



Q4 2023 Supplemental Information

April 9, 2024

Forward-Looking Statements

McDermott cautions that statements in this presentation which are forward-looking, and provide other than historical information, involve risks, contingencies and uncertainties. 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. This presentation 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. McDermott reports its financial results in accordance with U.S. generally accepted accounting principles, but McDermott 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 measures in this presentation are EBITDA, Adjusted EBITDA, Net Working Capital and Free Cash Flow. These non-GAAP financial measures should be considered as supplemental to, and not as a substitute for or superior to, financial measures prepared in accordance with GAAP.

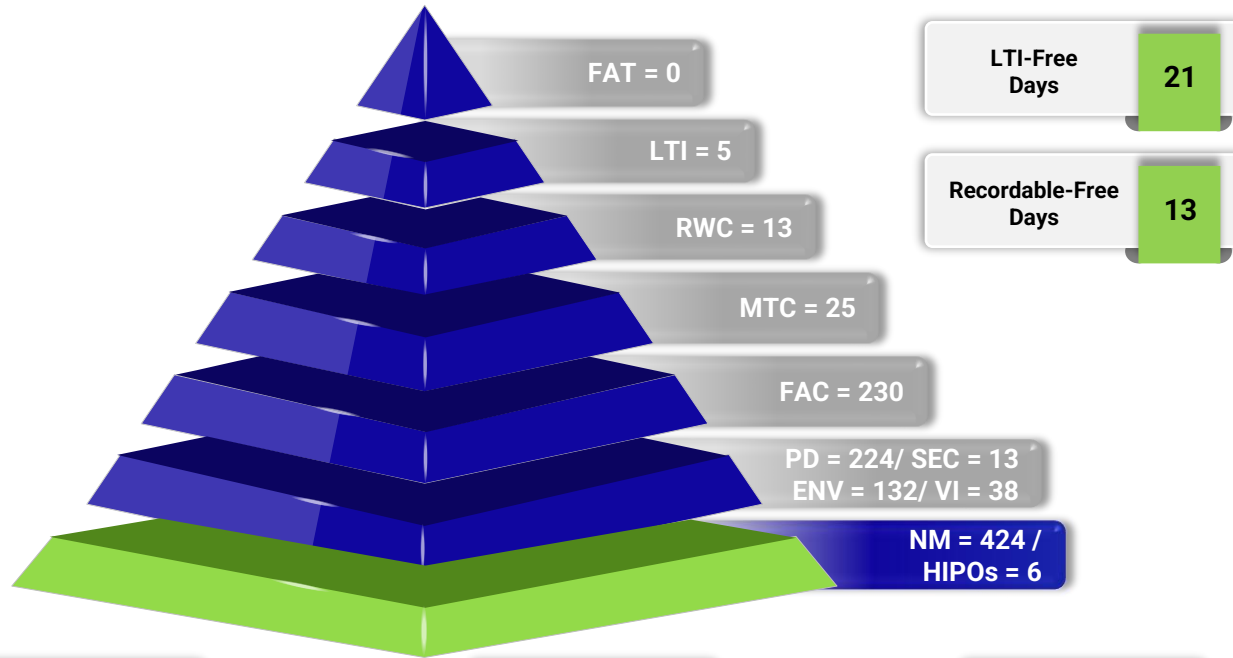
Reconciliations of these non-GAAP financial measures to the most comparable GAAP measures are provided in the Appendix to this presentation.

QHSES Update



Global HSES Performance

As of December 31, 2023



Global Workhours

117,958,659

LTIR

0.01

TRIR

0.07

Category (YTD)	SAF	OME	LCS	CB&I	GLOBAL OPS
Workhours	28,388,801	56,390,504	19,894,108	8,799,297	4,485,949
TRIR	0.01	0.09	0.06	0.18	0.04
LTIR	0.00	0.01	0.00	0.06	0.00

