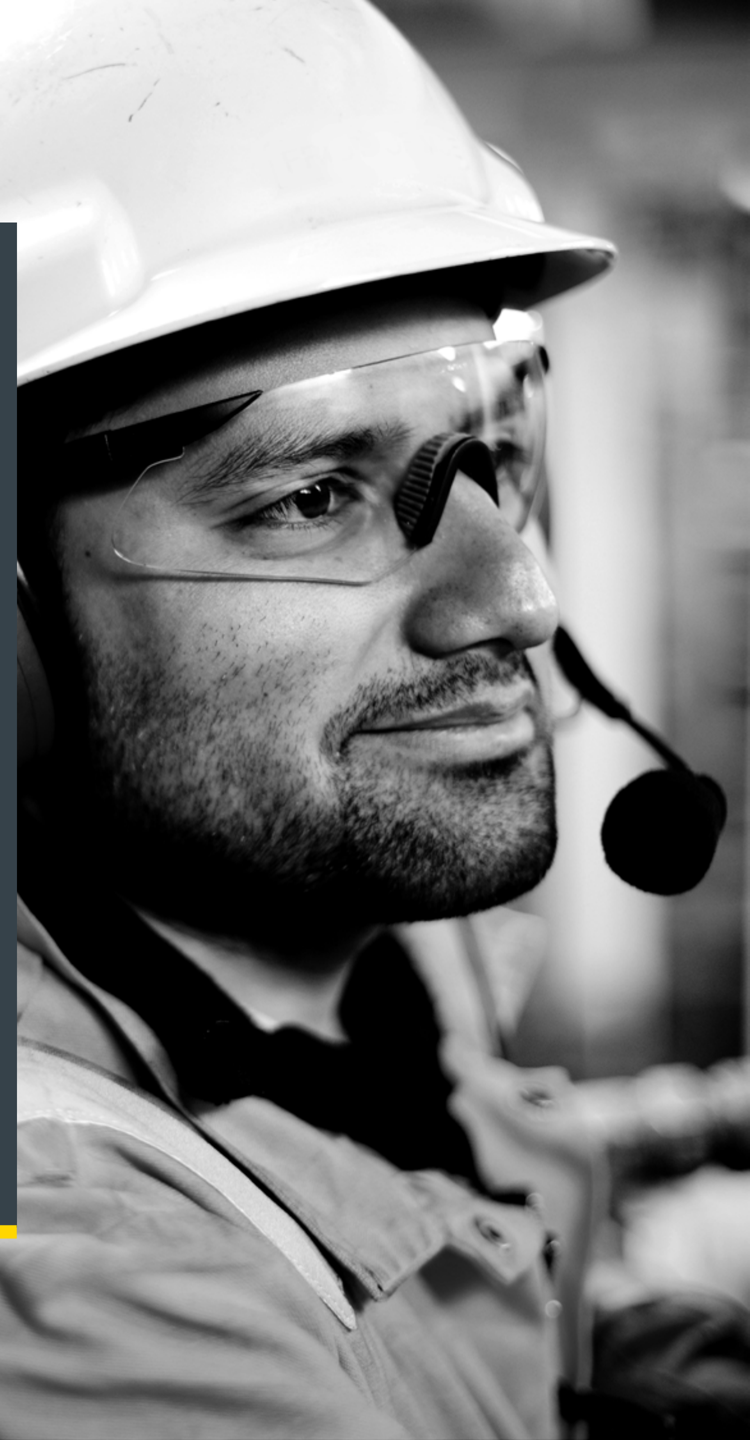
Archer

6 November 2019

Third Quarter 2019

Executive Chairman Kjell-Erik Østdahl and CFO Dag Skindlo



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, 2018. 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.

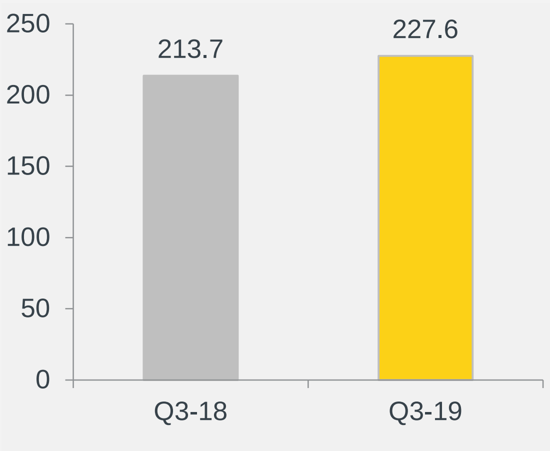
The forward-looking statements in this report are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management’s examination of historical operating trends, data contained in our records and other data available from Fourth parties. 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.

