



Borr Drilling Limited

**Company presentation
Q1 2019 Results**

29 May 2019



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Highlights

- Operating revenues of US\$51.9 million, EBITDA of negative US\$15.3 million and net loss of US\$56.4 million for the first quarter of 2019
- Technical utilization for the operating rigs was 99.1% in the first quarter of 2019
- Secured commitment for US\$645 million financing with maturity in 3 years from 5 lenders
- Awarded two 18-month contracts for two premium newbuild jack-up rigs with Pemex in Mexico to commence mid-2019, under an integrated services model with our principal shareholder Schlumberger
- Purchased a KFELS Super B Bigfoot jack-up newbuild, the “Thor”, from BOT Lease Co., Ltd. for a cash consideration of US\$122.1 million, compared to historic construction cost of approximately US\$240 million
- Completed the successful activation/reactivation and commencement of contracts for the premium jack-ups Gerd, Groa, Natt, Odin and Ran on time and below budget
- Entered into agreement to sell of three standard jack-up rigs for non-drilling activities, two of which were sold in May 2019, and the third expected to be sold early 2020

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 Q1 2019

Income Statement

USDm	Q1 2019	Q4 2018	FY 2018
Operating revenues	51.9	53.5	164.9
Gain on disposals	-	1.3	18.8
Gain from bargain purchase		-	38.1
Rig operating and maintenance expenses	(57.1)	(59.5)	(180.1)
Depreciation	(23.9)	(23.8)	(79.5)
Impairment	(11.4)	-	-
Amortisation of contract backlog	(7.4)	(8.5)	(24.2)
G&A	(10.1)	(10.8)	(38.7)
Restructuring costs	-	(3.2)	(30.7)
Total operating expenses	(109.9)	(105.8)	(353.2)
Operating loss	(58.0)	(51.0)	(131.4)
Total other income (expenses)	1.8	(59.2)	(57.0)
Loss before income taxes	(56.2)	(110.2)	(188.4)
Tax	(0.2)	(0.5)	(2.5)
Net loss	(56.4)	(110.7)	(190.9)
Basic loss per share (\$/share)	(0.11)	(0.21)	(0.37)

Comments Q1 2019

- On average 9.1 operating rigs in the first quarter.
- Rig operating and maintenance expenses affected by reactivation costs of \$7.6 million for the “Ran”
- Impairment relates to the anticipated sale of the cold stacked, standard jack-up rig “Eir”, sale to be completed early in 2020 for \$3 million with subjects.
- Amortization of contract backlog decreased by \$1.1 million q-on-q due to the expiration of acquired contracts from the Paragon transaction.
- G&A incl. \$2.0 million non-cash charges linked to long-term share option program
- Total other income (expenses) includes
 - interest expense of US\$13.0 million. (additionally, interest of US\$5.8 million was capitalized in the quarter)
 - mark-to-market gains on forward contracts relating to marketable securities of US\$11.5 million, and
 - a mark-to-market gain on the Call Spread derivative related to the Company’s convertible bonds of US\$3.6 million

Key Financials Q1 2019

Balance Sheet Key Numbers

USDm	Q1 2019	Q4 2018	Q1 2018
Total assets	3,098.4	2,913.7	2,137.3
Total liabilities	1,626.6	1,380.2	467.2
Total equity	1,471.8	1,533.5	1,670.1
Cash and cash equivalents	29.4	27.9	51.5
Restricted cash	29.4	63.4	55.0

Movements in the quarter

- Total assets increased by US\$184.7 million primarily due to
 - Acquisition of “Thor” at the end of March 2019
 - Delivery of the newbuilding “Njord” in January
 Offset by:
 - Ordinary depreciation
 - Impairment of US\$11 million

- Total liabilities increased by US\$246.4 million, mainly attributable to
 - US\$87.0 million in long-term debt related to the delivery financing for the newbuilding “Njord”
 - US\$95.0 million drawdown on the revolving credit facilities
 - US\$60.0 million drawdown on the bridge loan facility related to the acquisition of the Thor
 - offset by a reduction in the liability pertaining to unrealised losses on forward contracts related to marketable securities of US\$11.5 million

- Total available free liquidity (cash and cash equivalents excluding restricted cash, plus available amounts under credit facilities) at the end of the first quarter was US\$164.4 million, including undrawn amounts under credit facilities of US\$135.0 million.

