

# Q1 2021 Presentation



**ODFJELL DRILLING**



# Important information

---

*By reading this company presentation dated 27 May 2021 (the "Presentation"), or attending any meeting or presentation held in relation thereto, you (the "Recipient") agree to be bound by the following terms, conditions and limitations.*

*The Presentation has been prepared by Odfjell Drilling Ltd. (the "Company") solely for information purposes in connection with publication of the Company's results for the first quarter of 2021 and may not be reproduced or redistributed, in whole or in part, to any other person.*

*The Presentation is being made only to, and is only directed at, persons to whom such presentation may lawfully be communicated ('relevant persons'). Any person who is not a relevant person should not act or rely on the Presentation or any of its contents. The Presentation does not constitute any recommendation to buy, sell or otherwise transact with any securities issued by the Company. The distribution of this Presentation may be restricted by law in certain jurisdictions, and the Recipient should inform itself about, and observe, any such restriction. Any failure to comply with such restrictions may constitute a violation of the laws of any such jurisdiction.*

*No representation, warranty or undertaking, express or implied, is made by the Company and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information or the opinions in this Presentation. The Company shall have no responsibility or liability whatsoever (for negligence or otherwise) for any loss arising from the use by any person or entity of the information set forth in the Presentation. All information set forth in the Presentation may change materially and without notice.*

*This Presentation includes "forward looking statements". Forward looking statements are statements that are not historical facts and are usually identified by words such as "believes", "expects", "anticipates", "intends", "estimates", "will", "may", "continues", "should" etc. These forward looking statements reflect the Company's beliefs, intentions and current expectations concerning, among other things, the Company's results, financial condition, liquidity position, prospects, growth and strategies. These statements involve risks and uncertainties because they relate to future events and depend on future circumstances that may or may not occur. In light of the Covid-19 pandemic and unprecedented complications thereof, the Company emphasize the inherent uncertainty pertaining to future developments, including but not limited to the economic effects Covid-19 may have globally and within the industry the Company operates. Forward looking statements are not guarantees of future performance and no representation that any such statements or forecasts will be achieved are made.*

*The Company uses certain financial information calculated on a basis other than in accordance with IFRS, including EBITDA and EBITDA margin, as supplemental financial measures in this Presentation. These non-IFRS financial measures are provided as additional insight into the Company's ongoing financial performance and to enhance the user's overall understanding of the Company's financial results and the potential impact of any corporate development activities.*

*An investment in the Company involves significant risk, and several factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by statements and information in the Presentation.*

*The Presentation speaks as of 27 May 2021. The Company disclaims any obligation to update or revise any information set out in this Presentation, including the forward-looking statements, whether as a result of new information, future events or otherwise.*

*This Presentation is subject to Norwegian law, and any dispute arising in respect of this Presentation is subject to the exclusive jurisdiction of Norwegian courts.*

# Contents

---

- Introduction to ODL
- Q1 2021 - key summary
- Segment reporting
- Financial information
- Summary





# ODFJELL DRILLING

Odfjell Drilling is a listed international drilling, well service and engineering company with more than 2,500 employees and operations in approx. 20 countries. Odfjell Drilling was established in 1973.

## Key Financials Q1 2021

**\$ 182 Mill**  
Revenue

**\$ 194 Mill**  
Cash

**\$ 45 Mill**  
EBITDA

**2.75x**  
Leverage ratio (adj)

**\$ 2.5 Bill**  
Backlog

**46 %**  
Equity ratio

## Our Businesses

### Mobile drilling units



- ✓ Modern fleet of 6th generation high spec and efficient harsh environment units
- ✓ Reduced environmental impact through efficiency and energy optimisation
- ✓ Journey towards zero emission drilling

### Well services



- ✓ Tubular running
- ✓ Rental services
- ✓ Well intervention
- ✓ Wired drillpipe
- ✓ Casing drilling

### Energy



- ✓ Platform drilling contracts for 16 installations in Norway and the UK
- ✓ Engineering & inspection services
- ✓ Innovation and development
- ✓ Green technology



## Q1 21 - key summary

---

- **More wells allocated to Deepsea Atlantic**
- **Lundin and Equinor work to Deepsea Stavanger**
- **Aker BP exercised second option to Deepsea Nordkapp**
- **5 year platform drilling contract with Taqa in the UK**
- **Alliance agreement with bp for platform drilling services**
- **Firm bank commitments for 2021 debt maturities**



