

S.D. Standard Drilling Plc.

2Q 2018 Presentation

28 August 2018



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Agenda

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

Highlights Q2 2018

- Profit after tax of USD (2.7)m (2Q 17 USD (0.7)m)
- Total cash balance of USD 22.6m (2Q17 USD 14.9m)⁽³⁾
- Total EBITDA (adj) of USD 0.2m (2Q17 USD (1.47)m)⁽¹⁾
- **Large-size – 5x Standard Vessels (100% owned)**
 - EBITDA (adj) of USD 0.4 (2Q17 USD (1.1)m)⁽¹⁾
 - Utilization of ~95% (2Q17 ~60%)⁽²⁾
- **Mid-size - 7x PSV Opportunity Vessels + 2x Northern PSV (both 25.5% owned)**
 - EBITDA (adj) of USD (0.3)m (2Q17 USD (0.3)m)⁽¹⁾
 - Utilization of ~88% (2Q17 ~63%)⁽²⁾



(1) EBITDA for the Standard Vessels (100% owned) and PSV Opportunity (25.5% owned) only, pro-rata. Adjusted for start up cost, non-recurring cost and dry dock, special survey, maintenance and repairs

(2) Utilization, based on weighted average, does not include vessels in lay-up

(3) Including pro-rata ownership of cash in subsidiaries and investments, of which USD 21.3m is cash in SDD and subsidiaries

Highlights Q2 2018 cont.

- **Standard Supporter**
 - Enquest declared their 1st option well at increased rates. Estimated 60-90 days, commenced mid May-18
- **Standard Viking; Peterson declared their 1st (of two) year option from 14 July 2018 at increased rates**
- **FS Crathes/Carrick on hire for a 90 days firm (+ options) project commencing late June/early July respectively**
- **Total Book Value of Equity of USD 110m (NOK 1.56 per share)**
- **Negative fair value adjustment of financial assets of USD 2.3m**
- **Standard Princess completed dry-dock in Fiskarstrand**
- **FS Balmoral completed dry-dock**
- **Northern PSV (25.5% ownership) took delivery of two medium size vessels**
- **[New World Supply Ltd. (26.2% owned) held as a financial investment]**



Subsequent events

- **Solid utilization for 5x large Standard Vessels (100% owned)**
 - Average utilization of 94% for the Company's large PSV's in Jul-18⁽¹⁾
- **Total fleet of 20 vessels**
 - 5 large sized PSV's 100% owned
 - 9 medium size PSV's 25.5% owned
 - 6 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

