



# SPAREBANK1 ENERGY CONFERENCE

Jeremy Thigpen, President and Chief Executive Officer

February 26, 2020



# LEGAL DISCLAIMER

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## Forward-Looking Statements

The statements described in this presentation that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements contain words such as "possible," "intend," "will," "if," "expect," or other similar expressions. Forward-looking statements are based on management's current expectations and assumptions, and are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, actual results could differ materially from those indicated in these forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, estimated duration of customer contracts, contract dayrate amounts, future contract commencement dates and locations, planned shipyard projects and other out-of-service time, sales of drilling units, timing of the company's newbuild deliveries, operating hazards and delays, risks associated with international operations, actions by customers and other third parties, the future prices of oil and gas, the intention to scrap certain drilling rigs, the success of our business following the acquisitions of Songa Offshore SE and Ocean Rig UDW Inc., and other factors, including those and other risks discussed in the company's most recent Annual Report on Form 10-K for the year ended December 31, 2019, and in the company's other filings with the SEC, which are available free of charge on the SEC's website at: [www.sec.gov](http://www.sec.gov). Should one or more of these risks or uncertainties materialize (or the other consequences of such a development worsen), or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or expressed or implied by such forward-looking statements. All subsequent written and oral forward-looking statements attributable to the company or to persons acting on our behalf are expressly qualified in their entirety by reference to these risks and uncertainties. You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement, and we undertake no obligation to publicly update or revise any forward-looking statements to reflect events or circumstances that occur, or which we become aware of, after the date hereof, except as otherwise may be required by law. All non-GAAP financial measure reconciliations to the most comparative GAAP measure are displayed in quantitative schedules on the company's website at: [www.deepwater.com](http://www.deepwater.com).

This presentation, or referenced documents, do not constitute an offer to sell, or a solicitation of an offer to buy, any securities, and do not constitute an offering prospectus within the meaning of the Swiss Financial Services Act ("FinSA"). Investors must rely on their own evaluation of Transocean and its securities, including the merits and risks involved. Nothing contained herein is, or shall be relied on as, a promise or representation as to the future performance of Transocean.

# OUR LEADERSHIP POSITION

47 Floaters\* – 94% UDW & HE

Unmatched UDW & HE Experience

\$10.2 Billion in Backlog\*\*

Liquidity of \$3.1B



\* Includes 2 newbuilds under construction and the *Transocean Norge* (33% JV ownership interest)

\*\* As of February 14, 2020

# FLEET TRANSFORMATION

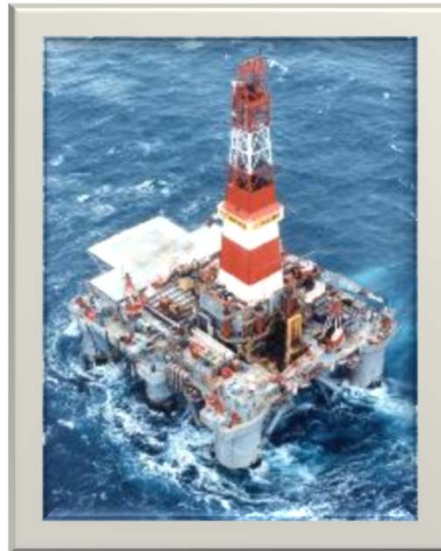


# FLEET RATIONALIZATION

68 Divestitures\* Since 2014



15 Ultra-Deepwater



38 Deepwater /  
Midwater



15 Jackups

\* Reflects the retirement of the *Discoverer Deep Seas*, *Discoverer Spirit*, and *Discoverer Enterprise*

# VALUE-ADDED ACQUISITIONS



\* Reflects the retirement of the *Songa Delta* announced on 9/4/18 and the *Songa Trym* announced on 7/23/18 and *Ocean Rig Paros* on 2/8/19 and *Ocean Rig Eirik Raude* on 2/18/19

# STRATEGIC UPGRADES

## Drilling Capabilities



*Discoverer India*

Annular BOP  
Acoustic Backup  
Controls

MPD-Ready

DP Class 3

## Drilling Efficiency



*Transocean Enabler*

Automated Drilling  
Control

3 Remaining Cat-D  
Rigs + Spitsbergen +  
Norge Scheduled for  
ADC Upgrade

## Reduced Emissions



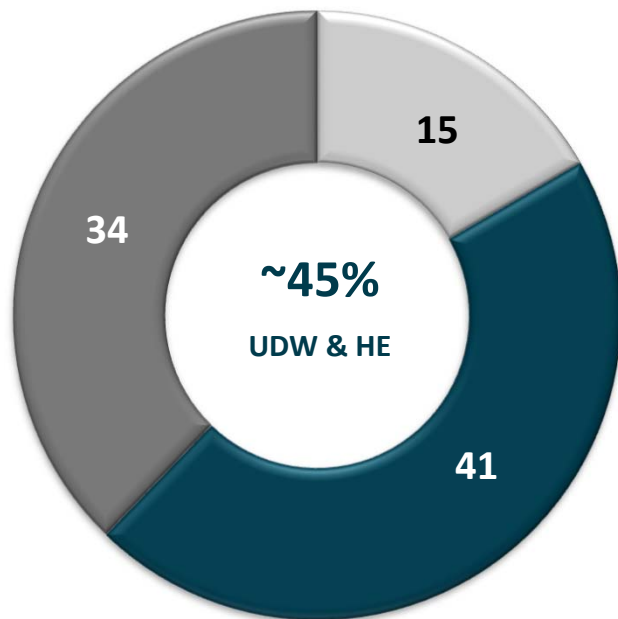
*Transocean Spitsbergen*

Patented Hybrid  
Power System

# FLEET TRANSFORMATION TO UDW AND HE FLOATERS

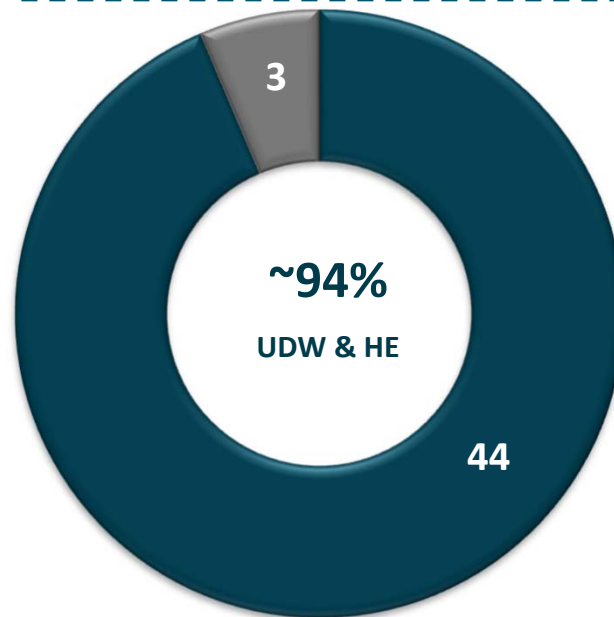
January 2014

Average Age Floaters – ~21 years



January 2020\*

Average Age Floaters – ~11 years  
(UDW – ~8 years)

