



# MAERSK DRILLING INVESTOR PRESENTATION

September 2019

# 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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## Investment highlights

- 1 Improving fundamentals in offshore drilling
- 2 Strongly positioned with a modern fleet in attractive market segments
- 3 Differentiated services, long-term customer relations and partnerships
- 4 Industry leading profitability and strong cash flow generation
- 5 Solid backlog and strong balance sheet provide visibility and flexibility

# H1 2019 highlights – delivering according to plan

## H1 2019 financials

Revenue

623

Million USD

EBITDA

231

Before special items  
Million USD

EBITDA margin

37.1

Before special items  
Percent

Operating cash-flow

205

Million USD

Cash conversion

94

Percent

Adj. free cash-flow<sup>(1)</sup>

48

Million USD

2019 full-year guidance **maintained**

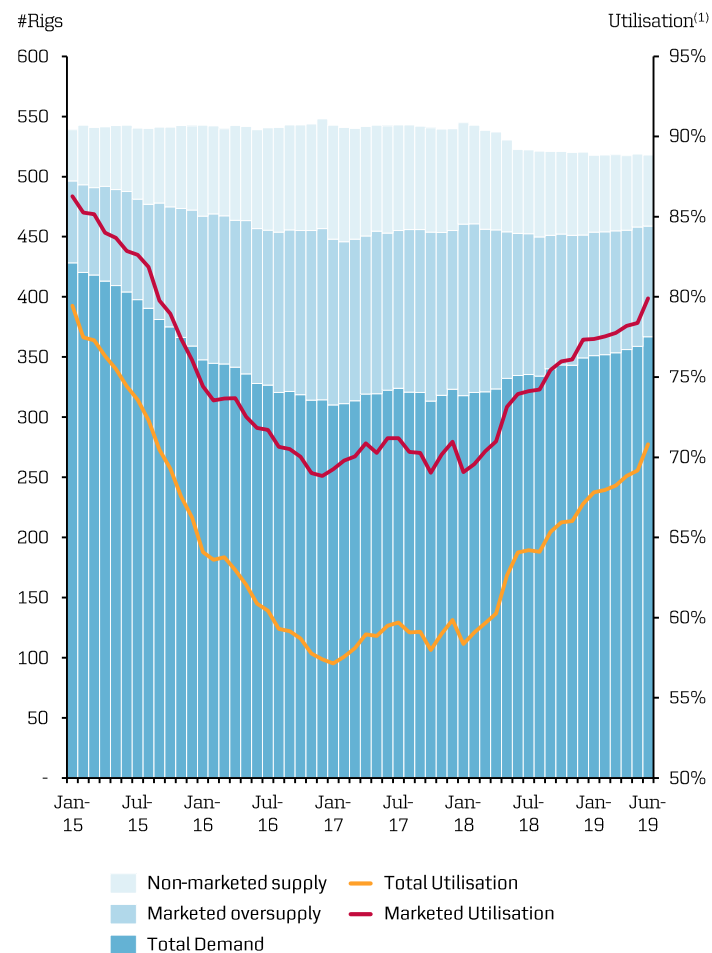
## Q2 2019 key business drivers

	Q2 2019	Q1 2019
Contracted days <sup>(2)</sup>	1,704	1,475
Utilisation <sup>(3)</sup>	82%	73%
Financial uptime <sup>(4)</sup>	98.9%	99.9%
Average day rate <sup>(5)</sup>	185	208

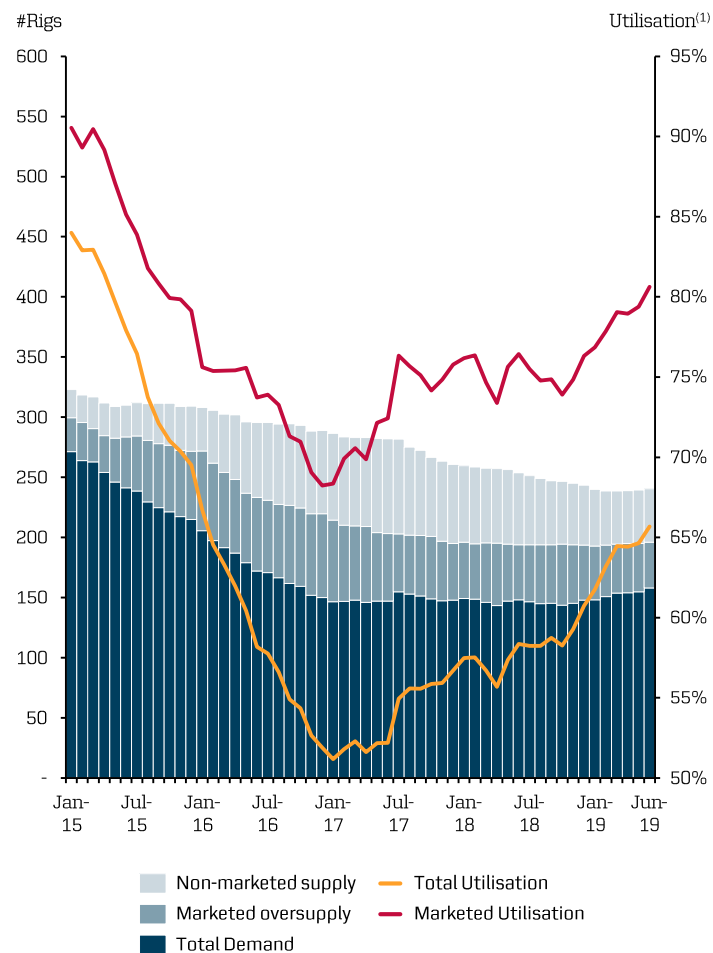
(1) Cash-flow from operating activities less cash-flow used for investing activities, adjusted for newbuild cash-flow and proceeds from sale of activities (2) Defined as days covered by the contract with a customer, including mobilisation and ramp-up period (3) Number of contracted days relative to number of days available in the period (4) Percentage of days charged to customers (5) Weighted average of day rates across the fleet. Excludes customer-paid yard stays and mobilisation

# Utilisation now at highest level since 2015

## Jack-up supply, demand and utilisation



## Floater supply, demand and utilisation

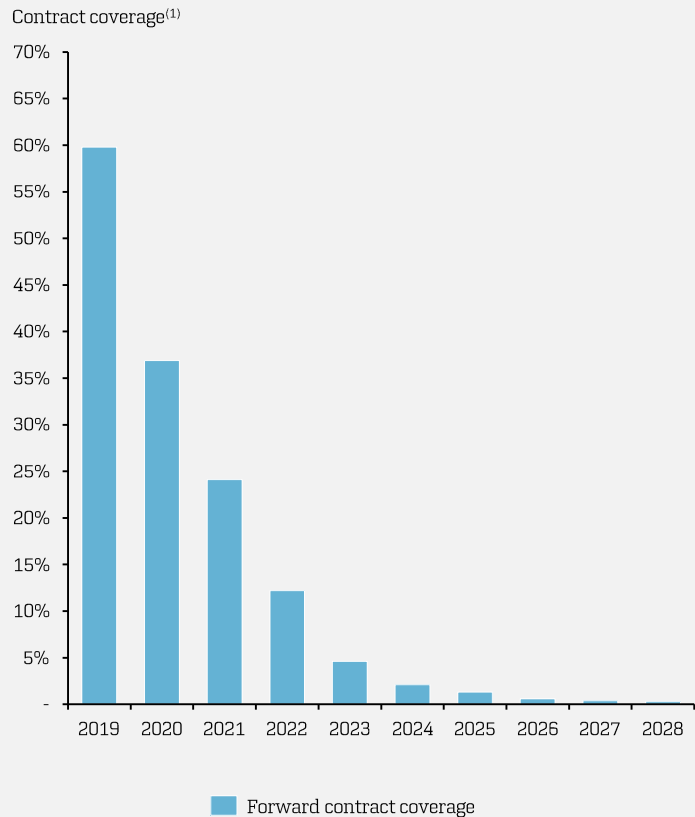


(1) Utilisation defined as contracted rig years in percentage of total supply for jack-ups and floaters (drillships and semi-submersibles), respectively. Source: IHS Markit - RigPoint, Maersk Drilling

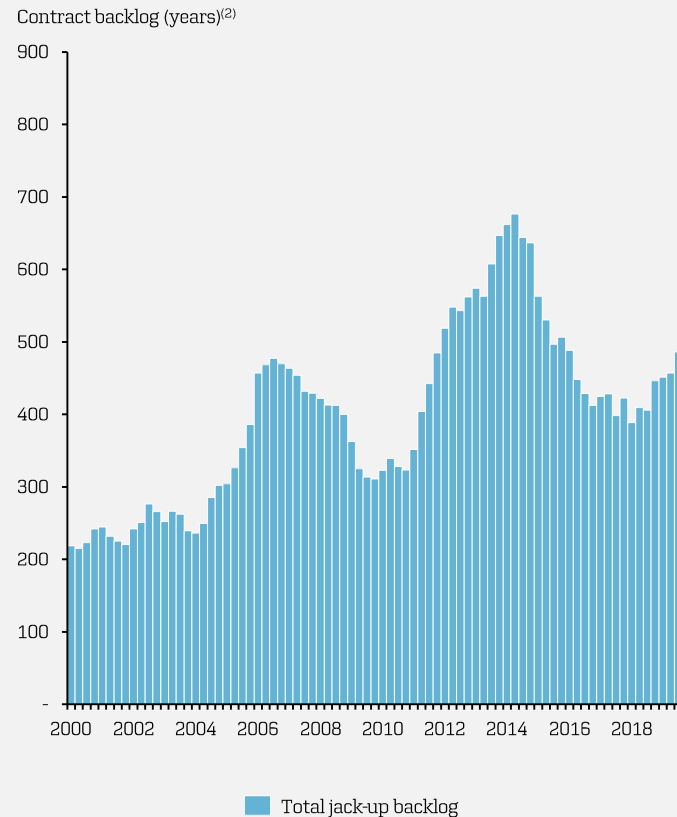


# Jack-up recovery gaining momentum, driven by increasing demand

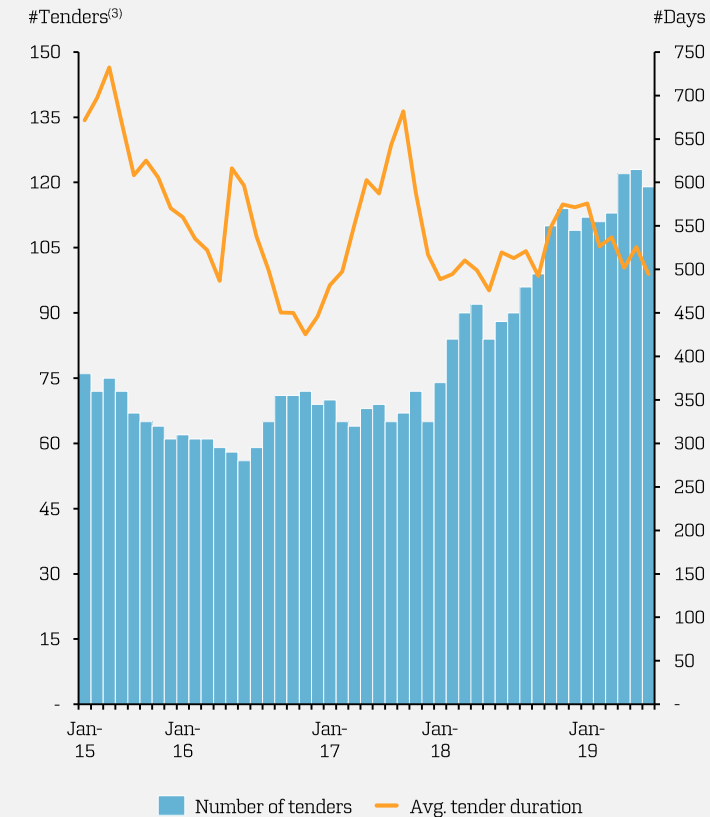
**Forward contract coverage**  
Contracted backlog relative to marketed supply



**Historical contract backlog**  
Total number of contracted years



**Tender activity**  
Number of tenders and average tender duration



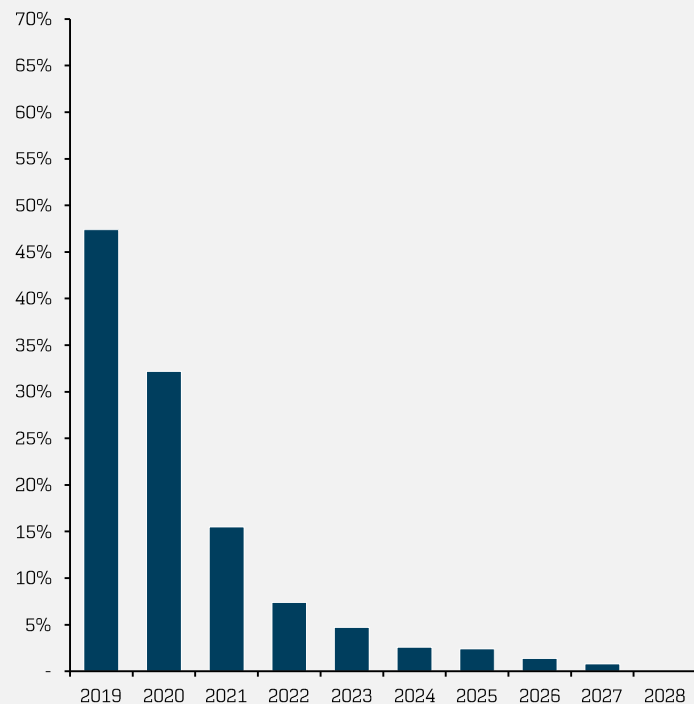
(1) Forward contract coverage defined as future contract commitments, expressed in rig years, as a percentage of total marketed supply, assuming one marketed rig equals one rig year. The chart shows the breakdown of the total backlog per year, starting with the outstanding contract backlog in the current year. Data as per 9 August 2019 (2) Contract backlog defined as total number of rig years covered by contracts at the end of a given period relative to total marketed supply at that point in time, assuming one marketed rig equals one rig year (3) Tender data based on open demand. Includes tender and pre-tender only  
Source: IHS Markit – RigPoint

