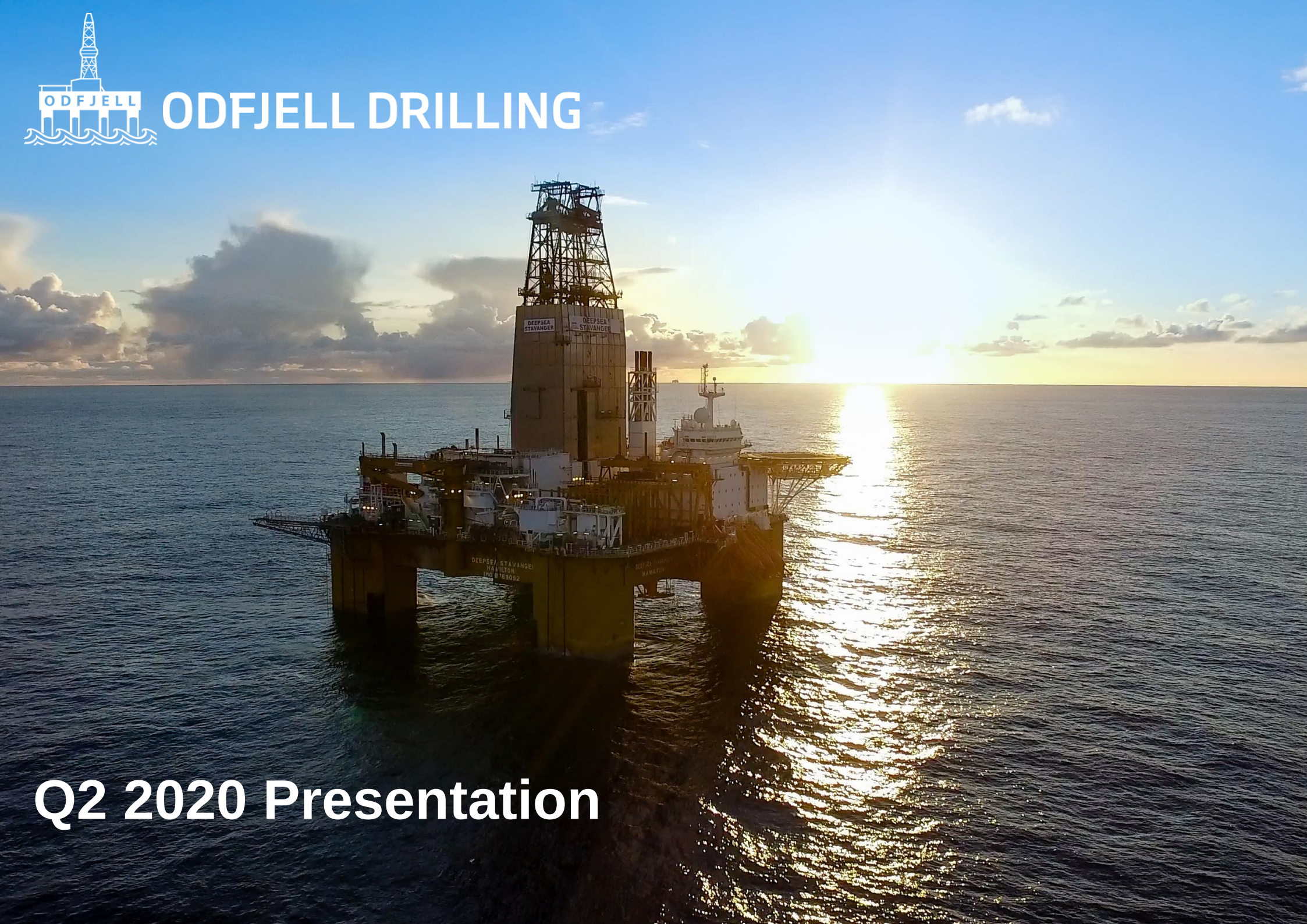
ODFJELL DRILLING



Q2 2020 Presentation

Important information

By reading this company presentation dated 27 August 2020 (the "Presentation"), or attending any meeting or presentation held in relation thereto, you (the "Recipient") agree to be bound by the following terms, conditions and limitations.

The Presentation has been prepared by Odfjell Drilling Ltd. (the "Company") solely for information purposes in connection with publication of the Company's results for the second quarter of 2020 and may not be reproduced or redistributed, in whole or in part, to any other person.

The Presentation is being made only to, and is only directed at, persons to whom such presentation may lawfully be communicated ('relevant persons'). Any person who is not a relevant person should not act or rely on the Presentation or any of its contents. The Presentation does not constitute any recommendation to buy, sell or otherwise transact with any securities issued by the Company. The distribution of this Presentation may be restricted by law in certain jurisdictions, and the Recipient should inform itself about, and observe, any such restriction. Any failure to comply with such restrictions may constitute a violation of the laws of any such jurisdiction.

No representation, warranty or undertaking, express or implied, is made by the Company and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information or the opinions in this Presentation. The Company shall have no responsibility or liability whatsoever (for negligence or otherwise) for any loss arising from the use by any person or entity of the information set forth in the Presentation. All information set forth in the Presentation may change materially and without notice.

This Presentation includes "forward looking statements". Forward looking statements are statements that are not historical facts and are usually identified by words such as "believes", "expects", "anticipates", "intends", "estimates", "will", "may", "continues", "should" etc. These forward looking statements reflect the Company's beliefs, intentions and current expectations concerning, among other things, the Company's results, financial condition, liquidity position, prospects, growth and strategies. These statements involve risks and uncertainties because they relate to future events and depend on future circumstances that may or may not occur. In light of the Covid-19 pandemic and unprecedented complications thereof, as well as the volatility in the oil price being experienced, the Company emphasize the inherent uncertainty pertaining to future developments, including but not limited to the economic effects Covid-19 may have globally and within the industry the Company operates. Forward looking statements are not guarantees of future performance and no representation that any such statements or forecasts will be achieved are made.

