



Archer

Q2 2022 Results

Dag Skindlo - CEO

Espen Joranger - CFO

12 August 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.

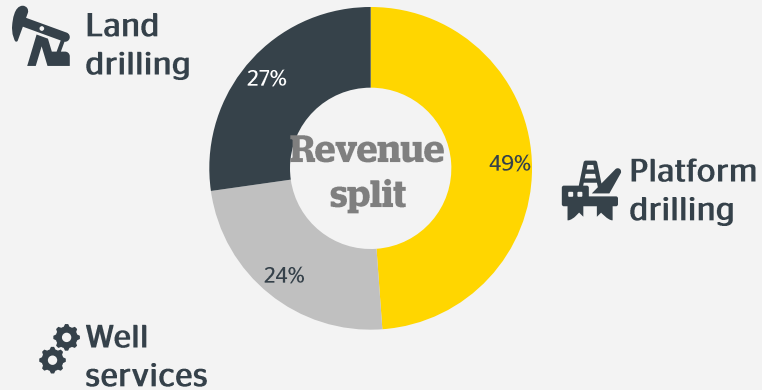


Archer at a glance

Archer

A global energy services company with a deep heritage in delivering wells and improving well performance

Operational divisions



\$936m
2021 Revenue

10%
2021 EBITDA Margin

50 years
Operating experience

\$97m
Cash and Cash Equivalents

4,500+
Global Personnel

\$2.5 bn
Revenue Backlog

40
Operating Locations

Carbon neutral 2022
Scope 1 & 2 outside Argentina



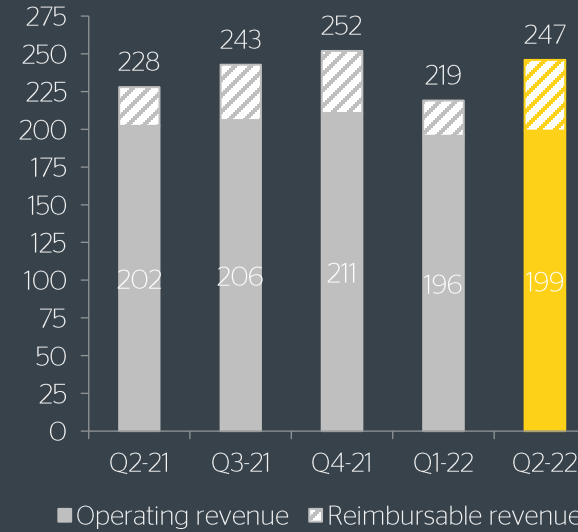
Q2 Highlights

- **Revenue** of \$247 million
- **EBITDA** before exceptional items of \$20.9 million
- Available liquidity \$97 million

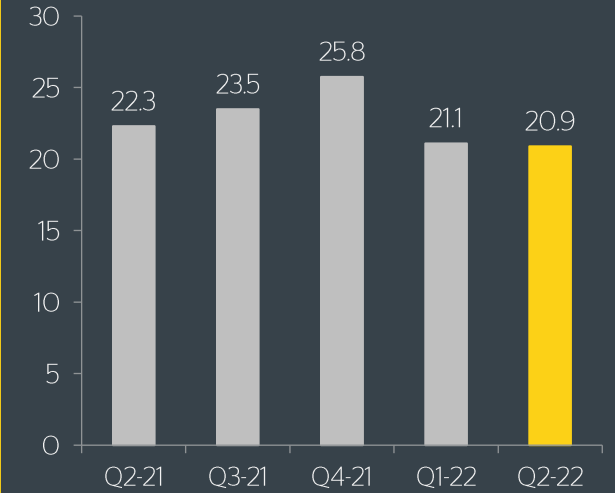
Subsequent events

- Agreed to acquire 50% of Iceland Drilling Company Ltd. for \$8.25 million
- Achieved a well intervention world record while logging a well down to 12,375 meters with Comtrac

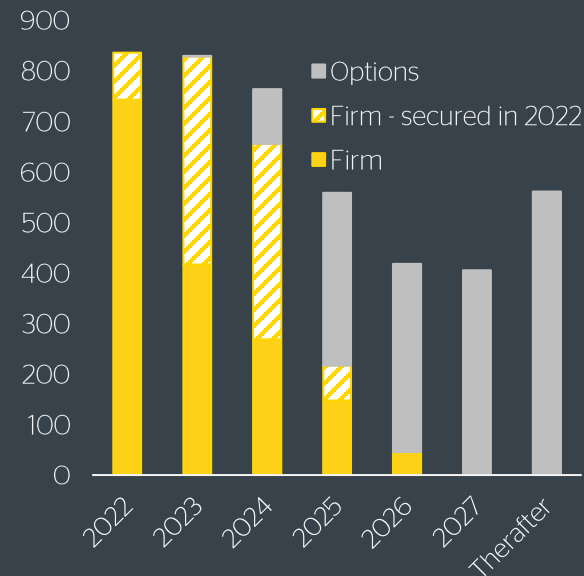
Revenue (\$m)



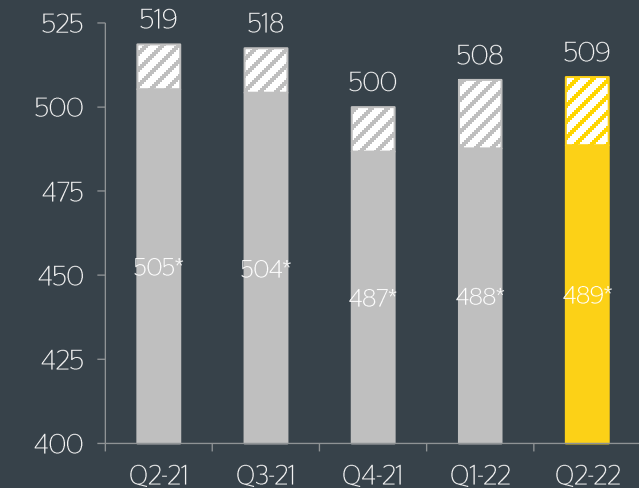
Adjusted EBITDA (\$m)



Current backlog (\$m)



Net interest-bearing debt (\$m)



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

Archer acquires 50% stake in Iceland Drilling



Iceland Drilling



- Global leading geothermal drilling and services company
- International footprint and substantial brand recognition
- Fleet of 5 rigs and 7 smaller units for district heating projects
- 90 employees

Financial summary



- Acquire 50% stake ownership for an investment of \$8.25m
- EV of ~\$30 million
- Annual revenue of ~\$40 million
- Transaction is accretive for Archer
- The businesses will not be consolidated
- Profitable and positive free cash flow

Synergies



- Investment secures Archer green business through its geothermal drilling services
- Positive growth outlook
- Substantial operational and technological synergies potential with Archer service offering

Energy transition



- Initial step within renewable energy Consistent with Archer's energy transition strategy
- Yields long term sustainability

Drilling history



- Over 500 geothermal wells since 1970
- 200 wells the last 10 years
- Well depths up to 4.630 meters
- Temperature up to 450°C



