

## Second Quarter 2021 results

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**Dag Skindlo**

Chief Executive Officer

**Espen Joranger**

Chief Financial Officer

13 August 2021





## 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.

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, 2020. 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.

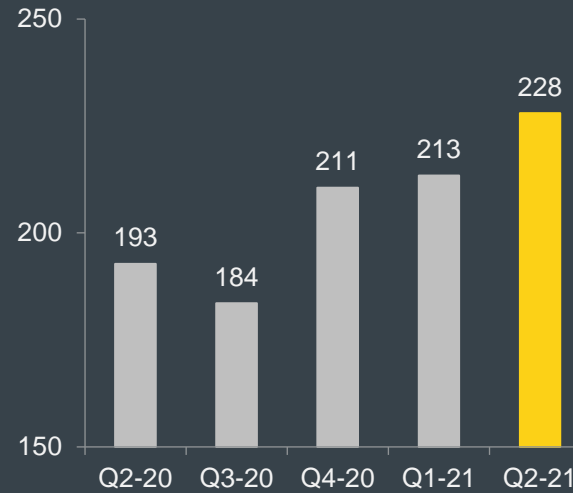
The forward-looking statements in this report are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management’s examination of historical operating trends, data contained in our records and other data available from Fourth parties.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



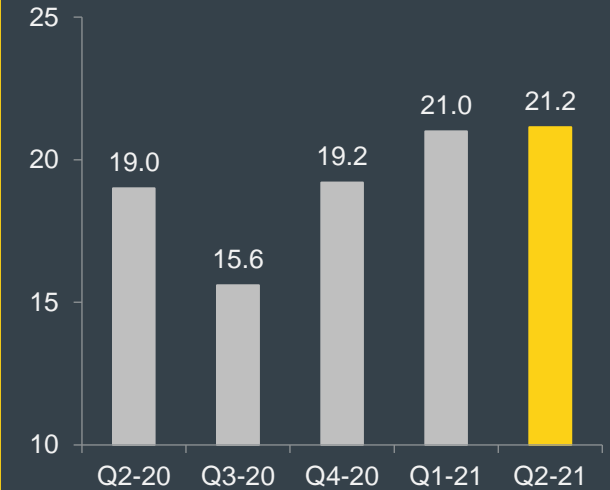
## Q2 Highlights

- **Revenue** increased by 18.3% from Q2 2020
- **EBITDA** of \$21.2 million despite challenging situation in Argentina due to Covid-19
- Positive **net income** of \$1.6 million, equivalent to USD 0.01 per share
- Acquired **DeepWell** effective June 3rd, effecting NIBD by \$13.3 million
- Backlog addition totaling \$325 million in Land Drilling, Wireline, and Oiltools during the quarter

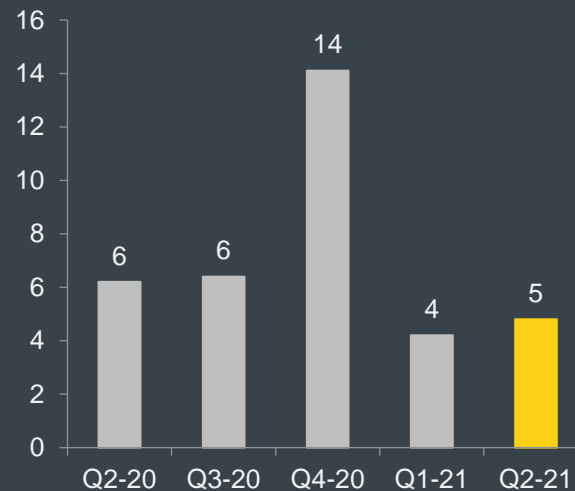
### Revenue (\$m)



