ADNOC Drilling

ADNOC DRILLING COMPANY P.J.S.C.

Year End 2024 Earnings

Management Discussion & Analysis Report

February 13, 2025

Table of Contents

Financial Highlights

Financial Summary

ADNOC Drilling Company P.J.S.C. ("ADNOC Drilling" or the "Company") delivered strong results in the fourth quarter of 2024 with record revenue, EBITDA and net profit. The Company generated revenue of $1,187 million, increasing 41% year-on-year and 16% sequentially, driven by the expansion of operations. Around 50% of the sequential growth was supported by activity phasing predominantly in the oilfield services segment ("OFS") and certain cost reimbursements in Onshore.

The strong top-line translated into EBITDA growth of 41% year-on-year and 17% sequentially to $596 million, with a margin increase year-on-year to 50%. Net profit was $399 million growing year-on-year at a pace closer to EBITDA, once excluding from 4Q23 the positive one-off impact on D&A.

Excluding the activity phasing and certain cost reimbursements mentioned above, EBITDA and net profit would have grown sequentially by 7% and 4% respectively.

The Company accrued $45 million in taxes in the fourth quarter, following the introduction of a 9% income tax from January 1, 2024, offset by corresponding revenues from clients. The Company is monitoring proposed changes in the federal tax framework. Currently, no material impacts are expected for ADNOC Drilling.

The Company's strong performance in the quarter was mainly driven by the full operational impact of land and jack-up rigs commissioned in stages from the fourth quarter of last year until the third quarter of 2024. Moreover, the unconventional business contributed around $117 million to revenue in the quarter, spread between $69 million in OFS and $48 million in the onshore segment, with a relatively higher contribution for Onshore in the fourth quarter compared to the third quarter, due to phasing. For phase 1 of the unconventional project (i.e., the $1.7 billion contract awarded to ADNOC Drilling), we anticipate that the cumulative contribution will be around 80% to OFS and 20% to Onshore for land drilling.

For the full year 2024, revenue was $4,034 million, growing 32% year-on-year. The strong top-line translated into EBITDA growth of 36% year-on-year reaching $2,015 million, with EBITDA margin expansion by 1-percentage points year-on-year at 50%, driven by the Company's continued and effective cost management initiatives. Net profit increased 26% year-on-year reaching $1,304 million, with a margin of 32%. Free cash flow stood at $639 million, compared to $306 million last year, driven by an increase in cash generated from operating activities, supported by EBITDA growth and working capital optimization. Whereas last year was characterized by higher CapEx for fleet expansion, this year the free cash flow included Enersol's acquisition of 67.2% of Gordon Technologies in two tranches, as well as the acquisitions of EV Holdings and NTS Amega, with a total $267 million cash outflow for ADNOC Drilling in the year 2024.

At the end of December 2024, the fleet consisted of 142 rigs, up from 129 rigs a year ago. Among the eleven hybrid land rigs that entered the rig fleet count in the first half of 2024, five were operational at the end of the second quarter, while the remaining six rigs started operations during the first part of the third quarter of 2024. Two additional jack-up rigs entered the fleet at the end of December 2024 and will contribute to revenue upon commencing operations during the first half of 2025. The overall owned fleet availability was 96% at the end of the quarter.

OFS number of IDS rigs stood at 57 (vs 48 in fourth quarter 2023 and 50 in third quarter 2024). Moreover, the segment offered at least one discrete service to an additional 48 rigs between onshore and offshore in the fourth quarter. All in all, oilfield services are offered to 105 rigs, and this coverage is expected to further increase over time.

Full year 2025 and medium-term guidance

ADNOC Drilling has announced its full year 2025 guidance and medium-term targets, based on increased visibility and strong full year results (*see page 17*).

Final 2024 dividend

The Board of Directors recommends a final dividend payment of $394 million for 2024 (9.05 fils per share), subject to shareholder approval at the upcoming Annual General Meeting (“AGM”). As a result, the total dividend for 2024 equals $788 million (~18.1 fils per share), representing a 10% year-on-year increase. The final 2024 dividend is expected to be distributed in the first half of April 2025.

Lease-to-own land rigs

Following the agreement with our supplier in the fourth quarter of 2024 to purchase the four lease-to-own land rigs, the right-of-use assets have been reclassified to fixed assets, while the corresponding lease liability has been reclassified to payables on the liability side.

Enersol: Signed Agreement to Acquire a 95% Equity Stake in Deep Well Services, and closed the NTS and EV transactions

On November 04, 2024, the Company and Alpha Dhabi announced that Enersol has agreed to acquire a 95% equity stake in Deep Well Services (“DWS”) for a consideration of approximately $223 million, subject to regulatory approval. The acquisition serves as an additional marker in building Enersol’s next-generation technology portfolio, which will present the JV with an additional avenue for growth across untapped markets as well as further upside potential in the long term.

