



**Borr
Drilling**

**Borr Drilling Limited
Company presentation
Q4 2018 Results**
28 February 2019



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Highlights

- Operating revenues of US\$53.5 million, EBITDA of negative US\$18.7 million and net loss of US\$110.7 million for the fourth quarter of 2018
- Operating revenues of US\$164.9 million, EBITDA of negative US\$65.8 million and net loss of US\$190.9 million for the year ended December 31, 2018
- Added total backlog of 108 months in the fourth quarter of 2018 with estimated total revenue of US\$257 million
- Technical utilisation for the operating rigs was 99.6% in the fourth quarter of 2018
- Took delivery of the premium jack-up rig “Natt” in October 2018 from PPL Shipyard
- Realised US\$16.1 million in cash proceeds from sale of forward contracts in a listed offshore drilling company and recorded a mark to market loss on existing position of US\$32.2 million in the fourth quarter of 2018. The market value of the securities portfolio has increased by US\$15 million since the balance sheet date
- Secured US\$160 million revolving credit and guarantee facility in the first quarter 2019

The Company uses certain financial information calculated on a basis other than in accordance with accounting principles generally accepted in the United States (US GAAP) including EBITDA. EBITDA as used herein represent net loss less: depreciation and impairment of non-current assets, amortisation of contract backlog, net financials, gain from bargain purchase and income tax expense. EBITDA is included as a supplemental disclosure because the Company believes that the measure provides useful information regarding the Company's operational performance.

Key Financials Q4 2018

Income Statement

USDm	FY 2018	Q4 2018	Q3 2018
Operating revenues	164.9	53.5	49.7
Gain on disposals	18.8	1.3	-
Rig operating and maintenance expenses	(180.1)	(59.5)	(45.7)
Depreciation and impairments	(79.5)	(23.8)	(21.5)
Amortisation of contract backlog	(24.2)	(8.5)	(9.7)
G&A	(38.7)	(10.8)	(9.7)
Restructuring costs	(30.7)	(3.2)	(4.6)
Total operating expenses	(353.2)	(105.8)	(91.2)
Operating loss	(169.5)	(51.0)	(41.5)
Net financial items	(57.0)	(59.2)	4.5
Gain from bargain purchase	38.1	-	-
Loss before tax	(188.4)	(110.2)	(37.0)
Tax	(2.5)	(0.5)	(2.0)
Net (loss) attributable to non-contr. interests	(0.4)	(0.2)	0.1
Net loss for the period attributable to shareholders of Borr Drilling Limited	(190.5)	(110.5)	(39.1)
Basic loss per share (\$/share)	(0.371)	(0.210)	(0.073)

Comments Q4 2018

- Revenues: on average 8.6 operating rigs in the fourth quarter. Mist and Prospector 1 entered operation in the quarter.
- Rig operating and maintenance expenses affected by certain one offs in Q4:
 - US\$4.6 million release of tax accrual in Q3 not repeated in Q4.
 - incremental costs related to software licenses of US\$2.2 million
 - higher operating expenses related to the contract preparation, mobilisation and start-up of operations for the "Mist" in the fourth quarter 2018
- Net financial items includes:
 - mark-to-market loss on forward contracts of US\$32.2 million
 - mark-to-market loss on the Call Spread derivative related to the convertible bonds of US\$16.9 million
 - gross interest expense of US\$14.8 million, offset by capitalised interest of US\$6.3 million.
- Based on signed contracts, the Company expects positive cash from operations from end Q2 2019

Key Financials Q4 2018

Balance Sheet Key Numbers

USDm	Q4 2018	Q3 2018	Q4 2017
Total assets	2,913.7	2,790.5	1,672.3
Total liabilities	1,380.2	1,138.5	179.4
Total equity	1,533.5	1,652.0	1,492.9
Cash and cash equivalents	27.9	40.6	164.0
Restricted cash	63.4	21.2	39.1

Movements from Q3 2018

- Total assets increased by US\$123.2 primarily due to
 - delivery of the newbuilding “Natt”,
 - capital expenditures from the activation of the “Gerd” and “Groa” and the reactivation of “Odin” and “Ran”.

- Total liabilities increased by US\$241.7 million, mainly attributable to
 - US\$87.0 million in long-term debt related to the delivery financing for the newbuilding “Natt”,
 - US\$100.0 million drawdown on the revolving credit facility with DNB
 - US\$ 35.1 million liability related to unrealised loss on forward contracts
 - increase in accrued expenses and other current liabilities.

- Total available free liquidity at the end of the fourth quarter was US\$97.9 million, incl. undrawn amounts under the revolving credit facility of US\$70 million. This compares to US\$210.6 million in Q3 2018.

