

A large offshore oil rig is silhouetted against a sunset sky with scattered clouds. The rig is positioned on the right side of the frame, with the sun low on the horizon behind it, creating a bright glow. The ocean is visible in the foreground and middle ground.

# **Shelf Drilling Presentation – Pareto Securities’ 31<sup>st</sup> Annual Energy Conference**

Greg O’Brien, Chief Executive Officer

September 2024

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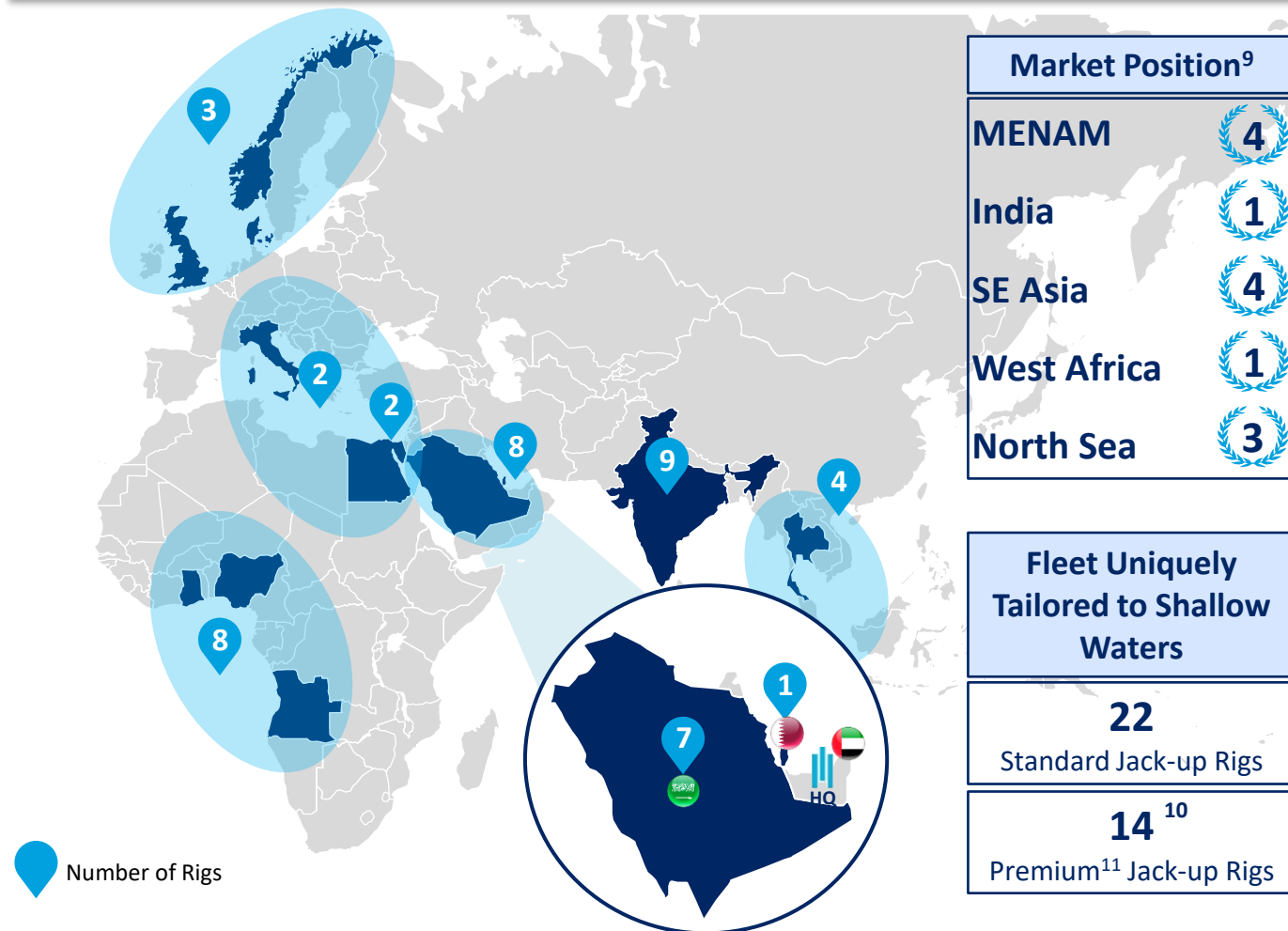
# Shelf Drilling: A Market Leader in Core Jack-up Regions