The Company uses certain financial information calculated on a basis other than in accordance with IFRS, including EBITDA and EBITDA margin, as supplemental financial measures in this Presentation. These non-IFRS financial measures are provided as additional insight into the Company's ongoing financial performance and to enhance the user's overall understanding of the Company's financial results and the potential impact of any corporate development activities.

An investment in the Company involves significant risk, and several factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by statements and information in the Presentation.

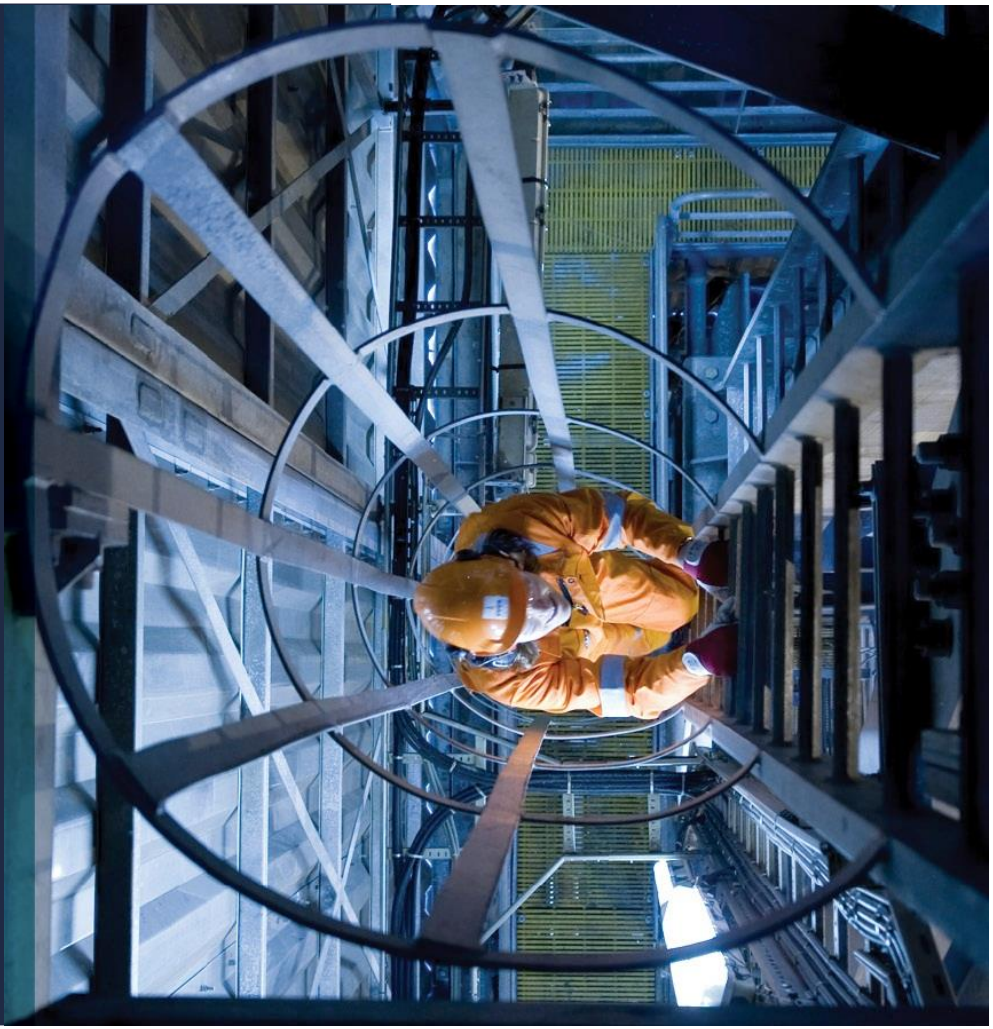
The Presentation speaks as of 27 August 2020. The Company disclaims any obligation to update or revise any information set out in this Presentation, including the forward-looking statements, whether as a result of new information, future events or otherwise.

This Presentation is subject to Norwegian law, and any dispute arising in respect of this Presentation is subject to the exclusive jurisdiction of Norwegian courts.

ODFJELL DRILLING
- for Decades

Contents

- Introduction to ODL
- Q2 2020 - key summary
- Segment reporting
- Financial information
- Summary



ODFJELL DRILLING
- for Decades

Introduction

ODFJELL DRILLING

Odfjell Drilling is a listed international drilling, well service and engineering company with 2,500 employees and operations in approx. 20 countries

Key Financials Q2 2020

$ 167 Mill Revenue	**$ 154** Mill Cash
$ 81 Mill EBITDA	**3.5x** Leverage ratio (adj)
$ 2.2 Bill Backlog	**41 %** Equity ratio

Our Businesses

Mobile drilling units

X 5

- ✓ 6th generation high spec and efficient harsh environment units

Well services

- ✓ Tubular running
- ✓ Rental services
- ✓ Well intervention
- ✓ Wired drillpipe

Platform drilling

X 15

- ✓ Platform drilling operations on NCS/UKCS

& Technology

- ✓ Fully integrated drilling engineering & inspection services

ODFJELL DRILLING
- for Decades

Q2 20 - key summary

- **COVID-19 outbreak limited impact on operations and financial result in first half 2020**
- **Deepsea Atlantic secures more work for Equinor**
- **Deepsea Bergen to be recycled**
- **Platform Drilling operations successfully commenced on the Ekofisk field for ConocoPhillips**
- **Taqa extended platform drilling operations in the UK to July 2021**
- **Odfjell Drilling invests in Oceanwind AS**
- **Continued strong performance across the MODU fleet**

