ADNOC Drilling

ADNOC DRILLING COMPANY P.J.S.C.

Year End 2023 Earnings

Management Discussion & Analysis Report

February 12, 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 fourth quarter of 2023 with a record revenue of $841 million increasing 15% year-on-year and 8% sequentially. The strong top-line translated into EBITDA growth of 20% year-on-year and 11% sequentially to $424 million with a margin expansion to 50%. Net profit grew 41% year-on-year and 28% sequentially to $329 million. Net profit for the fourth quarter of 2023 was positively impacted by around $55 million reduction in depreciation. Quarterly depreciation benefited from the full-year impact of change in remaining useful life and residual value estimates of assets, along with a more granular approach in asset recognition. For the full year 2024, depreciation expense is expected to be higher than 2023 due to the increase related to the rig fleet expansion, partly offset by the changes mentioned above.

Full year 2023 revenue was $3,057 million, growing 14% year-on-year. The strong top-line translated into EBITDA growth of 20% year-on-year reaching $1,483 million, with EBITDA margin expansion by 3-percentage points year-on-year at 49%, driven by the Company's continued and effective cost management initiatives. Net profit increased 29% year-on-year reaching $1,033 million, with a margin of 34%. Free cash flow stood at $306 million, a decrease from $588 million in the same period last year due to the anticipated ramp-up of CapEx as the Company continues to grow its fleet.

The Company's strong performance was attributable to the full operational impact of land and jack-up rigs commissioned in stages over the course of 2022 and partial impact of the rigs commissioned in 2023. As anticipated, the four jack-ups added to the fleet count in 3Q 2023 commenced operations in December. Oilfield Services ("OFS") continued to deliver strong growth on the back of increased activity, as well as increasing its IDS rigs to 48 from 41 in the third quarter. The growth in OFS top-line supported the substantial sequential improvement in EBITDA margin.

At the end of the year, the fleet consisted of 129 rigs (125 owned plus four lease-to-own). During the fourth quarter of 2023, five hybrid land rigs entered the rig fleet count. Among these rigs, two started operations in the last few days of the year, while three are expected to gradually start operations during the first half of 2024. The overall owned fleet availability was 96% at the end 2023.

On the back of the strong results, ADNOC Drilling announces its full year 2024 guidance and its medium-term targets *(see page 14)*.

Furthermore, the Board of Directors recommends a final dividend payment of $358 million for 2023 (8.22 fils per share), subject to shareholder approval at the upcoming Annual General Meeting ("AGM"). As a result, the total dividend for 2023 equals to $717 million (16.45 fils per share), representing a 5% year-on-year increase. The final 2023 dividend is expected to be distributed in the first half of April 2024.

USD Million	4Q23	4Q22	YoY	3Q23	QoQ	FY23	FY22	YoY
Revenue	841	733	15%	776	8%	3,057	2,673	14%
Opex[1]	(417)	(380)	10%	(395)	6%	(1,574)	(1,441)	9%
EBITDA[2]	**424**	**353**	**20%**	**381**	**11%**	**1,483**	**1,232**	**20%**
Depreciation and amortization	**(75)**	**(110)**	**-32%**	**(111)**	**-32%**	(391)	(401)	**-2%**
Finance cost – net	**(20)**	**(9)**	**122%**	**(13)**	**54%**	(58)	(29)	**100%**
Net profit	**329**	**234**	**41%**	**257**	**28%**	**1,033**	**802**	**29%**
EBITDA margin	50%	48%	2%	49%	1%	49%	46%	3%
Net profit margin	39%	32%	7%	33%	6%	34%	30%	4%
Cash from operating activities	397	389	2%	337	18%	1,355	1,524	-11%
Capital expenditure[3]	(213)	(434)	-51%	(592)	-64%	(1,062)	(942)	22%
Free cash flow	187	(42)	-545%	(252)	-174%	306	588	-48%
Total equity	3,265	2,931	11%	3,294	-1%	3,265	2,931	11%
Net debt[4]	1,827	1,214	50%	1,645	11%	1,827	1,214	50%
Earnings per share ($)	0.0206	0.0146	41%	0.0161	28%	0.0646	0.0501	29%
Capital employed	5,633	4,610	22%	5,621	0%	5,633	4,610	22%
Return on capital employed	19%	18%	1%	18%	-1%	19%	18%	1%
Net debt to LTM EBITDA	1.2	1.0	0.2	1.2	-	1.2	1.0	0.2
Leverage ratio	36%	29%	7%	33%	-3%	36%	29%	7%
Return on equity	32%	27%	5%	28%	-4%	32%	27%	5%

