

# Shelf Drilling Q3 2024 Results Highlights

November 13, 2024



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## Q3 2024 Highlights



**YTD 2024 TRIR of 0.16 and uptime of 99.4% maintaining high level of operational performance**

**0.16**

YTD TRIR<sup>1</sup>

**99.4%**

YTD Uptime



**Q3 2024 EBITDA includes \$45MM acceleration of mobilization revenue**

**\$114 MM**

Adjusted EBITDA

**43%**

Adjusted EBITDA Margin



**AoC secured in Norway; standard jack-up sale completed for \$57MM net proceeds**

**\$2.0 BN**

Backlog<sup>2</sup>

**91%**

Marketed Utilization<sup>2</sup>



**SHLF acquired remaining 40% equity in SDNS in a stock + cash transaction**

Note (1): Total Recordable Incident Rate, per 200,000 manhours, as of 30 September 2024.

Note (2): Backlog and Marketed Utilization are as of 30 September 2024. Figures include suspended rigs in Saudi Arabia.

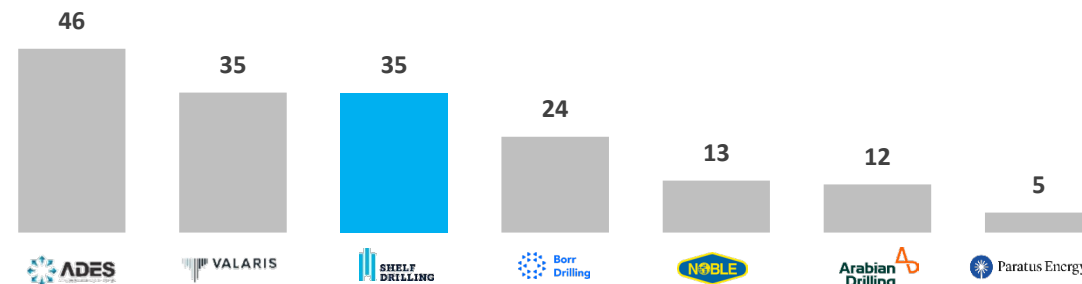
# Shelf Drilling North Sea Merger – Strategic Fleet Enhancement with Long-term Cash Flow



## Transaction Overview

- Shelf Drilling, Ltd. (“SHLF”) offered to acquire the remaining 40% outstanding shares of Shelf Drilling (North Sea), Ltd. (“SDNS”) by way of merger, with a combination of \$30MM cash and 42MM newly issued SHLF shares as consideration
- The merger was successfully completed on 11<sup>th</sup> October 2024
- Fully consolidates Shelf Drilling North Sea into Shelf Drilling on 100% basis

## Solidifying Position as a Top Jack-up Operator Globally



## SDNS Contract Overview<sup>1</sup>

**\$376MM**

Contract backlog as of 30-Sep-24

Contract Tenor

Option Tenor

Rig	Country	Customer	Contract start	Contract end	2024				2025				2026		
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Shelf Drilling Barsk	Norway	Equinor	Nov 2024	May 2026											
Shelf Drilling Odyssey	Qatar	QatarEnergy LNG	Oct 2022	Feb 2026											
Shelf Drilling Winner	Denmark	TotalEnergies	Oct 2022	Aug 2026											
Shelf Drilling Fortress	United Kingdom	TotalEnergies	Aug 2024	Sep 2025											
Shelf Drilling Perseverance	Vietnam	PVEP POC	Aug 2024	Nov 2025											

**Strong contracting momentum with firm backlog of \$376MM providing increased visibility on earnings and cash flow generation**

Note (1): SDNS Contract Overview: Source – Shelf Drilling public company filings. The Contract End Date typically does not include the duration to complete the customer's last well if permitted under the "Well in Progress" clause in the rig contract.

# Oil Prices Supportive of Robust Activity Levels

Brent Oil Price (\$/bbl)



Commodity prices remain at constructive levels for increasing E&P investments to rebuild productive capacity around the world

OPEC+ has shown continued willingness to intervene in the commodities market by limiting production

Growth in oil & gas consumption projected to slow in 2024/2025 but remain positive for years/decades to come

Offshore capex in proven reservoirs expected to increase to offset declining onshore productive capacity

Source: Bloomberg, as of 8 November 2024.

Note (1): YTD 2024 Average Brent oil price based on 1 January 2024 to 7 November 2024.

## Significant Reduction in Jack-up Supply in Recent Years



Regions	Contracted Jack-ups		Change Since Prior Peak
	Apr-14	Nov-24	
Middle East	127	168 <sup>1</sup>	41
India	32	37	5
West Africa	20	14	-6
SE Asia	67	41	-26
North Sea	46	28	-18
Mexico	50	32	-18
US GOM	15	3	-12
China	30	61	31
Sub-Total	387	384	-3
<b>Total Under Contract</b>	<b>429</b>	<b>407</b>	<b>-22</b>
<b>Available</b>	<b>24</b>	<b>30</b>	<b>6</b>
<b>Total Active Supply</b>	<b>453</b>	<b>437</b>	<b>-16</b>
<b>% Marketed Utilization</b>	<b>95%</b>	<b>93%</b>	<b>-2 p.p.</b>
<b>Under Construction</b>	<b>141</b>	<b>12</b>	<b>-129</b>

Source: IHS Petrodata as of 5 November 2024. Excludes Cold Stacked Rigs (47 today that are mostly considered non-competitive)

Note (1): Includes rigs suspended by Saudi Aramco that have yet to terminate their contracts



# Saudi Aramco Suspensions Create Short-Term Headwinds - Long-Term Outlook Remains Robust



## Reduced Jack-up Utilization

- Global jack-up utilization reached 95% in Q1 2024 – expected to temporarily drop below 90% due to multiple rounds of suspensions in Saudi Arabia in 2024