Fleet Status Report May 2019

Contractual Developments

		Operating / Committed	Available	Cold Stack	Under Construction
Premium Jack-Ups	30	12	8	2	8
Standard Jack-Ups	4	3		1*	
Total Jack-Ups	34				
Semi - Submersible	1	1			
Total Fleet	35	16	8	3	8

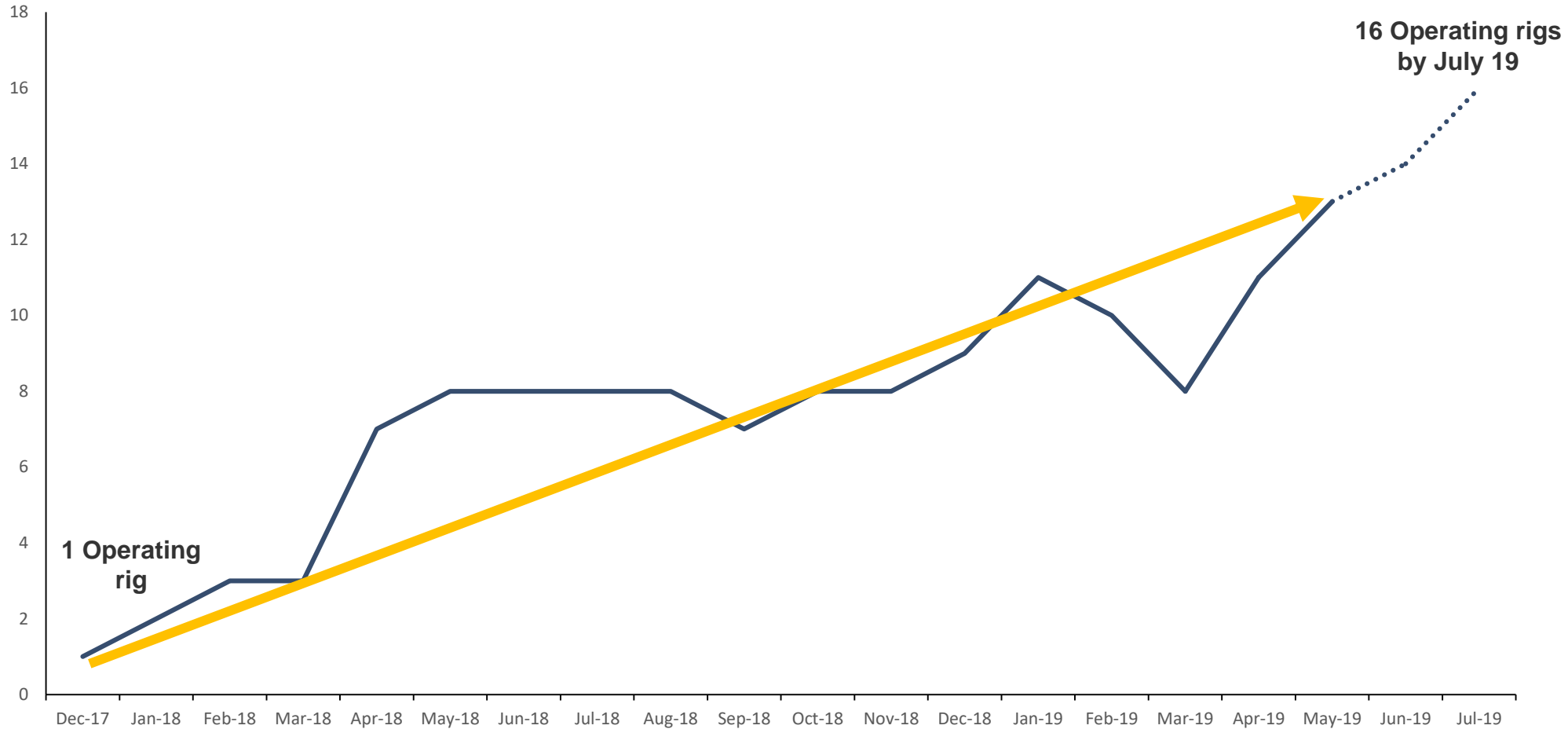
Other Fleet Updates

Time	Rig	Client	Contract status
Apr-19	Odin	PanAmerican	Commenced contract
Apr-19	Gerd	Exxon	Commenced contract
Apr-19	Natt	First E&P	Commenced contract
Apr-19	Ran	Spirit Energy	Commenced contract
May-19	Groa	Exxon	Commenced contract
May-19	Prospector 5	Neptune	Commenced contract
May-19	Mist	Vestigo	Commencement May 30, 2019
May-19	Grid	Pemex	Commenced mobilisation to Mexico
May-19	Gersemi	Pemex	Commenced mobilisation to Mexico

* Includes Eir, which is under sales agreement, expected to be concluded early 2020, subject to conditions

