



## Third Quarter 2021 results

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**Dag Skindlo**

Chief Executive Officer

**Espen Joranger**

Chief Financial Officer

5 November 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.

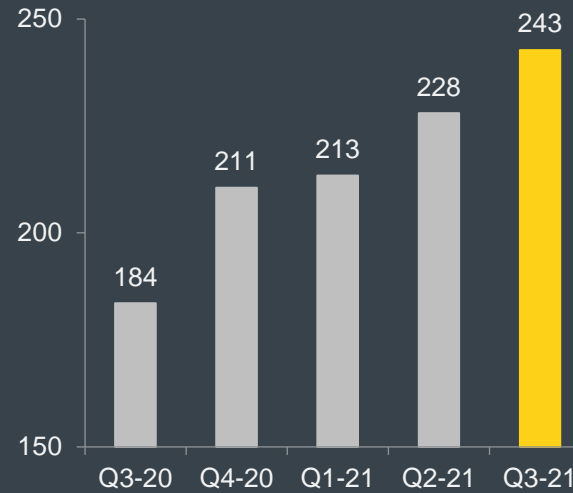


Q3 2021

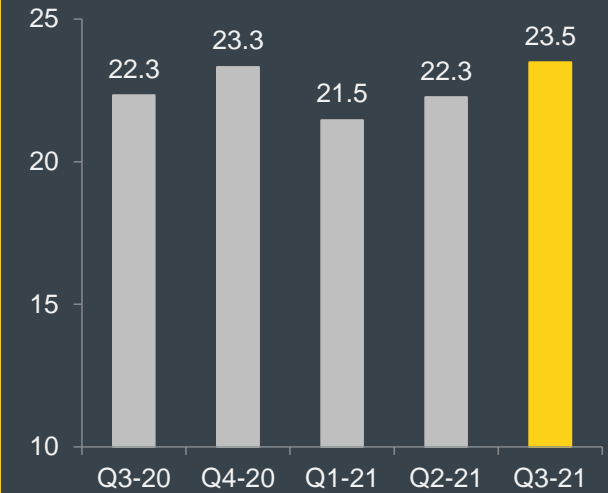
## Q3 Highlights

- **Revenue** continue to increase in third quarter on the back of increased activity in Eastern Hemisphere
- **EBITDA before exceptional items** increased by \$1.2 million over the quarter
- **EBITDA** of \$20.5 million is negatively impacted by exceptional charges incurred in the quarter
- **NIBD** moderately reduced, despite significant increase in activity and high investments during the quarter
- Successfully completed P&A campaign on Gyda for Repsol

