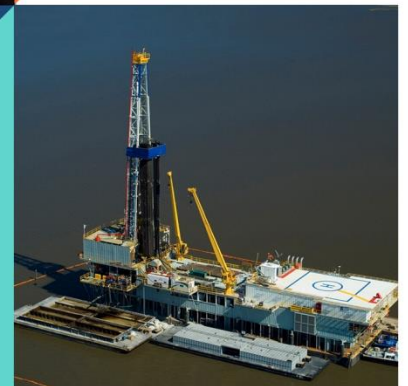




# Investor Presentation

## January 2017



# Forward Looking Statements Caution



The following presentation contains certain statements that may be deemed to be “forward-looking statements” within the meaning of the securities laws of the United States. All statements, other than statements of historical facts, addressing activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future, the outlook for equipment and utilization and day rates, general industry conditions including bidding activity, future results of the Company’s operations, capital expenditures, income tax matters, expansion and growth opportunities, financing activities, debt repayment, returns on capital, cash flows and other such matters, are forward-looking statements. Although the Company believes its expectations stated in this presentation are based on reasonable assumptions, actual results may differ materially from those expressed or implied in the forward-looking statements. For a more detailed discussion of risk factors, please refer to the Company’s reports filed with the SEC, including the reports on Forms 10-K and 10-Q. Each forward-looking statement speaks only as of the date of this presentation, and the Company undertakes no obligation to publicly update or revise any forward-looking statement.

**Be the premier supplier of rental tools and specialized drilling services in select U.S. and international markets**

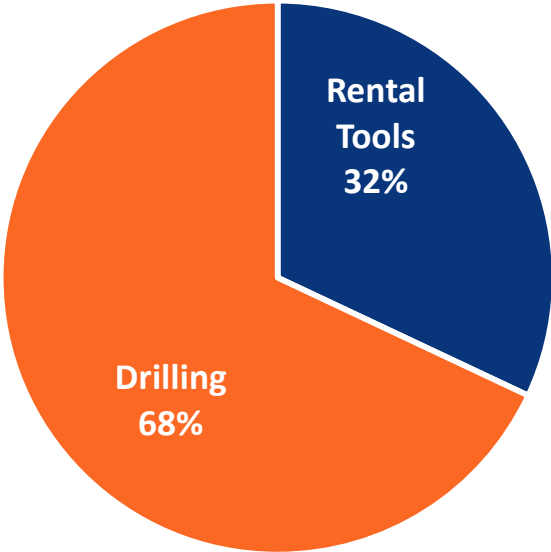


- Operational execution
- Reduce customers' operating risks and operating costs
- Manage downturn and position company for growth
- Financial discipline

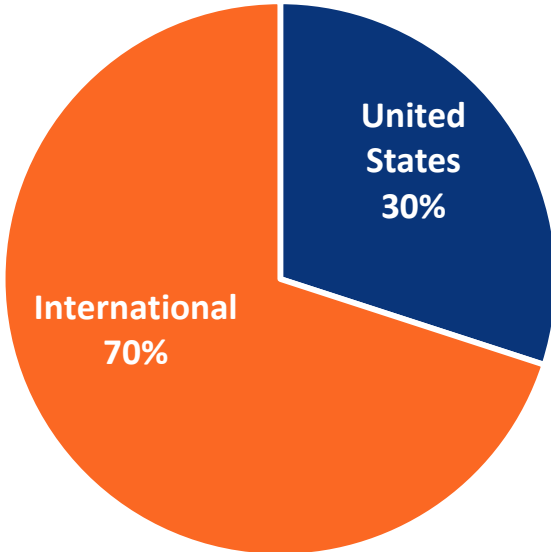
**Deliver Reliable Results and Improved Profitability**