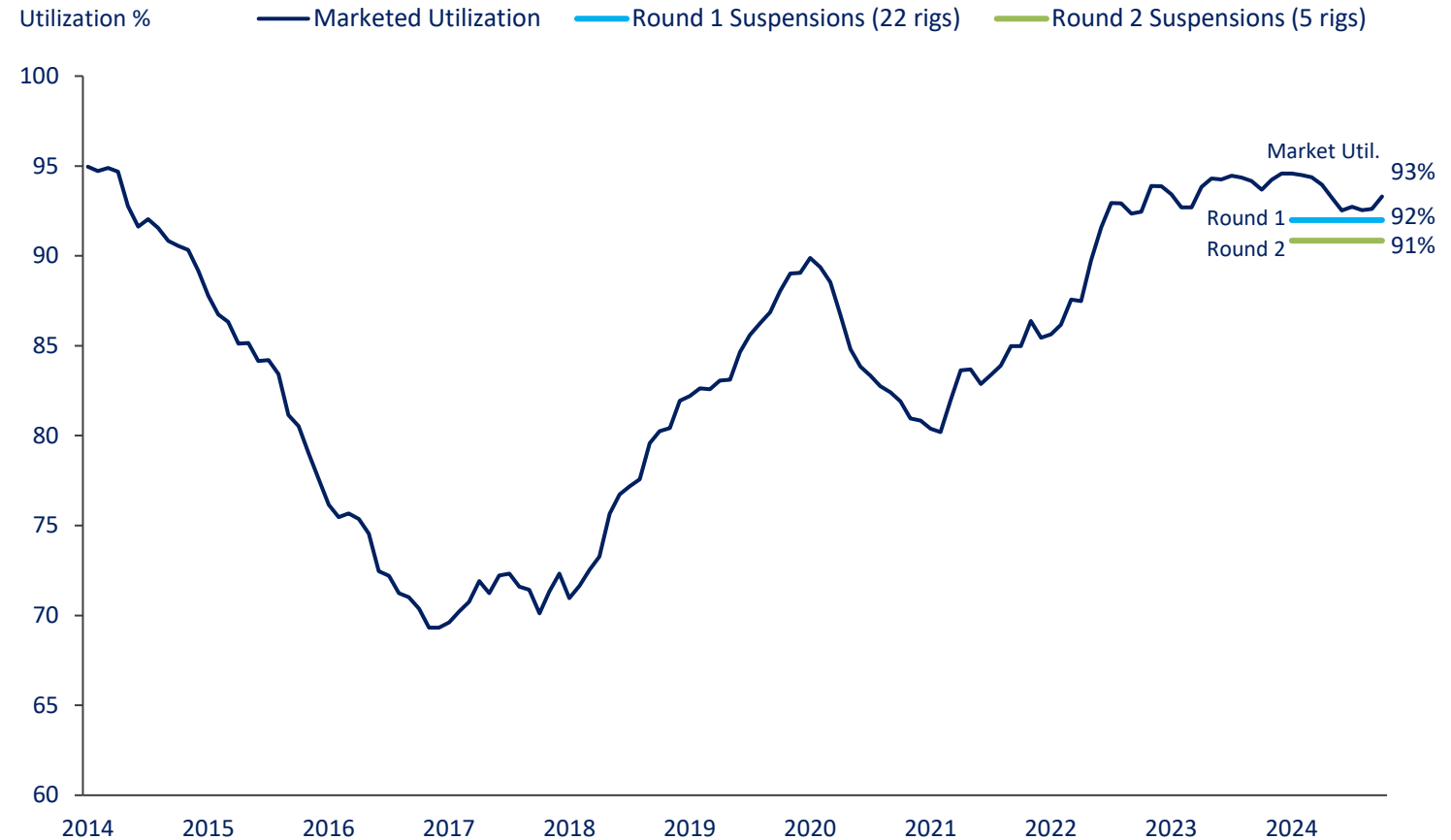
## Market Dynamics and Emerging Opportunities

- Short-term bidding dynamics affected by rig suspensions and market discipline in certain regions
- Incremental rig demand in West Africa and Southeast Asia

## Market Fundamental

- Commodity prices remain elevated, with Brent oil trading at \$70-85/bbl range
- Global oil demand grew by 2.3 million barrels/day in 2023, further positive but slower growth anticipated in 2024/2025

## Impact of Aramco Releases<sup>1</sup> on Jack-up Utilization



Commodity prices coupled with increased oil demand provide strong long-term backdrop for rig demand, despite near term uncertainties

Source: IHS Petrodata, stock exchange announcements as of 5 November 2024; DNB Markets

Note (1): Based on Company estimates; adjusted for 13 rigs from Round 1 re-contracted and 4 rigs cold stacked; further assumes no cold stacking in Round 2.

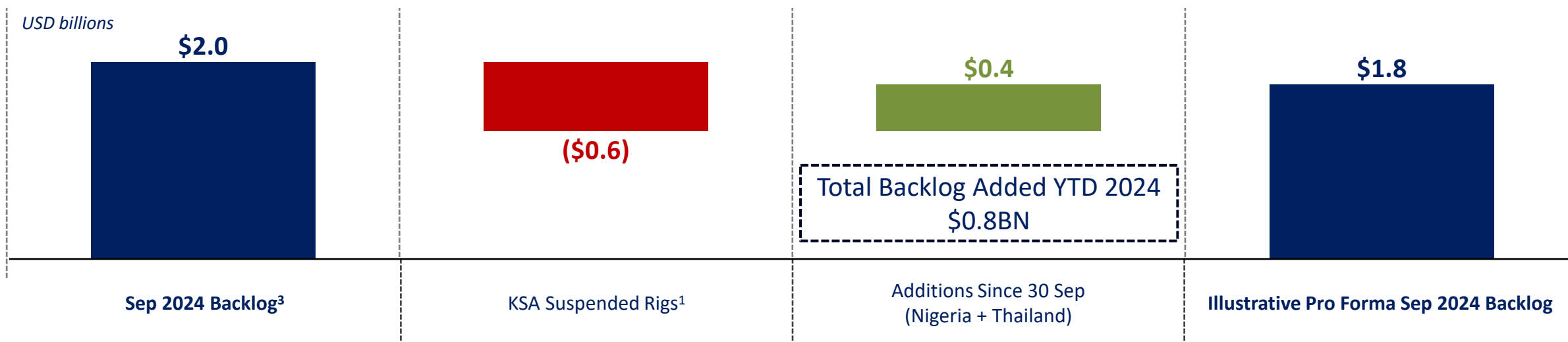
# Recent Contracting Momentum in West Africa and Southeast Asia

