

S.D. Standard Drilling Plc.

1Q 2018 Presentation

15 May 2018



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Agenda

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

Highlights Q1 2018

- Profit after tax of USD 0.1m (4Q 17 USD 3.6m)
- Successful completion of NOK 100m equity offering
- Total cash balance of USD 25.7m (4Q17 USD 15.2m)⁽³⁾
- Total EBITDA (adj) of USD 0.2m (4Q17 USD 0.1m)⁽¹⁾
- **Large-size – 5x Standard Vessels (100% owned)**
 - EBITDA (adj) of USD 0.4 (Q417 USD (0.1)m)⁽¹⁾
 - Utilization of ~93% (4Q17 ~84%)⁽²⁾
- **Mid-size - 7x PSV Opportunity III Vessels (25.5% owned)**
 - EBITDA (adj) of USD (0.1)m (4Q17 USD (0.1)m)⁽¹⁾
 - Utilization of ~70% (4Q17 ~76%)⁽²⁾



(1) EBITDA for the Standard Vessels (100% owned) and PSV Opportunity III (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 22.4m is cash in SDDSD and subsidiaries

Highlights Q1 2018 cont.

- **Acquisition of two medium size PSV's of the UT755 LN design at attractive levels**
 - Purchase price for the vessels were USD 2.45 each
 - Participated in a USD 6.75m equity issue in Northern PSV AS, investing USD 1.72m corresponding to 25.5% ownership
- **Standard Supplier awarded a 1 well contract at day rates well above operating cost**
 - Commenced 24 February
 - Options at increased rates
- **Total Book Value of Equity of USD 112.7m (NOK 1.52 per share)**
- **Negative fair value adjustment of financial assets of USD 0.6m**
- **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 98% for the Company's large PSV's in April 2018⁽¹⁾
 - Standard Supporter
 - Enquest declared their first well option at increased rates. Estimated 60-90 days
 - Remaining two well options at increased rates
 - Mid May 2018- four vessels on term contracts and one vessel in the spot market
- **Northern PSV took delivery of two medium size vessels**
- **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

