Maersk Drilling

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Participants

Corporate participants

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Other Participants

Fredrik Stene – Clarksons Platou Securities

Daniel Thompson – Exane BNP Paribas

Management Discussion Section

Michael Harboe-Jørgensen – Head of Investor Relations, Maersk Drilling

Good morning and welcome to Maersk Drilling's conference call for the first half of 2021. My name is Michael Harboe-Jørgensen, Head of Investor Relations, and joining me on this morning's call, we have our Chief Executive Officer, Jørn Madsen, and our Chief Financial Officer Christine Morris.

Today's interim financial report, along with supporting documents, including the presentation for this call and our latest fleet status report, have this morning been posted on our Investor Relations website. For the first part of this call, we will present the quarterly and half annual performance on our key business drivers and financials, and following this presentation, there will be a question and answer session. Please note that this conference call is being recorded and will be made available at our investor side afterwards.

Before handing over the word to Jørn, let us first see to the formalities on page two. During the course of this call, executive management may make certain forward-looking statements regarding various matters related to our business and companies that are not historical facts. Such statements are based upon the current expectations and certain assumptions and are therefore subject to certain risks and uncertainties. Many factors could cause actual results to differ materially. For further information on the risk factors, please see the annual report for 2020.

I will now turn the call over to Jørn.

Jørn Madsen – Chief Executive Officer, Maersk Drilling

Thank you Michael, good morning everyone and welcome to this call. This morning we released our interim financial report for the first six months of 2021 and I am very pleased with our strong financial performance and continued strategic progress.

Let me start by providing the main highlights for the first six months of 2021. Maersk Drilling reported EBITDA before special items of $163 million and free cash flow of $22 million, as well as a net profit of $29 million. As released to the market yesterday, this strong financial and operational performance led us to upgrade our financial guidance for 2021 EBITDA before special items.

Additionally, due to the optimisation of maintenance and project costs, we also revised our CAPEX guidance range lower for the remainder of the year. And Christine will speak to that later in the call.

During the first half of 2021, we also announced the strategic divestments of Maersk Gallant and Maersk Guardian – both of which have now closed – as well as Maersk Inspirer, which is expected to close in the second half of the year. We are very pleased with the Maersk Inspirer transaction which will see Maersk Drilling significantly deleverage our balance sheet by year end.

When this Inspirer deal closes, Maersk Drilling will have the best platform in the industry to drive industry consolidation, both financially and operationally. We continue to believe that there will be a demand for offshore oil and gas for decades to come and that our premium operating model and healthy core business put us in a favourable position to play a leading role in the future. Christine will go through the financial impact of the Maersk Inspirer divestment later in the call.

On another note, you can now find reported ESG ratios in our interim financial report, and in our 2020 Sustainability Report. Our ambition as a company is to lead the industry towards a more sustainable future with climate action and emissions reductions at the centre of our efforts. We do recognise that our actions have a measurable impact on the environment, and we feel that it's our responsibility to be transparent in our efforts to reduce the impact. We continue to explore new opportunities that leverage our unique capabilities to create new revenue streams in an effort to diversify, develop, and grow our business in the long term.

But with that, let me turn to the development in revenue and key business drivers, which can be found on page four. Revenue for the second quarter of 2021 amounted to 350 million, compared to 264 million in the first quarter. In terms of revenue, I'm proud to announce that this was the strongest quarter that we've had as a listed company. You can see that the 33% quarter on quarter increase in revenue was driven by meaningful improvements across all four of our key business drivers.

Contracted days of 1,520 and utilisation of 80% were positively impacted by our international segment where seven out of eight floaters were working for the majority of the quarter. Activity was also higher due to the Maersk Resolve operating for the full quarter and Maersk Resolute commencing its contract with Petrogas in the Netherlands at the end of April.

Financial up-time was at 99.8% for the second quarter, highlighting strong operational performance across our fleet. And the quarter on quarter increase was boosted by Maersk Deliverer returning to its drilling campaign for IMPEX in Australia in March after spending six weeks off rate during the first quarter. Lastly, an average day rate of 230,000 for the quarter was positively impacted by an increase in revenue from additional services as well as lower COVID-19 related charges, mainly in our international floater segment.

So, let's turn to page five, which will show you an overview of the contracts announced since the first quarter. In addition to the contracts secured in the first quarter, which made up 730 million in new backlog, we secured additional contracts worth 129 million in the second quarter, bringing the total backlog added in the first half of 2021 to 859 million.

