Borr Drilling (NYSE/OSE: BORR) - Q2 2026 Results, the Jack-up Fleet & Heavy Leverage

Second quarter ended June 30, 2026, reported in US dollars under US GAAP. Borr Drilling operates 29 wholly-owned offshore shallow-water jack-up rigs (which it markets as premium) plus five in a new joint venture, a fleet the company describes as one of the youngest in the sector. A softer dayrate market cut Adjusted EBITDA by more than half from a year ago, and a large refinancing produced a one-time charge that drove a $241M net loss, while pushing the first debt maturity out to 2032.

A factual snapshot built from Borr's public filings and verified market data. It contains no Blackspear forecast, price target, or recommendation.

TOTAL REVENUE (Q2'26)	ADJUSTED EBITDA (NON-GAAP)	NET LOSS (Q2'26)	NET DEBT / LEVERAGE
$232.3M	**$43.8M**	**$(241)M**	**~$2.3B**
-6% vs Q1'26; dayrate revenue $187.7M	-51% vs $88.5M Q1'26; ~19% of revenue	incl. $176M one-time debt-extinguishment charge	~6x TTM EBITDA, rising toward ~9x on H1 run-rate

REVENUE, FLEET & UTILIZATION - Q2 2026

REVENUE BY TYPE	Q2 2026	OPERATING METRIC	Q2 2026
Dayrate revenue	$187.7M	Technical utilization	98.4%
Bareboat charter	$32.9M	Economic utilization	96.4%
Related-party mgmt.	$11.7M	Average rigs operating	21.2
Total revenue	**$232.3M**	**Wholly-owned fleet**	**29 rigs**

Revenue fell about 6% from the prior quarter as average rigs operating slipped to 21.2 (from 22.4) and the market softened. Utilization on working rigs stayed very elevated (technical 98.4%, economic 96.4%), so the pressure is on dayrates and the number of contracted rigs, not day-to-day operating reliability. Of the 29 wholly-owned rigs, 24 are contracted or committed; five jack-ups were added in July 2026 through a 50/50 joint venture (see below).

RESULTS & CASH HIGHLIGHTS - Q2 2026

Total revenue	$232.3M
Adjusted EBITDA / margin	$43.8M / ~19%
Operating income	$0.3M
Net loss / loss per share	$(241.4)M / $(0.79)
Cash & equivalents	$223.6M
Total liquidity (incl. $250M undrawn RCF)	**~$473.6M**

Operating income was near breakeven ($0.3M); after interest on ~$2.5B of debt and a $176.3M one-time loss on debt extinguishment from the refinancing, the quarter posted a $241.4M net loss. Even excluding that one-time charge, interest expense exceeded operating income, so the quarter was loss-making at this trough level of EBITDA.

HOW TO READ THE NUMBERS

- Borr is a leveraged, cyclical offshore driller: earnings swing with jack-up dayrates and the number of rigs on contract, and the balance sheet carries roughly $2.3B of net debt.
- Adjusted EBITDA is non-GAAP; it strips out the debt-extinguishment charge and other items. GAAP results were a large net loss.
- The $176.3M debt-extinguishment charge is a one-time cost of refinancing; it is not a recurring operating expense.
- "Backlog" and contract-coverage figures are company estimates of future revenue and depend on customers honoring contracts.

BALANCE SHEET, REFINANCING & CONTRACT BACKLOG - AS OF JUNE 30, 2026

A REFINANCED DEBT STACK WITH NO MATURITY UNTIL 2032, AGAINST A SHARP FALL IN CASH FLOW

DEBT PRINCIPAL	FIRST MATURITY	BACKLOG (REPORT DATE)	2026 CONTRACT COVER
$2,529M	**2032**	**$1.13B**	**73%**
net debt ~$2.3B after $224M cash	8.75% 2032 & 9.00% 2034 notes; 3.50% 2033 conv.	dayrate-equivalent; $1.04B at June 30	at ~$134k/day; FY2027 36% at ~$138k/day

In the quarter Borr refinanced substantially all of its debt into new 8.75% senior secured notes due 2032 ($1,100M), 9.00% notes due 2034 ($935M) and 3.50% convertible notes due 2033 ($300M), and amended its super-senior revolving credit facility to $250M (undrawn), removing near-term maturities at the cost of high coupons. In July 2026 it formed a 50/50 joint venture (with BC Ventures) that bought five premium jack-ups for $287M, largely funded by seller's credit. Year-to-date the company booked 21 commitments for roughly 4,350 rig-days worth about $541M. The high coupons and ~$2.3B of net debt mean a large fixed interest bill regardless of where dayrates go.

