Investor Presentation November 2019

Maersk Drilling (CSE: DRLCO)

MAERSK DRILLING

Important notice

Forward-looking statements

This presentation contains certain forward-looking statements (being all statements that are not entirely based on historical facts including, but not limited to, statements as to the expectations, beliefs and future business, contract terms, including commencement dates, contract durations and day rates, rig availability, financial performance and prospects of The Drilling Company of 1972 A/S, hereinafter referred to as "Maersk Drilling" or "the Company"). These forward-looking statements are based on our current expectations and are subject to certain risks, assumptions, trends and uncertainties that could cause actual results to differ materially from those indicated by the forward-looking statements due to external factors, including, but not limited to, oil and natural gas prices and the impact of the economic climate; changes in the offshore drilling market, including fluctuations in supply and demand; variable levels of drilling activity and expenditures in the energy industry; changes in day rates; ability to secure future contracts; cancellation, early termination or renegotiation by our customers of drilling contracts; customer credit and risk of customer bankruptcy; risks associated with fixed cost drilling operations; unplanned downtime; cost overruns or delays in transportation of drilling units; cost overruns or delays in maintenance, repairs, or other rig projects; operating hazards and equipment failure; risk of collision and damage; casualty losses and limitations on insurance coverage; weather conditions in the Company's operating areas; increasing costs of compliance with regulations; changes in tax laws and interpretations by taxing authorities, hostilities, terrorism, and piracy; impairments; cyber incidents; the outcomes of disputes, including tax disputes and legal proceeding; and other risks disclosed in Maersk Drilling's Annual Reports and company announcements. Each forward-looking statement speaks only as of the date hereof, and the Company expressly disclaims any obligation to update or revise any forward-looking statements, except as required by law.

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About Maersk Drilling

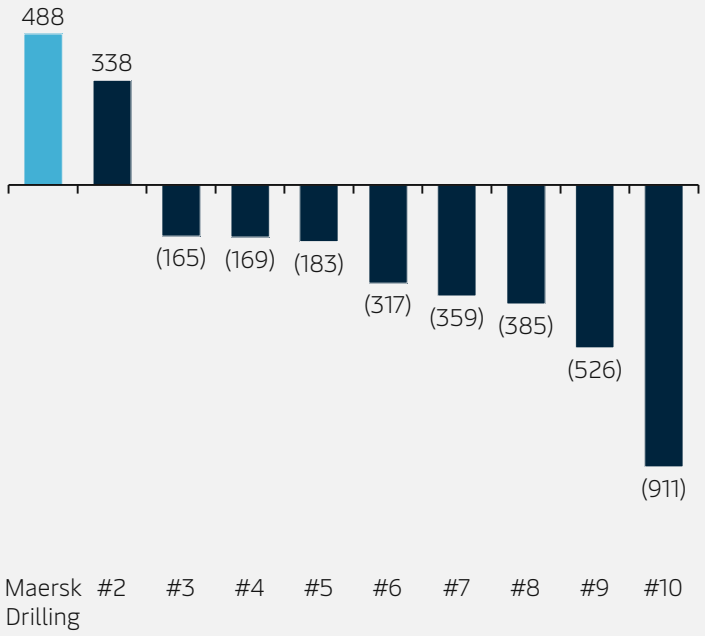
Maersk Drilling (CSE: DRLCO) owns and operates a fleet of 23 offshore rigs specialising in harsh-environment and deepwater drilling operations. With more than 45 years of experience operating in the most challenging environments Maersk Drilling provides safe, efficient, and reliable drilling services to oil and gas companies around the world. Headquartered in Denmark, Maersk Drilling employs 2,850 people. For more information about Maersk Drilling, visit www.maerskdrilling.com.

MAERSK DRILLING

Highest cash-flow generation at lowest risk in offshore drilling

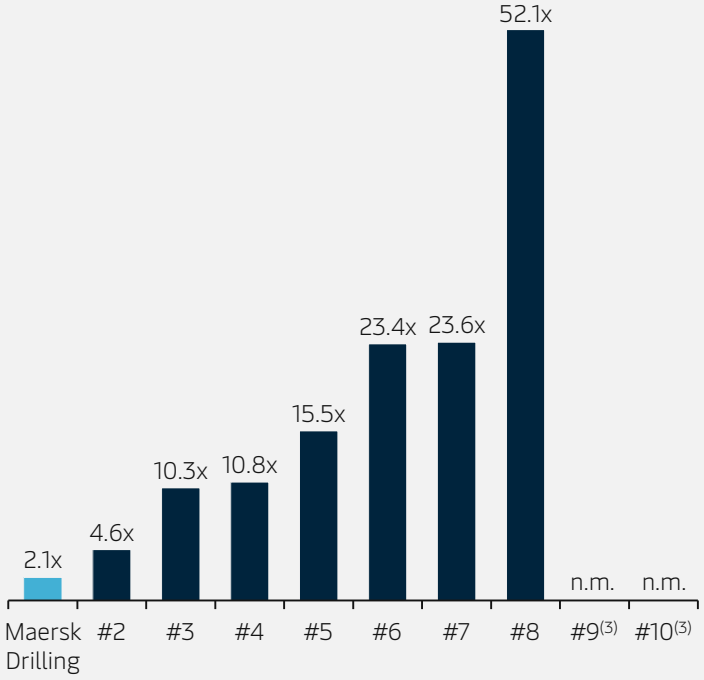
Highest cash-flow generation

Ranked aggregate free cash-flow[1] (2018-2019 Q2), USDm



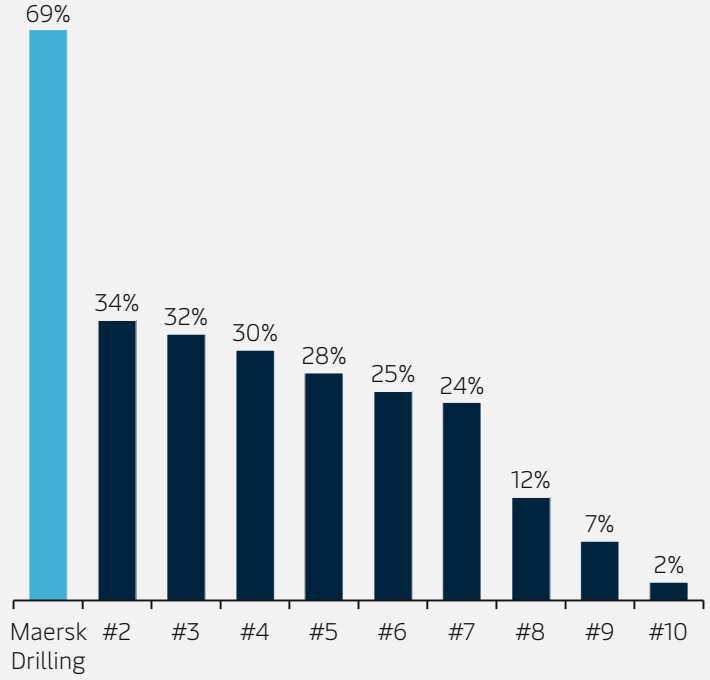
Least levered offshore driller

Ranked leverage ratio[2]



Best balance sheet

Ranked market capitalisation to Enterprise Value[4]



(1) Free cash-flow defined as cash-flow from operating activities less capital expenditures (additions to property, plant and equipment) (2) Latest reported net debt to latest reported LTM EBITDA (3) Not meaningful as due to negative LTM EBITDA or leverage ratio above 60x (4) Data as of 26 November 2019
Note: Peer group includes Borr Drilling, Diamond Offshore, Noble Corporation, Odfjell Drilling, Pacific Drilling, Seadrill, Shelf Drilling, Transocean and Valaris. Peers are sorted by rank in each of the respective charts.
Source: Bloomberg, peer filings

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A unique strategic and financial position

Unparalleled CJ70 jack-up fleet

Unique customer relations and partnerships

High revenue visibility and financial flexibility

Strategic position

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Versatile offshore rig fleet serving customers globally

Rig types
Number of rigs by rig type

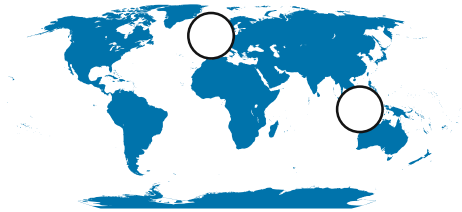
Geography
Current areas of operation

Customers
Current customers

Jack-ups

Jack-ups

15
rigs



AkerBP, Perenco, wintershall, Total, MOL Norge, Repsol, Sericaenergy, dana Petroleum, CNOOC, Brunei Shell, equinor, Petronas E&P

Floaters

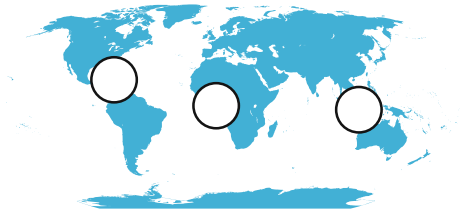
Semi-submersibles

4
rigs

bp, EDISON, Shell, INPEX

Drillships

4
rigs



Total, posco International, Tullow Oil plc, Cairn, Repsol, noble energy

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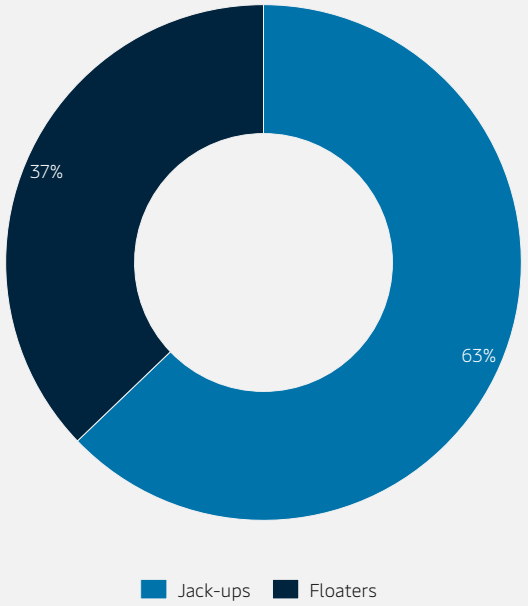
North Sea jack-up fleet generating the largest share of revenue

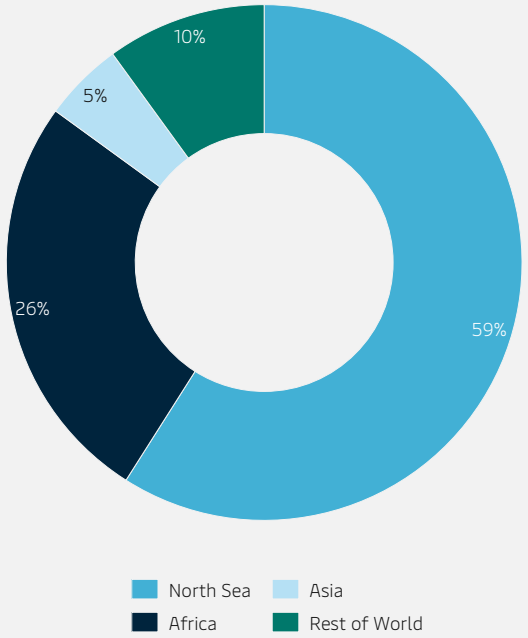
Revenue split by rig type[1]

Share of total revenue, 2018



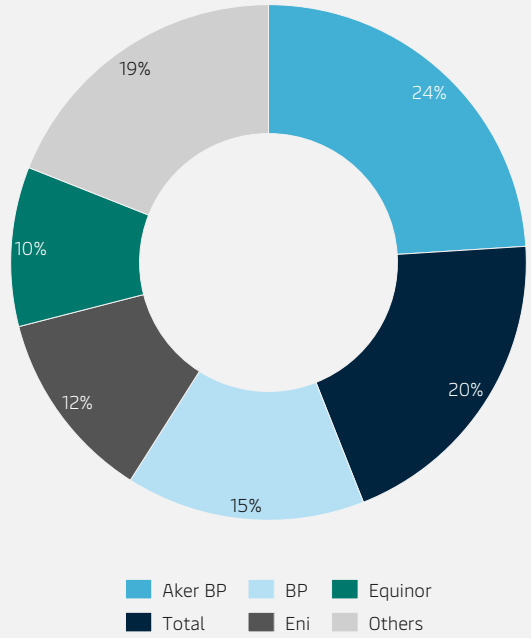
Revenue split by geographic area

Share of total revenue, 2018



Revenue split by customers

Share of total revenue, 2018



(1) Excluding USD 3m of unallocated revenue, equal to approximately 0.2% of total revenue for 2018