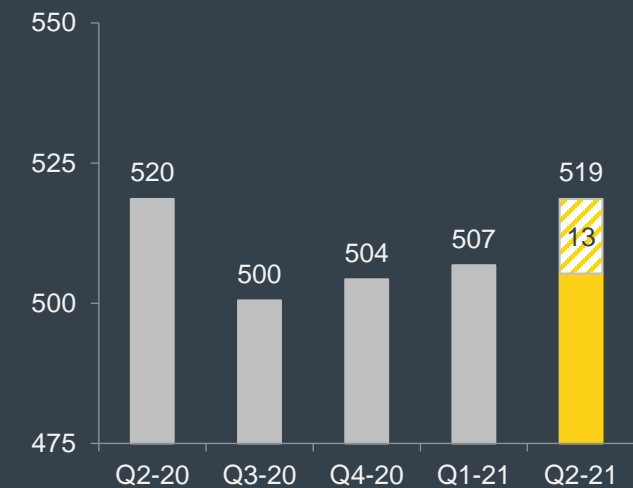
### EBITDA (\$m)



### Capex (\$m)



### Net interest-bearing debt (\$m)





## Backlog additions

### Wireline



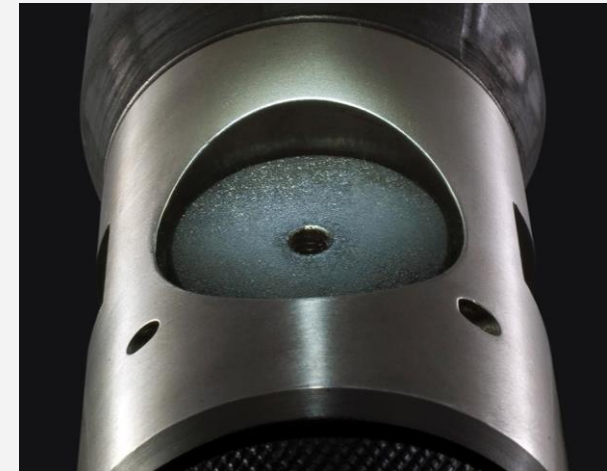
- Archer secured a 5 year frame agreement by ConocoPhillips, with option for additional 6 years
- Archer will continue to deliver mechanical wireline services on the Ekofisk field
- **Estimated backlog of \$115 million**

### Land Drilling



- Pan American Energy extended Archer's contract in southern Argentina for 2 years
- The contract covers drilling, workover and pulling services in southern Argentina.
- **Estimated backlog of \$200 million**

### Oiltools



- Oiltools was awarded a P&A campaign for Wintershall in Netherlands
- Initial scope under the contract is for 22 wells, with an option of another 20 wells
- **Estimated backlog of \$10 million**

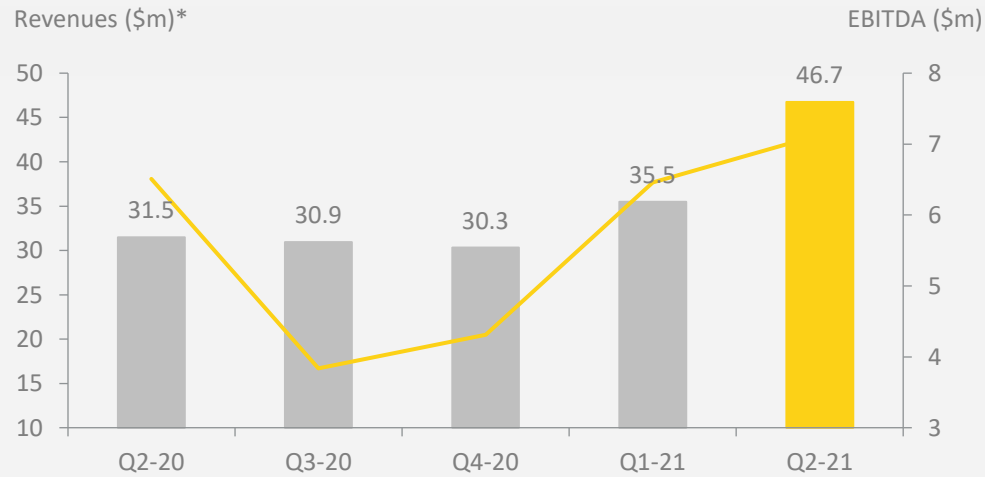
“Our continuous focus on people, safety, quality delivery and innovation are the pillars of our success”



