ADES Holding Company Reports 1Q 2024 Results with Significant Net Profit Growth of 124.6% y-o-y; the Group completes deployment of its 19-rig mega tender and redeploys three out of five recently suspended rigs in KSA in record time thanks to its strong global platform; Reiterates Financial Guidance for FY2024

Al-Khobar, KSA - 13 May 2024: ADES Holding Company (*"**ADES**", the "**Group**" or the "**Company**"*), a world leading oil and gas drilling services provider, is pleased to announce its financial results for the quarter ended 31 March 2024, reporting revenues of SAR 1.5 billion in 1Q 2024, an increase of 60.5% year-over-year (y-o-y). The Group recorded a significant 124.6% y-o-y increase in net profit to SAR 200.8 million in 1Q 2024, with an associated net profit margin of 13.1% compared to 9.4% in the same quarter last year.

Key Financial Figures

SAR mn	1Q 2024	1Q 2023	*Change*
Revenues	1,532.1	954.9	*60.5%*
EBITDA[1]	752.9	433.7	*73.6%*
EBITDA Margin	*49.1%*	*45.4%*	*+3.7pp*
Net Profit	200.8	89.4	*124.6%*
Net Profit Margin	*13.1%*	*9.4%*	*+3.7pp*
CF from Operating Activities before WC	784.5	428.4	*83.1%*

Financial & Operational Highlights

- Total backlog stood at SAR 26.75 billion as of 31 March 2024.
- Sustained strong utilization rates at 98.0% in 1Q 2024.
- Group revenue was up 60.5% y-o-y in 1Q 2024 driven by higher revenue in Saudi Arabia ("KSA") on account of contributions from the 19 rigs related to the mega tender; a twofold increase in number of operational rigs in Kuwait; and revenue generated from new deployments in India.
- EBITDA posted an 73.6% y-o-y increase to SAR 752.9 million in 1Q 2024, in line with revenue growth and reflecting the Group's lean cost structure and growing contribution from the offshore segment. EBITDA margin was up 3.7 percentage points year-over-year to 49.1% in 1Q 2024.
- Top-line performance and enhanced profitability reflected on the Group's bottom-line, with net profit for the quarter up by a significant 124.6% y-o-y in 1Q 2024 to SAR 200.8 million. Improvement in net profit also reflects lower interest expenses as a percentage of revenue in 1Q 2024. Net profit margin expanded from 9.4% in 1Q 2023 to 13.1% in 1Q 2024 (+3.7pp).
- During 1Q 2024, ADES completed the deployment of its 19-rig mega tender in KSA, with all rigs being operational starting March 2024. Additionally, all six onshore rig contracts awarded in Kuwait were operational as of 1Q 2024, as well as all three rigs awarded in India.
- During the quarter, ADES was awarded an 18-month jackup drilling contract in the Gulf of Thailand from PTTEP Energy Development Company Limited (PTTEP), marking its entry into the ninth country of operations.
- Subsequently, ADES has also secured a new contract from one of the major International Oil Companies (IOCs) for a one-year firm jackup drilling contract in Qatar with optional extensions of up to 18 months, reinforcing the Group's presence in the important Qatari market. Finally, in May 2024, ADES was awarded a 21-month jackup drilling contract in Egypt by Suez Oil Company (SUCO).
- Together, the new awards in Egypt, Qatar and Thailand bring the Group's total redeployments of the temporarily suspended rigs in Saudi Arabia to three out of five jackups.
- Management reiterates its outlook and guidance for 2024 with an expected EBITDA ranging from SAR 2.89-3.04bn in FY 2024, on account of continued operational growth and the ramp-up of recent expansions.

[1] *1Q 2024 EBITDA includes non-cash share-based payments expense incurred for the 3-month ending 31st March 2024.*

Dr. Mohamed Farouk, CEO of ADES Holding said, "ADES kicked off the year to a strong start with robust revenue growth of 60.5% year-over-year in the first quarter of 2024, driven by the continued to ramp of our recent expansions and with full contributions from the Group's deployments beginning to reflect on our financials towards the end of the quarter. On the ground, we maintained strong utilization rates of over 98% and an impeccable safety record with a Total Recordable Injury Rate of 0.03, well-below the IADC standard of 0.43. I am also pleased to report that the Group has secured new awards and backlog additions totalling SAR 741 million during the quarter, providing for a healthy replenishment rate and offering long-term cashflow visibility."

