



**SHELF
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Shelf Drilling Q2 2022 Results Highlights

August 11, 2022

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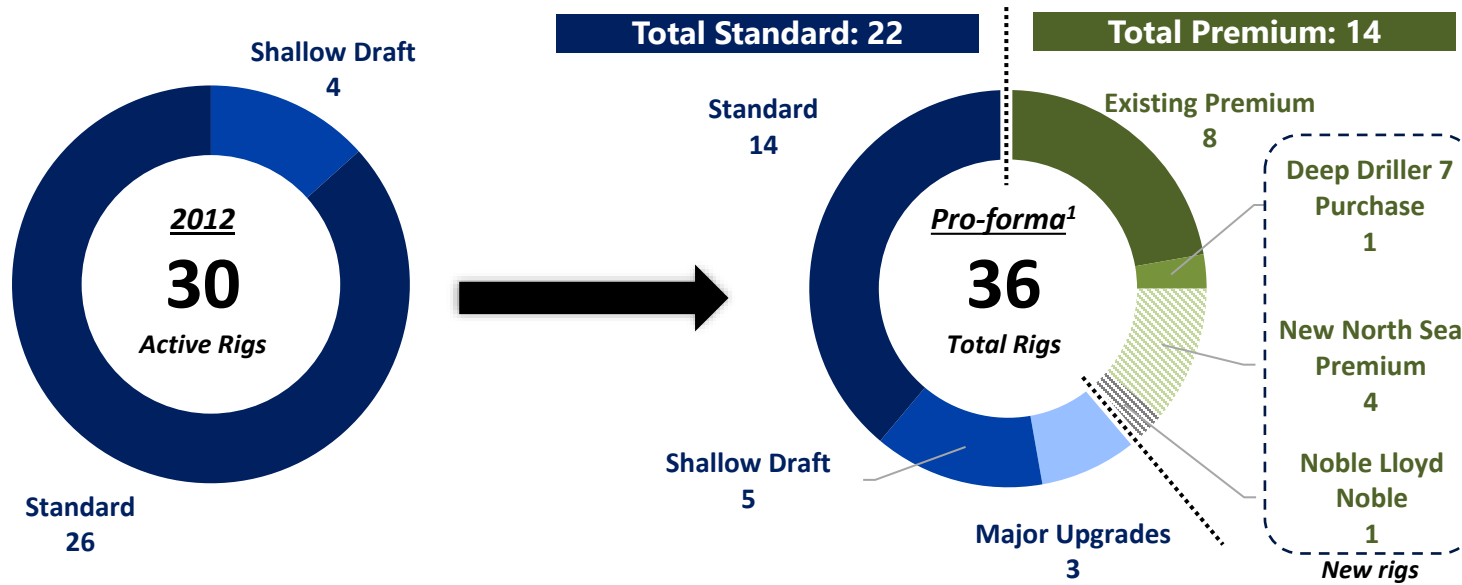
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Strategic Evolution and Transformation of Jack-up Fleet



“Right Assets in Right Locations”

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

89% Contracted Utilization Across 36 Jack-ups

13 x Premium

85% Utilization

Demonstrated ability to invest and deploy

- Acquisition of rigs from Noble¹²: 4
- Purchase of SD Victory: 1
- Today’s premium rigs: 8

22 x Standard³

91% Utilization

Cost efficient and well suited for brownfield activity

- Major upgrades: 3
- Shallow Draft: 5
- India, Egypt & Other Areas: 14

Lloyd Noble

World’s Largest Jack-up Rig

Uniquely suited for Norwegian operating environment

- Size enables deeper water depths and deeper well drilling than other rigs

Note (1): Pro forma for acquisition of 5 rigs from Noble expected to close in October 2022

Note (2): Excluding Noble Lloyd Noble

Note (3): Includes major upgrades and shallow draft, as well as standard rigs

Acquisition of Premium High-spec Jack-up Rig for US\$ 30m

Shelf Drilling Victory is a Premium High-spec Jack-up

Build year	2008
Rig Design	Baker Marine Pacific Class 375
Yard	PPL Shipyard
Current location	UAE
Water depth	375 ft
Variable deck load	3,318 tons
Drilling depth	30,000 ft
Hook load	1,600 kips
Cantilever length	70 ft
BOP rating	10k psi
Quarters capacity	120