# Well Services

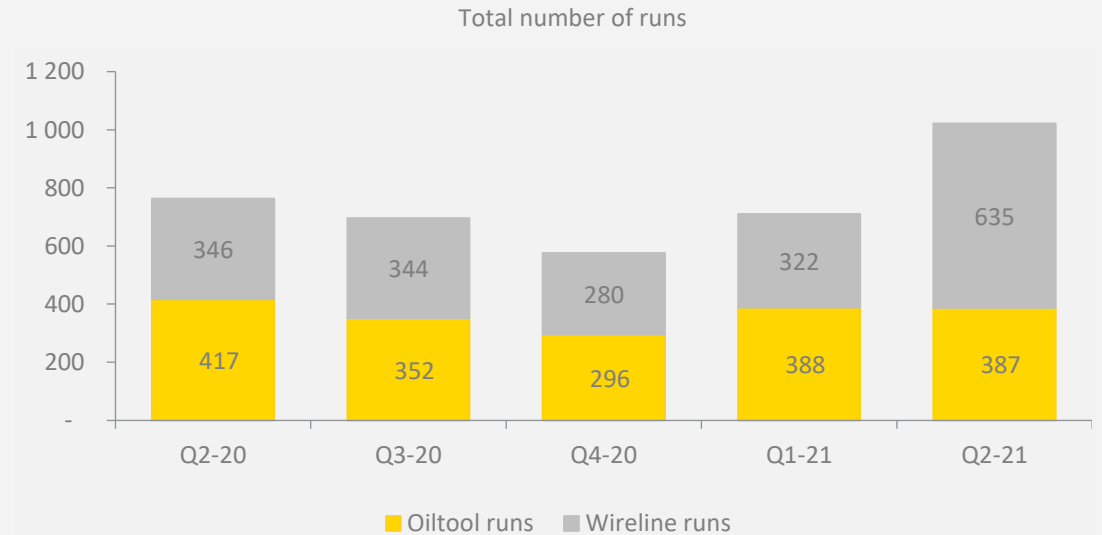
## Financials

- Revenue increased by \$11.2 million or 31.7% from Q1
- EBITDA increased by \$0.7 million or 10% from Q1, impacted by start-up cost of new contract and extensive use of overtime
- Overall EBITDA margin negatively impacted by major subcontractors used for Equinor contract



## Operations

- Integration of Deepwell progressing well
- Successful start-up of Equinor contract during May. Full impact in Q3 and onward from the Equinor and CoP contracts
- High Wireline activity in the quarter constrained by manning capacity
- Revenue from new technologies increased from 18% to 23% over the quarter for Oiltools







# Archer's Wireline division repositioned on the NCS

## NOK 3.5 billion of backlog

- Successful commencement of the Equinor contract with our alliance partners Schlumberger and Welltec
- Awarded long-term frame agreement with ConocoPhillips for the provision of wireline services on the NCS

## Acquired DeepWell

- Fast tracked acquisition of DeepWell to secure access to equipment, personnel, new product offerings and contracts
- Integration on plan

## Market leader

- Archer established as market leader for mechanical wireline on the NCS
- Archer the largest wireline intervention company on the NCS

## Record backlog of NOK 3.5 billion

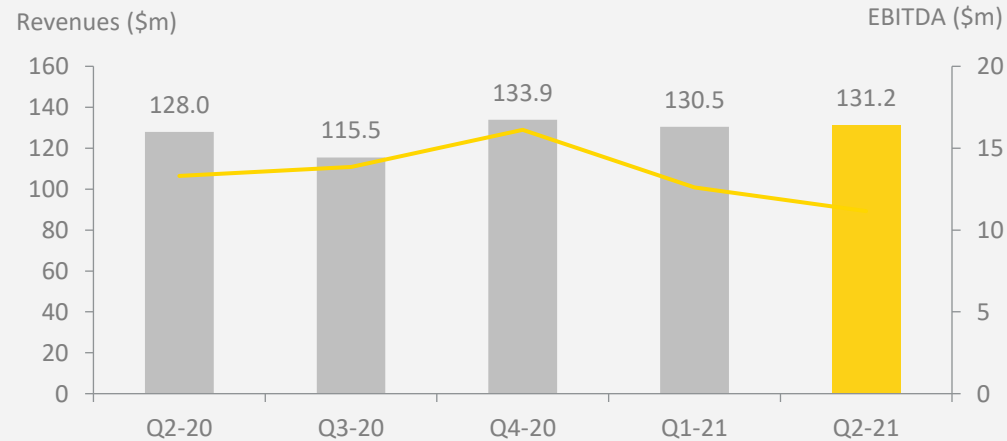
Field	Operator	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Gullfaks	Equinor	Firm (30.04.2026)					3 x 2 Year Options (30.04.32)						
Stattfjord	Equinor	Firm (30.04.2026)					3 x 2 Year Options (30.04.32)						
Ekofisk	Conocophillips	Firm (30.04.2026)					2 x 3 Year Options (30.04.32)						
AKOFS Seafarer	AKOFS	Firm (30.10.2025)				1 x 3 Year Options (30.10.28)							
Various drilling units	Lundin	Firm (14.12.21)		1 x 3 Year Options (14.12.24)									
Draugen	OKEA	Firm to (31.03.22)											
Yme	Repsol	Firm to (15.08.23)			2 x 2 Year Options (15.08.27)								
Oda	SPIRIT Energy	Firm to 01.03.22											



