Fiscal Third Quarter 2026 – Earnings Conference Call Prepared Remarks

Kris Nicol Helmerich & Payne – VP of FP&A and Investor Relations

Welcome everyone to Helmerich & Payne's conference call and webcast for the third fiscal quarter of 2026. On today's call Trey Adams, our President and CEO, will be joined by Todd Scruggs, our Chief Financial Officer and Mike Lennox, Executive Vice President of the Western Hemisphere.

Before we begin our prepared remarks, I'd like to remind everyone that this call will include forward-looking statements as defined under securities laws. Although management believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that the expectations will prove to be correct.

Please refer to our filings with the SEC for a list of factors that may cause actual results to differ materially from those in the forward-looking statements made during this call. Adjusted EBITDA, direct margin, adjusted EPS, and free cash flow are non-GAAP measures. The most directly comparable GAAP measures and reconciliations are included in our earnings release and investor materials on our investor relations website.

I also want to highlight that we have a presentation which supports the prepared remarks from the management team and can be found on the IR website. With that, I'll turn the call over to Trey.



Trey Adams Helmerich & Payne – President and Chief Executive Officer

Thank you, Kris, ……. Hello everyone, thank you for joining us, as always, we appreciate your interest in H&P.

I'll begin with an overview of our fiscal third-quarter results, I will then turn to discuss the broader macro environment, current rig market dynamics and several key commercial developments – including a specific update on our activities in the Vaca Muerta in Argentina.

Todd will then walk through our financial results, share details on our financial framework, and discuss additional cost optimization actions we are initiating. He will then provide guidance for the fourth fiscal quarter and full year.

To wrap up, I will then return to summarize the key takeaways before opening the line for questions.



Turning to slide four of the presentation. I'd like to begin by walking through some of our key highlights from the fiscal third quarter.

We delivered strong financial and operational performance during the quarter, led by our operations in the US. Adjusted EBITDA was $236 million, coming in comfortably ahead of the implied mid-point of our guidance. We also generated strong free cash flows during the quarter.

One of the most pleasing aspects, was exceeding the mid-point of our direct margin guidance in all operating segments despite ongoing disruption in the Middle East and recent market volatility.

We experienced a strong rebound in activity in North America Solutions, averaging 142 rigs during the quarter and direct margins of $241M, coming in at the high-end of the guidance range. Our talented teams and leading technology continue to deliver for our customers, generating industry-leading margins of $18,700 per day, up over $1,000 sequentially. Being able to deliver this margin growth, across the largest fleet in the Lower 48, while reactivating 10 rigs during the quarter, demonstrates our differentiated capability to efficiently and economically reactivate rigs.

Despite recent commodity price volatility, we have continued to experience strong customer demand and exited the quarter with 147 rigs running in the Lower 48. The combination of a stronger activity landscape and pricing environment has enabled us to increase our fiscal 4Q and full year guidance for North America Solutions.

In International Solutions, we saw a significant sequential increase in direct margins. During the quarter, we delivered a direct margin of $31 million, aligning with the high-end of our guidance range. This was led by strong performance in our Latin America region, as well as slightly less than expected impacts from the ongoing conflict in the Middle East.

We continue to closely monitor developments in the region and I have just returned from a trip to Saudi Arabia last week. I spent time in the field with our teams and met with our customer and partners in the Kingdom. Despite the ongoing conflict, we continue to do an exceptional job in maintaining continuity of operations and navigating supply chain constraints. I left encouraged by our customer interactions, and we're seeing ongoing commercial momentum despite the conflict as we look ahead to 2027.

During the quarter operational activity remained stable in the region. We continued rig reactivations in Saudi, although at a slower pace than planned. We closed the quarter with four rigs fully reactivated and our fifth rig began drilling early this quarter. This takes us to a total of 22 rigs operating in the Kingdom and we expect to maintain this level of activity through the fiscal fourth quarter.

Even with these delays, the broader portfolio continues to perform as expected. We remain confident in achieving the midpoint of the annual rig guidance range we set out at the start of the year. We also remain on course to get the quarterly direct margin run-rate to at least $45 million, with strong growth in Argentina offsetting some of the near-term conflict related activity changes in the Middle East.

Our Offshore segment delivered another quarter of strong operational and financial results coming in above the high-end of our guidance range. This was again, driven by the achievement of several performance-related bonuses during the quarter.

In addition to our robust operational performance, we have maintained a clear emphasis on strengthening our balance sheet and optimizing our enterprise. As we begin preparing for 2027, we are implementing several new initiatives to accelerate debt repayment, optimize our cost structure, and position our portfolio to support the anticipated multiyear growth cycle. Todd will elaborate on these efforts shortly.



Looking at the broader macro environment on slide five, the Middle East conflict continues to dominate the direction of travel of commodity prices. Over the past three months, we have navigated a highly volatile pricing environment, with prices initially retreating to pre-conflict levels before rebounding as geopolitical tensions once again intensified.

Given the volatile situation, visibility remains somewhat limited. Regardless, with the 12- month strip remaining around $70/bbl WTI, we are confident that our customers will be using higher planning price assumptions this budget season compared to what they used last year, pointing to upstream spending growth in 2027.

Beyond the short-term market dynamics, what has not changed is our belief that the world will require significantly more energy than it consumes today, driven by expanding populations and growing prosperity in emerging markets, along with rising power needs from AI advancements in many developed nations.

