

S.D. Standard Drilling Plc.

3Q 2018 Presentation

8 November 2018



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Agenda

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

Highlights Q3 2018

- Profit after tax of USD (0.2)m (3Q 17 USD (5.8)m)
- Total cash balance of USD 23.3m (3Q17 USD 15.2m)⁽¹⁾
- Total Book Value of Equity of USD 110m (NOK 1.56 per share)⁽²⁾
- Total EBITDA (adj) of USD 0.2m (3Q17 USD 0.7m)⁽³⁾
- Large-size – 5x Standard vessels (100% owned)
 - EBITDA (adj) of USD 0.3 (3Q17 USD 0.8m)⁽³⁾
 - Utilization of ~85% (3Q17 ~90%)⁽³⁾
- Mid-size – 9x Northern Supply vessels (25.5% owned)⁽⁴⁾
 - EBITDA (adj) of USD (0.1)m (3Q17 USD (0.1)m)⁽³⁾
 - Utilization of ~92% (3Q17 ~95%)⁽³⁾
 - PSV Opportunity AS and Northern PSV AS completed a merger and changed name to Northern Supply AS



(1) Including pro-rata ownership of cash in subsidiaries and investments, of which USD 21.5m is cash in SDSA and subsidiaries

(2) USD/NOK 8.178 end of Sept 18

(3) EBITDA for vessels only (pro-rata), adjusted for start up cost, non-recurring cost and dry dock, special survey, maintenance and repairs

(4) Utilization, based on weighted average, does not include vessels in lay-up. 9x vessels includes FS Arendal on bareboat charter

Highlights Q3 2018 cont.

- **Standard Supplier and Standard Princess**
 - Both awarded a firm contract to 15 Feb-19 + 4 week options with Allseas. Commencement 30 Sep-18 and 1 Oct-18
- **Negative fair value adjustment of financial assets of USD 0.1m**
- **Northern Supply AS (SDSD has 25.53% ownership)**
 - Completed a sale-lease back contract for FS Arendal. Vessel sold for USD 2.8m
 - 1 year bare-boat contract (1+1 year option) at a rate USD 0 per day
 - Profit split 50/50 on a net hire between GBP 5,100-10,000 per day
- **New World Supply Ltd. (26.2% owned) held as a financial investment**



Subsequent events

- **New World Supply Ltd sold 2x of its 6x medium size PSV's ("World Emerald" and "World Sapphire")**
 - Sold at a level that reflects significantly higher vessel value compared to SDSD's book value
- **Solid utilization for 5x large Standard vessels (100% owned)**
 - Average utilization of 98 % for the Company's large PSV's in Oct-18
- **Solid utilization for the medium size vessels in Northern Supply (25.5% owned)**
 - Average utilization of 90 % for the vessels in Oct-18⁽¹⁾
- **Total fleet of 17 vessels + 1 vessel on bare-boat contract**
 - 5 large sized PSV's 100% owned
 - 8 medium size PSV's 25.5% owned
 - 4 medium size PSV's 26.2% held as a financial investment