FAT: Fatality
FAC: First Aid Case
VI: Vehicle Incident

LTI: Lost Time Incident
PD: Property Damage
NM: Near Miss

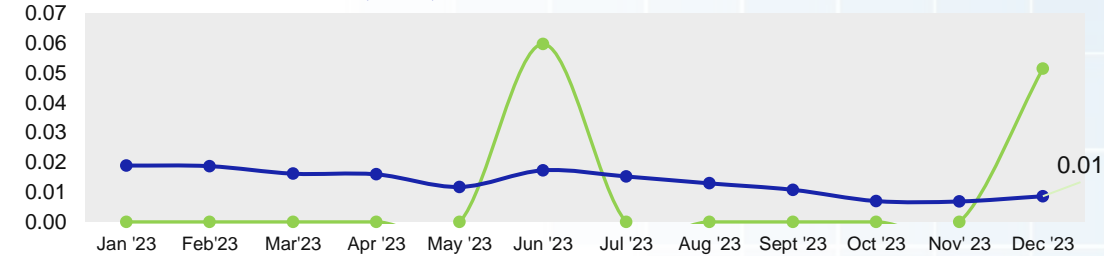
RWC: Restricted Work Case
SEC: Security
HIPOs: High Potential

MTC: Medical Treatment Case
ENV: Environmental

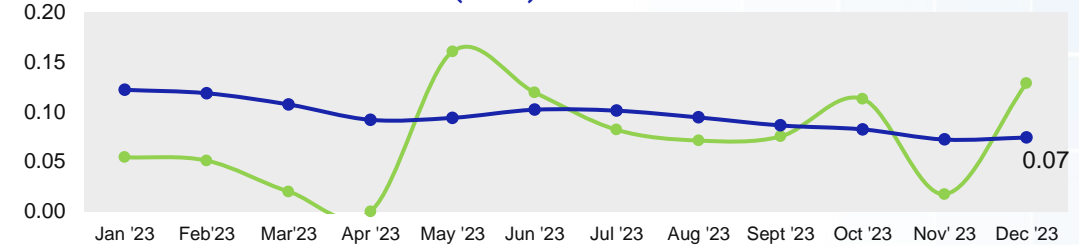
Note:

- (1) The Lost Time Incident Rate (LTIR) is the number of Lost time injuries occurring annually among 100 full-time workers (2,000 hours per worker per year).
- (2) The Total Recordable Incident Rate (TRIR) is the number of recordable injuries occurring annually among 100 full-time workers (2,000 hours per worker per year).
- (3) The High Potential Incident Frequency Rate (HIFR) is the number of HIPO incidents occurring annually among 100 full-time workers (2,000 hours per worker per year).

