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Oil & Gas Drilling

4Q25 Financials Review

ADES AB saw operating level growth after Shelf Drilling consolidation, while ARABIAND AB continued to witness revenue weakness due to rig suspensions, further exacerbated by cost pressures and impairment charges. We increase our TP for ADES AB to SAR 23.4/share with a net positive value contribution from the acquisition of Shelf Drilling and upgrade the rating to **BUY.** Maintain **BUY** on ARABIAND AB with a lower TP of SAR 105/sh.

Stocks covered	Rating	Target Price
ADES AB	Upgrade to BUY	SAR 23.4
ARABIAND AB	Maintain BUY	SAR 105

22 April 2026

SECTOR AGGREGATE FINANCIALS

ADES remained the main driver of sector growth, but the benefit was partly offset by weaker utilization and non-recurring charges at Arabian Drilling. Below the operating line, higher depreciation and finance costs at ADES further weighed on overall sector earnings.

	Quarterly					Rolling 4 quarters		
SAR mn	**4Q25**	**3Q25**	**4Q24**	**Q/Q**	**Y/Y**	**Dec-25**	**Dec-24**	**Y/Y**
Revenue	**2,810**	**2,489**	**2,419**	**12.9%**	**16.2%**	**10,122**	**9,818**	**3.1%**
Onshore	880	893	855	-1.4%	2.9%	3,639	3,500	4.0%
Offshore	1,930	1,596	1,564	20.9%	23.4%	6,483	6,318	2.6%
GROSS PROFIT	**715**	**706**	**749**	**1.2%**	**-4.6%**	**2,907**	**3,119**	**-6.8%**
Opex	221	193	217	14.4%	1.9%	733	785	-6.6%
Operating Profits	**494**	**513**	**532**	**-3.8%**	**-7.2%**	**2,174**	**2,334**	**-6.8%**
EBITDA	**1,281**	**1,154**	**1,091**	**11.0%**	**17.4%**	**4,793**	**4,546**	**5.4%**
Finance Cost	328	287	280	14.2%	17.2%	1,160	1,033	12.3%
Net Income	**66**	**211**	**277**	**-68.5%**	**-76.0%**	**743**	**1,124**	**-33.9%**
Gross Margin	25.4%	28.4%	31.0%	*-294 bps*	*-554 bps*	28.7%	31.8%	*-305 bps*
Operating Margin	17.6%	20.6%	22.0%	*-304 bps*	*-444 bps*	21.5%	23.8%	*-229 bps*
EBITDA Margin	45.6%	46.4%	45.1%	*-78 bps*	*47 bps*	47.4%	46.3%	*105 bps*
Net Margin	2.4%	8.5%	11.5%	*-611 bps*	*-910 bps*	7.3%	11.4%	*-411 bps*
Interest Coverage	1.5	1.8	1.9	*-0.3 times*	*-0.4 times*	1.9	2.3	*-0.4 times*
Net Debt/EBITDA	4.0	3.3	3.3	*0.7 times*	*0.8 times*	4.3	3.1	*1.2 times*
Land Contracted Rigs	67	66	64	*1 rigs*	*3 rigs*	67	64	*3 rigs*
Offshore Contracted Rigs	85	56	56	*29 rigs*	*29 rigs*	85	56	*29 rigs*
Land Utilization	75%	74%	74%	*112 bps*	*172 bps*	74%	82%	*-815 bps*
Offshore Utilization	89%	89%	89%	*58 bps*	*58 bps*	87%	89%	*-278 bps*
Implied Land Day Rates (USD)	38,070	39,203	38,722	-2.9%	-1.7%	40,465	38,492	5.1%
Implied Offshore Day Rates (USD)	84,857	82,623	80,951	2.7%	4.8%	82,961	83,869	-1.1%

4Q25 implied offshore day rates is the weighted average of shelf's standalone contribution and ADES legacy /Arabian drilling rigs contribtuion

Rolling 4 quarters Utilization and Day Rates averages out last 4 quarters from reporting date

