

S.D. Standard Drilling Plc.

Company Presentation

12 September 2019



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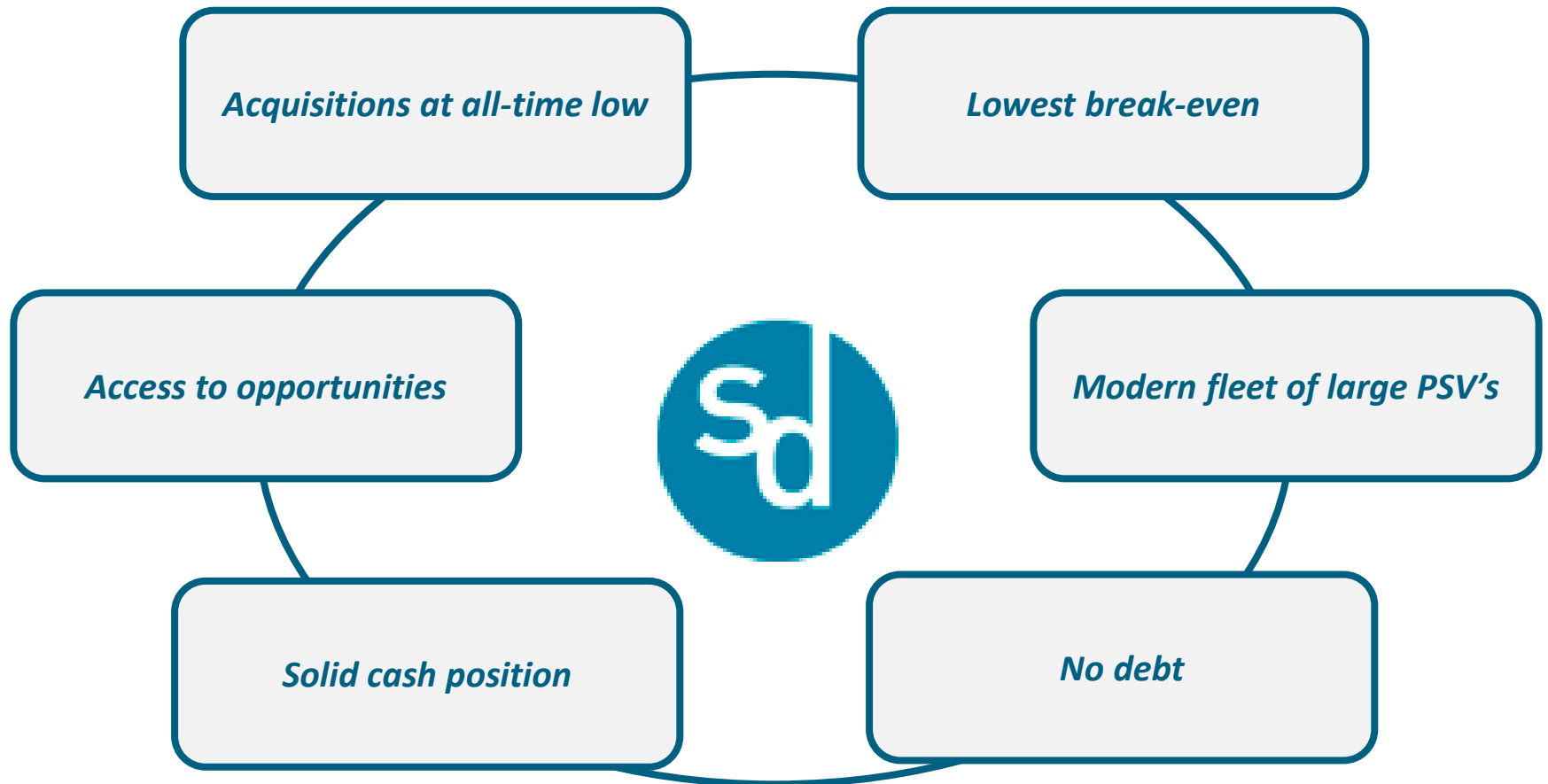
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Company overview

- Founded in 2010 - Headquarter in Limassol, Cyprus
- Listed on Oslo Stock Exchange (ticker: "SDSD")
- Cash balance end of July 19 of ~USD 29m ⁽¹⁾
- Market cap of USD ~65m ⁽²⁾
- Currently a total fleet consisting of 15x partly (+ 1 vessel on BB) or wholly owned Platform Supply Vessels
- Lean Management - Commercial and technical management outsourced to Fletcher Shipping



Asset Play - well positioned for recovery and opportunities



Highlights- Asset transactions

2010 – ENTERED THE JACK-UP SEGMENT:

- 2010 – 2011: Ordered seven (7) jack-up rigs at Keppel Fels for USD 1 307m
- 2011 – 2013: Sold seven (7) jack-up rigs for USD 1 528m