"Strategically, ADES continued to deliver on its regional expansion plans, securing new awards that fall in line with its stated strategy of strengthening its presence in Southeast Asian and India markets. Most recently, the Group has secured a new award in the Gulf of Thailand, marking our entry into the ninth country of operations, and bringing our total presence in this promising part of the world to a total of five jackups, including one rig in Indonesia slated for operations in the second half of the year and three recently deployed and operational jackups in India.

"Meanwhile in the MENA region, we were largely successful in mitigating the impact of the temporary suspensions in Saudi Arabia following the NOC's announcement to maintain its current Maximum Sustainable Capacity. Overall, the suspended rigs' total share of our operational offshore fleet in KSA was c.15%, while the mechanism of the suspension will see the original term of the suspended contracts automatically extended for a period equal to the suspension for each rig, preserving the remaining backlog for the respective contracts. The mechanism also 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."

"In that regard, with the very high utilization rates of our offshore fleet over the past few years, the new capacities made available have provided ADES with further flexibility when expanding its footprint in existing and attractive new markets. The Group's new awards in Thailand and Egypt along with a new contract in Qatar awarded in recent weeks have already seen us secure campaigns for three out of the five suspended rigs in KSA, the speed of which demonstrates the strength of our global platform and agility during very tight market conditions."

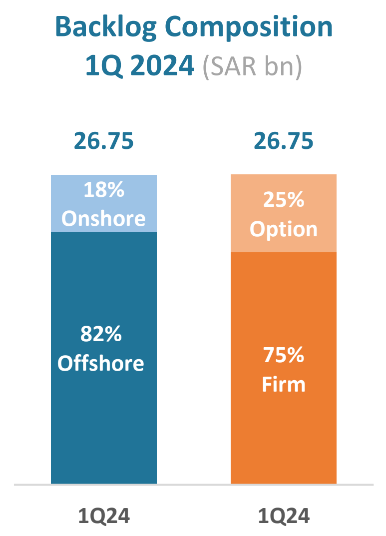
"New awards were broadly secured at higher daily rates compared to ADES' current offshore average daily rates, translating into a favourable impact on overall profitability. On that front, management reiterates its 2024 financial guidance communicated to the market in its FY2023 earnings report, with a projected full-year EBITDA in 2024 ranging from SAR 2.89-3.04 billion, an increase of c.35- 42% year-over-year."

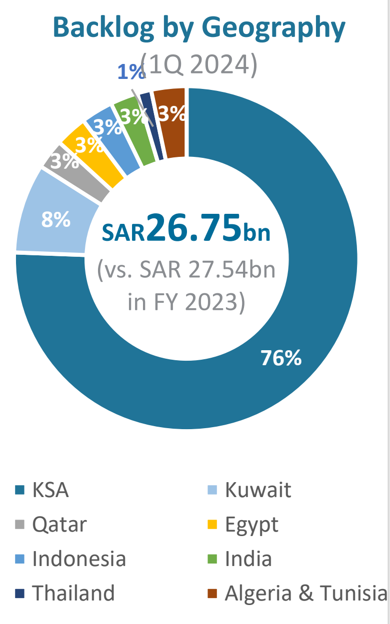
"Overall, I am confident in the Group's growth prospects on account of its strong global platform, with a leading presence across nine of the most accretive drilling markets, an existing vacuum in very attractive Southeast Asian markets, and a highly marketable and demanded fleet of jack-up rigs, providing ADES with significant optionality and competitiveness that underpins a multi-year growth cycle in the industry."

Utilization Rate

98.0%

in 1Q 2024
(vs.97% 1Q 2023)





TRIR[3]

0.03

in 1Q 2024
(vs.IADC standard of 0.43)

Operational Developments

Maintaining focus on backlog replenishment, operational excellence, and safety

- ADES consistently maintained higher-than-average utilization levels at 98.0% in 1Q 2024, testifying to the quality and efficiency of the Group's operations.

