KCA Deutag

Deutsche Bank Annual European Leveraged Finance Conference

June 2016
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Company Overview
## Integrated Land Drilling

**Land Drilling**
- Leading international premium drilling rig owner and operator
- Operations: Russia, Africa, Middle East, Europe and SE Asia

**Bentec**
- Design and manufacture of high-end premium land rigs and components
- Facilities: Germany, Russia, Oman

### Own & Operate
- **Rigs:** High end fleet of 54 drilling rigs, 2 workover rigs
- 96% of new rigs since 2007 have been built by Bentec

### Design & Manufacture
- **Facilities:** Capacity for 12-16 rigs and 50 top drives\(^2\) p.a.

### Offshore Drilling Services & Design

**Platform Services**
- Leading global platform drilling service operator outside North America
- Operations: UK North Sea, Norway, Azerbaijan, Russia and Africa

**Rig Design Services (RDS)**
- Rig design engineering from concept to commission
- Offices: Aberdeen, Baku, Bergen, Houston, London, St. Johns

### Design & Engineering
- **Staff:** c.250 engineers and support staff

## Market-leading international drilling & engineering company

### Integrated Land Drilling

**US$186.4m LTM EBITDA to Q1 2016 (61.4% of total)**\(^1\)

### Offshore Drilling Services & Design

**US$95.7m LTM EBITDA to Q1 2016 (31.6% of total)**\(^1\)

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\(^1\) LTM EBITDA to Q1 2016, % split of total including MODUs, before corporate costs $18.6m. Note: MODUs LTM EBITDA $21.3m represented 7.0% of total EBITDA before corporate costs

\(^2\) High specification mechanical equipment turning the drill string

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Private & Confidential – Not for Onward Distribution
Operating across a balanced and diverse range of countries

PRESENCE IN KEY AREAS

North Sea/Norway
28 Plat.

Europe & Caspian
8 Rigs

Caspian
7 Plat.

Middle East
16 Rigs

Africa
12 Rigs

Angola
3 Plat.

Russia
16 Rigs

Russia Sakhalin
3 Plat.

Brunei
2 Rigs

Dubai

Nizwa

Baku

Tyumen

Bergen

Bad Bentheim

Aberdeen (HQ)

St. Johns

Houston

London

Map excludes work over land rigs, defined as being below 900HP.
Map shows position at 1 May 2016.

LTM Q1 2016 EBITDA split by region

Russia
34%

Middle East
17%

Africa
19%

Caspian
13%

North Sea & Europe
6%

Other
4%

Asia
5%

Regional offices
Land Drilling
Platform Services
RDS offices
Bentec

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High-quality customer base

Key customers by division

Integrated Land Drilling

Offshore Drilling Services & Design

ExxonMobil

Diversified long-term customer base predominantly with IOCs and NOCs

1. c.32% of the revenues are generated from BP, Statoil & Shell

Customer diversification – LTM Q1 2016

- IOC
- IOC
- IOC
- NOC
- NOC
- NOC
- NOC
- NOC
- NOC
- NOC
- Others

41%
3%
3%
3%
3%
4%
4%
4%
6%
12%
15%
Market Overview

- Oil price fell below $30 / bbl in January 2016 resulting in increased market uncertainty
- Significant reduction in capex spending since the peak in 2014
- Analysts are expecting 2017 capex to decline by a further 10%
- Whilst oil price has increased recently we anticipate a lag in recovery for the International market

1 Source: Capital IQ as at 13 May 2016
2 Source: JPMorgan Global E&P Capex Survey March 2016
Operating in markets less impacted by the oil price reduction

<table>
<thead>
<tr>
<th>Themes</th>
<th>KCAD relevance</th>
<th>Supporting data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focused on production drilling in resilient markets</td>
<td>• KCAD operates in drilling environments with lower lifting costs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Oil revenues are often critical to government budgets in these markets</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• The Platforms business is working on production platforms where the majority of the capex has already been invested (opex focus)</td>
<td></td>
</tr>
<tr>
<td>Stronger international land drilling environment</td>
<td>• KCAD has no exposure to the US land drilling market, where rig count levels are much more volatile and the market is generally more commoditised</td>
<td></td>
</tr>
</tbody>
</table>

Source: Marginal production costs: Knoema, Rig count: Baker Hughes
Health, safety and environmental performance

- KCA Deutag has continued to achieve satisfactory safety results
- The group continues to perform ahead of industry peers in the International Association of Drilling Contractors (IADC)
- Maintaining high safety and operational standards is a key priority for the business
- North Sea Platform recently awarded the IADC’s ‘Best Safety Performance Award for a Platform’ at the 2015 IADC Safety Awards

Note:

1. Total Recordable Incident Rate per 200,000 man hours. This is a rolling 12 month average.
2. KCAD Total Recordable Incident Rate is directly comparable with IADC’s Total Recordables (RCRD) statistic.