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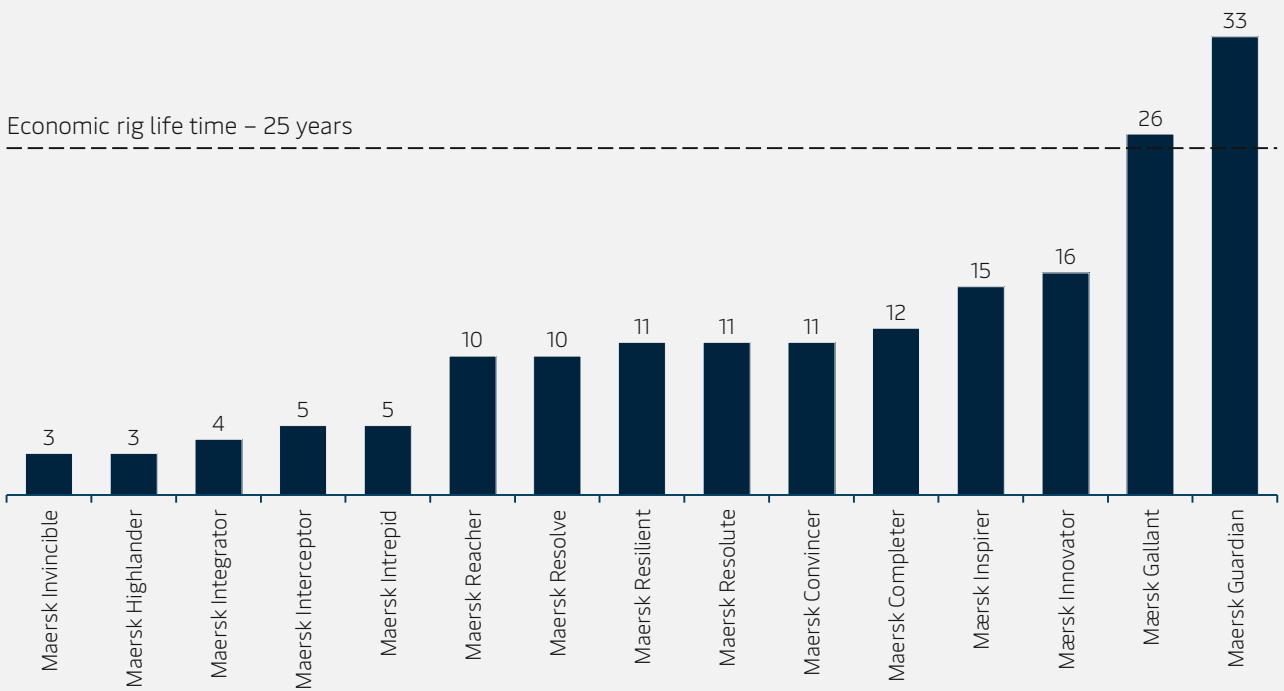
Modern fleet with substantial future earnings capacity

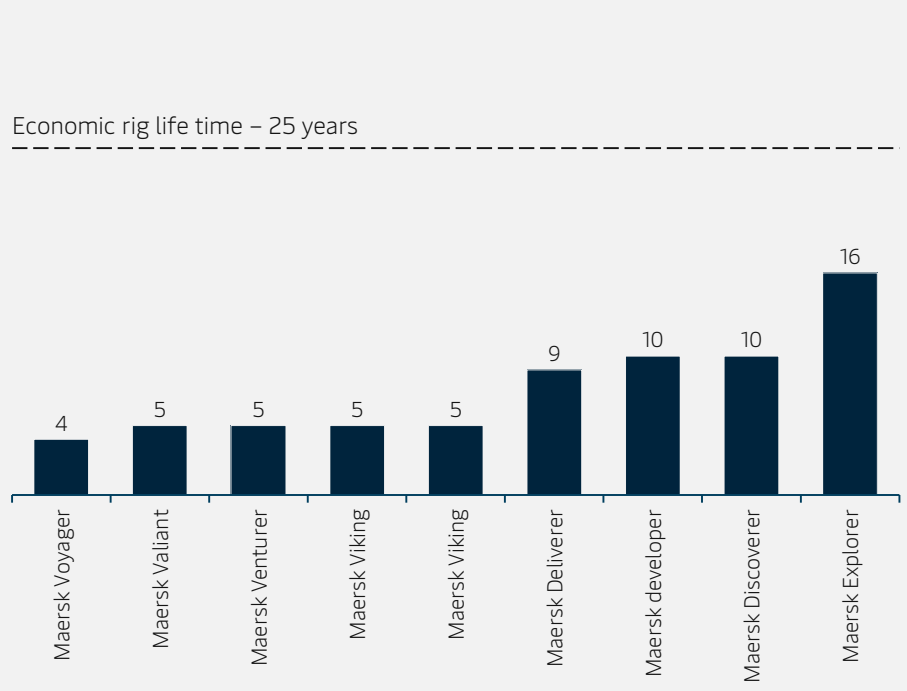
Jack-up fleet age

Years



Floater fleet age

Years



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Harsh-environment focused jack-up fleet

Rig name	Rig type	Design	Delivery year	Harsh environment	Norwegian AoC[1]	Rated water depth (ft.)	Rated drilling depth (ft.)
Mærsk Innovator	Jack-up	MSC CJ70-150 MC	2003	Yes	Yes	492	30,000
Mærsk Inspirer	Jack-up	MSC CJ70-150 MC	2004	Yes	Yes	492	30,000
Maersk Integrator	Jack-up	MSC CJ70-X150 MD	2015	Yes	Yes	492	40,000
Maersk Interceptor	Jack-up	MSC CJ70-X150 MD	2014	Yes	Yes	492	40,000
Maersk Intrepid	Jack-up	MSC CJ70-X150 MD	2014	Yes	Yes	492	40,000
Maersk Invincible	Jack-up	MSC CJ70-X150 MD	2016	Yes	Yes	492	40,000
Maersk Reacher	Jack-up	MSC CJ50-X100 MC	2009	Yes	Yes	350	30,000
Maersk Resilient	Jack-up	MSC CJ50-X100 MC	2008	Yes	No	350	30,000
Maersk Resolute	Jack-up	MSC CJ50-X100 MC	2008	Yes	No	350	30,000
Maersk Resolve	Jack-up	MSC CJ50-X100 MC	2009	Yes	No	350	30,000
Maersk Highlander	Jack-up	Friede & Goldman JU2000E	2016	Yes	No	400	30,000
Mærsk Gallant	Jack-up	CJ62-S120 JU	1993	Yes	Yes	394	25,000
Maersk Guardian	Jack-up	Hitachi Zosen, self-elevating cantilever unit	1986	Yes	No	350	n/a[2]
Maersk Completer	Jack-up	Baker Pacific Class 375	2007	No	No	375	30,000
Maersk Convincer	Jack-up	Baker Pacific Class 375	2008	No	No	375	30,000

(1) Acknowledgement of Compliance (2) Unit working as an accommodation rig. Derrick and drilling equipment have been removed
Note: For information about fleet contracting status, please see Maersk Drilling's latest Fleet Status Report available at investor.maerskdrilling.com

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Position as market-leader in Norway centred around CJ70 jack-up rigs

Eight rigs capable of working in Norway

Maersk Drilling ultra-harsh environment jack-up fleet and design

CJ70s


Mærsk Inspirer


Mærsk Innovator

Others


Maersk Reacher


Maersk Integrator


Maersk Interceptor

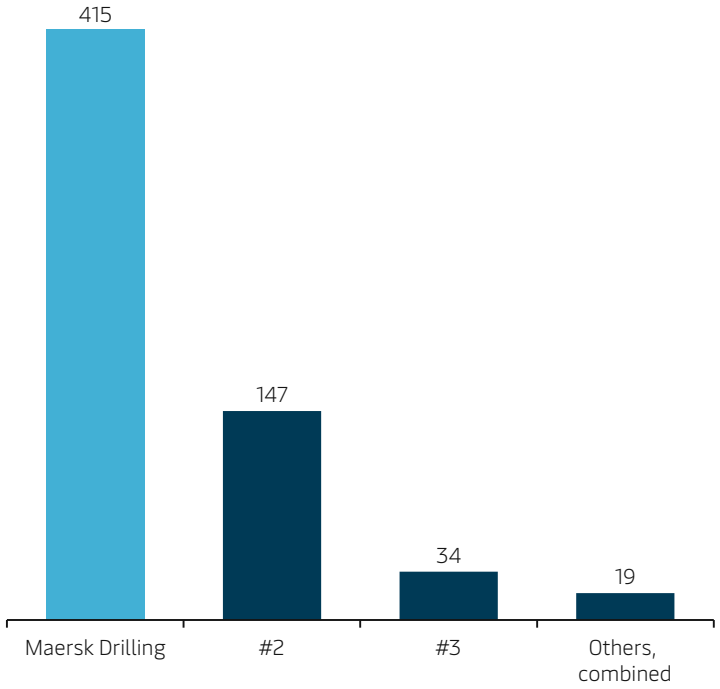

Maersk Gallant


Maersk Intrepid


Maersk Invincible

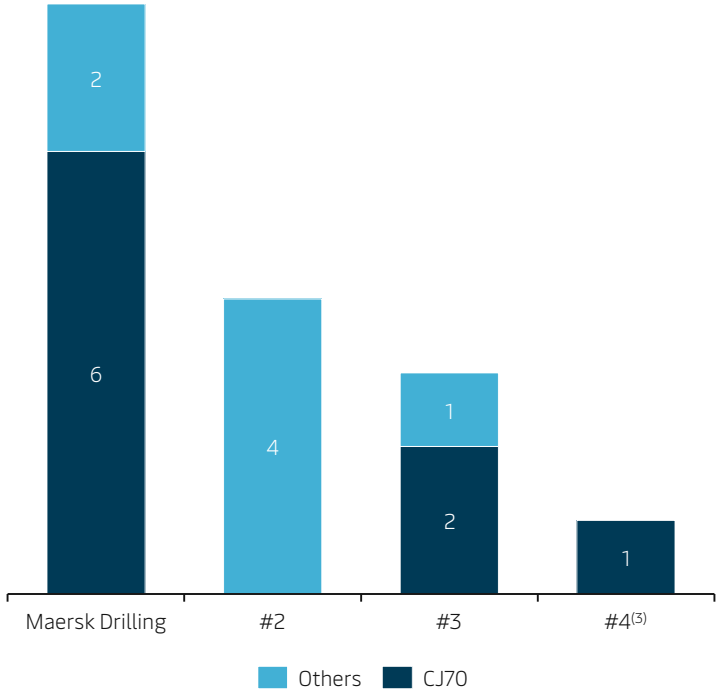
Unmatched experience in Norway

Number of wells drilled in Norway using jack-up rigs over the period 1990-2018(1), ranked



Leader in the ultra-harsh environment segment

Number of ultra-harsh environment jack-up rigs per drilling contractor(2), ranked



(1) Excludes drilling contractors that have drilled less than five wells during the period 1990-2018. Excludes well drilled by drilling contractors not specified (i.e. 'unknown'). Excludes wells drilled by E&P companies (e.g. Equinor). 'Others' includes AMNGR and Transocean. 'Valaris' includes wells drilled by both Ensco and Rowan. (2) Excluding two ultra-harsh environment jack-up rigs owned by Equinor (3) Rig does not have the required Acknowledgement of Compliance (AoC) certification to operate in Norway
Source: IHS Markit – RigPoint, Rystad

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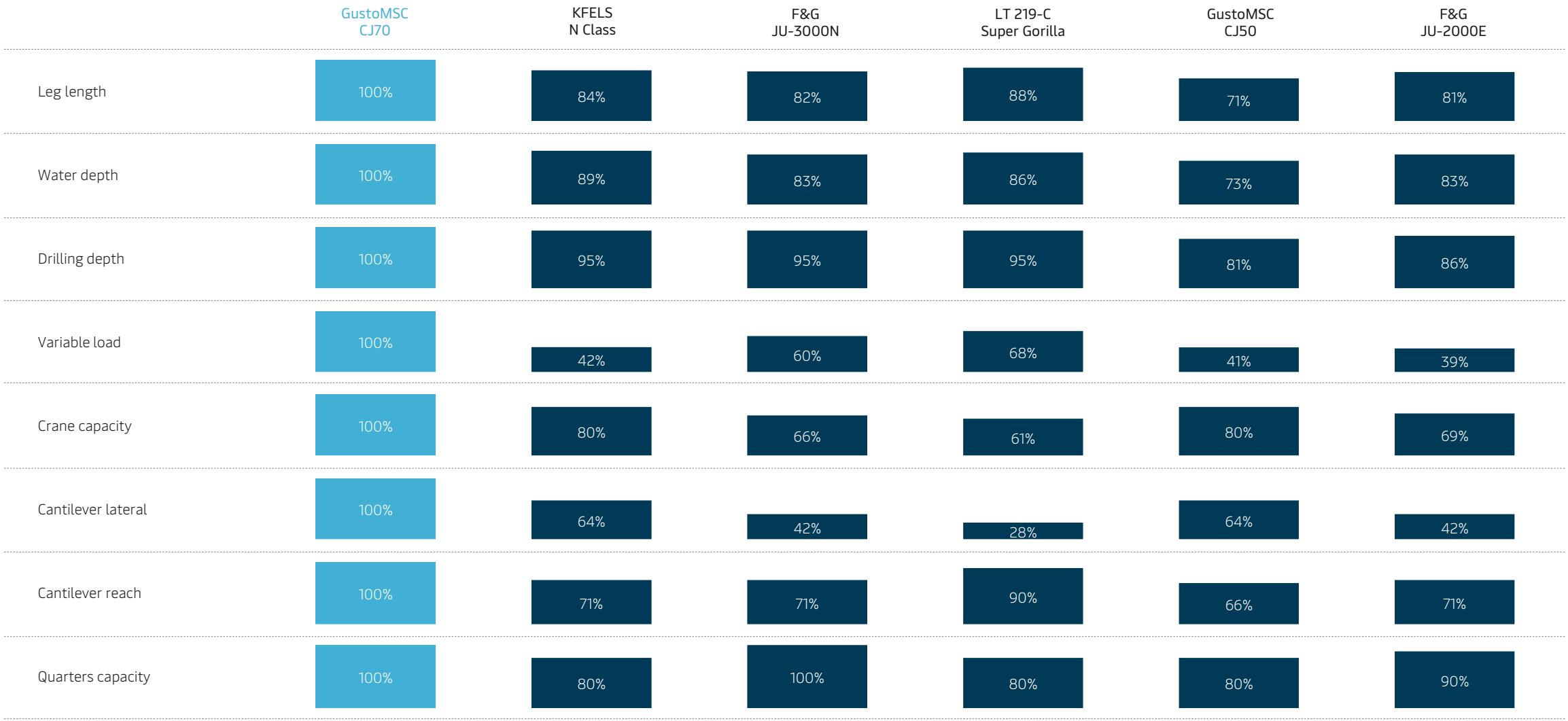
CJ70 – the largest and most capable jack-up rigs