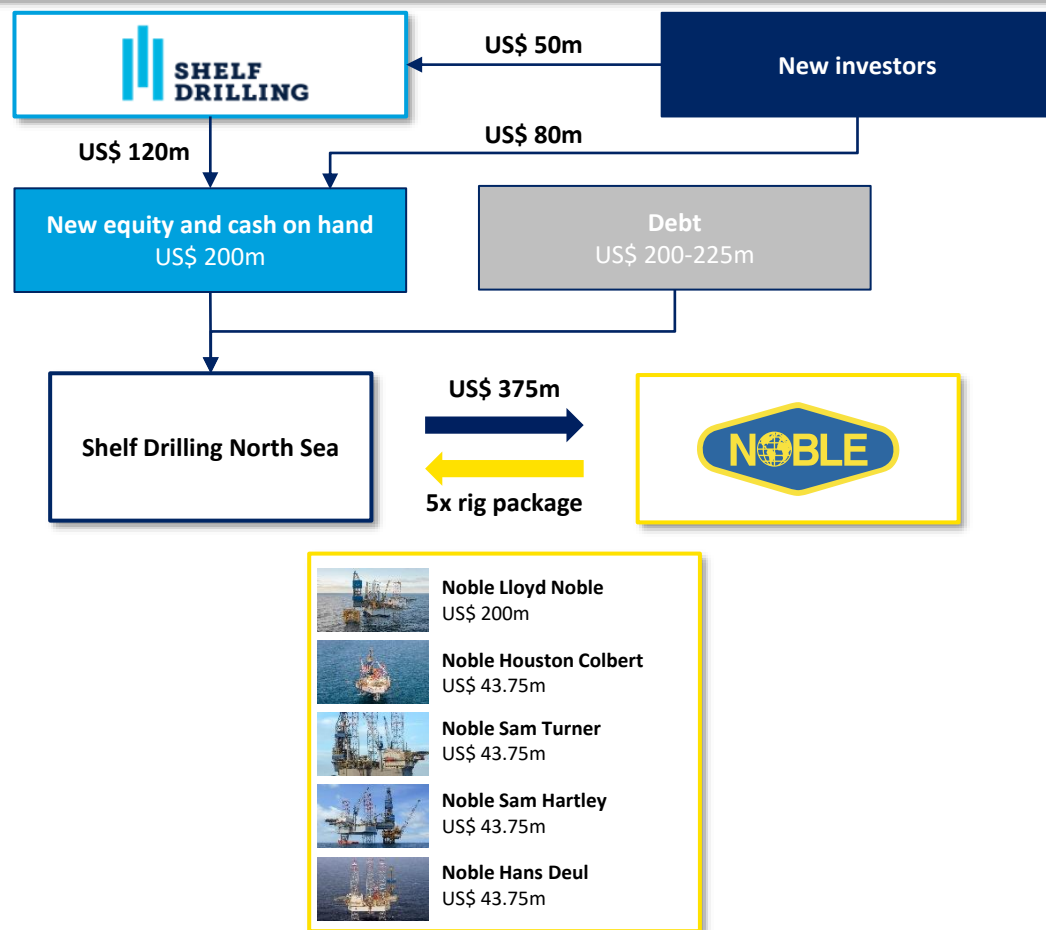


Transaction Highlights

- Shelf Drilling entered into an agreement with Aban Offshore Limited to purchase the Deep Driller 7 jack-up for US\$ 30m
- Cash on hand being used to finance the acquisition
- Transaction was completed in July 2022
- Rig renamed **Shelf Drilling Victory**
- Reactivation project to be completed at current location in UAE
- Well-suited for long term contract opportunities in the Middle East in 2023

Transaction to Opportunistically Add 5x Jack-ups at Attractive Low Prices

Transaction Structure



Sources & Uses

- Purchase agreement in place for the purchase of 5x rigs from Noble Corp. (subject to UK CMA¹ approval and certain other conditions)
- Rig purchase to be financed through US\$ 200m of equity and existing cash, and US\$ 200-225m of debt financing
- Closing expected in October 2022

Sources

SDL Equity Raise	US\$ 50m
SDNS Equity Raise	US\$ 80m
SDL Cash on Hand	US\$ 70m
Debt Issue	US\$ 225m
Total Sources:	US\$ 425m

Uses

5x Rig Purchase	US\$ 375m
Transaction Costs ² , Working Capital and Opening Cash	US\$ 50m
Total Uses:	US\$ 425m

