



# DOLPHIN DRILLING

Third quarter 2023 results  
28 November 2023

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# Today's presenters



**Bjørnar Iversen**

CEO



**Stephen Cox**

CFO



**Ingolf Gillesdal**

VP Corporate Finance / IR

# Agenda

## Q3 2023 Highlights

Q3 2023 results – key financials

Company and operational update

Market outlook

Summary



Borgland Dolphin



# Q3 2023 highlights (incl. subsequent events)

## Operational highlights

- **EBITDA USD 4.6 million**, an increase of USD 3.0 million versus prior quarter
- Blackford Dolphin **98.3%** operational efficiency and opex reduced to **USD 106,000/day**

## Fleet update

- Signed contract for **Borgland** with **EnQuest** from April 2025, 137 firm days + mob + options
  - **5-year frame agreement** for development and P&A drilling campaigns in the UK
- **LOA from Oil India** commencing Q3 2024
  - Negotiations ongoing with Oil India to mobilise **Blackford** for early commencement
- **Closing of Paul B. Loyd, Jr. and Transocean Leader** expected within next 60 days
  - Gained UK acceptance for Paul. B. Loyd, Jr. Safety Case in November 2023

## Nigeria client and contracts update

- Continuing payment delays in Nigeria, close contact with GHIL and funding partners
- Peak Petroleum, continued breach of contract conditions by client, Dolphin considering next steps

## Financing

- Signed Term Sheet for USD 65 million loan facility with Maritime Asset Partners Ltd



<sup>1</sup> includes estimated backlog on Paul B Loyd Jr at current dayrate plus firm priced and unpriced option periods considered per conditions to consent agreement from Harbour Energy and economics attributable to Dolphin Drilling per acquisition agreement with Transocean  
Peak contract is excluded from the calculation of revenue backlog due to continued breach of contract conditions

# Headline financial data points



Notes: Revenue backlog as of 28 November, 2023

\*Estimated rig EBITDA backlog excludes USD \$32 million in mobilization and SPS contributions and excludes all contract option periods

Backlog and EBITDA changes are versus prior Quarter

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Borgland Dolfin

# Financial Information

## Income Statement (Unaudited)

(USDm)	Q3 2023	Q2 2023	YTD 2023	FY 2022
<b>Profit &amp; Loss</b>				
Charter Revenues	20.8	18.3	40.7	18.8
Other Revenues	0.4	0.5	1.1	2.3
Mobilisation Revenues	3.0	3.0	6.0	0.0
<b>Total Revenues</b>	<b>24.2</b>	<b>21.8</b>	<b>47.7</b>	<b>21.1</b>
Operating Expenditures	12.5	13.5	39.6	54.4
Mobilisation Costs	3.0	3.0	7.7	0.0
G&A and Others	4.2	3.6	11.1	19.0
<b>EBITDA</b>	<b>4.6</b>	<b>1.6</b>	<b>(10.8)</b>	<b>(52.4)</b>
<b>EBITDA (adjusted)</b>	<b>4.6</b>	<b>1.8</b>	<b>(10.5)</b>	<b>(48.4)</b>
EBITDA % (adjusted)*	22%	10%	n/a	n/a
<b>EBIT</b>	<b>2.0</b>	<b>(0.2)</b>	<b>(17.4)</b>	<b>(62.9)</b>
Net Finance (Cost) / Income	(1.2)	0.5	(1.2)	(4.8)
<b>EBT</b>	<b>0.8</b>	<b>0.3</b>	<b>(18.6)</b>	<b>(67.7)</b>
<b>Net Profit / (Loss)</b>	<b>(1.4)</b>	<b>(1.6)</b>	<b>(22.8)</b>	<b>(68.4)</b>
Basic earnings (loss) per share**	\$ (0.01)	\$ (0.01)	\$ (0.18)	\$ (0.55)

\*EBITDA % is adjusted to exclude mobilization revenues from the calculation, and for unusual items considered one-off in nature and not impacting the operating performance

