



ODFJELL DRILLING

# Q1 2022 Presentation

31 May 2022





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ODFJELL DRILLING

# Agenda

- Introduction to ODL
- Q1 2022 - key summary
- Operational update
- Financial information
- Summary



## At a glance



Own fleet **4** rigs

- ✓ 6th generation high specification, efficient and harsh environment rigs with deepwater capabilities



**1,200** employees

- ✓ Odfjell Drilling is a people company with 1,200 valued employees. We believe in investing in the competency and development of our people



External fleet **4** rigs

- ✓ 6th generation semi-submersible drilling rigs on management contract



**Zero** emissions ambition

- ✓ By 2026, Odfjell Drilling has the ambition of reducing our carbon emissions by 40%, 70% by 2035 and becoming a net zero emission company by the year 2050.

50 years of drilling industry experience, delivering operational excellence and expertise in some of the most challenging offshore conditions

### KEY FINANCIALS Q1 2022

**USD 155m**

Revenue

**2.7x**

Leverage ratio (adj)

**USD 68m**

EBITDA

**USD 154m**

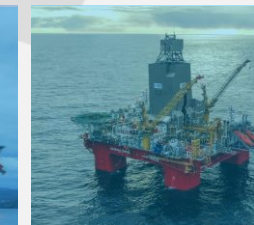
Cash and cash equivalents

**54%**

Equity ratio

**USD 1.1bn**

Backlog



## Three new rigs recently added on management contracts

### Deepsea Bollsta



- Agreement announced in December 2021
- Managed on behalf of Northern Ocean Ltd
- Responsibility assumed in March 2022
- Currently located in Norway

### Deepsea Mira



- Agreement announced in December 2021
- Managed on behalf of Northern Ocean Ltd
- Responsibility assumed in February 2022
- Currently located in Norway

### Hercules



- Agreement announced in May 2022
- Managed on behalf of SFL Corporation Ltd
- Marketing responsibility assumed in May 2022, operational responsibility to be assumed upon demobilisation from Canada

**Increase in fleet in line with strategy to remain the preferred contractor of high-specification harsh environment assets with deepwater capabilities**

