ADNOC Drilling

ADNOC DRILLING COMPANY P.J.S.C.

First Quarter 2024 Earnings

Management Discussion & Analysis Report

May 13, 2024

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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 first quarter of 2024 with record revenue and EBITDA. The Company generated revenue of $886 million, increasing 24% year-on-year and 5% sequentially. The strong top-line translated into EBITDA growth of 31% year-on-year and 3% sequentially to $437 million, with a margin of 49%.

On January 9, 2024, ADNOC Drilling Company PJSC and Alpha Dhabi Holding PJSC (“Alpha Dhabi”) announced the incorporation of its strategic investment joint venture (“JV”) named “Enersol” at Abu Dhabi Global Market. ADNOC Drilling holds a majority 51% stake in the JV, with the remaining 49% held by Alpha Dhabi. As the inaugural investment, Enersol acquired 25% equity stake in Gordon Technologies (“Gordon”), a leading provider of measurement while drilling (“MWD”) technology to the oil and gas industry in the USA. The equity stake has been valued at circa $180 million. Starting from this quarter, the JV’s financial results have been accounted for by ADNOC Drilling through the equity method starting from first quarter 2024 in the “Share of profit of joint venture” line of the income statement.

Net profit also grew, up 26% year-on-year to $275 million. Sequentially, the 16% decrease in net profit was driven by a $55 million reduction in depreciation in the fourth quarter, $42 million of which was the one-off full-year impact, due to the change in remaining useful life and residual value estimates of assets, along with a more granular approach in asset recognition. Excluding $42 million one-off from fourth quarter 2023, the normalized net profit sequential decrease would have been 4%, mainly driven by higher interest expenses in the first quarter of 2024.

For the full year 2024, depreciation expense is expected to be higher than 2023 due to the increase related to the rig fleet expansion.

The Company accrued $27 million in taxes in the first quarter, on the back of the introduction of a 9% income tax from January 1, 2024. The Company has invoiced the clients for the reimbursement of these taxes as per the contracts.

ADNOC Drilling continues to capitalize on its unique position as a critical enabler of ADNOC’s plans to responsibly accelerate production capacity growth to 5 million barrels per day by 2027.

The Company’s strong performance in the quarter was mainly driven by the full operational impact of land and jack-up rigs commissioned in stages over the course of 2023 and the first quarter 2024.

Among the five hybrid land rigs that entered the rig fleet count in the fourth quarter of 2023, two started operations in the last few days of last year, two gradually started operations in the first quarter of 2024 and one is expected to start during the second quarter of 2024. Moreover, the Company added eight more hybrid land rigs to the fleet count in the first quarter of 2024. These eight rigs are gradually beginning operations with the majority of them expected to commence operations in the middle-to-end of the second quarter.

At the end of the first quarter, the fleet consisted of 137 rigs (133 owned plus four lease-to-own land rigs). The overall owned fleet availability was 97% at the end of the quarter. In addition, oilfield Services (“OFS”) continued to grow year-on-year with the number of IDS rigs increasing sequentially to 49 rigs from 48 in the prior quarter.

New Dividend Policy 2024-2028

The Board of Directors has recommended a new, progressive dividend policy with dividends expected to grow by at least 10% per annum on a dividend per share basis over the next five years (2024-2028).

Moreover, the Board of Directors, at its discretion, may consider additional dividends over and above the progressive dividend policy after taking into account growth opportunities while maintaining net debt/EBITDA up to 2x, excluding transformative M&A.

The new dividend policy is subject to shareholder approval at an upcoming General Shareholder Meeting, the date of which will be advised shortly.

As per the policy, dividends are expected to be paid semi-annually with a final dividend distributed to shareholders in the first half and the payment of the interim dividend in the second half of each fiscal year.

