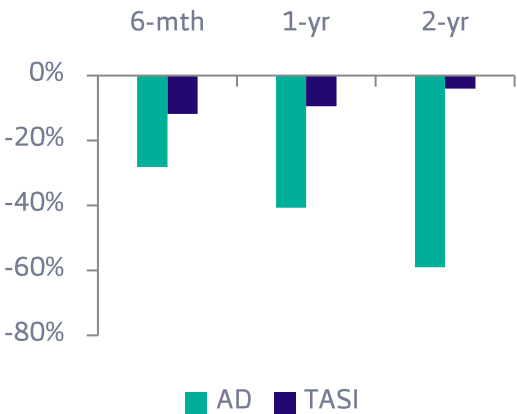


Market Data	
52-week high/low	SAR 127.6 / 72.0
Market Cap	SAR 6,586 mln
Shares Outstanding	89 mln
Free-float	30.00%
12-month ADTV	315,079
Bloomberg Code	ARABIAND AB



Short-Term Guidance Lowered Again

August 4, 2025

Upside to Target Price8.1%

Expected Dividend Yield0.0%

Expected Total Return8.1%

Rating

Last Price

12-mth target

Neutral

SAR 74.00

SAR 80.00

AD	2Q2025	2Q2024	Y/Y	1Q2025	Q/Q	RC Estimate
Sales	862	939	(8%)	911	(5%)	821
Gross Profit	123	234	(47%)	180	(32%)	155
Gross Margins	14%	25%		20%		19%
Operating Profit	66	184	(64%)	137	(52%)	110
Net Profit	7	20	(63%)	75	(90%)	35

(All figures are in SAR mln)

- AD reported a topline of SAR 862 mln vs. SAR 939 mln in 2Q24, a decrease of -8% Y/Y and a -5% Q/Q; in line with our estimates. We believe the gross profit decrease of -47% 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 (72% of revenues and 55% of gross profit) in 2Q25, had revenues increase +19% Y/Y and -7% Q/Q; driven by successful operation of remaining unconventional land rigs. While the Offshore segment (29% of revenues and 45% of gross profit), generated revenue of SAR 246 mln in 2Q25, down -41% Y/Y and -2% Q/Q. Management stated, that the decline in the Offshore segment results was driven by the higher offshore rig maintenance compared to 1Q2025.
- AD’s operating profit came in at SAR 66 mln in 2Q25, a significant drop of -64% Y/Y and -52% Q/Q, as the increased administrative expenses of +17% Y/Y, when combined with a further drop in revenue and gross profits, weighed on operating margins. We also note, the Q/Q drop in gross margins this quarter, partially driven by lower revenues from the Offshore segment, which has higher margins (22.7%), helped drive lower operating profits on a sequential basis as well (-64% Q/Q).
- AD reported net profits of SAR 7 mln in 2Q25, down both Q/Q and Y/Y, by -90% and -63%, respectively. Lower net profit results were driven by lower utilization rates and lower profits from rig move activity, which caused our estimates to deviate; as we underestimated this factor. Management’s guidance for 3Q25 includes a -10% revenue decline Q/Q, given prevailing oil prices and demand indicators. Moreover, this is the second time management lowered guidance Q/Q. Based upon market uncertainty, reduced guidance, and suspension of the Company’s dividend, we lower our target price to SAR 80.00 from SAR 88.00. We also maintain our rating, given an uncertain market environment.

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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