

S.D. Standard Drilling Plc.

4Q 2018 Presentation

14 February 2019



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Agenda

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

Highlights Q4 2018

- Profit after tax of USD 1.56m (4Q 17 USD 3.6m)
- Total cash balance of USD 25.6m (4Q17 USD 15.2m)⁽¹⁾
- Total Book Value of Equity of USD 111.3m (NOK 1.68 per share)⁽²⁾
- Total EBITDA (adj) of USD 0.3m (4Q17 USD (0.1)m)⁽³⁾
- Large-size – 5x Standard vessels (100% owned)
 - EBITDA (adj) of USD 0.6 (4Q17 USD (0.1)m)⁽³⁾
 - Utilization of ~90% (4Q17 ~84%)⁽⁴⁾
- Mid-size – 9x Northern Supply vessels (25.5% owned)⁽⁴⁾
 - EBITDA (adj) of USD (0.3)m (4Q17 USD (0.1)m)⁽³⁾
 - Utilization of ~82% (4Q17 ~76%)⁽⁴⁾



(1) Including pro-rata ownership of cash in subsidiaries and investments, of which USD 19.6 m is cash in SDD and subsidiaries

(2) USD/NOK 8.6885 end of Dec 18

(3) EBITDA for vessels only (pro-rata), adjusted for start up cost, non-recurring cost and dry dock, special survey, maintenance and repairs

(4) Utilization, based on weighted average, does not include vessels in lay-up. 9x vessels includes FS Arendal on bareboat charter

Highlights Q4 2018 cont.

- **SDSD increased its ownership in New World Supply Ltd from 26.2% to 34.4% at attractive levels**
 - Purchase price Nov 18 for 8.2% was USD 1.83m
 - Weighted average implicit purchase price of USD 4.4m per vessel
- **Standard Supporter awarded a 1x well (estimated 100 days) contract with Repsol with commencement 21 January 2019**
 - Upgraded with 3rd independent reference system for DP2 – Mini Radarscan
- **Standard Provider awarded a firm contract with Allseas to 19 of February with commencement 16 December**
 - Total option period of 5 weeks. Potential winter coverage to end of March 2019
- **Positive fair value adjustment of financial assets of USD 2.3m**
- **New World Supply Ltd (34.4% owned) Completed sale of two vessels in October 2018**
 - World Emerald and World Sapphire



Full year 2018

- Profit after tax of USD (1.2)m (2017 USD (1.2)m)
- Total EBITDA (adj) of USD 0.9m (2017 USD (1.3)m)⁽¹⁾
- Large-size – 5x Standard vessels (100% owned)
 - EBITDA (adj) of USD 1.7 (2017 USD (0.6)m)⁽¹⁾
 - Utilization of ~91% (2017 ~80%)⁽²⁾
- Mid-size – 9x Northern Supply vessels (25.5% owned)⁽²⁾
 - EBITDA (adj) of USD (0.8)m (2017 USD (0.7)m)⁽¹⁾
 - Utilization of ~89% (2017 ~79%)⁽²⁾



(1) EBITDA for vessels 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. 9x vessels includes FS Arendal on bareboat charter

Subsequent events

- **Average utilization of 87% in Jan-19 for the large size Standard vessels (100% owned)**
- **Average utilization of 72 % in Jan-19⁽¹⁾ for the medium size vessels in Northern Supply (25.5% owned)**
- **Standard Supporter commenced on a ~100 day contract with Repsol 21 Jan 19**
 - Charter rate well above operating cost
- **Total fleet of 17 vessels + 1 vessel on bare-boat contract**
 - 5 large sized PSV's 100% owned
 - 8 medium size PSV's 25.5% owned
 - 4 medium size PSV's 34.4% 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



