Shelf Drilling Q3 2019 Results Highlights

November 2019

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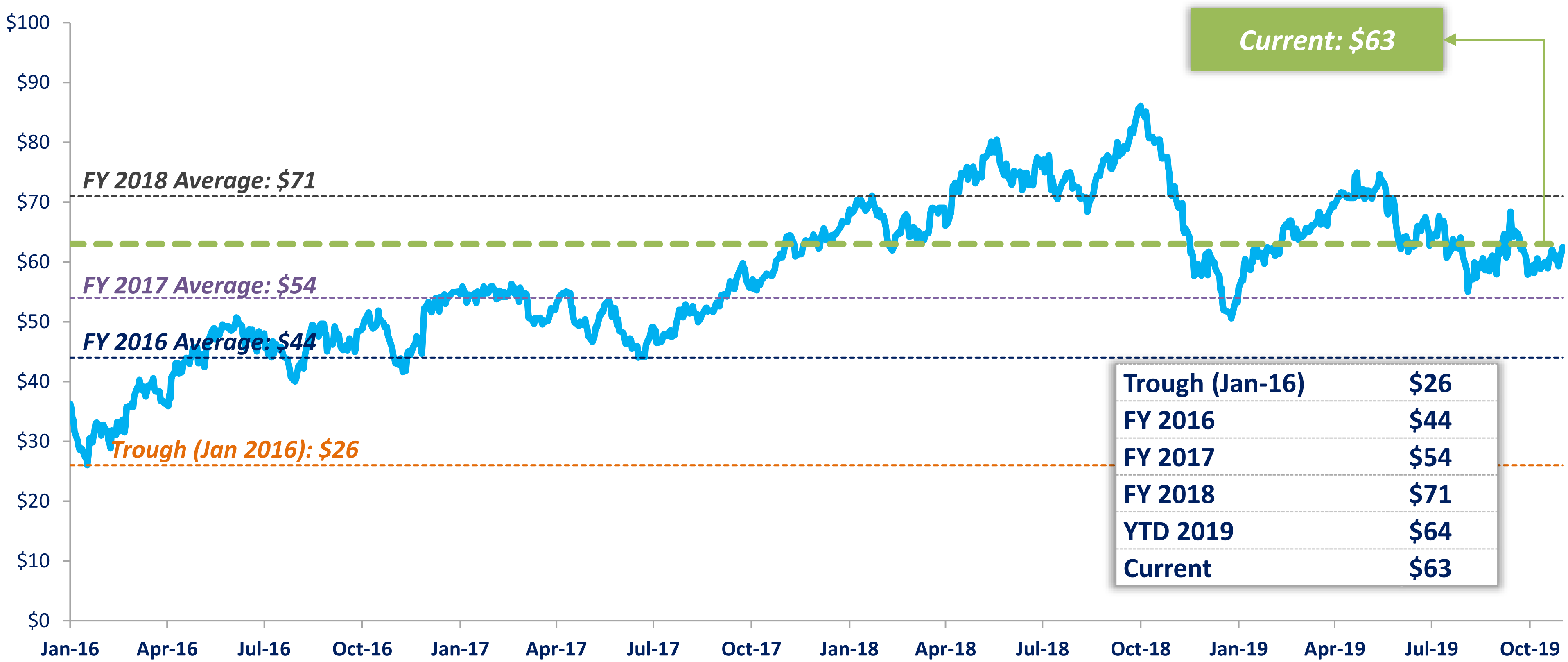
Oil Price Development

Brent Oil Price ($/bbl)



