

**Important Announcement regarding the Offer Price for the Shares in ADNOC Drilling Company PJSC and Listing of its Shares on the Abu Dhabi Securities Exchange**



Following its announcement on 6 September 2021 of its intention to “Float on the Abu Dhabi Securities Exchange” (“**ADX**”), ADNOC Drilling Company PJSC (the “**Company**”) hereby announces the offer price for the sale of its shares.

The offer price has been set at AED **2.3** per share.

The number of ordinary shares, with a nominal value of AED **0.10** per share, offered for sale by Abu Dhabi National Oil Company (“**Selling Shareholder**”) will be **1,200,000,000** (representing 7.5% of the Company’s total issued share capital at the time of Listing (as defined below) assuming that the Selling Shareholder sells all of the Shares being offered, and the Offering size is not increased) (“**Offer Shares**”), including the offer to the Emirates Investment Authority (“**EIA**”), of up to 5% of the Offer Shares in the capital of the Company (the “**Offering**”). The Selling Shareholder reserves the right to increase the size of the Offering at any time prior to the end of the subscription period at its sole discretion, subject to applicable laws and the approval of the SCA.

Prior to this Offering, the Company’s shares (the “**Shares**”) have not been listed in any financial market and there has been no public market for the Shares. Following the closing of the Offer Periods in respect of the First Tranche, the Second Tranche, and the Third Tranche (as defined in the “**UAE Prospectus**” published on 6 September 2021), the Company will apply to list its Shares on the Abu Dhabi Securities Exchange (“**ADX**”).

Listing is expected to take place on the ADX on 3 October 2021 (“**Listing**”).

The Company is a public joint stock company established in the UAE. Upon the completion of the Offering, the Company’s paid-up share capital shall be AED 1,600,000,000 (one billion and six hundred million), divided into 16,000,000,000 (sixteen billion) Shares with a nominal value of AED 0.10 per Share.

**Approval of the Competent Authorities**

The Securities and Commodities Authority (“**SCA**”) has approved the publication of this announcement. The SCA’s approval on the publication of this announcement does not constitute an endorsement of the feasibility of investment nor a recommendation to subscribe to the Offer Shares. This announcement shall be read in conjunction with the UAE Prospectus. The SCA is not considered

responsible for the accuracy, completeness or adequacy of the information contained in the UAE Prospectus and SCA does not bear any responsibility for any damages or losses incurred by any person as a result of relying on the UAE Prospectus or any part of it. The members of the Company's board of directors, jointly and severally, bear full responsibility regarding the validity of the information and data contained in the UAE Prospectus, and they confirm, to the extent of their knowledge and belief, and subject to due diligence and after conducting reasonable studies, that there are no other facts or material information, which were not included in the UAE Prospectus that renders any statement contained therein misleading to the subscribers or influencing their decision to invest.

### **Investments Risks**

Investment in the Offer Shares involves a high degree of risk. Prospective Subscribers should carefully read the "Investment Risks" section of the UAE Prospectus to inform themselves about factors that should be considered before investing in the Offer Shares.

### **Founders' Committee Report**

Messrs Shareholders  
ADNOC Drilling Company PJSC

Abu Dhabi – United Arab Emirates

### **Main Activities and Review of Business Progress**

We are the largest national drilling company in the Middle East by rig fleet size, with 107 rigs, out of which 96 rigs are owned and 11 are rented, as of 30 June 2021 and the sole provider of drilling rig hire services and certain associated rig-related services to the ADNOC group on agreed contractual terms. We provide our customers with a full suite of drilling services, including drilling rigs hire services and certain associated rig-related services in Abu Dhabi and oilfield services (such as integrated drilling services, wireline, directional drilling, cementing, pressure pumping, logging and fluids, and hydraulic fracturing). Approximately half of our fleet is less than five years old and 29 of our rigs are performing integrated drilling services to our customers. From our inception through 31 December 2020, we have drilled over 9,600 wells with a total distance of over 70 million feet. In the first half of 2021, we drilled 286 additional wells.

We believe that our leading market position, the strength of our brand, and the support of ADNOC, our parent company, contribute to our success. We organise our business into four reportable segments:

- Onshore, which accounted for 51.3% and 50.5% of our revenue and 53.1% and 53.6% of our gross profit for the year ended 31 December 2020 and the six months ended 30 June 2021, respectively, through which we own and operate 65 land rigs, including 5 workover rigs, and where we provide land drilling, completion and workover services;
- Offshore jack up, which accounted for 28.4% and 26.1% of our revenue and 33.1% and 33.3% of our gross profit for the year ended 31 December 2020 and the six months ended 30 June 2021, respectively, through which we own and operate 21 jack up rigs and 1

barge, and where we provide jack up drilling completion and workover services and self-propelled barge maintenance services;

- Offshore-Island, which accounted for 9.7% and 9.4% of our revenue and 11.4% and 12.1% of our gross profit for the year ended 31 December 2020 and the six months ended 30 June 2021, respectively, through which we own and operate 10 island rigs, and where we provide artificial island drilling services; and
- Oil Field Services, which accounted for 10.6% and 14.0% of our revenue and 2.4% and 1.0% of our gross profit for the year ended 31 December 2020 and the six months ended 30 June 2021, respectively, where we provide a full suite of oil field service business lines, including drilling fluids and completion, drilling services, integrated services, wireline and logging and hydraulic fracturing. As of 30 June 2021, 29 of rigs are performing integrated drilling services.

