



ADNOC DRILLING COMPANY P.J.S.C.

Fourth Quarter 2025 Earnings

Webcast & Conference Call Transcript

February 12, 2026



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PRESENTATION

Massimiliano Cominelli - ADNOC Drilling - Vice President, Investor Relations

Ladies and gentlemen, welcome to ADNOC Drilling's full year and fourth quarter 2025 earnings webcast and conference call. My name is Max Cominelli and I'm Vice President of Investor Relations at ADNOC Drilling. Before handing the floor over to our speakers, I would like to draw your attention to the disclaimer on the second slide. I encourage you to read it carefully. The text contains important information. We advise caution on interpretation and limits of historical data and forward-looking statements. I would like to remind you that this presentation and the recording of this call will be available on our website shortly after the end of the call. Today's presentation will be led by our Chief Executive Officer, Mr. Abdulla Al Messabi, and our Chief Financial Officer, Mr. Youssef Salem, along with members of our senior leadership team. After the presentation, we will have a Q&A session, where we will be happy to answer your questions. I will now hand over the call to our CEO. Mr. Abdulla, please go ahead.

Abdulla Ateya Al Messabi - ADNOC Drilling - Chief Executive Officer

Thank you, Max. Good day, everyone, and very warm welcome from my side as well. Very proud to be with you today. Before I start my highlights, I have some great news for you today. The first one would be that our three business leaders for the segment, they will speak about their business performance, so you can hear from them directly.

The second good news I have is 2025 was not only a great year for ADNOC Drilling, it was really a record-breaking year in all fronts. To start with, I cannot thank enough our people for their discipline, innovation, and commitment to deliver 2025 excellent performance. For example, the well delivery time, 20% improved versus 2024. Non-productive time reduced significantly versus 2024, allowing us to achieve the highest speed record in MENA region by drilling one mile per day.

This great operational performance delivered very, very, very strong financial results. Revenue, \$4.9 billion, 22% year-on-year growth. EBITDA, \$2.2 billion, 9% year-on-year growth. Net profit, \$1.45 billion, 11% year-on-year growth.

Very proudly, the Company delivered the highest ever free cash flow, \$1.5 billion. This higher free cash flow underpins two

important subjects for our shareholder: growth and dividends. In terms of growth, 2025 was a defining year. Based on the great performance in the unconventional, we managed to deliver the \$600 million revenue that we have shared with you during 2025, and we expanded beyond Abu Dhabi for the first time.

We have concluded the acquisition of the 70% stake on the JV with SLB, giving us a land-rig platform in Oman and Kuwait. In addition, we have signed the agreement to acquire 80% of MB Petroleum Services.

In terms of dividends, the Board recommends the \$1 billion in total dividends for 2025, 27% year-on-year increase, which is fully aligned with our enhanced dividend policy. For quarter 4, \$250 million is expected to be paid in the second half of April.

With that, let me hand over to our CFO, Youssef Salem, to walk you through the financials.

Youssef Salem - ADNOC Drilling - Chief Financial Officer

Thank you, Mr. Abdulla, and a good day to all. 2025 marked another year of strong financial delivery, supported by higher activity across the business and continued execution discipline. For the full year, revenue increased 22% year on year to \$4.9 billion, above the top end of our guidance, driven by higher activity across conventional drilling, oilfield services, and unconventional program, which delivered \$692 million in revenue for 2025. As you may recall, we previously guided around \$600 million, so this result came in above our earlier indication.

EBITDA for the full year increased 9% to \$2.2 billion, supported by the higher revenue. Net profit increased 11% year on year to \$1.45 billion, supported by the strong operating performance. From a cash perspective, the business delivered a step change in free cash flow generation. For the full year, free cash flow pre-M&A reached a record of around \$1.5 billion, driven by higher cash from operations and continued discipline on working capital.

Let me highlight an important note before discussing the quarterly performance. Throughout this presentation, Q4 growth rates, not absolute numbers, have been adjusted in the charts for comparison purposes. I will explain the specifics of these adjustments, which are also detailed in the footnotes. Simply put, while the financial results show actual figures, the reported growth rates have been normalized to exclude some non-recurring items from revenue, EBITDA, and net income.

Starting from revenue, in the fourth quarter of 2025, revenue reached \$1.28 billion, up 7% year on year, driven by the expansion of the unconventional operations and the integration of offshore rigs in the second half of the year. The unconventional business contributed \$190 million to revenue in the quarter, an increase of 62% year on year and 20% sequentially, spread between \$149 million in OFS and \$41 million in the onshore segment.

As disclosed last year, the fourth quarter 2024 benefitted from approximately \$80 million of favorable OFS phasing and onshore cost reimbursements. Excluding these effects, underlying Q4 revenue growth would have been around 15% year on year. EBITDA was \$560 million for the quarter, up 3% after adjusting Q4 2024 EBITDA by approximately \$50 million, related to cost reimbursements in onshore and OFS phasing.

