

Investor Presentation

THIRD QUARTER 2018

KCA Deutag is a leading international drilling and engineering company working onshore and offshore with a focus on safety, quality and operational performance

www.kcadeutag.com



KCA DEUTAG
Operating safely, succeeding globally.

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Agenda

Third Quarter Investor Presentation

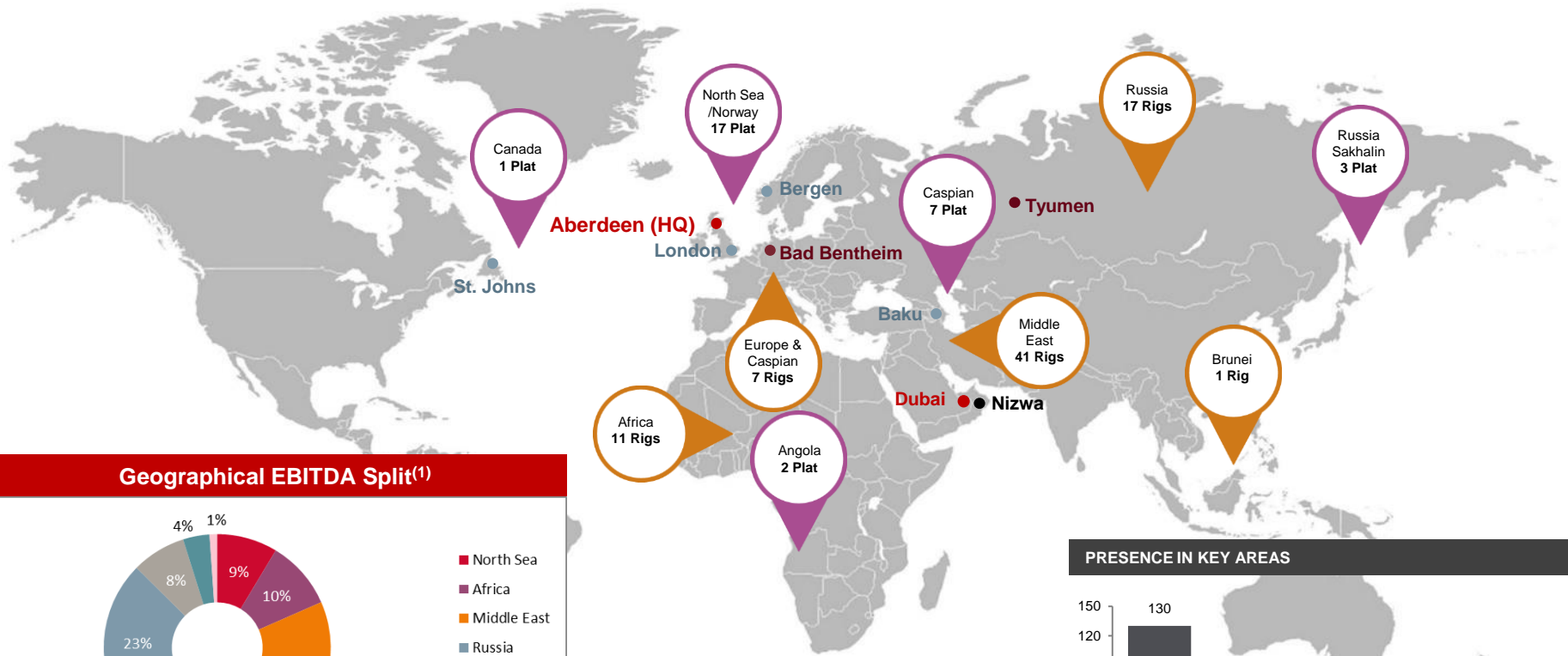
- 1 | Q3 Key Highlights
- 2 | Operational Highlights
- 3 | Business Update
- 4 | Business Unit Financials
- 5 | Group Results
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Q3 Key Highlights

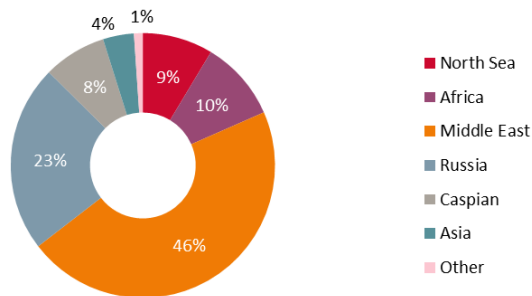
- 1 Q3 2018 Group revenue of \$346m⁽¹⁾ (Q3 2017: \$309m) and Q3 2018 EBITDA of \$71m⁽¹⁾ (Q3 2017: \$55m) respectively
- 2 Ongoing integration of the Omani and Saudi Arabian businesses of Dalma Energy LLC progressing on plan
- 3 Several contract awards within the Land Business
- 4 Combined contract backlog of \$6.0bn (at 1 November 2018) across a blue chip customer base
- 5 Available liquidity of \$174m at 30 September 2018

KCA Deutag is a leading international drilling and engineering company working onshore and offshore with a focus on safety, quality and operational performance

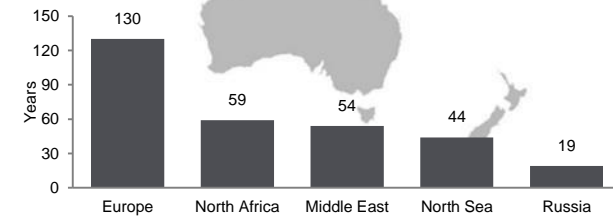
KCA Deutag Operations are Diversified Across Global Markets