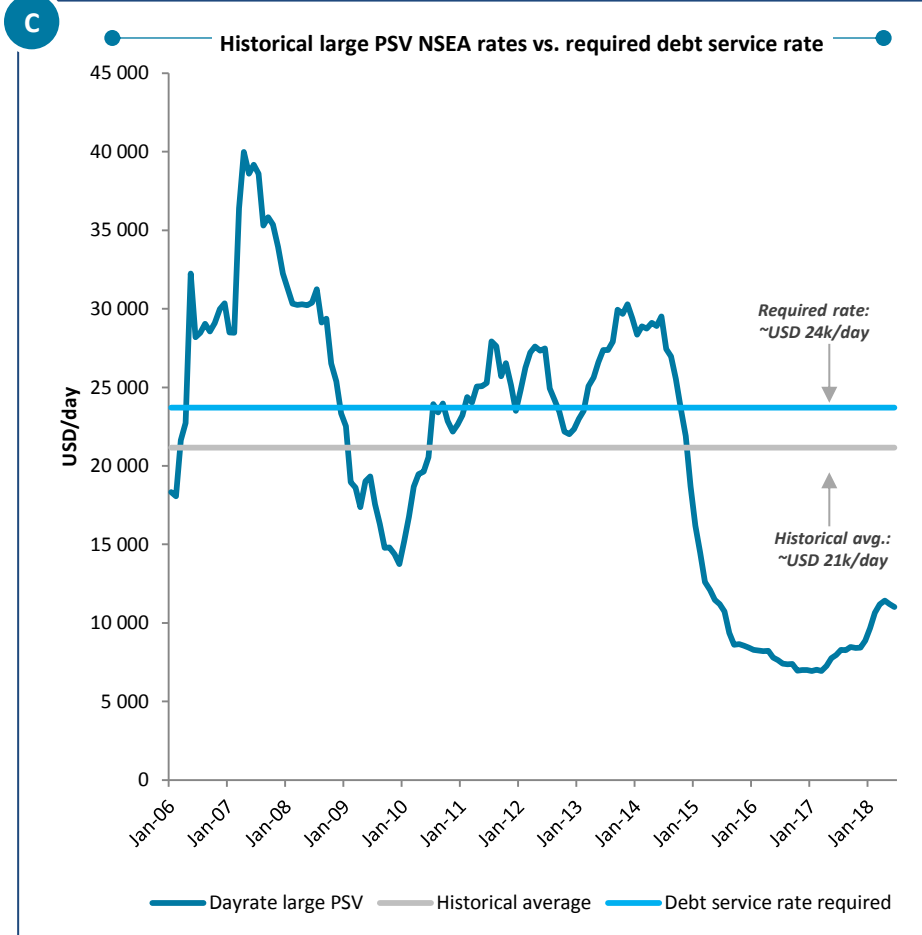
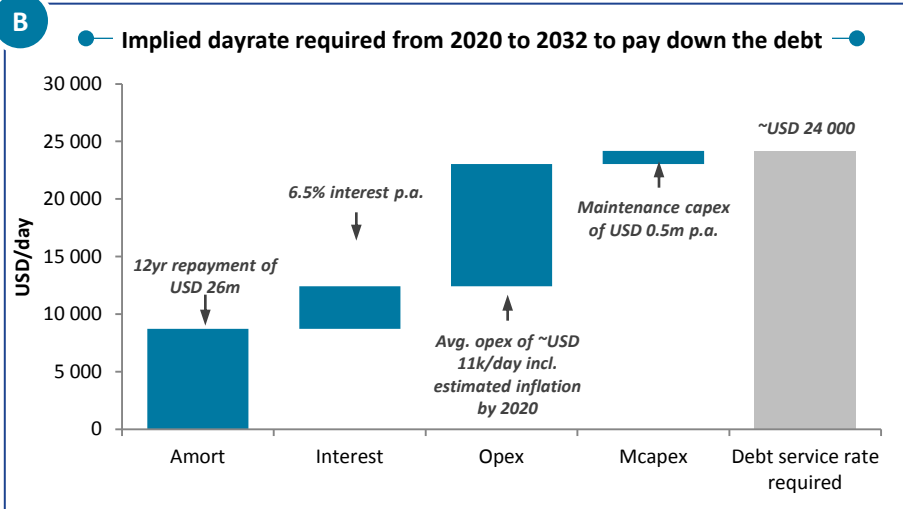
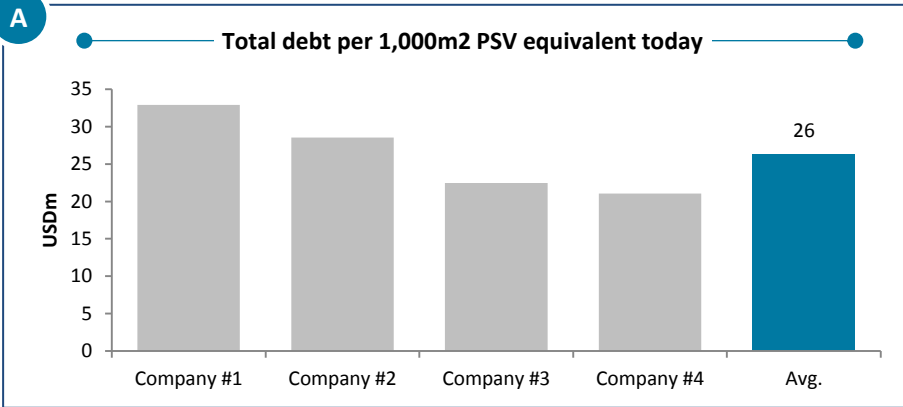


