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## **Arabian Drilling Company Announces its Intention to List on the Saudi Exchange's Main Market**

### *Offering Overview*

- Arabian Drilling Company ("**Arabian Drilling**" or the "**Company**"), the leading<sup>1</sup> oil and gas drilling contractor in the Kingdom of Saudi Arabia (the "**Kingdom**" or "**KSA**"), announces its intention to proceed with an initial public offering ("**IPO**" or "**Offering**") and listing on the Saudi Exchange's Main Market.
- On 29 June 2022G, the Capital Market Authority (the "**CMA**") approved the Company's application for the initial public offering of 26,700,000 ordinary shares (the "**Shares**" or "**Offer Shares**"), representing 30% of the Company's share capital post-listing.
- The Offering consists of a secondary offering of 19.89% of the Company's total share capital through the sale of 17,700,000 existing Shares (the "**Sale Shares**") and a primary offering of 10.11% through the issuance of 9,000,000 new Shares (the "**New Shares**").
- The Offer Shares will be offered for subscription to individual and institutional investors, including institutional investors outside the United States in accordance with Regulation S under the US Securities Act of 1933G, as amended (the "**Securities Act**").
- The Offer Price per Share will be determined following a book-building period starting on 28 September 2022G until 5 October 2022G.

### *Company Overview*

- The leading<sup>1</sup> oil and gas drilling contractor in the Kingdom with nearly six decades of operations and a long-standing track record of operational excellence and expertise in both the onshore and offshore drilling market.

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<sup>1</sup> Rystad Market Report (based on fleet size, as of 31 December 2021G)

- The number one player in the Kingdom with a market share of 17% in terms of total number of rigs, with a fleet size of 45 rigs, comprised of 38 onshore (land rigs) and 7 offshore (jack-ups) rigs as of December 2021G<sup>2</sup>.
- Owns the 2<sup>nd</sup> largest onshore fleet in the Kingdom by rig count with an estimated market share of 19% as of 31 December 2021G<sup>2</sup>. The fleet ranges from medium to ultra-heavy rigs with more than 55% of the rigs less than 10 years old and around 75% with a horsepower of over 2,000. The Company's onshore drilling services is vertically integrated with rig move services performed by its fully owned subsidiary, OFSAT Arabia LLC, enabling higher efficiency rates.
- Owns the 3<sup>rd</sup> largest offshore fleet in the Kingdom by rig count with an estimated market share of 12% as of 31 December 2021G<sup>2</sup>. The Company's offshore fleet comprises of 6 jack-up rigs and 1 multi-purpose service vessel (MPSV) used for well intervention and testing services.
- Track record of operational excellence, maximizing value for its customers, as evidenced through its industry-high utilization rates, robust score on Rig Efficiency Index (REI)<sup>3</sup>, non-productive time performance and excellent safety standards when benchmarked against international standards.
- Currently operates in the Kingdom and the Saudi Arabia-Kuwait Neutral Zone and has long-standing contracts with four main customers: Saudi Arabian Oil Company ("**Saudi Aramco**"), Al-Khafji Joint Operations, Schlumberger Middle East S.A and Dowell Schlumberger Saudi Arabia Ltd. (both part of the Schlumberger group of companies) and Baker Hughes Saudi Arabia.
- Arabian Drilling has consistently delivered robust financial performance with resilient profitability levels (more than 40% average EBITDA margins over the last three years) and is backed by a strong balance sheet with conservative leverage levels and a disciplined approach to cost management.
- Arabian Drilling had a contract backlog of SAR 8.2 billion (\$2.18 billion) as of 31 July 2022G, adding further visibility on revenues going forward.
- Arabian Drilling is 51% owned by The Industrialization & Energy Services Company (Taqa) ("**TAQA**") – the largest shareholder of which is the Public Investment Fund ("**PIF**") – and 49% owned by Services Pétroliers Schlumberger S.A. ("**Schlumberger**") (collectively, the "**Selling Shareholders**").
- Arabian Drilling has a clear roadmap to continue building scale and delivering strong operational and financial performance. It will do so by growing its asset base, expanding to new markets in the GCC and diversifying its revenue streams.