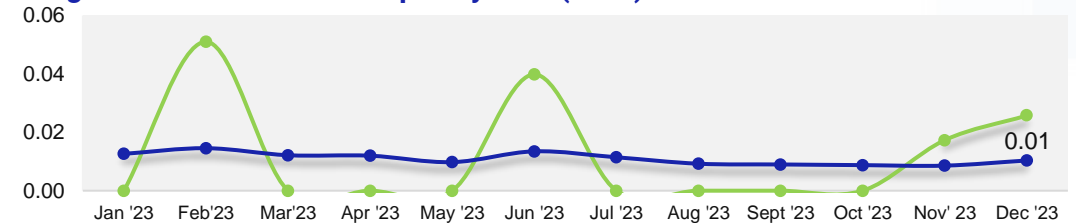
Lost Time Incident Rate (LTIR) Trend



Total Recordable Incident Rate (TRIR) Trend



High Potential Incident Frequency Rate (HIFR) Trend



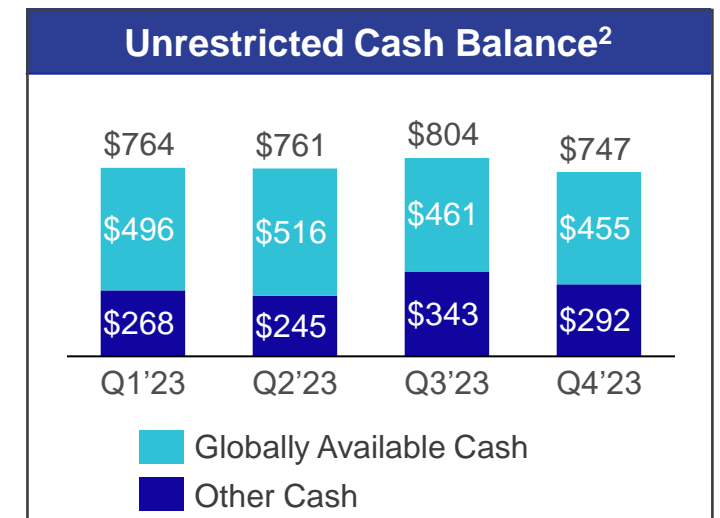
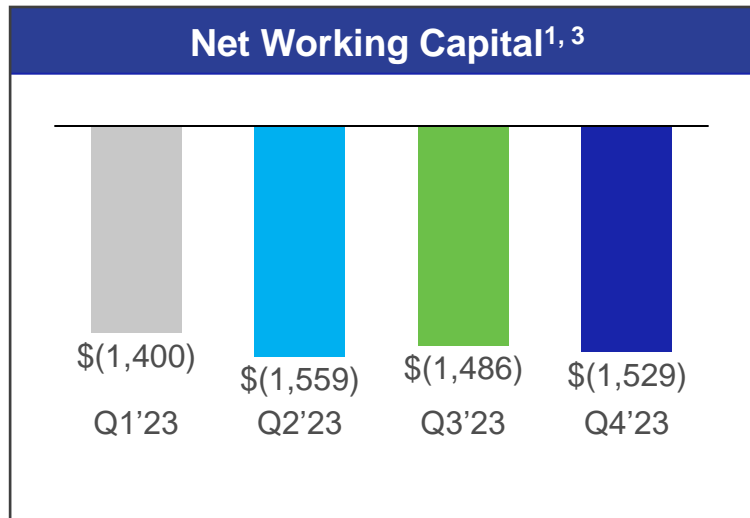
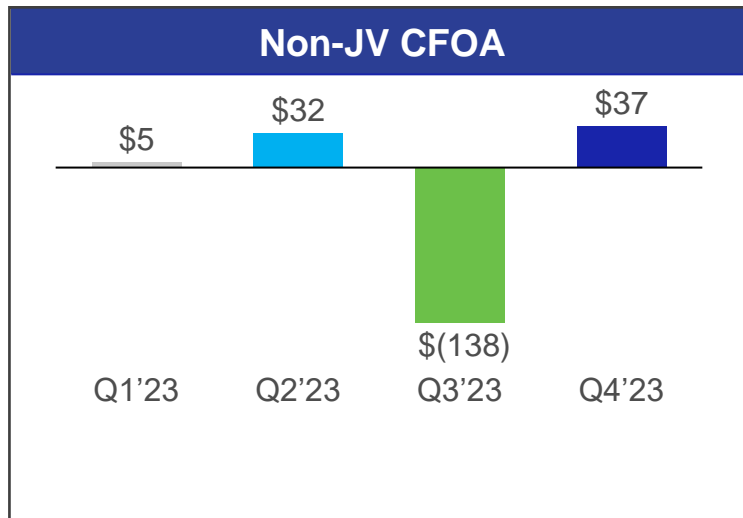
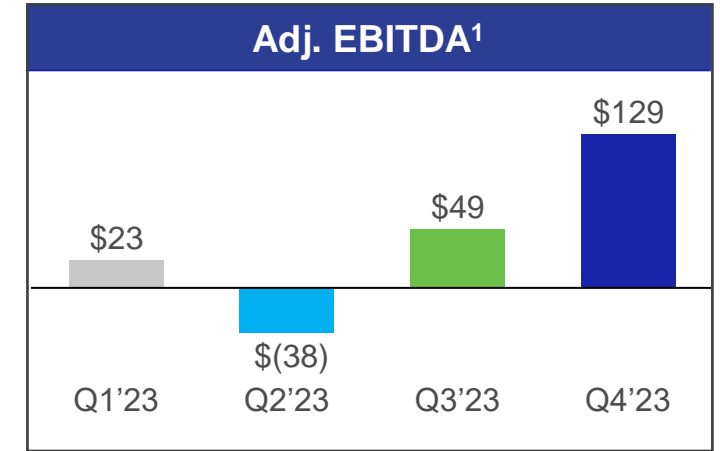
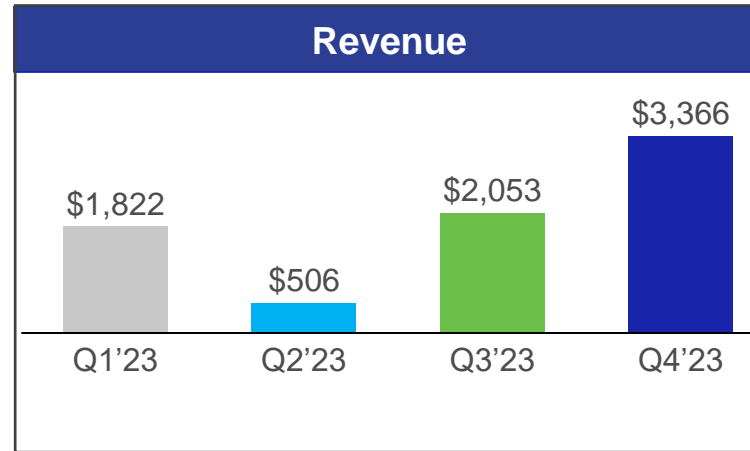
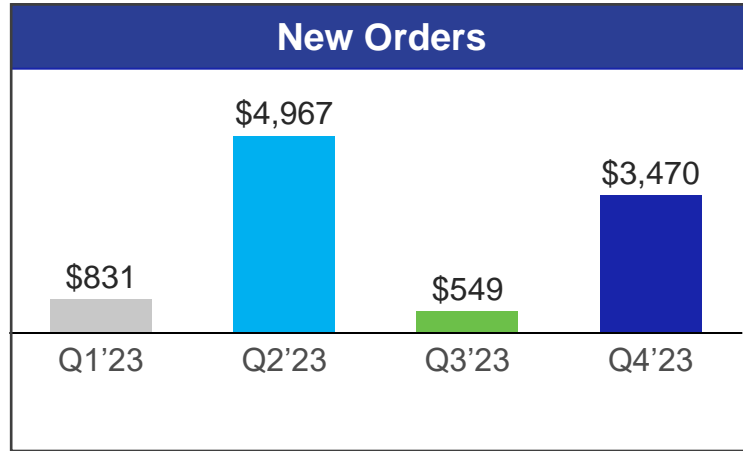
PERFORMANCE SUMMARY AND UPDATES