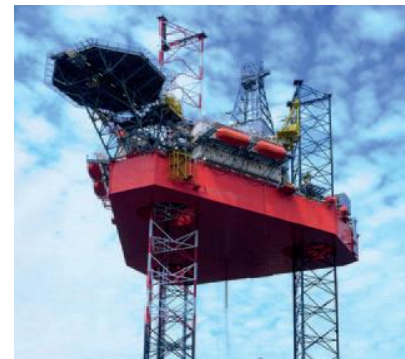
2016 – ENTERED THE PSV SEGMENT:

PURCHASE OF VESSELS:

- 2017 – 2019: Purchase of six (6) large size PSV's 100% owned for USD 70.3m
- 2016 – 2018: Purchase of nine (9) medium size PSV's through Northern Supply AS (25.5% owned) for USD 35m
- 2017 – 2018: Purchase of six (6) medium size PSV's through New World Supply Ltd (34.4% owned) for USD 27.5m⁽¹⁾

SALE OF VESSELS:

- 2018 – 2019: New World Supply Ltd sold all of the six (6) vessels
 - All vessels sold at significantly higher value compared to SDSD's acquisition price
- 2018: Northern Supply AS entered a sale-lease back contract for one (1) vessel



Competitive advantage in the current PSV 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

4 Independent position

Good cash position



Positive EBITDA



Extensive transaction experience

Large-size PSV vessels – 100% owned

Standard vessels (6x)



Standard Viking (2008)

Purchase price:

~USD 13.3m⁽¹⁾

Ownership: 100%

Deck-space: 1,060m²

Design: ST-216 L CD

Yard: Aker Brattvaag

Age: ~11 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: ~12 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: ~11 years

Standard Supporter (2009)

Purchase price:

~USD 11.1m⁽¹⁾

Ownership: 100%

Deck-space: 1,000m²

Design: UT 776 CD

Yard: STX Brevik

Age: ~10 years

Standard Provider (2010)

Purchase price:

~USD 11.1m⁽¹⁾

Ownership: 100%

Deck-space: 1,000m²

Design: UT 776 CD

Yard: STX Brevik

Age: ~9 years

Standard Olympus (2014)

Purchase price:

~USD 8.1m⁽¹⁾

Ownership: 100%

Deck-space: 800m²

Design: Havyard 832

Yard: Havyard Ship
Technology

Age: ~5 years

Delivered in May-19

Average purchase price: USD 11.7⁽¹⁾

Average age 9.7 years ⁽²⁾

Average newbuild price: ~USD 47.7⁽³⁾

⁽¹⁾ Excluding working capital and start-up costs

⁽²⁾ Including Standard Olympus that was delivered in May 2019

⁽³⁾ Based on estimated USDNOK when the vessel contracts were agreed with respective yards

Mid-size PSV vessels – Partly owned

Northern Supply vessels (8x) – 25.5% owned



2x vessels

Purchase price:

~USD 2.5m⁽¹⁾

Ownership: 25.5%

Deck-space: 680m²

Design: UT 755 LN

Yard: Aker Aukra

Avg. age: ~10 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: ~10 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: ~11 years

FS Braemar (2007)

FS Balmoral (2008)



2x vessels

Purchase price:

~USD 2.5m⁽¹⁾

Ownership: 25.5%

Deck-space: 700m²

Design: VS 470 MK II

Yard: Kleven

Avg. age: ~13 years

FS Kristiansand (2005)

FS Bergen (2006)