# Floater recovery restrained by low future coverage and tender activity

## Forward contract coverage

Contracted backlog relative to marketed supply

Contract coverage<sup>(1)</sup>

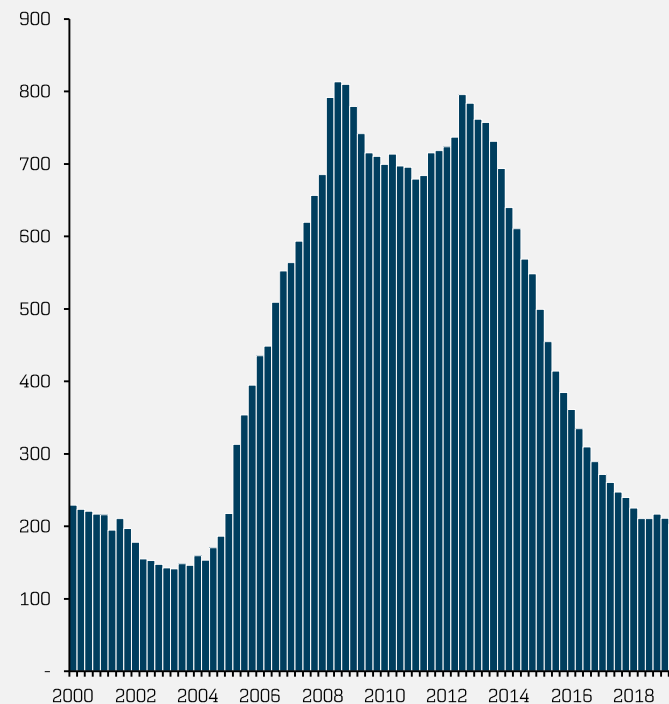


■ Forward contract coverage

## Historical contract backlog

Total number of contracted years

Contract backlog (years)<sup>(2)</sup>



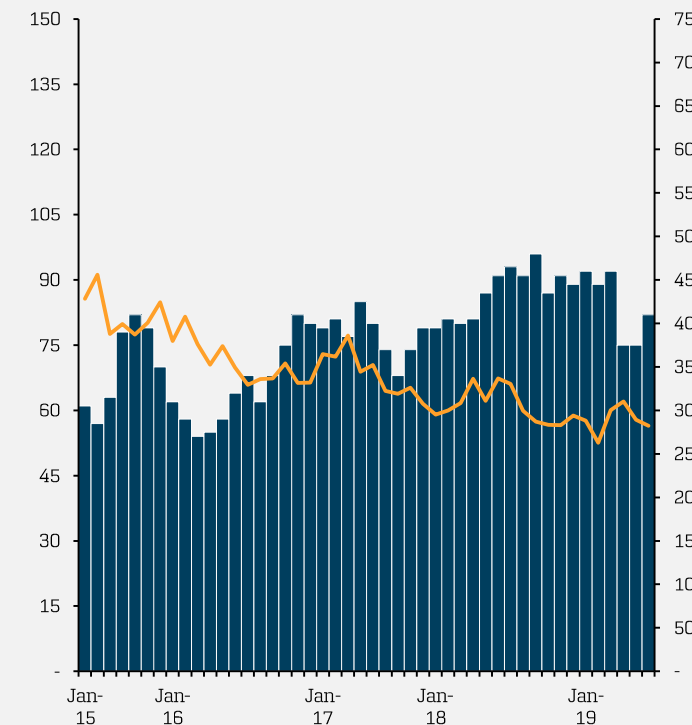
■ Total floater backlog

## Tender activity

Number of tenders and average tender duration

#Tenders<sup>(3)</sup>

#Days



■ Number of tenders — Avg. tender duration

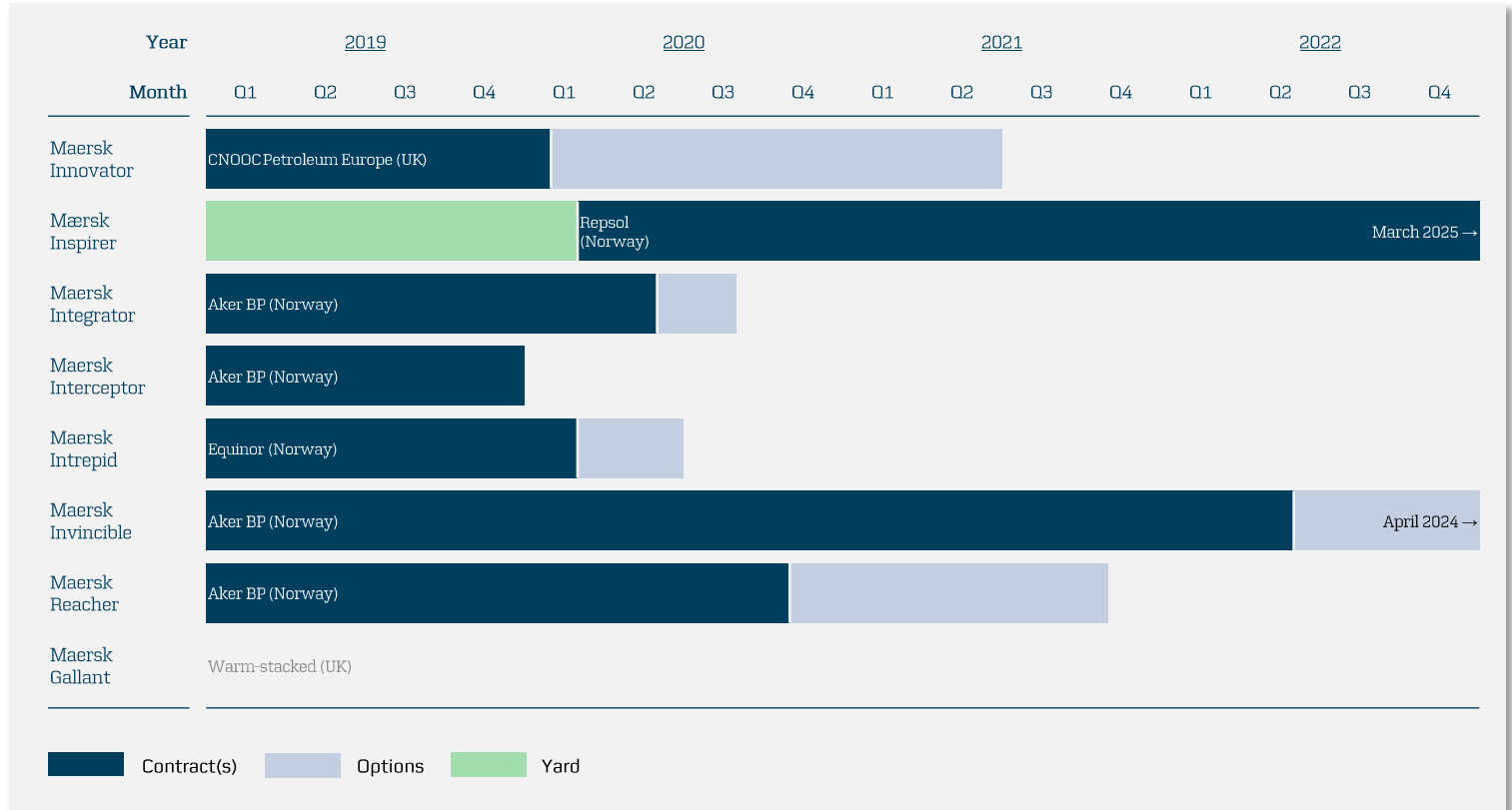
Contracting highlights

**MAERSK INNOVATOR** CNOOC Petroleum Europe exercised a one-well option on the rig with an estimated duration of 100 days. Seven one-well options remain.



# CJ70 jack-up rigs sold out in 2019

## Maersk Drilling fleet status<sup>(1)</sup>



(1) Please refer to Maersk Drilling's fleet status report published on 23 August 2019 for a full list and description of contracts and extensions signed during and after the second quarter of 2019.  
 Note: Right-hand-side chart showing contracting status as per 23 August 2019



Contracting highlights

**MAERSK RESILIENT** Awarded 35-day contract with Hess Corporation in the Danish North Sea. Expected commencement is September 2019

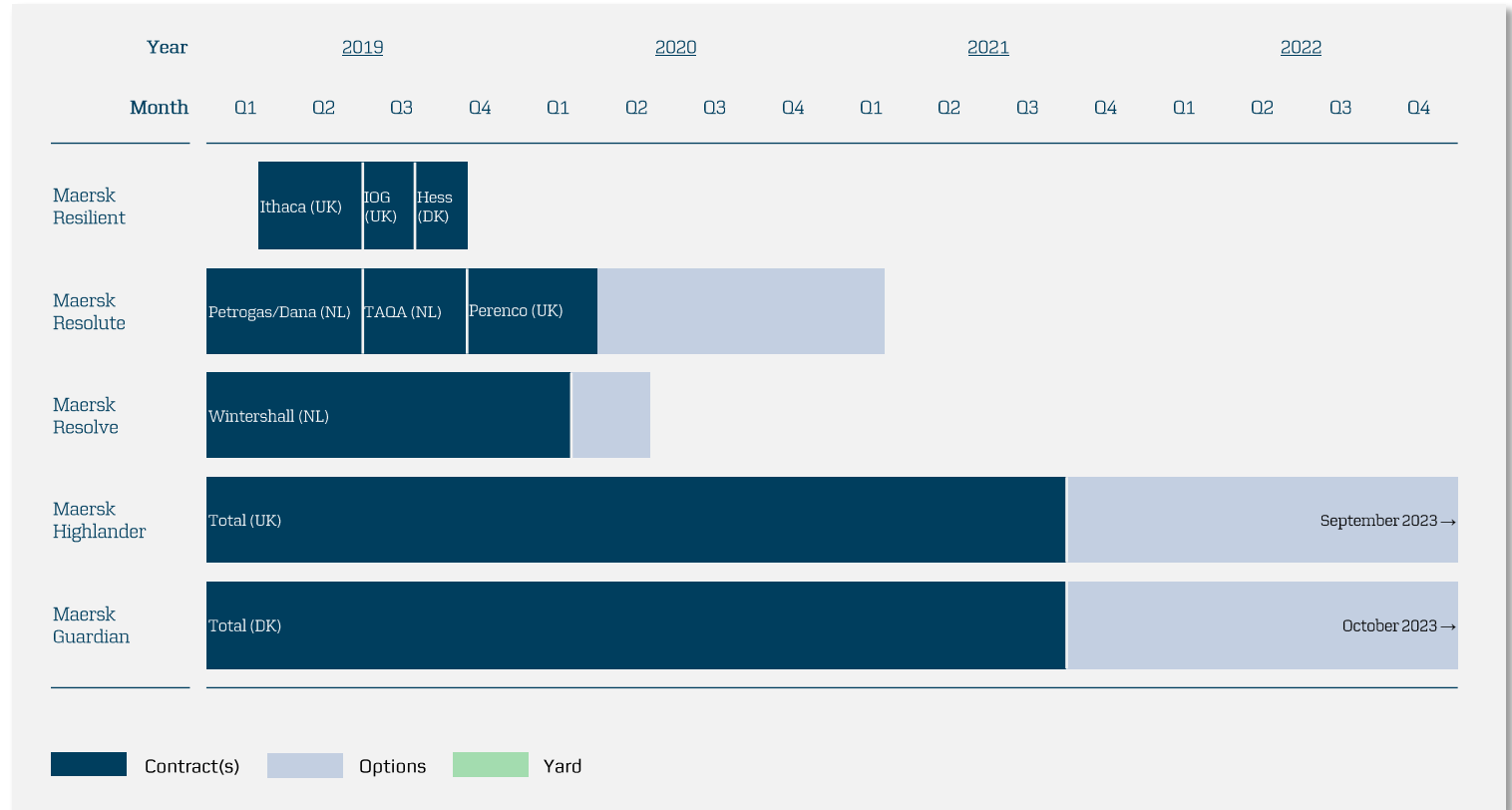
**MAERSK RESILIENT** Awarded one-well contract with IOG in the UK with an estimated duration of 37 days. The contract commenced in August 2019

**MAERSK RESOLUTE** Awarded three-well contract with an estimated firm duration of 150 days, plus eight one-well options with a total estimated duration of 365 days, with Perenco in the UK. Expected commencement is October 2019



# Continued commercial agility in harsh environment

Maersk Drilling fleet status<sup>(1)</sup>



(1) Please refer to Maersk Drilling's fleet status report published on 23 August 2019 for a full list and description of contracts and extensions signed during and after the second quarter of 2019.  
 Note: Right-hand-side chart showing contracting status as per 23 August 2019

## Contracting highlights

**MAERSK DELIVERER** Awarded three-year contract with Inpex Australia, plus two one-year options, with a total contract value of USD 300m. The contract is expected to commence in Q2 2020

**MAERSK DISCOVERER** Awarded 100-day extension of the rig's current contract with BP in Egypt which will keep the rig working into November 2019

**MAERSK VIKING** Awarded one-well contract plus three one-well options with AGM Petroleum in Ghana. Subsequently, two of the one-well options have been exercised

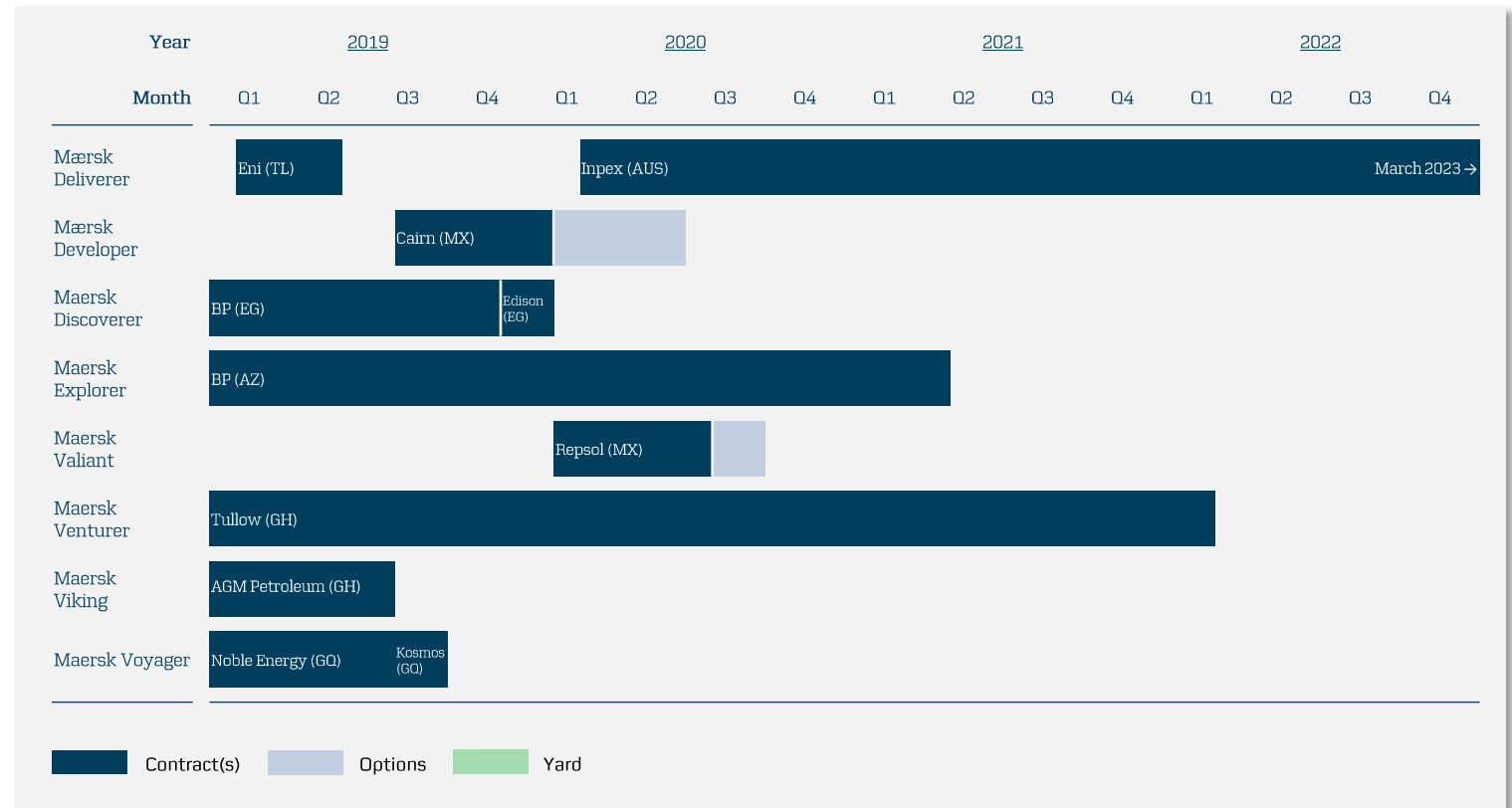
**MAERSK DISCOVERER** Awarded one-well contract, plus an additional one-well option, with Edison E&P in Egypt with an estimated firm duration of 53 days. The contract is expected to commence in Q4 2019.

**MAERSK VALIANT** Awarded two-well contract with Repsol in Mexico with an estimated duration of 137 days. The contract is expected to commence in February 2020

**MAERSK VOYAGER** Noble Energy has exercised a one-well option on the rig with an estimated duration of 35 days. The option has later been novated to Kosmos Energy

# Well-balanced floater portfolio of high-spec assets

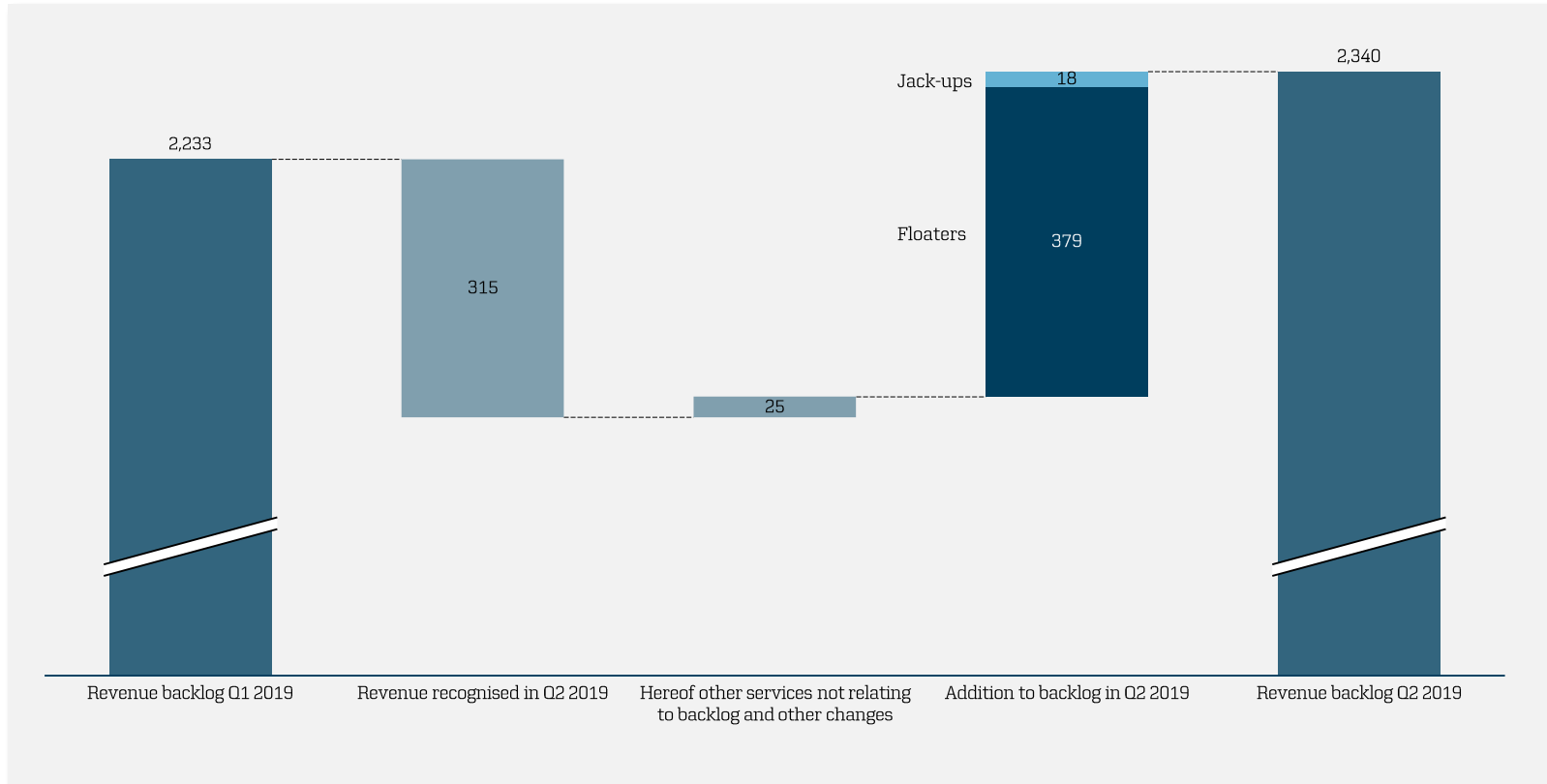
## Maersk Drilling fleet status<sup>(1)</sup>



(1) Please refer to Maersk Drilling's fleet status report published on 23 August 2019 for a full list and description of contracts and extensions signed during and after the second quarter of 2019.  
 Note: Right-hand-side chart showing contracting status as per 23 August 2019