IADC industry average 0.60\(^2\) for 2015

KCAD TRIR at end of Q1 2016 was 0.44\(^1\) injuries per 200,000 man hours worked
High level of forward earnings visibility, with $5.9bn backlog

Company's backlog\(^1\) ($m) at 1 May 2016 including options

<table>
<thead>
<tr>
<th>Year</th>
<th>Firm</th>
<th>Option</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$557</td>
<td>$16</td>
<td>$572</td>
</tr>
<tr>
<td>2017</td>
<td>$645</td>
<td>$90</td>
<td>$741</td>
</tr>
<tr>
<td>2018+</td>
<td>$3,473</td>
<td></td>
<td>$4,631</td>
</tr>
<tr>
<td>Total</td>
<td>$3,586</td>
<td></td>
<td>$5,944</td>
</tr>
</tbody>
</table>

Company's backlog\(^1\) ($m) at 1 May 2016 by Business Unit

<table>
<thead>
<tr>
<th>Business Unit</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Platforms</td>
<td>$1,301</td>
</tr>
<tr>
<td>Land</td>
<td>$29</td>
</tr>
<tr>
<td>RDS</td>
<td>$18</td>
</tr>
<tr>
<td>Bentec</td>
<td>$4,596</td>
</tr>
</tbody>
</table>

Comments

- Current total backlog of $5.9bn\(^1\) including options

**Platform Services**

- Long term contracts – typically 3-5 years and up to 10 years with options
- High cost / inconvenience attached to switching operators on existing platforms

**Land Drilling**

- International markets characterised by longer term contracts, often 1-3 years and sometimes longer
- As an example the contracts for the Khazzan project in Oman are 5 years plus options

**Bentec**

- Challenge remains to fill the pipeline for 2016 and beyond with current tendering activity

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\(^1\) Backlog is our estimate of potential future revenue under undisputed contracts (including extension options) between the Company and its customers. The backlog amounts in this presentation are our estimates as of 1-May-2016. Our backlog may change over time depending on any early cancellation of contracts, failure to exercise customer extension options, changes to the scope of work and changes to the applicable day rate.
Robust platform services contract backlog @ 1 May 2016

### Platform Services Backlog @ 1 May 2016

<table>
<thead>
<tr>
<th>Country</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>Stacked (1)</td>
</tr>
<tr>
<td>UK</td>
<td>Operating (1)</td>
</tr>
<tr>
<td>UK</td>
<td>Stacked (1)</td>
</tr>
<tr>
<td>UK</td>
<td>Stacked (2)</td>
</tr>
<tr>
<td>UK</td>
<td>Operating (1)</td>
</tr>
<tr>
<td>UK</td>
<td>Stacked (5)</td>
</tr>
<tr>
<td>UK</td>
<td>Stacked (5)</td>
</tr>
<tr>
<td>Norway</td>
<td>Operating (7)</td>
</tr>
<tr>
<td>Norway</td>
<td>Operating (1)</td>
</tr>
<tr>
<td>Norway</td>
<td>Stacked (2)</td>
</tr>
<tr>
<td>Norway</td>
<td>Active management contract</td>
</tr>
<tr>
<td>Norway</td>
<td>Under Construction (2)</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>Operating (7)</td>
</tr>
<tr>
<td>Sakhalin, Russia</td>
<td>Operating (3)</td>
</tr>
<tr>
<td>Angola</td>
<td>Stacked (1)</td>
</tr>
<tr>
<td>Angola</td>
<td>Operating (1) / Stacked (1)</td>
</tr>
<tr>
<td>Myanmar</td>
<td>Contract ended</td>
</tr>
<tr>
<td>Canada</td>
<td>Under Construction (1)</td>
</tr>
</tbody>
</table>

### Concentration of operating and stacked Platforms

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating</th>
<th>Stacked</th>
<th>Under Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014 (average)</td>
<td>43</td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>2015 (average)</td>
<td>43</td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>As at 01/05/2016</td>
<td>42</td>
<td>18</td>
<td>21</td>
</tr>
</tbody>
</table>
Well invested land fleet supporting utilisation

