



ADNOC Drilling



THIRD QUARTER 2024 RESULTS PRESENTATION

October 30, 2024



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AGENDA & PRESENTERS



● **Strategic Developments**

● **Operational Highlights**

● **Financial Performance**

● **Closing Remarks**

● **Appendix**



Abdulrahman Abdullah Al Seiari
Chief Executive Officer



Youssef Salem
Chief Financial Officer



ADNOC Drilling 

1. STRATEGIC DEVELOPMENTS



ROBUST GROWTH CONTINUES

RECORD THIRD QUARTER 2024 - KEY HIGHLIGHTS & STRATEGIC DEVELOPMENTS



Safety & Environment



▶ **2,625 GJ/\$MM**

Energy intensity vs target of 2,719 GJ/\$MM revenue in 9M24

▶ **0.55 TRIR**

Vs target of 0.63 for 9M24

▶ **18.7 ktCO₂eq**

GHG abatement on track with target

Financial



▶ **32% YoY**

3Q24 revenue increase

▶ **50% EBITDA margin**

3Q24, industry leading level

▶ **\$335m Net profit**

3Q24, growing +30%YoY

Operational



▶ **95% Rig availability**

Overall fleet availability at end of 3Q24

▶ **50 IDS & 48 Discrete services¹**

At the end of 3Q24

▶ **140 Owned rigs**

Including 4 lease-to-own land rigs, on track to target of 142 by year-end

(1) Discrete services, OFS offered at least one discrete service to an additional 48 rigs between onshore and offshore in the third quarter.

- ▶ **MSCI index inclusion, effective post market close on August 30, 2024**
- ▶ **Enersol acquisitions continue (closing of Gordon Technologies)**
- ▶ **Turnwell agreements signed, accelerating initial unconventional campaign**
- ▶ **FY 2024 guidance positively updated**

NEW GROWTH VENUES GAINING MOMENTUM

ENERSOL ACQUISITIONS CONTINUE, UNCONVENTIONAL ACCELERATION, REGIONAL EXPANSION



Enersol



- **Acquired three companies**, cumulative total investment of **over \$0.5 billion**, or around a third of the committed amount.
 - Gordon Technologies, 67.2% stake¹
 - NTS Amega Global, 51% stake²
 - EV, 100% stake²
- Acquisitions aligned with Enersol's strategic vision to **become a diversified tech-centric OFS investment platform**.
- **ADNOC Drilling benefits** from Enersol's OFS tech-enabled acquisitions to further develop its integrated offering and tech ecosystem.

Unconventional Resources



- **Turnwell successfully & efficiently completed the initial wells of the 144 well program** following its **successful startup of the Turnwell JV with SLB & Patterson-UTI**.
- Acceleration of the **\$1.7 billion contract** to unlock the **UAE's world-class unconventional energy resources**.
- **The contract award was to drill 144 oil and gas wells** over 2+ years; currently 6 rigs for unconventional.
- **Acceleration to benefit ADNOC Drilling's 2025 earnings** as well as its long-term growth through the potential acceleration of phase two with thousands of wells.

Regional Expansion



- **ADNOC Drilling received an extension** to the contract that will see **the rig in Jordan deliver further wells** and stay in the country to at least the end of 2024.
- ADNOC Drilling has been **pre-qualified by the Kuwait Oil Company (KOC)** to be included in approved contractors list for provision of drilling, rig and ancillary services.
- Supports the Company's ambitions to **expand its drilling and OFS activities regionally** and opens the door to **expand activities into Kuwait**.
- **Pre-qualified** for certain services **in Oman**, initial tender ongoing.

(1) Transaction completed

(2) Transactions signed



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2. OPERATIONAL HIGHLIGHTS

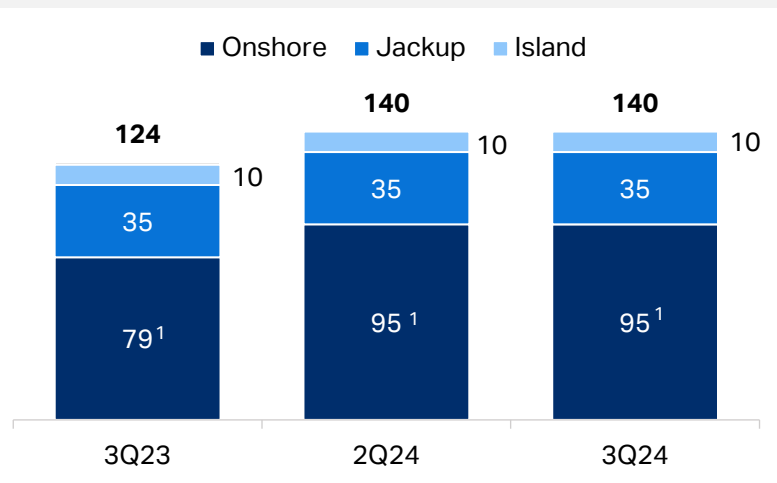
ADNOC DRILLING

EXPANDING OPERATIONS, GROWING WELL COUNT

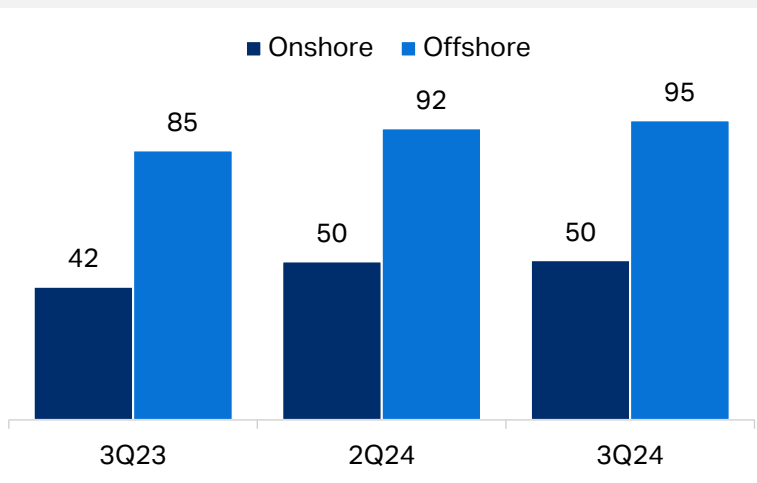
KEY OPERATIONAL HIGHLIGHTS



Owned Rigs



Drilling Average Durations (Days)



Commentary



› **Added eleven land rigs in 9M24.** Fleet count at 140 rigs, up 21% YoY. Targeting at least 148 rigs by 2026.



› **175 wells drilled** vs 148 wells in 2Q24, driven by new rigs commencing operations.



