

S.D. Standard Drilling Plc.

4Q 2017 Presentation

27 February 2018



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Agenda

- I. Highlights**
- II. Fleet update**
- III. Financial information**

Highlights Q4 2017

- Profit after tax of USD 3.6m (3Q 17 USD (5.8)m)
- Total cash balance of USD 15.2m end of 4Q17 (3Q17 USD 15.2m)⁽³⁾
- Total EBITDA (adj) of USD (0.2)m (3Q17 USD 0.5m)⁽¹⁾
- Large-size – 5x Standard Vessels (100% owned)
 - EBITDA (adj) of USD (0.1)m (3Q17 USD 0.6m)⁽¹⁾
 - Utilization of ~84% (3Q17 ~90%)⁽²⁾
- Mid-size - 7x PSV Opportunity III Vessels (25.5% owned)
 - EBITDA (adj) of USD (0.1)m (3Q17 USD (0.1)m)⁽¹⁾
 - Utilization of ~76% (3Q17 ~98%)⁽²⁾



(1) EBITDA for the Standard Vessels (100% owned) and PSV Opportunity III (25.5% owned) only, pro-rata. Adjusted for start up cost and non-recurring cost

(2) Utilization, based on weighted average, does not include vessels in lay-up

(3) Including pro-rata ownership of cash in subsidiaries and investments, of which USD 14.15m is cash in SDSD and subsidiaries

Highlights Q4 2017 cont.

- **Successful completion of NOK 200m equity offering**
- **Acquisition of two large size PSVs for USD 22.2m**
- **Positive fair value adjustment of financial assets of USD 4m**
- **New World Supply Ltd. (26.2% owned) held as a financial investment**
- **Total Book Value of Equity of USD 100.5m (NOK 1.62 per share)**



Subsequent events

- **Standard Supplier awarded a 3 month contract at day rates well above operating cost**
 - Commenced 24 February 2018
 - Daily options at increased day rates thereafter
- **Solid utilization for 5x large Standard Vessels (100% owned) through the winter season**
 - Average utility of 87% for the Company's large PSV's in January 2018
 - End of February 2018- all vessels on term contracts
- **Participated in a USD 5m equity issue in PSV Opportunity III, investing USD 1.3m corresponding to the Company's pro rata ownership**
- **Total cash balance in SDSD end of Feb 2018 estimated to be ~USD 15.1m ⁽¹⁾**



