

# Borr Drilling Limited Announces Preliminary Results for the Second Quarter of 2021

31.08.2021 | [PR Newswire](#)

HAMILTON, Aug. 31, 2021 - [Borr Drilling Ltd.](#) ("Borr", "Borr Drilling" or the "Company") announces preliminary unaudited results for the three and six months ended June 30, 2021.

## Highlights second quarter of 2021

- Total operating revenues of \$54.8 million, an increase of 13% compared to the first quarter of 2021
- Net loss of \$59.9 million, an increase of \$5.5 million compared the first quarter of 2021, impacted by a \$21.7 million loss in income from equity method investments, mainly related to the IWS JVs in Mexico
- Adjusted EBITDA of \$3.7 million, an increase of \$14.4 million compared to the first quarter of 2021
- In June, entered into a MoU to sell the Company's ownership in the IWS JVs to streamline Mexico operations and improve liquidity. The transaction was completed in August 2021 and released \$26.5 million net in cash
- Substantially improved cash collections from Pemex to our Mexico JVs
- In late August 2021, the Company entered into two LOA/LOIs which have previously not been announced for two rigs in Africa for a total duration of two years plus options
- In 2021 to the date of this report, the Company has been awarded 28 new contracts, extensions, exercised options and LOA/LOIs, representing 6,398 days of potential backlog and \$542 million in revenues, excluding unexercised options

CEO, Patrick Schorn commented:

"We have seen a steady improvement in operations during the second quarter of 2021 with 13 rigs working at quarter end. Following our significant contract wins year to date, we have added approximately \$542 million in revenues to our backlog. In our fleet we have an additional ten delivered rigs that can be deployed in an improving market, and a further five rigs still to be delivered by the Keppel FELS shipyard.

"Based on ongoing negotiations expected to be concluded in the coming weeks, we anticipate having 17 rigs operating by year end, generating revenue by year end. Against a backdrop of elevated oil prices, rig demand reverting to and outpacing pre-pandemic levels and rig supply naturally reducing, we are well positioned to benefit from the current environment, and on the way to having all of our 23 delivered rigs working by the end of 2022. The Company should generate positive cash from operations after interest cost at the current level of 13 rigs operating at contracted rates for a full quarter. This provides us with a solid foundation going forward.

"Following improved collections in our Mexican joint ventures and the sale of our stake in the integrated well services joint ventures ("IWS JVs"), we have received \$42.4 million from our Mexico operations year to date. The transaction has allowed us to improve our working capital while simultaneously securing additional work for our five rigs in the country until the end of 2022. Due to the significant improvement in collections from Pemex in Mexico during 2021, combined with the new arrangement where we will only participate only in joint ventures providing drilling services, we expect increased regularity of cash payments from our Mexican operations.

The resulting liquidity improvement from the release of cash in Mexico coupled with cash from operations and encouraging signals means that both management and the board are focusing on further improving our capital structure post 2023. Several initiatives have been taken with the target of securing a long-term capital structure solution. We expect these, in combination with additional rig activations and rigs in operation, to further strengthen our operating cash flows and financial position going forward.

## Management Discussion and Analysis

The discussion below compares the results of the second quarter of 2021 to the results of the first quarter of 2021.

In \$ million	Q2 - 2021	Q1 - 2021	Change (\$)	Change (%)
Total operating revenues	54.8	48.4	6.4	13%
Rig operating and maintenance expenses	(47.4)	(48.8)	1.4	(3)%
General and administrative expenses	(7.8)	(11.7)	3.9	(33)%
Total operating expenses	(81.6)	(88.9)	7.3	(8)%
Adjusted EBITDA	3.7	(10.7)	14.4	-
Income / (loss) from equity method investments	(5.7)	16.0	(21.7)	-
Net loss	(59.9)	(54.4)	(5.5)	10%
Cash and cash equivalents	32.4	49.0	(16.6)	(34)%
Total equity	973.5	1,027.9	(54.4)	(5)%

Three months ended June 30, 2021 compared to the three months ended March 31, 2021

Total operating revenues for the second quarter of 2021 were \$54.8 million, an increase of \$6.4 million compared to the first quarter of 2021, consisting of \$49.4 million in dayrate revenues and \$5.4 million in related party revenues. Dayrate revenues increased by \$2.0 million quarter on quarter due to more rig operating days for the rigs "Prospector 1", "Norve", and "Idun" as a result of commencing contracts, offset by less operating days for "Mist" as it ended its contract in the second quarter, as well as a lower dayrate for "Gunnlod" and less operating days for "Natt". Related party revenues from the Company's JVs in Mexico increased by \$4.4 million quarter on quarter as the amendment of the joint venture agreements in the first quarter of 2021 did not impact the second quarter, with the increase partly offset by an increase in standby time on two rigs during the second quarter.

Rig operating and maintenance expenses were \$47.4 million for the second quarter of 2021, a decrease of \$1.4 million compared to \$48.8 million for the first quarter of 2021.

General and administrative expenses were \$7.8 million for the second quarter of 2021, a decrease of \$3.9 million compared to the first quarter of 2021. The decrease is mainly due to lower corporate overhead costs as well as lower legal costs, which in the first quarter of 2021 were related to amendments to our credit agreements.

Adjusted EBITDA for the second quarter 2021 was \$3.7 million, an increase of \$14.4 million compared to the first quarter of 2021.

The full report and financial statements are available in the files enclosed to this release.

For further questions, please connect to:

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The following files are available for download:

<https://mb.cision.com/Public/16983/3406424/8f765e4cca5f7ab3.pdf> Q2 2021 Earnings Release

<https://mb.cision.com/Public/16983/3406424/85afbac829b83e26.pdf> Fleet Status Report AUGUST 2021

<https://mb.cision.com/Public/16983/3406424/b1a788fa82db0fe2.pdf> Q2 2021 6-K

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