Strong market sentiment within geothermal energy

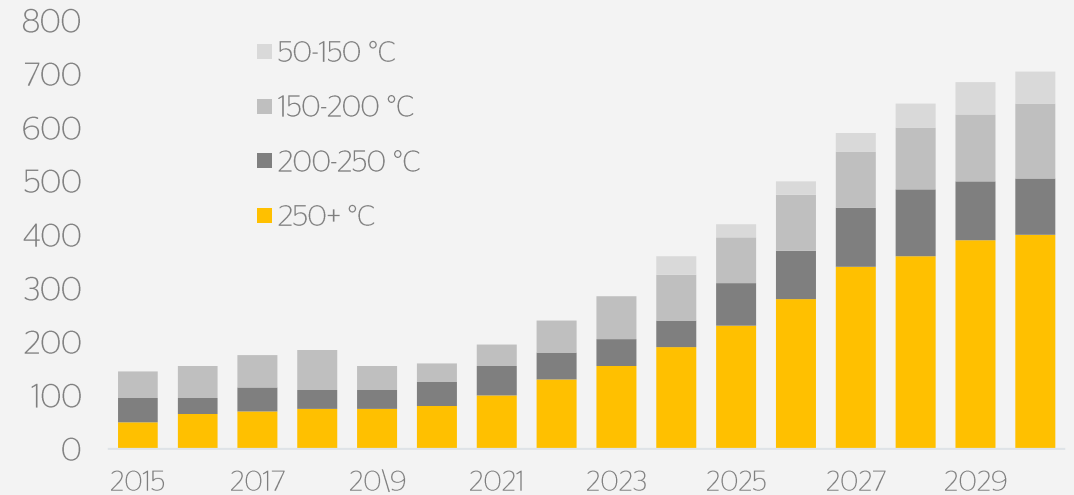
Key takeaways geothermal energy

- Renewable energy source
- Stable base load, suitable compliment to wind and sun
- Substantial potential to replace fossil energy sources
- Direct overlap between O&G and geothermal within exploration, drilling and production (re-deploy technology, equipment, crews etc)

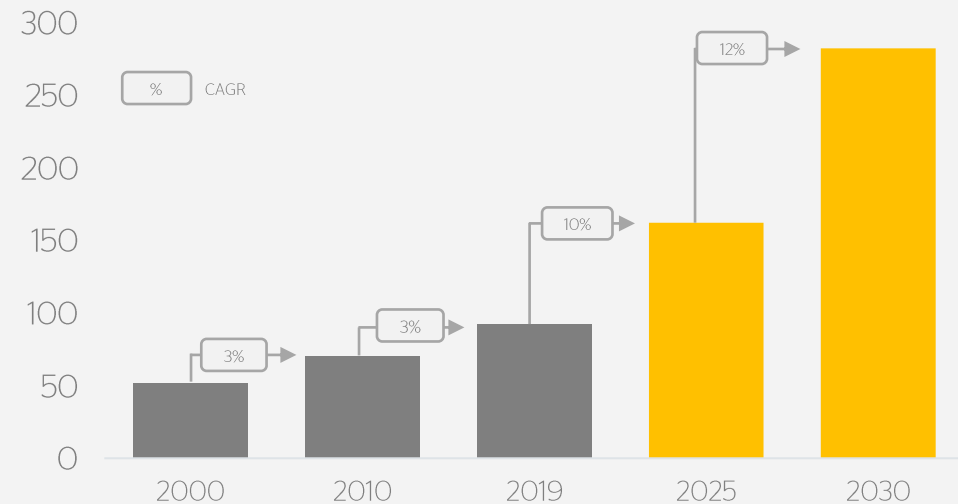
Growing market

- Electricity and power generation
- District heating

Wells to be drilled by temperature group



Accelerated growth in geothermal power generation

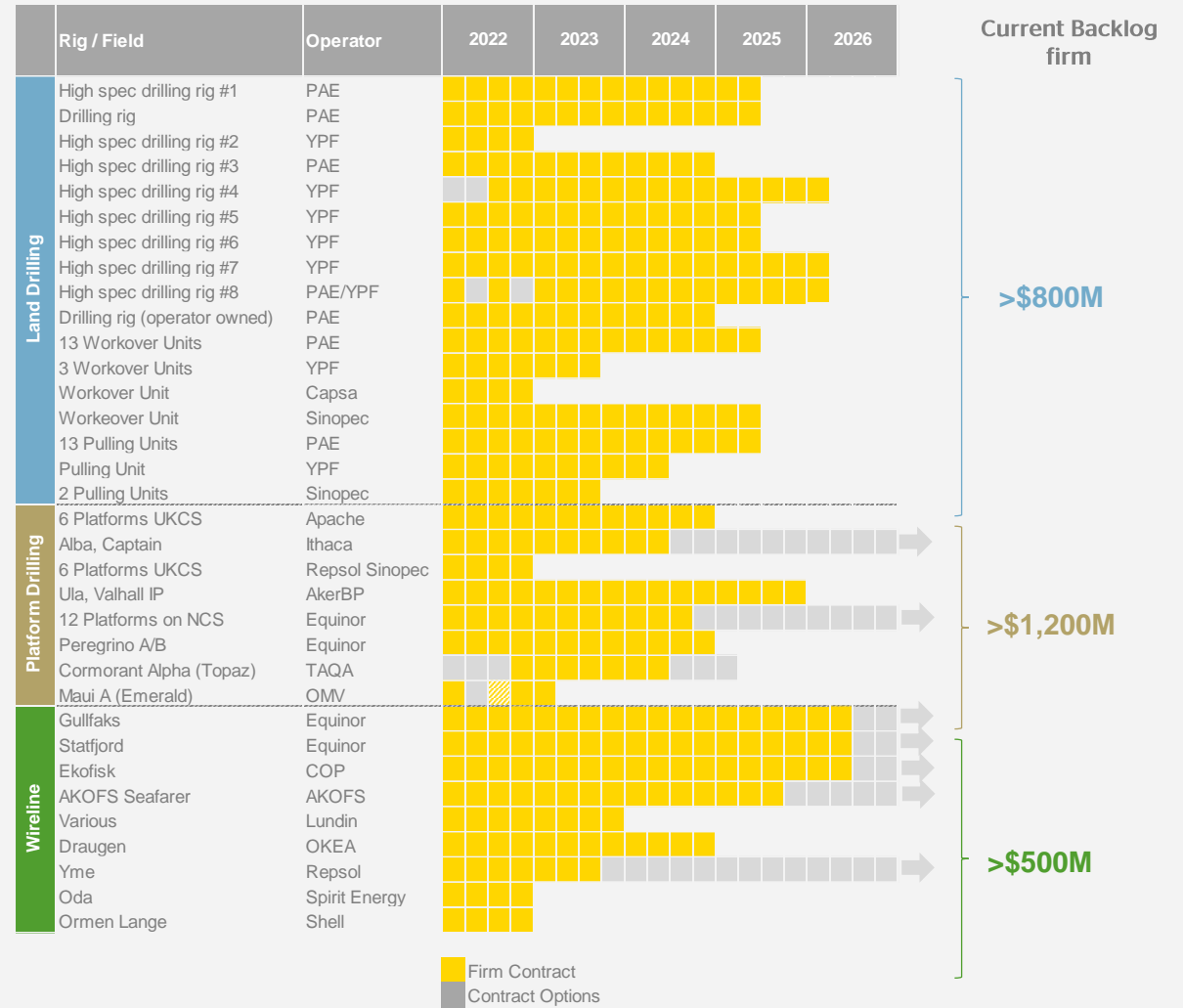




Revenue visibility based on long term contracts and market position

- Group backlog based on secured contracts of more than \$2,500 million across Land Drilling, Platform Drilling and Well Services
- There is upside to grow the annual revenue by increased utilization and higher growth outside of North Sea:
 - **Platform Drilling:** Current market share in the North Sea of around 50%
 - **Mechanical wireline:** Current market share in Norway of around 55-60%
 - **Land Drilling:** Current market share of 17% for drilling rigs and 35% for workover rigs (Drilling rigs in Vaca Muerta at 28% market share)