Geographical EBITDA Split⁽¹⁾



PRESENCE IN KEY AREAS

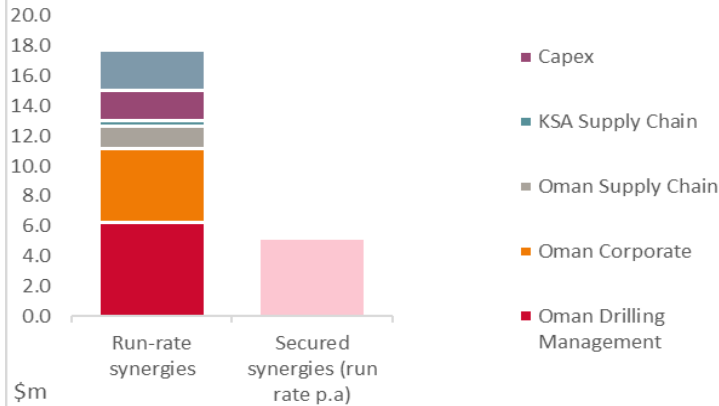


Market Outlook by Business Unit

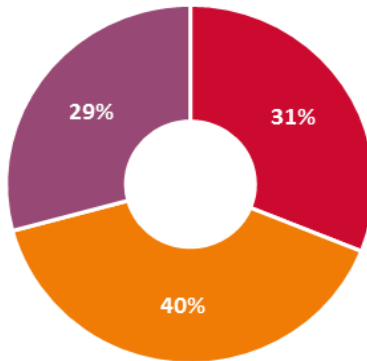
Business Units		Outlook
Land Drilling	Europe / Kazakhstan	High levels of tendering continues across most markets Conversion to contract awards remains slow and highly competitive Pricing remains under pressure Utilisation levels are slowly increasing New contract awards across Europe, Russia and the Middle East
	Russia	
	Africa	
	Middle East	
Bentec		Reasonable tendering activity in a competitive market Further Top Drive wins in Q3
Offshore Services	North Sea	Activity remains steady with one contract extension
	International	Stable activity and new Joint Venture with Socar AQS
RDS		Limited activity but tendering increasing; seeking diversification opportunities

Ongoing Integration of the Omani and Saudi Arabian Businesses of Dalma Energy LLC

Target synergies (\$16m EBITDA & \$2m capex)



EBITDA synergies by type



■ Corporate Overheads ■ Country Overheads ■ Supply Chain

Focus on integration

Continued adoption of KCA Deutag Way

- Integration proceeding as planned and on time
- SAP system has now been successfully rolled out in Oman and Saudi

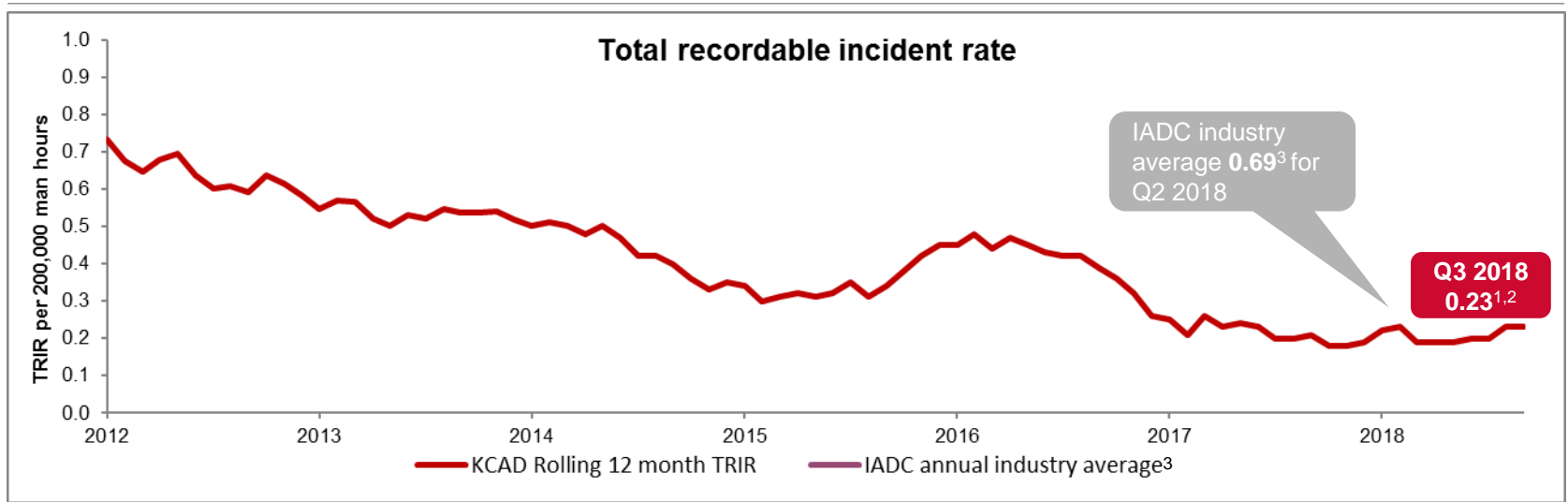
Delivering cost synergies

- We have further increased our expectation of run rate EBITDA synergies from \$11.8m (Q2) to \$15.7m (Q3)
- Full run rate synergy realisation still targeted for Q2 2019
- One third of synergies secured after of 5 months of operation
- This equates to an annual run rate per year of c. \$5m per annum

Unlocking further revenue synergies

- Actively engaged with customers
- Opportunities for collaboration between business units

