For immediate release	

KCA Deutag Announces Third Quarter 2023 Results

- Third quarter Group Revenues improved to $413m with EBITDA of $100m and Operating Profit of $51m.
- YTD cash generated from operating activities was $173m helping boost the closing cash position to $221m with net debt of $657m.
- Group transformation continues resulting in a leading footprint and one of the largest fleets of land drilling rigs in the core Middle East region.
- Company provides updated guidance and raises synergy target by 30% to $41m as the integration progresses well with the acquired operations.
- Signed and announced significant new contracts and contract extensions sustaining momentum and future business growth.
- Firm backlog for 2024 and beyond improved by $800m as total Group backlog increases by $500m to $5.6b as at 1 November.

KCA Deutag Alpha Limited ("KCA Deutag" or the "Group") announced today its results for the third quarter of 2023[1,2]

$m	Q3 2023	Q2 2023	Q3 2022	2023 YTD	2022 YTD
Revenue	413	383	250	1,176	739
Operating Profit (pre exceptional)	51	40	20	134	45
EBITDA	100	89	46	273	127
EBITDA margin	*24%*	*23%*	*18%*	*23%*	*17%*
Profit / (loss) after tax	5	(13)	16	(16)	14
Net cash flows from operating activities	81	78	21	173	30
Capital expenditures	(44)	(17)	(12)	(72)	(35)

[1] Reported results exclude discontinued operations.
[2] Profit / (loss) after tax stated before exceptional items and commitment/ticking fees relating to the acquisition.

Joseph Elkhoury, KCA Deutag Chief Executive Officer commented:

“We continue to transform the Group into a leading drilling, engineering and technology partner with an enviable footprint and one of largest fleets of land rigs in the core Middle East markets.

The integration of Saipem Onshore Drilling is progressing well in all the acquired locations. We raised our synergy target 30% to $41m as we #becomeoneteam and outperform original objectives thanks to the efforts of the combined organisation and the integration teams.

During the third quarter, we improved our results again and have achieved revenue of $413m and EBITDA of $100m, compared to $250m and $46m respectively during the third quarter of last year when excluding the discontinued operations.

The fourth quarter performance is expected to improve further supported by increased synergy realisation, a full quarter contribution from recent rig reactivations and additional Kenera deliveries. We update and narrow our guidance for full year 2023 EBITDA to between $380m and $390m.

We have also announced significant contract wins and extensions that have visibly improved our firm backlog by $800m for 2024 and beyond. The total Group backlog for the same period also increased by $500m to $5.6b which will sustain and enable future business growth.

Moving into next year, capitalising on a strong 2023 finish and positive momentum, 2024 full year earnings are expected to increase further above our September run rate EBITDA of $450m provided the economic backdrop remains supportive, as we benefit from additional transaction synergies, already secured higher day rates, new build rig startups in Oman and a full year of additional activity in Latin America.

The Group underwent a substantial strategic transformation since the financial restructuring in 2020 despite the pandemic, economic headwinds and the loss of the business in Russia. The combination of improving results and significant growth opportunities in our strategic geographical footprint, together with the quality of our people and strong business backlog, make the Group more attractive. Over the course of 2023, we have received several inbound indications of interest from multiple parties.

Taking this into account, the Group has retained Moelis & Co and PJT Partners to undertake a comprehensive review of the company’s strategic alternatives including a public listing to maximise value for our shareholders.

We are staying focused on what we can control to deliver safe quality services and products to all customers as we improve performance. I take the opportunity to thank everyone for their efforts and support. We will continue to #enhancethebrand as we build a growing sustainable customer-centric profitable business to create accretive value for all stakeholders: employees, customers, shareholders, and the communities where we live and work.”

Operational Review

Land Drilling

In Q3 utilisation remained high in the core Middle East region with the rigs in Saudi Arabia remaining fully utilised throughout.