This is Enersol’s fourth acquisition, having previously agreed to acquire EV, a downhole visual analytics company, a 51% stake of NTS Amega (“NTS”), a leading global manufacturer of advanced precision equipment and solutions provider for the energy sector, and a 67% stake in Gordon Technologies (“Gordon”), a US-based provider of measurement while drilling services.

During the fourth quarter of 2024, Enersol completed the acquisitions of NTS and EV.

ADNOC Drilling, SLB and Patterson-UTI Close Turnwell Joint Venture

On December 17, 2024, ADNOC Drilling announced the closing under the agreement to create Turnwell Industries LLC OPC (Turnwell), a joint venture (JV) between ADNOC Drilling, SLB and Patterson-UTI TW Holdings LLC (“Patterson-UTI”). Turnwell successfully delivered the first wells to ADNOC in under 16 days, and within weeks after the JV was closed by the partners, setting a new benchmark for well delivery. Turnwell has a mandate to responsibly unlock Abu Dhabi’s world-class unconventional energy resources to meet growing global demand for affordable, accessible energy.

International activity

ADNOC Drilling’s AD-137 land rig has been operating in the Kingdom of Jordan since the fourth quarter 2023. In July 2024, the Company received an extension to the current contract that will see the rig deliver further wells and stay in Jordan.

Additionally, ADNOC Drilling has been pre-qualified by the Kuwait Oil Company (KOC) to be included in KOC’s approved contractors list for provision of drilling, rig and ancillary services. This significant news supports the Company’s ambitions to expand its drilling and OFS activities internationally and opens the door to expand activities into Kuwait.

Key Financials

USD Million	4Q24	4Q23	*YoY*	3Q24	*QoQ*	FY24	FY23	*YoY*
Revenue	**1,187**	**841**	**41%**	**1,026**	**16%**	**4,034**	**3,057**	**32%**
Opex[1]	(594)	(417)	42%	(518)	15%	(2,027)	(1,574)	29%
Share of profit of joint ventures[2]	3	-	NM	2	50%	8	-	NM
EBITDA[3]	**596**	**424**	**41%**	**510**	**17%**	**2,015**	**1,483**	**36%**
Depreciation and amortization	(120)	(75)	60%	(116)	3%	(458)	(391)	17%
Finance cost-net	(32)	(20)	60%	(31)	3%	(124)	(58)	114%
Taxes	(45)	-	NM	(28)	61%	(129)	-	NM
Net profit	**399**	**329**	**21%**	**335**	**19%**	**1,304**	**1,033**	**26%**
EBITDA margin	50%	50%	0%	50%	0%	50%	49%	1%
Net profit margin	34%	39%	-5%	33%	1%	32%	34%	-2%
Cash generated from operating activities	474	397	19%	315	50%	1,654	1,355	22%
Capital Expenditure[4]	(215)	(213)	1%	(197)	9%	(761)	(1062)	-28%
Investment in joint ventures	(62)	-	NM	(117)	NM	(267)	-	NM
Free cash flow	200	187	7%	4	NM	639	306	109%
Total equity	3,810	3,265	17%	3,412	12%	3,810	3,265	17%
Net debt[5]	1,990	1,827	9%	2,219	-10%	1,990	1,827	9%
Earnings per Share ($ per Share)[6]	0.0249	0.0206	21%	0.0209	19%	0.0815	0.0646	26%
Capital employed	6,333	5,633	12%	6,153	3%	6,333	5,633	12%
Return on capital employed	23%	19%	4%	22%	-1%	23%	19%	4%
Net debt to LTM EBITDA	1.0	1.2	(0.2)	1.2	(0.2)	1.0	1.2	(0.2)
Leverage ratio	34%	36%	-2%	39%	5%	34%	36%	-2%
Return on equity	34%	32%	2%	36%	2%	34%	32%	2%

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 land 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 *(see page 14 for more details)*
(5) Interest bearing liabilities less cash and cash equivalents
(6) Calculated on the weighted average number of shares outstanding, excluding treasury shares

ADNOC Drilling

Segmental Results

Onshore

USD Million	4Q24	4Q23	YoY	3Q24	QoQ	FY24	FY23	YoY
Revenue	554	416	33%	487	14%	1,893	1,495	27%
Opex[1]	(270)	(213)	27%	(246)	10%	(967)	(771)	25%
Share of profit of joint venture[2]	1	-	NM	-	NM	1	-	NM
EBITDA[3]	285	203	40%	241	18%	927	724	28%
EBITDA margin	51%	49%	2%	49%	2%	*49%*	*48%*	*1%*
Net profit	201	194	4%	173	16%	645	568	14%
Net profit margin	*36%*	*47%*	*-11%*	*36%*	*0%*	*34%*	*38%*	*-4%*

(1) Opex includes allocation of G&A expenses and other income
(2) Includes ADNOC Drilling's 55% of Turnwell's net profit related to land rig operations for unconventional business
(3) Underlying EBITDA includes other income

Full Year (Year-on-Year Performance)

For the full year 2024, Onshore revenue grew 27% year-on-year to $1,893 million, mainly driven by the revenue contribution from the full integration of the 16 hybrid rigs entering operations and the $55 million in revenue from unconventional business activity in the second half of the year.

