



Q4 & FY 2023
EARNINGS CALL
19 March 2024

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THE PRESENTING TEAM



“

We delivered significant wins in 2023 including the completion of the offshore fleet expansion and the strategic positioning in Unconventional Gas

”

Ghassan Mirdad
Chief Executive Officer



“

The deployment of our three jackups in the summer of 2023, combined with an improved service delivery performance in Q4'23, has accelerated our ability to generate profit and cash

”

Hubert Lafeuille
Chief Financial Officer



AGENDA

1. 2023 Year in Review
2. Q4'23 Highlights
3. Business & Operations
4. Financial Performance
5. Closing Remarks
6. Q&A Session

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2023 Year in Review

Arabian Drilling

Q4 & FY 2023 Earnings Call

2023 YEAR IN REVIEW

Dec'23 – Geothermal Drilling

AD completed the mobilization of one of its land rig to start **new drilling activity for geothermal wells**. The associated rig move was in excess of 2,000 km.

Nov'23 – 1st Dividend Payout Post IPO

AD returned to its Shareholders **SAR 225 million worth of dividends** (SAR 2.53/share). This was the first dividend distribution post listing.

Aug'23 – 3 to 10 Year Rig Extensions

AD secured **multi-rigs and multi-year contract extensions** with Aramco. Two rigs were awarded a 10-year contract. Associated firm contract backlog is estimated approx. SAR 3 billion. **AD posted record high backlog** in its Q3'23 filings.



Feb'23 – Best IPO / Bond Awards

AD received the **Best IPO Award** from Tadawul and the **Deal of the Year Awards** for Local Market IPO and Local Currency Corporate Bond from Capital Markets & ESG Finance Saudi Arabia.

Jun'23 – Jackups Shipyard Completion

AD successfully **completed shipyard for 3 offshore rigs** (AD130, AD140, and AD150) safely and on time to start their 5-year Saudi Aramco contract.

Jul'23 – Breaking into Unconventional

AD secured **10 new contract award out of 13 rig tender for Aramco's Unconventional Gas Program** in Saudi to secure domestic demand and transition to greener energy mix. Associated firm contract backlog is estimated SAR 3 billion.

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Q4'23 Highlights

Q4'23 AT A GLANCE

Operational Highlights

- Utilization Rate **96%**
- Quarterly Non-Productive Time **0.97%**
- 36-month rolling REI **93.5%**
- Total **47 Rig** Moves, with **1.6 days saved** per rig move (average)

HSE & Sustainability

- **TRIF** of **0.94**, 3x lower than industry average
- Aramco Award for **HSE Rig Of The Year**
- Corporate **Sustainability Framework** issued

Financials (SAR) – (%) Q4 vs. Q3

- Q4'23 Revenue **987M**, +7%
- EBITDA **435M**, +11%
- Net Income **183M**, +31%
- CF from Operating Activities **441M**, +350%
- Net Debt/EBITDA **1.2x**

Growth Strategy Execution

- **Backlog** of SAR **11.9B**, 3.4x Book-to-Bill ratio
- **3 new rig award** in Unconventional Gas
- **Kuwait Pre-Qualification** successfully completed

**35****ONSHORE
ACTIVE RIGS****12****OFFSHORE
ACTIVE RIGS****96%****UTILIZATION
RATE****>93%****RIG EFFICIENCY
INDEX (REI)****1.6****DAYS SAVED
PER RIG MOVE**



Business & Operations

TOTAL 13 RIGS AWARDED in Unconventional Gas

RECENT DEVELOPMENTS

Contract Awards & Extensions

- Contract Award for 3 New Unconventional Gas Land Rig (Q1'24)
- Added SAR 100M firm backlog in Q4'23 with Al Khafji Joint Operations ('KJO')