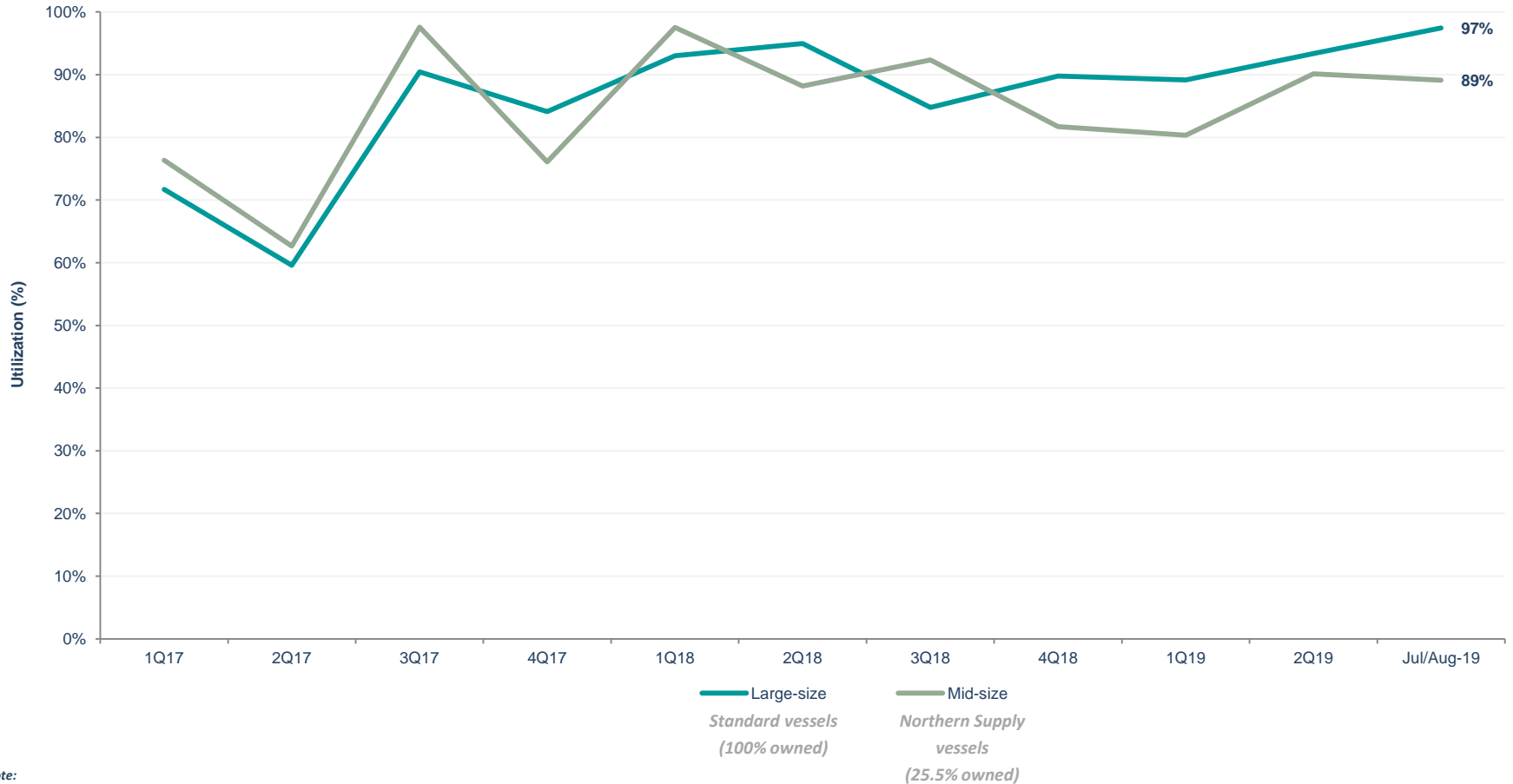
(FS Arendal (2006))⁽²⁾

(1) Excluding working capital and start-up costs

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

Fleet utilization

Combined fleet utilization 1Q17 to Aug-19

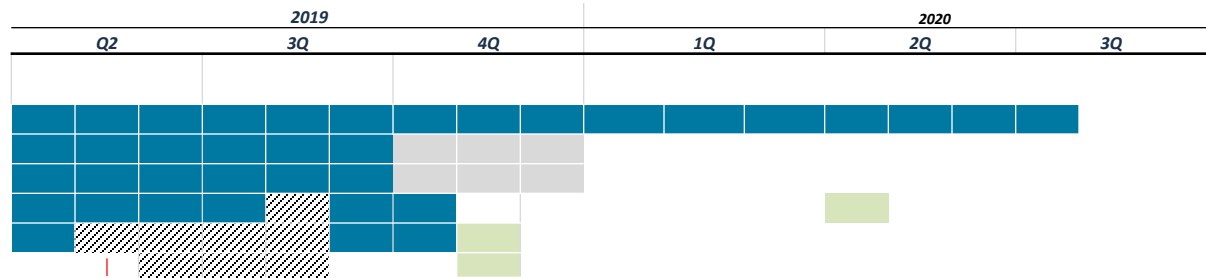


Note:
- Vessels unavailable due to dry docking, maintenance, class renewal and other

Contract coverage

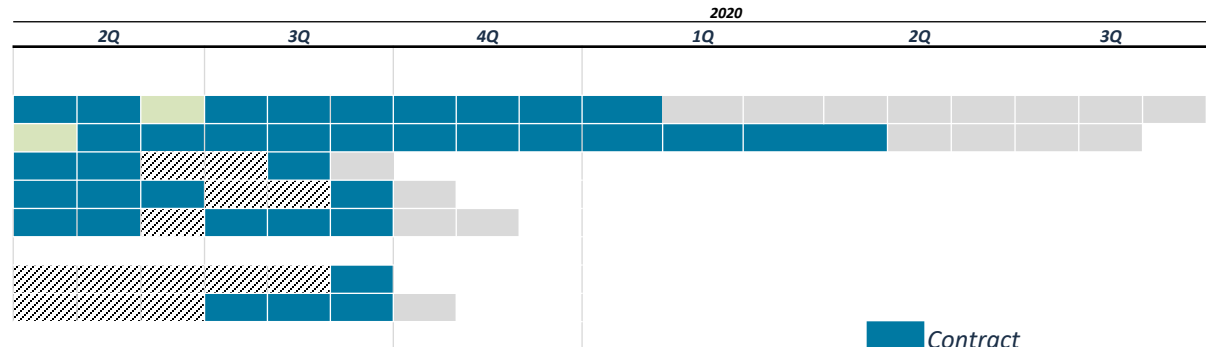
Standard vessels (100% owned)

Vessel	Built	Client	Country
Large-size Vessels			
Standard Viking	2007	Peterson	UK
Standard Princess	2008	Allseas	UK
Standard Supplier	2007	Allseas	UK
Standard Provider	2010	Equinor	UK
Standard Supporter	2009	Team (Chevron)	UK
Standard Olympus	2014	Anasuria	



