



Swedbank Nordic Energy Summit

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March 20, 2014

Archer
The well company

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Use of GAAP and non-GAAP Performance Measures

We report our financial results in accordance with generally accepted accounting principles (GAAP). However, Archer’s management believes that certain non-GAAP performance measures and ratios may provide users of this financial information additional meaningful comparison between current results and results in prior operating periods. One such non-GAAP financial measure we use is earnings before interest, taxes, depreciation, and amortization (EBITDA), adjusted for special charges or amounts. This adjusted income amount is not a measure of financial performance under GAAP. Accordingly, it should not be considered as a substitute for operating income, net income or other income data prepared in accordance with GAAP. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP.

- 1. Introduction**
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 - 3. Operational Update**
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Introduction

Archer is a global oilfield service company with more than 40 years' experience, over 8,000 employees, and operations in more than 100 locations worldwide. From drilling services, production optimization, well integrity and intervention, to decommissioning, Archer is focused on safely delivering the highest quality services and products to the drilling and well service markets. **We are Archer.**

North Sea

Platform Drilling & related services

Latin America

Land Drilling & related services



North America

Land based Oilfield services

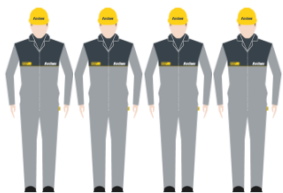
Emerging Markets & Technologies

Well Integrity & Intervention services



Our global footprint and reach

Archer



Over **8,000** employees



85 Wireline trucks
20 Coiled tubing units
30 Snubbing units
20 Nitrogen units
208,000 HHP



77 Land rigs
32 Platforms
2 MODU
32 Offshore wireline units

100+ global locations



Market Update

North Sea - Market Update

Norway		2013				2014				2015				2016				2017			
Field	Operator	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Statfjord A, B, C	Statoil													01.10.2016				3 x 2 yrs			
Veslefrikk A, B	Statoil																	Life of field			
Ula & Valhall IP, DP	BP												30.04.16					1 x 3 yrs			
Gyda	Talisman												29.02.2016					3 x 2 yrs			
Ekofisk K, X	ConocoPhillips								01.07.2015									Up to 5 yr			
Eldfisk A, B	ConocoPhillips								01.07.2015									Up to 5 yr			
UK																					
Forties A,B,C,D,E	Apache								31.08.2015									2 x 1 yrs			
Beryl A,B	Apache								31.08.2015												
Alba & Captain	Chevron																01.07.2017	1 x 3			
Dunlin A	Fairfield Energy																	Life of field			
Brae A,B,East Brae	Marathon													01.03.2017				5 x 1 yrs			
Brent A,B,C	Shell													01.03.2017				2 x 1 yrs			
Nelson & Brent Delta Shell														01.03.2017				2 x 1 yrs			
Brasil																					
Peregrino A, B	Statoil								11.09.2014									2 x 3 yrs			

Modular Rigs

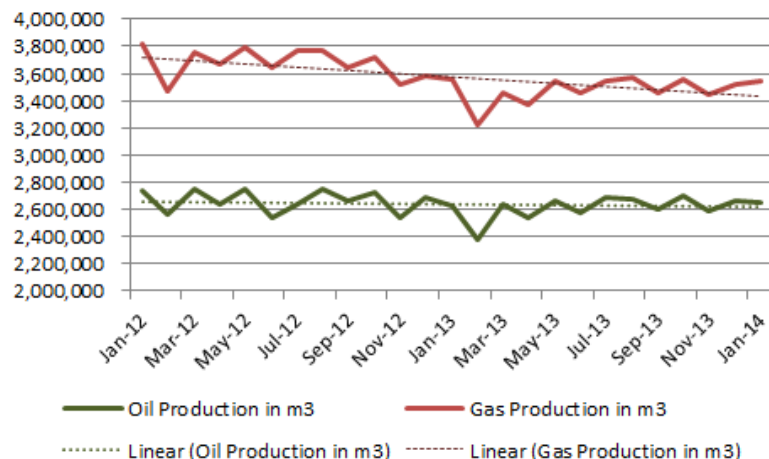
		2013				2014				2015				2016				2017			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Archer Emerald	STOS					21.08.2014				Transit/Mods								Talisman UK			
Archer Topaz	Statoil												2Q2016				4 x 3 months				

