

# Clarksons Offshore Drilling Conference

Vantage Drilling International

June 2, 2021



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# Agenda

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- 1 Company overview
- 2 Operating strategy and results
- 3 Leverage and liquidity
- 4 Market outlook
- 5 Summary and Path Forward





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# Company overview

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# Vantage Drilling at a glance

## Overview

- Offshore drilling contractor that provides offshore drilling services and other management services for third-party owned drilling units.
- Offices in Houston (split HQ), Dubai (split HQ) and Singapore.
- Maintains among the most conservative capital structures with net debt<sup>(1)</sup> of \$197.8 million as of the end of Q1 2021.
- Owned fleet of 5 Jackups and 2 Drillships and a managed fleet, on behalf of another owner, of 2 Drillships and 2 Semi-submersibles.

### Jackups



*Aquamarine Driller (2009)*



*Topaz Driller (2009)*



*Sapphire Driller (2009)*



*Emerald Driller (2008)*



*Soehanah (2007)*

### UDW Floaters <sup>(2)</sup>



*Tungsten Explorer (2013)*



*Platinum Explorer (2010)*



*Leo/Sirius (2011/08)*



*Capella (2008)*



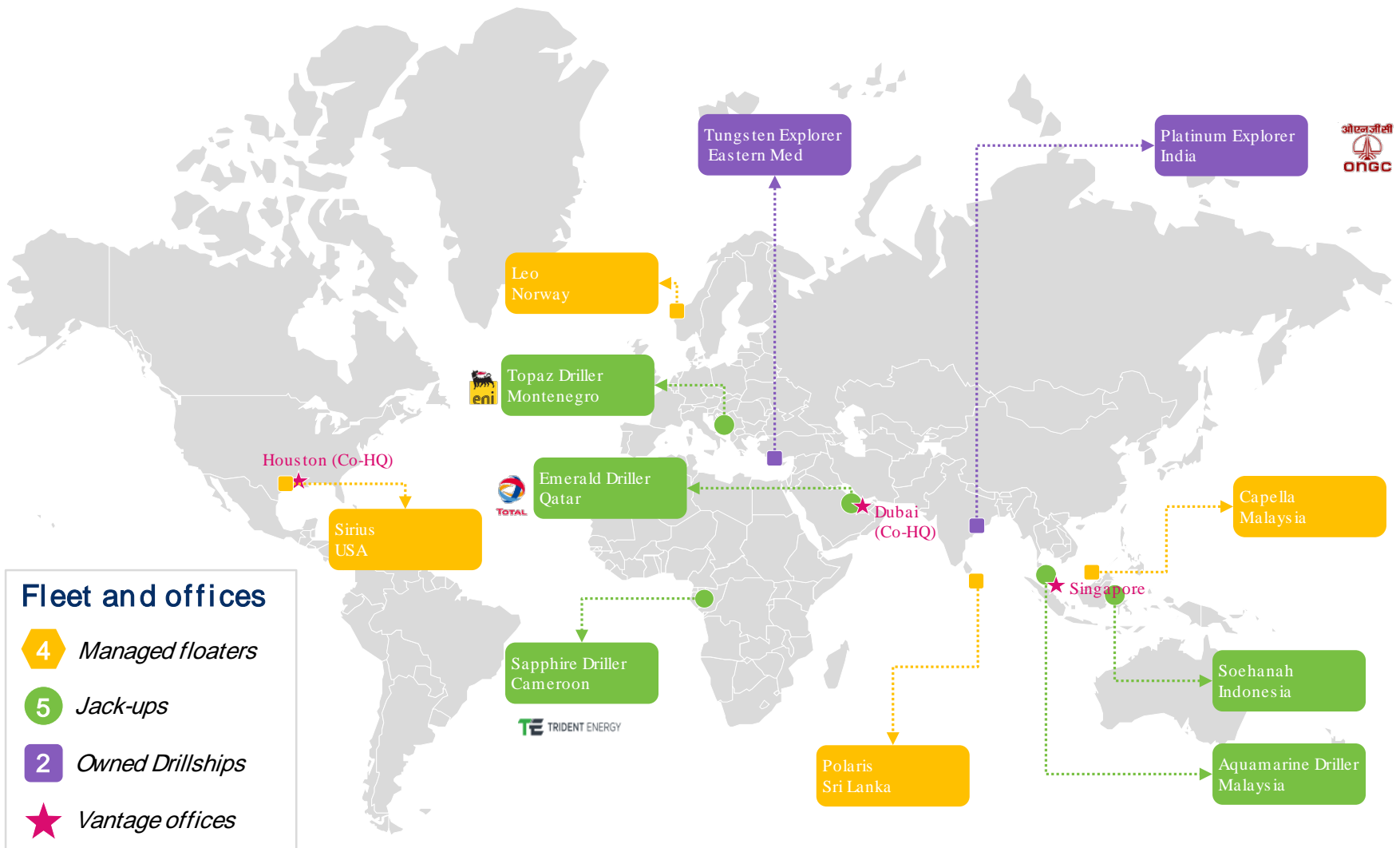
