

ADNOC Drilling



THIRD QUARTER 2023 RESULTS PRESENTATION

NOVEMBER 14, 2023

ADNOC DRILLING



DISCLAIMER

This presentation has been prepared by ADNOC Drilling Company PJSC (the “**Company**”) based on publicly available information and non-public information to assist you in making a preliminary analysis of the content referenced herein solely for informational purposes. It should not be construed as an offer to sell or a solicitation of an indication of interest to purchase any equities, security, option, commodity, future, loan or currency including a private sale of shares in the Company (the “**Financing Instruments**”).

It is not targeted to the specific investment objectives, financial situation or particular needs of any recipient. It is not intended to provide the basis for any third-party evaluation of any Financing Instrument or any offering of them and should not be considered as a recommendation that any recipients should subscribe for or purchase any Financing Instruments.

The recipient agrees to keep confidential any information contained herein and any other written or oral information otherwise made available in connection with any potential transaction related to this presentation and shall not reproduce, publish, distribute or otherwise divulge such information to any other person(s) other than in accordance with any applicable non-disclosure agreements executed by the recipient with the Company.

None of the Company or any of its affiliates or advisors make any representation or warranty as to the fairness, accuracy, adequacy or completeness of the information, the assumptions on which it is based, the reasonableness of any projections or forecasts contained herein or any further information supplied or the suitability of any investment for your purpose. None of the Company or any of its affiliates or advisors, or their respective directors, officers or employees, share any responsibility for any loss, damage or other result arising from your reliance on this information. Each of the Company, its affiliates and advisors therefore disclaim any and all liability relating to this presentation including without limitation any express or implied representations or warranties for statements contained in, and omissions from, the information herein. No recipient of this presentation should rely upon any information contained in this presentation, including but not limited to any historical financial data, forward looking statements, forecasts, projections or predictions.

The Company, their affiliates, representatives and advisors are acting solely in the capacity of an arm’s length counterparty and not in the capacity of your financial advisor or fiduciary. Such information is represented as of the date and, if applicable, time indicated and the Company, its affiliates and advisors do not accept any responsibility for updating any such information.

Nothing in this presentation should be construed as an advice of, amongst others, legal, tax, regulatory, accounting or investment nature. The recipients should seek and rely upon the advice of its own professionals and other advisors for such matters.

This presentation may be recorded, and the Company will assume that by attending this presentation the recipient consents to such recording.



AGENDA & PRESENTERS

- 3Q Highlights
- Operational Highlights
- Financial Performance
- Guidance
- Closing Remarks
- Appendix



Abdulrahman Abdullah Al Seiri
Chief Executive Officer



Christopher McDonald
Chief Operating Officer



Youssef Salem
Chief Financial Officer

ADNOC Drilling



3Q HIGHLIGHTS



ROBUST EARNINGS GROWTH

DRIVEN BY EXPANDING RIG FLEET

Safety & Environment



▶ **40,868 GJ/Rig**

Energy intensity vs target of 41,708 GJ/Rig in 9M23

▶ **0.45 TRIR**

Vs target of 0.70 for 9M23

▶ **439 ktCO₂eq**

GHG absolute emissions, on target

Financial



▶ **14% YoY**

9M 2023 revenue increase

▶ **48% EBITDA margin**

Industry leading level

▶ **\$704m Net profit**

9M 2023, growing +24%YoY

Operational



▶ **1st International rig**

Mobilized rig to Jordan for integrated drilling program

▶ **+8 Rigs added**

Added 4 jack-ups to rig fleet count and integrated four lease-to-own land rigs

▶ **124 Owned rigs**

Including 4 lease-to-own land rigs, on track with target

EXECUTING ON OUR STRATEGY

LONG-TERM STRATEGY FOR GROWTH FOCUSED ON FOUR AREAS

ADNOC Production Increasing



Capitalize on ADNOC's plans to increase production capacity to 5 million barrels per day and 1bcf of gas

- ▶ Integrated 4 land rigs¹ and added 4 jack-ups

Unconventional Development



Become a Middle East regional leader in **unconventional** development

- ▶ 4 rigs drilling unconventional wells during 3Q23

Integrated Drilling Services (IDS) Ramp-up



Major **rig fleet expansion** program to support **upstream growth** plans

- ▶ Performed IDS on 41 rigs in 3Q23

New Revenue Streams



Pursue new business **inside and outside** of Abu Dhabi for **rigs, services and technology**

- ▶ JV with Alpha Dhabi and mobilized rig to Jordan



(1) Lease-to-own land rigs.

EXECUTING ON OUR STRATEGY

LONG-TERM STRATEGY FOR GROWTH FOCUSED ON FOUR AREAS

ADNOC Production Increasing



Capitalize on ADNOC's plans to increase production capacity to 5 million barrels per day and 1bcf of gas

► Integrated 4 land rigs¹ and added 4 jack-ups

Unconventional Development



Become a Middle East regional leader in **unconventional** development

► 4 rigs drilling unconventional wells during 3Q23

Integrated Drilling Services (IDS) Ramp-up



Major **rig fleet expansion** program to support **upstream growth** plans

► Performed IDS on 41 rigs in 3Q23

New Revenue Streams



Pursue new business **inside and outside of Abu Dhabi** for **rigs, services and technology**

► **JV with Alpha Dhabi and mobilized rig to Jordan**

Partnership with Alpha Dhabi

- JV to create dedicated platform targeting global investments in technology-enabled oilfield and energy service companies
- Enables broader portfolio offering for ADNOC Drilling as an integrated solution provider
- Insource and strengthen the value chain to increase resilience and help future proof the business and the UAE, leveraging strengths of both shareholders

Regional Expansion

- ADNOC Drilling mobilizes its first rig to Jordan for an IDS drilling campaign outside the UAE
- Delivers on regional expansion, building on track record of domestic growth and IDS capabilities

Executing on our strategy: OFS technology JV and first regional expansion

(1) Lease-to-own land rigs.