Key highlights

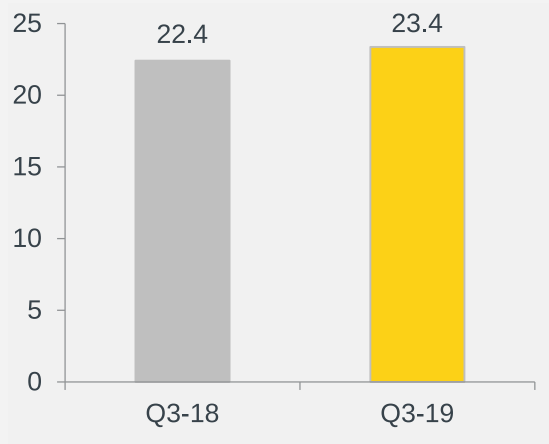
- Fifth quarter in the row with EBITDA margin above 10%
- Both Modular Rigs on contract starting in 2020
- New five year contract for three rigs with YPF
- Renewed contract with Aker BP for Platform Drilling

Archer – third quarter financial results

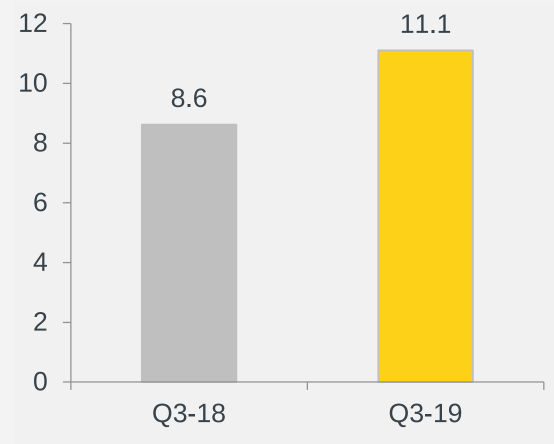
Revenue *[$m]*



EBITDA *[$m]*



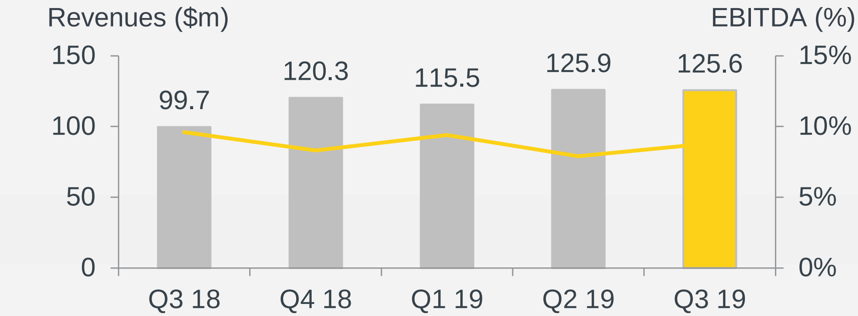
EBIT *[$m]*



- Revenue of $227.6 million
- EBITDA of $23.4 million, or 10% of revenue
- EBIT of $11.1 million, or 5% of revenue
- Net Loss of $56.6 million

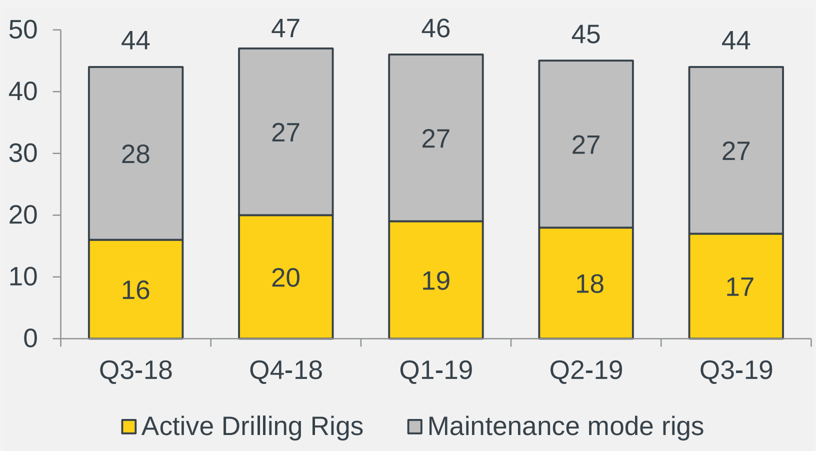
Platform Drilling & Engineering

Revenue and EBITDA *[$m and %]*



$m	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19
EBITDA	9.5	10.0	10.9	10.0	11.0
Capex	1.0	3.8	0.2	1.1	3.7

Platform Drilling contracted rigs [nr of rigs]



Financial highlights

- 26% increase in Revenue compared to Q3 2018
- Negative currency impact offset by high rentals activity and well bonuses
- 16% increase in EBITDA relative to Q3 2018
- Capex spend in the quarter of $3.7m mainly related to Emerald reactivation