ODFJELL DRILLING
- for Decades

Mobile Offshore drilling Units (MODU) - Continued strong operations

Q2 2020 Financial Utilization

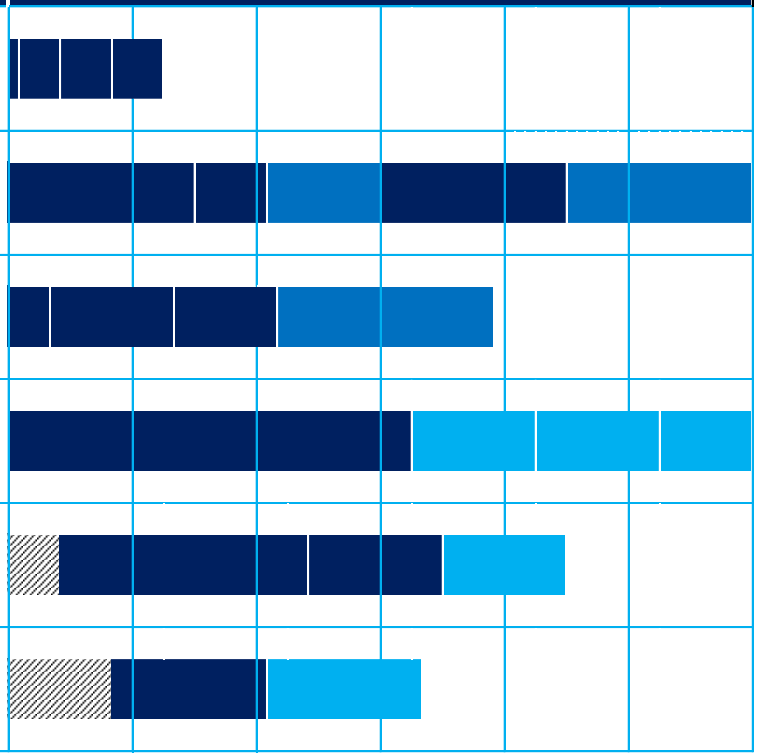
Financial Utilization[1]	Q2 20	Q2 19	YTD 20	YTD 19	FY 19
Deepsea Stavanger	99,6 %	97,8 %	98,8 %	98,5 %	98,7 %
Deepsea Atlantic	98,6 %	98,2 %	98,8 %	97,6 %	97,8 %
Deepsea Bergen	0,0 %	99,5 %	92,7 %	99,1 %	97,3 %
Deepsea Aberdeen	97,1 %	98,3 %	86,0 %	98,1 %	97,2 %
Deepsea Nordkapp	99,6 %	99,0 %	98,8 %	99,0 %	98,0 %
Deepsea Yantai	94,8 %	N/A	94,0 %	N/A	95,9 %

1) Financial Utilisation is measured on a monthly basis and comprises the actual recognised revenue for all hours in a month, expressed as a percentage of the full day rate for all hours in a month. Financial Utilization, by definition, does not take into account periods of non-utilisation when the units are not under contract.

ODFJELL DRILLING - for Decades

Mobile Offshore drilling Units (MODU) - Contract status and day rates

Drilling unit	Year built	Location /operator	Day rate (KUSD/day)*
Deepsea Bergen (3G, MW, HE)	*1983*	Norway Idle	
Deepsea Atlantic (6G, UDW, HE)	*2009*	Norway Equinor	339/292
Deepsea Stavanger (6G, UDW, HE)	*2010*	South Africa Total	438
Deepsea Aberdeen (6G, UDW, HE)	*2014*	UK BP Exploration	431
Deepsea Nordkapp (6G, DW, HE)	*2019*	Norway Aker BP	328/350
Deepsea Yantai (6G, MW, HE)	*2019*	Norway Neptun	Managed unit



Contract **Option** **Continued optionality under frame agreement** **Contract Preparations/ Mobilization**