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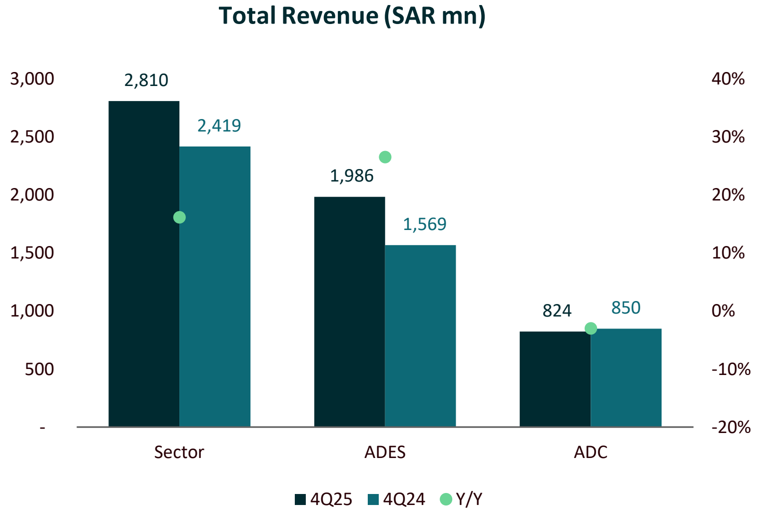
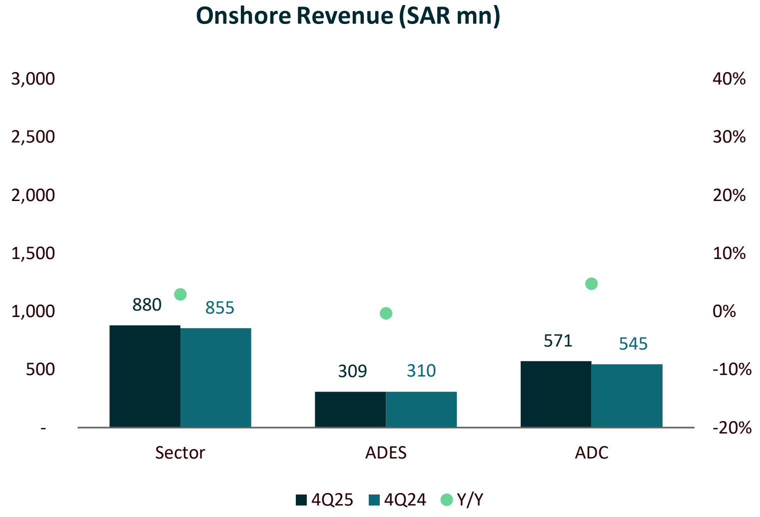
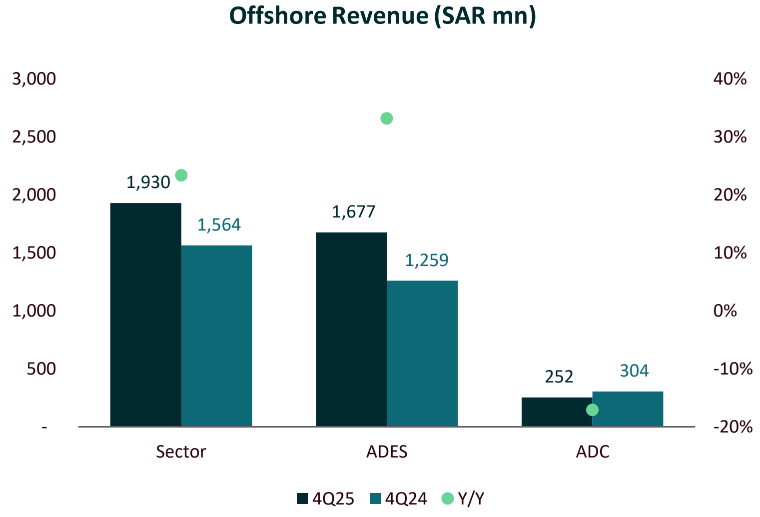
SECTOR REVENUE

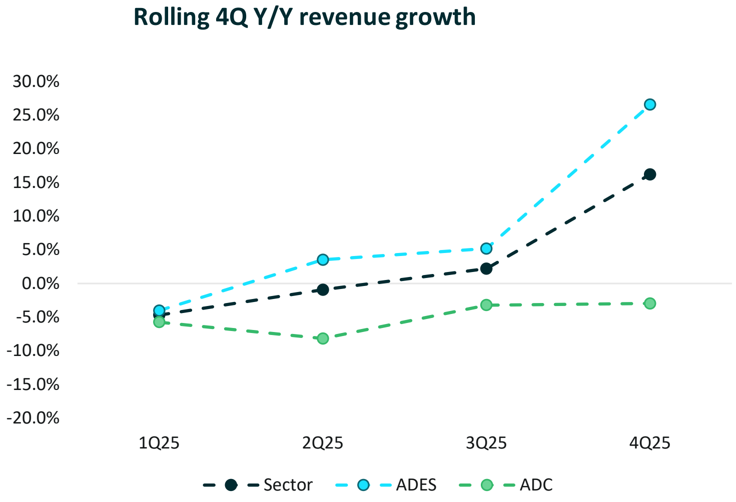
Offshore growth drove sector topline, but the quarter remained highly bifurcated between ADES and ADC







- **Sector revenue increased 16.2% Y/Y to SAR 2.81bn in 4Q25**, with the growth almost entirely offshore led. Offshore revenue rose to SAR 1.93bn from SAR 1.56bn in 4Q24, while onshore revenue increased only modestly to SAR 880mn from SAR 855mn.
- **ADES remained the clear sector growth driver** (accounting for 71% of sector revenue and ~87% of sector offshore revenue)**,** with revenue rising 26.6% Y/Y to SAR 1.99bn in 4Q25. Offshore revenue reached SAR 1.68bn, up from SAR 1.26bn in 4Q24, supported by Shelf consolidation and the fuller contribution from offshore deployments across Nigeria, Thailand and Brazil.
- **ADC remained volume constrained,** with revenue declining 3.1% Y/Y to SAR 824mn. The weakness remained concentrated in offshore, with offshore revenue down 17% Y/Y to SAR 252mn on suspensions and discounted day rates, while onshore revenue still grew 5% Y/Y to SAR 571mn supported by unconventional rigs activity and rig moves.
- **At the sector level, fleet growth was the main story.** Total rigs increased to 184 in 4Q25 versus 150 in 4Q24, on the back of Shelf consolidation in ADES. Contracted rigs increased to 152 from 120, again driven by Shelf's rig additions.
- **On a rolling four-quarter basis**, sector revenue increased to SAR 10.12bn from SAR 9.82bn, but the composition of growth has become more uneven. Offshore revenue rose to SAR 6.48bn from SAR 6.32bn, while onshore revenue increased to SAR 3.64bn from SAR 3.50bn, leaving the sector increasingly reliant on offshore contribution, and thus increasingly reliant on ADES, to carry aggregate growth.