Strong HSSE Performance Continues

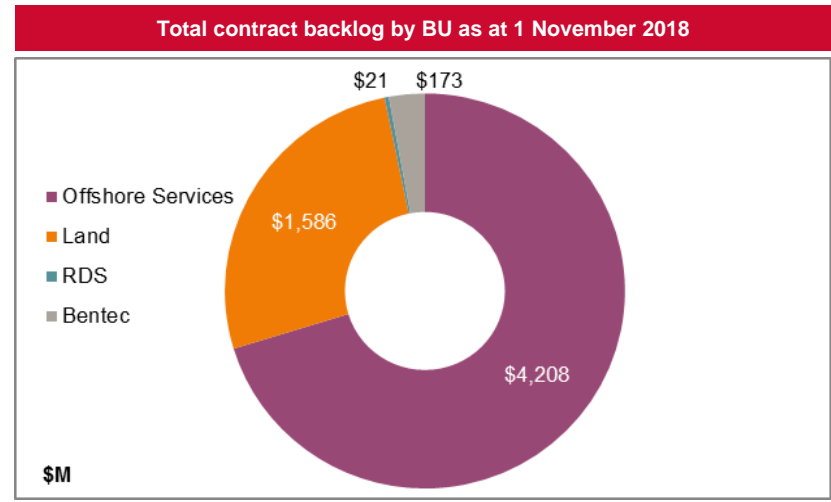
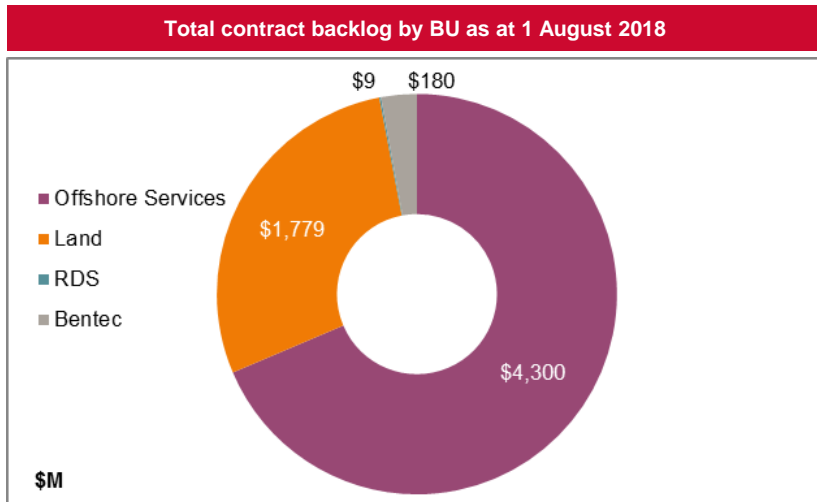
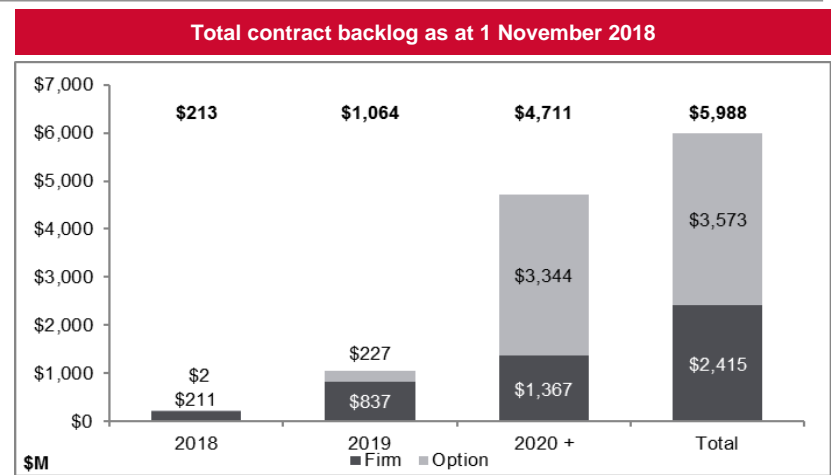
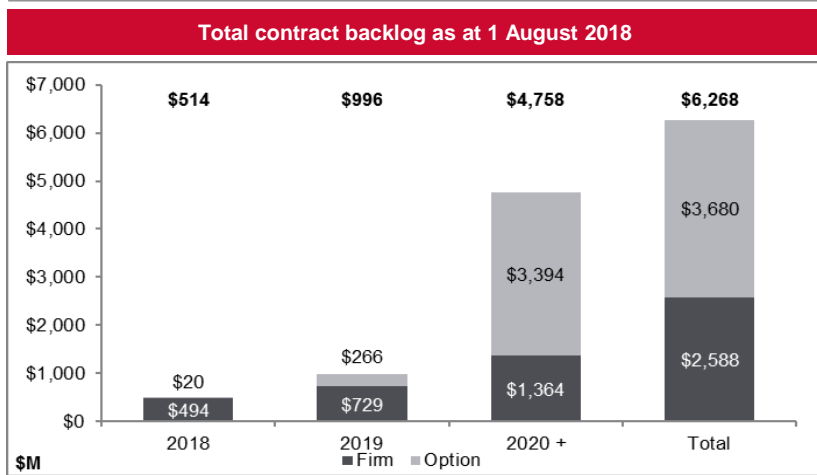


¹ Total Recordable Incident Rate per 200,000 man hours. This is a rolling 12 month average

² Dalma business have been incorporated from May 2018

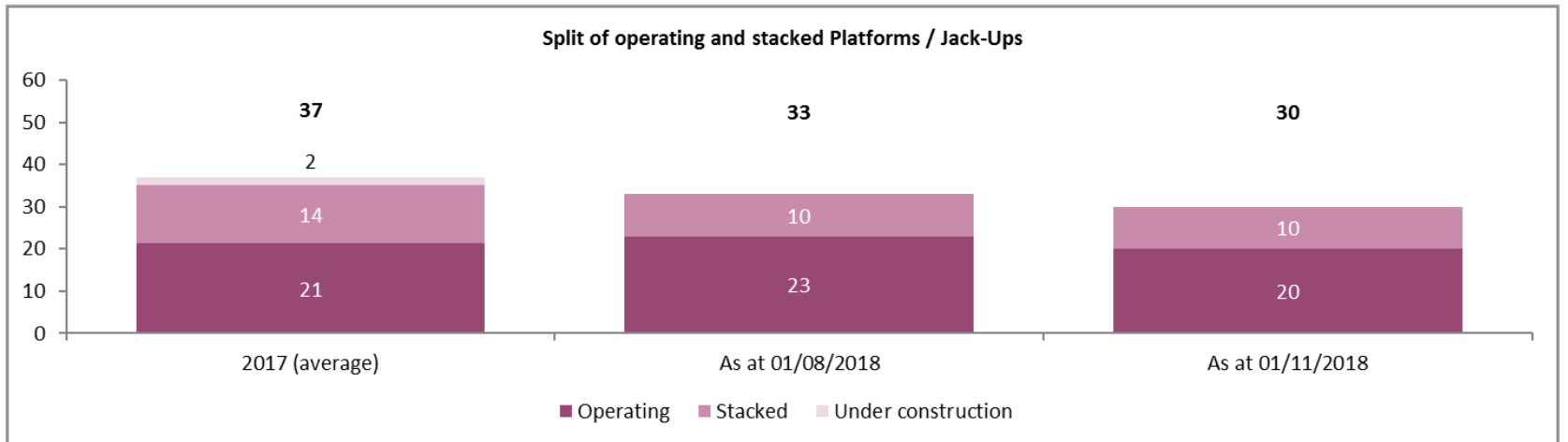
³ KCAD Total Recordable Incident Rate is directly comparable with IADC's Total Recordables (RCRD) statistic
Note: IADC stands for International Association of Drilling Contractors

