



Maersk Drilling – “One billion, zero incidents”

Capital Markets Day, 26 September 2013

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Maersk Drilling

Claus V. Hemmingsen

Chief Executive Officer

- Joined A.P. Moller - Maersk in 1981
- Stationed in Asia from 1992-2003
- CEO of APM Terminals International B.V. from 2003-2005
- CEO of Maersk Drilling since 2005
- Member of A.P. Moller - Maersk Executive Board since 2006

Experienced Senior Management Team in place



Marianne Sørensen
Chief Financial Officer

- Joined A.P. Moller - Maersk in 1990
- 18 years of experience from various Finance positions in the A.P. Moller - Maersk Group
- CFO for Maersk Drilling since 2008



Jørn Madsen
Chief Operating Officer

- Joined A.P. Moller - Maersk in 1990
- Various positions in Maersk Drilling since 1990 including Rig Manager and Managing Director for Maersk Drilling Norway
- COO for Maersk Drilling since 2007



Martin Fruergaard
Chief Commercial Officer

- Joined A.P. Moller - Maersk in 1989
- Various positions within the A.P. Moller - Maersk Group in Europe and the US
- CCO for Maersk Drilling since 2009



Frederik Smidth
Chief Technical Officer

- Joined A.P. Moller - Maersk in 1990
- More than 20 years of experience within the offshore oil and gas industry
- CTO for Maersk Drilling since 2010



Jesper Madsen
Head of Human Resources

- Joined A.P. Moller - Maersk in 2001
- Various Human Resources positions in the A.P. Moller - Maersk Group
- Head of Maersk Drilling Human Resources since 2010

Maersk Drilling at a glance

Founded

1972



Revenue in 2012 (USDm)

1,683



3,600
employees



638

EBITDA in 2012 (USDm)

Rig fleet (existing and newbuilds)

16+7



Net Operating Profit After Tax in 2012 (USDm)

347



Note: Figures stated using 2013 accounting policies

Strategy

- Deliver on the financial ambition of Net Operating Profit After Tax (NOPAT) of USD 1bn in 2018 (ROIC >10%)
- Conduct incident free operation
- Become a sizeable player in the market with 30 rigs
- Grow the business within the ultra deepwater and ultra harsh environment segments
- Leverage market leading position in Norway and build ultra deepwater positions in the US Gulf of Mexico and West Africa



Agenda

Industry

Positioning

Execution

Financials

Maersk Drilling provides offshore drilling services to the upstream segment

Upstream

Exploration & Development



Production



Midstream

Transportation



Storage



Downstream

Refining



Marketing & Distribution



Offshore contract drilling:

Industry revenue (2012):

~USD 44bn

Maersk Drilling:

Revenue (2012):

USD 1.7bn



Source: Spears & Associates, Maersk Drilling

Rig types

DRILLSHIP

Operates at water depths up to 12,000 ft.



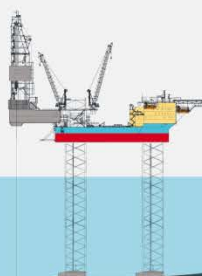
SEMI-SUBMERSIBLE

Operates at water depths up to 10,000 ft.



JACK-UP RIG

Operates at water depths up to 500 ft.



BARGE

Operates in shallow waters

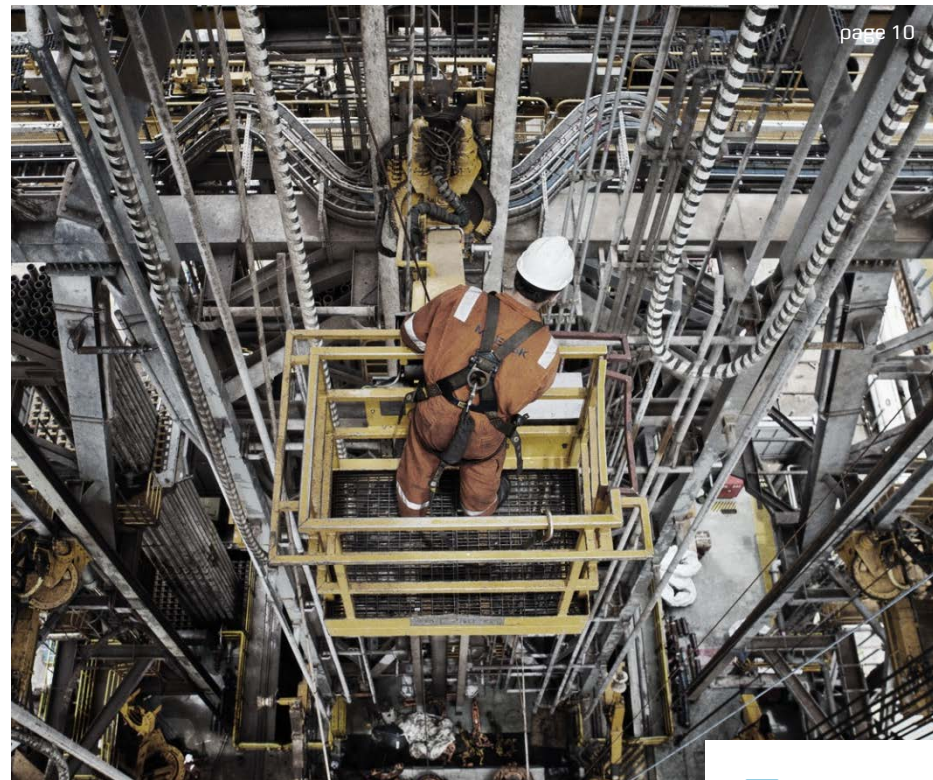


LANDRIG



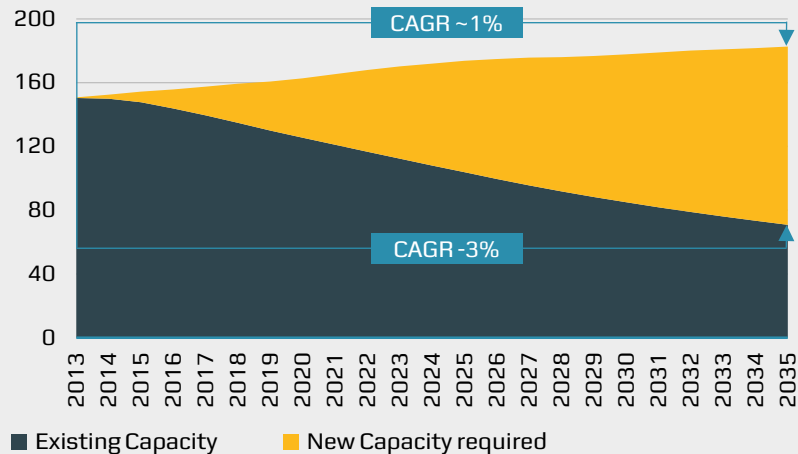
An attractive industry

- Upstream spending growth needed to fill global oil and gas production gap
- Increasing exploration and development activity will drive offshore rig demand
- Frontier areas, such as deepwater, are becoming more important since the “easy oil” has been produced
- Customer preference for new modern rigs drives market bifurcation
- Need to replace ageing offshore rig fleet



Need to grow oil and gas supply to meet growing demand and offset decline in production from existing fields

Oil & gas demand and production capacity, mboe/day



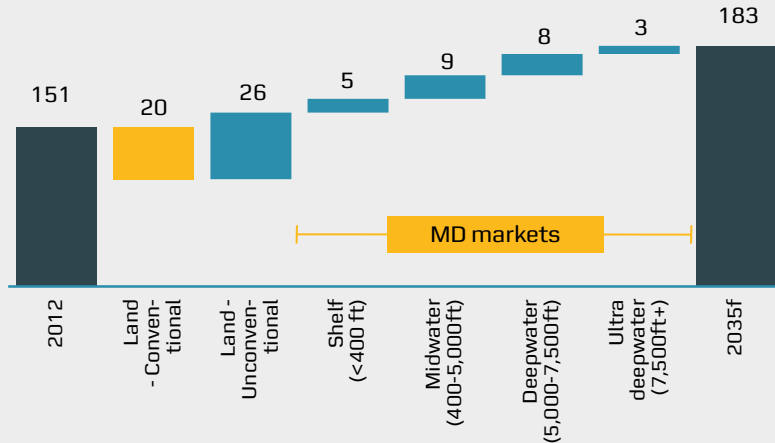
Source: Rystad Energy, IEA, Maersk Drilling

Oil and gas market fundamentals

- Global oil and gas demand is expected to grow by ~1% (CAGR)
- Existing fields are maturing and production from existing fields is assumed to decline by ~3% (CAGR)
- In order to meet increase in demand and offset the decline in production, new oil and gas production capacity of ~110 mboe/day needs to be added by 2035

Offshore oil and gas to fill the production gap towards 2035

Sources of supply (net additions), mboe/day



Note: Unconventional include: tight oil, shale gas, oil sands, extra heavy oil and oil shale (kerogen)

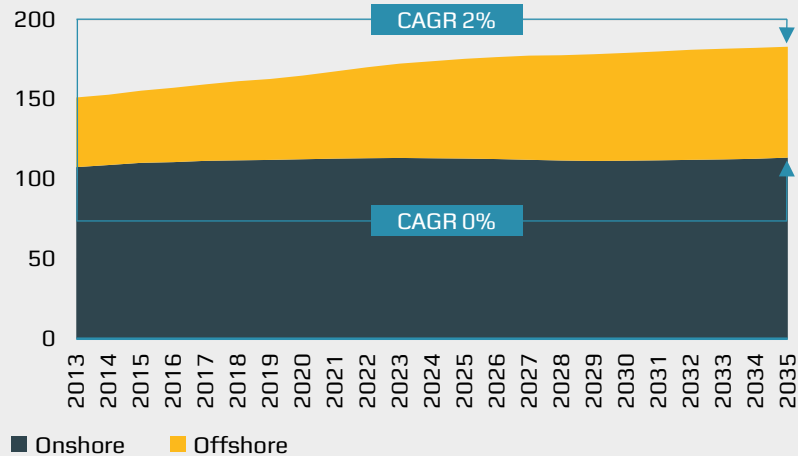
Source: Rystad Energy, IEA, Maersk Drilling

