Archer Second Quarter 2017

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July 2017

Disclaimer – forward looking statements

Archer

Cautionary Statement Regarding Forward-Looking Statements

In addition to historical information, this press release 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, 2016. 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.

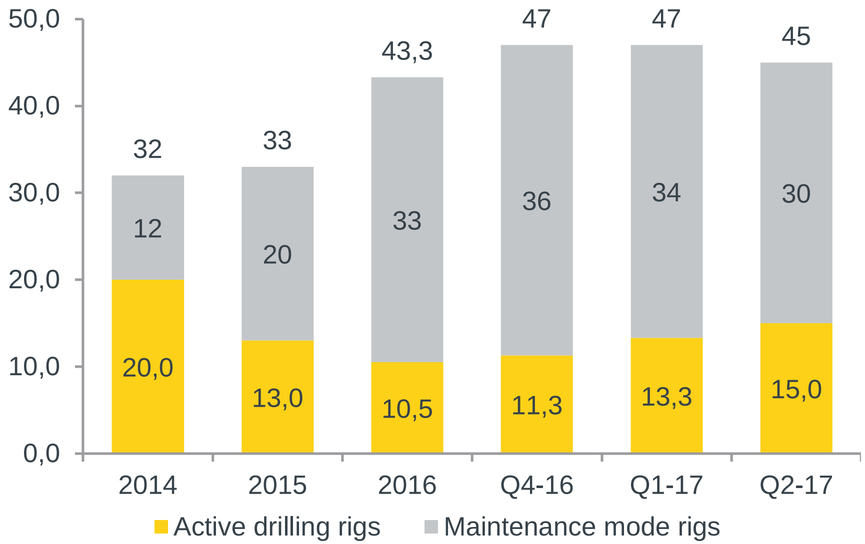
The forward-looking statements in this report are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management’s examination of historical operating trends, data contained in our records and other data available from Fourth parties. 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 – second quarter highlights 2017

- EBITDA of $15.7 million before restructuring
- Strong order intake
  - ✓ $700 million drilling contract Pan American Energy
  - ✓ $100 million in renewal of Platform Drilling contracts
- Eastern Hemisphere on track
- High growth in the US with revenue increase of 25% and healthy margin
- Weak financial results in Land Drilling, reflecting strikes and bad weather as well as fewer active rigs
- Finalized the refinancing of Archer
- Net income of $112.9 million in the quarter largely attributable to effects from refinancing

Key market development and trends Eastern Hemisphere

Platform Drilling Contracted rigs

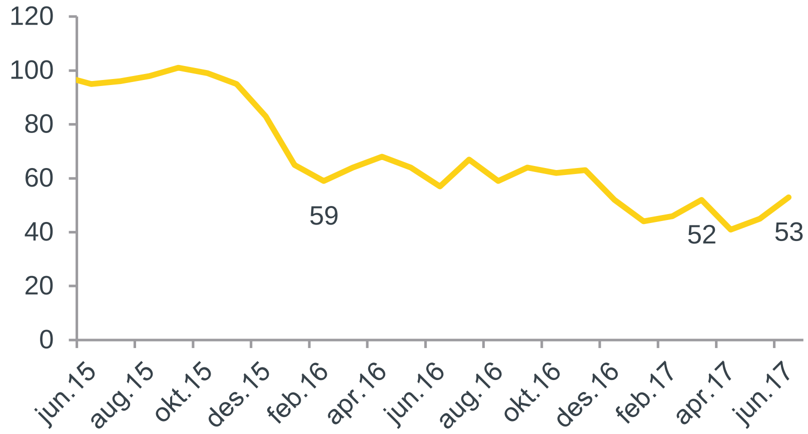


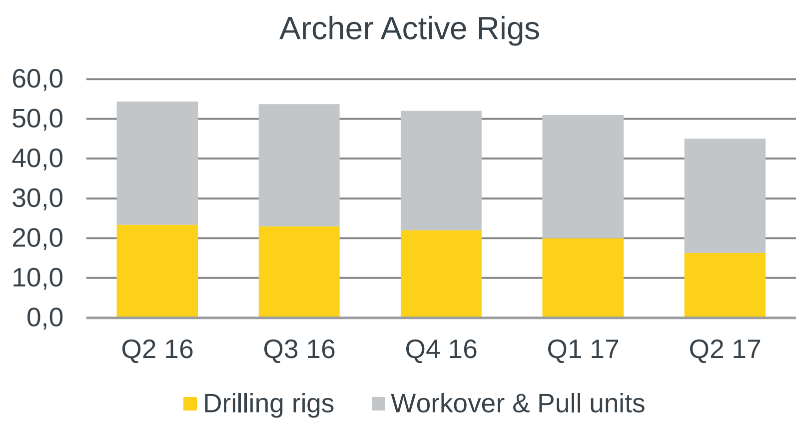
- Average active platforms increased from 13.3 to 15 in Q2
- Successfully renewed contracts with Shell (UK), Marathon (UK), and Energean (Greece) with estimated contract values of more than $100 million of contract backlog
- Shell UK decommissioned two platforms