› **OFS performed IDS on 50 rigs** in 3Q24, compared to 41 rigs in 3Q23. Discrete services offered on **48 rigs**.



› **Rig availability of 95%** in 3Q24 versus 94% in 2Q24.



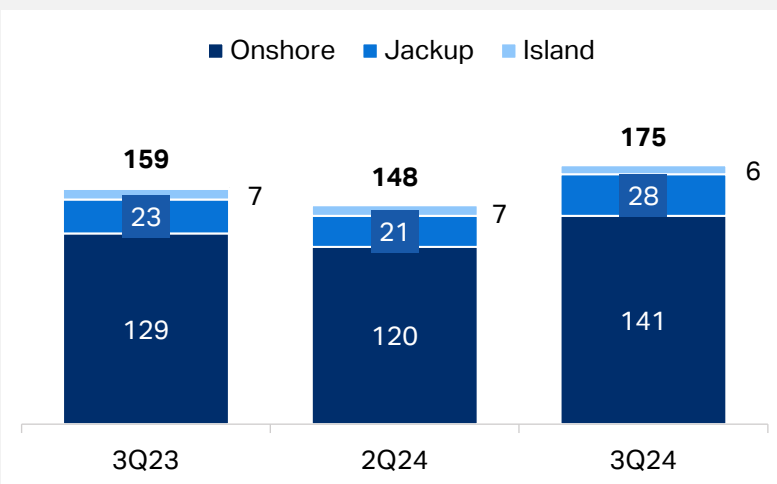
› **19% overall improvement** in 3Q24 **IDS drilling efficiency** versus 2023 benchmark.



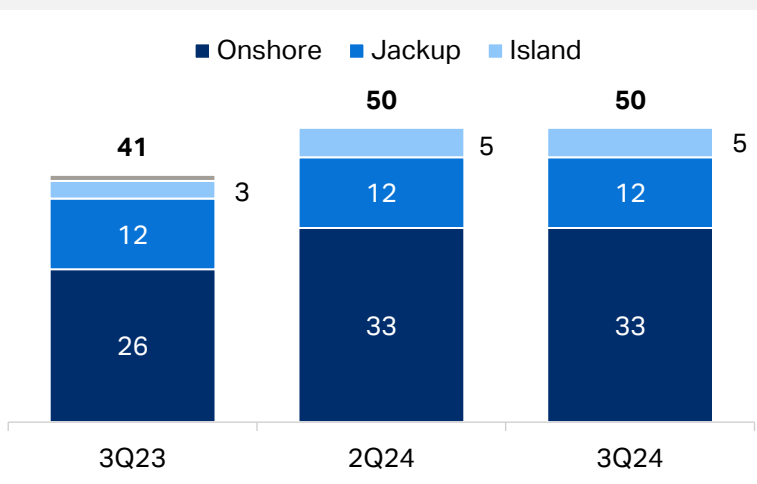
› **OFS activity volume expected to increase in the last part of the year**, in-line with planned phasing on the back of IDS rigs ramp-up and unconventional.



Wells Drilled



IDS Rigs



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

DECARBONIZATION INITIATIVES DRIVING ESG AGENDA

PURSUING AMBITIOUS GOALS



Camps Emission Abatement

Base Camp Grid Connectivity



- Madinat Zayed camp powered by the grid since February 2024
- Scheduled to be connected in 4Q24:
 - Tarif
 - Habshan
 - Bu Hasa

Solar for Mobile Camps



- Successfully installed solar mobile power on AD-51



Rigs Emission Abatement

Green Rig



- 16 newbuild hybrid rigs all in operations to monitor and optimize the energy intensity
- Expected 10% - 15% abatement

Battery Energy Storage System



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



Sustainability Initiatives

Rigs Energy Optimization



- Monitoring consumption to identify gaps and areas of development
- Optimize diesel consumption to meet reduction target
- Further electrification initiatives for our operations are under evaluation

Diesel optimization



- Fuel additive to improve combustion efficiency, trial under preparation



Enersol to support decarbonization agenda



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3. FINANCIAL PERFORMANCE

ADNOC DRILLING

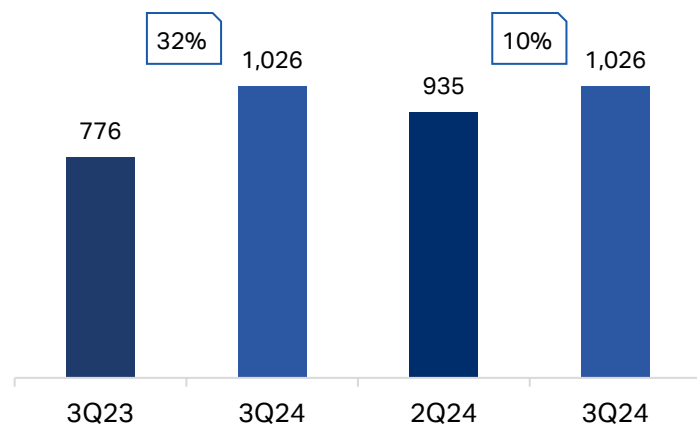
FINANCIAL HIGHLIGHTS

RECORD THIRD QUARTER RESULTS



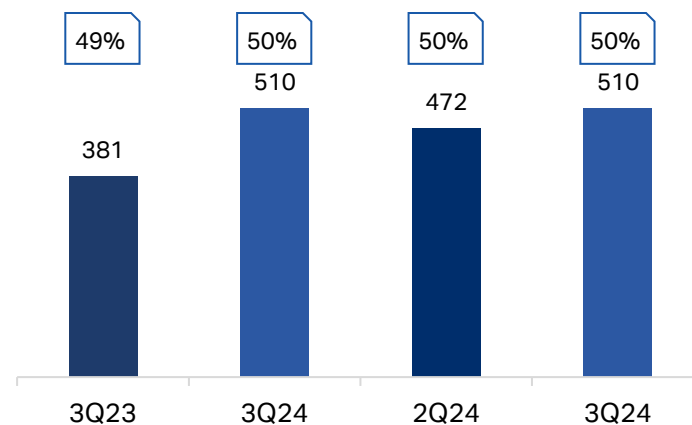
Revenue (\$ Million)

% growth



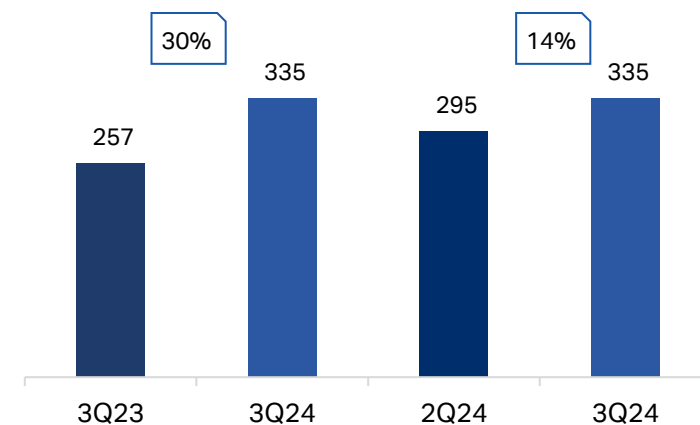
EBITDA (\$ Million)

