ADNOC DRILLING COMPANY P.J.S.C.

JOINT VENTURE WITH ALPHA DHABI HOLDING PJSC & FIRST INVESTMENT IN GORDON TECHNOLOGIES

Webcast & Conference Call Transcript

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PRESENTATION

Massimiliano Cominelli - *ADNOC Drilling - Vice President, Investor Relations*

Ladies and gentlemen, welcome to the ADNOC Drilling webcast and conference call regarding our announcement on our Strategic Joint Venture with Alpha Dhabi Holding, and its investment into Gordon Technologies.

My name is Massimiliano Cominelli, Vice President of Investor Relations. Before handing the floor over to the main speakers, I would like to draw your attention to the disclaimer that you find in the second slide, which I encourage you to read carefully. The text contains important information. We advise caution on the interpretation and limits of historical data and forward-looking statements. I would like to remind you that this presentation and the recording of this call will be available on our website shortly after the end of the call.

Today's presenters are our Chief Executive Officer, Abdulrahman Al Seiari, our Chief Operating Officer, Christopher McDonald, and our CFO, Youssef Salam. As always, after the presentation we will have a Q&A session where we will be happy to answer your questions.

I will now hand over the call to our CEO, Mr. Abdulrahman, who will lead you through the key highlights.

Abdulrahman Al Seiari - *ADNOC Drilling - Chief Executive Officer*

Good afternoon. Thank you, Max, and welcome everyone. My pleasure to be here with you today. In the following slides, along with the team, I will take you through the highlights and progress of the JV between us, ADNOC Drilling, and Alpha Dhabi and also will share further details on the strategy and execution, before opening the floor for questions. Next slide, please

As you know, the JV was announced on November the 10th 2023 to invest up to $1.5 billion in technology-enabled oilfield and energy service companies with attractive financial profiles. I am happy to say that on Tuesday we have announced the successful incorporation of the JV, which will be resided in Abu Dhabi Global Market.

We have also announced the successful completion of the JV's first investment to acquire a 25 percent stake in Gordon Technologies, a leading provider of 'Measurement While Drilling' which is known in our industry as MWD technologies, that is based also in USA. This acquisition has strong potential for shareholders with excellent deal dynamics. And this first transaction is just a start of our journey to build a portfolio of tech-enabled businesses through value-add transactions that support ADNOC Drilling's futureproofing strategy and decarbonizations plans.

Let me also highlight, why the JV is of strategic importance to ADNOC Drilling, to Abu Dhabi, and to the UAE. It is essential that we futureproof our business and support the national economy for the long-term. To achieve this, we need to proactively drive value chain development, and ultimately build our owned IP, so that we can continue to grow margins and maximise efficiencies. This will help us ensure business continuity, regardless of future cyclical and supply-chain impacts that may occur globally. In building our owned IP value chain, ADNOC Drilling is set to evolve from a buyer of technology to an owner and enabler of the technology, futureproofing our business for the long-term. Next slide.

This is also why Alpha Dhabi Holding is an important strategic partner for ADNOC Drilling as we build the JV's portfolio together. Alpha Dhabi brings major economic weight and is an important player in the UAE economy. It already has an impressive portfolio of oilfield services and energy sector assets. As Chris and Youssef will expand on this further, the investment into Gordon Technologies, represents an ideal fit with the JV's strategy. Important to note, the stake has been contributed to the JV by Alpha Dhabi. The transaction makes strong financial sense for shareholders on a valuation basis and is also exciting given the future growth potential of Gordon Technologies in our market and beyond in the wider Middle East. And this first transaction is just the start of the journey. In fact, today we have over 10 further potential deals being evaluated.

The JV's structure is designed to blend the relevant expertise of the key partners. As announced in November, the JV has two shareholders, ADNOC Drilling owns 51 percent and Alpha Dhabi Holding owns 49 percent through subsidiaries. Alpha Dhabi Holding has contributed their Gordon Technology equity stake for a consideration of around $180 million. Alpha Dhabi holds a strong portfolio focused on oilfield services. Alongside Gordon Technologies, they also acquired a 51 percent stake in NTS Amega Global, which is known for manufacturing, repair and equipment rental solutions.