- Oiltools
  - Solid quarter with $15.3 million of revenue
  - Revenue from new technologies accounted for ~30% of revenue in quarter
- Wireline
  - Logging activity remained low
  - Loss of contract with Maersk in Denmark
  - Impasse on TAQA-Archer JV
  - Successful field test of ComTrac for Statoil
  - Successful testing at Ullrig of C6 Tractor
- Engineering
  - Operators continue to delay and postpone larger projects
  - Awarded feasibility study from Repsol Sinopec for activating the MDRs

Key market development and trends LAM

Rig count in Argentina and Bolivia



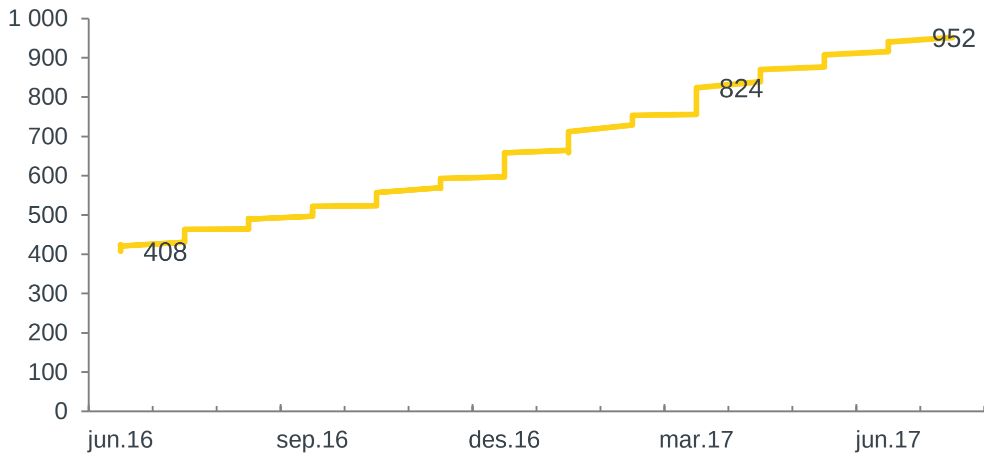


- Secured $700 million contract with Pan American Energy for drilling services in the south of Argentina
- Market rig count in Argentina and Bolivia increased by 2% compared to previous quarter
- Archer's rig-utilization reduced from 66% last quarter to 58% in second quarter, as a consequence of five fewer active rigs
- Several positive operator comments and increased tender activity in Vaca Muerta
- No Archer drilling activity in Bolivia at the end of quarter, but several tenders ongoing with start-up late 2017 and 2018

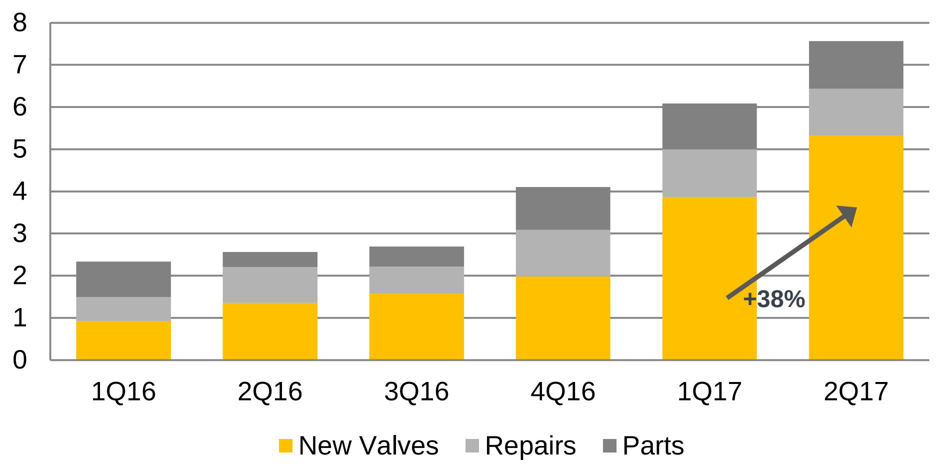
Note: Source for rig count US onshore, Argentina and Bolivia are the Baker Hughes Rig Count

