

ADNOC Drilling Announces Robust Full Year 2021 Net Income of \$604 Million

Solid net profit increase of 6% for the full year 2021

Strong and resilient operational growth drives FY21 revenue to \$2.27 billion, up 8.2% year-on-year

Industry leading fleet utilization and excellent progress on cost efficiency results in full year EBITDA of over \$1 billion

The Board recommends a final dividend of \$325 million for the second half of 2021

Abu Dhabi, UAE – February 11, 2021: ADNOC Drilling Company PJSC (ADNOC Drilling or the Company) (ADX symbol: ADNOCDRILL / ISIN: AEA007301012), today, announced its financial results for the fourth quarter and full year ending December 31, 2021.

ADNOC Drilling's revenue for the 12-month period increased 8.2% to \$2.27 billion compared to the same period last year. Year-on-year revenue growth was led by the Onshore segment, as the Company continues to support ADNOC Group's program to significantly grow production capacity. The company's Oilfield Services ("OFS") segment also significantly grew revenue and EBITDA year-on-year.

Full year EBITDA was \$1.047 billion, with a margin of 46.1%, as the Company made excellent progress on delivering further cost efficiencies. Net profit for the full year was \$604 million, up 6% year-on-year.

Year-on-year, Q4 21 EBITDA grew by 2.7%. Over the period, EBITDA margin expanded to 45.6%, reflecting, in part, active management of centrally allocated expenses in the quarter. Revenue growth was strongest in OFS, helping to offset weaker Q4 21 revenues in drilling segments, leaving Q4 21 revenues essentially flat vs Q4 20. Year-on-year underlying operating performance was stable. Financial performance was lower as a result of non-recurring drilling revenues booked in the prior comparative year.

- **Onshore:** Revenue for the full year was \$1.14 billion, up 6% over 2020, largely driven by new rigs and rig reactivations. Year-on-year, Q4 21 revenue was \$293 million, down 4% vs Q4 2020, impacted by stacking claim receipts booked in the comparative period. Overall operating rig days and underlying revenue in Q4 21 was higher than in the prior corresponding period.
- **Offshore Jackup:** Revenue for the full year was \$596 million, broadly flat vs the prior year at \$597 million. Q4 21 revenue was \$146 million, down 5% vs Q4 20, reflecting, in part, the retirement of 3 rigs. Revenue was also impacted by delays in the replacement of rented rigs with owned rigs.



- **Offshore Island:** Revenue was \$204 million for the full year 2021, similar to 2020. Q4 21 revenue of \$38 million was down 30% year-on-year. Lower year-on-year revenue in Q4 21 reflects a reversal of revenue accrued in the prior year as well as one-off stacking fees booked in Q4 20 that did not recur in Q4 21.
- **Oilfield Services (OFS):** The OFS segment performed well throughout the year, driven by higher activity from continued expansion, with healthy margin development. OFS revenue for the full year period increased 48% year-on-year to \$329 million. Q4 21 revenue was \$98 million, up 44% year-on-year.

ADNOC Drilling reported a fleet utilization rate of 96%² for the year to December 31, 2021. The Company's cash from operations¹ increased 7% year-on-year to \$1.085 billion, equating to cash conversion of 104% of EBITDA. Capital expenditure ("Capex") for the full year increased by 34% to \$505 million in 2021, as the Company pursues ambitious plans to cater to client demand. Q4 Capex was slightly lower than in Q3, as rig acquisitions were mostly executed in the previous quarter.

His Excellency Dr. Sultan Ahmed Al Jaber, UAE Minister of Industry and Advanced Technology, ADNOC Managing Director and Group CEO, and Chairman of ADNOC Drilling, commented: "ADNOC Drilling's first full year results as a listed company are an important milestone in the Company's journey since its record-breaking IPO on ADX. The strong full year results and successful strategic execution are testament to the vital role that the Company is playing in enabling significant production capacity growth for ADNOC as well as the UAE's objective to achieve gas self sufficiency. In light of strong performance in 2021, the Board is pleased to recommend a final dividend of \$325 million for the second half of 2021, bringing the total dividend for the financial year to \$685 million, in line with the guidance we provided at the time of the IPO. We are also able to reconfirm our guidance objective of 5% annual growth in dividend per share from 2022-2026."

Abdulrahman Abdullah Al Seiri, Chief Executive Officer of ADNOC Drilling, commented: "I am proud of the results that ADNOC Drilling has delivered over the past 12 months, particularly having delivered a record-breaking IPO and sustained business growth in a challenging year marked by the ongoing global pandemic. This was enabled by our clear strategic objectives, the commitment of our highly-skilled and dedicated workforce and our unwavering commitment to industry-leading health and safety standards. We remain very enthusiastic about the year ahead as we build out our drilling assets and Oilfield Services with our strategic partners Baker Hughes and Helmerich & Payne. Technology and innovation will be at the heart of that program, and we are looking forward to reporting on a number of important milestones for the Company in the months to come."

Earnings were supported by solid progress on efficiency and cost discipline objectives, including head office costs, where management believes further cost management is achievable and will help deliver improving margins. Meanwhile, the Company's strong working capital position at the year end reflects materially improved customer collections and cash conversion. Net debt at December 31, 2021 was \$1.086 billion, representing a net debt/EBITDA multiple of 1.03.

¹Cash from Operations – Net profit for the period adjusted for non cash items before working capital changes

²Utilization rate based on rig availability - 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).

³Capital expenditure – Additions to property and equipment

Key Financial Metrics

USD Millions	Q4 2021	Q4 2020	% Change	FY21	FY20	% Change
Revenue	575	581	(1.0%)	2,269	2,098	8.2%
EBITDA	262	255	2.7%	1,047	960	9.1%
Net Profit	144	147	(2.0%)	604	569	6.2%
Earnings per share (USD/share)	0.009	0.009	(2.0%)	0.038	0.036	6.0%
Capital Expenditure ³	(152)	(248)	(38.7%)	(505)	(376)	34.3%
Cash from Operations ¹	262	294	(10.9%)	1,085	1,010	7.4%

-ENDS-

About ADNOC Drilling

ADNOC Drilling, listed on the Abu Dhabi Securities Exchange (ADX symbol “ADNOCDRILL”; ISIN AEA007301012), is the largest national drilling company in the Middle East by rig fleet size, with 99 owned rigs as of 31 December 2021, as well as the sole provider of drilling rig hire services and certain associated rig-related services to ADNOC Group. ADNOC Drilling is also the first national Integrated Drilling Services (IDS) company in the region, offering start-to-finish wells and services that encompass the entire drilling value chain. The company is a critical link in ADNOC’s upstream business, as ADNOC continues to move towards its oil production capacity target of 5 million barrels per day by 2030 and enables gas self-sufficiency for the UAE. To find out more, visit: www.adnocdrilling.ae

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