Current Backlog

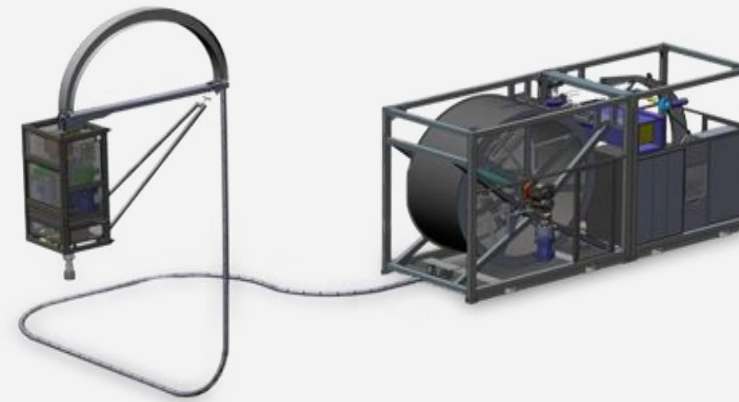




Archer setting world record with longest well intervention

- Archer performing well intervention at 12,375 meters utilizing our ComTrac® system
- Production logging was performed for major Middle East client
- The record is a significant step for intervention accessibility and ComTrac® will be an enabler for new wells design for long reach drilling
- Perforating reach exceeding alternative conveyance systems
- ComTrac®-technology has not yet reached its limits

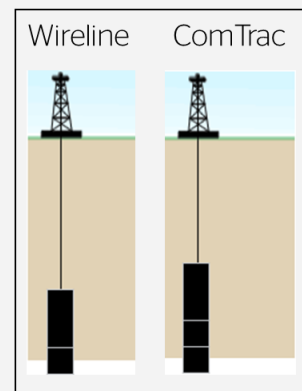
About ComTrac®



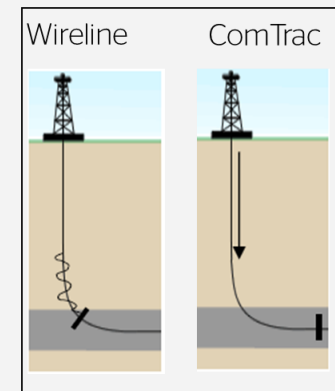
- The ComTrac® conveyance technology utilizes the ultra high-strength and low-weight properties of composite carbon rod materials
- Data and power is transmitted through a copper conductor within the core of the rod between the surface acquisition unit and the down-hole tools for real time logging and intervention services

ComTrac® benefits to traditional wireline

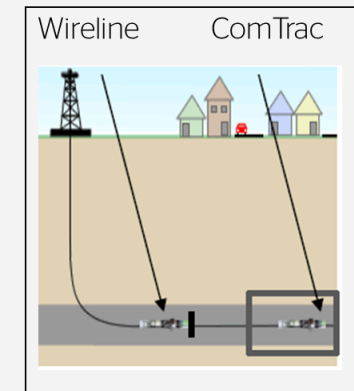
Increased Payload



Increased Reach Ability



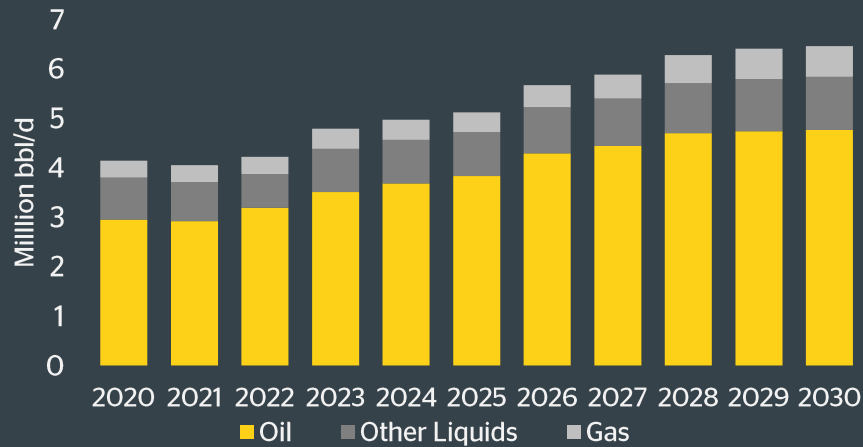
Extended Reach



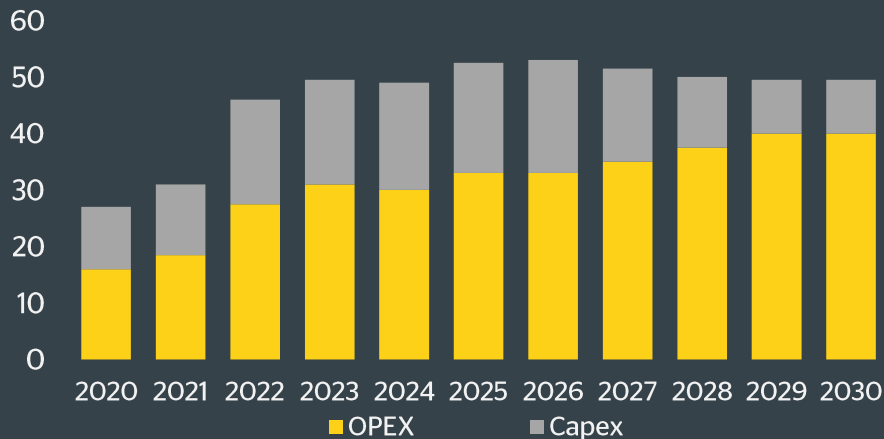


Brazil market outlook

High growth region with long presence by Archer



CAPEX and OPEX (USD billion)

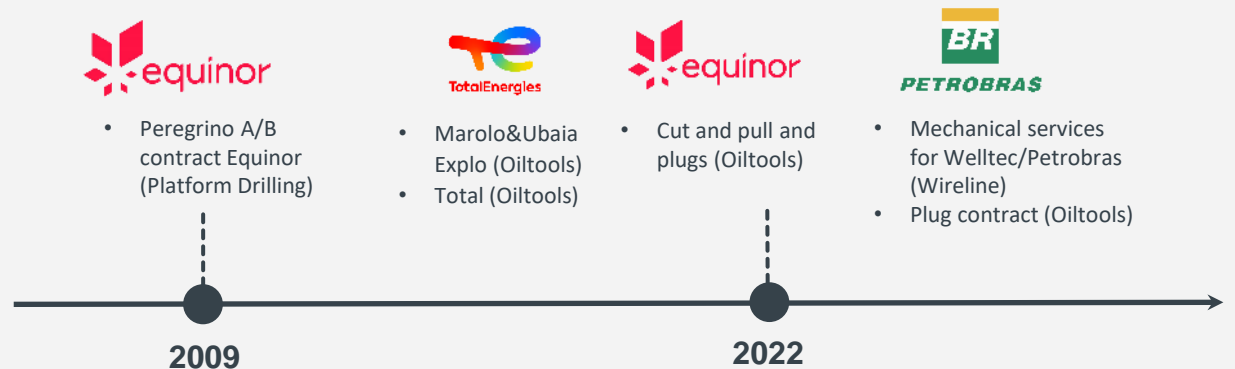


Source Rystad 08.2022

International growth in Brazil

- Long term Platform Drilling contract with Equinor for Peregrino field
- Wireline started new 3 year contract with Welltec for Petrobras
- Oiltools further penetrates offshore plug market by securing frame agreement with Petrobras and first plug contract for Equinor in Brazil
- Additional prospects for Platform Drilling, Engineering, Oiltools and Wireline contracts

