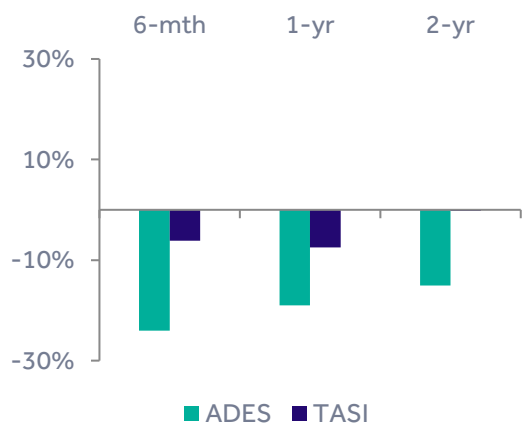


Market Data	
52-week high/low	SAR 21.9 / 13.8
Market Cap	SAR 16,620 mln
Shares Outstanding	1,129 mln
Free-float	63.09%
12-month ADTV	2,807,579
Bloomberg Code	ADES AB



■ First Nigeria, Now Brazil, No Slowing Down

May 11, 2025

Upside to Target Price	42.7%	Rating	Buy
Expected Dividend Yield	3.0%	Last Price	SAR 14.72
Expected Total Return	45.7%	12-mth target	SAR 21.00

ADES	1Q2025	1Q2024	Y/Y	4Q2024	Q/Q	RC Estimate
Sales	1,470	1,532	(4%)	1,569	(6%)	1,628
Gross Profit	590	603	(2%)	567	4%	588
Gross Margins	40%	39%		36%		36%
Operating Profit	476	494	(4%)	456	4%	467
Net Profit	194	197	(2%)	207	(6%)	195

(All figures are in SAR mln)

- ADES reported a topline of SAR 1,470 mln (-4% Y/Y and -6% Q/Q), lower than our more optimistic estimate of SAR 1,628 mln. Management commented on utilization rates of the group for 1Q2025, which were 98%, while the group continued to increase geographical diversification. Management also highlighted EBITDA performance in 1Q25, as ADES generated SAR 816 mln vs. SAR 753 mln in 1Q24, a +8% Y/Y increase. Key milestones which we believe supported EBITDA growth included the successful redeployment of suspended rigs, expansion into Nigeria via the offshore segment, and now, as of April 2025, ADES securing a 4.5-year tenor for a premium jack-up rig with Constellation Oil Services, to execute on a new contract with Petrobras in Brazil.
- ADES' operating profit came in at SAR 476 mln, down -4% Y/Y and up +4% Q/Q, in-line with our estimate of SAR 467 mln; moving parallel with revenue declines. We attribute this discrepancy in performance to higher expenses in relation to rig deployment and ADES' continued growth.
- ADES reported net profits of SAR 194 mln, decreasing -2% Y/Y and -6% Q/Q, directly in-line with our estimate of SAR 195 mln. With the newly contracted rigs poised to ramp up operations, we still hold a positive view of the Company, despite the recent volatility in oil prices. Management provided a reaffirmation on its previously mentioned guidance for 2025, stating that ADES' targeted EBITDA of SAR 3.28-3.39 bln (an organic growth rate of +8-12% Y/Y) is still feasible. We appreciate management's efforts and successful results in growing diversification; we maintain our target price and rating.

■ 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

Riyad Capital is a Saudi Closed Joint Stock Company with Paid up capital of SR 500 million, licensed by the Saudi Arabian Capital Market Authority NO.07070-37. Commercial Registration No: 1010239234. Head Office: Granada Business Park 2414 Al-Shohda Dist. – Unit No 69, Riyadh 13241 - 7279 Saudi Arabia. Ph: 920012299.

The information in this report was compiled in good faith from various public sources believed to be reliable. Whilst all reasonable care has been taken to ensure that the facts stated in this report are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable. Riyad Capital makes no representations or warranties whatsoever as to the accuracy of the data and information provided and, in particular, Riyad Capital does not represent that the information in this report is complete or free from any error. This report is not, and is not to be construed as, an offer to sell or solicitation of an offer to buy any financial securities. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this report. Riyad Capital accepts no liability whatsoever for any loss arising from any use of this report or its contents, and neither Riyad Capital nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof. Riyad Capital or its employees or any of its affiliates or clients may have a financial interest in securities or other assets referred to in this report. Opinions, forecasts or projections contained in this report represent Riyad Capital's current opinions or judgment as at the date of this report only and are therefore subject to change without notice. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections which represent only one possible outcome. Further, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified and future actual results or events could differ materially. The value of, or income from, any investments referred to in this report may fluctuate and/or be affected by changes. Past performance is not necessarily an indicative of future performance. Accordingly, investors may receive back less than originally invested amount. This report provides information of a general nature and does not address the circumstances, objectives, and risk tolerance of any particular investor. Therefore, it is not intended to provide personal investment advice and does not take into account the reader's financial situation or any specific investment objectives or particular needs which the reader may have. Before making an investment decision the reader should seek advice from an independent financial, legal, tax and/or other required advisers due to the investment in such kind of securities may not be suitable for all recipients. This research report might not be reproduced, nor distributed in whole or in part, and all information, opinions, forecasts and projections contained in it are protected by the copyright rules and regulations.