During the quarter the business unit reported the award of extensions on multiple drilling contracts in Saudi and Oman, and was awarded new contracts in Pakistan, Ecuador and Peru. Some of these contracts started in the quarter and we've seen utilisation improving in Europe, Pakistan and Latin America and expect utilisation to improve again in Q4 as a number of rigs were reactivated late in the quarter. The team continues to actively assess opportunities to relocate stacked rigs to fulfil ongoing tenders and enhance returns.

Offshore Services

As previously announced, the Offshore business unit has been awarded contract extensions worth a combined $360m as the customer in Azerbaijan has taken up the two-year option period on their existing contract and the customer in Angola has extended the current contract by one year. The Offshore team are actively involved in discussions regarding a pipeline of growth opportunities, a couple of which are nearing the final stages of negotiation.

The ACE platform in Azerbaijan had a smooth start up ahead of schedule at the end of Q3 and has since become fully operational in October.

Kenera

The Kenera business unit has recently announced two separate contract awards that will see it deliver 10 Top Drives and 5 Iron Roughnecks to Saudi Arabia as major components for new build rigs being delivered in the region. Kenera has also celebrated the completion and delivery of the first of the PDO new build rigs to the Land business during September. This was followed by an inauguration ceremony for PDO in October at our facility in Nizwa. The second new build rig has since transferred to the land business in Q4 and we expect both rigs to start their 10 year contracts in early 2024. The remaining two rigs are under construction and expected to be completed in the second half of 2024.

The business unit is participating in traditional oil and gas tenders while also engaging with potential customers focussed on geothermal rig projects and other energy transition applications. We have been awarded a contract to deliver the electrification of the Askepott jack-up in Norway early next year which will generate substantial revenue for Kenera.

Liquidity and Net Financial Debt position

The Group had a net cash inflow of $19m in the quarter boosting the net cash position to $221m at the end of Q3. The cash inflow included further drawdowns of $13m on the project financing for the Oman newbuild rigs. As a result, the Group finished the quarter with net debt of $657m.

Business Review

Land Drilling[3]

$m	Q3 2023	Q2 2023	Q3 2022	2023 YTD	2022 YTD
Revenue	246	225	101	688	286
EBITDA	79	70	25	219	76
EBITDA Margin	*32%*	*31%*	*25%*	*32%*	*26%*

Land Drilling EBITDA in the third quarter of 2023 was $9m higher than the previous quarter and $54m higher than the equivalent quarter in 2022. The uplift in Q3 was driven by additional rig moves in the quarter, rigs completing scheduled maintenance and returning to full operations, along with reactivations in Pakistan and Latin America. These contributions were only partially offset by some weakness in activity in Latin America in the early part of the quarter.

Offshore Services[3]

$m	Q3 2023	Q2 2023	Q3 2022	2023 YTD	2022 YTD
Revenue	142	140	140	429	414
EBITDA	24	24	27	68	65
EBITDA Margin	*17%*	*17%*	*19%*	*16%*	*16%*

Offshore Services EBITDA was in line with the previous quarter, but lower than the equivalent quarter in 2022 due to the inclusion of one-offs in Q3 2022. We expect our asset-light Offshore business to continue to perform well and deliver healthy positive cashflow to the Group.

Kenera[3]

$m	Q3 2023	Q2 2023	Q3 2022	2023 YTD	2022 YTD
Revenue (before intercompany eliminations)	52	20	16	89	51
EBITDA (before intercompany eliminations)	3	1	(1)	4	(4)
EBITDA Margin	*7%*	*5%*	*-4%*	*5%*	*-7%*

Kenera achieved positive EBITDA of $3m, an improvement on the previous quarter and the same quarter last year as the first PDO new build rig was delivered to the Land business in September. The second rig has since been completed and will feature in the Q4 results. The manufacturing facilities continue to be busy as they start to build the remaining two rigs along with an increasing number of component and after sales orders which will be recognised later in the year and into 2024.