Stable Backlog Providing Excellent Visibility

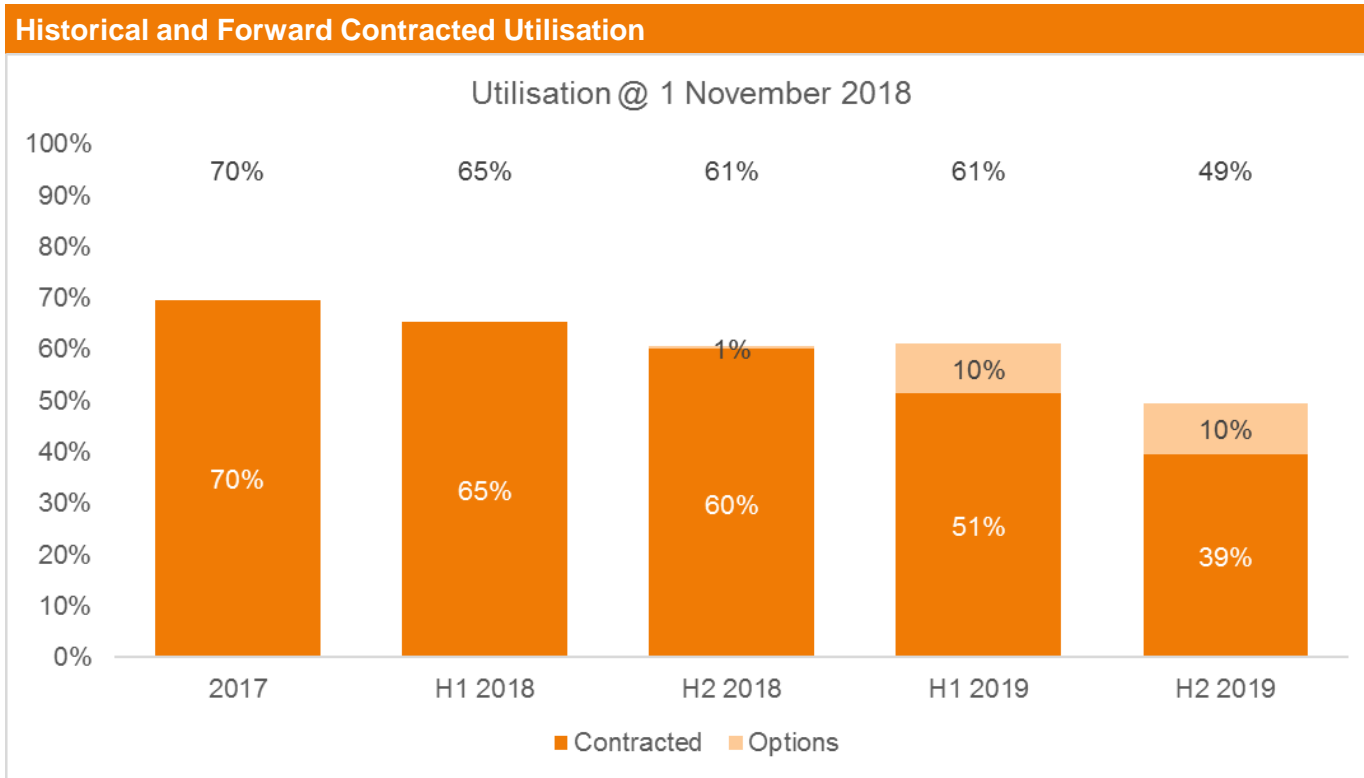


Robust Offshore Services Contract Backlog

Client	Country	Assets	2018				2019				2020				Contract end date	Platform status	#
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Exxon	Canada	Hebron	[Bar chart showing contract activity from Q1 2018 to Q4 2019]												Mar-46	Operating	1
Equinor (Statoil)	Norway	CAT J (2)	[Bar chart showing contract activity from Q1 2018 to Q4 2019]												May-36	Operating	2
Equinor (Statoil)	Norway	Oseberg's (4) & Kvitebjorn	[Bar chart showing contract activity from Q1 2018 to Q4 2019]												Oct-28	Operating / Stacked	3/2
Exxon	Angola	Kizomba (2)	[Bar chart showing contract activity from Q1 2018 to Q4 2019]												Oct-28	Stacked	2
Point Resources	Norway	Ringhorne	[Bar chart showing contract activity from Q1 2018 to Q4 2019]												Dec-25	Stacked	1
AIOC	Azerbaijan	Azeris, SD, DWG, Cop & Chirag	[Bar chart showing contract activity from Q1 2018 to Q4 2019]												Dec-24	Operating	7
Total	UK	Alwyn / Dunbar	[Bar chart showing contract activity from Q1 2018 to Q4 2019]												May-23	Operating / Stacked	1/1
Nexen	UK	Scott	[Bar chart showing contract activity from Q1 2018 to Q4 2019]												Feb-23	Operating	1
COP	UK	Britannia	[Bar chart showing contract activity from Q1 2018 to Q4 2019]												Nov-22	Stacked	1
Equinor (Statoil)	Norway	Pipe pool management	[Bar chart showing contract activity from Q1 2018 to Q4 2019]												Oct-22	Active mgmt. contract	
CNR	UK	Ninian's (2) Tiffany	[Bar chart showing contract activity from Q1 2018 to Q4 2019]												Nov-21	Operating / Stacked	1/2
SEIC	Russia	LA, PA & PB	[Bar chart showing contract activity from Q1 2018 to Q4 2019]												May-21	Operating	3
Enquest	UK	Thistle & Heather	[Bar chart showing contract activity from Q1 2018 to Q4 2019]												May-20	Operating / Stacked	1/1