Competitive advantage in the current market

1

No debt

No interest cost



No amortization



Low break-even

2

Low overhead costs

Low-cost and flexible structure



Outsourced operational management



Outsourced technical management

3

Modern fleet of large vessels

Modern fleet and attractive tech. spec



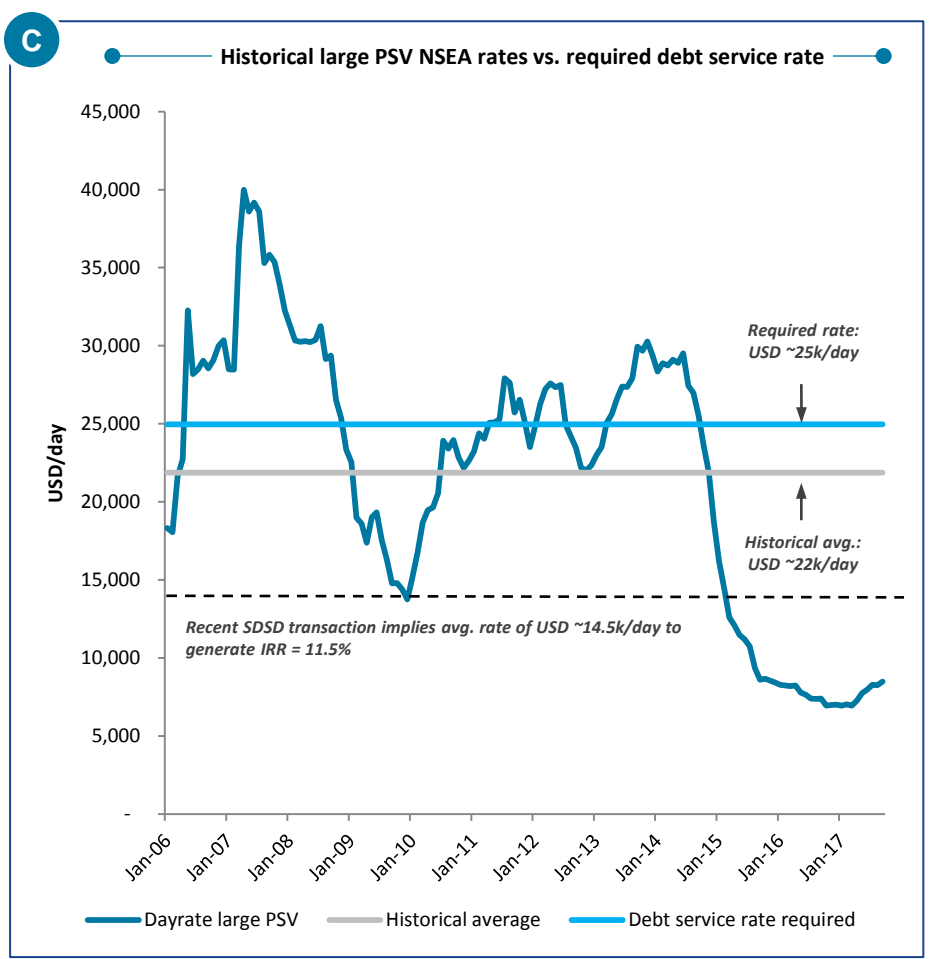
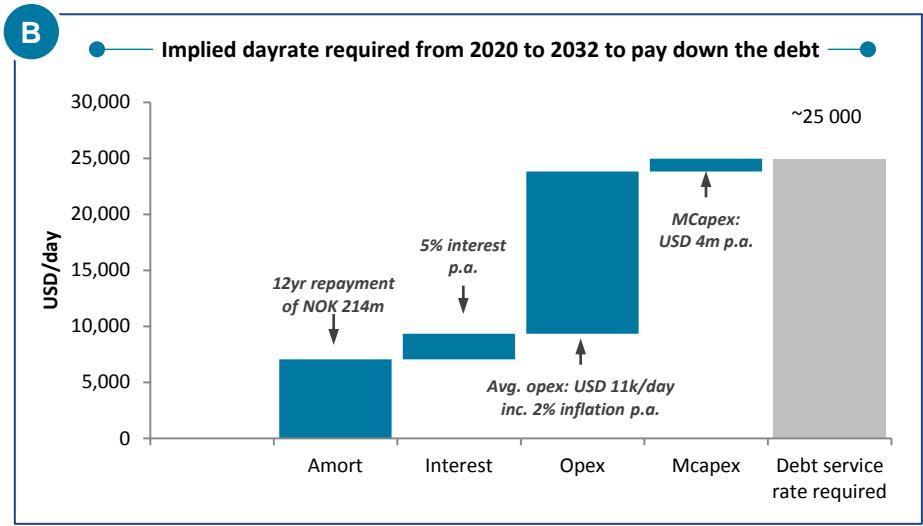
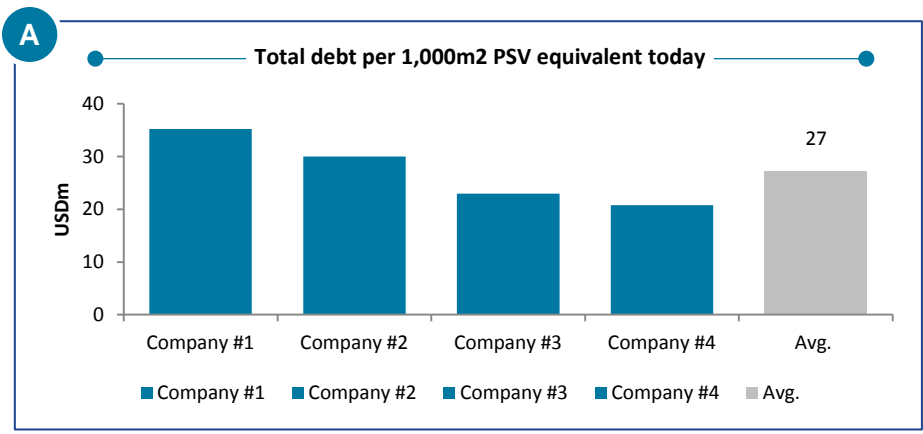
High vessel utilization



