



# Archer

## Q1 2022 Results

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6 May 2022





## 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 due to 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, 2021. 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.



Q1 2022

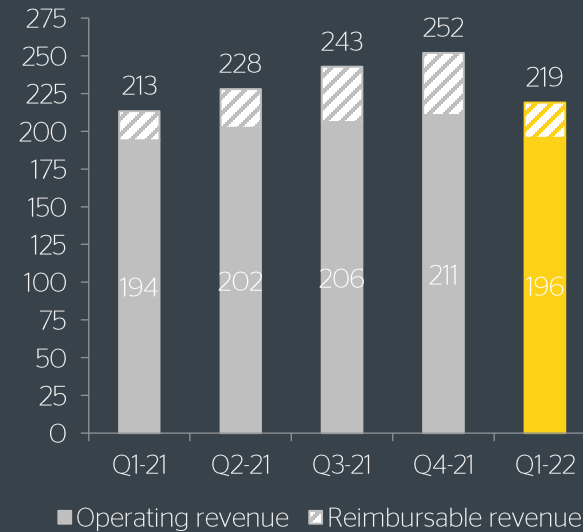
## Q1 Highlights

- **Revenue** of \$219 million
- **EBITDA** before exceptional items of \$21.1 million
- Exceptional items of \$4.9 million mainly related to Covid-19
- **Profit** of \$13.9 million
- Acquired **Ziebel**
- Secured **\$840 million backlog** through contract extensions by Equinor and Pan American Energy

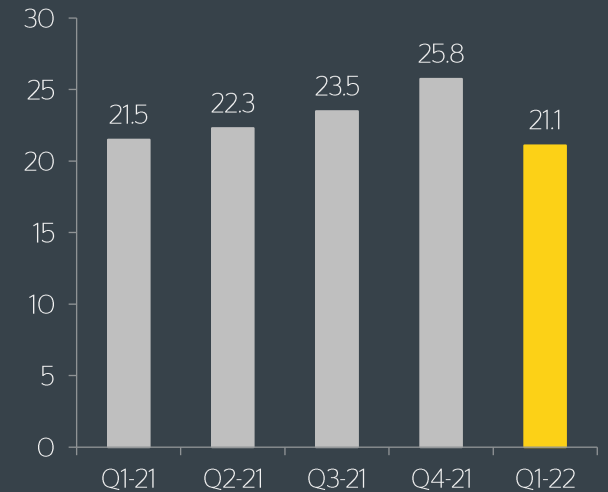
### Subsequent events

- Oiltools awarded contract extension for frame-agreement with Equinor. Estimated \$60 million in backlog

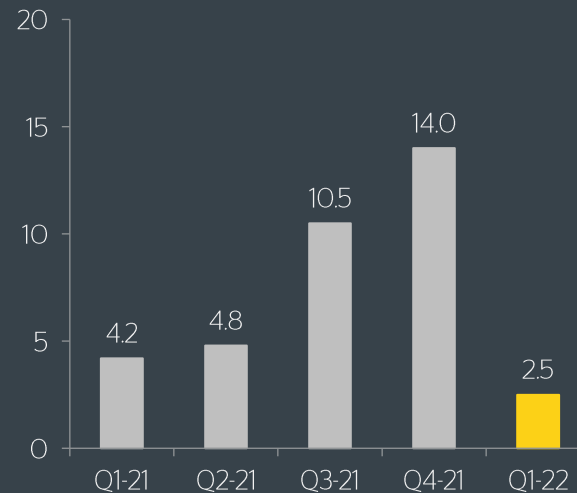
### Revenue (\$m)



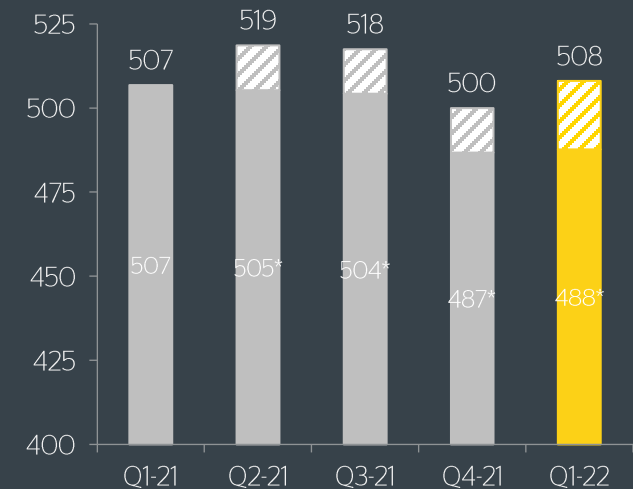
### Adjusted EBITDA (\$m)



