

Vantage Drilling International Ltd. Reports Fourth Quarter and Full-Year 2023 Results

DUBAI, United Arab Emirates, March 27, 2024 (GLOBE NEWSWIRE) -- Vantage Drilling International Ltd. ("Vantage" or the "Company") reported a net loss attributable to controlling interest of approximately \$14.6 million, or \$1.10 per diluted share, for the three months ended December 31, 2023, as compared to a net loss attributable to controlling interest of \$16.4 million, or \$1.25 per diluted share, for the three months ended December 31, 2022.

For the year ended December 31, 2023, Vantage reported a net loss attributable to controlling interest of approximately \$15.4 million or \$1.16 per diluted share, as compared to a net loss attributable to controlling interest of \$3.4 million or \$0.26 per diluted share for the year ended December 31, 2022.

As of December 31, 2023, Vantage had approximately \$84.0 million in cash, including \$10.8 million of restricted cash, compared to \$93.3 million in cash, including \$19.2 million of restricted cash, at December 31, 2022. At December 31, 2023, Vantage maintained \$11.6 million of cash pre-funded by our Managed Services customers to address near-term obligations during the fourth quarter of 2023. Excluding cash used in connection with our Managed Services customers, the Company generated \$13.6 million of cash from operating activities during the fourth quarter of 2023.

Ihab Toma, CEO, commented: "I am pleased with the Company's financial performance for 2023. The Company generated cash of \$2.2 million for the year, reaching approximately \$71.0 million of EBITDA, a level not seen since prior to the Company's reorganization in 2016. Vantage continued to serve its clients well across our managed services and owned rigs segments. It is our operational strength, customer focus and creative business models that led to the ground-breaking announcement with our client, TotalEnergies, regarding our joint venture to own the *Tungsten Explorer* along with a 10-year management contract to manage the rig."

Mr. Toma continued, "As for 2024, while in many ways, it is a year of transition for some of our rigs with shipyard stays and preparation time between contracts, I am excited about what the future holds for Vantage. Fundamentally, the market continues to be in a healthy place, and we are in a good position to take advantage of this."

Vantage, a Bermuda exempted company, is an offshore drilling contractor, with a fleet of two ultra-deepwater drillships, and two premium jackup drilling rigs. Vantage's primary business is to contract drilling units, related equipment and work crews primarily on a dayrate basis to drill oil and natural gas wells globally for major, national and independent oil and gas companies. Vantage also markets, operates and provides management services in respect of, third party-owned drilling units. www.vantagedrilling.com.

The information above includes forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. These forward-looking statements are subject to certain risks, uncertainties and assumptions identified above or as disclosed from time to time in the Company's reports or filings posted to its website or otherwise made available to its investors or creditors. As a result of these factors, actual results may differ materially from those indicated or implied by such forward-looking statements. Vantage disclaims any intention or obligation to update publicly or revise such statements, whether as a result of new information, future events or otherwise.

Non-GAAP Measures

We report our financial results in accordance with generally accepted accounting principles (GAAP) in the United States. However, in our earnings release and during our earnings calls we may reference company information that does not conform to GAAP. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position, or cash flows that excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. Management believes that an analysis of this data is meaningful to investors because it provides insight with respect to ongoing operating results of the Company and allows investors to better evaluate the financial results of the Company. However, these measures should not be viewed as an alternative to or substitute for GAAP measures of performance, and these non-GAAP measures may not be consistent with previously published Company reports on Forms 10-K, 10-Q and 8-K. Non-GAAP measures we may reference have been reconciled to the nearest GAAP measure in the tables entitled Reconciliation of GAAP to Non-GAAP Financial Measures below.

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Vantage Drilling International Ltd. Consolidated Statement of Operations (Unaudited, in thousands, except per share data)

	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
Revenue				
Contract drilling services	\$ 68,831	\$ 32,367	\$ 260,611	\$ 154,116

Management fees	5,711	2,449	19,486	10,834
Reimbursables and other	19,980	41,373	103,039	113,766
Total revenue	94,522	76,189	383,136	278,716
Operating costs and expenses				
Operating costs	75,199	65,065	290,125	234,832
General and administrative	6,177	5,264	21,730	23,009
Depreciation	11,299	11,024	44,458	44,428
Gain on EDC Sale	—	4	3	(61,409)
Total operating costs and expenses	92,675	81,357	356,316	240,860
(Loss) income from operations	1,847	(5,168)	26,820	37,856
Other (expense) income				
Interest income	309	1,080	750	1,108
Interest expense and other financing charges	(5,344)	(8,840)	(21,591)	(34,351)
Other, net	(385)	(1,519)	(405)	(3,668)
Total other expense	(5,420)	(9,279)	(21,246)	(36,911)
(Loss) income before income taxes	(3,573)	(14,447)	5,574	945
Income tax provision	10,776	2,530	21,479	4,313
Net loss	(14,349)	(16,977)	(15,905)	(3,368)
Net (loss) income attributable to noncontrolling interests	207	(619)	(529)	(13)
Net loss attributable to shareholders	<u>\$ (14,556)</u>	<u>\$ (16,358)</u>	<u>\$ (15,376)</u>	<u>\$ (3,355)</u>

EBITDA ⁽¹⁾ \$ 12,761 \$ 4,337 \$ 70,873 \$ 78,616

Loss per share
Basic and Diluted \$ (1.10) \$ (1.25) \$ (1.16) \$ (0.26)

Weighted average ordinary shares outstanding,
Basic and Diluted 13,229 13,115 13,217 13,115

(1) EBITDA represents net income (loss) before (i) interest income (expense), (ii) provision for income taxes and (iii) depreciation and amortization expense. EBITDA is not a financial measure under GAAP as defined under the rules of the SEC, and is intended as a supplemental measure of our performance. We believe this measure is commonly used by analysts and investors to analyze and compare companies on the basis of operating performance.

