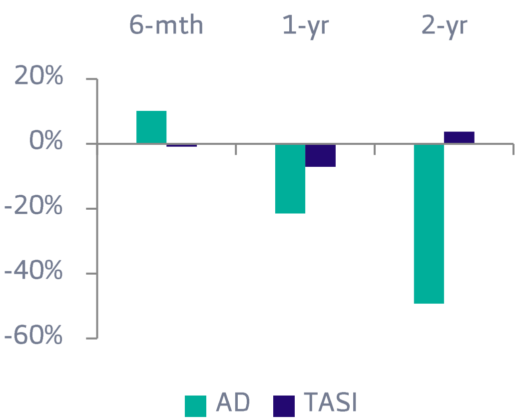
Arabian Drilling Company (AD)

3Q2025 First Look

Market Data	
52-week high/low	SAR 120.0 / 72.0
Market Cap	SAR 8,121 mln
Shares Outstanding	89 mln
Free-float	30.00%
12-month ADTV	261,232
Bloomberg Code	ARABIAND AB



Forward Guidance Appears Positive

November 11, 2025

Upside to Target Price	(12.3%)	Rating	Neutral
Expected Dividend Yield	0.0%	Last Price	SAR 91.25
Expected Total Return	(12.3%)	12-mth target	SAR 80.00

AD	3Q2025	3Q2024	Y/Y	2Q2025	Q/Q	RC Estimate
Sales	835	863	(3%)	862	(3%)	813
Gross Profit	101	180	(44%)	123	(18%)	108
Gross Margins	12%	21%		14%		13%
Operating Profit	54	135	(60%)	66	(18%)	51
Net Profit	(9)	85	-	7	-	(6)

(All figures are in SAR mln)

- AD reported a topline of SAR 835 mln vs. SAR 863 mln in 3Q24, a decrease of -3% Y/Y and a -3% Q/Q; in line with our estimates. We believe the gross profit decrease of -44% 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 (70% of revenues and 36% of gross profit) in 3Q25, had revenues increase +4% Y/Y and -5% Q/Q; driven by the successful operation of remaining unconventional land rigs. While the Offshore segment (30% of revenues and 64% of gross profit), generated revenue of SAR 250 mln in 3Q25, down -17% Y/Y and +2% Q/Q.
- AD's operating profit came in at SAR 54 mln in 3Q25, a significant drop of -60% Y/Y and -18% Q/Q, as the increased administrative expenses of +6% Y/Y, when combined with a further drop in revenue and gross profits, weighed on operating margins; even more than in 2Q25. We also note, the Q/Q drop in gross margins this quarter was mostly driven by the land segment, where gross margins were 6.2%; down from 11% in 2Q25. While the higher margin (26%) offshore segment had higher revenues of +2% Q/Q, this did not offset the land segment's performance.
- AD reported net loss of SAR (9) mln in 3Q25, down both Q/Q and Y/Y, roughly in-line with our estimate for a small loss this quarter. Lower net profit results were driven by lower utilization rates, the full impact of rig suspensions, and higher deferred taxes. Management's guidance for 4Q25 mentioned little change from 3Q25, when combined with Aramco's contract resumption announcements, we directionally agree. Based upon market uncertainty and a potentially suspended dividend, we maintain our target price and also maintain our rating.

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Disclaimer

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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