

S.D. Standard Drilling Plc.

2Q 2017 Presentation



Agenda

- I. Highlights**
- II. Financial information**
- III. Fleet**
- IV. Company overview**
- V. Market overview**

SDSD – 2Q17 Highlights

- Ownership in 16 PSV vessels, all 100% equity financed
 - 100% ownership in 3x large-size PSVs (“PSV Standard Vessels”, “PSV SV”)
 - ~25.5% ownership in 7x mid-size PSVs (“PSV Opportunity III DIS”, “PSVO III”) ⁽¹⁾
 - ~26.2% ownership in 6x mid-size PSVs (“New World Supply Ltd.”, “NWS”)
- Utilization:
 - 3x of 3x PSV SV vessels on term charter
 - 4x of 7x PSV III vessels on term charter, remaining 3x in warm lay-up (marketed)
 - 6x of 6x NWS vessels in lay-up
- Term contracts recently awarded:
 - **FS Aberdour**, 9th May: Secured 9 month firm contract with Centrica
 - **FS Arendal**, 31st May: Secured 18 month firm contract with Repsol
 - **FS Balmoral**, 4th July (3Q17): Secured 2 wells + 1 re-entry well firm (~220 days) with Ineos + 5x1 well options (~30-90 days per well)
 - **Standard Princess**, 4th July (3Q17): Secured 1 well firm (~70 days) with Centrica
 - **Standard Viking**, 17th July (3Q17): Secured 12 month firm contract with Peterson + 2x1 year options
- Completed dry-dock for Standard Supplier and Standard Viking
- Listed on Oslo Stock Exchange
- Sound financial position with a cash and cash equivalents holding of USD ~12.2 million, end 2Q17
 - Total cash and cash equivalents of USD ~14.9m, including SDSD’s pro-rata ownership of working capital in subsidiaries

	Three Months Ended		Six Months Ended	
	2017 Q2	2016 Q2	2017 Q2	2016 Q2
<i>(Amounts in USD 000)</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Operating profit/(loss)	(692)	(80)	1 020	(223)
Profit/(loss) for the period before tax	(708)	(83)	983	(229)
Total comprehensive income/(loss) for the period	(705)	(82)	986	(228)

Agenda

- I. Highlights
- II. Financial information**
- III. Fleet
- IV. Company overview
- V. Market overview

SDSD – Financial information (1/4)

■ Financial highlights for 2Q 2017:

- Total net loss of USD 487 thousands for the quarter for 2017
 - Total net income of USD 1,367 thousands for the first half of 2017
- Loss for the period after tax of USD 708 thousands for the quarter for 2017
 - Profit for the period after tax of USD 983 thousands for the first half of 2017
- Cash and cash equivalents of USD ~12.2 million at 30 Jun-17
- Equity-ratio close to 100% at 30 Jun-17
- Conducted a reverse share split where 3 old shares gave 1 new share (rounded up to the nearest whole share)
- On 26 May-17, Oslo Børs (Oslo Stock Exchange) agreed to transfer SDSD's listing venue from Oslo Axess to Oslo Børs
 - First day of trading on Oslo Børs from and including 31 May-17

■ Highlights and material events completed after 2Q 2017:

- The Company received an additional inflow of USD 527 thousands from the redemption of World Wide Supply AS's senior secured corporate bonds
- There have been no other material events after 2Q 2017

SDSD – Financial information (2/4)

Income Statement for 2Q 2017

	Three Months Ended		Six Months Ended	
	2017 Q2	2016 Q2	2017 Q2	2016 Q2
	Unaudited	Unaudited	Unaudited	Unaudited
<i>(Amounts in USD 000)</i>				
Income				
Changes in fair value on financial assets and financial liabilities at fair value through profit or loss	(1 218)	-	(82)	-
Other gains and (losses)	420	-	420	-
Interest income	-	13	9	25
Net foreign currency gains or (losses)	311	(2)	1 020	5
Total net income /(loss)	(487)	11	1367	30
Expenses				
Administration fees	(205)	(91)	(347)	(253)
Total operating expenses	(205)	(91)	(347)	(253)
Operating profit/(loss)	(692)	(80)	1 020	(223)
Finance costs				
Sundry finance expenses	(16)	(3)	(37)	(6)
Profit/(loss) for the period before tax	(708)	(83)	983	(229)
Income tax expense	-	-	-	-
Profit/(loss) for the period after tax	(708)	(83)	983	(229)
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Available-for-sale investments – Fair value gain	3	1	3	1
Other comprehensive income for the period	3	1	3	1
Total comprehensive income for the period	(705)	(82)	986	(228)
Earnings/(loss) per share				
Basic/diluted earnings/(loss) per share	(0,00)	(0,00)	0,00	(0,00)

SDSD – Financial information (3/4)

Balance Sheet Statement for 2Q 2017

<i>(Amounts in USD 000)</i>	30.06.2017	31.12.2016
ASSETS	<i>Unaudited</i>	<i>Audited</i>
Intangible assets	2	-
Equipment and machinery	1	1
Financial asset at fair value through profit or loss	66 030	5 300
Total non-current assets	66 033	5 301
Trade and other receivables	81	144
Senior secured callable bonds	675	2 018
Available-for-sale financial assets	18	15
Current tax asset	1	1
Cash and bank balances	12 200	1 798
Total current assets	12 975	3 976
Total Assets	79 008	9 277
EQUITY AND LIABILITIES		
Ordinary shares	10 701	2 620
Share premium	67 722	6 938
Other reserves	2	(1)
Accumulated profits/(losses)	529	(454)
Total equity	78 954	9 103
Trade and other payables	54	174
Total current liabilities	54	174
Total Equity and Liabilities	79 008	9 277

SDSD – Financial information (4/4)

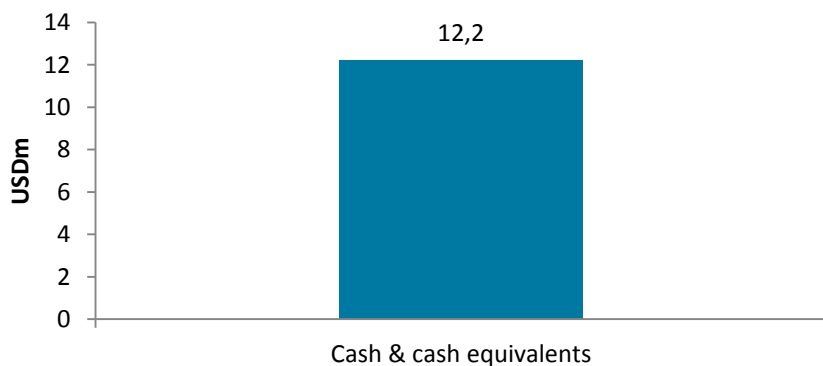
Cash Flow Statement for 2Q 2017

<i>(Amounts in USD 000)</i>	Six Months Ended	
	2017	2016
	Q2	Q2
	<i>Unaudited</i>	<i>Unaudited</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) for the period before income tax	983	(228)
Unrealised exchange gain	(200)	-
Other gains and losses	(420)	-
Payments to acquire financial assets at fair value through profit or loss	(56 611)	-
Interest income	(9)	(25)
Decrease in trade and other receivables	63	(11)
Decrease in financial asset fair value through profit or loss	82	-
Decrease in trade and other payables	(120)	22
Net cash generated from/(used in) operating activities	(56 232)	(242)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of intangible assets	(2)	-
Redemption of senior secure callable bonds	3 155	-
Payment for the purchase of senior secure callable bonds	(1 392)	-
Interest received	9	25
Net cash generated from/(used in) investing activities	1 770	25
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	67 633	-
Share issue costs	(2 969)	-
Net cash generated from/(used in) financing activities	64 664	-
Net increase/ (decrease) in cash and cash equivalents	10 202	(217)
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	200	-
Cash and cash equivalents at end of period	12 200	9 176