And even though it's only a small snapshot of the many contracts secured year to date, this slide demonstrates the breadth and the strength of Maersk Drilling's diverse customer portfolio, and I'm extremely pleased to announce that Maersk Drilling was ranked number one in customer satisfaction for the second year in a row by Energy Point Research, a provider of independent market research for the global energy industry.

Our excellent relationships with customers and our premium customer-centric operating model continues to be recognised as best-in-class, driven by top marks in performance and reliability, drilling wells efficiently in the harshest of environments. We continued to explore new innovative solutions that drive value for our customers and look forward to expanding our customer portfolio in the future.

Now turning to page six, you can see the development of our contract backlog in the second quarter. Adjusting for revenue generated from our backlog during the second quarter of 350 million and 119 million of new contracts added in the second quarter, our total backlog decreased to 1.6 billion at the end of the second quarter, down from 1.8 billion at the end of the first quarter. And on page seven, you will find a full deployment overview reflecting all contracts signed to date.

Our fleet is well covered in 2021, with the majority of our rigs out working and providing good visibility for the rest of the year. Starting with the harsh environment jack-ups in Norway, three out of four modern CJ70 jack-up rigs – Maersk Integrator, Maersk Intrepid, and Maersk Invincible – were fully contracted for the quarter and are currently contracted until end this year. And as announced to the market yesterday, the fourth of our modern CJ70s – Maersk Innovator – was awarded a contract with

Harbour Energy in the U.K. North Sea. The contract has a firm duration of 270 days and work is expected to commence in December.

As you can see, the fifth of our modern CJ70s – the Maersk Interceptor – remained idle in the quarter and currently has no contract lined up. Additionally, Maersk Reacher is set to commence a nine-month contract with Aker BP in Norway at the end of the month, bringing our presence in the Norwegian North Sea to four harsh environment jack-ups. The firm program will keep the rig deployed until May of next year, along with the potential exercise of a 90-day option that is part of the contract.

As communicated in our Q1 trading statement, we continue to see limited additional demand in the Norwegian North Sea jack-up market for the rest of 2021 and through 2022. For 2022, demand is expected to be subdued with a few tender opportunities with commencement next year.

The long-term outlook for the Norwegian jack-up market remains stable given the significant pipeline of economically viable subsea development projects in shallow waters, including one of the largest remaining development opportunities on the Norwegian Continental Shelf, NOAKA, a joint development between Aker BP and Equinor. NOAKA has total recoverable resources estimated to be above 500 million barrels of oil, which will require the drilling of approximately 45 wells. We have a strong operational track record of working with both Aker BP and Equinor and believe that our fleet of CJ70s are well positioned to capitalise on a forecasted uptick in demand in 2023 and beyond.

In the North Sea market outside of Norway, Maersk Resilient, Maersk Resolve, and Maersk Highlander were on contract for the full quarter. Maersk Resolve commenced its contract with Spirit Energy in March, and as announced earlier in the second quarter, we've secured additional work for the rig with INEOS in the U.K.

Maersk Resolute commenced a one-well contract in May with Petrogas in the Dutch part of the North Sea. The rig is equipped with a high efficiency selective catalyst reduction system which uses ammonia injection to convert NOx into harmless water and nitrogen, expectedly reducing NOx emissions by up to 98%. Operations in the Dutch North Sea come with a strict focus on protecting the environment, which is in line with our ambition of providing responsible, low-emission drilling. Following the contract with Petrogas, additional work is lined up which will keep the rig deployed until October this year.

Generally speaking, the North Sea jack-up market outside of Norway has seen an increase in activity. Our commercial pipeline contains several opportunities, particularly in the U.K. and the Netherlands, and we do expect to secure additional work to cover some of the remaining white spots for Maersk Resolute and Maersk Highlander in 2021.

Turning now to the floater segment. All seven of our deep-water floaters were contracted for the majority of the second quarter. This is not only a strong commercial achievement, but also a remarkable operational milestone made possible by the reactivation of four deep-water units with three new customers. And as you can see from the deployment overview, we are largely out of available deep-water floater capacity for the remainder of 2021. Focus will therefore be on positioning our highly capable floater fleet for the commercial opportunities arising in the latter part of 2022 and beyond.