Fleet Status Report February 2019

Fleet Summary

		Operating / Committed	Available	Cold Stack	Under Construction
Premium Jack-Ups	29	9	10	2	8
Standard Jack-Ups	6	4		2	
Total Jack-Ups	35				
Semi - Submersible	1	1			
Total Fleet	36	14	10	4	8

Contractual Developments

- Gerd: Firm contract for 2yr program starting in March 19
- Groa: Firm contract for 2yr program starting in April 19
- Natt: Firm contract for 2yr program starting in March 19
- Mist: Firm contract for ~4 months starting in Nov 18
- Norve: Firm contract for ~11 months program starting in late June 19
- C20051: Exercised 2 optional wells (~60 days)
- MSS1: Secured ~60 days extension
- P5: Secured LOI for ~180 days program starting in April 19
- Frigg: Secured 10 months extension
- Odin: Firm contract for ~9 months program starting in March 19

Other Fleet Updates

- Gerd: Activation completed successfully and rig undergoing preparations to commence contract
- Natt: Activation completed successfully and rig in transit to Nigeria
- Odin: Activation completed successfully and in transit to Mexico
- Njord: Took delivery from yard

Fleet Update

Contracted and Future Contracted Rigs (14)

Rig Name	Location	2018				2019				2020				2021			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Premium Jack-Ups																	
Odin	In Transit / Mexico					Mobilization	PanAmerican										
Frigg ¹	Nigeria	Total				Total	Shell (via Assignment)			Option							
Prospector 1 ¹	Netherlands					Tulip											
Prospector 5 ¹	United Kingdom / Netherlands					Nexen			LOI - Undisclosed								
Gerd	Nigeria					Mobilization			Exxon					2 x 1 Year Optional Period →			
Groa	Singapore / Nigeria					Activation & Mobilization			Exxon					2 x 1 Year Optional Period →			
Ran ¹	Netherlands / United Kingdom					Activation & Mobilization			Spirit Energy								
Norve	Gabon / Cameroon	BW Energy Dussafu		Perenco				Available	BW Energy Dussafu								
Natt	In Transit / Nigeria					Mobilization			First E&P					1 Year Optional Period →			
Standard Jack-Ups																	
C20051	Netherlands		Perenco		Total												
Dhabi II	United Arab Emirates	NDC (ADOC)															
B152	United Arab Emirates	NDC (ADOC)															
B391	United Kingdom		Spirit Energy						Up to 13 option wells (425 days)								
Semi-Submersible																	
MSS1	United Kingdom		TAQA						Up to 5 option wells (375 days)								
		Contract		Option		Available		Under Construction									

¹ HD/HE Capability

Fleet Update continued

Available (10), Under Construction (8) and Cold Stacked (4)