SDSD – Total cash & cash equivalents⁽¹⁾

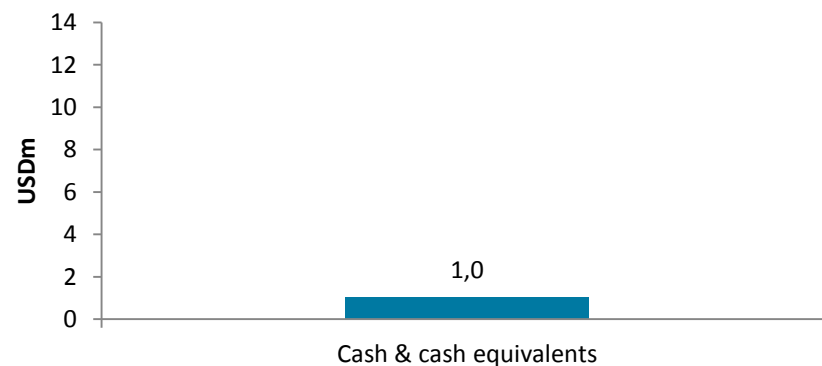
100% ownership in SDSD

Cash & cash equivalents (unaudited) on a 100% basis as per 2Q17



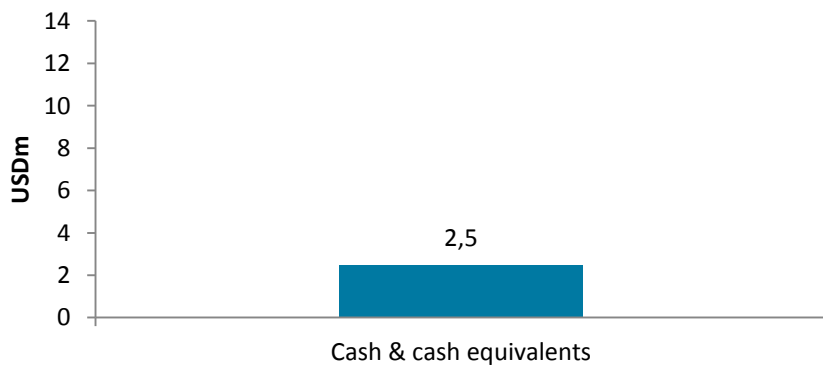
100% ownership in Standard Vessels/Wanax

Cash & cash equivalents (unaudited) on a 100% basis as per 2Q17



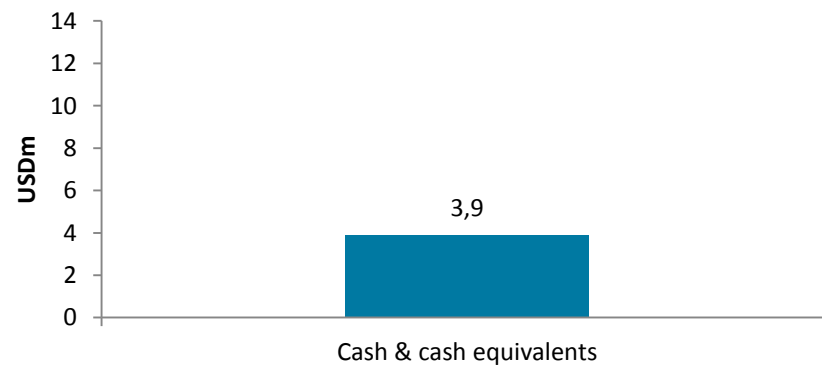
25.5% ownership in PSVO III (A/B/C)

Cash & cash equivalents (unaudited) on a 100% basis as per 2Q17



26.2% ownership in NWS

Cash & cash equivalents (unaudited) on a 100% basis as per 2Q17



(1) Cash balance in SDSD's 2Q17 report of USD 12.2m only consists of SDSD's cash and cash equivalents and does not include pro-rata ownership of cash and cash equivalents from Wanax, the Standard vessels, PSVO III or NWS subsidiaries

SDSD – Cash spending overview

Cash changes in SDSD (USD'000)	Q1	Q2	Accumulated
Cash start of period	1 798	15 991	1 798
Net change running operations and FX	709	(110)	599
Payments to investments 100 % (vessel and working capital for operating vessels (*) See below breakdown)	(42 713)	(3 612)	(46 325)
Investment in DIS III	(5 215)	-	(5 215)
Investment in NWS	(5 083)	-	(5 083)
Redemption bond	3 155	-	3 155
Purchase bond	(1 392)	-	(1 392)
Net proceeds from share issuance	64 733	(69)	64 664
Cash end of period	15 991	12 200	12 200
(*) Spending in investments 100 % (USD'000)			
Transferred from SDSD	42 713	3 612	46 325
Net spending:			
OPEX/lay up costs	(404)	(1 332)	(1 736)
Dry docking	(200)	(1 931)	(2 131)
Start-up expenses	(1 012)	(70)	(1 082)
+/- other	(350)	10	(340)
Sum outflow	(1 966)	(3 323)	(5 289)
Investment in vessels	40 000	-	40 000
Cash build-up	747	289	1 035

Agenda

- I. Highlights
- II. Financial information
- III. Fleet**
- IV. Company overview
- V. Market overview

SDSD – Fleet overview

Standard (3x PSVs)

- **Avg. price:** ~USD 13.3m⁽¹⁾
- **Ownership:** 100%
- **Deck-space:** 1,060m²
- **Design:** ST-216 L CD
- **Yard:** Aker Brattvaag
- **Manager:** Fletcher



Standard Viking (2007)



Standard Supplier (2007)



Standard Princess (2008)

PSVO III (7x PSVs)

- **Avg. price:** USD 2.5m⁽¹⁾
- **Ownership:** ~25.5%
- **Deck-space:** 700m²
- **Design:** VS 470 MK II
- **Yard:** Kleven
- **Manager:** Fletcher



FS Kristiansand (2005)



FS Bergen (2006)



FS Arendal (2006)

- **Avg. price:** ~USD 5.4m⁽¹⁾
- **Ownership:** ~25.5%
- **Deck-space:** 680m²
- **Design:** UT 755 LN
- **Yard:** Aukra
- **Manager:** Fletcher



FS Abergeldie (2008)



FS Aberdour (2009)

- **Avg. price:** USD 5.9m⁽¹⁾
- **Ownership:** ~25.5%
- **Deck-space:** 710m²
- **Design:** UT 755 LN
- **Yard:** Aker Brevik
- **Manager:** Fletcher



FS Braemar (2007)



FS Balmoral (2008)

NWS (6x PSVs)

- **Avg. price:** ~USD 5.1m⁽¹⁾
- **Ownership:** ~26.2%
- **Deck-space:** 728m²
- **Design:** 3300 CD
- **Yard:** Damen SG (Galati)
- **Manager:** Remøy/Tschudi



World Diamond (2013)



World Peridot (2013)



World Pearl (2013)



World Emerald (2013)



World Opal (2013)



World Sapphire (2013)

PSVO III
A
(3x PSVs)

PSVO III
B
(2x PSVs)

PSVO III
C
(2x PSVs)

PSV Opportunity I (PSV OIIIA) & II (PSV OIIIB) DIS have been merged into PSV Opportunity III DIS

Total combined ownership of 7x vessels in PSVO III of ~25.5%

SDSD – Contract overview

Contract overview as of Aug-17

Vessel	Built	Client	Country	2017		2018					
				3Q	4Q	1Q	2Q	3Q	4Q		
FS Arendal	2006	Repsol	UK	Contract	Contract	Contract	Contract	Contract	Contract	Contract	18 month firm
Standard Viking	2007	Peterson	UK	Contract	Contract	Contract	Contract	Options	Options	Options	12 month firm + 2x1 year options
FS Aberdour	2009	Centrica	UK	Contract	Contract	Contract					9 month firm
FS Balmoral	2008	Ineos	UK	Contract	Contract	Options	Dry-dock	Options	Options		2 wells + 1 re-entry well firm (~220 days) + 5x1 well options (~30-90 days per well)
Standard Princess	2008	Centrica	UK	Contract	Contract		Dry-dock				1 well firm (~70 days)
FS Kristiansand	2005	Perenco	UK	Contract	Options						1 well firm (~90 days) + 1 well option (~90 days)
Standard Supplier	2007	Ithaca Energy	UK	Contract	Options						1 month firm + 1 month option