# High-end rig fleet for harsh and deepwater conditions



Deepsea  
Stavanger

Deepsea  
Aberdeen

Deepsea  
Bollsta

Deepsea  
Mira

**GVA 7500**

**MM CS 60**

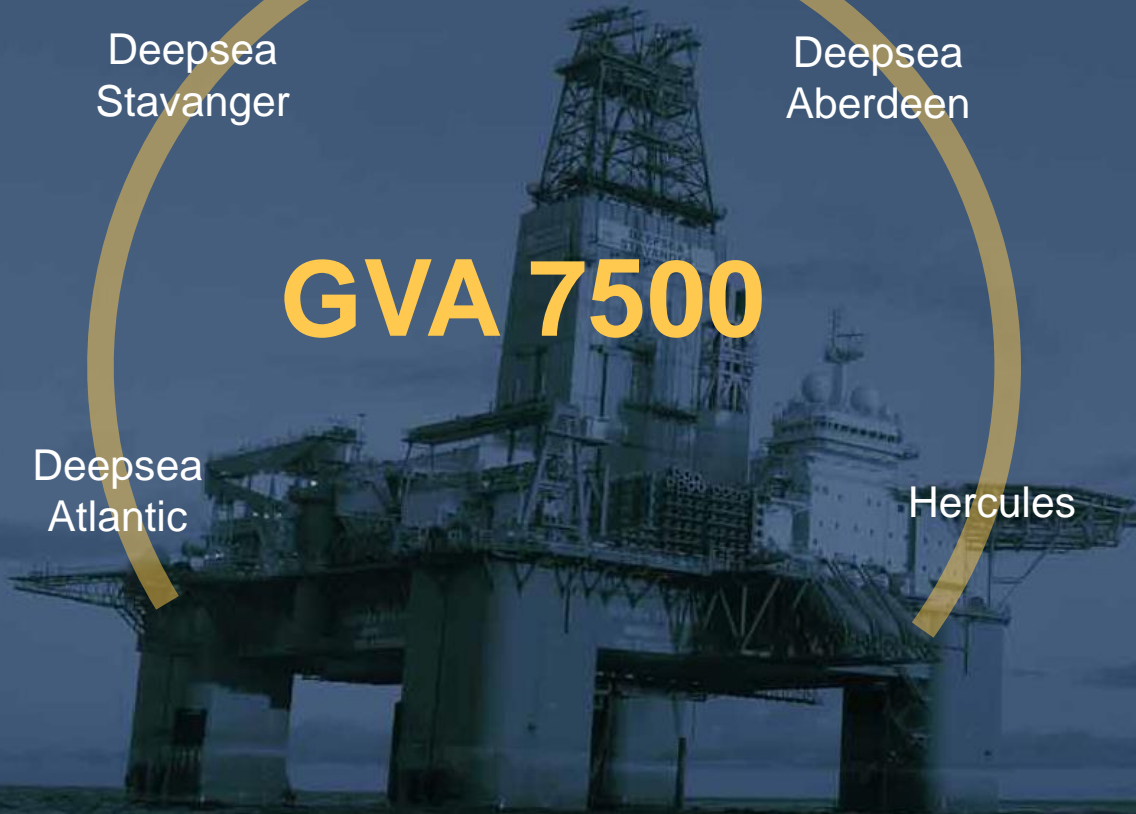
Deepsea  
Atlantic

Hercules

Deepsea  
Nordkapp

Deepsea  
Yantai

**GM 4D**





## Competence and capacity for increased activity

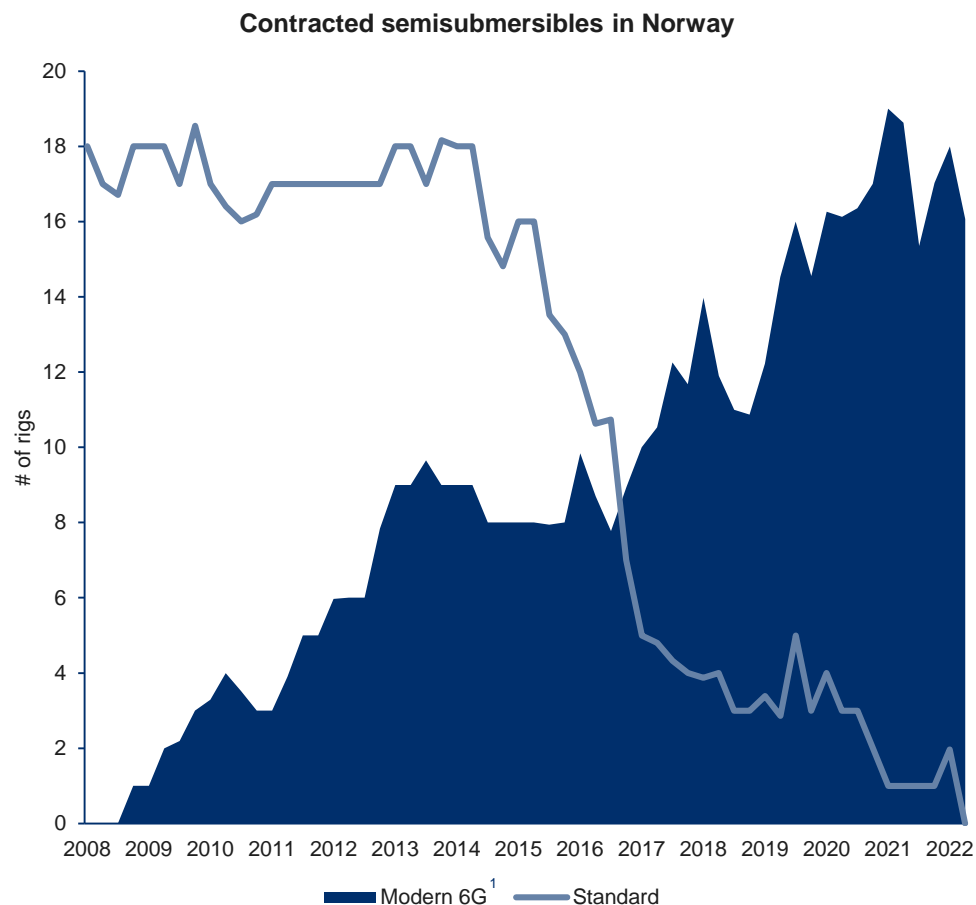
- 1,200 dedicated employees with the competence to deliver industry-leading performance