No reactivation costs

SDSD has no debt

1

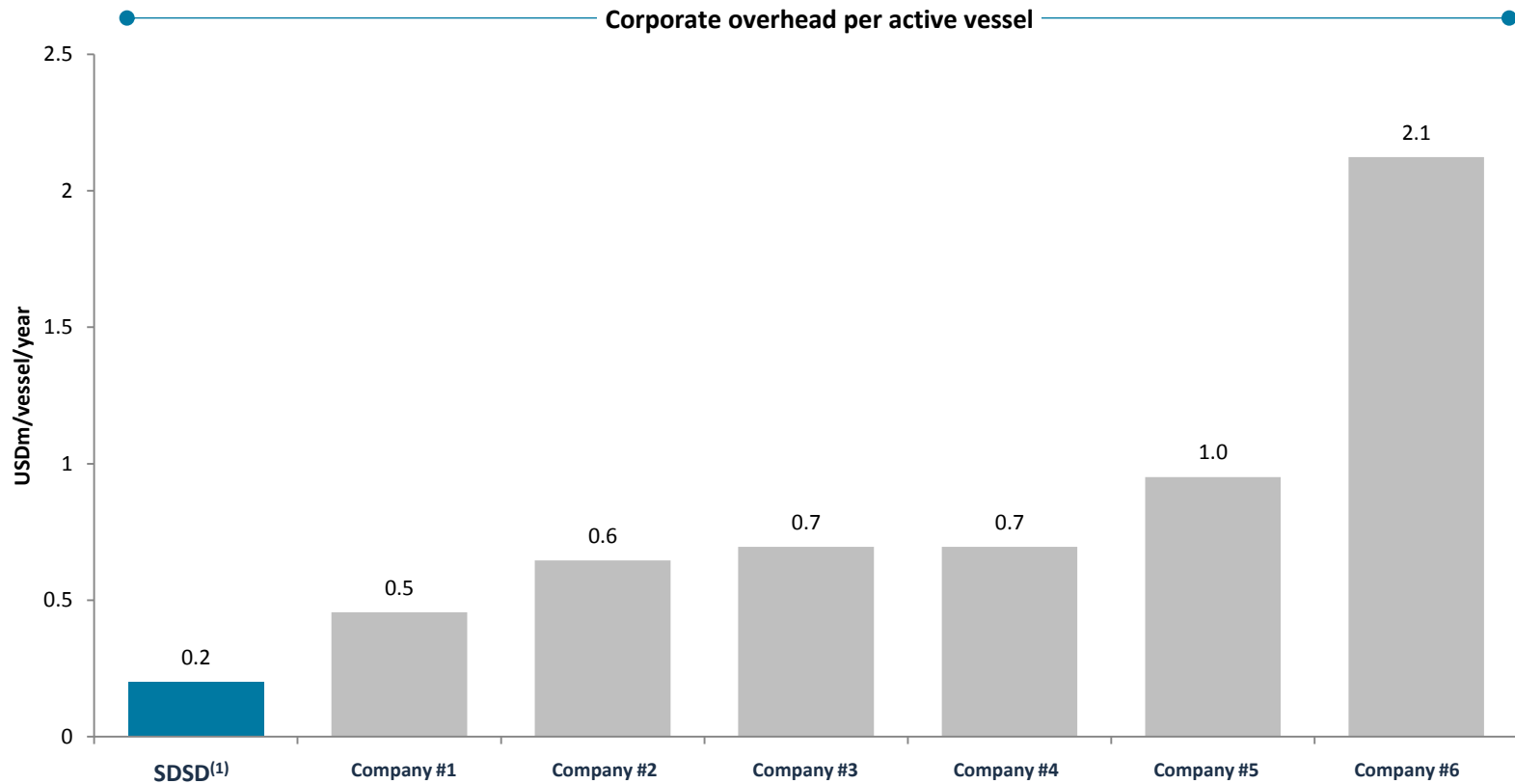
SDSD has a competitive advantage compared to industry peers



SDSD has low overhead costs

2

SDSD has a competitive advantage compared to industry peers



(1) Adjusted for pro-rata ownership of mid-size PSV vessels and subsidiary SG&A costs