■ Contract
■ Options
■ Dry-dock

- Several of the company's vessels have secured short term or long term charters to reputable counterparts
 - 3x of 3x PSV SV vessels currently working (2 on term contract and 1 in spot market)
 - 4x of 7x PSV III vessels on term charter, remaining 3x in warm lay-up (marketed)
 - 6x of 6x NWS vessels in lay-up
 - Continuous dialogue with operators to extend existing contracts
- The company is actively seeking to establish firm contracts for all of the vessels in SDSD's fleet
 - 3x PSV SV and 7x PSVO III vessels are managed by Fletcher Shipping
 - 4x NWS vessels are managed by Remøy Management and 2x by Tschudi Ship Management



SDSD – Utilization overview

Historical utilization of working vessels

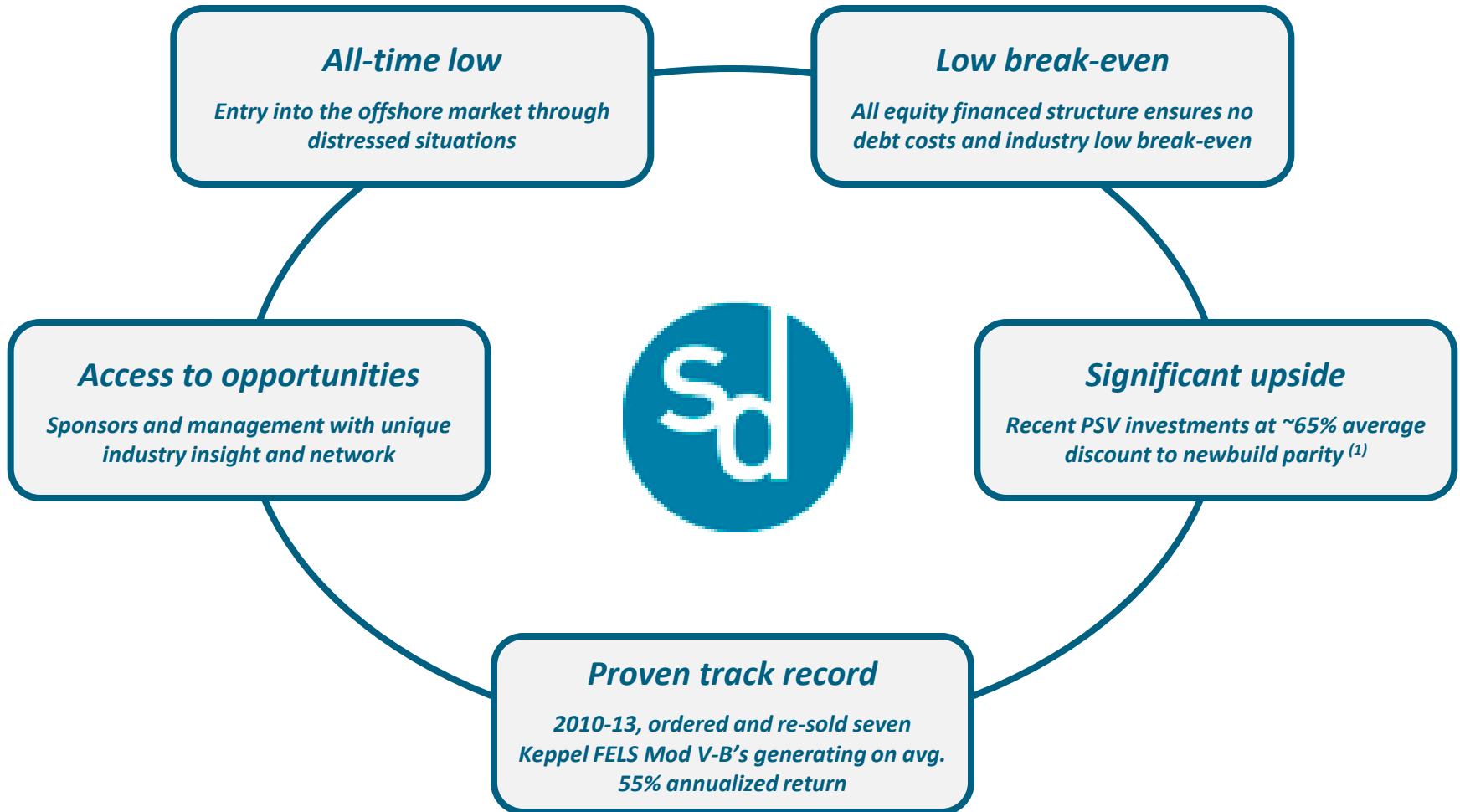
Period (2017):	FS Kristiansand	FS Arendal	FS Aberdour	S. Princess	S.Viking	FS Balmoral	S. Supplier
Jan, days	31	31	18				
Feb, days	28	28	0	3			
Mar, days	31	31	8	31			
1Q17, %	100 %	100 %	29 %	72 %			
Apr, days	30	21	4	30	10		
May, days	31	0	15	31	15	19	
Jun, days	30	22	30	27	10	7	4
2Q17, %	100 %	48 %	54 %	96 %	39 %	43 %	12 %
Jul, days	31	31	31	20	25	26	29
Aug, days	31	31	31	27	31	31	31
3Q17, % (to date)	100 %	100 %	100 %	76 %	91 %	93 %	97 %

- FS Balmoral 2Q17 utilization is based on 61 days available for May and June only
- Standard Princess 1Q17 Utilisation is based on 46 days available from 13th February
- Standard Supplier 2Q17 Utilisation is based on 30 days available for June only

Agenda

- I. Highlights
- II. Financial information
- III. Fleet
- IV. Company overview**
- V. Market overview

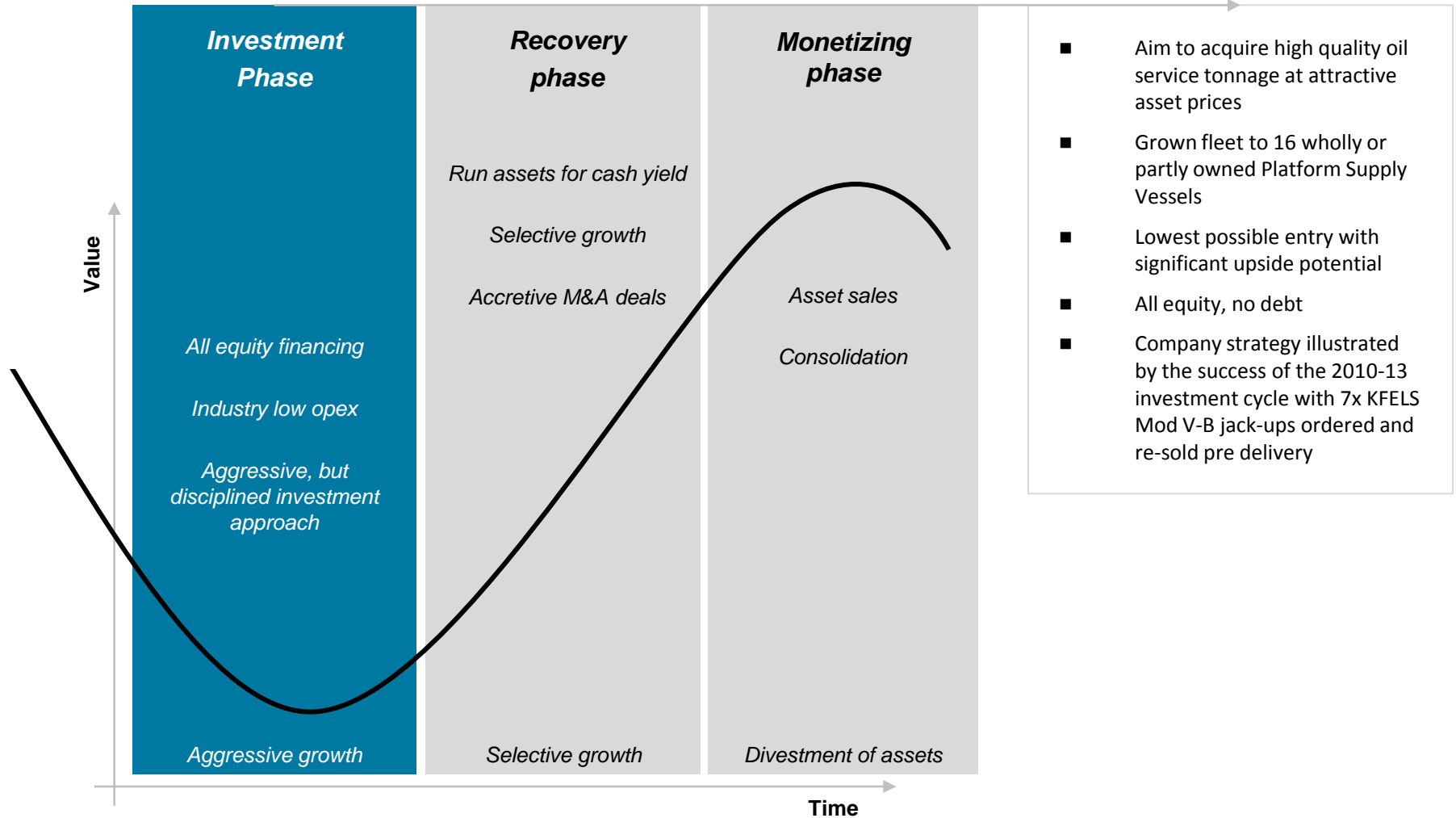
SDSD – Strategy (1/2)