Note (1): Competition and Markets Authority, UK competition regulator

Note (2): Includes assumed upfront transitional, financing, and capital spares related costs. Some costs may not be incurred immediately and may be deferred by up to 12 months following the closing

Key Transaction Highlights



Unique Acquisition Opportunity at an Attractive Price Relative to the Current Rig Market

High-specification and Well-Maintained Fleet With Unique Operating Platform

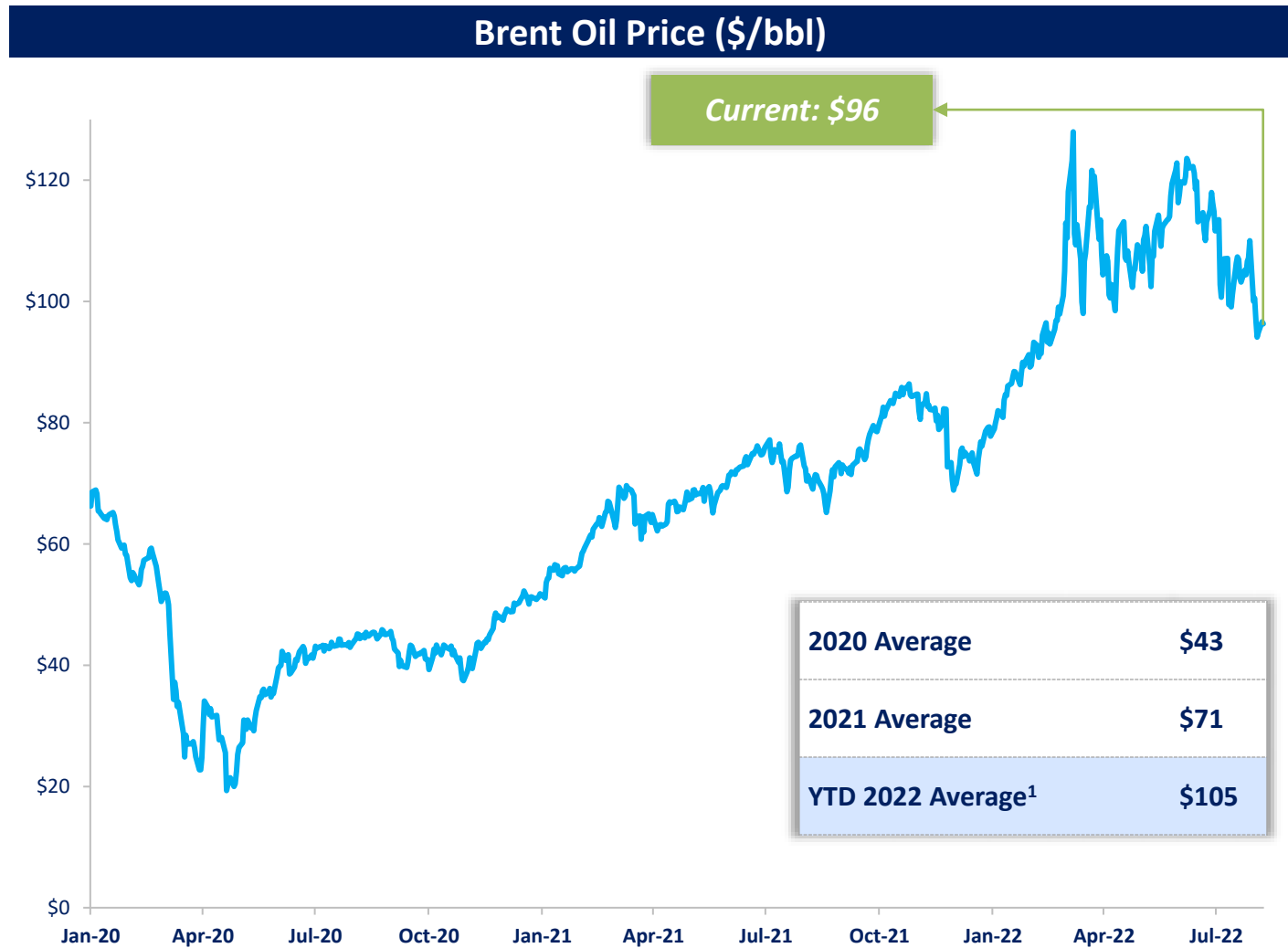
All 5 Rigs on Contract from Day 1 and Positioned for Further Backlog Growth

