ADNOC Drilling

SECOND QUARTER 2022 RESULTS PRESENTATION

AUGUST 9, 2022

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AGENDA & PRESENTERS

1. 2Q22 Highlights
2. Strategic Progress
3. Operational Highlights
4. Financial Performance
5. Guidance
6. Summary
7. Appendix

Abdulrahman Abdullah Al Seiari

Chief Executive Officer

Esa Ikaheimonen

Chief Financial Officer

Emri Zeineldin

Senior Vice President, Oilfield Services

SOLID FINANCIAL PERFORMANCE WITH FLEET EXPANSION SUPPORTING GROWTH IN OPERATIONS

Safety & environment

- **24,346**
  GJ/Rig energy intensity in 2Q22 vs. target of 52,539 GJ/Rig
- **235**
  ktCO2eq GHG emissions, significantly ahead of 2Q22 target of 661.5 ktCO2eq
- **0.45 TRIR**
  Improvement from 0.82 at the end of FY21

Financial

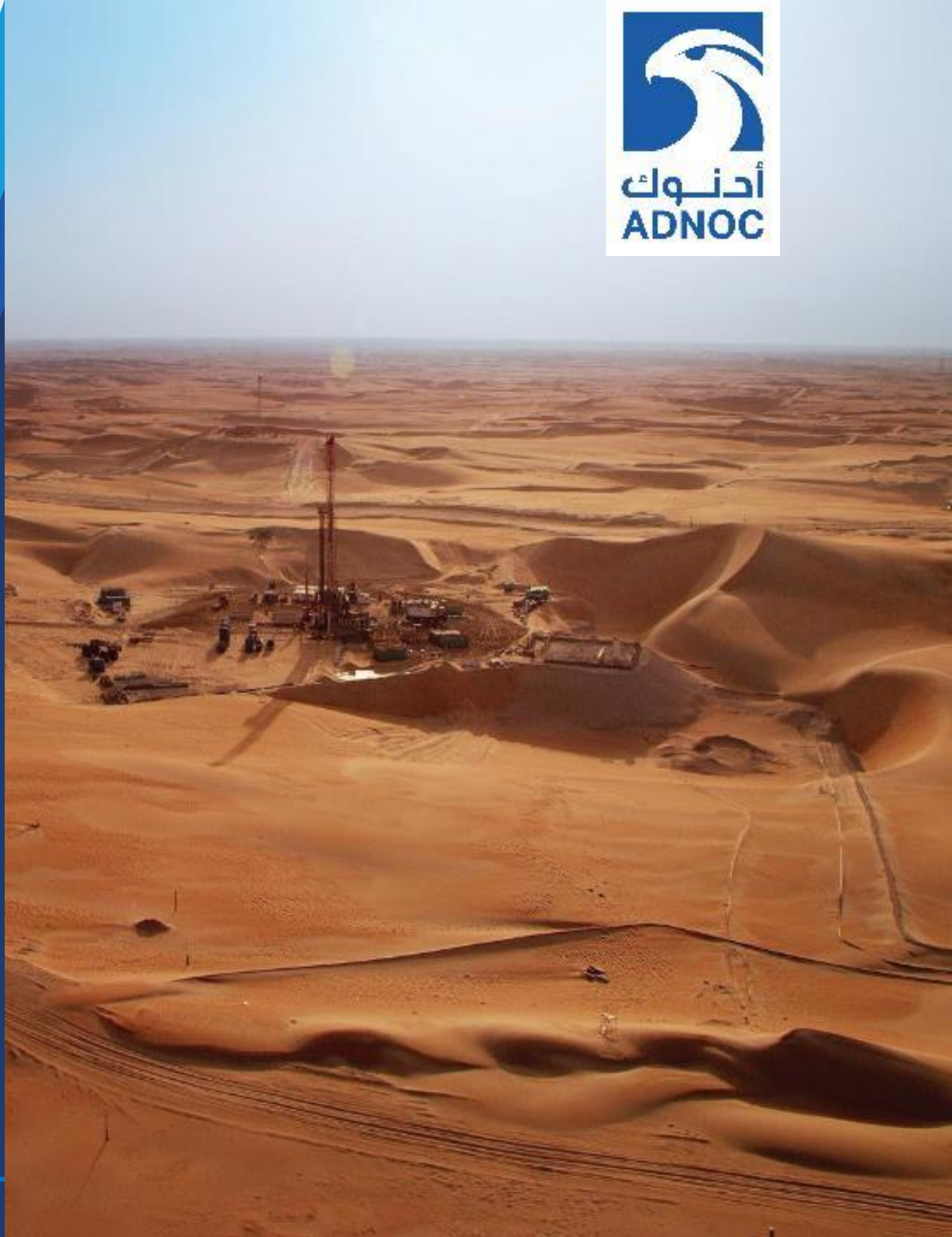
- **$580m**
  EBITDA in 1H at a margin of 46%
- **34%**
  Increase in 1H net profit vs. 2021
- **$285m**
  Capex in 1H, increasing 1% y-o-y

Operational

- **8**
  New rigs added to the ADNOC Drilling fleet
- **98%**
  Rig utilization in 1H 2022
- **40%**
  Integrated Drilling Services market share (YTD)

ADNOC Drilling

STRATEGIC PROGRESS



STRATEGIC PARTNER AT THE HEART OF ADNOC UPSTREAM

Our value creation profile

High return, limited risk proposition

- Integral position to ADNOC operations driving bespoke contractual position
- Attractive returns, high visibility and strong downside protection
- Compelling IRRs generated over a long time, driving significant cash generation

Delivering superior financial results

- Undisputed returns leadership throughout the cycle
- Strong cash conversion, robust capital stewardship and solid balance sheet
- Attractive cash return focused dividend policy

Significant leverage to growth

- Key enabler to ADNOC's delivery on its long-term upstream targets
- Strong in-house capability set drives accelerated growth into oilfield services (OFS)
- Further potential for disciplined domestic and regional expansion

WE ARE EXECUTING ON OUR STRATEGY

Our long-term strategy for growth is focused on four areas

Capitalize on ADNOC increasing production

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

► **Added 8 rigs** to overall fleet

Unconventional and biogenic

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

► **30 FRAC'd stages** in 1H22

Integrated Drilling Services ramp-up

Launch a major **rig fleet expansion** program to support **upstream growth** plans.

