



Borr Drilling Limited

Extending runway with minimum \$315m in improved liquidity to 2022

May 21, 2020

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Key components of the improved liquidity package

- **The proposed deal includes the following key elements:**

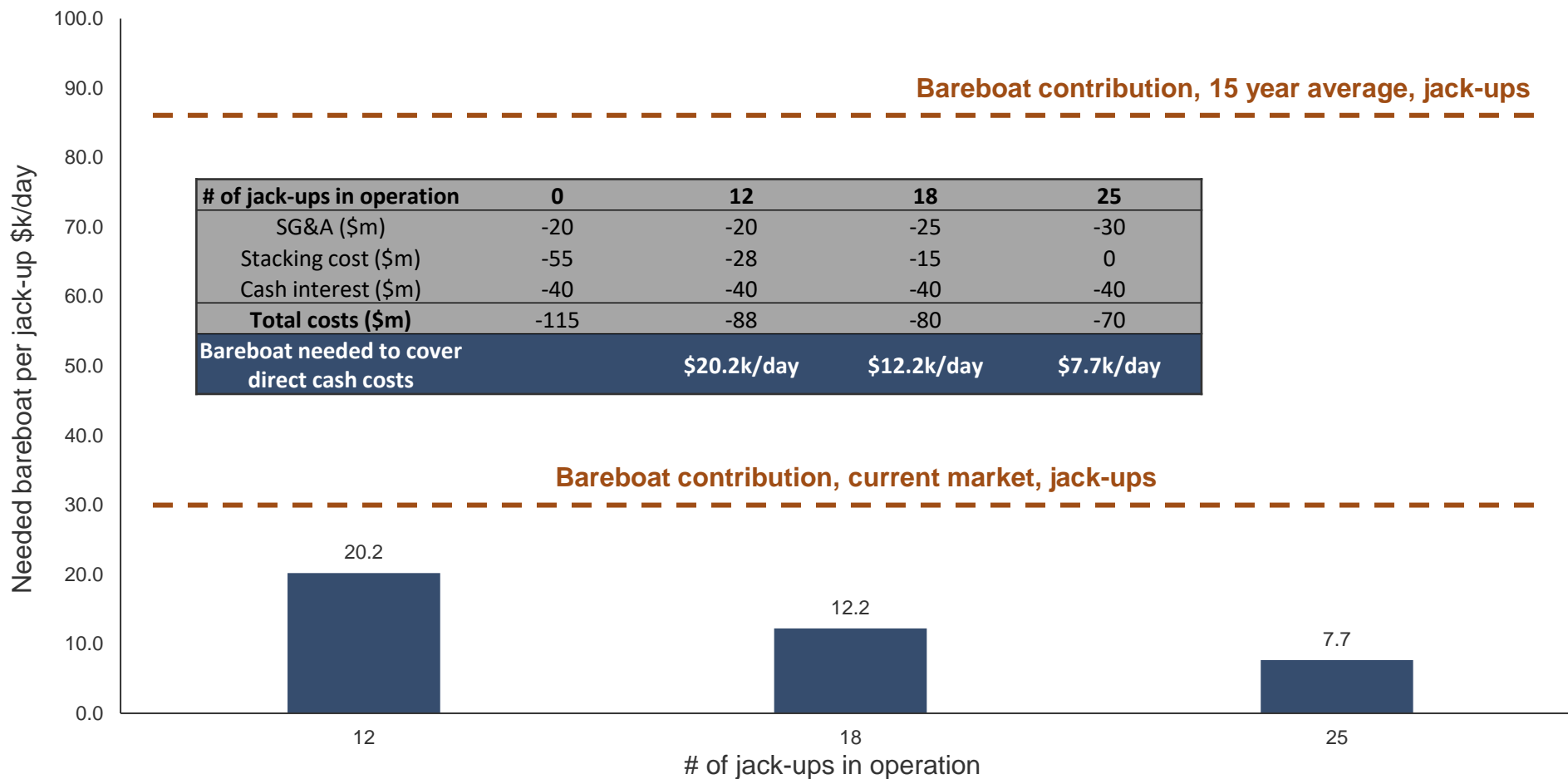
- + Rescheduling of yard commitments
- + Deferral of debt amortization
- + Conversion of cash interest to pay-in-kind (PIK) interest
- + Amendment of covenants

= Total estimated improvement in liquidity of more than \$315m until Q1 2022

Provides the Company with a liquidity runway even without any new contracts or renewals