For the year ended 31 December 2020, we had revenue of USD 2,097.9 million, EBITDA of USD 959.7 million and profit of USD 569.0 million. For the six months ended 30 June 2021, we had revenue of USD 1,123.5 million, EBITDA of USD 499.5 million, and profit of USD 281.6 million.

We were established in 1972 by virtue of an Emiri Decree as the National Drilling Company of Abu Dhabi and a wholly owned subsidiary of ADNOC. In 2018, we were reorganised by virtue of Federal Law No. 21 of 2018 to become “ADNOC Drilling Company PJSC”. This was part of an initiative to re-organise us and improve our efficiency and profitability.

For a description of the holdings of the Company’s shareholders immediately before and after the Offering, see “*Statement of capital development*” in the UAE Prospectus which is available on <https://adnoc.ae/DrillingIPO>

**On behalf of the Founders' Committee**

Date: 13 September 2021

**The following are included in this announcement:**

- **Summary of the Company's financial statements and a summary of key notes and key financial indicators as of and for the years ended 31 December 2019 (with comparative financials for the year ended 31 December 2018) and 31 December 2020, and for the six-month period ended 30 June 2021 (and the comparative financials for the six-month period ended 30 June 2020); and**
- **Certificate from the auditor regarding the latest material recent developments of the Company from 30 June 2021 until 6 September 2021.**

**Summary of the Board of Directors' Report**

**1. Snapshot on the Establishment of the Company**

**Name of the Company:**

**ADNOC Drilling Company PJSC**

**Primary objects of the Company:**

- Import, purchase, acquisition, own, lease, rent, transfer, sale, marketing, operation, maintenance, and financing of drilling rigs, carrying out all drilling works such as the repair, alert and facilities services as well as any equipment or assets, materials and machines necessary to achieve the purposes of the Company.
- Carrying out drilling works and wells' services associated thereto, and all that is related to the development and handling of land, sea and island wells, both conventional and non-conventional, in order to explore and extract oil, natural gas and water.
- Production, purchase, sale, distribution, marketing, management, storage and preservation of chemicals and other products used or required in the oil and gas industries; purchase, construct, own, lease, transfer, sale, operate, maintain, finance and dispose of any facilities or assets required for such purposes, in addition to the provision of manpower.
- Carrying out all operations, actions, works and activities it deems necessary for the achievement of its purposes, including the establishment or acquisition of subsidiaries and the entry into partnership agreements inside or outside the State.

- Any other activity approved by the Supreme Petroleum Council (now the Supreme Council for Financial and Economic Affairs) upon the recommendation of the Board of Directors.
- The Company shall undertake its activities on its own, through companies wholly or partially owned by it or through intermediaries or agents appointed by it.

**Head office:** PO Box 4017, Abu Dhabi, United Arab Emirates.

**Details of trade register:** License No. CN-2688881

**Term of the Company:** 99 years.

**Financial year:** 1 January to 31 December.

**Major banks dealing with the Company:**

- First Abu Dhabi Bank PJSC;
- Abu Dhabi Commercial Bank PJSC;
- Bank of America Merrill Lynch International Limited;
- Citibank N.A., UAE Branch;
- Mizuho Bank LTD;
- SGBTCI S.A.;
- Sumitomo Mitsui Banking Corporation DIFC Branch – Dubai;
- Unicredit Bank Austria AG; and
- Union National Bank PJSC.

## 2. Strategies of the Company

- Capitalise on ADNOC’s plans to increase crude oil production by 25% to 5 million barrels per day by 2030 from 4 million barrels per day in 2020, achieve UAE gas self-sufficiency, and produce 1 billion cubic feet per day of unconventional gas by 2030.
- Become a regional leader in unconventional and biogenic development.
- Goal of achieving operation efficiency by optimising well duration.
- Launch a major rig fleet expansion program to support upstream growth plans.
- Pursue business expansion outside Abu Dhabi for rigs and services.
- Aim to achieve 100% HSE integrity.

## 3. List of Company’s subsidiaries.

The Company does not have any subsidiaries.

## 4. Securities previously issued by the Company

The Company has not issued any securities prior to listing its shares on ADX.

## 5. Members of the Board of Directors

The board of directors consists of the following directors, who have each been appointed for a three (3)-year term:

<b>Name</b>	<b>Year of Birth</b>	<b>Nationality</b>	<b>Capacity</b>
H.E. Dr. Sultan Ahmed Al Jaber	1973	UAE	Chairman- Independent Member
Abdulmunim Saif Hamoud Ahmed AlKindi	1958	UAE	Vice Chairman
Yaser Saeed Ahmed Omran Almazrouei	1973	UAE	Independent Member
Ahmed Jasim Yousif Naser Alzaabi	1980	UAE	Independent Member
Mohamed Saif Ali Abed Alaryani	1991	UAE	Independent Member
Muna Khalifa Mohamed Hazeem Almheiri	1975	UAE	Independent Member
Omar Ahmed Hassan Suwaina Alsuwaidi	1966	UAE	Independent Member

The business address of each of the Directors is P.O. Box 4017, Abu Dhabi, UAE.

## 6. Members of Senior Management

In addition to the members of the Board, the day-to-day management of our operations is conducted by our senior management team, as follows:

<b>Name</b>	<b>Year of Birth</b>	<b>Position</b>	<b>Educational Background</b>
Abdulrahman Abdulla Hasan Bamajboor AlSeiari	1964	Chief Executive Officer	Mr. Abdulrahman Abdulla AlSeiari has over 42 years of onshore and offshore drilling experience within the ADNOC upstream group companies, with his most recent appointment being in 2020 as our Chief Executive Officer.
Fuad Shamekh Al Shamekh AlBadi	1973	Senior Vice President, Onshore	Mr. Al Badi holds a Bachelor of Science in Petroleum Engineering from UAE University.
Ahmed Rashid Juma AlMughanni AlHmoudi	1970	Senior Vice President, Administration	Mr. Almughanni holds a Bachelor of Business in Management Information Systems from the University of Toledo.
Hamad Saleh Hamad Saleh Aljneibi	1975	Senior Vice President, Offshore	Mr. Al Junaibi holds a Petroleum Engineering degree from UAE University and an MBA from Abu Dhabi University.
Ali Essa Hoor Alqushairi AlMahri	1973	Senior Vice President, Technical	Mr. Al Mahri holds a bachelor's degree in Petroleum Engineering from the National University of UAE.
Emri Mahmoud Yousri Mohamed Zeineldin	1969	Senior Vice President, Oil Field Services	Mr. Zeineldin holds a bachelor's degree with Honors and a master's degree in Geophysics from Ain Shams University, Egypt, where he also worked as an assistant lecturer from 1991 - 1996.
Alexander Kennedy Urquhart	1971	Chief Financial Officer	Mr. Urquhart holds a master's degree in Engineering from Imperial College, Master of Business Administration from London Business School and is a Fellow of the Institute of Global Management Accountants.
Alaina Ramsay	1983	General Counsel	Ms. Ramsay holds a BA Honors in Law and Management; a BA in Law and a Diploma in

Legal practice from the Robert Gordon University, Scotland. Ms. Ramsay is an active member of the Law Society of Scotland.

**7. The ownership percentage of the members of the Board of Directors, senior management and their first-degree relatives in the Company and its subsidiaries.**

None of the members of the board of directors or the senior management and their first-degree relatives own any shares in the Company. The Company does not have any subsidiaries.

**8. List of the owners of 5% or more of the Company's shares and the number of shares owned <sup>(1)</sup>.**

<b>Name</b>	<b>Nationality</b>	<b>Type of Shares</b>	<b>Number of Shares owned</b>	<b>Total value of Shares owned (AED)*</b>	<b>Ownership proportion</b>
Abu Dhabi National Oil Company	United Arab Emirates	Ordinary	15,200,000,000	1,520,000,000	95%
Baker Hughes Holding SPV LTD	ADGM	Ordinary	800,000,000	80,000,000	5%

*(1) Prior to Listing, we increased the number of Shares from 4,000,000 to 16,000,000,000 through the capitalization of AED 1,200,000,000 of retained earnings and the reduction of the par value per Share from AED 100 to AED 0.10.*

*\* - Based on nominal value*

**9. Board of Directors' evaluation of the Company's performance and achievements in comparison with the objective plan.**

The current performance and achievements of the Company are in line with the expectations and forecast of the senior management of the Company.

The Company's competitive strengths and distinguishing characteristics are as follows:

- The largest national drilling company in the Middle East by rig fleet size.
- Preferential contractual framework with ADNOC which provides ADNOC Drilling with strong downside protection.
- Attractive financial profile with leading and resilient profitability margins.
- Well positioned to achieve strong growth in both drilling and integrated drilling activities and generate sustainable growing free cash flows.
- Almost 50-year track record of strong operational performance, with an extensive footprint and well-developed drilling infrastructure in the UAE, a high quality, well maintained fleet and an experienced senior management team.
- Commitment to environmental and social initiatives.

## **10. The shareholding percentage of non-UAE nationals in the capital of the Company**

As of the date of this announcement, the shareholding percentage of non-UAE nationals in the capital of the Company is 5%.

## **11. Dividend Policy**

The Company's ability to pay dividends is dependent on a number of factors, including the availability of distributable reserves and our capital expenditure plans and other cash requirements in future periods, and there is no assurance that we will pay dividends or, if a dividend is paid, what the amount of such dividend will be. The Company may not pay cash dividends on the Shares. Consequently, investors may not receive any return on investment unless they sell their Shares for a price greater than that which they paid for them. Any level or payment of dividends will depend on, among other things, future profits and the business plan of the Company, at the discretion of our Board of Directors.

Subject to the foregoing, the Company's Board of Directors has approved a dividend payment of USD 360.3 million, reflecting the dividends for the first half of 2021, to be distributed to existing shareholders ahead of the Offering. The Company intends to pay dividends twice each fiscal year after the Offering, with an initial payment in April and a second payment in October of each year. Subject to the foregoing, the Company expects to pay a fixed dividend amount of USD 325 million for the second half of 2021, to be paid in April 2022. Thereafter, the Company expects to grow the dividend amount from USD 650 million (annualized dividend of second half of 2021), by a growth rate of 5% per annum on a dividend per share basis over the next five years (2022 – 2026). This dividend policy is designed to reflect the Company's expectation of strong cash flow and the expected long-term earnings potential, while allowing the Company to retain sufficient capital to fund ongoing operating requirements and continued investment for long-term growth. This dividend policy is subject to consideration by our Board of Directors of the cash management requirements of our business for operating expenses, interest expense, and anticipated capital expenditures. In addition, the Company expects that its Board of Directors will also consider market conditions, the then current operating environment in our markets, and the Board of Directors' outlook for the Company's business

## 12. Selected Financial Information and Operating Data

Summary of the Company's Financial Statements and a Summary of Key Notes and Key Financial Indicators as of and for the Years Ended 31 December 2019 (with comparative financials for the year ended 31 December 2018) and 31 December 2020, and for the six-month period ended 30 June 2021 (and the comparative financials for the six-month period ended 30 June 2020)

The following discussion and analysis should be read in conjunction with the Company's audited financial statements, including the notes thereto, included in the UAE Prospectus as at and for the years ended 31 December 2019 (with comparative financial information as at and for the year ended 31 December 2018) and 2020 and the Company's reviewed interim financial statements as at and for the six-month period ended 30 June 2021 (and the comparative financials for the six-month period ended 30 June 2020) included in the UAE Prospectus. Investors should also read certain risks associated with the purchase of Offer Shares in the section entitled "Investment Risks".