ADNOC Drilling



OPERATIONAL HIGHLIGHTS

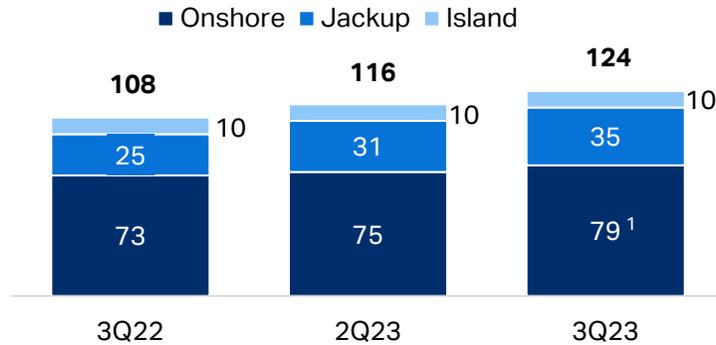




GROWING FLEET LEADING TO OPERATIONAL EFFICIENCY

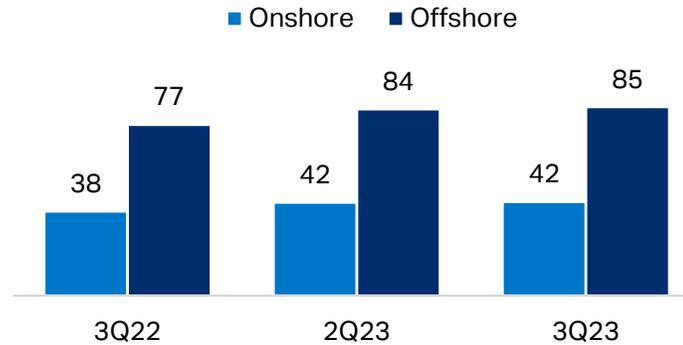
KEY OPERATIONAL HIGHLIGHTS

Owned Rigs

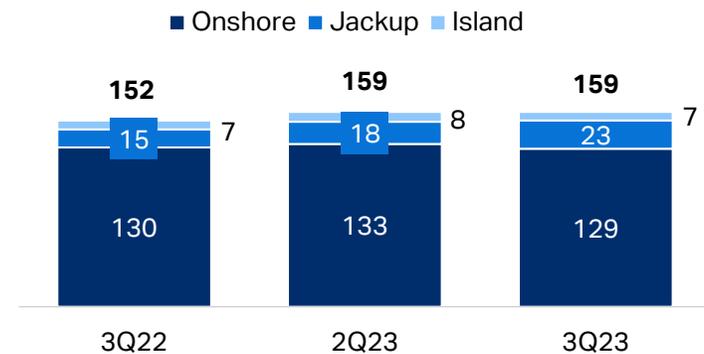


(1) Includes 4 lease-to-own land rigs

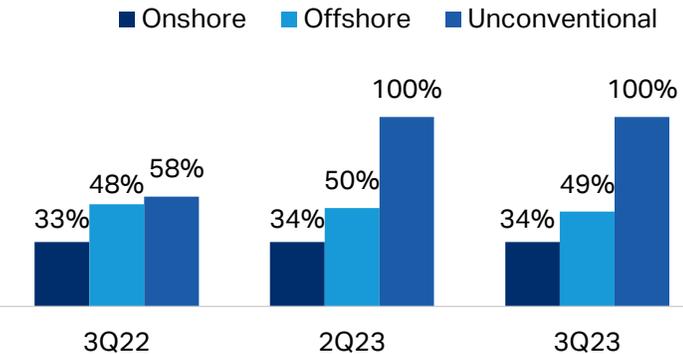
Drilling Average Duration (days)



Wells Drilled



Oilfield Services Market Share



Commentary



159 wells drilled in 3Q23 compared to 156 wells in 2Q23



Integrated four lease-to-own land rigs, expected to be purchased in the future.



Added 4 jack-ups into rig count in 3Q23, expected to commence operations around December 2023.



OFS performed IDS on 41 rigs in 3Q23. Started the intake of **7 additional IDS** rigs.



16% improvement in 3Q23 **IDS drilling efficiency** versus the 2022 benchmark



New services added to our OFS portfolio **driving share growth** - solid control equipment and liquid mud plants.

STRONG OPERATIONAL PERFORMANCE

SEGMENTAL OPERATING HIGHLIGHTS

Onshore



- 95% rig availability for Onshore operations in 3Q23 versus 94% in 2Q23.
- Completed ADNOC Drilling's second successful 5 ½" Frac String cement job utilizing ADNOC Drilling's cementing services. The second unconventional gas well delivered from the second unconventional batch on PAD2.
- Delivered the fastest 12-1/4" section in Diyab unconventional in 8.4 days against 15.5 planned and an average on all offset wells of 11.3 days
- AD-117 delivered well using first 3 ½ inch smart mono-bore completion in BAB

Offshore Jack-up and Offshore Island



- Maintained the 100% rig availability for Offshore Jack-up rigs in 3Q23
- Rig Al Danat – ADNOC Drilling newest addition was accepted by ADNOC Offshore and commenced its drilling activity.
- 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



- 59 wells delivered in 3Q23. Of the 19 benchmarked wells, 16 were delivered ahead of budget and schedule
- Started an additional 7 IDS rigs intake from ADNOC onshore.
- Drilled the Longest IDS well in NASR Field offshore Abu Dhabi, drilling 27,500 feet.
- Drilled the longest 8 ½" lateral section in Um Shaif field offshore Abu Dhabi with an average ROP of 67 feet/hr and a total footage 15,570 feet.