- Significant investment in the land rig fleet over recent years
- All are high specification rigs built for the premium land drilling market
- New build rig construction is only initiated based on signed long term contracts

Historical and forward contracted utilisation

- Land business utilisation held up well in 2015 with good activity levels in Russia, Oman and Algeria
- Nigeria and Europe were weaker areas where we experienced softer utilisation than elsewhere in our portfolio

Land utilisation for 2016 and 2017 shows position at 1 May 2016.
Experienced management team supported by committed shareholders

Senior management

<table>
<thead>
<tr>
<th>Name, Title</th>
<th>Biography</th>
</tr>
</thead>
</table>
| Norrie McKay, CEO | • 30+ years in the Oil & Gas industry  
• Joined KCAD in 2011 as Chairman, CEO in May 2012  
• With Schlumberger / Smith International for 26 years internationally |
| Neil Gilchrist, CFO | • 20+ years of international finance experience with LyondellBasell  
• Joined KCAD as CFO in January 2013  
• Graduated with degree in Accountancy and Economics  
• Qualified as Chartered Accountant with Price Waterhouse |

Comments

• Current consortium of investors acquired KCA Deutag in March 2011

• Shareholders have demonstrated continued support to our growth and success, more than $650m total cash investment to date to support the business and fund growth capex

• Of this, $50m was received in Q1 2015 as part of a $100m commitment. Remaining $50m commitment expires in September 2016

• Management have made personal equity investments in the business

Shareholder structure

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Division</th>
<th>Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simon Drew</td>
<td>President</td>
<td>Land Drilling</td>
<td>19 years</td>
</tr>
<tr>
<td>Rune Lorentzen</td>
<td>President</td>
<td>Offshore</td>
<td>37 years</td>
</tr>
<tr>
<td>Dirk Schulze</td>
<td>CEO</td>
<td>Bentec</td>
<td>20 years</td>
</tr>
</tbody>
</table>

1 Including management
Financials
• **Land**
  - Utilisation remains soft in Nigeria, Europe and Kurdistan
  - Increased market uncertainty with additional pricing pressure, indications of activity reduction and contract terminations
  - New build start ups contributing to LTM EBITDA

• **Platforms**
  - Most of our International operations continue to perform relatively well despite market conditions
  - Reducing activity levels in the North Sea and Angola

• **RDS**
  - Reduced capex spend by E&P companies continues to severely impact activity
  - A focus on continued cost savings to preserve low level positive EBITDA

• **Bentec**
  - Significant reduction in tendering activity and reduced component sales activity although more stable workload on After Sales
  - Highly competitive, weak market conditions driving a continued focus on cost savings to preserve low level positive EBITDA

• **MODUs**
  - Divestment of the final asset in the MODU’s fleet (Ben Rinnes) completed in June 2016
LTM Group margin performance

Group Performance Trend

- Q1 2014 LTM: LTM Revenue = $2,196, LTM EBITDA = $326, LTM Margin % = 14.8%
- Q1 2015 LTM: LTM Revenue = $2,063, LTM EBITDA = $310, LTM Margin % = 15.0%
- Q1 2016 LTM: LTM Revenue = $1,560, LTM EBITDA = $285, LTM Margin % = 18.3%
Q1 2016 Capital Structure

Net debt / LTM EBITDA

Available Liquidity

Debt maturity profile ($m)
Closing remarks: KCA Deutag summary

1. Market leading international drilling and engineering company
   - Unique provider of end to end expertise across the drilling sector
   - All four business units recognised by the global oil majors as leading providers in their sector
   - Integrated land and offshore drilling operations, focused on production drilling in markets with low lifting costs
   - Operating across a diverse range of geographies and markets with a blue chip customer base

2. Stable operational and financial performance in LTM Q1 2016
   - LTM Q1 2016 EBITDA of $285m delivered in challenging market conditions
   - Strong liquidity position of $246m, including an additional $80m liquidity through completion of Oman rig financing transaction
   - Backlog position of $5.9bn across a blue chip company base

3. Outlook remains challenging in a difficult market environment
   - Significant cost reductions have been implemented across all areas of the business
   - Headwinds increasing in 2016
   - Continued proactive approach to cost saving activities
   - Experienced management team supported by committed shareholders