Northern Supply vessels (25.5% owned)

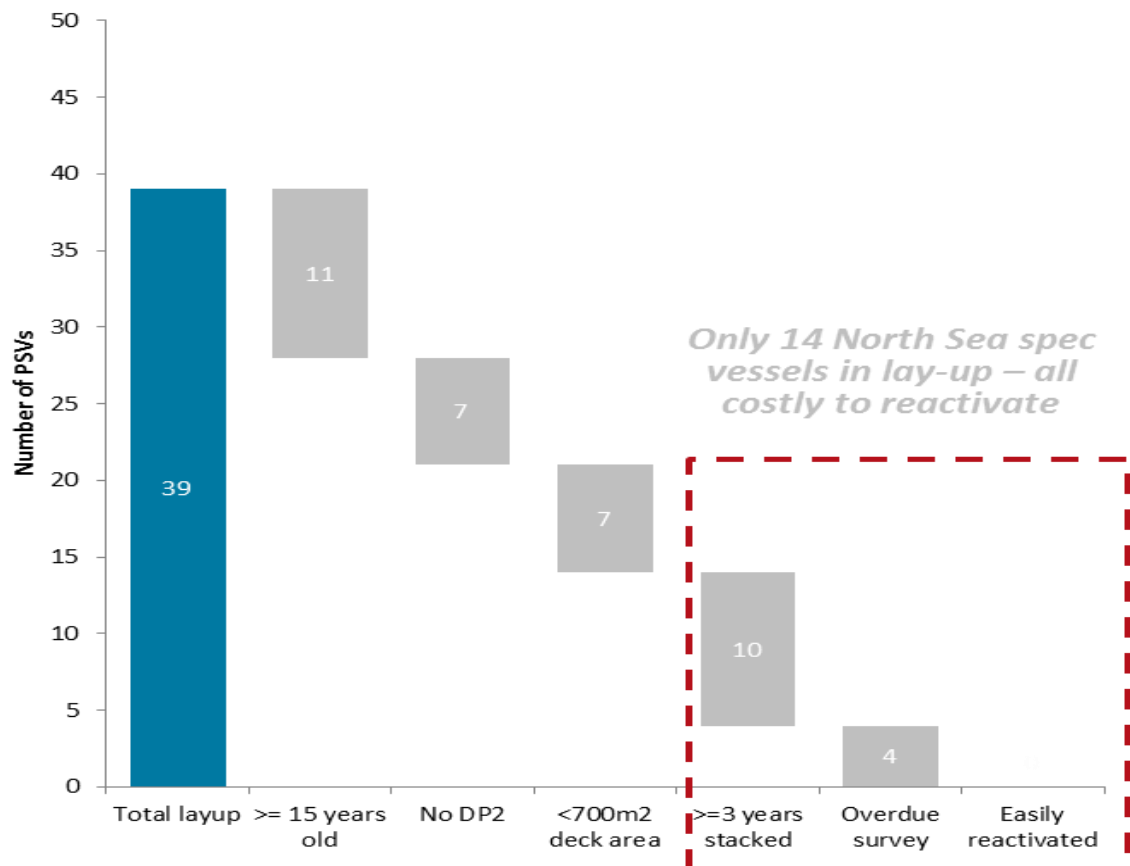
Vessel	Built	Client	Country
Mid-size Vessels			
FS Arendal	2006	Repsol	UK
FS Aberdour	2009	Spirit Energy	UK
FS Balmoral	2008	Shell UK	UK
FS Kristiansand	2005	Spot	UK
FS Braemar	2007	Peterson DH	UK
FS Bergen	2006	Lay-up	UK
FS Abergeldie	2008	Peterson DH	UK
FS Carrick	2009	IOG / Fraser wells	UK
FS Crathes	2008	Warm Lay Up	UK



- Contract
- Options
- Dry-dock
- Spot (passed)
- Spot (future)
- Purchase of Standard Olympus with delivery 3 May-19