# Platform Drilling, Modular Rigs & Engineering

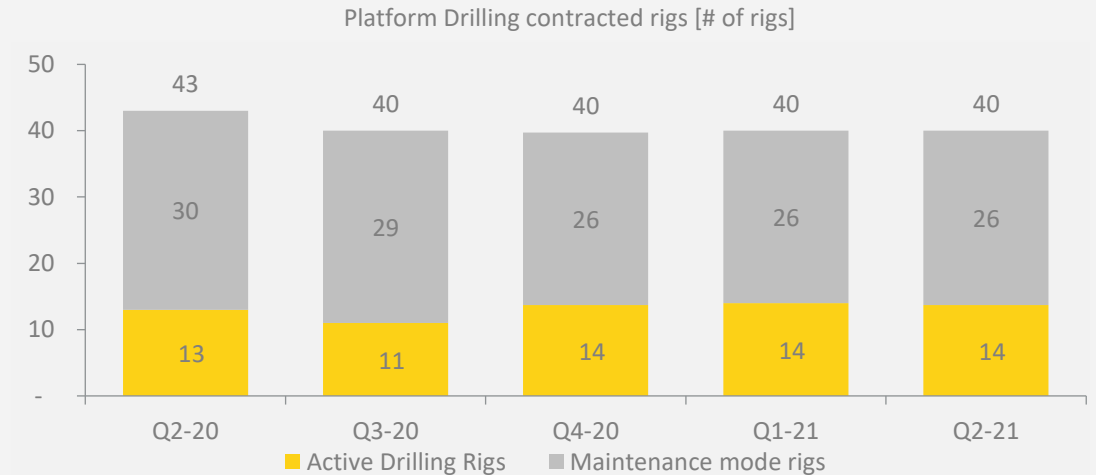
## Financials

- Revenue increased by 0.5% compared to Q1 and by 2.5% YOY
- EBITDA decreased by \$1.4 million quarter on quarter and by \$1.2 million YOY impacted by;
  - Underperformance on two Engineering projects in the UK
  - One modular rig in operation compared to two in Q2 2020 and
  - Exceptional cost related to Covid-19
- EBITDA margin 8.5%



## Operations

- Several performance bonuses achieved in **Platform Drilling** following successful well delivery
- **Modular Rig** Emerald awarded \$300k in bonus following well delivery ahead of schedule
- Stable and high activity for **Engineering** in Norway, but results negatively impacted by projects in the UK