Note: Percentages are calculated as an index based on the highest number in each of the different specification categories. Only rigs in Maersk Drilling's peer group are included. Specifications may vary for rigs of similar designs.
Source: IHS Markit – RigPoint

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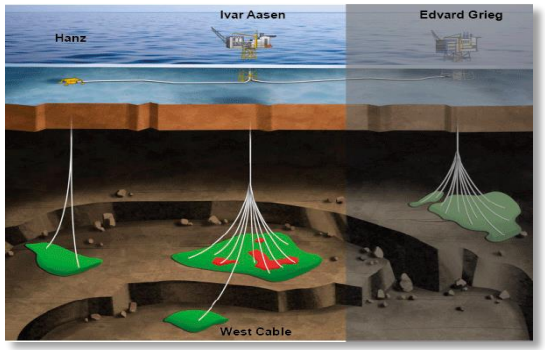
The CJ70s are contributing to resource management in all modes

Valhall Plug & Abandonment

Maersk Invincible



Hanz appraisal

Maersk Intrepid

Gina Krog platform

Maersk Integrator

Oda subsea development

Maersk Interceptor

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CJ70 case study: Oda Field subsea development

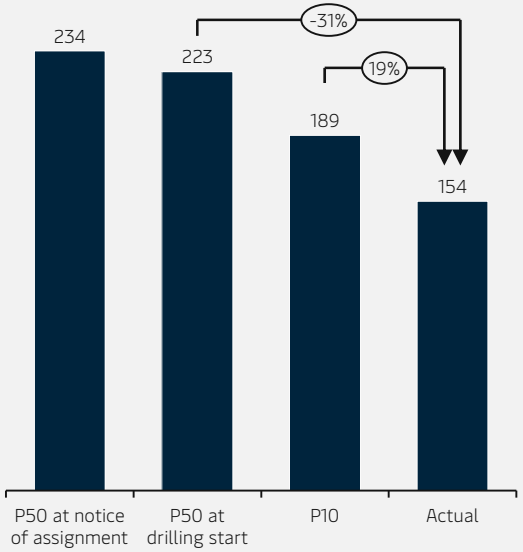
Our technical proposals, solutions and ability to work as one team...

SPIRIT ENERGY MAERSK DRILLING

ONE TEAM
WELL PREPARED

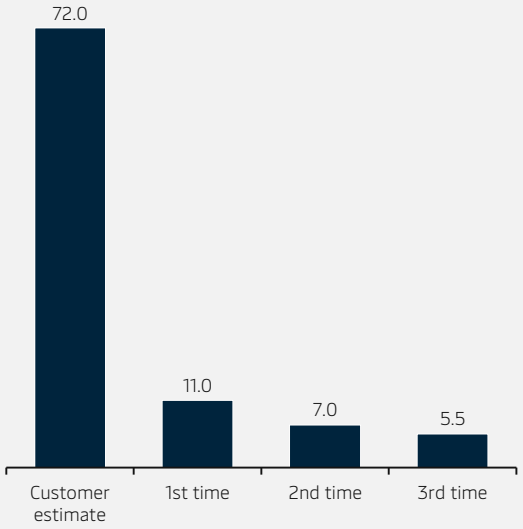
...resulted in significant project cost savings through early completion

Number of days



Example of how we drove down time spent on a drilling riser

Hours spent per repetition



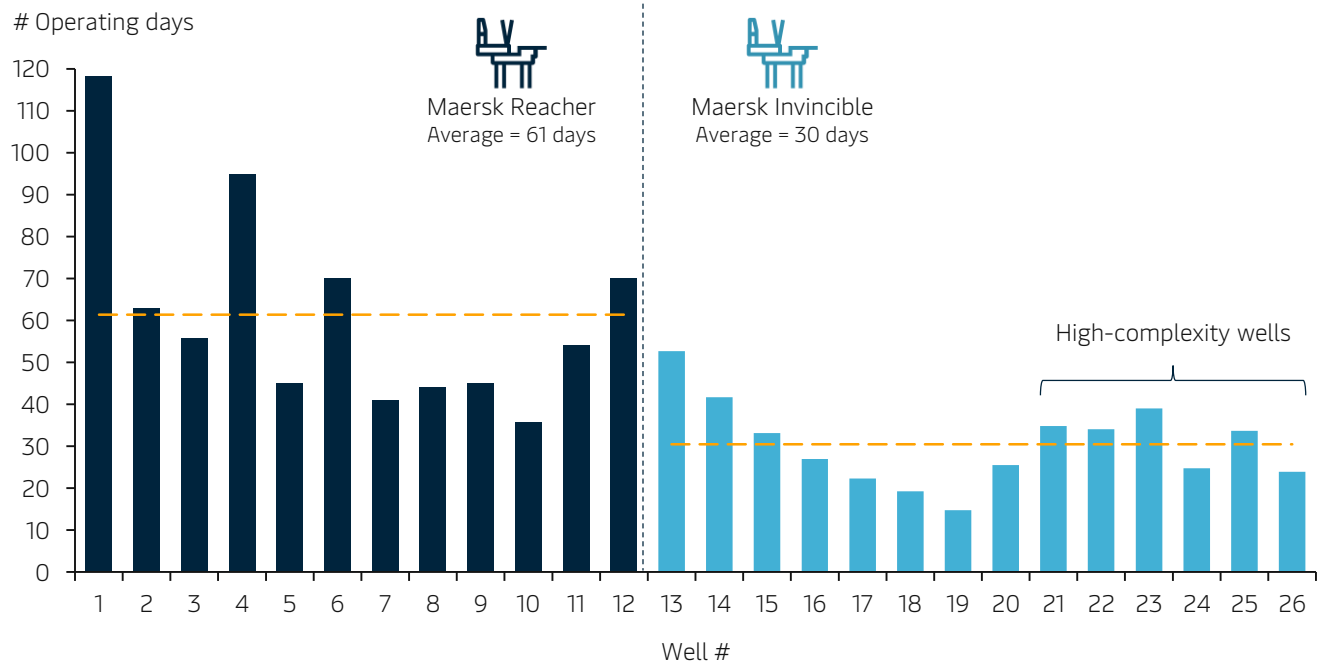
"The [CJ70] XLE's are so efficient that it is actually logistics that become one of the key challenges in projects"
– Well Operations Manager, Spirit Energy

Note: P50 and P10 indicate 50% and 10% probability of outcome, respectively

CJ70 case study: Valhall Plug & Abandonment

Significantly reducing well time spent in Plug & Abandonment campaign

Number of days spent per well



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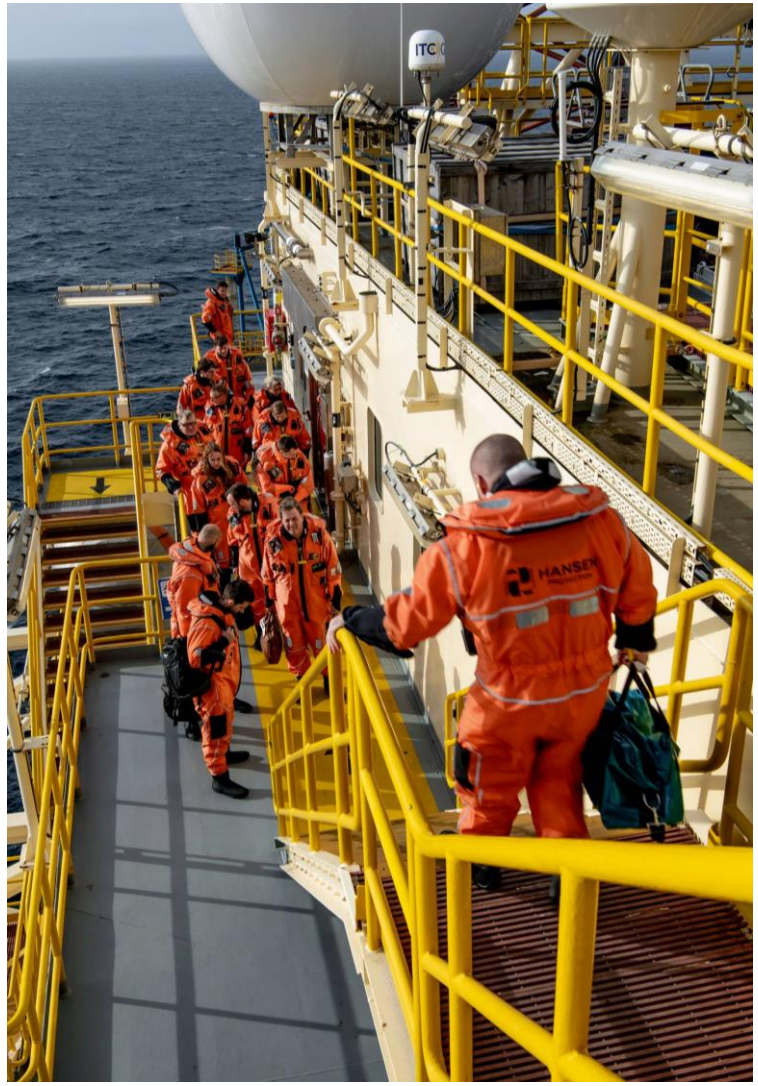
CJ70-efficiency provides significant total well cost savings

Illustrative example	CJ50	CJ70
Day rate *(USDk/day)*	150	300
Financial uptime *(Average across segment)*	99%	99%
Days per well *(Drilling)*	61	30
Days on contract *(Total, based on 12-well programme)*	739	364
Drilling days *(Days on contract * financial uptime)*	732	360
Drilling cost *(Day rate * drilling days, USDm)*	110	108
Spread cost *(Based on USD 300k/day on contract, USDm)*	222	109
Total well cost ***(Drilling cost + spread cost, USDm)***	**332**	**217**

Note: Above is an illustrative example. Spread cost comprises the total cost to drill a well, excluding drilling cost, and will vary from project to project, but will typically comprise 40% and 60% of the total well cost.



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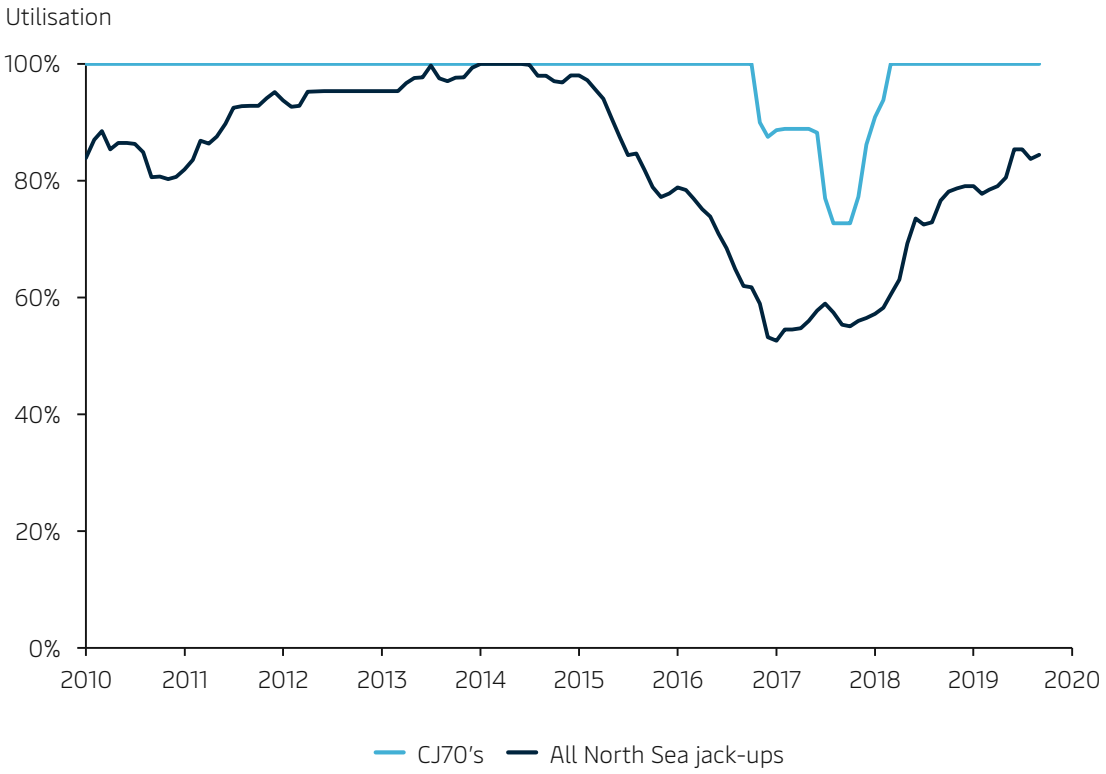
The CJ70 market has historically enjoyed higher utilisation and day rates