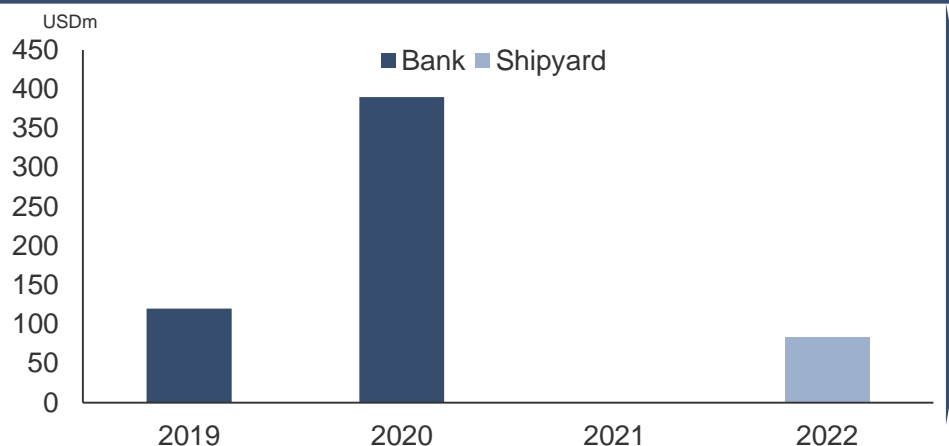
Operating and Contracted fleet developments

Growth from 1 to 13 operating rigs in 18 months, and 3 future contracts/commitments

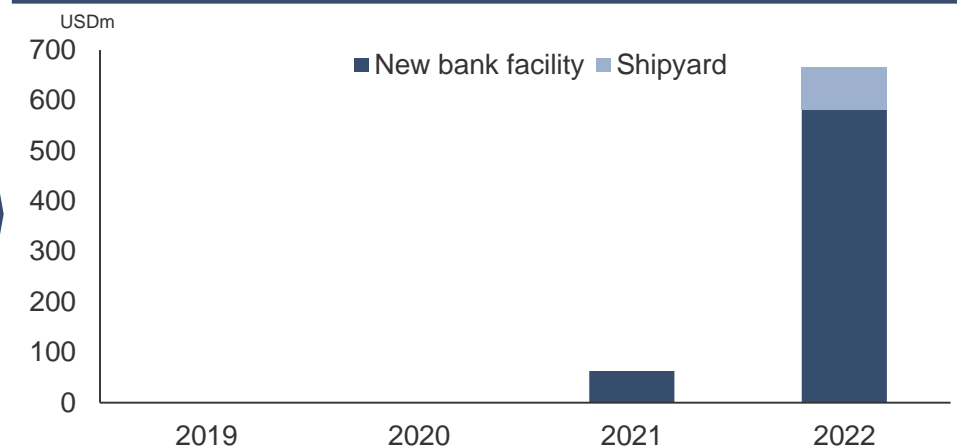


New long-term financing facilities

Old debt repayment profile



New debt repayment profile



Remaining capex USDm

Rig name	Delivery date	Paid	Remaining to be paid	Total	Committed financing	Residual
Heimdal	Oct-19	57.6	86.4	144.0	86.4	-
Hild	Jan-20	57.6	86.4	144.0	86.4	-
Hermod	Apr-20	57.6	86.4	144.0	86.4	-
Huldra	Jul-20	57.6	86.4	144.0	86.4	-
Tivar	Jul-20	25.0	153.4	178.4	50.0	103.4
Heidrun	Oct-20	57.6	86.4	144.0	86.4	-
Vale	Oct-20	25.0	147.4	172.4	130.0	17.4
Var	Dec-20	25.0	147.4	172.4	130.0	17.4

