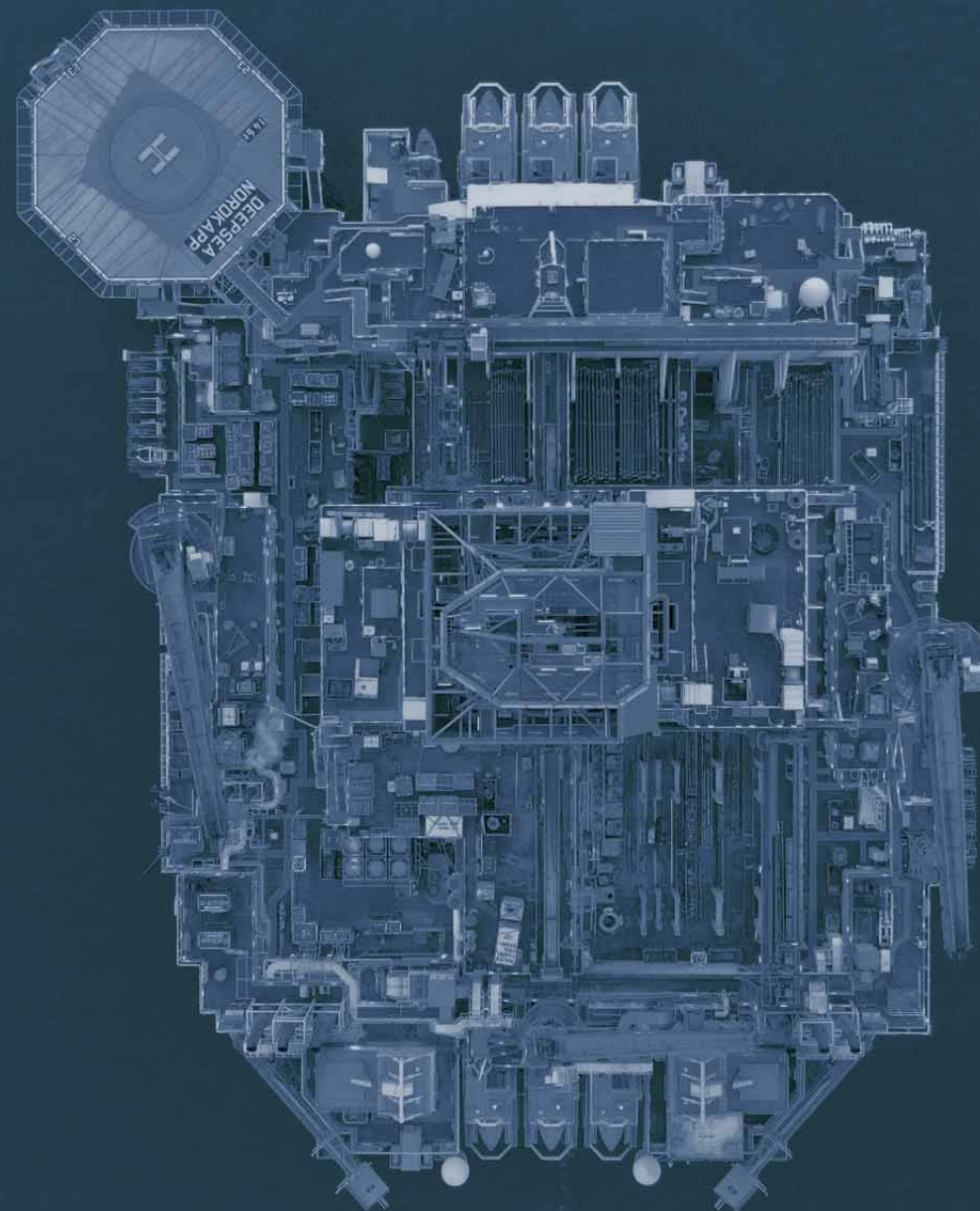


# Q3 2022 Presentation

24 November 2022



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# Agenda

Highlights

Commercial update

Financial results Q3 2022

Summary

Q&A



## Highlights Q3 2022

- Strong operational performance delivering an EBITDA of USD 81 million in the quarter
- Increased performance bonus and fuel incentives pay in the quarter
- Own Fleet: average utilisation of 97.1%
- Robust balance sheet and sound cash position
- Order backlog of USD 2 billion, of which USD 1.4 billion firm, providing strong cash flow security