- 43 recordable incidents (5 LTIs, 13 RWCs, 25 MTCs) in 2023, TRIR at 0.07 against the target of 0.13
- LTIR has been flat at 0.01
- 6 High Potential incidents in 2023
- Both Subsea and Floating Facilities and Low Carbon Solutions achieved over 48m workhours LTI-free
- Enhanced HSE risk management process and tools rolled out
- Behavior-based safety process strengthened and rebranded
- Health campaign activities in Quarter 4 2023 focused on Diabetes prevention, 2024 Health strategic plans established – employee feedback incorporated

Financial Results

CY'23 Financial Highlights

\$ in millions



1) Reconciliations of Adjusted EBITDA and Net Working Capital, which are non-GAAP measures, to the most comparable GAAP measures, are provided in the Financial Appendix in this presentation

2) Other Cash consists of JV Cash, In Country Cash, and Captive Insurance Cash

3) Net Working Capital (NWC) in Q2'23 and Q3'23 exclude \$1.3 billion impact of reserve on Reficar arbitration, Q4'23 excludes \$0.2 billion on Reficar resolution agreement

Financial Summary: Q4'23 Vs. Business Plan Refresh

\$ in millions

	Q4'23 Actuals	Q4'23 Business Plan Refresh ¹	Delta
New orders	3,470	961	2,509
Revenue	3,366	1,805	1,561
Gross profit	1,249	135	1,114
Adj. EBITDA ²	129	132	(3)
Adj. EBITDA % of Revenue	3.8%	7.3%	(3.5)%
Cash Flow from Operating Activities	43	50	(7)
Non-JV CFOA	37	58	(21)
JV CFOA	6	(8)	14
Capex	20	38	(18)
Cash Flow from Investing Activities	(19)	(42)	23
Cash Flow from Financing Activities	(22)	(6)	(16)

Highlights

- New Orders include NOC Ruya Packages and multiple change orders across the portfolio; increase driven by award of NOC Ruya Packages, limited letter of award for Phu Quoc Block B Gas Development and Shell Manatee projects
- Higher revenue driven by progress and multiple change orders across the portfolio, as well as the impact of reversing the Reficar reserve of \$1.1 billion recorded in Q2'23
- Adj EBITDA marginally lower driven by progress pulled through into Q3'23; overall 2H'23 progress higher than Business Plan Refresh
- Changes in cash flow from operating activities driven by marginal timing changes of collections and disbursements
- Changes in cash flow from investing activities driven by timing changes of capex
- Changes in cash flow from financing activities driven by higher professional fees on the amendment and extension of financing facilities

1) Represents Aug'23 guidance included as part of final cleansing materials posted on September 8, 2023 (under company overview and context section).

2) Reconciliations of Adjusted EBITDA and Free Cash Flow, which are non-GAAP measures, to the most comparable GAAP measures, are provided in the Financial Appendix in this presentation.