% EBITDA margin



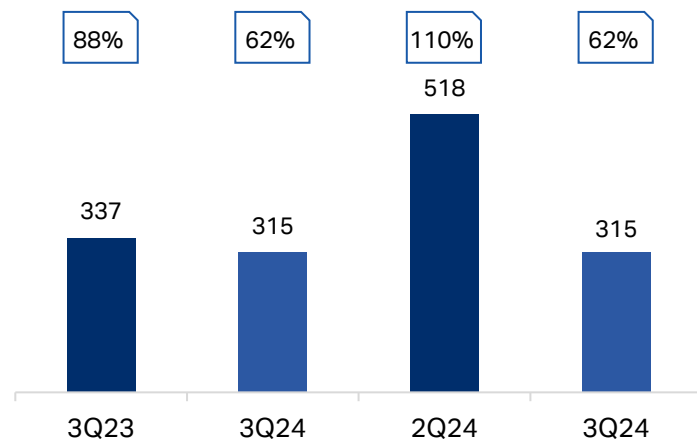
Net Income (\$ Million)

% growth



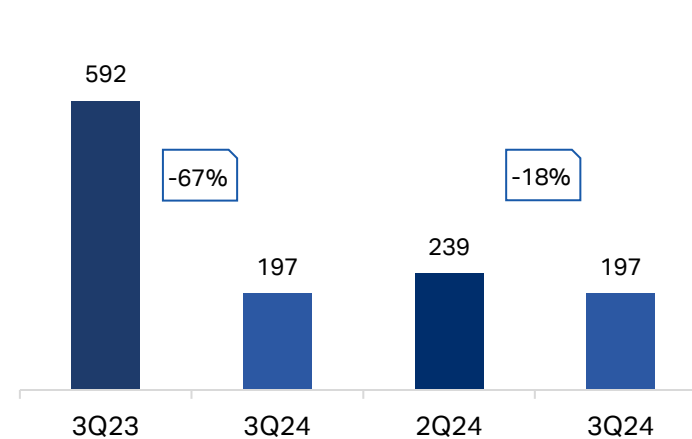
Cash from Operations (\$ Million)

% of EBITDA



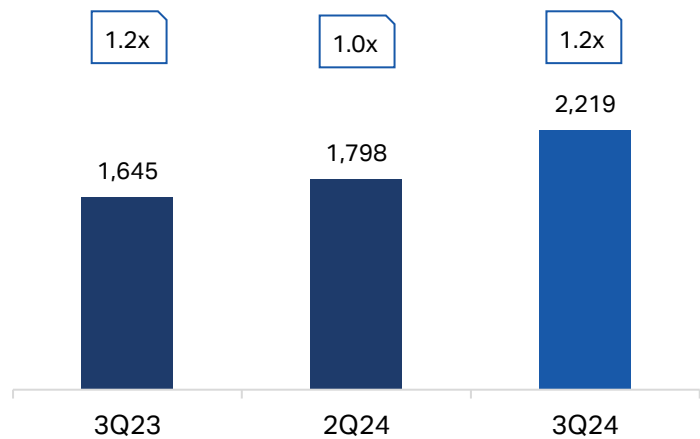
CapEx¹ (\$ Million)

% growth



Net Debt (\$ Million)

x Net Debt / LTM EBITDA



(1) Cash payments for purchase of property and equipment including prepaid delivery payments, excluding CapEx accruals.

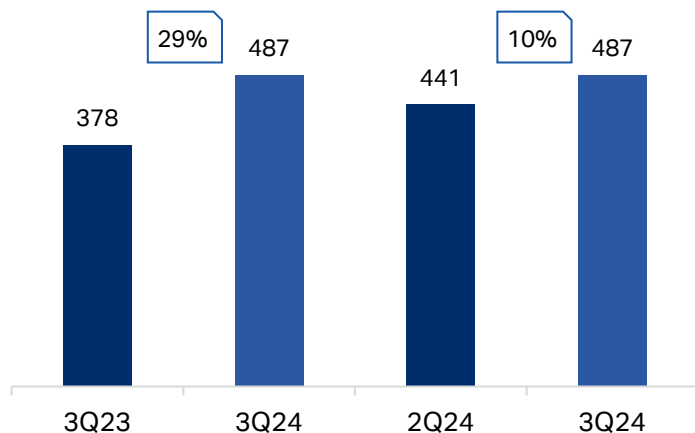
SEGMENTAL REVENUE

HIGHEST THIRD QUARTER REVENUE DRIVEN BY FLEET ACTIVITY AND OILFIELD SERVICES



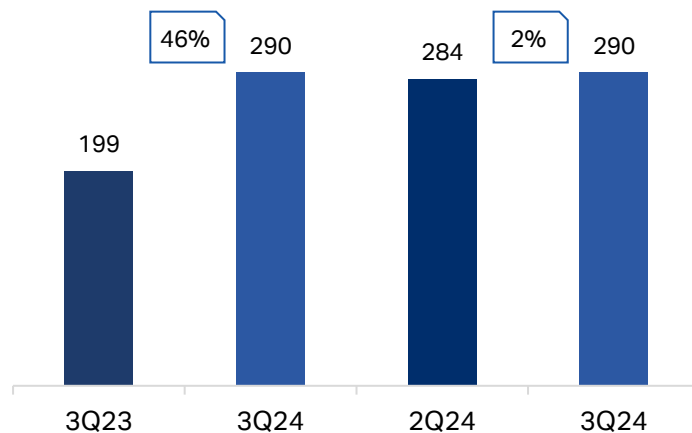
Onshore (\$ Million)

% growth



Offshore Jack-up (\$ Million)

% growth



Commentary

3Q24 revenue +32% YoY and +10% sequentially to \$1,026 million.



› **Onshore:** 3Q24 revenue up 29% YoY mainly driven by new rigs commencing operations. QoQ increased 10% due to new rigs commencing operations since beginning of quarter and unconventional.



› **Offshore Jack-up:** 3Q24 revenue grew 46% YoY driven by higher activity. QoQ up 2% due to an additional calendar day in 3Q.