Expanding product offerings

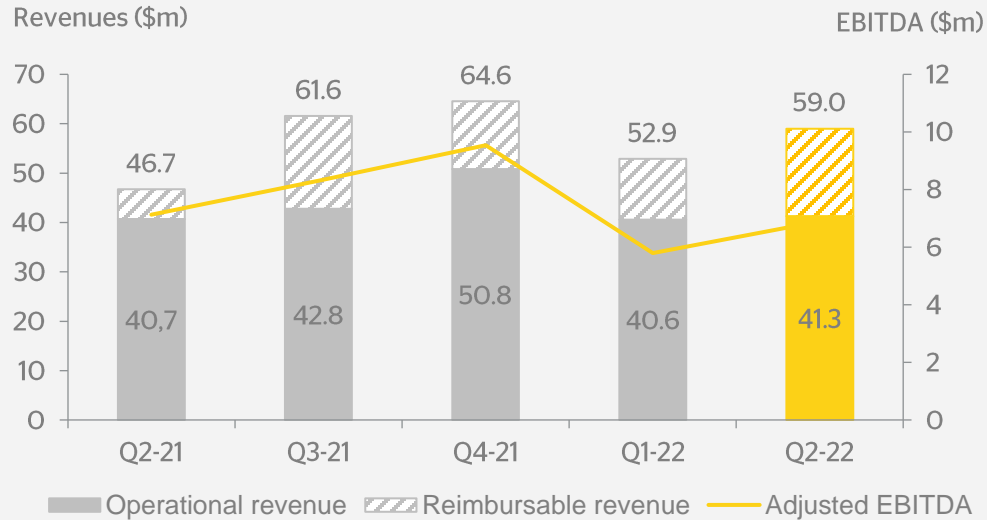




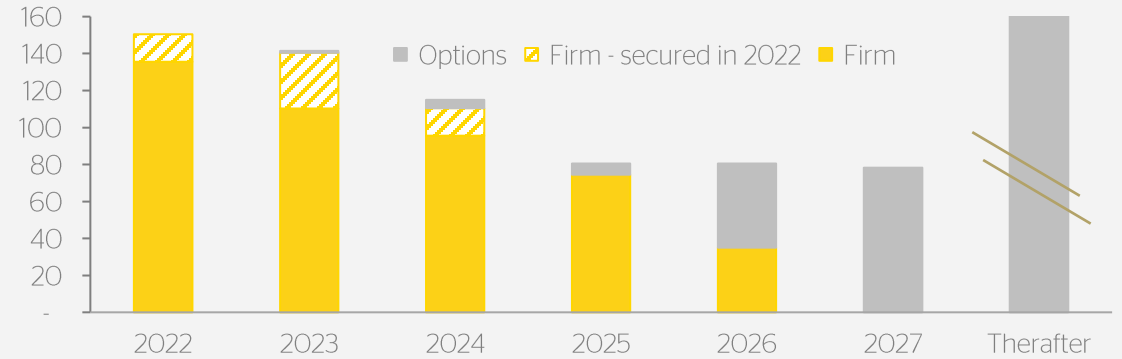
Well Services

Financials

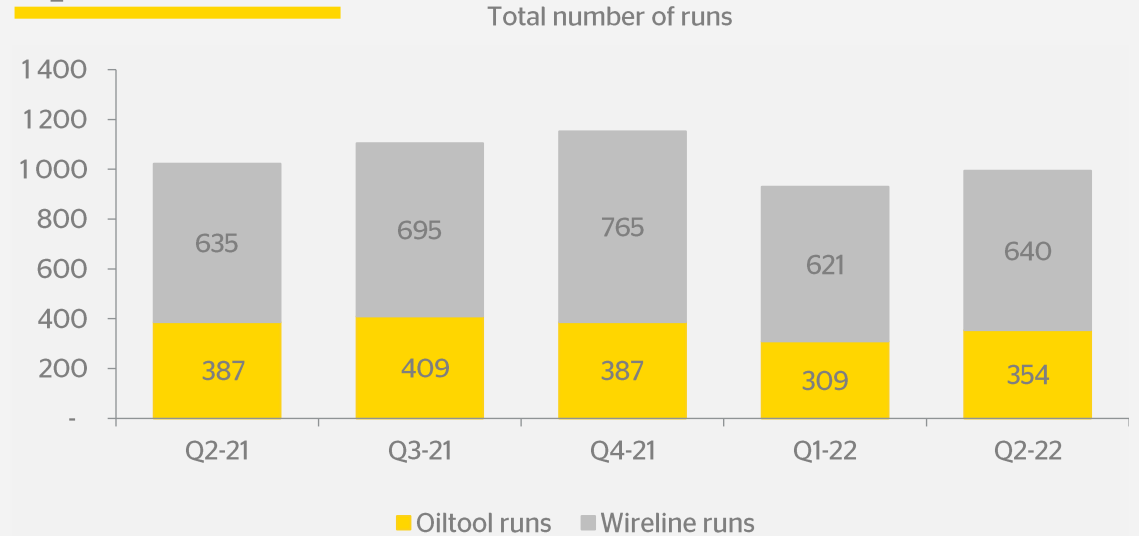
- **Revenue** increased by \$6.1 million compared to previous quarter, related to higher activity for both Wireline and Oiltools. Year-over-year revenue increased by \$12.3 million
- Several wells and projects planned for first half of 2022 has been delayed to second half 2022 and to 2023
- **Adjusted EBITDA** in the quarter of total \$6.9 million, increased by \$1.1 million compared to first quarter



Current backlog (\$m)



