

Q3 2021

Trading Statement

The Drilling Company of 1972 A/S
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Denmark

maerskdirilling.com

Company registration no. 40404716
ISIN: DK0061135753
Ticker: DRLCO



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Webcast

In connection with the release of the Q3 2021 Trading Statement, Executive Management will host a conference call on Wednesday 3 November at 10:00 a.m. CET.

The conference call can be followed live via webcast on <https://getvisualtv.net/stream/?maersk-drilling-q3-2021-trading-statement>

The presentation slides for the conference call will be available beforehand at <https://investor.maerskdrilling.com/financial-reports-presentations>

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Performance highlights for Q3 2021

(Q2 2021 in brackets unless otherwise stated)



333m

Revenue in USD million (USD 350m)



99.2%

Financial uptime (99.8%)



1,520

Contracted days (1,520) resulting in a utilisation of 83% (80%)



81m

Total value of secured contracts in USD (USD 129m)



219k

Average day rate in USD (USD 230k)



1.5bn

Revenue backlog in USD as of 30 September 2021 (USD 1.6bn as of 30 June 2021).

Forward contract coverage for the remainder of 2021 of 73% and 37% for 2022



Divestment of Mærsk Inspirer completed subsequent to quarter end. Pro-forma, revenue backlog decreased to USD 1.0bn and forward contract coverage for the remainder of 2021 is 72% and 34% for 2022

Guidance for 2021

The full-year guidance for 2021 as revised on 19 August 2021 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 290-330m.
- Capital expenditures are expected to be in the range of USD 110-130m.

The guidance range reflects ordinary operational and performance uncertainties.

"I am pleased with our strong operational performance and high-quality service delivery across the Maersk Drilling rig fleet, which keeps us on track to deliver as promised in 2021. The successful closing of the Mærsk Inspirer transaction has significantly bolstered our balance sheet and provides financial flexibility in a market that continues to show clear signs of recovery, albeit with a challenging short-term outlook in the Norwegian jack-up sub-segment."

Jørn Madsen
CEO

Q3 2021 Performance

Unless otherwise stated, comments in this section refer to Q3 2021 performance (Q2 2021)

Revenue development

Revenue for Q3 2021 of USD 333m (USD 350m) was the second highest quarterly revenue reported by Maersk Drilling as a listed company, behind Q2 2021. Quarter-over-quarter development was five percent lower due to a lower average day rate, partially offset by higher utilisation across our fleet.

Business driver development

Contracted days of 1,520 (1,520) were flat quarter-over-quarter, as an increase in contracted days in the North Sea was offset by the sale of Maersk Guardian and by Mærsk Explorer spending the quarter idle.

Despite contracted days being flat sequentially, utilisation increased to 83% (80%) after the divestments of Mærsk Gallant and Maersk Guardian decreased the number of available days in Q3 2021.

An average day rate of USD 219k (USD 230k) was mainly the result of Maersk Highlander rolling off its previous legacy contract and commencing an extension at a lower day rate starting in August.

Financial uptime remained high at 99.2% (99.8%), reflecting strong operational performance by our active fleet throughout the quarter.

North Sea jack-ups

Revenue development

Revenue in the North Sea segment of USD 171m in Q3 2021 (USD 175m) was two percent lower quarter-over-quarter, as an increase in utilisation was cancelled out by a lower average day rate. The quarterly decrease in day rate revenue was USD 10m which was almost offset by performance bonuses and additional other revenue of USD 6m.

Business driver development

Contracted days of 784 (744) increased sequentially as Maersk Reacher commenced a contract with Aker BP in August, while no harsh environment rigs rolled off contract during the third quarter, adding to the total number of units on contract.

An average day rate of USD 218k (USD 235k) in Q3 2021 was lower due to Maersk Highlander rolling off a legacy contract and starting at a lower rate in August. This was partially offset by an increase in other revenue from the North Sea segment during the quarter.

Utilisation of 77% (69%) increased due to a simultaneous increase in contracted days and decrease in available days due to the divestments of Mærsk Gallant and Maersk Guardian.

Financial uptime remained high at 99.4% in Q3 2021 (99.8%).

Quarterly revenue and business drivers per segment

USD Million	North Sea	International	Total ¹
Q3 2021			
Revenue	171	155	333
Contracted days	784	644	1,520
Available days	1,012	736	1,840
Utilisation	77%	88%	83%
Average day rate (USDk)	218	241	219
Financial uptime	99.4%	99.0%	99.2%
Revenue backlog	648	777	1,462
Pro-forma revenue backlog after sale of Mærsk Inspirer	228	777	1,042
Q2 2021			
Revenue	175	168	350
Contracted days	744	685	1,520
Available days	1,079	728	1,898
Utilisation	69%	94%	80%
Average day rate (USDk)	235	245	230
Financial uptime	99.8%	99.8%	99.8%
Revenue backlog	754	851	1,649

¹ In addition to the North Sea jack-ups and International floaters, the totals for Maersk Drilling include the benign jack-up rig Maersk Convincer. This rig is not included in either segment and it is not reported separately due to its limited materiality.