(1) Simple average of 82%, 65%, 59%, 47% and 73% discount to newbuild parity for the seven (3x, 2x, 2x) vessels owned by PSV Opportunity III DIS, the three (3x) large PSV Standard Vessels and the six (6x) mid-size PSVs owned by New World Supply Ltd., respectively

SDSD – Strategy (2/2)

To own or control a large fleet of oil service assets purchased at low valuations



SDSD – Timeline of events

2010:

- Ordered and initiated the construction of one (1) KFELS MOD V-B jack-up rig (B319)
- Completed a USD 42m equity private placement
- Company converted from a private limited company to a public limited company

2012-2013:

- Sold the remaining six (6) Keppel FELS jack-up rigs (B324, B325, B337, B338, B339 and B340) prior to delivery

2016:

- 20% investment in PSV Opportunity I & II DIS, and received corresponding ownership in five (5) mid-size PSVs
- Raised NOK 275m through an equity private placement

2011:

- Listed on Oslo Axess (ticker “SDSD”)
- Acquired two (2) jack-ups from Clearwater Capital Partners (B324 and B325). Furthermore, the company ordered and initiated the construction of four (4) KFELS MOD V-B jack-up rigs (B337, B338, B339 and B340)
- Completed a USD 330m equity private placement
- Sold the company’s initial Keppel FELS newbuild contract (B319) prior to delivery

2014:

- Purchased 24m shares in Prospector Offshore Drilling (25.37% of all outstanding shares)
- Later disposed of all shares in Prospector Offshore Drilling due to negative development in the drilling space, hence were able to cut losses before the offshore drilling market tumbled

2017:

- Company made a 35% investment in PSV Opportunity III DIS, and received corresponding ownership in two (2) mid-size PSVs
- Company acquired three (3) large PSV Standard Vessels
- Company made a 26.2% investment in six (6) mid-size PSVs through an equity investment in New World Supply Ltd.
- Raised NOK 100m through an equity private placement plus a subsequent offer of ~NOK 3.6m
- Raised ~NOK 198m through an equity private placement
- Reverse share split, 3 old shares gave 1 new share
- Company transferred its listing venue from Oslo Axess to Oslo Stock Exchange / Oslo Børs
- PSV Opportunity I & II DIS merged into PSV Opportunity III DIS, ~25.5% combined ownership of the 7x vessels

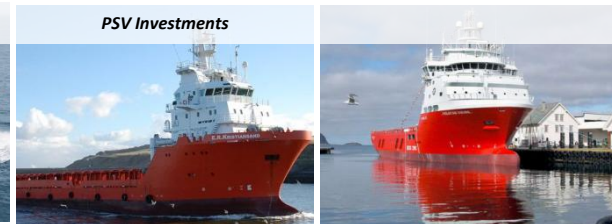
Seven (7) jack-ups ordered from Keppel FELS in Singapore



Prospector Offshore Drilling



PSV Investments



SDSD – Capital markets activity

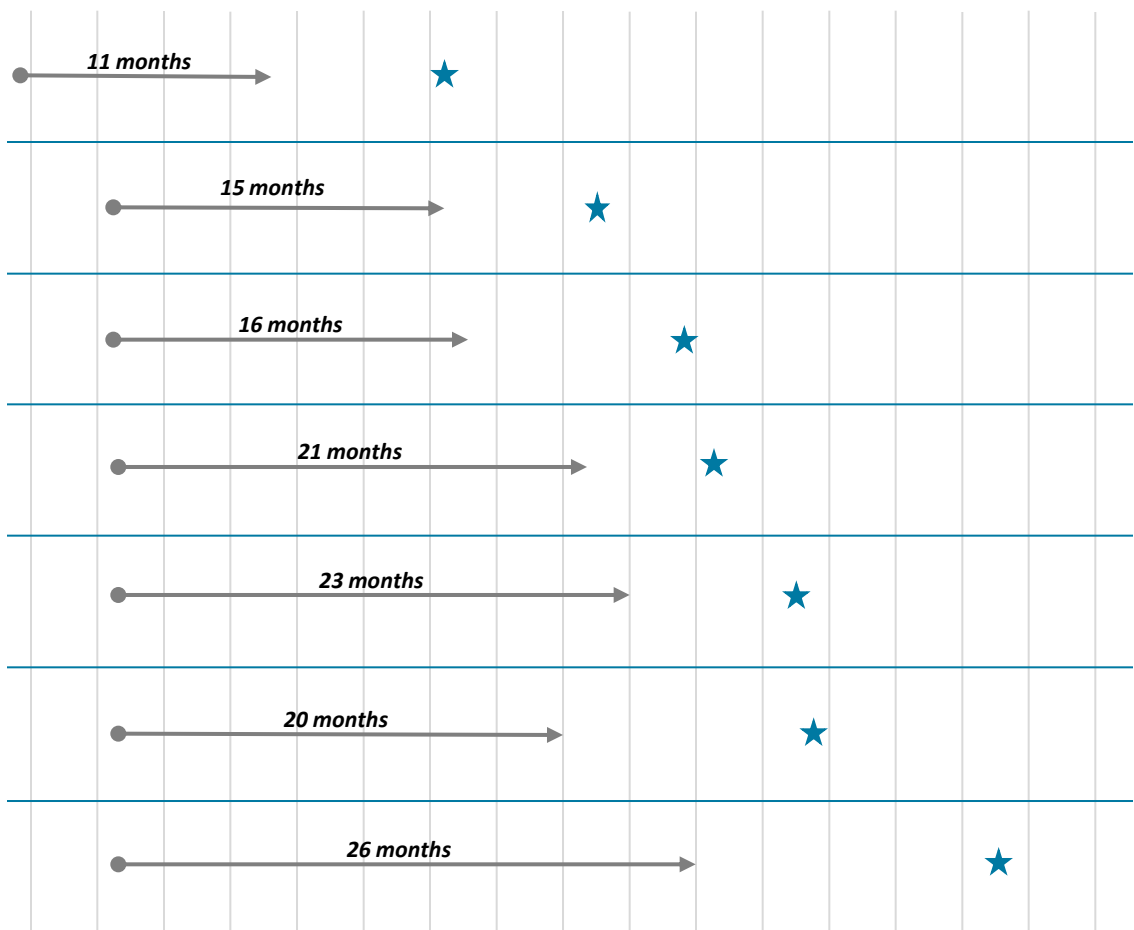
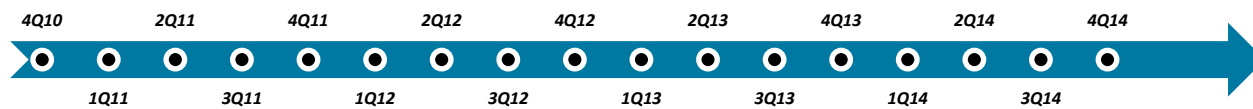
Prior capital markets activity and dividends