It is also important to highlight that Q4 2025 EBITDA was impacted by higher maintenance expenses and the early stages of transitioning certain onshore rigs, as anticipated in our third quarter 2025 disclosure. These rigs are expected to be repurposed or otherwise disposed of, in alignment with business objectives. I will discuss impacts later when bridging Q4 to the expected Q1 2026.

For the quarter, net profits stood at around \$389 million, benefitting from lower finance costs following the October refinancing and by the full-year impact of revised useful-life and residual-value estimates on certain assets. On an adjusted basis, net income would have increased by 8% year on year.

Finally, the balance sheet remains very strong. Net debt ended the year at \$2.1 billion, equivalent to 0.9 times EBITDA, below our leverage target and providing significant flexibility to support growth, strategic investments, and shareholder returns.

I will now hand over to Sultan to walk you through onshore operations.

Sultan Al Mansoori - ADNOC Drilling - Senior Vice President, Onshore

Thank you, Youssef, and good afternoon everyone. My name is Sultan Al Mansoori, and I lead the onshore segment. It's a pleasure to be here with you today. In 2025, onshore revenue grew 8% to over \$2 billion, driven by a full contribution of rigs that commenced operation over the course of the last year, as well as \$158 million contributions from unconventional activity related to onshore drilling. To date, we have drilled 83 wells and fracked 56 of them as we progress on the project delivery. EBITDA increased 7% year on year to \$994 million, with margins stable at 49%, showing strong cost management and efficiency in operations.

Turning to the fourth quarter, revenue declined 6% year on year. As mentioned earlier, Q4 of 2024 benefitted from certain cost reimbursements of approximately \$30 million. Excluding this, onshore revenue for Q4 2025 would have changed by minus 1% year on year.

The fourth quarter of 2025 also reflected the initial impact of the planned repurposing and transition of selected onshore rigs, following our review of rig age and deployment strategy. This impact amounted to approximately \$13 million less revenue and \$8 million less EBITDA in Q4. Importantly, this reflects only one month of impact, with the full quarterly effect beginning in Q1 2026. Youssef will elaborate on this later.

Overall, the onshore fleet ended the year at 121 rigs, including 92 rigs in Abu Dhabi, and a pro-forma of 29 rigs in GCC region outside the UAE, following the two transactions announced. Operationally, we delivered 666 wells during the year, achieving 98% of rig availability, and continued to support ADNOC's development plans safely and efficiently.

With that, I will hand over to Adel to cover offshore operations.

Adel Almarzooqi - ADNOC Drilling - Senior Vice President, Offshore

Thank you, Sultan, and good afternoon, everyone. I am Adel Almarzooqi, and I am the SVP responsible for our offshore operations. The offshore segment delivered another strong performance in 2025, supported by continued fleet optimization and contributions from new assets.

For the full year, offshore revenue increased 6% year on year to \$1.4 billion, driven primarily by the conversion of two rigs from onshore to offshore island, as well as the contribution from two jack-up rigs that commenced operation during the year. EBITDA increased 6% to \$953 million, with margin expanding to 68%, reflecting high utilization and sustained cost discipline.

Turning to fourth quarter, offshore revenue grew 15% year on year, supported by the full contribution of the converted rigs and new jack-up rigs. Sequentially, performance remained stable versus the third quarter, with EBITDA benefitting from improved cost efficiency, partially offset by higher maintenance activity.

At year-end 2025, the offshore fleet stood at 48 rigs, including 36 jack-ups and 12 island rigs. During the year, we drilled 170 wells, with rig availability of 96%. We continue to see strong demand across offshore, supported by long-term visibility and robust development pipeline.

I will now hand over to Emri to cover oilfield services.

Emri Zeineldin - ADNOC Drilling - Senior Vice President, Oilfield Services

Thank you, Adel, and good afternoon, everyone. I'm Emri, and I lead our oilfield services operations. I'm truly proud to speak to you today about the fastest-growing segment in ADNOC Drilling in 2025, a year of exceptional growth, record activity, and value creation.

For the year, OFS revenue increased 80% year on year to \$1.46 billion, driven by higher activity, expanded integrated drilling and discrete services coverage, as well as a strong \$534 million contribution from our unconventional operations.

EBITDA increased 31% year on year to \$251 million, reflecting scale, benefits, stronger operating leverage, efficiencies, and contribution from our joint ventures, Enersol and Turnwell. In the fourth quarter, OFS revenue grew 24% year on year, supported by continued strength in our conventional activity and \$149 million of revenue from our unconventional business, where we have drilled 83 wells and fracked 56 since our unconventional activity inception.