► **40% IDS market share** in 2Q22

Geographic expansion

Pursue business and operations **outside** of **Abu Dhabi** for **rigs** and **services.**

► Progress on **expansion into GCC**

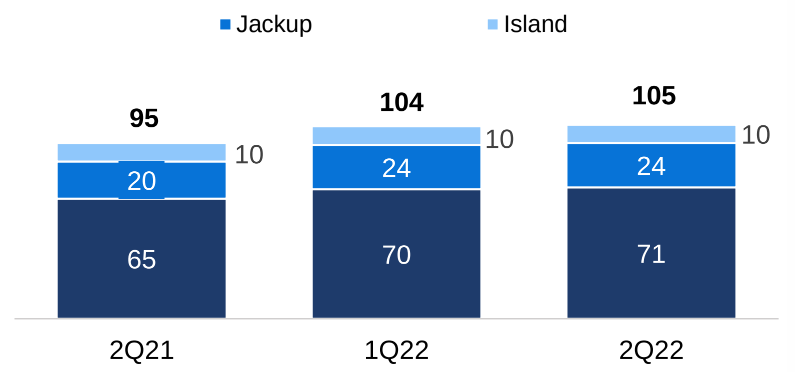
ADNOC Drilling

OPERATIONAL HIGHLIGHTS

RIG FLEET GROWING, UTILIZATION STRONG

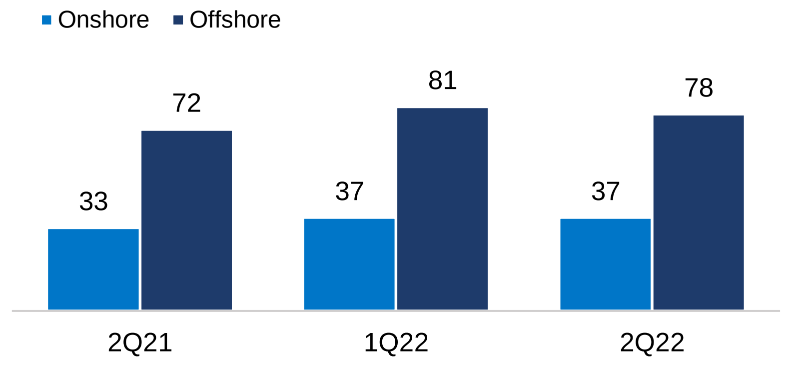
Key operational highlights

Rigs*

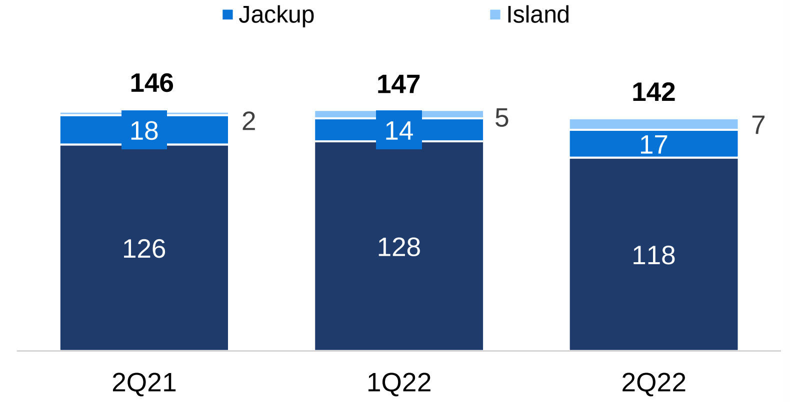


*Excludes rental rigs

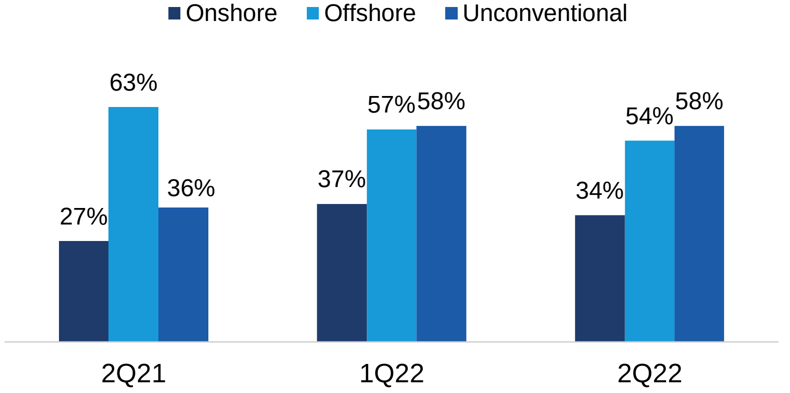
Drilling average duration (days)



Wells drilled



Oilfield services market share



Commentary

- 6 Onshore H&P FlexRigs handed over since IPO to end of 2Q22
- 2 remaining Onshore rigs purchased to commence operations 2H22
- 5 new jackups to be operational in 2H22
- 289 wells drilled in 1H22 compared to 271 wells drilled in 1H21
- Island rig AD-68 drilled longest well in world (50,000ft)

- OFS performed IDS on 36 rigs (40% market share) in 1H22
- 16.7% y-o-y improvement in drilling efficiency for 1H22 versus 2021 client benchmark

ONSHORE AND OFS DRIVE PERFORMANCE

Segmental operating highlights

Onshore

- **97% Rigs Availability** for Onshore rig operations at the end of 2Q22 (vs. 95% in 1Q22)
- **93% Rig Efficiency** for Onshore rig operations at the end of 2Q22 (vs. 92% in 1Q22)
- **Accelerated NOP** to 42 rigs, recognizing second quarter savings of $12.4 million

Offshore and Offshore Islands

- **100% Rigs Availability** for Offshore rig operations at end of 2Q22 (vs. 98% in 1Q22)
- **95% Rig Efficiency** for **Offshore Jackup** and **94%** for **Offshore Island** rigs at end of 2Q22 (vs. 90% and 98% in 1Q22)
- **Breaking records** – Island Rig AD-68 drilled world's longest well (UZ-688) at depth of 50,000ft

Oilfield Services

- **378 IDS wells delivered since 2019** with 213 benchmarked wells delivered, of which 163 wells ahead of schedule and budget
- **101 wells delivered in 1H22** with 34 benchmarked wells delivered, of which 29 wells ahead of schedule and budget
- **FRAC'd 17 stages in 1Q22** and **13 stages in 2Q22**
- **Post-period Ghasha offshore gas mega project award** adds $40 million / year to previously disclosed segment revenue guidance

SPOTLIGHT: ACCELERATING RIG FLEET EXPANSION

Rig Acquisition: Progress Report

From a current fleet of 105, ADNOC Drilling plans to expand the fleet to 122 rigs by 2024 and 127 rigs by 2030