### Capex (\$m)



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



\*Highlighting net impact on NIBD from acquisitions during 2021 and 2022



Q1 2022

## Secured backlog of \$900 million

**Pan American  
ENERGY**

### Land drilling contract extension

#### Additional backlog

- USD 275 million

#### Additional duration

- 2 years

#### Area of operation

- Argentina

#### Services

- 4 drilling rigs/26 workover and pulling rigs



### Platform drilling contract extension

#### Additional backlog

- USD 565 million

#### Additional duration

- 2 years until Q4 2024

#### Area of operation

- Norway

#### Services

- Platform drilling services on 12 of Equinor's platforms in the North Sea



### Oiltools frame-agreement extension

#### Additional backlog

- USD 60 million

#### Additional duration

- 2 years until Q2 2024

#### Area of operation

- Norway

#### Services offered

- P&A/fishing/plugs

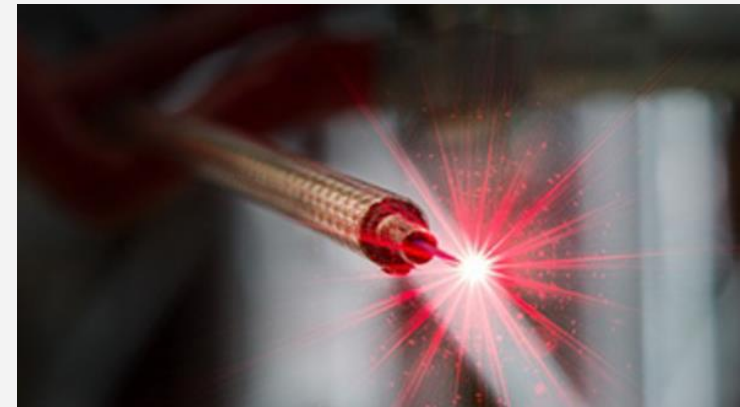


“Archer is dedicated to further develop our operating model to provide our customers with safe, efficient and cost-effective solutions while contributing to both Archer’s and our customer’s ESG roadmap”



## Ziebel acquisition

- Archer Acquired 100% of the shares for a total consideration of \$1.1 million on debt free basis
- Technology
  - Z-System (composite carbon rod)
  - Distributed Fiber Optic technology
  - Illuminator technology
- Over 150 carbon composite rod flow allocation jobs completed in North America
- MSAs with over 50 customers
- Strategic fit to Archer's international wireline operations



Ziebel is a unique technology company focused on providing high value fiberoptic measurements and innovative conveyance to improve reservoir recovery factors and performance.