Contract
 Options

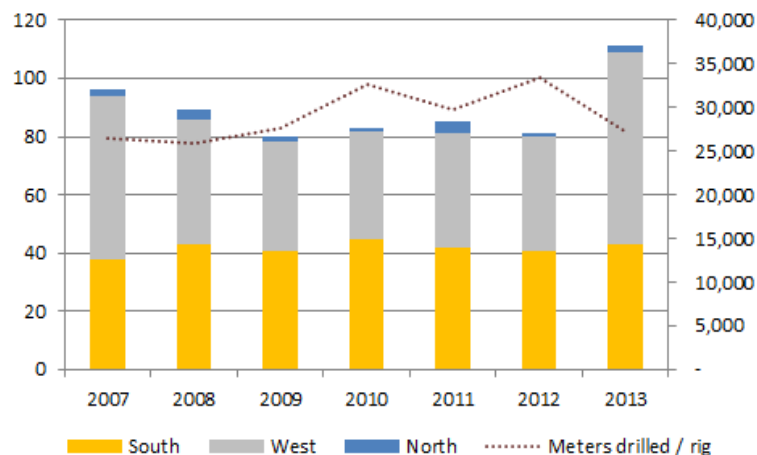
- Number of fixed platforms stable but drilling activity from existing platforms has increased to counter production decline
- High level of engineering and platform modifications to address regulatory requirements and extend life of platforms
- UK market is leading on P&A activity and also seeing the Norway market pick up
- Strong interest in modular rig technology as an efficient solution to address need for additional wells from older platforms
- Archer backlog of \$1.1 billion and \$1.8 billion of options

Latin America – Argentina Market Update

Historical Oil & gas Production in Argentina



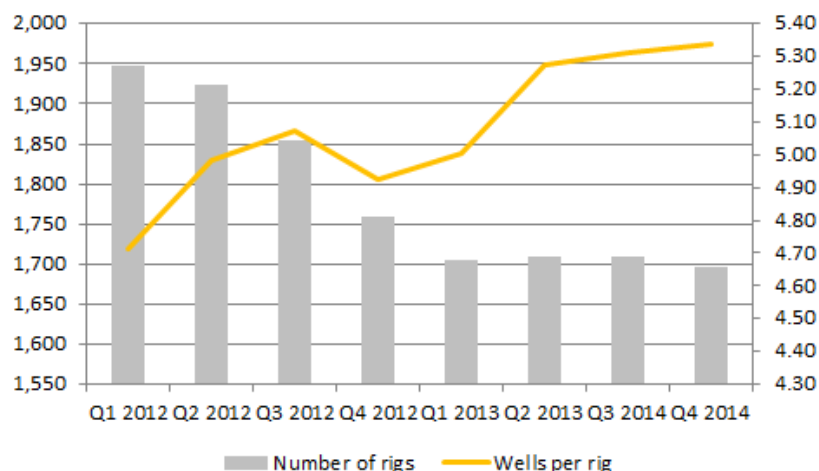
Evolution of Rig count / Meters drilled per rig