EBITDA and Net debt are Non-IFRS measures and were calculated by the Company based on data derived from the Company's Financial Statements.

### 1. *Selected Financial Information and Operating Data*

The selected financial information set forth below shows our historical financial information and other unaudited operating information as at and for the years ended 31 December 2018, 2019 and 2020 and as at and for the six-month period ended 30 June 2021.

The financial information set forth below under the captions "Statement of Profit or Loss Data", "Statement of Financial Position Data", "Statement of Changes in Equity Data" and "Statement of Cash Flows Data" has been derived from, and should be read in conjunction with, the Financial Statements included elsewhere in the UAE Prospectus.

### 2. *Statement of Profit or Loss Data*

For the years ended 31 December						For the six months ended 30 June			
2020		2019		2018		2021		2020	
USD'000	AED'000	USD'000	AED'000	USD'000	AED'000	USD'000	AED'000	USD'000	AED'000

	For the years ended 31 December						For the six months ended 30 June			
	2020		2019		2018		2021		2020	
Revenue.....	2,097,860	7,704,391	2,061,717	7,571,655	1,961,355	7,203,076	1,123,475	4,125,962	1,001,840	3,679,257
Direct cost .....	(1,291,942)	(4,744,657)	(1,264,319)	(4,643,212)	(1,102,414)	(4,048,615)	(683,695)	(2,510,870)	(578,400)	(2,124,174)
<b>Gross Profit.....</b>	<b>805,918</b>	<b>2,959,734</b>	<b>797,398</b>	<b>2,928,443</b>	<b>858,941</b>	<b>3,154,461</b>	<b>439,780</b>	<b>1,615,092</b>	<b>423,440</b>	<b>1,555,083</b>
General and administrative expenses....	(215,305)	(790,708)	(194,533)	(714,422)	(180,978)	(664,640)	(158,540)	(582,238)	(109,552)	(402,330)
Other income, net .....	2,895	10,632	29,997	110,165	13,622	50,028	9,010	33,089	4,270	15,682
Finance cost, net.....	(24,474)	(89,881)	(49,509)	(181,820)	(6,808)	(25,004)	(8,662)	(31,811)	(15,627)	(57,390)
<b>Profit for the year/period .....</b>	<b>569,034</b>	<b>2,089,777</b>	<b>583,354</b>	<b>2,142,366</b>	<b>684,777</b>	<b>2,514,845</b>	<b>281,588</b>	<b>1,034,132</b>	<b>302,531</b>	<b>1,111,045</b>
Other comprehensive income for the year/period	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year/period .....</b>	<b>569,034</b>	<b>2,089,777</b>	<b>583,354</b>	<b>2,142,366</b>	<b>684,777</b>	<b>2,514,845</b>	<b>281,588</b>	<b>1,034,132</b>	<b>302,531</b>	<b>1,111,045</b>

### 3. Statement of Financial Position Data

	As at 31 December				As at 30 June			
	2020		2019		2018		2021	
	USD '000	AED '000	USD '000	AED '000	USD '000	AED '000	USD '000	AED '000
<b>ASSETS</b>								
<b>Non-current assets</b>								
Property and equipment	3,261,436	11,977,624	3,243,086	11,910,232	3,262,078	11,979,983	3,252,854	11,946,106
Right-of-use assets	39,301	144,333	15,941	58,542	-	-	43,196	158,637
Advance to a related party	408	1,498	146,954	539,690	300,041	1,101,900	8,464	31,084
Advance payments	4,250	15,608	5,751	21,119	8,131	29,860	3,502	12,861
<b>Total non-current assets .....</b>	<b>3,305,395</b>	<b>12,139,063</b>	<b>3,411,731</b>	<b>12,529,583</b>	<b>3,570,250</b>	<b>13,111,743</b>	<b>3,308,016</b>	<b>12,148,689</b>
<b>Current assets</b>								

	<u>As at 31 December</u>				<u>As at 30 June</u>			
	<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2021</u>	
	<i>USD '000</i>	<i>AED '000</i>	<i>USD '000</i>	<i>AED '000</i>	<i>USD '000</i>	<i>AED '000</i>	<i>USD '000</i>	<i>AED '000</i>
Inventories	177,053	650,227	124,176	456,036	84,356	309,796	162,863	598,114
Trade and other receivables	139,296	511,565	63,133	231,855	33,238	122,066	123,590	453,884
Due from related parties	902,601	3,314,802	1,688,981	6,202,782	644,715	2,367,717	1,412,891	5,188,842
Cash and cash equivalents	953,465	3,501,600	133,808	491,409	324,573	1,191,995	419,246	1,539,681
<b>Total current assets .....</b>	<b>2,172,415</b>	<b>7,978,194</b>	<b>2,010,097</b>	<b>7,382,082</b>	<b>1,086,882</b>	<b>3,991,574</b>	<b>2,118,590</b>	<b>7,780,522</b>
<b>Total assets.....</b>	<b>5,477,810</b>	<b>20,117,257</b>	<b>5,421,828</b>	<b>19,911,665</b>	<b>4,657,132</b>	<b>17,103,317</b>	<b>5,426,606</b>	<b>19,929,211</b>
<b>EQUITY AND LIABILITIES</b>								