Financial Summary: 2023 Vs. Business Plan Refresh

\$ in millions

	2023 Actuals	2023 Business Plan Refresh ¹	Delta
New orders	9,817	7,317	2,500
Revenue	7,747	7,000	747
Gross profit	(33)	175	(208)
Adj. EBITDA ²	163	154	9
Adj. EBITDA % of Revenue	2.1%	2.2%	(0.1)%
Cash Flow from Operating Activities	(94)	(457)	363
Non-JV CFOA	(64)	(424)	360
JV CFOA	(30)	(33)	3
Capex	71	106	(35)
Cash Flow from Investing Activities	(72)	(115)	43
Cash Flow from Financing Activities	180	197	(17)

Highlights

- New orders include the award of Tennet HVDC, Qatargas COMP1, NOC Ruya packages, and change orders across the portfolio
- Higher revenue driven by progress and multiple change orders across the portfolio, partly offset by fair value of Reficar settlement \$0.2 billion
- Adj EBITDA increase driven by higher progress across the portfolio driving higher asset utilization, along with lower overhead costs and higher income on equity investments
- Higher cash flow from operating activities due to acceleration of collections from 2024 with corresponding vendor payments occurring in Q1'24
- Changes in cash flow from investing activities driven by timing changes of capex
- Changes in cash flow from financing activities driven by higher professional fees on the amendment and extension of financing facilities

1) Represents Aug'23 guidance included as part of final cleansing materials posted on September 8, 2023 (under company overview and context section).

2) Reconciliations of Adjusted EBITDA and Free Cash Flow, which are non-GAAP measures, to the most comparable GAAP measures, are provided in the Financial Appendix in this presentation.

Financial Summary: Q4'23 Vs. MB'23

\$ in millions

	Q4'23 Actuals	Q4'23 MB'23	Delta
New orders	3,470	1,006	2,464
Revenue	3,366	1,825	1,541
Gross profit	1,249	93	1,156
Adj. EBITDA ¹	129	86	43
Adj. EBITDA % of Revenue	3.8%	4.7%	(0.9)%
Cash Flow from Operating Activities	43	53	(10)
Non-JV CFOA	37	78	(41)
JV CFOA	6	(25)	31
Capex	20	17	3
Cash Flow from Investing Activities	(19)	(36)	17
Cash Flow from Financing Activities	(22)	14	(36)

Highlights

- New Orders include NOC Ruya Packages and multiple change orders across the portfolio; increase driven by award of NOC Ruya Packages, limited letter of award for Phu Quoc Block B Gas Development and Shell Manatee projects
- Higher revenue driven by progress and multiple change orders across the portfolio, as well as the impact of reversing the Reficar reserve of \$1.1 billion recorded in Q2'23
- Adj EBITDA increase driven by:
 - Higher progress driving higher asset utilization across the Offshore Middle East, and Subsea and Floating Facilities business lines
 - Lower overheads costs, project profitability improvements, and higher income on equity investments
- Changes in cash flow from operating activities driven by timing of collections and disbursements
- Changes in cash flow from investing activities driven by timing changes of capex
- Changes in cash flow from financing activities driven by higher professional fees on the amendment and extension of financing facilities

1) Reconciliations of Adjusted EBITDA and Free Cash Flow, which are non-GAAP measures, to the most comparable GAAP measures, are provided in the Financial Appendix in this presentation.

Financial Summary: 2023 Vs. MB'23

\$ in millions

	2023 Actuals	2023 MB'23	Delta
New orders	9,817	8,131	1,686
Revenue	7,747	6,200	1,547
Gross profit	(33)	264	(297)
Adj. EBITDA ¹	163	220	(57)
Adj. EBITDA % of Revenue	2.1%	3.5%	(1.4)%
Cash Flow from Operating Activities	(94)	15	(109)
Non-JV CFOA	(64)	46	(110)
JV CFOA	(30)	(32)	2
Capex	71	108	(37)
Cash Flow from Investing Activities	(72)	(122)	50
Cash Flow from Financing Activities	180	(22)	202

Highlights

- New orders include the award of Tennet HVDC, Qatargas COMP 1, NOC Ruya packages and change orders across the portfolio
- Higher revenue driven by progress and multiple change orders across the portfolio, partly offset by fair value of Reficar settlement \$0.2 billion
- Adj. EBITDA decrease largely driven by:
 - Adjustments to project estimates related to Baystar arbitration matters \$(66) million
 - Lower project awards in Offshore Middle East
 - Various project progress delays due to cybersecurity incident in Q2'23
 - Weather downtime and operational challenges in the Middle East
 - Above factors partly offset by MB'23 earnings contingency, increase in income on various equity investments, various project improvements and reduced overhead costs
- Cash flow from operating activities largely driven by accounts payable paydown from new money and covenant relief as part of operational stabilization, along with timing of customer receipts
- Cash flow from investing and financing activities largely driven by new term loan, fees related to amendment and extension of financing facilities and timing of capex

¹) Reconciliations of Adjusted EBITDA and Free Cash Flow, which are non-GAAP measures, to the most comparable GAAP measures, are provided in the Financial Appendix in this presentation.