# Mobile Offshore drilling Units (MODU)

## - Continued strong operations

### Q1 2021 Financial Utilization

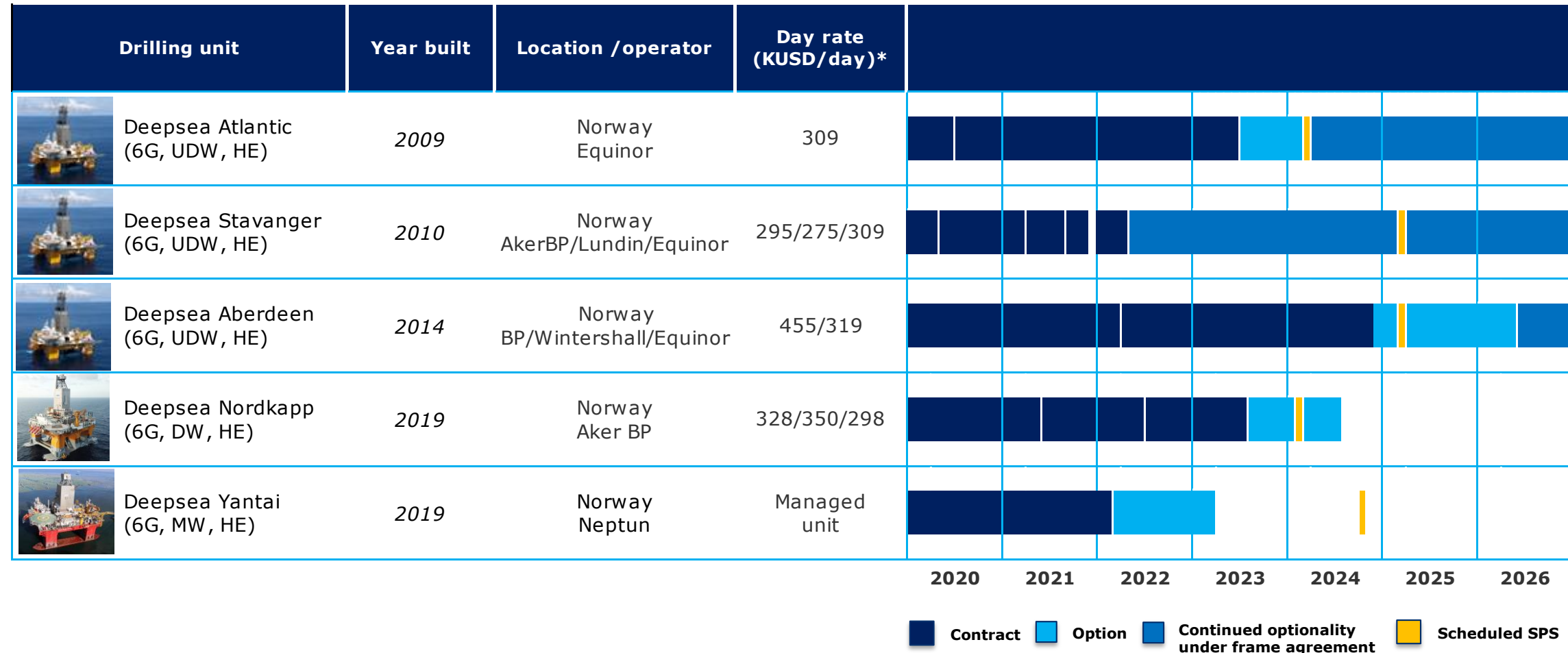
<b>Financial Utilization<sup>1</sup></b>	<b>Q1 21</b>	<b>Q1 20</b>	<b>FY 20</b>
Deepsea Stavanger	0,0 %	98,6 %	99,2 %
Deepsea Atlantic	85,9 %	99,1 %	98,9 %
Deepsea Bergen	n/a	92,7 %	92,7 %
Deepsea Aberdeen	97,2 %	74,8 %	92,1 %
Deepsea Nordkapp	98,5 %	97,9 %	99,0 %
Deepsea Yantai	98,6 %	93,3 %	93,3 %

1) Financial Utilisation is measured on a monthly basis and comprises the actual recognised 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-utilisation when the units are not under contract.