Offshore

- **1** jackup added to the fleet in 4Q21
- **3** jackups added to the fleet in 1H 2022 and awaiting start-up
- **1** jackup added to the fleet post period in July
- **5** rigs ready and awaiting contract closing
- **8** rigs under evaluation and negotiation

Onshore

- **1** rig added to the fleet in 4Q21
- **5** rigs added to the fleet in 1H 2022
- **2** additional rigs will be added over FY 2022
- H&P Rig Enablement Framework Agreement (**REFA**)

- ***10 rigs joined the fleet since the IPO in October 2021 through 2Q22***
- ***24 rigs are expected to join the fleet over FY22 and FY23***
- ***Discussions ongoing with client about further fleet expansion***

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FINANCIAL PERFORMANCE

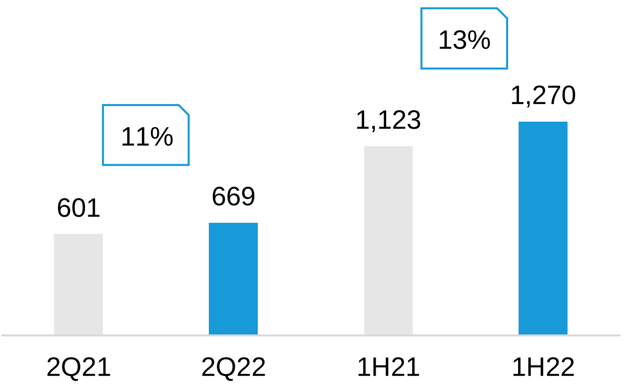
FINANCIAL HIGHLIGHTS

Resilient growth with Capex increasing and strong visibility on future cash flows