# Increasing contract revenue backlog in Q2 2019

## Revenue backlog build-up in Q2 2019



## Q2 2019 contracting performance

397

Additional backlog added in Q2 (USDm)

1,655

Contract days added in Q2

2,340

Total contract backlog (USDm)



Revenue  
(USDm)

315

Utilisation<sup>(1)</sup>

82%

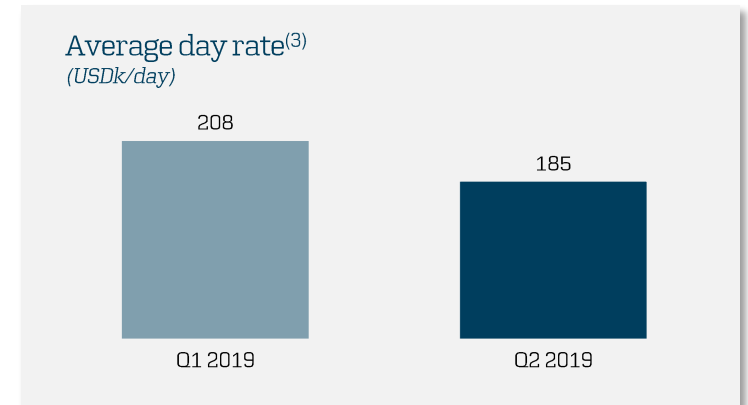
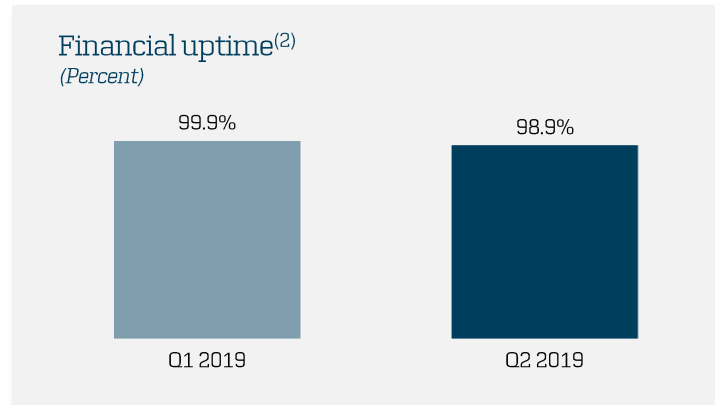
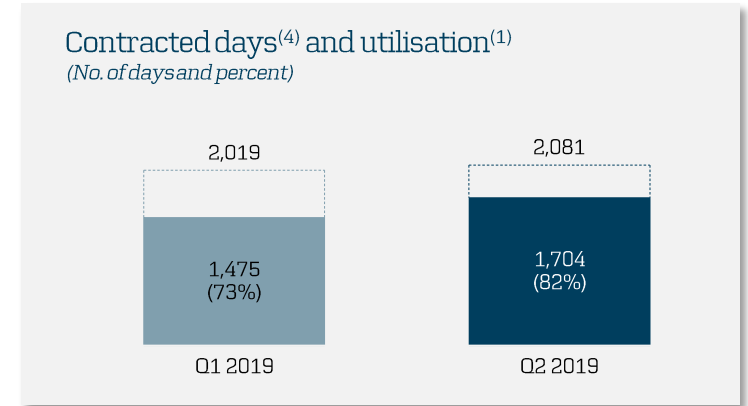
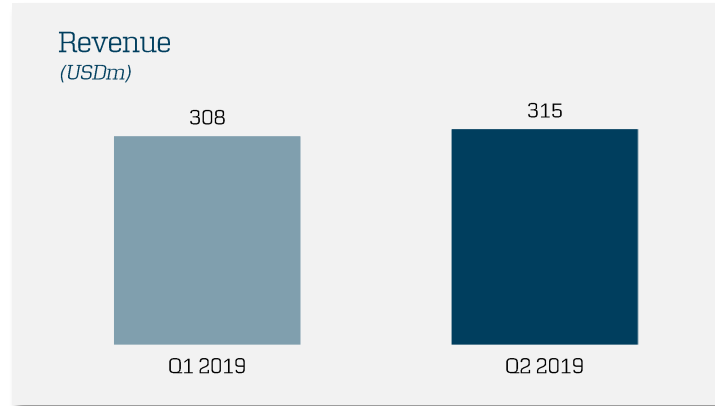
Financial uptime<sup>(2)</sup>

98.9%

Average day rate<sup>(3)</sup>  
(USDk/day)

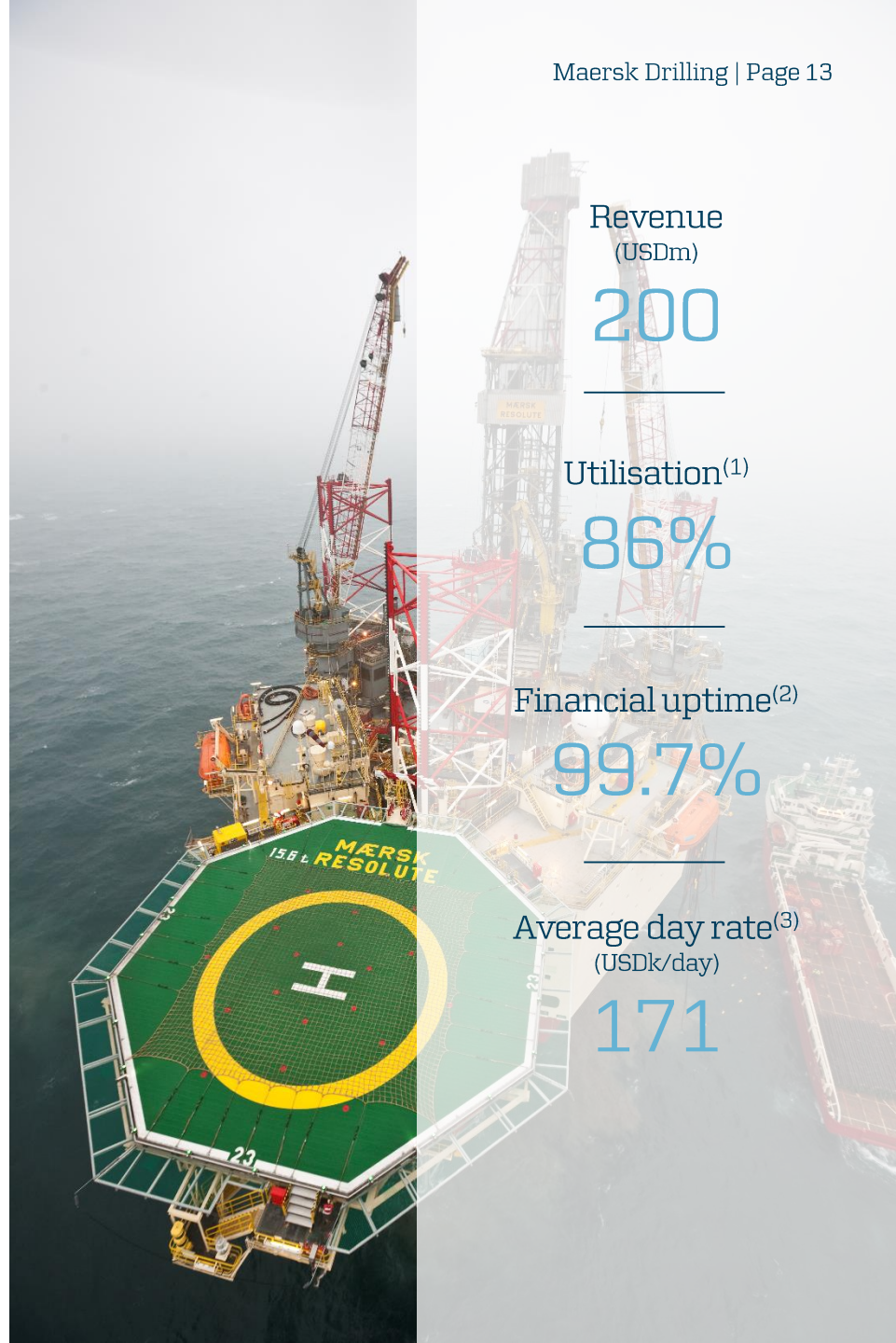
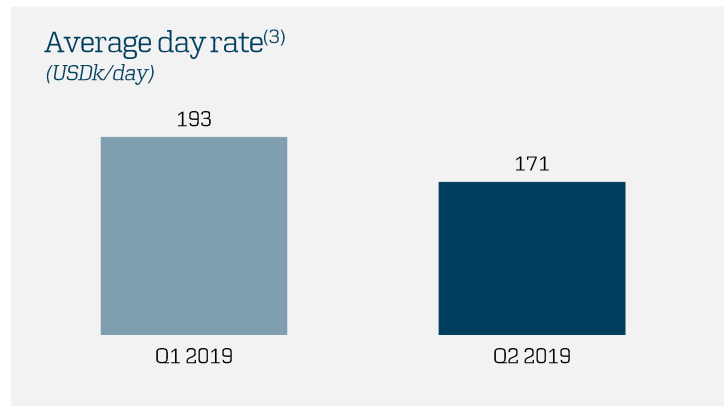
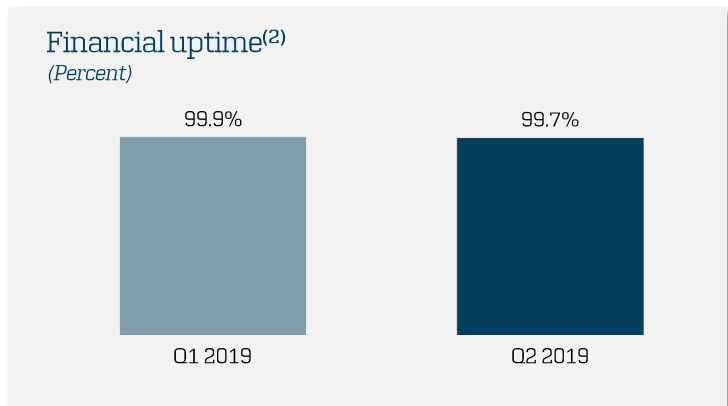
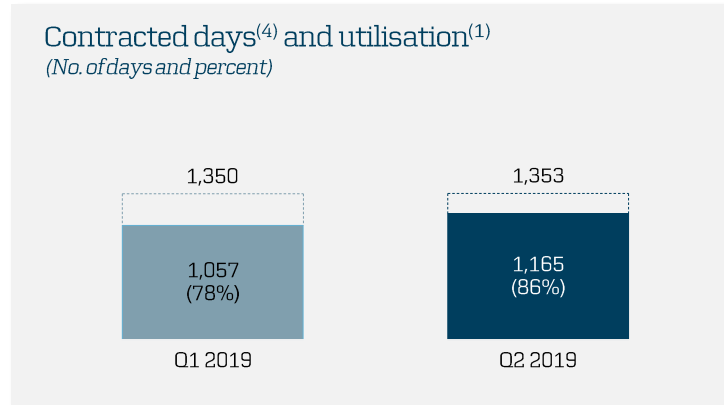
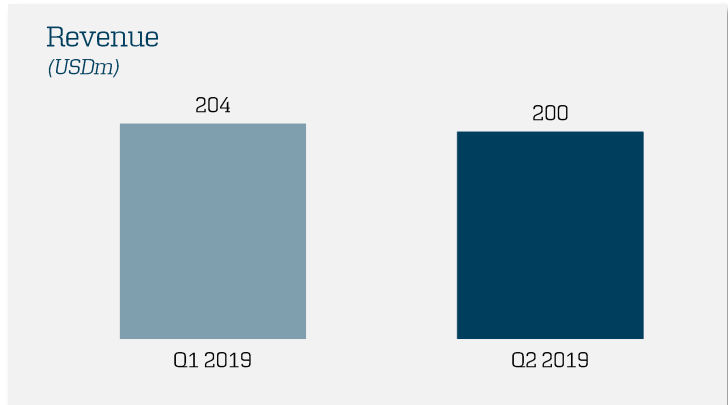
185

# Delivering on key business drivers



(1) Number of contracted days relative to number of days available in the period (2) Percentage of days charged to customers (3) Weighted average of day rates across the fleet. Excludes customer-paid yard stays and mobilisation (4) Defined as days covered by the contract with a customer, including mobilisation and ramp-up period

# Jack-up segment continues stable performance



Revenue (USDm)  
**200**

Utilisation<sup>(1)</sup>  
**86%**

Financial uptime<sup>(2)</sup>  
**99.7%**

Average day rate<sup>(3)</sup>  
(USDk/day)  
**171**

Revenue  
(USDm)

114

Utilisation<sup>(1)</sup>

74%

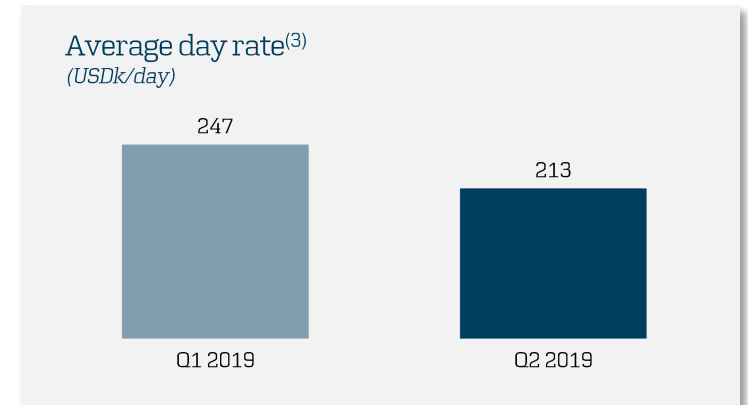
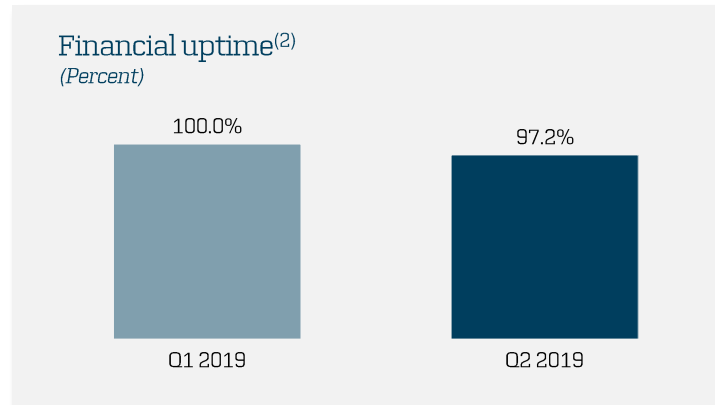
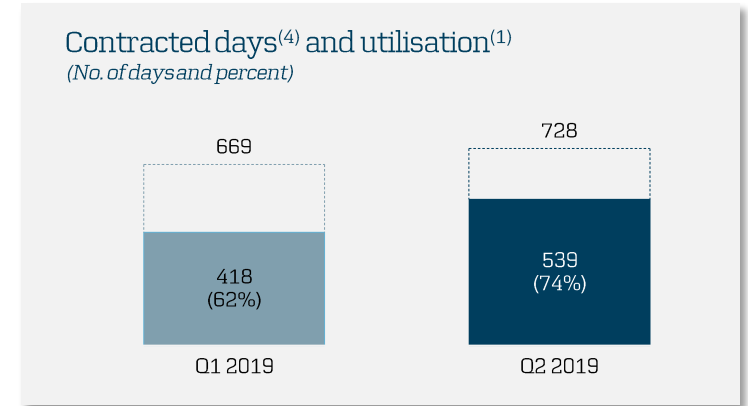
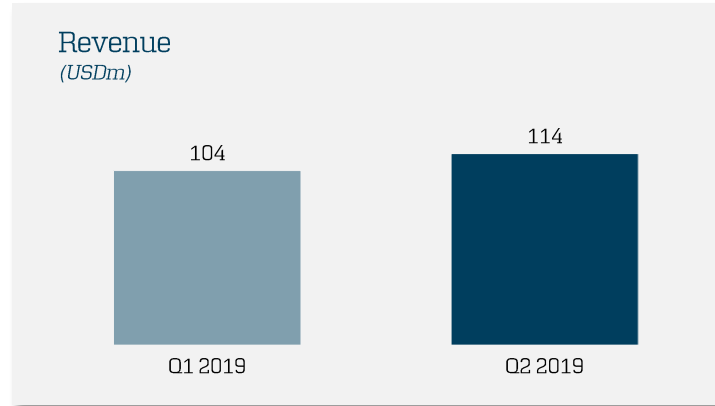
Financial uptime<sup>(2)</sup>

97.2%

Average day rate<sup>(3)</sup>  
(USDk/day)

213

# Floater results supported by high utilisation

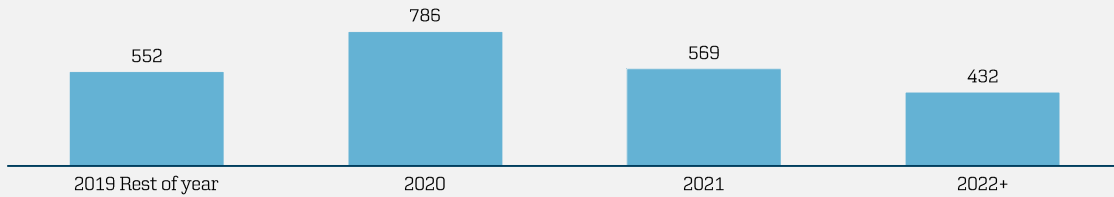


(1) Number of contracted days relative to number of days available in the period (2) Percentage of days charged to customers (3) Weighted average of day rates across the floater fleet. Excludes customer-paid yard stays and mobilisation (4) Defined as days covered by the contract with a customer, including mobilisation and ramp-up period

