

COMPANY ANNOUNCEMENT

No. 20/2020

Copenhagen, 14 August 2020

Maersk Drilling releases H1 2020 Interim Financial Report: Strong operational performance and backlog building for 2021

Today, the Board of Directors of The Drilling Company of 1972 A/S ("Maersk Drilling") has adopted the interim financial report for the first half of 2020 (H1 2020):

Performance highlights for Q2 2020 (Q1 2020 in brackets)

- Revenue of USD 305m (USD 279m) as lower utilisation was more than offset by a higher average day rate
- Contracted days were 1,303 (1,555) resulting in a utilisation of 66% (78%) impacted by contract terminations and postponements following COVID-19 and the oil price drop
- Average day rate excluding one-offs of USD 208k (USD 179k) positively impacted by floater contract commencements
- Continued strong operational performance with financial uptime of 99.5% (Q1 2020: 97.5%)
- Secured contracts with a total contract value of USD 161m
- Revenue backlog of USD 1.6bn at 30 June 2020 (USD 1.7bn at 31 March 2020); hereof revenue backlog for 2021 of USD 616m at 30 June 2020 (USD 491m at 31 March 2020).

Financial performance for H1 2020 (H1 2019 in brackets except otherwise stated)

- Revenue of USD 584m (USD 623m)
- Operations largely unaffected by COVID-19, however, travel restrictions and quarantine requirements have resulted in additional costs, the majority of which have been passed on to customers
- EBITDA before special items of USD 168m (USD 231m) in line with latest expectations supported by cost reductions
- Cash flow from operating activities of USD 145m (USD 205m) equal to cash conversion of 104% (94%)
- Capex of USD 101m (USD 156m) in line with latest expectations
- Adjusted free cash flow of USD 36m (USD 48m)
- Net debt of USD 1,072m (31 December 2019: USD 1,099m) and leverage of 3.0x (31 December 2019: 2.6x)
- Liquidity reserves of USD 675m (31 December 2019: USD 710m) including an undrawn revolving credit facility of USD 400m (31 December 2019: USD 400m)
- Non-cash impairment charge of USD 1,476m reflecting the current market situation with a revised market outlook.

The Drilling Company of 1972 A/S

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2800 Kongens Lyngby
Denmark

Company registration no. 40404716
ISIN: DK0061135753
Ticker: DRLCO

www.maerskdrilling.com

Guidance 2020

The full-year guidance for 2020 as revised on 7 May 2020 is maintained:

- Profit before depreciation and amortisation, impairment losses/reversals and special items (EBITDA before special items) is expected to be in the range of USD 250-300m.
- Capital expenditures are expected to be around USD 150m.

The guidance reflects the current contract backlog with no additional contracts with financial impact in 2020. To adapt the cost structure to the present business environment, Maersk Drilling has, in addition to reduction of the offshore and onshore organisation, taken precautionary measures in the form of stacking of rigs and adjusting maintenance programmes to the revised activity levels. The impact of these measures is included in the guidance.

CEO Jorn Madsen quote

“During the first half of 2020 we faced unprecedented circumstances as the COVID-19 health crisis impacted the global economy and our markets. Against this backdrop, I am particularly pleased with our employees’ continued dedication enabling strong operational performance and our ability to secure new work for our rigs through good customer relations. We continue to take measures to optimise our business and we remain alert to any business opportunities that may arise. Maersk Drilling strongly encourages efforts to re-shape the offshore drilling industry to restore long-term profitability and value creation.”

Webcast

In connection with the release of the H1 2020 interim financial report, a conference call for investors and analysts is scheduled today at 10:00 (10:00 a.m.) CEST. On the call, CEO Jorn Madsen and CFO Jesper Ridder Olsen will present the H1 2020 interim financial report. The presentation will be followed by a Q&A session.

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](#).

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