For immediate release	

KCA Deutag Announces Fourth Quarter and 2023 Full Year Results

- 2023 was a transformational year making it the best year yet for the Group.
- Acquisition integration completing well across all geographies while delivering on upgraded synergy targets.
- Record fourth quarter results with Group Revenues of $438m, EBITDA of $112m and Operating Profit of $56m.
- Core Middle East region contributed 72% of total 2023 Group earnings.
- Significant new contracts and extensions supporting expansion in traditional markets and enabling organisation to play active role in the energy transition.
- Full year cash from operating activities was $290m resulting in $230m closing cash position with net debt of $661m.
- Recently announced awards and ongoing customer discussions will add to a strong total Group backlog of $5.6b.

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

$m	Q4 2023	Q3 2023	Q4 2022	2023 YTD	2022 YTD
Revenue	438	413	348	1,615	1,087
Operating Profit (pre exceptional)	56	51	13	190	58
EBITDA	112	100	76	386	203
EBITDA margin	*26%*	*24%*	*22%*	*24%*	*19%*
Profit / (loss) after tax	(6)	5	(54)	(22)	(39)
Net cash flows from operating activities	117	81	91	290	99
Capital expenditures	(50)	(44)	(20)	(122)	(61)

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:

“2023 was a transformational year for KCA Deutag. We delivered our best year yet with record EBITDA of $386m despite global inflation, geopolitical and economic challenges. Our strategic tactics have allowed us to become a leading international drilling, engineering and technology partner with an enviable core Middle East footprint that contributed 72% of the total Group earnings.

The integration of the Saipem Onshore Drilling business is completing well across all geographies. We are on track to achieve the increased synergy targets we set as we #becomeoneteam and deliver a safe and seamless transition to all customers.

During the fourth quarter, we improved our results again and have achieved record Group revenue of $438m and EBITDA of $112m, compared to $348m and $75m million dollars respectively during the fourth quarter of the previous year.

Significant new contract wins and extensions are allowing us to expand in our traditional markets and to actively play our role in the energy transition. These recently announced awards and other ongoing positive customer discussions will add to a strong total Group backlog of $5.6b.

As we move into 2024, the global geopolitical and economic conditions remain uncertain and can change quickly especially with the persistent regional conflicts and the swathe of upcoming elections around the world. We will remain vigilant as we reaffirm our guidance to deliver EBITDA in excess of $450m. As we have done consistently, we will stay focused on what we can control, anticipate and adapt quickly to what we can’t.

We published our third annual Sustainability report for 2023 which shows meaningful progress against our Sustainability roadmap. Caring for our People, Caring for our Future and Caring for our Planet are the pillars that allow us to live out our Culture of Care. In 2023, we have bolstered our sustainability leadership, updated our core values to WE CARE and improved our emissions reporting and disclosure. We have also revised and aligned our strategic framework to build a more resilient sustainable customer-centric and profitable business.

With our advisors, we continue to assess inbound interest as a result of our improving financial performance and enviable footprint. We are evaluating a range of strategic options including a potential public listing in the Middle East and the refinancing of the Group debt.

I would like to thank all our colleagues, customers, shareholders, board and partners for their support and contributions as we continue to #enhancethebrand and deliver accretive value to all stakeholders.”

Operational Review

Land Drilling

In Q4 utilisation remained high in the core Middle East region with the rigs in Saudi Arabia fully utilised throughout. Total utilisation increased in the quarter following the start-up of additional rigs in Pakistan and Latin America during the latter part of Q3, followed by contracts in Europe and Tunisia starting up in Q4.

Contracted utilisation for the first half of the year is expected to remain broadly flat as the recently announced contracts in Latin America start up and offset the end of a contract in Kuwait. The first of the new build Petroleum Development Oman ('PDO') rigs started up and completed its first well in Q1 2024.

Offshore Services

During December, the number of platforms in operation increased to 21 as a platform in the UK North Sea moved from reactivating to operating. In Q4, the Offshore business unit was actively involved in discussions regarding a pipeline of growth opportunities, which has resulted in a number of recent contract awards. We announced the 2-year extension of the Vår Energi Contract on Ringhorne in Norway and an exclusive partnership with Pruitt for Managed Pressure Drilling (MPD) that will enable us to increase the scope of services we can offer to our customers. We have also been awarded 4-years of extensions and 2 new contracts with Equinor that are worth over $450m. The extensions will convert existing backlog from options to firm, while the 2 new contracts will be fully accretive to backlog.

