

ADNOC Drilling



# ENERSOL

## ACQUISITION OF NTS AMEGA GLOBAL



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# ACQUISITION OF NTS AMEGA GLOBAL

## ENERSOL SIGNS AGREEMENT TO ACQUIRE A 51% STAKE IN NTS AMEGA



### Company Overview



- **Leading global provider** of advanced manufacturing of precision equipment, complex tool repair and rental solutions for the energy sector.
- **Headquartered in the UAE**, NTS has strategically located support hubs in the US, Canada, Guyana, KSA, Singapore, and Norway.
- **Provides a range of solutions** for technically challenging processes in the drilling industry to improve efficiency and reduce costs.
- **Top-tier customer** base spanning the O&G sector & subsectors.

### Financial Highlights



- Agreement signed to acquire **51% equity stake in NTS, valued at \$58 million**<sup>1</sup>.
- **~4x** EV/FY2023 EBITDA.
- This transaction will make **Enersol the majority owner**.
- **Strong financials** in FY2023:
  - Revenue **\$120+ million**, **accretive** margins vs OFS segment<sup>2</sup>
  - Free cash flow yield of **10%+**
- **Significant value** to be unlocked by NTS' healthy profitability, attractive valuation multiples, and strong cash flow generation.

### Enersol Value Creation



- Acquisition aligned with Enersol's strategic vision to **become a diversified tech-centric OFS investment platform**.
- Provides **global manufacturing, repair, legacy and performance tool rental capabilities** to the Enersol portfolio alongside in-house support to **ADNOC Drilling and Turnwell Industries**.
- **Second acquisition by Enersol** after its signed acquisition of a 67.2% controlling stake in Gordon Technologies.
- **ADNOC Drilling benefits** from Enersol's OFS tech-enabled acquisitions, to further develop its integrated offering.

(1) Excludes transaction fees and expenses and completion adjustments. Alpha Dhabi acquired a 51% stake in NTS AMEGA, Enersol has now agreed to acquire the same 51% at the same valuation. The transaction's completion remains subject to necessary regulatory approvals and closing adjustments, after which the NTS stake will be formally transferred to Enersol.

(2) ADNOC Drilling OFS segment margin at 21% in FY 2023.

# NTS AMEGA GLOBAL OPERATIONAL CAPABILITIES

INVESTMENT IN A LEADING GLOBAL PROVIDER OF ADVANCED SOLUTIONS TO THE ENERGY SECTOR



## Manufacturing

### Drilling tools, subsea, topside and process components

- World-class manufacturing services engineered to meet the diverse and demanding needs of the global O&G industry.
- Advanced facilities provide a range of technically challenging services involving high tolerance manufacturing.
- Manufactures complex rotary steerable tools, measuring/logging tools & accessories, drilling tools, topside, subsea, and process system components.



## Complex Repair

### Maintenance and repair of drilling tools

- Extensive portfolio of repair processes, qualifications, and techniques through decades of experience.
- Specialized repair processes are used to extend life and availability of measuring while drilling, logging while drilling, non-magnetic drill collars and other drilling accessories.
- Utilizes innovative upgrade and repair techniques to extending life and availability of drilling equipment.



## Tool Rental

### Sourcing competencies

- Largest fleet of high strength BHA<sup>1</sup> rental assets in the industry, NTS has non-mag and steel assets strategically located.
- Developing a range of Performance Drilling Tools, tailored to push the technical limit of downhole performance.
- Value is delivered through innovative contracting strategies, designed to reduce customer inventory levels, minimize equipment downtime and optimize commercial terms.

(1) Bottom Hole Assembly

## Top-tier Customer Base



HALLIBURTON

MS Energy Services.

