



**SHELF
DRILLING**



Shelf Drilling Presentation

David Mullen – CEO

Pareto Securities' 25th Oil & Offshore Conference in Oslo

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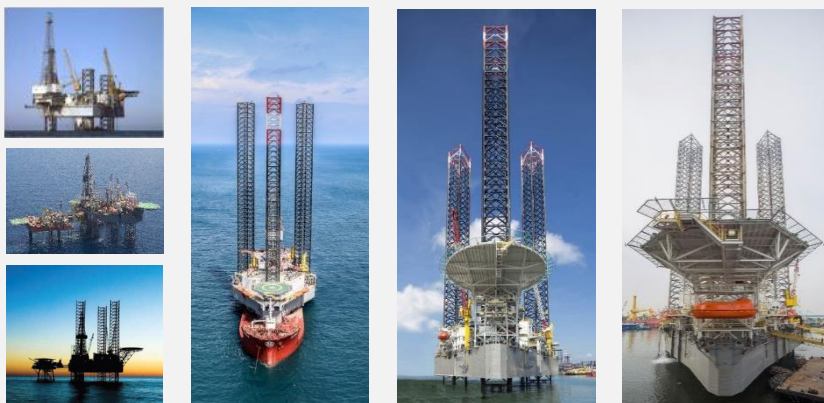
Shelf Drilling is the World's Largest Jack-up Contractor

Company Overview

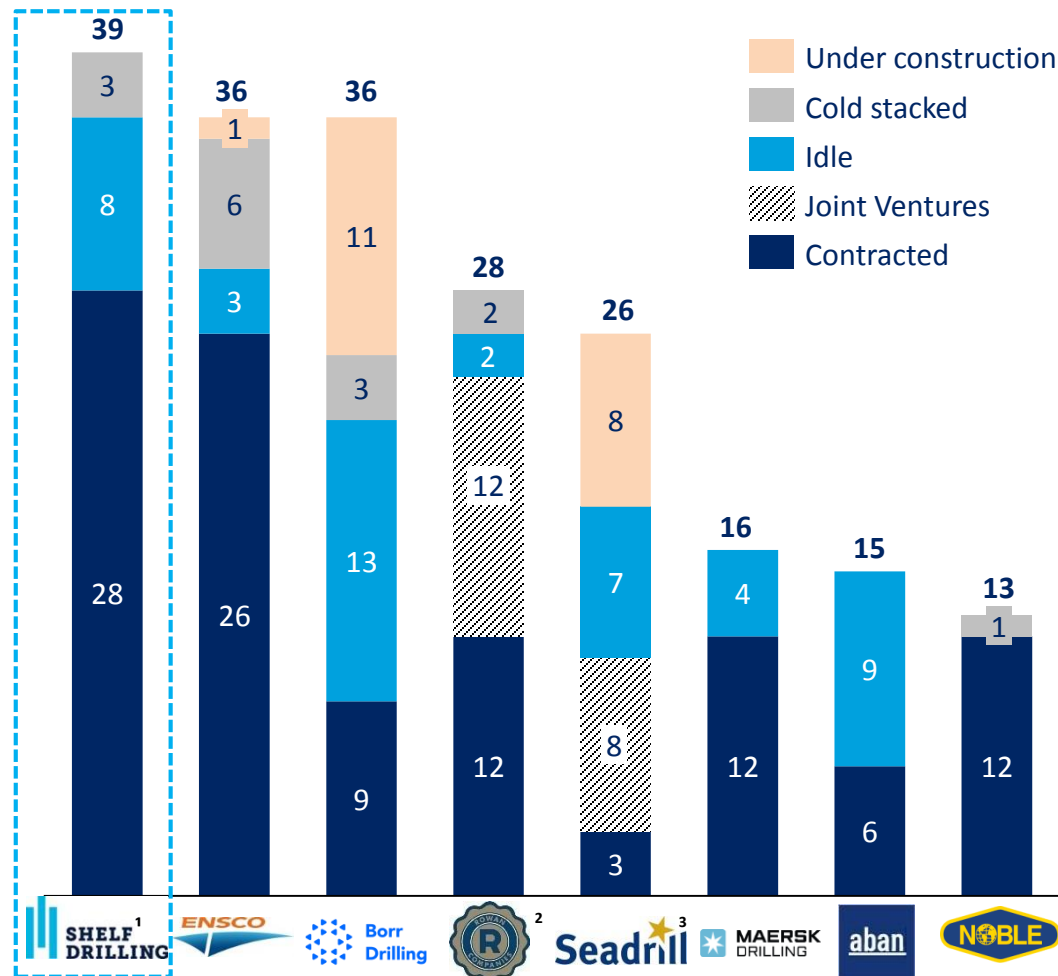
- International “pure-play” jack-up drilling company
- Fit-for-purpose operations with sole focus on shallow water
- Headquarters centrally located in Dubai
- Top tier safety and operational performance
- Industry leading cost structure
- Robust full cycle financial results

Fleet Size

39 ILC jack-ups and 1 swamp barge



Largest Contracted Fleet of Jack-ups Globally



Source: Company filings

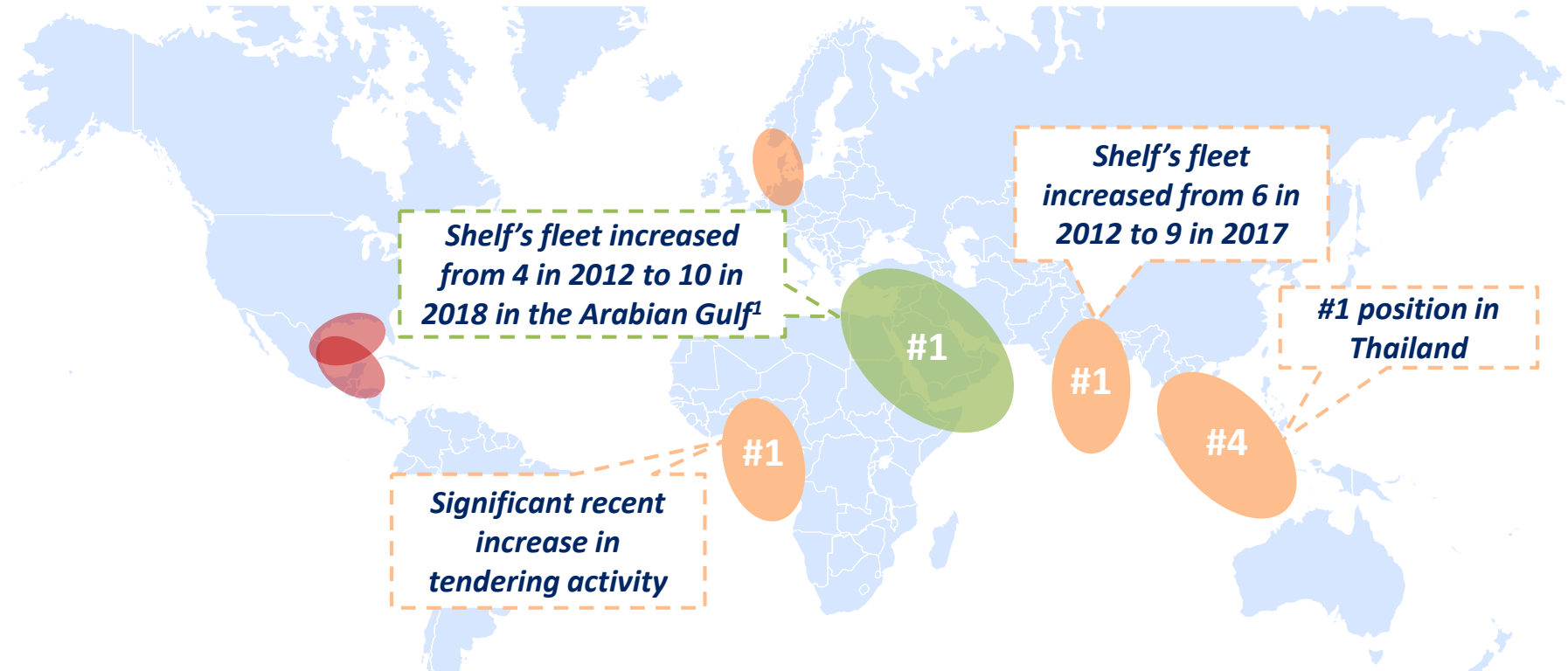
Note (1): Excluding Swamp Barge

Note (2): Includes 12 rigs managed by ARO Drilling, 7 owned by Rowan

Note (3): Includes 5 rigs owned by Sea-Mex and 3 AOD JV rigs, excludes 3 rigs owned by North Atlantic Drilling