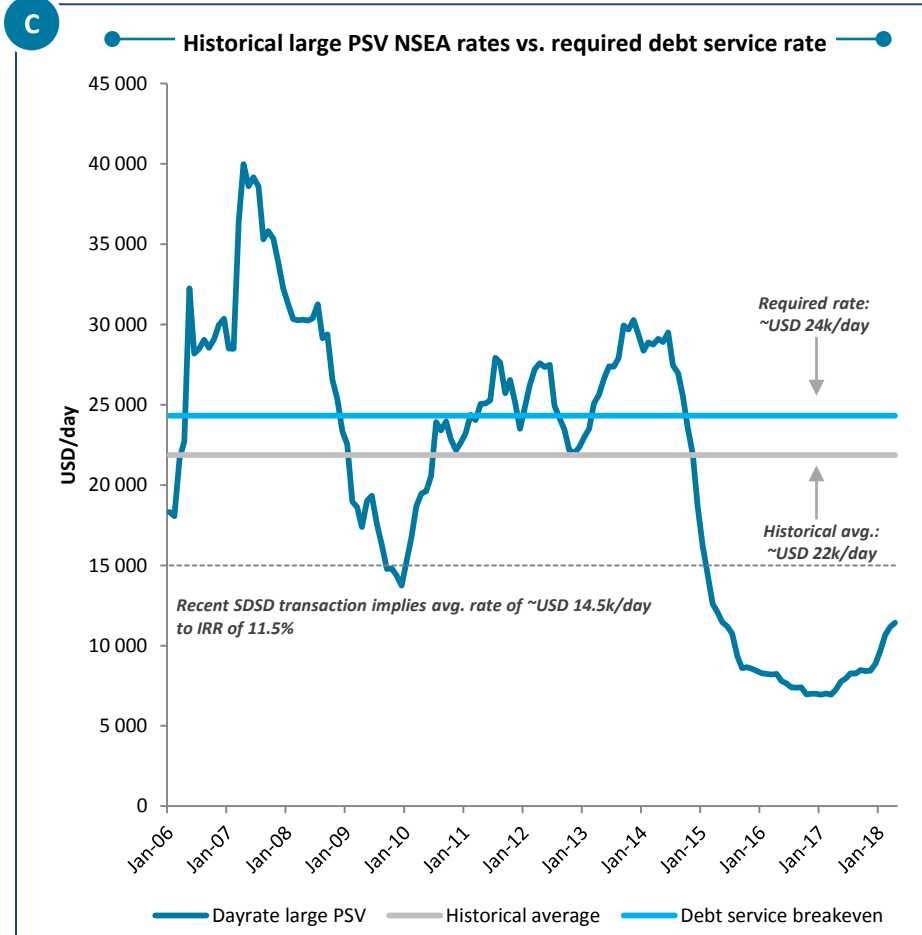
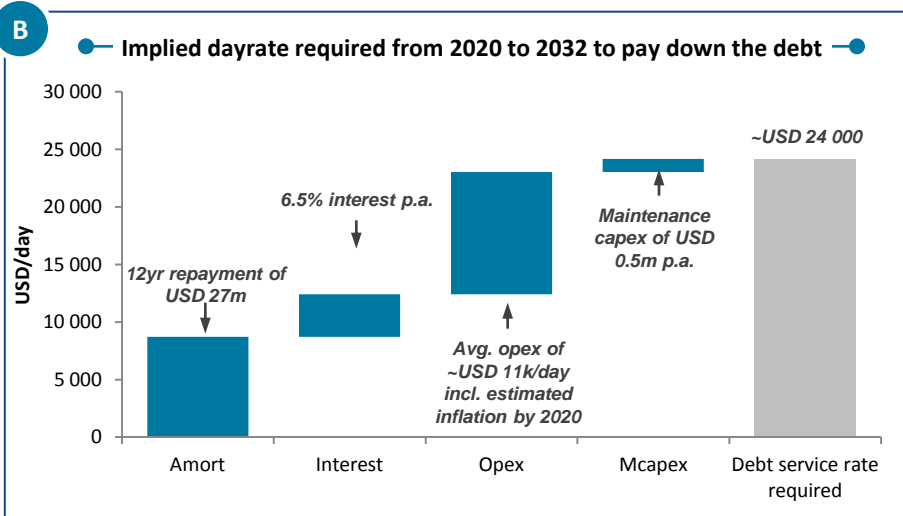
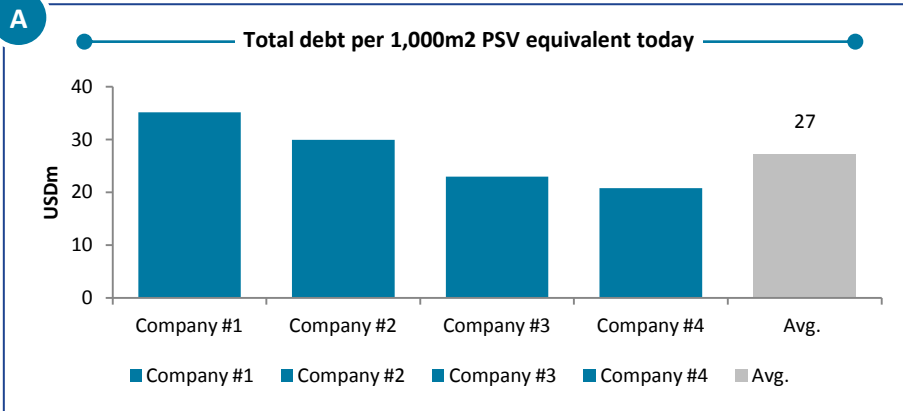