WE CONTINUE TO PURSUE AMBITIOUS ESG GOALS

ESG FRAMEWORK AND PERFORMANCE HIGHLIGHTS



Climate, Emissions and Energy

- Support ADNOC's target to decrease GHG intensity by 25% by 2030 and 50% by 2045
- Energy intensity at a target of 40,868 GJ/Rig in 9M23 versus the current actual of 41,708 GJ/Rig



Economic and Social Contribution

- Economic performance of the Company improved with the increase in number of rigs
- In-country value at 47.32% versus target of 60%



Health, Safety and Security

- **6 recordable incidents** across the business in 3Q23
- **TRIR at 0.45** versus target of 0.70 for 9M23



Local Environment

- Minimizing impacts through **best-in-class** environmental management system
- **Zero spill incidents** in 9M23



Workforce Diversity and Development

- Company commitment to **gender diversity and development at all levels** of the organization
- 82 nationalities across the workforce



Business Sustainability

- Integrate risk management across operations and business planning
- Strengthen collaboration in environmental protection, conservation and sustainable development

DECARBONIZATION INITIATIVES DRIVING ESG AGENDA

PURSUING AMBITIOUS GOALS

Camps Emission Abatement

Base Camp Grid Connectivity



- Madinat Zayed nearing completion, Tarif camp expected by year-end
- 2 more camps connected in early 2024

Solar for Mobile Camps



- Solar energy systems for a mobile camp nearing completion



Rigs Emission Abatement

Green Rig



- Acquired a total of 16 newbuild hybrid land rigs
- Energy Monitoring System in deployment

Battery Energy Storage System



- BESS to be installed on new-build rigs and select existing rigs



Sustainability Initiatives

Remote Operation Center (ROC)



- Enabling efficiencies by optimizing number of personnel at rig site
- Digitally focused workforce

Diesel optimization



- Fuel additive to improve combustion efficiency, trial under preparation



ADNOC Drilling



FINANCIAL PERFORMANCE



STRATEGIC PARTNERSHIP WITH ALPHA DHABI

FURTHER DEVELOPING AND SCALING UP ADNOC DRILLING'S INTEGRATED DRILLING AND OFS OFFERING

Strategic Rationale



- ADNOC Drilling and Alpha Dhabi have agreed to establish a strategic investment joint venture ("JV") to invest up to \$1.5 billion
- The JV will target global investments in technology-enabled oilfield and energy service companies
- Partnership underpins ADNOC Drilling's market-leading position as an IDS provider, powering its growth and expansion strategy

Value Accretion



- Leveraging ADNOC Drilling's scalable ecosystem, JV will invest in value-accretive businesses in OFS / energy technologies value chain
- Identify a pipeline of transactions focused on OFS segments, e.g. downhole & completion, stimulation & production, seismic & reservoir
- Targeting value-accretive transactions to both shareholders, synergistic with ADNOC Drilling's OFS business