Strong Underlying Market Fueled by the Demand For Energy Security

Attractive Pricing Providing Significant Value Uplift Potential

Robust Commodity Price Backdrop

- Brent crude oil prices improved from an average of \$71 per barrel in 2021 to \$105 per barrel in January through July 2022
- Risk of a global recession became increasingly more likely in Q2 2022, resulting in heightened volatility in the commodity markets
- Global demand for oil and natural gas has increased significantly due to easing of COVID-19 restrictions, strong economic recovery and geopolitical uncertainty
- Global upstream investments expected to grow by around 18% in 2022²
- Industry forecasts, including a recent forecast from the World Bank, indicate that oil and natural gas prices are expected to remain elevated during 2022 and into 2023 and 2024



Source: Bloomberg, as of 10 August 2022.

Note (1): YTD 2022 Average Brent oil price based on 1 January 2022 to 10 August 2022

Note (2): Source Rystad Energy ServiceCube.

Improving Demand Driving Higher Utilization And Fixtures in the North Sea



Strong Demand Drivers in the North Sea

Energy security

European energy security in focus following geopolitical environment and high oil and gas prices

Fields brought back

Several fields previously planned abandoned, such as the Cambo and Jackdaw fields, are reconsidered, with more field developments likely to follow

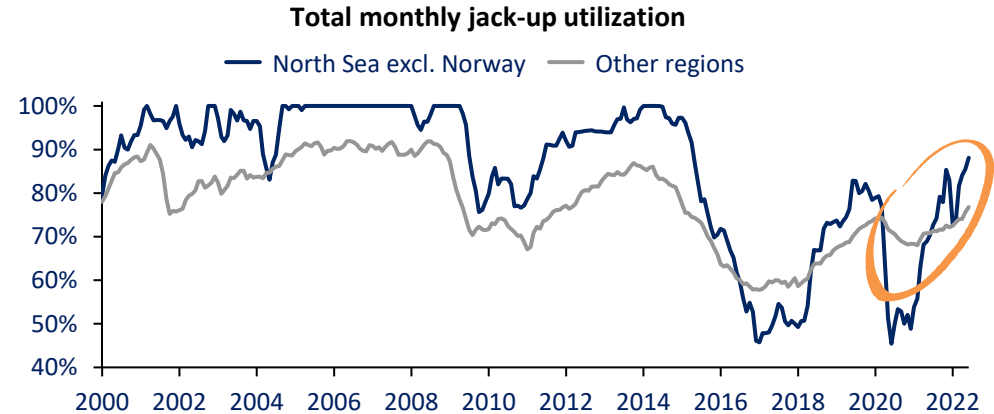
Strong utilization

Ramp up in the Middle East market is attracting rigs from the North Sea, resulting in a tighter market

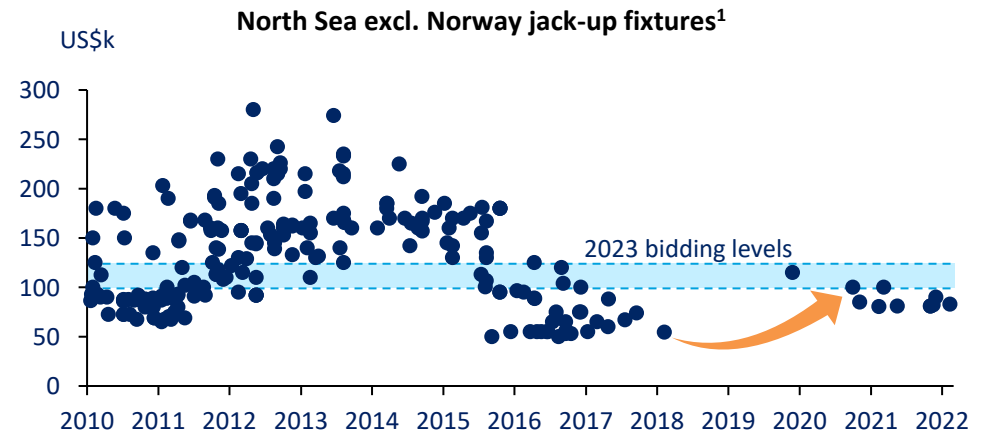
High bidding levels

Bidding levels for 2023 observed higher, seeing dayrates at \$100-120k

Utilization has Significantly Recovered



2023 Bidding Levels Seeing Dayrates at \$100-120k



Note (1): Excludes CJ70 and N Class fixtures

Source: IHS Petrodata (underlying data), DNB Markets (further calculations), Rystad Energy

