



**Borr
Drilling**

World's leading premium jack-up player in the making
- Acquiring nine premium jack-up newbuilds from PPL

6 October 2017

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The deal



Acquiring nine premium¹ jack-ups at USD139.5m per rig

Nine PPL Pacific Class 400 premium jack-ups



Design		Pacific Class 400
Operating water depth	Feet	400
Hook load capacity	Lbs	1,500,000
Drilling package	Type (#)	Cameron (7) / NOV (2)
BOP	Type (#)	Cameron (9)
Variable load	T	3,750
Accommodation	#beds	150
Avg. original order price	USDm	209

Fleet consistency across the nine new rigs

- Proven design² & drilling packages
- Uniform fleet of premium jack-ups
- Scalable crew training and logistics
- Optimise inventories and supply chain
- Premium drilling packages from strategic partner³
- Three rigs are Mexico compliant

Source: DNB Markets, IHS Petrodata

1: "Premium jack-ups" defined as rigs built after 2000, earlier built rigs defined as "standard jack-ups"

2: 11 premium jack-ups delivered from yard

3: Seven out of nine rigs have drilling packages from Cameron (a Schlumberger company); all nine rigs have BOPs from Cameron

Yard transaction terms

Sources and uses

Numbers in USDm

Equity capital to be raised 650

Take-out financing secured 753

Total capital raised 1,403

Cash payment to PPL 502

Cash available for newbuilds 901

Newbuild commitments 2017e –2020e 753

Working capital/excess cash 148

Signed master agreement with PPL

- Signed a master agreement with PPL for the acquisition of nine premium jack-up rigs, six of which have been completed and three which are under construction
 - Total consideration for the transaction is expected to be USD1,256m, implying avg. cost per rig of USD139.5m
 - The transaction is subject to equity financing and the satisfaction of formal closing procedures
- Upon closing of the transaction Borr has agreed to make an up-front payment of USD502m to PPL
 - The remaining amounts are payable upon delivery of each individual rig
- Borr has secured take-out financing for all remaining payments to the yard
 - The financing is non-amortising with 5-year tenor at attractive terms¹
 - USD753m available under the facility
- Staggered delivery schedule, with delivery of the first of the nine rigs in Q4 2017, and the last of the nine rigs expected to be delivered in Q1 2019

Favourable forward delivery with rigs delivered as market picks up

1: The lender is entitled to 25% of the increase in the market value of the relevant PPL rig from mid-October 2017 until the repayment date less the cost of equity and financing with respect to the rig. No fee is expected to be paid to seller unless the rig value exceeds USD190m after 5 years.

Building a world leading drilling contractor

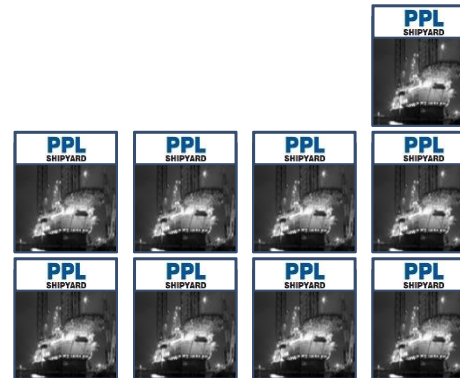
1 Hercules transaction



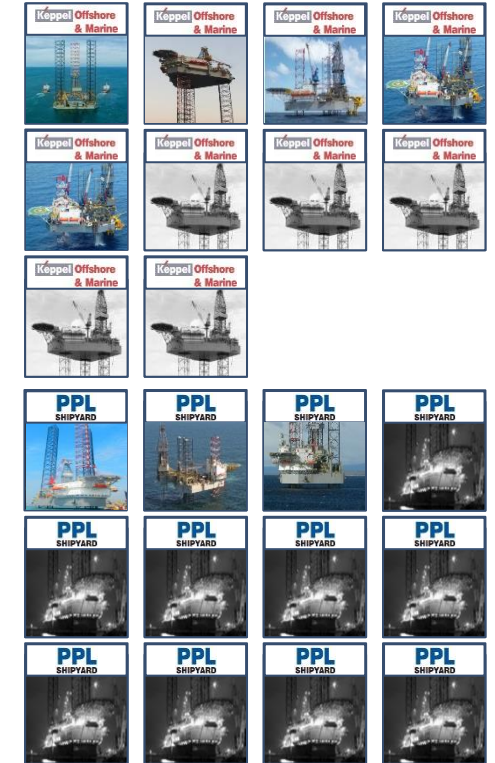
2 Transocean transaction¹



3 PPL transaction



World leading fleet¹



2 premium jack-ups



11 premium jack-ups



9 premium jack-ups



22 premium jack-ups

1: Excl. four standard jack-up rigs from the Transocean transaction



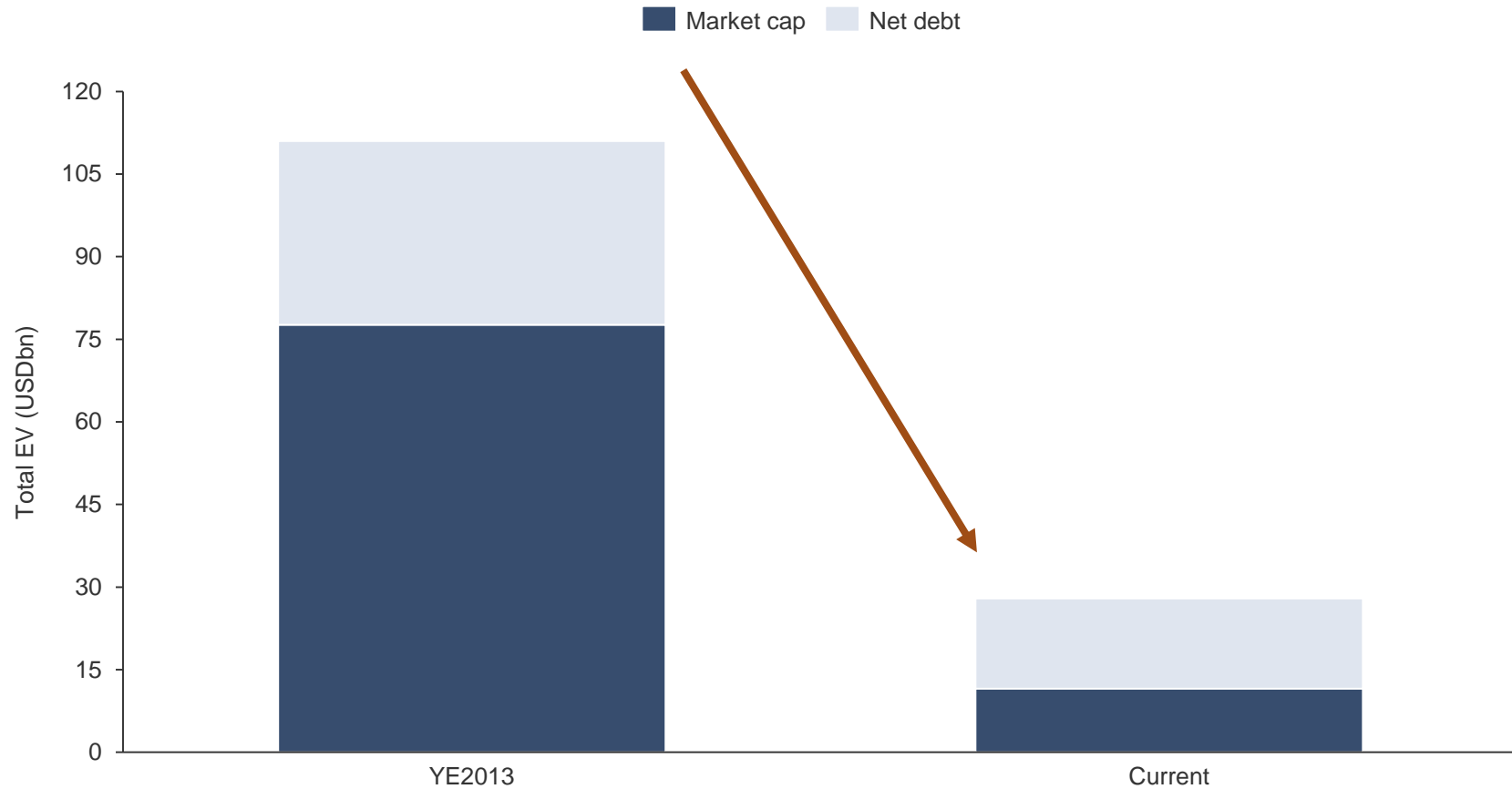
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The company