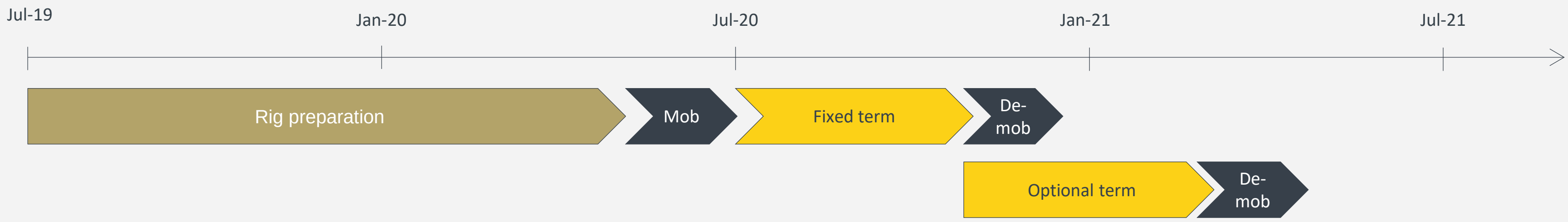
Operational highlights

- Signed contract for Modular Rig Emerald to be deployed in New Zealand, with drilling expected to commence in March 2020
- Signed contract for modular Rig Topaz to be deployed to Heimdal offshore Norway, with drilling expected to start in Q2 2020.
- Renewed contract with Aker BP in Norway
- Demobilized crew from Brent Alpha
- Steady growth for Engineering quarter on quarter

New contract for Topaz MDR signed with Equinor

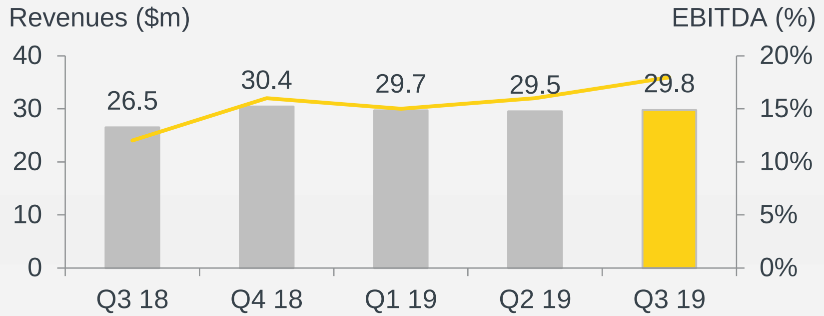
- Permanent Plug and Abandonment campaign on Heimdal Platform in Norway.
- Rig currently undergoing reactivation and recertification program prior to mobilisation in Q2 2020
- Operational start estimated to Q2 2020
- Firm contract duration of 2 x PP&A wells & 3 x recovery conductor strings
- Contract optional period 2 x 2 months.

Preliminary Timeline



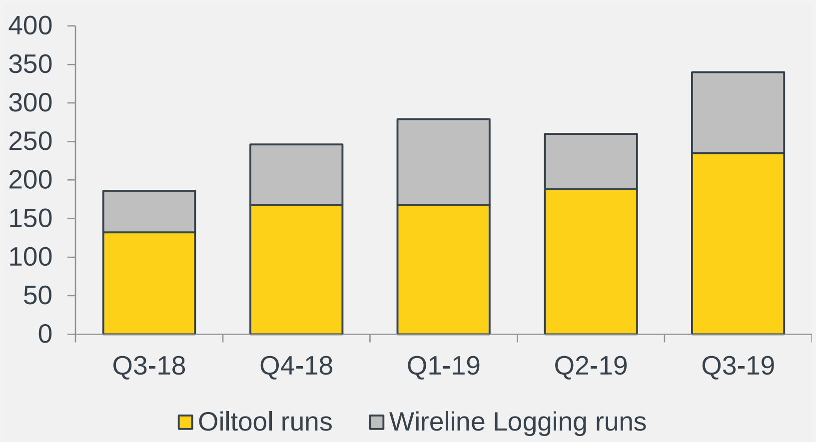
Well Services

Revenue and EBITDA *[$m and %]*



$m	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19
EBITDA	3.3	5.0	4.4	4.7	5.3
Capex	0.9	3.2	1.1	1.0	2.6

Number of runs



Financial highlights

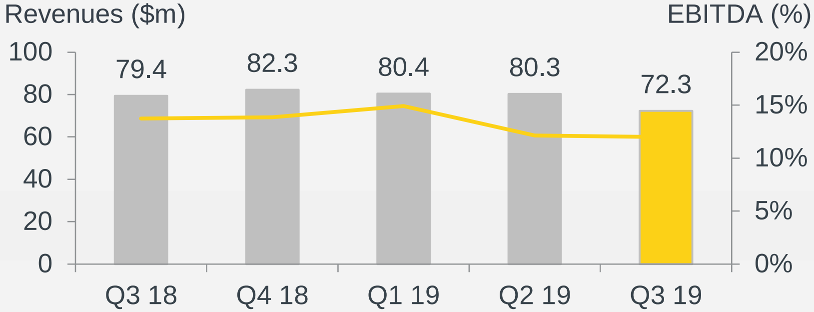
- Strong development relative to Q3 2018:
  - 12% increase in Revenue
  - 63% increase in EBITDA
- Margin expansion
- New technology in Oiltools accounts for 22% of revenue in the quarter, up from previous quarter
- Capex spend in the quarter of $2.6m to support growth in Oiltools

