

Tear Sheet:

# Odfjell Drilling Ltd.

June 18, 2026

*This report does not constitute a rating action.*

**We anticipate that S&P Global Ratings-adjusted EBITDA at Odfjell Drilling Ltd. (ODL) will reach \$520 million-\$540 million in 2026.** This assumes four months of downtime for the Deepsea Atlantic rig following the equipment handling incident that occurred on April 18. We now estimate that the rig's annual utilization will be about 65%, compared with our previous expectation of 97%-98%. As a result, adjusted EBITDA for 2026 has fallen by 10%-15% compared with our prior forecast (see "[Odfjell Drilling Ltd. 'B+' Rating Affirmed On Rig Acquisition; New \\$650 Million Notes Rated 'BB'; Outlook Stable](#)," published on Nov. 17, 2025). Our base case assumes a loss of revenue during the downtime while the rig will continue to incur operating expenses. Although we note that future insurance payouts may partially offset these costs, we believe ODL possesses sufficient financial flexibility to absorb this setback. We still expect 2026 EBITDA to exceed the 2025 level of \$451 million thanks to the:

- Full-year contribution from the newly acquired Deepsea Bergen rig, previously Deepsea Bollsta, which we expect will add about \$100 million to EBITDA;
- High utilization rates across the remainder of the fleet; and
- Elevated day rates of about \$470,000 per day, reflecting the tight market for high-specification semisubmersibles designed for harsh environments.

**For 2027, we forecast that adjusted EBITDA will reach \$540 million-\$560 million, fueled by average utilization rates for the owned fleet of about 96% and robust, if slightly softer, day rates of \$450,000-\$460,000.** As a result, we forecast that free operating cash flow (FOCF) will be strong at \$350 million-\$400 million per year, supported by modest annual capital expenditure (capex) requirements over 2026-2027 of \$60 million-\$70 million. This contrasts with capex of \$617.4 million in 2025, including \$480 million for the acquisition of Deepsea Bergen.

**Although drilling, as an industry, tends toward boom-and-bust cycles, in our view, ODL is less prone to large EBITDA variations because of its long-term contracts with clients.** The company gains significant revenue visibility from its \$2 billion firm backlog and the existing contracts for ODL's own fleet, which extend through mid-2027. The harsh environmental conditions in Norway also limit the number of rigs that can work there, creating high barriers to entry.

**We anticipate that ODL will maintain its prudent approach to the balance sheet, with adjusted debt to EBITDA of about 2x over the cycle, which is comfortably within our range for the rating level.** For 2026, we forecast leverage at 1.9x, after a temporary spike to 2.4x following the

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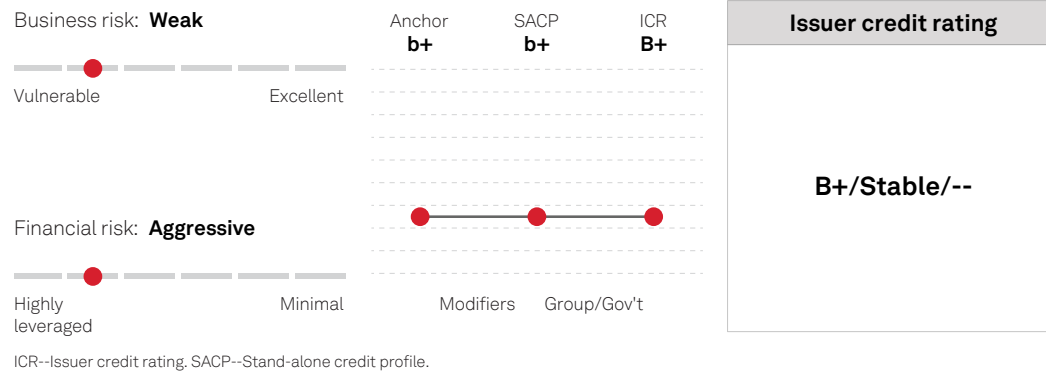
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acquisition of the new rig (completed in the fourth quarter of 2025). We believe this will provide the company with ample headroom to fund shareholder remuneration of \$250 million in 2026 and \$290 million in 2027 (compared with \$160 million in 2025 and \$57 million in 2024), in line with the company's ambition to increase future dividends, while maintaining sufficient liquidity and credit metrics in line with its current 'B+' rating.

## Ratings Score Snapshot



## Recent Research

- [Oil Price Assumptions Raised As Hormuz Disruption Deepens And Inventory Buffers Erode](#), June 5, 2026
- [Global Oilfield Services And Drilling Companies, Strongest To Weakest](#), Jan. 26, 2026
- [Industry Credit Outlook 2026: Oil and Gas](#), Jan. 14, 2026
- [Research Update: Odfjell Drilling Ltd. 'B+' Rating Affirmed On Rig Acquisition; New \\$650 Million Notes Rated 'BB'; Outlook Stable](#), Nov. 17, 2025

## Company Description

ODL is headquartered in Aberdeen, Scotland and incorporated in Bermuda. It owns and operates mobile offshore drilling units, predominantly in Norway. Through its various subsidiaries, ODL owns five rigs and operates three under management contracts. As of Dec. 31, 2025, the company employed 1,643 people.

