



EARNINGS RELEASE

Arabian Drilling announces impressive Full Year 2022 ("FY'22") results confirming robust performance and growing rig activity

- **Higher rig utilization and day rates drive FY'22 revenue up 23% to Saudi Riyals ("SAR") 2.7 billion and Operating Cash Flows up 84% to SAR 1.2 billion**
- **Earnings per Share ("EPS") up 100% to SAR 6.85**
- **Record backlog of SAR 8.9 billion at Year End 2022 ("YE'22"), including the latest five-year offshore contract for a fifth Jack up. Average remaining contract tenure across the fleet of 2.3 years per rig**

Al-Khobar, KSA – March 19, 2023: Arabian Drilling Company ("Arabian Drilling" or the "Company") (Tadawul symbol: 2381), the land and offshore drilling national champion in Saudi Arabia, today announced impressive financial results for the Fourth Quarter of 2022 ("4Q'22") and FY'22, supported by a robust operational performance.

FINANCIAL HIGHLIGHTS

Arabian Drilling's posted FY'22 **Revenue of SAR 2.7 billion**, reflecting a year-on-year ("YoY") increase of 23%, in line with the expectations. Revenue growth was driven by the combined effects of a higher rig utilization rate and an increase in day rates due to strong demand, particularly in the offshore segment.

FY'22 Earnings before Interest, Tax, Depreciation and Amortization ("**EBITDA**") was **SAR 1.1 billion**, with a margin of 42%, also in line with expectations. **Net Profit of SAR 558 million** was 104% higher, including a one-off exceptional tax credit of SAR 73.8 million and resulting in an EPS of SAR 6.85. Excluding the exceptional tax credit, adjusted EPS was SAR 5.94, representing a YoY increase of 74%.

Strong FY'22 Operating Cash Flows of SAR 1.2 billion were 84% higher whilst Capital Expenditure rose materially by 606% with a total spending of SAR 1.7 billion. The surge in Capital Expenditure reflects the addition of 3 newly acquired jackups as well as upgrades and modification shipyard costs for another 2 leased jackups. All 5 jackups are secured with multiyear Saudi Aramco contracts with the 2 leased jackups having commenced their 3-year firm contracts in 4Q'22.

The current total fleet is 50 rigs, comprising of an available fleet of 47 units (38 land rigs and 9 offshore rigs), plus the 3 newly acquired jackups currently being upgraded to Saudi Aramco's specifications.



The Company's robust financial position is evidenced by its strong Balance Sheet and ample cash reserves. The extraordinarily strong cash position achieved in FY'22 was driven by the proceeds generated from the Initial Public Offering ("IPO") of SAR 872 million (net of transaction costs) and Sukuk issue of SAR 2 billion, which provides a strong foundation for future growth and expansion.

Key Financial Metrics

(SAR Millions)	4Q22	4Q21	Change %	FY22	FY21	Change %
Revenue	750	595	+26%	2,704	2,199	+23%
EBITDA	308	274	+12%	1,144	911	+26%
EBITDA (% of Revenue)	41%	46%	-11%	42%	41%	+2%
Operational Profit	168	134	+25%	619	363	+71%
Net Profit	137	118	+16%	558	274	+104%
EPS (SAR per share) (1)	1.68	1.48	+13%	6.85	3.42	+100%
Adjusted Net Profit (2)	134	118	+14%	484	274	+77%
Capital Expenditure	824	103	+700%	1,749	248	+605%
Cash from Operating Activities	386	63	+513%	1,242	676	+84%
Active Rigs (EoP) (3)	44	37	+19%	44	37	+19%

(1) FY22 EPS is calculated on a weighted average basis of 81,430,137 shares (FY21: 80,000,000 shares)

(2) Excluding extraordinary tax credit of SAR 74m for FY22 (SAR 3.2m for Q4'22) related to a one-off deferred tax adjustment

(3) Active rigs include rigs operating and generating revenue. At YE'22, the total available fleet size was 47 rigs

Revenue Breakdown

(SAR Millions)	4Q22	4Q21	Change	FY22	FY21	Change
LAND	507	442	+15%	1,902	1,646	+16%
OFFSHORE	243	153	+59%	802	553	+45%
TOTAL	750	595	+26%	2,704	2,199	+23%



OPERATIONAL HIGHLIGHTS

Arabian Drilling reported a **high fleet utilization rate of 94%** (44 active rigs out of a total available fleet of 47 units), following the reactivation of certain land rigs during FY'22 and delivered an exceptional operational efficiency with an average Year-to-Date Rig Efficiency Index across the fleet of 93%. Overall, Non-Productive Time was at 1.51%. In 2022, the Company completed 178 land rig moves, with an average saving of 1.71 days per rig move compared with Saudi Aramco's target.