\*\* Share increase following share placements in Q3

### Key notes

- Blackford on contract for the full quarter vs 10 days off in Q2 (waiting for permits)
- Mobilisation revenues and costs related to Blackford's existing contract in Nigeria
- Reduced operating costs on Blackford USD 106k per day (USD 116k/day in Q2 2023). Reduced R&M in Q3, plus offsetting adjustment against G&A
- Stacking costs of Borgland and Bideford at a combined total of USD 29k per day (USD 28k/day in Q2 2023)
- G&A of USD 4.2 million compared to USD 3.6 million in Q2, reflecting an increase in costs following rig acquisitions and alignment of activity based costs with Opex
- EBITDA USD 4.6 million compared to USD 1.6 million in Q2
- Taxes are recorded against income, no cash tax payments yet required



# Financial Information

## Balance Sheet (Unaudited)

(USDm)	2023 Q3	YE 2022
<b><i>Current Assets:</i></b>		
<b>Total Cash</b>	<b>59.9</b>	<b>35.8</b>
Accounts Receivable	40.9	1.1
Inventory	20.9	20.3
Other Current Assets	16.7	14.3
<b>Total Current Assets</b>	<b>138.4</b>	<b>71.4</b>
<b><i>Non-Current Assets:</i></b>		
Net PP&E	69.2	62.2
Other Assets	-	-
<b>Total Assets</b>	<b>207.6</b>	<b>133.6</b>
<b><i>Current Liabilities</i></b>		
Accounts Payables	5.1	8.8
Accrued Expenses	13.4	12.3
Other Current Liabilities	42.4	23.5
Drawdown facility	15.0	-
<b>Total Current Liabilities</b>	<b>75.9</b>	<b>44.6</b>
<b>Other Non Current Liabilities</b>	<b>3.9</b>	<b>4.5</b>
<b>Total Liabilities</b>	<b>79.7</b>	<b>49.1</b>
Shareholders' Equity	127.8	84.4
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>207.6</b>	<b>133.6</b>

### Key notes

- USD 65 million net proceeds has been raised following the placement and subsequent repair offering in July and September
- Accounts receivable increase represent unpaid invoices from General Hydrocarbons Limited (GHL)
- Q3 Net PP&E includes deposits of USD 6.2 million paid to Transocean in line with the acquisition agreement
- Other Current Liabilities includes advance payment and payments on account from GHL, deferred mobilisation revenues, amounts due to Factor, and tax provisions
- Debt of USD 15 million represents full draw on shareholder loan

# Financial Information

## Cash flows (Unaudited)

(USDm)	2023 YTD	FY 2022
<b>Operating Cash Flows</b>		
<b>Net Income</b>	<b>(22.8)</b>	<b>(68.4)</b>
Add-Back: Depreciation and Amortization	6.6	10.6
Less gain on disposal of assets	-	0.9
<u>Net Change in Working Capital</u>	<u>(27.2)</u>	<u>18.0</u>
<b>Cash Flow from Operations</b>	<b>(43.4)</b>	<b>(38.9)</b>
<b>Cash Flow From Investing</b>	<b>(13.7)</b>	<b>(13.7)</b>
<b>Cash Flow from Financing</b>	<b>81.2</b>	<b>65.1</b>
<b>Net Change in Cash at End of Period</b>	<b>24.1</b>	<b>12.5</b>
<b>Cash at Beginning of Period</b>	<b>35.8</b>	<b>23.3</b>
<b>Cash at End of Period</b>	<b>59.9</b>	<b>35.8</b>

