

Q3 2020 Presentation



ODFJELL DRILLING

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Contents

- Introduction to ODL
- Q3 2020 - key summary
- Segment reporting
- Green initiatives
- Financial information
- Summary





ODFJELL DRILLING

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

Key Financials Q3 2020

\$ 210 Mill
Revenue

\$ 149 Mill
Cash

\$ 87 Mill
EBITDA

3.4x
Leverage ratio

\$ 2.6 Bill
Backlog

41 %
Equity ratio

Our Businesses

Mobile drilling units



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

Well services



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

Energy



- ✓ Platform drilling operations on NCS/UKCS



- ✓ Fully integrated drilling engineering & inspection services



Q3 20 - key summary

- **COVID-19 outbreak limited impact on operations and financial result YTD 2020**
- **Rebranding of Drilling & Technology to Energy**
- **Won significant MODU contracts on the NCS for Equinor, Aker BP and Wintershall**
- **Successful operations in South Africa for Deepsea Stavanger**
- **Joined forces with Oceanwind AS**



Mobile Offshore drilling Units (MODU)

- Continued strong operations

Q3 2020 Financial Utilization

Financial Utilization¹	Q3 20	Q3 19	YTD 20	YTD 19	FY 19
Deepsea Stavanger	99,5 %	98,6 %	98,9 %	98,6 %	98,7 %
Deepsea Atlantic	99,8 %	98,8 %	99,1 %	98,1 %	97,8 %
Deepsea Bergen	N/A	99,9 %	92,7 %	99,3 %	97,3 %
Deepsea Aberdeen	96,5 %	96,8 %	89,5 %	97,6 %	97,2 %
Deepsea Nordkapp	99,4 %	99,4 %	99,0 %	99,2 %	98,0 %
Deepsea Yantai	94,4 %	N/A	94,1 %	N/A	95,9 %

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

Mobile Offshore drilling Units (MODU) - Contract status

Drilling unit	Year built	Location /operator	Day rate (KUSD/day)*	Contract status (2020-2026)						
 Deepsea Atlantic (6G, UDW, HE)	2009	Norway Equinor	339/292	2020	2021	2022	2023	2024	2025	2026
 Deepsea Stavanger (6G, UDW, HE)	2010	South Africa/Norway Total/AkerBP	438/295	2020	2021	2022	2023	2024	2025	2026
 Deepsea Aberdeen (6G, UDW, HE)	2014	Norway BP/Wintershall/Equinor	431/305	2020	2021	2022	2023	2024	2025	2026
 Deepsea Nordkapp (6G, DW, HE)	2019	Norway Aker BP	328/350	2020	2021	2022	2023	2024	2025	2026
 Deepsea Yantai (6G, MW, HE)	2019	Norway Neptun	Managed unit	2020	2021	2022	2023	2024	2025	2026

■ Contract
 ■ Option
 ■ Continued optionality under frame agreement
 ■ Scheduled SPS