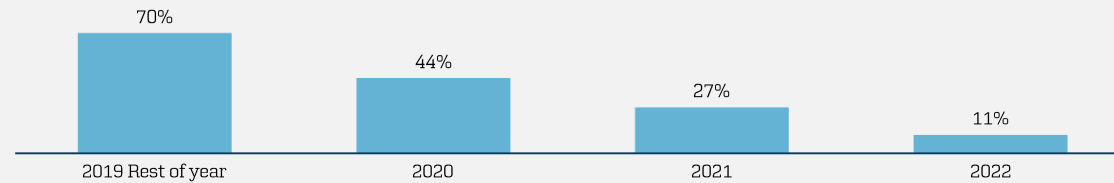
# Industry-leading forward coverage provides earnings visibility

## Combined

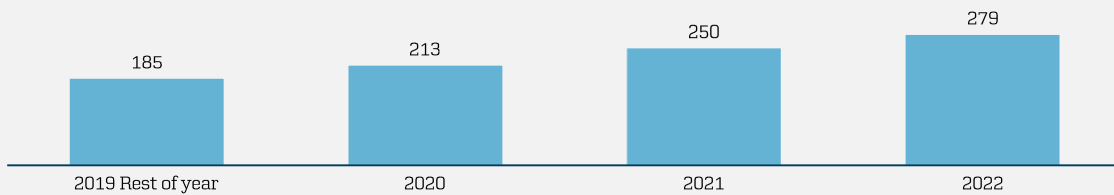
Total backlog (USDm)



Forward contract coverage<sup>(1)</sup>



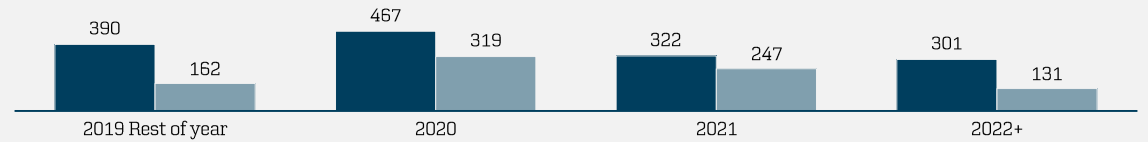
Average backlog day rate (USDk/day)



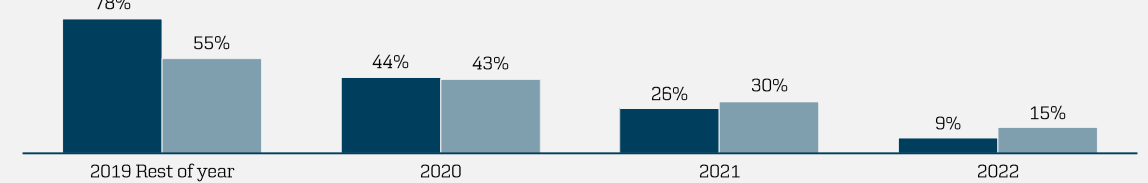
## By segment

Jack-ups  
Floaters

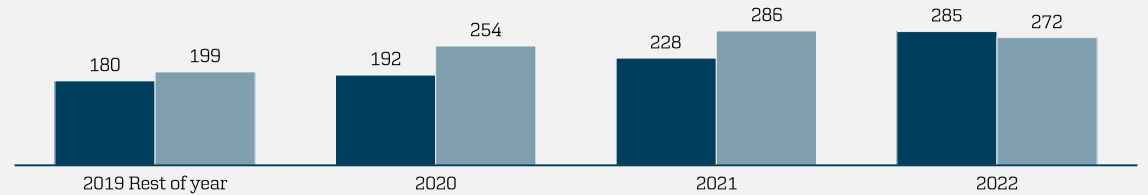
Total backlog (USDm)



Forward contract coverage<sup>(1)</sup>



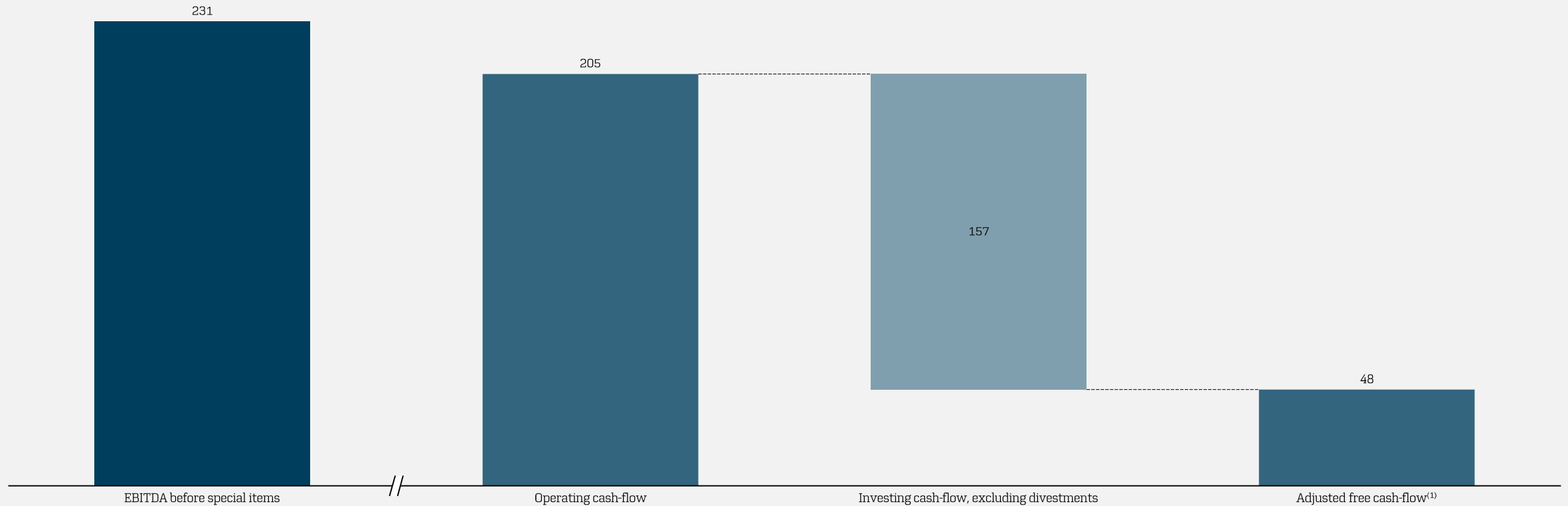
Average backlog day rate (USDk/day)



(1) Calculated as the total number of contracted days for jack-ups and floaters, divided by total number of available days. Available days are defined as the aggregate number of calendar days in the period less yard stay days for current fleet, or, with respect to new rigs entering service, when the rig is in operation.

# Industry leading profitability and strong cash-flow generation in H1 2019

EBITDA before special items and adjusted free cash-flow<sup>1</sup>  
USDm



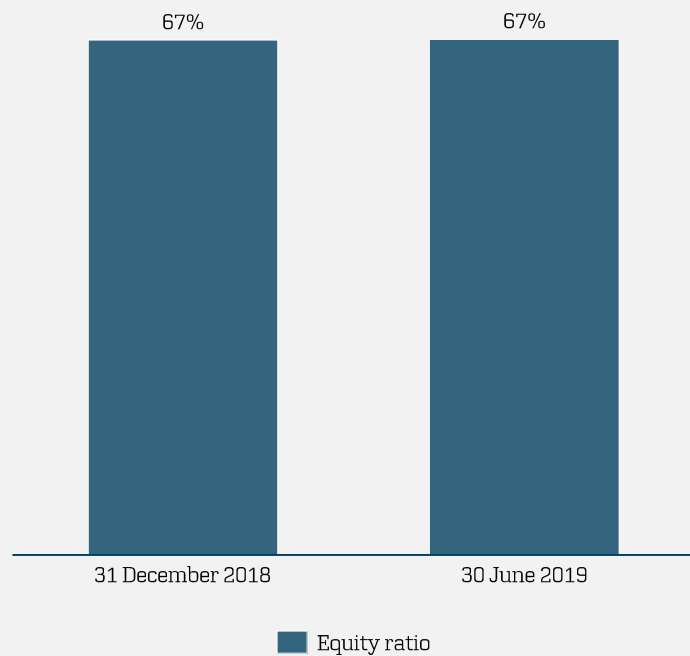
(1) Cash-flow from operating activities less cash-flow used for investing activities, adjusted for newbuild cash-flow and proceeds from sale of activities



# Strong balance sheet to navigate through the cycle

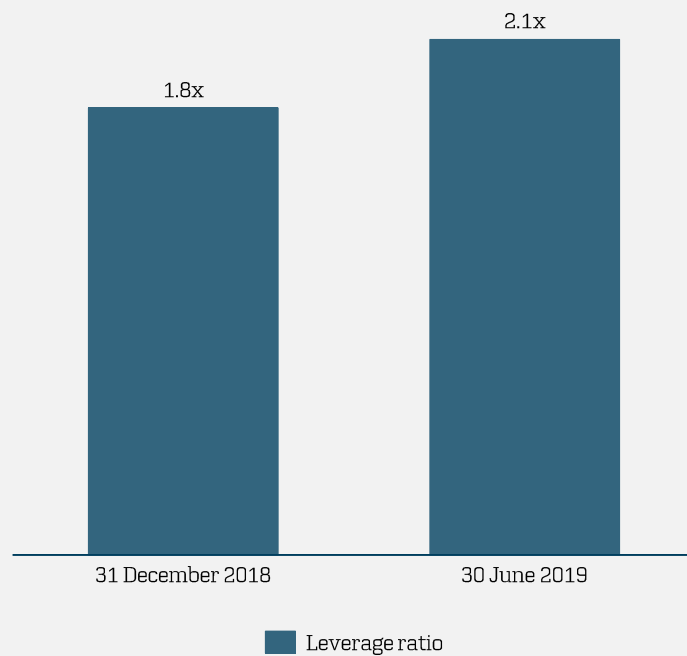
## Equity ratio

Total equity to total equity and liabilities



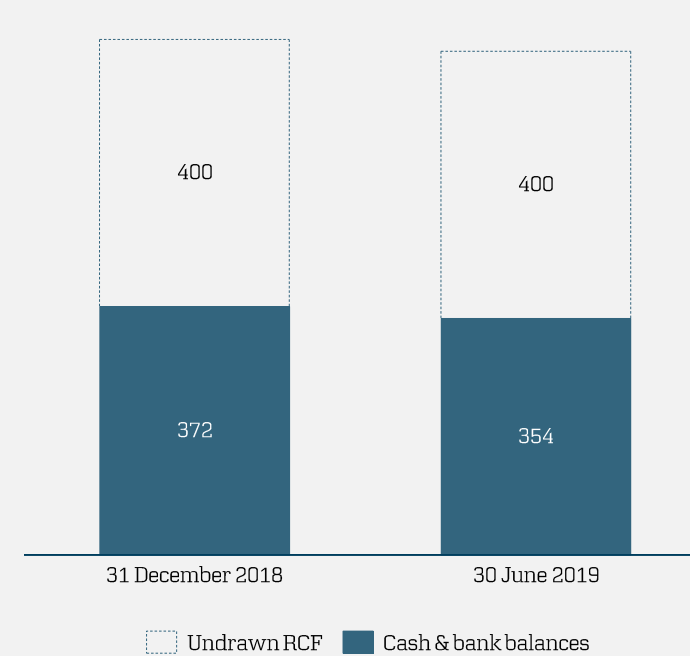
## Leverage ratio

Net debt to LTM EBITDA before special items

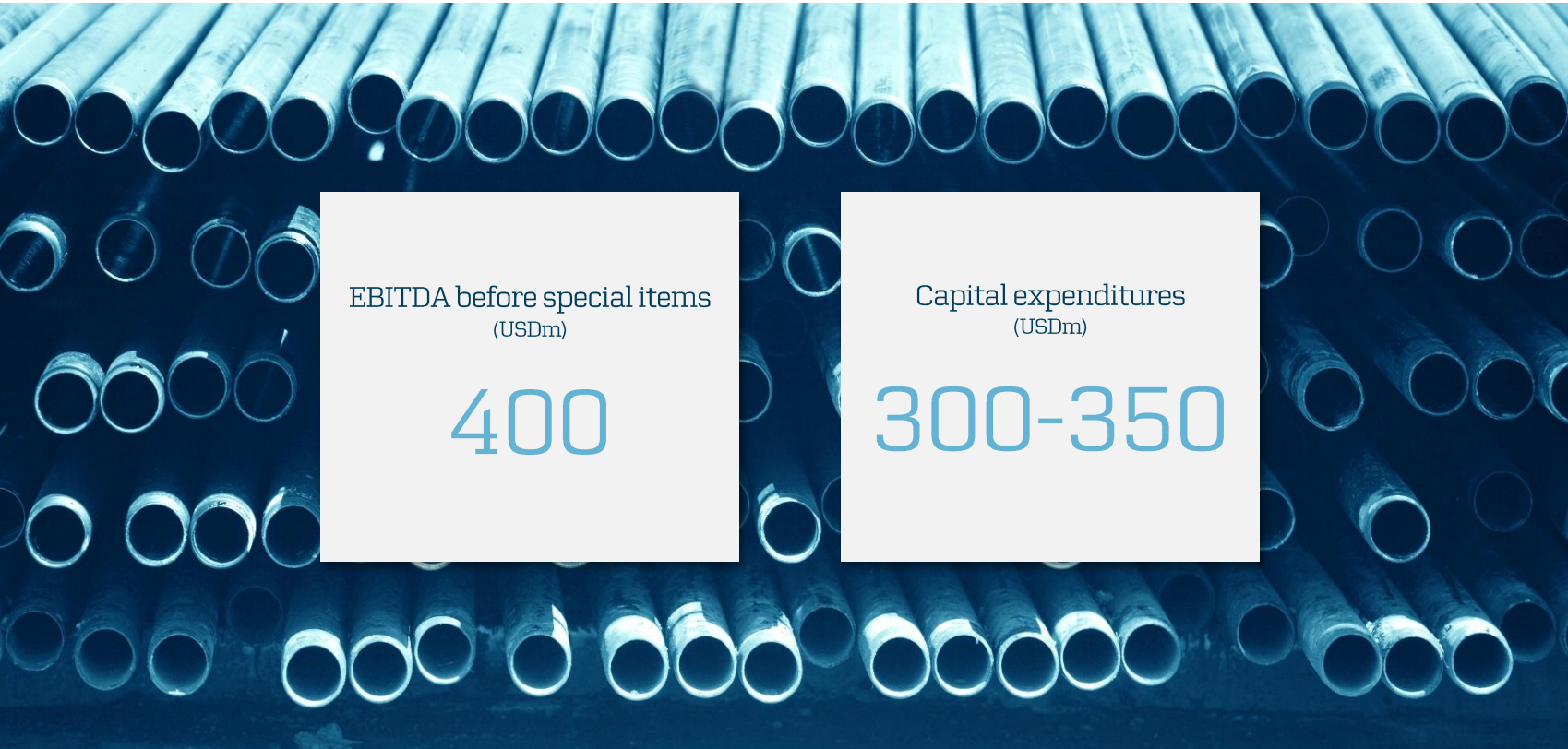


## Liquidity reserve

USDm



# Unchanged full-year guidance for 2019



SPS<sup>(1)</sup> for 7-10 rigs<sup>(2)</sup> (4 in 2018) resulting in fewer contracted days and higher capex compared to 2018

Certain rigs rolling off contracts with higher dayrates, especially in the floater segment

(1) SPS: Special Periodic Survey (2) Final scheduling and scoping of rig upgrades and yard stays are subject to commercial and operational planning

# H1 2019 summary – delivering according to plan

	We promised	We delivered
EBITDA (margin) <sup>(1)</sup>	Industry-leading profitability	USD 231m (37.1%)
Adj. free cash-flow (cash conversion) <sup>(2)</sup>	Strong cash-flow generation	USD 48m (94%)
Contract backlog <sup>(3)</sup>	Solid backlog	USD 2,340m
Leverage ratio <sup>(4)</sup>	Strong balance sheet	2.1x



