



Q3'24 EARNINGS CALL  
**07 Nov 2024**

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# THE PRESENTING TEAM



“

*Our strategic investments in the Unconventional Land Rigs program are yielding positive results, with all rigs set to be deployed ahead of schedule by year end.*

”

**Ghassan Mirdad**  
*Chief Executive Officer*



“

*We are pleased to have maintained our EBITDA profit margin this Quarter, supported by our ability to deliver efficiencies throughout cycles.*

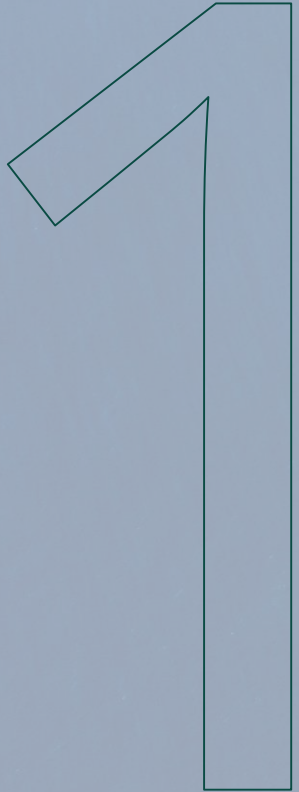
”

**Hubert Lafeuille**  
*Chief Financial Officer*



# AGENDA

1. Q3'24 Highlights
2. Business & Operations
3. Financial Performance
4. Closing Remarks
5. Q&A Session



# Q3'24 Highlights

# FOCUSED, REPOSITIONING

## Operational Highlights

- Utilization Rate **86%**
- Quarterly Non-Productive Time ('NPT') **1.51%**
- Total 39 Rig Moves, with **39 days saved**

## HSE & Sustainability

- Best TRIF, **continued focus** on high safety standards
- 10M+ Km driven YTD with **zero** automobile accidents
- 81 tons of CO2 saved** in pilot phase

## YTD Financial Highlights (SAR) – (%) YoY

- Revenue **2,769M, +11%**
- EBITDA **1,150M, +9%**
- Adjusted Net Income **356M, -16%**
- CF from Operating Activities **1,048M, +14%**
- Net Debt **2,646M, +90%**

## Growth Strategy Execution

- 8 out of 13** Unconventional Land Rigs deployed
- All 13 to be deployed **before Year End**.
- Diversifying revenue** with offshore support service vessel.



**86%**

UTILIZATION  
RATE



**1.51%**

NPT



**+11%**

REVENUE  
GROWTH



**8**

UNCONVENTIONAL  
RIGS STARTED



**1**

DAYS SAVED  
PER RIG MOVE





# Business & Operations

# UNCONVENTIONAL DEPLOYMENT Ahead of Schedule

## RECENT DEVELOPMENTS

### Land Activity Status

- Unconventional Rigs – 1<sup>st</sup> Award: all 10 rigs have now started operations as of today
- Unconventional Rigs – 2<sup>nd</sup> Award: 3 to start by Year End, ahead of schedule
- 4 idle rigs by end of Q3

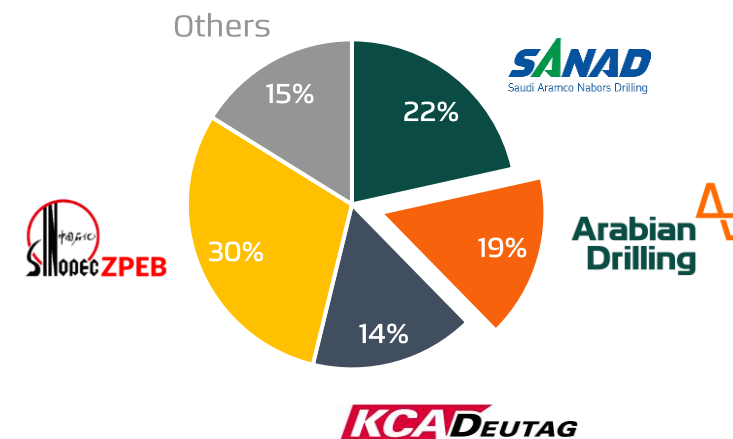
### Offshore Activity Status

- 4 rigs located in KSA shipyard
- 3 rigs ready-to-go, currently being marketed
- Intention to award one additional offshore support service vessel

