ADNOC Drilling

ADNOC DRILLING COMPANY P.J.S.C.

Third Quarter 2023 Earnings

Management Discussion & Analysis Report

November 14, 2023

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Financial Highlights and Post-Period Developments

Financial Summary

ADNOC Drilling Company P.J.S.C. ("ADNOC Drilling" or the "Company") delivered strong results in the third quarter of 2023 with revenue increasing 16% year-on-year and 7% sequentially to $776 million. The strong top-line translated into EBITDA growth of 27% year-on-year and 11% sequentially to $381 million with a margin of 49%. The 4-percentage points year-on-year EBITDA margin improvement was supported by the Company's continuous and effective cost management initiatives. Net profit also grew 36% year-on-year and 13% sequentially to $257 million.

For the first nine-months of 2023, revenue was $2,216 million, up 14% year-on-year from $1,940 million, driven by increased activity. Revenue growth and strong cost performance led to an EBITDA of $1,058 million and net profit of $704 million, a year-on-year increase of 20% and 24% respectively, with improved margins. Free cash flow stood at $119 million, from $630 million in the same period last year due to the anticipated ramp up of CapEx as the Company continues to expand its fleet.

Driven by increased visibility on earnings and profitability, ADNOC Drilling updated its fiscal year 2023 guidance on EBITDA, Net profit and CapEx *(see page 13)*.

The Company's strong performance was attributable to the full operational impact of land and jack-up rigs commissioned in stages over the course of 2022 and partial impact of the rigs commissioned in the first nine-months of 2023. During the third quarter of 2023, four jack-ups entered the rig fleet count. The jack-ups are expected to commence operations and start contributing to revenue during December of this year. Moreover, the Company integrated 4 lease-to-own land rigs with plans to purchase them in the future. Oilfield Services continued to deliver strong growth on the back of increased activity. At the end of the third quarter, the fleet consisted of 124 rigs (120 owned plus four lease-to-own). The overall owned fleet availability was 97% at the end of September 2023.

USD Million	3Q23	3Q22	*YoY*	2Q23	*QoQ*	9M23	9M22	*YoY*
Revenue	776	670	16%	724	7%	2,216	1,940	14%
Opex[1]	(395)	(371)	6%	(380)	4%	(1,158)	(1,061)	9%
EBITDA[2]	381	299	27%	344	11%	1,058	879	20%
Depreciation and amortization	(111)	(101)	10%	(103)	8%	(315)	(291)	8%
Finance cost – net	(13)	(9)	44%	(13)	0%	(39)	(20)	95%
Net profit	257	189	36%	228	13%	704	568	24%
EBITDA margin	49%	45%	4%	48%	1%	48%	45%	3%
Net profit margin	33%	29%	4%	31%	2%	32%	29%	3%
Cash from operating activities	337	317	6%	395	-15%	958	1,135	-16%
Capital expenditure[3]	(592)	(223)	165%	(181)	227%	(849)	(508)	67%
Free cash flow	(252)	97	-360%	218	-216%	119	630	-81%
Total equity	3,294	2,697	22%	3,036	8%	3,294	2,697	22%
Net debt[4]	1,645	1,146	44%	1,217	35%	1,645	1,146	44%
Earnings per share ($)	0.016	0.012	36%	0.014	13%	0.044	0.036	24%
Capital employed	5,621	4,353	29%	4,706	19%	5,621	4,353	29%
Return on capital employed	18%	17%	1%	19%	-1%	18%	17%	1%
Net debt to LTM EBITDA	1.2	1.0	20%	0.9	33%	1.2	1.0	20%
Leverage ratio	33%	30%	3%	29%	4%	33%	30%	3%
Return on equity	28%	26%	2%	29%	-1%	28%	26%	2%

NM = Meaningful
(1) Opex includes allocation of G&A expenses and other income; (2) EBITDA represents Earnings Before Interest, Tax, Depreciation and Amortization; (3) Payments for purchase of property and equipment including prepaid delivery payments; (4) Interest bearing liabilities less cash and cash equivalents

Post-Period Developments - Subsequent to Third Quarter

On October 27, 2023, the Company announced a new syndicated loan in US dollars for $1,500 million and entered into a new Emirati dirham revolving credit facility of AED 1,840 million. The term loan facility will be used to repay the existing syndicated term loan for an equal amount which expires in November 2023, while the new revolving credit facility will fund the Company's growth and the associated working capital.

On November 10, 2023, ADNOC Drilling and Alpha Dhabi have agreed to establish a strategic investment joint venture to invest up to $1.5 billion to acquire technology-enabled companies in the oilfield services ("OFS") and energy sectors.