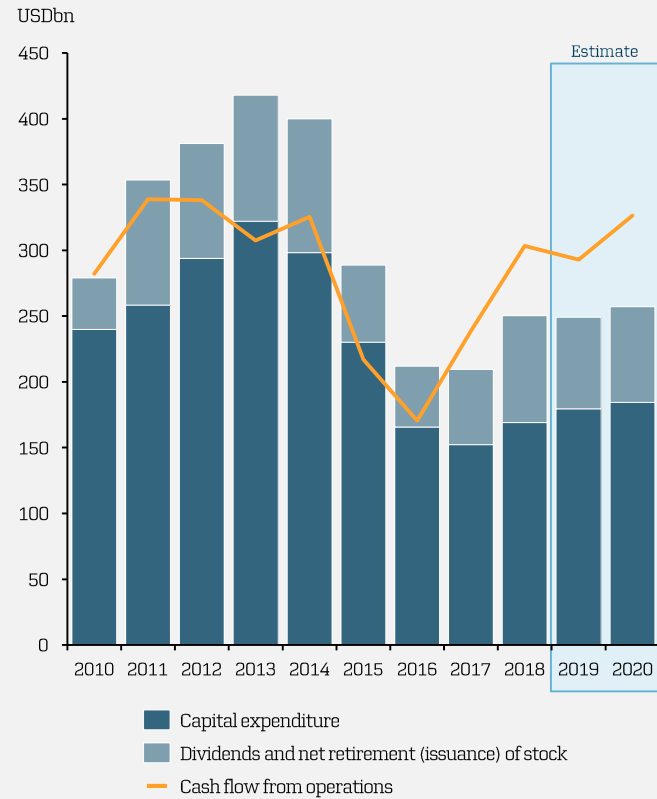


# SUPPLEMENTARY INFORMATION

# Fundamentals in place for increased offshore investments

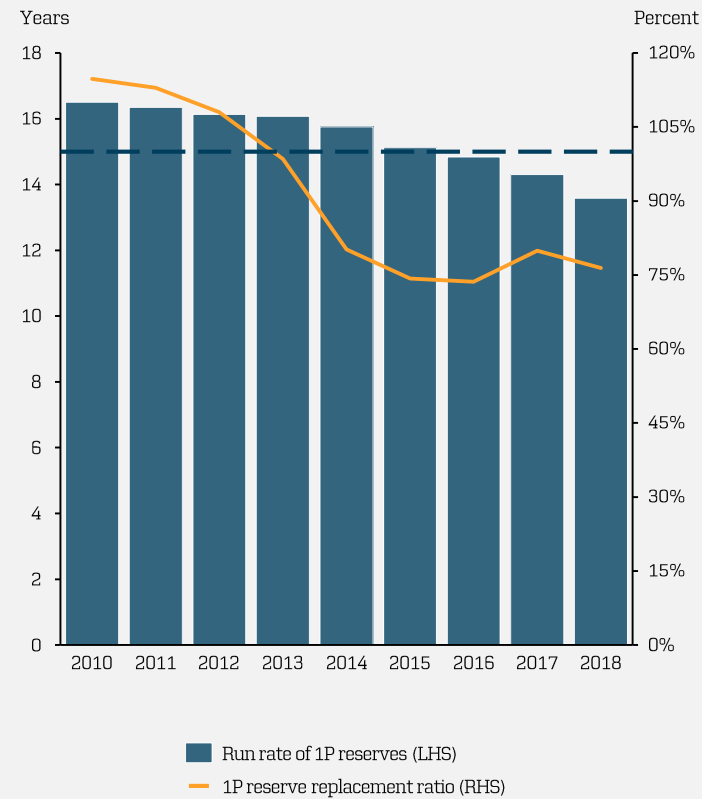
## Ability – cash available

Total cash flows for top-25 listed E&P companies <sup>(1)</sup>



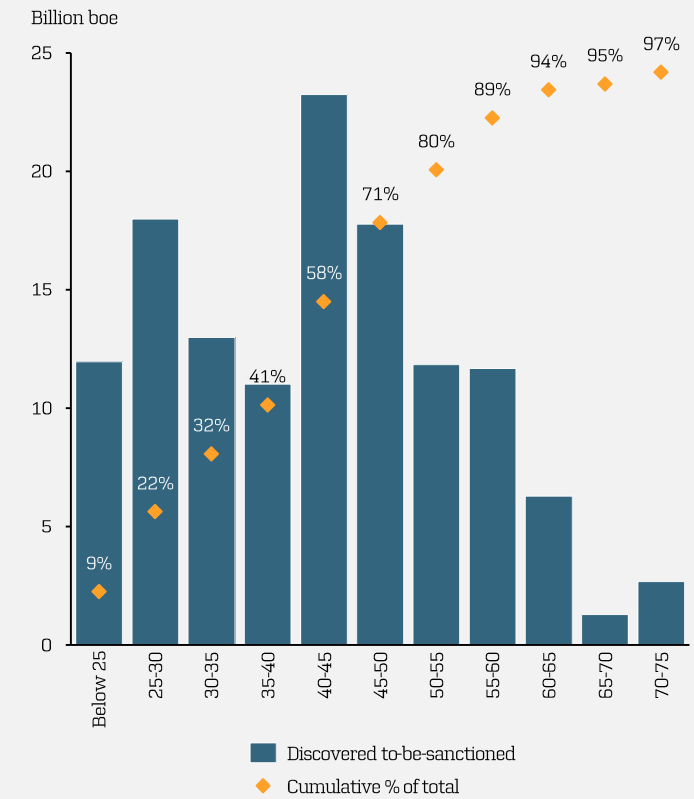
## Motivation – declining reserves

Aggregate run rate (lifespan) of 1P reserves and average 1P reserve replacement ratio



## Opportunity – attractive well economics

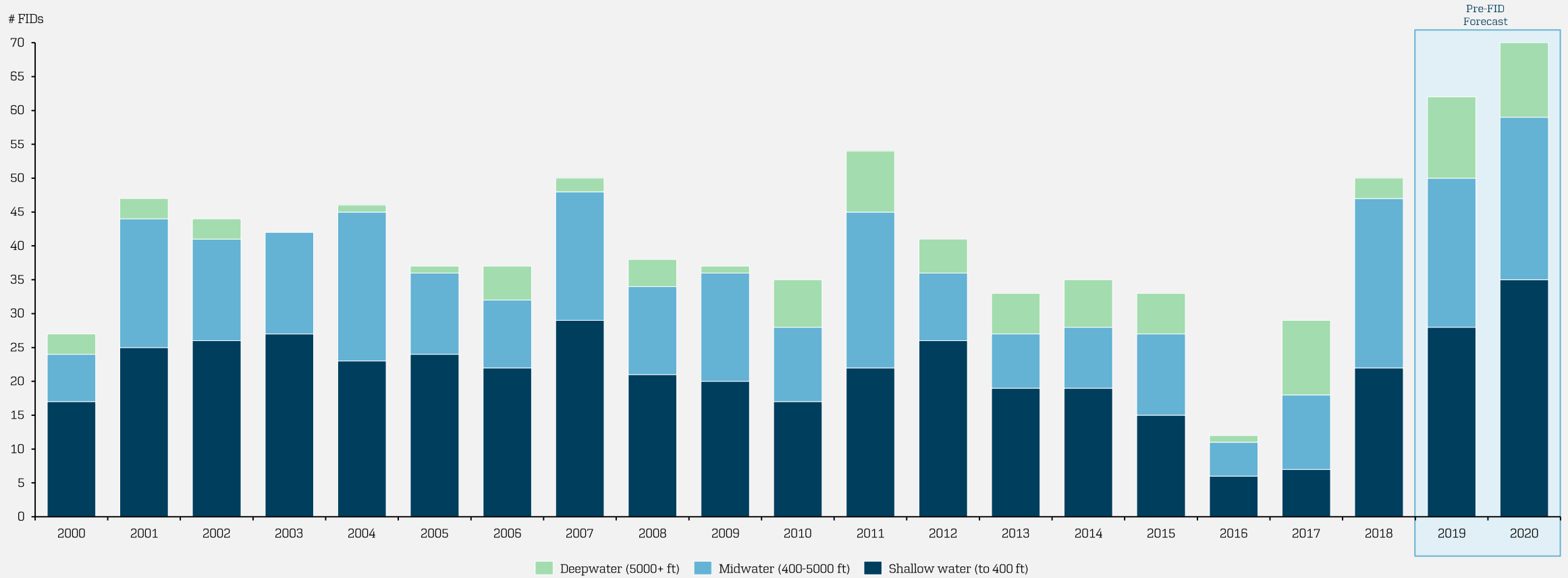
Global offshore oil and gas resources to be sanctioned in 2019-2025E by break-even category (USD)



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

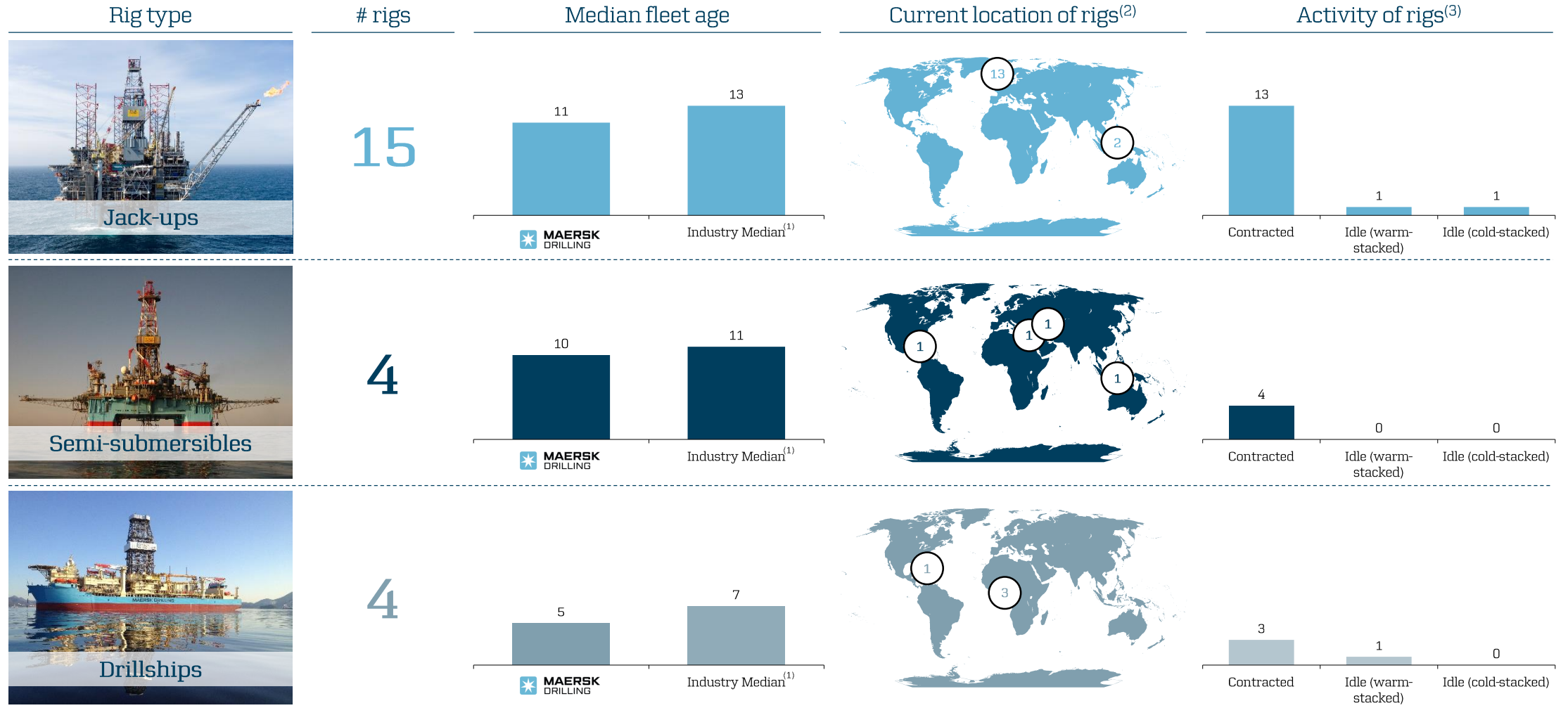
# Sanctioning activity on the rise

Number of FIDs<sup>(1)</sup> with more than 30 million boe



(1) Final Investment Decisions  
Source: Rystad

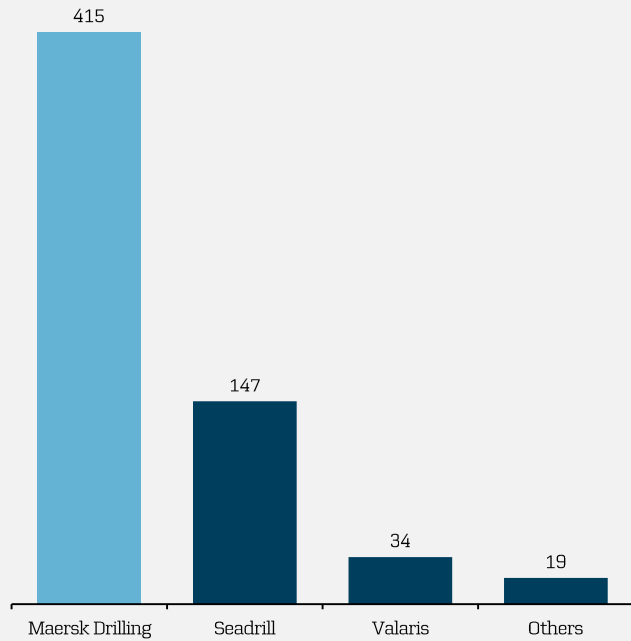
# Modern, high-quality fleet in attractive market segments



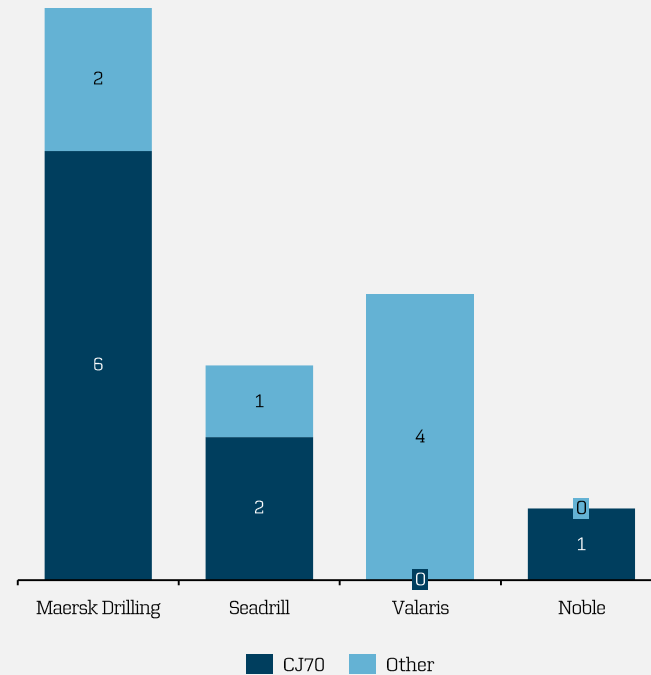
(1) Median fleet age based on IHS Markit, including cold-stacked rigs, but excluding rigs under construction. Data as of 23 August 2019. (2) As of 23 August 2019 (3) Contracted rigs include rigs with current or future contract  
 Source: IHS Markit – RigPoint, Maersk Drilling

# Leader in the attractive Norwegian jack-up market

Number of wells drilled in Norway by jack-up rigs since 1990



Largest and most advanced ultra harsh-environment jack-up fleet<sup>(1)</sup>



High barriers to entry

AoC certification

Operational efficiency

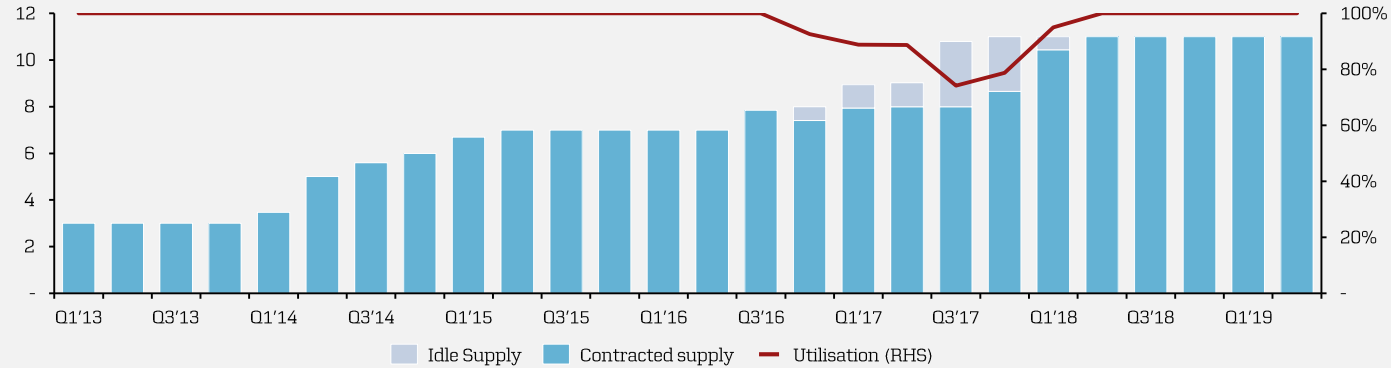
Technology focus

Safety

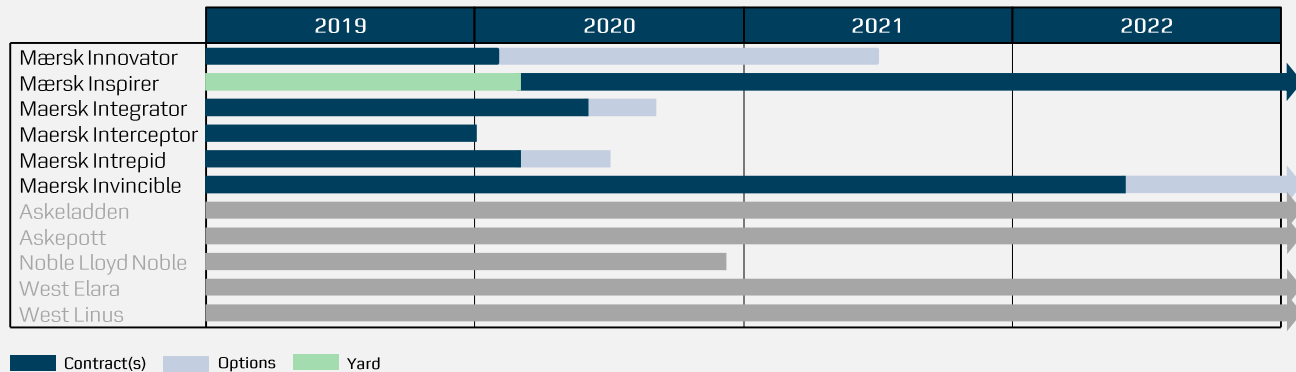


# CJ70 jack-up market

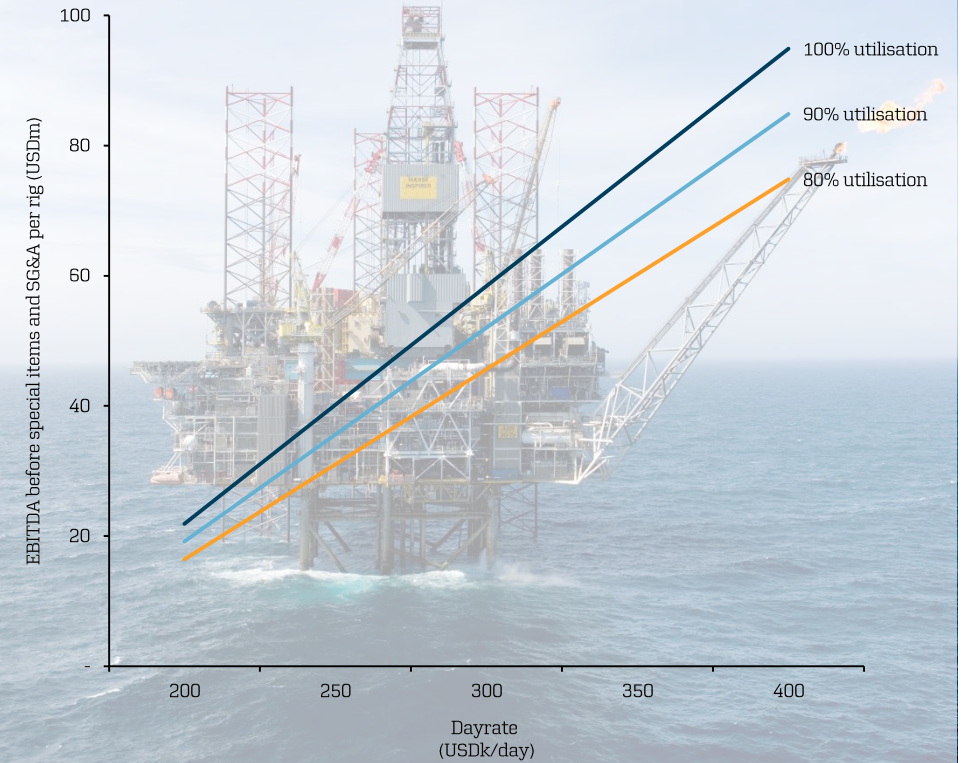
A well-balanced market enjoying 100% utilisation rates