Key Developments Have Transformed the Global Jack-up Market in 2022



Substantial Increase in Middle East Jack-up Demand

Global jack-up demand Global number of contracted jack-ups increased from 350 in January 2022 to 378 in August 2022 with utilization moving higher - beginning to see strong upward dayrate momentum on new contracts

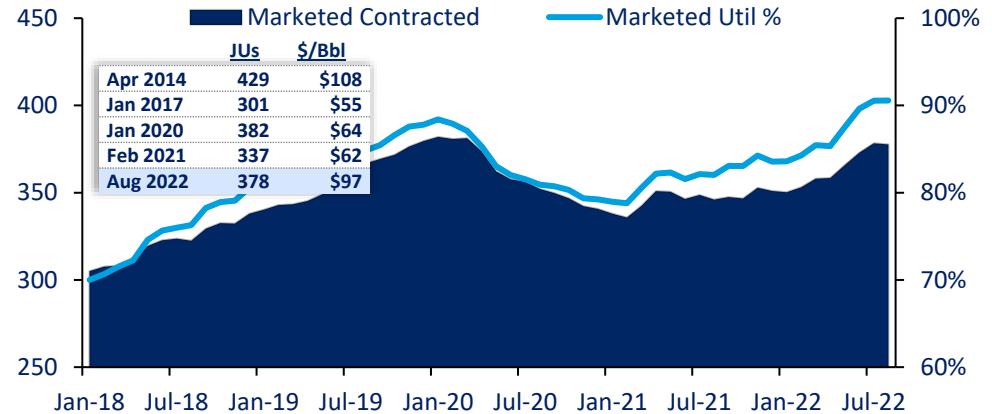
Shallow water production Increased production targets across Middle Eastern countries on the back of global energy security need, driven by wells in offshore shallow waters

Incremental demand Saudi Aramco has recently contracted ~25 incremental rigs and has two ongoing tenders for additional rigs

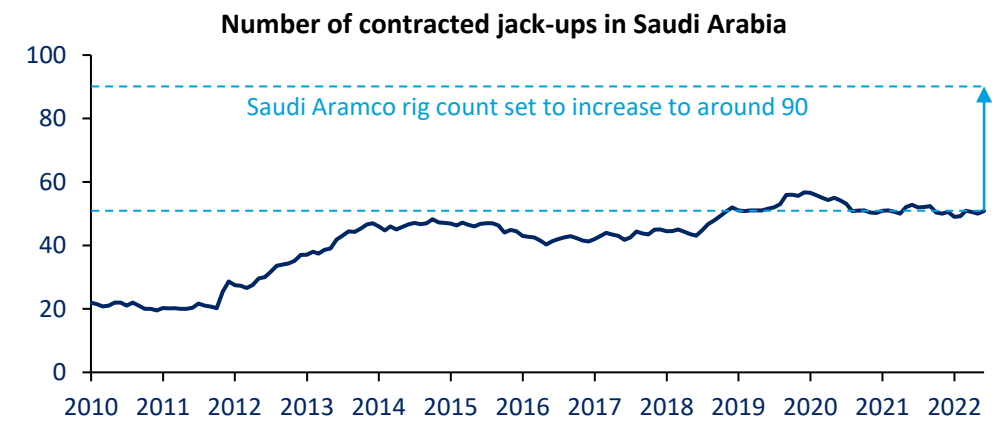
Shadow supply removal Incremental rigs contracted are mostly rigs that were stacked, removing the sidelined capacity in the jack-up market

SHELF DRILLING Key provider of jack-ups in the Middle East and elsewhere with strong client relationships