Debt repayments shown a fully drawn basis

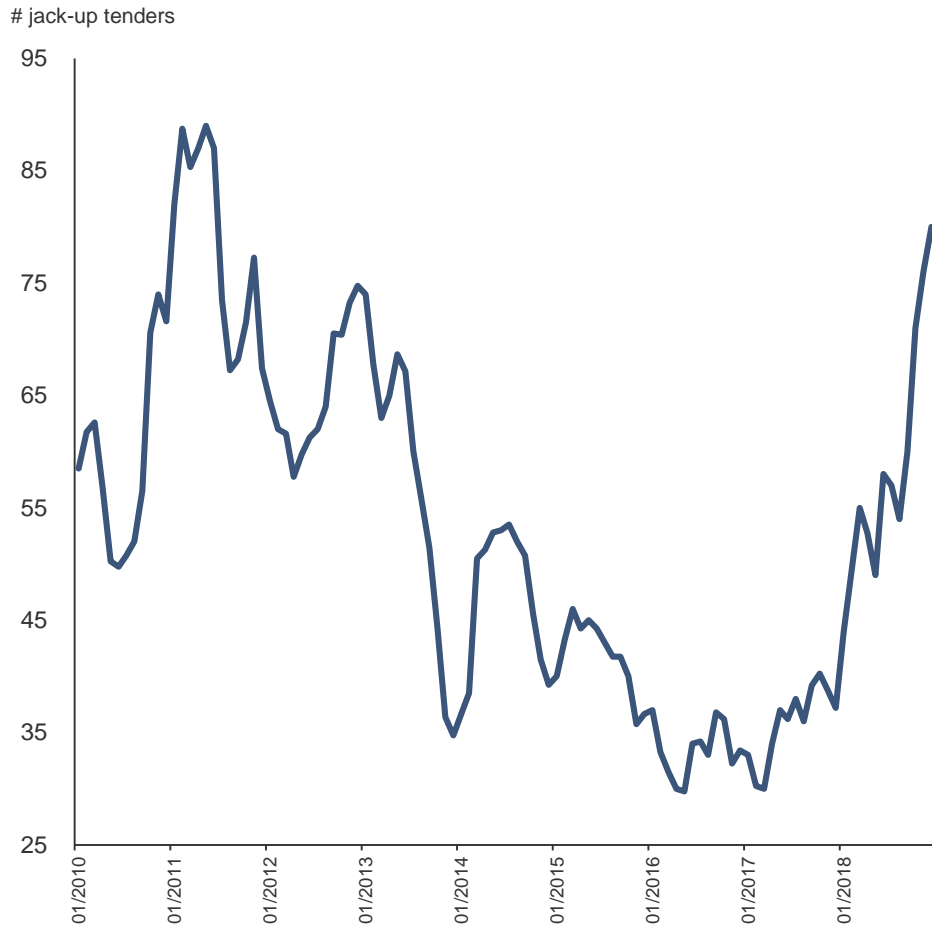
Low leverage in the current market

Day rate scenario		Current market	Average 10y	Last 10y peak
Day-rate	USDk/day	100,000	145,000	250,000
Utilisation		98%	98%	98%
Opex and G&A	USDk/day	50,000	50,000	50,000
EBITDA pr rig (USDm)	USDm/year	18	34	71
Est. fully invested NIBD* pr rig	USDm	73	73	73
NIBD/EBITDA	x	4.2	2.2	1.0

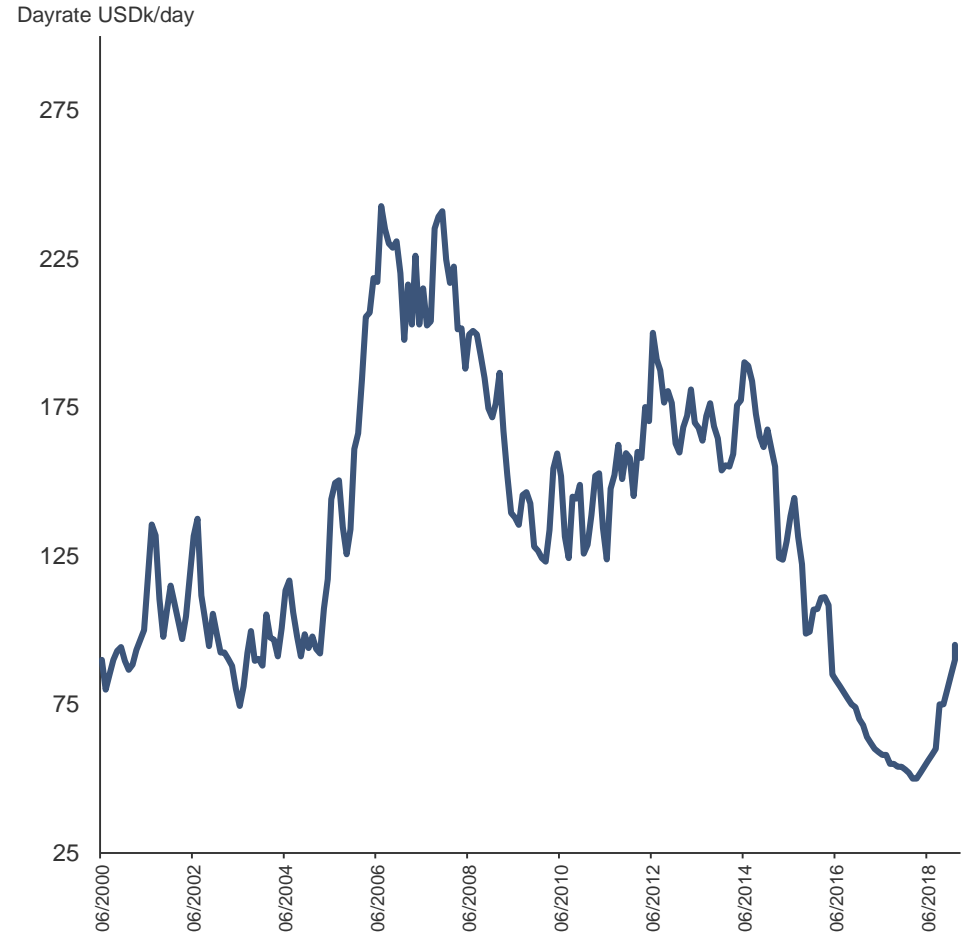
*NIBD/rig using estimated total debt in Borr Drilling when fully invested, divided by 30 premium rigs.
Illustrative table