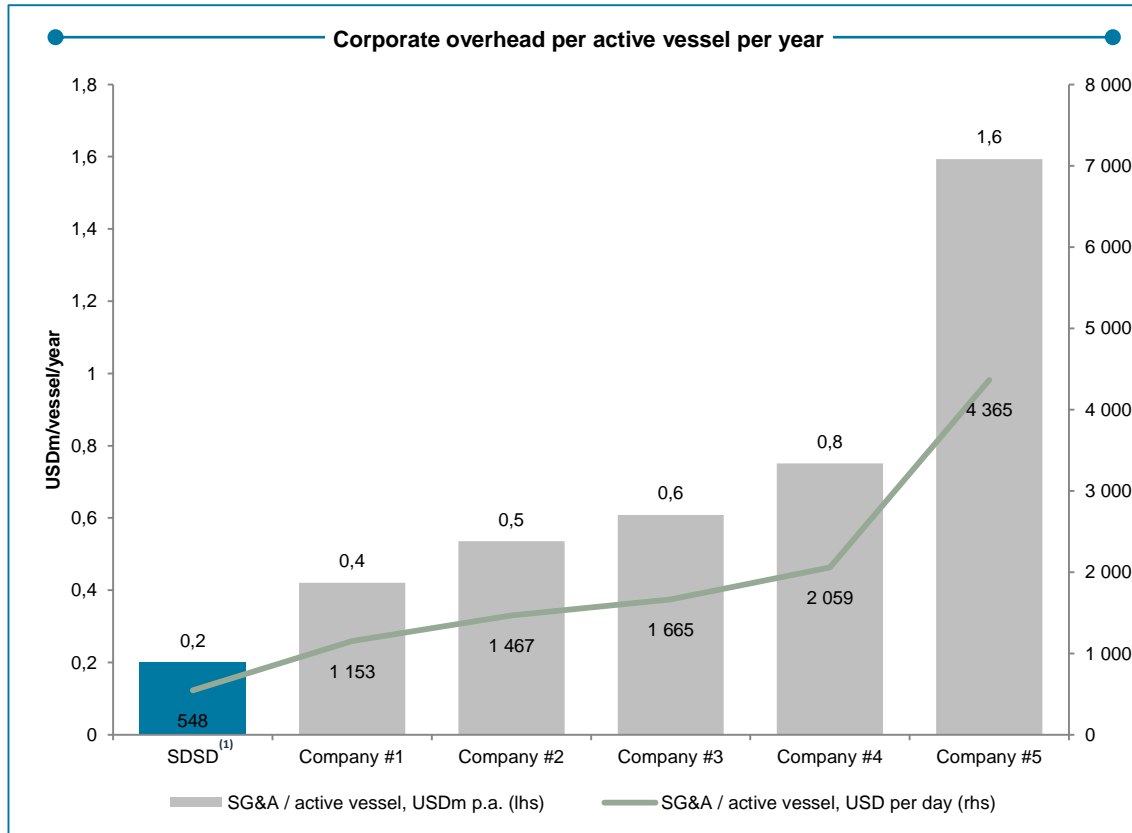
High vessel utilization



No reactivation costs

Low overhead costs and low breakeven rates

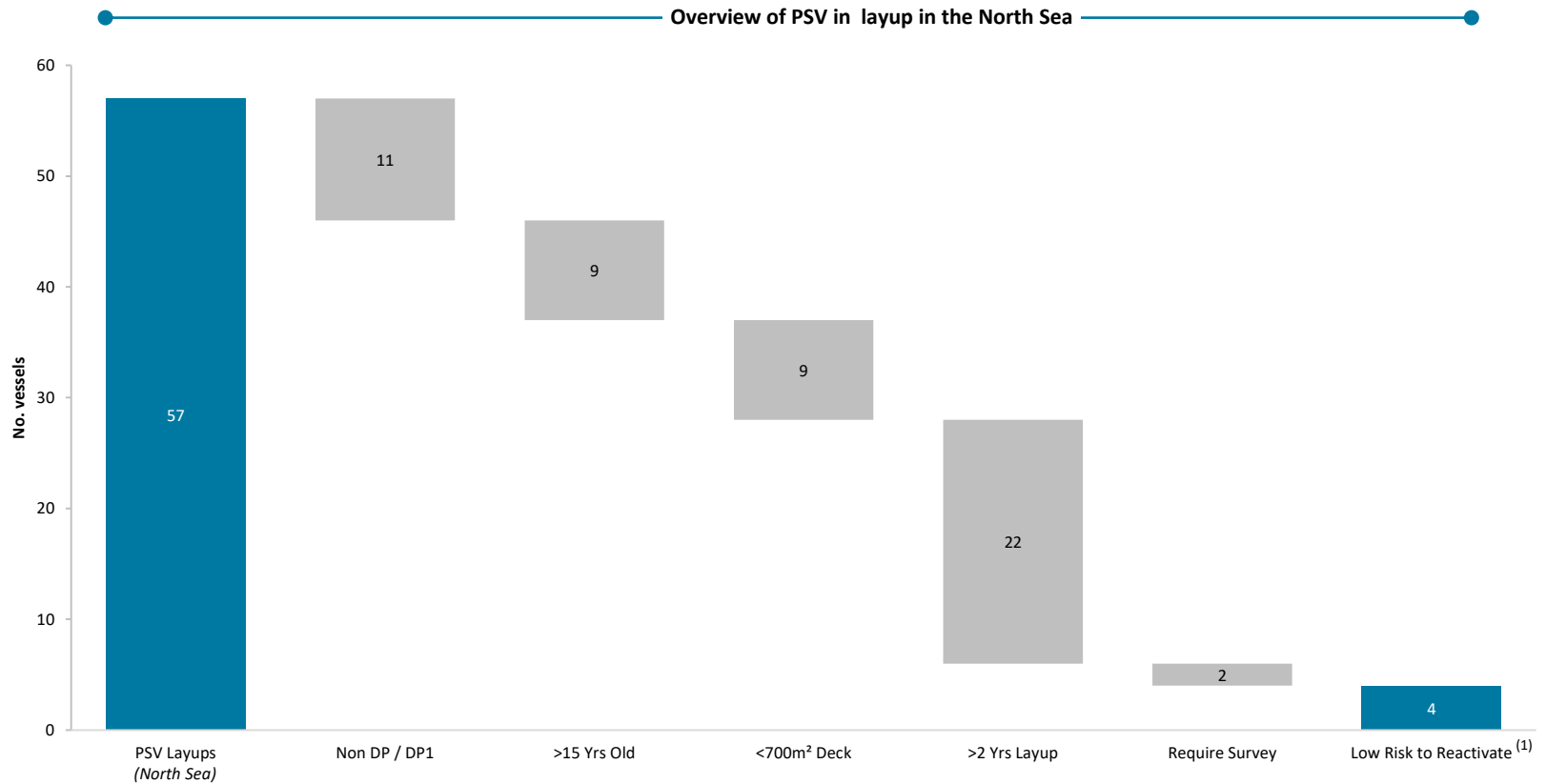
SDSD has a competitive advantage compared to industry peers



- **Average cash Break-even for SDSD** ●
 - Average cash break-even for SDSD, all-in costs (USD / Day) for PSV vessels
 - Large-size: USD 7,000 per day
 - Mid-size: USD 6,700 per day
 - Overhead cost of ~USD 550 per vessel per day
 - Competitive cost position and all equity balance sheet securing low all-in cost

Lack of modern large size vessels available in the market

SDSD has a competitive advantage compared to industry peers



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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

Average purchase price: USD 12.44m⁽¹⁾

Average age 9.6 years

Average newbuild price: ~USD 48.5

Mid-size PSV vessels – Partly owned

Northern Supply vessels (9x) – 25.5% owned

New World Supply (4x) – 34.4% owned⁽³⁾



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)

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))⁽²⁾

4x vessels

Purchase price:

~USD 4.4m⁽¹⁾⁽³⁾

Ownership: 34.4%

Deck-space: 728m²

Design: 3300 CD

Yard: Damen SG (Galati)

Avg. age: ~5 years

World Diamond (2013)

World Peridot (2013)

World Pearl (2013)

World Opal (2013)

⁽¹⁾ Excluding working capital and start-up costs

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

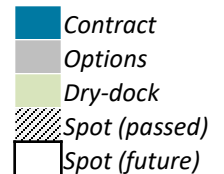
⁽³⁾ Increased ownership position from ~26.2% to ~34.4% Nov-18. Weighted average implicit purchase price per vessel

Large-size PSV vessels – Simplified contract overview

Standard vessels (100% owned)

