AGM Minutes

The Drilling Company of 1972 A/S

Annual General Meeting – 6 April 2022

On 6 April 2022 at 10.00 AM (CEST) the Annual General Meeting of The Drilling Company of 1972 A/S (the "Company") was held as a completely electronic general meeting without the possibility of physical attendance.

The Annual General Meeting was convened with the following agenda:

1. The Board of Directors' report on the Company's activities in 2021

2. Presentation and adoption of the Annual Report for 2021

3. Distribution of profit or covering of loss according to the adopted annual report

4. Presentation and adoption of the Annual Remuneration Report for 2021

5. Resolution to grant discharge of liability to the Board of Directors and Executive Management

6. Approval of remuneration of the Board of Directors for 2022

7. Election of Chairman of the Board of Directors

8. Election of other members of the Board of Directors

9. Election of auditor

10. Proposals from the Board of Directors
    a. Indemnification Scheme for the Board of Directors and the Executive Management
    b. Amendments to the Remuneration Policy

11. Any other business

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The Chairman of the Board of Directors, Claus V. Hemmingsen, welcomed the shareholders participating via the live webcast transmission of the Annual General Meeting.

The Chairman of the Board of Directors then informed the general meeting that the Board of Directors had elected Niels Kornerup, attorney-at-law, as Chairman of the Meeting in accordance with Article 4.7 of the Articles of Association.

The Chairman of the Meeting presented the legal basis for convening the Annual General Meeting set out in the Danish Companies Act and the Company's Articles of Association.

Based on the foregoing, the Chairman of the Meeting stated that the Annual General Meeting had been duly and lawfully convened and that the Annual General Meeting was legally competent to transact the items comprised by the agenda of the Annual General Meeting.

The Chairman of the Meeting then informed that 59.55% of the share capital and votes (after deduction of the Company's holding of treasury shares) were represented at the Annual General Meeting. The Board of Directors had received proxies and postal votes representing 24,588,303 votes, corresponding to 99.99% of the votes represented at the Annual General Meeting.

Lastly, the Chairman of the Meeting, stated with consent of the general meeting, that no complete account according to section 101(5) of the Danish Companies Act was being made for the Annual General Meeting.

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Item 1 – The Board of Directors' report on the Company's activities in 2021

Item 2 – Presentation and adoption of the Annual Report for 2022

Item 3 – Distribution of profit or covering of loss according to the adopted annual report

Item 4 – Presentation and adoption of the Annual Remuneration Report for 2021

Item 5 – Resolution to grant discharge of liability to the board of directors and executive management

The Chairman of the Meeting gave the floor to the Chairman of the Board of Directors, Claus V. Hemmingsen who presented the Board of Directors' report on the Company's activities in 2021, the Annual Report for 2021, the proposal for distribution of profit for 2021 according to the Annual Report for 2021 and the Annual Remuneration Report for 2021.

The Chairman of the Board of Directors gave the floor to the Chief Executive Officer, Jørn Madsen, who elaborated on the Company's short and long-term response to the challenges and opportunities in the current and future market.

Claus V. Hemmingsen and Jørn Madsen's presentation is attached as *appendix 1*.

The Chairman of the Meeting thanked the Chairman of the Board of Directors and the Chief Executive Officer for the presentation.

The Chairman of the Meeting then stated that the Annual Report for 2021 had been signed by the Board of Directors, the Executive Management and the Company's auditor and provided with an unqualified audit report as set out on pages 101–105 of the Annual Report for 2021.

The Chairman of the Meeting then stated, with consent of the general meeting, that the general meeting:

1. Had taken account of the Board of Directors' report on the Company's activities in 2021.
2. Had adopted the Annual Report for 2021.
3. Had adopted the distribution of profit according to the Annual Report for 2021.

4. Had adopted the Annual Remuneration Report for 2021.
5. Had adopted the proposal to grant discharge of liability for the Board of Directors and Executive Management.

Item 6 – Approval of remuneration of the Board of Directors for 2022

The Chairman of the Meeting presented the Board of Directors' proposal on approval of remuneration of the Board of Directors for the financial year 2022. The Chairman of the Meeting explained that the proposed fee was unchanged compared to the financial year of 2021 and that the specific fees were proposed to be fixed as follows:

- That ordinary members of the Board of Directors were each paid an annual base fee of DKK 450,000.
- That the Vice Chairman of the Board of Directors was paid an annual fee of DKK 900,000, equivalent to 2 times the base fee.
- That the Chairman of the Board of Directors was paid an annual fee of DKK 1,350,000, equivalent to 3 times the base fee.
- That the supplementary remuneration for the chairman and the ordinary members of the Board Committees were maintained at the remuneration level for the financial year of 2021 as set out in the notice convening the Annual General Meeting and that no members of the Nomination Committee would receive supplementary remuneration for work related to the Nomination Committee.

The Chairman of the Meeting also noted that the Board of Directors may be reimbursed for expenses, social security contributions etc. and receive additional fixed fees for ad-hoc tasks in accordance with the Remuneration Policy. In this regard, the Chairman of the Meeting stated that if the pending business combination with Noble Corporation reaches closing before the end of 2022, the Board of Directors would receive full board fees for 2022, rather than prorated board fees, and that the reason for this approach was the number of extraordinary board meetings and the significant workload and responsibility of the Board of Directors in this connection.