$ millions

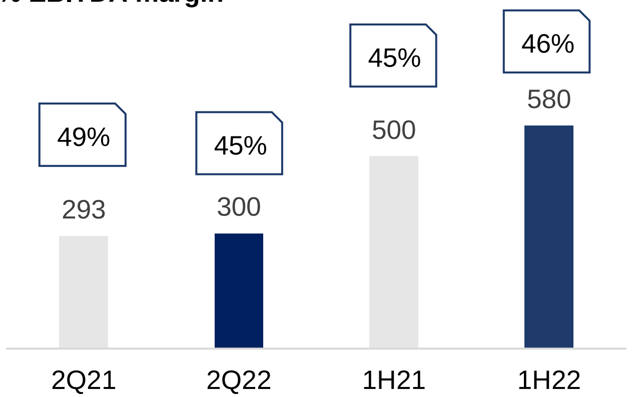
Revenue

% growth



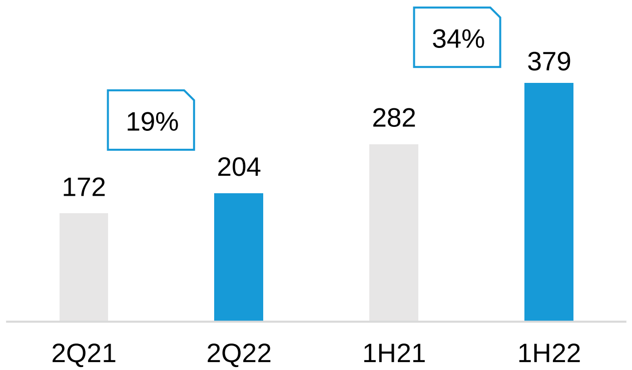
EBITDA

% EBITDA margin



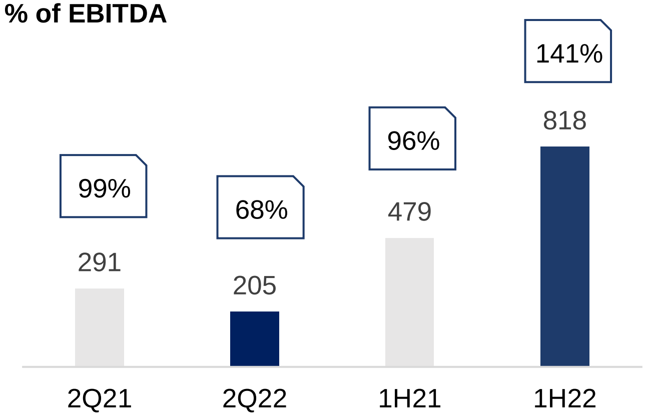
Net income

% growth



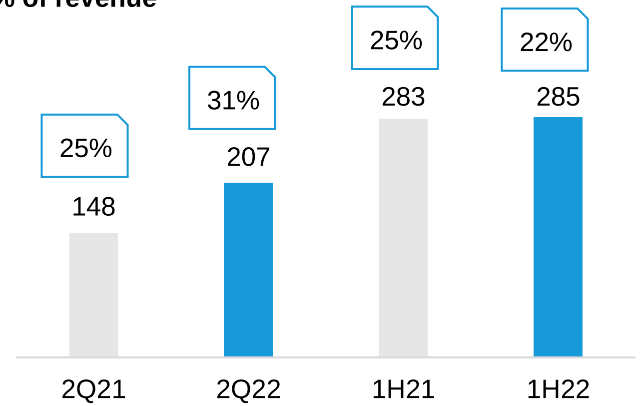
Cash from operations

% of EBITDA



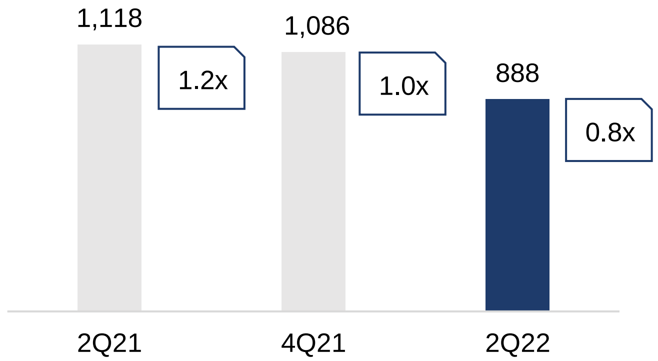
Capex

% of revenue



Net debt

x Net Debt / LTM EBITDA



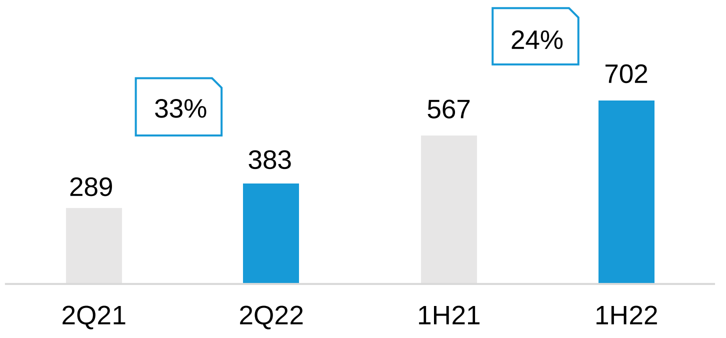
HEALTHY REVENUE GROWTH

Onshore and Oilfield Services segments drive year-on-year growth

$ millions

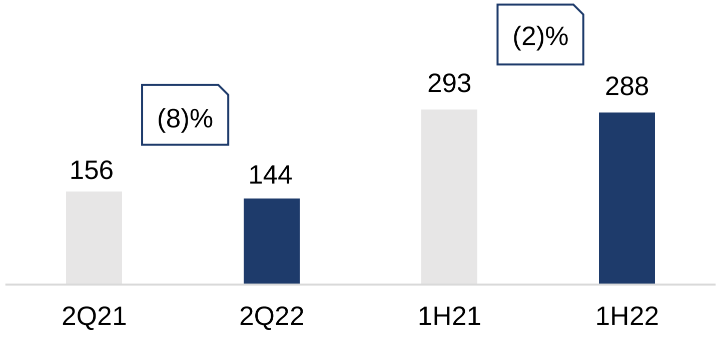
Onshore

% growth



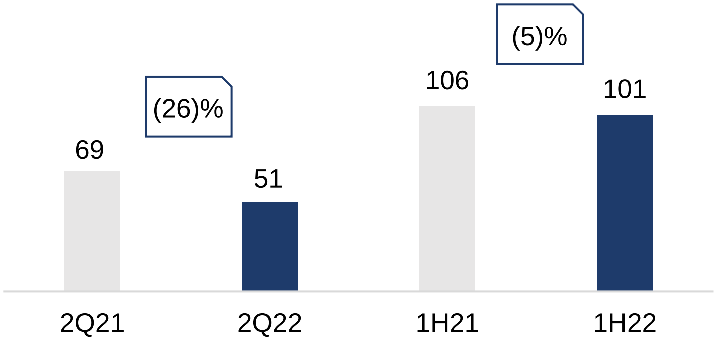
Offshore Jackup

% growth



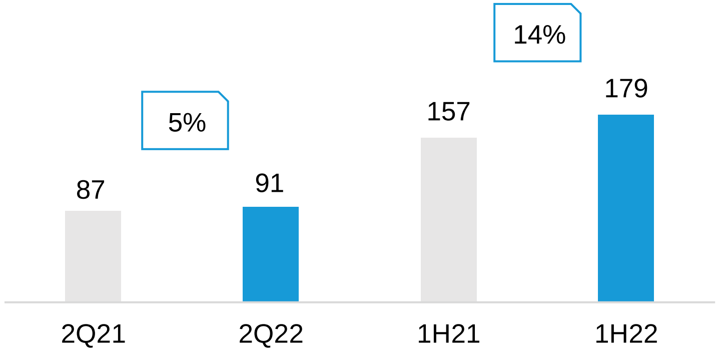
Offshore Island

% growth



Oilfield Services

% growth



Commentary

1H22 revenue increased by 13% y-o-y and 2Q22 revenue grew by 11% y-o-y, driven primarily by strong Onshore and OFS segment performance.

Onshore: Improved 2Q and 1H revenue due to deployment of 3 new rigs; rig reactivations; and recovery of higher fuel costs

Offshore Jackup: Revenue declined due to activity mix coupled with delays in replacement of rented rigs with owned rigs. By comparison, 1H21 saw revenue phasing between quarters

Offshore Island: Lower revenues, mainly due to one-off contractual claims booked in 1H21, partly offset by higher operating revenue / lower standby revenue in 1H22

OFS: Improved 2Q and 1H revenue due to growth in existing services and the addition of new product and service lines

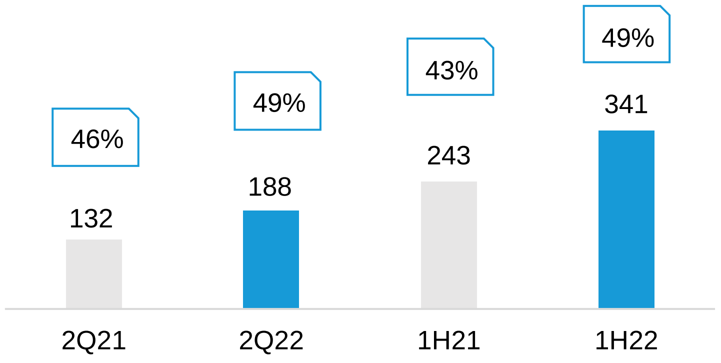
ROBUST EBITDA GENERATION

EBITDA growth and strong margins supported by increase in revenues from Onshore and OFS segments

