



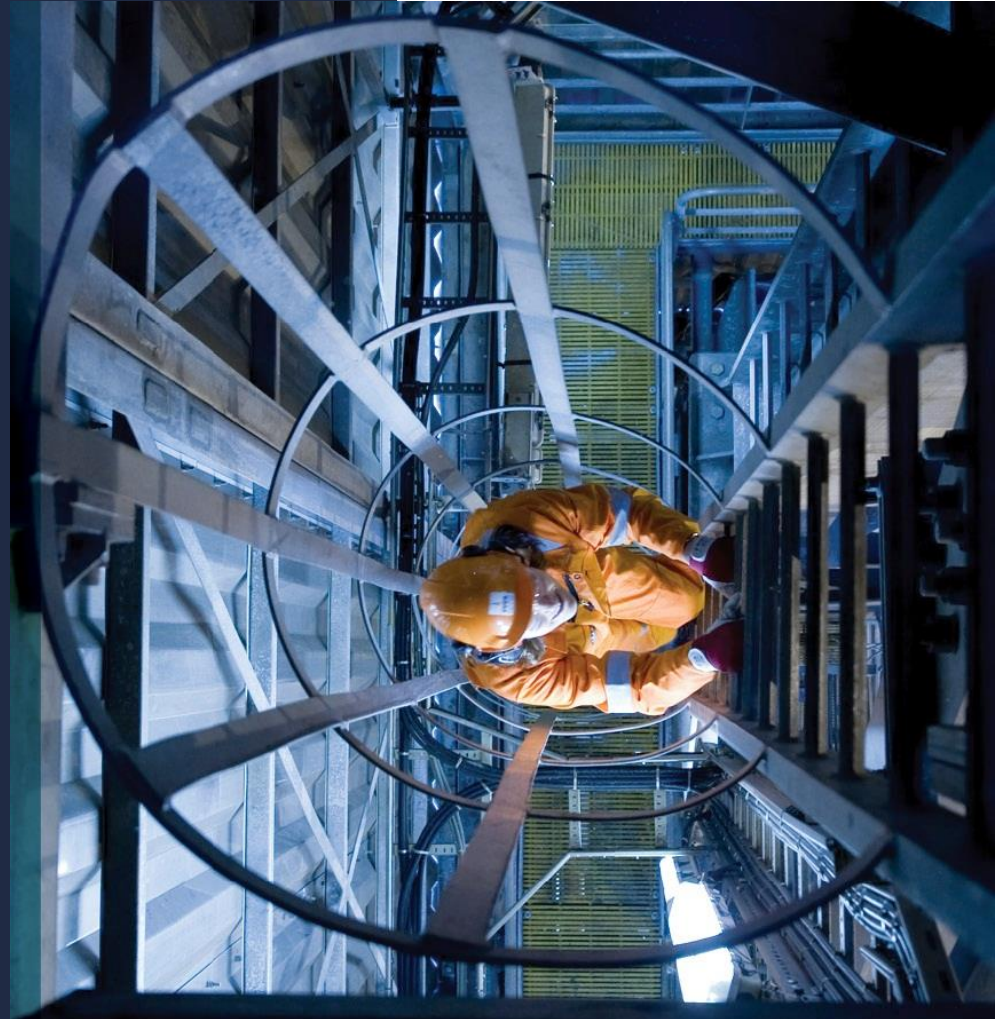
ODFJELL DRILLING



Q4 2019 Presentation

Contents

- Introduction to ODL
- Highlights and material events
- Segment reporting
- Financial information
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Introduction



ODFJELL DRILLING

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

Key Financials Q4 2019

\$ 221 Mill

Revenue

\$ 93 Mill

EBITDA

\$ 2,300 Mill

Backlog

\$ 170 Mill

Cash

3.8x

Leverage ratio (adj)

40 %

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

Platform drilling

&

Technology



- ✓ Platform drilling operations on NCS/UKCS



- ✓ Fully integrated drilling engineering & inspection services



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- for Decades

Strategic focus and financial priorities

Strategic focus

Be the preferred harsh environment driller

Frontrunner in the **green** shift

Continue to develop as a strong service provider

Healthy order backlog

Continuous business improvement program

Financial priorities



Maintain sufficient financial strength and sound leverage ratio



Value-adding growth



Secure sustainable dividend capacity

Q4 19 - key summary

- **Aker BP exercised first optional year on Deepsea Nordkapp**
- **Equinor confirmed more work for Deepsea Atlantic**
- **ConocoPhillips awarded 5 year platform drilling contract on the Greater Ekofisk Area**
- **Improved earnings from Well Services**
- **Improved rig utilization and increased lead time in the harsh environment market**
- **Continued strong performance by Drilling & Technology**



Highlights and material events in/after Q4 2019

Deepsea Yantai commenced contract with Neptune Energy

- Deepsea Yantai commenced, on 31 October 2019, its contract with Neptune Energy on the Norwegian Continental Shelf. The contract is currently for 8 firm wells after Neptune Energy recently exercised an additional two wells of the optional wells package. There are 8 optional wells remaining.