Recovery In Jack-up Demand Accelerating



Considerable Fleet Increase from Saudi Aramco



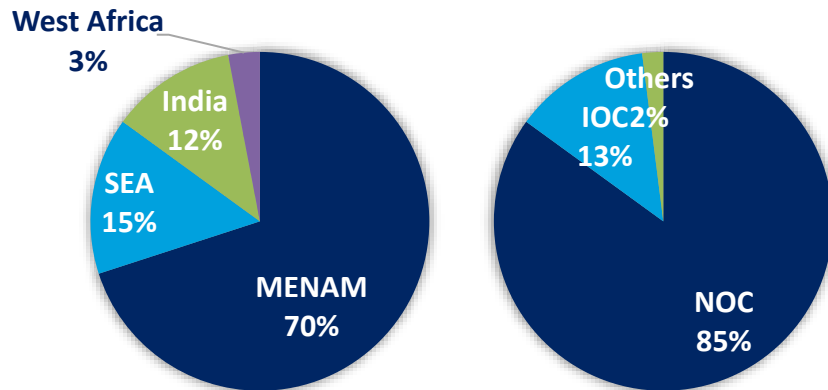
Source: Saudi Aramco, Joint Organisations Data Initiative, IHS Petrodata

High Fleet Utilization and Strong Backlog

Fleet Status Summary (As of 11 Aug 2022)

	Contracted	Available	Total	% Contracted	Contract Expirations			
					Q3 2022	Q4 2022	2023	2024+
MENAM	10	1	11	91%	-	1	2	7
Arabian Gulf ¹	7	1	8	88%	-	-	-	7
NAF/Med ²	3	0	3	100%	-	1	2	-
India	9	1	10	90%	-	1	2	6
West Africa	5	1	6	83%	3	-	2	-
SE Asia	3	1	4	75%	-	-	-	3
Total	27	4	31	87%	3	2	6	16

Total Backlog – \$1,800 Million (As of 30 Jun 2022)



Recent Developments

- Completed purchase of Deep Driller 7 in July 2022, rig renamed Shelf Drilling Victory, commenced reactivation project in UAE
- SD Achiever secured a 3-year contract extension with Saudi Aramco
- F.G. McClintock and C.E. Thornton secured a three-year contract each with ONGC India
- Key Singapore commenced contract with Cairn, India in June 2022
- SD Enterprise commenced 3-year contract with PTTEP, Thailand in July 2022
- SD Mentor commenced contract with an undisclosed operator in Nigeria in July 2022
- SD Scepter completed short-term contract with Cuu Long JOC (CLJOC), Vietnam in August and demobilized to Singapore

Note (1): Arabian Gulf includes Saudi Arabia, UAE, Bahrain and Oman.

Note (2): North Africa & Mediterranean include Italy, Tunisia and Egypt operations.



Fit for Purpose Strategy Underpins Commitment to Sustainability

Best in Class Operational Platform

Strong Customer Relationships and Industry Leading Backlog

**Concentrated Exposure to Short Cycle, Low Cost,
Low Carbon Activity**

Full Cycle Financial Resilience and Balance Sheet Management

Well-Positioned to Benefit from Higher Commodity Prices

Q2 2022 Results

Shelf Drilling Q2 2022 Results Highlights



Results of Operations

<i>(In thousands USD)</i>	Q1 2022	Q2 2022
Revenues	\$ 156,020	\$ 150,674
Operating Costs & Expenses		
Operating and maintenance	85,481	89,052
Depreciation	14,415	14,447
Amortization of deferred costs	15,277	13,682
General and administrative	12,504	14,295
(Gain) / loss on disposal of assets	(328)	237
Operating Income	28,671	18,961
Other Expense, Net		
Interest expense and financing charges, net of interest income	(26,725)	(26,719)
Other, net	138	209
Income / (Loss) Before Income Taxes	2,084	(7,549)
Income tax expense	6,710	9,182
Net Loss	\$ (4,626)	\$ (16,731)

Revenue Summary

- \$5.3 million, or 3.4%, sequential decrease in revenues:
 - Effective utilization decreased to 78% in Q2 2022 from 85% in Q1 2022, mainly due to:
 - Contract preparation projects for two rigs in Thailand (Shelf Drilling Chaophraya and Shelf Drilling Enterprise) and one rig in Vietnam (Shelf Drilling Scepter)
 - Planned shipyard for one rig in Saudi Arabia (High Island V)
 - Increase in mobilization and other revenues largely driven by Angola due to the full quarter of operations of the Shelf Drilling Tenacious
 - Average dayrate increased marginally to \$62.6 thousand in Q2 2022 from \$61.8 thousand in Q1 2022
- Significant sequential revenue decrease in Thailand mostly offset by increases in all other locations

	Q1 2022	Q2 2022
Operating Data		
Average marketable rigs ¹	30.0	30.0
Average dayrate ² (in thousands USD) \$	61.8 \$	62.6
Effective utilization ³	85%	78%
Revenue (in thousands USD)		
Operating revenues – dayrate	\$ 141,368	\$ 133,529
Operating revenues – others	9,180	12,640
Other revenues	5,472	4,505
Total Revenues	\$ 156,020	\$ 150,674

Note (1): "Marketable rigs" are defined as the total number of rigs operating or available to operate, excluding: stacked rigs and rigs under contract for activities other than drilling or plug and abandonment services, as applicable.