Key Financials

USD Million	1Q24	1Q23	*YoY*	4Q23	*QoQ*
Revenue	**886**	**716**	**24%**	**841**	**5%**
Opex[1]	(451)	(383)	18%	(417)	8%
Share of profit of joint venture	2	-	NM	-	NM
EBITDA[2]	**437**	**333**	**31%**	**424**	**3%**
Depreciation	(107)	(102)	5%	(75)	43%
Finance cost-net	(29)	(12)	133%	(20)	40%
Taxes	(27)	-	NM	-	NM
Net profit	**275**	**219**	**26%**	**329**	**-16%**
Net profit (normalized)[3]	**275**	**219**	**26%**	**287**	**-4%**
EBITDA margin	49%	47%	2%	50%	-1%
Net profit margin	31%	31%	0%	39%	-8%
Cash generated from operating activities	347	226	54%	397	-13%
Capital Expenditure[4]	(110)	(76)	45%	(213)	-48%
Investment in joint venture	(88)	-	NM	-	NM
Free cash flow	153	153	-	187	-18%
Total equity	3,181	3,150	1%	3,265	-3%
Net debt[5]	2,071	1,077	92%	1,827	13%
Earnings per Share ($ per Share)	0.0172	0.014	26%	0.0206	-16%
Capital employed	5,691	4,827	18%	5,633	1%
Return on capital employed	20%	18%	2%	19%	-1%
Net debt to LTM EBITDA	1.3	0.8	0.5	1.2	0.1
Leverage ratio	39%	25%	14%	36%	-3%
Return on equity	34%	27%	7%	32%	-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) Excluding from fourth quarter 2023 $42 million one-off full-year positive impact of reduction in depreciation from the change in remaining useful life and residual value estimates of assets, along with a more granular approach in asset recognition. Reported fourth quarter 2023 Net profit was $329 million, and Earnings per share was $0.021. (4) Cash payments for purchase of property and equipment including prepaid delivery payments, excluding CapEx accruals (see page 13 for more details); (5) Interest bearing liabilities less cash and cash equivalents.

Post-Period Developments - Subsequent to First Quarter

ADNOC Drilling has been awarded a transformational $1.7 billion contract to provide drilling and associated services for the recovery of unconventional energy resources. The contract will see ADNOC Drilling deliver 144 unconventional oil and gas wells. ADNOC Drilling will leverage the technology pipeline of its strategic joint venture Enersol and ADNOC's world-leading AI, digitization, and advanced technologies to contribute to responsible energy delivery.

To service the contract, and explore the considerable future opportunities in unconventional resources, ADNOC Drilling has incorporated a new company, Turnwell Industries LLC OPC ("Turnwell"). ADNOC Drilling has signed a term sheet with industry leaders SLB and Patterson UTI for potential partnership and support with the latest technology, specialist services and innovations in the unconventional energy drilling space subject to signing definitive agreements and any necessary regulatory approvals. ADNOC Drilling intends to retain at least a 55% stake in Turnwell.

Unconventional energy refers to oil and gas resources trapped in subsurface reservoirs requiring additional technology and processes to unlock them. Abu Dhabi today holds an estimated 220 billion barrels of unconventional oil and 460 TCF of unconventional gas in place. The opportunity in unconventional energy presents outstanding scale with the production potential comparable to some of the most plentiful unconventional energy resources in the U.S.

The Company's full-year 2024 and mid-term guidance only captures this initial award, creating significant potential upside to ADNOC Drilling's business and financials in the mid to long-term.

Segmental Results

Onshore

USD Million	1Q24	1Q23	*YoY*	4Q23	*QoQ*
Revenue	411	355	16%	416	-1%
Opex	(221)	(182)	21%	(213)	4%
EBITDA	190	173	10%	203	-6%
Net profit	130	127	2%	194	-33%

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

First Quarter (Year-on-Year Performance)

First quarter revenue increased 16% year-on-year to $411 million from $355 million, mainly due to increased onshore activity on the back of new rigs commencing operations.

Operating expenses increased to $221 million from $182 million in the same quarter last year. This was driven by the phasing of major maintenance, higher activity from new rigs (e.g. manpower), and mobilization costs related to our operations in Jordan. The increase was partly offset by realized cost efficiencies.

The combination of the above led to an EBITDA increase of 10% year-on-year to $190 million with a margin of 46%.