Key market development and trends US onshore

Rig count onshore US



AWC revenue by quarter $M



- Robust growth in drilling and completion activity from previous quarter
- US onshore rig count increased to 952 in July 2017
- New valve sales in AWC up 38% quarter over quarter, while overall revenue was up by 24%
- AWC EBITDA margin reached an average of 15% in the quarter

Update on investment in QES (unconsolidated)

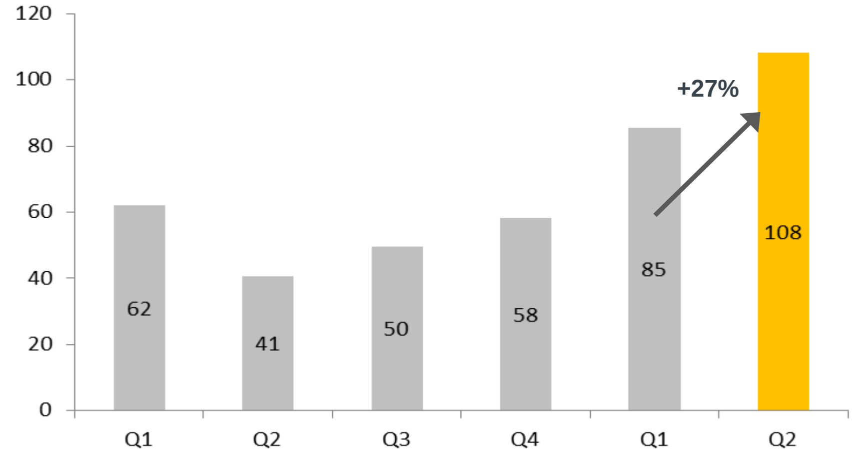
- Estimated revenue for Q2 of $108 million

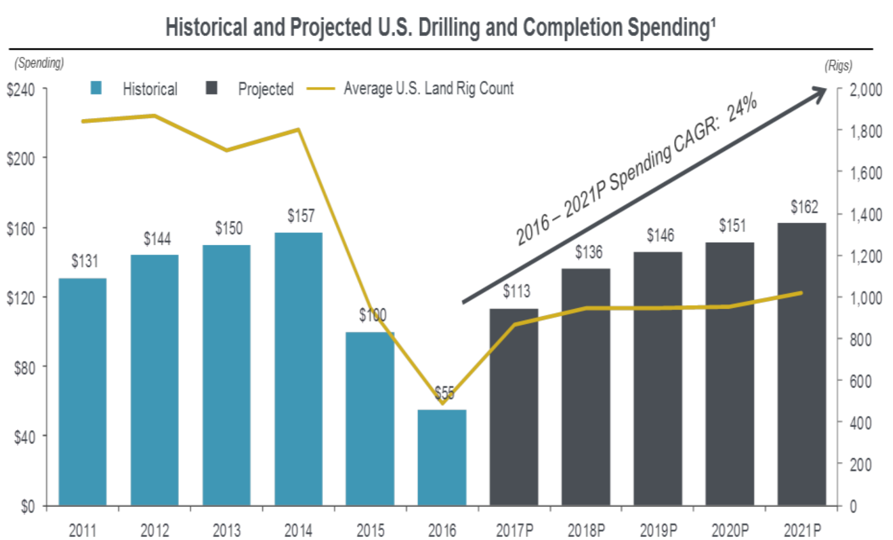
- EBITDA margin estimates in the 9%-11% range for Q2, up from 4.6% in Q1

- Completion activity, including fracking intensity per well, continues to increase for onshore shale development in the US

- The recent decline in oil price has so far not impacted activity levels in the US