Operating expenses rose to $967 million from $771 million last year, aligning with revenue growth. The rise was primarily due to the expansion of the owned rig fleet and increased unconventional activity, partially offset by effective cost management initiatives.

Overall, EBITDA increased 28% year-on-year to $927 million, leading to a 1-percentage point increase in EBITDA margin to 49%. Net profit rose 14% year-on-year, as EBITDA growth was partly offset by increased depreciation from fleet expansion, with 2023 depreciation also being positively impacted by changes in the remaining useful life and residual value estimates of our assets during the fourth quarter of last year.

Fourth Quarter (Year-on-Year Performance)

Fourth quarter revenue increased 33% year-on-year to $554 million from $416 million, mainly due to new rigs commencing operations and the $48 million contribution from unconventional activity related to land drilling.

Operating expenses increased broadly in-line with revenue to $270 million from $213 million in the same quarter last year, mainly attributable to the growth in operations and higher unconventional activity, partly offset by cost optimization initiatives.

The combination of the above led to an EBITDA increase of 40% year-on-year to $285 million, with margin expansion by 2-percentage points to 51%. Net profit increased 4% year-on-year to $201 million from $194 million. The year-on-year increase rate was moderated compared to the EBITDA growth rate, as net profit for the fourth quarter of 2023 was positively affected by the full-year impact of changes in the remaining useful life and residual value estimates of our assets.

Fourth Quarter (Sequential Performance)

Fourth quarter revenue rose 14% to $554 million, up from $487 million. This growth was driven by the full contribution of new rigs starting operations in the third quarter of 2024, the positive impacts from unconventional business, and certain cost reimbursements.

Revenue for phase 1 of unconventional is fully recorded by ADNOC Drilling, primarily in OFS with a smaller portion in Onshore. In the fourth quarter of 2024, the onshore segment revenue included $48 million from the unconventional business

Operating expenses rose 10% quarter-on-quarter due to the costs of rigs starting in the third quarter of 2024 and higher unconventional activity costs, partially offset by cost efficiency measures.

EBITDA increased 18% sequentially to $285 million from $241 million, mainly driven by operational growth, cost efficiency measures and the reimbursements mentioned above, leading to a margin expansion to 51%.

The share of profit from the joint venture amounted to $1 million, attributable to the contribution of the newly established unconventional joint venture, Turnwell, in the fourth quarter.

Net profit increased 16% sequentially to $201 million from $173 million, driven by the increase in EBITDA.

Offshore Jack-up

USD Million	4Q24	4Q23	YoY	3Q24	QoQ		FY24	FY23	YoY
Revenue	264	225	17%	290	-9%		1,116	800	40%
Opex[1]	(67)	(77)	-13%	(92)	-27%		(348)	(290)	20%
EBITDA[2]	197	148	33%	198	-1%		768	510	51%
EBITDA margin	75%	66%	9%	68%	7%		69%	64%	5%
Net profit	116	75	55%	122	-5%		463	306	51%
Net profit margin	44%	33%	11%	42%	2%		41%	38%	3%

(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 reported a strong 40% increase in revenue, reaching $1,116 million in 2024 from $800 million last year, due to new jack-up rigs beginning operations in 2023 and 2024.

Operating expenses amounted to $348 million in 2024, representing an increase of 20% from $290 million a year-ago due to business growth leading to improved operational efficiency.

Revenue growth boosted EBITDA by 51% to $768 million from $510 million. Net profit also rose 51%, with a margin expansion to 41%.

Fourth Quarter (Year-on-Year Performance)

Fourth quarter revenue increased 17% year-on-year to $264 million from $225 million, due to higher activity from jack-ups compared to last year, as the offshore operations expanded.

Operating expenses reached $67 million, a 13% year-on-year reduction. This was primarily driven by higher operational efficiency coupled with realization of cost optimization initiatives.

As a result, EBITDA grew 33% year-on-year to $197 million, with a margin expansion to 75%. Net profit was up 55% to $116 million with a margin of 44%.

Fourth Quarter (Sequential Performance)

Revenue in the fourth quarter of 2024 decreased 9% sequentially to $264 million from $290 million, mainly due to major maintenance for a few rigs.

Operating expenses decreased 27% sequentially to $67 million from $92 million in the prior quarter, driven by higher operational efficiency coupled with realization of cost optimization initiatives.

EBITDA decreased 1% sequentially to $197 million from $198 million, as revenue trend was partly offset by the result of cost optimization initiatives.