Net profit increased 2% in the first quarter of 2024 to $130 million from $127 million in the same period last year. The profit margin stood at 32%, a year-on-year decrease mainly driven by the operating expenses trend described above.

First Quarter (Sequential Performance)

Revenue in the first quarter decreased 1% sequentially to $411 million from $416 million, due to less operating days in the quarter. Moreover, fourth quarter 2023 benefitted from the positive impact from long-range rig moves, excluding which revenue would have increased sequentially by 3%.

Operating expenses increased 4% quarter-on-quarter, driven by incremental manpower costs, mobilization costs incurred for our operations in Jordan, along with the associated costs for rigs which commenced operation in the quarter. This was partly offset by cost efficiency measures.

As a result of the combination above, EBITDA decreased 6% sequentially to $190 million from $203 million.

Net profit decreased sequentially to $130 million in the first quarter from $194 million with a margin of 32%. The margin decrease was mainly driven by the one-off impacts on revenue and depreciation explained above.

Offshore Jack-up

USD Million	1Q24	1Q23	*YoY*	4Q23	*QoQ*
Revenue	278	184	51%	225	24%
Opex	(96)	(79)	22%	(77)	25%
EBITDA	182	105	73%	148	23%
Net profit	110	62	77%	75	47%

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

First Quarter (Year-on-Year Performance)

First quarter revenue increased 51% year-on-year to $278 million from $184 million mainly due to higher activity from the additional jack-up rigs contributing revenue.

Operating expenses reached $96 million, a 22% year-on-year increase, driven by the increase in rig activity and costs associated with the fleet expansion, partly offset by realized cost efficiencies.

As a result, EBITDA grew 73% year-on-year to $182 million, with a margin of 65%, representing an expansion of around 8 percentage points.

Net profit was up 77% to $110 million with a margin at 40%, a year-on-year increase of around 6 percentage points.

First Quarter (Sequential Performance)

Revenue in the first quarter of 2024 increased 24% sequentially to $278 million from $225 million, driven by the jack-ups that began contributing revenue from December 2023.

Operating expenses increased broadly in-line with revenue by 25% to $96 million from $77 million in the prior quarter, driven by incremental manpower costs and cost associated with the jack-up rigs starting operations in December 2023.

As a result, EBITDA increased 23% sequentially to $182 million from $148 million with a margin of 65%.

Net profit increased 47% quarter-on-quarter, reaching $110 million from $75 million, mainly driven by the EBITDA increase, leading to a significant margin expansion.

Offshore Island

USD Million	1Q24	1Q23	*YoY*	4Q23	*QoQ*
Revenue	51	51	0%	52	-2%
Opex	(20)	(19)	5%	(19)	5%
EBITDA	31	32	-3%	33	-6%
Net profit	21	20	5%	47	-55%

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

First Quarter (Year-on-Year Performance)

First quarter revenue amounted to $51 million, in line with the first quarter of 2023, as activity was broadly stable year-on-year.

Operating expenses were $20 million, slightly increasing year-on-year due to the maintenance cost related to three rigs gradually restarting operations later in the year, starting from the second quarter. The restart of operations of those rigs is not expected to substantially contribute to an increase in revenue, in light of the contractual framework with client.

Due to stable revenue and slightly higher Opex, EBITDA decreased to $31 million in the quarter from $32 million in the prior year with a margin of 61%.

Net profit slightly increased to $21 million from $20 million a year ago, benefitting from the reduction of depreciation as a result of a more granular approach in asset recognition.

First Quarter (Sequential Performance)

First quarter revenue decreased 2% sequentially to $51 million from $52 million, driven by less operating days in the quarter.

Operating expenses increased 5% to $20 million due to an increase of maintenance costs, described earlier, to support the rigs gradually entering operations from the second quarter of 2024.

EBITDA decreased 6% sequentially to $31 million from $33 million.

Net profit decreased sequentially by 55%, driven by the one-off reduction in depreciation in the fourth quarter of 2023, described earlier.

