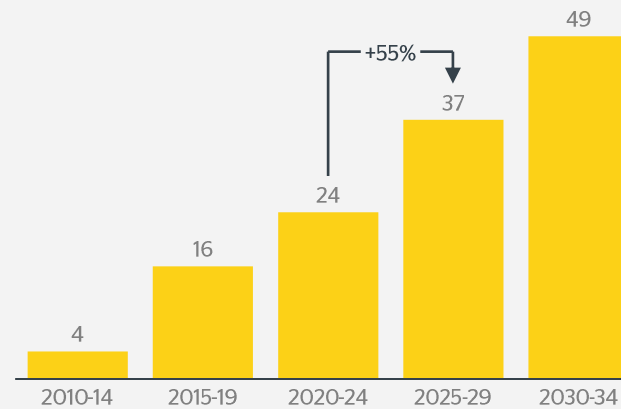


# Positive market fundamentals for Archer’s P&A service offerings for decades

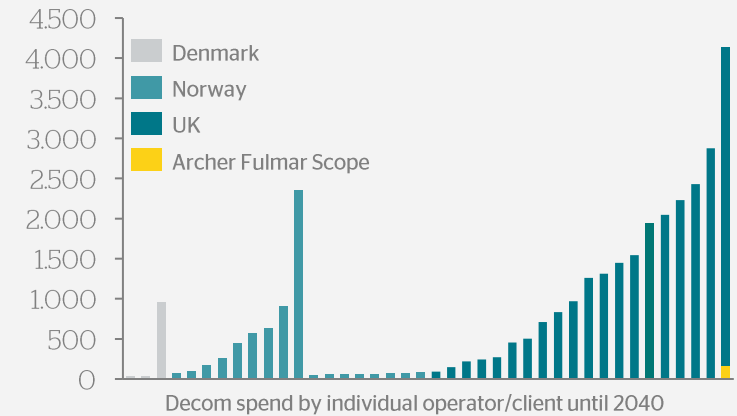
### Total offshore decom. spend exceeding \$200B



### Global offshore decom. set to double



### \$32B in North Sea offshore decom before 2040



## Offshore decom. is a substantial market

- Archer uniquely positioned with a combination of drilling and a broad well services offering for production and decommissioning of wells
- Approximately 40% of global activity related to cleaning up the North Sea basin (\$80B)
- Approximately 50% of offshore decom spend is well P&A

## Offshore decom. is growing substantially

- Global offshore decom market to increase more than 50% from 2020-2024 to 2025-2029 and double the next decade
- Substantial P&A market for the next 30 years

## UK the largest market before 2040

- Globally, the six largest IOCs have between \$12 and \$22 billion each in decom liabilities
- More than 10 clients in the North Sea with decom liabilities above \$1 billion
- Archer with main focus on UK, Brazil and Norway for large integrated contracts

*“Archer has the broadest and most advanced P&A service offering in the industry”*



## Key highlight Fulmar project

Total scope of permanent plug and abandonment (P&A) for the Fulmar field :

- Drilling-services using our modular P&A rig
- Full well services offering including wireline, Coil Tubing, and down hole tools