## Recent Developments

- SD Mentor secured in September 2024 a 10-well (~450 days) extension in direct continuation. New firm term value is ~\$60 million.
- SD Achiever secured 3-year contract with 2-year option in Nigeria and commenced in late October 2024. Adriatic I secured 2-year extension plus 1-year option in direct continuation. Total backlog added over the 5-year firm term is ~\$234 million.
- SD Chaophraya and SD Krathong secured 2-year extensions with Chevron in Thailand in direct continuation, totalling a 4-year award of ~\$197 million. The customer has a 1-year option for each rig.
- High Island IV has received a notice of suspension from Saudi Aramco.
- Main Pass IV is in West Africa preparing for an upcoming contract opportunity. Anticipated commencement is in December 2024.

## Fleet Status Summary (As of 13 November 2024)

	Contracted	Available	Total	% Contracted
<b>MENAM</b>	<b>11</b>	<b>1</b>	<b>12</b>	<b>92%</b>
Gulf Region <sup>1</sup>	8	0	8	100%
NAF/Med <sup>2</sup>	3	1	4	75%
<b>India</b>	<b>9</b>	<b>0</b>	<b>9</b>	<b>100%</b>
<b>West Africa</b>	<b>6</b>	<b>1</b>	<b>7</b>	<b>86%</b>
<b>SE Asia</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>100%</b>
<b>North Sea</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>100%</b>
<b>Total</b>	<b>33</b>	<b>2</b>	<b>35</b>	<b>94%</b>



Note (1): Gulf Region includes Saudi Arabia, Qatar, UAE, Bahrain and Oman. Contracted rig count includes suspended rigs (i.e. SD Victory, Main Pass I, Harvey H. Ward, and High Island IV)

Note (2): NAF/Med includes Egypt and Italy

Note (3): Figure includes backlog for the suspended rigs in Saudi Arabia.





**Operating Platform Creates Differentiation**

**Strategic Evolution and Transformation of Our Jack-up Rig Fleet**

**Full Cycle Financial Resilience and Prudent Balance Sheet**

**Well-positioned to Benefit from Strong Jack-up Market**

# Financial Highlights

Shelf Drilling Q3 2024 Results Highlights



## Q3 2024 Results Highlights



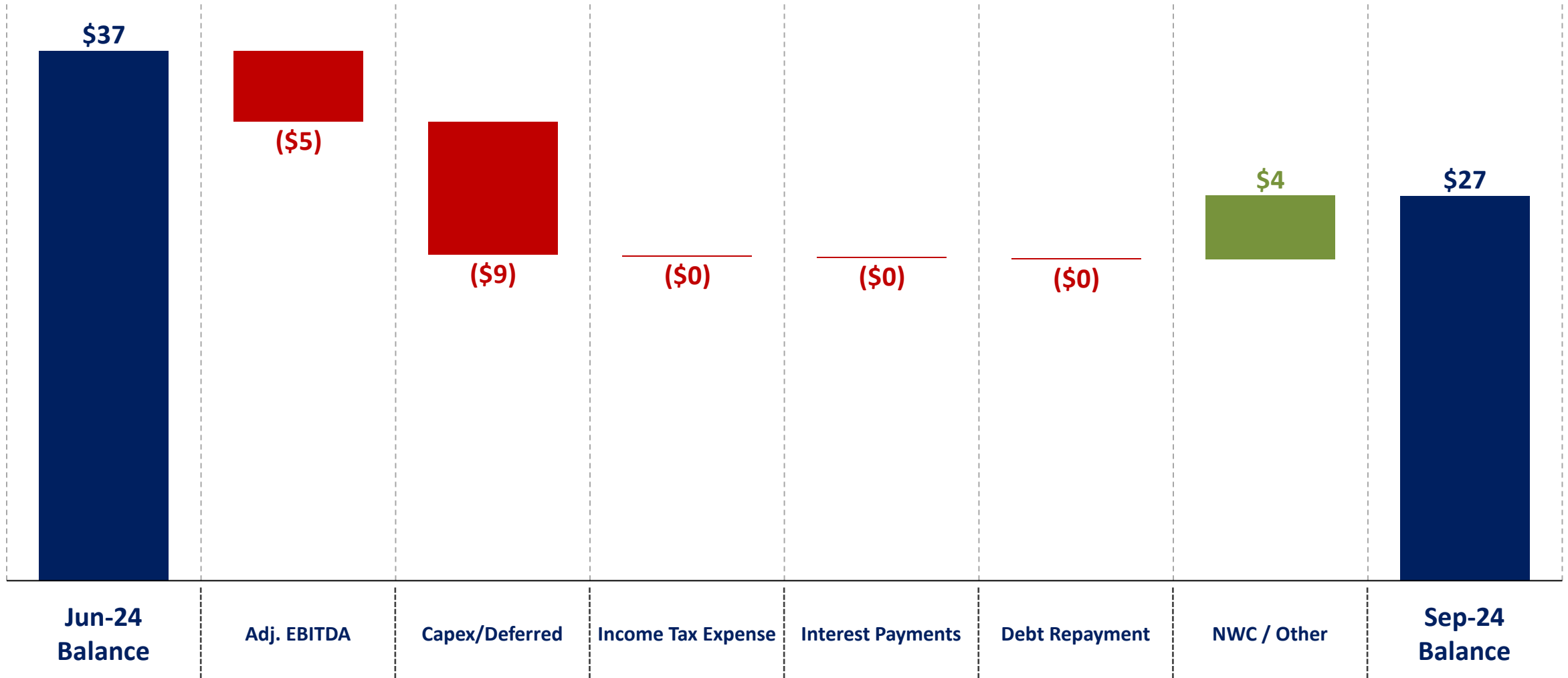
	SDL Consol.		SDNS		SDL Excl. SDNS	
	Actual	Actual	Actual	Actual	Actual	Actual
	Q2 24	Q3 24	Q2 24	Q3 24	Q2 24	Q3 24
Adj. Revenue <sup>1</sup>	\$231	\$265	\$28	\$34	\$203	\$231
Adj. EBITDA <sup>1</sup>	\$72	\$114	(\$14)	(\$5)	\$86	\$119
Net Income/(Loss) <sup>2</sup>	(\$28)	\$61	(\$34)	(\$17)	\$6	\$78
Capex/Deferred	\$38	\$35	\$16	\$9	\$22	\$26
Cash	\$138	\$220	\$37	\$27	\$101	\$193