Harsh-environment drilling company with deepwater capabilities and proven track record through 50 years experience



Clean harsh environment offshore drilling exposure with enhanced strategic flexibility

### KEY FINANCIALS Q3 2022

**USD 165m**

Revenue

**2.4x**

Leverage ratio

**USD 81m**

EBITDA

**USD 155m**

Cash

**1.5x**

EBITDA backlog/NIBD

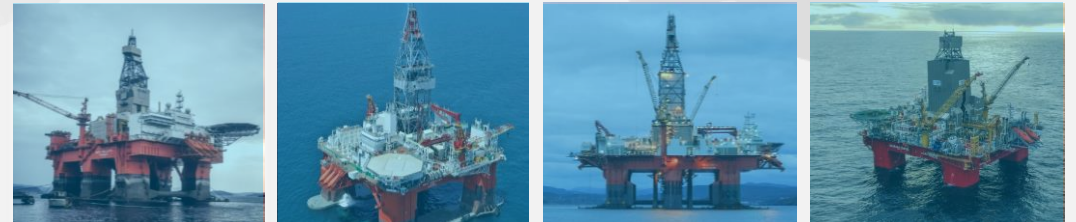
**USD 2bn**

Backlog

### Own Fleet



### External Fleet

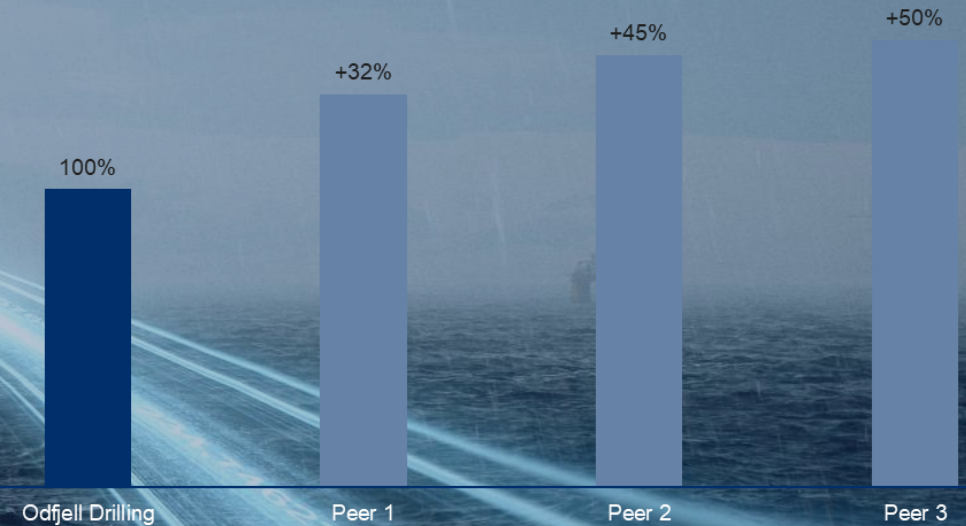


# Yellow Well Factories – Going Digital and Green




## Superior performance achieved through significant experience

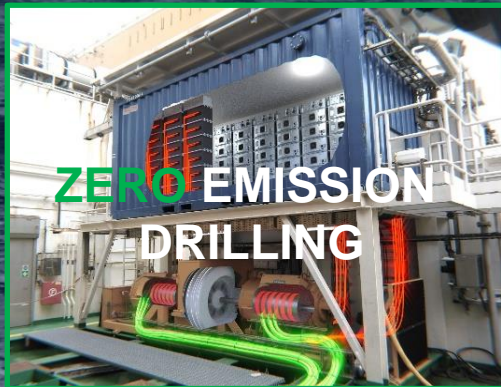
Normalised well delivery time  
Actual drilling days relative to expected drilling days<sup>1</sup>