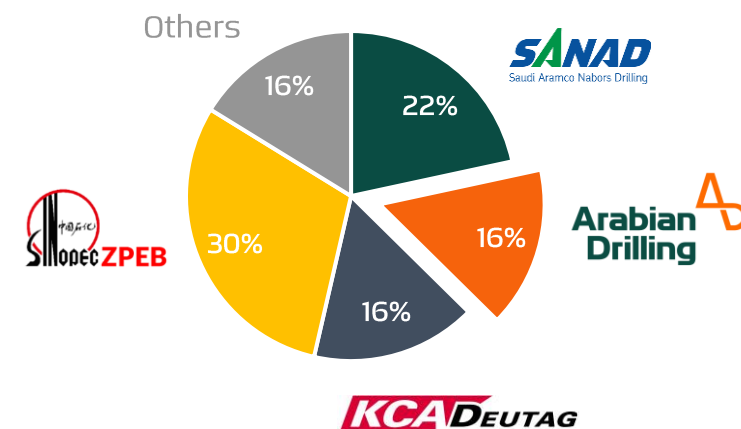
Rig Startups

- AD29 started new contract in Q1'24
- Focus on delivery and rig up of the 10 Unconventional Rigs
- Award of construction of the latest 3 new rigs finalized

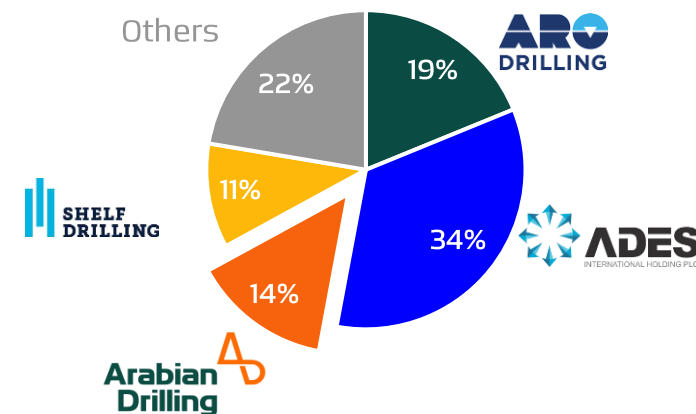
Market Outlook

- Impact of directive to maintain MSC at 12Mbpd still unclear
- Unconventional Gas driving KSA growth, as predicted
- Kuwait Pre Qualification opens door for regional expansion

Market Share Land – EoP Q4'23

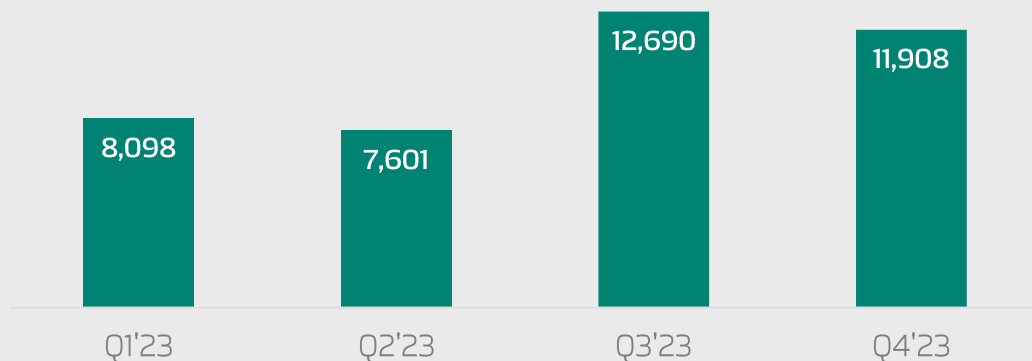


Market Share Offshore – EoP Q4'23



ALL RIGS ROLLING OFF IN 2023 Have Been Extended

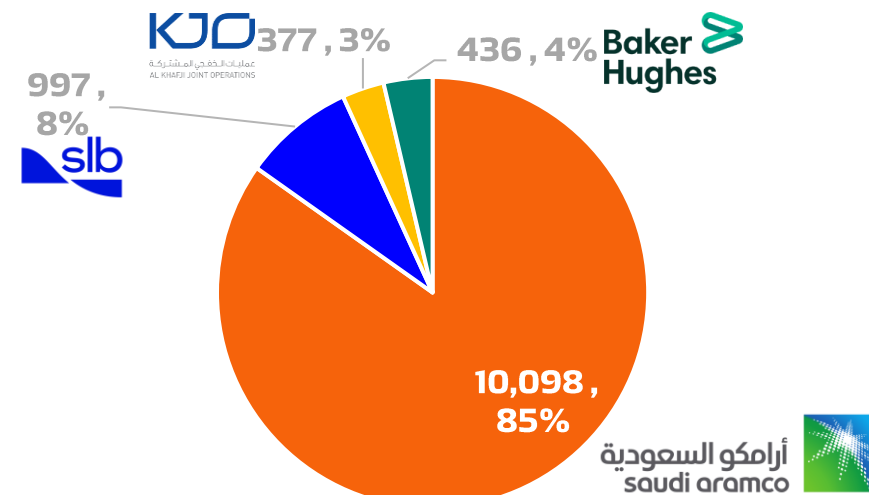
Backlog (SAR Ms)



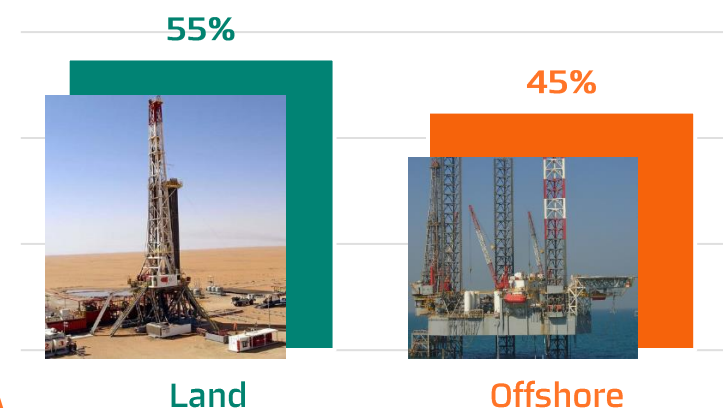
Rig Rolling Off Contracts



Backlog by Customer – EoP Q4'23 (SAR M and %)

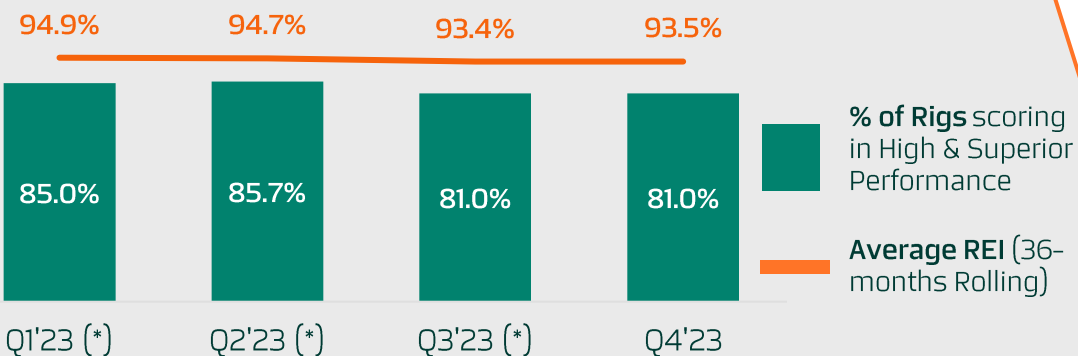


Backlog by Segment – EoP Q4'23 (%)

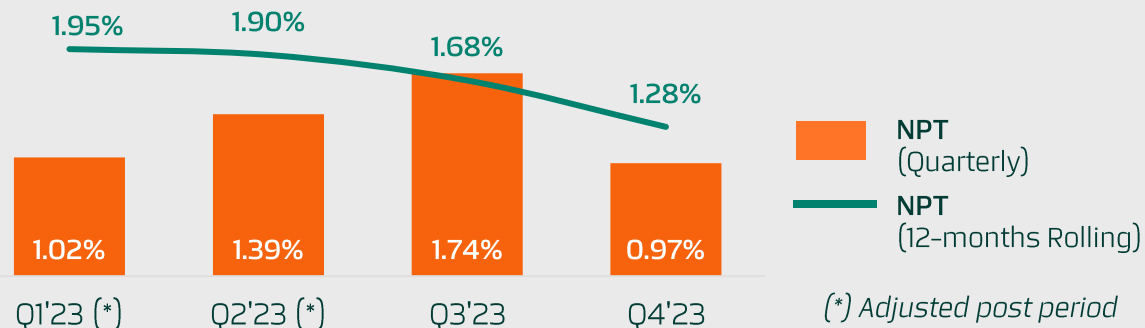


Q4'23 IMPROVED Efficiencies

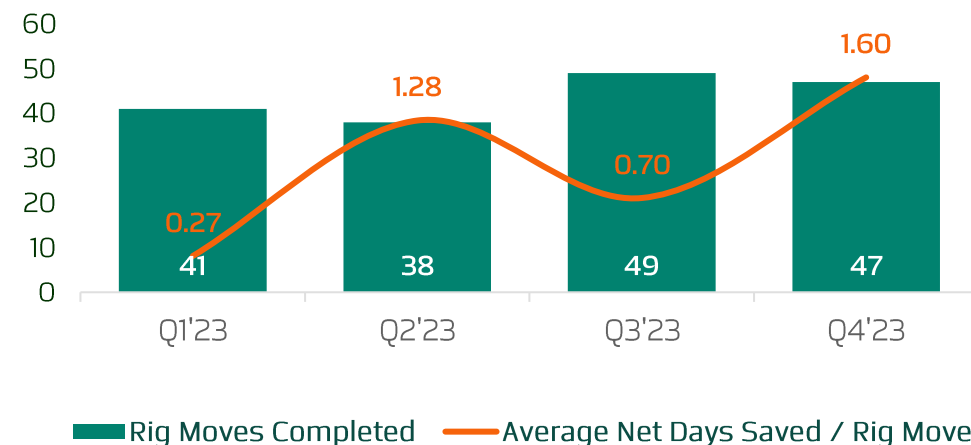
Aramco Rig Efficiency Index ('REI')



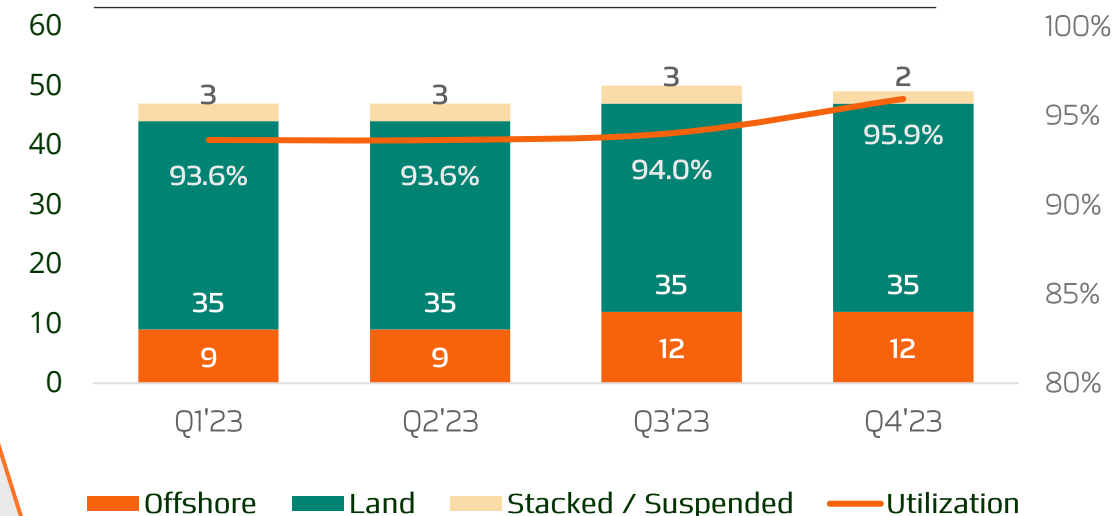
Non-Productive Time ('NPT')



Number of Rig Move & Days Saved Vs. ARAMCO KPI



Rig Activity & Utilization Rate (%) – EoP





Financial Performance

Q4'23 FINANCIAL Highlights



987M

REVENUE
(+7% QoQ)



435M

EBITDA
(44% Margin)



535M

CAPEX



(93)M

FREE CASH FLOW (*)



10.1%

ROE ()**



1,754M

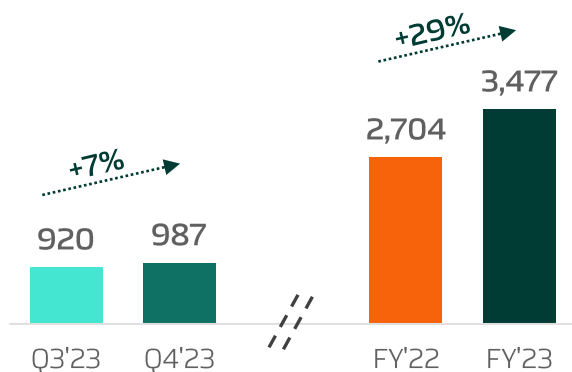
NET DEBT
(1.2x Leverage)

(*): Free Cash Flow calculated as Cash Flow from Operations less CAPEX
(**): ROE calculated as Net Income divided by Equity

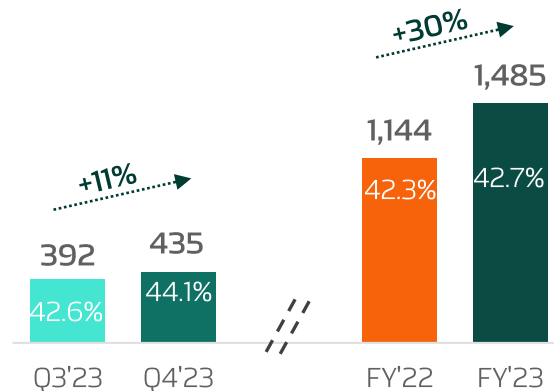


ACCELERATED RETURNS

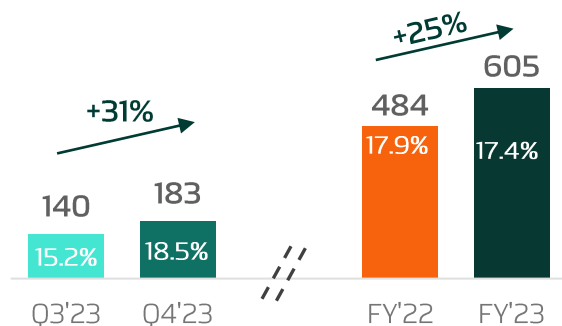
Revenue (SAR M)



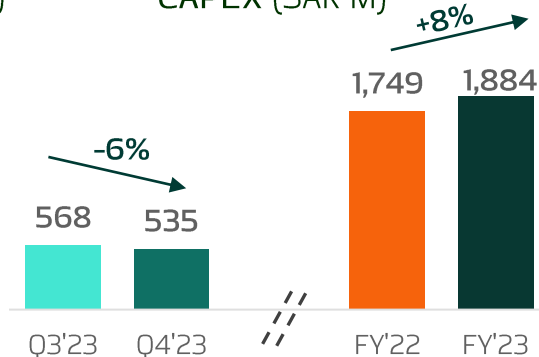
EBITDA (SAR M & % Revenue)



Adjusted Net Income (SAR M & % Revenue)



CAPEX (SAR M)



Commentary – QoQ

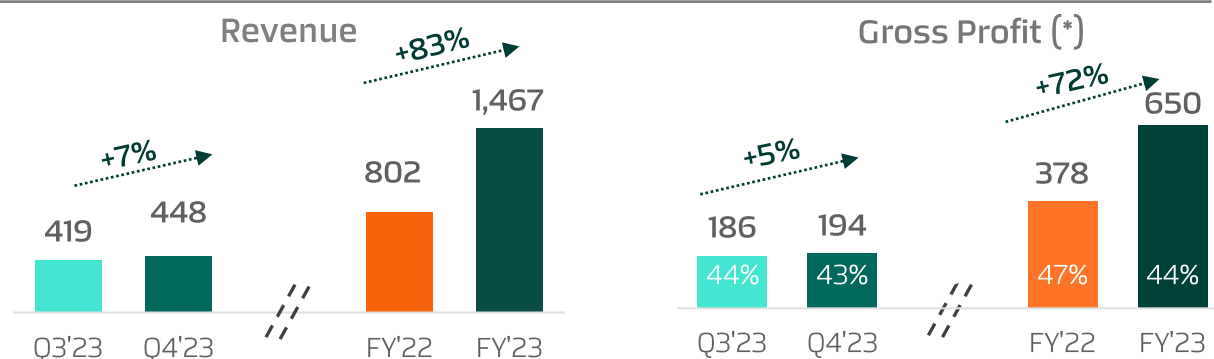
- **Revenue +7%:** full quarterly impact 3 new Jackups
- **EBITDA +11%:** improved operational performance (NPT, rig moves)
- **Net Income +31%:** strong EBITDA and accelerated Flow Through
- **CAPEX -6%:** c. 50% of the spending related to 10 new Unconventional Rigs

Commentary – YoY

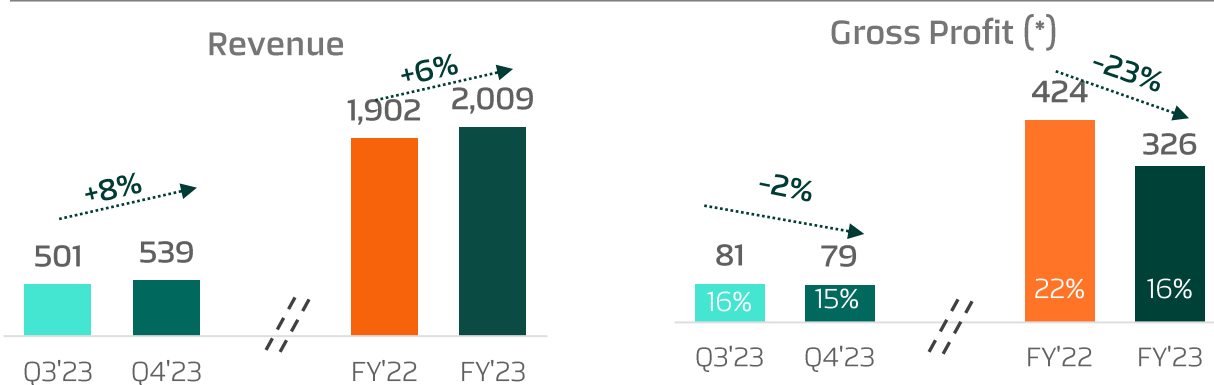
- **Revenue +29%:** higher rig activity (+5 jackups and 2 Land rigs, net)
- **EBITDA +30%:** 5 additional jackups, partially offset by start up cost and additional compensation cost
- **Adjusted Net Income +25%:** FY'22 Net Income adjusted for one-time tax effect of change in shareholding of SAR 73.8M
- **CAPEX +8%:** includes approx. SAR 1.2B of fleet expansion

OFFSHORE GAINING from +70% Fleet Expansion

OFFSHORE Segment (SAR M and % of Revenue)



LAND Segment (SAR M and % of Revenue)



