



Archer overview

7 March 2018

Archer

Disclaimer – forward looking statements



Cautionary Statement Regarding Forward-Looking Statements

In addition to historical information, this press release 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/pro forma results as a result of 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, 2016. 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.

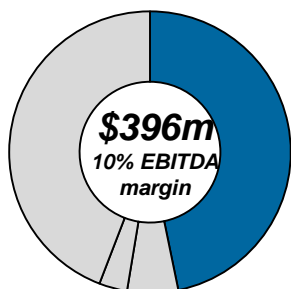
Archer

~4,800 employees

Platform drilling, engineering & wireline

- North Sea focused operation based on long-term contracts with operators
- Strong cash flow generation and extensive operational track record

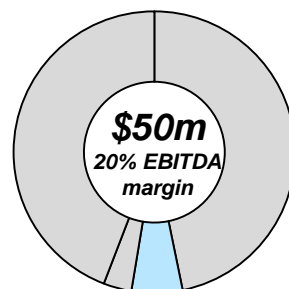
2017 revenues (USDm)



Oiltools & technology

- Provider of well integrity services and technology through Oiltools and C6 Wireline JV
- Portfolio of proprietary plugs, P&A and wellbore cleaning high-end products

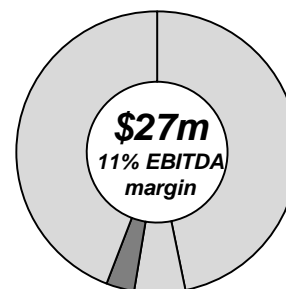
2017 revenues (USDm)



US onshore

- Comprises frac valve division (AWC)
- Highly correlated with US land drilling and completion activity

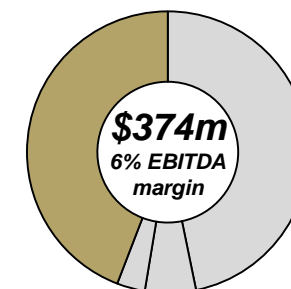
2017 revenues (USDm)



Drilling assets

- Latin America Drilling North and South, as well as modular drilling rigs
- Owns and operates 79 land rigs in Argentina and Bolivia for drilling and workover services

2017 revenues (USDm)



Associated investments

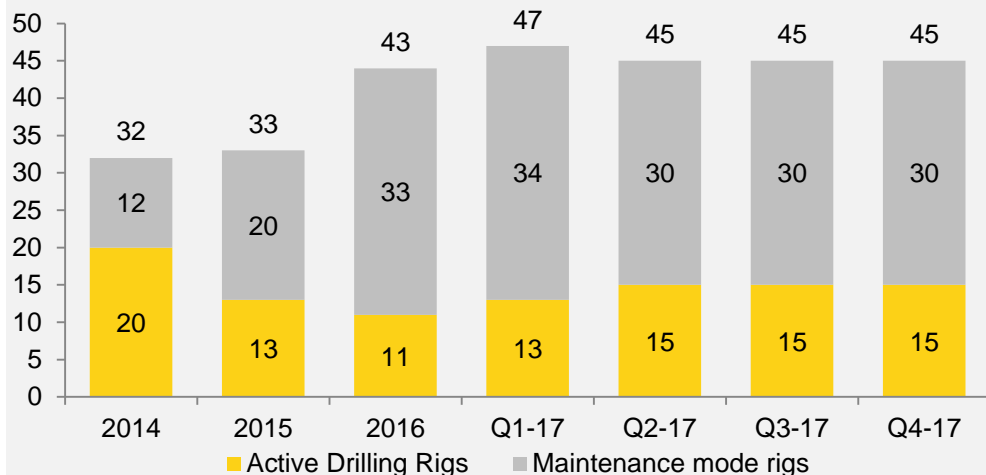
- Comprises 28.7% ownership in Quintana Energy Services (QES) listed on the New York Stock Exchange

