

# S.D. Standard Drilling Plc.

## 2Q 2019 Presentation

27 August 2019



# Important Information

This presentation may contain statements about future events and expectations that are forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as “believes”, “expects”, “anticipates”, “intends”, “estimates”, “will”, “may”, “continues”, “should” and similar expressions. These forward-looking statements reflect the Company’s beliefs, intentions and current expectations concerning, among other things, the Company’s results of operations, financial condition, liquidity, prospects, growth and strategies. Forward-looking statements include statements regarding: objectives, goals, strategies, outlook and growth prospects; future plans, events or performance and potential for future growth; liquidity, capital resources and capital expenditures; economic outlook and industry trends; developments of the Company’s markets; the impact of regulatory initiatives; and the strength of the Company’s competitors. Forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Should one or more of these risks or uncertainties materialize, or should any underlying estimates or assumptions prove to be inappropriate or incorrect, our actual financial condition, cash flows or results of operations could differ materially from what is expressed or implied herein. The forward-looking statements in this presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management’s examination of historical operating trends, data contained in the Company’s records and other data available from third parties. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Forward-looking statements are not guarantees of future performance and such risks, uncertainties, contingencies and other important factors could cause the actual results of operations, financial condition and liquidity of the Company or the industry to differ materially from those results expressed or implied in this presentation by such forward-looking statements. No representation or warranty is made that any of these forward-looking statements or forecasts will come to pass or that any forecast result will be achieved and you are cautioned not to place any undue influence on any forward-looking statement. The Company assumes no obligations to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

This presentation may contain information obtained from third parties. Such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information to be inaccurate or misleading. To the best of the knowledge of the Company, the information contained in this Presentation is in all material respect in accordance with the facts as of the date hereof. However, no independent verifications have been made and no representation or warranty (express or implied) is made as to, and no reliance should be placed on, any information, including projections, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and, accordingly, none of the Company or any of their parent or subsidiary undertakings or any such person’s officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this presentation.

This presentation does not constitute or form part of, and is not prepared or made in connection with, an offer or invitation to sell, or any solicitation of any offer to subscribe for or purchase any securities and nothing contained herein shall form the basis of any contract or commitment whatsoever. Information in this presentation, including forecast financial information, should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities or other financial products or instruments and does not take into account your particular investment objectives, financial situation or needs. The contents of this presentation have not been independently verified.

**AN INVESTMENT IN THE COMPANY INVOLVES RISK, AND SEVERAL FACTORS COULD CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE COMPANY TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS THAT MAY BE EXPRESSED OR IMPLIED BY STATEMENTS AND INFORMATION IN THIS PRESENTATION, INCLUDING, AMONG OTHERS, RISKS OR UNCERTAINTIES ASSOCIATED WITH OUR BUSINESS, SEGMENTS, DEVELOPMENT, GROWTH MANAGEMENT, FINANCING, MARKET ACCEPTANCE AND RELATIONS WITH CUSTOMERS, AND, MORE GENERALLY, GENERAL ECONOMIC AND BUSINESS CONDITIONS, CHANGES IN DOMESTIC AND FOREIGN LAWS AND REGULATIONS, TAXES, CHANGES IN COMPETITION AND PRICING ENVIRONMENTS, FLUCTUATIONS IN CURRENCY EXCHANGE RATES AND INTEREST RATES AND OTHER FACTORS. SHOULD ONE OR MORE OF THESE RISKS OR UNCERTAINTIES MATERIALISE, OR SHOULD UNDERLYING ASSUMPTIONS PROVE INCORRECT, ACTUAL RESULTS MAY VARY MATERIALLY FROM THOSE DESCRIBED IN THIS PRESENTATION.**

# Agenda

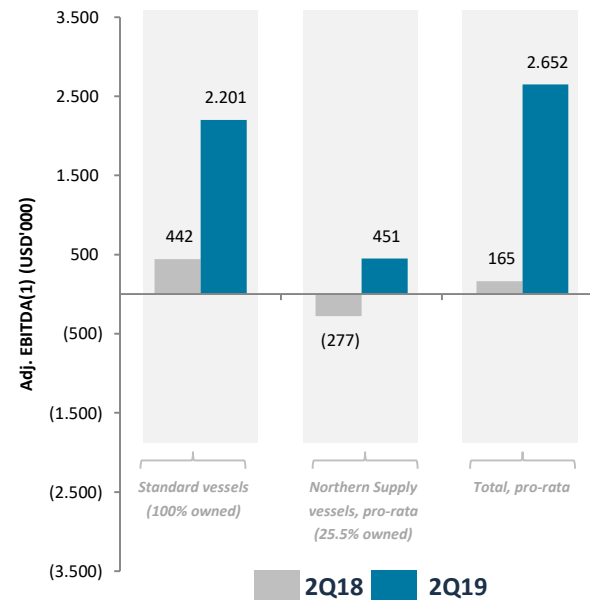
---

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

# Highlights Q2 2019

- Profit after tax of USD 4.6m (USD (2.7)m)<sup>(1)</sup>
- Total cash balance of USD 26.9m (USD 22.6m)<sup>(2)</sup>
- Book Value of Equity of USD 118.8 m ~NOK 1.76 per share<sup>(3)</sup>
- Positive EBITDA (adj) of USD 2.7m (USD 0.2m)<sup>(4)</sup>
- Large-size – 6x Standard vessels (100% owned)
  - Positive EBITDA (adj) of USD 2.2m (USD 0.4m)<sup>(4)</sup>
  - Utilization of ~93% (~95%)<sup>(5)</sup>
- Mid-size – 9x Northern Supply vessels (25.5% owned)<sup>(5)</sup>
  - Positive EBITDA (adj) of USD 0.5m (USD (0.3)m)<sup>(4)</sup>
  - Utilization of ~90% (~88%)<sup>(5)</sup>

## Utilization overview



(1) Numbers in brackets are comparable numbers from 2Q 18  
 (2) Including pro-rata ownership of cash in subsidiaries and investments, of which USD 11.2 m is cash in SDDSD and subsidiaries  
 (3) USD/NOK 8.52 end of June-19  
 (4) EBITDA for vessels only (pro-rata), adjusted for start up cost, non-recurring cost and dry dock, special survey, maintenance and repairs  
 (5) Utilization, based on weighted average, does not include vessels in lay-up. 9x vessels includes FS Arrendal on bareboat charter