Commentary

Offshore Segment

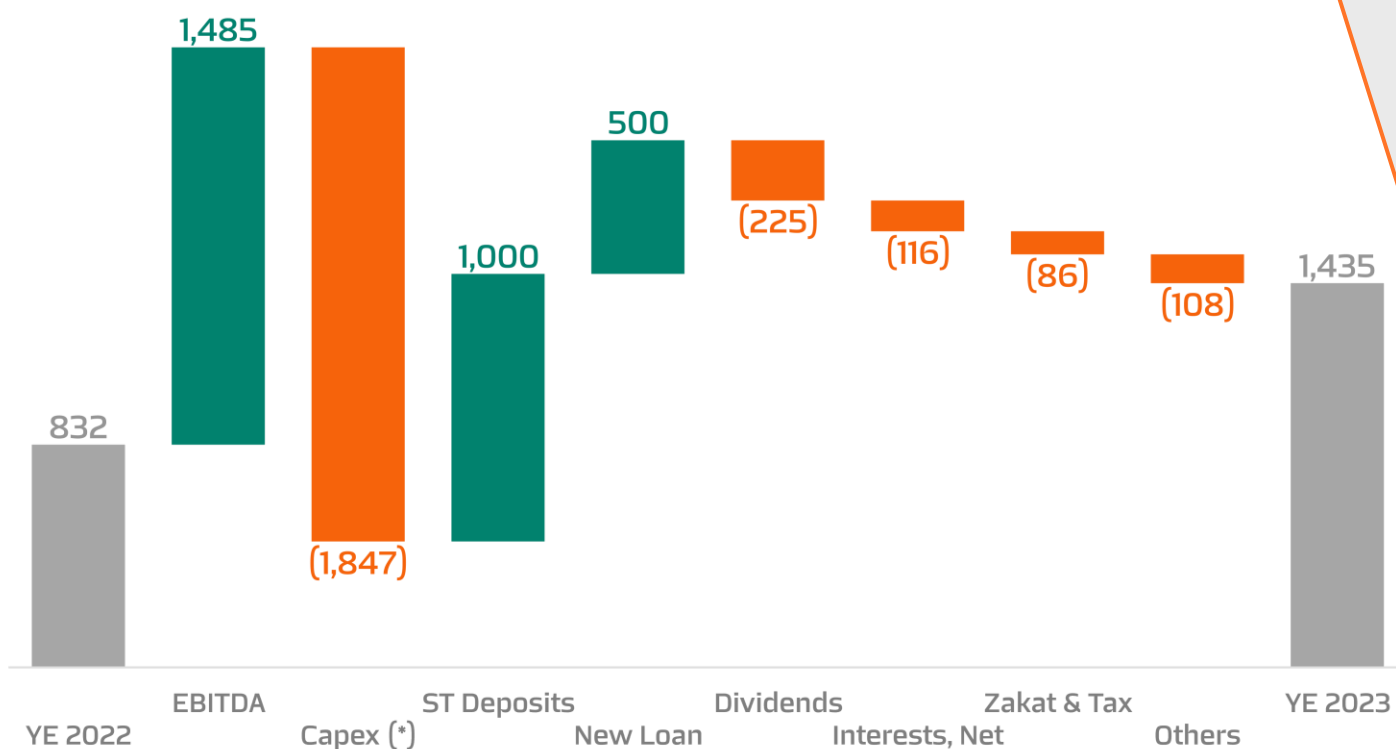
- Q4'23 Revenue includes full quarter impact (3 Jackups)
- FY'23 Revenue includes 5 new offshore rigs
- FY'23 Gross Profit impacted by start-up cost of 3 jackups, and higher compensation and employees related costs

Land Segment:

- Q4'23 Revenue includes higher rig move activity
- FY'23 Revenue includes additional rig activity (Net +2 active rigs)
- FY'23 Gross Profit impacted by start-up cost of 10 Unconventional rigs as well as higher compensation and employees related costs

CASH FLOW BRIDGE

YE'22 to YE'23 (SAR Ms)



Commentary

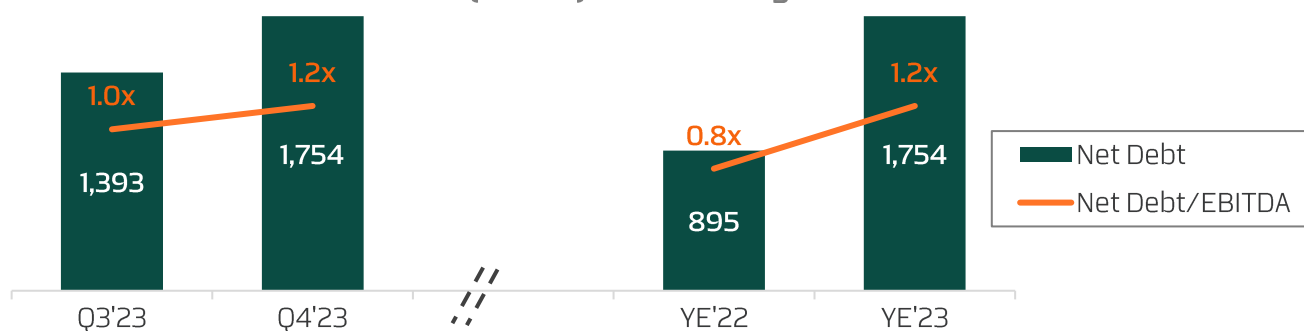
Key Drivers

- **Capex** includes SAR 1.2B of Fleet Expansion
- **ST Deposits** maturing, excess cash reinvested < 3 months
- **New Loan** drawn down to support fleet expansion
- **Cash Dividends** of SAR 2.53/share paid in Nov 2023
- **Others**, includes NWC, Lease, etc.

