

CFA Research Challenge • Saudi Arabia

Advanced Energy Systems | ADES – 2382

Recommendation: BUY

Target Price SAR 20.90

Upside 28.5%

Last close SAR 16.26

as of 10th of Mar, 2025

From a National Champion to a Global Leader

Investment Thesis

We issue a **BUY** recommendation, with a target price of **SAR 20.90**, and an upside of **28.5%**



Marveling and Expanding Through a Disrupt Market



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Mastering Growth with Strategic Rig Acquisition



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Mastering Growth with Strategic Rig Acquisition



Balancing Growth, Rewarding Debt and Equity Holders



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Mastering Growth with Strategic Rig Acquisition



Balancing Growth, Rewarding Debt and Equity Holders

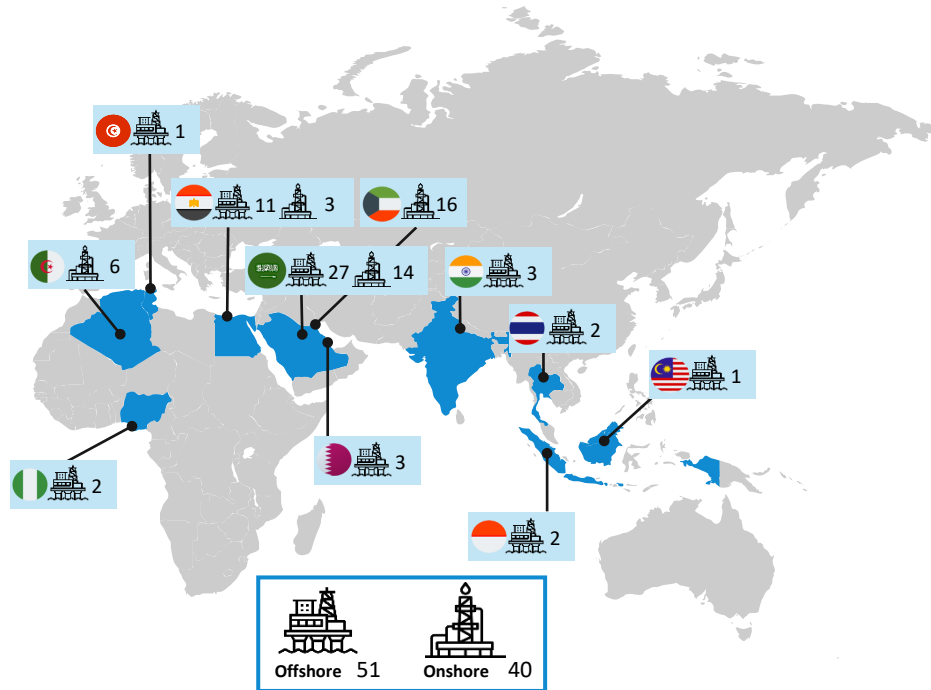


BUY RECOMMENDATION

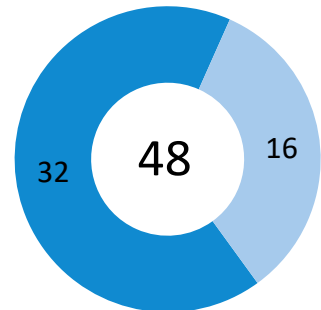


Business Overview

Expanding Global Footprint across 11 Countries Coupled with Strong Backlog Ensuring Cash Flow Visibility, and a CAGR of 30% in Revenue Growth



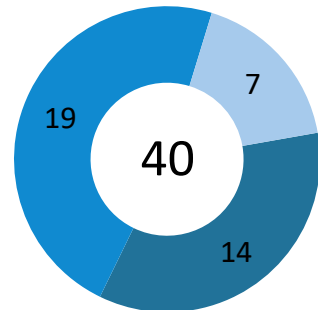
Offshore Rigs by Type



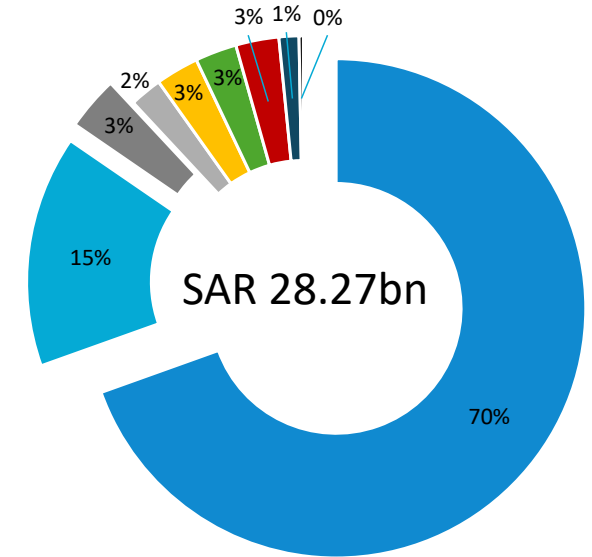
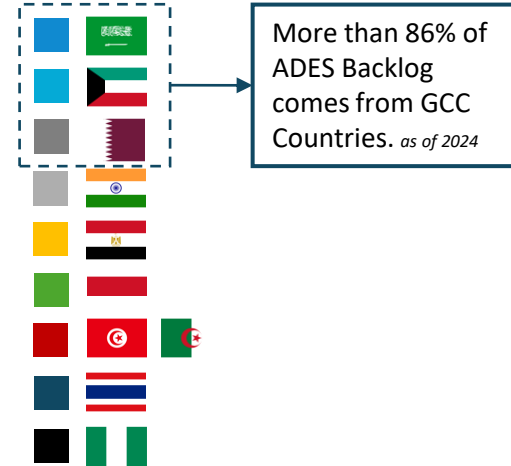
■ Premium Jack-Up ■ Legacy Jack-Up