Lunate Capital are also playing a key role in supporting the JV as an advisor, assisting in selecting and prioritizing target acquisitions, and working with portfolio companies' management teams on continuing and improving their performance. Overall, this structure allows the JV to utilize the knowledge and track record of each key partner. The JV's Governance structure, set out in the Appendix of these slides, has been designed to enable efficient decision making with effective oversight. We have a fully functional Board of Directors already in place. ADNOC Drilling and Alpha Dhabi Holding will maintain equal Board representation with three members each. This overall Governance structure will also help ensure that engagement between shareholders and portfolio companies can be appropriately governed.

I will now hand over to Chris to tell you more about the JV's mandate, strategy and execution. Thank you.

Christopher McDonald - *ADNOC Drilling - Chief Operating Officer*

Thank you, Mr. Abdulrahman. Hello everyone. It's great to be with you today to discuss the JVs latest developments. The JV is fully aligned with the ambitions of both shareholders as its mandate centres on a well-defined investment strategy for growth.

Today, the JV has U.S. dollars 1.5 billion in committed capital in place; it's completed its first investment at an equity value of approximately 180 million U.S.; and has a strong and growing pipeline of potential transactions for around $1.3 billion.

It's also important to stress the clear investment parameters and governance structure that have put in place to ensure efficient decision-making and oversight. This will help ensure that investment decisions are based on sound financial principles, while also supporting the strategic futureproofing of ADNOC Drilling.

The strategic remit of the JV is designed to enhance ADNOC Drilling's wider growth as we work to boost production, unlock unconventional developments, ramp-up our IDS offering, and work towards achieving ADNOC's "net zero by 2045" goal.

With clear investment pillars and a strong financial focus, the JV will work to ensure shareholder value enhancement at every stage. To achieve this, it is crucial that it follows clear criteria to select the right investments. Specifically, the JV will look for investments in companies that are already well established in their respective value chains; that have strength in their home market and whose technology can be applied and scaled in the growing Abu Dhabi and wider Middle East market. The aim is to find attractive deal dynamics in cash generative businesses. The JV's shareholders will benefit from potential dividend income across its portfolio, including from our first investment. In this way we are not only adding depth to our offering, we are also optimizing our operations, enhancing efficiencies, and ultimately, driving value. Next slide, please.

Turning now to Gordon Technologies, which is strategically important for us and value accretive for shareholders. Gordon Technologies develops best-in-class MWD technologies with 12 patents across key components. They are one of the leading players in the U.S. with a direct relationship with well-known E&P players. Headquartered in Louisiana, they have service centres across key U.S. basins, including the Permian, Haynesville and Eagle Ford. The deal dynamics are very attractive with an EV / EBITDA multiple of less than seven times.

This acquisition opens up Gordon Technologies for more global growth, especially in the Middle East which has significant ambitions in the unconventional developments.

Looking specifically at the Gordon Technologies value proposition, more of which is in the appendix, we see a great example here of the JV's strategy in action. As many of you will know, the reliability of drilling technology is crucial to the cost efficiency of well exploration, particularly at high temperatures. Gordon Technologies has successfully developed and manufactured MWD equipment which has a market leading high-temperature Mean Time Between Failure, (MTBF) rate, of 2,270 hours vs US industry average of 1,000. It has a highly experienced management team, who have an excellent customer focus, and who have successfully completed several previous acquisitions to scale the business. Furthermore, they have recently achieved Rotary Steerable System inter-operability. As a result, Gordon Technologies' Blue-chip customers today include Exxon Mobil, Conoco Phillips and BP.

I will now hand over to Youssef.

Youssef Salem - *ADNOC Drilling - Chief Financial Officer*

Thanks Chris and hello everyone. As the JV makes investment decisions, clearly defined parameters will be key to ensuring overall progress and will help focus on financial outcomes and tangible value creation. The JV will be looking at specific sectors in well development and production. It will have very strong business, financial and governance criteria from which to select cash generative businesses with low leverage. It will work to ensure the technology it acquires will have global potential, and direct application use cases in both ADNOC Drilling and the Middle East.