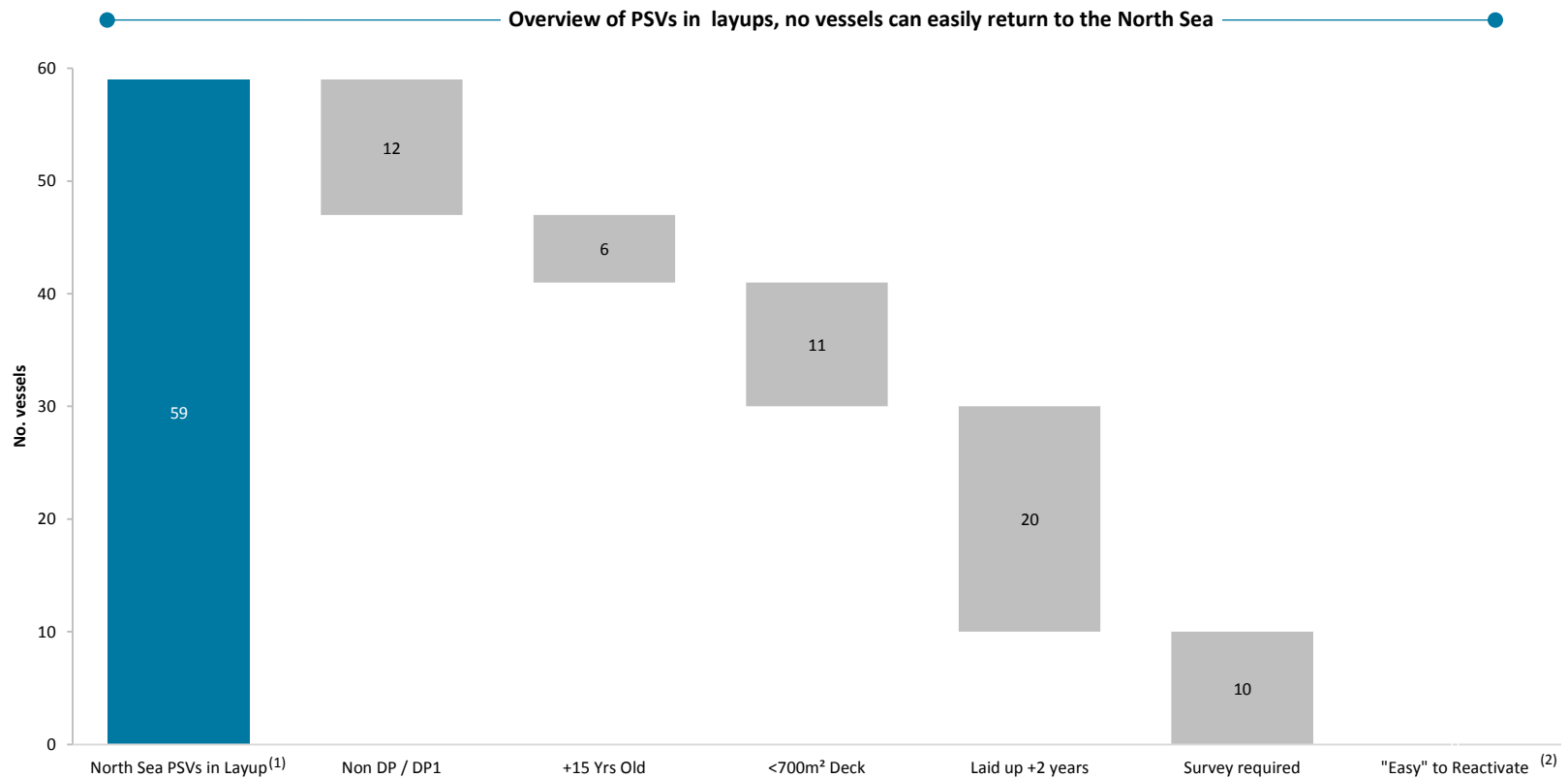
Note: Excluding professional related fees where disclosed

Source: Clarkson's Platou Securities

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

Mid-size PSV vessels – partly owned

Northern PSV AS (2x) – 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: ~9 years

FS Carrick (2008)

FS Crathes (2009)

PSV Opportunity (7x) – 25.5% owned



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)

New World Supply (6x) – 26.2% owned



6x 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)

World Opal (2013)

World Sapphire (2013)

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	Contract			Options		Options		
Standard Princess	2008	Spot Market / Anasuria / Spot / TBC	UK	Dry-dock	Contract	Contract					
Standard Supplier	2007	Decipher / Spot / TBC	UK	Contract	Contract						
Standard Provider	2010	Maersk Oil / Spot	UK	Contract	Contract	Contract					
Standard Supporter	2009	Enquest / Spot	UK	Contract	Contract	Contract					

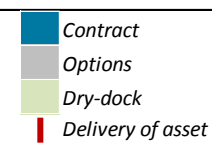
- Continue to focus on securing work to achieve a high utilization for the fleet going forward



Mid-size PSV vessels – contract overview

PSV Opportunity + Northern PSV (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	Options				Dry-dock	
FS Aberdour	2009	Centrica / In House	UK	Contract	Contract				Dry-dock		
FS Balmoral	2008	Premier Oil / Petrofac	UK	Dry-dock	Contract	Contract					
FS Kristiansand	2005	TBN	UK	Contract	Contract	Options	Options				
FS Braemar	2007	Ineos / Total	UK	Contract	Contract						
FS Bergen	2006	Lay-up	UK								
FS Abergeldie	2008	Lay-up	Trinidad							Dry-dock	
FS Carrick	2009	Petrofac / Saipem	UK	Delivery of asset	Contract	Contract	Options	Options			Dry-dock
FS Crathes	2008	Spot Market / Saipem	UK	Delivery of asset	Contract	Contract	Dry-dock				



