

Investor Presentation

FOURTH 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

Fourth Quarter Investor Presentation

- 1 | Q4 and Full Year Key Highlights
- 2 | Operational Highlights
- 3 | Business Update
- 4 | Business Unit Financials
- 5 | Group Results
- 6 | Summary

Q4 and Full Year Key Highlights

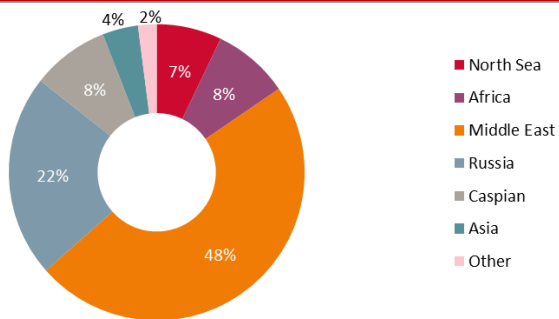
- 1 Full year revenue of \$1,262.6m (2017: \$1,166.2m) and EBITDA of \$253.9m (2017: \$221.5m)
Q4 2018 revenue of \$332.8m (Q4 2017: \$300.2m) and EBITDA of \$71.3m (Q4 2017: \$65.8m)
- 2 Operational integration of the former Dalma business now complete, with further synergies identified
- 3 Stable contract backlog of \$5.6bn (at 1 March 2019) across a blue chip customer base
- 4 Multiple contract awards within the Land, Offshore and RDS Business Units
- 5 Available liquidity of \$186.4m at 31 December 2018

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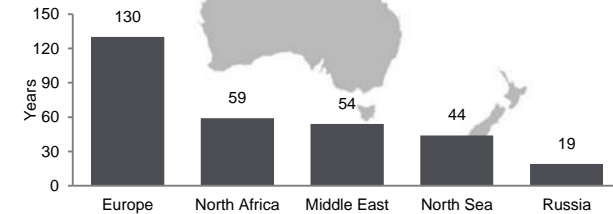
KCA Deutag Operations are Diversified Across Global Markets



Geographical EBITDA Split⁽¹⁾



PRESENCE IN KEY AREAS

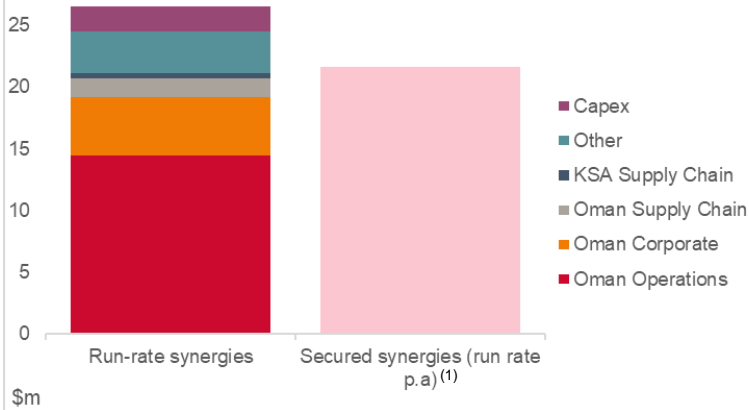


Market Outlook by Business Unit

Business Units		Outlook
Land Drilling	Europe	New contract awards across Europe, Russia, Africa and the Middle East
	Russia / Kazakhstan	High levels of tendering continue across most markets, noticeable uptick in Africa
	Africa	Improved conversion from tendering to contract awards Pricing remains competitive
	Middle East	Utilisation levels steadily increasing
Bentec		Tendering activity continues in a competitive market Further Top Drive wins in Q4
Offshore Services	North Sea	Activity remains steady with contract extensions plus a new platform award
	International	Positive discussions continue on International contracts
RDS		First detail design award for a new Greenfield platform since 2014

Integration of Dalma Energy LLC

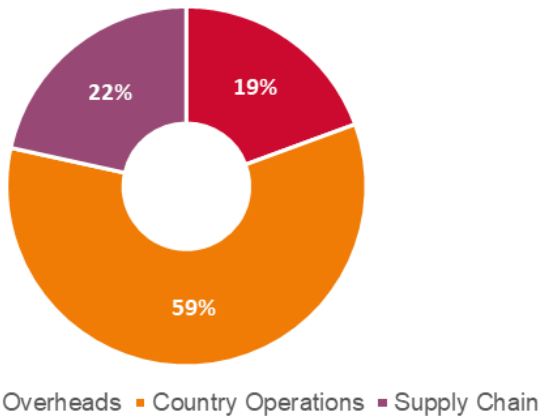
Target synergies (\$25m EBITDA & \$2m capex)