The Chairman of the Meeting stated, with consent of the general meeting, that the remuneration of the Board of Directors for the current financial year, 2022, was approved.

Item 7 – Election of Chairman of the Board of Directors

The Chairman of the Meeting stated that the Board of Directors proposed to re-elect Claus V. Hemmingsen as Chairman of the Board of Directors.

The Chairman of the Meeting referred to appendix 1 of the notice convening the Annual General Meeting for information on the management level positions held by Claus V. Hemmingsen. Furthermore, the Chairman of the Meeting informed that Claus V. Hemmingsen (as set out in the notice convening the Annual General Meeting) was not considered independent in accordance with the Danish Recommendations on Corporate Governance.

As there were no other candidates for the position as Chairman of the Board of Directors, Claus V. Hemmingsen was re-elected for a one-year period.

Item 8 – Election of other members of the Board of Directors

The Chairman of the Meeting presented item 8 of the agenda and gave the floor to the Chairman of the Board of Directors.

The Chairman of the Board stated that 2021 had been an extraordinary year for the industry and the Company. The Board composition had proved to be well suited for the year's challenges, culminating in the announcement of the business combination with Noble Corporation.

The Chairman of the Board stressed the importance of good corporate governance and informed that the Company complied with 38 out of 40 recommendations set out in the revised recommendations published in 2021 by the Danish Committee on Corporate Governance. The Chairman of the Board stated that the two deviations were well-founded and accounted for on the Company's website.

The Chairman of the Board of Directors then presented the Board of Directors' self-evaluation which had been carried out internally with participation from all members of the Board of Directors and the Executive Management. The evaluation had consisted of questionnaires and individual interviews conducted by the Chairman of the Board of Directors with each of the members. Overall, the evaluation concluded that the Board of Directors performed well and that cooperation between the Board of Directors and the Executive Management was satisfactory.

The Chairman of the Board of Directors drew attention to the continued goal of the Board of Directors being composed of a diverse range of candidates, both in terms of gender, nationality, qualifications and competencies. The Company's target of having two female board members elected by 2022 was already satisfied at the Annual General Meeting in 2020. The current target was to have at least 1/3 of the Board of Directors being non-Danish citizens. The Chairman of the Board stated that the proposed candidates' management posts had been listed in appendix 1 to the notice convening the Annual General Meeting, and informed that Robert M. Uggla had recently been elected as chairman of the board of directors of A.P. Møller - Mærsk on 15 March 2022, which had added a chairmanship to his list of management posts.

The Chairman of the Board of Directors then presented the Board of Directors' proposal to re-elect:

- Alastair Maxwell
- Ann-Christin Andersen
- Kristin H. Holth
- Martin Larsen
- Robert M. Uggla

As there were no other candidates for the position as member of the Board of Directors, Alastair Maxwell, Ann-Christin Andersen, Kristin H. Holth, Martin Larsen and Robert M. Uggla were all re-elected for a one-year period.

Accordingly, the Board of Directors was composed by the following members:

- Claus V. Hemmingsen (Chairman)
- Alastair Maxwell
- Ann-Christin Andersen
- Kristin H. Holth
- Martin Larsen
- Robert M. Uggla
- Glenn Gormsen (employee representative)
- Caroline Alting (employee representative)

Item 9 – Election of auditor

The Chairman of the Meeting presented the Board of Directors' proposal to re-elect PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab as auditor of the Company.

The Chairman of the Meeting stated that the proposal was made in accordance with a recommendation provided by the Company's Audit & Risk Committee which had not been affected by third parties and which had not been subject to any agreement with a third party limiting the general meeting's election of auditor.

As there were no other candidates for the position as auditor of the Company, PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab was re-elected as the Company's auditor.

Item 10 – Proposals from the Board of Directors

Item 10a – Indemnification Scheme for the Board of Directors and the Executive Management

The Chairman of the Meeting presented the Board of Directors' proposal to introduce an indemnification scheme for members of the Board of Directors and the Executive Management against claims by third parties brought against them in their capacity as members of the Board of Directors or the Executive Management.

The proposed indemnification program was structured to the effect that the Company should, to the fullest extent permitted by applicable law, indemnify, defend and hold harmless, and provide advancement of expenses to, each person who was or who would become a member of the Board of Directors or the Executive Management of the Company or any of its respective subsidiaries (the "Indemnified Parties") against all losses, claims, damages, costs, expenses, liabilities, including potential tax liabilities prompted by the Indemnity Scheme, or judgements or amounts that would be paid in settlement of or in connection with any third-party claim, action, suit, proceeding or investigation based in whole or in part on or arising in whole or in part out of the fact that such person was a member of the Board of Directors or the Executive Management of the Company or any of its respective subsidiaries, and pertaining to any matter or any acts, whether asserted or claimed prior to, or at or after the adoption of the Indemnity Scheme.

The Indemnity Scheme would not cover any losses, claims, damages, costs, expenses, liabilities or judgements or amounts that were paid in settlement which was covered by the directors' and officers' liability insurance taken out by the Company. In addition, indemnification under the Indemnity Scheme would specifically exclude losses, claims, damages, costs, expenses, liabilities or judgements or amounts that were paid in settlement caused by an Indemnified Party's gross negligence (unless covered by directors' and officers' liability insurance), wilful misconduct, fraud, intentional or criminal behaviour.