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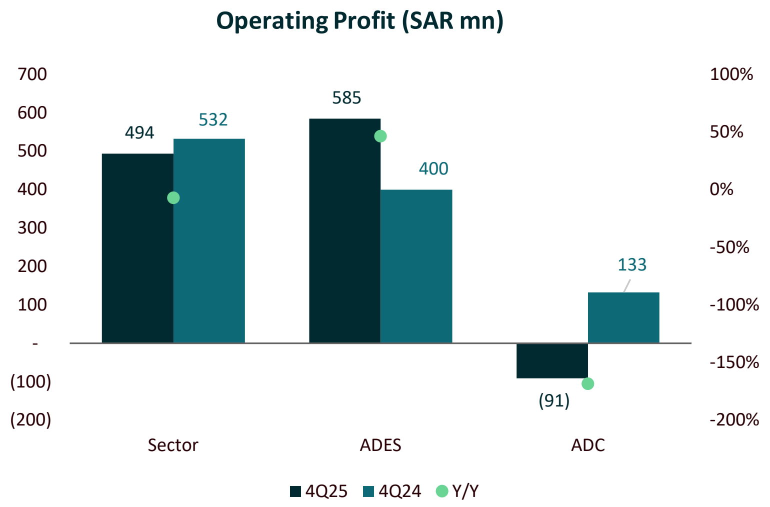
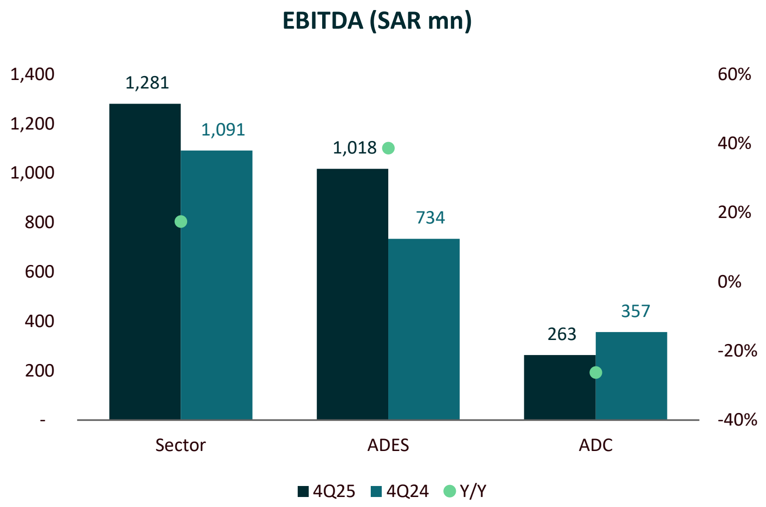
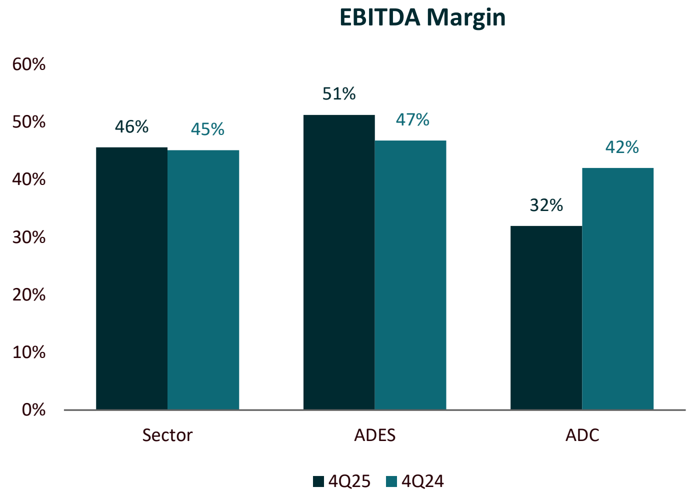
SECTOR OPERATING PROFITABILITY AND MARGINS

Reported margins weakened sharply, but adjusted profitability was materially better once ADC one-offs are stripped out







- **Sector gross margin contracted sharply in 4Q25 to 25.4% from 31% in 4Q24**, while operating profit declined 7.2% Y/Y to SAR 494mn from SAR 532mn.
- **Reported EBITDA increased 17.4% Y/Y to SAR 1.28bn, with EBITDA margin broadly stable at 45.6% vs 45% in 4Q24**. The growth was increasingly driven by ADES' (contributed ~80% of sector EBITDA) while ADC remained under pressure from weak utilization and one-off operating items.
- **Adjusted profitability was materially better**. After stripping out ADC's one-offs, sector adjusted EBITDA reached SAR 1.39bn in 4Q25 versus SAR 1.06bn in 4Q24, while adjusted EBITDA margin improved to 49.6% from 43.9%.
- **ADES remained the sector margin anchor.** ADES generated SAR 1.02bn of EBITDA in 4Q25, with EBITDA margin at 51%, up from 47% in 4Q24, supported by offshore mix, new market contribution and Shelf consolidation. By contrast, ADC EBITDA fell to SAR 263mn from SAR 357mn in 4Q24, with EBITDA margin dropping to 32% from 42%, reflecting SAR 114mn impairment, offshore demobilization and reactivation costs on top of weak fleet utilization.