# Mobile Offshore drilling Units (MODU)

## - Contract status



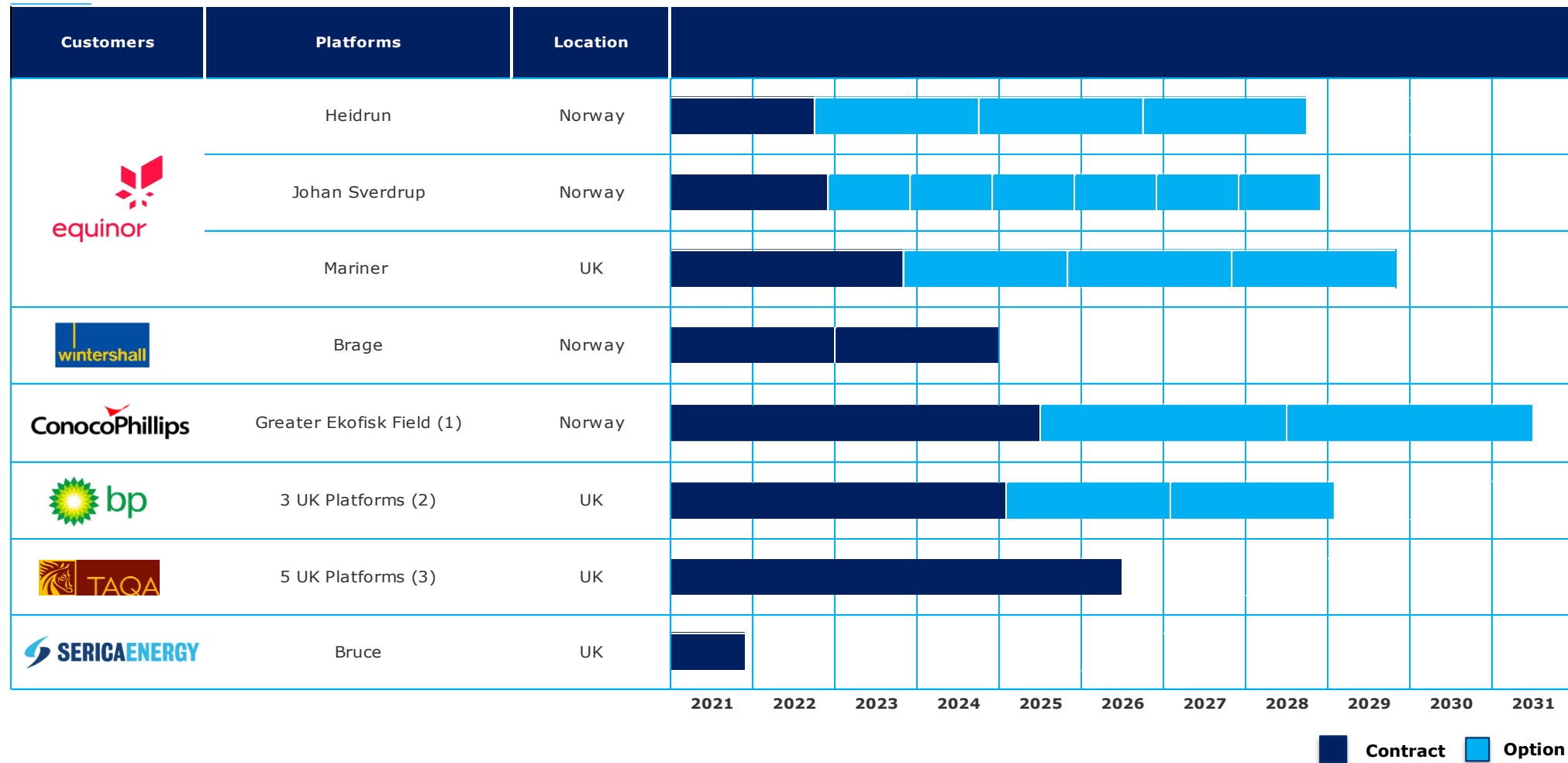
**Firm MODU contract backlog at 31 March 2021 of USD 1.1 billion  
with additional priced options valued at USD 0.3 billion\*\***

\* Base rate excluding any bonus element. Rates may include mix of currencies and fluctuate based on exchange rates.  
 \*\* The backlog does not include management revenue from Deepsea Yantai

Other definitions: 6G: Sixth generation, MW: Mid water, DW: Deep water, UDW: Ultra deep water, HE: Harsh environment

# Energy – Platform Drilling

## - Portfolio secured by medium to long-term contracts



**Firm contract backlog of USD 0.5 billion at 31 March 2021**  
**Value of priced optional periods of USD 0.6 billion\***