	<u>As at 31 December</u>				<u>As at 30 June</u>			
	<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2021</u>	
<b>Equity</b>								
Share Capital	108,918	400,001	108,918	400,000	108,918	400,000	108,918	400,001
Retained Earnings	3,142,893	11,542,275	3,273,654	12,022,496	2,741,794	10,069,237	2,724,481	10,005,656
<b>Total equity .....</b>	<b>3,251,811</b>	<b>11,942,276</b>	<b>3,382,572</b>	<b>12,422,496</b>	<b>2,850,711</b>	<b>10,469,237</b>	<b>2,833,399</b>	<b>10,405,658</b>
<b>Non-current liabilities</b>								
Borrowings	1,500,000	5,508,750	1,500,204	5,509,500	1,500,204	5,509,500	1,500,000	5,508,750
Lease liabilities	28,389	104,259	15,995	58,743	-	-	15,196	55,807
Provisions for employees' end of service benefits	86,460	317,524	87,492	321,315	77,549	284,799	110,549	405,991
<b>Total non-current liabilities.....</b>	<b>1,614,849</b>	<b>5,930,533</b>	<b>1,603,692</b>	<b>5,889,558</b>	<b>1,577,753</b>	<b>5,794,299</b>	<b>1,625,745</b>	<b>5,970,549</b>
<b>Current liabilities</b>								
Trade and other payables	413,789	1,519,640	394,051	1,447,151	200,450	736,154	370,361	1,360,151
Lease liabilities	11,723	43,053	3,370	12,378	-	-	22,278	81,816
Due to related parties	185,638	681,756	38,143	140,082	28,217	103,627	574,823	2,111,037
<b>Total current liabilities .....</b>	<b>611,150</b>	<b>2,244,448</b>	<b>435,565</b>	<b>1,599,611</b>	<b>228,667</b>	<b>839,781</b>	<b>967,462</b>	<b>3,553,004</b>

Total liabilities .....	2,225,999	8,174,981	2,039,256	7,489,169	1,806,421	6,634,080	2,593,207	9,523,553
Total equity & liabilities .....	5,477,810	20,117,257	5,421,828	19,911,665	4,657,132	17,103,317	5,426,606	19,929,211

4. Statement of Cash Flow Data

	For the years ended 31 December					
	2020		2019		2018	
	USD '000	AED '000	USD '000	AED '000	USD '000	AED '000
<b>Cash flows from operating activities</b>						
Profit for the year	569,034	2,089,777	583,354	2,142,366	684,777	2,514,845
<i>Adjustments for:</i>						
Depreciation of property and equipment	357,037	1,311,218	374,936	1,376,951	380,363	1,396,884
Depreciation of right-of-use assets	9,177	33,703	7,519	27,614	-	-
Provision for employees' end of service benefit	12,691	46,608	15,119	55,526	9,565	35,129
Reversal of provision for employees end of service benefit	(2,537)	(9,317)	-	-	-	-
Credit note issued to a related party	41,717	153,206	-	-	-	-
(Reversal)/allowance for slow moving and obsolete inventories	(1,939)	(7,121)	226	829	3,496	12,840
Loss on disposal property and equipment	616	2,262	1,004	3,689	454	1,668
Finance cost	25,346	93,083	53,328	195,846	8,766	32,192
Finance income	(872)	(3,202)	(3,819)	(14,026)	(1,957)	(7,188)
	1,010,270	3,710,217	1,031,666	3,788,795	1,085,465	3,986,370
<b>Changes in working capital</b>						
Increase in inventories	(50,934)	(187,055)	(40,046)	(147,069)	(11,049)	(40,576)
Decrease/(increase) in advance payments	1,501	5,512	2,380	8,741	(4,044)	(14,853)
Increase in trade and other receivables	(76,163)	(279,709)	(29,895)	(109,789)	(1,529)	(5,614)
Decrease/(increase) in due from related parties	744,664	2,734,779	(1,044,265)	(3,835,065)	(191,097)	(701,805)
Increase/(decrease) in trade and other payables	22,986	84,416	94,160	345,803	(54,911)	(201,661)
Increase/(decrease) in due to related parties	147,494	541,672	9,926	36,455	(35,132)	(129,024)
Employees' end of service benefit paid	(11,190)	(41,095)	(5,176)	(19,010)	(4,830)	(17,738)