$ millions

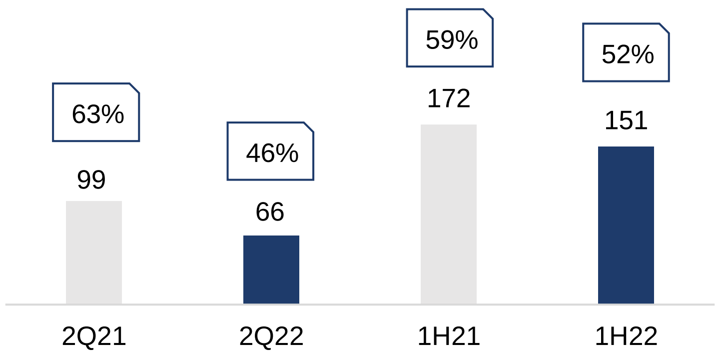
Onshore

% EBITDA margin



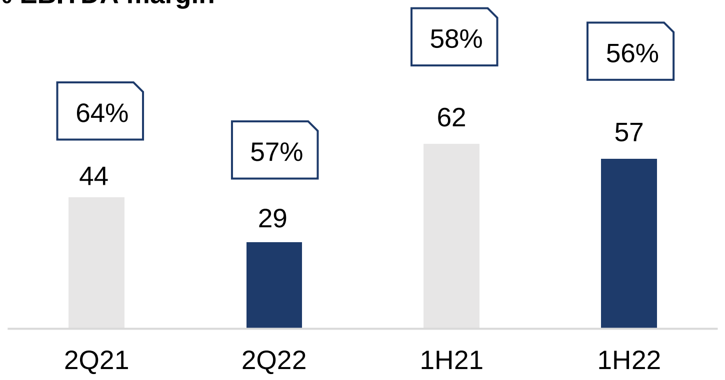
Offshore Jackup

% EBITDA margin



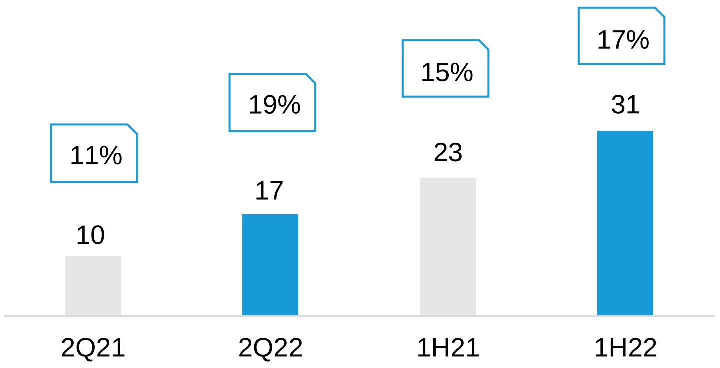
Offshore Island

% EBITDA margin



Oilfield Services

% EBITDA margin



Commentary

1H22 EBITDA increased 16% year-on-year, with a market-leading margin of 45.7%, resulting from higher Onshore and OFS revenues and effective cost savings.

Higher revenue was largely due to increases in Onshore and OFS activity coupled with inflation adjusted daily operating rates, enabling the Company to deliver strong and consistent performance in a challenging economic environment

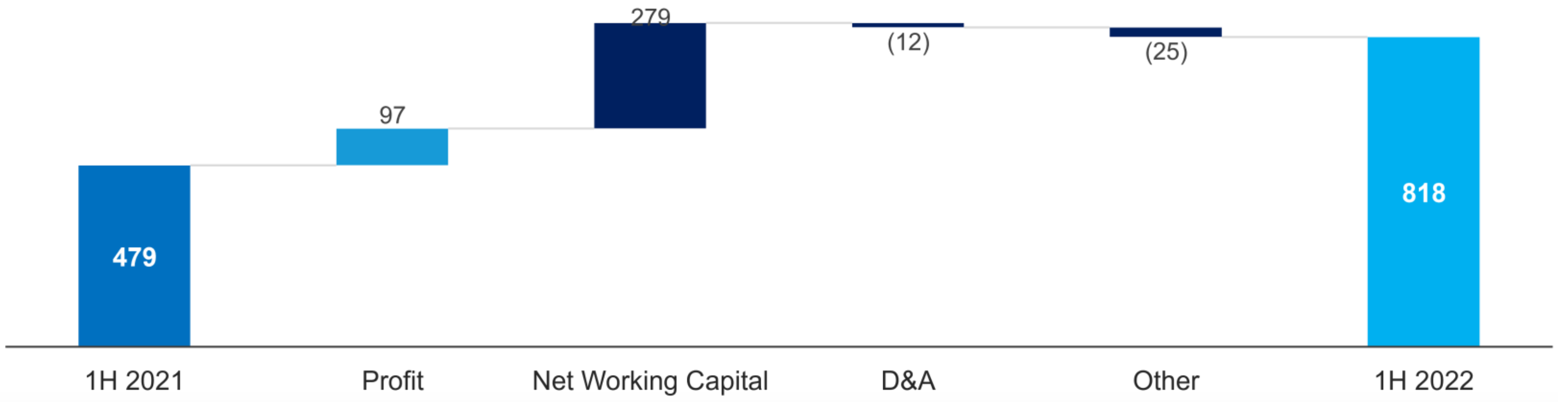
Strong EBITDA performance was enabled by healthy progress on operating efficiencies, with industry-leading margins maintained despite increased Opex and higher activity levels

STRONG CASHFLOW AND BALANCE SHEET

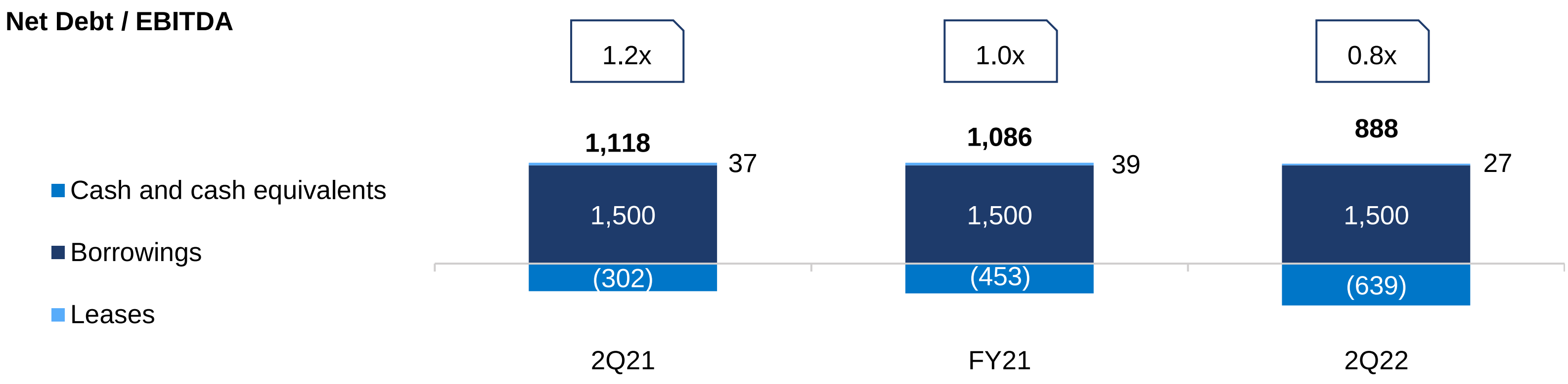
Healthy cash position to enable future growth

$ millions

Net cash generated from operating activities



Net Debt



Commentary

Net cash from operating activities

Net cash from operating activities ended the first half at $818 million, compared to $479 million in the year-ago period. This positive performance is largely attributable to improvements in net working capital movements.

Net Debt

The Net Debt / LTM EBITDA increased to 0.8x in 2Q22 compared to 0.5x in 1Q22, mostly due to the May 2022 dividend payment of $325 million.