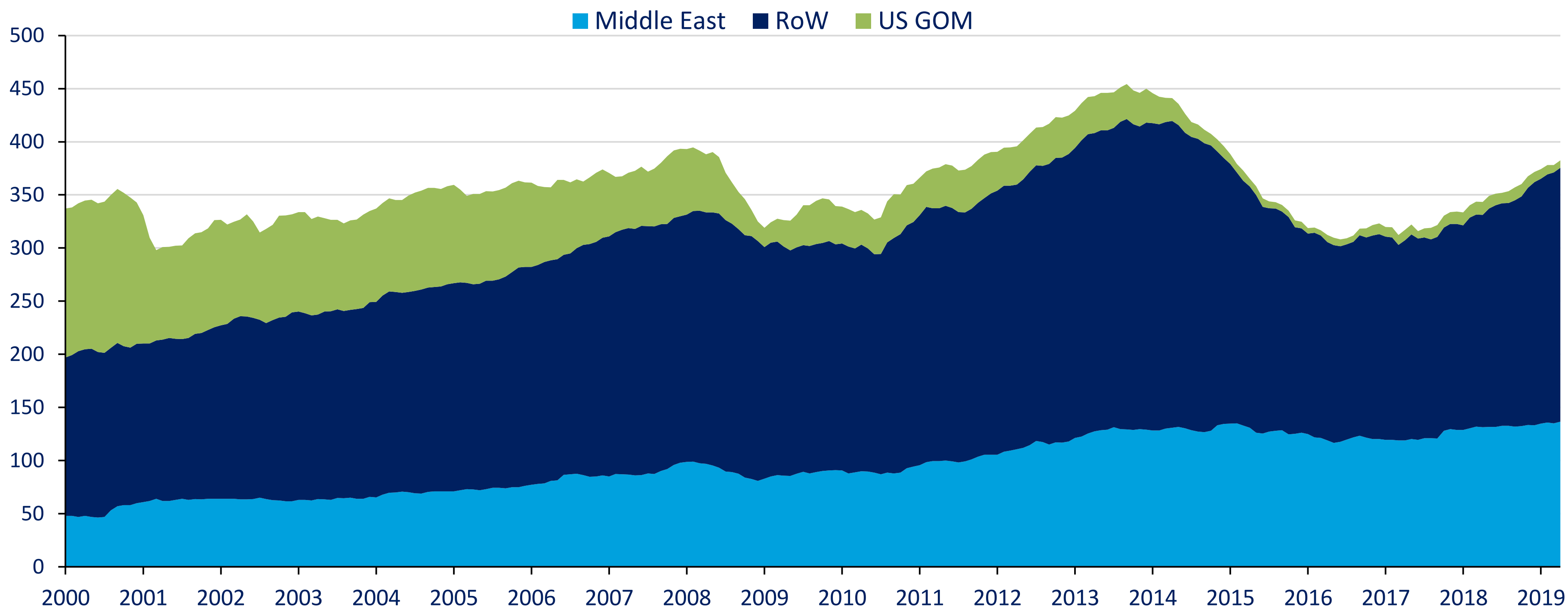
Trough (Jan-16)	$26
FY 2016	$44
FY 2017	$54
FY 2018	$71
YTD 2019	$64
Current	$63

Despite volatility over the last year, Brent price level in the $60-70/bbl range provides constructive backdrop for shallow water market

Source: Bloomberg, IHS Petrodata, as of 10 November 2019

Middle East NOCs Steadily Increasing Activity

Total Number of Contracted Jack-Ups Globally



- Middle East increased from <15% of global total in 2000 to nearly 40% today
- Further rig count growth expected in Saudi, UAE, Qatar and Kuwait in years ahead

Source: DNB Markets, IHS-Petrodata as of 10 November 2019

Global Jack-up Fleet Summary

Regions	Contracted Jack-ups			% of Peak	Change since Trough
	Apr-14	Jan-17	Nov-19		
Middle East	129	118	136	105%	18
India	34	38	32	94%	-6
West Africa	20	7	17	85%	10
SE Asia	68	27	44	65%	17
North Sea	47	29	36	77%	7
China	30	27	48	159%	21
US GOM	33	7	7	21%	0
Mexico	53	28	29	55%	1
Sub-Total	**414**	**281**	**349**	84%	68
Total	**457**	**311**	**383**	84%	72
% of Total	**91%**	**90%**	**91%**		**94%**

Rig Status	Total
Under Contract	383
Available	67
Active Jack-ups	450
% Marketed Utilization	*85%*
Under Construction	56
Sub-total	506
Cold Stacked	72
Total Fleet	578