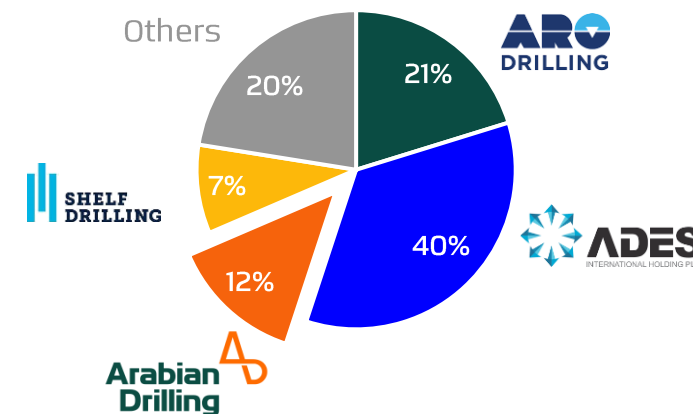
### Market Outlook

- Challenging KSA short-term environment
- Jackup market globally supportive of price strength

## Market Share Land – EoP Q3'24

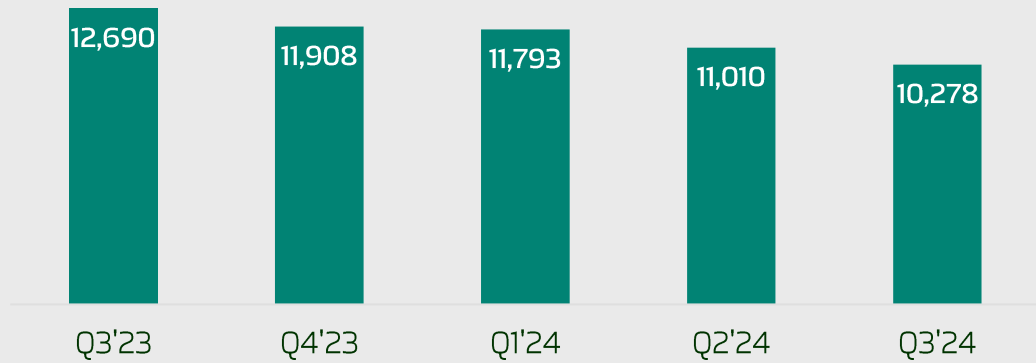


## Market Share Offshore – EoP Q3'24

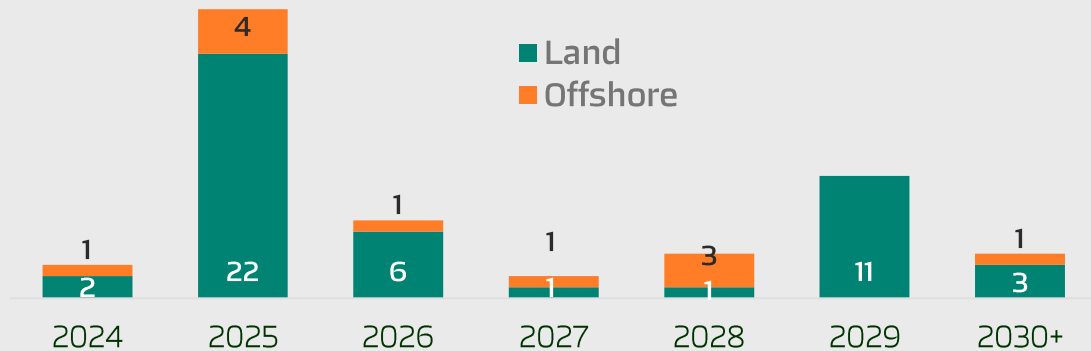


# BACKLOG MIX SHIFT

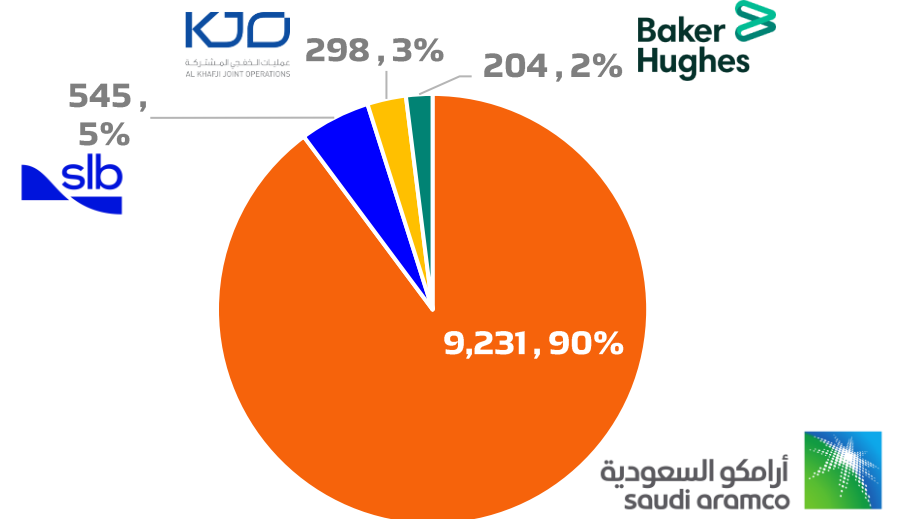
Backlog (SAR M)



