



# **Borr Drilling Limited**

## **Investor Presentation**

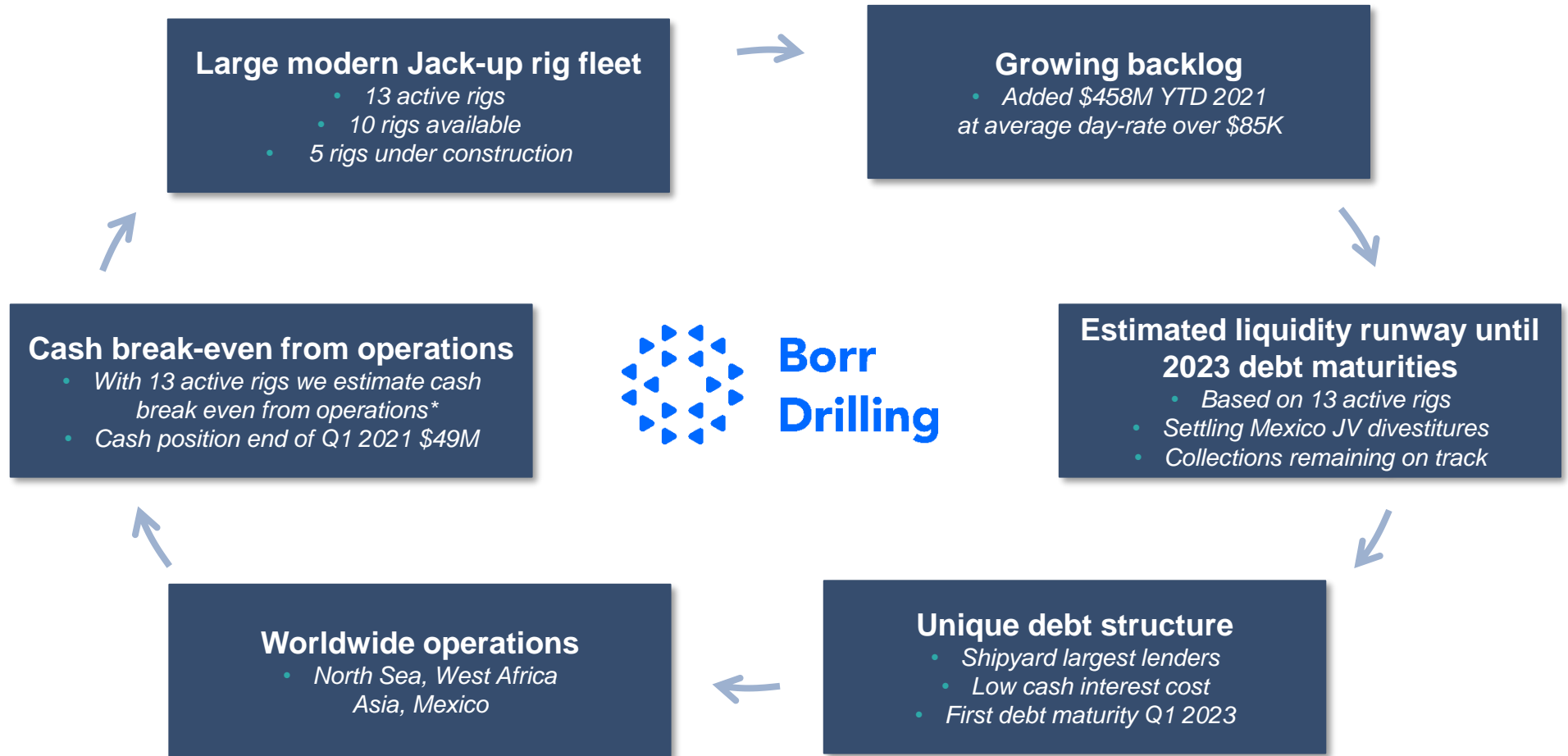
7 July 2021

# Forward looking statements

This presentation includes forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve risks and uncertainties. All statements other than statements of historical facts are forward-looking statements. You can identify these forward-looking statements by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “likely to” or other similar expressions. These forward-looking statements include statements about plans, objectives, goals, strategies, future events or performance outlook, prospects, potential, indicative scenarios and trends, including contract backlog and contracting activity, growing backlog, estimated liquidity runway until 2023 maturities, estimated cash breakeven operations, expected market recovery and growth potential, expected strong pick-up in demand and improving visibility for 2022 and projected utilisation, improving liquidity, path to recovery in rates and projections in rates, statements about the global fleet of jackup rigs including supply and demand trends, upside projected demand and potential and expected drivers, demand forecast and upside potential, worldwide market balance and demand forecast, newbuild orderbook, expected tenders, OPEC ramp up, expected drivers and returns in the jackup drilling market, recovering activity, agreement to sell of shares in Mexico IWS and purchase of shares in drilling JVs, illustrative cash breakeven, debt profile and liquidity improvement and ambition to further extend, illustrative cash flow potential and implied EV and related assumptions, improving macro fundamentals driven by expected oil price and world economic recovery, expected to drive further improvements in jackup utilization and day rate recovery, strong outlook creating significant upside potential for Borr Drilling's available rigs and increased collections in Mexico YTD improving the Company's liquidity and runway and other non-historical statements. The forward-looking statements included in this presentation, are subject to significant risks, uncertainties, contingencies and factors that are that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. Numerous factors that could cause our actual results, level of activity, performance or achievements to differ materially from the statements expressed or which could be implied by these forward-looking statements include: risks relating to our industry and business and liquidity, the risk of delays in payments to our Mexican JVs and consequent payments to us, the risk that our customers do not comply with their contractual obligations, including payment or approval of invoices, risks relating to industry conditions and trends and tendering activity, oil price trends, supply and demand trends in the jackup industry, risks relating to our liquidity, risks that the expected liquidity improvements do not materialize and other risks relating to our liquidity requirements, risks relating to cash flows from operations, the risk that we may be unable to raise necessary funds through issuance of additional debt or equity or sales of assets, risks relating to our loan agreements, including the agreement we have reached with our secured lenders, and other debt instruments including risks relating to our ability to comply with covenants and obtain any necessary waivers and the risk of cross defaults, risks relating to our ability to meet our debt obligations and obligations under rig purchase contracts and our other obligations as they fall due, risks relating to our leverage and debt maturities including the risk that we may be unable to refinance or extend debt maturities as they fall due, risks relating to future financings including the risk that future financings may not be completed when required and future equity financings will dilute shareholders and the risk that the foregoing would result in insufficient liquidity to continue our operations, meet our debt and other payment obligations or to operate as a going concern and other risks described in our most recent Annual Report on Form 20-F and other filings with the US Securities and Exchange Commission (SEC), future annual reports on Form 20-F and any other document that is, or may be, filed with the SEC. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results.