Operations

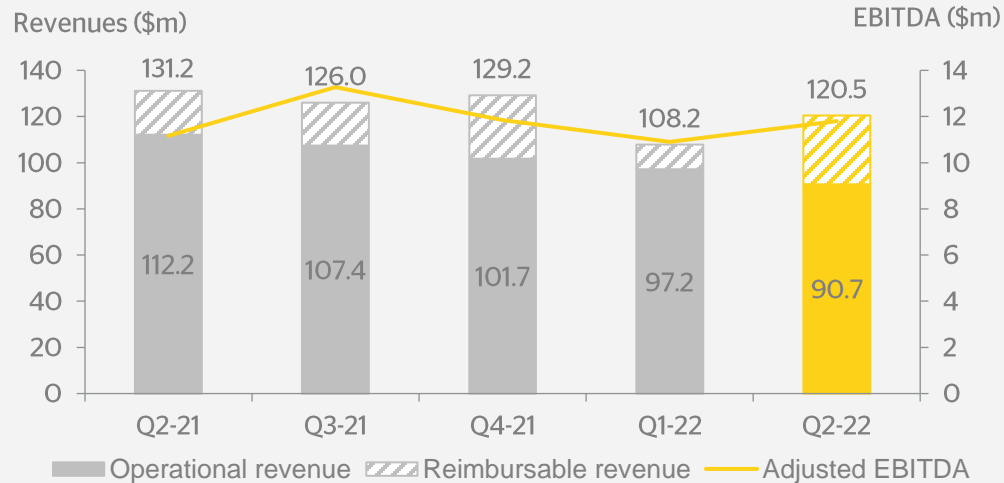




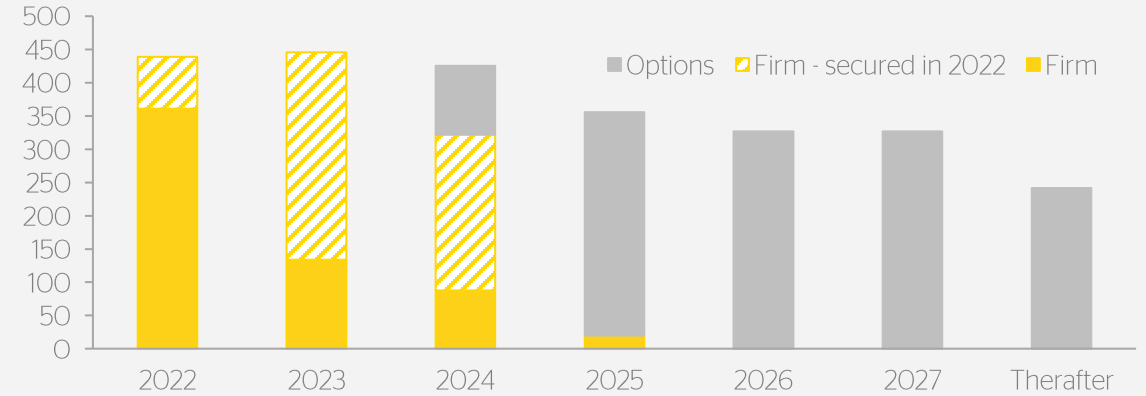
Platform Drilling, Modular Rigs & Engineering

Financials

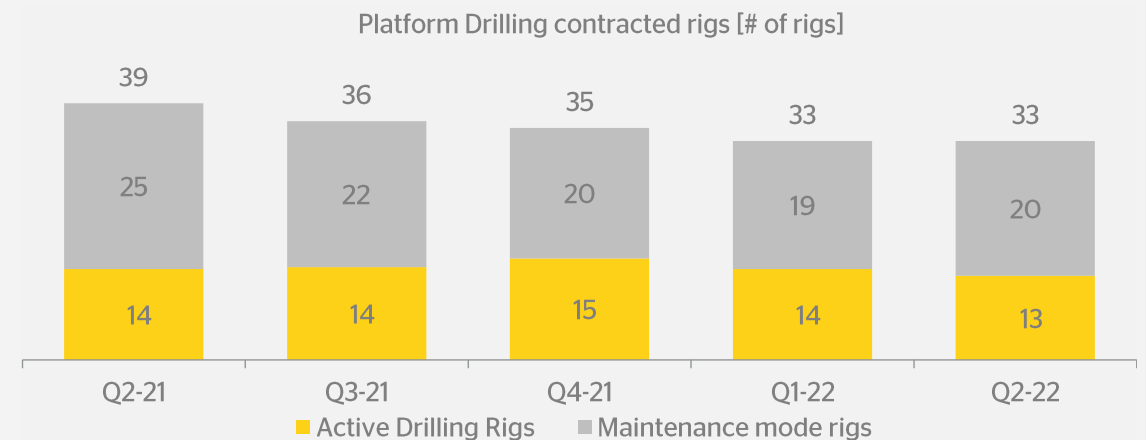
- **Revenue** increased by \$12 million compared to previous quarter, of which \$18.2 million relates to higher reimbursable revenue
- First half of 2022 impacted by more than normal maintenance stop
- **Adjusted EBITDA** of \$11.8 million in the quarter



Current backlog (\$m)