A bombed out industry

EV down 75% - Market cap down 85%¹



Source: DNB Markets, Bloomberg

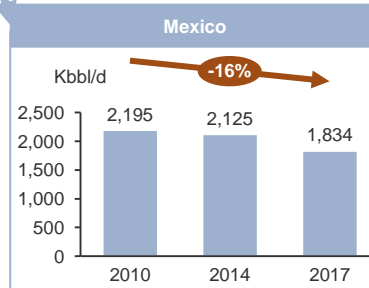
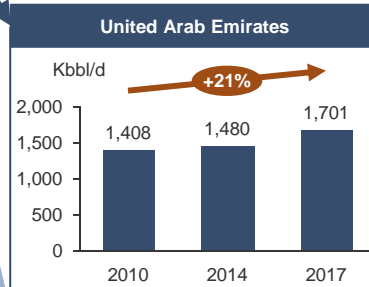
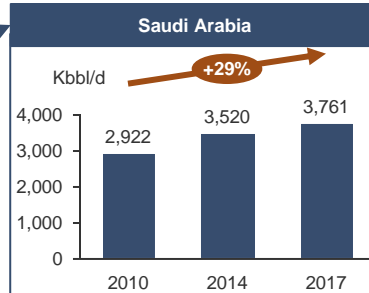
1: Peer group includes large US listed drillers: ATW, DO, ESV, NE, RDC, RIG, SDRL; net debt is adjusted for market value

You need to drill to get oil

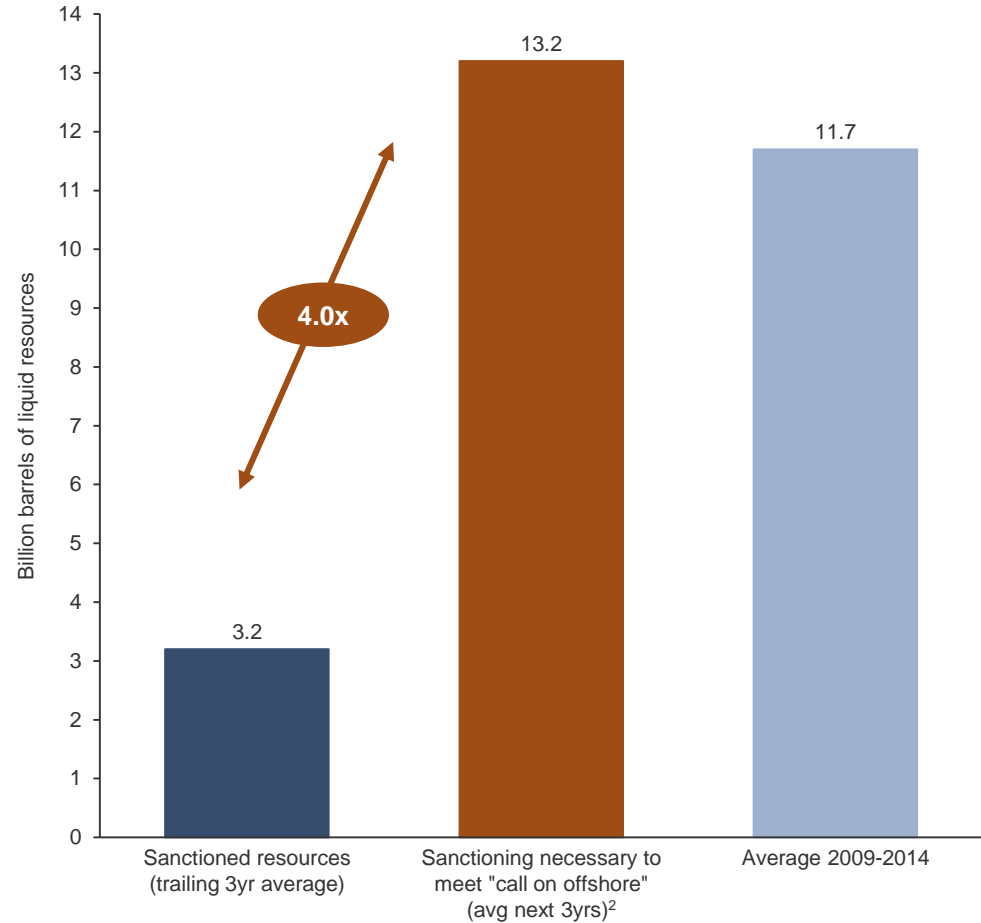
Disproportionate number of rigs needed to grow production¹

Active jack-up rig count by country (top 20)

Country	2010	2014	Today
Saudi Arabia	22	46	43
India	26	31	33
United Arab Emirates	14	24	31
China	30	29	29
Mexico	26	45	27
Iran	15	27	17
United Kingdom	11	17	15
Egypt	17	14	13
Qatar	17	14	11
Norway	7	9	8
Thailand	4	11	7
United States	38	31	9
Vietnam	12	18	10
Ukraine	2	5	5
Malaysia	8	14	10
Denmark	4	5	4
Turkmenistan	3	3	4
Netherlands	8	7	4
Trinidad and Tobago	2	3	3
Venezuela	3	2	3



Activity needs to increase fourfold to meet demand



Source: DNB Markets, IHS Petrodata, Clarksons Platou Securities AS, Rystad Energy

1: Liquids only

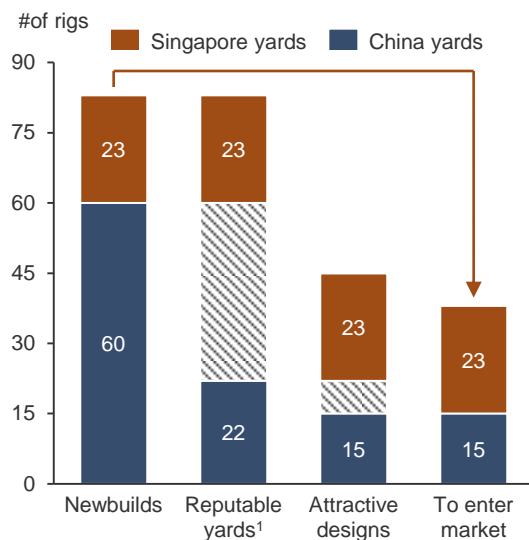
2: Forecasted offshore production requires that "call on offshore" is met