Platform Drilling, Wireline, Engineering

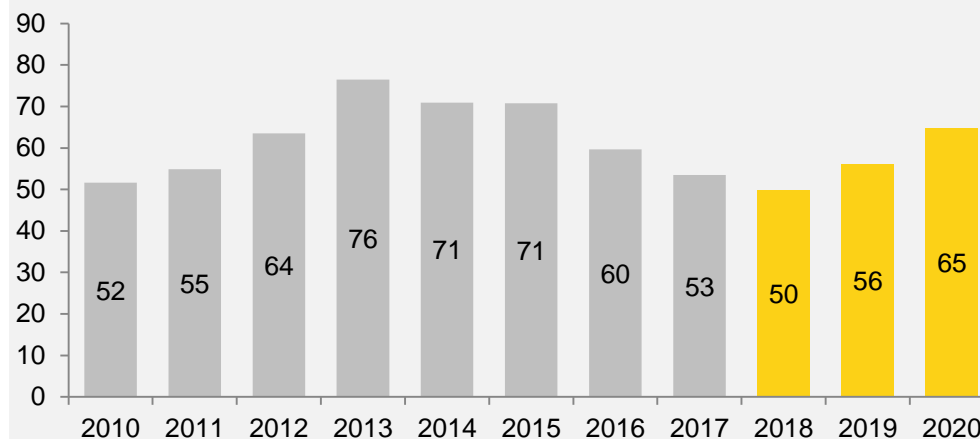
Platform Drilling secures all major contracts in 2017



Platform Drilling Contracted rigs [nr of rigs]



Development well spending - NCS [NOK billion] ¹⁾



Platform Drilling

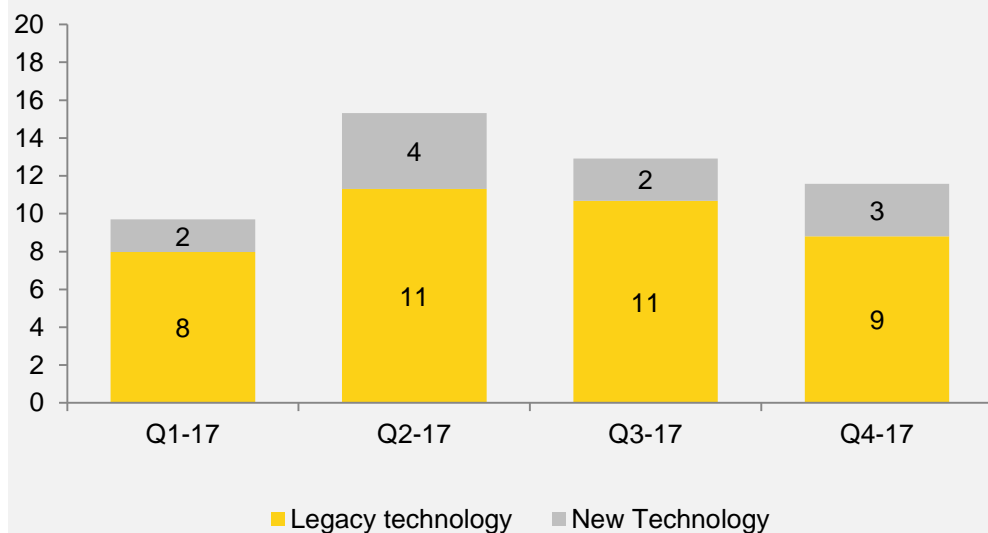
- Archer successfully renewed Platform Drilling contract with Statoil in Brazil in Q4
- During 2017, Platform Drilling was able to renew all contracts up for renewal, representing an estimated \$260 million in backlog
- Increased number of tenders internationally
- Full year 2017 EBITDA margin above 11% for Platform Drilling

Wireline and Engineering

- Highly successful results on two month P&A campaign for Repsol on the Varg platform
- In progress for dissolving TAQA joint venture – expect completion in first half of 2018
- Norway is slightly improving, but UK continues to be a difficult market
- Looking to grow through strategic partnerships where applicable

1) Source: NPD

New technology vs Legacy technology [\$m]