### Key notes

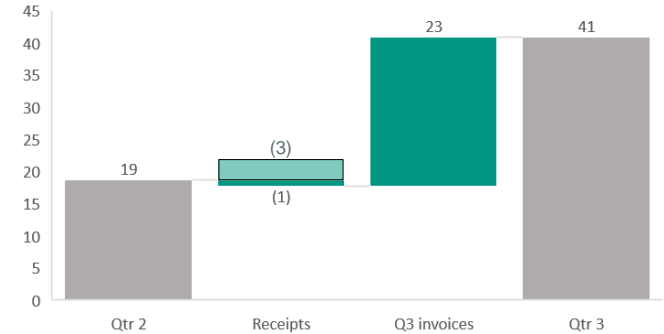
- Working capital – negatively impacted by lack of receipts from General Hydrocarbon Limited
- Investments – Includes capex, SPS payments and deposits paid to Transocean as per the acquisition agreement
- Financing – proceeds has been raised following the placement and subsequent repair offering in July and September plus the earlier Shareholder loan
- Net cash of USD 59.9 million at end of quarter includes USD 9.1 million in restricted cash related to bonds, guarantees, and payments on account from GHIL

# Blackford - Nigeria Update

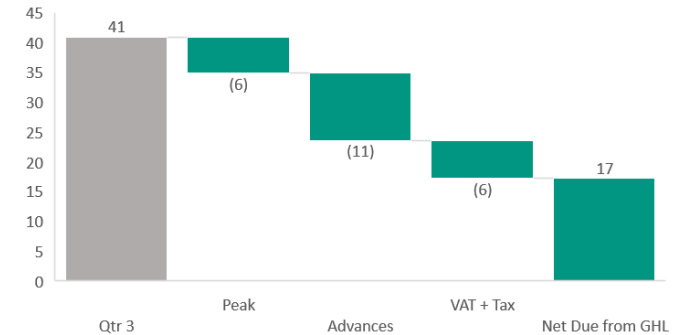


- Blackford on contract late March 2023
- Successfully drilled to 2,400m on EWO-2 exploration prospect
- Number of delays through lack of client supplied equipment and services during program
- Rig remains on location in standby @ 95% day rate
- Client has indicated a side-track well, rig move and one further well to be drilled and reports positive well results
- Continuous dialogue on slow payment issue and overall financial health of client
- USD 3.3 million received from connected parties and not applied to receivables
- Number of discussions and verbal proposals from client and funding source (First Bank Nigeria) – awaiting written proposals and guarantees
- Net amounts due from GHL @ Q3 = USD 17.3 million

## Receivables Q2 – Q3



## Breakdown of Balance



# Financing Term Sheet Main Conditions



<b>Provider</b>	<b>Maritime Asset Partners</b>
<b>Quantum</b>	USD 65 million less Debt Service Reserve Account
<b>Security</b>	Ring-fenced to PBL rig and cash flows – all other assets remain unencumbered
<b>Tenor</b>	3.75 years
<b>Rates</b>	9.75% fixed interest rate
<b>Amortisation</b>	12-month grace period on principal repayments, thereafter USD 1.66 million/month for 24 months, increasing to USD 2 million/month for next 8 months then USD 2.5 million at maturity
<b>Distributions</b>	Permitted at Dolphin Group LTV <45% + firm EBITDA Backlog > 125% Total Debt

- Factoring facility will be repaid and closed
- Enhances flexibility and management of working capital across Group
- Provides efficient funding at subsidiary level

# Illustrative EBITDA and Cash Flow Potential – 3 rigs



## Key assumptions

- PBL USD 175k dayrate and USD 70-80K opex
- Borgland USD 200-220k dayrate and USD 70-80K opex
- Blackford USD 230-250k dayrate and USD 105-115k opex
- Stacked rigs include daily opex of USD 8k for Bideford and USD 3k for Leader
- 95% rig utilization
- USD 3-5mill per year in capex for contracted rigs

Assumptions are based on signed contracts and expected market rates and costs post commencement for the 3 rigs Blackford, Borgland, and Paul. B. Loyd, Jr., expected Q2 2025



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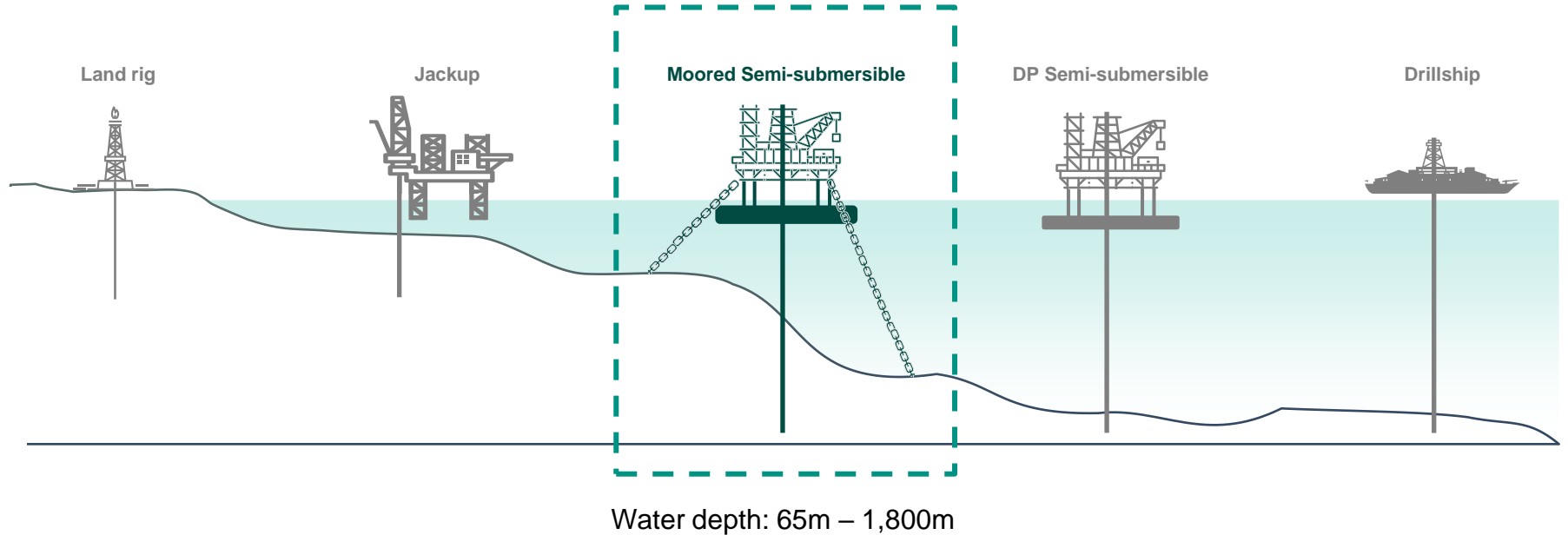
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Borgland Dolfin

# Dolphin Drilling - focused on moored semi-submersible rigs



# Paul B. Loyd, Jr. and Transocean Leader rig acquisitions

## Status Update



### The project

- **Commenced**
  - The implementation project commenced 26 June 2023
- **Resources**
  - Over 13,000-man hours will have been used by execution date
  - Project on track to complete all required tasks ahead of the operational transfer date

### Milestones & more

- **Authority approval**
  - Safety Case acceptance was granted by Authorities 7 Nov 2023 – 39 days ahead of schedule without any comments or reservations
- **Remaining major scope**
  - Transfer of contract scope including complying with conditions precedents on schedule for completion
  - Implementation of management systems scheduled for mid Dec
  - Transfer of ownership and flag

### People

- **Personnel retention**
  - PBLJ crew intact and will move over to Dolphin Drilling
    - Consistency in safety, operational performance and income
- **Integration**
  - Ongoing onboarding activities (training, familiarization, personnel contracts etc.)
  - Integration workshops ongoing to ensure cultural and operational alignment – well received by participants

### Completion

- **The Date**
  - Execution date estimated to close within 60 days subject to satisfaction of remaining timely conditions for completion