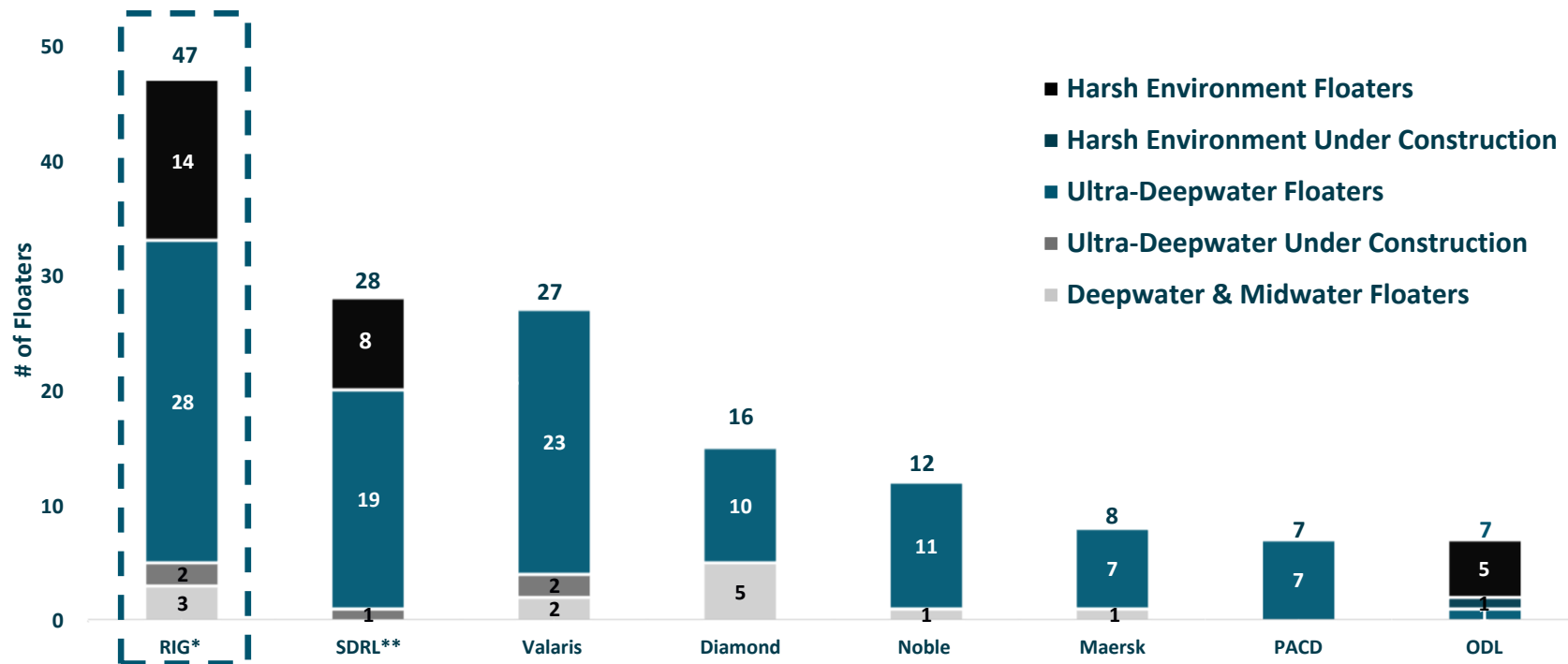


- UDW & HE Floaters
- Mid / Deep Water
- HS Jackups

\* Includes rigs under construction and the *Transocean Norge* (33% JV ownership interest); reflects the retirement of the *Discoverer Deep Seas*, *Discoverer Spirit*, and *Discoverer Enterprise*



# LARGEST AND MOST CAPABLE FLOATER FLEET

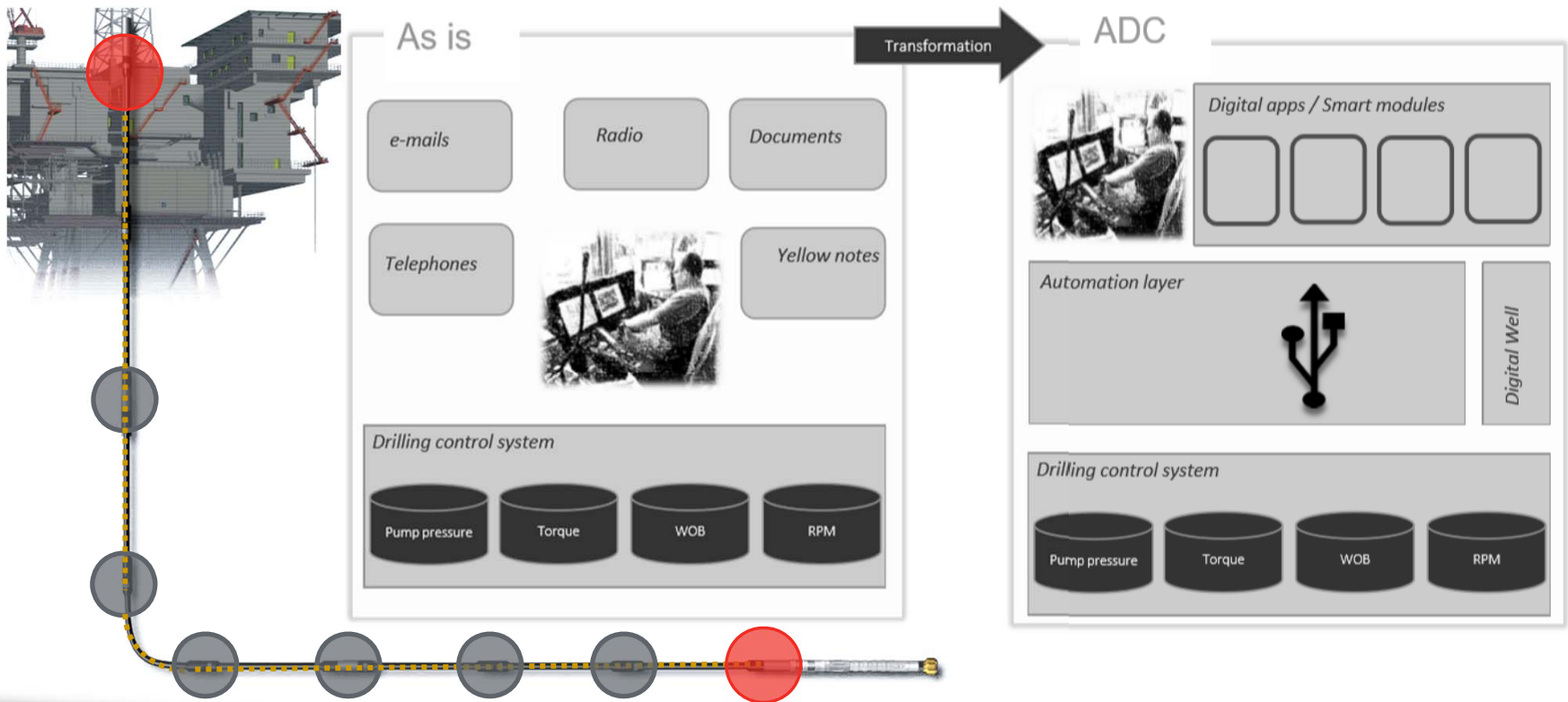


Source: Company filings

\* Includes the *Transocean Norge* (33% JV ownership interest); also reflects the retirement of the *Discoverer Deep Seas*, *Discoverer Spirit*, and *Discoverer Enterprise*

\*\* Includes Seadrill Limited and Seadrill Partners

# AUTOMATED DRILLING SYSTEM: SAFER AND FASTER



# aShear –WELL CONTROL SYSTEM

Shear Anything Instantaneously Above the Drill Bit



KINETIC  
PRESSURE  
CONTROL

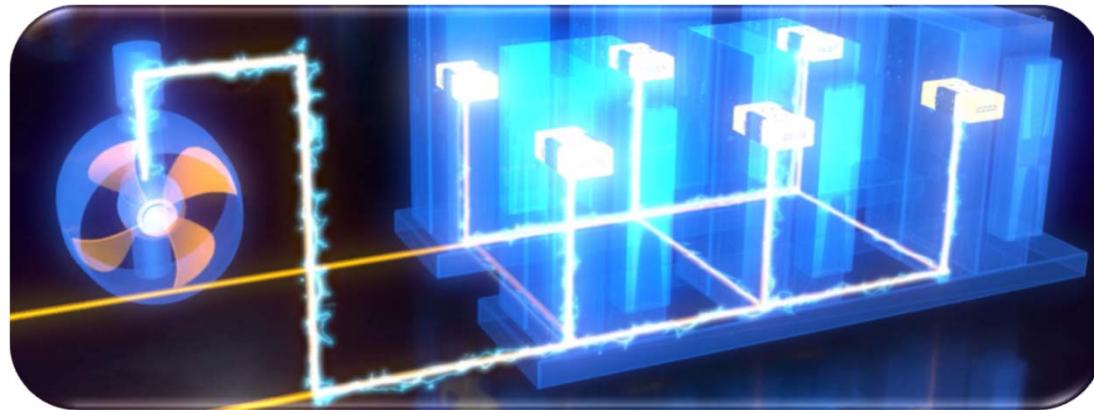
- ✓ Retrofittable to any BOP
- ✓ Depth agnostic
- ✓ Ultimate reliability



**aShear\* is the Airbag for the Oil and Gas Industry**

\* Is a combination of two technologies, 1) the KBOS shear unit under development by Kinetic Pressure Control, and 2) the Transocean patented ZedSafety subsea pumping unit.