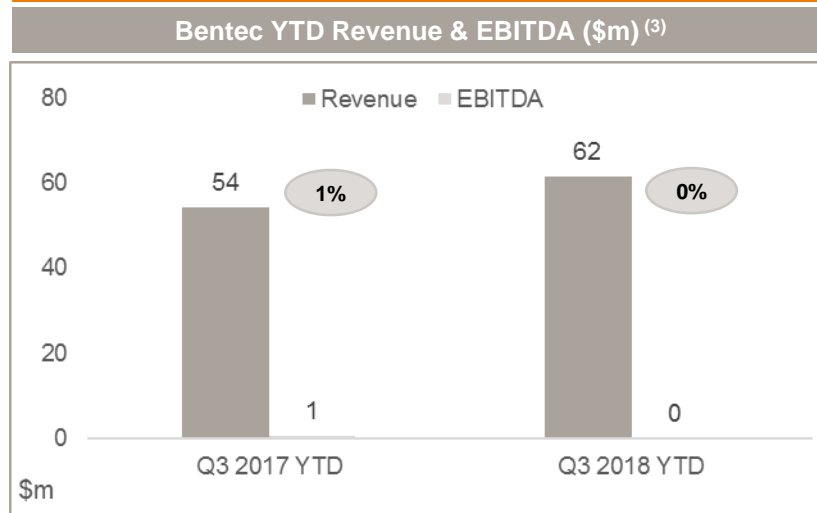
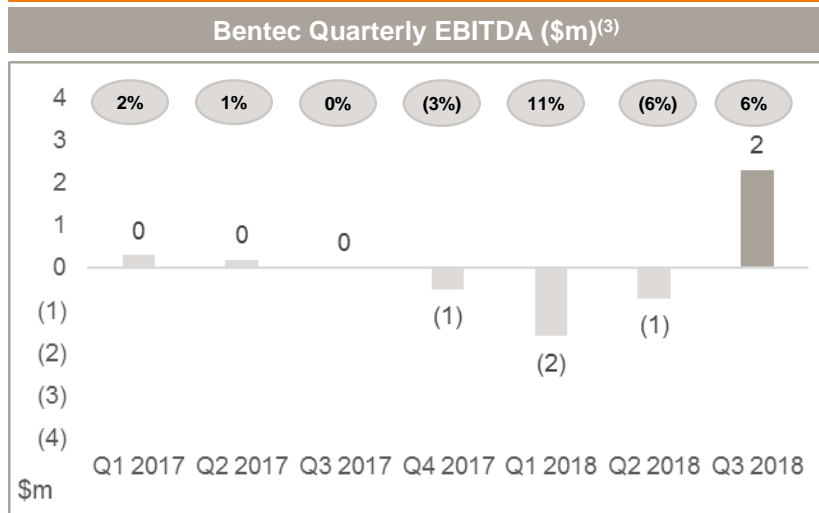
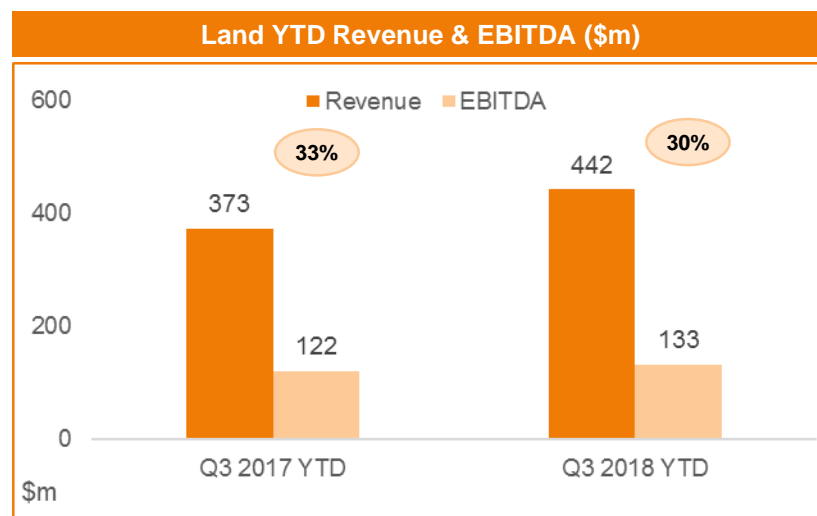
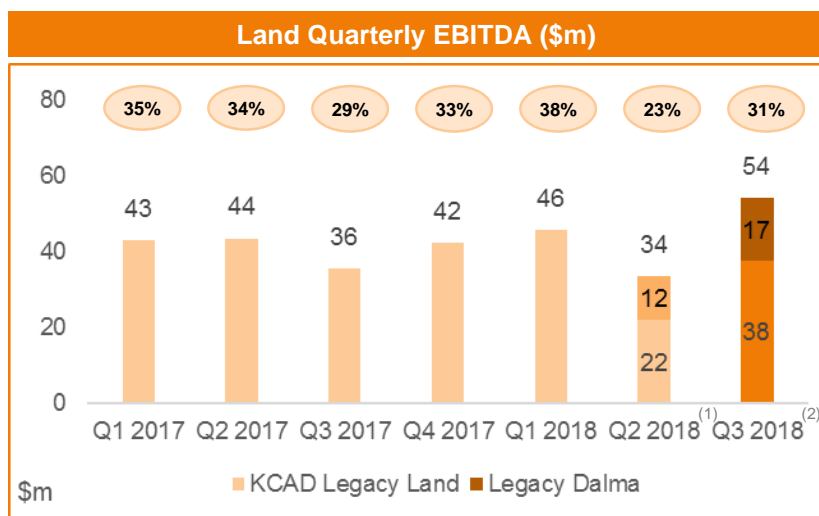
Continued Focus on Building Utilisation