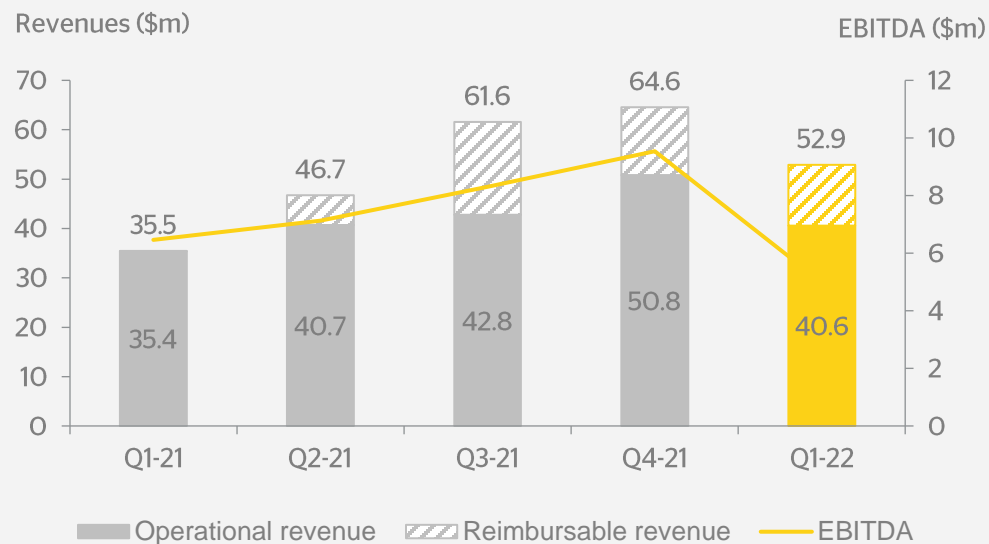


Q1 2022

## Well Services

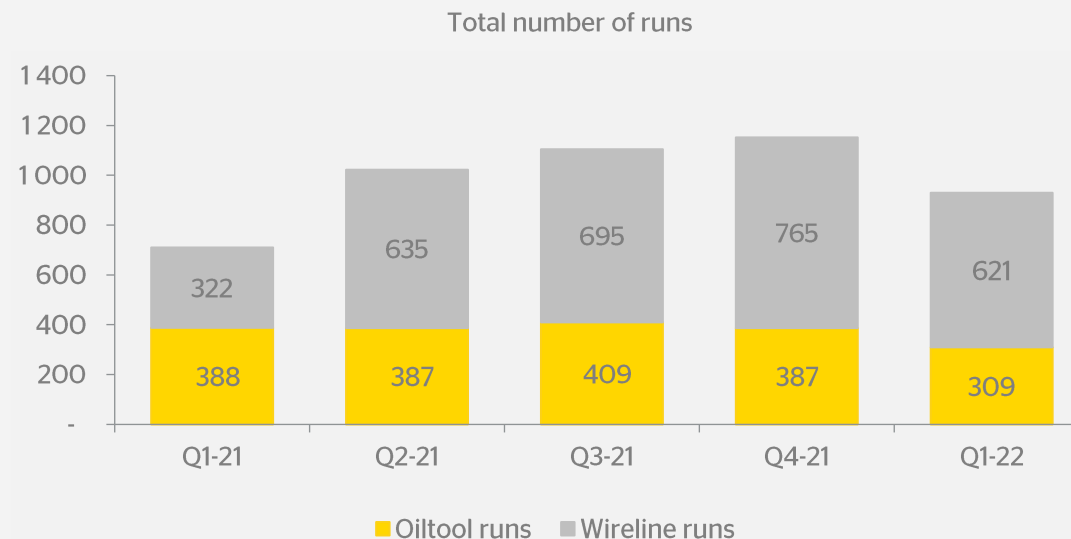
### Financials

- **Revenue** reduced by \$11.7 million compared to previous quarter, related to reduced activity for both Oiltools and Wireline. Year-over-year revenue increased by \$17.4 million.
- Exceptional charges for the quarter of \$0.8 million was covid-19 related offshore sick-leave replaced by overtime
- **EBITDA** in the quarter of total \$5.0 million



### Operations

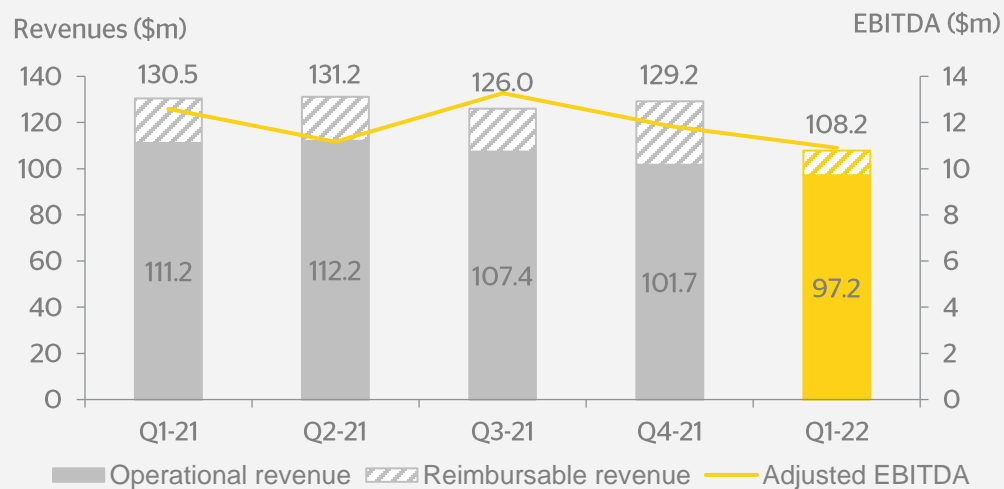
- Mobilized Comtrac in Middle East, preparing for operations in second quarter
- Oiltools had several projects for slot recovery and P&A work in Norway, UK and Africa postponed. Project delayed related to weather and other operational changes.
- Oiltools secured important contracts with Okea in Norway and Woodside and Santos in Australia during the quarter.