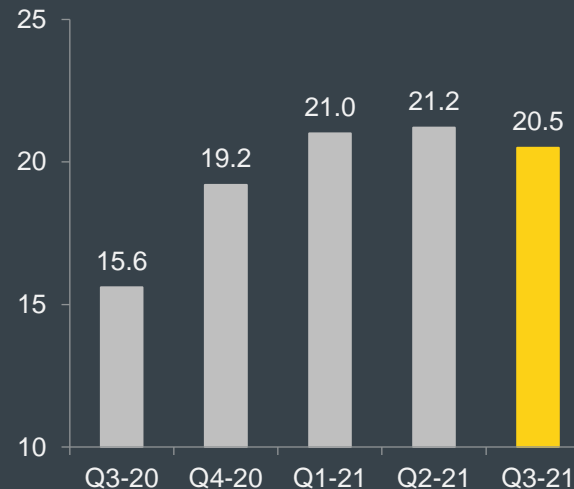
**Revenue (\$m)**



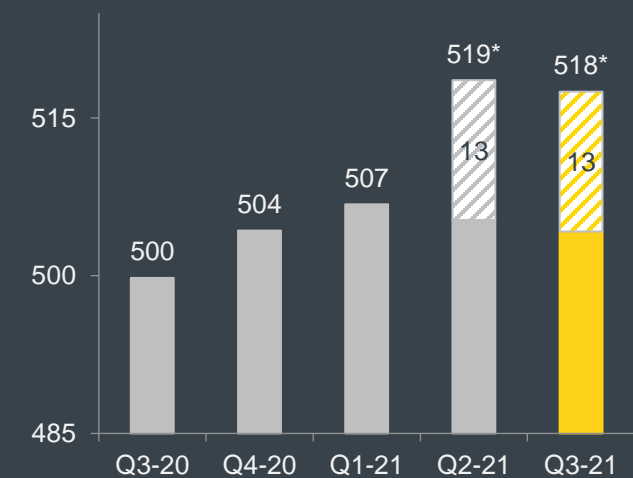
**Adjusted EBITDA (\$m)**



**EBITDA (\$m)**



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



\*DeepWell-acquisition impact NIBD by \$13.3 million

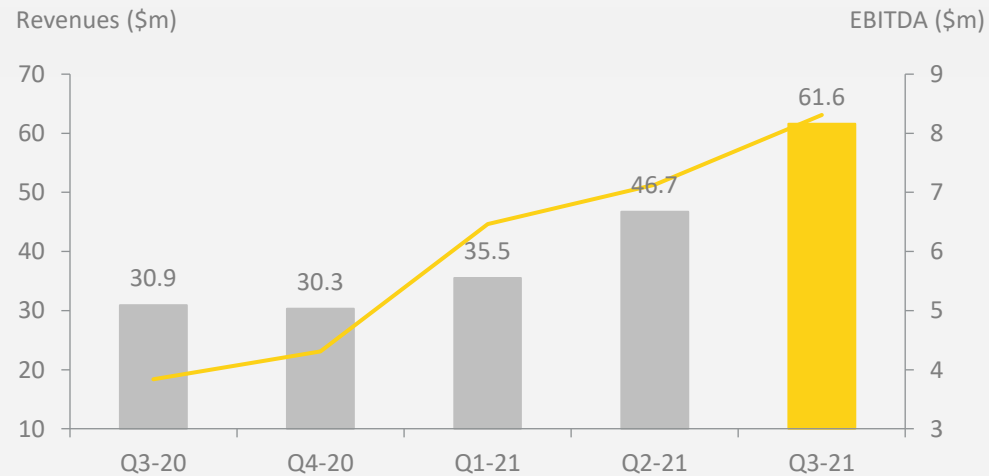


Q3 2021

## Well Services

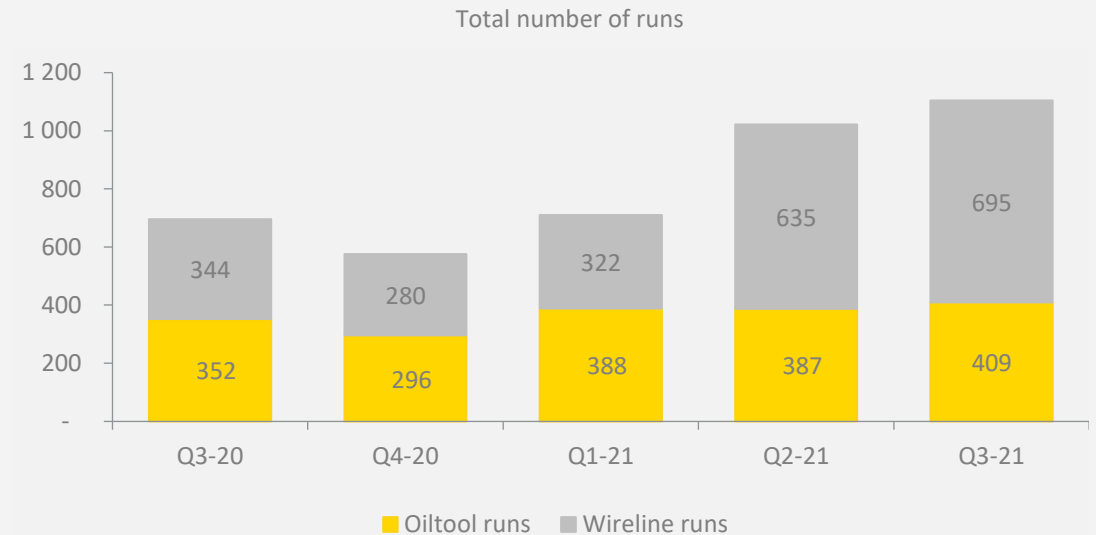
### Financials

- Solid increase in **Revenue** of 32% from Q2, primarily explained by the full quarter of new Wireline contracts and DeepWell
- **EBITDA** increased by \$1.2 million or 17% from Q2, ending at \$8.3 million



### Operations

- Successful ComTrac operation on Visund reducing carbon footprint by 960 tons compared to traditional wireline
- First full quarter with wireline operation under the Equinor contract and contribution from DeepWell
- Continue to grow internationally with successful P&A in Denmark and first Timelock set in the Black Sea

