

Vantage Drilling International Ltd. Reports Second Quarter 2024 Results

DUBAI, United Arab Emirates, Aug. 13, 2024 (GLOBE NEWSWIRE) -- Vantage Drilling International Ltd. ("Vantage" or the "Company") reported a net loss attributable to shareholders of approximately \$14.2 million or \$1.07 per diluted share for the three months ended June 30, 2024, based on weighted average shares outstanding, as compared to a net income attributable to shareholders of approximately \$1.5 million or \$0.11 per diluted share for the three months ended June 30, 2023.

As of June 30, 2024, Vantage had approximately \$50.8 million in cash. This total includes \$10.5 million of restricted cash and \$12.8 million pre-funded by our Managed Services customers for near-term obligations. In comparison, on December 31, 2023, Vantage had \$84.0 million in cash, including \$10.8 million of restricted cash and \$11.6 million pre-funded by our Managed Services customers.

Ihab Toma, CEO, commented: "The Company continued to perform well operationally and financially during the quarter, even with the *Topaz Driller* and *Platinum Explorer* undergoing major upgrades. The *Topaz Driller* continues to prepare for its upcoming contract while the *Platinum Explorer* enhances its marketability."

Mr. Toma continued, "EBITDA generation of \$4.6 million during the quarter reflects the efficiency of our operations and the dedication of our employees 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.

Public & Investor Relations Contact:

Rafael Blattner
Chief Financial Officer
Vantage Drilling International Ltd.
+971 4 449 34 28

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

	Three Months Ended		Six Months Ended June 30,	
	June 30,		June 30,	
	2024	2023	2024	2023
Revenue				
Contract drilling services	\$ 34,100	\$ 67,673	\$ 94,329	\$ 115,590
Management fees	5,697	5,569	11,223	7,689
Reimbursables and other	10,015	34,598	20,408	61,633
Total revenue	49,812	107,840	125,960	184,912
Operating costs and expenses				
Operating costs	39,561	74,383	92,284	140,938
General and administrative	5,225	5,161	12,479	9,992
Depreciation	11,257	11,045	22,492	22,094
(Gain) loss on EDC Sale	—	—	—	3

Total operating costs and expenses	56,043	90,589	127,255	173,027
Income (loss) from operations	(6,231)	17,251	(1,295)	11,885
Other (expense) income				
Interest income	200	141	494	190
Interest expense and other financing charges	(5,656)	(5,346)	(11,000)	(10,904)
Other, net	(383)	(457)	(978)	(135)
Total other expense	(5,839)	(5,662)	(11,484)	(10,849)
Income (loss) before income taxes	(12,070)	11,589	(12,779)	1,036
Income tax provision	2,141	10,584	4,622	2,606
Net income (loss)	(14,211)	1,005	(17,401)	(1,570)
Net income (loss) attributable to non-controlling interests	10	(457)	(309)	(746)
Net income (loss) attributable to shareholders	<u>\$ (14,221)</u>	<u>\$ 1,462</u>	<u>\$ (17,092)</u>	<u>\$ (824)</u>
EBITDA ⁽¹⁾	\$ 4,643	\$ 27,839	\$ 20,219	\$ 33,844
Earnings (loss) per share				
Basic and Diluted	\$ (1.07)	\$ 0.11	\$ (1.29)	\$ (0.06)
Weighted average ordinary shares outstanding,				
Basic	13,295	13,229	13,266	13,204
Diluted	13,295	13,320	13,266	13,204

(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
(in thousands, except percentages)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Operating costs and expenses				
<i>Jackups</i>	\$ 4,980	\$ 3,736	\$ 16,170	\$ 7,722
<i>Deepwater</i>	21,547	24,154	46,264	43,118
<i>Managed Rigs</i>	-	17,319	4,570	34,258
<i>Operations support</i>	3,171	2,924	6,167	5,575
<i>Reimbursables</i>	9,863	26,250	19,113	50,265
Total operating costs and expenses	<u>\$ 39,561</u>	<u>\$ 74,383</u>	<u>\$ 92,284</u>	<u>\$ 140,938</u>
Utilization				
<i>Jackups</i>	50.0%	94.4%	69.9%	97.2%
<i>Deepwater</i>	43.4%	95.2%	55.5%	79.1%

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

	June 30, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 40,290	\$ 73,206
Restricted cash	2,264	1,828

Trade receivables, net of allowance for credit losses of \$5,805 and \$5,434, respectively	56,534	74,113
Materials and supplies	52,470	46,704
Prepaid expenses and other current assets	35,501	37,423
Total current assets	<u>187,059</u>	<u>233,274</u>
Property and equipment		
Property and equipment	677,304	660,449
Accumulated depreciation	(374,459)	(352,357)
Property and equipment, net	<u>302,845</u>	<u>308,092</u>
Operating lease ROU assets	658	1,084
Other assets	42,313	19,283
Total assets	<u>\$ 532,875</u>	<u>\$ 561,733</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities		
Accounts payable	\$ 60,730	\$ 62,245
Other current liabilities	38,277	51,946
Total current liabilities	<u>99,007</u>	<u>114,191</u>
Long-term debt, net of discount and financing costs of \$8,706 and \$9,893 respectively	191,294	190,107
Other long-term liabilities	12,725	10,741
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	634,519	633,963
Accumulated deficit	(405,615)	(388,523)
Controlling interest shareholders' equity	228,917	245,453
Noncontrolling interests	932	1,241
Total equity	<u>229,849</u>	<u>246,694</u>
Total liabilities and shareholders' equity	<u>\$ 532,875</u>	<u>\$ 561,733</u>

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

	Six Months Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (17,401)	\$ (1,570)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation expense	22,492	22,094
Amortization of debt financing costs	1,449	862
Share-based compensation expense	1,069	25
Loss on debt extinguishment	—	703
Deferred income tax expense	420	733
Loss on disposal of assets	81	—
Loss on EDC Sale	—	3
Allowance for credit losses	371	—
Changes in operating assets and liabilities:		
Trade receivables, net	17,208	(20,333)
Materials and supplies	(5,766)	(3,509)
Prepaid expenses and other current assets	1,922	(5,379)
Other assets	(22,340)	5,269
Accounts payable	(1,515)	(2,205)
Other current liabilities and other long-term liabilities	(9,278)	(7,773)
Net cash used in operating activities	<u>(11,288)</u>	<u>(11,080)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(17,396)	(2,637)
Proceeds from disposal of assets	70	—
Net cash used in investing activities	<u>(17,326)</u>	<u>(2,637)</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	(837)	(5,645)
Net cash (used in) provided by financing activities	(4,550)	2,831
Net decrease in unrestricted and restricted cash and cash equivalents	(33,164)	(10,886)
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>\$ 50,811</u>	<u>\$ 82,371</u>

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

	Three Months Ended		Six Months Ended June 30,	
	June 30,			
Reconciliation of EBITDA	2024	2023	2024	2023
Net income (loss)	\$ (14,211)	\$ 1,005	\$ (17,401)	\$ (1,570)
Depreciation	11,257	11,045	22,492	22,094
Interest income	(200)	(141)	(494)	(190)
Interest expense and other financing costs	5,656	5,346	11,000	10,904
Income tax provision	2,141	10,584	4,622	2,606
EBITDA	<u>\$ 4,643</u>	<u>\$ 27,839</u>	<u>\$ 20,219</u>	<u>\$ 33,844</u>