



# Archer

## Q3 2024 results and update

**Dag Skindlo**  
Chief Executive Officer

**Espen Joranger**  
Chief Financial Officer

01 November 2024

# Archer



## 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 2024 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, 2023. 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.





## Third quarter highlights

# Archer

1

Record Q3 EBITDA of \$34.9m, up 14% YoY

2

Acquiring fishing and P&A specialist Wellbore Fishing & Rental Tools (WFR)

3

Highly successful private placement raising USD 50m of new equity

4

Increasing ownership in Iceland Drilling

5

Updated pro-forma 2024 guidance of \$155-160m EBITDA and 2.2-2.4x leverage ratio<sup>1</sup>

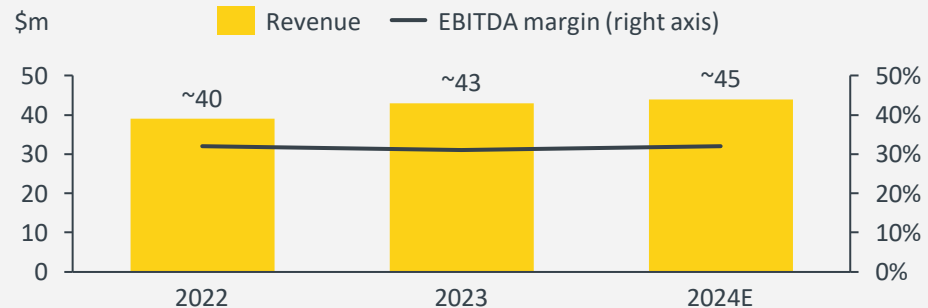
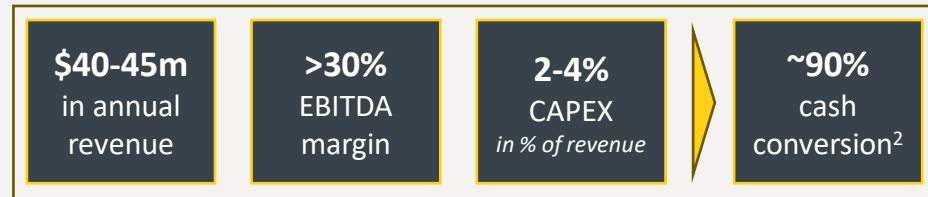
<sup>1</sup> PF 2024E reflects consolidated full year 2024 financials, pro forma adjusted for Iceland Drilling (consolidated on a 100% basis) and WFR for the full year

# Acquiring a leader in well fishing services in GoM, with strong financials

## Key company information

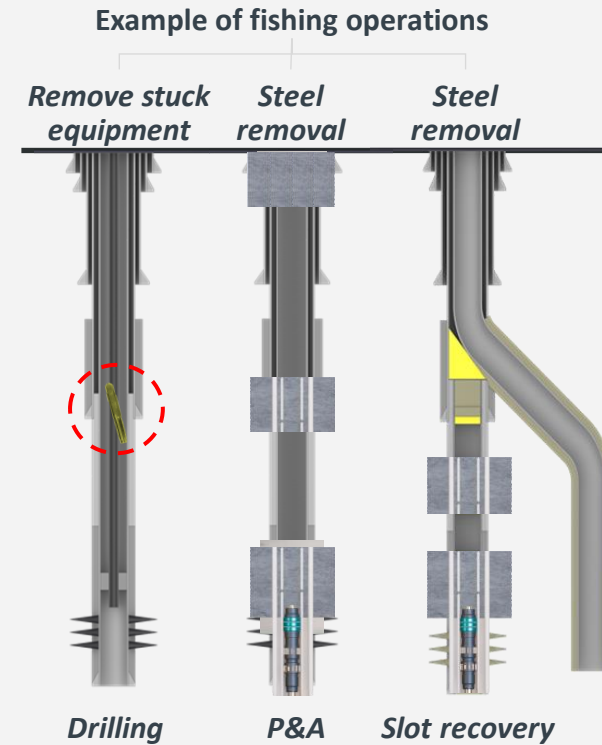
- **High market share** for standard and advanced well fishing in Gulf of Mexico and Permian Basin
- **Strong reputation and brand** among blue-chip E&P operators
- **Experienced management team** with 50+ skilled employees
- Proven track record of **high EBITDA margins and cash flow**
- **~\$45m revenue and above 30% EBITDA margin** estimated in 2024

## Key financials 2022-2024E<sup>1</sup>



<sup>1</sup> Combined with Archer products and services, total capex is expected at 4-5% of revenue. No income tax expected in WFR in the foreseeable future due to tax loss carry forward in Archer; <sup>2</sup> Cash conversion = (EBITDA – capex) / EBITDA. Source: WFR management

## Well service offering



## Fishing services description

- Specialized services for retrieving lost or stuck equipment (“fish”) from the wellbore
- Fishing services also include removal of installed equipment, such as pipe, well completion, casing and liners
- Fishing operation is required for slot recovery and P&A, which is a key part of Archer’s service offering

**Broad range of fishing services across the well life cycle**

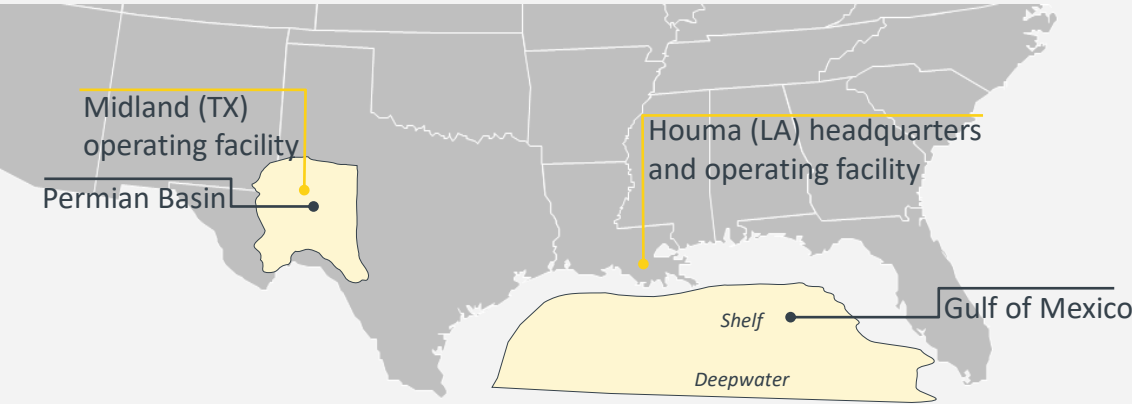


# WFR is a US based well technology player with a strong customer base

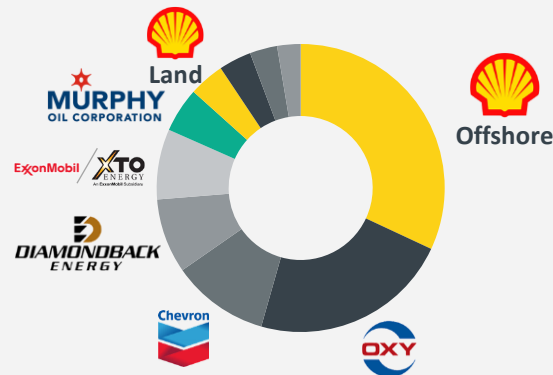
## Strong relationships with large operators

- WFR operates in the US Gulf of Mexico and Permian Basin, focusing on the well fishing market
- The offshore fishing market is highly consolidated and WFR has a high market share
- Strong relationships and cemented reputation and brand in the industry
- Several supermajor E&P operators among the largest customers, such as Shell, Chevron and ExxonMobil
- Attractive revenue synergies from cross-selling Archer's high-end portfolio of solutions for well intervention, slot recovery and P&A

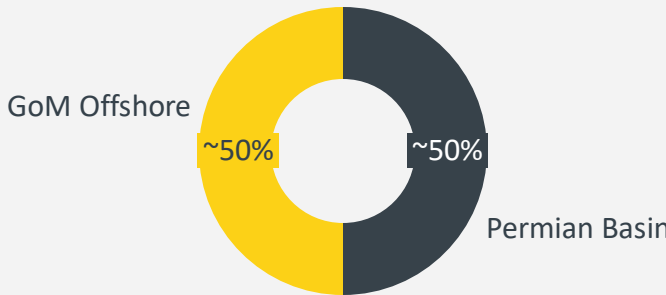
## Leading US Offshore and onshore service provider



## Top customers by revenue<sup>1</sup>



## Share of EBITDA<sup>1</sup>



<sup>1</sup> Illustrative (approximate) distributions based on last three years of operations