At the same time, the potential bifurcation of supply and energy security concerns caused by this shock, support the view that we may now need even more energy supply. This dynamic strengthens our view that demand for oil and gas will persist, and grow, for many years to come and therefore increases the need for our global drilling solutions and will now likely bring forward activity sooner than we anticipated.

Looking at the rest of this calendar year, we have not seen any deviation from the recent ramp-up in drilling activity from private operators. We are on track to surpass 150 rigs during the quarter, which is at least 17 more than we were operating at our recent trough in February. We are confident that our rig activity will persist at these levels throughout the remainder of the year and is likely to continue into 2027 assuming commodity prices remain supportive.

The majority of these additions have originated from private and smaller independent operators who typically are more price sensitive. Larger operators have so far focused on adding term and additional technology to

existing rigs. We are encouraged by this dynamic heading into 2027 as we believe all operators will need to increase drilling programs to maintain if not grow production. With utilization of the super spec fleet already trending at 95%, we see further tightening of the market which will be supportive of direct margins.

As of today, we have around 10 rigs remaining that can go back to work relatively quickly for maintenance capex levels or less. Importantly, we are not solely reliant on operators in the Lower 48 picking up these rigs. We are seeing strong demand in the Vaca Muerta, Geothermal continues to grow and we are in several discussions to strengthen our FlexRig® footprint in the Middle East and Australia.

More specifically in the Middle East, as was the case last quarter, the uptick in activity remains less defined as the conflict continues to create disruption. However, we remain hopeful that more rigs will be required in 2027 with several of the NOCs stating plans to grow production.

Lastly, offshore continues to be an area of strength for us and the market more broadly with several projects progressing. We are hopeful that we can continue to capture increasing scopes of work as operators seek to maximize output from existing assets.

In summary, we remain positive on the outlook despite the market volatility created by the ongoing conflict. This will be led by North America Solutions, our most important market, and supplemented by growth in Argentina and the ongoing recovery in the Middle East. Importantly we believe this is the early innings of a multi-year upstream growth cycle.



Turning to slide six. On the commercial front, we continued to make progress during the third fiscal quarter, and while market conditions remain dynamic, we're encouraged by the level of customer engagement and the opportunities developing across our diversified portfolio.

These opportunities are taking shape in North America Solutions, where demand from private operators drove ten incremental rig additions during the quarter. That activity reflects the constructive industry outlook we discussed earlier, as operators continue to advance development programs despite commodity price volatility.

We also continue to advance the deployment of FlexRobotics™ with a second package now operating on a rig for a supermajor customer in the Permian Basin, marking another key milestone in the rollout of this innovative technology. As these systems transition from initial commitment to field deployment, they are demonstrating the effectiveness of our automation strategy and strengthening the competitive advantage of our Super-Spec fleet.

Beyond traditional oil and gas, geothermal activity continues to expand, representing an exciting opportunity to leverage our drilling expertise and technology in a growing adjacent market. We recently signed agreements for three additional rigs to work on geothermal projects in the US. Combined with our existing projects in the US and Europe, we are well on our way to hitting a double-digit rig count.

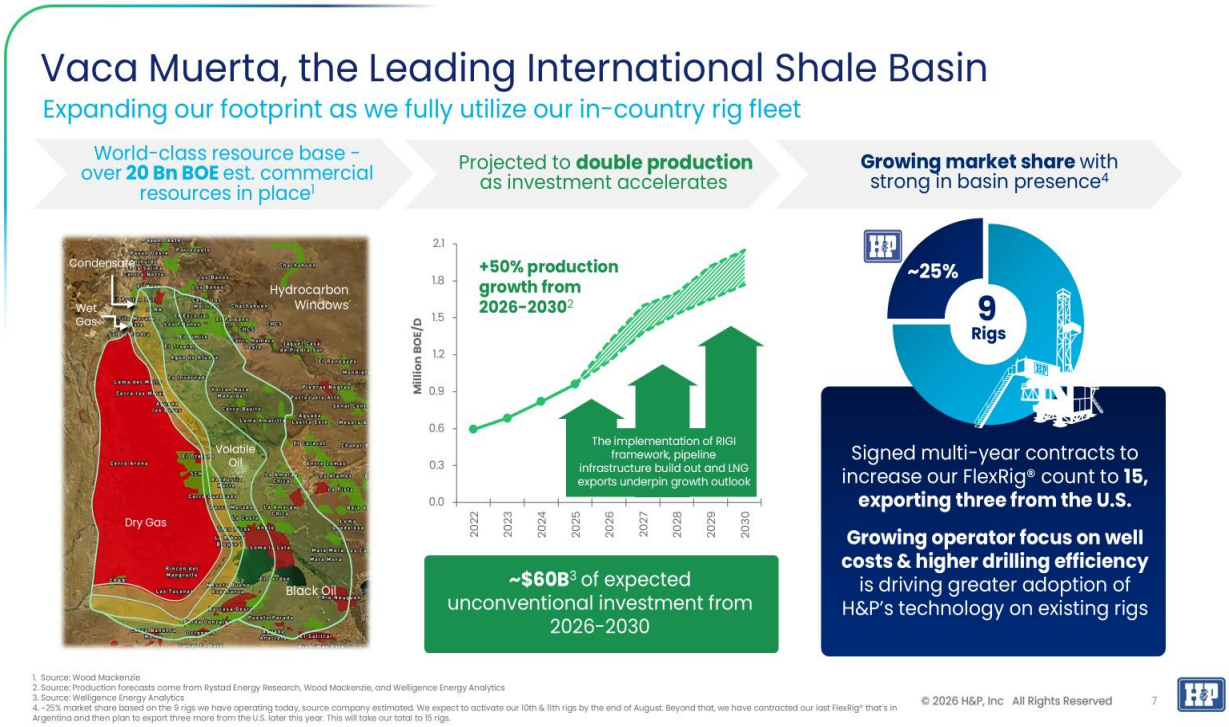
That commercial momentum extends across our international operations. We're encouraged by the progress in Argentina, where activity levels and customer engagement continued to increase. We are nearing 100% utilization, securing multi-year contracts for our remaining idle FlexRigs available in-country as well as contracts for an additional three FlexRigs which will be exported from the United States. Operational performance remains a key differentiator for us in the basin, and we're particularly pleased with the results being delivered through our technology portfolio.