Future oil and gas supply fundamentals

- Need to grow supply from many sources to offset the decline in conventional onshore production
- Incremental offshore production of 25 mboe/day, out of which 8 mboe/day come from deepwater production and 3 mboe/day comes from ultra deepwater production

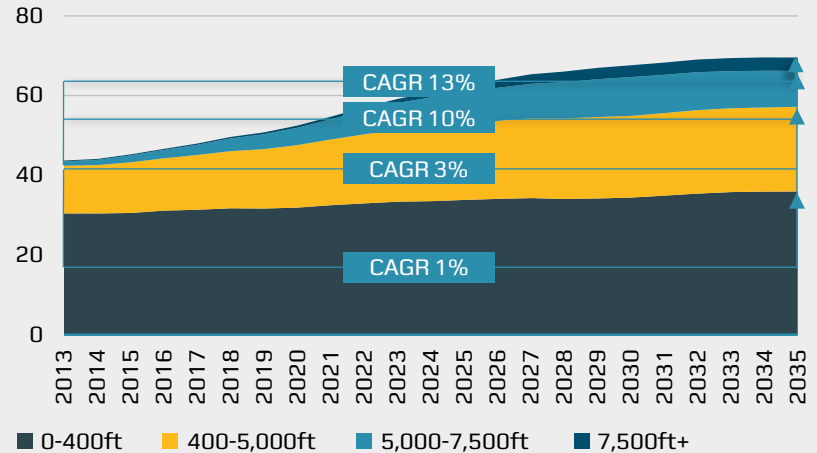
Deepwater and ultra deepwater production will exhibit the highest growth

Oil & gas production by onshore/offshore, mboe/day



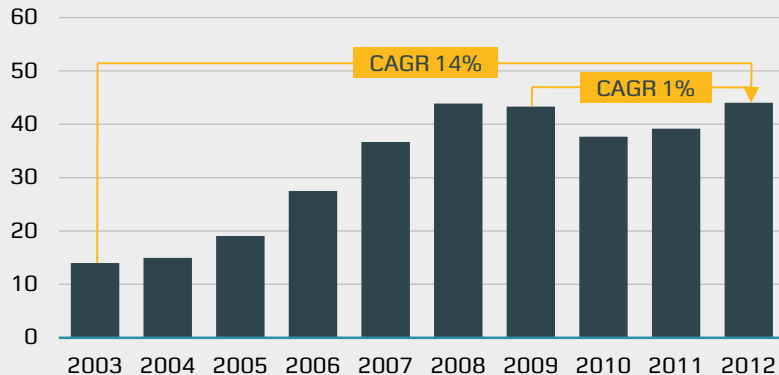
Source: Rystad Energy, IEA, Maersk Drilling

Offshore oil & gas production by water depth, mboe/day



Offshore contract drilling industry growth of 14% (CAGR) over the cycle

Global offshore drilling industry (revenue), USD bn

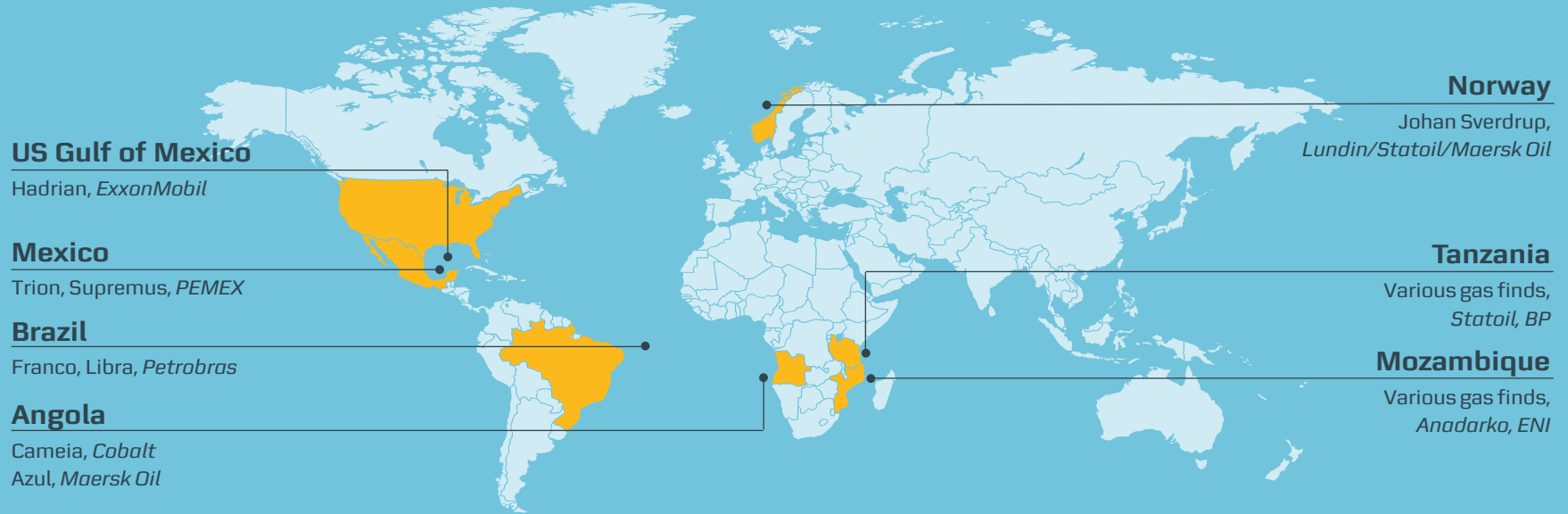


Source: Spears & Associates, Maersk Drilling

Major drivers of activity

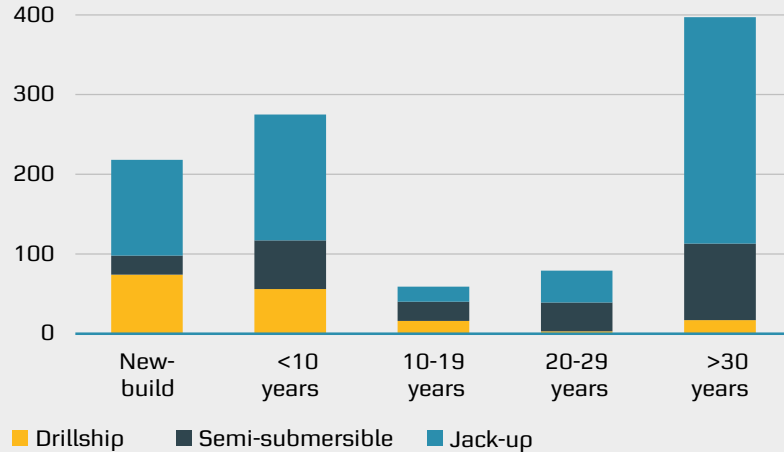
- Industry revenue growth of 14% (CAGR) from 2003-2012
- To grow production towards 2035 E&P spending must increase
- Higher E&P spending will drive continued growth in rig demand and industry revenue

High impact offshore discoveries have built a backlog of development drilling



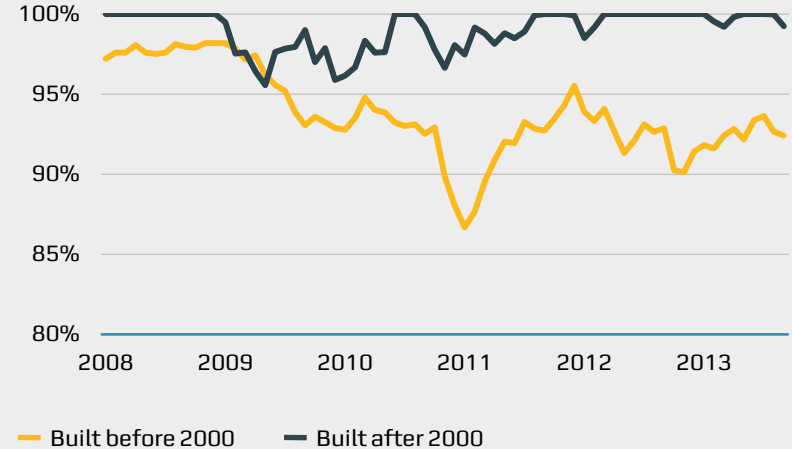
Ageing rig fleet needs replacement and a continued dayrate and utilisation bifurcation can be seen in the market

Global rig fleet age profile, no of rigs



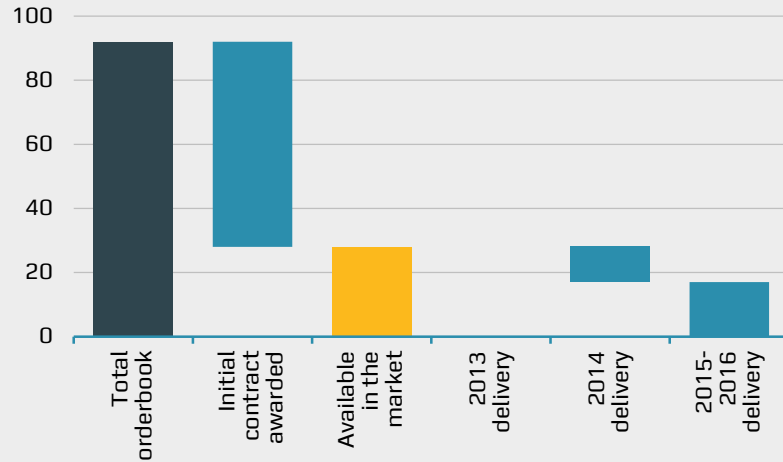
Source: IHS-Petrodata, Maersk Drilling

Floater utilisation



Floater order book being absorbed by the market and limited newbuilds available in the coming three years