No reactivation costs

SDSD has no debt

1

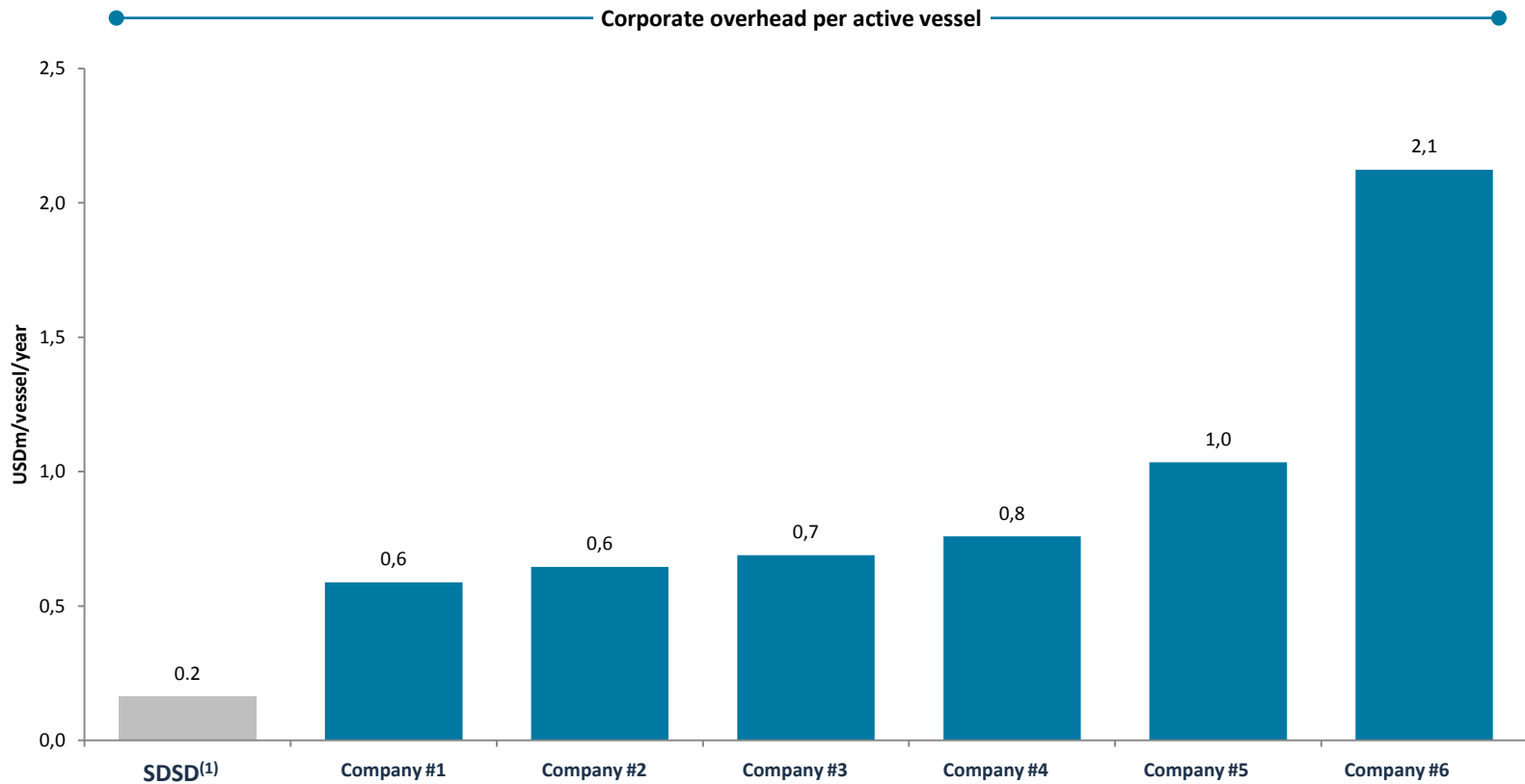
SDSD has a competitive advantage compared to industry peers