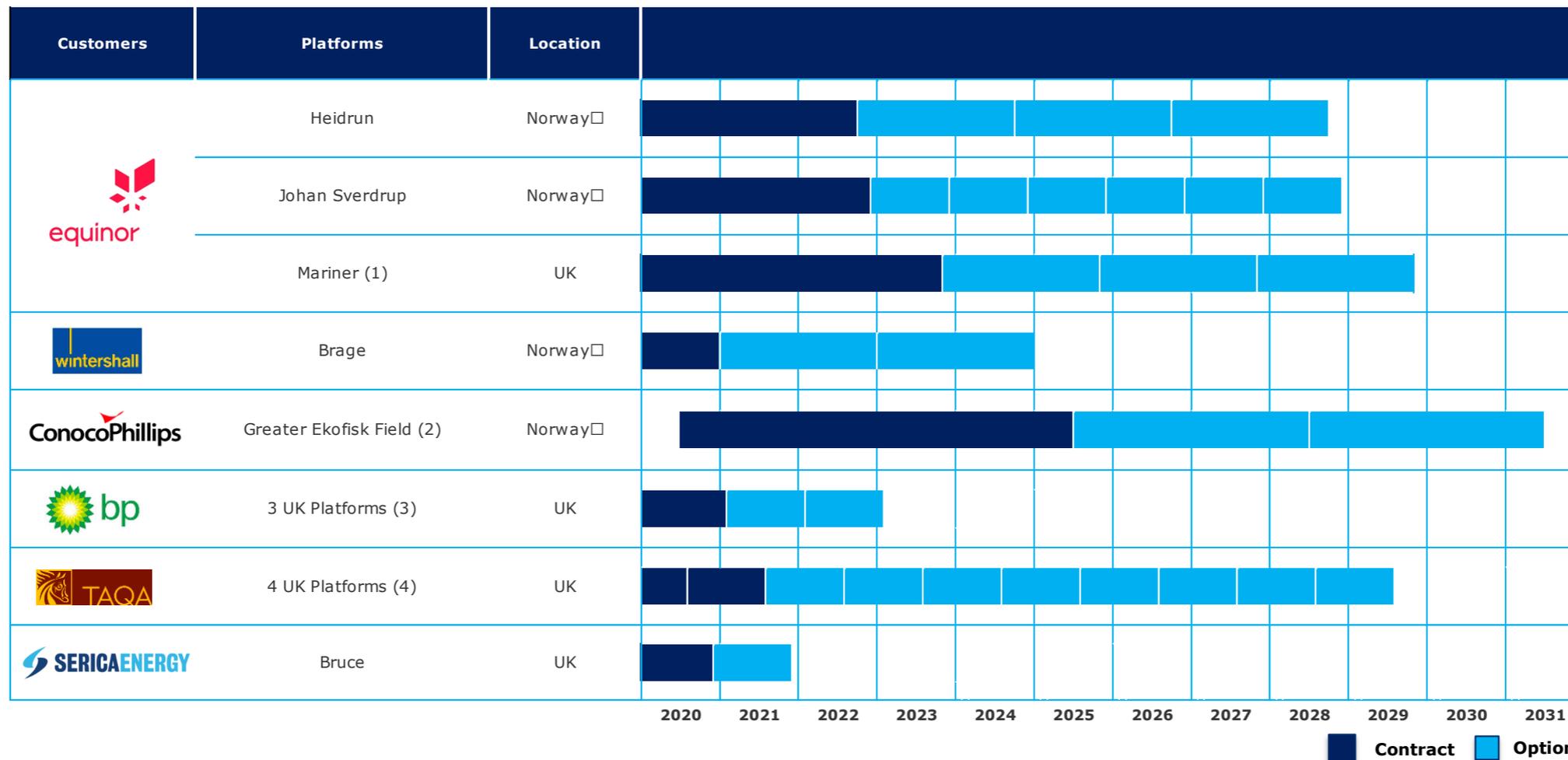
Firm MODU contract backlog at 30 September 2020 of USD 1.1 billion with additional priced options valued at USD 0.3 billion**