No reactivation costs

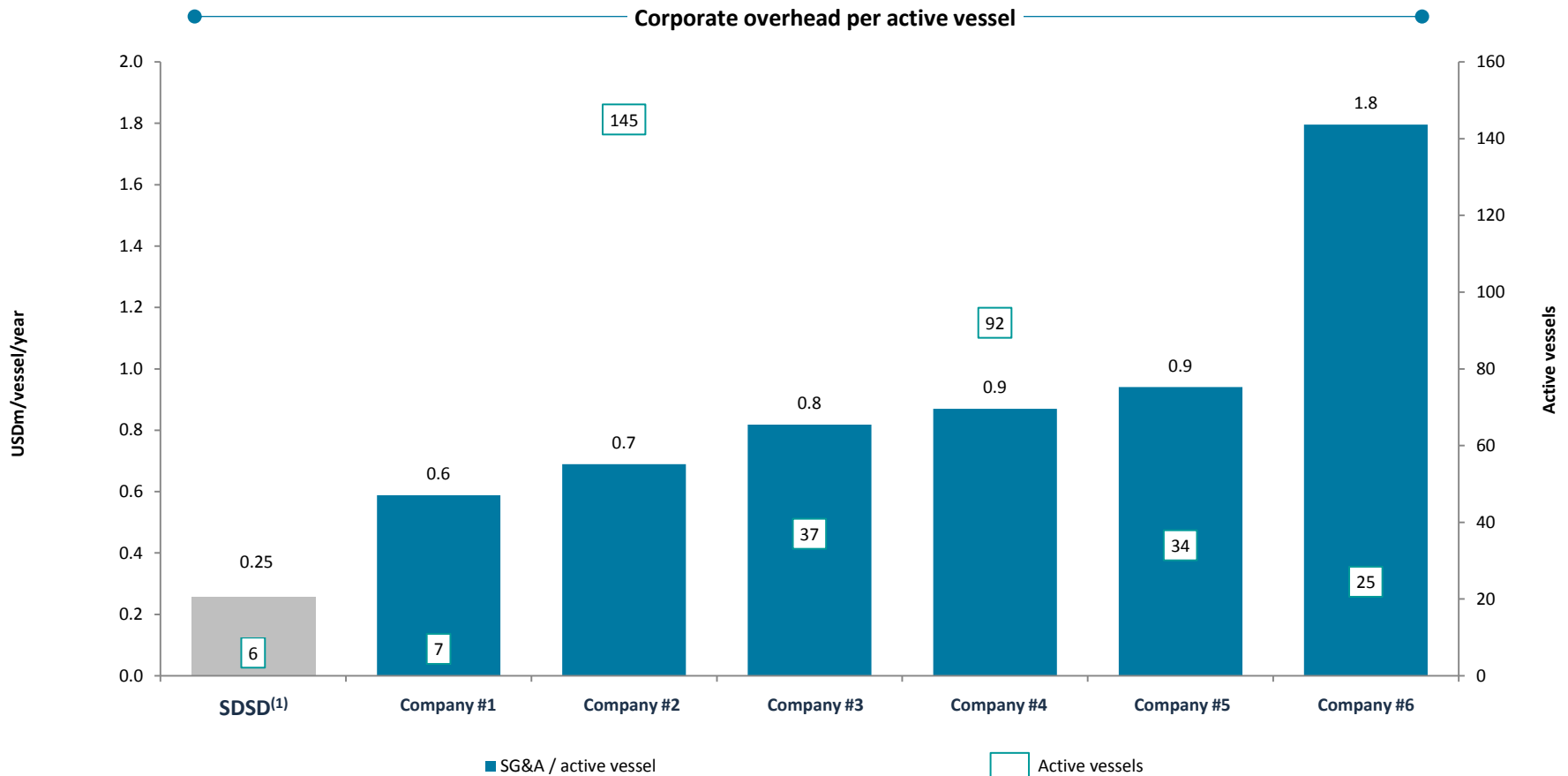
SDSD has no debt

1 SDSD has a competitive advantage compared to industry peers



SDSD has low overhead costs

2 SDSD has a competitive advantage compared to industry peers

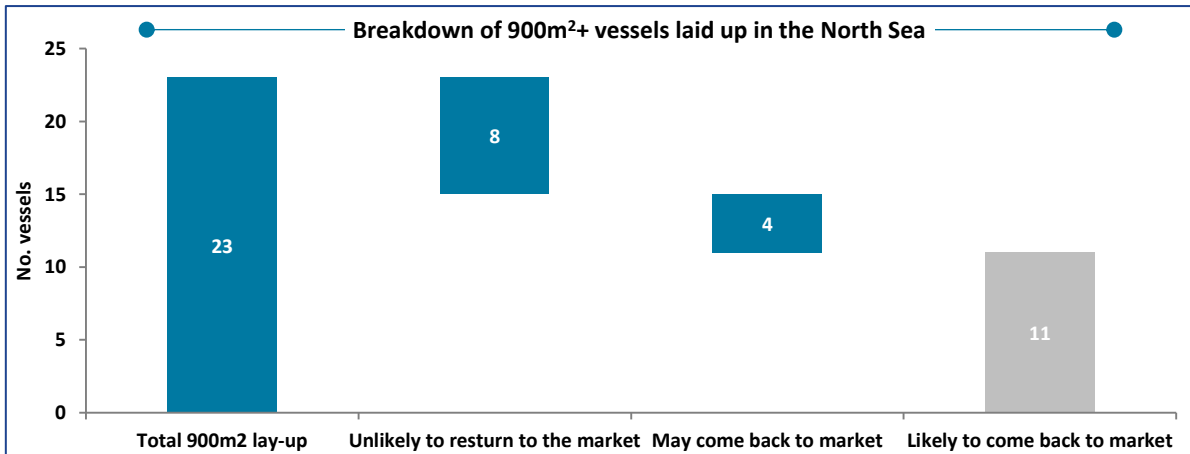
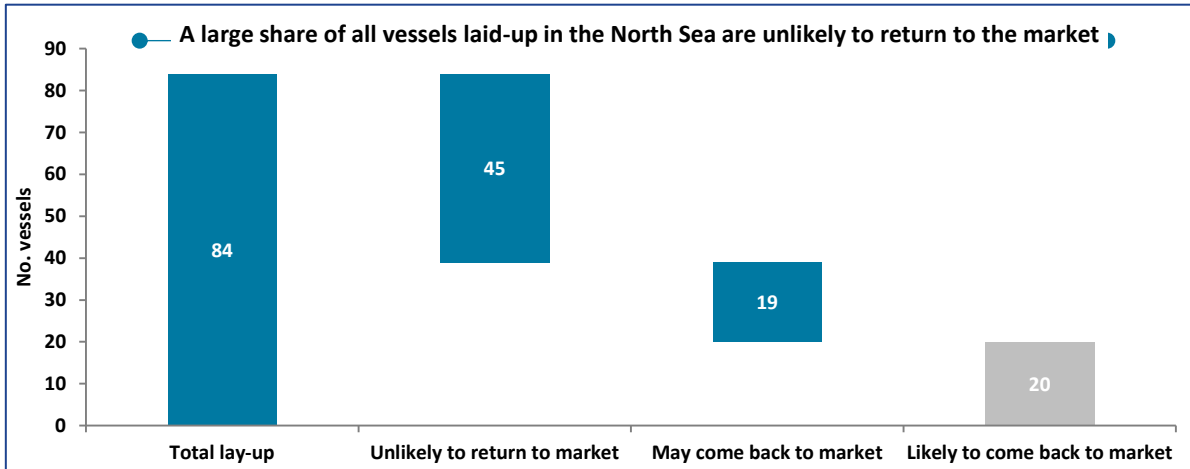


