

Vantage Drilling International Ltd. Reports First Quarter 2024 Results

DUBAI, United Arab Emirates, May 09, 2024 (GLOBE NEWSWIRE) -- Vantage Drilling International Ltd. ("Vantage" or the "Company") reported a net loss attributable to controlling interest of approximately \$2.9 million or \$0.22 per diluted share for the three months ended March 31, 2024, as compared to a net loss attributable to controlling interest of \$2.3 million or \$0.17 per diluted share for the three months ended March 31, 2023.

As of March 31, 2024, Vantage had approximately \$67.0 million in cash, including \$10.8 million of restricted cash, compared to \$84.0 million in cash, including \$10.8 million of restricted cash, at December 31, 2023. At March 31, 2024, Vantage maintained \$11.1 million of cash pre-funded by our Managed Services customers to address near-term obligations. Excluding cash used in connection with our Managed Services customers, the Company used \$8.6 million of cash in operating activities during the first quarter of 2024.

Ihab Toma, CEO, commented: "The first quarter embodies our unwavering commitment to achieving improved operational performance. We are currently undertaking significant upgrade projects on the Topaz Driller and the Platinum Explorer that will facilitate the transition of our rigs to contracts with higher day rates and enhance their long-term appeal and marketability."

Mr. Toma continued, "The Company delivered solid performance in the first quarter of 2024 achieving approximately \$15.6 million of EBITDA. These results are indicative of the ongoing dedication and hard work of our organization during this transitional period."

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.
Condensed Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	Three Months Ended March 31,	
	2024	2023
Revenue		
Contract drilling services	\$ 60,229	\$ 47,917
Management fees	5,526	2,120
Reimbursables and other	10,393	27,035
Total revenue	<u>76,148</u>	<u>77,072</u>
Operating costs and expenses		
Operating costs	52,723	66,555
General and administrative	7,254	4,831
Depreciation	11,235	11,049
(Gain) loss on EDC Sale	<u>—</u>	<u>3</u>

Total operating costs and expenses	71,212	82,438
Income (loss) from operations	4,936	(5,366)
Other (expense) income		
Interest income	294	49
Interest expense and other financing charges	(5,344)	(5,558)
Other, net	(595)	322
Total other (expense) income	(5,645)	(5,187)
Loss before income taxes	(709)	(10,553)
Income tax provision (benefit)	2,481	(7,978)
Net loss	(3,190)	(2,575)
Net loss attributable to non-controlling interests	(319)	(289)
Net loss attributable to shareholders	\$ (2,871)	\$ (2,286)
EBITDA ⁽¹⁾	\$ 15,576	\$ 6,005
Loss per share		
Basic and Diluted	\$ (0.22)	\$ (0.17)
Weighted average ordinary shares outstanding,		
Basic and Diluted	13,237	13,179

(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 March 31,	
	2024	2023
Operating costs and expenses		
<i>Jackups</i>	\$ 11,190	\$ 3,985
<i>Deepwater</i>	24,717	18,964
<i>Managed Rigs</i>	4,570	16,940
<i>Operations support</i>	2,996	2,650
<i>Reimbursables</i>	9,250	24,016
Total operating costs and expenses	\$ 52,723	\$ 66,555
Utilization		
<i>Jackups</i>	89.7%	100.0%
<i>Deepwater</i>	67.6%	62.8%

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

	March 31, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 56,120	\$ 73,206
Restricted cash	2,583	1,828
Trade receivables, net of allowance for credit losses of \$5,862 and \$5,434, respectively	76,739	74,113
Materials and supplies	50,883	46,704
Prepaid expenses and other current assets	27,439	37,423
Total current assets	213,764	233,274
Property and equipment		
Property and equipment	664,225	660,449

Accumulated depreciation	(363,592)	(352,357)
Property and equipment, net	300,633	308,092
Operating lease ROU assets	781	1,084
Other assets	26,198	19,283
Total assets	<u>\$ 541,376</u>	<u>\$ 561,733</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities		
Accounts payable	\$ 53,698	\$ 62,245
Other current liabilities	39,189	51,946
Total current liabilities	<u>92,887</u>	<u>114,191</u>
Long-term debt, net of discount and financing costs of \$9,299 and \$9,893 respectively	190,701	190,107
Other long-term liabilities	14,226	10,741
Commitments and contingencies (See Note 8)		
Shareholders' equity		
Ordinary shares, \$0.001 par value, 50 million shares authorized; 13,295,262 and 13,229,280 shares issued and outstanding, each period	13	13
Additional paid-in capital	634,021	633,963
Accumulated deficit	(391,394)	(388,523)
Controlling interest shareholders' equity	242,640	245,453
Noncontrolling interests	922	1,241
Total equity	<u>243,562</u>	<u>246,694</u>
Total liabilities and shareholders' equity	<u>\$ 541,376</u>	<u>\$ 561,733</u>

Vantage Drilling International Ltd.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (3,190)	\$ (2,575)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation expense	11,235	11,049
Amortization of debt financing costs	594	266
Share-based compensation expense	535	11
Loss on debt extinguishment	—	703
Deferred income tax expense	306	711
Loss on EDC Sale	—	3
Changes in operating assets and liabilities:		
Trade receivables, net	(2,626)	(32,692)
Materials and supplies	(4,179)	(1,131)
Prepaid expenses and other current assets	9,984	(12,566)
Other assets	(7,602)	5,631
Accounts payable	(8,547)	12,101
Other current liabilities and other long-term liabilities	(6,028)	347
Net cash used in operating activities	<u>(9,518)</u>	<u>(18,142)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(3,775)	(843)
Net cash used in investing activities	<u>(3,775)</u>	<u>(843)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from 9.50% First Lien Notes	—	194,000
Repayment of long-term debt	—	(180,000)
Shares repurchased for tax withholdings on settlement of RSUs	(441)	(246)
Payments of dividend equivalents	(3,272)	(5,278)
Debt issuance costs	(9)	(3,935)
Net cash (used in) provided by financing activities	<u>(3,722)</u>	<u>4,541</u>
Net decrease in unrestricted and restricted cash and cash equivalents	(17,015)	(14,444)
Unrestricted and restricted cash and cash equivalents—beginning of period	83,975	93,257
Unrestricted and restricted cash and cash equivalents—end of period	<u>\$ 66,960</u>	<u>\$ 78,813</u>

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

Reconciliation of EBITDA	Three Months Ended March 31,	
	2024	2023
Net loss	\$ (3,190)	\$ (2,575)
Depreciation	11,235	11,049
Interest income	(294)	(49)
Interest expense and other financing costs	5,344	5,558
Income tax provision (benefit)	2,481	(7,978)
EBITDA	\$ 15,576	\$ 6,005