## At a Glance (as of 30-Jun-2024)

Largest international “pure-play” jack-up driller <sup>1</sup>	<b>36</b> Jack-up Rigs incl. 5 SDNS rigs <sup>2</sup>	<b>\$2.68bn</b> Fleet Fair Market Value <sup>3</sup>
Top-tier efficiency and safety metrics	<b>0.10</b> TRIR <sup>4</sup>	<b>99.4%</b> Uptime <sup>5</sup>
Attractive exposure to tight markets	<b>92%</b> Marketed Utilization <sup>6</sup>	<b>\$2.1bn</b> Backlog
Strong and steady financial profile	<b>\$354m</b> LTM Adjusted EBITDA <sup>7</sup> (36% Margin)	
Listed in Oslo, Norway	<b>\$323m</b> SHLF Market Cap <sup>8</sup>	<b>\$215m</b> SDNS Market Cap <sup>8</sup>
<ul style="list-style-type: none"> <li>Shelf Drilling (SHLF)</li> <li>Shelf Drilling North Sea (SDNS)</li> </ul>		

## Fit-for-purpose Fleet Operating in the Largest Energy Markets Globally



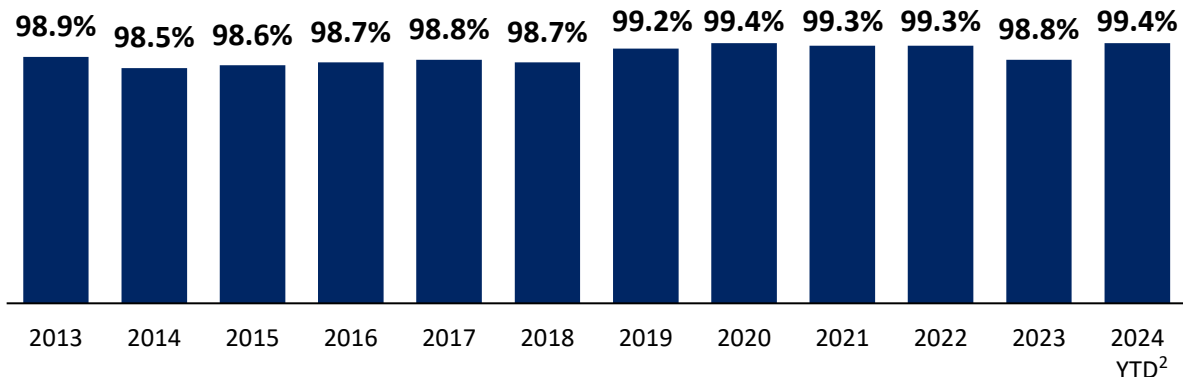
Market Position <sup>9</sup>	
MENAM	4
India	1
SE Asia	4
West Africa	1
North Sea	3

Fleet Uniquely Tailored to Shallow Waters	
Standard Jack-up Rigs	22
Premium <sup>11</sup> Jack-up Rigs	14 <sup>10</sup>

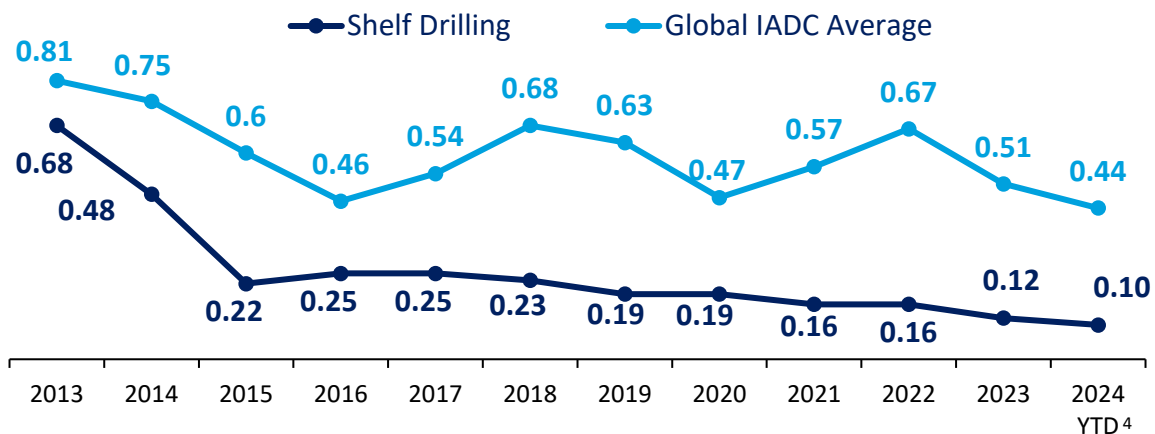
Source: Shelf Drilling public company filings, International Industry Consultant, Euronext N.V.. (1) Based on number of jack-up rigs. “Pure-play” defined as jack-up only operators. (2) One rig held for sale. (3) Based on combined mid-range valuation of third-party report fair market value of both Shelf Drilling’s (excl. SDNS) fleet, 31 rigs valued at \$1,910-2,220m as well as SDNS’ 5 rigs valued at \$575-650m. The third-party valuation is solely a statement of opinion of the fair and reasonable market value of the unit on the basis of a willing buyer and willing seller for prompt charter free delivery at the location specified (if any) at a specified date (unless otherwise noted). The valuation is based on the sale & purchase price prevailing at a specified date. The third-party valuation assumes that the unit is in sound and operational condition for a unit of the size, type and age. (4) Total Recordable Incident Rate (incidents per 200,000 man-hours) as of 30-Jun-2024 vs. 0.44 IADC (International Association of Drilling Contractors) Q2 2024 average. (5) Uptime as of 30-Jun-2024. Defined as the period during which operations are performed without stoppage due to mechanical, procedural or other operational events that result in non-productive well operations time. (6) Marketed utilization defined as jack-ups under contract / total active supply. (7) Adjusted EBITDA excludes the impact of one-time transaction costs, acquired rig re-activation costs and amortization of intangible liability. (8) Market Capitalization as of 6-Sep-2024, source: Euronext N.V.. SHLF is listed on the Oslo Stock Exchange and SDNS is listed on the Euronext Growth Oslo Exchange. (9) Shelf Drilling’s operating position based on number of active jack-up drilling rigs excluding those of state-owned companies, source: International Industry Consultant as of 31-Mar-2024. (10) Includes Shelf Drilling Barsk which is the world’s largest ultra-harsh premium jack-up rig. (11) Categorization of rigs based on specifications and capabilities, typically with 1.5m pound hookload capacity, 120 persons of accommodation capacity and 350 ft water depth capability, built in or after year 2000.

