



Q2'24 EARNINGS CALL
06 Aug 2024

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THE PRESENTING TEAM



“

We have made significant progress during the first half of the year on our Unconventional Land Rigs program with five of the new rigs already deployed and generating revenues.

”

Ghassan Mirdad
Chief Executive Officer



“

We have maintained a resilient financial position as we reach the peak of our Unconventional Land Rigs capex program with material investments accelerating to deploy and support our expanded fleet.

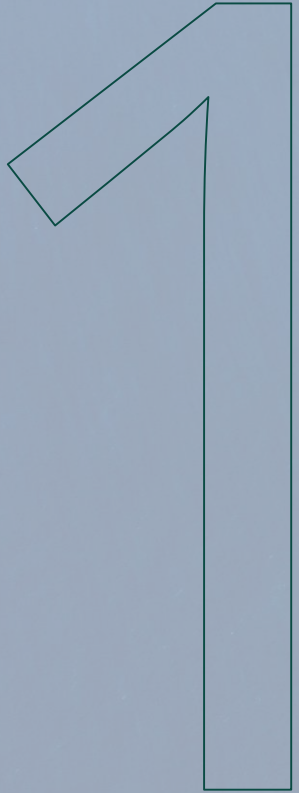
”

Hubert Lafeuille
Chief Financial Officer



AGENDA

1. Q2'24 Highlights
2. Business & Operations
3. Financial Performance
4. Closing Remarks
5. Q&A Session



Q2'24 Highlights

STRONG H1 DELIVERY

Operational Highlights

- Utilization Rate **91%**
- Rig Efficiency Index ('REI') of **94.1%**
- Quarterly Non-Productive Time ('NPT') **1.61%**
- Total 38 Rig Moves, with **43 days saved**

HSE & Sustainability

- 7 Land Rigs celebrated cumulated **63Y with no LTI**
- Three **CO2 reduction projects** launched
- Published **2023 Sustainability Report**

Financial Highlights (SAR) – (%) vs. H1'23

- Revenue **1,906M, +21%**
- EBITDA **791M, +20%**
- Adjusted Net Income **271M, -4%**
- CF from Operating Activities **570M, -30%**
- Net Debt **2,419M, +31%**
- Dividend of **SAR 1.35 per share**

Growth Strategy Execution

- **5 out of 10** Unconventional Land Rigs started.
- Remaining 5 Unconventional Land Rigs expected to be start **between now till September**.
- **Revenue diversification** with training services.



91%

UTILIZATION RATE



1.61%

NPT



+21%

REVENUE GROWTH



50%

UNCONVENTIONAL RIGS ONLINE



1.1

DAYS SAVED PER RIG MOVE



Business & Operations

UNCONVENTIONAL RIGS Half-Way Through!

RECENT DEVELOPMENTS

Offshore Activity Status

- Suspended Offshore Rigs going through planned maintenance and actively marketed for their next assignment
- 1 leased Offshore Rig under discussion for suspension
- 1 Offshore Rig was renewed for 1 Year (KJO)

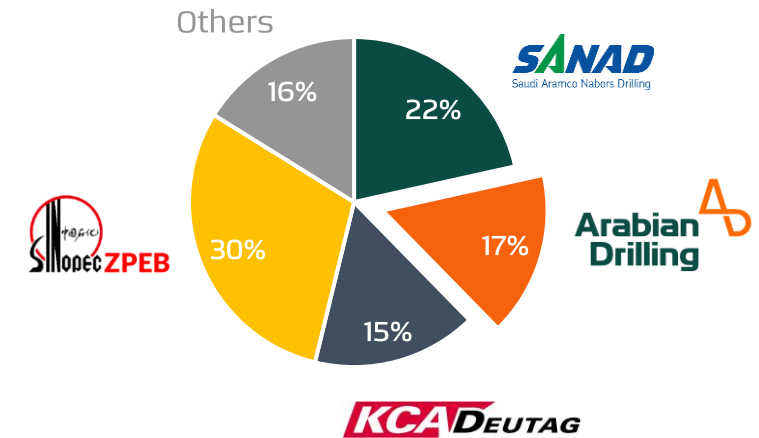
Land Activity Status

- Unconventional Rigs - First Award: 5 out of 10 started operation
- Unconventional Rigs – Second Award: 3 to start by Year End, ahead of schedule
- 2 Oil Land Rig released, one slotted for upgrade for future Gas opportunities

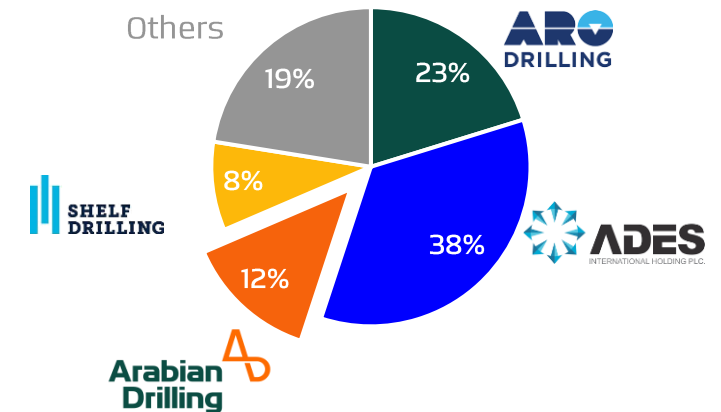
Market Outlook

- Value accretive opportunities to reposition some Land Rigs from Oil to Gas
- Multiple offshore opportunities in South-East Asia in the pipeline

Market Share Land – EoP Q2'24

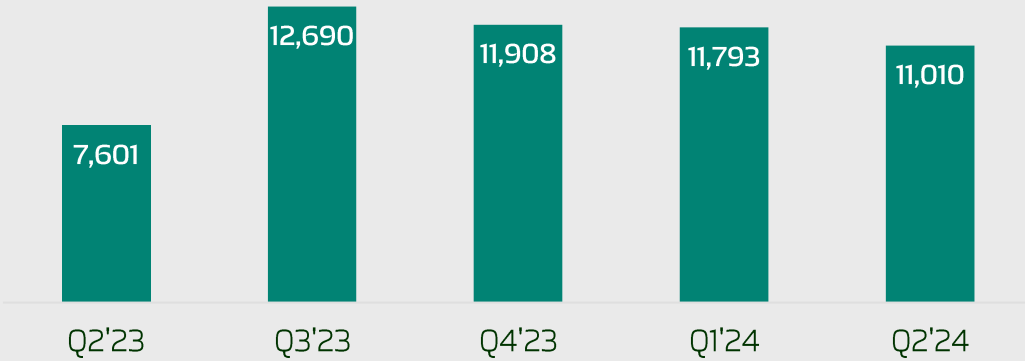


Market Share Offshore – EoP Q2'24

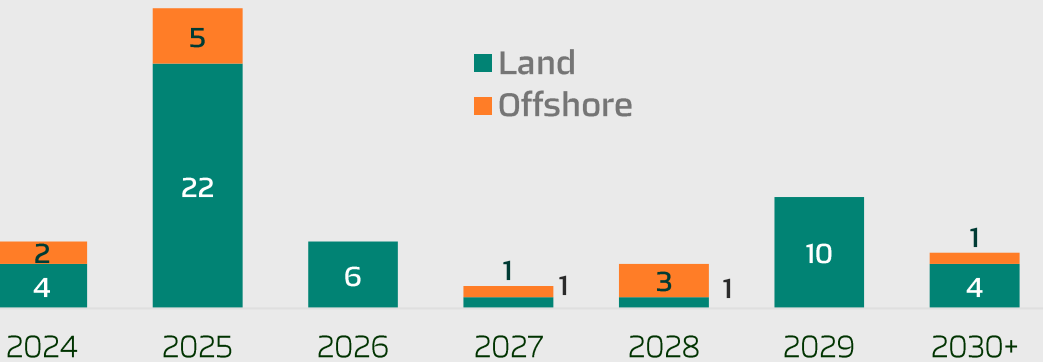


STABLE BACKLOG

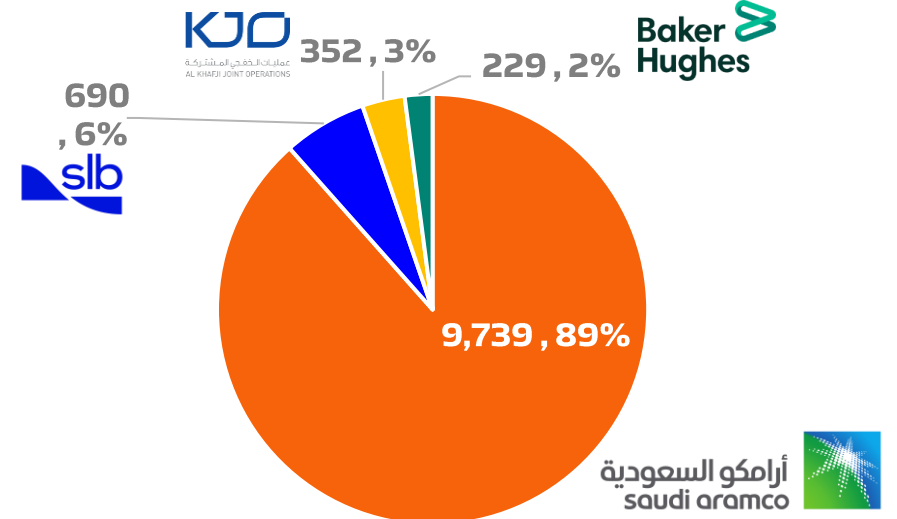
Backlog (SAR Ms)



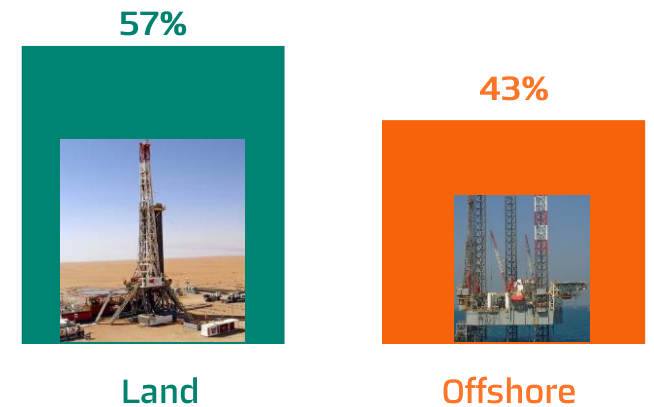
Rigs Rolling Off Contracts



Backlog by Customer – EoP Q2'24 (SAR M and %)

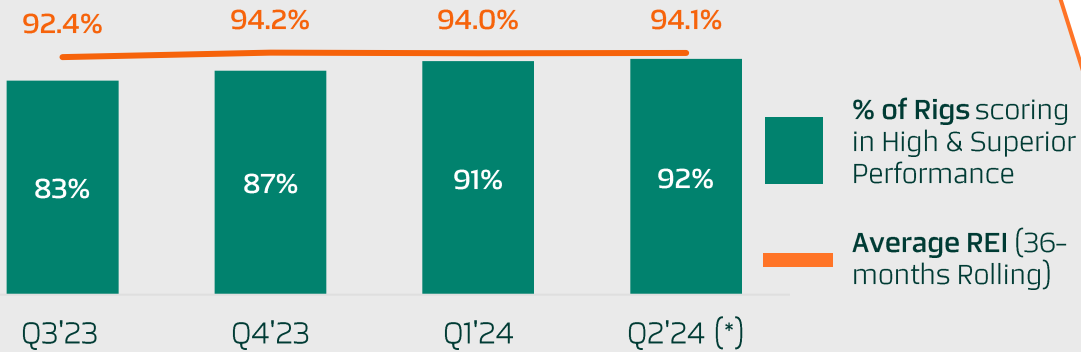


Backlog by Segment – EoP Q2'24 (%)

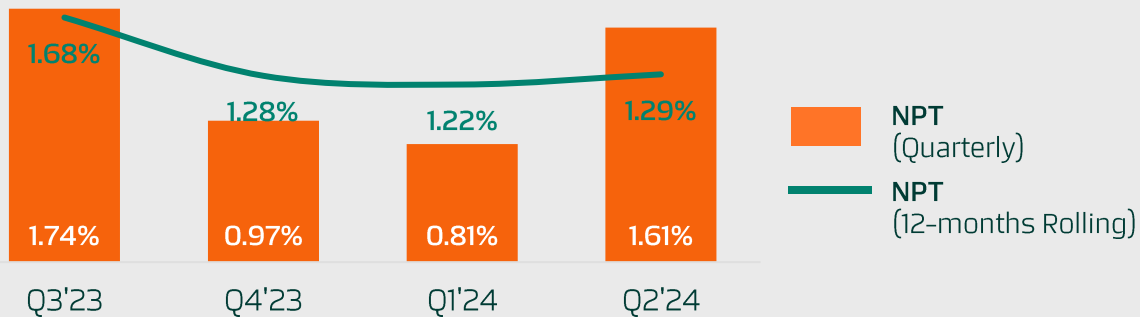


DRIVING OPERATIONAL Efficiencies

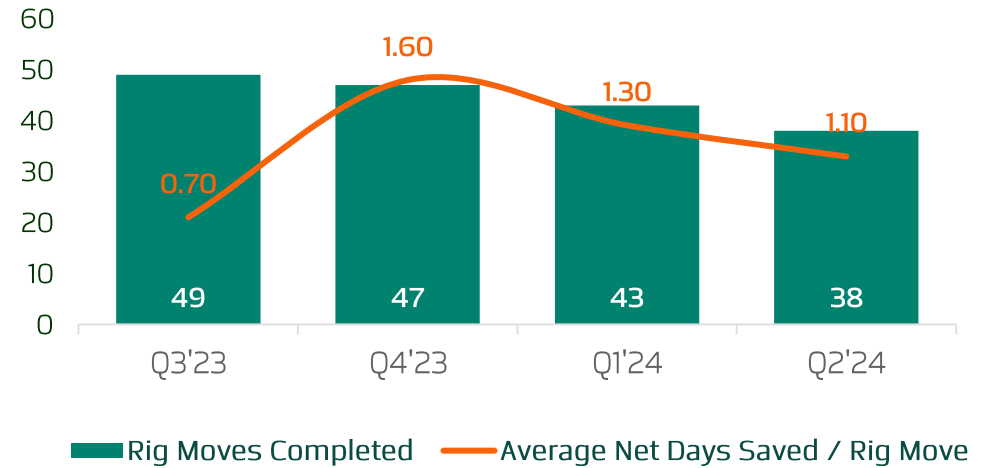
Aramco Rig Efficiency Index ('REI')



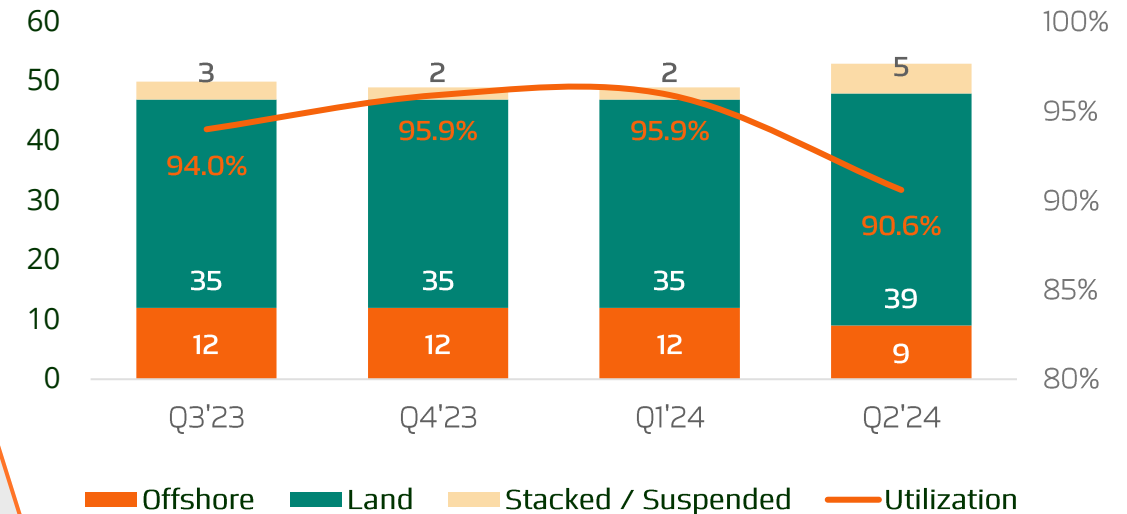
Non-Productive Time ('NPT')



Number of Rig Moves & Days Saved



Rig Count & Utilization Rate – EoP





3



Financial Performance

Q2'24 FINANCIAL HIGHLIGHTS (SAR M)



939

REVENUE
(-3% QoQ)



386

EBITDA @41%
(-5% QoQ)



613

CAPEX



(299)

FREE CASH FLOW (*)



10.1%

ROE (**)



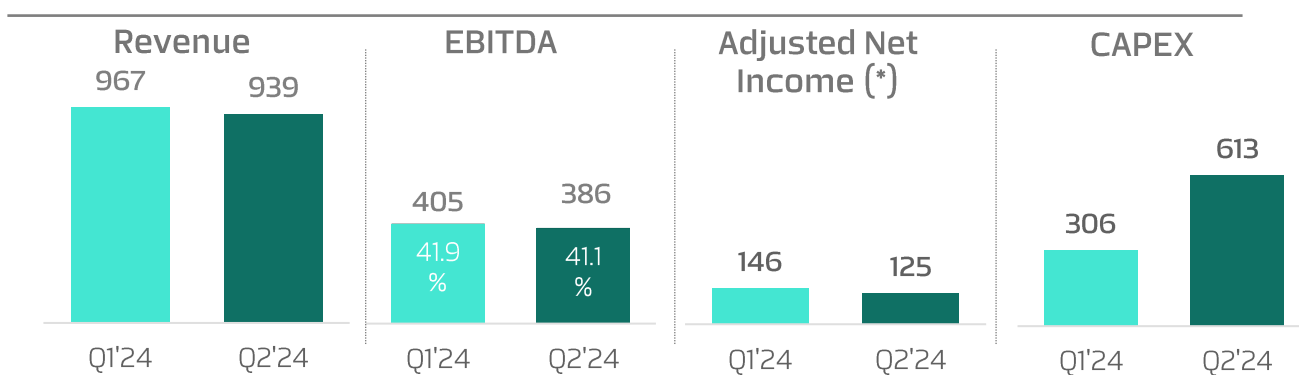
2,419

NET DEBT EoP
(1.5x Leverage)

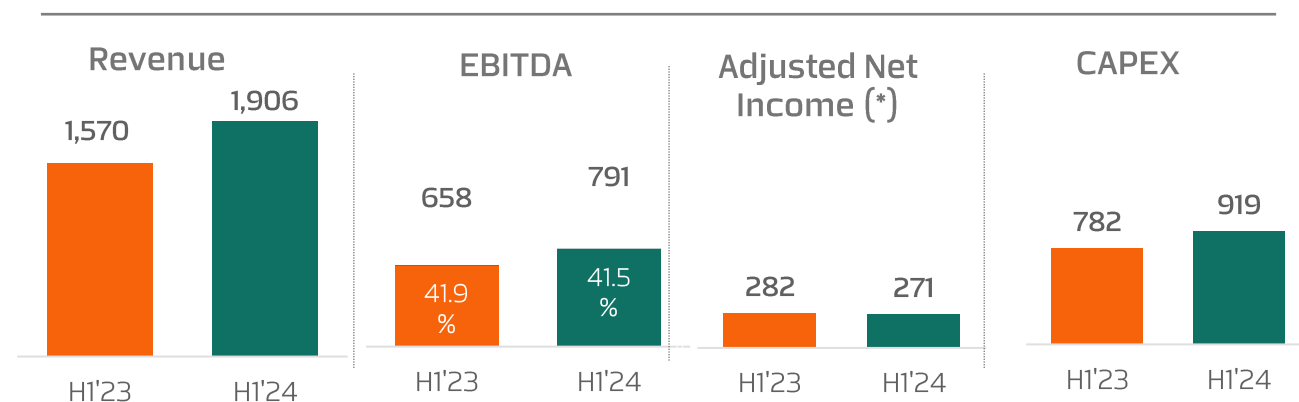


SUSTAINED MOMENTUM (SAR M)

QoQ (Q2'24 Vs. Q1'24)



YoY (H1'24 Vs. H1'23)



Commentary - QoQ

- **Revenue:** SAR 28m shortfall (-3%) from Offshore Rig suspensions, partially offset by the startup of four Unconventional Rigs
- **EBITDA:** SAR 19m shortfall (-5%) from Offshore Rigs suspension, partially offset by contribution and mobilization cost deferral for the Unconventional Rigs
- **Adjusted Net Income:** SAR 21m shortfall (-14%) includes additional depreciation costs and reduced financial income
- **CAPEX:** accelerated spending of 307m (+100%), mainly coming from Unconventional Rigs, OFSAT rig move equipment and one Land Rig upgrade

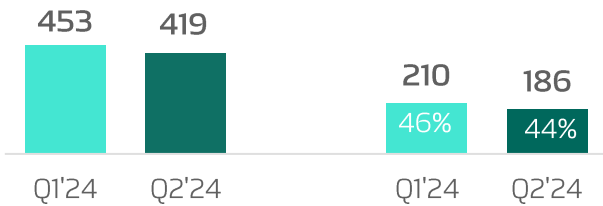
Commentary - YoY

- **Revenue:** 336m increase (+21%) mainly driven by the contribution of three offshore rigs added in Q3'23
- **EBITDA:** 133m increase (+20%) in line with the revenue growth, partially offset by Unconventional Rigs start up incurred. Normalized EBITDA is 43%
- **Adjusted Net Income:** 11m decrease (-4%) as EBITDA Increase of +133m YoY is offset by higher finance expense and startup cost for Unconventional Rigs
- **CAPEX:** 70% of Capex related to Unconventional Rigs

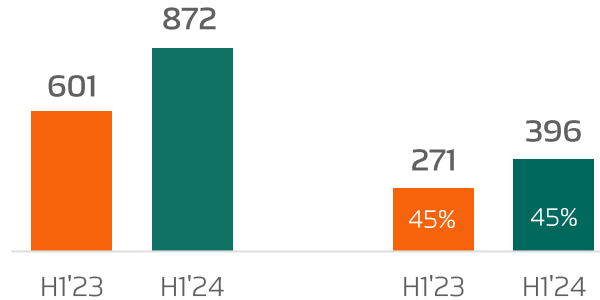
LAND SEGMENT Gearing Towards Gas

OFFSHORE Segment (SAR M and % of Revenue)

QoQ - Revenue & Adjusted Gross Profit (*)

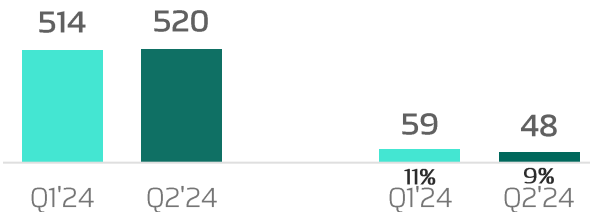


YoY - Revenue & Adjusted Gross Profit (*)

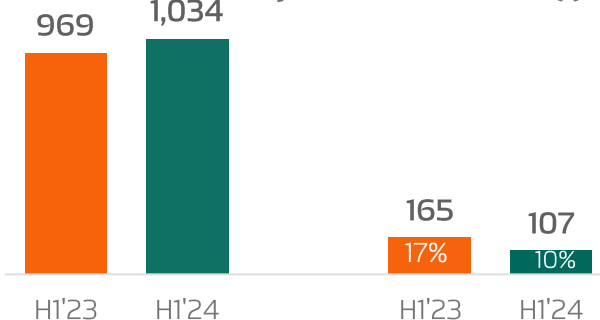


LAND Segment (SAR M and % of Revenue)

QoQ - Revenue & Adjusted Gross Profit (*)



YoY - Revenue & Adjusted Gross Profit (*)



Offshore Segment:

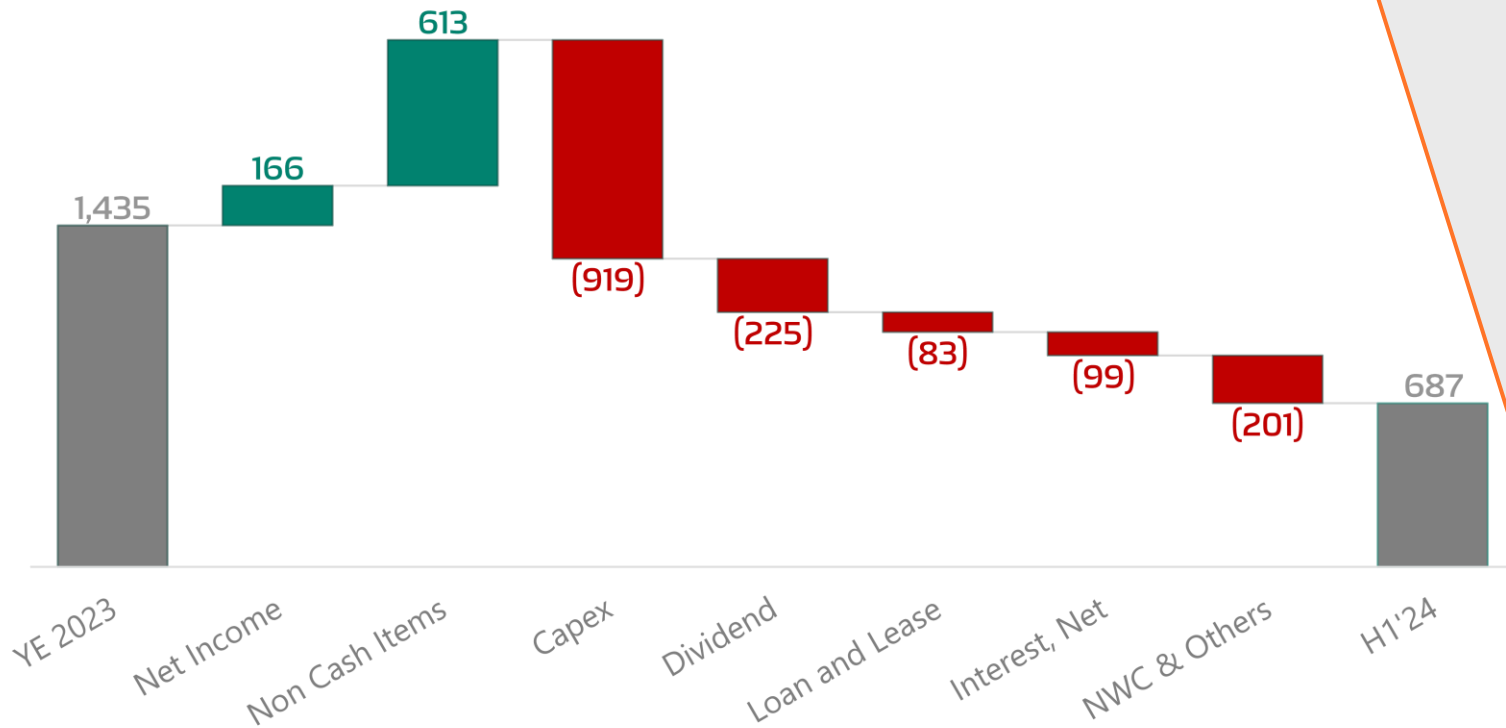
- **QoQ:** decrease driven by suspension of 2 Offshore Rigs effective end of May.
- **YoY:** increase driven by the contribution of 3 offshore rigs added in Q3'23

Land Segment:

- **QoQ:** SAR 6m revenue increase for 4 Unconventional Rigs startup, partially offset by well preparation fee in Q1. Adjusted Gross Profit included a one-off credit adjustment in Q1 related to Retention Bonus payout
- **YoY:** SAR 65m revenue increase mainly due to higher rig activity, well preparation fees and additional logistics charge back. Adjusted Gross Profit impacted by startup cost and higher depreciation

CASH MANAGEMENT Near Capex Peak

Cash Flow Bridge (SAR M)



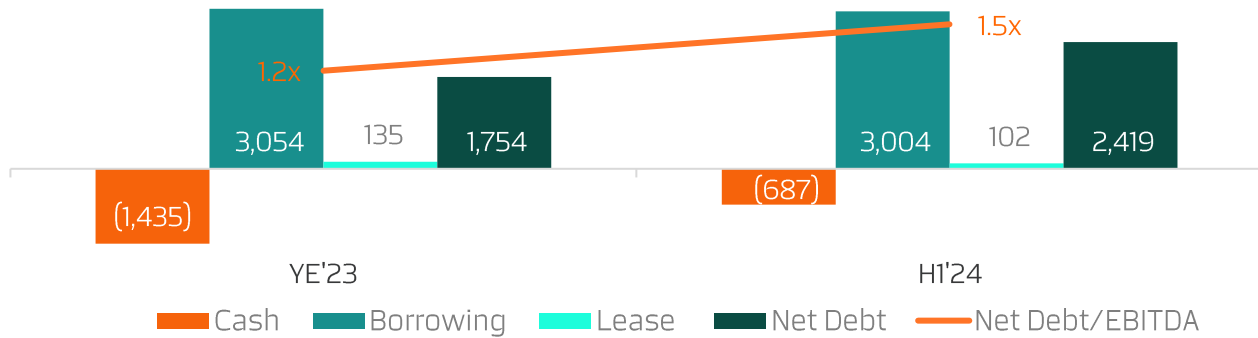
Commentary

Key Drivers

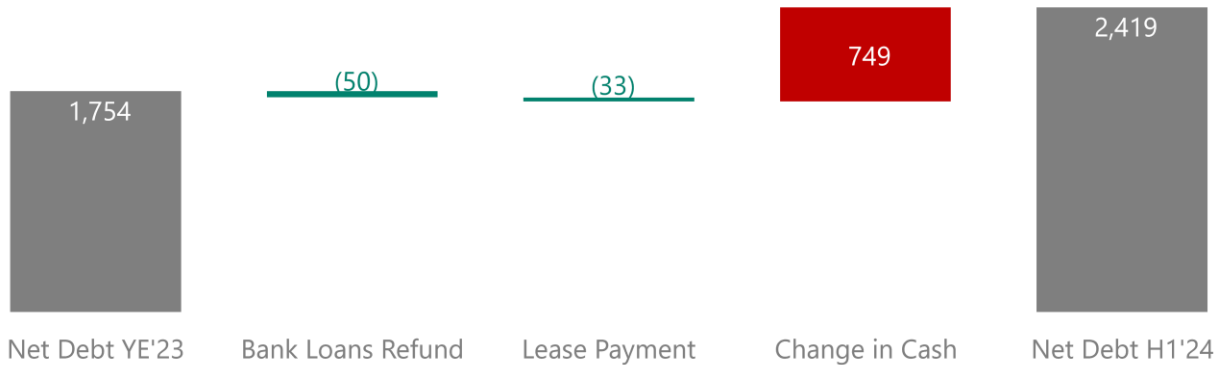
- **Capex:** 70% of Capex spent related to Unconventional Rigs. Others include OFSAT rig move equipment, one Land Rig upgrade and Facilities / ERP upgrade.
- **Dividends:** payout for H2'23 period done in Q2'24
- **Loan & Lease:** mainly 2 leased offshore rigs and loan bank repayment
- **Interest:** net of SAR 18 million of interest income received from Short Term Deposits
- **NWC & Others:** increase in NWC, Zakat & Income Tax payments

PRUDENT CAPITAL Management

Net Debt (SAR M) and Leverage Ratio



Net Debt Bridging



Commentary

Total Gross Debt of SAR 3 billion

- SAR 2 billion Sukuk and 2 Bank Loans (SAR 500m each)
- Additional available secured facility of SAR 500m likely to be drawn in Q4'24

Leverage Ratio of 1.5x

- Increased from 1.2x to 1.5x due to cash allocation on capex spendings
- Expect to peak in the next few Quarters

GUIDANCE CONFIRMED Resilient Business Model

Revenue



FY'24 Revenue, in the range of **SAR 3.6 to SAR 3.9 billion**, reflecting YoY Growth

CAPEX



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

Dividend



H1'24 Dividend Payout of **SAR 1.35 per Share**, with distribution date by 22 August





Closing Remarks



REBALANCING Growth Trajectory

1. Financial strength remains secure
2. Mitigating rig suspensions
3. Expanding Unconventional program
4. Prudent capital management
5. Guidance confirmed

Thank You Q&A Session

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APPENDIX



NET INCOME & EBITDA RECONCILIATION

In SAR Million

	Q1'24	Q2'24	H1'24
Net Income	146	20	166
ADD BACK: Asset impairment charge		105	105
Adjusted Net Income	146	125	271
ADD BACK:			
Finance costs - net	46	53	99
Zakat and Income Tax	22	2	24
Depreciation	191	206	397
EBITDA	405	386	791
<i>EBITDA Margin</i>	<i>41.9%</i>	<i>41.1%</i>	<i>41.5%</i>

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.