SDSD has low overhead costs

2

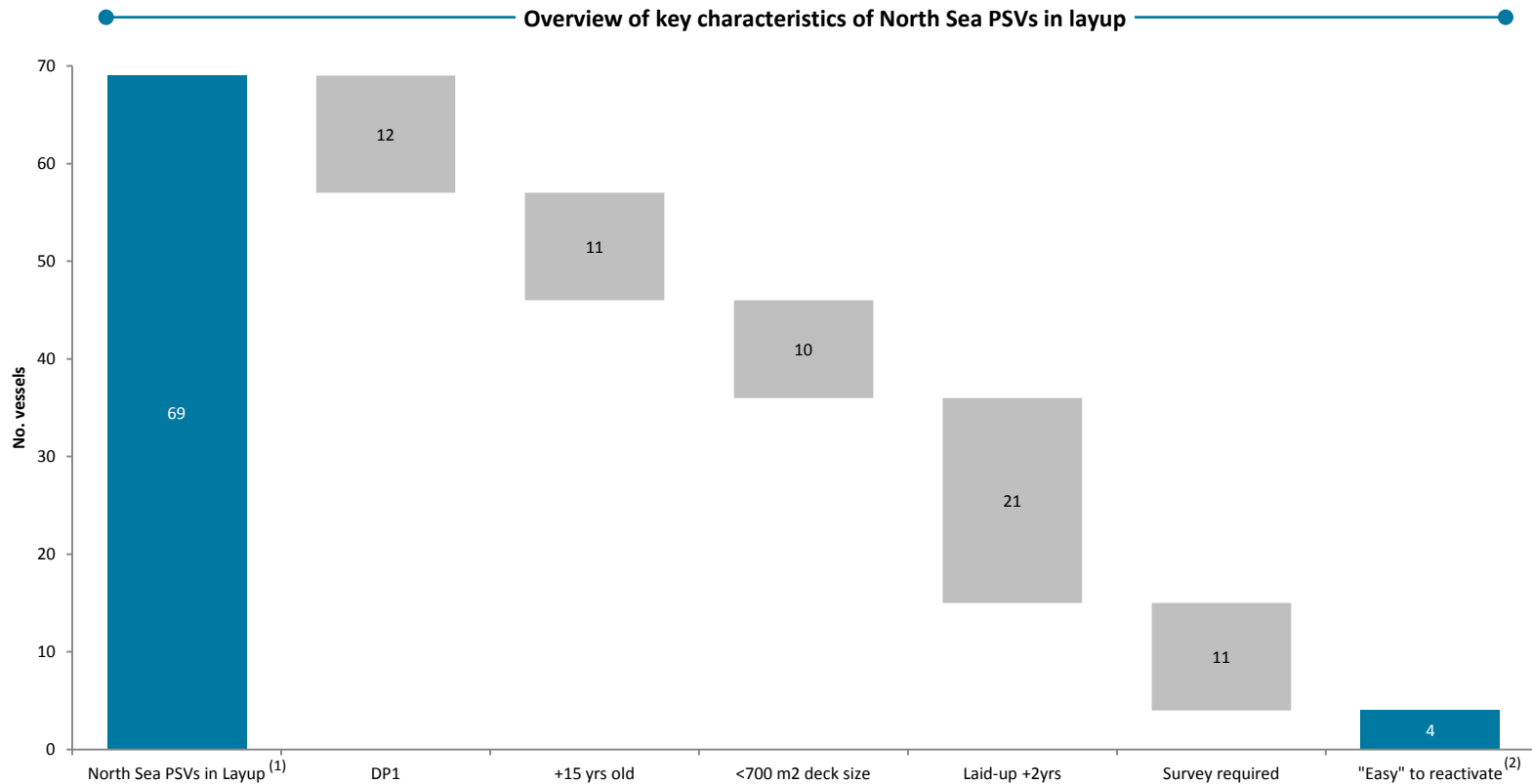
SDSD has a competitive advantage compared to industry peers



SDSD has a modern fleet of large PSV's- all working

3

SDSD has a competitive advantage compared to industry peers



(1) ~15 vessels have been reactivated from layup since 2017YE

(2) None of the 4 «easy» to reactivate vessels are large-size vessels

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 III (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	Contract	Options	Options	Options	Options	Options	Options
Standard Princess	2008	Spot Market	UK	Dry-dock	~19 days in dry-dock						
Standard Supplier	2007	Decipher	UK	Contract							
Standard Provider	2010	Maersk Oil	UK	Contract	Contract						
Standard Supporter	2009	Enquest	UK	Contract	Contract	Contract	Options	Options			

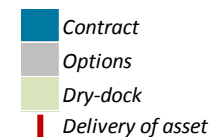
- **Solid short term utilization, well positioned to take advantage of the anticipated North Sea market upturn**



Mid-size PSV vessels – contract overview

PSV Opportunity III + 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						
FS Aberdour	2009	Centrica	UK	Contract	Contract					
FS Balmoral	2008	Spot Market	UK	Dry-dock						
FS Kristiansand	2005	TBN	UK	Contract	Options	Options				
FS Braemar	2007	Ineos	UK	Contract	Options	Options				
FS Bergen	2006	Lay-up	UK							
FS Abergeldie	2008	Lay-up	Trinidad							
FS Carrick	2009	Spot Market	UK	Delivery of asset						
FS Crathes	2008	Spot Market	UK			Dry-dock				



Note: If all options are declared, FS Balmoral and FS Kristiansand could work until 1Q19