Contract value \$165 million



4-5 years contract



32 wells to be P&A



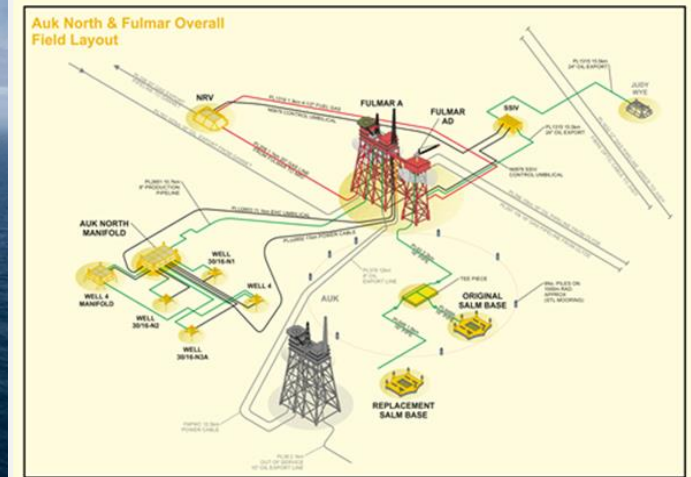
Key collaboration with partners

## Integrated P&A project with modular rig

# Archer



claxton

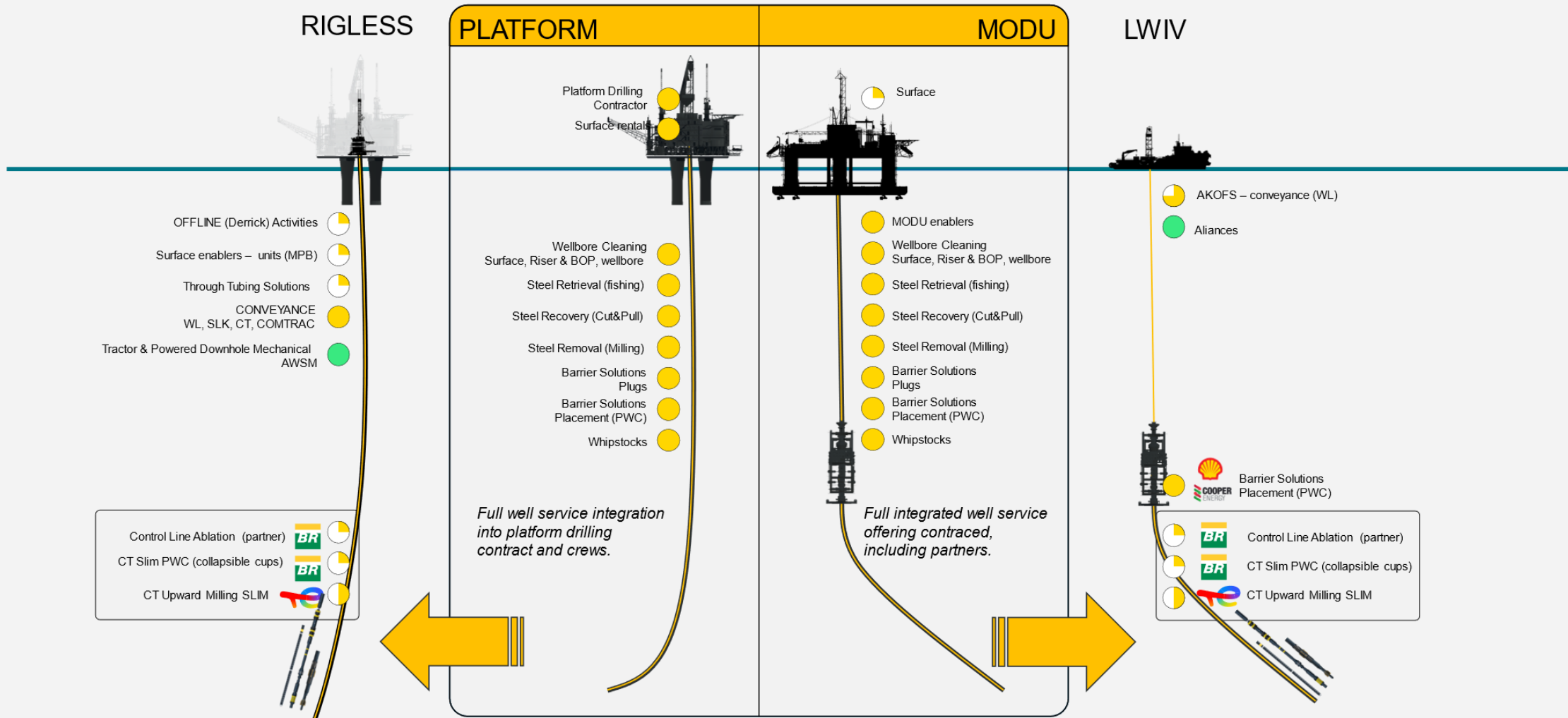


Archer will deliver integrated P&A projects with partners



# The broadest full scope P&A offering in the industry today

## Innovating for the future





# Platform Operations: ~50% market share on platforms in the North Sea

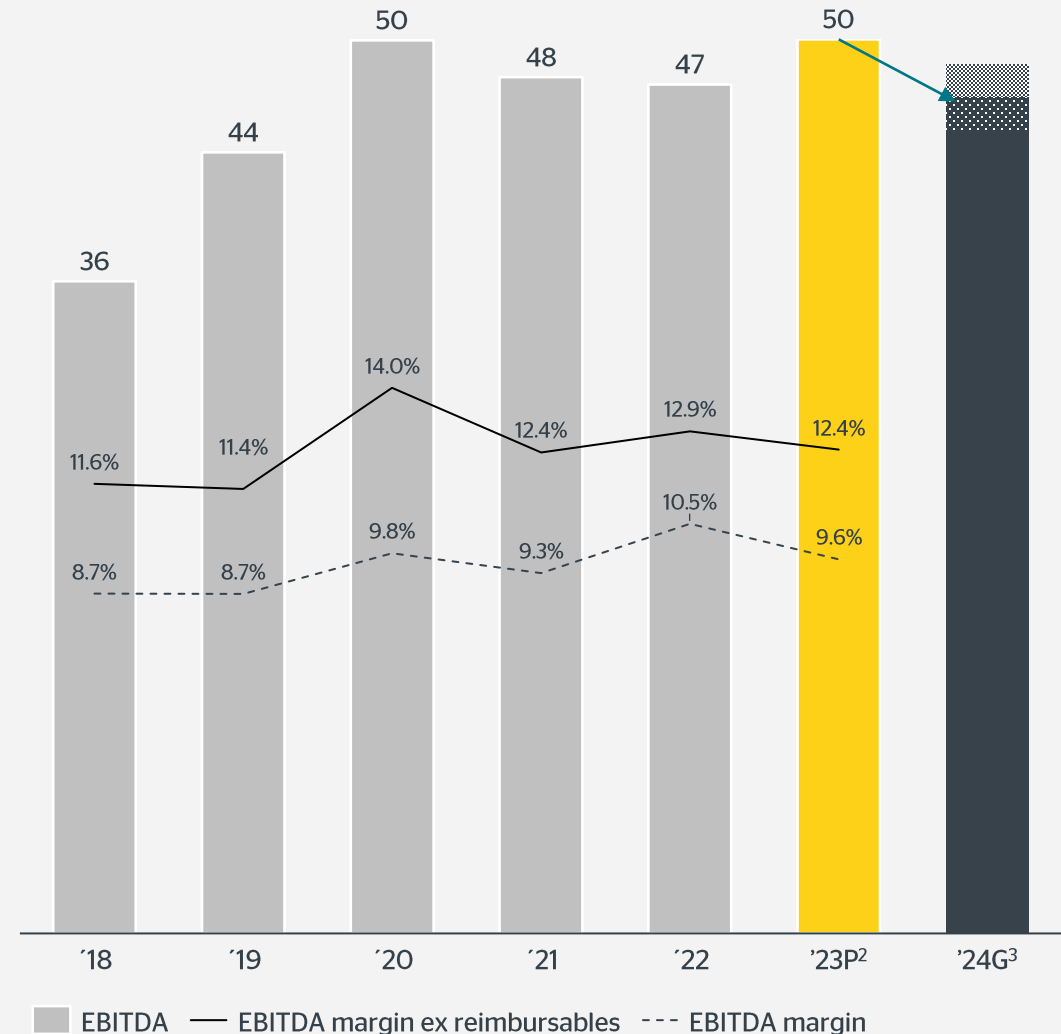
## Platform Operations is production and late life operation

- North Sea focused operation based on long-term contracts with operators
- Stable annual cash contribution<sup>1</sup> of about \$40m during the last four years
- Primarily exposed to production, late life and decommissioning
- Well positioned to capture increasing P&A activity and cross selling of well services
- Reduced MDR activity in 2024 before Emerald mobilize for Fulmar in 2025

### 2024 focus areas:

- Drilling efficiency to increase production, in a safe manner
- Grow P&A market share and enhance service offering
- Execute first phase of Fulmar-project

## Resilient EBITDA (\$m)



<sup>1</sup> Cash contribution defined as EBITDA - CAPEX <sup>2</sup> Preliminary unaudited 2023 figures <sup>3</sup> 2024 guidance including range



