

2022 Q4 & Full Year Earnings Conference Call



20 March 2023

Driving Value and
Delivering Excellence.



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The Presenting Team



Ghassan Mirdad
Chief Executive Officer

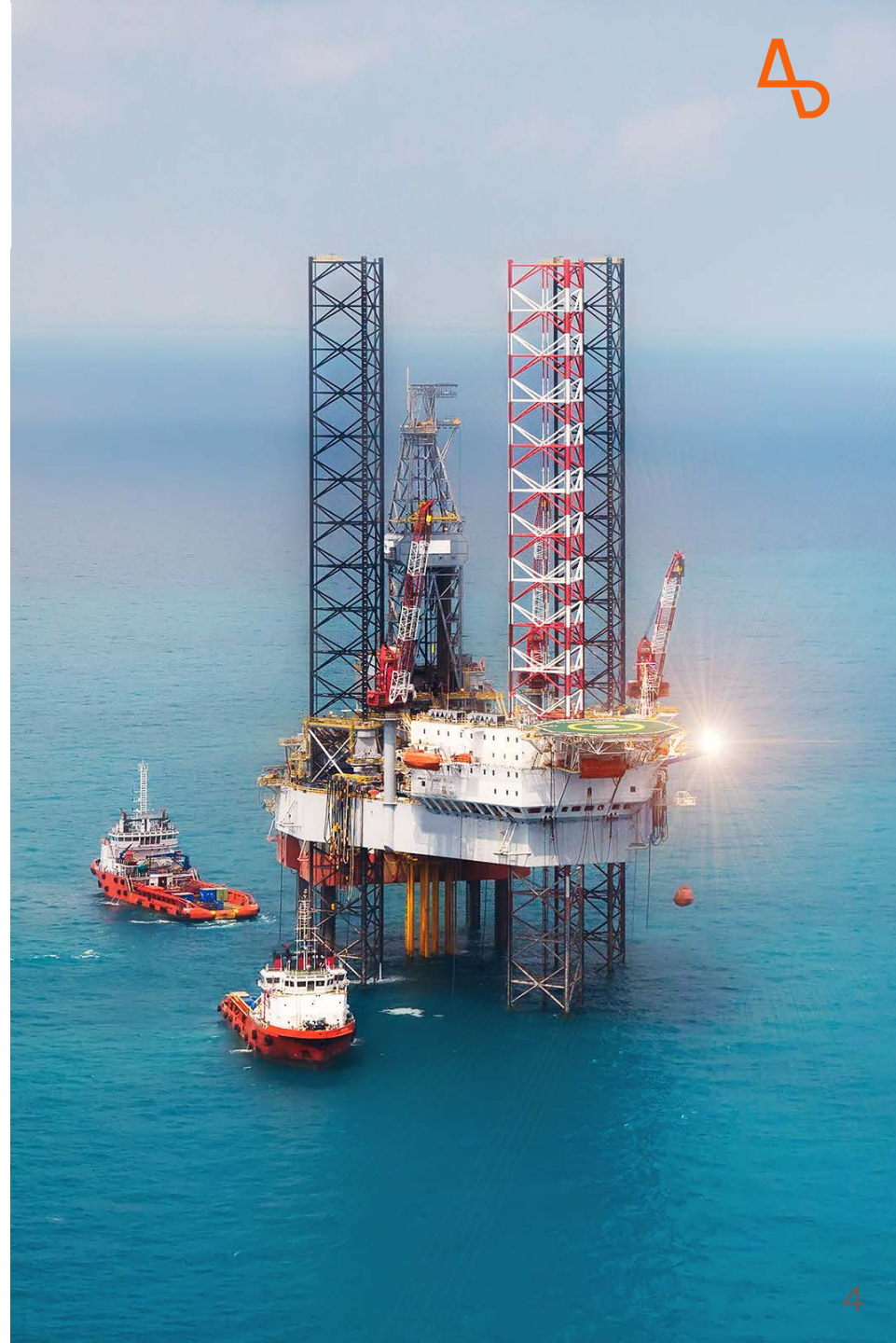


Hubert Lafeuille
Chief Financial Officer



Today's Agenda

- 1 FY 2022 Highlights
- 2 2022 Business Milestones
- 3 Rig Status & Competitive Landscape
- 4 Operational Highlights
- 5 Financial Performance
- 6 Forward-Looking Guidance
- 7 Q&A Session





FY 2022 Highlights

2022 At A Glance

Operational Highlights

- Utilization Rate **94% (YE'22)**
- Non-Productive Time **1.51%**
- Aramco REI **93%**
- Total **178 Rig Moves**, with **1.71 day saved** per rig per move (average)

QHSE & Sustainability

- Total Recordable Incident Frequency Rate (**TRIF**) **0.33** vs. target of 0.95
- **Green House Gases ('GHG')** emissions base line defined
- **134 environmental audits** conducted
- Issued **2022 Environmental Performance Report**



Financials

- FY'22 Revenue **SAR 2,704M**, up **+23%**
- EBITDA of **42%**
- Net Profit **SAR 558M**
- Net Cash from Operations **SAR 1,242M**
- Cash & STI. **SAR 1,832M (YE'22)**
- Net Debt/EBITDA **0.8x**

AD's Strategy

- Increase footprint in **Offshore Segment (add 5 units)**
- Win & execute in **Unconventional Gas (Jafurah)**
- Expand **geographically**



2022 Business Milestones

2022 Business Milestones

Nov'22 – Company goes Public

AD successfully completes its IPO, with a 30% float and raising c. SAR 2.7B with oversubscription from institutional tranche of 61x,

Sep'22 – New Client and Record High Backlog

- AD was awarded multi-rig, multi-year contract with Baker Hughes.
- Backlog reached record high SAR 9.5B.