Secured platform drilling contract on the Greater Ekofisk field

- Odfjell Drilling was, on 18 December 2019, awarded the contract for Platform Drilling, Maintenance and Minor Modifications for ConocoPhillips Skandinavia AS.
- The contract work includes drilling operations, work-over campaigns, Plug & Abandoned activities and all preventative and corrective maintenance of ConocoPhillips' drilling facilities on three offshore platforms in the Greater Ekofisk Area. The contract period is for five years, with an option to extend two times, each time by up to three years. The contract is estimated to start in beginning of Q3 2020.

Highlights and material events in/after Q4 2019 cont.

Aker BP exercised first optional year on Deepsea Nordkapp

- Aker BP exercised, on 18 December 2019, the first 12 months option for Deepsea Nordkapp under the contract entered into between the parties in April 2018. The first 12 month option shall commence after expiry of the two year firm period in May 2021.
- The approximate contract value for the firm scope is USD 128 million (excluding any integrated services). In addition, a performance bonus will be applicable.

Equinor awarded more work to Deepsea Atlantic

- Equinor awarded, on 20 December 2019, three firm wells plus two optional wells for Deepsea Atlantic under the Master Frame Agreement.
- The two optional wells were finally exercised on 26 February 2020, securing Deepsea Atlantic with five new firm wells in total.
- The wells have been awarded under the Continued Optionality mechanism in the Contract entered into between the parties in May 2018, as part of the overall Master Frame Agreement. The work shall commence after the completion of the current scope estimated to be in Q2 2020 and is expected to take the rig throughout 2020.

Mobile Offshore drilling Units (MODU)

- Continued strong operations







Q4 2019 Financial Utilization

Financial Utilization ¹	Q4 19	Q4 18	FY 19	FY 18
Deepsea Stavanger	99,2 %	97,7 %	98,7 %	98,7 %
Deepsea Atlantic	97,1 %	96,9 %	97,8 %	98,4 %
Deepsea Bergen	91,3 %	98,0 %	97,3 %	98,2 %
Deepsea Aberdeen	96,0 %	98,7 %	97,2 %	98,4 %
Deepsea Nordkapp	96,1 %	n/a	98,0 %	n/a

- 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 and day rates

Drilling unit	Year built	Location / operator	Day rate (KUSD/day)*						
 Deepsea Bergen (3G, MW, HE)	1983	Norway MOL	180						
 Deepsea Atlantic (6G, UDW, HE)	2009	Norway Equinor	296/339						
 Deepsea Stavanger (6G, UDW, HE)	2010	Norway/ South Africa Aker BP/ Total	279/438						
 Deepsea Aberdeen (6G, UDW, HE)	2014	UK BP Exploration	431						
 Deepsea Nordkapp (6G, DW, HE)	2019	Norway Aker BP	300/328/350						
 Deepsea Yantai (6G, MW, HE)	2019	Norway Neptun	Managed unit						
				2019	2020	2021	2022	2023	2024
				Contract	Option	Continued optionality under frame agreement	Contract Preparations/ Mobilization		

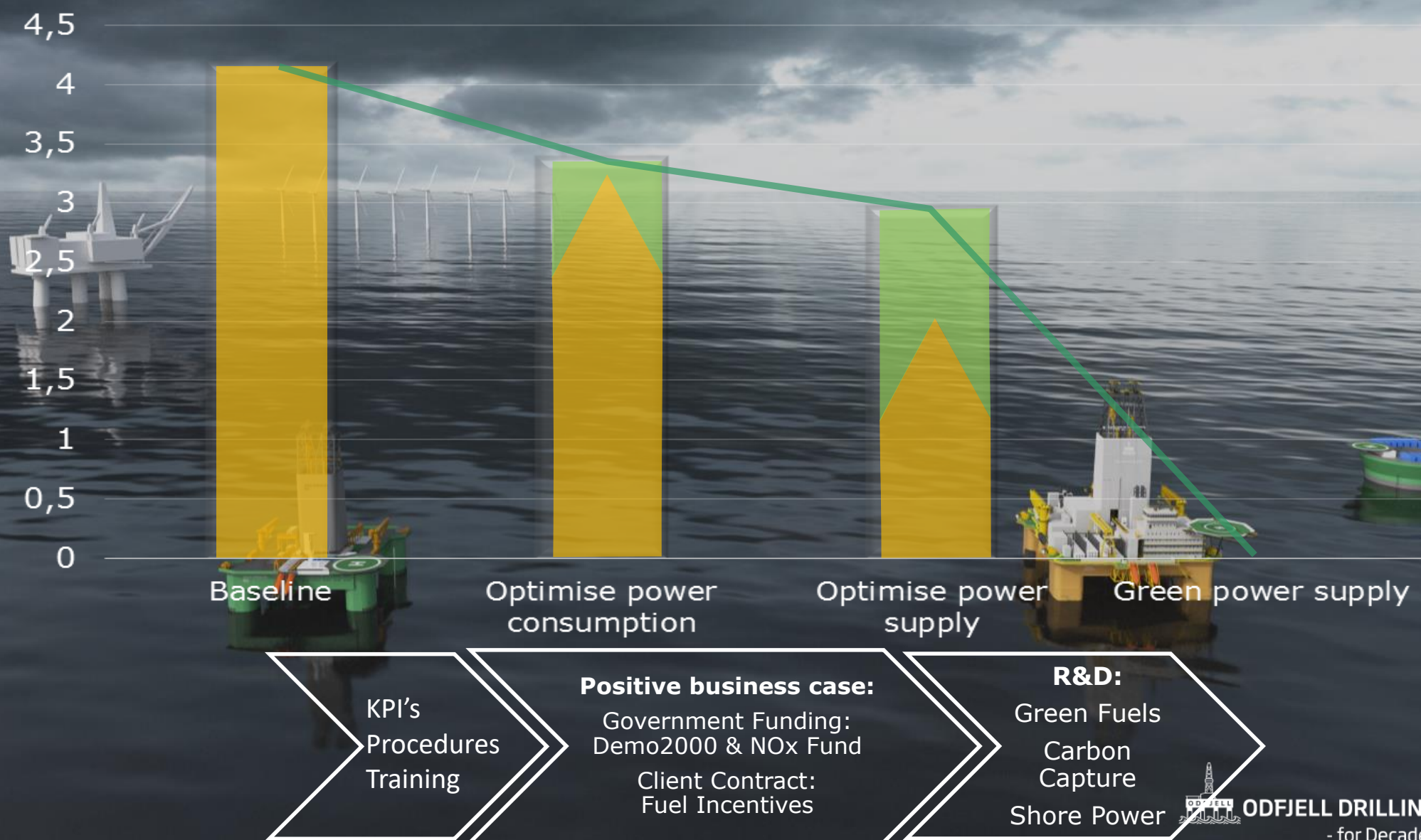
**Firm MODU contract backlog at 31 December 2019 of USD 0.9 billion
with additional priced options valued at USD 0.1 billion****