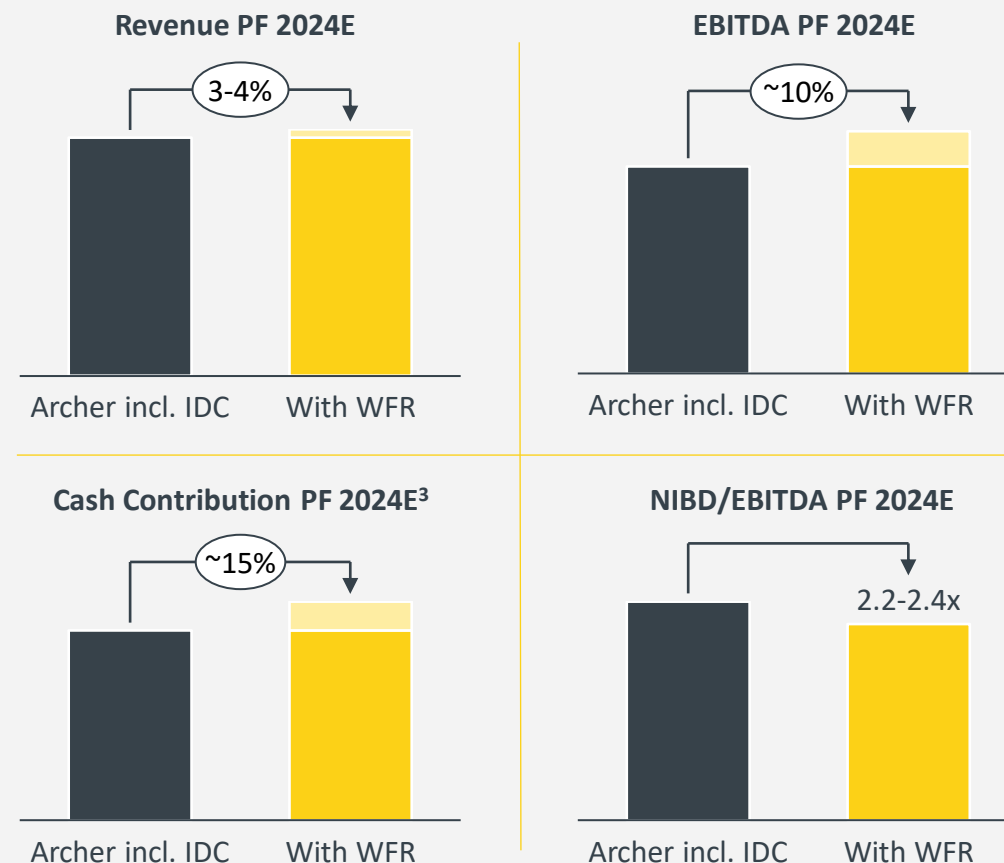


# Transaction has a strong industrial and financial rationale

## Key investment attributes

- I Positioning Archer for \$18bn deepwater P&A market in GoM and strengthen well services offering
- II Attractive revenue synergies for Archer product and services, and cost synergies on rationalization of workshop facilities
- III Accretive acquisition with a payback period of about 3 years
- IV Acquisition to materially increase EBITDA and cash flow, adding \$15-20m in average annual cash flow to equity over the next years
- V Deleveraging with likely refinancing in 2025 at improved terms, enabling dividend capacity

## Impact on pro forma 2024E key metrics<sup>1,2</sup>

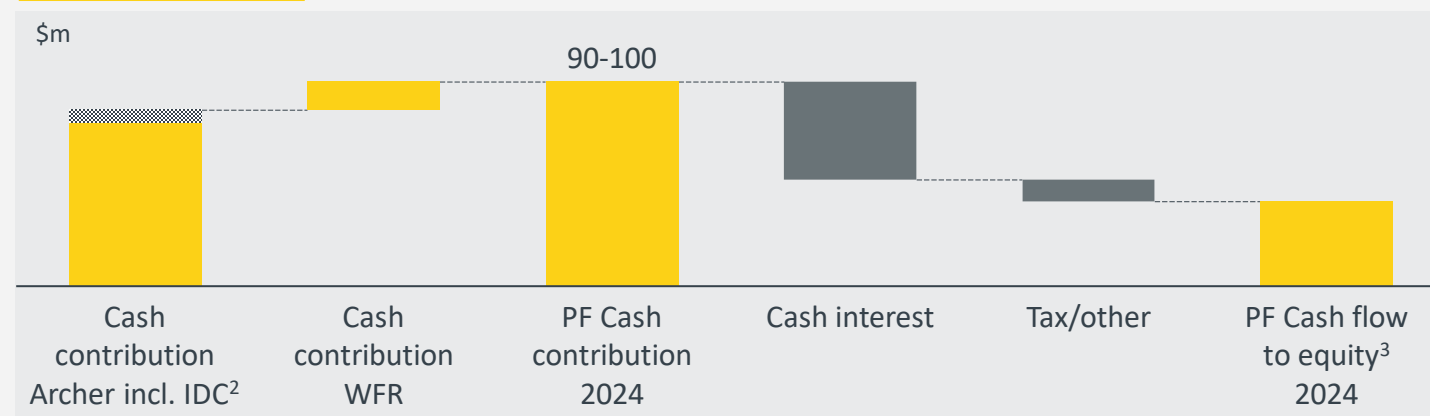


<sup>1</sup> Relative impact of transaction on Archer 2024E financials including consolidated full-year 2024E financials of Iceland Drilling Company (on a 100% ownership basis). Iceland Drilling will be consolidated into Archer's financial accounts following Archer's acquisition of an additional 10% shares in Iceland Drilling (expected to close shortly after capital raise); <sup>2</sup> "With WFR" reflects consolidated full year 2024 financials, pro forma adjusted for Iceland Drilling (on a 100% ownership basis) and WFR for the full year; <sup>3</sup> Cash contribution = EBITDA – capex. Source: WFR management, Archer estimates



# Creating a foundation for refinancing and dividend distribution

## Illustrative cash flow PF 2024<sup>1</sup>



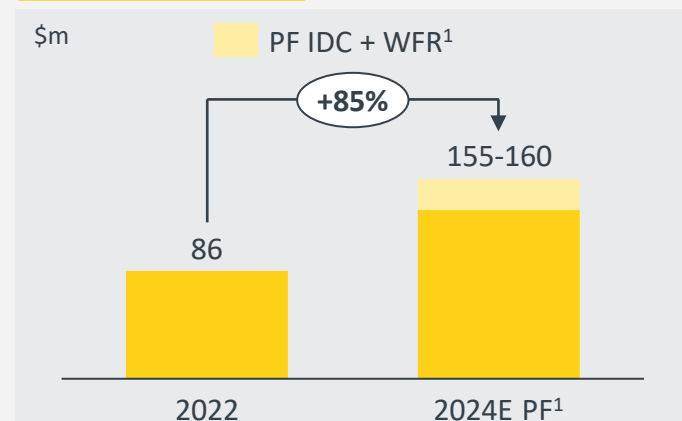
## Comments

WFR to materially improve Archer's cash flow to equity and support the pathway to dividend capacity

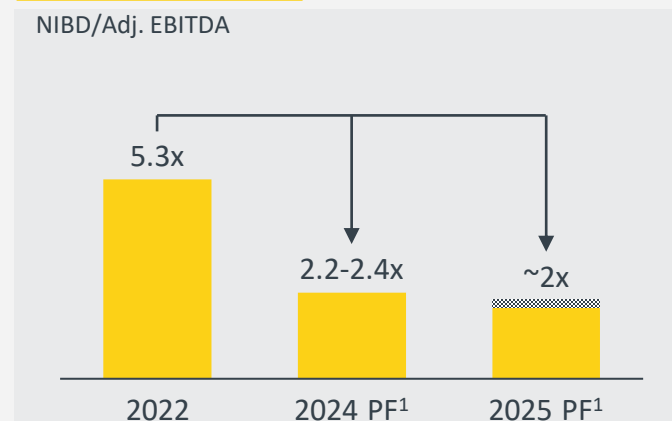
Solid EBITDA development in recent years, with 2024 pro forma EBITDA representing an 85% uplift since 2022

Pro forma leverage ratio towards ~2x in 2025 will allow refinancing at improved terms

## EBITDA development



## Leverage ratio development



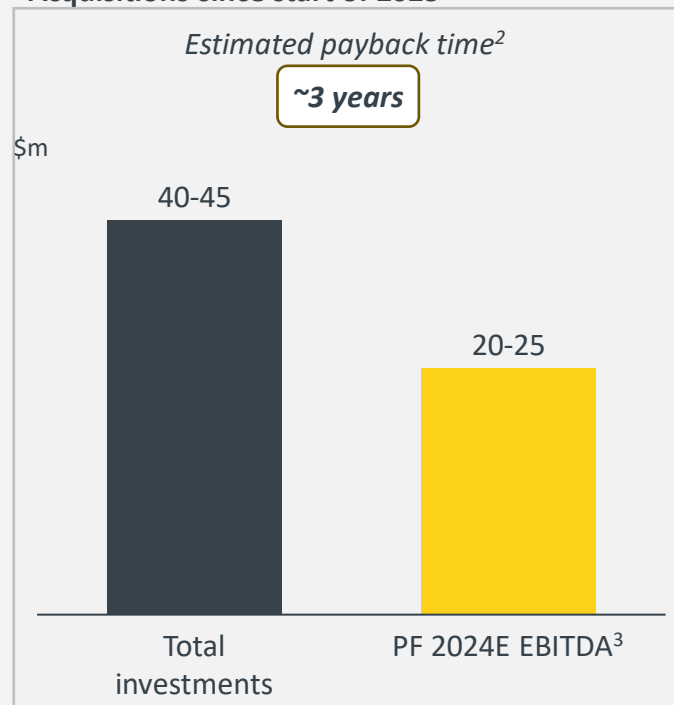
<sup>1</sup> PF 2024E reflects consolidated full year 2024 financials, pro forma adjusted for Iceland Drilling (consolidated on a 100% basis as Archer has reached an agreement to increase ownership to 60% (controlling interest)) and WFR for the full year; <sup>2</sup> Cash contribution = EBITDA less capex. <sup>3</sup> Cash flow to equity: before installments/final cash adjustments