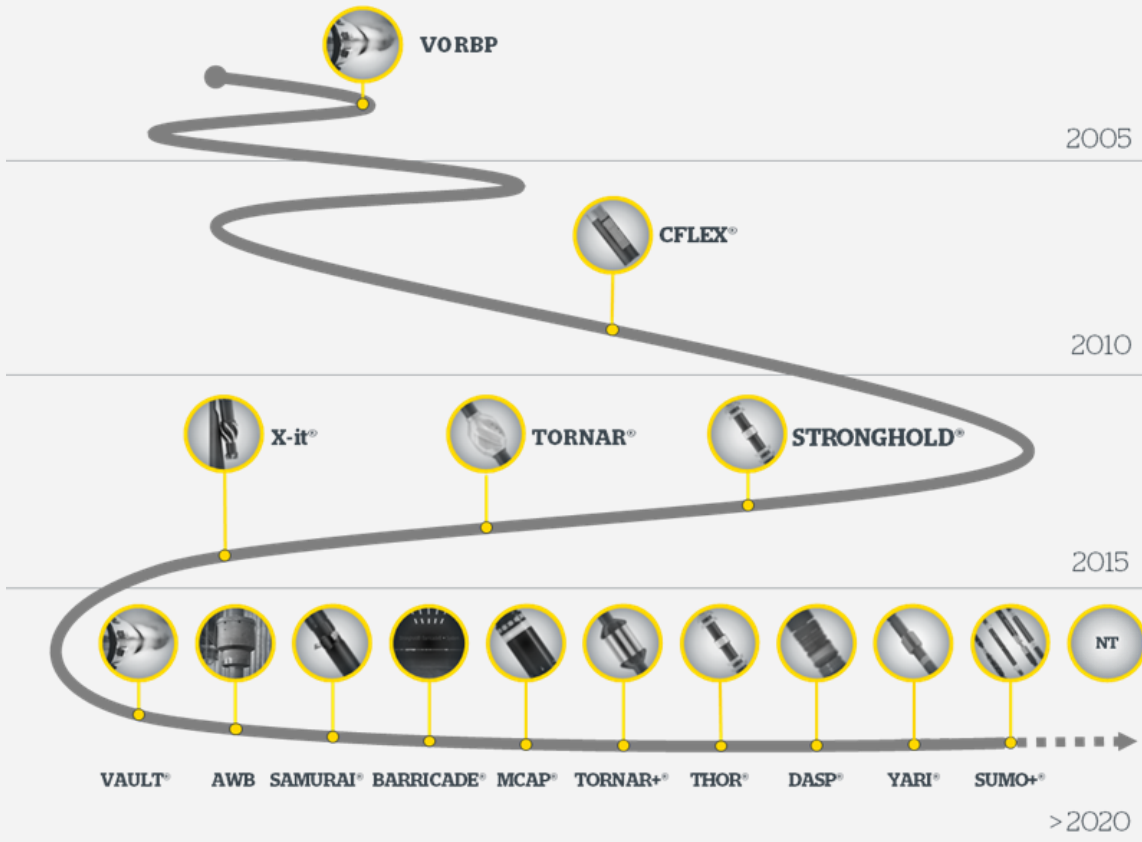




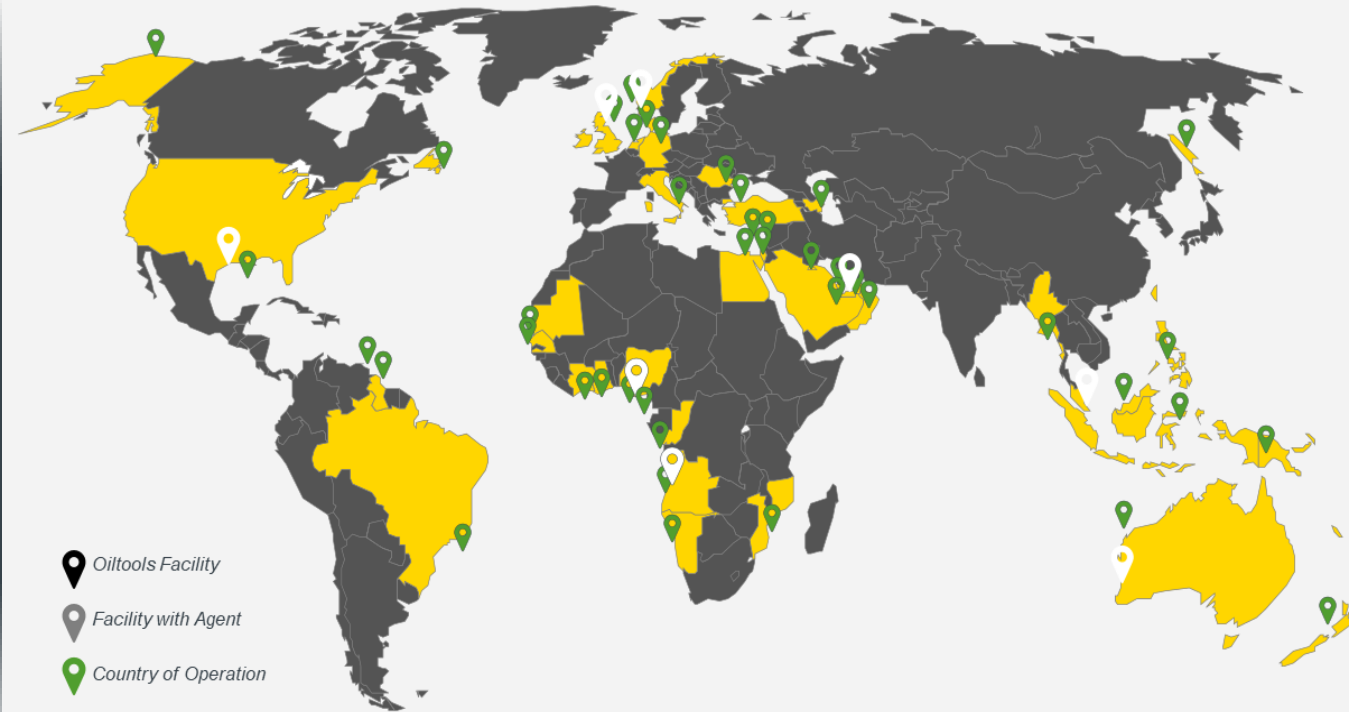
Q3 2021

Oiltools annual growth of 19% since 2017, fueled by innovation and geographical expansion

### Oiltools journey



### Global reach ~40 countries



“Archer continue to invest in innovative technologies, products and solutions in combination with international expansion” 5