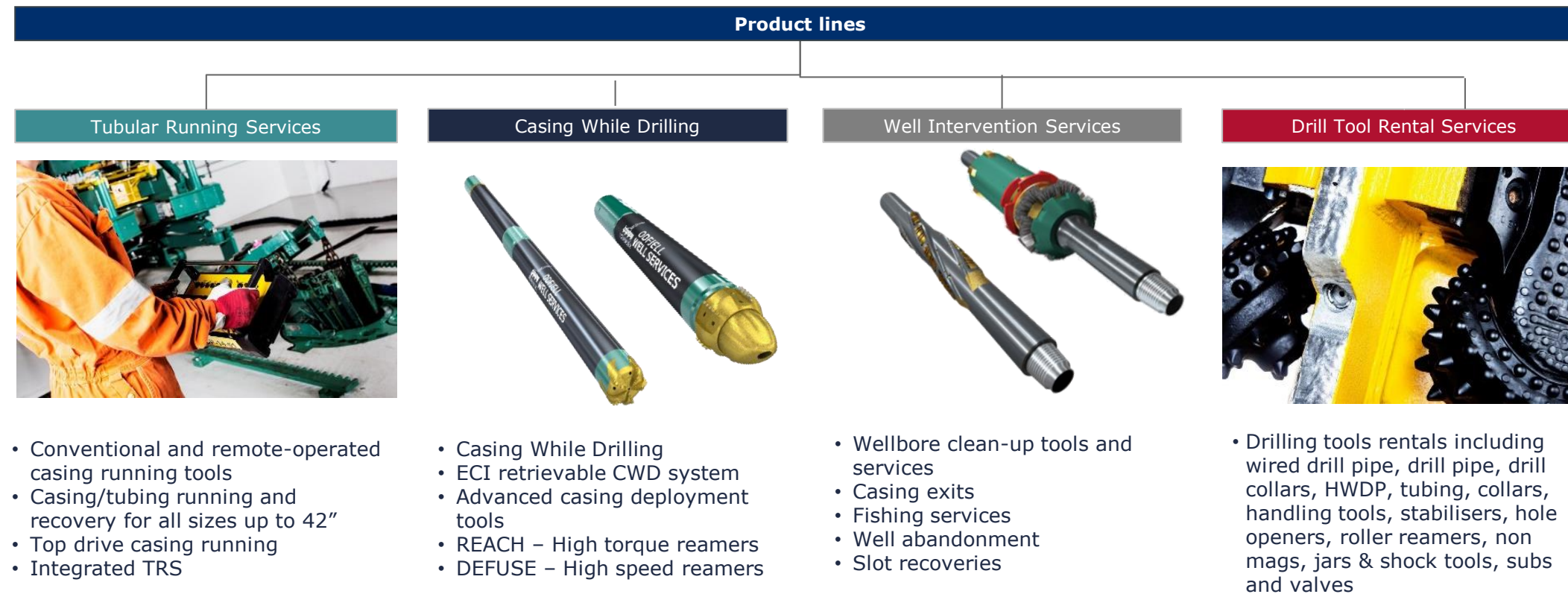
- 1) Eldfisk B, Ekofisk K, Ekofisk X
- 2) Clair, Andrew, Clair Ridge
- 3) North Cormorant, Harding, Tern Alpha, Brae Alpha and East Brae

\* The backlog calculation is subject operational activity. Rates may include mix of currencies and fluctuate based on exchange rates.