Aug'22 – Offshore Fleet Expansion

AD successfully completed the acquisition of 2 offshore rigs to support its fleet expansion and contract awards. A third offshore rig was acquired in Nov'22.



Jan'22 – 5th IKTVA Excellence Award

AD is the only drilling contractor who has been recognized by Saudi Aramco with the In Kingdom Total Value-Added Excellence Award ('IKTVA') for 5 years in a row.

Feb'22 – SUKUK and New CEO

- AD raised SAR 2B debt in a Sharia Compliant bond (sukuk) with an over-subscription of 3.4x.
- The Company's structure is changed with the creation of a CEO position for the first time

Jun'22 – New Branding

AD released its new branding identify with new logo, vision, mission, slogan, etc. marking the start of a new era.

Best-in-Class Capital Market Transactions

*“These awards are evidence of our ability to **optimize our capital structure** in order to support the current growth. The closing of both our Local Bond and IPO transactions was **perfectly timed with the market expansion** we are witnessing. We remain committed to maintain a robust financial position and deliver returns to our investors.”*

Hubert Lafeuille, CFO





Rig Status & Competitive Landscape



16% Total Market Share confirming Leadership



1

Contract Awards in Q4'22:

- Two land rigs: 3Y contract with Baker Hughes.
- One land rig: 2Y contract with Baker Hughes.
- One offshore rig: 5Y contract with Saudi Aramco.

Recent Developments



2

Rig Startups in Q4'22:

- Two offshore rigs: started 3Y contracts with Saudi Aramco

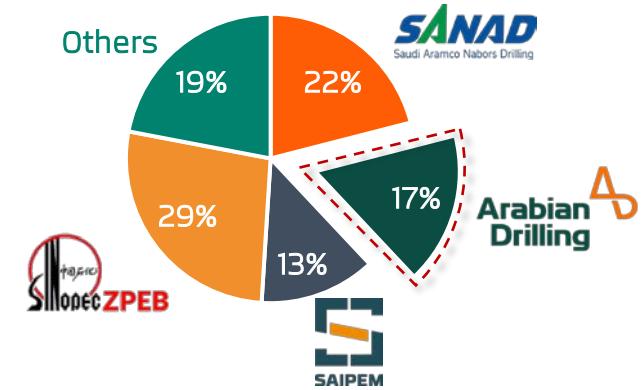


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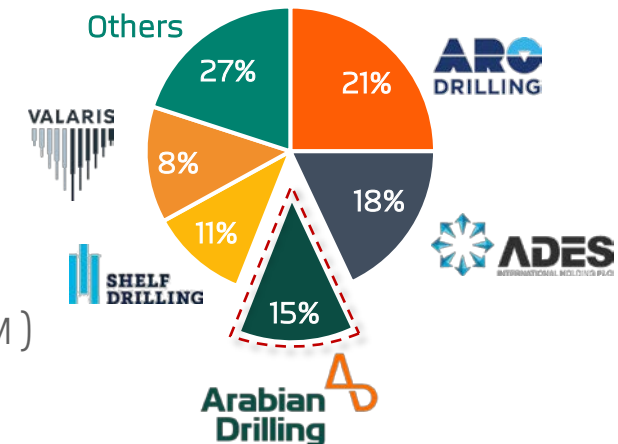
Saudi Market Latest Consolidations:

- KAC Deutag acquiring Saipem land business (Global Deal)
- ADES acquiring Seadrill offshore business (7 Jackups – USD 628M)