Tender activity up >100% - day rates up 100% - its happening now

Jack up tenders at highs



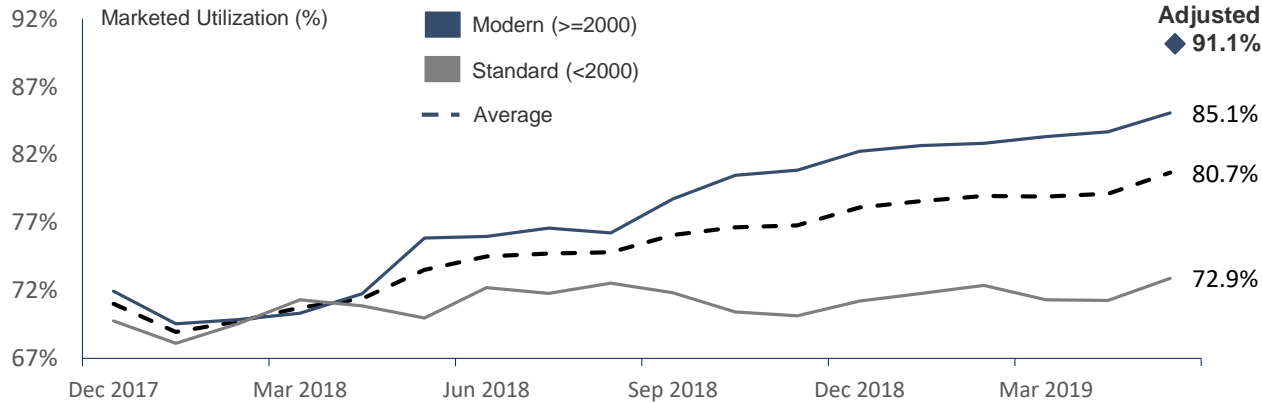
Day-rate improving



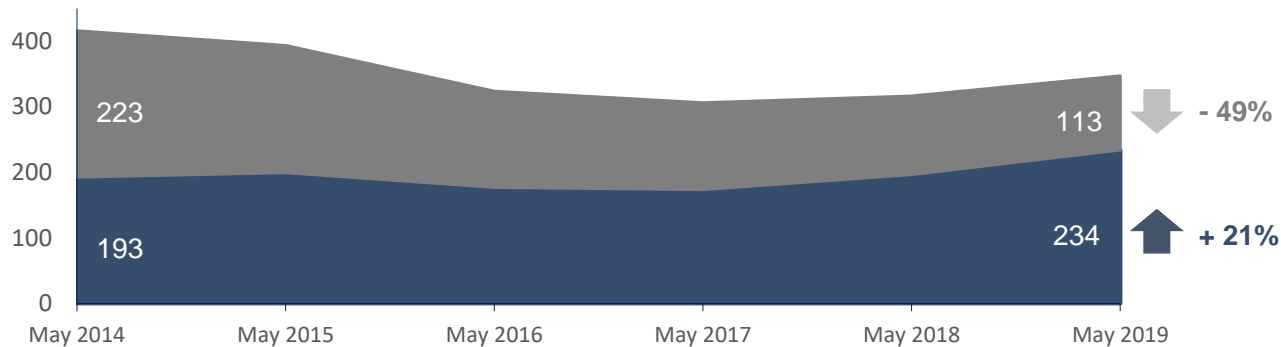
Source: Fearnley, Borr Drilling

Market trends confirming the modern rig strategy

Marketed Utilization continues to trend upwards...