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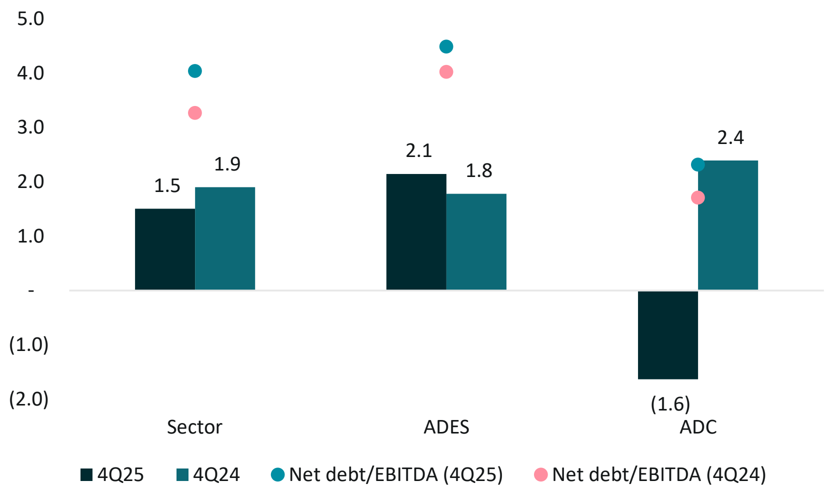
SECTOR LEVERAGE AND BOTTOMLINE PROFITABILITY

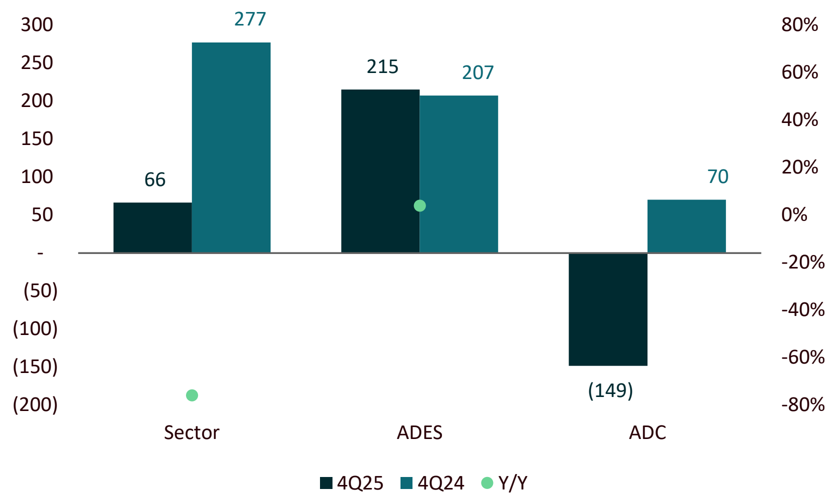
Higher finance costs and leverage offset EBITDA growth and pushed sector net income sharply lower

- **Sector finance costs increased to SAR 328mn in 4Q25 from SAR 280mn in 4Q24,** while net debt rose to SAR 20.7bn from SAR 14.3bn. As a result, interest coverage weakened to 1.5x from 1.9x and net debt/EBITDA increased to 4x from 3.3x.
- **Sector net income fell to SAR 66mn in 4Q25 from SAR 277mn in 4Q24.** On a rolling four-quarter basis, net income also declined to SAR 743mn from SAR 1.12bn..
- **ADES remained profitable but carried the bulk of the balance-sheet step-up.** ADES ended 4Q25 with SAR 18.3bn of net debt versus SAR 11.8bn in 4Q24 after consolidation of Shelf's debt, while finance costs rose to SAR 272mn from SAR 225mn. Net income still increased modestly to SAR 215mn from SAR 207mn, but the reported bottom line was diluted by SAR 70mn+ of Shelf transaction costs, leaving Shelf's net profit contribution effectively neutral.
- **ADC was the main drag on sector bottom line**. Arabian Drilling reported a SAR 149mn net loss in 4Q25 versus SAR 70mn profit in 4Q24, while interest coverage fell to -1.6x from 2.4x. Although ADC's net debt was broadly stable at SAR 2.44bn, the weaker earnings base pushed net debt/EBITDA to 2.3x from 1.7x.
- **The sector is therefore moving into 2026 with a more polarized earnings profile.** ADES still offers scale, offshore visibility and better operating stability, though now with materially higher leverage post-Shelf. ADC, by contrast, carries lower absolute balance sheet risk but remains dependent on margin normalization and earnings repair before credit metrics can improve meaningfully.

Interest coverage and Net Debt/EBITDA



Net Income (SAR mn)



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ADES Holding Co. (ADES)

4Q25 Financials Review

Bloomberg	ADES AB
Rating	BUY
Market Price	18.5
12-month Target Price	23.4
Upside / Downside	27%
Mkt Cap (SAR mn)	20,865
52 week High/Low	19.23/12.2

22 April 2026

ADES Holding Co. (BUY, TP: SAR 23.4, 2382.SE) 4Q25 Results Review

Offshore Strength and Partial Shelf Contribution Lift EBITDA

ADES reported attributable net profit of SAR 215mn, up 4% Y/Y but down 2% Q/Q. The quarter saw a sharp step-up in revenue and EBITDA, driven by stronger offshore activity, the first-time consolidation of Shelf Drilling from late November, and the full contribution from recently deployed rigs in markets such as Nigeria, Thailand and Brazil. However, the bottom-line conversion remained weak, as the operating uplift was largely absorbed by significantly higher depreciation (+31% Y/Y) and finance costs (+21% Y/Y).