NM = Meaningful

(1) Opex includes allocation of G&A expenses and other income; (2) EBITDA represents Earnings Before Interest, Tax, Depreciation and Amortization; (3) Cash payments for purchase of property and equipment including prepaid delivery payments, excluding CapEx accruals (see page 11 for more details) (4) Interest bearing liabilities less cash and cash equivalents

Post-Period Developments - Subsequent to Fourth Quarter

On January 9, 2024, ADNOC Drilling Company PJSC and Alpha Dhabi Holding PJSC announced the incorporation of its strategic investment JV at Abu Dhabi Global Market. The JV, will pursue global investments in energy technology and bolster tech-enabled energy services. As the inaugural investment, Alpha Dhabi has contributed its 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. As disclosed on 10 November 2023, ADNOC Drilling holds a majority 51% stake in the JV, with the remaining 49% held by Alpha Dhabi, with equal Board representation for both parties. The JV’s financial results will be accounted for by ADNOC Drilling through the equity method starting from the Company’s 1Q 2024 financial results.

Segmental Results

Onshore

USD Million	4Q23	4Q22	YoY	3Q23	QoQ		FY23	FY22	YoY
Revenue	416	379	10%	378	10%		1,495	1,453	3%
OPEX[1]	(213)	(191)	12%	(188)	13%		(771)	(748)	3%
EBITDA[2]	203	188	8%	190	7%		724	705	3%
Net profit	194	145	34%	136	43%		568	537	6%

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

Full Year (Year-on-Year Performance)

Onshore revenue increased 3% year-on-year amounting to $1,495 million in the full year ending December 2023. The positive revenue trend was driven by the full contribution of eight H&P rigs acquired and put into operations over the course of 2022, and by the additional rigs entering operations during 2023. The new rig additions more than offset the lower year-on-year reimbursement of cost escalation claims, particularly due to a reduction of diesel prices.

Operating expenses grew broadly in-line with revenue, increasing 3% year-on-year to $771 million.

The combination of higher revenue and stable operating expenses led to a 3% year-on-year increase in EBITDA, amounting to $724 million for the full year. The Company continues to seek out and identify areas to realize efficiencies and offset increasing costs, mainly through initiatives aimed at optimizing the average number of crew per rig, diesel consumption, and equipment rentals.

Fourth Quarter (Year-on-Year Performance)

Fourth quarter revenue increased 10% year-on-year to $416 million from $379 million, mainly due to increased onshore activity which was mainly driven by the contribution from four lease-to-own land rigs. The overall increase in activity more than offset the lower year-on-year recovery of fuel costs.

Operating expenses increased to $213 million from $191 million in the same quarter last year. This was driven the phasing of major maintenance activity, lower in the fourth quarter of last year, partly offset by realized cost efficiency measures. As a result, EBITDA increased by 8% year-on-year to $203 million with a margin of 49%.

Net profit increased 34% to $194 million in the fourth quarter of 2023 from $145 million with profit margin improving 9 percentage points year-on-year to around 47%. The increase was mainly driven by depreciation which, as explained earlier, positively benefitted from the full-year impact of change in remaining useful life and residual value estimates of our assets, along with a more granular approach in asset recognition.

Fourth Quarter (Sequential Performance)

Revenue in the fourth quarter increased 10% sequentially to $416 million from $378 million mainly driven by the full contribution from the new lease-to-own rigs integrated into operations in the third quarter. The top-line was also supported by long-range rig moves for certain rigs in the quarter.