  
>2 million meters drilled on the NCS

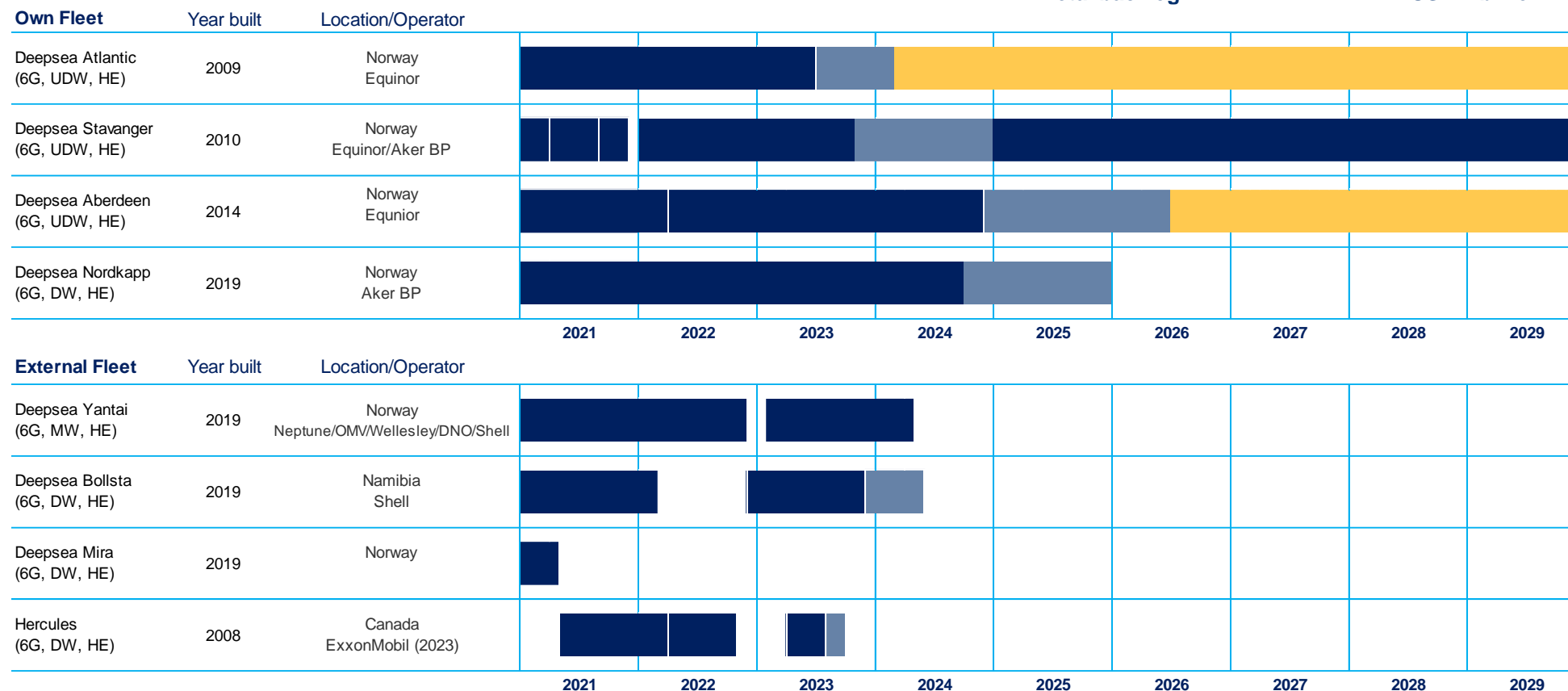
  
>500 wells drilled on the NCS

  
1<sup>st</sup> contractor to drill two wells simultaneously



# Solid backlog with further upside potential beyond 2024

Firm contracts USD 1.4 billion  
 Priced options USD 0.6 billion  
**Total backlog USD 2 billion**



Contract
  Option
  Continued optionality under frame agreement

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

Contract backlog: Estimates as per 30 September 2022. Excluding bonus and fuel savings incentives pay. Revenue from External Fleet is not included in the backlog.