And alongside its clear governance structure, the JV will look to keep the depth of expertise of highly experienced management teams, fully embedded in the portfolio. When benchmarking across the investment parameters that we outlined earlier, Gordon Technologies is an excellent fit across all criterias. Full year 2023 Revenues for Gordon Technologies are expected to be in excess of $230 million with over a 5 percent expected dividend yield for the JV shareholders.

Gordon Technologies also has a strong free cash flow yield of over 10 percent and no leverage.

The entry valuation is lower than 7-times EV to EBITDA on an overall Enterprise Value of $660 million, as the equity value of $180 million includes stake-adjusted net cash of $15 million for the 25% stake. This makes the deal dynamics highly attractive even on a standalone basis. But even more so when you consider the future upside potential, which I will outline on the next slide.

For ADNOC Drilling the total amount of the first cash call in the JV for this transaction has been around $88 million, equal to 51 percent of $180 million, net of around $4 million of deferred consideration that we expect to pay later this year, in Q2. Next slide, please.

The JV is expected to deliver tangible value for portfolio companies and ADNOC Drilling. Portfolio companies will benefit from the expertise of the shareholders and partners; they will have the potential to access ADNOC Drilling's sizeable market, as well as having a partner to test, develop and launch new technologies as our fleet grows.

For ADNOC Drilling, there will be significant opportunities for vertical integration, as we diversify our technology offering, build our own IP within the well value chain, and ultimately to convert ADNOC Drilling from being a buyer, or consumer of technology, to an owner and enabler of technology.

To explain why now is the right time, let's consider the current macro-environment, which you can also see more on in the appendix. We believe there is a unique opportunity for the JV at this point in-time. The outlook for continued positive oil and gas demand, is driving a sustained appetite in our industry for further business growth and innovation, including unconventional development. Driven by reduced capital allocation globally to the energy and OFS sector, current valuations for potential deals are highly attractive.

We believe there is a real opportunity for successful businesses who have proven resilient to the cycle in their home market, to also access the more stable earnings cycle in the Middle East value chain. As the JV continues to make further acquisitions, there will also be significant potential synergies within and across the portfolio. With the long-term potential for product and integrated technology development by portfolio companies, we see significant additional upsides over the duration of the JV. Bringing together all the points presented today, it is clear that we are making significant progress in our JV with Alpha Dhabi. We believe the rapid development of the JV's portfolio, will be highly value accretive to shareholders as it explores further potential deals and works to realize the significant potential of bringing technology-enabled oilfield and energy services companies to the region.

In conclusion, we have set a clear strategy, governance structure and investment parameters for the JV, which will contribute significantly in futureproofing ADNOC Drilling and ensuring that we are a technology owner and enabler with owned-IP portfolio.

Thank you again for attending this presentation. I will now hand over to the operator to open up for questions.

QUESTIONS AND ANSWERS

Operator -

Thank you. If you would like to register a question, please press star followed by one on your telephone keypad and ensure you are unmuted locally. If you would like to withdraw your question, please press star followed by two. So that's star followed by one on your telephone keypad to register a question. We'll just pause a moment to allow people the chance. Our first question today comes from Ricardo Rezende from Morgan Stanley. Ricardo, please go ahead. Your line is open.

Ricardo Rezende - *Morgan Stanley*

Hello. Thanks for taking my questions and happy New Year. Couple of questions, if I may. The first one, when we look at this transaction and the JV will have a 25 percent stake on Gordon, when we look ahead, would you have a target equity ownership on potential companies, or would you be willing to take either controlling stake or minority stake as well?

And the second question is when you put on the presentation in the earnings release that you have mapped about over ten transactions with a total value of around $1.3 billion, that would be quite close to reaching the target of up to $1.5 billion for the JV. So may sound a little bit too bullish here, but if we get to that target in the short to medium term, what would be the next step then? Would ADNOC Drilling be willing to continue this strategy but doing some deals on a standalone basis? Or is there a possibility that you can increase the target for the JV. Thank you.