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

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

Energy – Platform Drilling

- Portfolio secured by medium to long-term contracts

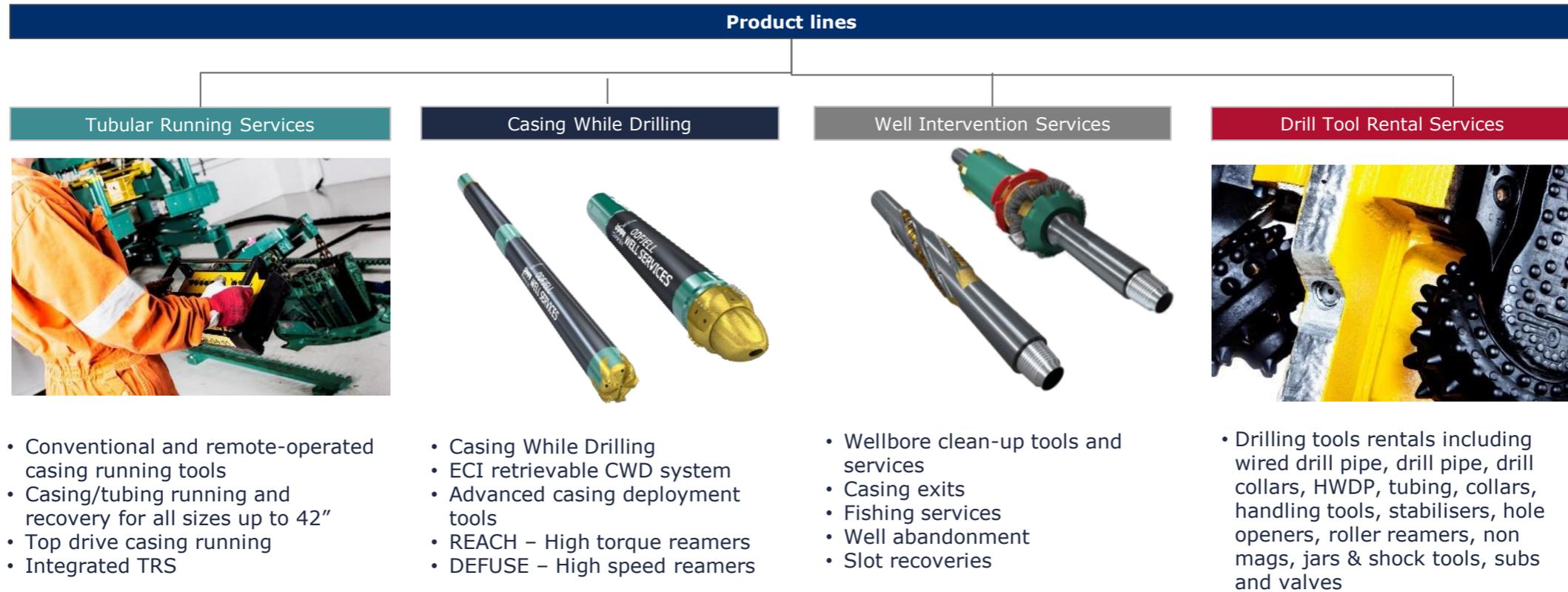


Firm contract backlog of USD 0.3 billion at 30 September 2020