Floater order book status, no of rigs



Note: Total orderbook exclude uncertain deliveries, units committed to specific operators/regions and will not enter international markets, owner-operated units

Source: IHS-Petrodata, Maersk Drilling

Floater newbuilds

- Current floater order book consists of 92 units
- The majority of the newbuilds have already secured their initial contract
- All newbuilds with 2013 delivery have been absorbed by the market

Agenda

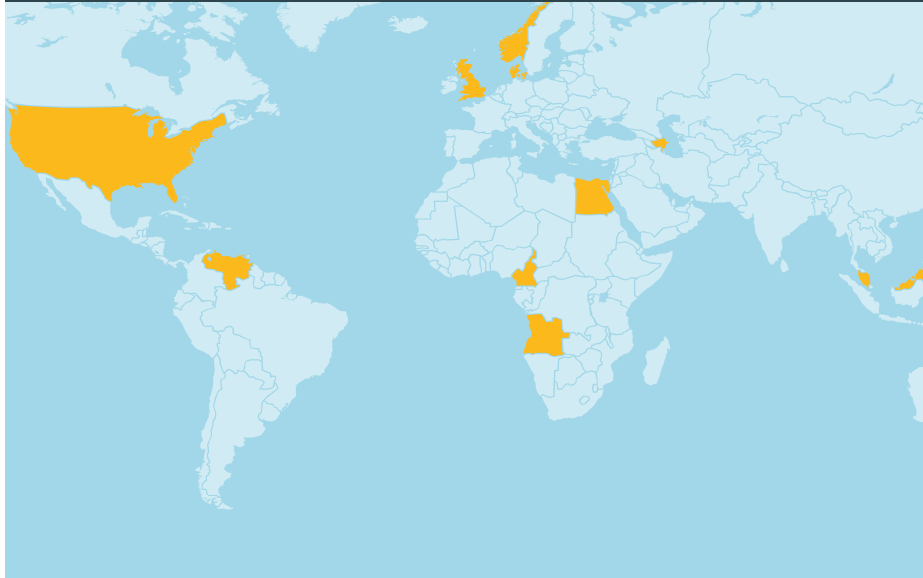
Industry

Positioning

Execution

Financials

Present in the most important oil and gas markets



Rig fleet

- 3+4 Ultra deepwater floaters
- 6+3 Ultra harsh environment jack-up rigs
- 6 Premium jack-up rigs
- 1 Midwater floater
- 10 Drilling barges

Financial investment

Egyptian Drilling Company, Joint Venture (50/50)

Ultra deepwater market

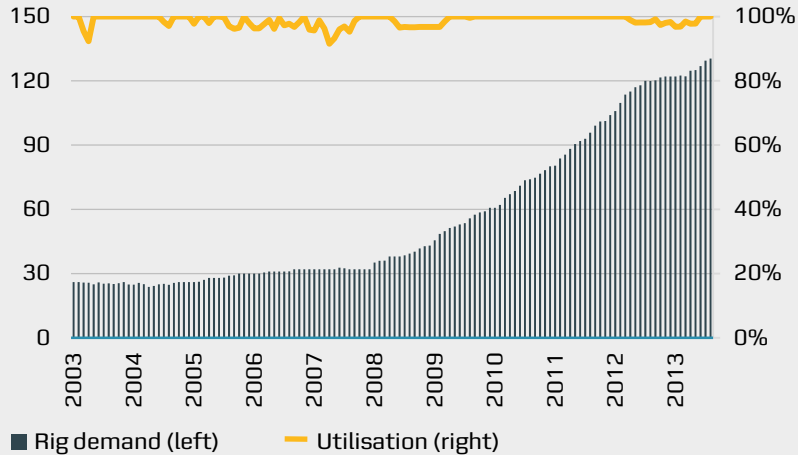
- Significant oil and gas production from deepwater needed to fill production gap
- Recent high impact discoveries have built a development drilling backlog
- Current newbuild order book will be absorbed
- High utilisation and dayrates

Fact box

- Ultra deepwater rigs can drill in water depths >7,500ft
- Maersk Drilling's fleet consists of three ultra deepwater semi-submersibles
- Maersk Drilling has four ultra deepwater drillships under construction
- Maersk Drilling has been operating in ultra deepwater since 2009

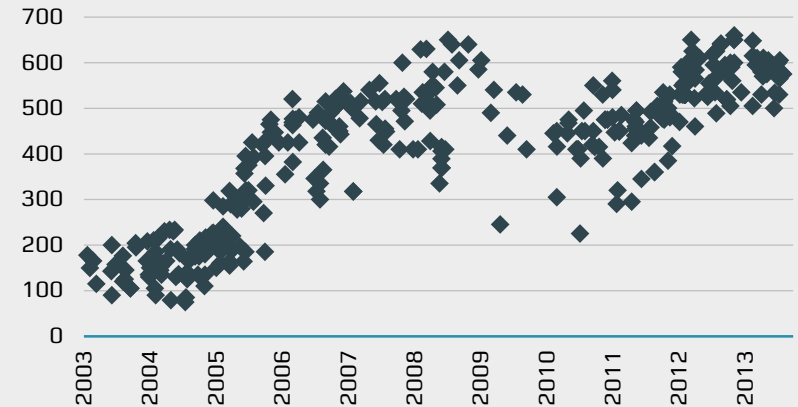
The ultra deepwater market is tight with dayrates at an all time high