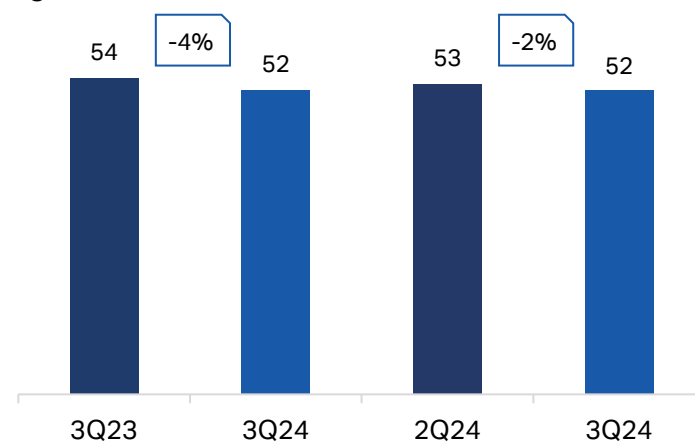
› **Offshore Island:** 3Q24 revenue declined 4% YoY and 2% QoQ due to a one-off claim last year related to demobilization of island rig allocated to the Hail and Ghasha project.



› **OFS:** 3Q24 revenue grew 36% YoY mainly due to increased activity in directional drilling and drilling fluids. QoQ up 25% due to contribution of the unconventional business and increased activity in drilling fluids. OFS activity expected to increase, in-line with planned phasing of IDS ramp-up and unconventional.

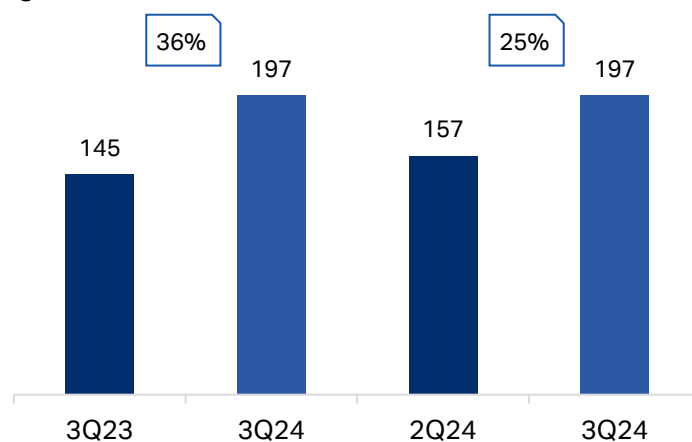
Offshore Island (\$ Million)

% growth



Oilfield Services (\$ Million)

% growth



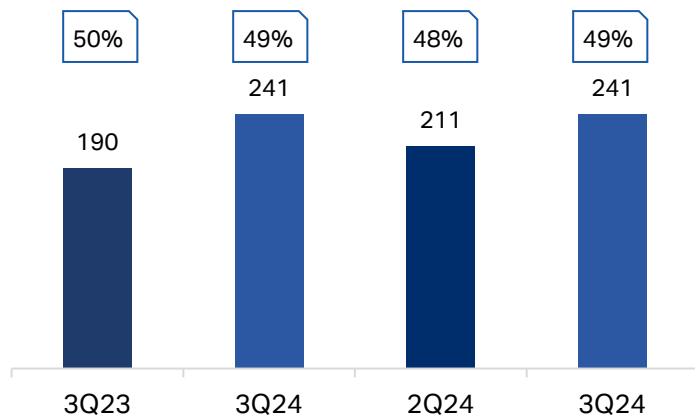
EBITDA GENERATION

INDUSTRY-LEADING MARGINS



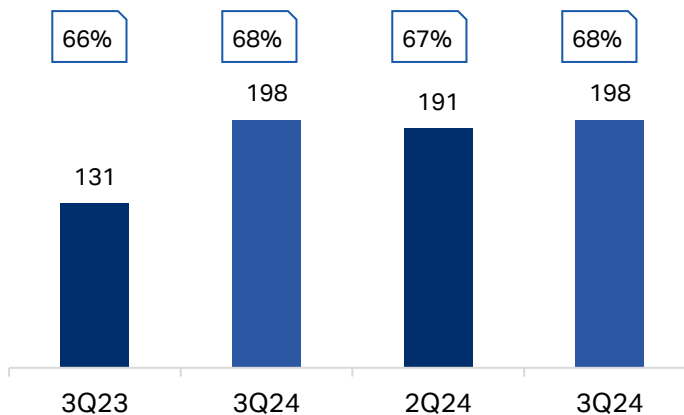
Onshore (\$ Million)

% EBITDA margin



Offshore Jack-up (\$ Million)

% EBITDA margin



Commentary

3Q24 EBITDA increased 34% YoY to \$510 million, yielding an industry leading margin of 50%



› **Onshore:** 3Q24 EBITDA grew 27% YoY and 14% QoQ driven by higher revenue and realized cost efficiencies.



› **Offshore Jack-up:** 3Q24 EBITDA increased 51% YoY and 4% QoQ driven by higher revenue and margin expansion due to higher operational efficiency.



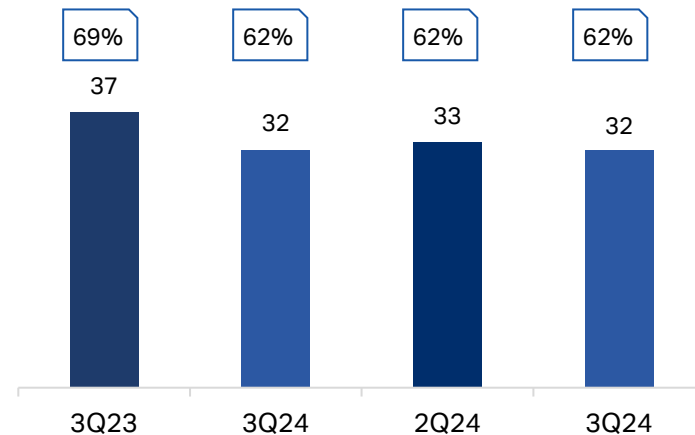
› **Offshore Island:** 3Q24 EBITDA declined 14% YoY and 3% QoQ due to the reactivation cost of the island rigs assigned to Hail and Ghasha project.



› **OFS:** 3Q24 EBITDA up 70% YoY and 5% QoQ driven by higher revenue through higher activity, Enersol and Turnwell.

