

ADES has been awarded a Service Contract Agreement with EGPC to Increase Brownfields Oil Production in Egypt

Al-Khobar, KSA - 13 December 2023: ADES Holding Company (“*ADES*”, the “*Group*” or the “*Company*”), a world leading oil and gas drilling services provider, is pleased to announce that it has been awarded a service contract agreement (LOA) with the Egyptian General Petroleum Corporation (EGPC) – as part of a consortium partnership with a leading local Exploration and Production (E&P) player – to operate and enhance production in key oil brownfields in Egypt, namely the SUCO and OSOCO fields. The new award has a 10-year tenor, extendable for a further 10 years.

Through a synergetic effort, the consortium will be dedicated to achieving incremental production levels that surpass the current baseline production at the two brownfields. Adopting an efficient asset-light model, the project minimizes initial capital outflow, with the majority being operational expenditure (OPEX) related. The consortium will be reimbursed with most of the OPEX incurred during baseline production and is entitled to incremental production returns based on a mutually agreed formula with EGPC. Additionally, ADES will be ideally positioned to capitalize on its extensive fleet operational in Egypt, ensuring economies of scale while maximizing efficiency and returns to shareholders.

Management expects that the contract’s financial impact will begin to reflect on the Company’s earnings by 2025, with an estimated 5% contribution to EBITDA generated from ADES’ Egypt operations.

Dr. Mohamed Farouk, CEO of ADES Holding Company, commented on the award stating, “ Stemming from our proven success in drilling operations across North Africa, this venture solidifies our long strategic partnership with EGPC and is a commitment to operational excellence, growth, and the seamless transfer of our winning formula into the E&P business. The consortium project will allow ADES to expand its service offerings available to its clients, paving the way for the potential entry into a new market with a managed risk approach, and while staying true to our strategy of fiscal prudence.”

“This new venture is a continuation of the ADES legacy, rooted in innovation, operational excellence, and a commitment to achieving success beyond our boundaries. We look forward to continuing to meet our clients’ needs, growing our business, and delivering sustainable returns to our shareholders,” **Farouk concluded.**

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About ADES Holding Company

ADES Holding Company, headquartered in Al Khobar in the Kingdom of Saudi Arabia, is a leading oil and gas drilling and production services provider in the MENA region and India. The Company has over 7,500 employees and a fleet of 87 rigs across seven countries in the MENA region and India, including 38 onshore drilling rigs, 46 jackup offshore drilling rigs, two jackup barges, and one mobile offshore production unit (“MOPU”).

For more information, visit <https://investors.adesgroup.com/>

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