**FORWARD-LOOKING STATEMENTS**

In accordance with the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995, McDermott cautions that statements in this communication which are forward-looking, and provide other than historical information, involve risks, contingencies and uncertainties. These forward-looking statements include, among other things, statements about backlog, to the extent backlog may be viewed as an indicator of future revenues or profitability; guidance for the first half of 2020; project milestones and percentage of completion and expected timetables; targeted relief to be obtained via customer assistance requests. Although we believe that the expectations reflected in those forward-looking statements are reasonable, we can give no assurance that those expectations will prove to have been correct. Those statements are made by using various underlying assumptions and are subject to numerous risks, contingencies and uncertainties, including, among others: negotiations with third parties; regulatory and other approvals; adverse changes in the markets in which McDermott operates or credit or capital markets; the inability of McDermott to execute on contracts in backlog successfully; changes in project design or schedules; the availability of qualified personnel; changes in the terms, scope or timing of contracts; actions by lenders, other creditors, customers and other business counterparties of McDermott; and adverse outcomes in legal or other dispute resolution proceedings. If one or more of these risks materialize, or if underlying assumptions prove incorrect, actual results may vary materially from those expected. You should not place undue reliance on forward-looking statements. For a more complete discussion of these and other risk factors, please see each of McDermott’s annual and quarterly filings with the U.S. Securities and Exchange Commission, including McDermott’s annual report on Form 10-K for the year ended December 31, 2019. This communication reflects the views of McDermott’s management as of the date hereof. Except to the extent required by applicable law, McDermott undertakes no obligation to update or revise any forward-looking statement.

**NON-GAAP DISCLOSURES**

This presentation includes several “non-GAAP” financial measures, as defined under Regulation G of the U.S. Securities Exchange Act of 1934, as amended. McDermott reports its financial results in accordance with U.S. generally accepted accounting principles, but the company believes that certain non-GAAP financial measures provide useful supplemental information to investors regarding the underlying business trends and performance of its ongoing operations and are useful for period-over-period comparisons of those operations. The non-GAAP measure in this presentation is Adjusted EBITDA. This non-GAAP financial measure should be considered as supplemental to, and not as a substitute for or superior to, financial measures prepared in accordance with GAAP.

Reconciliations of these non-GAAP financial measures to the most comparable GAAP measures are provided in the Financial Appendix to this presentation.
TODAY’S AGENDA

▪ Coronavirus Update
▪ Q4’19 Management Budget versus Q4 2019 Actuals
  • Orders
  • Revenue
  • Adjusted EBITDA
  • CFOA
▪ 1H 2020 Guidance
▪ Status of Selected Projects
▪ Potential for Higher Gross Profit
▪ Customer Assistance
Issues:

- Have not yet seen any dramatic/material impacts (delays or costs) on existing projects.
- In our Chinese fab yard, we have been housing workers in compartmentalized units in an effort to limit or contain any potential spread of the virus on site.
- Potential impact on timing of Tech sale: will be subject to anti-trust approval from China; we have been told that officials there have already begun to look at the transaction.
- Potential impact on supply of valves from Italian manufacturers, but too early to tell.
- We are closely monitoring conditions at the Mozambique and Golden Pass LNG sites.
- We have issued to some customers – and we have received from some vendors – notices of force majeure.
**Q4 ‘19 Orders Walk**

Orders Q4’19 MB’20 vs Actuals Walk

- **New Awards**: Scarborough driven by variation order of early work for Woodside in Dec’19.
- **Novation Adjustment**: BP Tortue driven by novation of CRA linepipe, umbilicals and FOC purchase orders to BP.
- **Project Loss**: Vopak lost due to credit concerns.
Q4’19 Revenue Walk

Revenue Q4’19 MB’20 vs Actuals Walk

- **Change Orders & Settlements**: Cameron JV Sublet Settlement related revenue adjustments.
- **Novation Adjustment**: BP Tortue driven by novation of Corrosion Resistance Alloy line pipe and umbilicals purchase orders to BP resulting in reduced contract price.
- **Technology**: Slippage of Revenue to TY’20.
- **Progress Improvement**: Generally driven by faster progress (Golden Pass) or higher POC%.
- **Schedule/Cost/Others**: Power projects driven by Duke, Lake Charles and St Charles additional deterioration pushing POC% down, Marjan Pkg 1&4 driven by delay in contract signing and procurement delays, Cameron driven by JV progress and schedule changes.
**Q4’19 ADJUSTED EBITDA WALK**