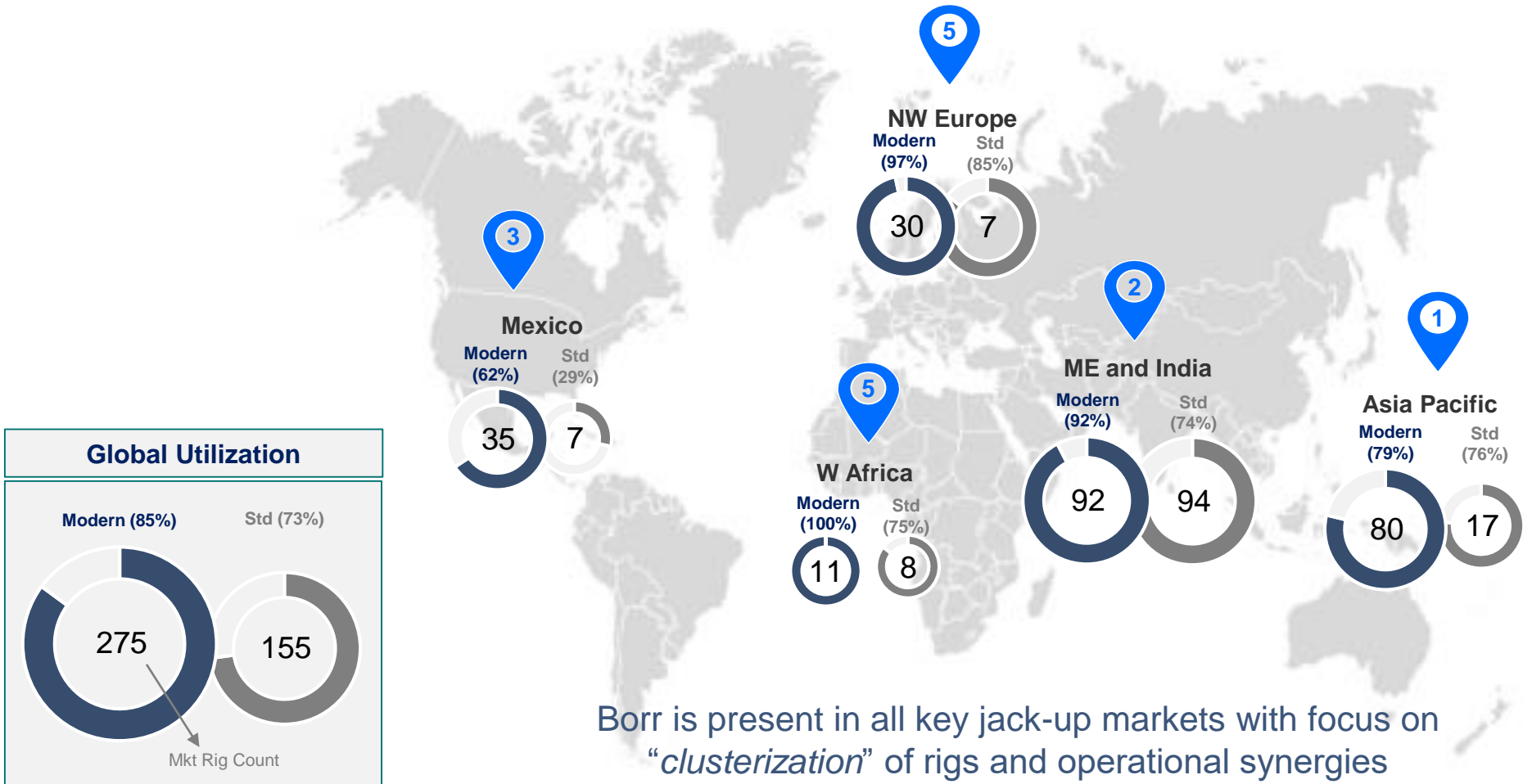
... while market bifurcation continues to play out



Modern JU availability is tight

Supply and Demand Matrix Modern Rigs	# of Rigs
Total Fleet	284
Not Marketed	(9)
Marketed Fleet	275
<i>Marketed Utilization</i>	85.1%
Idle / Stacked - Regional Reach	(18)
Marketed Fleet (Adjusted)	257
Marketed Utilization (Adjusted)	91.1%
Contracted Fleet	234
Available - Borr	8
Available - Other	15
Available (Adjusted)	23

Marketed Utilization and Fleet Size in key jack-up markets

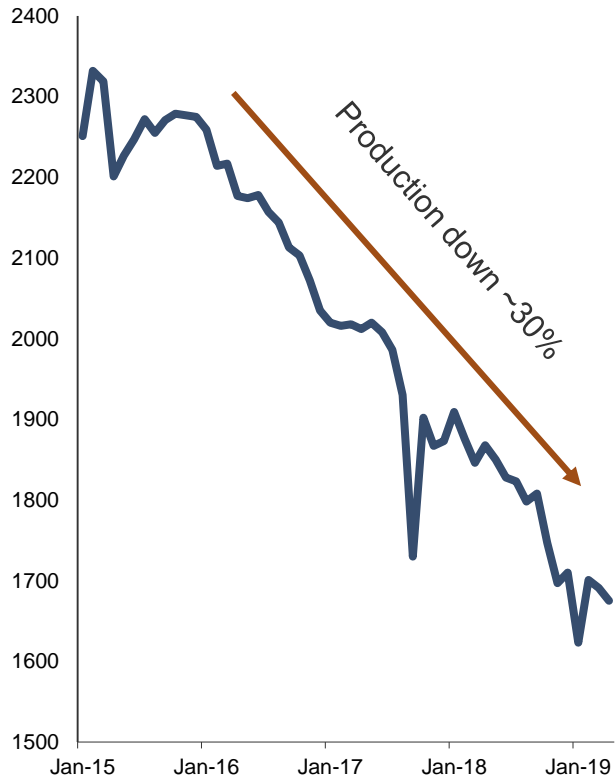


Source: IHS Petrodata, Independent Leg Cantilever units
 Modern rigs = built in 2000 or after