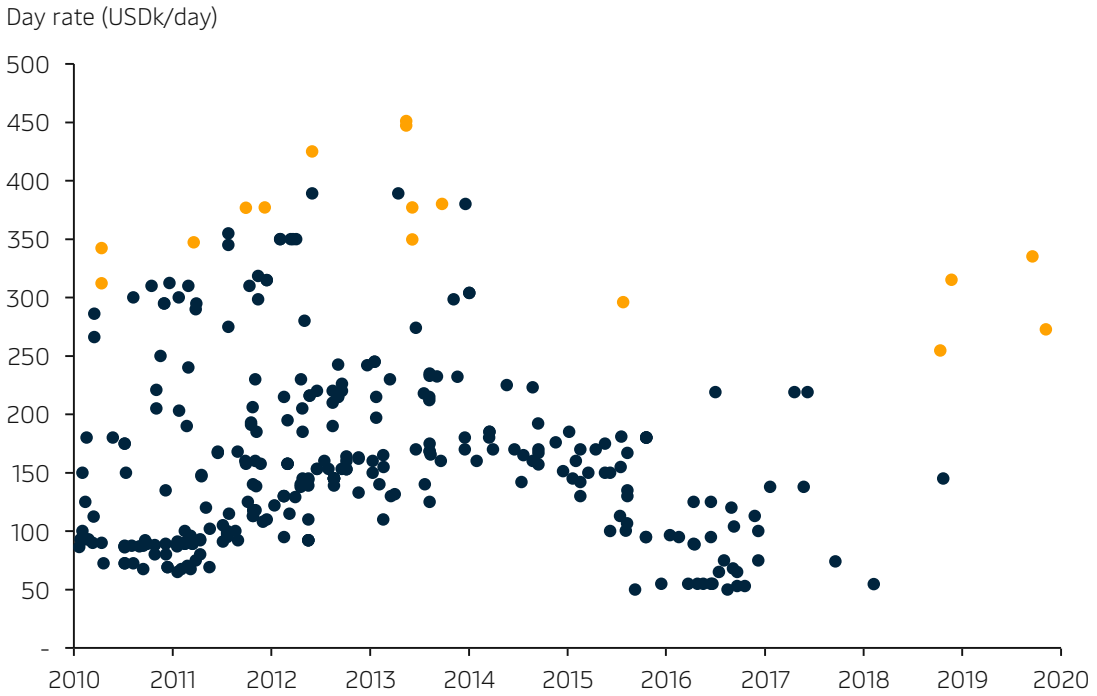
CJ70-utilisation versus all North Sea[1] jack-ups

Total monthly utilisation



Jack-up fixtures[2] and corresponding day rates in the North Sea[1]

Jack-up fixtures in the North Sea and CJ70-examples (in orange)



(1) North Sea defined as Denmark, Netherlands, Norway and UK (2) Only fixtures with publicly available day rates are shown
Source: IHS Markit – RigPoint

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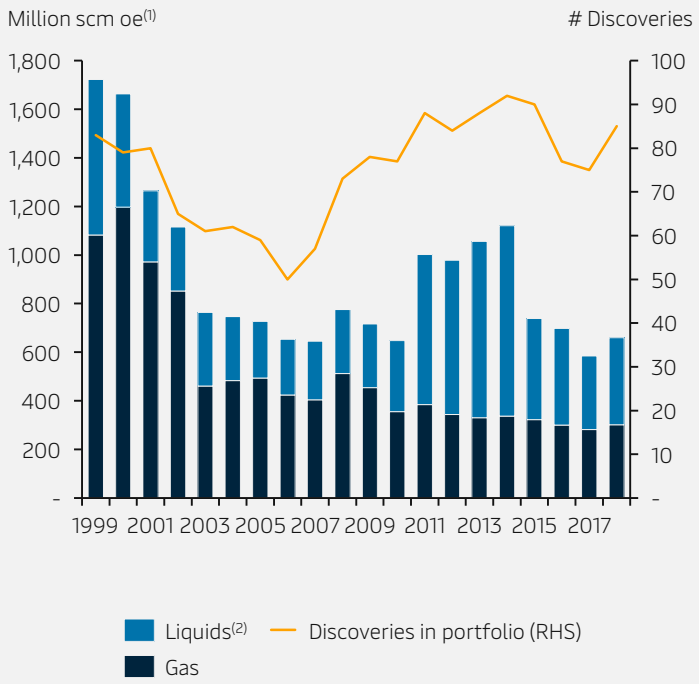
Subsea development to become increasingly important offshore Norway

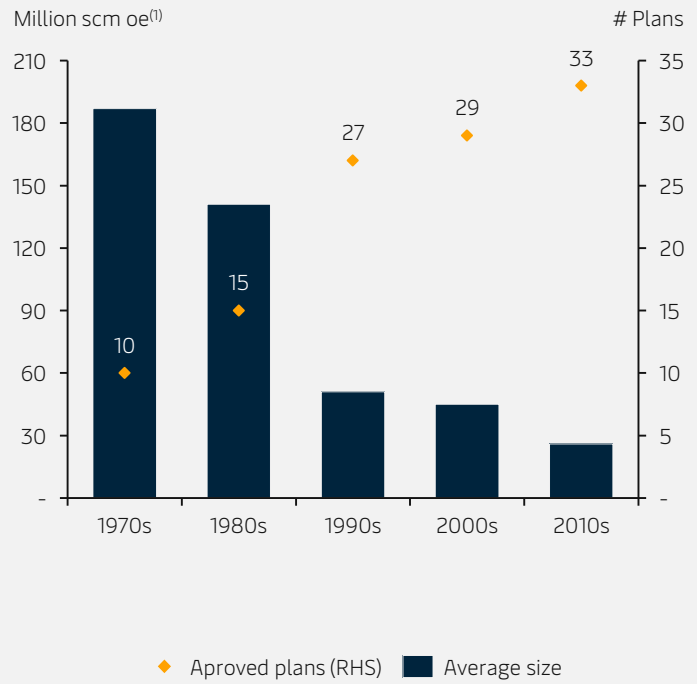
Average size of discoveries has declined over the past 20 years...

Development of resources and number of discoveries



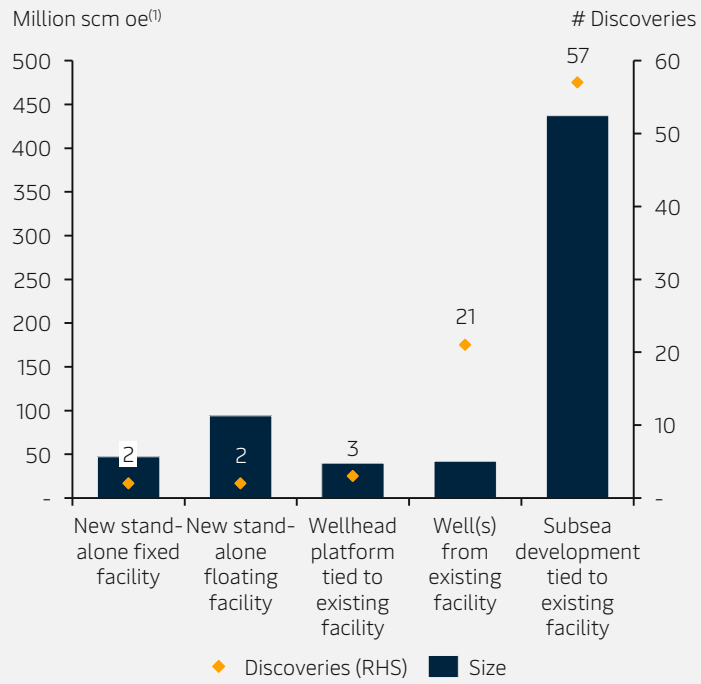
...however, more discoveries are being developed, calling for new solutions to maintain profitability

Average size at first PDO(3) and number of approved plans



Phasing into existing infrastructure will be most likely development solution for majority of discoveries

Discoveries and resources in portfolio by most profitable solution



(1) Standard Cubic Meters of Oil Equivalent (2) Consists of oil, natural gas liquids (NGL) and condensate (3) PDO = Plan for Development and Operation
Source: Norwegian Petroleum Directorate

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The CJ70s' subsea advantages put them in front for future employment

Main CJ70 subsea advantages[1]

Reduced downtime caused by weather

Improved equipment lifetime

Optimised riser and BOP handling

Potential cost and emissions upsides

(1) Compared to the use of a semisubmersible rig

The CJ70s are fronting the drive towards low-emission drilling

1. Maersk Invincible running entirely on shore-power

During part of 2017 and 2018, the rig was running on 100% hydropower via a 294 km long cable to a Norwegian hydropower plant

In addition to reducing emissions, the solution also reduces cost and time for maintenance and improves work environment due to reduced noise and vibrations

2. Energy and Emissions Efficiency (EEE) software

Fully digitalised fuel an energy monitoring system providing near real-time information to be used for learning and optimisation towards more fuel-efficient behaviour

The system has been used on the Maersk Integrator since 2018, significantly reducing fuel consumption

3. Selective Catalytic Reduction (SCR)

Captures NOx exhausts and use ammonia injections to convert the gas into harmless water and nitrogen.

By installing SCR units on all the rig's engine exhaust pipes, Maersk Drilling expects to be able to reduce NOx emissions by more than 90%, while also reducing soot emissions significantly

4. Hybrid upgrades on Norwegian jack-ups

Combining hybrid power, data intelligence (EEE) and cleaning technology (SCR), Maersk Drilling's hybrid jack-ups will push the boundaries for low-emission drilling on conventionally powered offshore drilling rigs

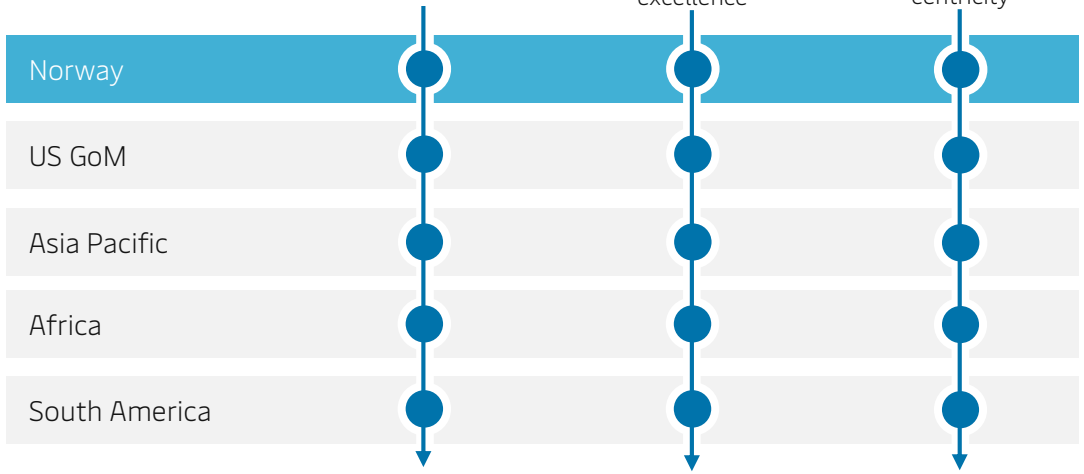
Modern deepwater-focused floater fleet

Rig name	Rig type	Design	Delivery year	Generation	Rated water depth (ft.)	Rated drilling depth (ft.)
Maersk Valiant	Drillship	Samsung 96K	2014	7G	12,000	40,000
Maersk Venturer	Drillship	Samsung 96K	2014	7G	12,000	40,000
Maersk Viking	Drillship	Samsung 96K	2014	7G	12,000	40,000
Maersk Voyager	Drillship	Samsung 96K	2015	7G	12,000	40,000
Maersk Deliverer	Semisubmersible	DSS21-DP2	2010	6G	10,000	32,800
Maersk Developer	Semisubmersible	DSS21-DP2	2009	6G	10,000	32,800
Maersk Discoverer	Semisubmersible	DSS21-DP2	2009	6G	10,000	32,800
Maersk Explorer	Semisubmersible	DSS10-CAM-M	2003	5G	3,281	30,000

Note: For information about fleet contracting status, please see Maersk Drilling's latest Fleet Status Report available at investor.maerskdrilling.com

Norway-experience successfully transferred to floater operations

Transferring Norway capabilities to floater operations



Selected operational achievements in the floater segment

Maersk Developer

Reactivation from warm-stacking in just eight weeks, completing the operation with 99.3% uptime

Maersk Venturer

World's deepest well (3,411 meters) drilled with 99.2% uptime in strong currents up to 3 knots

Maersk Discoverer

Longest well drilled in the Mediterranean and deepest in Egypt. Completed 64 days ahead of AFE target

Maersk Voyager

In 15 months, the rig drilled 15 new wells, re-entered three well, drilled four side-track sections and ran lower completion on nine wells. All completed 200 days ahead of schedule

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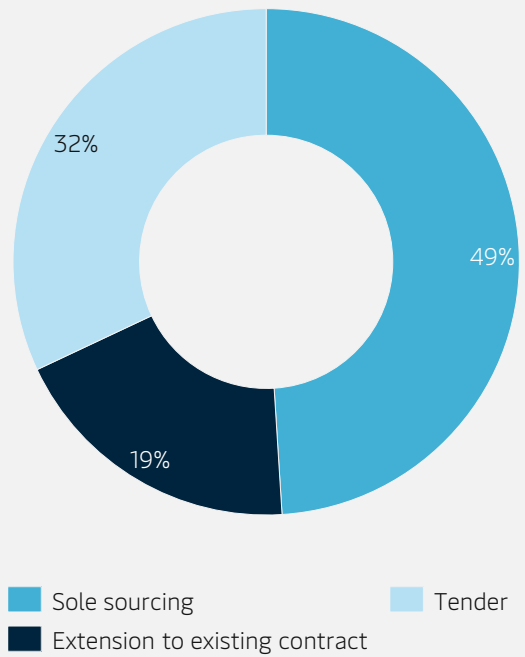
Unique customer service delivery model drives partnerships and value pricing

Winning with or without tendering

Share of total number of rig days won since 2016



Relationship taken to the next level

Five-year framework agreement with the option to extend for a further five years. Alliance is based on an integrated well-delivery model with aligned incentives.

