

1H 2025 EARNINGS CALL
31 July 2025



In today's presentation



Ghassan Mirdad

Chief Executive Officer

With over 25 years of experience in the oil & gas sector, Ghassan brings expertise in drilling, M&A, and operations. A Sloan Fellow, he holds a master's from London Business School and a chemical engineering degree from KFUPM.



Hubert Lafeuille

Chief Financial Officer

CFO of Arabian Drilling since 2020, he brings a wealth of experience in oilfield services and offshore drilling. He has occupied leadership positions at Subsea 7, Ocean Rig, and Transocean. Holds a master's degree in Management and Finance from NEOMA Business School.



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IR & Communications Director

Boasting over 24 years of experience in financial communications and investor relations, Bassem has occupied senior roles at leading companies across various sectors and countries. Holds an MBA from the Maastricht School of Management.

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Financial indicators reflect current market challenges

1H 2025 financial highlights (SAR m, versus 1H 2024)



1,774 M

REVENUE
-6.9%



683 M

EBITDA
-13.7%



38.5 %

EBITDA Margin
-3.0 pts



83 M

NET INCOME
-50.3%



653 M

Operating CF*
-16.1%



1.90 x

**NET DEBT /
TTM EBITDA**



* OCF excludes change in working capital

Financial indicators reflect current market challenges

Q2 2025 financial highlights (SAR m, versus Q1 2025)



862 M

REVENUE
-5.3%



303 M

EBITDA
-20.6%



35.1 %

EBITDA Margin
-6.7 pts



7 M

NET INCOME
-90.1%



292 M

Operating CF*
-19.2%



1.90 x

**NET DEBT /
TTM EBITDA**



* OCF excludes change in working capital

First international contract signed, largest backlog intake since Q3'23, utilization rate reflects suspensions

Operational Highlights



+2.4 bn

Largest Backlog Intake Since Q3 '23

- **6** Aramco rigs extensions in Q2'25
- Totaling 39 active rig years
- Associated day rates are largely solid



78.7 %

UTILIZATION RATE

- **48** active rigs out of 61 available units
- Land - **40** rigs
- Offshore - **6** rigs
- SESV - **2** platforms



1.03%

Non-Productive Time - YTD (NPT)

- Consistently low NPT (0.95% in Q1)



0.40

Total Recordable Incident Frequency (TRIF)

- Based over 1,000,000 manhours
- Sustained improvement trend
- Beating industry's average



60

Rig Moves in Q2, same as Q1

- Average of 0.22 days lost per rig move (*)
- Low performance due to weather conditions and nighttime restrictions



1st Int'l Contract
Announced 29 July 2025

- One firm exploration well plus one well option
- Contract value estimated at SAR 75 million
- One suspended offshore rig being reactivated

Note (*): compared to Aramco's KPI

Backlog & utilization rate

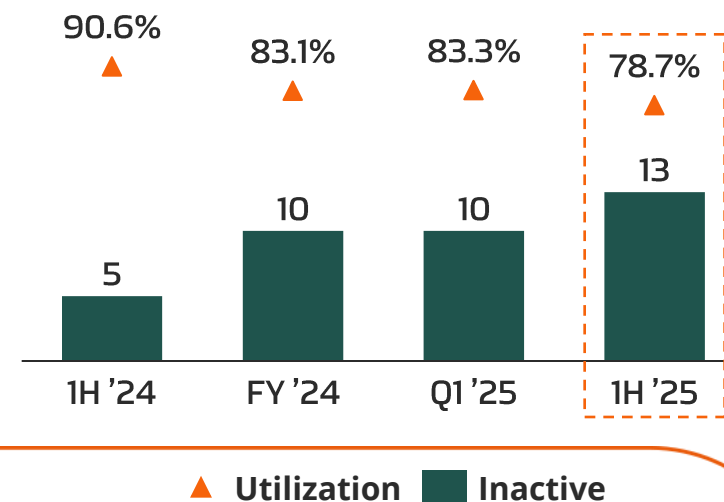
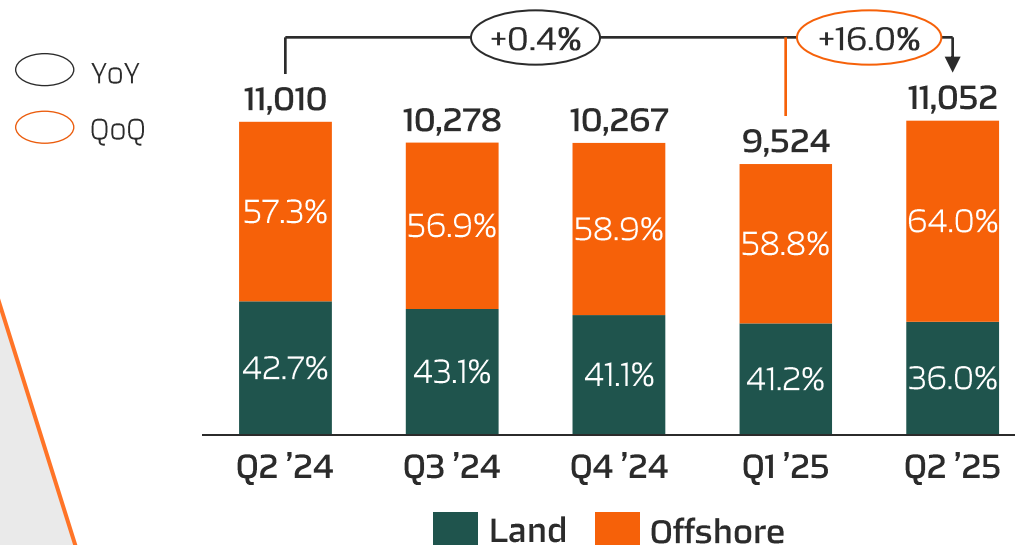
Backlog of SAR 11,052 Bn