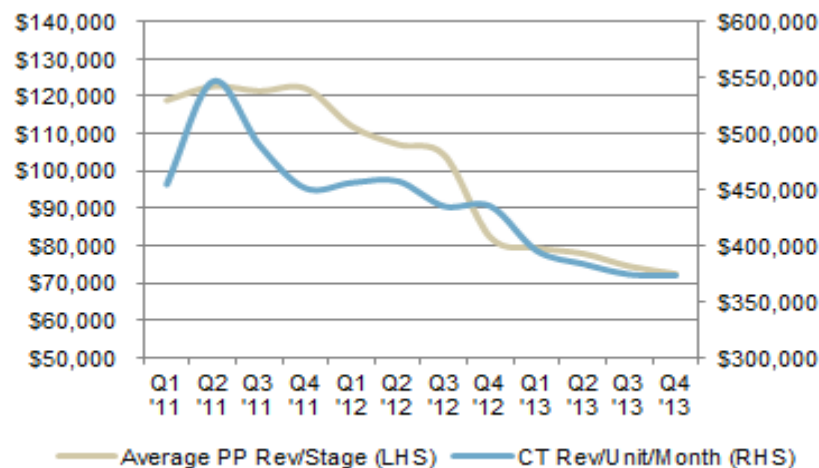
Source: Argentina Energy Ministry

- Increasing signals supporting local oil & gas production to replace expensive imports
- Oil & gas production is flat but given the current account deficit local production needs to increase
- Overall rig utilization in Argentina close to 100% with 30 additional drilling rigs added in the last 12 month predominantly in the Neuquén area
- We expect an additional 25 drilling rigs to enter Argentina in 2014 with the majority being newer rigs for the unconventional areas
- Argentinean government has agreed with Repsol to settle the dispute over YPF
- Several multinationals are looking to enter Argentina and YPF has signaled that it is looking for partners to explore shale reserves
- Devaluation in January '14 spooked the market, but it was long overdue. Exchange rate now stable at ARS 8 / 1 USD versus blue rate of 11

North American Land Market Update



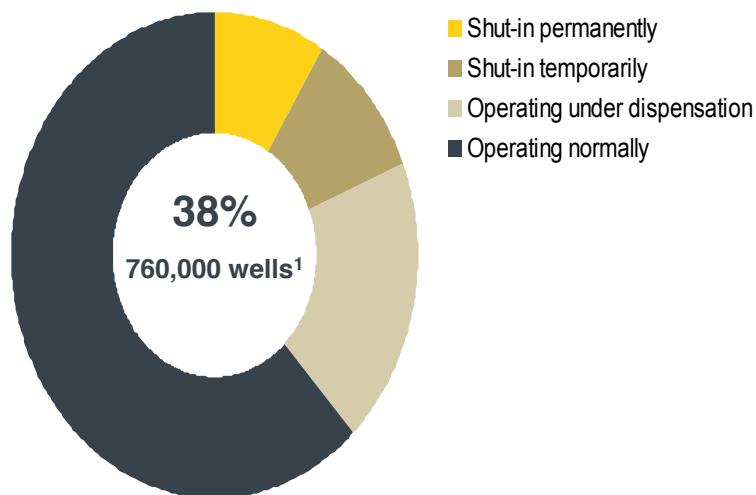
Source: Baker Hughes



Source: Company filings, Company data

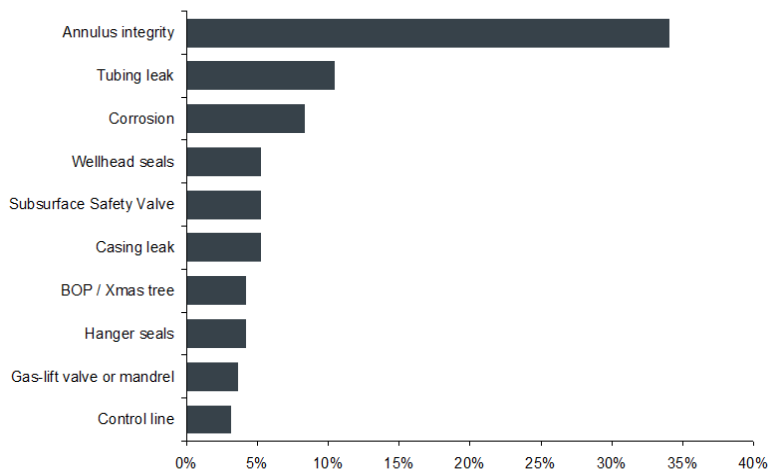
- Land rig count in the United States remained flat during 2013 while number of wells drilled increased
- Industry achieved significant efficiency gains through process improvements with Bakken, Eagle Ford and Marcellus leading the way
- Effective increase in capacity through process and technology innovation
- Recent rig count increased by 3% compared to year end 2013
- Small improvements in utilization and pricing over the past months, but we do not expect a fast recovery
- Ability to integrate various completion processes is becoming more important

Wells with Integrity issues



Source: OTM Consulting Research

Most common integrity failures



Source: Company customer survey

- Strong demand for Well Integrity products in the Gulf of Mexico
- International cased hole logging market is growing and operators are increasingly focusing on well integrity issues
- Core North Sea market for well integrity offering will continue to grow
- Increasing requirement for more efficient well interventions as well as plug & abandonment services
- New products and service offerings as well as international expansion will support double digit growth in well integrity offering

Operational Update

- Performance of the company in the last 2 years lagged most of its competitors mainly in North America
- Large impairment charges reflective of this performance
- Recent financial results excluding one-time items have shown sequential improvements in almost all Areas
- Sharpened focus following the divestitures of the North American Rental, Tubular and Underbalanced Divisions
- Restructuring plan to further improve profitability and overall performance has largely been completed
- Review of Management team and other key positions in order to ensure best possible team
- Secured new contract awards for long term growth