Value of priced optional periods of USD 0.9 billion

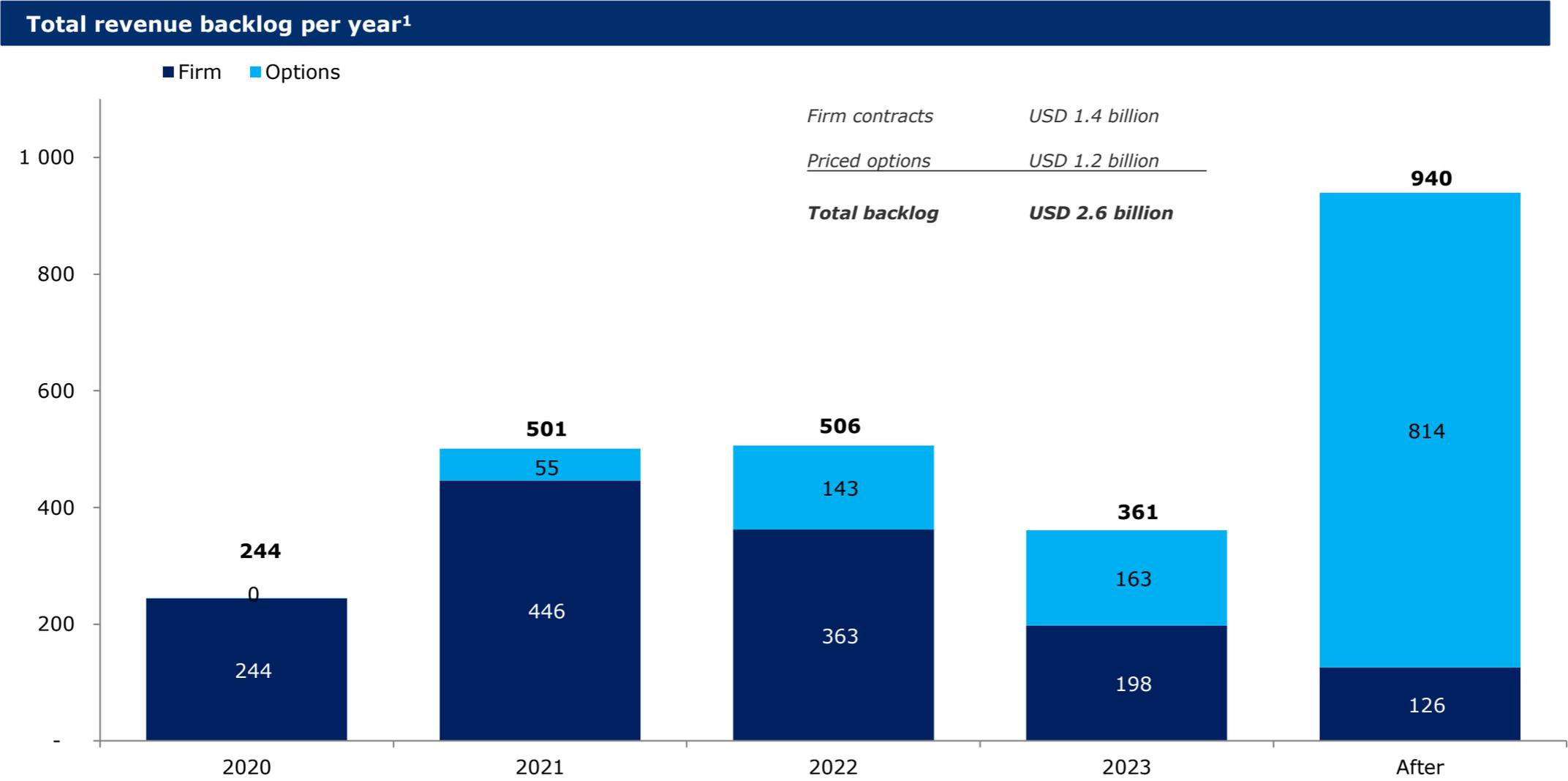
- 1) Please note that the Mariner contract contains the option to operate the Bressay field
- 2) Eldfisk B, Ekofisk K, Ekofisk X
- 3) Clair, Andrew, Clair Ridge
- 4) Harding, Tern Alpha, Cormorant Alpha, North Cormorant