Net profit decreased 5% quarter-on-quarter, reaching $116 million from $122 million, mainly driven by the EBITDA reduction.

Offshore Island

USD Million	4Q24	4Q23	YoY	3Q24	QoQ	FY24	FY23	YoY
Revenue	56	52	8%	52	8%	212	209	1%
Opex[1]	(24)	(19)	26%	(20)	20%	(84)	(75)	12%
EBITDA[2]	32	33	-3%	32	0%	128	134	-4%
EBITDA margin	57%	63%	-6%	62%	-5%	60%	64%	-4%
Net profit	22	47	-53%	22	0%	88	113	-22%
Net profit margin	39%	90%	-51%	42%	-3%	42%	54%	-12%

(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 1% year-on-year to $212 million from $209 million, mainly driven by reactivation of island rigs for Hail and Ghasha project.

The restart of operations of the island rigs is not expected to significantly contribute to an increase in revenue, in light of the contractual framework with the client, where the rigs were already being paid for.

Operating expenses increased year-on-year by $9 million to $84 million from $75 million, driven mainly by the reactivation cost of the island rigs assigned to Hail and Ghasha project, leading to an EBITDA reduction year-on-year at $128 million.

Net profit fell 22% year-on-year, driven by the reactivation costs of island rigs assigned to Hail and Ghasha project coupled with one-off adjustment of depreciation in the fourth quarter of 2023.

Fourth Quarter (Year-on-Year Performance)

Fourth quarter revenue increased 8% year-on-year to $56 million, driven by the reactivation of island rigs for Hail and Ghasha project.

Operating expenses increased by $5 million year-on year, driven by the reactivation costs explained earlier.

As a result, EBITDA was marginally down to $32 million from $33 million in the prior year, with a margin of 57%.

Net profit decreased by $25 million due to the one-off adjustment of depreciation in the fourth quarter of 2023.

Fourth Quarter (Sequential Performance)

Fourth quarter revenue increased 8% sequentially to $56 million, driven by the reactivation of an island rig for Hail and Ghasha project.

Operating expenses increased by $4 million sequentially, driven by the reactivation cost of the island rigs.

Overall, EBITDA and net profit remained flat sequentially at $32 million and $22 million respectively.

Oilfield Services

USD Million	4Q24	4Q23	*YoY*	3Q24	*QoQ*	FY24	FY23	*YoY*
Revenue	313	148	111%	197	59%	813	553	47%
Opex[1]	(233)	(108)	116%	(160)	46%	(628)	(438)	43%
Share of profit of joint ventures[2]	2	-	NM	2	NM	7	-	NM
EBITDA[3]	82	40	105%	39	110%	192	115	67%
EBITDA margin	26%	27%	-1%	20%	6%	24%	21%	3%
Net profit	60	13	362%	18	233%	108	46	135%
Net profit margin	19%	9%	10%	9%	10%	13%	8%	5%

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, and the 55% of Turnwell's net profit from unconventional business related to OFS operations
(3) Underlying EBITDA includes other income

Full Year (Year-on-Year Performance)

The Oilfield Services segment continued to deliver significant growth with full year revenue up 47% year-on-year to $813 million, driven by increased volumes of activity from IDS, a particularly positive phasing in the fourth quarter for approximately $50 million related to directional drilling and pressure pumping, and the unconventional business, which contributed $95 million in the second half of 2024.

The number of IDS rigs stood at 57, growing from 48 rigs at the end of 2023. Moreover, at the end of 2024, the OFS segment also offered at least one discrete service to an additional 48 rigs between onshore and offshore. All in all, at the end of the year the segment offered oilfield services to 105 rigs.

Operating expenses increased 43% year-on-year to $628 million from $438 million, mainly due to increased activity levels, partly offset by cost efficiencies. Going forward, operating expenses are expected to increase due to the costs related to the unconventional business.

Additionally, the segment reported a $7 million positive contribution from the newly established joint ventures Enersol and Turnwell (referred to as "Share of profit of joint ventures").

Overall, EBITDA increased 67% to $192 million from $115 million a year ago, reflecting increased activity across the segment, and the above-mentioned contribution from our joint ventures. EBITDA growth led to a margin expansion of over 3 percentage points to 24%.

Net income grew 135% year-on-year, driven by EBITDA growth.

Fourth Quarter (Year-on-Year Performance)

Fourth quarter revenue increased 111% to $313 million from $148 million in the same period last year, mainly driven by increased IDS, positive phasing for approximately $50 million related to directional drilling and pressure pumping, and $69 million revenue from unconventional business. The number of IDS rigs stood at 57, growing from 48 rigs in the same quarter last year.

Operating expenses increased 116% to $233 million from $108 million, as a result of increased activity from IDS and unconventional business.

Additionally, the segment reported $2 million positive contribution from the newly established joint ventures Enersol and Turnwell (referred to as "Share of profit of joint ventures").