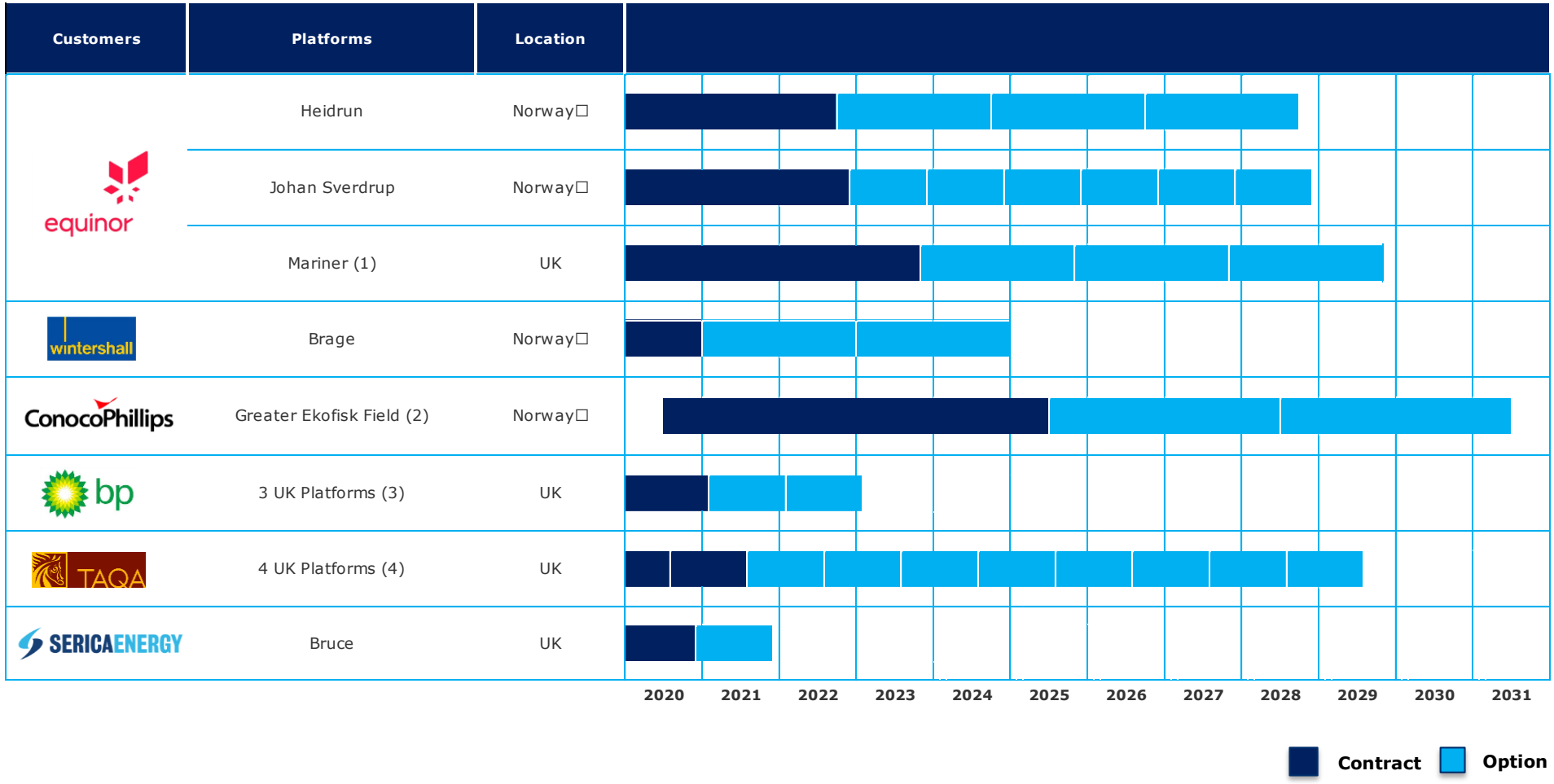
Firm MODU contract backlog at 30 June 2020 of USD 0.9 billion with additional priced options valued at USD 0.1 billion**

* Base rate excluding any bonus element. Rates may include mix of currencies and fluctuate based on exchange rates.
** The backlog does not include management revenue from Deepsea Yantai

Other definitions: 3G: Third generation, 6G: Sixth generation, MW: Mid water, UDW: Ultra deep water, HE: Harsh environment

ODFJELL DRILLING - for Decades

Platform Drilling and Technology
- Portfolio secured by medium to long-term contracts



Firm contract backlog of USD 0.3 billion at 30 June 2020
Value of priced optional periods of USD 0.9 billion

1) Please note that the Mariner contract contains the option to operate the Bressay field
2) Eldfisk B, Ekofisk K, Ekofisk X
3) Clair, Andrew, Clair Ridge
4) Harding, Tern Alpha, Cormorant Alpha, North Cormorant

ODFJELL DRILLING
- for Decades

Well Services
- global presence and diversified services

Product lines

Tubular Running Services

- Conventional and remote-operated casing running tools
- Casing/tubing running and recovery for all sizes up to 42”
- Top drive casing running
- Integrated TRS

Casing While Drilling

- Casing While Drilling
- ECI retrievable CWD system
- Advanced casing deployment tools
- REACH – High torque reamers
- DEFUSE – High speed reamers

Well Intervention Services

- Wellbore clean-up tools and services
- Casing exits
- Fishing services
- Well abandonment
- Slot recoveries

Drill Tool Rental Services

- Drilling tools rentals including wired drill pipe, drill pipe, drill collars, HWDP, tubing, collars, handling tools, stabilisers, hole openers, roller reamers, non mags, jars & shock tools, subs and valves