In the Middle East, activity remained stable as conflict-related disruptions began to ease. As a result, we have now resumed operations on the two rigs suspended in Bahrain during the fourth quarter.

Elsewhere internationally, Australia continues to gain momentum. We are pleased to announce the award for a third rig which we will be exporting from the US as development activity continues to build in the Beetaloo Basin.

Lastly, in Offshore Solutions, we secured a multi-million-dollar four-year contract renewal with an operator in Norway, strengthening the durability of our offshore backlog. We also continued to advance several opportunities, including potential multi-year contract renewals and possible rig mobilizations in the Gulf of America, which could further enhance the resilience and growth prospects of our offshore portfolio.

Taken together, these developments reinforce our confidence in the competitive position of our business. We continue to see opportunities to expand our technology footprint, deepen customer relationships, and create long-term value for our shareholders.



Turning to the next slide, I want to spend some time on our operations in the Vaca Muerta. We have been in Argentina since 1998, and currently have 9 rigs operating, which represents approximately 25% market share, making H&P one of the region's leading drilling contractors.

The Vaca Muerta continues to gain momentum and is quickly transitioning into one of the most attractive and advanced shale basins outside the Lower 48. Production growth continues to accelerate, with Argentina's oil output recently reaching its highest level in more than two decades.

The quality of the resource has never been in doubt, but several changes led by the Milei government, including the RIGI investment framework, are providing greater fiscal and regulatory stability. Combined with large scale infrastructure investments including several pipeline and LNG projects, the strengthening long-term demand visibility is influencing not only domestic operators, but several IOCs to deploy capital across the basin.

Looking ahead, the rig demand outlook remains favorable. Welligence Energy Analytics, forecasts Vaca Muerta production could grow by more than 50% between 2026 and 2030, supported by approximately $60 billion of investment in unconventional resource development and infrastructure projects.
Growing operator focus on reducing well costs and maximizing drilling efficiency continues to reinforce the value proposition of super-spec rigs and advanced technology solutions.

Recently, H&P drilled a record-setting well in the Vaca Muerta, completing the well 13% faster than the operator's previous record, while coming in 15% below the operators budget. The project was executed under a performance-based contract, demonstrating our ability to translate operational excellence into tangible customer value.

We also continue to extend our technology leadership in the basin, recently deploying AutoSlide drilling automation that enabled zero manual slides. This success is creating opportunities to expand adoption of H&P's broader automation and drilling technology suite across customer programs.

As operators shift to larger pads, longer laterals, and more repeatable drilling programs, the importance of reliable execution continues to increase. These dynamics play directly into H&P's core strengths, particularly as the region remains in the early stages of its evolution.

In addition to the 9 FlexRigs we are currently operating in Vaca Muerta; we expect to activate our 10th and 11th rigs by the end of August. We have contracted our last FlexRig® that's in Argentina and then plan to export three more from the US later this year. This will take our total to 15 FlexRigs, which we expect to all be drilling by this time next year, with potential to deploy more rigs through 2027.

As well as the strong growth, the most important aspect for us is the healthy margin rates we are able to achieve on longer duration contracts in country, adding further strength and diversity to our International Drilling Solutions portfolio.

Overall, we view the Vaca Muerta as a basin with substantial long-term potential. With proven drilling performance and growing customer demand for super-spec rigs, we believe H&P is well positioned to expand alongside the basin.

To close, let me briefly recap. Our third quarter performance highlights the momentum we are building across H&P. We delivered a strong set of results, led by our operations in the Lower 48, where we gained share and increased margins. Latin America and Offshore also made strong contributions, alongside ongoing resilience in the Middle East.

This strong performance is a testament to our teams around the world and I want to thank them for their dedication and commitment to H&P and to our customers, we appreciate the continued partnership.

On that positive note I will now hand it over to our new CFO, Todd Scruggs, to walk you through our financial results, our updated financial framework and our guidance for the fiscal fourth quarter and full year.