- At YE2025, following the consolidation of Shelf Drilling, combined fleet stood at 123 rigs (83 offshore and 40 onshore) across 20 countries, with 105 rigs operational at year-end. Backlog reached a record SAR 34.7bn, up 23% vs. SAR 28.3bn at year-end 2024, of which SAR 26.7bn came from legacy ADES operations and SAR 8bn from Shelf. The weighted average remaining contract tenor stood at 4.7 years, with offshore continuing to dominate the book at 83% of total backlog.
- Revenue grew 27% Y/Y and 20% Q/Q to SAR 1.99bn. Offshore remained the key growth driver, with revenue rising 33% Y/Y and 25% Q/Q to SAR 1.68bn, supported by the first contribution from Shelf, which added more than SAR 350mn of revenue in Dec-25 alone and the full-quarter impact of recently deployed rigs in Nigeria, Thailand and Brazil. Onshore revenue was broadly flat at SAR 309mn.
- Gross profit increased 31% Y/Y and 23% Q/Q to SAR 745mn, with margin up 137bps Y/Y and 89bps Q/Q to 37.5%, supported mainly by the increase in offshore revenues. This fed through to EBITDA, which rose 39% Y/Y and 18% Q/Q to SAR 1.02bn, with margin up 445bps Y/Y to 51.3%, though down 81bps sequentially. However, the stronger EBITDA only partly translated into earnings, as the enlarged cost base below EBITDA continued to build, with depreciation and amortisation rising to SAR 433mn (+30% Y/Y, +7% Q/Q), finance costs increasing to SAR 272mn (+21% Y/Y, +17% Q/Q), and income tax expense reaching SAR 64mn (+63% Y/Y, +20% Q/Q). There were also some one offs. ADES booked a SAR 21.2mn bargain purchase gain and an SAR 88.8mn gain on derivative instruments, but these were largely offset by SAR 79mn of business acquisition costs related to the Shelf transaction. Sequentially, there was an absence of the SAR 40.4mn share-based payment expense recorded in 3Q25. Moreover. Shelf was clearly supportive to revenue and EBITDA in 4Q25, but its reported contribution to the bottom line was broadly neutral in the quarter. On a normalized basis, however, and after adjusting for the merger-related costs, Shelf contributed around SAR 75mn to net profit.
- *2026 should see a meaningful step-up in revenue and EBITDA with full-year Shelf Drilling contribution, and as recently deployed rigs contribute for a full year and Saudi onshore resumptions continue to come back through 1H26. Theres also repricing opportunity emerging across the combined fleet as contracts come for renewal, although it would also create re-contracting risk for rigs. We also view the recent Aramco suspensions as a very short-term issue and largely a 2Q26 event, with management itself framing the current disruption conservatively through a six-month stress-case and nearly 30% of the suspended jackups on standby rates at around 80% of contracted dayrates. Our revised estimates now points to 2026 EBITDA of SAR 4.8bn, up 35% Y/Y and near the top end of management's guidance range, with the uplift driven by both the legacy ADES fleet and Shelf's contribution, we see slight ramp in Shelf utilization and SAR 76mn of synergies in 2026. While bottom-line conversion remains the key near-term constraint, given the materially higher depreciation and finance-cost burden of the enlarged fleet, we still expect net profit to grow ~17.4% Y/Y in 2026. With the combined fleet now at 123 rigs across 20 countries, backlog at SAR 34.7bn and Shelf EBITDA margins remaining in low-40s, this should support a clearer medium-term earnings trajectory, with stronger bottom-line accretion and fuller synergy realization likely to become more visible from 2027 onwards. Reflecting the consolidation of Shelf Drilling and the stronger backlog profile, we raise our target price. Upgrade to BUY.*

Rating and Risks

We are BUY rated on ADES with a 12-month TP of SAR 23.4. Upside risks include faster Shelf integration, earlier synergy capture, stronger repricing on renewals and quicker resolution of recent Aramco suspensions. Downside risks include a more prolonged Saudi disruption, slower contracting / utilization ramp of the acquired Shelf fleet, weaker renewals in key international markets, and a heavier-than-expected drag from depreciation and finance costs on earnings conversion.

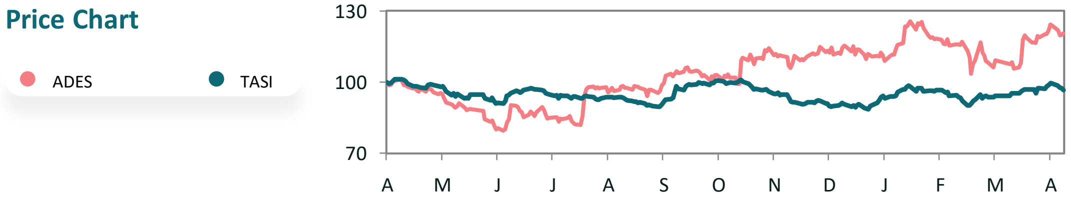
SAR mln	4Q25	3Q25	4Q24	Q/Q %	Y/Y %
Revenues	1986	1654	1569	*20%*	*27%*
Cost of Goods	1241	1049	1002	*18%*	*24%*
Gross Profit	745	605	567	*23%*	*31%*
G&A Expenses	160	107	111	*49%*	*44%*
EBITDA	1018	861	734	*18%*	*39%*
Net Income attri. Equity holders	**215**	**220**	**207**	***-2%***	***4%***
EPS	0.19	0.20	0.18	*-2%*	*4%*
Margins (%)					
Gross Margin	37.5	36.6	36.1	*89 bps*	*137 bps*
EBITDA Margin	51.2	52.0	46.8	*-81 bps*	*445 bps*
Net Margin	10.8	13.3	13.2	*-249 bps*	*-237 bps*