Saipem Acquisition

The remaining 6 rigs in Argentina, Kazakhstan and Romania will all transfer together in one final closing process. This is subject to regulatory approvals and the finalisation of other local administrative processes. This final step of the acquisition has a cash consideration of $20m and is expected to complete in the first half of 2024.

[3] Revenue and EBITDA exclude discontinued operations.

Disclaimer

Please refer to the annual audited financial statements posted on our website for further detail and information on the Group's accounting policies and risk factors.

This announcement may include forward-looking statements, which reflect the current views of the company about future events and financial performance. The use of any of the words "expects", "anticipates", "will", "should", "believes", "plans", "intends" and similar expressions are intended to identify forward-looking statements. Although the company believes that the expectations and assumptions on which such forward-looking statements are based to be reasonable, undue reliance should not be placed thereon because such statements may prove to be incorrect. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. The forward-looking statements and information contained in this announcement are made as of the date hereof and the company does not undertake any obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by law.

Interim Financial Statements

KCA Deutag Alpha Limited

For the 9 months ended 30 September 2023

UNAUDITED

Table of contents

UNAUDITED

Consolidated income statement

	Note	Q3 2023 YTD $m	Restated Q3 2022 YTD $m	Q3 2023 $m	Restated Q3 2022 $m
Sales	2	1,176.3	738.8	413.1	250.0
Operating costs		(902.9)	(611.9)	(313.3)	(203.9)
EBITDA	2	**273.4**	**126.9**	**99.8**	**46.1**
Depreciation/Amortisation		(139.4)	(82.1)	(48.5)	(26.5)
Operating profit (pre-exceptional)		**134.0**	**44.8**	**51.3**	**19.6**
Exceptional items, net operating credits (costs)	4	11.6	0.6	(4.3)	2.7
Operating profit (post-exceptional)		**145.6**	**45.4**	**47.0**	**22.3**
Net finance costs	3	(118.1)	(10.9)	(32.6)	3.2
Profit (loss) before tax		**27.5**	**34.5**	**14.4**	**25.5**
Taxation		(32.0)	(19.5)	(13.3)	(7.1)
Profit (loss) from continuing operations		**(4.5)**	**15.0**	**1.1**	**18.4**
Profit (loss) from discontinued operations		**8.9**	**(197.2)**	**-**	**(108.5)**
Profit (loss) for the quarter		**4.4**	**(182.2)**	**1.1**	**(90.1)**
Attributable to the owners of the KCAD Group		**(6.9)**	**(192.5)**	**(2.9)**	**(94.3)**
Attributable to non-controlling interests		**11.3**	**10.3**	**4.0**	**4.2**
		4.4	**(182.2)**	**1.1**	**(90.1)**

UNAUDITED

Consolidated statement of changes in shareholder's equity

	Share capital $m	Share premium $m	Retained earnings $m	Other reserves $m	Non-controlling Interest $m	Total $m
At 1 January 2023	-	-	312.4	100.6	16.4	429.4
Comprehensive income (expense)						
Profit (loss) for the period	-	-	(6.9)	-	11.3	4.4
Other comprehensive income (expense)						
Fair value movement on cash flow hedges	-	-	-	(0.9)	-	(0.9)
Exchange differences on foreign operations	-	-	-	(9.9)	-	(9.9)
Remeasurements on defined benefit pension schemes	-	-	(3.2)	-	-	(3.2)
Remeasurements on value of investment			(2.4)			(2.4)
Total other comprehensive income (expense)	**-**	**-**	**(5.6)**	**(10.8)**	**-**	**(16.4)**
Total comprehensive income (expense)	**-**	**-**	**(12.5)**	**(10.8)**	**11.3**	**(12.0)**
Transactions with owners						
Dividend to minority shareholders	-	-	(0.5)	-	(10.3)	(10.8)
At 30 September 2023	**-**	**-**	**299.4**	**89.8**	**17.4**	**406.6**
At 31 December 2022	-	-	312.4	100.6	16.4	429.4

Other reserves in the Balance Sheet consist of the hedging reserve, merger reserve, currency translation reserve and non-controlling interests.

UNAUDITED

Consolidated balance sheet

	Note	Q3 2023 $m	Q3 2022 $m	Audited Q4 2022 $m
ASSETS				
Non-current assets				
Property, plant and equipment	6	942.3	383.5	841.0
Right of use leased asset		99.3	88.6	121.1
Goodwill		371.5	479.8	391.1
Intangible assets	7	34.7	15.0	49.5
Investments		4.0	10.0	6.3
Deferred tax assets		72.5	65.8	60.4
		1,524.3	**1,042.7**	**1,469.4**
Current assets				
Inventories and work-in-progress		203.6	120.4	163.4
Trade and other receivables	8	380.6	252.1	320.4
Amounts owed by parent company		11.2	5.2	3.7
Financial assets - derivative financial instruments		-	2.0	0.4
Cash at bank		221.4	177.5	230.7
		816.8	**557.2**	**718.6**
Total assets		**2,341.1**	**1,599.9**	**2,188.0**
Liabilities				
Current liabilities				
Trade and other payables	9	(406.1)	(262.7)	(335.4)
Tax liabilities		(34.6)	(19.7)	(21.6)
Financial liabilities - derivative financial instruments		(1.5)	(0.5)	(1.8)
Financial liabilities - borrowings		(1.6)	(0.1)	-
Lease liabilities - current		(53.6)	(37.2)	(54.0)
Provisions and other payables		(0.6)	(0.6)	(0.9)
		(498.0)	**(320.8)**	**(413.7)**
Non-current liabilities				
Deferred income		(8.0)	(10.0)	(10.2)
Financial liabilities - borrowings		(863.8)	(494.9)	(834.6)
Payables to parent company		(349.5)	-	(267.9)
Deferred tax liabilities		(61.0)	(5.2)	(55.7)
Retirement benefit obligations		(97.3)	(105.2)	(99.9)
Lease liabilities - non current		(55.0)	(58.5)	(74.8)
Provisions and other non-current liabilities		(1.9)	(2.0)	(1.8)
		(1,436.5)	**(675.8)**	**(1,344.9)**
Total liabilities		**(1,934.5)**	**(996.6)**	**(1,758.6)**
Net assets (liabilities)		**406.6**	**603.3**	**429.4**
Capital and reserves				
Share capital		-	-	-
Other reserves		89.8	84.8	100.6
Retained earnings surplus (deficit)		299.4	500.9	312.4
Total shareholders' surplus (deficit)		**389.2**	**585.7**	**413.0**
Equity non-controlling interest		**17.4**	**17.6**	**16.4**
Total Equity		**406.6**	**603.3**	**429.4**