The Board of Directors would be authorised to determine the detailed terms of the Indemnity Scheme, including coverage, and to manage and administer the Indemnity Scheme, including in relation to any claim, action, suit, proceeding or investigation.

The Indemnity Scheme was for the sole benefit of the Indemnified Parties and no third party would be entitled to rely on or derive any benefits from the Indemnity Scheme or have any recourse against the Company on account of the Indemnity Scheme.

With consent of the general meeting, the Chairman of the Meeting stated that the proposal was adopted.

Item 10b – Amendments to the Remuneration Policy

The Chairman of the Meeting presented the Board of Directors' proposal to add a new clause 6.2 to the Remuneration Policy which would reflect the indemnity scheme adopted by the general meeting under item 10a of the agenda. The Chairman of the Meeting referred to the notice convening the Annual General Meeting for the full text of the new clause 6.2.

With consent of the general meeting, the Chairman of the Meeting stated that the proposal was adopted.

Item 11 – Any other business

No contributions were made under item 11.

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There being no further items on the agenda, the Chairman of the Meeting thanked the shareholders for a proper and efficient execution of the general meeting and resigned as Chairman of the Meeting.

Claus V. Hemmingsen thanked the shareholders for their trust and support and the Chairman of the Meeting for conducting the Annual General Meeting.

The Chairman of the Board of Directors then declared the Annual General Meeting closed.

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Niels Kornerup
Chairman of the Meeting

Maersk Drilling

AGM 2022 – Extract of the management report

6 April 2022

As presented by Claus V. Hemmingsen, Chairman of the Board of Directors, and Jørn Madsen, Chief Executive Officer, at Maersk Drilling's Annual General Meeting, 6 April 2022

Dear shareholders,

As Chairman of the Board of Directors, it is a great privilege for me to welcome all of you to Maersk Drilling's Annual General Meeting 2022. Again this year the Board of Directors has decided to conduct the Annual General Meeting in a virtual setting. An Annual General Meeting represents a unique opportunity for a company's shareholders to engage in dialogue with representatives of the Executive Leadership Team and the Board of Directors. I sincerely hope that you will all make use of this opportunity to learn about Maersk Drilling's business and strategy and to ask questions virtually through the available channels.

2021 proved to be an interesting year for oil and gas during which we saw constructive developments for the overall demand for these energy sources. High demand uncertainty in 2020 persisted into the start of 2021. With the price of brent crude trading around USD 50 and contracting activity subdued in the beginning of the year, we anticipated that 2021 would be yet another transition year for offshore drillers. As the year progressed, however, brent crude prices and the demand for drilling rigs, especially international floaters, steadily improved. As a result, the market landscape in 2021 was one of broad-based recovery. Competitors emerged from Chapter 11 bankruptcy protection with rationalised fleets and balance sheets. Amidst an improving outlook for global oil and gas demand, utilisation and day rates also saw gradual increases from COVID-19 lows.

Industry consolidation continued and gained momentum in 2021. Noble acquired Pacific Drilling and, as announced in November, Maersk Drilling is seeking to combine with Noble to create a world class offshore driller with an industry leading cost structure and a best-in-class balance sheet. I will speak more about the business combination shortly. In general, with resolved liquidity situations and new owners, the offshore drilling industry is now better positioned to capitalise on improving market conditions and to create value for long term shareholders.

This brings me to where we are currently at in the market today. I cannot begin to address the present market without reflecting on the current traumatic geopolitical situation that has and is developing because of the Russian war on Ukraine. The human tragedy that has transpired in Ukraine has me at a loss for words. While the ongoing conflict certainly has implications for our industry, the senseless loss of life and the impact on the Ukrainian people must not be forgotten. We should all count ourselves lucky to live free of conflict in democratic societies that preserve freedom and high standards of living for their citizens. Jørn Madsen will in his report address the direct impact on and actions taken by Maersk Drilling as a consequence of the war, hereunder also how we have safeguarded, as best we can, our Ukrainian and Russian colleagues.

That being said, it is undisputable that the ongoing conflict in Ukraine has had serious implications for global energy markets. The world's dependency on fossil fuels has become increasingly apparent, bringing the importance of energy supply security to the forefront of geopolitical agendas today. This is in spite of the need to transform sources of energy and expedite the transition to greener energy.

Oil and gas prices have now reached multi-year highs, creating a supportive price environment for increased upstream investments. The current industry landscape is supportive of exploration and development activities which are expected to fuel rig demand growth in 2022 and into 2023, possibly beyond. Furthermore, the availability of high specification rigs has tightened putting upwards pressure on utilisation and day rates. With rightsized capital structures, oil and gas service providers are now poised to generate free cash flow for shareholders.

It is important to acknowledge that the offshore drilling industry continues to undergo significant structural change. The ongoing energy transition from hydrocarbons to renewables is inevitably going to accelerate given the current geopolitical landscape. This poses a challenge to the oil and gas sector. While the energy transition is likely to play out over the course of decades, the push to drastically reduce emissions – particularly those resulting from the combustion of hydrocarbons – is placing structural pressures on the future availability of oil and gas supplied by major operators.

