

## ADNOC Drilling Announces Strong 1Q 2023 Year-on-Year Earnings Growth, Driven by Accelerated Rig Fleet and Service Offering Expansion

*Net profit increases by 25% year-on-year, supported by increased activity coupled with improved operational efficiencies*

*Revenue growth of 19% year-on-year, enabled by new rigs entering the operational fleet in second half of 2022*

*Oilfield Services segment leads performance, recording revenue growth of 43% year-on-year*

*ADNOC Drilling reiterates its fiscal year 2023 guidance initiated in February*

**Abu Dhabi, UAE – May 11, 2023:** ADNOC Drilling Company PJSC (“ADNOC Drilling” or the Company”) (ADX symbol: ADNOC DRILL / ISIN: AEA007301012) today announced strong financial results for the first quarter ending March 31, 2023.

ADNOC Drilling’s first quarter revenue increased to \$716 million, up 19% year-on-year. Revenue growth was achieved across all segments, with Offshore Jack-up and Oilfield Services (OFS) leading the way, increasing 28% and 43% respectively. EBITDA growth tracked the uptick in revenue, also increasing 19% to \$333 million. Net profit for the quarter reached \$219 million, up 25% year-on-year.

First quarter 2023 revenue was 2% lower than fourth quarter 2022 due to fewer calendar days and lower impact from reimbursement of cost escalation claims. These drivers brought EBITDA sequentially down by 6%.

ADNOC Drilling continues to capitalize on its unique position as a critical enabler of ADNOC’s plans to responsibly accelerate production capacity growth, as global demand for energy continues to rise.

**Abdulrahman Abdullah Al Seiari, Chief Executive Officer, ADNOC Drilling,** commented: “Our first quarter results are particularly pleasing as they clearly demonstrate the effective execution of our strategy, to grow earnings by expanding our fleet and our offering, for the benefit of our customers and our shareholders.

“To maximize value for shareholders now and into the future, we will continue to secure high-quality, long-term contracts that offer superb future earnings visibility, as well as protection against market volatility. At the same time, we will maintain our focus on operational excellence and sustainable operations, as well as capitalize on our unique position within the market as we remain firmly on track to deliver our 2023 guidance.”

### Strong growth for Offshore Jack-up and OFS segments

- **Onshore:** Revenue was significantly higher than in the prior year, as a result of eight new land rigs entering the operational fleet in the second half of 2022. First quarter 2023 revenue stood at \$355 million, up 11% year-on-year. Revenue decreased sequentially, as the fourth quarter of 2022 benefitted more than the first quarter 2023 from reimbursement of cost escalation claims, particularly on diesel prices.
- **Offshore Jack-up:** Revenue came in at \$184 million, up 28% compared to the prior year period, due to introduction of five new jack-ups into the operational fleet in the second half of 2022. Revenue increased sequentially by 2% versus fourth quarter 2022.
- **Offshore Island:** Revenue remained steady at \$51 million, broadly stable versus previous quarter and year-on-year.
- **Oilfield Services (OFS):** Revenue grew to \$126 million, up 43% year-on-year, due to increased activity volume across the entire portfolio. Revenue increased sequentially by 2% versus fourth quarter 2022.

In the first quarter of 2023, ADNOC Drilling announced the signing of an agreement to purchase ten newbuild hybrid power land drilling units in direct response to ADNOC's accelerated production capacity targets and sustainability plans. The new hybrid rigs utilise high capacity batteries to improve power delivery while reducing greenhouse gas emissions by up to 15%. During the quarter, the Company also announced the signing of a Memorandum of Understanding with Masdar to explore geothermal energy opportunities, supporting the responsible advancement of the energy transition in the UAE and globally.

ADNOC Drilling reiterates its fiscal year 2023 guidance communicated in February 2023, to deliver revenue of between \$3.0 - \$3.2 billion for the full-year period, with EBITDA of \$1.35 - \$1.5 billion at an industry-leading EBITDA margin of 45% - 47%, and net income of \$0.85 - \$1.0 billion. Capital expenditure<sup>1</sup> is forecast to be in a range of \$1.3 - \$1.75 billion this year, while the Company plans to maintain the leverage ratio below 2.0x<sup>2</sup>. The Company remains committed to annual growth in its dividend per share of at least 5% per annum over the four years from 2023 to 2026.

### Key Financial Metrics

USD Millions	1Q 2023	1Q 2022	% Change	4Q 2022	% Change
Revenue	716	601	19%	733	-2%
EBITDA	333	280	19%	353	-6%
Net Profit	219	175	25%	233	-6%
Earnings per share (USD/share)	0.014	0.011	25%	0.015	-6%
Capital Expenditure	76	78	-3%	434	-82%
Cash from Operations	226	613	-63%	389	-42%

<sup>1</sup> Capital expenditure – additions to property and equipment including prepayments

<sup>2</sup> Net debt to EBITDA



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### **About ADNOC Drilling**

ADNOC Drilling, listed on the Abu Dhabi Securities Exchange (ADX symbol “ADNOCDRILL”; ISIN AEA007301012), is the largest drilling and well completions company in the Middle East by fleet size, owning and operating one of the largest multi-discipline drilling fleets in the world. The Company is a critical link in ADNOC’s upstream business, as ADNOC responsibly accelerates its production capacity targets in light of globally increasing demand for energy and enables gas self-sufficiency for the UAE. ADNOC Drilling incorporated Integrated Drilling Services into its portfolio in 2018 and now offers a total solution of start-to-finish wells and associated services that encompass the entire drilling value chain. To find out more, visit: [www.adnocdrilling.ae](http://www.adnocdrilling.ae)

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