Well Services

- global presence and diversified services



Earnings visibility through USD 2.6 billion order backlog



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

Market outlook

General

- COVID 19 outbreak and volatility in oil price create large uncertainties
- E&P companies will monitor the market closely and adjust their activities accordingly
=> **Decreasing E&P activity due to overall uncertainty**

MODU

- Significant oversupply in the global rig market
- Harsh environment markets are closer to supply/demand balance
- Present dayrate level does not support any newbuild activity based on expected capital return for the short to medium term
- Norwegian tax incentive scheme (2020) has increased activity on the NCS
- Preference by E&P companies for high-spec and efficient 6 gen units
- Scrapping of mature units will continue
=> **Continued strong demand for ODL fleet**

Well Services

- Still over-supply of available resources and equipment
- Observe an increased activity in the Norwegian market
- Well Services has increased their activity the last 6-12 months, but outlook is uncertain due to the global challenges
=> **Current market turbulence is expected to impact the demand in the short to medium term**

Energy

- Low volatility in the platform drilling market
- North Sea modification market still at low level
=> **Stable market conditions and scale effects to be materialized**

Green initiatives



Four ways to Zero – starting with hybrid systems

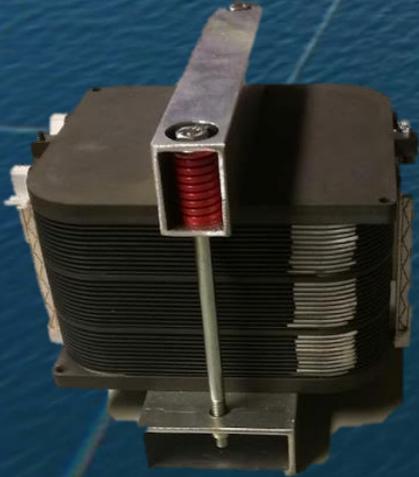
Shore power



Renewable power generation



Green fuels



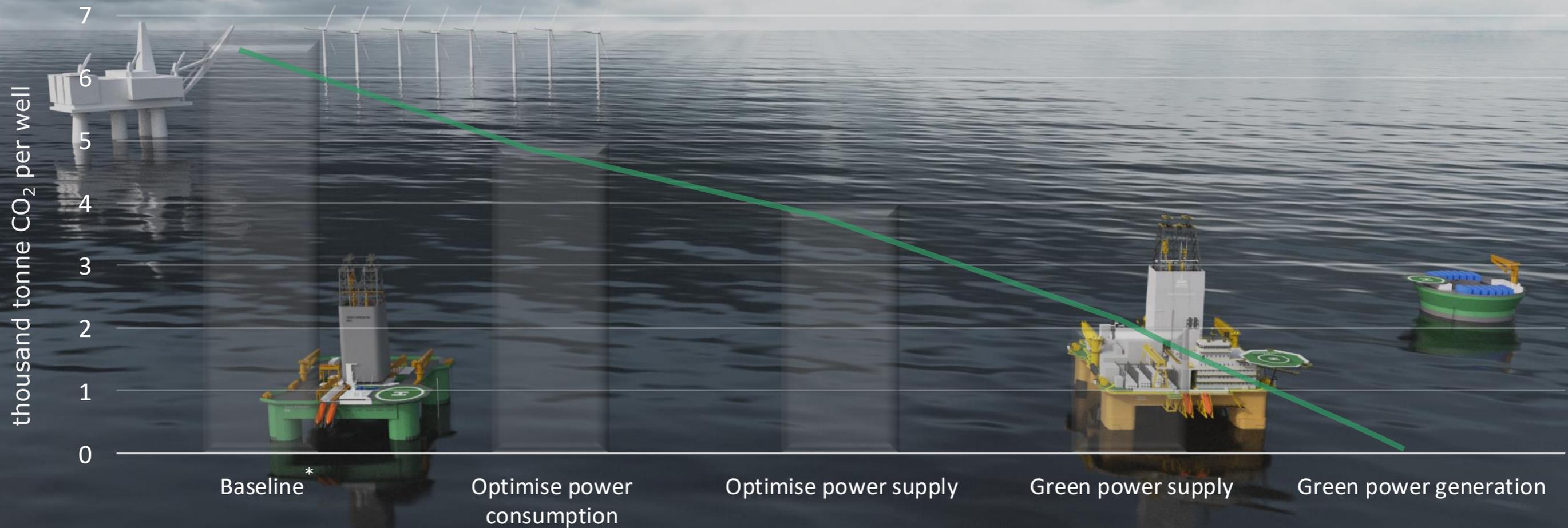
Rig hybridisation



Carbon capture, storage and offloading



The journey towards Zero emission drilling



* Typical 2014-emission from a generic production well drilled by a 6G unit (including supply vessels, helicopters and well construction material) based on Odfjell Drilling assessment

Total Well emissions

Reduced emissions:

- ✓ Procedures & training
- ✓ Crew awareness
- ✓ Flywheel/battery hybrid
- ✓ Energy optimization

Reduced well duration:

- ✓ Client collaboration model
- ✓ Well program
- ✓ Rig design
- ✓ Crew & culture
- ✓ Reduced waiting on weather

Emissions pr day

Carbon Footprint

Days pr well



Financial information



ODFJELL DRILLING
- for Decades

Group summary financials

Condensed consolidated income statement

P&L - (USD million)	Q3 20	Q3 19	YTD 20	YTD 19	FY 19
Operating revenue	210	215	574	602	823
Other gains/losses	0	0	1	1	1
Personnel expenses	-90	-86	-229	-238	-328
Other operating expenses	-34	-35	-97	-126	-164
EBITDA	87	94	250	239	332
Depreciation	-49	-47	-160	-134	-185
Operating profit (EBIT)	38	47	90	105	147
Net financial items	-18	-25	-51	-72	-103
Profit/(loss) before tax	20	22	39	33	44
Income taxes	-1	-1	-3	-2	-3
Profit/(loss) for the period	19	20	36	30	41