- **The Company has since inception completed six (6) equity private placements, totaling ~USD 476m:**
 - Dec-10: USD 42m private placement issued at USD 1/share. Net proceeds used to order (1) jack-up newbuild at KFELS in Singapore
 - Apr-11: USD 330m private placement issued at USD 1.5/share. Net proceeds used to acquire two (2) “resale” jack-up newbuild contracts and simultaneously order four (4) jack-ups at KFELS in Singapore
 - Dec-16: NOK 275m (~USD 31.6m) equity placement issued at NOK 0.65/share, plus NOK 3.6m (~USD 0.4m) subsequent offer at NOK 0.65/share
 - Jan-17: NOK 100m (~USD 11.8m) private placement issued at NOK 0.90/share
 - Jan-17: ~NOK 198m (~USD 23.7m) private placement issued at NOK 0.90/share
 - Apr-17: ~NOK 36m (~USD 4.2m) private placement issued at NOK 0.75/share in exchange for shares in New World Supply Ltd., increasing ownership from ~15.6% to ~26.2%

- **The Company has since its inception made five (5) distributions to its shareholders, totaling ~USD 467m:**
 - Jan-13: USD 0.14/share (total of ~USD 36.7m)
 - May-13: USD 1.22/share (total of ~USD 320m)
 - May-13: USD 0.26/share (total of ~USD 68.1m)
 - Aug-15: USD 0.035/share (total of ~USD 9.2m)
 - Oct-15: USD 0.126/share (total of ~USD 33m)



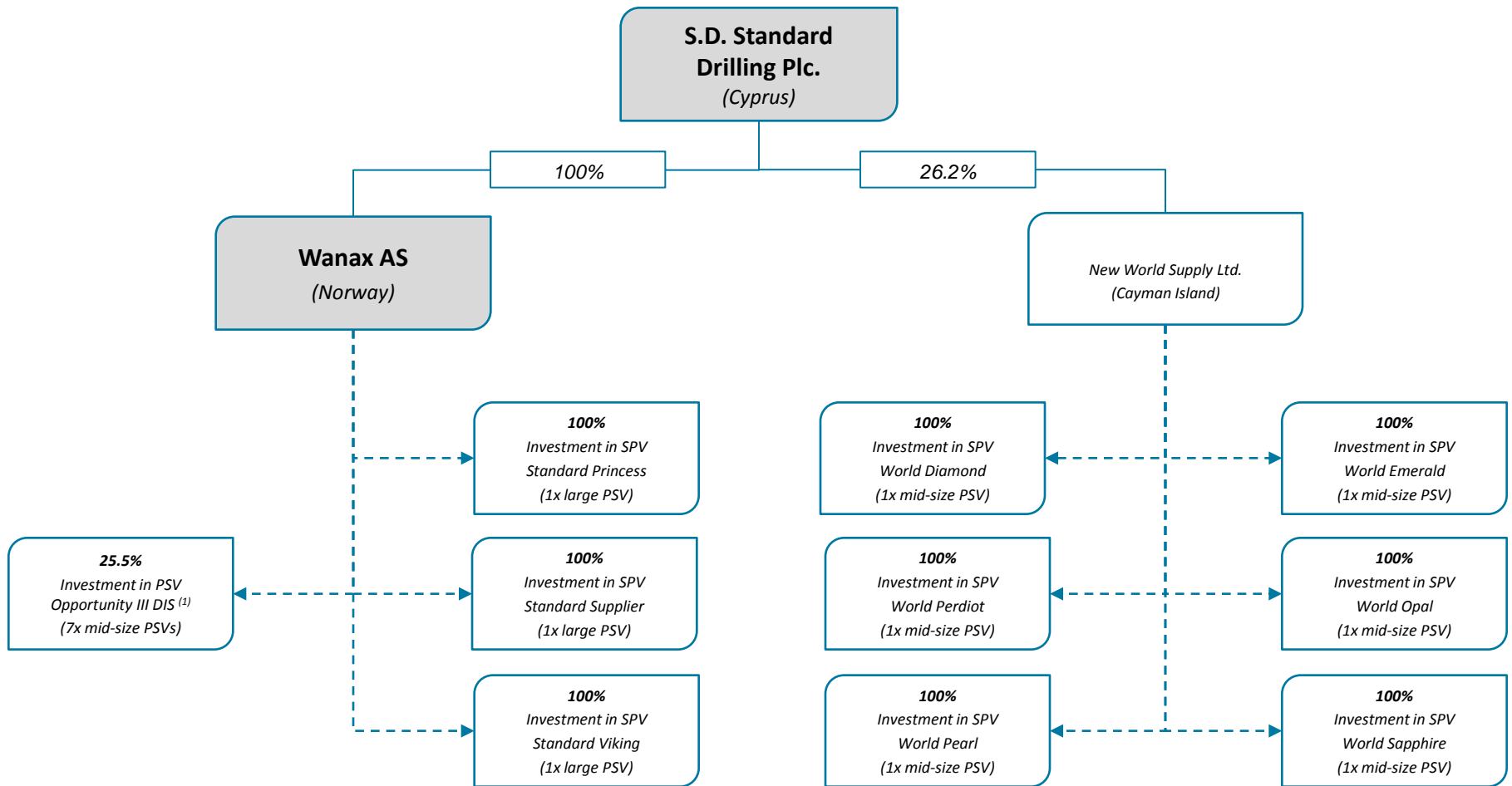
SDSD – Realized jack-up investments 2010-2013



	Purchase price (USDm)	Sales price (USDm)	Ann. return (%) ⁽¹⁾
B319	179	220	125%
B324	180	214	67%
B325	180	213.5	63%
B337	192	222.5	38%
B338	192	215	26%
B339	192	220	37%
B340	192	223	30%

(1) Annualized return (%) over the 'holding period', assuming 20% down-payment on each jack-up, net of estimated project management cost and transaction fees and expenses

SDSD – Legal structure



Management and Board of Directors



Evangelia Panagide- General Manager

- Ms. Panagide was elected general manager in Sept-13
- Mr. Panagide is based in the Company's headquarter in Cyprus and has run this office since 2011



Christos Neocleous – Chief Financial Officer (CFO)

- Mr. Neocleous has been involved with the Company since its incorporation and has been appointed to serve as Chief Financial Officer since Jul-17
- He has more than 25 years of experience and has been a partner in Deloitte in Cyprus since 2009 .
- Experience in numerous audit and accounting fields, International Financial Reporting Standards, taxation policies, Cyprus Companies Law and day to day administration processes
- Member of the Chartered Association of Certified Accountants (FCCA), Institute of Certified Public Accountants of Cyprus (ICPAC) and of The Association of Accounting Technicians (MAAT).

Martin Nes – Chairman of the Board

- Mr. Nes has been involved in the company since its incorporation in 2010 and was re-appointed Chairman in Aug-13. He is well versed in the company having previously held the roles of Chairman and Acting CEO
- Mr. Nes is CEO of Ferncliff Tih AS, one of Norway's largest investment companies, and has previously worked for law firms Wikborg Rein and Evensen & Co
- Mr. Nes has extensive shipping/offshore, corporate and board experience and serves as chairman/ board member in a number of listed and unlisted companies
- Mr. Nes holds a law degree from University of Oslo and a Master of laws' degree from University of Southampton, England

Arne Fredly – Independent Director

- Mr. Fredly was appointed to the board of directors in Jan-16
- Mr. Fredly is an independent professional investor and was previously senior partner and the second largest shareholder of ABG Sundal Collier, an independent Nordic Investment bank, where he was head of equity sales and trading. Mr. Fredly has also worked for Alfred Berg
- Mr. Fredly holds a Master of Science in Finance from the Norwegian School of Economics and Business Administration

George Crystallis – Independent Director

- Mr. Crystallis was appointed to the board of directors in Dec-10
- George Crystallis is Managing Director of M.G. Crystallis & Co Limited, a Cyprus trading company .
- Mr. Crystallis has extensive board experience and serves on the boards of several Cypriot companies
- Mr. Crystallis holds a degree in Economics from the University of Freiburg, Germany