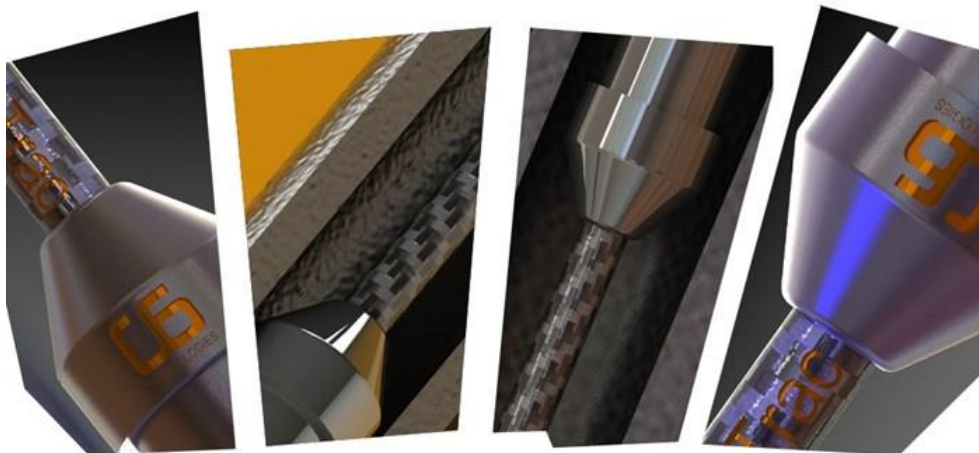


Oiltools

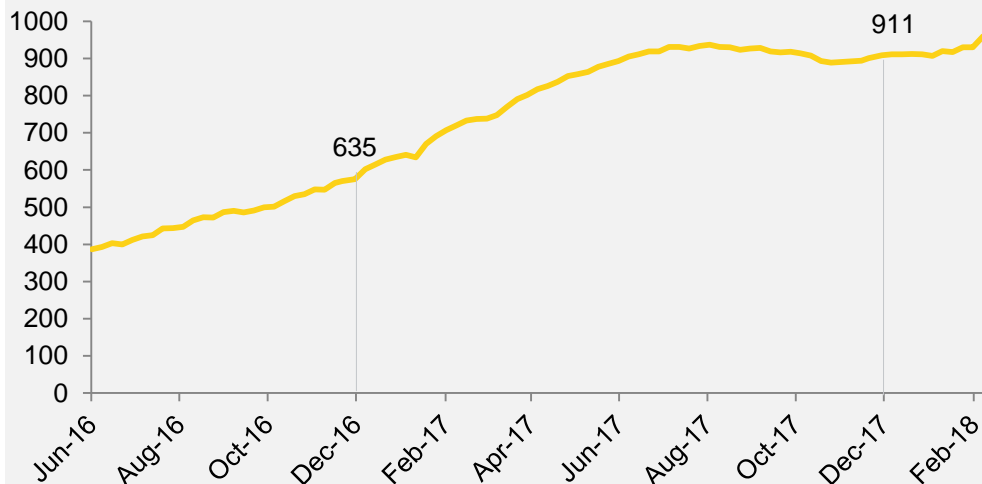
- High specification plugs segment impacted by low activity in key deep water regions such as the US, West Africa and Australia
- Stronger momentum in the North Sea - and the P&A market in general
- Won contract with Petronas for P&A services
- Archer's first wireline set plug has been developed
- Good development progress on new permanent packer for large Middle East market

C6 technologies (50/50 JV)

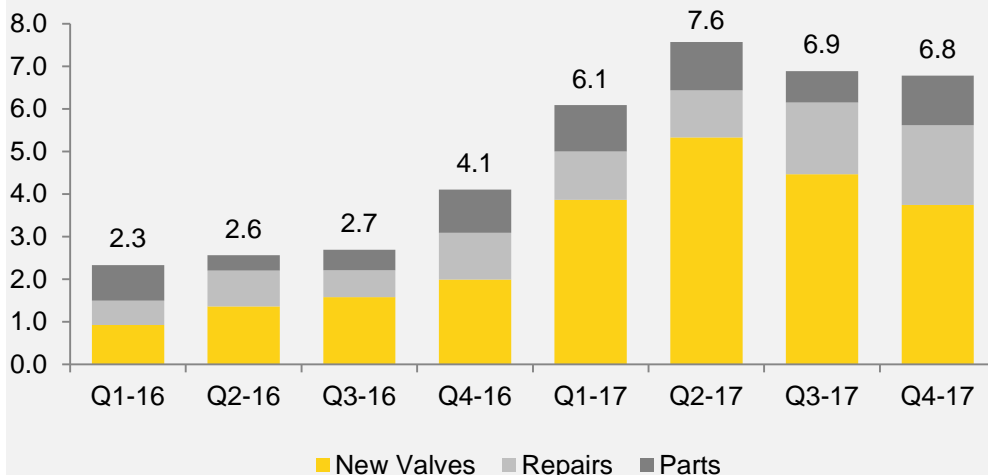
- Strong client interest and interaction
- ComTrac progress with three commercial jobs set for Q1 2018
- Wireline Tractor ready for field test
- First intervention tools expected to be field test ready in Q2 2018