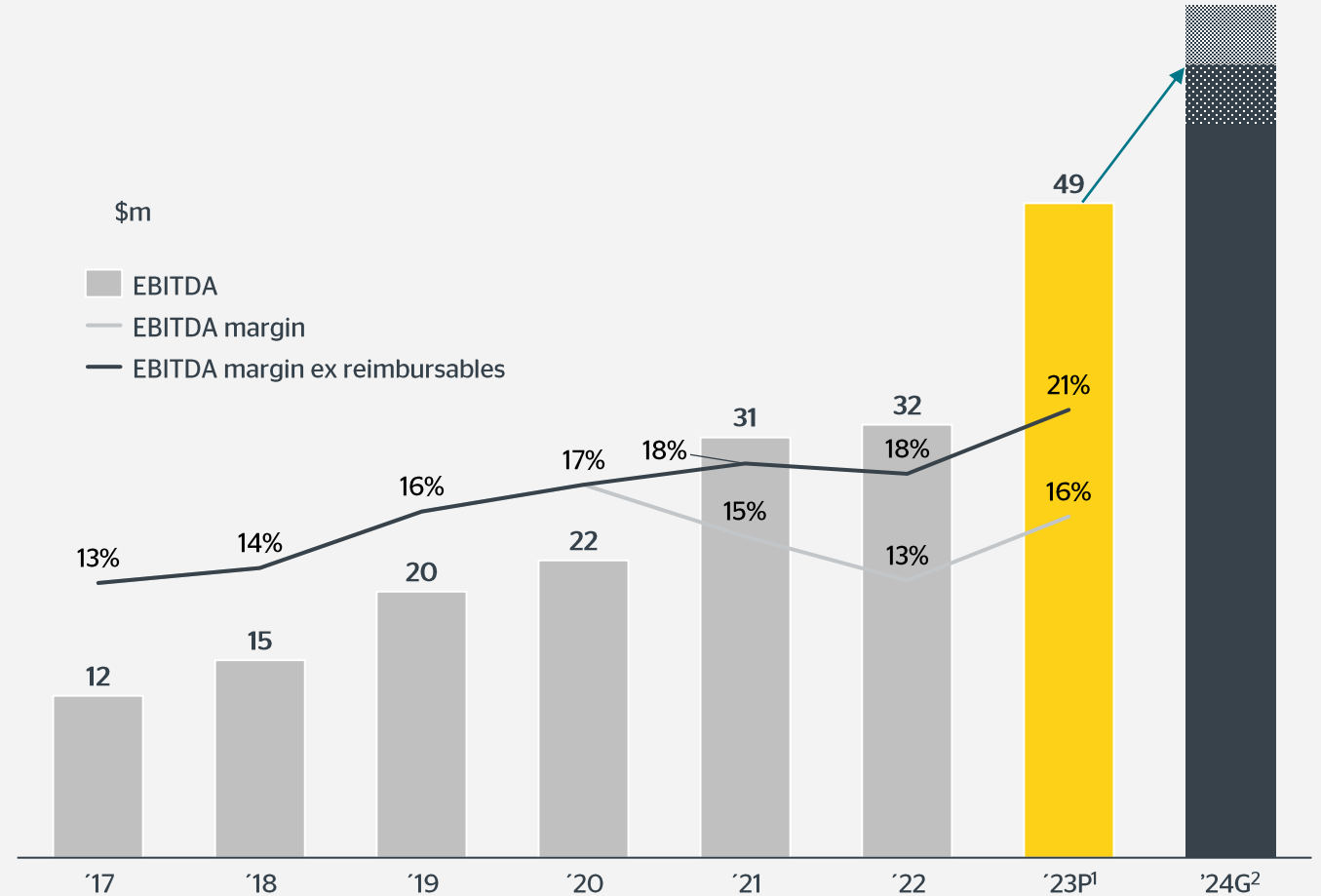
# Well services: Continued growth and margin expansion

## Intervention service and technology for well integrity and well performance

- Strong EBITDA growth 2017-2023 with CAGR of 29%, of which 26% is organic
- Consistent EBITDA margin expansion as we grow internationally and increase high end service offering
- Well services now the largest EBITDA contributor with 40-45% of total

### 2024 focus areas:

- Expand internationally and position the broader offering with major IOCs and NOCs
- 75% of the growth in 2024 is expected from international operations
- Develop and position as broadest provider of well services within well P&A, for both platforms and subsea



1) Preliminary unaudited 2023 figures 2) 2024 guidance including range



# Land Drilling: Robust growth in improving market

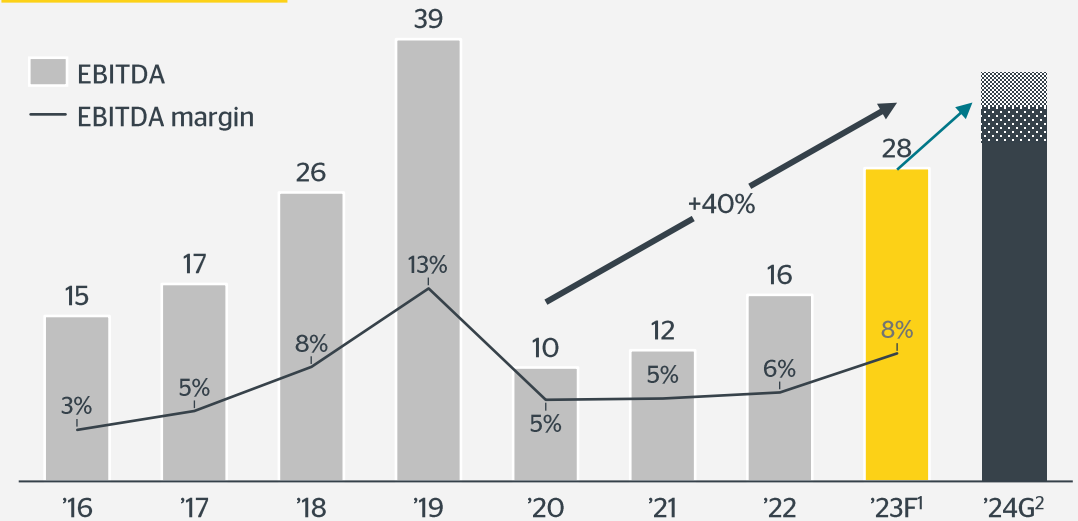
## Key highlights

- Leading position as the largest provider of land drilling and workover services in Argentina
- Attractive oil & gas resources in place in Vaca Muerta where Archer is well placed with high spec rigs. Market is expected to improve as new transportation infrastructure coming in place
- Strong operational and financial results in 2023
- 2024 EBITDA set to grow by 15-20% over 2023 on one additional active drilling rig and new contract
- Inflation and currency fluctuation largely neutral for Archer EBITDA over time
- Currently restriction on repatriation of USD out of Argentina. However, Archer has taken out net \$66m of cash since 2015 of which \$4m in 2023