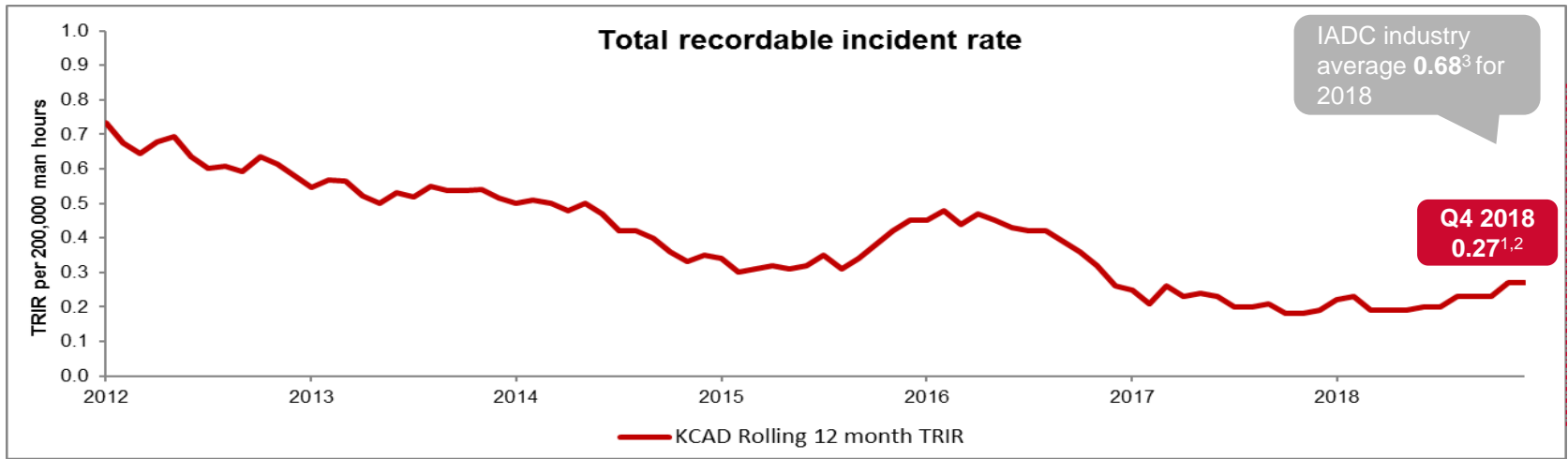
Integration plan largely complete

- Expectation of run rate EBITDA synergies increased further from \$15.7m (Q3) to \$24.5m (Q4)
- Synergy target now more than double original estimate of c.\$11m
- Already achieved 88% of annual run rate savings (c.\$22m p.a.)⁽¹⁾
- Full run rate synergy realisation still on track for end of Q2 2019
- Operational integration now complete, with Dalma business working under group policies and on KCA Deutag systems

EBITDA synergies by type



Strong HSSE Performance Continues



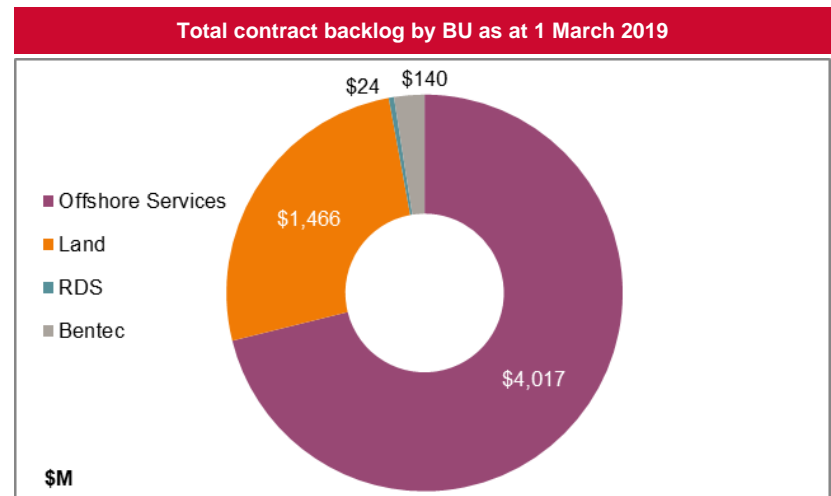
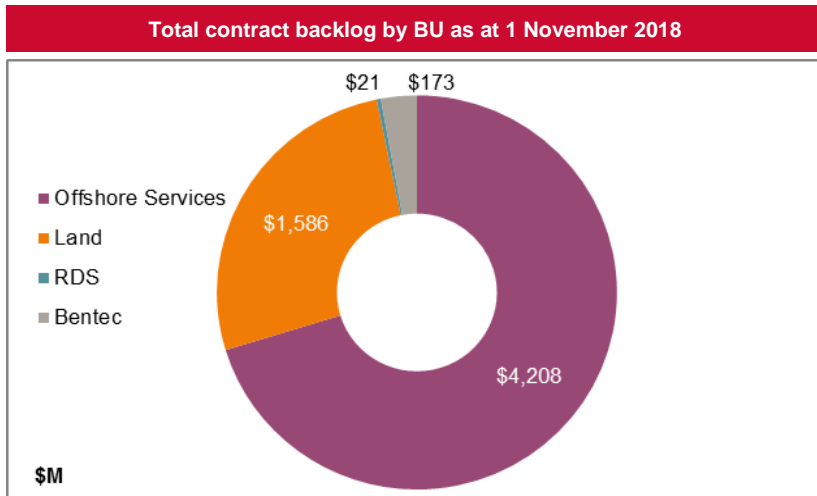
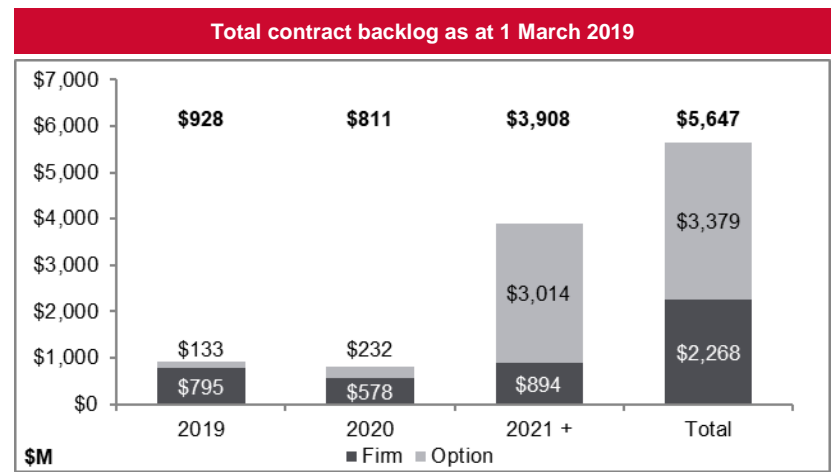
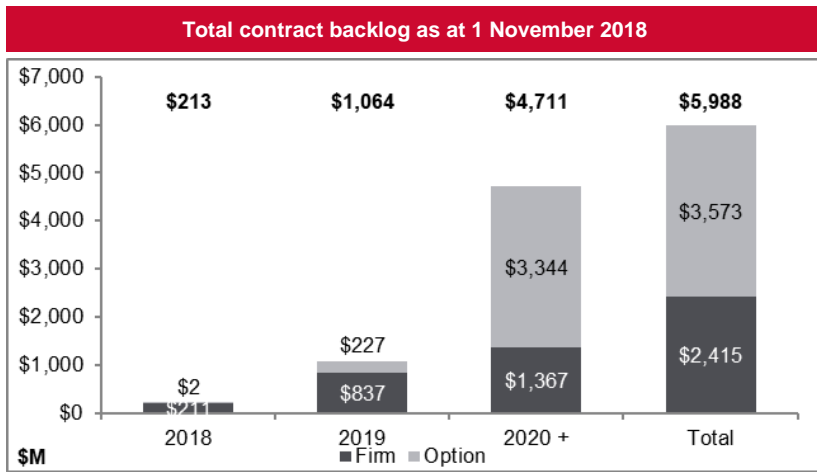
¹ Total Recordable Incident Rate per 200,000 man hours. This is a rolling 12 month average