**Adjusted EBITDA* Q4’19 MB’20 vs Actuals Walk**

- **Change Orders:** Cameron JV Sublet Settlement change orders. SAF 2 driven by acceleration of settlement of change order. Settlement of Cameron and Freeport JV claims as well as the Aramco change order enabled us to avoid significant future risk.
- **FX Impact:** Driven by termination of cash pooling structure resulting in FX losses on intercompany balances.
- **PGP Deteriorations:** Rota 3 driven by marine campaign weather and equipment challenges. NCSA Petrochem projects driven by an AR provision.
- **Impact of Low Activity:** Lower activity driving increased standards rates.
- **Vendor Mgmt:** Project cost increase generally driven by vendor payment delays resulting in additional costs. Duke – increased subcontract, procurement and labor; Fieldwood – fabrication delays and higher labor costs; ENI – increased fabrication costs.
- **Incremental Project Costs:** Increased costs for quantities and as part of effort to achieve incentives and progress customer assistance negotiations.
- **Customer assistance plans** delayed to Q1’20 and now signed Cassia C for entirety.
- **Non-recurring Litigation Settlements:** relates to non-recurring settlements, changes to settlement reserves and defense costs.
- **Timing issues will not necessarily all turn in the first half of 2020; incentive recognition depends on probability of achieving schedule and incentive milestone dates**

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*The reconciliations of adjusted EBITDA, which is a non-GAAP measure, to the most comparable GAAP measure, are provided in the Financial Appendix in this presentation.*
Q4 ‘19 CFOA by Project Walk

CFOA by Project Q4’19 MB’20 vs Actuals Walk

- Settlement/Change orders: Cameron improvement driven by JV sublet settlement
- Cost Increases: Freeport deterioration driven by cost increases in Q4’19
- Milestone Advancement: Mozambique LNG improvement due to additional progress and advancing milestones from Q1’20 into Q4’19
- Vendor Management: Marjan Pk 1 and NFPS improvement due to advancing collections from Q1’20, further improved via vendor management

Permanent $9.1
Timing $109.1

Q4’19 MB’20
Settlement / Change Orders (CO)
Cameron

Cost Increases and Award Slippages
Freeport 1/2
Other EARC

Technology

Corp

Milestone Slippages
Rota 3 Pipeline
Enerygy Luke Charles
ONGC KG9 98/2
Ichthys Ph2a

Milestone Advancement
Golden Pass
Mozambique LNG
Ichthys
Other MENA
SHWE

Vendor Management / Collection Timing
LTA II
Tyra
Adnoc CFP, Takreer
Marjan Pk 1
Zaf 6
NFPS
Marjan TP-10

Q4’19 Actuals

$ in millions

(531.3)
76.0
(96.4)
18.8
10.7
(45.5)
109.2
45.4
(413.1)
**H1 2020 GUIDANCE**

**H1 TY2020 Revenue Range**

- **$ in millions**
  - Lower End: $4,810
  - MB’20: $5,160
  - Middle End: $5,260

**H1 TY2020 Adjusted EBITDA* Range**

- **$ in millions**
  - Lower End: $230
  - MB’20: $248
  - Middle End: $260

**Commentary**

- Delayed PO placements and material deliveries impacting selected projects, particularly in the MENA segment
- Slippage of revenue from schedule changes on selected projects, particularly in the APAC segment
- Revenue improvement opportunities from accelerated incentive recognition and higher customer assistance

**Commentary**

- High confidence level in projected range of 1H EBITDA, based on $1.3 billion of gross profit in backlog as of 12/31/19
- High-end of range: contributors would be realization of incentives and contingencies; improved execution on Focus projects, customer assistance
- Low-end of range: missed incentives, unrealized contingencies, ongoing execution challenge on Focus projects, vendor friction
- Reminder: quarter-to-quarter variability in revenue and profit recognition is inherent in E&C sector due to POC accounting and project complexity

*Expect we will meet cashflows as represented in the sources and uses schedule as well as MB’20 cashflows

*The reconciliations of adjusted EBITDA, which is a non-GAAP measure, to the most comparable GAAP measure, are provided in the Financial Appendix in this presentation.*
**STATUS OF SELECTED PROJECTS**

Asheville – 98% complete. Power project, USA. Both power blocks have achieved mechanical completion. Estimated completion of project March 2020. Cost to go as of Dec 2019 ~$11m. **Contract value: SIGNIFICANT ($250m to $500m)**