With regards to the floater market, we expect the positive market sentiment to continue through 2021 and into 2022, driven by further rationalisations and increased drilling requirements. Marketed utilisation is now above pre-COVID highs and recent fixtures are now approaching 300,000 per day. The uptick that we see in demand is broad-based with West Africa, Guyana, Brazil and Australia seeing increases in utilisation and day rates. The ability to collect mobilisation fees from customers is also positive. And in the longer term, our thesis is unchanged: there are still too many rigs and too many drillers, and further rationalisation from the supply side is still required to restore a favourable market balance.

Now let's turn to page eight, where you will see why Maersk Drilling is a front runner as an ESG transparent driller. We now have ESG ratios published in our interim financial report as well as in our 2020 Sustainability Report. This is in line with our sustainability strategy and our objective of becoming an ESG transparent company. Other objectives include being a leading low-emission offshore driller. We have firm commitments to reduce the carbon intensity of our emissions by 50% by 2030. And we are member of the Project Greensand, the most promising CCS consortium in Denmark.

Being leaders in the drilling industry's sustainability journey is a key priority for Maersk Drilling and is deeply rooted in the company's legacy and history. We first launched our green rig project in 2008 with the purpose of improving the environmental impact of our fleet. We were the first to implement shore based hydroelectric power, have upgraded two of our Norwegian jack-ups to hybrid low emission rigs, and have installed NOx scrubbing systems on four of our rigs. We are currently exploring further additions of emissions reduction technologies on multiple rigs in our fleet.

Across our floater fleet, and on more than half of our rigs in total, we've installed sensors and software to track and optimise the energy being consumed with the goal of further reductions. And rather than viewing the energy transition as a threat, we see it as an opportunity; an opportunity to use the core competencies developed over almost 50 years to diversify our business, while also providing a sustainable energy future for generations to come.

I am extremely proud of the progress that we have made up until this point, but we are far from done.

And this now concludes my prepared remarks, and I will hand over the call to Christine. So, Christine, take it away.

Christine Morris – Chief Financial Officer, Maersk Drilling

Thank you, and good morning and welcome to all of you. Today I will go over our financial performance for the first half of 2021, starting with a high-level overview.

For the first six months of the year, Maersk Drilling reported EBITDA before special items of $163 million and capital expenditures of $36 million. Furthermore, we generated free cash flow of $22 million and a net profit of $29 million.

This was a very strong start of the year. And as released to the market yesterday, we have upgraded our financial guidance for 2021 EBITDA before special items. Additionally, due to the optimisation of maintenance and project costs, we revised our CAPEX guidance lower for the remainder of the year. I will provide the updated guidance ranges later in my prepared remarks.

We also announced the divestment of three rigs – Maersk Gallant, Maersk Guardian, and Maersk Inspirer. When the Maersk Inspirer sale closes, it is expected to significantly deleverage our balance sheet, positioning Maersk Drilling as the best platform in the industry to drive consolidation, both from a financial and operational perspective.

With that, let us now turn to page ten for a summary of our financials for the first half of the year. Revenue for the first half of 2021 amounted to $614 million, higher year over year, mainly due to a higher average day rate, which came from an increase in revenue from additional services. Revenue from additional services for the first half was $85 million or 14% of revenue compared to $53 million or

9% of revenue in the first half of last year. This was partially offset by slightly lower utilisation, primarily due to the North Sea segment having more idle rigs as well as the sale of Maersk Guardian.

Operating costs increased 8% to $451 million from $416 million, primarily due to reactivation and mobilisation costs for previously stacked rigs, which were reactivated to commence contracts during the first half of the year. EBITDA before special items for the first six months of 2021 was $163 million or a margin of 26.5%. The slight year on year EBITDA decline was also due to increased reactivation and mobilisation costs, partially offset by higher revenues from additional services. The contribution to EBITDA before special items from each segment was $130 million and $25 million for North Sea jack-ups and international floaters, respectively.

For the first half of 2021 we recognised $11 million of special items, $10 million of which were related to COVID-19 and 1 million of redundancy costs due to the establishment of virtual rig teams and a new technical hub in Gdansk, Poland.

Lastly, net profit for the first half of 2021 was $29 million, significantly higher due to the $1.5 billion impairment charge recorded during the first half of last year.

Moving on to the performance of our two divisions, let me start with the North Sea division on page 11. In the second quarter, revenue from the North Sea division was $175 million, 16% higher than the previous quarter. Contracted days and utilisation of 744 and 69%, respectively, were positively impacted by Maersk Resolve operating for the full quarter and Maersk Resolute commencing its contract with Petrogas at the end of April. Financial uptime remained high at 99.8% and an average day rate of 235,000 was in line with the previous quarter.