# Operating Platform Creates Differentiation

## Consistent High Fleet Uptime<sup>1</sup>



## Above Average Safety Track Record (TRIR<sup>3</sup>)



## Operational Excellence Made Possible Through...



High local content – 89%<sup>5</sup>



Centralized organization and oversight



Fit-for-purpose processes and systems



Lean and flat management structure

**Excellent operational and safety performance underpins Shelf Drilling’s strong customer relationships and ability to win new tenders**

Source: Shelf Drilling company information and International Association of Drilling Contractors (IADC) information as of 31-Mar-2024.

(1) Uptime is the period during which operations are performed without stoppage due to mechanical, procedural or other operational events that result in non-productive well operations time.

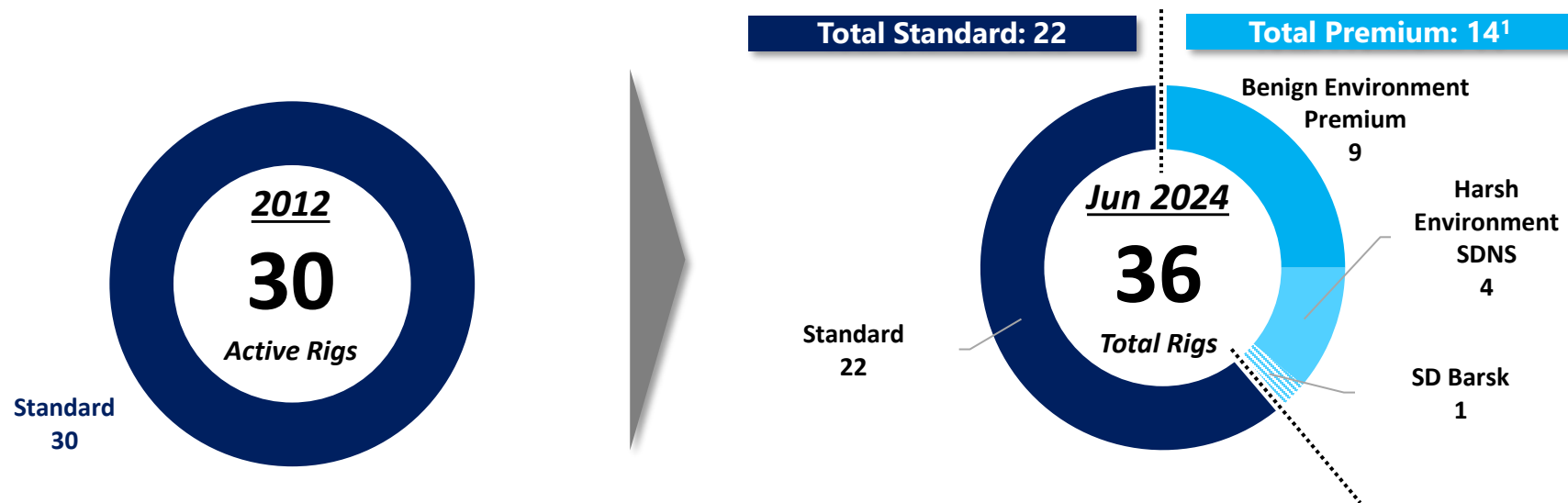
(2) Uptime 2024 YTD as of 30 June 2024

(3) Total recordable incident rate (incidents per 200,000 man-hours)

(4) TRIR 2024 YTD as of 30 June 2024 vs. 0.44 IADC Q2 2024 average

(5) % of nationals out of total offshore employees and contractors, as of 31-Dec-2023.