Large drops in capital spending have already led to a decrease in supermajor hydrocarbon production, which has fallen over 10% since 2019. Furthermore, strict ESG regulations are preventing capital from entering oil and gas markets, thereby constraining the future development of production capacity. Supermajor capital spending continues to lag far behind perceived demand, especially given rebounding oil and gas prices and historical averages. At the same time, there continues to be a global energy dependence on hydrocarbons which will play a critical role over the coming decades to maintain and further develop the global economy. This imbalance between demand and supply comes against a backdrop of already tight global oil markets, heightened oil price volatility, and commercial inventories that are at their lowest levels since 2014. Crucially, there is also a limited ability for producers to provide additional supply in the near term.

Without factoring in potential supply shocks from the events that have transpired between Russia and Ukraine, more oil and gas will be needed to replace already diminished global reserves; and to meet demand from a growing global population. It is crucial that the shift to green energy balances both energy security and the structural need for hydrocarbon production which, in our view, will remain a significant portion of the world's energy mix in the decades to come.

Before turning to our financial highlights for 2021, I would like to circle back to the announced business combination with Noble. The proposed plan to combine the business activities of Maersk Drilling and Noble Corporation was announced in November. We will be creating a combined company with sufficient scale to serve as a world class offshore drilling contractor for energy companies worldwide. The transaction will combine the business activities of two leading offshore drilling companies with a strong strategic rationale and significant value creation to customers and shareholders.

The combined company has every opportunity to lead the offshore drilling industry based on a unique operating history, unparalleled brand reputation, a global footprint including both harsh and benign drilling environments, a first-class fleet of assets, and a leading position within sustainability. Add to that some of the most qualified and capable people in the industry. Our focus will be on deep-water and harsh environment drilling with a current fleet of drilling rigs located primarily in the North Sea, North America, South America, West Africa, and the Asia-Pacific.

With the proposed combination, we firmly believe we are creating the best opportunity for long-term growth and shareholder value creation. The combination with Noble is expected to provide through-cycle ability to return cash to shareholders based on the realisation of estimated annual cost synergies of USD 125 million, an even stronger balance sheet, and additional cash flow potential as market fundamentals continue to improve.

The shareholders of each respective company will soon have the opportunity to approve the merger which has been unanimously recommended by both Boards of Directors. This will happen through the extension of an offer to exchange Maersk Drilling shares for shares in the new Noble company, which will be listed on the New York Stock Exchange, with a secondary listing on Nasdaq Copenhagen. Hence, the approval will take place on an individual shareholder level and not at a general meeting.

I sincerely believe that this transaction will benefit Maersk Drilling's shareholders and set the scene for a new, stronger player that will be an innovative and trendsetting force in the drilling industry. The transaction is expected to close mid this year, and I will provide a status update and outline the shareholder acceptance process later in this meeting.

Turning now to our financial highlights for 2021. Supported by renewed contracting activity, Maersk Drilling generated an EBITDA before special items of USD 346 million corresponding to a 27% margin. Despite significantly higher activity, we remained disciplined in our capital expenditures which decreased 37% to USD 102 million in 2021. As a result, we generated free cash flow after interest for the sixth year in a row of USD 157 million.

On top of this excellent free cash flow generation, we divested three rigs for pre-tax proceeds of USD 405 million. This effectively reduced our net debt to USD 505 million, corresponding to a leverage ratio of 1.5x, and our liquidity position improved to nearly USD 1 billion including our undrawn USD 400 million revolving credit facility. Our leverage and liquidity profiles as a listed company have never been stronger than they are today.

This financial performance would not have been possible without the outstanding commercial achievements made in 2021. We were able to add over USD 2 billion to our backlog in 2021, the most backlog per rig added in the industry. This was made possible by the agreement to renew our five-year framework agreement with Aker BP which was announced in December. I am extremely pleased that we have re-affirmed our commitment to Aker BP for another five years, working in a collaboration that has set new standards for what is possible in the offshore drilling industry. This is also proof that our Smarter Drilling for Better Value strategy leads to significant value creation for all parties when we collaborate closely as partners.

Now, let us take a closer look at how we got to these financial results. In the presentation (slide 8) you can see the profit and loss account together with selected figures from the cash flow statement and balance sheet. Supported by renewed contracting activity, revenue increased 16% to USD 1.3 billion from USD 1.1 billion in 2020.

The main business drivers impacting our top-line are day rates, contracted rig-days, utilisation and financial uptime. The year over year increase in revenue was mainly driven by higher utilisation, which increased from 65% to 75%, and a stronger average day rate which improved to 226,000 from 210,000.

Higher activity across our fleet was partially offset by a slightly lower financial uptime which remained high at 98%. This was mainly due to the Mærsk Deliverer, which spent six weeks off-rate during the first quarter due to an equipment incident, as well as two minor incidents on Mærsk Deliverer and Maersk Valiant in the fourth quarter that resulted in a combined 35 days off-rate.

Total costs increased to USD 921 million in 2021 from USD 807 million in 2020. This was largely attributable to an increase in activity, with operating costs increasing from USD 725 million to 836 million, in line with the 10-percentage-point increase in fleet utilisation year over year. Organisational cost optimisations that were implemented last year saw SG&A and innovation costs remain flat compared to 2020.

Combined with strong operational execution by our offshore colleagues, and an outstanding commercial performance in 2021, we saw EBITDA before special items increase 20% to USD 346 million, or a 27% margin.

