

# North Atlantic Drilling Ltd.

Third quarter 2016 results

November 22, 2016



THE LEADING DRILLER IN THE NORTH ATLANTIC REGION

## Forward looking statements

The statements described in this presentation that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements which could be made include, but are not limited to, statements involving prospects for the company, expected revenues, capital expenditures, costs and results of operations and contingencies and other factors. The forward-looking statements contained in this presentation, including assumptions, opinions and views of the company or cited from third party sources are solely opinions and forecasts which are subject to risks and uncertainties. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated. All subsequent written and oral forward-looking statements attributable to the company or to persons acting on our behalf are expressly qualified in their entirety by reference to these risks and uncertainties. You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement, and we undertake no obligation to publicly update or revise any forward-looking statements.

# Agenda

Highlights Third Quarter

Fleet Update

Financial reporting highlights

Financial results

Q & A



# Highlights Third quarter 2016

## Operations

- Consecutive operational uptime
- Economic utilization at 98%

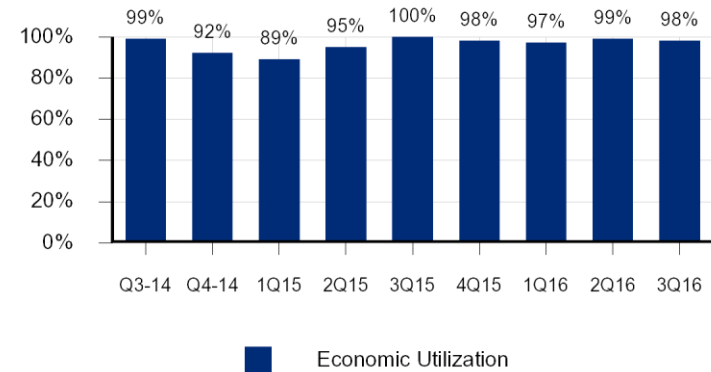
## Financial

- Quarterly EBITDA of US\$84 million
- Net operating income of US\$29 million

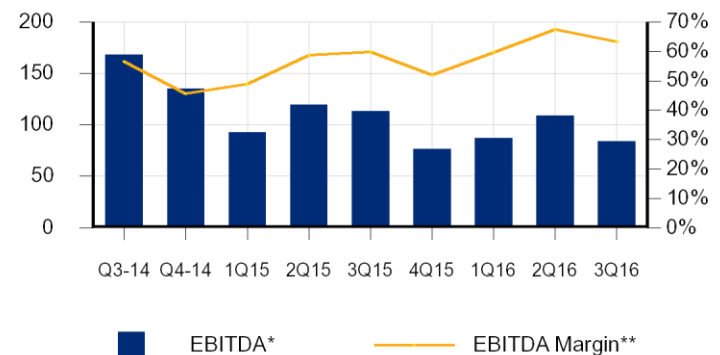
## Financing Update

- Continued progress with stakeholders
- Expect to reach agreement by end April 2017