Large-size PSV vessels – Utilization overview

Historical utilization of operating vessels (%)

Standard Vessels (100% owned)

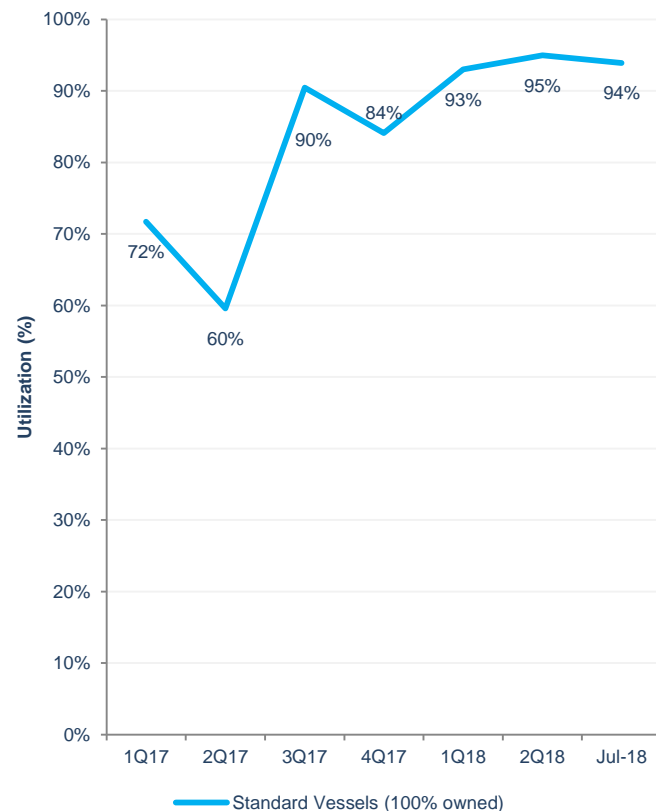
Utilization	S.Viking	S. Princess	S. Supplier	S.Provider	S. Supporter	Weighted average
1Q17	n.a.	72 %	n.a.	n.a.	n.a.	72 %
2Q17	39 %	96 %	12 %	n.a.	n.a.	60 %
3Q17	94 %	84 %	93 %	n.a.	n.a.	90 %
4Q17	100 %	89 %	71 %	85 %	68 %	84 %
2017, weighted average	77 %	87 %	73 %	85 %	68 %	80 %
1Q18	100 %	100 %	65 %	100 %	100 %	93 %
2Q18	100 %	73 %	98 %	100 %	99 %	95 %
Jul-18	100 %	100 %	76 %	94 %	100 %	94 %
2018 YTD, weighted avg.	100 %	90 %	81 %	99 %	100 %	94 %

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	210	193	212	206	212	1 034
Total days worked, YTD18	210	174	171	205	211	971
Total utilization, QTD18	100 %	90 %	81 %	99 %	100 %	94 %

Note:

- Standard Viking 2Q17 utilization from April-17, off hire for 1.5days for DNV Surveys, DP Trials and OVID Renewal during 2Q18
- Standard Princess 1Q17 utilization from 13th Febr-18. Vessel utilization for Apr-18 based on ~11 available days as the vessel spent ~19 days in DD
- Standard Supplier 2Q17 utilization from June-17
- Standard Provider 4Q17 utilization from mid-Nov-17, unavailable for 6 days during Jul-18 for maintenance
- Standard Supporter 4Q17 utilization from mid-Nov-17
- YTD18 includes 1Q18, 2Q18 and Jul-18

Utilization overview (weighted average)



Mid-size PSV vessels – Utilization overview

Historical utilization of operating vessels (%)⁽¹⁾

PSV Opportunity + Northern PSV Vessels

(25.5% owned)