As noted earlier, Q4 2024 benefitted from a favorable phasing tailwind of around \$50 million. When normalized, our underlying OFS growth and revenue would have been 48%, demonstrating the strong momentum across our services segment. EBITDA for the quarter was at \$81 million, broadly flat on a yearly basis, benefitting from higher activity and efficiency gains, partially offset by maintenance and cost normalization. Similar to the revenue, with adjusted Q4 2024, EBITDA would have grown by 56% year on year.

Operationally, IDS rigs increased to 60, up from 57 in Q4 2024, and we provided at least one discrete service to 58 additional rigs, bringing total OFS coverage to 118 rigs from the ADNOC Drilling-owned rigs.

We also delivered a 22% improvement in integrated drilling service efficiency versus the 2024 benchmark, a major achievement, reflecting improved execution, technology adoption, and stronger integration. OFS remains central to ADNOC Drilling's growth strategy, offering scalable, capital-efficient returns, and further strengthening our integrated value proposition to our customers.

With that, I'll hand it back to Youssef.

Youssef Salem - ADNOC Drilling - Chief Financial Officer

Thank you, Emri. In line with our progressive dividend policy, the Board of Directors has recommended a fourth quarter 2025 dividend of \$250 million or around 5.7 fils per share, subject to shareholder approval at the upcoming annual general meeting. The dividend is expected to be paid in the second half of April 2026. This brings total dividends for the full year 2025 to \$1 billion, representing a 27% year-on-year increase, and reflects the strength of our cash generation and the resilience of our balance sheet.

As outlined in our progressive dividend policy, we have also established a 2026 dividend floor of \$1.05 billion, representing a minimum 5% year-on-year increase, with dividends to be paid quarterly. Importantly, the Board retains discretion to approve additional dividends above the floor, after considering free-cash-flow-accretive growth opportunities.

Let's now turn to our guidance. Next slide, please. Based on the strong full-year performance in 2025 and the visibility we have today, ADNOC Drilling enters 2026 with confidence. For the full year, we expect revenue of around \$5 billion. The growth will be supported by sustained activity across conventional drilling, particularly in offshore, while onshore will benefit from regional activity, offset by the full-year impact of rig repurposing.

Conventional oilfield services is expected to grow, while the unconventional program is expected to have a lower phasing versus 2025. The unconventional business has shown strong results in 2025, generating around \$0.7 billion in revenue. Of the total \$1.7 billion phase 1 contract value, \$0.84 billion have been accumulated by the end of 2025. The remaining amount of around \$0.86 billion is expected to be spread between 2026 and 2027.

We anticipate EBITDA to be within the range of \$2.2 billion to \$2.3 billion, with an expected EBITDA margin between 44% and 45%. As previously outlined, these figures are indicative of an ongoing shift in the business mix towards oilfield services and unconventional, while maintaining robust profitability in conventional operations and above all, delivering substantial returns on investment and equity.

Net profit is expected to be in the range of \$1.45 billion to \$1.5 billion, with free cash flow excluding M&A of \$1.2 billion to \$1.3 billion. CapEx excluding M&A is expected to be between \$0.6 billion and \$0.8 billion, and we continue to target a leverage ratio below two times EBITDA.

As previously mentioned, in Q4 2025, repurposing of onshore rigs affected revenue by about \$13 million and EBITDA by \$8 million over one month. On a full quarter basis for Q1 2026, this equates to roughly \$40 million in revenue and \$25 million to \$26 million in EBITDA, as most manpower costs remain for some time. As a result, comparing Q1 2026 to Q4 2025, you can anticipate \$27 million less in revenue from repurposed land rigs and an \$18 million decrease in EBITDA.

In Q1 2026, we expect around \$1.23 billion revenue, \$0.53 billion EBITDA, and up to \$0.35 billion net income. The approximately \$40 million net lower revenue sequentially compared to Q4 is a result of repurposing land rigs, around \$30 million, as I mentioned, two fewer days, circa \$20 million, unconventional phasing net of other OFS growth, around \$20 million, net of additional revenue from SLDC, circa \$30 million.

This impact follows through to EBITDA and net income, with net income also having the additional impact of around \$12 million positive D&A impact in Q4 from reassessment of useful life, being non-recurring, hence non-repeatable in Q1.

We will provide more detailed guidance on quarterly phasing as we progress. For now, Q1 and Q2 financials are expected to be broadly similar, while Q3 and Q4 are likely to carry greater weight following the completion of the MBPS transaction, the addition of further IDS, and the commencement of operations from new island rigs.

Looking beyond 2026, our medium-term outlook remains strong, underpinned by sustained development in both unconventional and conventional drilling, including six new island rigs scheduled for delivery between 2026 and 2028. This is supported by continued expansion of oilfield services and attractive regional growth opportunities. We expect to have 70 IDS rigs in operation by year-end 2026.