International floaters

Revenue development

Revenue in the International floater segment of USD 155m in Q3 2021 (USD 168m) was sequentially lower due to Mærsk Explorer spending the quarter idle. Excluding Mærsk Explorer, all seven of our deepwater floaters were contracted for the entire third quarter of 2021.

Business driver development

The decrease in contracted days to 644 (685) and the decrease in utilisation to 88% (94%) can be

attributed to Mærsk Explorer spending the entire quarter idle, whereas in the previous quarter it was on contract until May.

An average day rate of USD 241k (USD 245k) in Q3 2021 was slightly lower due to Maersk Viking mobilizing towards the end of the quarter for the drilling contract in Gabon.

Financial uptime remained high at 99% (99.8%).

Revenue backlog

As of 30 September 2021, revenue backlog amounted to USD 1.5bn (30 June 2021: USD 1.6bn). During Q3 2021, a total of USD 81m was added to the revenue backlog from six new contracts and contract extensions.

As of 30 September 2021, forward contract coverage for the remainder of 2021 was 73%, split 65% for the North Sea jack-up segment and 81% for the International floater segment. The average contractual backlog day rates for the

remaining part of 2021 were USD 218k for the North Sea jack-up segment and USD 238k for the International floater segment.

Subsequent to 30 September 2021, Maersk Drilling completed the previously announced divestment of Mærsk Inspirer.

As a result of the transaction, Maersk Drilling's contract backlog, average backlog day rates and future contract coverage will be reduced. As of

30 September 2021, Maersk Drilling's contract backlog would be USD 1.0bn after excluding USD 420m related to Mærsk Inspirer.

At 30 September 2021, the forward contract coverage for the remainder of 2021 excluding Mærsk Inspirer would be 72% for the total fleet and 62% for the North Sea jack-up segment. The average contractual backlog day rates for the remaining part of 2021 excluding Mærsk Inspirer would be USD 205k for the North Sea jack-up segment.

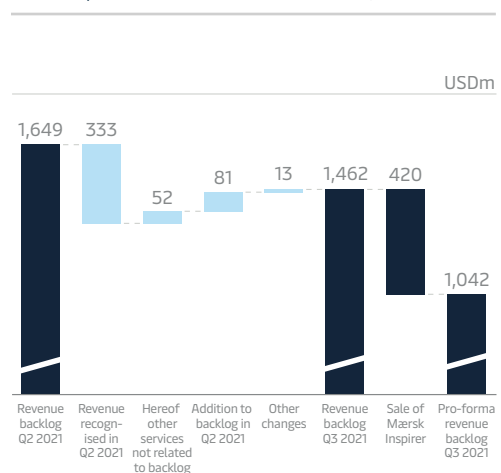
Subsequent to 30 September 2021, Maersk Drilling has been awarded two additional contracts and contract extensions bringing the total year to date additions to the revenue backlog to more than USD 950m.

Detailed contract information for the rig fleet is provided in the fleet status report dated 03 November 2021, which is available at Maersk Drilling's investor relations page <https://investor.maerskdrilling.com>.

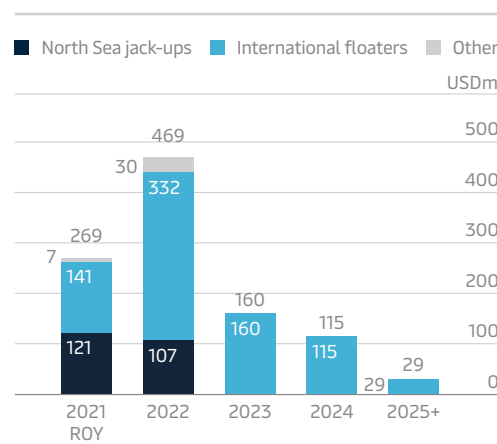
Maersk Drilling named preferred contractor for the Greensand Danish offshore carbon storage project

Maersk Drilling has entered a framework agreement with the Nini Joint Venture, operated by INEOS Oil & Gas Denmark and Wintershall Dea, covering supply of drilling rigs for the Greensand carbon storage project offshore Denmark. As preferred contractor, Maersk Drilling will have a right to all drilling rig work involved on market-rate terms until the end of 2027. The agreement is subject to the project obtaining the necessary funding and final investment decision.