# Accretive transaction in line with prior acquisitions

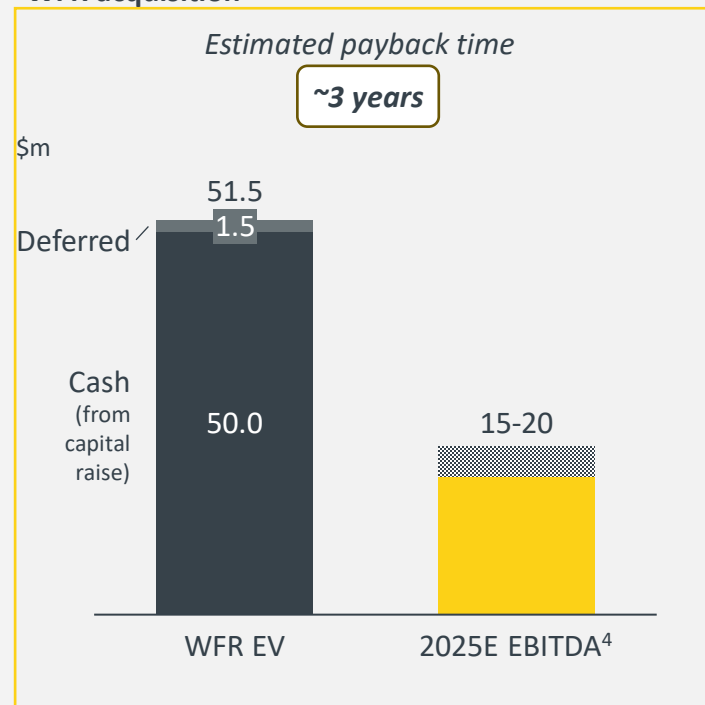
Successful track record of accretive acquisitions

Acquisitions since start of 2023<sup>1</sup>



Acquisition to contribute strongly for further value creation

WFR acquisition



We will maintain focus on value-creative M&A initiatives

M&A focus areas

-  Further strengthen well service offering
-  Accretive and value creative M&A
-  Synergetic bolt-on acquisitions
-  Continued growth in EBITDA and cash flow

<sup>1</sup> Includes acquisitions of Iceland Drilling (60%), Romar-Abrado, Baker Hughes Coiled Tubing (UK), ADA Argentina, Vertikal Service (65%), and Archer Wind (Moreld Ocean Wind); <sup>2</sup> Based on total investments and 2024E pro forma cash contributions (EBITDA - capex) of acquired companies;

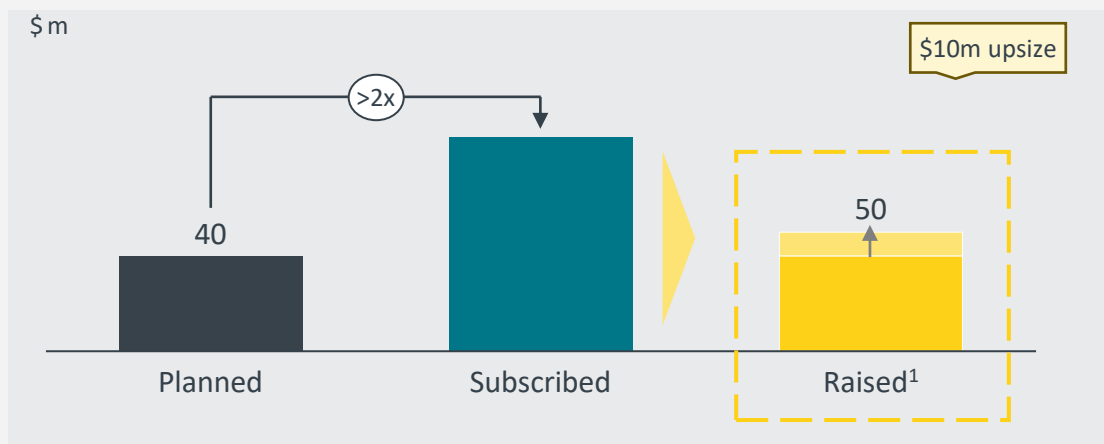
<sup>3</sup> Pro forma full year 2024E financials (on a 100% ownership basis); <sup>4</sup> Including expected synergies



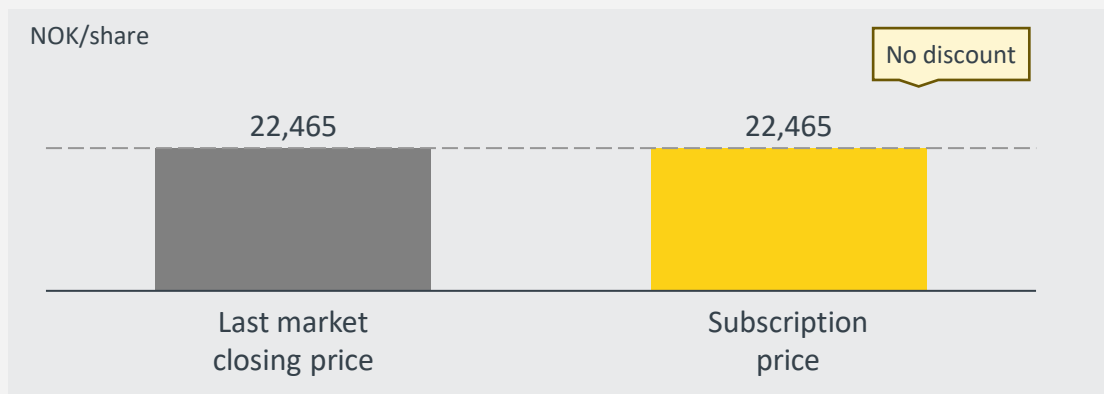


# Highly successful \$50m private placement to fund WFR acquisition

## Significantly oversubscribed transaction



## No value dilution for existing shareholders



## Transaction highlights



Significantly oversubscribed transaction at more than 2x planned equity raise



Transaction upsized from \$40m to \$50m due to strong demand<sup>1</sup>



No value dilution for existing shareholders as subscription price was equal to last close



Strong and broad support from existing and new institutional shareholders



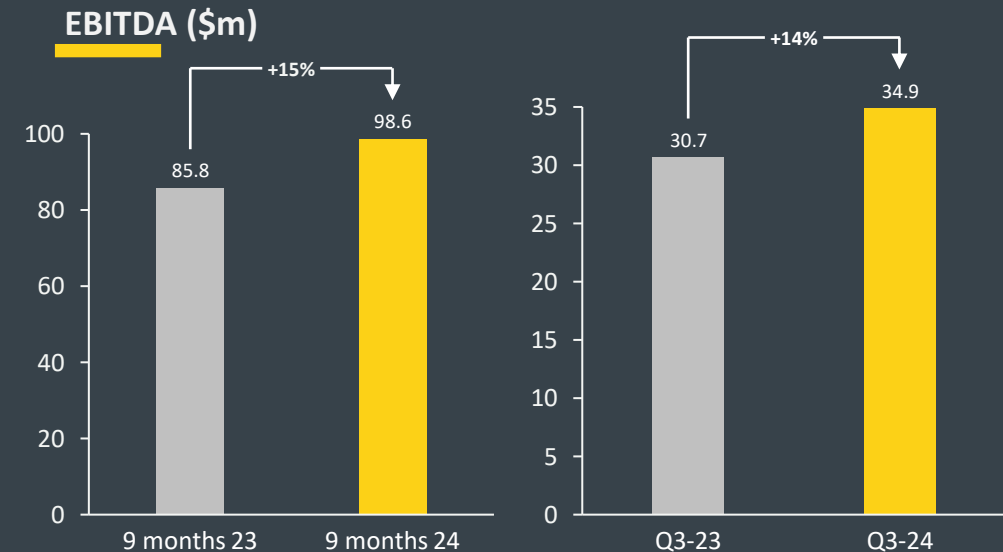
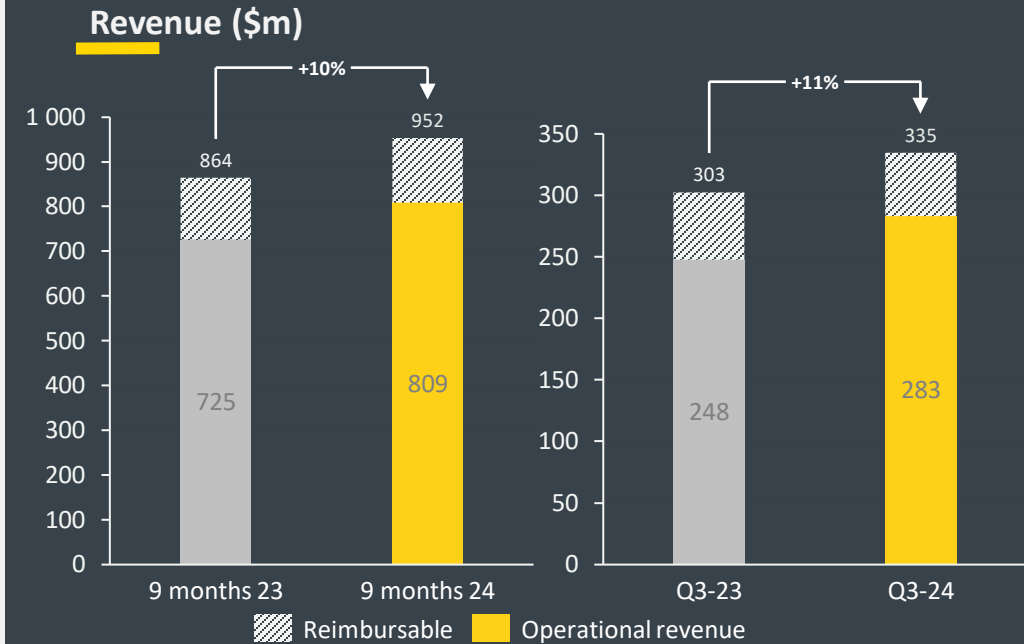
Proceeds used to fund acquisition of WFR

