20 May 2021

Q1 2021 Trading Statement

Performance highlights for Q1 2021

(Q4 2020 in brackets unless otherwise stated)

- Revenue of USD 264m (USD 286m)
- Contracted days were 1,199 (1,204) resulting in a utilisation of 61% (59%)
- Average day rate excluding one-offs of USD 217k (USD 221k)
- Financial uptime of 92.9% (98.9%)
- Secured contracts with a total contract value of USD 730m (USD 65m)
- Revenue backlog of USD 1.8bn at 31 March 2021 (USD 1.3bn at 31 December 2020). Forward contract coverage for the remainder of 2021 of 64% and 24% for 2022.

Guidance for 2021

The full-year guidance for 2021 was revised on 19 May 2021 as follows:

- Profit before depreciation and amortisation, impairment losses/reversals and special items (EBITDA before special items) is expected to be in the range of USD 260-310m (previously USD 225-275m).
- Capital expenditures are expected to be in the range of USD 120-140m (unchanged).

The guidance range reflects ordinary operational uncertainties, including general rig performance, mobilisation for and commencement of new contracts, and uncertainties regarding additional contracts for execution in 2021, including exercise of options.

CEO Jorn Madsen quote

"I am very pleased with our commercial performance in the first quarter of 2021. We added USD 730m to our backlog which is an industry leading commercial performance and our largest quarterly backlog addition since 2017. The market is still recovering from the 2020 downturn but we are seeing signs of improvement, particularly in the floater segment where fleet rationalisation has led to a healthier business environment for offshore drillers. We continue to enjoy a solid financial position which allows us to invest in innovation and digitalisation which are key enablers for both increased value creation and emissions reductions."

Quarterly revenue and business drivers per segment

	North Sea	International	Total[1]
Q1 2021			
Revenue (USDm)	151	106	264
Contracted days	647	462	1,199
Available days	1,170	720	1,980
Utilisation	55%	64%	61%
Average day rate (USDk)	233	229	220
Financial uptime	97.7%	88.4%	92.9%
Revenue backlog (USDm)	857	897	1,804
Q4 2020			
Revenue (USDm)	155	125	286
Contracted days	634	478	1,204
Available days	1,196	761	2,049
Utilisation	53%	63%	59%
Average day rate (USDk)	245	261	238
Financial uptime	99.2%	98.7%	98.9%
Revenue backlog (USDm)	898	373	1,327

[1] In addition to the North Sea jack-ups and International floaters, the totals for Maersk Drilling include the benign jack-up rig Maersk Convincer. This rig is not included in either segment and is not reported separately due to its limited materiality.

Q1 2021 performance

(Q4 2020 in brackets unless otherwise stated)

Revenue for Q1 2021 of USD 264m (USD 286m) was overall negatively impacted by a lower financial uptime but this was almost entirely offset by Mærsk Inspirer starting on contract and several international floaters mobilising and starting contracts within the quarter. Excluding additional revenue from recharge of COVID-19 related costs, revenue for Q1 2021 was USD 261m (USD 267m in Q4 2020 excluding COVID-19 recharges and lump sum termination fees received in that quarter).

The financial uptime of 92.9% (98.9%) was negatively impacted by six weeks off-rate for Mærsk Deliverer in the International floater segment due to equipment failure. The rig resumed operations in March.

There was no material impact from the COVID-19 pandemic on financial uptime. However, COVID-19 measures such as quarantine requirements and travel restrictions impacting crew changes have continued to result in additional costs which are being passed on to customers to the extent possible.

The total number of contracted days amounted to 1,199 days in Q1 2021 (1,204 days) leading to a utilisation of 61% for the quarter (59%).

The average day rate was USD 220k in Q1 2021 (USD 238k) which was negatively impacted by several rig mobilisations towards the end of the quarter as well as the lower financial uptime. The average day rate was positively impacted by COVID-19 related costs being passed on to customers. Excluding the effect of the COVID-19 recharges, the average day rate was USD 217k in Q1 2021 (USD 221k in Q4 2020 excluding COVID-19 recharges and lump sum termination fees received in that quarter).

At 31 March 2021, Maersk Drilling continued to be in compliance with all of its debt covenants.