If history repeats itself, more newbuildings will be needed

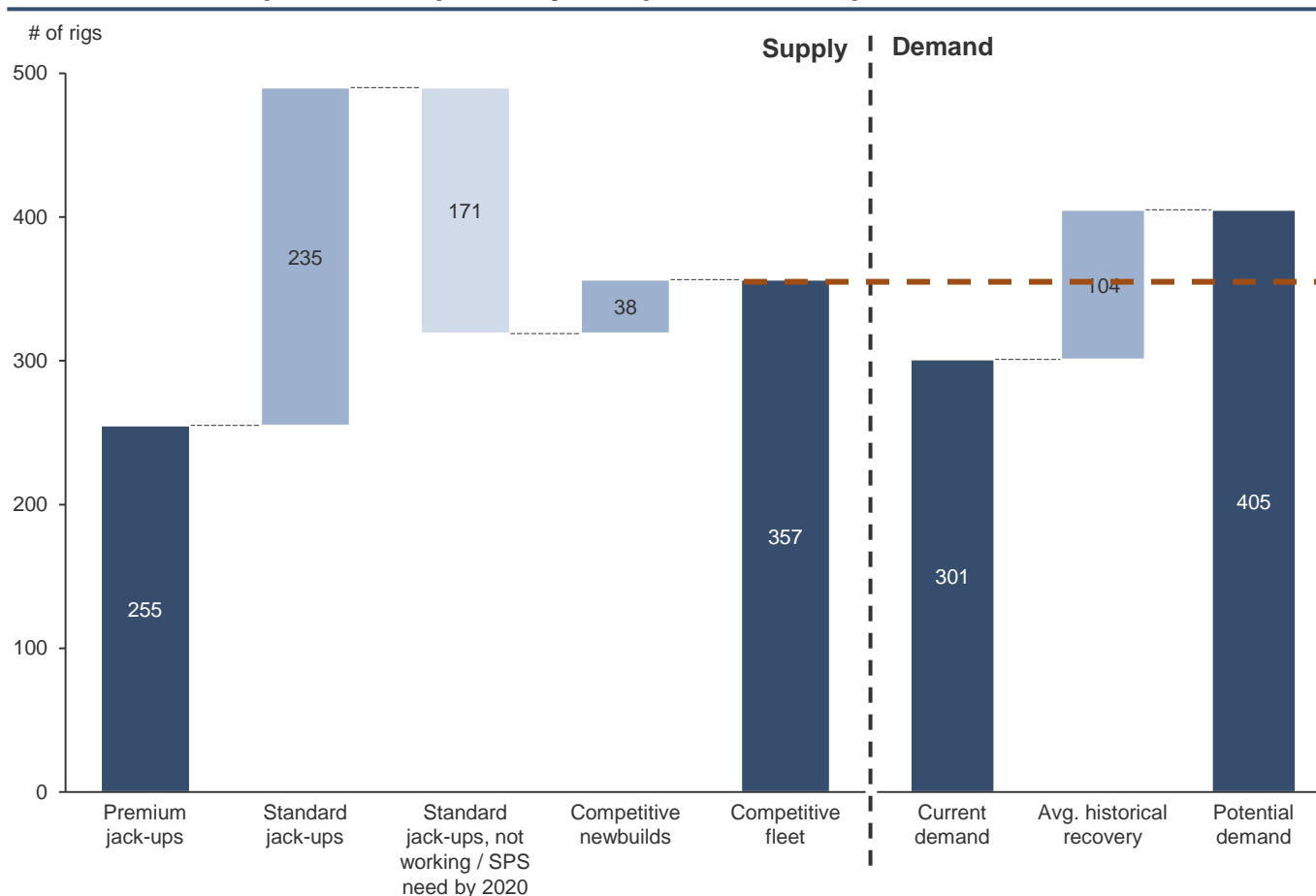
Historical cycle recovery

Period	Months	Rig increase
Apr 1987 - Nov 1989	33	100
Apr 1999 - Apr 2001	24	88
Jan 2011 - Sep 2014	44	124

Newbuilds assumed delivered



Expected competitive jack-up fleet versus potential demand

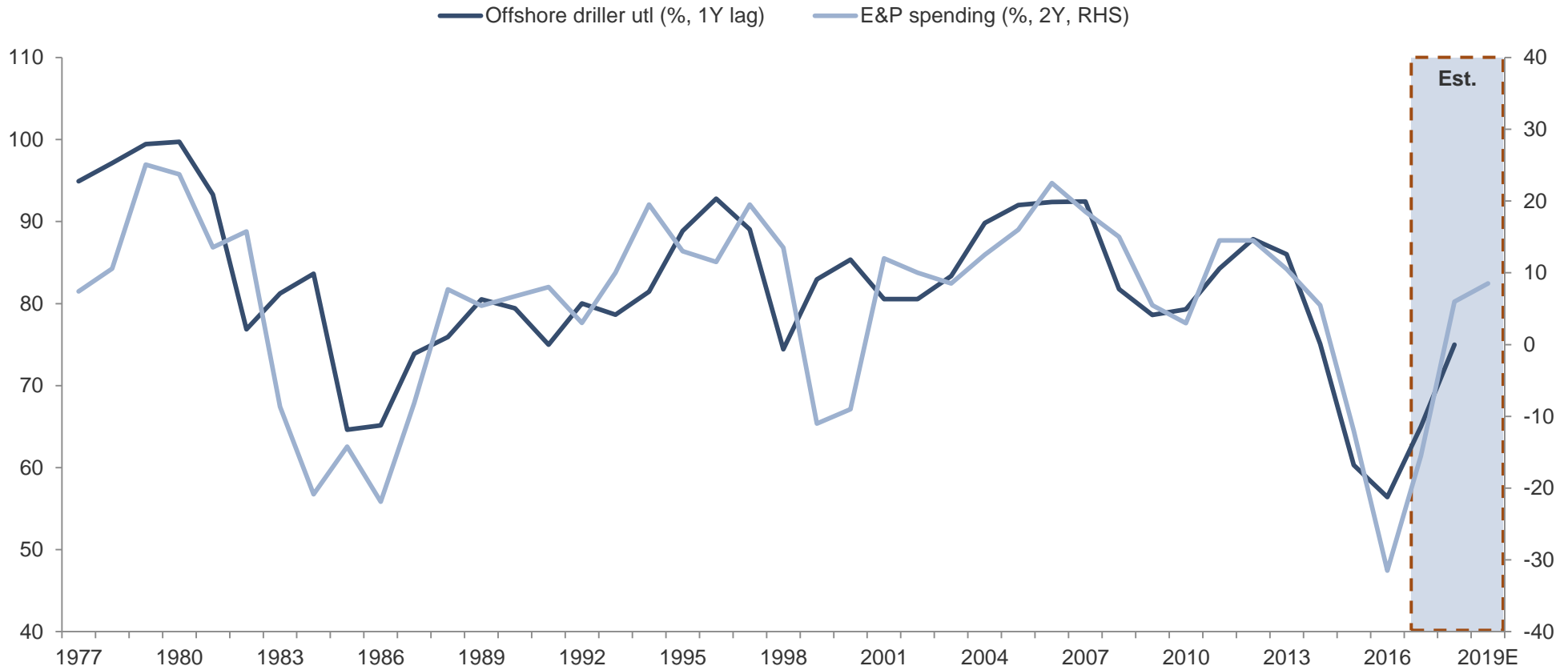


Source: DNB Markets, IHS Petrodata, Fearnley Securities

1: Reputable yards, having successfully delivered jack-ups for western contractors that have worked in the international market