<sup>1</sup> Archer decided to use its option to settle the last USD 10m in cash, that were initially planned to be issued as consideration shares to the seller.



## Record Q3 EBITDA

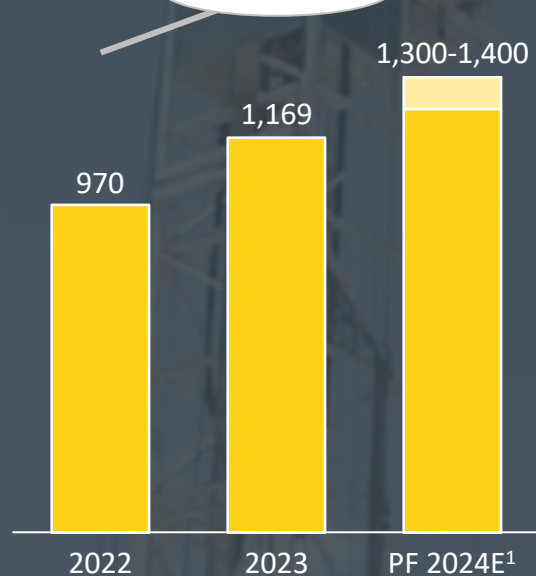
- ✓ Q3 Revenue of \$335 million; up 11% YOY
- ✓ Q3 EBITDA before exceptional \$36.4 million, up 13% YOY
- ✓ Record Q3 EBITDA of \$34.9 million, up 14% YOY
- ✓ YTD EBITDA of \$98.6 million, up 15% YOY
- ✓ Positive net income in Q3 of \$2.9 million
- ✓ Agreed to acquire an additional 10% of the shares in Iceland Drilling, bringing total ownership to 60%
- ✓ Acquired MPD service provider in Argentina
- ✓ Acquired Moreld Ocean Wind in Norway
- ✓ Secured 5-year platform drilling contract with OKEA
- ✓ Secured contract with TotalEnergies for floating offshore wind project



## Revenue

\$m

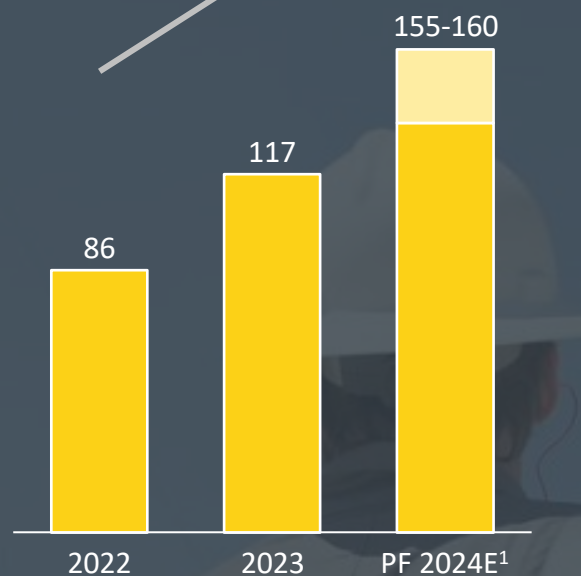
CAGR +18%



## EBITDA

\$m

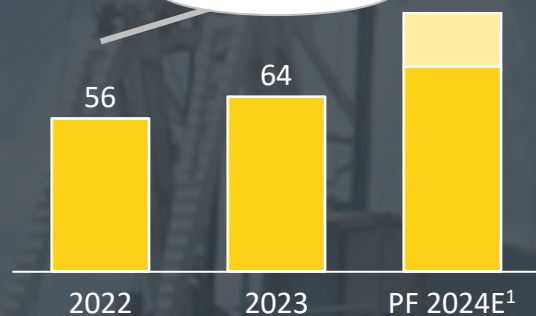
CAGR +36%



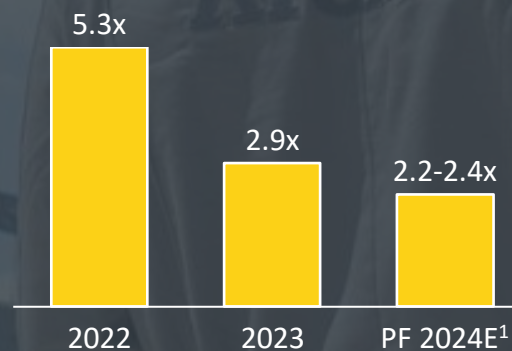
## Cash contribution

\$m

CAGR +30%



## Leverage ratio



EBITDA - Capex

Reported NIBD/Adj. EBITDA

# Archer

The Well Company

## PF 2024 highlights<sup>1</sup>

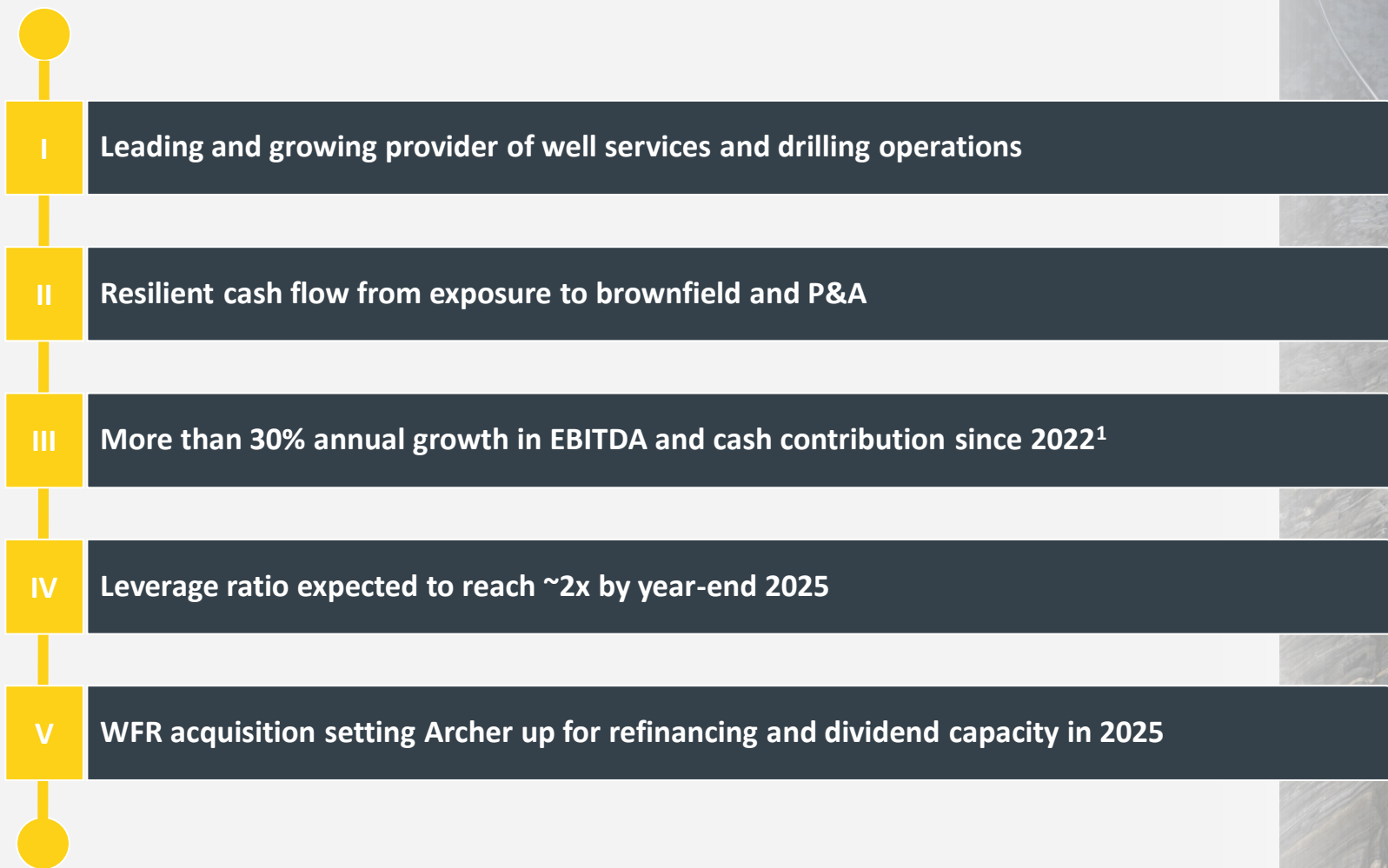
- I Annual revenue growth of 18% to \$1.3-1.4bn
- II EBITDA increase of ~85% from 2022 to \$155-160m
- III Cash contribution of \$90-100m forms foundation for dividend capacity
- IV Leverage ratio down to 2.2-2.4x with further reduction in 2025

