COMPANY ANNOUNCEMENT

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Maersk Drilling revises financial guidance for 2020

Today, The Drilling Company of 1972 A/S ("Maersk Drilling") provides the following update on the impact of COVID-19 and lower oil prices.

To date, Maersk Drilling's operational and financial performance has been in line with expectations for 2020.

However, the rapidly developing situation around COVID-19 and the lower oil price environment is assessed to have implications for the commercial and operational assumptions underlying the financial forecasts for the remaining part of 2020.

While the restrictions and guidelines imposed by governments and customers in respect of COVID-19 have not yet materially impacted operations, there is an increased risk that this will be the case, if the restrictions remain in place for an extended period of time. Maersk Drilling is maintaining a close and constructive dialogue with its customers and other relevant stakeholders in order to handle the COVID-19 situation and minimise the adverse impact on operations. The number one priority will always be the health and safety of the employees, and necessary steps are taken to maintain that commitment.

As set out in the Annual Report 2019, the profitability guidance for 2020 was based on the contract backlog at that time as well as an expectation of signing of additional contracts within both the North Sea and International divisions. The lower oil price environment is likely to impact offshore activity with delays or cancellations of existing tenders and postponement of sanctioning of new projects adversely impacting the prospects for new contracts.

As a consequence of the adjusted commercial and operational assumptions, Maersk Drilling revises down its financial guidance for 2020 for EBITDA before special items to USD 325-375m (original guidance of USD 400-450m). The guidance for capital expenditures remains unchanged at USD 150-200m.

The updated profitability guidance is based on the current contract backlog and the revised expectation for signing of additional new contracts. To date, the contract backlog has not been affected, but Maersk Drilling cannot rule out that it may be adversely affected in the current environment.

The severity and duration of the COVID-19 situation and the lower oil price environment are currently difficult to predict, but given the strong balance sheet, high liquidity reserve, and long debt maturity profile, Maersk Drilling has the financial strength and flexibility to withstand and navigate in this challenging business environment, also in case of a prolonged period of uncertainty. At the end of 2019, Maersk Drilling's net debt amounted to USD 1.1 billion corresponding to a leverage ratio of 2.6x, and the liquidity reserves amounted to USD 710 million, including an undrawn revolving credit facility of USD 400 million. The loan facilities have final maturities in 2023 and 2025. Maersk Drilling complies with all financial covenants with a significant headroom and has no newbuilding capital commitments.

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