- Total backlog stood at SAR 26.75 billion as of 1Q 2024, down by c.SAR 791 million during the quarter despite a revenue burn-rate of SAR 1.53 billion over the same period. This translates to total backlog additions of SAR 741 million during 1Q 2024, mainly due to the positive impacts of contract renewals at higher daily rates for three rigs in Egypt (AD III, AD VI and AD V); renewals for two rigs in Algeria (ADES 2 and ADES 3); and the newly awarded contract in Thailand, which will be relocated from KSA at a higher daily rate. Backlog replenishment underpins ADES' focus on providing long-term and sustainable growth.

- Through the Group's integrated health and safety management frameworks, it has maintained a Total Recordable Injury Rate[2] well below the industry average at 0.03 vs. IADC standard of 0.43.

- Weighted average remaining contract tenor stood at 5.11 years in 1Q 2024 reflecting the Group's focus on long-term contracts as they underpin the predictability of financial performance and the sustainability of the business.

Delivering against our rig deployment plan and global expansion strategy

- All 19 rigs of the mega tender in Saudi Arabia were operational as of 1Q-2024.

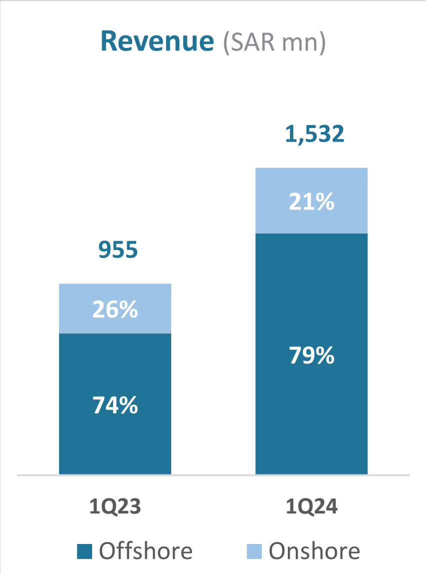
- All six onshore rig contracts awarded in Kuwait were operational as of 1Q 2024, bring the total operational rigs in the country to 10 units with a full run rate starting April 2024.

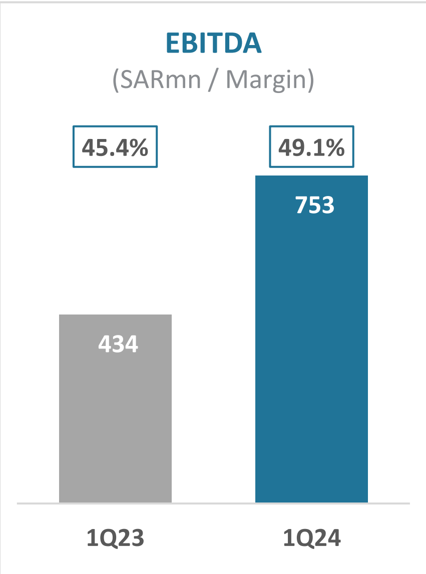
- During 1Q 2024, ADES deployed its third offshore rig in India as part of its two-rig contract secured in FY 2023, in addition to the one secured in 2022.

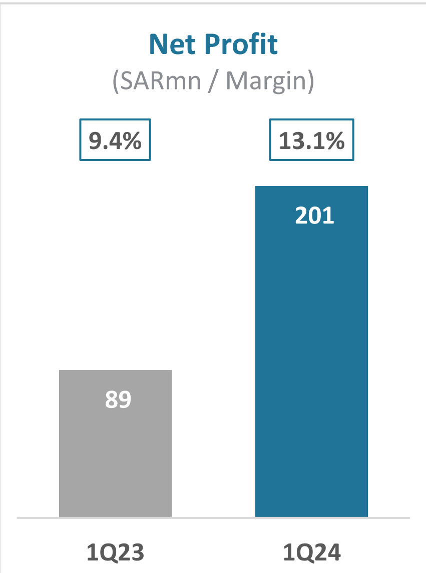
- The Group was awarded a three-year contract for four rigs from its idle onshore fleet in Algeria, with one rig deployed during 2023, a second rig as of April 2024, and the remaining two rigs to be deployed during 2Q 2024. Following these awards the Group now has no idle rigs in Algeria.