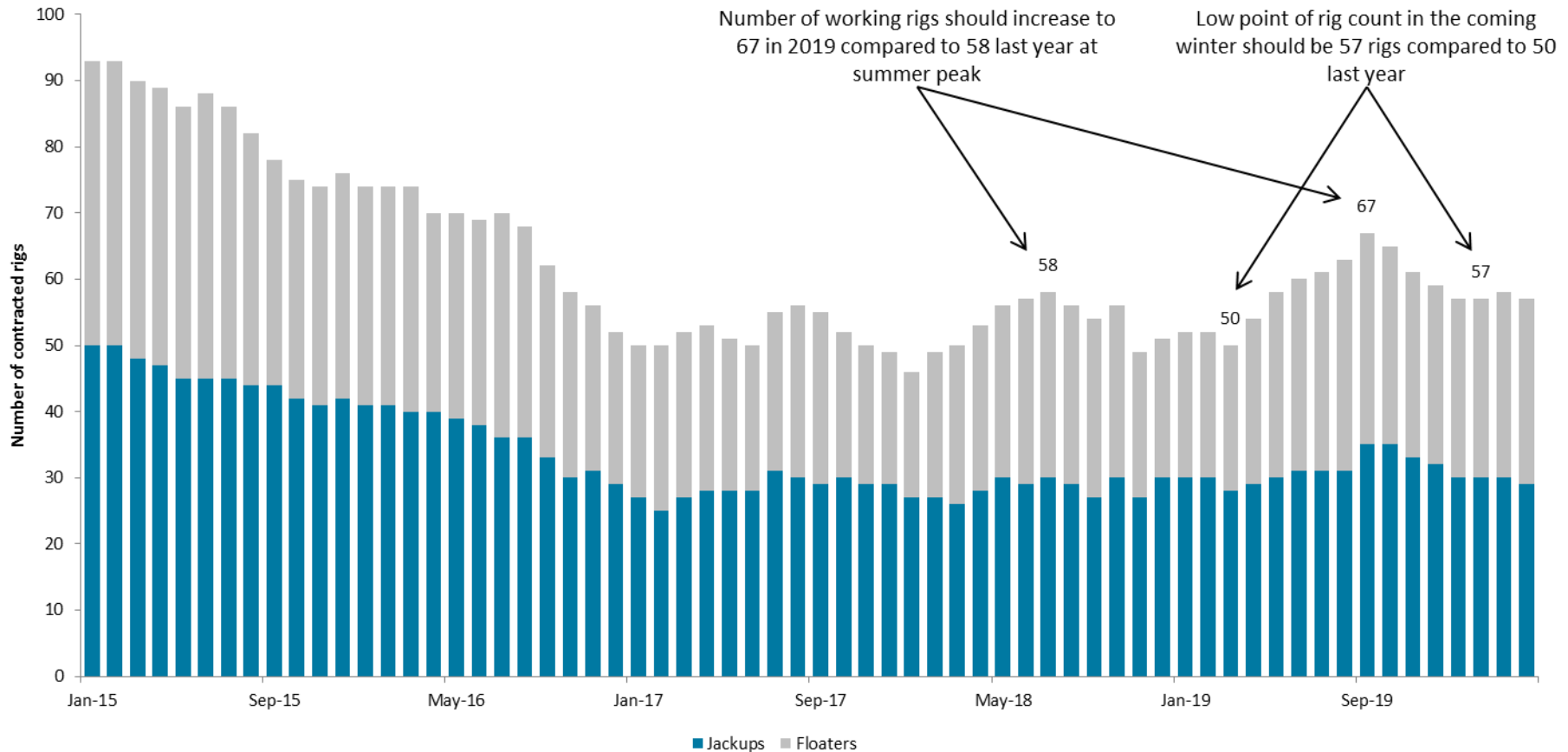
Lack of modern large size vessels available in the market

Breakdown of laid up North Sea PSV fleet (2Q19)



Signs of recovery- more contracted rigs should give increased demand for PSVs

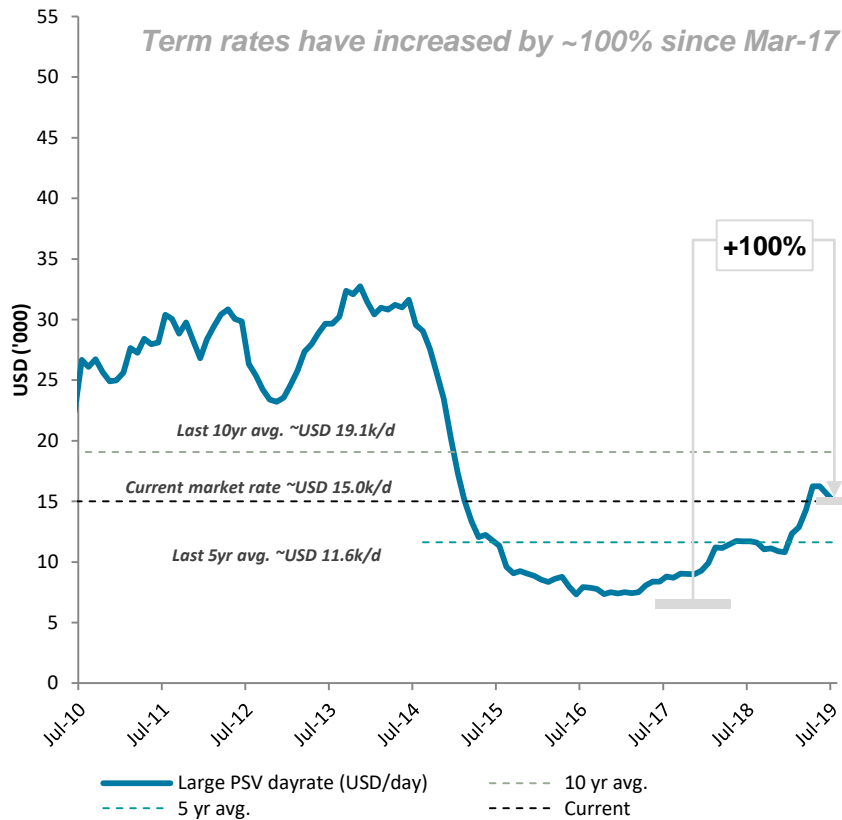
North Sea rigs on contract | Jan-15 to April-20



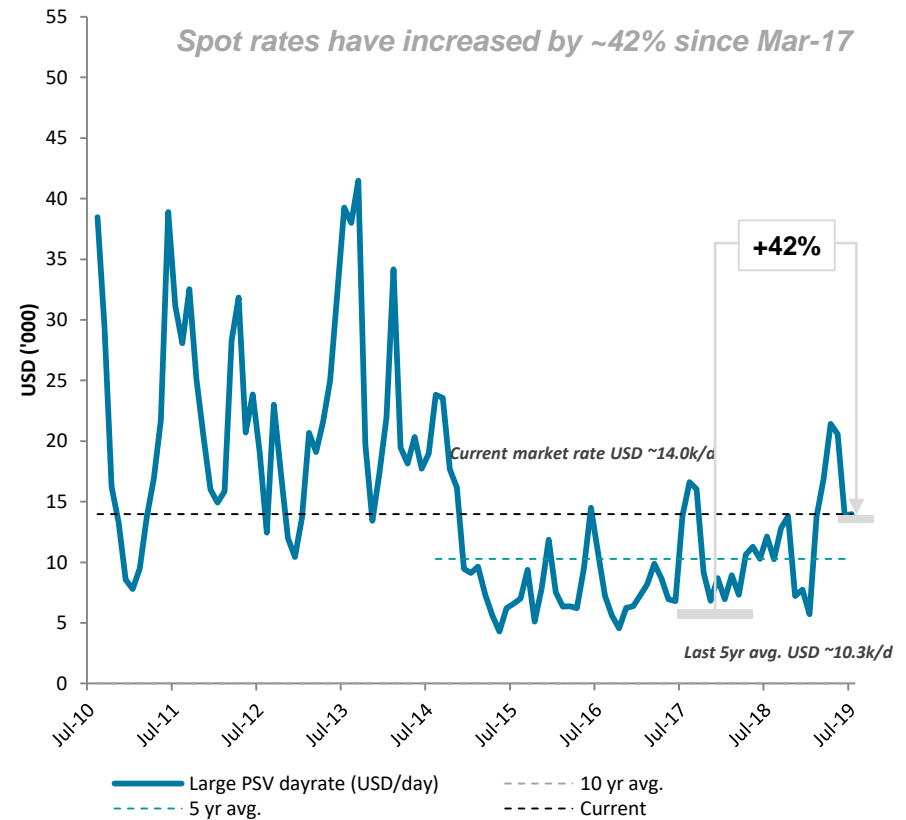
Increased rates – Large size PSV's

✓ Increased tender activity

Large-size PSV term rates (900m²)



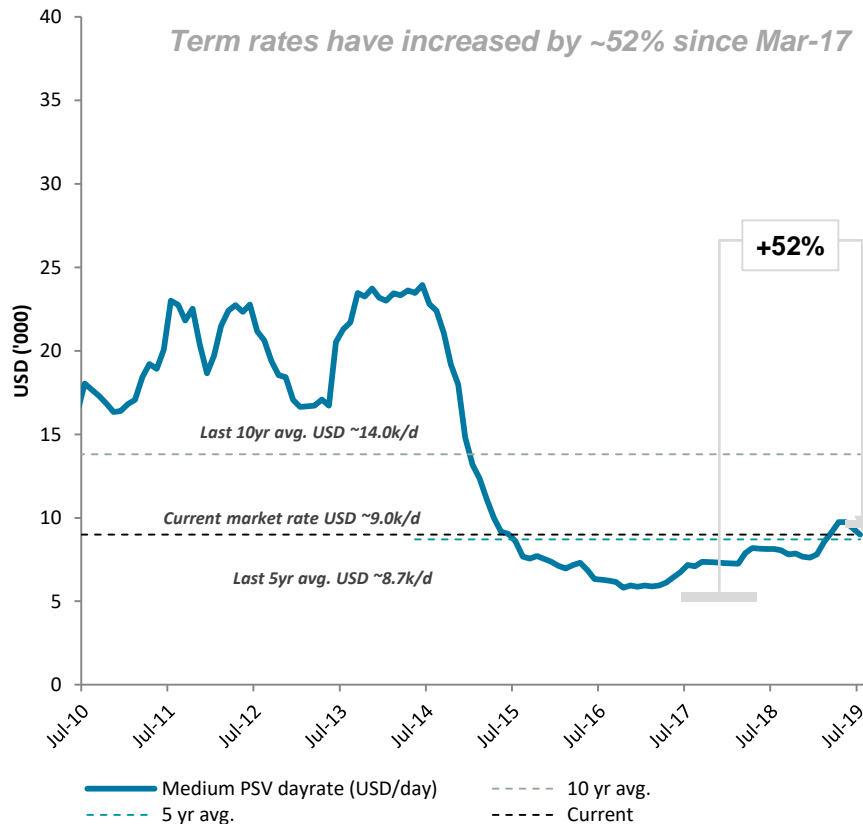
Large-size PSV spot rates (900m²)