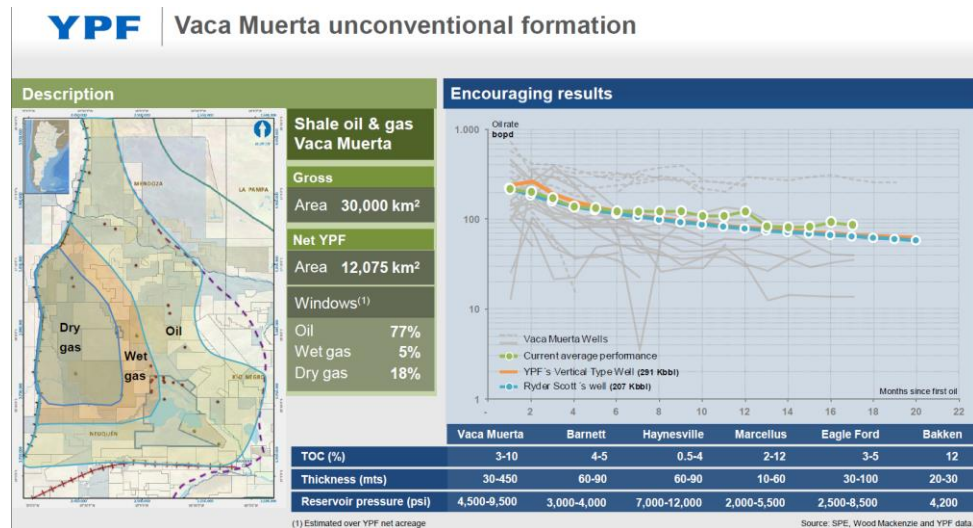


- Increased operations in the UK with P&A, drilling and additional services
- Good activity in Norway with achievement of performance bonuses
- Solid performance of our modular rig in New Zealand and obtained a new longer term contract in the North Sea
- Construction of Archer Topaz is on track for delivery in Q3 2014
- Improved utilization in Engineering with several contracts in Norway, UK and the US
- Strong focus on start up and ongoing operational performance and efficiency to provide long term value to customers

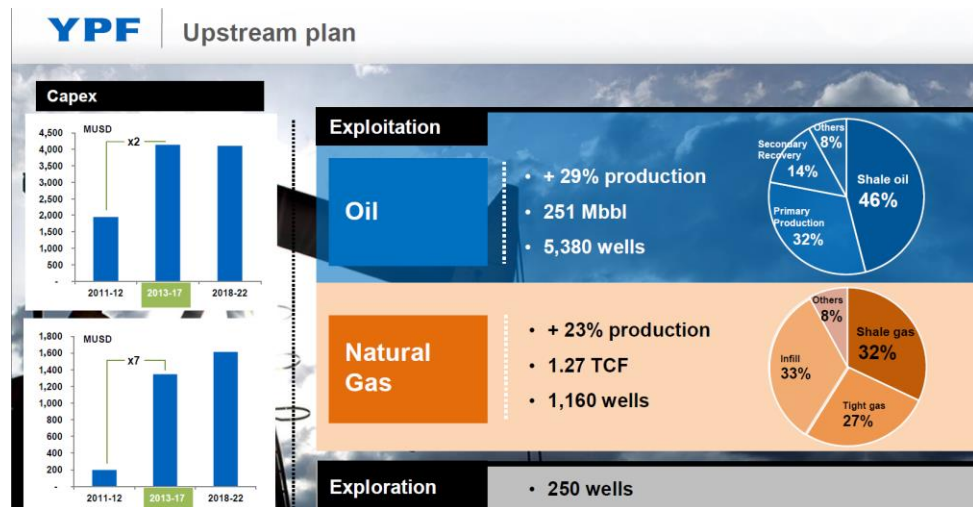


- Slightly reduced drilling rig utilization in Argentina and Bolivia during the fourth quarter as some rigs were moving
- Achieved improved pricing in Argentina with some customers
- Further reduction of activity in Brazil as utilization dropped to record low levels after finalization of Petrobras contracts and lower Eneva (former OGX) activity
- Completed transfer of 2 land rigs from Brazil to Argentina. One other land rig will be transferred in Q2 2014.
- Reviewing options for the remaining 3 land rigs in Brazil
- Further growth potential in addition to recently awarded YPF contract