All figures in USD millions

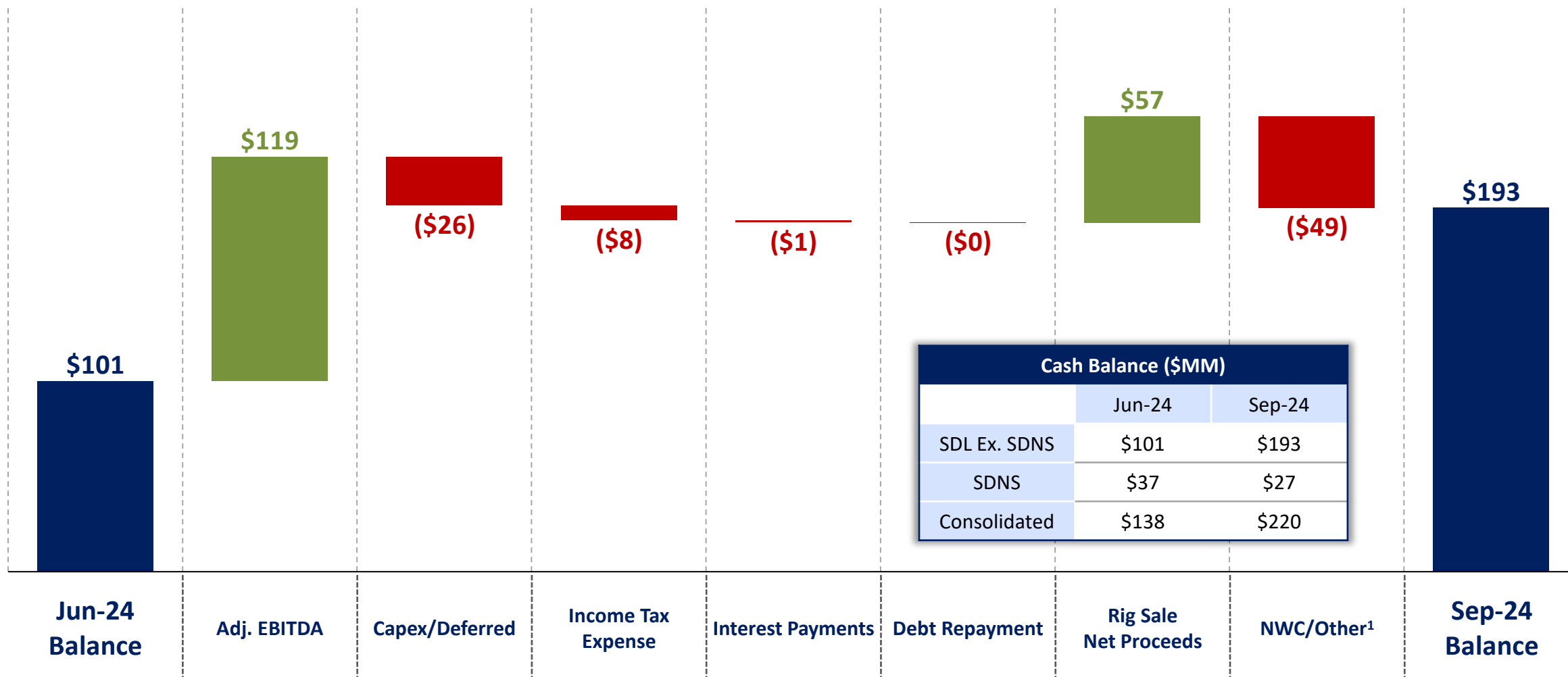
Note 1: Excludes amortization of drilling contract intangibles; includes \$45MM acceleration of mobilization revenue in Q3 2024 related to future years. Adj. EBITDA in Q3 2024 also includes acceleration of certain deferred costs.

Note 2: SDL consolidated Net Income includes 1) Net Loss attributable to SDNS of \$(6.8)MM in Q3 2024 and \$(13.4)MM in Q2 2024, and 2) acceleration of mobilization revenue of \$45.2MM and deferred costs of \$(12.5MM) related to future years.

# Shelf Drilling North Sea: Q3 2024 Change in Cash



# Shelf Drilling (excl. SDNS): Q3 2024 Change in Cash



Note (1): Includes impact of \$45MM acceleration of mobilization revenue related to future years.