- **Net backlog addition of SAR 2.4Bn in Q2** – renewing 6 rigs for a total of 39 active rigs years (average renewal of 6.5 years / rig)
- **Largest backlog intake since 2023** – day rates are market aligned
- **Improved visibility** – average remaining tenure of up from 2.0 (Q1) to 2.4 years (Q2) and book-to-bill ratio up from 2.7x (Q1) to 3.2x (Q2)
- **Additional backlog intake to be announced in Q3** – more to come

Rig Utilization of 78.7 %

- Further **3 Aramco rigs suspended** in Q2 – 2 Land and 1 Offshore
- **48 active rigs** (40 Land, 8 Offshore) out of 61 available fleet size
- Total of **3 rigs inactive** as of 30 June 2025:
 - 8 rigs suspended, 3 Offshore (incl. one leased), and 5 Land
 - 5 rigs without a contract, 1 Offshore (incl. one leased) and 4 Land

5-Quarter Backlog by Segment (EoP)



Contract renewals in 2025

42% of the rigs rolling off in 2025 were renewed in 1H

- 10 rigs out of 24 rolling off this year were successfully renewed
- Expect all remaining rigs to be renewed in due time

14 rig contracts to be renewed in 2025 (as of Q2 EoP)

12 Land

- 11 rigs with SLB LSTK Gas project with a 1Y option, expect to finalize in Q3
- 1 Aramco rig with end date in Nov'25

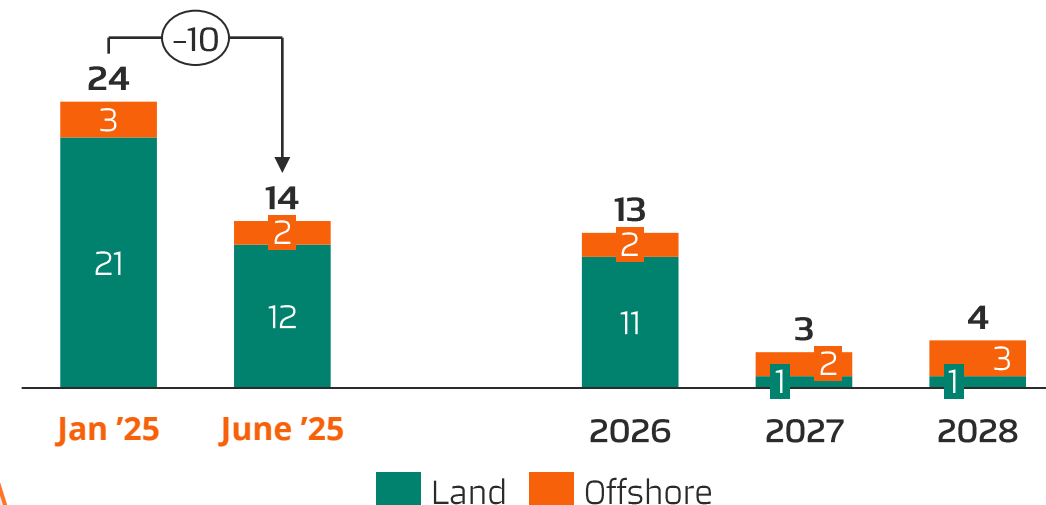
2 Offshore

- 1 rig contracted with KJO, 3Y **renewal announced on post period (14 July)**
- 1 leased rig contracted with Aramco, recently suspended. Contract ends in Nov'25 with a 1-year option.

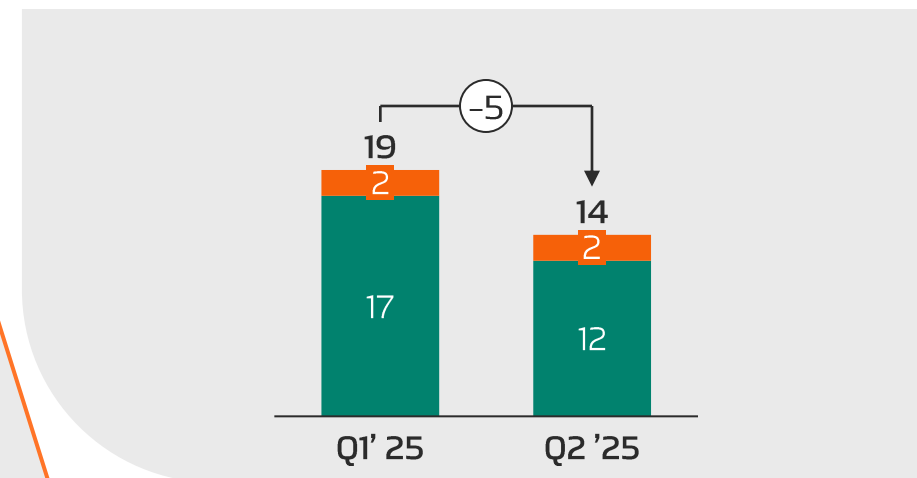
13 rig contracts to be renewed in 2026

- 11 Land, primarily gas rigs
- 2 Offshore, one barge and one currently suspended