Estimated revenue development

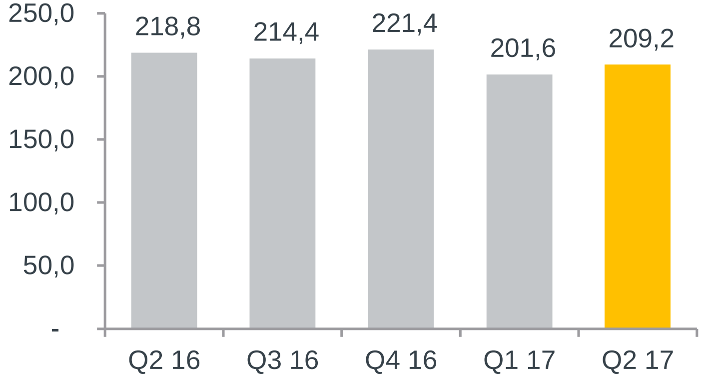




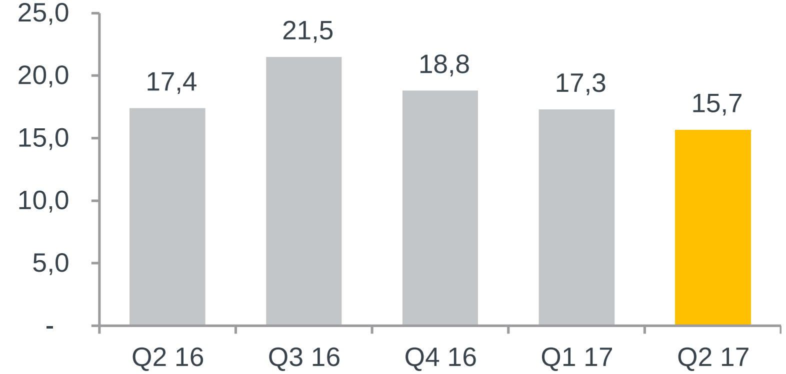
Source: Spears and Associates. As of June 2017

Archer Group - Financial highlights second quarter 2017

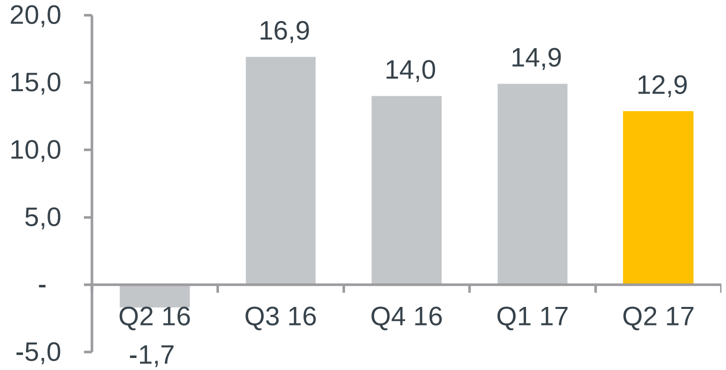
Revenue development



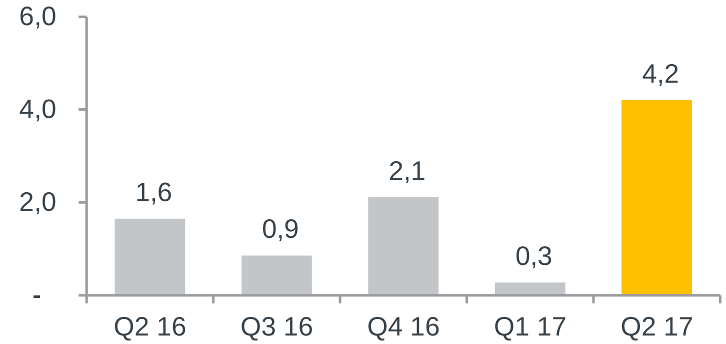
EBITDA pre restructuring cost



EBITDA reported



Capex



Q3 2016 EBITDA included a $5 million release of pension liabilities

Condensed profit and loss statement second quarter 2017

Archer

(figures in $ million)	Q2 17	Q2 16	Q1 17	2016
Operating revenues	196,0	202,6	191,4	817,6
Reimbursable revenue	13,2	16,3	10,2	66,2
Total Revenues	**209,2**	**218,8**	**201,6**	**883,8**
EBITDA before restructuring	**15,7**	**17,4**	**17,3**	**84,1**
Restructuring costs	-2,8	-19,1	-2,4	-35,0
EBITDA after restructuring	12,9	-1,7	14,9	49,1
Deprecation, amortization, impairments, other	-16,7	-20,8	-15,4	-90,1
EBIT	**-3,8**	**-22,5**	**-0,5**	**-41,0**
Result from associated entities	-2,0	-13,3	-7,9	-68,7
Net interest expense	-10,2	-12,8	-16,3	-63,0
Other financial items	122,1	3,2	4,1	11,1
Net financial items	**109,8**	**-22,9**	**-20,1**	**-120,6**
Net result before tax	106,0	-45,4	-20,6	-161,6
Tax expense	6,9	0,2	1,7	-0,9
Net result	**112,9**	**-45,2**	**-22,3**	**-162,5**
Net loss from discontinued operations	0	0	0	-3