Operations

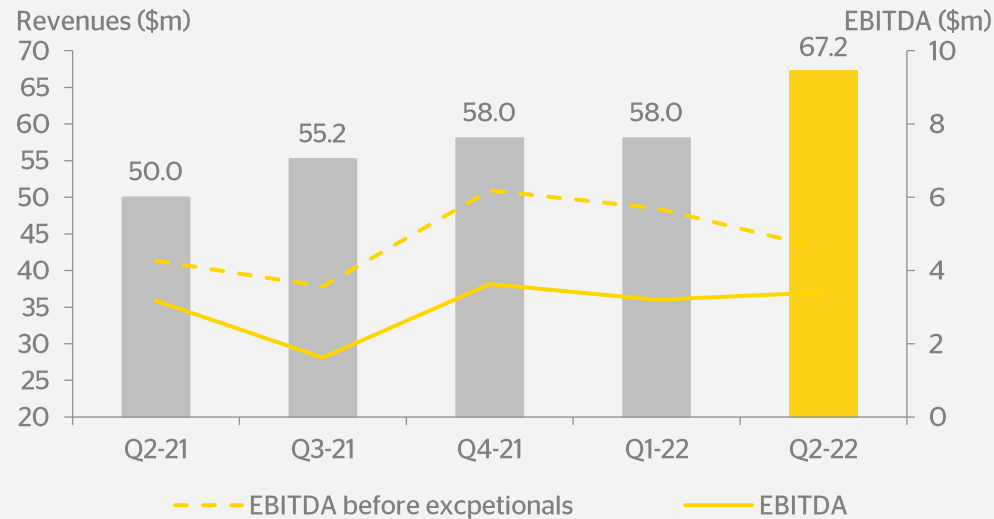




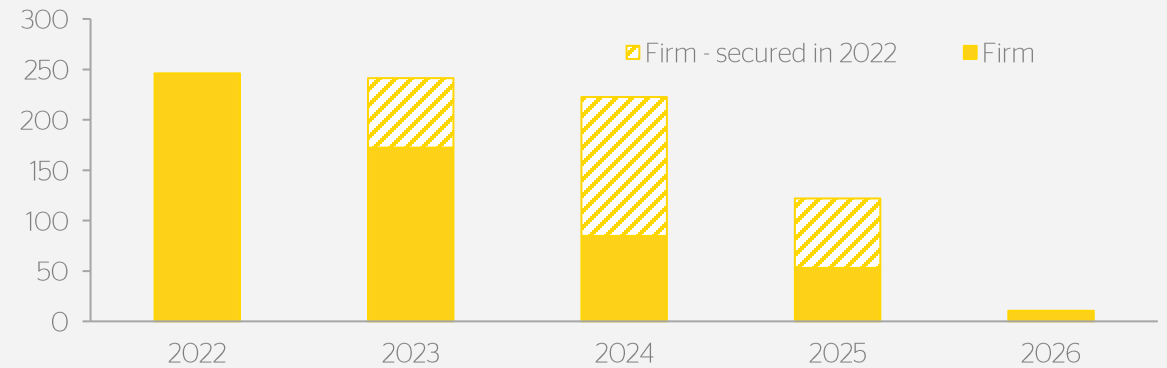
Land drilling

Financials

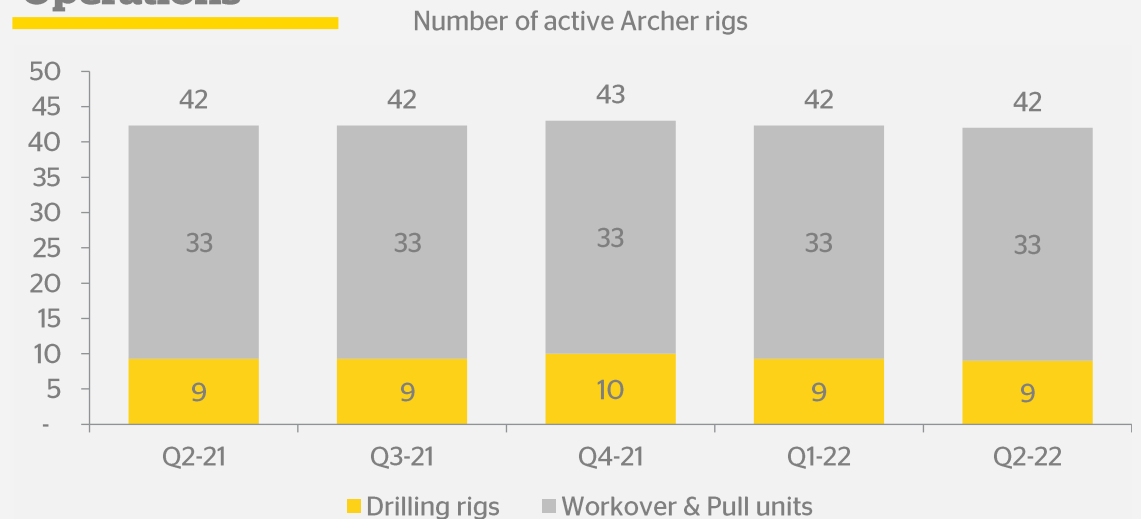
- **Revenue** increased by \$9 million compared to previous quarter
- **Adjusted EBITDA** of \$4.6 million
- Exceptional items in the quarter of \$1.2 million



Current backlog (\$m)

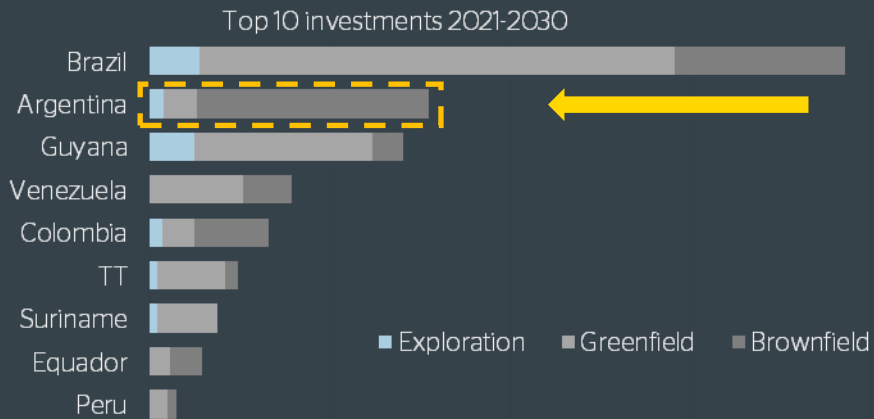
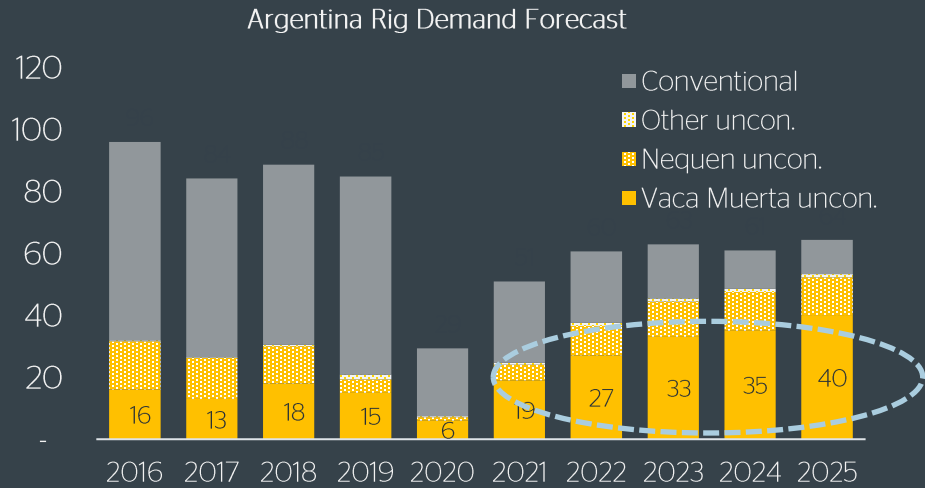


Operations



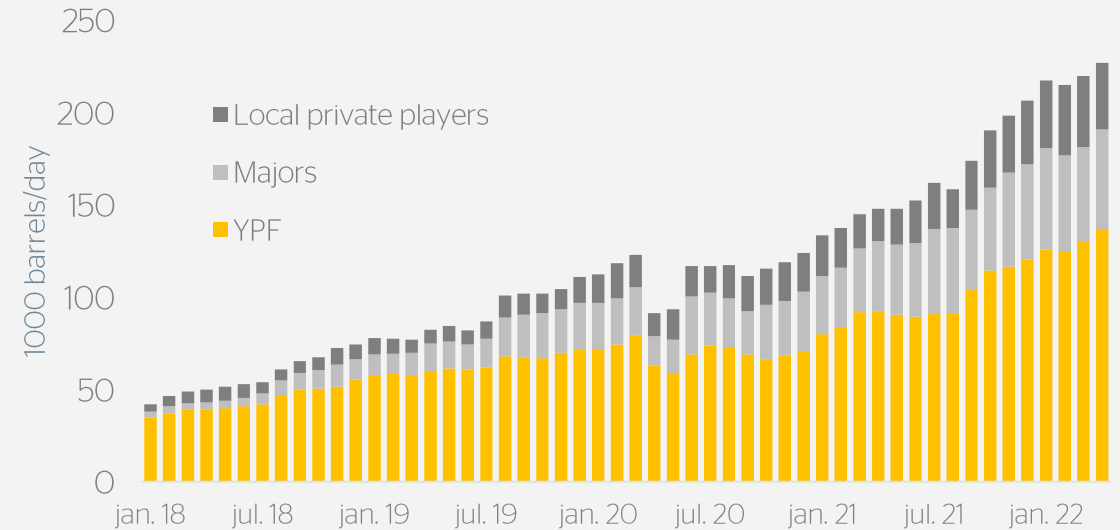


Market drivers support growth in Vaca Muerta



Source Rystad WellCube 04.2022

Vaca Muerta oil production by month



Source - Rystad 06.2022

Vaca Muerta outlook

- Argentina recorded further production growth records, as operators step up fracking in the prolific Vaca Muerta shale formation in Neuquén
- Activity is at an all-time high
- Supply chain bottlenecks suggest there is not a lot of room for incremental activity in the next few quarters
- Oil output is expected to grow significantly in the coming years, reaching 400,000 barrels per day in 2024

Source - Rystad 06.2022



Condensed profit & loss

- Total revenue of \$246.6 million represent an increase of \$18.7 million YOY
- EBITDA before exceptional items of \$20.9 million is a reduction of \$1.4 million or 7% compared to Q2 2021
- Exceptional charges in Q2, 2022 of \$ 1.4 million, mainly related to severance payments & idle personnel in Argentina
- Other financial items include non-cash unrealized fx loss on intercompany loan balances of \$20 million