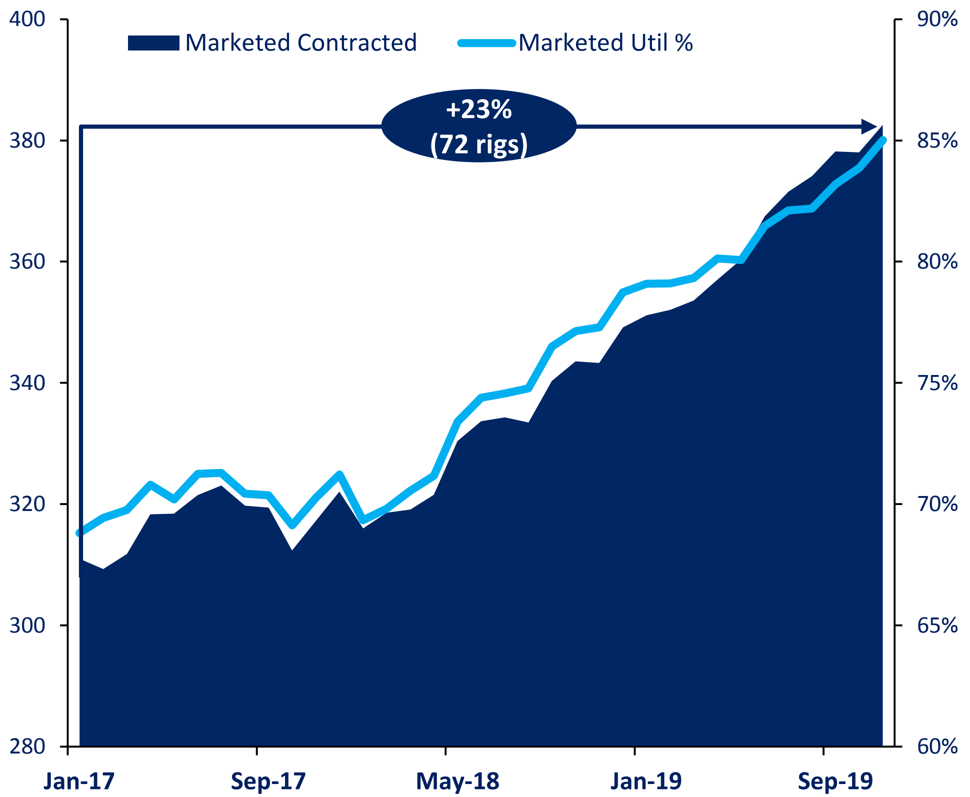
- Activity levels in the 8 largest jack-up regions globally have increased over the last year
- Middle East rig count at all-time high with further awards expected Q4 2019/H1 2020
- Increase in Mexico from 17 in early 2018 to 29 contracted rigs today
- Modest rig count recovery in India in 2019 after drop in 2018 – further rise likely in 2020
- Chinese market continues to absorb significant new rig capacity from domestic shipyards (all-time high)

Source: IHS Petrodata as of 10 November 2019

Recovery in Jack-Up Utilization and Dayrates is Accelerating

of Contracted Jack-ups

Peak (April 2014)	*457 jack-ups*
Average 2006-2015	*381 jack-ups*
Minimum since 2006 (Jan 2017)	*311 jack-ups*
Current (Nov 2019)	*383 jack-ups*



Indicative Spot Dayrates

Region	Mid 2018	Late 2019	% Change
Middle East	$40-70k	$65-95k	~45%
West Africa	$60-75k	$75-95k	~25%
SE Asia	$45-60k	$70-90k	~50%
India	$25-30k	$40-50k	~60%
Average	$45-60k	$65-80k	~40%

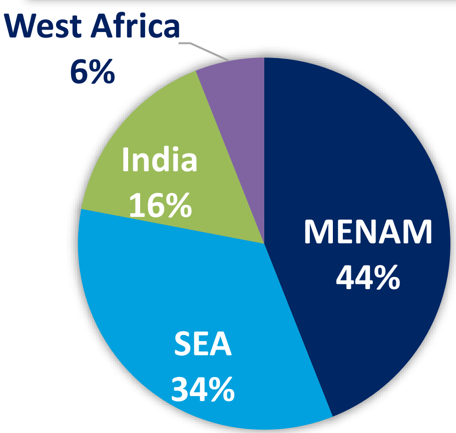
Source: Bloomberg, IHS Petrodata, as of 10 November 2019

