



Q1 2024
EARNINGS CALL
14 May 2024

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THE PRESENTING TEAM



“
...I am very pleased to announce that we have just started drilling operations with our first Unconventional Rig, ahead of schedule...



Ghassan Mirdad
Chief Executive Officer



“
We had a strong start to the year and posted solid revenue growth with consistent profitability levels...

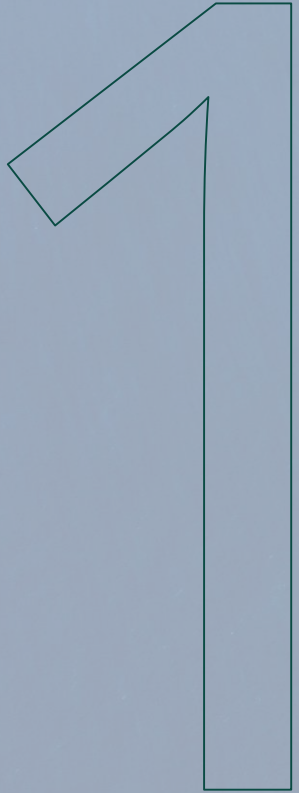


Hubert Lafeuille
Chief Financial Officer



AGENDA

1. Q1'24 Highlights
2. Business & Operations
3. Financial Performance
4. Closing Remarks
5. Q&A Session



Q1'24 Highlights

STRONG START

Operational Highlights

- Utilization Rate **96%**
- Quarterly Non-Productive Time ('NPT') **0.81%**
- 36-month rolling REI **94%**
- Total **43 Rig Moves**, with **1.3 days saved** per rig move (average)

HSE & Sustainability

- Improved TRIF of **0.90**
- Award for **HSE Offshore Rig of the Year**
- **2023 Sustainability Report** finalized

Financial Highlights (SAR) – (%) vs. Q1'23

- Revenue **967M, +24%**
- EBITDA **405M, +25%**
- Net Income **146M, +3%**
- CF from Operating Activities **256M, -46%**
- Net Debt **1,850M, +159%**

Growth Strategy Execution

- First Unconventional Rig just started drilling operations **ahead of schedule**



96%

UTILIZATION RATE



0.81%

NPT



+24%

REVENUE GROWTH



94%

RIE



1.3

DAYS SAVED PER RIG MOVE





Business & Operations

UNCONVENTIONAL RIGS Ahead of Schedule Start

RECENT DEVELOPMENTS

Land Activity Status

- First Unconventional Rigs started last week, startup activities progressing well
- One idle Land Rig started new contract with KJO, offset by another Land Rig, finishing its LSTK contract, expected to be reassigned shortly

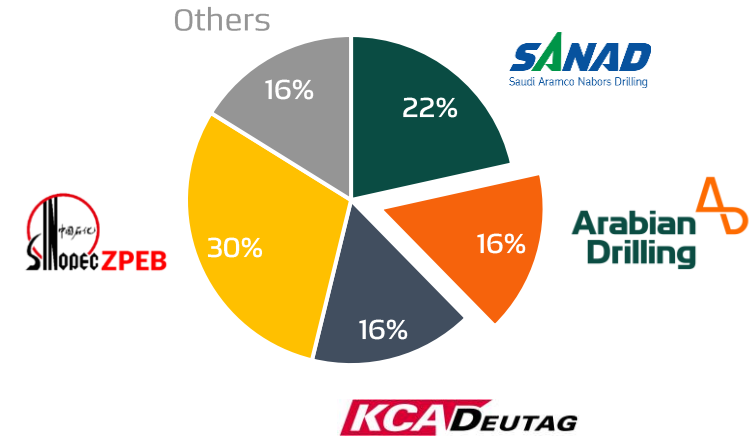
Offshore Activity Status

- All Offshore rigs were operational throughout Q1'24
- Finalizing the suspension terms of the three offshore rigs