As a result, EBITDA increased 105% year-on-year to $82 million and net profit increased 362% from $13 million to $60 million.

Fourth Quarter (Sequential Performance)

Fourth quarter revenue increased 59% sequentially to $313 million from $197 million, mainly driven by $69 million from unconventional business, $50 million of positive phasing mentioned in the previous paragraph, and additional IDS activity.

Revenue for phase 1 of unconventional is fully recorded by ADNOC Drilling, with the majority being in OFS and the minority in Onshore. In the fourth quarter of 2024, the OFS segment revenue included $69 million from the unconventional business

The number of IDS rigs stood at 57, growing from 50 rigs in the third quarter.

Operating expenses amounted to $233 million, a 46% sequential increase, driven by higher activity from IDS and unconventional business.

Additionally, the segment reported $2 million positive contribution from the newly established joint ventures Enersol and Turnwell (referred to as "Share of profit of joint ventures").

Following the revenue increase, EBITDA doubled sequentially to $82 million from $39 million, leading to an EBITDA margin improvement by 6 percentage points.

Net profit almost tripled as a result of the EBITDA increase.

Operating Working Capital

USD Million	31 Dec 24	31 Dec 23	*YoY*	30 Sept 24	*QoQ*
Current Assets[1]	**1,770**	**1,347**	**31%**	**1,783**	**-1%**
Inventories	223	206	8%	224	0%
Trade & other receivables	186	154	21%	174	7%
Due from related parties	1,361	987	38%	1,385	-2%
Current Liabilities[2]	**1,448**	**1,108**	**31%**	**1,365**	**6%**
Trade & other payables	1,197	858	40%	1,129	6%
Due to related parties	251	250	-	236	6%
Operating Working Capital	**322**	**239**	**35%**	**418**	**-23%**

(1) Excludes cash and bank balances
(2) Excludes lease liabilities

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

Operating working capital increased 35% year-on-year ending at $322 million. This was driven by an increase in receivables due from related parties, as the activity grew with new rigs becoming operational, partially offset by the phasing of capital expenditure-related payments at quarter end.

Net working capital improved sequentially by 23%, driven by continued focus on collections from clients and phasing of capital expenditure-related payments at year-end.

Net working capital as a percentage of revenue stood at around 8% at the end of the fourth quarter of 2024. The normalized ratio at the end of the fourth quarter was 12%, adjusted for the impact from phasing of capital expenditure-related payments at quarter-end and for the unwinding of the lease liability to payables as a result of the agreed purchase of four formerly lease to own land rigs.

The Company expects to maintain a net working capital to revenue ratio broadly stable at around 12% in the medium term.

Free Cash Flow

USD Million	4Q24	4Q23	YoY	3Q24	QoQ	FY24	FY23	YoY
Cash from operating activities	474	397	19%	315	50%	1,654	1,355	22%
Cash used in investing activities[1]	(274)	(210)	30%	(311)	-12%	(1,015)	(1,049)	-3%
Free Cash Flow	**200**	**187**	**7%**	**4**	NM	**639**	**306**	**109%**

NM = Not Meaningful

See Appendix 1 (Glossary) for the calculation of certain metrics referred to above.
(1) Cash payments for purchase of property and equipment (including prepaid delivery payments, excluding capex accruals), and investments in joint ventures

Free cash flow stood at $639 million in the full year 2024, increasing by 109% from $306 million in full year 2023. This was mainly attributable to increased collections in the current year. Investing activities were lower year on year due to reduced payments for rig acquisitions. This was partially offset by investment in Enersol for the acquisition of a 67.2% stake in Gordon Technologies, along with the acquisitions of EV Holdings and NTS Amega by Enersol, resulting in a total cash outflow for ADNOC Drilling of $267 million in 2024.

Free cash flow improved sequentially from $4 million in the third quarter of 2024 to $200 million in the fourth quarter, mainly due to increased collections.

Balance Sheet

USD Million	31 Dec 24	31 Dec 23	YoY %	30 Sep 24	QoQ %
Total Assets	**7,766**	**6,741**	**15%**	**7,499**	**4%**
Non-current assets	5,660	5,029	13%	5,397	5%
Current assets[1]	1,770	1,347	31%	1,783	-1%
Assets Held for sale	6	11	100%	11	-45%
Cash and cash equivalents	330	354	-7%	308	7%
Total Liabilities	**3,956**	**3,476**	**14%**	**4,087**	**-3%**
Non-current liabilities	1,695	2,331	-27%	2,190	-23%
Current liabilities	2,261	1,145	97%	1,897	19%
Total Equity	**3,810**	**3,265**	**17%**	**3,412**	**12%**
Share capital	436	436	0%	436	0%
Treasury shares	(5)	0	NM	(4)	25%
Statutory Reserve	218	218	0%	218	0%
Retained earnings	3,161	2,611	21%	2,762	14%
Total Equity and Liabilities	**7,766**	**6,741**	**15%**	**7,499**	**4%**

NM = Not Meaningful
(1) Excludes cash and bank balances

Total assets for the year ending December 31, 2024, amounted to $7,766 million, an increase of 15% year on year from $6,741 million. This was mainly due to a 13% increase in non-current assets to $5,660 million from $5,029 million on the back of the new rig acquisitions associated with the fleet expansion program and a 31% increase in current assets driven by increased activity.