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

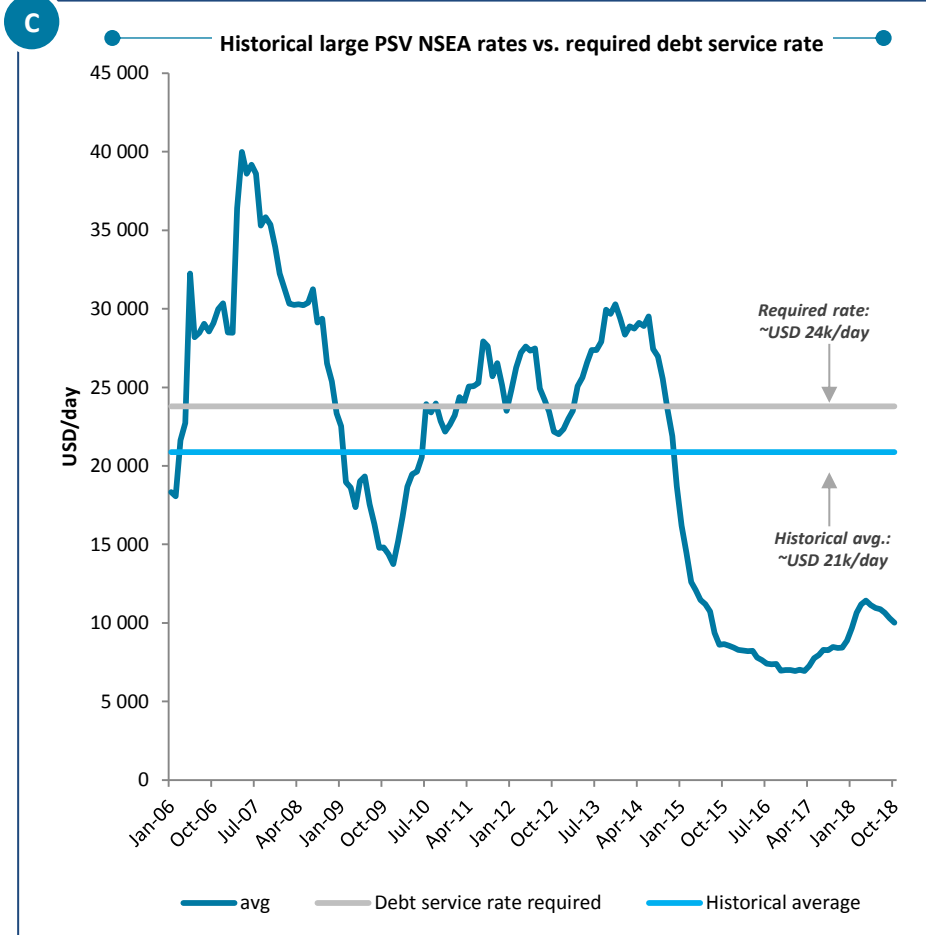
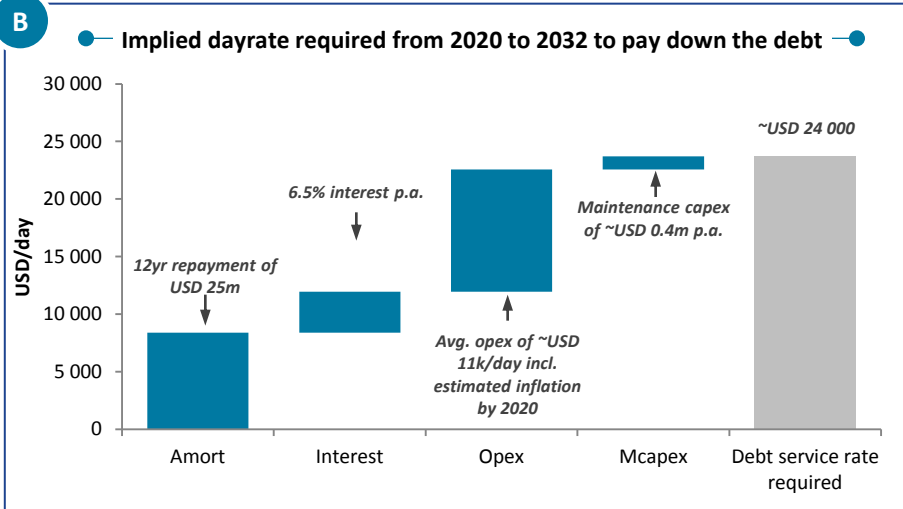
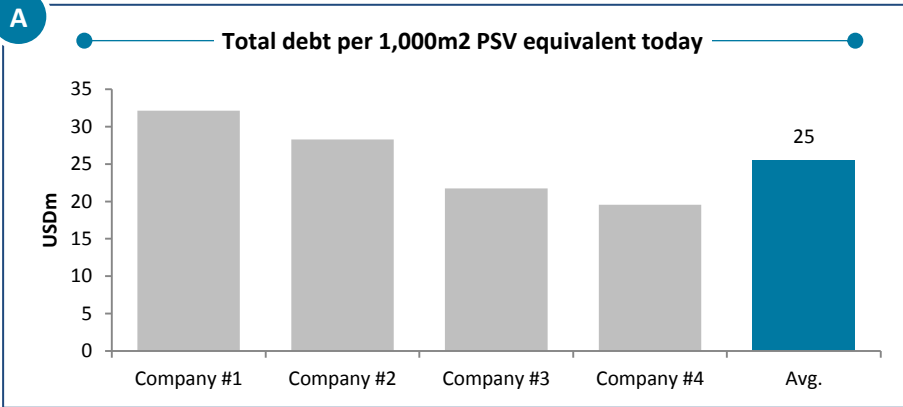