Operational highlights

- Strong operational quarter for Oiltools, with good development across all product lines
- Record number of runs in Q3 2019
- Mechanical Wireline experienced another soft quarter due to less active units deployed offshore Norway - significant drop in offshore hours (40% lower than average for H1)

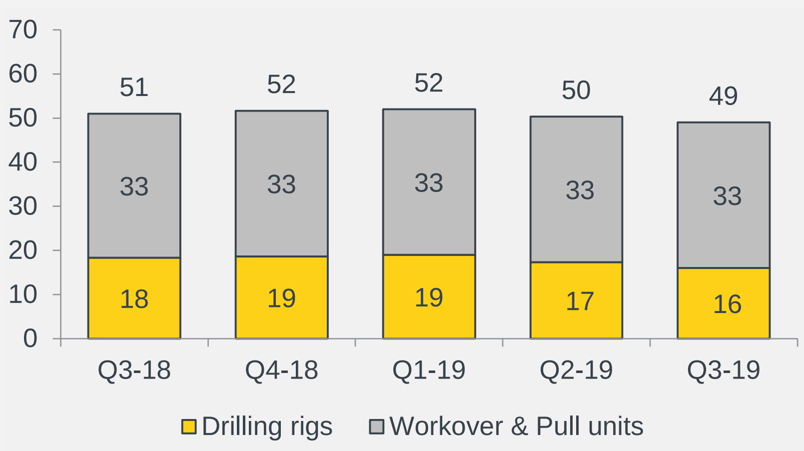
Land Drilling

Revenue and EBITDA *[$m and %]*



$m	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19
EBITDA	10.9	11.4	12.0	9.7	8.7
Capex	2.5	4.9	1.0	3.1	8.1

Number of active rigs



Financial highlights

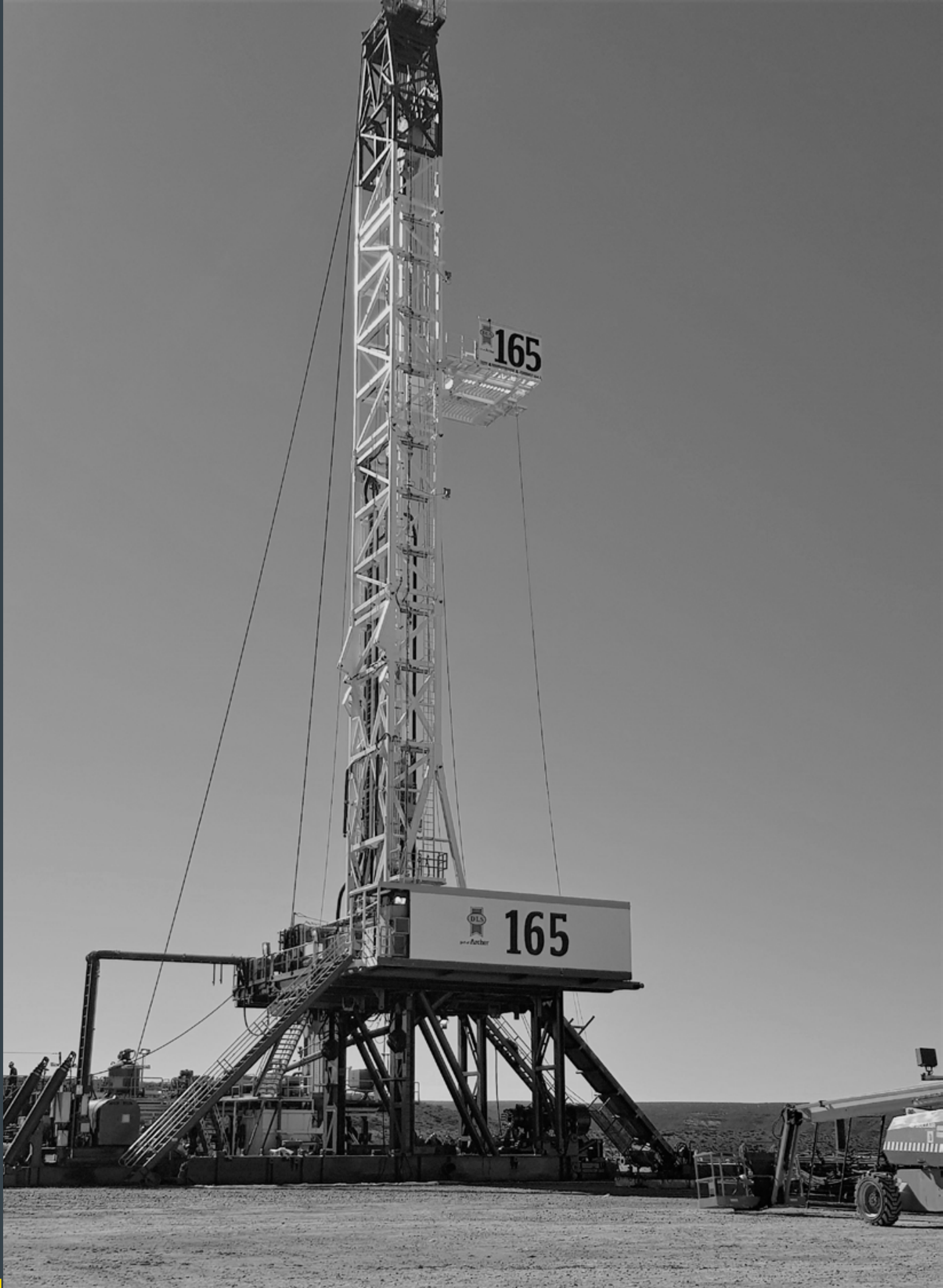
- Revenue down ~9% relative to same quarter last year and down 10% relative to the previous quarter
- Large depreciation of the Argentine Peso of 26% in the quarter
- $2.2 million decrease in EBITDA relative to Q3 2018 as EBITDA in the quarter was negatively impacted by country turmoil by approximately $2.0 million in the quarter