Demand (no of rigs) and utilisation



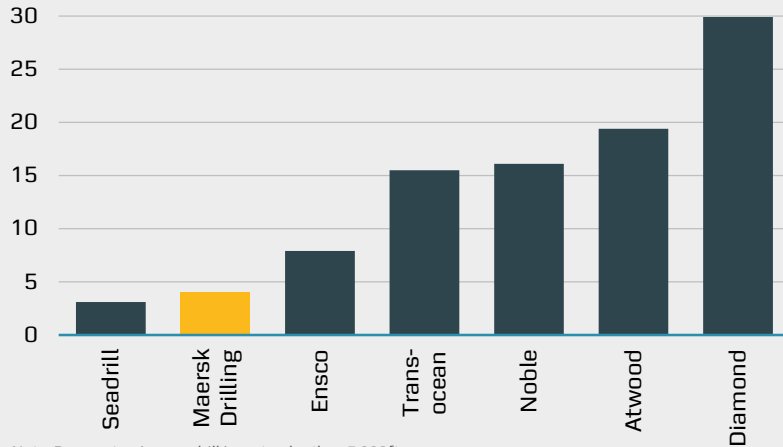
Source: IHS-Petrodata, Maersk Drilling

Market fixture dayrates, USD'000



Maersk Drilling is well positioned for the future with a modern fleet

Deepwater fleet average age, years

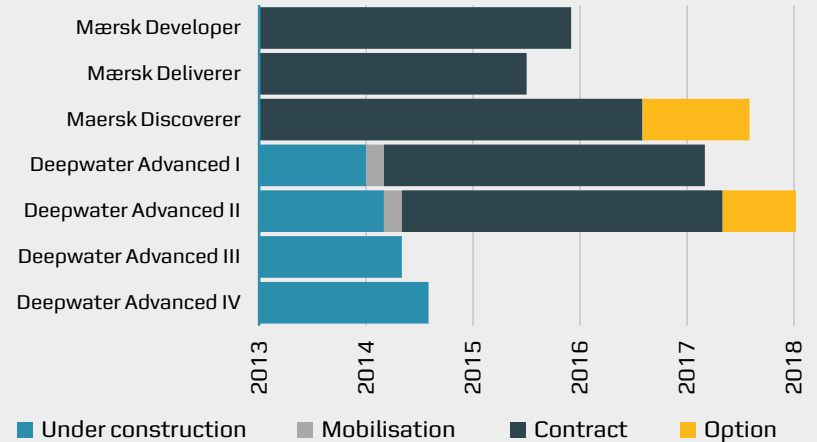


Note: Deepwater rigs can drill in water depths >5,000ft

Note: Contract coverage as per 26 September 2013

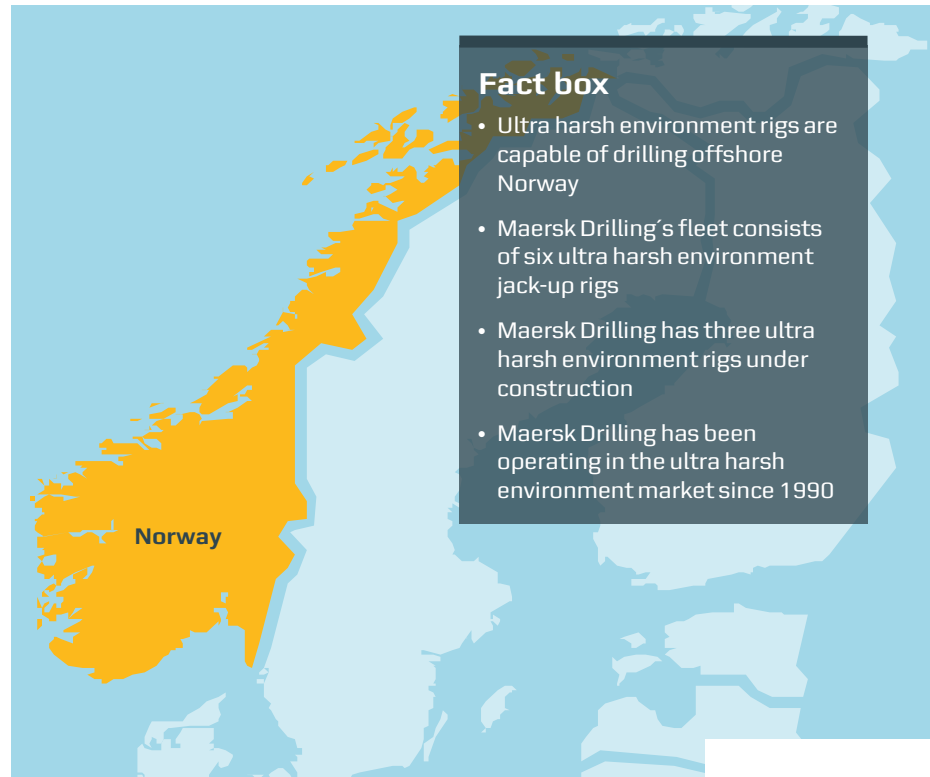
Source: IHS-Petrodata, Maersk Drilling

Contract coverage



Ultra harsh environment jack-up market

- Demand/supply balance remains tight
- High barriers to entry formed by strict regulations and a demanding environment
- Newbuilds entering the market supported by long term contracts
- Demand driven by recent discoveries and re-development of marginal fields

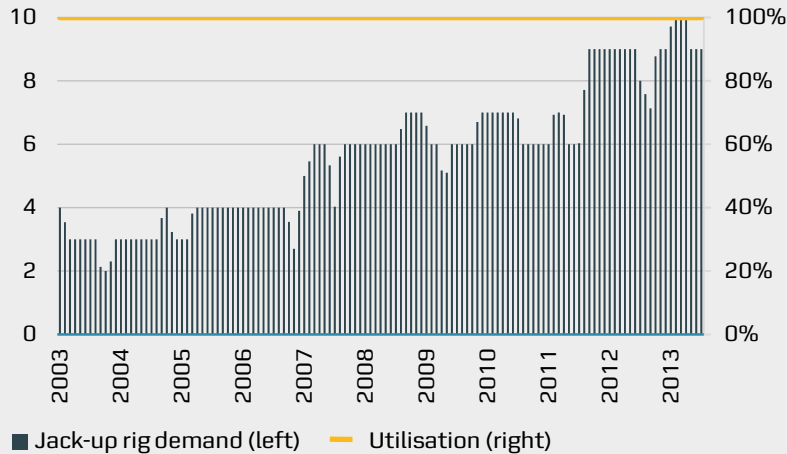


Fact box

- Ultra harsh environment rigs are capable of drilling offshore Norway
- Maersk Drilling's fleet consists of six ultra harsh environment jack-up rigs
- Maersk Drilling has three ultra harsh environment rigs under construction
- Maersk Drilling has been operating in the ultra harsh environment market since 1990

Maersk Drilling securing market leading jack-up dayrates in Norway

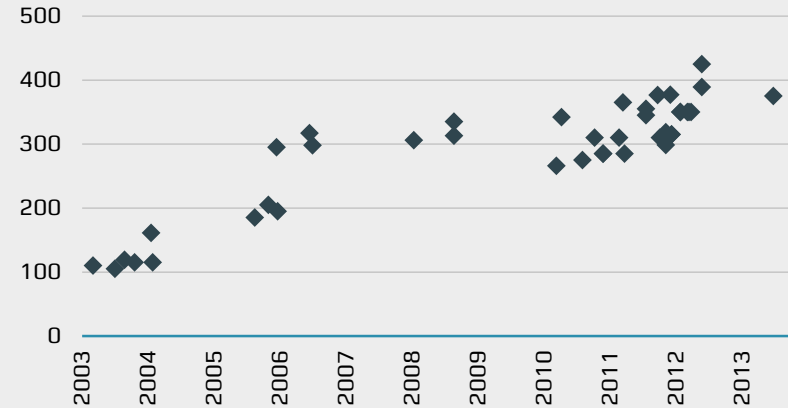
Demand (no of rigs) and utilisation



■ Jack-up rig demand (left) — Utilisation (right)

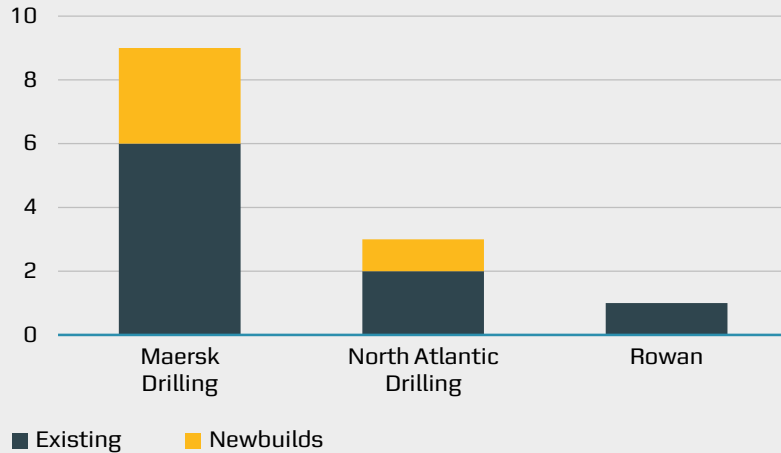
Source: IHS-Petrodata, Maersk Drilling

Market fixture dayrates, USD '000



Maersk Drilling is market leader in Norway

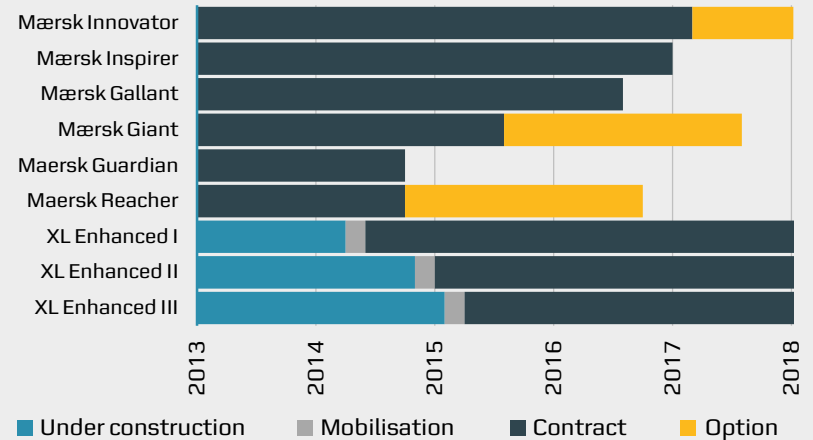
Competitive landscape (jack-up rigs), no of rigs



Note: Contract coverage as per 26 September 2013

Source: IHS-Petrodata, Maersk Drilling

Contract coverage





Egypt

- Leading operator in MENA-region with a fleet of four jack-up rigs and 64 land rigs
- Operation in Egypt since 1976
- Financial investment, JV (50/50)
- Revenue: USD 424m (2012)

Venezuela

- Leading drilling contractor in Venezuela with a fleet of 10 cantilevered drilling barges
- Operation in Venezuela since 1992
- Revenue: USD 194m (2012)
- Divestment options being investigated

Non-core assets

- Strong positions in respective markets
- No further investments planned
- Divestment if/when time is right

Agenda

Industry

Positioning

Execution

Financials

Strategy

- Deliver on the financial ambition of Net Operating Profit After Tax (NOPAT) of USD 1bn in 2018 (ROIC >10%)
- Conduct incident free operation
- Become a sizeable player in the market with 30 rigs
- Grow the business within the ultra deepwater and ultra harsh environment segments
- Leverage market leading position in Norway and build ultra deepwater positions in the US Gulf of Mexico and West Africa



Safety first

- The lost time incidents frequency (LTIF) for the last 12 months was 1.21 per million working hours by end August 2013 down from 1.42 by end Q2 2013
- Continuous improvement of processes and systems to drive safety performance
- Initiatives initiated to drive down LTIF towards the long term aspiration of zero incidents



Target of zero incidents in 2018

Expanding the ultra deepwater fleet with investment of USD 2.6bn



ExxonMobil

Deepwater
Advanced I
Contract value:
USD 610m
Duration:
3 years

ConocoPhillips
Marathon Oil
Corporation

Deepwater
Advanced II
Contract value:
USD 694m
Duration:
3 years

Deepwater
Advanced III
Uncontracted

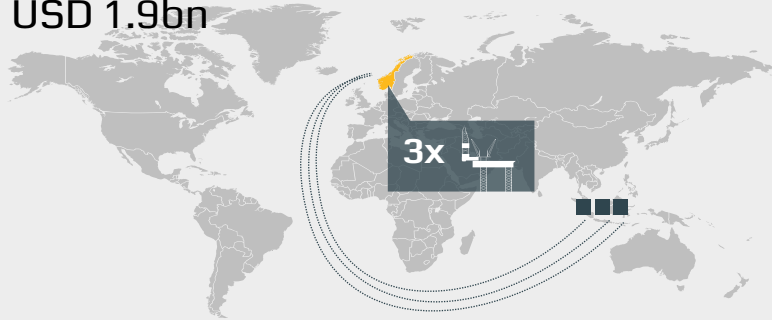
Deepwater
Advanced IV
Uncontracted

Deepwater Advanced I-IV

- Four ultra deepwater drillships
- Delivery in 2013-2014
- Under construction at Samsung Heavy Industries, South Korea