Abdulrahman Al Seiari - *ADNOC Drilling - Chief Executive Officer*

Thank you. Ricardo. And we'll try to best respond to your questions. This is Abdulrahman speaking, Ricardo. Now on the subject of the JV and the 25 percent, definitely what we would be aiming at to have a control, especially to get a value of this acquisition that we're doing or equity or technologies that we are aiming to gain with the IP. Youssef, Chris, you can add to it if you want. The other part on the investment of the 1.3 billion, again, this is a situation where we will be looking at and assessing every opportunity individually and based on that and if there is something that we see a value retained on it, for sure it's something that we consider. But at least what we have planned for now is the program that we have and this is where we agreed together in the JV to have 51 percent from ADNOC Drilling, 49 from Alpha Dhabi. And we would work -- that is things, additional comes in place, I'm sure -- and we'll be talking about it in due time. Youssef or Chris?

Christopher McDonald - *ADNOC Drilling – Chief Operating Officer*

Nope. I think you covered it.

Abdulrahman Al Seiari - *ADNOC Drilling - Chief Executive Officer*

I hope that answers it, Ricardo.

Ricardo Rezende - *Morgan Stanley*

It does. It does. Thanks so much. And if I may have a follow up question. When you think about some of those new technologies that you're looking to acquire, to integrate within ADNOC ecosystem, would you be offering some of those services on a standalone basis to clients or the idea here is to integrate everything under IDS and actually offering even more value within your IDS solutions.

Abdulrahman Al Seiari - *ADNOC Drilling - Chief Executive Officer*

These are simple answers. I mean, I would say these are two separate things. I mean, the IDS is something that we have worked through, a partner that we are working closely with them. Now there are, again, we have so much of, I would say, alignment in terms of where we can work together, where we can identify new technologies and introduce -- definitely we will work on a situation where we can all benefit out of it. Now, can we use it in our activities here? Yes, probably in certain areas where probably -- like when I talk to unconventional. It has a specific requirement, which is we see a value of using Gordon Technology there, and we will use it there and then. So overall, IDS and the JV are two separate things, and we will work through the systems that we have in place. If you guys would like to add.

Youssef Salem - *ADNOC Drilling - Chief Financial Officer*

Let me just give you also perspective, even today within our existing oilfield services segment, we do have both offerings. We have the integrated billing services offerings, which as we mentioned on the last call, we have 41 rigs with seven added on top of it on that. And then we also have discrete services where our oilfield services segment does offer individual services on incremental rigs above these 48 rigs. And hence both of these tracks are already existing today. And hence, as Mr. Abdulrahman mentioned, both of them can also continue in the in the future.

Ricardo Rezende - *Morgan Stanley*

That's super clear. Thank you so much.

Operator -

Thank you. Our next question today is from Oliver Connor from Citigroup. Oliver, please go ahead. Your line is open.

Oliver Connor - *Citi Group*

Hi, all. Thank you for taking my questions and for the thorough presentation. Two quick ones, if I can. So the first one just thinking again about, sort of, the margins outlook. You know, you've clearly identified that this deal and future deals in the pipeline would be accretive to margins. So how should we think about the overall margin profile of the OFS business as these new technologies come in to improve the core business over time?

And the second one just following on, really, from Ricardo's question around the size of future deals. So clearly you're looking at a number of small or similar sized deals in the private sector. You know, would you look to, given where the balance sheet is, you know, either step into the public market or look at larger acquisitions over time in the OFS space. Thank you.

Abdulrahman Al Seiari - *ADNOC Drilling - Chief Executive Officer*

Thank you, Oliver. And I'll take the second one and ask the team to add to it. Definitely. I mean, we're -- in the pipeline we have a number of companies that we are looking at and some of them are industry leader, some of them are medium sized, some may be also a small size. And everything which we are looking at is with different objectives. If it's something that -- a technology that we want to own 100 percent, if it's something that we want to have equity share where we need the process of innovation to continue into that product. So there is different ways of looking at it in each case, we're looking at it separately.

And the other area of margins, if you can take it, Youssef.