# Highlights Q2 2019 cont.

- **Purchase of Standard Olympus at a purchase price of USD 8.1m**
  - Built at Havyard Ship Technology AS, Norway in 2014
  - Havyard 832 design with 800m<sup>2</sup> deck space
- **Sale of the remaining four (4) vessels in New World Supply Ltd (“NWS”) at levels well above SDSD’s purchase price**
- **Peterson declared their last option on Standard Viking from July 2019 to July 2020 at increased rate**
- **Positive fair value adjustment of financial assets of USD 4.7m**



# Subsequent events

- **Distribution of USD 14.9m from NWS to SDSD**
  - Additional distribution from NWS are considered immaterial
- **Cash in SDSD and subsidiaries end of July of USD 27.7m**
- **Three (3) out of six (6) large size PSV's on term contracts end of August 19**
  - From September five (5) of six (6) vessels will be working on term contracts
- **Average utilization of 95% in July -19 for the large size Standard vessels**
- **Average utilization of 85 % in July-19<sup>(1)</sup> for the medium size vessels in Northern Supply (25.5% owned)**



# 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*

4 Independent position

*Good cash position*



*Positive EBITDA*



*Extensive transaction experience*

# Low overhead costs and low breakeven rates

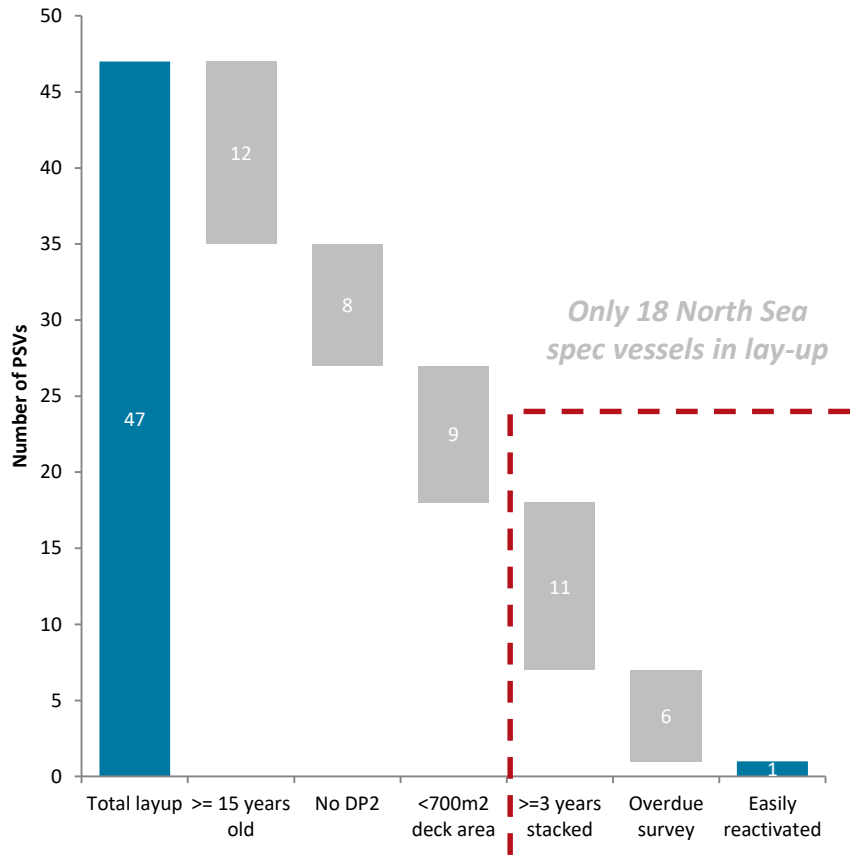
- **Average cash break-even for SDDS, all-in costs (USD / Day) for PSV vessels**
  - Large-size: USD 7,000 per day <sup>(1)</sup>
  - Mid-size: USD 6,700 per day <sup>(1)</sup>
- **Overhead cost of ~USD 500 per vessel per day <sup>(1)</sup>**
- **With competitive cost, all equity and no debt, SDDS is positioned to have one of the lowest breakeven rates compared to peers, all cost included**



