

Q2 2023 Earnings Call

03 August 2023

Driving Value.
Delivering Excellence.



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The Presenting Team



Ghassan Mirdad
Chief Executive Officer



Hubert Lafeuille
Chief Financial Officer

Agenda

- 1 / Q2'23 Highlights
- 2 / Business Landscape
- 3 / Operational Highlights
- 4 / Financial Performance
- 5 / Forward-Looking Guidance





Q2'23 Highlights

Q2'23 At A Glance

Operational Highlights

- Utilization Rate **94%** (44 active rigs)
- Quarterly Non-Productive Time **1.30%**
- 36-month rolling REI **93.6%**
- Total **38 Rig Moves** in Q2'23, with **1.3 days saved** per rig move (average)

HSE & Sustainability

- Total Recordable Incident Frequency Rate (**TRIF**) **0.75** vs. 0.84 in Q1'23
- **Received three ISO Certifications** for Company Management Systems related to:
 - ❖ Environmental Management
 - ❖ Occupational Health and Safety
 - ❖ Quality Management
- **Zero environmental spills / incidents** in Q2'23



Financials (SAR) – Q2'23 Vs. Q1'23

- Q2'23 Revenue **791M, +1%**
- EBITDA of **42.4%, +90 bps**
- Net Income **140M, -1%**
- Net Cash from Operations **348M, -26%**
- Cash & STI **1,837M, -7%**
- Net Debt/LTM EBITDA **0.7x, +10 bps**

Growth Strategy Execution

- All 3 latest JUs delivered safely, on time and on budget to start their 5Y Saudi Aramco contract
- **Major Contract Win for Unconventional Gas** with a 10-rig award
- **Finalizing multi years extension** for contracts expiring in 2023



Business Landscape

Major Win on Unconventional Gas



1

Contract Awards / Termination / Extensions

- Q2'23 backlog addition includes 1Y awards / extensions with both SLB and Baker for 2 Land Rigs each
- Company won a 10-rig award out of a 13-rig tender for Unconventional Gas fields (5 Years Contract)
- Positive developments on finalizing rig extensions for contracts expiring 2023

Recent Developments



2

Rig Startups

- All 3 new Jackups arrived on first well location early July and started their 5Y contract with Aramco

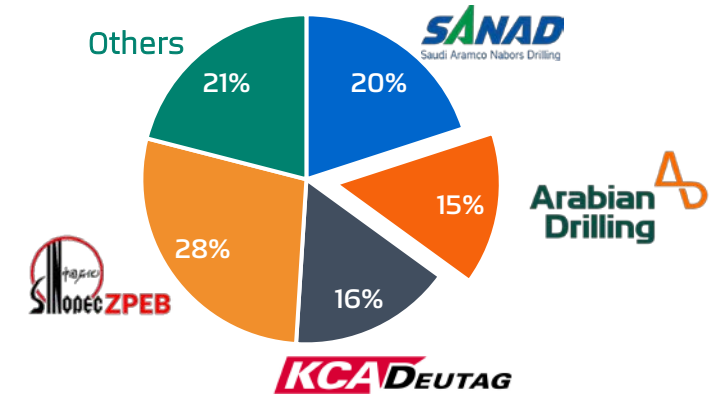


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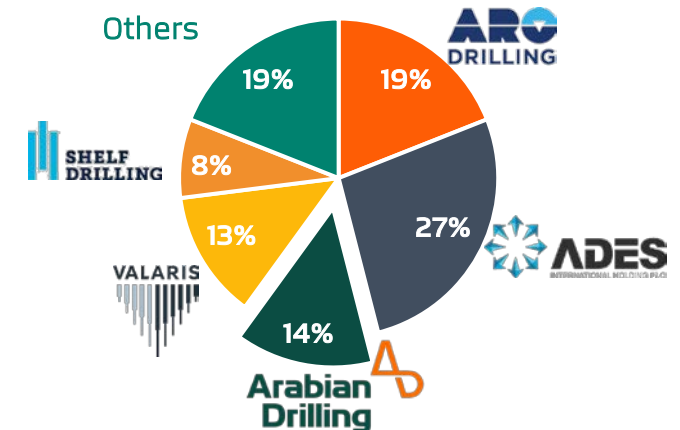
Market Outlook

- Aramco intends to maintain its leadership as world's largest crude oil company by production volume.
- Aramco sees potential supply gap in mid to long term due to underinvestment cycle and is well positioned to benefits (low lifting & capital cost and low carbon emission).
- KSA offshore rig fleet deployment expected to complete by early next year
- Unconventional Gas to spearhead the growth in Land