# INDUSTRY FIRST – HYBRID POWER



Provides Ability to Run Rig Thrusters off Battery Power

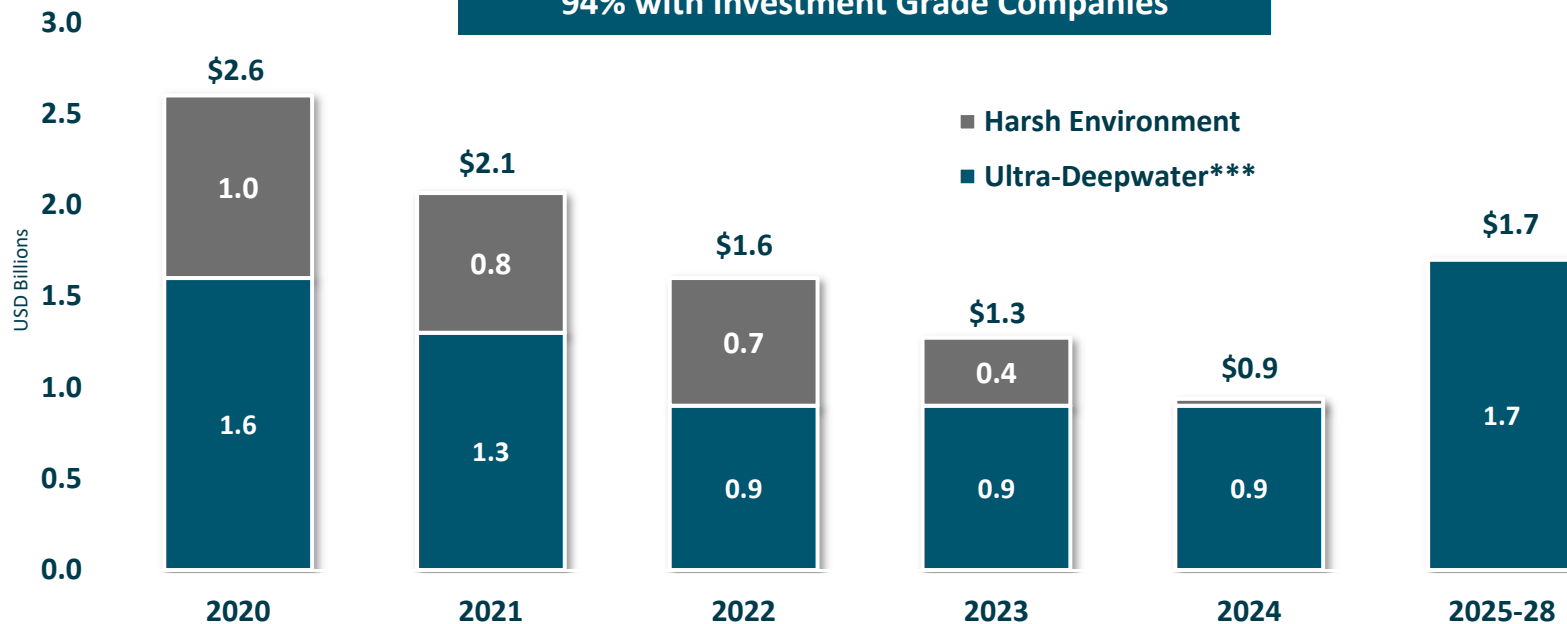
Currently Installed on the Transocean Spitsbergen

Reduces Fuel Consumption & Emissions

# TRANSOCEAN'S INDUSTRY-LEADING BACKLOG

Estimated \$10.2 Billion\* Contract Backlog\*\*

94% with Investment Grade Companies

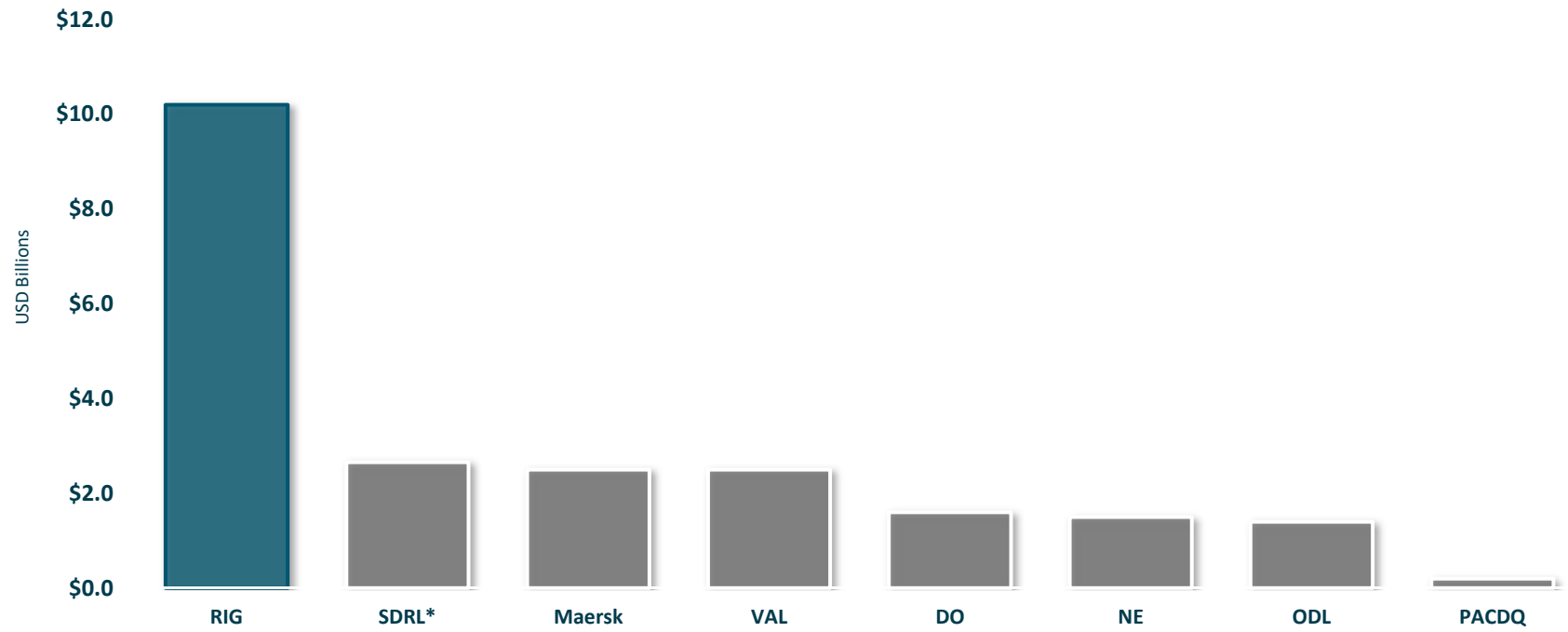


\*As of February 14, 2020

\*\*Contracted operating dayrate multiplied by the contract duration for future periods as of latest company filings