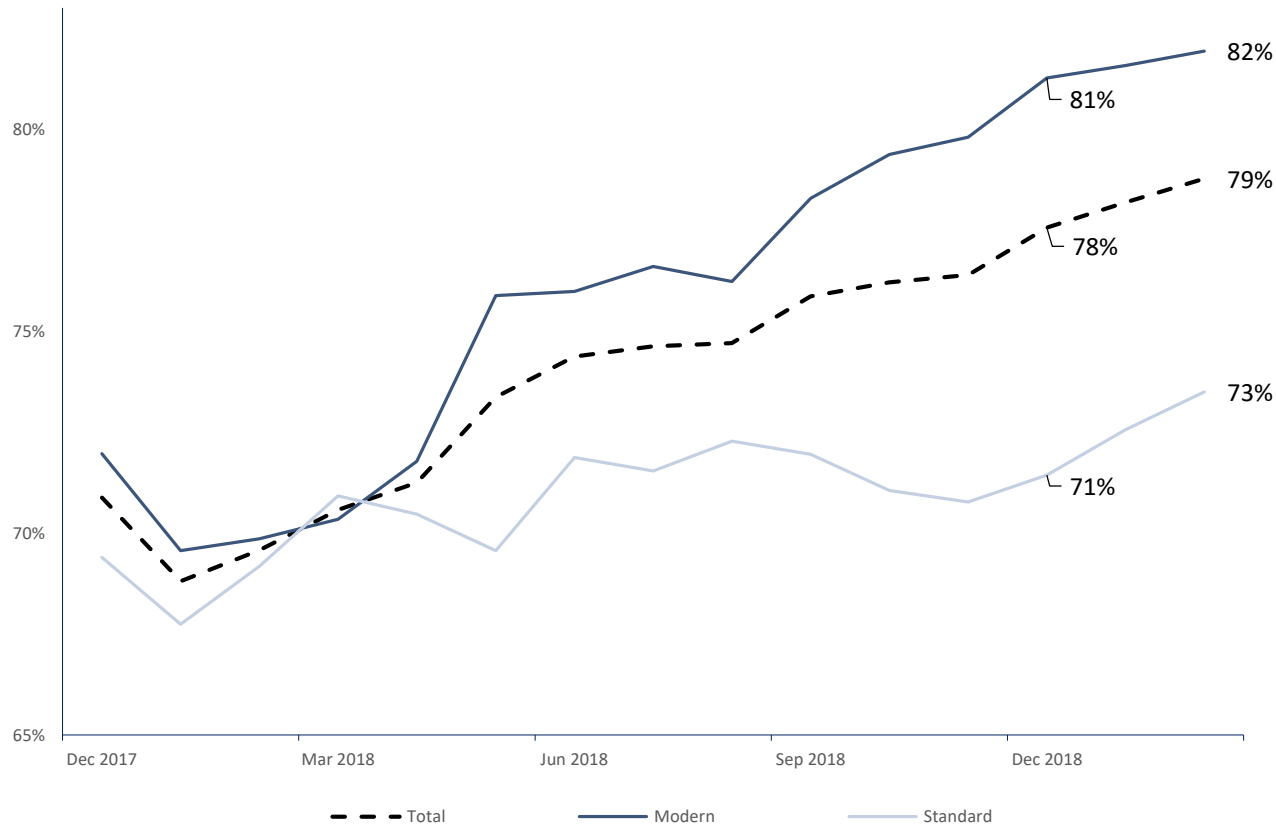
Rig Name	Location	2018				2019				2020				2021			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Premium Jack-Ups																	
Galar	Singapore	Available - Warm Stacked															
Gersemi	Singapore	Available - Warm Stacked															
Grid	Singapore	Available - Warm Stacked															
Gunnlod	Singapore	Available - Warm Stacked															
Gyme	Singapore	Available - Warm Stacked															
Idun	Singapore	Available - Warm Stacked															
Saga	Singapore	Available - Warm Stacked															
Skald	Singapore	Available - Warm Stacked															
Njord	Singapore	Available - Warm Stacked															
Mist	Singapore					Kris Energy	Available - Warm Stacked										
Jack-Ups Under Construction																	
Hild	KFELS shipyard, Singapore	Rig Delivery in October - 2019															
Heimdal	KFELS shipyard, Singapore	Rig Delivery in January - 2020															
Hermod	KFELS shipyard, Singapore	Rig Delivery in April - 2020															
Huldra	KFELS shipyard, Singapore	Rig Delivery in July - 2020															
Tivar	KFELS shipyard, Singapore	Rig Delivery in July - 2020															
Heidrun	KFELS shipyard, Singapore	Rig Delivery in October - 2020															
Vale	KFELS shipyard, Singapore	Rig Delivery in October - 2020															
Var	KFELS shipyard, Singapore	Rig Delivery in December - 2020															
Cold Stacked Jack-Ups																	
Atla	United Arab Emirates																
Balder	Cameron																
Baug ¹	United Kingdom	Not Marketed															
Eir ¹	United Kingdom	Not Marketed															

Contract
 Option
 Available
 Under Construction

¹ HD/HE Capability

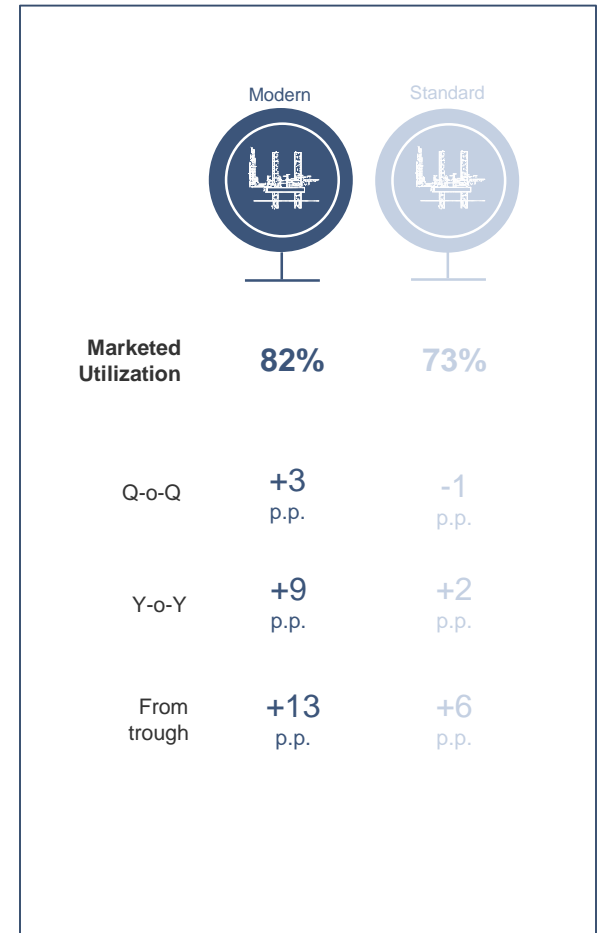
Market Update

Marketed Utilisation continues to trend upwards...