**Khobar, KSA – 18 September 2022G** – Arabian Drilling, the KSA's national drilling champion, announces its intention to proceed with an IPO and listing of its ordinary shares on the Main Market of the Saudi Exchange.

On 29 June 2022G, the CMA approved the Company's application for the initial public offering of 26,700,000 shares, representing 30% of the Company's share capital post-listing. The Offer Shares consist of a secondary offering of 19.89% of the Company's total share capital through the sale of 17,700,000 Sale Shares, and a primary offering of 10.11% through the issuance of 9,000,000 New Shares.

The secondary offering is by way of a pro-rata sell down by the shareholders of Arabian Drilling – TAQA and Schlumberger. The final offer price of the Offer Shares will be determined at the end of a book-building period starting on 28 September 2022G until 5 October 2022G.

Established in 1964G, Arabian Drilling is the leading<sup>4</sup> drilling company in the Kingdom with a long-standing track record of operational excellence and expertise in both the onshore and offshore drilling market. With a

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<sup>2</sup> Rystad Market Report

<sup>3</sup> REI is one of Saudi Aramco's internal systems used to measure individual rig performance across all of its contracted and sub-contracted drilling contractors, and is used by Saudi Aramco to determine the likelihood of drilling contractors having their contracts renewed, extended or terminated

<sup>4</sup> Rystad Market Report (based on fleet size, as of 31 December 2021G)

total fleet size of 45 rigs, Arabian Drilling is the number one player in the Kingdom with a market share of 17%<sup>5</sup> in terms of total number of rigs, with an annual average of 275 wells drilled over the last three years.

The Kingdom is critical in addressing the robust hydrocarbon demand in the MENA region, and globally, with the Kingdom expected to be a key contributor towards the incremental volume additions in the MENA region, with 30% of the total MENA additions until 2030G<sup>6</sup>.

This strong market outlook has positively impacted the Kingdom's onshore and offshore drilling activity, with the Kingdom's rig count expected to grow significantly to meet the increasing production demand. The Kingdom's annual contracted onshore and offshore rig count is expected to increase at a CAGR of 14% and 12%<sup>7</sup> respectively, from 2021G to 2025G<sup>6</sup>.

As a key player in the sector and the leading drilling company in the Kingdom, Arabian Drilling is poised to benefit from its long-standing presence in the Kingdom and the positive tailwinds in the onshore and offshore markets, allowing it to strengthen and consolidate its market leading position in the country's drilling services market.

**Khalid Nouh, Chairman of Arabian Drilling's Board of Directors, and Chief Executive Officer of TAQA, said:**

"With nearly sixty years of continuous operations, Arabian Drilling has played a pivotal role in positioning the Kingdom as a resilient, reliable global supplier of affordable energy. The past 12 months have been transformational to the Company's journey towards exponential growth. The Board of Directors implemented a comprehensive governance framework, changed the organizational structure, appointed a world-renowned leadership team, and successfully closed its first capital market transaction, with a SAR 2 billion sukuk issuance during Q1 2022G, enhancing and optimizing the Company's capital structure to support its growth going forward."

"The Arabian Drilling IPO is an opportunity to capitalize on positive market dynamics, providing investors with a great opportunity to be part of a business with a proud history, strong growth drivers and a solid contribution to Vision 2030's objective of accelerating the Kingdom's energy and sustainability agenda."

"The Board of Directors and leadership team look forward to the opportunities ahead of us and remain focused on exceeding our shareholders' expectations in order to deliver attractive returns."

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

"With a long-standing presence and a unique positioning within the sector, we have evolved to become the KSA's leading onshore and offshore drilling company, with a specialized offering that has contributed to our status as a national champion. What sets us apart is our track record of operational excellence and history of delivering maximum value for our shareholders and customers through our robust REI score, industry-high utilization rates, and best in class operational capabilities and asset base."

"The IPO is an important milestone in our company's journey and reflects our ambition to grow and maximize our potential. Today, we are a leading player in the Kingdom's drilling industry, with a fleet size of 45 onshore and offshore rigs. We have a clear roadmap of how we are going to build scale and we plan to invest some of the proceeds into growing our fleet and footprint. We have a record contract backlog of SAR 8.2 billion<sup>8</sup> which represents an almost four-fold increase compared to our contract backlog as at the end of 2021G. This spectacular and unprecedented growth gives us high visibility on our revenue over the next few years."