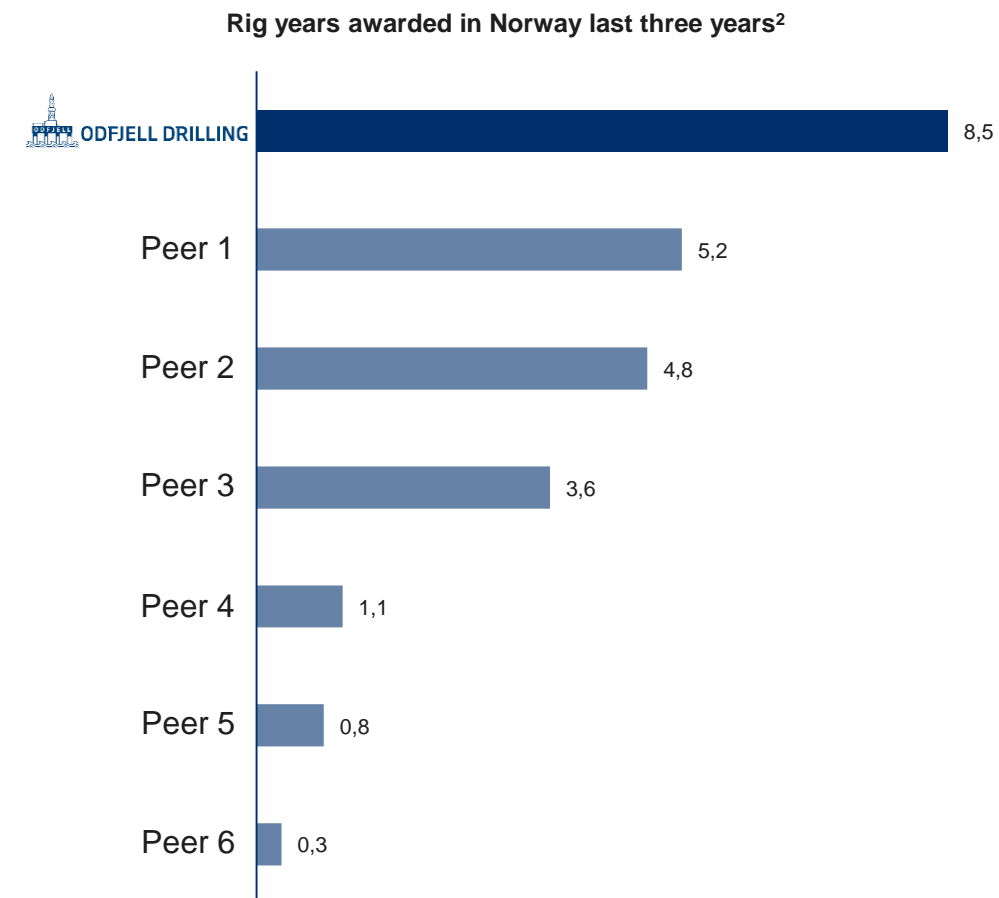
# Chosen for experience and expertise in harsh environments



## Modern rigs are dominating the Norwegian market



## Odfjell Drilling is preferred by the oil companies



1) Modern 6G semisubmersibles defined as delivered 2003 or later

2) New mutual contracts with semisubmersibles

Source: IHS Markit RigBase



## Q1 2022 – key summary



- Successful spin-off of Odfjell Technology Ltd
- Commencement of marketing and management services agreement for 6th gen units Mira and Bollsta
- Deepsea Nordkapp securing firm operation into Q1 2024 for Aker BP
- Management agreement entered with SFL for Hercules
- More firm wells awarded to Deepsea Stavanger until Q1 2023 under frame agreement with Equinor

