

## Strong 2025, Geographical Diversification also Defensive

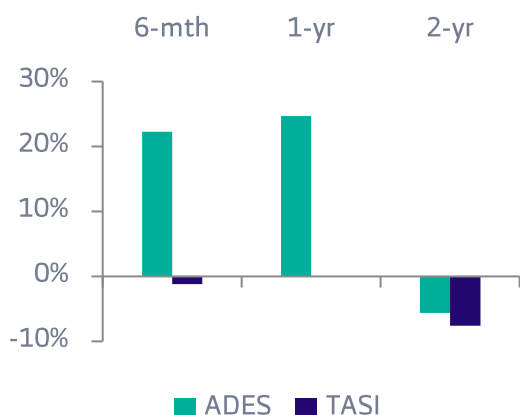
April 19, 2026

Upside to Target Price	10.8%	Rating	Neutral
Expected Dividend Yield	2.5%	Last Price	SAR 18.95
Expected Total Return	13.3%	12-mth target	SAR 21.00

Market Data	
52-week high/low	SAR 19.4 / 12.2
Market Cap	SAR 21,396 mln
Shares Outstanding	1,129 mln
Free-float	39.31%
12-month ADTV	2,358,839
Bloomberg Code	ADES AB

ADES	4Q2025	4Q2024	Y/Y	3Q2025	Q/Q	RC Estimate
Sales	1,986	1,569	27%	1,654	20%	1,928
Gross Profit	745	565	32%	605	23%	803
Gross Margins	37%	36%		37%		42%
Operating Profit	572	442	29%	486	18%	621
Net Profit	221	207	7%	215	3%	210

(All figures are in SAR mln)



- ADES reported a topline of SAR 1,986 mln (+27% Y/Y and +20% Q/Q), in-line with our estimate of SAR 1,928 mln. Management commented on utilization rates of the group for 2025, which stayed roughly the same, around ~98%, while the group continued to increase geographical diversification; which we believe in the current market environment is significantly important in the medium term. Management also highlighted EBITDA performance in 2025, specifically EBITDA margins which improved, expanding to 53.1% (EBITDA margin), which was driven by a higher contribution from offshore rigs. ADES also generated gross profit of SAR 745 mln vs. SAR 605 mln in 3Q25, a +23% increase Q/Q; continuing ADES' momentum from the previous quarter. We note that a great deal of this performance change could be attributed to the partial contributions from Shelf Drilling.
- ADES' operating profit came in at SAR 572 mln, up +29% Y/Y and +18% Q/Q, in-line with our estimate of SAR 621 mln. ADES also reported net profits of SAR 221 mln, increasing +7% Y/Y and +3% Q/Q, also in-line with our estimate of SAR 210 mln. We remind investors that the acquisition of Shelf expanded ADES' rig count by 33, as well as the geographic exposure to West Africa, Norway, Denmark, the UK, and India (among others). These factors will produce noise in the financials for 1Q26.
- With growth in geographical exposure, which we note has deepened in Southeast Asia, West Africa, and Brazil, we highlight that in the uncertain energy market this adds to ADES' defensiveness. Despite lower FCFF multiples (TTM) and a higher dividend, we downgrade the rating as the stock price has appreciated. We may revisit the rating with more visibility.

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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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