Turning now to the international division on page 12. In the second quarter of 2021, revenue from our international floater division increased 58% to $168 million compared to the previous quarter of $106 million. This increase in revenue was driven by meaningful improvements across all four key business drivers. Activity, both in terms of contracted days and utilisation, increased significantly due to seven of our eight floaters operating for the majority of the second quarter.

Utilisation of 94% for our floater fleet was a great achievement, the highest since becoming a listed company, and is strong testament of successful commercial efforts, excellent customer relationships, and our efficient rig stacking strategy which we believe is best-in-class.

For the second quarter, financial uptime of 99.8% and an average day rate of 245,000 were both driven by strong operational performance and by Maersk Deliverer being fully operational during the quarter.

So I am turning now to cash conversion. Cash flow from operating activities with $94 million, which equals a cash conversion of 62%, from EBITDA after special items of $152 million. Both metrics were negatively impacted by working capital build-up due to several of our rigs ramping up and starting new contracts during the second quarter. Working capital build-up is common when there is a material increase in operating activity; and cash conversion and cash flow from operating activities are expected to normalise when we report our full-year results.

On page 14 you can see an operating cash flow to free cash flow bridge. After investment cash flow of $44 million – of which $36 million were capital expenditures – and net interest payments of $28 million, Maersk Drilling generated free cash flow of $22 million. In line with our definition of free cash flow, this does not include the proceeds from the sale of Maersk Guardian and Maersk Gallant. Maersk Drilling has now generated positive free cash flow for the previous five years in a row and is on track to continue that trend in 2021. This is further evidence of our premium operating model, financial discipline through the market cycle, and sound rig stacking strategy. We believe that the ability to consistently generate positive free cash flow, irrespective of market conditions, is a key differentiator that separates Maersk Drilling from other offshore drillers.

On page 15 you will find the development of our cash balance and liquidity position as of June 30th, 2021. We ended the second quarter with $199 million in cash. Our cash position improved with positive free cash flow of $22 million. However, it was lower sequentially due to the repayment of $81 million of debt. Of the $81 million debt repayment, $65 million was per our regular amortisation schedule, $13 million was triggered by the sale of Guardian and Gallant, and the remainder was associated with leases.

With a cash balance of $199 million and a fully available $400-million-dollar revolving credit facility, our liquidity position remains strong at $599 million as of June 30th, 2021. The sale of Maersk Inspirer will further improve our liquidity and I will cover the details on this shortly.

On page 16 you will see that at the end of the second quarter, net interest bearing debt amounted to approximately $1 billion. This was positively affected by free cash flow of $22 million and by the sale of Maersk Guardian and Gallant. Our leverage ratio decreased to 3.6x at the end of the second quarter compared to 3.7x at the end of 2020.

As we have previously guided, Maersk Drilling will generally work towards a target leverage ratio of 2.5x, which we expect to achieve after the sale of the Maersk Inspirer. With respect to our upcoming debt maturity in 2023, we are in regular dialogue with our lenders and are confident that we will maintain attractive funding costs based on our financial performance and decreasing leverage.

Funding costs for the second quarter of 2021 were approximately 4.4%, and I expect it to be around 4.5% for the full year.

Turning now to page 17, you will find an overview of the Maersk Inspirer sale. We are very pleased with the announced sale of the Maersk Inspirer. The transaction is a true win-win for both parties, giving our customers a unique asset that meets their needs with full operational continuity, while also deleveraging our balance sheet, providing resiliency, and strategic flexibility.

The sale will generate gross proceeds of $373 million and per the terms of a loan agreement will trigger a simultaneous loan repayment of $80 million. Our cash balance will increase by more than $250 million, bringing pro forma liquidity as of June 30th above 850 million, including our undrawn 400 million revolver. Furthermore, proceeds from the sale will reduce net debt, which is expected to bring us below our target leverage ratio of 2.5x.

From a financial perspective, this sale will firmly position Maersk Drilling as the best platform in the industry to drive consolidation. And lastly, it is important to note that approximately $430 million of our reported backlog comes from the current contract on Maersk Inspirer.

Speaking of backlog, please turn to page 18. We currently have $526 million of $1.6 billion in backlog planned for execution for the remainder of 2021, supporting near term earnings visibility. Fleet-wide forward contract coverage for the rest of the year is 71%. Both backlog and forward contract coverage includes Maersk Inspirer as the transaction has not yet closed.