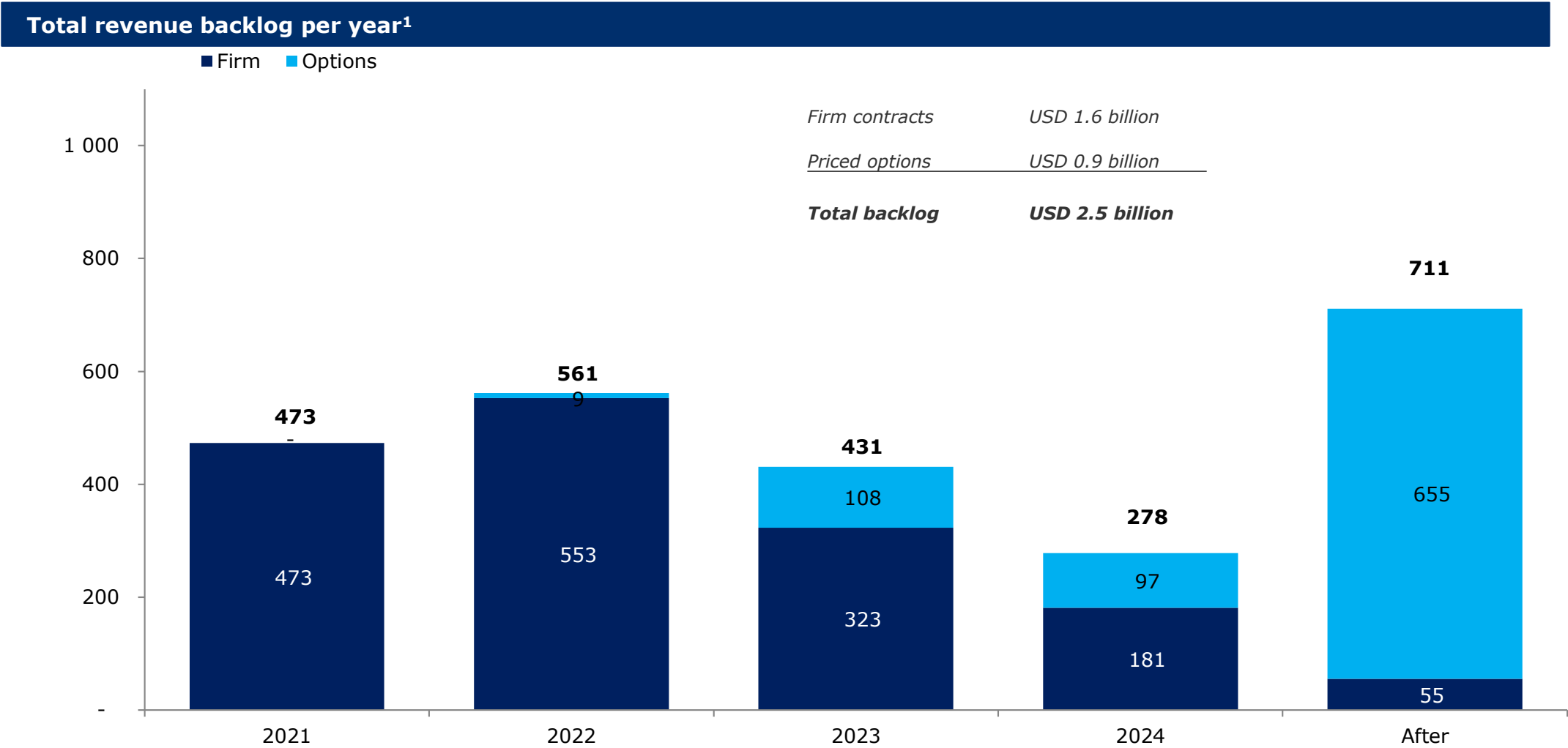


# Well Services

- global presence and diversified services



# Earnings visibility through USD 2.5 billion order backlog



1) Estimates at 31 March 2021. Revenue from frame agreements and call-off contracts in Well Services and revenue from Technology and MODU Management is not included in the backlog.

# Market outlook

## General

- COVID-19 outbreak and volatility in oil price create large uncertainties
- E&P companies will monitor the market closely and adjust their activities accordingly  
=> **Decreasing E&P activity due to overall uncertainty**

## MODU

- Significant oversupply in the global rig market
- Harsh environment markets are closer to supply/demand balance
- Present dayrate level does not support any newbuild activity based on expected capital return for the short to medium term
- Norwegian tax incentive scheme has increased activity on the NCS
- Preference by E&P companies for high-spec and efficient 6G units
- Scrapping of mature units will continue  
=> **Continued strong demand for ODL fleet**

## Well Services

- Still over-supply of available resources and equipment
- Observe an increased activity in the Norwegian market and expect in the short to medium term to face an overall increase in activity level for OWS
- The COVID-19 pandemic development may impact any market improvement  
=> **Some turbulence still expected to impact the demand in the short to medium term**

## Energy

- More tendering within the platform drilling market and additional activities within maintenance and upgrades are expected
- Focus on innovation and development within environmental initiatives  
=> **Positive market outlook**



# Financial information



**ODFJELL DRILLING**  
- for Decades

# Group summary financials

## Condensed consolidated income statement

P&L - (USD million)	Q1 21	Q1 20	FY 20
<b>Operating revenue</b>	<b>182</b>	<b>197</b>	<b>930</b>
Other gains/losses	0	0	3
Personnel expenses	-95	-78	-340
Other operating expenses	-42	-37	-172
<b>EBITDA</b>	<b>45</b>	<b>82</b>	<b>420</b>
Depreciation	-45	-49	-204
<b>Operating profit (EBIT)</b>	<b>0</b>	<b>33</b>	<b>216</b>
Net financial items	-11	-9	-71
<b>Profit/(loss) before tax</b>	<b>-11</b>	<b>24</b>	<b>146</b>
Income taxes	-1	-2	-2
<b>Profit/(loss) for the period</b>	<b>-11</b>	<b>23</b>	<b>143</b>