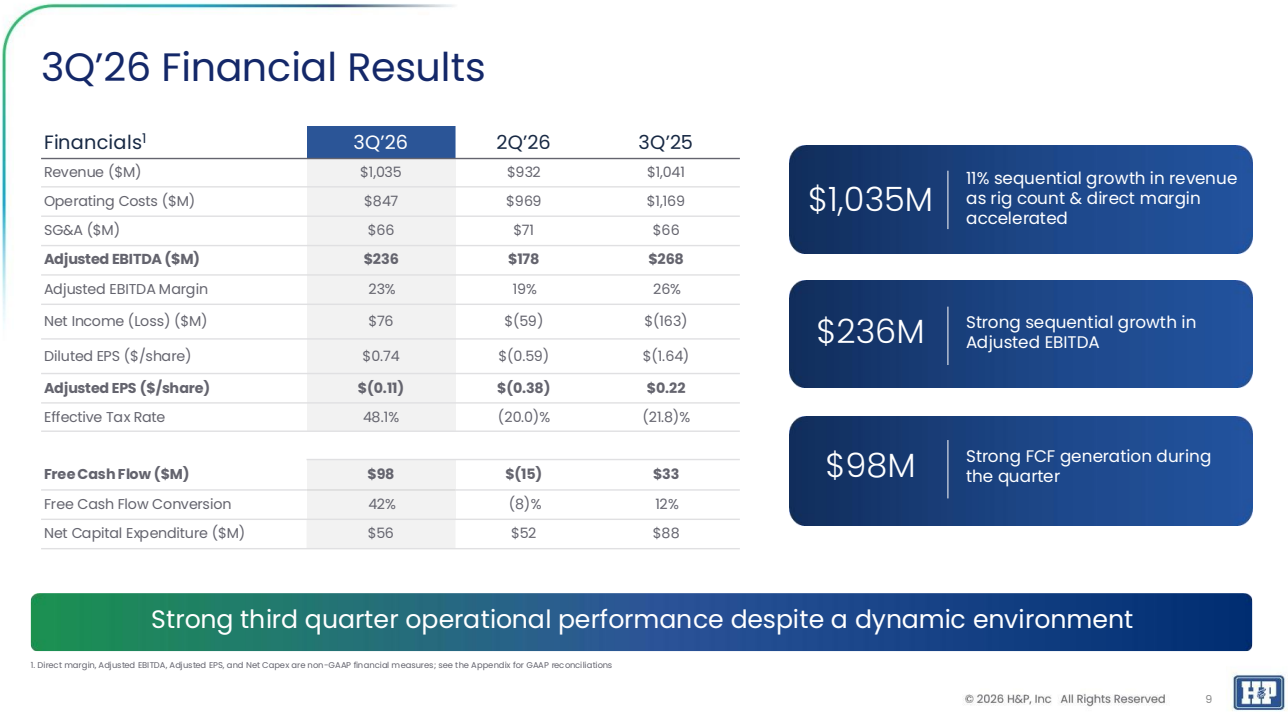


Todd Scruggs Helmerich & Payne – SVP & Chief Financial Officer

Thank you, Trey.

I will start by reviewing our third quarter financial results and share details on the performance of our segments. As this is my first earnings call after recently stepping into the CFO role, I also want to provide an update on our financial framework as well as several projects we will be embarking on across finance and the broader organization to accelerate our Enterprise Optimization initiative.

I will conclude by outlining our guidance for the fiscal fourth quarter and full year before handing it back to Trey.



Turning to slide 9, we delivered strong financial and operating results in the quarter, while continuing to navigate the dynamic situation in the Middle East.

During the quarter the company generated revenues of over $1 billion, up 11% sequentially.

We generated $236 million of adjusted EBITDA, and exceeded the mid-point of our direct margin guidance in all operating segments.

On EPS, we reported a net profit of $0.74 cents per diluted share. These results were supplemented by the gain from the sale of Utica Square. Absent this and other select items, we recorded a loss of $0.11 cents per share.

Gross capital expenditure for the third quarter was $70 million, which continued to trend below anticipated spending levels. This was attributable to the reordering of capital expenditures from the third to the fourth quarter in NAS, as well as delayed expenditure on rig reactivations in the Middle East. Free Cash Flow during the quarter came in strong at $98M.



Let me now turn to our North America Solutions segment on slide 10 which was a particular highlight this quarter.

We experienced a stronger than anticipated ramp up in activity averaging 142 contracted rigs during the third quarter, coming in above the mid-point of our activity expectations.

Segment direct margin for North America Solutions was $241 million, also exceeding the high-end of our guidance range.

The most impressive aspect of this result was our direct margin of $18,700 per day, up over $1,000 per day sequentially, led by strong pricing, and performance-related bonuses during the quarter. We also saw operating cost per day improve, despite absorbing the recommissioning cost of 10 rigs. We added back more rigs, at higher margins for a lower cost than anyone in the industry.