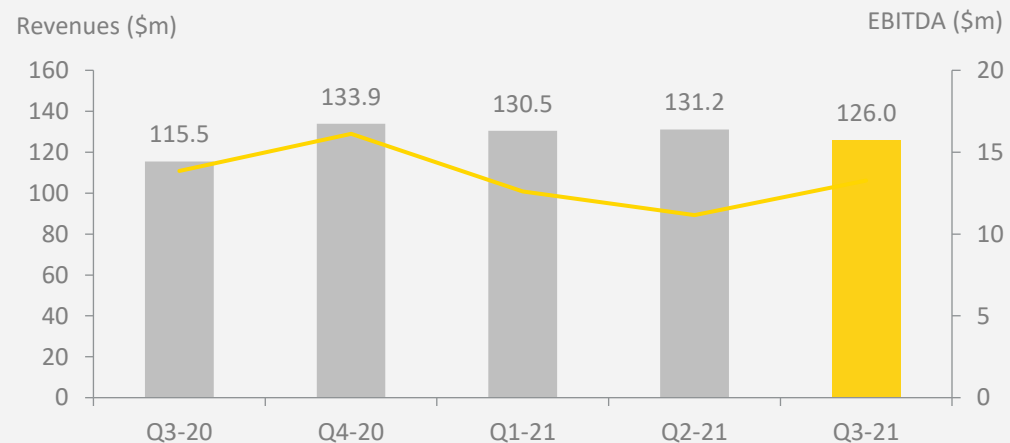


Q3 2021

## Platform Drilling, Modular Rigs & Engineering

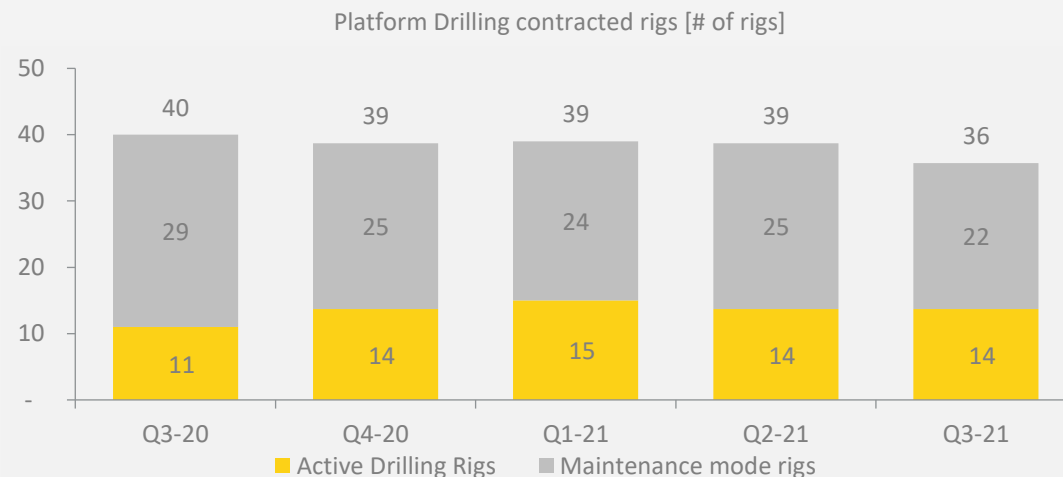
### Financials

- **Revenue** reduced by 4.0% compared to previous quarter, following the lower number of platform drilling contracts in the quarter
- **EBITDA** increased by \$1.1 million quarter on quarter primarily driven by solid performance by the modular rig Emerald
- **EBITDA margin** 9.7%



### Operations

- Modular rig Emerald with solid well delivery, achieving performance bonus of \$1 million in the quarter
- Moderate financial impact from 3 less rigs in the quarter
- Increased number of active rigs in the UK



## Archer demonstrate P&A success on Gyda

### P&A campaign



- P&A scope 32 wells
- Pulled tubing/casing > 190,000 m
- Tripped drill-pipe > 1,000,000m
- Fishing, Milling, Cut & Pull, Perforate, Wash and Cement, wellbore clean up, bridge plugs and cutting of conductors provided by Oiltools.

### OneArcher



- **OneArcher** project including Platform Drilling, Engineering, Wireline and Oiltools
- Proven OneArcher model for complex and large scope P&A operations
- Integrated Wireline Crew & Well Services Specialists within all aspects of the P&A.

### Gyda



- Gyda in production since 1990
- A total of 32 wells drilled, including 8 tie-back wells
- Archer presence since 1992.

“Gyda’s integrated P&A campaign brought all of Archer’s service lines together for client delivery”