Rig Contract Renewal

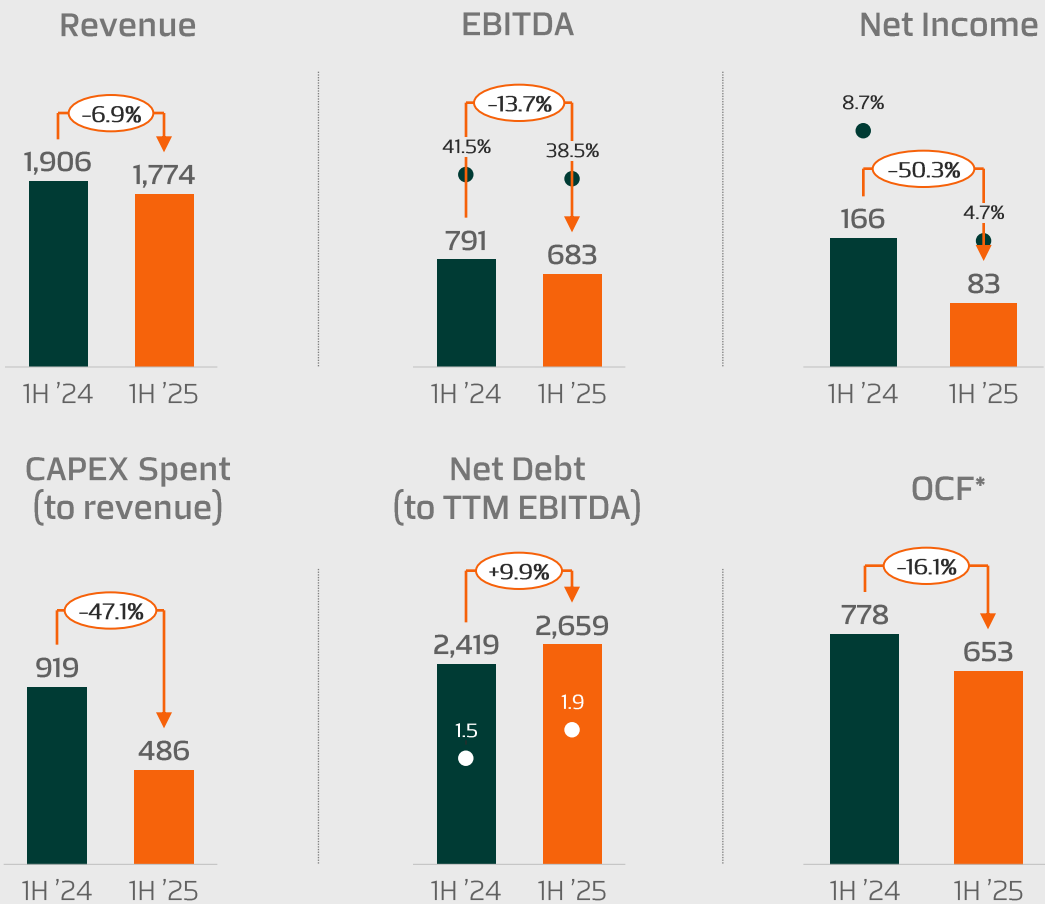


Q1 '25 to Q2 '25 Contract Renewal (EOP)