We recorded a net profit of USD 291 million in 2021, which includes gains from the sale of assets of USD 256 million. This was a substantial increase year over year, which reflects improving industry fundamentals, as well as the absence of write downs due to impairments. The Board of Directors proposes that the result of USD 291 million is carried forward to next year, hence no ordinary dividend is proposed for the year.

Another way to view our performance – which is often preferred by investors and financial analysts – is to focus on cash flow generated during the year. In 2021, cash flow from operating activities increased 18% to USD 315 million from USD 267 million in 2020. This represented a 97% cash conversion of our EBITDA after special items of USD 325 million.

We remained disciplined on capital expenditures, which decreased 37% to USD 102 million in 2021 from USD 162 million in 2020. This led to meaningful free cash flow generation for a 6th straight year, delivering USD 157 million, of which USD 136 million was used to repay long-term debt.

2021 was also a year of significant balance sheet improvement for Maersk Drilling. Meaningful free cash flow generation, as well as pre-tax proceeds of USD 405 million from the strategic divestments of three rigs – the Mærsk Inspirer, Maersk Guardian, and Mærsk Gallant – saw our net debt decrease to USD 505 million from USD 1 billion.

Simultaneously, liquidity improved to approximately USD 1 billion, including our undrawn USD 400 million revolving credit facility. Our leverage ratio now stands at 1.5x – the lowest it has been since we were listed and below the target outlined in our financial policy.

I would like to end this section by congratulating Management and the entire Maersk Drilling organisation for a truly amazing performance in 2021. A year that was still challenged by COVID-19 and other external factors. Despite high uncertainty in our industry in the beginning of the year, we were able to firm up work that saw all seven of our deep-water floaters contracted for the majority of the year – a strong commercial achievement and a remarkable operational milestone. This was made possible by the successful reactivation of four deep-water units with three new customers to start 2021, which along with strong operational execution led to the upward revisions of our guidance for EBITDA before special items.

A commendable performance that has not gone unnoticed. And a performance that has only been possible due to the tremendous dedication and efforts shown by all our colleagues, on- and offshore. I sincerely thank all of you.

And with that, I will now hand the podium over to CEO Jørn Madsen who will elaborate on Maersk Drilling's performance highlights in 2021 and comment on both industry structure and recent market developments.

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CEO takes over

Thank you very much, Chairman.

It is indeed a pleasure to be here and I am grateful for the opportunity to present our 2021 highlights, as well as the strategic progress made with our Smarter Drilling for Better Value strategy, and finally how we see the industry and market landscapes today.

I would also like to take this time to thank our people for their extraordinary efforts this past year. Despite significant disruptions, you continue to perform at an extremely high level, exemplifying Maersk Drilling's values in times of uncertainty. I will start by outlining the external factors that are contributing to the ongoing and accelerating transformation of our industry, followed by Maersk Drilling's response.

Significant oil price volatility over the past three years has made one thing abundantly clear to our customers: they must build resilient, future-proof portfolios with low breakeven prices in order to maximise the value extracted from development projects. This of course has important implications for service providers like Maersk Drilling. Oil and gas operators will continue to look towards service companies, including offshore drillers, that truly embrace technology and lean ways of working, who are open to exploring new operating and partnering models; all in an effort to reduce costs. At the same time, climate change and emissions have become an increasingly important value proposition for our customers. Major operators have announced transition plans, implemented company-wide reorganisations, and allocated funds as they prepare for a shift to low carbon energy. Accelerating this transition are mounting pressures from society – including governments and institutional investors – to reduce traditional hydrocarbon investments and increase commitments to renewable energy projects. The current tragedy occurring in Ukraine will likely only accelerate this trend. Later in the meeting, I will address our market outlook and speak to the impact that capital constraints, significant oil price volatility, and recent multi-year high oil and gas prices are having on our industry.

I firmly believe that Maersk Drilling is best positioned to capitalise on the significant industry disruption that we are seeing today. Our core value proposition, Smarter Drilling for Better Value, has proven to increase certainty, while simultaneously reducing the time, waste, and emissions involved in executing a drilling campaign. Smarter Drilling for Better Value has resulted in significant cost savings for our customers and is the main driver behind our excellent financial performance in 2021. Since the objective of Smarter Drilling for Better Value is to reduce the time spent drilling a well, it has continued to resonate with customers who are increasingly measured on emissions. Furthermore, we continue to see the energy transition as a source of opportunity for our industry. Alternative uses for drilling rigs will emerge, including drilling wells for carbon capture and storage activities, where Maersk Drilling is well positioned due to our participation in Project Greensand, the largest and most advanced CCS project in Denmark.

On slide 11, you can see that Maersk Drilling is an industry leader in sustainability, which is centered around our strategic priority of providing responsible drilling. We have made excellent progress on our sustainability strategy and continue to have the most ambitious emissions reduction target in the industry. Throughout 2021, we made significant progress on our Responsible Drilling priority of providing low-emission drilling services. Maersk Integrator received low emission upgrades in 2021 and Maersk Invincible will become our third low emission jack-up by the end of 2022. Low emission drilling is becoming an increasingly important value proposition among our customers and we are well positioned to address this need as an industry leader in sustainability. To that end, we have installed energy efficiency digital monitoring systems on 11 of our rigs and have several R&D projects ongoing to develop scalable clean fuel solutions. Overall, our carbon intensity has improved per dollar of revenue, while tonnes of CO2 per contracted day and per drilled meter both increased in 2021 due to a greater concentration of floater work, which is more carbon intensive than jack-up work.

