



NEWS RELEASE

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McDermott Completes Strategic Review of Portfolio; Announces Plan to Divest Storage Tank Business and U.S. Pipe Fabrication Business

HOUSTON, Oct. 30, 2018 /PRNewswire/ -- McDermott International, Inc. (NYSE: MDR) today announced it has completed a comprehensive strategic review of its portfolio as part of the integration process resulting from its combination with CB&I earlier this year, reaffirming its commitment to McDermott's core capabilities as a vertically integrated provider of technology-led onshore and offshore EPC/EPCI services.

As a result of the review, McDermott has determined that its storage tank business and its U.S. pipe fabrication business are not core to the company's long-term strategic objectives as a vertically integrated supplier with strong pull-through from technology. In particular, McDermott has determined that these operations offer limited pull-through or cross-selling opportunities and, in some cases, their ability to pursue third-party work aggressively can be hampered by internal considerations. As a result, McDermott is developing plans to seek buyers for each of the two businesses.

"These operations continue to perform well and offer competitive differentiation on a standalone basis in their respective markets, particularly global LNG and U.S. petrochemicals," said David Dickson, McDermott's President and Chief Executive Officer. "The tank business in particular is known as a world leader in its served markets. Our intent would be to seek the kinds of owners who would value the significant long-term growth potential of each business and who would thus provide attractive prospects for employees and customers."

The two businesses, which McDermott expects to sell separately, had combined 2017 revenues of approximately \$1.5 billion, 2017 backlog of approximately \$1.4 billion and approximately 5,350 employees.

McDermott anticipates proceeds in excess of \$1 billion and is targeting completion of the transactions during 2019. It expects to use a majority of the proceeds to reduce the debt under its \$2.25 billion term loan.

McDermott will retain its fabrication yards that fit the company's vertically integrated model with their ability to deliver fully modularized and complete facilities for offshore and onshore projects, located in Altamira, Mexico; Batam Island, Indonesia; Jebel Ali, Dubai; Dammam, Saudi Arabia; and Qingdao, China.

About McDermott

McDermott is a premier, fully integrated provider of technology, engineering and construction solutions to the energy industry. For more than a century, customers have trusted McDermott to design and build end-to-end infrastructure and technology solutions to transport and transform oil and gas into the products the world needs today. Our proprietary technologies, integrated expertise and comprehensive solutions deliver certainty, innovation and added value to energy projects around the world. Customers rely on McDermott to deliver certainty to the most complex projects, from concept to commissioning. It is called the "One McDermott Way." Operating in over 54 countries, McDermott's locally focused and globally-integrated resources include approximately 40,000 employees, a diversified fleet of specialty marine construction vessels and fabrication facilities around the world. To learn more, visit www.mcdermott.com.

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 press release which are forward-looking, and provide other than historical information, involve risks, contingencies and uncertainties that may impact McDermott's actual results of operations. 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, statements about McDermott's intentions with respect to seeking certain owners for the businesses, our expectations for selling the businesses separately, anticipated proceeds from the sales and estimated timing for completion of the transactions. 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: our ability to market and sell the businesses on terms that we consider acceptable, our ability to complete the transactions on the anticipated timelines or at all, adverse changes in the markets in which we operate or credit markets, our inability to successfully execute on contracts in backlog, changes in project design or schedules, the availability of qualified personnel, changes in the terms, scope or timing of contracts, contract cancellations, change orders and other modifications and actions by our customers and other business counterparties, changes in industry norms 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. For a more complete discussion of these and other risk factors, please see McDermott's annual and quarterly filings with the Securities and Exchange Commission, including its annual report on Form 10-K for the year ended December 31, 2017 and subsequent quarterly reports on Form 10-Q. This press release reflects management's views 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.

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