\*\*\* Ultra-Deepwater includes less than \$50M of Midwater backlog

# BACKLOG ~4x NEAREST COMPETITOR



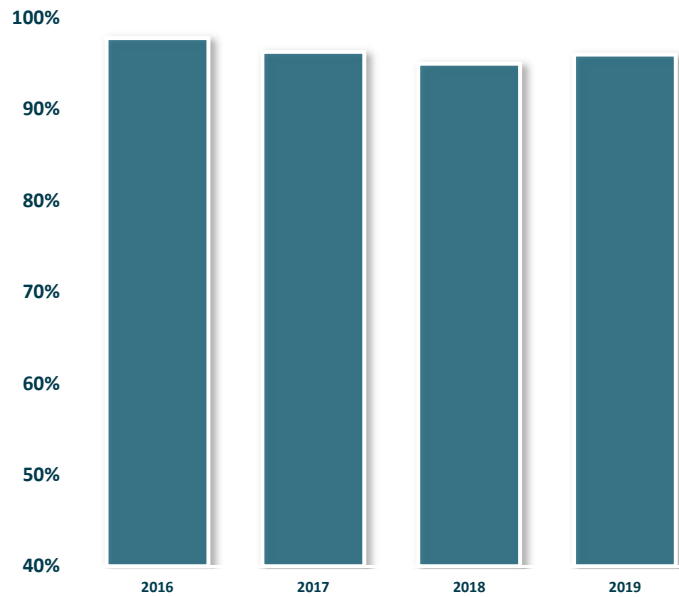
Source: Latest company filings

\* Includes Seadrill Limited and Seadrill Partners

# BACKLOG CONVERTED TO CASH

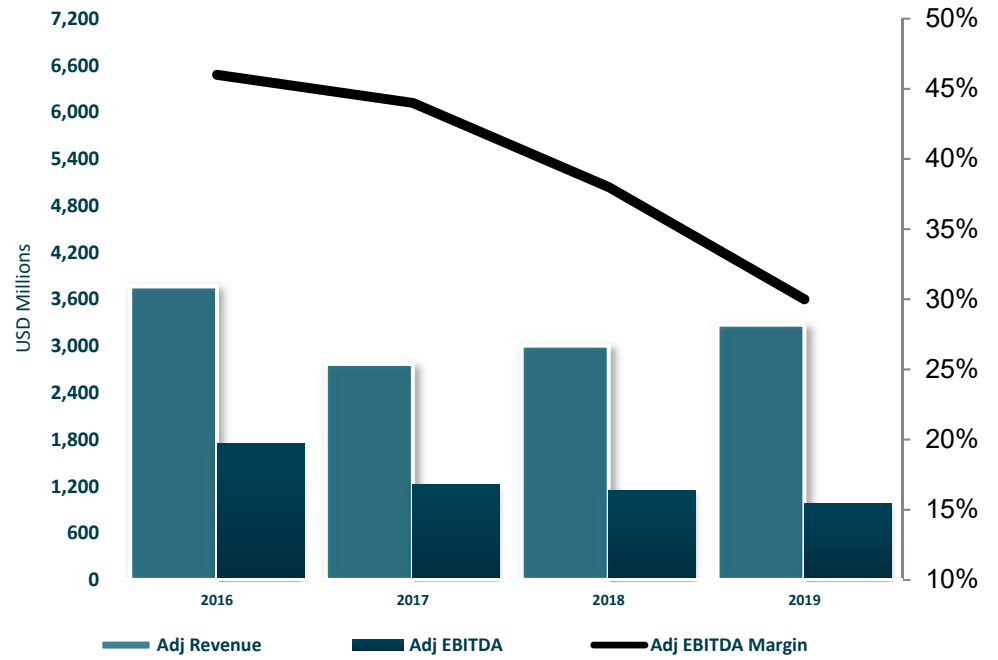
## REVENUE EFFICIENCY

Four-year Average - 96%

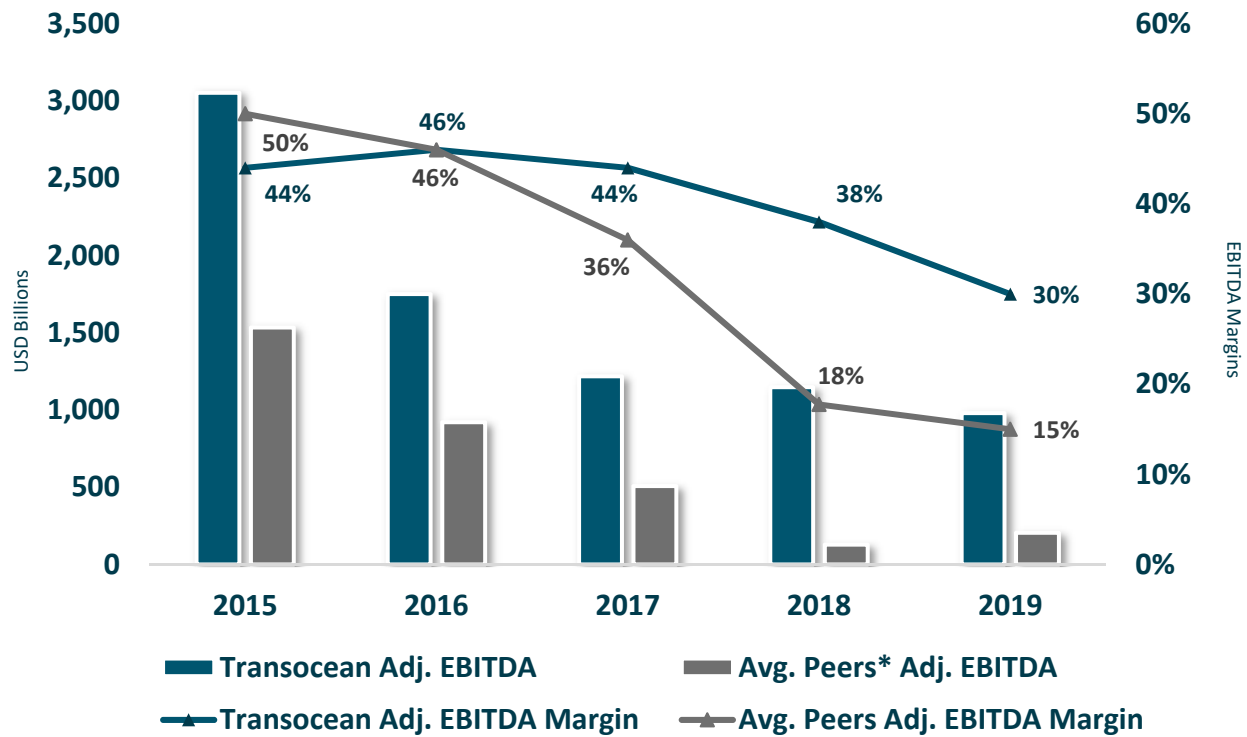


## REVENUE & EBITDA

Adjusted



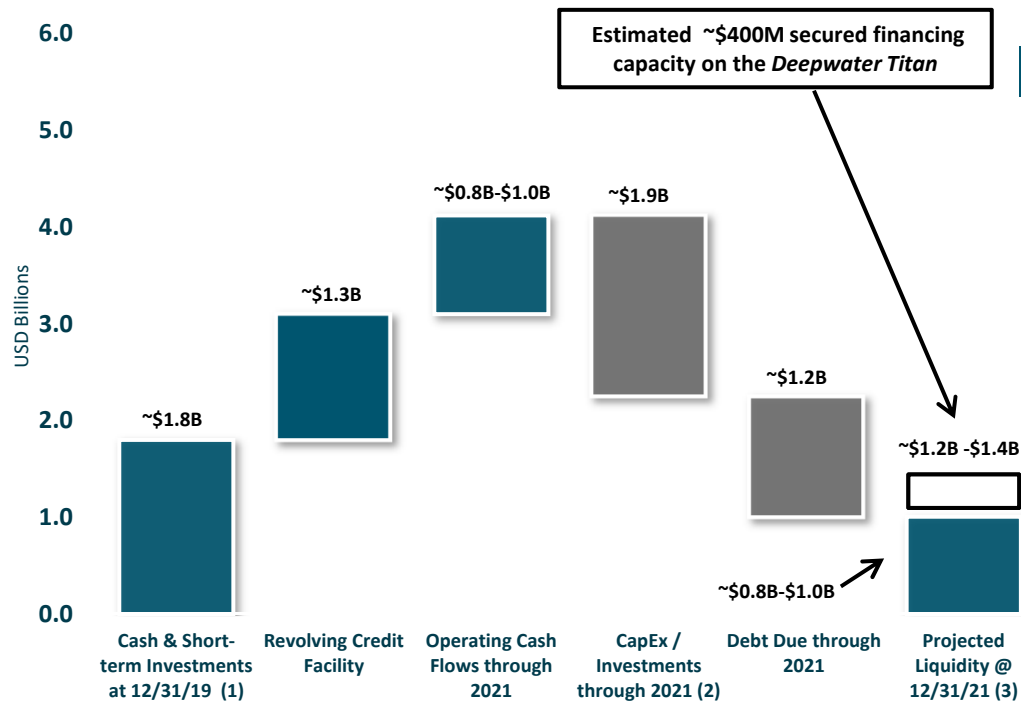
# PRESERVING EBITDA MARGINS THROUGH THE CYCLE