*Polaris (2008)*

### Managed Fleet

(1) "net debt" as defined as total debt less cash and restricted cash

(2) "Floaters" as defined as Drillships and Semi-submersible drilling units

# Presence in Key Offshore Regions





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# Operating Strategy and Results

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# Clear Strategy: Companywide Focus Areas - WIGs

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A self-funding platform achieving margin accretive fleet utilization and fully satisfied clients by following our Wildly Important Goals (WIGs):



Maintain world class **safety and operational performance**



Achieve and maintain **full fleet utilization**

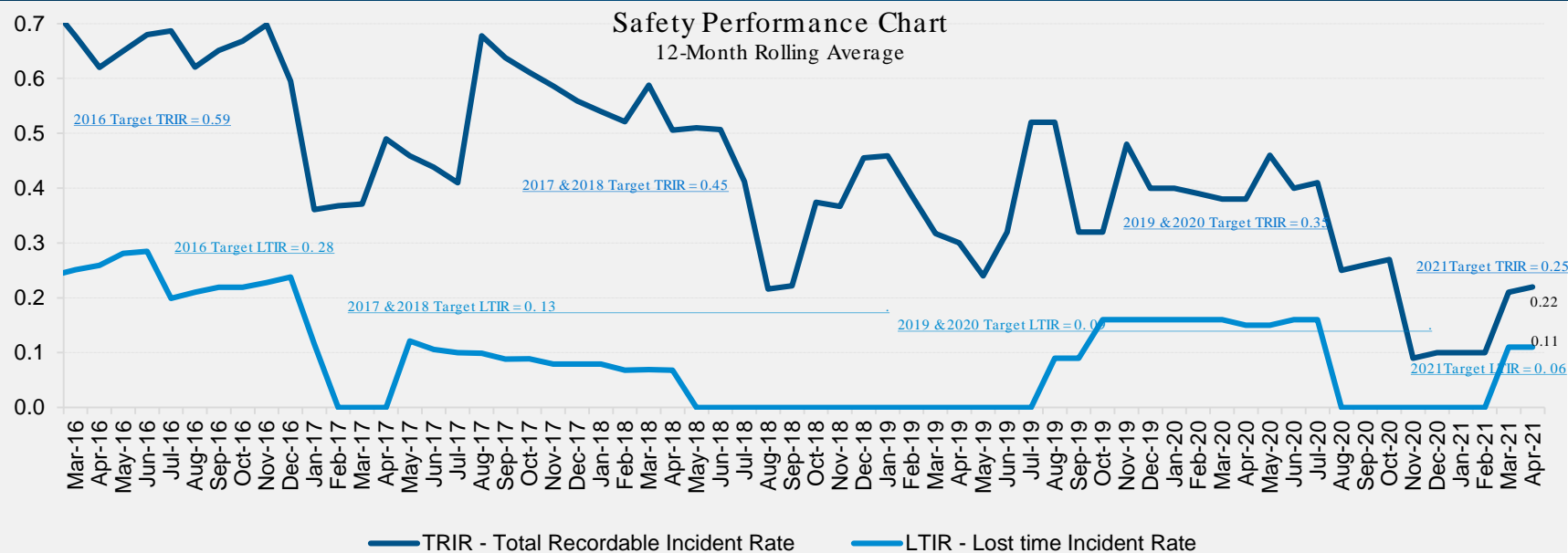


**Reduce costs and Preserve Cash** through lean operating structure



# WIG1: Safety & Operations Differentiation

## Focus on safety is visible in the incident rate trends



## Differentiated operational execution visible in revenue efficiency

	Q1-2019	Q2-2019	Q3-2019	Q4-2019	Q1-2020	Q2-2020	Q3-2020	Q4-2020	Q1-2021
<b>Jackup average</b>	98.0%	100.8%	101.2%	103.0%	99.7%	97.3%	102.1%	104.4%	93.8%
<b>Drillship average</b>	96.8%	98.1%	96.6%	98.6%	98.4%	96.6%	67.1%	58.5%	97.5%
<b>Total Fleet</b>	97.8%	99.9%	99.7%	101.5%	99.2%	97.0%	85.3%	82.5%	95.5%