"It is an incredibly exciting time to be in the market right now as the Kingdom's E&P drilling contractor expenditure picks itself up from the bottom of 2021G, with spending expected to reach SAR 17.6 billion (\$4.7 billion) in 2025G, growing at a CAGR of 14%<sup>6</sup>. We have four offshore rigs on order, two of which are recently

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<sup>5</sup> Rystad Market Report (as of 31 December 2021G)

<sup>6</sup> Rystad Market Report

<sup>7</sup> Updated figure compared to the 8% CAGR mentioned in the prospectus

<sup>8</sup> Company information as of 31 July 2022G

acquired, and two of which are leased, and we plan further rig acquisitions as we leverage our expertise and workforce to ensure we meet our client obligations.”

### Investment Highlights

#### **Arabian Drilling is poised to benefit from its strong presence in the Kingdom and from the positive tailwinds in the onshore and offshore drilling market**

- Primarily operates in the Kingdom which is a leading oil-producing country characterised by the lowest production costs in the world.<sup>9</sup>
- The Kingdom is critical in addressing the robust hydrocarbon demand in the MENA region and globally, with the Kingdom expected to be the key contributor towards the incremental volume additions in the MENA region, with 30% of the total MENA additions until 2030G.<sup>9</sup>
  - The Kingdom is expected to increase its hydrocarbon production in onshore and offshore by 2025G at a CAGR of 3% between 2021G and 2025G reaching 13 mmboe/d in 2025G.<sup>9</sup>
- Arabian Drilling has played – and continues to play – a significant and integral role in the growing, resilient and changing hydrocarbon production market in the Kingdom with E&P drilling expenditure in the Kingdom expected to increase by 13% per annum from 2021G to 2025G to support increased production.
  - This is underpinned by Saudi Aramco – the Company’s main customer and the main operator of E&P activities in the Kingdom – which announced significant plans to increase relevant annual E&P expenditure to over SAR 150 billion for 2022G, compared to SAR 120 billion in 2021G and SAR 101 billion in 2020G (with expenditure expected to grow through to the middle of the decade).
- Furthermore, the Kingdom is expected to significantly increase natural gas production to cater to the growing gas demand in the Kingdom, with the highest demand growth of more than 5% CAGR between 2021G and 2030G compared to a 1.5% increase globally.<sup>9</sup>
- The cost competitiveness of liquids supply in the Kingdom and the Middle East as a whole is expected to result in activity concentration in the region as we move towards 2030G.
- All of these factors are expected to drive onshore, and offshore rig demand and Arabian Drilling is well positioned to capitalize on the strong market tailwinds.

#### **The Kingdom’s national drilling champion through its specialization in onshore and offshore drilling, best-in-class asset base and unique sector and market knowledge**

- With a fleet size of 45 onshore and offshore rigs, Arabian Drilling has grown to become the number one player in the Kingdom with a market share of 17%<sup>9</sup> in terms of total number of rigs, with 275 annual average wells drilled over the last three years:
  - Arabian Drilling owns the 2<sup>nd</sup> largest onshore fleet in the Kingdom with an estimated market share of 19% as of 31 December 2021G<sup>9</sup>. The Company’s onshore fleet ranges from medium to ultra-heavy rigs with more than 55% of the rigs less than 10 years old and around 75% with a horsepower of 2,000+, enabling the Company to handle complicated horizontal drilling operations.
  - Arabian Drilling owns the 3<sup>rd</sup> largest offshore fleet in the Kingdom with an estimated market share of 12% as of 31 December 2021G<sup>9</sup>. The Company’s offshore fleet comprises of 6 jack-up rigs and 1 multi-purpose service vessel (MPSV) used for well intervention and testing services.