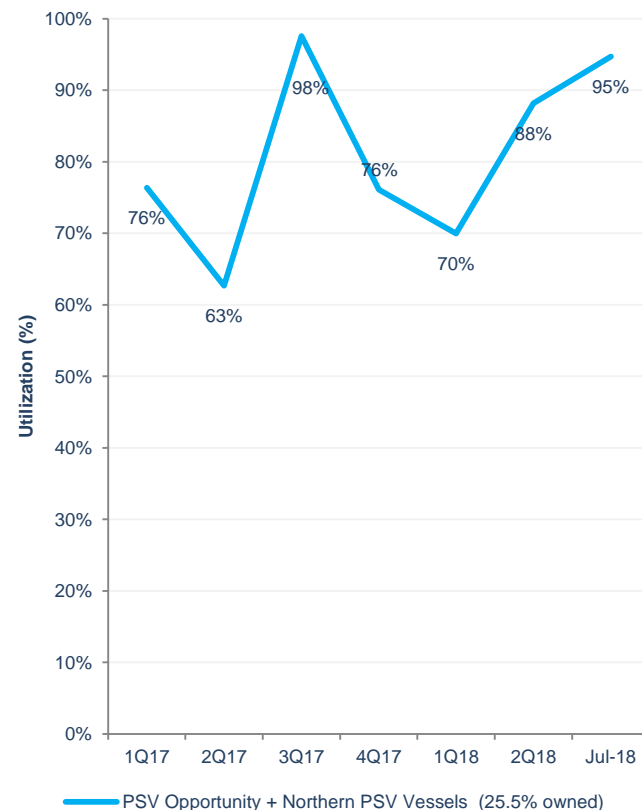
Utilization	FS Aberdour	FS Arendal	FS Balmoral	FS Kr. Sand	FS Braemar	FS Carrick	FS Crathes	Weighted average
1Q17	29 %	100 %	n.a	100 %	n.a.	n.a.	n.a.	76 %
2Q17	54 %	48 %	43 %	100 %	n.a.	n.a.	n.a.	63 %
3Q17	100 %	100 %	95 %	100 %	79 %	n.a.	n.a.	98 %
4Q17	100 %	100 %	96 %	82 %	2 %	n.a.	n.a.	76 %
2017, 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 %
Jul-18	100 %	100 %	70 %	100 %	93 %	100 %	100 %	95 %
2018 YTD, weighted avg.	99 %	100 %	81 %	72 %	64 %	74 %	84 %	83 %

Total days	FS Aberdour	FS Arendal	FS Balmoral	FS Kr. Sand	FS Braemar	FS Carrick	FS Crathes	Weighted average
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	212	212	196	212	212	96	83	1223
Tot. days work., YTD18	211	211	159	153	136	71	69	1010
Total utilization, QTD18	99 %	100 %	81 %	72 %	64 %	74 %	84 %	83 %

Note:

- FS Balmoral 2Q17 utilization from May-17, not operational during 16 days during April
- FS Braemar 3Q17 utilization from Sept-17
- FS Carrick available from end Apr-18 (4 days)
- FS Crathes available for 21.7 days for May-18
- YTD18 includes 1Q18, 2Q18 and Jul-18

Utilization overview (weighted average)



Large-size PSV vessels – EBITDA overview

5x Standard Vessels (100% owned) ⁽¹⁾

Standard Vessels (USD)	Three months ended, 2Q18	Three months ended, 2Q17	Year to date, 1H18	Year to date, 1H17
Net hire (net of commission)	3 704 545	1 054 623	7 278 898	1 288 559
Admin expenses	(59 982)	(28 659)	(122 276)	(53 928)
Technical and Commercial Management Fee	(306 545)	(160 659)	(613 730)	(215 706)
OPEX/Lay-up costs ⁽²⁾	(2 872 140)	(1 990 444)	(5 661 429)	(1 903 637)
Start up / Liquidation expenses ⁽²⁾	74 744	(293 149)	(25 691)	(618 131)
Dry docking expenses / Surveys / Repairs ⁽²⁾	(1 636 980)	(1 263 347)	(2 116 632)	(2 044 449)
Bunkers on delivery / redelivery / repositioning	(24 002)	-	(51 798)	(350 473)
Total operation expenses	(4 824 904)	(3 736 258)	(8 591 556)	(5 186 323)
EBITDA	(1 120 359)	(2 681 635)	(1 312 659)	(3 897 764)
Adj. EBITDA excluding non-recurring costs ⁽³⁾	(1 195 104)	(2 388 486)	(1 286 967)	(3 279 633)
Adj. EBITDA excluding dry docking and non-recurring costs ⁽⁴⁾	441 876	(1 125 139)	829 664	(1 235 184)
Adj. EBITDA excluding dry docking and non-recurring costs margin (%)	12 %	n.a.	11 %	n.a.