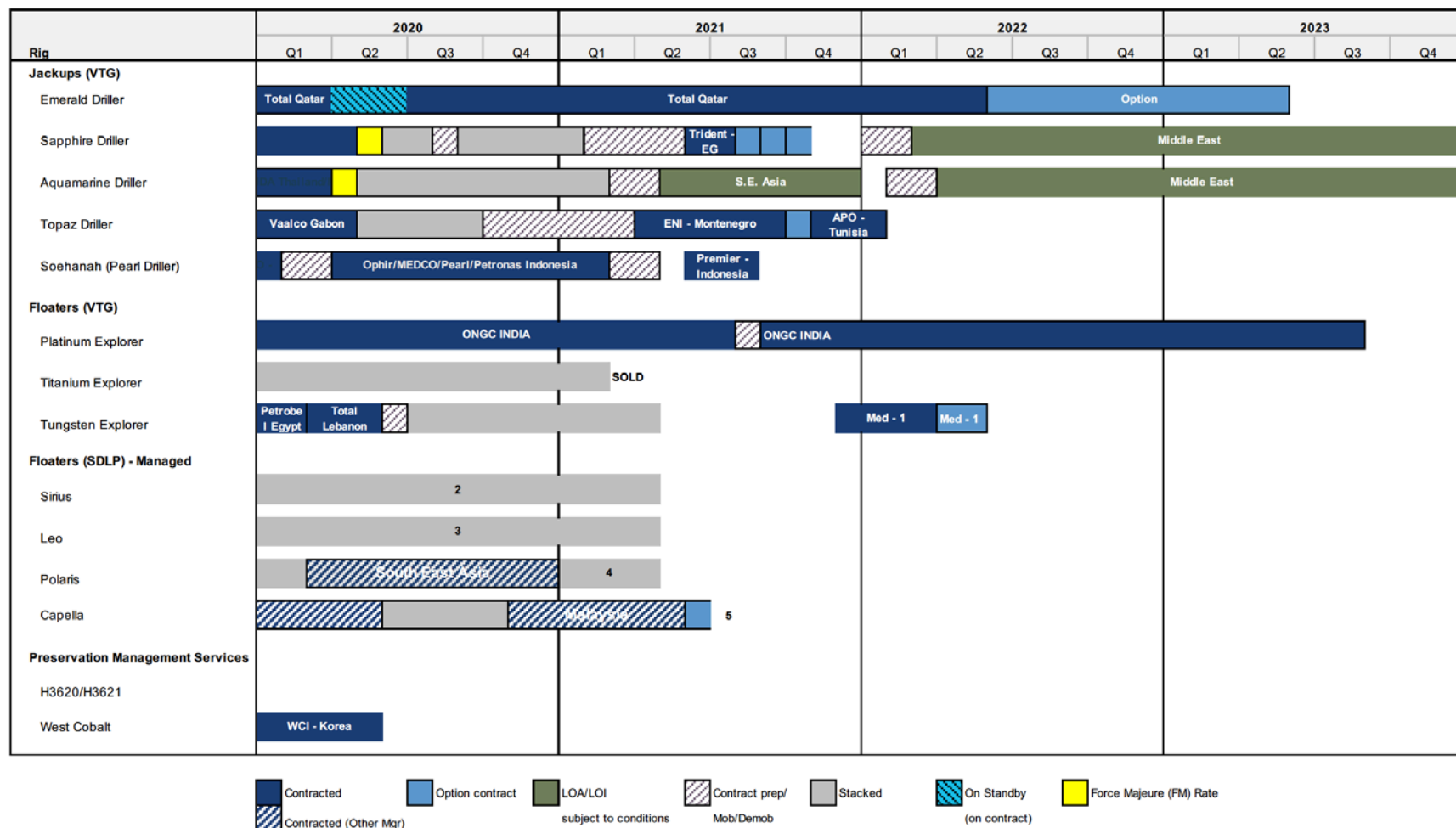
Note:

TRIR is defined as number of recordable incidents (FTL, LTI, MTO and TWTC) x 200,000 / work hours. LTIR defined as number of LTI x 200,000 / work hours.

Platinum Explorer H2-2020 results were impacted by Force Majeure events and a downtime event prolonged by slow access to 3<sup>rd</sup> party resources due to COVID-19 environment.