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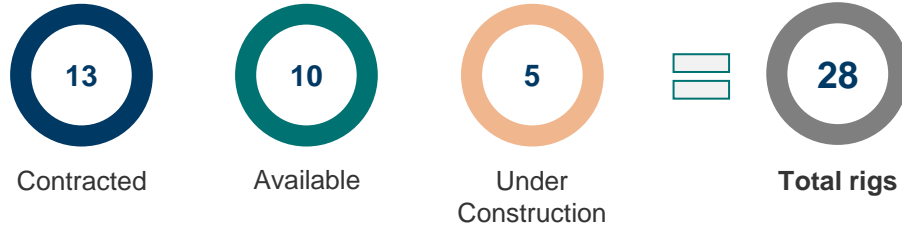
# Introduction



\* Including cash distributions from Mexico JVs

# Modern fleet with global footprint and customer base

## Global Presence



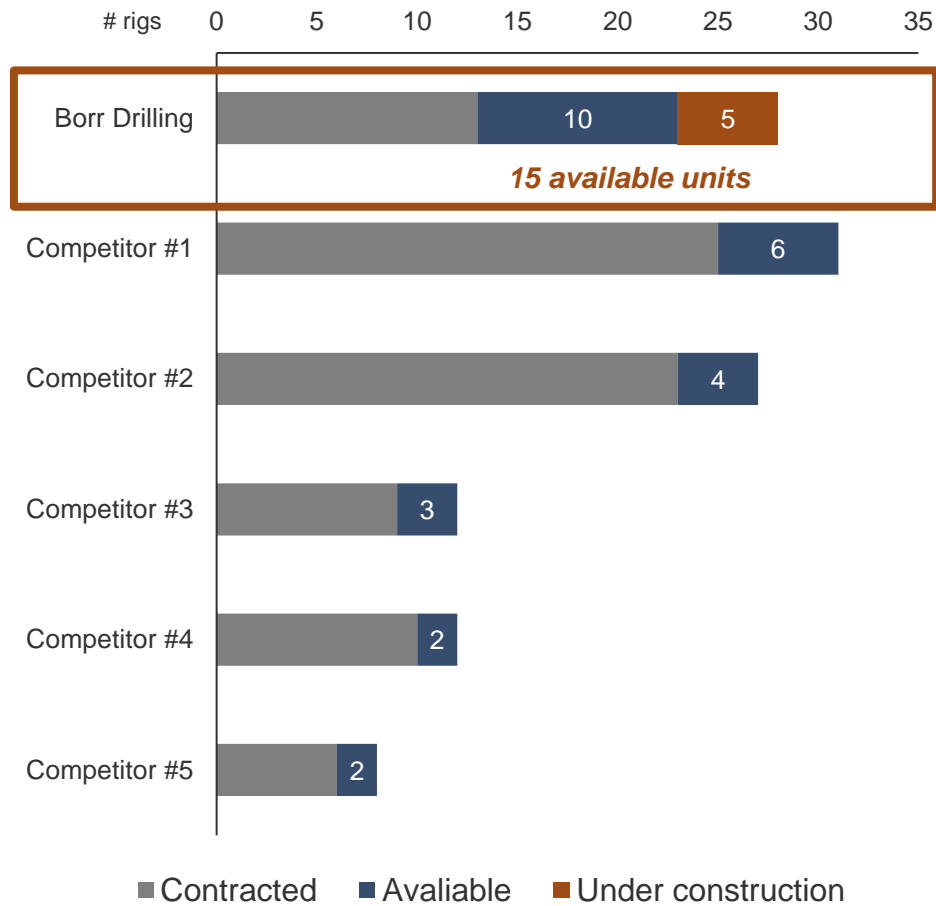
## Customer base



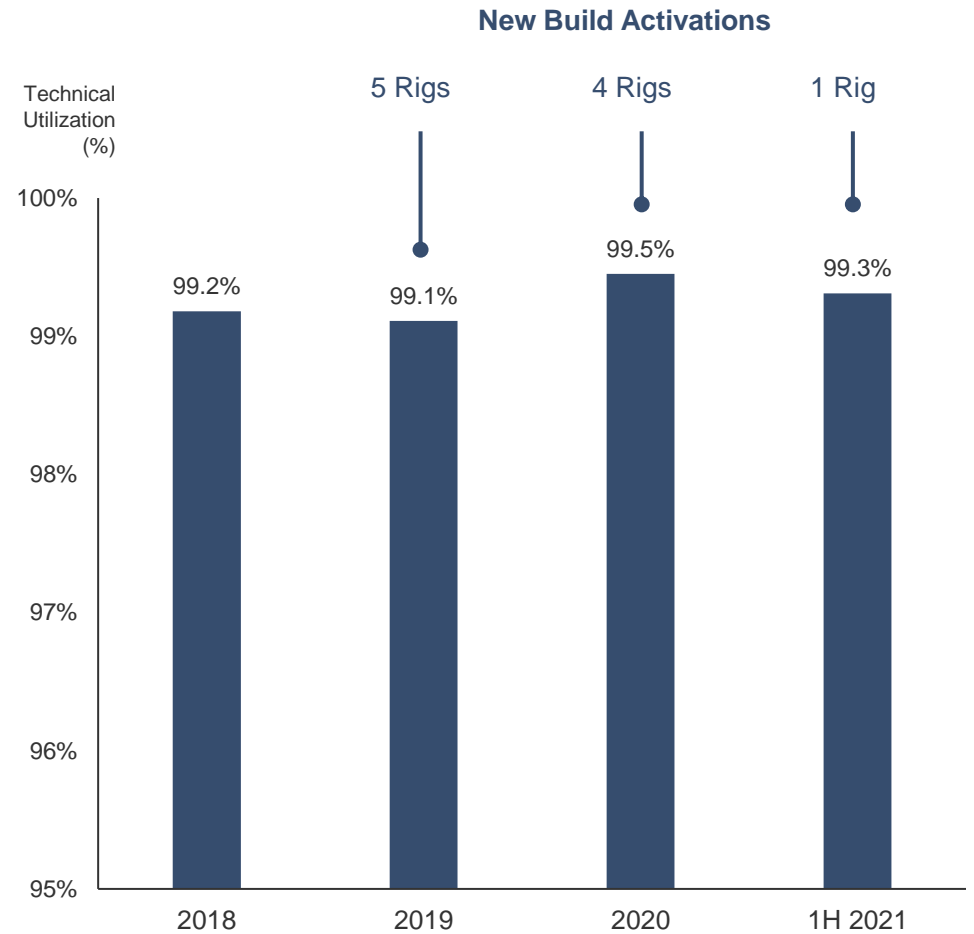
Source: Company data

# Well positioned and ready to benefit from the expected market recovery

## Significant growth potential remains



## Strong track record of operation and activations

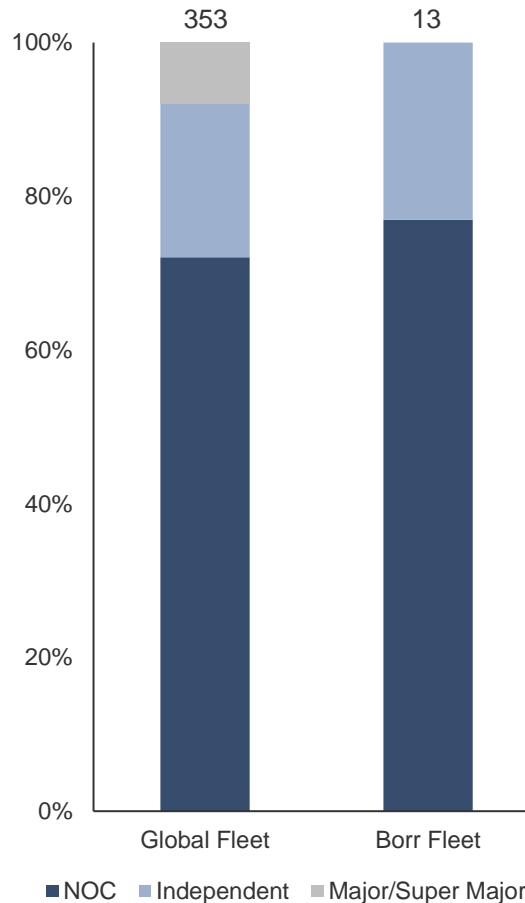


# The strength of Jack-up drilling

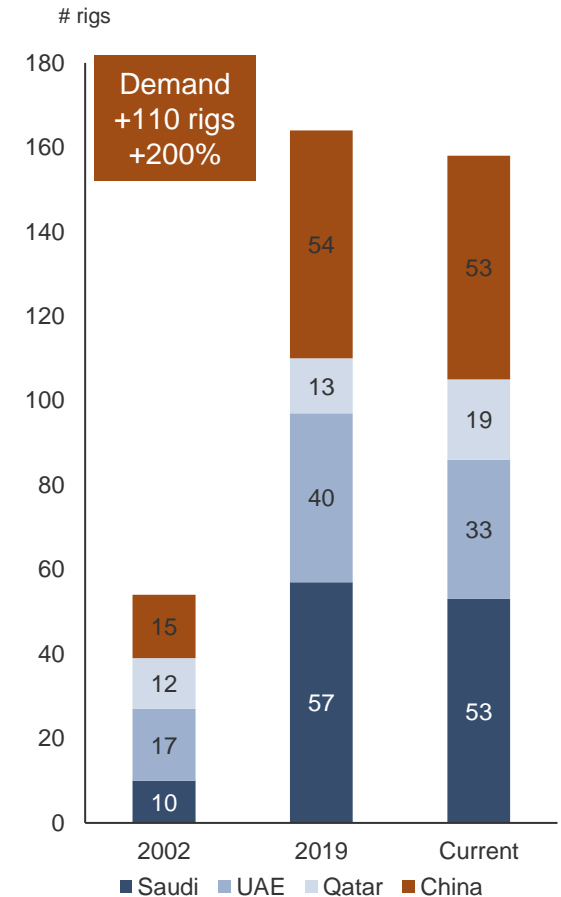
## Drivers & Returns

- In previous cycles Majors/Super Majors set the pace
- This cycle, the National Oil Companies are expected to set the pace – particularly for the Jack-up market – they are the largest customer base
- NOC plans are less investor sentiment dependent
- Cashflow at current oil prices is strong and a necessity for many governments' budgets
- The energy transition, over time, could diminish the value of large hydrocarbon resources – there is an added incentive to produce at today's strong prices rather than in the future at an unknown volume and price.