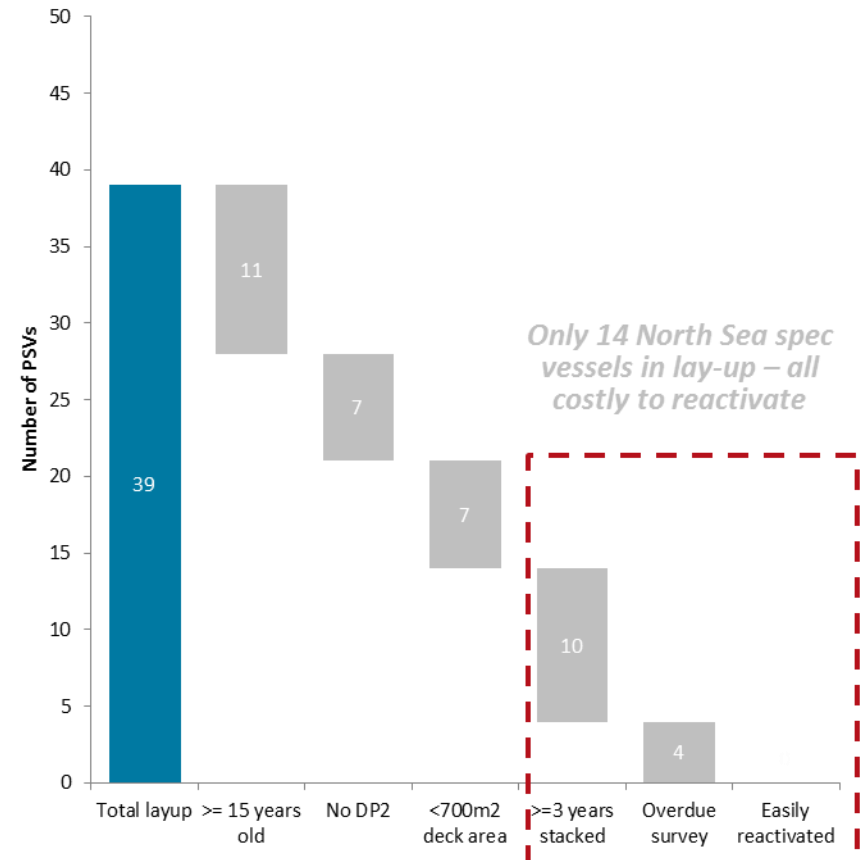


# Lack of modern large size vessels available in the market

## Breakdown of laid up North Sea PSV fleet (1Q19)



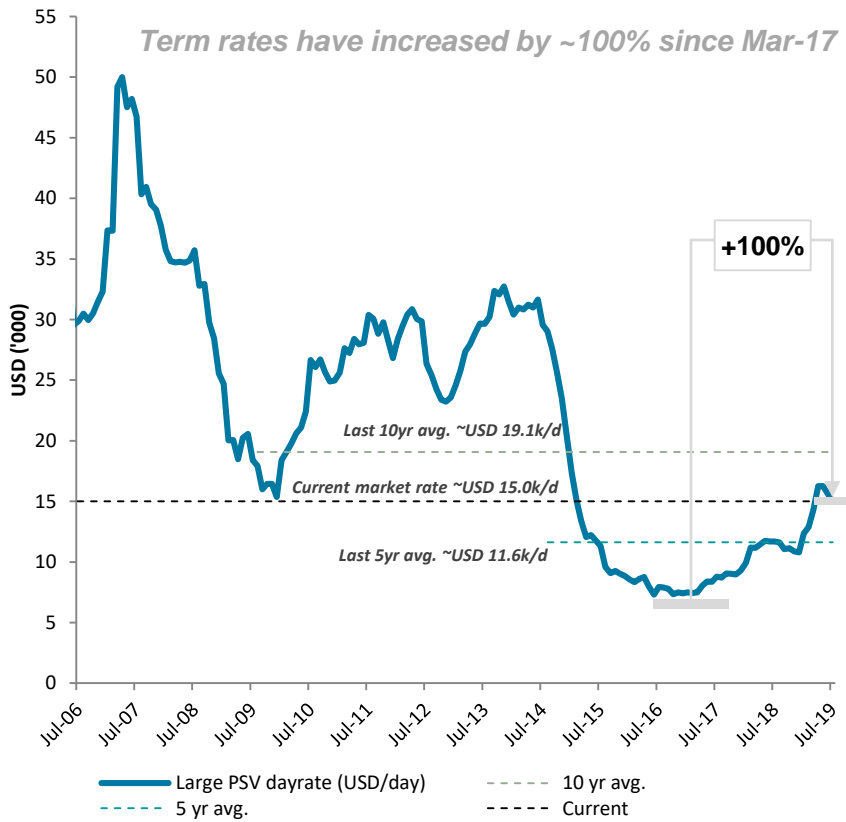
## Breakdown of laid up North Sea PSV fleet (2Q19)



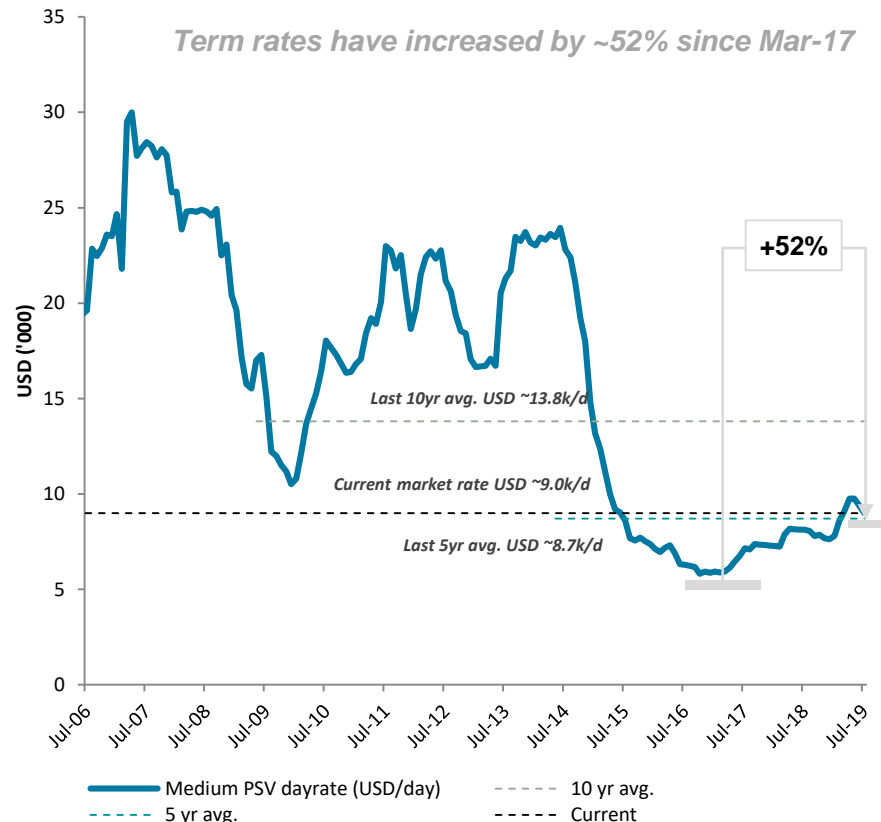
# Signs of recovery – large vessels leading the way