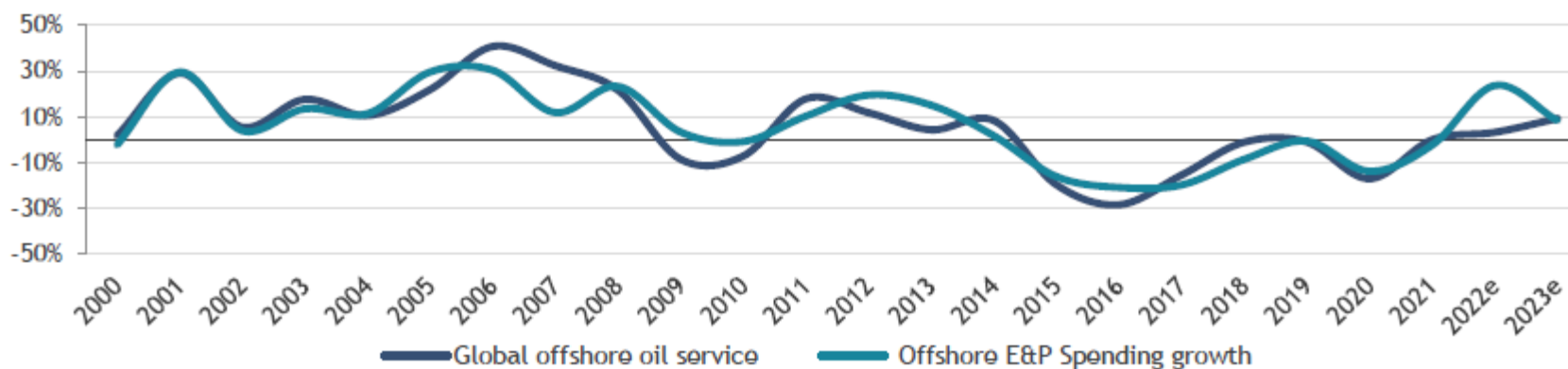


## Continued strengthening of the global drilling market

- High energy prices, focus on energy security and high cash flow generation from E&P companies
- Investments in oil and gas production are expected to increase significantly in coming years
- Have seen significant reduction in supply and now a notable increase in contracting and tender activity globally

### Anticipate higher future offshore E&P spending

YoY%



Source: Arctic Securities

## Demand from harsh-environment and deepwater markets

- Odfjell Drilling's fleet capable of operating in all markets including both ultra harsh-environment and deepwater / ultra-deepwater areas
- Interesting opportunities and tenders in the UK, Norway and internationally
  - In Norway, clear preference by clients for Tier 1 high-spec modern harsh-environment rigs with low carbon footprint
- Internationalisation with Deepsea Bollsta in Namibia and Hercules in Canada

Strong international clients





## Strong EBITDA in the quarter

| USD million                                  | Q3 22      | Q3 21      | YTD 22     | YTD 21     | FY 21      |
|--|------------|------------|------------|------------|------------|
| Continuing operations                        |            |            |            |            |            |
| <b>Operating revenue</b>                     | <b>165</b> | <b>154</b> | <b>483</b> | <b>429</b> | <b>572</b> |
| Other gains and losses                       | -          | -          | -          | -          | 7          |
| Personnel expenses                           | (48)       | (49)       | (153)      | (150)      | (200)      |
| Other operating expenses                     | (35)       | (28)       | (102)      | (91)       | (121)      |
| <b>EBITDA</b>                                | <b>81</b>  | <b>77</b>  | <b>228</b> | <b>188</b> | <b>258</b> |
| Depreciation and amortisation                | (44)       | (38)       | (127)      | (113)      | (151)      |
| <b>Operating profit (EBIT)</b>               | <b>37</b>  | <b>39</b>  | <b>101</b> | <b>74</b>  | <b>107</b> |
| Net financial items                          | (25)       | (10)       | (43)       | (31)       | (41)       |
| <b>Profit before taxes</b>                   | <b>12</b>  | <b>29</b>  | <b>57</b>  | <b>43</b>  | <b>66</b>  |
| Income taxes                                 | (1)        | (1)        | (3)        | (3)        | (6)        |
| <b>Net profit from continuing operations</b> | <b>12</b>  | <b>28</b>  | <b>54</b>  | <b>40</b>  | <b>61</b>  |
| Profit from discontinued operations          | -          | 3          | 47         | 6          | 13         |
| <b>Profit</b>                                | <b>12</b>  | <b>30</b>  | <b>101</b> | <b>46</b>  | <b>74</b>  |

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.

## Strong EBITDA in the quarter

- For the Own Fleet segment there was an increase on performance bonus and fuel incentives compared to the previous quarter
- Add-on sales from integrated services increased in the quarter
- Reversal of operating costs in the quarter – amongst other reversal of Covid-19 related costs (previous provision)
- For External Fleet segment there was an increase in EBITDA due to more activity for managed rigs