...and utilisation even higher for rigs built after 2010

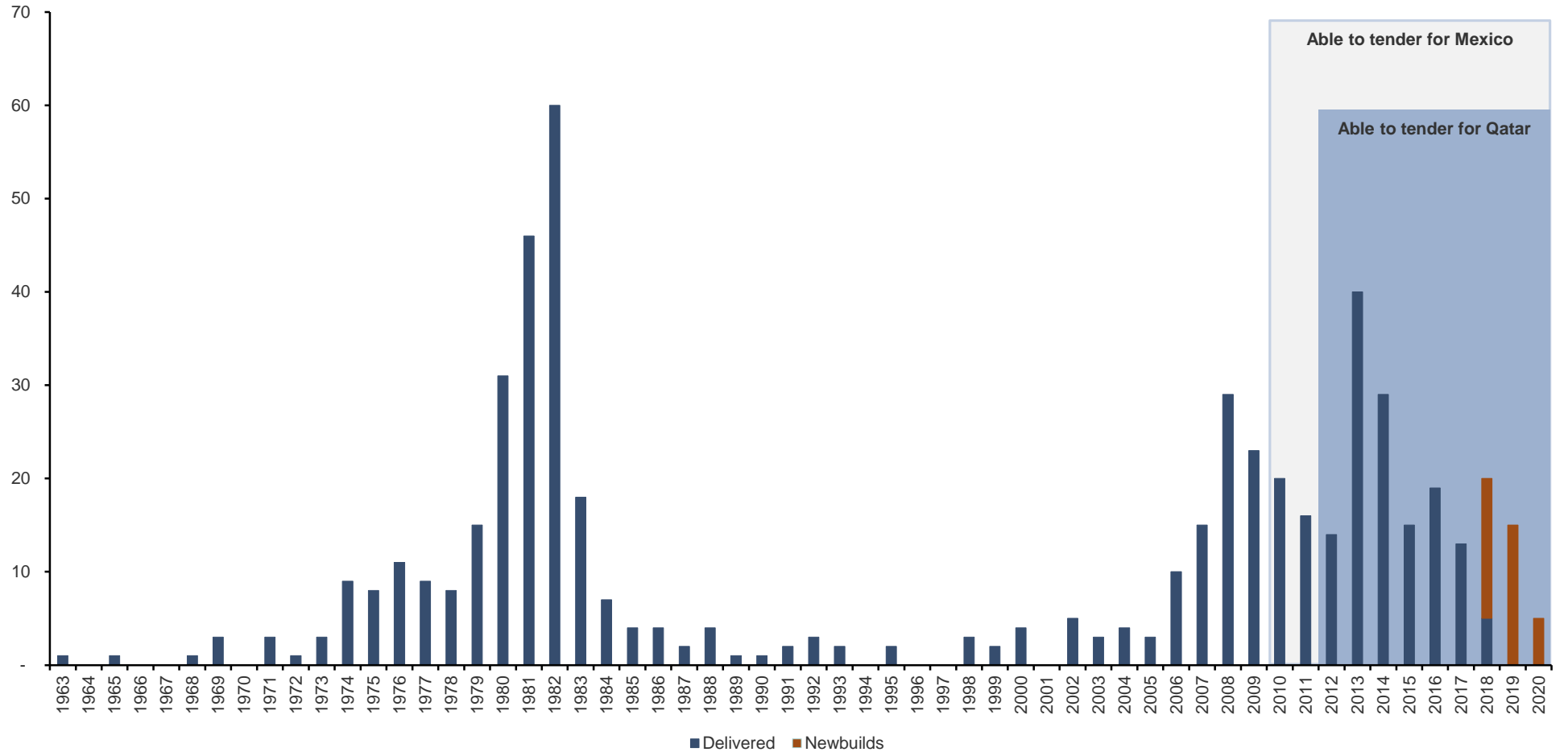
Shorter fall and stronger rebound for modern rigs



Source: IHS Petrodata
 Modern rigs = built between 2000 or after
 Includes Independent Leg Cantilever units only