- ✓ Increased tender activity
- ✓ Increased rig activity

## Large-size PSV term rates (900m<sup>2</sup>)



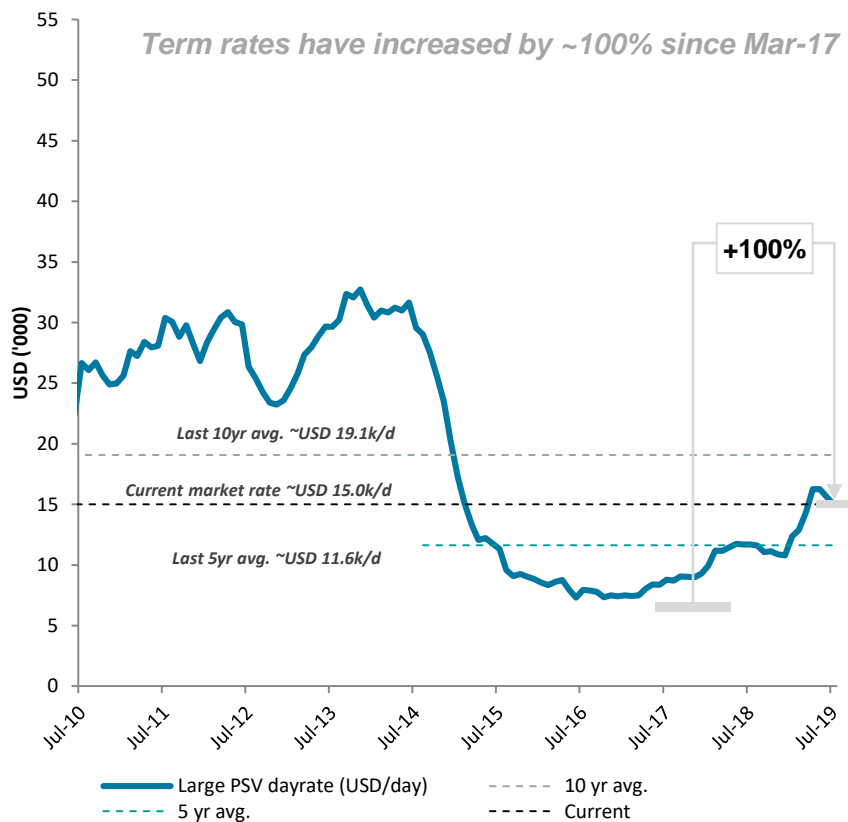
## Mid-size PSV term rates (500-750m<sup>2</sup>)



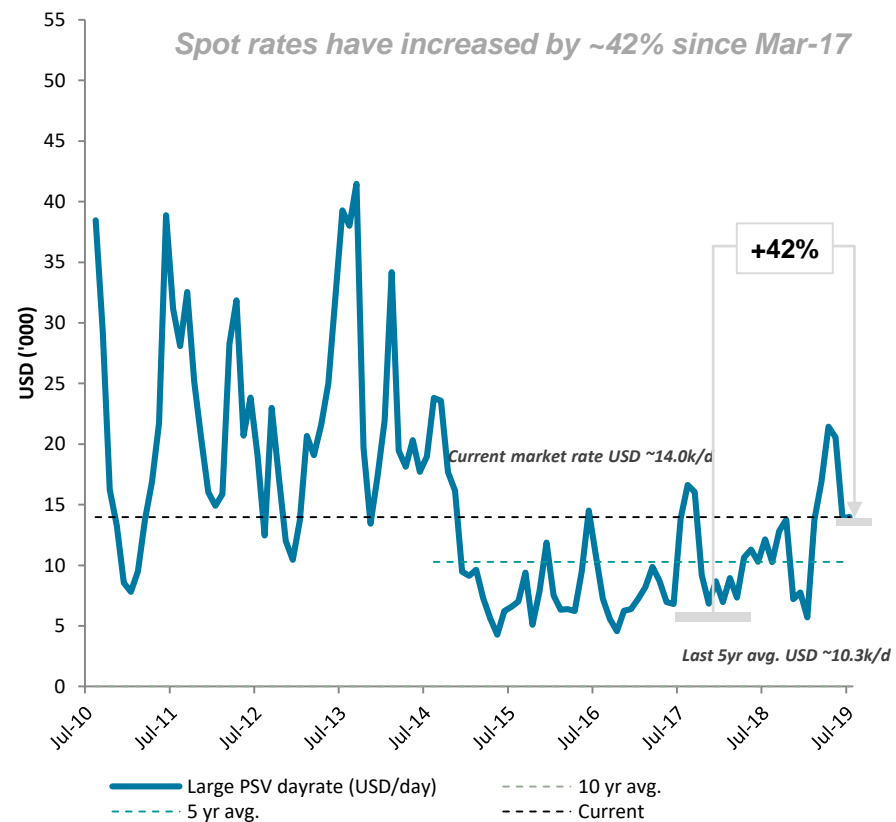
# Signs of recovery – large vessels leading the way