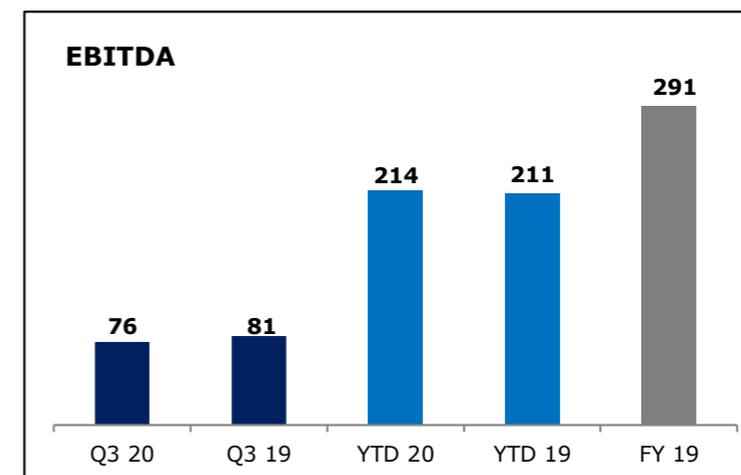
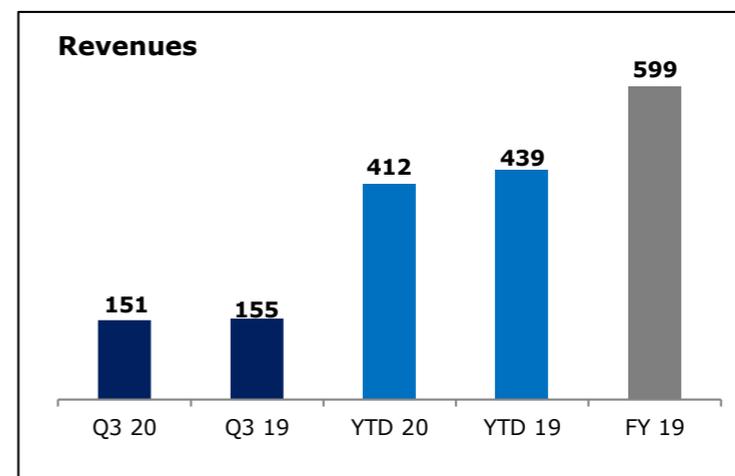
Segment reporting - MODU financials

MODU

Condensed P&L - (USD million)	Q3 20	Q3 19	YTD 20	YTD 19	FY 19
Operating revenue	151	155	412	439	599
EBITDA	76	81	214	211	291
Depreciation and impairments	-40	-40	-135	-110	-154
EBIT	36	41	80	101	138
Book value rigs	2 092	2 182	2 092	2 182	2 157
EBITDA-margin	50,2 %	52,3 %	52,0 %	48,2 %	48,6 %
EBIT-margin	23,8 %	26,6 %	19,3 %	23,0 %	23,0 %
Share of group revenue ¹	69,4 %	69,8 %	68,8 %	69,8 %	69,9 %
Share of group EBITDA ¹	86,2 %	84,7 %	85,9 %	86,6 %	85,5 %
Share of group EBIT ¹	86,4 %	81,8 %	82,9 %	86,7 %	83,9 %

1) Before group eliminations and corporate overheads

Key Financials (USD million)



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

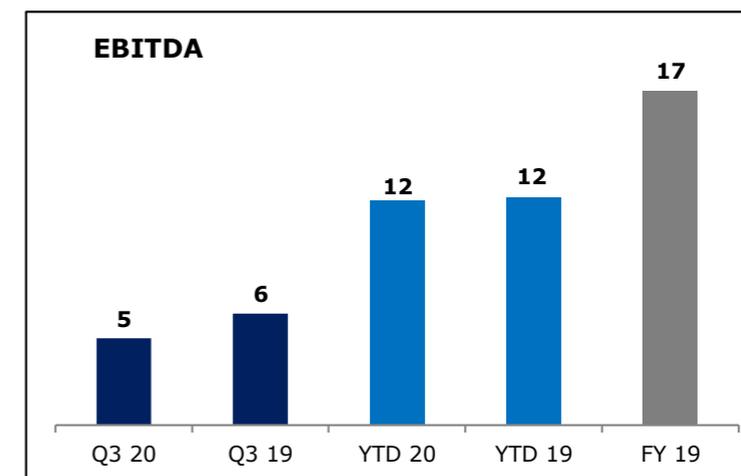
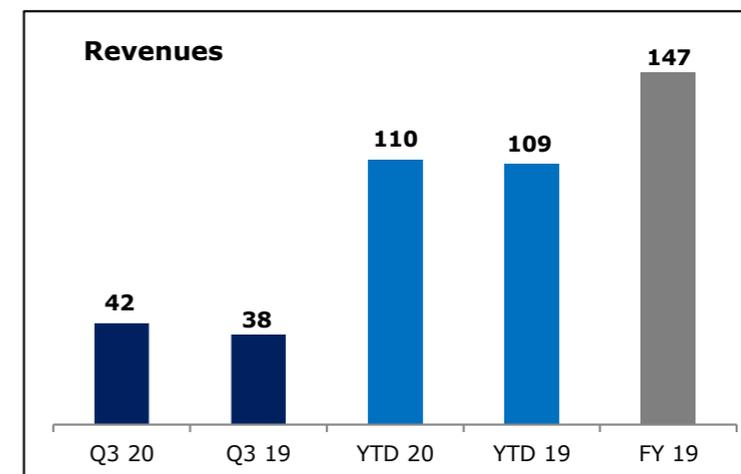
Segment reporting - Energy financials