CJ70 fleet sold out in 2019

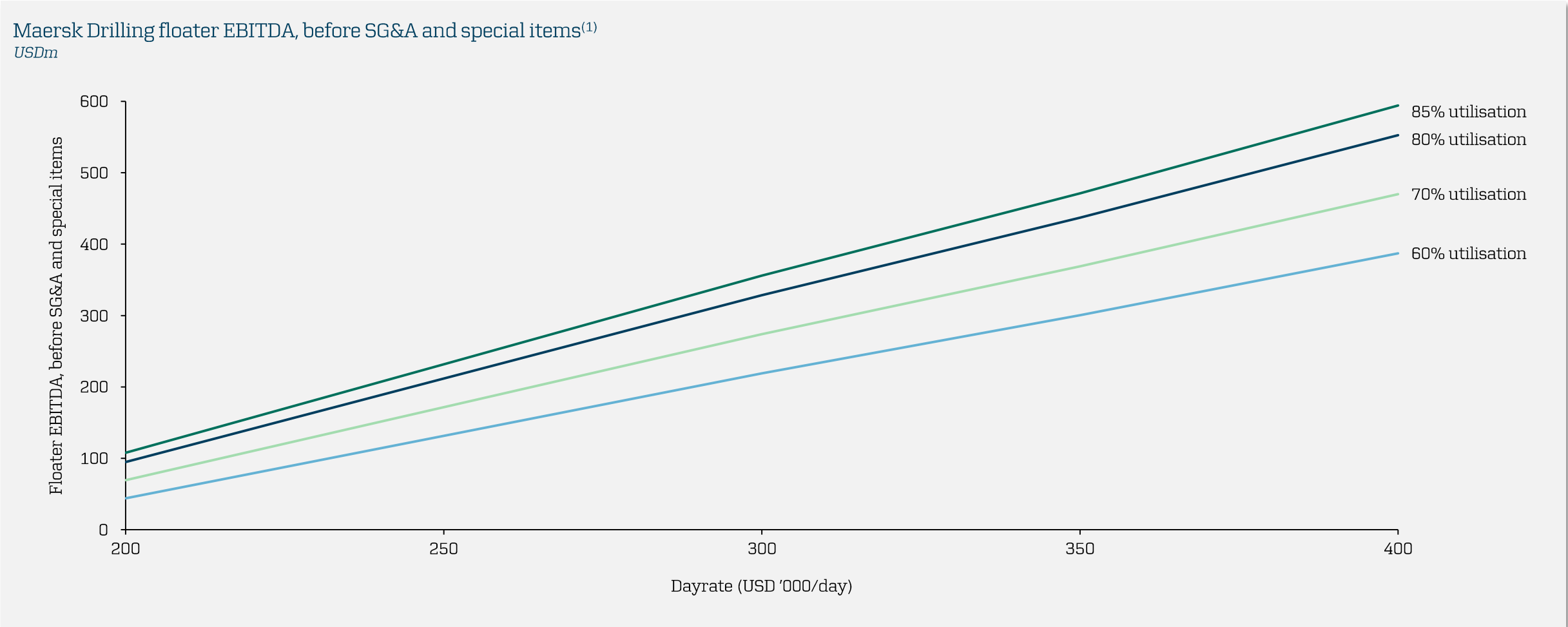


Highly profitable niche-market<sup>(1)</sup>



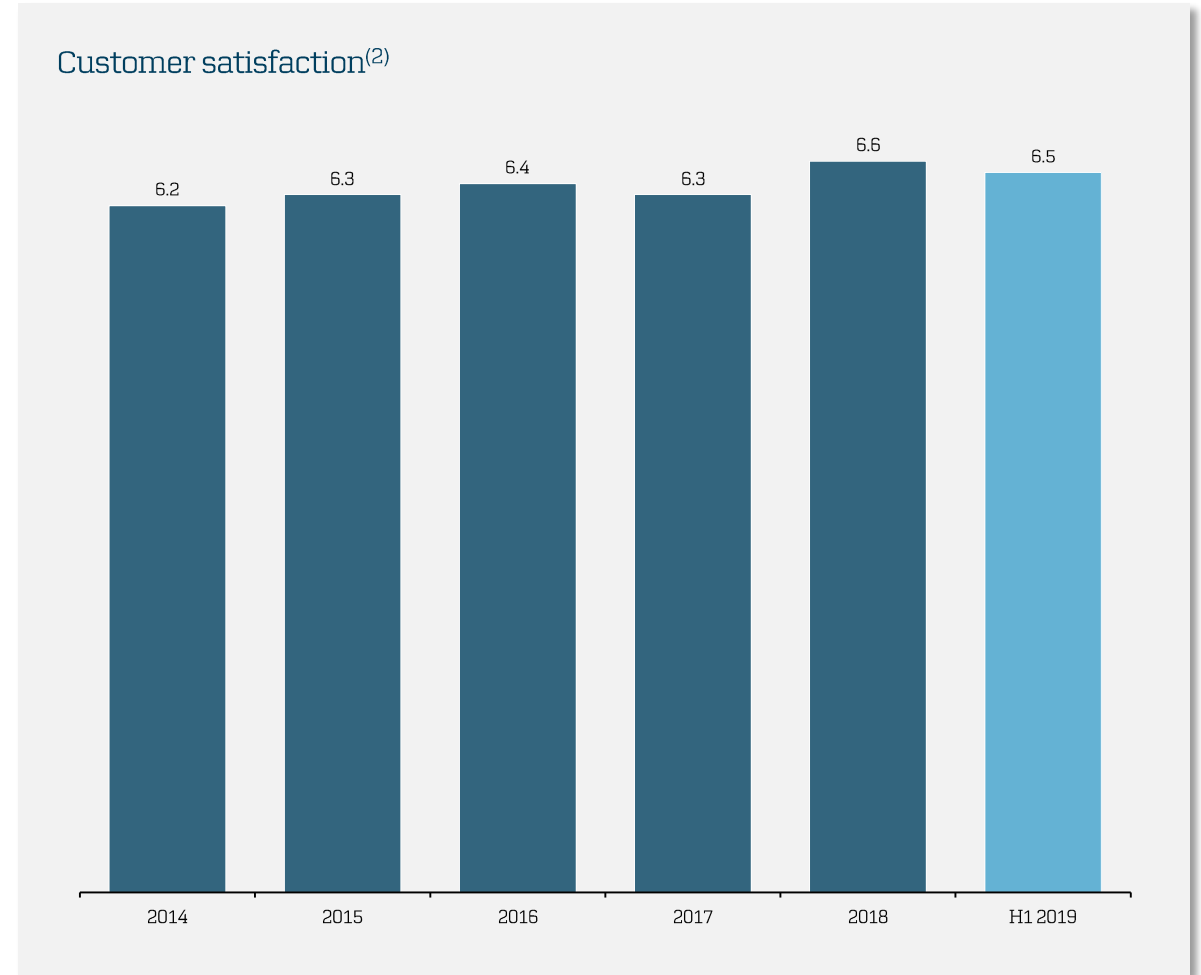
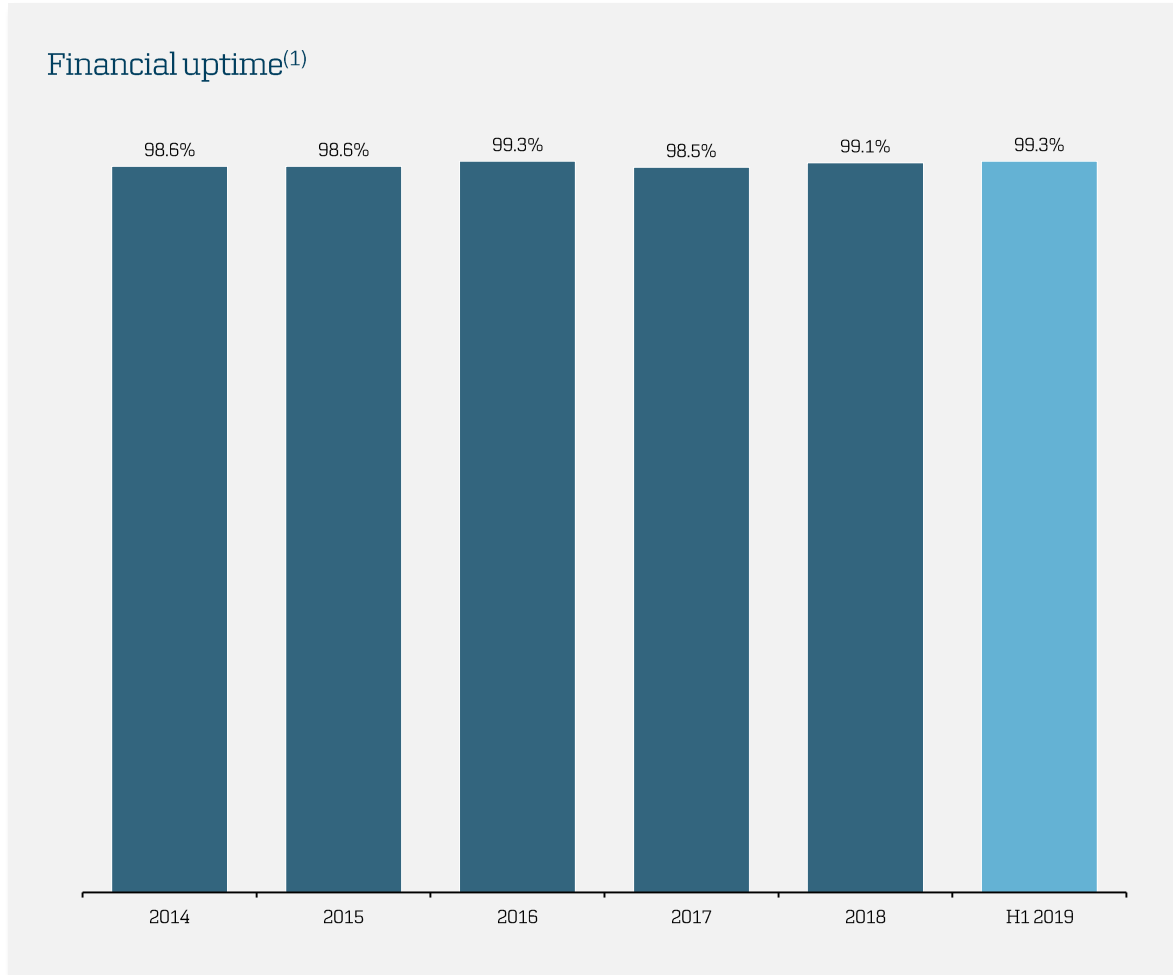
(1) Chart showing potential EBITDA before special items and SG&A on a per rig basis. Assumptions: Daily opex while operating = USD 140k, daily opex while idle = USD 15k, number of days in year = 365  
Source: IHS Markit – RigPoint, Maersk Drilling

# Illustrative overview of potential upside for the floater fleet



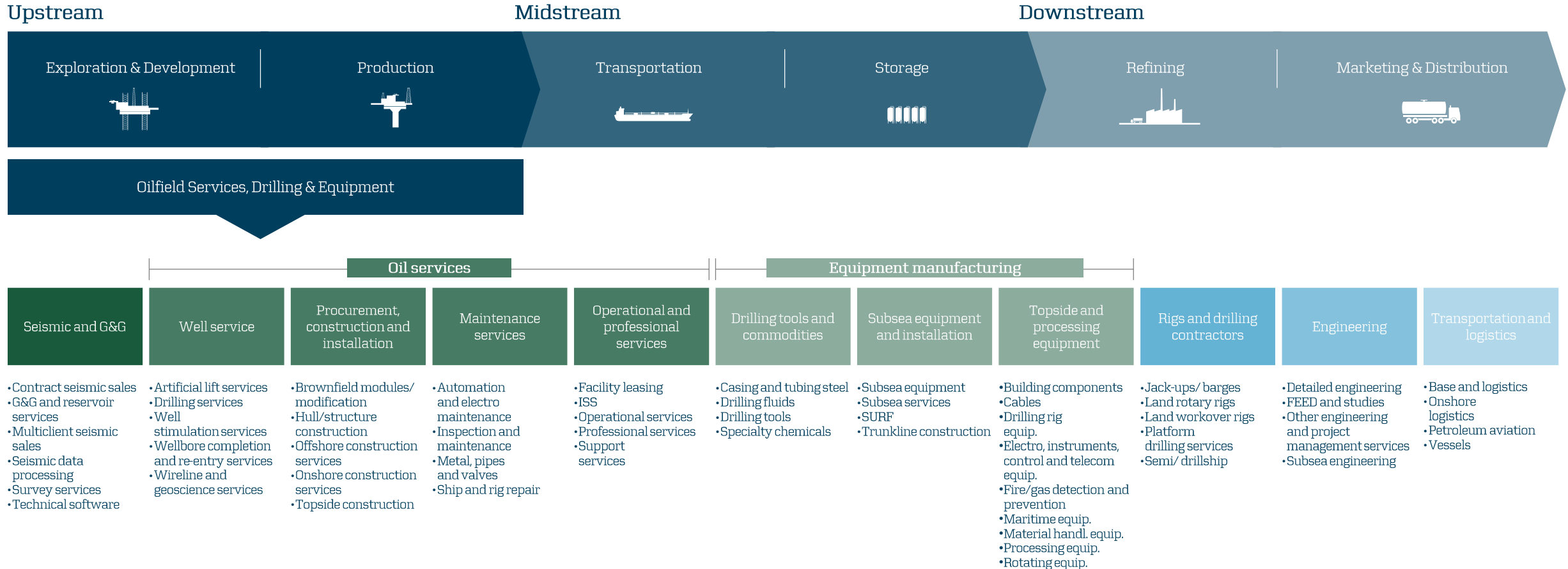
(1) Assumptions: Daily opex for operating units = USD 150k, daily opex for idle units = USD 37.5k, number of days in year = 365. Calculations are based on a fleet of 8 floaters

# Consistent, high performance and customer satisfaction



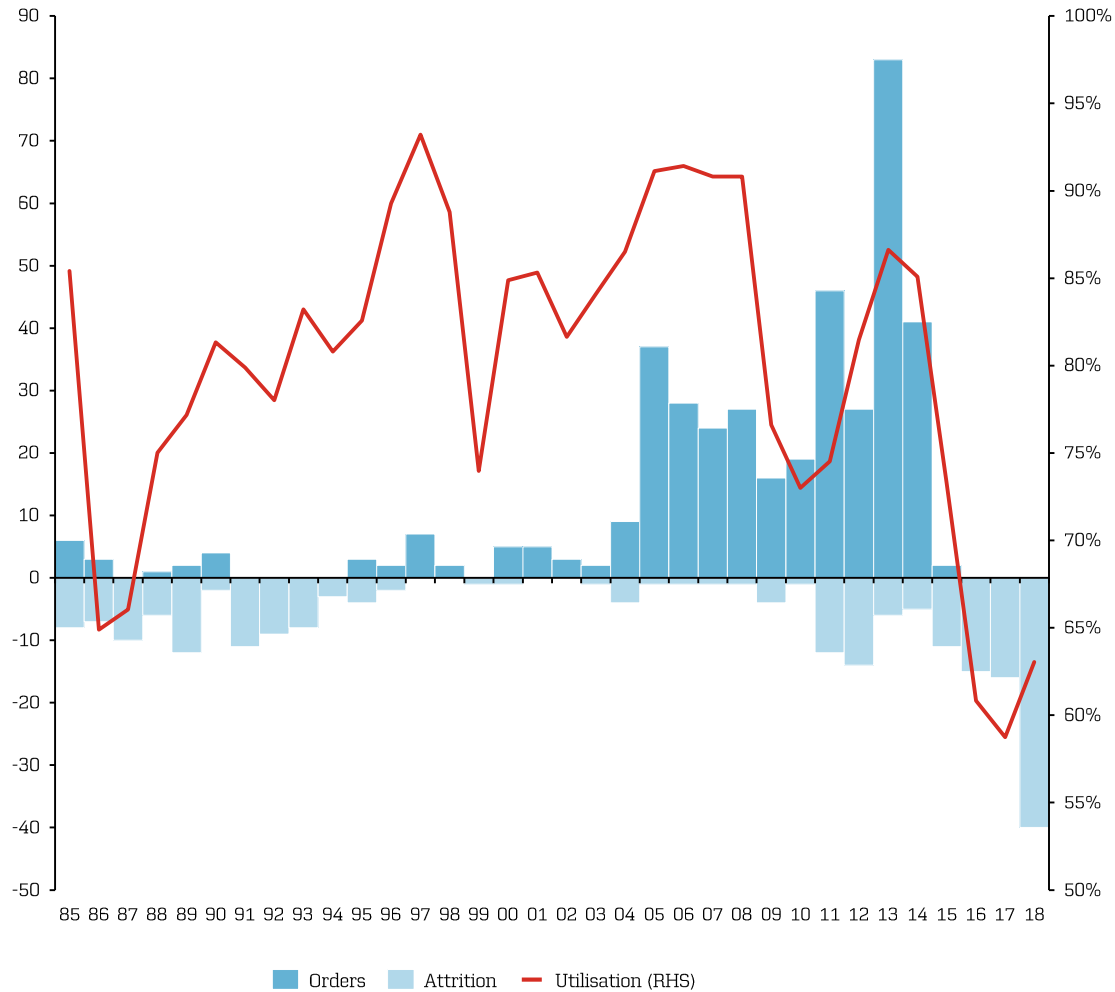
(1) Defined as percentage of total days charged to customers (2) Scale 1-7, where 7 is highest possible score. Based on post-project customer evaluation for each rig