UNAUDITED

Consolidated cash flow statement

		Q3 2023 YTD $m	Q3 2022 YTD $m	Q3 2023 $m	Q3 2022 $m
Cash flows from operating activities					
Cash generated from operations	10	194.4	77.7	87.3	27.0
Tax paid		(21.6)	(24.8)	(6.8)	(6.5)
Net cash in flow from operating activities		**172.8**	**52.9**	**80.5**	**20.5**
Cash flows from investing activities					
Acquisition of subsidiary, net of cash acquired		(63.5)	-	-	-
Capital expenditure		(71.9)	(40.6)	(43.9)	(15.4)
Proceeds from sale of property, plant and equipment		0.2	18.0.	(0.3)	0.1
Purchase of intangible assets		(2.0)	(3.0)	(0.7)	(2.1)
Investment in or acquisition of shares in an unconsolidated entity		(0.1)	(9.8)	-	-
Interest received		4.7	0.9	1.7	0.5
Net cash outflow from investing activities		**(132.6)**	**(34.5)**	**(43.2)**	**(16.9)**
Cash flows from financing activities					
New loans from Parent in respect of PIK Notes		50.0	-	-	-
Drawdown of Oman debt		28.2	-	13.0	-
Interest paid, including capitalised interest		(61.4)	(27.9)	(5.9)	(0.7)
Lease payments		(52.7)	(34.9)	(20.3)	(11.3)
Dividend paid to minority shareholders		(10.7)	(5.0)	(6.2)	(4.5)
Net cash outflow from financing activities		**(46.6)**	**(67.8)**	**(19.4)**	**(16.5)**
Effect of foreign exchange rate changes on cash and bank overdrafts		**(2.9)**	**8.1**	**1.4**	**4.1**
Net cash in (out) flow		**(9.3)**	**(41.3)**	**19.3**	**(8.8)**
Cash and cash equivalents at start of period		**230.7**	**218.8**	**202.1**	**186.3**
Cash and cash equivalents at end of period		**221.4**	**177.5**	**221.4**	**177.5**

UNAUDITED

Notes to the Quarterly Financial Statements

1. Significant Accounting Policies

1.1 COMPLIANCE WITH IAS 34

These condensed quarterly consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. They do not contain all the disclosures required for annual financial statements and should therefore be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022, prepared in accordance with International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006.

1.2 BASIS OF PREPARATION

1.2.1 General principle

The preparation of these condensed quarterly financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement, complexity or areas where assumptions and estimates are significant to the condensed quarterly consolidated financial statements are disclosed in Note 1.2.2.

1.2.2 Accounting estimates and judgements

Accounting estimates and underlying assumptions are based on past experience and other factors considered reasonable under the circumstances.

They serve as the basis for any judgement required for determining the carrying amounts of assets and liabilities when such amounts cannot be obtained directly from other sources.

Actual amounts may differ from these estimates, particularly in respect of goodwill recognised as the reviews are finalised of fair values of assets and liabilities acquired as part of the Saipem transaction.

The main sources of uncertainty relating to estimates used to prepare the interim consolidated financial statements were the same as those described in the full year 2022 consolidated financial statements.

EBITDA, a non-GAAP profit measure, is used as a simple proxy for pre-tax cash flows from operating activities. It is calculated as operating profit before exceptional items, share of associates' post-tax results, interest, tax, depreciation, impairment and amortisation.

UNAUDITED

2. Segment reporting

	Q3 2023 YTD $m	Q3 2022 YTD $m	Q3 2023 $m	Q3 2022 $m
Revenues				
Land Drilling	688.4	285.8	245.5	100.7
Offshore Services	428.5	414.1	142.0	140.0
Kenera	89.0	50.5	51.5	16.5
Corporate costs/other	0.4	0.4	0.1	0.1
Elimination on consolidation	(30.0)	(12.0)	(26.0)	(7.3)
Continuing operations	**1,176.3**	**738.8**	**413.1**	**250.0**
Discontinued operations	**-**	**184.7**	**-**	**15.6**
Group total	**1,176.3**	**923.5**	**413.1**	**265.6**
EBITDA (pre-exceptional)				
Land Drilling	219.0	75.6	79.1	25.4
Offshore Services	67.5	65.0	23.8	27.0
Kenera	4.2	(3.8)	3.4	(0.7)
Corporate costs/other	(17.3)	(9.9)	(6.5)	(5.6)
Continuing operations	**273.4**	**126.9**	**99.8**	**46.1**
Discontinued operations	**-**	**47.8**	**-**	**3.0**
Group total	**273.4**	**174.7**	**99.8**	**49.1**

[1]Eliminations on consolidation principally relate to sales from Kenera to Land Drilling and to support the Group's capital expenditure programme.