\*Peers include DD, VAL, & NE  
Source: Bloomberg



# SOLID LIQUIDITY

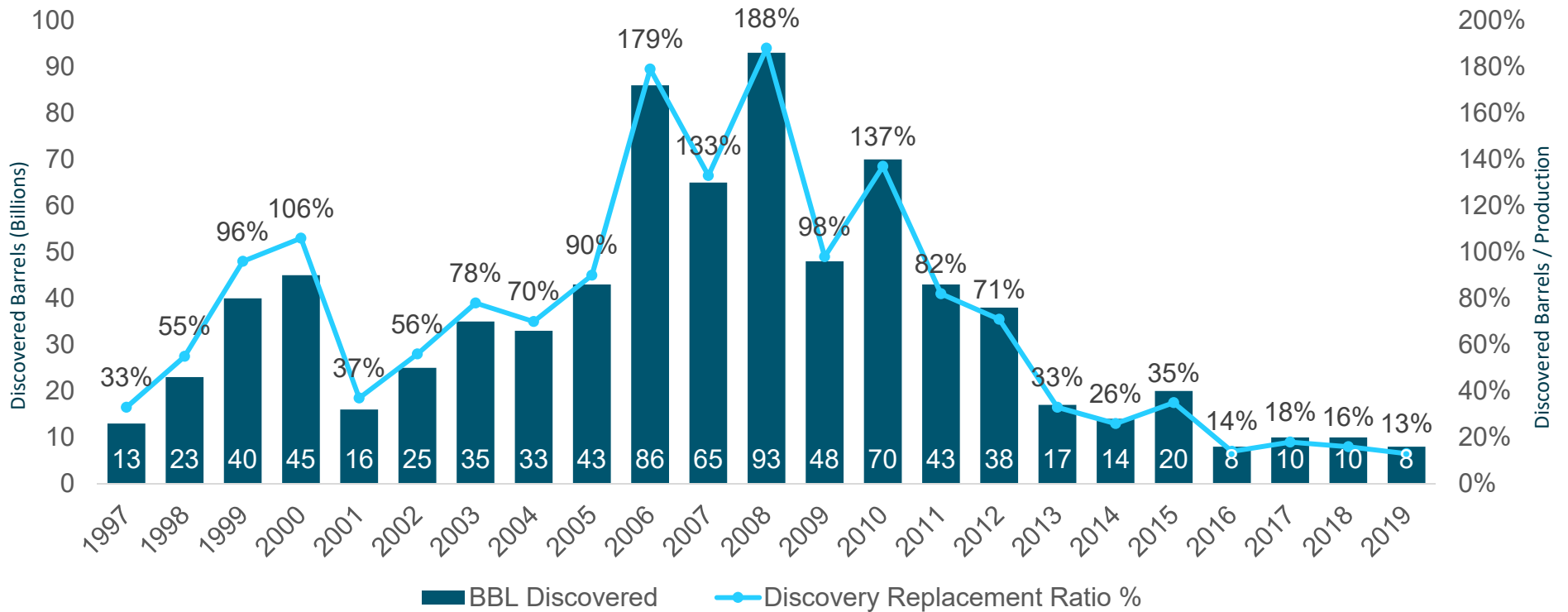


## Accomplishments since 2017

- Acquired
  - Ocean Rig
  - Songa Offshore
  - 33% JV interest in *Transocean Norge*
- Placed in service
  - *Transocean Norge*
  - *Deepwater Poseidon*
  - *Deepwater Pontus*
- Sold jackup fleet
  - Added ~\$320M in cash
  - Removed ~\$1B in shipyard obligations

(1) Excludes Restricted Cash  
 (2) Includes approximately \$30M investment in the *Transocean Norge* joint venture.  
 (3) Excludes an additional \$200M of revolving credit facility permitted as part of the facility's \$500M accordion feature.

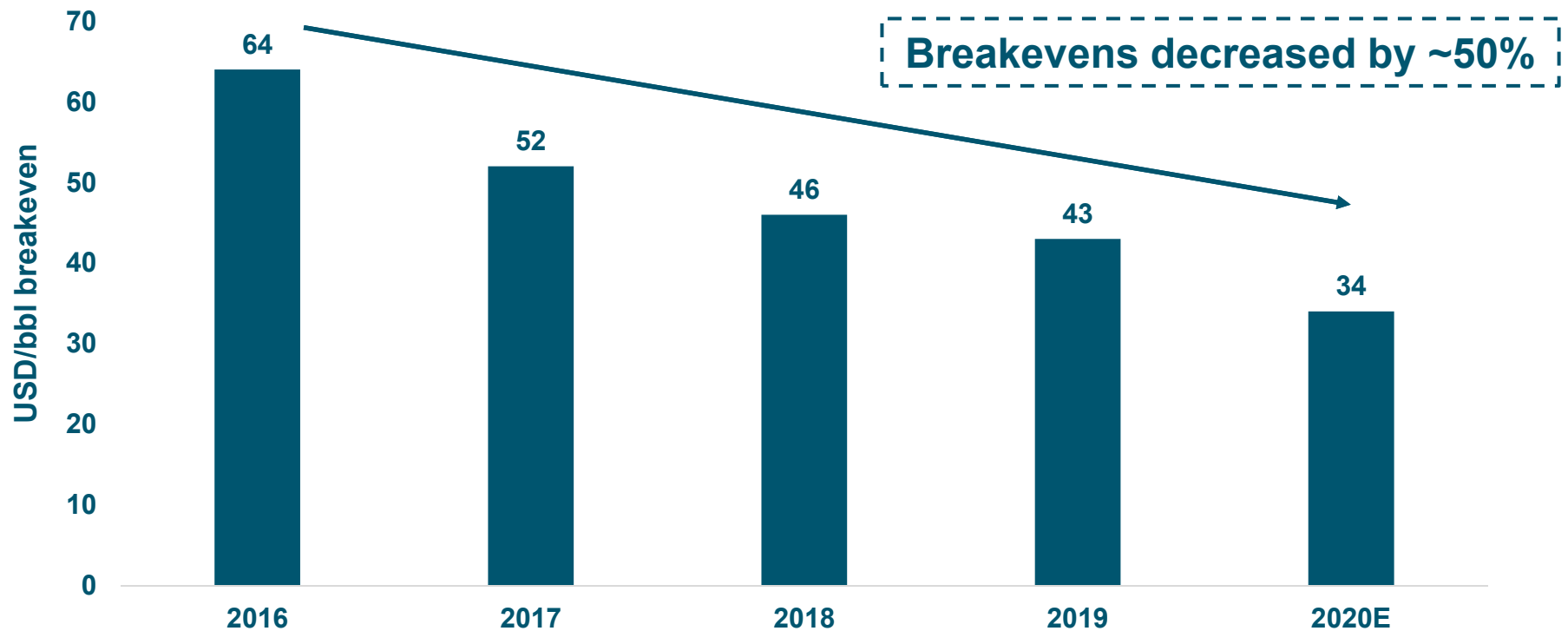
# OFFSHORE EXPLORATION MUST INCREASE



Source: Rystad Energy, Clarksons Platou Securities, 2020

Liquids only. Replacement Ratio calculated as oil discovered divided by annual oil production

## OFFSHORE BREAKEVENS ARE DECREASING\*

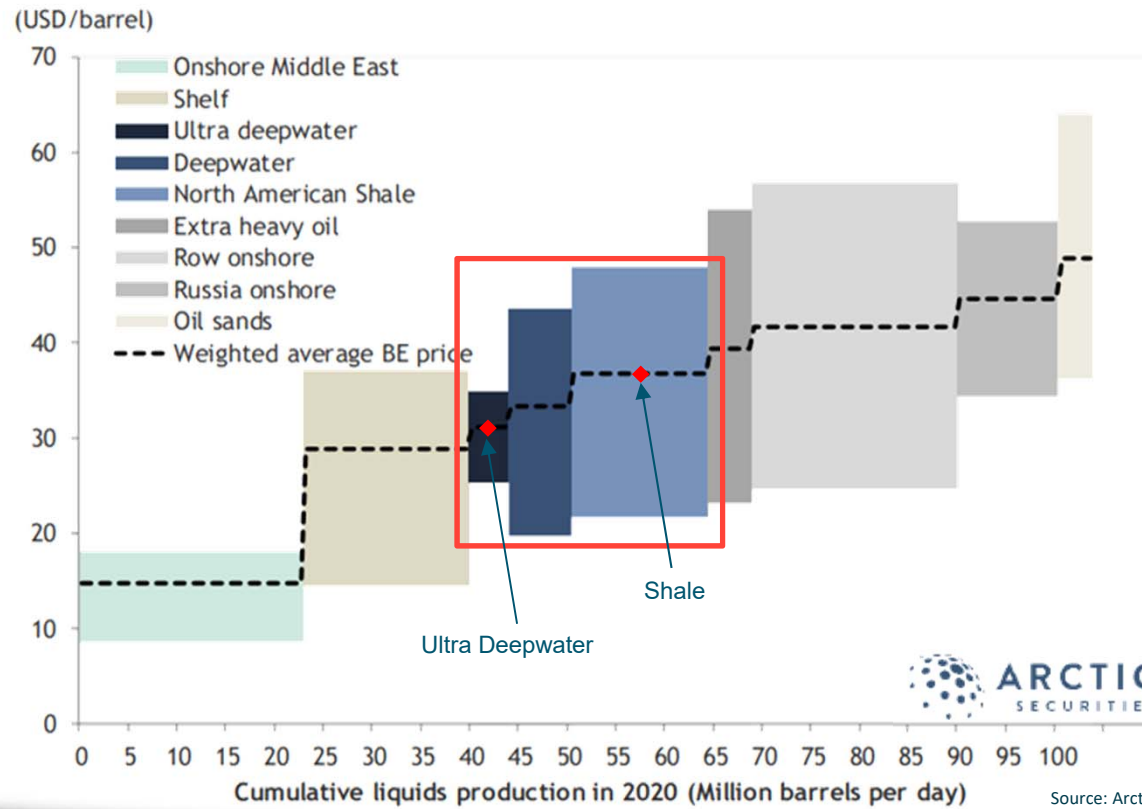


Source: Rystad Energy, Clarkson Platou Securities AS, Arctic Securities

\*Average breakevens of discovered but undeveloped offshore resources weighted by project size