(1) Adjusted for pro-rata ownership of mid-size PSV vessels and subsidiary SG&A costs
Source: Clarksons Platou Securities

SDSD has a modern fleet of large PSV's- all working

3

SDSD has a competitive advantage compared to industry peers



- Many of the vessels laid up in the North Sea are controlled by local/regional owners, but the vessels have come back from other regions and are not suited for the North Sea market
- In addition, certain international owners have also chosen North Sea as lay-up location
- Class has expired or will expire shortly on a large share of the vessels . Reactivation costly, thus challenging for many owners
- Breakdown illustrated here is based on a vessel-by-vessel analysis by CPO's brokers

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Large-size PSV vessels – 100% owned

Standard Vessels (5x)



Standard Viking
(2008)

Purchase price:

~USD 13.3m⁽¹⁾

Ownership: 100%

Deck-space: 1,060m²

Design: ST-216 L CD

Yard: Aker Brattvaag

Age: ~9 years



Standard Supplier
(2007)

Purchase price:

~USD 13.3m⁽¹⁾

Ownership: 100%

Deck-space: 1,060m²

Design: ST-216 L CD

Yard: Aker Brattvaag

Age: ~10 years



Standard Princess
(2008)

Purchase price:

~USD 13.3m⁽¹⁾

Ownership: 100%

Deck-space: 1,060m²

Design: ST-216 L CD

Yard: Aker Brattvaag

Age: ~9 years



Standard Supporter
(2009)

Purchase price:

~USD 11.1m⁽¹⁾

Ownership: 100%

Deck-space: 1,000m²

Design: UT 776 CD

Yard: STX Brevik

Age: ~8 years

Formerly E.R. Athina



Standard Provider
(2010)

Purchase price:

~USD 11.1m⁽¹⁾

Ownership: 100%

Deck-space: 1,000m²

Design: UT 776 CD

Yard: STX Brevik

Age: ~7 years

Formerly E.R. Georgina

Mid-size PSV vessels – partly owned

PSV Opportunity III Vessels (7x) – 25.5% owned



3x vessels

Purchase price:

~USD 2.5m⁽¹⁾

Ownership: 25.5%

Deck-space: 700m²

Design: VS 470 MK II

Yard: Kleven

Avg. age: ~11 years

FS Kristiansand (2005)

FS Bergen (2006)

FS Arendal (2006)

2x vessels

Purchase price:

~USD 5.4m⁽¹⁾

Ownership: 25.5%

Deck-space: 680m²

Design: UT 755 LN

Yard: Aukra

Avg. age: ~8 years

FS Abergeldie (2008)

FS Aberdour (2009)

2x vessels

Purchase price:

~USD 5.9m⁽¹⁾

Ownership: 25.5%

Deck-space: 710m²

Design: UT 755 LN

Yard: Aker Brevik

Avg. age: ~9 years

FS Braemar (2007)

FS Balmoral (2008)

New World Supply Vessels (6x) – 26.2% owned



6x vessels

Purchase price:

~USD 5.1m⁽¹⁾

Ownership: 26.2%

Deck-space: 728m²

Design: 3300 CD

Yard: Damen SG (Galati)

Avg. age: ~4 years

World Diamond (2013)

World Peridot (2013)

World Pearl (2013)

World Emerald (2013)

World Opal (2013)

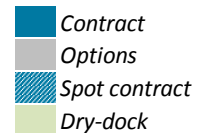
World Sapphire (2013)

Large-size PSV vessels – contract overview

Standard Vessels (100% owned)

Vessel	Built	Client	Country	2018				2019					
				1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Large-size Vessels													
Standard Viking	2007	Peterson	UK	Contract	Contract	Contract	Options	Options	Options	Options	Options	Options	Options
Standard Princess	2008	Premier Oil	UK	Contract	Options	Dry-dock	Options	Options	Options	Options	Options	Options	Options
Standard Supplier	2007	Decipher	UK	Spot contract	Contract	Contract	Options	Options	Options	Options	Options	Options	Options
Standard Provider	2010	Maersk Oil	UK	Contract	Contract	Contract	Options	Options	Options	Options	Options	Options	Options
Standard Supporter	2009	Enquest	UK	Contract	Contract	Contract	Options	Options	Options	Options	Options	Options	Options

~10 days in dry-dock



- Solid contract coverage through the winter season
- Well positioned for a potential market upturn in the spring of 2018

Mid-size PSV vessels – contract overview

PSV Opportunity III (25.5% owned)

Vessel	Built	Client	Country	2018				2019					
				1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Mid-size Vessels													
FS Arendal	2006	Repsol	UK	Contract	Contract								
FS Aberdour	2009	Centrica	UK	Contract	Contract	Contract							
FS Balmoral	2008	Ineos ⁽¹⁾	UK	Contract	Dry-dock	Contract	Options	Options	Options	Options	Options	Options	Options
FS Kristiansand	2005	TBN	UK		Contract	Contract	Options	Options					
FS Braemar	2007	Lay-up / Ineos / Spot ⁽¹⁾	UK	Dry-dock	Contract	Options	Options						
FS Bergen	2006	Lay-up	UK										
FS Abergeldie	2008	Lay-up	Trinidad										