Energy

Condensed P&L - (USD million)	Q3 20	Q3 19	YTD 20	YTD 19	FY 19
Operating revenue	42	38	110	109	147
EBITDA	5	6	12	12	17
Depreciation and impairments	-0	-0	-0	-0	-0
EBIT	5	6	12	12	17
EBITDA-margin	10,7 %	15,4 %	10,6 %	10,9 %	11,9 %
EBIT-margin	10,7 %	15,4 %	10,5 %	10,8 %	11,8 %
Share of group revenue ¹	19,5 %	17,0 %	18,5 %	17,3 %	17,1 %
Share of group EBITDA ¹	5,2 %	6,1 %	4,7 %	4,9 %	5,1 %
Share of group EBIT ¹	10,8 %	11,5 %	12,1 %	10,1 %	10,5 %

1) Before group eliminations and corporate overheads

Key Financials (USD million)



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

Segment reporting

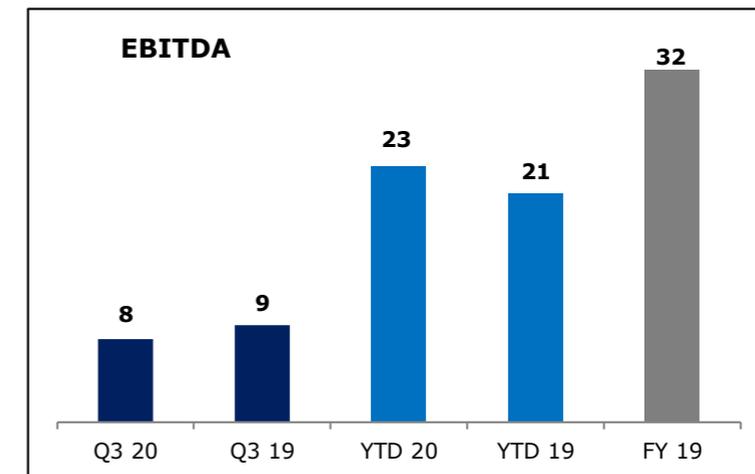
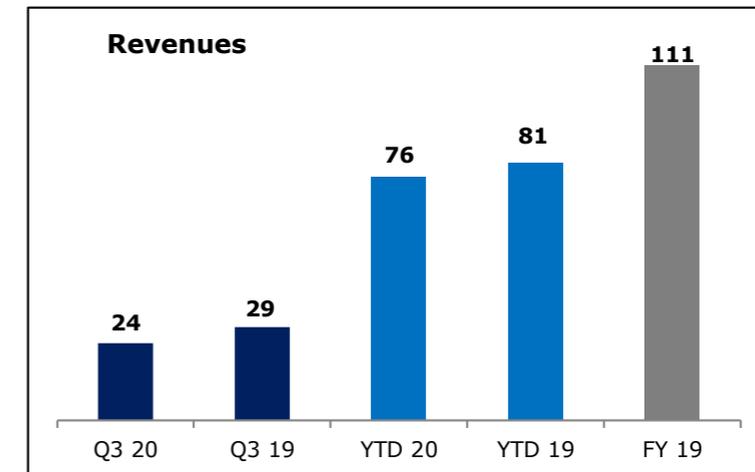
- Well Services financials

Well Services

Condensed P&L - (USD million)	Q3 20	Q3 19	YTD 20	YTD 19	FY 19
Operating revenue	24	29	76	81	111
EBITDA	8	9	23	21	32
Depreciation and impairments	-6	-6	-19	-17	-23
EBIT	1	3	5	4	9
Book value of equipment	72	72	72	72	74
Cost price for equipment in use	371	363	371	363	365
EBITDA-margin	31,4 %	30,2 %	30,7 %	25,9 %	28,9 %
EBIT-margin	4,7 %	11,4 %	6,2 %	4,5 %	8,2 %
Share of group revenue ¹	11,1 %	13,2 %	12,7 %	12,8 %	13,0 %
Share of group EBITDA ¹	8,6 %	9,2 %	9,4 %	8,5 %	9,4 %
Share of group EBIT ¹	2,8 %	6,6 %	4,9 %	3,1 %	5,5 %