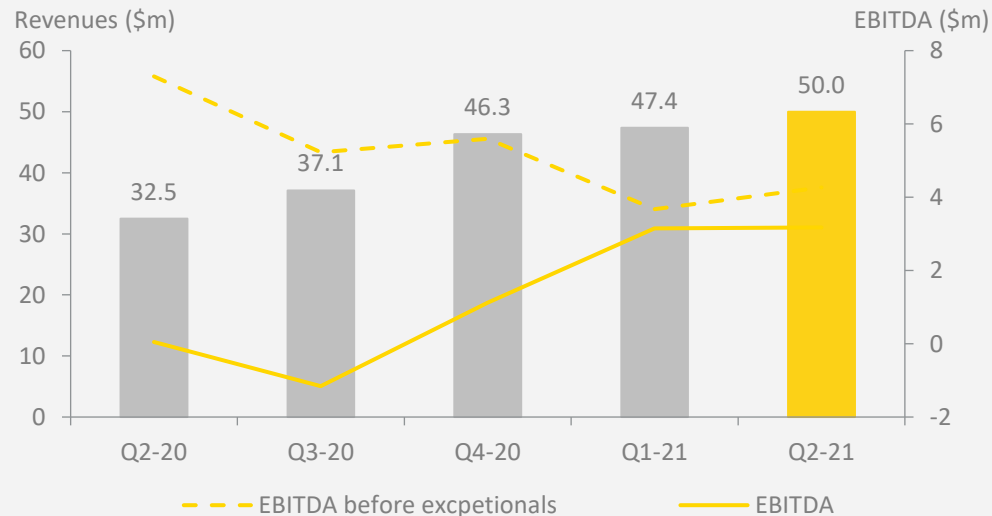




# Land drilling

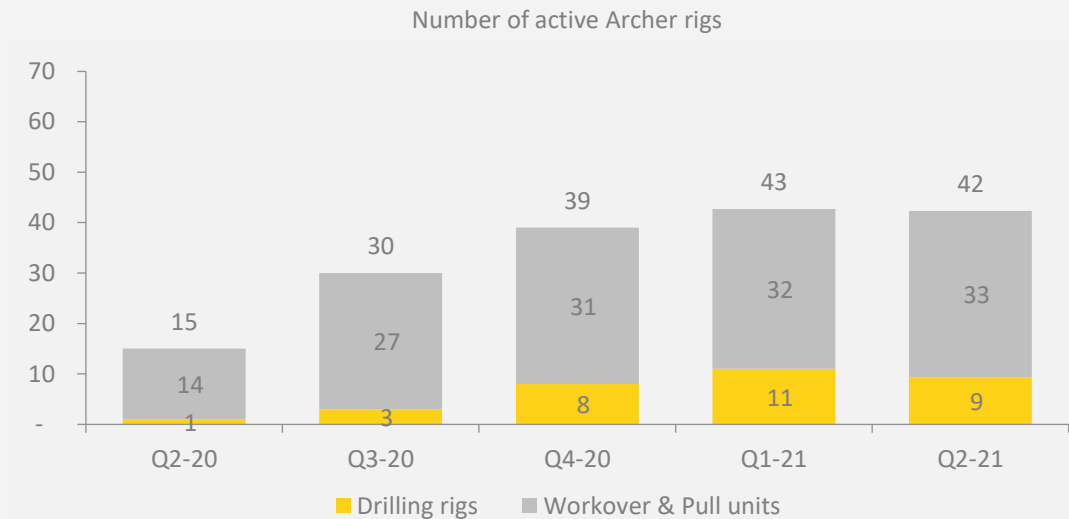
## Financials

- Revenue increased 5.4% compared to Q1 and by 53.6% YOY
- EBITDA stable at \$3.2 million compared to Q1. Compared to Q2 2020, the increase is \$3.1 million
- Exceptional charges in the quarter of \$1.1 million
- CAPEX of \$0.8 million



## Operations

- Complex environment with several disruptions to operation, most notable a major strike with roadblocks during the quarter impacting operations in Neuquen
- The third wave of covid-19 impacted ability to operate all rigs in the quarter. Vaccination of crew progressing.
- Archer with no operating rigs in Bolivia







Q2 2021

## Condensed profit & loss

- Operational revenue of \$202.2 million, is an increase of \$41.0 million or 25% YOY
- EBITDA of \$21.2 million, an increase of \$2.2 million or 12% compared to Q2 2020
- Exceptional charges in Q2, 2021 of \$ 1.1 million related to Covid-19 impact from strikes and reduced activity in Land Drilling.
- We recorded a gain from the acquisition of DeepWell of \$12 million
- Other financial items of \$9.1 million includes negative mark-to-market adjustment for our investment in KLX Energy of \$6.0 million
- Net income before tax in the quarter of \$3.6 million for the quarter and \$12.4 million YTD