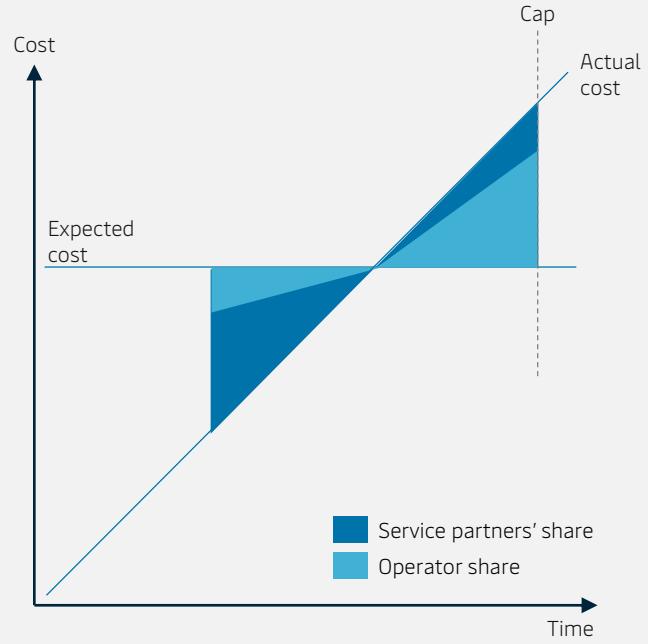
Focus on increasing collaboration efficiency and enabling standardisation and simplification of processes, ultimately shortening the lead time from discovery to first oil.

Participants:

- Aker BP
- Maersk Drilling
- Halliburton

Key aim:

- Lowering the cost per barrel for Aker BP
- Increase the profitability for the alliance partners



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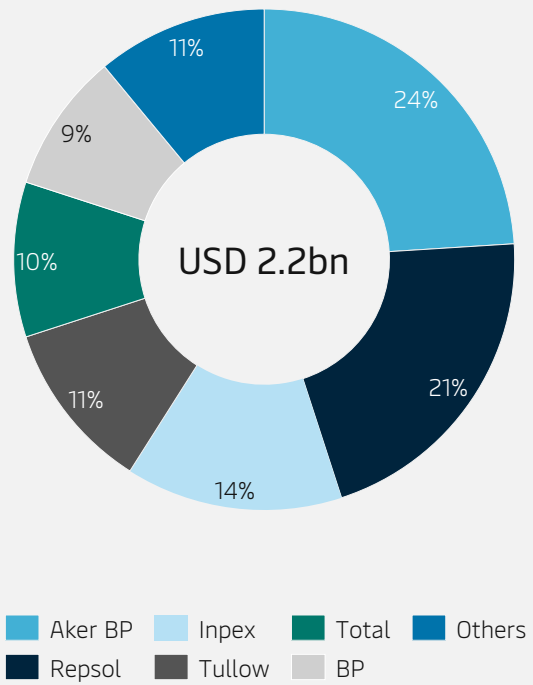
A solid contract backlog ensuring earnings visibility

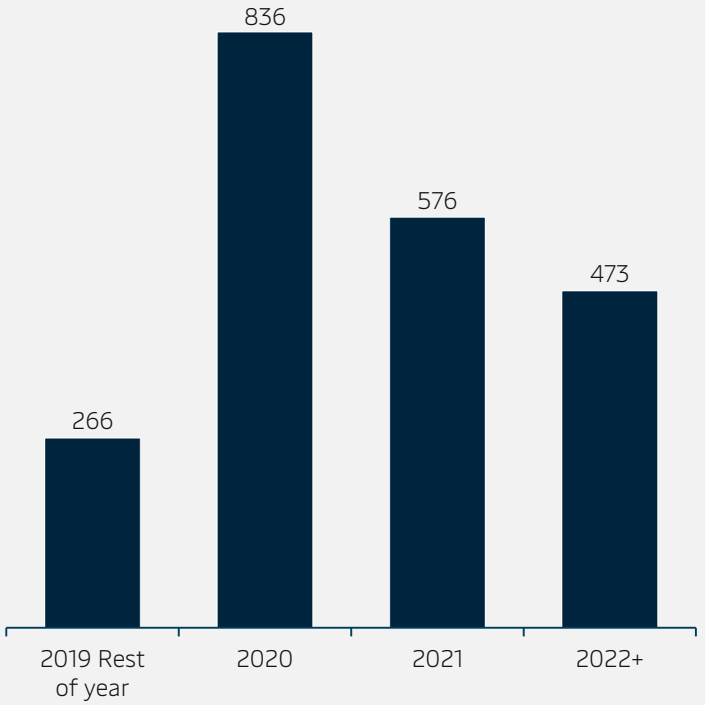
Contract revenue backlog by customer

Share of total contract revenue backlog(1)



Contract revenue backlog by year(1)

USDm



(1) As of 30 September 2019

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Long-term customer relations have enabled non-speculative investments

Newbuild – Maersk Integrator | Delivered in 2015

644 USDm
Investment cost

equinor

620 USDm
Est. contract value

4 years
Firm contract duration

Newbuild – Maersk Invincible | Delivered in 2017

636 USDm
Investment cost

bp

812 USDm
Est. contract value

5 years
Firm contract duration

Acquisition – Maersk Highlander | Delivered in 2016

191 USDm
Investment cost

TOTAL
JX
bp

420 USDm
Est. contract value

5 years
Firm contract duration

MAERSK DRILLING

Financial profile

MAERSK DRILLING

Levers for generating free cash-flow to equity

- Solid balance sheet
- Strong operating cash-flow generation
- No newbuild capex commitments and limited off-balance re-activation cost exposure
- Long maturity runway and attractive funding costs

Solid balance sheet

Cash and bank balances

354

(end-Q2 2019, USDm)

Fully-available revolver

400

(end-Q2 2019, USDm)

Net debt to LTM EBITDA

2.1x

(end-Q2 2019)

Market cap to Enterprise Value(1)

69

(Percent)

(1) Data as of 26 November 2019
Source: Bloomberg

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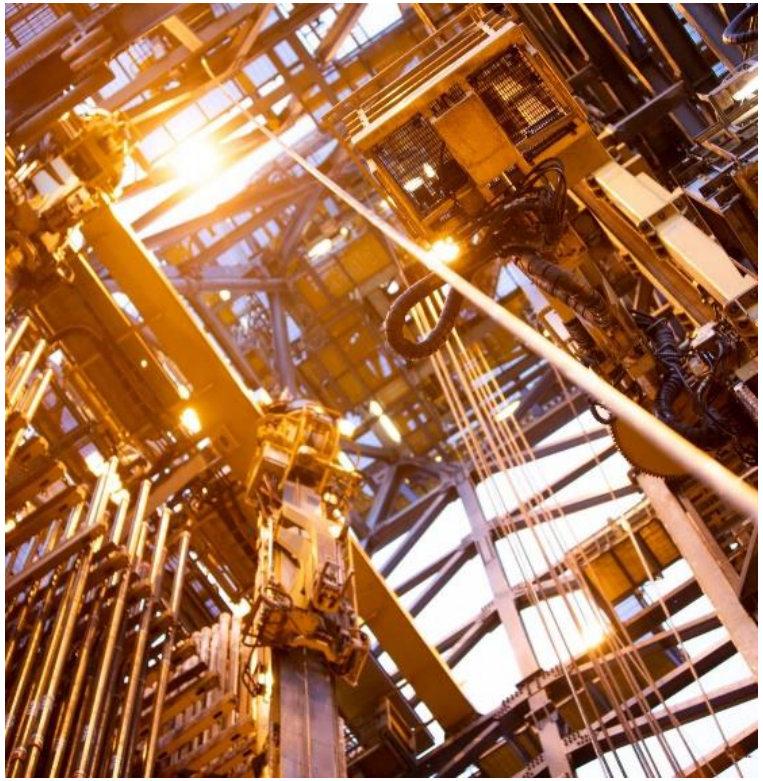
Full-year 2019 guidance – EBITDA and capex



EBITDA (before special items)

400

(USDm)

Capital expenditures

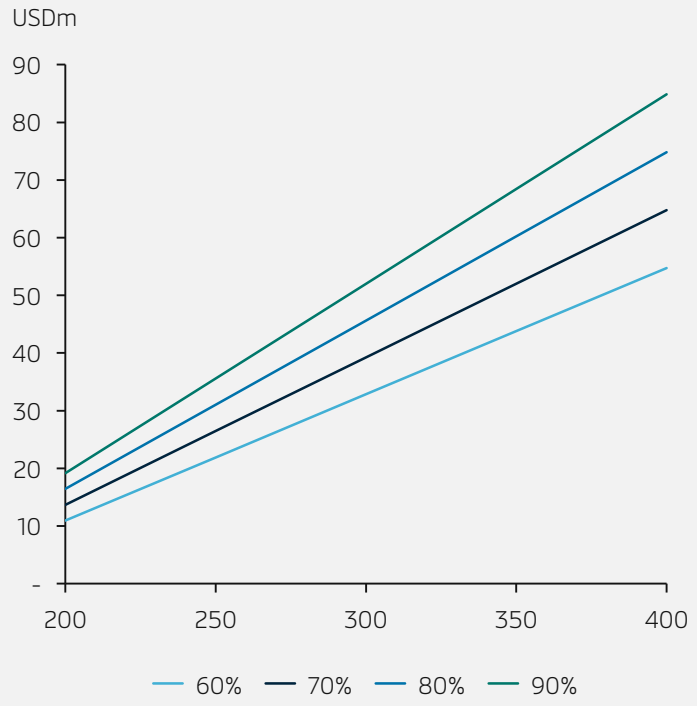
300

(USDm)

What could rig earnings look like in a market recovery?

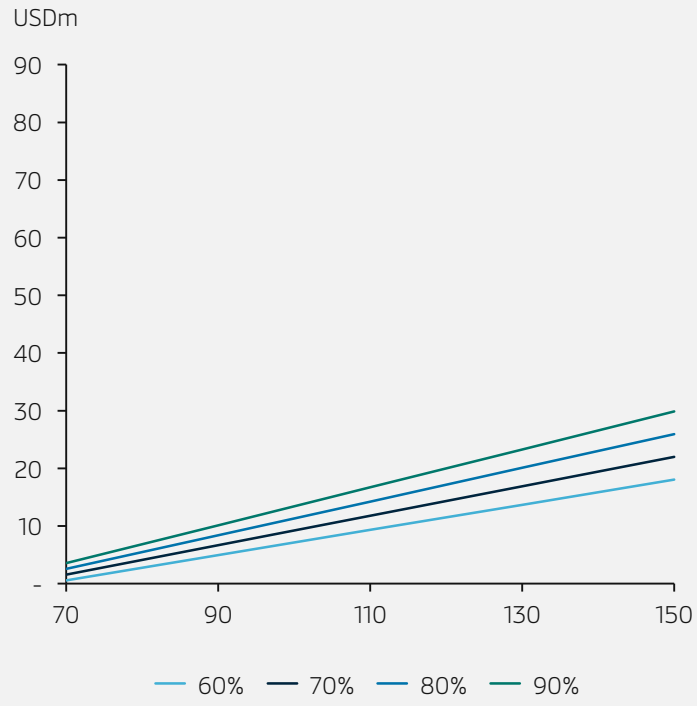
Ultra-harsh environment (CJ70) jack-up per rig

Illustrative pre-SG&A EBITDA sensitivity by utilisation level[1]



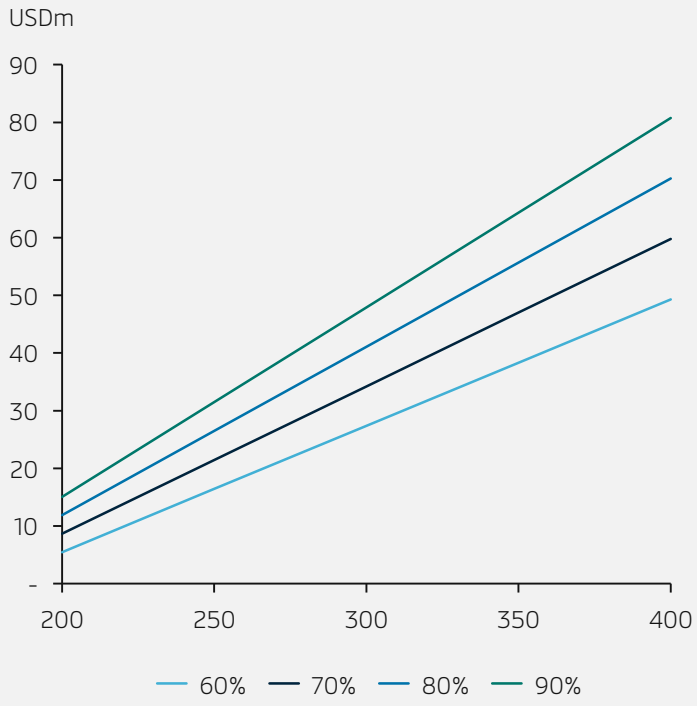
Harsh environment jack-up per rig

Illustrative pre-SG&A EBITDA sensitivity by utilisation level[2]



Global floater per rig

Illustrative pre-SG&A EBITDA sensitivity by utilisation level[3]