<i>\$ million</i>	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Operating revenues	199.2	202.2	395.0	396.3
Reimbursable revenue	47.4	25.8	70.7	45.1
Total Revenues	246.6	228.0	465.8	441.4
EBITDA before exceptional items	20.9	22.3	42.1	43.8
<i>EBITDA margin before exceptional items</i>	8.5%	9.8%		9.9%
Exceptional items	(1.4)	(1.1)	(6.3)	(1.6)
EBITDA	19.5	21.2	35.8	42.2
<i>EBITDA margin</i>	7.9%	9.3%	9.0%	9.6%
Impairments	-	-	(5.0)	(3.0)
Deprecation, amortization, other	(11.9)	(13.6)	(25.1)	(25.8)
EBIT	7.7	7.6	5.7	13.5
Gain on bargain purchase	-	12.2	9.2	12.2
Result from associated entities	(0.1)	(0.1)	(0.3)	(0.2)
Net interest expense	(7.8)	(7.1)	(15.0)	(14.1)
Other financial items	(17.6)	(9.1)	0.0	1.0
Net income before tax	(17.8)	3.6	(0.5)	12.4
Tax cost	(1.7)	(2.0)	(5.1)	(4.8)
Net (loss) income	(19.5)	1.6	(5.6)	7.7



<i>\$ million</i>	30.06.2022	31.12.2021	30.06.2021
Cash and cash equivalents	85.7	50.7	28.3
Restricted cash	13.5	14.8	18.3
Accounts receivables	135.0	125.6	123.6
Inventories	52.9	52.1	54.7
Other current assets	36.3	30.7	26.3
Investments and loans to associates	6.8	6.3	12.1
Property, plant and equipment	314.9	343.6	364.2
Right of use assets	24.7	26.7	29.0
Goodwill	149.4	167.5	172.4
Other non-current assets	36.9	32.6	34.2
Total assets	855.9	850.7	863.0
Current portion of interest-bearing debt	22.9	25.3	17.8
Accounts payable	48.4	43.5	44.2
Lease liability current	4.7	5.2	6.1
Other current liabilities	121.4	140.2	124.3
Long-term interest-bearing debt	555.7	509.5	513.2
Subordinated related party loan	15.9	15.9	15.9
Deferred taxes	0.6	1.0	0.8
Lease liability	20.0	21.5	22.8
Shareholder's equity	66.3	88.5	117.2
Total liabilities and shareholders' equity	855.9	850.7	863.0

Condensed balance sheet

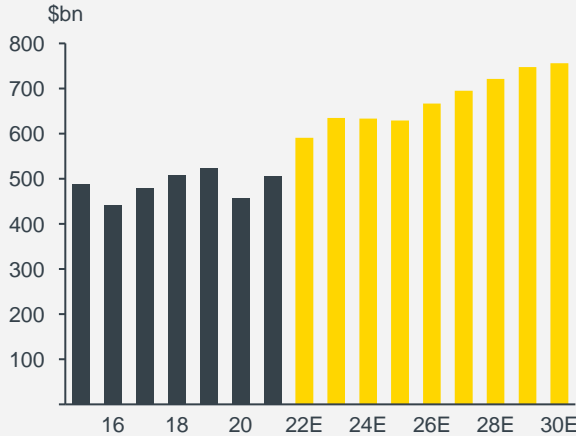
- Increase in cash driven by drawdown on credit facilities
- NIBD at \$509 million end Q2 2022
- Available liquidity \$97 million
- Reduction in goodwill following value adjustment from FX effects
- Equity of \$66.3 million



Strong global spending and service purchases outlook

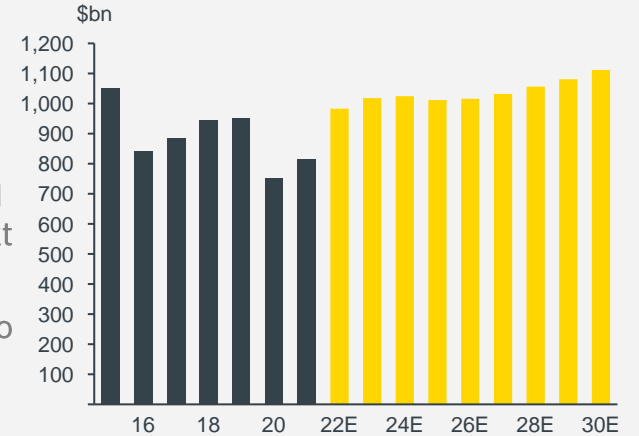
Operator OPEX

- Global operational expenditures are estimated at \$585 billion in 2022, up 17% from 2021.
- Total offshore opex is expected to rise 18% to \$177 billion, with both offshore deepwater and offshore shelf adding 23%.



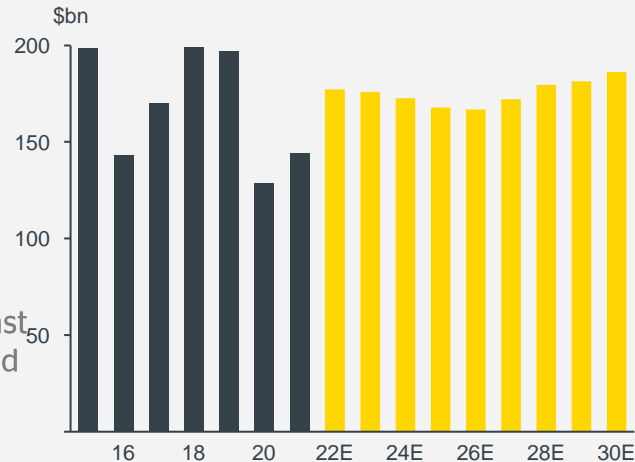
Service Demand outlook across service segments

- The total E&P expenditure, for service demand across all segments, forecasts double digit growth for 2022 versus 2021, followed by a +1.0% CAGR in the next five years (2022-2027).
- CAGR for the period 2021 to 2026 is expected at 4.4%.



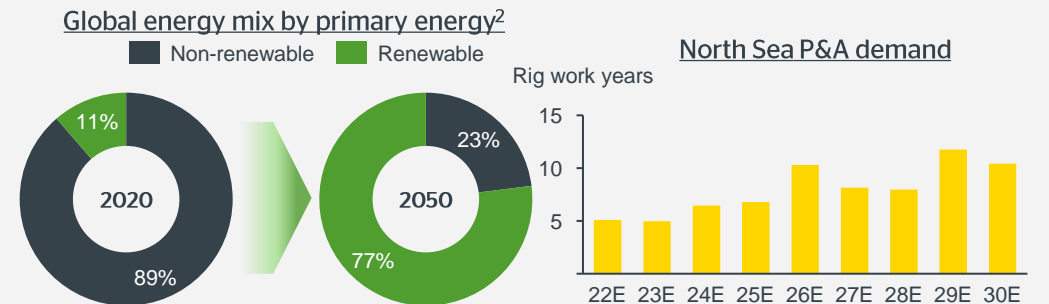
Wells

- Long term on/offshore forecast relatively unchanged the short to medium-term onshore drilling outlook has been revised 3% upwards
- Long-term onshore forecast remains largely unchanged for 2022-2030.



