

Vantage Drilling International Reports Third Quarter Results for 2023

HOUSTON, Nov. 08, 2023 (GLOBE NEWSWIRE) -- Vantage Drilling International ("Vantage" or the "Company") reported near breakeven net income attributable to controlling interest for the three months ended September 30, 2023, as compared to a net loss attributable to controlling interest of \$20.2 million, or \$1.54 per diluted share, for the three months ended September 30, 2022.

As of September 30, 2023, Vantage had approximately \$77.6 million in cash, including \$7.6 million of restricted cash, compared to \$93.3 million in cash, including \$19.2 million of restricted cash, at December 31, 2022. At September 30, 2023, Vantage maintained \$13.2 million of cash pre-funded by our Managed Services customers to address near-term obligations during the third quarter of 2023. Excluding cash used in connection with our Managed Services customers, the Company used \$0.9 million of cash during the third quarter of 2023.

Ihab Toma, CEO, commented: "I am pleased to report that our financial performance for the quarter ending September 30, 2023, has significantly improved year over year. This improvement is attributed to our reduced debt level, increased fleet utilization, and higher day rates, showcasing our path to growth and profitability"

Mr. Toma continued: "As always, we would not be in this position without the hard work and dedication of our onshore and offshore personnel and the continued support from our clients"

Vantage, a Cayman Islands 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 Consolidated Statement of Operations (In thousands, except per share data) (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue				
Contract drilling services	\$ 76,190	\$ 34,092	\$ 191,780	\$ 121,749
Management fees	6,086	4,442	13,775	8,385
Reimbursables and other	21,426	32,424	83,059	72,393
Total revenue	103,702	70,958	288,614	202,527
Operating costs and expenses				

Operating costs	73,988	66,429	214,926	169,767
General and administrative	5,561	4,253	15,553	17,745
Depreciation	11,065	11,022	33,159	33,404
(Gain) loss on EDC Sale	—	(632)	3	(61,413)
Total operating costs and expenses	90,614	81,072	263,641	159,503
Income (loss) from operations	13,088	(10,114)	24,973	43,024
Other (expense) income				
Interest income	251	17	441	28
Interest expense and other financing charges	(5,343)	(8,504)	(16,247)	(25,511)
Other, net	115	(363)	(20)	(2,149)
Total other expense	(4,977)	(8,850)	(15,826)	(27,632)
Income (loss) before income taxes	8,111	(18,964)	9,147	15,392
Income tax provision	8,097	1,566	10,703	1,783
Net income (loss)	14	(20,530)	(1,556)	13,609
Net income (loss) attributable to noncontrolling interests	10	(332)	(736)	606
Net income (loss) attributable to shareholders	\$ 4	\$ (20,198)	\$ (820)	\$ 13,003
EBITDA ⁽¹⁾	\$ 24,258	\$ 877	\$ 58,848	\$ 73,673
Earnings (loss) per share				
Basic	\$ 0.00	\$ (1.54)	\$ (0.06)	\$ 0.99
Diluted	\$ 0.00	\$ (1.54)	\$ (0.06)	\$ 0.98
Weighted average ordinary shares outstanding,				
Basic	13,229	13,115	13,213	13,115
Diluted	13,323	13,115	13,213	13,330

(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
Supplemental Operating Data
(Unaudited, in thousands, except percentages)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Operating costs and expenses				
<i>Jackups</i>	\$ 7,366	\$ 13,223	\$ 15,088	\$ 31,907
<i>Deepwater</i>	26,056	20,738	69,174	51,216
<i>Managed Rigs</i>	17,825	(6)	52,084	(5)
<i>Held for Sale⁽²⁾</i>	—	—	—	10,703
<i>Operations support</i>	2,764	2,515	8,340	8,380
<i>Reimbursables</i>	19,977	29,959	70,240	67,566
Total operating costs and expenses	\$ 73,988	\$ 66,429	\$ 214,926	\$ 169,767
Utilization				
<i>Jackups</i>	67.2%	51.3%	83.4%	68.1%
<i>Deepwater</i>	84.9%	96.7%	81.0%	95.6%
<i>Held for Sale⁽²⁾</i>	N/A	N/A	N/A	43.6%

(2) Included in the sale of Emerald Driller Company, which owns the *Emerald Driller*, *Sapphire Driller* and *Aquamarine Driller*. Each of these rigs were classified as held for sale on our Consolidated Balance Sheets up to the closing date, which was on May 27, 2022.