# ULTRA DEEPWATER WEIGHTED AVERAGE BREAKEVEN BEATS SHALE

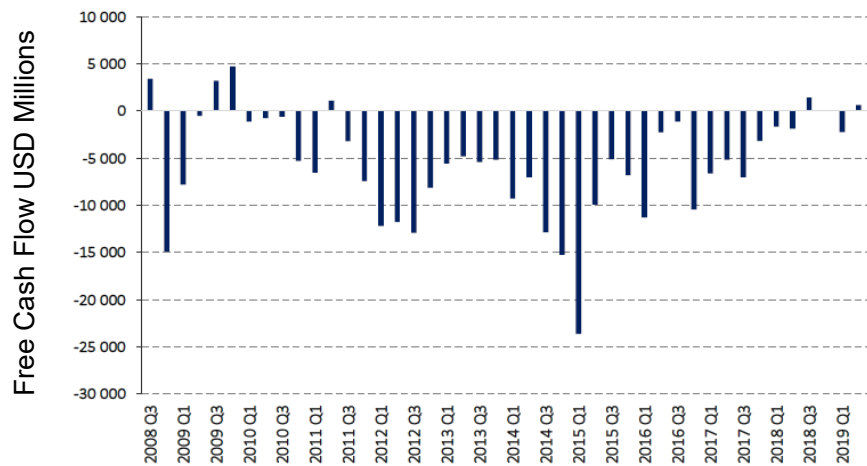
Estimated  
2020 Break-  
Even Prices  
by Segment



# THE GREAT SHALE FAIL

## Shale Peer Group Free Cash Flow

Broad peer group of 61 companies still generate negative/weak CF



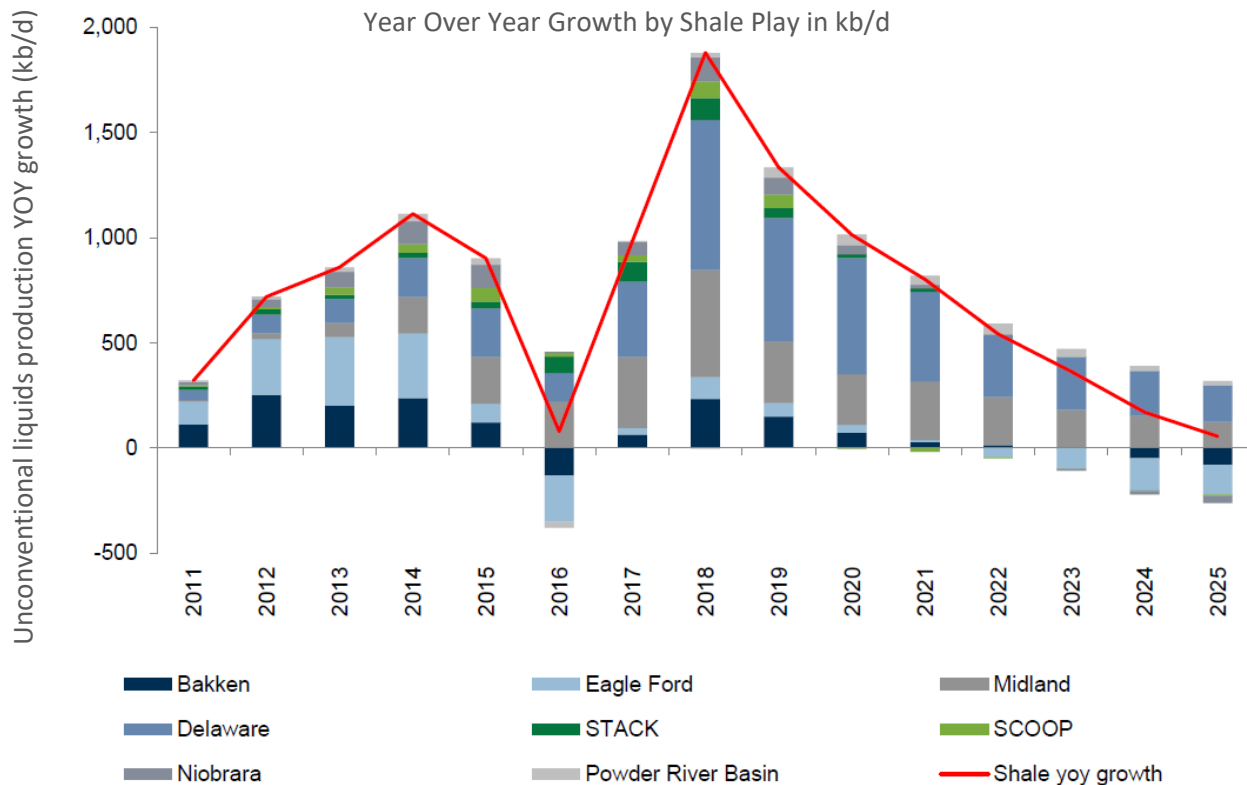
## Shale Production Growth Is Unsustainable

Year on Year Shale Oil Production Growth (mbl/d)



Source: Rystad Energy, Clarksons Platou

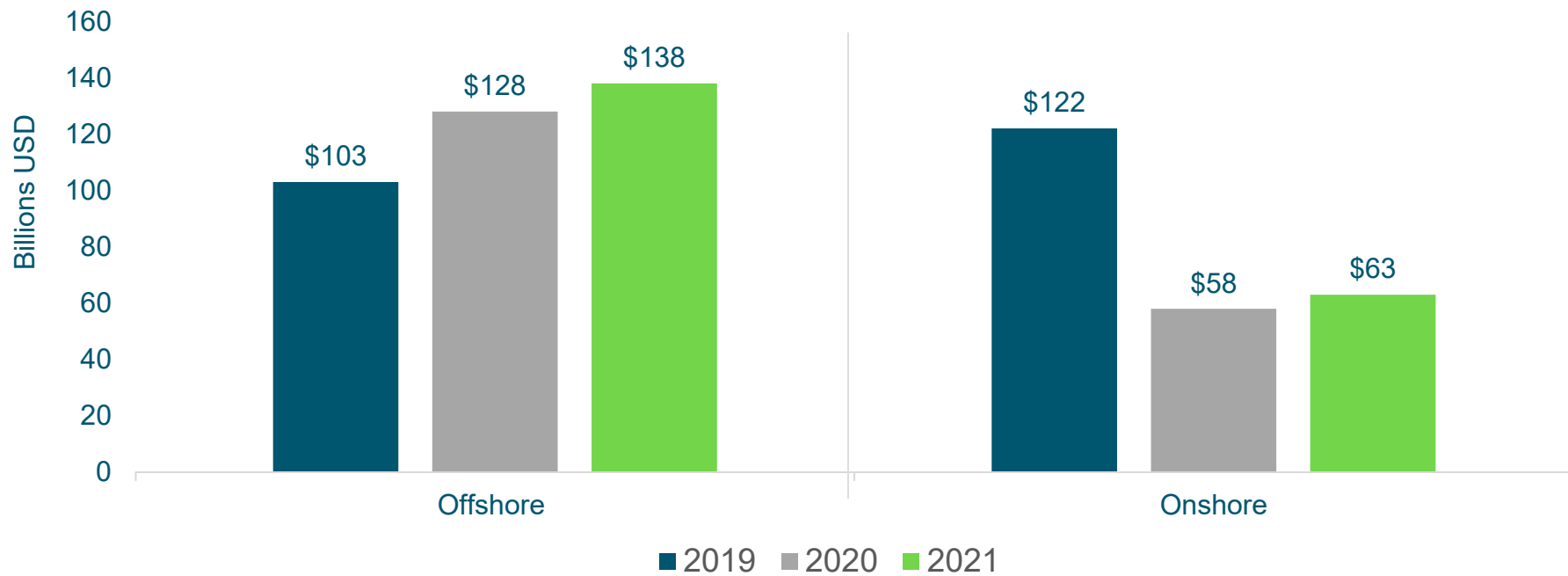
# SHALE GROWTH PEAKED IN 2018 – EXPECT RAPID SLOWDOWN



Source: Goldman Sachs Global Investment Research.

