

Media Release:

ADNOC Drilling Delivers All-Time-Record Second Quarter Results

Exceptional market beating first half results and increased visibility leads the Company to increase FY2024 and medium-term guidance

Record second quarter revenue of \$935 million, growing 29% year-on-year, driven by fleet expansion and Oilfield Services

Highest second quarter EBITDA of \$472 million, +37% year-on-year, with industry-leading margin of 50%

Board of Directors approves increased interim dividend of \$394 million (9.05 fils), +10% year-on-year versus 2023 interim payment, in line with new, enhanced dividend policy

Abu Dhabi, UAE – August 5, 2024: ADNOC Drilling Company PJSC (“ADNOC Drilling” or the “Company”) (ADX symbol: ADNOCDRILL / ISIN: AEA007301012) today announced record financial results for the second quarter and first half of 2024.

ADNOC Drilling’s second quarter and first half 2024 revenue increased to \$935 million and more than \$1.8 billion, up year-on-year by 29% and 26% respectively. This growth has been driven by the expansion of operations across all business segments.

Commenting on the exceptional first half results for 2024, **Abdulrahman Abdulla Al Seiri, Chief Executive Officer, ADNOC Drilling**, said: “ADNOC Drilling has continued to deliver on its strategic initiatives and has successfully closed the first half of the year on a strong note, achieving multiple milestones.

“The Company’s performance for the period is a continued reflection of our unwavering commitment to operational excellence and efficiency in every aspect of our business. Our achievements for the period are a testament to the relentless dedication of our

people, whose efforts are central to delivering outstanding service to our customers and maximizing value for our shareholders.”

The strong top-line translated into record EBITDA both in the quarter and the first half. Second quarter EBITDA increased by 37% year-on-year and 8% sequentially to \$472 million, yielding a 50% EBITDA margin. First half EBITDA was \$909 million, up 34% year-on-year and with a margin increase to 50%, driven by strong revenue growth, coupled with the Company’s continued and effective cost management initiatives.

Net profit for the quarter also grew, up 29% year-on-year and 7% sequentially to \$295 million, driven by the increase in EBITDA, while for the first half the figure stood at \$570 million, up 28% year-on-year.

At the end of the second quarter, the fleet consisted of 140 rigs (136 owned plus four lease-to-own land rigs), up from 137 at the end of the first quarter due to the addition of three land rigs.

Following the delivery of an exceptional set of first half 2024 results the Board of Directors has approved an interim dividend of \$394 million, +10% year-on-year under new enhanced and progressive dividend policy, equivalent to 9.0468 fils per share.

The interim dividend distribution is expected to be in the last week of August 2024, to all shareholders of record as of August 12, 2024.

Highlights of the Second Quarter Ending June 30, 2024

- **Onshore:** Revenue in the second quarter increased 27% year-on-year to \$441 million from \$346 million, mainly due to new rigs put into operations.
- **Offshore Jack-up:** Revenue for the quarter increased 48% year-on-year to \$284 million from \$192 million, due to higher activity from jack-ups gradually contributing to revenue in the last few quarters.
- **Offshore Island:** Revenue increased 2% year-on-year to \$53 million from \$52 million, mainly driven by a rig reactivation during the second quarter.
- **Oilfield Services (OFS):** Revenue increased 17% year-on-year in the second quarter to \$157 million from \$134 million, mainly driven by increased activity in drilling fluids and wireline services. The overall volume of activity of the segment is expected to increase throughout the year, in-line with planned phasing and driven by IDS rigs ramp-up and unconventional.

Key Financial Metrics

USD Millions	2Q24	2Q23	YoY%	1Q24	QoQ%	1H24	1H23	YoY%
Revenue	935	724	29%	886	6%	1,821	1,440	26%
EBITDA ¹	472	344	37%	437	8%	909	677	34%
Net Profit	295	228	29%	275	7%	570	446	28%
Earnings per share (USD/share)	0.018	0.014	29%	0.017	7%	0.036	0.028	28%
Capital Expenditure ²	(239)	(181)	32%	(110)	117%	(349)	(257)	36%
Cash generated from operating activities	518	395	31%	347	49%	865	621	39%

Increase In FY2024 and Medium-Term Guidance Due to Exceptional 1H2024 Results

Moreover, driven by increased visibility on operations, earnings and profitability, ADNOC Drilling updates its fiscal year 2024 and medium-term guidance.

ADNOC Drilling's updated full year 2024 financial guidance is presented below:

USD Million	FY2024 Previous Guidance	FY2024 New Guidance
Revenue	3,600 - 3,800	3,700 - 3,850
<i>Onshore Revenue</i>	1,600 - 1,700	1,650 - 1,750
<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	1,700 - 1,900	1,800 - 1,950
EBITDA Margin	48% - 50%	49% - 51%
Net Profit	1,050 - 1,250	1,150 - 1,300
Net Profit Margin	30% - 33%	31% - 34%
CapEx	750 - 950	750 - 950
Leverage Target	< 2.0x	< 2.0x

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

- Revenue CAGR in the 14% - 18% from 2023 base (*previous range: 12% - 16%*).