- ✓ Increased tender activity
- ✓ Increased rig activity

## Large-size PSV term rates (900m<sup>2</sup>)



## Large-size PSV spot rates (900m<sup>2</sup>)





# Agenda

---

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

# Large-size PSV vessels – 100% owned

## Standard vessels (6x)



### **Standard Viking (2008)**

**Purchase price:**  
~USD 13.3m<sup>(1)</sup>

**Ownership:** 100%

**Deck-space:** 1,060m<sup>2</sup>

**Design:** ST-216 L CD

**Yard:** Aker Brattvaag

**Age:** ~11 years

### **Standard Supplier (2007)**

**Purchase price:**  
~USD 13.3m<sup>(1)</sup>

**Ownership:** 100%

**Deck-space:** 1,060m<sup>2</sup>

**Design:** ST-216 L CD

**Yard:** Aker Brattvaag

**Age:** ~12 years

### **Standard Princess (2008)**

**Purchase price:**  
~USD 13.3m<sup>(1)</sup>

**Ownership:** 100%

**Deck-space:** 1,060m<sup>2</sup>

**Design:** ST-216 L CD

**Yard:** Aker Brattvaag

**Age:** ~11 years

### **Standard Supporter (2009)**

**Purchase price:**  
~USD 11.1m<sup>(1)</sup>

**Ownership:** 100%

**Deck-space:** 1,000m<sup>2</sup>

**Design:** UT 776 CD

**Yard:** STX Brevik

**Age:** ~10 years

### **Standard Provider (2010)**

**Purchase price:**  
~USD 11.1m<sup>(1)</sup>

**Ownership:** 100%

**Deck-space:** 1,000m<sup>2</sup>

**Design:** UT 776 CD

**Yard:** STX Brevik

**Age:** ~9 years

### **Standard Olympus (2014)**

**Purchase price:**  
~USD 8.1m<sup>(1)</sup>

**Ownership:** 100%

**Deck-space:** 800m<sup>2</sup>

**Design:** Havyard 832

**Yard:** Havyard Ship  
Technology

**Age:** ~5 years

Delivered in May-19

**Average purchase price: USD 11.7<sup>(1)</sup>**

**Average age 9.7 years<sup>(2)</sup>**

**Average newbuild price: ~USD 47.7<sup>(3)</sup>**

(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<sup>(1)</sup>

**Ownership:** 25.5%

**Deck-space:** 680m<sup>2</sup>

**Design:** UT 755 LN

**Yard:** Aker Aukra

**Avg. age:** ~10 years

**FS Carrick (2008)**

**FS Crathes (2009)**



**2x vessels**

**Purchase price:**

~USD 5.4m<sup>(1)</sup>

**Ownership:** 25.5%

**Deck-space:** 680m<sup>2</sup>

**Design:** UT 755 LN

**Yard:** Aukra

**Avg. age:** ~10 years

**FS Abergeldie (2008)**

**FS Aberdour (2009)**



**2x vessels**

**Purchase price:**

~USD 5.9m<sup>(1)</sup>

**Ownership:** 25.5%

**Deck-space:** 710m<sup>2</sup>

**Design:** UT 755 LN

**Yard:** Aker Brevik

**Avg. age:** ~11 years

**FS Braemar (2007)**

**FS Balmoral (2008)**



**2x vessels**

**Purchase price:**

~USD 2.5m<sup>(1)</sup>

**Ownership:** 25.5%

**Deck-space:** 700m<sup>2</sup>

**Design:** VS 470 MK II

**Yard:** Kleven

**Avg. age:** ~13 years

**FS Kristiansand (2005)**

**FS Bergen (2006)**

**(FS Arendal (2006))<sup>(2)</sup>**

<sup>(1)</sup> Excluding working capital and start-up costs

<sup>(2)</sup> Completed a sale-lease back contract in Sep-18

# Transactions in Q2 2019

- **Sale of vessels**

- In April 2019 NWS sold the remaining four (4) medium size vessels
  - Sold at significantly higher value compared to SDSD's acquisition price
  - 2013 built at Damen SG yard with the 3300 CD design
  - Vessels have been in lay up in Norway since late 2016
  - In addition to the sale of two (2) medium size vessels sold in October 2018
  - Post-transaction, the NWS structure only has cash holdings which was distributed in July 2019



- **Acquisition of vessel- Standard Olympus**

- In April 2019 SDSD acquired one (1) additional large size PSV at attractive price of USD 8.1m
- 2014 Norwegian built, 800 m2 deck space of the Havyard 832 design
- 100% owned by SDSD through its wholly owned subsidiary Wanax AS
- Standard Olympus was delivered 3 May 2019
- Available in the market

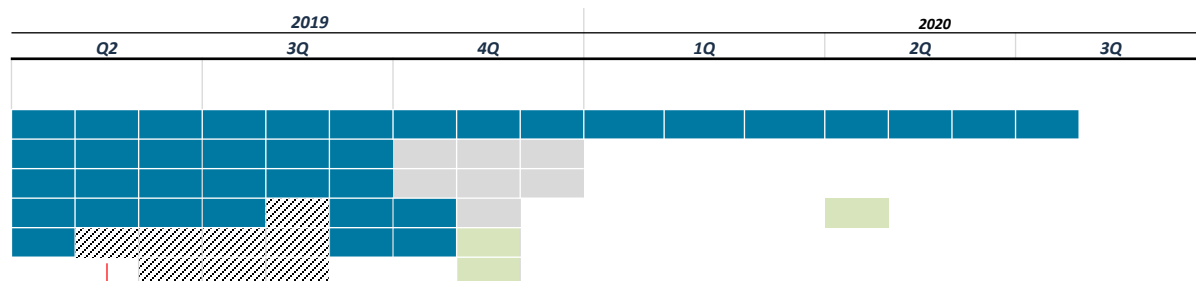




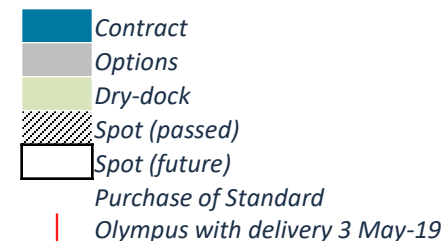
# Large-size PSV vessels – Simplified contract overview

## Standard vessels (100% owned)

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

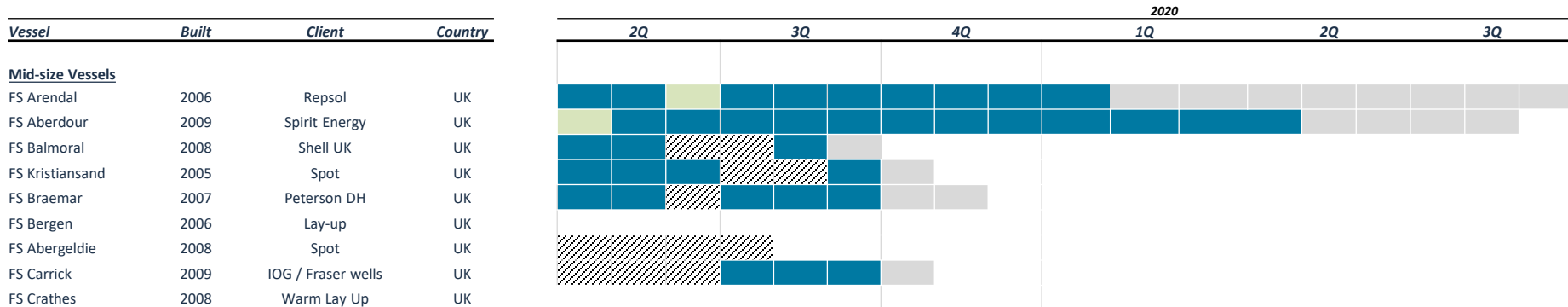


- **Standard Olympus was delivered 3 May-19**
- **Focus on securing utilization going forward**

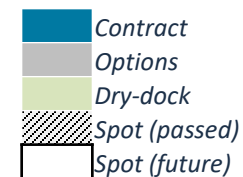


# Mid-size PSV vessels – Simplified contract overview

## Northern Supply vessels (25.5% owned)



- Focus on diversify the fleet by combining term contracts and the spot market



# Large-size PSV vessels – Utilization overview

## Historical utilization of operating vessels (%)

Utilization	S.Viking	S. Princess	S. Supplier	S.Provider	S. Supporter	S. Olympus	Weighted average
1Q18	100 %	100 %	65 %	100 %	100 %	n.a.	93 %
2Q18	100 %	73 %	98 %	100 %	99 %	n.a.	95 %
3Q18	100 %	81 %	61 %	88 %	92 %	n.a.	85 %
4Q18	98 %	100 %	100 %	68 %	82 %	n.a.	90 %
<b>2018, weighted avg.</b>	<b>100 %</b>	<b>90 %</b>	<b>81 %</b>	<b>89 %</b>	<b>93 %</b>	<b>n.a.</b>	<b>91 %</b>
1Q19	100 %	100 %	88 %	79 %	78 %	n.a.	89 %
2Q19	100 %	99 %	100 %	98 %	86 %	63 %	93 %
Jul-19	100 %	100 %	100 %	97 %	77 %	100 %	95 %
<b>2019 YTD, weighted avg.</b>	<b>100 %</b>	<b>99 %</b>	<b>95 %</b>	<b>90 %</b>	<b>81 %</b>	<b>79 %</b>	<b>92 %</b>