Rating Summary and Forecasts

Rating Summary	
Rating	BUY
Market Price	18.5
12-month Target Price	23.4
Upside / Downside	27%
Mkt Cap (SAR mn)	20,865
52 week High/Low	19.23/12.2

Forecasts	12/25 A	12/26 E	12/27 E	12/28 E
Net Income (SAR mn)	818	961	1156	1296
PER (x)	21.6	21.7	18.0	16.1
PBV (x)	2.6	2.9	2.7	2.6
EPS (SAR)	0.7	0.9	1.0	1.1
DPS (SAR)	0.5	0.5	0.7	0.7
RoE (%)	12.3	13.7	15.6	16.4
Dividend Yield (%)	2.9	2.9	3.5	3.9

Price Chart



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ADES Holding Co: Summary Financials

SAR mn	A Dec-24	A Dec-25	A Dec-26	A Dec-27	A Dec-28	A Dec-29
	Actual	Actual	Forecast	Forecast	Forecast	Forecast
Income Statement						
Revenue	**6,199**	**6,689**	**9,910**	**10,329**	**10,607**	**10,739**
Offshore	4,841	5,485	8,075	8,468	8,740	8,849
Onshore	1,358	1,204	1,835	1,861	1,866	1,889
Gross Profit	2,359	2,533	3,140	3,262	3,430	3,485
Operating Profit	**1,824**	**2,006**	**2,543**	**2,637**	**2,790**	**2,829**
EBITDA	**3,037**	**3,553**	**4,795**	**5,064**	**5,218**	**5,258**
Finance Costs	804	941	1,193	977	924	895
Profit Attributable to Equity Holders	**802**	**818**	**961**	**1,156**	**1,296**	**1,318**
EPS	0.7	0.7	0.9	1.0	1.1	1.2
DPS	0.4	0.5	0.5	0.7	0.7	0.7
Balance Sheet						
Total Current Assets	3,261	5,670	5,242	5,266	5,187	5,108
Property And Equipment	17,568	25,031	24,303	23,486	22,752	21,991
Total Non-Current Assets	18,368	25,742	24,791	24,437	23,499	22,541
Total Assets	**21,629**	**31,412**	**30,033**	**29,704**	**28,686**	**27,649**
Current Portion Of Loans And Leases	2,275	3,460	4,138	4,088	2,688	2,492
Total Current Liabilities	3,831	6,203	7,056	6,793	4,929	4,750
Long Term Loans And Leases	9,945	17,012	14,732	14,207	14,647	13,338
Total Non-Current Liabilities	11,260	18,395	15,726	15,178	15,525	14,111
Total Liabilities	**15,091**	**24,599**	**22,781**	**21,972**	**20,454**	**18,861**
Total Equity	6,538	6,813	7,252	7,732	8,232	8,788
Total Equity And Liabilities	**21,629**	**31,412**	**30,033**	**29,704**	**28,686**	**27,649**

SAR mn	A Dec-24	A Dec-25	A Dec-26	A Dec-27	A Dec-28	A Dec-29
	Actual	Actual	Forecast	Forecast	Forecast	Forecast
CashFlow Statement						
Operating Cashflows	2,996	2,981	3,781	3,866	4,138	4,308
Capex Including Acquisitions	(3,086)	(2,919)	(1,277)	(2,073)	(1,497)	(1,471)
Free Cashflow To Firm	(90)	62	2,504	1,793	2,641	2,838
Cashflow To Lenders	745	1,953	(2,835)	(1,552)	(1,885)	(2,399)
Cashflow To Equity Holders	(247)	(487)	(543)	(700)	(824)	(791)
Increase In Cash And Equivalents	312	1,714	(859)	(451)	(61)	(346)
Ratios						
Gross Margin	38%	38%	32%	32%	32%	32%
Operating Margin	29%	30%	26%	26%	26%	26%
EBITDA Margin	49%	53%	48%	49%	49%	49%
Net Margin	13%	12%	10%	11%	12%	12%
RoE	13%	12%	14%	16%	17%	16%
Debt to Assets	0.6	0.7	0.6	0.6	0.6	0.6
Net Debt/EBITDA	3.9	5.1	3.6	3.4	3.1	2.9
Interest Coverage	2.2	2.1	2.1	2.6	2.9	3.0

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Arabian Drilling Co. (ARABIAN DRILLING)

4Q25 Financials Review

Bloomberg	ARABIAND AB
Rating	BUY
Market Price	88.2
12-month Target Price	105.0
Upside / Downside	19%
Mkt Cap (SAR mn)	7,850
52 week High/Low	106/72.4

22 April 2026

Arabian Drilling Co. (BUY, TP: SAR 105, 2381.SE) 4Q25 Results Review

One-offs and rig-related costs drove a sharp hit to onshore contribution, while offshore margins softened on demobilization charges

ADC reported a net loss of SAR 148.6mn, versus a net loss of SAR 9.4mn in 3Q25 and net income of SAR 70.1mn in 4Q24, as the quarter absorbed a SAR 114mn non-cash impairment on three idle land rigs, demobilization costs related to the return of one leased offshore rig, and reactivation costs ahead of the rigs scheduled to resume in 1Q26. Excluding the impairment, adjusted net loss was SAR 34mn.