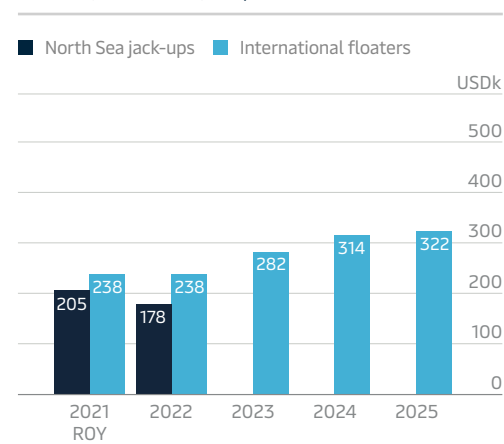
Development of revenue backlog in Q3 2021¹



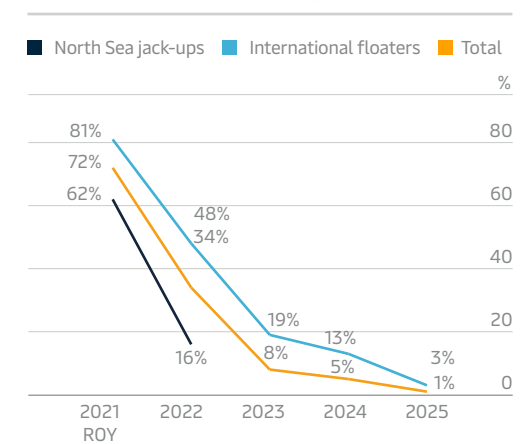
Revenue backlog¹



Average backlog day rate¹



Forward contract coverage¹



¹ Pro-forma post Mærsk Inspirer sale

Market update

(Q2 2021 in brackets unless otherwise stated)

In the third quarter of 2021, utilisation trended higher due to a combination of increased demand and further rationalisation on the supply side. In both the North Sea jack-up and global floater markets, total utilisation has surpassed peaks previously reached in 2019.

The North Sea jack-up market has had an increase in activity with average demand growing to

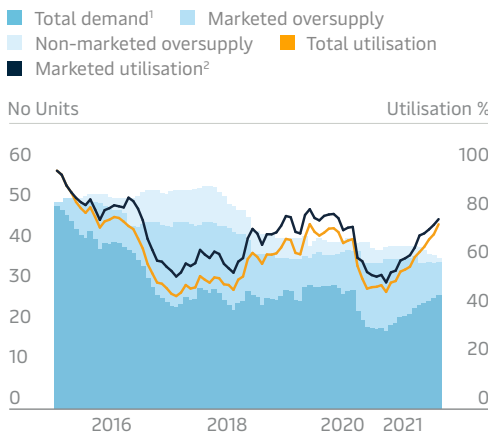
28 units (26 units), while the average marketed supply remained unchanged at 36 units (36 units), driving an increase in average marketed utilisation to 78% (72%). At the end of Q3 2021, the one-year forward contract coverage for North Sea jack-ups decreased to 40% (44%) reflecting that a decreasing share of the available jack-up rig capacity in the North Sea is contracted for the coming 12 months.

In the Norwegian sub-segment, there are limited tender opportunities with commencement in 2022. Demand for Norwegian jack-ups in 2022 is expected to be insufficient to maintain an acceptable level of coverage across our ultra-harsh environment fleet. Alternative deployment options for our ultra-harsh environment fleet outside of Norway are currently being considered for 2022, including work in the UK North Sea. From 2023 onwards, demand is expected to normalize given the significant pipeline of economically viable subsea development projects in shallow waters.

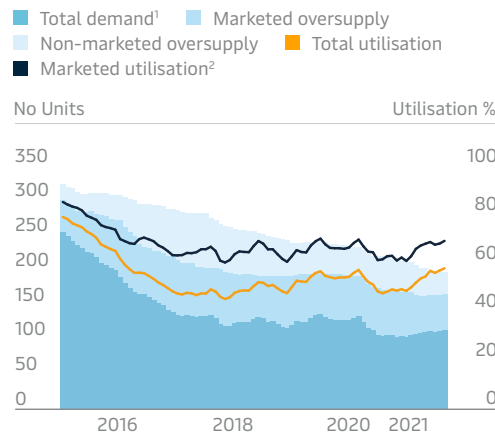
The global floater market showed an incremental rise in activity with average demand increasing to 113 units (111 units), while the average marketed supply increased to 164 units (163), driving a slight increase in the average marketed utilisation to 69% (68%). At the end of Q3 2021, the one-year

forward contract coverage for the global floater market improved to 42% (39%) and, given current requirements, demand for global floaters is expected to increase into 2022. With an average marketed oversupply of 51 rigs at the end of Q3 2021, the global floater market continues to be characterised by excess capacity, restraining the pace of recovery. As of Q3 2021, certain markets, such as the U.S. GOM, and asset classes, such as 7th generation floaters, have seen market dynamics improve faster than the global floater market as a whole.