# WIG2: Achieve and maintain full fleet utilization

One Year after COVID-19 shutdowns – Returning to high utilization by Q2-2021



## Notes

1. Commencement Date may be moved earlier, at client request. Option start date is subject to mutual agreement
2. The Sirius is stacked in Port Aransas, USA.
3. The Leo is stacked in Norway
4. The Polaris is stacked in Sri Lanka.
5. The Capella is not managed by Vantage at present.

# Rigs Returning to Work

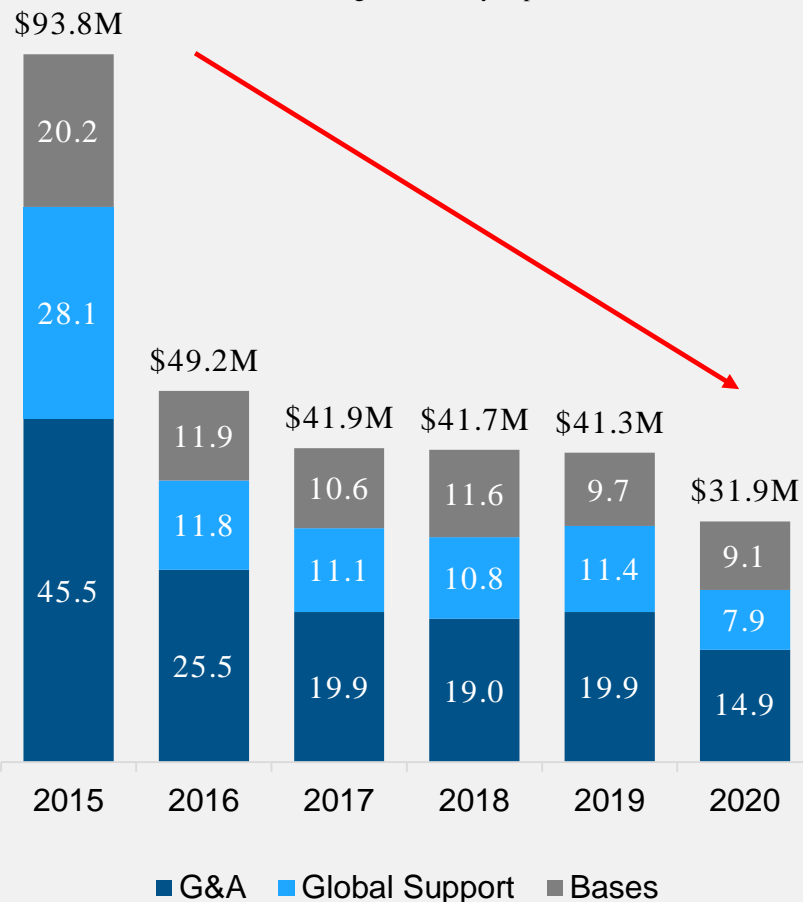
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- We are currently operating three of seven rigs:
  - The Topaz Driller – currently working in Montenegro
  - The Emerald Driller – currently working in Qatar
  - The Platinum Explorer – currently working in India
- We are preparing three additional rigs to return to work in Q2 2021:
  - The Sapphire Driller – will be mobilizing to Equatorial Guinea to work
  - The Aquamarine Driller – preparing to work in Southeast Asia
  - The Soehanah – preparing to work in Indonesia
- Separately, we increased our backlog by over \$127 million during the first quarter 2021 and would add an additional \$157 million to our backlog once we convert recent conditional letters of award to firm contracts.

# WIG3: Saving Cost and preserving cash

## Reduced G&A, Global Support and Base costs

Shore-base Costs  
Excludes MIP expense, non-recurring legal fees, severance expense & Special Insurance Litigation Policy expense



## Reduced operating costs

- Invested in Crew Competency and Offshore Supervisors' Perfect Day training, increasing efficiency and reducing costly incidents across the fleet
- Created highly effective centralized support structure out of Dubai HQ
- Regionalized a significant number of positions on all rigs, yielding lower wages and travel costs
- Significant nationalization of the Platinum Explorer senior crews
- Renegotiated all vendor contracts to obtain more favorable terms
- Focused on Inventory and Supply Chain management achieving efficiencies and cost reduction across the fleet



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# Leverage and Liquidity

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# Q1 2021 Financial Position

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**\$152.2**  
**million**  
of Cash