Structure

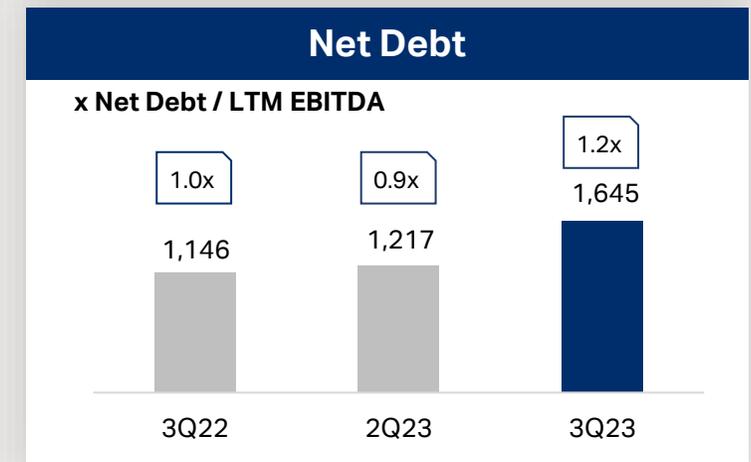
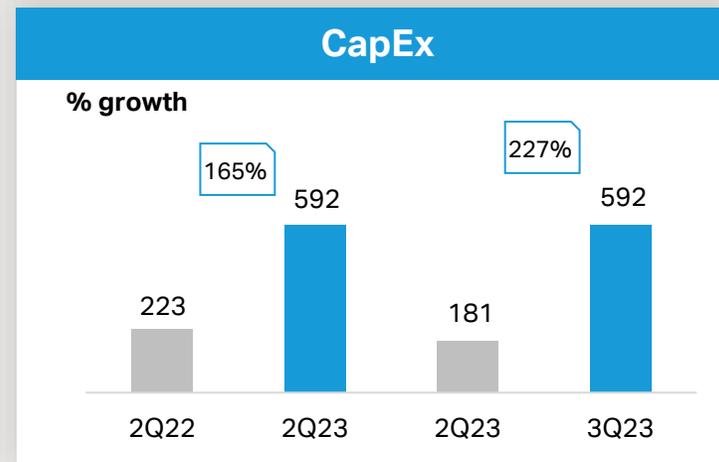
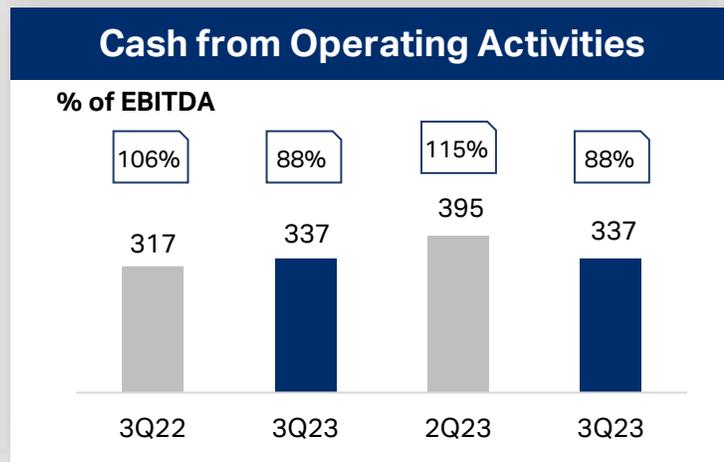
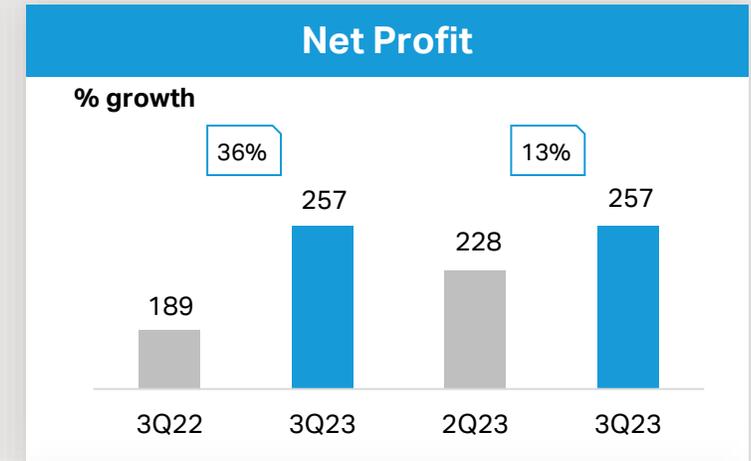
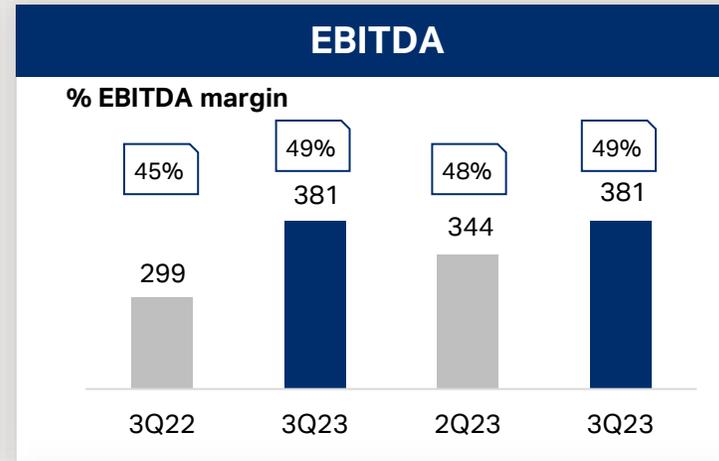
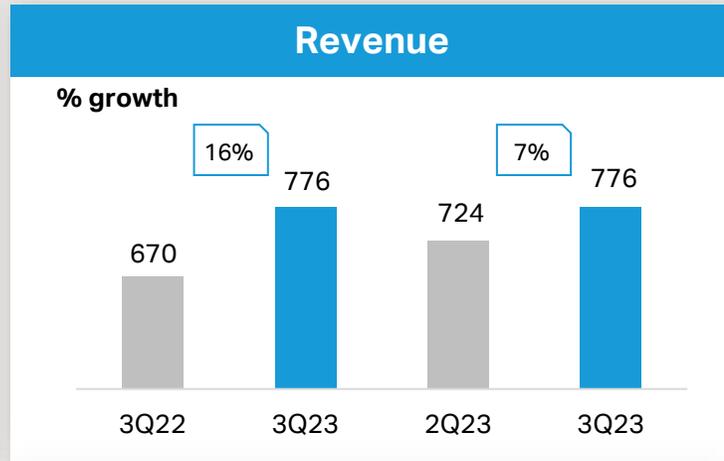


- The JV will be jointly controlled by ADNOC Drilling (51%) and Alpha Dhabi (49%), two leading Abu Dhabi entities with growth and agile execution capabilities
- Lunate Capital Limited will provide asset management & advisory support to the JV
- ADNOC Drilling expects to account for the JV through the equity method