Manifesting a leading position in the ultra harsh jack-up market by investing USD 1.9bn



TOTAL

XL Enhanced I
Contract value:
USD 550m
Duration:
4 years



DET NORSKE

XL Enhanced II
Contract value:
USD 700m
Duration:
5 years



Statoil

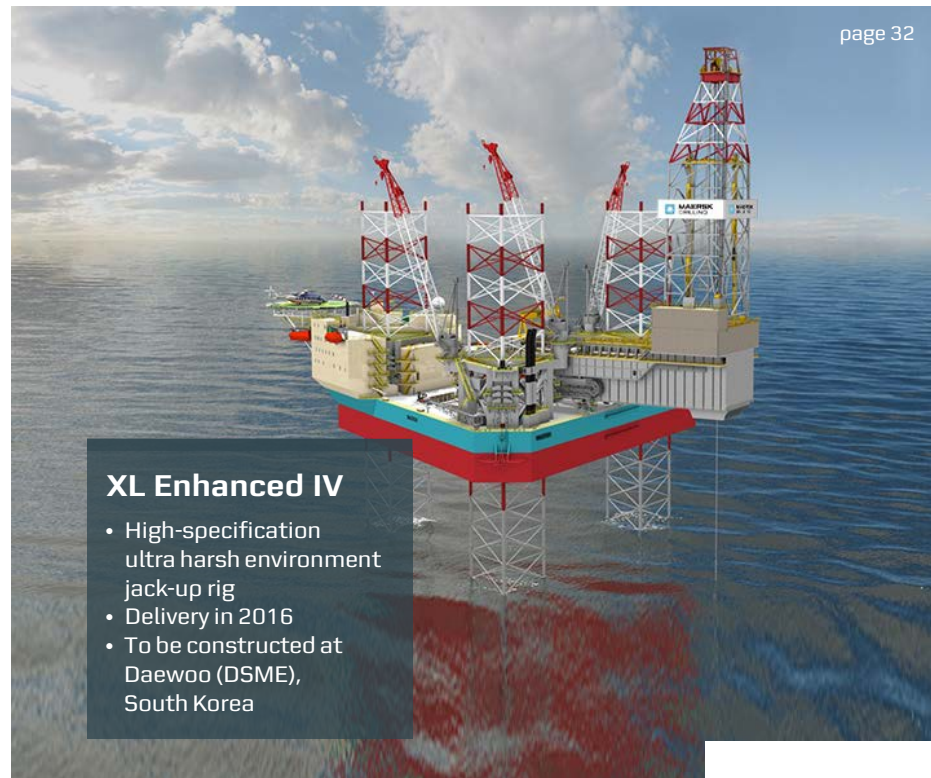
XL Enhanced III
Contract value:
USD 620m
Duration:
4 years

XL Enhanced I-III

- Three high-specification ultra harsh environment jack-up rigs
- Delivery in 2014-2015
- Under construction at Keppel FELS, Singapore

XL Enhanced IV

- Total investment of USD 650m
- Order backed by a firm 5-year contract with BP Norway with estimated contract value of USD 812m
- Options for extending the contract up to a total duration of 10 years



Developing rigs for the next frontier

- Partnership agreement with BP to develop conceptual engineering designs for a new breed of advanced technology offshore drilling rigs
- 20K rigs will be critical to unlock the next frontier of deepwater oil and gas resources
- 20K rigs will be designed to operate in high pressure and high temperature reservoirs (20,000 psi and 350°F)
- BP estimates that application of this technology across its own global portfolio alone could potentially access an additional 10-20 billion barrels of resources

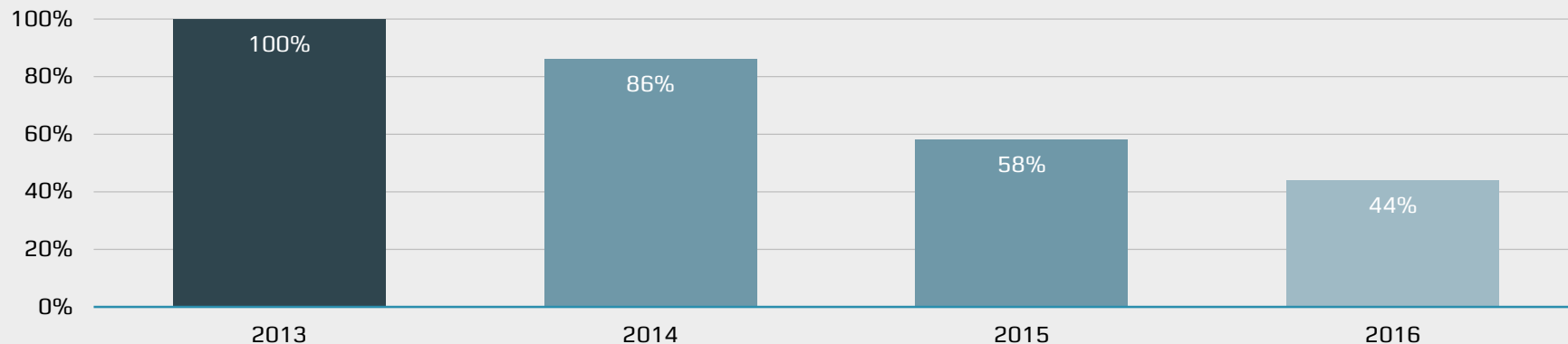


20K Facts

- Designing a rig capable of drilling in reservoirs with 20,000 psi and 350°F (177 °C)
- The partnership is part of BP's Project 20K™
- Engineering studies to be conducted with BP to select the optimal design for a 20K rig

High forward contract coverage reflecting solid demand for high end assets

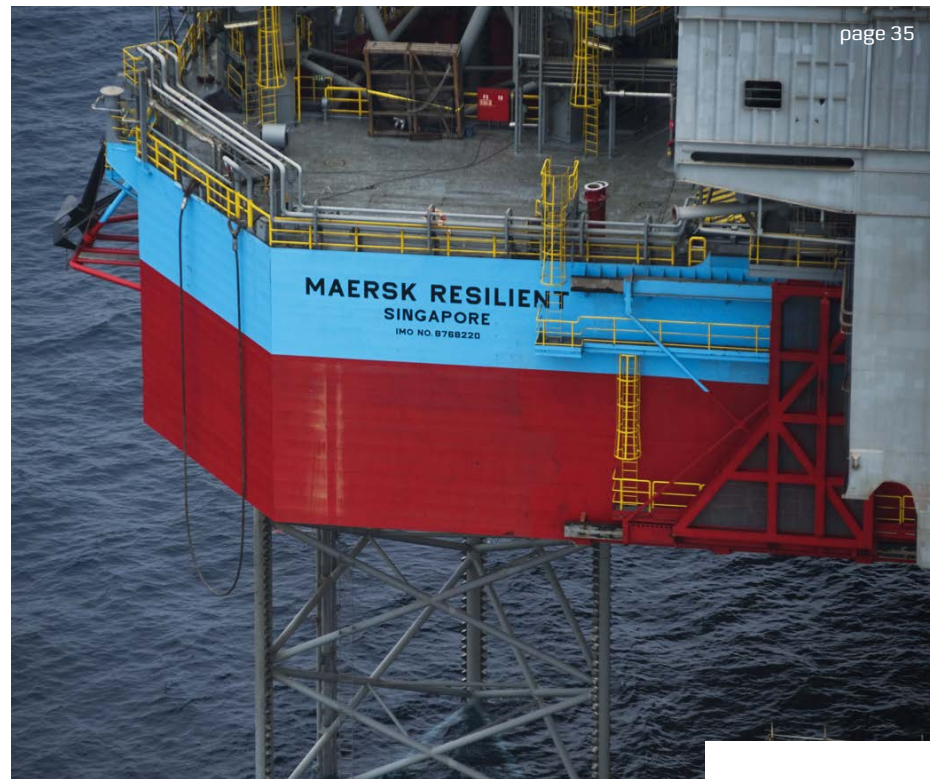
Maersk Drilling forward contract coverage



Note: As per end of Q2 2013

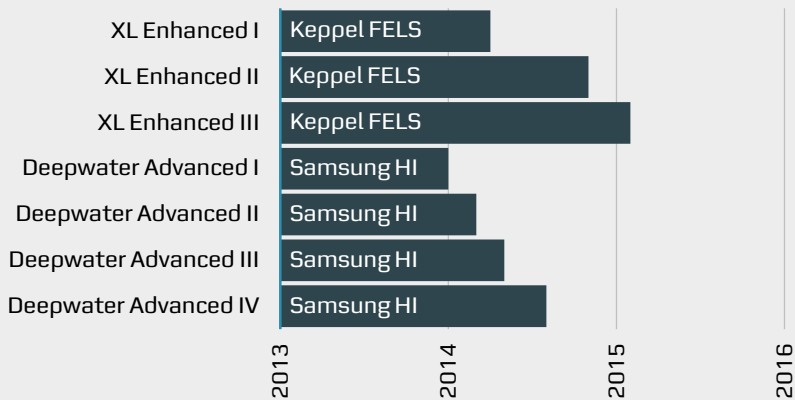
New contracts in Q3

- Mærsk Giant:
One year contract (USD 137m)
- Maersk Resilient:
Two year contract extension (USD 170m)