Note:

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

(2) YE2017 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

7x PSV Opportunity Vessels (25.5% owned) and 2x Northern PSV vessels (25.5% owned) ⁽¹⁾, pro-rata overview

PSV Opportunity Vessels (USD) (2), pro rata overview	Three months ended, 2Q18	Three months ended, 2Q17	Year to date, 2H18	Year to date, 1H17	Three months ended, 2Q18
Net hire (net of commission)	762 419	316 949	1 331 583	600 346	127 307
Admin expenses	(29 537)	(25 794)	(47 827)	(42 144)	(8 860)
Technical and Commercial Management Fee	(79 421)	(55 203)	(147 212)	(99 258)	(28 917)
OPEX/Lay-up costs	(714 705)	(545 497)	(1 342 566)	(1 015 096)	(239 521)
Start up / Liquidation expenses	-	4 214	-	(10 308)	(222 490)
Dry docking expenses / Surveys / Repairs	(112 611)	(77 176)	(288 281)	(77 176)	-
Bunkers on delivery / redelivery / repositioning	(34 995)	(40 245)	(38 814)	(29 021)	(30 362)
Total operation expenses	(971 268)	(739 702)	(1 864 701)	(1 273 003)	(530 150)
EBITDA	(208 849)	(422 752)	(533 118)	(672 657)	(402 843)
Adj. EBITDA excluding non-recurring costs ⁽³⁾	(208 849)	(426 966)	(533 118)	(662 349)	(180 353)
Adj. EBITDA excluding dry docking and non-recurring costs ⁽⁴⁾	(96 238)	(349 790)	(244 837)	(585 173)	(180 353)
Adj. EBITDA excluding dry docking and non-recurring costs margin (%)	n.a.	n.a.	n.a.	n.a.	n.a.

PSV Opportunity

Northern PSV

Note:

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

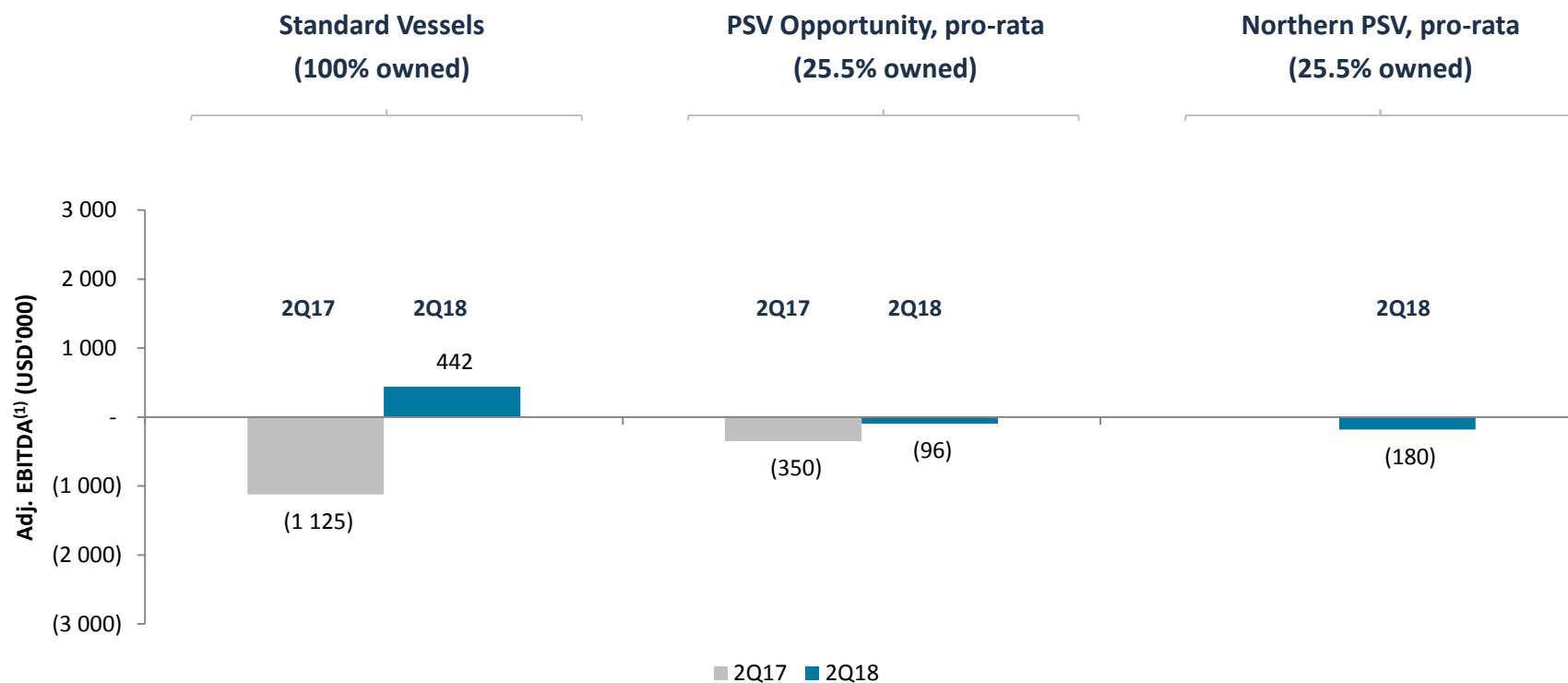
(2) USD calculated from native NOK by application of average exchange rate for 2018 @ 8,263. Former quarters has been recalculated with the final average of the year