(1) Assumptions: Daily opex while operating = USD 140k/day, daily opex while idle = USD 15k/day, number of days in year = 365 (2) Assumptions: Daily opex while operating = USD 57.5k/day, daily opex while idle = USD 15k/day, number of days in year = 365
(3) Assumptions: Daily opex while operating = USD 150k/day, daily opex while idle = USD 37.5k/day, number of days in year = 365
Note: Examples show pre-SG&A EBITDA sensitivity for one rig in each category

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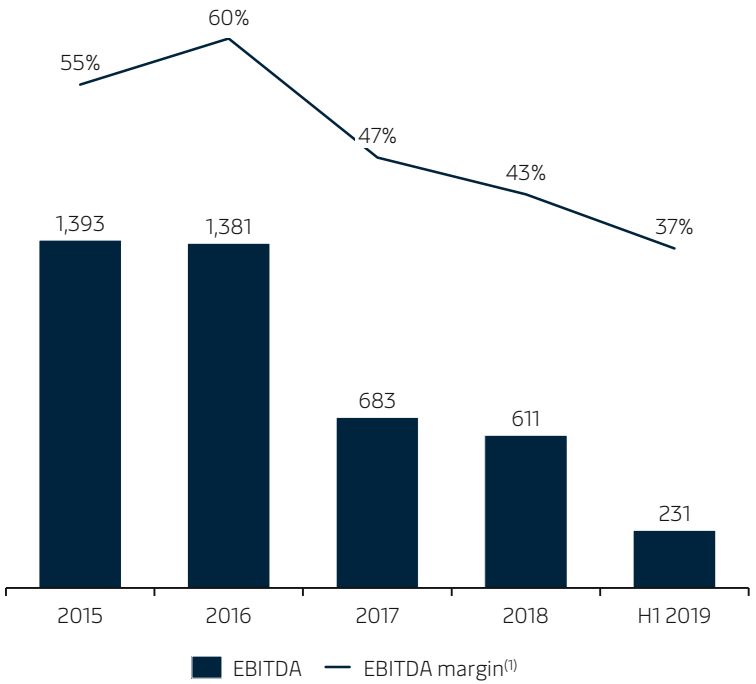
Earnings converted to operating cash-flow

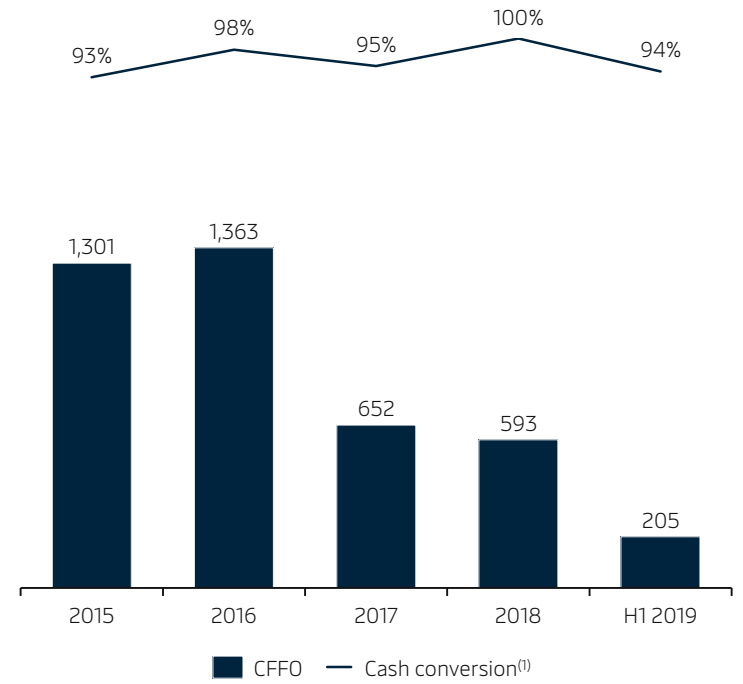
EBITDA before special items and EBITDA margin

USDm

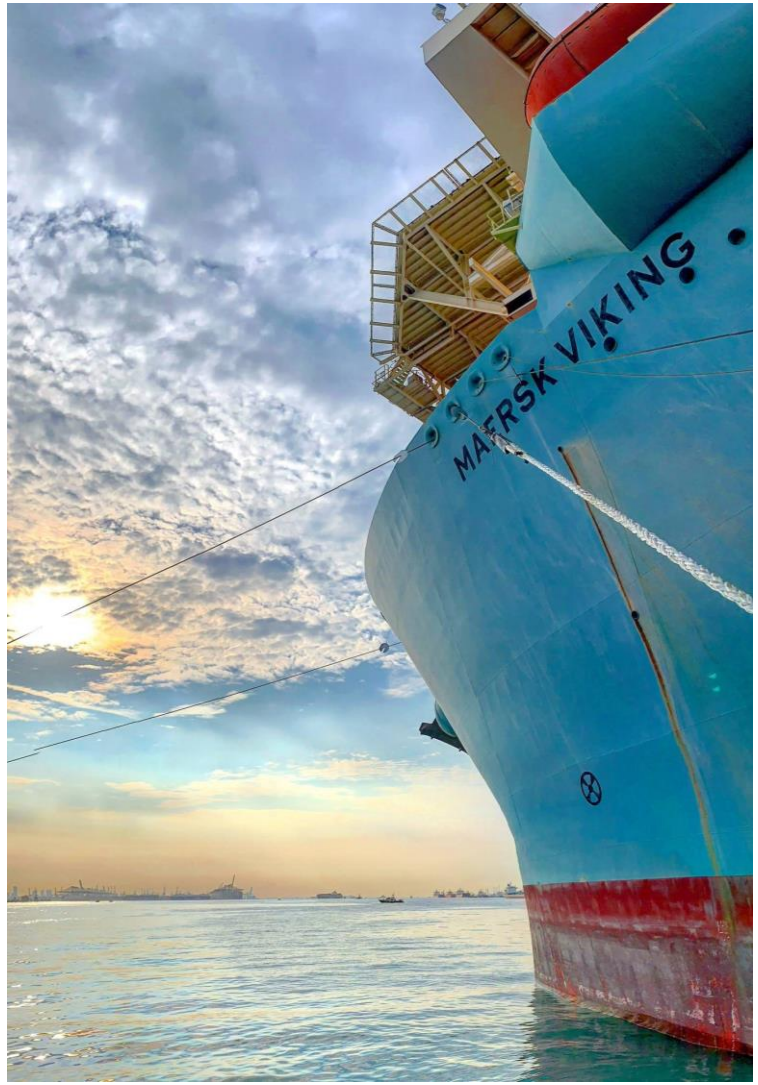


Operating cash-flow and cash conversion(1)

USDm



(1) Calculated as operating cash-flow divided by EBITDA after special items. Operating cash-flow does not include interest expenses.



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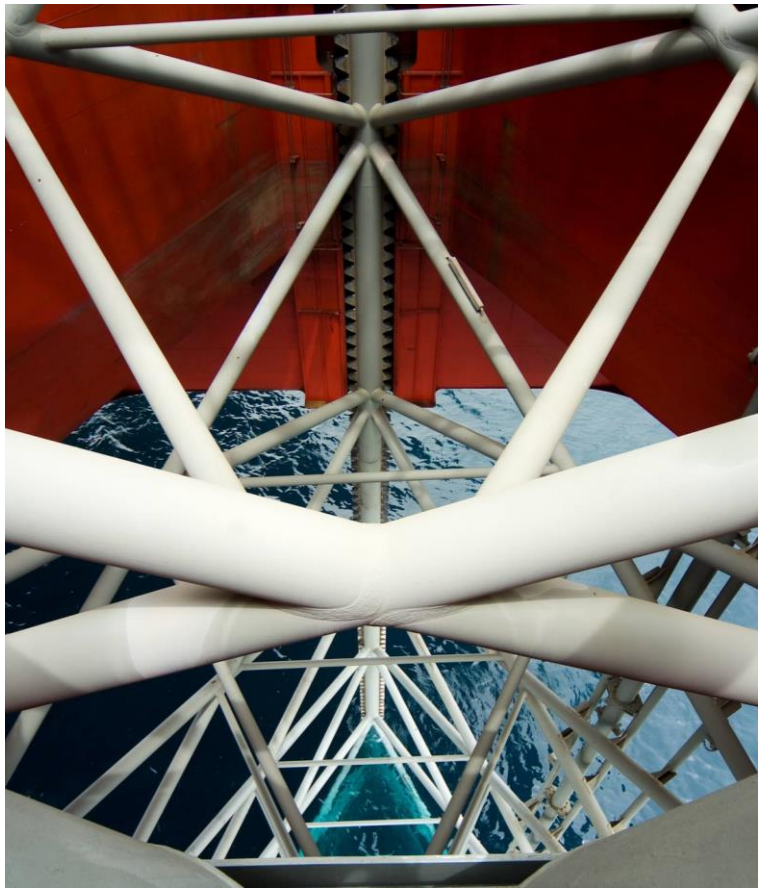
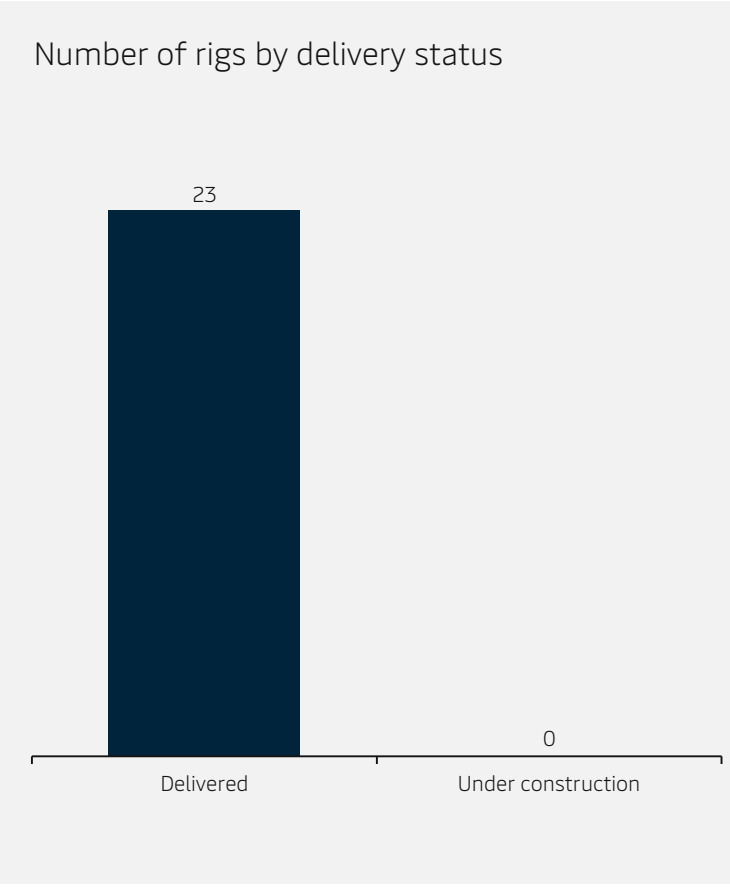
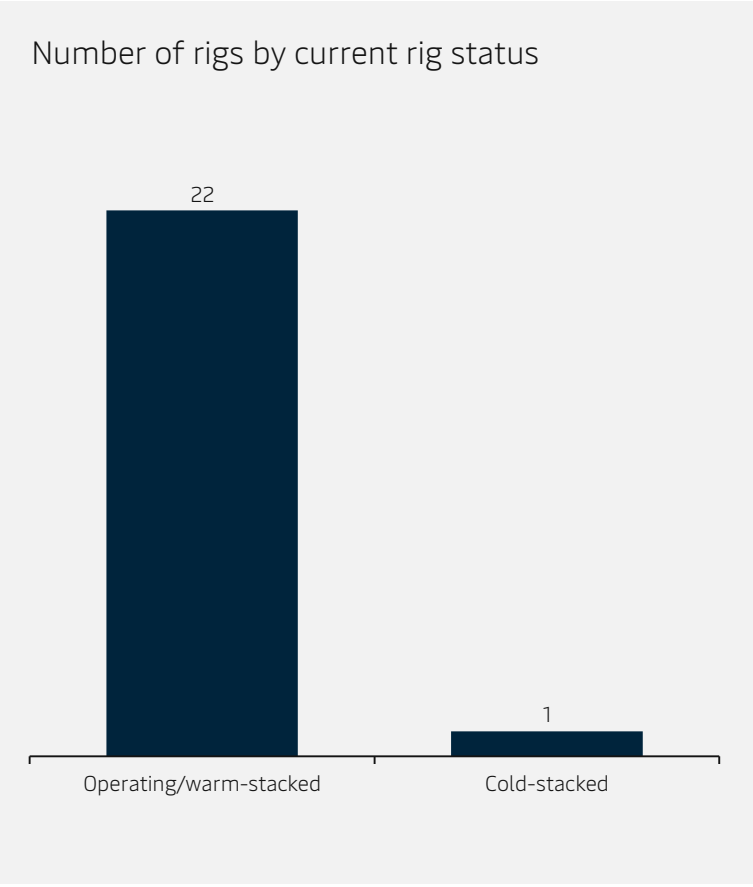
No newbuild capex commitments and limited off-balance re-activation cost exposure







Maintenance capex mainly relates to Special Periodic Surveys

5-yearly Special Periodic Survey cost requirements by rig type

Jack-up rigs

15-20

(USDm)