# Continued strong operations

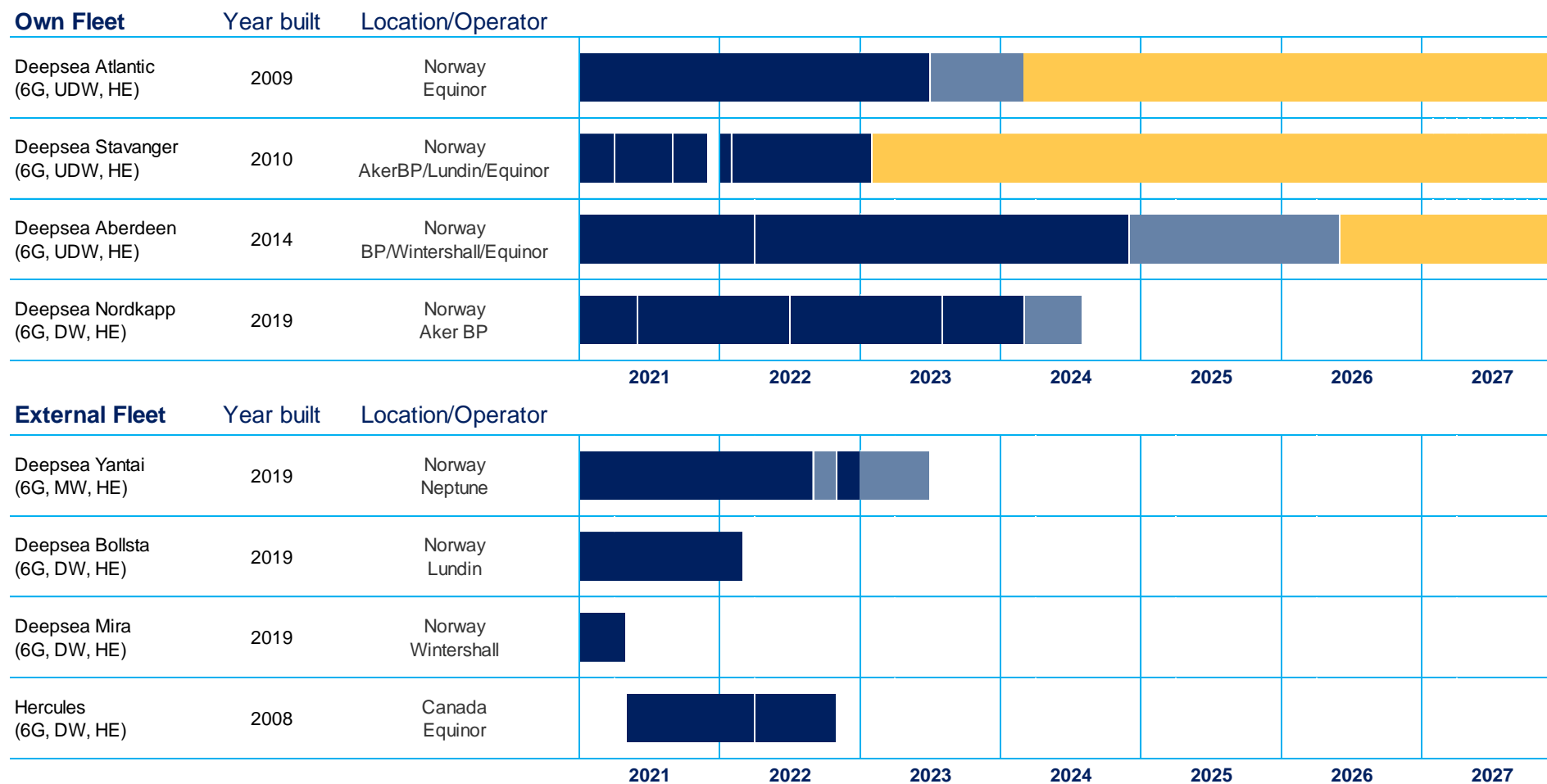
## Financial utilization<sup>1</sup>

Own Fleet	Q1 2022	Q1 2021	FY 2021
Deepsea Atlantic	97.1%	85.9%	95.5%
Deepsea Stavanger	96.2%	n/a	99.0%
Deepsea Aberdeen	97.8%	97.2%	98.8%
Deepsea Nordkapp	99.4%	98.5%	98.9%
External Fleet	Q1 2022	Q1 2021	FY 2021
Deepsea Yantai	93.7%	98.6%	92.0%
Deepsea Bollsta	n/a	n/a	n/a
Deepsea Mira	n/a	n/a	n/a
Hercules	n/a	n/a	n/a