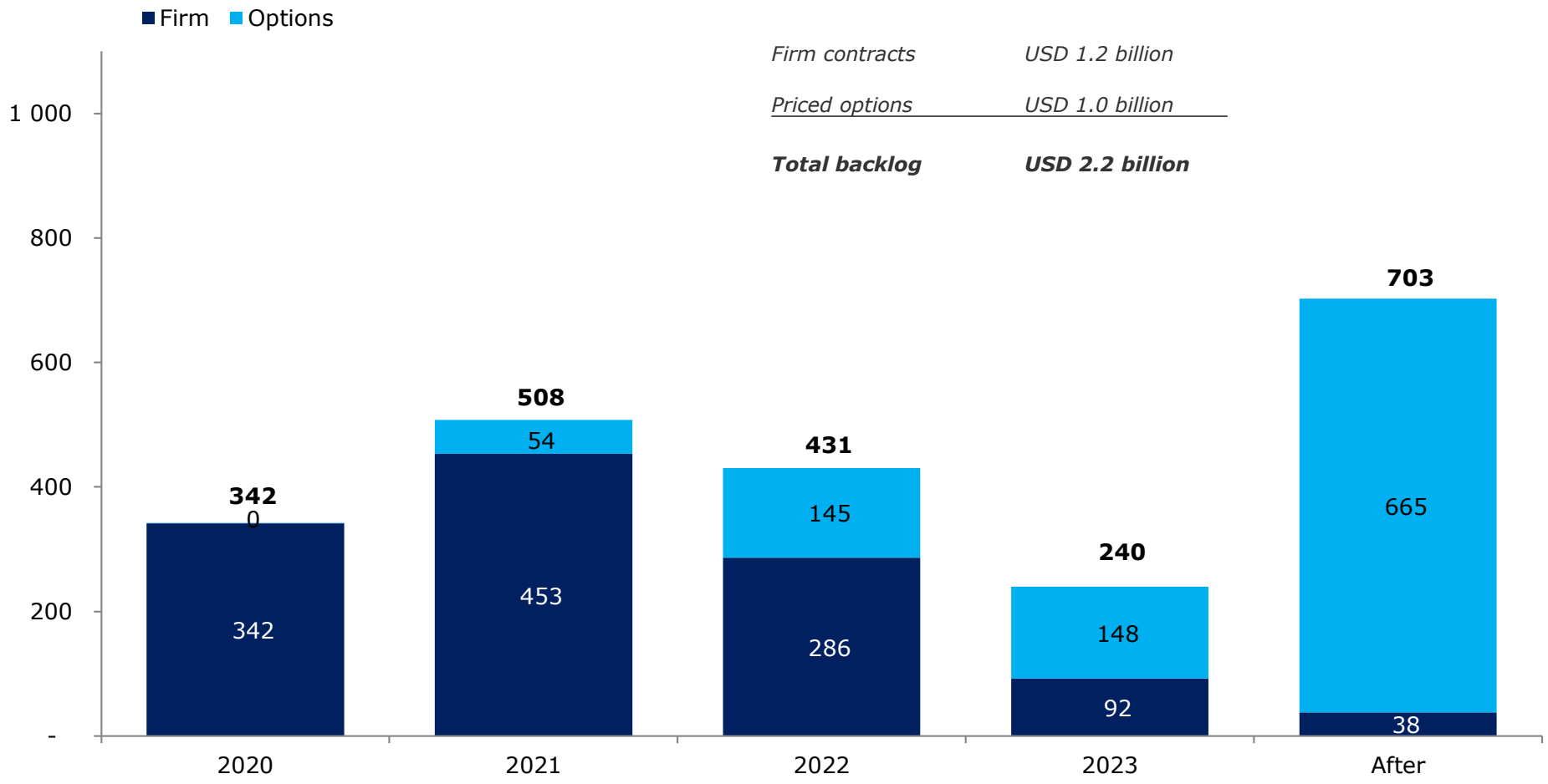
Odfjell Well Services in numbers

Experience	Services from		Operations in
40 years experience	**14** bases	**500** employees	**20** countries

ODFJELL DRILLING
- for Decades

Earnings visibility through USD 2.2 billion order backlog

Total revenue backlog per year[1]



1) Estimates at 30 June 2020. Revenue from frame agreements and call-off contracts in Well Services and revenue from Technology and MODU Management is not included in the backlog.

ODFJELL DRILLING
- for Decades

Market outlook

General

- COVID 19 outbreak and volatility in oil price create large uncertainties
- E&P companies will monitor the market closely and adjust their activities accordingly

  => Decreasing E&P activity due to overall uncertainty

MODU

- Significant oversupply in the global rig market
- Harsh environment markets are closer to supply/demand balance
- Present dayrate level does not support any newbuild activity based on expected capital return for the short to medium term
- Preference by E&P companies for high-spec and efficient 6 gen units
- Scrapping of mature units will continue

  => Continued strong demand for ODL fleet

Well Services

- Still over-supply of available resources and equipment
- Observe an increased activity in the Norwegian market
- Well Services has increased their activity the last 6-12 months, but outlook is uncertain due to the global challenges

  => Current market turbulence is expected to impact the demand in the short to medium term

Platform Drilling & Technology

- Low volatility in the platform drilling market
- North Sea modification market still at low level

  => Stable market conditions and scale effects to be materialized

ODFJELL DRILLING
- for Decades

Financial information

ODFJELL DRILLING
- for Decades

Group summary financials

Condensed consolidated income statement

P&L - (USD million)	Q2 20	Q2 19	YTD 20	YTD 19	FY 19
Operating revenue	**167**	**186**	**364**	**388**	**823**
Other gains/losses	0	0	1	0	1
Personnel expenses	-60	-78	-139	-152	-328
Other operating expenses	-26	-36	-63	-91	-164
EBITDA	**81**	**72**	**163**	**145**	**332**
Depreciation	-62	-45	-111	-87	-185
Operating profit (EBIT)	**18**	**27**	**51**	**58**	**147**
Net financial items	-24	-27	-32	-47	-103
Profit/(loss) before tax	**-5**	**1**	**19**	**11**	**44**
Income taxes	-1	-1	-3	-1	-3
Profit/(loss) for the period	**-6**	**-0**	**16**	**10**	**41**