Youssef Salem - *ADNOC Drilling - Chief Financial Officer*

For sure. And thank you, Oliver. Closing off on the point around the transaction, as Mr. Abdulrahman mentioned, the focus for us is on the investment criteria, which is on one hand, the deal stacking up and being accretive on a completely standalone basis, like we've seen with Gordon, the 10 percent cash flow yield, the 5 percent dividend yield, the less than seven times EV to EBITDA, and the implied EBITDA margins as well. And then, on the other hand, being a synergistic deal, where on top of that accretive standalone, it becomes even furtherly accretive once we include the synergies of potential applicability in the Middle East. And that is the primary consideration in terms of details around the execution of the transaction, in terms of the mechanics, the public, private, the size, et cetera, that will be looked at from an overall allocation for the joint venture to make sure it is relatively balanced execution approach and sizing, as Mr. Abdulrahman mentioned, but the primary drivers are the financial accretion and the synergistic strategic advantages of the transaction.

In terms of the margin profile, you are absolutely right that this is accretive today. Our oilfield services margin business is in the kind of low 20 percent on EBITDA basis. And one of the drivers of the joint venture alongside kind of further growth and futureproofing the business is also margin expansion by effectively not only realizing the margin of service delivery, but also realizing the margin associated with proprietary, IP, ownership of the relevant proprietary equipment and design. And that's why you see the implied margins, for example, on the Gordon transaction being substantially higher. And we expect that the future transaction in the joint venture will also have significantly higher margins because of that inherent IP associated margin that comes that comes with it. Now, just noting that how that translates into the EBITDA margin of the segment, given the equity accounting for the JV, may not be as apparent purely from accounting perspective on the EBITDA level; you will see it clearly on the net income level. But if you look at kind of if you want almost pro rata, EBITDA or kind of proportion of EBITDA based on the underlying EBITDA of these investments, yes, there will be kind of a significant accretion over time for the oilfield services business.

Oliver Connor - *Citi Group*

Perfect. Thank you.

Operator -

Thank you. Our next question is from Sashank Lanka from Bank of America. Sashank, please go ahead. Your line is open.

Sashank Lanka - *Bank of America*

Yes. Thank you for the presentation and the opportunity to ask questions. I think just following up on some of the questions asked by my colleagues. I'm just trying to understand, you know, when I look at the margin profile, it is clear that it's margin accretive. From an EBITDA perspective, given the minority stake, it seems like it's a pretty insignificant contributor for now. But I was just wondering in terms of, you know, the future pipeline of deals which are around ten and, what, $1.5 billion, how should we be looking at EBITDA contribution or, you know, in terms of how much the business can grow from these transactions? Agreed, the margins for the oilfields will improve, but is it also significantly improving the top line? And I think tying into that, how do we quantify in our models this IP technology which, you know, you get access to going forward through transactions like this. Thank you.

Youssef Salem – *ADNOC Drilling – Chief Financial Officer*

Maybe directionally, if you are to look at effectively the contribution of ADNOC Drilling to the joint venture being effectively 51 percent of the 1.5 billion. If you are to then look at that amount and basically look at an indicative EV to EBITDA multiple for this transaction, potentially, for example, using the just sub 7x that we used for Gordon, that will potentially give you an indicative pro rata EBITDA attributable to ADNOC Drilling out of the joint venture. If you do that math you see probably that that implies EBITDA is not very far away today from the EBITDA of our existing oilfield services business as it stands and hence at a full pro forma deployment perspective, technically, our oilfield services business will be relatively balanced between the existing business at that kind of low 20 margin and then between the kind of the JV proportionate EBITDA attributable to ADNOC Drilling, which, for example, if you do implied math, what I see for Gordon, based on the numbers we've disclosed, it will be to something around kind of slightly above 40 percent. So it kind of, if you want, almost a weighted average of that kind of higher trending towards these levels of reflective IP margin and the existing margins level that we have today and whether that weighted average or almost a simple average given, again, on a pro forma basis, the business would be almost evenly distributed between the two, would give you kind of indication of if you are doing a proportion EBITDA. Again, it may not seem that we on the financials because of equity accounting, but if you are doing that proportion EBITDA, then your margin ends up being relatively midway between what the margin is today and the margin of these IP owning businesses are.