Operating expenses increased 12% quarter-on-quarter driven by increased major maintenance activity in the quarter due to planned phasing, along with the associated costs for the four leased to own rigs added in the third quarter. This was partly offset by cost efficiency measures. As a result, EBITDA increased 7% quarter-on-quarter to $203 million from $190 million.

Net profit increased 43% sequentially to $194 million in the fourth quarter of 2023 from $136 million with profit margin improving by 11 percentage points quarter-on-quarter to 47%. The increase was mainly driven by the impact from depreciation described earlier.

Offshore Jack-up

USD Million	4Q23	4Q22	YoY	3Q23	QoQ		FY23	FY22	YoY
Revenue	225	180	25%	199	13%		800	611	31%
OPEX[1]	(77)	(72)	7%	(68)	13%		(290)	(282)	3%
EBITDA[2]	148	108	37%	131	13%		510	329	55%
Net profit	75	60	25%	86	-13%		306	168	82%

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

Full Year (Year-on-Year Performance)

The Offshore Jack-up segment delivered strong revenue growth, up 31% to $800 million in the full year 2023 from $611 million in the prior year. Revenue growth was mainly driven by the full year contribution of five new jack-up rigs that went into operations over the course of 2022, as well as the eight jack-ups that went into operations in 2023, including the four jack-ups added to the rig fleet count in 3Q that started operations and contributed to revenue from December.

The Offshore Jack-up fleet rig availability was 98% in the year, with lower availability in the fourth quarter as the new jack-ups gradually commence work.

Operating expenses slightly increased by 3% to $290 million from $282 million a year ago, driven by the increased rig fleet size, with last year also impacted by higher major maintenance activity and its associated costs. Furthermore, the segment was also impacted by higher allocation of overhead costs, following our revised policy in 2023.

Driven by the significant revenue growth and lower major maintenance activity, EBITDA increased 55% year-on-year to $510 million from $329 million, while net profit was up 82% to $306 million from $168 million. Net profit growth was slightly impacted by an increase of depreciation, as the above-mentioned reduction in depreciation of existing assets was more than offset by an increase related to the recent jack-up fleet expansion.

Fourth Quarter (Year-on-Year Performance)

Fourth quarter revenue increased 25% year-on-year to $225 million from $180 million mainly due to higher activity and lower major maintenance compared to the same period last year.

Operating expenses reached $77 million, a 7% year-on-year increase, driven by the increase in rig activity and overhead costs associated with the fleet expansion, partly offset by lower year-on-year maintenance costs due to phasing. As a result, EBITDA grew 37% year-on-year to $148 million, with a margin of 66%. Net profit was up 25% to $75 million with a margin of 33%.

Fourth Quarter (Sequential Performance)

Revenue in the fourth quarter increased 13% sequentially to $225 million from $199 million, driven by jack-ups starting operations in the fourth quarter, including the 4 jack-ups added to the rig fleet count in 3Q that, as anticipated, contributed to revenue from December.

Operating expenses increased in-line with revenue, up 13% to $77 million from $68 million in the prior quarter. As a result, EBITDA increased 13% sequentially to $148 million from $131 million.

Net profit decreased 13% quarter-on-quarter reaching $75 million from $86 million in the prior quarter due to an increase of depreciation, as the above-mentioned reduction in depreciation of existing assets was more than offset by the increase related to the recent jack-up fleet expansion.

Offshore Island

USD Million	4Q23	4Q22	*YoY*	3Q23	*QoQ*		FY23	FY22	*YoY*
Revenue	52	51	2%	54	-4%		209	204	2%
OPEX[1]	(19)	(23)	-17%	(17)	12%		(75)	(83)	-10%
EBITDA[2]	33	28	18%	37	-11%		134	121	11%
Net profit	47	15	213%	26	81%		113	73	55%

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

Full Year (Year-on-Year Performance)

Offshore Island revenue increased 2% year-on-year to $209 million from $204 million, mainly driven by mobilization revenue for the re-activated island rig allocated to the Hail and Ghasha Project.