- ADES also received notifications of extension for three of its offshore jack-up rigs operating in Egypt during 1Q 2024. The three rigs are contracted by the General Petroleum Co. (GPC), which has notified the Group of a two-year extension for the Admarine III and Admarine VI contracts, as well as a one-year extension for the Admarine V contract.

[2] *Total Recordable Injury Rate per 200,000 working hours*







- In 1Q 2024 ADES received a Letter of Intent (LOI) from PTTEP Energy Development Company Limited (PTTEP) for an 18-month jack-up drilling contract in the Gulf of Thailand. The LOI marks ADES' entry into the ninth country of operations and comes on the heels of the recently announced expansion in Indonesia as the Group delivers on its strategy to grow its global footprint in Southeast Asian markets. This in addition to the three rigs currently in India brings the Group's operations in this promising part of the world to a total of five jack-ups.

- In aggregate, the Group's total number of operating rigs as of 31 March 2024 increased from 51 in 1Q 2023 to 75 rigs in 1Q 2024, representing a c.47% y-o-y increase.

- In early 2Q 2024, ADES secured a new contract from one of the major International Oil Companies (IOCs) for a one-year firm jack-up drilling contract in Qatar with optional extensions of up to 18 months. Operations are expected to commence in the second half of 2024 utilizing one of ADES' jack-up drilling units. The award by this major IOC will maintain ADES' market share in Qatar with a three-rig operation after the planned relocation of its Emerald Driller to Indonesia, which is expected to happen in second half of 2024.

- In May 2024, the Group received an award of contract from Suez Oil Company (SUCO) in Egypt for a 21-month jackup drilling contract in the Gulf of Suez. The drilling campaign comes at a higher daily rate than ADES' current average in Egypt and will utilize a standard jackup unit from ADES' fleet.

- Together, the new awards in Egypt, Qatar and Thailand bring the Group's total redeployments of the recently suspended rigs in Saudi Arabia to three out of five jackups. It is worth noting that the mutually agreed suspension mechanism between ADES and its KSA client 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 ADES.

Financial Performance

- ADES delivered **strong revenue growth** of 60.5% y-o-y (+SAR 577.2 mn) to SAR 1.53 billion in 1Q 2024. The Group's strong top-line performance was driven by higher revenues from KSA reflecting the start of contribution from all 19 rigs of the Aramco mega project beginning March 2024 compared to contributions from only four rigs in 1Q 2023; increase in Kuwait revenue which contributed SAR 152 million in 1Q 2024 following the deployment of all recently awarded contracts to reach a total of 10 operational rigs – with a full run rate as of April 2024; and revenue of SAR 40 million generated from three rigs gradually deployed in India (two in 4Q 2023 and one in 1Q 2024). Furthermore, elevated effective daily rates in offshore rigs in Saudi Arabia and Egypt also helped drive revenue growth.
- The strong growth in revenues and growing contribution from the offshore segment saw the **Group's EBITDA** accelerate by a significant 73.6% y-o-y to SAR 752.9 million in 1Q 2024, outpacing top-line growth thanks to the

Group's lean cost structure. Consequently, ADES' EBITDA margin for 1Q 2024 increased by 3.7 percentage points to 49.1% in 1Q 2024 compared to 45.4% in the same quarter last year.

- **Net profit** for the quarter surged by 124.6% y-o-y to SAR 200.9 million in 1Q 2024, reflecting the Group's strong revenue growth during the quarter as well as margin enhancements at the EBITDA. Net profit margin increased from 9.4% in 1Q 2023 to 13.1% in 1Q 2024, reflecting higher EBITDA margin (+3.7pp) as well as a lower interest expense to revenue ratio – in line with management's guidance in the Group's FY 2023 Earnings Release that interest expense incurred on the back of refurbishment projects will start to normalize in 2024 after all rigs under project have been deployed. This was partly offset by higher depreciation expense following the deployment of rigs in KSA, Kuwait and India.