# Segment reporting

## - MODU financials

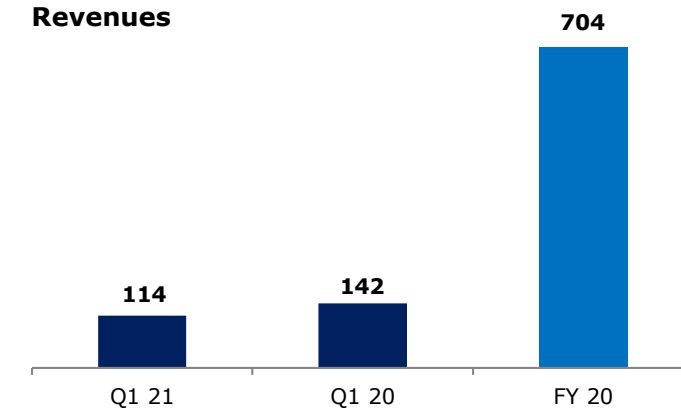
### MODU

Condensed P&L - (USD million)	Q1 21	Q1 20	FY 20
<b>Operating revenue</b>	<b>114</b>	<b>142</b>	<b>704</b>
<b>EBITDA</b>	<b>37</b>	<b>70</b>	<b>375</b>
Depreciation and impairments	-36	-41	-169
<b>EBIT</b>	<b>0</b>	<b>29</b>	<b>206</b>
Book value rigs	2 074	2 141	2 089
EBITDA-margin	31,9 %	49,3 %	53,3 %
EBIT-margin	0,3 %	20,6 %	29,2 %
Share of group revenue <sup>1</sup>	60,5 %	68,8 %	73,1 %
Share of group EBITDA <sup>1</sup>	80,9 %	85,9 %	88,8 %
Share of group EBIT <sup>1</sup>	14,2 %	84,0 %	90,4 %

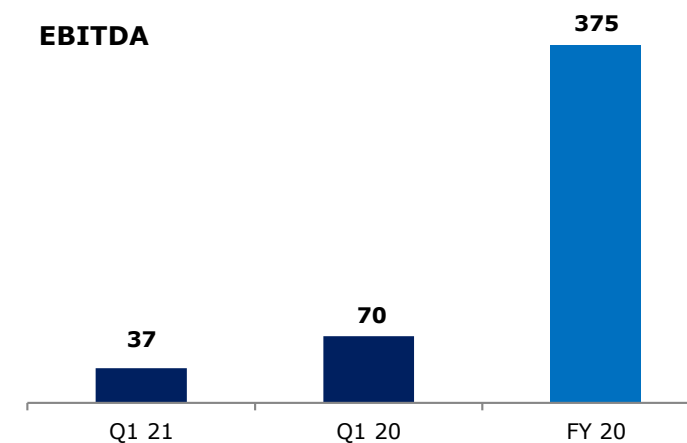
1) Before group eliminations and corporate overheads

### Key Financials (USD million)

#### Revenues



#### EBITDA





# Segment reporting

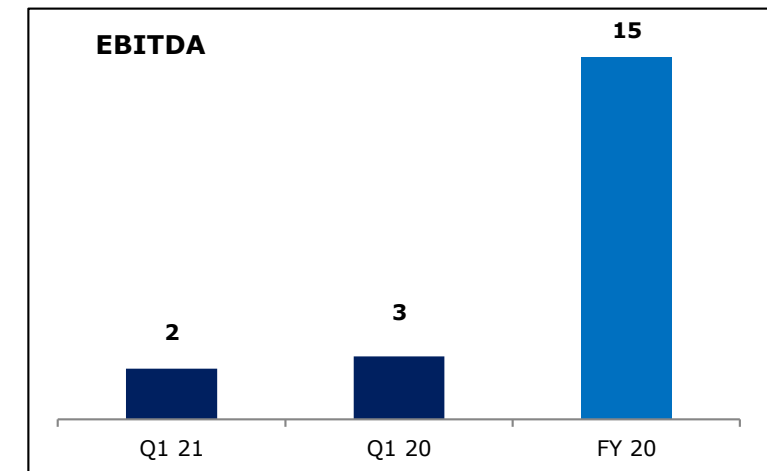
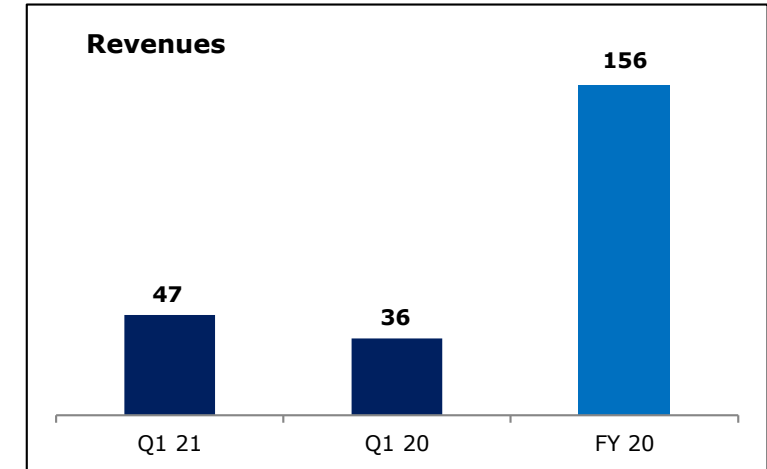
## - Energy financials