Following the agreement with our supplier in the fourth quarter of 2024 to purchase the four lease-to-own land rigs, the right-of-use assets have been reclassified to fixed assets, while the corresponding lease liability has been reclassified to payables on the liability side.

Cash and cash equivalents slightly decreased to $330 million from $354 million at the end of 2023 due to rig purchases tied to ADNOC Drilling's fleet expansion and investments into Enersol, almost entirely offset by the combined impact of debt facilities drawdowns and collections.

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

Total liabilities increased 14% to $3,956 million as of December 31, 2024, from $3,476 million at the end of 2023. This was mainly due to an increase in current liabilities from $1,145 million at year-end 2023 to $2,261 million at the end of 2024, offset by a corresponding decrease in non-current liabilities from $2,331 million to $1,695 million. The utilized term loan of $500 million has been reclassified in the fourth quarter 2024 from a non-current liability to a current liability as the facility will mature in less than 12 months. The Company intends to refinance the facility before maturity. Additionally, the drawdowns amounting to AED 1,100 million against the Company's available facilities during the third quarter of 2024 have been recorded as current liabilities. Excluding the change in classification of these loan facilities, current liabilities would have increased by $316 million due to higher trade payables driven by CapEx accruals and deferred mobilization liability for new rigs.

During the fourth quarter 2023 (on October 27), the Company entered into a new term 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 mentioned above has been used to repay the earlier syndicated term loan of equal amount which expired in November 2023, while the new revolving credit facility in AED will fund the Company's growth and the associated working capital.

The $1,500 million loan has been classified as non-current liability, while the $500 million term loan and AED 1,100 million revolving credit facility has been classified as current liabilities as of December 31, 2024.

The classification of drawn facilities between non-current and current liabilities resulted in an increase in current liabilities from $1,145 million in December 2023 to $2,261 million in December 2024. For the same reason, non-current liabilities decreased from $2,331 million to $1,695 million over the same period.

Total assets for the period ended December 31, 2024, grew 4% sequentially to $7,766 million from 7,499 million at the end of September 2024. Non-current assets increased to $5,660 million from $5,397 million, and current assets slightly decreased sequentially to $1,770 million from $1,783 million due to increased collections, offset by activity from new rigs.
The decrease in current assets was offset by the marginal increase in cash and cash equivalents to $330 million from $308 million.

As mentioned earlier, in the fourth quarter, following the agreement with our supplier to purchase the four lease-to-own land rigs, the right-of-use assets and the corresponding lease liability have been reclassified to fixed assets and payables respectively.

Total liabilities decreased by 3% to $3,956 million at the end of the fourth quarter of 2024 from $4,087 million at the end of third quarter, resulting from a partial repayment of the Emirati dirham revolving credit facility for AED 400 million ($109 million equivalent) in the fourth quarter.

Capital Expenditure

Capital expenditure (CapEx), including prepayments and accruals, amounted to $383 million in the fourth quarter of 2024. Pre-payments in the period were mostly associated with the purchase of island rigs and OFS-related equipment.

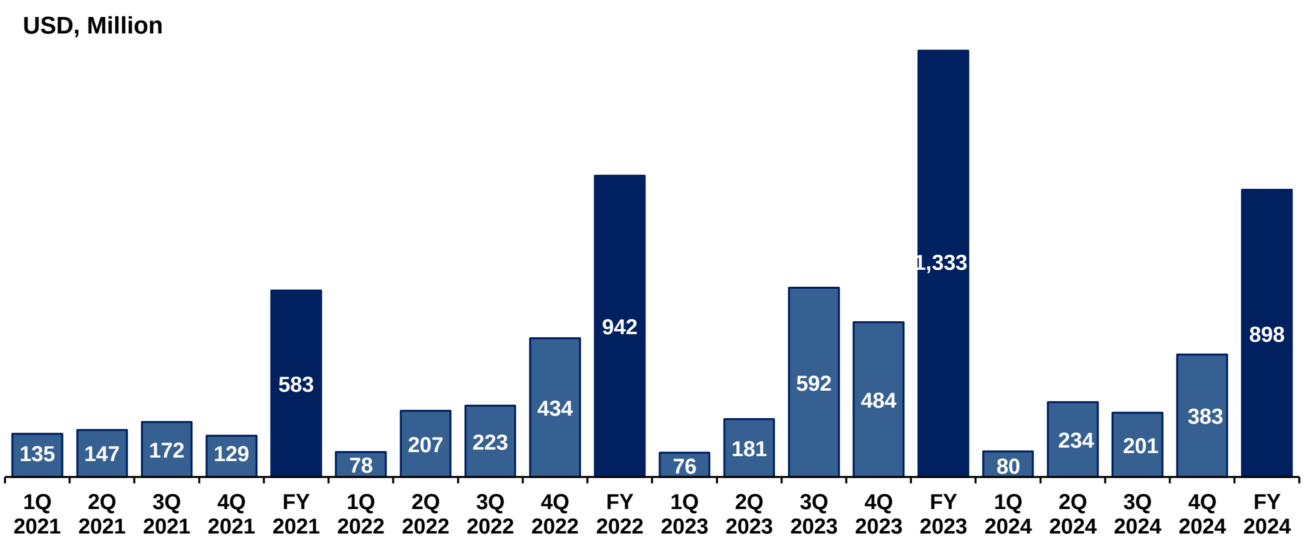
Rig purchases are usually spread out over at least two milestones with the first payment at signing of the sale and purchase agreement, whereas the final payment is then made on transfer of the title of the rig to the Company.