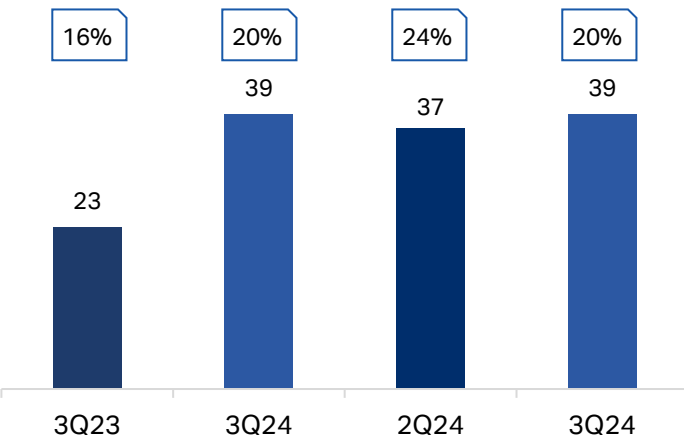
Offshore Island (\$ Million)

% EBITDA margin



Oilfield Services (\$ Million)

% EBITDA margin



ENHANCED VISIBILITY LEADS TO GUIDANCE UPDATE

FULL YEAR 2024 GUIDANCE POSITIVELY UPDATED



(USD, Million)	FY2024 Previous Guidance	FY2024 New Guidance
Revenue	3,700 – 3,850	3,800 – 3,900
<i>Onshore Revenue</i>	1,650 – 1,750	1,700 – 1,800
<i>Offshore Jack-up Revenue</i>	1,000 – 1,100	1,000 – 1,100
<i>Offshore Island Revenue</i>	200 – 250	200 – 250
<i>Oilfield Services Revenue</i>	700 – 800	700 – 800
EBITDA	1,800 – 1,950	1,850 – 1,950
EBITDA Margin	49% – 51%	49% – 51%
Net Profit	1,150 – 1,300	1,200 – 1,300
Net Profit Margin	31% – 34%	31% – 34%
CapEx	750 – 950	800 – 900
Leverage Target	< 2.0x	< 2.0x

Medium-Term Guidance

- Revenue CAGR in the 14% - 18% from 2023 base
- Around 50% conventional EBITDA margin with conventional 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
- Net working capital as percentage of revenue target of around 12%
- Maintenance CapEx post-2024 of \$200 - \$250 million per annum. This CapEx excludes organic and inorganic growth CapEx

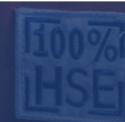


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I AM A SAFETY LEADER



ADNOC Drilling



5. CLOSING REMARKS

ADNOC DRILLING

CLOSING REMARKS



Record quarter
and guidance updated



MSCI supports broadening
of investor base



Enersol progresses,
unconventional business
acceleration



Delivering on our ESG
agenda by pursuing
ambitious goals



Paving the way for further growth



ADNOC Drilling 

APPENDIX

PHASE 1 UNCONVENTIONAL - ILLUSTRATIVE¹

UNCONVENTIONAL NET PROFIT MARGIN EXPECTED BROADLY IN LINE WITH OFS SEGMENT



Consolidation mechanism allows for realization of synergies across the unconventional business

ADNOC Onshore awards contract to ADNOC Drilling



ADNOC Drilling mandates Turnwell to execute on project



ADNOC Drilling recognizes profit from Turnwell

USD, Billions (*illustrative*)

ADNOC Drilling²

Revenue ~1.70

Opex (-1.60)

Contract margin (A) ~0.10

Share of profit of joint venture (B) ~0.06

Net Profit (*after illustrative 9% tax*) ~0.15

Net Profit Margin³ ~9-10%

~1.6 contract awarded to Turnwell

55% of Turnwell profit to ADNOC drilling

USD, Billions (*illustrative*)

Turnwell²

Revenue ~1.60

Opex (-1.50)

Net Profit (*after illustrative 9% tax*) ~0.10

Broadly in line with OFS segment⁴

(1) For illustrative purposes only and not to be considered as guidance.

(2) Cumulative revenue for Phase 1

(3) Cumulative for Phase 1, with expected lower net profit margin at the beginning, and growing margins as Phase 1 progresses (e.g. efficiency gain)

(4) OFS segment had a net profit margin of ~10% in 1H24 and ~9% in 3Q24

QUARTERLY PROGRESS

DELIVERING ON GROWTH



ADNOC Production Increasing



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

- ▶ All 16 hybrid land rigs are operational

Unconventional Development



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

- ▶ 6 rigs drilling unconventional wells during 3Q24

Integrated Drilling Services (IDS) Ramp-up



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

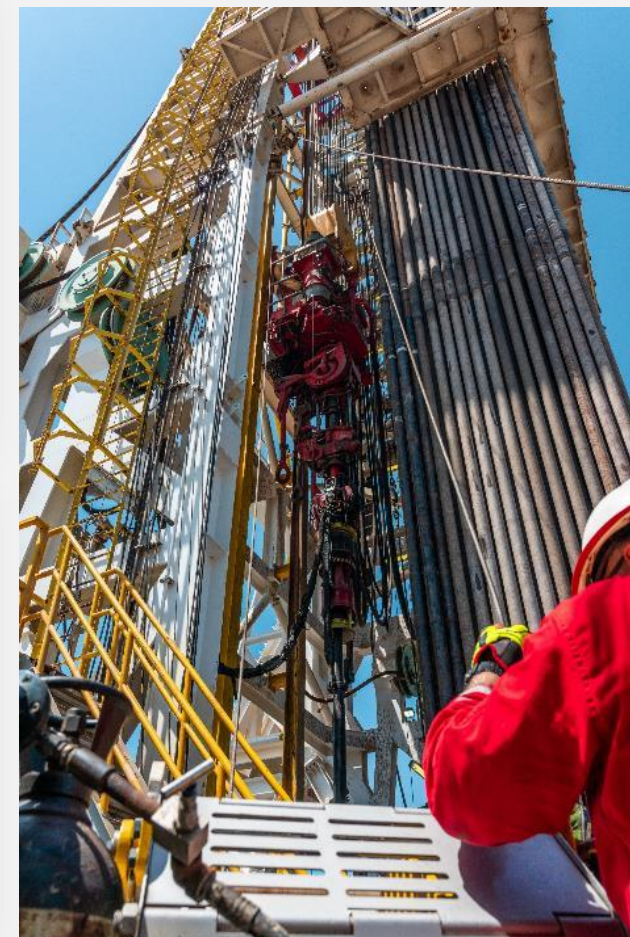
- ▶ IDS on 50 rigs and discrete services to 48 rigs in 3Q

New Revenue Streams



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

- ▶ Three Enersol investments & prequalified in Kuwait



WE CONTINUE TO PURSUE AMBITIOUS ESG GOALS

ESG FRAMEWORK & PERFORMANCE HIGHLIGHTS



Climate, Emissions and Energy

- GHG Abatement at 18.7 KtCO₂e in 9M24 versus target of 21 KtCO₂e
- Energy intensity at 2,624.6 GJ/\$MM revenue in 9M24 versus target of 2,719 GJ/\$MM



Economic and Social Contribution

- Economic performance of the Company improved with the increase in number of rigs
- In-country value at 56.88% for 3Q24 versus target of 60%



Health, Safety and Security

- **10 recordable incidents** across the business in 9M24
- **TRIR at 0.55** versus target of 0.63
- **LTIF at 0.25** versus target of 0.20



Local Environment

- Minimizing impacts through **best-in-class** environmental management system
- **Zero spill incidents** in 3Q24



Workforce Diversity and Development

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



Business Sustainability

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

STRONG OPERATIONAL PERFORMANCE

SEGMENTAL OPERATING HIGHLIGHTS



Segment

3Q24 Highlights



Onshore

- › All 16 hybrid land rigs are operational.
- › Successfully installed 4 solar mobile containers on AD-51 in July.