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<sup>9</sup> Rystad Market Report

- Through its comprehensive offering, business model, long-standing client relationships and understanding of market dynamics across both onshore and offshore drilling, Arabian Drilling is well placed to solidify its market leading position.
- Additive to its core business is OFSAT Arabia LLC – a fully owned subsidiary acquired in 2017G – that specializes in the complex activity of coordinating and moving land drilling rigs. The integration has resulted in a reduction of 30% in lost time during the rig moving process since then. In 2021G, OFSAT Arabia LLC averaged 15 rig moves each month and generated SAR 174 million in revenues and SAR 23 million in net profit.
- With cohesive and integrated support from OFSAT Arabia LLC, Arabian Drilling offers seamless services to its customers, encompassing rig moves, rig operations and drilling, in addition to providing comprehensive support services.
- Operator in a market characterised by significant barriers to entry with some of the highest standards and stringent requirements in order to become a qualified driller and supplier to Saudi Aramco. The Company has extensive know-how on the various legal requirements and permissions required for operating in the region and is able to adapt to changes and developments in regulations to meet customer demands.
- Benefits from a localised and highly skilled workforce with around 72% Saudization (at the Group level, including the Company and OFSAT Arabia LLC) and has made significant investments to train its growing local workforce. As a result, it was able to maintain resilient operations, supported by its local employee base, despite the logistics disruption impact caused by the COVID-19 pandemic.

#### **Track record of operational excellence in performance, quality and safety**

- Track record of operational excellence, maximizing value for its customers as evidenced through its industry-high utilization rates, robust score on Rig Efficiency Index (REI), non-productive time performance and excellent safety standards when benchmarked against international standards.
- Arabian Drilling scores highly on the REI, a key barometer for operational performance and part of a contractor's eligibility to participate in Saudi Aramco tenders, and, historically, it has maintained a consistently high REI score above 90% (36-month average of 92%) which has supported longer term contract extensions and renewals with Saudi Aramco, generally at premium day rate compared to the Company's competitors.
- Superior operational performance and REI score has resulted in the Company having a strong contract backlog of SAR 8.2 billion as of 31 July 2022G, which represents a 3.8x multiple on 2021G revenue, including SAR 5.5 billion directly from Saudi Aramco.
- Arabian Drilling exhibited one of the lowest non-productive times in the drilling industry with 0.74% NPT in 2021G (lowest NPT achieved in the last seven years), with zero business interruption, delivering real tangible value to its customers.
- Arabian Drilling is committed to achieving operational excellence in performance, quality and safety, through ensuring strong operational excellence foundations, training and leveraging technology to drive operational efficiencies and improvements, resulting in:
  - Best performing player in the Kingdom with outstanding performance across all relevant industry KPIs:
    - o As of 30 June 2022G, the Company had a utilization rate of 91% which indicates that out of the 45 rigs, 41 rigs were contracted and operational.

- Industry high safety record with an all-time low total recordable incident frequency rate (TRIF) and lost time incident frequency rate (LTIF) of 0.22 and 0.14 respectively as of 31 December 2021G; well below both the Company's targets and industry averages.<sup>10</sup>
- As of 30 June 2022G, 27 rigs scored superior performance with >95% REI and 10 rigs were recognized as high performers with 85-95% REI.

### **Robust financial profile with a strong track record of resilient profitability margins and a solid balance sheet**

- Consistently delivered robust financial performance backed by a strong balance sheet with conservative leverage levels and a disciplined approach to cost management.
- Arabian Drilling has a superior financial profile with resilient profitability through various economic cycles, achieving a 41% EBITDA margin in 2021G (and an average of more than 40% over the last three years) despite the ongoing effects of the pandemic and oil price shocks in 2020G. EBITDA margin has been consistently higher compared to global drilling peers through the cycle and has been maintained at these levels for the past three years.
- Business model based on a lean cost structure characterised by a highly skilled work force, with an in-house maintenance and technical team. Through the implementation of various cost reduction initiatives, Arabian Drilling has managed to make significant cost savings totalling over SAR 180 million across both 2020G and 2021G.
- In 2021G, the Company recorded total revenue of SAR 2.2 billion (\$586 million) – the onshore segment recorded revenue of SAR 1.6 billion (\$439 million), representing 75% of the total revenues, and the offshore segment recorded SAR 553 million (\$147 million) representing 25% of the total revenues:
  - Strong increase in day rates, improved utilization rates, and new contract awards are expected to boost revenues in the short to medium term.
  - Utilization rates are expected to reach 100% by 2023G, up from 91% as of 30 June 2022G.
- Despite some pandemic-related impacts, the Company has reacted swiftly with a strong growth in operations resulting in a significant and almost four-fold increase in the Company's contract backlog (up from SAR 2.4 billion as of 31 December 2021G to SAR 8.2 billion as of 31 July 2022G), adding further visibility to its revenue going forward.
- Continued strong cash generation, disciplined cost management and capex spend have resulted in the Company reducing its net debt, resulting in a healthy leverage level (1.1x as of December 2021G and 0.7x as of 30 June 2022G) which is well below its peers.<sup>11</sup>