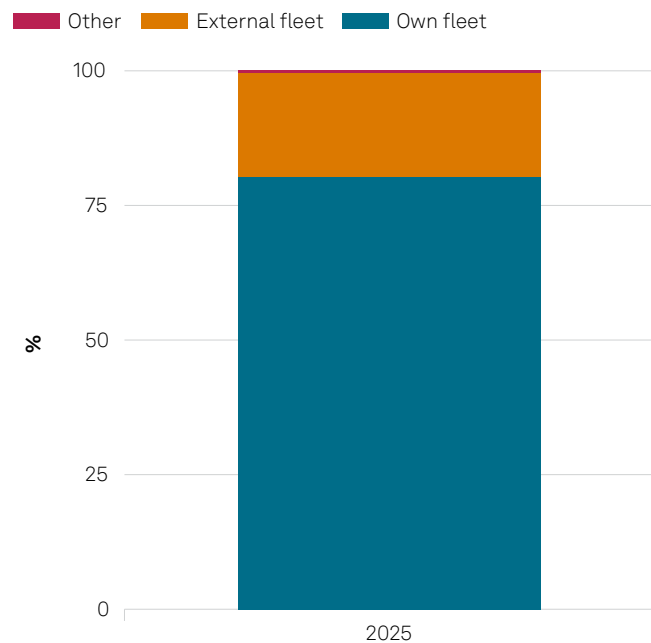
The company operates through two main segments: its own fleet and its external fleet. The drilling operations and management of ODL's own rigs reflect contracted day rates and additional incentives. It receives a management fee for its operational management of the rigs in the external fleet, from the owners of those rigs. Its customer base is limited but mostly consists of Tier 1 exploration and production companies such as Equinor, Aker BP, Exxon, and Shell.

ODL is a publicly traded company and all its ordinary shares are listed on the Oslo Stock Exchange. Its majority owner is Helene Odfjell, who holds 49.9% of the publicly traded shares through Odfjell Partners Holding Ltd. No other shareholder owns more than 10% of the shares. As of June 18, 2026, the company's market cap was at \$2.1 billion.

Chart 1

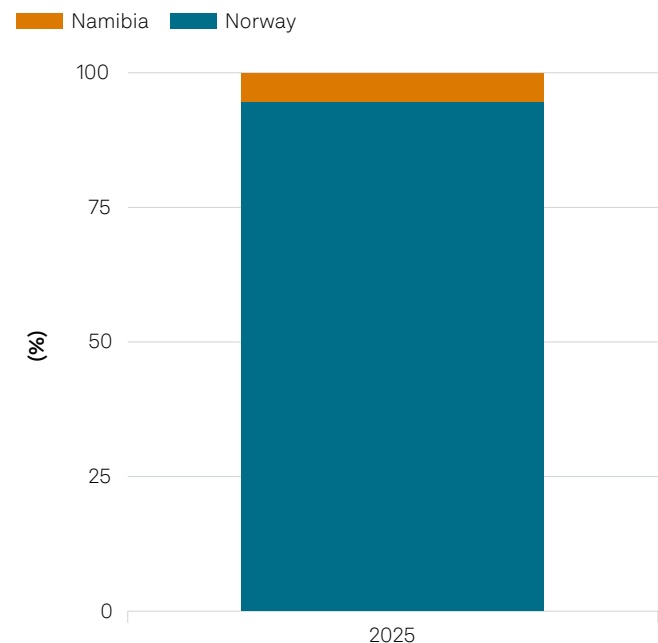
Chart 2

### Odfjell Drilling Ltd.'s revenue by segment



Source: S&P Global Ratings.  
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### Odfjell Drilling Ltd.'s revenue by geography



Source: S&P Global Ratings.  
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## Outlook

The stable outlook reflects our expectation that ODL will reduce its leverage after the acquisition of its fifth rig, thanks to the long-term nature of its contracts, which provide it with the capacity to manage headwinds at lower points in the cycle. We believe its fleet of rigs will continue to achieve above-average utilization and efficiency rates. We anticipate debt to EBITDA of 1.5x-3.0x, which is commensurate with the 'B+' rating.

### Downside scenario

We could lower our rating on ODL if we anticipate weaker credit metrics, such as debt to EBITDA consistently above 3.0x or funds from operations to debt below 30%. This could occur if:

- Weaker commodity prices impair demand for offshore drilling services, making it more difficult for the company to recontract its rigs at favorable day rates; and
- ODL adopts a more-aggressive financial policy on dividends and capital spending.

### Upside scenario

We view rating upside as limited, in light of ODL's asset and geographic concentration. Any upside would be linked to increased scale and cash flow generation, combined with less dependence on individual assets. We could raise the rating if the company's financial policy targets become much more stringent; for example, if its capital structure is close to free of net debt, such that debt to EBITDA would be well below 1.5x at all points of the cycle.