## 2024 focus areas:

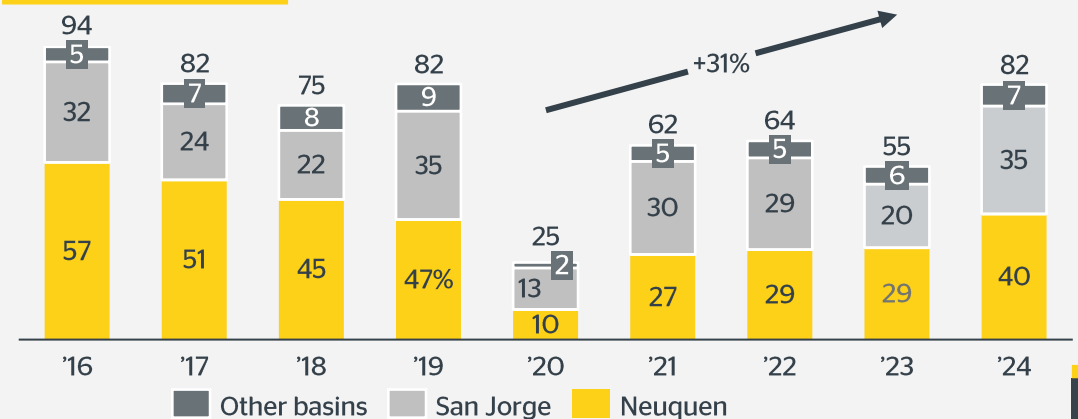
- Improve efficiency and operation of our fleet, following recent contract awards
- Protective measures against further devaluations and repatriate excess cash opportunistically

## EBITDA and EBITDA margin from Land Drilling operations (\$m)



1) Preliminary unaudited 2023 2) 2024 guidance including range

## Rig demand (rig-year) in Argentina



Source: Rystad





# \$125 million contract awards in Argentina

## Pan American Energy contract 1

- 3 rigs for Pan American Energy's Cerro Dragon Field
- 4-year contract award, adding 2.5-years to the current contract term
- Improved commercial terms
- Incremental scope \$100 million (from mid 2025 to end of 2027)

## Pan American Energy contract 2

- Deployment of an additional drilling rig in Vaca Muerta
- Two-year contract
- Additional scope \$25 million (incremental revenue in 2024 and 2025)
- Mobilization for this rig is set to the first quarter of 2024.

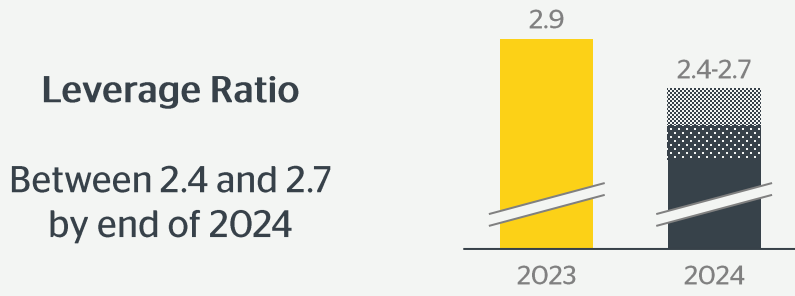
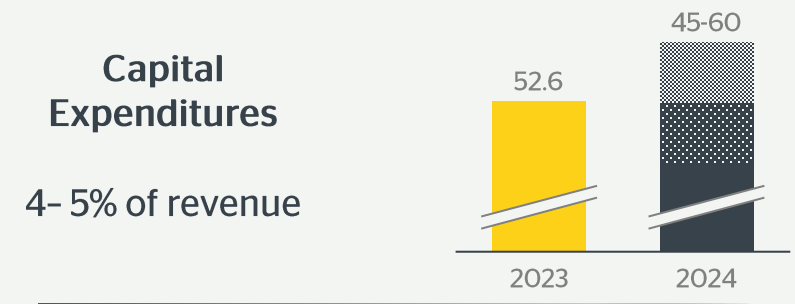
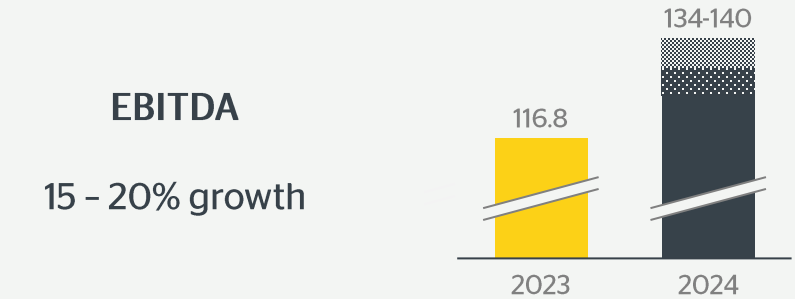




# Financial outlook for 2024 – continued growth and reduced leverage

## 2024 Guidance

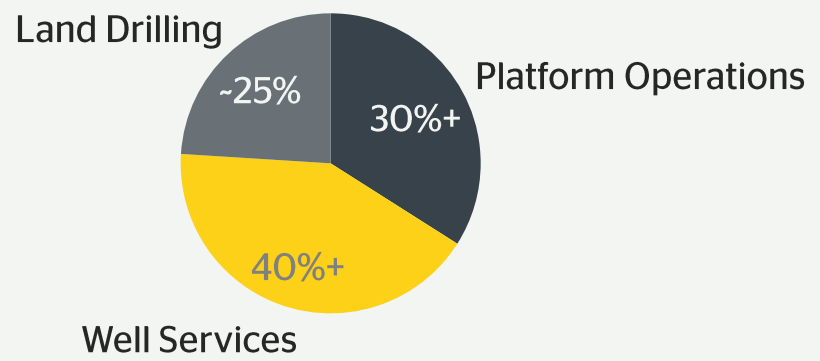
Figures in USD million



## Key financial takeaways

- Continued EBITDA growth of between 15% and 20% for Archer in 2024
- Well Services continue with organic EBITDA growth above 20%
- Platform Operations 2024 activity slightly down from as Emerald will undergo recertification and wait for offshore drilling to commence 2025
- Land Drilling with increased revenue and drilling activity of 10-20%
- Capex somewhat elevated above historic level to support growth and Emerald recertification and upgrade for Fulmar project
- We will not guide overall revenue for 2024 as we are unable to predict billing rate development with highly volatile devaluation and inflation in Argentina (but no/limited impact in USD reported EBITDA)