Operating expenses decreased 10% year-on-year to $75 million due to lower major maintenance activity, a decrease in overhead costs allocated to the segment following our revised policy, and cost efficiency measures. As a result, EBITDA increased 11% year-on-year from $121 million to $134 million.

Net profit increased 55% to $113 million, with margins improving by 18 percentage points reaching 54%. The strong increase was driven by the reduction in depreciation described earlier.

Fourth Quarter (Year-on-Year Performance)

Fourth quarter revenue increased 2% year-on-year reaching $52 million, driven by increased activity.

Operating expenses decreased 17% year-on-year to $19 million driven by cost efficiency measures. The combination of higher revenue and lower operating expenses led to EBITDA growth of 18% to $33 million in the quarter. Net profit increased by more than three times versus the same period of last year, due to the positive impact from the reduction in depreciation described earlier.

Fourth Quarter (Sequential Performance)

Fourth quarter revenue decreased 4% sequentially to $52 million, due to one rig undergoing major maintenance in the quarter, which also led to an increase in operating expenses by 12% to $19 million. As a result, EBITDA decreased 11% sequentially to $33 million. Despite the decrease in EBITDA, net profit grew 81% sequentially, driven by the reduction in depreciation described earlier.

Oilfield Services

USD Million	4Q23	4Q22	YoY	3Q23	QoQ	FY23	FY22	YoY
Revenue	148	123	20%	145	2%	553	405	37%
OPEX[1]	(108)	(94)	15%	(122)	-11%	(438)	(328)	34%
EBITDA[2]	40	29	38%	23	74%	115	77	49%
Net profit	13	14	-7%	9	44%	46	24	92%

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

Full Year (Year-on-Year Performance)

The OFS segment continues to deliver strong top-line growth posting $553 million revenue in 2023, a 37% year-on-year increase, on the back of increased activity volume across the entire portfolio.

Operating expenses increased 34% year-on-year to $438 million from $328 million, mainly due to increased activity levels, along with an inflationary trend on cost of materials, equipment and associated logistical costs. Moreover, part of the increase was due to equipment hire tied to frac activity. The segment was allocated overhead costs for the first time in the first quarter of 2023, as previously the segment was in an early phase of its lifecycle.

EBITDA increased 49% to $115 million from $77 million a year ago, reflecting increased activity across the segment, leading to a year-on-year EBITDA margin expansion to 21%.

Driven by increased revenue and margins, net profit almost doubled year-on-year to $46 million.

Fourth Quarter (Year-on-Year Performance)

Fourth quarter revenue increased 20% to $148 million from $123 million in the same period last year, driven by increased activity from pressure pumping, drilling fluids, and directional drilling.

Operating expenses increased 15% to $108 million due to increased activity, while also benefitting from efficiencies. The growth in top-line resulted in a 38% year-on-year EBITDA growth to $40 million, with EBITDA margin improvement.

Despite the growth in EBITDA, net profit decreased 7% year-on-year driven by an increase in depreciation. The increase in depreciation was mainly due to a one-off alignment of depreciation period for certain OFS tools.

Fourth Quarter (Sequential Performance)

Fourth quarter revenue increased 2% sequentially to $148 million, benefiting from the addition of seven IDS rigs close to year-end.

Operating expenses amounted to $108 million, an 11% sequential decrease driven by activity mix, which in the quarter was characterized by a larger contribution of higher margin product lines.

Overall, EBITDA increased 74% sequentially to $40 million from $23 million in the third quarter of this year, leading to a significant margin expansion.

Net Profit increased 44% in the quarter to $13 million, a lower growth rate compared to EBITDA due to the one-off alignment of depreciation mentioned above.

Operating Working Capital

USD Million	31 Dec 23	31 Dec 22	YoY	30 Sep 23	QoQ
Current Assets[1]	**1,347**	**1,197**	**13%**	**1,254**	**7%**
Inventories	206	153	35%	203	1%
Trade & other receivables	154	115	34%	119	29%
Due from related parties	987	929	6%	932	6%
Current Liabilities[2]	**1,108**	**883**	**25%**	**800**	**39%**
Trade & other payables	858	416	106%	505	70%
Due to related parties	250	467	-46%	295	-15%
Operating Working Capital	**239**	**314**	**-24%**	**454**	**-47%**

(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 last quarter of 2023 ending at $239 million, a 24% year-on-year and 47% sequential decrease. This was driven by continued focus on collections from related parties and phasing of capital expenditure related payments at year-end.