Floaters

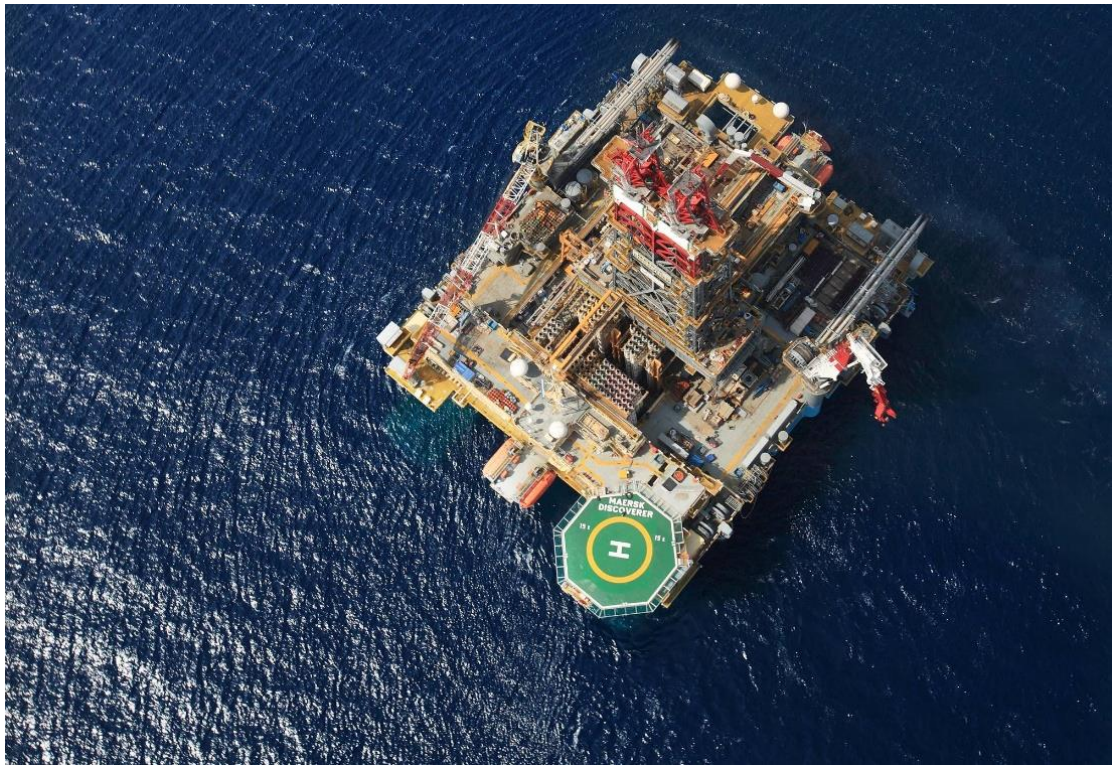
40-60

(USDm)

Expected run-rate (annual) maintenance capex[1]

150

(USDm)



(1) Expected average over the 5-yearly SPS cycle

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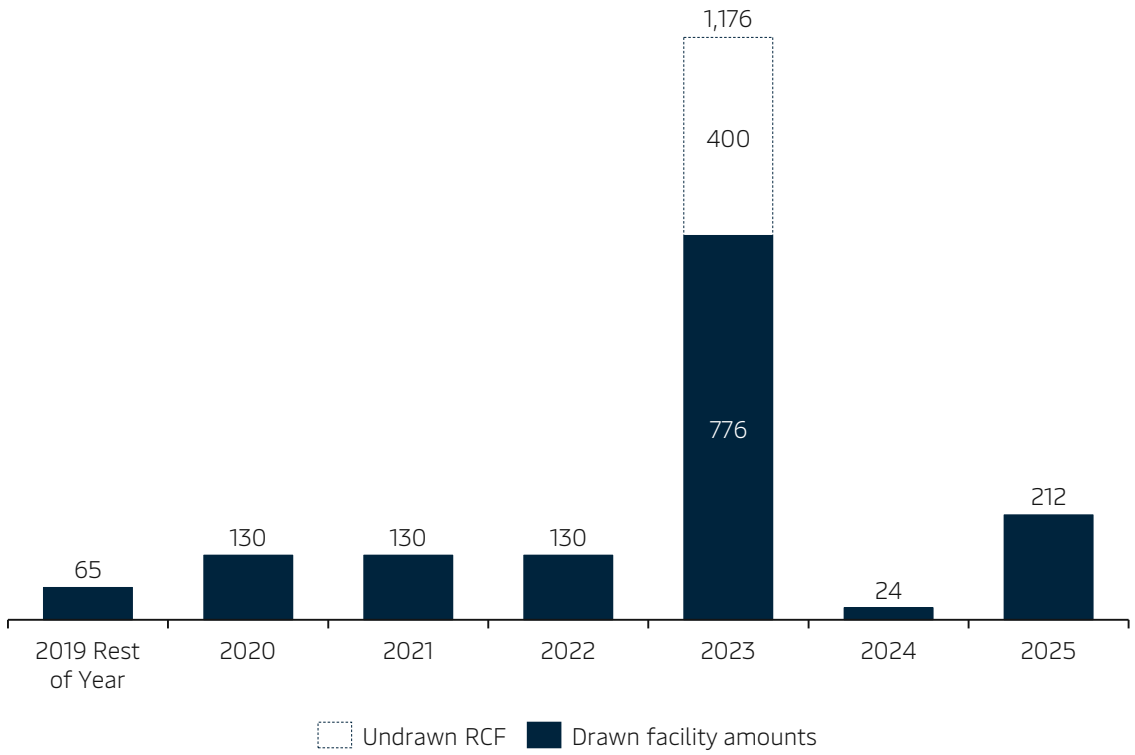
Long maturity runway and attractive funding costs

Debt maturity profile[1]

USDm



Funding cost

2019 expected average funding cost

Average funding cost

5.1

(Percent)

(1) As of 30 June 2019

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A unique financial profile in offshore drilling

Solid balance sheet

Strong operating cash-flow generation

No newbuild capex commitments and limited off-balance re-activation cost exposure

Long maturity runway with attractive funding costs

Highest cash-flow generation at lowest risk

Capital allocation priorities

Maintaining a solid capital structure with sufficient funding available to support business strategy

01

Pursue investments adding long-term value to our shareholders

02

Return surplus capital to shareholders

03

Market outlook

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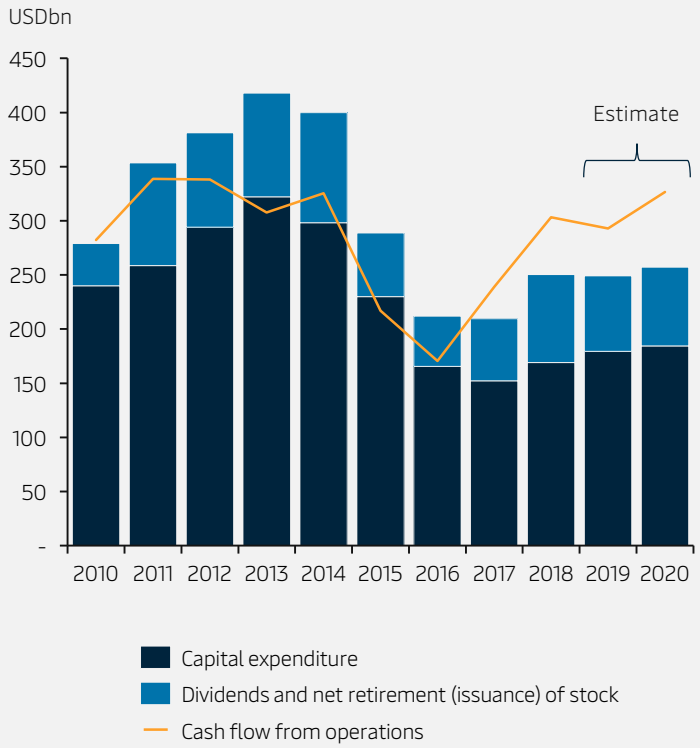
Fundamentals in place for increased offshore investments

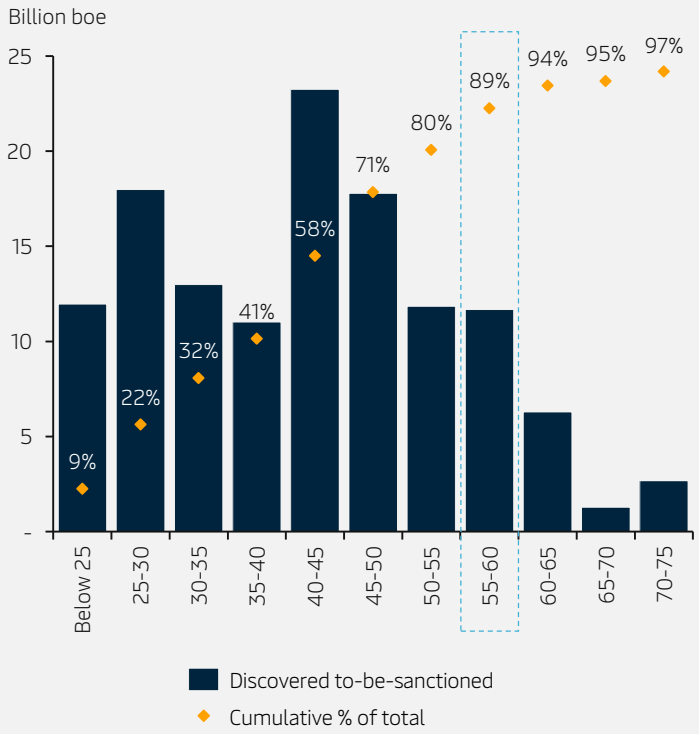
Oil companies are generating cash to spend...

Total cash-flows for top-25 listed E&P companies(1)



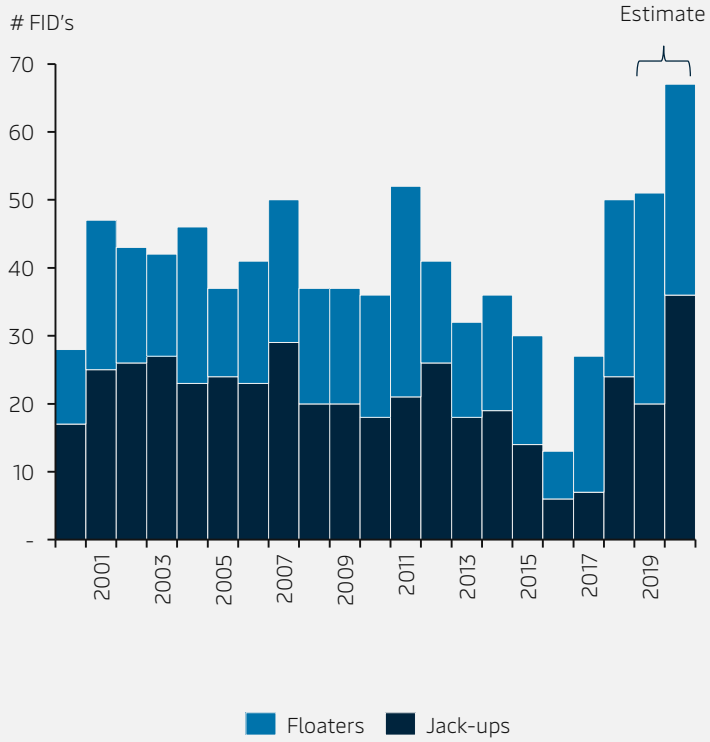
...and most projects are economic at current oil prices

Global offshore oil and gas resources to be sanctioned in 2019-2025E by break-even category (USD)



Sanctioning activity is on the rise

Number of FID's(3) per year



(1) Cash-flow for top-25 listed oil and gas companies. 2019 and 2020 figures are based on consensus estimates collected from Bloomberg. Consensus estimates do not include net retirement (issuance) of stock (3) FID = Final Investment Decision
Source: Rystad, Thomson Reuters, Bloomberg

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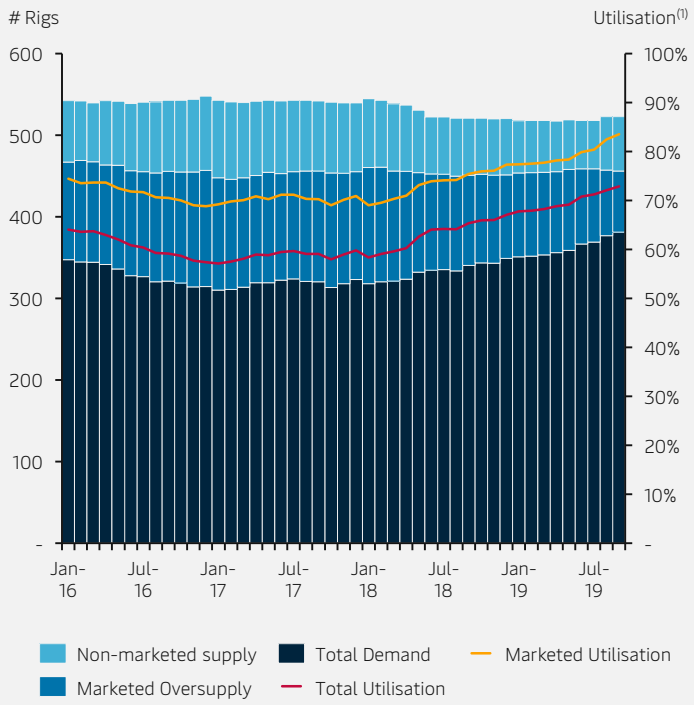
Jack-up recovery gaining momentum