Market Share Land – Dec'22



Market Share Offshore – Dec'22



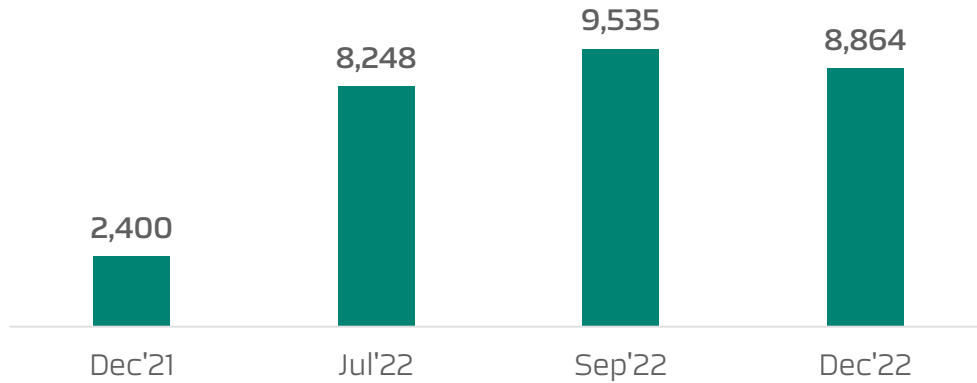


Operational Highlights

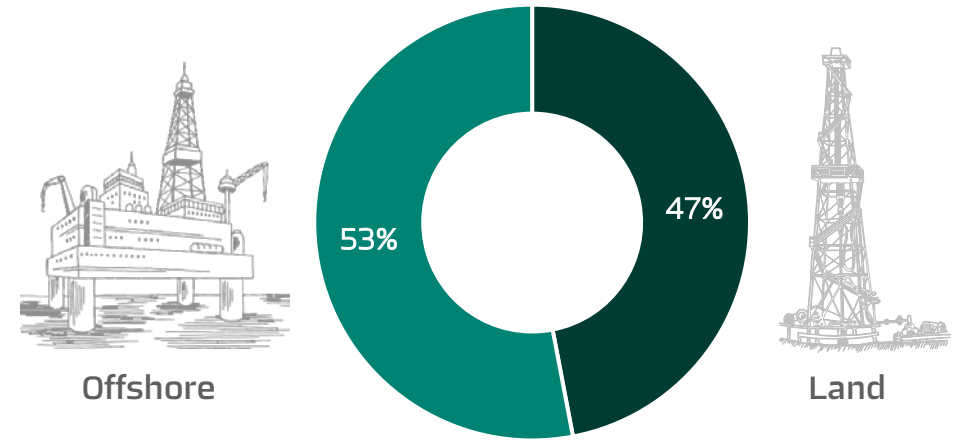


Topline Secured with Robust Backlog

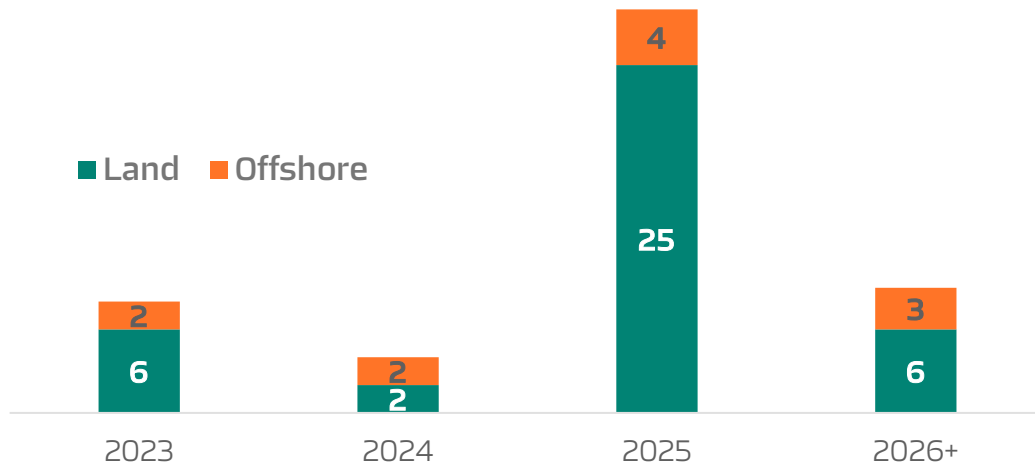
Backlog Trend (SAR M)



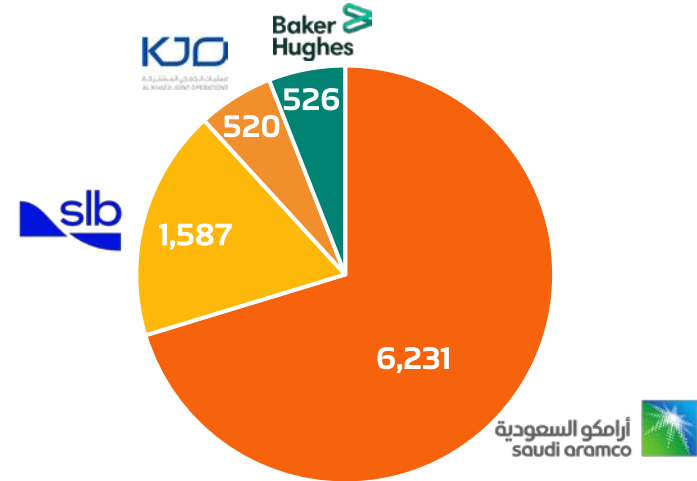
Backlog by Segment – YE'22 (%)



Contract Ending Date by Year



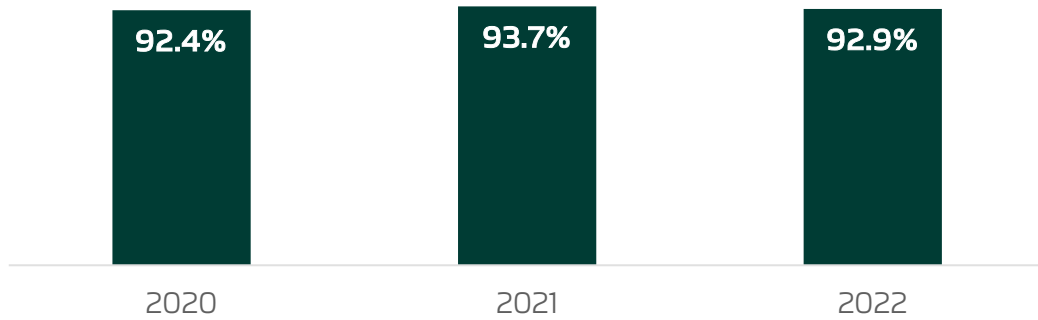
Backlog by Customer – YE'22 (SAR M)