North Sea jack-ups

Revenue in the North Sea jack-up segment of USD 151m in Q1 2021 (USD 155m) was negatively impacted by a lower average day rate offset partially by a slightly higher utilisation. With 647 contracted days in the quarter (634 days) out of 1,170 available days (1,196 days), utilisation ended at 55% (53%).

Financial uptime remained high at 97.7% in Q1 2021 (99.2%).

The average day rate was USD 233k in Q1 2021 (USD 245k) while in Q4 2020 the average day rate was impacted by lump sum termination fees. Excluding the impact from COVID-19 related recharges, the average day rate was USD 233k in Q1 2021 (USD 229k in Q4 2020 excluding COVID-19 recharges and lump sum termination fees received in that quarter).

International floaters

Revenue in the International floater segment of USD 106m in Q1 2021 (USD 125m) was negatively impacted by lower average day rates due to downtime on Mærsk Deliverer. Utilisation was slightly higher at 64% (63%) with 462 contracted days (478 days) out of 720 available days (761 days). Several international floaters completed reactivations and mobilisations and successfully commenced new contracts during the quarter.

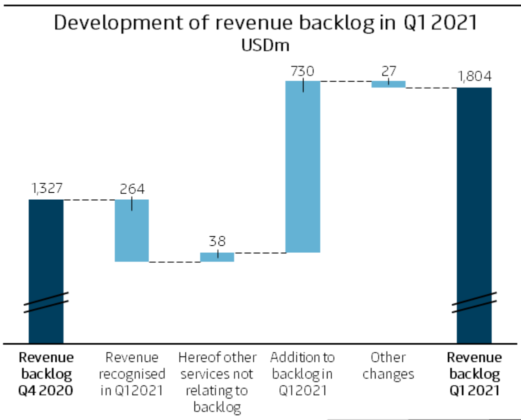
The financial uptime for the quarter reached 88.4% (98.7%) reflecting the downtime on Mærsk Deliverer. Financial uptime for the remaining units in the segment was 96.9% reflecting strong performance for these units.

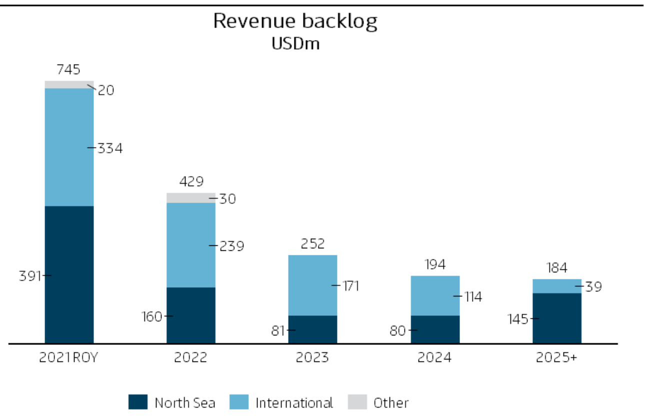
The average day rate was USD 229k (USD 261k). Excluding the impact from COVID-19 related recharges, the average day rate was USD 223k in Q1 2021 (USD 240k in Q4 2020 excluding COVID-19 recharges and lump sum termination fees received in that quarter).