Amended financing creates very low cash-breakeven rates for 2020e and 2021e

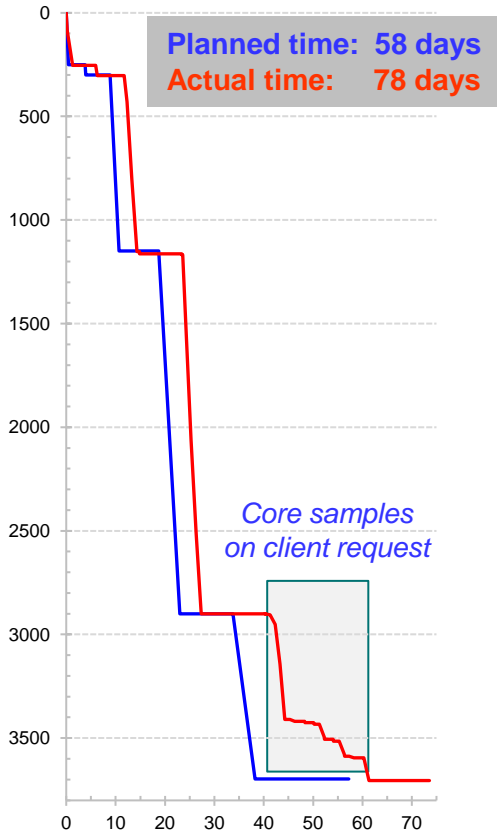
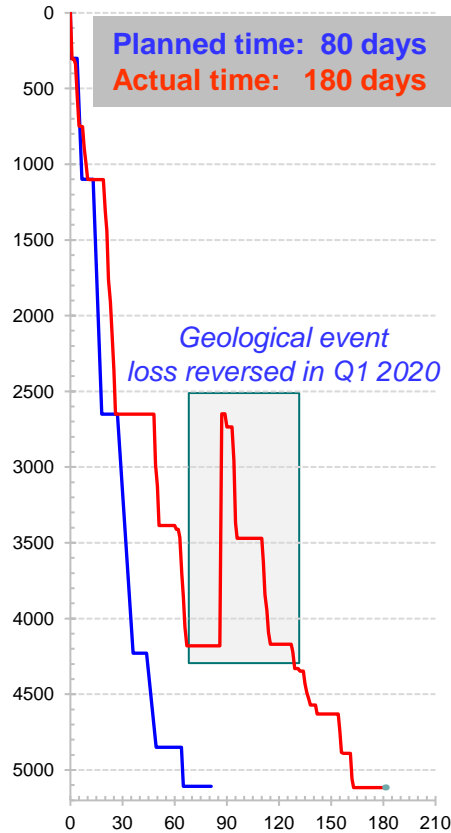
Required 2021e bareboat contribution per jack-up and # of jack-ups in operation to cover direct cash costs



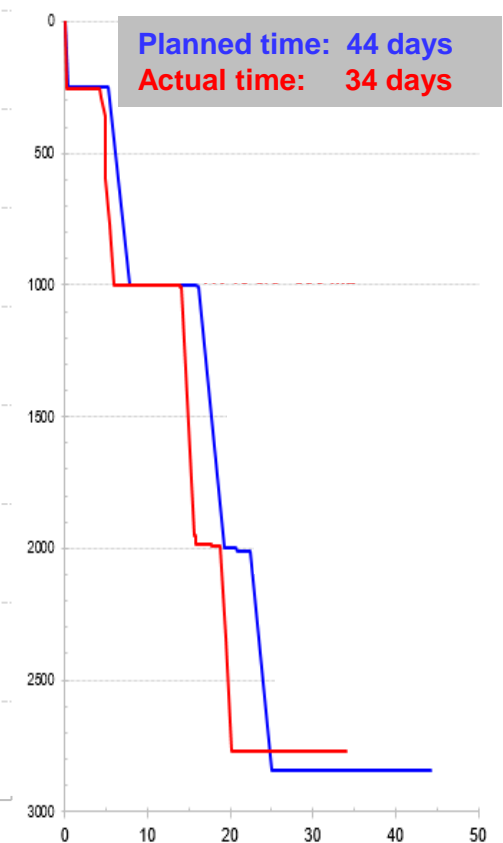
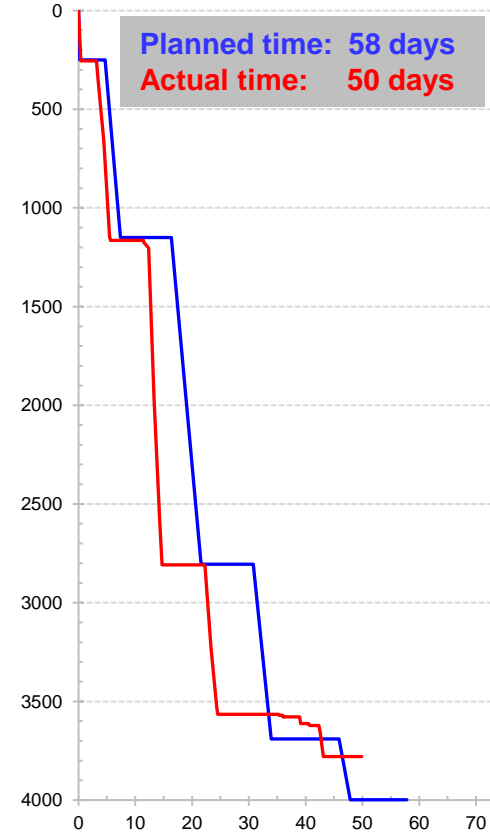
Cash interest for 2021 estimated to \$40m, \$6k/day in stacking cost per rig. 25 jack-ups delivered
 Bareboat contribution, current market, based on \$80k/day, 97% utilisation, \$50k/day opex
 Bareboat contribution, 15 year average, based on \$140k/day, 97% utilisation, \$50k/day opex
 Excludes any tax on revenue
 Source: Borr Drilling, IHS Petrodata, DNB Markets

