

COMPANY ANNOUNCEMENT

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## Maersk Drilling releases Annual Report for 2019: Delivering as promised

Today, the Board of Directors of The Drilling Company of 1972 A/S ("Maersk Drilling") has adopted the Annual Report for 2019:

### Financial performance for 2019 (2018 in brackets)

- Revenue of USD 1,222m (USD 1,429m)
- EBITDA before special items of USD 415m (USD 611m)
- Cash flow from operating activities of USD 420m (USD 593m)
- Capital expenditures of USD 309m (USD 182m)
- Adjusted free cash flow of USD 109m (USD 457m)
- Net debt of USD 1,099m at 31 December 2019 (USD 1,097m at 31 December 2018)
- Leverage of 2.6x at 31 December 2019 (1.8x at 31 December 2018)
- Liquidity reserves of USD 710m at 31 December 2019 (USD 772m at 31 December 2018)

### Performance highlights for Q4 2019 (Q3 2019 in brackets)

- Revenue of USD 305m (USD 294m)
- Contracted days of 1,523 (1,608)
- Utilisation of 76% (76%)
- Average day rate of USD 200k (USD 183k)
- Financial uptime of 98.6% (98.2%)
- Secured contracts with a total contract value of USD 270m (USD 103m)
- Revenue backlog of USD 2.1bn at 31 December 2019 unchanged from 30 September 2019

### CEO Jorn Madsen quote

"I am pleased that we have delivered according to our expectations for 2019. During the year, we continued to see the impact of the market recovery with more days on contract and, in the fourth quarter, we also started to see an increase in the average realised day rates. However, the duration of new contracts remains relatively short. With a strong contracting performance during the year, we retain good visibility into 2020. This, combined with our positive free cash flow generation and strong balance sheet, provides us with a continued high degree of 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](http://www.maerskdrilling.com)

### **Financial and operational development**

In 2019, EBITDA before special items amounted to USD 415m (USD 611m), in line with the guidance of around USD 400m.

Capital expenditures amounted to USD 309m (USD 182m) in line with the most recent guidance of around USD 300m. Capital expenditures in 2019 were impacted by Maersk Drilling conducting nine Special Periodic Surveys (SPS).

The higher activity in 2019 was reflected in the number of contracted days increasing to 6,310 (6,024) as well as the securing of 14 new contracts and 16 contract extensions adding USD 828m (USD 503m) to the contract backlog.

The secured contracts replenished 74% (38%) of the executed contract backlog in 2019. At the end of the year the contract backlog amounted to USD 2.1 billion (USD 2.5 billion). With a one-year forward contract coverage of 66% (63%), the degree of visibility into 2020 is relatively high, especially for the International Floater segment which has a one-year forward contract coverage of 75% (39%). For the North Sea Jack-up segment, the one-year forward contract coverage is 58% (79%).

In 2019, the operational performance was strong with the Lost Time Incidents frequency declining to 0.75 (0.92), the financial uptime remaining high at 98.9% (99.1%), and the customer satisfaction score averaging 6.5 (6.6) on a 1-7 scale.

During the year, Maersk Drilling continued the high-grading and concentration of the rig fleet with the decision to upgrade two of its modern harsh environment jack-up rigs to perform hybrid, low-emission drilling in Norway. Concurrently, two non-strategic and stacked jack-up rigs were divested, one old harsh environment jack-up rig and a benign environment jack-up rig.

### **Guidance 2020**

In 2020, EBITDA before special items is expected to be in the range of USD 400-450m compared with USD 415m in 2019.

In 2020, capital expenditures are expected to be in the range of USD 150-200m compared to USD 309m in 2019, reflecting fewer Special Periodic Surveys.

### **Webcast**

In connection with the release of the Annual Report for 2019, 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 Jesper Ridder Olsen will present the Annual 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](#).

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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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