No reactivation costs

SDSD has no debt

1

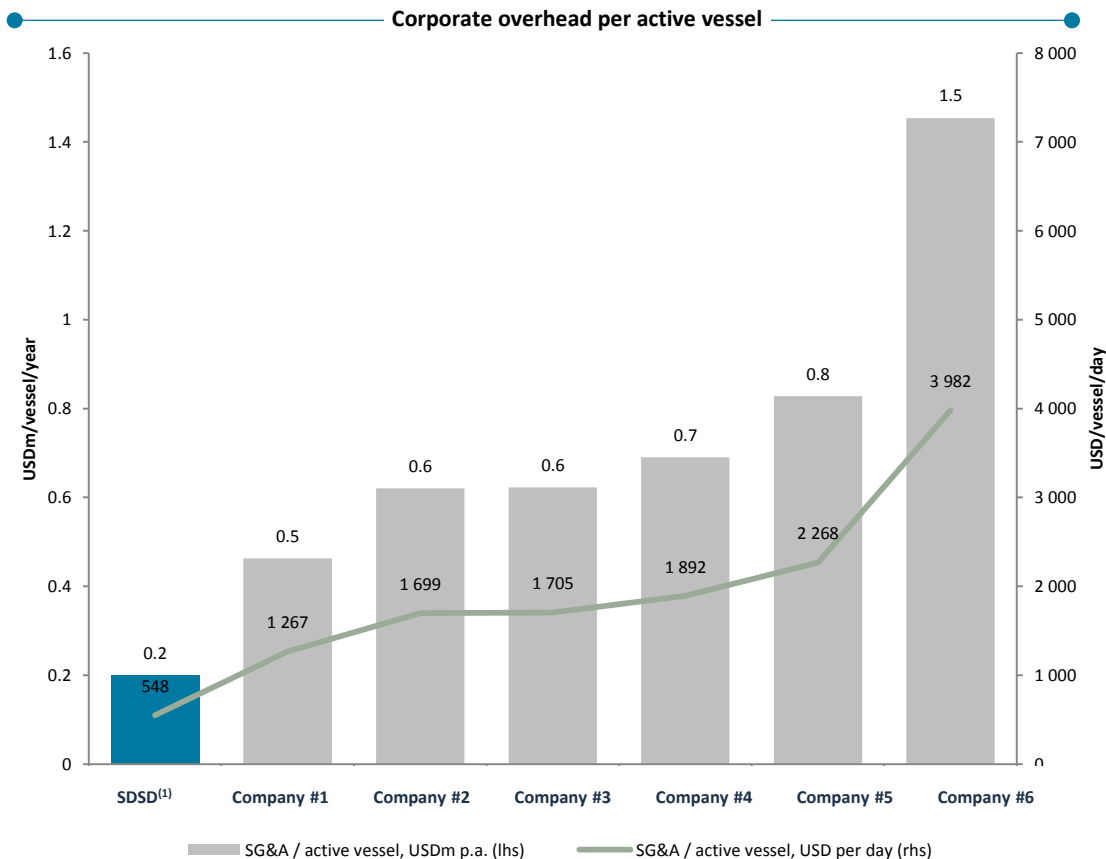
SDSD has a competitive advantage compared to industry peers