~10 days in dry-dock

~7 days in dry-dock



- Solid contract coverage through the winter season
- Well positioned for a potential market upturn in the spring of 2018

(1) FS Braemar substitutes FS Balmoral's Ineos contract during dry-dock
 Note: If all options are declared, FS Balmoral and FS Kristiansand could work until 1Q19

Large-size PSV vessels – Utilization overview

Historical utilization of operating vessels (%)⁽¹⁾

Standard Vessels (100% owned)

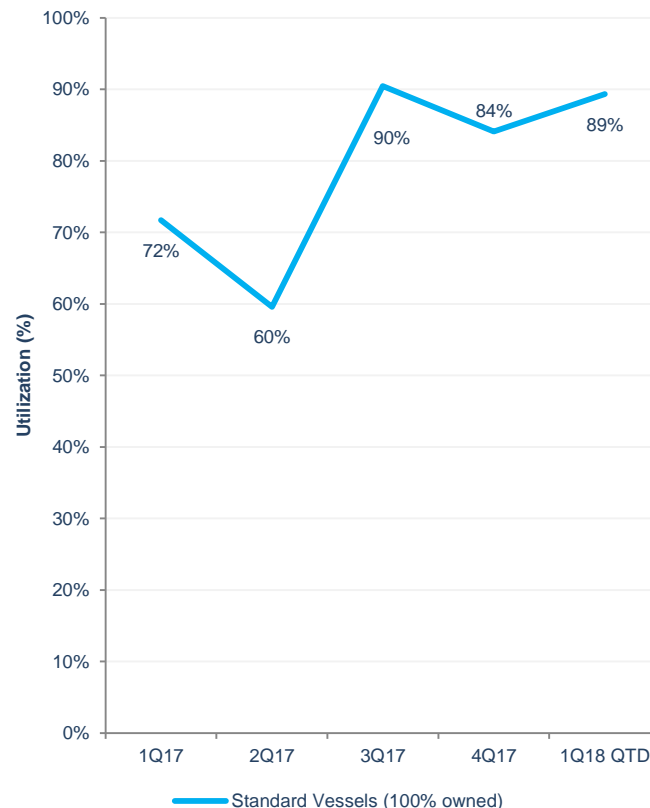
Utilization	S.Viking	S. Princess	S. Supplier	S.Provider	S. Supporter	Weighted average
1Q17	n.a.	72 %	n.a.	n.a.	n.a.	72 %
2Q17	39 %	96 %	12 %	n.a.	n.a.	60 %
3Q17	94 %	84 %	93 %	n.a.	n.a.	90 %
4Q17	100 %	89 %	71 %	85 %	68 %	84 %
2017, weighted average	77 %	87 %	73 %	85 %	68 %	80 %
1Q18 QTD	100 %	100 %	47 %	100 %	100 %	89 %
2018 YTD, weighted average	100 %	100 %	47 %	100 %	100 %	89 %

Total days	S.Viking	S. Princess	S. Supplier	S.Provider	S. Supporter	Total
Total available days, 2017	275	321	214	48	48	906
Total days worked, 2017	213	280	155	41	33	722
Total utilization, 2017	77 %	87 %	73 %	85 %	68 %	80 %
Total available days, QTD18	59	59	59	59	59	295
Total days worked, QTD18	59	59	27	59	59	263
Total utilization, QTD18	100 %	100 %	47 %	100 %	100 %	89 %

Note:

- Standard Viking 2Q17 utilization from April-17
- Standard Princess 1Q17 utilization from 13th February
- Standard Supplier 2Q17 utilization from June-17
- Standard Provider 4Q17 utilization from mid-Nov-17
- Standard Supporter 4Q17 utilization from mid-Nov-17
- QTD includes Jan-18 and Feb-18

Utilization overview (weighted average)



Note: Changed from simple average to weighted average from 3Q17 presentation to 4Q17 presentation and Standard Viking utilization starting from April-17 compared to Jan-17

(1) Utilization does not include vessels in lay-up

Mid-size PSV vessels – Utilization overview

Historical utilization of operating vessels (%)⁽¹⁾

PSV Opportunity III Vessels (25.5% owned)