## Key Metrics

## Odfjell Drilling Ltd.

Table 1

### Odfjell Drilling Ltd.--Forecast summary

Period ending	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027
(Mil. \$)	2022a	2023a	2024a	2025a	2026e	2027f
Revenue	650	733	775	901	987	1,016
EBITDA	308	329	345	451	533	552
Less: Cash interest paid	(45)	(56)	(60)	(53)	(60)	(66)
Less: Cash taxes paid	(2)	(6)	(8)	(12)	(18)	(25)
Funds from operations (FFO)	261	267	277	386	455	461
Cash flow from operations (CFO)	275	265	288	402	429	460
Capital expenditure (capex)	67	66	132	617	70	60
Free operating cash flow (FOCF)	209	199	156	(216)	358	400
Dividends	2	28	57	160	249	288
Share repurchases (reported)	75	--	--	--	--	--
Discretionary cash flow (DCF)	131	170	99	(375)	109	112
Debt (reported)	843	711	622	1,012	935	832
Plus: Lease liabilities debt	68	63	43	49	51	54
Plus: Pension and other postretirement debt	0	1	1	1	1	1
Debt	911	775	666	1,061	987	887
<b>Adjusted ratios</b>						
Annual revenue growth (%)	13.5	12.8	5.8	16.3	9.5	3.0
EBITDA margin (%)	47.5	44.9	44.5	50.1	54.0	54.3
Debt/EBITDA (x)	3.0	2.4	1.9	2.4	1.9	1.6
FFO/debt (%)	28.7	34.4	41.6	36.4	46.1	52.0
FFO cash interest coverage (x)	6.8	5.7	5.6	8.2	8.6	8.0
EBITDA interest coverage (x)	5.6	4.4	5.1	5.9	8.9	8.4
FOCF/debt (%)	22.9	25.6	23.4	(20.3)	36.3	45.1
DCF/debt (%)	14.4	21.9	14.8	(35.4)	11.0	12.6

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast.

## Peer Comparison

Table 2

### Odfjell Drilling Ltd.--Peer Comparisons

	Odfjell Drilling Ltd.	Seadrill Ltd.	Noble Corp. PLC	Borr Drilling Ltd.
Foreign currency issuer credit rating	B+/Stable/--	B+/Stable/--	BB-/Stable/--	B/Stable/--
Local currency issuer credit rating	B+/Stable/--	B+/Stable/--	BB-/Stable/--	B/Stable/--
Period	Annual	Annual	Annual	Annual
Period ending	2025-12-31	2025-12-31	2025-12-31	2025-12-31
Mil.	\$	\$	\$	\$
Revenue	901	1,437	3,286	1,021

**Odfjell Drilling Ltd.--Peer Comparisons**

EBITDA	451	329	1,159	498
Funds from operations (FFO)	386	263	859	233
Cash interest paid	53	54	179	205
Operating cash flow (OCF)	402	(26)	990	269
Capital expenditure	617	110	520	89
Free operating cash flow (FOCF)	(216)	(136)	470	180
Discretionary cash flow (DCF)	(375)	(139)	120	175
Cash and short-term investments	91	339	471	380
Debt	1,061	633	2,311	2,151
EBITDA margin (%)	50.1	22.9	35.3	48.8
EBITDA interest coverage (x)	5.9	6.1	6.4	2.2
FFO cash interest coverage (x)	8.2	5.9	5.8	2.1
Debt/EBITDA (x)	2.4	1.9	2.0	4.3
FFO/debt (%)	36.4	41.5	37.2	10.8
FOCF/debt (%)	(20.3)	(21.5)	20.3	8.4
DCF/debt (%)	(35.4)	(22.0)	5.2	8.1

## Environmental, Social, And Governance

Environmental factors are a negative consideration in our credit rating analysis of ODL due to our expectation that the energy transition will reduce the demand for offshore drilling rigs and services. The accelerating adoption of renewable energy lowers the need for fossil fuels. Given its exposure to the offshore drilling market, we consider the company exposed to higher environmental risks than onshore rig contractors because it is more susceptible to operational interruptions and equipment damage in the harsher environments in which it operates. That said, we consider ODL's operational record in Norway partly mitigates these risks.

Social factors are a neutral consideration in our ratings on ODL thanks to the company's safety record and its presence in very low-risk countries, notably Norway.

Governance factors are a neutral consideration for ODL due to its historically conservative approach to leverage and its long history of successful operations.

**Rating Component Scores**

<b>Foreign currency issuer credit rating</b>	<b>B+/Stable/--</b>
<b>Local currency issuer credit rating</b>	<b>B+/Stable/--</b>
<b>Business risk</b>	<b>Weak</b>
Country risk	Very Low
Industry risk	Moderately High
Competitive position	Weak
<b>Financial risk</b>	<b>Aggressive</b>
Cash flow/leverage	Aggressive
<b>Anchor</b>	<b>b+</b>
<b>Modifiers</b>	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
<b>Stand-alone credit profile</b>	<b>b+</b>

## Related Criteria

- [Criteria | Corporates | General: Recovery Rating Criteria For Corporate Issuers](#), March 31, 2026
- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 6, 2025
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments](#), Jan. 20, 2016
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

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