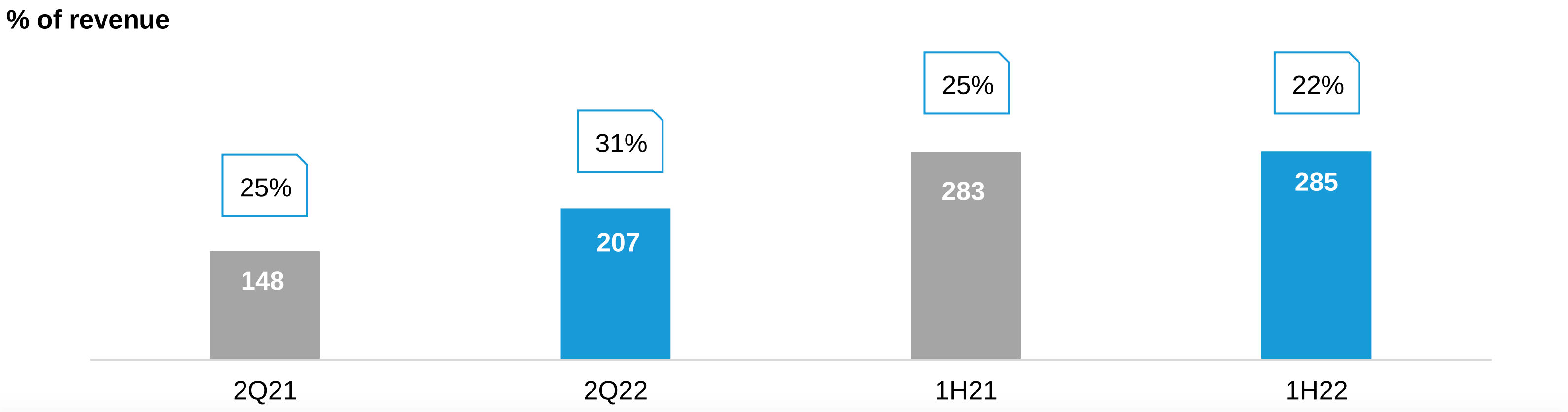
Cash and cash equivalents amounted to $639 million in 2Q22, declining from $983 million in 1Q22.

WORKING CAPITAL OPTIMIZED, CAPEX RAMPS UP

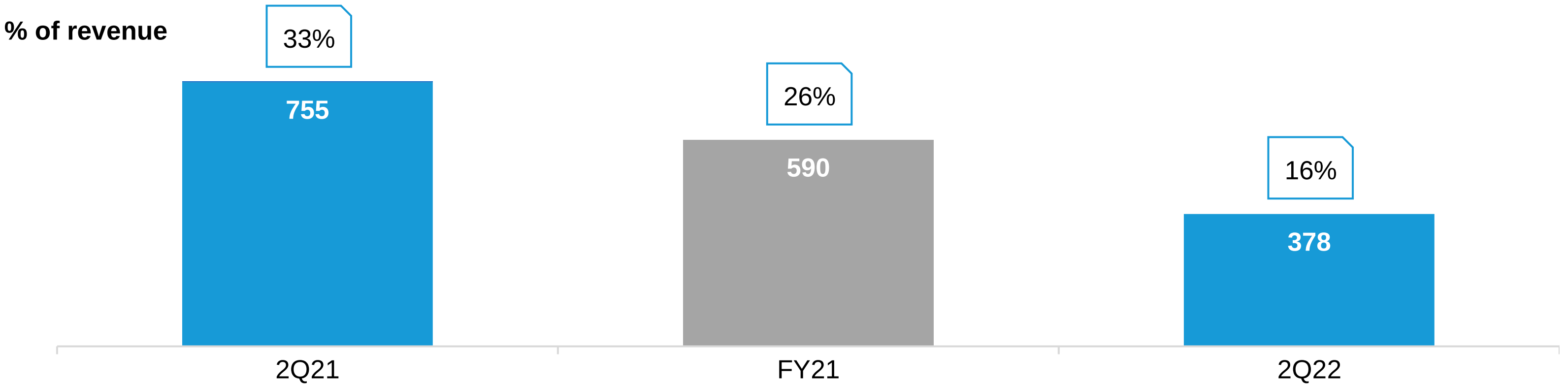
Working capital continues to improve; Capex accelerates in 2022

$ millions

Capex



Net Working Capital



Commentary

Capex

Capex for the second quarter increased by $59 million year-on-year as ADNOC Drilling accelerated its rig fleet expansion program with the acquisition of 8 new Onshore and Offshore Jackup Rigs (YTD).

Management expects planned Capex to continue to increase in the second half of the year and well into FY23, in line with the acceleration of the rig acquisition program.

Net Working Capital

Net working capital was $378 million (36% lower than FY21 and 50% lower than 2Q21) reflecting growth in business activity, offset by strong collections 1H22.

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GUIDANCE

TARGETING GROWTH AND COMPETITIVE RETURNS

Forward-looking guidance confirmed and unchanged

Performance

Revenue

CAGR in low teens for medium term vs 2021

- Drilling revenues high single digit CAGR
- OFS revenues low 20%s CAGR

EBITDA

Drilling margin

- High-40%s medium term

OFS margin

- Low-mid-20%s medium term

Ongoing cost savings to further enhance margin profile

Working Capital

ADNOC OpCos payment terms 30-60 days

- Strong positive cash inflow by 2022
- Targeting net working capital 10-11% of revenue

Growth

Rig Requirement

122 rigs by end of **2024** (56 focused on IDS)

127 rigs by end of **2030** (64 focused on IDS

Capex

Elevated capex 2021-2023 - **$2.5-3.0bn**

Lower capex post-2023 - **$150-200m p.a.**

Financial

Dividend Policy

5-for-5 dividend growth

- Annual growth of 5% p.a. on DPS 2022-2026
- 5% increase for interim dividend in 2022, at 7.83 fils per share or **$341 million**

Capital Structure

Conservative long-term leverage target of up to 2.0x net debt / EBITDA

- For short periods target may be exceeded during high expansionary Capex

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SUMMARY

STRONG AND SUSTAINED MOMENTUM

Rig fleet expansion program is gathering pace, with strong pipeline of acquisitions.

Onshore and OFS segments are standout 1H performers, driving top-line growth.

OFS is capturing value while expanding fleet enables multibillion-dollar contracts.

Critical role supporting ADNOC capacity growth and UAE gas self-sufficiency.