### **Disciplined growth strategy to build scale, deliver performance and generate attractive shareholder returns, underpinned by several strategic and growth levers**

- Clearly defined growth strategy anchored upon three core pillars with the objectives of growing its fleet, footprint, and revenue base in order to maximize shareholder return:
  - Aims to solidify its position as the Kingdom's national champion by expanding its fleet and also tapping into the expected growth in the KSA market, including the significant increase in the offshore drilling rigs and the surge in unconventional drilling that is expected to occur in the coming years (i.e., Jafurah unconventional gas field).
    - The Company has a track record of expanding its fleet having successfully increased its rig fleet by 40% over the past five years, from 32 in 2016G to 45 in 2021G.

<sup>10</sup> International Association of Drilling Contractors.

<sup>11</sup> Audited financial statements and management information (Capital IQ).

- Expand its regional footprint into other adjacent geographies through both organic and inorganic growth opportunities leveraging its infrastructure and operational expertise.
  - o The Company recently submitted tender proposals in Bahrain and Kuwait. These opportunistic markets provide additional growth avenues to increase free cash flows and returns to shareholders.
- Leverage its expertise, workforce and technology to explore new revenue streams based on ancillary services; these include training services, complex and specialized engineering services and carbon capture and storage.

### Highly experienced management team backed by its shareholders that bring a wealth of international and industry expertise

- Senior executive management team is highly experienced, has in-depth industry knowledge and a deep understanding of both regional and international market dynamics, with over 75 years expertise in the oil and gas sector across the three members of the C-suite and including experience with top tier and high calibre oil services companies such as Schlumberger, Subsea 7 and Transocean.
- A strong and strategic shareholder base, with TAQA (which is backed by PIF) and Schlumberger:
  - TAQA is a leading company in providing products and services to the energy industry in the Kingdom. TAQA's strategic and largest shareholder is PIF, which in turn has identified several strategic and priority sectors – such as automotive and transport and logistics – which will directly and indirectly drive demand for oil and gas in the Kingdom.
  - Schlumberger is a globally diversified equipment and services company that provides leading edge digital solutions and innovative technologies to enable performance and sustainability for the global energy industry.
  - As a joint venture between TAQA and Schlumberger, the Company benefits from TAQA's network, capabilities, and market depth in the upstream industry and from Schlumberger's operational know-how, innovation and cutting-edge technological solutions in the oilfield services industry.

### Strong commitment to embedding sustainability and ESG as part of the operating model

- Clear commitment on ESG – aligned with the UN Sustainable Development Goals (“SDGs”) – with it being:
  - Embedded in the Company's purpose of creating lasting value and welfare for stakeholders whilst keeping employees safe and minimizing adverse impacts.
  - Central to its mission of creating a culture of sustainability to deliver excellence.
  - Prominent in its vision as a leading drilling services provider in the region and delivering a key part of the Kingdom's vision and the wider efforts of global society in dealing with the common challenges of climate change.
- Conducted a materiality assessment measuring its emission base line and has prioritized areas of focus to where it can have the greatest impact in line with its contribution to SDGs and in line with its emission reduction roadmap. Core to the business model are efforts in:
  - Utilizing technology to reduce its emissions:
    - o In 2021G, the Company's fleet has driven over 11 million km with a 29% in reduction of fuel consumption.
    - o Longer term initiatives include the installation of automated power management systems, electronic emissions monitoring systems, solar power generation at fixed locations, switching to hybrid vehicles and using gas combustion engines.

