

# Al Qahtani Investments LLC and Gulfcap Energy LLC, as shareholders of Dalma Energy LLC

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The shareholders of Dalma Energy LLC (Dalma), a leading land drilling operator, today announce that they have entered into an agreement with KCA Deutag (&ldquo;KCAD&rdquo;) a leading global drilling and engineering contractor to combine their respective businesses through the acquisition by KCAD of Dalma&rsquo;s Omani and Saudi Arabian businesses (the Dalma Business). The shareholders of Dalma will retain the Algerian operations of Dalma which will continue to be operated in the normal course.

The Dalma Business had revenue of \$312 million and EBITDA of \$110 million in the year ending 31 December 2017. KCAD had revenue of over \$1.16 billion and EBITDA of \$219-224 million in the year ending 31 December 2017.

Upon completion, the KCAD group as enlarged by the Dalma Business (the Enlarged Group) will continue to operate under the KCA Deutag brand name and will have approximately 9,700 employees. The shareholders of Dalma will also receive a 22% shareholding in the Enlarged Group and representation on the board of directors of KCAD at group level.

## Strategic Highlights

- o Enlarged Group to own and operate a fleet of 83 land rigs globally
- o Enlarged Group to become 2nd largest international owner and operator of 46 land rigs in the Middle East, of which 28 are in Oman and 9 in Saudi Arabia
- o Areas for potential cost synergies have been identified and the Enlarged Group will be working towards delivering these efficiency improvements
- o The acquisition is expected to generate more than \$10m of run-rate cost savings synergies per annum for the Enlarged Group.

Salah Al Qahtani, the chairman of Al Qahtani Investments LLC, the majority shareholder of Dalma, said: We are delighted to enter into this transaction with KCAD and combine our drilling operations under the Enlarged Group to continue serving our customers in the GCC with a stronger platform. We are also delighted to become shareholders in the Enlarged Group that has operations beyond the Middle East.

## Overview of the Enlarged Group

The combination of the Dalma Business and KCAD will join together two leading onshore drilling contractors with market leading knowledge and operational experience in the Middle East.

Dalma is the third largest owner of land drilling rigs in the MENA region. Dalma owns and operates 31 land rigs throughout the Gulf and North Africa and has a range of national and multinational clients, including Saudi Aramco and Petroleum Development Oman.

Established in 1888 KCAD has a long history of operating both onshore and offshore in various locations around the world including Africa, Europe, Russia, The Caspian Sea and South East Asia. The KCAD group established its land drilling presence in Oman in 1964, and currently owns and operates eight rigs in the country, five of which were constructed between 2014 and 2015. The transaction will add 29 high quality land rigs to the group&rsquo;s portfolio, twenty in Oman and nine in Saudi Arabia.

As a result, the Enlarged Group will be one of the largest owners and operators of land rigs in the Middle East. This enhanced scale should enable the Enlarged Group to deliver operational gearing, as well as potential cost synergies that have been identified.

## Advisors

King & Spalding acted as legal advisor and Goldman Sachs acted as financial advisor to the shareholders of Dalma, in

connection with the transaction.