ADNOC Drilling expects CapEx to be in a range between $0.35 - $0.55 billion for 2025, and this 2025 CapEx guidance only includes maintenance CapEx and island rigs.

The Company anticipates making additional inorganic growth investments in our JV Enersol of close to $500 million in 2025, assuming the completion of transactions by Enersol totaling $1.5 billion since its inception. As a reminder, a total cash investment in Enersol of $267 million has been made by ADNOC Drilling during 2024.

As a directional indication, total CapEx, including mergers and acquisitions (such as the full investment in Enersol and potential regional expansion), could exceed $1 billion in 2025.

Quarterly and Annual Capital Expenditure



ADNOC Drilling

Operational Highlights

Drilling Services

USD Million	4Q24	4Q23	*YoY*	3Q24	*QoQ*	FY24	FY23	*YoY*
Fleet	**142**	**129[1]**	**10%**	**140[1]**	**1%**	**142**	**129[1]**	**10%**
Onshore	95	84[1]	13%	95[1]	0%	95	84[1]	13%
Offshore Jack-up	37	35	6%	35	6%	37	35	6%
Offshore Island	10	10	0%	10	0%	10	10	0%
Rented rigs	13	10	30%	14	-7%	13	10	30%
Rigs Availability*	**96%**	**96%**	**0%**	**95%**	**1%**	**96%**	**96%**	**0%**
Onshore	97%	96%	1%	94%	3%	96%	95%	1%
Offshore Jack-up	93%	93%	0%	96%	-3%	96%	98%	-2%
Offshore Island	100%	100%	0%	99%	1%	99%	100%	-1%
Number of Wells Drilled*	**214**	**161**	**32%**	**175**	**21%**	**676**	**613**	**10%**
Onshore	180	140	29%	141	28%	558	515	8%
Offshore Jack-up	26	16	63%	28	-7%	91	71	28%
Offshore Island	8	5	60%	6	33%	27	27	0%

(1) Includes 4 lease-to-own land rigs. In Q4 2024, the Company agreed with our supplier to purchase four lease-to-own land rigs. These rigs remain in the fleet count but are no longer considered leased assets.
* See Appendix 1 (Glossary) for the calculation of certain metrics referred to above.

The Company had a fleet of 142 rigs at the end the fourth quarter 2024. The overall owned fleet availability was 96% at the end of December 2024.

Key operational highlights for this period include the following:

- Two new jack-up rigs entered the fleet at the end of December, which are expected to gradually commence operations in the first half of 2025.
- Among the eleven hybrid land rigs that entered the rig fleet count in the first half of 2024, five were operational at the end of the second quarter, while the remaining six rigs started operations during the first part of the third quarter of 2024.
- The number of IDS rigs increased by 7 rigs sequentially from 50 rigs in last quarter to 57 rigs in the fourth quarter 2024 (vs 41 rigs in Fourth Quarter 2023); offered at least one discrete service to an additional 48 rigs.
- Achieved TRIR frequency of 0.46 against a target of 0.63 for FY2024.

FY 2024 Highlights:

- AD68 (UZ-706) drilled the longest well in the world with 53,000 feet as the well total depth.
- Two new jack-up rigs added to rig fleet In December 2024.
- Added a total of 13 rigs to fleet count in 2024 to reach a total fleet size of 142 rigs.

Oilfield Services (OFS)

- The number of IDS rigs increased by 7 from 50 in the third quarter to 57 in the fourth quarter of 2024 (compared to 41 rigs in the fourth quarter of 2023); provided at least one discrete service to an additional 48 rigs.
- 20% overall improvement in IDS drilling efficiency for 4Q2024 compared to the 2023 benchmark.
- Efficient operations have saved ADNOC and its group companies $421 million since 2019, with $100 million saved in 2024.