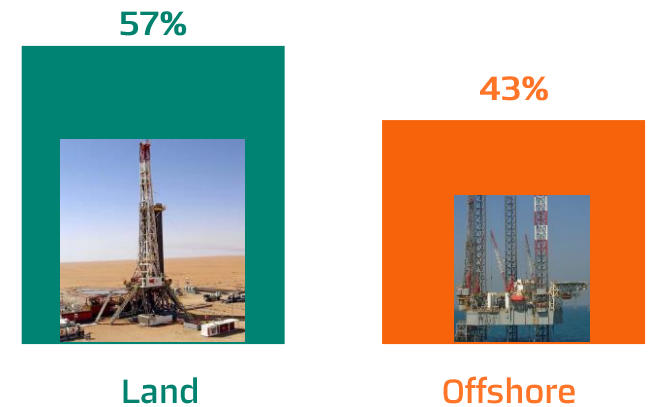
Rigs Rolling Off Contracts



## Backlog by Customer – EoP Q3'24 (SAR M and %)

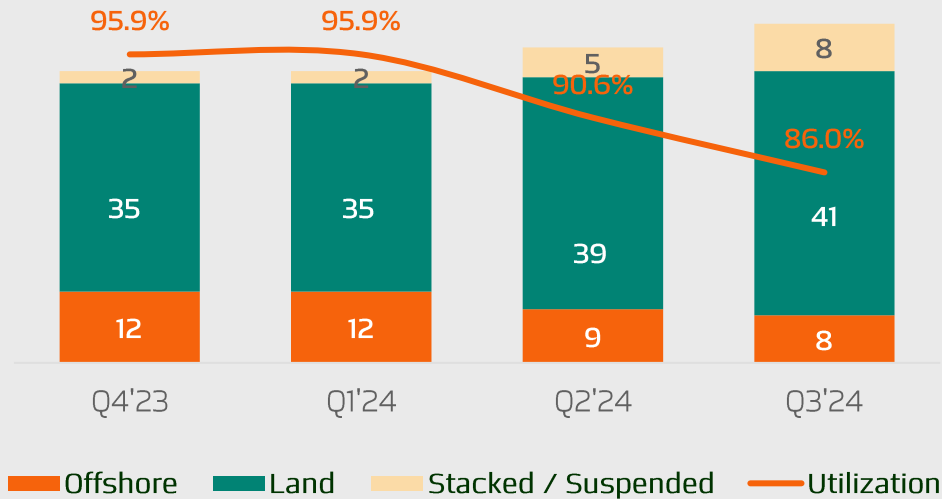


## Backlog by Segment – EoP Q2'24 (%)

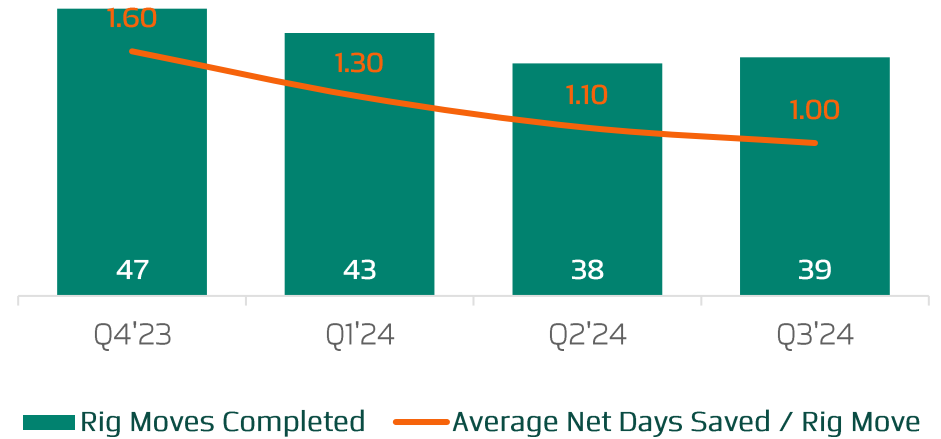


# OPERATIONAL EFFICIENCY

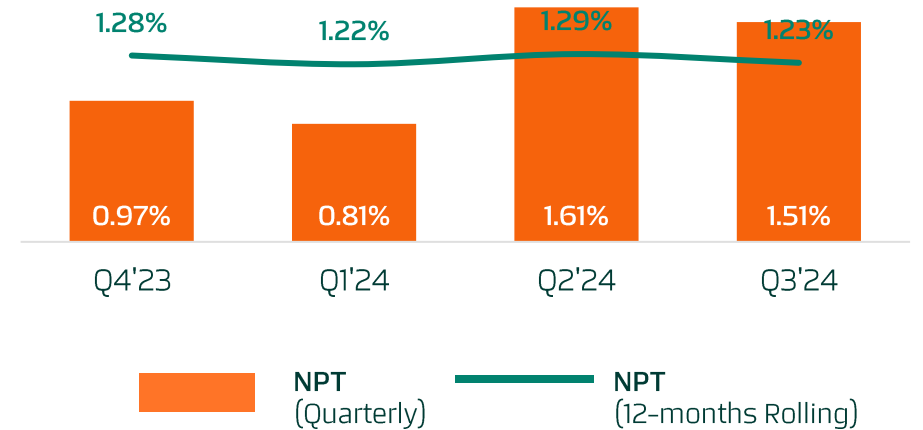
Rig Count & Utilization Rate – EoP



Number of Rig Moves & Days Saved



Non-Productive Time ('NPT')





3



# Financial Performance

# Q3'24 FINANCIAL HIGHLIGHTS (SAR M)



**863**

REVENUE  
(-8% QoQ)



**358**

EBITDA @41.5%  
(-7% QoQ)



**548**

CAPEX



**(70)**

FREE CASH FLOW (\*)



**9.2%**

ROE (\*\*)