Oilfield Services

USD Million	1Q24	1Q23	YoY	4Q23	QoQ
Revenue	146	126	16%	148	-1%
Opex[1]	(114)	(103)	11%	(108)	6%
Share of profit of joint venture	2				
EBITDA[2]	34	23	48%	40	-15%
Net profit	14	10	40%	13	8%

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

First Quarter (Year-on-Year Performance)

First quarter revenue increased 16% to $146 million from $126 million in the same period last year, driven by increased activity in drilling fluids and directional drilling. The overall volume of activity of the segment is expected to increase throughout the year, in-line with planned phasing and driven by IDS rigs ramp-up and unconventionals.

Operating expenses increased 11% to $114 million from $103 million, as a result of increased activity, partly offset by cost efficiencies.

Additionally, the segment recorded a $2 million share of net profit from the newly established joint venture named “Enersol” (“Share of profit of joint venture”).

As a result, EBITDA increased 48% year-on-year to $34 million, with EBITDA margin improvement of four percentage points reaching 23%.

Net profit increased 40% year-on-year driven by the increase in EBITDA, which more than offset the increase in depreciation for additional OFS tools.

First Quarter (Sequential Performance)

First quarter revenue decreased 1% sequentially to $146 million from $148 million, mainly due to activity phasing (e.g. lower frac activity in first quarter). As already mentioned, the overall volume of activity of the segment is expected to increase throughout the year, in line with planned phasing and driven by IDS rigs ramp-up and unconventionals.

Operating expenses amounted to $114 million, a 6% sequential increase, mainly driven by activity mix characterized by more directional drilling and lower frac activity.

As a result, EBITDA decreased 15% sequentially to $34 million from $40 million, with a 23% EBITDA margin.

Net Profit increased 8% in the quarter to $14 million, driven by a sequential reduction of depreciation, as fourth quarter 2023 recorded a one-off increase related to the alignment of depreciation period for certain OFS tools.

Operating Working Capital

USD Million	31 Mar 24	31 Mar 23	*YoY*	31 Dec 23	*QoQ*
Current Assets[1]	**1,460**	**1,091**	**34%**	**1,347**	**8%**
Inventories	217	190	14%	206	5%
Trade & other receivables	136	115	18%	154	-12%
Due from related parties	1,107	786	41%	987	12%
Current Liabilities[2]	**1,119**	**649**	**72%**	**1,108**	**1%**
Trade & other payables	854	397	115%	858	-
Due to related parties	265	252	5%	250	6%
Operating Working Capital	**341**	**442**	**-23%**	**239**	**43%**

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

The Company's continued focus on improving working capital delivered positive results. Operating working capital improved considerably over the course of the first quarter of 2024 ending at $343 million, a 23% year-on-year decrease. This was driven by continued focus on collections from related parties.

Net working capital increased by 43% sequentially, mainly driven by the increase of receivables due from related parties, as the activity grew with new rigs becoming operational.

Net working capital as a percentage of revenue stood at 11% at the end of the first quarter of 2024, a significant improvement year-on-year, driven by collections.

The normalized ratio at the end of the first quarter was 12%, once adjusted for the impact from phasing of capital expenditure related payments at quarter-end. The normalized ratio was stable sequentially.

As the Company growth plans materialize, the Company expects to maintain a net working capital on revenue ratio of around 12% in the medium term.

Free Cash Flow

USD Million	1Q24	1Q23	*YoY*	4Q23	*QoQ*
Cash from operating activities	347	226	54%	397	-13%
Cash used in investing activities[1]	(194)	(73)	166%	(210)	-8%
Free Cash Flow	**153**	**153**	**-**	**187**	**-18%**

NM = Not Meaningful

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

(1) Cash payments for purchase of property and equipment (including prepaid delivery payments, excluding capex accruals), and investments in joint ventures

Free cash flow stood at $153 million in the first quarter of 2024, flat compared to the prior year mainly driven by the $88 million investment made in Enersol which acquired 25% of Gordon Technologies and higher cash CapEx, more than offsetting the improvement in working capital.

Free cash flow decreased 18% sequentially from $187 million to $153 million as a result of the decrease in net cash generated from operating activities, driven by net working capital.