VALUATION SNAPSHOT - A LEVERED, CYCLICAL DRILLER (MID-AUGUST 2026)

Share price (NYSE, recent)	**~$4.50**	Adjusted EBITDA (TTM / H1'26 ann.)	**~$373M / ~$265M**
Market capitalization (~308.5M sh.)	**~$1.39B**	EV / EBITDA (TTM / on run-rate)	**~10x / ~14x**
Debt principal / cash	**$2.53B / $0.22B**	Net debt / EBITDA (TTM / run-rate)	**~6x / ~9x**
Net debt	**~$2.3B**	Price / book (~$962M equity)	**~1.4x**
Enterprise value (mkt cap + net debt)	**~$3.7B**	GAAP earnings / dividend	**negative / none**
52-week range	**$2.35-$6.66**	Earnings reflect a dayrate downturn	**yes**

The multiples sit on a **declining EBITDA run-rate**: Adjusted EBITDA fell from $135.6M in Q3 2025 to $43.8M in Q2 2026 (see page 2). On trailing-twelve-month EBITDA of about $373M, EV/EBITDA is ~10x and net debt is ~6x EBITDA; annualizing the depressed first half (~$265M) lifts those to ~14x and ~9x. Leverage this high magnifies both upside if dayrates recover and downside if they fall further. Multiples move with the share price and with EBITDA, refresh before relying on them.

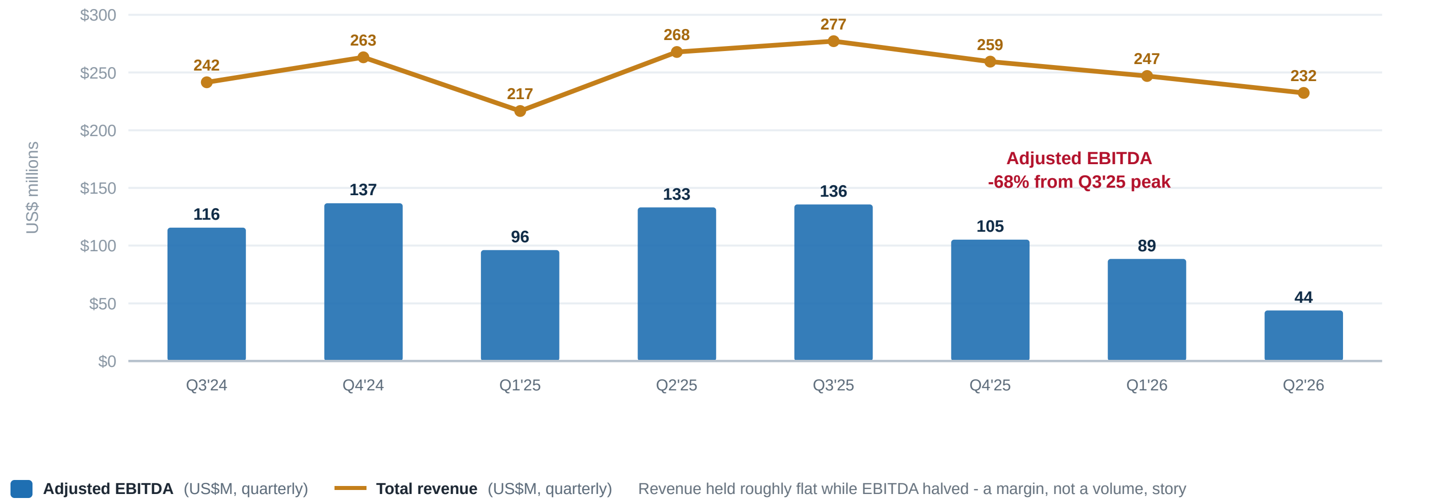
Full Excel model - linked tabs (rig-by-rig contract build, dayrate and utilization sensitivity, debt-maturity and interest schedule, JV consolidation, valuation, source tie-outs) - available on request. Email **info@blackspearllc.com** for a copy.

Borr Drilling (NYSE/OSE: BORR) - Valuation, the Dayrate Cycle & Key Risks

A jack-up driller whose earnings swing with offshore dayrates and rig utilization. A high-utilization fleet the company describes as young, plus a refinanced debt stack with no maturity until 2032, are the bull case; a more-than-halving of Adjusted EBITDA over the past year, roughly $2.3B of net debt at high coupons, and negative GAAP earnings are the risks.

History from Borr's quarterly filings; backlog and coverage are company estimates; multiples are Blackspear calculations. Nothing here is a Blackspear price target or recommendation.