Note (2): "Average dayrate" is defined as the average contract dayrate earned by marketable rigs over the reporting period excluding mobilization fees, contract preparation, capital expenditure reimbursements, demobilization, recharges, bonuses and other revenues.

Note (3): "Effective utilization" is defined as the number of calendar days during which marketable rigs generate dayrate revenues divided by the maximum number of calendar days during which those rigs could have generated dayrate revenues.

Operating Expense Summary

- Operating and maintenance of \$89.1 million in Q2 2022, higher by \$3.6 million versus Q1 2022:
 - Higher operating costs for one rig in Angola (Shelf Drilling Tenacious) that was fully operating in Q2 2022
 - Higher maintenance and shipyard expenses for one rig which was preparing for a new contract in Thailand (Shelf Drilling Chaophraya)
- General and administrative expenses of \$14.3 million in Q2 2022 increased by \$1.8 million from Q1 2022 primarily due to costs related to the acquisition of five jack-up rigs from Noble Corporation during the current period.

<i>(in thousands USD)</i>	Q1 2022	Q2 2022
Operating Expenses		
Rig operating costs	\$ 76,501	\$ 80,136
Shore-based costs	8,980	8,916
Operating and maintenance	\$ 85,481	\$ 89,052
Corporate G&A	\$ 11,847	\$ 12,158
(Reversal of provision for) / provision for credit losses, net	33	32
Share-based compensation	624	631
One - time corporate transaction costs	—	1,474
General & administrative	\$ 12,504	\$ 14,295

Adjusted EBITDA Reconciliation

<i>(In thousands USD)</i>	Q1 2022	Q2 2022
Net Loss	\$ (4,626)	\$ (16,731)
Add Back		
Interest expense and financing charges, net of interest income ¹	26,725	26,719
Income tax expense	6,710	9,182
Depreciation	14,415	14,447
Amortization of deferred costs	15,277	13,682
(Gain) Loss on disposal of assets	(328)	237
EBITDA	\$ 58,173	\$ 47,536
One-time corporate transaction costs ²	—	1,474
Adjusted EBITDA	\$ 58,173	\$ 49,010
Adjusted EBITDA margin	37.3%	32.5%

Note (1): "Interest expense and financing charges, net of interest income" is defined as interest expenses incurred and accrued on our debt and the amortization of debt issuance fees and costs over the term of the debt, net of interest income.

Note (2): "One-time corporate transaction costs" represents certain one-time third-party professional services.

Capital Expenditures and Deferred Costs Summary

- Capital Expenditures and Deferred Costs totaled \$33.1 million in Q2 2022, up \$10.2 million from Q1 2022 primarily as a result of:

- Higher contract preparation expenditures for two rigs in Thailand (Shelf Drilling Chaophraya and Shelf Drilling Enterprise) and one rig in India (Key Singapore) which started operations in late June 2022
- Higher planned maintenance and shipyard expenses for two rigs in Saudi Arabia (High Island V and Shelf Drilling Achiever)
- Higher spending on fleet spares
- Partially offset by lower spending for one rig in Angola (Shelf Drilling Tenacious) that started operations in Q1 2022

(In thousands USD)

	Q1 2022	Q2 2022
Capital Expenditures and Deferred Costs:		
Regulatory and capital maintenance ¹	\$ 16,074	\$ 17,280
Contract preparation ²	6,659	12,649
Fleet spares and other ³	186	3,138
	<u>\$ 22,919</u>	<u>\$ 33,067</u>
Rig acquisitions ⁴	—	30
Total Capital Expenditures and Deferred Costs	\$ 22,919	\$ 33,097
<i>Reconciliation to Statements of Cash Flow</i>		
Cash payments for additions to PP&E	\$ 8,032	\$ 9,605
Net change in accrued but unpaid additions to PP&E	(582)	(394)
	<u>\$ 7,450</u>	<u>\$ 9,211</u>
Changes in deferred costs, net	\$ 192	\$ 10,204
Add: Amortization of deferred costs	15,277	13,682
	<u>\$ 15,469</u>	<u>\$ 23,886</u>
Total Capital Expenditures and Deferred Costs	\$ 22,919	\$ 33,097

Note: (1): "Regulatory and capital maintenance" includes major overhauls, regulatory costs, general upgrades and sustaining capital expenditures.