- Solid **operating cash flow** generation of SAR 784.5 million in 1Q 2024 compared to SAR 428.4 in the same quarter last year, representing an 83.1% y-o-y growth and reflecting the significantly expanded business size and substantial growth in top line and EBITDA generated during the year.

- Aggregate **capital expenditure** during the first quarter of 2024 reached SAR 774 million, down 25.2% y-o-y versus the SAR 1,035 million in 1Q 2023. The decline in CAPEX follows the completion of refurbishment projects and deployment plan with regards to the Group's recent expansions in KSA, Kuwait and India.

- **Net debt** stood at SAR 9,695 million in 1Q 2024, down from SAR 9,917 million in FY 2023, reflecting debt repayments during the quarter amounting to SAR 187 million as well as an increase in total cash and cash equivalents from SAR 432 million at the close of FY 2023 to SAR 475 million as of 1Q 2024. Meanwhile, the Group financed CAPEX related to the remaining projects mainly through its cashflows generated from operations.

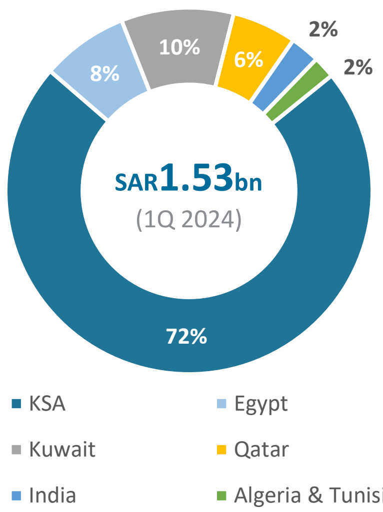
Performance by Geography

SAR mn	1Q 2024	1Q 2023	Change
Saudi Arabia	1,105.8	625.3	76.8%
Egypt	117.5	144.2	-18.5%
Kuwait	152.0	85.6	77.6%
Qatar	87.2	82.6	5.6%
Algeria & Tunisia	29.7	17.2	72.9%
India	39.8	-	-
Total	**1,532.1**	**954.9**	**60.5%**

ADES' strong revenue growth of 60.5% y-o-y in 1Q 2024 reflected a major increase in activity across existing geographies as well as contributions from new markets, thanks to the Group's recent expansions.

- Group revenues in **Saudi Arabia** increased by 76.8% driven by the start of contribution from all 19 rigs of the Aramco mega project beginning March 2024 compared to only four rigs in the same quarter last year. Additionally, KSA revenues were supported by higher effective daily rates.

Revenue by Geography



- In **Egypt**, revenue declined 18.5% y-o-y reflecting the contribution in 1Q 2023 of the leased TOPAZ rig, which was no longer leased in 1Q 2024 following the conclusion of its contract in early 3Q 2023.
- Revenue growth in **Kuwait** reached 77.6% driven by the contribution of 10 rigs in 1Q 2024 amounting to SAR 152 million – following the deployment of all recently awarded contracts with a full run rate as of April 2024.
- In **Qatar**, revenue increased 5.6% year-on-year to SAR 87.2 million in 1Q 2024, mainly driven by the increase in reimbursable revenues during the period.
- **Algeria & Tunisia** delivered a combined revenue growth of 72.9% y-o-y in 1Q 2024 on account of contributions from two new rigs in Algeria.
- Revenue contribution from **India** in 1Q 2024 amounted to c.SAR 40 million reflecting the contribution of three rigs, two of which started operation in 4Q 2023 and one in 1Q 2024.