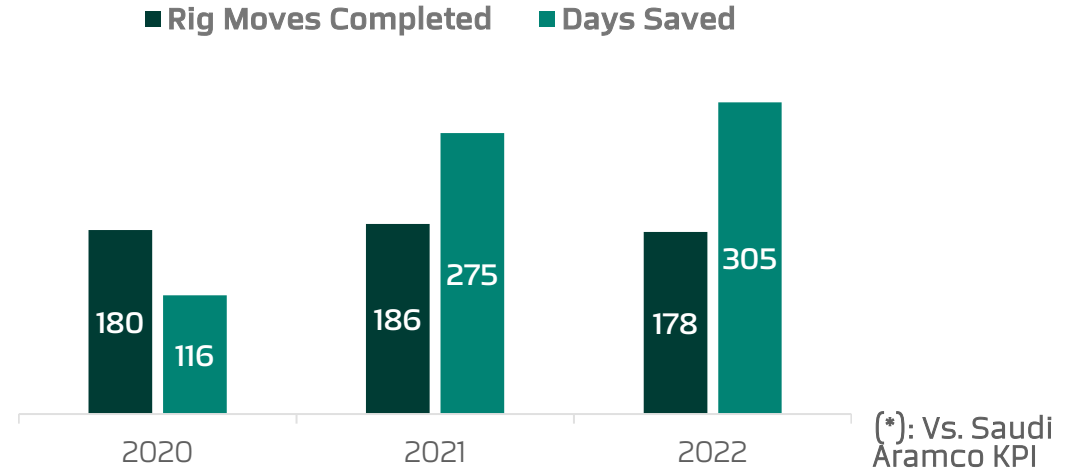


Consistent Performance with Renewed Effort on QHSE

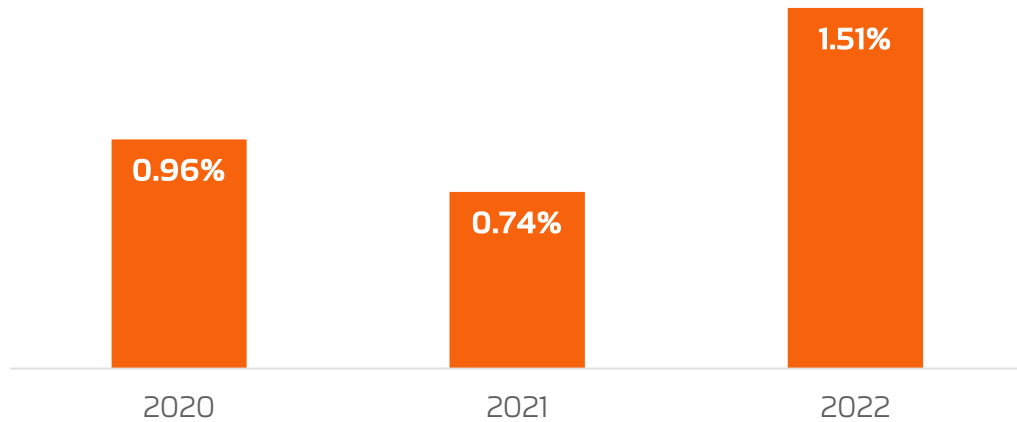
Yearly Average Rig Efficiency Index ('REI')



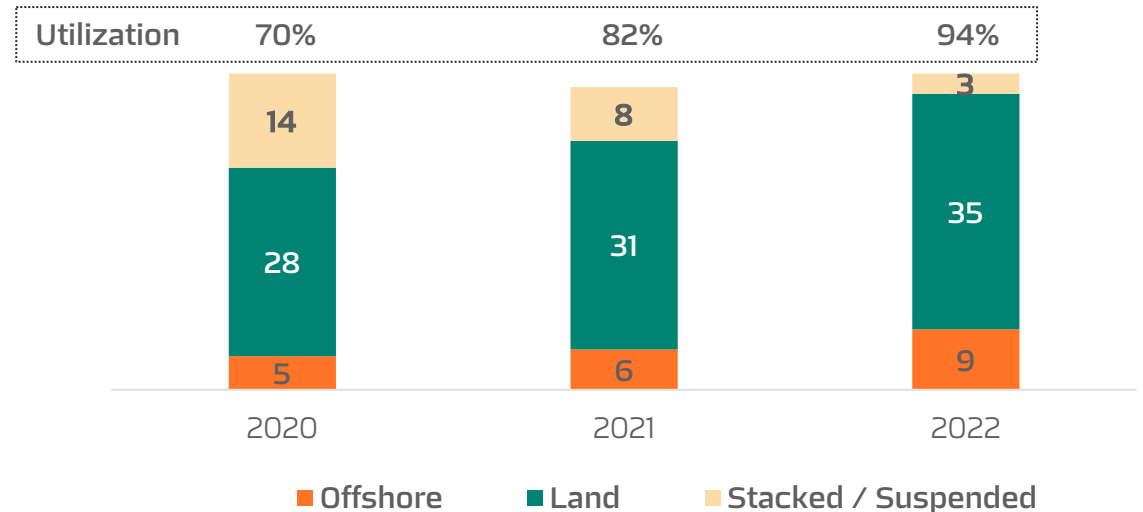
Number of Rig Move & Days Saved (*)



Non-Productive Time ('NPT')