## Revenue Profile

Portfolio<sup>1</sup>

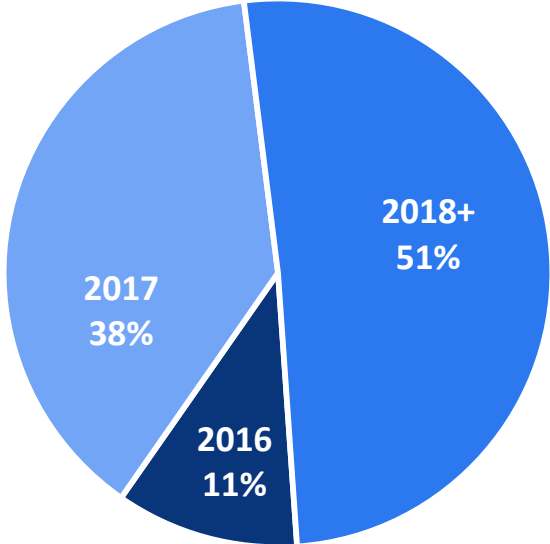


Geography<sup>1</sup>



Backlog<sup>2</sup>

**\$421 million at September 30, 2016**



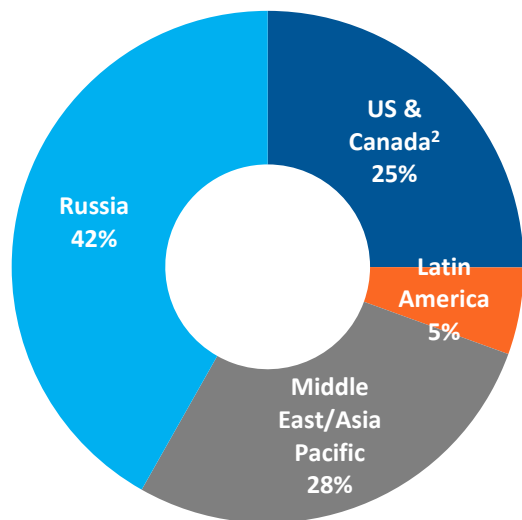
<sup>1</sup>Prior four quarters thru 3Q'16

<sup>2</sup>Worldwide revenue backlog is an estimate of drilling revenues from dayrate contracts. It does not include rental revenues and all other drilling revenues we may earn, including those for added services, reimbursables, mobilization or demobilization; nor does it anticipate revenue reductions that may be due to conditions that would lead to reduced dayrates or early terminations.

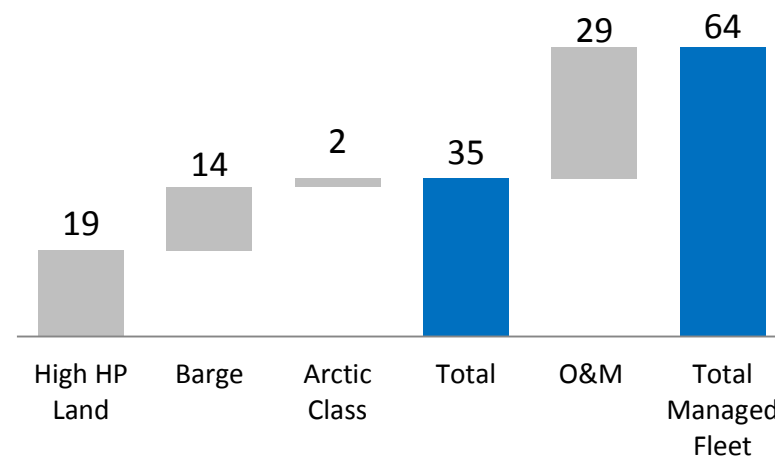
## Operating Strengths

- Highly capable fleet to meet challenging drilling requirements
- O&M contracts leverage drilling experience and expertise
- Building scale in large and growing international markets
- Market share leader for barge rigs in the Gulf of Mexico

## Revenues by Geography<sup>1</sup>



## Rig Fleet<sup>3</sup>



<sup>1</sup> Prior four quarters thru 3Q'16, excludes reimbursable revenues

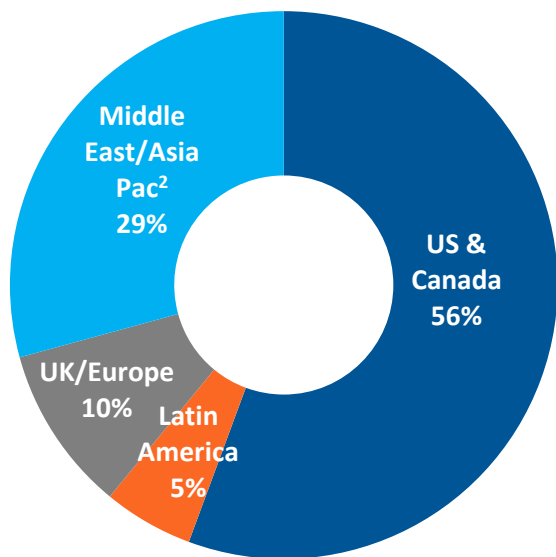
<sup>2</sup> Includes US Lower 48, Alaska, and Canada