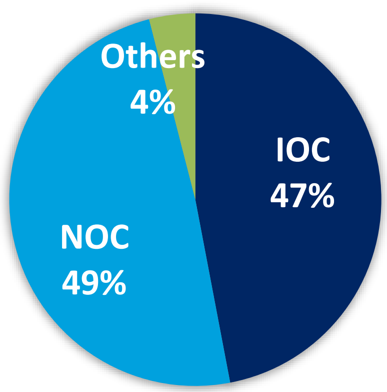
Recent Contracts & Fleet Status Summary

Fleet Status Summary

	Contracted	Available	Total[1]	% Cont.
MENAM	**15**	3	**18**	83%
India	**8**	0	**8**	100%
West Africa	**5**	0	**5**	100%
SE Asia	**3**	0	**3**	100%
Total	**31**	**3**	**34**	**91%**

Total Backlog[2] – $977 million *(As of 30 Sep 2019)*





Recent Developments

$433 million of backlog added since beginning of July 2019

MENAM	• High Island II, High Island IV, Main Pass I and Main Pass IV: 4-month extension each with Saudi Aramco
	• Shelf Drilling Mentor and Tenacious: 2-year extension each with Dubai Petroleum
	• High Island VII: 6-month extension with ADNOC Drilling – Subsequently awarded another extension for 3-year firm plus two 1-year options with ADNOC Drilling
	• Rig 141: Extension for 165 days firm plus two 3-month options with Gempetco
SEA	• Shelf Drilling Scepter: 30-month contract with Chevron Thailand
India	• F.G. McClintock and C.E. Thornton: 3-year contract each with ONGC
	• Trident II: 3-year contract with ONGC
	• Parameswara: 2-well contract (plus 2-option wells) with HOEC in India
WAF	• Shelf Drilling Resourceful: 6-month extension with Chevron Nigeria
	• Adriatic I: 300-day contract with Conoil in Nigeria
	• Baltic: 1 firm well plus 1 option well with Total Nigeria

Note (1): As of 31 October 2019. Total excludes 3 stacked rigs (2 jack-ups and 1 swamp barge).
Note (2): Total backlog as of 30 September 2019, consistent with the reporting period.

Continued Contracting Success Across Regions and Asset Classes

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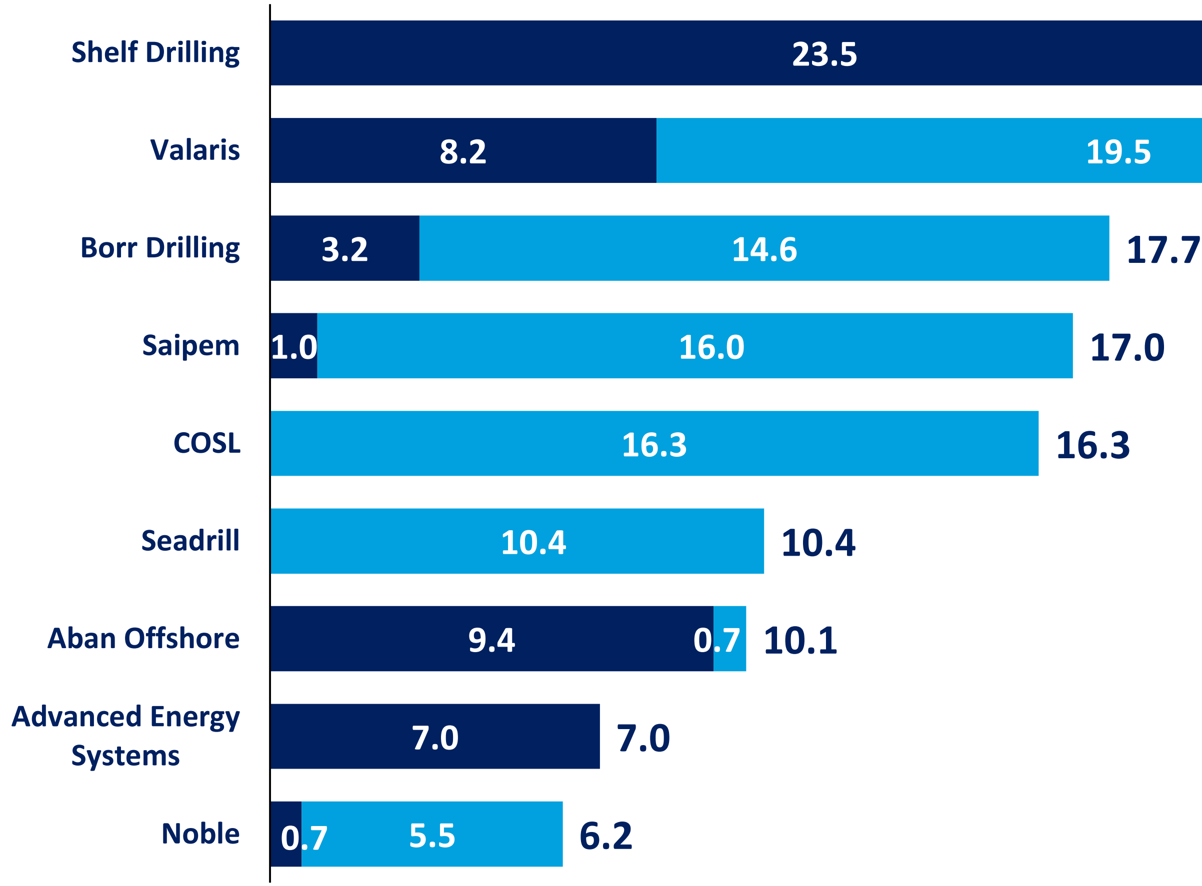
Jack-up Backlog Added YTD 2019 (Rig-Years)