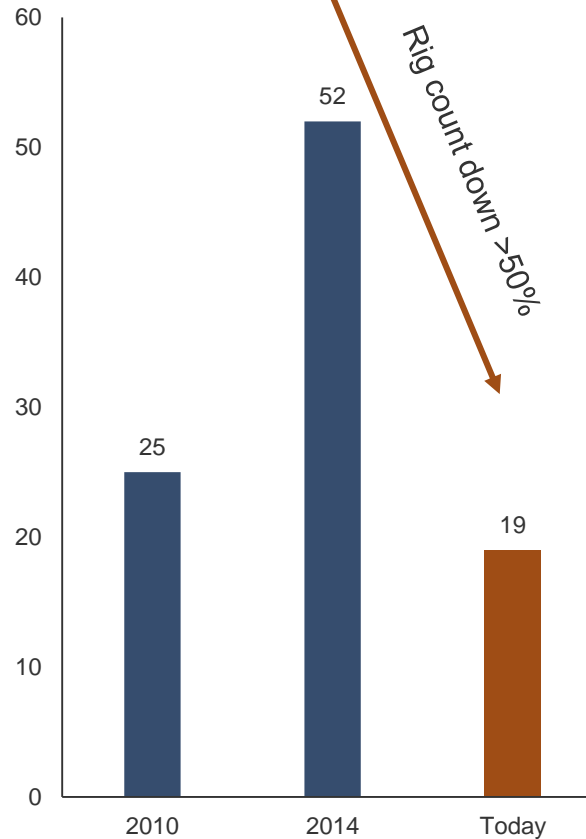
You need to drill to get oil – Mexico activity coming back

Mexican production is dropping

Mexico Crude Production (kbpd)