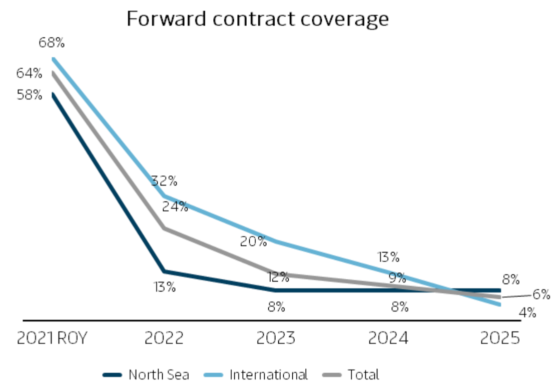
Revenue backlog

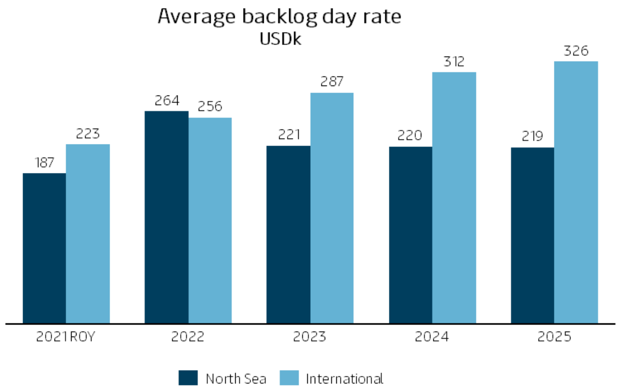
At 31 March 2021, the revenue backlog amounted to USD 1.8bn (31 December 2020: USD 1.3bn). During Q1 2021, a total of USD 730m was added to the revenue backlog from 13 new contracts and contract extensions.

At 31 March 2021, the forward contract coverage for the remainder of 2021 was 64% split 58% for the North Sea jack-up segment and 68% for the International floater segment. The average contractual backlog day rates for the remaining part of 2021 are USD 187k for the North Sea jack-up segment and USD 223k for the International floater segment.









Subsequent to 31 March 2021, Maersk Drilling has been awarded five additional contracts bringing the total year to date additions to the revenue backlog to more than USD 800m.

Detailed contract information and planned out-of-service time for the rig fleet is provided in the fleet status report dated 20 May 2021, which is available at Maersk Drilling's investor relations page https://investor.maerskdrilling.com/.

Market update

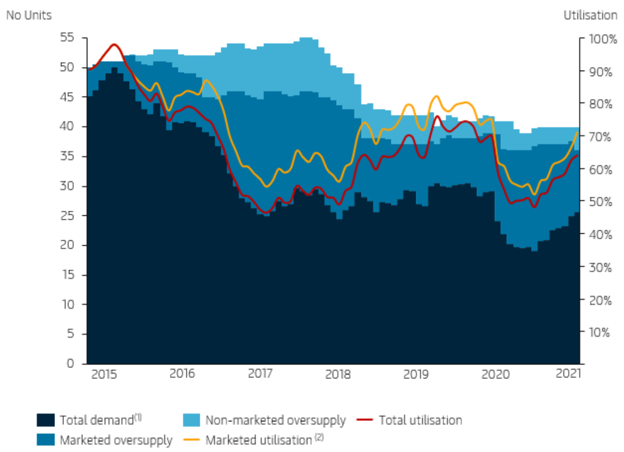
In Q1 2021, utilisation levels trended higher due to a combination of increased demand and further supply side rationalisations.

The North Sea jack-up market had an increase in activity with average demand growing to 23 units (Q4 2020: 20 units), while the average marketed supply remained unchanged at 37 units (Q4 2020: 37 units), driving an increase in the average marketed utilisation to 62% (Q4 2020: 55%). At the end of Q1 2021, the one-year forward contract coverage for North Sea jack-ups increased to 43% (end Q4 2020: 34%) reflecting that an increasing share of the available jack-up rig capacity in the North Sea is contracted for the coming 12 months. In addition, several requirements for North Sea-capable jack-up rigs were issued in Q1 2021, and the demand for North Sea jack-ups is expected to moderately increase during the rest of 2021.

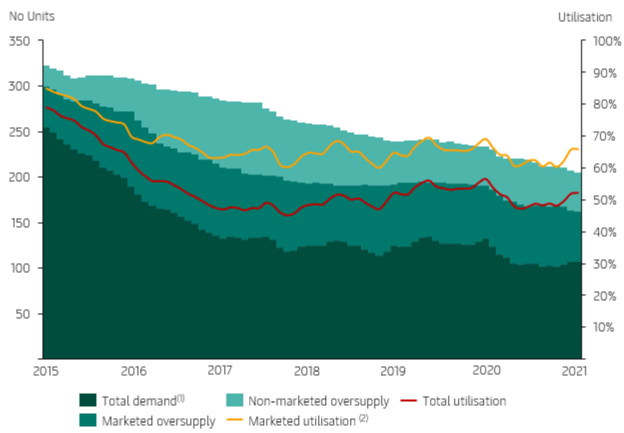
In the Norwegian sub-segment, demand is expected to remain relatively flat in 2021. Currently, there are few tendered opportunities with commencement in 2022, and the demand is expected to be slightly subdued in 2022. The long-term outlook for the Norwegian jack-up market remains stable given the significant pipeline of economically viable subsea development projects in shallow waters.