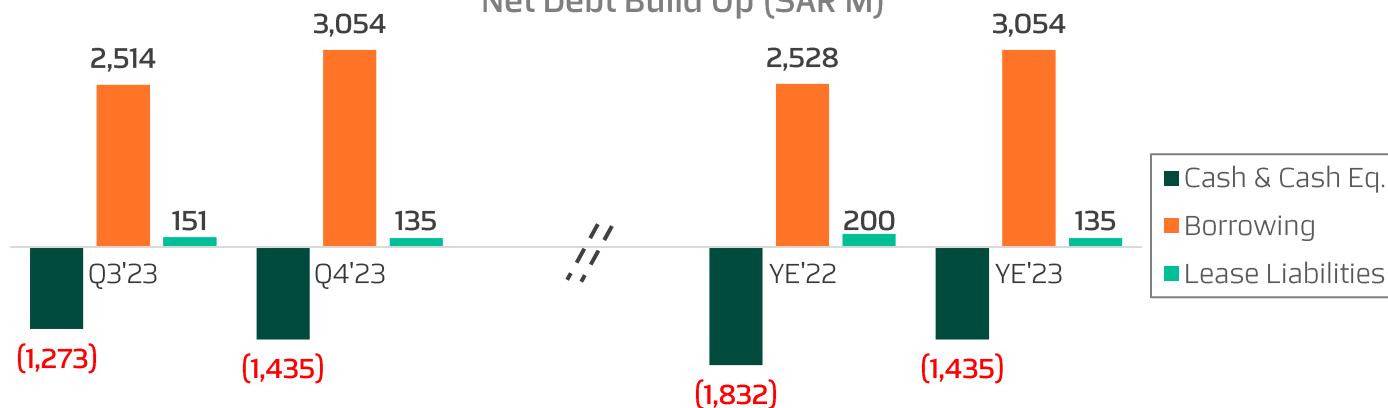
(*) CAPEX does not includes SAR 37M of capitalized interest

NET DEBT INCREASING in Growth Capex Cycle

Net Debt (SAR M) and Leverage Ratio



Net Debt Build Up (SAR M)



Commentary

Leverage Ratio of 1.2x

- Remains very moderately leveraged
- Expected to further increase with latest rig awards
- Current Cycle to Peak in 2024

Total Gross Debt of SAR 3 billion

- SAR 2 billion Sukuk – bullet payment in Feb 2027
- 2 Bank Loans SAR 500 M each
- SAR 100M principal loan repayment in 2024
- Cash invested in ST Deposits to offset debt cost

FORWARD-LOOKING Guidance

Revenue



FY'24 Revenue expected to be in the range of **SAR 3.6 B to SAR 3.9 B.**

CAPEX



FY'24 Capex expected to be in the range of **SAR 2.1 B to SAR 2.4 B.**

Dividend



Future dividends based on cash management requirements to support long term growth





Closing Remarks

A photograph of a male worker in a green uniform and white hard hat, focused on operating a large piece of industrial machinery. The background shows a warehouse-like setting with shelves. An orange diagonal line runs across the image from the top left to the bottom right.

CLOSING REMARKS

1. Continuous Revenue Growth
2. Peak of Current Investment Cycle
3. Focus on Unconventional Start Up
4. Offshore Change Mitigation Plans
5. Evolving Segmental Mix

Thank You

Q&A Session

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GLOSSARY

Glossary	Description
Active Rig Month	Annual number of months where rigs generate revenue
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 days from revenue recognition to Customers collections
EBITDA	Earnings before interest, Tax, Depreciation, and Amortization.
EoP	End of Period
GHG	Green House Gases
Free Cash Flow	Net Cash Generated from Operating Activities less Capex
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.

Glossary	Description
LITF	
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.