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 70,000	\$ 74,026
Restricted cash	639	16,450
Trade receivables, net of allowance for credit losses of \$3,850 and \$4,962, respectively	87,313	62,776
Materials and supplies	47,973	41,250
Prepaid expenses and other current assets	41,788	25,621
Total current assets	<u>247,713</u>	<u>220,123</u>
Property and equipment		
Property and equipment	653,488	647,909
Accumulated depreciation	(341,357)	(309,453)
Property and equipment, net	312,131	338,456
Operating lease ROU assets	1,300	1,648
Other assets	16,348	18,334
Total assets	<u>\$ 577,492</u>	<u>\$ 578,561</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 63,191	\$ 57,775
Other current liabilities	56,879	66,179
Total current liabilities	<u>120,070</u>	<u>123,954</u>
Long-term debt, net of discount and financing costs of \$10,487 and \$773, respectively	189,513	179,227
Other long-term liabilities	7,204	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	633,625	633,863
Accumulated deficit	(373,967)	(373,147)
Controlling interest shareholders' equity	259,671	260,729
Noncontrolling interests	1,034	1,770
Total equity	<u>260,705</u>	<u>262,499</u>
Total liabilities and shareholders' equity	<u>\$ 577,492</u>	<u>\$ 578,561</u>

Vantage Drilling International
Consolidated Statement of Cash Flows
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$ (1,556)	\$ 13,609
Adjustments to reconcile net (loss) income to net cash used in operating activities		
Depreciation expense	33,159	33,404
Amortization of debt financing costs	1,455	1,229
Share-based compensation expense	45	61
Loss on debt extinguishment	703	—
Deferred income tax expense	994	301
Gain on disposal of assets	—	(1,600)
Loss (gain) on EDC Sale	3	(61,413)
Changes in operating assets and liabilities:		
Trade receivables, net	(24,537)	(50,289)
Materials and supplies	(6,723)	(2,218)
Prepaid expenses and other current assets	(9,377)	2,680
Other assets	4,810	(23,222)
Accounts payable	5,416	31,873
Other current liabilities and other long-term liabilities	(15,822)	33,624

Net cash used in operating activities	(11,430)	(21,961)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(6,833)	(8,154)
Net proceeds from EDC Sale	—	198,700
Net proceeds from sale of assets	—	3,100
Net cash (used in) provided by investing activities	(6,833)	193,646
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	(246)	—
Payments of dividend equivalents	(5,278)	—
Debt issuance costs	(5,850)	—
Net cash provided by financing activities	2,626	—
Net (decrease) increase in unrestricted and restricted cash and cash equivalents	(15,637)	171,685
Unrestricted and restricted cash and cash equivalents—beginning of period	93,257	90,608
Unrestricted and restricted cash and cash equivalents—end of period	<u>\$ 77,620</u>	<u>\$ 262,293</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
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Reconciliation of EBITDA				
Net income (loss) attributable to shareholders	\$ 4	\$ (20,198)	\$ (820)	\$ 13,003
Depreciation	11,065	11,022	33,159	33,404
Interest income	(251)	(17)	(441)	(28)
Interest expense and other financing costs	5,343	8,504	16,247	25,511
Income tax provision	8,097	1,566	10,703	1,783
EBITDA	<u>\$ 24,258</u>	<u>\$ 877</u>	<u>\$ 58,848</u>	<u>\$ 73,673</u>

PDF available: