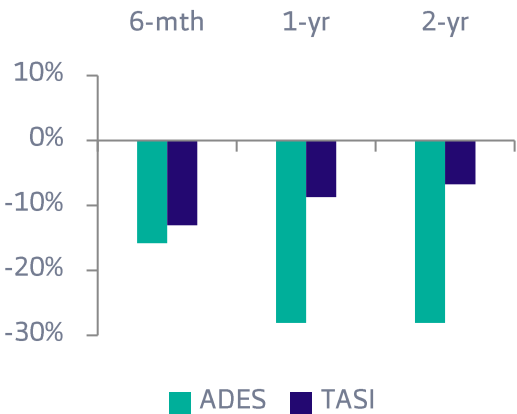


Market Data	
52-week high/low	SAR 21.5 / 12.2
Market Cap	SAR 16,823 mln
Shares Outstanding	1,129 mln
Free-float	39.31%
12-month ADTV	2,807,579
Bloomberg Code	ADES AB



■ Positive Signals Continue - ADES Is Still Top-Shelf

August 14, 2025

Upside to Target Price	40.9%	Rating	Buy
Expected Dividend Yield	2.9%	Last Price	SAR 14.90
Expected Total Return	43.8%	12-mth target	SAR 21.00

ADES	2Q2025	2Q2024	Y/Y	1Q2025	Q/Q	RC Estimate
Sales	1,579	1,525	4%	1,470	7%	1,631
Gross Profit	593	574	3%	590	0%	630
Gross Margins	38%	38%		40%		39%
Operating Profit	470	457	3%	464	1%	474
Net Profit	189	198	(5%)	194	(3%)	193

(All figures are in SAR mln)

- ADES reported a topline of SAR 1,579 mln (+4% Y/Y and +7% Q/Q), in-line with our estimate of SAR 1,631 mln. Management commented on utilization rates of the group for 2Q2025, which were 97%, while the group continued to increase geographical diversification. Management also highlighted EBITDA performance in 2Q25, as ADES generated SAR 858 mln vs. SAR 754 mln in 2Q24, a +14% Y/Y increase. Shortly after the release of the Company’s financials, on August 5<sup>th</sup>, ADES also announced the signing (intent) of a transaction agreement to acquire all the issued and outstanding shares of Shelf Drilling Limited. Although this transaction is in-line with our original thesis (Initiation report), we note the magnitude is more than expected.
- ADES' operating profit came in at SAR 470 mln, up +3% Y/Y and +1% Q/Q, close to our estimate of SAR 474 mln; moving parallel with the increases in revenue, as expected; given the operating model of the Company. ADES also reported net profits of SAR 189 mln, decreasing -5% Y/Y and -3% Q/Q, in-line with our estimate of SAR 193 mln. We note, that the cost of deployment is a driver of lower net margins (net profits) overall, justifying our continued positive view of the Company.
- Management also provided a reaffirmation on its previously mentioned guidance for 2025, stating that ADES’ targeted EBITDA of SAR 3.28-3.39 bln is maintained. Based on steady guidance, the Shelf announcement, and other positive KPI’s observed, we continue to have high conviction in maintaining our original thesis, our target price, and rating. We also note, the AGM for Shelf, regarding the transaction, is September 16, 2025.

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## ■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors

For any feedback on our reports, please contact [research@riyadcapital.com](mailto:research@riyadcapital.com)

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