Low overhead costs and low breakeven rates

2

SDSD has a competitive advantage compared to industry peers

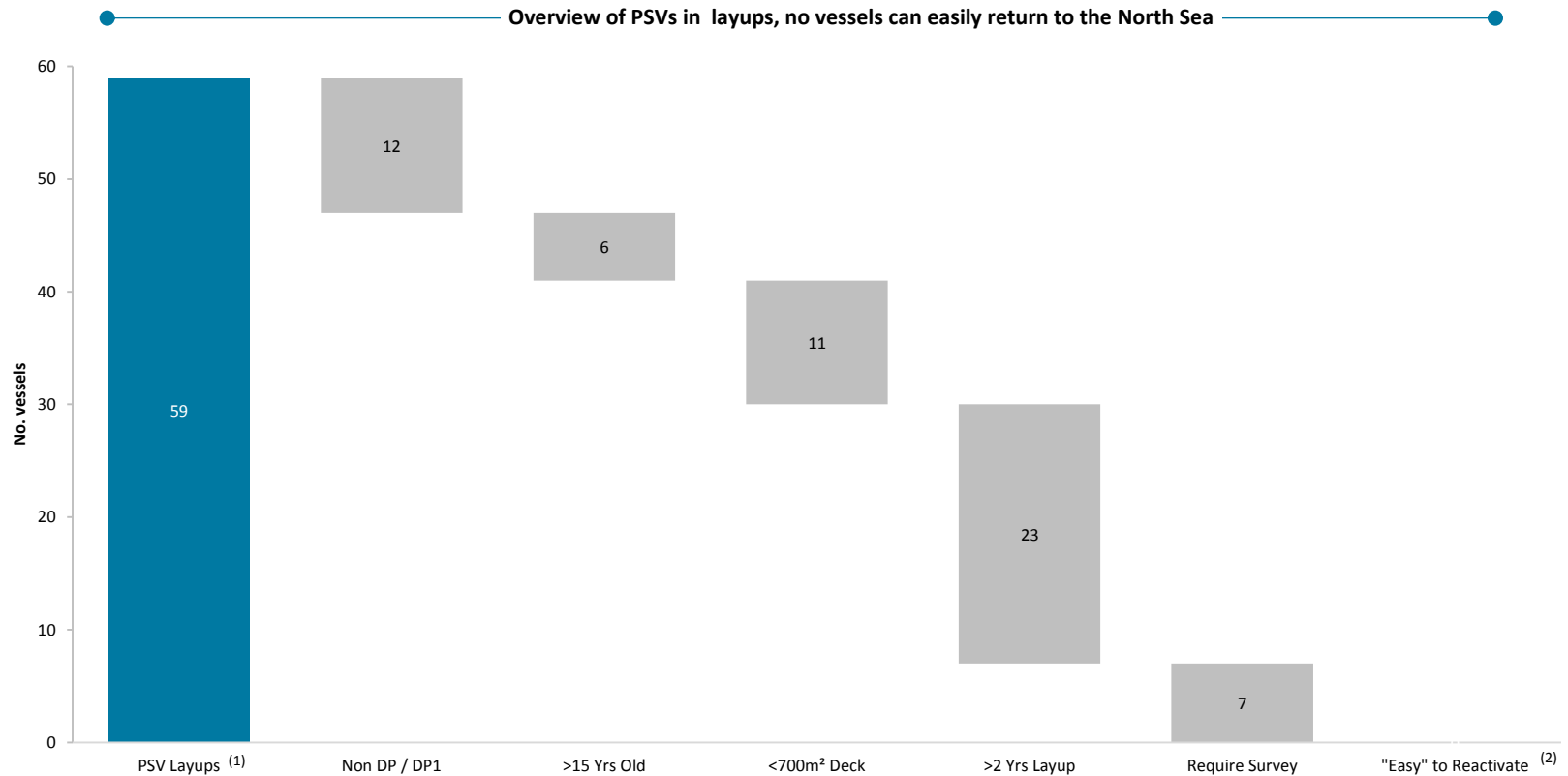


- Average cash Break-even for SDSD**
 - Average cash break-even for SDSD, all-in costs (USD / Day) for PSV vessels
 - Large-size: USD 7,000 per day
 - Mid-size: USD 6,700 per day
 - Overhead cost of ~USD 550 per vessel per day
 - Competitive cost position and all equity balance sheet securing low all-in cost

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

3

SDSD has a competitive advantage compared to industry peers



(1) ~25 vessels have been reactivated or sold to work in other regions since 2017YE

(2) No vessels are «easy» to reactivate, based on the specified factors above

Source: Clarksons Platou Offshore

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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: ~10 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: ~11 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: ~10 years



**Standard Supporter
(2009)**

Purchase price:

~USD 11.1m⁽¹⁾

Ownership: 100%

Deck-space: 1,000m²

Design: UT 776 CD

Yard: STX Brevik

Age: ~9 years



**Standard Provider
(2010)**

Purchase price:

~USD 11.1m⁽¹⁾

Ownership: 100%

Deck-space: 1,000m²

Design: UT 776 CD

Yard: STX Brevik

Age: ~8 years

Average purchase price: USD 12.44m⁽¹⁾

Average age 9.6 years

Average newbuild price: ~USD 48.5

Mid-size PSV vessels – partly owned

Northern Supply vessels (9x) – 25.5% owned

New World Supply (4x) – 26.2% owned



2x vessels

Purchase price:

~USD 2.5m⁽¹⁾

Ownership: 25.5%

Deck-space: 680m²

Design: UT 755 LN

Yard: Aker Aukra

Avg. age: ~9 years

FS Carrick (2008)

FS Crathes (2009)

2x vessels

Purchase price:

~USD 5.4m⁽¹⁾

Ownership: 25.5%

Deck-space: 680m²

Design: UT 755 LN

Yard: Aukra

Avg. age: ~9 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: ~10 years

FS Braemar (2007)

FS Balmoral (2008)

3x vessels

Purchase price:

~USD 2.5m⁽¹⁾

Ownership: 25.5%

Deck-space: 700m²

Design: VS 470 MK II

Yard: Kleven

Avg. age: ~12 years

FS Kristiansand (2005)

FS Bergen (2006)

(FS Arendal (2006))⁽³⁾

4x vessels

Purchase price:

~USD 5.1m⁽¹⁾

Ownership: 26.2%

Deck-space: 728m²

Design: 3300 CD

Yard: Damen SG (Galati)

Avg. age: ~5 years

World Diamond (2013)

World Peridot (2013)

World Pearl (2013)

World Emerald (2013)⁽²⁾

World Opal (2013)

World Sapphire (2013)⁽²⁾

(1) Excluding working capital and start-up costs

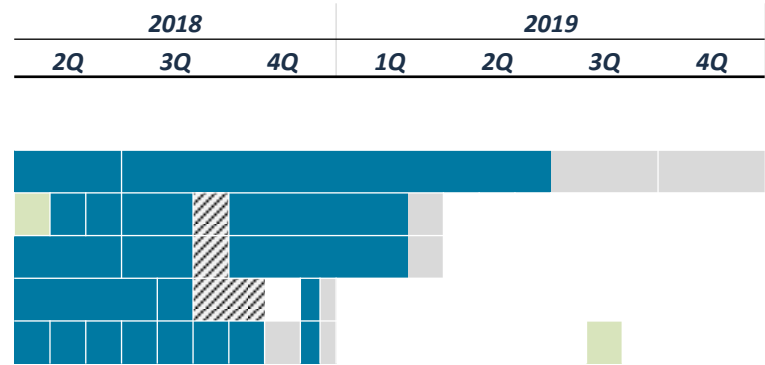
(2) Sold in Oct-18

(3) Completed a sale-lease back contract in Sep-18

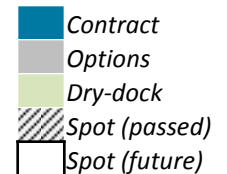
Large-size PSV vessels – contract overview

Standard vessels (100% owned)

