

# INVESTMENT CASE

## Saudi's National Drilling Champion



### Leadership position in an attractive market

- Largest drilling contractor in Saudi by fleet size as of December 2024 (total fleet size of 59 land and offshore rigs).
- Active in both land and offshore segments, fostering a balanced business mix and a resilient financial model.
- Leader in land gas drilling in KSA.
- With a 60-year history of operations in the Kingdom of Saudi Arabia, Arabian Drilling possesses unparalleled experience among contractors in the country.

### Tapping into unconventional gas drilling and other sustainability initiatives in line with Vision 2030

- Successful deployment of 13 new land Rigs for 5-year fixed term contracts to develop unconventional gas fields, including Jafurah field.
- Jafurah covers an area of approximately 17,000 km<sup>2</sup> and is the largest liquid-rich shale gas field in the Middle East, containing an estimated 200 trillion standard cubic feet of natural gas.
- It is expected to play a crucial role in Saudi Arabia's energy transition to use 60% natural gas to fuel its energy generation requirements, while also contributing to achieving its net-zero

ambitions by decarbonizing electricity production.

- Arabian Drilling just completed a well in the NEOM region.

### Continuous fleet expansion plans

- Arabian Drilling's fleet has increased by 31% since IPO in line with the prospectus.
- 32% increase in our land fleet size in 2024 due to the addition of the new unconventional gas land rigs.



## Operational Excellence

### Solid leadership team

- A highly experienced management team, backed by a prudent Board of Directors.
- The Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer each hold 25+ years of experience in the oil and gas industry, multiple academic accreditations, and an extensive international exposure in more than 12 countries.

rig move performance. On 1 January 2025, Arabian Drilling went live with an upgraded ERP platform offering advanced features and innovations:

- **Enhanced Operational Efficiency:** ERP now integrates AI and machine learning to streamline processes and improve decision-making. This leads to faster and more accurate operations.
- **Real-Time Data Processing:** S/4HANA processes data in real-time, providing up-to-date insights that help businesses respond quickly to market changes.
- **Scalability and Flexibility:** The system supports continuous innovation and updates, allowing businesses to scale and adapt to new challenges efficiently.

### Robust technical performance and rig move optimization

- Arabian Drilling maintains a high performing Rig Efficiency Index (REI) across the fleet with an average of 94.3% for 2024. The REI is a KPI used by Aramco to measure the performance of the drilling contractor and their respective rigs.
- Arabian Drilling realized a total of 160 rig moves throughout 2024, with an average of 0.81 days saved per rig move compared to Aramco's KPI. This represents an additional 130 days of extra drilling days, which is equivalent to approximately ₪ 18 million of additional revenue.
- Arabian Drilling has launched several initiatives to modernize its operating model, which will lay the foundation for optimizing both the operational and

### Experienced reference shareholders

- With historical shareholders TAQA and SLB, Arabian Drilling benefits from the best of both worlds with TAQA's network, capabilities, and market depth in the upstream industry, and from the Schlumberger Group's operational know-how, innovation, and cutting-edge technological solutions in the oilfield services industry.

### Continued focus on QHSE

- In spite of one major HSE event, Arabian Drilling reported a much-improved Total Recordable Incident Frequency ("TRIF") of 0.59 only, which measures recordables incidents over 1,000,000 manhours. This TRIF score 4x lower than the industry average of 2.3, as reported by the International Association of Drilling Contractors (IADC).
- Arabian Drilling recorded no automobile accidents in 2024, despite covering nearly 13 million kilometers.
- Arabian Drilling has reported no serious hazardous waste spills in the last 6 years.
- Arabian Drilling has obtained international ISO certifications in Environment Management Systems (ISO 14001 Environmental Management System, ISO 45001 Safety Management System, and ISO 9001 Total Quality Management System).
- Arabian Drilling has published an annual Sustainability Report since 2017 (except 2020 due to COVID-19).

## Disciplined Growth



### Focused expansion in gas in Saudi

- Adding 13 new unconventional land rigs in gas drilling.
- It is anticipated that significant growth will be driven by the development of the Aramco Riyas Natural Gas Liquids (NGL) fractionation plant near Jubail, Saudi Arabia. This facility is designed to process up to 510,000 barrels per day of NGLs, yielding products such as ethane, propane, butane, and pentane.

### Geographical expansion

- Aiming to reposition offshore rigs through participation in overseas bids.
- Exploring M&A opportunities and partnerships which will grant us access to overseas markets.
- Arabian Drilling is well positioned to capture the anticipated increase in rig demand in Kuwait by leveraging on our base of operations in Al Khafji.

### Ongoing optimization and improvement programs

- Organization-wide: Best-in-class performance in office support.
- Digital Transformation: Drive excellence across functions and operations through digitalization and automation.
- Supply Chain: Create a competitive advantage through our Saudi Arabian footprint.
- Corporate Culture: Develop a culture of operational excellence and continuous improvement along with a pride to be working for Arabian Drilling.

### Clear medium-term visibility

- Robust backlog of ₪ 10.3 billion (excluding options) as of 31 December 2024 with book-to-bill ratio of 2.8x which gives good visibility on the top-line for the next few years.
- Transformation journey with approximately 833 cost optimization

initiatives, of which about 30% have been implemented throughout the organization either as enabler for increased efficiencies and/or cost optimization. This journey is expected to yield one-time and recurring benefits in excess of ₪ 200 million, in capex and 175 million in Opex.

### New revenue streams

- Convert Arabian Drilling Learning Academy from a cost center into a profit center by providing training courses to third parties.
- Leverage of OFSAT fleet to serve the Kingdom of Saudi Arabia's land drilling rig market.
- Further offshore investment opportunity in the Multi-Purpose Service Vessel (MPSV) to serve the offshore platform/well count in the Kingdom of Saudi Arabia.

## Key Pillars for Enhancing Total Shareholder Return



### Maintain robust cash flows and financial discipline

- We aim to maintain a robust EBITDA margin level, indicating a high level of profitability that directly supports long-term shareholder value.
- Strong balance sheet with year-end cash balance close to ₪ 600 million and net cash generated from Operations of ₪ 1.75 billion.

### Semi-annual dividend payout

- Arabian Drilling has paid 70-80% of its net income in dividends in the last 3 interim dividend payments since listing in November 2022.

### Long-term leverage (Net Debt / EBITDA) target levels below 1.75x

- Net debt / EBITDA ratio of 1.6x, well below the industry average, which indicates Arabian Drilling is moderately leveraged for such a capital-intensive business and has further head room to deliver on its inorganic growth plans.