Freeport – 99% complete. Trains 1 & 2 are operating. Estimated substantial completion of Train 3 is May 2020. MDR share of the cost to go as of Dec 2019 on the combined project (Lines 1, 2 and 3) was ~$52m. **Contract value for MDR: MEGA (Over $1b)**

Cameron – 96% complete. Trains 1 & 2 are operating. Estimated substantial completion of project is July 31, 2020. Customer assistance provided $100m in January 2020. MDR share of cost to go as of Dec 2019 was ~$137m. **Contract value for MDR: MEGA (Over $1b)**

Tyra – 50% complete. Topside structures and jackets, North Sea. Estimated substantial completion June 2022. Post-novation, we have finalized engineering and adjusted labor cost and quantities, aiming for eventual capture of additional incentive. Cost to go as of Dec 2019 ~$271m. **Contract value: MAJOR ($750m to $1.0b)**

ENI Amoca – 34% complete. Wellhead platform project, Gulf of Mexico. Estimated completion March 2021. Moderate execution risk re impact on timing early-phase material purchases, potentially offset by customer assistance. Cost to go as of Dec 2019 was ~$71m. **Contract value: LARGE ($50m to $250m)**

Rota 3 – 66% complete. Pipe lay project, offshore Brazil. Estimated offshore completion is Q2 2020. Marine campaign now being executed with MDR vessel. Cost to go as of Dec 2019 was ~$24m. **Contract value: LARGE ($50m to $250m)**
ACTIONS TO DE-RISK/CREATE POTENTIAL FOR HIGHER GROSS PROFIT

December 2019 status

$859
$415
$983
+539
($ in millions)

36% Upside Potential in Backlog Gross Profit

$1.3 billion of gross profit in 12/31/2020 backlog, roughly 7% of backlog

- Challenge #1: Maximize $931* million of incremental GP available through release of contingency, roughly 5% of backlog
- Challenge #2: Maximize $460 million of incremental GP available through incentives
- Challenge #3: Minimize $919 million of identified risk exposure

*Figure is moderately lower than December 2019 projection due to execution-related adjustments in Q1.
CUSTOMER ASSISTANCE REQUESTS

The Company continues to make significant progress in negotiating and executing customer assistance agreements. A significant portion of the targeted relief will be in the form of risk mitigation rather than incremental P&L benefit to the business plan.

Assumed Achievable Targets

- Price Increase / Cost Recovery: $35 million (3%)
- L/D Relief: $110 million (10%)
- JV Recovery: $247 million (23%)
- Other De-Risking: $287 million (27%)
- L/C Relief: $405 million (37%)

Customer Assistance Impact

- Risk Mitigation: $544 million (50%)
- L/C Impact: $287 million (32%)
- P&L Impact*: $253 million (23%)

Achieved from 1/5/20 to 2/5/20

- P&L Impact: $400 million (44%)
- L/C Impact: $287 million (32%)

Achieved as of 1/5/20

- P&L Impact*: $216 million (24%)

* P&L Impact is based off of the P&L as adjusted by the Business Plan, and the numbers stated are subject to change due to final form of assistance and actual impact.
Financial Appendix
We define EBITDA as net income plus depreciation and amortization, interest expense, net, accretion of and dividends on redeemable preferred stock and provision for income taxes. We define adjusted EBITDA as EBITDA adjusted to exclude significant, non-recurring transactions, both gains and charges, to our operating income. We have included EBITDA and adjusted EBITDA disclosures in this presentation deck because EBITDA is widely used by investors for valuation and comparing our financial performance with the performance of other companies in our industry and because adjusted EBITDA provides a consistent measure of EBITDA relating to our underlying business. Our management also uses EBITDA and adjusted EBITDA to monitor and compare the financial performance of our operations.

EBITDA and adjusted EBITDA do not give effect to the cash that we must use to service our debt or pay our income taxes, and thus do not reflect the funds actually available for capital expenditures, dividends or various other purposes. In addition, our presentation of EBITDA and adjusted EBITDA may not be comparable to similarly titled measures in other companies’ reports. You should not consider EBITDA and adjusted EBITDA in isolation from, or as a substitute for, net income or cash flow measures prepared in accordance with U.S. GAAP.

All amounts have been rounded to the nearest million. Individual line items may not sum to totals as a result of rounding.