Market Leader in Core Jack-up Regions

Global Jack-up Activity vs. Shelf Drilling's Geographical Fleet Distribution



Operating in the most active and promising markets

Color represents jack-up activity level

High

Medium

Low

Number (#) represents Shelf Drilling's operating position

Source: Rystad Energy RigCube

Note (1): Arabian Gulf defined as Bahrain, Qatar, Saudi Arabia and UAE

Fit-For-Purpose Rigs Have Delivered Superior Utilization

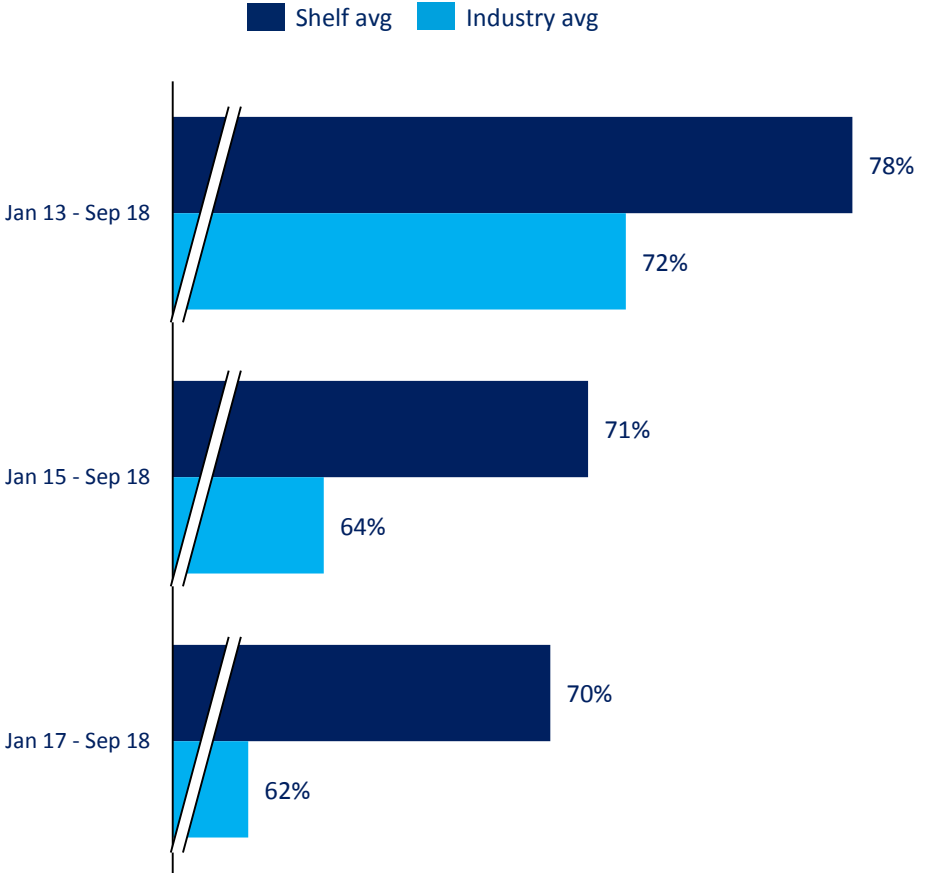


Shelf's three strategic pillars have served the company well

- 1 Right Assets in the Right Locations
- 2 Right-Sized Organization
- 3 High National Content

Over US\$ 5.3 billion of new contract awards since November 2012

Utilization Comparison¹



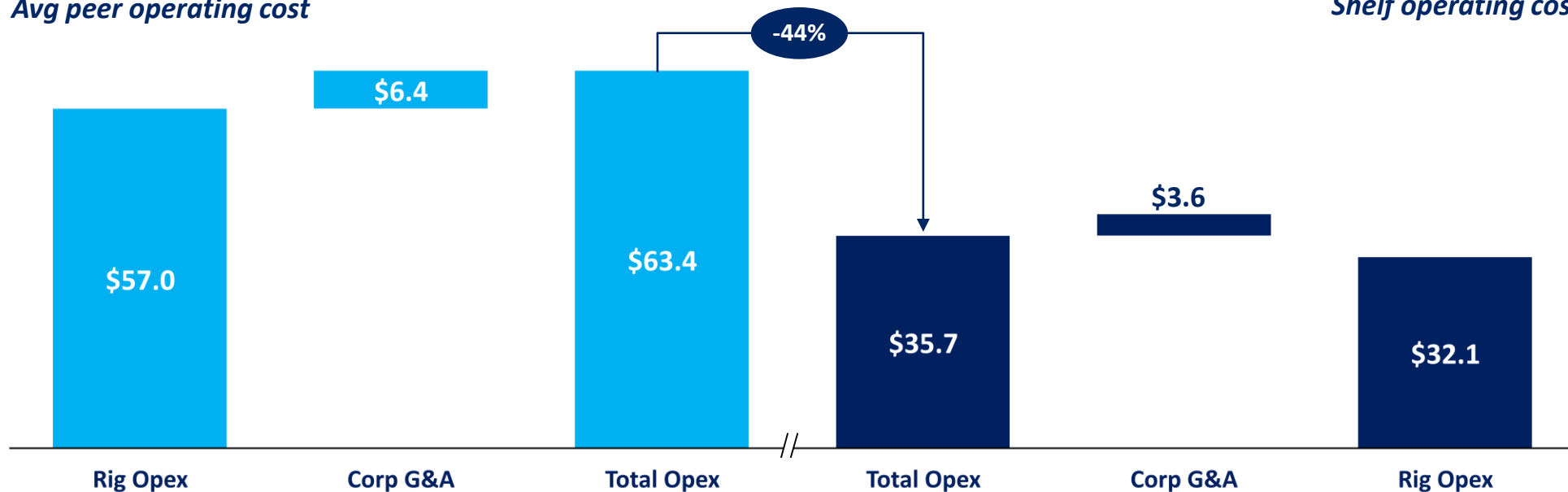
Source: IHS PetroData
Note (1): Total utilization, current as of September 2018

Industry Leading Operating Cost Levels

Opex per Jack-up Rig (US\$000/Day Per Active Rig)¹

Avg peer operating cost

Shelf operating cost



- High national content, standardization of equipment, and centralized management are key enablers in maintaining low cost base
- Major investments in existing rig fleet from 2013 to 2015 tailored to enhance cost and operating synergies
- Reorganization of Dubai HQ and field locations contributed to 38%² reduction in onshore costs over two-year period (2014 to 2016)
- Expect to sustain reduced levels in 2018 and beyond