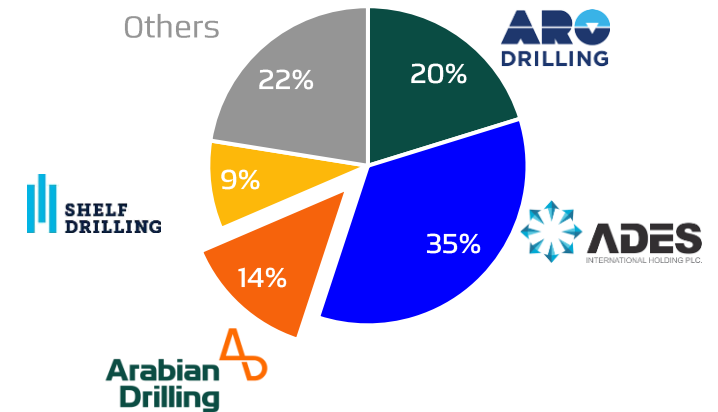
Market Outlook

- Significant discoveries confirmed in Jafurah
- Expected continuous growth in Gas Land Segment, both conventional and unconventional

Market Share Land – EoP Q1'24

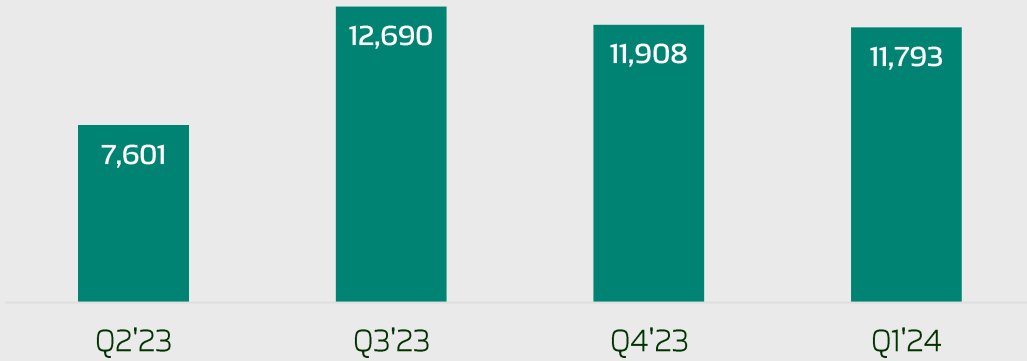


Market Share Offshore – EoP Q1'24

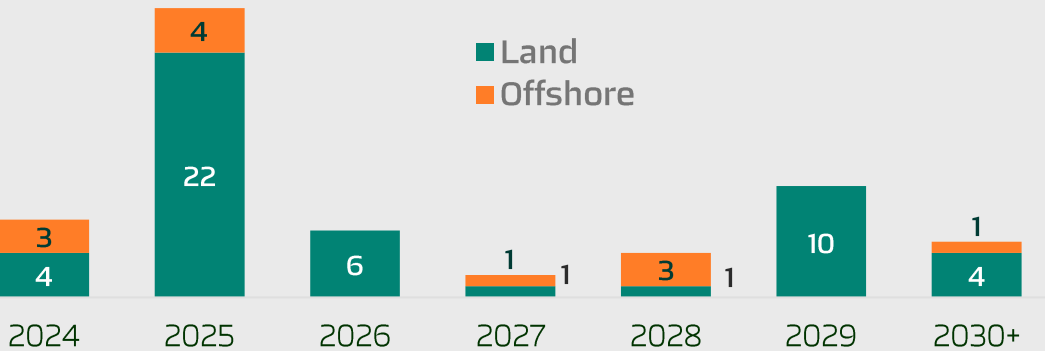