## Robust balance sheet and sound cash position

| USD million                             | 30.09.2022  | 30.09.2021  | 31.12.2021  |
|---|-------------|-------------|-------------|
| Paid-in capital                         | 445         | 565         | 565         |
| Other equity                            | 825         | 675         | 703         |
| <b>Total equity</b>                     | <b>1270</b> | <b>1240</b> | <b>1268</b> |
| Non-current interest-bearing borrowings | 662         | 926         | 875         |
| Non-current lease liabilities           | 39          | 38          | 38          |
| Non-current contract liabilities        | -           | 6           | 6           |
| Other non-current liabilities           | 3           | 14          | 10          |
| <b>Total non-current liabilities</b>    | <b>703</b>  | <b>983</b>  | <b>929</b>  |
| Current interest-bearing borrowings     | 141         | 157         | 161         |
| Current lease liabilities               | 25          | 8           | 8           |
| Contract liabilities                    | 19          | 21          | 22          |
| Trade payables                          | 32          | 38          | 43          |
| Other current liabilities               | 41          | 70          | 84          |
| <b>Total current liabilities</b>        | <b>258</b>  | <b>293</b>  | <b>318</b>  |
| <b>Total liabilities</b>                | <b>961</b>  | <b>1276</b> | <b>1247</b> |
| <b>Total equity and liabilities</b>     | <b>2231</b> | <b>2516</b> | <b>2515</b> |

| USD million                     | 30.09.2022  | 30.09.2021  | 31.12.2021  |
|---------------------------------|-------------|-------------|-------------|
| Property, plant and equipment   | 1953        | 2137        | 2109        |
| Intangible assets               | 3           | 28          | 29          |
| Deferred tax asset              | 1           | 1           | 1           |
| Other non-current assets        | 10          | 6           | 8           |
| <b>Total non-current assets</b> | <b>1967</b> | <b>2173</b> | <b>2147</b> |
| Trade receivables               | 86          | 170         | 155         |
| Contract assets                 | 8           | 11          | 10          |
| Other current assets            | 15          | 28          | 31          |
| Cash and cash equivalents       | 155         | 135         | 173         |
| <b>Total current assets</b>     | <b>264</b>  | <b>344</b>  | <b>368</b>  |
| <b>Total assets</b>             | <b>2231</b> | <b>2516</b> | <b>2515</b> |

- Cash position of USD 155 million
- Gross interest-bearing debt of USD 803 million

## Strong cash flow from operations

| USD million   | Q3 22       | Q3 21       | YTD 22       | YTD 21       | FY 21        |
|---|-------------|-------------|--------------|--------------|--------------|
| <b>Profit before tax from continuing operations</b>           | 12          | 29          | 57           | 43           | 66           |
| Profit before tax from discontinued operations                | 0           | 3           | 10           | 6            | 11           |
| Adjustment for interest, provisions and non-cash elements     | 66          | 58          | 185          | 171          | 230          |
| Changes in working capital                                    | (2)         | (18)        | (21)         | (33)         | -            |
| <b>Cash generated from operations</b>                         | <b>75</b>   | <b>71</b>   | <b>232</b>   | <b>187</b>   | <b>308</b>   |
| Net interest paid   | (11)        | (11)        | (33)         | (38)         | (50)         |
| Net income tax paid   | (1)         | -           | (1)          | (2)          | (2)          |
| <b>Net cash flow from operating activities</b>                | <b>64</b>   | <b>60</b>   | <b>198</b>   | <b>148</b>   | <b>257</b>   |
| -of which from continuing operations                          | 64          | 58          | 185          | 128          | 216          |
| <b>Cash flows from investing activities:</b>                  |             |             |              |              |              |
| Purchase of property, plant and equipment                     | (17)        | (17)        | (40)         | (79)         | (98)         |
| Proceeds from sale of property, plant and equipment           | -           | -           | 1            | 1            | 1            |
| Disposal of discontinued operations, net cash disposed of     | -           | -           | (50)         | -            | -            |
| Other investing activities                                    | -           | -           | (2)          | -            | (1)          |
| <b>Net cash flow from investing activities</b>                | <b>(17)</b> | <b>(17)</b> | <b>(91)</b>  | <b>(79)</b>  | <b>(97)</b>  |
| -of which from continuing operations                          | (17)        | (13)        | (32)         | (64)         | (71)         |
| <b>Cash flows from financing activities:</b>                  |             |             |              |              |              |
| Proceeds from borrowings                                      | -           | (2)         | 147          | (2)          | (2)          |
| Repayment of borrowings                                       | (21)        | (41)        | (239)        | (129)        | (176)        |
| Repayment of lease liabilities                                | (6)         | (1)         | (13)         | (5)          | (6)          |
| Dividends paid to preference shareholders                     | -           | -           | (2)          | (2)          | (4)          |
| <b>Net cash flow from financing activities</b>                | <b>(27)</b> | <b>(44)</b> | <b>(108)</b> | <b>(138)</b> | <b>(189)</b> |
| -of which from continuing operations                          | (27)        | (43)        | (254)        | (136)        | (186)        |
| Effects of exchange rate changes on cash and cash equivalents | (9)         | (1)         | (16)         | (3)          | (4)          |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | <b>11</b>   | <b>(2)</b>  | <b>(18)</b>  | <b>(72)</b>  | <b>(34)</b>  |
| Cash and cash equivalents at beginning of period              | 144         | 137         | 173          | 207          | 207          |
| <b>Cash and cash equivalents at period end</b>                | <b>155</b>  | <b>135</b>  | <b>155</b>   | <b>135</b>   | <b>173</b>   |