Utilisation has historically recovered quickly from the bottom

Offshore driller utilisation versus E&P spending growth

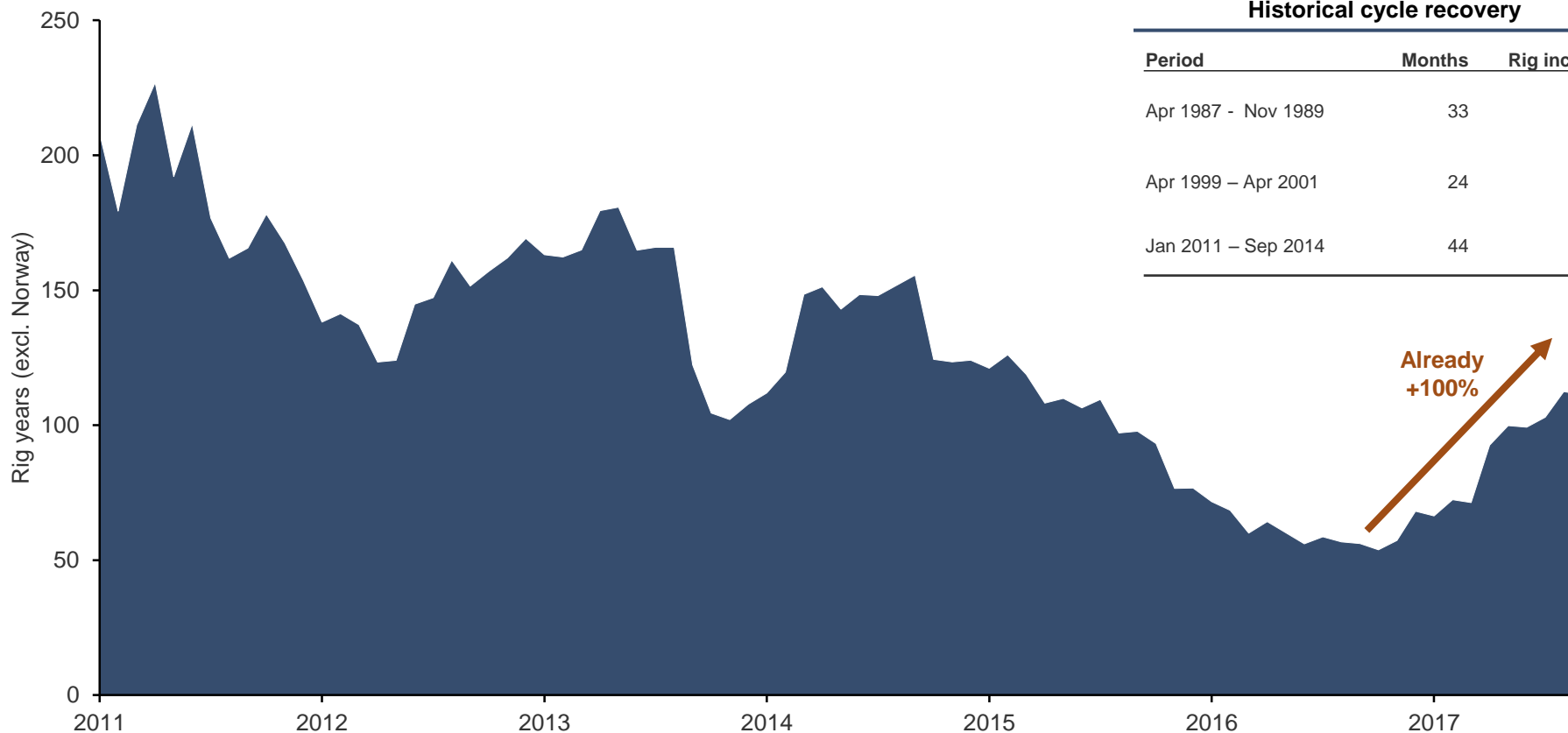


E&P spending expected to grow 9% annually into 2019

Source: SEB

Activity already recovering sharply

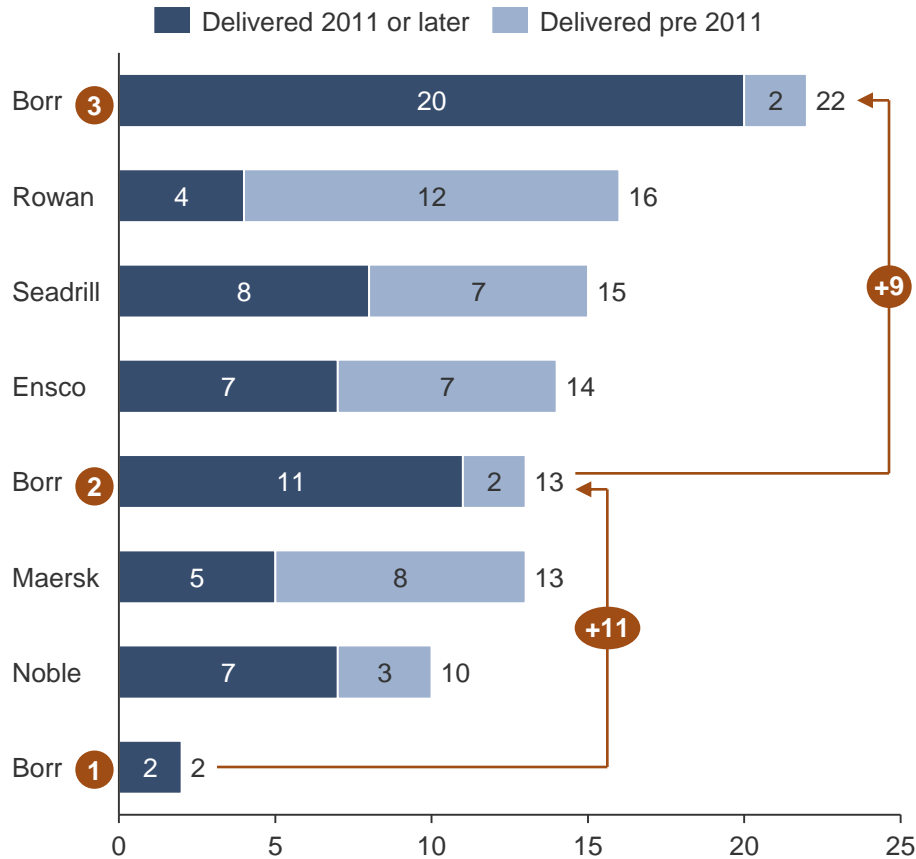
Outstanding jack-up rig-years, pre-tender and tenders