Large-size PSV vessels – Utilization overview

Historical utilization of operating vessels (%)

Standard Vessels (100% owned)

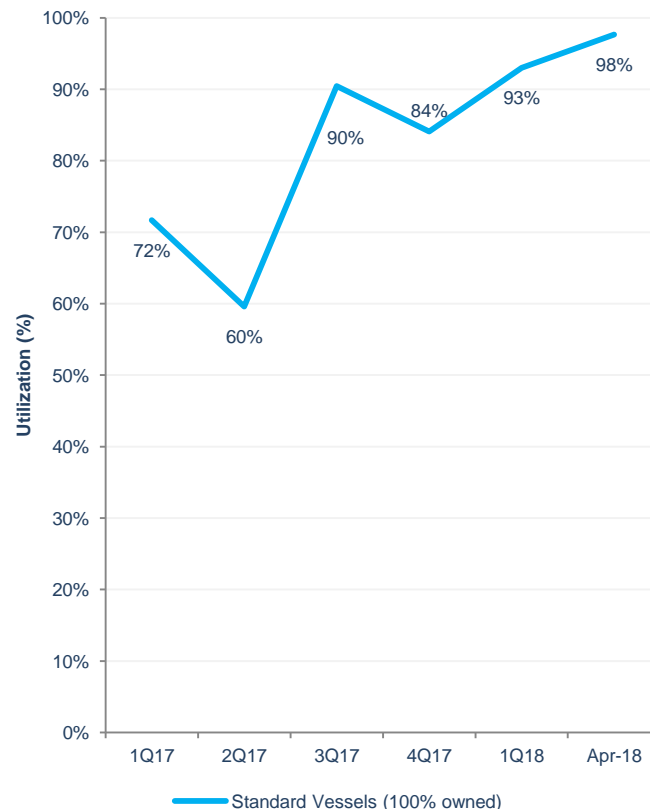
Utilization	S.Viking	S. Princess	S. Supplier	S.Provider	S. Supporter	Weighted average
1Q17	n.a.	72 %	n.a.	n.a.	n.a.	72 %
2Q17	39 %	96 %	12 %	n.a.	n.a.	60 %
3Q17	94 %	84 %	93 %	n.a.	n.a.	90 %
4Q17	100 %	89 %	71 %	85 %	68 %	84 %
2017, weighted average	77 %	87 %	73 %	85 %	68 %	80 %
1Q18	100 %	100 %	65 %	100 %	100 %	93 %
Apr-18	100 %	78 %	100 %	100 %	98 %	98 %
2018 YTD, weighted avg.	100 %	98 %	74 %	100 %	99 %	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	120	101	120	120	120	581
Total days worked, YTD18	120	99	88	120	119	547
Total utilization, QTD18	100 %	98 %	74 %	100 %	99 %	94 %

Note:

- Standard Viking 2Q17 utilization from April-17
- 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
- Standard Supporter 4Q17 utilization from mid-Nov-17
- YTD18 includes 1Q18 and Apr-18

Utilization overview (weighted average)



Mid-size PSV vessels – Utilization overview

Historical utilization of operating vessels (%)⁽¹⁾

PSV Opportunity III + Northern PSV Vessels (25.5% owned)