Our carbon capture and storage activities are also progressing well. As announced in October, Maersk Drilling has entered into a framework agreement and now has a first right to all drilling work involved in Project Greensand until the end of 2027. Project Greensand has now advanced to Phase 2 and, in December, the project was awarded the largest grant for a single project in EUDP history, receiving USD 30 million from the Danish government. While Project Greensand is still in its early stages, Maersk Drilling's core capabilities are perfectly suited for carbon capture and storage.

When it comes to addressing our customer's increased focus on efficiency and profitability, our core value proposition of Smarter Drilling for Better Value continued to resonate in 2021. Since Maersk Drilling was listed in 2019, the share of other revenue in proportion to traditional day rate revenue has been increasing, compounding at an annual growth rate close to 30%. Other revenue was also a key driver of total revenue in 2021, increasing 72% to USD 267 million from USD 155 million in 2020. This was primarily driven by significant growth in revenue from additional services, which increased 86% to USD 160 million from USD 86 million. Other revenue is comprised of revenue from nine formal additional services, includes performance bonuses, and lump sum revenue for mobilisations and demobilisations. Customers are increasingly willing to pay for additional services that improve the efficiency of their drilling campaigns, and this has a significant impact on our bottom line. In 2021, performance bonuses alone of approximately USD 20 million contributed 2 percentage points to our EBITDA margin before special items. The strong strategic progress made under Smarter Drilling for Better Value leads to higher utilisation, increased customer stickiness, and is the main driver behind our excellent financial performance in 2021.

MAERSK DRILLING

Before turning to our market outlook, I will provide a brief operational update for 2021. Starting with safety. While our lost time injury frequency increased slightly to 0.53, 2021 saw the lowest level of total recordable incidents in more than 10 years. We had no serious injuries this year – an achievement that I am extremely proud of – with the last serious injury occurring almost three years ago. When it comes to service delivery, financial uptime remained high in 2021 at 97.6%. The slight decrease compared to last year was mainly due to the Mærsk Deliverer, which spent six weeks off-rate during the first quarter, as well as two minor incidents on Mærsk Deliverer and Maersk Valiant in the fourth quarter that resulted in a combined 35 days off-rate. Lastly, despite offshore disruptions caused by COVID-19, our customer satisfaction score remained high at 6.5 out of 7 for 2021. This is a testament to our offshore personnel who are going above and beyond delivering on campaigns for our customers, as well as strong progress made under Smarter Drilling for Better Value. I am extremely grateful for our offshore employees whose continued extraordinary efforts in 2021 have been fully recognised by our customers.

I would also like to take this time to talk about the efforts that we have made as an organisation to safeguard our Ukrainian and Russian employees. The ongoing tragedy and senseless loss of life in Ukraine prompted swift action from Maersk Drilling. First and foremost, this meant ensuring the safety of our Ukrainian and Russian colleagues. Temporary relocation outside of the country is available for our Ukrainian employees. Furthermore, Maersk Drilling employees have donated USD 44,000 to the Danish Red Cross, which was matched by a similar amount by our company. This speaks volumes about the employees at Maersk Drilling and our company values as a whole. Due to its proximity to the current conflict, employees in our Gdansk office in Poland have also experienced hardship. We have offered them support and continue to monitor the evolving situation very closely.

I will now turn to our market outlook before handing the podium back to our Chairman. To start 2021, brent oil and natural gas prices were USD 50 per barrel and USD 20 per barrel equivalent, respectively. As the year progressed, the global outlook for oil and gas demand improved and commodity prices gradually recovered, spurring an increase in rig demand and utilisation. This provided support for day rates which also gradually increased throughout the year, especially for floaters.

At the end of 2021, brent crude and natural gas prices were meaningfully higher at USD 78 per barrel and USD 66 per barrel equivalent, respectively, the highest levels we have seen since 2014. In our Annual Report market commentary, we reiterated that commodity prices were supportive to generate additional rig demand growth in 2022; and were adequate to provide support for new exploration and development activities, especially for floaters. At the same time, we reiterated that the pace of recovery remained constrained by reinforced capital discipline by major operators who announced transition plans, implemented company-wide reorganisations, and allocated funds as they prepared for a shift to low carbon energy. In our view, this was placing structural pressures on the future availability of oil and gas supplied by major operators.

Fast forward to 2022 and commodity prices are now approaching all-time highs. While rig demand, utilisation, and day rates have continued to improve, upstream capital spending and hydrocarbon production by major operators continue to remain persistently below historical averages. At the same time, there continues to be a global dependence on oil and gas, while global commercial inventories are now at their lowest levels since 2014. The combination of historic underinvestment and capital constraints imposed by strict ESG regulations both limit future supermajor production and are two realities that we face today. Furthermore, supply disruptions caused by current geopolitical tensions bring energy security to the forefront of global energy discussions today. While the displacement of Russian oil and gas will likely accelerate the shift to low carbon energy, this disruption comes at a time when there is a limited ability for producers to provide additional supply in the short term. If an enhanced focus on energy security leads to an increase in domestic production, we should see rig demand continue to grow. Regardless of how the ongoing situation plays out, we have limited exposure to Russian customers. And more oil and gas will be needed to replace already diminished global reserves, to further develop the global economy, and to meet the needs of a growing global population. We remain positive about our outlook for 2022 and expect rig demand and day rates to continue their gradual increases, especially for high specification floaters.