Slower 1H '25 performance on the back of suspensions

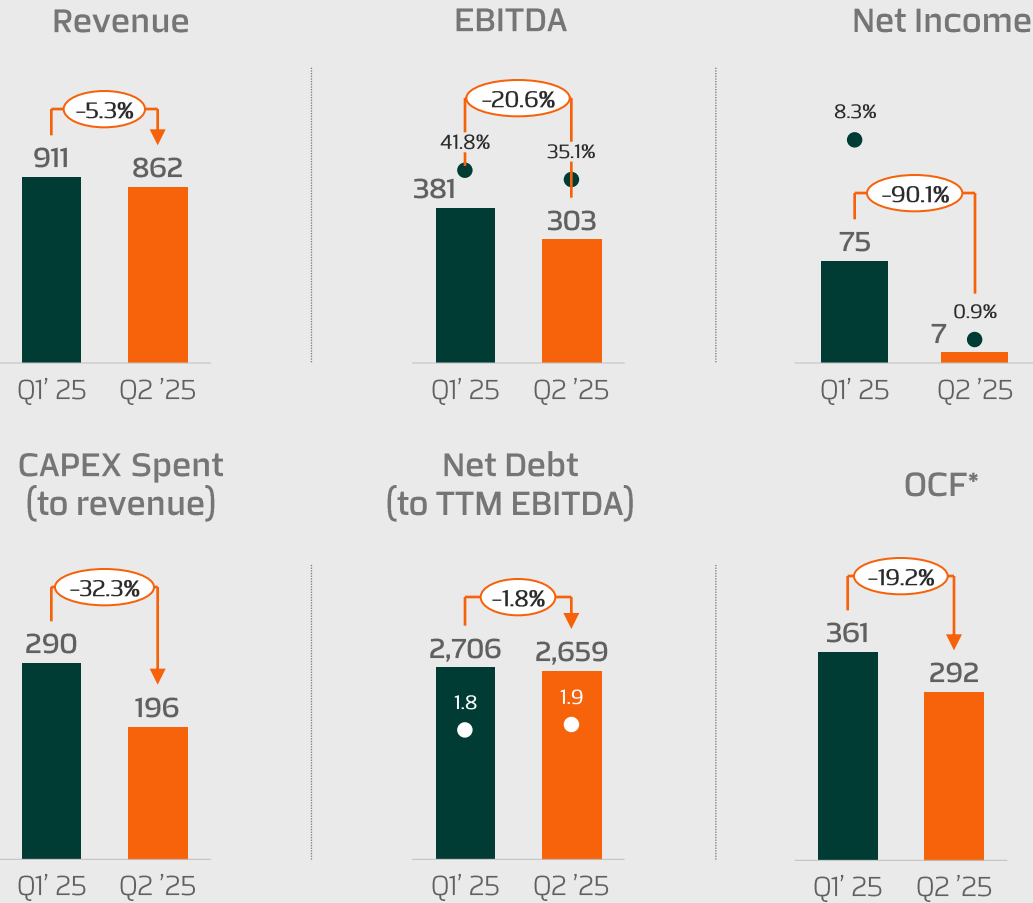
Half Year Performance



- **Revenue (-7%)**: mainly from Aramco suspensions and rigs going out of contract, partially offset by unconventional rigs deployment
- **EBITDA (-14%)**: mainly from suspended/not contracted rigs, discounted rates, partially offset by unconventional rigs and rig move activities
- **Net Income (-50%)**: mainly due to EBITDA decrease (-108M), additional depreciation cost and slightly higher finance expenses, partially offset by asset impairment recognized in H1'24
- **CAPEX (-47%)**: 1H '24 included capex spendings related to the unconventional rigs vs. acquiring the new SESV in 1H '25
- **Net Debt (+10%)**: mainly driven by reduction of the cash on hand position
 - **OCF* (-16%)**: in line with EBITDA decrease

* OCF excludes change in working capital

Q2 '25 EBITDA margin impacted by lower revenues and rig moves performance



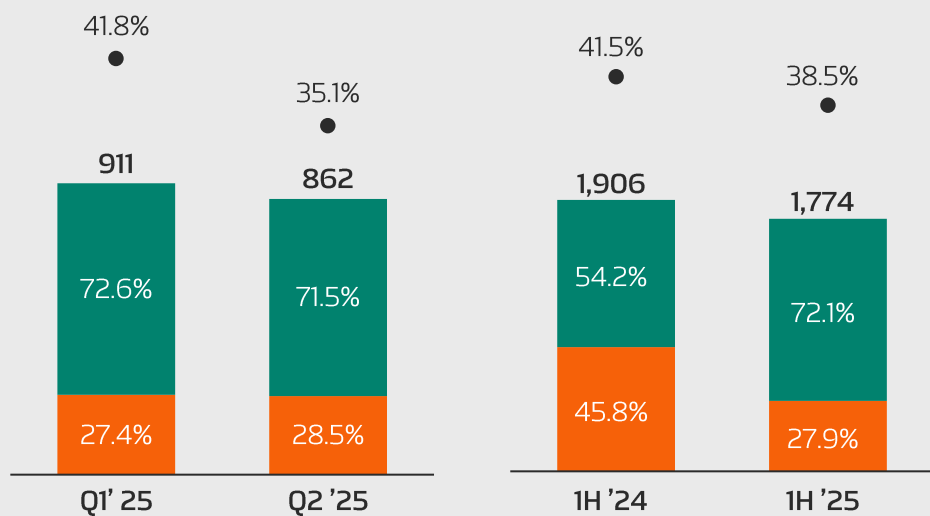
* OCF excludes change in working capital

Quarter Performance

- Revenue (-5%):** less rig move activity QoQ (-36M) as well as more out-of-service time (planned shipyard) for one offshore rig (-16M). Partially offset by additional revenue from the new SESV startup (+8M)
- EBITDA (-21%):** revenue decrease of -49M plus additional non-recurring income recognized in Q1 (-14M) as well as additional rig move expenses incurred in Q2 (-9M)
- Net Income (-90%):** EBITDA decrease of -78M plus additional finance expenses (-4M), partially offset by lower depreciation (+8M) and Zakat and Income Tax (+6M)
- CAPEX (-32%):** mainly due to QoQ variance on new SESV, acquired in Q1 (-210M), partially offset by unconventional rigs (+74M) and shared equipment/facilities capex (+23M)
- Net Debt (-2%):** flat QoQ, with debt repayment of (72M) partially offset by accrued interest expenses
- OCF* (-19%):** in line with EBITDA decrease