Balance Sheet

USD Million	31 Mar 24	31 Mar 23	YoY	31 Dec 23	QoQ
Total Assets	**6,809**	**5,476**	**24%**	**6,741**	**1%**
Non-current assets	5,092	3,911	30%	5,029	1%
Current assets[1]	1,460	1,091	34%	1,347	8%
Assets Held for sale	11	11	100%	11	0%
Cash and cash equivalents	246	463	-47%	354	-31%
Total Liabilities	**3,628**	**2,326**	**56%**	**3,476**	**4%**
Non-current liabilities	2,438	143	1605%	2,331	5%
Current liabilities	1,190	2,183	-45%	1,145	4%
Total Equity	**3,181**	**3,150**	**1%**	**3,265**	**-3%**
Share capital	436	436	-	436	0%
Statutory Reserve	218	140	56%	218	0%
Retained earnings	2,527	2,574	-2%	2,611	-3%
Total Equity and Liabilities	**6,809**	**5,476**	**24%**	**6,741**	**1%**

(1) Excludes cash and bank balances

Total Assets for the period ending March 31, 2024, amounted to $6,809 million year, an increase of 24% year on year from $5,476 million. This was mainly due to an increase in non-current assets by 30% to $5,092 million from $3,911 million on the back of the new rig acquisitions associated with the fleet expansion program and a 34% increase in current assets driven by increased activity.

Cash and cash equivalents decreased to $246 million from $463 million year-on-year mainly due to payments for CapEx from the second quarter 2023 until the first quarter 2024, dividends paid during the same period (final dividend for the year 2022 of $341 million and total dividends of $717 million for the year 2023, of which $358 million paid in the first quarter of 2024 as final dividend 2023), and $88 million investment in Enersol made in the first quarter 2024. These payments more than offset debt drawdowns of around $665 million.

As of March 31, 2024, the Company's liquidity headroom (including unutilized syndicated term and revolving facilities) was around $1.3 billion.

Total liabilities increased 56% to $3,628 million as of March 31, 2024, from $2,326 million in the prior year period. The change was mainly attributable to the drawdowns of $665 million made against the Company's available facilities between the third quarter of 2023 and the first quarter of 2024, accounted for in non-current liabilities.

As disclosed in the prior reporting periods, the utilized syndicated loan of $1,500 million was 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 increased by $505 million due to higher payables driven by CapEx accruals and deferred mobilization liability for new rigs.

On October 27, 2023, the Company entered into 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 has been used to repay the earlier syndicated term loan for an equal amount which expired in November 2023, while the new revolving credit facility will fund the Company's growth and the associated working capital.

The existing $1,500 million syndicated loan, the $500 million term loan and the $165 million (AED 600 million) drawdown under the Emirati dirham revolving credit facility, have been classified as non-current liabilities in the first quarter 2024.

The classifications of the drawn facilities between non-current and current liabilities in 2022 and 2023 led to current liabilities year-on-year decrease to $1,190 million in March 2024 from $2,183 million a year ago. For the same reason, non-current liabilities increased year-on-year from $143 million to $2,439.

Total Assets for the period ending March 31, 2024, increased 1% sequentially to $6,809 million from $6,741 million at the end of December 2023. Non-current assets slightly increased to $5,092 million from $5,029 million, while current assets increased sequentially by 8% to $1,460 million from $1,347 million due to increased activity. The increase in current assets was offset by the sequential decrease in cash and cash equivalents to $246 million from $354 million.

Total liabilities increased by 4% to $3,628 million at the end of the first quarter of 2024 from $3,476 million at the end of 2023, driven by the $165 million (AED 600 million) drawdown of Emirati dirham revolving credit facility during the first quarter 2024.

As of today, AED 300 million out of the AED 600 million drawn during the first quarter 2024 under the Emirati dirham facility have been repaid during the second quarter 2024.

