ADES Expands Presence in Southeast Asia with Acquisition of Two Contracted Premium Jackup Rigs from Vantage Drilling

Al-Khobar, KSA - 09 September 2024: ADES Holding Company (*"**ADES**", the "**Group**" or the "**Company**"*), a world leading international oil and gas drilling services provider, is pleased to announce its agreement – through its directly owned subsidiary ADES International Holding Ltd. – to acquire two contracted premium jackup rigs in Southeast Asia (SEA) from Vantage Drilling International Ltd. (Vantage Drilling) for a total consideration of USD 190 million (subject to working capital and other adjustments at date of closing). The acquisition is a strategic move to further solidify ADES' presence in Southeast Asia, a region poised for strong production growth against a backdrop of tight jackup market conditions.

The transaction encompasses the direct asset acquisition of the TOPAZ jackup rig contracted in the Malaysia-Thailand Joint Development Area (JDA), marking ADES' entry into its 10th country of operation. Additionally, ADES will acquire the shares of Rig Finance Ltd. (RFL) the owning entity of the SOEHANAH jackup rig in Indonesia. The addition of these two new rigs will enhance ADES' fleet in the India and SEA region, expanding its operations to seven jackup rigs across Indonesia, Thailand, India and a new operating territory in the joint development area of two important countries to ADES.

Key Highlights of the Transaction:

- **Acquired Assets:** One premium jackup rig from Vantage Drilling and the shares of its subsidiary RFL that owns the other premium jackup rig, contracted in Malaysia/Thailand JDA and Indonesia respectively.
- **Acquisition Price and Funding:** USD 190 million, utilizing the available financing commitments.
- **Transaction Structure:** 'Contract Acquisition' model in line with ADES' strategy to minimize risk by acquiring contracted assets, with Vantage Drilling to continue managing the rigs for the next three years. This ensures uninterrupted service for the rigs' clients and highlights the continuation of the strong global alliance between ADES and Vantage Drilling.
- **Returns:** Expected run-rate EBITDA of SAR 150 million (USD 40 million).
- **Expected Closing:** Upon fulfillment of all closing conditions which are expected to be finalized during the coming three months.

The acquisition aligns with ADES' strategy to consolidate its market position in regions with strong demand for its fleet of highly marketable offshore assets. Despite the recent wave of jackup suspensions in KSA and consequent uptick in supply, the offshore market continues to experience tightness with high utilization and elevated daily rates. This reflects the growing demand for offshore jackup drilling in undersupplied markets like SEA, which along with new build activity reaching historical lows makes these premium assets acquired by ADES particularly valuable. The Group will maximize the synergies from these two new units, creating a regional hub in SEA and India that aligns with the Company's long-term growth strategy.

The acquisition also underscores ADES' disciplined and non-speculative approach to growth, with an average acquisition price per rig of USD 95 million – consistent with ADES' historical acquisitions of contracted rigs during periods of lower average market utilization rates of c.80%. The Company's ability to secure assets at attractive valuations in a market where utilization rates hovering around 90% demonstrates ADES' strategic acumen and commitment to delivering value to its shareholders.

Commenting on the acquisition, Dr. Mohamed Farouk, CEO of ADES Holding said: "This acquisition marks a significant milestone for ADES as we continue to expand our footprint in Southeast Asia, a region where we see tremendous growth potential. By acquiring these premium jackup rigs, we are not only enhancing our fleet but also entering a new, important market in the Malaysia-Thailand Joint Development Area. I am also pleased with our team's ability to identify and swiftly execute the transaction, tapping into new markets, all while maintaining sustainable leverage levels as ADES utilizes the available financing commitments to pursue value accretive opportunities."

"This transaction further solidifies our relationship with Vantage Drilling, building on our history of successful partnerships. The attractive valuation of this acquisition reflects our disciplined approach to capital allocation and our ability to capitalize on market opportunities. With our 'contract acquisition' model minimizing risk exposure, this acquisition is poised to have a direct and positive impact on our profitability, reinforcing our commitment to generating sustainable returns for our shareholders," Farouk added.

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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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