YPF Contract in Argentina



- YPF bid for 20 1500 HP Drilling Rigs for shale field in Neuquén
- Archer won 5 rigs based on 1500 HP NOV Ideal rig design
- Contract Term: 5 years + 3 year optional
- Contract Value for initial 5 year fixed term is \$400 million
- Spud in: October 2014 – Last Rig no later than March 2015.
- Leverages Archer's existing footprint in Neuquén area
- Good contract terms with contract rate split into Peso and USD broadly in line with the cost structure





- Changed several leadership roles and implemented cost reduction plan
- Geographical footprint under review to ensure adequate economies of scale, optimal service quality and potential for integrated service offerings
- Weather related slow down in activity in most Divisions in both Fourth quarter 2013 and First quarter 2014
- Used slower period to perform preventive maintenance and repair work and relocated some assets
- Results of cost reduction plan already visible at the end of the first quarter with the potential to save further cost with facility consolidation

Emerging Market & Technologies

Operational Update fourth quarter 2013

Archer



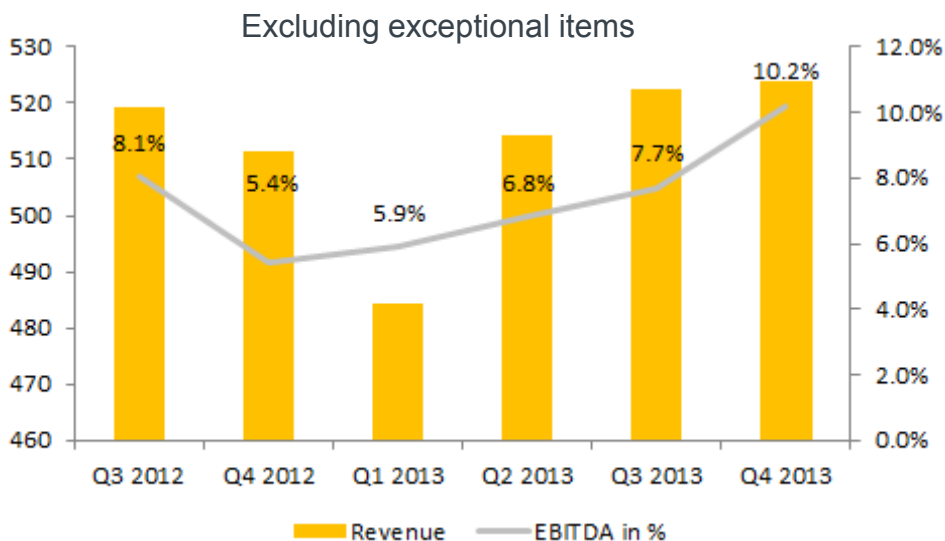
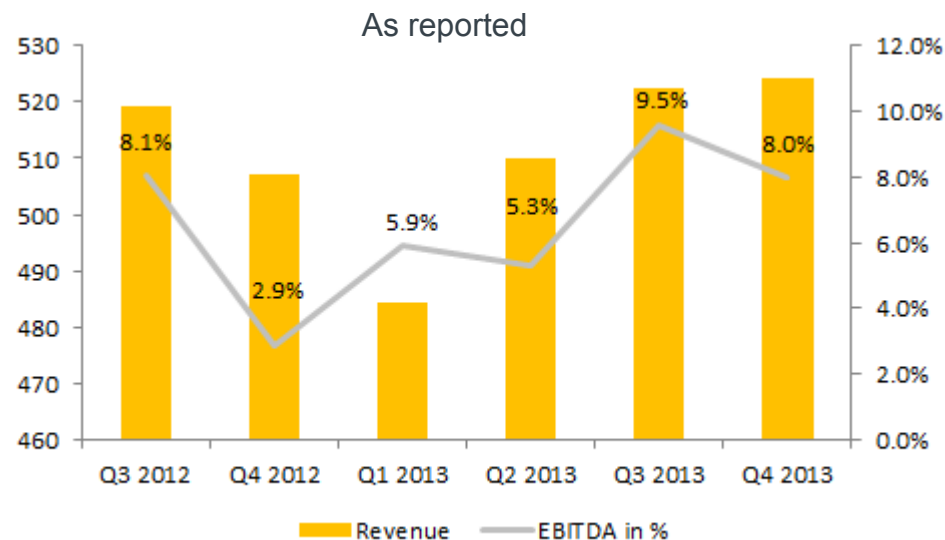
- Strong Wireline activity in Norway with first TCP jobs performed outside US
- Started first land operations outside US in Qatar during the Fourth quarter 2013
- Record Oiltools revenue with strong Cflex sales in the US and higher LOCK rentals in Norway
- Continued strong activity growth for Well Integrity Products in Angola
- Reporting of US Wireline is being transferred to North America Area in Q1 2014