	For the years ended 31 December					
	2020		2019		2018	
	<i>USD '000</i>	<i>AED '000</i>	<i>USD '000</i>	<i>AED '000</i>	<i>USD '000</i>	<i>AED '000</i>
<b>Net cash generated from operating activities .....</b>	<b>1,788,628</b>	<b>6,568,736</b>	<b>18,750</b>	<b>68,861</b>	<b>782,872</b>	<b>2,875,099</b>
<b>Cash flows from investing activities</b>						
Additions to property and equipment	(146,565)	(538,260)	(33,371)	(122,554)	(48,177)	(176,930)
Advance to a related party	(86,141)	(316,353)	(71,050)	(260,931)	(300,041)	(1,101,900)
Finance income received	872	3,202	3,819	14,026	1,957	7,188
<b>Net cash used in investing activities .....</b>	<b>(231,834)</b>	<b>(851,410)</b>	<b>(100,601)</b>	<b>(369,459)</b>	<b>(346,261)</b>	<b>(1,271,642)</b>
<b>Cash flows from financing activities</b>						
Repayment of related party loan	-	-	-	-	(313,043)	(1,149,649)
Borrowings	-	-	-	-	1,500,204	5,509,500
Lease liabilities paid on principal	(11,791)	(43,302)	(4,094)	(15,035)	-	-
Dividends paid	(700,000)	(2,570,750)	(51,493)	(189,107)	(1,572,213)	(5,773,953)
Finance cost paid	(25,346)	(93,083)	(53,328)	(195,846)	(1,859)	(6,826)
<b>Net cash used in financing activities .....</b>	<b>(737,137)</b>	<b>(2,707,136)</b>	<b>(108,914)</b>	<b>(399,988)</b>	<b>(386,910)</b>	<b>(1,420,928)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>819,657</b>	<b>3,010,190</b>	<b>(190,765)</b>	<b>(700,586)</b>	<b>49,702</b>	<b>182,529</b>
Cash and cash equivalents at the beginning of the year	133,808	491,410	324,573	1,191,995	274,872	1,009,466
<b>Cash and cash equivalents at end of the year.....</b>	<b>953,465</b>	<b>3,501,600</b>	<b>133,808</b>	<b>491,409</b>	<b>324,573</b>	<b>1,191,995</b>
<b>Non-cash transactions:</b>						
Recognition of right of use assets under IFRS 16/ Additions and modification right-of-use assets and lease liabilities	<b>32,537</b>	<b>119,492</b>	23,460	86,156	-	-
Additions to property and equipment against advances paid to a related party	<b>232,687</b>	<b>854,543</b>	224,136	<b>823,141</b>	-	-
Additions to property and equipment against payables			99,440	365,194	50,261	184,585
Accrued interest	-	-	-	-	6,907	25,366
Transfers from inventory to property & equipment	-	-	-	-	15,289	56,148



**Cash flows from financing activities**

Payment for principal and interest portion on lease liabilities	(22,022)	(80,876)	-	-
Dividends paid	(700,000)	(2,570,750)	(700,000)	(2,570,750)
Finance cost paid	(8,699)	(31,947)	(15,926)	(58,488)
<b>Net cash used in financing activities .....</b>	<b>(730,721)</b>	<b>(2,683,573)</b>	<b>(715,926)</b>	<b>(2,629,238)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(534,219)</b>	<b>(1,961,919)</b>	<b>183,489</b>	<b>(673,863)</b>
Cash and cash equivalents at the beginning of the period	953,465	3,501,600	133,808	(491,410)
<b>Cash and cash equivalents at the end of the period</b>	<b>419,246</b>	<b>1,539,681</b>	<b>317,297</b>	<b>1,165,273</b>
<b>Non-cash transactions:</b>				
Transfer of capital spares from inventory to property and equipment	-	-	830	3,048
Additions and modification right-of-use assets and lease liabilities	18,858	69,256	16,355	60,064

5. *Statement of Changes in Equity Data*

Statement of changes in equity for the six-month period ended 30 June 2021

	<b>Share capital USD'000</b>	<b>Share capital AED'000</b>	<b>Retained earnings USD'000</b>	<b>Retained earnings AED'000</b>	<b>Total equity USD'000</b>	<b>Total equity AED'000</b>
Balance at 1 January 2020 (audited)	108,918	400,001	3,273,859	12,023,247	3,382,777	12,423,249
Total comprehensive income for the period	-	-	302,531	1,111,045	302,531	1,111,045
Dividends	-	-	(700,000)	(2,570,750)	(700,000)	(2,570,750)
Balance at 30 June 2020 (unaudited)	108,918	400,001	2,876,390	10,563,542	2,985,308	10,963,544
Balance at 1 January 2021 (audited)	108,918	400,001	3,142,893	11,542,275	3,251,811	11,942,276
Total comprehensive income for the period	-	-	281,588	1,034,132	281,588	1,034,132
Dividends	-	-	(700,000)	(2,570,750)	(700,000)	(2,570,750)
<b>Balance at 30 June 2021 (unaudited)</b>	<b>108,918</b>	<b>400,001</b>	<b>2,724,481</b>	<b>10,005,656</b>	<b>2,833,399</b>	<b>10,405,658</b>

Statement of changes in equity for the year ended 31 December 2020

	<b>Share capital USD'000</b>	<b>Share capital AED'000</b>	<b>Retained earnings USD'000</b>	<b>Retained earnings AED'000</b>	<b>Total equity USD'000</b>	<b>Total equity AED'000</b>
At 1 January 2019	108,918	400,001	2,741,997	10,069,984	2,850,915	10,469,985
Total comprehensive income for the year	-	-	583,355	2,142,371	583,355	2,142,371
Dividends paid	-	-	(51,493)	(189,108)	(51,493)	(189,108)
At 1 January 2020	<u>108,918</u>	<u>400,001</u>	<u>3,273,859</u>	<u>12,023,247</u>	<u>3,382,777</u>	<u>12,423,249</u>
Total comprehensive income for the year	-	-	569,034	2,089,777	569,034	2,089,777
Dividends paid	-	-	(700,000)	(2,570,750)	(700,000)	(2,570,750)
<b>At 31 December 2020</b>	<b>108,918</b>	<b>400,001</b>	<b>3,142,893</b>	<b>11,542,275</b>	<b>3,251,811</b>	<b>11,942,276</b>