Mexico integrated contracts – learning curve has improved operations

First wells behind schedule – recovery for geologic event

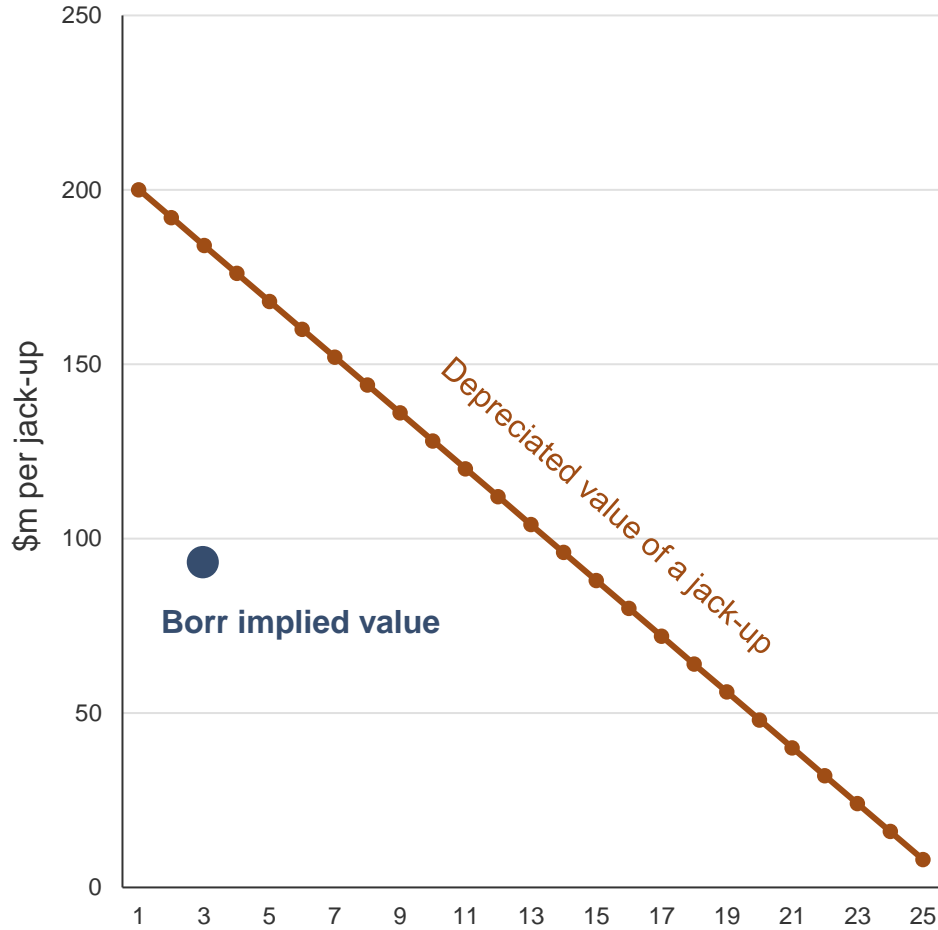


Last wells significantly ahead of schedule

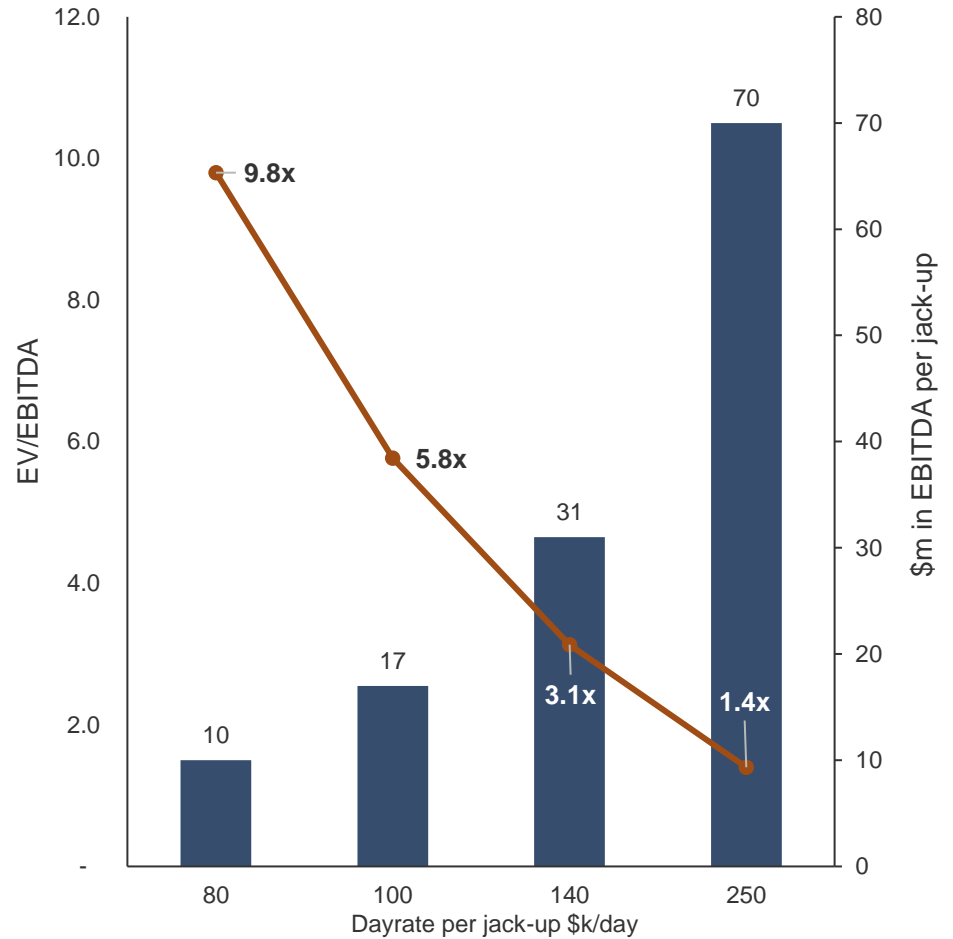


Attractive entry point – solid upside

The value case



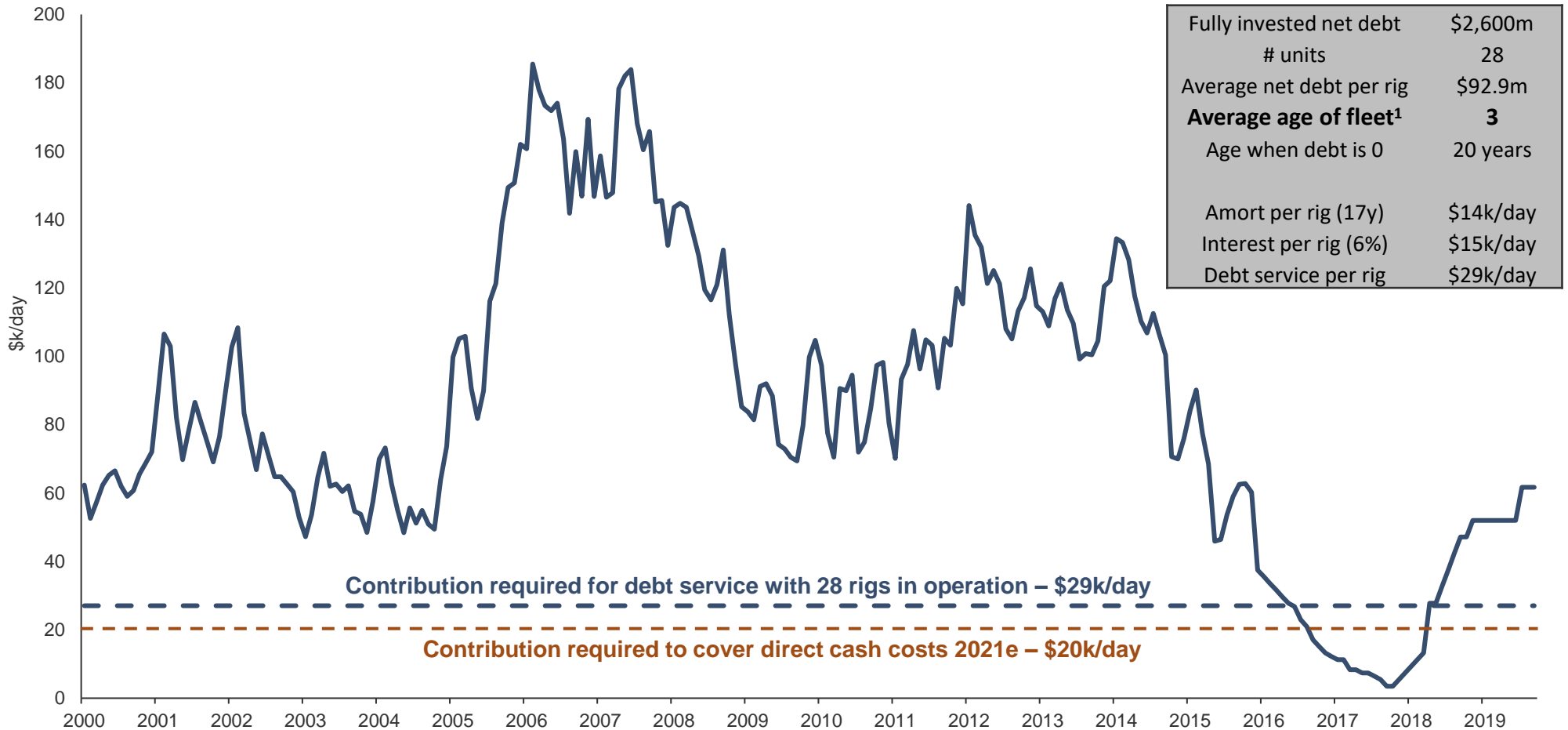
The cash-flow case



Implied value of EV per rig of \$98m, based on ~\$2.6bn net debt. Share price of \$1.2. Assumes \$50k/day in operating costs including SG&A
 Illustrative EBITDA per jack up given various dayrate levels

Historic dayrates give support to debt service

Estimated historic bareboat contribution per premium jack-ups vs required rate for debt service



