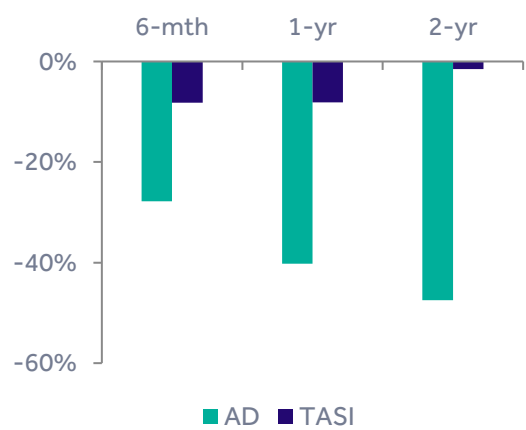


Market Data	
52-week high/low	SAR 145.2 / 78.6
Market Cap	SAR 7,289 mln
Shares Outstanding	89 mln
Free-float	30.00%
12-month ADTV	324,339
Bloomberg Code	ARABIAND AB



Lower Guidance, Lower Offshore Margin Contribution

June 3, 2025

Upside to Target Price	7.4%	Rating	Neutral
Expected Dividend Yield	3.3%	Last Price	SAR 81.90
Expected Total Return	10.7%	12-mth target	SAR 88.00

ARABIAN	1Q2025	1Q2024	Y/Y	4Q2024	Q/Q	RC Estimate
Sales	911	967	(6%)	850	7%	867
Gross Profit	180	269	(33%)	182	(1%)	193
Gross Margins	20%	28%		21%		22%
Operating Profit	121	211	(43%)	129	(6%)	146
Net Profit	75	146	(49%)	70	7%	89

(All figures are in SAR mln)

- AD reported a topline of SAR 911 mln vs. SAR 967 mln in 1Q24, a -6% decrease Y/Y and a +7% increase Q/Q. We believe the gross profit decrease of -33% Y/Y was driven by higher startup costs from the deployment of new unconventional land rigs, as well as decreases in the higher-margin Offshore segment. AD's Land segment (73% of revenues and 69% of gross profit) in 1Q25, had revenues increase +29% Y/Y and +22% Q/Q; driven by successful operation of remaining unconventional land rigs. While the Offshore segment (27% of revenues and 31% of gross profit), generated revenue of SAR 250 mln in 1Q25, down -45% Y/Y and -18% Q/Q. Management stated, that the decline in the Offshore segment results was driven by the previous inclusion of mobilization revenues from 4Q24 and temporary day rate discounts.
- AD's operating profit came in at SAR 121 mln in 1Q25, a significant drop of -43% Y/Y, as the increased administrative expenses and lower gross margins this quarter, partially driven by lower revenues from the Offshore segment, which has higher margins, helped drive lower operating profits on a sequential basis as well (-6% Q/Q).
- AD reported net profits of SAR 75 mln in 1Q25, up +7% Q/Q, but down -49% Y/Y, which caused our estimates to deviate, as we underestimated the negative impact on operating margins from rig deployments. Management's guidance for 2Q25 includes a 5-10% revenue decline Q/Q, given prevailing oil prices and demand indicators. We also note, the Board declared a SAR 1.35 dividend per share for 1H25, the same as the previous period. Based upon market uncertainty, reduced guidance, and the announced increase in OPEC+ production, we lower our target price to SAR 88.00 from SAR 98.00; to reflect an inferior market environment, and maintain our neutral rating until the dust clears.

Brennan Eatough
brennan.eatough@riyadcapital.com
+966-11-203-6808



■ 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

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