Kenera

The Kenera business unit delivered the second of two highly automated new build rigs to the Land division in the quarter for its contract with PDO and has been fulfilling orders for Top Drives and Iron Roughnecks received from a customer in Saudi Arabia in 2023. The remaining two PDO rigs are under construction and are expected to be completed in the second half of 2024.

Kenera was pleased to announce the custom-Battery Energy Storage Solution (BESS) order received from Urenco in Germany last month. This will add to our energy transition revenues in 2024 along with the contract to fully electrify the Askepott jack-up in Norway, which was awarded during Q4.

Liquidity and Net Financial Debt Position

The Group had a net cash inflow of $9m in the quarter bringing the net cash position to $230m at the end of Q4. 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 $661m.

Business Review

Land Drilling[3]

$m	Q4 2023	Q3 2023	Q4 2022	2023 YTD	2022 YTD
Revenue	253	246	182	942	468
EBITDA	87	79	51	306	127
EBITDA Margin	*34%*	*32%*	*28%*	*32%*	*27%*

Land Drilling EBITDA in the fourth quarter of 2023 was $8m higher than the previous quarter and $35m higher than the equivalent quarter in 2022. The majority of these increases are due to the continued strong performance of our Middle East operations. The uplift in Q4 was driven by additional rig moves in the quarter, rigs completing scheduled maintenance and returning to full operations, along with additional activity in Pakistan and Latin America as rigs started up in late Q3, a rig in Europe reactivated in Q4 and another started up in Tunisia.

Offshore Services[3]

$m	Q4 2023	Q3 2023	Q4 2022	2023 YTD	2022 YTD
Revenue	155	142	144	584	559
EBITDA	27	24	30	94	95
EBITDA Margin	*17%*	*17%*	*21%*	*16%*	*17%*

Offshore Services EBITDA has improved in Q4 driven by additional activity in the UK North Sea and Azerbaijan businesses. The result is lower than the equivalent quarter in 2022 due to the inclusion of one-offs in Q4 2022. We expect our asset-light Offshore business to continue to perform well and deliver healthy positive cashflow to the Group as it benefits from recently won tenders and continues to tender for additional work to expand the scope of its current contracts.

Kenera[3]

$m	Q4 2023	Q3 2023	Q4 2022	2023 YTD	2022 YTD
Revenue (before intercompany eliminations)	57	52	24	146	74
EBITDA (before intercompany eliminations)	4	3	(0)	8	(4)
EBITDA Margin	*6%*	*7%*	*-1%*	*5%*	*-5%*

Kenera achieved positive EBITDA of $4m in the quarter, an improvement on the previous quarter and the same quarter last year as the second PDO new build rig and additional rig components were delivered.

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 soon.

[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.

Quarterly Financial Statements

KCA Deutag Alpha Limited

For the 12 months ended 31 December 2023

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Consolidated income statement

	Note	Q4 2023 YTD $m	Q4 2022 YTD $m	Q4 2023 $m	Q4 2022 $m
Sales	2	1,614.5	1,087.3	438.2	348.4
Operating costs		(1,228.9)	(884.8)	(326.0)	(272.8)
EBITDA	2	**385.6**	**202.5**	**112.2**	**75.6**
Depreciation/Amortisation		(195.5)	(144.8)	(56.1)	(62.7)
Operating profit (pre-exceptional)		**190.1**	**57.7**	**56.1**	**12.9**
Exceptional items, net operating costs	4	(17.1)	(18.2)	(28.7)	(18.8)
Operating profit (post-exceptional)		**173.0**	**39.5**	**27.4**	**(5.9)**
Net finance costs	3	(163.2)	(80.7)	(45.1)	(69.8)
Profit (loss) before tax		**9.8**	**(41.2)**	**(17.7)**	**(75.7)**
Taxation		(47.2)	(36.5)	(15.2)	(17.0)
Profit (loss) from continuing operations		**(37.4)**	**(77.7)**	**(32.9)**	**(92.7)**
Profit (loss) from discontinued operations		**8.5**	**(294.2)**	**(0.4)**	**(97.0)**
Profit (loss) for the quarter		**(28.9)**	**(371.9)**	**(33.3)**	**(189.7)**
Attributable to the owners of the KCAD Group		**(44.9)**	**(385.4)**	**(38.0)**	**(192.9)**
Attributable to non-controlling interests		**16.0**	**13.5**	**4.7**	**3.2**
		(28.9)	**(371.9)**	**(33.3)**	**(189.7)**

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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	-	-	(44.9)	-	16.0	(28.9)
Other comprehensive income (expense)						
Fair value movement on cash flow hedges	-	-	-	0.2	-	0.2
Exchange differences on foreign operations	-	-	-	(5.8)	-	(5.8)
Remeasurements on defined benefit pension schemes	-	-	(7.9)	-	-	(7.9)
Remeasurements on value of investment			(3.7)			(3.7)
Total other comprehensive income (expense)	**-**	**-**	**(11.6)**	**(5.6)**	**-**	**(17.2)**
Total comprehensive income (expense)	**-**	**-**	**(56.5)**	**(5.6)**	**16.0**	**(46.1)**
Transactions with owners						
Dividend to minority shareholders	-	-	(0.5)	-	(14.3)	(14.8)
At 31 December 2023	**-**	**-**	**255.4**	**95.0**	**18.1**	**368.5**
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.

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Consolidated balance sheet

	Note	Q4 2023 $m	Q4 2022 $m
ASSETS			
Non-current assets			
Property, plant and equipment	6	948.3	841.0
Right of use leased asset		147.6	121.1
Goodwill		374.1	391.1
Intangible assets	7	33.9	49.5
Investments		2.7	6.3
Deferred tax assets		60.4	60.4
		1,567.0	**1,469.4**
Current assets			
Inventories and work-in-progress		193.4	163.4
Trade and other receivables	8	385.6	320.4
Amounts owed by parent company		1.8	3.7
Financial assets - derivative financial instruments		0.6	0.4
Cash at bank		230.1	230.7
		811.5	**718.6**
Total assets		**2,378.5**	**2,188.0**
Liabilities			
Current liabilities			
Trade and other payables	9	(413.1)	(335.4)
Tax liabilities		(33.0)	(21.6)
Financial liabilities - derivative financial instruments		(1.6)	(1.8)
Financial liabilities - borrowings		(3.1)	-
Lease liabilities - current		(60.4)	(54.0)
Provisions and other payables		(1.3)	(0.9)
		(512.5)	**(413.7)**
Non-current liabilities			
Deferred income		(6.3)	(10.2)
Financial liabilities - borrowings		(876.3)	(834.6)
Payables to parent company		(348.5)	(267.9)
Deferred tax liabilities		(61.8)	(55.7)
Retirement benefit obligations		(106.6)	(99.9)
Lease liabilities - non current		(96.0)	(74.8)
Provisions and other non-current liabilities		(2.0)	(1.8)
		(1,497.5)	**(1,344.9)**
Total liabilities		**(2,010.0)**	**(1,758.6)**
Net assets (liabilities)		**368.5**	**429.4**
Capital and reserves			
Share capital		-	-
Other reserves		95.0	100.6
Retained earnings surplus (deficit)		255.4	312.4
Total shareholders' surplus (deficit)		**350.4**	**413.0**
Equity non-controlling interest		**18.1**	**16.4**
Total Equity		**368.5**	**429.4**

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Consolidated cash flow statement

		Q4 2023 YTD $m	Q4 2022 YTD $m	Q4 2023 $m	Q4 2022 $m
Cash flows from operating activities					
Cash generated from operations	10	316.7	173.9	122.3	96.2
Tax paid		(27.1)	(29.6)	(5.5)	(4.8)
Net cash in flow from operating activities		**289.6**	**144.3**	**116.8**	**91.4**
Cash flows from investing activities					
Acquisition of subsidiary, net of cash acquired		(63.5)	(479.7)	-	(479.7)
Capital expenditure		(122.2)	(60.9)	(50.3)	(20.3)
Proceeds from sale of property, plant and equipment		0.5	18.0.	0.3	-
Purchase of intangible assets		(3.0)	(5.0)	(1.0)	(2.0)
Investment in an unconsolidated entity		(0.1)	-	-	-
Acquisition of share in listed company		-	(9.8)	-	-
Interest received		7.0	1.8	2.3	0.9
Net cash outflow from investing activities		**(181.3)**	**(535.6)**	**(48.7)**	**(501.1)**
Cash flows from financing activities					
Proceeds from parent company issues of ordinary shares		-	25.0	-	25.0
New Floating Rate Notes Issued		-	250.0	-	250.0
New Loans from Parent		50.0	150.0	-	150.0
Drawdown of RCF borrowings		-	100.0	-	100.0
Drawdown of Oman debt		41.5	-	13.3	-
Interest paid, including capitalised interest		(112.6)	(54.0)	(51.2)	(26.1)
Lease payments		(73.9)	(49.6)	(21.2)	(14.7)
Commitment and ticking fees on acquisition finance		-	(20.6)	-	(20.6)
Dividend paid to minority shareholders		(14.8)	(9.4)	(4.1)	(4.4)
Net cash outflow from financing activities		**(109.8)**	**391.4**	**(63.2)**	**459.2**
Effect of foreign exchange rate changes on cash and bank overdrafts		**0.9**	**11.8**	**3.8**	**3.7**
Net cash in (out) flow		**(0.6)**	**11.9**	**8.7**	**53.2**
Cash and cash equivalents at start of period		**230.7**	**218.8**	**221.4**	**177.5**
Cash and cash equivalents at end of period		**230.1**	**230.7**	**230.1**	**230.7**