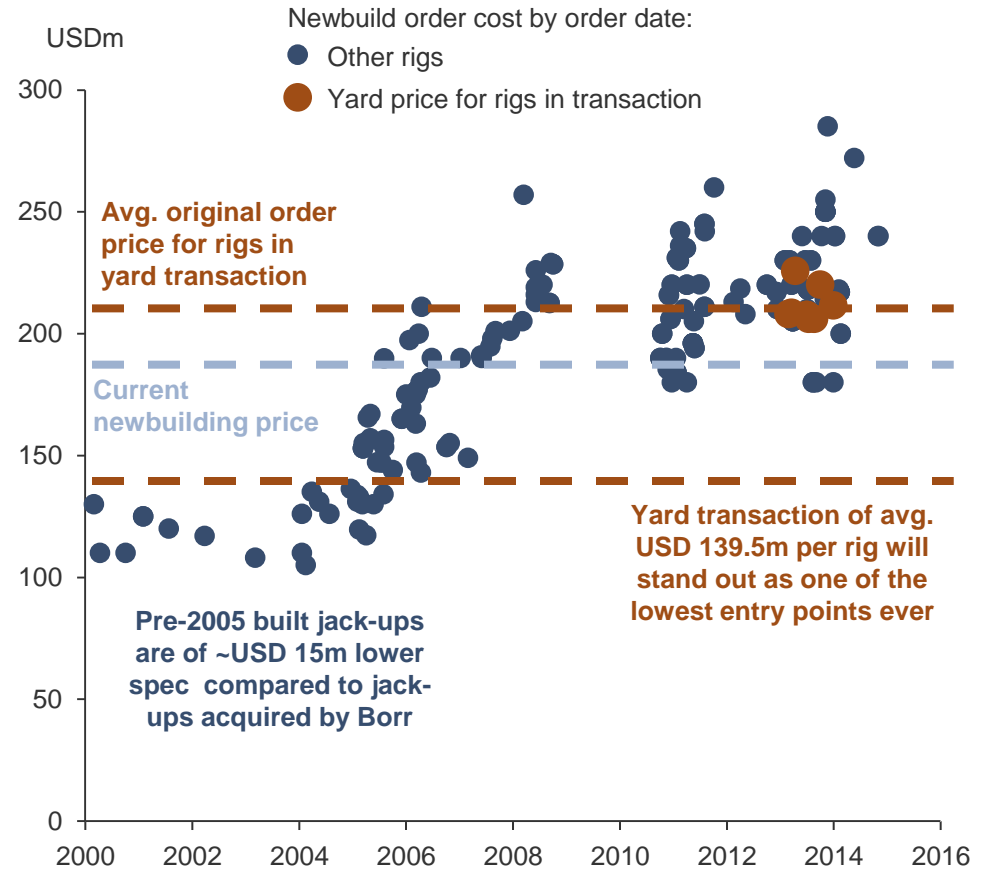
Source: DNB Markets, IHS Petrodata

Best assets acquired at rock-bottom prices

Premium jack-up fleets¹



Best assets in the industry

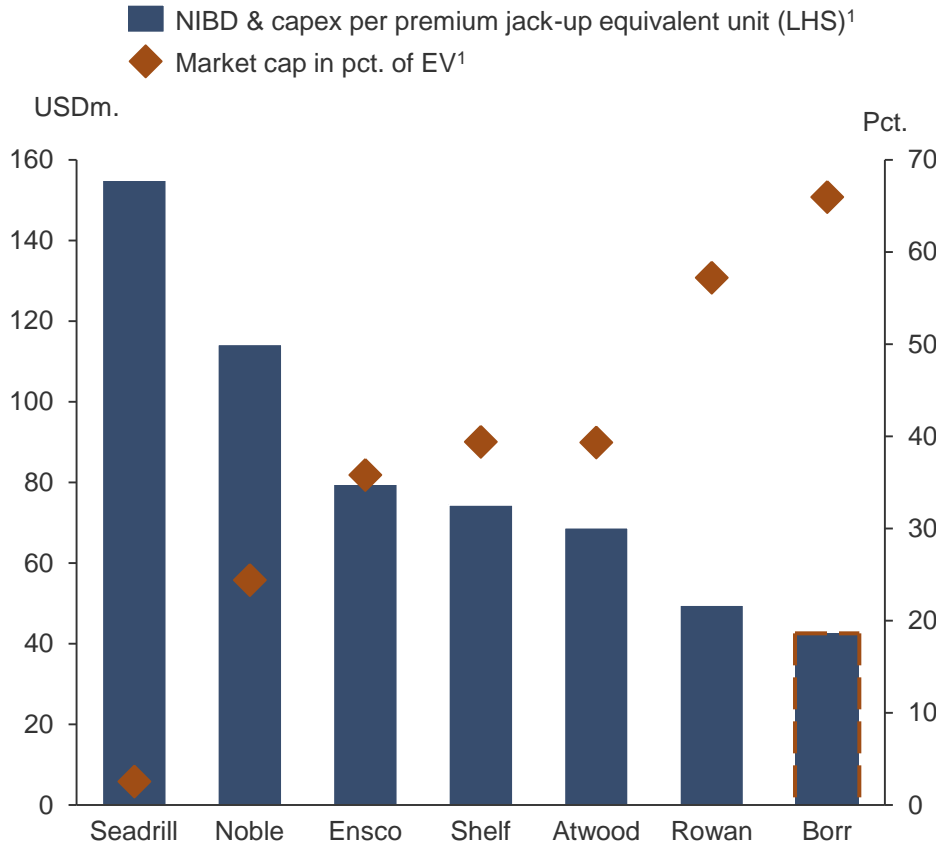


Source: DNB Markets, IHS Petrodata

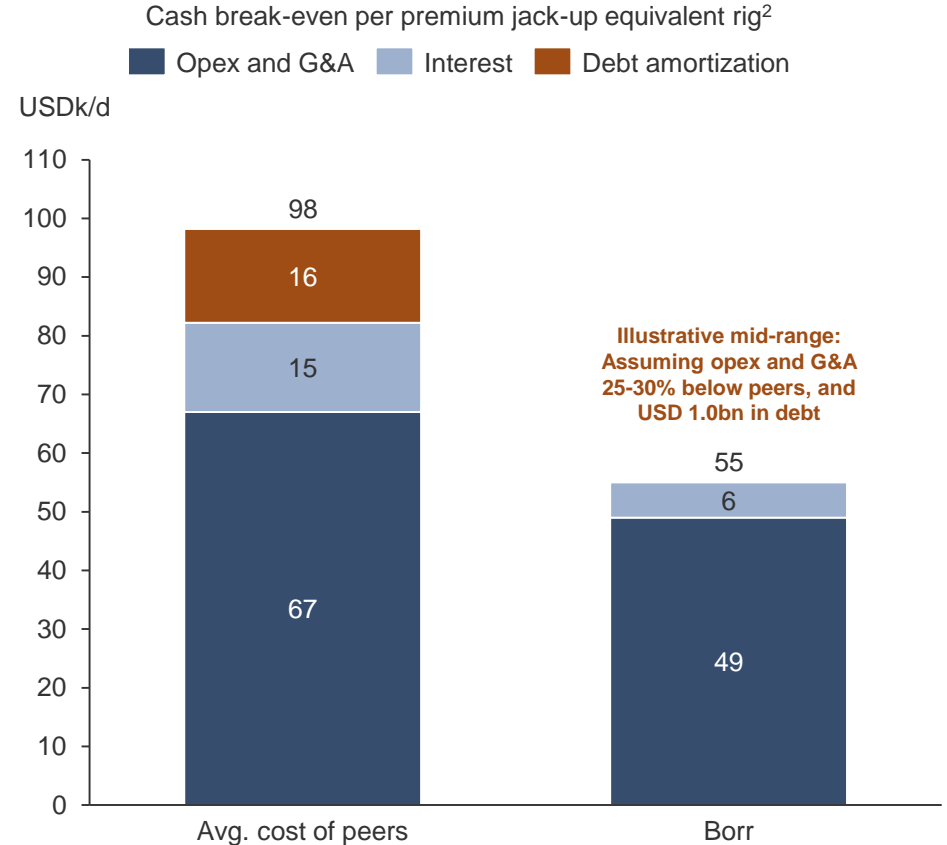
1: Jack-ups built after 2000; listed owners only; Seadrill excl. Chinese newbuilds and non-consolidated entities

Best balance sheet – lowest cost

Best balance sheet



Lowest cost



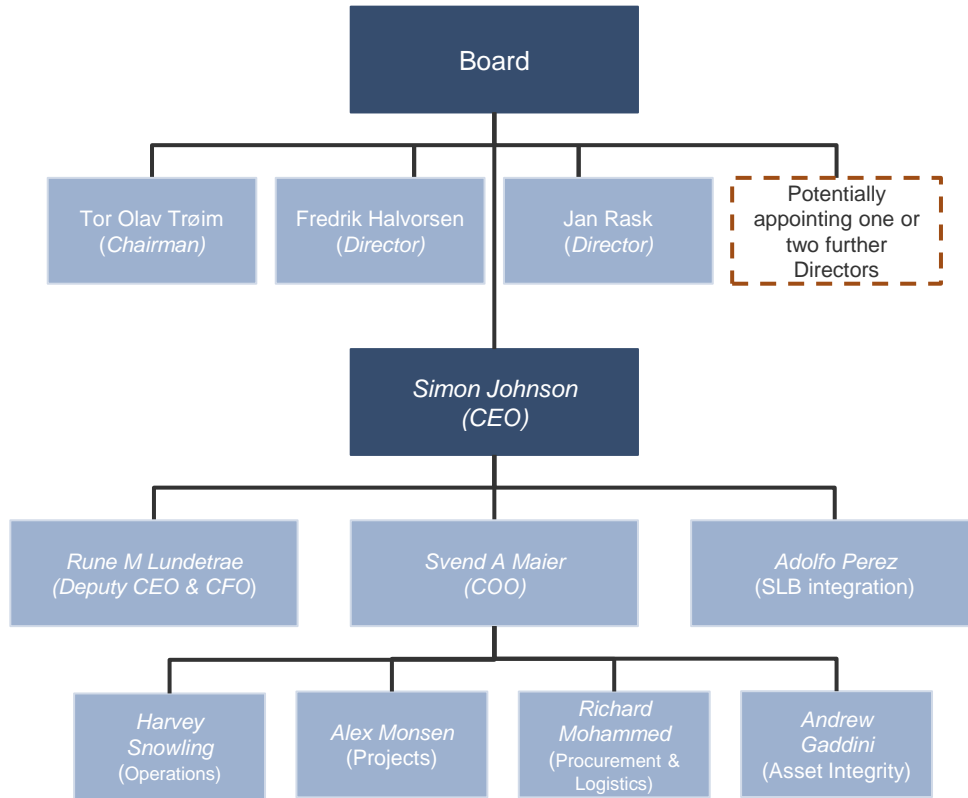
Source: DNB Markets, Bloomberg

1: NIBD based on Q2 2017 net interest bearing debt plus present value of remaining capex; Borr is post yard transaction and subsequent capital raise