Rig Activity & Utilization



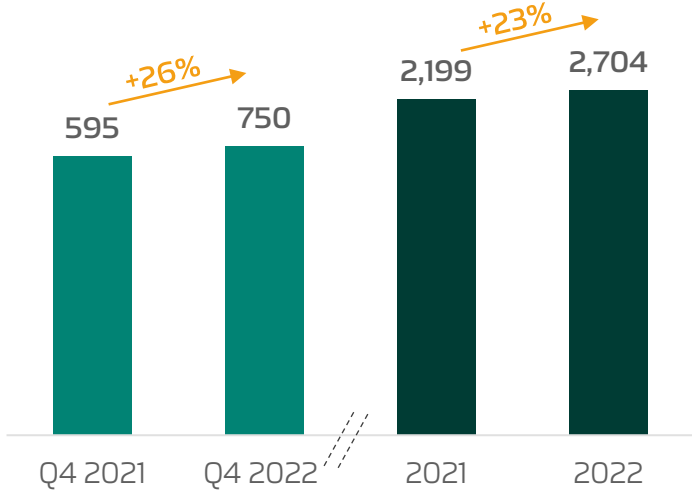


Financial Performance

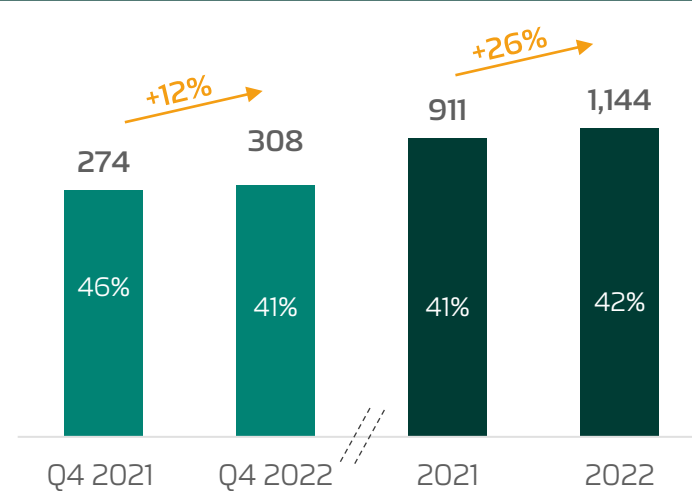


Strong Financials amid Active Rig Demand...

Revenue (SAR M)



EBITDA (SAR M)

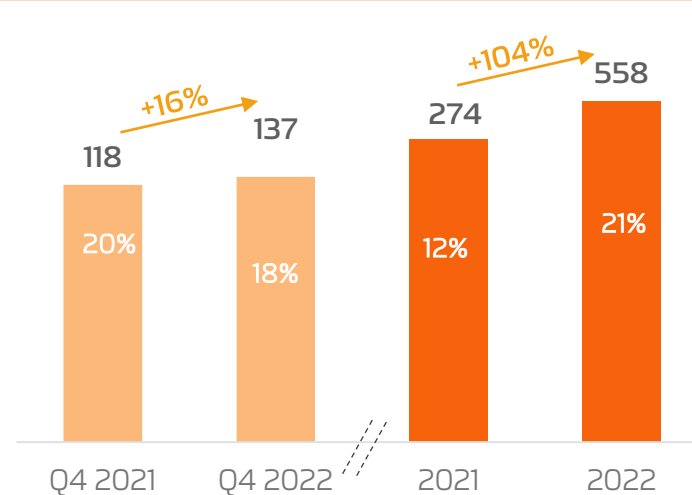


Commentary

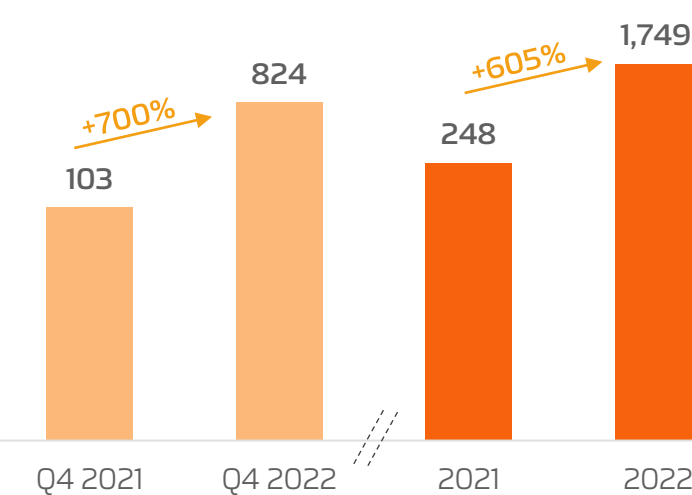
Strong Revenues Growth:

- Previously suspended Land rigs going back to work during 2022
- Substantial increase in fixtures of offshore day rates for renewed contracts
- One additional offshore rig started a 5Y contract in Apr'22

Net Income (SAR M)



CAPEX (SAR M)



Net Income x2 YoY:

- Adjusted Net Income of SAR 474M is +77% YoY

Record High Capex :

- Acquisition of 3 offshore rigs and upgrade shipyard of another 2 leased offshore rigs

