

ADNOC Drilling Announces Robust Results For 2023: Net Profit Exceeds \$1 Billion, Up 29% Year-on-Year Beating Market Expectations

*Operational growth with new rigs added to the fleet, driving
FY 2023 revenue increase by 14% year-on-year
to \$3.06 billion.*

*Revenue growth and solid progress on cost efficiency drives
EBITDA to \$1.5 billion, with a 49% margin.*

*The Board of Directors recommends final cash dividend of
\$358 million (8.22 fils/share) representing a 5% year-on-year
increase versus 2022, bringing total 2023 dividend to \$717
million (16.45 fils/share).*

*Announced full-year 2024 and medium-term guidance,
reaffirming growth focus.*

Abu Dhabi, UAE – February 12, 2024: ADNOC Drilling Company PJSC (ADNOC Drilling or the Company) (ADX symbol: ADNOCDRILL / ISIN: AEA007301012), today announced its financial results for the fourth quarter and full year ending December 31, 2023.

- **Revenue** for the full year was \$3,057 million, up 14% year-on-year
- **EBITDA** for the full year increased by 20% to \$1,483 million with industry-leading EBITDA margin of 49%
- **Net Profit** for the full year increased by 29% year-on-year to \$1,033 million with a margin of 34%

Abdulrahman Abdulla Al Seiri, Chief Executive Officer of ADNOC Drilling, commented: “Over the past twelve months we have further demonstrated the strength of our unique business model, that directly benefits from ADNOC’s five million barrel per day capacity target, and has delivered outstanding business growth and results. Our ambitious fleet expansion strategy coupled with the accelerated growth of Oilfield Services has delivered exceptional bottom line performance, beyond the expectations of the market.

Looking ahead, ADNOC Drilling will remain dedicated to driving further efficiencies in our operational and financial performance, as we deliver enhanced value to our customers and shareholders.”

Highlights for the three months ended 31 December 2023

The Company achieved record revenue, EBITDA and net profit during the fourth quarter of 2023, driven by the highest-ever number of operational rigs, bolstering growth and charting a clear course for further expansion in 2024 and beyond.

During the fourth quarter of 2023, ADNOC Drilling delivered quarterly revenue of \$841 million, up 15% year-on-year, EBITDA of \$424 million, up 20%, and net profit of \$329 million, up 41%.

Highlights for the 12 months ended 31 December 2023

The Company added 14 new drilling units in 2023, including four lease-to-own land rigs, establishing one of the world's largest owned and operated fleets consisting of 129 rigs. ADNOC Drilling's revenue for the year increased to \$3.06 billion, up 14% year-on-year. Revenue growth was driven primarily by the Offshore Jack-up and Oilfield Services (OFS) segments, increasing 31% and 37% respectively. All segments grew year-on-year as the Company continues to execute on its fleet and OFS expansion strategy in support of the delivery of ADNOC's production capacity target.

Full-year EBITDA was \$1.5 billion, with a margin of 49%, as the Company continues to make excellent progress on the delivery of cost efficiencies. Net profit for the twelve-month period was a record \$1.03 billion, up 29% year-on-year.

- **Onshore:** Revenue for the full year was \$1.5 billion, up 3% year-on-year, due to the contribution of new rigs which more than offset lower reimbursement of cost escalation claims. 4Q23 revenue was up 10% to \$416 million, due to an increase in drilling activity.
- **Offshore Jack-up:** Revenue for the full year was \$800 million, a 31% increase compared to 2022, reflecting new jack-up rigs joining the operational fleet. 4Q23 revenue was \$225 million an increase of 25% due to higher activity.
- **Offshore Island:** Revenue for the full year increased by 2% versus 2022 to \$209 million, driven by mobilization revenue for the re-activated island rig. 4Q23 revenue was \$52 million, up 2% compared to 4Q22, driven by increased activity.
- **Oilfield Services (OFS):** Revenue for the full year was \$553 million, an increase of 37% year-on-year on the back of increased activity volume across the entire portfolio. 4Q23 generated record quarterly revenue of \$148 million, driven by increased activity from pressure pumping, drilling fluids, and directional drilling.

ADNOC Drilling reported a fleet availability rate of 96%¹ for the year ending December 31, 2023, delivering exceptional revenue efficiency. Cash from operations² decreased 11% year-on-year to \$1.4 billion supporting a free cash flow of \$306 million. Full-year 2023 capital

¹ Availability rate based on rig availability - Cumulative of (Rig days less actual maintenance days less rig related non-productive time less actual rig move days) divided by Cumulative of (Rig days less planned maintenance days less planned rig move days).

² Cash from operations – Net cash generated from operating activities

expenditure³ was as anticipated \$1,333 million, as the Company delivered on its ambitious plans to expand its fleet to meet customer demand.

Key Financial Metrics for 4Q and FY 2023

USD Millions	4Q23	4Q22	%	FY23	FY22	%
Revenue	841	733	15%	3,057	2,673	14%
EBITDA	424	353	20%	1,483	1,232	20%
Net Profit	329	234	41%	1,033	802	29%
Earnings per share (USD/share)	0.0206	0.0146	41%	0.0646	0.0501	29%
Capital Expenditure ⁴	213	434	-51%	1,062	942	13%
Cash from Operations ⁵	397	389	2%	1,355	1,524	-11%

Enersol Joint Venture

During the year, the Company partnered with Alpha Dhabi Holding PJSC (Alpha Dhabi) to create Enersol, a strategic joint venture (JV) targeting value-accretive technology-enabled oilfield and energy service businesses globally across the OFS and energy value chain. The JV, of which the Company owns 51% of, underpins ADNOC Drilling's market-leading position as an integrated drilling services provider, powering its growth and expansion strategy by co-investing up to \$1.5 billion across OFS and energy sectors.

Final Dividend 2023

The Board of Directors recommends a final dividend payment of \$358 million for 2023 (8.22 fils per share), subject to shareholder approval at the upcoming Annual General Meeting ("AGM"). The total dividend for 2023 equals to \$717 million (16.45 fils per share), representing a 5% year-on-year increase versus 2022. The final 2023 dividend is expected to be distributed in the first half of April 2024.

FY 2024 and medium-term guidance

On the back of strong results, ADNOC Drilling announces its full year 2024 and medium-term guidance, reaffirming growth. The Company continues to expect its owned rig count to total 142, including the 4 new lease-to-own land rigs, by the end of 2024.

The Company expects total revenue between \$3.60 to \$3.80 billion, EBITDA of \$1.70 - \$1.90 billion, with a margin range of 48% - 50% and Net Profit of \$1.05 - \$1.25 billion, with a margin range of 30% - 33%. Moreover, ADNOC Drilling expects CapEx to be between \$0.75 - \$0.95

³ Capital expenditure – Additions to property and equipment including prepayments

⁴ Capital expenditure figures in the table (e.g. \$1,062 million for full year 2023) refer to actual cash payments made in the period

⁵ Cash from operations – Net cash generated from operating activities



billion, while maintaining a leverage ratio “Net debt/EBITDA” below 2x in 2024, excluding material M&A.

ADNOC Drilling’s medium-term guidance is as follows:

- Revenue CAGR in the 12% - 16% range from 2023 base.
- EBITDA Margins around 50% with drilling margins exceeding 50% and OFS Margin in a range of 22% - 26% medium term.
- Conservative long-term leverage target of up to 2.0x net debt / EBITDA, excluding material M&A.
- Net working capital as percentage of revenue target of around 12%.
- Maintenance CapEx post-2024 of \$200 - \$250 million per annum.

-ENDS-

About ADNOC Drilling

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

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