Total days	S.Viking	S. Princess	S. Supplier	S.Provider	S. Supporter	S. Olympus	Weighted average
Total available days, 2018	363	332	359	357	362	n.a.	1774
Total days worked, 2018	362	298	292	318	338	n.a.	1608
<b>Total utilization, 2018</b>	<b>100 %</b>	<b>90 %</b>	<b>81 %</b>	<b>89 %</b>	<b>93 %</b>	<b>n.a.</b>	<b>91 %</b>
Tot. avail. days, YTD Jul-19	193	209	189	204	209	73	1077
Tot. days work, YTD Jul-19	193	208	179	184	170	57	991
<b>Total utilization, YTD Jul-19</b>	<b>100 %</b>	<b>99 %</b>	<b>95 %</b>	<b>90 %</b>	<b>81 %</b>	<b>79 %</b>	<b>92 %</b>

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

# Mid-size PSV vessels – Utilization overview

## Historical utilization of operating vessels (%)<sup>(1)</sup>

Utilization	FS Aberdour	FS Arendal	FS Balmoral	FS Kr. Sand	FS Braemar	FS Carrick	FS Crathes	FS Aberg.	Weighted average
1Q18	100 %	99 %	100 %	100 %	69 %	n.a.	n.a.	n.a.	98 %
2Q18	100 %	100 %	63 %	100 %	100 %	62 %	74 %	n.a.	88 %
3Q18	100 %	100 %	75 %	100 %	75 %	100 %	100 %	n.a.	92 %
4Q18	50 %	100 %	75 %	100 %	88 %	60 %	100 %	49 %	82 %
<b>2018, weighted avg.</b>	<b>92 %</b>	<b>100 %</b>	<b>79 %</b>	<b>100 %</b>	<b>86 %</b>	<b>75 %</b>	<b>92 %</b>	<b>49 %</b>	<b>89 %</b>
1Q19	-	100 %	53 %	81 %	90 %	94 %	-	65 %	80 %
2Q19	89 %	100 %	89 %	100 %	92 %	82 %	-	79 %	90 %
Jul-19	100 %	100 %	76 %	87 %	100 %	90 %	-	44 %	85 %
<b>2019 YTD, weight. avg.</b>	<b>92 %</b>	<b>100 %</b>	<b>71 %</b>	<b>91 %</b>	<b>92 %</b>	<b>89 %</b>	<b>0 %</b>	<b>68 %</b>	<b>85 %</b>