From a financial standpoint, we remain focused on preserving a healthy ~50% EBITDA margin in the domestic conventional business, with drilling margins about 50% and OFS margins in the 23% to 26% range over the medium term. We also plan to maintain maintenance CapEx of around \$250 million per year. As additional growth drivers materialize, we will update our 2027 and medium-term growth guidance accordingly. Next slide, please.

To conclude, 2025 was a record year for ADNOC Drilling, delivered through operational excellence, disciplined execution, and a clear strategic direction. Our 2026 outlook builds on this strong momentum, supported by sustained activity across drilling, continued expansion in oilfield services, and ongoing progress in the unconventional program. The Board's recommendation of

the fourth quarter dividend under our progressive policy reflects both the strength of our cash generation and our confidence in future cash flows.

Looking ahead, regional expansion is unlocking additional growth, with new platforms in Oman and Kuwait, and further opportunities through MB Petroleum Services. At the same time, we remain focused on advancing our ESG agenda and pursuing ambitious goals. Taken together, ADNOC Drilling is gearing up for future growth while remaining resilient, positioned to deliver predictable cash generation and long-term value creation.

Thank you for your time. We will now open the floor for your questions.

QUESTIONS AND ANSWERS

Ricardo Rezende - Morgan Stanley

Hello. Good afternoon. Thanks for taking my question. It was great to hear from the business heads as well. Two questions, if I may. The first one, when you look at the guidance for 2026, do you already have any expansion of OFS outside of the UAE or is that an upside to the current numbers? Then, the second one, just a follow-up on the balance from unconventional. How much should we think about it in 2026 and what's the balance for 2027? Thank you.

Youssef Salem - ADNOC Drilling - Chief Financial Officer

Thanks a lot, Ricardo. On the first point, no, it does not capture any of OFS outside the UAE, so that's completely an upside potential. On the second, and also above that, it doesn't even fully reflect the potential inside the UAE. The way we've basically devised the guidance is you would see the OFS is flat year on year, \$1.5 billion to \$1.5 billion.

That's linked to your other question on the unconventional. Originally, unconventional was meant to be \$600 million in 2026 and \$600 million in 2025. What ended up happening is we ended up bringing wells earlier, because of the outperformance and delivering wells faster, so 2025 ended up being close to \$700 million. That was one of the reasons that the OFS outperformed in 2025, on top of the OFS conventional outperformance as well.

What that effectively meant is, in 2026, the equivalent number has become \$500 million, because there's \$100 million of work that has been brought forward from 2026 to 2025. But effectively, the OFS conventional business will grow by at least \$200 million year on year, and hence effectively will offset that unconventional phasing, and hence effectively, you still have \$1.5 billion year on year.

Now to the extent that the conventional OFS grows by more than \$200 million, then that can be another upside in 2026, domestic conventional OFS, on top because the \$200 million growth, that's already contracted OFS growth from '25, '26, so if there's additional uncontracted OFS growth, then that would be an upside, and then you also have the OFS outside the UAE as another point.

I think if there is an upside surprise in 2026, I think you are thinking about it the right way, that probably OFS would be the most likely out of the three segments to be able to positively surprise in 2026.

On your last question, if you then do the math on what's left in '27, so by end of '26, we would have concluded from the unconventional \$150 million in '24, \$700 million in '25, \$500 million in '26, that's \$1.35 billion. That would leave us with \$350 million for 2027. For obviously Phase 1. 2027 in reality will end up being significantly higher because you will have the overlap between Phases 1 and 2.

Ricardo Rezende - Morgan Stanley

Thanks, Youssef. That was very clear.

Anna Kishmariya - UBS

Good day. Thank you very much for the presentation. I have a couple of questions. Probably first around the rigs repurposing and when we look at the costs that you provide for the first quarter, should we expect a similar decrease on EBITDA and revenue levels or are there some additional costs in the first quarter that will not be visible in further quarters?

My second question will be around rented rigs. The number continues to decrease. What is your plan for the remaining six? Maybe if I can squeeze one more in, it's around the unconventional Phase 2 timeline. Do you have any updates on that? Thank you.

Youssef Salem - ADNOC Drilling - Chief Financial Officer

Definitely. On the first point, repurposing, so Q1 would be the rock bottom from that perspective, because that's the quarter where we have the full impact of the revenues not being there but we also have the costs being there.

Obviously after that, we'll have gradual recovery, because (1) either that these rigs would resume work in some capacity, and/or some of these costs will be reallocated by transferring that manpower, or at least part of it, through the additional rigs we have coming throughout the year; for example, we have three island rigs coming in Q2, Q3, Q4, so these will be able to absorb some of the costs by that transfer. So, yes, you will start to see gradual recovery throughout the course of the year on that side.