Fourth Quarter 2013 Financial Update

Evolution of consolidated revenue and EBITDA

in \$ millions excluding discontinued operations

Archer

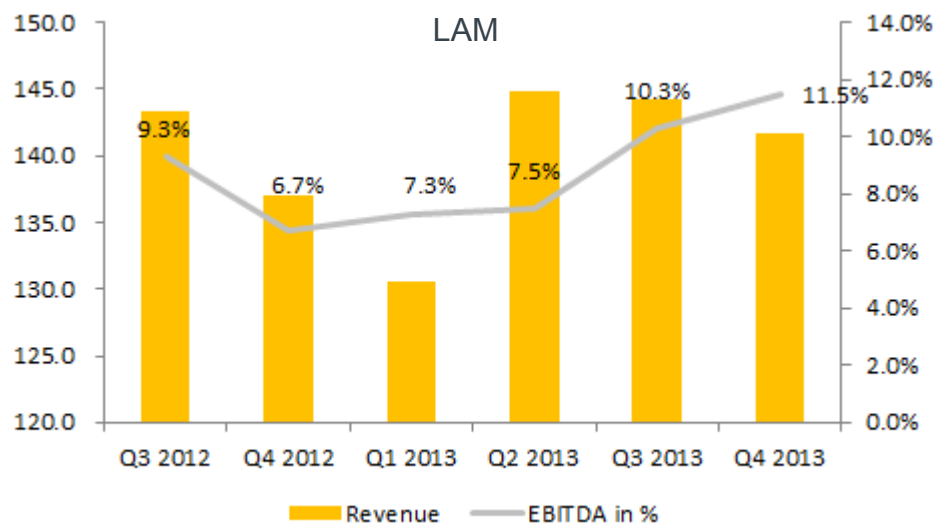


- Strong revenue in Fourth Quarter despite seasonal effects in all Areas
- Excluding exceptional charges and seasonal effects EBITDA improved sequentially in all Areas
- Excluding seasonal and weather related effects we expect this trend to continue in 2014
- Restructuring plan announced in Q3 largely implemented in fourth quarter 2013 and will be completed in first quarter 2014

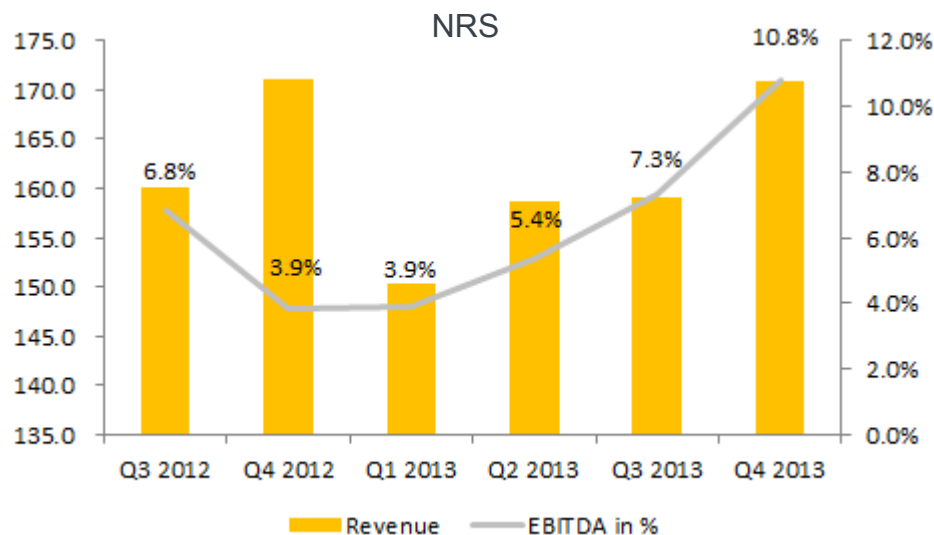
Evolution of revenue and EBITDA for LAM & NRS

in \$ millions excluding exceptional items and discontinued operations

Archer



- Revenue in LAM impacted by rigs transferring out of Brazil and devaluation effect in Argentina
- EBITDA margins improving as Argentina activity increases and loss making activity in Brazil stops
- Temporary shutdown and startup costs as well restructuring costs excluded as exceptional