FINANCIAL HIGHLIGHTS

STRONG REVENUE GROWTH DRIVES UP PROFITABILITY

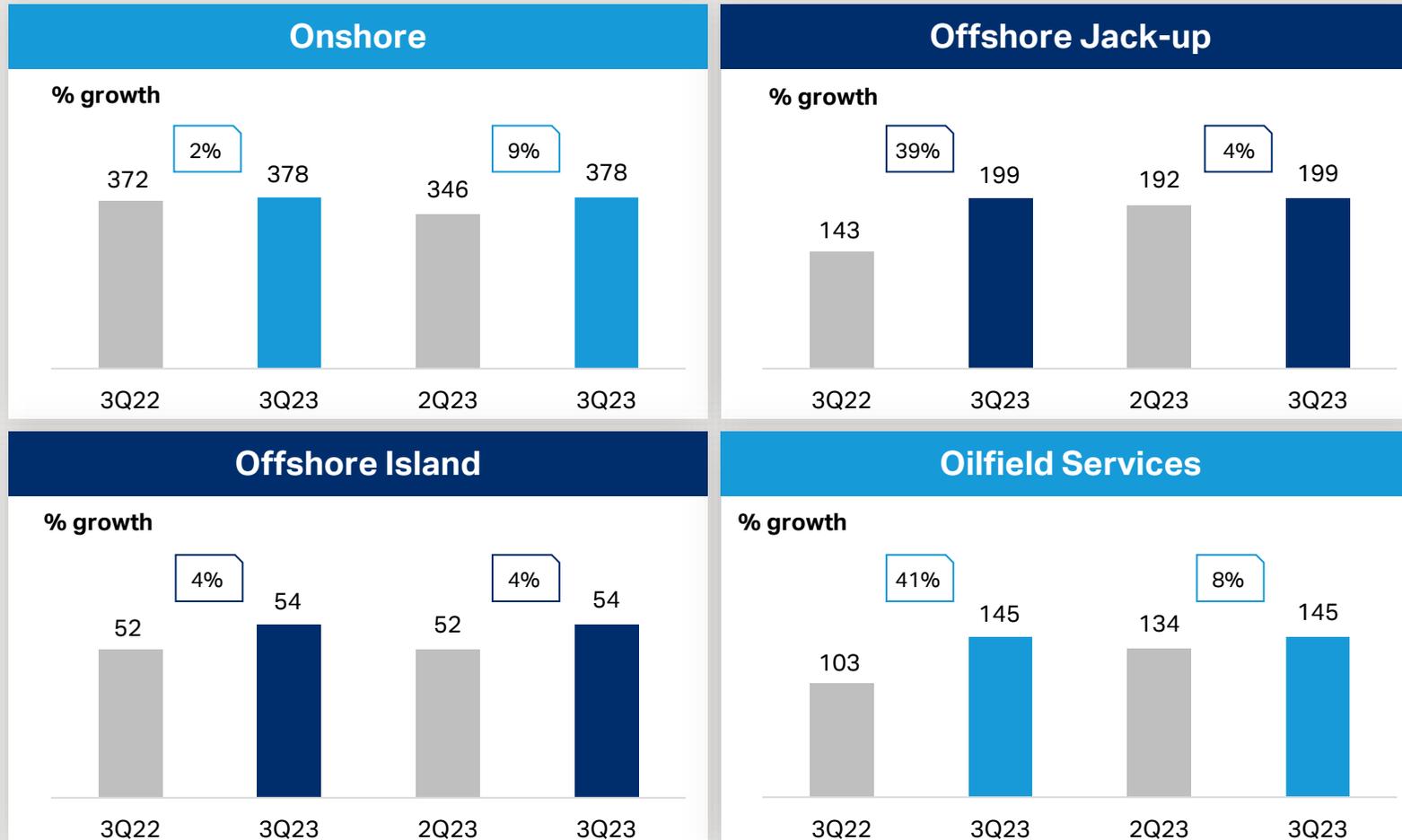
(USD, Millions)



SEGMENTAL REVENUE

TOP-LINE YEAR-ON-YEAR GROWTH ACROSS ALL BUSINESS SEGMENTS

(USD, Millions)



Commentary

Growth across all segments drives 16% YoY increase in revenue to \$776 million



Onshore: 3Q23 revenue increased 2% YoY due to increased activity levels which offset lower recovery of fuel costs. QoQ revenue up 9% due to contribution of lease-to-own rigs entering the fleet



Offshore Jack-up: 3Q23 revenue up 39% YoY due to higher activity and lower major maintenance. QoQ increased 4% driven by one additional rig integrated into operations



Offshore Island: 3Q23 revenue up 4% YoY due to increased activity. QoQ up 4% higher activity and an additional operating day in the quarter