Offshore Jack-up & Offshore Island

- › AD-66 drilled 4,590 feet in a 24-hour period, ranked as the 9th most 8 ½" hole turned in during a day in the history of Upper Zakum operations
- › UL111, Drilled and Completed the longest 6" hole with MRC lateral



Oilfield Services

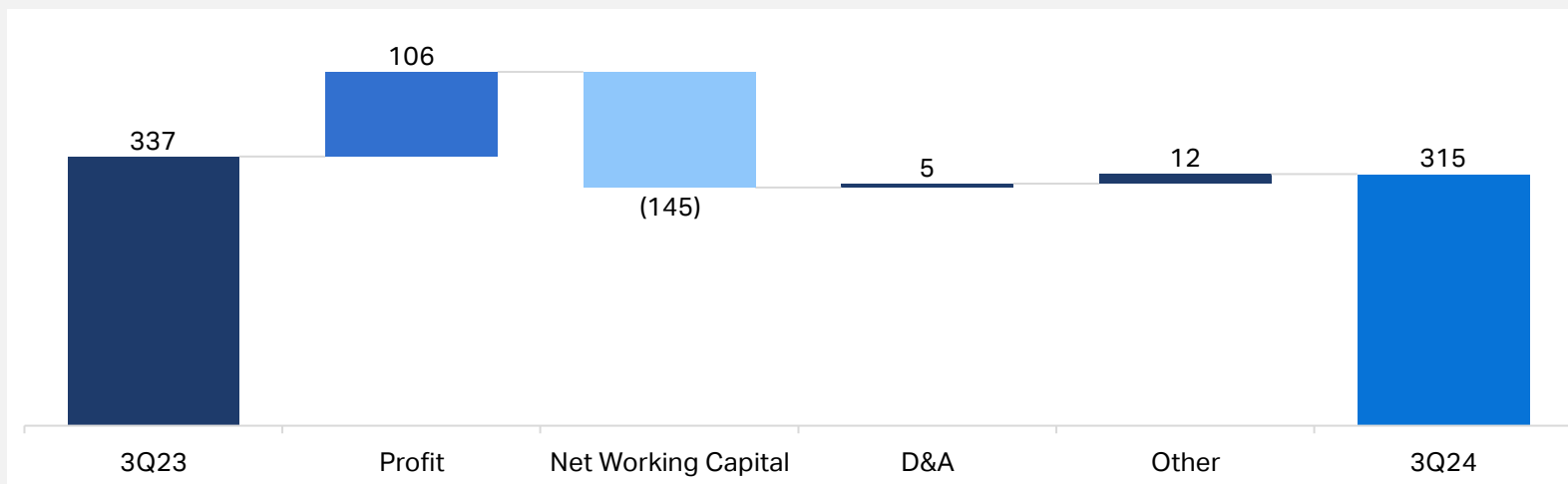
- › The number of IDS rigs remained stable at 50 rigs sequentially (vs 41 rigs in third quarter 2023); offered at least one discrete service to an additional 48 rigs.
- › 19% overall improvement in 3Q2024 IDS drilling efficiency versus the 2023 benchmark.
- › AD-120 achieved "best of best" ROP of 79.02 feet/hr in 12.25" hole section in Asab field.
- › Efficient operations resulted in cumulative savings of \$397 million to ADNOC since inception in 2019.

STRONG CASHFLOW & BALANCE SHEET

HEALTHY CASH POSITION WITH AMPLE LIQUIDITY TO POWER RIG FLEET GROWTH



Net Cash from Operating Activities (\$ Million)



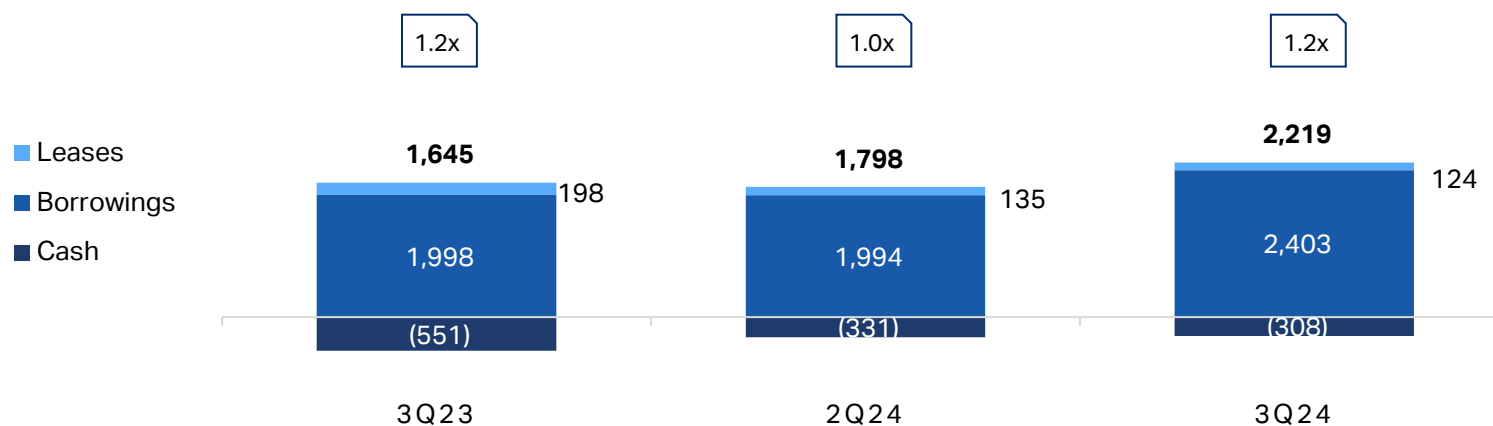
Commentary

Cash from Operating Activities

- › Cash from operating activities stood at \$315 million in 3Q24.
- › Earnings before taxes increased 41% or \$106 million YoY on the back of higher activity.
- › The Company's continued focus on improving working capital delivered positive results, driven by the progress made on collections from related parties.

