

ADNOC Drilling Announces Strong Third-Quarter and Nine-Month 2021 Results Beating Market Forecast

Resilient nine-month revenue increased 12% year-on-year to \$1.7 billion with EBITDA at \$785 million

Exceptional financial performance follows record ADX listing

50% Q3 EBITDA Margin drives cash from operations¹ to 105% of EBITDA

Four-fold capital expenditure increase year-on-year for the nine-month period, supporting ambitious growth agenda

Abu Dhabi, UAE – November 10, 2021: ADNOC Drilling Company PJSC (ADNOC Drilling or the Company) (ADX symbol: ADNOCDRILL / ISIN: AEA007301012), today announced its financial results for the third quarter and first nine months of 2021.

In the first quarterly disclosure since its record listing on the Abu Dhabi Securities Exchange (ADX) in early October 2021, ADNOC Drilling delivered strong and resilient top line growth, with revenue for the first nine months of 2021 increasing 12% to \$1.7 billion compared to the same period last year.

The Company reported EBITDA of \$785 million, surpassed targets, with a very healthy margin of 46%, and net profit of \$460 million for the period, up 9% year-on-year. For the third quarter, ADNOC Drilling reported revenues of \$571 million, up 11% year-on-year, and EBITDA of \$285 million, representing a 50% margin in the quarter.

Strong Growth Across Drilling Operations

ADNOC Drilling reported strong and resilient revenue growth across its drilling operations, driven in particular by the Onshore segment and Oilfield Services.



- **Onshore:** Revenue for the nine-month period was \$847 million, up 10% compared to the same period last year, largely driven by new rigs and the reactivation of rigs in 2021. Third quarter 2021 revenue was \$279 million, up 9% year-on-year.
- **Offshore - Jackup:** Revenue increased during the nine-month period to \$450 million (Nine-Month 2020: \$443 million), supported by an increase in operating activity of its jack-up rigs. Third quarter 2021 revenue was \$157 million, down 2% year-on-year.
- **Offshore - Island:** Revenue was up 11% to \$166 million for the first nine months of 2021 compared to the same period last year. Third quarter 2021 revenue was \$61 million, up 45% year-on-year.
- **Oilfield Services (OFS):** Maintained a robust growth trajectory, driven by higher activity as the segment continued its expansion. Revenue for the nine-month period increased 50% year-on-year to \$231 million. Third quarter 2021 revenue was \$74 million, up 32% year-on-year.

EBITDA for the nine-month period was \$785 million, up 11% year-on-year and beating expectations, demonstrating sustained resilience throughout the period, despite Covid-19 related disruptions continuing through the period. ADNOC Drilling's EBITDA margin of 50% reflects the Company's commitment and continued focus on driving efficiency throughout the business, highlighted by its industry-leading fleet utilization rate of 95.5%² as of September, 30 2021. ADNOC Drilling continued to deliver highly attractive cash flow generation during the period, with cash from operations¹ increasing 15% year-on-year to \$823 million, equating to 105% of EBITDA.

Capital expenditure for the nine-month period increased four-fold on a year-on-year basis, to \$454 million in 2021. These investments will support the ambitious growth of the Company's OFS expansion operations and rig acquisitions, with these new rigs expected to commence operations in 2022.

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, said: "With double-digit revenue growth, ADNOC Drilling has demonstrated exceptional financial performance and commercial resilience, reflected in a very robust third-quarter. These impressive results follow ADNOC Drilling's record ADX listing in early October, and were well above market forecasts.

"ADNOC Drilling sits at the heart of ADNOC's ambitious growth plans and is critical in enabling ADNOC to achieve its significant production capacity growth targets and help the UAE achieve gas self-sufficiency. ADNOC will remain a committed, long-term majority shareholder in ADNOC Drilling as the Company continues on its exciting growth trajectory while delivering attractive returns for shareholders."

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 - Payments for purchase of property and equipment

Abdulrahman Abdullah Al Seiri, Chief Executive Officer of ADNOC Drilling, said: “Coming shortly after our landmark IPO, these very strong financial and operational results underpin an ambitious growth plan that is built on the quality and diligence of our people, who have worked tirelessly to achieve safe and efficient operations while at the same time growing our business.

“As we look to the final quarter and to 2022, we see our operations returning to normal post-pandemic and we expect to continue to make significant progress in the execution of our long-term strategy. Having positioned our business to build on the trust that our new shareholders have placed in us, our immediate focus will be to meet the robust financial targets we have set, while maintaining operational excellence for our everyday activities. These targets are underpinned by ambitious sustainability goals, as we strive to achieve industry-leading ESG performance.”

ADNOC Drilling remains active in a number of mega-tenders in Abu Dhabi, while also pursuing the further expansion of its discrete services portfolio and increased market share in the OFS segment. If awarded, these tenders will expand the Company’s portfolio outside of the Integrated Drilling Services (IDS) segment, with awards expected during 2022.

In October, following the success of its heavily oversubscribed IPO on ADX, ADNOC Drilling was 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.

Key Financial Metrics

USD Millions	Q3 2021	Q3 2020	% Change	9M 2021	9M 2020	% Change
Revenue	571	515	11%	1,694	1,517	12%
EBITDA	285	209	36%	785	705	11%
Net Profit	178	120	48%	460	422	9%
Earnings per share (USD/share)	0.0112	0.0075	49%	0.0287	0.0264	9%
Capital Expenditure ³	171	21	714%	454	100	354%
Cash from Operations ¹	291	212	37%	823	716	15%

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About ADNOC Drilling

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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 96 owned rigs as of 30 September 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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