Ades Holding Co. (ADES)

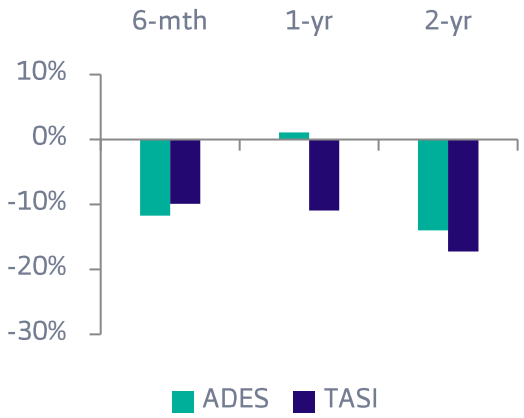
3Q2026 First Look

Debt Rises, Guidance Holds; Underlying Profit Near Breakeven

November 10, 2026

Upside to Target Price	11.9%	Rating	Neutral
Expected Dividend Yield	2.6%	Last Price	SAR 8.49
Expected Total Return	14.5%	12-mth target	SAR 9.50

Market Data	
52-week high/low	SAR 9.9 / 7.3
Market Cap	SAR 19,171 mln
Shares Outstanding	2,258 mln
Free-float	39.1%
12-month ADTV	3,491,349
Bloomberg Code	ADES AB



ADES	3Q2026	3Q2025	Y/Y	2Q2026	Q/Q	RC Estimate
Sales	2,229	1,654	35%	2,153	4%	2,156
Gross Profit	705	605	16%	728	(3%)	725
Gross Margins	32%	37%		34%		34%
Operating Profit	514	498	3%	534	(4%)	516
Net Profit	95	215	(56%)	129	(26%)	71

(All figures are in SAR mln)

- ADES generated revenues of SAR 2,229 mln in 3Q26, up +35% Y/Y and +4% Q/Q, above our SAR 2,156 mln estimate. The Y/Y increase reflects the consolidation of Shelf Drilling, plus SAR 26 mln from the Saipem jackups acquired on 15 September. Sequentially, growth came from resumed rigs in Qatar and start-ups in Indonesia, Cameroon and Egypt. In The Kingdom, regional developments have delayed the return of suspended offshore rigs, pushing that recovery into 4Q26.
- Gross margin fell to 32% in 3Q26 from 37% in 3Q25 and 34% in 2Q26, below our 34%. EBITDA of SAR 1,008 mln (+17% Y/Y, -1% Q/Q) matched our SAR 1,013 mln. Other expenses rose to SAR 89 mln (2Q26: SAR 19 mln), including unquantified insurance-related expenses the Company calls non-recurring, while finance costs of SAR 332 mln undershot our SAR 346 mln. Net debt rose SAR 1.5 bln Q/Q to SAR 19,664 mln, 4.4x the low end of FY2026 EBITDA guidance.
- Net profit of SAR 95 mln in 3Q26, down -56% Y/Y and -26% Q/Q, beat our SAR 71 mln estimate only on a SAR 78 mln bargain purchase gain on the Saipem acquisition. Excluding it, net profit was about SAR 17 mln (our calculation), on higher other expenses, lower gross profit and SAR 55 mln of tax. EPS was SAR 0.04 (3Q25: SAR 0.10), restated for the recent bonus issue. FY2026 EBITDA guidance of SAR 4.50 to 4.87 bln was reiterated; its low end needs SAR 1,328 mln in 4Q26 (+32% Q/Q). We trim our target price to SAR 9.50 (from a bonus-adjusted SAR 10.00) on higher net debt and maintain Neutral; near-breakeven underlying earnings and 4.4x leverage argue against upgrading.

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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

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