Financial Summary: Q4'23 Vs. Q3'23

\$ in millions

	Q4'23 Actuals	Q3'23 Actuals	Delta
New orders	3,470	549	2,921
Revenue	3,366	2,053	1,313
Gross profit	1,249	47	1,200
Adj. EBITDA ¹	129	49	80
Adj. EBITDA % of Revenue	3.8%	2.4%	1.4%
Cash Flow from Operating Activities	43	(151)	194
Non-JV CFOA	37	(138)	175
JV CFOA	6	(13)	19
Capex	20	19	1
Cash Flow from Investing Activities	(19)	(19)	-
Cash Flow from Financing Activities	(22)	216	(238)

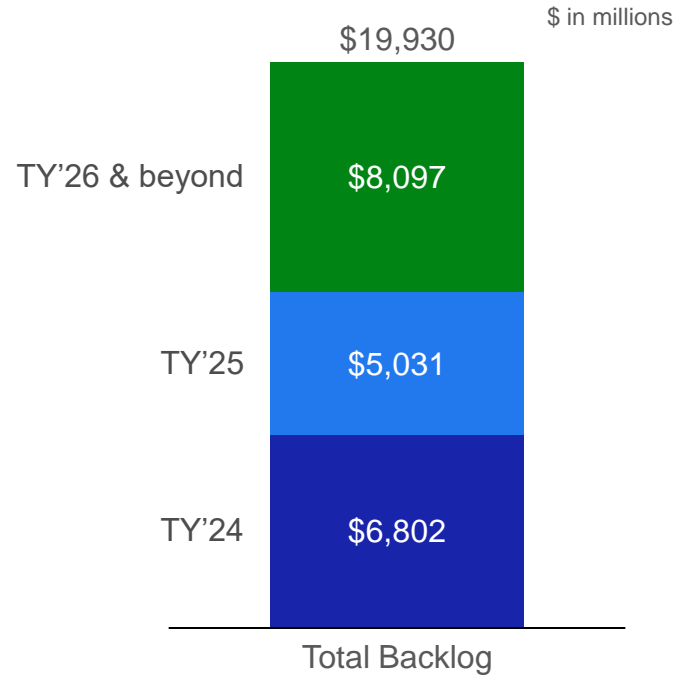
Highlights

- Higher new orders in Q4'23 mainly driven by NOC Ruya Packages award, limited letter of award for Block B Gas Development Project and limited notice to proceed for Manatee Project from Shell Trinidad and Tobago
- QoQ increase in revenue driven by progress and multiple change orders across the portfolio along with the impact of reversing the Reficar reserve of \$1.1 billion recorded in Q2'23
- QoQ increase in Adj. EBITDA driven by higher progress driving higher asset utilization, lower overhead costs, higher income on equity investments
- Negative cash flow from operating activities in Q3'23 was driven by accounts payable paydown from new term loan and covenant relief as part of operational stabilization
- Changes in cash flow from financing activities was driven by the new term loan in Q3'23

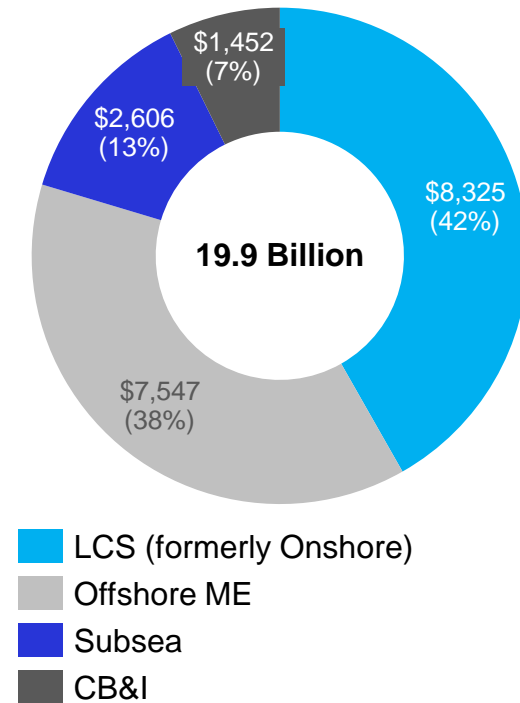
¹) Reconciliations of Adjusted EBITDA and Free Cash Flow, which are non-GAAP measures, to the most comparable GAAP measures, are provided in the Financial Appendix in this presentation*