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



**“Right Assets in Right Locations”**

*Blend of premium & standard jack-ups provides ideal match to customer requirements*

**92% Contracted Utilization Across 36 Jack-ups as of June 2024**

**22 x Standard Rigs**

*Cost efficient and well suited for brownfield activity  
Shallow draft assets uniquely suited to the Gulf*

- India & Egypt: 11
- Mediterranean, Middle East & West Africa: 11

**13 Premium Jack-up Rigs<sup>2</sup>**

*High-spec rigs Acquired at industry-low prices, mostly in 2016-2022*

- KSA and Qatar<sup>3</sup>: 2 rigs
- Southeast Asia<sup>3</sup>: 4 rigs
- West Africa & Mediterranean: 5 rigs
- North Sea<sup>3</sup>: 2 rigs

**Shelf Drilling Barsk**

*World’s largest jack-up rig uniquely suited for Norwegian operating environment*

- Size enables deeper water depths and deeper well drilling than other rigs

Source: Shelf Drilling public company filings. Note: Data as of 30-Jun-2024; “Premium” denotes rigs typically with 1.5m pound hookload capacity, 120 persons of accommodation capacity and 350 ft water depth capability, built in or after year 2000.

(1) 14 Rigs including the Shelf Drilling Barsk

(2) Excluding Shelf Drilling with SDNS

(3) 1 rig in KSA, 3 rigs in Thailand + SDNS rigs in Qatar, Vietnam and 2 rigs in the North Sea (excludes Shelf Drilling Barsk in Norway).

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



## Secured High-quality Assets at an Attractive Price

- High-specification and well-maintained fleet
- All rigs warm and contracted at acquisition, with no reactivation costs
- Entered North Sea market with scale
- Highly skilled offshore and onshore teams with extensive experience in the region transferred with the business
- World’s biggest jack-up rig – Shelf Drilling Barsk, offering a unique competitive edge in the ultra-harsh environment of Norway

**5 Premium Harsh Environment Jack-ups  
Purchased in 2022 at \$375m**

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

**\$409m<sup>(2)</sup>**

Proforma Firm contract backlog as of 30-Jun-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	Total Energies	Aug 2024	Sep 2025											
Shelf Drilling Perseverance	Vietnam	PVEP POC	Aug 2024	Nov 2025											

**Strong contracting momentum with firm backlog of \$409m<sup>(2)</sup> providing increased visibility on earnings and cash flow generation**

(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.

(2) Q2 2024 reported backlog \$341m adjusted for addition of SDW extension for \$68MM in July 2024

## Challenges

## Actions/Priorities

H1 2024 cash need in SDNS as 2 rigs prepared for new contracts



- **\$315MM SDNS bond** placed in May-24 providing additional liquidity and extending maturities

27 rigs suspended by Saudi Aramco – 5 rig impact to SHLF



- **2 rigs mobilized from Saudi to West Africa** – expected to commence operations in Q4
- **Agreement to sell Baltic standard jack-up for \$60MM** – closing scheduled Sep 2024
- **Actively marketing SD Victory** in SE Asia and West Africa
- **Pursuing opportunistic sale of 1 or 2 other standard jack-ups** for non-drilling purposes

Leg damage incident with standard jack-up in West Africa



- **Insurance claim underway** for Trident VIII – resolution expected before YE

Regulatory approval delay in Norway for Shelf Drilling Barsk



- **SD Barsk start-up expected by Nov-24** – significant resources allocated for this project; ~\$40MM SDNS funding need to be addressed in Sep/Oct 2024