Sashank Lanka - *Bank of America*

Understood. So you're suggesting that the future transactions, in terms of, you know, if you had to do multiple Gordon transactions, should be to 1.5 billion -- we should be, you know, just adding the EBITDA from each of those transaction, essentially to see what the pro forma EBITDA would be?

Youssef Salem – *ADNOC Drilling – Chief Financial Officer*

On a proportionate -- exactly pro forma, non IFRS basis, correct.

Sashank Lanka - *Bank of America*

Okay. Understood. This is clear. Thank you so much.

Operator -

Thank you. Our next question is from Alex Comer from JP Morgan. Alex, please go ahead. Your line is open.

Alex Comer - *J.P. Morgan*

Yes. Thanks for taking my question. And also thanks very much for doing a call on this. Yeah, a couple of things from me. So you talk about futureproofing your business and, you know, taking opportunities to buy things at a cyclical low. You said this gives you a 5 percent dividend yield, the minute on the business. So you need 20 years to get your money back. Now, I suppose the -- to play devil's advocate here, you know, you could argue the industry is no longer cyclical. At some point it's going to go into terminal decline as you move to net zero. And therefore that's why these businesses are cheap. Now, maybe we don't see the declines in production as much in the MENA region as we see elsewhere, but this business is focused in the U.S. So presumably from your side, the bet here is, you know, as that U.S. business falls away, you'll pick up more than enough to offset that within the local region. So presumably there is unconventional area is the first target for you. So just in absolute terms, could you help me the math here? How much business do you expect to gain, you know, in the Middle East from this? And are you sure that this business has the technology components that you need given we're like to go through a fairly significant sort of revolution in terms of AI, etcetera in the next few years.

So those two questions. Just absolute how much money do you think you'll be able to get from the Middle East from this particular business? And what particular holes does it fill that you don't have? Thanks.

Abdulrahman Al Seiari - *ADNOC Drilling - Chief Executive Officer*

Thank you, Alex. I think I will have Youssef to explain a little bit more on the first part. But definitely I mean the Gordon Technology is something that we are finding it very attractive because it has the technical requirement, which is required in the unconventional. And it is, I will expect, it will be one of the tools that will eliminate some expensive tools that we are using today to deliver the same. So that will be something taking its own path and getting more activities into that. And wherever is applicable, we will be looking at. But if you can, Youssef, probably talk about the financial side.

Youssef Salem - *ADNOC Drilling - Chief Financial Officer*

For sure. I think maybe breaking it down, there's a few a few different great points there, right. So I think the first point is, yes, definitely futureproofing the business for us, making sure that we have 1) IP ownership and 2) control over supply chain for effectively critical equipment, even more so within the context you described, which is effectively if there are potentially long term uncertainty in other markets, then kind of players who would be able to basically have that full security over the supply chain would effectively be kind of better positioned strategically. And that's a focus for us.

I think on the point you mentioned around the 5 percent dividend yield, I think also we take that in the context of that being a 10 percent free cash flow yield, which we kind of then decide that this money would be reinvested in the business for further growth and hence future further dividend growth as well. So I would look at it more from a free cash flow yield perspective, because that dividend is a choice of reinvestment, which would then create that incremental dividend growth over time.

And in terms of the point of kind of how do we get comfortable that 1) that technology is proven. So obviously Gordon is the leading player in the U.S. in that space with kind of quite a quite high kind of market share and quite kind of flagship of marquis clients kind of across all the kind of the key unconventional basins in the U.S., and hence we do have that level of confidence. And as you rightly highlighted, obviously, it is an evolving landscape where there will always be a kind of new innovation. But we do see Gordon, itself, being at the forefront of that innovation as well in terms of patent filing, etcetera. So yes, we do think it will evolve, but we do think that kind of Gordon will continue to be ahead of the pack on that evolution.

As Mr. Abdulrahman mentioned, obviously, from an unconventional perspective, I think we're all seeing the unconventional developments in the Middle East, etcetera. So also that applicability point in the Middle East kind of comes in from that.