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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 2023, 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 2023 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.

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2. Segment reporting

	Q4 2023 YTD $m	Q4 2022 YTD $m	Q4 2023 $m	Q4 2022 $m
Revenues				
Land Drilling	941.5	468.0	253.1	182.3
Offshore Services	583.5	558.5	155.0	144.4
Kenera	145.8	74.3	56.8	23.7
Corporate costs/other	0.5	0.5	0.1	0.1
Elimination on consolidation	(56.8)	(14.0)	(26.8)	(2.1)
Continuing operations	**1,614.5**	**1,087.3**	**438.2**	**348.4**
Discontinued operations	**-**	**184.6**	**-**	**-**
Group total	**1,614.5**	**1,271.9**	**438.2**	**348.4**
EBITDA (pre-exceptional)				
Land Drilling	305.7	127.1	86.7	51.4
Offshore Services	94.2	95.1	26.7	30.0
Kenera	7.8	(4.1)	3.6	(0.3)
Corporate costs/other	(22.1)	(15.6)	(4.8)	(5.5)
Continuing operations	**385.6**	**202.5**	**112.2**	**75.6**
Discontinued operations	**-**	**47.6**	**-**	**-**
Group total	**385.6**	**250.1**	**112.2**	**75.6**

[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

	Q4 2023 YTD $m	Q4 2022 YTD $m	Q4 2023 $m	Q4 2022 $m
Interest payable to immediate parent company	(31.7)	(4.3)	(9.1)	(4.3)
Interest payable on Senior Secured Notes	(96.8)	(56.5)	(24.8)	(19.5)
Less: amounts included in the cost of drilling rigs	0.8	-	0.8	-
Finance costs on leases	(11.6)	(11.3)	(3.1)	(3.8)
Commitment fees	(4.3)	(1.1)	(1.0)	(1.1)
Amortisation of arrangement fees	(4.1)	(1.7)	(1.1)	(0.7)
Commitment and ticking fess on acquisition finance	-	(20.6)	-	(20.6)
Other finance costs	(12.8)	(4.2)	(3.0)	(2.0)
Finance costs	**(160.5)**	**(99.7)**	**(41.3)**	**(52.0)**
Finance income	7.4	1.9	2.3	1.0
Exchange gains (losses)	(10.1)	17.1	(6.1)	(18.8)
Finance costs – net, continuing operations	**(163.2)**	**(80.7)**	**(45.1)**	**(69.8)**
Finance costs – discontinued operations	**-**	**5.3**	**-**	**(0.5)**
Finance costs – net, group total	**(163.2)**	**(75.4)**	**(45.1)**	**(70.3)**

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4. Exceptional items

a) Exceptional operating items from continuing operations

	Q4 2023 YTD $m	Q4 2022 YTD $m	Q4 2023 $m	Q4 2022 $m
Reorganisation costs [1]	(1.0)	(2.9)	-	(0.4)
Saipem integration and transaction costs [2]	(18.5)	(15.2)	(4.3)	(15.2)
Saipem goodwill release [3]	-	-	(26.0)	-
Other [4]	0.7	-	(0.1)	-
Supplier dispute [5]	0.9	(3.6)	0.9	(3.2)
IT exceptional costs [6]	-	(1.6)	-	-
Gain (loss) on disposal of Nigeria business and assets [7]	-	1.3	-	-
Mexico guarantee recovery [8]	-	3.8	-	-
Gain on disposal of Kenera prototype [9]	0.8	-	0.8	-
Exceptional operating items from continuing operations	**(17.1)**	**(18.2)**	**(28.7)**	**(18.8)**
Tax effect on exceptional operating items	**1.4**	**0.4**	**1.4**	**0.3**
Exceptional operating items from continuing operations, net of tax	**(15.7)**	**(17.8)**	**(27.3)**	**(18.5)**

[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 $18.5 million are associated with the purchase of the Saipem Onshore Drilling business.