2: Avg. per day jack-up operating cost for peers are DNB Markets' estimate for working jack-ups based on reported P&L segment data including G&A cost, and assumptions include among others USD 7k/day for stacked/idle jack-ups for peers

Proven track record – strong industrial partner

Strong organisation



Developing an integrated drilling solution



Industrial partnerships providing complementary offerings through the value chain

- Cooperation agreement signed 6 Oct

Sponsor and key partner ownership of ~USD530m¹

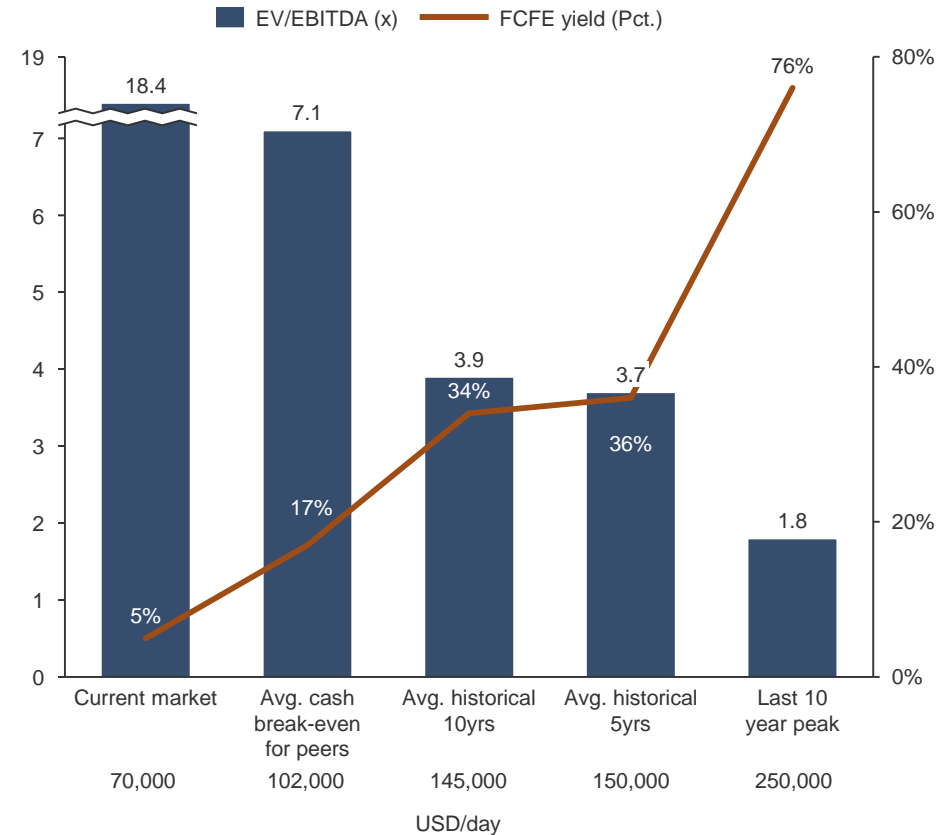
1: Expected post yard transaction and subsequent capital raise

Jack-ups are good business

Key assumptions - 22 premium jack-ups in operation

Dayrate scenario		Current market day rate	Avg. cash break-even for peers	Avg. historical 10yrs	Avg. historical 5yrs	Last 10 year peak
Historical day rates	USD/d	70,000	102,000	145,000	150,000	250,000
Earnings utilisation	Pct.	98 %	98 %	98 %	98 %	98 %
Opex & G&A ¹	"	49,000	49,000	49,000	49,000	49,000
Number of rigs		22	22	22	22	22
P&L						
Revenue	USDm	551	803	1,141	1,180	1,967
Opex	"	-369	-369	-369	-369	-369
G&A	"	-24	-24	-24	-24	-24
EBITDA	"	157	409	748	787	1,574
Interest ²	"	-49	-49	-49	-49	-49
Tax ²	"	-22	-32	-46	-47	-79
Amortization ²	"	0.0	0.0	0.0	0.0	0.0
Free cash flow	"	86	328	653	691	1,446

EV / EBITDA³ & FCFE yield



Generating positive cash flow already at current depressed dayrates
Cash-burn from the PPL transaction assuming no rigs working: USD48m per year⁴

Source: DNB Markets

1: Illustrative - Assuming opex and G&A 25-30% below peers, using mid-range

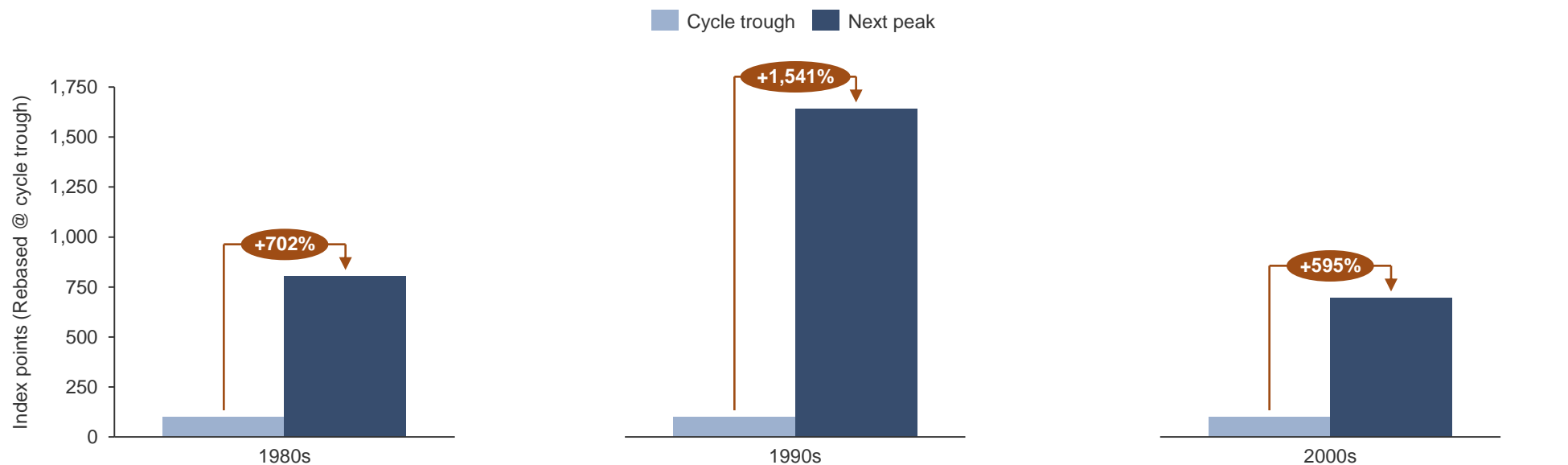
2: Assumed total debt of USD 1.0bn at LIBOR+350bps with no amortization; tax assumed at 4% of revenue

3: Estimated fully invested enterprise value post transaction of USD 2.9bn

4: Assuming stacking cost for nine PPL rigs of USD 3,500 per rig per day, and additional debt of USD 753m at LIBOR+350bps with no amortization

Significant upside potential from investing at cycle trough

Change in price for drillers from cycle trough to next peak¹



Peer performance: 1980s

Peer	Trough	Peak	Total return, incl. dividend
EnSCO	0.63	9.50	1418%
Noble	0.82	4.91	500%
Rowan	5.38	13.25	148%