This leads me to page 19, which shows our revised financial guidance. As announced to the market yesterday, we have upgraded our financial guidance for 2021 EBITDA before special items from $290 to $330 million versus the previous guidance of $260 million to $310 million. The new guidance range comes on the back of strong financial and operational performance, with reported EBITDA before special items of $163 million for the first half of the year.

It also reflects ordinary operational uncertainties, including uncertainty regarding additional contracts for execution in 2021 and the potential exercise of options.

Furthermore, due to the optimisation and maintenance and project costs, we now expect our CAPEX for 2021 to be between $110 million and $130 million, versus the previous guidance of $120 to $140 million. This reflects capital expenditures of $36 million for the first half of the year.

This concludes my prepared remarks for today, and with that I will now turn the call back over to Jørn for his final remarks about the quarter.

Jørn Madsen – Chief Executive Officer, Maersk Drilling

Thank you, Christine. So let me just summarise. Maersk Drilling delivered strong financial performance during the first half of 2021, with EBITDA before special items of $163 million, free cash flow of $22 million, and a net profit of $29 million, leading to an upgraded financial guidance for 2021 EBITDA before special items.

This strong financial performance was accompanied by continued strategic progress. When the Inspirer transaction closes in the second half of 2021, Maersk Drilling will significantly deleverage its balance sheet, providing strategic flexibility going forward. Maersk Drilling's premium operating model and strong financial position put us in a favourable position to drive industry consolidation and play a leading role in the future.

We believe that there will be demand for offshore oil and gas for decades to come and we continue to explore new opportunities to diversify our strong core business. This includes carbon capture storage, developing new innovative digital tools such as DPP that we launched this year, and even fuelling the electrification of the world by looking whether our capabilities can be used within mining of offshore marine minerals.

We remain focused on being transparent in reducing our environmental impact and are dedicated in leading the drilling industry's sustainability journey.

And with that, I think we are ready to take your questions. So over to you, Operator, please.

Questions & Answers Section

Operator

Thank you.

[Operator instructions]

We have a question from Fredrik Stene from Clarksons Platou. Please go ahead. Your line is open.

Fredrik Stene – Clarksons Platou Securities

Hey guys and congratulations on the strong quarter. Impressive revenues, I must say. I have a bunch of questions here, but I'll limit myself and then get back in the queue. So, first maybe I wanted to touch upon your comments on the M&A side. At least the way I interpret it, you're much more vocal about you being a strong platform to lead industry consolidation, this call here. So I was wondering, has anything kind of changed in your M&A strategy, or is it more due to the fact that you're now below your leverage level and that you'll try to put more time into how you can make this space a space with less rigs and fewer players.

Jørn Madsen – Chief Executive Officer, Maersk Drilling

Yeah, good morning, Fredrik, and thank you for that question. I think we previously expressed that we do believe that this industry needs to have fewer players and also fewer rigs. Less debt was also part of the mantra if we go back a year and the debt part has now been significantly reduced due to all of all of the Chapter 11 proceedings that have been going on.

So, we now sit with a landscape of industry players who have balance sheets and financials that allow them to actually enter into real M&A activity. I don't think that's been the case up until now. And I think we have been very vocal also about it before that we are ready to take part in that industry consolidation that we do believe is needed.

The reason we say that we are even stronger now is because we now have a balance sheet that almost – well, post the Inspirer – almost looked like that we have been through a Chapter 11 even though we haven't. We still have the same owners as we had before. And we are also in a situation where I think that we as a company are one of the only ones who are able to generate meaningful cash flows in an industry that is very cash flow limited.

So, those things in combination delivering better than normal EBITDA margins means that from the outset it should look like we are better positioned to generate value of M&A activity than anybody else in the industry. So, that's where we're coming from, if that sort of helps expand what we were saying.

Fredrik Stene – Clarksons Platou Securities

Yeah, I guess you're not allowed to say anything about any specific opportunities that you're looking at, but this is very helpful. And just to follow up on your cap structure here. Obviously, this transaction is really significant for your debt reduction, so I was wondering, and I think Christine you mentioned that you are always in continuous dialogue with your lenders, when the 2023 maturities is coming up, have you in discussions with the banks and lenders there gotten any feeling as to how you can tackle that particularly in relation to other or some of your peers tapping bond markets instead of rolling bank-backed debt in the near – or happening in 2021? So, have you felt any different in the support from those creditors? Are you confident that you will be able to roll it? Or are you looking at other options to push that 2023 maturity out in time when we get there?