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

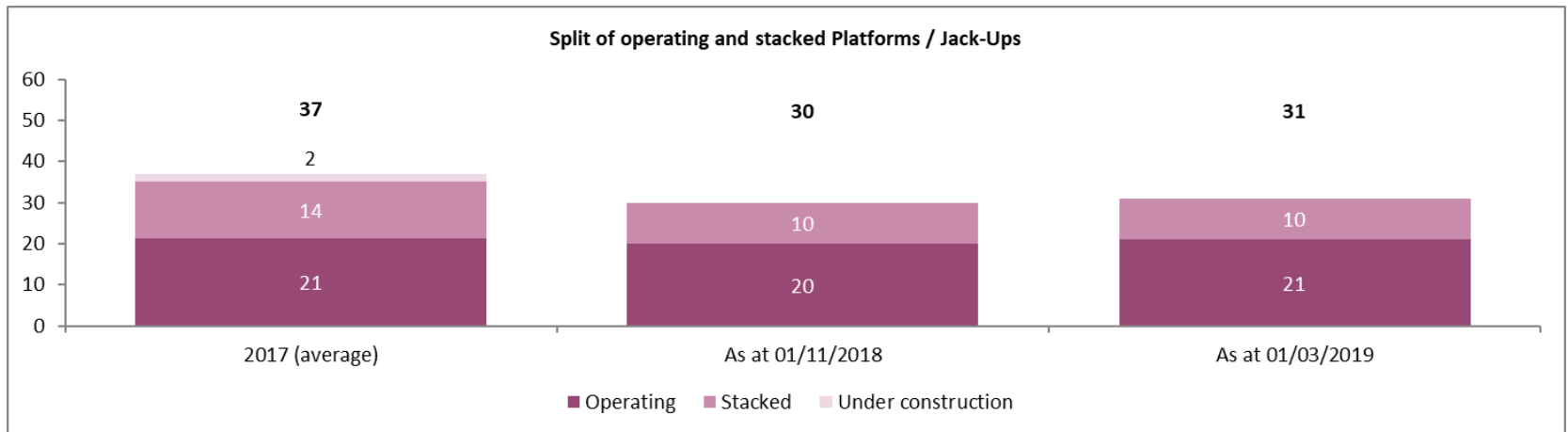
Note: IADC stands for International Association of Drilling Contractors