# Our position and role in the oil and gas value chain

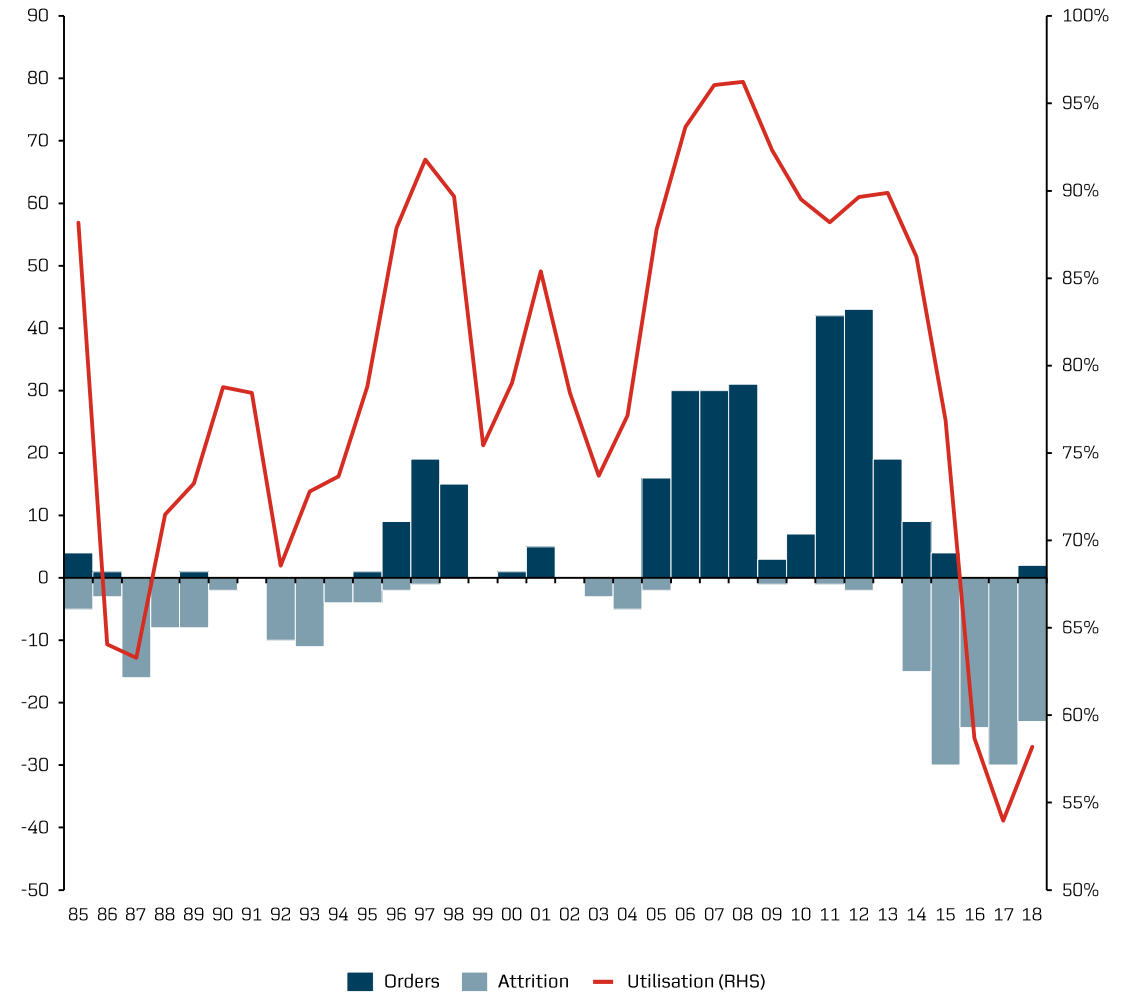


# Ordering and attrition relative to state of market (utilisation)

Jack-up ordering<sup>(1)</sup>, attrition<sup>(2)</sup> and total utilisation



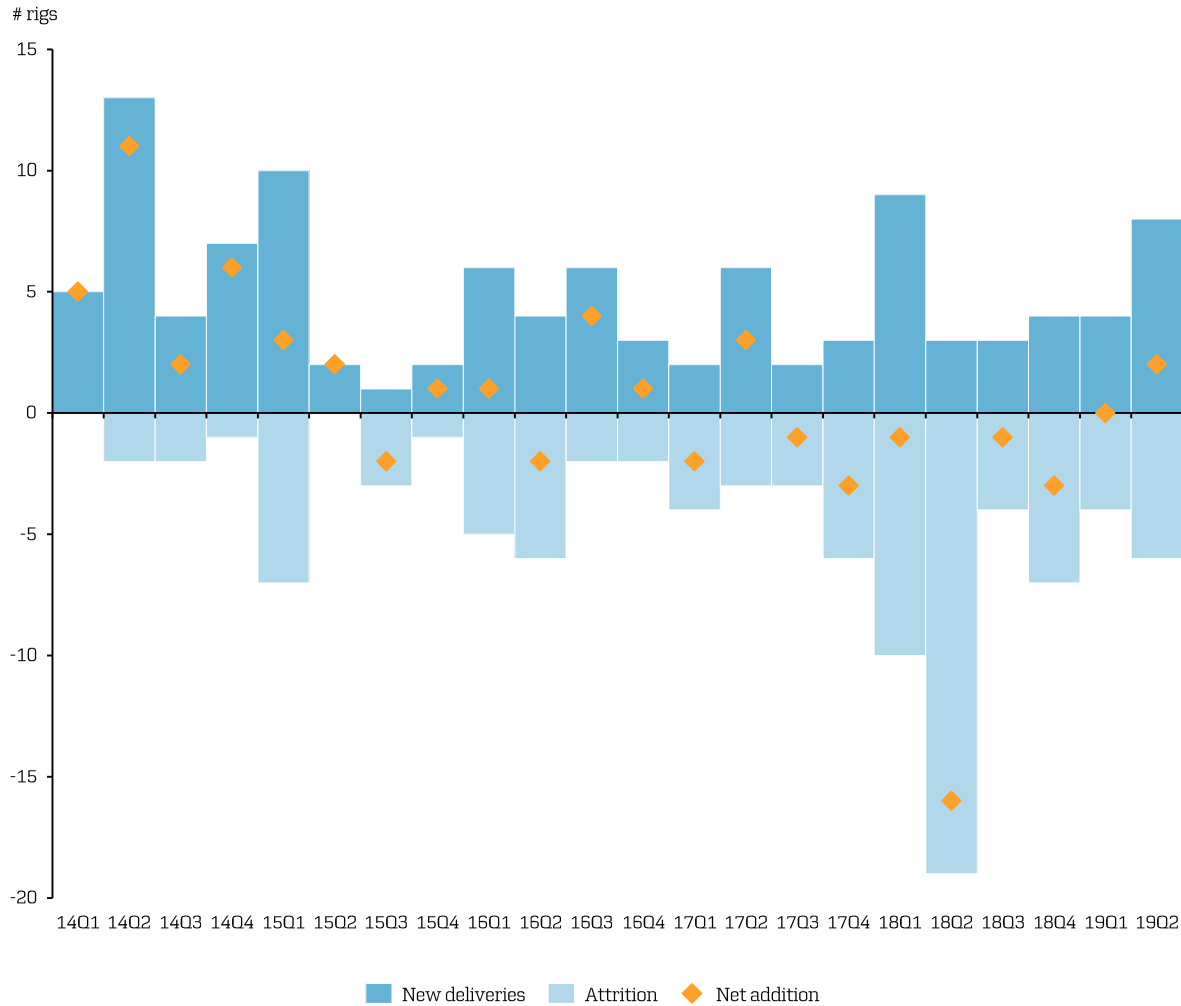
Floater ordering<sup>(1)</sup>, attrition<sup>(2)</sup> and total utilisation



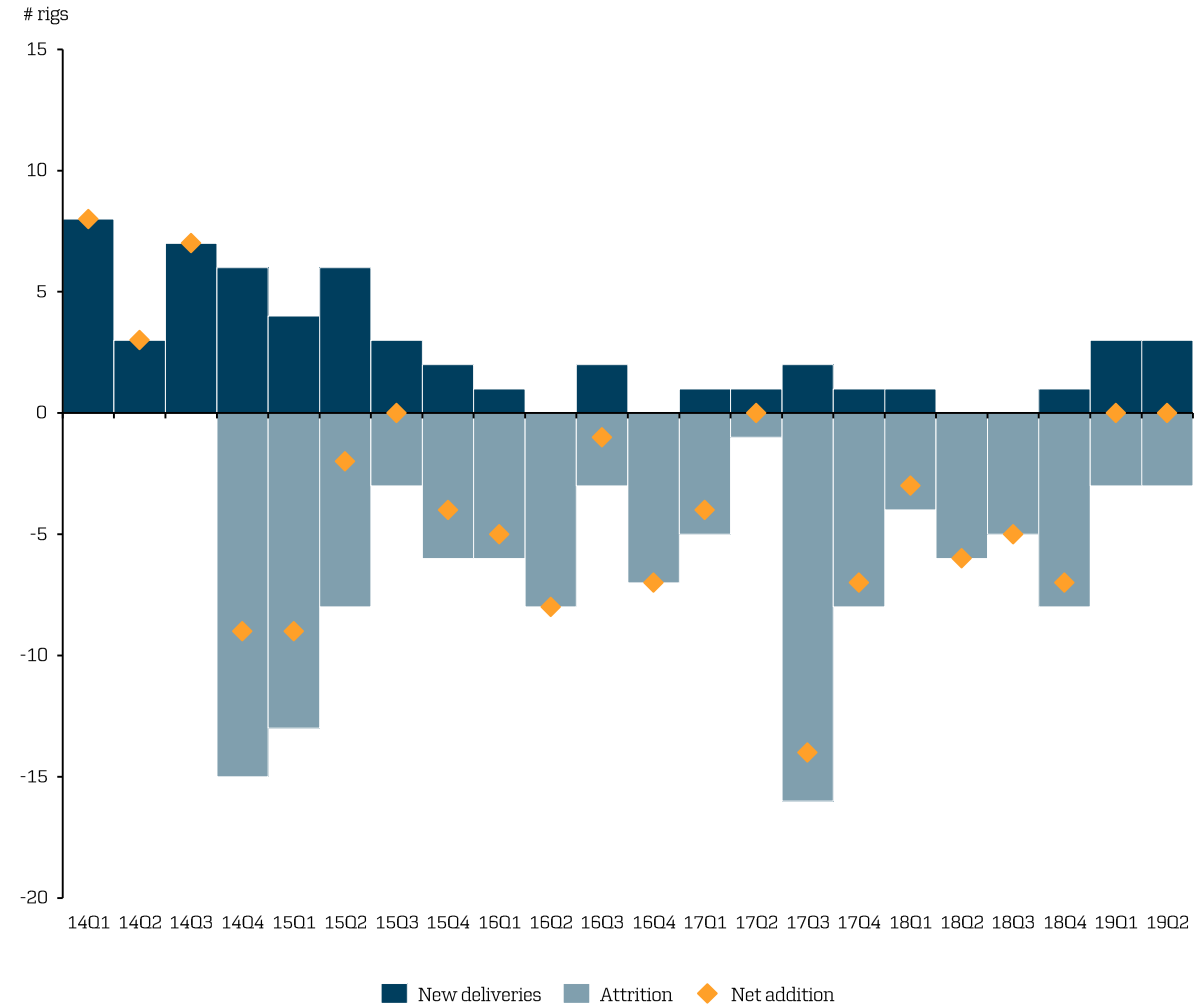
(1) A rig is characterised as 'on order' once a firm has placed an order for the construction of a unit (2) Attrition includes all rigs that are deemed to be permanently removed from active drilling service, excluding rigs that have been removed as a result of an accident  
Source: IHS Markit - RigPoint

# Rig delivery and attrition per segment

Jack-up delivery<sup>(1)</sup> and attrition<sup>(2)</sup>, quarterly



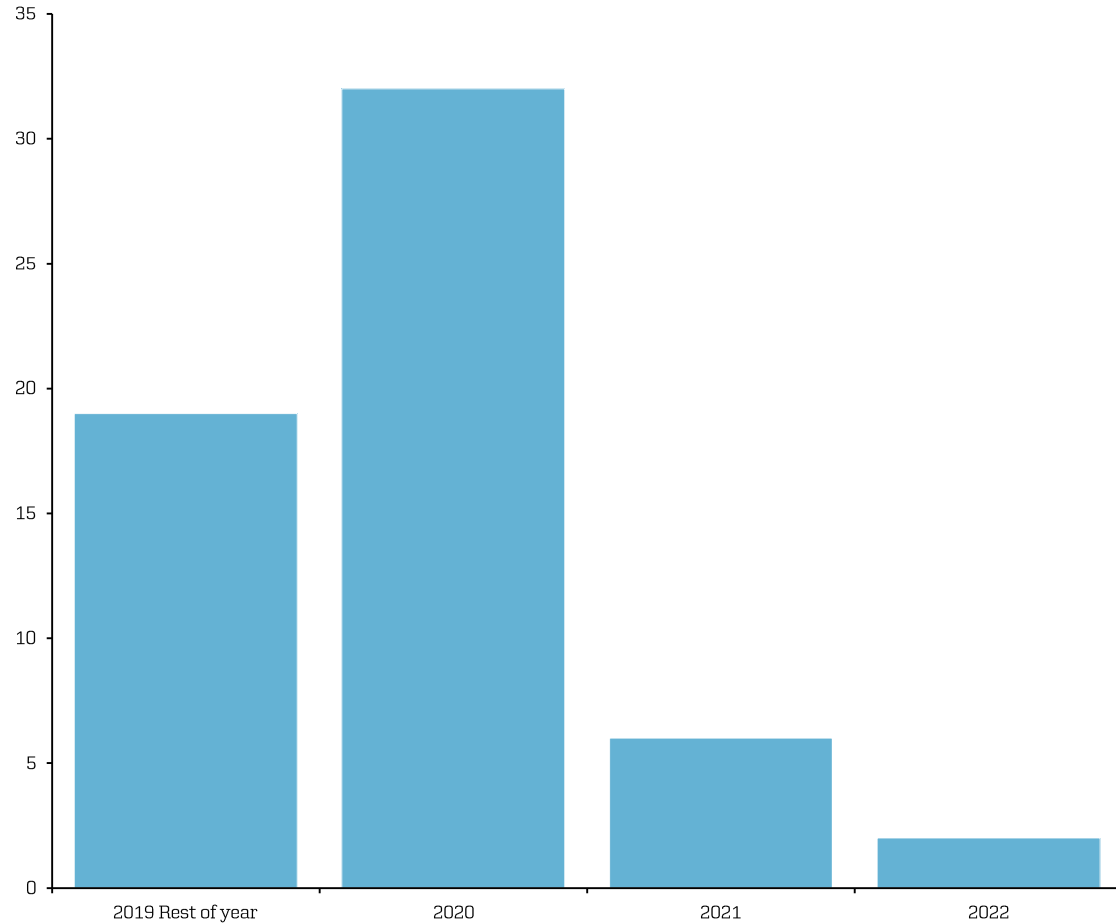
Floater delivery<sup>(1)</sup> and attrition<sup>(2)</sup>, quarterly