<sup>1</sup> PF 2024E reflects consolidated full year 2024 financials, pro forma adjusted for Iceland Drilling (consolidated on a 100% basis as Archer has reached an agreement to increase ownership to 60% (controlling interest)) and WFR for the full year



# The Well Company

Archer



<sup>1</sup> Based on PF 2024E numbers, which reflects consolidated full year 2024 financials, pro forma adjusted for Iceland Drilling (consolidated on a 100% basis as Archer has reached an agreement to increase ownership to 60% (controlling interest)) and WFR for the full year. Cash contribution = EBITDA - capex

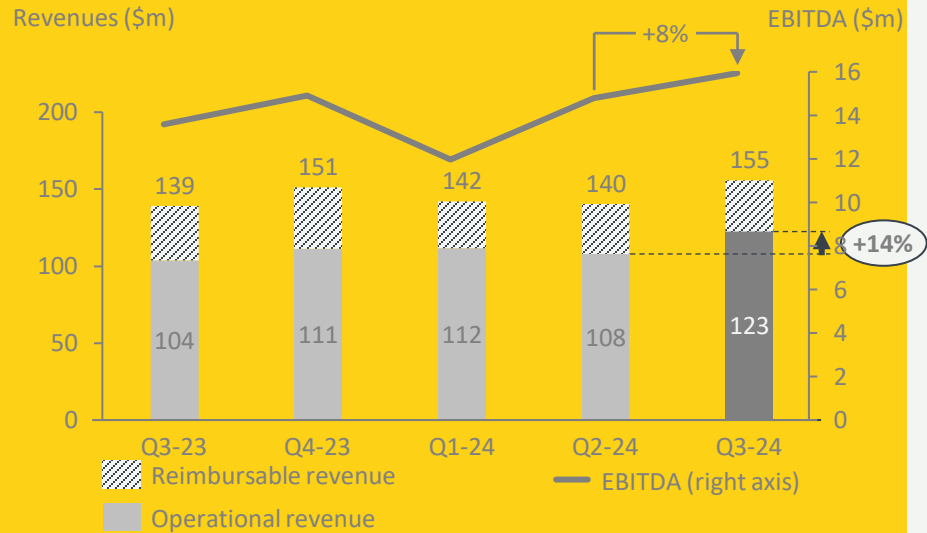




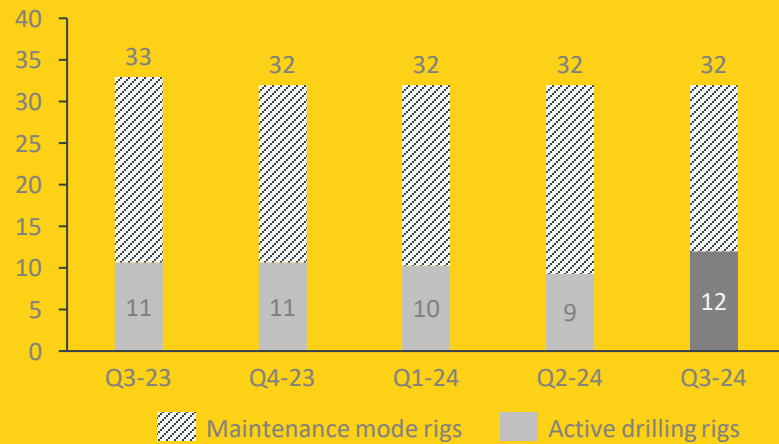
# Appendix



# Platform Operations



## Platform Drilling contracted rigs [# of rigs]

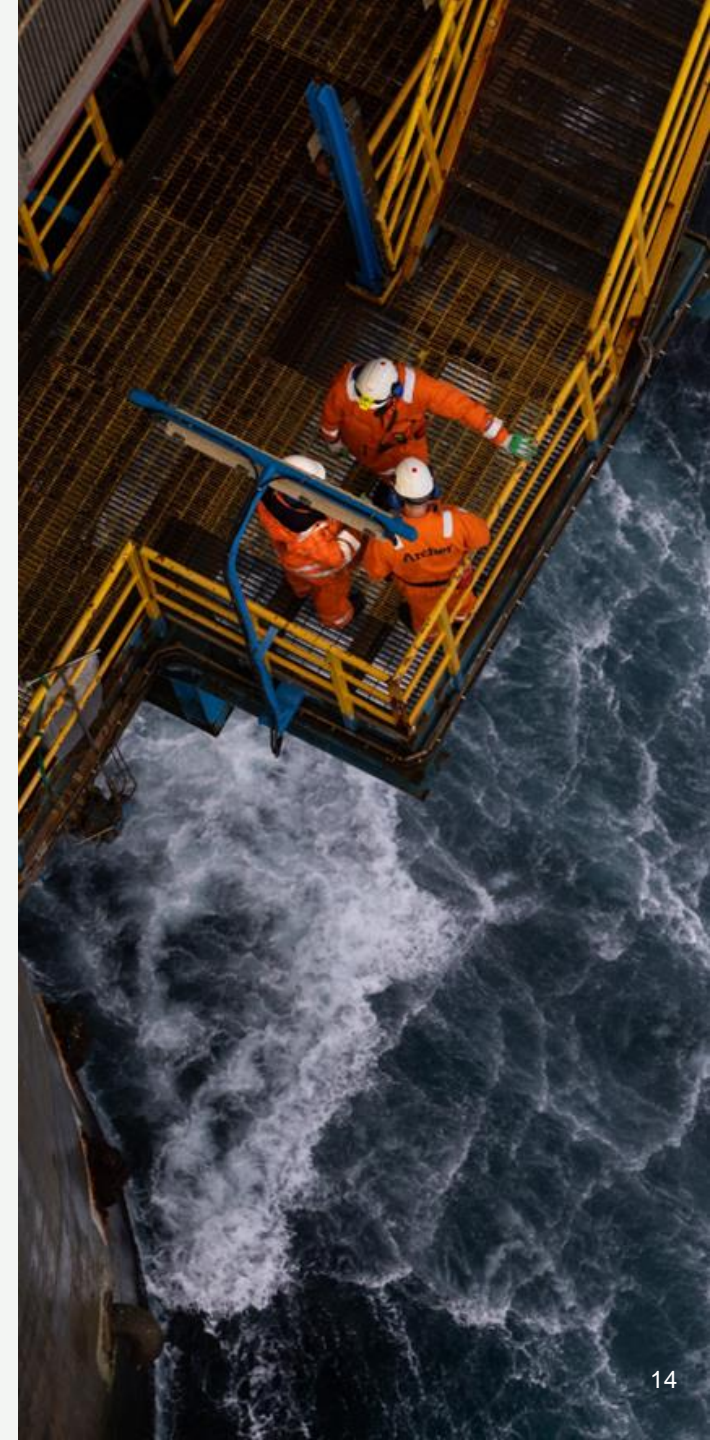


## Financials

- Operational revenue increased by 14%, ending at \$123 million
- EBITDA of \$16 million represents an increase of 8% compared to previous quarter and 18% compared to Q3 last year, following strong performance in all areas
- Modular Rig Topaz delivered strong performance and uptime in the quarter