3. Net finance costs

	Q3 2023 YTD $m	Q3 2022 YTD $m	Q3 2023 $m	Q3 2022 $m
Interest payable to immediate parent company	(22.6)	-	(8.7)	-
Interest payable on Senior Secured Notes	(63.0)	(37.0)	(21.3)	(12.2)
Interest payable on revolving credit facility	(8.4)	-	(3.0)	-
Finance costs on leases	(8.5)	(7.5)	(2.7)	(2.4)
Amortisation of arrangement fees	(3.0)	(1.0)	(1.0)	(0.4)
Other finance costs	(13.0)	(2.2)	(2.8)	(0.5)
Finance costs	**(118.5)**	**(47.7)**	**(39.5)**	**(15.5)**
Finance income	4.4	0.9	1.5	0.5
Exchange gains (losses)	(4.0)	41.7	5.4	16.6
Finance costs – net	**(118.1)**	**(5.1)**	**(32.6)**	**1.6**

UNAUDITED

4. Exceptional items

Exceptional items included in operating profit

	Q3 2023 YTD $m	Q3 2022 YTD $m	Q3 2023 $m	Q3 2022 $m
Reorganisation costs [1]	(1.0)	(2.5)	0.2	(0.9)
Saipem integration and transaction costs [2]	(14.2)	-	(4.4)	-
Saipem goodwill release [3]	26.0	-	-	-
Other [4]	0.8	-	(0.1)	-
Supplier dispute [5]	-	(0.4)	-	-
IT exceptional costs [6]	-	(1.6)	-	(0.2)
Gain (loss) on disposal of Nigeria business and assets [7]	-	1.3	-	-
Mexico guarantee recovery [8]		3.8		3.8
Exceptional operating items from continuing operations	**11.6**	**0.6**	**(4.3)**	**2.7**
Exceptional operating items from discontinued operations [9]	**8.9**	**(121.0)**	**-**	**(102.3)**
Exceptional operating items for the quarter	**20.5**	**(120.4)**	**(4.3)**	**(99.6)**
Tax effect on exceptional operating items	**-**	**0.1**	**-**	**-**
Exceptional operating items, net of tax	**20.5**	**(120.3)**	**(4.3)**	**(99.6)**

[1] Reorganisation costs primarily relate to the Group's cost reduction, restructuring, redundancy expenditure and COVID-19 expenditure along with professional fees associated with the Group's strategic activities looking at potential mergers and acquisitions.

[2] Integration and transaction costs of $14.2 million are associated with the purchase of the Saipem Onshore Drilling business.

[3] On completion of the LATAM phase of the Saipem transaction, there has been a release of $26.0 million to the Income Statement relating to negative goodwill on the combined Saipem acquisition (see Note 11).

[4] Included within other costs is a gain of $1.0 million recognised in relation to the cash generated from the sales of Senior Secured Notes which have gone unclaimed since the Group debt restructuring completed in 2020.

[5] In 2022 the Group booked an additional charge of $0.4 million in Kenera relating to a dispute with suppliers, together with certain other related costs.

[6] In 2022 a cost of $1.6 million was recorded in respect of costs involved in responding to a cyber-attack which restricted access to a number of the Group's back-office systems. These were predominantly costs involved in the restoration of system access.

[7] On 30 December 2021 the Group entered into an agreement with Geoplex Drillteq Limited to sell several rigs and associated inventory in Nigeria with the intention to exit the Nigerian land drilling business. Approval for the transaction was given during March 2022 with $1.3 million representing the gain on the sale of the Nigerian business and assets.

[8] In August 2022, the Group recovered $3.8 million of funds in Mexico which had previsouly been consigned with a third party under a performance security, following the expiry of a time limit applicable to any client claim against those funds.

[9] During Q2 2022, the Group recorded provisions against Russian Land Drilling inventory balances of $15.4 million and against an intercompany balance of $3.3 million. The $3.3 million intercompany provision was released in Q2 2023. During Q2 2023 there was also $5.6 million release of the exchange reserves in respect of the abandoned Russia business.