**\$197.8**  
**million**  
Net Debt  
(\$350 million of  
Gross Debt minus cash)

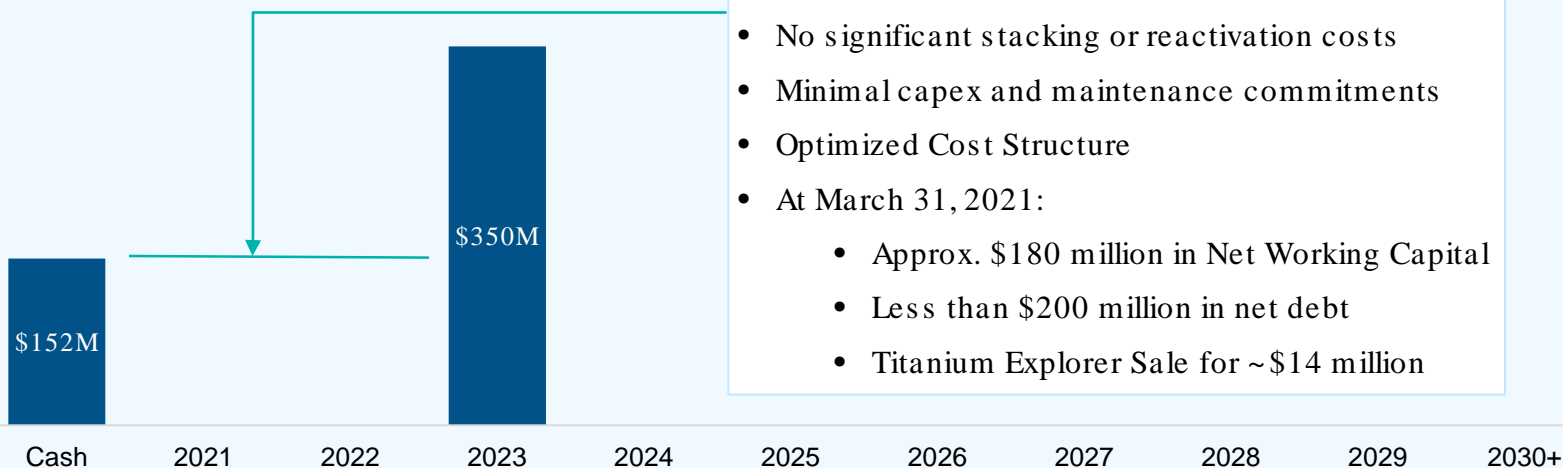


**\$178.7**  
**million**  
of Net  
Working Capital

# Manageable Leverage, Ample Liquidity - Undistracted Operations

## Vantage debt maturities

- No new build commitments
- No significant stacking or reactivation costs
- Minimal capex and maintenance commitments
- Optimized Cost Structure
- At March 31, 2021:
  - Approx. \$180 million in Net Working Capital
  - Less than \$200 million in net debt
  - Titanium Explorer Sale for ~\$14 million



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## Market Outlook

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# Industry Outlook

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- Since 2015, the offshore drilling industry has faced challenges in providing investors with desirable returns and participants were anticipating a recovery in 2020 in order to create value for shareholders.
- However, the 2020 black swan events stopped the recovery in its tracks.
- A silver lining of this collapse: the resulting acceleration of debt restructurings, drilling contractors' consolidation and fleet rationalization. The way forward must involve less drilling contractors and management teams and a rationalized fleet supply to deliver value for investors and for the offshore drilling market to improve.
- In terms of the market in 2021, the first quarter showed the early stages of a recovery for the industry with improving tendering and contracting activity. This is especially the case in shallow water; whereas aggressive fleet rationalization in the floater space is likely to be required before a meaningful recovery in the deepwater segment can be achieved.

# Consolidation and Fleet Management Platform

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- With no debt maturities until the end of 2023, approximately \$152 million of cash (Q1-2021) and a favorable working capital position, Vantage is well positioned to provide investors with a strong, cost effective and efficient Consolidation and Fleet Management platform:
  - An experienced management team with strong customer relationships,
  - a solid track record of delivering safe operations,
  - a strong focus on operational performance,
  - a lean cost structure with focus on reducing unnecessary costs and preserving cash,
  - good liquidity with a healthy balance sheet,
  - a history of profitably putting rigs to work.
- Using Vantage as a Consolidation and Fleet Management platform, we believe provides owners with unique opportunities to achieve significant cost efficiencies across what is currently an array of fragmented and under-utilized management platforms

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Path  
Forward

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# Well-positioned Operationally and Financially



## Maintain solid platform well positioned for the long-haul

- Efficient and low costs overhead structure.
- Working rigs with positive cash flow contracts.
- Healthy Balance Sheet with no debt maturities until the end of 2023.

## Continue our operational focus

- Drive for zero incidents and downtime.
- Re-contract rigs and focus on improving day-rates.
- Continue to maintain low-cost operating structure.

## Investigate strategic options



THANK YOU

*A Perfect Day,  
Every Day*

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