

COMPANY ANNOUNCEMENT

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Maersk Drilling releases Annual Report for 2021: Bolstering financial position on the back of strong performance and strategic divestments

Today, the Board of Directors of The Drilling Company of 1972 A/S ("Maersk Drilling") has adopted the Annual Report for 2021:

Financial performance for 2021 (2020 in brackets)

- Revenue of USD 1,267m (USD 1,096m)
- EBITDA before special items of USD 346m (USD 289m)
- Cash flow from operating activities of USD 315m (USD 267m)
- Capital expenditures of USD 102m (USD 162m)
- Free cash flow of USD 157m (USD 17m)
- Net debt of USD 505m at 31 December 2021 (USD 1,059m at 31 December 2020)
- Leverage of 1.5x at 31 December 2021 (3.7x at 31 December 2020)
- Liquidity reserves of USD 957m at 31 December 2021 (USD 626m at 31 December 2020)

Performance highlights for Q4 2021 (Q3 2021 in brackets)

- Revenue of USD 320m (USD 333m)
- Contracted days of 1,376 (1,520)
- Utilisation of 78% (83%)
- Average day rate of USD 233k (USD 219k)
- Financial uptime of 96.9% (99.2%)
- Secured contracts with a total contract value of USD 1,111m (USD 81m)
- Revenue backlog of USD 1.9bn at 31 December 2021 (USD 1.5bn at 30 September 2021)

CEO Jorn Madsen quote

"I am very pleased with our 2021 results that were founded on high-quality operational delivery and a very strong commercial performance including the agreement to renew our alliance with Aker BP in the Norwegian market. We also made significant progress within our other strategic focus areas, including further initiatives targeting emission reductions and carbon management, deeper implementation of our value proposition of efficient well delivery in our customer dialogues and operations, and the strategic divestment of three rigs which has significantly improved our financial flexibility."

The Drilling Company of 1972 A/S

Lyngby Hovedgade 85
2800 Kongens Lyngby
Denmark

Company registration no. 40404716
ISIN: DK0061135753
Ticker: DRLCO

www.maerskdrilling.com

Financial and operational development in 2021 (2020 in brackets)

For 2021, EBITDA before special items amounted to USD 346m (USD 289m), in line with the latest guidance of EBITDA before special items of around USD 350m. The financial performance in 2021 was positively impacted by increased activity levels especially in the International (floater) segment.

Capital expenditures of USD 102m were in line with the most recent guidance of around USD 100m and a substantial reduction from last year (USD 162m). Capital expenditures in 2021 comprised one Special Periodic Survey, rig upgrades linked to contracts and general maintenance of the fleet.

Excluding the USD 405m (USD 38m) proceeds from the sale of Mærsk Gallant, Maersk Guardian and Mærsk Inspirer (Maersk Completer in 2020), the free cash flow after interest payments amounted to USD 157m (USD 17m).

With the free cash flow generation and the divestment proceeds, Maersk Drilling significantly bolstered its balance sheet and enhanced financial flexibility. At 31 December 2021, the leverage ratio (net debt to EBITDA before special items) was 1.5x (3.7x), the lowest level since the company was listed.

In 2021, Maersk Drilling continued to safeguard the safety and the quality of its operations; though marginally below the strong 2020 performance. In 2021, the Lost Time Incidents frequency was 0.53 (0.44), Total Recordable Incidents were 1.45 (2.63), the financial uptime remained high at 97.6% (98.9%), and the customer satisfaction score was 6.5 (6.7) measured on a 1-7 scale.

During the year, Maersk Drilling delivered a strong commercial performance by securing 34 new contracts and contract extensions and reaching an agreement to renew the Aker BP frame agreement, all together adding more than USD 2bn (USD 469m) to the contract backlog. At the end of 2021, the contract backlog amounted to USD 1.9bn (USD 1.3bn), of which USD 604m is for execution in 2022.

Guidance 2022

In 2022, profit before depreciation and amortisation, impairment losses/reversals and special items (EBITDA before special items) is expected to be in the range of USD 210-250m compared with USD 346m in 2021. The profitability guidance for 2022 is partly secured through the current contract backlog. Achieving the 2022 guidance range requires that additional contracts are secured within both the North Sea and International divisions.

In 2022, capital expenditures are expected to be in the range of USD 120-140m compared to USD 102m in 2021. The capital expenditures guidance is linked to the assumed commercial activity providing certain flexibility in total spend and timing.

Webcast

In connection with the release of the Annual Report for 2021, a conference call for investors and analysts is scheduled today at 10:00 (10:00 a.m.) CET. On the call, CEO Jorn Madsen and CFO Christine Morris will present the Annual Report. The presentation will be followed by a Q&A session.

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The conference call can be followed live via webcast [here](#).

The presentation slides for the conference call will be available beforehand [here](#).

A replay of the conference call will be available afterwards on the [Investor Relations site](#).

Other annual publications

In addition to the [Annual Report](#), the following documents are today released and made available at the Maersk Drilling website:

- [Fleet status report](#)
- [Historical financials](#)
- [Sustainability Report](#)
- [Annual Remuneration Report](#)
- [Corporate Governance Statement](#)

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