Energy transition driving new energy & decommissioning

- Renewables' share of energy are projected to increase to 77% by 2050
- Ageing upstream infrastructure and significant uptick in decommissioning



1) Million barrels of oil equivalent per day; 2) Rystad Energy 1.6°C scenario
Source: Rystad Energy



Q2 2022

Financial outlook 2022 and 2023

Reconfirms 2022 guidance and estimate significant 2023 EBITDA growth

- Revenue for 2022 expected to increase moderately from 2021
- EBITDA for second half 2022 expected to increase by 35-40% compared to first half 2022
- Capex 2022 approximately 3% of revenue
- Positive free cash flow and reduction in NIBD in 2022 adjusted for acquisitions
- Significant organic EBITDA growth in 2023 compared to 2022;
 - Constructive increase in global oil and gas activity
 - Operators drilling plans in the North Sea
 - Higher rig utilization in Argentina
 - Higher utilization of modular drilling





Appendix



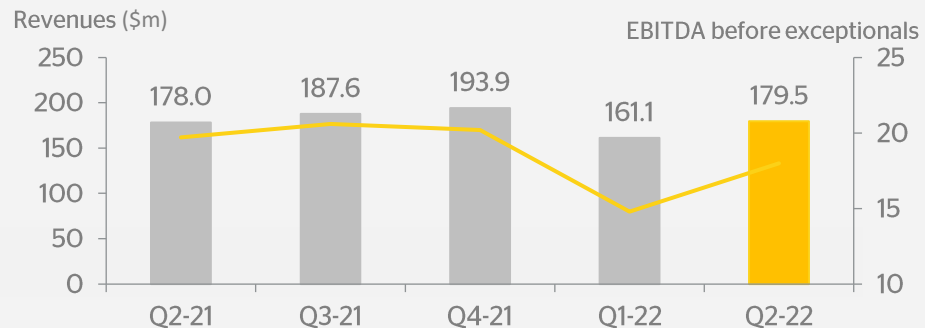


Segment key financials

Eastern Hemisphere

Platform drilling & Engineering

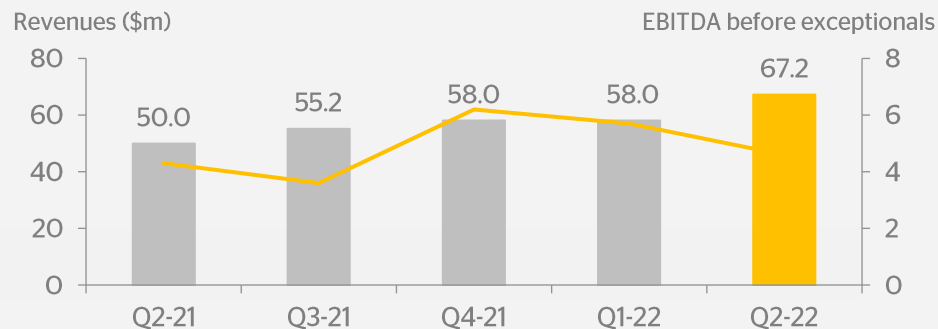
Well Services



\$m	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Revenues	178.0	187.6	193.9	161.1	179.5
EBITDA before exceptional items	19.7	21.7	21.0	17.2	18.3
EBITDA	19.7	20.6	20.2	14.8	18.0
Capex	4.0	6.5	9.9	1.5	3.4

Western Hemisphere

Land drilling



\$m	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Revenues	50.0	55.2	58.0	58.0	67.2
EBITDA before exceptional items	4.3	3.6	6.2	5.7	4.6
EBITDA	3.2	1.6	3.6	3.2	3.4
Capex	0.8	4.0	4.1	1.0	1.8



Condensed profit and loss statement

(Figures in \$ million)	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Operating revenues	202.2	206.1	210.7	195.8	199.2
Reimbursable revenue	25.8	36.6	41.2	23.3	47.4
Total Revenues	228.0	242.8	251.9	219.1	246.6
EBITDA before exceptional items	22.3	23.5	25.8	21.1	20.9
Severance payments	(0.1)	(1.2)	(2.5)	(0.9)	(0.9)
Other	(1.1)	(1.8)	(0.9)	(4.0)	(0.5)
Total Exceptional items*	(1.2)	(3.0)	(3.4)	(4.9)	(1.4)
EBITDA	21.2	20.5	22.4	16.2	19.5
Depreciation, amortization, impairments, other	(13.6)	(13.1)	(27.9)	(18.2)	(11.9)
EBIT	7.6	7.4	(5.5)	(2.0)	7.7
Gain from bargain purchase	12.2	-	(0.8)	9.2	-
Result from associated entities	(0.1)	(0.4)	0.1	(0.3)	(0.1)
Net interest expense	(7.1)	(6.8)	(5.8)	(7.2)	(7.8)
Other financial items	(9.1)	(7.8)	(0.0)	17.6	(17.6)
Net financial items	(16.3)	(15.0)	(5.7)	10.1	(25.5)
Net result before tax	3.6	(7.5)	(12.0)	17.3	(17.8)
Tax benefit / (expense)	(2.0)	(2.2)	(0.7)	(3.3)	(1.7)
Net income/(loss)	1.6	(9.7)	(12.7)	13.9	(19.5)

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



Condensed balance sheet

<i>\$ million</i>	30.06.2021	30.09.2021	31.12.2021	31.03.2022	30.06.2022
Cash, cash equivalents & restricted cash	46.6	36.6	65.5	104.3	99.1
Accounts receivables	123.6	125.0	125.6	124.7	135.0
Inventories	54.7	53.4	52.1	52.7	52.9
Other current assets	26.3	32.6	30.7	34.9	36.3
Investments and loans in associates	12.1	7.5	6.3	8.0	6.8
Property, plant and equipment, net	364.2	355.8	343.6	331.7	314.9
Right of use assets	29.0	27.8	26.7	24.7	24.7
Goodwill	172.4	168.2	167.5	170.4	149.4
Other non-current assets	34.2	31.2	32.6	51.6	36.9
Total assets	863.0	838.1	850.7	903.0	855.9
Current portion of interest-bearing debt	17.8	21.8	25.3	23.0	22.9
Accounts payable	44.2	37.3	43.5	36.1	48.4
Lease liability current	6.1	5.4	5.2	4.7	4.7
Other current liabilities	124.3	125.1	140.2	134.4	121.4
Long-term interest-bearing debt	513.2	506.5	509.5	564.9	555.7
Subordinated related party loan	15.9	15.9	15.9	15.9	15.9
Deferred taxes	0.8	0.8	1.0	0.7	0.6
Lease liability	22.8	22.4	21.5	20.0	20.0
Other noncurrent liabilities	0.7	0.1	0.0	0.0	0.0
Shareholder's equity	117.2	102.9	88.5	103.3	66.3
Total liabilities and shareholders' equity	863.0	838.1	850.7	903.0	855.9



Condensed cash flow statement – last 5 quarters

<i>(Figures in \$ million)</i>	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Operating activities	15.3	1.5	40.0	(8.7)	16.8
Investing activities	(16.0)	(9.0)	(14.3)	(7.8)	(4.8)
Financing activities	5.1	(1.8)	6.1	52.9	(8.2)
FX effect	(0.2)	(0.9)	0.0	2.4	(8.9)
Total*	4.2	(10.2)	31.8	38.9	(5.1)

*Includes net movements in restricted cash.