Economic Utilisation

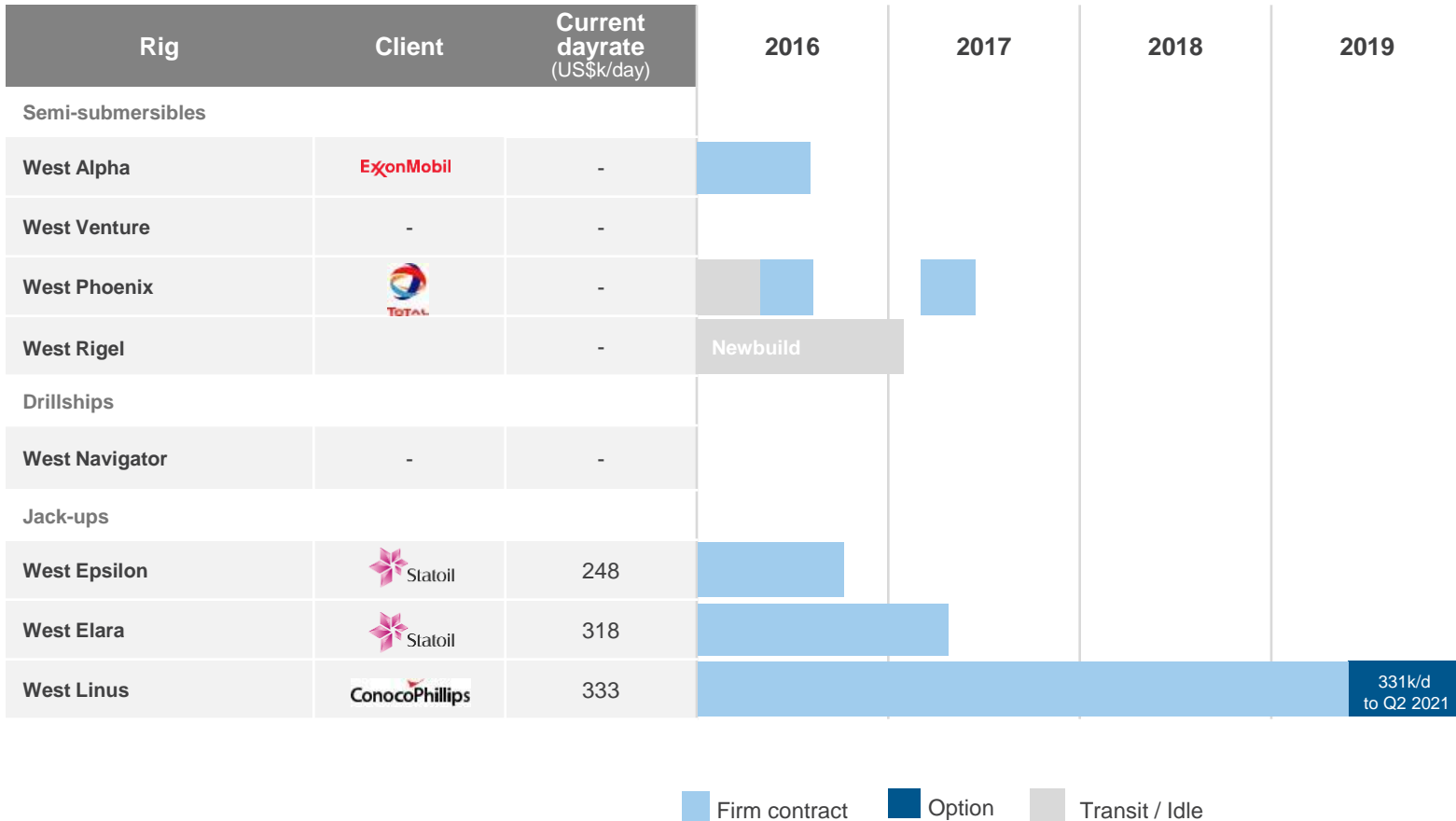


EBITDA and EBITDA Margin



\* EBITDA: earnings before interest, depreciation and amortization equal to operating profit before any impairment charges, gains or losses on disposal, plus depreciation and amortization.  
 \*\* EBITDA Margin in percent of contract revenues excluding reimbursable revenue

# Fleet update



- Contract backlog of \$360 million

As of November 22, 2016

# Financial reporting highlights

<i>Unaudited accounts in USD millions, except where noted</i>	3Q16		2Q16	
EBITDA	US\$	84	US\$	109
Operating profit	US\$	29	US\$	54
Financial items	US\$	(22)	US\$	(36)
(Loss)/income per share (US\$)	US\$	(0.67)	US\$	0.53
Cash flow from / (used in) operating activities	US\$	56	US\$	51