- **Revenue** for second quarter 2017 was $209.2 million compared to $201.6 million for the first quarter 2017, an increase of $7.6 million following:
  - Increased activity in all Eastern Hemisphere divisions, primarily driven by Oiltools
  - Reduced activity in Western Hemisphere caused by strikes and adverse weather conditions during second quarter in Argentina
- **EBITDA before restructuring** reduced by $1.6 million in second quarter 2017. The reduction in EBITDA is mainly due to the adverse operating conditions and idle rigs in Bolivia
- **Restructuring cost items** for the second quarter was $2.8 million, an increase of $1.2 million, mainly related to redundant and idle employees in Argentina
- **Net financial gain** of $109.8 million in second quarter compared to a net loss of $20.1 million in first quarter
  - Net financial gain from the refinancing and debt forgiveness in April 2017 of $121.1 million.
  - Result from associated companies improved by $5.9 million in second quarter, mainly related to improvement in our investment in QES
  - Net interest expense was reduced by $3.1 million in second quarter following a significant reduction in net interest bearing debt during second quarter

Condensed balance sheet end of June 2017

Archer

(figures in $ million)	30.06.02017	31.03.2017	31.12.2016
Assets			
Cash, cash equivalents & restricted cash	80,9	84,8	34,9
Accounts receivables	146,6	141,6	150,5
Inventories	55,0	57,4	61,8
Other current assets	47,5	47,2	39,9
Total current assets	**330,0**	**330,9**	**287,1**
Investments and loans in associates	103,3	103,8	105,9
Property, plant and equipment, net	454,5	462,1	476,4
Goodw ill	178,4	174,9	172,6
Other non current assets	26,7	22,1	18,3
Total noncurrent assets	**762,9**	**762,9**	**773,2**
Total assets	**1 092,9**	**1 093,8**	**1 060,3**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current portion of interest-bearing debt	21,7	122,3	131,1
Accounts payable	46,8	43,6	52,0
Other current liabilities	111,4	126,5	130,0
Total current liabilities	**179,9**	**292,4**	**313,1**
Long-term interest-bearing debt	612,9	542,6	567,1
Subordinated related party loan	58,3	125,0	125,0
Deferred taxes	10,4	10,2	9,7
Other noncurrent liabilities	3,4	18,2	15,9
Total noncurrent liabilities	**685,0**	**696,0**	**717,7**
Shareholder's equity	**228,0**	**105,4**	**29,6**
Total liabilities and shareholders' equity	**1 092,9**	**1 093,8**	**1 060,3**

- **Assets**
  - Total assets for the second quarter are in line with the previous quarter, with the main change related to accounts receivables, increasing by $4.4 million during second quarter as a consequence of increasing revenues.
- **Liabilities**
  - Total current liabilities reduced by $112.5 million in Q2 17 compared to previous quarter, mainly as a result of reduction in current portion of interest-bearing debt, as a consequence of the overall refinancing of debt during first half of 2017.
  - Total non-current liabilities reduced by $11.0 million in Q2 17 compared to previous quarter. The reduction in non current liabilities is related to overall refinancing and release of guarantees given by related party.
  - Net interest bearing debt at end of June 2017 of $623.5 million, is a reduction of $87.3 million compared to end of March 2017.
- **Equity**
  - Private placement in first half of 2017 raised net proceeds of $102.8 million.
  - Total equity at $228 million