* Rates may include mix of currencies and fluctuate based on exchange rates.

** The backlog does not include management revenue from Deepsea Yantai

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

The journey towards zero emission drilling

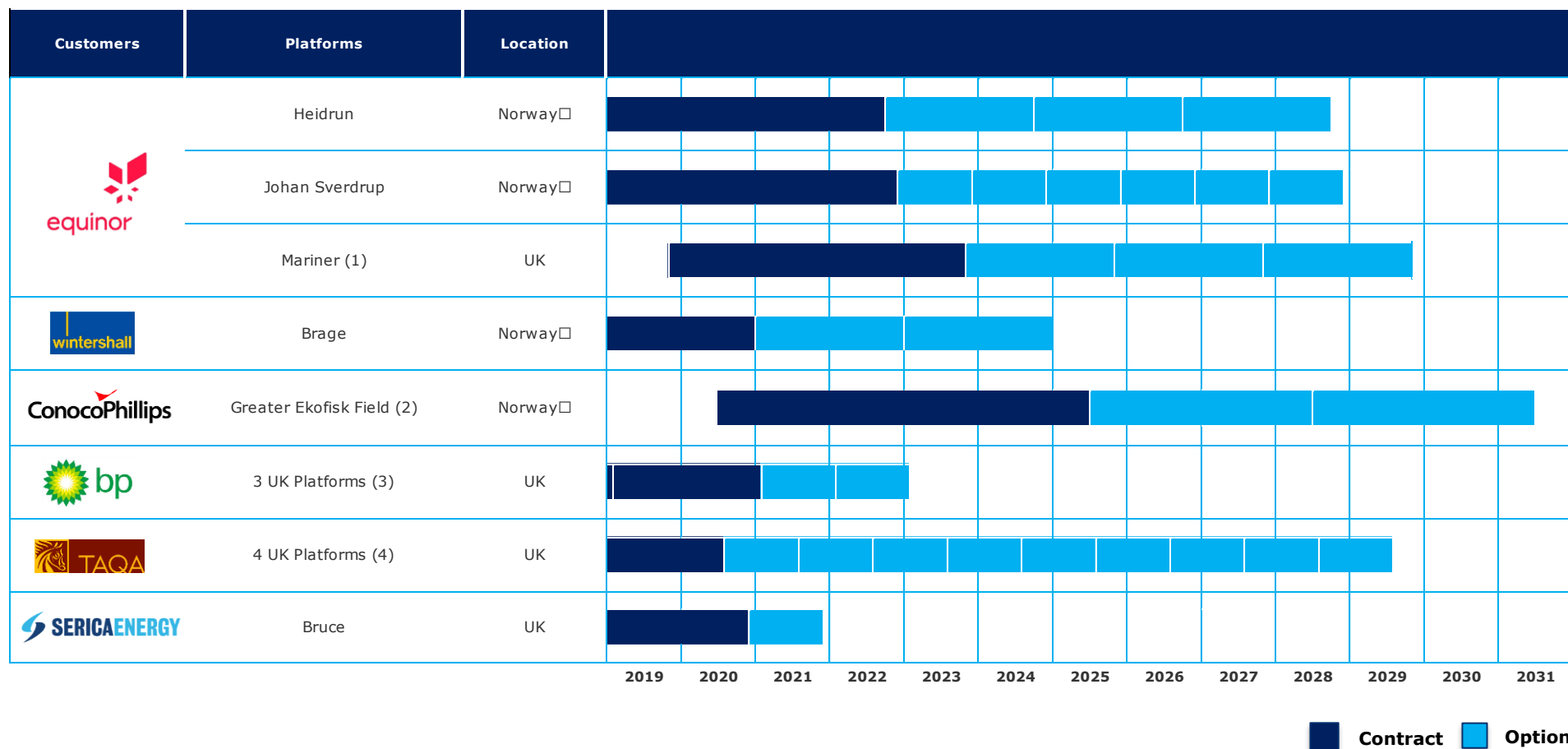


Green shift - Simply good business



Platform Drilling and Technology

- Portfolio secured by medium to long-term contracts



Firm contract backlog of USD 0.4 billion at 31 December 2019
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

