Refinancing solution

Dag Skindlo
CEO and President
Refinancing solution

Attractive refinancing secured

- Main loan facility extended until 1st October 2023
- A fixed amortization schedule reinstated
- Interest margins unchanged
- No new equity or liquidity required
- Net Debt reduction of USD 45 million, equal to NOK 3.1 per share
- Pro forma NIBD reduced from 582 million to USD 537 million
- Available liquidity of approx. USD 96 million post refinancing
- Credit and board approved terms sheets in place from lenders
  - BNP term sheet pending Hermes approval

### New Debt maturity profile 1) [$m]

<table>
<thead>
<tr>
<th>Year</th>
<th>Old Amortisation profile</th>
<th>New Amortisation profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>549</td>
<td>15</td>
</tr>
<tr>
<td>2021</td>
<td>63</td>
<td>63</td>
</tr>
<tr>
<td>2022</td>
<td>27</td>
<td>24</td>
</tr>
<tr>
<td>2023</td>
<td>2</td>
<td>490</td>
</tr>
<tr>
<td>2024</td>
<td>13</td>
<td>13</td>
</tr>
</tbody>
</table>

- Excludes currently undrawn facilities

### Net Interest Bearing Debt / EBITDA

<table>
<thead>
<tr>
<th>Year</th>
<th>Old Amortisation profile</th>
<th>New Amortisation profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>16.2</td>
<td>16.2</td>
</tr>
<tr>
<td>2017</td>
<td>10.9</td>
<td>10.9</td>
</tr>
<tr>
<td>2018</td>
<td>8.1</td>
<td>8.1</td>
</tr>
<tr>
<td>2019</td>
<td>6.2</td>
<td>6.2</td>
</tr>
<tr>
<td>2019 New</td>
<td>5.7</td>
<td>5.7</td>
</tr>
</tbody>
</table>

1) Definition in loan agreement gives NIBD / EBITDA = 5.15
Refinancing solution

NIBD will be reduced on effective date

- Archer has consistently been able to reduce NIBD year on year
- NIBD will be further reduced by $45 million with new agreement
- NIBD reduction of 33% since end 2016
- Archer has operated with excess liquidity, and will post refinancing reduce available liquidity by $48 million to approximately $96 million
- Historic free cash flow generation has been more than sufficient to service debt and investments
- Going forward cash sweep threshold will be set at $90 million giving ample headroom

Historic NIBD [$m]

- 2016: 796
- 2017: 603
- 2018: 586
- 2019: 582
- After refinancing: 537

~33% reduction
Archer has robust cash flow generation

- During the downturn Archer was able to deliver strong operational cash flow by cutting costs, releasing working capital and reducing capex
- As the market has improved, Archer has increased the growth capex and increased working capital to invest for future earnings

NIBD reduction during market downturn and market recovery
NIBD reduction positive for all stakeholders

- At current market cap, the NIBD reduction of $45 million represents ~240% of our market cap and should support equity recovery
- Gross and Net Debt reduction reduces interest expenses going forward
- Archer market capitalization is currently 3.1% of EV, and the debt reduction is 7.8% of NIBD
- Archer has proven ability to reduce NIBD through operations and expect to further reduce NIBD in 2020

1) As of 12.03.20
**Key financials**

**Continued financial improvement**
- Refinanced with attractive terms
- Net debt down 33% since 2016
- NIBD/EBITDA from 16.2 to 5.7 since 2016
- 30% growth in EBITDA over 2018
- 170% growth in EBIT over 2018

**In challenging market conditions**
- Low/moderate global upstream offshore spending
- Argentina financial crisis and challenging onshore US market
- Weak operating currencies relative to USD
- Depressed capital markets for oil service
Investment highlights

**Strong market position**
- Leading platform drilling in the North Sea
- Leading provider of land drilling and workover services in Latin America
- Well services with leading proprietary technology that is deployed globally
- Unique offering in the North Sea for integrated projects in a growing late life market

**Improved financials and refinanced in a challenging environment**
- Consistent EBITDA growth year on year
- Consistent reduction in net debt year on year
- Consistent improvement in credit metrics
- Refinanced, ample liquidity and strong cash flow generation
Debt amendment details
Debt Amendment Details

Amended Revolving Credit Facility (RCF)

Facilities and structure
- $610.8 million commitment reduced to $579.1 million on effective date
- Maturity date extended to 1 October 2023
- Competitive interest margins preserved at existing levels

Amortization profile & Cash sweep
- A quarterly $4 million amortisation profile with first amortization 31 March 2021
- Cash sweep of excess liquidity above $90 million to start 31 December 2020

Interest margin
- Margin grid: Libor + Margin of 2.25% - 4.15% per annum for NIBD/EBITDA\(^1\) between 1.0 and 5.0, and 4.35% for NIBD/EBITDA >= 5.0
- 1% PIK Margin accrue on the loan if NIBD/EBITDA\(^1\) exceeds 6.00 at year end

Key Covenants
- NIBD/EBITDA\(^1\) Ratio covenant, reducing from 7.0 in Q1 2020 to 5.0 in LTM Q2 2023
- $30 million minimum liquidity
- Annual Capex of maximum $40 million

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\(^1\) Loan agreement definition: NIBD = NIBD excluding Seadrill convertible loan, EBITDA = EBITDA before exceptional items
Debt Amendment Details

Refinancing terms other loan agreements

Key terms – BNP / Hermes facility

- Currently outstanding: of €21.4 million reduced to €11.4 million on effective date
- A quarterly €1.4 million commencing in 2021 and final repayment in December 2022
- Interest margins preserved at existing levels

Key terms – Seadrill convertible

- Current book value of $58.3 million reduced to $13 million on effective date
- Reduction in convertible price from $2.083 to $0.40
- Seadrill can convert the CB to Archer shares at any time and are also free to sell CB to third party
- Maturity extended to April 2024
- PIK remains 5.5%