Peer performance: 1990s

Peer	Trough	Peak	Total return, incl. dividend
EnSCO	2.00	45.00	2152%
Noble	0.98	15.94	1522%
Atwood	1.31	15.24	1061%

Peer performance: 2000s

Peer	Trough	Peak	Total return, incl. dividend
Diamond	18.70	137.88	764%
Atwood	7.31	60.02	721%
Transocean	28.43	152.50	623%

Significant upside in current pricing to avg. cycle price increase

Source: DNB Markets, Bloomberg, FactSet

1: Cycles periods based on drilling peers price index trough and to next peak: 1980s – 1986 to 1990, 1990s – 1992 to 1997, 2000s – 2002 to 2008

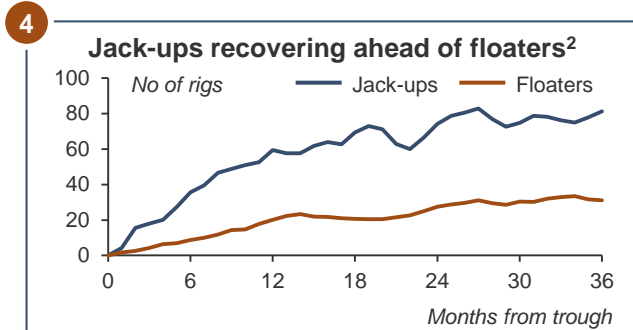
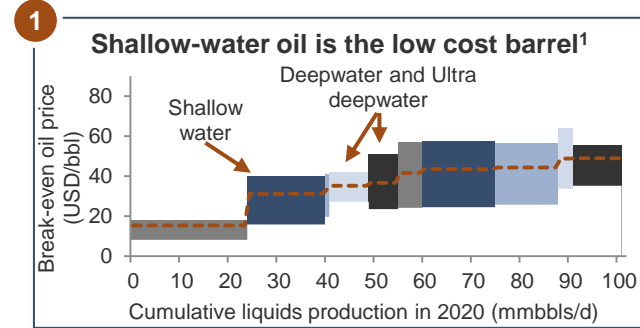
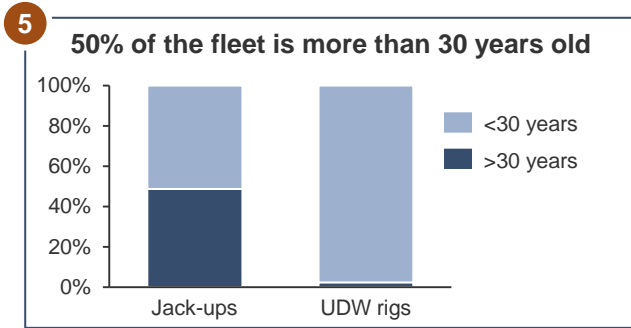


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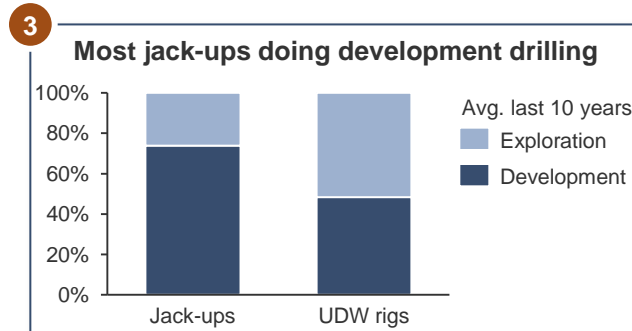
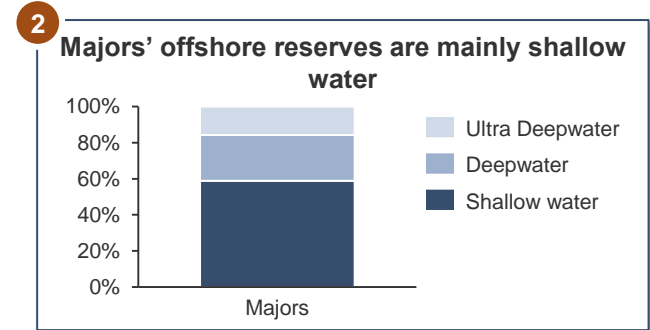
Appendix



Why Borr prefers premium jack-ups ahead of floaters



Jack-ups with more attractive fundamentals than floaters



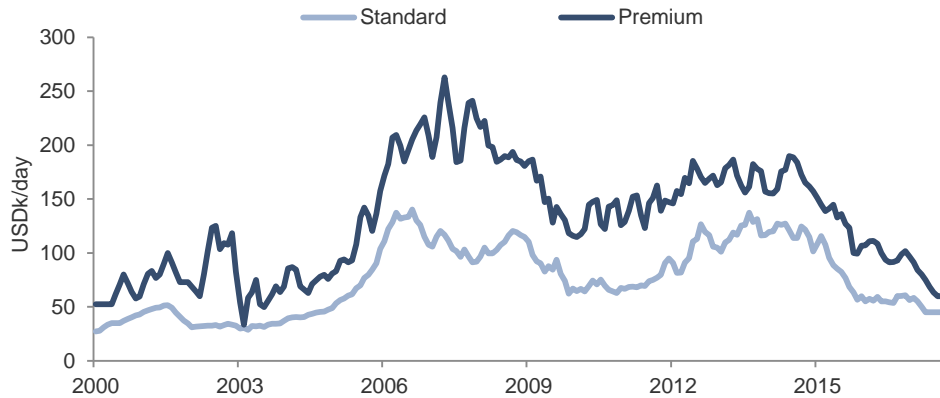
Source: DNB Markets, IHS Petrodata, Wood Mackenzie

1: Cost of supply: 75% break-even price confidence interval for each category; break-even price as defined by the E&P companies as the oil price needed to make 10 % IRR

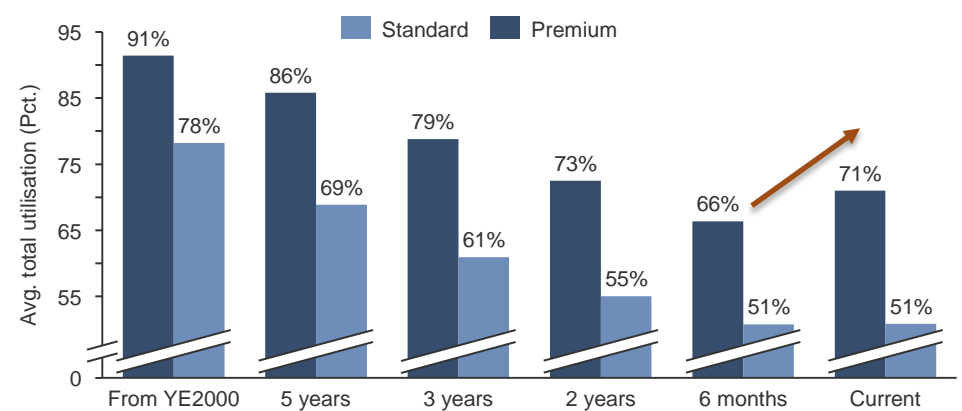
2: Avg. monthly increase in number of contracted rigs from where the jack-up cycle bottomed out