- Pricing pressure offset by cost efficiency measures

Product lines

Tubular Running Services



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

Casing While Drilling



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

Well Intervention Services



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

Drill Tool Rental Services



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

Odfjell Well Services in numbers

Experience
35+
years experience

Services from
14+
bases

500+
employees

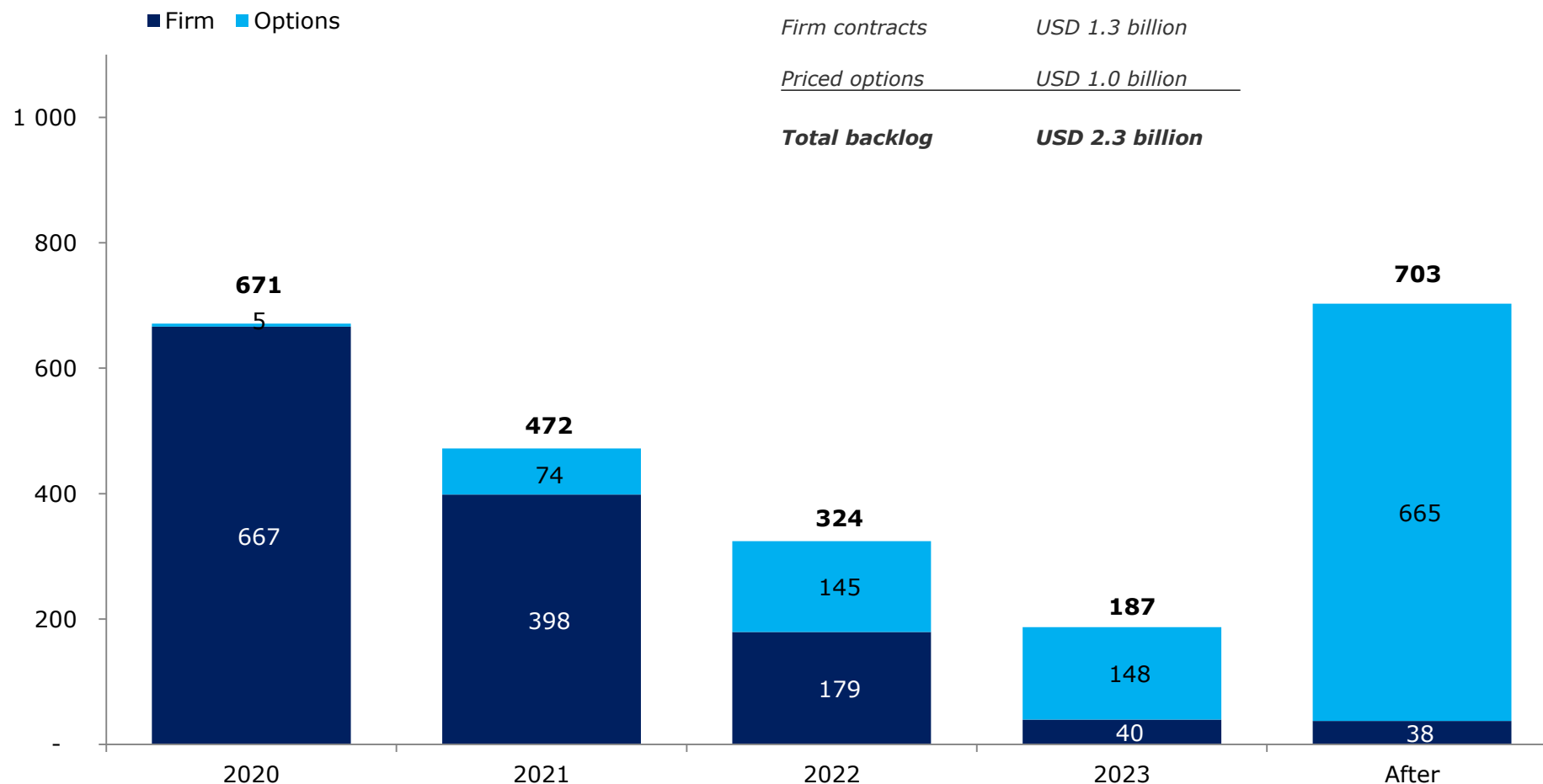
Operations in
20+
countries



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Earnings visibility through USD 2.3 billion order backlog