TechnipFMC

Benestad 

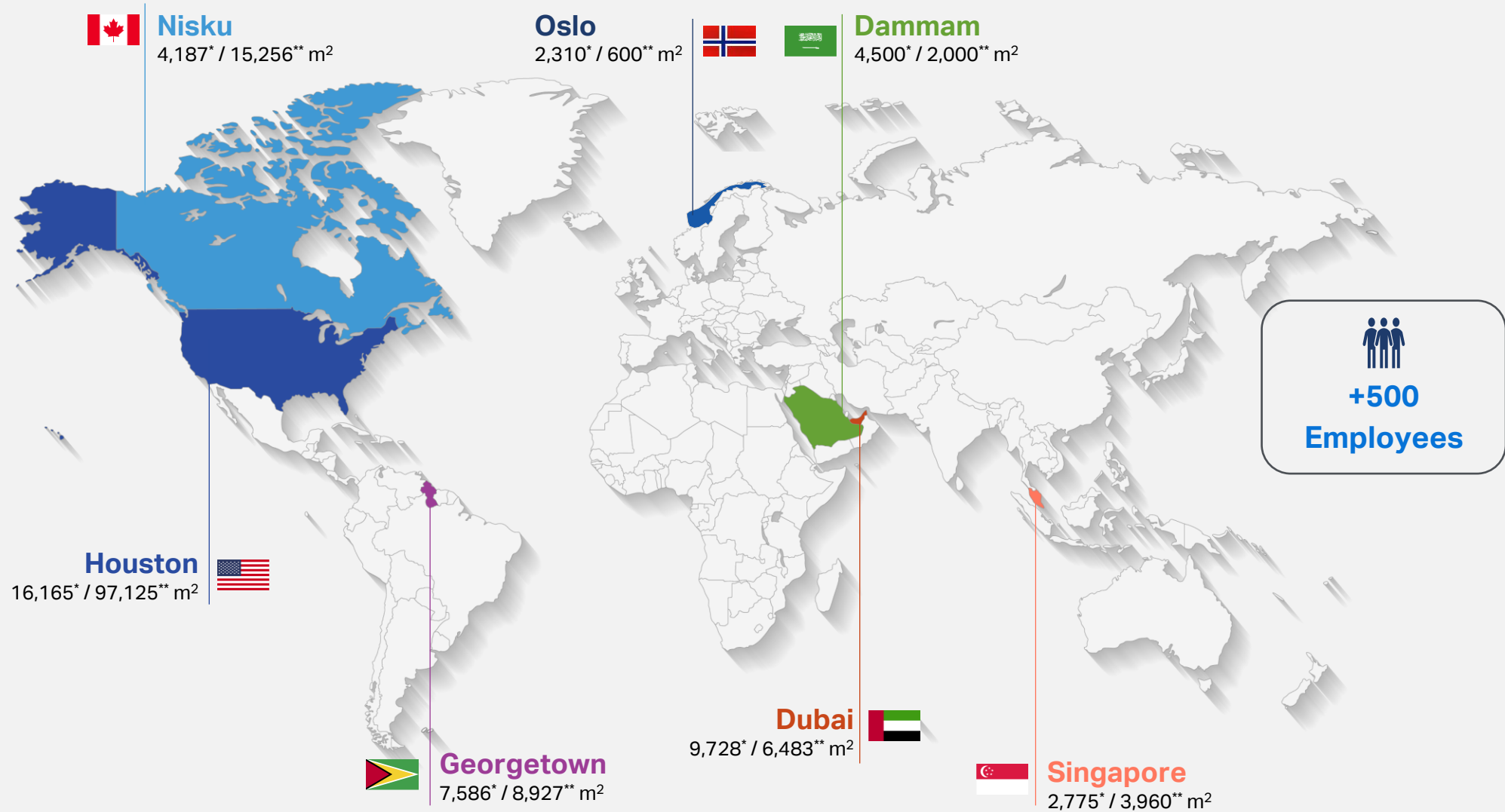
Baker Hughes 

  
EMERSON™

 eog resources

# NTS AMEGA GLOBAL FACILITIES

GLOBAL FOOTPRINT IN KEY MARKET WITH EXISTING UAE PRESENCE PROVIDING GROWTH OPPORTUNITY



\* Facility size; \*\* Yard size

# NTS AMEGA GLOBAL MAPPING JV'S INVESTMENT CRITERIA

## BECOMING A TECHNOLOGY-CENTRIC OFS INVESTMENT PLATFORM IN AN ACCRETIVE WAY



Joint Venture

### Business Criteria

- Strategic / synergistic** sub-sector focus
- Proven** business model
- Own IP** with tangible differentiation
- Global** acquisition mandate
- Proven MENA use cases** with high probability of revenues in MENA
- High ADNOC Drilling potential** to aid value creation