## Customer base centered around NOC

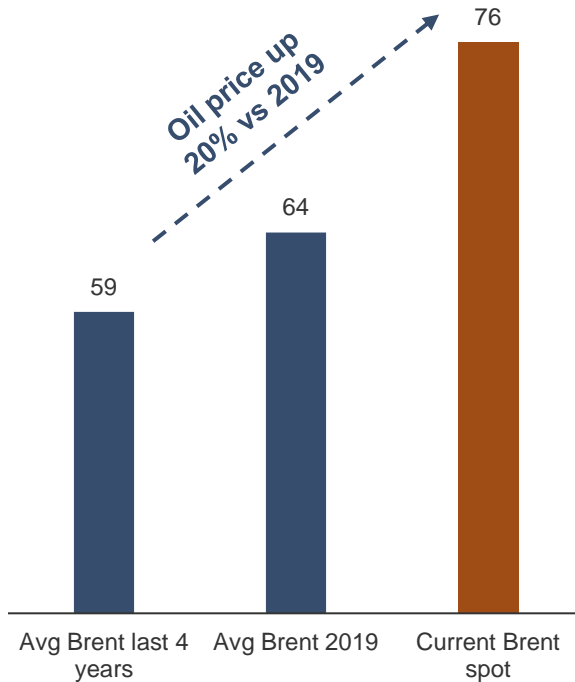


## Growth in key markets

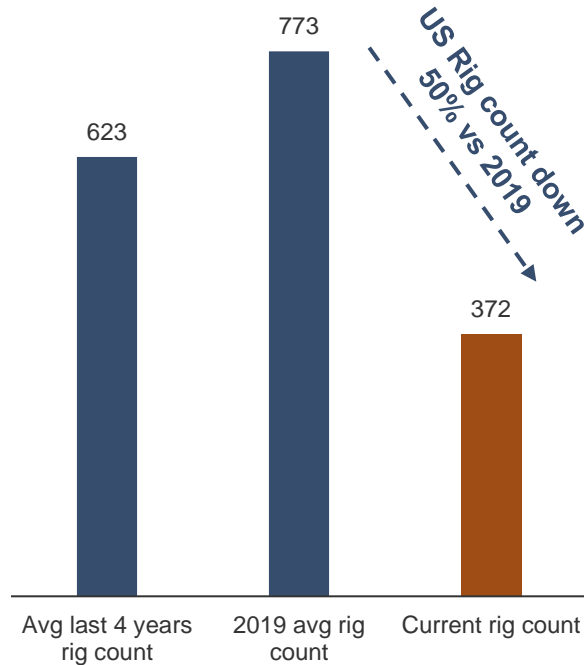


# Oil macro is improving for shallow water

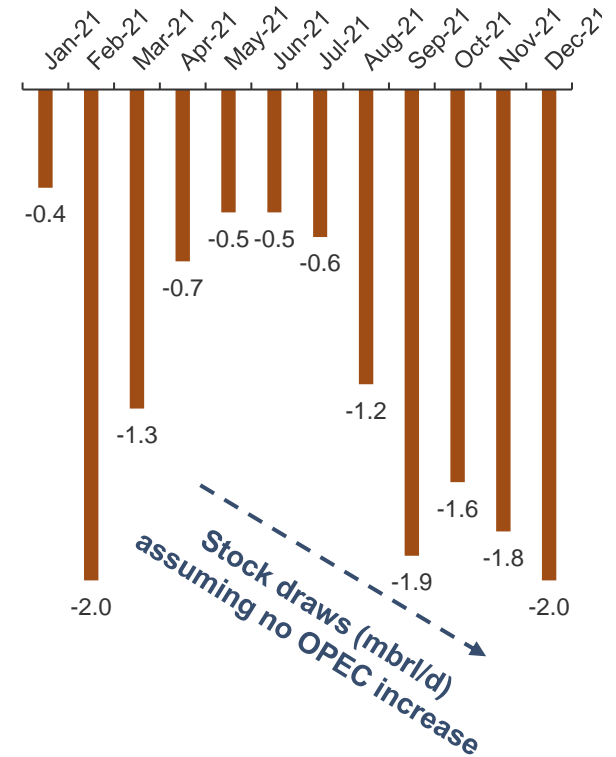
**Oil price has recovered (\$/brl)**



**US shale shows discipline (BHI oil rig count)**



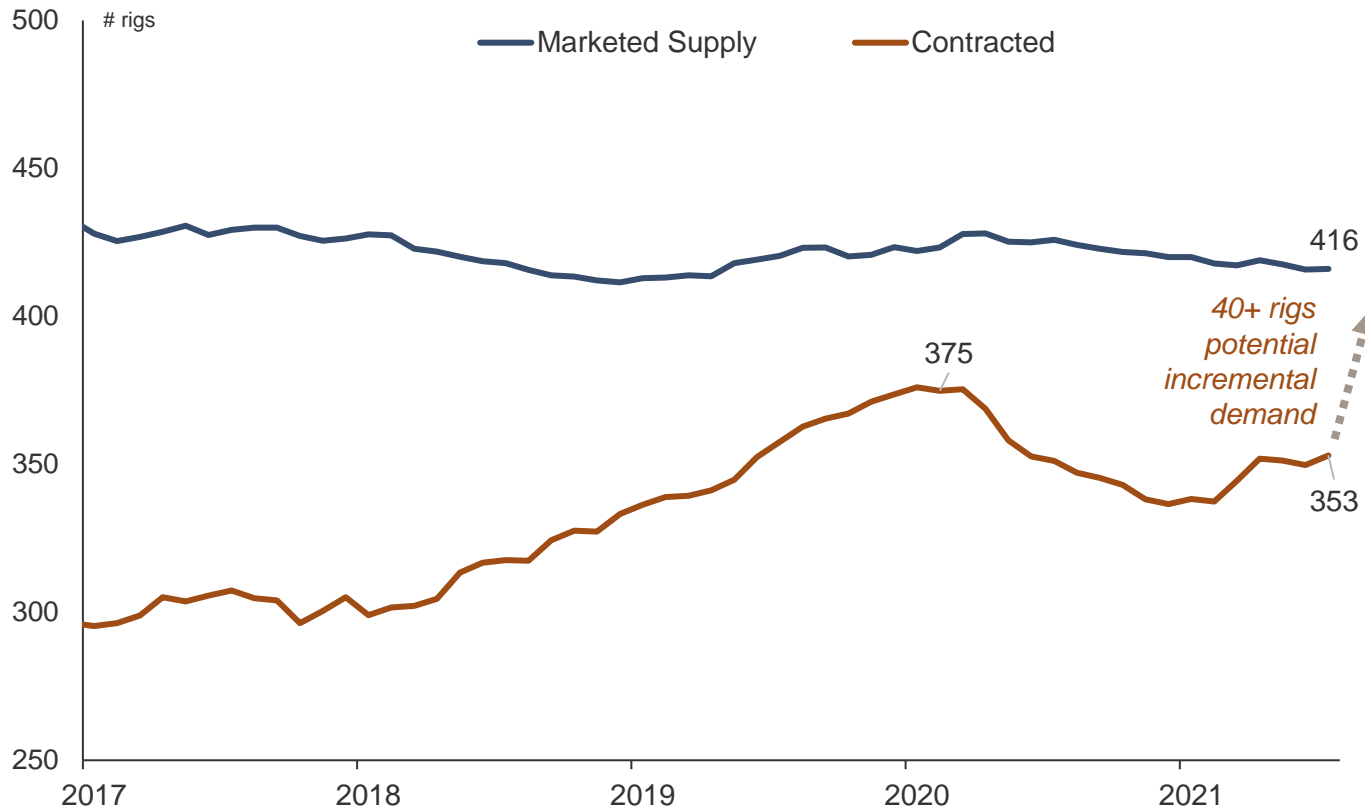
**Inventories drawing significantly**



Large stock draws and inventories below 5 year average – room for OPEC production to grow – OPEC production is mainly onshore and shallow water (jack-ups) – break-evens typically \$15-40/brl

Sources: Bloomberg, Baker Hughes, SB1 Markets

# 2021 strong pick-up in demand – improving visibility for 2022



## Significant upside potential

### Middle East

Anticipated additional demand of rig acquisitions and contracts of **30+ units** (2022 / 2023)

### ONGC

Incremental demand of **3 to 5 rigs** (2022 / 2023)

### Iran

Additional **16 rigs** required to reach pre-sanctions activity levels (2015)