Vessel	Built	Client	Country	2018			2019					
				2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Large-size Vessels												
Standard Viking	2007	Peterson	UK									
Standard Princess	2008	Allseas	UK									
Standard Supplier	2007	Allseas	UK									
Standard Provider	2010	Shell / Spot	UK									
Standard Supporter	2009	SHL / Spot	UK									



- Continue to focus on securing work to achieve winter coverage

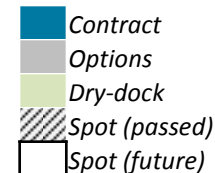


Mid-size PSV vessels – contract overview

Northern Supply vessels (25.5% owned)

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

- Continue to focus on securing work to achieve a high utilization for the fleet going forward
- Buyer of FS Arendal are responsible to carry out and pay for dry dock and upgrading DP2
- Relocation of FS Abergeldie -will arrive Leith end of November 18



Large-size PSV vessels – Utilization overview

Historical utilization of operating vessels (%)

Standard vessels (100% owned)

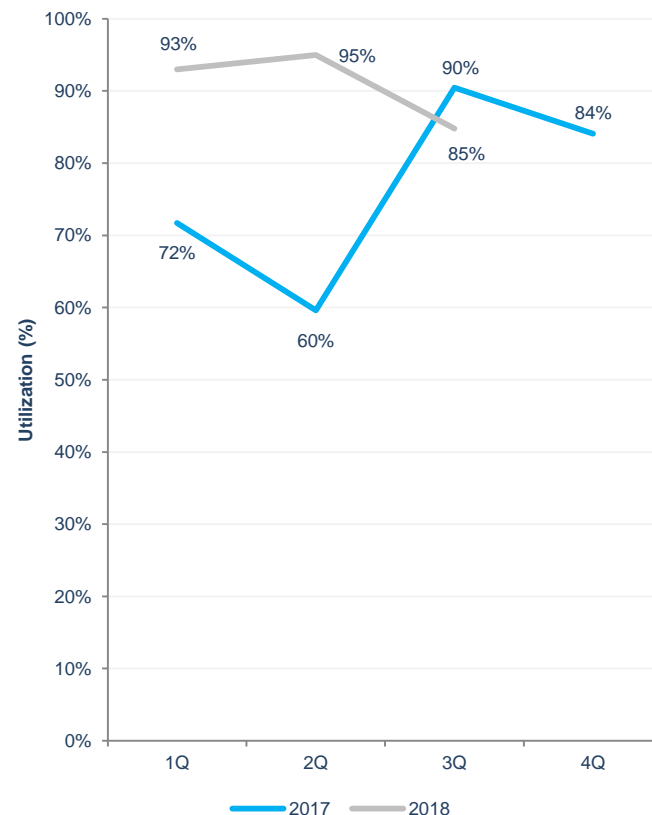
Utilization	S.Viking	S. Princess	S. Supplier	S.Provider	S. Supporter	Weighted average
1Q17	n.a.	72 %	n.a.	n.a.	n.a.	72 %
2Q17	39 %	96 %	12 %	n.a.	n.a.	60 %
3Q17	94 %	84 %	93 %	n.a.	n.a.	90 %
4Q17	100 %	89 %	71 %	85 %	68 %	84 %
2017, weighted average	77 %	87 %	73 %	85 %	68 %	80 %
1Q18	100 %	100 %	65 %	100 %	100 %	93 %
2Q18	100 %	73 %	98 %	100 %	99 %	95 %
3Q18	100 %	81 %	61 %	88 %	92 %	85 %
Oct-18	100 %	100 %	99 %	93 %	100 %	98 %
2018 YTD, weighted avg.	100 %	87 %	77 %	96 %	97 %	92 %

Total days	S.Viking	S. Princess	S. Supplier	S.Provider	S. Supporter	Weighted average
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, YTD18	302	271	298	296	303	1 470
Total days worked, YTD18	302	237	231	284	294	1349
Total utilization, YTD18	100 %	87 %	77 %	96 %	97 %	92 %

Note:

- Vessels unavailable due to dry docking, maintenance, class renewal and other
- YTD18 includes 1Q18, 2Q18, 3Q18 and Oct-18

Utilization overview (weighted average)



Mid-size PSV vessels – Utilization overview

Historical utilization of operating vessels (%)⁽¹⁾

Northern Supply vessels (25.5% owned)