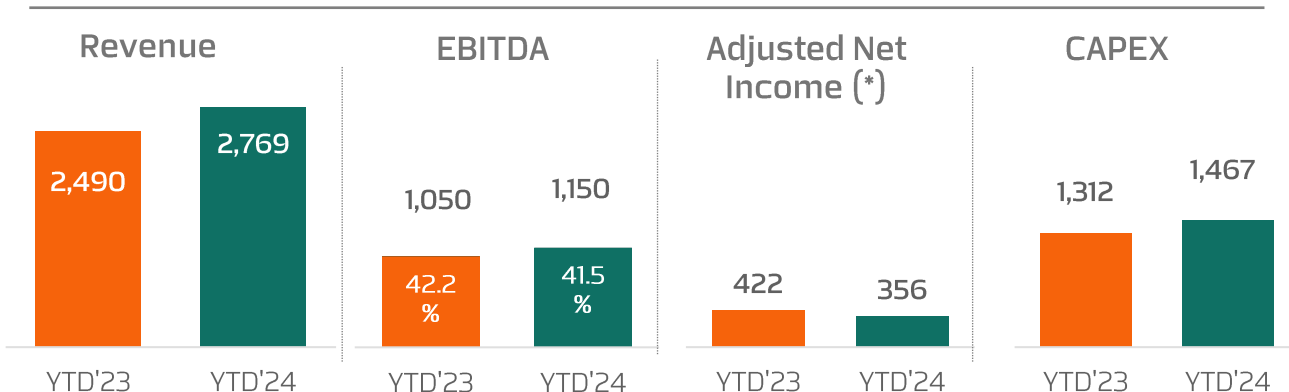
**2,646**

NET DEBT EoP  
(1.7x Leverage)

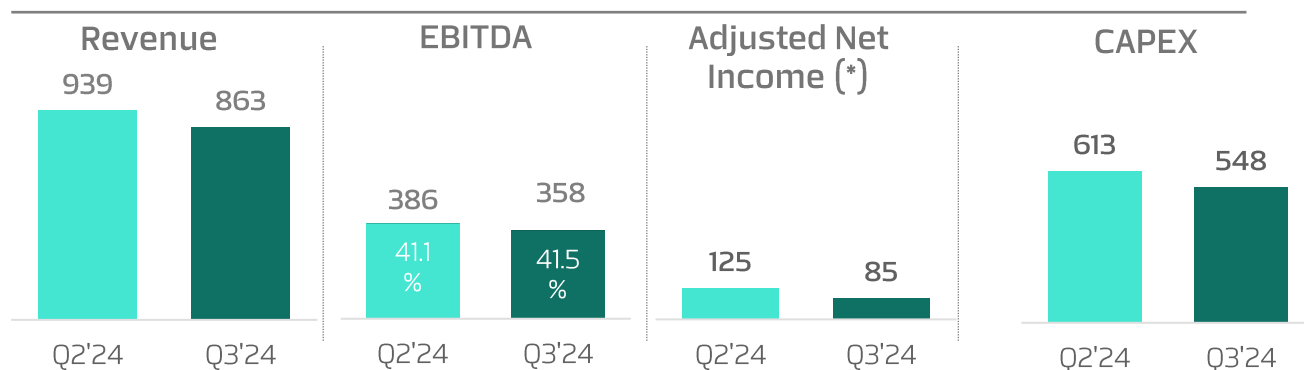


# UNCONVENTIONAL OFFSET (SAR M)

## YoY (YTD Sep'24 Vs. YTD Sep'23)



## QoQ (Q3'24 Vs. Q2'24)



## Commentary – YoY

- **Revenue:** 279m increase (+11%) mainly driven by the contribution of three offshore rigs added in Q3'23
- **EBITDA:** 100m increase (+10%) in line with the revenue growth, partially offset by Unconventional Rigs start up incurred. Normalized EBITDA margin is 43%
- **Adjusted Net Income:** 66m decrease (-16%), mainly driven by higher finance expense and depreciation costs. Partially offset by +100M of EBITDA increase YoY
- **CAPEX:** 1,014M (or 69%) relates to Unconventional Rigs

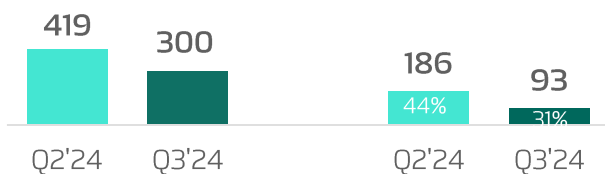
## Commentary – QoQ

- **Revenue:** 76m shortfall (-8%) from full impact of 3 Offshore Rig suspensions plus another one in Q3, partially offset by the startup of four Unconventional Rigs in Q3
- **EBITDA:** 28m shortfall (-7%) from offshore suspensions. EBITDA contraction was mitigated by cost savings measures realized in Q3
- **Adjusted Net Income:** 40m shortfall (-32%) due to EBITDA shortfall and added depreciation cost on Unconventional Land Rigs
- **CAPEX:** 364M (or 66%) relates to Unconventional Rigs