ODFJELL DRILLING
- for Decades

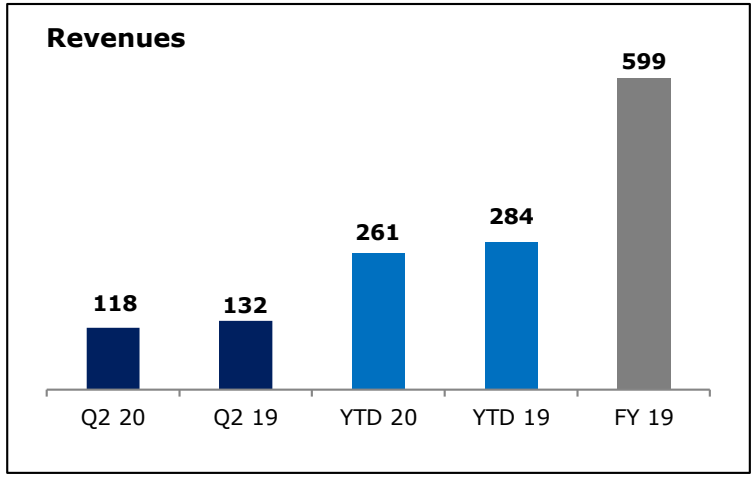
Segment reporting - MODU financials

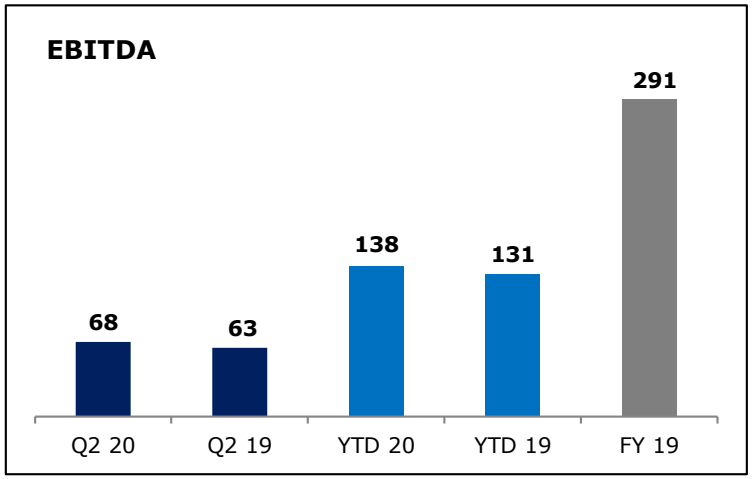
MODU

Condensed P&L - (USD million)	Q2 20	Q2 19	YTD 20	YTD 19	FY 19
Operating revenue	**118**	**132**	**261**	**284**	**599**
EBITDA	**68**	**63**	**138**	**131**	**291**
Depreciation and impairments	-54	-37	-95	-71	-154
EBIT	**14**	**26**	**44**	**60**	**138**
Book value rigs	2 114	2 208	2 114	2 208	2 157
EBITDA-margin	57,7 %	47,8 %	53,1 %	46,0 %	48,6 %
EBIT-margin	12,2 %	19,9 %	16,7 %	21,0 %	23,0 %
Share of group revenue[1]	68,0 %	67,6 %	68,4 %	69,9 %	69,9 %
Share of group EBITDA[1]	85,6 %	85,2 %	85,8 %	87,9 %	85,5 %
Share of group EBIT[1]	73,7 %	82,8 %	80,3 %	90,4 %	83,9 %

1) Before group eliminations and corporate overheads

Key Financials (USD million)





As of 1 January 2020 the internal reporting of the segments is prepared according to IFRS. Comparative figures are adjusted accordingly.

ODFJELL DRILLING - for Decades

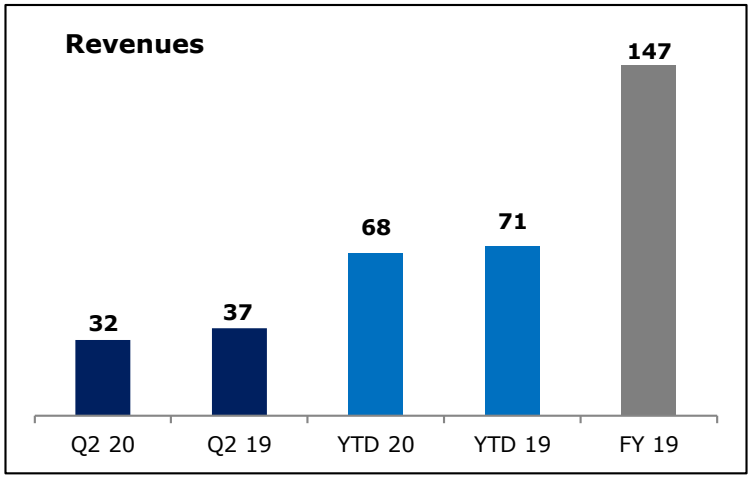
Segment reporting
- Drilling & Technology financials

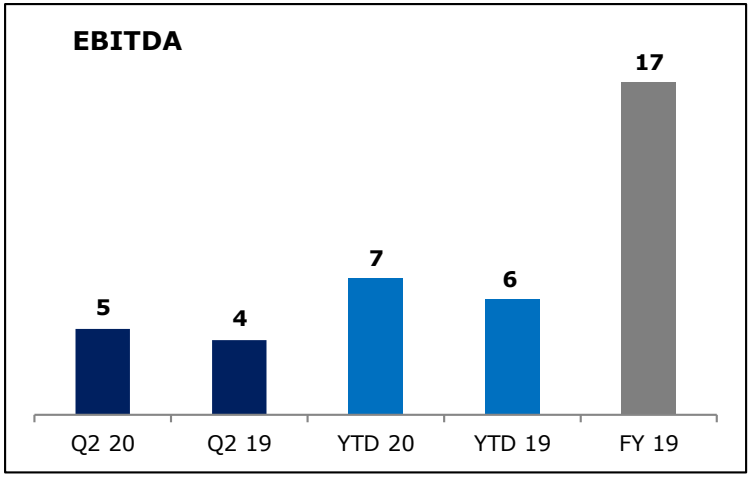
Drilling & Technology

Condensed P&L - (USD million)	Q2 20	Q2 19	YTD 20	YTD 19	FY 19
Operating revenue	**32**	**37**	**68**	**71**	**147**
EBITDA	**5**	**4**	**7**	**6**	**17**
Depreciation and impairments	-0	-0	-0	-0	-0
EBIT	**4**	**4**	**7**	**6**	**17**
EBITDA-margin	14,2 %	10,7 %	10,5 %	8,5 %	11,9 %
EBIT-margin	14,1 %	10,7 %	10,4 %	8,4 %	11,8 %
Share of group revenue[1]	18,3 %	18,7 %	17,9 %	17,5 %	17,1 %
Share of group EBITDA[1]	5,7 %	5,3 %	4,4 %	4,1 %	5,1 %
Share of group EBIT[1]	23,0 %	12,3 %	13,1 %	9,1 %	10,5 %

1) Before group eliminations and corporate overheads

Key Financials (USD million)





As of 1 January 2020 the internal reporting of the segments is prepared according to IFRS. Comparative figures are adjusted accordingly.