## Condensed profit & loss statement

<i>\$ million</i>	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Operating revenues	202.2	161.9	396.3	369.5
Reimbursable revenue	25.8	30.9	45.1	60.3
<b>Total Revenues</b>	<b>228.0</b>	<b>192.8</b>	<b>441.4</b>	<b>429.9</b>
<b>EBITDA before exceptional items</b>	<b>22.3</b>	<b>25.4</b>	<b>43.8</b>	<b>53.5</b>
<i>EBITDA margin before exceptional items</i>	<i>9.8%</i>	<i>13.2%</i>	<i>9.9%</i>	<i>12.4%</i>
Exceptional items	(1.1)	(6.3)	(1.6)	(12.7)
<b>EBITDA</b>	<b>21.2</b>	<b>19.0</b>	<b>42.2</b>	<b>40.8</b>
<i>EBITDA margin</i>	<i>9.3%</i>	<i>9.9%</i>	<i>9.6%</i>	<i>9.5%</i>
Impairments	-	(7.4)	(3.0)	(7.4)
Depreciation, amortization, other	(13.6)	(12.2)	(25.8)	(24.2)
<b>EBIT</b>	<b>7.6</b>	<b>(0.7)</b>	<b>13.5</b>	<b>9.2</b>
<i>EBIT margin</i>		<i>(0.4%)</i>		<i>2.1%</i>
Gain on bargain purchase	12.2	-	12.2	-
Result from associated entities	(0.1)	(0.6)	(0.2)	(12.9)
Net interest expense	(7.1)	(8.7)	(14.1)	(16.4)
Other financial items	(9.1)	55.3	1.0	23.1
<b>Net income before tax</b>	<b>3.6</b>	<b>46.6</b>	<b>12.4</b>	<b>3.0</b>
Tax cost	(2.0)	(0.9)	(4.8)	(0.9)
<b>Net income (loss)</b>	<b>1.6</b>	<b>45.7</b>	<b>7.7</b>	<b>2.1</b>



## Condensed balance sheet

- Accounts receivables increased by \$14.4 million compared to year end following increased activity in Well Services segment and the acquisition of DeepWell
- Property, plant and equipment increased by \$9.0 million in 2021 mainly as a result of the acquisition of DeepWell of \$22.6 million offset by depreciation in the period
- NIBD at \$519 million end Q2 2021. Increased NIBD relates to the acquisition of DeepWell of \$13.3 million
- Equity of \$117.2 million

## Condensed balance sheet

<i>\$ million</i>	30.06.2021	30.12.2020	30.06.2020
Cash and cash equivalents	28.3	41.2	41.2
Restricted cash	18.3	12.4	14.3
Accounts receivables	123.6	109.2	115.4
Inventories	54.7	54.2	51.0
Other current assets	26.3	28.0	31.7
Investments and loans to associates	12.1	10.8	18.4
Property, plant and equipment	364.2	355.2	355.1
Right of use assets	29.0	29.9	37.5
Goodwill	172.4	172.7	151.9
Other non-current assets	34.2	31.9	43.0
<b>Total assets</b>	<b>863.0</b>	<b>845.4</b>	<b>859.6</b>
Current portion of interest-bearing debt	17.8	10.5	16.0
Accounts payable	44.2	34.4	36.7
Lease liability current	6.1	8.5	11.2
Other current liabilities	124.3	125.5	120.5
Long-term interest-bearing debt	513.2	519.1	529.6
Subordinated related party loan	15.9	15.9	15.9
Deferred taxes	0.8	0.8	1.5
Lease liability	22.8	21.4	26.3
Other noncurrent liabilities	0.7	0.2	0.9
Shareholder's equity	117.2	109.1	101.0
<b>Total liabilities and shareholders' equity</b>	<b>863.0</b>	<b>845.4</b>	<b>859.6</b>



Q2 2021

## Summary Q2 2021

- Increased activity with 18% YOY and delivered positive net income
- Gained market leader position on the NCS for Wireline with ConocoPhillips contract and acquisition of DeepWell
- Awarded major contract extension for Land Drilling in Argentina with customer planning to increase drilling activity in 2022

## 2021 financial outlook

- Revenues for 2021 expected to increase 10-15% compared to 2020
- EBITDA for 2021 expected 10-20% higher than 2020
- Capex between 3-4% of revenue