<sup>3</sup> As of September 30, 2016

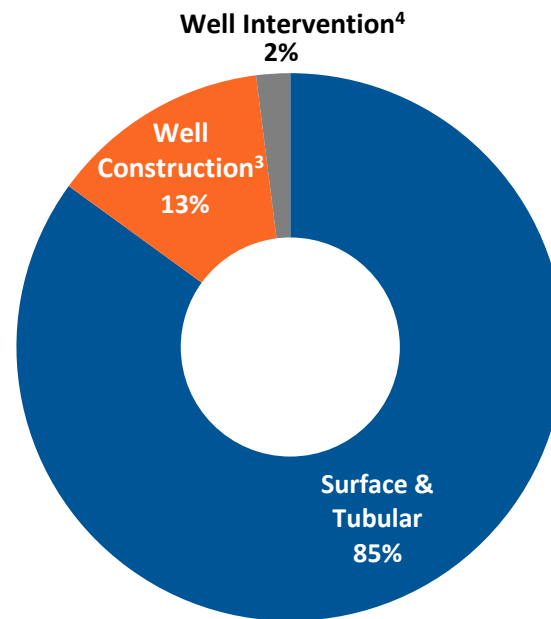
## Operating Strengths

- A leading supplier in U.S. land, U.S. offshore and international markets
- Strong growth in up cycles, resilient operating margins in down cycles
- A solid international platform with major presence in Middle East
- Increasing presence in Gulf of Mexico offshore deepwater market

### Revenues by Geography<sup>1</sup>



### Revenues by Product Offering<sup>1</sup>



<sup>1</sup> Prior four quarters thru 3Q'16.

<sup>2</sup> Includes Africa, Middle East, Asia Pacific, and Russia.

<sup>3</sup> Tubular running services and BHA drilling tools

<sup>4</sup> Fishing services and re-entry (whipstock)

# Current Strategic Focus

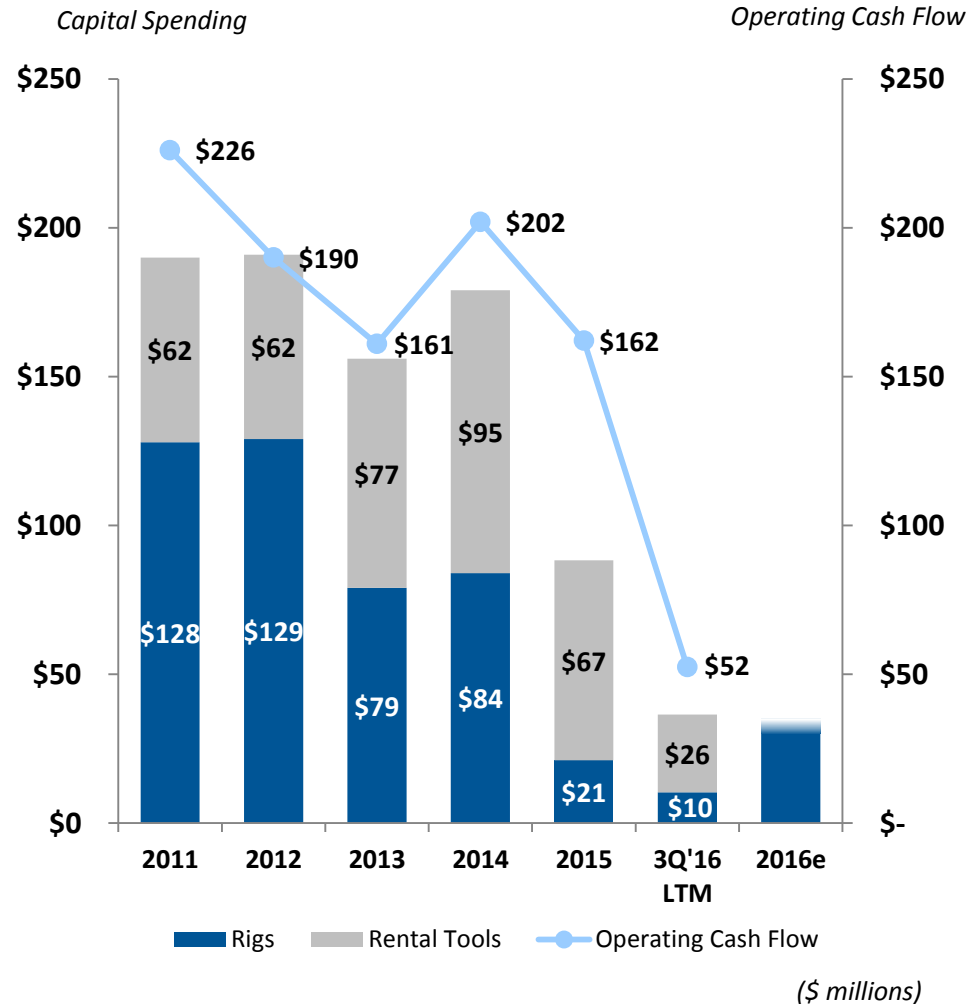
- 1 Successfully navigate the downturn**
  - Focus on cash flow
  - Financial flexibility
  
- 2 Build on rental tools strength**
  - Maintain and expand market leadership of U.S. rentals
  - Improve operating performance of international rentals
  