## EBITDA 2024 by division



All numbers estimates assumes stable USD/NOK and GBP/USD

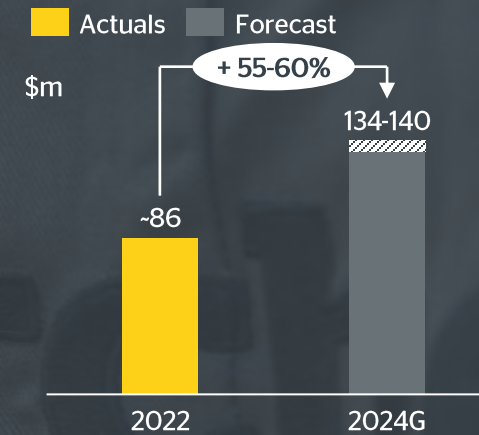


# The Archer investment opportunity

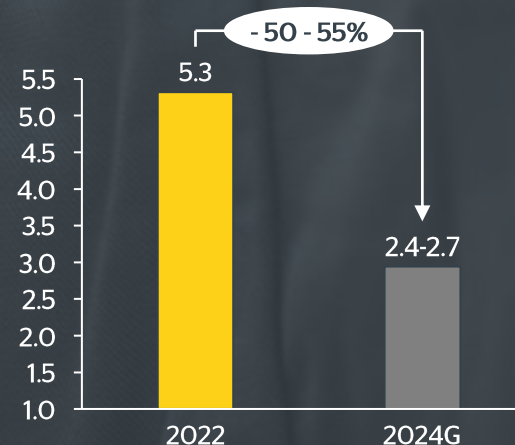
## Key takeaways

- Significant EBITDA growth as catalyst for value creation
- Leverage, expected to be halved by 2024 from 2022
- Limited market downside with brownfield and growing P&A long term exposure
- Current valuation-multiples well below historic averages for Archer and well below relevant peers

## Expected EBITDA growth of 55-60%



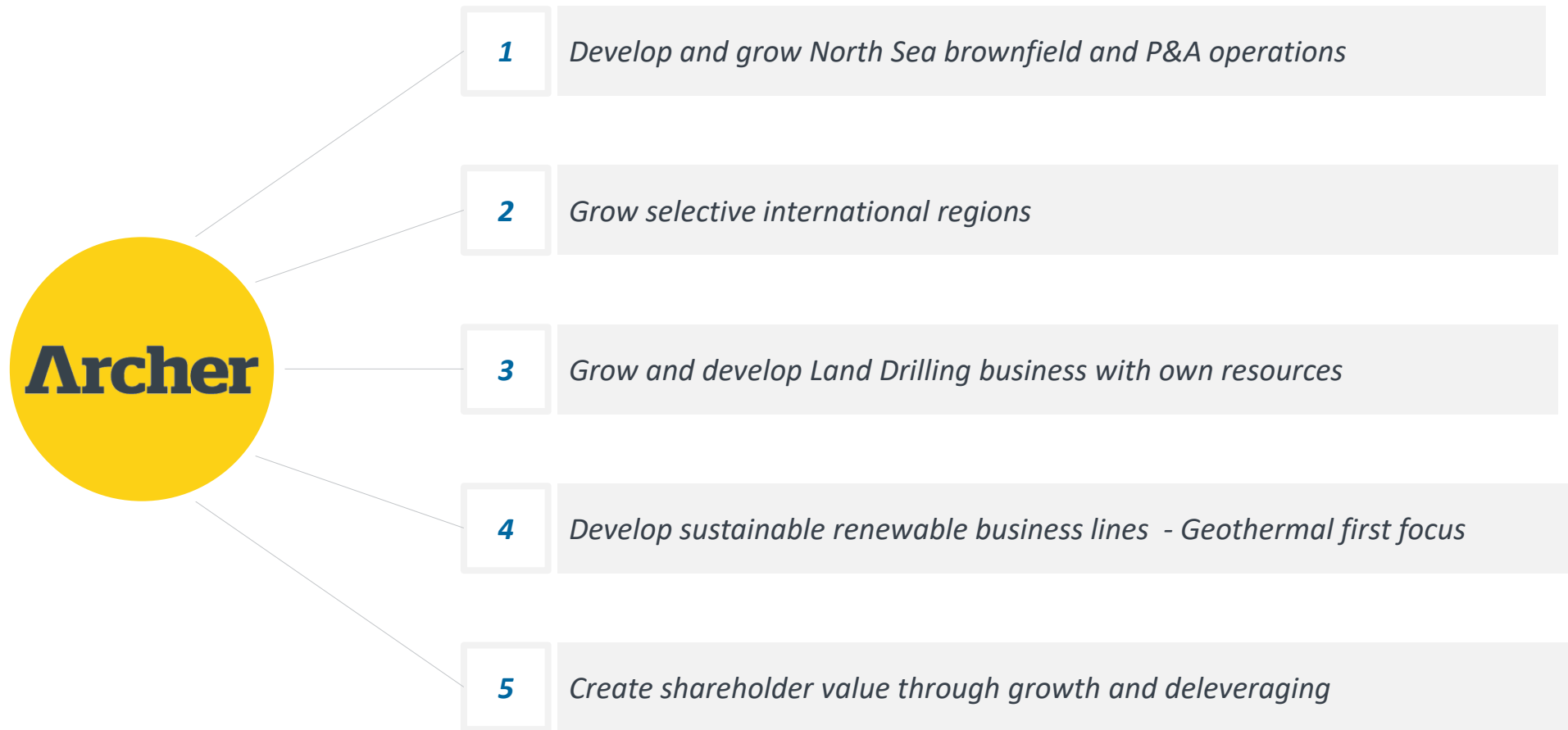
## Leverage ratio expected to be halved





# Appendix

# Archer strategy remains firm





## The Well Company Drilling and well services

Archer well positioned with a combination of drilling and a broad well services offering for production and decommissioning of wells

OneArcher operating model brings integrated service offerings across Archer product lines as well as external partnerships

Archer will work safe and proactive with our customers performance goal in mind

Archer has a commitment to the energy transition and to support our customers in the forthcoming decom projects

## Platform Operation

**Platform Drilling**  
operates and maintains clients fixed installations

**Engineering**  
delivers services to improve customers drilling facilities

**Modular P&A Rigs**  
are used on installations without own drilling facilities

**Rental**  
provides drill pipe and other standard equipment



## Well Services

Extensive well service offering for platform and MODU operations, particular for field in production and late phase, including P&A operations