During the fourth quarter, ADNOC Drilling has embarked on its international growth journey, providing integrated drilling services in Jordan, with economics in line with existing returns achieved in Abu Dhabi.

The authorities have provided guidance that a 9% income tax will be applicable to ADNOC Drilling effective from 1st January 2024. In light of our existing contractual framework agreement, ADNOC Drilling is already working with the clients on the implementation of a reimbursement mechanism to recover the financial impact.

Segmental Results

<u>Onshore</u>

USD Million	3Q23	3Q22	*YoY*	2Q23	*QoQ*		9M23	9M22	*YoY*
Revenue	378	372	2%	346	9%		1,079	1,074	0%
OPEX[1]	(188)	(195)	-4%	(188)	0%		(557)	(557)	0%
EBITDA[2]	190	177	7%	158	20%		522	517	1%
Net profit	136	130	5%	111	23%		377	392	-4%

(1) Opex includes allocation of G&A expenses and other income
(2) Underlying EBITDA includes other income

First Nine-Months (Year-on-Year Performance)

Onshore revenue slightly increased year-on-year amounting to $1,079 million in the nine-month period ended September 2023. The positive revenue impact from the full contribution of eight H&P rigs acquired and put into operations over the course of 2022, along with an additional rig entering operations in the second quarter of this year and 4 lease-to-own rigs entering operations in the third quarter was mostly offset by lower year-on-year reimbursement of cost escalation claims, particularly due to a reduction of diesel prices.

Operating expenses were stable year-on-year at $557 million for the first nine-months of this year.

The combination of slightly higher revenue and stable operating expenses led to a 1% year-on-year increase in EBITDA to $522 million. The Company continues to seek out and identify areas to realize efficiencies and offset increasing costs, mainly through initiatives aimed at optimizing the number of crew on each rig, diesel consumption, and equipment rentals.

Third Quarter (Year-on-Year Performance)

Third quarter revenue increased 2% year-on-year to $378 million from $372 million, mainly due to increased onshore activity which was supported by the contribution from four lease-to-own land rigs. The overall increase in activity more than offset the lower year-on-year recovery of fuel costs.

Operating expenses decreased to $188 million from $195 million in the same quarter last year driven by decreasing diesel costs and realized cost efficiency measures. The combination of higher revenue and lower operating expenses led to a 7% year-on-year increase in EBITDA to $190 million from $177 million. This translated into an EBITDA margin of 50% in the third quarter of 2023, a margin expansion of almost 2 percentage points year-on-year.

Third Quarter (Sequential Performance)

Third quarter revenue increased 9% sequentially to $378 million from $346 million due to the contribution from the new lease-to-own rigs integrated into operations.

Despite the sequential revenue growth, operating expenses were stable due to successful cost management performance, ending the third quarter at $188 million. As a result, EBITDA increased 20% quarter-on-quarter to $190 million from $158 million, with over 4 percentage points in margin expansion.

Offshore Jack-up

USD Million	3Q23	3Q22	*YoY*	2Q23	*QoQ*		9M23	9M22	*YoY*
Revenue	199	143	39%	192	4%		575	431	33%
OPEX[1]	(68)	(73)	-7%	(66)	3%		(215)	(210)	2%
EBITDA[2]	131	70	87%	126	4%		360	221	63%
Net profit	86	32	169%	83	4%		228	108	111%

(1) Opex includes allocation of G&A expenses and other income
(2) Underlying EBITDA includes other income

First Nine-Months (Year-on-Year Performance)

The Offshore Jack-up segment delivered strong revenue growth of 33% to $575 million in the nine-month period ended September 2023 from $431 million in the same period of last year, driven by the full contribution of five new jack-up rigs that went into operations over the course of 2022. Moreover, the Offshore Jack-up fleet benefitted from 100% rig availability for the first nine-month of this year as opposed to 91% in the same period last year which was impacted by major maintenance.

Operating expenses amounted to $215 million for the nine-month period ended September 2023, a modest increase of 2% from $210 million a year-ago, driven by the increased rig fleet size, with last year impacted by the above-mentioned major maintenance and its associated costs. Moreover, in the first nine-months of 2023, the segment was also impacted by higher allocation of overhead costs, following our revised policy.

Driven by the significant revenue growth, EBITDA increased 63% year-on-year to $360 million from $221 million, with net income more than doubling to $228 million compared to $108 million in the same period of last year.

Third Quarter (Year-on-Year Performance)

Third quarter revenue increased 39% year-on-year to $199 million from $143 million. The increase in revenue was mainly attributable to higher activity and lower major maintenance activity in third quarter of this year compared to the same period last year.