1) Financial utilization is measured on a monthly basis and comprises the actual recognized revenue for all hours in a month, expressed as a percentage of the full day rate for all hours in a month. Financial utilization, by definition, does not take into account periods of non-utilization when the units are not under contract. Utilization for External Fleet is only included for periods after Odfjell Drilling has assumed the operational management



# Contract status

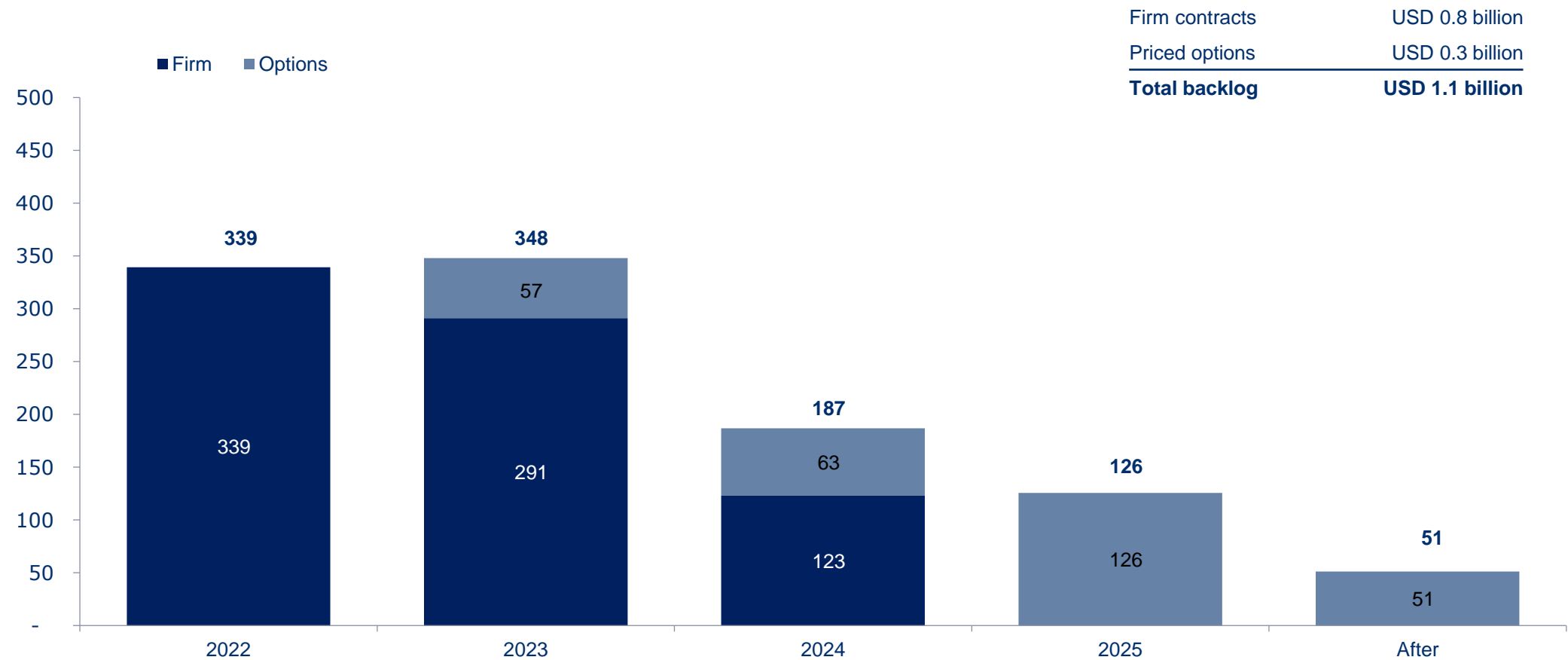


Definitions: 6G: Sixth generation, UDW: Ultra deepwater, HE: Harsh environment

 Contract
  Option
  Continued optionality under frame agreement

# Earnings visibility through USD 1.1 billion order backlog

Total revenue backlog per year<sup>1</sup> – Own Fleet



1) Estimates as per 31 March 2022. Revenue from External Fleet is not included in the backlog.