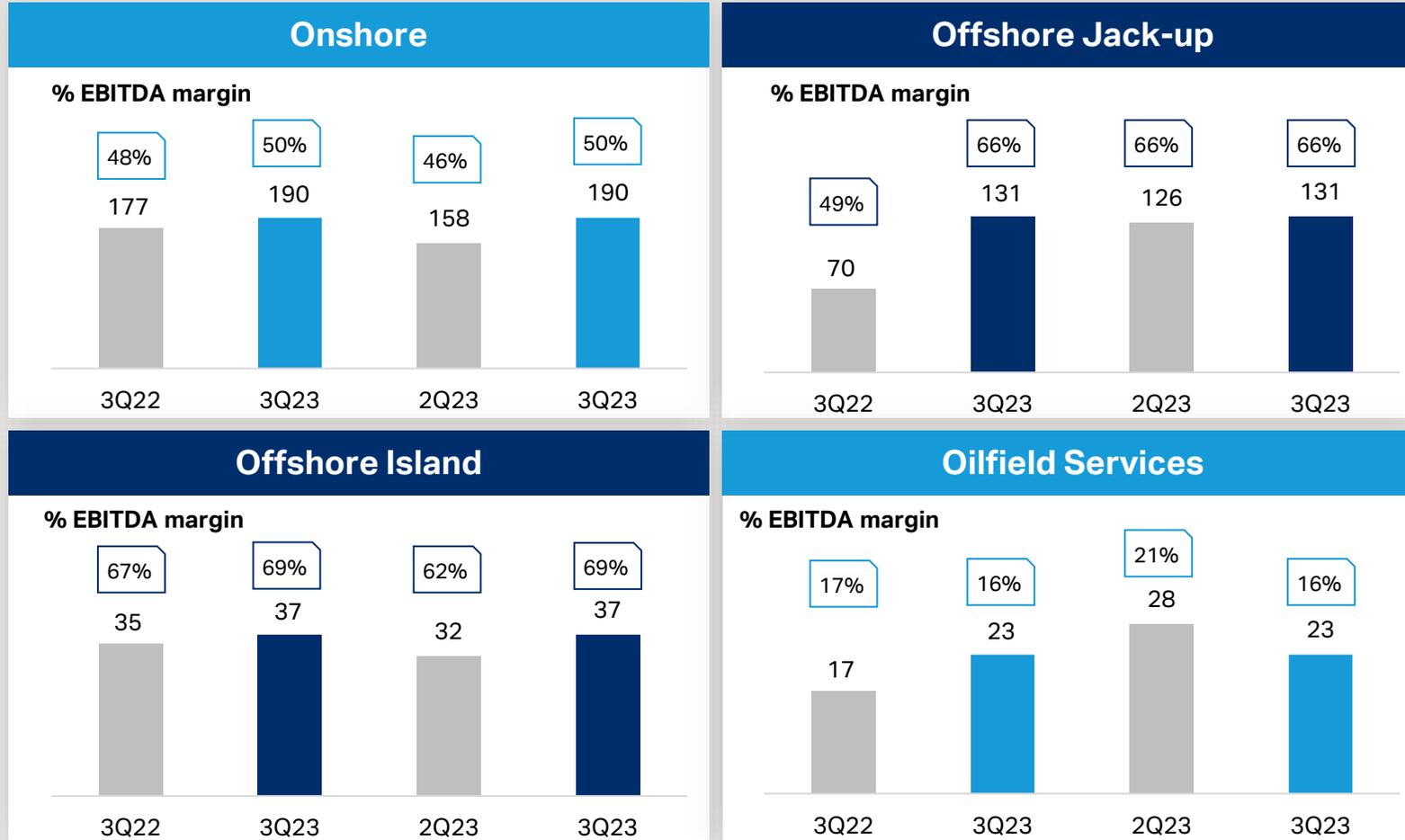


OFS: 3Q23 revenue increased 41% YoY due to increased activity. QoQ revenue up 8% driven by one-off sales of certain materials

EBITDA GENERATION

INDUSTRY-LEADING MARGINS

(USD, Millions)



Commentary

3Q23 EBITDA up 27% YoY driven by strong revenue growth, with leading margins



Onshore: 3Q23 EBITDA up 7% YoY driven by higher revenue and lower operating expenses. QoQ up 20%, with over 4p.p. in margin expansion due to similar reasons as above



Offshore Jack-up: 3Q23 EBITDA up 87% YoY due to higher revenue and lower major maintenance activity. The growth in revenue and stable expenses led to a 4% QoQ growth



Offshore Island: 3Q23 EBITDA up 6% YoY due to higher revenue. QoQ up 16% due to growth in revenue and lower operating expenses



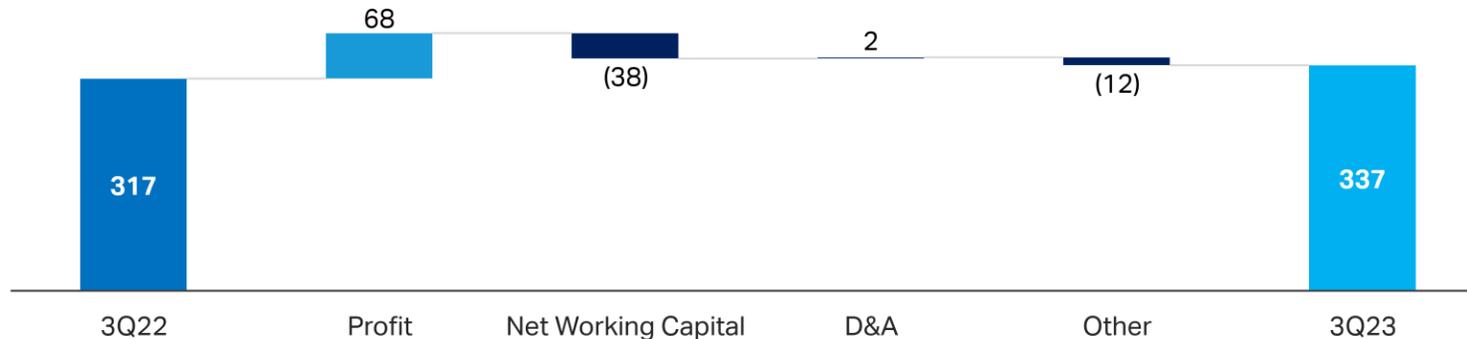
OFS: 3Q23 EBITDA increased 35% YoY driven by strong revenue growth. QoQ decreased 18% mainly due to inflationary cost pressure and low margins associated with one-off sale

STRONG CASHFLOW AND BALANCE SHEET

HEALTHY CASH POSITION WITH AMPLE LIQUIDITY TO POWER RIG FLEET GROWTH

(USD, Millions)