The increase in overhead costs associated with the fleet expansion, particularly manpower, repair and maintenance, were more than offset by lower maintenance costs. This led to a 7% decrease in operating expenses to $68 million in the third quarter of 2023. As a result, EBITDA grew by 87% year-on-year to $131 million, with a margin of approximately 66%, a year-on-year expansion of over 17 percentage points.

Third Quarter (Sequential Performance)

Third quarter revenue increased 4% sequentially to $199 million from $192 million, driven by one additional rig integrated into operations. Noteworthy, the four jack-ups added to the rig fleet count during the third quarter of this year are expected to commence operations and start contributing revenue during December 2023.

Operating expenses remained broadly stable quarter-on-quarter at $68 million. The revenue increase coupled with stable operating expenses led to a 4% sequential EBITDA growth to $131 million from $126 million.

Offshore Island

USD Million	3Q23	3Q22	YoY	2Q23	QoQ		9M23	9M22	YoY
Revenue	54	52	4%	52	4%		157	153	3%
OPEX[1]	(17)	(17)	0%	(20)	-15%		(56)	(60)	-7%
EBITDA[2]	37	35	6%	32	16%		101	93	9%
Net profit	26	23	13%	20	30%		66	58	14%

(1) Opex includes allocation of G&A expenses and other income
(2) Underlying EBITDA includes other income

First Nine-Months (Year-on-Year Performance)

Offshore Island revenue increased 3% year-on-year to $157 million from $153 million, mainly driven by mobilization revenue for the re-activated island rig which has been allocated to the Hail and Ghasha Project.

Operating expenses decreased by 7% year-on-year to $56 million due to the phasing of major maintenance, a decrease in overhead costs allocated to the segment following our revised policy, and cost efficiency measures. These measures included manpower optimization initiatives, as well as price negotiations on consumables and spare parts. As a result, EBITDA increased 9% year-on-year from $93 million to $101 million.

Third Quarter (Year-on-Year Performance)

Third quarter revenue increased 4% year-on-year reaching $54 million, driven by increased activity.

Operating expenses remained stable year-on-year at $17 million for the third quarter of 2023, as cost efficiency measures offset costs associated with increased activity. As a result, EBITDA increased 6% to $37 million in the quarter.

Third Quarter (Sequential Performance)

Third quarter revenue increased 4% sequentially to $54 million, driven by increased activity and an additional day in the third quarter. Operating expenses decreased to $17 million from $20 million mainly due to the phasing of major maintenance.

The combination of higher revenue and lower operating expenses led to a 16% sequential EBITDA growth to $37 million from $32 million in the second quarter of this year.

Oilfield Services

USD Million	3Q23	3Q22	*YoY*	2Q23	*QoQ*	9M23	9M22	*YoY*
Revenue	145	103	41%	134	8%	405	282	44%
OPEX[1]	(122)	(86)	42%	(106)	15%	(330)	(234)	41%
EBITDA[2]	23	17	35%	28	-18%	75	48	56%
Net profit	9	4	125%	14	-36%	33	10	230%

(1) Opex includes allocation of G&A expenses and other income
(2) Underlying EBITDA includes other income

First Nine-Months (Year-on-Year Performance)

The Oilfield Services segment continues to deliver strong top-line growth posting $405 million revenue in the first nine-months of 2023, a 44% year-on-year increase, on the back of increased activity volume across the entire portfolio.

Operating expenses increased 41% year-on-year to $330 million from $234 million, mainly due to increased activity levels, along with an inflationary trend on cost of materials, equipment and associated logistical costs. Moreover, part of the increase was due to equipment hire tied to frac activity. The segment was allocated overhead costs for the first time in the first quarter of 2023, as previously the segment was in an early phase of its lifecycle.

EBITDA increased 56% to $75 million in the current period from $48 million a year ago, reflecting increased activity across the segment.

Third Quarter (Year-on-Year Performance)

Third quarter revenue increased 41% to $145 million from $103 million in the same period last year, driven by increased activity from pressure pumping, drilling fluids, and directional drilling. Excluding one-off sales of certain materials in the third quarter of 2023, activity characterized by lower margin, revenue would have increased by around 30%.

Operating expenses increased to $122 million due to increased activity. Driven by the growth in top-line, EBITDA increased 35% year-to-year to $23 million from $17 million with lower EBITDA margin due to the planned phasing of certain activities (e.g., workover activity) and the sale of certain materials, both characterized by relatively lower margins.

Third Quarter (Sequential Performance)

Third quarter revenue increased 8% sequentially to $145 million from $134 million, driven by the one-off sales mentioned above, characterized by lower margin.

Operating expenses increased in the period to $122 million from $106 million, driven by inflationary pressures on various material costs.