5. Reconciliation of net debt

	Q3 2023 YTD $m	Q3 2022 YTD $m	Q3 2023 $m	Q3 2022 $m	Audited Q4 2022 $m
Opening net debt per balance sheet	(619.3)	(281.2)	(649.2)	(308.3)	(275.2)
Net cash in (out) flow	(9.3)	(41.3)	19.3	(8.8)	11.9
Repayment (drawdown) of debt	(28.2)	-	(13.0)	-	(350.0)
Other non-cash movements	12.8	5.0	(1.1)	(0.4)	9.4
Closing net debt per balance sheet	**(644.0)**	**(317.5)**	**(644.0)**	**(317.5)**	**(603.9)**
Capitalised arrangement fees	(12.9)	(5.1)	(12.9)	(5.1)	(15.4)
Closing net debt	**(656.9)**	**(322.6)**	**(656.9)**	**(322.6)**	**(619.3)**

KCA Deutag Alpha Limited, their affiliates or other related parties may or may not opportunistically purchase debt in one or more series of open-market transactions from time to time.

UNAUDITED

6. Tangible fixed assets

	Land and buildings freehold $m	Drilling rigs and equipment $m	Plant, machinery and vehicles $m	Total Tangible fixed assets $m
Cost				
At 1 January 2023	38.2	1,746.1	83.9	**1,868.2**
Additions arising on acquisition	-	114.7	1.5	**116.2**
Additions at cost	2.7	65.7	3.5	**71.9**
Disposals	-	(0.9)	-	**(0.9)**
Exchange adjustments	-	(1.3)	(4.5)	**(5.8)**
At 30 September 2023	**40.9**	**1,924.3**	**84.4**	**2,049.6**
Accumulated depreciation				
At 1 January 2023	9.4	1,013.2	4.6	**1,027.2**
Charge for the period	1.4	81.4	3.2	**86.0**
Disposals	-	(0.6)	-	**(0.6)**
Exchange adjustments	-	(0.9)	(4.4)	**(5.3)**
At 30 September 2023	**10.8**	**1,093.1**	**3.4**	**1,107.3**
Net carrying amount				
At 30 September 2023	**30.1**	**831.2**	**81.0**	**942.3**
Net carrying amount				
At 31 December 2022	28.8	732.9	79.3	**841.0**

7. Intangible assets

	Customer relationships and contracts $m	Trade name $m	Technology $m	Total $m
Cost				
At 1 January 2023	287.8	176.3	50.0	514.1
Additions	1.3	-	-	1.3
Additions arising on acquisition	-	-	2.0	2.0
Reclassification to goodwill[1]	(11.6)	-	-	(11.6)
Exchange	-	-	(0.1)	(0.1)
At 30 September 2023	**277.5**	**176.3**	**51.9**	**505.7**
Accumulated amortisation				
At 1 January 2023	254.8	168.6	41.2	464.6
Charge for the period	-	-	6.4	6.4
At 30 September 2023	**254.8**	**168.6**	**47.6**	**471.0**
Net carrying amount				
At 30 September 2023	**22.7**	**7.7**	**4.3**	**34.7**
Net carrying amount				
At 31 December 2022	33.0	7.7	8.8	49.5

[1] Reclassification of a balance arising on the acquisition of Saipem Land Drilling assets previously allocated to Intangible Assets now treated as Goodwill.