Net working capital as a percentage of revenue stood at 8% in 2023, with a strong recovery in the fourth quarter, driven by improved collections and the above-mentioned phasing related to capital expenditures. Net of this phasing, the normalised ratio would have been 12%.

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	4Q23	4Q22	YoY	3Q23	QoQ	FY23	FY22	YoY
Cash from operating activities	397	389	21%	337	18%	1,355	1,524	-11%
Cash used in investing activities[1]	(210)	(431)	-51%	(589)	-64%	(1,049)	(936)	12
Free Cash Flow	**187**	**(42)**	**-**	**(252)**	**-**	**306**	**588**	**-48%**

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.

Free cash flow stood at $306 million in the full year 2023, a 48% decrease from $588 million in the same period of the prior year. This was mainly attributable to the planned increase in CapEx, as the Company continues to execute on its rig acquisition program.

Free cash flow improved from negative $252 million in the third quarter of 2023 to $187 million in the fourth quarter mainly due to collections and the phasing of CapEx related to our rig fleet expansion.

Balance Sheet

USD Million	31 Dec 23	31 Dec 22	YoY	30 Sep 23	QoQ
Total Assets	**6,741**	**5,493**	**23%**	**6,421**	**5%**
Non-current assets	5,029	3,970	27%	4,605	9%
Current Assets[1]	1,347	1,197	13%	1,254	7%
Assets Held for sale	11	-	100%	11	0%
Cash and cash equivalents	354	326	9%	551	-36%
Total Liabilities	**3,476**	**2,562**	**36%**	**3,127**	**11%**
Non-current liabilities	2,331	160	1357%	808	188%
Current liabilities	1,145	2,402	-52%	2,319	-51%
Total Equity	**3,265**	**2,931**	**11%**	**3,294**	**-1%**
Share capital	436	436	0%	436	0%
Statutory reserve	218	140	56%	141	55%
Retained earnings	2,611	2,355	11%	2,717	-4%
Total Equity and Liabilities	**6,741**	**5,493**	**23%**	**6,421**	**5%**

(1) Excludes cash and bank balances

Total Assets for the year ending December 31, 2023 increased 23% year-on-year to $6,741 million from $5,493 million in the period ending December 31, 2022. This was mainly due to an increase in non-current assets by 27% to $5,029 million from $3,970 million on the back of the new rig acquisitions associated with the fleet expansion program.

Cash and cash equivalents balance increased to $354 million from $326 million in the year-ago period due to improved collections and the draw-down of $500 million syndicated term loan to support rig fleet expansion. As of December 31, 2023, the Company's liquidity headroom (including unutilized syndicated term and revolving facilities) was around $1,600 million.

Total liabilities increased 36% to $3,476 million as of December 31, 2023, from $2,562 million in 2022. The change was mainly attributable to the draw-down of the syndicated term loan mentioned above, 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 $243 million due to higher trade 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 new $1,500 million syndicated loan and the existing $500 million term loan have been classified as non-current liabilities.

The classifications of the drawn facilities between non-current and current liabilities in 2022 and 2023 led to current liabilities decreasing to $1,145 million in December 2023 from $2,402 million a year ago. For the same reason, non-current liabilities increased from $160 million to $2,331 million in the same periods.

Total Assets for the period ending December 31, 2023, increased to $6,741 million from $6,421 million in the period ending 30 September 2023. This was mainly due to an increase in non-current assets to $5,029 million from $4,605 million on the back of rig acquisitions. This was offset by a decrease in cash and cash equivalents balance from $551 million to $354 million, driven by the payment of the 2023 interim dividend in October.

Total liabilities increased 11% to $3,476 million at the end of the fourth quarter from $3,127 million at the end of the third quarter, driven by CapEx accruals related to phasing of capital expenditure related payments, and deferred mobilization liability for new rigs.