Overall, EBITDA decreased 18% sequentially to $23 million in the third quarter of 2023 from $28 million in the second quarter of this year due to inflationary pressures and the relatively lower margin activities described above. The segment is further developing its Integrated Drilling Services (“IDS”) offering, currently at 41 rigs and has started the intake of 7 additional IDS rigs. Moreover, OFS margins are expected to improve sequentially in the fourth quarter.

Operating Working Capital

USD Million	30 Sep 23	30 Sep 22	*YoY*	30 Jun 23	*QoQ*
Current Assets[1]	**1,254**	**1,351**	**-7%**	**1,141**	**10%**
Inventories	203	169	20%	188	8%
Trade & other receivables	119	112	6%	145	-18%
Due from related parties	932	1,070	-13%	808	15%
Current Liabilities[2]	**800**	**966**	**-17%**	**750**	**7%**
Trade & other payables	505	365	38%	445	13%
Due to related parties	295	601	-51%	305	-3%
Operating Working Capital	**454**	**385**	**18%**	**391**	**16%**

(1) Excludes cash and bank balances
(2) Excludes lease liabilities
See Appendix 1 (Glossary) for the calculation of certain metrics referred to above.

Operating working capital ended the period at $454 million, increasing 18% year-on-year driven by the increased net balance with related parties, which last year benefitted from meaningful collections.

Net working capital as a percentage of revenue stood at 15% at the end of the third quarter on the back of increasing rig activity and related receivables as well as inventories, the latter also impacted by inflationary pressures.

As part of the increase in receivables is due for collection in the fourth quarter of this year, the Company expects to reach a level around the upper end of the 10% - 11% of revenue by the end of the year.

As the Company growth plans materialize, the evolving business mix leads to structural increases in working capital.

Free Cash Flow

USD Million	3Q23	3Q22	*YoY*	2Q23	*QoQ*		9M23	9M22	*YoY*
Cash from operating activities	337	317	6%	395	-15%		958	1,135	-16%
Cash used in investing activities	(589)	(220)	168%	(177)	233%		(839)	(505)	66%
Free Cash Flow	**(252)**	**97**	**-360%**	**218**	**-216%**		**119**	**630**	**-81%**

NM = Not Meaningful

See Appendix 1 (Glossary) for the calculation of certain metrics referred to above.

Free cash flow stood at $119 million in the 9-month period ended September 2023, an 81% decrease from $630 million in the same period of prior year. This was mainly attributable to the planned increase in CapEx, as the Company continues to execute on its rig acquisition program, along with the above-mentioned trend in working capital.

Free cash flow decreased from $97 million in the second quarter of 2023 to a negative $252 million in the third quarter mainly due to increased CapEx, in-line with our fleet expansion program.

Balance Sheet

USD Million	30 Sep 23	30 Sep 22	YoY	30 Jun 23	QoQ
Total Assets	**6,421**	**5,320**	**21%**	**5,456**	**18%**
Non-current assets	4,605	3,586	28%	3,988	15%
Current Assets[1]	1,254	1,351	-7%	1,141	10%
Assets Held for sale	11	-	100%	11	100%
Cash and cash equivalents	551	383	44%	316	74%
Total Liabilities	**3,127**	**2,623**	**19%**	**2,420**	**29%**
Non-current liabilities	808	1,639	-51%	144	461%
Current liabilities	2,319	984	136%	2,276	2%
Total Equity	**3,294**	**2,697**	**22%**	**3,036**	**8%**
Share capital	436	436	0%	436	0%
Statutory reserve	141	60	135%	140	1%
Retained earnings	2,717	2,201	23%	2,460	10%
Total Equity and Liabilities	**6,421**	**5,320**	**21%**	**5,456**	**18%**

(1) Excludes cash and bank balances

Total Assets for the period ending September 30, 2023 increased 21% year-on-year to $6,421 million from $5,320 million in period ending September 30, 2022. This was mainly due to an increase in non-current assets by 28% to $4,605 million from $3,586 million on the back of the new rig acquisitions associated with the fleet expansion program.

Cash and cash equivalents balance increased to $551 million from $383 million in the year-ago period due to the draw-down of $500 million syndicated term loan to support CapEx for rig fleet expansion. As of September 30, 2023, the Company's liquidity headroom (including unutilized syndicated term and revolving facilities) amounted to $1,301 million.

Total liabilities increased 19% to $3,127 million at the end of the third quarter from $2,623 million in the prior year period. The change was mainly attributable to the draw-down of the syndicated term loan mentioned above, accounted for in non-current liabilities.

The increase in current liabilities from $984 million a year-ago to $2,319 million in the current period was partly offset by decrease in non-current liabilities from $1,639 million to $808 million in the same periods respectively.