[3] During Q4, further fair value entries were posted in relation to the Saipem acquisition and the $26.0 million released to the P&L in Q3 was reversed. (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 2023 the Group booked a credit of $0.9 million (2022: charge of $3.6 million) relation to the settlement of contractual disputes with cutomers and suppliers in its Kenera business.

[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 Q4 2023, the Group booked a credit of $0.8 million in relation to a gain arising on the disposal of a Kenera prototype.

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4. Exceptional items (continued)

b) Exceptional items - discontinued operations

	Q4 2023 YTD $m	Q4 2022 YTD $m	Q4 2023 $m	Q4 2022 $m
Exceptional operating items [1]	8.5	(99.0)	(0.4)	22.0
Exceptional non-operating items, net impairment gains (losses) on other non-current assets [2]	-	(122.0)	-	0.1
Exceptional items - discontinued operations	**8.5**	**(221.0)**	**(0.4)**	**22.1**

[1] During 2022, the Group recorded impairment provisions against all the Group's Russian working capital balances. In Q2 2023, provisions in relation to intercompany ($3.3 million) and exchange reserves ($5.6 million) were released in respect of the abandoned Russia business. In Q4 2023 there was also $0.4 milion of inventory written off in relation to Sakhalin.

[2] During 2022 an impairment was undertaken on assets due to sanctions imposed with Russia. This resulted in an overall impairment charge of $122.0 million recognised in the year.

5. Reconciliation of net debt

	Q4 2023 YTD $m	Q4 2022 YTD $m	Q4 2023 $m	Q4 2022 $m
Opening net debt per balance sheet	(619.3)	(275.2)	(644.0)	(317.4)
Net cash in (out) flow	(0.6)	11.9	8.7	53.2
Repayment (drawdown) of debt	(41.5)	(350.0)	(13.3)	(350.0)
Other non-cash movements	12.1	9.4	(0.7)	10.3
Closing net debt per balance sheet	**(649.3)**	**(603.9)**	**(649.3)**	**(603.9)**
Capitalised arrangement fees	(12.1)	(15.4)	(12.1)	(15.4)
Closing net debt	**(661.4)**	**(619.3)**	**(661.4)**	**(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.

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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	-	107.8	1.5	**109.3**
Additions at cost	3.0	114.6	5.0	**122.6**
Disposals	-	(3.2)	(0.5)	**(3.7)**
Exchange adjustments	0.3	2.7	(1.2)	**1.8**
At 31 December 2023	**41.5**	**1,968.0**	**88.7**	**2,098.2**
Accumulated depreciation				
At 1 January 2023	9.4	1,013.2	4.6	**1,027.2**
Charge for the period	1.7	118.1	4.0	**123.8**
Disposals	-	(2.0)	(0.1)	**(2.1)**
Exchange adjustments	0.2	1.9	(1.1)	**1.0**
At 31 December 2023	**11.3**	**1,131.2**	**7.4**	**1,149.9**
Net carrying amount				
At 31 December 2023	**30.2**	**836.8**	**81.3**	**948.3**
Net carrying amount				
At 31 December 2022	28.8	732.9	79.3	**841.0**

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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	-	-	3.0	3.0
Additions arising on acquisition	1.3	-	-	1.3
Reclassification to goodwill[1]	(11.6)	-	-	(11.6)
Exchange	-	-	1.8	1.8
At 31 December 2023	**277.5**	**176.3**	**54.8**	**508.6**
Accumulated amortisation				
At 1 January 2023	254.8	168.6	41.2	464.6
Charge for the period	4.3	1.5	3.0	8.8
Exchange	-	-	1.3	1.3
At 31 December 2023	**259.1**	**170.1**	**45.5**	**474.7**
Net carrying amount				
At 31 December 2023	**18.4**	**6.2**	**9.3**	**33.9**
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.