# Dolphin Drilling – continues to build backlog and scale



Fleet growth



Improve earnings  
visibility



Improve  
operational  
footprint



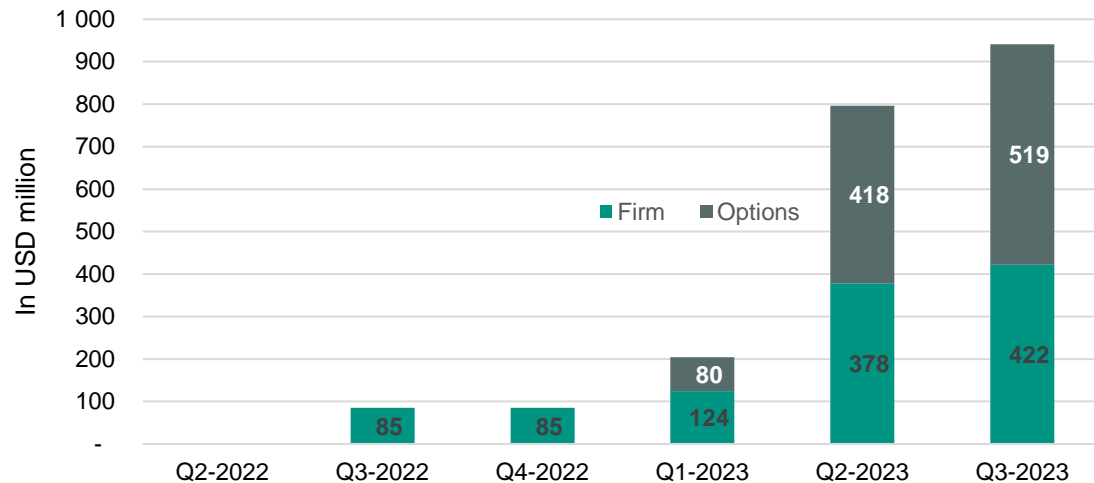
Consolidate UK rig  
market in a  
tightening supply  
market



## Dolphin Drilling rig fleet

1. Blackford Dolphin
2. Paul B. Loyd Jr.
3. Borgland Dolphin
4. Transocean Leader
5. Bideford Dolphin

# Dolphin Drilling building revenue backlog to USD 941 million



Borgland – adding significant new order backlog



Segment	Rig	Client	Location	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025	2Q 2025	3Q 2025	4Q 2025	1Q 2026	2Q 2026	3Q 2026	4Q 2026	1Q 2027	2Q 2027	3Q 2027	
HE deepwater	Blackford	GHL	Nigeria	USD 232,500																	
	Blackford	Oil India	India					USD undisclosed													
	Leader		UK																		
HE midwater moored	Paul B. Loyd Jr.	Harbour	UK	USD 175,000 +																	
	Borgland	Enquest	UK						USD undisclosed				Frame agreement								
	Bideford		Norway																		