Refinancing update - secures runway to 2020

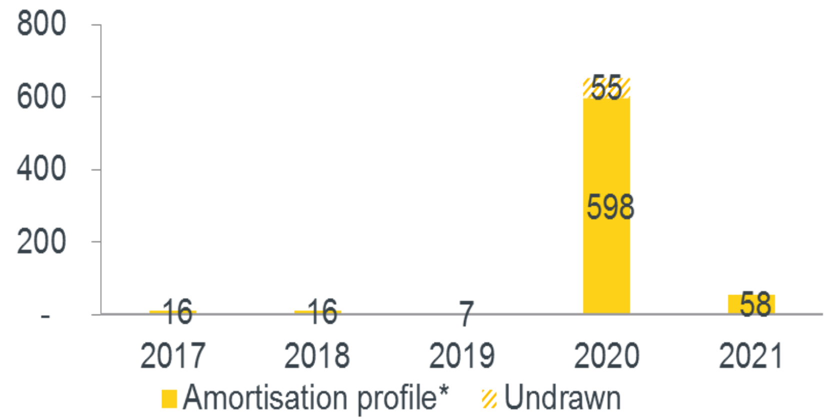
Financial platform secured

- Comfortable liquidity available at $124.6 million, sufficient for a prolonged downturn and for positioning the company in an upturn.
- Limited fixed amortization before end of Q1 2020 - cash sweep mechanism.
- Covenants reset with significant headroom to business plan.

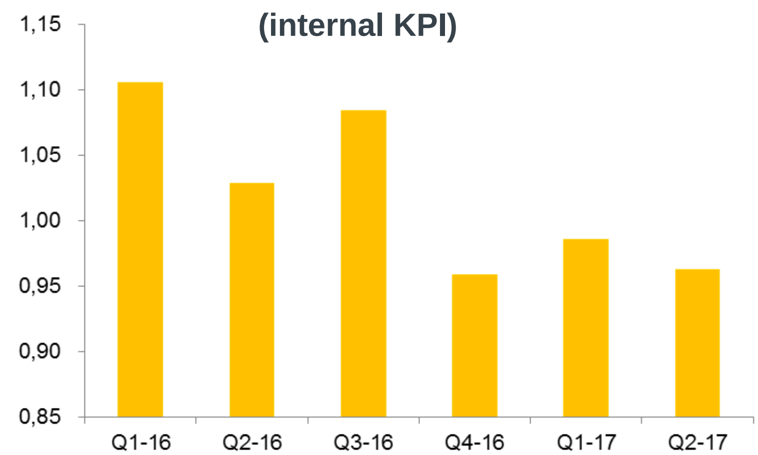
Focus in the short term

- Working capital.
- Utilization of existing assets and equipment.
- Capex discipline.

Debt amortization profile *



Gross working capital over quarterly revenue (internal KPI)**



*We expect to conclude certain amendments to the Archer Topaz facility, which will extend the repayment terms under this agreement to 2019 and 2020

** Trade receivable, unbilled revenue and inventory

Summary second quarter 2017 – concluding remarks

Archer

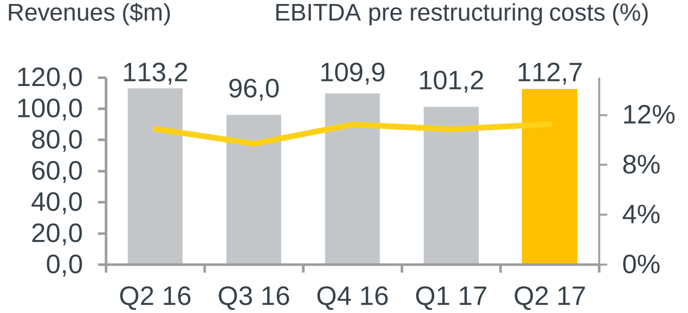
- Benefiting from substantial exposure to high growth US onshore market.
- Offshore drilling and exploration activity remains low, as rebound from oil companies reserve decline still to be seen.
- Strong order intake for Land Drilling and Platform Drilling in the quarter.
- Second half 2017 revenue and EBITDA expected to improve over first half.
- Main refinancing completed and robust financial platform.
    - Liquidity at end of quarter at $124.6 million
    - Cash sweep until end Q1 2020 when moderate amortization commences

Appendices

Segment key financials

Archer

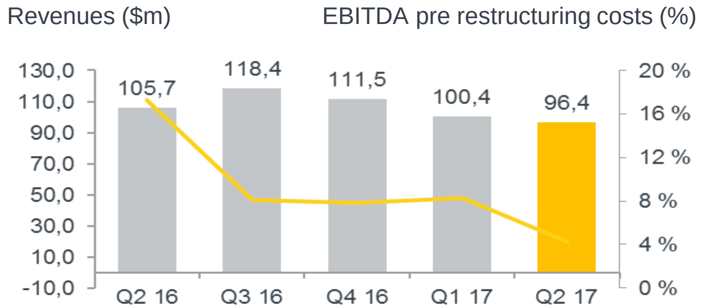
Eastern Hemisphere



Eastern Hemisphere	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17
Revenues	113,2	96,0	109,9	101,2	112,7
EBITDA pre restructuring costs	12,3	9,3	12,4	11,0	13,2
Capex	0,7	0,2	0,2	0,5	0,6