Cash from Operating Activities



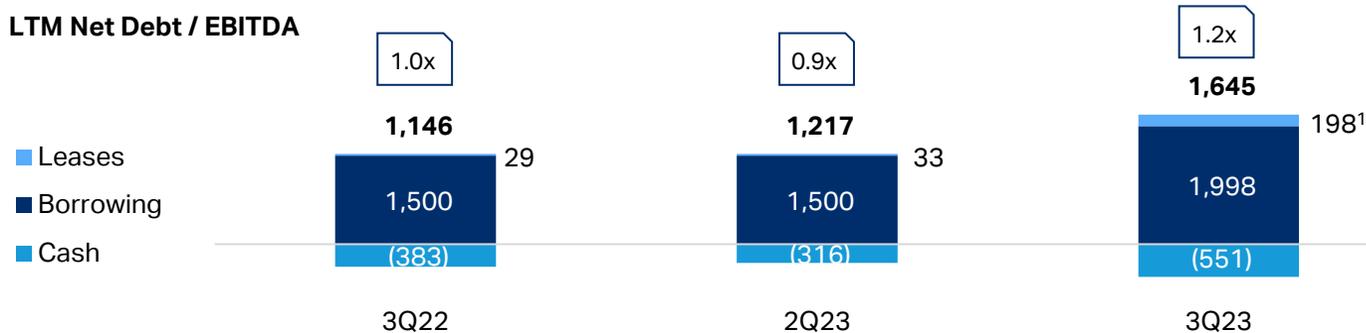
Commentary

Cash from Operating Activities

- 3Q23 cash from operating activities stood at \$337 million, up 6% from the prior year
- Net profit increase supported the year-on-year improvement
- Operating working capital up 18% YoY due to increased net balance with related parties

Net Debt

LTM Net Debt / EBITDA



Net Debt

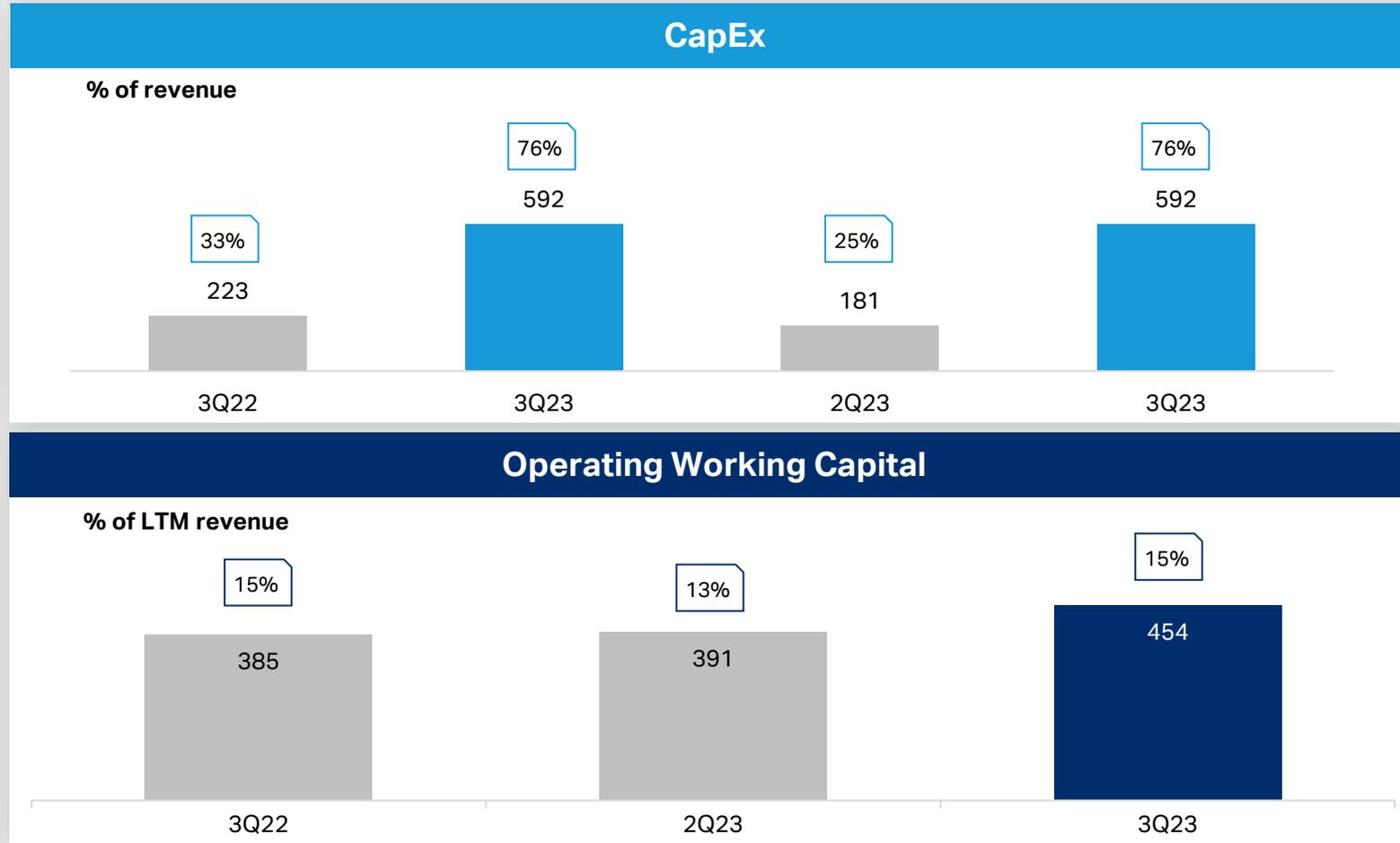
- Net Debt / EBITDA ratio increased QoQ from 0.9x to 1.2x as the Company continues executing its CapEx program
- Liquidity at \$1.3 billion, including unutilized syndicated term and revolving facilities
- On October 27, the Company announced a new syndicated loan for \$1,500 million and entered into a new revolving credit facility for AED 1,840 million

(1) Sequential increase driven by the addition of four new lease-to-own land rigs.