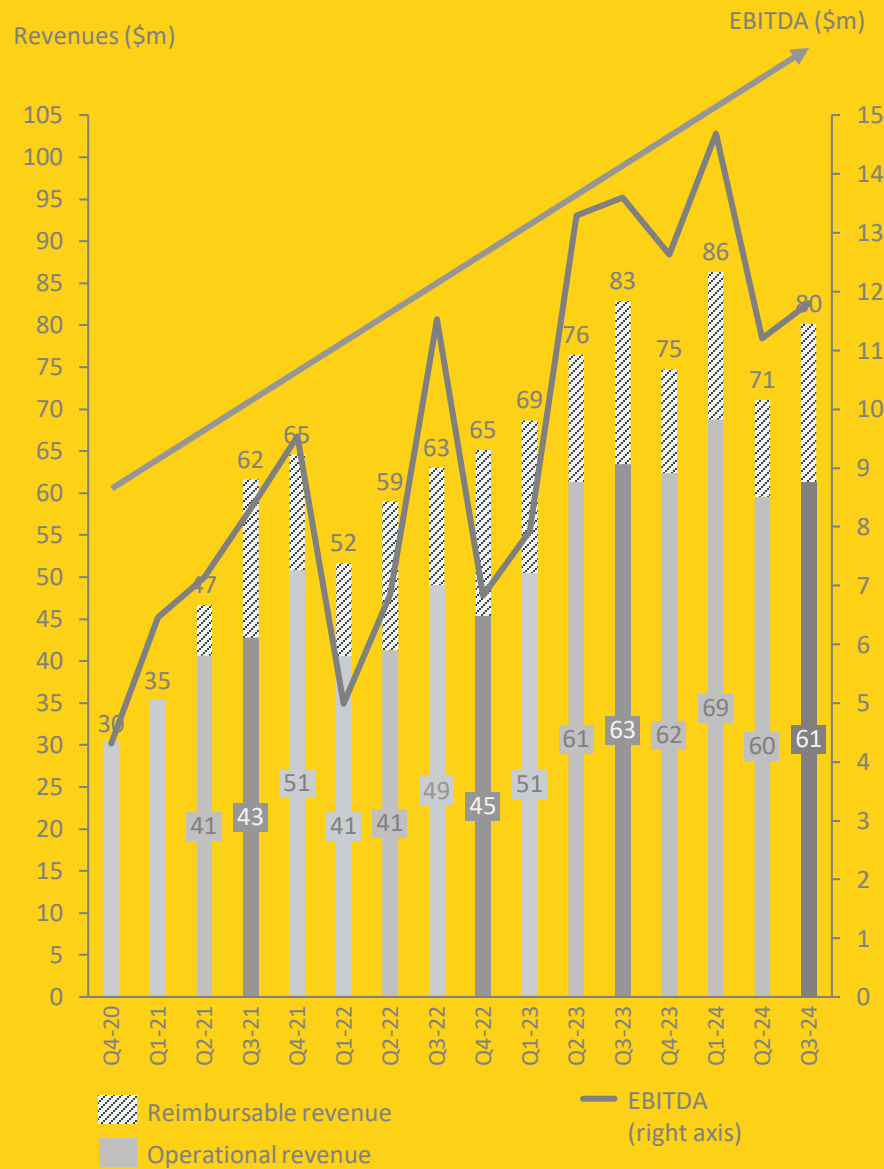
## Operations

- Start up of the new contract with Trident in Brazil for the Pampo platform
- Secured a new 5-year platform drilling contract with OKEA in Norway





# Well Services

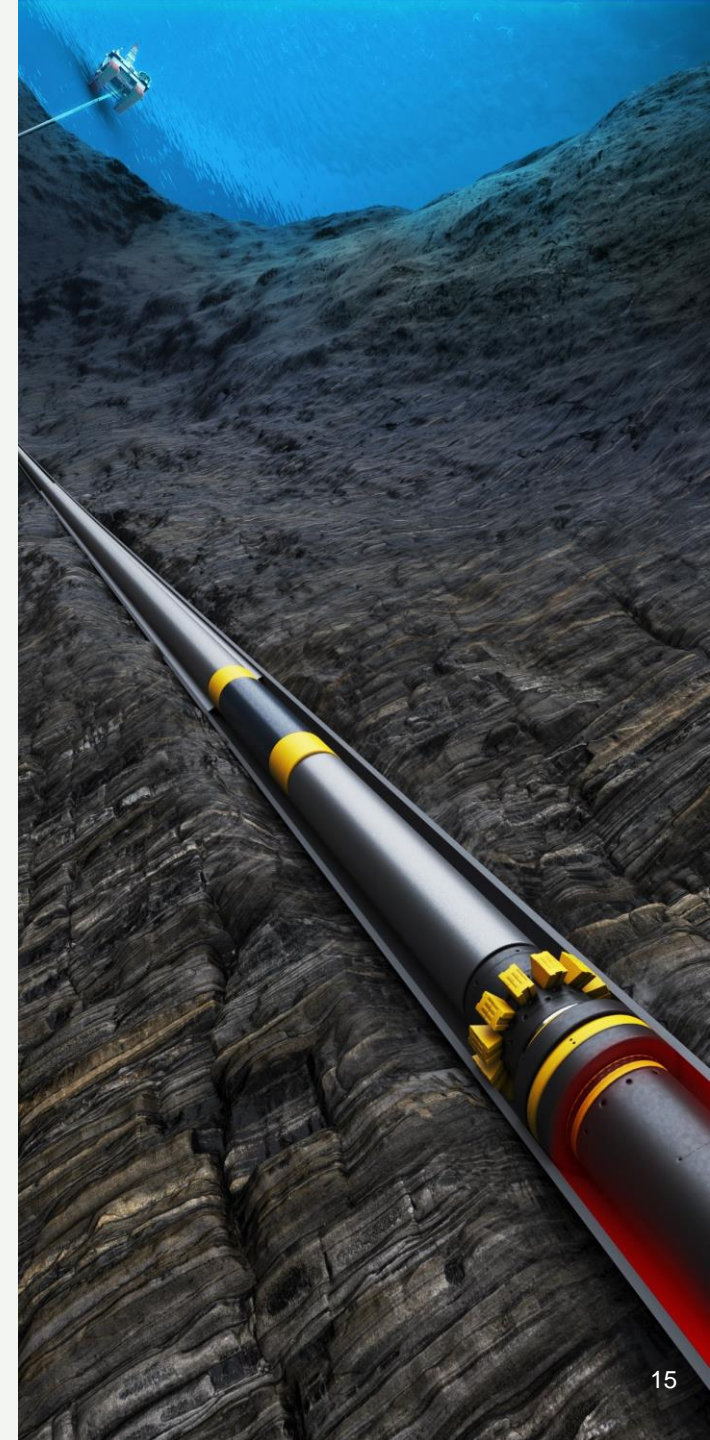


## Financials

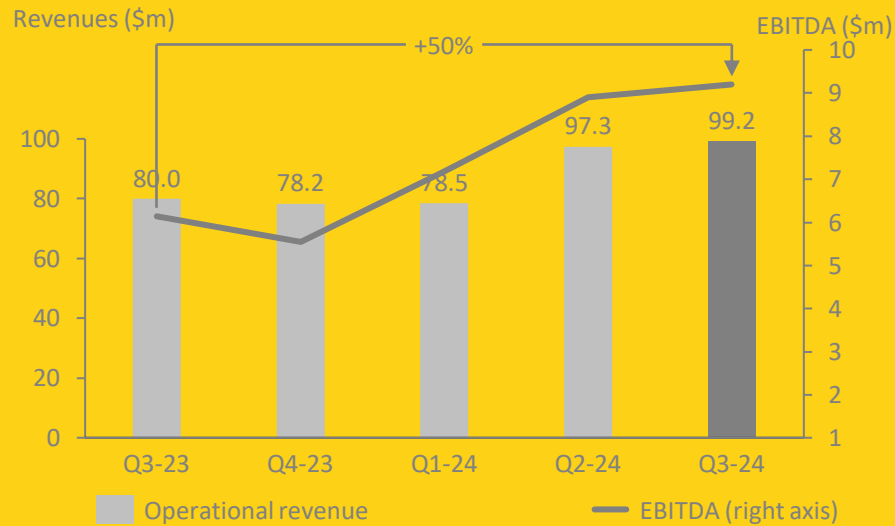
- Revenue up with \$9 million from last quarter
- EBITDA increase by \$0.6 million from last quarter

## Operations

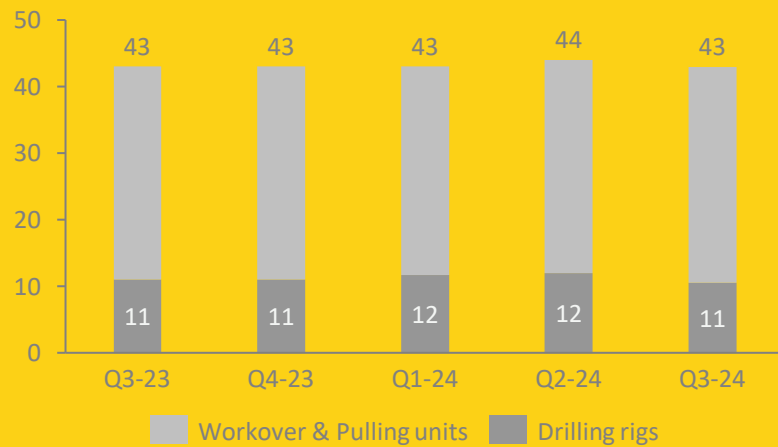
- Well Services continue to see international growth
- Lower and delayed activity in Europe in the quarter