## Platform Drilling, Modular Rigs & Engineering

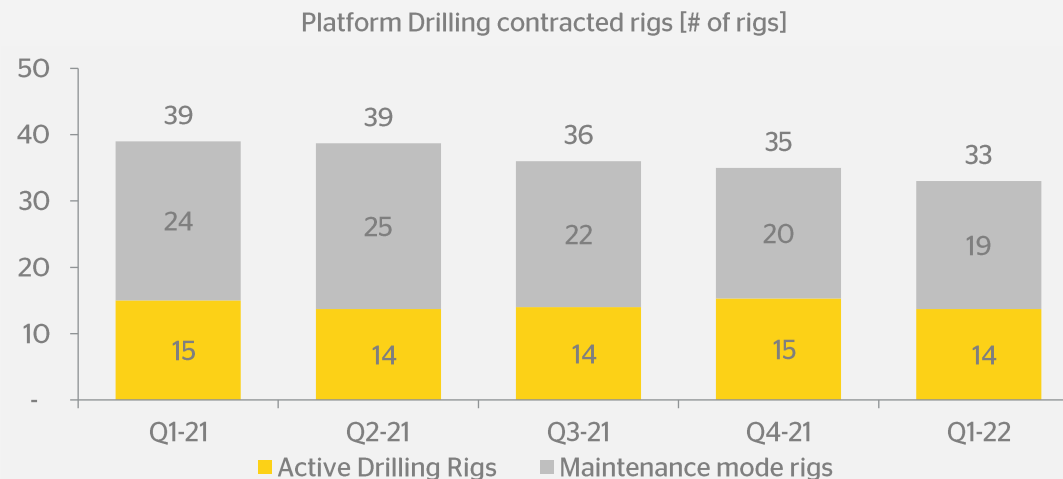
### Financials

- **Revenue** decreased by \$21 million compared to previous quarter, of which \$16.4 million relates to reduced reimbursable revenues
- **Adjusted EBITDA** of \$10.9 million in the quarter
- Exceptional cost of \$1.6 million Covid-19 related to offshore sick leave replaced by overtime



### Operations

- Operational results were significantly impacted by Covid-19 costs, related to replacement cost offshore crews for high sick leave
- High non-productive time for Norwegian rig, related to damage to operator rig crane, resulting in loss of revenue
- Emerald completed the original work scope in New Zealand and have been awarded an additional well which will commence in third quarter 2022