Rig count Onshore US [nr of rigs]



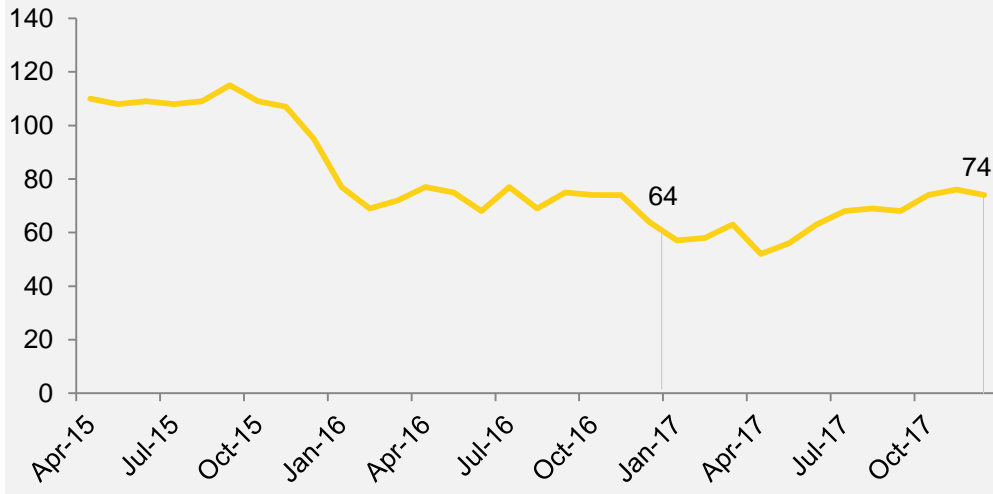
AWC revenue by quarter [\$m]



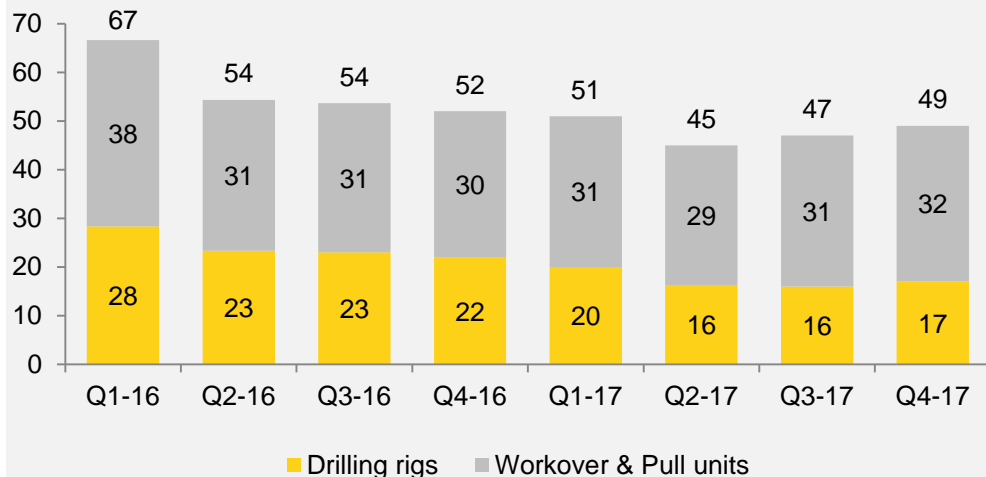
Key market development and trends

- US onshore rig count at 911 active rigs at the end of Q4 2017, up 43% from corresponding quarter last year
- New valve sales in AWC were down quarter over quarter as main customers delayed purchase of new valve sales until 2018
- Strong repair revenue - up 11% quarter on quarter. Parts revenue increased 58% relative to Q3 2017
- Q4 2017 revenue of \$6.8m is up 39% from corresponding quarter last year
- First order for sourcing spare parts and augmented product offering from China

Rig count in Argentina and Bolivia [nr of rigs]



Archer active rigs [nr of rigs]