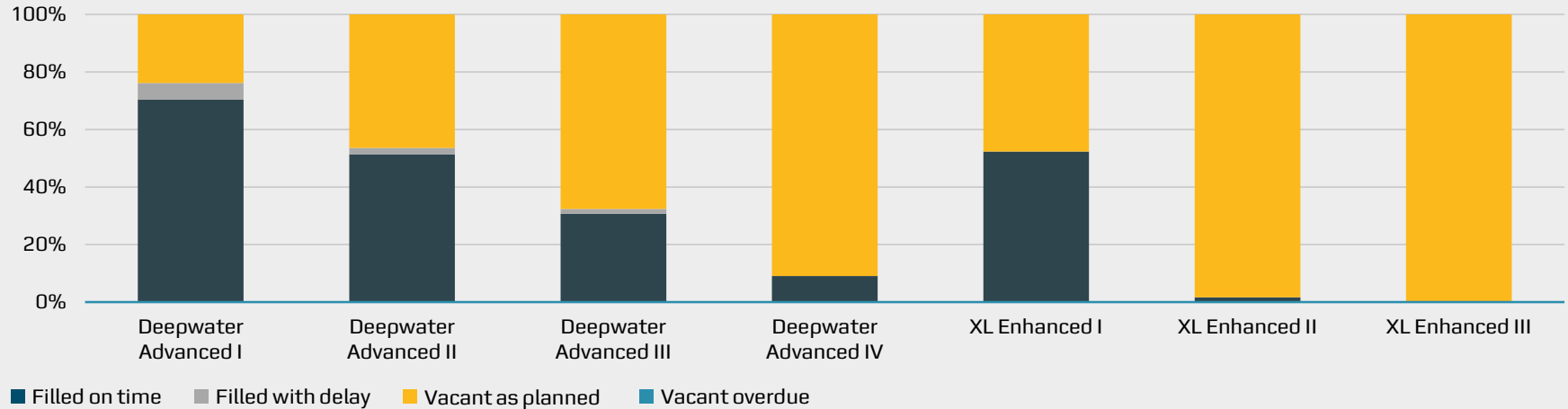
Managing the newbuild programme

Expected delivery schedule



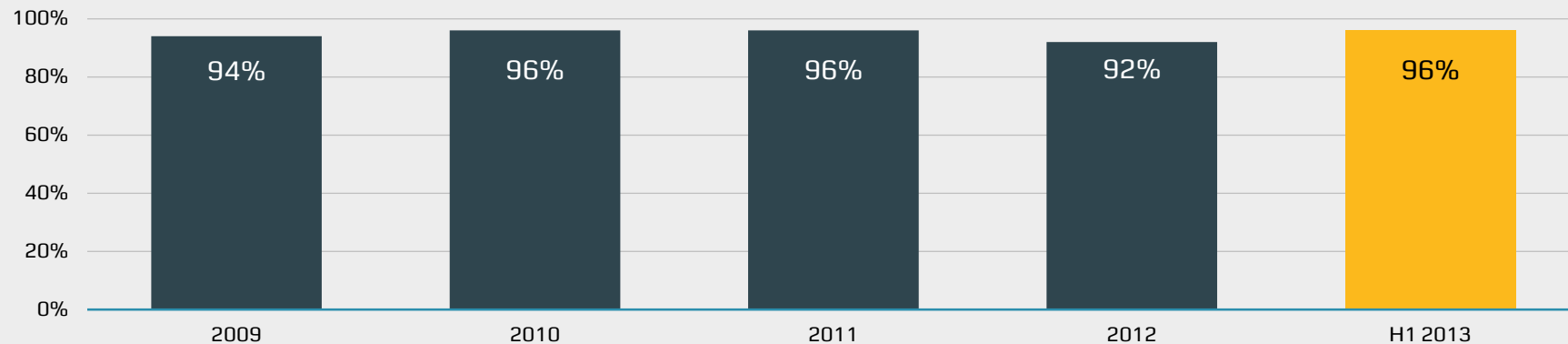
Recruitment of 1,300 new employees for the newbuilds progressing as planned

Newbuild recruitment progress



Solid performance with operational uptime of 96% in H1 2013

Operational uptime



Agenda

Industry

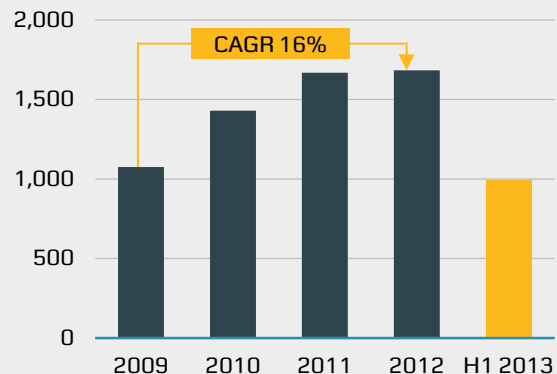
Positioning

Execution

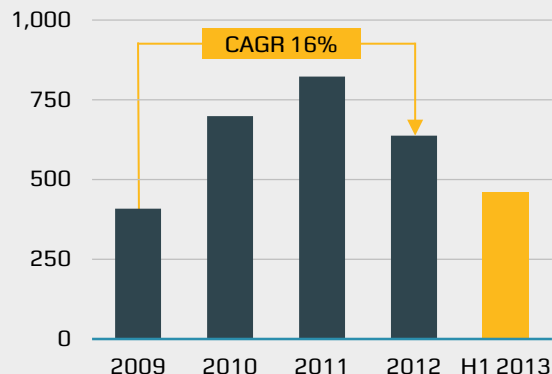
Financials

Maersk Drilling has delivered revenue growth of 16% (CAGR), well above the industry average of 1% (CAGR)

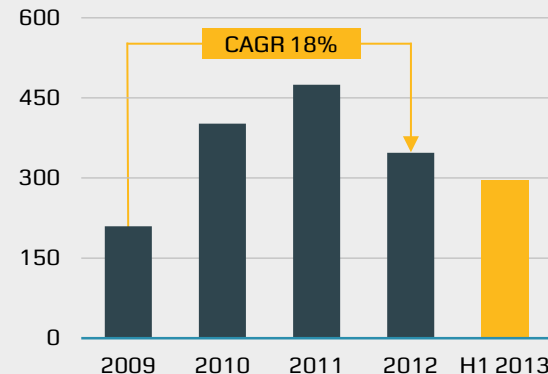
Maersk Drilling revenue, USDm



Maersk Drilling EBITDA, USDm



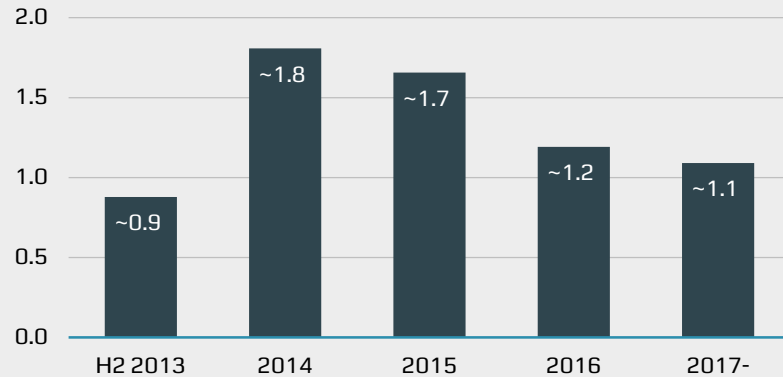
Maersk Drilling NOPAT, USDm



Note: Figures stated using 2013 accounting policies

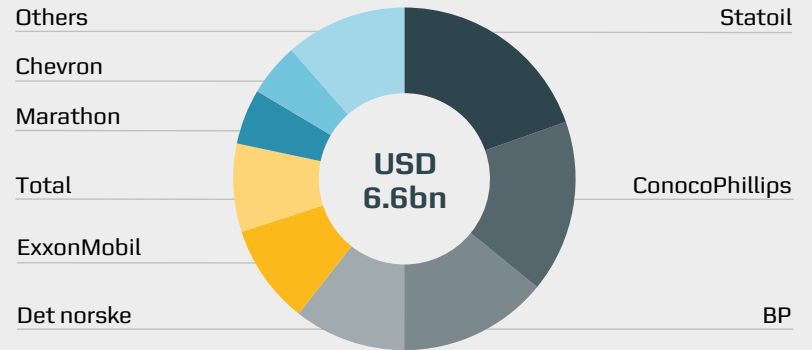
High revenue visibility with quality customers

Revenue backlog, end Q2 2013, USDbn



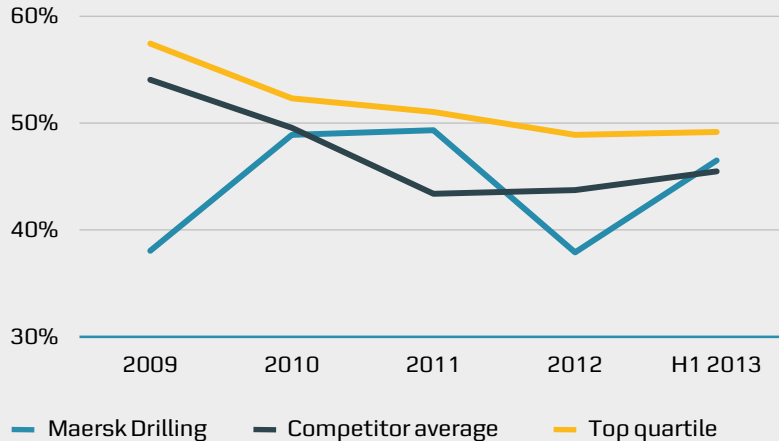
Note: Annual revenue backlog figures reflect upcoming yard stays

Revenue backlog by customer, end Q2 2013



Long term EBITDA margin set to improve

EBITDA Margin (2009 – H1 2013)



Note: Maersk Drilling figures stated using 2013 accounting policies

Note: Competitors include Atwood Oceanics, Diamond Offshore, Ensco, Noble, Rowan, Seadrill and Transocean