Stable Backlog Providing Excellent Visibility

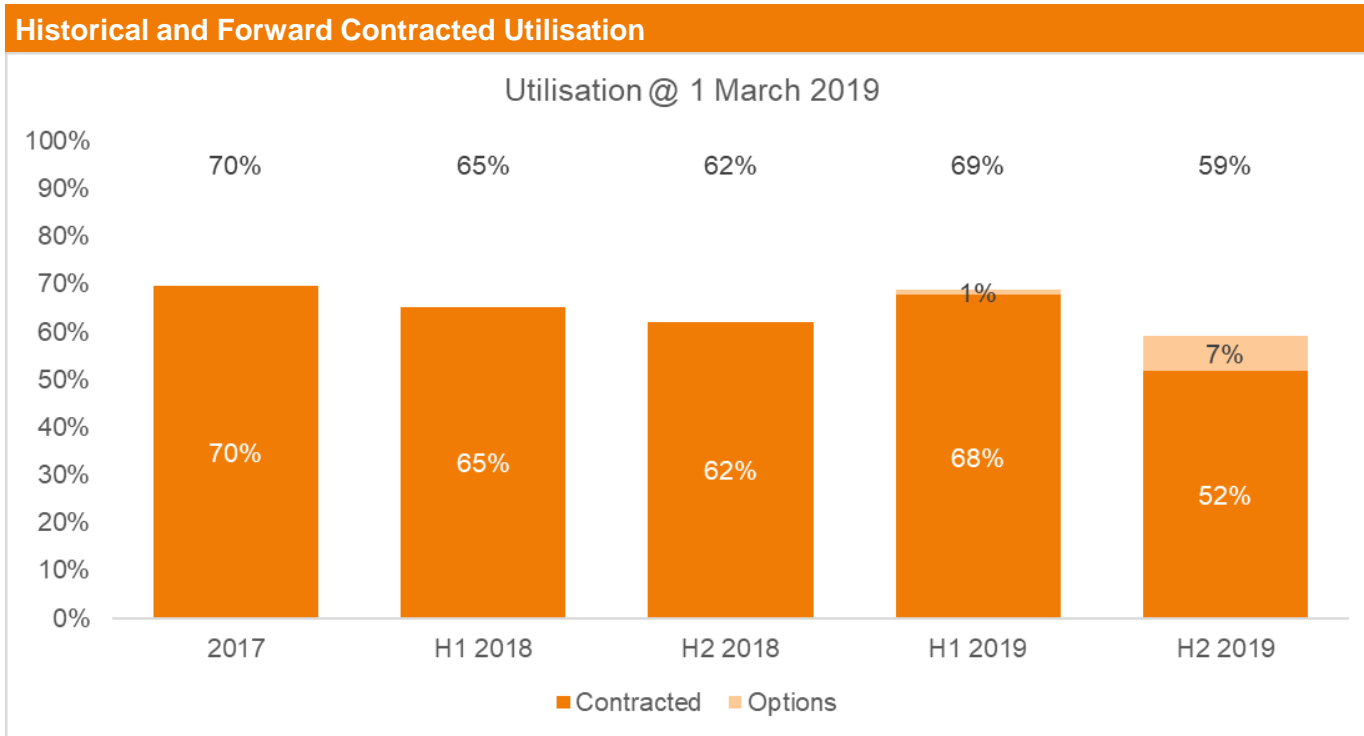


Robust Offshore Services Contract Backlog

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 duration from Q1 2018 to Mar-46 2020]												Mar-46	Operating	1
Equinor (Statoil)	Norway	CAT J (2)	[Bar chart showing contract duration from Q1 2018 to May-36 2020]												May-36	Operating	2
Exxon	Angola	Kizomba (2)	[Bar chart showing contract duration from Q1 2018 to Oct-28 2020]												Oct-28	Stacked	2
Equinor (Statoil)	Norway	Oseberg's (4) & Kvitebjom	[Bar chart showing contract duration from Q1 2018 to Oct-28 2020]												Oct-28	Operating / Stacked	3/2
Vår Energi	Norway	Ringhome	[Bar chart showing contract duration from Q1 2018 to Dec-25 2020]												Dec-25	Operating	1
Enquest	UK	Thistle, Heather & Magnus	[Bar chart showing contract duration from Q1 2018 to Dec-25 2020]												Dec-25	Operating / Stacked	1/2
CNOOC	UK	Scott	[Bar chart showing contract duration from Q1 2018 to Feb-23 2020]												Feb-23	Operating	1
AIOC	Azerbaijan	Azeris, SD, DWG, Cop & Chirag	[Bar chart showing contract duration from Q1 2018 to Dec-24 2020]												Dec-24	Operating	7
Total	UK	Alwyn / Dunbar	[Bar chart showing contract duration from Q1 2018 to May-23 2020]												May-23	Operating / Stacked	1/1
COP	UK	Britannia	[Bar chart showing contract duration from Q1 2018 to Nov-22 2020]												Nov-22	Stacked	1
Equinor (Statoil)	Norway	Pipe pool management	[Bar chart showing contract duration from Q1 2018 to Nov-22 2020]												Nov-22	Active mgmt. contract	
CNR	UK	Ninian's (2) Tiffany	[Bar chart showing contract duration from Q1 2018 to Nov-21 2020]												Nov-21	Operating / Stacked	1/2
SEIC	Russia	LA, PA & PB	[Bar chart showing contract duration from Q1 2018 to May-21 2020]												May-21	Operating	3