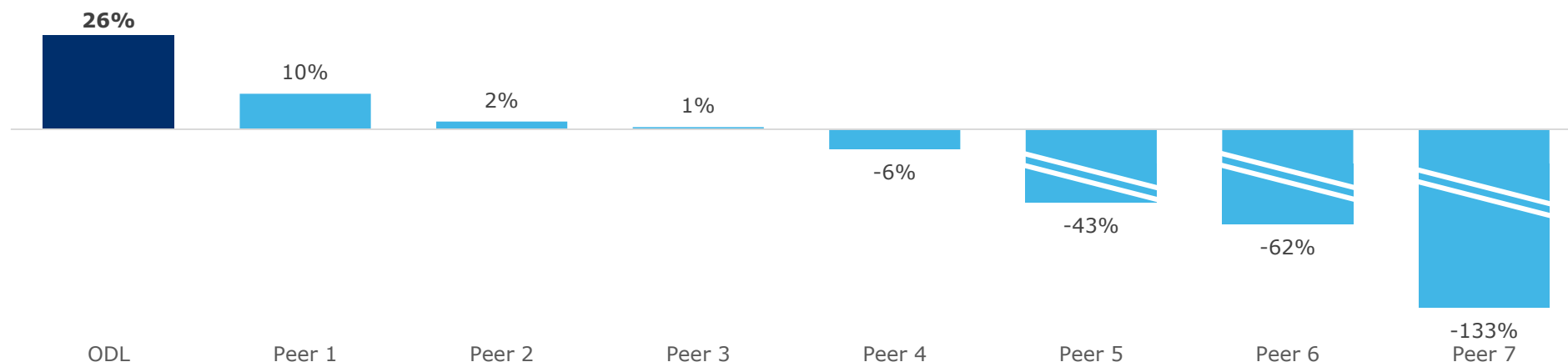
Total revenue backlog per year¹



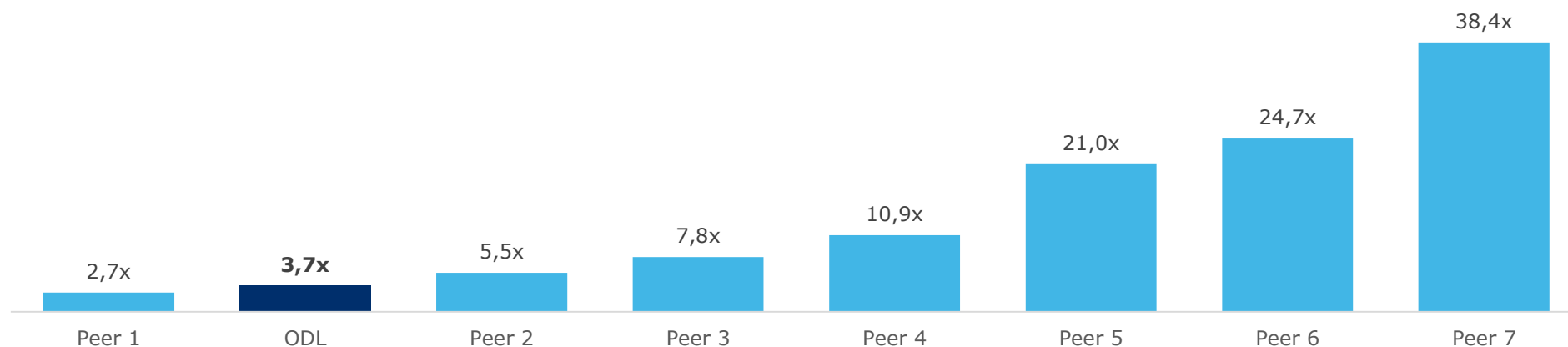
1) Estimates at 31 December 2019. Revenue from frame agreements and call-off contracts in Well Services and revenue from Technology and MODU Management is not included in the backlog.

Industry leading Corporate Credit profile

Free Cash Flow yield¹



Net Debt / EBITDA²



Sources: Fearnley Securities, Companies

Note: Peers: DRLCO, NE, RIG, SDRL, DO, SHLF & VAL. Figures as of last reported, trailing 12 months.

- 1) Free cash flow yield defined as (i) cash flow from operations after interest cost + (ii) cash flow from investments adjusted for growth capex over (iii) market capitalization. Market capitalization as per close 25th of February.
Growth capex adjustments (to reported figures): SHLF is adj. for CMHI transaction (\$25m positive FCF impact). RIG is adj. for newbuild capex (\$139m positive FCF impact). VAL is adjusted for merger (\$1,196m negative FCF impact). ODL is adjusted for Deepsea Nordkapp acquisition (\$378m positive FCF impact).
- 2) SDRL debt reduced with amount due from related parties (\$537m)

Market outlook

General

- Successful efficiency programs carried out by E&P and service industry
- Uncertain world economy outlook
 - => **Increasing E&P activity, but pace dependent on overall world economy**

MODU

- Still significant oversupply in the global rig market
- Harsh environment markets are closer to supply/demand balance
- Present dayrate level does still not support any newbuild activity based on expected capital return for the short to medium term
- Preference by E&P companies for high-spec and efficient 6 gen units
- Substantial scrapping of mature units over the last few years
 - => **Increasing demand for ODL fleet**

Well Services

- Still over-supply of available resources and equipment
- Observe an increased tender activity in the European and Middle East markets
- Well Services has maintained its low capital expenditures to enhance utilisation of the existing equipment base
- Turning point in activity level has passed and we observe an improved market outlook
 - => **Time-lag effect on bottom line improvement**