Source: Company filings, DnB Markets

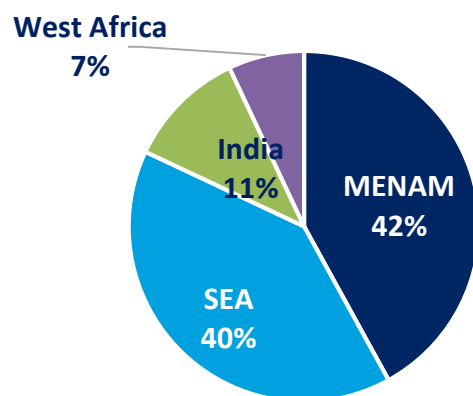
Note (1): SHLF figures based on actual results from 2017 for active jack-ups (excludes direct rig opex of \$9k/d for idle rigs and \$2k/d for stacked rigs). Shore-based costs of \$33MM allocated evenly across all active jack-ups (33.2 units in 2017). Peer group includes ESV, NE using data from their 2017 10K. SDRL and RDC excluded for 2017 (SDRL: limited financial information for FY 2017; RDC: accounting for ARO), however based on similar analysis for 2016, data expected to be in line or higher than peer average shown here

Note (2): Includes shore-based G&A and excludes bad debt provision, sponsor fees and share-based compensation

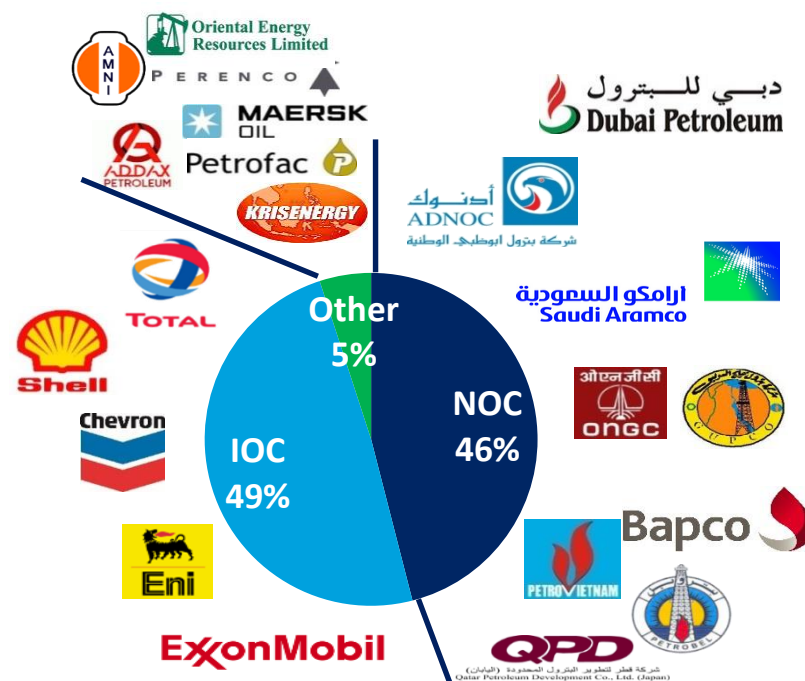
Fleet Status Summary

	Contracted ¹	Available	Total ²	% Cont.
MENAM	13	5	18	72%
India	7	1	8	88%
West Africa	5	-	5	100%
SE Asia	2	1	3	67%
Other ³	1	1	2	50%
Total	28	8	36	78%

Total Backlog⁴ – \$1.05 billion (As of 30 June 2018)



Backlog Quality and Diversity



- 95% of backlog with NOCs and IOCs
- 28 contracted rigs with on average ~1.5 years of remaining contract term

Note (1): Contracted includes High Island IX under 5-year contract with Aramco but out of service in Q3 2018, as well as Trident VIII expected to commence in Q1 2019 with Amni in Nigeria

Note (2): Total excludes 4 stacked rigs (3 jack-ups and 1 swamp barge).

Note (3): Other: Includes Randolph Yost under BBC contract in USA and Shelf Drilling Scepter recently purchased in US GOM (available)

Note (4): Total backlog as of June 30, 2018, consistent with the reporting period. Customer logos include current and prior customers

Oil Price Development

Brent Oil Price (\$/bbl)

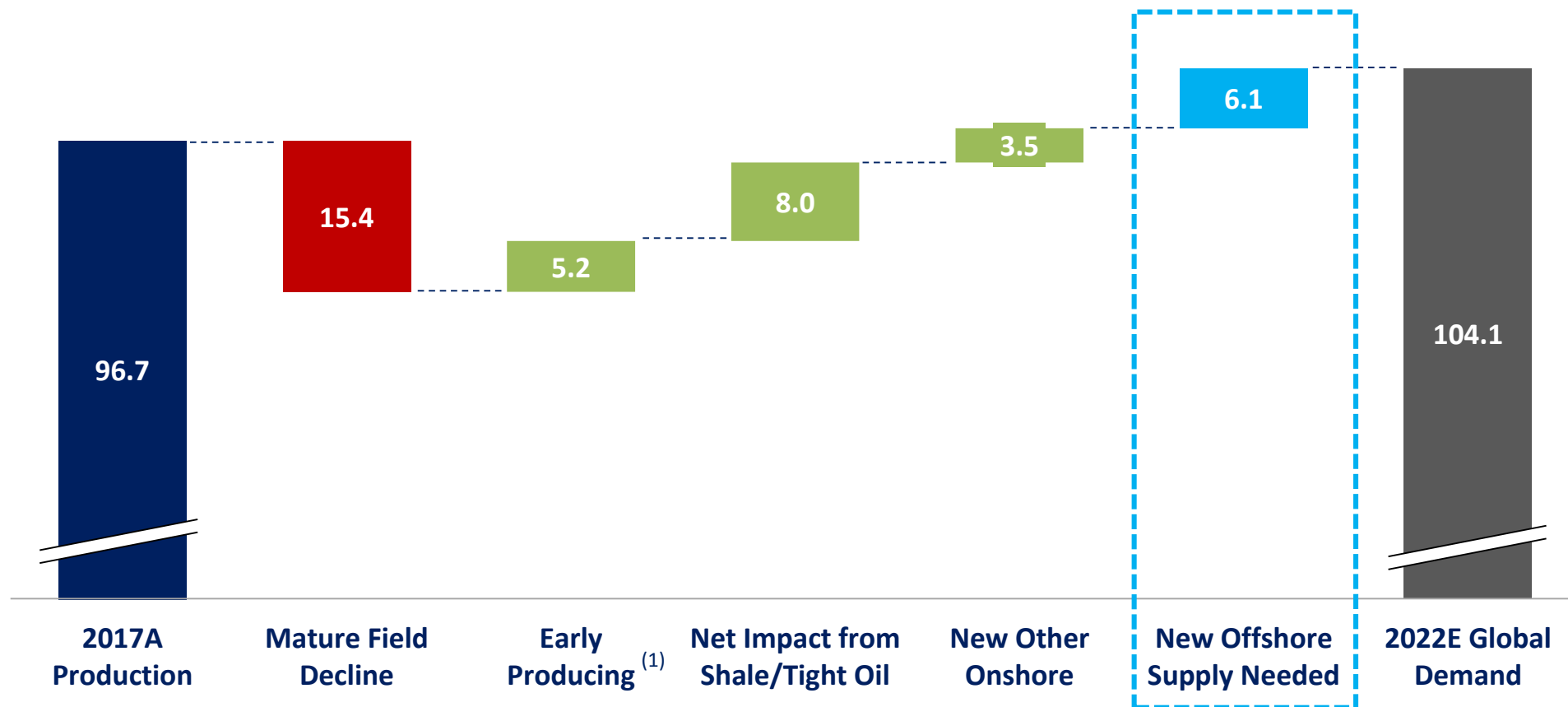


Robust demand and lack of investment driving steady recovery in oil prices

Source: Bloomberg, IHS Petrodata

New Offshore Supply is Key to Meeting Continued Oil Demand Growth

Global liquids supply potential 2017 vs 2022 (mmbblpd)