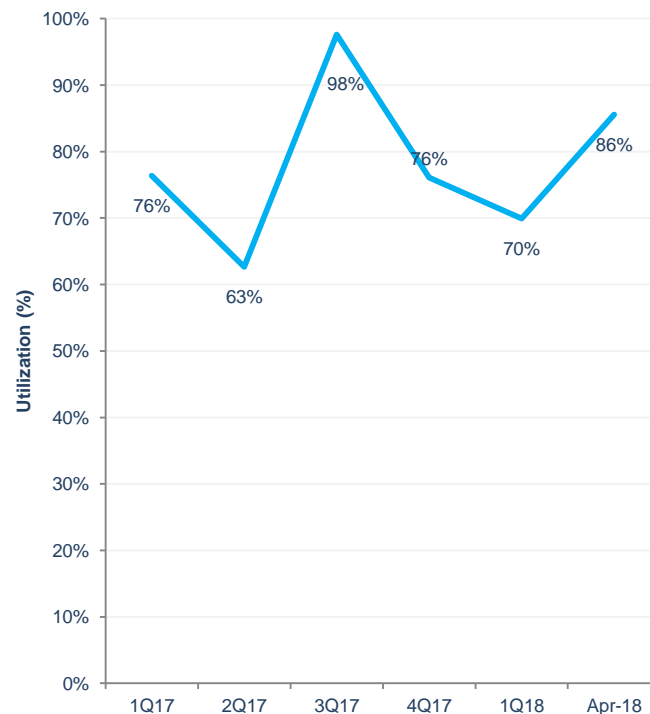
Utilization	FS Aberdour	FS Arendal	FS Balmoral	FS Braemar	FS Kr. Sand	FS Carrick	Weighted average
1Q17	29 %	100 %	n.a	n.a.	100 %	n.a.	76 %
2Q17	54 %	48 %	43 %	n.a.	100 %	n.a.	63 %
3Q17	100 %	100 %	95 %	79 %	100 %	n.a.	98 %
4Q17	100 %	100 %	96 %	2 %	82 %	n.a.	76 %
2017, weighted avg.	71 %	87 %	82 %	17 %	96 %	n.a.	79 %
1Q18	99 %	99 %	100 %	17 %	34 %	n.a.	70 %
Apr-18	100 %	100 %	39 %	100 %	100 %	0 %	86 %
2018 YTD, weighted avg.	99 %	100 %	85 %	38 %	51 %	0 %	74 %

Total days	FS Aberdour	FS Arendal	FS Balmoral	FS Braemar	FS Kr. Sand	FS Carrick	Weighted average
Total avail. days, 2017	365	365	245	115	365	n.a.	1 455
Total days work., 2017	259	318	202	20	349	n.a.	1 147
Total utilization, 2017	71 %	87 %	82 %	17 %	96 %	n.a.	79 %
Tot. avail. days, YTD18	120	120	120	120	120	4	604
Tot. days work., YTD18	119	119	102	46	61	-	447
Total utilization, QTD18	99 %	100 %	85 %	38 %	51 %	0 %	74 %

Note:

- FS Balmoral 2Q17 utilization from May-17, not operational during 15 day DD in April
- FS Braemar 3Q17 utilization from Sept-17,
- FS Carrick available from end Apr-18 (4 days)
- YTD18 includes 1Q18 and Apr-18

Utilization overview (weighted average)



PSV Opportunity III + Northern PSV Vessels (25.5% owned)

Large-size PSV vessels – EBITDA overview

5x Standard Vessels (100% owned) ⁽¹⁾

Standard Vessels (USD)	Three months ended, 1Q18	Three months ended, 4Q17	Three months ended, 3Q17	Three months ended, 2Q17	2017
Net hire (net of commission)	3 574 353	2 532 687	2 617 337	1 054 623	6 438 583
Admin expenses	(62 294)	(38 401)	(21 052)	(28 659)	(113 381)
Technical and Commercial Management Fee	(307 185)	(236 413)	(178 868)	(160 659)	(630 986)
OPEX/Lay-up costs ⁽²⁾	(2 789 289)	(2 134 271)	(1 653 649)	(1 990 444)	(5 691 557)
Start up / Liquidation expenses ⁽²⁾	(100 436)	(404 332)	(8 402)	(293 149)	(1 030 865)
Dry docking expenses / Surveys / Repairs ⁽²⁾	(479 652)	3 387	(188 862)	(1 263 347)	(2 229 924)
Bunkers on delivery / redelivery / repositioning	(27 796)	(195 534)	(22 985)	-	(568 992)
Total operation expenses	(3 766 652)	(3 005 564)	(2 073 818)	(3 736 258)	(10 265 705)
EBITDA	(192 299)	(472 877)	543 519	(2 681 635)	(3 827 122)
Adj. EBITDA excluding non-recurring costs ⁽³⁾	(91 864)	(68 545)	551 921	(2 388 486)	(2 796 257)
Adj. EBITDA excluding dry docking and non-recurring costs ⁽⁴⁾	387 788	(71 932)	740 783	(1 125 139)	(566 333)
Adj. EBITDA excluding dry docking and non-recurring costs margin (%)	11 %	n.a.	28 %	n.a.	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 III Vessels (25.5% owned)⁽¹⁾, pro-rata overview⁽⁵⁾