Performance by Segment

SAR mn	1Q 2024	1Q 2023	*Change*
Offshore			
Revenue	1,203.9	707.8	*70.1%*
Gross Profit[3]	757.2	423.4	*78.8%*
Gross Profit Margin	*62.9%*	*59.8%*	*+3.1pp*
Onshore			
Revenue	328.1	247.0	*32.8%*
Gross Profit[3]	140.8	106.7	*31.9%*
Gross Profit Margin	*42.9%*	*43.2%*	*-0.3pp*

The significant growth in revenue and gross profit was largely driven by the offshore segment with higher daily rate and profitability:

- Revenues being generated from all 19 deployed rigs awarded in Saudi Arabia (Aramco mega project) starting March 2024.
- Revenue generated from the three offshore rigs India.

The onshore segment benefited from the contribution of five additional rigs from the newly awarded six-rig contract in Kuwait.

As a result of that significant growth, the offshore segment represented nearly 78.6% of total revenues in 1Q 2024, versus 74.1% in 1Q 2023.

[3] *Gross profit excludes depreciation.*

Outlook and Guidance

The Group reiterates its FY 2024 guidance for EBITDA ranging from SAR 2.89-3.04bn, driven by the following factors:

- **Continued ramp up of the Group's recent expansion**, which includes the recently deployed rigs in the Kingdom of Saudi Arabia, Kuwait and India. Additionally, the Group also expects to deliver on the deployment of the newly awarded contracts in Indonesia, Thailand, Qatar and Egypt during 2024.

- **Leveraging the Group's highly marketable and demanded fleet of jackup rigs and additional capacities made available following the temporary suspensions in KSA** to capture opportunities in existing and new accretive markets; as demonstrated by with the Group's ability to quickly secure new campaigns for three out of five suspended rigs in record time.

- **Continued tightness in the offshore jack-up market** – with utilization remaining around 90% and with elevated daily rates – even with the announced suspensions in KSA on account of the migration of rigs into the Middle East in recent years and the consequent vacuum in attractive markets such as India and Southeast Asia. This vacuum together with anticipated demand from GCC states should to a large extent offset potential excess in supply in the Saudi market following the recent developments.

- The group intends to make cash dividends distribution during the second half of 2024 on 1H 2024 earnings.

- In light of the above, management remains confident in the Group's growth prospects on account of its strong global platform, with a leading presence in the GCC and MENA regions and a growing footprint in Southeast Asia. This combined with the Group's large fleet of scarce jack-up rigs, provides significant optionality and competitiveness that underpins a multi-year growth cycle in the industry.

– Ends –

Results Documents

Documents related to the 1Q 2024 results can be found on ADES Holding Company's IR website section: investors.adesgroup.com

About ADES Holding

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 investors.adesgroup.com

For investor relation inquiries, please contact: investor.relations@adesgroup.com

Definitions and Abbreviations

Backlog	The total amount payable to the Group during the remainder of the current relevant contract in addition to any optional extension to the customer stipulated in the contract.
Weighted Average Remaining Contract Tenor	Represents the remaining contract tenor for our backlog, weighted by backlog value of each contract.
EBITDA	EBITDA is the revenues from contracts with customers after deducting the cost of sales and general & administration expenses while adding back depreciation expense.
Utilization rate	The Group's calculation of the utilization rate refers to its measure of the extent to which contracted assets available in the area of operation generate revenue from customer contracts. The Group calculates these rates for each rig by dividing the days of utilization by the potential days of utilization. Utilization rates depend mainly on the Group's ability to maintain related equipment in working condition and its ability to obtain replacement parts and other spare parts. Since the utilization rate calculation mechanism does not include inactive rigs or those that are being refurbished or equipped, the reported utilization rate does not reflect the overall utilization of the Group's fleet, but only those active and contracted rigs.
Net Debt	Interest-bearing loans and borrowings, excluding lease liabilities and less cash on balance sheet.
IADC	International Association of Drilling Contractors.
Normalized Net Profit	Calculated as the reported net profit after deducting the bargain purchase gain and adding back the provision for impairment of trade receivables, provision for impairment of inventories, provision for impairment of investment, other provisions, and IPO expenses.
Operating Costs	Cost of sales and general and administrative expenses, excluding the cost of depreciation.
TRIR	Total Recordable Injury Rate is calculated per 200,000 working hours.
Year over Year (YoY)	A measure of a company's growth in one time period with the same time period one year earlier.

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