# Q&A



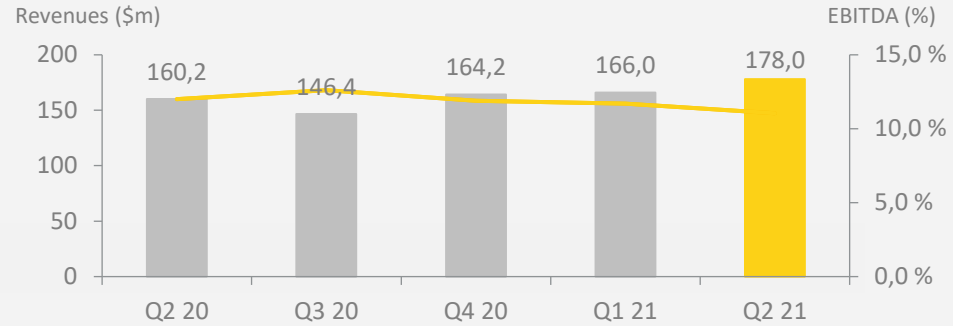


## Segment key financials

**Eastern Hemisphere**

Platform drilling & Engineering

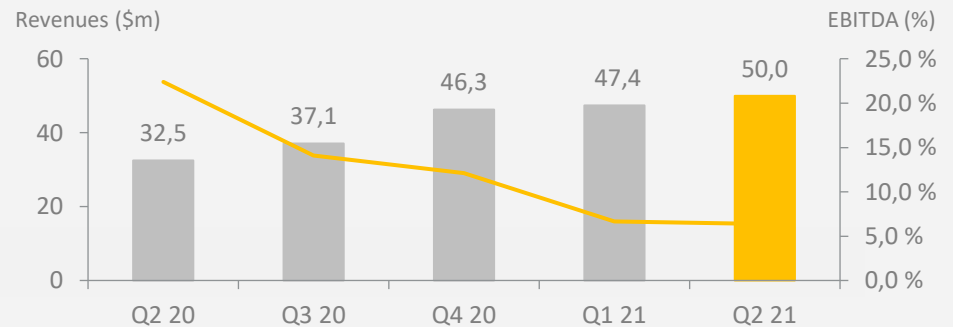
Well Services



\$m	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21
Revenues	160.2	146.4	164.2	166.0	178,0
EBITDA before exceptional items	19.3	18.4	19.5	19.4	19.7
EBITDA	20.2	18.1	19.8	19.4	19.7
Capex	5.5	2.5	8.3	2.2	4.0

**Western Hemisphere**

Land drilling



\$m	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21
Revenues	32.5	37.1	46.3	47.4	50.0
EBITDA before exceptional items	7.3	5.2	5.6	3.7	4.3
EBITDA	0.0	-1.2	1.1	3.2	3.2
Capex	0.7	3.1	5.7	2.0	0.8



## Condensed profit and loss statement

(Figures in \$ million)	Q2 20*	Q3 20	Q4 20	Q1 21	Q2 21
Operating revenues	161.9	160.2	185.3	194.1	202.2
Reimbursable revenue	30.9	23.3	25.2	19.3	25.8
<b>Total Revenues</b>	<b>192.8</b>	<b>183.6</b>	<b>210.6</b>	<b>213.4</b>	<b>228.0</b>
<b>EBITDA before exceptional items</b>	<b>25.4</b>	<b>22.3</b>	<b>23.3</b>	<b>21.5</b>	<b>22.3</b>
Severance payments	(3.6)	(2.3)	(4.2)	-	(0.1)
Other	(2.7)	(4.5)	-	(0.5)	(1.1)
<b>Total Exceptional items**</b>	<b>(6.3)</b>	<b>(6.7)</b>	<b>(4.2)</b>	<b>(0.5)</b>	<b>(1.2)</b>
<b>EBITDA</b>	<b>19.0</b>	<b>15.6</b>	<b>19.2</b>	<b>21.0</b>	<b>21.2</b>
Depreciation, amortization, impairments, other	(19.7)	(12.9)	(11.5)	(15.2)	(13.6)
<b>EBIT</b>	<b>(0.7)</b>	<b>2.8</b>	<b>7.6</b>	<b>5.9</b>	<b>7.6</b>
<b>Gain from bargain purchase</b>	-	-	-	-	<b>12.2</b>
Result from associated entities	0.6	(5.4)	(0.4)	-	(0.1)
Interest rate expensed	(8.7)	(7.4)	(7.0)	(7.1)	(7.1)
Other financial costs***	55.3	(3.8)	14.7	10.1	(9.1)
<b>Net financial items</b>	<b>47.2</b>	<b>(16.7)</b>	<b>7.3</b>	<b>3.0</b>	<b>(16.2)</b>
<b>Net result before tax</b>	<b>46.6</b>	<b>(13.9)</b>	<b>15.0</b>	<b>8.8</b>	<b>3.6</b>
Tax benefit / (expense)	(0.9)	1.5	(12.2)	(2.8)	(2.0)
<b>Net income/(loss)</b>	<b>45.7</b>	<b>(12.3)</b>	<b>2.7</b>	<b>6.1</b>	<b>1.6</b>