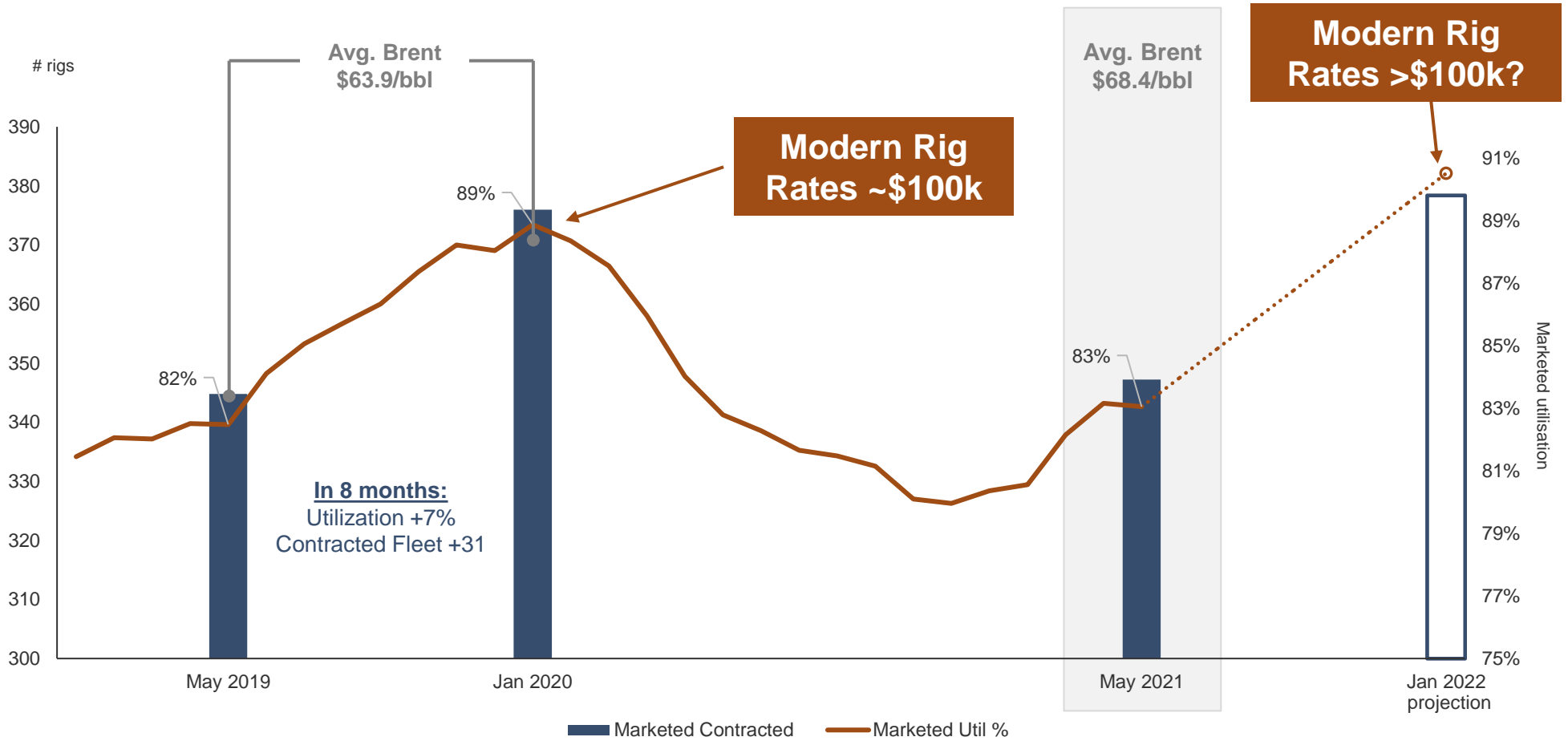
**Potential incremental demand for 40+ rigs**

Marketed utilisation of >90% based on projected demand – day-rates increasing



# Path to recovery in rates

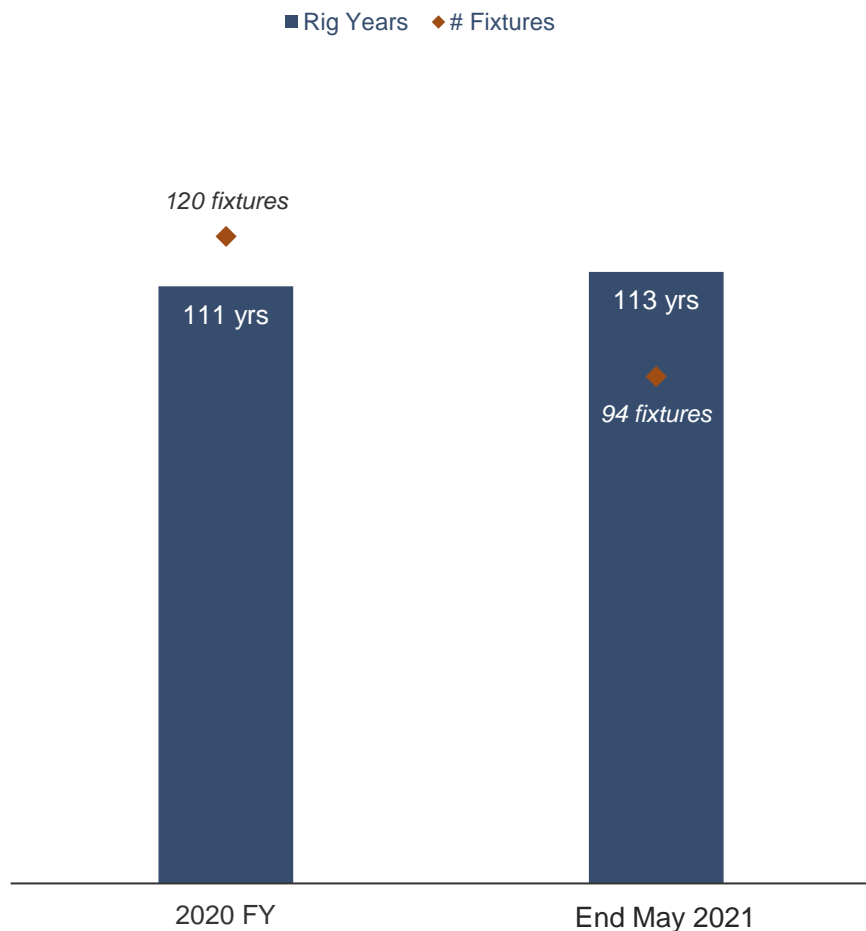
Current utilization levels last seen in May 2019



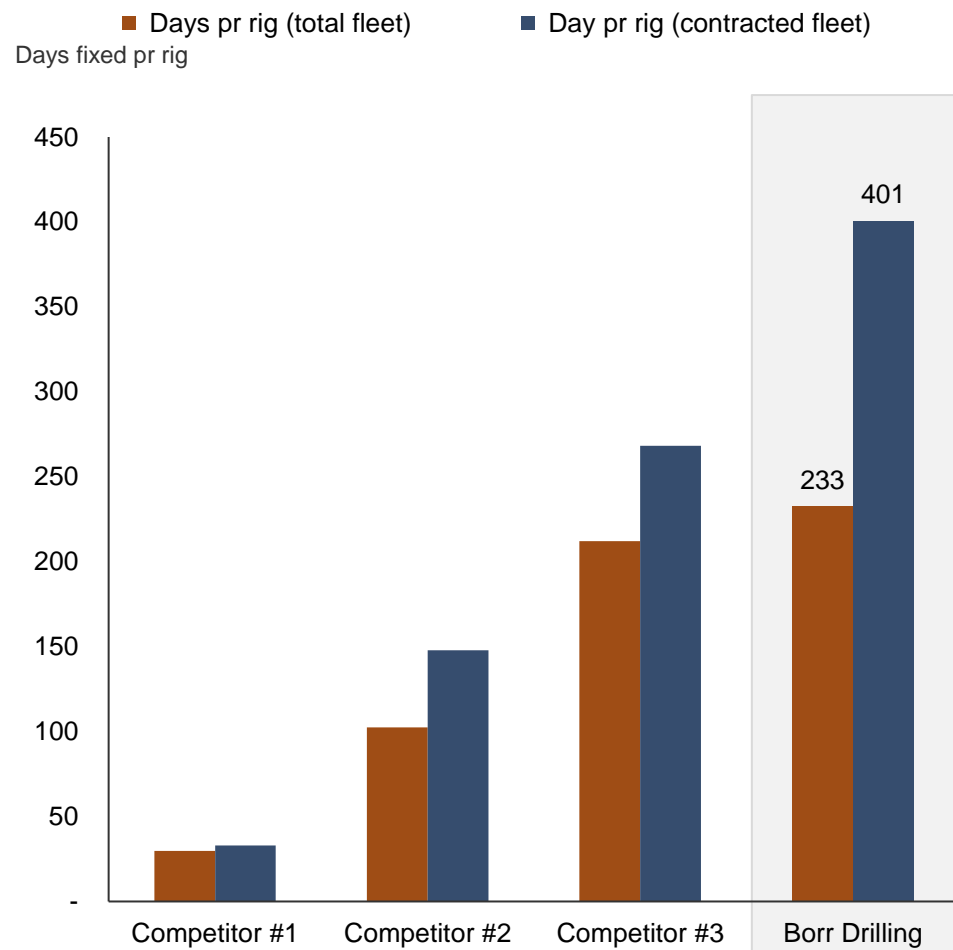
Source: IHS Petrodata, IC jacku-ps only, Company analysis