Top 20 shareholders as per Aug-17

No.	Name of shareholder	# of shares	% of shares
1	SAGA TANKERS ASA	56 099 555	15.73 %
2	EUROCLEAR BANK S.A./N.V.	32 341 540	9.07 %
3	HOLBERG NORGE	16 666 667	4.67 %
4	ARCTIC FUNDS PLC	16 220 726	4.55 %
5	J.P. MORGAN SECURITIES LLC	13 122 527	3.68 %
6	JPMORGAN CHASE BANK, N.A., LONDON	12 340 734	3.46 %
7	APOLLO ASSET LIMITED	12 333 525	3.46 %
8	J.P. MORGAN SECURITIES PLC	11 712 285	3.28 %
9	STATE STREET BANK AND TRUST COMP	11 666 667	3.27 %
10	HRF MARINE LLC	9 000 000	2.52 %
11	FIRST GENERATOR	8 677 563	2.43 %
12	THABO ENERGY AS	8 205 100	2.30 %
13	JPMORGAN CHASE BANK, N.A., LONDON	7 662 612	2.15 %
14	PARK LANE FAMILY OFFICE AS	7 500 000	2.10 %
15	VPF NORDEA NORGE VERDI	6 568 000	1.84 %
16	VPF NORDEA KAPITAL	5 553 139	1.56 %
17	RIEBER	4 389 834	1.23 %
18	TOLUMA NORDEN AS	4 204 539	1.18 %
19	SØRENSEN	3 792 853	1.06 %
20	VPF NORDEA AVKASTNING	3 785 643	1.06 %
	Total 20 largest	251 843 509	70.61 %
	Other shareholders	104 844 492	29.39 %
	Total	356 688 001	100.00 %

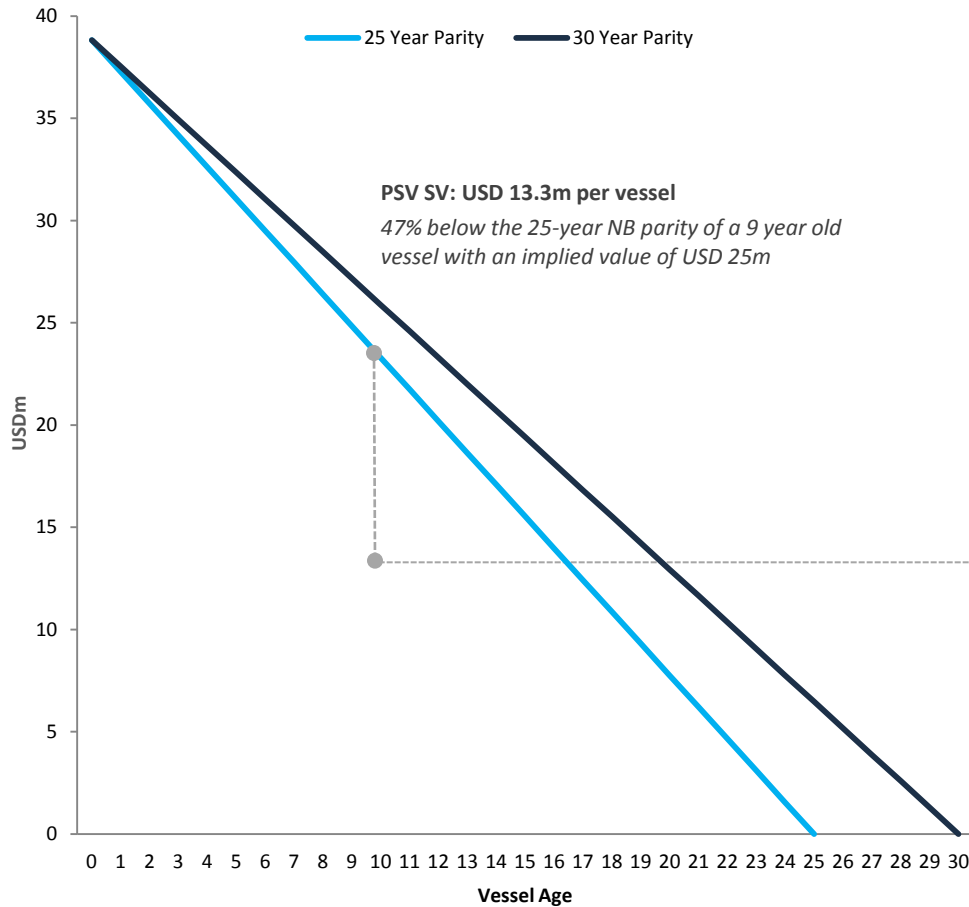
Agenda

- I. Highlights
- II. Financial information
- III. Fleet
- IV. Company overview
- V. Market overview

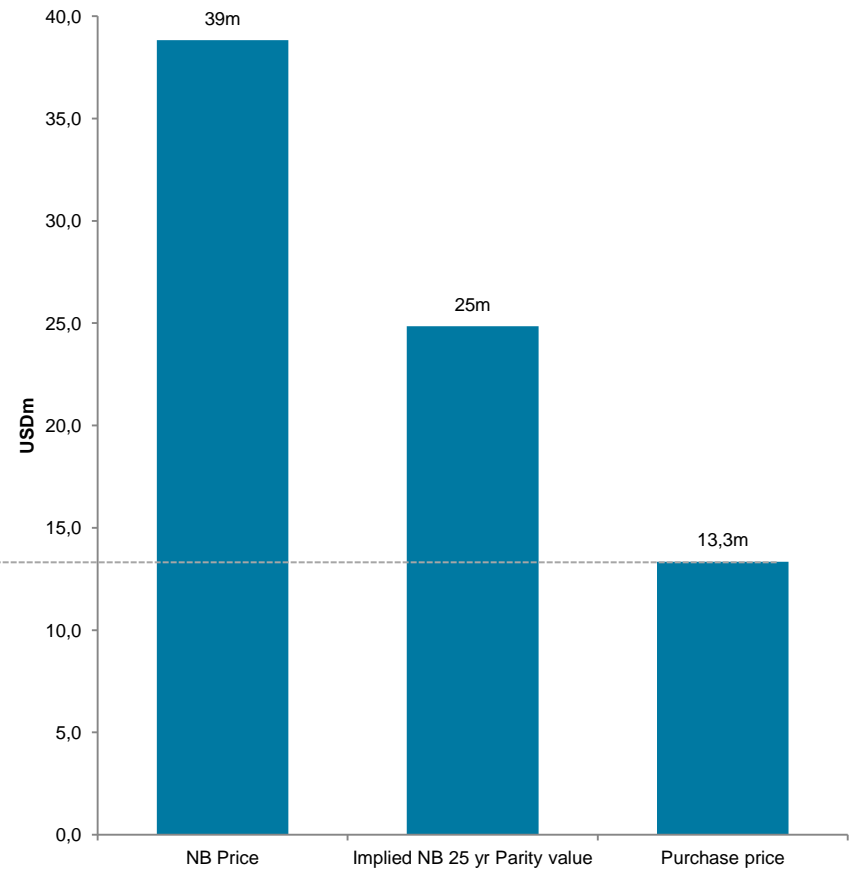
PSV Standard Vessels

Vessels purchased 47% below newbuild parity

Large PSV newbuild parity (1,000m²)