# Market outlook

## General

- High oil prices resulting in increased demand for the Odfjell Drilling fleet
- Need for continued exploration and production of oil and gas to bridge the increasing energy demand as new energy sources take time to implement
- Europe's target to obtain a more independent energy supply is positive for the markets in which Odfjell Drilling operates
- Increased appetite for field development and production across markets

## Harsh-environment market

- Increased tendering activity with longer lead-times
- Improving market balance with some harsh-environment units expected to move to deepwater
- Norwegian tax incentive scheme has increased activity on the NCS
- Preference by E&P companies for high-spec and efficient 6G units with lower emissions per well

## Deepwater market

- Improved activity and continued rate improvement in the global rig market with apparent shift from well-based to term-based contracts
- We notice increased interest for warm semi-submersible with deepwater capabilities
- Industry consolidation coupled with improved market fundamentals have resulted in more positive outlook



## Financial information



# Group summary financials

## Condensed consolidated income statement

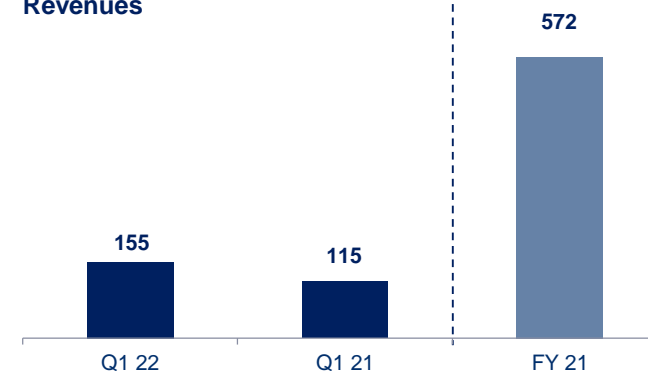
P&L - (USDm)	Q1 22	Q1 21	FY 21
<b>Continuing operations</b>			
Operating revenue	155	115	572
Other gains and losses	-	-	7
Personnel expenses	-54	-47	-200
Other operating expenses	-33	-32	-121
<b>EBITDA</b>	<b>68</b>	<b>36</b>	<b>258</b>
Depreciation and amortisation	-41	-37	-151
<b>Operating profit (EBIT)</b>	<b>27</b>	<b>-2</b>	<b>107</b>
Net financial items	-6	-10	-41
<b>Profit before taxes</b>	<b>22</b>	<b>-12</b>	<b>66</b>
Income taxes	-1	-1	-6
<b>Net profit from continuing operations</b>	<b>21</b>	<b>-13</b>	<b>61</b>
Profit from discontinued operations	47	1	13
<b>Profit (loss)</b>	<b>67</b>	<b>-11</b>	<b>74</b>

In March, Odfjell Drilling successfully listed Odfjell Technology Ltd as a separate entity and the shares in Odfjell Technology was distributed to the shareholders in Odfjell Drilling.

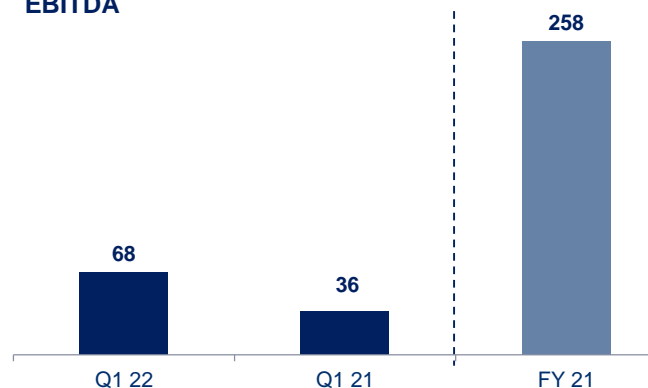
The comparative condensed statement of profit or loss for Odfjell Drilling has been re-presented to show the discontinued operations (Odfjell Technology) separately from continuing operations for all periods presented.

## Key financials (USDm)

### Revenues



### EBITDA



# Summary statement of financial position

## Group statement of financial position

Assets (USDm)	31.03.2022	31.03.2021	31.12.2021
Property, plant and equipment	1 996	2 185	2 109
Intangible assets	4	29	29
Deferred tax asset	-	1	1
Other non-current assets	4	5	8
<b>Total non-current assets</b>	<b>2 004</b>	<b>2 220</b>	<b>2 147</b>
Trade receivables	95	135	155
Contract assets	10	10	10
Other current assets	25	27	31
Cash and cash equivalents	154	194	173
<b>Total current assets</b>	<b>283</b>	<b>366</b>	<b>368</b>
<b>Total assets</b>	<b>2 287</b>	<b>2 586</b>	<b>2 515</b>

- Group's gross interest bearing debt was USD 867 million (net of capitalized financing fees) at 31 March 2022.
- USD 154 million in cash and cash equivalents at 31 March 2022.
- Equity-ratio of 54% at 31 March 2022.