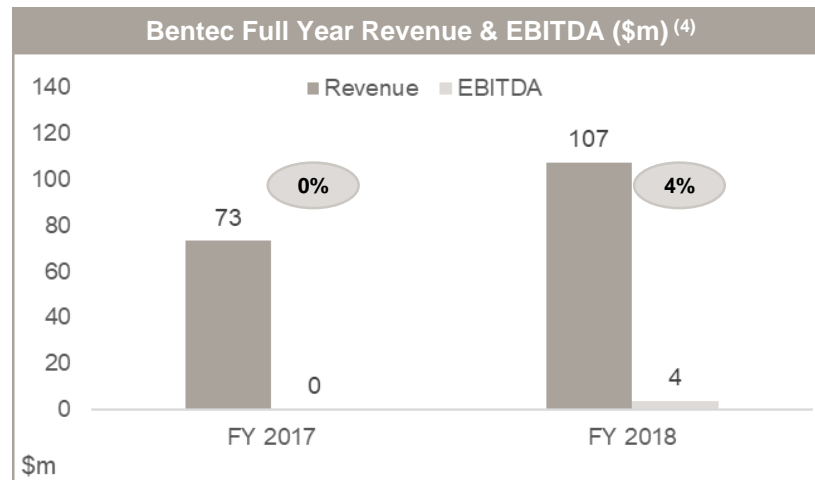
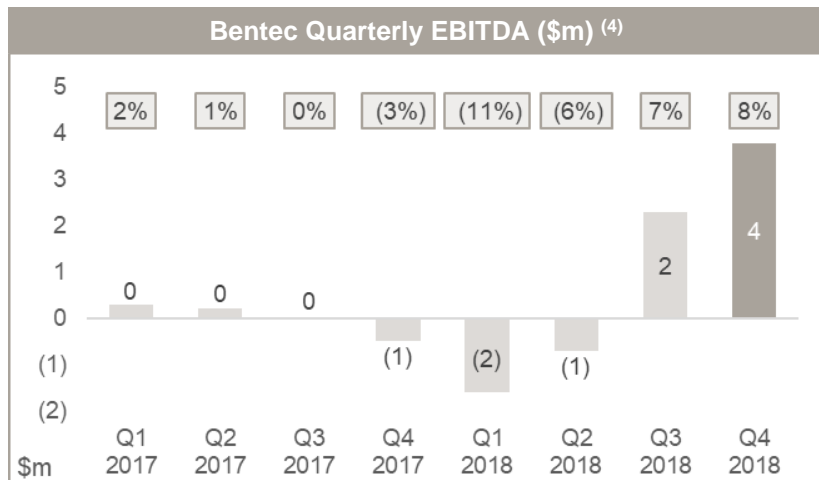
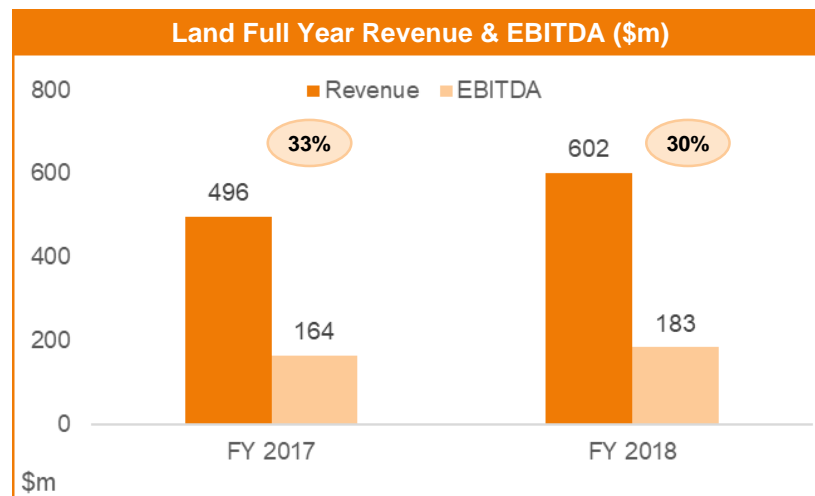
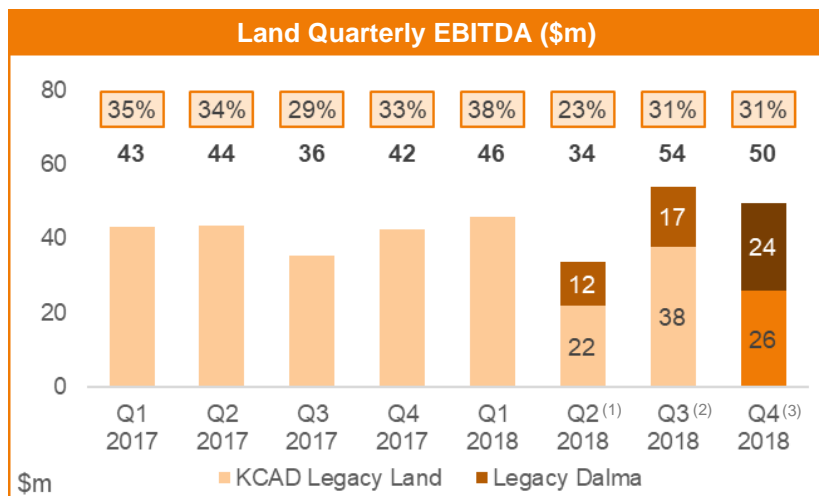


