

## ADNOC Drilling Delivers Record First Quarter Revenue and EBITDA, Exceeding Market Expectations - Announces New Enhanced Progressive Dividend Policy

*ADNOC Drilling delivered robust 24% year-on-year revenue growth to \$886 million, propelled by accelerated fleet expansion and oilfield services growth.*

*Strong operational performance and excellent cost control underpins 31% year-on-year growth in EBITDA to \$437 million with industry-leading margin of 49%.*

*Net profit grows 26% year-on-year to \$275 million, confirming full-year guidance, with net profit potentially doubling to over \$1.2 billion compared to FY2021, when the company was listed.*

*The Board of Directors recommends a new, improved progressive dividend policy, with dividends growing by at least 10% per annum for five years, and potential additional dividends over and above at the Board's discretion.*

*Awarded Transformational \$1.7 Billion Contract to Unlock UAE's World-Class Unconventional Energy Resources, utilizing Enersol's technology pipeline and ADNOC's world-leading AI, digitization, and advanced technologies.*

**Abu Dhabi, UAE – May 13, 2024:** ADNOC Drilling Company PJSC (“ADNOC Drilling” or the “Company”) (ADX symbol: ADNOCDRILL / ISIN: AEA007301012) announces record first quarter revenue and EBITDA for the period ending March 31, 2024.

ADNOC Drilling has exceeded market expectations again this quarter, the third in a row, with revenue increasing to \$886 million, up 24% year-on-year. The Offshore Jack-up and Oilfield Services (OFS) segments drove revenue growth, increasing 51% and 16% respectively year-on-year. EBITDA grew 31% year-on-year to \$437 million, driven by strong operational performance, leading to a year-on-year EBITDA margin expansion to 49%. Net profit for the quarter reached \$275 million, up 26% year-on-year.

Commenting on the exceptional 2024 first quarter results, **Abdulrahman Abdulla Al Seiri, Chief Executive Officer, ADNOC Drilling**, said: “Our strong first quarter performance demonstrates that we have entered a new era for the Company as we go from strength-to-strength, delivering on and beyond the expectations of the market, our customers and our shareholders. Confidence in our growth trajectory and cash flow generation ability going

forward, has resulted in our Board of Directors recommending an enhanced progressive dividend policy that will further bolster shareholder returns.

“Our multi-faceted strategy of enabling ADNOC’s conventional and unconventional production capacity growth to meet the world’s growing demand for energy will further transform the business in 2024-onwards. The \$1.7 billion contract award represents a transformational opportunity as the UAE’s world class unconventional energy resources will require many thousands of wells and we are in prime position to deliver them. Aligned to this is the investment in, and adoption of, artificial intelligence and advanced technologies through our strategic joint venture, Enersol, that has a \$1.5 billion mandate to invest in and acquire global energy technologies.”

### Highlights for the first quarter ending March 31, 2024

- **Onshore:** Revenue for the quarter was \$411 million, up 16% year-on-year, mainly due to increased onshore activity, driven by the contribution from new rigs commencing operations.
- **Offshore Jack-up:** Revenue for the quarter was \$278 million, a 51% increase compared to 2023, mainly due to higher activity from the additional jack-up rigs contributing revenue.
- **Offshore Island:** Revenue for the quarter was in line with first quarter 2023 as activity was broadly stable year-on-year.
- **Oilfield Services (OFS):** Revenue for the quarter was \$146 million, an increase of 16% year-on-year driven by increased activity in drilling fluids and directional drilling. The overall volume of activity of the segment is expected to increase throughout the year, in line with planned phasing and driven by IDS rigs ramp-up and unconventional.

### Key Financial Metrics for 1Q 2024

| USD Millions                                  | 1Q24  | 1Q23  | %   | 4Q23               | %                |
|-----------------------------------------------|-------|-------|-----|--------------------|------------------|
| Revenue                                       | 886   | 716   | 24% | 841                | 5%               |
| EBITDA                                        | 437   | 333   | 31% | 424                | 3%               |
| Net profit (normalized <sup>1</sup> )         | 275   | 219   | 26% | 287 <sup>1</sup>   | -4% <sup>1</sup> |
| Earnings per share<br>(normalized, USD/share) | 0.017 | 0.014 | 26% | 0.018 <sup>1</sup> | -4% <sup>1</sup> |
| Capital Expenditure <sup>2</sup>              | (110) | (76)  | 45% | (213)              | -48%             |
| Cash from Operations <sup>3</sup>             | 347   | 226   | 54% | 397                | -13%             |

<sup>1</sup> Excluding from fourth quarter 2023 \$42 million one-off full-year positive impact of reduction in depreciation from the change in remaining useful life and residual value estimates of assets, along with a more granular approach in asset recognition. Reported fourth quarter 2023 Net profit was \$329 million, and Earnings per share was \$0.021

<sup>2</sup> Capital expenditure figures in the table refer to actual cash payments made in the period

<sup>3</sup> Cash from operations – Net cash generated from operating activities

## **New Dividend Policy 2024-28**

The Board of Directors has recommended a new, progressive dividend policy with dividends expected to grow by at least 10% per annum on a dividend per share basis over the next five years (2024-2028). Moreover, the Board of Directors, at its discretion, may consider additional dividends over and above the progressive dividend policy after taking into account growth opportunities while maintaining net debt/EBITDA up to 2x, excluding transformative M&A.

The new dividend policy is subject to shareholder approval at an upcoming General Shareholder Meeting, the date of which will be advised shortly.

As per the policy, dividends are expected to be paid semi-annually with a final dividend distributed to shareholders in the first half and the payment of the interim dividend in the second half of each fiscal year.

## **Unconventional Energy Resources Contract**

ADNOC Drilling has been awarded a transformational \$1.7 billion contract to provide drilling and associated services for the recovery of unconventional energy resources. The contract will see ADNOC Drilling deliver 144 unconventional oil and gas wells. ADNOC Drilling will leverage the technology pipeline of its strategic joint venture Enersol and ADNOC's world-leading AI, digitization, and advanced technologies to contribute to responsible energy delivery.

To service the contract, and explore the considerable future opportunities in unconventional resources, ADNOC Drilling has incorporated a new company, Turnwell Industries LLC OPC. ADNOC Drilling has signed a term sheet with industry leaders SLB and Patterson UTI for potential partnership and support with the latest technology, specialist services and innovations in the unconventional energy drilling space subject to signing definitive agreements and any necessary regulatory approvals.

## **Fleet Expansion**

At the end of the first quarter 2024, ADNOC Drilling's fleet comprised 137 rigs, 133 owned plus four lease-to-own land rigs, an increase of 22 rigs year-on-year. Thirteen of the rigs included in the rig count are hybrid powered land rigs that utilize battery storage to improve power delivery and reduce emissions by up to 15% per rig.

An additional three hybrid land rigs are expected to enter the fleet this year, for a total of sixteen all of which were ordered in 2023.

The Company reported a fleet availability rate of 97%<sup>4</sup> for the quarter ending March 31, 2024, delivering exceptional revenue and operational efficiency.

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<sup>4</sup> 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).

**About ADNOC Drilling**

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

To find out more, visit: [www.adnocdrilling.ae](http://www.adnocdrilling.ae)

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