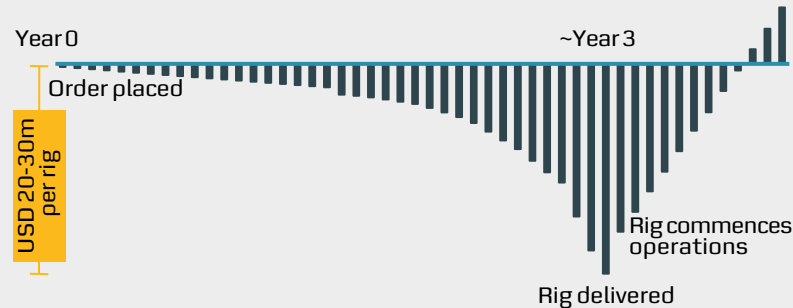
Source: Company reports, Maersk Drilling

Improving long term EBITDA margin

- Improving operational efficiency
- Investing in high margin assets
- Focusing on attractive industry segments and geographies
- Optimising asset portfolio

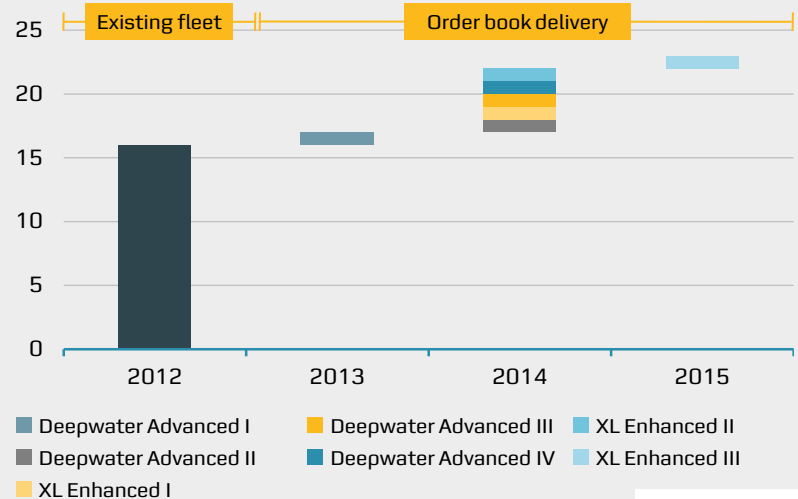
Short term margins will be impacted by one-time costs associated with training and start-up of operation

Illustrative newbuild operational cash flow (accumulated)



Note: Rig fleet excludes Venezuela barges

Rig fleet development, no of rigs



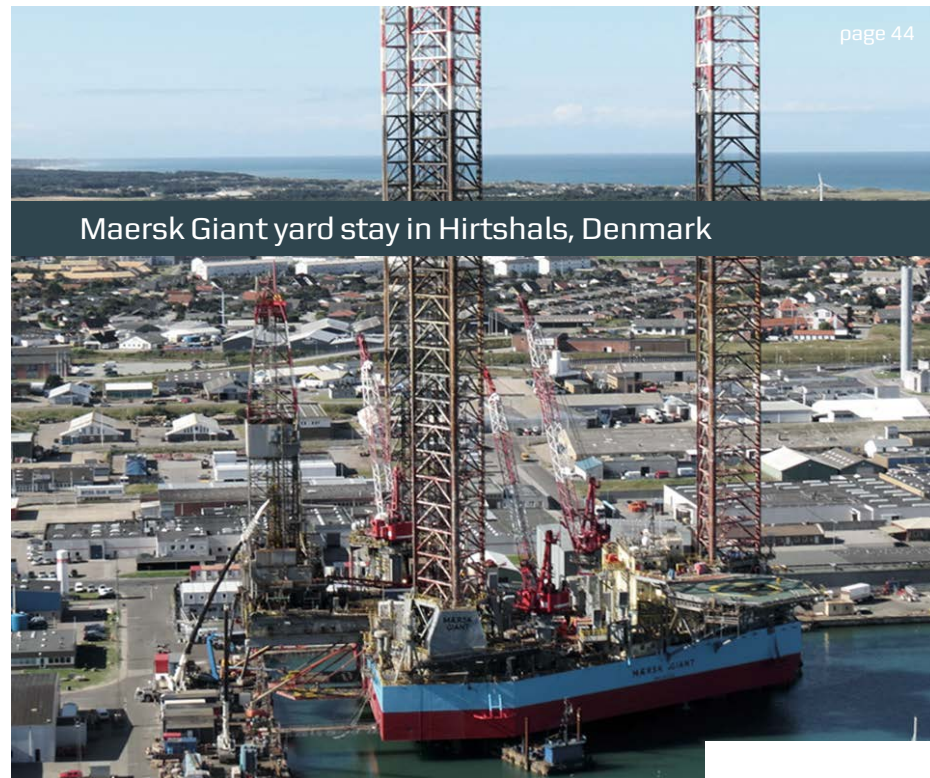
Extensive yard stay programme during 2014

2014 Yard stays

Mærsk Developer	Q1 2014	5 year special survey
Maersk Resolve	Q2 2014	5 year special survey
Mærsk Gallant	Q2 2014	5 year special survey + lifetime extension
Maersk Reacher	Q2 2014	5 year special survey
Maersk Discoverer	Q2 2014	5 year special survey
Mærsk Inspirer	Q2 2014	5 year special survey

Approx. 300 days

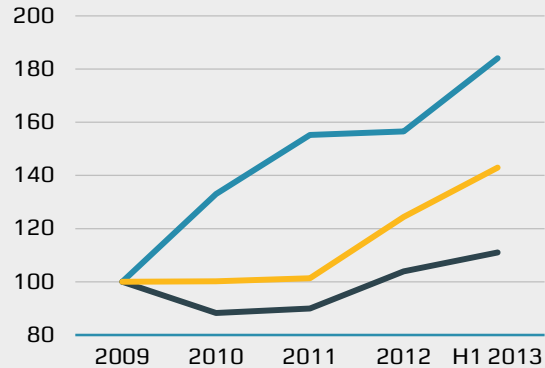
Note: Information available in fleet status report at www.maerskdrilling.com



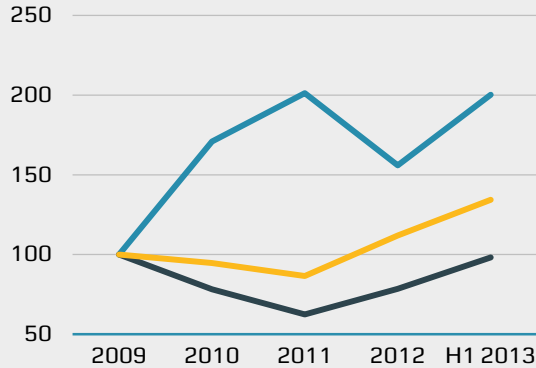
Maersk Giant yard stay in Hirtshals, Denmark

Maersk Drilling has a track record of delivering profitable growth and has outperformed industry ROIC in H1 2013

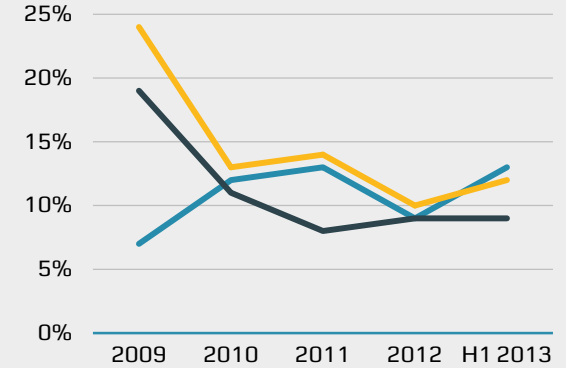
**Revenue growth index
(2009 – H1 2013)**



**EBITDA growth index
(2009 – H1 2013)**



ROIC (2009 – H1 2013)



— Maersk Drilling — Competitor average — Top quartile

Note: Competitors include Atwood Oceanics, Diamond Offshore, Ensco, Noble, Rowan, Seadrill and Transocean

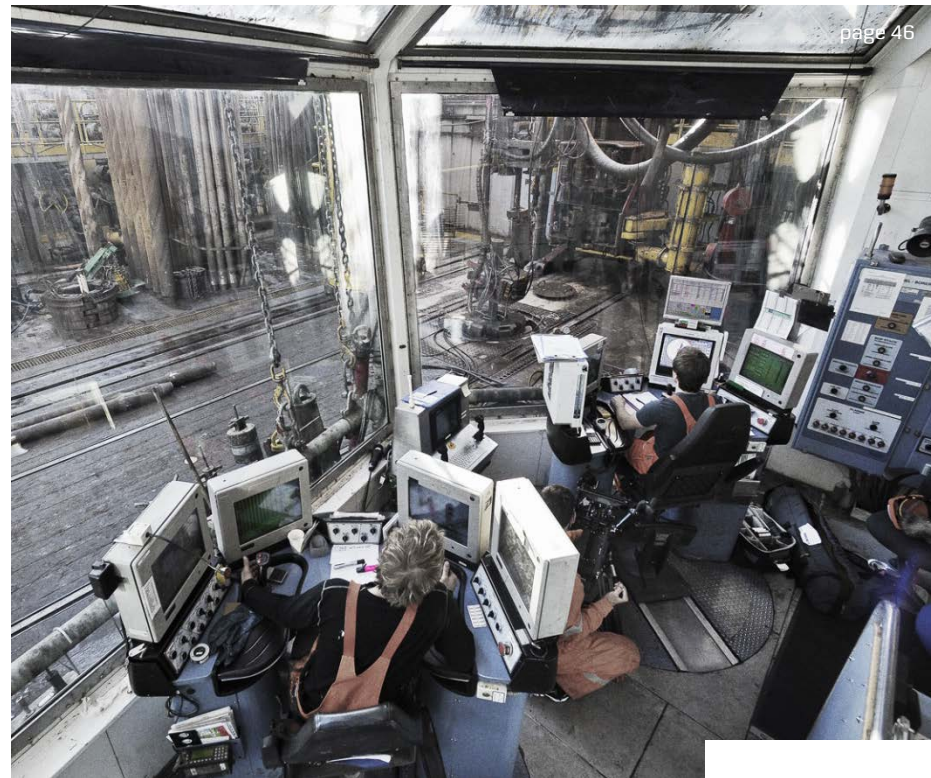
Note: ROIC formula: Adjusted net income divided by average net assets