\*Archer did not prepare separate quarterly financials for Q1 2020. The split of the half-yearly results in H1 2020 to Q1 and Q2 2020 represent a management allocation of certain cost elements between the quarters, such as for instance the impairment charges.

\*\*Exceptional items include costs of non-recurring nature, including restructuring charges and specific charges related to Covid-19

\*\*\* Other financials cost sin Q2 2020 includes a non-routine gain of \$42.2 million related to our debt restructure.





## Condensed balance sheet

<i>\$ million</i>	30.06.2020	30.09.2020	31.12.2020	31.03.2021	30.06.2021
Cash, cash equivalents & restricted cash	55.5	54.6	53.6	45.5	46.6
Accounts receivables	115.4	95.2	109.2	113.8	123.6
Inventories	51.0	53.2	54.2	53.6	54.7
Other current assets	31.7	34.1	28.0	23.4	26.3
Investments and loans in associates	18.4	7.8	10.8	19.5	12.1
Property, plant and equipment, net	355.1	350.0	355.2	342.9	364.2
Right of use assets	37.6	35.2	29.9	29.7	29.0
Goodwill	151.9	156.8	172.7	172.6	172.4
Other non-current assets	43.0	43.4	31.9	33.7	34.2
<b>Total assets</b>	<b>859.6</b>	<b>830.2</b>	<b>845.4</b>	<b>834.8</b>	<b>863.0</b>
Current portion of interest-bearing debt	16.0	18.2	10.5	14.6	17.8
Accounts payable	36.7	33.8	34.4	34.7	44.2
Lease liability current	11.2	10.9	8.5	7.6	6.1
Other current liabilities	120.4	116.8	125.5	112.6	124.3
Long-term interest-bearing debt	529.6	513.1	519.1	511.5	513.2
Subordinated related party loan	15.9	15.9	15.9	15.9	15.9
Deferred taxes	1.5	1.4	0.8	0.8	0.8
Lease liability	26.3	24.3	21.4	22.1	22.8
Other noncurrent liabilities	0.9	0.8	0.2	0.7	0.7
Shareholder's equity	101.0	95.0	109.1	114.3	117.2
<b>Total liabilities and shareholders' equity</b>	<b>859.6</b>	<b>830.2</b>	<b>845.4</b>	<b>834.8</b>	<b>863.0</b>

\*Archer did not prepare separate quarterly financials for Q1 2020. The balance sheet items at March 31, 2020 could be impacted by the allocation of charges in the P&L allocation of H1 2020 results into Q1 and Q2 2020 results.



## Condensed cash flow statement – last 5 quarters

<i>(Figures in \$ million)</i>	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21
Operating activities	41.3	10.9	16.1	(4.0)	15.3
Investing activities	(8.4)	(0.3)	(18.3)	(3.3)	(16.0)
Financing activities	(85.6)	(15.4)	(3.9)	(3.5)	5.1
FX effect	0.6	4.0	(2.4)	(0.4)	(0.2)
<b>Total*</b>	<b>(52.1)</b>	<b>(0.8)</b>	<b>(1.2)</b>	<b>(11.2)</b>	<b>4.2</b>

\*Includes net movements in restricted cash.