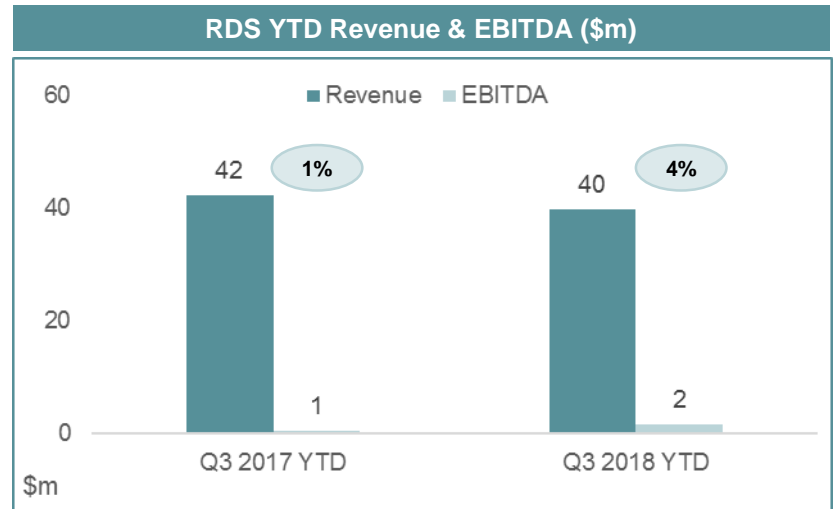
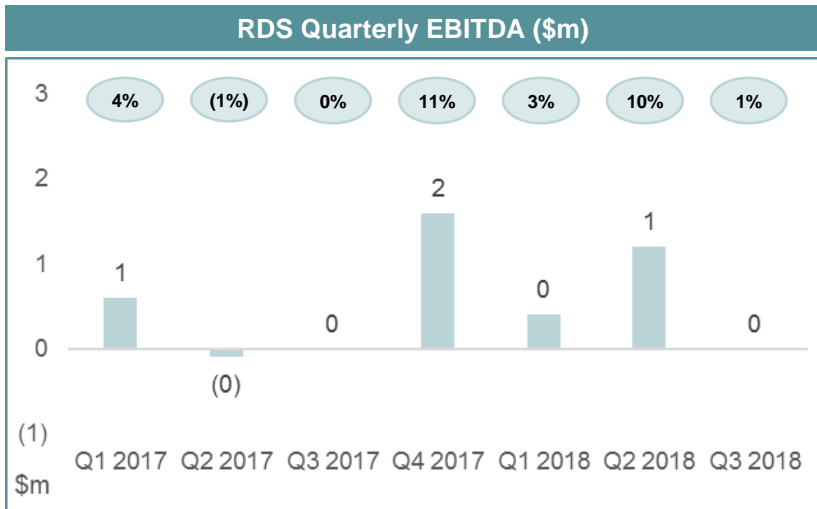
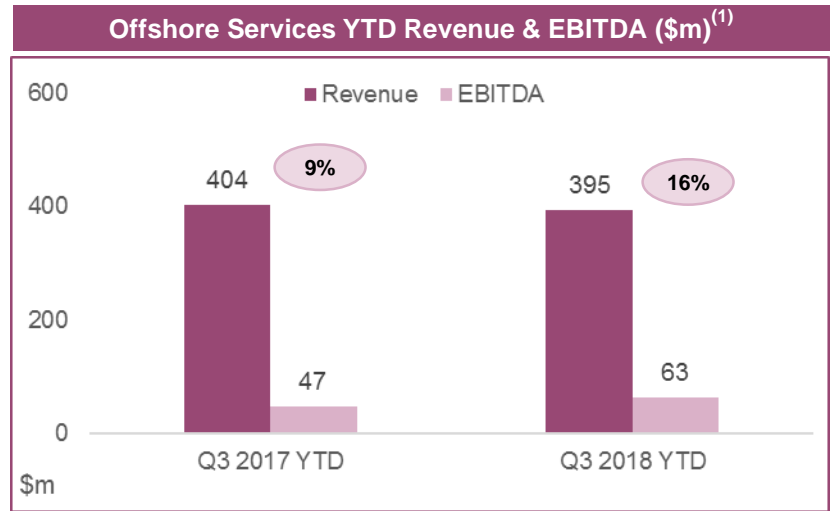
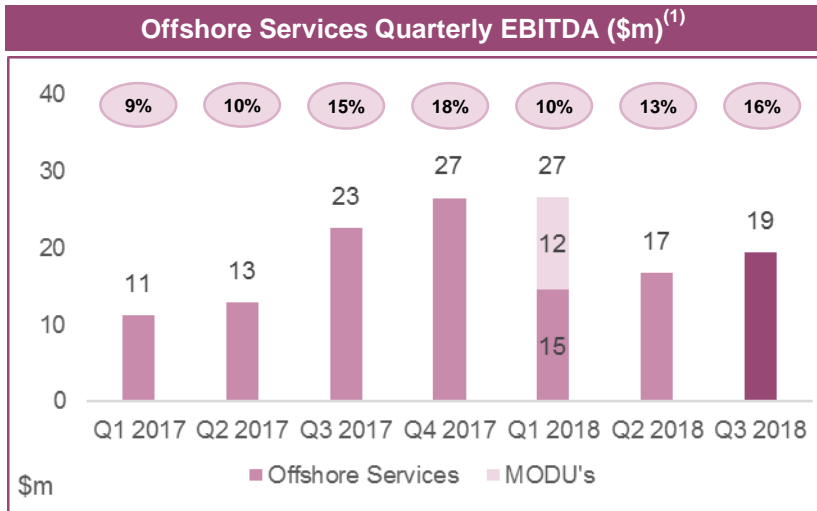
Utilisation in Q3 2018 was 59% and 62% in Q4 2018

Several contract wins in Europe, Russia, Oman, Iraq and UAE

Land & Bentec Financial Performance

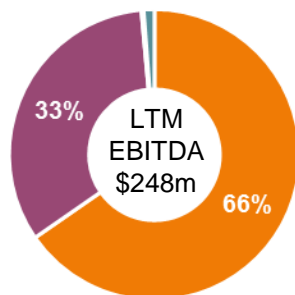


Offshore & RDS Financial Performance



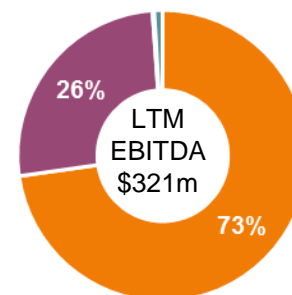
KCA Deutag Group LTM EBITDA and Pro Forma LTM EBITDA

Q3 2018 LTM EBITDA



■ Land ■ Offshore Services ■ Bentec ■ RDS

Q3 2018 LTM Pro Forma EBITDA



■ Land ■ Offshore Services ■ Bentec ■ RDS

Q3 2018 LTM EBITDA (\$m)

KCAD LTM	240
Ex-Dalma (May - September) ⁽¹⁾	28
Corporate Costs	(19)
Total	248

Q3 2018 LTM Pro Forma EBITDA (\$m)