Assumes Q1 2020 net debt + remaining capex estimated to ~\$2.6bn

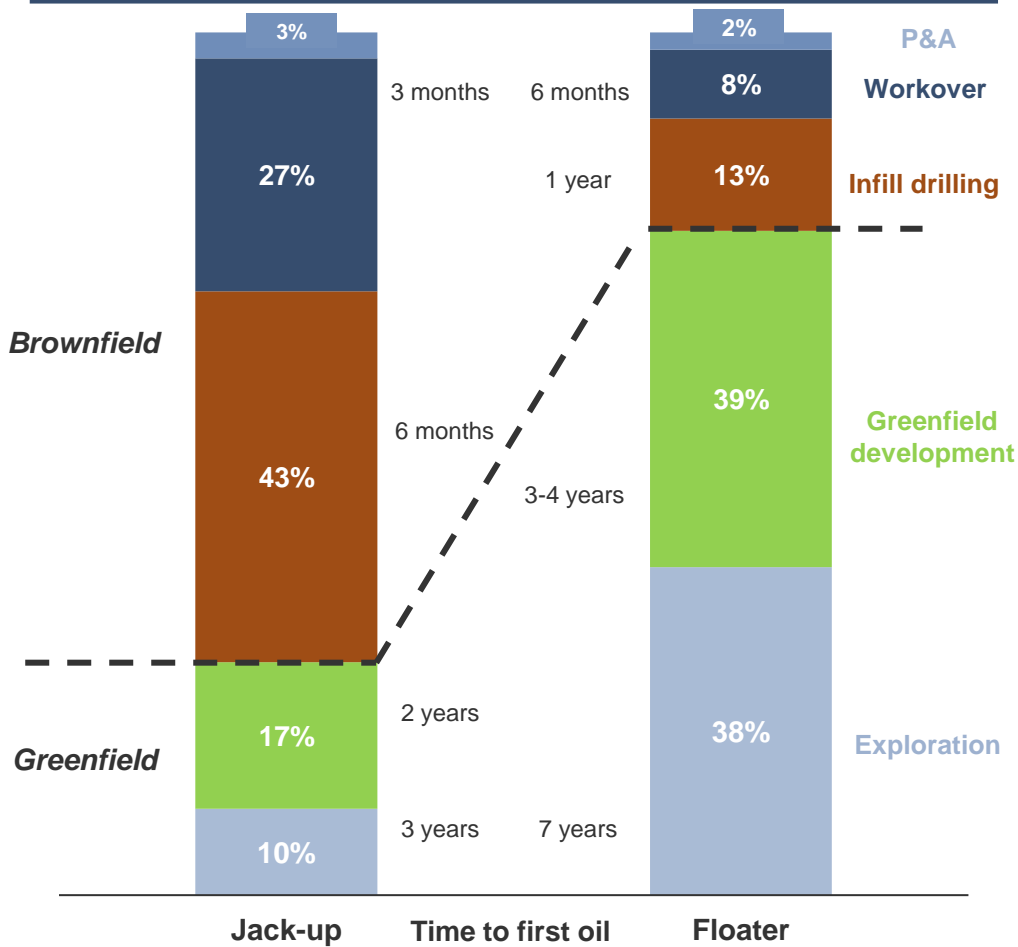
Bareboat calculated as TC-rate less applicable opex

1) Average age based on 28 modern jack-up built after 2010.