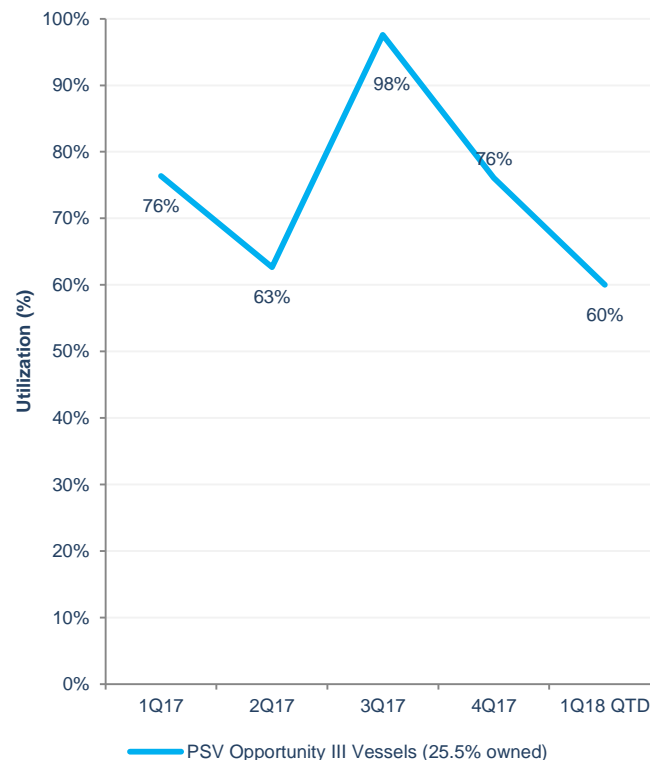
Utilization	FS Aberdour	FS Arendal	FS Balmoral	FS Braemar	Kristiansand	FS	Weighted average
1Q17	29 %	100 %	n.a	n.a.		100 %	76 %
2Q17	54 %	48 %	43 %	n.a.		100 %	63 %
3Q17	100 %	100 %	95 %	79 %		100 %	98 %
4Q17	100 %	100 %	96 %	2 %		82 %	76 %
2017, weighted average	71 %	87 %	82 %	17 %		96 %	79 %
1Q18 QTD	100 %	100 %	100 %	0 %		0 %	60 %
2018 YTD, weighted average	100 %	100 %	100 %	0 %		0 %	60 %

Total days	FS Aberdour	FS Arendal	FS Balmoral	FS Braemar	Kristiansand	FS	Total
Total available days, 2017	365	365	245	115		365	1 455
Total days worked, 2017	259	318	202	20		349	1 147
Total utilization, 2017	71 %	87 %	82 %	17 %		96 %	79 %
Total available days, QTD18	59	59	59	59		59	295
Total days worked, QTD18	59	59	59	-		-	177
Total utilization, QTD18	100 %	100 %	100 %	0 %		0 %	60 %

Note:

- FS Balmoral 2Q17 utilization from May-17
- FS Braemar 3Q17 utilization from Sept-17
- QTD includes Jan-18 and Feb-18

Utilization overview (weighted average)



Note: Changed from simple average to weighted average from 3Q17 presentation to 4Q17 presentation

(1) Utilization does not include vessels in lay-up

Large-size PSV vessels – EBITDA overview

5x Standard Vessels (100% owned) ⁽¹⁾

Standard Vessels (USD)	Three months ended, 4Q17	Three months ended, 3Q17	Three months ended, 2Q17	2017
Net hire (net of commission)	2 532 687	2 617 337	1 054 623	6 438 583
Admin expenses	(38 401)	(21 052)	(28 659)	(113 381)
Technical and Commercial Management Fee	(236 413)	(178 868)	(160 659)	(630 986)
OPEX/Lay-up costs ⁽²⁾	(2 134 271)	(1 653 649)	(1 990 444)	(5 691 557)
Start up / Liquidation expenses ⁽²⁾	(404 332)	(8 402)	(293 149)	(1 030 865)
Dry docking expenses / Surveys / Repairs ⁽²⁾	3 387	(188 862)	(1 263 347)	(2 229 924)
Bunkers on delivery / redelivery / repositioning	(195 534)	(22 985)	-	(568 992)
Total operation expenses	(3 005 564)	(2 073 818)	(3 736 258)	(10 265 705)
Total operation expenses excluding non-recurring costs ⁽³⁾	(2 601 232)	(2 065 416)	(3 443 109)	(9 234 840)
EBITDA	(472 877)	543 519	(2 681 635)	(3 827 122)
EBITDA %	n.a.	21 %	n.a.	n.a.
Adjusted EBITDA (excluding non-recurring costs)	(68 545)	551 921	(2 388 486)	(2 796 257)
Adjusted EBITDA % (excluding non-recurring costs)	n.a.	21 %	n.a.	n.a.

Note:

(1) Note that the above unaudited EBITDA breakdown is not found in the company's' fourth quarter report

(2) Year-end reclassifications has been made whereas 581 074 has been reclassified from OPEX to Dry Docking, and 187 940 from OPEX to Start-up. This relates to the first three quarters.

(3) Non-recurring costs are costs directly related to preparing newly acquired vessels for the market. This does not include maintenance, repairs etc. necessary for maintaining the vessels in good seaworthy condition.

Mid-size PSV vessels – EBITDA overview

7x PSV Opportunity III Vessels (25.5% owned)⁽¹⁾, pro-rata overview

PSV Opportunity III Vessels (USD) ⁽²⁾ , pro rata overview	Three months ended, 4Q17	Three months ended, 3Q17	Three months ended, 2Q17	2017
Net hire (net of commission)	580 849	606 521	316 949	1 787 716
Admin expenses	(21 354)	(20 122)	(25 794)	(83 620)
Technical and Commercial Management Fee	(70 822)	(63 715)	(55 203)	(233 795)
OPEX/Lay-up costs	(464 584)	(615 965)	(545 497)	(2 095 644)
Start up / Liquidation expenses	(79 325)	-	4 214	(89 633)
Dry docking expenses / Surveys / Repairs	(27 614)	-	(77 176)	(104 790)
Bunkers on delivery / redelivery / repositioning	(82 440)	8 446	(40 245)	(103 016)
Total operation expenses	(746 140)	(691 356)	(739 702)	(2 710 498)
Total operation expenses excluding non-recurring costs⁽²⁾	(666 815)	(691 356)	(743 916)	(2 620 865)
EBITDA	(165 291)	(84 835)	(422 752)	(922 783)
EBITDA %	n.a.	n.a.	n.a.	n.a.
Adjusted EBITDA (excluding non-recurring costs)	(85 966)	(84 835)	(426 966)	(833 149)
Adjusted EBITDA % (excluding non-recurring costs)	n.a.	n.a.	n.a.	n.a.