These gradually improving market fundamentals can be seen on slide 16. Starting with North Sea jack-ups. During 2021, the number of jack-up rigs under contract in the North Sea increased from 23 at the beginning of the year to 29 at the end of the year. During the same period, the total supply of jack-up rigs in the North Sea decreased from 40 at the beginning of the year to 38 at the end of the year; while marketed supply remained unchanged at 37 units. Marketed utilisation increased from 61% to 78% by the end of the year. As of the end of 2021, the one-year forward coverage in the North Sea jack-up market was 39%, a five-percentage-point increase from the beginning of the year.

For global floaters, during 2021, the number of floaters under contract increased from 102 at the beginning of the year to 113 at the end of the year. Over the same period, the total supply of floaters was meaningfully reduced from 211 to 193 units; while the marketed supply remained unchanged at 167 units. As of the end of 2021, the one-year forward coverage in the global floater market was 47%, a 10-percentage-point increase from January.

Turning to more general market comments, we continue to see 2022 as a transition year for the Norwegian jack-up market. This is due to a forecasted oversupply of jack-ups in Norway in 2022 relative to demand. As we have reiterated in our commentary since the first quarter of 2021, demand for Norwegian jack-ups in 2022 is expected to be subdued, however our long-term thesis remains unchanged, with demand expected to normalise in 2023. This was reinforced by the agreement to renew our framework agreement with Aker BP for another five years, which is expected to start at the end of 2022.

Regarding spare capacity for our R-rigs, it is our expectation that we will secure solid utilisation in 2022 at market rates. Given ongoing customer dialogues, we are encouraged by lengthening contract durations for harsh environment jack-ups outside of Norway. While day rates have not recovered at the same pace as deep-water floater rates, we are still seeing positive market developments in this segment.

We remain positive on our outlook for global floaters where current oil and gas prices are supportive of exploration and development activities, which are expected to fuel rig demand growth in 2022.

Furthermore, energy security concerns could accelerate demand for drilling rigs across both segments. Given current commodity prices and energy security being at the top of geopolitical agendas today, increased domestic production could materialise in the near-term future. We will first need to see a material increase in upstream capital spending, which still remains below pre-COVID levels. We continue to be well positioned for future opportunities with our high-end rigs and our solid operational track record.

So, with that, I thank you for your attention, and I will now hand it back to the Chairman.

-ooOoo-

Chairman takes over

Thank you to our CEO. Jørn, as mentioned I am impressed by the way you and your people have continued to perform despite significant uncertainty throughout the year. 2021 was a strong year for Maersk Drilling across numerous fronts and I commend your efforts.

We are now a bit more than three months into the new year and, while we are hopefully nearing the end of a global pandemic that has gripped society for more than two years, the ongoing war between Russia and Ukraine leaves considerable uncertainty for commodity prices in the future. With that being said, we view current prices as supportive for generating additional rig demand in 2022, especially for global floaters. At the end of 2021, we had secured 47% of our capacity for 2022, or USD 604 million in revenue backlog. As communicated in our annual report webcast, we were able to add approximately USD 100 million to our backlog between January 1st and February 11th, bringing our forward contract coverage to 54% for 2022. This forms the basis for our financial guidance for 2022 which can be seen on the next slide.

We expect EBITDA before special items between USD 210 and 250 million. The earnings guidance is based on the secured backlog and expected additional contracts from our current commercial pipeline. The relatively wide range of our guidance reflects our expectations given current market conditions, including the fact that 2022 will be a transition year for Norwegian jack-ups. We will continue to remain disciplined in the tender process and focus on cash flow generating opportunities for 2022 and beyond. Capital expenditures are expected to be between USD 120 and 140 million. We will continue our tight control of capital expenditures while preserving the integrity of our fleet. The guidance range reflects the variable portion of the capex spend tied to commercial activity.

Let us now take a moment to look at the development of our share price since the beginning of 2021. Last year, Maersk Drilling shares increased 31%, which was in line with broader sector gains. The largest price increase in 2021 came following the announcement made in November that Maersk Drilling and Noble would combine businesses. On the day prior to the announcement, Maersk Drilling shares closed at DKK 231 and proceeded to close the following day at DKK 272, equivalent to an increase of 18%. Given the closing price on November 9th, the exchange ratio implied a premium of 28% for Maersk Drilling shares. Since the business combination was announced, Maersk Drilling shares have generally traded around the exchange ratio of one Maersk Drilling share for c. 1.6 shares in the combined company.

To start 2022, Maersk Drilling shares have increased another 46%, also in line with broader industry gains. So, all in all, it is encouraging to see positive share price developments across the industry and we hope that, from an absolute standpoint, gains for our shareholders have been satisfactory.

Now turning to management and board remuneration for 2021, as also described in detail in our Annual Remuneration Report. Let me first confirm that the remuneration for 2021 was in compliance with the Remuneration Policy as adopted at the Annual General Meeting last year. Maersk Drilling's Remuneration Policy is designed to align the remuneration of the Board and the Executive Management, respectively, with the strategic and sustainable priorities of the Company. The policy also safeguards the alignment of interests between the Company and its shareholders, both in the short- and long-term. Finally, remuneration shall ensure to attract and retain the right competencies and talents for top management and thereby also ensure operational continuity.