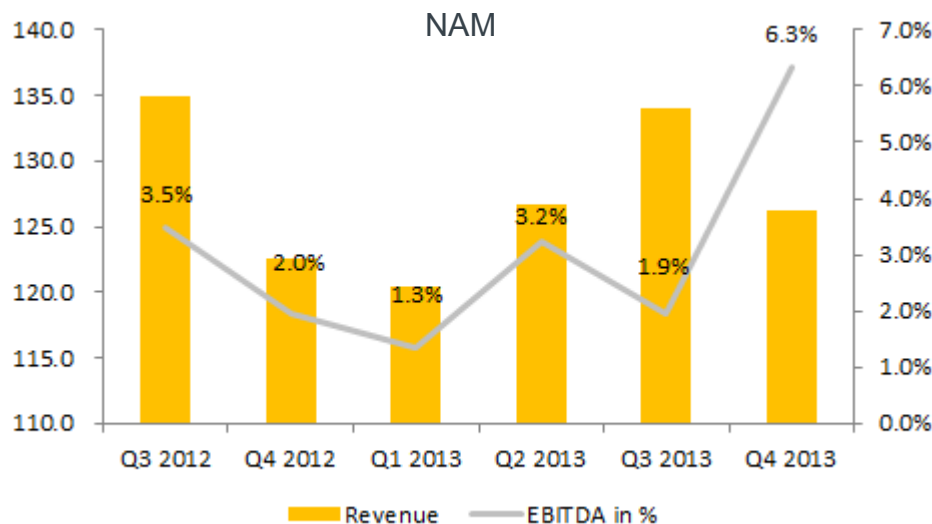


- Improving revenue trend in NRS mainly in the UK as well as with the Modular Rig Archer Emerald
- Positive EBITDA trend with slow shift to higher margin activity
- Charge for receivable write off in Q4 2012 and restructuring costs excluded as one time

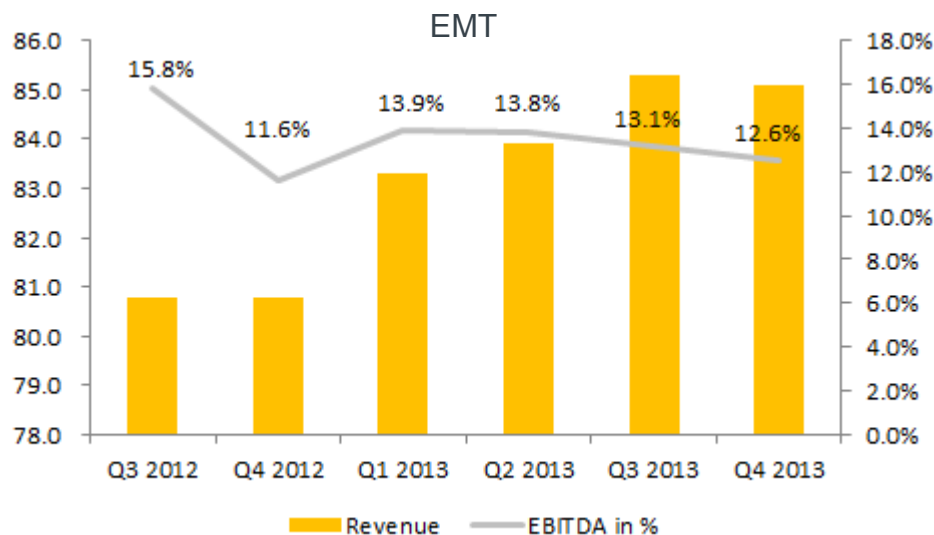
Evolution of revenue and EBITDA for NAM & EMT

in \$ millions excluding exceptional items and discontinued operations

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- Revenue in NAM slightly down due to lower product sales, adverse weather and seasonal effects in the fourth quarter 2013
- EBITDA improved sequentially due to absence of start up costs and favorable mix