# Despite Saudi Aramco Suspensions, Jack-up Utilization Expected to Remain Tight

## Strong 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 growth anticipated in 2024

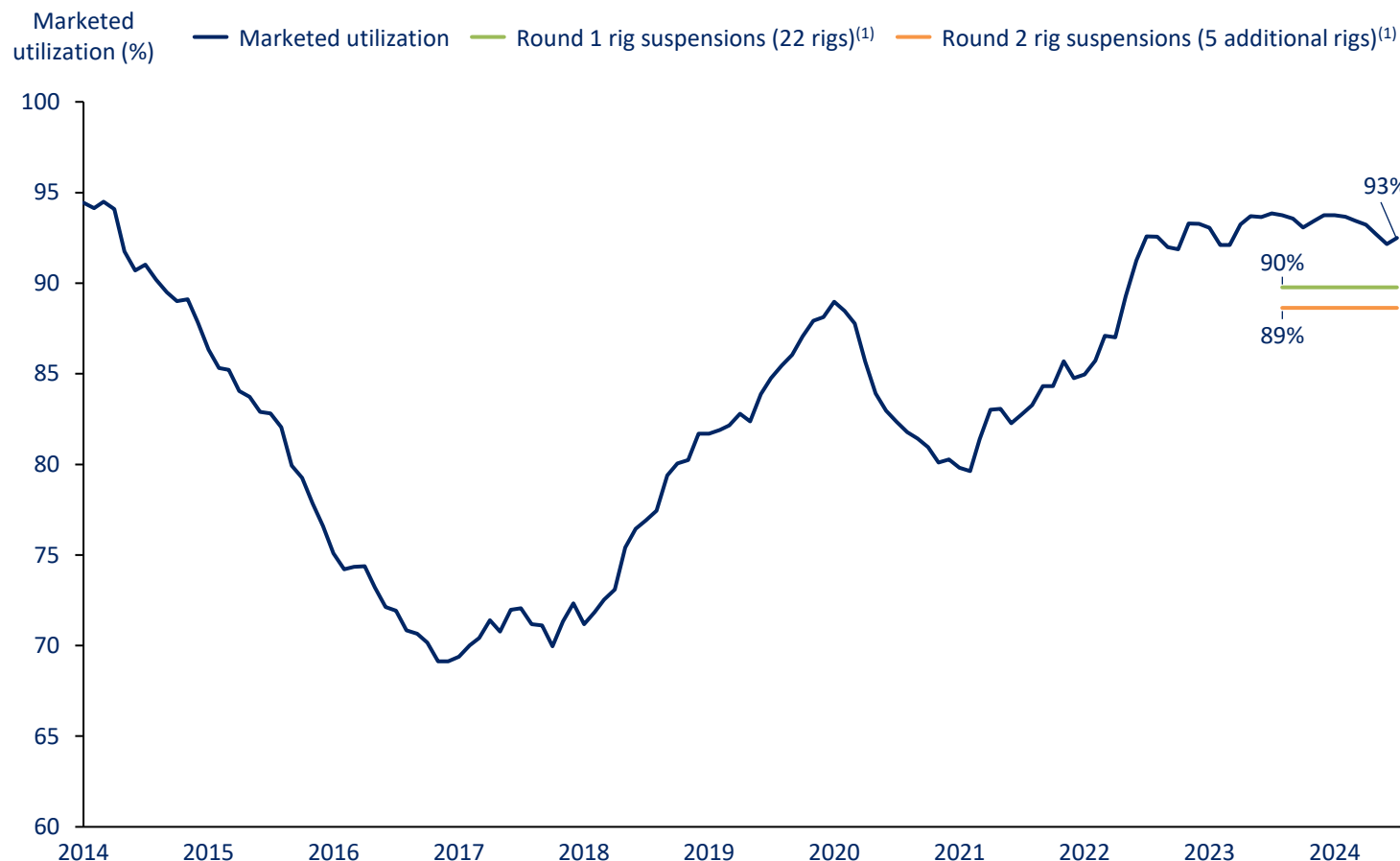
## High Jack-Up Utilization Despite Market Shifts

- Global jack-up utilization remains at **~89%**, despite recent Aramco suspensions

## 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 SE Asia

## Impact of Aramco Releases 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 (underlying data) as of 2 August 2024, DNB Markets (further calculations)

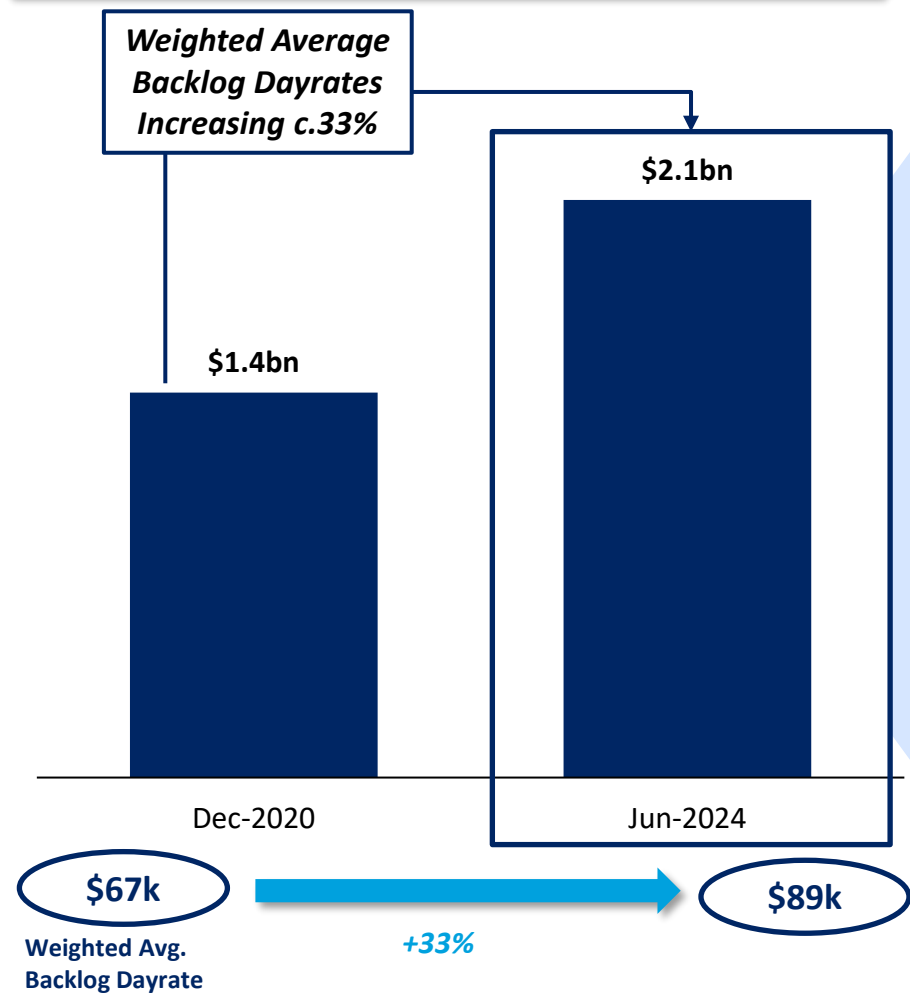
Note (1): Based on Company estimates and adjusted for 8 rigs from round 1 already being re-contracted elsewhere