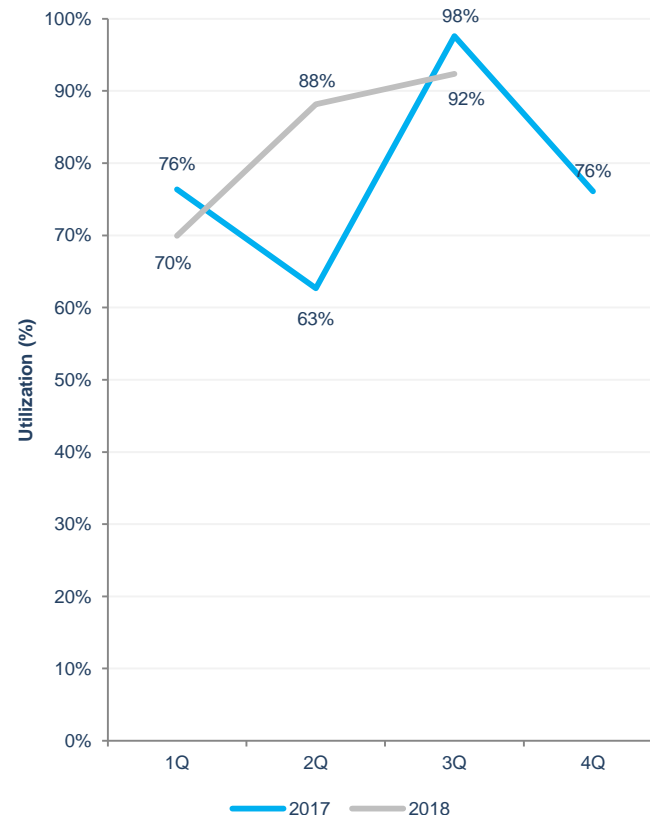
Utilization	FS							Weighted average
	Aberdour	Arendal	Balmoral	Kr. Sand	Braemar	Carrick	Crathes	
1Q17	29 %	100 %	n.a	100 %	n.a.	n.a.	n.a.	76 %
2Q17	54 %	48 %	43 %	100 %	n.a.	n.a.	n.a.	63 %
3Q17	100 %	100 %	95 %	100 %	79 %	n.a.	n.a.	98 %
4Q17	100 %	100 %	96 %	82 %	2 %	n.a.	n.a.	76 %
2017, weighted average	71 %	87 %	82 %	96 %	17 %	n.a.	n.a.	79 %
1Q18	99 %	99 %	100 %	34 %	17 %	n.a.	n.a.	70 %
2Q18	100 %	100 %	63 %	100 %	100 %	62 %	74 %	88 %
3Q18	100 %	100 %	75 %	100 %	75 %	100 %	100 %	92 %
Oct-18	100 %	100 %	60 %	100 %	76 %	100 %	100 %	90 %
2018 YTD, weighted avg.	99 %	100 %	78 %	81 %	66 %	87 %	92 %	85 %

Total days	FS							Weighted average
	Aberdour	Arendal	Balmoral	Kr. Sand	Braemar	Carrick	Crathes	
Total avail. days, 2017	365	365	245	365	115	n.a.	n.a.	1455
Total days work., 2017	259	318	202	349	20	n.a.	n.a.	1147
Total utilization, 2017	71 %	87 %	82 %	96 %	17 %	n.a.	n.a.	79 %
Tot. avail. days, YTD18	244	304	288	304	304	188	164	1796
Tot. days work., YTD18	243	303	225	245	199	163	151	1530
Total utilization, QTD18	99 %	100 %	78 %	81 %	66 %	87 %	92 %	85 %

Note:

- Vessels unavailable due to dry docking, maintenance, class renewal and other
- YTD18 includes 1Q18, 2Q18, 3Q18 and Oct-18

Utilization overview (weighted average)



Large-size PSV vessels – EBITDA overview

5x Standard vessels (100% owned) ⁽¹⁾

Standard vessels (USD)	Three months ended, 3Q18	Three months ended, 3Q17	Year to date, 3Q18	Year to date, 3Q17
Net hire (net of commission)	3 685 991	2 617 337	10 964 889	3 905 896
Admin expenses	(46 150)	(21 052)	(168 425)	(74 980)
Technical and Commercial Management Fee	(296 332)	(178 868)	(910 062)	(394 573)
OPEX/Lay-up costs ⁽²⁾	(2 876 874)	(1 653 649)	(8 538 304)	(3 557 286)
Start up / Liquidation expenses ⁽²⁾	-	(8 402)	(25 691)	(626 533)
Dry docking expenses / Surveys / Repairs ⁽²⁾	(33 654)	(188 862)	(2 150 285)	(2 233 311)
Bunkers on delivery / redelivery / repositioning	(168 866)	(22 985)	(220 665)	(373 458)
Total operation expenses	(3 421 876)	(2 073 818)	(12 013 432)	(7 260 141)
EBITDA	264 115	543 519	(1 048 543)	(3 354 245)
Adj. EBITDA excluding non-recurring costs ⁽³⁾	264 115	551 921	(1 022 852)	(2 727 712)
Adj. EBITDA excluding dry docking and non-recurring costs ⁽⁴⁾	297 769	740 783	1 127 433	(494 401)
Adj. EBITDA excluding dry docking and non-recurring costs margin (%)	8 %	28 %	10 %	n.a.

Note:

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

(2) 2017 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 in 2017.

(3) Non-recurring costs are costs directly related to preparing newly acquired vessels for the market.

(4) Illustrates the day-to-day operations of the vessel, excluding (a) non-recurring costs and (b) dry dock, special survey, maintenance and repairs.