Revenue backlog as of November 27 2023



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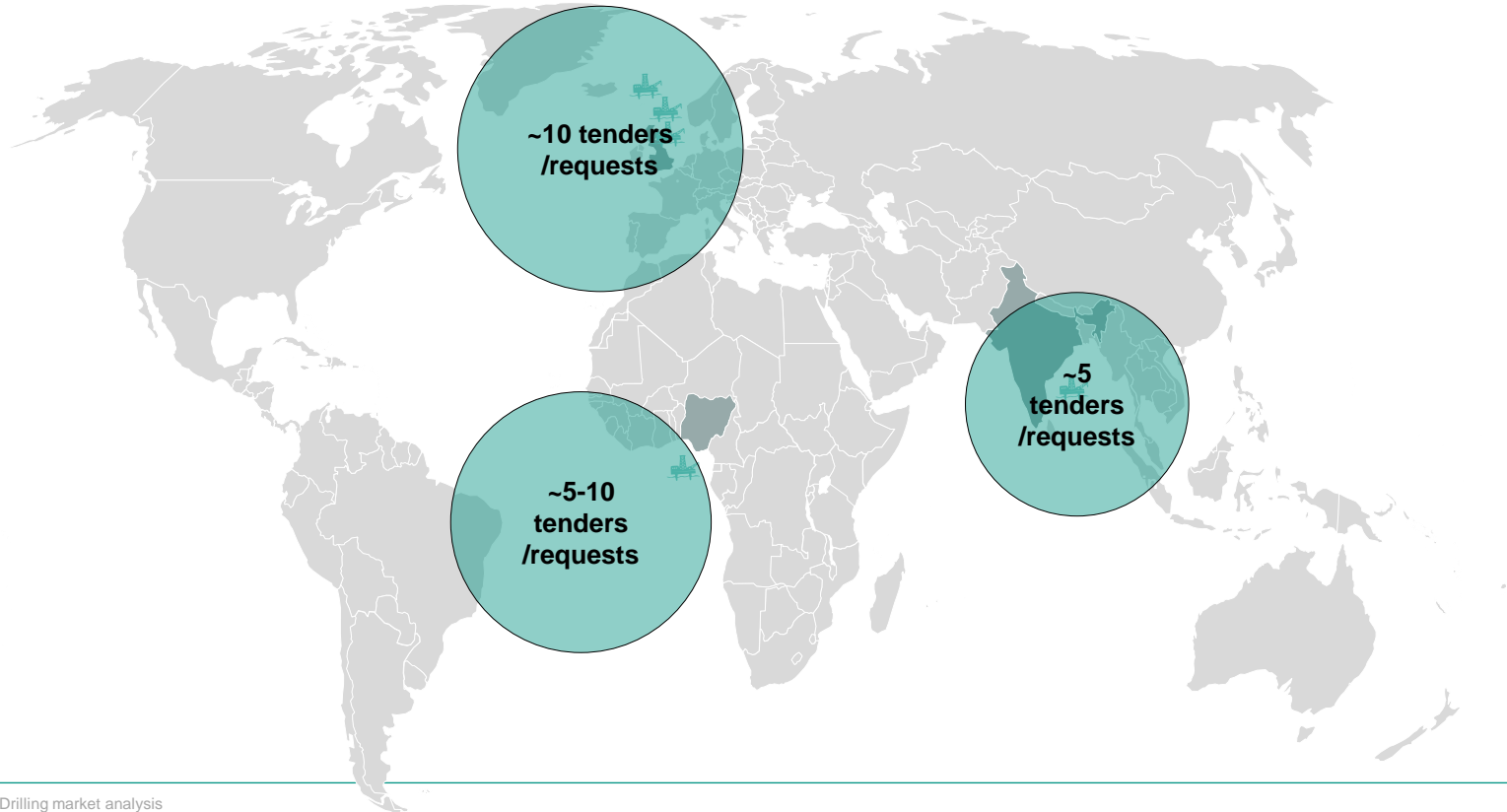
Paul B. Lloyd Jr., UK