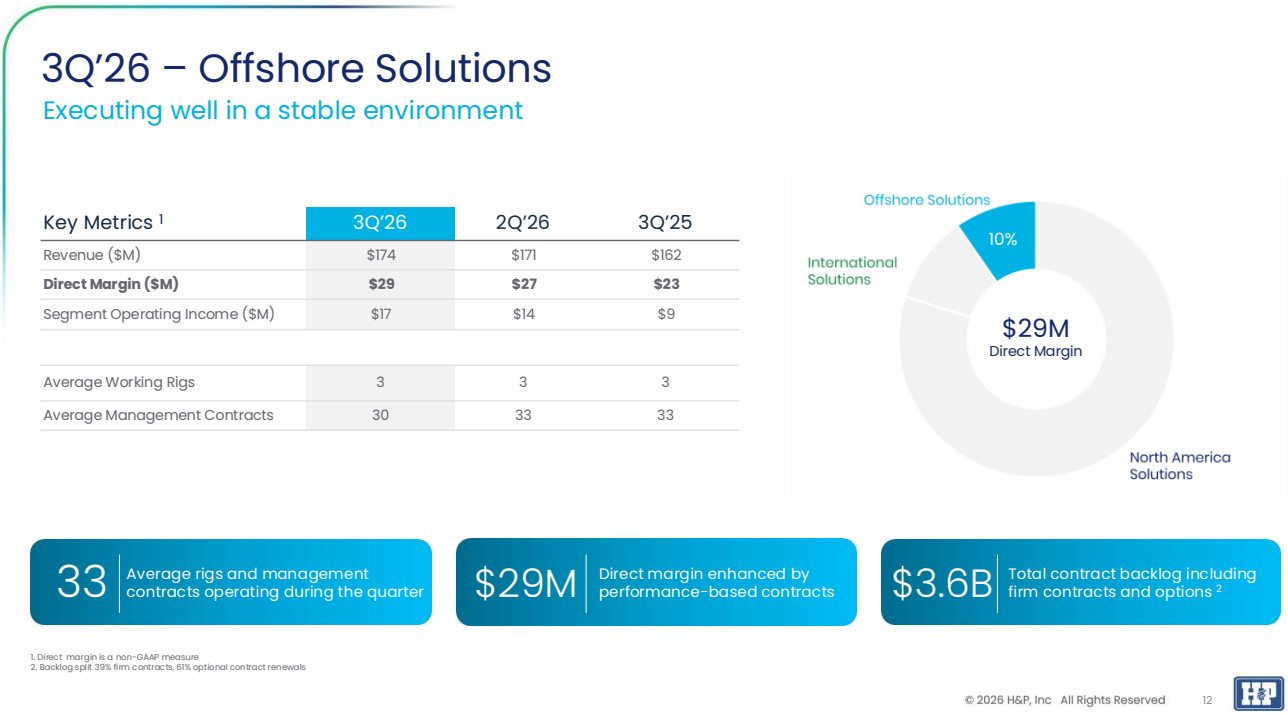
In addition to the 10 rigs I just mentioned, we still have enough capacity that can be reactivated at or below our $1M maintenance capital level to reach 160 rigs operating in the Lower 48. But as Trey pointed out, some of these rigs could also go to Argentina or beyond.



Turning to International Solutions on slide 11, the segment ended the third quarter with 66 rigs working and generated $31 million in direct margins, coming in at the high-end of our guidance range. The Vaca Muerta was a particular area of strength during the quarter.

In the Middle East we continued to navigate the dynamics around the ongoing conflict. During the quarter our rigs in Iraq and Bahrain remained suspended and we faced further delays in the reactivation of our rigs in Saudi. As of today, we have 5 of the reactivated rigs turning to the right, taking us to a total of 22 rigs operating in the country. As Trey mentioned, we now expect to maintain that average throughout the balance of the fiscal year.

Despite these challenges, we experienced a lower impact from the conflict on our direct margins than we expected as travel routes and logistical challenges incrementally eased throughout the quarter.