Mid-size PSV vessels – EBITDA overview

9x Northern Supply vessels (25.5% owned) ⁽¹⁾, pro-rata overview

Northern Supply vessels (USD)	Three months ended, 3Q18	Three months ended, 3Q17	Year to date, 3Q18	Year to date, 3Q17
Net hire (net of commission)	1 052 077	606 521	2 510 966	1 206 867
Admin expenses	(31 839)	(20 122)	(88 526)	(62 266)
Technical and Commercial Management Fee	(106 332)	(63 715)	(282 460)	(162 972)
OPEX/Lay-up costs ⁽²⁾	(936 691)	(615 965)	(2 518 779)	(1 631 060)
Start up / Liquidation expenses ⁽²⁾	3 609	-	(218 880)	(10 308)
Dry docking expenses / Surveys / Repairs ⁽²⁾	-	-	(288 281)	(77 176)
Bunkers on delivery / redelivery / repositioning	(45 272)	8 446	(114 449)	(20 575)
Total operation expenses	(1 116 524)	(691 356)	(3 511 375)	(1 964 358)
	-	-	-	-
EBITDA	(64 447)	(84 835)	(1 000 409)	(757 492)
	-	-	-	-
Adj. EBITDA excluding non-recurring costs ⁽³⁾	(68 057)	(84 835)	(781 529)	(747 184)
Adj. EBITDA excluding dry docking and non-recurring costs ⁽⁴⁾	(68 057)	(84 835)	(493 247)	(670 008)
Adj. EBITDA excluding dry docking and non-recurring costs margin (%)	n.a.	n.a.	n.a.	n.a.

Note:

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

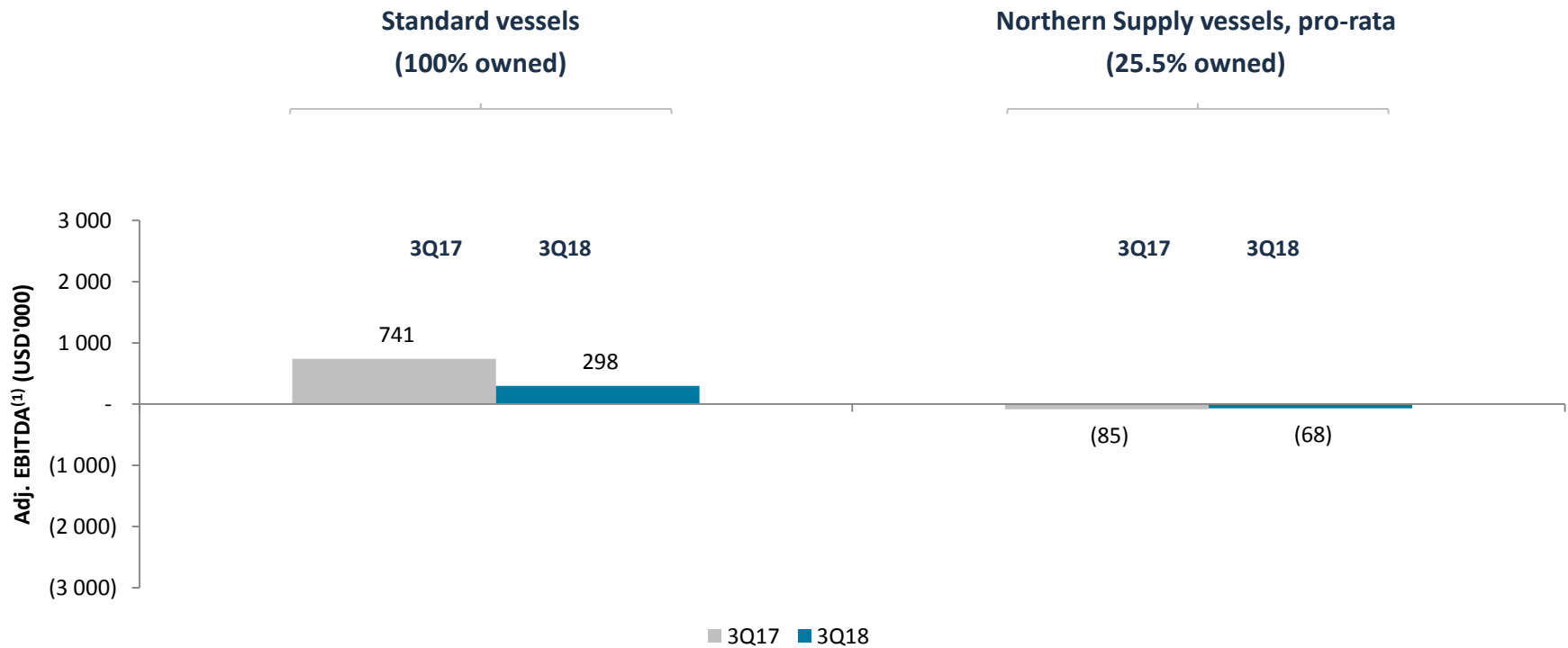
(2) USD calculated from native NOK by application of average exchange rate for 2018 @ 8,263. Former quarters has been recalculated with the final average of the year

(3) Non-recurring costs are costs directly related to preparing newly acquired vessels for the market.