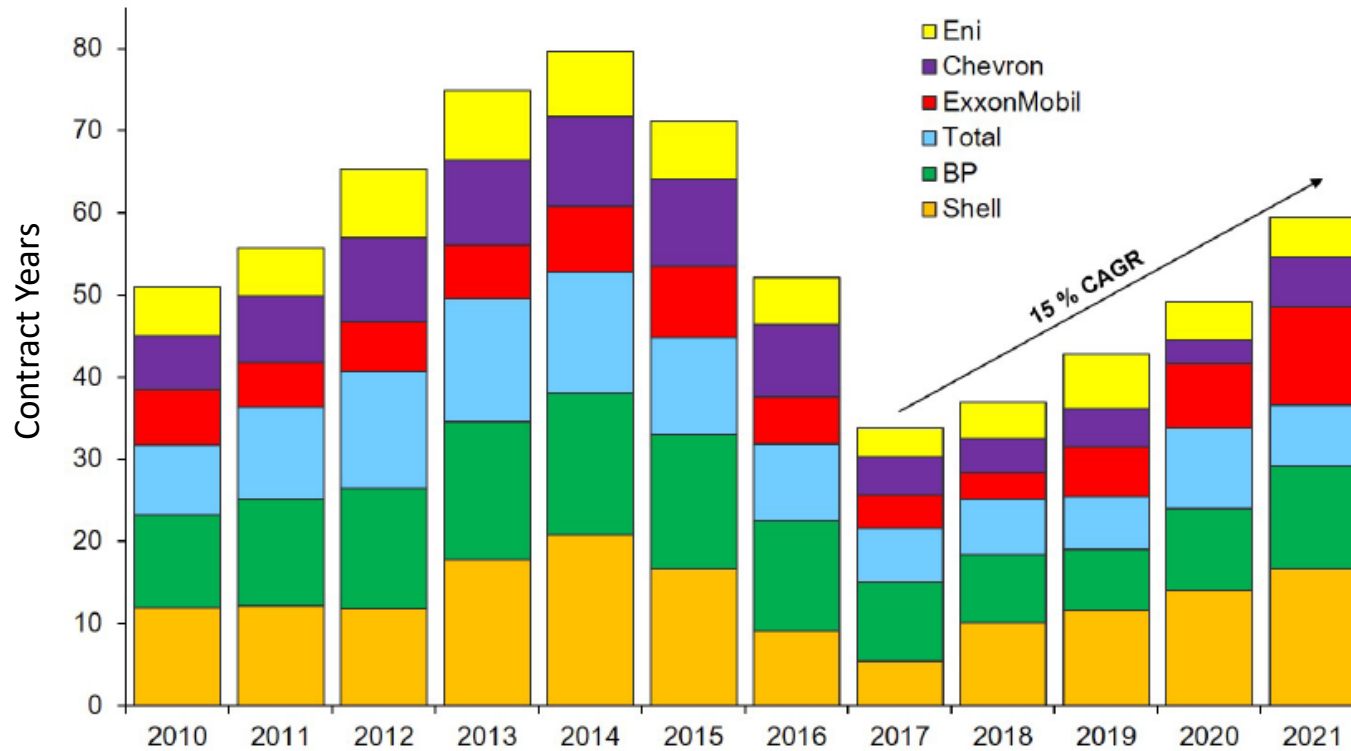
# FOCUS TURNING BACK OFFSHORE

## Estimated Project Sanctioning Next 2 Years



Source: Rystad Energy.