- As of 4Q25, ADC operated 60 units with 45 active and 15 inactive, versus 61 units and 45 active in 3Q25, as one inactive leased offshore rig was returned. The inactive fleet comprised 10 suspended rigs (7 Land, 3 Offshore) and 5 land rigs without contracts, versus 16 inactive in 3Q25. On contracts, ADC ended 2025 having renewed all 24 rigs due during the year, including the 11 SLB gas rigs and one offshore rig with KJO, while 4Q25 also saw four extensions announced with a total value of SAR 2bn, including two contracts originally set to expire in 2026. Backlog rose to a record SAR 12.4bn, up 20% Y/Y, implying book to bill of 3.6x and average remaining tenure of 2.6 years, while post-period ADC also renewed three contracts in 1Q26 worth SAR 1.4bn.
- Revenue was broadly flat Q/Q and down 3% Y/Y to SAR 824mn, showing full-quarter effect of prior suspensions, partly offset by stronger rig move activity. The decline was led by drilling revenue falling to SAR 609mn (-5% Y/Y, -4% Q/Q), while rig move revenue increased to SAR 139mn (+20% Q/Q, +25% Y/Y) on higher move activity and longer average move distance. Mobilization revenue declined to SAR 25mn (-10% Q/Q, -50% Y/Y) on project timing, while manpower sub-contracting and other revenue eased to SAR 50mn (-5% Q/Q, +11% Y/Y). By segment, onshore revenue declined 2% Q/Q to SAR 571mn, though still up 5% Y/Y on unconventional rigs contribution and rig moves, while offshore revenue was broadly flat Q/Q at SAR 252mn but remained down 17% Y/Y as lower utilization and still discounted day rates continued to weigh.
- At gross profit level, ADC swung to a loss of SAR 30mn, vs. a profit of SAR 101mn in 3Q25 and SAR 182mn in 4Q24. Land segment was main loss driver, where contribution swung to a loss of SAR 80mn from a profit of SAR 36mn in 3Q25 and SAR 58mn in 4Q24. This was driven by the impairment on the three idle land rigs, reactivation-related costs and the continued drag from suspended rigs. Offshore contribution declined to SAR 50mn from SAR 65mn in 3Q25 and SAR 124mn in 4Q24, with margin compressing to 20% from 25.9% in 3Q25 and 40.7% in 4Q24, owing to demobilization costs on the returned leased rig and the weaker pricing/utilization backdrop. G&A increased to SAR 61mn (+30% Q/Q, +13% Y/Y), taking operating loss to SAR 91mn vs profit of SAR 55mn in 3Q25 and SAR 133mn in 4Q24. EBITDA declined to SAR 263mn (-10% Q/Q, -26% Y/Y), with margin contracting to 32% from 35.1% in 3Q25 and 42% in 4Q24. Finance costs were broadly flat at SAR 56mn.
- *1Q26 should improve sequentially, but only modestly, as the recalled rigs contribute for only part of the quarter and ADC continues to incur reactivation spend. Aramco had initially recalled three onshore and two offshore rigs, although one onshore recall was later cancelled, and management disclosed that c.SAR 50mn of additional reactivation costs were incurred in 1Q26. Beyond 1Q26, we now conservatively assume five additional offshore rigs remain paused through 2Q26 following the late-March suspensions by Aramco, although we continue to view the interruption as temporary and expect these rigs to return before 3Q26. We also continue to model offshore day-rate discounts in 2026 broadly in line with 2025, given the absence of any clear reaffirmation that the temporary discounts have been withdrawn. On contracts, 2026 still carries onshore renewal risk, with around 20 land contracts due for renewal, including the 11 LSTK gas rigs that were only extended last year, although three contracts have already been renewed in 1Q26; by contrast, offshore renewal risk is more limited, with only one offshore rig up for renewal in 2026. A further downside risk to reported earnings, though not necessarily to cash flows, is the potential for additional impairment on the remaining idle land rigs if recoverable values weaken. Reflecting these assumptions, we lower our 2026 estimates and, given the off-periods and utilization volatility that became more visible through 2025, also revise down our net income estimates for 2027 and the outer years. We therefore lower our target price to SAR 105/share. That said, recent share price weakness offers a more attractive entry point. Maintain BUY.*

Rating and Risks

We are BUY rated on ADC, and 12-month price target of SAR 105. Upside risks include faster than expected rig reactivations and utilization recovery, roll-off of offshore day-rate discounts, stronger than expected renewal outcomes on the 2026 land contract book, and successful redeployment of idle rigs locally or internationally. Downside risks include prolonged offshore suspensions, weaker renewal outcomes on the large 2026 land tender/renewal pool, continued pricing pressure, and further impairment charges on the idle fleet.