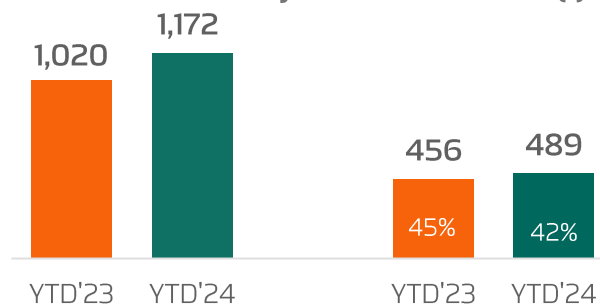
# GEARING TOWARDS GAS

## OFFSHORE Segment (SAR M and % of Revenue)

QoQ - Revenue & Adjusted Gross Profit (\*)

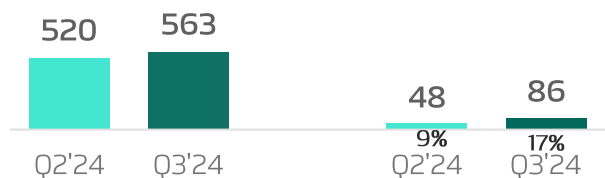


YoY - Revenue & Adjusted Gross Profit (\*)

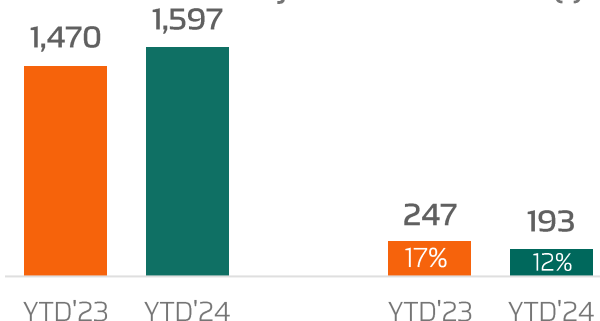


## LAND Segment (SAR M and % of Revenue)

QoQ - Revenue & Adjusted Gross Profit (\*)