Operational highlights

- Actively levels in the south and fluids impacted by extended strikes, reduced rig activity and employee terminations
- Three drilling rigs have received termination notices in Vaca Muerta
- Two drilling rigs will also become idle in the South, partly offset by additional workover and pulling unit
- Target to reduce headcount in Q4 in line with new activity level (estimated cost of $5 million)

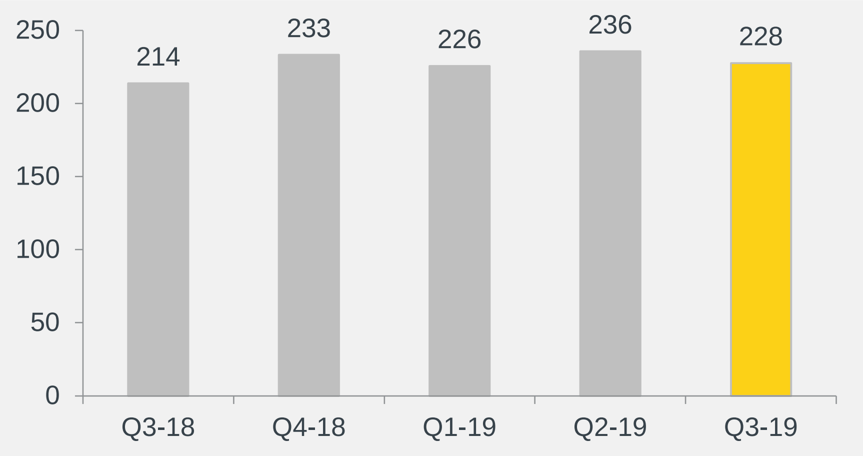
New contract with YPF

- The operators’ well design now require longer laterals to improve financial returns
- With the new contract, three of Archer’s six modern NOV Ideal rigs are being upgraded for YPF
- Contract duration is for 5 years following rig upgrades
- Estimated $200M revenue for three rigs over 5 years
- Contract has option for two more rigs
- Capex of associated upgrades are booked in Q3 and Q4 2019