- Deploying processes, tools and equipment to manage water and reduce waste:
  - o Launched a 'Waste Recycling Program' for all waste generated at its rigs in 2022G (e.g., plastic and aluminium waste at all rigs sites will be recycled).
  - o Initiated a 'Water Conservation Program', incorporated regular water testing, conducted a pilot study and assessed water conservation potential to ensure effective water management.
  - o Significant water efficiencies and water savings in 2021G as well as liquid hazardous waste generation decreased by 33% in 2021G with respect to 2019G, despite a significant surge in operational activities.
- Enhancing its social impact through numerous initiatives:
  - o The Company benefits from compliance with In-Kingdom Total Value Add (IKTVA)<sup>12</sup> Program and has won an IKTVA Excellence Award for five consecutive years.
  - o The Company achieved 62% for IKTVA in 2020G compared to a target of 55% and expects to achieve a score of around 70% for 2021G (in line with its target).
- Aims to incorporate ESG further into its governance structure by enhancing the roles of its existing committees for ESG oversight and including ESG metrics within business performance assessment.

### Highlights of the Offer:

- Offering and listing on the Main Market of the Saudi Exchange.
- The Offering is comprised of 26,700,000 Shares, representing 30% of the Company's share capital post-listing. The Offer Shares consist of a secondary offering of 19.89% of total share capital through the sale of 17,700,000 existing Shares, and a primary offering of 10.11% through the issuance of 9,000,000 new Shares.
  - The Company intends to use its share of the net proceeds from the Offering, in addition to other sources of financing, such as cash flows from its operating activities and bank financing, to finance the following activities:
    - o Scaling up its onshore and offshore fleet in the Kingdom, by leasing or acquiring additional drilling rigs and upgrading some of its drilling rigs as well as the recently leased or acquired drilling rigs.
    - o Expanding the Company's core operations in the GCC Region.
    - o General purposes of the Company, including debt repayment and the development of the Company's facilities and technical systems.
- The Company has appointed HSBC Saudi Arabia, SNB Capital Company and Goldman Sachs Saudi Arabia as Joint Financial Advisors, Bookrunners and Underwriters to the Offering ("**Bookrunners**" or "**Financial Advisors**"). The Company also appointed HSBC Saudi Arabia to act as Lead Manager ("**Lead Manager**") to the Offering.
- The Saudi National Bank, Al-Rajhi Bank, and Riyadh Bank have been appointed as receiving agents (collectively, the "**Receiving Agents**") for the individual investors tranche.

CMA and Saudi Exchange approvals have been obtained for the offering and listing.

The Offering will be restricted to the following two groups of investors:

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<sup>12</sup> IKTVA is a programme established by Saudi Aramco in 2015 to baseline, measure and support increased levels of localisation in the Kingdom. Participation in IKTVA is a component used by Saudi Aramco in evaluating supplier proposals.



- **Tranche (A): Participating Parties:** this tranche comprises the parties entitled to participate in the book building process as specified under the Instructions for Book Building Process and Allocation Method in Initial Public Offerings (the “**Book Building Instructions**”) issued by the CMA Board pursuant to Resolution No. 2-94-2016 dated 15/10/1437H (corresponding to 20/07/2016G), as amended by CMA Board Resolution No. 3-102-2019 dated 18/01/1441H (corresponding to 17/09/2019G) (collectively the “**Participating Parties**” and each a “**Participating Party**”). The number of Offer Shares to be provisionally allocated to Participating Parties is 26,700,000 Offer Shares, representing 100% of the total Offer Shares. Final allocation of the Offer Shares will be made after the end of the subscription period for Individual Investors. In the event that Individual Investors (as defined in Tranche B below) subscribe for the Offer Shares allocated thereto, the Bookrunners shall have the right to reduce the number of shares allocated to Participating Parties to a minimum of 24,030,000 Offer Shares, representing 90% of the total Offer Shares
- **Tranche (B): Individual Investors:** this tranche comprises Saudi Arabian natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi, who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor Saudi Arabian children, in addition to any non-Saudi natural person who is resident in the Kingdom or any GCC natural persons, provided they have a bank account with one of the Receiving Agents and are allowed to open an investment account with a capital market institution (collectively, the “**Individual Investors**” and each an “**Individual Investor**”, and together with Participating Parties, the “**Subscribers**”). Subscription of a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of 2,670,000 Offer Shares, representing 10% of the total Offer Shares, will be allocated to Individual Investors, provided that Participating Parties subscribe to all the Offer Shares allocated thereto.