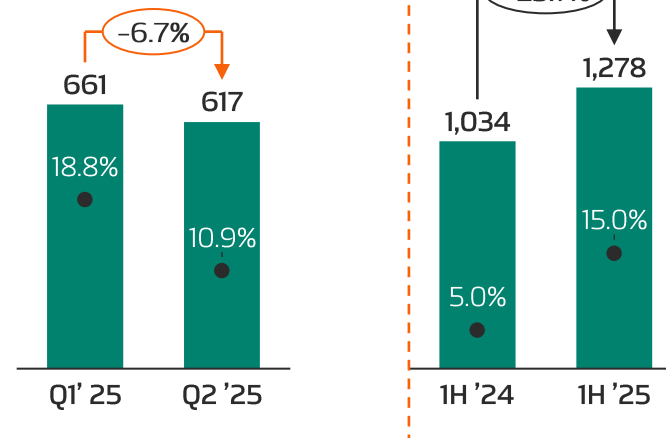
Segment analysis

Total Revenue and EBITDA %

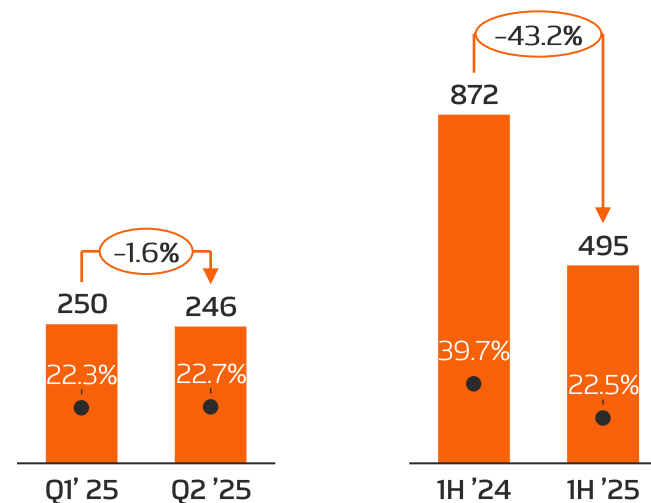


- **EBITDA margin:** slightly below the 40% mark, as expected
- **Land HoH (+23.7%):** mainly due to unconventional rigs and additional rig move activity, partially offset by lower utilization. GP increase due to impairment recognized in 1H '24 vs. higher rig move activity in 1H '25
- **Offshore HoH (-43.2%) :** mainly due to lower utilization, day rate discount and shipyard activity. Partially offset by new SESV

Land Segment Revenue and GP %



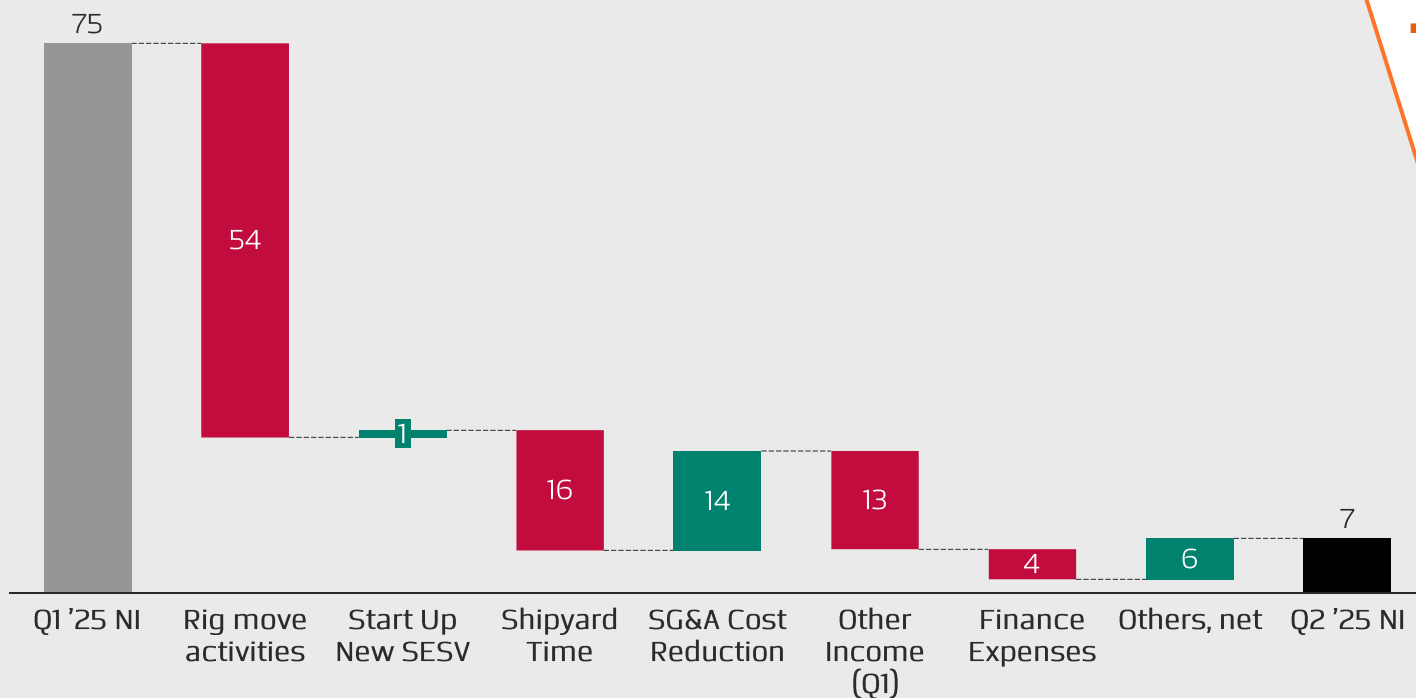
Offshore Segment Revenue and GP %



Net Income Bridging

Net profit mainly affected by the change in rig move activities QoQ as well as additional non-recurring income recognized in Q1. Normalized Net Income is flat QoQ.