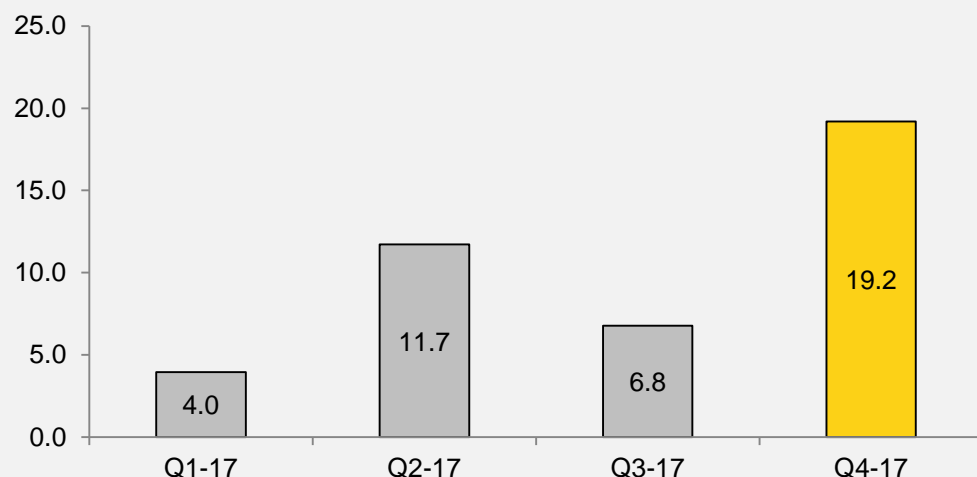
Key market development and trends

- Rig activity picking up in the region, with an upward trending rig count since April 2017 – Archer with 51 active units as of end of February 2018
- Continued good performance in the North of Argentina, with increased tender activity
- Mobilized rig in Bolivia in Q4 2017 with start-up mid-January 2018. Expected start-up of a second rig within first quarter. All three rigs in Bolivia are contracted for work in 2018
- Operating environment in the South of Argentina continues to be challenging, and high mobilization costs for Flex rigs led to a negative contribution in Q4 2017

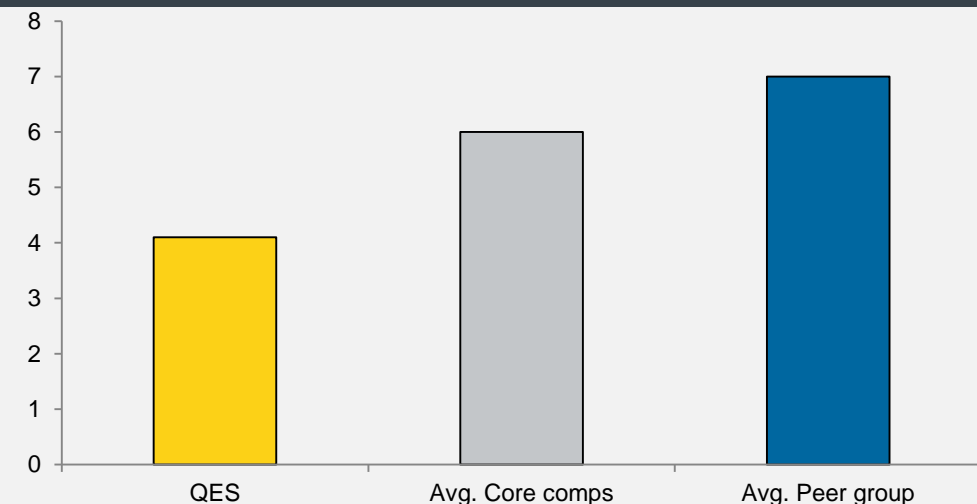
Associated investments - QES

IPO of QES on New York Stock Exchange

QES Adjusted Quarterly EBITDA ¹⁾ [\$m]



Annualized Q4 2017 EV/EBITDA ²⁾



- Launched IPO on 29 January, with first day of trading on 9 February
- Priced at \$10 per share, giving net proceeds of \$82.7 million
- Market cap valued at ~\$330 million at IPO. Archer's share of QES 28.7%, or ~\$95 million
- Customary 180-day lock-up restrictions post-IPO for pre-IPO shares.
- QES capitalized for growth, with new \$100 million credit facility in place with a borrowing base of approximately \$70 million as of the effective date
- QES IPO with significant discount relative to peers