And I think the last point in terms of the kind of -- the best being that as the U.S. business falls away, we're able to replace it from here, we don't necessarily see it that way. So the investment case for the deal is being basically fully underwritten, based on the kind of the existing markets and the existing standalone plans of the business and the future IRR, free cash flow yields, dividend yields and growth, which we see as accretive, are all on a standalone basis. We see that Middle East as an incremental, kind of, accretion on top as a further accretion, not as a key to underwriting the business case itself. And that would be one of the key investment criteria across all our transactions as part of the JV.

Alex Comer - *J.P. Morgan*

Okay. Thanks.

Operator -

Thank you. Our last question today comes from Afaq Nathani from International Securities. Afaq, please go ahead. Your line is open.

Afaq Nathani - *International Securities*

Hi. Happy New Year, everyone, and congratulations, ADNOC Drilling's team. It seems like a great start to the year. Just a couple of things from my side. And just to better understand how the JV works. So pardon me if my questions are a little too basic. But I just wanted to understand, I mean, you said you have ten-plus deals in the pipeline, potential deals in the pipeline. Just wanted to understand what kind of companies is the JV looking at? Are these companies that ADNOC Drilling already does some sort of business with, you know, I mean, sort of like a vertical integration or something or are these are companies that ADNOC Drilling wants to bring under them to provide better services to their clients? So just one thing on that front.

And secondly, you spoke about potential synergies between the companies that you acquire, but I'm just having a hard time understanding what kind of synergies would come in, considering the fact that a lot of these might be located in different parts of the world and operating in different parts of the world. And you might not have a controlling stake like you don't in Gordon. How exactly the synergies would work and, you know, what kind of synergies are you looking to achieve. I hope my questions are clear cut, my questions are clear. Thank you.

Abdulrahman Al Seiari - *ADNOC Drilling - Chief Executive Officer*

Thank you, Afaq. I think we'll share the answer between the team here. Definitely, I mean to start with, I mean on the type of transactions that we are looking at, they are varying, actually. I mean part of it is things which complement the activities that we have. I mean, one thing I think probably we've been talking about this bottomhole assembly kind of approach that we've been using for the last couple of years when we started looking at what is missing, what technologies we would like to acquire, and where do we want to invest more time. And with that kind of concept, we have so many different technologies that have been identified, parts of this pipeline which we have been talking about. And the progress part of it is also, I mean, which we have today successfully handled on the Gordon Technologies is one of the things which was identified also to, to work on. Definitely, we have some other projects that we are looking at. I mean, whether it is technology related to the very niche or unique kind of services again, which again complements the activities in relation to our business. If you want to add, guys.

Youssef Salem - *ADNOC Drilling - Chief Financial Officer*

Maybe just from the second point, a fact, that you mentioned in terms of how can we drive synergies in the absence of a control. You're absolutely right. And that's precisely why all the transactions in the JV will follow a control or a path to control. And that's across the board. I think the reason you are seeing the 25 percent is that it was already cut off with that Alpha Dhabi, and hence we're able to transfer it to the JV in short order. That does not preclude us that across the board every transaction in the JV, inclusive of everything we've done or doing, will always have that kind of control, part to control, and hence the ability to realize that synergy.

And the second part of your question is being in different parts of the world that actually we see as one of the main reasons we're able to drive these incremental synergies, right. Because we're looking for products which are market leading in other jurisdictions. And from a technical feasibility perspective, our technical teams and the clients' technical teams have ascertained the technical feasibility of their integration here, but they have not yet arrived here from a go-to market or a sales perspective. And hence effectively we are able to support potentially on that and hence these synergies realization. And that's why we are confident around these solutions.

Christopher McDonald - *ADNOC Drilling - Chief Operating Officer*

And just one last thing off that. I think one of the points in your question was about deal flow and generation. And Alpha Dhabi already had a pipeline of opportunities. We separately, as ADNOC Drilling, had our own pipeline of opportunities. And that was driven by what we're seeing on a day-to-day basis in our OFS segment. You know, where the needs? What can we do better for our clients? How can we provide value? How can we monetize that for ourselves? Those sorts of things. So together, both shareholders are bringing to the table different aspects of the deal flow and what's resulted is these ten additional real opportunities that we're taking a hard look at.