- 3 Maintain U.S. barge business for recovery**
  
- 4 Build scale in International & Alaska drilling business**
  - Focus on core markets
  - Expand O&M business model
  
- 5 Leverage operational execution track record to grow**
  - Capital discipline priority

# 1 Navigate the Downturn – Free Cash Flow

## Action Items

- **Lower cost structure**
  - ~40% reduction in headcount since YE'14
  - Both BUs & Corp
  - Deeper cuts in the most affected BUs
- **Sustain utilization**
  - Rigs
  - Rentals
- **Maintain working capital diligence**
- **Reduce capital expenditures**

## Cash Flow and Capital Spending



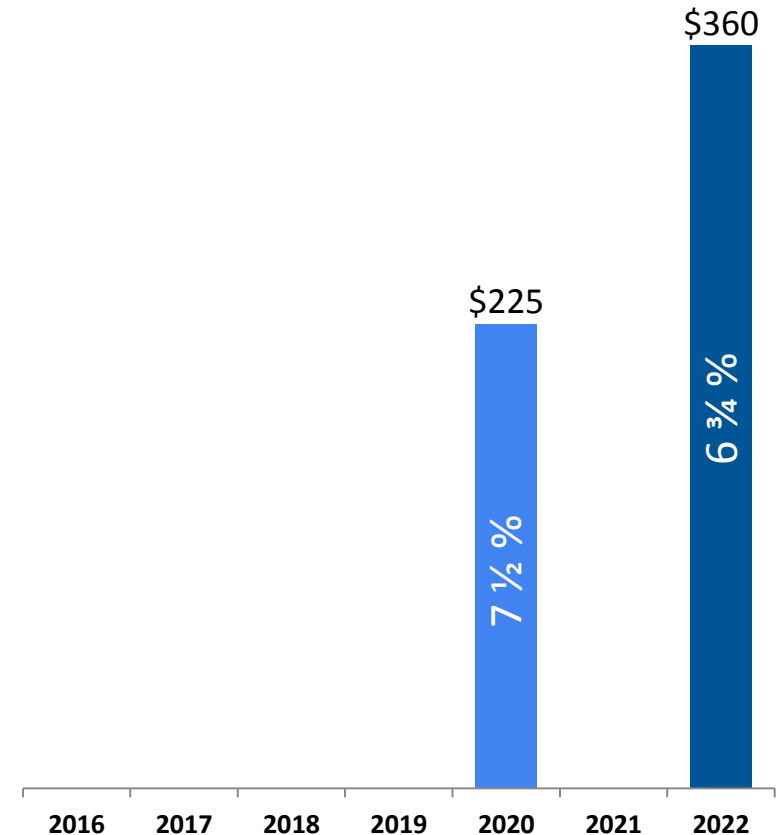


# 1 Navigate the Downturn – Financial Flexibility PARKER DRILLING

## Financial Position

(\$ millions)	9/30/2016
Cash	104
Credit Facility Availability <sup>1</sup>	90
Liquidity	194
Revolver Borrowings	0