$433 million of backlog added since beginning of July 2019

Source: IHS Petrodata as of 10 November 2019
Note (1): Original delivery year

Q3 2019 Results

Shelf Drilling Q3 2019 Results Highlights

Results of Operations

(In thousands USD)	Q2 2019	Q3 2019
Revenue	**$137,077**	**$132,018**
Operating costs & expenses		
Operating and maintenance	90,931	91,446
Depreciation	20,324	20,370
Amortization of deferred costs	19,101	19,836
General and administrative	11,989	12,750
Loss on disposal of assets	965	638
Operating Loss	**(6,233)**	**(13,022)**
Other expense, net		
Interest expense and financing charges, net of interest income	(19,668)	(19,754)
Other, net	(196)	86
Loss before income taxes	**(26,097)**	**(32,690)**
Income tax expense	3,575	3,241
Net Loss	**$(29,672)**	**$(35,931)**

Revenue & Operating Expense Summary

- $5.1 million, or 3.7%, sequential decrease in revenue
  - Decrease in effective utilization mainly due to idle periods on two rigs in Nigeria (Adriatic 1 and Baltic). Both rigs commenced new contracts in October 2019
  - Planned out of service project in Saudi Arabia for High Island V completed in Q3
- Operating and maintenance of $91.4 million in Q3 up by $0.5 million versus Q2:
  - Increase across rigs in India (3 rigs preparing for new contracts commencing in Q4) and Nigeria (2 rigs preparing for new contracts and 2 contracted rigs completed renewal of temporary importation permits)
  - Partially offset by a reduction across the rest of the fleet
- General and administrative expenses of $12.8 million up by $0.8 million, primarily due to an increase in share-based compensation expense and increased support for deployments of recently acquired newbuild rigs.

	Q2 2019	Q3 2019
Operating Data		
Average marketable rigs[1]	33.0	32.3
Average dayrate[2] (in thousands USD)	$66.2	$64.7
Effective utilization[3]	66%	65%
Revenue (in thousands USD)		
Operating revenues – dayrate	$131,404	$125,171
Operating revenues – others	2,538	3,787
Other revenues	3,135	3,060
	$137,077	**$132,018**
Operating Expenses (in thousands USD)		
Rig operating costs	$82,057	$82,145
Shore-based costs	8,874	9,301
Operating and maintenance	**$90,931**	**$91,446**
Corporate G&A	$11,672	$12,153
Share-Based Compensation	$317	$596
General & administrative	**$11,989**	**$12,750**

Note (1): "Marketable rigs" are defined as the total number of rigs excluding: (i) stacked rigs, (ii) rigs under non-drilling contract and (iii) newbuild rigs under construction.
Note (2): "Average dayrate" is defined as the average contract dayrate earned by marketable rigs over the reporting period excluding amortization of lump sum mobilization fees, contract preparation and capital expenditure reimbursements, recharges, bonuses and other revenue.
Note (3): "Effective utilization" is defined as the actual number of calendar days during which marketable rigs generate dayrate revenues divided by the maximum number of calendar days during which those same rigs could have generated dayrate revenues.

Adjusted EBITDA Reconciliation

(In thousands USD)	Q2 2019	Q3 2019
Net Loss	$(29,672)	$(35,931)
Add back:		
Interest expense and financing charges, net of interest income	19,668	19,754
Income tax expense	3,575	3,241
Depreciation	20,324	20,370
Amortization of deferred costs	19,101	19,836
Loss on disposal of assets	965	638
EBITDA	**$33,961**	**$27,908**
Acquired rig reactivation costs	6,403	4,097
One-time corporate transaction costs	19	14
Adjusted EBITDA	**$40,383**	**$32,019**
Adjusted EBITDA margin	**29.5%**	**24.3%**

Capital Expenditures and Deferred Costs Summary

- Capital Expenditures and Deferred Costs excluding rig acquisitions totaled $30.9 million in Q3 2019, up $5.2 million versus Q2 2019 primarily as a result of:
  - Higher contract preparation costs in Q3 compared to Q2 for C. E. Thornton and F.G. McClintock (India)
  - Higher level of spending in Q3 compared to Q2 associated with planned out of service project that started in June and ended in August for High Island V in Saudi Arabia
  - Partly offset by lower level of spending in Q3 compared to Q2 associated with the contract preparation of the Key Singapore (Tunisia)
- Rig acquisition expenditures of $33.2 million in Q3 2019 relate to the reactivation and contract preparation of the Shelf Drilling Scepter and operation readiness projects on the Shelf Drilling Achiever and Shelf Drilling Journey

(In thousands USD)	Q2 2019	Q3 2019
Capital Expenditures and Deferred Costs:		
Regulatory and capital maintenance [1]	$13,720	$15,165
Contract preparation [2]	9,087	10,903
Fleet spares and other [3]	2,972	4,880
	$25,779	$30,948
Rig acquisitions [4]	137,465	33,223
Total capital expenditures and deferred costs	**$163,244**	**$64,171**
Reconciliation to Statements of Cash Flow		
Cash payments for additions to PP&E	$13,042	$29,645
Net change in accrued but unpaid additions to PP&E	8,471	7,126
	$21,513	$36,771
Asset additions related to share issuance	121,772	-
Total Capital expenditures	$143,285	$36,771
Changes in deferred costs, net	858	7,564
Add: Amortization of deferred costs	19,101	19,836
Total deferred costs	$19,959	$27,400
Total capital expenditures and deferred costs	**$163,244**	**$64,171**

NOTE: (1) "Regulatory and capital maintenance" includes major overhauls, regulatory costs, general upgrades and sustaining capital expenditures on rigs in operation.
NOTE: (2) "Contract preparation" includes specific upgrade, mobilization and preparation costs associated with a customer contract.
NOTE: (3) "Fleet Spares and Others" includes: (i) acquisition and certification costs for the rig fleet spares pool which is allocated to specific rig expenditure as and when required by that rig which will result in an expenditure charge to that rig and a credit to Fleet spares and (ii) office and infrastructure expenditure.
NOTE: (4) "Rig Acquisitions" include all capital expenditures and deferred costs associated with the acquisition and reactivation of premium jack-up rigs in 2017 and 2018, and with the acquisition and readiness costs of newbuild premium jack-up rigs in 2019.