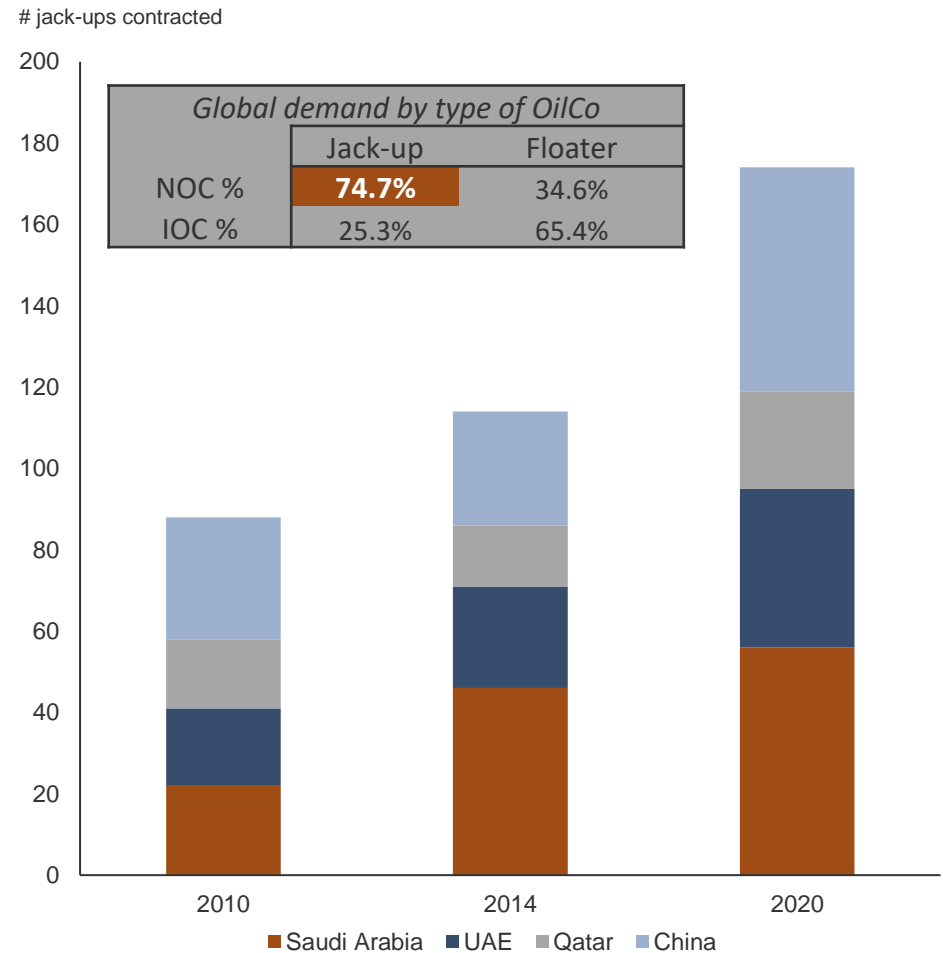
Source: Borr Drilling, DNB Markets

Shallow water oil production - quick payback – driven by NOCs

Jack-up demand is mainly brownfield – 75% NOCs



Core NOCs are drilling significantly more today

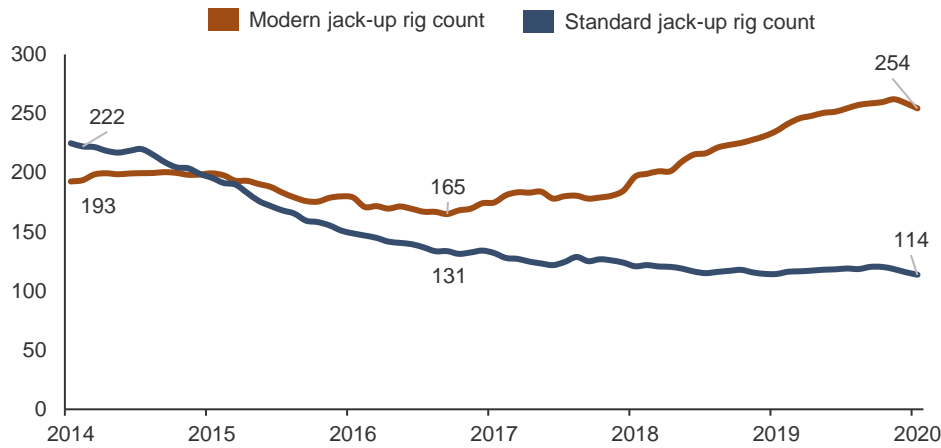


Global demand by type of OilCo		
	Jack-up	Floater
NOC %	74.7%	34.6%
IOC %	25.3%	65.4%

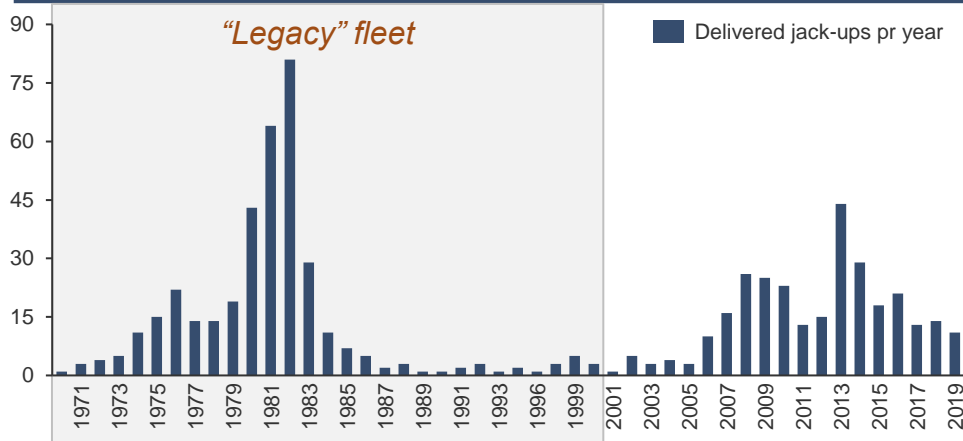
Source: IHS Petrodata, DNB Markets, Borr Drilling