(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 PSV Opportunity Vessels, Northern PSV Vessels (25.5% owned)⁽²⁾, pro-rata



Explanation of the fair value accounting gain in 2Q18

- **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 2.25m
- **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 (2Q18)	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 2Q18

	Three Months Ended		Six Months Ended	
	2018 Q2	2017 Q2	2018 Q2	2017 Q2
<i>(Amounts in USD 000)</i>				
			<i>Unaudited</i>	<i>Audited</i>
Income				
Changes in fair value on financial assets at fair value through profit or loss	(2 250)	(1 218)	(2 862)	(82)
Changes in fair value on financial assets at fair value through profit or loss-held for trading	1	-	1	-
Other gains and (losses)	-	420	-	420
Interest income	48	-	62	9
Net foreign currency gains or (losses)	(368)	311	517	1 020
Total net income /(loss)	(2 569)	(487)	(2 282)	1 367
Expenses				
Administration fees	(134)	(205)	(271)	(347)
Total operating expenses	(134)	(205)	(271)	(347)
Operating profit/(loss)	(2 703)	(692)	(2 553)	1 020
Finance costs				
Sundry finance income/(expenses)	-	(16)	(5)	(37)
Profit/(loss) for the period before tax	(2 703)	(708)	(2 558)	983
Income tax expense	-	-	-	-
Profit/(loss) for the period after tax	(2 703)	(708)	(2 558)	983
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Available-for-sale investments – Fair value gains/(loss)	-	3	-	3
Other comprehensive income for the period	-	3	-	3
Total comprehensive income for the period	(2 703)	(705)	(2 558)	986
Earnings/(loss) per share				
Basic/diluted earnings/(loss) per share (USD cents)	(0,00)	(0,00)	(0,00)	0,00

Balance sheet

S.D. Standard Drilling – Balance sheet for 2Q18

<i>(Amounts in USD 000)</i>	30.06.2018	31.12.2017
ASSETS	<i>Unaudited</i>	<i>Audited</i>
Equipment and machinery	1	1
Financial assets at fair value through profit or loss	90 822	88 379
Total non-current assets	90 823	88 380
Trade and other receivables	62	42
Senior secured callable bonds	65	65
Available-for-sale financial assets	-	12
Financial assets at fair value through profit or loss	13	-
Current tax asset	1	1
Cash and bank balances	19 052	12 148
Total current assets	19 193	12 268
Total Assets	110 016	100 648
EQUITY AND LIABILITIES		
Ordinary shares	17 281	15 281
Share premium	96 864	86 840
Other reserves	-	(4)
Accumulated profits/(losses)	(4 187)	(1 625)
Total equity	109 958	100 492
Trade and other payables	58	156
Total current liabilities	58	156
Total Equity and Liabilities	110 016	100 648

Cash flow statement

S.D. Standard Drilling – Cash flow statement for 2Q18

	Six Months Ended	
	2018	2017
	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	(2 558)	983
Other gains/(losses)	-	(420)
Unrealised exchange loss/(gain)	60	(200)
Payments to acquire financial assets at fair value through profit or loss	(5 305)	(56 611)
Interest income	(48)	(9)
(Increase)/decrease in trade and other receivables	(20)	63
Decrease in financial assets fair value through profit or loss	2 861	82
Decrease in trade and other payables	(98)	(120)
Net cash generated from/(used in) operating activities	(5 108)	(56 232)
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	48	9
Net cash generated from/(used in) investing activities	48	1 770
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	12 600	67 633
Share issue costs	(576)	(2 969)
Net cash generated from/(used in) financing activities	12 024	64 664
Net increase/ (decrease) in cash and cash equivalents	6 964	10 202
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	(60)	200
Cash and cash equivalents at end of period	19 052	12 200



STANDARD DRILLING