In 2021, the Board of Directors received fixed board fees totaling USD 1 million, which was equal to the prior year, and basic fees remained unchanged.

Executive Management received remuneration totaling USD 5.3 million corresponding to an increase of 107% compared to their regular remuneration for 2020. While this was a meaningful increase compared to last year, it should be noted that Maersk Drilling's Scorecard – which drives executive bonus pay outs – resulted in a performance rating that is also 197% higher than last year. Executives' bonuses are therefore a direct result of our 2021 performance versus 2020. Any other variation is due to share price fluctuations. So, this increase was primarily a result of our 2021 performance and reflects a corresponding bonus payout of short-term and long-term incentives that were higher compared to 2020.

To reiterate, Executive Management's remuneration packages consist of (i) fixed pay and customary benefits; (ii) a short-term cash incentive tied to achievement of measurable targets established by the Board; and (iii) a long-term share-based incentive with a 5-year performance horizon (a vesting period of at least three years, and a subsequent holding period of two years). Furthermore, a Share Ownership Requirement is in place equal to twice the annual long-term incentive grant level applicable.

Before turning the meeting back over to the Chair of the Meeting, I would like to update shareholders on the business combination with Noble. As announced on November 10th, Noble Corporation and Maersk Drilling have entered into a definitive business combination agreement to combine in a primarily stock transaction. The transaction is estimated to close in mid-2022 and is progressing as planned.

Closing of the transaction is subject to Noble shareholder approval, to acceptance of the exchange offer by holders of at least 80% of Maersk Drilling shares, to merger clearance and other regulatory approvals, to listing on the New York Stock Exchange and Nasdaq Copenhagen, and to other customary conditions.

For Maersk Drilling's shareholders, the transaction will be implemented by way of a share exchange offer. Maersk Drilling shareholders will be offered to exchange each Maersk Drilling share for c. 1.6 Noble shares, or elect cash consideration for up to USD 1,000 of their Maersk Drilling shares, subject to an aggregate cash consideration cap of USD 50 million.

We have irrevocable support from top shareholders of Noble and Maersk Drilling which represented 53% and 54% of share capital and votes, respectively, as of November 10th. However, in order for Noble to obtain 100% ownership of Maersk Drilling, they will need acceptances from the Exchange Offer representing more than 90% of Maersk Drillings' total share capital.

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What this means for our shareholders is that we need you to act when the Exchange Offer is published. If you do not tender your shares in the Exchange Offer, and it gets acceptances from more than 90% of Maersk Drilling's share capital to effect a squeeze-out, any remaining minority shareholders will have their shares redeemed for cash based on an average share price set before the Exchange Offer is published.

It is important to note that the acceptance from Maersk Drilling shareholders will not take place at a general meeting, but rather, as described and already mentioned, as an individual shareholder acceptance of the offer to exchange into Noble shares. We are optimistic that you will support the transaction and will provide you with information and shareholder actions required as the situation progresses.

Such a transaction has also put many of our onshore colleagues in a state of uncertainty, with many having to come to grips with the fact that 50 years of drilling under the Maersk Drilling name is about to come to an end. To ensure retention of management and key employees, we implemented a retention scheme in 2021. We are committed to treating our employees as we have done in the past and have taken steps to ensure that any employees facing redundancy will be treated fairly.

To conclude my overall remarks, 2021 was a constructive year for oil and gas demand, and thereby also for the rig market. Amidst an improving outlook for global oil and gas demand, utilisation and day rates saw gradual increases from COVID-19 lows. Turbulence in commodity markets will likely continue in 2022, however current oil and gas prices are supportive of exploration and development activities that are expected to fuel rig demand growth, especially in the global floater segment.

Given the current geopolitical landscape, the green energy transition will also likely accelerate in the years to come. Maersk Drilling remains well positioned as an industry leader in sustainability and is dedicated to driving down costs for our customers through Smarter Drilling for Better Value.

While rig demand, utilisation, and day rates have improved, the pace of recovery continues to be constrained by reinforced capital discipline by major operators who have announced transition plans, implemented company-wide reorganisations, and allocated funds as they prepared for a shift to low carbon energy.

Upstream investment and hydrocarbon production by major producers continue to remain persistently below historical averages, which comes at a time when global inventories are now at their lowest levels since 2014. The combination of historic underinvestment in new production and capital constraints imposed by ESG mandates that limit the return of institutional capital, and thereby future production, into the space are two realities that we face today.

Furthermore, energy security concerns could accelerate demand for drilling rigs across both segments. Given current commodity prices and energy security being at the top of geopolitical agendas today, increased domestic production could materialise in the near-term future. We will first need to see a material increase in upstream capital spending, which still remains below pre-COVID levels.

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Regardless of how the near-term future unfolds, more oil and gas will be needed to replace already diminished global reserves, to further develop the global economy, and to meet the needs of a growing global population. We remain positive on our outlook for 2022 and expect rig demand and day rates to continue their gradual increases, especially for high specification floaters.

The Board of Directors and Management look forward to delivering on the continued development of Maersk Drilling.

This completes our report from the Board of Directors and from Management.