Platform Drilling & Technology

- Low volatility in the platform drilling market
- North Sea modification market still at low level, but likely to increase in the medium to long term
 - => **Stable market conditions and scale effects to be materialized**

Financial information



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Group summary financials

Condensed consolidated income statement

P&L - (USD million)	Q4 19	Q4 18	FY 19	FY 18
Operating revenue	221	168	823	698
Other gains/losses	1	1	1	2
Personnel expenses	-90	-62	-328	-304
Other operating expenses	-38	-39	-164	-138
EBITDA	93	68	332	259
Depreciation	-51	-40	-185	-161
Operating profit (EBIT)	42	28	147	99
Net financial items	-31	-7	-103	-67
Profit/(loss) before tax	11	21	44	31
Income taxes	-1	-2	-3	-4
Profit/(loss) for the period	11	19	41	27

Segment reporting

- MODU financials

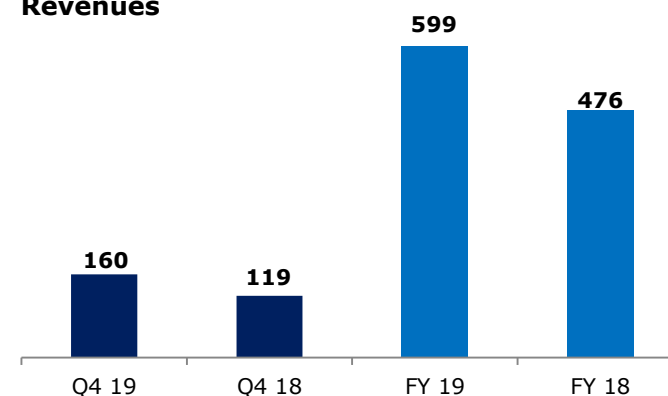
MODU

Condensed P&L - (USD million)	Q4 19	Q4 18	FY 19	FY 18
Operating revenue	160	119	599	476
EBITDA	80	60	291	226
Depreciation and impairments	-43	-33	-153	-133
EBIT	37	27	138	94
Book value rigs	2 157	1 855	2 157	1 855
EBITDA-margin	49,8 %	50,6 %	48,5 %	47,5 %
EBIT-margin	23,0 %	22,6 %	23,0 %	19,6 %
Share of group revenue ¹	70,0 %	65,6 %	69,9 %	65,5 %
Share of group EBITDA ¹	83,0 %	84,5 %	85,8 %	85,1 %
Share of group EBIT ¹	77,1 %	83,7 %	84,0 %	85,9 %

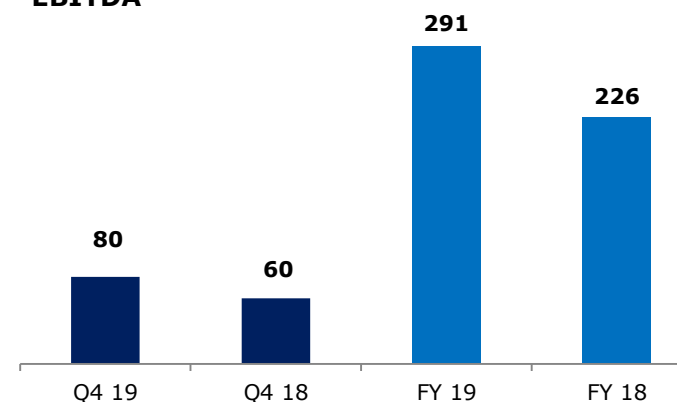
1) Before group eliminations and corporate overheads

Key Financials (USD million)

Revenues



EBITDA



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Segment reporting

- Drilling & Technology financials

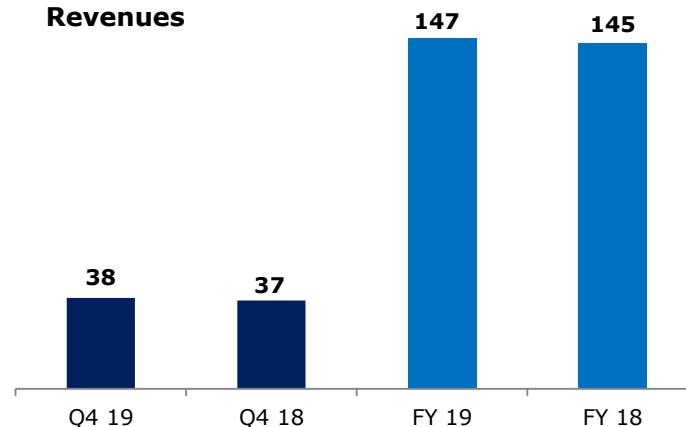
Drilling & Technology

Condensed P&L - (USD million)	Q4 19	Q4 18	FY 19	FY 18
Operating revenue	38	37	147	145
EBITDA	6	5	17	14
Depreciation and impairments	-0	-0	-0	-0
EBIT	6	5	17	13
EBITDA-margin	14,5 %	14,5 %	11,8 %	9,4 %
EBIT-margin	14,4 %	14,5 %	11,7 %	9,3 %
Share of group revenue ¹	16,7 %	20,4 %	17,1 %	19,9 %
Share of group EBITDA ¹	5,7 %	7,6 %	5,1 %	5,1 %
Share of group EBIT ¹	11,5 %	16,7 %	10,5 %	12,4 %