(4) Illustrates the day-to-day operations of the vessel, excluding (a) non-recurring costs and (b) dry dock, special survey, maintenance and repairs.

Summary – Adj. EBITDA excluding dry docking and non-recurring costs ⁽¹⁾

Standard vessels (100% owned) and Northern Supply vessels (25.5% owned), pro-rata



Explanation of the fair value accounting gain in 3Q18

- **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 loss on revaluation of financial assets of ~USD 0.1m
- **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 (3Q18)	17.0	14.0	13.0	10.0	23.0	21.0	17.6	15.0	18.8	13.9

(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 13.9m as opposed to an average value of USD 18.8m for scenarios of transactions between two willing parties.

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Income statement

S.D. Standard Drilling – Income statement for 3Q18

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<i>(Amounts in USD 000)</i>	<u>Q3</u>	<u>Q3</u>	<u>Q3</u>	<u>Q3</u>
			<i>Unaudited</i>	<i>Audited</i>
Income				
Changes in fair value on financial assets at fair value through profit or loss	(135)	(6 502)	(2 997)	(6 584)
Changes in fair value on financial assets at fair value through profit or loss-held for trading	-	-	1	-
Other gains and (losses)	-	(56)	-	364
Interest income	50	64	111	73
Net foreign currency gains or (losses)	(13)	831	504	1 851
Total net income /(loss)	(98)	(5 663)	(2 381)	(4 296)
Expenses				
Administration fees	(129)	(130)	(399)	(477)
Total operating expenses	(129)	(130)	(399)	(477)
Operating profit/(loss)	(227)	(5 793)	(2 780)	(4 773)
Finance costs				
Sundry finance income/(expenses)	(6)	35	(11)	(2)
Profit/(loss) for the period before tax	(233)	(5 758)	(2 791)	(4 775)
Income tax expense	-	-	-	-
Profit/(loss) for the period after tax	(233)	(5 758)	(2 791)	(4 775)
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit</i>				
<i>or loss</i>				
Available-for-sale investments – Fair value gains/(loss)	-	(4)	-	(1)
Other comprehensive income for the period	-	(4)	-	(1)
Total comprehensive income for the period	(233)	(5 762)	(2 791)	(4 776)
Earnings/(loss) per share				
Basic/diluted earnings/(loss) per share (USD cents)	(0,00)	(0,02)	(0,01)	(0,01)

Balance sheet

S.D. Standard Drilling – Balance sheet for 3Q18

<i>(Amounts in USD 000)</i>	30.09.2018	31.12.2017
ASSETS	<i>Unaudited</i>	<i>Audited</i>
Equipment and machinery	1	1
Financial assets at fair value through profit or loss	90 687	88 379
Total non-current assets	90 688	88 380
Trade and other receivables	54	42
Senior secured callable bonds	65	65
Available-for-sale financial assets	-	12
Current tax asset	1	1
Cash and bank balances	18 982	12 148
Total current assets	19 102	12 268
Total Assets	109 790	100 648
EQUITY AND LIABILITIES		
Ordinary shares	17 281	15 281
Share premium	96 861	86 840
Other reserves	-	(4)
Accumulated profits/(losses)	(4 420)	(1 625)
Total equity	109 722	100 492
Trade and other payables	68	156
Total current liabilities	68	156
Total Equity and Liabilities	109 790	100 648

Cash flow statement

S.D. Standard Drilling – Cash flow statement for 3Q18

<i>(Amounts in USD 000)</i> Nine Months Ended	
	2018	2017
	Q3	Q3
	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) for the period before income tax	(2 791)	(4 775)
Unrealised exchange loss/(gain)	72	(418)
Other gains/(losses)	-	(364)
Payments to financial assets at fair value through profit or loss	(5 305)	(56 611)
Receipts from sale of financial assets of fair value through profit or loss	13	-
Interest income	(50)	(73)
Loans granted	-	(742)
(Increase)/decrease in trade and other receivables	(12)	88
Decrease in financial assets fair value through profit or loss	2 996	6 584
Decrease in trade and other payables	(88)	(99)
Net cash generated from/(used in) operating activities	(5 165)	(56 410)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of intangible assets	-	(2)
Redemption of senior secure callable bonds	-	3 626
Payment for the purchase of senior secure callable bonds	-	(1 392)
Interest received	50	73
Net cash generated from/(used in) investing activities	50	2 305
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	12 600	67 633
Share issue costs	(579)	(2 978)
Net cash generated from/(used in) financing activities	12 021	64 655
Net increase/ (decrease) in cash and cash equivalents	6 906	10 550
Cash and cash equivalents at beginning of year	12 148	1 798
Effect of exchange rate changes on the balance of cash held in foreign currencies	(72)	418
Cash and cash equivalents at end of period	18 982	12 766



STANDARD DRILLING