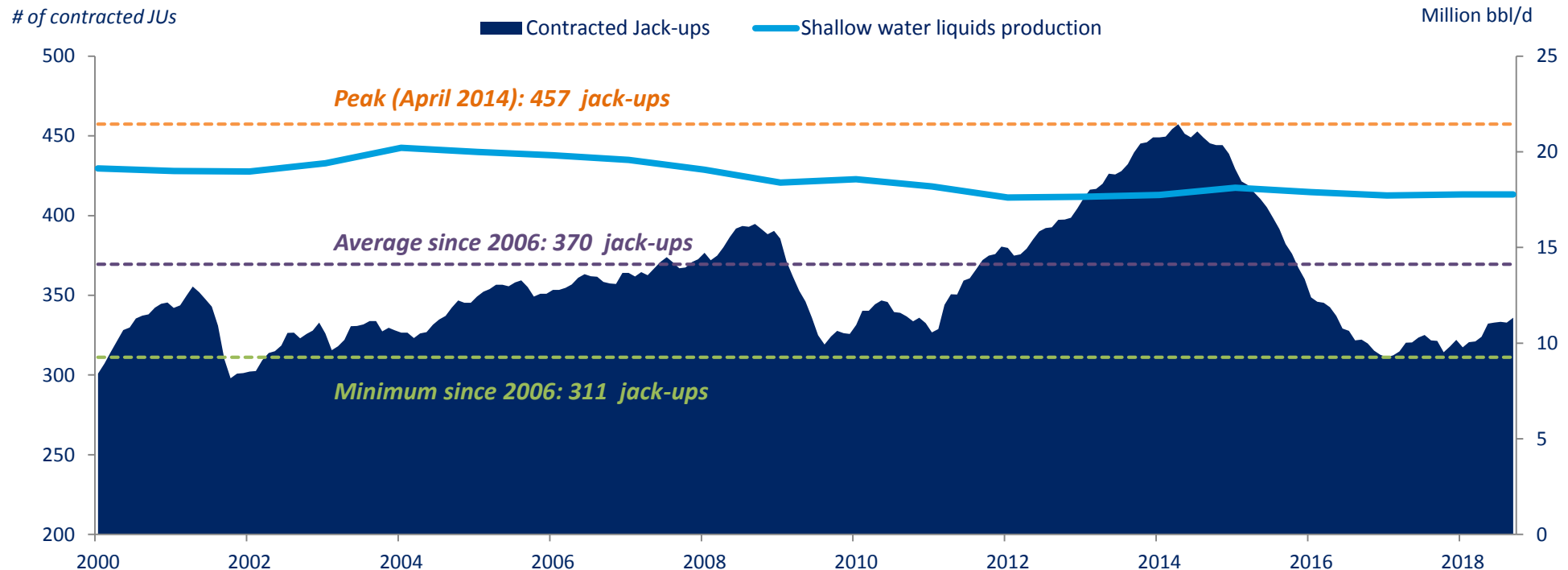


Source: Rystad Energy, May 2018

Note(1): Early producing category includes fields that have produced less than 25% of their total estimated resources to date (excludes shale)

Shallow Water Activity and Production

of Contracted Jack-ups and shallow water liquids production¹



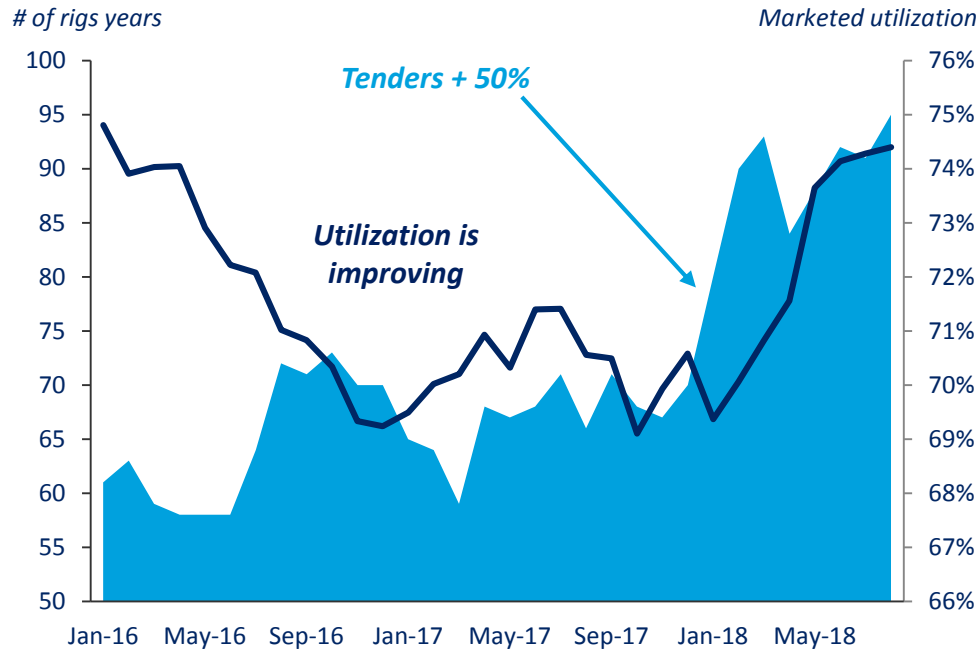
- Shallow water activity in 2017 was at the lowest level since early 2000s – jack-up rig count up 22 in last 12 months
- Average rig demand of around 370 units since mid-2000s
- Increasing level of rig activity required to expand or even maintain production from shallow water basins globally

Source: IHS Petrodata, Rystad Energy

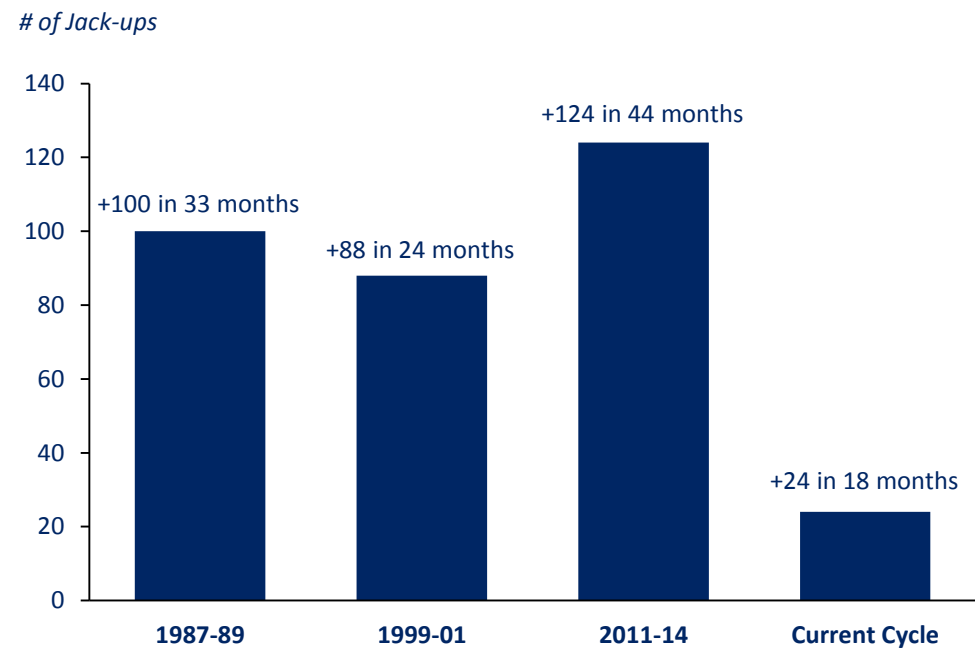
Note (1): Rystad Energy 2018 liquids production represents the full year estimate