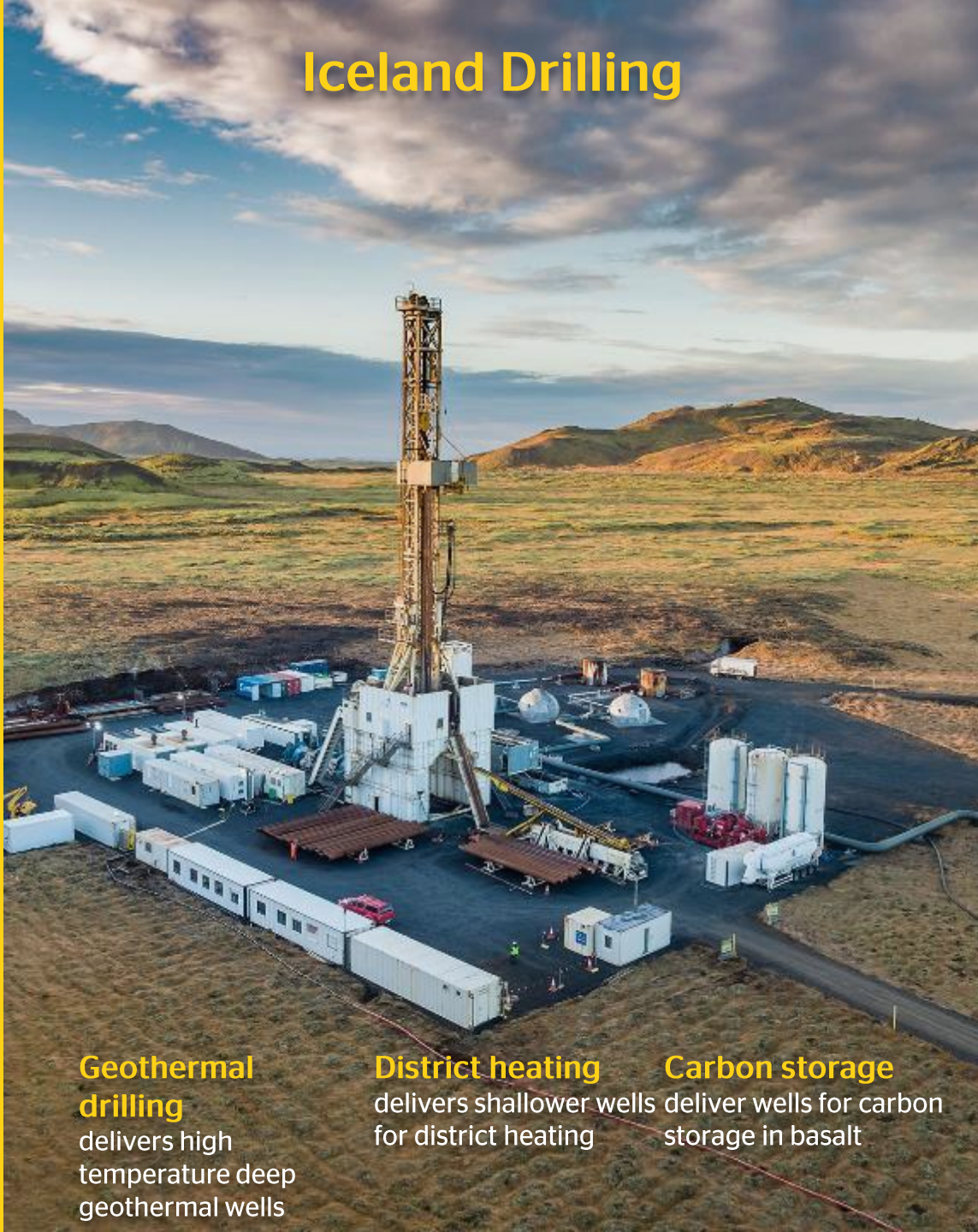
**Conveyance (Wireline and CT)**  
performs light well intervention with own and partner's proprietary tools to identify and remedy well issues

**Light and Heavy intervention**  
performs light and heavy well intervention using a large number of proprietary tools and services





## Iceland Drilling



### Geothermal drilling

delivers high temperature deep geothermal wells

### District heating

delivers shallower wells for district heating

### Carbon storage

deliver wells for carbon storage in basalt

## Land Drilling



### Drilling rigs

conventional and unconventional drilling in Argentina and Bolivia

### Pulling units

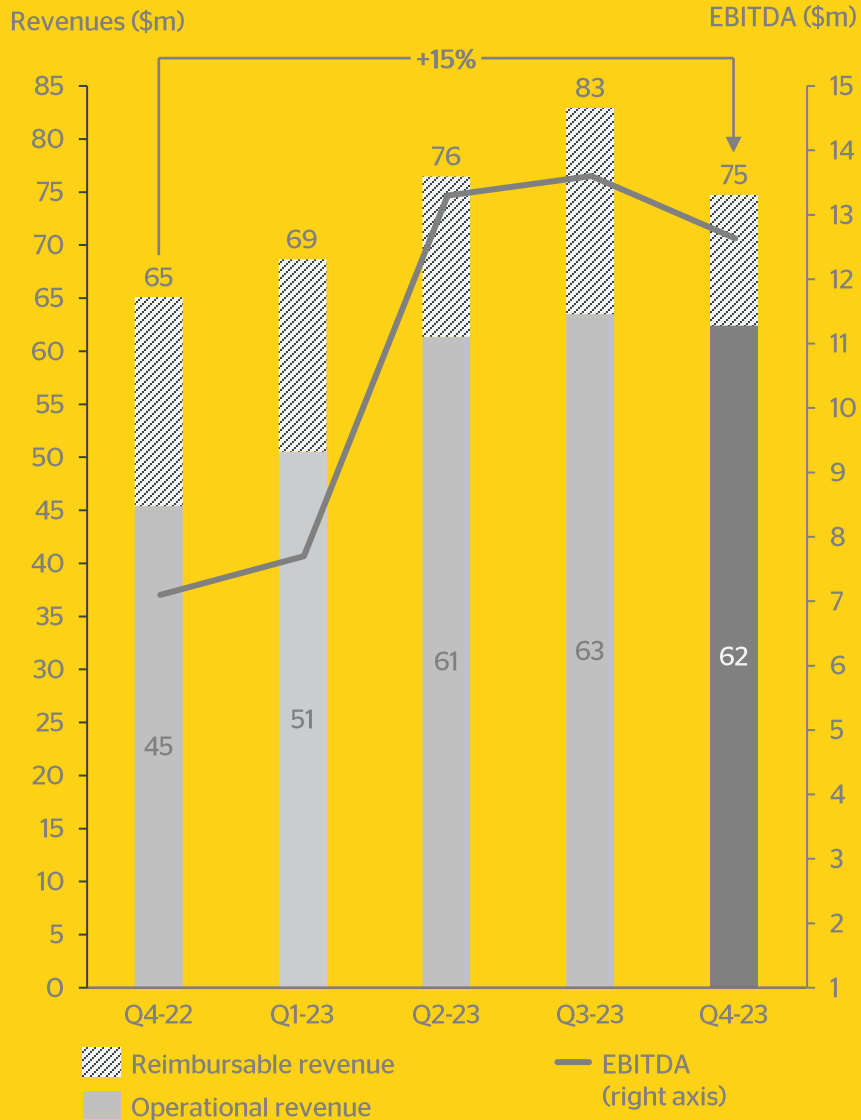
deliver pulling services to maintain production in producing wells