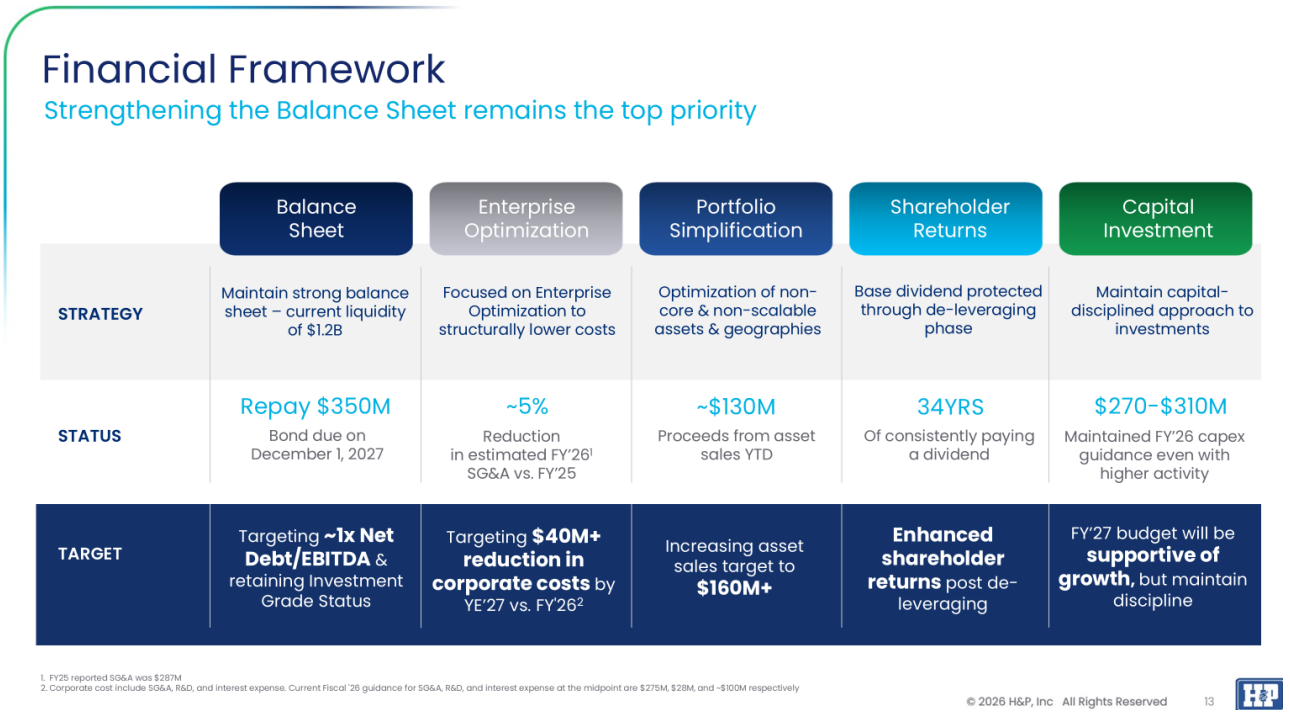


Lastly, with our Offshore Solutions segment on slide 12, we generated a direct margin of $29 million during the quarter, which also came in ahead of the high-end of our guidance range.

We had three active rigs and 30 management contracts in operation during the quarter.

The strong performance of our offshore segment was led by several performance-related bonuses that the teams achieved across our offshore fleet.

We remain excited about this business and the consistent and stable results that it delivers. It requires minimal capital, generates steady cash flow and continues to provide strong diversification in our portfolio.



Turning to slide 13, I want to provide an update on our financial framework and some details about our Enterprise Optimization initiatives which includes several projects we are working on across our global organization. This includes a broad spectrum of initiatives with the aim of making H&P a simpler and a more profitable business.

Many of you will welcome the news that we will also be examining ways in which we can simplify the way we report as well as the timing of our financial year end.

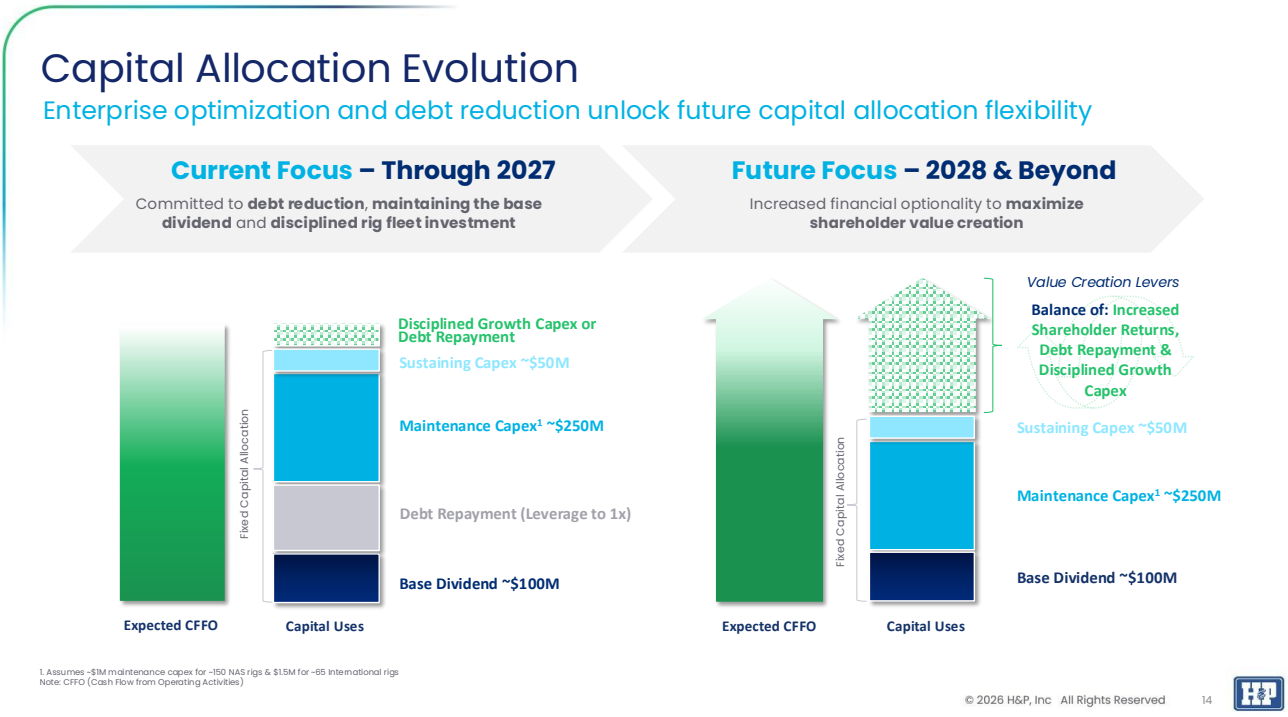
With regard to our balance sheet, our focus remains unchanged. My top priority is to continue to drive our leverage towards one turn of Net Debt to EBITDA. In a relatively short time, we've made great progress, paying off our term loan of $400 million ahead of schedule and we are now focused on retiring our $350 million dollar bond due at the end of 2027.