ODFJELL DRILLING
- for Decades

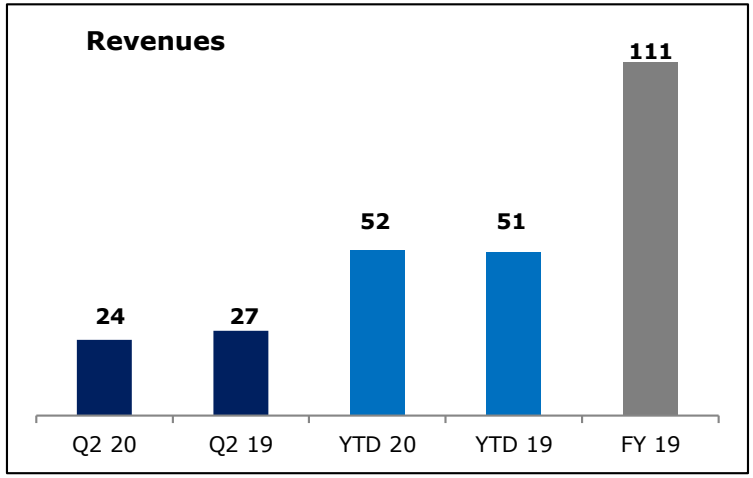
Segment reporting
- Well Services financials

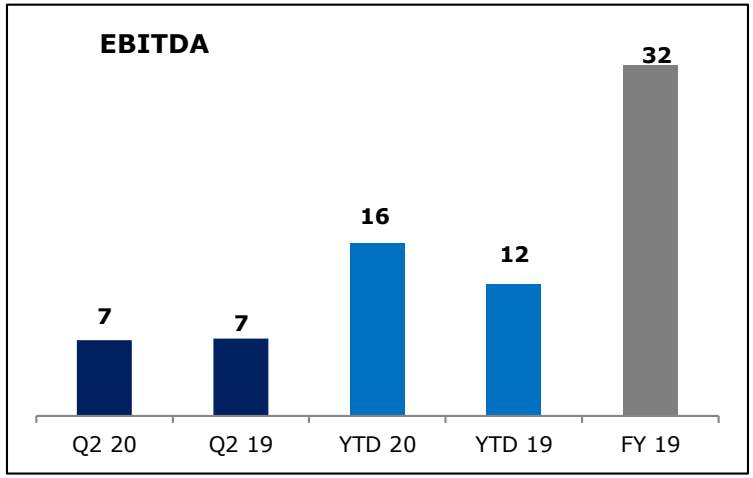
Well Services

Condensed P&L - (USD million)	Q2 20	Q2 19	YTD 20	YTD 19	FY 19
Operating revenue	**24**	**27**	**52**	**51**	**111**
EBITDA	**7**	**7**	**16**	**12**	**32**
Depreciation and impairments	-6	-6	-12	-12	-23
EBIT	**1**	**2**	**4**	**0**	**9**
Book value of equipment	74	69	74	69	74
Cost price for equipment in use	367	359	367	359	365
EBITDA-margin	29,1 %	26,5 %	30,3 %	23,4 %	28,9 %
EBIT-margin	2,8 %	5,8 %	6,9 %	0,7 %	8,2 %
Share of group revenue[1]	13,7 %	13,7 %	13,7 %	12,6 %	13,0 %
Share of group EBITDA[1]	8,7 %	9,5 %	9,8 %	8,1 %	9,4 %
Share of group EBIT[1]	3,4 %	4,9 %	6,6 %	0,5 %	5,5 %

1) Before group eliminations and corporate overheads

Key Financials (USD million)





As of 1 January 2020 the internal reporting of the segments is prepared according to IFRS. Comparative figures are adjusted accordingly.

ODFJELL DRILLING
- for Decades

Group
- eliminations, corporate overhead & net financial items

Group – eliminations, corporate overhead & net financial items

(USD million)	Q2 20	Q2 19	YTD 20	YTD 19	FY 19
EBIT - MODU	14	26	44	60	138
EBIT - Drilling & Technology	4	4	7	6	17
EBIT - Well Services	1	2	4	0	9
EBIT for reportable segments	**20**	**32**	**54**	**66**	**164**
Eliminations/corporate	-1	-4	-3	-8	-18
Group EBIT	**18**	**27**	**51**	**58**	**147**
Net financial items	-24	-27	-32	-47	-103
Group profit before tax - Consolidated Group	**-5**	**1**	**19**	**11**	**44**

ODFJELL DRILLING
- for Decades

Summary statement of financial position

Group statement of financial position

Assets (USDm)	30.06.20	30.06.19	31.12.19
Deferred tax asset	1	1	1
Intangible assets	26	30	30
Property, plant and equipment	2 230	2 325	2 281
Financial fixed assets	0	0	2
Total non-current assets	**2 257**	**2 356**	**2 313**
Trade receivables	127	144	174
Contract assets	9	5	9
Other current assets	39	14	20
Cash and cash equivalents	154	179	170
Total current assets	**329**	**341**	**373**
Total assets	**2 586**	**2 697**	**2 686**