### Financial Criteria

- Positive Earning Profile** (EBITDA & FCF)
- Attractive Entry Valuation** vs. peers
- Standalone Deal Underwriting** with tangible upsides
- High Dividend Potential** with low leverage
- Multiple expansion potential** combining entry dynamics and value upsides

### Governance Criteria

- Majority** or pathway to majority deals
- Vested Management** team with continuity certainty and alignment
- Board Participation** and rights in line with stake acquired
- No turnaround** strategies

NTS Amega Global

**Leading international provider of O&G specialized repair solutions**

**Strong and longstanding relationship** with tier 1 players across different O&G subsectors

**Expansive geographic reach** with operational set-up in UAE and Saudi Arabia

**Proven business model** across major GCC markets (i.e. UAE, KSA)

**\$120+ million revenue in FY2023, accretive margins vs OFS segment<sup>1</sup>**

**Attractive Entry Valuation** at ~4x EV/FY2023 EBITDA

**Attractive free cash flow yield of +10%** with low leverage, **high dividend potential**

**Synergistic upsides** pursuant to the EnerSol and ADNOC Drilling ecosystem opportunities

**JV to own 51% majority stake**

**Value accretive M&A experience** evident from acquisition of Amega West Services and Cobore acquisitions across the value chain

(1) Based on an ADNOC Drilling OFS segment margin at 21% in FY 2023.

# ADNOC DRILLING OILFIELD SERVICES VALUE CHAIN

## TRULY INTEGRATED OFFERING



### ADNOC Drilling OFS Offering

Rigs & equipment

Drilling & completion fluids

Surface logging services

Directional drilling

Wireline services

Cased hole logging

Pressure pumping

### Enersol Advanced Pipeline Scope

Directional drilling



Drilling tools



Intervention tools

Completion tools

**Expected contribution** from Gordon Technologies, NTS Omega Global and 2 further transactions in advanced stages of **annual pro-forma net income up to \$50 million<sup>1</sup>(ADNOC Drilling's share)**, upon completion with signing expected in 2024.

(1) Subject to signing and closing of transactions. Pro-forma net income pre-purchase price allocation adjustments and growth in ADNOC Drilling's reference market.

# FUTUREPROOFING ADNOC DRILLING

## ENERSOL TO CREATE VALUE BY EXECUTING ON OUR STRATEGY





### Establishment of Enersol

JV established with strong governance and key partners who have complementary skills, strong pipeline identified



### Swift Acquisition of Two Assets

Majority stakes in two leading service providers<sup>1</sup>, Gordon Technologies and NTS Amega Global



### Attractive Valuation and Accretion Potential

Favorable deal dynamics coupled with Middle East business potential



### Strong and Aligned Pipeline

Strong and growing pipeline of **8+ potential deals**<sup>2</sup> aligned with Enersol's mandate as well as ADNOC Drilling and UAE's ambition to evolve as a tech-enabled OFS hub

- ▶ **Enhancing owned-IP portfolio by acquiring energy technology and energy services companies**
- ▶ **Fully-invested Enersol is expected to contribute to ADNOC Drilling annual pro-forma net income up to \$100 million<sup>3</sup>**

(1) Subject to closing of transactions.

(2) Only includes transactions post preliminary evaluation stage; potential transactions execution subject to, among others, relevant regulatory approvals.

(3) Subject to signing and closing of transactions. Pro-forma net income pre-purchase price allocation adjustments and growth in ADNOC Drilling's reference market.





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**THANK YOU**

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