As disclosed in the prior reporting periods, the utilized syndicated loan of $1,500 million has been reclassified since the fourth quarter of 2022 from a non-current liability to a current liability, as the facility would have matured in less than 12 months. Excluding the reclassification of the loan facility, current liabilities would have decreased due to lower related party balances.

On October 27, 2023, the Company announced a new syndicated loan in US dollars for $1,500 million and entered into a new Emirati dirham revolving credit facility of AED 1,840 million. The term loan facility will be used to repay the existing syndicated term loan for an equal amount which expires in November 2023, while the new revolving credit facility will fund the Company's growth and the associated working capital.

Total Assets for the period ending September 30, 2023, increased to $6,421 million from $5,456 million in period ending 30 June 2023. This was mainly due to increase in non-current assets to $4,605 million from $3,988 million on the back of rig acquisitions. Furthermore, cash and cash equivalents balance increased to $551 million from $316 million, driven by to the above-mentioned draw-down of the $500 million syndicated term loan.

Total liabilities increased 29% to $3,127 million at the end of the third quarter from $2,420 million at the end of the second quarter, also driven by the draw-down of the syndicated term loan.

Capital Expenditure

Capital expenditure (CapEx), including prepayments, totaled $592 million for the quarter ending September 30, 2023, in line with the expected ramp-up in rig acquisitions.

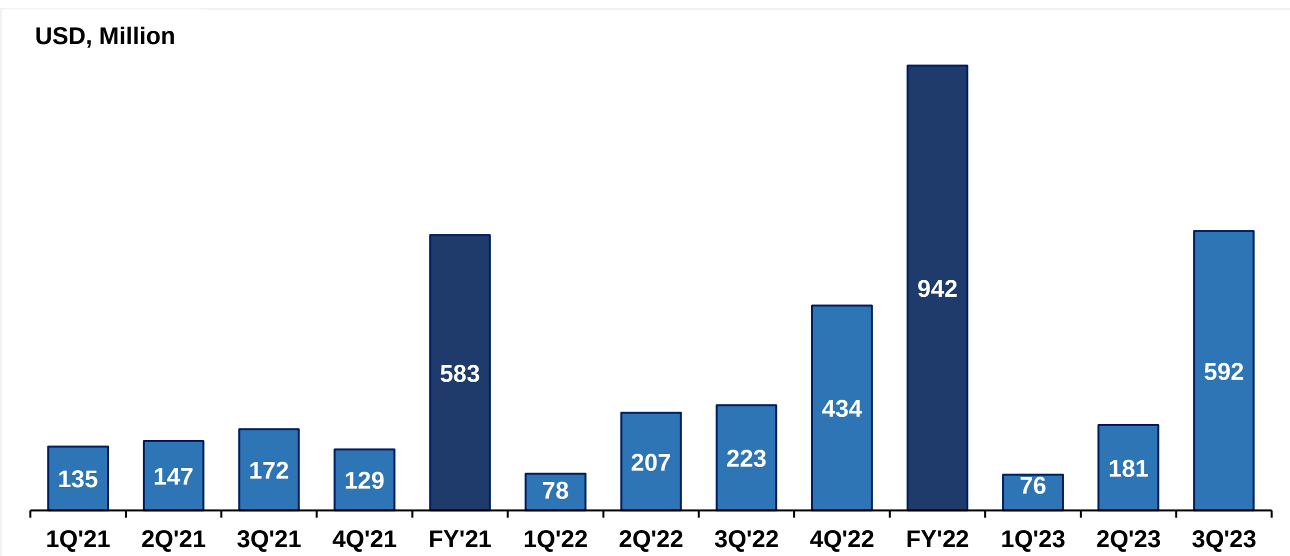
Pre-payments in the period were mostly associated with the purchase of onshore and offshore jack-up rigs.

Rig purchases are usually spread out over at least two milestones with the first payment at signing of the sale and purchase agreement, whereas the final payment is then made on transfer of the title of the rig to the Company.

During the third quarter of this year, four jack-ups entered the rig fleet count. These jack-ups are expected to commence operations and start contributing to revenue during December 2023.

ADNOC Drilling now expects CapEx to be around $1,300 million for 2023, due to some phasing in the payments for rig acquisitions and the continued delivery of an efficient acquisition program. The CapEx guidance of $2.0 - $2.5 billion over the two-year period ending 2024 is unchanged.