The global floater market showed a small uptick in activity with average demand increasing to 105 units (Q4 2020: 104 units), while the average marketed supply decreased to 166 units (Q4 2020: 168 units), driving an increase in the average marketed utilisation to 63% (Q4 2020: 62%). At the end of Q1 2021, the one-year forward contract coverage for the global floater market was 39% (end Q4 2020: 37%). Given current requirements, the demand for floaters is expected to increase further towards 2022, but the global floater market will continue to be characterised by excess capacity restraining the pace of the recovery. Additional floaters were scrapped in Q1 2021, but further supply side rationalisations are needed to establish a more favourable market balance.

North Sea jack-up supply-demand and utilisation

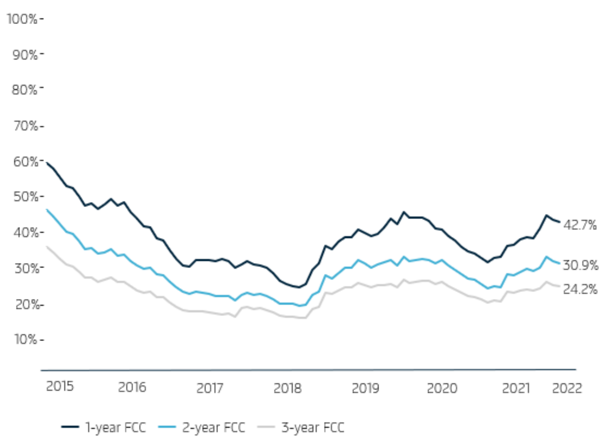


Floater supply-demand and utilisation

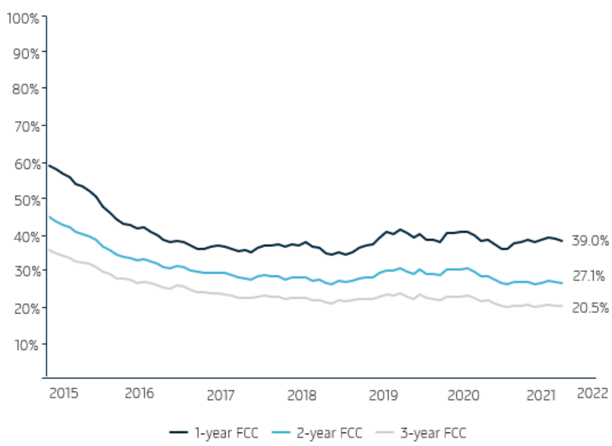


(1) 'Total demand' counts days actually on contract and does not include any future commitments
(2) Marketed utilisation is calculated using marketed supply that are rigs which are actively offered for work in the near team.
Source: IHS Markit – RigPoint,

North Sea jack-up forward contract coverage



Global Floater forward contract coverage



Source: IHS Markit - Rigpoint,

Divesting jack-ups Maersk Guardian and Mærsk Gallant

Subsequent to quarter end, Maersk Drilling sold the jack-up rig Maersk Guardian (now named Guardian) to New Fortress Energy, and the parties have further entered into an agreement for the sale of the jack-up rig Mærsk Gallant with anticipated closing in June 2021. The total sales price for the two rigs is USD 31m in all-cash transactions.

The new owner will use the rigs for non-drilling purposes as part of their planned Fast LNG project.

Webcast

In connection with the release of the Q1 2021 Trading Statement, Executive Management will host a conference call on Thursday 20 May at 10:00 a.m. CEST.

The conference call can be followed live via webcast on https://getvisualtv.net/stream/?maersk-drilling-q1-2021-trading-statement

The presentation slides for the conference call will be available beforehand at https://investor.maerskdrilling.com/financial-reports-presentations

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Forward-looking statements

This announcement 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 Maersk Drilling). 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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