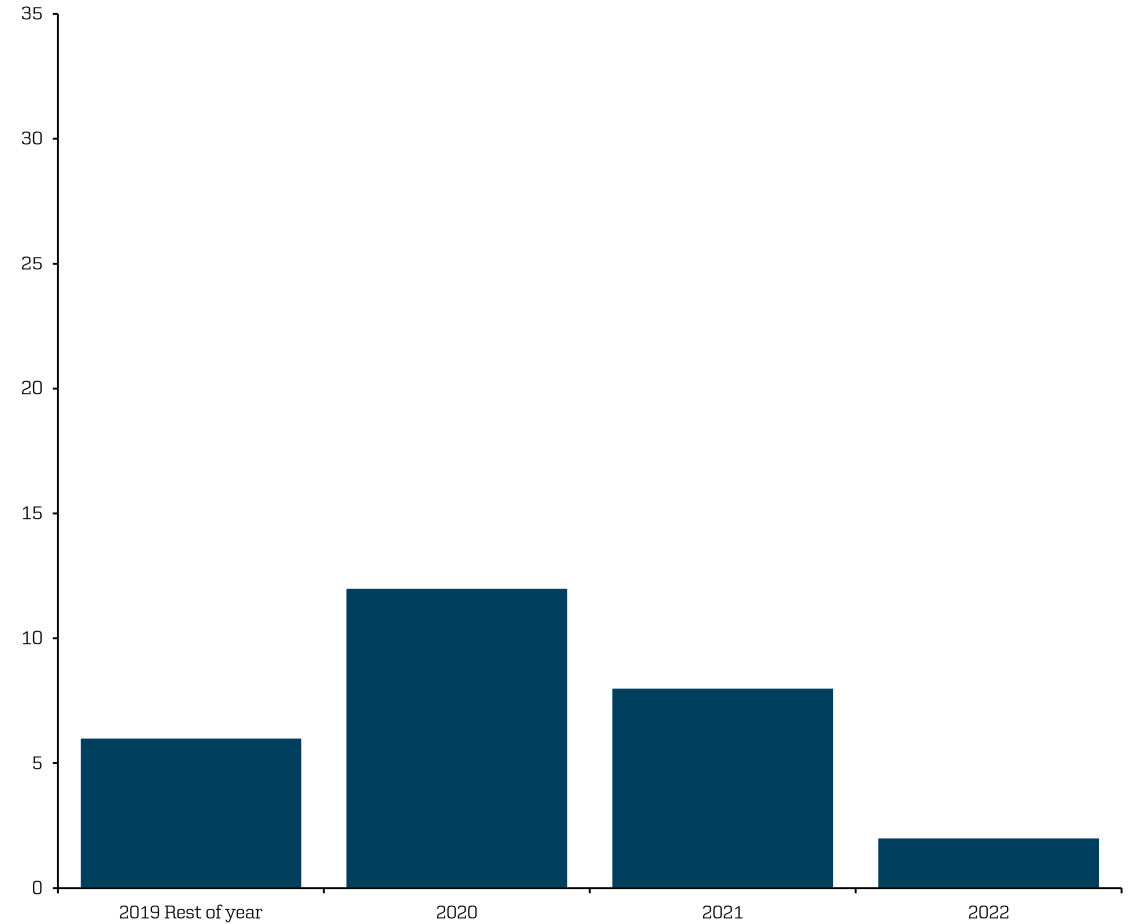
(1) Rig deliveries defined as units that have not previously existed as a drilling rig of the same type. (2) Attrition includes all rigs that are deemed to be permanently removed from active drilling service, excluding rigs that have been removed as a result of an accident  
Source: IHS Markit – RigPoint

# Current order book by segment

Jack-up order book (number of rigs and expected delivery year)



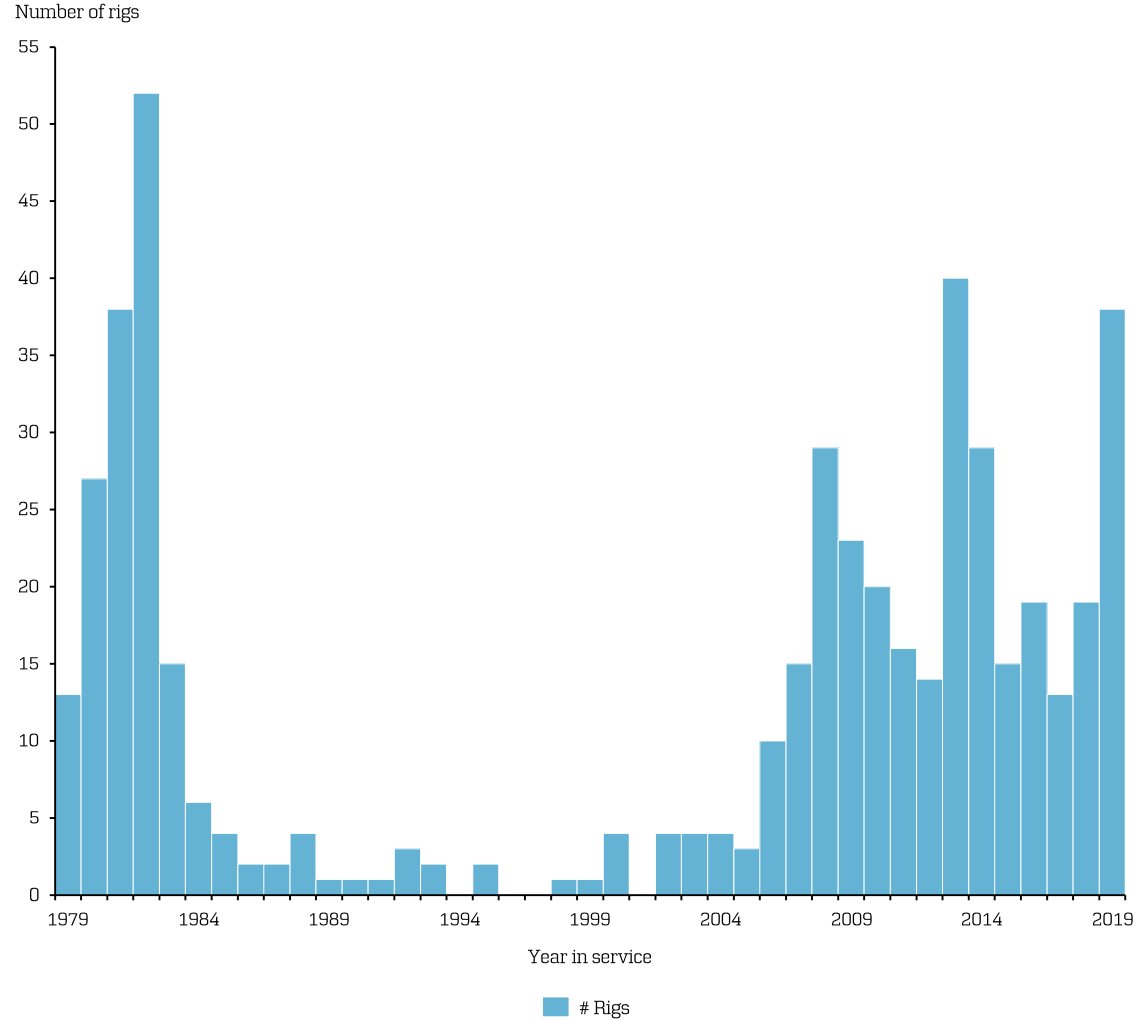
Floater order book (number of rigs and expected delivery year)



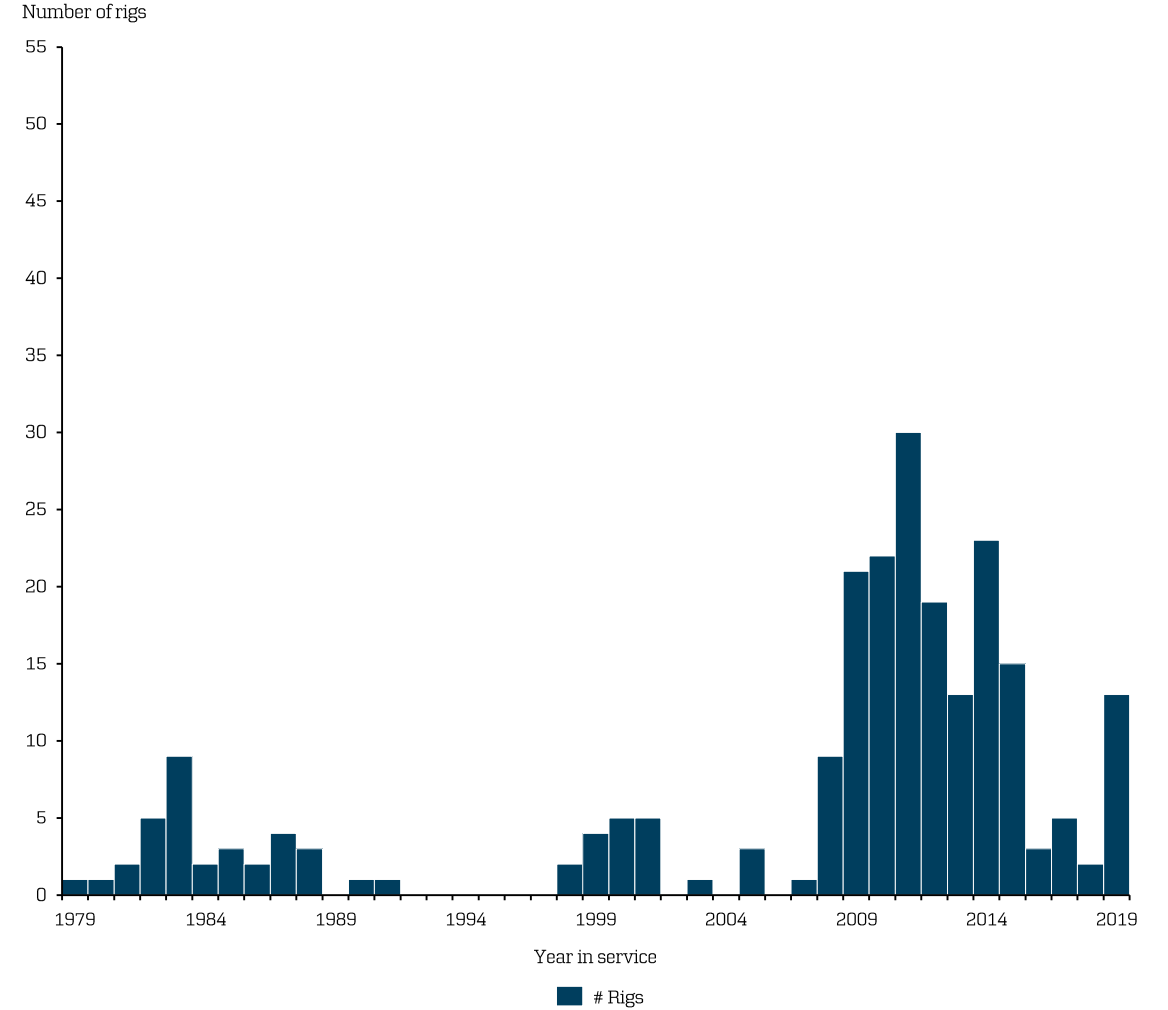
Note: Data per 29 August 2019  
Source: IHS Markit – RigPoint

# Global fleet demography

## Jack-up fleet age profile



## Floater fleet age profile

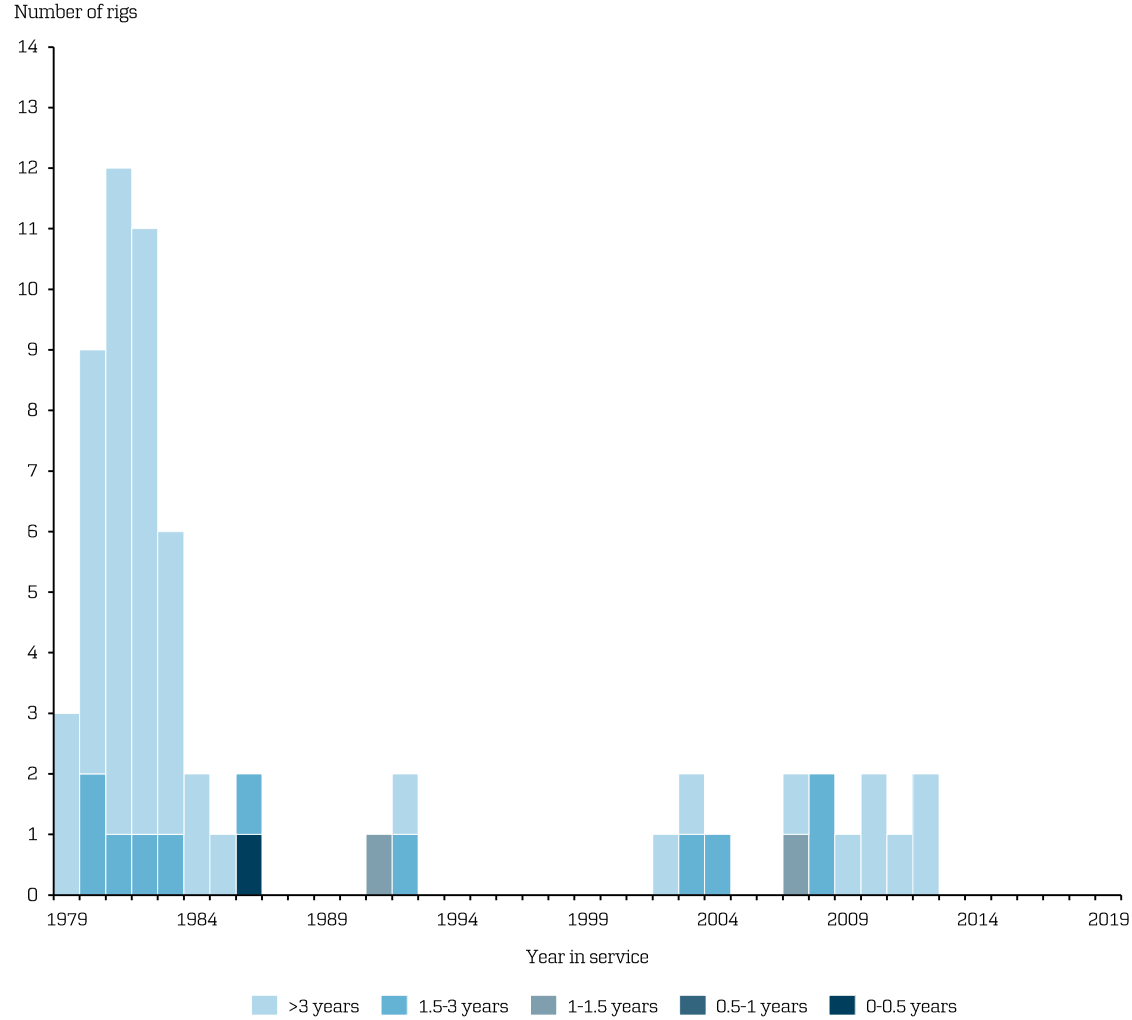


Source: IHS Markit - RigPoint

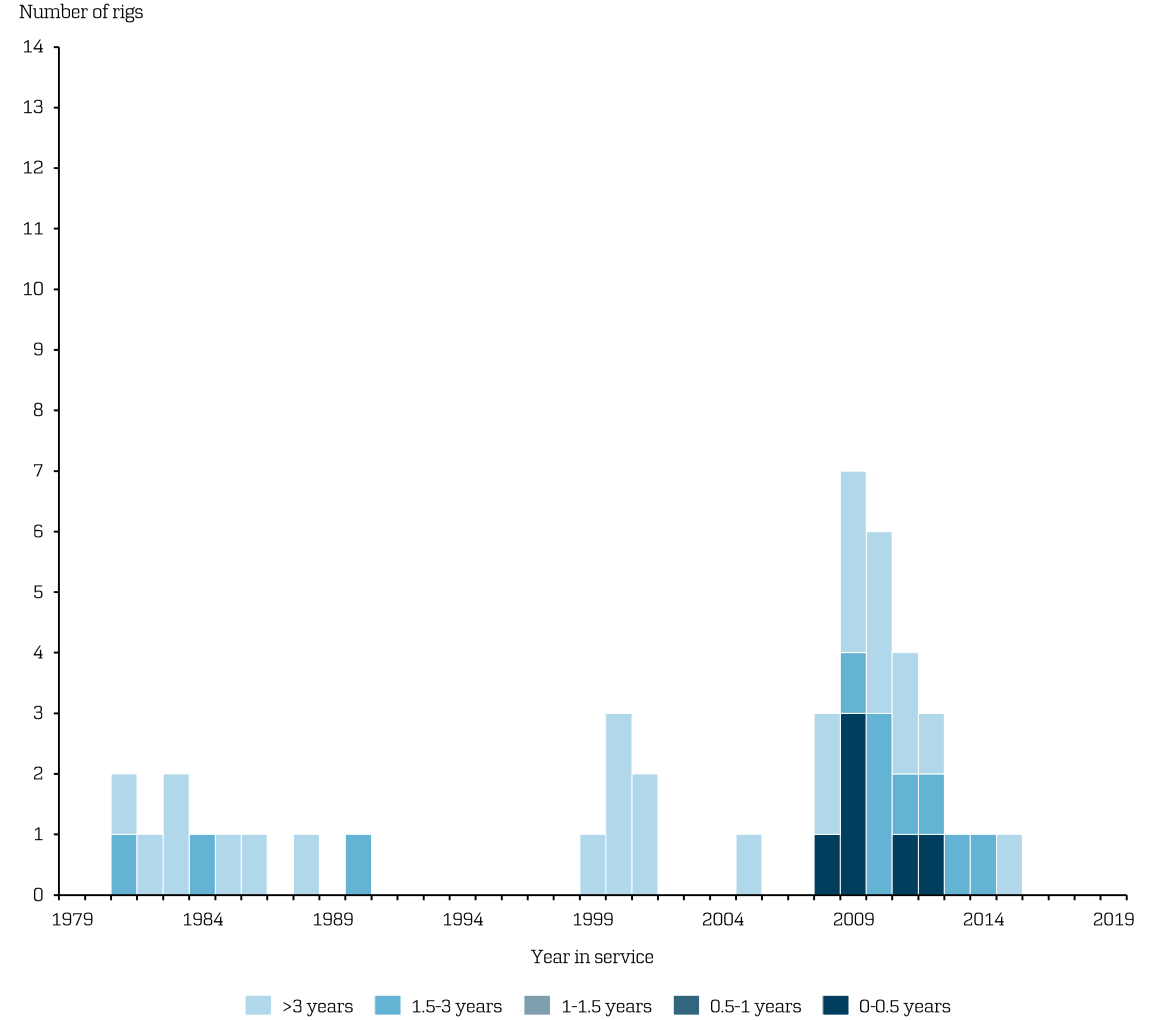


# Global cold-stacked fleet demography

Cold-stacked jack-ups by age and stacking duration



Cold-stacked floaters by age and stacking duration



Source: IHS Markit - RigPoint

A large industrial drilling rig is shown at sea under a dramatic, cloudy sky with a bright sun. The rig's complex steel structure, including ladders and walkways, is visible. The name 'INTERCEPTOR' is partially visible on a blue section of the rig. The ocean is dark and choppy.

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