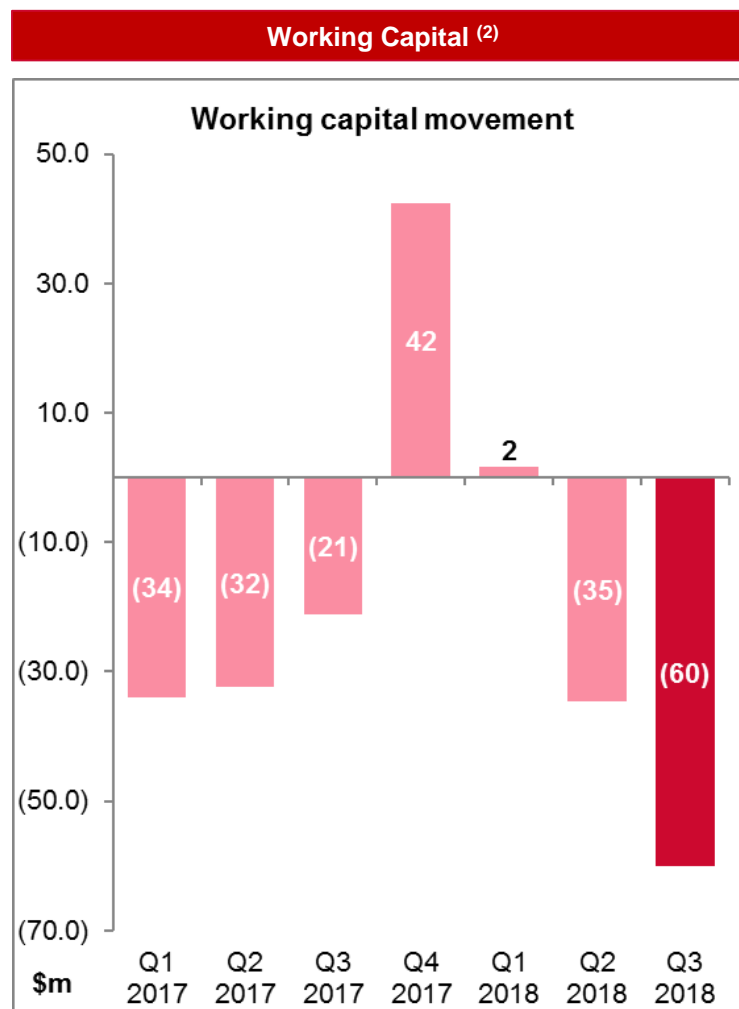
KCAD LTM	240
Ex-Dalma LTM ⁽²⁾	101
Corporate Costs	(19)
Total	321

(1) Q3 2018 LTM EBITDA includes \$2.2m of actualised synergies

(2) Q3 2018 LTM Pro Forma EBITDA includes \$15.7m of Pro Forma synergies

Cash Flow and Working Capital

Free Cash Flow					
	Q3 2018	Q2 2018	Q3 2017	2018 YTD	2017 YTD
	\$m	\$m	\$m	\$m	\$m
Cash generated from operations	2.4	10.5	45.4	75.4	82.8
Tax paid	(6.3)	(9.7)	(5.0)	(24.1)	(24.7)
Cash flow from operating activities	(3.9)	0.8	40.4	51.3	58.1
Capital expenditure	(13.7)	(12.4)	(10.2)	(35.5)	(52.0)
Proceeds from sale of Fixed Assets	0.1	(0.1)	0.4	0.8	0.7
Interest received	6.0	5.7	5.3	17.7	16.9
Dalma acquisition	0.0	(440.2)	0.0	(440.2)	0.0
Other	(0.5)	0.0	0.0	(0.5)	0.0
Cash flow from investing activities	(8.1)	(447.0)	(4.5)	(457.7)	(34.4)
Interest paid	(16.7)	(62.8)	(14.3)	(93.4)	(79.2)
Foreign exchange ⁽¹⁾	(2.5)	(3.5)	(8.3)	(10.4)	(15.5)
Dividend paid to minority shareholders	0.0	0.0	0.0	(0.3)	(0.3)
Net Cash flow before debt drawdown/(repayment)	(31.2)	(512.5)	13.3	(510.5)	(71.3)
Drawdown/(repayment) of debt and debt redemption/issuance costs	(6.2)	431.0	(6.2)	418.5	(10.0)
Net cash flow	(37.4)	(81.5)	7.1	(92.0)	(81.3)



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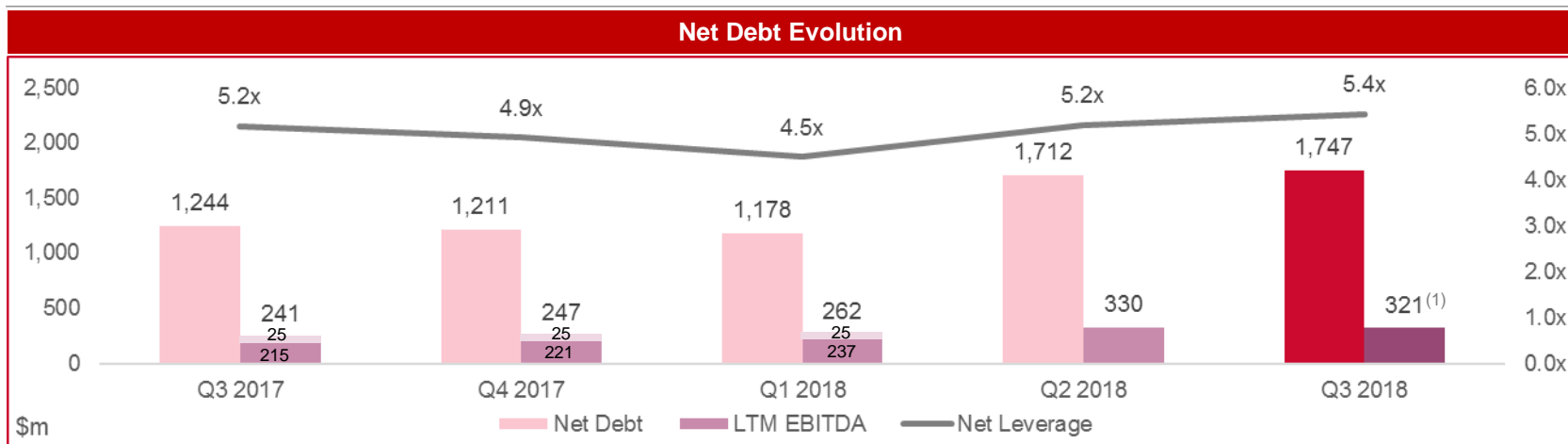
(1) Denotes the effect of foreign exchange rate changes on cash and bank overdrafts

(2) Deltas denote current quarter working capital movement

Financial results noted above do include results from the newly acquired Dalma businesses for May and June 2018