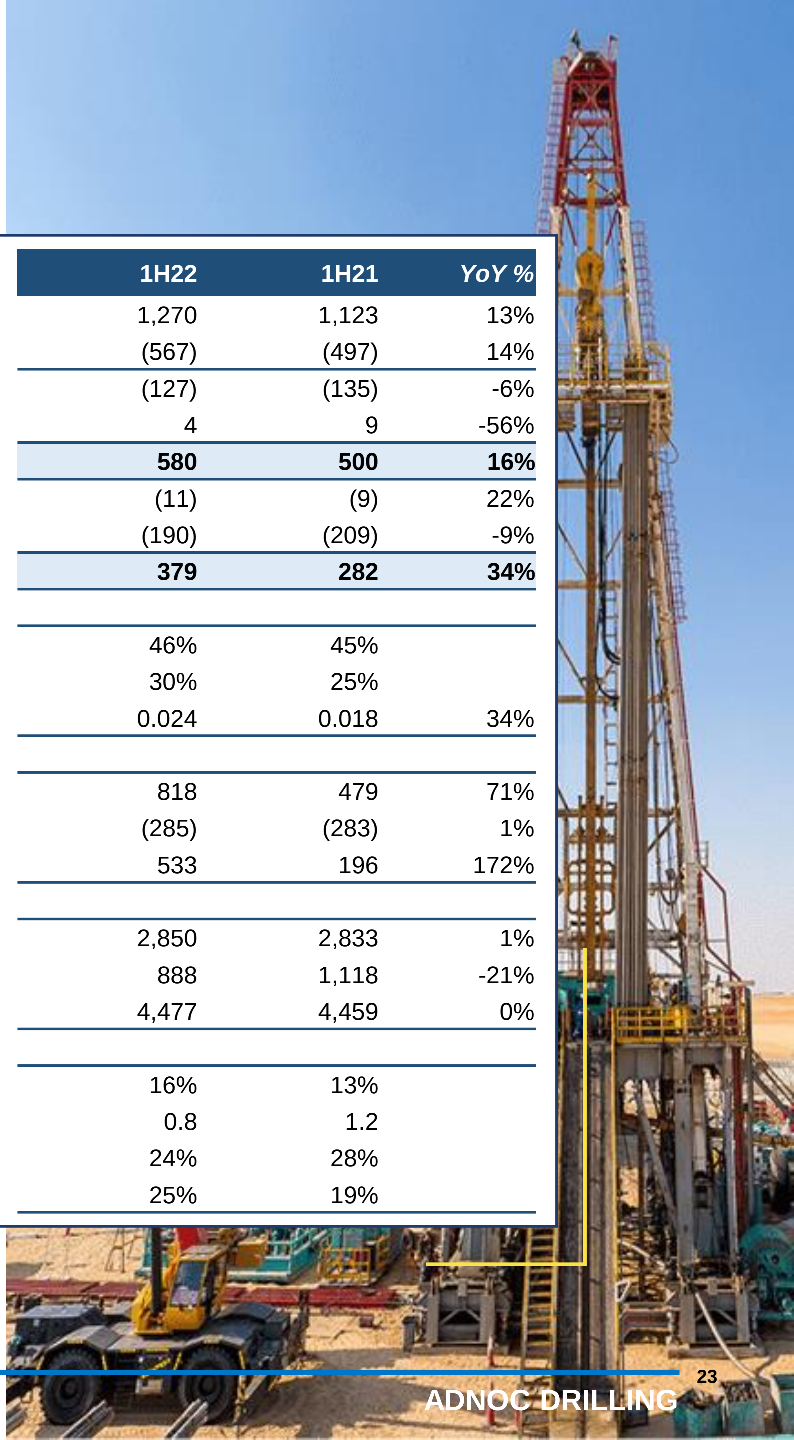
Compelling returns to shareholders, delivering on commitment to 5% annual dividend growth.

APPENDIX

FINANCIAL SUMMARY 2Q22

USD millions	2Q22	1Q22	*QoQ %*	2Q21	*YoY %*	1H22	1H21	*YoY %*
Revenue	669	601	11%	601	11%	1,270	1,123	13%
Direct cost excluding depreciation	(302)	(265)	14%	(252)	20%	(567)	(497)	14%
General & Administrative expenses (G&A) excl. depreciation & impairment	(70)	(57)	23%	(64)	9%	(127)	(135)	-6%
Other Income	3	1	200%	8	-63%	4	9	-56%
EBITDA	**300**	**280**	**7%**	**293**	**2%**	**580**	**500**	**16%**
Finance Cost	(7)	(4)	75%	(5)	40%	(11)	(9)	22%
Depreciation	(89)	(101)	-12%	(116)	-23%	(190)	(209)	-9%
Net Profit	**204**	**175**	**17%**	**172**	**19%**	**379**	**282**	**34%**
EBITDA Margin	45%	47%		49%		46%	45%	
Net Profit Margin	30%	29%		29%		30%	25%	
Earnings per Share (USD per Share)	0.013	0.011	17%	0.011	19%	0.024	0.018	34%
Net cash generated from operating activities	205	613	-67%	291	-30%	818	479	71%
Capital Expenditure	(207)	(78)	165%	(148)	40%	(285)	(283)	1%
Free Cash Flow	(2)	535	NM	143	NM	533	196	172%
Total equity	2,850	2,970	-4%	2,833	1%	2,850	2,833	1%
Net debt	888	556	60%	1,118	-21%	888	1,118	-21%
Capital employed	4,477	4,606	-3%	4,459	0%	4,477	4,459	0%
Return on capital employed	16%	15%		13%		16%	13%	
Net debt to LTM EBITDA	0.8	0.5		1.2		0.8	1.2	
Leverage ratio	24%	16%		28%		24%	28%	
Return on equity	25%	23%		19%		25%	19%	