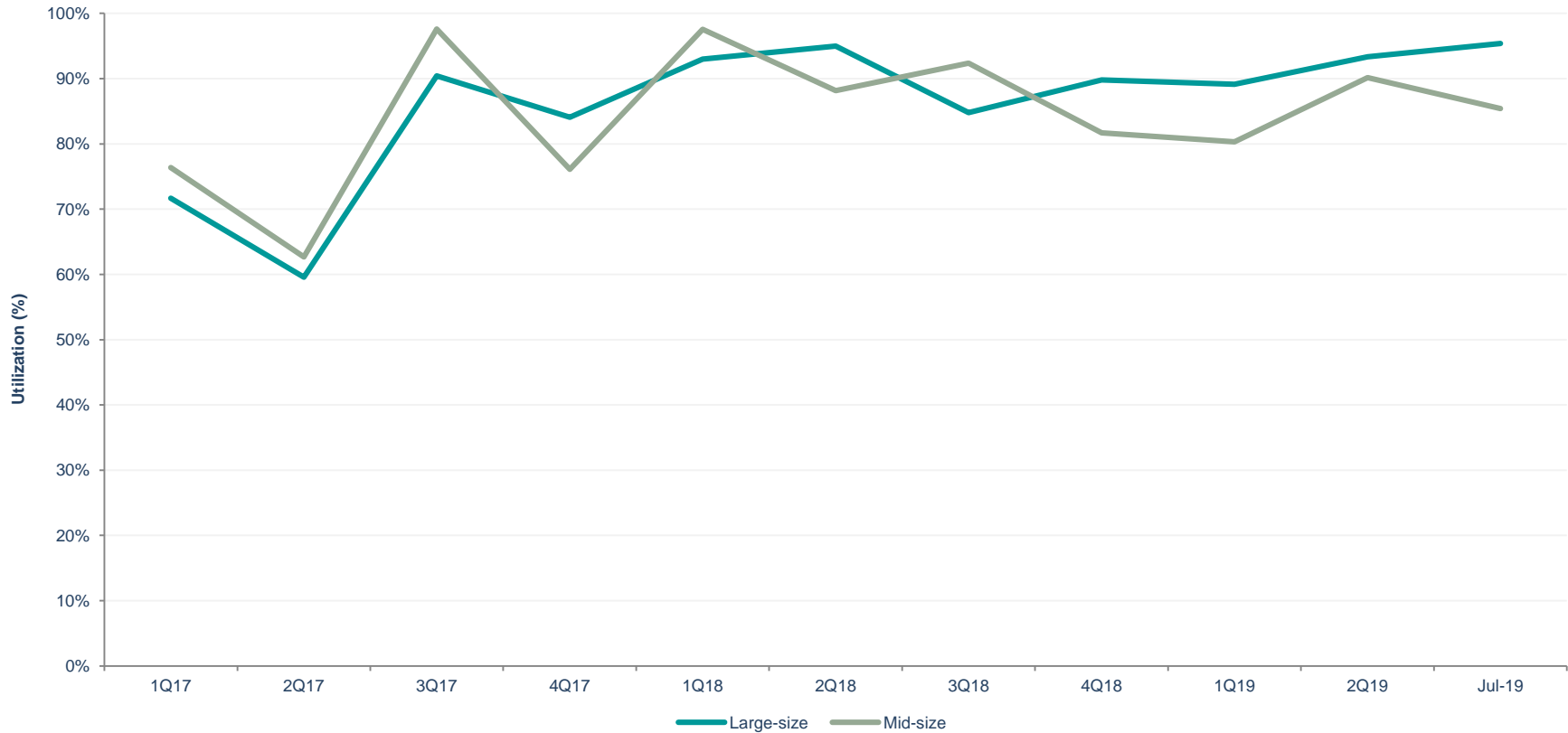
  

Total days	FS Aberdour	FS Arendal	FS Balmoral	FS Kr. Sand	FS Braemar	FS Carrick	FS Crathes	FS Aberg.	Weighted average
Tot. avail. days, 2018	264	365	349	306	298	249	164	12	2007
Tot. days work., 2018	243	364	275	306	257	187	151	6	1790
<b>Total utilization, 2018</b>	<b>92 %</b>	<b>100 %</b>	<b>79 %</b>	<b>100 %</b>	<b>86 %</b>	<b>75 %</b>	<b>92 %</b>	<b>49 %</b>	<b>89 %</b>
Tot. avail. days, YTD Jul-19	103	184	206	193	209	192	-	205	1293
Tot. days work, YTD Jul-19	94	184	147	176	193	171	-	140	1104
<b>Total utilization, YTD Jul-19</b>	<b>92 %</b>	<b>100 %</b>	<b>71 %</b>	<b>91 %</b>	<b>92 %</b>	<b>89 %</b>	<b>-</b>	<b>68 %</b>	<b>85 %</b>

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

# Combined fleet – Utilization overview

Combined fleet utilization 1Q17 to Jul-19



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

# Large-size PSV vessels – EBITDA overview

## 6x Standard vessels (100% owned) <sup>(1)</sup>

Standard vessels (USD)	Three months ended, 2Q19	Three months ended, 2Q18	2019 YTD	2018 YTD
<b>Net hire (net of commission)</b>	<b>5 833 685</b>	<b>3 704 545</b>	<b>9 968 115</b>	<b>7 278 898</b>
Admin expenses	(45 410)	(59 982)	(102 353)	(122 276)
Technical and Commercial Management Fee	(333 677)	(306 545)	(629 952)	(613 730)
OPEX/Lay-up costs	(3 258 606)	(2 872 140)	(6 283 571)	(5 661 429)
Start up / Liquidation expenses	(242 207)	74 744	(242 207)	(25 691)
Dry docking expenses / Surveys / Repairs	(308 189)	(1 636 980)	(308 189)	(2 116 632)
Bunkers on delivery / redelivery / repositioning	5 044	(24 002)	(134 177)	(51 798)
Other	-	-	-	-
<b>Total operation expenses</b>	<b>(4 183 044)</b>	<b>(4 824 904)</b>	<b>(7 700 448)</b>	<b>(8 591 556)</b>
<b>EBITDA</b>	<b>1 650 641</b>	<b>(1 120 359)</b>	<b>2 267 667</b>	<b>(1 312 659)</b>
Adj. EBITDA excluding non-recurring costs <sup>(2)</sup>	1 892 847	(1 195 104)	2 509 873	(1 286 967)
Adj. EBITDA excluding dry docking and non-recurring costs <sup>(3)</sup>	2 201 036	441 876	2 818 063	829 664
Adj. EBITDA excluding dry docking and non-recurring costs margin (%)	38 %	12 %	28 %	11 %

**Note:**

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

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

(3) 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) <sup>(1)</sup>, pro-rata overview

Northern Supply vessels (USD)	Three months ended, 2Q19	Three months ended, 2Q18	2019 YTD	2018 YTD
<b>Net hire (net of commission)</b>	<b>1 590 116</b>	<b>889 726</b>	<b>2 485 457</b>	<b>1 458 889</b>
Admin expenses	(27 813)	(38 397)	(53 319)	(56 687)
Technical and Commercial Management Fee	(105 024)	(108 338)	(195 986)	(176 128)
OPEX/Lay-up costs <sup>(2)</sup>	(957 476)	(954 226)	(1 813 532)	(1 582 088)
Start up / Liquidation expenses <sup>(2)</sup>	-	(222 490)	-	(222 490)
Dry docking expenses / Surveys / Repairs <sup>(2)</sup>	(415 486)	(112 611)	(493 153)	(288 281)
Bunkers on delivery / redelivery / repositioning	(25 487)	(65 357)	(47 268)	(69 177)
Other	(23 584)		(23 584)	-
<b>Total operation expenses</b>	<b>(1 554 870)</b>	<b>(1 501 418)</b>	<b>(2 626 842)</b>	<b>(2 394 851)</b>
<b>EBITDA</b>	<b>35 246</b>	<b>(611 692)</b>	<b>(141 385)</b>	<b>(935 962)</b>
Adj. EBITDA excluding non-recurring costs <sup>(3)</sup>	35 246	(389 202)	(141 385)	(713 472)
Adj. EBITDA excluding dry docking and non-recurring costs <sup>(4)</sup>	450 732	(276 592)	351 768	(425 191)
Adj. EBITDA excluding dry docking and non-recurring costs margin (%)	28 %	n.a.	14 %	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 each month. Numbers from 2018 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.

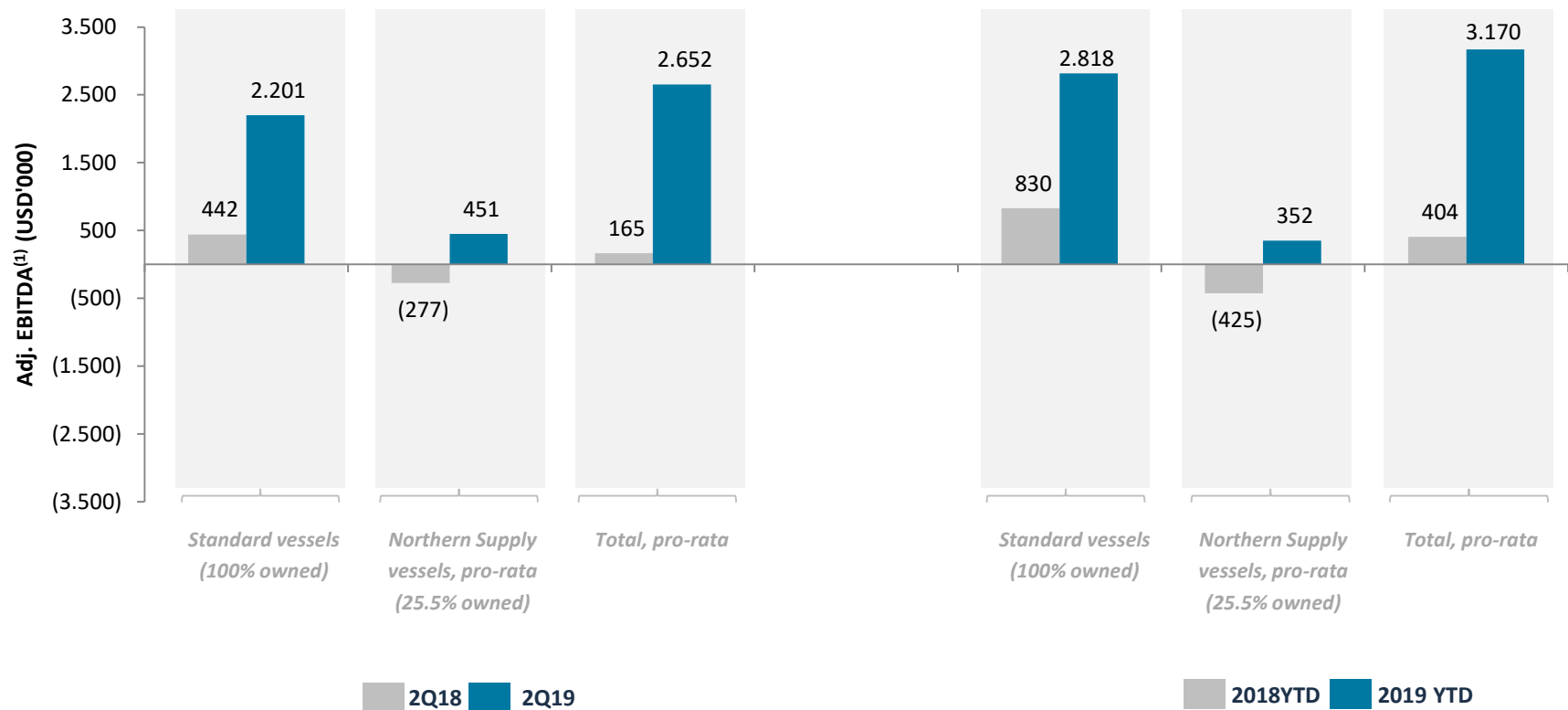
(4) Illustrates the day-to-day operations of the vessel, excluding (a) non-recurring costs and (b) dry dock, special survey, maintenance and repairs.

# Summary – Adj. EBITDA excluding dry docking and non-re

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

2Q18 vs. 2Q19

2018 YTD vs. 2019 YTD





# Explanation of the fair value accounting gain in 2Q19

- **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 gain on revaluation of financial assets of ~USD 4.7m
- **Example of fair value calculation for Standard Viking:**

Figures in USDm	Independent Valuer A <sup>(1)</sup>				Independent Valuer B <sup>(1)</sup>				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 (2Q19)	20.0	16.0	15.0	12.0	21.0	18.0	15.8	13.5	18.75	14.1

**(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 14.1m as opposed to an average value of USD 18.75m for scenarios of transactions between two willing parties.

# Agenda

---

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

# 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>
<b>Income</b>				
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
<b>Total net income / (loss)</b>	<b>4 711</b>	<b>(2 569)</b>	<b>7 791</b>	<b>(2 282)</b>
<b>Expenses</b>				
Administration fees	(147)	(134)	(241)	(271)
<b>Total operating expenses</b>	<b>(147)</b>	<b>(134)</b>	<b>(241)</b>	<b>(271)</b>
<b>Operating profit/(loss)</b>	<b>4 564</b>	<b>(2 703)</b>	<b>7 550</b>	<b>(2 553)</b>
<b>Finance costs</b>				
Sundry finance income/(expenses)	(1)	-	(3)	(5)
<b>Profit/(loss) for the period before tax</b>	<b>4 563</b>	<b>(2 703)</b>	<b>7 547</b>	<b>(2 558)</b>
Income tax expense	-	-	-	-
<b>Profit/(loss) for the period after tax</b>	<b>4 563</b>	<b>(2 703)</b>	<b>7 547</b>	<b>(2 558)</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Available-for-sale investments – Fair value gains/(loss)	-	-	-	-
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>4 563</b>	<b>(2 703)</b>	<b>7 547</b>	<b>(2 558)</b>
<b>Earnings/(loss) per share</b>				
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>	<b>30.06.2019</b>	<b>31.12.2018</b>
<b>ASSETS</b>	<i>Unaudited</i>	<i>Audited</i>
Equipment and machinery	2	1
Financial assets at fair value through profit or loss	112 206	94 966
<b>Total non-current assets</b>	<b>112 208</b>	<b>94 967</b>
Trade and other receivables	35	25
Current tax asset	1	1
Cash and bank balances	6 590	16 382
<b>Total current assets</b>	<b>6 626</b>	<b>16 408</b>
<b>Total Assets</b>	<b>118 834</b>	<b>111 375</b>
<b>EQUITY AND LIABILITIES</b>		
Ordinary shares	17 281	17 281
Share premium	96 861	96 861
Accumulated profits/(losses)	4 683	(2 864)
<b>Total equity</b>	<b>118 825</b>	<b>111 278</b>
Trade and other payables	9	97
<b>Total current liabilities</b>	<b>9</b>	<b>97</b>
<b>Total Equity and Liabilities</b>	<b>118 834</b>	<b>111 375</b>

# 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>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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)
<b>Net cash generated from/(used in) operating activities</b>	<b>(9 960)</b>	<b>(5 108)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment to acquire equipment	(1)	-
Interest received	60	48
<b>Net cash generated from/(used in) investing activities</b>	<b>59</b>	<b>48</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of ordinary shares	-	12 600
Share issue costs	-	(576)
<b>Net cash generated from/(used in) financing activities</b>	<b>-</b>	<b>12 024</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(9 901)</b>	<b>6 964</b>
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