Net Debt (\$ Million)

LTM Net Debt / EBITDA



Net Debt

- › Net Debt / EBITDA ratio remained unchanged YoY at 1.2x as the Company continues executing its CapEx program.
- › Cash & cash equivalents stood at \$308 million in 3Q24.
- › As of Sep 30, 2024, the Company's liquidity headroom (including unutilized syndicated term and revolving facilities) was around \$1.1 billion.

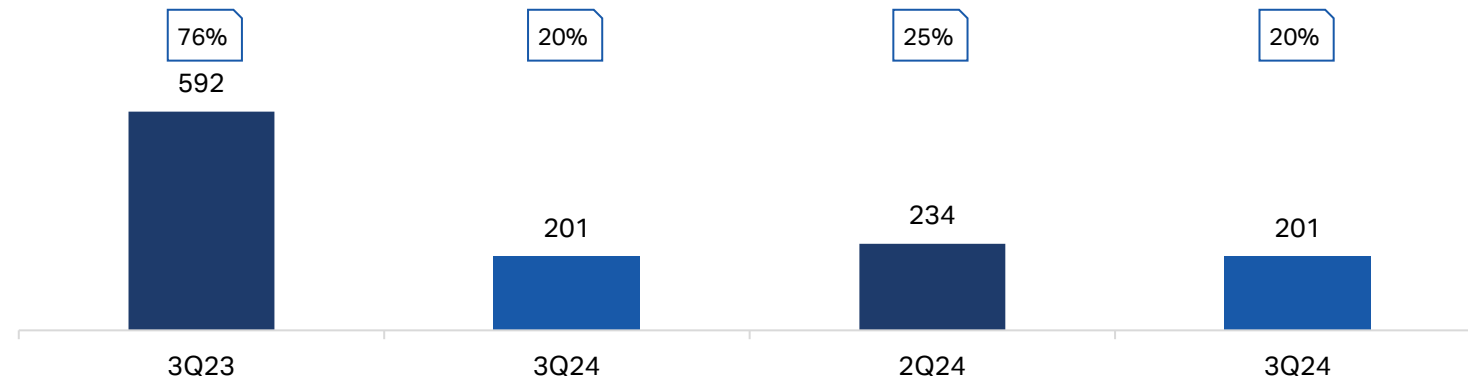
CAPEX SUPPORTS FLEET EXPANSION

DELIVERING ON THE ANTICIPATED INVESTMENT RAMP-UP



CapEx¹ (\$ Million)

% revenue



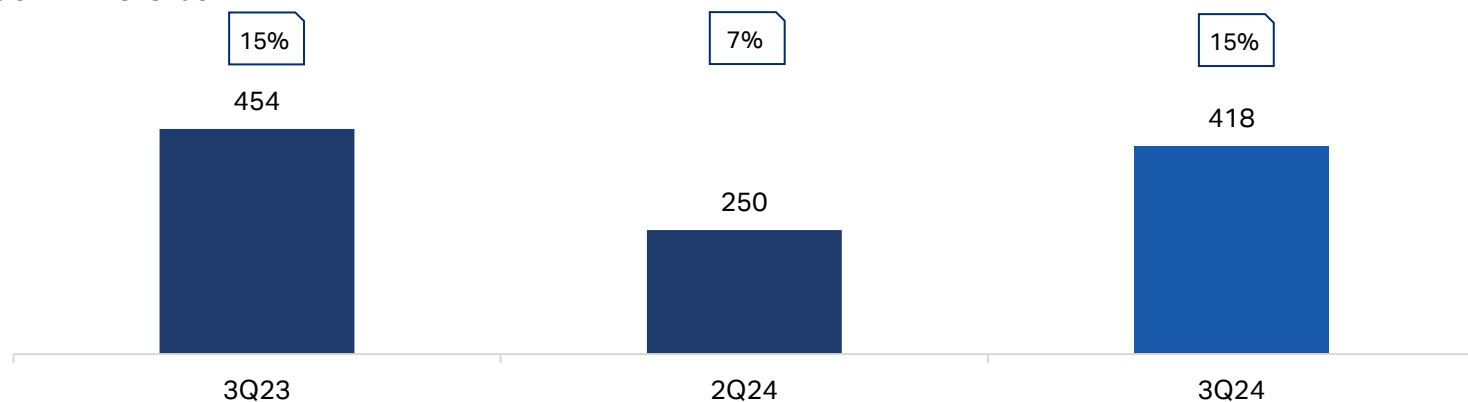
Commentary

CapEx

- › 3Q24 CapEx including prepayments and accruals, amounted to \$201 million for 3Q24.
- › Pre-payments in the period were mostly associated with the purchase of island rigs and OFS-related equipment.
- › Rig fleet expansion program progressing, all 16 hybrid land rigs started operations

Operating Working Capital (\$ Million)

% of LTM revenue



Operating Working Capital

- › Operating working capital improved increased sequentially, driven by increase of receivables due from related parties as the activity grew.
- › Net working capital as a percentage of revenue stood at 11% in 3Q24.
- › The Company expects to maintain a net working capital to revenue ratio broadly stable at around 12% in the fourth quarter and in the medium term.