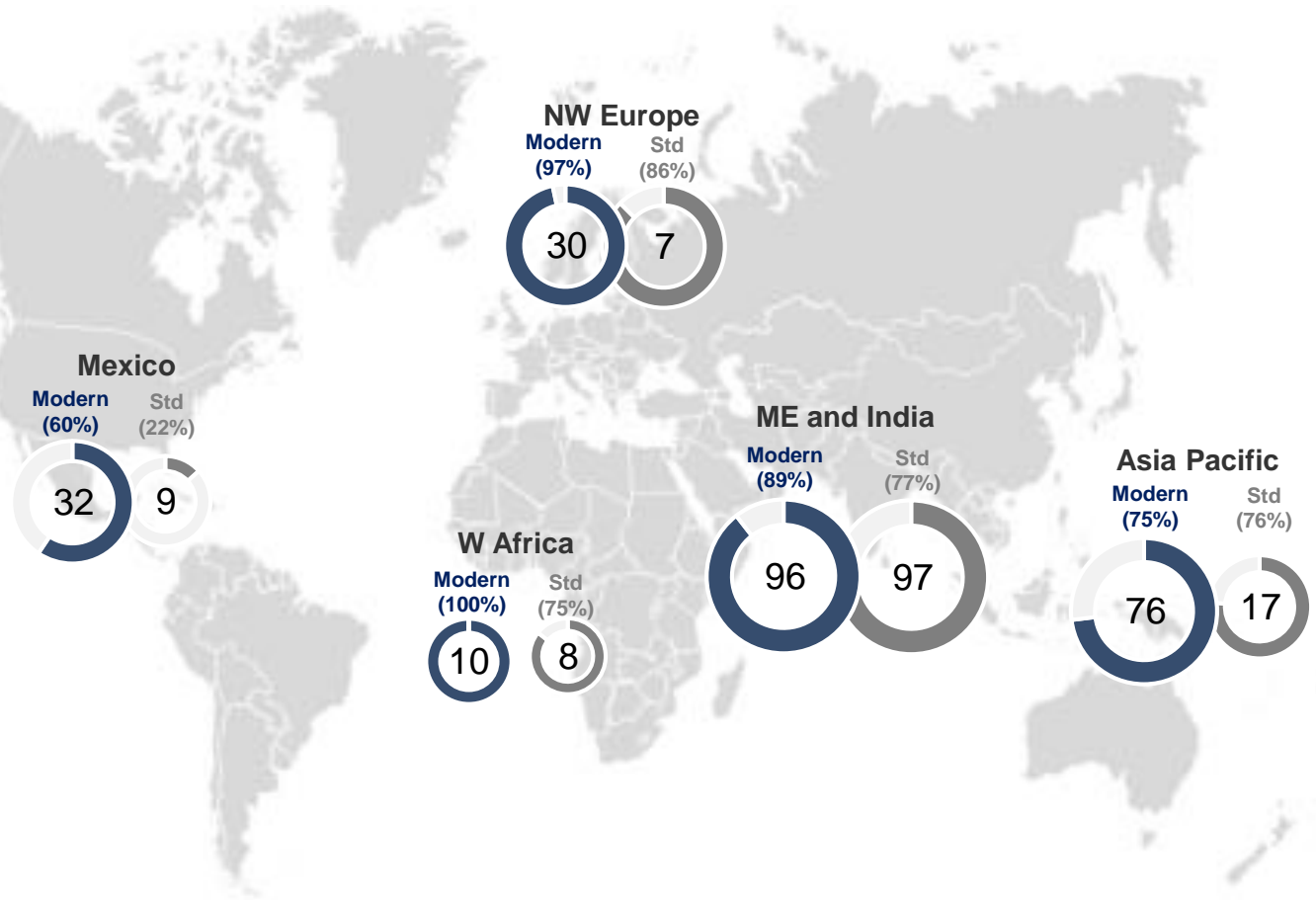
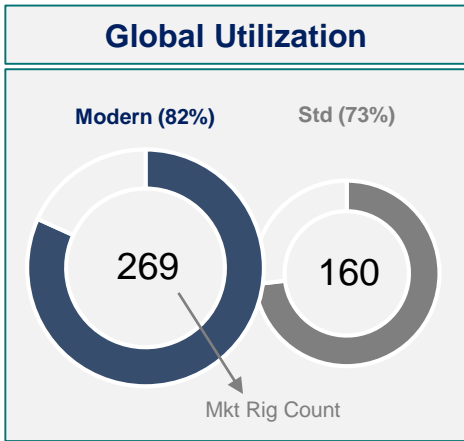
Why modern assets?