Premium jack-ups are a better investment than standard jack-ups

Premium jack-ups are contracted at higher rates



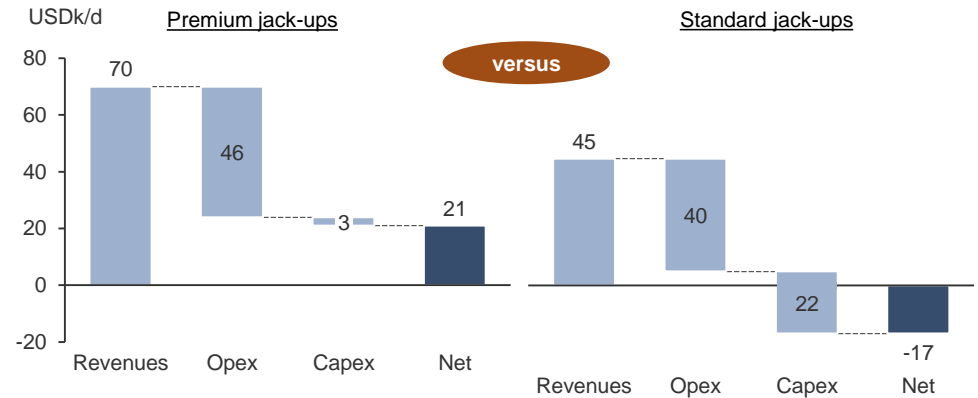
Premium jack-ups have higher utilisation



Estimated cost of ~USD40m to reactivate an old rig

Rig	Baug
Design	KFELS Mod V
Build	1991
Current Status	Cold Stacked, UK
Est. reactivation assumptions	
G&A Costs	USDm 8.2
Accommodation	" 5.1
Audits (ready to drill remedials)	" 0.7
Hull & machinery	" 12.0
Drilling equipment & BOP	" 14.3
Est. total project cost	40.2

Premium rigs have cash flow advantage over standard rigs¹

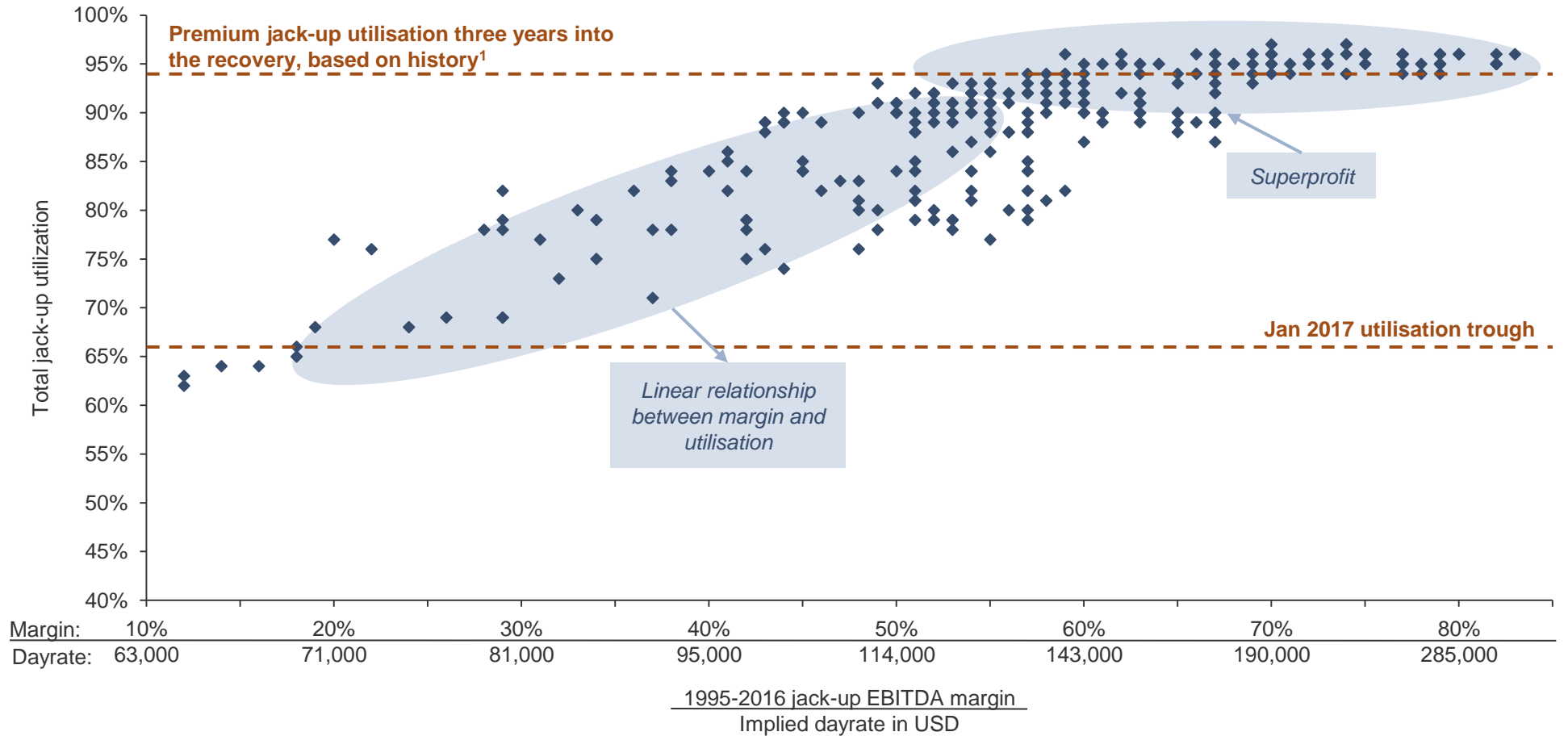


Source: DNB Markets, IHS Petrodata

1: Assuming standard jack-ups have 35% discount on dayrate to premium jack-ups; premium jack-ups - dayrate USD 70k/d, opex USD 46k/day, capex USD 5m per 5 year survey; standard jack-ups - dayrate USD 45k/d, opex USD 40k/day, capex USD 40m per 5 year survey

Pricing power increasing

Historical jack-up margin and utilisation



Source: DNB Markets, IHS Petrodata

1: Premium jack-ups working calculation: current contracted premium jack-ups, plus 67% (portion of jack-up fixtures done by premium jack-ups LTM) multiplied by 36 month rig count increase from trough (avg. of downturns 1987, 1999, and 2011), plus 67% multiplied by standard jack-ups working today but idle at SPS date next 36 months

Premium and modern fleet

Fleet composition

Country	Oil Company	Delivered	Design	Water depth	Name	2017		2018				2019			
						Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
UAE		2003	F&G JU-2000	400	Atla										
Cameroon		2004	F&G JU-2000	400	Balder										
Gabon	BW Energy	2011	PPL Pacific Class 400	400	Norve										
Nigeria	Total ¹	2013	KFELS Super A	400	Frigg ²										
Netherlands		2013	KFELS Super A	400	Ran ²										
Singapore		2013	KFELS Super B	350	Idun										
Thailand	BBC to RIG	2013	KFELS Super B	350	Mist										
Thailand	BBC to RIG	2013	KFELS Super B	350	Odin										
Singapore		2017	PPL Pacific Class 400	400	Rig TBN 1										
Singapore		2018	KFELS Super B	400	Saga										
Singapore		2018	PPL Pacific Class 400	400	Rig TBN 2										
Singapore		2018	PPL Pacific Class 400	400	Rig TBN 3										
Singapore		2018	PPL Pacific Class 400	400	Rig TBN 4										
Singapore		2018	PPL Pacific Class 400	400	Rig TBN 5										
Singapore		2018	KFELS Super B	400	Skald										
Singapore		2018	PPL Pacific Class 400	400	Rig TBN 6										
Singapore		2018	PPL Pacific Class 400	400	Rig TBN 7										
Singapore		2018	PPL Pacific Class 400	400	Rig TBN 8										
Singapore		2019	PPL Pacific Class 400	400	Rig TBN 9										
Singapore		2019	KFELS Super B	400	Tivar										
Singapore		2020	KFELS Super B	400	Vale										
Singapore		2020	KFELS Super B	400	Var										
UK		1986	F&G L-780 Mod V	361	Fonn ²										
UK		1991	F&G Universe	394	Baug ²										
UK		1998	F&G Universe	394	Brage ²										
UK		1999	F&G Universe	394	Eir ²										

Commitment
 Option
 At yard/under construction

Source: DNB Markets, IHS Petrodata

1: Signed letter of commitment; the drilling contract is currently being negotiated

2: HD/HE capable

Key events since inception





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