**FY 2024 Adjusted EBITDA**

**\$320-\$345 million\***

**\*Includes \$45 million of accelerated mobilization revenue in Q3 2024**

**FY 2024 Capital Expenditures & Deferred Costs**

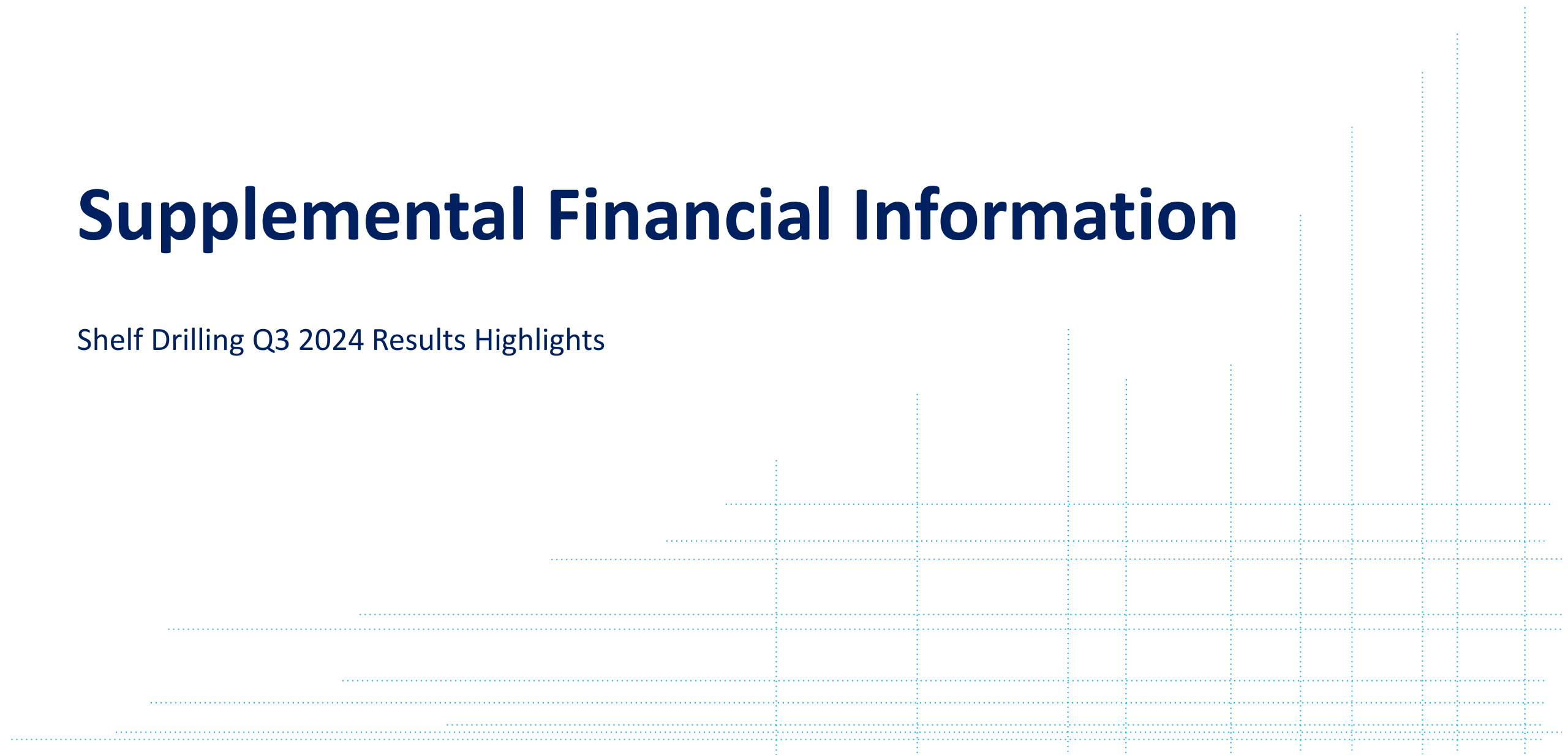
**\$140-\$160 million**

- SDNS FY 2024 contribution now estimated between negative \$10 and negative \$15 million
  - ~\$5 million decrease from prior guidance range for FY 2024 due to slight delays in contract commencements
  - Revised range reflects SD Barsk expected start date in mid November 2024
- Shelf Drilling excluding SDNS FY 2024 contribution estimated between \$335 and \$355 million
  - ~\$25 million increase from prior guidance range communicated in August 2024 primarily due to the one-time \$45 million mobilization revenue acceleration in Q3 2024 for two suspended rigs in Saudi Arabia related to future years
  - Partly offset by delayed starts for two jack-ups mobilized from Middle East to West Africa – one rig started in late October 2024, and one rig expected to start in December 2024
  - Revenues in Q4 2024 expected to be impacted by the suspension of 1 additional rig in Saudi Arabia
  - Does not incorporate any gain on insurance recovery from Trident VIII incident or \$45 million gain on sale of Baltic rig
- SDNS spending expected in the \$45 – \$50 million range
  - ~5 million increase from prior guidance range for FY 2024 due to minor increase in contract preparation for SD Fortress, SD Perseverance and SD Barsk
  - Mobilization and contract preparation for SD Perseverance is largest contributor
  - Includes \$10+ million investment in fleet spares originally contemplated for 2023
- Shelf Drilling excluding SDNS expected in the \$95 to \$110 million range
  - Narrowed from prior guidance range communicated in August 2024
  - Includes ongoing investment in fleet spares of ~\$15 million
  - Includes mobilization costs for redeployment of 1 suspended rig to West Africa for new program starting in December 2024
  - Reflects targeted savings and reduction in spending across fleet (i.e., MP1 in Saudi Arabia)



# Supplemental Financial Information

Shelf Drilling Q3 2024 Results Highlights



## Results of Operations

(In millions USD)

	Q2 2024	Q3 2024
<b>Adjusted revenues</b>	\$ 230.8	\$ 264.7
Amortization of intangible liability	3.2	3.2
<b>Revenues</b>	<b>234.0</b>	<b>267.9</b>
<b>Operating costs &amp; expenses</b>		
Operating and maintenance	141.8	132.6
Depreciation	21.6	21.4
Amortization of deferred costs	26.0	31.2
General and administrative	16.2	16.6
Loss / (gain) on disposal of assets	1.2	(40.7)
<b>Operating income</b>	<b>27.2</b>	<b>106.8</b>
<b>Other expense / (income), net</b>		
Interest expense and financing charges, net of interest income <sup>1</sup>	46.0	36.1
Other, net	1.3	1.8
<b>Income / (loss) before income taxes</b>	<b>(20.1)</b>	<b>68.9</b>
Income tax expense	7.9	8.2
<b>Net income / (loss)</b>	<b>(28.0)</b>	<b>60.7</b>
Net loss attributable to non-controlling interest	(13.4)	(6.8)
<b>Net income / (loss) attributable to controlling interest</b>	<b>\$ (14.6)</b>	<b>\$ 67.5</b>

Note (1): This includes \$9.6 million loss on debt extinguishment in Q2 2024.