Afaq Nathani - *International Securities*

Wonderful. Wonderful. That's very clear. Just one follow up, maybe two. Yousef, what you were suggesting of looking at technology that are, you know, in different parts of the world and bringing them here. It makes perfect sense. Just to understand, and I know there's not a fixed answer, but just to understand how long would it take to, you know, kind of bring in an entire technology, which I understand is not here already from a different part of the world and integrate it. Is there a significant time lag involved or is it something that you believe you can quickly, you know, incorporate as long as Gordon

Technologies, you know, now with you guys?

Youssef Salem - *ADNOC Drilling - Chief Financial Officer*

So to give you a tangible example, in the case of Gordon, for example, in parallel to us, kind of signing and closing the deal this week, we have already worked with them, and they have already obtained their license and establishments in the UAE. So we are not doing this sequentially and we are running in parallel with that pipeline. We have to effectively build that. So it's a relatively timely process.

Afaq Nathani - *International Securities*

Right. Right. Thank you so much and good luck. Good luck for everything. Thank you.

Operator -

Thank you. As a final reminder, if anyone would like to register a question, please press star followed by one on your telephone keypad now. We have had a question registered from Ahmed Kamal from Azimut. Ahmed, please go ahead. Your line is open.

Ahmed Kamal - *Azimut DIFC*

Hello. Thank you for the call. And congratulations on the M&A. Two quick ones. Actually, on the timeline of deploying the 1.3 billion, the remaining 1.3 billion, if you can tell us on the timeline on deploying these investments. Also, the second one, given that we expect a surge in the free cash flow starting in 2025, when CapEx start to soften, is there still a case for a higher dividend distribution side by side with the investment coming through the joint venture, or are you, at the time, being priotorizing the joint venture investment. Thank you.

Abdulrahman Al Seiari - *ADNOC Drilling - Chief Executive Officer*

Thank you, Ahmed. I think Youssef will be answering those questions. But definitely on the timeline, I think we were planning for -- yes, three years plan at least to start with. And then we'll see how things will evolve. And, again, there is so much in the pipeline as we explained. I mean more than ten different kind of technologies that we are looking at. And all of them are very attractive and leading technologies that we can benefit from as a company and also as the industry. So, there is the three-year plan, and we will be assessing that. If you would like to add.

Youssef Salem - *ADNOC Drilling - Chief Financial Officer*

Yeah, for sure. Exactly as Mr. Abdulrahman mentioned, like our original thought process was this will be a multiyear, around three years program. But also, as Chris mentioned, we've had a varied kind of a pipeline, combined pipeline come together quite quickly because of all the pre-work that both parties in the JV had already been doing, and that's what resulted in the pipeline you see today. So we are quite bullish as things stand today. And as you see in the first deal, and to the extent, kind of, this pipeline materializes, then obviously will end up being significantly quicker than that three-year period.

In terms of the kind of the free cash flow, we see these points are kind of relatively separate. So the current investment in the JV, while kind of very obviously a highly accretive and strategic for us from a pure size and perspective, we have to put it into perspective. And today, we already sit on $1.25 billion undrawn debt facilities, which are bigger than the entire contribution we would have toward towards the JV from a net debt to EBITDA perspective, we ended this last quarter at around to have 1x, which is kind of obviously a half off the kind of guidance we have, the midterm guidance we have at 2x, and hence we kind of do see kind of a very -- kind of ease of ability for us to kind of be able to fund this kind of JV from various resources we have and hence we continue to benefit from the fact that our free cash flow consensus looking forward far dwarfs kind of our current kind of, uses of funds and that kind of upside that we have from these free cash flows continues to be very much in place. And we don't see kind of our capital allocation plan as mutually exclusive in any way.

Operator -

Thank you. This concludes today's call. So I would now like to hand back to the CEO for any closing remarks.

Abdulrahman Al Seiari - *ADNOC Drilling - Chief Executive Officer*

Thank you, Daisy. Thank you, all the attendees and appreciate the interest that you are taking. And I think probably this number of questions is even more than what normally happened in the earning calls. I mean, thank you very much. It looks very interesting. And hopefully we answered all what you were asking for. And for sure there are other opportunities we'll be spending more time to answer any clarifications you may have. I appreciate it.