

ADES Holding Company Announces Contracts Update for its Rigs in Saudi Arabia; Reiterates Financial Guidance for 2024

Al-Khobar, KSA - 4 April 2024: ADES Holding Company (“*ADES*”, the “*Group*” or the “*Company*”), a world leading oil and gas drilling services provider, announces that it has mutually agreed with its client in Saudi Arabia to temporarily suspend operations on 5 from its 33 offshore jack-ups operating in the Kingdom for a period of up to 12 months. One of the suspended rigs will be deployed to the Group’s recently awarded campaign in Thailand that is slated to commence operations in the second half of 2024, while a second rig is poised for another imminent opportunity in the region.

The temporary suspensions for the 5 rigs in Saudi Arabia shall be effective seven days from the signing date of the mutually agreed suspension notice, or when the work currently in progress is completed and the drilling unit is released, whichever is later. Additionally, the suspension mechanism offers enough flexibility for the suspended rigs to complete the firm and optional terms of new deployments before resuming work in Saudi Arabia post suspension. Finally, the original term of the suspended contracts will automatically be extended for a period equal to the suspension for each rig, preserving the remaining backlog for the respective contracts.

Meanwhile, the new contract award in Thailand and the second imminent award in the region come at higher daily rates compared to ADES’ current offshore average daily rates, translating into a favorable impact on overall profitability. On that front, management reiterates its 2024 financial guidance communicated to the market in its FY2023 earnings report, with a projected full-year EBITDA in 2024 ranging from SAR 2.89-3.04 billion, an increase of c.35- 42% year over year.

The Group will also continue to actively market the remaining rigs globally, in line with its geographical expansion strategy and leveraging the rigs’ high marketability and the solid pipeline of opportunities within and outside the MENA region. With the current tight conditions in the global offshore jack-up market and elevated utilization and daily rates, ADES is well-positioned to capitalize on some of the most attractive opportunities, leveraging its high-quality assets, existing global platform, and access across nine different markets.

Commenting on the update, Dr. Mohamed Farouk, CEO of ADES Holding said: “We remain in active and healthy discussions with our major client in Saudi Arabia following the latest developments in the Saudi market as we continue to demonstrate agility with a client-centric approach – aligning with our client’s strategic needs and objectives – and while preserving the remaining backlog of the temporary suspended contracts.”

“Concurrently, with the very high utilization rates of our offshore fleet over the past few years, new capacities made available will provide ADES with further flexibility when expanding its footprint in existing and attractive new markets. This will allow us to further capitalize on the current tight market conditions with significantly high utilization and elevated daily rates and build on our recent award in Thailand and the other potential one in the region while strengthening profitability. Overall, management remains confident in the Group’s growth prospects on account of its strong global platform, with a leading presence across nine of the most attractive drilling markets and a highly marketable and demanded fleet of jack-up rigs, providing ADES with significant optionality and competitiveness that underpins a multi-year growth cycle in the industry.”

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About ADES Holding Company

ADES Holding Company, headquartered in Al Khobar in the Kingdom of Saudi Arabia, is a world leading international drilling services provider. The Company has over 8,000 employees and a fleet of 87 rigs across nine countries, 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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