Vantage Drilling International Ltd.
Supplemental Operating Data
(Unaudited, in thousands, except percentages)

	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
Operating costs				
<i>Jackups</i>	\$ 13,275	\$ 4,317	\$ 28,870	\$ 36,225
<i>Deepwater</i>	23,040	17,350	92,215	68,567
<i>Third party Rigs</i>	16,696	2,295	68,779	2,289
<i>Sold rigs/Held for sale</i>	(18)	20	(525)	10,722
<i>Operations support</i>	3,105	2,595	11,444	10,975
<i>Reimbursables</i>	19,101	38,488	89,342	106,054
Total operating costs	<u>\$ 75,199</u>	<u>\$ 65,065</u>	<u>\$ 290,125</u>	<u>\$ 234,832</u>
Utilization ⁽¹⁾				
<i>Jackups</i>	71.0%	100.0%	79.0%	72.7%
<i>Deepwater</i>	83.9%	90.1%	81.8%	94.2%
<i>Sold rigs/Held for sale</i>	N/A	N/A	N/A	43.6%

(1) Excludes rigs under bareboat charter contracts to third parties.

Vantage Drilling International Ltd.
Consolidated Balance Sheets
(Unaudited, in thousands, except share and par value information)

December 31, 2023	December 31, 2022
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ASSETS

Current assets		
Cash and cash equivalents	\$ 73,206	\$ 74,026
Restricted cash	1,828	16,450
Trade receivables, net of allowance for credit losses of \$5,434 and \$4,962, respectively	74,113	62,776
Materials and supplies	46,704	41,250
Prepaid expenses and other current assets	37,423	25,621
Total current assets	<u>233,274</u>	<u>220,123</u>
Property and equipment		
Property and equipment	660,449	647,909
Accumulated depreciation	(352,357)	(309,453)
Property and equipment, net	<u>308,092</u>	<u>338,456</u>
Operating lease ROU assets	1,084	1,648
Other assets	19,283	18,334
Total assets	<u>\$ 561,733</u>	<u>\$ 578,561</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities		
Accounts payable	\$ 62,245	\$ 57,775
Other current liabilities	51,946	66,179
Total current liabilities	<u>114,191</u>	<u>123,954</u>
Long-term debt, net of discount and financing costs of \$9,893 and \$733, respectively	190,107	179,227
Other long-term liabilities	10,741	12,881
Commitments and contingencies		
Shareholders' equity		
Ordinary shares, \$0.001 par value, 50 million shares authorized; 13,229,280 and 13,115,026 shares issued and outstanding each period	13	13
Additional paid-in capital	633,963	633,863
Accumulated deficit	(388,523)	(373,147)
Controlling interest shareholders' equity	<u>245,453</u>	<u>260,729</u>
Noncontrolling interests	1,241	1,770
Total equity	<u>246,694</u>	<u>262,499</u>
Total liabilities and shareholders' equity	<u>\$ 561,733</u>	<u>\$ 578,561</u>

Vantage Drilling International Ltd. Consolidated Statement of Cash Flows (Unaudited, in thousands)

	<u>Year Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (15,905)	\$ (3,368)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities		
Depreciation expense	44,458	44,428
Amortization of debt financing costs	2,048	1,639
Share-based compensation expense	383	79
Loss on debt extinguishment	703	730
Deferred income tax expense	624	708
Loss (gain) on disposal of assets	—	(1,600)
Gain on EDC Sale	3	(61,409)
Changes in operating assets and liabilities:		
Trade receivables, net	(11,337)	(42,241)
Materials and supplies	(5,453)	(4,155)
Prepaid expenses and other current assets	(11,803)	(9,878)
Other assets	4,421	(22,461)
Accounts payable	4,470	44,469
Other current liabilities and other long-term liabilities	(10,413)	34,185
Net cash (used in) provided by operating activities	<u>2,199</u>	<u>(18,874)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(14,094)	(10,277)

Net proceeds from EDC Sale	—	198,700
Net proceeds from sale of assets	—	3,100
Net proceeds from sale of <i>Titanium Explorer</i>	—	—
Net cash provided by (used in) investing activities	(14,094)	191,523
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from 9.50% First Lien Notes	194,000	—
Repayment of long-term debt	(180,000)	(170,000)
Shares repurchased for tax withholdings on settlement of RSUs	(246)	—
Payments of dividend equivalents	(5,278)	—
Debt issuance costs	(5,863)	—
Net cash provided by (used in) financing activities	2,613	(170,000)
Net increase (decrease) in unrestricted and restricted cash and cash equivalents	(9,282)	2,649
Unrestricted and restricted cash and cash equivalents—beginning of period	93,257	90,608
Unrestricted and restricted cash and cash equivalents—end of period	\$ 83,975	\$ 93,257

Vantage Drilling International Ltd.
Non-GAAP Measures
(Unaudited, in thousands)

	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
Reconciliation of EBITDA				
Net loss	\$ (14,349)	\$ (16,977)	\$ (15,905)	\$ (3,368)
Depreciation	11,299	11,024	44,458	44,428
Interest income	(309)	(1,080)	(750)	(1,108)
Interest expense and other financing costs	5,344	8,840	21,591	34,351
Income tax provision	10,776	2,530	21,479	4,313
EBITDA	\$ 12,761	\$ 4,337	\$ 70,873	\$ 78,616

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