PSV Opportunity III Vessels (USD) (2), pro rata overview	Three months ended, 1Q18	Three months ended, 4Q17	Three months ended, 3Q17	Three months ended, 2Q17	2017
Net hire (net of commission)	569 163	580 849	606 521	316 949	1 787 716
Admin expenses	(18 290)	(21 354)	(20 122)	(25 794)	(83 620)
Technical and Commercial Management Fee	(67 791)	(70 822)	(63 715)	(55 203)	(233 795)
OPEX/Lay-up costs	(627 862)	(464 584)	(615 965)	(545 497)	(2 095 644)
Start up / Liquidation expenses	-	(79 325)	-	4 214	(89 633)
Dry docking expenses / Surveys / Repairs	(175 670)	(27 614)	-	(77 176)	(104 790)
Bunkers on delivery / redelivery / repositioning	(3 820)	(82 440)	8 446	(40 245)	(103 016)
Total operation expenses	(893 433)	(746 140)	(691 356)	(739 702)	(2 710 498)
EBITDA	(324 269)	(165 291)	(84 835)	(422 752)	(922 783)
Adj. EBITDA excluding non-recurring costs ⁽³⁾	(324 269)	(85 966)	(84 835)	(426 966)	(833 149)
Adj. EBITDA excluding dry docking and non-recurring costs ⁽⁴⁾	(148 599)	(58 352)	(84 835)	(349 790)	(728 360)
Adj. EBITDA excluding dry docking and non-recurring costs margin (%)	n.a.	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 2017 @ 8,263. Former quarters has been recalculated with the final average of the year

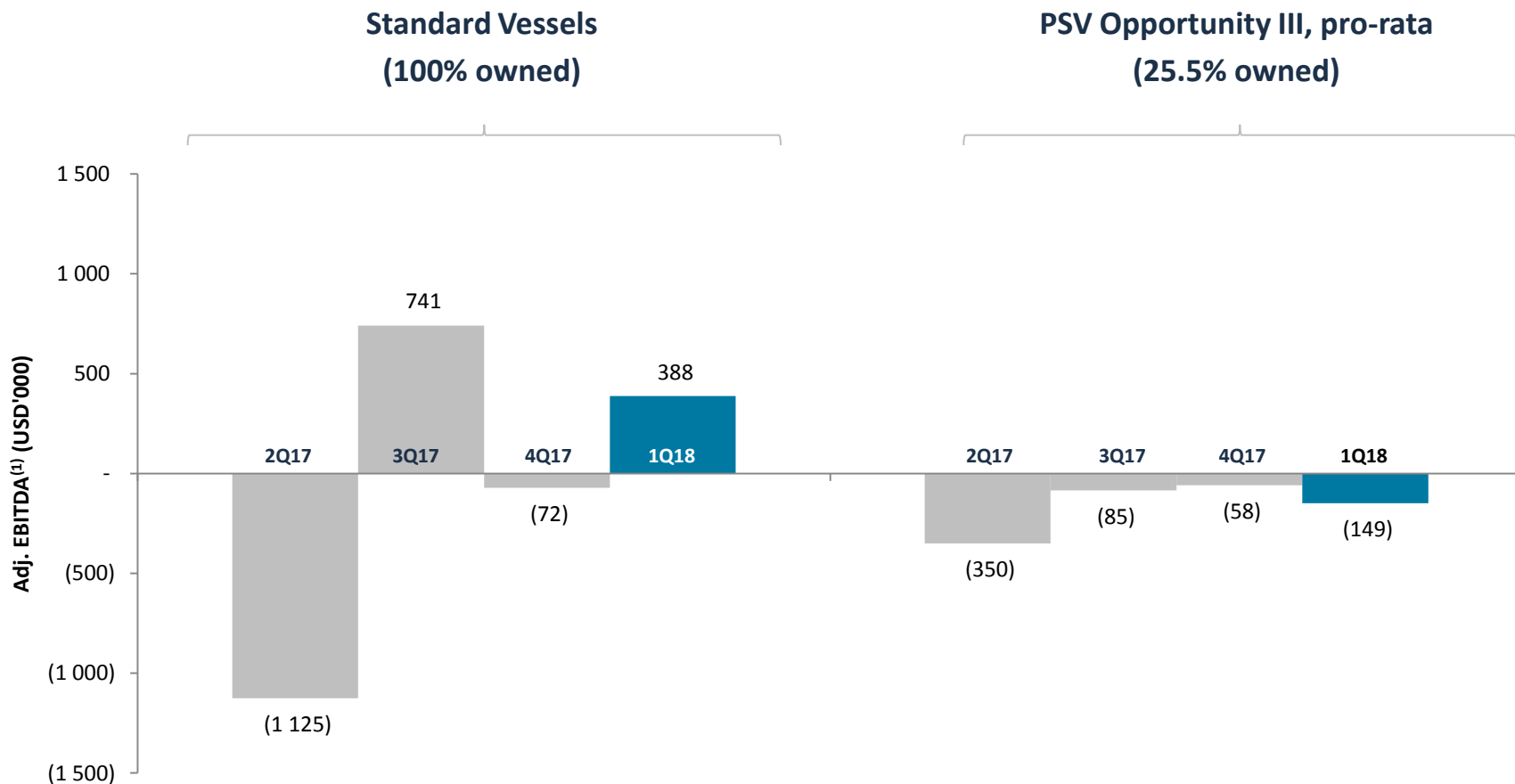
(3) Non-recurring costs are costs directly related to preparing newly acquired vessels for the market.