Large part of the fleet is old - Old rigs are not qualified for key tenders



“Modern rigs are 15-25% more efficient than standard rigs”

Marketed Utilization and Fleet Size in key jack-up markets



Source: IHS Petrodata
 Modern rigs = built between 2000 or after
 Includes Independent Leg Cantilever units only

Offshore spending is recovering

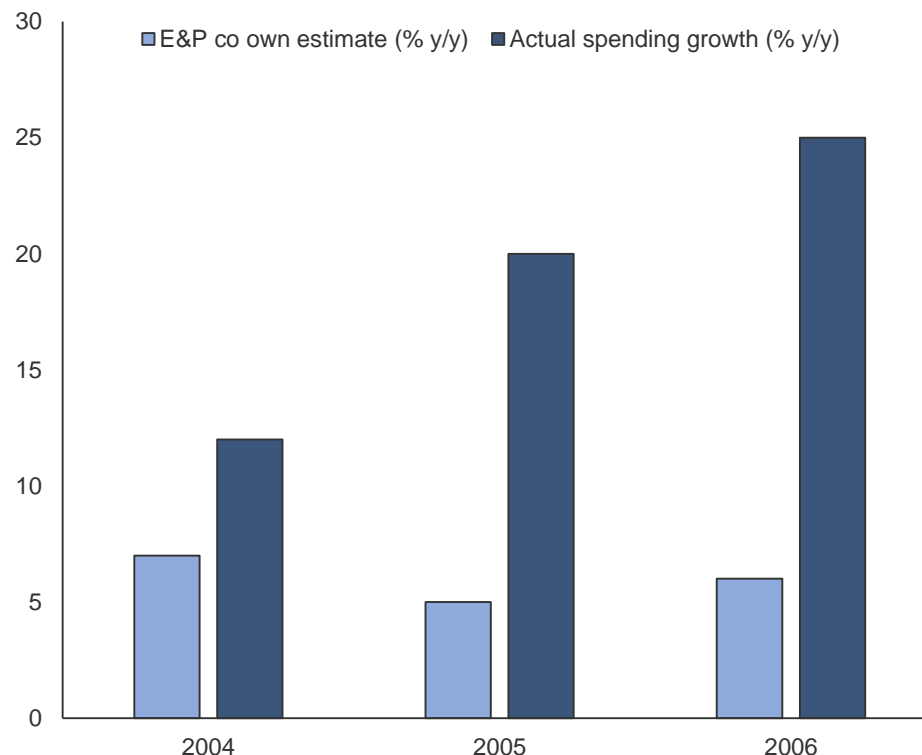
Capex increases have started

Date announced	Company	2018	2019e	Change
15/11/2000	Anadarko	3,970	4,000	1%
05/11/2018	Kosmos	300	550	83%
06/11/2018	Rosneft	13,600	16,000	18%
02/12/2018	EcoPetrol	3,000	3,750	25%
05/12/2018	Petrobras	14,200	13,550	-5%
10/12/2018	Hess	2,100	2,900	38%
12/12/2018	Conoco Phillips	6,100	6,100	0%
18/12/2018	Pemex	8,200	10,400	27%
18/12/2018	PTTEP	1,300	1,840	42%
20/12/2018	Husky	2,180	2,700	24%
16/01/2019	Tullow	425	570	34%
16/01/2019	Talos	440	475	8%
17/01/2019	Aker BP	1,800	2,250	25%
17/01/2019	Woodside	1,500	1,650	10%
22/01/2019	Cairn	335	305	-9%
23/01/2019	CNOOC	9,700	11,050	14%
31/01/2019	Exxon	26,000	30,000	15%
01/02/2019	Cheveron	20,100	20,000	0%
01/02/2019	Shell	25,000	27,500	10%
	Total capex	140,250	155,590	11%

"In the international markets... this means that after four years of underinvestment and focus on maximizing short-term cash flow, the NOCs and independents are starting to see the need to invest in their resource base simply to maintain production at current levels."