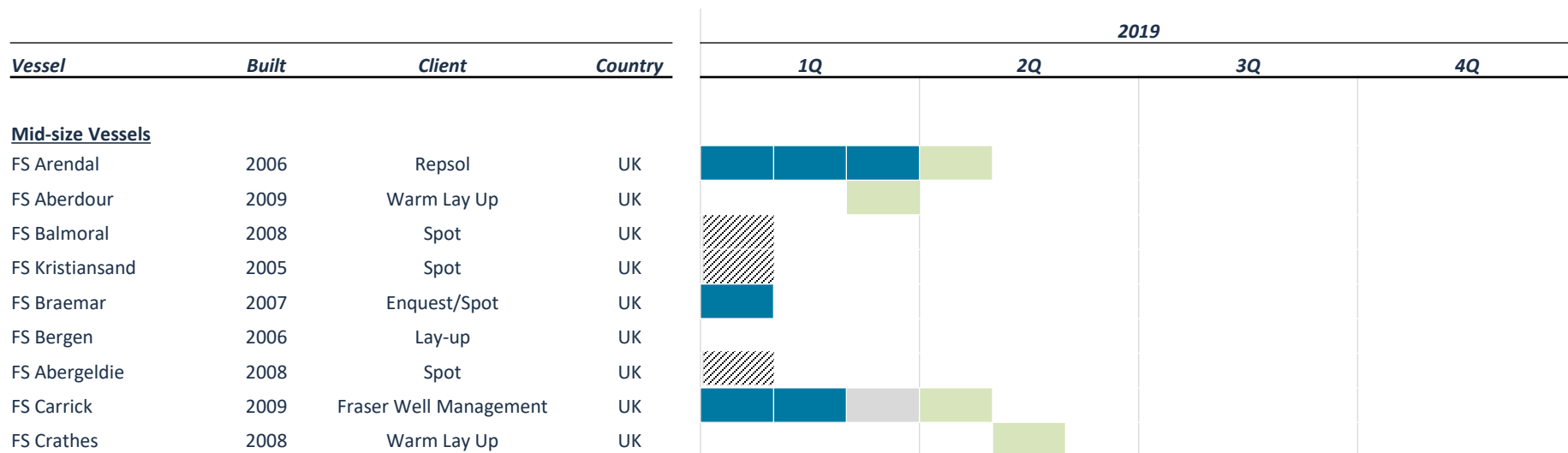
Vessel	Built	Client	Country	2019			
				1Q	2Q	3Q	4Q
Large-size Vessels							
Standard Viking	2007	Peterson	UK	Contract	Contract	Options	Options
Standard Princess	2008	Allseas	UK	Contract	Options		
Standard Supplier	2007	Allseas	UK	Contract	Options		
Standard Provider	2010	Allseas	UK	Contract	Options		
Standard Supporter	2009	Spot / Repsol	UK	Spot (passed)	Contract		Dry-dock

- Having secured good utilization for the vessels for the winter season, the fleet is well positioned and available for an expected upturn in the market

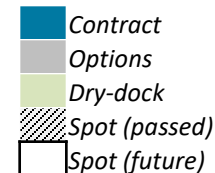


Mid-size PSV vessels – Simplified contract overview

Northern Supply vessels (25.5% owned)



- The fleet is well positioned and available for an expected upturn in the market



Large-size PSV vessels – Utilization overview

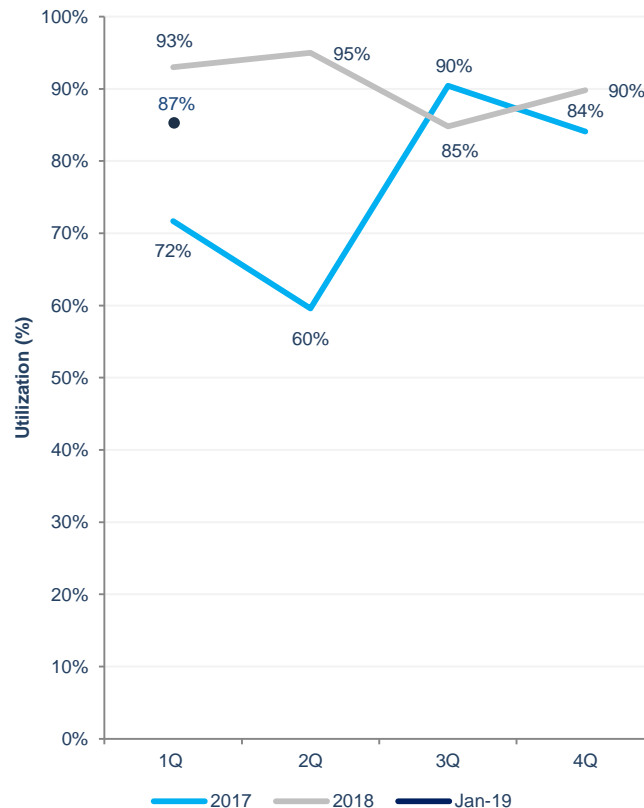
Historical utilization of operating vessels (%)