## Revenue Summary

- Marketable rigs decreased from 35 in Q2 2024 to 33 at the end of Q3 2024 due to one stacked rig in Saudi Arabia (Main Pass I), one rig in Nigeria (Trident VIII) following structural leg damage in Q2 2024 and the sale of one rig in Nigeria (Baltic) in September 2024
- Average dayrate marginally decreased to \$81.8 thousand in Q3 2024 from \$82.0 thousand in Q2 2024
- Effective utilization decreased to 77% in Q3 2024 from 80% in Q2 2024, mainly due to:
  - Suspension of operations for five rigs in Saudi Arabia (Main Pass I, Main Pass IV, Shelf Drilling Achiever, Shelf Drilling Victory and Harvey Ward) in Q2 2024 and Q3 2024
  - Planned shipyard for one rig in Saudi Arabia (High Island IX)
  - One rig in Nigeria (Baltic) that was in operation in Q2 2024 and sold in September 2024
  - Partially offset by the commencement of a new contract for one rig in Vietnam (Shelf Drilling Perseverance) in August 2024
- Significant sequential revenue increase mainly driven by \$45.2 million one-time non-cash acceleration of mobilization revenue on two suspended rigs in Saudi Arabia related to future years (Shelf Drilling Victory and Harvey Ward)

	Q2 2024	Q3 2024
<b>Operating Data</b>		
Average marketable rigs <sup>1</sup>	35.4	34.0
Average dayrate (in thousands USD) <sup>2</sup>	\$ 82.0	\$ 81.8
Effective utilization <sup>3</sup>	80 %	77 %
<b>Revenues (in millions USD)</b>		
Operating revenues - dayrate	\$ 212.3	\$ 196.7
Operating revenues - others	11.3	61.8
Other revenues	7.2	6.2
<b>Adjusted Revenues</b>	<b>230.8</b>	<b>264.7</b>
Amortization of intangible liability	3.2	3.2
<b>Total Revenues</b>	<b>\$ 234.0</b>	<b>\$ 267.9</b>

Note (1): "Marketable rigs" are defined as the total number of rigs operating or available to operate, excluding: rigs under third party bareboat charter agreements, 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 Expenses Summary

- Operating & maintenance expenses decreased by \$9.2 million to \$132.6 million in Q3 2024:
  - Lower operating costs for six rigs in Q3 2024, four suspended rigs in Saudi Arabia (Main Pass I, Main Pass IV, Harvey Ward and Shelf Drilling Victory) and two rigs in Nigeria, one that suffered structural leg damage (Trident VIII) and one that was sold in September 2024 (Baltic)
  - Lower shipyard costs for one rig in Vietnam (Shelf Drilling Perseverance) that commenced operations in August 2024
  - Partially offset by higher mobilization costs for a rig that commenced a new contract in Nigeria in late October 2024 (Shelf Drilling Achiever)
- General and administrative expenses of \$16.6 million in Q3 2024 increased by \$0.4 million from Q2 2024 primarily due to a net increase in the provision for credit losses and certain one-time costs related to the SDNS merger transaction, partially offset by a decrease in compensation and benefit expenses

<i>(in millions USD)</i>	Q2 2024	Q3 2024
Rig operating expenses	\$ 129.4	\$ 119.9
Shore-based expenses	12.4	12.7
<b>Operating and maintenance</b>	<b>\$ 141.8</b>	<b>\$ 132.6</b>
Corporate G&A	\$ 15.3	\$ 14.0
Provision for / (reversal of provision for) credit losses, net	(0.4)	0.7
Share-based compensation	1.3	1.4
One-time corporate transaction costs	—	0.5
<b>General and administrative</b>	<b>\$ 16.2</b>	<b>\$ 16.6</b>

## Adjusted EBITDA Reconciliation

<i>(In millions USD)</i>	Q2 2024	Q3 2024
<b>Net (loss) / income</b>	\$ (28.0)	\$ 60.7
Add back		
Interest expense and financing charges, net of interest income <sup>1</sup>	46.0	36.1
Income tax expense	7.9	8.2
Depreciation	21.6	21.4
Amortization of deferred costs	26.0	31.2
Loss / (gain) on disposal of assets	1.2	(40.7)
Amortization of intangible liability	(3.2)	(3.2)
<b>EBITDA</b>	<b>71.5</b>	<b>113.7</b>
One-time corporate transaction costs	—	0.5
<b>Adjusted EBITDA</b>	<b>71.5</b>	<b>114.2</b>
Allocated as:		
Shelf Drilling excluding SDNS	85.5	119.1
Shelf Drilling North Sea	(14.0)	(4.9)
	<b>\$ 71.5</b>	<b>\$ 114.2</b>
<b>Adjusted EBITDA margin</b>	<b>31%</b>	<b>43%</b>

Note (1): "Interest expense and financing charges, net of interest income" is defined as interest expense, amortization of debt issuance costs and loss on debt extinguishment, partially offset by interest income. This includes \$9.6 million loss on debt extinguishment in Q2 2024.