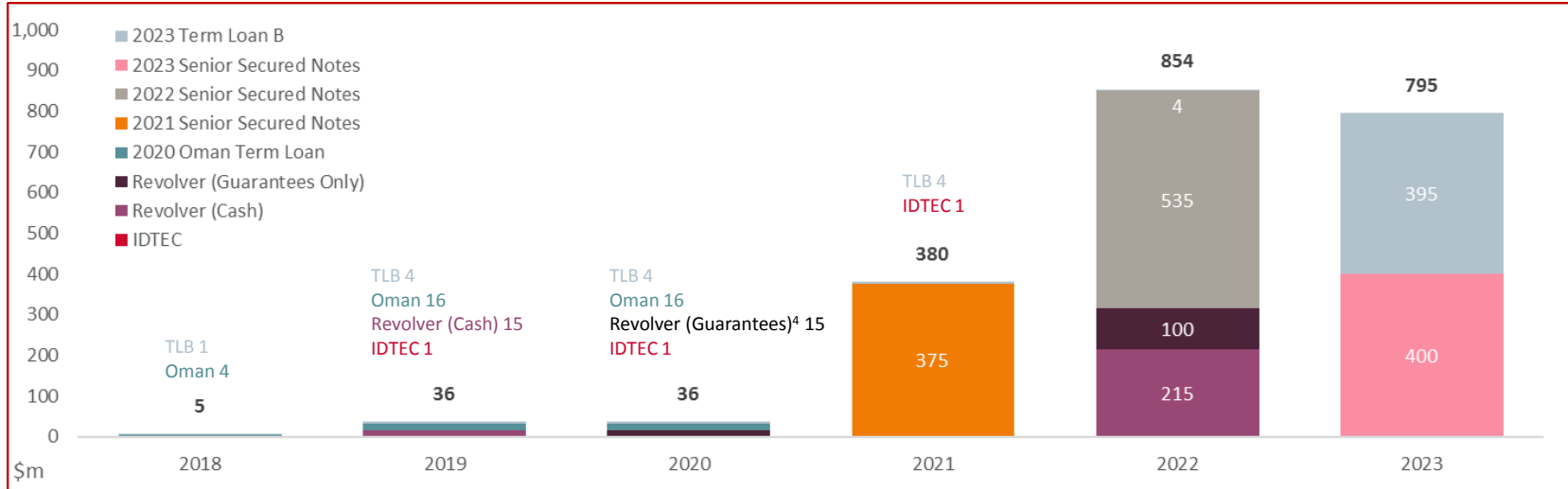
Capital Structure

Net leverage as at 30 September 2018



Capital Structure at 30 September 2018

Rating⁽³⁾: B3/B-



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(1) PF LTM EBITDA adjusted for unaudited LTM EBITDA of the acquired Dalma businesses of \$86m and synergies of \$15.7m

(2) Q3 2017 to Q1 2018 LTM EBITDA includes the \$25m Holdco equity contribution as defined in the Amended Credit Agreement

(3) Facility ratings shown as at August 2018

(4) \$15m increase to occur in Q4 2018 (included for PF purposes)

Closing Remarks

- Q3 2018 results of \$345m revenue and \$71m EBITDA

- Ongoing integration of the Omani and Saudi Arabian businesses of Dalma Energy LLC progressing on plan

- Several contract awards within the Land Business

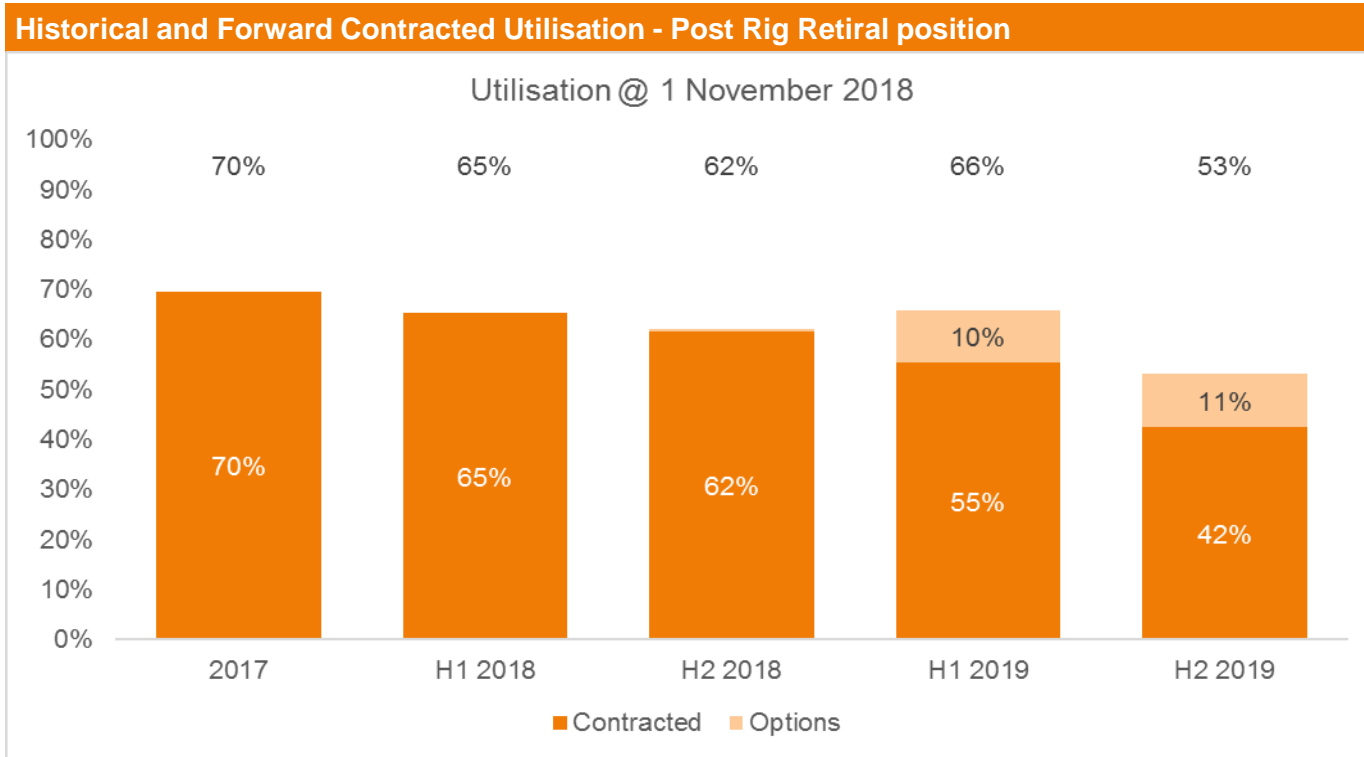
- Stable backlog position of \$6.0 billion across a blue chip company base

- Strong HSE performance sustaining low group incident rate

Q & A

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Appendix 1 - Post Rig Retiral Utilisation position



Utilisation in Q3 2018 was 59% and 65% in Q4 2018