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 avg.	77 %	87 %	73 %	85 %	68 %	80 %
1Q18	100 %	100 %	65 %	100 %	100 %	93 %
2Q18	100 %	73 %	98 %	100 %	99 %	95 %
3Q18	100 %	81 %	61 %	88 %	92 %	85 %
4Q18	98 %	100 %	100 %	68 %	82 %	90 %
2018, weighted avg.	100 %	90 %	81 %	89 %	93 %	91 %
Jan-19	100 %	100 %	100 %	100 %	34 %	87 %
2019 YTD, weighted avg.	100 %	100 %	100 %	100 %	34 %	87 %

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, 2018	363	332	359	357	362	1 774
Total days worked, 2018	362	298	292	318	338	1 608
Total utilization, 2018	100 %	90 %	81 %	89 %	93 %	91 %
Total available days, Jan-19	27	31	31	31	30	150
Total days worked, Jan-19	27	31	31	31	10	130
Total utilization, Jan-19	100 %	100 %	100 %	100 %	34 %	87 %

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

Utilization overview (weighted average)



Mid-size PSV vessels – Utilization overview

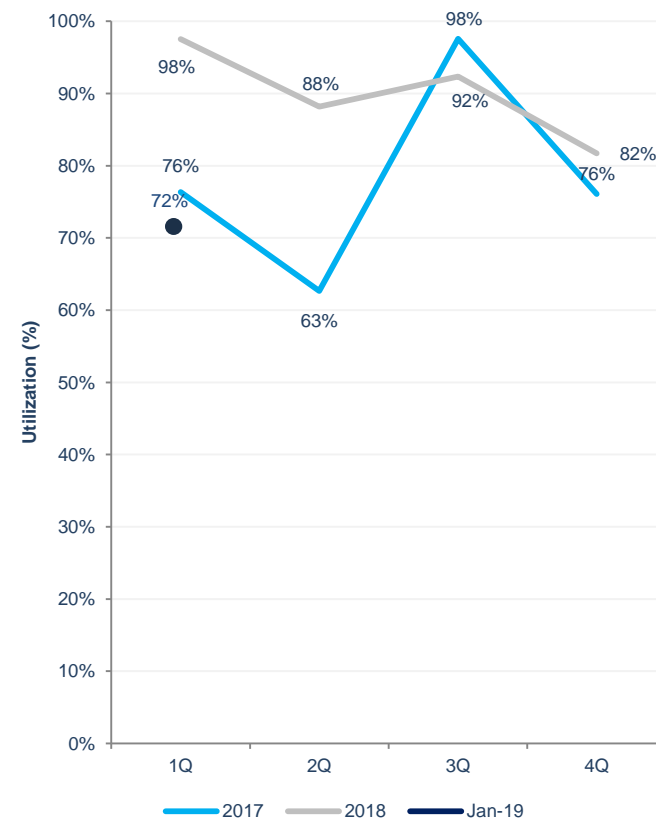
Historical utilization of operating vessels (%)⁽¹⁾

Utilization	FS Aberdour	FS Arendal	FS Balmoral	FS Kr. Sand	FS Braemar	FS Carrick	FS Crathes	FS Aberg.	FS Weighted average
1Q17	29 %	100 %	n.a	100 %	n.a.	n.a.	n.a.	n.a.	76 %
2Q17	54 %	48 %	43 %	100 %	n.a.	n.a.	n.a.	n.a.	63 %
3Q17	100 %	100 %	95 %	100 %	79 %	n.a.	n.a.	n.a.	98 %
4Q17	100 %	100 %	96 %	82 %	2 %	n.a.	n.a.	n.a.	76 %
2017, weighted avg.	71 %	87 %	82 %	96 %	17 %	n.a.	n.a.	n.a.	79 %
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 %
2018, weighted avg.	92 %	100 %	79 %	100 %	86 %	75 %	92 %	49 %	89 %
Jan-19	-	100 %	29 %	60 %	98 %	100 %	-	40 %	72 %
2019 YTD, weight. avg.	0 %	100 %	29 %	60 %	98 %	100 %	0 %	40 %	72 %