Backlog at \$19.9 billion as of December 31, 2023

Total Backlog ^{1,2}



By Business Line



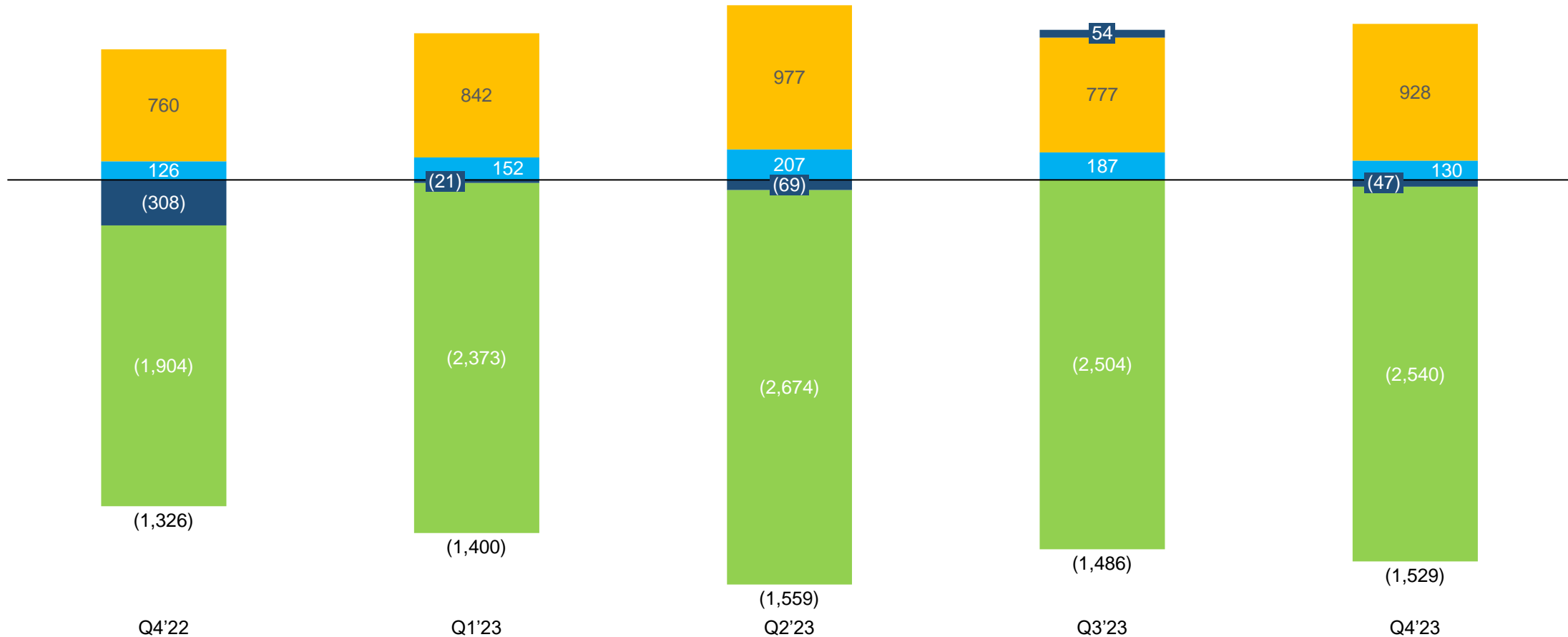
1) Backlog supported by \$2.16 billion secured letters of credit and \$1.68 billion of bilateral letters of credit and surety bonds

2) Loss projects make up ~1% of backlog

Net Working Capital Trend

WIP AR Others AP & Accrued Liabilities

\$ in millions



YoY NWC¹ increased by \$203 million (Dec'22 to Dec'23) largely driven by higher activity in CY23; drop in AP from June'23 driven by AP paydowns from new term loan and covenant relief, offset by newer commitments

