

# Borr Drilling Limited Announces Preliminary Results for the Fourth Quarter and Year Ended 2019

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HAMILTON, Feb. 28, 2020 - [Borr Drilling Ltd.](#) ("Borr", "Borr Drilling" or the "Company") announces unaudited results for the fourth quarter and twelve-months ended December 31, 2019.

## Highlights in the fourth quarter 2019 and full year 2019

- Total operating revenues of \$92.9 million, net loss of \$69.3 million and Adjusted EBITDA of \$1.8 million for the fourth quarter of 2019
- Total operating revenues of \$334.1 million, net loss of \$308.1 million and Adjusted EBITDA of \$(2.6) million for the twelve-months ended December 31, 2019
- net loss in the quarter includes \$16.4 million accounting loss in equity method investments. This relates mainly to an unplanned geological event which led to a change in the drilling programme for a well in Mexico. Based on contractual provisions, we expect to be compensated for the additional costs associated with this change
- Technical utilisation was 99.5% in the fourth quarter and 99.0% for 2019
- Economical utilisation was 95.9% in the fourth quarter and 95.9% for 2019
- The Company sold its marketable securities in Oro Negro debt securities with total proceeds of \$27.1 million, resulting in an estimated total realised loss of \$15.4 million since initial purchase
- The Company agreed amendments in bank loan covenants to adjust minimum book equity ratio from 40% to 33.3% and minimum free liquidity covenant from 4.0% to 3.0% of net interest bearing debt
- Neil Glass was appointed as Director and Audit Committee member

## Subsequent events

- The Company entered into a new \$100 million financing arrangement for the newbuild jack-up rig Tivar, scheduled to be delivered from the yard in July 2020, maturing on December 31, 2021. As part of the agreement the delivery of the rig to Vale and Var are expected to be postponed to Q1 2022.
- Francis Millet was appointed as Chief Financial Officer.

The Chairman of the Board, Paal Kibsgaard, commented:

"The trend of increasing utilisation and higher jack-up dayrates seen in the first nine months of 2019, continued into the fourth quarter. In 2019, 420 rig years have been contracted in the jack-up market, beating the 2013 peak of 410 rig years. In spite of the volatility seen in the global oil and equity markets so far this year, the growth in shallow water drilling is set to continue in 2020. This is driven by customers who have attractive shallow water acreage and are managing their resource base with a long-term perspective. Based on ongoing tendering activity and customer interactions, more than 40 additional rigs are required in 2020 to add to the planned activity. This will likely consume most of the available modern jack-up capacity, setting the stage for further increasing utilisation and dayrates as the year progresses."

Our operational and financial results for the fourth quarter were solid but impacted by schedule gaps, one-off G&A expenses and conservative cost recognition in connection with the integrated drilling contracts in Mexico.

Looking at the full year of 2019, Borr doubled revenues compared to 2018, as we activated eight incremental rigs and won \$517 million of revenue backlog. The progress we made in 2019 in building out our business, means that we now have critical mass in all four operating regions. Therefore, going forward, we will only activate new rigs when dayrates and market compensation meet our new requirements for cashflow and profitability. With activity at critical mass, a stringent rig activation strategy and tight control of both operating costs and working capital, we expect to deliver positive operating income for the first half of 2020, together with a significant improvement in cashflow from operations.

Over the past year, our cash position has been challenging, mainly driven by rig deliveries and activation costs. However,

with the strong support of our partner banks and shipyard, recently obtained amended terms to both loans and rig delivery schedules, which significantly improves our liquidity position. In addition, we are in discussions to sell a limited number of modern rigs, as part of creating a long term business relationship in a key operating region, which will free up additional capital. Based on all of this, the Board is confident that we have created a clear financial path that will enable the Company to execute the established business plan while continuing to deliver best-in-class rig services to our customers.

Lastly, we are also actively pursuing options to reduce our risk profile in Mexico by lowering our participation in the integrated services joint venture, and instead focus our attention on the core rig operations in the country. This will also allow the company to focus even more on the execution of our global, core business, as the jack-up market continues to tighten in the coming years. We intend to continue to operate five rigs in Mexico in close cooperation with our partner, and we remain committed to serving the sizable Mexican shallow water market going forward."

The full report can be found in the enclosed file.

February 28, 2020  
The Board of Directors  
[Borr Drilling Ltd.](#)  
Hamilton, Bermuda

Questions should be directed to:  
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<https://mb.cision.com/Public/16983/3048891/bc566e7909ae9936.pdf> 4th Quarter 2019 Results

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