# Land Drilling



## Number of active Archer rigs

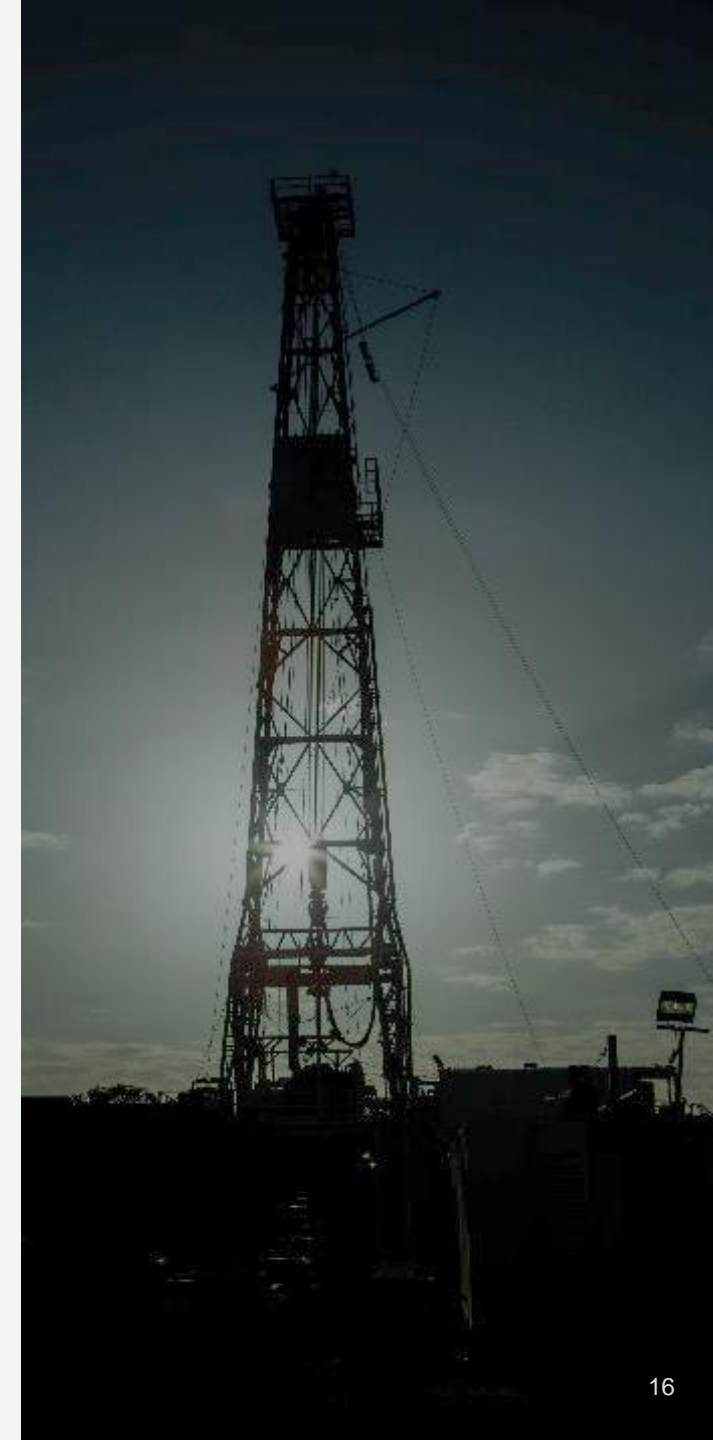


## Financials

- Revenue moderately increased by 2% over the quarter, to \$99.2 million
- EBITDA increased by 3% compared to Q2, and by 50% compared to Q3 2023, ending at \$9.2 million in the quarter on the back of strong operational performance and high activity

## Operations

- Acquired the manage pressure drilling provider ADA in Argentina. ADA will by end of year have 4 complete manage pressure drilling sets which will be integrated with our drilling rigs in order to improve our service offering
- Argentina has in 2024 seen inflation well above devaluation, leading to cost increase in USD and lower margins.







## Condensed profit & loss

- Total revenue of \$335.1 million in Q3 2024 represent an increase of \$32.4 million from same quarter last year, driven by growth in all business areas
- EBITDA before exceptional of \$36.4 million, with a margin 10.8%
- EBITDA of \$34.9 million is an increase of \$4.2 million or 14% compared to Q3 2023
- EBIT of \$19.8 million
- Net income of \$2.9 million, before non-controlling interest
- Adjusted net income of \$0.9 million

\$ million	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Operating revenues	283.5	248.1	809.0	724.8
Reimbursable revenue	51.6	54.6	143.4	139.4
<b>Total Revenues</b>	<b>335.1</b>	<b>302.7</b>	<b>952.4</b>	<b>864.2</b>
EBITDA before exceptional items	36.4	32.3	101.6	91.6
<i>EBITDA margin before exceptional items</i>	<i>10.8%</i>	<i>10.7%</i>	<i>10.5%</i>	<i>10.6%</i>
Exceptional items	(1.4)	(1.7)	(2.9)	(5.8)
<b>EBITDA</b>	<b>34.9</b>	<b>30.7</b>	<b>98.6</b>	<b>85.8</b>
<i>EBITDA margin</i>	<i>10.4%</i>	<i>10.1%</i>	<i>10.3%</i>	<i>9.9%</i>
Impairments	-	-	(2.0)	(2.0)
Depreciation, amortization, other	(15.5)	(13.5)	(44.0)	(36.2)
<b>EBIT</b>	<b>19.8</b>	<b>16.6</b>	<b>53.2</b>	<b>47.8</b>
Gain on bargain purchase	2.6	(0.3)	2.6	(0.3)
Result from associated entities	0.9	0.2	1.8	(4.0)
Net interest expense	(13.3)	(10.6)	(37.8)	(35.1)
Amortization of prepaid debt fees	(1.7)	(2.0)	(5.1)	(3.9)
Other financial items	0.1	(4.0)	(12.8)	(35.0)
<b>Profit (loss) before tax</b>	<b>8.3</b>	<b>(0.1)</b>	<b>1.6</b>	<b>(30.4)</b>
Income tax	(5.4)	(2.4)	(8.5)	(6.2)
<b>Net profit (loss)</b>	<b>2.9</b>	<b>(2.5)</b>	<b>(6.9)</b>	<b>(36.6)</b>
Non-controlling interest	(0.4)	-	(0.4)	-
Net adjustments*	1.6	6.3	8.2	37.1
<b>Adjusted net profit (loss) *</b>	<b>0.9</b>	<b>3.7</b>	<b>0.9</b>	<b>3.1</b>

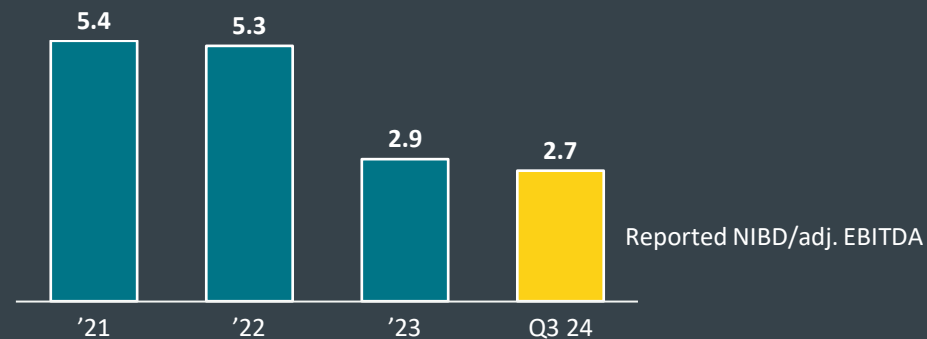
\*adjusted for impairments, gain on bargain purchase, MtM of financial assets, amortization of prepaid debt fees, FX, timing of taxes and transaction cost

\$ million	30.09.2024	31.12.2023
Cash and cash equivalents	56.9	52.1
Restricted cash	1.7	3.5
Accounts receivables	188.2	183.8
Inventories	69.8	75.0
Other current assets	60.3	40.4
Investments and loans to associates	12.3	12.3
Property, plant and equipment	307.8	313.1
Right of use assets	28.4	34.4
Goodwill	158.2	156.0
Other non-current assets	46.5	35.2
<b>Total assets</b>	<b>930.2</b>	<b>905.7</b>
Current portion of interest-bearing debt	15.6	17.6
Accounts payable	103.5	75.5
Lease liability current	10.9	11.4
Other current liabilities	177.8	173.0
Long-term interest-bearing debt	407.2	402.5
Deferred taxes	0.2	0.3
Lease liability	17.5	22.9
Other noncurrent liabilities	5.9	6.3
Non controlling interest	0.8	-
Shareholder's equity	190.8	196.2
<b>Total liabilities and shareholders' equity</b>	<b>930.2</b>	<b>905.7</b>