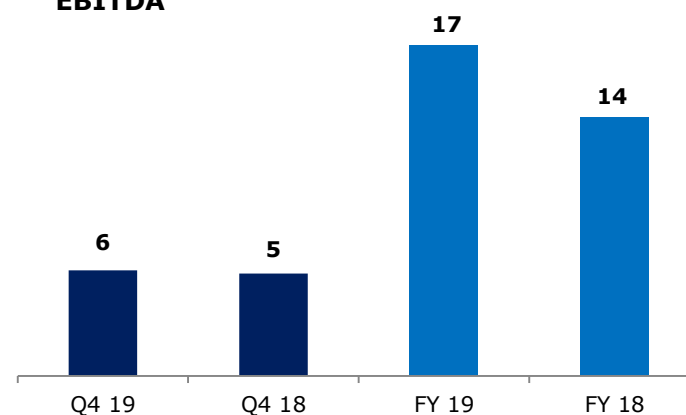
1) Before group eliminations and corporate overheads

Key Financials (USD million)

Revenues



EBITDA



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Segment reporting

- Well Services financials

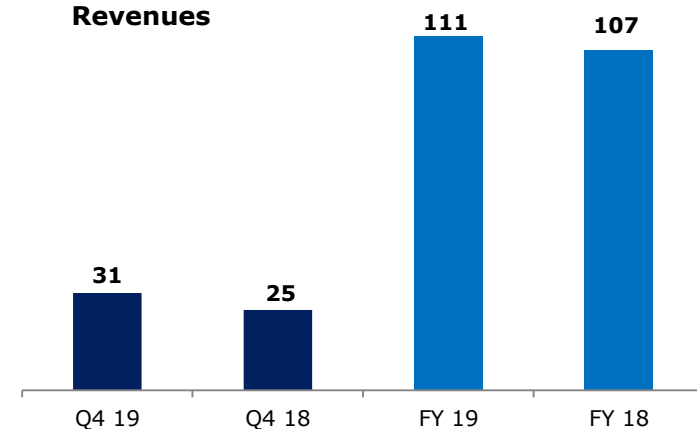
Well Services

Condensed P&L - (USD million)	Q4 19	Q4 18	FY 19	FY 18
Operating revenue	31	25	111	107
EBITDA	11	6	31	26
Depreciation and impairments	-5	-6	-22	-24
EBIT	5	-0	9	2
Book value of equipment	74	71	74	71
Cost price for equipment in use	365	352	365	352
EBITDA-margin	35,6 %	22,4 %	27,6 %	24,3 %
EBIT-margin	17,8 %	-0,6 %	8,0 %	1,7 %
Share of group revenue ¹	13,3 %	14,0 %	13,0 %	14,7 %
Share of group EBITDA ¹	11,3 %	7,9 %	9,1 %	9,8 %
Share of group EBIT ¹	11,4 %	-0,4 %	5,5 %	1,7 %

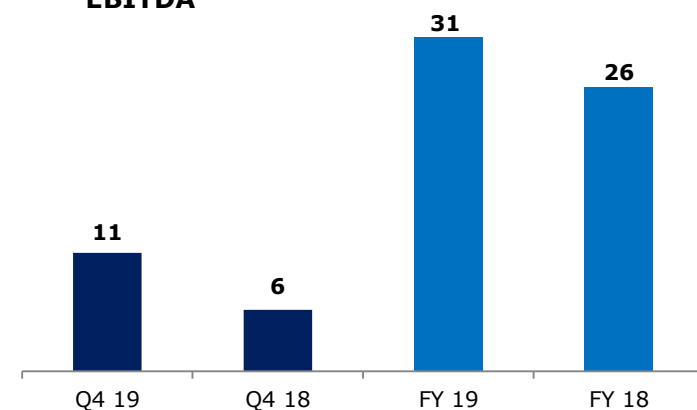
1) Before group eliminations and corporate overheads

Key Financials (USD million)

Revenues



EBITDA



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Group

- Eliminations & Reconciliation

Group – Eliminations & Reconciliation

(USD million)	Q4 19	Q4 18	FY 19	FY 18
Elimination internal operating revenue	-8	-13	-34	-29
Corporate overhead EBITDA	-6	-3	-16	-7
Corporate overhead EBIT	-6	-4	-19	-11

IFRS adjustments and reconciliations

(USD million)	Q4 19	Q4 18	FY 19	FY 18
IFRS adjustments affecting EBITDA	2	0	9	1
EBITDA - Consolidated Group	93	68	332	259
IFRS adjustments affecting depreciation and impairment	-2	-	-7	-
EBIT - Consolidated Group	42	28	147	99
Net financial items	-31	-7	-103	-67
Group profit before tax - Consolidated Group	11	21	44	31

Summary statement of financial position

Group statement of financial position

Assets (USDm)	31.12.19	31.12.18
Deferred tax asset	1	1
Intangible assets	30	30
Property, plant and equipment	2 281	1 928
Financial fixed assets	2	1
Total non-current assets	2 313	1 960
Trade receivables	174	103
Contract assets	9	-
Other current assets	20	39
Cash and cash equivalents	170	175
Total current assets	373	316
Total assets	2 686	2 276

- Group's gross interest bearing debt was USD 1,390 million (net of capitalized financing fees) at 31 December 2019.
- USD 170 million in cash and cash equivalents at 31 December 2019 in addition of USD 25 million in available and undrawn credit facility.
- Equity-ratio of 40% at 31 December 2019.