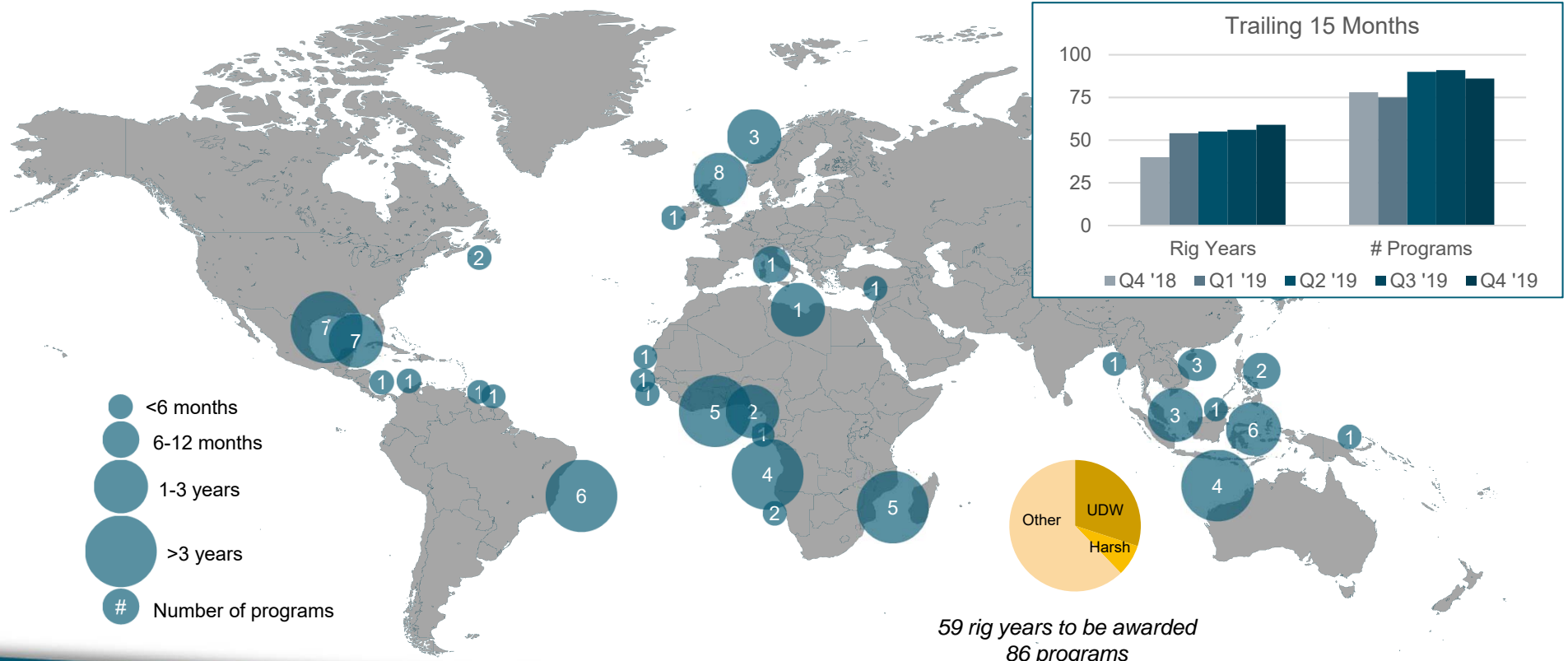
# FLOATER DEMAND BY MAJOR E&P



Source: Rystad Energy, RigCube

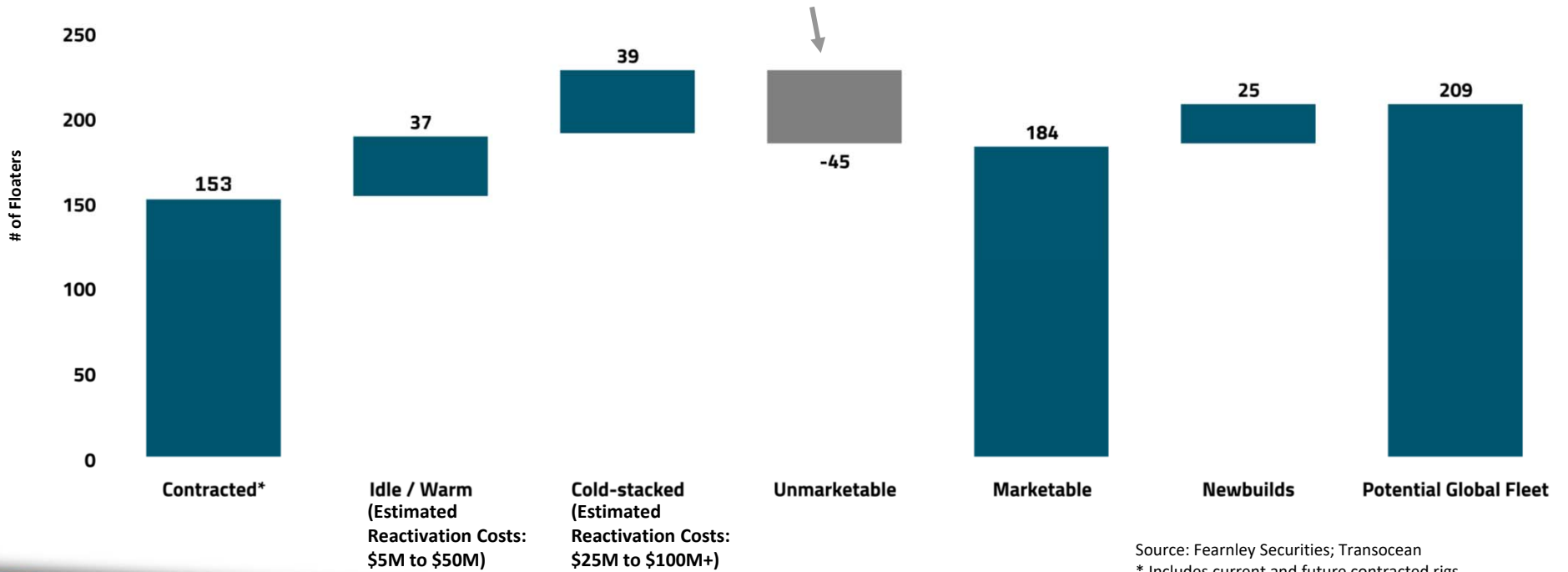


# FLOATER OPPORTUNITIES – START DATE NEXT 18 MO.



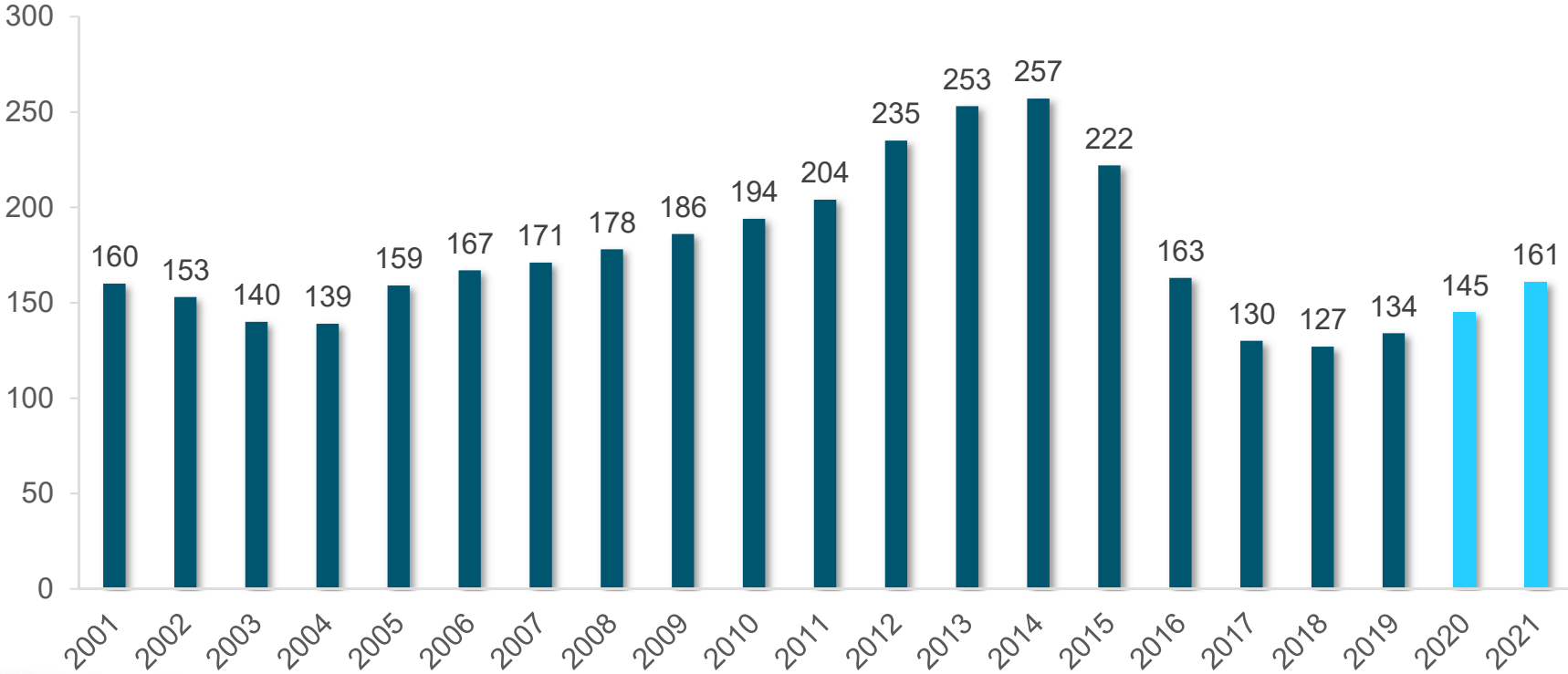
# GLOBAL FLOATER MARKETABLE SUPPLY

Industry has retired 132 floaters, including 53 of Transocean's, since the start of downturn;  
 An additional ~45 global floaters are likely unmarketable



Source: Fearnley Securities; Transocean  
 \* Includes current and future contracted rigs

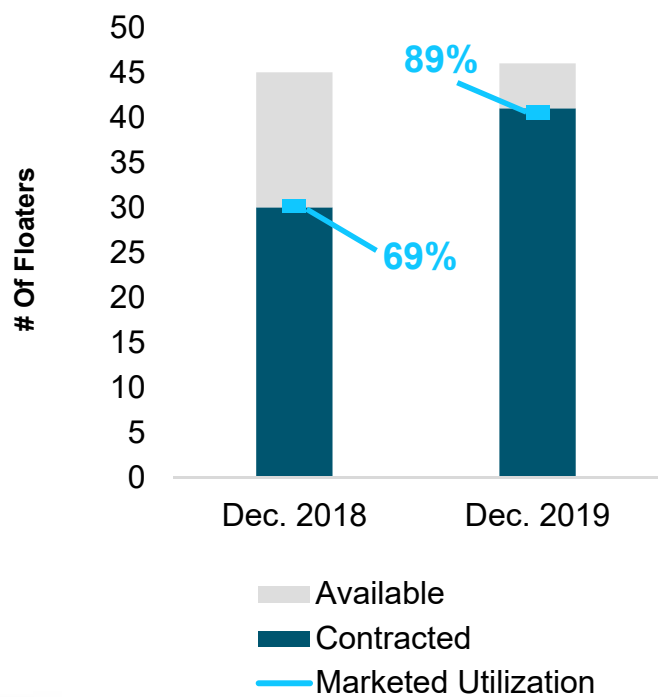
# ACTIVE FLOATER FORECAST



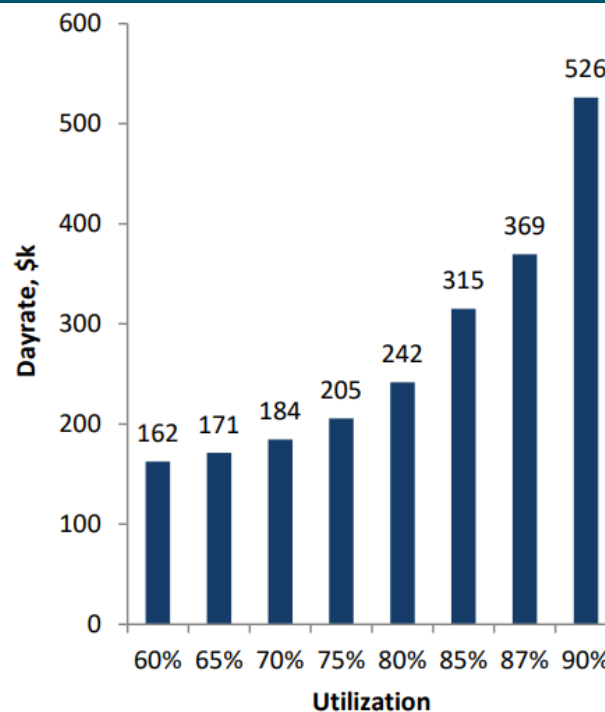
Source: RigLogix, Clarkson Platou.

# INCREASING UTILIZATION LEADS TO HIGHER DAYRATES

## High-Spec 6<sup>th</sup> / 7<sup>th</sup> Gen Availability



## UDW Dayrates on Historical Utilization



Source: IHS, Clarkson Platou.



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