Equity and liabilities (USDm)	30.06.20	30.06.19	31.12.19
Total paid-in capital	565	565	565
Other equity	483	470	497
Total equity	**1 048**	**1 035**	**1 062**
Non-current interest-bearing borrowings	1 114	1 242	1 174
Non-current lease liabilities	34	37	39
Post-employment benefits	6	9	8
Non-current contract liabilities	2	1	2
Other non-current liabilities	17	0	10
Total non-current liabilities	**1 173**	**1 289**	**1 232**
Current interest-bearing borrowings	201	193	217
Current lease liabilities	7	8	8
Contract liabilities	55	20	39
Trade payables	35	53	46
Other current liabilities	67	99	83
Total current liabilities	**366**	**373**	**392**
Total liabilities	**1 538**	**1 663**	**1 624**
Total equity and liabilities	**2 586**	**2 697**	**2 686**

- Group's gross interest bearing debt was USD 1,315 million (net of capitalized financing fees) at 30 June 2020.
- USD 154 million in cash and cash equivalents at 30 June 2020.
- Equity-ratio of 41% at 30 June 2020.

ODFJELL DRILLING
- for Decades

Summary statement of cash flow

Group statement of cash flow

Cash Flow - (USDm)	Q2 20	Q2 19	YTD 20	YTD 19	FY 19
Profit before income tax	**-5**	**1**	**19**	**11**	**44**
Adjustment for provisions and other non-cash	90	70	134	134	282
Change in working capital	26	12	19	-11	-47
Cash from operations	**110**	**83**	**172**	**135**	**279**
Interest paid	-19	-22	-37	-38	-78
Income tax paid	-1	-0	-2	-1	-3
Net cash from operations	**90**	**60**	**133**	**96**	**198**
Purchase of property, plant and equipment	-37	-58	-61	-369	-426
Other cash flows from investment activities	1	-3	1	-3	-3
Net cash used in investing activities	**-37**	**-62**	**-60**	**-372**	**-428**
Net change in debt	-74	-9	-77	287	241
Other financing	-3	-1	-5	-3	-10
Net cash from financing activities	**-77**	**-10**	**-82**	**284**	**231**
Net change in cash and cash equivalents	**-24**	**-12**	**-9**	**8**	**1**
Cash and cash equivalents at period start	174	191	170	175	175
FX gains/(losses) on cash and cash equivalents	4	-0	-7	-3	-6
Cash and cash equivalents at period end	**154**	**179**	**154**	**179**	**170**

ODFJELL DRILLING
- for Decades

Summary Q2 2020

MODU:

- Attractive harsh environment assets, strong backlog and healthy outlook despite the COVID-19 and volatility in oil price

Drilling & Technology:

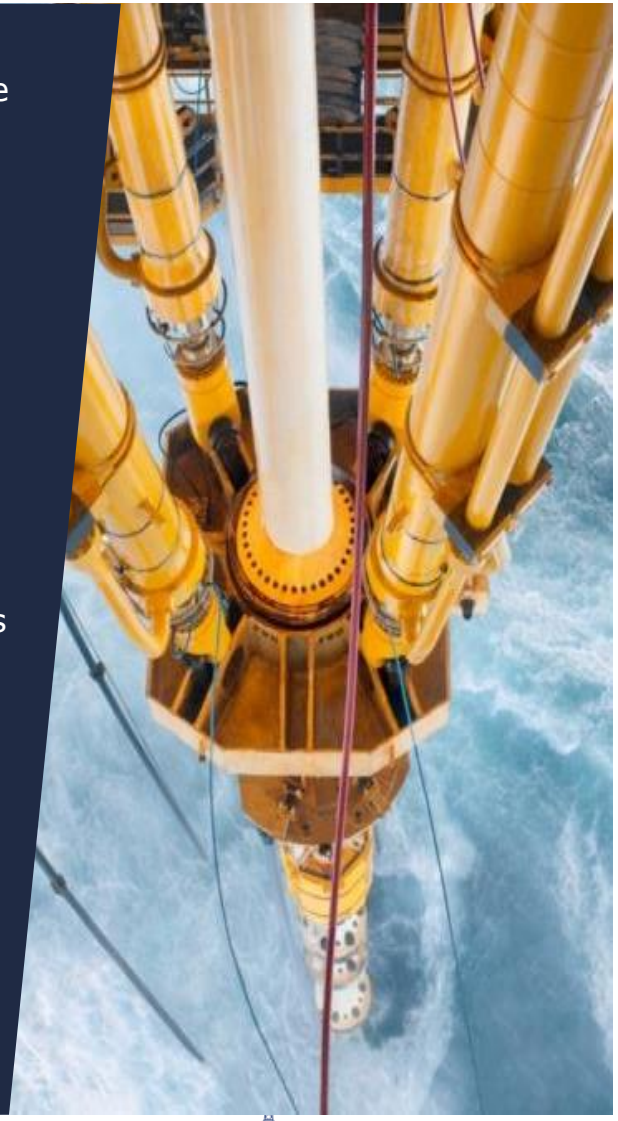
- Solid operations combined with healthy financial results
- Successfully commenced operations with ConocoPhillips on Ekofisk in July 2020

Well Services:

- Continued strong activitiy although the service market has been affected by less demand due to COVID-19/oil price turbulence.

Key Financials:

- Earnings visibility through USD 2.2 billion order backlog
- Sound cash position
- Strong balance sheet combined with continued de-leveraging
- No short term refinancing requirement



ODFJELL DRILLING
- for Decades

CEO Odfjell Drilling AS
Simen Lieungh

CFO Odfjell Drilling AS
Atle Sæbø

VP Corporate Finance & IR
Eirik Knudsen, eikn@odfjelldrilling.com +47 934 59 173

Next event:
Q3 2020 results tentatively scheduled to be published 26 November 2020

For more information see: www.odfjelldrilling.com

ODFJELL DRILLING
- for Decades