CAPEX SUPPORTS FLEET EXPANSION

DELIVERING ON THE ANTICIPATED INVESTMENT RAMP-UP

(USD, Millions)



Commentary

CapEx

- 3Q23 CapEx of \$592 million, in line with the expected ramp-up in rig acquisitions
- Rig fleet expansion program progressing, supported by four jack-ups entering the fleet during the third quarter
- Integrated four lease-to-own land rings, with plan to purchase them in the future

Operating Working Capital

- Operating working capital increased 18% YoY driven by the increased net balance with related parties, which last year benefitted from meaningful collections
- Part of the increase in receivables is due for collection in the fourth quarter, supporting a reduction towards the targeted range of working capital on annualized revenue

ADNOC Drilling 

GUIDANCE



ACCELERATED GROWTH TARGETS

FY2023 GUIDANCE UPDATED ON HIGHER VISIBILITY, MEDIUM-TERM GUIDANCE REITERATED

(USD, Millions)	FY2023 Guidance	FY2023 Updated Guidance
Revenue	3,000 - 3,200	3,000 - 3,200
<i>Onshore Revenue</i>	1,500 - 1,600	1,500 - 1,600
<i>Offshore Jack-up Revenue</i>	800 - 900	800 - 900
<i>Offshore Island Revenue</i>	200 - 250	200 - 250
<i>Oilfield Services Revenue</i>	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

Medium-Term Guidance

- Revenue CAGR in the 12-16% range
- EBITDA margin 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%
- Owned rig count to total 142 by the end of 2024, compared to IPO guidance of 127 rigs by the end of 2030
- CapEx over the coming two-year period ending 2024 to be between \$2.0 - \$2.5 billion
- Maintenance CapEx post-2024 of \$200 - \$250 million per annum
- Annual dividend growth of at least 5% per annum over the next four years (2023 - 2026)

ADNOC Drilling 

CLOSING REMARKS



CLOSING REMARKS



Strong earnings growth driven by expanding fleet and cost efficiencies



New technology partnership and first step into regional expansion with IDS



Delivering on our ESG agenda by pursuing ambitious goals



Enabling ADNOC's accelerated production capacity targets



Delivering on FY2023 targets while executing on our strategy



ADNOC Drilling 

APPENDIX



FINANCIAL SUMMARY 3Q23

(USD, Millions)	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%
EBITDA²	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%
Net cash generated 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 (\$) ⁵	0.0161	0.0118	36%	0.0143	13%	0.0440	0.0355	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: Not 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

(4) Interest bearing liabilities less cash and cash equivalents

(5) Number of shares for earnings per Share calculation in the comparatives are adjusted as if the share split and capitalization had taken place as at 1 Jan 2021.

SEGMENTAL RESULTS 3Q23

(USD, Millions)	3Q23	3Q22	YoY	2Q23	QoQ	9M23	9M22	YoY
Revenue	776	670	16%	724	7%	2,216	1,940	14%
Onshore	378	372	2%	346	9%	1,079	1,074	0%
Offshore Jack-up	199	143	39%	192	4%	575	431	33%
Offshore Island	54	52	4%	52	4%	157	153	3%
Oilfield Services (OFS)	145	103	41%	134	8%	405	282	44%
Total OPEX¹	(395)	(371)	6%	(380)	4%	(1,158)	(1,061)	9%
Onshore	(188)	(195)	-4%	(188)	0%	(557)	(557)	0%
Offshore Jack-up	(68)	(73)	-7%	(66)	3%	(215)	(210)	2%
Offshore Island	(17)	(17)	0%	(20)	-15%	(56)	(60)	-7%
Oilfield Services (OFS)	(122)	(86)	42%	(106)	15%	(330)	(234)	41%
EBITDA²	381	299	27%	344	11%	1,058	879	20%
Onshore	190	177	7%	158	20%	522	517	1%
Offshore Jack-up	131	70	87%	126	4%	360	221	63%
Offshore Island	37	35	6%	32	16%	101	93	9%
Oilfield Services (OFS)	23	17	35%	28	-18%	75	48	56%
Net Profit	257	189	36%	228	13%	704	568	24%
Onshore	136	130	5%	111	23%	377	392	-4%
Offshore Jack-up	86	32	169%	83	4%	228	108	111%
Offshore Island	26	23	13%	20	30%	66	58	14%
Oilfield Services (OFS)	9	4	125%	14	-36%	33	10	230%

(1) Operational expenses including allocated G&A

(2) Underlying EBITDA includes other income

OUR INVESTMENT PROPOSITION

VALUE CREATION PROFILE



Near-term growth plans driven by the expansion of production capacity from 4 to 5 million barrels per day by 2027

Key enabler in achieving UAE's goal of gas self-sufficiency and development of unconventional resources by 2030

Exclusive provider of drilling rig services in Abu Dhabi through long-term contracts with guaranteed minimum IRRs

Strong and growing in-house oilfield services capabilities, enabling additional value to be extracted from each rig

Further potential from disciplined regional expansion as well as developing new revenue streams



THANK YOU

www.adnocdrilling.ae

ir@adnocdrilling.ae