### Energy

Condensed P&L - (USD million)	Q1 21	Q1 20	FY 20
<b>Operating revenue</b>	<b>47</b>	<b>36</b>	<b>156</b>
<b>EBITDA</b>	<b>2</b>	<b>3</b>	<b>15</b>
Depreciation and impairments	-0	-0	-0
<b>EBIT</b>	<b>2</b>	<b>3</b>	<b>15</b>
EBITDA-margin	4,5 %	7,3 %	9,8 %
EBIT-margin	4,5 %	7,3 %	9,7 %
Share of group revenue <sup>1</sup>	25,0 %	17,5 %	16,2 %
Share of group EBITDA <sup>1</sup>	4,7 %	3,3 %	3,6 %
Share of group EBIT <sup>1</sup>	79,7 %	7,5 %	6,6 %

1) Before group eliminations and corporate overheads

### Key Financials (USD million)



# Segment reporting

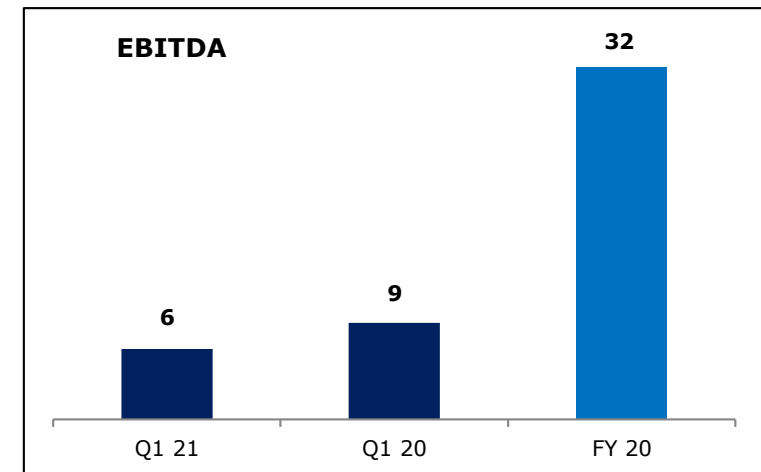
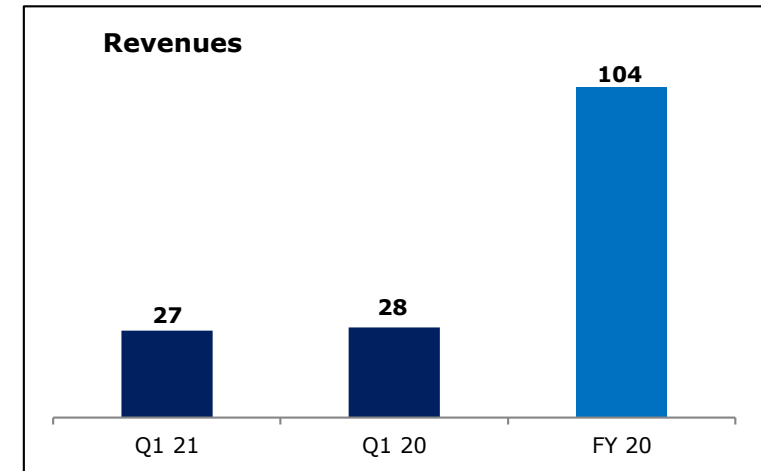
## - Well Services financials

### Well Services

Condensed P&L - (USD million)	Q1 21	Q1 20	FY 20
<b>Operating revenue</b>	<b>27</b>	<b>28</b>	<b>104</b>
<b>EBITDA</b>	<b>6</b>	<b>9</b>	<b>32</b>
Depreciation and impairments	-6	-6	-25
<b>EBIT</b>	<b>0</b>	<b>3</b>	<b>7</b>
Book value of equipment	65	75	69
Cost price for equipment in use	378	363	377
EBITDA-margin	23,7 %	31,3 %	31,1 %
EBIT-margin	0,6 %	10,4 %	6,6 %
Share of group revenue <sup>1</sup>	14,4 %	13,7 %	10,8 %
Share of group EBITDA <sup>1</sup>	14,3 %	10,8 %	7,6 %
Share of group EBIT <sup>1</sup>	6,2 %	8,4 %	3,0 %

1) Before group eliminations and corporate overheads

### Key Financials (USD million)



## Group

### - eliminations, corporate overhead & net financial items

#### Group – eliminations, corporate overhead & net financial items

(USD million)	Q1 21	Q1 20	FY 20
EBIT - MODU	0	29	206
EBIT - Energy	2	3	15
EBIT - Well Services	0	3	7
<b>EBIT for reportable segments</b>	<b>3</b>	<b>35</b>	<b>228</b>
Eliminations/corporate	-2	-2	-11
<b>Group EBIT</b>	<b>0</b>	<b>33</b>	<b>216</b>
Net financial items	-11	-9	-71
<b>Group profit before tax - Consolidated Group</b>	<b>-11</b>	<b>24</b>	<b>146</b>