Quarterly and Annual Capital Expenditure



Operational Highlights

Drilling Services

USD Million	3Q23	3Q22	*YoY*	2Q23	*QoQ*	9M23	9M22	*YoY*
Fleet	**124**[1]	**108**	**15%**	**116**	**7%**	**124**[1]	**108**	**15%**
Onshore	79[1]	73	8%	75	5%	79[1]	73	8%
Offshore Jack-up	35	25	40%	31	13%	35	25	40%
Offshore Island	10	10	0%	10	0%	10	10	0%
Rented rigs	10	8	25%	7	43%	10	8	25%
Rigs Availability*	**97%**	**92%**	**5%**	**96%**	**1%**	**97%**	**92%**	**5%**
Onshore	95%	91%	4%	94%	1%	95%	91%	4%
Offshore Jack-up	100%	91%	10%	100%	0%	100%	91%	10%
Offshore Island	99%	100%	-1%	100%	-1%	99%	100%	-1%
Number of Wells Drilled*	**159**	**152**	**5%**	**159**	**0%**	**452**	**441**	**2%**
Onshore	129	130	-1%	133	-3%	375	376	*0%*
Offshore Jack-up	23	15	53%	18	28%	55	46	*20%*
Offshore Island	7	7	0%	8	-13%	22	19	*16%*

(1) Includes 4 lease-to-own land rigs.
* See Appendix 1 (Glossary) for the calculation of certain metrics referred to above.

The Company had a fleet of 124 rigs (120 owned plus four lease-to-own) at the end of third quarter. The overall owned fleet availability was 97% at the end of September 2023. Operational highlights of note during the period are as follows:

- Four jack-ups entered the rig fleet count. The jack-ups are expected to commence operations and start contributing to revenue during December 2023.
- The Company integrated 4 lease-to-own land rigs with plans to purchase them in the future.
- Achieved TRIR frequency of 0.45 against a target of 0.70 for the first nine-months of 2023.
- Average rig move performance was 3.34 days for the first nine-months of 2023.

3Q23 Highlights:

- AD118 and AD116 completed 7 years without LTI.
- Delivered fastest 12 and ¼ inch section in Diyab Project in 8.4 days against 15.5 planned and an average on all offset wells of 11.3 days.
- AD-34 delivered the field record ROP of 61.25 feet/hour in 22-inch section.
- AD-117 delivered well using first 3 ½ inch smart mono-bore completion in BAB.
- Qarnin and Marawwah completed 9 years and 6 years without LTI respectively.
- Al Hudairiyat delivered the longest conductor sharing well in the UAE with a combined depth of 54,500 feet.
- Al Lulu well delivered ahead of plan, utilizing IDS services, reached new milestone in the field by delivering a combined drilled and completed footage of 45,563 feet.
- Al Hudairiyat drilled 8½ inch hole with average ROP of 67 feet/hour, the longest lateral section with 8 ½ inch section footage of 15,570 feet.

Oilfield Services (OFS)

- OFS performed IDS on 41 rigs in the second quarter and started the intake of 7 additional rigs.
- Achieved a TRIR of 0.48 versus a target of 0.7 in first nine-month of 2023.
- 16.4% improvement in 3Q23 IDS drilling efficiency versus the 2022 benchmark.
- 59 wells delivered in 3Q23. Of the 19 benchmarked wells, 16 were delivered ahead of budget and schedule.
- AD-109 completed the second successful 5 ½ inch frac string cement job. The second gas well delivery from PAD-2 Batch. Well completed 55.04 days without skid time and 56.92 days with skid time.
- Drilled the Longest IDS well in NASR Field offshore Abu Dhabi, drilling 27,500 feet.

Outlook

To enable ADNOC's strategic imperative of expanding production capacity from four to five million barrels per day by 2027, ADNOC Drilling accelerated its own growth plans.

The Company continues to expect its owned rig count to total 142, including the 4 new lease-to-own land rigs, by the end of 2024.

Driven by increased visibility on earnings and profitability, ADNOC Drilling updates its fiscal year 2023 guidance on EBITDA, Net Profit and CapEx. The Company now expects EBITDA of $1,400 - $1,500, with a margin range of 47% - 49% and Net Profit of $900 - $1,000 million, with a margin range of 29% - 32%.

Moreover, ADNOC Drilling now expects CapEx to be around $1,300 million for 2023, due to some phasing in the payments for rig acquisitions and the continued delivery of an efficient acquisition program. The CapEx of $2.0 - $2.5 billion over the two-year period ending 2024 is unchanged.