Activity is Recovering and Expected to Accelerate

Increased Tender Activity and Utilization

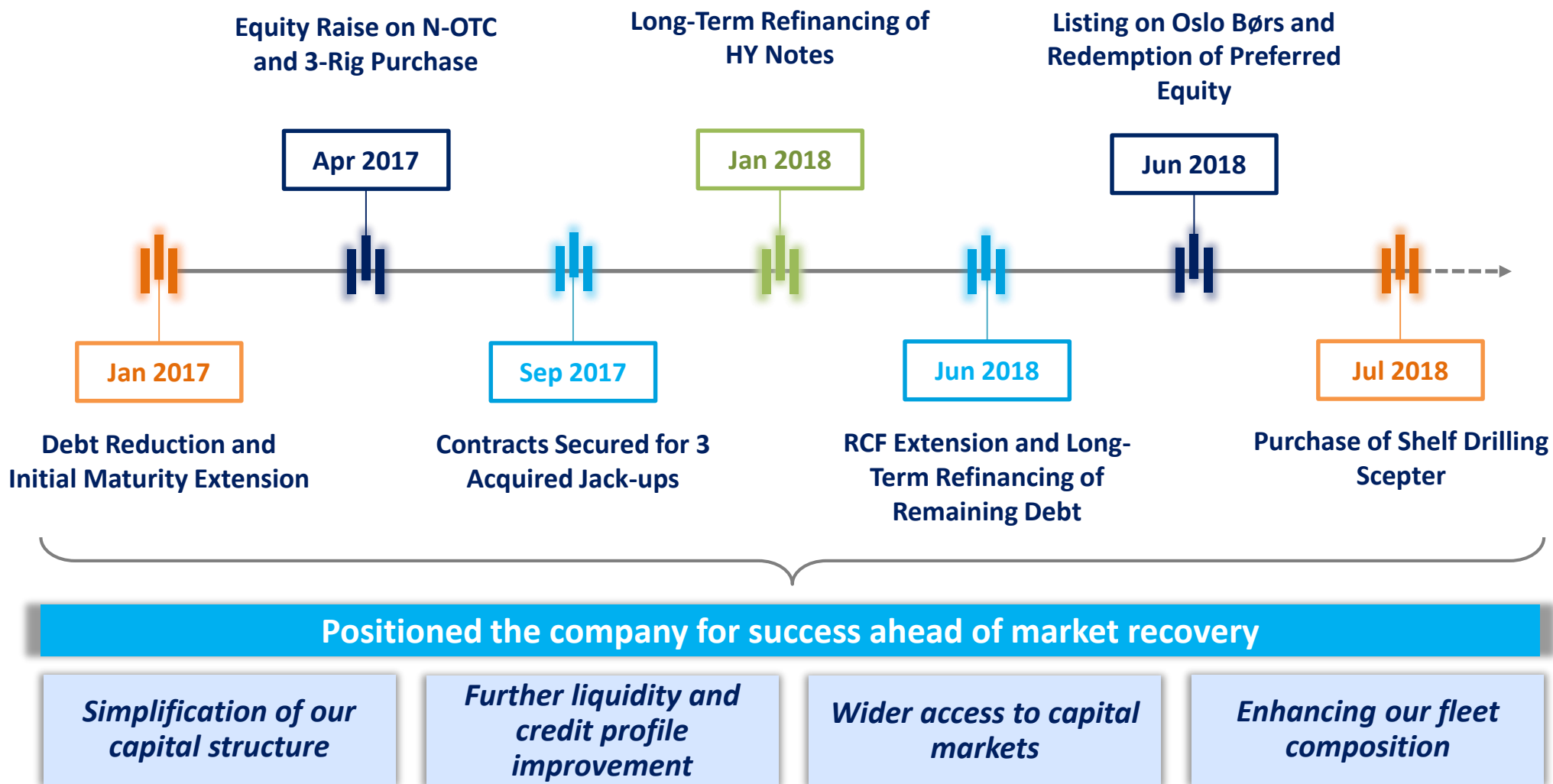


Increase in Contracted Jack-up Rig Count per Cycle



- Tendering and pre-tendering activity has shown a strong growth through 2017 and into 2018
- Expect strong increase in activity in Middle East as outstanding tenders are announced and current tenders are in process
- Observing ongoing and increasing tendering activity in West Africa and India through 2019
- Historically after severe downturns, demand has typically recovered 12-24 months after the trough
- Modest increase in jack-up rig count in current cycle indicating that the market has bottomed out, and significant recovery is likely to follow a similar timeline as previous cycles

Focused Execution of Growth Strategy



Simplified Capital Structure with Strong Credit Profile and Liquidity Runway



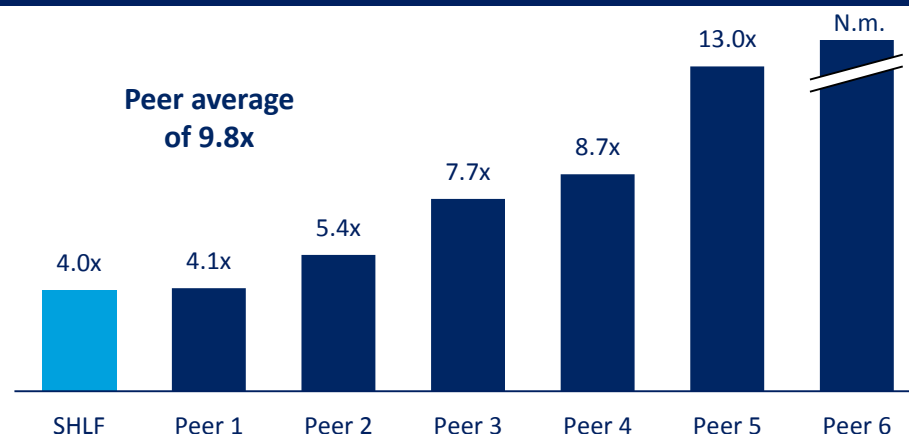
- Series of steps completed in 2018 to further improve financial position and flexibility

- Opportunistically addressed maturities
- Converted five separate debt facilities into two
- Single tranche of \$900 million senior unsecured notes
- Extension to 2023 and upsize of RCF to US\$ 225 million
- Redemption of \$167 million preferred equity security
- Annual cash flow savings in excess of \$ 50 million