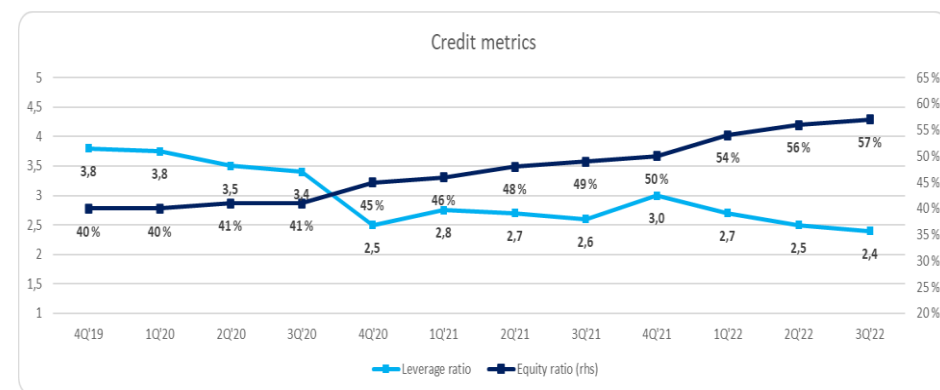
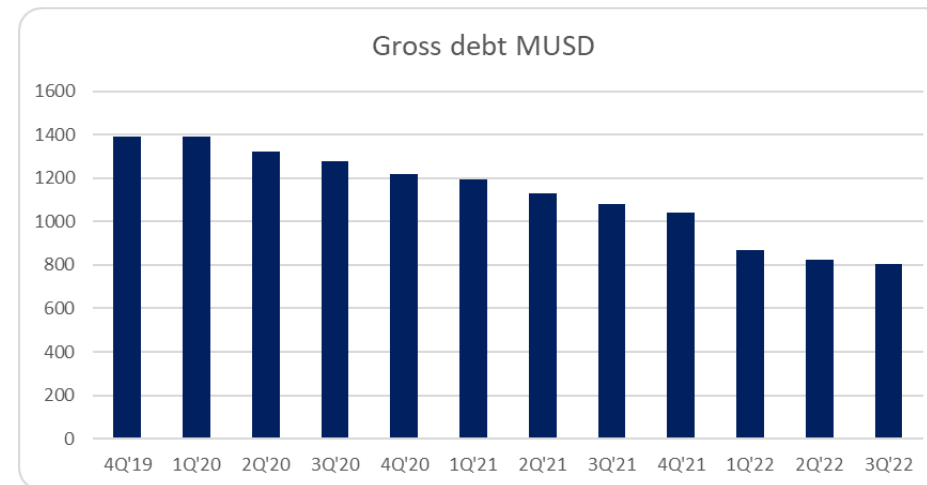
# On our way to cash dividend

## Strong credit metrics

- EBITDA backlog/NIBD<sup>1)</sup> 1.5x
- Leverage ratio 2.4
- Loan to value<sup>2)</sup> 36%
- Equity-ratio 57%

1) Estimated EBITDA backlog for illustrative purposes based on contract backlog and recent EBITDA margin of 55% for Own Fleet and adjusted net interest-bearing debt (NIBD) of USD 713 million

2) Based on free of charter broker values as of 30 June 2022 and adjusted net interest-bearing debt



# Summary

## Q3 Highlights

- Strong operational performance delivering an EBITDA of USD 81 million
- Increased performance bonus and fuel incentives pay in the quarter
- Added significant amount of contract backlog
- Robust balance sheet and sound cash position

## Outlook

- Solid contract backlog with further upside potential beyond 2024
- Positive demand drivers as back-drop for expected increase in drilling activity
- Continued strengthening of both deepwater and harsh-environment markets







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