Equity and liabilities (USDm)	31.03.2022	31.03.2021	31.12.2021
Paid-in capital	445	565	565
Other equity	801	623	703
<b>Equity attributable to owners of ODL</b>	<b>1 246</b>	<b>1 188</b>	<b>1 268</b>
Non-controlling interests	-	0	-
<b>Total equity</b>	<b>1 246</b>	<b>1 189</b>	<b>1 268</b>
Non-current interest-bearing borrowings	727	676	875
Non-current lease liabilities	36	37	38
Post-employment benefits	1	6	6
Deferred tax liability	0	-	-
Non-current contract liabilities	-	4	6
Other non-current liabilities	3	12	4
<b>Total non-current liabilities</b>	<b>767</b>	<b>737</b>	<b>929</b>
Current interest-bearing borrowings	141	517	161
Current lease liabilities	13	6	8
Contract liabilities	26	16	22
Trade payables	41	43	43
Other current liabilities	53	79	84
<b>Total current liabilities</b>	<b>274</b>	<b>661</b>	<b>318</b>
<b>Total liabilities</b>	<b>1 041</b>	<b>1 397</b>	<b>1 247</b>
<b>Total equity and liabilities</b>	<b>2 287</b>	<b>2 586</b>	<b>2 515</b>

# Summary statement of cash flow

## Group statement of cash flow

Cash Flow - (USDm)	Q1 22	Q1 21	FY 21
<b>Profit/(loss) before tax from continuing operations</b>	<b>22</b>	<b>-12</b>	<b>66</b>
Profit before tax from discontinued operations	10	1	11
Adjustment for provisions and other non-cash elements	64	56	230
Changes in working capital	-9	12	0
<b>Cash generated from operations</b>	<b>88</b>	<b>58</b>	<b>308</b>
Net interest paid	-11	-13	-50
Net income tax paid	-1	-1	-2
<b>Net cash flow from operating activities</b>	<b>75</b>	<b>44</b>	<b>257</b>
-of which from continuing operations	63	34	216
-of which from discontinued operations	12	10	40
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment	-17	-33	-98
Proceeds from sale of property, plant and equipment	1	0	1
Disposal of discontinued operations, net cash disposed of	-50	-	-
Cash payments to acquire interests in joint-ventures	-2	-	-
<b>Net cash flow from investing activities</b>	<b>-67</b>	<b>-33</b>	<b>-97</b>
-of which from continuing operations	-8	-28	-71
-of which from discontinued operations	-59	-5	-26

Cash Flow - (USDm)	Q1 22	Q1 21	FY 21
<b>Cash flows from financing activities:</b>			
Net change in debt	-25	-21	-178
Other financing	-3	-3	-10
<b>Net cash flow from financing activities</b>	<b>-28</b>	<b>-24</b>	<b>-189</b>
-of which from continuing operations	-174	-23	-186
-of which from discontinued operations	146	-1	-2
Effects of exchange rate changes on cash and cash equivalents	1	-0	-4
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-19</b>	<b>-13</b>	<b>-34</b>
Cash and cash equivalents at beginning of period	173	207	207
<b>Cash and cash equivalents at period end</b>	<b>154</b>	<b>194</b>	<b>173</b>



## Summary Q1 2022

- Completed strategic move to spin off Odfjell Technology Ltd as a separately listed group
- Increased tendering activity in harsh environment and deepwater markets
- More work added with Equinor and Aker BP
- Commencement of management contracts for Deepsea Mira and Deepsea Bollsta
- Earnings visibility through USD 1.1 billion order backlog
- EBITDA of USD 68 million, excluding discontinued operations
- Net debt of USD 713 million
- Strong balance sheet and sound cash position







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Thank you for the attention!

For further information, please contact:  
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Next event:  
Q2 2022 results scheduled to be published 29 August 2022

For more information see: [www.odfjelldrilling.com](http://www.odfjelldrilling.com)