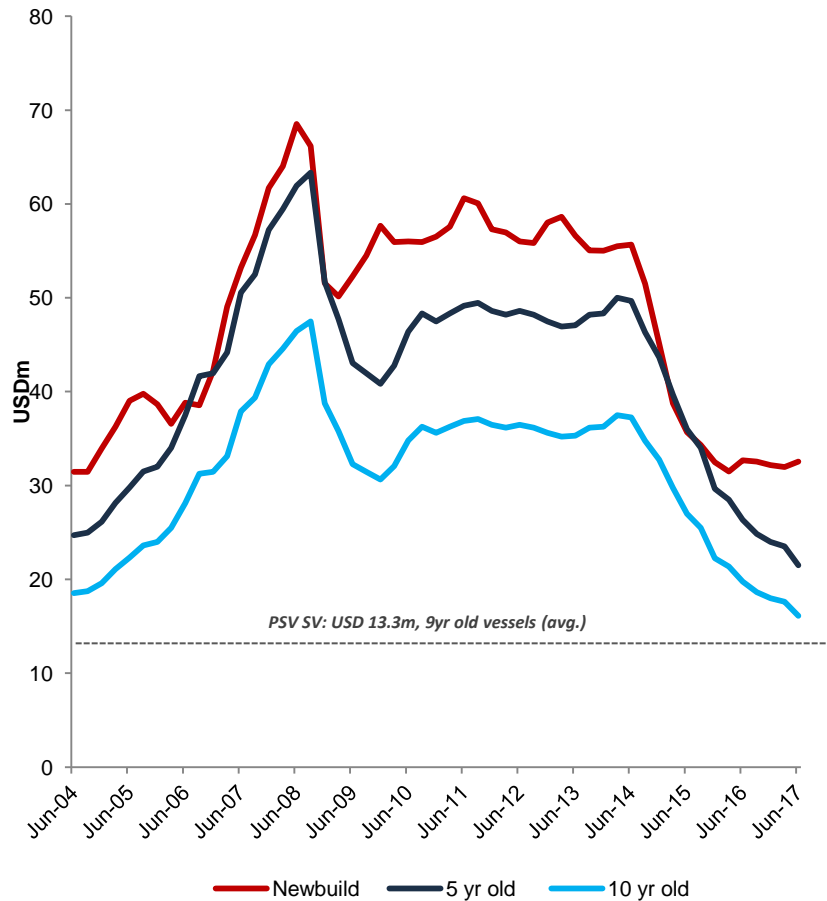
Large PSV values (1,000m²)



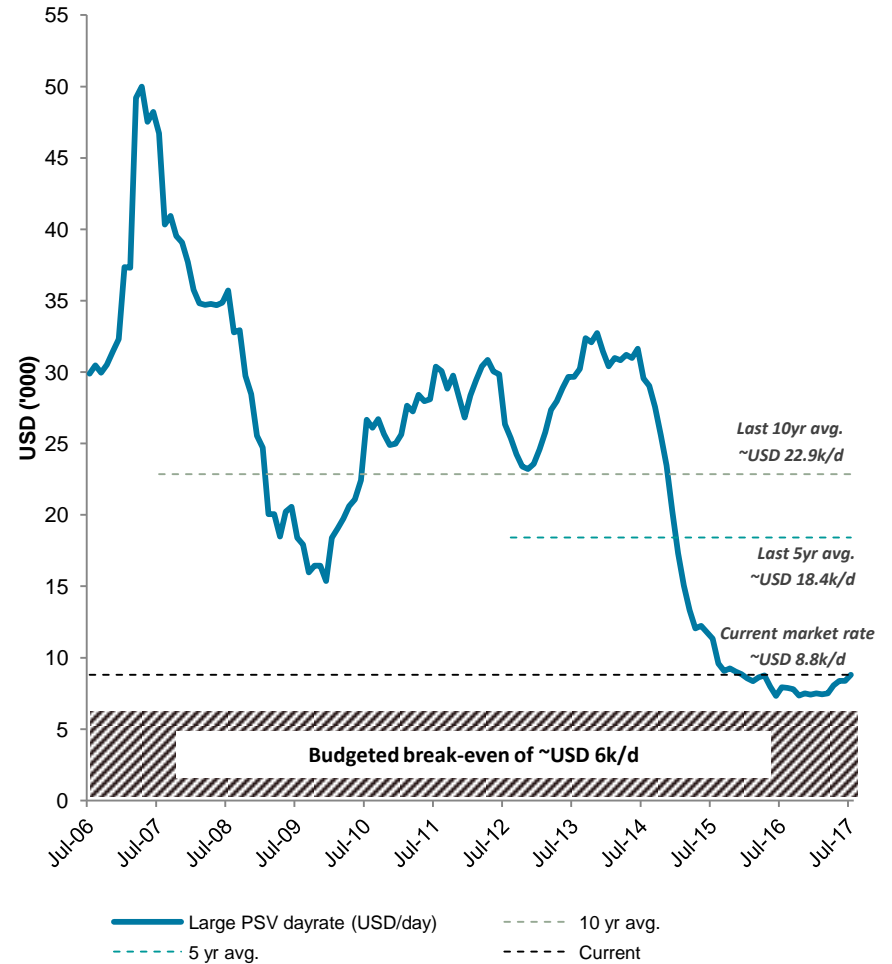
PSV Standard Vessels

Depressed dayrate and asset value levels

Large PSV secondhand values (1,000m²)



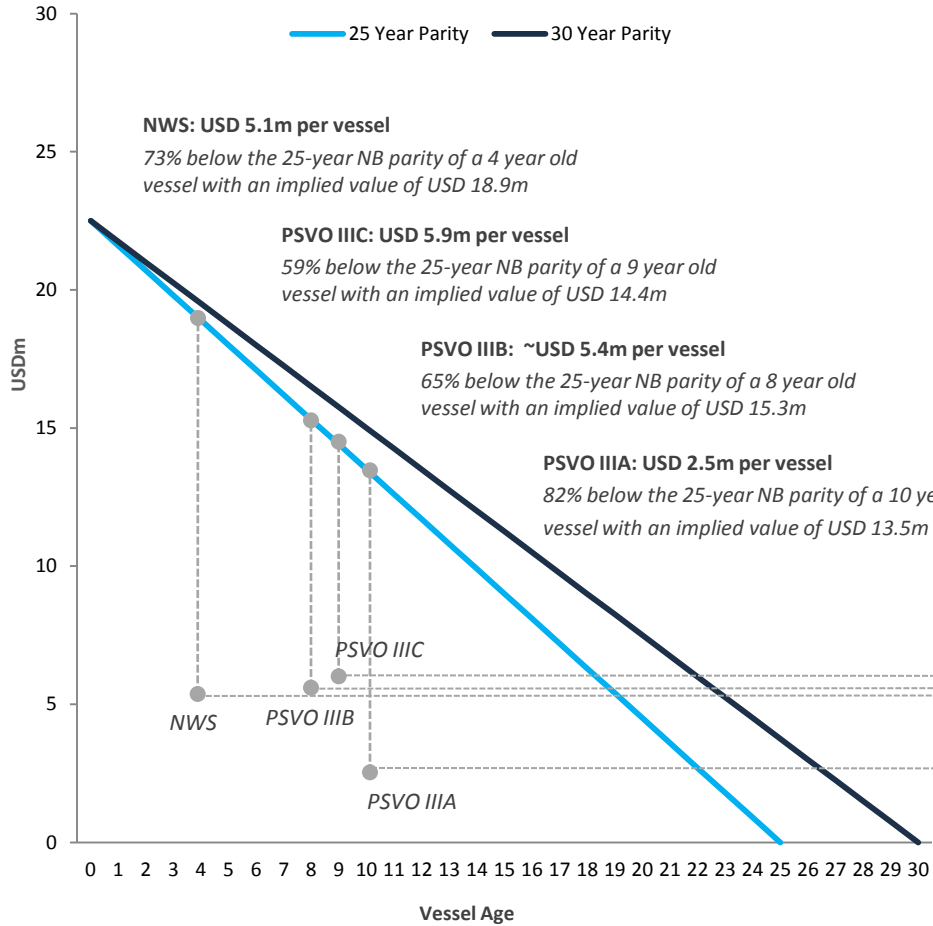
Large PSV term rates (900m²)