8. Trade and other receivables

	Q4 2023 $m	Q4 2022 $m
Trade receivables	310.8	243.6
Other receivables	39.0	21.1
Prepayments and accrued income	20.0	38.2
Contract assets	15.8	17.5
Total	**385.6**	**320.4**

9. Trade and other payables

	Q4 2023 $m	Q4 2022 $m
Trade payables	98.9	92.2
Other tax and social security	26.4	18.1
Other payables	38.5	28.3
Accruals	227.1	170.6
Payments received on account	3.5	1.5
Deferred income	18.7	24.7
Total	**413.1**	**335.4**

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10. Cash generated from operating activities

	Q4 2023 YTD $m	Q4 2022 YTD $m	Q4 2023 $m	Q4 2022 $m
Profit (loss) for the period	(28.9)	(371.9)	(33.3)	(189.7)
Adjustments for:				
Tax charge	47.2	32.8	15.2	15.7
Depreciation[1]	186.7	150.6	53.7	61.1
Amortisation of intangible assets	8.8	4.0	2.4	1.3
Net impairment gains (losses) of other non-current assets	-	122.0	-	(0.1)
Loss (gain) on sale of property, plant and equipment	(0.3)	(1.3)	(0.1)	-
Saipem negative goodwill release	-	-	26.0	-
Impairment of goodwill	-	120.0	-	120.0
Net movement in provisions, other liabilities and retirement benefit obligations	1.5	(3.4)	4.0	4.9
Net finance cost	163.2	75.4	45.1	70.3
(Increase) decrease in inventories and work in progress	(24.0)	19.5	4.5	(9.1)
(Increase) decrease in trade and other receivables	(68.0)	77.8	(0.3)	47.6
Increase (decrease) in trade and other payables	44.8	(58.1)	8.0	(23.8)
Exchange differences from operating activities	(14.3)	6.5	(2.9)	(2.0)
Cash generated from operating activities	**316.7**	**173.9**	**122.3**	**96.2**

[1] YTD depreciation includes $62.9m (Q4 2022 YTD $43.0m) of depreciation for right of use assets.

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11. Saipem acquisition

The fair value of the identifiable assets and liabilities of the acquired group as at the date of acquisition are set out in the table below.

	Phase 1 Provisional Fair value $m	Phase 1 Fair Value changes $m	Phase 1 Final Fair value $m	Kuwait Provisional Fair value $m	LATAM Provisional Fair value $m	Total Fair value $m
Net assets						
Property, plant and equipment	485.1	(7.4)	477.7	43.9	73.4	595.0
Right of use assets	8.2	-	8.2	-	-	8.2
Intangible assets	33.1	(11.6)	21.5	1.3	-	22.8
Inventories and work in progress	34.0	(11.2)	22.8	2.8	13.6	39.2
Trade and other receivables	92.9	-	92.9	-	11.1	104.0
Deferred tax asset	5.3	0.9	6.2	0.5	6.5	13.2
Trade and other payables	(82.6)	0.2	(82.4)	(1.4)	(5.0)	(88.8)
Deferred income	-	(2.9)	(2.9)	-	(4.5)	(7.4)
Tax liabilities	(1.2)	-	(1.2)	-	-	(1.2)
Deferred tax liability	(52.7)	-	(52.7)	(0.5)	-	(53.2)
Total identifiable net assets	**522.1**	**(32.0)**	**490.1**	**46.6**	**95.1**	**631.8**
Goodwill arising on acquisition	31.3	(20.3)	11.0	(2.1)	5.4	14.3
Purchase consideration transferred	**553.4**	**(52.3)**	**501.1**	**44.5**	**100.5**	**646.1**

Purchase consideration

	Phase 1 Provisional Fair value $m	Phase 1 Fair Value changes $m	Phase 1 Final Fair value $m	Kuwait Provisional Fair value $m	LATAM Provisional Fair value $m	Total Fair value $m
Cash	469.5	-	469.5	25.7	45.4	540.6
Remeasurement of cash consideration	-	(60.0)	(60.0)	-	60.0	-
Less cash acquired	(8.6)	-	(8.6)	-	(6.4)	(15.0)
Shares issued, at fair value	92.5	-	92.5	-	-	92.5
Other	-	7.7	7.7	18.8	1.5	28.0
Total consideration	**553.4**	**(52.3)**	**501.1**	**44.5**	**100.5**	**646.1**

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