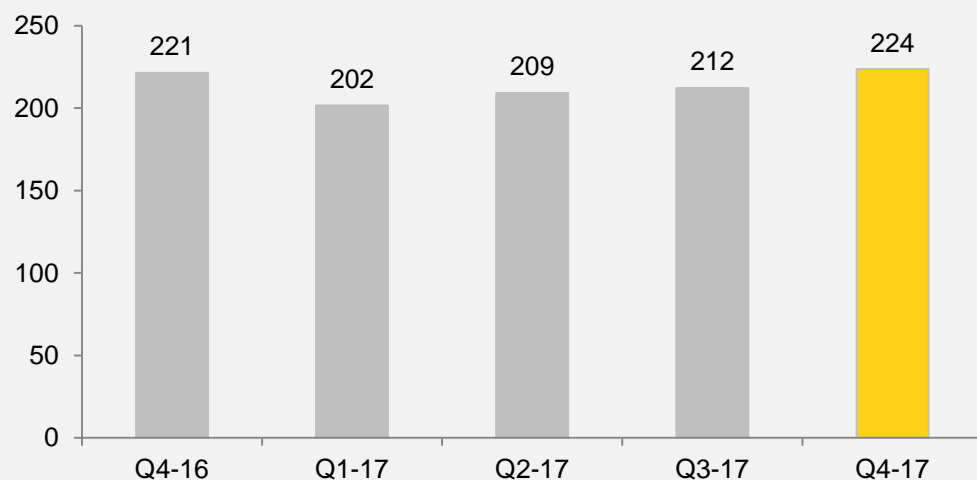
1) Unaudited estimate. Q4 2017 Adjusted EBITDA based on mid-point in S-1 Prospectus

2) Annualized Q4 2017 EV/EBITDA based on mid-point in S-1 Prospectus and market pricing as of 16/02/2018. Core comps consists of Keane, ProPetro, Basic Energy
Peer group consists of Core Comps and RPC, FTS, Superior Energy, C&J Energy, Mammoth Energy, Nine Energy, Key Energy

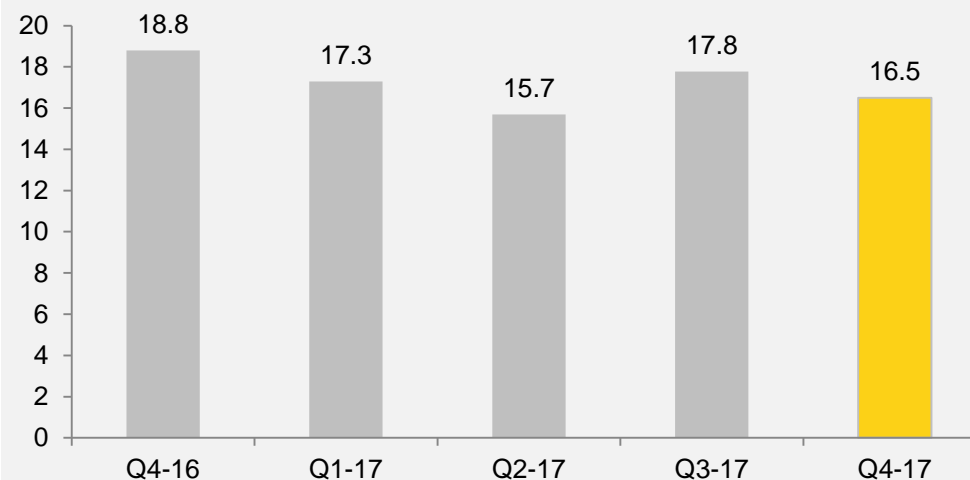
Archer Group – financial highlights fourth quarter 2017



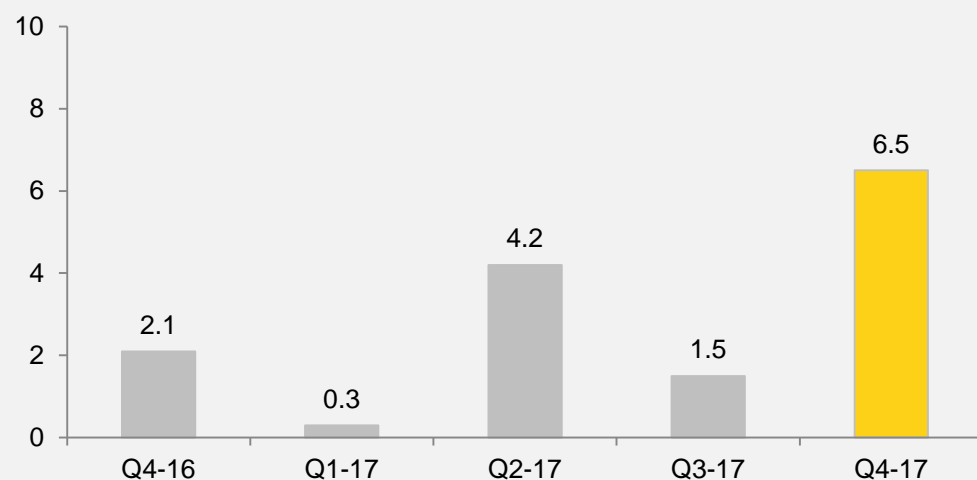
Revenue [\$m]