Capital Structure Summary

(In millions USD)	YE 2017	YE 2018	Jun-19	Sep-19
Cash	$84.6	$91.2	$71.3	$45.7
Total Long-lived Assets	$1,405.9	$1,354.8	$1,465.9	$1,487.5
Total Assets	1,683.0	1,645.9	1,740.2	1,730.9
Senior secured notes due 2018/2020	526.7	-	-	-
Senior unsecured notes due 2025 [1]	-	887.8	888.7	889.1
RCF Drawdown				20.0
Obligations under sale and leaseback	313.9	-	-	-
Total Debt	$840.6	$887.8	$888.7	$909.1
Net Debt	$756.0	$796.6	$817.4	$863.4
Mezzanine Equity	166.0	-	-	-
Total Equity	$509.2	$591.3	$669.4	$633.3

- Total liquidity, including availability under RCF, of approximately $241.8 million as of September 30, 2019
- LTM Adjusted EBITDA of $171.3 million (Sep-19). Net Leverage of 5.0x (Sep-19) [2]
- Total shares outstanding of 137.7 million as of September 30, 2019
    - 285k shares repurchased in September 2019 at average price of $2.45 per share
    - Free float of 57.3 million or 41.6%
    - Primary insiders: 80.3 million or 58.3%
        - China Merchants: 26.8 million (19.4%)
        - Lime Rock: 17.2 million (12.5%)
        - Castle Harlan: 17.2 million (12.5%)
        - CPE Capital (formerly CHAMP): 17.2 million (12.5%)

Note (1) Reflects carrying value. Principal value is $900.0 million
Note (2) TNLR for covenant compliance purposes under RCF of 3.9x at Sep 30, 2019

Free Cash Flow Summary

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- Q3 2019 Adjusted EBITDA and margin of $32.0 million and 24%, respectively
- $45.7MM cash on hand and including $20MM withdrawn from revolver as of September 2019
- Cash flow deficit in Q3 2019 due to:

1) $37.9 million of cash interest payments in Q3 2019 versus $0.9 million in Q2 2019. Interest on $900 million senior unsecured notes due 2025 paid biannually in February and August (interest expense, net of approximately $20 million per quarter)

2) Impacted by $37.3 million investment in rig acquisitions

3) Increase in capital spending for rigs recently awarded long-term contracts (Key Singapore, High Island V, F.G. McClintock, C.E. Thornton)

4) Lower effective utilization in Nigeria

5) **<u>Trough in run-rate EBITDA in Q2/Q3 2019</u>**

Quarterly Cash Flow Summary ($MM)	Q2 2019	Q3 2019
Adjusted EBITDA	**$40.4**	**$32.0**
Interest expense, net of interest income	(19.7)	(19.8)
Income tax (expense) / benefit	(3.6)	(3.2)
Capital expenditures and deferred costs [1]	(25.8)	(31.0)
Sub-Total	$(8.7)	$(22.0)
Working Capital Impact		
Interest payments	$18.6	$(18.5)
Other	13.6	32.9
Sub-Total	$32.2	$14.4
Discretionary Cash Flow	**$23.5**	**$(7.6)**
Growth Projects		
Acquired Rig Reactivation Expenses	$(6.4)	$(4.1)
Capex/Deferred Costs: Rig Acquisitions	(15.7)	(33.2)
Sub-Total	$(22.1)	$(37.3)
Cash Flow	**$1.4**	**$(44.9)**
Share Re-Purchase	-	(0.7)
RCF Drawdown	-	20.0
Net Change in Cash	**$1.4**	**$(25.6)**
Beginning Cash	69.9	71.3
Ending Cash	**$71.3**	**$45.7**

Note (1) Excluding rig acquisitions

Q4 2019 Guidance Summary

US$ millions	Q3 2019 (Actual)	Q4 2019 (Guidance)
Revenue	$132	$156 – 161
Capital Expenditures & Deferred Costs	$64	$45 – 55
• Rig Acquisitions	$33	$27 – 32
• Other	$31	$18 – 23

- We believe that Q3 2019 represents an inflection point for the business
  - Revenue and EBITDA have declined sequentially for multiple quarters
  - Following the series of contract awards during 2019 and recent investments in the fleet, we expect this trend to significantly change beginning in Q4 2019, as a total of 7 new rig contracts are scheduled to commence during the period
  - In addition, the capital projects associated with our recently acquired rigs (Scepter, Achiever, Journey) will be substantially complete by YE 2019
- Therefore, the company is providing guidance on certain financial metrics for Q4 2019, but we will not necessarily provide such guidance each subsequent quarter going forward

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