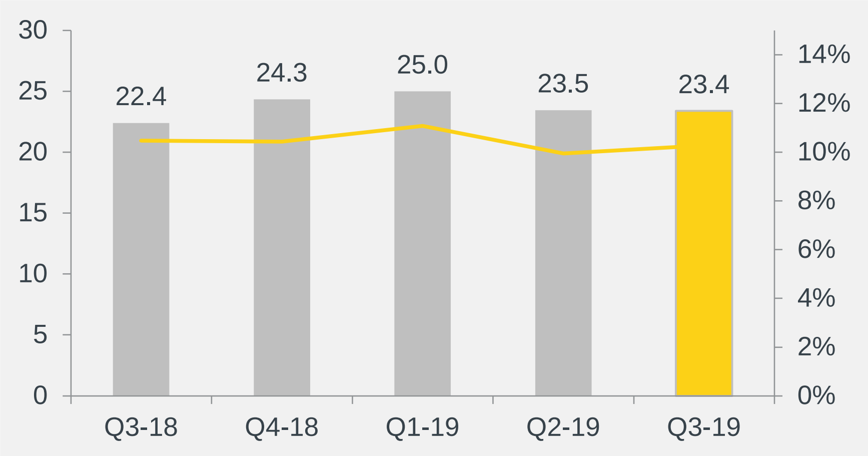


Archer Group – financial highlights third quarter 2019

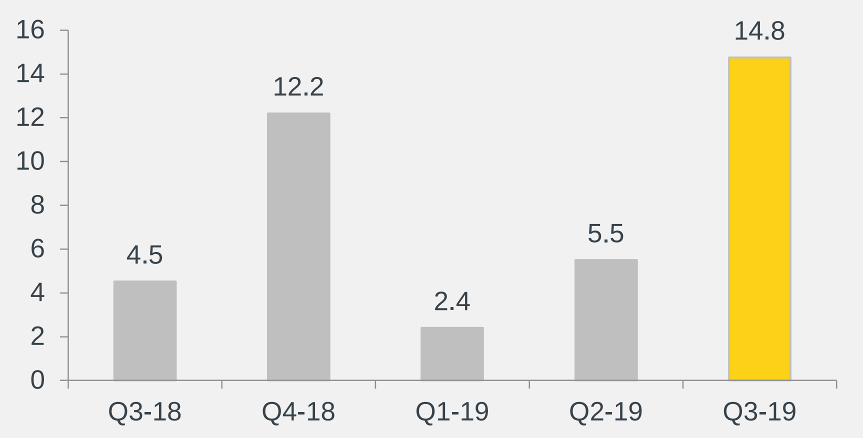
Revenue *[$m]*



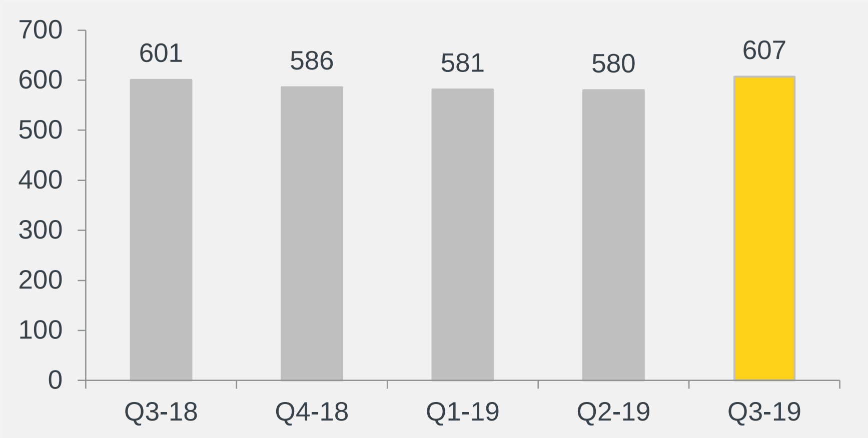
EBITDA *[$m, %]*



Capex *[$m]*



Net Interest Bearing Debt *[$m]*



Condensed profit and loss statement

(Figures in $ million)	Q3 18	Q3 19	YTD 2018	YTD 2019
Operating revenues	192.9	203.5	598.5	626.5
Reimbursable revenue	20.8	24.2	58.0	62.4
Total Revenues	**213.7**	**227.6**	**656.5**	**688.9**
EBITDA before exceptional items	**25.7**	**25.4**	**61.8**	**76.4**
Exceptional items	(3.3)	(2.0)	(13.9)	(4.6)
EBITDA after exceptional items	**22.4**	**23.4**	**48.0**	**71.8**
Deprecation, amortization, impairments, other	(13.8)	(12.3)	(43.2)	(37.5)
EBIT	**8.6**	**11.1**	**4.8**	**34.3**
Result from associated entities	0.2	(32.8)	(3.5)	(37.7)
Interest rate expensed	(9.3)	(10.3)	(28.2)	(29.9)
Other financial costs	1.8	(23.4)	8.6	(18.9)
Net financial items	**(7.3)**	**(66.5)**	**(23.1)**	**(86.4)**
Net result before tax	**1.3**	**(55.4)**	**(18.3)**	**(52.3)**
Tax expense/(benefit)	5.6	(1.2)	22.2	0.5
Net income/(loss)	**6.9**	**(56.6)**	**3.9**	**(51.6)**
Net loss from discontinued operations	-	-	-	-

- Third quarter revenue of $227.6 million, an increase of 6.5% relative to corresponding quarter last year.
- Exceptional items of $2.0 million relates to losses in Argentina due to devaluation of the Peso, strike and severance cost in third quarter.
- EBITDA of $23.4 million, or 10.3% of revenue.
- EBIT of $11.1 million or 4.9%
- Net financial items of $66.5 million, of which $57.3 million is non cash, relates to:
  - Impairment including our share of net losses in QES account for $32.4 million in the quarter
  - Significant negative foreign exchange movements in the third quarter relates to $23.4 million non cash foreign exchange loss related to an internal loan and revaluation of balances in Argentina
- Net loss for the quarter of $56.6 million, whereof $56.2 million relates to net financial items with zero cash impact