Q1 '25 – Q2 '25 Net Income Bridge
(SAR Million)

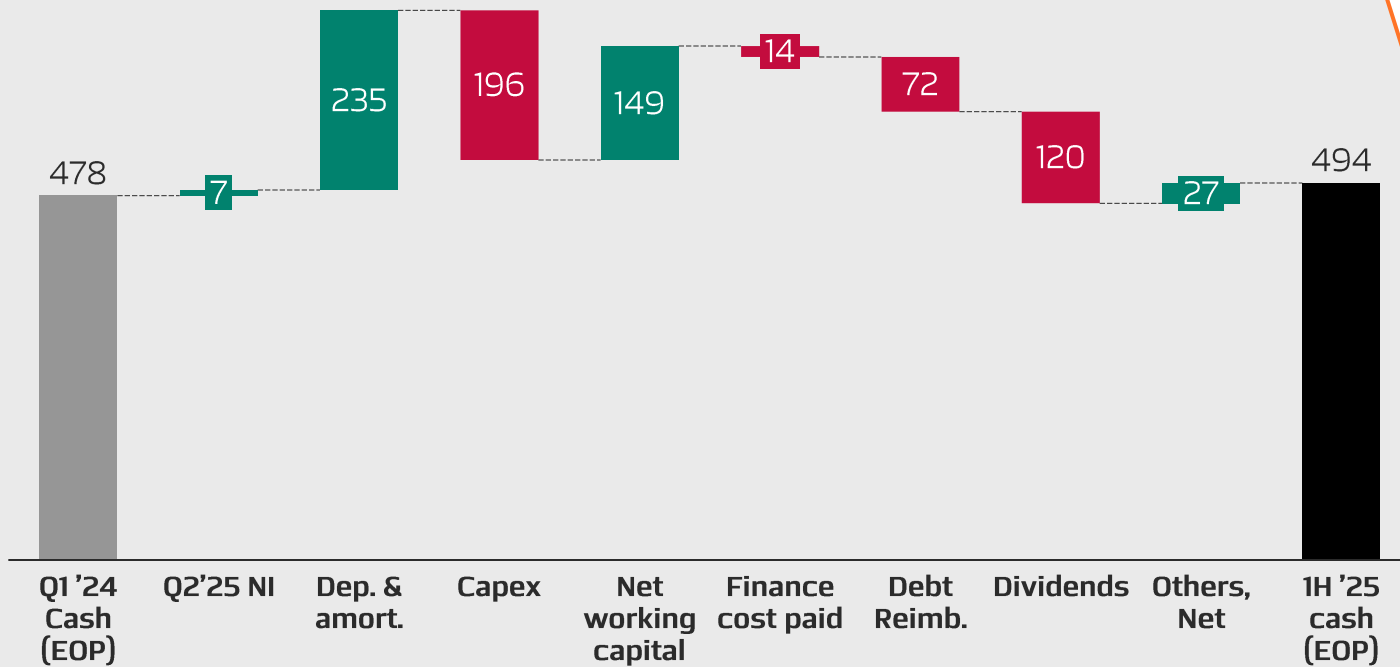


- **Rig move activities:** Q2 rig move performance adversely affected by external factors
- **Startup new SESV:** new offshore vessel acquired in Q1, started its 2Y contract in June
- **Shipyard time:** one offshore rig in planned shipyard in April and May
- **SG&A reduction:** ongoing cost reduction initiatives, including headcount downsizing
- **Other Income (Q1):** additional income recognized in Q1 on sale of land as well as settlement on an insurance claim
- **Finance Expenses:** additional bank loan of 300M drawn in Q1 to finance the SESV acquisition

Cash on Hand Bridging

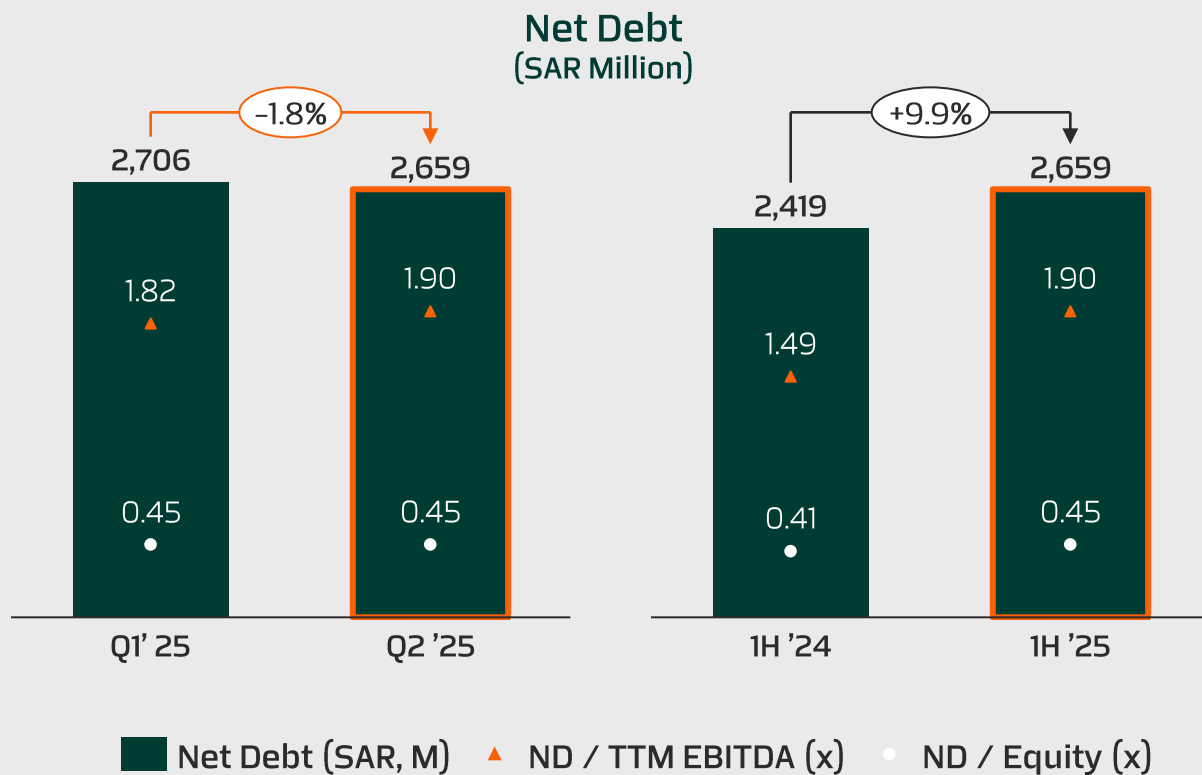
Efficient management of cash and other short-term assets enables Arabian Drilling to meet its debt obligations in time while having sufficient liquidity.