Continued Focus on Building Land Utilisation



Utilisation in Q4 2018 was 65%

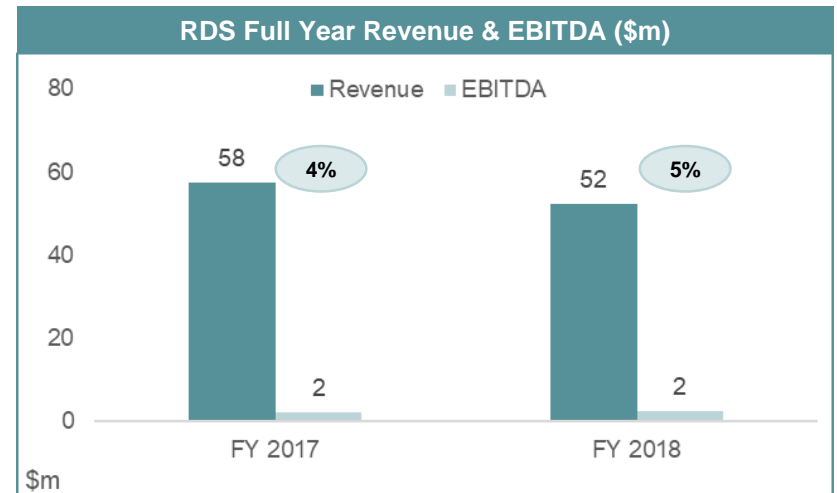
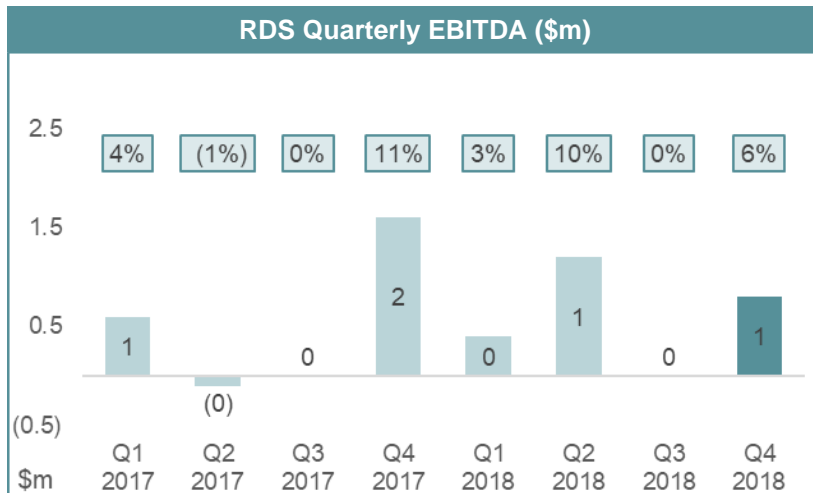
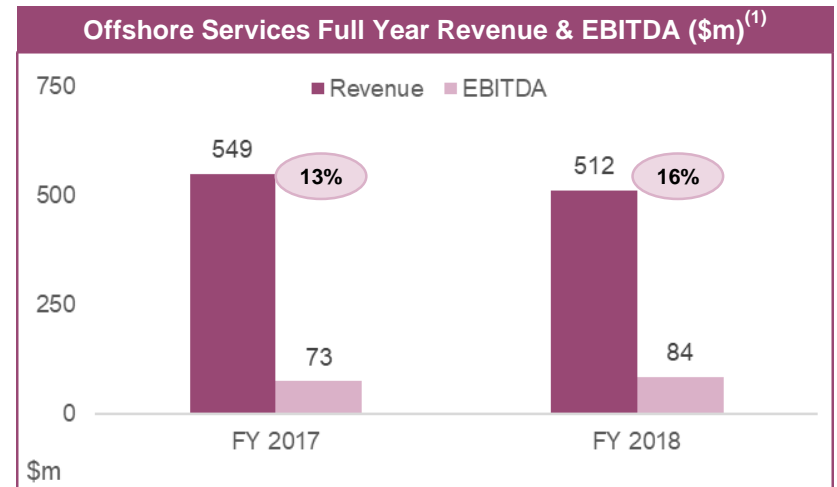
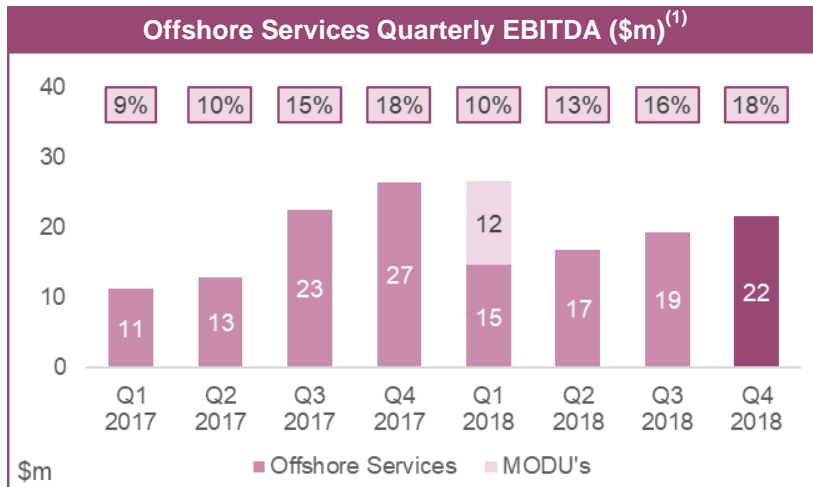
Land & Bentec Financial Performance