At YE'22, the Company's **Backlog was SAR 8.9 billion** with an average remaining contract tenure of 2.3 year per rig, following new contracts awards and renewals of existing contracts for 32 rigs during the year. The average day rate achieved in FY'22 for Land rigs was in the mid USD 30Ks while average day rate for the Offshore rigs was in the high USD 90Ks, excluding the Multi-Purpose Service Vessel and the 3 recently acquired jackups that are due to commence operations during 2023.

Although the Total Recordable Incident Frequency ('TRIF') of 0.33 for FY22 remained lower than the target, regrettably one work-related fatality was recorded in May 2022. In a phase of rapid expansion, Arabian Drilling remains totally focused on strengthening the prevention of injuries across all work locations with an emphasis on on-site management visibility, coaching roving task force and STOP Work authority.

GUIDANCE

Arabian Drilling expects total FY'23 revenue to be between SAR 3.3 billion and SAR 3.5 billion.

Capital Expenditure is forecasted to be in a range of SAR 1.2 billion to 1.4 billion, reflecting the ongoing shipyard preparation for the 3 newly acquired jackups as well as discretionary refurbishment and upgrade projects for certain land rigs and facilities.

The Company plans to maintain a healthy leverage with a Net-Debt to EBITDA ratio below 1.0x. Arabian Drilling also plans to **distribute its first semi-annual cash dividend in 4Q'23** with a targeted pay-out ratio of 80%, based on half-yearly results ending on June 30, 2023.

It is important to note that the above guidance does not include the impact of any potential regional expansion plans and any current or upcoming tenders, including Jafurah Unconventional Gas field development.



COMMENTS

Ghassan Mirdad, Chief Executive Officer of Arabian Drilling, commented:

"2022 was truly remarkable for Arabian Drilling and I am proud of the multiple achievements and milestones achieved by our team. The Company underwent a massive transformation journey which included a Company rebranding, the issue of a SAR 2 billion Sukuk, the expansion of our fleet to service a record high backlog and new clients as well as the successful IPO on the Saudi Exchange with overwhelming support from the Market.

We are excited about the Company's growth trajectory and expect another strong financial performance in FY'23 reflecting the dynamism of the Market that is driving both higher rig utilization and increased day rates. In particular, the offshore business is expected to continue ramping up as we deploy our 3 newly acquired jackups on 5-year contracts with Saudi Aramco whilst onshore rig demand will enter its next growth phase supported by the development of the Jafurah unconventional gas field.

Of course, celebrating the Company's success is meaningless without our ability to ensure the safety of our colleagues as an absolute priority, especially during the high growth phase that we are experiencing. To this end, we take complete responsibility for achieving the highest Health, Safety and Environment standards across our operations everywhere and every time."

Hubert Lafeuille, Chief Financial Officer of Arabian Drilling, commented:

"We delivered an impressive operational and financial performance in line with the guidance provided to the Market. In addition, we were particularly pleased to have our Sukuk issuance and IPO recognized as best-in-class capital markets transactions, with the 'Best IPO Award' received from the Saudi Exchange (Tadawul).

Looking ahead, we remain focused on optimizing our capital structure by maintaining a healthy Balance Sheet with a low gearing level. This will give us an ample headroom to finance further organic or in-organic growth while returning sustainable dividends to our shareholders."

-ENDS-



ABOUT ARABIAN DRILLING

Arabian Drilling is an award winning onshore and offshore gas and oil rig drilling company in Saudi Arabia with an extensive track record of operational excellence and a history of innovation that has brought tremendous safety and efficiency gains to the drilling process.

Established in 1964, Arabian Drilling is the leader in the drilling sector in Saudi Arabia, with founders and majority shareholders the Industrialization & Energy Services Company (TAQA), a Saudi Joint Stock company which and SLB (previously known as Services Petroliers Schlumberger S.A.), a global leader in oilfield services.

Arabian Drilling serves clients including Saudi Aramco, Al-Khafji Joint Operations (KJO), SLB, as well as Baker Hughes, and has a large fleet of onshore and offshore rigs operated by a highly skilled, qualified, and professional staff, that are built to withstand the harsh weather conditions found in the Middle East region.

Arabian Drilling has adapted to meet the needs of a changing industry and world, integrating sustainable practices throughout the business and contributing to sustainable global energy demand. Arabian Drilling's sustainability Roadmap is aligned with the United Nations Sustainable Development Goals (UN SDGs) and Saudi Arabia's Vision 2030, with initiatives and business practices that empower employees, local suppliers, and the communities and economies in which the company operates and serves, while responsibly managing the impacts of the growing business on the planet.

To find out more, visit:

<https://www.arabdrill.com/>

For investor relation inquiries please contact:

ir@arabdrill.com

For media queries please contact:

media@arabdrill.com