Christine Morris – Chief Financial Officer, Maersk Drilling

Fredrik, thank you for the question. I would say all of the above, and I mentioned before that we are looking at liquidity and the high-yield market, there are many other avenues we can pursue to diversify our lender base. The portion we decide to keep within the bank lending market, we have no concern. It would be able to hold an extent and that's something – it was good to have the announcement of the Inspirer sale behind us to have a more productive dialogue on all of that. And we're doing that actively. But there are clearly other opportunities to diversify sources of funding.

Fredrik Stene – Clarksons Platou Securities

Okay, thank you. Thank you. I'll get back in the queue.

Fredrik Stene – Clarksons Platou Securities

Hey again, guys. Just two quick ones. For the rest of 2021, going back to your new fleet status report here, any comment on the chances of the options on those floaters being exercised and hence potentially leaving no white space for quite a few of them if they are taken by the operators?

Jørn Madsen – Chief Executive Officer, Maersk Drilling

Fredrik, I didn't quite get the last part of your question. You asked about whether the options on the floaters would be – we expected to get them extended and then something else. I didn't hear the last part.

Fredrik Stene – Clarksons Platou Securities

Okay, I'll try again. That was really the essence of it. If you think there is a high likelihood that the options on Developer, Discoverer and the Voyager will be exercised so that they are fully utilised for the rest of 2021?

Jørn Madsen – Chief Executive Officer, Maersk Drilling

Yeah, it's too early to tell. We also always have to pass the option date when it has to be – or get through the option date when it has to be declared. Seldomly, oil companies want to exercise options before they have to, which is of course understandable. Good commercial discussions, but it also has of course to fit into their program. So there's optimism around it but again, it's difficult to give any kind of certainty around this.

Fredrik Stene – Clarksons Platou Securities

And the final one for me: For your fleet that has open capacity for the rest of 2021, is there a chance or are you currently in discussions that could potentially see newer coming into the backlog four 2021? Or is most of what you're discussing now for 2022 and onwards?

Jørn Madsen – Chief Executive Officer, Maersk Drilling

Yeah, there's still a few opportunities that could be there. For instance, for the Resolute. But yes, when you start off, you're getting close to September run-up time to do more work, where mainly it is closing in. So, we are focusing now on the longer years 2022 and 2023 to close those. But of course there might be also customers who say, "Well, we actually have a little bit more work to do." But it's not something I think is going to significantly impact results for 21.

Fredrik Stene – Clarksons Platou Securities

Okay, thank you, that's very helpful.

Jørn Madsen – Chief Executive Officer, Maersk Drilling

Maybe even saying that, it is reflected in the guidance that we have, both the up and downside. That's why we have a range.

Fredrik Stene – Clarksons Platou Securities

Yeah, I think that's really why I asked if there is any chance that you will do another guidance revision, or if you're pretty confident that what you've guided to the market now is really encapsulating the – call it – the worst and best case scenarios for the rest of the year.

Jørn Madsen – Chief Executive Officer, Maersk Drilling

Well, I guess just to be in line with regulatory authorities this has to be our best guess. So, that it is.

Fredrik Stene – Clarksons Platou Securities

All right. Thank you so much, all, and have a good day.

Operator

Thank you. The next question comes from the line of Daniel Thompson at J.P. Morgan. Please go ahead. Your line is open.

Daniel Thompson – Exane BNP Paribas

Good morning, team. Just one quick question from me, please. Is the decrease in CAPEX guidance due to any sort of deferrals into next year or is that all just sort of optimised project costs which fall into this year? That's all.

Christine Morris – Chief Financial Officer, Maersk Drilling

Hi, Daniel. It's Christine. It's a completely natural question. It's really optimisation, controlling project costs, and being efficient. It's not deferring maintenance that's required.

Daniel Thompson – Exane BNP Paribas

Okay, thanks, that's clear.

Operator

[Operator instructions]

We have no further questions, so I will pass back for any closing comments.

Jørn Madsen – Chief Executive Officer, Maersk Drilling

Thank you. So, with those few questions and answers we will conclude for today. So thank you for listening in and thank you for those questions. Looking forward to meeting some of you during the coming days, probably still in the virtual world, but maybe in the not too distant future we will meet eye to eye again. So, you all have a nice day and have a nice weekend. So, thank you, Operator, please.

Operator

Thank you, you may now disconnect your lines.