Capital Expenditure

Capital expenditure (CapEx), including prepayments and accruals, amounted to $484 million for the quarter ending December 31, 2023, in line with the expected ramp-up in rig acquisitions with capex reaching to $1,333 million for the full year.

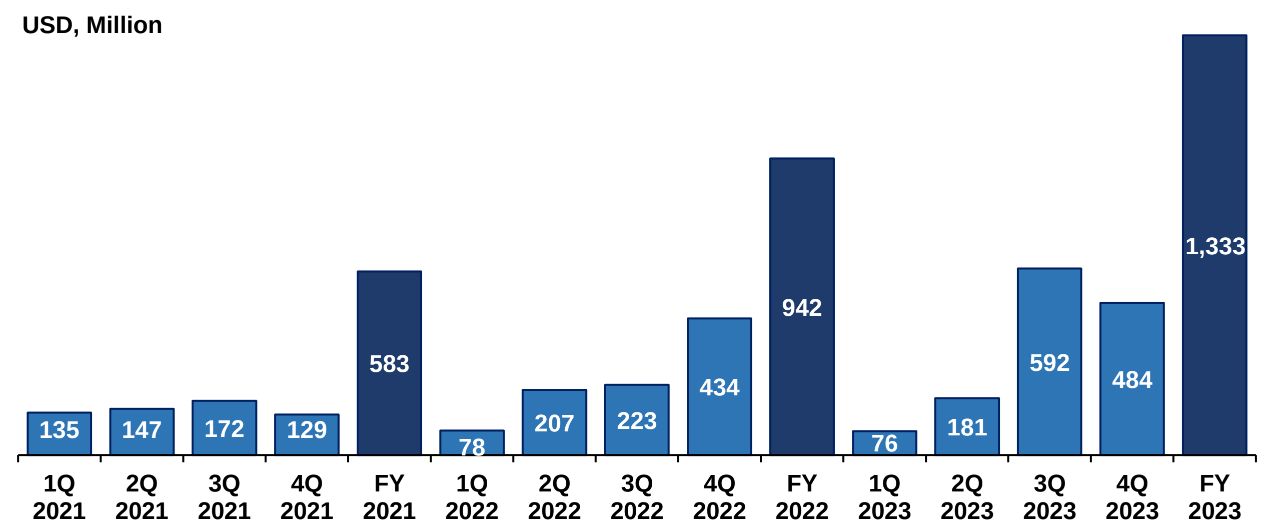
Pre-payments in the period were mostly associated with the purchase of onshore and offshore jack-up rigs.

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 fourth quarter of 2023, 5 land rigs entered the rig fleet count. Among these rigs, 2 started operation in the last few days of the year, while 3 are expected to gradually start operations during the first half 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	4Q23	4Q22	YoY	3Q23	QoQ		FY23	FY22	YoY
Fleet	**129[1]**	**115**	**12%**	**124[1]**	**4%**		**129[1]**	**115**	**12%**
Onshore	84[1]	74	14%	79[1]	6%		84[1]	74	14%
Offshore Jack-up	35	31	13%	35	-		35	31	13%
Offshore Island	10	10	0%	10	-		10	10	-
Rented rigs	10	6	67%	10	-		10	6	67%
Rigs Availability*	**96%**	**94%**	**2%**	**97%**	**-1%**		**96%**	**95%**	**1%**
Onshore	96%	91%	5%	95%	1%		95%	94%	2%
Offshore Jack-up	93%	98%	-5%	100%	-7%		98%	97%	-4%
Offshore Island	100%	100%	0%	99%	1%		100%	100%	0%
Number of Wells Drilled*	**161**	**177**	**-9%**	**159**	**1%**		**613**	**620**	**-1%**
Onshore	140	151	-7%	129	9%		515	528	*-2%*
Offshore Jack-up	16	18	-11%	23	-30%		71	65	*9%*
Offshore Island	5	8	-38%	7	-29%		27	27	*0%*

(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 129 rigs (125 owned plus four lease-to-own) at the end of 2023. The overall owned fleet availability was 96% at the end of December 2023. Operational highlights of note during the period are as follows:

- The Company added a total of 14 rigs to the fleet count over FY2023, 4 jack-ups and 10 land rigs (including 4 lease-to-own land rigs).
- As anticipated, the four jack-ups which were added to the fleet count in 3Q 2023 commenced operations in December.
- For onshore, one land rig was integrated into the fleet in the second quarter. This was followed by the integration of four lease-to-own land rigs during the third quarter. Finally, during the fourth quarter, five hybrid land rigs entered the fleet count, of which two started operations in the last few days of the year, while the remaining three are expected to gradually start operations during the first half of 2024.
- Achieved TRIR frequency of 0.44 against a target of 0.70 for FY2023.

FY2023 Highlights:

- Completed ADNOC Drilling's first injection CO2 well utilizing AD 64.
- Onshore lost time incident (LTI) of 0.12 by end of 2023 versus a target of 0.22 and representing a 63% reduction in lost time injuries compared to FY2022.
- Onshore achieved TRIR of 0.54 against a target of 0.70 for 2023, representing an 18% reduction in recordable injuries compared to 2022.
- Mobilized and operated rig in Jordan during the fourth quarter of 2023.
- AD122 mobile camp was installed with solar panels to power mobile camp.
- Offshore achieved LTI frequency of 0.07 against a target of 0.22 for FY2023, representing a 67% reduction in lost time injuries compared to 2022.

- Offshore achieved TRIR frequency of 0.42 against a target of 0.70 for 2023.
- Introduced engine power management system which was installed at Al Sila as a target to optimize power consumption and lower emissions.
- Achieved world's longest extended reach well (UZ- 685), utilizing AD-68 at 51,000 feet from Umm Al Anbar Island, tapping into a previously unreachable part of the reservoir.

Oilfield Services (OFS)

- Awarded of a five-year contract for the provision of Integrated Drilling Services (IDS) totaling $412 million in April 2023.
- IDS rigs increased to 48 Rigs at the end of 2023 versus 40 IDS rigs in 2022.
- 15.5% overall improvement in FY2023 IDS drilling efficiency versus the 2022 benchmark.
- TRIR of 0.5 versus a target of 0.70 by the end of 2023.
- Efficient operations resulted in cumulative savings of over $320 million to ADNOC since inception in 2019.
- Delivered 204 IDS wells at the end of 2023, ahead of target.

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.

Dividend Policy

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

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

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

The Board of Directors recommends a final dividend payment of $358 million for 2023 (8.22 fils per share), subject to shareholder approval at the upcoming AGM. As a result, the total dividend for 2023 equals to $717 million (16.45 fils per share), representing a 5% year-on-year increase. The final 2023 dividend is expected to be distributed in the first half of April 2024.

Earnings Webcast and Conference Call

ADNOC Drilling will host the earnings webcast and conference call followed by a Q&A session for investors and analysts on Tuesday, February 13, 2024, at 12:00 pm UAE time / 08:00 am UK time.

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

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

Share Price and Ownership

Our shares are traded on the Abu Dhabi Securities Exchange (ADX) under the symbol ADNOCDRILL. The closing share price as of December 31, 2023, was AED 3.78. In the period from October 1, 2023, through December 31, 2023, the share price traded in a range between AED 3.45 and AED 4.09. Market capitalization was AED 60.5 billion as of December 31, 2023, and an average of 3.6 million shares traded daily during the fourth quarter of 2023.

As of December 31, 2023, the Abu Dhabi National Oil Company ("ADNOC") owned a majority 84% stake in the Company and Baker Hughes Holding SPV Ltd. ("Baker Hughes") owned 5% stake in the Company, while 11% of our outstanding shares were publicly owned by other institutional and retail investors.

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

First Quarter 2024 Results

We expect to announce our first quarter 2024 results on or around May 10, 2024.

Contacts

Massimiliano Cominelli
Vice President, Investor Relations
mcominelli@adnoc.ae

Adham Kamel
Senior Analyst, Investor Relations
akamel@adnoc.ae

February 12, 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.