Note:

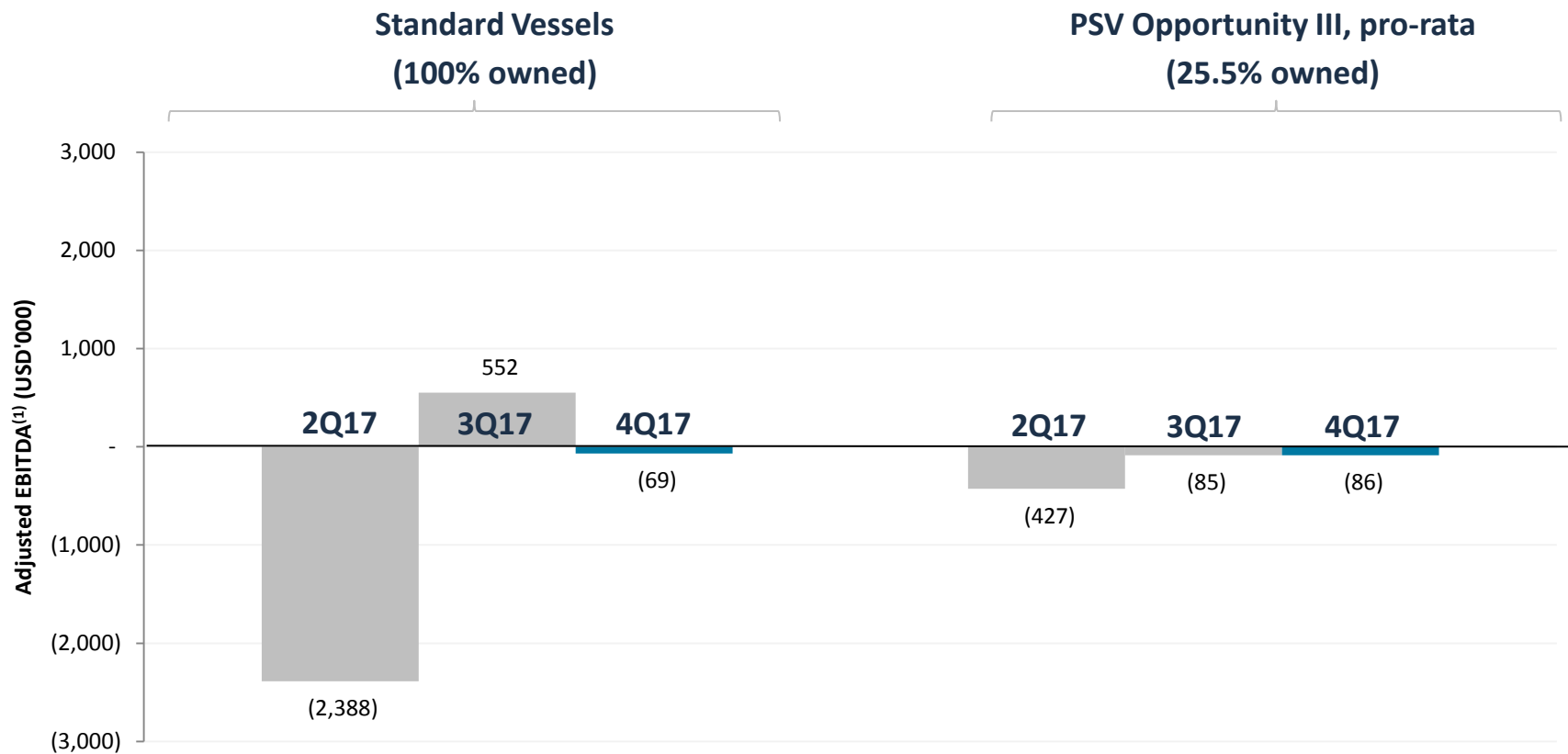
(1) Note that the above unaudited EBITDA breakdown is not found in the company's' fourth quarter report

(2) USD calculated from native NOK by application of average exchange rate for 2017 @ 8,263. Former quarters has been recalculated with the final average of the year

(3) Non-recurring costs are costs directly related to preparing newly acquired vessels for the market. This does not include maintenance, repairs etc. necessary for maintaining the vessels in good seaworthy condition.