### Workover rigs

provide heavy well intervention services to improve well performance



# Well Services

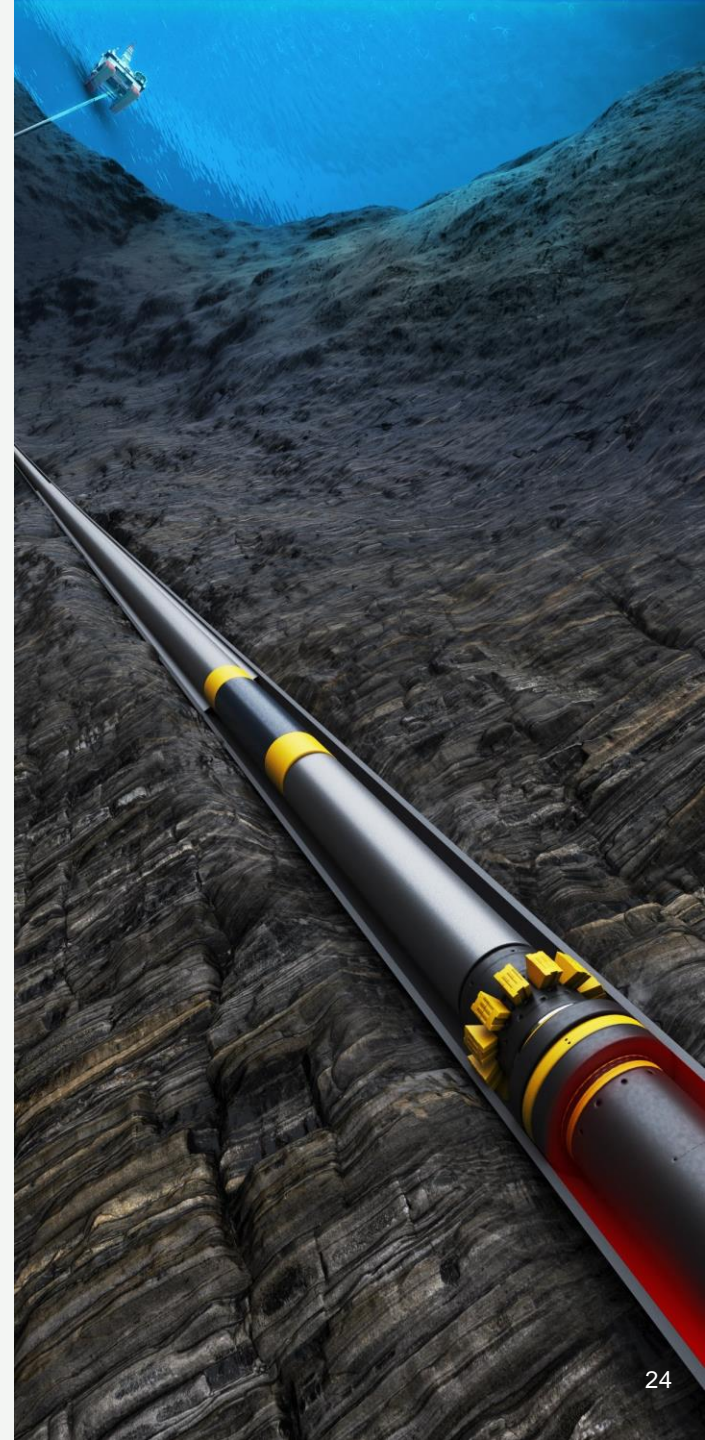


## Financials

- Revenue decreased by 10% over the quarter, ending at \$74.7 million
- Compared to same quarter last year, EBITDA grew by 77%. Total year EBITDA increased by 57%
- EBITDA decreased by 7% from previous quarter, to \$12.6 million
- EBITDA margin, excluding reimbursables of about 20%

## Operations

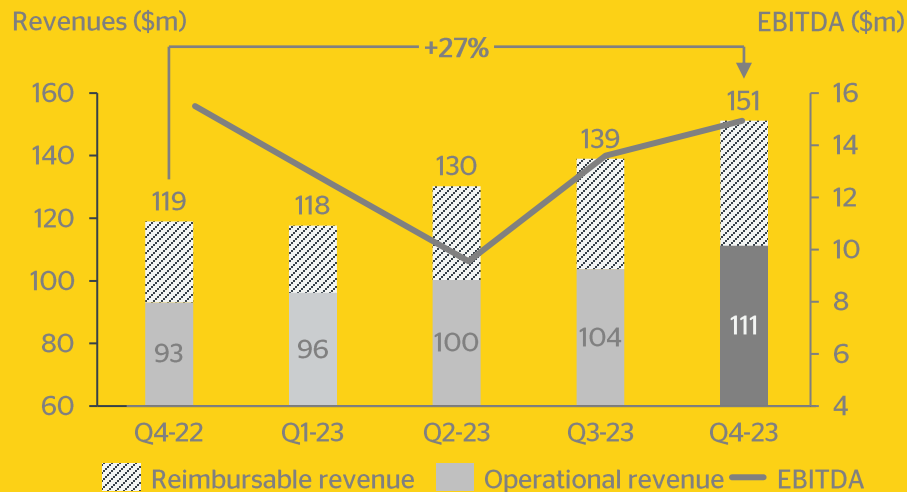
- Increasing activity for our international logging business and growth in Americas for our tools segment
- Fourth quarter activity normally lower due seasonality and we had delays in operations, related to waiting on weather.