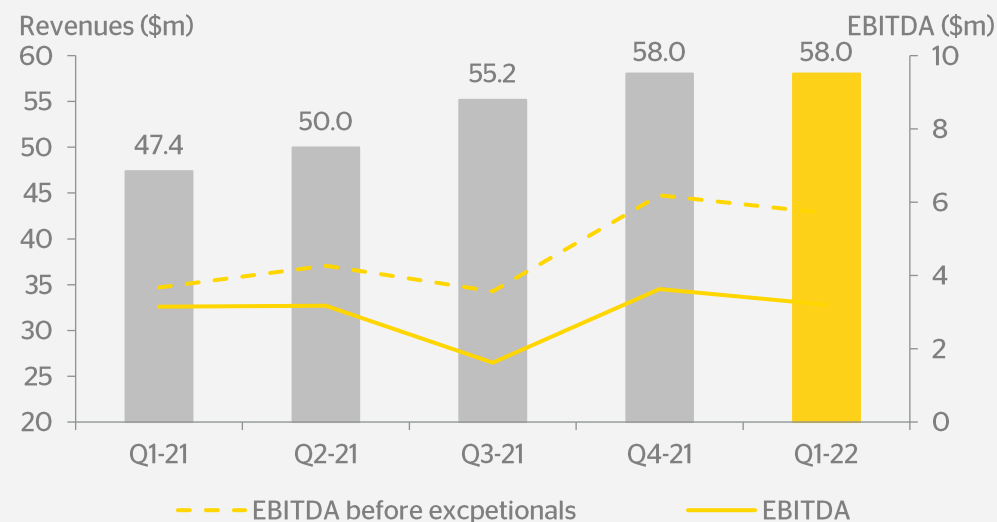


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## Land drilling

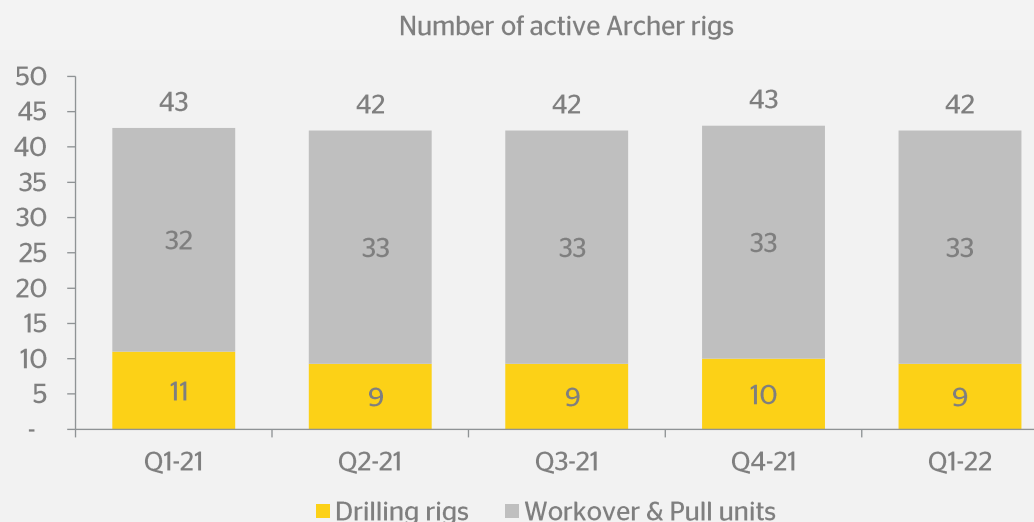
### Financials

- **Revenue** in line with previous quarter
- **Adjusted EBITDA** of \$5.7 million
- Exceptional items in the quarter of \$2.5 million



### Operations

- Operations significantly impacted by Covid-19 related costs, leading to suspended operations due to lack of personnel and significant overtime
- Argentine government reached agreement with IMF and approved construction of new gas pipeline
- One rig less in operating during the quarter, but we see improved outlook for rig activity later in 2022 and into 2023





## Condensed profit & loss

- Operational revenue of \$195.8 million represent an increase of \$1.7 million or 1% YOY
- EBITDA before exceptional items of \$21.1 million is a reduction of \$0.4 million or 2% compared to Q1 2021
- Exceptional charges in Q1, 2022 of \$ 4.9 million, mainly Covid-19 related offshore sick leave replacement cost/overtime and severance payments & idle personnel in Argentina.
- Impairment of \$5.0 million in the quarter related to assets being idle more than 5 years in Argentina
- Net profit of \$13.9 million driven market to market on interest caps and gain on bargain purchase

\$ million	Q1 2022	Q1 2021
Operating revenues	195.8	194.1
Reimbursable revenue	23.3	19.3
<b>Total Revenues</b>	<b>219.1</b>	<b>213.4</b>
EBITDA before exceptional items	21.1	21.5
<i>EBITDA margin before exceptional items</i>	9.6%	9.9%
Exceptional items	(4.9)	(0.5)
<b>EBITDA</b>	<b>16.2</b>	<b>21.0</b>
<i>EBITDA margin</i>	7.4%	9.9%
Impairments	(5.0)	(3.0)
Deprecation, amortization, other	(13.2)	(12.3)
<b>EBIT</b>	<b>(2.0)</b>	<b>5.9</b>
<i>EBIT margin</i>	(0.9%)	4.1%
Gain on bargain purchase	9.2	-
Result from associated entities	(0.3)	-
Net interest expense	(7.2)	(7.1)
Other financial items	17.6	10.1
<b>Net income before tax</b>	<b>17.3</b>	<b>8.8</b>
Tax cost	(3.3)	(2.8)
<b>Net income</b>	<b>13.9</b>	<b>6.1</b>