Total days	FS Aberdour	FS Arendal	FS Balmoral	FS Kr. Sand	FS Braemar	FS Carrick	FS Crathes	FS Aberg.	FS Weighted average
Total avail. days, 2017	365	365	245	365	115	n.a.	n.a.	n.a.	1455
Total days work., 2017	259	318	202	349	20	n.a.	n.a.	n.a.	1147
Total utilization, 2017	71 %	87 %	82 %	96 %	17 %	n.a.	n.a.	n.a.	79 %
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
Total utilization, 2018	92 %	100 %	79 %	100 %	86 %	75 %	92 %	49 %	89 %
Tot. avail. days, Jan-19	0	31	31	24	31	31	0	31	179
Tot. days work., Jan-19	0	31	9	15	30	31	0	12	128
Total utilization, Jan-19	-	100 %	29 %	60 %	98 %	100 %	-	40 %	72 %

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

Utilization overview (weighted average)



Large-size PSV vessels – EBITDA overview

5x Standard vessels (100% owned) ⁽¹⁾

Standard vessels (USD)	Three months ended, 4Q18	Three months ended, 4Q17	2018	2017
Net hire (net of commission)	4 456 512	2 532 687	15 421 401	6 438 583
Admin expenses	(66 770)	(38 401)	(235 195)	(113 381)
Technical and Commercial Management Fee	(293 495)	(236 413)	(1 203 557)	(630 986)
OPEX/Lay-up costs ⁽²⁾	(3 253 897)	(2 134 271)	(11 792 201)	(5 691 557)
Start up / Liquidation expenses ⁽²⁾	-	(404 332)	(25 691)	(1 030 865)
Dry docking expenses / Surveys / Repairs ⁽²⁾	63 811	3 387	(2 086 474)	(2 229 924)
Bunkers on delivery / redelivery / repositioning	(244 392)	(195 534)	(465 056)	(568 992)
Total operation expenses	(3 794 742)	(3 005 564)	(15 808 174)	(10 265 705)
EBITDA	661 770	(472 877)	(386 773)	(3 827 122)
Adj. EBITDA excluding non-recurring costs ⁽³⁾	661 770	(68 545)	(361 082)	(2 796 257)
Adj. EBITDA excluding dry docking and non-recurring costs ⁽⁴⁾	597 959	(71 932)	1 725 392	(566 333)
Adj. EBITDA excluding dry docking and non-recurring costs margin (%)	13%	n.a.	11%	n.a.

Note:

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

(2) 2017 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

9x Northern Supply vessels (25.5% owned) ⁽¹⁾, pro-rata overview

Northern Supply vessels (USD)	Three months ended, 4Q18	Three months ended, 4Q17	2018	2017
Net hire (net of commission)	820 431	580 849	3 331 397	1 787 716
Admin expenses	(28 746)	(21 354)	(117 272)	(83 620)
Technical and Commercial Management Fee	(104 798)	(70 822)	(387 258)	(233 795)
OPEX/Lay-up costs ⁽²⁾	(897 645)	(464 584)	(3 416 424)	(2 095 644)
Start up / Liquidation expenses ⁽²⁾	(36 774)	(79 325)	(255 655)	(89 633)
Dry docking expenses / Surveys / Repairs ⁽²⁾	(135 689)	(27 614)	(423 970)	(104 790)
Bunkers on delivery / redelivery / repositioning	(126 156)	(82 440)	(240 605)	(103 016)
Total operation expenses	(1 329 808)	(746 140)	(4 841 183)	(2 710 498)
EBITDA	(509 377)	(165 291)	(1 509 786)	(922 783)
Adj. EBITDA excluding non-recurring costs ⁽³⁾	(472 603)	(85 966)	(1 254 132)	(833 149)
Adj. EBITDA excluding dry docking and non-recurring costs ⁽⁴⁾	(336 914)	(58 352)	(830 162)	(728 360)
Adj. EBITDA excluding dry docking and non-recurring costs margin (%)	n.a.	n.a.	n.a.	n.a.