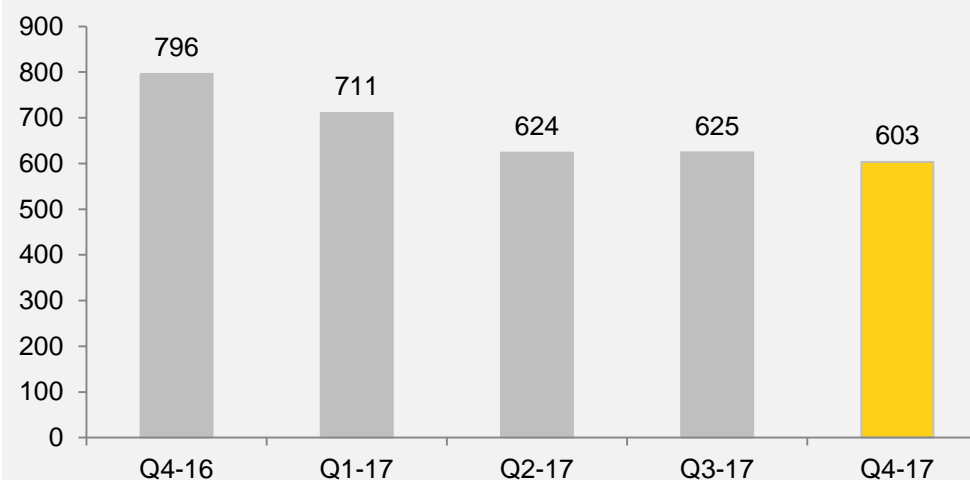
EBITDA before exceptional items [\$m]



Capex [\$m]



Net Interest Bearing Debt [\$m]



Archer is positioned in segments with positive outlook in rebounding market



	Business units	Key drivers	Key region	Outlook*
Platform drilling, engineering & wireline	Platform Drilling	<ul style="list-style-type: none"> • Lowest cost production drilling for platforms with drilling facilities • IOR projects and well intervention activity 	North Sea	
	Wireline		North Sea	
	Engineering		North Sea	
Oiltools & Technology	Oiltools	Plug & Abandonment (P&A)	Global offshore	
		Well intervention	Global offshore	
			Middle East onshore	
Drilling assets	Land Drilling North	<ul style="list-style-type: none"> • Land drilling market in Bolivia and Argentina • P&A market in the North Sea for Modular rigs 	Bolivia and Neugen	
	Land Drilling South		Southern Argentina	
	Modular rigs		Global offshore	
US onshore	AWC (frac valves)	<ul style="list-style-type: none"> • US onshore rig count, completion of DUCs and frac intensity per well 	US onshore	
Associated investments	QES (29%)		US onshore	

* Medium term growth outlook

- 2018 financial performance expected to improve over 2017 on higher E&P activity
- Q1 2018 performance to be impacted by mobilization of additional rigs, winter stops on rigs in Norway and cost rationalization
- Focus remains on improving margins through efficiency and rationalisation. Average EBITDA margin before restructuring expected to improve 1-2% points over 2017
- Continued focus on cash generation to de-leverage and strengthen balance sheet
 - Cash flow from operations to exceed interest expenses, capex and taxes
 - Capex below 3% of revenue
- Land Drilling to pick-up as more rigs are contracted (Bolivia and Argentina)
- North Sea activity increase expected Q2 onwards



Demonstrated operational resilience through downturn



Shift in strategy from end-to-end provider to portfolio focus



Cash flow positive operation to cover capex and interest expenses



Robust with \$125 million of liquidity and runway to Q3 2020



Actively executing on value enhancing strategy