- Eastern Hemisphere comprises; Platform Drilling, Engineering, Wireline, Oiltools and Modular Rigs
- Platform Drilling increased activity in second quarter 2017 with an average of two additional active drilling strings
- Oiltools experienced significant improvement in results during the second quarter, with increased sales of new technology products
- Wireline logging activity remained low in the quarter
- Overall margins increased during the second quarter as a result of favorable revenue mix and results from previous restructuring actions taken
- Capex spend reflecting current activity level and utilization of existing tools and assets. Second quarter expected to be in line with first quarter.

Western Hemisphere

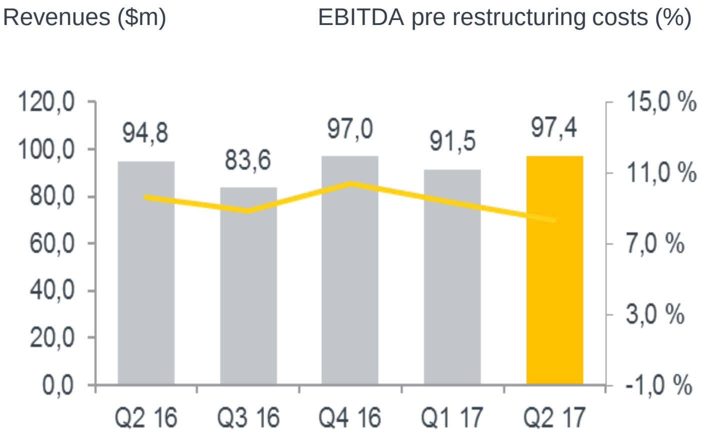


Western Hemisphere	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17
Revenues	105,7	118,4	111,5	100,4	96,4
EBITDA pre restructuring costs	18,2	9,6	8,8	8,3	4,1
Capex	0,9	0,6	1,9	0,0	3,4

- Western Hemisphere Comprises; AWC and Land Drilling North and South.
- Land drilling activity in Argentina reduced during second quarter 2017 compared to previous quarter as more rigs came off rate. In addition we experienced strikes and adverse weather during the quarter.
- Land Drilling reduced headcount by 175 in Q2.
- Activity and profitability set to improve in Q3 and further in Q4 on new contract with Pan American Energy.
- The reduced activity in Argentina and Bolivia was partly offset by significant activity increase for AWC. AWC reported a positive EBITDA of $1.1 million in second quarter, which is a 55% increase from previous quarter.
- Capex for second quarter of $3.4 million reflects fleet maintenance and is expected be stable next quarter.

Platform drilling, engineering & wireline

Platform drilling, engineering & wireline



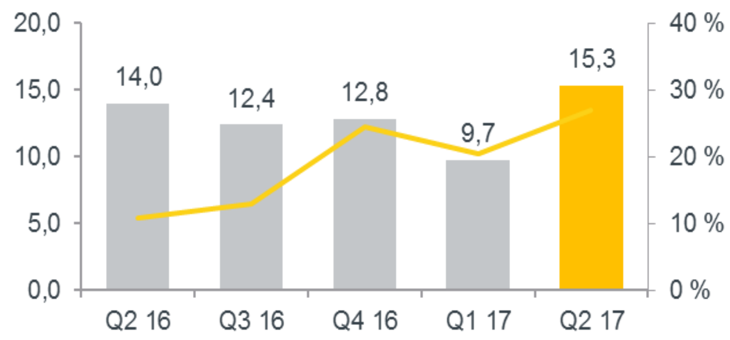
Platform drilling, engineering & wireline					
	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17
Revenues	94,8	83,6	97,0	91,5	97,4
EBITDA pre restructuring costs	9,1	7,4	10,1	8,5	8,6
Capex	0,6	0,1	0,2	0,2	0,4

- Platform Drilling increased activity in second quarter 2017 with an average of two more active drilling strings. Half of the increasing revenue in second quarter is related to reimbursable items, with limited margins.
- Wireline revenues in second quarter is in line with activity in first quarter. Mechanical Wireline activity remains solid, but logging internationally remains below expectations.
- Engineering revenue was up $0.7 million in second quarter, mainly from increasing activity in Norway.
- Capex largely spent on maintenance of tools and investment in rental equipment.