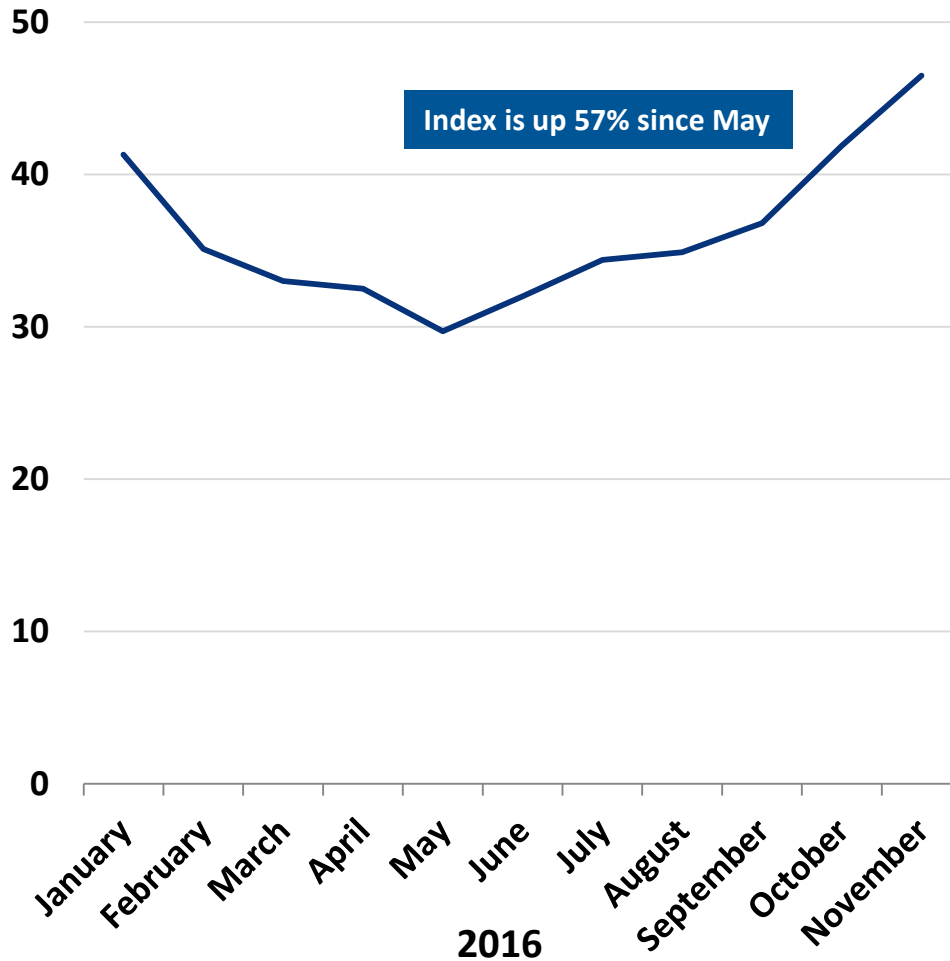
## Senior Notes Maturity Schedule



<sup>1</sup> Portion used to support letters of credit is deducted: \$9.6 million at 9/30/16. Credit facility size reduced from \$200 million to \$100 million effective May 27, 2016.

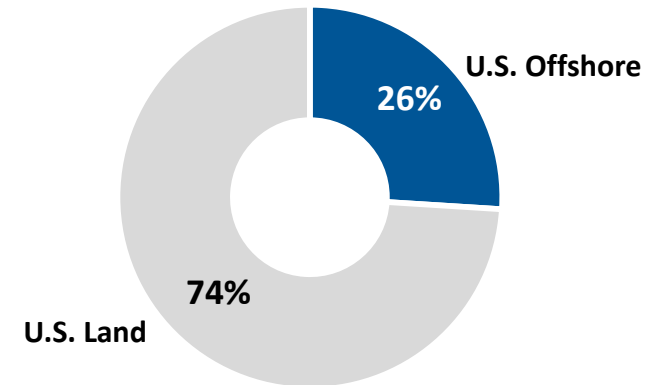
## 2 U.S. Rentals - Maintain Market Leadership