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

(5) 2x Northern PSV units not included as they were not in operation during 1Q18

Summary – Adj. EBITDA excluding dry docking and non-recurring costs ⁽¹⁾

Standard Vessels (100% owned) and PSV Opportunity III Vessels (25.5% owned)⁽²⁾, 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.
 (2) 2x Northern PSV units not included as they were not in operation during 1Q18

Explanation of the fair value accounting gain in 1Q18

- **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 0.6m

- **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 (1Q18)	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 1Q18

	<u>Three Months Ended</u>	
	2018	2017
	Q1	Q1
<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	(612)	1 136
Interest income	14	9
Net foreign currency gains or (losses)	885	709
Total net income /(loss)	287	1 854
Expenses		
Administration fees	(137)	(142)
Total operating expenses	(137)	(142)
Operating profit/(loss)	150	1 712
Finance costs		
Sundry finance income/(expenses)	(5)	(21)
Profit/(loss) for the period before tax	145	1 691
Income tax expense	-	-
Profit/(loss) for the period after tax	145	1 691
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 for the period	145	1 691
Earnings/(loss) per share		
Basic/diluted earnings/(loss) per share	0,00	0,01

Balance sheet

S.D. Standard Drilling – Balance sheet for 4Q17

<i>(Amounts in USD 000)</i>	31.03.2018	31.12.2017
ASSETS	<i>Unaudited</i>	<i>Audited</i>
Equipment and machinery	1	1
Financial asset at fair value through profit or loss	91 945	88 379
Total non-current assets	91 946	88 380
Trade and other receivables	62	42
Senior secured callable bonds	65	65
Available-for-sale financial assets	12	12
Current tax asset	1	1
Cash and bank balances	20 815	12 148
Total current assets	20 955	12 268
Total Assets	112 901	100 648
EQUITY AND LIABILITIES		
Ordinary shares	17 281	15 281
Share premium	96 887	86 840
Other reserves	(4)	(4)
Accumulated profits/(losses)	(1 480)	(1 625)
Total equity	112 684	100 492
Trade and other payables	217	156
Total current liabilities	217	156
Total Equity and Liabilities	112 901	100 648

Cash flow statement

S.D. Standard Drilling – Cash flow statement for 1Q18

<i>(Amounts in USD 000)</i> Three Months Ended	
	2018	2017
	Q1	Q1
	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) for the period before income tax	145	1 691
Unrealised exchange (gain)/loss	(402)	119
Payments to acquire financial assets at fair value through profit or loss	(4 178)	(53 147)
Interest income	(14)	(9)
(Decrease)/increase in trade and other receivables	(20)	82
Decrease/(increase) in financial asset fair value through profit or loss	612	(1 136)
Increase in trade and other payables	61	88
Net cash generated from/(used in) operating activities	(3 796)	(52 312)
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	14	9
Net cash generated from/(used in) investing activities	14	1 770
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	12 600	67 755
Share issue costs	(553)	(2 901)
Net cash generated from/(used in) financing activities	12 047	64 854
Net increase/ (decrease) in cash and cash equivalents	8 265	14 312
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	402	(119)
Cash and cash equivalents at end of period	20 815	15 991



STANDARD DRILLING