Statement of changes in equity for the year ended 31 December 2019

	<b>Share capital USD'000</b>	<b>Share capital AED'000</b>	<b>Retained earnings USD'000</b>	<b>Retained earnings AED'000</b>	<b>Total equity USD'000</b>	<b>Total equity AED'000</b>
At 1 January 2018	108,918	400,000	3,629,229	13,328,345	3,738,147	13,728,345
Total comprehensive income for the year	-	-	684,777	2,514,845	684,777	2,514,845
Dividends declared	-	-	(1,572,213)	(5,773,953)	(1,572,213)	(5,773,953)
At 1 January 2019	<u>108,918</u>	<u>400,000</u>	<u>2,741,794</u>	<u>10,069,237</u>	<u>2,850,711</u>	<u>10,469,237</u>
Total comprehensive income for the year	-	-	583,354	2,142,366	583,354	2,142,366
Dividends declared	-	-	(51,493)	(189,107)	(51,493)	(189,107)
<b>At 31 December 2019</b>	<b>108,918</b>	<b>400,000</b>	<b>3,273,654</b>	<b>12,022,496</b>	<b>3,382,572</b>	<b>12,422,496</b>

6. *Other Financial Information*

	For the years ended 31 December						For the six months ended 30 June			
	2020		2019		2018		2021		2020	
	USD'000	AED'000	USD'000	AED'000	USD'000	AED'000	USD'000	AED'000	USD'000	AED'000
<b>EBITDA</b> <sup>(1)</sup> .....	959,722	3,524,579	1,015,317	3,728,751	1,071,949	3,936,733	499,521	1,834,491	496,238	1,822,434
<b>Net debt</b> <sup>(2)</sup> .....	(546,535)	(2,007,150)	(1,366,192)	(5,018,091)	(1,175,427)	(4,317,505)	(1,080,754)	(3,969,069)	(1,182,703)	(4,343,477)

- (1) In the UAE Prospectus, we present EBITDA as a measure to assess the financial performance of our business. EBITDA represents earnings for the period before interest, tax, and depreciation and amortisation. EBITDA is termed a “non IFRS measure” because it excludes amounts that are included in, and includes amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, being profit for the period. Information regarding EBITDA is sometimes used by investors to evaluate the efficiency of a company’s operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. We use EBITDA in assessing our growth and operational performance. There are no generally accepted principles governing the calculations of EBITDA, and the criteria upon which EBITDA is based can vary from company to company. EBITDA does not by itself provide a sufficient basis to compare our performance with that of other companies and should not be considered in isolation or as a substitute for operating profit or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity. In addition, this measure should not be used instead of, or considered as an alternative to, our historical financial results. We have presented this non-IFRS measure because we believe it is helpful to investors and financial analysts in highlighting trends in our overall business. EBITDA has limitations as an analytical tool. Some of these limitations are: (a) it does not reflect cash expenditures or future requirements for capital expenditure or contractual commitments; (b) it does not reflect changes in, or cash requirements for, our working capital needs; (c) it does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt; (d) although depreciation and amortisation are non cash charges, the assets being depreciated and amortised will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and (e) it is not adjusted for all non cash income or expense items that are reflected in our statements of cash flows. The table below sets forth a reconciliation of EBITDA to profit for each period presented:

For the years ended 31 December						For the six months ended 30 June			
2020		2019		2018		2021		2020	
USD'000	AED'000	USD'000	AED'000	USD'000	AED'000	USD'000	AED'000	USD'000	AED'000

	For the years ended 31 December						For the six months ended 30 June			
	2020		2019		2018		2021		2020	
<b>Profit for the year</b>	<b>569,034</b>	<b>2,089,777</b>	<b>583,354</b>	<b>2,142,366</b>	<b>684,777</b>	<b>2,514,845</b>	<b>281,588</b>	<b>1,034,132</b>	<b>302,531</b>	<b>1,111,045</b>
Finance cost	24,474	89,881	49,509	181,820	6,808	25,004	8,662	31,811	15,627	57,390
Depreciation included in direct cost	356,702	1,309,988	376,724	1,383,519	377,819	1,387,542	186,203	683,831	166,612	611,883
Depreciation included in general and administrative expenses	9,512	34,933	5,731	21,046	2,544	9,342	23,068	84,717	11,468	42,116
<b>EBITDA</b>	<b>959,722</b>	<b>3,524,579</b>	<b>1,015,317</b>	<b>3,728,751</b>	<b>1,071,949</b>	<b>3,936,733</b>	<b>499,521</b>	<b>1,834,491</b>	<b>496,238</b>	<b>1,822,434</b>

- (2) Net debt represents total borrowings (including current and non-current borrowings) less cash and cash equivalents. Net debt is sometimes used by investors to evaluate a company's level of indebtedness after taking into account its available cash. We use net debt in assessing our capital structure. For purposes of calculating the net debt amount, an exchange rate of USD 1: AED 3.673 was used for total borrowings for the years ended 31 December 2018 and 2019 which amounted to USD 1.5 billion at the end of each period.