\$ million	31.03.2022	31.12.2021
Cash and cash equivalents	95.6	50.7
Restricted cash	8.7	14.8
Accounts receivables	124.7	125.6
Inventories	52.7	52.1
Other current assets	34.9	30.7
Investments and loans to associates	8.0	6.3
Property, plant and equipment	331.7	343.6
Right of use assets	24.7	26.7
Goodwill	170.4	167.5
Other non-current assets	51.6	32.6
<b>Total assets</b>	<b>903.0</b>	<b>850.7</b>
Current portion of interest-bearing debt	23.0	25.3
Accounts payable	36.1	43.5
Lease liability current	4.7	5.2
Other current liabilities	134.4	140.2
Long-term interest-bearing debt	564.9	509.5
Subordinated related party loan	15.9	15.9
Deferred taxes	0.7	1.0
Lease liability	20.0	21.5
Shareholder's equity	103.3	88.5
<b>Total liabilities and shareholders' equity</b>	<b>903.0</b>	<b>850.7</b>

## Condensed balance sheet

- Increase in cash driven by drawdown on credit facilities
- NIBD at \$508 million end Q1 2022
- Available liquidity \$106.8 million
- Equity of \$103.3 million





## Financial outlook 2022

- Revenues for 2022 expected to increase moderately from 2021
- EBITDA for 2022 expected to increase moderately from 2021, growth in second half of 2022.
- Capex 2022 approximately 3% of revenue
- Positive free cash flow and reduction in NIBD in 2022
- Further revenue and EBITDA growth expected in 2023;
  - Operators drilling plans in the North Sea
  - Positive development in Argentina with IMF agreement and investment in gas infrastructure
  - General increase in global oil and gas activity





# Appendix

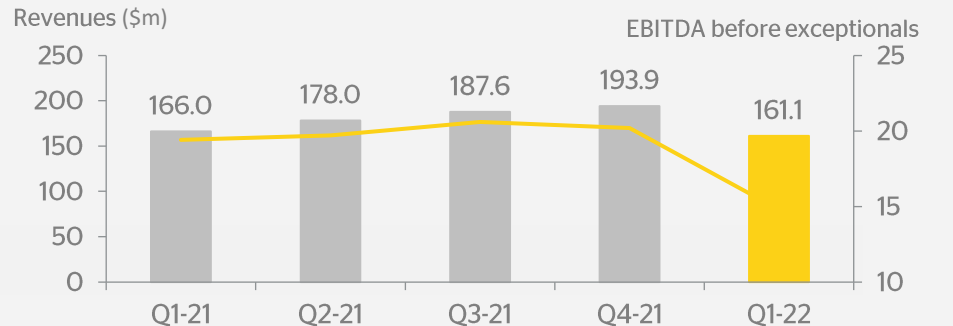


## Segment key financials

## Eastern Hemisphere

Platform drilling &amp; Engineering

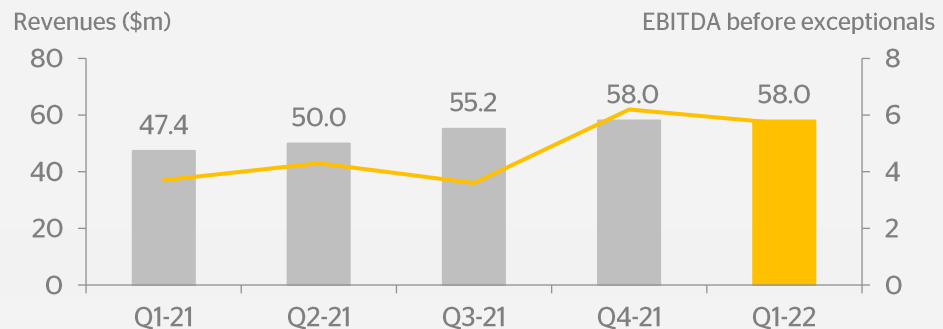
Well Services



\$m	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22
Revenues	166.0	178.0	187.6	193.9	161.1
EBITDA before exceptional items	19.4	19.7	21.7	21.0	17.2
EBITDA	19.4	19.7	20.6	20.2	14.8
Capex	2.2	4.0	6.5	9.9	1.5

## Western Hemisphere

Land drilling



\$m	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22
Revenues	47.4	50.0	55.2	58.0	58.0
EBITDA before exceptional items	3.7	4.3	3.6	6.2	5.7
EBITDA	3.2	3.2	1.6	3.6	3.2
Capex	2.0	0.8	4.0	4.1	1.0