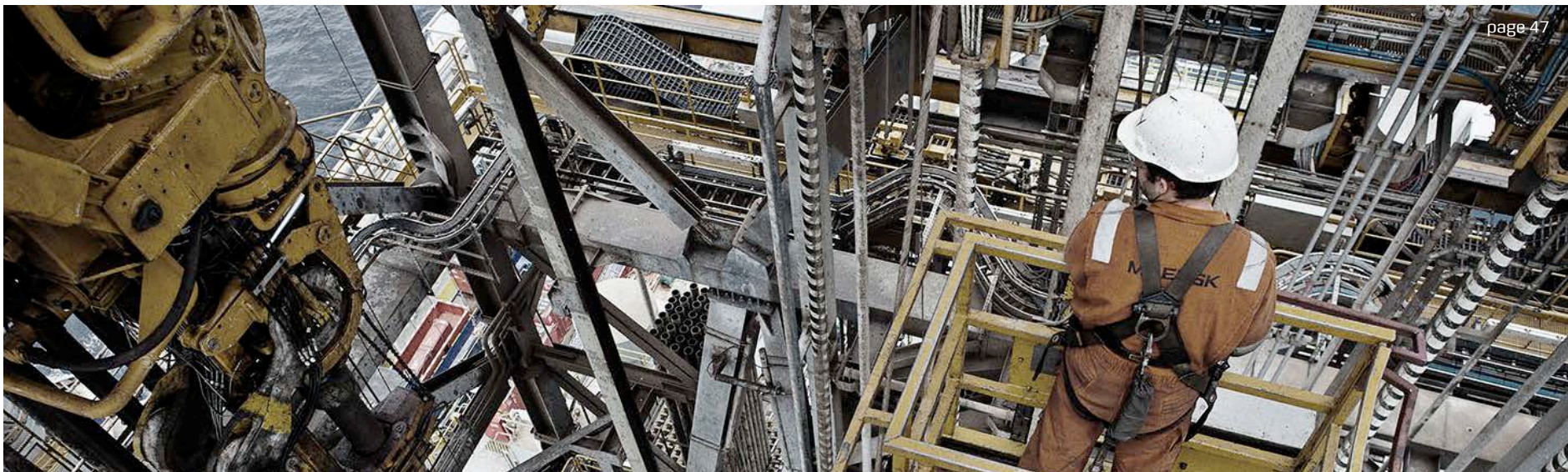
Note: Maersk Drilling figures stated using 2013 accounting policies

Source: Company reports, Maersk Drilling

Final remarks

- High forward contract coverage providing revenue visibility
- Investment of USD 4.5bn in high-end rigs
- Managing the newbuild programme
- Strong operational performance
- On track towards NOPAT of USD 1bn (ROIC>10%) and zero incidents in 2018





Thank you



Appendix



Fact box

- Premium jack-up rigs are capable of drilling in water depths >350ft
- Maersk Drilling's fleet consists of six premium jack-up rigs
- Maersk Drilling has been present in the international jack-up market since 1972

North Sea

Cameroon

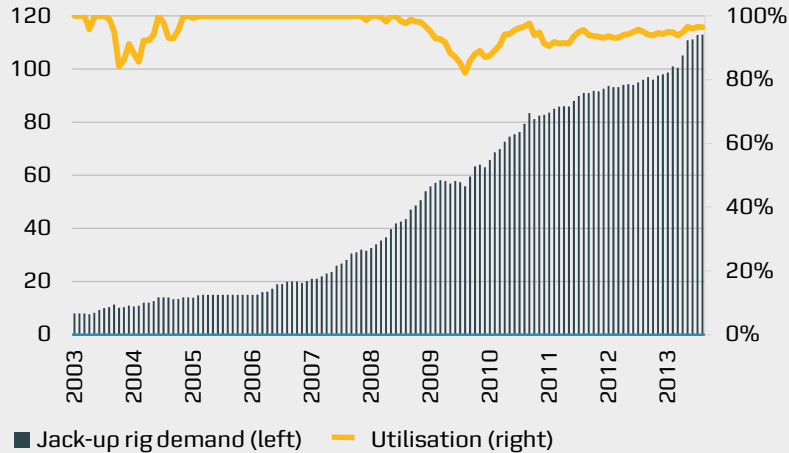
South East Asia

International premium jack-up market

- Deeper and more complex wells require higher rig capacities
- Oil companies prefer newer rigs due to the safety and efficiency gains offered
- A clear bifurcation can be seen in the market
- High utilisation and increasing dayrates

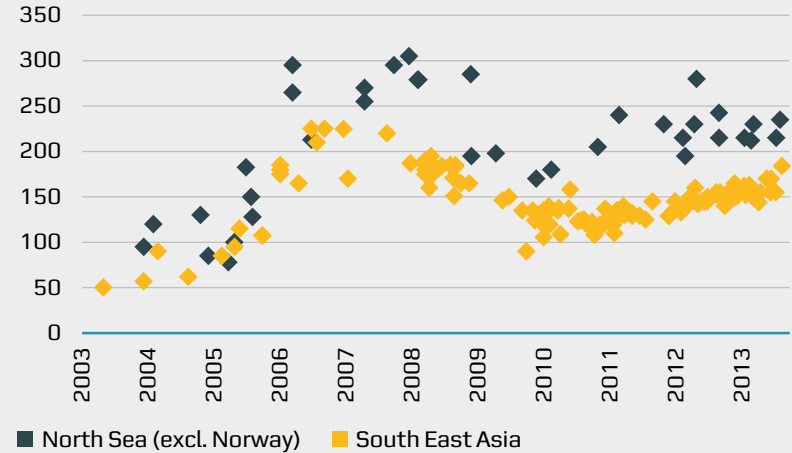
Premium jack-up market is tight with increasing dayrates

Demand (no of rigs) and utilisation



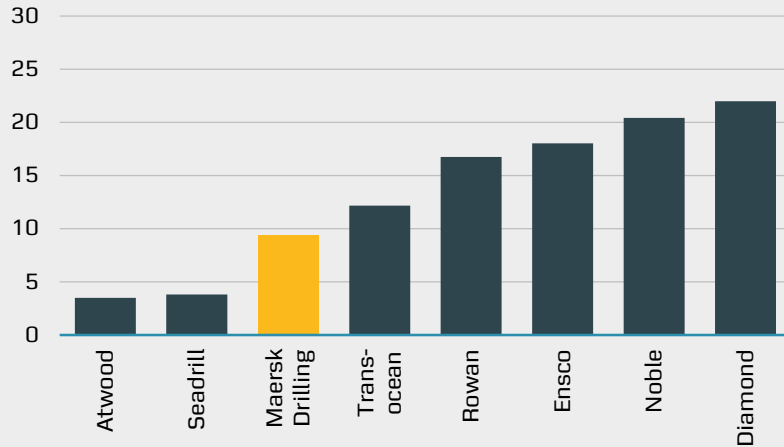
Source: IHS-Petrodata, Maersk Drilling

Market fixture dayrates, USD '000



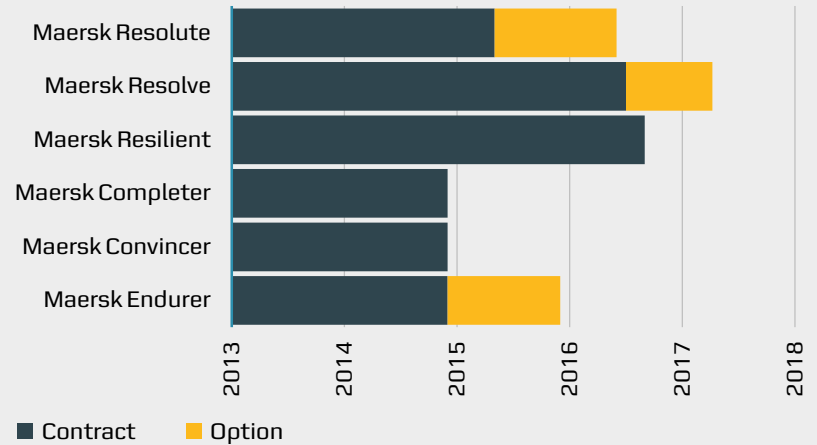
Young fleet with a high forward contract coverage

Premium jack-up rigs (excl. Norway), fleet average age, years



Note: Contract coverage as per 26 September 2013
Source: IHS-Petrodata, Maersk Drilling

Contract coverage



Fact box

- Midwater rigs can drill in water depths up to 5,000ft
- Maersk Drilling has one midwater semi-submersible, Heydar Aliyev, on contract with BP until end 2015 with four one-year options
- Maersk Drilling has been present in the Caspian Sea since 2003

Caspian Sea

Caspian Sea

- Very large resource potential
- Large fields such as Shah Deniz and Absheron will drive demand for semi-submersibles
- Shortage of rigs – currently four semi-submersibles in the region, all locked into long term contracts
- Natural barrier to entry (land-locked)