QUARTERLY ADJUSTED EBITDA & REVENUE - A DAYRATE DOWNTURN, Q3 2024 - Q2 2026



Quarterly revenue stayed in a fairly narrow band (about $217M-$277M) while Adjusted EBITDA fell from $135.6M in Q3 2025 to $43.8M in Q2 2026. That gap is the crux: softer dayrates and idle-time between contracts compressed margins even though the fleet kept working at high utilization. Adjusted EBITDA excludes the $176.3M debt-extinguishment charge that drove the GAAP net loss.

NET DEBT / EBITDA	EV / EBITDA	PRICE / BOOK	DIVIDEND
~6-9x	**~10-14x**	**~1.4x**	**None**
TTM vs H1 run-rate	TTM vs run-rate	on ~$962M equity	not currently paid

VALUATION & THE CYCLE

Recent price (NYSE)	**~$4.50**
Market cap / EV	**~$1.39B / ~$3.7B**
Net debt	**~$2.3B**
Adj. EBITDA (Q2 / TTM)	**$43.8M / ~$373M**
EV / EBITDA (TTM / run-rate)	**~10x / ~14x**
Net debt / EBITDA (TTM / run-rate)	**~6x / ~9x**
Adj. EBITDA (Q3'25 → Q2'26)	**$135.6M → $43.8M**
Backlog / 2026 coverage	**$1.13B · 73%**

A LEVERED BET ON THE DAYRATE CYCLE

CYCLICAL FLEET, FINANCED WITH HEAVY LEVERAGE

A dayrate downturn, magnified by ~$2.3B net debt

BORR trades at roughly $3.7B enterprise value, about 10x trailing and 14x its depressed first-half EBITDA run-rate, with net debt near 6-9x EBITDA. Bulls point to a fleet the company calls one of the youngest in the sector, elevated utilization on working rigs, a refinanced debt stack with no maturity until 2032, a $1.13B backlog, and leverage that would amplify any dayrate recovery. Bears note Adjusted EBITDA has more than halved in a year, high fixed coupons on ~$2.5B of debt outrun current operating income, GAAP earnings are negative, there is no dividend, and the same leverage that magnifies a recovery would deepen the strain if dayrates fall further. This frames both sides; it is not a Blackspear view.

TOP RISK FACTORS - SUMMARIZED FROM THE COMPANY'S FILINGS

- **High financial leverage and interest burden.** Roughly $2.5B of debt principal at high fixed coupons (8.75% 2032, 9.00% 2034, 3.50% 2033 convertibles) produces a large interest bill that currently exceeds operating income; a covenant breach, refinancing need, or sustained low EBITDA would pressure liquidity and equity value.
- **Oil-and-gas price and customer demand.** Offshore drilling demand tracks oil and gas prices and customer capital budgets; a downturn, project deferrals, or national-oil-company spending cuts would reduce contracting activity and dayrates.
- **Customer, geographic & concentration risk.** Backlog depends on a limited set of customers across regions including the Middle East, West Africa, Southeast Asia and the Americas; payment delays, disputes, or geopolitical disruption (including Middle East conflict) can impair collections and utilization.
- **Dayrate and utilization cyclicality.** Earnings swing with jack-up dayrates and the number of rigs on contract; Adjusted EBITDA fell from $135.6M (Q3 2025) to $43.8M (Q2 2026), and idle time between contracts or lower renewal rates would cut cash flow further.
- **Contract transitions, mobilization & idle time.** Rigs rolling off contract may face gaps, repricing, mobilization costs, or suspension; contracted or "committed" status does not guarantee revenue if customers defer, renegotiate, or cancel.
- **Joint-venture, dilution & execution risk.** The new 50/50 jack-up joint venture and seller-credit financing add off-balance-sheet exposure and integration risk; convertible notes and any equity issuance could dilute shareholders, and rig operations carry safety, environmental, and regulatory risk.

On the numbers. Reported results are from Borr Drilling's Q2 2026 earnings release, financial statements, and earnings presentation (US GAAP, US dollars). The chart shows quarterly Adjusted EBITDA (bars) and total revenue (line) for the eight quarters from Q3 2024 to Q2 2026; Adjusted EBITDA excludes a $176.3M loss on debt extinguishment. Net debt is total debt principal of about $2,529M less cash of about $224M; enterprise value is market capitalization plus net debt. Trailing-twelve-month Adjusted EBITDA (~$373M) sums the four quarters ended June 30, 2026, and the "run-rate" figure annualizes the first half of 2026 (~$265M). All multiples are mechanical Blackspear calculations on a declining EBITDA base, not estimates, price targets, or recommendations.