Q1 '25 – Q2 '25 Cash On Hand Bridge
(SAR Million)



- **CAPEX:** reaching the end of the Capex growth cycle
- **Net Working Capital:** mainly driven by DSO improvement
- **Debt Reimbursement:** includes principal debt repayment and lease obligations
- **Dividends:** dividend of 120M paid out in April 2025 related to H2'24
- **Other:** mainly other non-cash items such as accrued interest and amortization of deferred mobilization of revenue and costs

Strong debt profile, net debt to equity still below 2.0x



- **Net Debt of SAR 2,659M:** comprises of gross debt of 3,119M (including 2Bn Sukuk), lease obligations of 34M less cash on hand of 494M.
- **HoH net debt increase of SAR 240M:** mainly due to decrease in cash on hand of 193M. Gross debt stable at 3.1Bn
- **Leverage ratio:** still below 2x despite of challenging environment. Shows continuous resilience.

Q3 2025 Outlook & Guidance

Beginning this year, in response to market conditions within the oil and gas sector and the current global macroeconomic uncertainties, the management team has shifted financial guidance to a quarterly format instead of an annual one. This change is intended to provide more precise and timely guidance over shorter intervals.

Guidance

For the third quarter of 2025, we project our revenue to reflect a potential decline of up to 10% from Q2 2025 level.

- Rig suspensions effective end of Q2 with full effect in Q3 2025

We see a lower CAPEX at SAR 800–850 million for the year.

- Improving free cash flow by 50 million compared to previous guidance

Ongoing effort to downsize our SG&A cost to adapt to new market reality

We continue to recommend exercising caution when projecting performance from upcoming quarters of 2025.

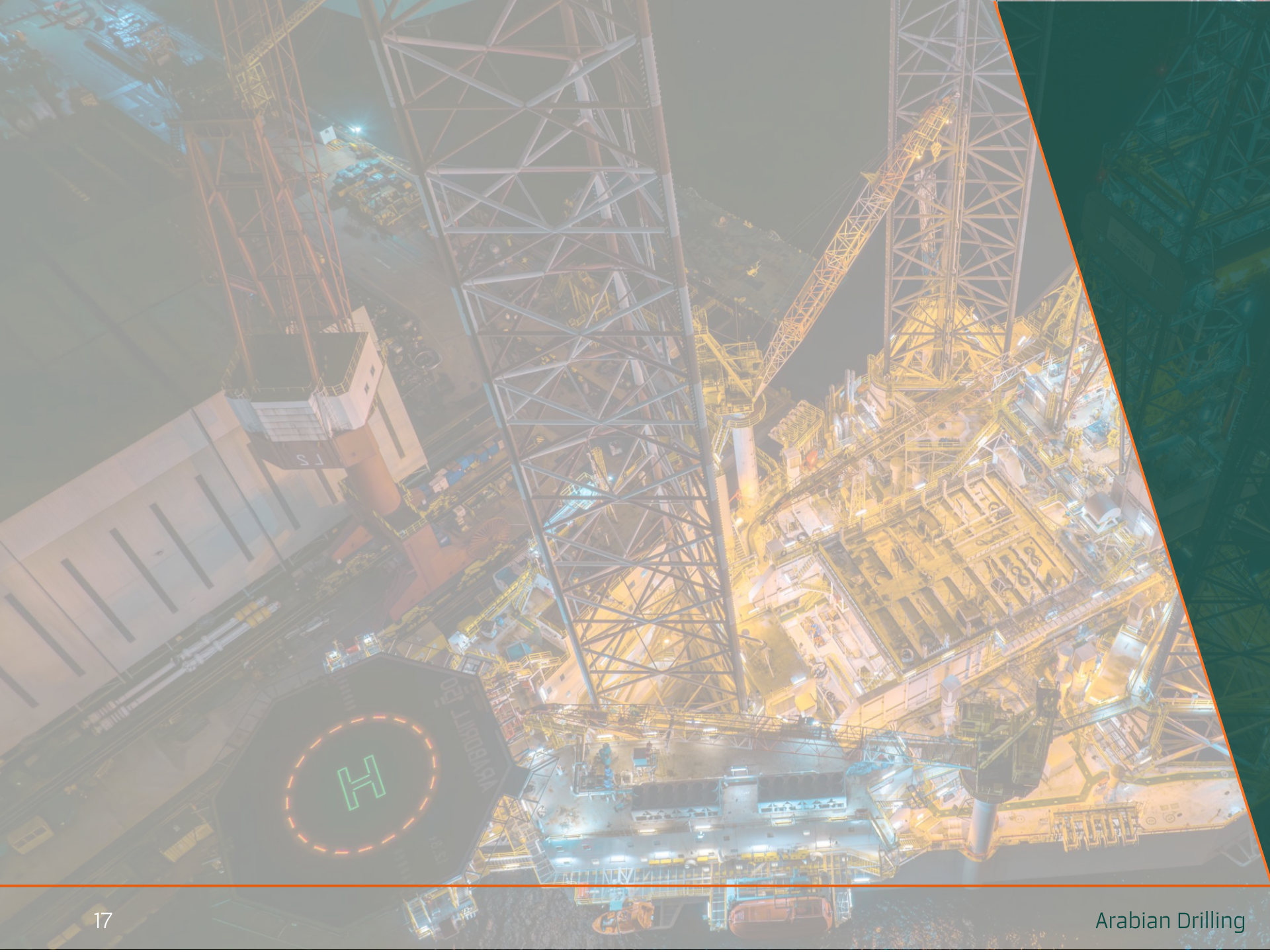


Q&A Session

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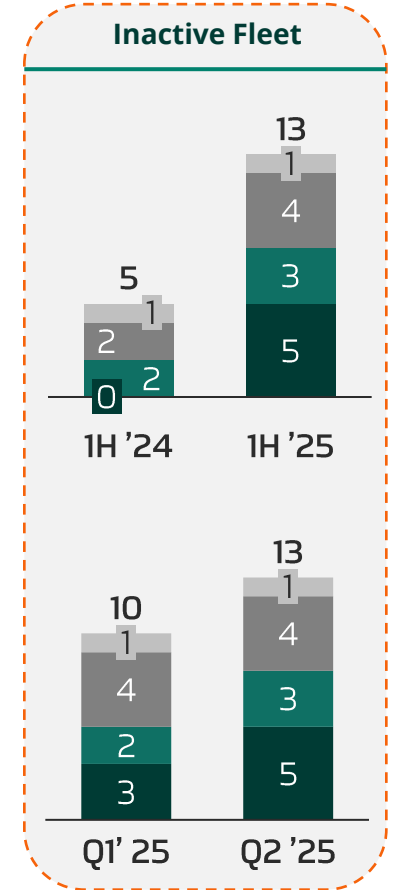
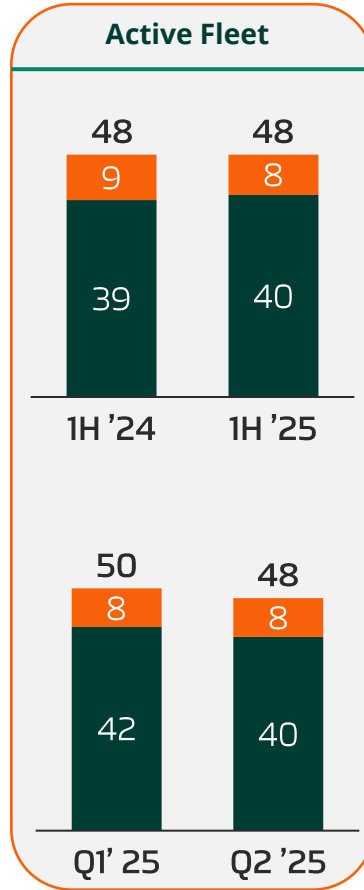
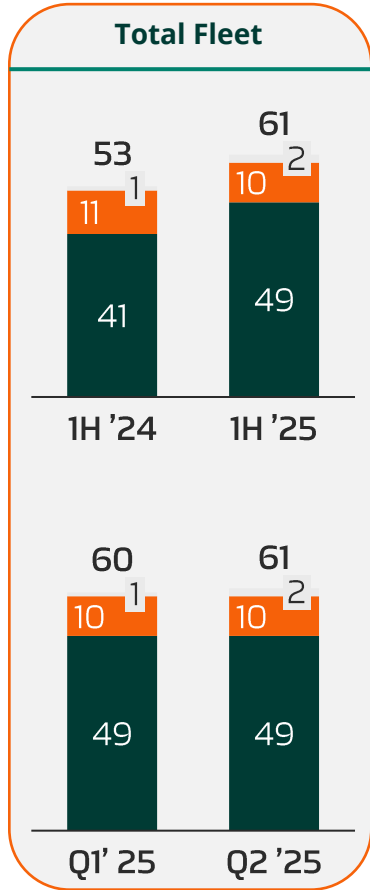
Contacts

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Appendix

Fleet Overview & Update



Land rig SESV
Offshore rig

Land
Offshore

Susp'd (Land) Uncont'd (Land)
Susp'd (Offshore) Uncont'd (Offshore)

Net Income & EBITDA Reconciliation

In SAR Million

	Q1'24	Q2'24	Q3'24	Q4'24	FY'24	Q1'25	Q2'25
Revenue	967	939	863	850	3,619	911	862
Net Income	146	20	85	70	321	75	7
ADD BACK: Asset impairment charge	-	105	-	-	105	-	-
Adjusted Net Income	146	125	85	70	426	75	7
ADD BACK:							
Finance costs - net	46	53	53	55	208	53	56
Zakat and Income Tax	22	2	5	7	36	9	4
Depreciation & Amortization	191	206	215	226	838	244	236
EBITDA	405	386	358	358	1,508	381	303
EBITDA Margin	41.9%	41.1%	41.5%	42.1%	41.7%	41.8%	35.1%

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.
SESV	Self-Elevating Service Vessel