Condensed balance sheet

(Figures in $ million)	30/09/18	30/06/19	30/09/19
ASSETS			
Cash, cash equivalents & restricted cash	27.3	51.1	18.7
Accounts receivables	124.4	148.1	148.6
Inventories	51.8	52.1	52.2
Right of use assets current	-	1.4	1.0
Other current assets	32.1	24.4	28.7
Total current assets	**235.6**	**277.1**	**249.3**
Investments and loans in associates	110.1	63.4	30.7
Property, plant and equipment, net	397.6	378.1	372.1
Right of use assets	-	41.7	41.3
Goodwill	182.7	175.6	165.3
Other non current assets	36.9	40.6	39.2
Total non current assets	**727.3**	**699.4**	**648.7**
Total assets	**962.9**	**976.5**	**898.0**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current portion of interest-bearing debt	8.0	33.4	553.0
Accounts payable	45.3	55.1	46.6
Lease liability current		12.3	12.2
Other current liabilities	89.4	106.4	92.5
Total current liabilities	**142.7**	**207.3**	**704.3**
Long-term interest-bearing debt	555.1	524.0	5.9
Subordinated related party loan	58.3	58.3	58.3
Deferred taxes	3.4	2.3	2.2
Lease liability	-	30.8	30.0
Other noncurrent liabilities	1.5	0.6	0.5
Total noncurrent liabilities	**618.3**	**616.0**	**97.0**
Shareholder's equity	**201.9**	**153.2**	**96.7**
Total liabilities and shareholders' equity	**962.9**	**976.5**	**898.0**

Assets

- Total current assets decreased by $27.8 million in the third quarter compared to second quarter, with an decreased cash balance of $32.4 million.
- Accounts receivables increased by $0.5 million as a consequence of increased days outstanding, offset by devaluation of currencies.
- Total non-current assets decreased by $50.7 million in the third quarter compared to second quarter. Mainly due to; 1) write down due to impairment and our share of net losses in QES of $32.4 million and 2) currency adjustment of goodwill by $10.3 million.

Liabilities

- Our main loan facility matures in September 2020, and as a consequence we had to reclassify our long term loans to short term loan in third quarter. We are currently engaged with our lenders on renewal of our loan facility.
- NIBD increased by $26.8 million in the quarter, ending at $606.8 million as a result of high capex investment and negative development in working capital during third quarter. The weak development in working capital is largely expected to be reversed in Q4.

Summary and outlook

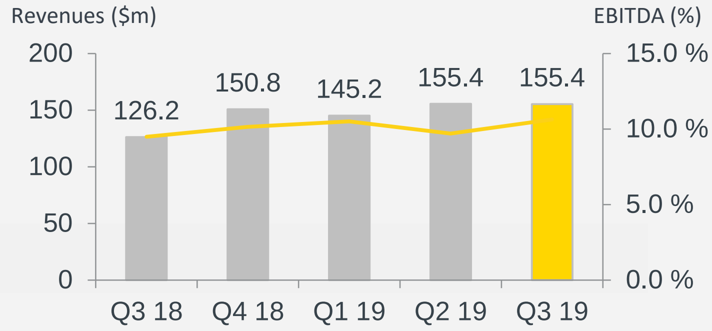
- Archer expects continued strong operating and financial performance in Eastern Hemisphere in accordance with previous guidance.
- Lower activity and extraordinary costs in relation to work force reductions in Western Hemisphere will negatively impact Q4 results.
- Archer expects full year 2019 Capex of around 4% of revenue following the contract award for Archer Emerald and the upgrade of 3 rigs in Argentina
- Refinancing progressing according to plan

Segment key financials

Eastern Hemisphere

Platform drilling & Engineering

Well Services

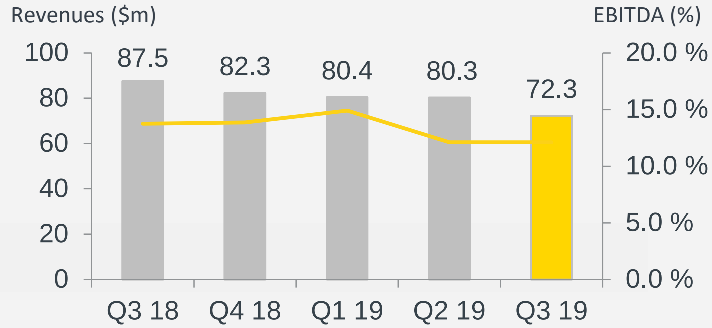


$m	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19
Revenues	126.2	150.8	145.2	155.4	155.4
EBITDA	12.0	15.3	15.2	15.1	16.5
Capex	2.0	7.3	1.4	2.4	6.6

Western Hemisphere

Land drilling

Note:
Financials pre Q4-18 include US Onshore



$m	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19
Revenues	87.5	82.3	80.4	80.3	72.3
EBITDA	12.0	11.4	12.0	9.7	8.7
Capex	2.5	4.9	1.0	3.1	8.1