USD Million	FY2023 Guidance	FY2023 Updated Guidance
Revenue	**3,000 - 3,200**	**3,000 - 3,200**
Onshore Revenue	1,500 - 1,600	1,500 - 1,600
Offshore Jack-up Revenue	800 - 900	800 - 900
Offshore Island Revenue	200 - 250	200 - 250
Oilfield Services Revenue	500 - 550	500 - 550
EBITDA	**1,350 - 1,500**	**1,400 - 1,500**
EBITDA Margin	*45% - 47%*	47% - 49%
Net Profit	**850 - 1,000**	**900 - 1,000**
Net Profit Margin	*28% - 31%*	29% - 32%
CapEx	**1,300 - 1,750**	**~1,300**
Leverage Target	**< 2.0x**	**< 2.0x**

ADNOC Drilling's medium-term guidance remains as follows:

- Revenue CAGR in the 12% - 16% range.
- EBITDA Margins around 50% with drilling margins exceeding 50% and OFS Margin in a range of 22% - 26% medium term versus 2021.
- Conservative long-term leverage target of up to 2.0x net debt / EBITDA, excluding material M&A.
- Net working capital as percentage of revenue target of 10% - 11%.
- Maintenance CapEx post-2024 of $200 - $250 million per annum.

The Company's longer-term growth remains supported by the maintenance of production capacity, the UAE's goal to achieve gas self-sufficiency and the development of its vast unconventional resources, continued expansion of the OFS segment's Integrated Drilling Solutions and the pursuit of both regional expansion opportunities and new revenue streams such as complimentary services, manufacturing opportunities and technology, including entry to renewables technology and solutions. ADNOC Drilling continues to strive to make strong progress on delivering growth and maximizing returns for its shareholders. The immediate focus remains on meeting robust financial targets, whilst maintaining operational excellence.

Dividend Policy

The Company's ability to pay dividends is dependent on several factors, including the availability of distributable reserves, capital expenditure plans and other cash requirements in future periods. Any level or payment of dividends will depend on, among other things, future profits and the business plan of the Company, at the discretion of the Board of Directors and ultimately shareholder approvals.

As per the Company's announced policy, dividends are to be paid semi-annually with a final annual dividend distributed to shareholders in the first half and the payment of the interim dividend in the second half of each fiscal year. The dividend policy is progressive, reflecting robust underlying cash flow, and the annual distribution is expected to grow by at least 5% per annum on a dividend per share basis over the next four years (2023-2026).

This policy is designed to reflect our strong and visible long-term cash flow and our expected long-term earnings potential, while allowing us to retain sufficient cash to fund ongoing operating requirements and continued investment for long-term growth. The policy is subject to consideration by our Board of Directors and will cover the cash management requirements of our business for operating expenses, interest expense, anticipated capital expenditures and market conditions. In line with the progressive policy, the Board considers dividend a capital allocation priority alongside investment in profitable growth and is committed to returning a competitive and growing cash dividend to our shareholders.

Subject to the foregoing, shareholders at the Annual General Meeting in April of 2023 approved a final dividend payment for the second half of 2022 totaling $341.25 million, or 7.83 fils per share, which was distributed to shareholders on April 25, 2023.

Furthermore, the Board of Directors announced an interim cash dividend for fiscal year 2023 totaling $358.3 million, or 8.22 fils per share, which was distributed to shareholders on October 27, 2023. The interim dividend payment was 5% higher than the interim dividend payment of fiscal year 2022, in-line with the Company's dividend policy.

Earnings Webcast and Conference Call

ADNOC Drilling will host the earnings webcast and conference call followed by a Q&A session for investors and analysts on Tuesday, November 14, 2023, at 12:00 pm UAE time / 08:00 am UK time.

The call will be hosted by Abdulrahman Alseiari (CEO), Youssef Salem (CFO) and Christopher McDonald (Chief Operating Officer). Interested parties are invited to join the call by clicking here.

A replay and transcript will be made available following the event, accessible from the Investor Relations section of ADNOC Drilling's website.

Share Price and Ownership

Our shares are traded on the Abu Dhabi Securities Exchange (ADX) under the symbol ADNOCDRILL. The closing share price as of September 30, 2023, was AED 4.02. In the period from July 1, 2023, through September 30, 2023, the share price traded in a range between AED 3.54 and AED 4.29. Market capitalization was AED 64.3 billion as of September 30, 2023, and an average of 3.6 million shares traded daily during the third quarter of 2023.

As of June 30, 2023, the Abu Dhabi National Oil Company ("ADNOC") owned a majority 84% stake in the Company and Baker Hughes Holding SPV Ltd. ("Baker Hughes") owned 5% stake in the Company, while 11% of our outstanding shares were publicly owned by other institutional and retail investors.

ADNOC Drilling is included in three of FTSE Russell's globally recognized indices including the FTSE Emerging Index, FTSE Global Large Cap Index and FTSE All-World Index. Furthermore, in the first quarter of 2022, ADNOC Drilling was also included as an inaugural member of the FADX 15 Index. The index is uniquely designed by ADX and FTSE Russell to track the performance of the most liquid and largest companies on the ADX main market.

Fourth Quarter 2023 Results

We expect to announce our fourth quarter 2023 results on or around February 13, 2024.