= EBITDA Margin

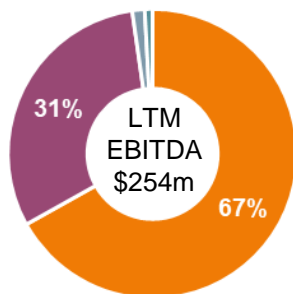
Source: Company information. EBITDA shown after corporate overhead allocations.
Notes: (1) 2 months of Dalma only (includes \$0.6m synergies) (2) Includes \$1.6m synergies (3) Includes \$3.0m synergies (4) Bentec results shown before intercompany eliminations

Offshore & RDS Financial Performance



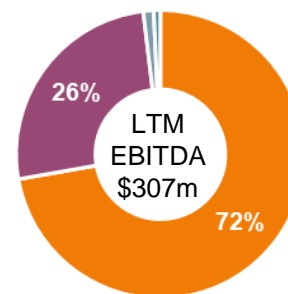
KCA Deutag Group Full Year EBITDA and Pro Forma EBITDA

2018 Full Year EBITDA



■ Land ■ Offshore Services ■ Bentec ■ RDS

2018 Full Year Pro Forma EBITDA⁽¹⁾



■ Land ■ Offshore Services ■ Bentec ■ RDS

Q4 2018 LTM EBITDA (\$m)

KCAD LTM	222
Ex-Dalma (May - December)	52
Corporate Costs	(20)
Total ⁽²⁾	254

Q4 2018 LTM Pro Forma EBITDA (\$m)

KCAD LTM	224
Ex-Dalma LTM	103
Corporate Costs	(20)
Total ⁽³⁾	307



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(1) Business Unit proportions calculated based on group EBITDA before corporate overheads of \$327m.

(2) 2018 Full Year EBITDA includes \$5.5m of actualised synergies.

(3) 2018 Full Year Pro Forma EBITDA includes \$19.0m of additional Pro Forma synergies, Dalma pre-acquisition EBITDA of \$31.8m for Jan-Apr 2018 and unaudited pre-acquisition EBITDA of the acquired IDTEC business of \$1.9m for Jan-Sep 2018