# Summary statement of financial position

## Group statement of financial position

Assets (USDm)	31.03.21	31.03.20	31.12.20
Deferred tax asset	1	1	1
Intangible assets	29	25	29
Property, plant and equipment	2 185	2 257	2 203
Financial fixed assets	5	0	3
<b>Total non-current assets</b>	<b>2 220</b>	<b>2 283</b>	<b>2 236</b>
Trade receivables	135	158	162
Contract assets	10	8	10
Other current assets	27	31	26
Cash and cash equivalents	194	174	207
<b>Total current assets</b>	<b>366</b>	<b>371</b>	<b>405</b>
<b>Total assets</b>	<b>2 586</b>	<b>2 654</b>	<b>2 640</b>

- Group's gross interest bearing debt was USD 1,193 million (net of capitalized financing fees) at 31 March 2021.
- USD 194 million in cash and cash equivalents at 31 March 2021.
- Equity-ratio of 46% at 31 March 2021.

Equity and liabilities (USDm)	31.03.21	31.03.20	31.12.20
Total paid-in capital	565	565	565
Other equity	623	483	633
<b>Equity attributable to owners of ODL</b>	<b>1 188</b>	<b>1 048</b>	<b>1 198</b>
Non-controlling interests	0	-	1
<b>Total equity</b>	<b>1 189</b>	<b>1 048</b>	<b>1 199</b>
Non-current interest-bearing borrowings	676	1 179	696
Non-current lease liabilities	37	32	37
Post-employment benefits	6	5	7
Non-current contract liabilities	4	2	4
Other non-current liabilities	12	12	17
<b>Total non-current liabilities</b>	<b>737</b>	<b>1 230</b>	<b>760</b>
Current interest-bearing borrowings	517	210	516
Current lease liabilities	6	7	8
Contract liabilities	16	36	14
Trade payables	43	57	53
Other current liabilities	79	66	92
<b>Total current liabilities</b>	<b>661</b>	<b>376</b>	<b>682</b>
<b>Total liabilities</b>	<b>1 397</b>	<b>1 605</b>	<b>1 442</b>
<b>Total equity and liabilities</b>	<b>2 586</b>	<b>2 654</b>	<b>2 640</b>

# Summary statement of cash flow

## Group statement of cash flow

Cash Flow - (USDm)	Q1 21	Q1 20	FY 20
<b>Profit before income tax</b>	<b>-11</b>	<b>24</b>	<b>146</b>
Adjustment for provisions and other non-cash elements	56	44	267
Change in working capital	12	-7	3
<b>Cash from operations</b>	<b>58</b>	<b>62</b>	<b>416</b>
Interest paid	-13	-18	-67
Income tax paid	-1	-1	-3
<b>Net cash from operations</b>	<b>44</b>	<b>43</b>	<b>346</b>
Purchase of property, plant and equipment	-33	-24	-114
Other cash flows from investment activities	1	1	1
<b>Net cash used in investing activities</b>	<b>-33</b>	<b>-23</b>	<b>-113</b>
Net change in debt	-21	-3	-183
Other financing	-3	-1	-10
<b>Net cash from financing activities</b>	<b>-24</b>	<b>-5</b>	<b>-193</b>
<b>Net change in cash and cash equivalents</b>	<b>-12</b>	<b>16</b>	<b>39</b>
Cash and cash equivalents at period start	207	170	170
FX gains/(losses) on cash and cash equivalents	-0	-11	-2
<b>Cash and cash equivalents at period end</b>	<b>194</b>	<b>174</b>	<b>207</b>

# Summary Q1 2021

## **MODU:**

- Continue to build backlog and be a preferred partner in the Harsh Environment
- Attractive harsh environment assets and healthy outlook

## **Energy:**

- Awarded 5 year contract for platform drilling and maintenance services for Taqa in the UK
- Signed a strategic alliance agreement with bp in the UK for platform drilling activities

## **Well Services:**

- Continued strong activity although the service market has been affected by less demand due to COVID-19/oil price turbulence.

## **Key Financials:**

- Earnings visibility through USD 2.5 billion order backlog
- Secured firm bank commitments for 2021 debt maturities
- Continue to deleverage - net debt of less than USD 1 billion
- Sound cash position





**CEO Odfjell Drilling AS**

Simen Lieungh

**CFO Odfjell Drilling AS**

Atle Sæbø

**Vice President Corporate Finance & Investor Relations**

Eirik Knudsen, [eikn@odfjelldrilling.com](mailto:eikn@odfjelldrilling.com) +47 934 59 173

**Next event:**

Q2 2021 results tentatively scheduled to be published 26 August 2021

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



**ODFJELL DRILLING**  
- for Decades