The global jack-up fleet is old – modern rigs will likely get utilisation

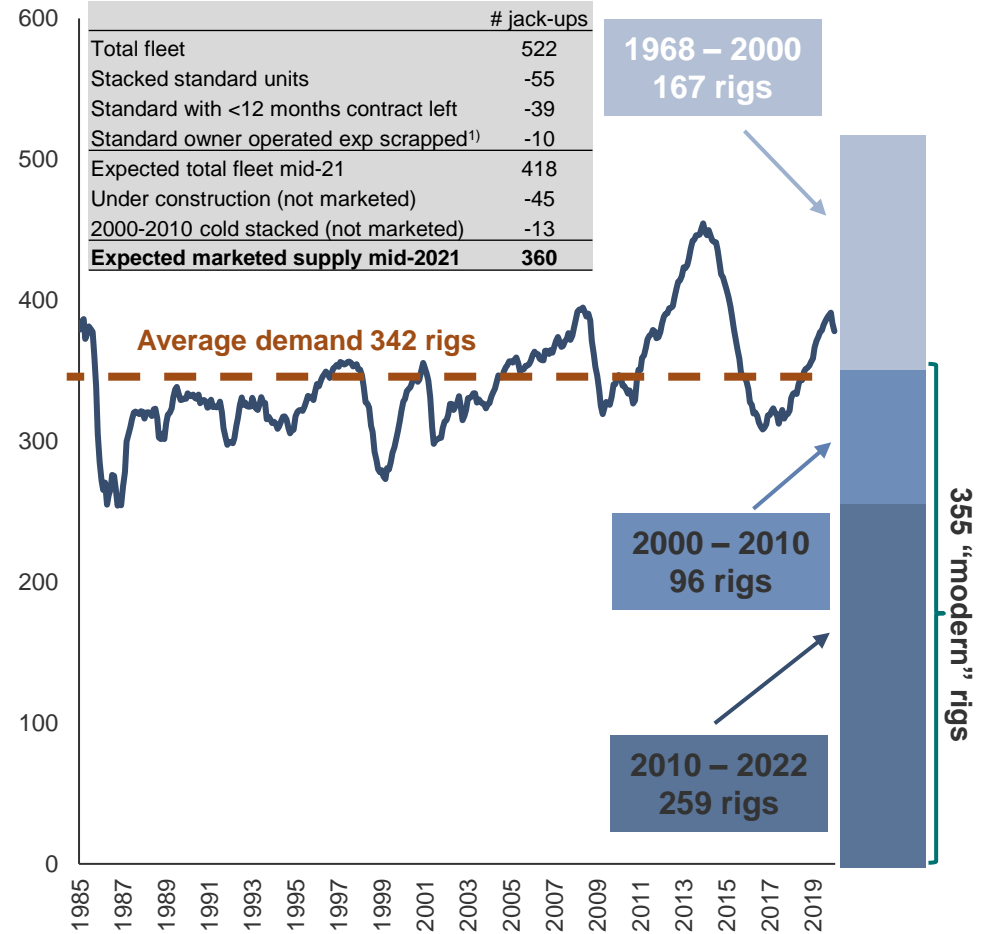
Modern jack-ups gaining market share



>35% of the fleet is > 20 years old



Historic jack-up demand vs age of supply

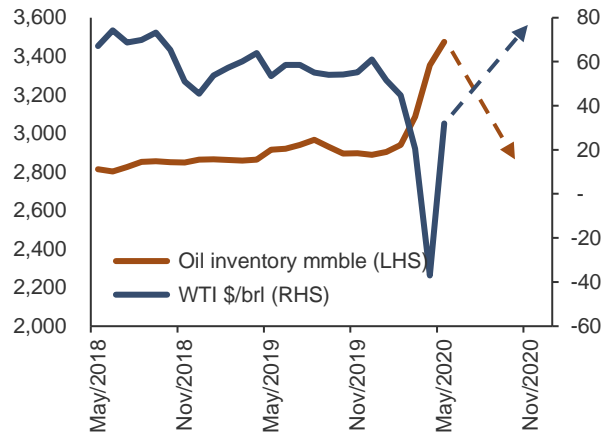
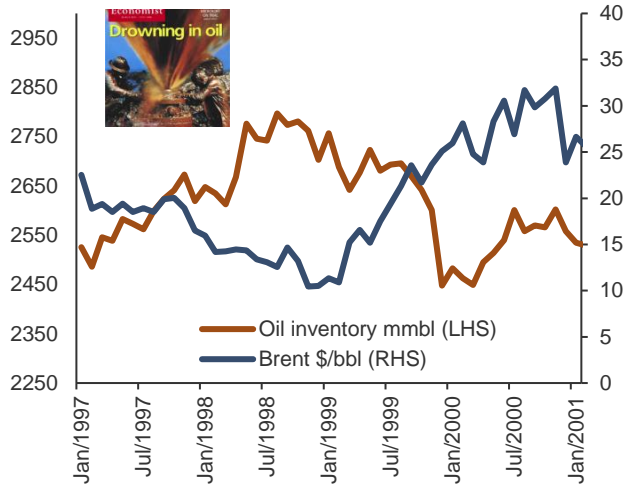


1) Assumed scrapping of 10 owner operated rigs. Borr Drilling assumption

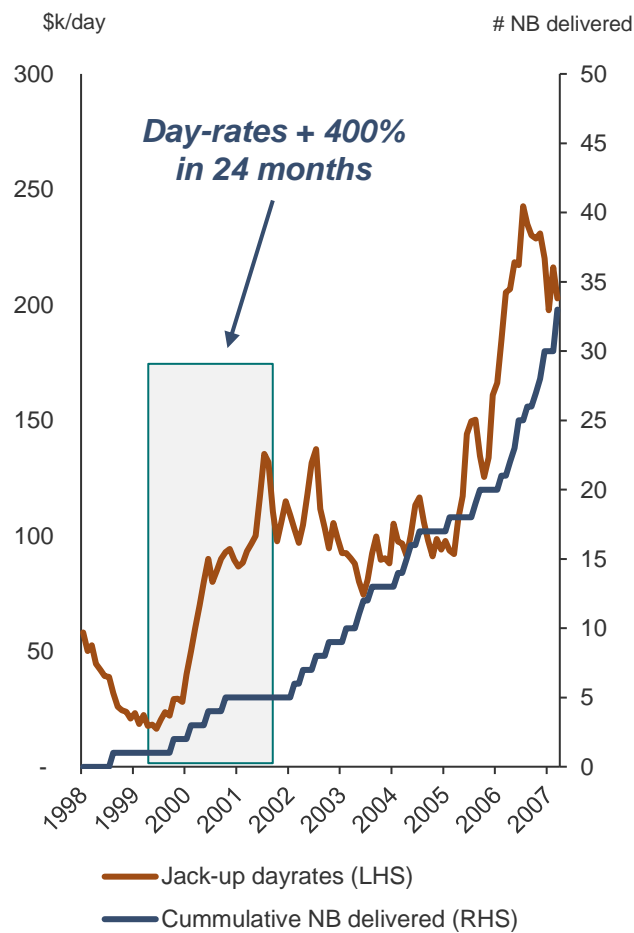
Source: IHS Petrodata, Rystad, Borr Drilling