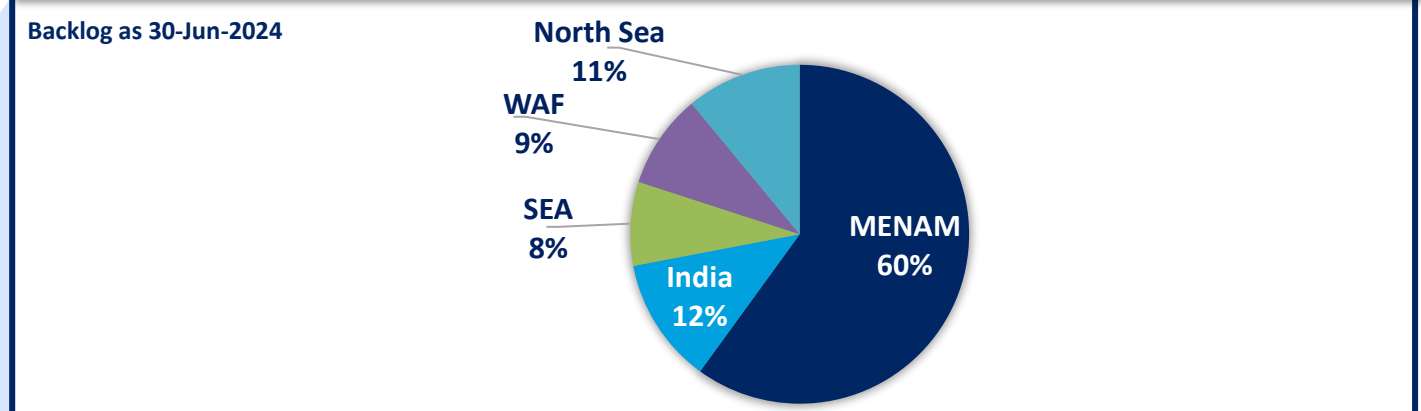
# Shelf Drilling: Strong Relationships with Blue-chip Customers and Top-tier Industry Backlog