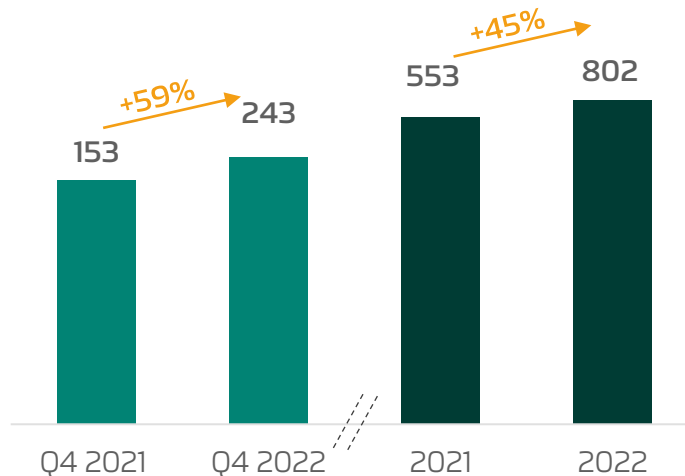
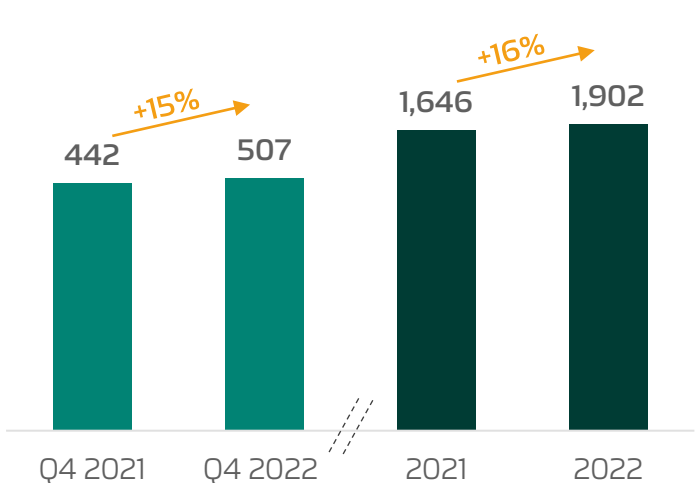


...in both Land and Offshore Segments

Revenue – Land (SAR M)

Revenue – Offshore (SAR M)

Commentary



Land Segment:

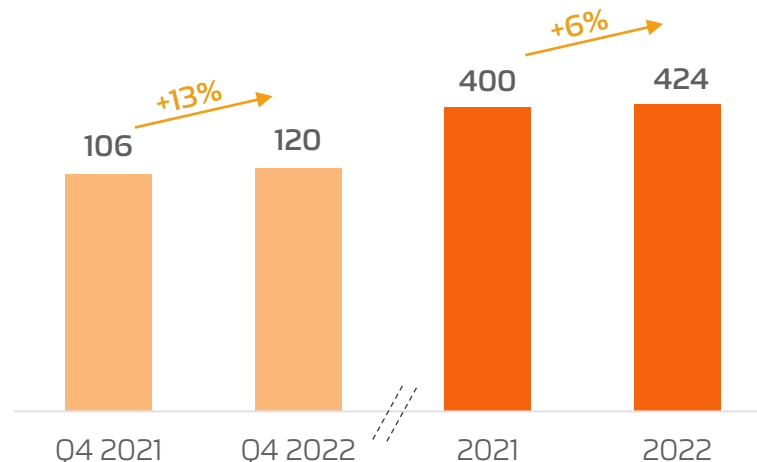
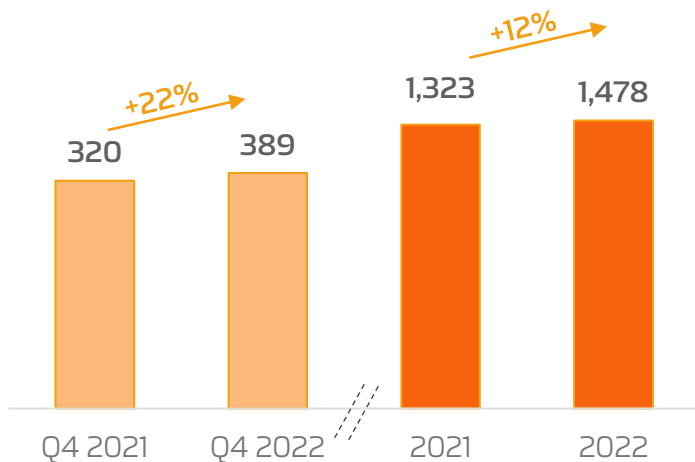
- Average day rate in mid USD 30K with a high single digit increase in latest fixtures
- Revenue and cost increase in line with rig activity increase (+13%)

Offshore Segment:

- Average day rate in high USD 90K with a high thirties % increase in latest fixtures
- 3 new offshore units started in 2022, with one rig in Apr'22 and two leased rigs in late 2022
- 2022 cost of revenue increase of +6% lower than Offshore rig activity increase (+14%), mainly due to lower depreciation cost

Cost of Revenue – Land (SAR M)

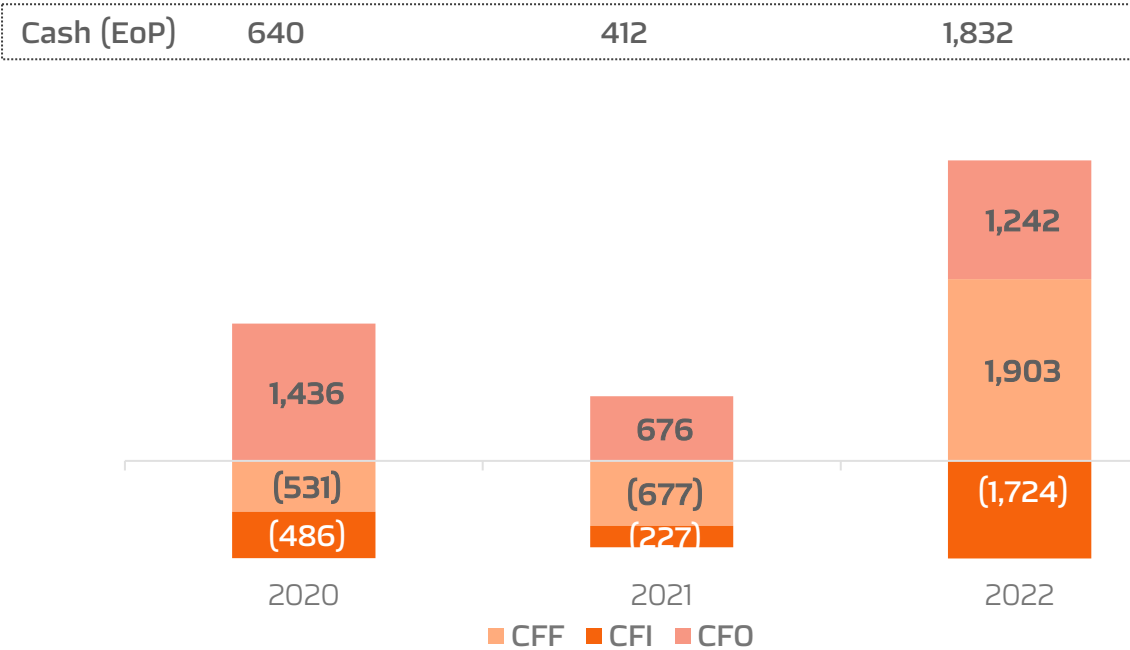
Cost of Revenue – Offshore (SAR M)