I am eager to accelerate this program where possible. Over the coming quarters we will be streamlining our central functions, reducing duplication and deploying a standard operating model for all regions as well as harmonizing our ERP systems. We expect to see significant operational and financial benefits from this exercise and anticipate reducing our corporate costs by an annualized $40 million by the end of 2027. We are also looking at ways to further reduce our overhead costs, which will have a positive impact on our direct margins.

Additionally, there are several remaining areas of our portfolio and operations that we are looking to streamline and simplify. We will continue to exit non-core geographies and monetize assets where possible. Collectively, these initiatives will now help us raise over $160 million from asset sales, which we are targeting to complete by the end of fiscal 2027, if not sooner.

Finally, we are also conducting a thorough review of our working capital and inventory management practices to unify processes and enhance our free cash flow generation.

All of these actions, when coupled with growing EBITDA and Free Cash Flows in an improving market backdrop will enable us to quickly de-lever and reach our one turn of net debt to EBITDA target. At that point our optionality to maximize shareholder value through effective capital allocation increases significantly.



Turning to slide 14, I want to provide a bit more detail on how we think about our capital allocation evolution, particularly related to shareholder returns and capital expenditures.

On the left-hand side of the slide, we are showing the current state which will take us through the end of 2027. Our base dividend is a core element of our shareholder return strategy, and we are very proud that we have been able to consistently pay a dividend for 34 years. During this de-leveraging phase, we will maintain our dividend, which accounts for around $100 million per year of spending.

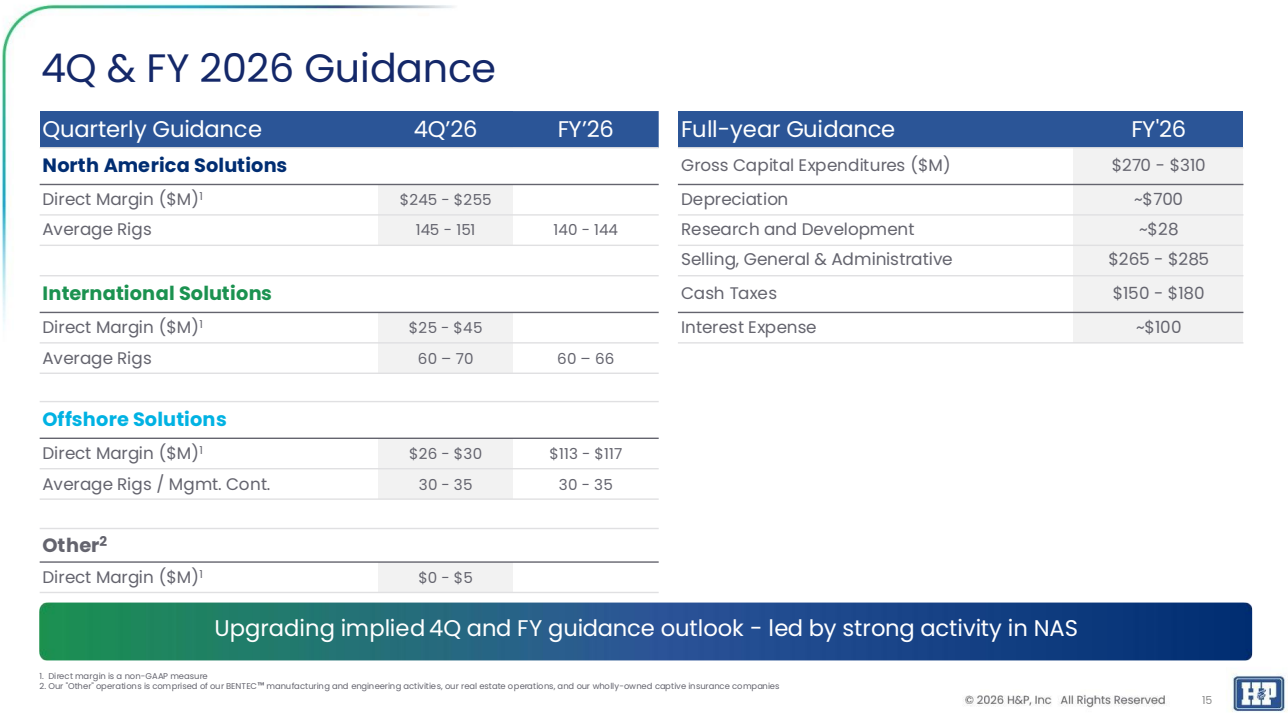
Beyond the dividend our capital allocation is focused on the balance between capital investment and debt repayment in the near-term.

As illustrated on the chart, we break our capital investment into three categories. Maintenance capex is the minimum amount of capital we need to allocate to keep our rigs running in the field. Based on today's activity levels and average maintenance capex costs, our total spend amounts to around $250 million for maintenance capex annually. Importantly, we feel confident that we can maintain this level of spend for several years.

Beyond that, we have what we call sustaining capex. These are investments we consistently make to our rig fleet to maintain their technology and performance leadership. Examples of this type of expenditure include walking conversions, larger setbacks, heavier hook loads, and rig floor automation packages. We plan to invest around $50 million every year in these enhancements.

The last category considers growth projects which may include new country entries or the expansion of fleets in key growth markets. We also include FlexRobotics within this category. To start with, all these investments must meet a return threshold….Beyond that we assess the duration, scalability and durability of the geography and customer relationship. Lastly, our ability to drive technology adoption and performance-based contracts are also key considerations.