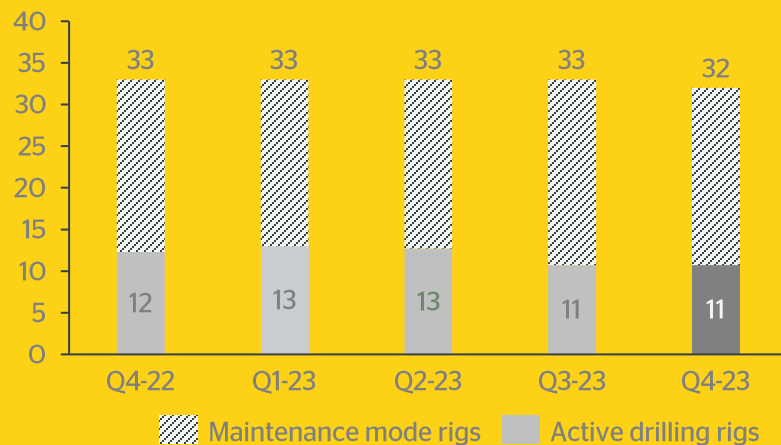




# Platform Operations



## Platform Drilling contracted rigs [# of rigs]

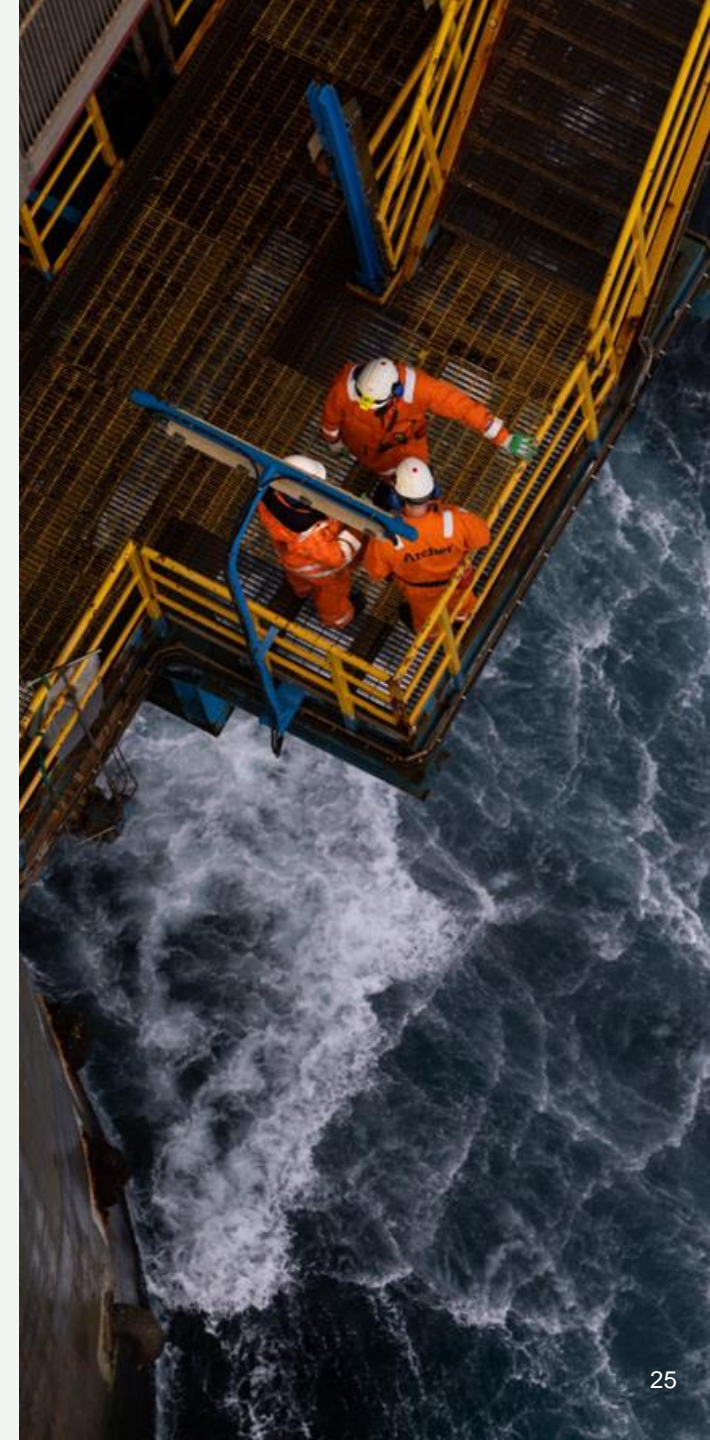


## Financials

- Revenue increased by 9% over the quarter, ending at \$151.2 million
- EBITDA increased by 10% from previous quarter, to \$14.9 million, based on fall through from increased activity and final positive outturns on some completed projects

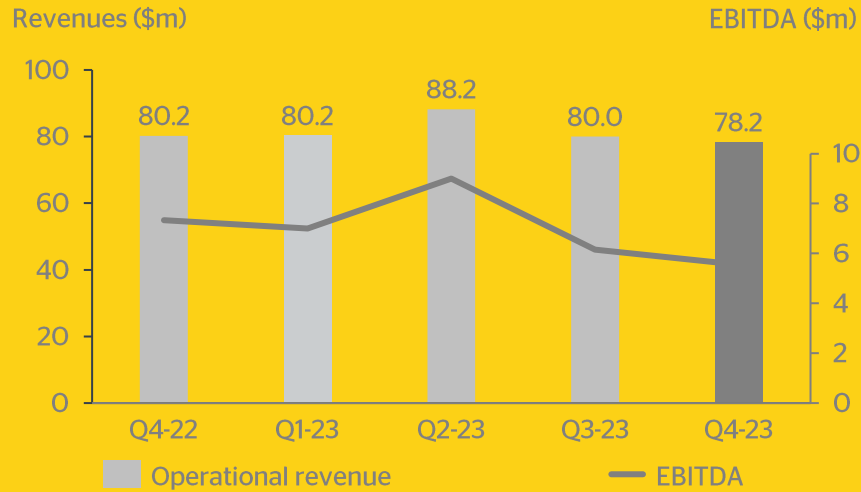
## Operations

- High activity for Engineering in the quarter, preparing the Fulmar platform in UK for the integrated P&A scope and a large reactivation project for Trident in Brazil
- Modular rig continue with safe and efficient operations, with low down time during the quarter

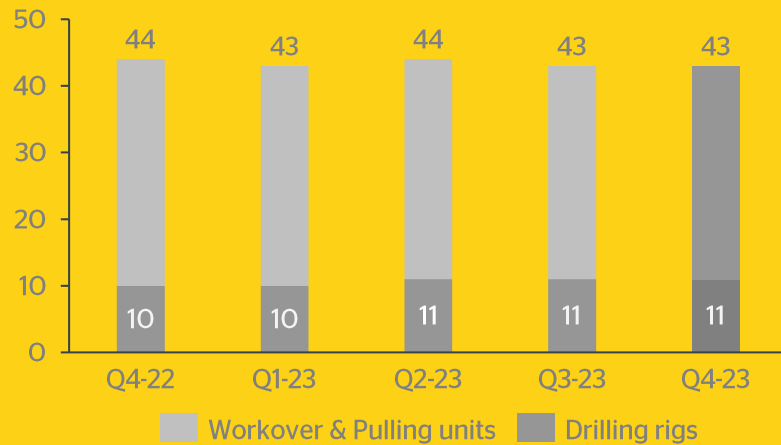




# Land Drilling



## Number of active Archer rigs



## Financials

- Revenue reduced by 2.3 % to \$78.2 million compared with previous quarter, following the sharp depreciation of ARS in December
- Revenue reported in USD will fluctuate when inflation and devaluation diverge, but EBITDA in USD will be stable as largely hedged
- EBITDA of \$5.5 million, in-line with our expectations, based on drilling programs and utilization.

## Operations

- Signed new drilling contract Pan American Energy for three rigs with improved commercial terms
- In relation to the new contract, we acquired three rigs to support higher activity and improved efficiency/ performance
- Operational performance continues to be solid, with minimal downtime
- We are mobilizing one additional rig in January for a two-year contract