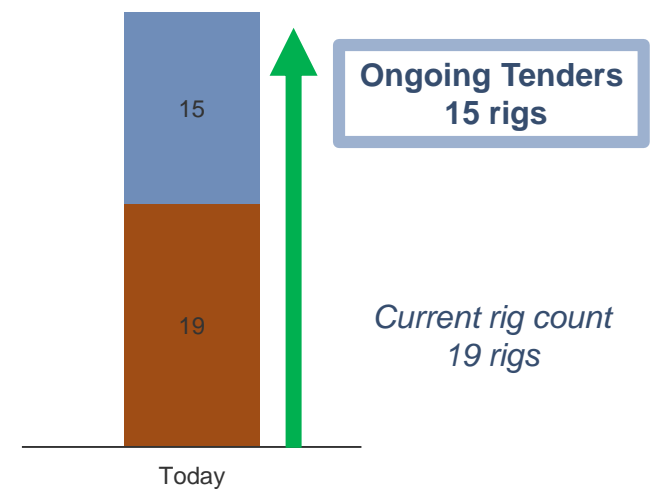
due to less drilling



Activity is coming back now

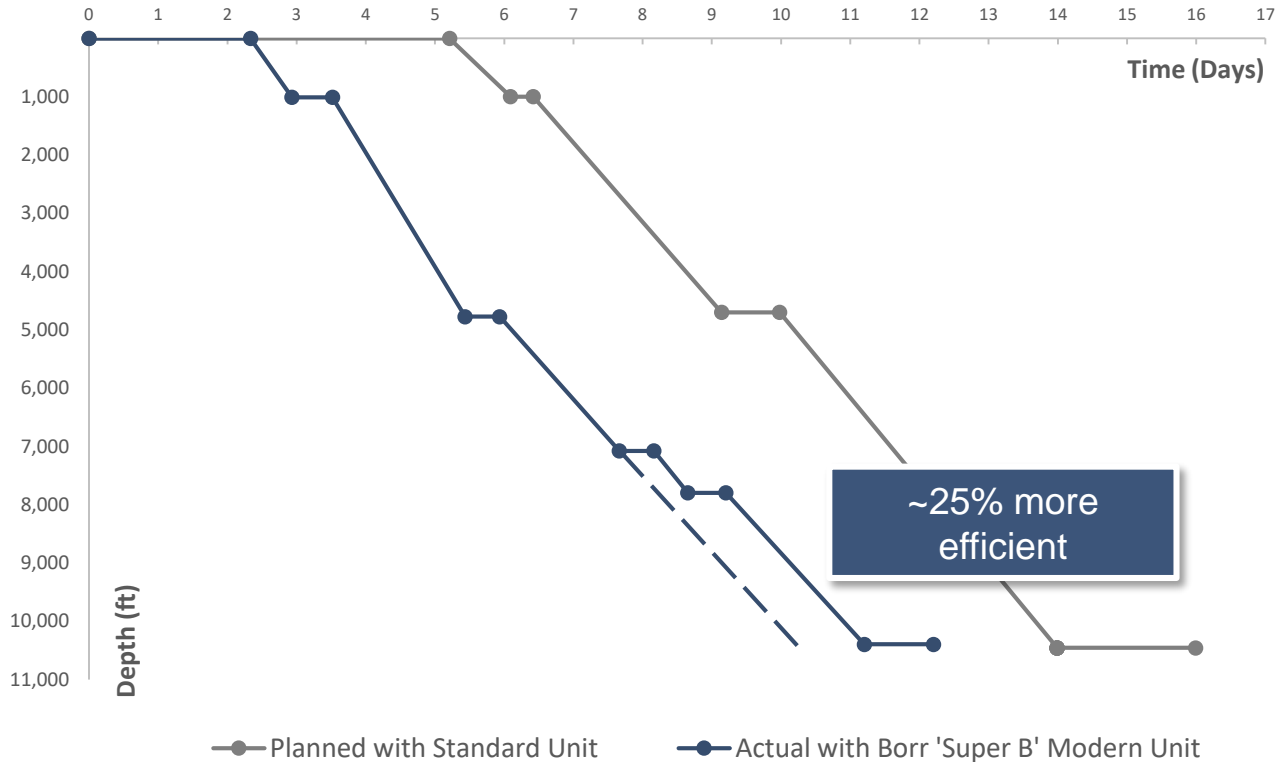
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Mexico's Pemex aims for 1 million bpd rise in crude output by 2024

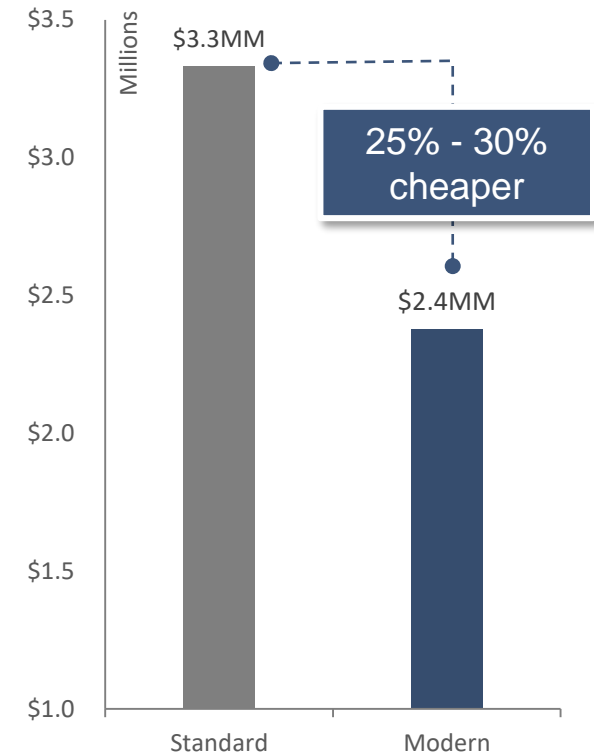


Standard vs Modern rigs

Time-Depth Curve



... resulting in lower well cost ¹



Faster rig moves | Improved drilling speeds | Extensive offline capabilities

Mist has a record of drilling 74 wells in one year

Source: well data from recent exploration well drilled by premium jack up Mist

¹ Based on Spread Cost of \$180,000 per Day

Some reflections about the drilling and stock market

Area	Current USD/day	~9 months ago	Delta
South-east Asia	60-85k	40-60k	40%
North Sea			
<i>JU2000/Super A</i>	85-115k	70-90k	22%
<i>Old high-spec</i>	65-80k	50-60k	32%
Middle-East			
<i>Saudi Aramco</i>	70-80k	60k	25%
<i>Competitive areas</i>	50-70k	35-50k	41%
<i>Special jobs</i>	90-105k		
West-Africa	70-95k	50-80k	27%
India	30-40k	25-35k	17%
US GoM	80-90k	60-80k	21%
Borr # of rigs in committed	16	8	100%
Borr share price	18	36	-50%

Conclusion

Company to be fully financed with long-term facilities

Positive cash-flow from operations after interest expected in Q3 2019

Record tender activity – leading day rates above USD100k/day

Delivering on integrated business model with Schlumberger

Expect most of the open capacity sold out before year-end

Q&A