STABLE BACKLOG WITH 3 New Unconventional Contracts

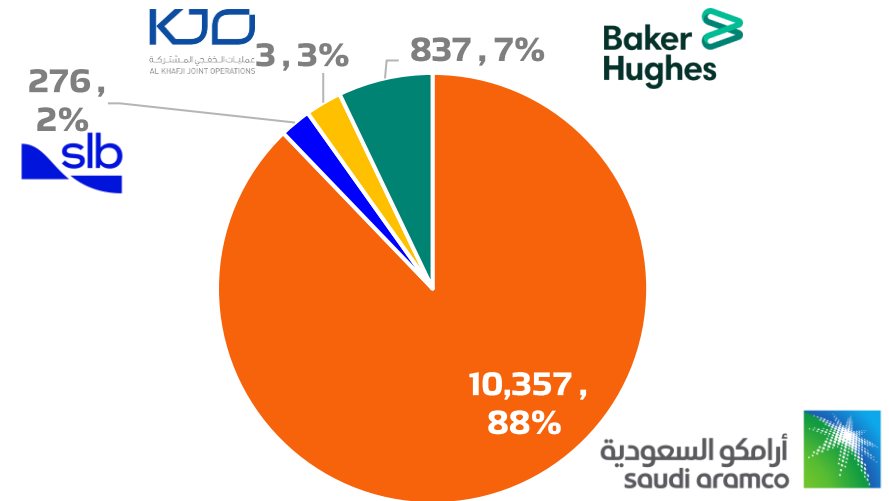
Backlog (SAR Ms)



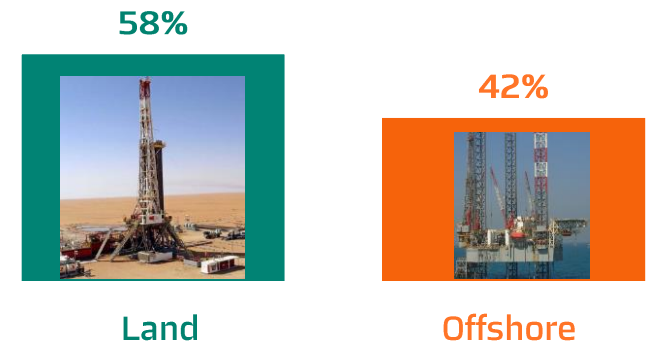
Rigs Rolling Off Contracts



Backlog by Customer – EoP Q1'24 (SAR M and %)

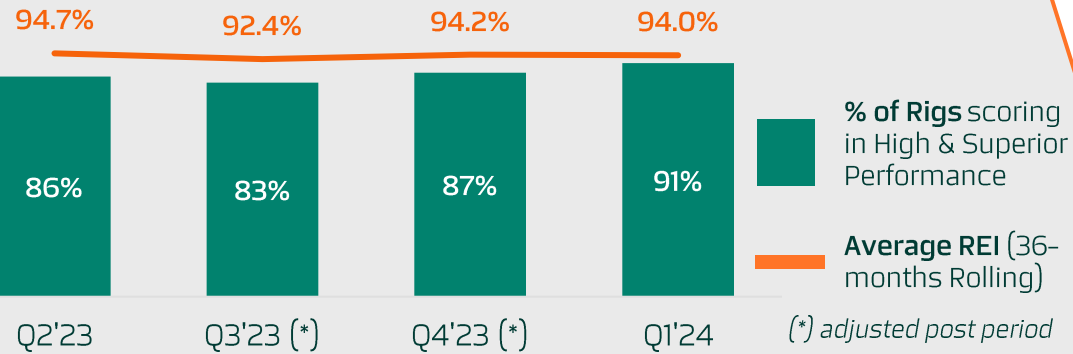


Backlog by Segment – EoP Q1'24 (%)

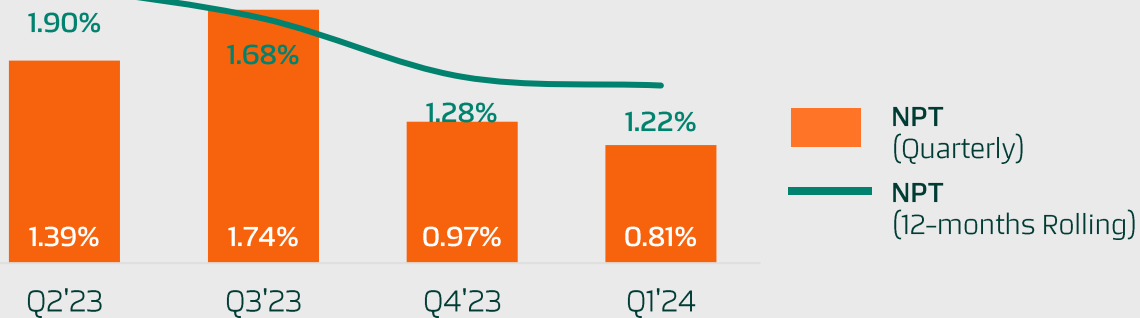


LOWEST NPT In the Last Four Quarters

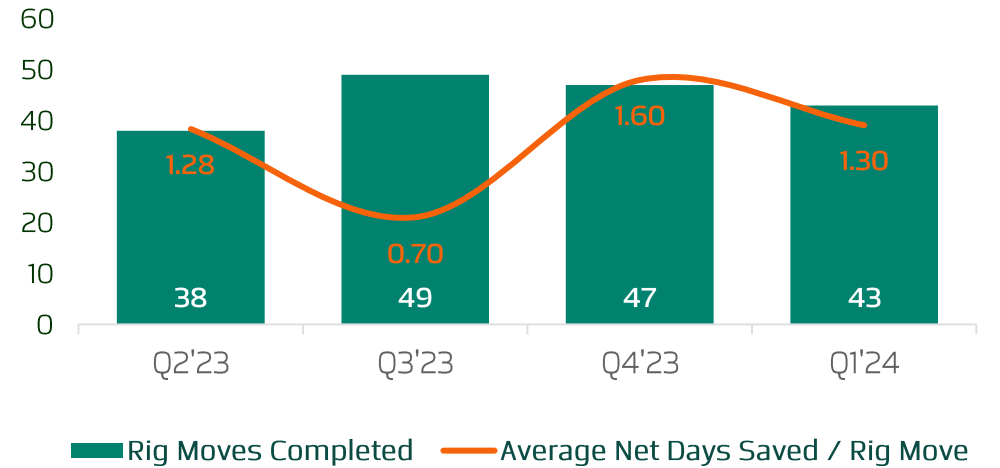
Aramco Rig Efficiency Index ('REI')



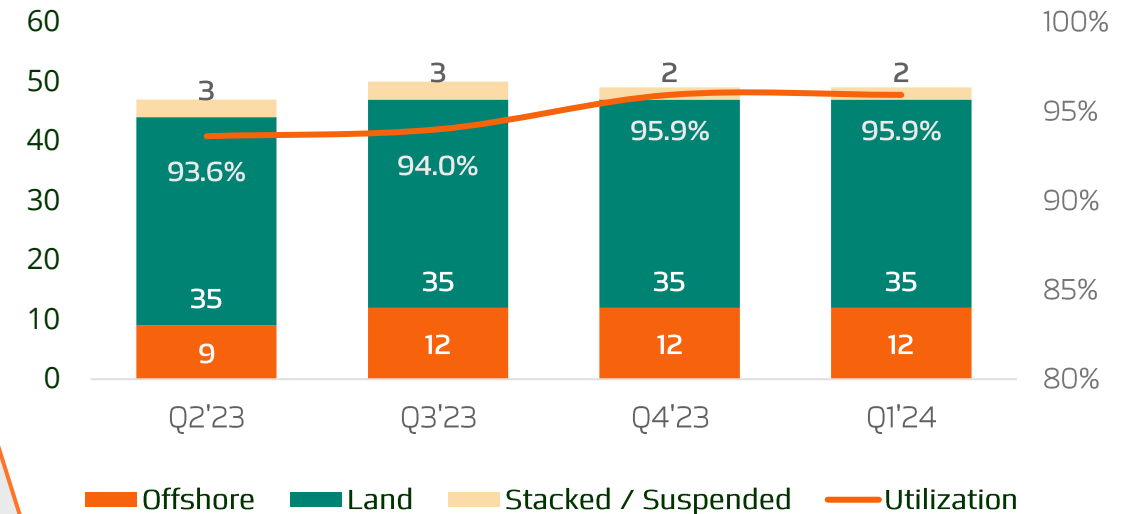
Non-Productive Time ('NPT')



Number of Rig Moves & Days Saved



Rig Count & Utilization Rate – EoP





Financial Performance

FINANCIAL HIGHLIGHTS (SAR)



967M

REVENUE
(+24% YoY)



405M

EBITDA
(42% Margin)



306M

CAPEX



(50)M

FREE CASH FLOW (*)



10.0%

ROE (**)



1,850M

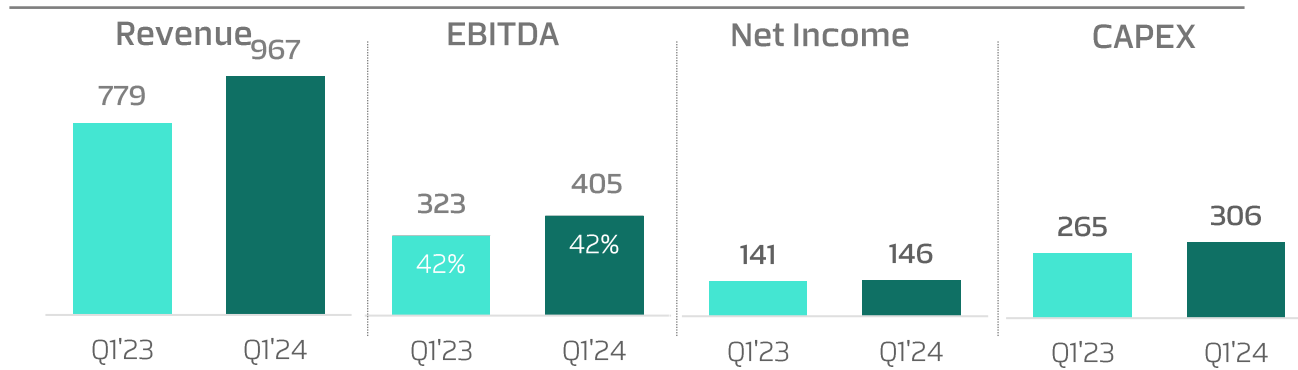
NET DEBT
(1.2x Leverage)



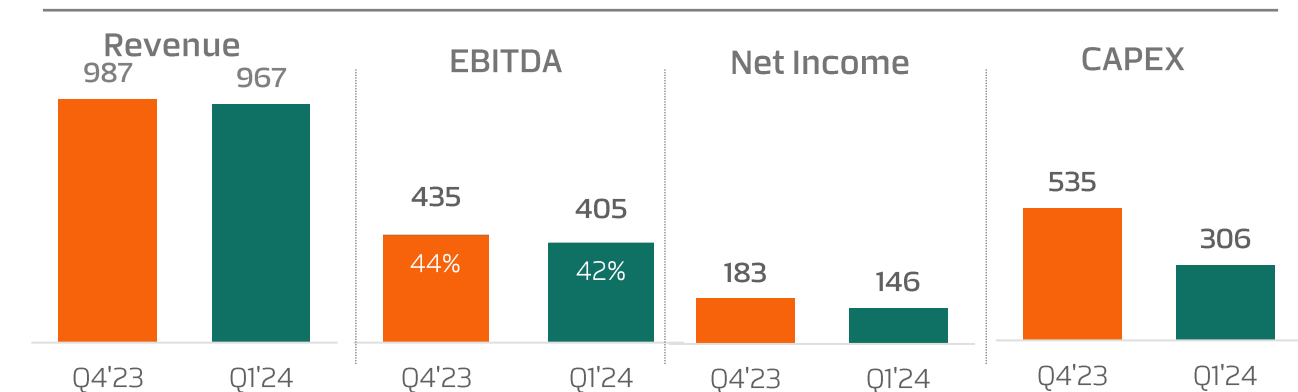
(*): Free Cash Flow calculated as Cash Flow from Operations less CAPEX
(**): ROE calculated as LTM Net Income divided by Equity

STRONG START Of The Year

YoY (Q1'24 Vs. Q1'23) – SAR M



QoQ (Q1'24 Vs. Q4'23) – SAR M



Commentary - YoY

- **Revenue +24%:** additional rig activity (3 Jackups)
- **EBITDA +25%:** Revenue increase, partially offset by Unconventional startup cost in Q1'24
- **Net Income +3%:** EBITDA increase, mostly offset by increased interest expenses and additional depreciation cost in Q1'24
- **CAPEX +15%:** c. 2/3rd of Q1'24 Capex relate to Unconventional Rigs

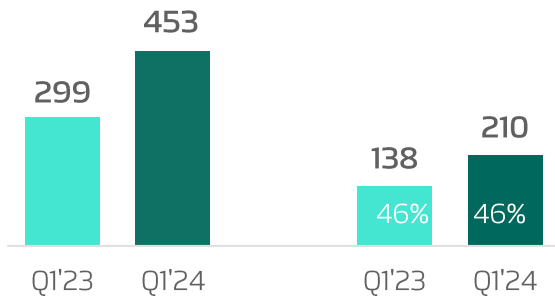
Commentary – QoQ

- **Revenue -2%:** one less operating day in Q1'24 and high rig move activity in Q4'23
- **EBITDA -7%:** additional Unconventional start-up cost incurred in Q1'23 and some one-off upside adjustments recognized in Q4'23
- **Net Income -20%:** increase in Zakat and Income Tax
- **CAPEX -43%:** lower capex on Unconventional in Q1'24 vs. spare equipment and tubulars acquired/upgraded in Q4'23

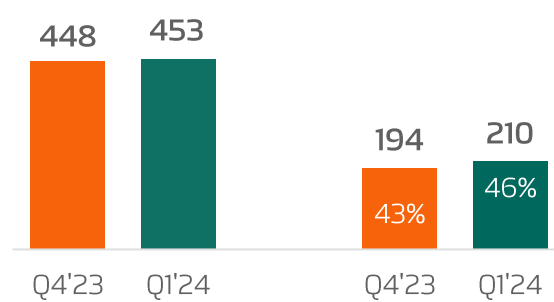
MAINTAINING HIGH FLEET Utilization

OFFSHORE Segment (SAR M and % of Revenue)

YoY - Revenue & Gross Profit

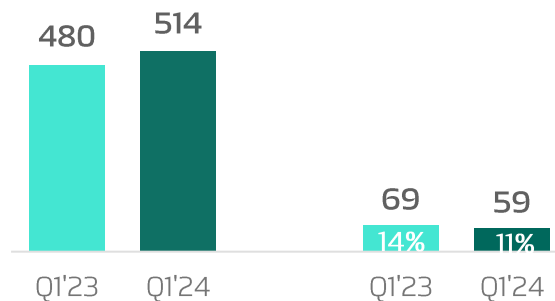


QoQ - Revenue & Gross Profit

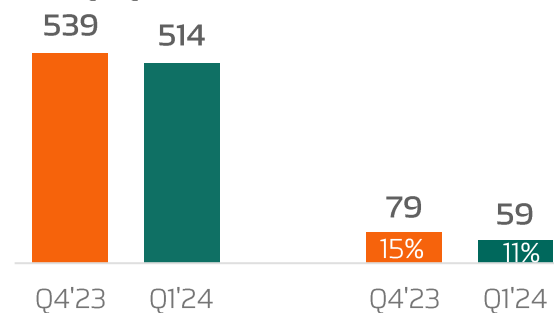


LAND Segment (SAR M and % of Revenue)

YoY - Revenue & Gross Profit



QoQ - Revenue & Gross Profit



Commentary

Offshore Segment:

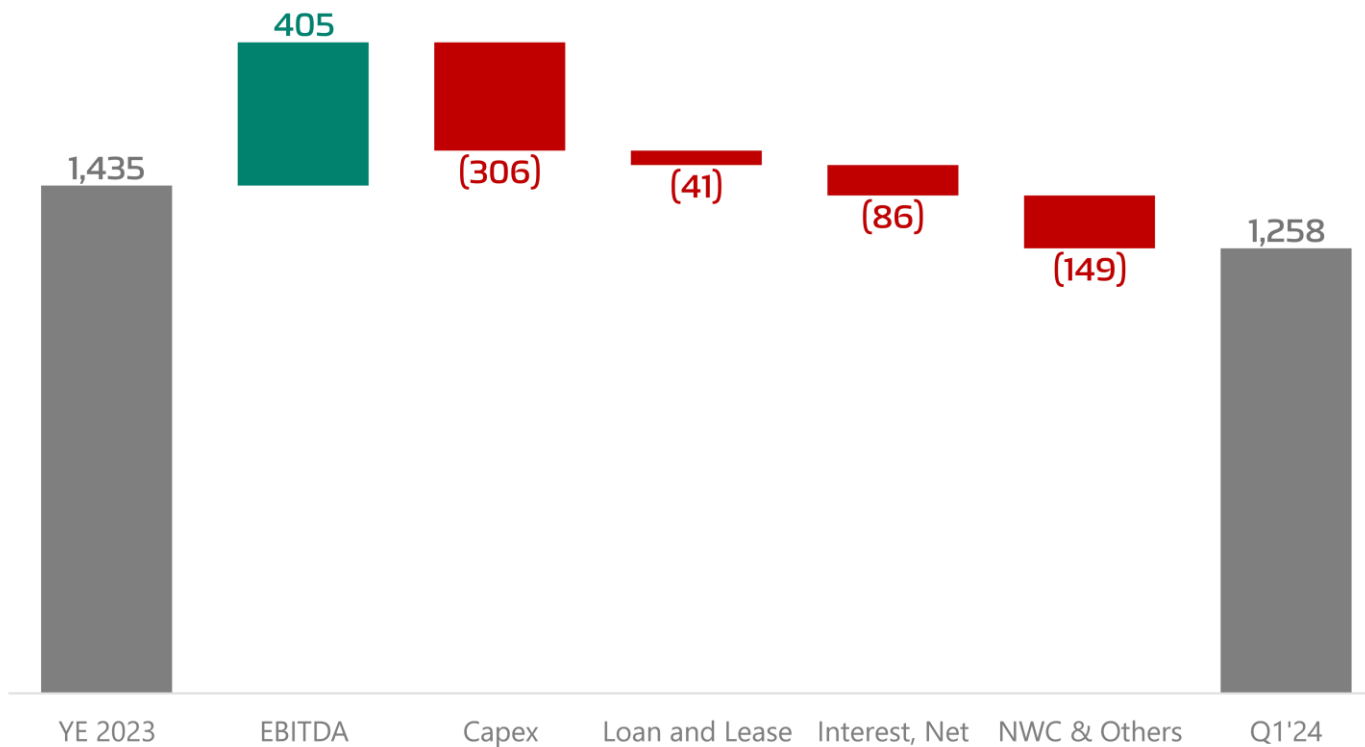
- **YoY:** upside from full quarter impact of three Jackups vs. one rig in shipyard in Q1'23
- **QoQ:** same rig activity with Offshore Fleet utilization rate of 100%, lower compensation cost in Q1'24

Land Segment:

- **YoY:**
 - Revenue: Q1'23 included higher planned maintenance activity and lower rig move performance.
 - Gross Profit: Unconventional startup cost in Q1'24
- **QoQ:** high rig move activity in Q4'23 and additional startup cost for Unconventional in Q1'24

PRESERVING CASH Near Capex Peak

Cash Flow Bridge (SAR M)