Summary – EBITDA (adj) overview⁽¹⁾

Standard Vessels (100% owned) and PSV Opportunity III Vessels (25.5% owned), pro-rata



Explanation of the fair value accounting gain in 4Q17

- **SDSD is classified as an investment entity in accordance with IFRS 10**
 - Investments, including subsidiaries, are not consolidated but measured at fair value through profit and loss every quarter based on estimates made by reputable independent valuers
 - The underlying operational activities are not directly reflected in the interim financial statements of the company
 - Consequently, SDSD reported an unrealized gain on revaluation of financial assets of ~USD 4m
- **Example of fair value calculation for Standard Viking:**

Figures in USDm	Independent Valuer A ⁽¹⁾				Independent Valuer B ⁽¹⁾				Alternative value	Applied value
	Willing buyer/seller		Distressed		Willing buyer/seller		Distressed		Willing buyer/seller	Distressed
	Upper	Lower	Upper	Lower	Upper	Lower	Upper	Lower	Average	Average
Standard Viking (4Q17)	17.0	14.0	13.0	10.0	24.0	22.0	18.4	15.7	19.3	14.3

(1) Note:

Fair value estimates have been obtained from two independent Valuers ("Valuer A" and "Valuer B"). Both Valuers have provided a value range based on a willing buyer and willing seller market scenario. Valuer A has also provided a value range based on a distressed value market scenario. Valuer B has not provided a distressed value range, however, a distressed value range has been derived by applying the same discount rate to Valuer B's willing buyer and willing seller range as the implied discount rate between Valuer A's willing buyer and willing seller value range and Valuer A's distressed value range. The applied value for the vessel in the S.D. Standard Drilling accounts is then set to the average of these two distressed ranges as the Company decided to apply a more conservative approach due to the current market condition. The value is set to USD 14.3m as opposed to an average value of USD 19.3m for scenarios of transactions between two willing parties.

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Income statement

S.D. Standard Drilling – Income statement for 4Q17

	Three Months Ended		Twelve Months Ended	
	2017	2016	2017	2016
	Q4	Q4	Q4	Q4
	Unaudited	Unaudited	Unaudited	Audited
<i>(Amounts in USD 000)</i>				
Income				
Changes in fair value on financial assets at fair value through profit or loss	4 001	193	(2 583)	193
Other gains and (losses)	(83)	-	281	-
Interest income	147	6	220	42
Net foreign currency gains or (losses)	(217)	(9)	1 634	-
Total net income / (loss)	3 848	190	(448)	235
Expenses				
Administration fees	(244)	(152)	(721)	(501)
Total operating expenses	(244)	(152)	(721)	(501)
Operating profit/(loss)	3 604	38	(1 169)	(266)
Finance costs				
Sundry finance income/(expenses)	-	(4)	(2)	(11)
Profit/(loss) for the period before tax	3 604	34	(1 171)	(277)
Income tax expense	-	-	-	-
Profit/(loss) for the period after tax	3 604	34	(1 171)	(277)
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Available-for-sale investments – Fair value gains/(loss)	(2)	(2)	(3)	(1)
Other comprehensive income for the period	-	(2)	(3)	(1)
Total comprehensive income for the period	3 602	32	(1 174)	(278)
Earnings/(loss) per share				
Basic/diluted earnings/(loss) per share	3	0,01	0,00	(0,00)

Balance sheet

S.D. Standard Drilling – Balance sheet for 4Q17

<i>(Amounts in USD 000)</i>	31.12.2017	31.12.2016
ASSETS	<i>Unaudited</i>	<i>Audited</i>
Equipment and machinery	1	1
Financial asset at fair value through profit or loss	88 379	5 300
Total non-current assets	88 380	5 301
Trade and other receivables	42	144
Senior secured callable bonds	65	2 018
Loan receivable	-	-
Available-for-sale financial assets	12	15
Current tax asset	1	1
Cash and bank balances	12 148	1 798
Total current assets	12 268	3 976
Total Assets	100 648	9 277
EQUITY AND LIABILITIES		
Ordinary shares	15 281	2 620
Share premium	86 840	6 938
Other reserves	(4)	(1)
Accumulated profits/(losses)	(1 625)	(454)
Total equity	100 492	9 103
Trade and other payables	156	174
Total current liabilities	156	174
Total Equity and Liabilities	100 648	9 277

Cash flow statement

S.D. Standard Drilling – Cash flow statement for 4Q17

 Twelve Months Ended	
	2017	2016
<i>(Amounts in USD 000)</i>	Q4	Q4
	<i>Unaudited</i>	<i>Unaudited</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) for the period before income tax	(1 171)	(277)
Unrealised exchange gain	(303)	-
Other gains and losses	(281)	-
Payments to acquire financial assets at fair value through profit or loss	(81 461)	(5 107)
Interest income	(220)	(42)
Decrease/(increase) in trade and other receivables	102	(109)
Decrease/(increase) in financial asset fair value through profit or loss	2 583	(193)
(Decrease)/increase in trade and other payables	(18)	109
Net cash generated from/(used in) operating activities	(80 769)	(5 619)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of senior secure callable bonds	3 626	-
Payment for the purchase of senior secure callable bonds	(1 392)	(2 018)
Interest received	220	42
Net cash generated from/(used in) investing activities	2 454	(1 976)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	92 120	-
Share issue costs	(3 758)	-
Net cash generated from/(used in) financing activities	88 362	-
Net increase/ (decrease) in cash and cash equivalents	10 047	(7 595)
Cash and cash equivalents at beginning of year	1 798	9 393
Effect of exchange rate changes on the balance of cash held in foreign currencies	303	-
Cash and cash equivalents at end of period	12 148	1 798



STANDARD DRILLING