Blackford Dolphin, Nigeria

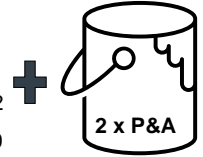
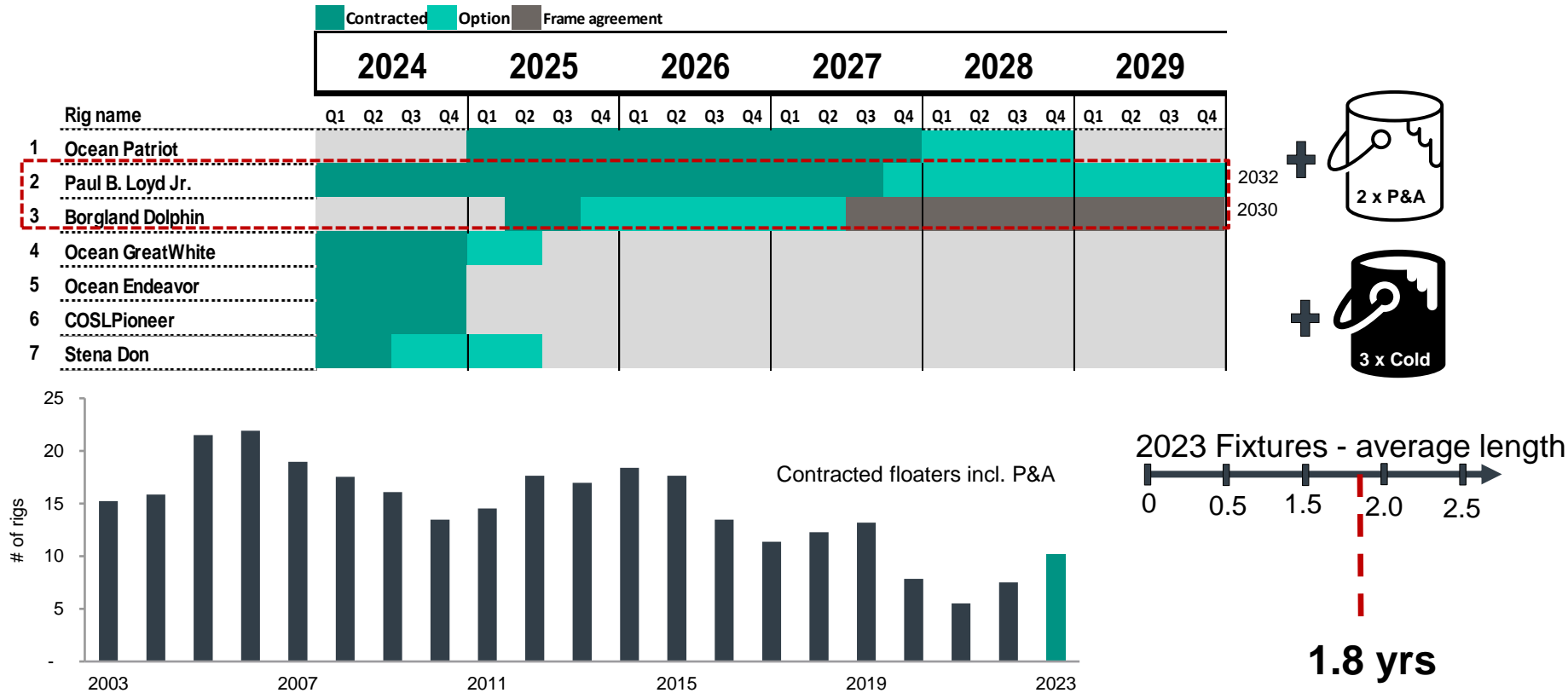
# Semisubmersible moored rig demand

List of identified opportunities



# UK semi market – trend is 3-5 year contracts

Renewed drilling activity + increased focus on completing required P&As



Source: IHS Market

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Borgland Dolphin

# Summary

Dolphin Drilling is well positioned in industry recovery

01

**EBITDA at USD 4.6 million** improved by USD 3.0 million versus prior quarter

Blackford Dolphin had **98.3%** operational uptime in the quarter

02

Borgland - signed contract **with EnQuest**

LOA received from **Oil India** with Q3 2024 commencement

Negotiations ongoing with Oil India to mobilise Blackford for early commencement

03

Total revenue backlog of **USD 941 million**

Firm USD 422 million plus USD 519 million options

04

Signed Term Sheet for USD 65 million loan facility from Maritime Asset Partners Ltd

**Revenue  
backlog**

**USD 941 million**  
**\$422M firm**  
**(\$519M options<sup>1</sup>)**

<sup>1</sup> includes estimated backlog on Paul B Loyd Jr at current dayrate plus firm priced and unpriced option periods considered per conditions to consent agreement from Harbour Energy and economics attributable to Dolphin Drilling per acquisition agreement with Transocean



## Ownership structure

# Dolphin Drilling – public listing in Norway (post planned repair issue)

**53%**

~1000 shareholders primarily consisting of Norwegian, UK and US investors



Other public shareholders

**28%**

Remained a major owner of Dolphin Drilling through the downcycle



Strategic  
Value  
Partners

**19%**

Established sector lead investor – instrumental owner and initiator of > 50 IPOs



# Vision, Mission & Values

## Purpose

Deeply committed to delivering pioneering drilling services for the future.