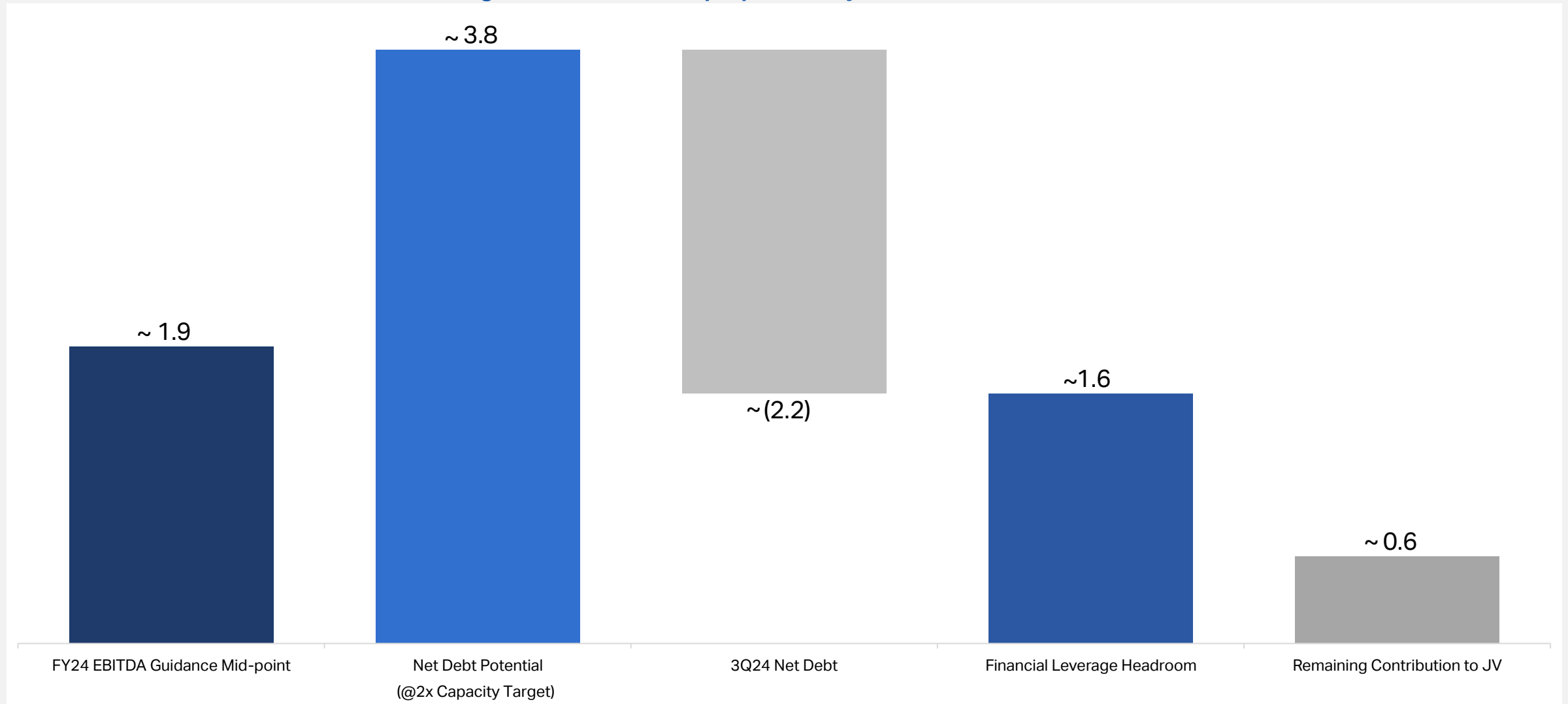
(1) CapEx including prepayments and accruals.

AMPLE FINANCIAL HEADROOM

FLEXIBILITY FOR GROWTH AND CAPITAL ALLOCATION



Financial Headroom (\$ Billion), indicative figures for illustrative purposes only



FINANCIAL SUMMARY



(USD, Million)	3Q24	3Q23	YoY	2Q24	QoQ	9M24	9M23	YoY
Revenue	1,026	776	32%	935	10%	2,847	2,216	28%
Opex ¹	(518)	(395)	31%	(464)	12%	(1,433)	(1,158)	24%
Share of profit of joint venture ²	2	-	NM	1	100%	5	-	NM
EBITDA ³	510	381	34%	472	8%	1,419	1,058	34%
Depreciation	(116)	(111)	5%	(115)	1%	(338)	(315)	7%
Finance cost-net	(31)	(13)	138%	(33)	-6%	(92)	(39)	136%
Taxes	(28)	-	NM	(29)	-3%	(84)	-	NM
Net Profit	335	257	30%	295	14%	905	704	29%
EBITDA Margin	50%	49%	1%	50%	0%	50%	48%	2%
Net Profit Margin	33%	33%	0%	32%	1%	32%	32%	0%
Net cash generated from operating activities	315	337	-7%	518	-39%	1,180	958	23%
Capital Expenditure ⁴	(197)	(592)	-67%	(239)	-18%	(544)	(849)	-36%
Investment in joint venture	(117)	-	NM	-	NM	(205)	-	NM
Free Cash Flow	4	(252)	NM	282	-99%	439	119	269%
Total equity	3,412	3,294	4%	3,476	-2%	3,412	3,294	4%
Net debt ⁵	2,219	1,645	35%	1,798	23%	2,219	1,645	35%
Earnings per Share (\$ per Share) ⁶	0.0209	0.0161	30%	0.0184	14%	0.0566	0.0440	29%
Capital employed	6,153	5,621	9%	5,792	6%	6,153	5,621	9%
Return on capital employed	22%	18%	4%	22%	0%	22%	18%	4%
Net debt to LTM EBITDA	1.2	1.2	-	1.0	0.2	1.2	1.2	-
Leverage ratio	39%	33%	6%	34%	-5%	39%	33%	6%
Return on equity	36%	28%	8%	33%	-3%	36%	28%	8%

NM = Not Meaningful

(1) Opex includes allocation of G&A expenses and other income; (2) Includes ADNOC Drilling's 51% of Enersol's net profit, accounted for in OFS, and the 55% of Turnwell's net profit from unconventional business, related to both rig operations and OFS (3) EBITDA represents Earnings Before Interest, Tax, Depreciation and Amortization; (4) Cash payments for purchase of property and equipment including prepaid delivery payments, excluding CapEx accruals (5) Interest bearing liabilities less cash and cash equivalents; (6) Calculated on the weighted average number of shares outstanding, excluding treasury shares

SEGMENTAL RESULTS



(USD, Million)	3Q24	3Q23	YoY	2Q24	QoQ		9M24	9M23	YoY
Revenue	1,026	776	32%	935	10%		2,847	2,216	28%
Onshore	487	378	29%	441	10%		1,339	1,079	24%
Offshore Jack-up	290	199	46%	284	2%		852	575	48%
Offshore Island	52	54	-4%	53	-2%		156	157	-1%
Oilfield Services (OFS)	197	145	36%	157	25%		500	405	23%
Total OPEX¹	(518)	(395)	31%	(464)	12%		(1,433)	(1,158)	24%
Onshore	(246)	(188)	31%	(230)	7%		(697)	(557)	25%
Offshore Jack-up	(92)	(68)	35%	(93)	-1%		(281)	(215)	31%
Offshore Island	(20)	(17)	18%	(20)	0%		(60)	(56)	7%
Oilfield Services (OFS)	(160)	(122)	31%	(121)	32%		(395)	(330)	20%
EBITDA²	510	381	34%	472	8%		1,419	1,058	34%
Onshore	241	190	27%	211	14%		642	522	23%
Offshore Jack-up	198	131	51%	191	4%		571	360	59%
Offshore Island	32	37	-14%	33	-3%		96	101	-5%
Oilfield Services (OFS)	39	23	70%	37	5%		110	75	47%
Net Profit	335	257	30%	295	14%		905	704	29%
Onshore	173	136	27%	141	23%		444	377	18%
Offshore Jack-up	122	86	42%	115	6%		347	228	52%
Offshore Island	22	26	-15%	23	-4%		66	66	0%
Oilfield Services (OFS)	18	9	100%	16	13%		48	33	45%

(1) Operational expenses including allocated G&A.

(2) Underlying EBITDA includes other income.



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