### U.S. Tubular Goods Utilization Index<sup>1</sup>

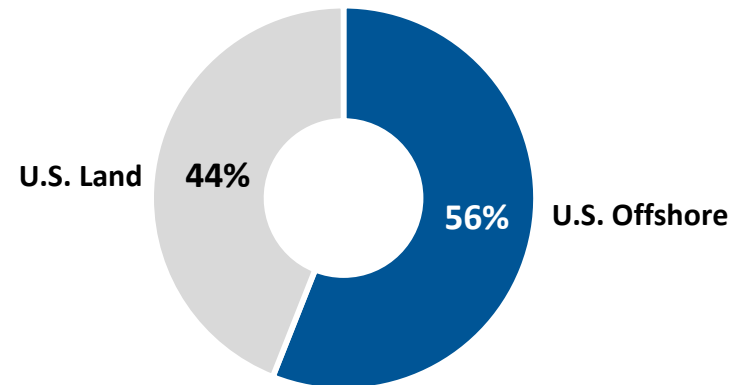


### U.S. Rental Revenues by Market

2014 Revenues



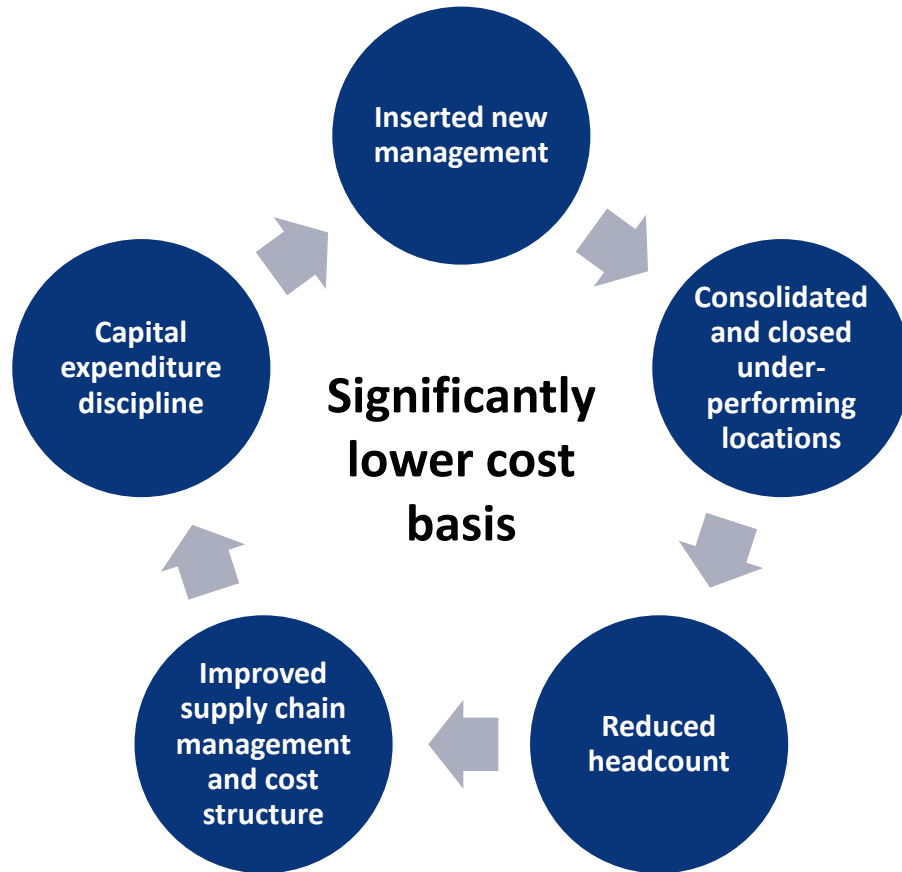
3Q'16 LTM Revenues



<sup>1</sup> The U.S. Tubular Goods Utilization Index represents the proportion of tubular goods (drill pipe and related products) that were on rental compared to the total inventory of tubular goods, and indexed to a base level of tubular goods inventory on rental during the 2005 – 2006 period. Tubular goods rentals do not account for all the U.S. Rental Tools segment's revenues.