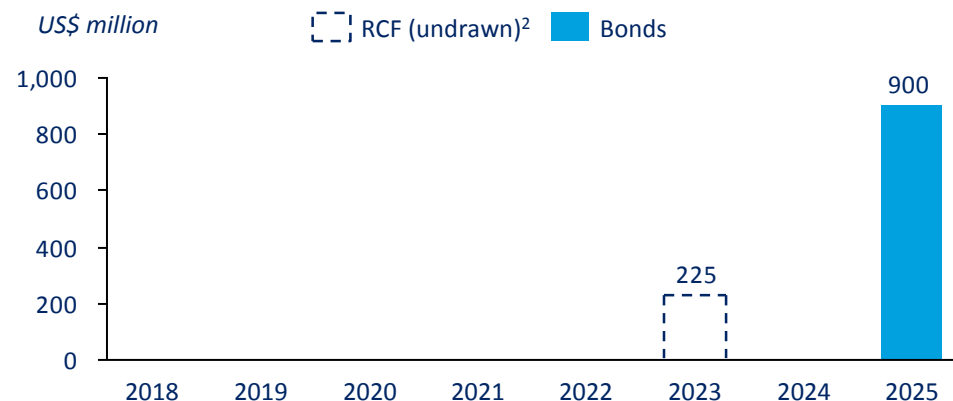
- Top tier credit profile

- No required principal payments before 2025
- Backlog coverage on net debt¹ of 1.3x versus peer group of average of 0.7x
- Net Debt / LTM Adjusted EBITDA¹ of 4.0x versus peer group average of 9.8x

Fully Invested Net Debt / LTM EBITDA¹



Post Refinancing's Debt Repayments/Maturities



Note (1): Peers include ESV, NE, RDC, RIG, DO and BDRILL; including reported newbuilding capex; max 20.0x for average calculation as of 30 June 2018

Note (2): Assumed zero draw under the RCF

Strategic Evolution and Positioning of Jack-Up Fleet

9 x Premium Jack-ups



Demonstrated ability to invest and deploy

- Newbuilds: 2
- Acquired Rigs: 4
- Major Upgrades: 3

6 x Shallow Draft



Uniquely positioned to meet niche demand

- Arabian Gulf: 5
- Nigeria: 1

21 x Standard

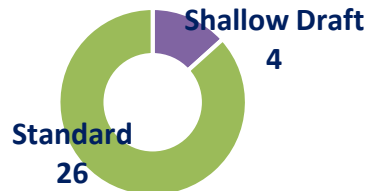


Cost efficient and well suited for brownfield activity

- India & Egypt: 11
- Other Areas: 10

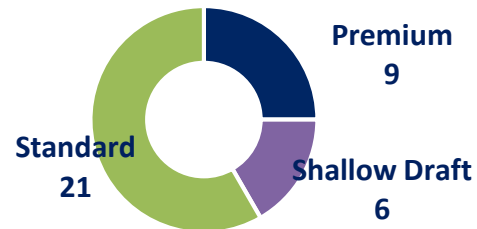
2012

Total Active = 30



2018

Total Active = 36





“Right Assets in Right Locations”

Blend of premium & standard jack-ups provides ideal match to customer requirements across our regions

Recent Acquisition of Shelf Drilling Scepter

Rig Acquisition

	Shelf Drilling Scepter	KFELS JU Newbuild ¹
		
Design	KFELS Mod Super B	KFELS super B Bigfoot
Original Delivery	2008	2016
Max water depth	350 ft	400 ft
Drilling depth	35,000 ft	35,000 ft
BOP stack	15,000 psi	15,000 psi
Hookload	2.0 million lbs.	2.0 million lbs.
Cantilever	70 ft. x 30 ft.	75 ft. x 30 ft.
Liquid mud volume	6,000 bbls.	4,200 bbls.
Accommodation (POB)	120 persons	150 persons
Purchase Price	\$68.5m	\$149m

- Attractive purchase price
 - Represents nearly 70% discount to construction prices from last build cycle (2014 time frame), and
 - 54% discount to recent second-hand transactions for jack-ups purchased directly from shipyard with the same operating capabilities
- High-specification jack-up with reputable design and proven track record
- Shelf Drilling Scepter is well suited for several near term contract opportunities in our core markets