1) Before group eliminations and corporate overheads

Key Financials (USD million)



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

Group

- eliminations, corporate overhead & net financial items

Group – eliminations, corporate overhead & net financial items

(USD million)	Q3 20	Q3 19	YTD 20	YTD 19	FY 19
EBIT - MODU	36	41	80	101	138
EBIT - Energy	5	6	12	12	17
EBIT - Well Services	1	3	5	4	9
EBIT for reportable segments	42	50	96	116	164
Eliminations/corporate	-3	-3	-6	-12	-18
Group EBIT	38	47	90	105	147
Net financial items	-18	-25	-51	-72	-103
Group profit before tax - Consolidated Group	20	22	39	33	44

Summary statement of financial position

Group statement of financial position

Assets (USDm)	30.09.20	30.09.19	31.12.19
Deferred tax asset	1	2	1
Intangible assets	27	28	30
Property, plant and equipment	2 206	2 298	2 281
Financial fixed assets	2	0	2
Total non-current assets	2 236	2 328	2 313
Trade receivables	154	164	174
Contract assets	9	8	9
Other current assets	61	19	20
Cash and cash equivalents	149	131	170
Total current assets	373	322	373
Total assets	2 609	2 650	2 686

- Group's gross interest bearing debt was USD 1,278 million (net of capitalized financing fees) at 30 September 2020.
- USD 149 million in cash and cash equivalents at 30 September 2020.
- Equity-ratio of 41% at 30 September 2020.

Equity and liabilities (USDm)	30.09.20	30.09.19	31.12.19
Total paid-in capital	565	565	565
Other equity	507	475	497
Equity attributable to owners of ODL	1 072	1 040	1 062
Non-controlling interests	1	-	-
Total equity	1 073	1 040	1 062
Non-current interest-bearing borrowings	1 095	1 204	1 174
Non-current lease liabilities	34	34	39
Post-employment benefits	6	13	8
Non-current contract liabilities	3	1	2
Other non-current liabilities	16	6	10
Total non-current liabilities	1 154	1 259	1 232
Current interest-bearing borrowings	184	205	217
Current lease liabilities	7	7	8
Contract liabilities	83	15	39
Trade payables	41	47	46
Other current liabilities	67	77	83
Total current liabilities	382	351	392
Total liabilities	1 536	1 610	1 624
Total equity and liabilities	2 609	2 650	2 686

Summary statement of cash flow

Group statement of cash flow					
Cash Flow - (USDm)	Q3 20	Q3 19	YTD 20	YTD 19	FY 19
Profit before income tax	20	22	39	33	44
Adjustment for provisions and other non-cash elements	66	71	199	205	282
Change in working capital	-15	-47	4	-57	-47
Cash from operations	71	46	242	181	279
Interest paid	-14	-19	-51	-56	-78
Income tax paid	-1	-1	-2	-2	-3
Net cash from operations	56	27	188	123	198
Purchase of property, plant and equipment	-20	-37	-82	-413	-426
Other cash flows from investment activities	-2	-2	-1	2	-3
Net cash used in investing activities	-23	-39	-82	-411	-428
Net change in debt	-39	-27	-116	260	241
Other financing	-2	-4	-6	-7	-10
Net cash from financing activities	-41	-31	-123	253	231
Net change in cash and cash equivalents	-7	-43	-16	-35	1
Cash and cash equivalents at period start	154	179	170	175	175
FX gains/(losses) on cash and cash equivalents	3	-5	-5	-8	-6
Cash and cash equivalents at period end	149	131	149	131	170

Summary Q3 2020

MODU:

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

Energy:

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

Well Services:

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

Key Financials:

- Earnings visibility through USD 2.6 billion order backlog
- Sound cash position
- Strong balance sheet combined with continued de-leveraging



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Next event:

Q4 2020 results tentatively scheduled to be published 25 February 2021

For more information see: www.odfjelldrilling.com



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