# Activity recovering – Borr Drilling with strong increase in backlog

## YTD May'21 industry fixtures<sup>1</sup> already surpassed 2020FY levels



## Borr active in contracting<sup>2</sup>



Source: IHS Petrodata, IC jackups only adjusted with Company data (contracts data).

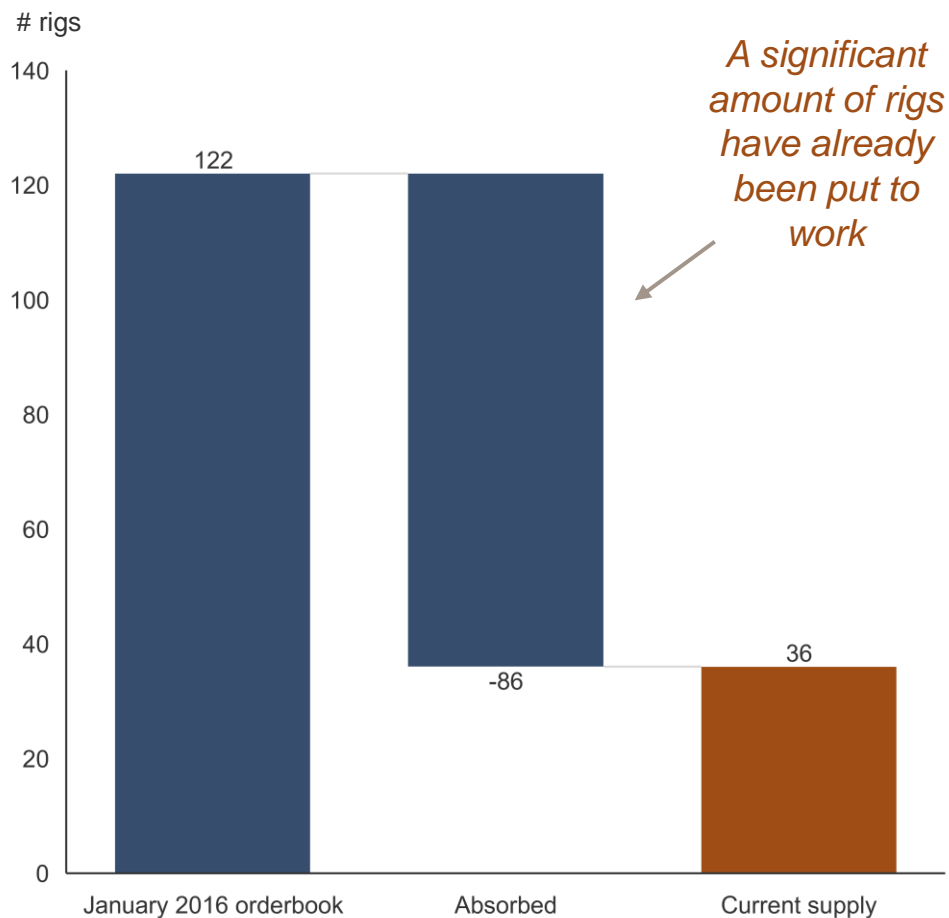
\* As of May 25<sup>th</sup>, 2021

<sup>1</sup> In rig years, fixtures include new mutual, priced option and mutual option transactions (excludes related party contracts ADNOC, CNOOC/COSL and ARAMCO/ARO)

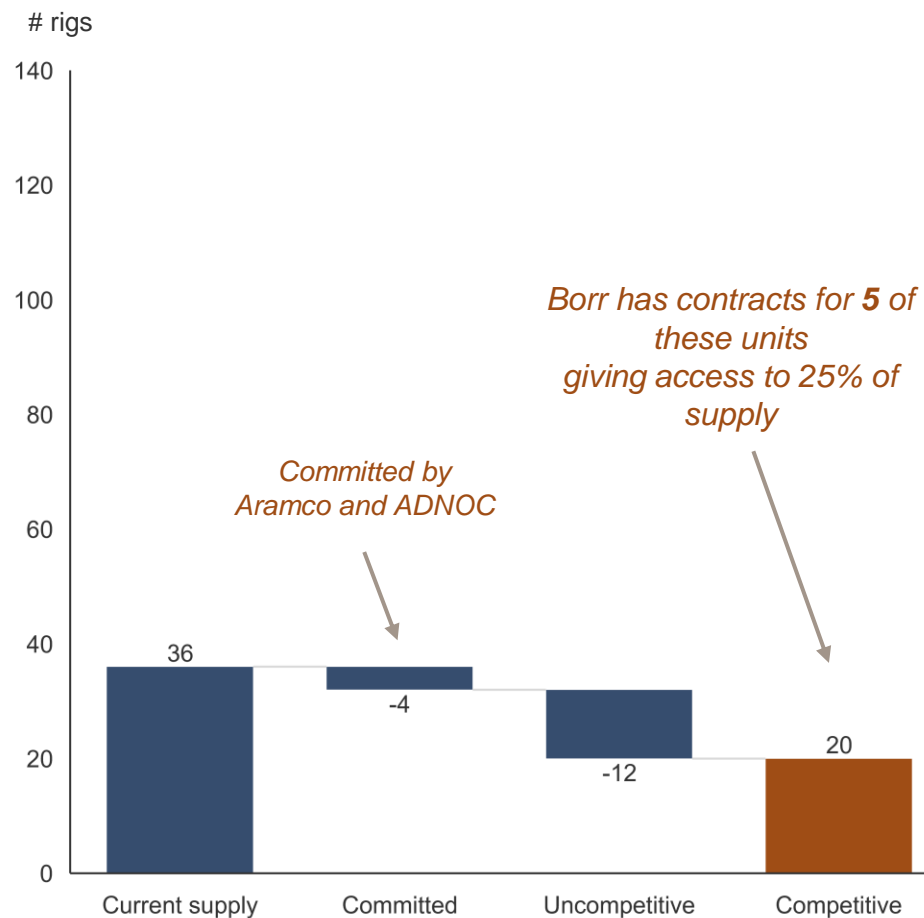
<sup>2</sup> Includes new contracts, extensions, options and LOI/LOAs; Contracted Fleet = average contracted rig count 2021YTD;

# Newbuild orderbook all but gone – Borr controlling 25% of remaining supply

## The market has absorbed a majority of newbuilds



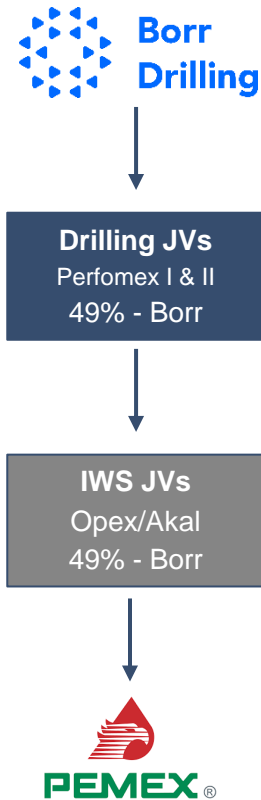
## Competitive newbuilds at only 20 units



Source: IHS Petrodata, Artic Offshore, Fearnley Offshore and Company adjustments

# Streamlining Mexico operations and improving liquidity

## Prior to sale of shares in IWS



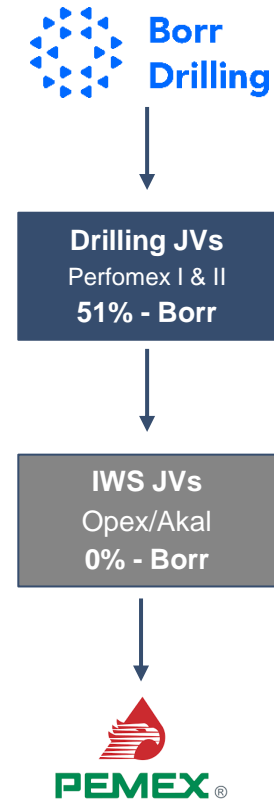
5 rigs – bareboat contracts

5 rigs – dayrate contracts  
avg. dayrate \$94,000 until  
Dec 2022

**Integrated well services  
contracts**

*The two IWS JV's provide turn-key well construction services to Pemex. To date they delivered 21 wells to Pemex adding 125,000 bbl/day of production*

## After sale of shares in IWS




*Borr will obtain 2% additional shareholding in the Drilling JVs*

*Borr will sell its 49% shareholding in the two IWS JV's, and release gross \$28 million in cash*


# Attractive cost structure

## Illustrative scenarios of operating cash break-even<sup>1</sup> in 2021 at different activity levels


(\$m in 2021) Day-rate equivalent	# rigs working			
	8	13	18	23
	Idun, Saga, Gunnlod, P1, P5, Norve, Natt, Skald	+ Galar, Gersemi, Grid, Odin, Njord	+ Groa, Gerd, Ran, Frigg, Mist	+Gyme, Thor, Hermod, Heimdal, Hild
\$70k/day	(\$75)	(\$41)	\$5	\$51
\$80k/day	(\$49)	\$2	\$64	\$126
\$90k/day	(\$23)	\$45	\$123	\$202
\$100k/day	\$3	\$87	\$182	\$277