Market Share Land – EoP Q2'23



Market Share Offshore – EoP Q2'23

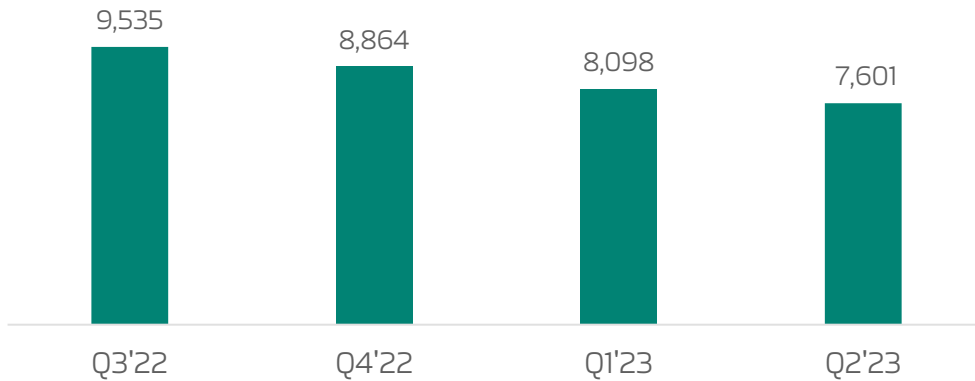




Operational Highlights

Backlog Boost On The Way...

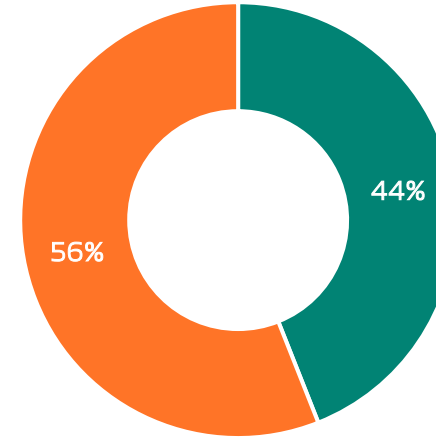
Backlog Trend (SAR M) – EoP



Backlog by Segment – EoP Q2'23 (%)

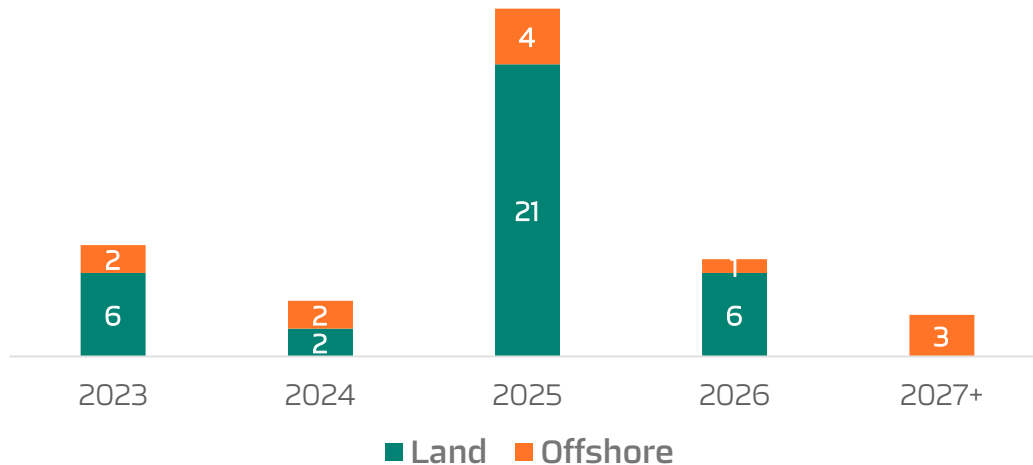


Offshore

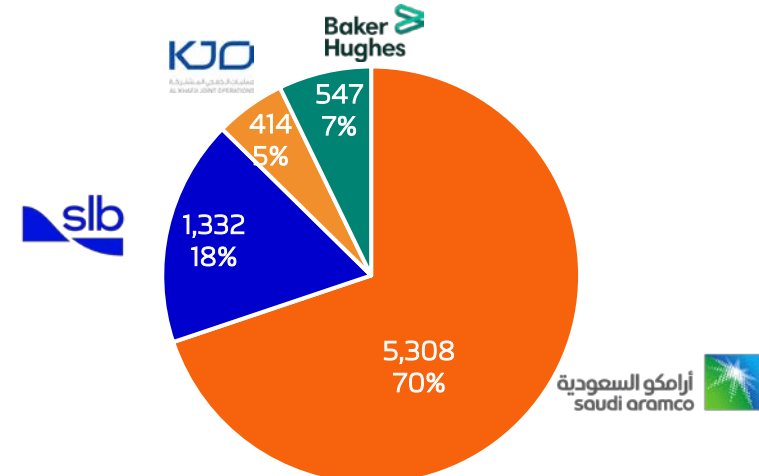


Land

Contract Ending Date by Year (number of rigs)