Capital Expenditure

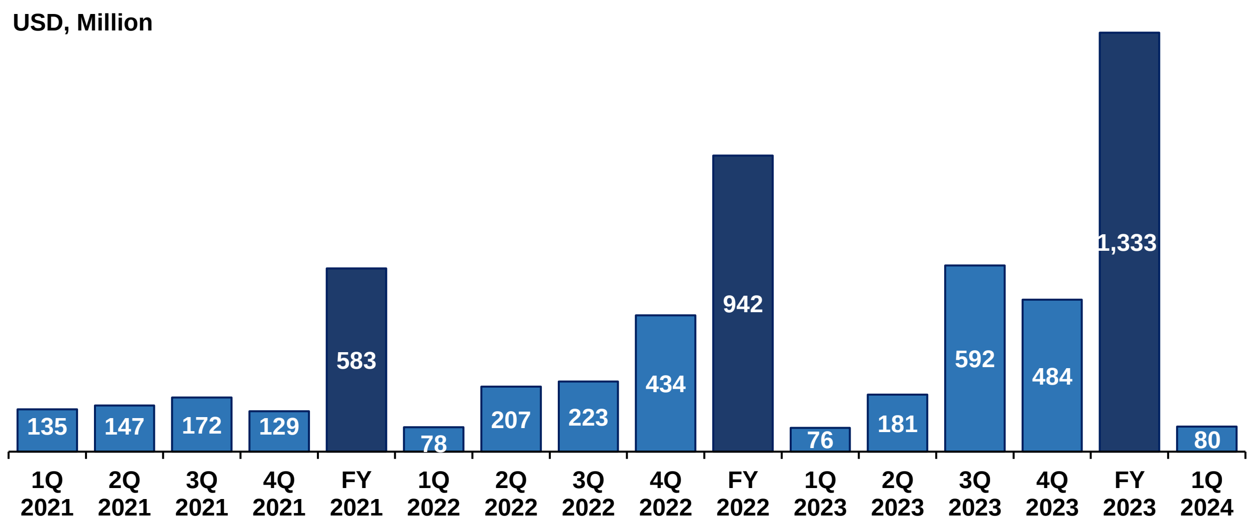
Capital expenditure (CapEx), including prepayments and accruals, amounted to $80 million for the quarter ending March 31, 2024. Pre-payments in the period were mostly associated with the purchase of onshore and offshore jack-up rigs.

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 first quarter of 2024, eight land rigs entered the rig fleet count and are expected to gradually begin operations towards the end of the second quarter of 2024.

ADNOC Drilling expects CapEx to be in a range between $750 million - $950 million for 2024, as the Company continues to deliver its rig acquisition program.

Quarterly and Annual Capital Expenditure



Operational Highlights

Drilling Services

USD Million	1Q24	1Q23	*YoY*	4Q23	*QoQ*
Fleet	**137**[1]	**115**	**19%**	**129**[1]	**6%**
Onshore	92[1]	74	24%	84[1]	10%
Offshore Jack-up	35	31	13%	35	-
Offshore Island	10	10	0%	10	-
Rented rigs	11	5	120%	10	10%
Rigs Availability*	**97%**	**96%**	**1%**	**96%**	**1%**
Onshore	97%	94%	3%	96%	1%
Offshore Jack-up	99%	98%	1%	93%	4%
Offshore Island	97%	100%	-3%	100%	-2%
Number of Wells Drilled*	**139**	**142**	**-2%**	**161**	**-14%**
Onshore	117	121	-3%	140	-16%
Offshore Jack-up	16	14	14%	16	-
Offshore Island	6	7	-14%	5	20%

(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 137 rigs (133 owned plus four lease-to-own) at the end the first quarter 2024. The overall owned fleet availability was 97% at the end of March 2024. Operational highlights of note during the period are as follows:

- The Company added a total of eight hybrid land rigs to the fleet count during the first quarter. These rigs are gradually beginning operations with the majority of them expected to commence operations in the middle-to-end of the second quarter.
- Among the five hybrid land rigs that entered the rig fleet count in the fourth quarter of 2023, two started operations in the last few days of last year, two gradually started operations in the first quarter of 2024 and one is expected to start during the second quarter of 2024.
- The number of IDS rigs increased to 49 rigs from 48 in the prior quarter.
- Achieved TRIR frequency of 0.63 against a target of 0.63 for 1Q2024.

