ARABIAN DRILLING EARNINGS RELEASE
For Period Ended 30 September 2023

Arabian Drilling Achieves +15% Sequential Operating Profit Growth and All Time Record Backlog of SAR 12.7 billion

- **Backlog increased by more than +65% to SAR 12.7 billion following major contract awards and extensions previously announced.**
- **Year on Year ("YoY") revenue is up more than +25% for the 9-months period ended 30 September ("YTD") and up +16% sequentially in Q3'23 compared to Q2'23 ("QoQ").**
- **Earnings before Interest, Tax, Depreciation and Amortization ("EBITDA") continues to improve by more than +25% YoY.**
- **Capex increased to more than SAR 550 million in Q3'23 to support the 10 new Unconventional Rigs award.**

Al-Khobar, KSA – 05 November 2023: Arabian Drilling, or the "Company", (Tadawul symbol: 2381), Saudi Arabia's national Drilling Champion, announced its financial results for the 9-months and third Quarter ended 30 September 2023, with an all-time high record backlog of SAR 12.7 billion and a solid +18% YoY increase in Adjusted Net Income to SAR 422 million.

FINANCIAL HIGHLIGHTS

Arabian Drilling closed Q3'23 with a consolidated revenue of SAR 920 million, representing a +16% increase sequentially mainly due to the start-up of three additional offshore rigs (AD130, AD140 and AD150) on 5-year contracts.

YTD, Arabian Drilling achieved consolidated revenue of SAR 2,490 million, representing a +27% increase YoY, mainly driven by higher rig activity and higher prices, more specifically in the Offshore Segment.

Q3'23 EBITDA was SAR 392 million, with a margin of 42.6%, representing a +20 bps increase QoQ. YTD EBITDA of SAR 1,050 million was +26% higher YoY, with a profitability of 42.2%, slightly lower than that of previous year, mainly due to additional employee benefits costs.

Q3'23 Net Income remained flat QoQ, with the increase in Operating Profit mostly offset by higher finance costs. Previously in Q2'23, SAR 20 million of finance costs were capitalized as part of the new offshore rigs capex program. This capitalization of finance cost did not reoccur in Q3'23 due to the rigs start-up, resulting in higher finance cost in the current period.

Net Cash Flow from Operating Activities of SAR 98 million was -72% lower QoQ mainly due to unfavorable changes in Working Capital, partially offset by mobilization revenues received in relation to the new offshore rigs. Excluding changes in Working Capital and mobilization revenues, adjusted cash generated from operating activities was SAR 357 million representing a normalized sequential increase of +36%.

The unfavorable change in Working Capital was mostly driven by delayed Clients' collections, which were subsequently received just after end of Q3'23. Consequently, as of 30 September 2023, Net Working Capital of SAR 674 million was unusually high when compared to previous quarters, at 21% of the Last Twelve-Months ["LTM"] trailing Revenue.

Q3'23 Capex spending of SAR 568 million included c. SAR 375 million related to the construction of the recently awarded 10 unconventional land rigs. YTD Capex of SAR 1,350 million was +46% higher YoY. In the previous year, 9M'22 Capex of SAR 926 million included the acquisition costs of offshore rigs AD130 and AD140 for approximately SAR 570 million.

The Company's Cash position as of 30 September 2023 was c. SAR 1.3 billion and included SAR 875 million in short-term investments.

The Net Debt position of SAR 1,393 million as of 30 September 2023 increased by more than +50% compared QoQ as the available cash continues to be deployed to finance the building of the 10 new unconventional land rigs. Accordingly, the Leverage Ratio (Net Debt/ LTM-EBITDA) also increased as expected from 0.7 in Q2'23 to 1.0 in Q3'23.

Key Financial Metrics

SAR Millions	Q3'23	Q2'23	*Change*	9M'23	9M'22	*Change*
Revenue	**920**	**791**	*+16%*	**2,490**	1,953	*+27%*
EBITDA	**392**	**335**	*+17%*	**1,050**	836	*+26%*
EBITDA (% of Revenue)	**42.6%**	**42.4%**	*+20bps*	**42.2%**	42.8%	*-60bps*
Operating Profit	**206**	**180**	*+15%*	**558**	451	*+24%*
Net Income	**140**	**140**	*0%*	**422**	421	*0%*
EPS (SAR per share) (1)	**1.57**	**1.58**	*0%*	**4.74**	5.26	*-10%*
Adjusted Net Income (2)	**-**	**-**	*-*	**422**	357	*+18%*
Capital Expenditure (3)	**568**	**517**	*+10%*	**1,350**	926	*+46%*
CF from Operating Activities	**98**	**348**	*-72%*	**919**	856	*+7%*
Active Rigs (4)	**47**	**44**	*+7%*	**47**	42	*+12%*

(1) 2023 EPS is based on 89,000,000 shares (post-Listing). 2022 EPS is based on 80,000,000 shares (pre-Listing)
(2) 9M'22 adjusted for one-time deferred tax credit of SAR 64.2 million arising out of derecognition of foreign shareholding
(3) Includes the portion of capitalized interests, where applicable
(4) Active rigs at the end of the period include rigs operating and generating revenue.