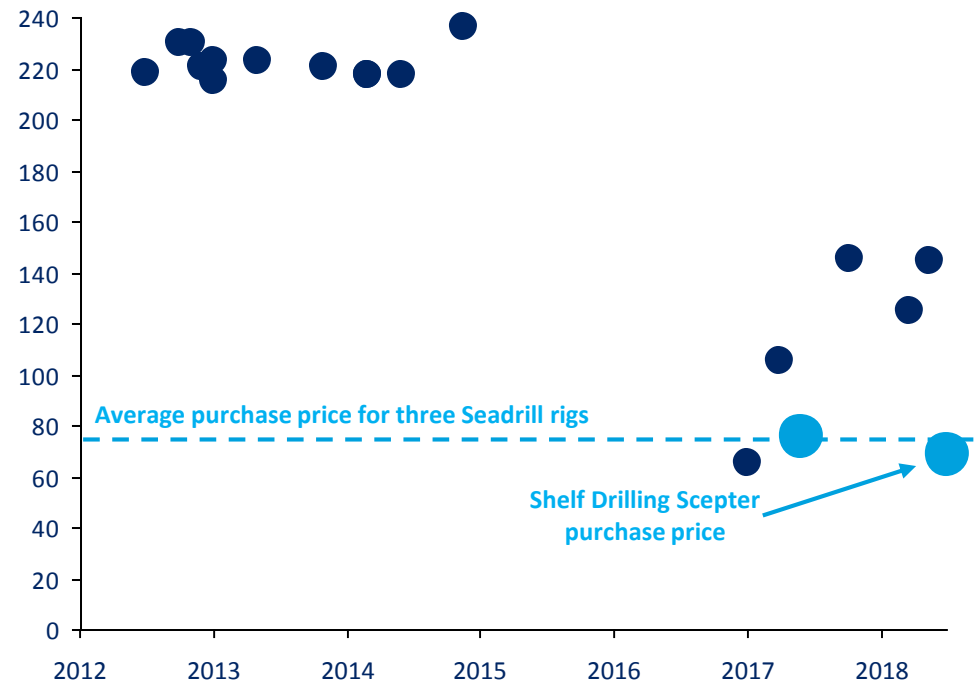
Source: DNB Markets, IHS Petrodata

Note (1): Photo for illustration purposes only

Historical Acquisition Cost

US\$ million

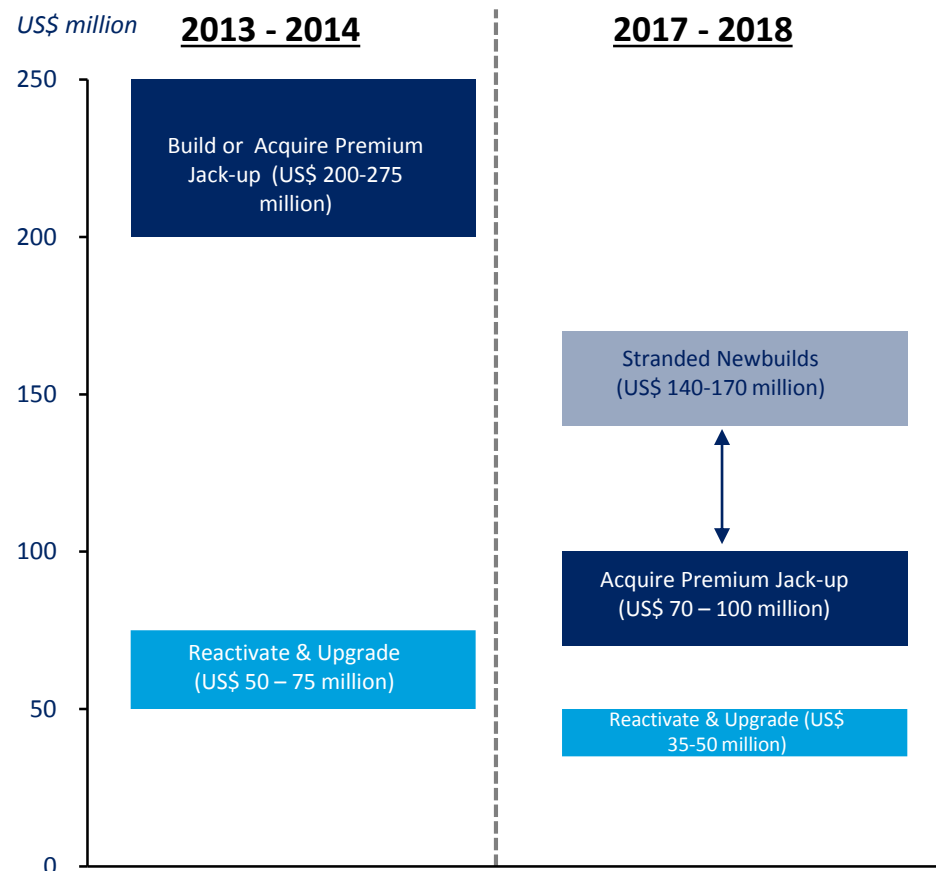
● Peers ● Shelf



Track Record of Capital Discipline and Value Creation

- Initial focus for growth capital allocation on reactivation and upgrade of stacked rigs (2013 and 2014), which provided meaningful incremental earnings and offered compelling project economics
 - 90% utilization on five upgraded rigs since 2014
- Significant return of capital in 2013/2014 (>50% of discretionary free cash flow)
- \$400+ million investment in two newbuilds underpinned by long-term contract with Chevron
 - Cost effective and customer-optimized design predicated on delivering superior returns
- Near-term focus on second-hand acquisitions of modern premium jack-ups
 - Acquired three premium jack-ups in 2017 and a fourth in Q3 2018, all at historically low prices
 - Leverages Company's integration and execution competency

Illustrative Cost of Upgrades vs New Rig Acquisitions



Acquiring high quality jack-ups at meaningful discount to replacement cost

Investment Highlights

1

Fit for Purpose Strategy

- Right Assets in the Right Locations | Right-Sized Organization | High National Content
- Adapted investing strategy to changes in market dynamics
- Fit-for-purpose operations with sole focus on shallow water have delivered superior results

2

Leading Position in Key Markets

- Middle East & India remain comparatively steady – leading market position in these regions
- Potential West Africa recovery – leading market share in the region
- Predominantly NOC exposure

3

World Class Jack-up Contractor

- Proven track record of securing contracts and building backlog through the cycle (\$5.3 billion since 2012)
- Utilization 7% higher than the industry average since January 2015
- Industry leading cash operating costs per jack-up rig (44% below peers¹)

4

Solid Financial Run-way

- No debt amortization until 2025
- Significant free cash flow generation from firm backlog with no debt amortization
- Track record of paying dividends when market is strong – US\$ 302 million in total for 2013/14

5

Tangible Growth Opportunity

- Acquired three premium jack-ups in 2017 and a fourth in Q3 2018, all at historically low prices
- Near-term focus on second-hand acquisitions of modern premium jack-ups

Note (1): See page 6 for details

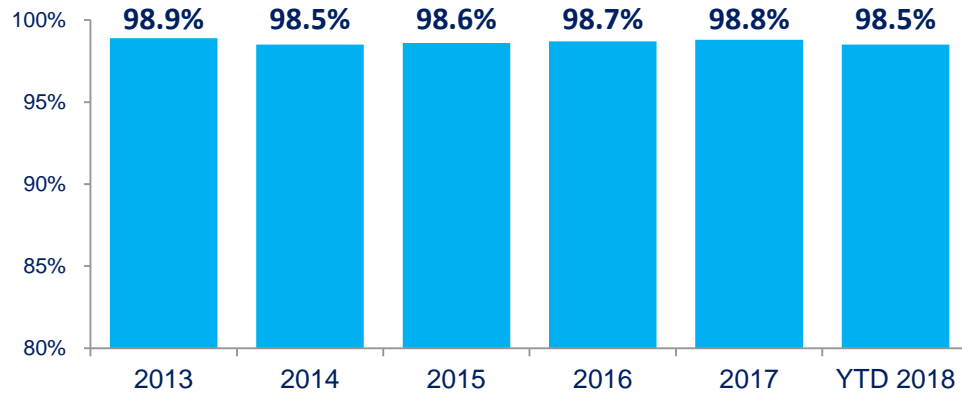
Q&A



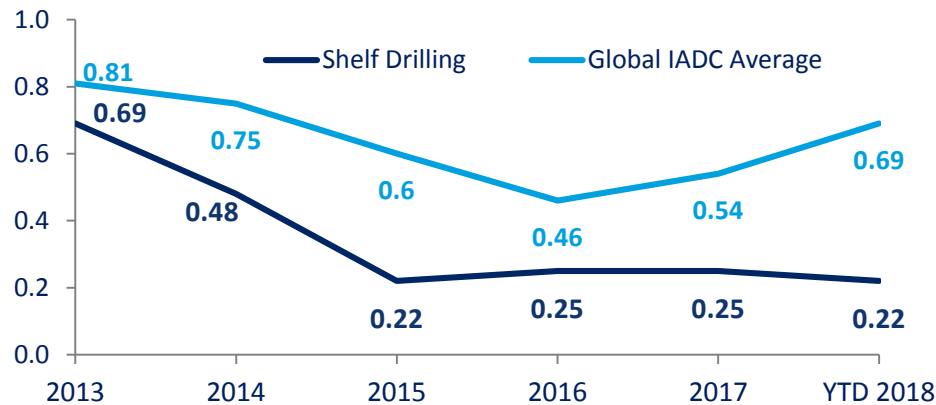
Appendix

Operational Excellence Leading to “Perfect Execution”

Average Fleet Uptime Track Record



Safety Track Record (TRIR¹)



Operational excellence made possible through

1

Skilled workforce with **extensive** experience in the areas where we work

2

“Hand-picked” shore based management team

3

Average **20 years** experience for offshore supervisors

4

High national content – 84% across the fleet

Source: Shelf Drilling management records as of 31 July 2018 and International Association of Drilling Contractors (IADC) as of 30 June 2018

Note (1): Total recordable incident rate (incidents per 200,000 man-hours)

Unique Approach to Newbuild Design and Construction

*First newbuild – **Shelf Drilling Chaophraya (SDC)**, started contract on December 1, 2016*

*Second newbuild – **Shelf Drilling Krathong (SDK)**, started contract on June 1, 2017*



What Shelf Has Done Differently

- Newbuild program in conjunction with Chevron contract award
 - Each rig backed by a five year contract with Chevron
- Less risk as compared to other newbuilds in the market
 - Collaborative effort between Chevron, Shelf Drilling and Lamprell personnel over a period of several months
 - Substantial cost savings relative to existing rig designs
 - Variation order less than 1%
- Uniquely designed for more efficient operations
 - High degree of customization to optimize well construction in the Gulf of Thailand
- Both rigs were delivered within budget and on time, and had smooth start-up for operations

Contract award covering 10 rig-years for two highly customized, fit-for-purpose newbuild jack-ups

Immediately Secured Contracts For 3 Rigs Acquired In 2017

Contract Details



Shelf Drilling Mentor & Shelf Drilling Tenacious



- Two-year contract secured with Dubai Petroleum for each rig
- Each contract includes two one-year options
- Start-up of operations in January 2018
- Opportunity further strengthens our market leading position in the Middle East region