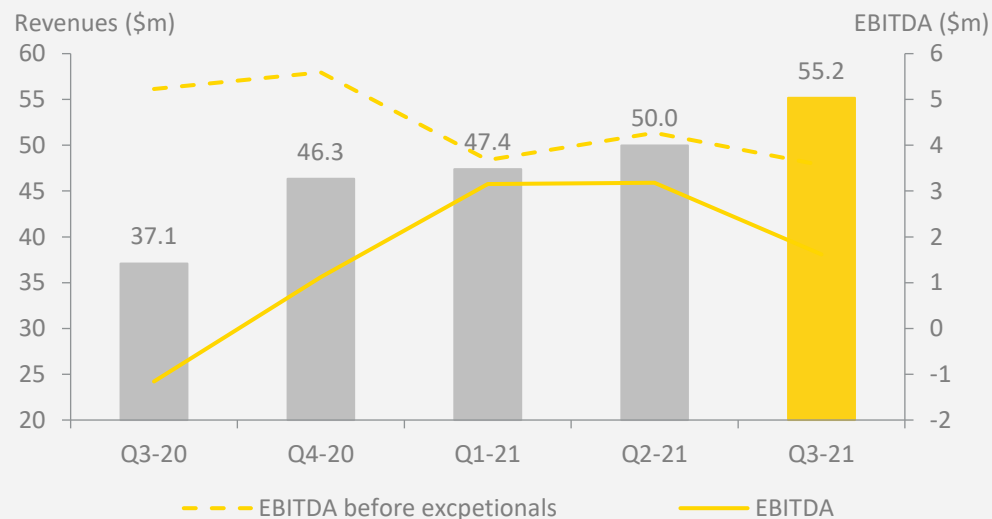


Q3 2021

## Land drilling

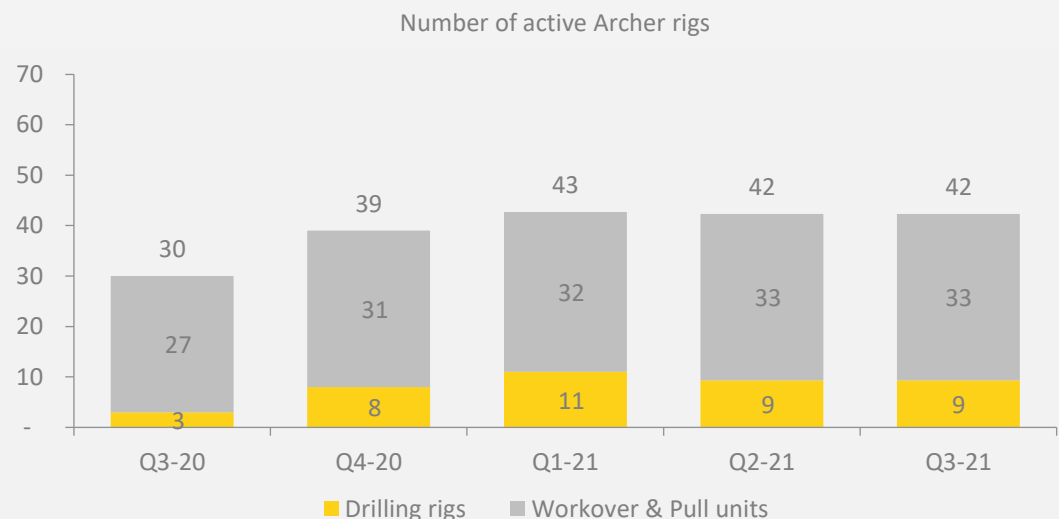
### Financials

- **Revenue** increased 10% compared to Q2
- **EBITDA**, negatively impacted by severance payments, cost for idle personnel and Covid-19 related sick leave, ended at \$1.6 million.
- **CAPEX** of \$4.1 million



### Operations

- Drilling activity flat, and lower than pre-covid 19 levels in Argentina
- Macro-environment in Argentina remains challenging as country have defaulted on USD borrowing and companies are largely excluded from the lending market to finance operation and expansion
- Muted expectations on short/medium term activity levels, particularly in the South







Q3 2021

## Condensed profit & loss

- Operational revenue of \$206.1 million represent an increase of \$45.2 million or 28% YOY
- EBITDA of \$20.5 million, an increase of \$4.9 million or 31.5% compared to Q3 2020
- Exceptional charges in Q3, 2021 of \$ 3.0 million related to severance payments, idle personnel and other covid related cost
- Other financial items of \$7.8 million includes negative mark-to-market adjustment for our investment in KLX Energy of \$4.4 million