Oiltools & technology

Oiltools & Technology

Revenues ($m) EBITDA pre restructuring costs (%)



Oiltools & Technology

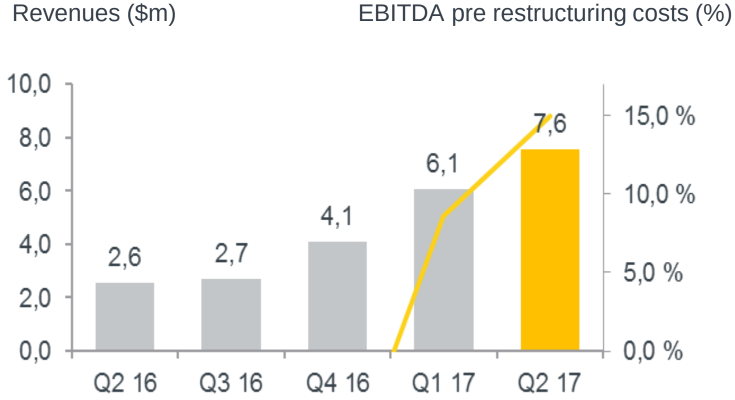
	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17
Revenues	14,0	12,4	12,8	9,7	15,3
EBITDA pre restructuring costs	1,5	1,6	3,1	2,0	4,1
Capex	0,0	0,1	0,0	0,3	0,1

- Oiltools had a significant increase in activity and revenue was up 58%.
- Oiltools experienced increasing interest in new technologies and their applications, and contribution from these new technologies was around 30% of the revenue in the quarter.
- C6 JV* successfully performed testing of their new well tractor at the Ullrig facility in Stavanger.

* Note that C6 is JV is recorded as investment in associated companies and not part of reported revenue and EBITDA of Archer

US onshore (AWC)

US onshore



US onshore					
	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17
Revenues	2,6	2,7	4,1	6,1	7,6
EBITDA pre restructuring costs	-1,3	-1,2	-0,4	0,5	1,1
Capex	0,1	0,0	0,0	0,0	0,0

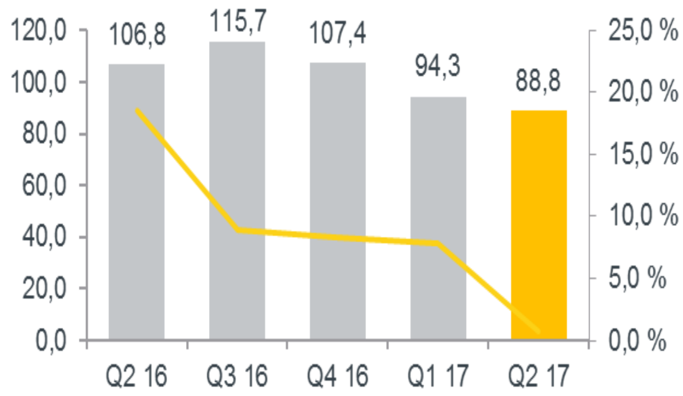
- US onshore activity increased over the last quarters and the increase continues.
- Archer's AWC division is experiencing a significant increase in both revenue and margin.
- AWC's revenue increased about $1.5 million.
- AWC reported an EBITDA of $ 1.1 million (15%).

Drilling assets

Drilling assets

Revenues ($m)

EBITDA pre restructuring costs (%)



Drilling assets	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17
Revenues	106,8	115,7	107,4	94,3	88,8
EBITDA pre restructuring costs	19,9	10,4	8,9	7,4	2,7
Capex	0,9	0,6	1,9	0,0	3,4

- The new contract with Pan American is expected to give us increased activity for the second half of 2017.
- Latin America land drilling continues to see more rigs being idled and also experienced strikes and adverse weather conditions during the second quarter.
- Archer's rig utilization reduced from 66% last quarter to 58% in the second quarter, following a reduction in active drilling rigs (two in Bolivia and three for Pan American Energy).
- Revenue drop of $5.5 million was mainly attributable to Bolivia with a revenue drop of $4.6 million with all rigs stacked.
- Capex is limited to maintenance and minor upgrades of existing rigs in line with contract requirements. In addition, we will invest in new equipment to start up the new Pan American Energy contract during second half.