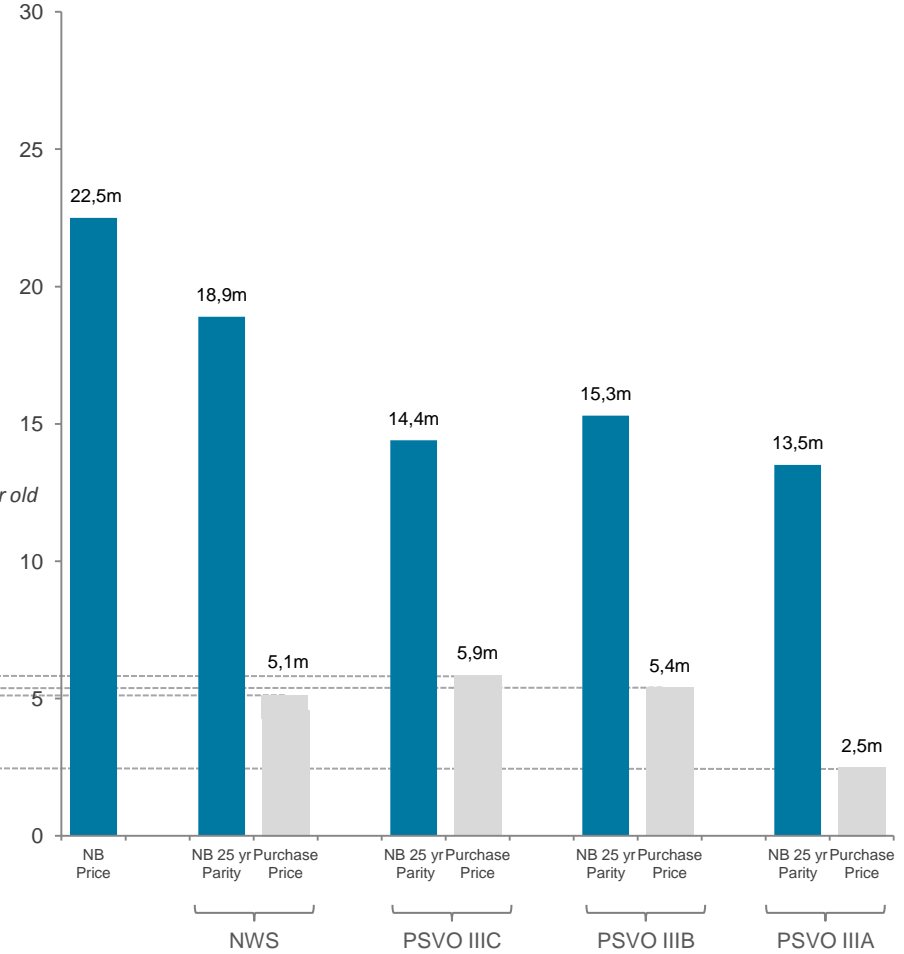
PSV Opportunity III DIS and NWS Vessels

Vessels purchased at significant discounts to newbuild parity

Mid-size PSV newbuild parity (500-750m²)



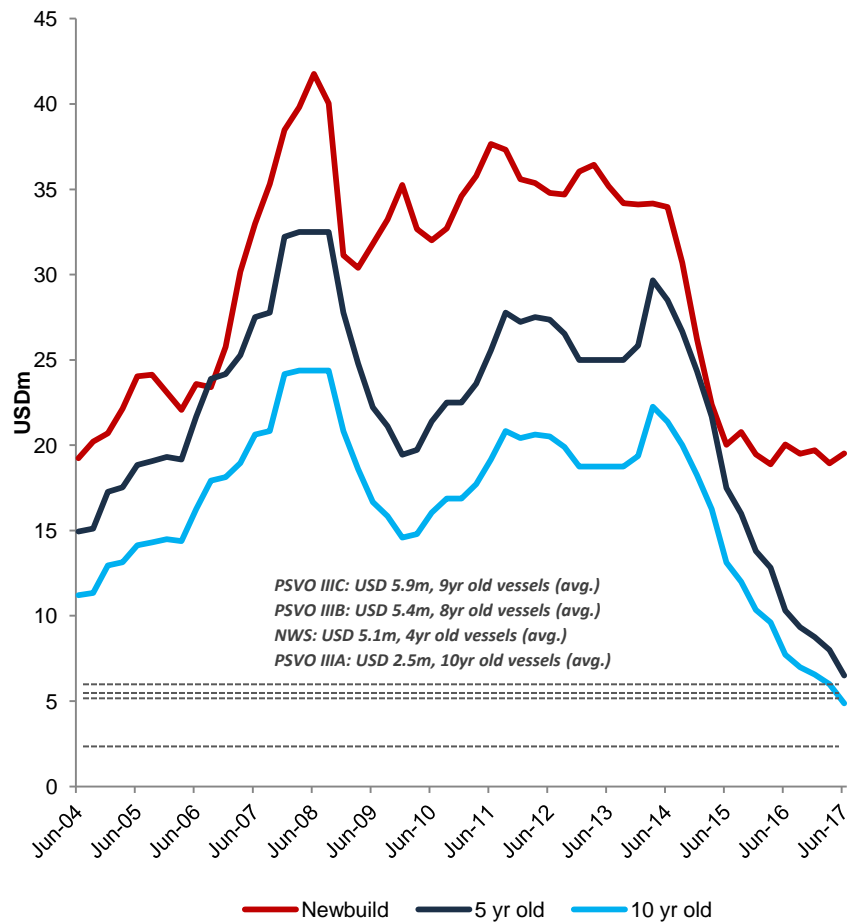
Mid-size PSV values (500-750m²)



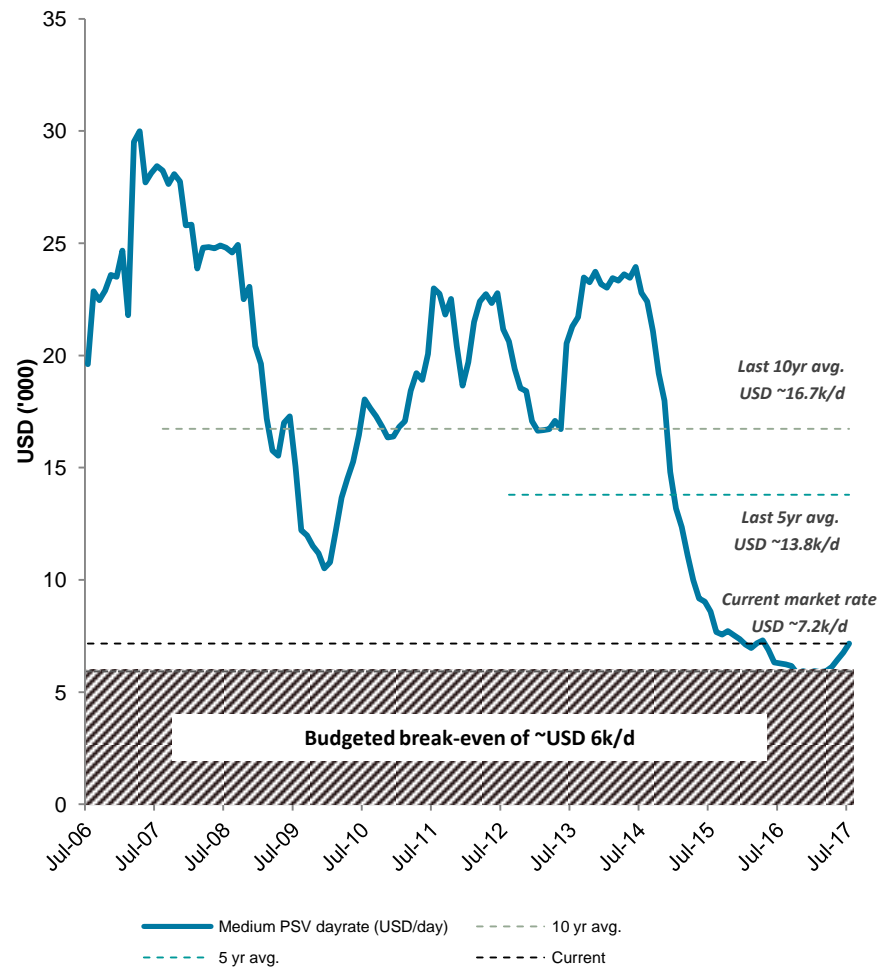
PSV Opportunity III DIS and NWS Vessels

Depressed dayrate and asset value levels

Mid-size PSV secondhand value (500-750m²)



Mid-size PSV term rates (500-750m²)





STANDARD DRILLING