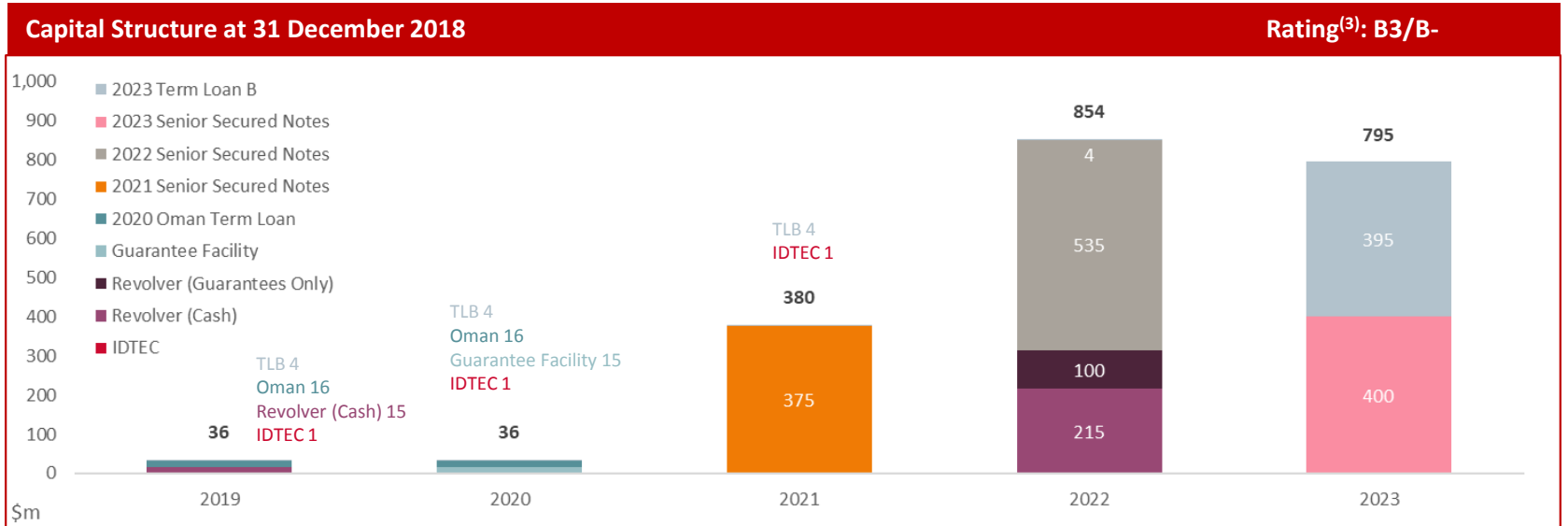
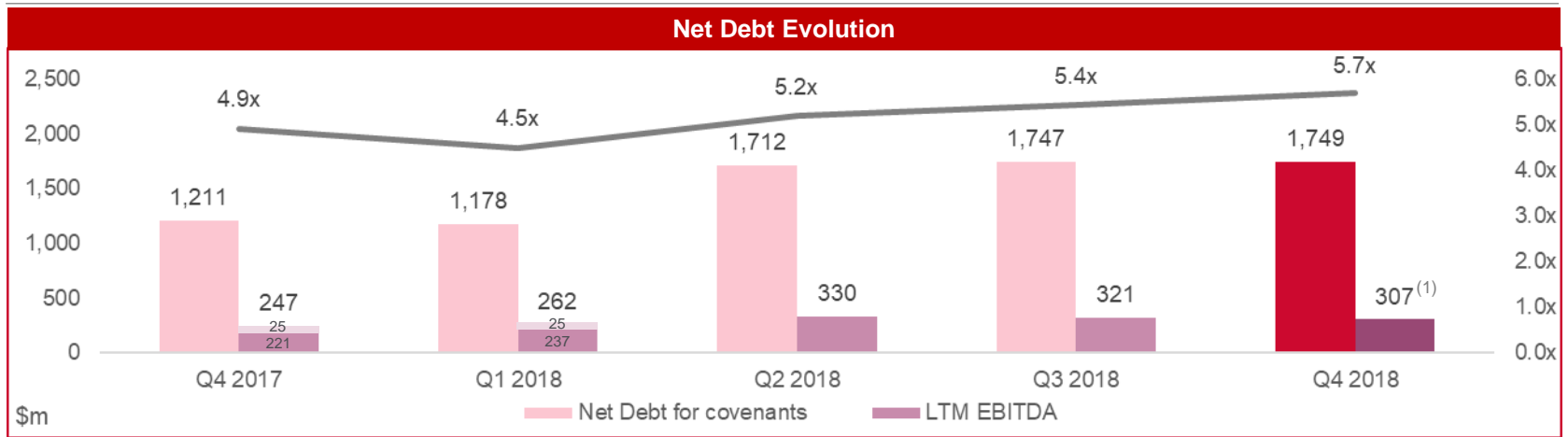
Cash Flow and Working Capital

Free Cash Flow					
	Q4 2018	Q3 2018	Q4 2017	FY 2018	FY 2017
	\$'m	\$'m	\$'m	\$'m	\$'m
Cash generated from operations	84.3	2.4	93.5	159.7	176.3
Tax paid	(3.2)	(6.3)	(5.3)	(27.3)	(30.0)
Cash flow from operating activities	81.1	(3.9)	88.2	132.4	146.3
Capital expenditure ⁽¹⁾	(10.5)	(13.7)	(10.9)	(46.0)	(62.9)
Proceeds from sale of Fixed Assets	1.2	0.1	0.9	2.0	1.6
Interest received	5.8	6.0	5.7	23.5	22.6
Dalma acquisition	0.0	0.0	0.0	(440.2)	0.0
Other	0.0	(0.5)	0.0	(0.5)	0.0
Cash flow from investing activities	(3.5)	(8.1)	(4.3)	(461.2)	(38.7)
Interest paid	(78.2)	(16.7)	(53.3)	(171.6)	(132.5)
Foreign exchange ⁽²⁾	(2.2)	(2.5)	2.9	(12.6)	(12.6)
Dividend paid to minority shareholders	0.0	0.0	0.0	(0.3)	(0.3)
Net Cash flow before debt drawdown/(repayment)	(2.8)	(31.2)	33.5	(513.3)	(37.8)
Drawdown/(repayment) of debt and debt redemption/issuance costs	105.3	(6.2)	(5.8)	523.8	(15.8)
Net cash flow	102.5	(37.4)	27.7	10.5	(53.6)



Capital Structure

Net leverage as at 31 December 2018



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(1) PF LTM EBITDA adjusted for unaudited LTM EBITDA of the acquired Dalma businesses of \$31.8m and synergies of \$19.0m, plus unaudited LTM EBITDA of the acquired IDTEC business of \$1.9m. (2) Q4 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 March 2019.

Closing Remarks

- Full year 2018 EBITDA \$253.9m and Q4 2018 EBITDA of \$71.3m; pro forma 2018 EBITDA of \$307m

- Operational integration of the Omani and Saudi Arabian businesses of Dalma Energy LLC now complete

- Backlog remains strong at \$5.6 billion across a blue chip company base

- Multiple contract awards within the Land, Offshore and RDS Business Units

- Strong liquidity position at \$186 million

Q & A

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