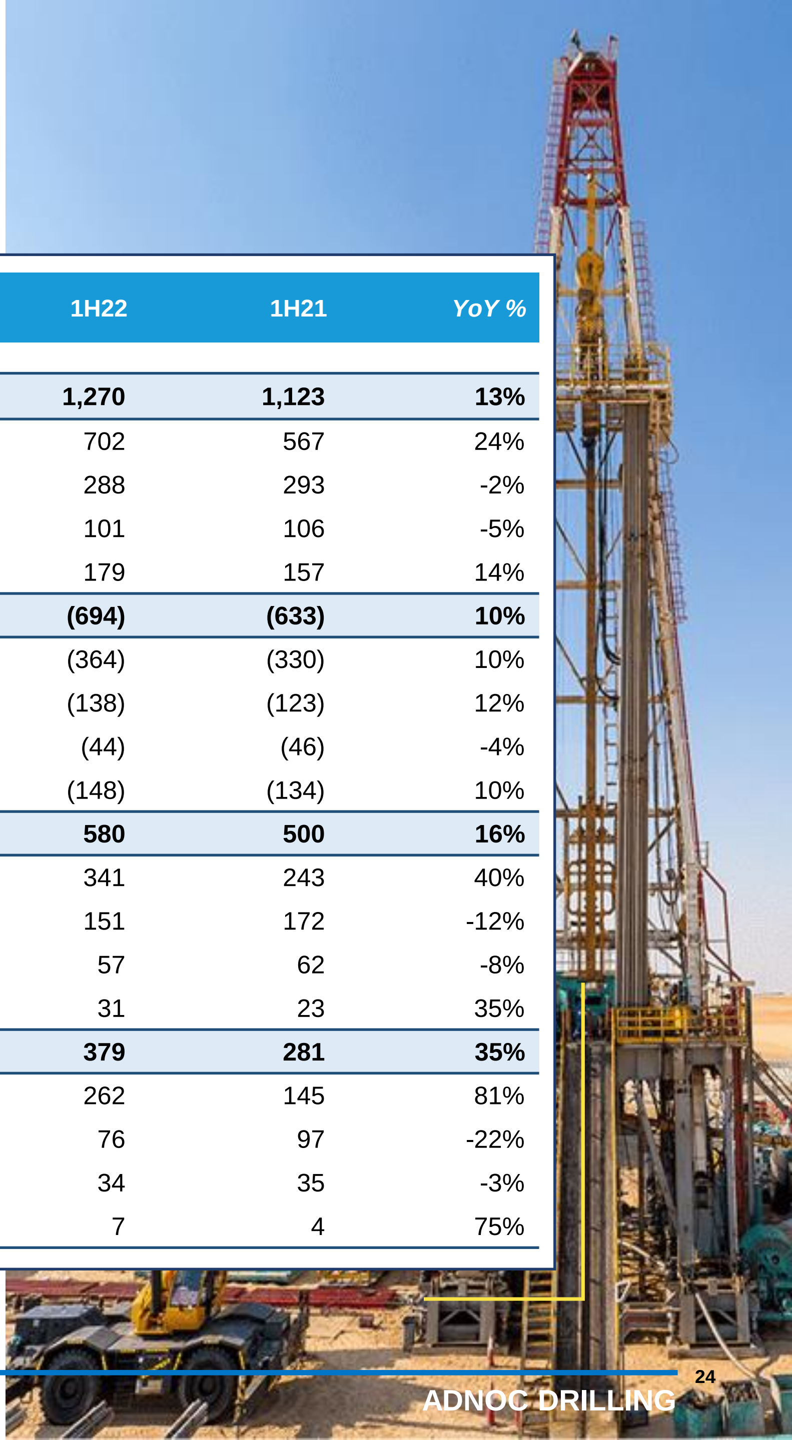
NM: Not meaningful
(1) EBITDA represents Earnings Before Interest, Tax, Depreciation and Amortisation
(2) Depreciation which is directly related to the operations is included in the direct cost. Indirect depreciation is part of G&A.
(3) Payments for purchase of property and equipment
(4) Interest bearing liabilities less cash and cash equivalents
(5) Number of shares for Earnings per Share calculation in the comparatives are adjusted as if the share split and capitalisation had taken place as at 1 Jan 2020
See Appendix 1 (Glossary) for the calculation of certain metrics referred to above



SEGMENTAL RESULTS 2Q22

USD millions	2Q22	1Q22	QoQ %	2Q21	YoY %	1H22	1H21	YoY %
Revenue	**669**	**601**	**11%**	**601**	**11%**	**1,270**	**1,123**	**13%**
Onshore	383	319	20%	289	33%	702	567	24%
Offshore Jackup	144	144	0%	156	-8%	288	293	-2%
Offshore Island	51	50	2%	69	-26%	101	106	-5%
Oilfield Services (OFS)	91	88	3%	87	5%	179	157	14%
Total OPEX	**(372)**	**(322)**	**16%**	**(316)**	**18%**	**(694)**	**(633)**	**10%**
Onshore	(197)	(167)	18%	(157)	25%	(364)	(330)	10%
Offshore Jackup	(79)	(59)	34%	(57)	39%	(138)	(123)	12%
Offshore Island	(22)	(22)	0%	(25)	-12%	(44)	(46)	-4%
Oilfield Services (OFS)	(74)	(74)	0%	(77)	-4%	(148)	(134)	10%
EBITDA	**300**	**280**	**7%**	**285**	**5%**	**580**	**500**	**16%**
Onshore	188	153	23%	132	42%	341	243	40%
Offshore Jackup	66	85	-22%	99	-33%	151	172	-12%
Offshore Island	29	28	4%	44	-34%	57	62	-8%
Oilfield Services (OFS)	17	14	21%	10	70%	31	23	35%
Net Profit	**204**	**175**	**17%**	**172**	**19%**	**379**	**281**	**35%**
Onshore	149	113	32%	78	91%	262	145	81%
Offshore Jackup	32	44	-27%	63	-49%	76	97	-22%
Offshore Island	18	16	13%	33	-45%	34	35	-3%
Oilfield Services (OFS)	5	2	150%	(2)	NM	7	4	75%

(1) Operational expenses including allocated G&A
(2) Underlying EBITDA includes other income



WE CONTINUE TO PURSUE AMBITIOUS ESG GOALS

Our ESG framework and 2Q22 performance highlights

Climate, emissions and energy

- Support ADNOC's target to decrease GHG intensity by **25% by 2030 and 50% by 2050**
- Energy intensity at a target of 52,539 GJ/Rig vs. the current actual of 24,346 GJ/Rig (2Q22)

Economic and social contribution

- **In-country value (ICV) at 52.4%** 2Q22 vs. a target of 60%

Health, safety and security

- **Zero recordable incidents** in Offshore and OFS
- **TRIR at 0.45** versus target of 1.0 for 2022

Local environment

- Minimizing impacts through **best-in-class** environmental management system
- **Zero spill incidents** in 2Q22

Workforce diversity and development

- **Women Empowerment established**, with 6* female employees at leadership level
- 78 nationalities across the workforce

*managers and above

Business sustainability

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

ADNOC Drilling

THANK YOU

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