- **Material changes to the financial position of the Company for the period starting from 30 June 2021 until the date of publishing the UAE Prospectus**

## Statement of subsequent events

We note below the events which occurred subsequent to the issuance of our review conclusion on the interim financial statements of ADNOC Drilling Company PJSC (“the Company”) for the six-month period ended 30 June 2021:

- In August 2021, the Board of Directors of the Company approved a dividend payment of USD 360.3 million, reflecting the dividends for the first half of 2021. The dividend was paid to the shareholders on 30 August 2021;
- Pursuant to the legal formalities, the Company intends to increase the number of shares from 4,000,000 to 16,000,000,000 through the capitalisation of AED 1,200,000,000 of retained earnings and the reduction of the par value per Share from AED 100 to AED 0.10;
- The Company entered into a shareholder loan facility of USD 1,250,000,000 (the “Facility”) with ADNOC on 16 August 2021 (the “Shareholder Loan Agreement”). Pursuant to the Shareholder Loan Agreement (i) the Facility maturity date will be 30 June 2023, unless extended, cancelled in the event of non-utilisation or the Facility is repaid in accordance with the terms of the Shareholder Loan Agreement; and (ii) interest will be the aggregate of six (6) month LIBOR plus a margin of 1.2% per annum, payable biannually on 30 June and 31 December of each year. The principal amount of the Facility is payable upon maturity or termination. The Shareholder Loan Agreement contains no maintenance or incurrence covenants;
- In September 2021, the Company’s majority shareholder, Abu Dhabi National Oil Company (“ADNOC”), announced its intention to proceed with an initial public offering of the Company and to list its shares on Abu Dhabi Securities Exchange. The number of ordinary shares intended to be offered for sale by ADNOC represents 7.5% of the Company’s total issued share capital;
- In September 2021, the Company and HP Falcon Investments LLC (“H&P”), a wholly-owned indirect subsidiary of Helmerich & Payne entered into an asset purchase agreement to acquire eight land rigs from H&P for an aggregate purchase price of USD 86.5 million. The rigs are expected to be delivered and commissioned in stages over a twelve-month period subject to acceptance upon successful completion of a final inspection on customary terms and conditions; and
- In September 2021, the Company’s existing shareholders entered into an agreement to terminate their existing shareholders’ agreement effective the date of listing.

The scope of our work in preparing this letter was limited solely to enquiries with management of the Company. The scope of work does not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagement, and accordingly we do not express any opinion or overall conclusion on the procedures we have performed.

Deloitte & Touche (Middle East)



Rama Padmanabha Acharya  
Registration number 701  
8 September 2021  
Abu Dhabi  
United Arab Emirates

- **Entry into Material Agreements in relation to the Company’s Business**

On 7 September, 2021, ADNOC, the Company and HP Falcon Investments LLC (“H&P), a wholly-owned indirect subsidiary of Helmerich & Payne, a global leader in rig technologies and drilling solutions entered into a strategic alliance to further develop and optimize the Company’s operations.

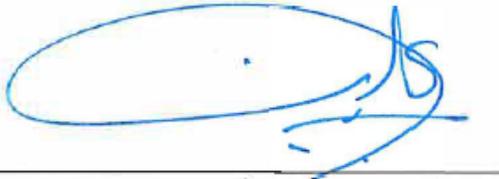
On the same date, the Company entered into an asset purchase agreement to acquire eight FlexRig® land rigs from H&P for an aggregate purchase price of \$86.5 million.

The rigs are expected to be delivered and commissioned in stages over a twelve-month period subject to acceptance upon successful completion of a final inspection on customary terms and conditions.

These agreements are expected to further drive our growth and expansion as well as enhance our rig-based operational performance by providing access to the world-class H&P FlexRig® land rig fleet and leveraging H&P’s expertise and technologies.

In addition, the alliance is expected to support us in further driving operational excellence through maintenance efficiencies, supplementing supply-chain capabilities, and adding engineering and rig design competencies, as well as to allow us to deliver, greater drilling efficiencies and improved well economics.

On 7 September, 2021, ADNOC and the Company also entered into the cornerstone investment agreement (the “Cornerstone Investor Agreement”) with H&P, pursuant to which H&P has committed to purchase Shares in the Global Offering, and the Selling Shareholder has agreed to sell, and procure the allotment and transfer of, Shares to H&P from the Qualified Investor Offering at the Offer Price. The Cornerstone Investor Agreement is conditional upon Listing and certain other conditions being satisfied, and will terminate automatically if such conditions have not been fulfilled on or before 31 October, 2021 (or such other date as may be agreed between the Company, the Selling Shareholder and H&P).

<b>Name:</b>	Abdulrahman Abdulla Al Seiri
<b>Position:</b>	Chief Executive Officer
<b>Signature:</b>	
<b>Date:</b>	

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ADNOC DRILLING COMPANY P.J.S.C.**

### **REPORT ON THE SUMMARY FINANCIAL STATEMENTS**

#### **Opinion**

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2020, the summary statement of profit or loss and other comprehensive income, summary statement of changes in equity and summary statement of cashflows for the year then ended, and related notes, are derived from the audited financial statements of ADNOC Drilling Company P.J.S.C. ("ADNOC Drilling" or the "Company") for the year ended 31 December 2020.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the regulations for issuing and offering shares of public joint stock companies as resolved by Securities and Commodities Authority (the "Applicable Criteria").

#### **Summary financial statements**

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards ("IFRS"). Reading the summary financial statements and auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

#### **The audited financial statements and our reports thereon**

We expressed an unmodified audit opinion on the audited financial statements in our report dated 20 May 2021. The report also includes an other matter paragraph which describes that the financial statements of the Company for the year ended 31 December 2019, were audited by another auditor who expressed an unmodified opinion on those statements on 19 May 2021.

#### **Management's responsibility for the summary financial statements**

Management is responsible for the preparation of the summary financial statements in accordance with the Applicable Criteria.



**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF ADNOC DRILLING COMPANY P.J.S.C.  
(continued)**

**Auditor's responsibility for the summary financial statements**

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements".

Deloitte & Touche (M.E.)

A handwritten signature in blue ink, appearing to read "R. P. Acharya", with a horizontal line underneath.

Rama Padmanabha Acharya  
Registration Number 701  
8 September 2021  
Abu Dhabi  
United Arab Emirates