- Net income in the quarter of negative \$9.7 million driven by non-cash items, reduction in deferred tax, foreign exchange impact and negative mark-to-market adjustment of our shareholding in KLX Energy

\$ million	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Operating revenues	206.1	160.2	602.4	529.8
Reimbursable revenue	36.6	23.3	81.8	83.7
<b>Total Revenues</b>	<b>242.8</b>	<b>183.6</b>	<b>684.2</b>	<b>613.5</b>
EBITDA before exceptional items	23.5	22.3	67.3	75.8
<i>EBITDA margin before exceptional items</i>	<i>9.7%</i>	<i>12.2%</i>	<i>9.8%</i>	<i>12.4%</i>
Exceptional items	(3.0)	(6.7)	(4.6)	(19.4)
<b>EBITDA</b>	<b>20.5</b>	<b>15.6</b>	<b>62.7</b>	<b>56.4</b>
<i>EBITDA margin</i>	<i>8.4%</i>	<i>8.5%</i>	<i>9.2%</i>	<i>9.2%</i>
Impairments	-	-	(3.0)	(7.4)
Deprecation, amortization, other	(13.2)	(12.9)	(38.8)	(37.2)
<b>EBIT</b>	<b>7.4</b>	<b>2.8</b>	<b>20.9</b>	<b>11.8</b>
<i>EBIT margin</i>	<i>3.0%</i>	<i>1.5%</i>		<i>1.9%</i>
Gain on bargain purchase	-	-	12.2	-
Result from associated entities	(0.4)	(5.4)	(0.6)	(18.3)
Net interest expense	(6.8)	(7.4)	(20.9)	(22.7)
Other financial items	(7.8)	(3.8)	(6.8)	18.4
<b>Net income before tax</b>	<b>(7.5)</b>	<b>(13.9)</b>	<b>4.9</b>	<b>(10.9)</b>
Tax cost	(2.2)	1.5	(7.0)	0.6
<b>Net income (loss)</b>	<b>(9.7)</b>	<b>(12.3)</b>	<b>(2.0)</b>	<b>(10.3)</b>