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 expenditures 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 expenditures.

Note: (4): "Rig acquisitions" includes transaction costs for the acquisition of the Shelf Drilling Victory delivered in July 2022.

Capital Structure Summary

<i>(In millions USD)</i>	YE 2020	YE 2021	Q1 2022	Q2 2022
Cash and Cash Equivalents	\$ 73	\$ 232	\$ 214	\$ 220
Total Long-lived Assets ¹	1,168	1,166	1,158	1,161
Total Assets	\$ 1,516	\$ 1,618	\$ 1,591	\$ 1,636
8.25% Senior unsecured notes due 2025 ²	\$ 891	\$ 893	\$ 894	\$ 894
8.875% Senior secured notes due 2024 ³	—	299	300	301
8.75% Senior secured notes due 2024 ⁴	78	—	—	—
RCF Drawdowns due 2023	55	—	—	—
Total Debt	\$ 1,024	\$ 1,192	\$ 1,194	\$ 1,195
Net Debt	\$ 951	\$ 960	\$ 980	\$ 975
Total Equity	\$ 289	\$ 214	\$ 210	\$ 242

- LTM Adjusted EBITDA of \$184.6 million and Net Leverage ratio of 5.3x as of June 30, 2022
- Total restricted cash securing bank guarantees was \$26.4 million at June 30, 2022 compared to \$22.0 million at March 31, 2022
- Total shares outstanding of 175.5 million as of June 30, 2022
 - In June 2022, 38.4 million common shares were issued at NOK 13, resulting in \$48.1 million of net proceeds
 - Primary insiders: 66.4 million or 37.8%, consisting primarily of China Merchants: 26.8 million (15.3%), Castle Harlan: 19.7 million (11.2%) and Lime Rock: 17.2 million (9.8%)

Note (1): "Total Long Lived Assets" are defined as property plant and equipment, right-of-use assets and short term and long term deferred costs. This excludes assets held for sale.

Note (2): Reflects carrying value. Principal value is \$900.0 million.

Note (3): Reflects carrying value. Principal value is \$310.0 million.

Note (4): Reflects carrying value. Principal value was \$80.0 million for YE 2020.

Free Cash Flow Summary

- Q2 2022 Adjusted EBITDA of \$49.0 million and Adjusted EBITDA Margin of 33%
- Sequential increase in income tax expense and capital expenditures and deferred costs, offset by positive working capital impacts in Q2 2022
- Cash and cash equivalents increased by \$5.5 million to \$219.9 million during Q2 2022, compared to the \$17.9 million decrease in Q1 2022, mainly due to:
 - \$48.5 million net cash proceeds from the issuance of common shares
 - Partially offset by the \$43.5 million advance payment of property and equipment related to the acquisition of five jack-up rigs from Noble Corporation (\$37.5 million) and the Shelf Drilling Victory (\$6.0 million), which was delivered in July 2022
 - Lower cash interest payment in Q2 2022

Quarterly Cash Flow Summary (\$MM)	Q1 2022	Q2 2022
Adjusted EBITDA	\$ 58.2	\$ 49.0
Adjustments	—	1.5
EBITDA	\$ 58.2	\$ 47.5
Interest expense, net of interest income	(26.7)	(26.7)
Income tax expense	(6.7)	(9.2)
Capital expenditures and deferred costs ¹	(22.9)	(33.1)
Sub-Total	\$ 1.9	\$ (21.5)
<i>Working Capital Impact</i>		
Interest ²	(10.4)	13.0
Other	(9.4)	9.0
Sub-Total	\$ (19.8)	\$ 22.0
Net proceeds from issuance of common shares	—	48.5
Deposits for Rig Acquisitions	—	(43.5)
Net Change in Cash and Cash Equivalents	\$ (17.9)	\$ 5.5
Beginning Cash	232.3	214.4
Ending Cash and Cash Equivalents	\$ 214.4	\$ 219.9

Note (1): Excludes rig acquisitions.

Note (2): Represents the difference between interest expense, net and cash interest payments during the period.



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