UNAUDITED

8. Trade and other receivables

	Q3 2023 $m	Q3 2022 $m	Audited Q4 2022 $m
Trade receivables	293.9	194.6	243.6
Other receivables	33.8	17.3	21.1
Prepayments and accrued income	38.5	21.1	38.2
Contract assets	14.4	19.1	17.5
Total	**380.6**	**252.1**	**320.4**

9. Trade and other payables

	Q3 2023 $m	Q3 2022 $m	Audited Q4 2022 $m
Trade payables	81.6	70.4	92.2
Other tax and social security	20.8	13.7	18.1
Other payables	36.1	12.7	28.3
Accruals	237.5	139.0	170.6
Payments received on account	4.6	0.2	1.5
Deferred income	25.5	26.7	24.7
Total	**406.1**	**262.7**	**335.4**

10. Cash generated from operating activities

	Q3 2023 YTD $m	Q3 2022 YTD $m	Q3 2023 $m	Q3 2022 $m
Profit (loss) for the period	4.4	(182.2)	1.1	(90.1)
Adjustments for:				
Tax charge	32.0	17.1	13.3	0.1
Depreciation[1]	133.0	89.5	45.6	26.6
Amortisation of intangible assets	6.4	2.7	2.9	0.9
Net impairment gains (losses) of other non-current assets	-	122.1	-	13.6
Loss (gain) on sale of property, plant and equipment	(0.2)	(1.3)	-	(0.1)
Saipem negative goodwill release	(26.0)	-	-	-
Net movement in provisions, other liabilities and retirement benefit obligations	(2.5)	(8.3)	(5.2)	(4.2)
Net finance cost	118.1	5.1	32.6	(1.6)
(Increase) decrease in inventories and work in progress	(28.5)	28.6	(0.2)	31.0
(Increase) decrease in trade and other receivables	(67.7)	30.2	(14.9)	76.7
Increase (decrease) in trade and other payables	36.8	(34.3)	14.4	(22.8)
Exchange differences from operating activities	(11.4)	8.5	(2.3)	(3.1)
Cash generated from operating activities	**194.4**	**77.7**	**87.3**	**27.0**

[1] YTD depreciation includes $47.0m (Q3 2022 YTD $28.0m) of depreciation for right of use assets.

UNAUDITED

11. Saipem acquisition

There are only 6 rigs remaining to be acquired as part of the Saipem acquisition once regulatory approvals and other local administrative processes are finalised.

Purchase consideration

	2022 Phase 1 $m	Fair Value adj $m	Kuwait Phase 2 $m	LATAM Phase 3 $m	All Phases $m
Cash	469.5	(4.2)	44.5	44.7	554.5
Cash acquired	(8.6)	-	-	(6.4)	(15.0)
Shares issued, at fair value	92.5	-	-	-	92.5
Deferred consideration payable	-	-	-	2.2	2.2
Total consideration	**553.4**	**(4.2)**	**44.5**	**40.5**	**634.2**

Provisional fair value of acquisition

	2022 KSA & ROW $m	Fair Value adj $m	Kuwait Phase 2 $m	LATAM Phase 3 $m	All Phases $m
Net assets					
Property, plant and equipment	485.1	-	43.4	72.8	601.3
Right of use assets	8.2	-	-	-	8.2
Intangible assets	33.1	-	1.3	-	34.4
Inventories and work in progress	34.0	(4.6)	3.5	12.7	45.6
Trade and other receivables	92.9	-	-	15.4	108.3
Deferred tax asset	5.3	0.9	0.5	6.5	13.2
Trade and other payables	(82.6)	(0.1)	(1.4)	(5.0)	(89.1)
Deferred income	-	(2.9)	-	(4.5)	(7.4)
Tax liabilities	(1.2)	-	-	-	(1.2)
Deferred tax liability	(52.7)	-	(0.4)	-	(53.1)
Total identifiable net assets	**522.1**	**(6.7)**	**46.9**	**97.9**	**660.2**
Goodwill arising on acquisition	31.3	2.5	(2.4)	(57.4)	(26.0)
Purchase consideration transferred	**553.4**	**(4.2)**	**44.5**	**40.5**	**634.2**

Cumulative negative goodwill arising on the acquisition to date totalling $26.0 million was credited to the Income Statement in Q2 2023.

[1] Includes 17 rigs which are currently inactive in Venezuela