¹ EBITDA represents Earnings Before Interest, Tax, Depreciation and Amortization

² Cash payments for purchase of property and equipment including prepaid delivery payments, excluding CapEx accruals

- EBITDA Margins around 50% with 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.

Transformational Unconventional Energy Contract Award

In May 2024, ADNOC awarded ADNOC Drilling a transformational \$1.7 billion contract award to unlock the UAE's world-class unconventional energy resources. To service the contract, and explore the considerable future opportunities in unconventional resources, ADNOC Drilling incorporated a new company, Turnwell Industries LLC OPC ("Turnwell"). ADNOC Drilling has signed a term sheet to enter a strategic partnership with Schlumberger Middle East SA ("SLB") and Patterson-UTI International Holdings, Inc. ("Patterson-UTI") subject to signing definitive agreements and any necessary regulatory approvals. The new company will be primarily engaged in unconventional drilling operations.

Record Institutional Placement of Shares Increased the Company's Free Float by 50%

During the second quarter, ADNOC offered ADNOC Drilling shares through a bookbuild offering to professional investors in the UAE and institutional investors elsewhere. The successful \$935 Million institutional placement constituted a sale of 880 million shares priced at AED 3.90, representing 5.5% of ADNOC Drilling's total share capital, with ADNOC retaining a majority 78.5% stake.

The transaction witnessed strong investor demand and was largest-ever accelerated bookbuild of a publicly listed company in the UAE. The successful offering increased ADNOC Drilling's free float by 50%, enhancing liquidity and providing a pathway for broader indexation.

Shareholders Approve New Enhanced Dividend Policy

At its General Shareholder Meeting held on 24 June 2024, ADNOC Drilling shareholders approved a progressive dividend policy that will see dividends grow by at least 10% per annum on a dividend per share basis over the next five years (2024-2028).

The Board of Directors, at its discretion, may approve additional dividends over and above the policy after considering free cash flow and accretive growth opportunities.

Enersol Acquisitions Gain Momentum

Enersol, a strategic joint venture between ADNOC Drilling and Alpha Dhabi, completed its second transaction in the second quarter of 2024, which saw it increase its equity stake in Gordon Technologies to 67.2%, subject to regulatory approvals. Gordon Technologies is a market leading provider of technology focused primarily on measurement while drilling.

Subsequently and subject to regulatory approvals, Enersol in July 2024 signed an agreement to acquire a 51% stake in NTS Amega, a leading global provider of advanced manufacturing of precision equipment, complex tool repair and rental solutions for the energy sector. The transaction completion remains subject to necessary regulatory approvals and closing adjustments, after which the NTS stake will be formally transferred to Enersol.

In July, Enersol also agreed to acquire a 100% equity stake in EV Holdings Ltd, subject to regulatory approvals. Headquartered in the United States, EV is a leading global provider of vision-based diagnostics and analytics services for the oil and gas sector. The company has a global footprint with a presence in 36 countries, including the UAE and Saudi Arabia.

Looking ahead, ADNOC Drilling is well-positioned to benefit from Enersol's AI, digitization, and advanced technology acquisitions. This will provide the Company increased access to advanced technology and intellectual property as well as offer an additional avenue for generating accretive returns to shareholders.

Further Activity Subsequent to the End of the Second Quarter

ADNOC Drilling was awarded a \$733 million contract for three newbuild island rigs. The contract is above medium-term guidance with accretive dayrates enhancing long-term contracted cash flow and earnings visibility. ADNOC Drilling and Honghua Group will collaborate to integrate artificial intelligence in rig design improving safety and efficiency. The ADNOC Drilling fleet is now expected to total at least 148 by 2026 including these three new rigs as well as the previously announced three land rigs for the initial phase of the unconventional development.

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 to at least the end of 2024.

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.

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About ADNOC Drilling

ADNOC Drilling, listed on the Abu Dhabi Securities Exchange (ADX symbol “ADNOCDRILL”; ISIN AEA007301012), is the largest drilling and integrated drilling services (IDS) company in the Middle East by fleet size, owning and operating one of the largest multi-discipline drilling fleets in the world. The Company is a critical link in ADNOC’s upstream business, as ADNOC responsibly accelerates its production capacity targets in light of globally increasing demand for energy and enables the UAE’s gas growth. ADNOC Drilling incorporated IDS into its portfolio in 2018 and now offers a total solution of start-to-finish wells and associated services that encompass the entire drilling value chain. To find out more, visit: www.adnocdrilling.ae

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