## Vision

To be the most trusted drilling services team, delivering unmatched levels of customer service, innovation and performance.

## Mission

We work hand in hand with our customers and continue to move the industry forward, delivering operational excellence by exploring new ways of working together. We will continue to champion innovative technologies that bring responsible solutions to the world's energy challenges.



# Q&A



# Appendix



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# Board of directors with extensive industry experience

## Board of directors



**Martin Nes**

**Chairman**

- Member of the board since 2022
- Currently holds the position as CEO of Ferncliff TIH
- 25 years of experience within shipping and offshore
- Extensive board experience and he is currently Chairman of the Board in S.D. Standard ETC, Standard Supply, Second Space, Arribatec and Saga Pure



**Øystein Stray Spetalen**

**Board member**

- Member of the board since 2022
- Chairman and owner of investment firm Ferncliff TIH
- Extensive experience with offshore drilling



**Paul Marchand**

**Board member**

- Member of the board since 2020
- Currently holds the position as Managing Director in SVPGlobal
- Prior to joining SVPGlobal, he held various positions in Bain Capital



**Alf Ragnar Løvdal**

**Board member**

- Member of the board since September 2022 (board member from June 2019-April 2022)
- 35 years of experience in the oil and gas industry, recently as CEO of North Atlantic Management AS, a subsidiary of Seadrill Limited.



# Management bringing extensive experience and expertise

Seasoned management team able to deliver accelerated growth



## Senior management



**Bjørnar Iversen**  
Chief Executive Officer

- Joined Dolphin Drilling and the management group in 2019
- Prior to joining Dolphin Drilling, he held the position as CEO of Songa Offshore and various senior management positions for Odfjell Drilling where he was in charge of several divisions and companies, business development and projects
- 25+ years of experience from the offshore drilling business



**Stephen Cox**  
Chief Financial Officer

- Joined Dolphin Drilling and the management group in 2019
- Prior to joining Dolphin Drilling, his career spans over various finance and operational roles in Proserv, General Electric, Vetco Gray, Transocean and Sedco Forex
- Oversaw the successful restructuring of Proserv in 2018
- 25+ years of experience from the offshore business



**Johan Finnestad**  
Chief Operating Officer

- Joined Dolphin Drilling in 1984 and part of the management group since 1996
- Held several positions in Dolphin Drilling, including offshore and onshore management roles
- 30+ years of experience the drilling business



**Jon Oliver Bryce**  
Chief Strategy Officer

- Joined the management group in 2023
- Prior to joining Dolphin he held several senior positions, including CEO of Awilco Drilling and General Manager UK at Odfjell Drilling
- 30+ years of experience in the offshore business



**Per Vangsgaard**  
Chief Technology Officer

- Joined Dolphin Drilling and the management group in 2021
- Prior to joining Dolphin Drilling, he held the position as VP of Technology in Awilco Drilling and has held various senior operational and technical management positions globally in Seadrill
- 25+ years of experience from the offshore drilling business



**Ingolf Gillesdal**  
VP Corporate Finance / IR

- Joined Dolphin Drilling in 2018
- Prior to joining Dolphin Drilling, he holds 25+ years of experience from corporate banks and capital markets
- Previous experience includes Clarksons, Nordea and Citibank

# Material focus areas defined by Dolphin Drilling

ESG

Dolphin Drilling published its first annual sustainability report earlier this year.

Through an internal materiality assessment defined topics that reflect the most material issues relevant to our operations.



**Spill prevention**



**Emissions**



**Health and safety**



**Diversity and equality**



**Anti-corruption**



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