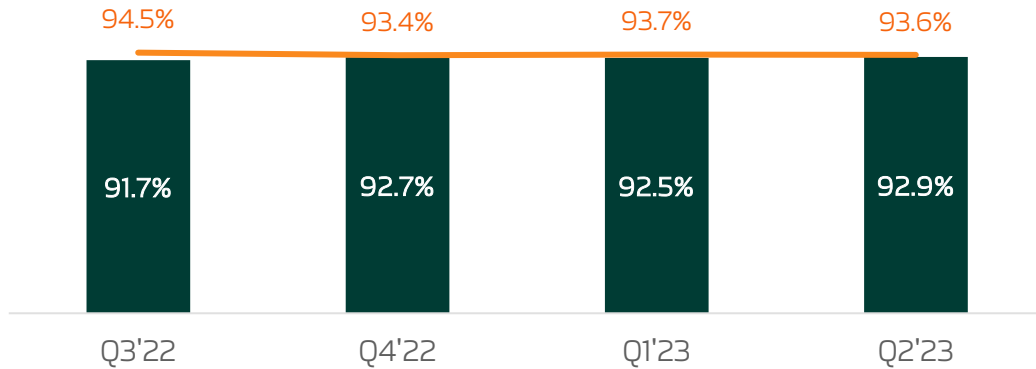
Backlog by Customer – EoP Q2'23 (SAR M and %)



Rig Move Efficiencies Revitalized

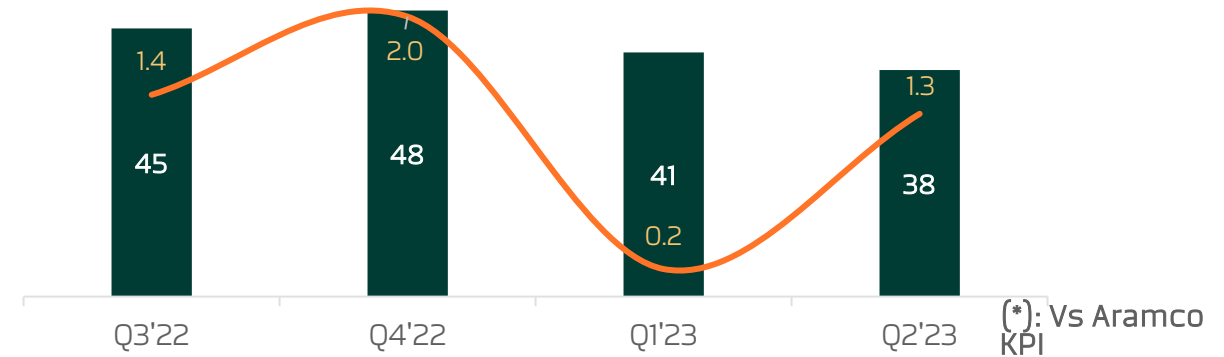
Aramco Rig Efficiency Index ('REI')

■ Average REI (Quarterly) — Average REI (36-months Rolling)

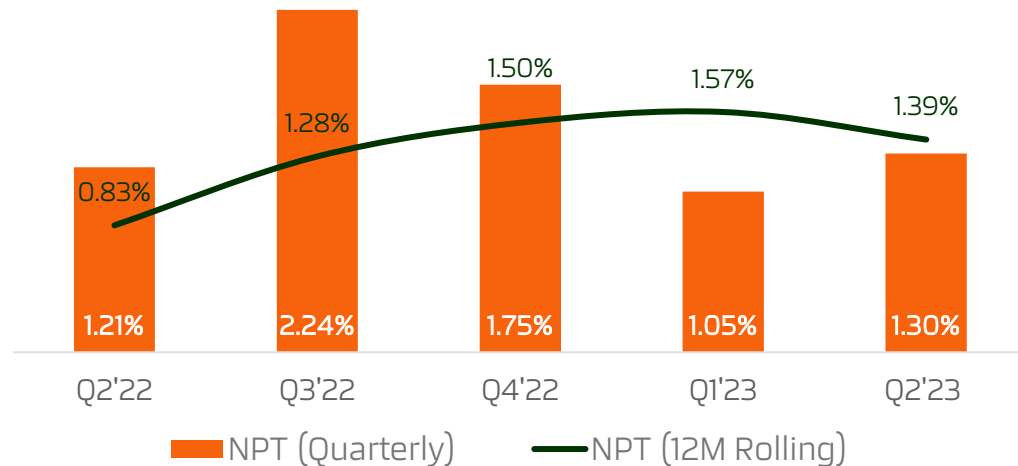


Number of Rig Move & Days Saved (*)

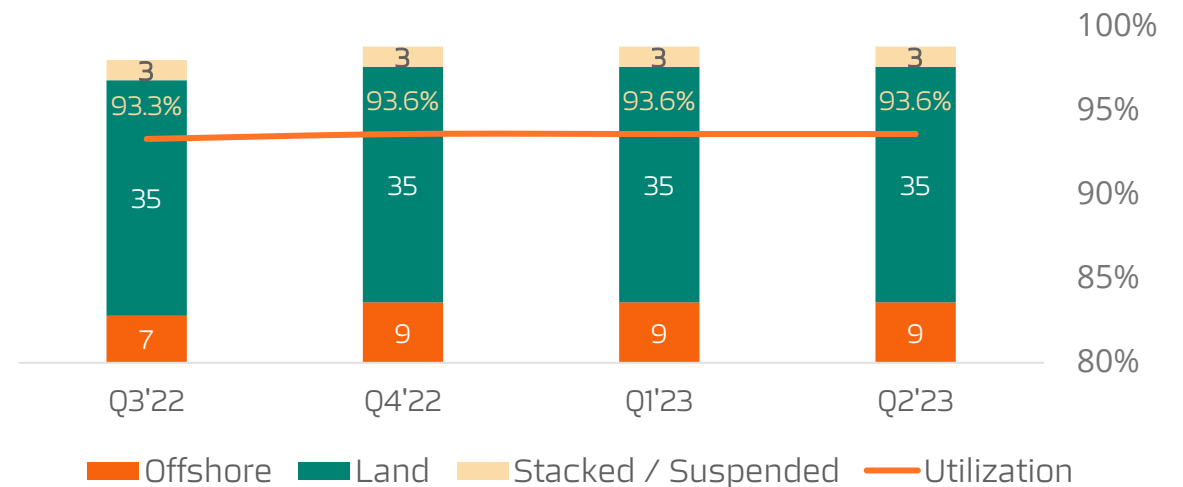
■ Rig Moves Completed — Average Net Days Saved / Rig Move



Non-Productive Time ('NPT')



Rig Activity & Utilization Rate (%) – EoP

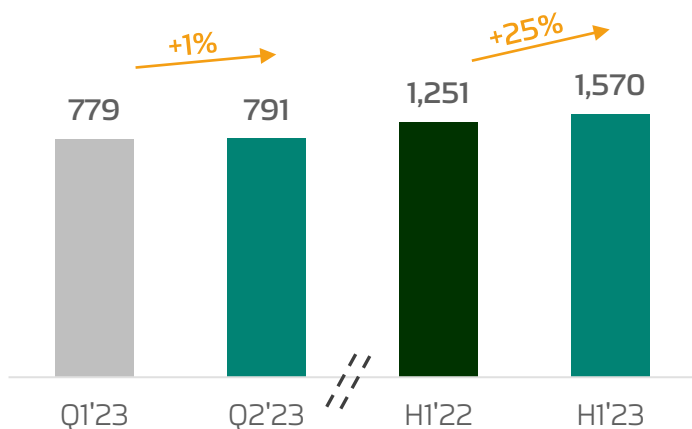




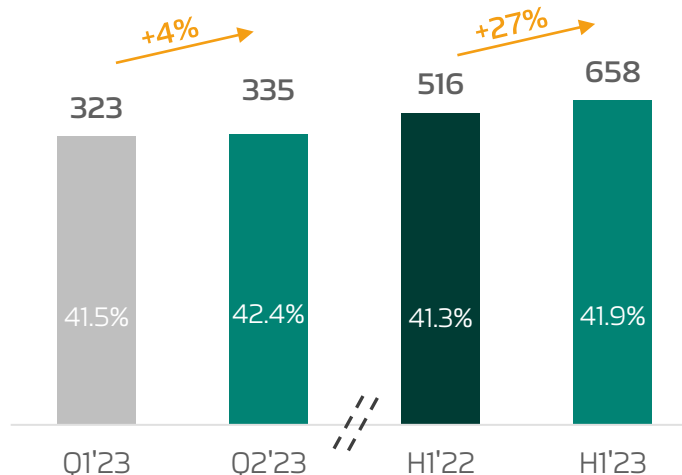
Financial Performance

Improved Revenue with 100% EBITDA Flow Through

Revenue (SAR M)



EBITDA (SAR M & % Revenue)



Commentary

QoQ Revenue in line with similar rig activity and day rates

- Same rig count & status as Q1'23

H1'23 Revenue +25% increase on higher rig activity and improved day rates

Improved EBITDA, up +90 bps

- Mainly due to better operational performance

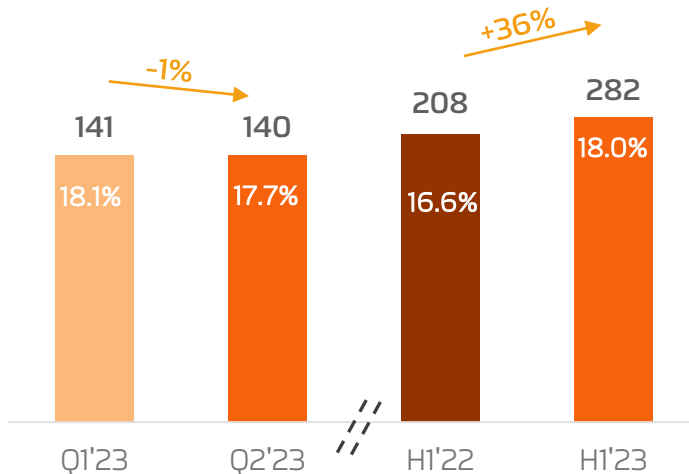
Slight Net Income decrease of 1%

- Increased SAIBOR rate and lower ST deposits
- Increased depreciation on higher Capex

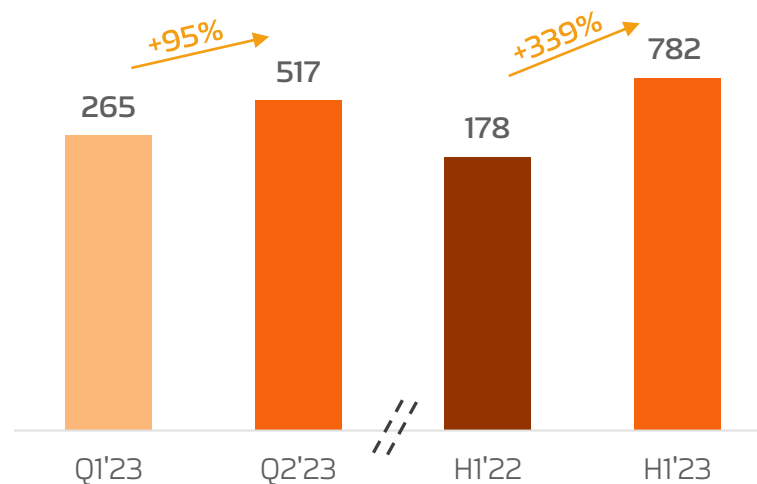
Capex acceleration in Q2'23

- Completion of the 3 Jackups shipyard activities
- Completion of our MPSV 5-year recertification shipyard (AD20)

Net Income (SAR M & % Revenue)

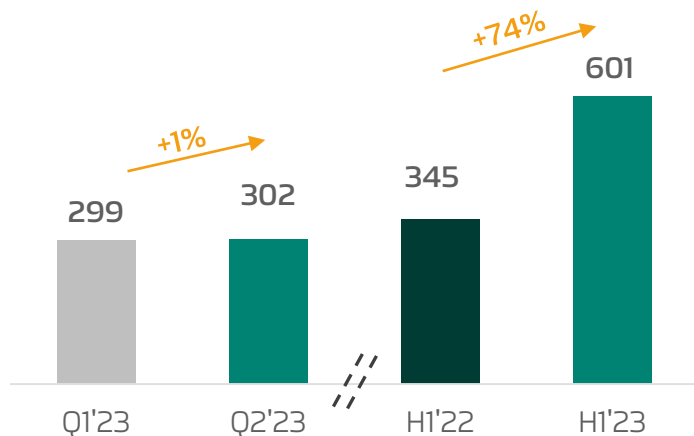


CAPEX (SAR M)

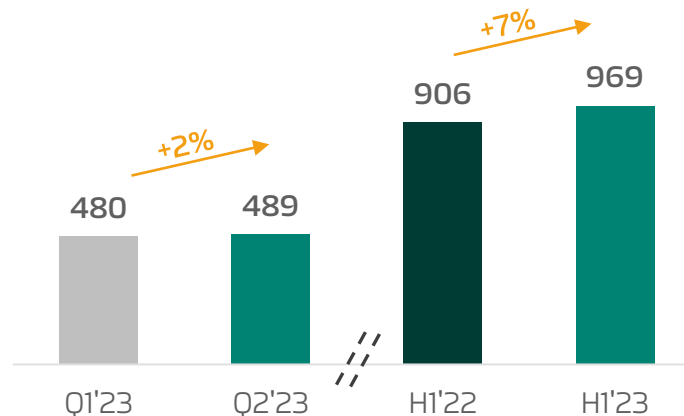


Land Segment Rebounding as Expected

Revenue – Offshore (SAR M)



Revenue – Land (SAR M)



Commentary

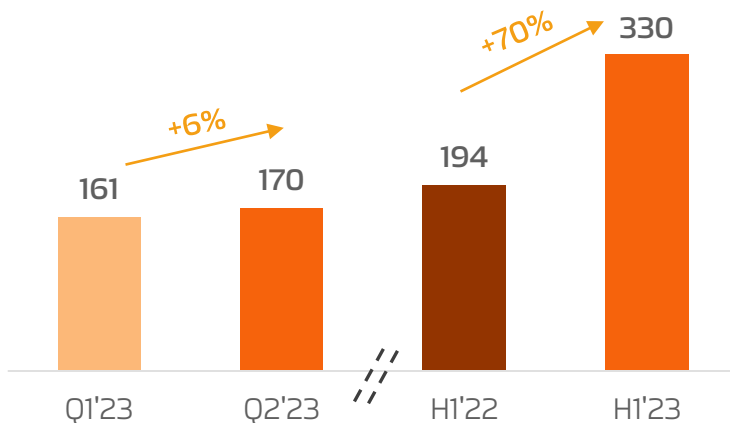
Offshore Segment:

- QoQ flat revenue reflecting a 100% utilization rate and no significant change in rig status or day rate
- Q2'23 Cost of Revenue increase mainly due to one-off start-up cost for 3 JUs

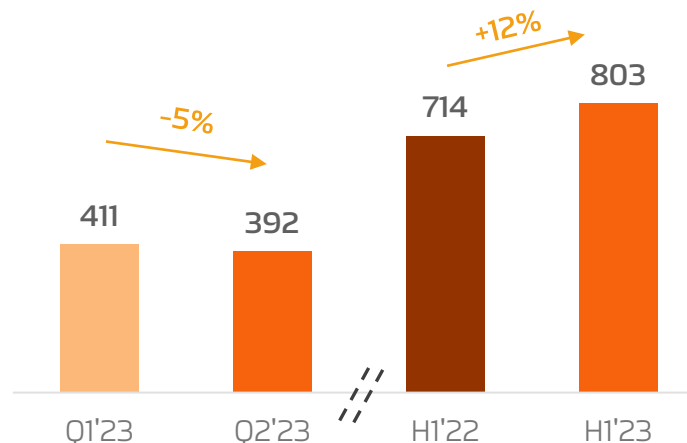
Land Segment:

- Q2'23 Revenue is up due less maintenance days incurred compared to Q1'23
- Q2'23 Cost of Revenue has improved on fewer maintenance activities and improved rig move efficiency
- H1'23 Gross Profit impacted by retention plan cost and high maintenance activities

Cost of Revenue – Offshore (SAR M)



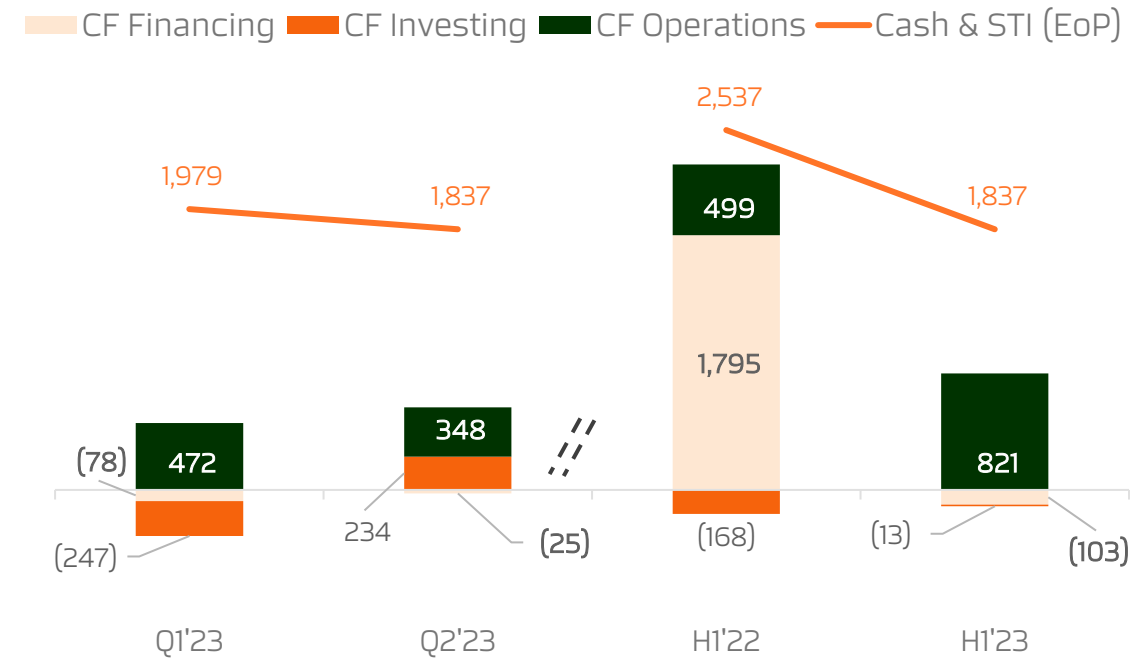
Cost of Revenue – Land (SAR M)



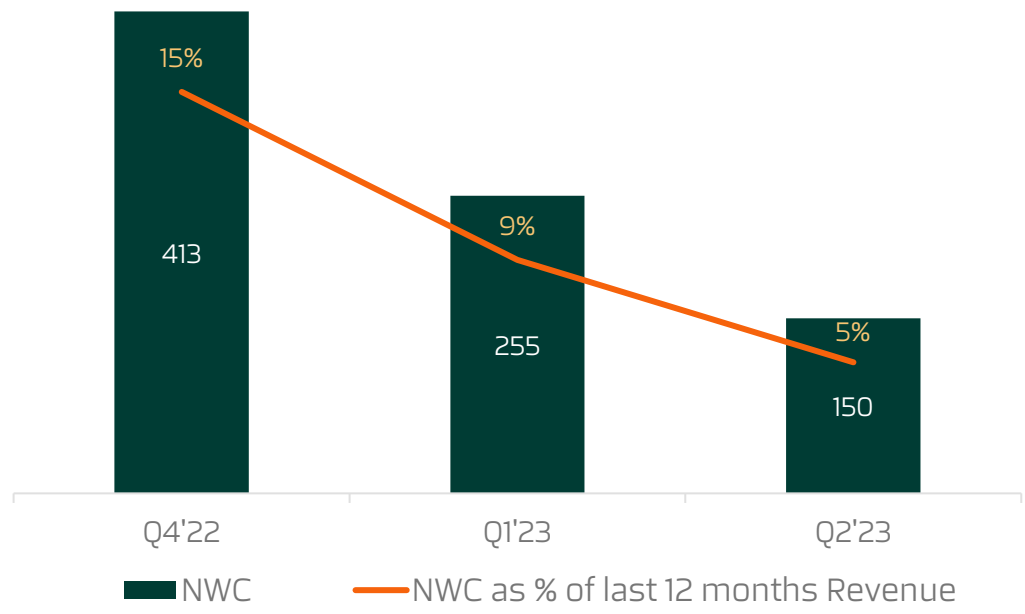


Normalized CFO Stable...Accelerated Capex

Quarterly Cash Flow, EoP Cash & STI Balance (SAR M)



Net Working Capital (SAR M & in % of Revenue)



Commentary

- Q1'23 CFO includes collecting Mobilization Fee for 2 JUs
- Q2'23 CFI includes 517M Capex (Incl. 20M capitalized interest) less 700M redemption on ST deposits
- H1'22 CFF includes 2B Sukuk issued in Feb'22

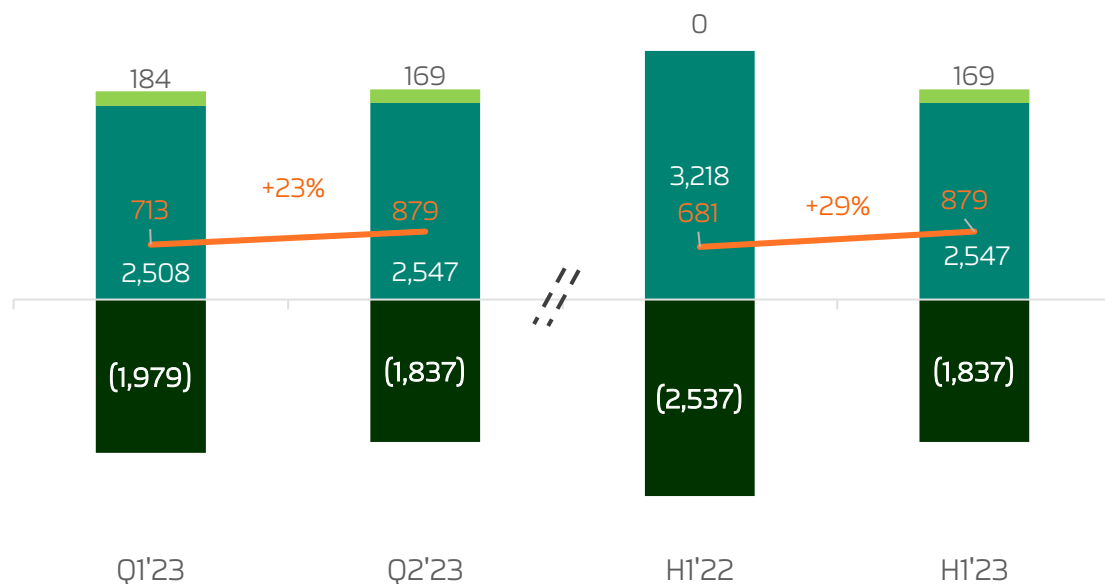
Commentary

- Q2'23 Net Working Capital improved mainly due to favorable changes in Trade Payables
- Q2'23 DSO averaging 68 days, stable
- Higher revenue base in the trailing 12M

Growth Proof Balance Sheet

Net Debt (SAR M)

■ Borrowings ■ Lease Liabilities ■ Cash & STI — Net Debt

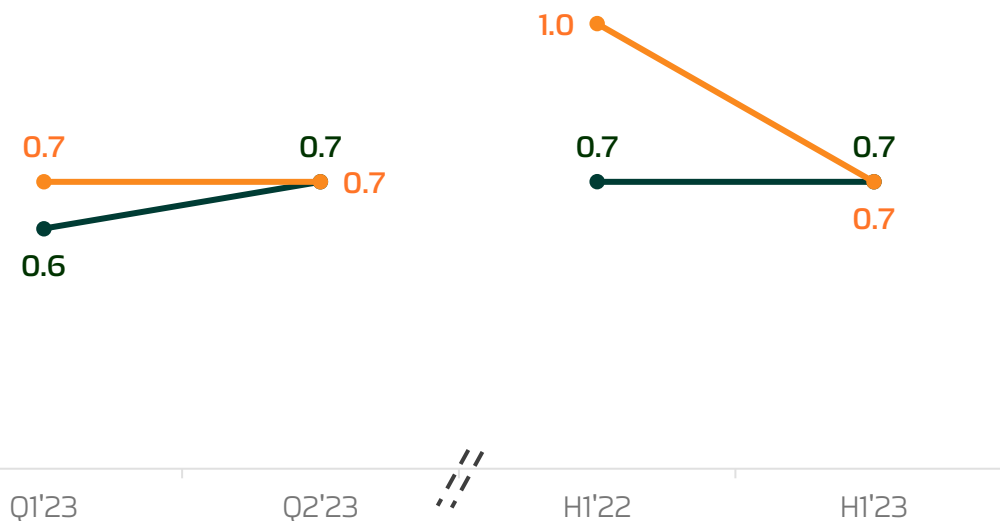


Commentary

- QoQ Borrowings: no change in principal amount
- H1'23 Vs. H1'22 Borrowing: 1.2B of bank loans redemption and new 500M credit line drawn in Q4'23
- Cash & STI: Q2'23 includes 900M ST deposits
- Net Debt increased by 23%, mainly due to Cash & STI

Leverage Ratios

● Net Debt / EBITDA ● Total Liabilities / Equity



Commentary

- Net Debt / EBITDA at 0.7x, increase by 10bps
- Total Liabilities / Equity of 0.7x, stable



Forward-Looking Guidance

Forward-Looking Guidance

Revenue



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

CAPEX



FY'23 Capital Expenditure is expected to increase following Unconventional Gas 10-rig award. The Company's latest estimate is now revised to **SAR 2.2 billion to 2.4 billion**.

Dividend



The Company intends to distribute in Q4 a dividend of **SAR 2.53 per Share** for H1'23, subject to Shareholders' approval

Thank You Q&A Session

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Glossary

Glossary	Description
Backlog	Future contracted revenue yet to be recognized.
Book-to-Bill Ratio	Calculated as Backlog divided by LTM Revenue
c.	Circa / approximately
CFF	Net cash generated from Financing activity
CFI	Net cash used in Investing activity
CFO	Net Cash generated from Operating activities.
DSO	Days Sales Outstanding measures how many days it takes for a Company to collect payment for its invoices.
EBITDA	Earnings before interest, Tax, Depreciation, and Amortization.
EoP	End of Period
ERM	Enterprise Risk Management
GHG	Green House Gases
HSE	Health, Safety and Environment
IFRS	International Financial Reporting Standards
JUs	Jackups (a type of offshore drilling rig)
LTIF Rate	The total number of lost time injuries per one million man-hours worked.
LTM	Last twelve months
MPSV	Multi Purpose Service Vessel
Net Debt	Total debt including borrowings and lease liabilities less cash and cash equivalent.
Non-Productive time (NPT)	Non-operational time (downtime) due to machinery breakdown, major overhauling, incident etc.
NWC	Net Working Capital
Rig efficiency index (REI)	KPI used by Saudi Aramco and includes Safety Performance, IKTVA Local Content, Drilling Performance, and Non-Productive Time (NPT).
Rig Move Days Saved	Time saved during rig move in comparison with Saudi Aramco KPI.
Rig Reactivation	Putting back to work a stacked rig.
Stacked Rig	A rig that has been demobilized and is not generating revenue.
STI	Short Term Investment
TRIF Rate	Total number of Recordable injuries per one million man-hours worked.
Utilization Rate	Ratio of active rigs Vs. total available fleet.