Condensed profit and loss statement – last 5 quarters

(Figures in $ million)	Q3 18	Q4 18 [1)]	Q1 19[2)]	Q2 19[2)]	Q3 19
Operating revenues	192.9	212.7	210.3	212.8	**203.5**
Reimbursable revenue	20.8	20.5	15.4	22.9	**24.2**
Total Revenues	**213.7**	**233.2**	**225.7**	**235.6**	**227.6**
EBITDA before exceptional items	**25.7**	**26.9**	**25.9**	**25.2**	**25.4**
Severance payments	(2.5)	(2.4)	(0.6)	(0.3)	**(0.4)**
Idle personnel costs	(0.8)	(0.1)	-	-	**-**
Strikes	-	-	-	(0.2)	**(0.6)**
Foreign exchange /devaluation	-	-	(0.3)	(1.2)	**(1.1)**
Office costs	-	-	-	-	**-**
Total Exceptional items [2)]	**(3.3)**	**(2.5)**	**(0.9**	**(1.7)**	**(2.0)**
EBITDA after exceptional items	**22.4**	**24.3**	**25.0**	**23.5**	**23.4**
Deprecation, amortization, impairments, other	(13.8)	(13.6)	(13.1)	(12.2)	**(12.3)**
EBIT	**8.6**	**10.7**	**11.9**	**11.3**	**11.1**
Result from associated entities	0.2	(35.9)	(1.2)	(3.7)	**(32.8)**
Interest rate expensed	(9.3)	(10.0)	(10.2)	(9.3)	**(10.3)**
Other financial costs	1.8	(14.1)	(1.4)	5.9	**(23.4)**
Net financial items	**(7.3)**	**(60.0)**	**(12.8)**	**(7.1)**	**(66.5)**
Net result before tax	**1.3**	**(49.3)**	**(0.9)**	**4.2**	**(55.4)**
Tax benefit / (expense)	5.6	(7.6)	2.3	(0.6)	**(1.2)**
Net income/(loss)	**6.9**	**(56.9)**	**1.4**	**3.5**	**(56.6)**
Net loss from discontinued operations	-	-	-		-

1) Restated Q4 2018 and 2018 relative to Q4 18 reporting on 27th February 2019 due to reduced carrying value of our QES shares in the Annual Report for 2018
2) EBITDA before exceptional items is presented as an alternative measure to improve comparability of the underlying business performance between the periods. Exceptional items have been amended for the previous quarters in 2019 in the table above due to materiality for the full year 2019 and to increase comparability throughout the year.

APPENDIX

Condensed balance sheet – last 5 quarters

(Figures in $ million)	30/09/18	31/12/18 [1)]	31/03/19	30/06/19	30/09/19
ASSETS					
Cash, cash equivalents & restricted cash	27.3	31.5	32.2	51.1	18.7
Accounts receivables	124.4	137.0	142.8	148.1	148.6
Inventories	51.8	51.9	52.2	52.1	52.2
Right of use assets current	-	-	12.3	1.4	1.0
Other current assets	32.1	23.5	24.6	24.4	28.7
Total current assets	**235.6**	**243.9**	**264.0**	**277.1**	**249.3**
Investments and loans in associates	110.1	66.5	66.0	63.4	30.7
Property, plant and equipment, net	397.6	392.5	383.7	378.1	372.1
Right of use assets	-	-	30.1	41.7	41.3
Goodwill	182.7	172.6	170.1	175.6	165.3
Other non current assets	36.9	35.1	37.7	40.6	39.2
Total noncurrent assets	**727.3**	**666.7**	**687.6**	**699.4**	**648.7**
Total assets	**962.9**	**910.6**	**951.6**	**976.5**	**898.0**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current portion of interest-bearing debt	8.0	4.7	18.5	33.4	553.0
Accounts payable	45.3	45.5	48.7	55.1	46.6
Lease liability current	-	-	12.3	12.3	12.2
Other current liabilities	89.4	108.1	104.4	106.4	92.5
Total current liabilities	**142.7**	**158.3**	**183.9**	**207.3**	**704.3**
Long-term interest-bearing debt	555.1	543.0	528.2	524.0	5.9
Subordinated related party loan	58.3	58.3	58.3	58.3	58.3
Deferred taxes	3.4	2.8	2.2	2.3	2.2
Lease liability	-		30.1	30.8	30.0
Other noncurrent liabilities	1.5	1.0	0.8	0.6	0.5
Total noncurrent liabilities	**618.3**	**605.1**	**619.6**	**616.0**	**97.0**
Shareholder's equity	**201.9**	**147.2**	**148.2**	**153.2**	**96.7**
Total liabilities and shareholders' equity	**962.9**	**910.6**	**951.6**	**976.5**	**898.0**

1) Restated Q4 2018 and 2018 relative to Q4 18 reporting on 27th February 2019 due to reduced carrying value of our QES shares in the Annual Report for 2018

Condensed cash flow statement – last 5 quarters

(Figures in $ million)	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19
Operating activities	(1.5)	36.1	4.0	18.1	(15.0)
Investing activities	25.1	(8.6)	(2.4)	(5.2)	(14.8)
Financing activities	(30.3)	(15.2)	(0.8)	10.0	2.4
FX effect	0.8	(8.1)	(0.1)	(4.1)	(5.0)
Total [1)]	**(5.9)**	**4.2**	**0.7**	**18.8**	**(32.4)**

1) Cash and cash equivalents including restricted cash