

ADNOC Drilling Announces First Half 2023 Results, with Net Profit Growing 18% Year-on-Year to \$446 million

Outstanding revenue and profit growth in the first half, driven by new rigs entering the fleet, strong cost performance and Oilfield Services expansion

Accelerated Oilfield Services revenue up 45% year-on-year, with improving margins

Additional activity and effective cost management initiatives deliver EBITDA of \$677 million in the first half, up 17% year-on-year with margin expansion to 47%

Company remains firmly on track to deliver its fiscal year 2023 guidance

Abu Dhabi, UAE – August 4, 2023: ADNOC Drilling Company PJSC (“ADNOC Drilling” or the “Company”) (ADX symbol: ADNOC DRILL / ISIN: AEA007301012) today announced financial results for the first half and second quarter of 2023. ADNOC Drilling’s first half revenue increased to \$1.4 billion, up 13% year-on-year. Revenue growth was driven by the Oilfield Services (OFS) and Offshore Jack-Up segments which increased by 45% and 31% respectively.

Abdulrahman Abdulla Al Seiari, Chief Executive Officer, ADNOC Drilling, commented: “ADNOC Drilling’s excellent financial performance in the first half of 2023 is testament to our strategy of expanding both our drilling fleet and service offering while also improving our margins through strong cost performance. OFS revenues grew by 45% year-on-year with improved margins. Moreover, we progressed on our goal to expand the fleet, signing agreements to build 16 hybrid powered land rigs, which also form a significant additional element of our decarbonization strategy.”

“This strong and growing financial performance underpins our progressive dividend policy and we expect the 2023 interim dividend to be in line with it, further demonstrating our continuous commitment to sustained value creation for our shareholders.”

First half EBITDA increased significantly by 17% year-on-year to \$677 million, due to the uptick in revenue coupled with the delivery of substantial cost savings, leading to an exceptional EBITDA margin of 47%. The Company’s strategy of expanding both fleet and service offering has driven net profit to \$446 million, a significant increase of 18% year-on-year.

Second quarter revenue grew by 8% year-on-year to \$724 million and by 1% sequentially. EBITDA in the quarter increased by 15% year-on-year to \$344 million, leading to a 48% EBITDA margin, or 3 percentage points higher year-on-year. EBITDA also increased by 3% sequentially. Second quarter net profit grew 12% year-on-year and 4% sequentially to \$228 million.

Strong growth in Offshore Jack-up and OFS segments

- **Onshore:** Half-year 2023 revenue of \$701 million is broadly in line with last year. The increase of revenue, driven by new rigs entering the fleet from the second half 2022, was offset by lower year-on-year reimbursement of cost escalation claims, particularly due to a reduction of diesel prices.
Second quarter revenue decreased 10% year-on-year, as the same period of last year was positively impacted by recovery of higher fuel costs, in-line with contractual terms. The drop in diesel prices and associated reimbursements led to a 3% sequential revenue decrease.
- **Offshore Jack-Up:** Half-year revenue grew by 31% to \$376 million, due to introduction of five new jack-ups into the operational fleet during the second half of 2022. These additional rigs have positively impacted second quarter revenue which has increased by 33% year-on-year and by 4% sequentially.
- **Offshore Island:** Half-year revenue grew to \$103 million, a 2% increase year-on-year. Second quarter revenue increased by 2% year-on-year and by 2% sequentially.
- **Oilfield Services (OFS):** Revenue grew to \$260 million in the first half of 2023, up 45% year-on-year, driven by expanded activity across the entire portfolio. Second quarter revenue increased by 47% year-on-year and by 6% sequentially.

During the first half of 2023, ADNOC Drilling announced the signing of contracts worth over \$2.4 billion, consisting of a \$2 billion offshore jack-up contract award and a \$412 million integrated drilling services contract. As well as signing sale and purchase agreements for the acquisition of two premium offshore jack-ups and 16 newbuild hybrid power land rigs. The adoption of hybrid power drilling rigs forms a substantial addition to ADNOC Drilling's plans to decarbonize its operations.

In line with the Company's progressive dividend policy, the interim dividend for the current year is expected to increase by a minimum of 5% versus last year, continuing to demonstrate a commitment to sustained value creation for shareholders. The interim dividend is expected to be announced in due course and distributed by the end of October 2023.

Key Financial Metrics

USD Millions	2Q23	2Q22	YoY%	1Q23	QoQ%	1H23	1H22	YoY%
Revenue	724	669	8%	716	1%	1,440	1,270	13%
EBITDA	344	300	15%	333	3%	677	580	17%
Net Profit	228	204	12%	219	4%	446	379	18%
Earnings per share (USD/share)	0.014	0.013	12%	0.014	-	0.028	0.024	18%
Capital Expenditure	181	207	-13%	76	138%	257	285	-10%
Cash from Operating Activities	395	205	93%	226	75%	621	818	-24%

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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

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