ADNOC Drilling Awarded $733 Million Contract for Three Newbuild Island Rigs

Contract award is above medium-term guidance with accretive dayrates enhancing long-term contracted cash flow and earnings visibility.

ADNOC Drilling and Honghua Group (HH), collaborate to integrate artificial intelligence (AI) in rig design improving safety and efficiency.

Rig purchase contributes to transformational growth strategy with more than $2.2 billion invested, since IPO, in building one of the largest integrated drilling fleets in the world.

Abu Dhabi, UAE – July 3, 2024: ADNOC Drilling Company PJSC ("ADNOC Drilling" or "the Company") (ADX symbol: ADNOCDRILL / ISIN: AEA007301012) today confirmed the award of an estimated total contract value of $733 million[1], by ADNOC Offshore, for three island drilling rigs in support of the growing operations at the offshore Zakum field.

Abdulrahman Abdulla Al Seiari, Chief Executive Officer of ADNOC Drilling, said: "ADNOC Drilling is honored to receive this substantial award, which marks a significant milestone in our company's accelerated growth journey. These new island rigs will be the most advanced in the world, embracing artificial intelligence, the most tranformative techology of our generation.

"Our partnership with HH will amplify the creativity and ingenuity of our industry as we design and build these rigs of the future that drive efficiency and safety and deliver exceptional value for our customer ADNOC Offshore."

Commenting on the award, **Tayba Abdul Rahim Al Hashemi, Chief Executive Officer of ADNOC Offshore, said**: "ADNOC Drilling's technical expertise and enhanced capabilities are key enablers as we safely and sustainably accelerate to meet the world's growing energy demands. This award will strengthen our partnership in the future as we work together to harness AI and innovation to maximise energy, minimize emissions and unlock significant value for stakeholders."

The contract award will follow existing agreements with revenue underpinned by the long-term duration with guaranteed returns. The three new island rigs will operate on existing and newly constructed innovative artificial islands at the offshore Zakum field for drilling and completion of wells.

[1] Including mobilization and options

The rigs, which will be constructed by Honghua Group (HH), will incorporate industry leading technology and automation. Delivery of the rigs and commencement of operations is expected during 2026. The rigs will be designed and built as part of a partnership between ADNOC Drilling and HH. This partnership has been specifically formed to harness the transformative nature of AI, digitization, and advanced technology in the design and operation of these next generation drilling rigs. ADNOC Drilling and HH will look to also collaborate with AIQ, an Abu Dhabi based artificial intelligence (AI) pioneer contributing to the energy sector globally.

The design of the rig operating systems will look to utilize real-time condition, performance and utilization data to create actionable insights, enhancing rig performance and increasing efficiency, leading to improvements in safety and well delivery times. Additionally, drilling operations on ADNOC's innovative artificial islands create the ideal conditions for extended reach drilling (ERD) with the top five longest wells in the world being delivered from these islands off the coast of Abu Dhabi, the most recently delivered being over 52,000 feet. The rigs will be built to deliver ERD as well as having the state-of-the-art capability of walking between wells eliminating the need for the rigs to be dismantled to be moved. These capabilities dramatically improve efficiency and safety while vastly reducing costs and emissions.

The total capital expenditure expected for the purchase of the new island rigs is approximately $210 million, mostly concentrated in 2025, with the first full-year revenue from the new rigs expected to be 2027. The full-year 2024 guidance of $200-250 million for the Island rig segment, which currently operates 10 island rigs, is unchanged. The ADNOC Drilling fleet is now expected to total at least 148 by 2026 including these three new rigs as well as the previously announced three land rigs for the initial phase of the unconventionals development. Since the fourth quarter 2021, when the IPO took place, ADNOC Drilling has invested more than $2.2 billion in building one of the largest integrated drilling fleets in the world.

About ADNOC Drilling

ADNOC Drilling, listed on the Abu Dhabi Securities Exchange (ADX symbol "ADNOCDRILL;" ISIN AEA007301012), is the largest drilling and well completions company in the Middle East by fleet size, owning and operating one of the largest multi-discipline drilling fleets in the world. The Company is a critical link in ADNOC's upstream business, as ADNOC accelerates its production capacity targets and enables gas self-sufficiency for the UAE. ADNOC Drilling incorporated Integrated Drilling Services into its portfolio in 2018 and now offers a total solution of start-to-finish wells and associated services that encompass the entire drilling value chain. To find out more, visit: www.adnocdrilling.ae

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