1Q2024 Highlights:

- Madinat Zayed central camp was connected to grid during the first quarter.
- AD137 completed first well in Jordan.
- AD-138 successfully implemented the first Casing while Drilling in QW.
- AD-68 achieved a new record in 8-1/2-inch section drilling footage of 5,000 feet against previous record of 4,564 feet.
- AD-69 successfully drilled the longest 12 ¼ inch section in Al Ghallan island reaching a total depth of 17,537 feet.
- Al Hail and Makasib completed 16 years and 11 years respectively without LTI in January 2024.

<u>Oilfield Services (OFS)</u>

- IDS rigs increased to 49 in 1Q2024 compared to 48 rigs at the end of 4Q2023 and 40 in 1Q2023.
- 13% overall improvement in 1Q2024 IDS drilling efficiency versus the 2023 benchmark.
- Longest 8 ½ inch section in Bu-Hasa field (7,207 ft); successfully drilled, then ran and cemented 7-inch liner, utilizing new technology.
- Achieved Fastest ROP in 8 ½" horizontal hole across all LZ Field, with 152.38 feet/hour Avg ROP & 223 feet/hour On Bottom ROP.
- Drilled 8 ½ inch hole (14,060 ft in one run) to total depth 25,100 ft, with fastest ROP of 86.7 feet/hour in NS field.
- Efficient operations resulted in cumulative savings of over $343 million to ADNOC since inception in 2019.

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 increase to 142, including 4 new lease-to-own land rigs, by the end of 2024.

ADNOC Drilling's full year 2024 financial guidance is presented below:

USD Million	FY2024 Guidance
Revenue	**3,600 - 3,800**
Onshore Revenue	1,600 - 1,700
Offshore Jack-up Revenue	1,000 - 1,100
Offshore Island Revenue	200 - 250
Oilfield Services Revenue	700 - 800
EBITDA	**1,700 - 1,900**
EBITDA Margin	*48% - 50%*
Net Profit	**1,050 - 1,250**
Net Profit Margin	*30% - 33%*
CapEx	**750 - 950**
Leverage Target	**< 2.0x**

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

- Revenue CAGR in the 12% - 16% range from 2023 base.
- EBITDA Margins around 50% with drilling margins exceeding 50% and OFS Margin in a range of 22% - 26% medium term.
- 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 around 12%.
- Maintenance CapEx post-2024 of $200 - $250 million per annum.

New Dividend Policy 2024-2028

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.

The Board of Directors has recommended a new, progressive dividend policy with dividends expected to grow by at least 10% per annum on a dividend per share basis over the next five years (2024-2028).

Moreover, the Board of Directors, at its discretion, may consider additional dividends over and above the progressive dividend policy after taking into account growth opportunities while maintaining net debt/EBITDA up to 2x, excluding transformative M&A.

The new dividend policy is subject to shareholder approval at an upcoming General Shareholder Meeting, the date of which will be advised shortly.

As per the policy, dividends are expected to be paid semi-annually with a final dividend distributed to shareholders in the first half and the payment of the interim dividend in the second half of each fiscal year.

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.

Finally, shareholders at the Annual General Meeting in March 2024 approved a final dividend payment for the second half of 2023 totaling $358 million (8.22 fils per share), which was distributed to shareholders in early April 2024. This brings the total full-year 2023 dividend to $717 million, or 16.45 fils per share, a 5% year-on-year increase from 2022 and in-line with the previous 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 Monday, May 13, 2024, at 12:00 pm UAE time / 09:00 am UK time.

The call will be hosted by Abdulrahman Alseiari (CEO) and Youssef Salem (CFO). 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 March 31, 2024, was AED 3.97. In the period from January 1, 2024, through March 31, 2024, the share price traded in a range between AED 3.56 and AED 4.21. Market capitalization was AED 63.5 billion as of March 31, 2024, and an average of 3.7 million shares traded daily during the first quarter of 2024.

As of March 31, 2024, 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 2023, 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.

Second Quarter 2024 Results

We expect to announce our second quarter 2024 results on or around August 9, 2024.

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May 13, 2024
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 or **CapEx** 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.