In terms of the rented, yes, this number is declining by design, because the exact reason why we have them as rented in the first place is because there's no long-term requirement for these rigs. Had there been a long-term stable requirement for these rigs, we would have purchased them, and that's why, by design, that number is kind of volatile to relatively declining, because some of these rigs were shorter-term, and that's why, again, they continue to be outside the core focus and the financials for us.

So, yes, we do expect that rig count to continue to decline. Obviously, it may spike and decline again if there's specific short periods where there's a need for a peak for load for any reason, but generally, yes, it should continue to be a declining trend, which would not have any impact on our numbers because the administrative charge on them is de minimis. We show it for completeness purposes, but it does not really impact us.

On the third point, on the UC, again, we continue to progress extremely well, so now we've effectively drilled close to 90 wells and completed close to 60 wells out of Phase 1. The ADNOC team is working on the FIDs in terms of their submissions as we speak, in terms of the negotiations with the concession partners are going on as we speak. So, the FIDs are well on track this year. We should have some of them come in the first half of the year, and then the rest would follow in the second half of the year.

Anna Kishmariya - UBS

Thank you very much.

Rene Selouan - Jadwa Investment

Thank you for the presentation and congratulations on the record set of results. My question relates to CapEx and free cash flow and dividends. Basically, in your presentation, you mentioned \$604 million CapEx. However, in the financials, it's \$805 million. I just want to know what the difference is. M&A CapEx is about \$200 million to \$300 million. So, free cash flow, if we include M&A, is probably \$1.2 billion. The dividend was \$1 billion. Should we expect this to continue, a difference between your free cash flow and dividend? That is number one.

Number two, your guidance is for lower free cash flow in 2026. How come? If you end up paying higher than the minimum 5% growth in dividend, does the dividend get reset? Let's say you pay \$1.2 billion, should we expect 5% on top of the \$1.2 billion the year after?

Youssef Salem - ADNOC Drilling - Chief Financial Officer

Thank you so much. I think on the first point, the difference between the \$600 million and \$800 million CapEx for 2025 is the \$600 million is the accrual CapEx and \$800 million is the cash CapEx. We appreciate that this may cause confusion, so what you will see us do going forward is, starting 2026, we are moving towards guiding on cash CapEx, which is the \$600 million to \$800 million.

We no longer have - previously, we used to guide on the accrual, because effectively, that's what appears from a purely accounting perspective. But we recognize that really the way you're using the guidance is to calculate the free cash flow, so the cash CapEx is what's more relevant for you. That's why, going forward, we're shifting the guidance to be based on a cash CapEx, so hopefully going forward, you'll have more clarity on that. But that's the difference in 2025.

When it comes to the difference between the \$1 billion and the \$1.2 billion, no, there is no fundamental reason why there should be any difference between the free cash flow and the dividend. What happened in 2025 is that, because the dividend increase was already 27% year on year, from \$788 million in 2024 to \$1 billion in 2025, the Board felt that \$1 billion was the appropriate level for this year, considering this growth.

However, as we look forward from here, that does not mean in any way that we need to maintain a certain difference between free cash flow and dividend. As we approach the second half of this year, the Board will be looking at the difference between

the free cash flow and the dividend for 2026, and to the extent they're comfortable with a number above \$1.05 billion, then there can be an additional dividend on top.

That links to your other question, which, that dividend can either come in the form of a discretionary dividend, in that case, the 5% will not apply to it, or it can come in the form of a base reset. In that case, the 5% will apply to it.

But what will happen is the Board will evaluate the outlook for 2027, and to the extent that the free cash flow for 2027 is continuing to increase, et cetera, then they can potentially look at resetting the base, to the extent, for example, we have a further acceleration of growth in '27, and we have another program of rigs coming in place, and effectively, that may then be dealt with as a discretionary in order not to burden 2027.

So all of that will be looked at in the second half of the year, taking into account the free cash flow of '26 and the outlook for '27, but definitely, we don't need to maintain any specific gap between the dividend and the free cash flow.

In terms of why we're guiding toward the lower free cash flow in '26, in '25, we've had record collections. We've had more than a \$5 billion collection from the client, on a \$4.9 billion revenue, so it was more than 100% collection, and that brought our working capital to an all-time low of 7%, compared to a normalized and guidance level of 12%.

Hence, we're taking into account that when we guide for free cash flow, to make sure that to the extent there's any working capital normalization that happens, that we are taking that into account when we guide conservatively on what that free cash flow is. That's the reason behind the difference between the two.

But again, to the extent that there's also working capital consumption, we still have the balance sheet at only 0.9 times net debt to EBITDA. For example, let's say we end up generating \$1.2 billion to \$1.3 billion before M&A, and there is M&A, that does not, by definition, eliminate the case for a discretionary dividend.

Ultimately, we need to look at all of this in totality, the free cash flow, the debt, and the dividends, and the growth in the dividends year on year. Also, the Board looks at that also in totality with the growth. So, today, what we're guiding towards is - last year, the growth in bottom line was low double digits, hence, again, we had 27% dividend growth. The Board felt in total that was appropriate.