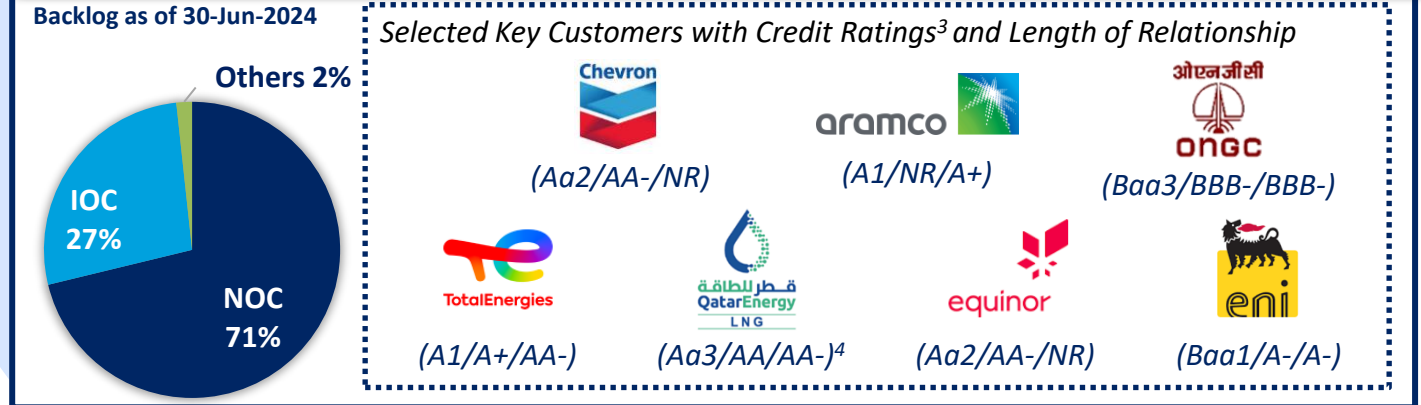
## Shelf Drilling Backlog Evolution



## Focused on the Largest Energy Producing Regions Globally



## Customer Base Dominated by IOCs and NOCs with Longstanding Relationships Held Since Company Inception<sup>2</sup>



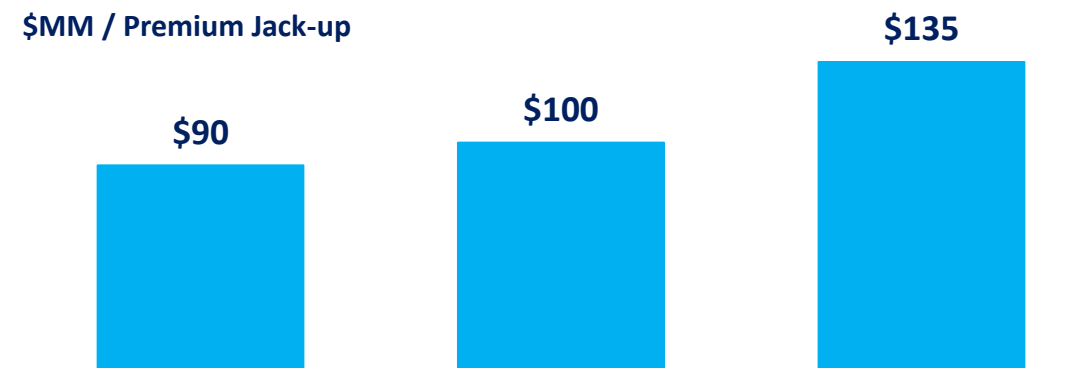
Source: Shelf Drilling public company filings, Moody's, S&P, Fitch. Note: Data as of Jun-2023 unless stated otherwise.  
 (1) Includes the Gulf Region (KSA, Qatar) and North Africa & Mediterranean (Italy and Egypt).  
 (2) Except Equinor and QatarEnergy which have been held since Q4 2022 under SDNS.  
 (3) Including credit ratings from Moody's / S&P / Fitch. Data as of 31-Aug-2023.  
 (4) Credit ratings for the State of Qatar, which owns 100% of Qatar Energy. Data as of 31-Aug-2023.

# Shelf Drilling: Implied Asset Valuation

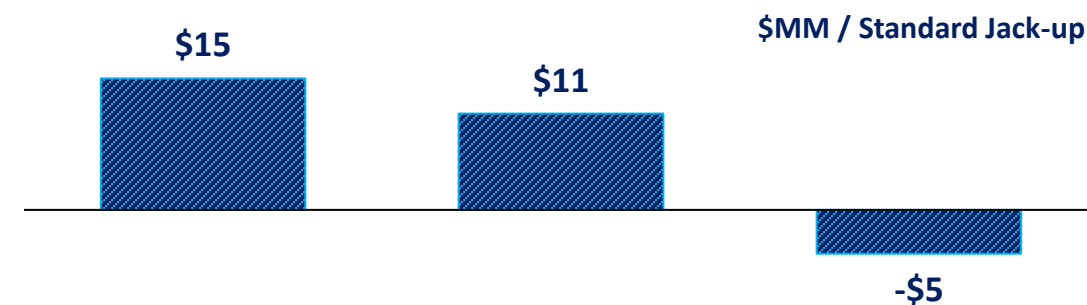
## SHLF Enterprise Value Summary

SHLF Share Price <sup>1</sup>	NOK 16.22
Market Cap	\$323
Net Debt (Jun-24)	\$1,019
SDNS Adjustment <sup>2</sup>	(\$129)
Potential Proceeds <sup>3</sup> BAL + T8	(\$95)
<b>Implied Firm Value (29 Rigs)</b>	<b>\$1,119</b>
2024E EBITDA <sup>4</sup>	\$320
Multiple	3.5x

## Assumed Premium Jack-Up Valuation (9 Rigs)



## Implied Standard Jack-Up Valuation (20 Rigs)



(1) SHLF share price as of 6-September-2024

(2) SDNS adjustment as of 6-September-2024, this represents 60% of SDNS market cap owned by SHLF

(3): Pending sale of Baltic for gross proceeds of \$60MM announced in Jul-24 and scheduled to close in Sep-24. Trident VIII has insured value of \$50MM with claim underway following leg damage incident in Apr-24; resolution expected by YE 2024. Assumes \$95MM of combined net proceeds for these 2 rigs for illustrative purposes