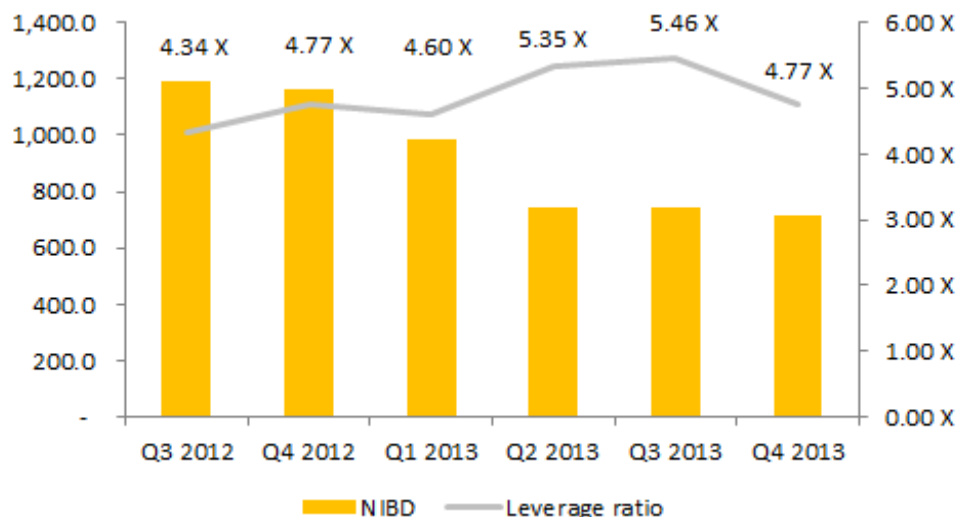


- Revenue in EMT flat with slow activity in the US in the fourth quarter 2013 offset by strong revenue in offshore markets
- High margins from Divisions working in offshore operations
- US Wireline business is being transferred to NAM in Q1 2014

Net Interest Bearing Debt, Leverage Ratio and Cash Flow

in \$ millions unless otherwise indicated

Archer



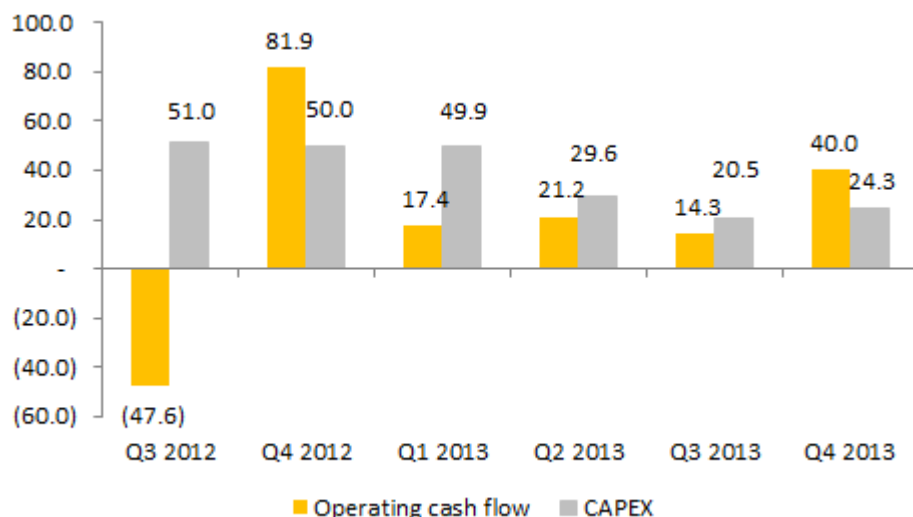
– Debt reduced from \$ 1.2 billion at the end of 2012 to \$ 765 million at the end of 2013

– Reduction as a result of equity issue in Q1 2013 and divestitures in Q2 and Q3 2013

– Trend of deteriorating leverage ratio reversed as EBITDA is improving with lower NIBD

– Improvement of operating cash flow with strong focus on working capital

– Tight control over CAPEX with growth CAPEX financed through guaranteed carve out structures



Summary

- Continued focus on improving operational performance
- Deleveraged balance sheet following strategic steps
- Despite signs of improvement North American market remains challenging
- Restructuring plan almost completed with improving financial performance
- Interesting growth opportunities
- Continued support from main shareholders to realize growth opportunities

Questions?

Thank you