Note:

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

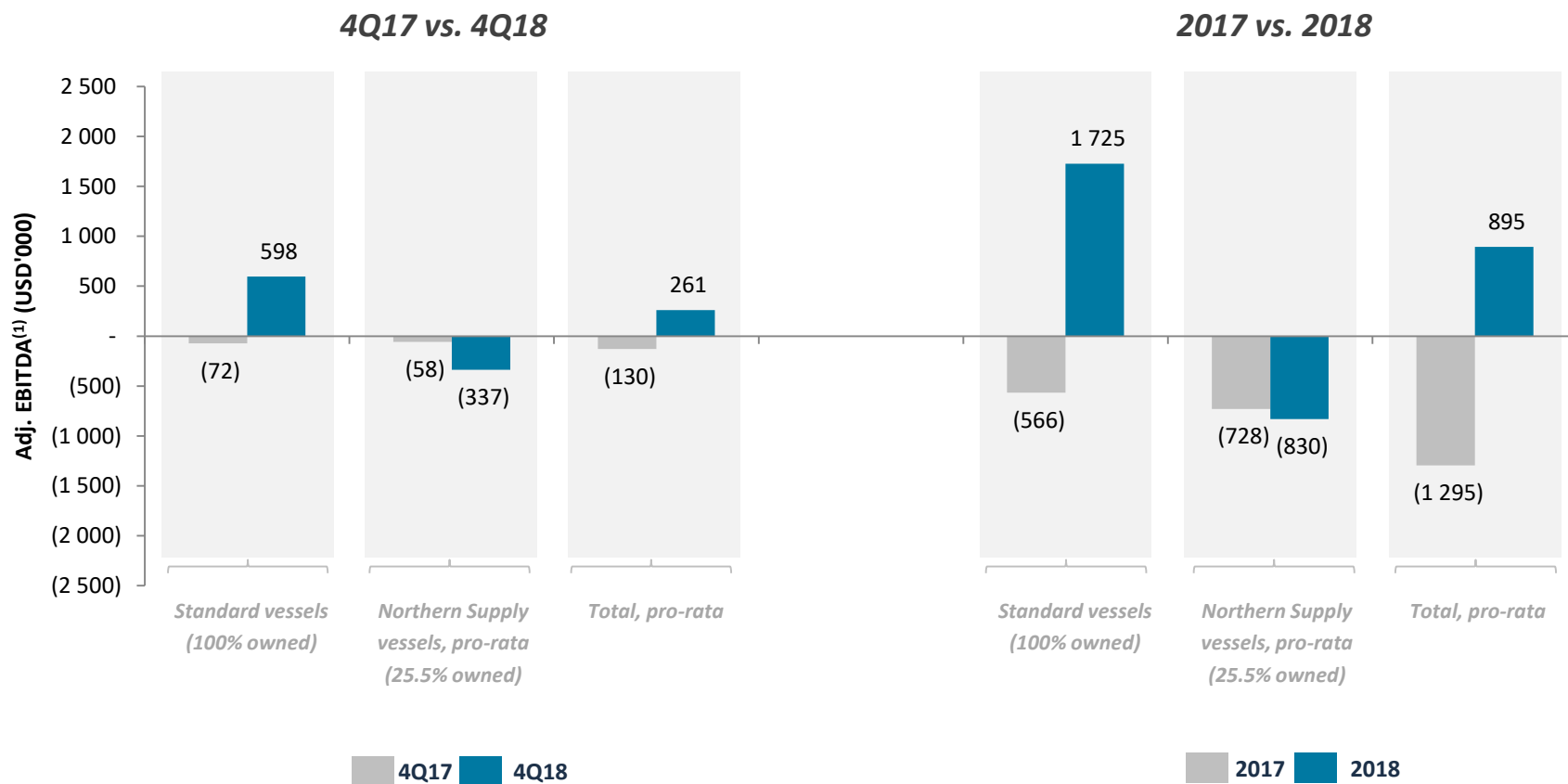
(2) USD calculated from native NOK by application of average exchange rate for 2018 @ 8,263. Former quarters has been recalculated with the final average of the year

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



Explanation of the fair value accounting gain in 4Q18

- **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 2.3m
- **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 (4Q18)	17.0	14.0	13.0	10.0	22.0	19.0	16.8	13.6	18.0	13.4

(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 13.4m as opposed to an average value of USD 18.0m for scenarios of transactions between two willing parties.