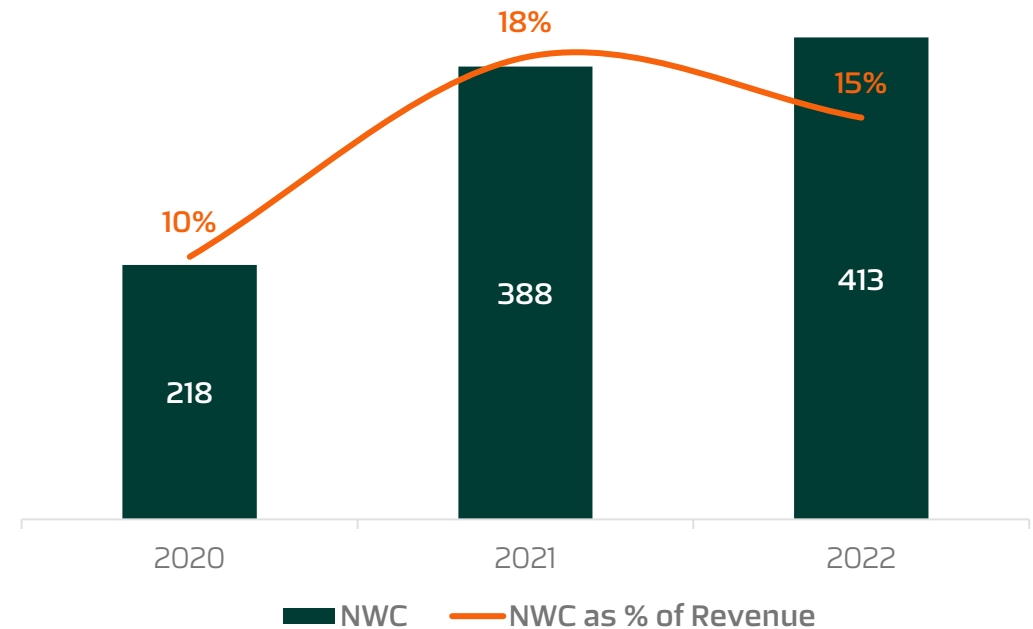


Strong CFO Supporting our Capex Needs

Cash Flow, Cash & Cash Eq. Balance (SAR M)



Net Working Capital (SAR M)



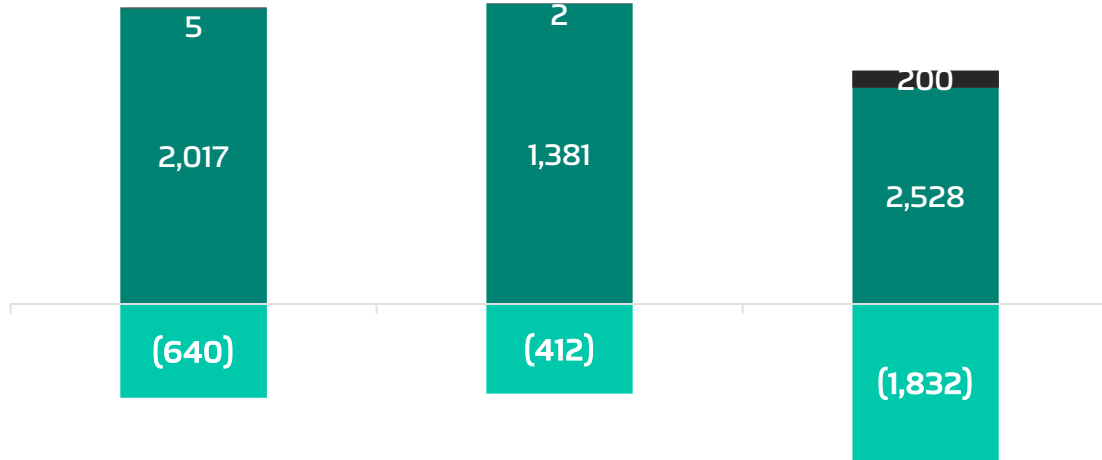
Commentary

- Robust Net Cash Flow from Operating Activities of SAR 1.2B+, covering 70% of Capex needs
- Significant Capex of SAR 1.7B, of which c. SAR 1.2B related to offshore fleet expansion
- CFF includes proceeds from Borrowings (SAR 2.5B) and IPO (SAR 0.9B) less loans repayment (SAR 1.4B)
- 2022 NWC adjusted for one-time mobilization fee invoices for 2 leased rigs is c. 10% of revenue