As we approach our deleveraging target, we expect to have significantly more financial flexibility from 2028 onwards, which we highlight on the right-hand side chart. This will be achieved through the discipline of our capital investment programs, higher cash flow from operations, and the retirement of our $350 million dollar bond. This frees up significant capital which can be deployed most effectively to maximize shareholder value through a balanced combination of dividends and buybacks, further strengthening the balance sheet and disciplined investment in growth projects.



4Q & FY 2026 Guidance

Quarterly Guidance	4Q'26	FY'26
North America Solutions		
Direct Margin ($M)[1]	$245 - $255	
Average Rigs	145 - 151	140 - 144
International Solutions		
Direct Margin ($M)[1]	$25 - $45	
Average Rigs	60 – 70	60 – 66
Offshore Solutions		
Direct Margin ($M)[1]	$26 - $30	$113 - $117
Average Rigs / Mgmt. Cont.	30 - 35	30 - 35
Other[2]		
Direct Margin ($M)[1]	$0 - $5	

Full-year Guidance	FY'26
Gross Capital Expenditures ($M)	$270 - $310
Depreciation	~$700
Research and Development	~$28
Selling, General & Administrative	$265 - $285
Cash Taxes	$150 - $180
Interest Expense	~$100

Upgrading implied 4Q and FY guidance outlook - led by strong activity in NAS

1. Direct margin is a non-GAAP measure
2. Our "Other" operations is comprised of our BENTEC™ manufacturing and engineering activities, our real estate operations, and our wholly-owned captive insurance companies

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Now, I want to transition to our fourth quarter and full year guidance on slide 15.

Looking ahead to the fourth quarter for North America Solutions, we expect our operating rig count to show solid sequential growth as we see no deviation from the activity ramp we experienced in the Lower 48 in the third quarter.

As a result, we expect direct margins in our fourth quarter to average between $245 to $255 million based on an anticipated rig count of between 145 to 151 rigs during the quarter.

Given the better-than-expected result in the third quarter and our upgraded guidance for the fourth quarter, we are also raising our full-year rig count range to 140 to 144 rigs. As we have said, we see continued momentum for the US Lower 48 into 2027 and feel comfortable at least maintaining similar levels of activity and margins across the portfolio assuming commodity pricing remain supportive.

For International, we anticipate the rig count to average between 60 to 70 rigs in the fourth quarter and we remain confident in achieving the mid-point of the annual rig guidance range we set out at the start of the year. We are seeing increased levels of activity in Latin America as we move toward full utilization of the fleet in Argentina, offsetting some of the activity changes we have experienced in the Middle East.

We expect International Solutions to generate a direct margin between $25 and $45 million. The wider range captures the spectrum of potential outcomes regarding the ongoing conflict in the Middle East.

For offshore, we anticipate an average of 30 to 35 management contracts and operating rigs. We expect the direct margin rate in the fiscal fourth quarter to range between $26 and $30 million. Given the strong performance year to date, we are also upgrading the full year guidance range to $113 to $117 million.

Capex came in lighter than expected during the quarter, largely due to the timing of spending on several projects across the business. This variance primarily reflects deferred spending rather than any change in project scope, and we therefore expect capital expenditures to increase sequentially in the fourth fiscal quarter. Importantly we expect to remain within our guidance range of $270 million to $310 million for the full year.

Reflecting the tax impact of the Utica Square sale and stronger financial performance in North America Solutions, we have increased our cash tax outlook and now expect payments to range between $150 million to $180 million.

In summary, the positive tailwinds from activity and direct margins from the third quarter are expected to carry forward into the fiscal fourth quarter. Despite some project timing shifts which impact capital expenditures, the fundamentals of the business remain strong. We continue to believe we are well positioned to capitalize on continued customer demand and carry this momentum into fiscal 2027.

And with that I will hand it back to Trey for some closing remarks.

Thank you to everyone for joining the call today.

Operator you may now close the call.

Trey Adams Helmerich & Payne – President and Chief Executive Officer

Thank you, Todd.

Before we open the line for questions, I'd like to leave you with a few key takeaways.

We delivered a strong third quarter, exceeding the mid-point across all three operating segments and demonstrating the strength of our people, technology, and diversified portfolio. Activity in the US Lower 48 continues to build, our international business is benefiting from growing opportunities in Latin America, and Offshore remains a consistent source of value and cash flow.

While calendar 2026 got off to a slow start, we were confident that we had the discipline, the portfolio and the customers to make up lost ground. Despite all the challenges and volatility created by the conflict in the Middle East, we are well positioned to deliver full-year results which exceed original expectations.

Looking ahead, we remain optimistic on the outlook for our business in 2027 and beyond, supported by our advanced technologies and strong operational execution. At the same time, we are excited by the value we can unlock from our Enterprise Optimization initiatives, all with the aim of simplifying our business, increasing profitability and maximizing the long-term value we create for shareholders.

Building upon this positive momentum, we hope to see you at our Technology Day on October 8th, which we are hosting here in Tulsa. We will be providing a deeper look at our FlexRobitics technology as well as showcasing some of the critical technologies and solutions that truly differentiate H&P.

That concludes our prepared remarks, and we'll now turn it back to the operator for questions.