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November 14, 2023
ADNOC Drilling Company P.J.S.C.

Appendix: Glossary

Financial Terms

EBITDA represents Earnings Before Interest, Tax, Depreciation and Amortization

Net debt is calculated as total interest-bearing debt less cash and bank balances (including term deposits with banks) adjusted for lease liabilities.

Net debt to EBITDA ratio is calculated as interest-bearing net debt as of the end of the period presented, divided by EBITDA for the twelve months ended on the last day of the period presented.

Capital employed is calculated as the sum of total assets minus non-interest-bearing current liabilities.

Return on capital employed is calculated as operating profit for the twelve months ended on the last day of the period presented divided by capital employed on the last day of the period presented. Operating Profit is defined as profit excluding financing, tax and income and expenses from investments.

Leverage ratio is calculated as (a) interest-bearing net debt, divided by (b) the sum of interest-bearing net debt plus total equity.

Return on equity is calculated as profit for the period for the twelve months ended on the last day of the period presented divided by total equity on the last day of the period presented.

Operating Working capital is calculated as current assets excluding cash and bank balances minus current liabilities excluding lease liabilities.

Operating Cashflows are Net cash generated from operating activities as stated in the cash flow statement.

Free cash flow is calculated as net cash generated from operating activities less payments for purchase of property & equipment and advances to contractors and finance income received.

Opex represents Operating expenditure that includes direct cost and general and administrative expenses excluding depreciation, amortization and impairment as stated in the statement of profit or loss and other comprehensive income.

Capital expenditure is total cash capital expenditure for payments made for purchase of property and equipment including prepaid delivery payments as stated in the cash flow statement.

All financial terms have meaning as defined in the International Financial Reporting Standards ("IFRS") unless otherwise stated.

IFRS are accounting standards issued by the IFRS Foundation and the International Accounting Standards Board (IASB). They constitute a standardized way of describing the company's financial performance and position so that company financial statements are understandable and comparable across international boundaries.

Industry Terms

Rig means a drilling unit and equipment package and is an integrated system that drills Oil and gas wells, in the earths subsurface.

Standby is period when the works are unable to proceed and when the rig is put on standby for various reasons, waiting-on-weather or inspection, or any other reason based on the mutual understanding between the Company and the customer and as defined in the contract.

Planned Maintenance is a scheduled Turnaround maintenance. And it varies based on built year, class and design. Usually drilling rigs undergo major maintenance every five years subject to HSE and Asset Integrity Protocols. However, jack-up rigs may require outages during the intermediate two and half years for class renewal surveys.

Owned Rig includes rigs acquired through rig-built project or purchased from market, the title of which is transferred to ADNOC Drilling. The rig count also includes lease-to-own rigs.

Rented Rigs are rigs rented from 3rd party rig providers on the basis of back-to-back contracts with customers with minimal mark-up to cover for administrative overheads.

Rig availability is Cumulative of (Rig days less actual maintenance days less rig related non-productive time less actual rig move days) divided by Cumulative of (Rig days less planned maintenance days less planned rig move days).

Cautionary Statement Regarding Forward-Looking Statements

This communication includes forward-looking statements which relate to, among other things, our plans, objectives, goals, strategies, future operational performance, and anticipated developments in markets in which we operate and in which we may operate in the future. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond our control and all of which are based on management's current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "would", "intends", "estimates", "plans", "targets", or "anticipates" or the negative thereof, or other comparable terminology. These forward-looking statements and other statements contained in this communication regarding matters that are not historical facts involve predictions and are based on the beliefs of our management, as well as the assumptions made by, and information currently available to, our management. Although we consider that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure you that such expectations will prove to be correct. Given these uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to: our reliance on ADNOC Onshore and ADNOC Offshore for deploying rigs as per existing terms and conditions; failure to successfully implement our operating initiatives and growth plans, including our cost savings initiatives, due to general economic conditions, our reliance on information technology to manage our business; laws and regulations pertaining to environmental protection, operational safety, the extent of our related party transactions with ADNOC Group; the introduction of new taxes in the UAE; failure to successfully implement new policies, practices, systems and controls that we implemented in connection with or following our IPO; any inadequacy of our insurance to cover losses that we may suffer; general economic, financial and political conditions in Abu Dhabi and elsewhere in the UAE; instability and unrest in regions in which we operate; the introduction of new laws and regulations in Abu Dhabi and the UAE; and other risks and uncertainties detailed in our International Offering Memorandum dated September 6, 2021 relating to our initial public offering and the listing of our shares on the Abu Dhabi Securities Exchange, and from time to time in our other investor communications. Except as expressly required by law, we disclaim any intent or obligation to update or revise these forward-looking statements.