Sustainable Net Debt & Healthy Leverage

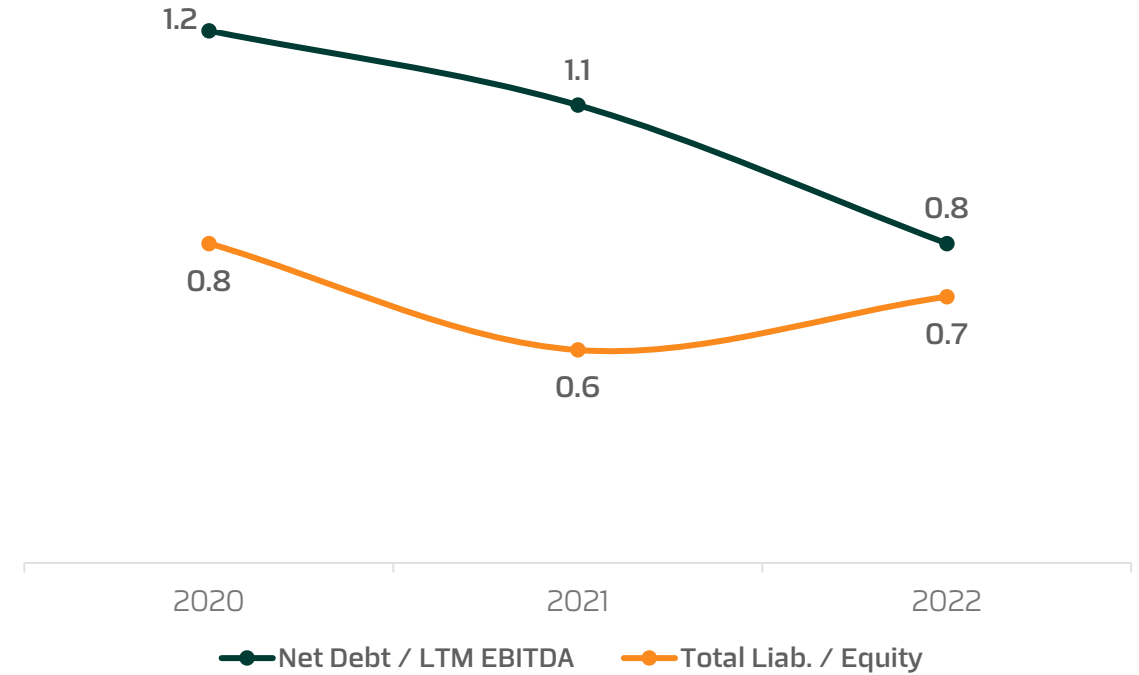
Net Debt (SAR M)



Net Debt	2020	2021	2022
	1,382	971	896

■ Borrowing ■ Lease ■ Cash & STI

Leverage Ratios



Commentary

- Borrowings of SAR 2.5B includes 2.0B Sukuk at 6M SAIBOR + 160bps maturing in Feb'27 and a 500M facility
- Lease liability relates to bareboat charter contract of 2 leased rigs
- SAR 1B placed in risk-free Short-Term Investment (“Murabaha”) maturing in H1 2023
- AD is very well positioned to access additional bank borrowings at highly competitive pricing



Forward-Looking Guidance

Forward-Looking Guidance

Revenue



Revenues are expected to be in the range of **SAR 3.3 -3.5 billion**, supported by the start of contract of the 3 newly acquired offshore units in the course of 2023

CAPEX



Capital expenditure is expected to be in the range of **SAR 1.2 – 1.4 billion** and will continue to reflect ongoing growth with the completion of the upgrade shipyards for the 3 newly acquired offshore units, as well as some other discretionary upgrades plans for certain land rigs and facilities

Dividend



Semi annual cash dividend distribution expected in 4Q'23 with a targeted Pay Out ratio of **80% of the Net Income** of the half-yearly results ending on June 30, 2023

Note: Guidance excludes impact of potential expansion plans as well as current tenders (e.g., Unconventional Gas Jafurah)

THANK YOU – Q&A

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Glossary

• Non-Productive time (NPT)	Non-operational time (downtime) due to machinery breakdown, major overhauling, incident etc.
• Backlog	Future contracted revenue yet to be recognized.
• Stacked Rig	A rig that has been demobilized and is not generating revenue.
• Rig Move Days Saved	Time saved during rig move in comparison with Saudi Aramco KPI.
• Rig Reactivation	Putting back to work a stacked rig.
• Utilization Rate	Ratio of active rigs Vs. total available fleet.
• Net Debt	Total debt including borrowings and lease liabilities less cash and cash equivalent.
• TRIF Rate	Total number of Recordable injuries per one million man-hours worked.
• LTIF Rate	The total number of lost time injuries per one million man-hours worked.
• EBITDA	Earnings before interest, Tax, Depreciation, and Amortization.
• DSO	Days Sales Outstanding measures how many days it takes for a Company to collect payment for its invoices.
• CFO	Net Cash generated from Operating activities.
• CFI	Net cash used in investing activity
• CFF	Net cash generated from Financing activity
• STI	Short Term Investment
• Rig efficiency index (REI)	The REI is the KPI used by Saudi Aramco to measure individual rig's performance. REI is based on HSE, Local Content, Flat Time Performance(FTP), and Non-Productive Time (NPT).