YoY - Revenue & Adjusted Gross Profit (\*)



### Offshore Segment:

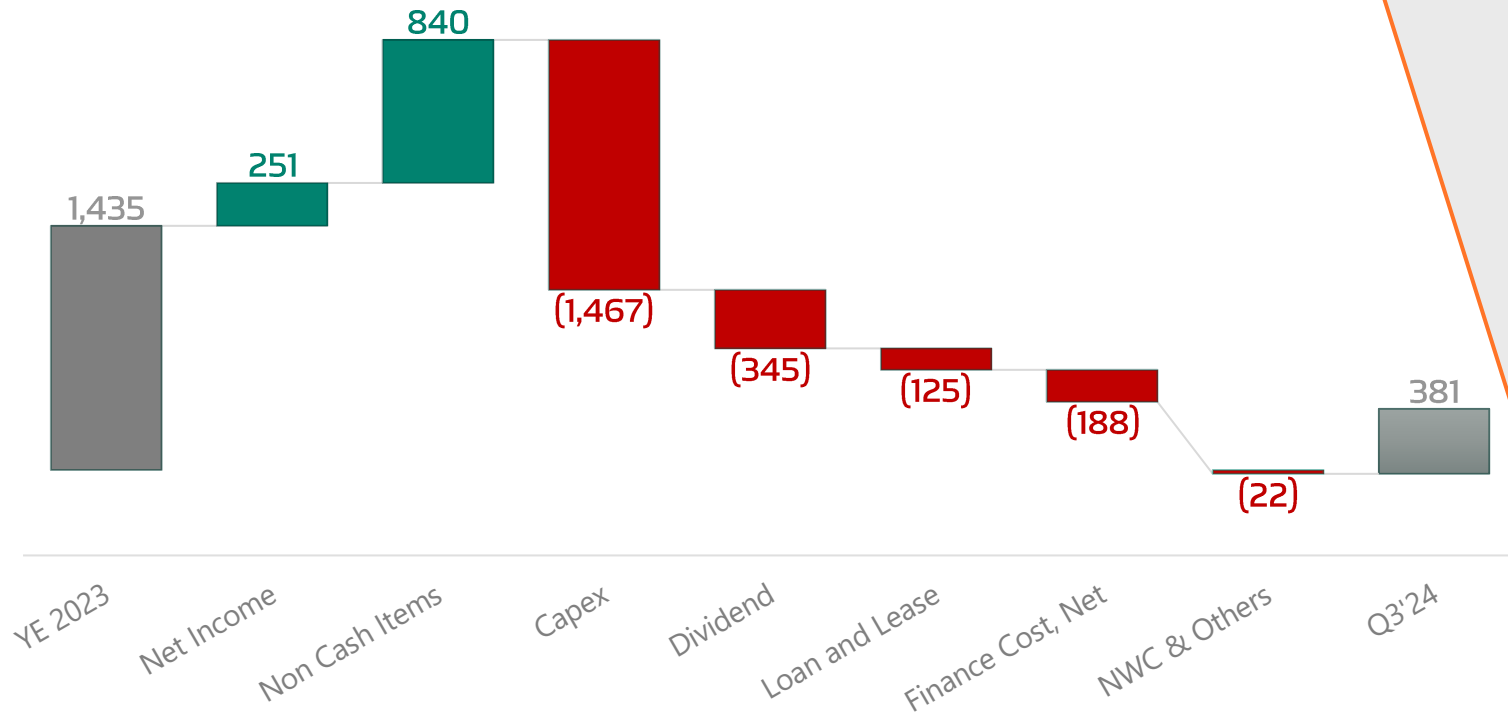
- **QoQ: -119M revenue decrease (-28%)** as well as gross profit decrease by -93M (-50%) mainly due to full impact of 4 idle rigs, including 3 suspended
- **YoY: +152M revenue increase (+15%)** as well as gross profit increase by 33M (+7%) mainly due to contribution of 3 offshore rigs added in Q3'23