1) Reconciliations of Net Working Capital, which is a non-GAAP measure, to the most comparable GAAP measure, are provided in the Financial Appendix in this presentation
 2) Net Working Capital (NWC) for Q2'23 onward exclude impact of reserve on Reficar arbitration adjustments and Reficar resolution agreement

Q4'23 Utilization

FABRICATION (Wkhr 000s)

124%

Actual: 6,501
Standard: 5,250

CONSTRUCTION (Wkhr 000s)

111%

Actual: 1,113
Standard: 1,000

VESSELS (Days)

103%

Actual: 388
Standard: 375

UNALLOCATED DIRECT OPERATING EXPENSES (in millions)

\$(8)

Q3'23

110%

103%

116%

\$34

- Batam and Jebel Ali yards performing above standard capacity, mainly driven by Marjan Pkgs
- Construction activity above standard levels, mainly driven by Golden Pass
- Vessel utilization above standard levels driven by multiple offshore campaigns in Offshore Middle East and Subsea globally
- DOE over-recovered driven by improved asset utilization; lower unallocated DOE vs Q3 driven by reduced idle time costs and increased utilization across assets and functions

Financial Appendix

Additional Disclosures: Non-GAAP Reconciliations

\$ in millions

Adjusted EBITDA

	Three months ended	Three months ended	Three months ended	Three months ended
	31-Dec-23	30-Sep-23	30-Jun-23	31-Mar-23
Net (loss) income after preferred stock dividends and accretion	1,001	(145)	(1,496)	(107)
(+) Depreciation & amortization	35	36	40	36
(+) Interest expense, net	56	52	39	38
(+) Income tax expense (benefit)	27	50	14	25
(+) Accretion & dividends on redeemable preferred stock	19	16	15	14
EBITDA^{1,2,3}	1,138	9	(1,387)	5
(+) Asset Sales & impairment	8	1	-	-
(+) FX (gains)/losses from intercompany transactions	33	(30)	2	7
(+) Pension mark to market / curtailment adjustments	51	(2)	(3)	(1)
(+) Cybersecurity incident	-	-	26	-
(+) Restructuring Expense	21	33	-	-
(+) Transaction Expense	6	7	4	-
(+) Reficar arbitration reserve and resolution	(1,137)	25	1,309	-
(+) Earnings impact from our equity method investments	1	4	6	11
(+) Others	8	2	5	1
Adjusted EBITDA^{1,2,3}	129	49	(38)	23

1. 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 net (loss) income. Adjusted EBITDA includes the earnings impact from our equity method investments by incorporating our proportionate share of the EBITDA of such equity method investments
2. 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 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
3. All amounts have been rounded to the nearest million. Individual line items may not sum to totals as a result of rounding

Additional Disclosures: Non-GAAP Reconciliations

\$ in millions

Free Cash Flow^{1,3}

	Three months ended Dec 31, 2023	Three months ended Sep 30, 2023
Cash Flow from Operating Activities	43	(151)
(-) CAPEX	20	19
Free Cash Flow	24	(170)

Net Working Capital^{1,2,4}

	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022
Account receivable - trade	720	607	817	740	663
Account receivable - other	208	170	160	102	97
Contracts in progress	1,463	1,512	1,412	1,332	980
Other current assets	195	254	269	217	192
Total Current Assets	2,586	2,543	2,658	2,391	1,932
Lease obligations	65	67	62	65	66
Accounts payable	912	1,021	1,275	1,078	712
Advance billings on contracts	1,510	1,458	1,481	1,353	1,288
Accrued liabilities	1,628	1,483	1,399	1,295	1,192
Total Current Liabilities	4,115	4,029	4,217	3,791	3,258
Net Working Capital	(1,529)	(1,486)	(1,559)	(1,400)	(1,326)

1. All amounts have been rounded to the nearest million. Individual line items may not sum to totals as a result of rounding
2. We define Net Working Capital as Current assets comprising Accounts receivable trade, Accounts receivable other, Contracts in progress and Other current assets minus Current liabilities comprising Lease obligations, Accounts payable, Advance billings on contracts and Accrued liabilities
3. We define Free Cash Flow as cash flows from operations less capital expenditures. We believe investors consider free cash flow as an important measure, because it generally represents funds available to pursue opportunities that may enhance stockholder value, such as making acquisitions or other investments. Our management uses free cash flow for that reason
4. Net Working Capital (NWC) in Q2'23 and Q3'23 exclude \$1.3B impact of reserve on Reficar arbitration, Q4'23 excludes \$0.2B on Reficar resolution agreement