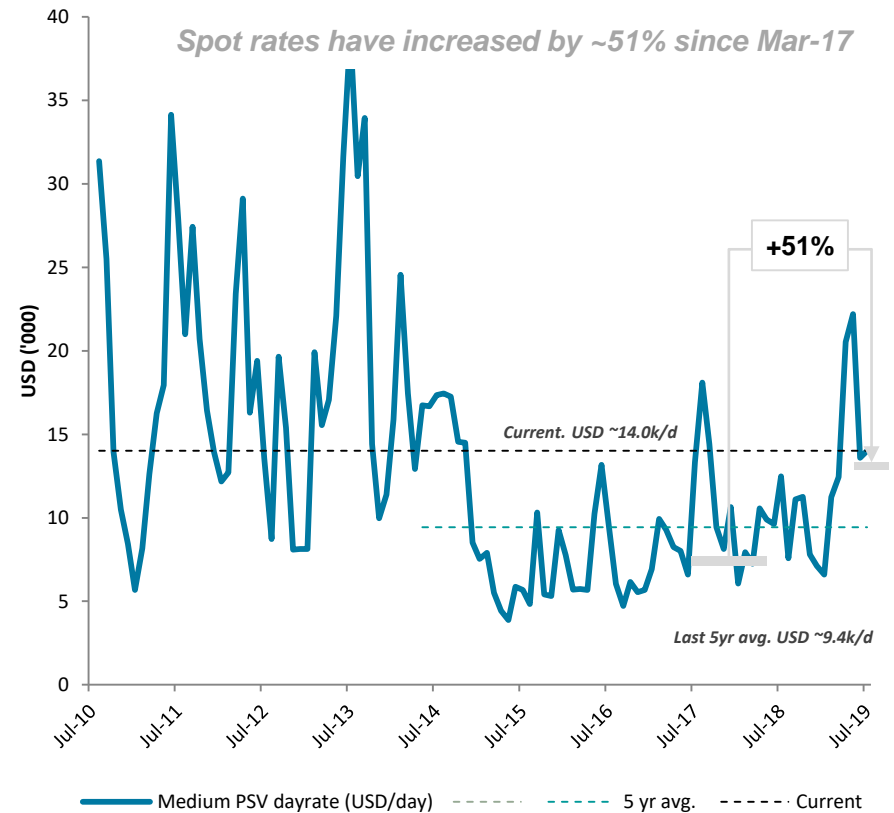
Increased rates –Medium size PSV's

✓ Increased tender activity

Mid-size PSV term rates (900m²)



Mid-size PSV spot rates (500-800m²)



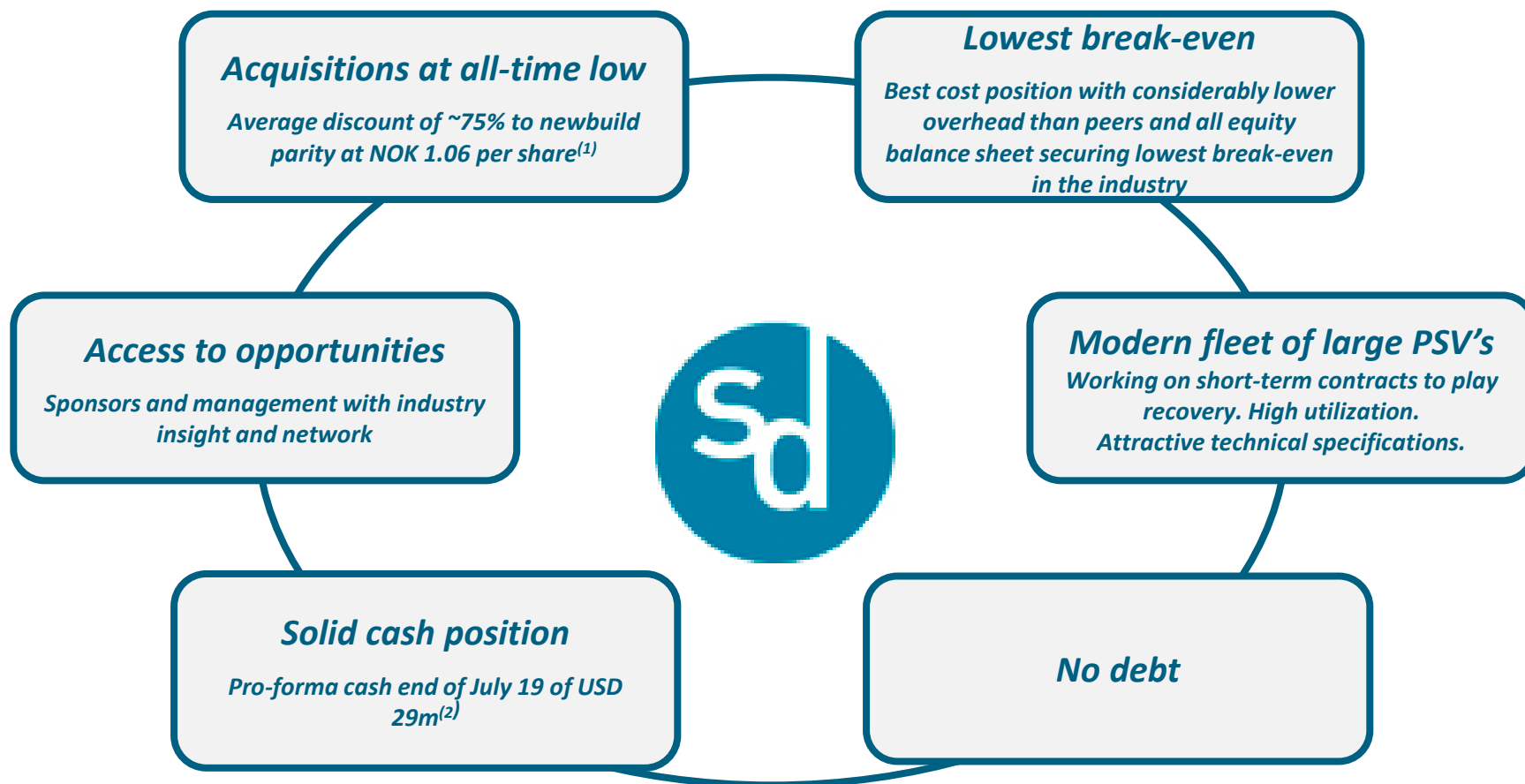
Signs of recovery- EBITDA moving in the right direction ⁽¹⁾