When you look at growth this year, growth this year is single digit. Obviously, when the Board also looks at the dividend growth and the dividend yield, they take into account the growth, and they recognize that the growth this year is lower than last year. That's something we will be taking into account also when it comes to the final dividend calculation at the end of the year.

Rene Selouan - Jadwa Investment

Okay. Very clear. Thank you.

Audrey Zong - China Securities

Good afternoon. This is Audrey Zong from China Securities. Thank you for taking my question. I have one question. I noticed that the SLB and the MBPS acquisitions are expected to deliver mid- to high-teens IRR, which is above the domestic onshore benchmark. At the same time, their EBITDA margins appear structurally lower than the core onshore segment, roughly in the 30% to 40% versus around 50% for onshore. Could you please help us understand how to reconcile these two dynamics in the business angle? Thank you.

Youssef Salem - ADNOC Drilling - Chief Financial Officer

Absolutely. Thank you, Audrey, and great to start having you on these calls. I'm looking forward to having you on all the calls, and thank you for joining us right before Chinese New Year, and Happy New Year in advance.

I think in terms of the reconciliation between the two, you're absolutely right, the margins are optically lower than the onshore, but because we are buying these rigs at extremely attractive valuations, only three-and-a-half times EBITDA, which is significantly less than the cost of constructing a new rig - if you're constructing a new rig, what it would cost you up front would be more than that. So, because we are benefitting from that, even though that lower EBITDA margin proportionately is still able to give us a higher return that we're able to generate on these rigs, so basically, a very attractive acquisition consideration, which we were able to secure because these were bilateral carve-out deals, and hence were not deals that would lend themselves naturally to a competitive auction with higher valuations, is what allowed us to be able to secure these returns. You see that on all metrics. So in addition to being a higher IRR, it's also a higher free cash flow yield. The free cash flow yield on these deals is also double digit, compared to our current free cash flow yield of 6%. So, it's accretive for us on all fronts, and we have a pipeline of further expansion.

Also, these two deals, in addition to the rigs we inherited with them, they also won additional work. MBPS has now won four additional rigs since we started, since we signed the acquisition, three in Kuwait and one in Oman, so we also have further accretion to the free cash flow and to the IRR, coming from the additional rigs that we won on top of the existing rigs that we had.

Audrey Zong - China Securities

Okay. Thank you so much. That's very helpful. Thank you.

Mark Adeeb - CI Capital

Hello. Thank you for the call, and congrats on the very strong set of results. Can you please help me understand what does the \$5 billion guidance take into account, because as far as I understand, there are 29 rigs that are going to be added into the 2026 number, mainly coming from SLB and MBPS? Also, I want to understand, do you include any guidance from unconventional post-Phase 1, because back in Majlis, it was communicated that the Company is expected to drill 300 unconventional wells per annum by 2030.

Youssef Salem - ADNOC Drilling - Chief Financial Officer

Thank you, Mark. I think on the \$5 billion, if we break it down, first, if you start on the onshore side, '25 was \$2 billion, '26 is expected at a minimum of \$2 billion. The bridge is first you add the impact of the acquired rigs in the region, so there's effectively eight rigs as part of the SLDC partnership for the entire year, and then the remaining 21 rigs for one to two quarters, depending on the time of the closing of the MBPS deal.

Then, you net from that two things. One is the impact of the rigs which are getting, the high single-digit number of rigs which are getting repurposed in Abu Dhabi, and then you also net off the reduction in the unconventional, the onshore proportion of the unconventional reduction from \$700 million to \$500 million. Out of that \$200, 20% of that reduction goes into onshore, so \$40 million of that is an onshore revenue reduction. So, net net, these things effectively almost net themselves off.

Why a rig in Abu Dhabi has a higher effect is because, in Abu Dhabi, we offer a lot of additional services on top of the rig. The daily rate in Abu Dhabi only constitutes around 55% to 60% of our revenue, with the remaining coming from other things like diesel, rig move, site preparation. Not all of these services we provide them in the other countries in which we operate. Hence, having a rig out of operation in Abu Dhabi effectively offsets maybe a couple of rigs, one and a half rigs, operating outside Abu Dhabi. That's why these things end up netting off each other.

Then you go to the offshore segment, going from \$1.4 billion to closer to \$1.5 billion. That is the impact of (1) there's two jack-ups that joined middle of last year, so they will have their first full year of operation this year, and (2) you have the partial impact of the three island rigs, which are joining in Q2, Q3, Q4.

Then, OFS, \$1.5 billion last year, \$1.5 billion this year. This is the unconventional going down by \$200 million. 80% of that goes into the OFS. That's a \$160 million reduction. Then, the OFS fully makes up for that reduction via the conventional OFS domestic growth.