(4) Midpoint of latest guidance published Aug 14, 2024

# Shelf Drilling North Sea: Significant EBITDA and Cash Flow Potential



## Illustrative Annual EBITDA Potential<sup>1</sup>

Implied Net Leverage (x)

3.3x

2.6x

2.1x

1.6x

1.3x

Illustrative CF for debt service<sup>2</sup> (\$m)

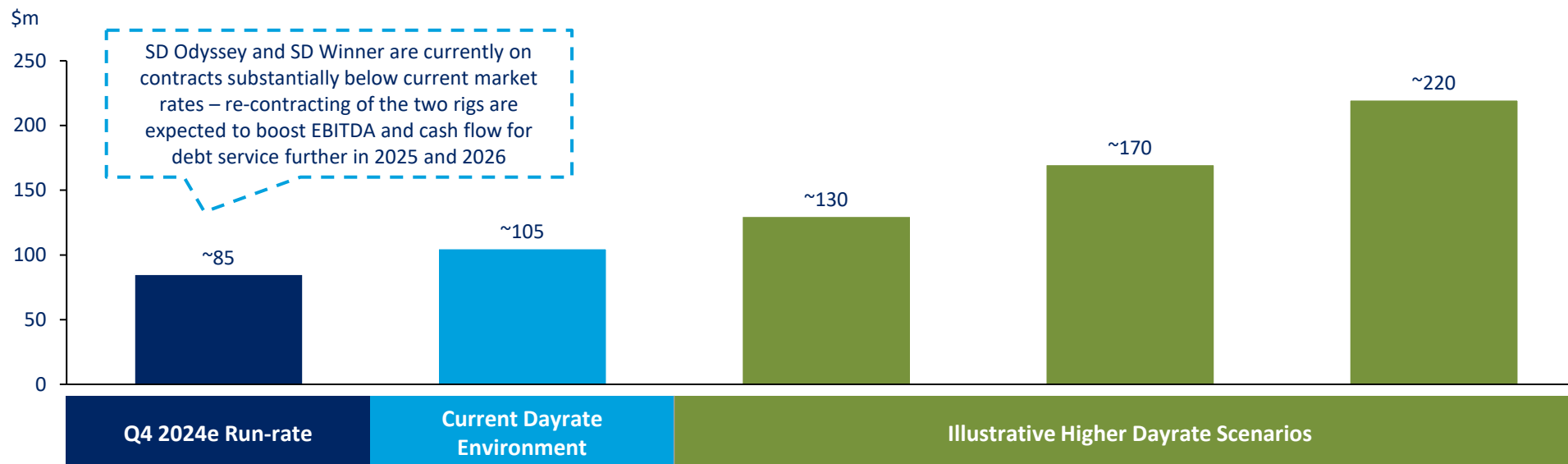
~55

~75

~95

~135

~185



		Q4 2024e Run-rate	Current Dayrate Environment	Illustrative Higher Dayrate Scenarios		
Marketable Rigs		5	5	5	5	5
Effective Utilization		93%	90%	90%	90%	90%
Dayrates (\$k/day)	# of Rigs					
CJ70	1	230	240	250	275	325
Premium harsh-environment	4	115	135	150	175	200

(1) Assumes an opex of \$125,000 per day for CJ70 and \$65,000 per day for premium harsh-environment jack-up. Includes approximately \$10m in revenue other than dayrate based revenue, which includes mobilization fees, reimbursables etc., approximately \$5m in other costs and approximately \$16m in SG&A; (2) Assuming cash tax of 3% of revenues and normalized annual maintenance capex of \$22m. No assumptions made for working capital

## Value-driven Approach to Capital Allocation

- |   |   |
|---|---|
| <b>1</b> Flexible and Resilient Business Model                                | <ul style="list-style-type: none"><li>• Ensured profitability through the cycle and improved margins from <b>30% in 2021 to 35% in 2023</b></li></ul>   |
| <b>2</b> Maintain a Conservative Balance Sheet                                | <ul style="list-style-type: none"><li>• Shelf Drilling targets a net leverage level <b>below 3.0x</b> in the near term and <b>2.0x to 2.5x</b> over mid-term</li></ul>  |
| <b>3</b> Pursue Accretive Investments in Our Fleet and/or Opportunistic Capex | <ul style="list-style-type: none"><li>• Shelf Drilling targets <b>mid double digit unlevered IRRs</b> for major capex (including rig acquisition and significant upgrades)</li><li>• All major investments are done with a <b>disciplined focus on payback period</b></li></ul> |
| <b>4</b> Sustainable Shareholder Return Through Flexible Dividend Policy      | <ul style="list-style-type: none"><li>• Future shareholder return policy expected to be flexible and <b>linked to performance</b> and cash flow generation</li></ul>  |



**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**



**SHELF  
DRILLING**