### Land Segment:

- **QoQ: +43M revenue increase (+8%)** as well as gross profit increase by 38M (+79%) mainly due 4 new Unconventional Rigs startup in Q3 contributing to approx. 65M and 21M on Revenue and Gross Profit, respectively. Gross Profit Flow Through also reflects impact of cost savings measures.
- **YoY: +127M revenue increase (+9%)** on Unconventional Rigs (c. 93M). Gross Profit affected by Unconventional start up (c. 38M) added depreciation (c. 30M).

# CAPEX PEAK, CASH NORMALIZING

Cash Flow Bridge (SAR M)



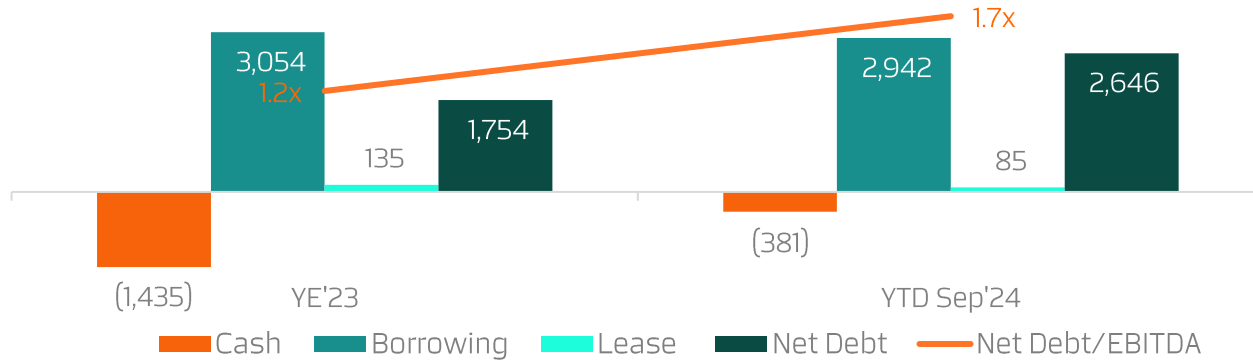
## Commentary

### Key Drivers

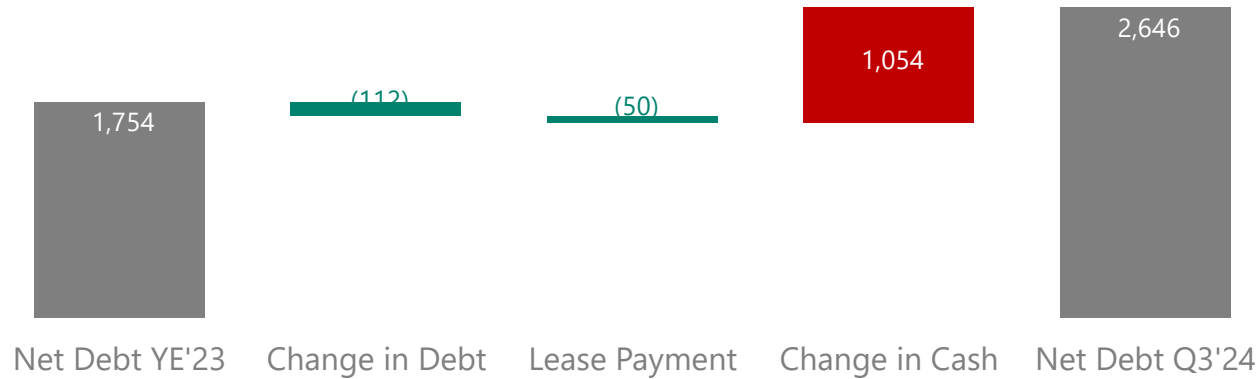
- **Capex:** includes 1,014M (69%) for Unconventional Rigs. Others include OFSAT(49M), Rig upgrade (51M), Facilities & ERP upgrade (45M) and fleet sustaining Capex (308M)
- **Dividends:** 225M payout in Apr (H2'23 period) 120M payout in Aug (H1'24 period)
- **Loan & Lease:** Bank loan repayment (75M) and 2 offshore lease payments (50M)
- **Interest:** Interest cost of 212M less 24M of interest income received from Short Term Deposits
- **NWC & Others:** includes Zakat & tax, employee benefits payments, mobilization cost paid / fee received, proceeds of asset sale as well as NWC variance.

# MAINTAINING FINANCIAL STABILITY

Net Debt (SAR M) and Leverage Ratio



Net Debt Bridging



## Commentary

### Total Gross Debt of 2.9 billion

- 2Bn Sukuk and 2 Bank Loans (500M each) plus accrued interest, net of loan repayment of 75M