That is the overall guidance for the \$5 billion. Unconventional phase 2 is not part of that guidance. That guidance is only for '26. We will start guiding for '27 onwards once we have the final FIDs on the unconventional throughout the year, where we can start guiding accurately for 2027. Then, as you said, with time, the full potential will be realized at 2030.

Mark Adeeb - CI Capital

Thank you so much. A follow-up question, if I may, on the unconventional. I know it might be a bit too early, but is there any color that you can provide on, is it going to be a linear growth until the 300 unconventional wells by 2030, or how does it look like?

Youssef Salem - ADNOC Drilling - Chief Financial Officer

No, it's more back ended. A working assumption we have just for the modelling is to almost do - if you do a 50% almost year-on-year growth from now, starting in '27, that's how you reach broadly at 300 wells per year. That is just a modelling assumption for now. Obviously, we'll have much more accuracy once the FIDs are in place, but it's just more of a modelling assumption to illustrate the more back-ended nature of the growth towards 2030.

The reason for that is ADNOC needs to build the production facilities to be able to absorb the additional volumes from the unconventional. The production facilities, on average, a couple of years' building period. If ADNOC takes these FIDs effectively

this year, that effectively means these facilities are in place 2028, 2029. In reality, you cannot grow linearly, because then there won't be facilities to absorb the production, and that's why the growth is back ended.

Mark Adeeb - CI Capital

Thank you so much.

Ildar Khaziev - HSBC

Thanks very much. With respect to the regional expansion, could you please share maybe more details about the scope of opportunity there? Are we talking about further acquisitions or there is a pipeline of tenders you plan to participate in maybe bringing new assets to those countries? I also have seen the news about Kuwait considering the Shell development as well. Is this something ADNOC Drilling would be in a position to compete for? Thank you.

Youssef Salem - ADNOC Drilling - Chief Financial Officer

Yes, it is all of the above. First, it is the two existing joint ventures we have had tendering for additional rigs, and this has already been successful with MBPS over the last effectively six months since the deal signing, more or less securing four rigs on top of the 21 that they have.

This is also ADNOC Drilling directly tendering with our rigs, where we have already tender submissions in the process and waiting for results, and this is also the potential for additional joint ventures on top of the two that we have done. There are other additional partners in these countries where we are in various stages of discussions with them.

Also, to your point on other opportunities outside the conventional land drilling, there are ongoing opportunities, whether it's unconventional, like you mentioned, also on the offshore side, in Kuwait. So there are a multitude of opportunities that we're pursuing by way of both organically and inorganically across these markets, and obviously, we'll be updating you on any wins as they happen.

Ildar Khaziev - HSBC

Thank you so much.

Faisal AlAzmeH - Goldman Sachs

Hi, and thank you for the opportunity to ask questions. A number of my questions have been answered, but maybe just one question regarding your medium-term forecast or outlook for OFS margins. It used to be closer to 20% and now we see that it's actually moved up. If you can share some color on what drives that, that's my first question.

My second question also relates back to the dividend question. When do you feel that there is optionality on actually paying more than what the market is actually anticipating? Would that be for this year, would that be for next year? Maybe if you can give us some color on at what point - or what are the key metrics that may allow you to surprise the markets? Thank you.

Youssef Salem - ADNOC Drilling - Chief Financial Officer

I think on the first point, previously, our medium-term guidance for the OFS margin was 22% to 26%. We then upgraded this to 23% to 26%. Previously, the margins used to be on the lower, because it was a ramp-up phase. Today, the OFS has reached scale - today, we are the single largest OFS player in Abu Dhabi, which is fully competitive on the OFS side. Our market share only on the integrated drilling services side is close to 35% to 40%. On top of that, we also have the discrete services.

Last year, we almost had \$1 billion plus of conventional oilfield services, on top of the unconventional. So, now the business is really in scale to be able to operate within that band of the 23% to 26%, and we see opportunities to continue to creep upwards within that range, also aided by the contributions from Enersol and also continued scaling. Again, we talked about how the conventional business this year will offset the decline in unconventional this year, which basically means you have at least a 20% growth in the OFS business this year. So, the OFS continues to really deliver in a massive way on the conventional side as well, and that's allowing us to continue to do that. You also see a lot of news going throughout this year on the OFS, not only from a financial perspective, but also on further capability building, scope expansion, et cetera.

Now that we've really reached scale and maturity on the drilling services that we have, we're really taking significant steps towards other service lines and scope expansions, and there'll be a lot of updates on that throughout the year. Over time, ADNOC Drilling itself as a driller, then integrated drilling services, it's now, by the end of this year, you'll see a much, much more integrated services company across the scope.