Equity and liabilities (USDm)	31.12.19	31.12.18
Total paid-in capital	565	565
Other equity	497	459
Total equity	1 062	1 024
Non-current interest-bearing borrowings	1 174	312
Non-current lease liabilities	39	-
Post-employment benefits	8	10
Non-current contract liabilities	2	0
Other non-current liabilities	10	-
Total non-current liabilities	1 232	322
Current interest-bearing borrowings	217	783
Current lease liabilities	8	
Contract liabilities	39	28
Trade payables	46	42
Other current liabilities	83	78
Total current liabilities	392	931
Total liabilities	1 624	1 253
Total equity and liabilities	2 686	2 276

Summary statement of cash flow

Group statement of cash flow

Cash Flow - (USDm)	Q4 19	Q4 18	FY 19	FY 18
Profit before income tax	11	21	44	31
Adjustment for provisions and other non-cash elements	76	44	282	212
Change in working capital	11	50	-47	44
Cash from operations	98	115	279	288
Interest paid	-22	-18	-78	-66
Income tax paid	-1	-0	-3	-1
Net cash from operations	76	97	198	221
Purchase of property, plant and equipment	-20	-49	-426	-306
Other cash flows from investment activities	2	11	-3	12
Net cash used in investing activities	-17	-38	-428	-293
Net change in debt	-19	-60	241	-145
Other financing	-3	-2	-10	234
Net cash from financing activities	-22	-63	231	89
Net change in cash and cash equivalents	36	-4	1	16
Cash and cash equivalents at period start	131	184	175	166
FX gains/(losses) on cash and cash equivalents	2	-5	-6	-7
Cash and cash equivalents at period end	170	175	170	175

Summary Q4 2019

MODU:

- Attractive harsh environment assets, strong backlog and healthy outlook
- We believe supply will remain tight due to limited investment appetite

Drilling & Technology:

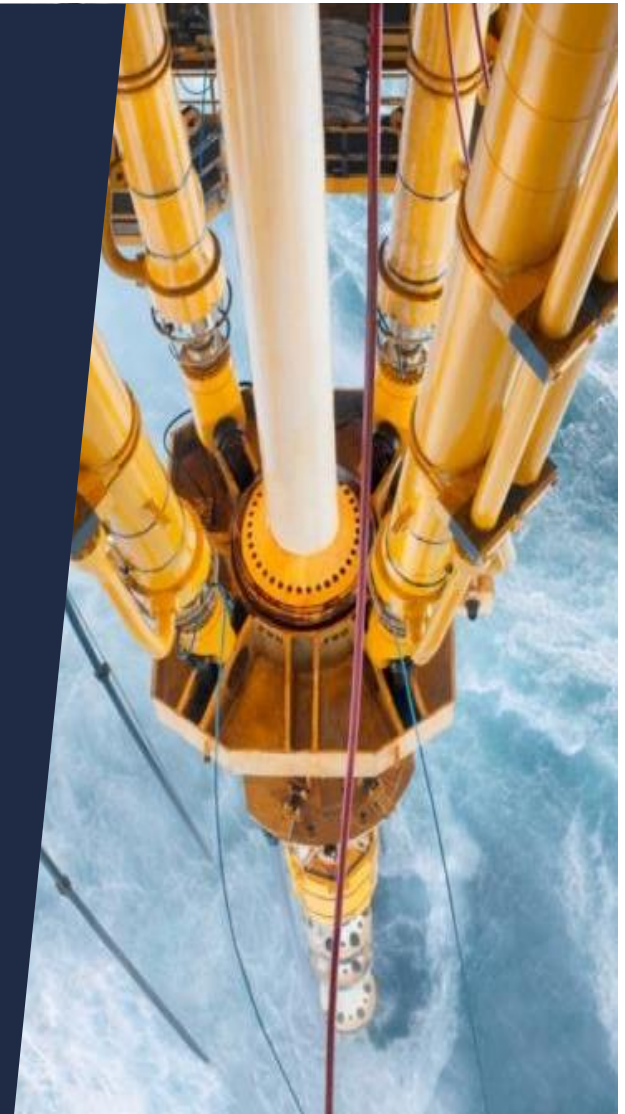
- Continued strong financial performance supported by strong backlog

Well Services:

- Turning point has passed and increased tender activity will lead to higher utilization and prices

Key Financials:

- Earnings visibility through USD 2.3 billion order backlog
- Sound cash position in combination with undrawn bank facility
- Strong balance sheet combined with continued de-leveraging
- No short term refinancing requirement



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Next event:

Q1 2020 results tentatively scheduled to be published 13 May 2020

For more information see: www.odfjelldrilling.com



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