Revenue Breakdown by Segments

(SAR Millions)	Q3'23	Q2'23	*Change*	9M'23	9M'22	*Change*
LAND	501	489	*+2%*	1,470	1,394	*+5%*
OFFSHORE	419	302	*+39%*	1,020	559	*+82%*
TOTAL	**920**	**791**	*+16%*	**2,490**	**1,953**	***+27%***

OPERATIONAL HIGHLIGHTS

At the end of 30 September 2023, Arabian Drilling reported a fleet utilization rate of 94% (47 active rigs out of a total available fleet of 50 units). During the Quarter, three offshore rigs were added to the fleet and started their 5-year contract in July 2023.

The Offshore Segment utilization rate was 100%, with all twelve rigs fully operational. The Land Segment utilization was 92% with 35 rigs out of 38 rigs operating, unchanged from the previous Quarter.

Aramco's Rig Efficiency Index ("REI") based on a 36-month rolling average remained strong and in line with Q2'23.

During Q3'23, the Company completed 49 land rig moves, with an average net saving of 0.7 days per rig move, compared to an average net saving of 1.3 day per rig move in the previous Quarter.

As of 30 September 2023, the Company's Backlog reached an all-time high of SAR 12.7 billion with an average remaining contract tenure of 2.5 years per rig for the active rigs. Backlog net addition of SAR 5.1 billion represents SAR 6 billion of firm contracts already announced, less c. SAR 900 million of Revenue recognized during Q3'23. Contracts already announced include an award for 10 new unconventional rigs as well as multiple Aramco contract extensions, including a 10-year extension for an already operational offshore rig. The ratio of the current Backlog to the LTM Revenue (Book-to-Bill ratio) was 3.9x at the end of the Quarter.

As of 30 September 2023, the 12-month rolling average of the Total Recordable Incident Frequency ("TRIF") was 0.91 vs. 0.75 in Q2'23. Q3'23 TRIF is about 3.5x lower than the industry average of 3.22, according to the latest report from the International Association of Drilling Contractors ("IADC") for H1'23. Arabian Drilling continues to put the prevention of injuries across all its work locations at the heart of day-to-day operations.

GUIDANCE

FY'23 Revenue guidance remains unchanged and is expected to be in the range of SAR 3.3 billion to SAR 3.5 billion.

FY'23 Capex guidance remains unchanged and is expected to be in the range of SAR 2.2 billion to SAR 2.4 billion.

COMMENTS

Ghassan Mirdad, Chief Executive Officer of Arabian Drilling, commented:

"As previously announced, we currently have a record high backlog following multiple contract awards and extensions which gives us good visibility in terms of revenue and margin growth for the next few years.

We are also pleased to have delivered all our five offshore rigs on time in accordance with the contract's ambitious schedule, positioning Arabian Drilling as a reliable partner of choice.

We are now focusing on delivering the new 10-rig unconventional package over the next few quarters. In parallel, we keep looking at the next phase of our growth through opportunities to expand further, both organically and acquisitively."

Hubert Lafeuille, Chief Financial Officer of Arabian Drilling, commented:

"*As previously indicated, we expect our EBITDA profitability level to remain stable as we incur start-up costs on the 10 new unconventional rigs and face continuous cost pressures in a demanding labor market within the overall inflationary context.*

As the excess cash continues to be invested in our growth, we expect the leverage ratio will continue to increase over the next quarters.

Finally, we look forward to executing our first cash dividend payment by returning SAR 225 million to our Shareholders in the coming days."

-ENDS-

ABOUT ARABIAN DRILLING

Arabian Drilling is an award winning onshore and offshore gas and oil rig drilling company in Saudi Arabia with an extensive track record of operational excellence and a history of innovation that has brought tremendous safety and efficiency gains to the drilling process.

Established in 1964, Arabian Drilling is the leader in the drilling sector in Saudi Arabia, with founders and majority shareholders the Industrialization & Energy Services Company (TAQA), a Saudi Joint Stock company and SLB (previously known as Services Petroliers Schlumberger S.A.), a global leader in oilfield services.

Arabian Drilling serves clients including Aramco, Al-Khafji Joint Operations (KJO), SLB, as well as Baker Hughes, and has a large fleet of onshore and offshore rigs operated by a highly skilled, qualified, and professional staff, that are built to withstand the harsh weather conditions found in the Middle East region.

Arabian Drilling has adapted to meet the needs of a changing industry and world, integrating sustainable practices throughout the business and contributing to sustainable global energy demand. Arabian Drilling's sustainability Roadmap is aligned with the United Nations Sustainable Development Goals (UN SDGs) and Saudi Arabia's Vision 2030, with initiatives and business practices that empower employees, local suppliers, and the communities and economies in which the company operates and serves, while responsibly managing the impacts of the growing business on the planet.

To find out more, please visit: https://www.arabdrill.com/

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