Outlook

To enable ADNOC's strategic imperative of expanding production capacity to five million barrels per day by 2027, ADNOC Drilling has reached 142 owned rigs at the end of 2024 and during the year has ordered three new island rigs that are expected to join the fleet in 2026.

As the Company further grows, it now expects the owned rig count to increase to at least 148 by the end of 2026 and at least 151 by the end of 2028.

Driven by increased visibility on operations, earnings and profitability, ADNOC Drilling announces its full year 2025 and medium-term guidance, reaffirming continued growth.

ADNOC Drilling's full year 2025 financial guidance is presented below:

USD Billions (unless otherwise stated)	**FY2025 Guidance**
Revenue	**4.60 - 4.80**
Onshore	1.95 - 2.10
Offshore (Jack-up and Island)[1]	1.35 - 1.45
Oilfield Services Revenue	1.10 - 1.25
EBITDA	**2.15 - 2.30**
EBITDA Margin	*46% - 48%*
Net Profit	**1.35 - 1.45**
Net Profit Margin	*28% - 30%*
CapEx *(excluding M&A)*[2]	**0.35 - 0.55**
FCF *(excluding M&A)*[3]	**1.30 - 1.60**
Leverage Target	**< 2.0x**
Dividend floor *(+10% vs 2024)*	**0.87**

Note: the 2025 guidance excludes the acceleration of unconventional and any additional land rigs (i.e. 2025 capex guidance only includes maintenance capex and island rigs).

(1) Starting from the first quarter of 2025, the Company plans to simplify its reporting structure by reducing the number of segments from four to three. (2) Maintenance CapEx + CapEx for island rigs. It does not consider CapEx for potential additional land rigs and cash outflows associated with M&A. (3) Free Cash flow calculated as: EBITDA – CapEx – Δ Working Capital – taxes. It does not consider cash outflows associated with M&A.

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

- FY 2026 Revenue expected at ~$5 billion
- Around 50% conventional EBITDA margin (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 of $200 - $250 million per annum (excluding organic and inorganic growth CapEx)
- 148+ rigs by 2026 and 151+ by 2028

Final Dividend 2024

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

The Board of Directors recommends a final cash dividend payment of $394 million for 2024 (9.05 fils per share), subject to shareholder approval at the upcoming Annual General Meeting (AGM). The resulting total dividend for 2024 $788 million (c.18.1 fils per share) represents a 10% year-on-year increase versus 2023.

The final 2024 dividend is expected to be distributed in the first half of April 2025. The dividend is then expected to increase to at least $867 million for 2025 based on the minimum 10% year-on-year increase.

As a reminder, the enhanced progressive dividend policy has been approved at the Company's General Shareholder Meeting on June 24, 2024. According to the enhanced policy, dividends are expected to grow by at least 10% per annum on a dividend per share basis over the next five years (2024- 2028). Furthermore, the Board of Directors, at its discretion, may approve additional dividends over and above the progressive dividend policy after considering free cash flow accretive growth opportunities.

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

In line with the progressive policy, the Board considers dividends a capital allocation priority alongside investment in profitable growth and is committed to returning a competitive and growing cash dividend to our shareholders.

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 Thursday, February 13, 2025, at 15:00 pm UAE time / 11:00 am UK time.

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

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

Share Price and Ownership

Our shares are traded on the Abu Dhabi Securities Exchange (ADX) under the symbol ADNOCDRILL. The closing share price as of December 31, 2024, was AED 5.33. In the period from October 1, 2024, through December 31, 2024, the share price traded in a range between AED 4.54 and AED 5.94. Market capitalization was AED 85.3 billion as of December 31, 2024, and an average of 16.9 million shares traded daily during the fourth quarter of 2024.

As of December 31, 2024, the Abu Dhabi National Oil Company ("ADNOC") owned a majority 78.5% stake in the Company and Baker Hughes Holding SPV Ltd. ("Baker Hughes") owned 5% stake in the Company, while 16.5% of our outstanding shares were publicly owned by other institutional and retail investors.

ADNOC Drilling has then been included in the MSCI Indexes including MSCI EM, and MSCI UAE, becoming the 12th member of the MSCI UAE index. Moreover, the Company is included in three of FTSE Russell's globally recognized indices including the FTSE Emerging Index, FTSE Global Large Cap Index and FTSE All-World Index. Furthermore, in the first quarter of 2023, ADNOC Drilling was also included as an inaugural member of the FADX 15 Index. The index is uniquely designed by ADX and FTSE Russell to track the performance of the most liquid and largest companies on the ADX main market.

First Quarter 2025 Results

We expect to announce our fourth quarter 2025 results in May 2025.

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February 13, 2025
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).

Unconventional drilling refers to a method of extracting hydrocarbons from tight reservoirs using Oil Field Services technologies combined with well stimulation activities.

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.