## Condensed profit and loss statement

(Figures in \$ million)	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22
Operating revenues	194.1	202.2	206.1	210.7	195.8
Reimbursable revenue	19.3	25.8	36.6	41.2	23.3
<b>Total Revenues</b>	<b>213.4</b>	<b>228.0</b>	<b>242.8</b>	<b>251.9</b>	<b>219.1</b>
EBITDA before exceptional items	21.5	22.3	23.5	25.8	21.1
Severance payments	-	(0.1)	(1.2)	(2.5)	(0.9)
Other	(0.5)	(1.1)	(1.8)	(0.9)	(4.0)
<b>Total Exceptional items*</b>	<b>(0.5)</b>	<b>(1.2)</b>	<b>(3.0)</b>	<b>(3.4)</b>	<b>(4.9)</b>
<b>EBITDA</b>	<b>21.0</b>	<b>21.2</b>	<b>20.5</b>	<b>22.4</b>	<b>16.2</b>
Deprecation, amortization, impairments, other	(15.2)	(13.6)	(13.1)	(27.9)	(18.2)
<b>EBIT</b>	<b>5.9</b>	<b>7.6</b>	<b>7.4</b>	<b>(5.5)</b>	<b>(2.0)</b>
Gain from bargain purchase	-	12.2	-	(0.8)	9.2
Result from associated entities	-	(0.1)	(0.4)	0.1	(0.3)
Net interest expense	(7.1)	(7.1)	(6.8)	(5.8)	(7.2)
Other financial items	10.1	(9.1)	(7.8)	(0.0)	17.6
<b>Net financial items</b>	<b>3.0</b>	<b>(16.3)</b>	<b>(15.0)</b>	<b>(5.7)</b>	<b>10.1</b>
<b>Net result before tax</b>	<b>8.8</b>	<b>3.6</b>	<b>(7.5)</b>	<b>(12.0)</b>	<b>17.3</b>
Tax benefit / (expense)	(2.8)	(2.0)	(2.2)	(0.7)	(3.3)
<b>Net income/(loss)</b>	<b>6.1</b>	<b>1.6</b>	<b>(9.7)</b>	<b>(12.7)</b>	<b>13.9</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>	31.03.2021	30.06.2021	30.09.2021	31.12.2021	31.03.2022
Cash, cash equivalents & restricted cash	45.5	46.6	36.6	65.5	104.3
Accounts receivables	113.8	123.6	125.0	125.6	124.7
Inventories	53.6	54.7	53.4	52.1	52.7
Other current assets	23.4	26.3	32.6	30.7	34.9
Investments and loans in associates	19.5	12.1	7.5	6.3	8.0
Property, plant and equipment, net	342.9	364.2	355.8	343.6	331.7
Right of use assets	29.7	29.0	27.8	26.7	24.7
Goodwill	172.6	172.4	168.2	167.5	170.4
Other non-current assets	33.7	34.2	31.2	32.6	51.6
<b>Total assets</b>	<b>834.8</b>	<b>863.0</b>	<b>838.1</b>	<b>850.7</b>	<b>903.0</b>
Current portion of interest-bearing debt	14.6	17.8	21.8	25.3	23.0
Accounts payable	34.7	44.2	37.3	43.5	36.1
Lease liability current	7.6	6.1	5.4	5.2	4.7
Other current liabilities	112.6	124.3	125.1	140.2	134.4
Long-term interest-bearing debt	511.5	513.2	506.5	509.5	564.9
Subordinated related party loan	15.9	15.9	15.9	15.9	15.9
Deferred taxes	0.8	0.8	0.8	1.0	0.7
Lease liability	22.1	22.8	22.4	21.5	20.0
Other noncurrent liabilities	0.7	0.7	0.1	0.0	0.0
Shareholder's equity	114.3	117.2	102.9	88.5	103.3
<b>Total liabilities and shareholders' equity</b>	<b>834.8</b>	<b>863.0</b>	<b>838.1</b>	<b>850.7</b>	<b>903.0</b>



## Condensed cash flow statement – last 5 quarters

<i>(Figures in \$ million)</i>	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22
Operating activities	(4.0)	15.3	1.5	40.0	(8.7)
Investing activities	(3.3)	(16.0)	(9.0)	(14.3)	(7.8)
Financing activities	(3.5)	5.1	(1.8)	6.1	52.9
FX effect	(0.4)	(0.2)	(0.9)	0.0	2.4
<b>Total*</b>	<b>(11.2)</b>	<b>4.2</b>	<b>(10.2)</b>	<b>31.8</b>	<b>38.9</b>

\*Includes net movements in restricted cash.