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In any member state of the European Economic Area (the "EEA"), this communication is only addressed to and directed at persons in that member state who are "qualified investors" within the meaning of Article 2(e) of Regulation (EU) 2017/1129 (as amended) ("Qualified Investors").

In the United Kingdom, this communication is only addressed to and directed at persons who are "qualified investors" within the meaning of Article 2(e) of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, who are also: (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (ii) persons falling within Article 49(2)(a) to (d) of the Order (high net worth companies, unincorporated associations, etc.) (such persons together being referred to as "Relevant Persons"). This communication must not be acted or relied on (i) in the United Kingdom, by persons who are not Relevant Persons and (ii) in any member state of the EEA by persons who are not Qualified Investors. Any investment activity to which this communication relates (i) in the United Kingdom is available only to, and may be engaged in only with, Relevant Persons; and (ii) in any member state of the EEA is available only to, and may be engaged in only with, Qualified Investors.

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decision, to invest in any securities of the Company. Neither this announcement nor anything contained herein shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. Investors may only subscribe in the Offer Shares on the basis of the CMA approved Arabic language prospectus to be issued and published in due course (the “**Local Prospectus**”). The information in this announcement is subject to change. In accordance with Article 33(d) of the OSCO Rules, copies of the Prospectus will, following publication, be available on the websites of the Company at [www.arabdrill.com](http://www.arabdrill.com), the Saudi Exchange at [www.saudiexchange.sa](http://www.saudiexchange.sa), the CMA at [www.cma.org.sa](http://www.cma.org.sa) and each of the Financial Advisors.

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The international offering circular prepared in connection with the Offering (the “**International Offering Circular**”) is the sole legally binding document containing information about the Company and the Offering outside of Saudi Arabia. In the event of any discrepancy between this announcement and the Local Prospectus and/or the International Offering Circular, as the case may be, the Local Prospectus and/or the International Offering Circular will prevail.

This announcement may include statements that are, or may be deemed to be, “forward-looking statements”. Any forward-looking statements reflect the Company’s current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company’s business, results of operations, financial position, liquidity, prospects, growth or strategies. Many factors could cause the actual results to differ materially from those expressed or implied by any such forward- looking statements, including, among other things, risks specifically related to the Company and its operations, the development of global economic and industry conditions, and the impact of economic, political and social developments in Saudi Arabia. Forward-looking statements speak only as of the date they are made and the Company does not assume any obligations to update any forward-looking statements.

There is no guarantee that the Offering will occur and you should not base your financial decisions on the Company’s intentions in relation to the Offering at this stage. Acquiring Offer Shares to which this announcement relates may expose an investor to a significant risk of losing the entire amount invested.

Persons considering investment should consult an investment advisor or an authorized person specializing in advising on such investments.

The Financial Advisors are acting exclusively for the Company and no-one else in connection with the Offering. They will not regard any other person as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients, arrangement or other matter referred to herein.

The contents of this announcement have been prepared by and are the sole responsibility of the Company. None of the Financial Advisors or any of their affiliates or respective directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or any other information relating to the Company, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection therewith.

In connection with the Offering, each of the Financial Advisors and any of their affiliates, may take up a portion of the Offer Shares in connection with the Offering as a principal position and in that capacity may retain, purchase, sell, offer to sell for their own accounts such Offer Shares and other securities of the Company or related investments in connection with the Offering or otherwise.

Accordingly, references in the Local Prospectus or the International Offering Circular, once published, to the Company's shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, the Financial Advisors and any of their affiliates acting in such capacity. In addition, the Financial Advisors and any of their affiliates may enter into financing arrangements (including swaps or contracts for difference) with investors in connection with which the Financial Advisors and any of their affiliates may from time to time acquire, hold or dispose of securities. None of the Financial Advisors intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

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