## Capital Expenditures and Deferred Costs Summary

- Capital Expenditures and Deferred Costs of \$34.9 million in Q3 2024 decreased by \$3.1 million from Q2 2024 primarily as a result of:
  - Lower contract preparation expenditures for two rigs, one in Vietnam (Shelf Drilling Perseverance) that commenced a new contract in August 2024 and one in Norway (Shelf Drilling Barsk) expected to commence in November 2024
  - Lower spending on fleet spares
  - Partially offset by higher contract preparation expenditures for two rigs, one in Nigeria (Shelf Drilling Mentor) and one in the United Kingdom (Shelf Drilling Fortress) which started their contracts in September 2024
  - Higher spending for one rig (Main Pass IV) which is expected to start operations in December 2024
  - Higher planned maintenance and shipyard costs for one rig in Saudi Arabia (High Island IX)

(In millions USD)

	Q2 2024	Q3 2024
Regulatory and capital maintenance <sup>1</sup>	\$ 11.7	\$ 13.0
Contract preparation <sup>2</sup>	14.0	15.5
Fleet spares, transition costs and others <sup>3</sup>	12.3	6.4
<b>Total Capital Expenditures and Deferred Costs</b>	<b>\$ 38.0</b>	<b>\$ 34.9</b>
<b>Allocated as:</b>		
Shelf Drilling excluding SDNS	\$ 21.7	\$ 25.7
Shelf Drilling North Sea	16.3	9.2
<b>Total Capital Expenditures and Deferred Costs</b>	<b>\$ 38.0</b>	<b>\$ 34.9</b>
<i>Reconciliation to Statements of Cash Flow</i>		
Cash payments for additions to PP&E	\$ 13.2	\$ 9.4
Net change in advances and accrued but unpaid additions to PP&E	0.9	(2.3)
Total capital expenditures	14.1	7.1
Changes in deferred costs, net	(2.1)	(3.4)
Add: Amortization of deferred costs	26.0	31.2
Total deferred costs	23.9	27.8
<b>Total Capital Expenditures and Deferred Costs</b>	<b>\$ 38.0</b>	<b>\$ 34.9</b>

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, transition costs 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, (ii) costs related to rigs acquired in 2022 and (iii) office and infrastructure expenditures.



## Balance Sheet Summary

(In millions USD)

	SDL		SDNS		SDHL Credit Group <sup>(1)</sup>	
	Q2 2024	Q3 2024	Q2 2024	Q3 2024	Q2 2024	Q3 2024
Cash and cash equivalents	\$ 138.3	\$ 220.1	\$ 37.2	\$ 26.6	\$ 101.0	\$ 193.4
Restricted cash	8.6	9.7	4.6	4.6	4.0	5.1
Accounts and other receivables, net	213.5	208.9	33.1	30.4	180.4	178.5
Property and equipment, net	1,473.1	1,448.4	405.1	404.0	1,068.0	1,044.4
Deferred costs	201.3	191.7	20.7	24.3	180.6	167.4
Other assets	73.4	76.9	6.3	4.9	198.9	213.3
<b>Total assets</b>	<b>\$ 2,108.2</b>	<b>\$ 2,155.7</b>	<b>\$ 507.0</b>	<b>\$ 494.8</b>	<b>\$ 1,732.9</b>	<b>\$ 1,802.1</b>
Accounts payable	\$ 114.5	\$ 108.1	\$ 37.3	\$ 30.3	\$ 76.9	\$ 77.2
Interest payable	26.1	59.8	3.4	11.1	22.7	48.7
Deferred revenue	90.7	40.9	4.2	7.5	86.5	33.4
Total debt	1,389.6	1,391.8	305.0	305.3	1,084.6	1,086.5
Other liabilities	114.5	120.2	30.6	31.0	85.4	100.3
<b>Total liabilities</b>	<b>1,735.4</b>	<b>1,720.8</b>	<b>380.5</b>	<b>385.2</b>	<b>1,356.1</b>	<b>1,346.1</b>
Total controlling interest shareholders' equity	324.1	393.0	126.5	109.6	376.8	456.0
Non-controlling interest	48.7	41.9	—	—	—	—
<b>Total equity</b>	<b>372.8</b>	<b>434.9</b>	<b>126.5</b>	<b>\$ 109.6</b>	<b>376.8</b>	<b>\$ 456.0</b>
<b>Total equity and liabilities</b>	<b>\$ 2,108.2</b>	<b>\$ 2,155.7</b>	<b>\$ 507.0</b>	<b>\$ 494.8</b>	<b>\$ 1,732.9</b>	<b>\$ 1,802.1</b>

Note: (1): This represents SDHL excluding unrestricted subsidiaries (including SDNS) in relation to the 9.625% Senior Secured Notes, Term Loan and the Credit Facility.

## Capital Structure Summary

(In millions USD)	YE 2022	YE 2023	Q2 2024	Q3 2024
Cash and cash equivalents	\$ 140.8	\$ 98.2	\$ 138.3	\$ 220.1
Restricted cash	36.5	8.8	8.6	9.7
Total long-lived assets <sup>1</sup>	1,621.2	1,698.0	1,684.9	1,654.4
<b>Total assets</b>	<b>\$ 2,046.3</b>	<b>\$ 2,098.7</b>	<b>\$ 2,108.2</b>	<b>\$ 2,155.7</b>
9.625% Senior Secured Notes, due April 2029 <sup>2</sup>	\$ —	\$ 1,056.4	\$ 1,059.9	\$ 1,061.7
Term Loan, due December 2024 <sup>3</sup>	—	32.7	24.7	24.8
8.25% Senior unsecured notes due 2025	895.1	—	—	—
8.875% Senior secured notes due 2024	302.8	—	—	—
	<b>1,197.9</b>	<b>1,089.1</b>	<b>1,084.6</b>	<b>1,086.5</b>
9.875% Senior Secured Bonds, due November 2028 <sup>4</sup>	—	—	305.0	305.3
10.25% Senior secured notes due 2025	238.8	236.3	—	—
<b>Total debt</b>	<b>1,436.7</b>	<b>1,325.4</b>	<b>1,389.6</b>	<b>1,391.8</b>
Net debt	\$ 1,295.9	\$ 1,227.2	\$ 1,251.3	\$ 1,171.7
Total equity attributable to controlling interest	\$ 235.6	\$ 332.0	\$ 324.1	\$ 393.0
Non-controlling interest	79.9	70.3	48.7	41.9
<b>Total equity</b>	<b>\$ 315.5</b>	<b>\$ 402.3</b>	<b>\$ 372.8</b>	<b>\$ 434.9</b>

