

COMPANY ANNOUNCEMENT

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Maersk Drilling releases Annual Report for 2020: Safeguarding performance in a challenging environment

Today, the Board of Directors of The Drilling Company of 1972 A/S ("Maersk Drilling") has adopted the Annual Report for 2020:

Financial performance for 2020 (2019 in brackets)

- Revenue of USD 1,096m (USD 1,222m)
- EBITDA before special items of USD 289m (USD 415m)
- Cash flow from operating activities of USD 267m (USD 420m)
- Capital expenditures of USD 162m (USD 309m)
- Free cash flow of USD 17m (USD 32m)
- Net debt of USD 1,059m at 31 December 2020 (USD 1,099m at 31 December 2019)
- Leverage of 3.7x at 31 December 2020 (2.6x at 31 December 2019)
- Liquidity reserves of USD 626m at 31 December 2020 (USD 710m at 31 December 2019)

Performance highlights for Q4 2020 (Q3 2020 in brackets)

- Revenue of USD 286m (USD 226m)
- Contracted days of 1,204 (1,146)
- Utilisation of 59% (58%)
- Average day rate of USD 238k (USD 197k)
- Financial uptime of 98.9% (99.8%)
- Secured contracts with a total contract value of USD 70m (USD 132m)
- Revenue backlog of USD 1.3bn at 31 December 2020 (USD 1.5bn at 30 September 2020)

CEO Jorn Madsen quote

"I am proud that we weathered the storm, in particular due to our employees' unwavering dedication and a strong operational performance under very difficult circumstances. Thanks to our good customer relationships, we are seeing increasing commercial activity, as witnessed by the significant increase in our contracting activity in the beginning of 2021. We continue to take measures to optimise our business and remain well-positioned to win in the market with good earnings visibility and with an industry-leading climate ambition and continued focus on value creation for our customers."

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

Financial and operational development

In 2020, EBITDA before special items amounted to USD 289m in line with the most recent guidance of USD 275-300m. The decrease in EBITDA before special items in 2020 was primarily driven by lower utilisation due to contract terminations and lower market activity. This was partly offset by higher average day rates in 2020 compared to 2019 positively impacted by early termination fees.

Capital expenditures amounted to USD 162m (USD 309m) in line with the most recent guidance of around USD 150m. The decrease in capital expenditures in 2020 was driven by fewer rig upgrades and yards stays in connection with Special Periodic Surveys compared to 2019.

In 2020, Maersk Drilling managed to safeguard the safety and the quality of its operation during the extraordinary operating environment. In 2020, the Lost Time Incidents frequency improved to 0.44 (0.75), the financial uptime remained high at 98.9% (98.9%), and the customer satisfaction score increased to 6.7 (6.5) measured on a 1-7 scale.

Despite challenging market conditions, Maersk Drilling managed to secure 19 new contracts and contract extensions during 2020, adding USD 469m (USD 828m) to the contract backlog.

At the end of 2020, the contract backlog amounted to USD 1.3bn (USD 2.1bn), of which USD 665m is for execution in 2021. In addition, Maersk Drilling has since the beginning of 2021 secured additional contracts and conditional letters of award with a total value of more than USD 500m.

During 2020, Maersk Drilling upgraded two of its modern harsh environment jack-up rigs to perform hybrid, low-emission drilling in Norway. Initial data points indicate a reduction of fuel consumption and CO₂ emissions by approximately 25%. This plays into Maersk Drilling's ambitious target of lowering the intensity of CO₂-emissions from its drilling operations by 50 percent by 2030.

Guidance 2021

In 2021, profit before depreciation and amortisation, impairment losses/reversals and special items (EBITDA before special items) is expected to be in the range of USD 225-275m compared with USD 289m in 2020. The profitability guidance for 2021 is partly secured through the current contract backlog. Achieving the higher end of the 2021 guidance range requires that additional contracts are secured within both the North Sea and International divisions.

In 2021, capital expenditures are expected to be in the range of USD 120-140m compared to USD 162m in 2019. The capital expenditures guidance is linked to the assumed commercial activity providing certain flexibility in total spend and timing.

Webcast

In connection with the release of the Annual Report for 2020, 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 Christine Morris will present the Annual Report. The presentation will be followed by a Q&A session.

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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](#).

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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