# rigs outside Mexico



# current contracted rigs



# activated warm stacked rigs

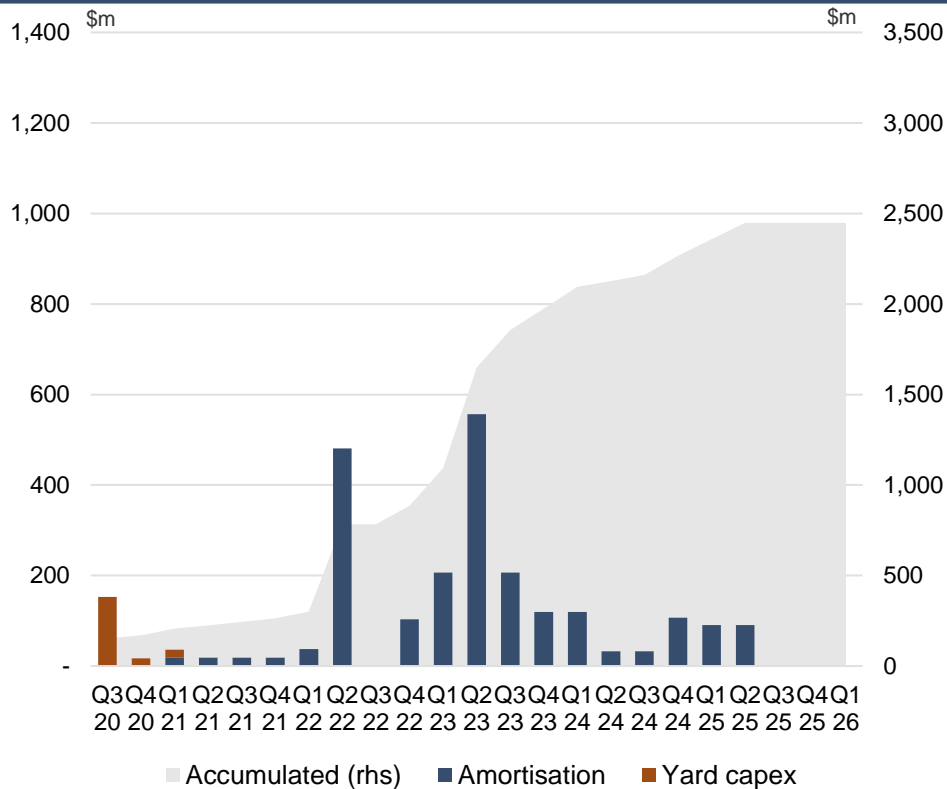


# delivered rigs

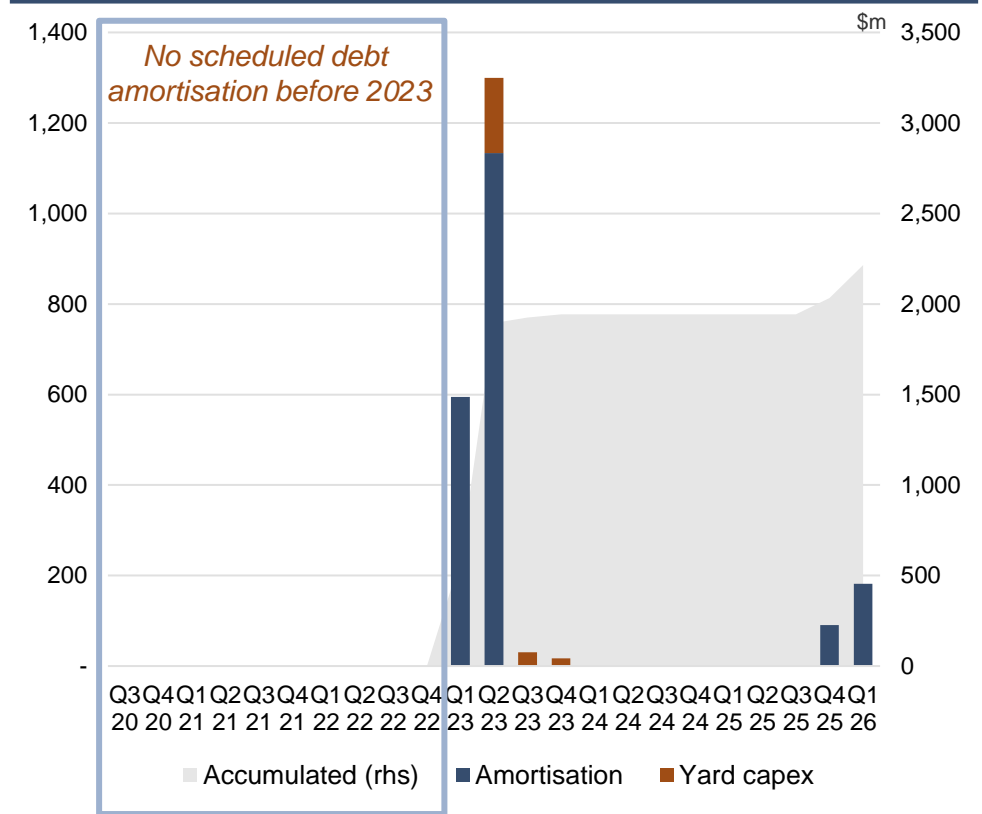
1) Assumes \$32m in SG&A normalised cost, \$16m in capex and LTM (excluding any activation costs), \$55m in cash interest (incl. deferred interest for bank loans of ~\$8m from 2020 into 2021 + \$6m PPL interest), \$6m hold cost/cost cover to Keppel. Stacking cost of \$6k/day. Opex of \$45k/day. 4% cash revenue tax, 95% economic utilisation

# Extending debt maturity and capex through the anticipated trough of the cycle

Pre May 2020 – Debt profile



Current debt profile



**>\$1bn** in accumulated liquidity improvement until 2023 achieved  
**Ambition to further address the debt maturities to the benefit of all stakeholders**

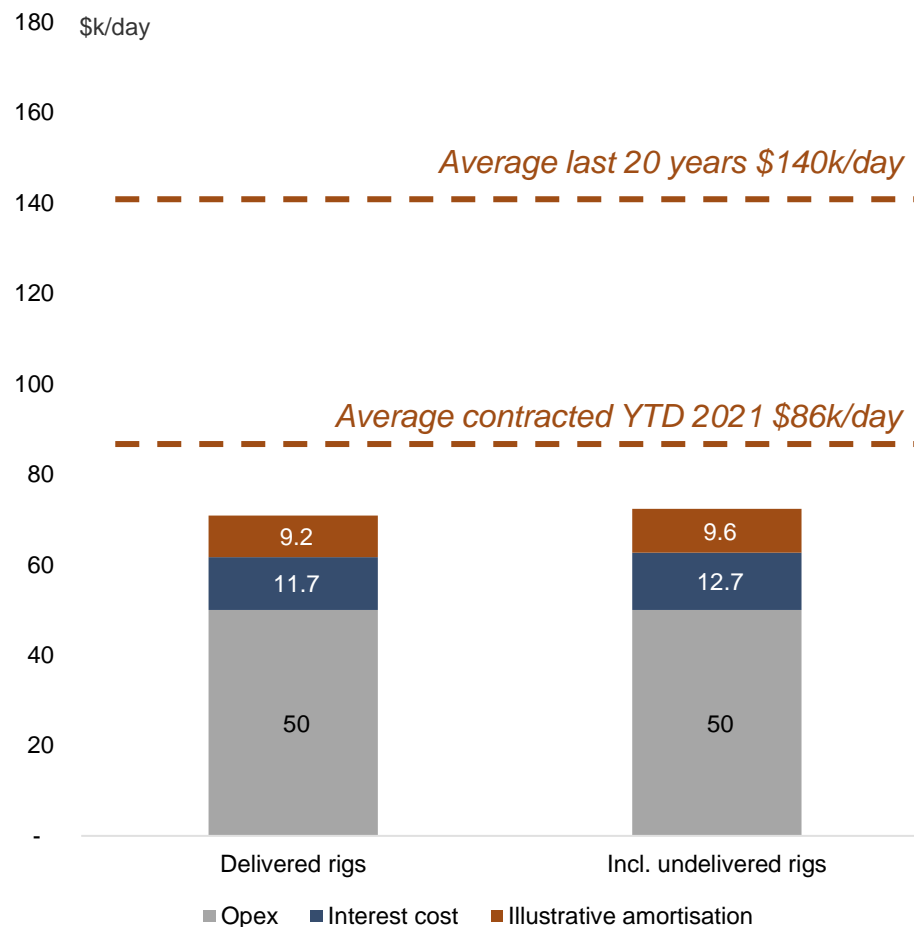
# Debt levels in perspective

## Assumptions

- Average debt per delivered rig \$85 million
- Average debt including undelivered rigs with newbuild capex commitment is \$93 million
- Average age of delivered fleet is 4.5 years, including five undelivered rigs, 3.7 years
- Assuming the useful life of a rig at 30 years, we calculate the amortisation per day by depreciating the debt to zero over the remaining assumed life
- Daily interest rate is calculated on the 2021 debt levels at 5%
- The quality and age of the assets, in combination with the low cash interest cost, is a competitive advantage for Borr Drilling

Cost of Borr Drilling debt based on current interest rates and amortisation to zero is only **~\$20k/day per rig**

## Illustrative \$k/day implied cost of debt



- Based on Q1 2021 numbers, including Back-end fee on loans to yards and long term accrued interest
- Based on depreciated value over 30 years
- Interest rate used 5% (corresponds with average interest rate for the company of 4.8% in Q1 2021, and 4.9% in 2020)
- Opex of \$50k/day also estimated to cover a rig's portion of G&A/overheads

# Illustrative Cash Flow Potential

“EBITDA” at various dayrate levels in Borr Drilling

\$m pr rig



\*Assumes \$50k/day in operating costs to also cover rig's portion of G&A/overheads



## In conclusion

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- Youngest fleet – strong operations team – first class operational performance
- Clear runway to first debt maturities in 2023 with continued activity of 13 rigs and collections remaining on track
- Robust backlog increase in 2021 of \$458m as of end of May – operationally cash breakeven with 13 active rigs
- Flexible debt structure – proven track-record on extending maturities
- Incremental demand and subsequent day-rate increases creating significant upside for our 10 idle rigs