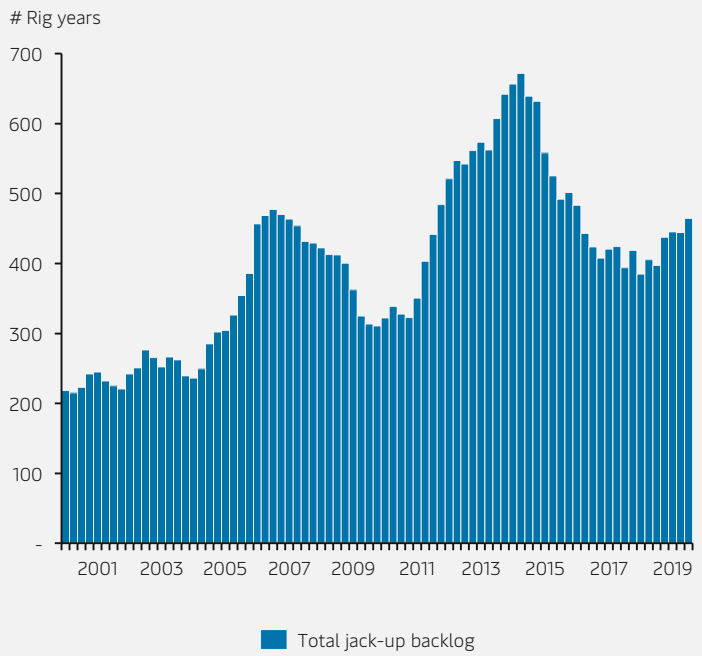
Supply, demand and utilisation

Number of rigs and utilisation[1]



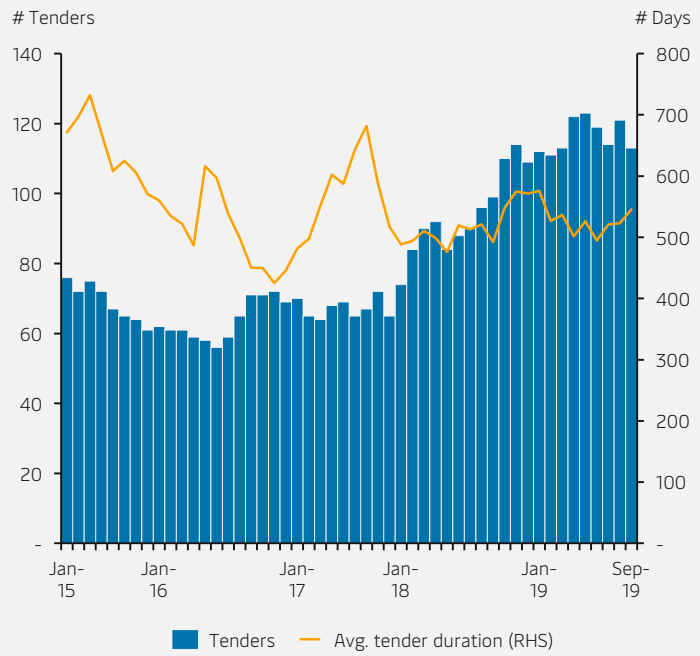
Historical contract backlog[2]

Total number of contracted rig years



Tender activity[3]

Number of tenders and average tender duration in days



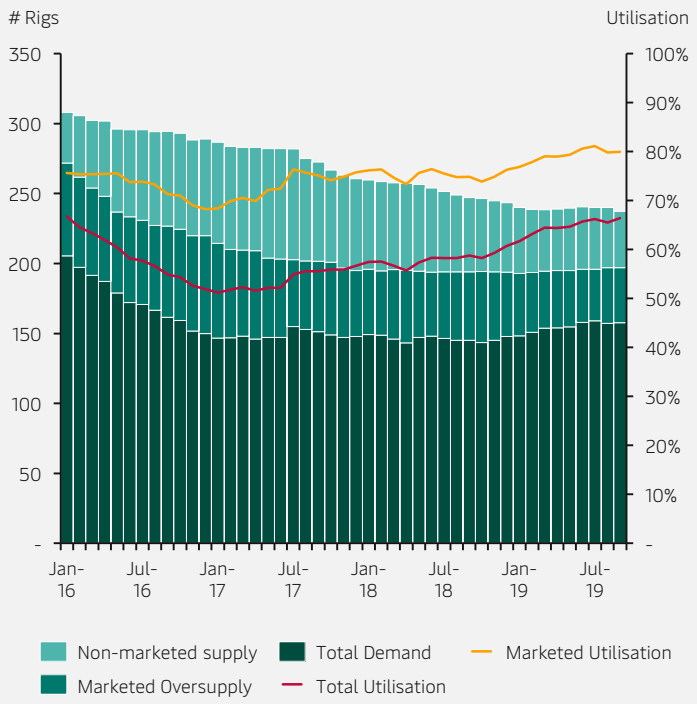
(1) Utilisation (marketed and total) defined as contracted rig years as a percentage of marketed and total supply, respectively (2) Total number of contracted rig years at given point in time (3) Tender data based on open demand. Includes tender and pre-tender only
Note: Historical contract backlog data as of 18 November 2019. Tender data as of 30 September 2019
Source: IHS Markit – RigPoint, Maersk Drilling

MAERSK DRILLING

Floater recovery restrained by short-term contracts

Supply, demand and utilisation

Number of rigs and utilisation(1)

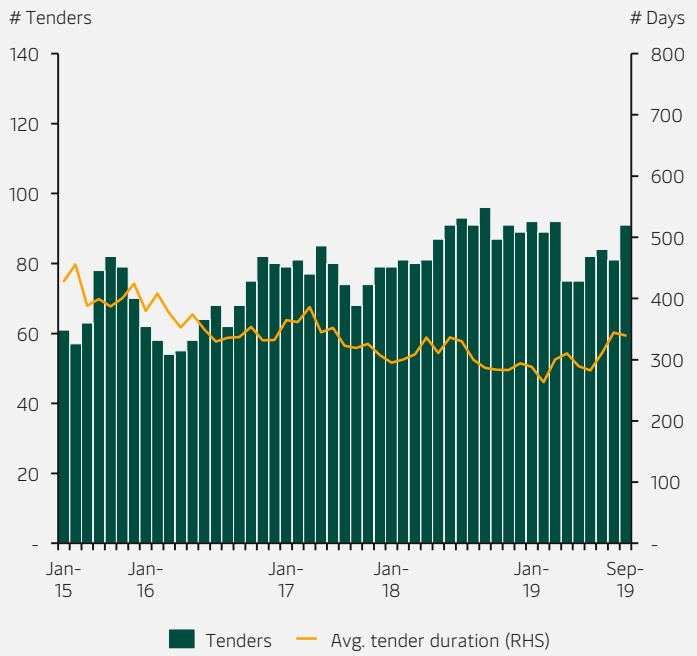


Historical contract backlog(2)

Total number of contracted rig years

Tender activity(3)

Number of tenders and average tender duration in days

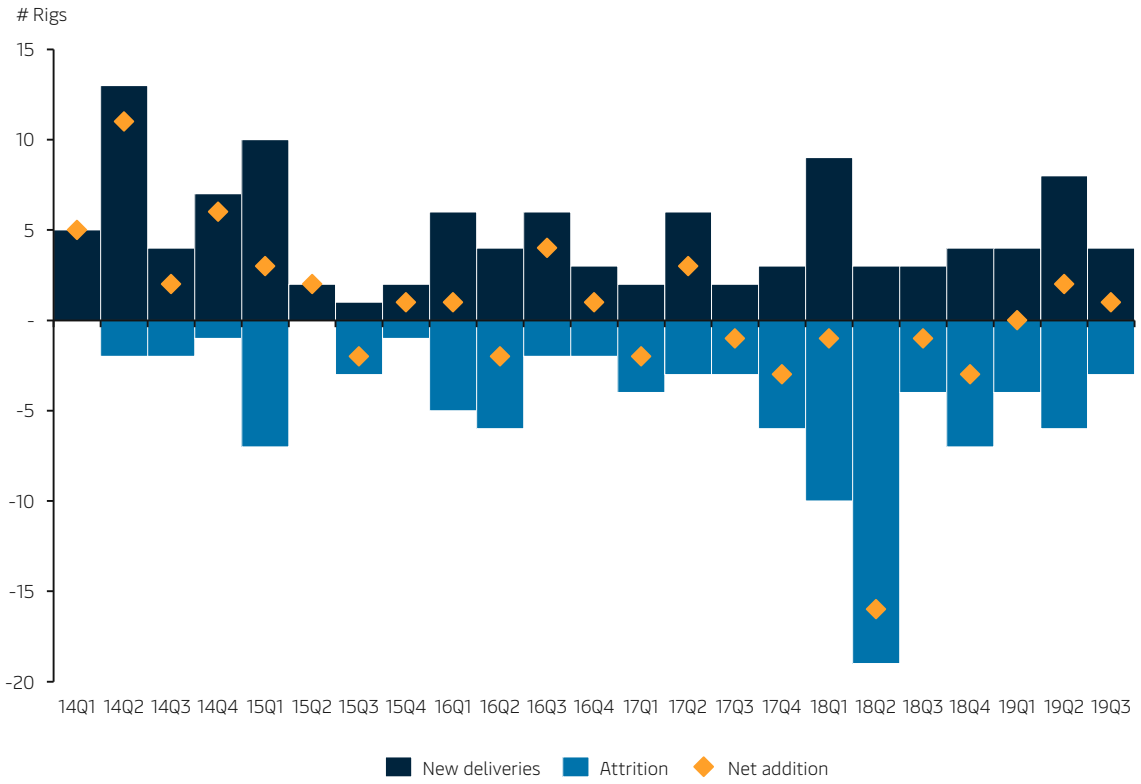


(1) Utilisation (marketed and total) defined as contracted rig years as a percentage of marketed and total supply, respectively (2) Total number of contracted rig years at given point in time (3) Tender data based on open demand. Includes tender and pre-tender only
Note: Historical contract backlog data as of 18 November 2019. Tender data as of 30 September 2019
Source: IHS Markit – RigPoint, Maersk Drilling

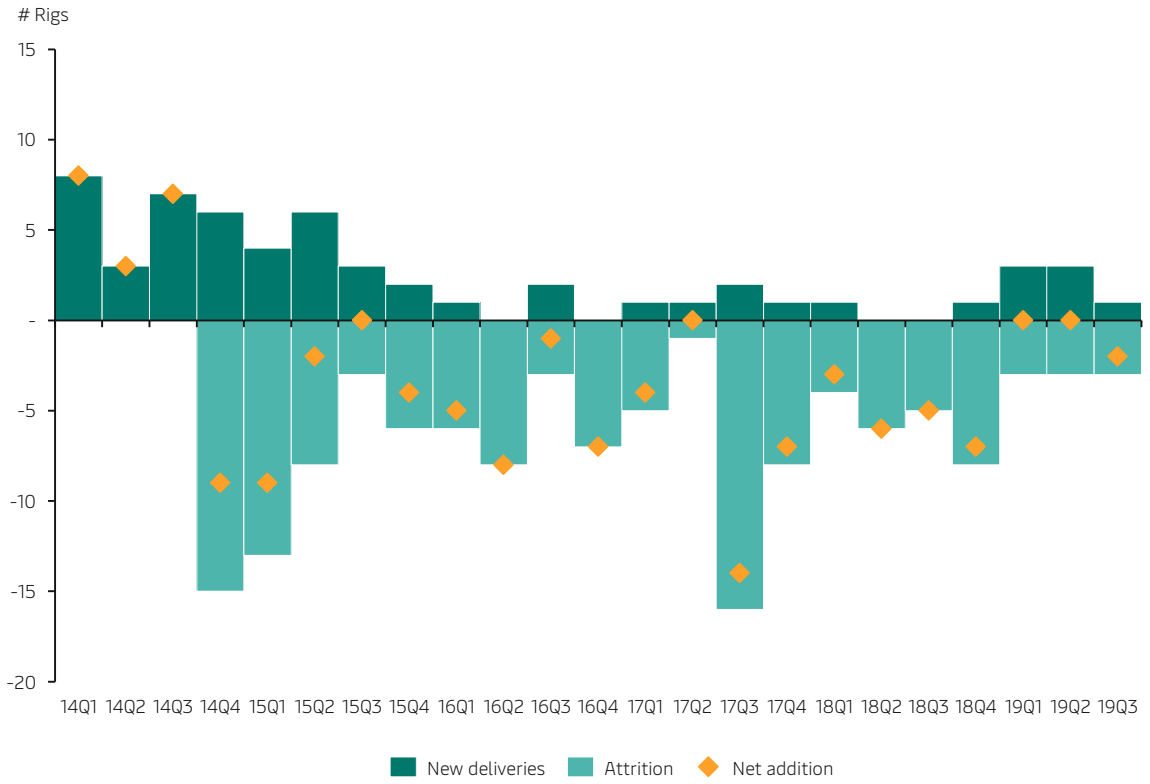
MAERSK DRILLING

Significant scrapping-activity over the past years

Jack-up delivery[1] and attrition[2], quarterly



Floater delivery[1] and attrition[2], quarterly



(1) Rig deliveries defined as units that have not previously existed as a drilling rig of the same type. (2) Attrition includes all rigs that are deemed to be permanently removed from active drilling service, excluding rigs that have been removed as a result of an accident
Source: IHS Markit – RigPoint

MAERSK DRILLING

The Drilling Company of 1972 A/S

Lyngby Hovedgade 85
2800 Kongens Lyngby
Denmark

Contacts

Michael Harboe-Jørgensen
Head of Investor Relations
T: +45 2328 5733
M: Michael.Harboe-Jorgensen@maerskdrilling.com

Andreas Escherich Holkjær
Investor Relations Officer
T: +45 3137 6076
M:Andreas.Escherich.Holkjaer@maerskdrilling.com

Maersk Drilling is trading on the Nasdaq Copenhagen Stock Exchange under the ticker, DRLCO

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