That's why we're very comfortable that even if you see growth slightly reducing in 2026, when you think about more of a CAGR towards 2030, we're still very confident that that growth CAGR will still trend - will be still significantly higher than the - will not be the low single digits you're seeing this year, will be higher than that, because effectively, it will be more in the higher single digits on a CAGR perspective until 2030, because of the unconventional and also because of this scope expansion, capability building we are doing, which together with the dividend yield will bring us back to the double digit total return that we're looking at.

I think on the second point, in terms of dividend, yes, we definitely have optionality this year. What the Board will look at at the end of the year is they look at the incremental available cash and debt capacity in 2026, and then they also look at the outlook for '27, and then based on that, triangulate what's needed.

I think for us, really the key point is, we will always have some form of good news. That's what we are committed to deliver. Obviously, again, back maybe to the point from Rene, last year, I think, the Board felt that in aggregate, we've delivered what - because of the growth delivery, because of the other contract wins, the 27% year-on-year increase on dividend was sufficient from that totality perspective to defer further optionality down the line.

The Board, by the end of the year, will look at what is happening on the other venues in terms of the growth in '26, the growth in '27, and they will make sure there's appropriate dividend level to complete that story from a total return perspective. If it needs to be done in '26 to complete the story, it will be done. If there's other growth venues that have come in and that can continue to have optionality between '26 and '27, then that will be the case. But there will definitely be positive updates in the second half of the year, whether they come from the dividends and/or from the growth plans and the contract wins.

Rene Selouan - Jadwa Investment

Yes, hello. I jumped back in the queue. Thanks. I just wanted to make sure, in terms of your committed M&A, how much is remaining in terms of CapEx? Also, I wanted to ask as well, if you could repeat the first quarter guidance. I didn't catch it. Only if you have time. Sorry.

Youssef Salem - ADNOC Drilling - Chief Financial Officer

Of course. On the first point, the committed M&A, the full committed M&A is \$160 million, which is the amount for MBPS for the 80% stake, so that's the only outstanding committed consideration that we effectively have to pay as per the signed M&A today. If you look at the guidance for Q1, we're looking at \$1.23 billion revenue, \$0.53 billion EBITDA, and \$0.35 billion net income, and that obviously will be the lowest quarter throughout the year as we ramp up throughout the year.

Rene Selouan - Jadwa Investment

So, \$350 million net income, that's your guidance?

Youssef Salem - ADNOC Drilling - Chief Financial Officer

Yes. Obviously, you can see that compared to a full year of up to \$1.5 billion, obviously you see that that is not the run rate level, and that is because two days less in Q1, pre-MBPS closing, which will happen around middle of the year, and pre the transfer of the cost from the repurposed rigs into the new rigs, and pre the ramp up of the IDS to 70 IDS by the end of the year. So, because it's pre these four factors, it's at \$350 million. Obviously, our run rate throughout the year to get us to the up to \$1.5 billion will be higher.

Rene Selouan - Jadwa Investment

Sure. How much CapEx for Enersol remains, and do you expect it to come in '26, all of it, or over two years?

Youssef Salem - ADNOC Drilling - Chief Financial Officer

We expect it to be signed in '26. The cash consideration itself either will come towards the very back end of '26 or it may slip to '27.

Rene Selouan - Jadwa Investment

How much remains, would you remind me, on the...

Youssef Salem - ADNOC Drilling - Chief Financial Officer

\$350 million.

Rene Selouan - Jadwa Investment

Okay, thanks. Thank you so much.

Anna Kishmariya - UBS

Thank you very much. Apologies. Just a quick follow-up. I think you mentioned that MBPS have four additional rigs. Can you comment on that? Is it the new contract? Do they plan to increase it for over 21? Any color on that, if possible.

Youssef Salem - ADNOC Drilling - Chief Financial Officer

Correct. These are new wins, so three in Kuwait and one in Oman. They've won them in competitive tenders since we've signed the deal, so they will bring these additional rigs on board by the end of '26, beginning of '27. The financial impact of these will appear in our 2027 financials.

Anna Kishmariya - UBS

Yes, very helpful, thank you.

Jamie Franklin - Jefferies

Hi there. Thank you for taking my questions. Just one left for me, please. In your 2026 guidance, you maintained your leverage target of up to two times, but I don't see that reiterated within the medium-term guidance, so I just wanted to check that that still holds, please? Thanks.

Youssef Salem - ADNOC Drilling - Chief Financial Officer

Thank you, Jamie, and welcome on board to our coverage. Thank you for being here. Yes, that up to two times is maintained. That continues to be the case. Obviously, that gives us 1.1x optionality from the current level for additional dividends and growth over time.

Jamie Franklin - Jefferies

Perfect, thank you.

Youssef Salem - ADNOC Drilling - Chief Financial Officer

Thank you so much. Thank you so much for taking the time. Always a pleasure to have you and obviously we're available here as well for any follow-ups after this. We're always at your discretion anytime. So, thanks again and see you all soon.