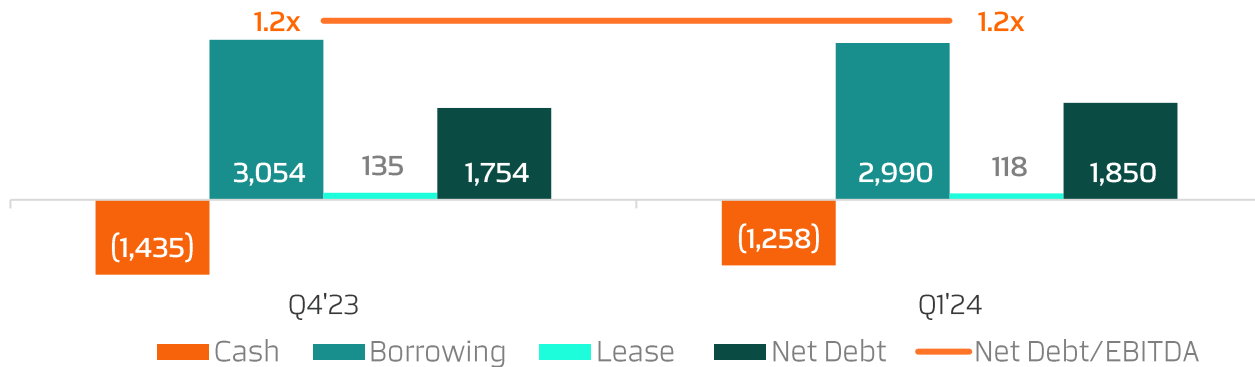
Commentary

Key Drivers

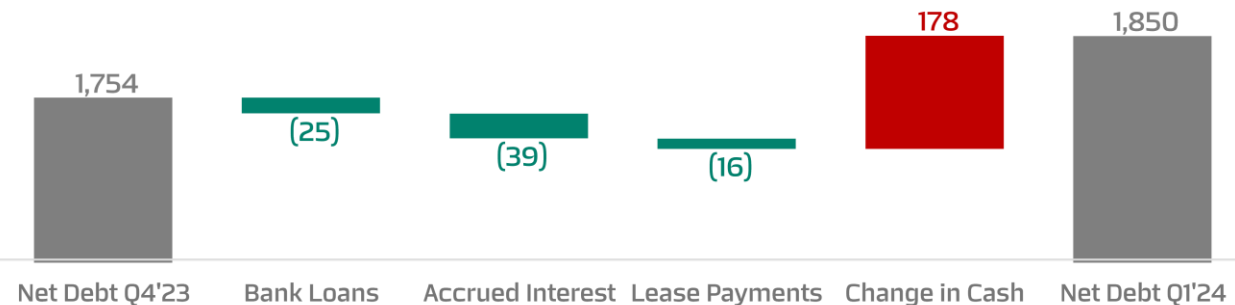
- **Capex** c. 2/3rd relates to ongoing Unconventional Capex program
- **Loan & Lease:** includes repayment of SAR 25M against a SAR 500M Bank Facility
- **Interest** includes semi annual SUKUK Coupon payment of 78M
- **Net Working Capital** mainly due to increase in Inventories and settling Trade Payable, partially offset by lower Receivables position

PRUDENT CAPITAL Management

Net Debt (SAR M) and Leverage Ratio



Net Debt Bridging (QoQ)



Commentary

Leverage Ratio of 1.2x

- Remains moderately leveraged
- Expected to further increase with latest rig awards
- Current Capex Cycle to Peak in Q3'24

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's cost

REITERATING Guidance

Revenue



FY'24 Revenue remains unchanged, in the range of **SAR 3.6 to SAR 3.9 billion**

CAPEX



FY'24 Capex remains unchanged, in the range of **SAR 2.1 to SAR 2.4 billion**





Closing Remarks



CONTINUOUS Growth Trajectory

1. Strong Start of the Year
2. Offshore Suspension Finalization
3. Unconventional Rigs Early Start Up
4. Reiterates 2024 Revenue Growth

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
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.