- Additional available secured facility of 500M likely to be drawn in Q4'24

### Leverage Ratio of 1.7x

- Ongoing cash allocation to complete Unconventional program
- Expect to peak above 2.0x in the next few Quarters, before normalizing.

# GUIDANCE

## Revenue



FY'24 Revenue expected to close around **SAR 3.6 billion**

## CAPEX



FY'24 Capex expected to close between **SAR 2.1 to SAR 2.2 billion**





# Closing Remarks



# CHARTING A NEW TRAJECTORY

1. Focusing on safety and sustainability
2. Increasing Land Segment contribution
3. Delivering cost savings initiatives
4. Adapting through short term market cycles
5. Expanding non-core business and offshore fleet

# Thank You Q&A Session

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# APPENDIX



# NET INCOME & EBITDA RECONCILIATION

In SAR Million

	Q1'24	Q2'24	Q3'24	YTD Sep'24
<b>Revenue</b>	<b>967</b>	<b>939</b>	<b>863</b>	<b>2,769</b>
<b>Net Income</b>	<b>146</b>	<b>20</b>	<b>85</b>	<b>251</b>
ADD BACK: Asset impairment charge		105		105
<b>Adjusted Net Income</b>	<b>146</b>	<b>125</b>	<b>85</b>	<b>356</b>
ADD BACK:				
Finance costs - net	46	53	53	152
Zakat and Income Tax	22	2	5	29
Depreciation	191	206	215	613
<b>EBITDA</b>	<b>405</b>	<b>386</b>	<b>358</b>	<b>1,150</b>
<i>EBITDA Margin</i>	<i>41.9%</i>	<i>41.1%</i>	<i>41.5%</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.