# Operating Income

<i>Unaudited accounts in USD millions</i>	<b>3Q16</b>	<b>2Q16</b>	<b>1Q16</b>	<b>4Q15</b>
Contract revenues	133	162	147	148
Reimbursable revenues	4	3	5	2
Related party revenues	—	—	—	—
<b>Total operating revenues</b>	<b>137</b>	<b>165</b>	<b>152</b>	<b>150</b>
<b>Gain / (loss) on disposal</b>	<b>—</b>	<b>—</b>	<b>2</b>	<b>(82)</b>
Vessel and rig operating expenses	44	45	50	55
Reimbursable expenses	4	3	5	3
Depreciation and amortization	55	55	57	56
General and administrative expenses	5	8	9	15
<b>Total operating expenses</b>	<b>108</b>	<b>111</b>	<b>121</b>	<b>129</b>
<b>Net operating income / (loss)</b>	<b>29</b>	<b>54</b>	<b>33</b>	<b>(61)</b>

# Net Income

<i>Unaudited accounts in USD millions, except where noted</i>	<b>3Q16</b>	<b>2Q16</b>	<b>1Q16</b>	<b>4Q15</b>
Net operating income / (loss)	29	54	33	(61)
<b>Financial items</b>				
Interest expense	(27)	(27)	(26)	(24)
Gain / (loss) on derivatives	13	(9)	—	1
Other financial items	(8)	—	(9)	5
<b>Total financial items</b>	<b>(22)</b>	<b>(36)</b>	<b>(35)</b>	<b>(18)</b>
<b>Net income / (loss) before income taxes</b>	<b>6</b>	<b>18</b>	<b>(2)</b>	<b>(79)</b>
Income taxes	(19)	(1)	(4)	(34)
<b>Net income / (loss)</b>	<b>(13)</b>	<b>17</b>	<b>(6)</b>	<b>(113)</b>
<b>Earnings / (loss) per share (US\$) *</b>	<b>(0.67)</b>	<b>0.53</b>	<b>(0.41)</b>	<b>(4.85)</b>

\* Earnings per share has been restated for the 1 to 10 reverse stock split on December 30, 2015



# Balance Sheet - Assets

<i>Unaudited accounts in USD millions</i>	<b>September 30, 2016</b>	<b>June 30, 2016</b>	<b>March 31, 2016</b>	<b>December 31, 2015</b>
<b>Current assets</b>				
Cash and cash equivalents	86	80	87	151
Restricted cash	4	6	4	7
Accounts receivables, net	114	145	130	99
Related party receivables	10	8	4	5
Other current assets	16	19	19	25
<b>Total current assets</b>	<b>230</b>	<b>258</b>	<b>244</b>	<b>287</b>
<b>Non-current assets</b>				
Drilling units	2,583	2,636	2,684	2,738
Non-current assets held for sale	128	128	128	128
Deferred tax assets	10	7	9	8
Other non-current assets	87	90	92	94
<b>Total non-current assets</b>	<b>2,808</b>	<b>2,861</b>	<b>2,913</b>	<b>2,968</b>
<b>Total assets</b>	<b>3,038</b>	<b>3,119</b>	<b>3,157</b>	<b>3,255</b>

# Balance Sheet - Liabilities and Equity

<i>Unaudited accounts in USD millions</i>	<b>September 30, 2016</b>	<b>June 30, 2016</b>	<b>March 31, 2016</b>	<b>December 31, 2015</b>
<b>Current liabilities</b>				
Current portion of long-term debt	1,118	1,160	210	210
Related party liabilities	25	27	10	40
Tax payable	38	25	30	20
Other current liabilities	152	188	194	225
<b>Total current liabilities</b>	<b>1,333</b>	<b>1,400</b>	<b>444</b>	<b>495</b>
<b>Non-current liabilities</b>				
Long-term interest bearing debt	903	906	1,910	1,904
Related party debt	321	320	291	321
Deferred taxes	57	48	52	58
Pension liabilities	18	26	23	37
Other non-current liabilities	15	16	20	21
<b>Total non-current liabilities</b>	<b>1,314</b>	<b>1,316</b>	<b>2,296</b>	<b>2,341</b>
<b>Equity</b>				
<b>Total shareholder's equity</b>	<b>391</b>	<b>403</b>	<b>417</b>	<b>419</b>
<b>Total liabilities and shareholder's equity</b>	<b>3,038</b>	<b>3,119</b>	<b>3,157</b>	<b>3,255</b>

# Q & A