## Condensed balance sheet

- Cash and cash equivalents of \$56.9 million, increased by \$4.8 million compared to year end 2023
- Equity of \$190.8 million

### Deleveraging

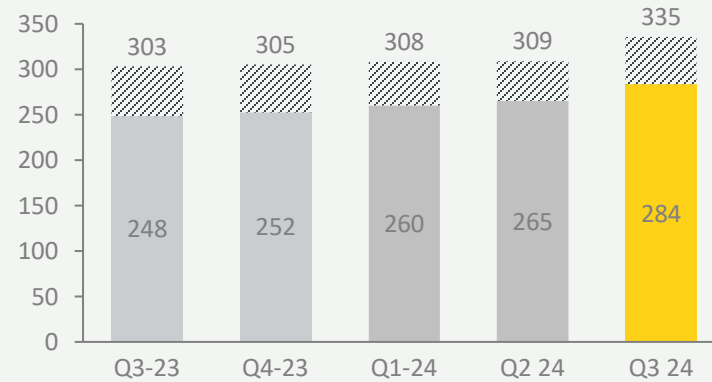




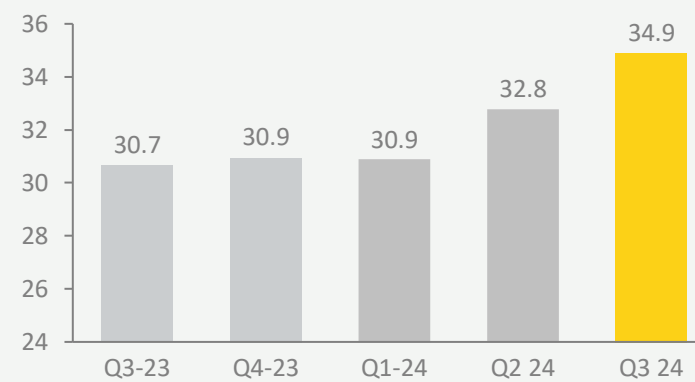
## Key financials

Reimbursable  
Operational revenue

Revenue [\$m]

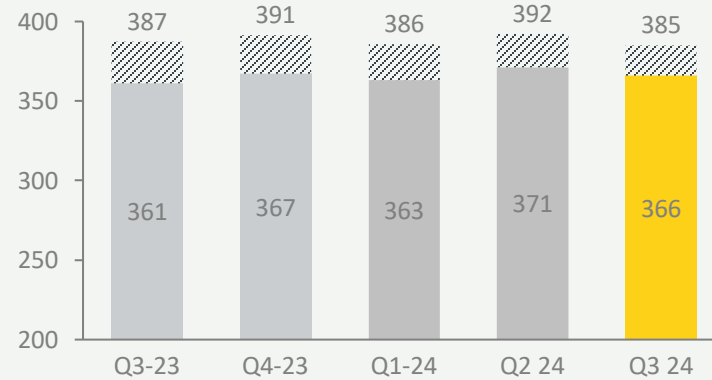


EBITDA [\$m]

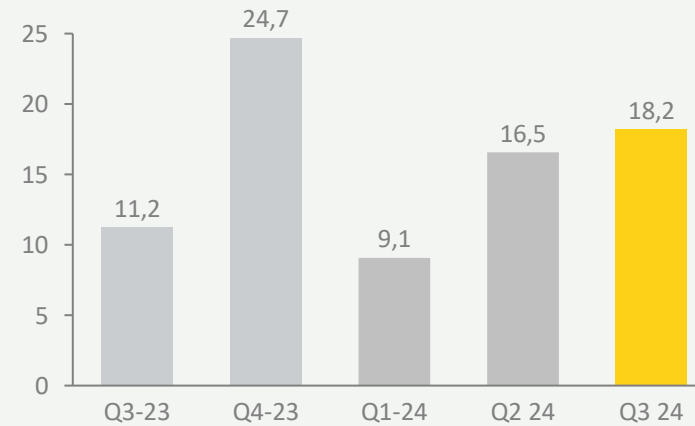


NIBD [\$m]

Prepaid debt fees  
NIBD



CAPEX [\$m]





## Condensed profit and loss statement (unaudited)

(Figures in \$ million)	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24
Operating revenues	248.1	252.4	260.2	265.4	283.5
Reimbursable revenue	54.6	52.7	48.1	43.7	51.6
<b>Total Revenues</b>	<b>302.7</b>	<b>305.1</b>	<b>308.3</b>	<b>309.0</b>	<b>335.1</b>
<b>EBITDA before exceptional items</b>	<b>32.3</b>	<b>33.4</b>	<b>32.9</b>	<b>32.2</b>	<b>36.4</b>
Total Exceptional items*	(1.7)	(2.4)	(2.1)	0.6	(1.4)
<b>EBITDA</b>	<b>30.7</b>	<b>30.9</b>	<b>30.9</b>	<b>32.8</b>	<b>34.9</b>
Deprecation, amortization, impairments, other	(13.5)	(13.7)	(13.0)	(17.3)	(15.1)
<b>EBIT</b>	<b>16.6</b>	<b>17.0</b>	<b>17.9</b>	<b>15.5</b>	<b>19.8</b>
<b>Gain from bargain purchase</b>	<b>(0.3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.6</b>
Result from associated entities	0.2	(0.4)	(0.1)	1.0	0.9
Net interest expense	(12.6)	(12.8)	(14.1)	(13.8)	(15.0)
Other financial items	(4.0)	4.5	(12.4)	(0.6)	0.1
<b>Net financial items</b>	<b>(16.5)</b>	<b>(8.7)</b>	<b>(26.7)</b>	<b>(13.4)</b>	<b>(14.1)</b>
<b>Net result before tax</b>	<b>(0.1)</b>	<b>8.2</b>	<b>(8.7)</b>	<b>2.2</b>	<b>8.3</b>
Tax benefit / (expense)	(2.4)	0.3	(2.0)	(1.1)	(5.4)
<b>Net profit (loss)</b>	<b>(2.5)</b>	<b>8.5</b>	<b>(10.8)</b>	<b>1.0</b>	<b>2.9</b>
Minority interest	-	-	-	-	(0.4)
Net adjustments**	6.3	(0.9)	11.3	(1.5)	(1.6)
<b>Adjusted net income</b>	<b>3.7</b>	<b>7.6</b>	<b>0.5</b>	<b>(0.5)</b>	<b>0.9</b>

\*Exceptional items include costs of non-recurring nature, including restructuring charges

\*\*adjusted for impairments, gain on bargain purchase, MtM of financial assets, amortization of prepaid debt fees, FX, timing of taxexpense and transaction cost



## Condensed balance sheet (unaudited)

<i>\$ million</i>	30.09.2023	31.12.2023	31.03.2024	30.06.2024	30.09.2024
Cash, cash equivalents & restricted cash	76.3	55.6	57.8	58.4	58.6
Accounts receivables	173.4	183.8	182.5	173.6	188.2
Inventories	71.8	75.0	72.3	70.6	69.8
Other current assets	36.8	38.7	49.1	56.0	60.3
Investments and loans in associates	12.6	12.3	11.6	12.7	12.3
Property, plant and equipment, net	301.3	313.1	303.6	302.3	307.8
Right of use assets	23.9	34.4	31.7	29.7	28.4
Goodwill	148.8	156.0	148.9	153.1	158.2
Other non-current assets	35.6	37.0	32.6	32.6	46.5
<b>Total assets</b>	<b>880.4</b>	<b>905.7</b>	<b>891.8</b>	<b>889.0</b>	<b>930.2</b>
Current portion of interest-bearing debt	4.0	17.6	18.7	19.9	15.6
Accounts payable	63.5	75.5	80.5	94.6	103.5
Lease liability current	5.6	11.4	11.0	9.9	10.9
Other current liabilities	171.4	176.7	175.5	158.7	177.8
Long-term interest-bearing debt	432.7	402.5	401.5	402.1	407.2
Deferred taxes	0.6	0.3	0.1	-	0.2
Lease liability	18.3	22.9	20.7	19.8	17.5
Other noncurrent liabilities	4.7	2.6	8.1	2.1	5.9
Non controlling interest	-	-	-	0.4	0.8
Shareholder's equity	179.6	196.2	175.6	181.4	190.8
<b>Total liabilities and shareholders' equity</b>	<b>880.4</b>	<b>905.7</b>	<b>891.8</b>	<b>889.0</b>	<b>930.2</b>



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

<i>(Figures in \$ million)</i>	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24
Operating activities	0.2	18.7	14.3	24.4	19.7
Investing activities	2.6	(22.7)	(8.6)	(23.4)	(20.1)
Financing activities	0.5	(19.3)	(0.6)	(0.5)	(1.6)
FX effect	-	2.6	(2.9)	-	2.2
<b>Total*</b>	<b>2.9</b>	<b>(20.7)</b>	<b>2.2</b>	<b>0.5</b>	<b>0.2</b>

\*Includes net movements in restricted cash.