Could oil market be similar to 1998? – “Asian flu” created the upturn

Oil prices bottomed when inventories peaked



Next 6 year – dayrates went to \$230k/day



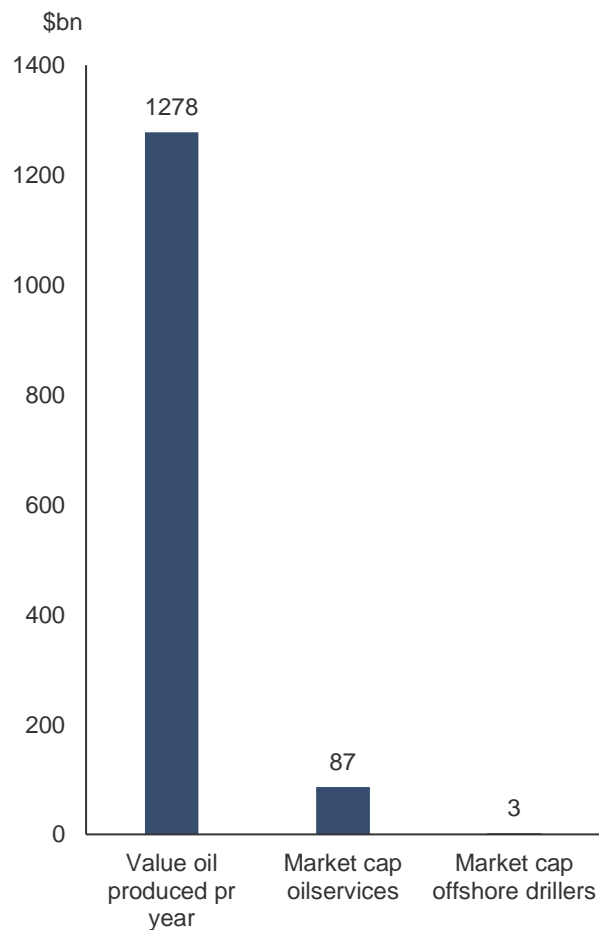
Similarities to 1999 cycle

	1998/99	2020
OECD oil inventory	~2,800	~3,400
Inventory day of demand	~37	~34
Oil price at peak inventory	\$11/brl	-\$37 ?
Oil price 24 months after	\$30/brl	?
Trough day-rates	~\$15k/day	\$60-80k/day
Day-rates after 24 months	~\$100k/day	?
Day-rates after 36 months	~\$130k/day	?
Years of E&P underinvestment	3 years	5 years

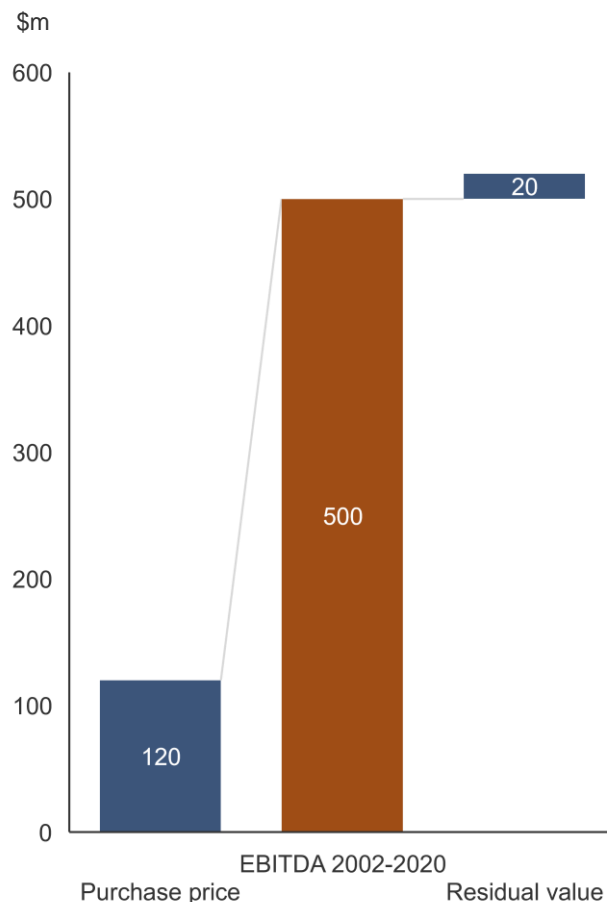
Source: Bloomberg, IHS Petrodata, DNB Markets

Oil the best performing sector last month – turning point?

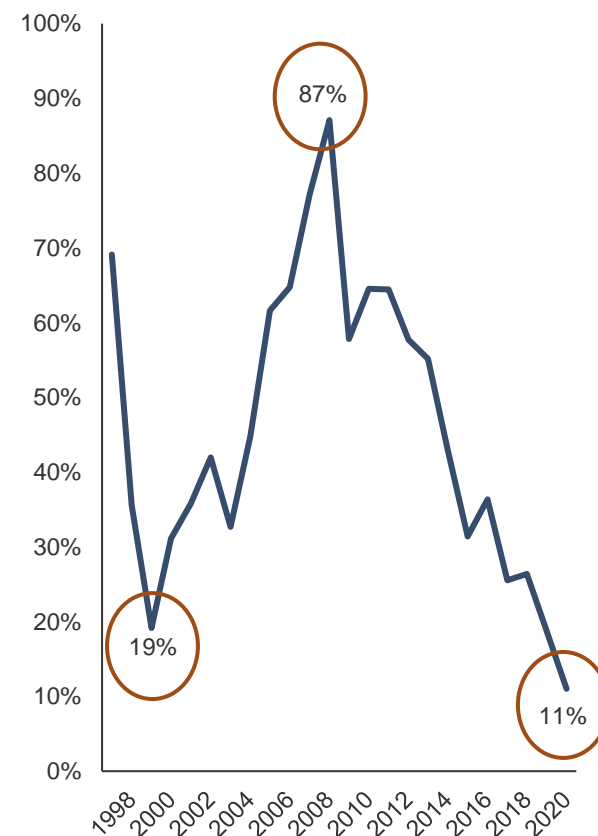
Oil services in context¹⁾



Lessons from the last cycle²⁾



Energy weighting in % of technology³⁾



1) 100m bbl/day at \$35/bbl. Market cap all listed oil services. Market cap all listed offshore drillers

2) Assumes average date-rate of \$140k/day from 2002 to 2020 at 90% utilisation. Opex of \$50k/day

3) Energy weighting % of the S&P 500 divided by technology % of the S&P 500. Higher ratio means relative size of energy vs technology

Source: Bloomberg, DNB Markets