\$ million	30.09.2021	30.06.2021	30.09.2020
Cash and cash equivalents	26.6	28.3	47.4
Restricted cash	10.0	18.3	7.2
Accounts receivables	125.0	123.6	95.2
Inventories	53.4	54.7	53.2
Other current assets	32.6	26.3	34.1
Investments and loans to associates	7.5	12.1	7.8
Property, plant and equipment	355.8	364.2	350.0
Right of use assets	27.8	29.0	35.2
Goodwill	168.2	172.4	156.8
Other non-current assets	31.2	34.2	43.4
<b>Total assets</b>	<b>838.1</b>	<b>863.0</b>	<b>830.2</b>
Current portion of interest-bearing debt	21.8	17.8	18.2
Accounts payable	37.3	44.2	33.8
Lease liability current	5.4	6.1	10.9
Other current liabilities	125.1	124.3	116.8
Long-term interest-bearing debt	506.5	513.2	513.1
Subordinated related party loan	15.9	15.9	15.9
Deferred taxes	0.8	0.8	1.4
Lease liability	22.4	22.8	24.3
Other noncurrent liabilities	0.1	0.7	0.8
Shareholder's equity	102.9	117.2	95.0
<b>Total liabilities and shareholders' equity</b>	<b>838.1</b>	<b>863.0</b>	<b>830.2</b>

## Condensed balance sheet

- Accounts receivables only increased by \$1.4 million, despite the 7% increase in revenue.
- NIBD at \$517.5 million end Q3 2021
- Available liquidity exceeding \$100 million



Q3 2021

## Summary Q3 2021

- Increased activity with increased revenue of 32% YOY
- Well Services increased revenue by 39% YOY with healthy growth in Wireline . Well Services set to benefit from international growth as oil companies are increasing spending
- Argentina expected to continue with low drilling activity in the medium term as the country's financial position restricts investments in required infrastructure, including pipelines for transportation of oil & gas
- Net income negatively impacted by non-cash items as foreign exchange losses and mark-to-market of shares in KLX, as well as exceptional charges mainly related to Covid-19 and excess employees in Latin America

## 2021 financial outlook

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





# Q&A



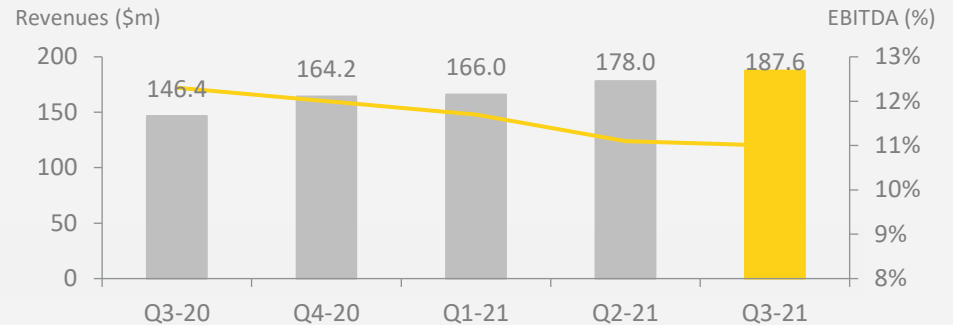


## Segment key financials

## Eastern Hemisphere

Platform drilling &amp; Engineering

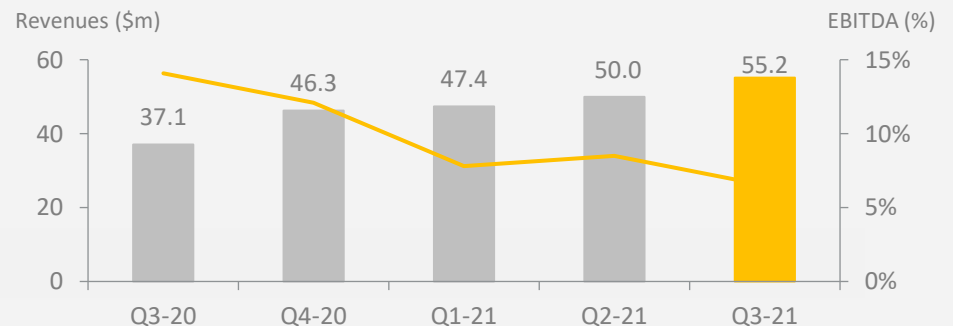
Well Services



\$m	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21
Revenues	146.4	164.2	166.0	178.0	187.6
EBITDA before exceptional items	18.4	19.5	19.4	19.7	21.7
EBITDA	18.1	19.8	19.4	19.7	20.6
Capex	2.5	8.3	2.2	4.0	6.7

## Western Hemisphere

Land drilling



\$m	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21
Revenues	37.1	46.3	47.4	50.0	55.2
EBITDA before exceptional items	5.2	5.6	3.7	4.3	3.6
EBITDA	-1.2	1.1	3.2	3.2	1.6
Capex	3.1	5.7	2.0	0.8	4.1