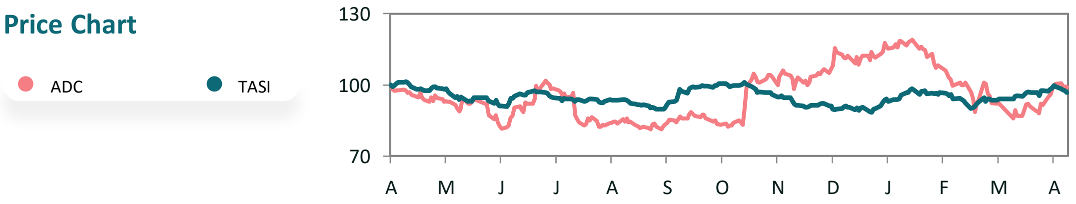
SAR mln	4Q25	3Q25	4Q24	Q/Q %	Y/Y %
Revenues	824	835	850	*-1%*	*-3%*
Cost of Goods	854	735	667	*16%*	*28%*
Gross Profit	-30	101	182	*NA*	*NA*
G&A Expenses	61	47	54	*30%*	*13%*
EBITDA	263	293	357	*-10%*	*-26%*
Net Income	**-148.6**	**-9.4**	**70.1**	***NA***	***NA***
EPS	-1.67	-0.11	0.79	*NA*	*NA*
Margins (%)					
Gross Margin	-3.6	12.1	21.5	*NA*	*NA*
EBITDA Margin	31.9	35.1	42.0	*-317 bps*	*-1006 bps*
Net Margin	-18.0	-1.1	8.3	*NA*	*NA*

Rating Summary and Forecasts

Rating Summary	
Rating	BUY
Market Price	88.2
12-month Target Price	105.0
Upside / Downside	19%
Mkt Cap (SAR mn)	7,850
52 week High/Low	106/72.4

Forecasts	12/25 A	12/26 E	12/27 E	12/28 E
Net Income (SAR mn)	-75	229	499	561
PER (x)	-103.6	34.3	15.7	14.0
PBV (x)	1.4	1.3	1.3	1.3
EPS (SAR)	-0.8	2.6	5.6	6.3
DPS (SAR)	0.0	1.3	4.2	6.3
RoE (%)	-1.3	3.9	8.3	9.0
Dividend Yield (%)	0.0	1.5	4.8	7.1

Price Chart



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Arabian Drilling Co: Summary Financials

SAR mn	A Dec-24	A Dec-25	A Dec-26	A Dec-27	A Dec-28	A Dec-29
	Actual	*Actual*	*Forecast*	*Forecast*	*Forecast*	*Forecast*
Income Statement						
Revenue	**3,619**	**3,433**	**3,600**	**4,044**	**4,112**	**4,173**
Onshore	2,142	2,434	2,547	2,674	2,735	2,776
Offshore	1,476	998	1,053	1,369	1,377	1,398
Gross Profit	760	374	650	874	889	913
Operating Profits	**566**	**168**	**435**	**657**	**668**	**689**
EBITDA	**1,508**	**1,240**	**1,369**	**1,630**	**1,657**	**1,678**
Finance costs	229	220	181	140	86	78
Profit Attributable to Equity Holders	**321**	**(75)**	**229**	**499**	**561**	**591**
EPS	3.6	(0.8)	2.6	5.6	6.3	6.6
DPS	2.7	-	1.3	4.2	6.3	6.6
Balance Sheet						
Total Current Assets	1,681	1,549	1,335	1,325	1,616	1,854
Property And Equipment	8,710	8,405	8,298	7,925	7,538	7,152
Total Non-Current Assets	8,849	8,512	8,463	8,051	7,624	7,199
Total Assets	**10,536**	**10,089**	**9,826**	**9,404**	**9,268**	**9,082**
Current Portion Of Loans And Leases	346	381	2,213	1,845	1,874	1,700
Total Current Liabilities	1,296	1,115	2,752	2,410	2,430	2,257
Long Term Loans And Leases	2,677	2,657	612	278	29	-
Total Non-Current Liabilities	3,301	3,228	1,156	822	573	545
Total Liabilities	**4,597**	**4,343**	**3,908**	**3,232**	**3,003**	**2,801**
Total Equity	5,939	5,746	5,918	6,172	6,265	6,281
Total Equity And Liabilities	**10,536**	**10,089**	**9,826**	**9,404**	**9,268**	**9,082**

SAR mn	A Dec-24	A Dec-25	A Dec-26	A Dec-27	A Dec-28	A Dec-29
	Actual	*Actual*	*Forecast*	*Forecast*	*Forecast*	*Forecast*
Cashflow Statement						
Operating Cashflows	1,756	1,103	998	1,522	1,562	1,636
Capex Including Acquisitions	(1,841)	(764)	(899)	(573)	(573)	(576)
Free Cashflow To Firm	(85)	339	98	949	989	1,060
Cashflow To Lenders	(395)	(251)	(874)	(556)	(558)	(558)
Cashflow To Equity Holders	(345)	(120)	(213)	(702)	(219)	(203)
Increase In Cash And Equivalents	(854)	13	(327)	(122)	231	221
Ratios						
Gross Margin	21%	11%	18%	22%	22%	22%
Operating Margin	16%	5%	12%	16%	16%	17%
EBITDA Margin	42%	36%	38%	40%	40%	40%
Net Margin	9%	-2%	6%	12%	14%	14%
RoE	5%	-1%	4%	8%	9%	9%
Debt to Assets	0.3	0.3	0.3	0.2	0.2	0.2
Net Debt/EBITDA	1.6	2.0	1.9	1.2	0.9	0.7
Interest Coverage	2.6	0.8	2.4	4.7	7.8	8.9

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Rating Framework

Buy

Shares of the companies under coverage in this report are expected to outperform relative to the sector or the broader market.

Hold

Shares of the companies under coverage in this report are expected to perform in line with the sector or the broader market.

Sell

Shares of the companies under coverage in this report are expected to underperform relative to the sector or the broader market.

Saudi Fransi Capital
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