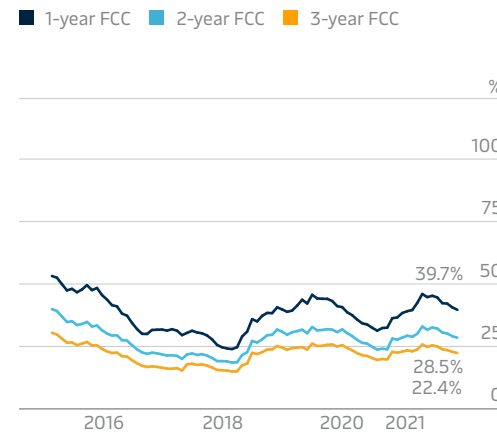
North Sea jack-up supply/demand and utilisation



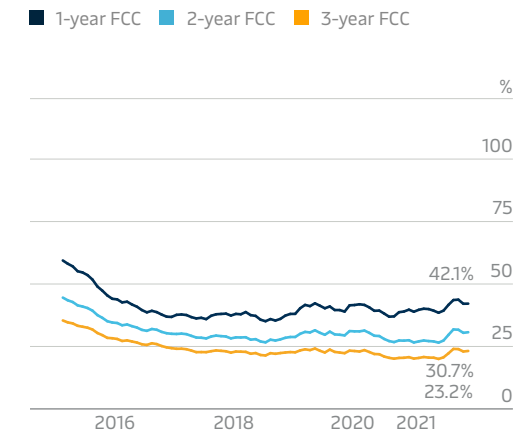
Floater supply/demand and utilisation



North Sea jack-up forward contract coverage



Global floater forward contract coverage



1 'Total demand' counts days actually on contract and does not include any future commitments.
 2 Marketed utilisation is calculated using marketed supply, defined as rigs which are actively offered for work in the near term.

Source: IHS Rigpoint

Divestment of the Mærsk Inspirer

Subsequent to quarter end, on 27 October 2021, Maersk Drilling completed the previously announced divestment of the combined drilling and production unit Mærsk Inspirer (now named Inspirer) to Havila Sirius for a price of USD 373m in an all-cash transaction. This transaction divests a non-core asset and significantly deleverages Maersk Drilling's balance sheet. Per the terms of Maersk Drilling's term loan agreement, the sale triggered a simultaneous loan repayment of USD 80m.

As part of the transaction, Repsol has assumed responsibility for the day-to-day operation of the rig on the Yme field, leasing the rig from Havila Sirius on behalf of the Yme licensees. Maersk Drilling transferred 60 employees to Repsol in a transfer of undertaking and, to ensure operational continuity, Maersk Drilling will continue to provide certain systems and logistics services for up to 12 months. In addition, Maersk Drilling will provide drilling management services for a period against payment of a management fee, which is not included in the proceeds.

As per the agreement, ownership was transferred after the rig was ready to receive hydrocarbons, which was achieved on 10 October 2021. The transaction has been approved by authorities.

This transaction does not impact Maersk Drilling's financial guidance for 2021.

Forward-looking statements

This announcement contains certain forward-looking statements (being all statements that are not entirely based on historical facts including, but not limited to, statements as to the expectations, beliefs and future business, contract terms, including commencement dates, contract durations and day rates, rig availability, financial performance and prospects of The Drilling Company of 1972 A/S and its subsidiaries and affiliated companies). These forward-looking statements are based on our current expectations and are subject to certain risks, assumptions, trends and uncertainties that could cause actual results to differ materially from those indicated by the forward-looking statements due to external factors, including, but not limited to, oil and gas prices and the impact of the economic climate; changes in the offshore drilling market, including fluctuations in supply and demand; variable levels of drilling activity and expenditures in the energy industry; changes in day rates; ability to secure future contracts; cancellation, early termination or renegotiation by our customers of drilling contracts; customer credit and risk of customer bankruptcy; risks associated with fixed cost drilling operations; unplanned downtime; cost overruns or delays in transportation of drilling units; cost overruns or delays in maintenance, repairs, or other rig projects; operating hazards and equipment failure; risk of collision and damage; casualty losses and limitations on insurance coverage; weather conditions in the Company's operating areas; increasing costs of compliance with regulations; changes in tax laws and interpretations by taxing authorities, hostilities, terrorism, and piracy; impairments; cyber incidents;

the outcomes of disputes, including tax disputes and legal proceeding; and other risks disclosed in Maersk Drilling's Annual Reports and company announcements. Each forward-looking statement speaks only as of the date hereof, and the Company expressly disclaims any obligation to update or revise any forward-looking statements, except as required by law.

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