## 2 Int'l Rentals - Improve Performance

### Actions Taken

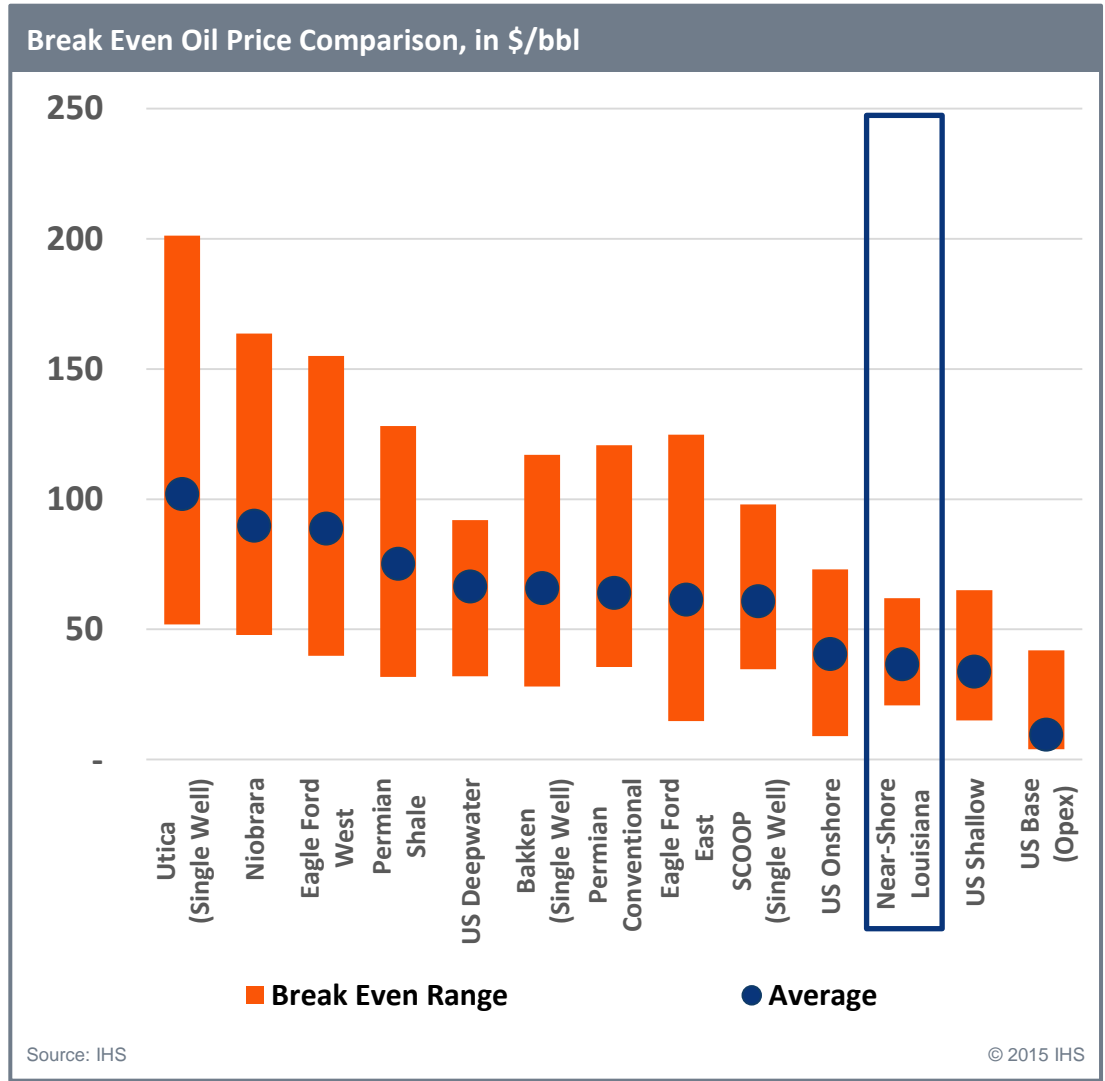


### Forward Plan

- **Focusing on core markets with sustainable activity**
- **Actively tendering new opportunities to gain market share**
- **Exercising cash flow discipline**
- **Automated CRT performance exceeding competitive technologies**

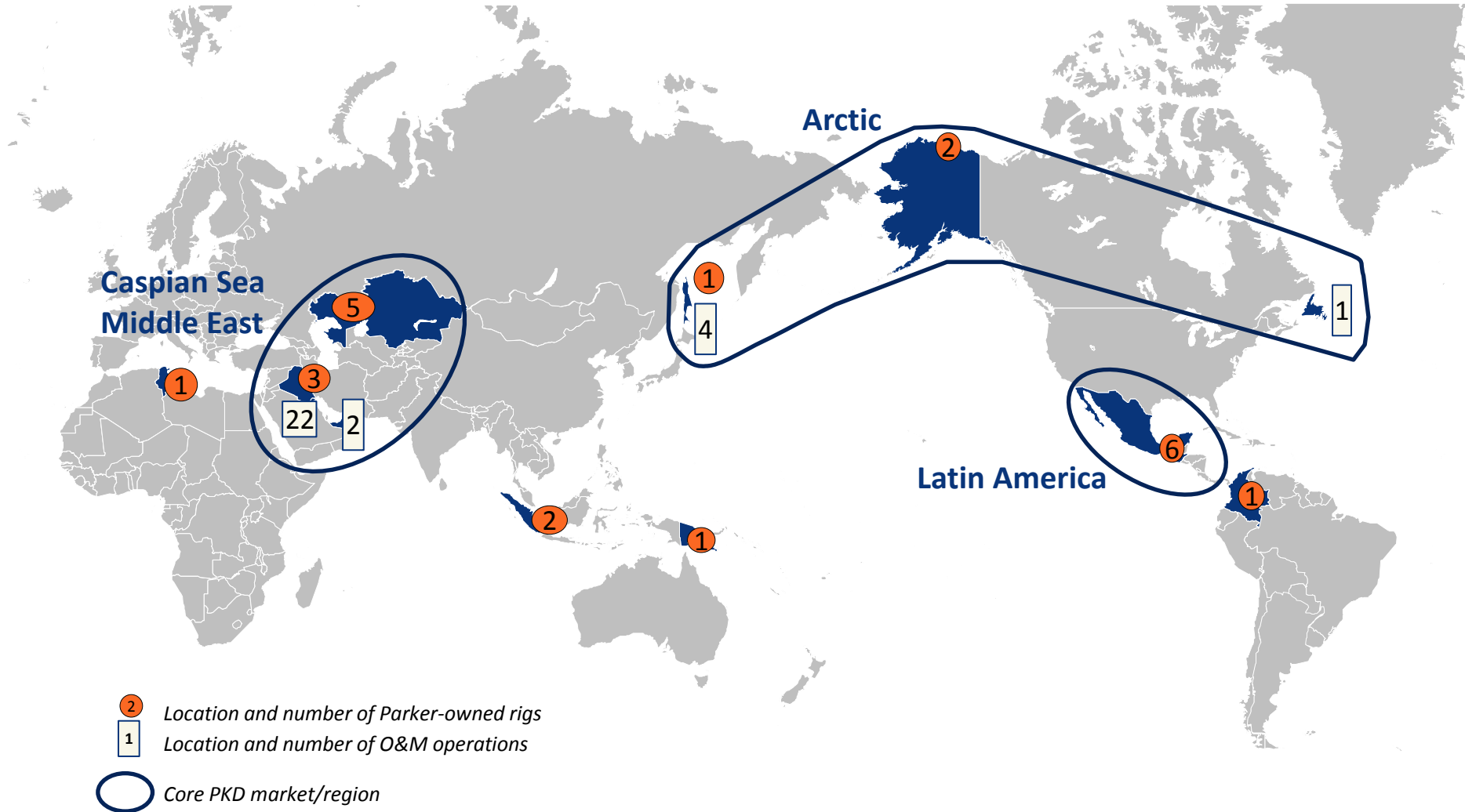
# 3 Maintain U.S. Barge Business for Recovery