Schlumberger CEO, Paal Kibsgaard at Q4 report

Oil Companies under estimate capex growth



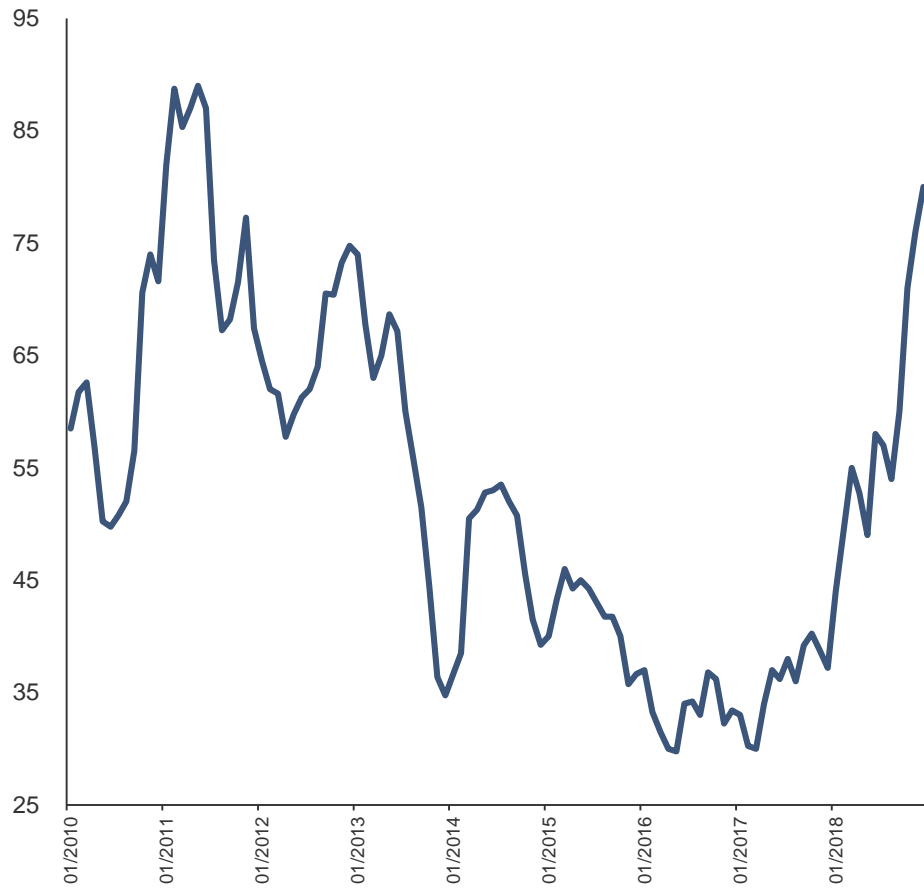
"There is a tremendous amount of growth required in a depletion business just to stand still"