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



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

Summary - well positioned for recovery and opportunities



APPENDIX

Income statement

S.D. Standard Drilling – Income statement for 2Q19

	Three Months Ended		Six Months Ended	
	2019 Q2	2018 Q2	2019 Q2	2018 Q2
<i>(Amounts in USD 000)</i>			<i>Unaudited</i>	<i>Unaudited</i>
Income				
Changes in fair value on financial assets at fair value through profit or loss	4 674	(2 250)	7 622	(2 862)
Changes in fair value on financial assets at fair value through profit or loss-held for trading	-	1	-	1
Interest income	15	48	60	62
Net foreign currency gains or (losses)	22	(368)	109	517
Total net income / (loss)	4 711	(2 569)	7 791	(2 282)
Expenses				
Administration fees	(147)	(134)	(241)	(271)
Total operating expenses	(147)	(134)	(241)	(271)
Operating profit/(loss)	4 564	(2 703)	7 550	(2 553)
Finance costs				
Sundry finance income/(expenses)	(1)	-	(3)	(5)
Profit/(loss) for the period before tax	4 563	(2 703)	7 547	(2 558)
Income tax expense	-	-	-	-
Profit/(loss) for the period after tax	4 563	(2 703)	7 547	(2 558)
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Available-for-sale investments – Fair value gains/(loss)	-	-	-	-
Other comprehensive income for the period	-	-	-	-
Total comprehensive income/(loss) for the period	4 563	(2 703)	7 547	(2 558)
Earnings/(loss) per share				
Basic/diluted earnings/(loss) per share (USD)	0,01	(0,00)	0,01	0,00

Balance sheet

S.D. Standard Drilling – Balance sheet for 2Q19

<i>(Amounts in USD 000)</i>	30.06.2019	31.12.2018
ASSETS	<i>Unaudited</i>	<i>Audited</i>
Equipment and machinery	2	1
Financial assets at fair value through profit or loss	112 206	94 966
Total non-current assets	112 208	94 967
Trade and other receivables	35	25
Current tax asset	1	1
Cash and bank balances	6 590	16 382
Total current assets	6 626	16 408
Total Assets	118 834	111 375
EQUITY AND LIABILITIES		
Ordinary shares	17 281	17 281
Share premium	96 861	96 861
Accumulated profits/(losses)	4 683	(2 864)
Total equity	118 825	111 278
Trade and other payables	9	97
Total current liabilities	9	97
Total Equity and Liabilities	118 834	111 375

Cash flow statement

S.D. Standard Drilling – Cash flow statement for 2Q19

	Six Months Ended	
	2019	2018
	Q2	Q2
<i>(Amounts in USD 000)</i>		
	<i>Unaudited</i>	<i>Unaudited</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) for the period before income tax	7 547	(2 558)
Unrealised exchange (gain)/loss	(109)	60
Payments to financial assets at fair value through profit or loss	(9 618)	(5 305)
Interest income	(60)	(48)
(Increase)/decrease in trade and other receivables	(10)	(20)
(Increase)/decrease in financial assets fair value through profit or loss	(7 622)	2 861
Decrease in trade and other payables	(88)	(98)
Net cash generated from/(used in) operating activities	(9 960)	(5 108)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment to acquire equipment	(1)	-
Interest received	60	48
Net cash generated from/(used in) investing activities	59	48
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	-	12 600
Share issue costs	-	(576)
Net cash generated from/(used in) financing activities	-	12 024
Net (decrease)/increase in cash and cash equivalents	(9 901)	6 964
Cash and cash equivalents at beginning of year	16 382	12 148
Effect of exchange rate changes on the balance of cash held in foreign currencies	109	(60)
Cash and cash equivalents at end of period	6 590	19 052



STANDARD DRILLING