- **GOM inland water market remains attractive**
  - Low breakeven oil price
- **Low idle rig costs**
- **Solid historical results**
  - 2014 Gross Margin: \$68mm
  - 2014 Utilization: 72%
- **Strong operating leverage to recovery**



Note: Comparative economics based on NPV=0 at IRR= 15%; 2014 cost base

# 4 Build Scale in Core Int'l & Alaska Markets

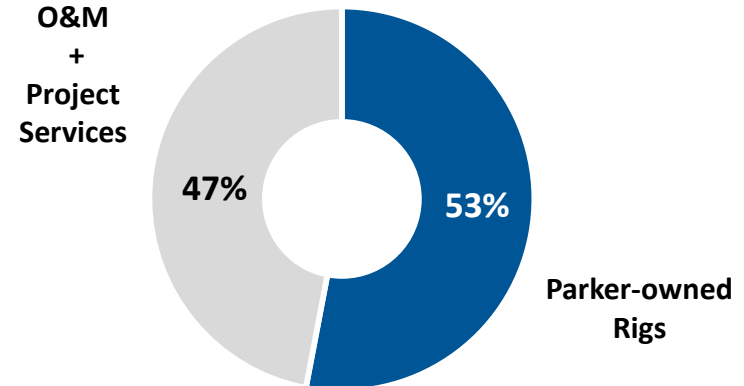


Note: Rig count as of September 30, 2016

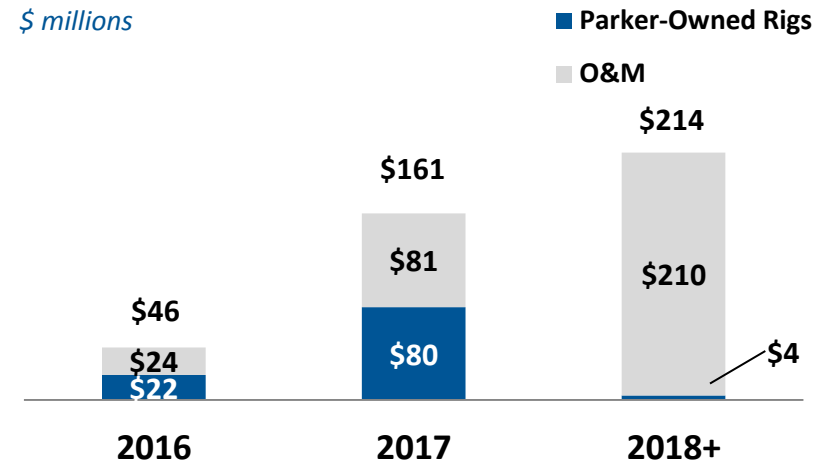
# 4 Expand O&M Business Model

- Generally high profile, complex customer projects requiring specific drilling equipment
- O&M service scope can be scaled to customer needs
- Contracts typically longer-term (2+ years) and customer “switching costs” higher
- Capital-light business model
- Enhance overall returns on capital

## Drilling Revenues by Service Type <sup>1,2</sup>



## Total Contracted Backlog <sup>3</sup>



**Total backlog of \$421 million at September 30, 2016**

<sup>1</sup> Prior four quarters thru 3Q'16.

<sup>2</sup> Excluding reimbursables.

<sup>3</sup> Worldwide revenue backlog is an estimate of drilling revenues from dayrate contracts. It does not include rental revenues and all other drilling revenues we may earn, including those for added services, reimbursables, mobilization or demobilization; nor does it anticipate revenue reductions that may be due to conditions that would lead to reduced dayrates or early terminations.

## 5 Leverage Operational Execution to Grow

### Strategic Growth Checklist

- ✓ Rental tools: Geographic and product-line extensions (organic and acquisitions)
- ✓ Drilling: O&M, long-term contracts for newbuilds and opportunistic acquisitions
- ✓ Return on capital focused
- ✓ Consider distressed assets
- ✓ International bias

- **Focus on managing cash and liquidity in downturn**
- **Favorable product/service and geographic mix relative to small-cap peers**
- **Return on capital driving strategies**
- **Leverage reputation as innovative, reliable and efficient provider to maintain and grow market share**
- **Position Parker for recovery**





**PARKER DRILLING**