Exxon CEO, Darren Woods in Economist Feb 2019

Tender activity is normalising and day rates are moving

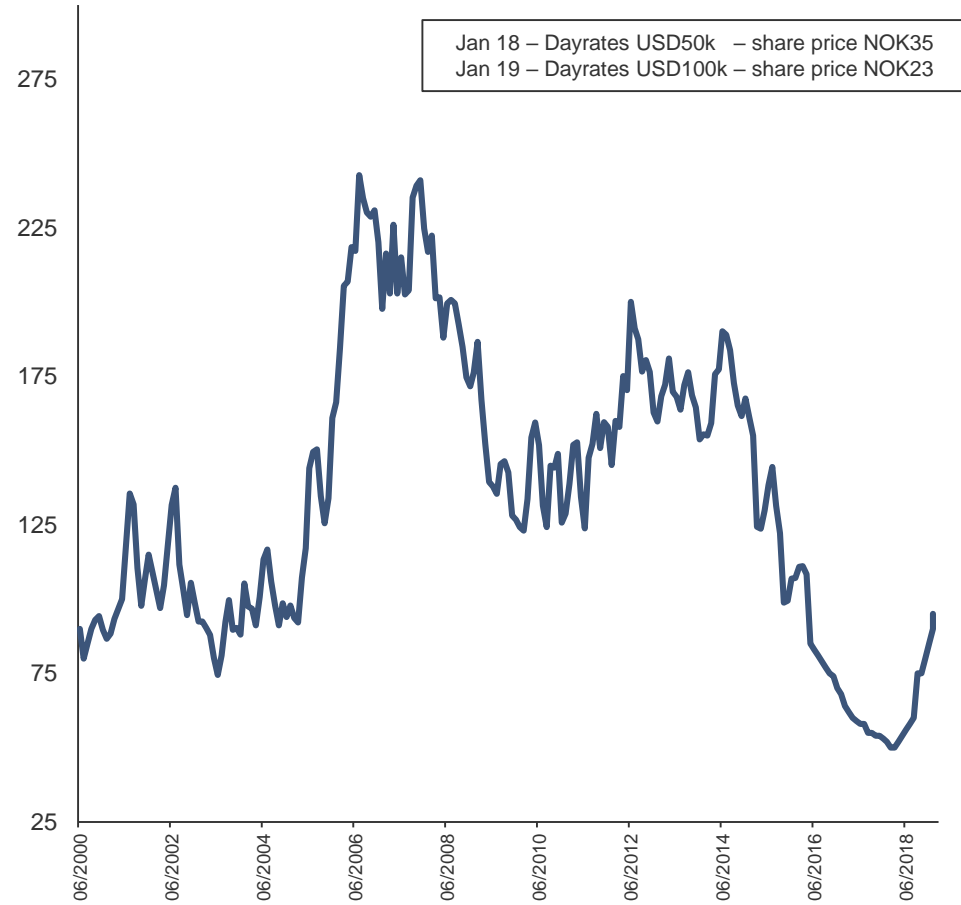
Jack up tenders at highs

jack-up tenders



Day-rate improving

Dayrate USDk/day

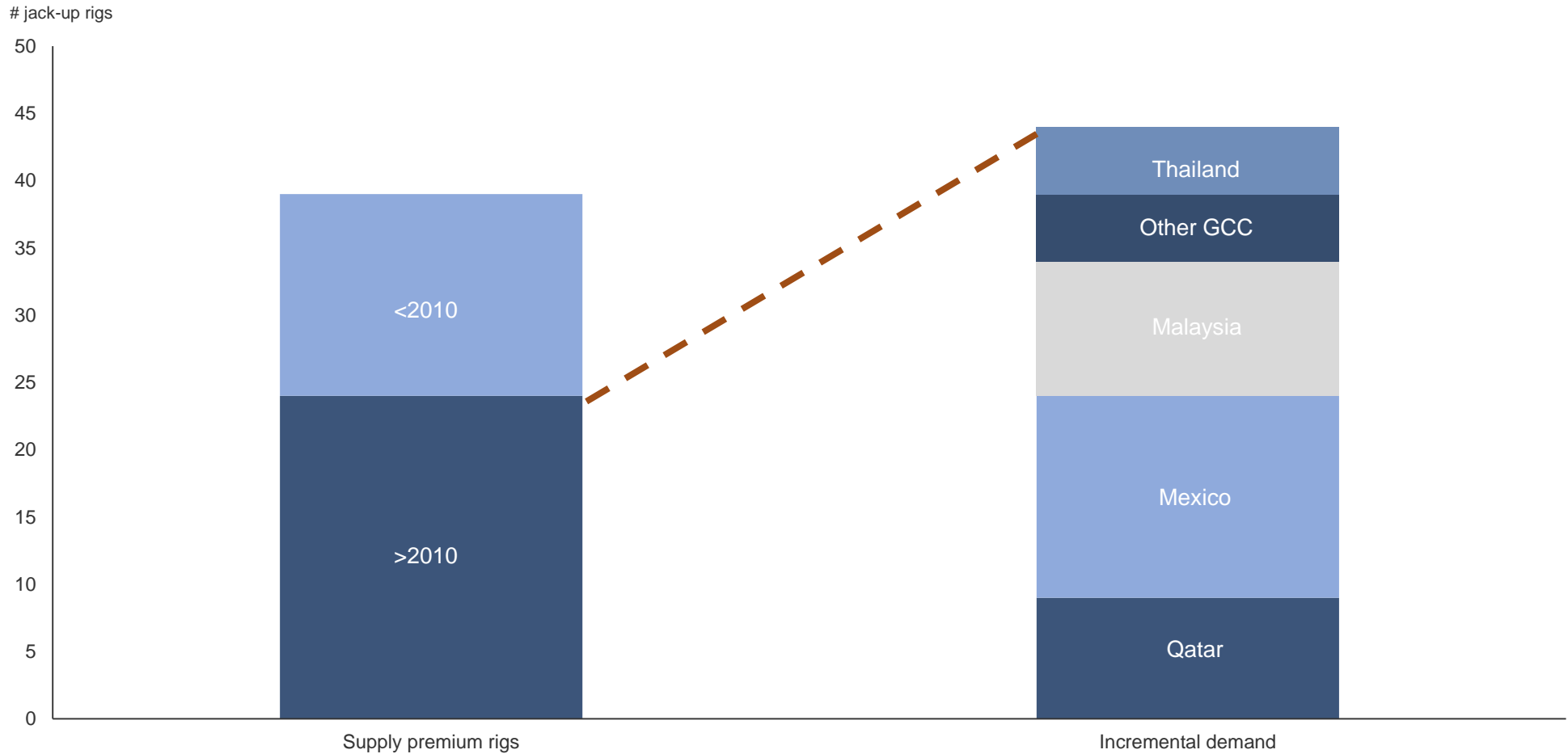


Jan 18 – Dayrates USD50k – share price NOK35
Jan 19 – Dayrates USD100k – share price NOK23

Source: Fearnley, Borr Drilling

Market can be “sold out” in 2019

Incremental demand in 2019 set to outstrip available rigs



Source: Borr Drilling

Conclusion

Jack-up dayrates gone from USD60k/day to >USD100k/day last year

New bank financing secured – received term sheet for long-term solution

Borr Drilling will based on current contracts be cash-flow positive from end of Q2

Contracting environment positive

Q&A