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Income statement

S.D. Standard Drilling – Income statement for 4Q18

	Three Months Ended		Twelve Months Ended	
	2018	2017	2018	2017
<i>(Amounts in USD 000)</i>	Q4	Q4	Q4	Q4
			<i>Unaudited</i>	<i>Audited</i>
Income				
Changes in fair value on financial assets at fair value through profit or loss	2 303	4 001	(694)	(2 583)
Changes in fair value on financial assets at fair value through profit or loss-held for trading	-	-	1	-
Other gains and (losses)	(65)	(83)	(65)	281
Interest income	147	147	258	220
Net foreign currency gains or (losses)	(651)	(217)	(147)	1 634
Total net income /(loss)	1 734	3 848	(647)	(448)
Expenses				
Administration fees	(186)	(244)	(585)	(721)
Total operating expenses	(186)	(244)	(585)	(721)
Operating profit/(loss)	1 548	3 604	(1 232)	(1 169)
Finance costs				
Sundry finance income/(expenses)	8	-	(3)	(2)
Profit/(loss) for the period before tax	1 556	3 604	(1 235)	(1 171)
Income tax expense	-	-	-	-
Profit/(loss) for the period after tax	1 556	3 604	(1 235)	(1 171)
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit</i>				
<i>or loss</i>				
Available-for-sale investments – Fair value gains/(loss)	-	(2)	-	(3)
Other comprehensive income for the period	-	(2)	-	(3)
Total comprehensive income for the period	1 556	3 602	(1 235)	(1 174)
Earnings/(loss) per share				
Basic/diluted earnings/(loss) per share (USD)	0,00	0,01	(0,00)	(0,00)

Balance sheet

S.D. Standard Drilling – Balance sheet for 4Q18

<i>(Amounts in USD 000)</i>	31.12.2018	31.12.2017
ASSETS	<i>Unaudited</i>	<i>Audited</i>
Equipment and machinery	1	1
Financial assets at fair value through profit or loss	94 966	88 379
Total non-current assets	94 967	88 380
Trade and other receivables	25	42
Senior secured callable bonds	-	65
Available-for-sale financial assets	-	12
Current tax asset	1	1
Cash and bank balances	16 382	12 148
Total current assets	16 408	12 268
Total Assets	111 375	100 648
EQUITY AND LIABILITIES		
Ordinary shares	17 281	15 281
Share premium	96 861	86 840
Other reserves	-	(4)
Accumulated profits/(losses)	(2 864)	(1 625)
Total equity	111 278	100 492
Trade and other payables	97	156
Total current liabilities	97	156
Total Equity and Liabilities	111 375	100 648

Cash flow statement

S.D. Standard Drilling – Cash flow statement for 4Q18

<i>(Amounts in USD 000)</i>	Twelve Months Ended	
	2018	2017
	Q4	Q4
	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) for the period before income tax	(1 235)	(1 171)
Unrealised exchange loss/(gain)	698	(303)
Other gains/(losses)	65	(281)
Payments to financial assets at fair value through profit or loss	(7 281)	(81 461)
Receipts from sale of financial assets of fair value through profit or loss	13	-
Interest income	(258)	(220)
Decrease in trade and other receivables	17	102
Decrease in financial assets fair value through profit or loss	693	2 583
Decrease in trade and other payables	(59)	(18)
Net cash generated from/(used in) operating activities	(7 347)	(80 769)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of senior secure callable bonds	-	3 626
Payment for the purchase of senior secure callable bonds	-	(1 392)
Interest received	258	220
Net cash generated from/(used in) investing activities	258	2 454
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	12 600	92 120
Share issue costs	(579)	(3 758)
Net cash generated from/(used in) financing activities	12 021	88 362
Net increase/ (decrease) in cash and cash equivalents	4 932	10 047
<u>Cash and cash equivalents at beginning of year</u>	<u>12 148</u>	<u>1 798</u>
Effect of exchange rate changes on the balance of cash held in foreign currencies	(698)	303
Cash and cash equivalents at end of period	16 382	12 148



STANDARD DRILLING