Shelf Drilling Resourceful



- 10 months initial firm term
- Recently extended to April 2019 with additional six-month option thereafter



Timeline of Events

1 May
2017

Announced rig acquisitions from Seadrill

18 May
2017

Concluded delivery of SDT and SDR

8 Sep
2017

Secured contract for SDR with Chevron Nigeria

8 Sep
2017

Concluded delivery of SDM

11 Sep
2017

Secured contracts for SDT and SDM with Dubai Petroleum

14 Jan
2018

Contracts commenced for SDM and SDT

2 Mar
2018

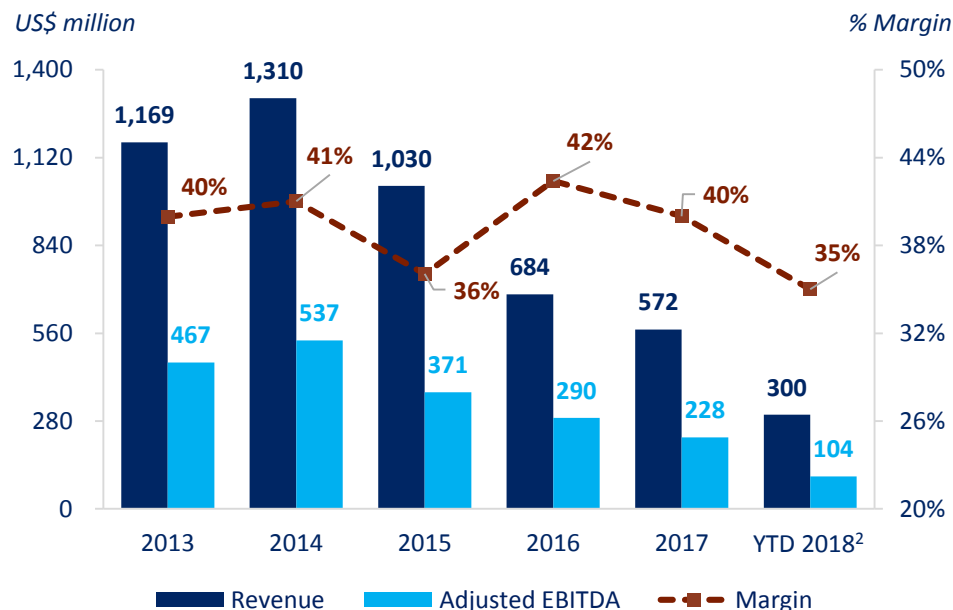
Contract commenced for SDR

Major Upgrades & Reactivations

Premium Jack-ups			Shallow-Draft Jack-ups	
Baltic (MLT Super 300)	Adriatic I (MLT116-C)	Key Singapore (MLT116-C)	High Island V (MLT82-SDC)	High Island IX (MLT82-SDC)
				
<ul style="list-style-type: none"> • ~US\$ 52 million capital investment • 375 ft water depth • Static hook load capacity 1,300,000 lbs. • 3x2200 hp mud pump, 7,500 psi • 3,000 HP rated drawworks • Cantilever reach 60 ft x 24 ft • Rebuilt accommodation for 120 persons • 18-month contract in Nigeria until April 2018 (customer recently exercised 5-month option until September 2018) 	<ul style="list-style-type: none"> • ~US\$ 50 million capital investment • 350 ft water depth • Static hook load capacity 1,500,000 lbs. • 3x1600 hp mud pump, 7,500 psi • 3,000 HP rated drawworks • Cantilever reach 60 ft x 30 ft • Rebuilt accommodation for 120 persons • Contracted from Q2 2018 through FY 2019 with 2 customers in Nigeria 	<ul style="list-style-type: none"> • ~US\$ 72 million capital investment • 350 ft water depth • Static hook load capacity 1,500,000 lbs • 3x1600 hp mud pump, 7,500 psi • 3,000 HP rated drawworks • Cantilever reach 55 ft x 30 ft • Rebuilt accommodation for 120 persons • 36-month contract in Abu Dhabi until September 2018 	<ul style="list-style-type: none"> • ~US\$ 70 million capital investment • 270 ft water depth • Static hook load capacity 1,000,000 lbs. • 2x1600 hp mud pump, 5,000 psi • 2,000 HP rated drawworks • Cantilever reach 40 ft x 20 ft • Rebuilt accommodation for 100 persons • Repowered with 4 x CAT 3512-C main engines • 5-year contract with Saudi Aramco until October 2018 	<ul style="list-style-type: none"> • ~US\$ 90 million capital investment • 250 ft water depth • Static hook load capacity 1,000,000 lbs. • 3x1600 hp mud pump, 5,000 psi • 2,000 HP rated drawworks • Cantilever reach 40 ft x 20 ft • Rebuilt accommodation for 100 persons • Repowered with 4 x CAT 3516-B main engines • Continuously contracted to Saudi Aramco for 8 years until Q2 2021, plus options

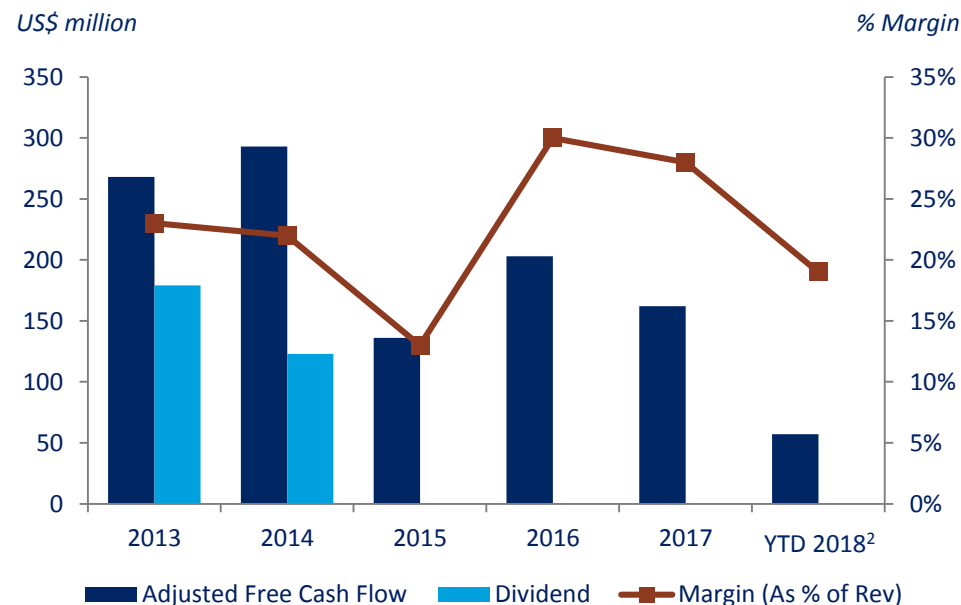
Resilient Full-Cycle Financial Results and Cash Flow Generation

Revenue & Adjusted EBITDA



- Strong financial performance since company inception
- Disciplined approach to financial planning and capital investment
- Track record of paying dividends in strong market – US\$ 302 million in total for 2013/14
- Adjusted EBITDA margins consistently in the 35-40% range
- Resilient cash flow generation throughout the cycle

Unlevered Discretionary Free Cash Flow¹



Dividend policy

- Retain earnings to fund operations and value creation in the current attractive window with acquisition prices significantly below newbuild prices
- Ambition to pay dividends as market conditions improve and second-hand prices increase

Note (1): Unlevered discretionary Free Cash Flow calculated by adjusting adjusted EBITDA for tax and capex (excluding newbuilds and acquisitions)

Note (2): As of 30 June 2018



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