- LTM Adjusted EBITDA of \$353.7 million and Net Leverage ratio of 3.3x for SDL (\$386.9 million and 2.3x for Shelf Drilling excluding SDNS)
- Cash and cash equivalents balance at SDL excluding SDNS of \$193.5 million and \$26.6 million at SDNS, as of September 30, 2024
  - \$150.0 million revolving credit facility; \$20.5 million utilized for surety bonds and guarantees as of September 30, 2024
- On October 11, 2024, the Company acquired the remaining 40% shares in SDNS by issuing 42.0 million shares of SDL stock and cash of \$30.1 million to previous SDNS shareholders. SDNS has become a wholly owned subsidiary of SDL at completion of the transaction.
- Debt service payments scheduled in Q4 2024: \$62.5 million of principal payments and \$69.0 million of interest payments
- Total shares outstanding of 255.7 million at completion of the SDNS merger transaction on October 11, 2024
  - Primary insiders: 50.7 million (19.8%), consisting primarily of China Merchants: 26.8 million (10.5%) and Castle Harlan: 19.9 million (7.8%)

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 \$1,095.0 million.

Note (3): Reflects carrying value. Principal value is \$25.0 million.

Note (4): Reflects carrying value. Principal value is \$315.0 million.

## Free Cash Flow Summary

- Q3 2024 Adjusted EBITDA increased to \$114.2 million (adjusted EBITDA margin of 43%) primarily due to the acceleration of mobilization revenue on two suspended rigs in Saudi Arabia (Shelf Drilling Victory and Harvey Ward)
- Cash and cash equivalents increased by \$81.8 million to \$220.1 million during Q3 2024, mainly due to:
  - Sale of Baltic rig in Q3 2024 for net proceeds of \$56.5 million
  - Lower debt service payments in Q3 2024
  - Increase in net working capital in Q3 2024 mainly due to the acceleration of \$45.2 million mobilization revenue on two suspended rigs in Saudi Arabia related to future years (Shelf Drilling Victory and Harvey Ward)

Quarterly Cash Flow Summary (\$MM)	Q2 2024	Q3 2024
<b>Adjusted EBITDA</b>	\$ 71.5	\$ 114.2
Adjustments	—	(0.5)
<b>EBITDA</b>	\$ 71.5	\$ 113.7
Interest expense, net of interest income	(46.0)	(36.1)
Income tax expense	(7.9)	(8.2)
Capital expenditures and deferred costs	(38.0)	(34.9)
<b>Sub-total</b>	\$ (20.4)	\$ 34.5
Rig sale net proceeds	—	56.5
<i>Working Capital Impact</i>		
Interest <sup>1</sup>	(23.5)	35.0
Other	23.4	(43.5)
<b>Sub-total</b>	\$ (0.1)	\$ (8.5)
Proceeds from issuance of long-term debt	309.8	—
Payment of debt issuance costs	(5.2)	(0.7)
Payment of long-term debt	(243.8)	—
Payment of debt extinguishment costs	(3.6)	—
Proceeds from credit facility	25.0	—
Payment of credit facility	(25.0)	—
<b>Sub-total</b>	\$ 57.2	\$ (0.7)
<b>Net change in cash and cash equivalents</b>	\$ 36.7	\$ 81.8
Beginning Cash	101.6	138.3
<b>Ending cash and cash equivalents</b>	\$ 138.3	\$ 220.1

Note (1): Represents the difference between interest expense, net of interest income and cash interest payments during the period. This includes \$9.6 million loss on debt extinguishment in Q2 2024.

## Free Cash Flow Summary

Quarterly Cash Flow Summary (\$MM) - Q3 2024	Shelf Drilling excluding SDNS	Shelf Drilling North Sea	Total
<b>Adjusted EBITDA</b>	\$ 119.1	\$ (4.9)	\$ 114.2
Adjustments	—	(0.5)	(0.5)
<b>EBITDA</b>	<b>119.1</b>	<b>(5.4)</b>	<b>113.7</b>
Interest expense, net of interest income	(28.3)	(7.8)	(36.1)
Income tax expense	(7.9)	(0.3)	(8.2)
Capital expenditures and deferred costs	(25.7)	(9.2)	(34.9)
<b>Sub-total</b>	<b>57.2</b>	<b>(22.7)</b>	<b>34.5</b>
Rig sale net proceeds	56.5	—	56.5
<i>Working Capital Impact</i>			
Interest <sup>1</sup>	27.2	7.8	35.0
Other	(48.3)	4.8	(43.5)
<b>Sub-total</b>	<b>(21.1)</b>	<b>12.6</b>	<b>(8.5)</b>
Payment of debt issuance costs	(0.2)	(0.5)	(0.7)
<b>Sub-total</b>	<b>(0.2)</b>	<b>(0.5)</b>	<b>(0.7)</b>
<b>Net change in cash and cash equivalents</b>	<b>92.4</b>	<b>(10.6)</b>	<b>81.8</b>
Beginning cash	101.1	37.2	138.3
<b>Ending cash and cash equivalents</b>	<b>\$ 193.5</b>	<b>\$ 26.6</b>	<b>\$ 220.1</b>

Note (1): Represents the difference between interest expense, net of interest income and cash interest payments during the period.



**SHELF  
DRILLING**