## Condensed profit and loss statement

(Figures in \$ million)	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21
Operating revenues	160.2	185.3	194.1	202.2	206.1
Reimbursable revenue	23.3	25.2	19.3	25.8	36.6
<b>Total Revenues</b>	<b>183.6</b>	<b>210.6</b>	<b>213.4</b>	<b>228.0</b>	<b>242.8</b>
<b>EBITDA before exceptional items</b>	<b>22.3</b>	<b>23.3</b>	<b>21.5</b>	<b>22.3</b>	<b>23.5</b>
Severance payments	(2.3)	(4.2)	-	(0.1)	(1.2)
Other	(4.5)	-	(0.5)	(1.1)	(1.8)
<b>Total Exceptional items*</b>	<b>(6.7)</b>	<b>(4.2)</b>	<b>(0.5)</b>	<b>(1.2)</b>	<b>(3.0)</b>
<b>EBITDA</b>	<b>15.6</b>	<b>19.2</b>	<b>21.0</b>	<b>21.2</b>	<b>20.5</b>
Deprecation, amortization, impairments, other	(12.9)	(11.5)	(15.2)	(13.6)	(13.1)
<b>EBIT</b>	<b>2.8</b>	<b>7.6</b>	<b>5.9</b>	<b>7.6</b>	<b>7.4</b>
<b>Gain from bargain purchase</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12.2</b>	<b>-</b>
Result from associated entities	(5.4)	(0.4)	-	(0.1)	(0.4)
Interest rate expensed	(7.4)	(7.0)	(7.1)	(7.1)	(6.8)
Other financial costs	(3.8)	14.7	10.1	(9.1)	(7.8)
<b>Net financial items</b>	<b>(16.7)</b>	<b>7.3</b>	<b>3.0</b>	<b>(16.3)</b>	<b>(15.0)</b>
<b>Net result before tax</b>	<b>(13.9)</b>	<b>15.0</b>	<b>8.8</b>	<b>3.6</b>	<b>(7.5)</b>
Tax benefit / (expense)	1.5	(12.2)	(2.8)	(2.0)	(2.2)
<b>Net income/(loss)</b>	<b>(12.3)</b>	<b>2.7</b>	<b>6.1</b>	<b>1.6</b>	<b>(9.7)</b>

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



## Condensed balance sheet

<i>\$ million</i>	30.09.2020	31.12.2020	31.03.2021	30.06.2021	30.09.2021
Cash, cash equivalents & restricted cash	54.6	53.6	45.5	46.6	36.6
Accounts receivables	95.2	109.2	113.8	123.6	125.0
Inventories	53.2	54.2	53.6	54.7	53.4
Other current assets	34.1	28.0	23.4	26.3	32.6
Investments and loans in associates	7.8	10.8	19.5	12.1	7.5
Property, plant and equipment, net	350.0	355.2	342.9	364.2	355.8
Right of use assets	35.2	29.9	29.7	29.0	27.8
Goodwill	156.8	172.7	172.6	172.4	168.2
Other non-current assets	43.4	31.9	33.7	34.2	31.2
<b>Total assets</b>	<b>830.2</b>	<b>845.4</b>	<b>834.8</b>	<b>863.0</b>	<b>838.1</b>
Current portion of interest-bearing debt	18.2	10.5	14.6	17.8	21.8
Accounts payable	33.8	34.4	34.7	44.2	37.3
Lease liability current	10.9	8.5	7.6	6.1	5.4
Other current liabilities	116.8	125.5	112.6	124.3	125.1
Long-term interest-bearing debt	513.1	519.1	511.5	513.2	506.5
Subordinated related party loan	15.9	15.9	15.9	15.9	15.9
Deferred taxes	1.4	0.8	0.8	0.8	0.8
Lease liability	24.3	21.4	22.1	22.8	22.4
Other noncurrent liabilities	0.8	0.2	0.7	0.7	0.1
Shareholder's equity	95.0	109.1	114.3	117.2	102.9
<b>Total liabilities and shareholders' equity</b>	<b>830.2</b>	<b>845.4</b>	<b>834.8</b>	<b>863.0</b>	<b>838.1</b>



## Condensed cash flow statement – last 5 quarters

<i>(Figures in \$ million)</i>	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21
Operating activities	10.9	16.1	(4.0)	15.3	1.5
Investing activities	(0.3)	(18.3)	(3.3)	(16.0)	(9.0)
Financing activities	(15.4)	(3.9)	(3.5)	5.1	(1.8)
FX effect	4.0	(2.4)	(0.4)	(0.2)	(0.9)
<b>Total*</b>	<b>(0.8)</b>	<b>(1.2)</b>	<b>(11.2)</b>	<b>4.2</b>	<b>(10.2)</b>

\*Includes net movements in restricted cash.