Excluding 2 Jack-up barges and 1 MOPU

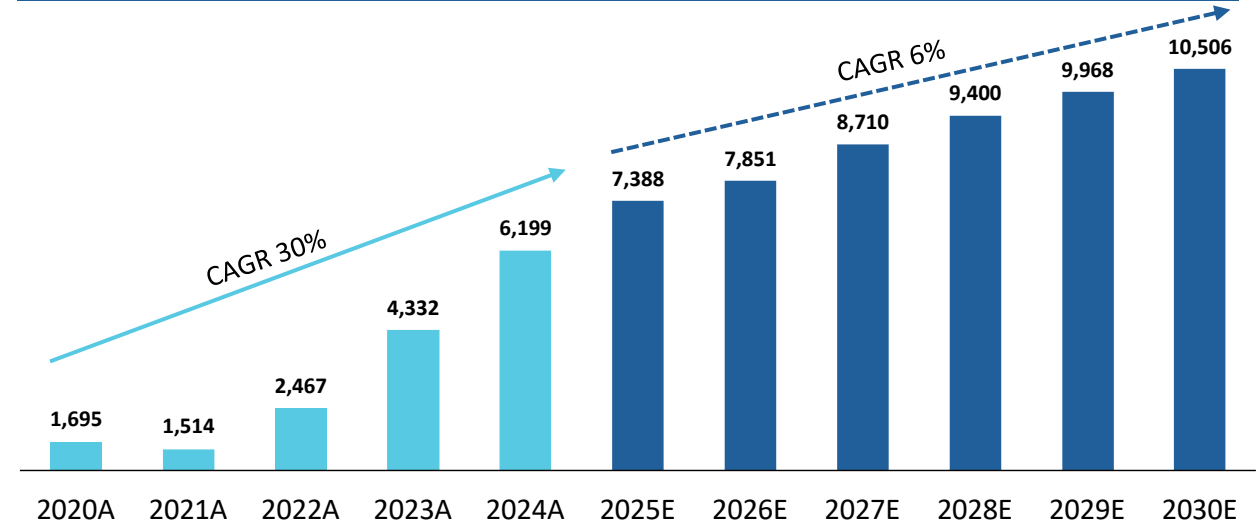
Onshore Rigs by HorsePower



■ 3,000 HP ■ 1,500-2,500 HP ■ <1,500 HP

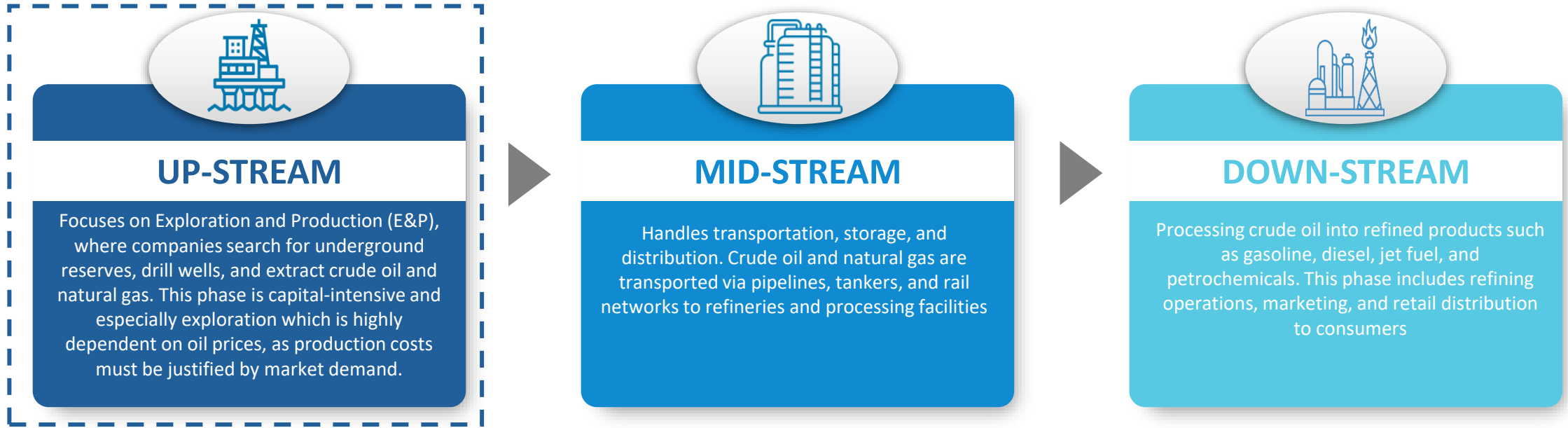


Strong Track Record of Revenue Growth with Promising Future Prospects



Industry Overview

3 Phases Shaping The Oil & Gas Industry Supply Chain, with Drilling Being in the Up Stream Phase.



Characteristics of The Drilling Sector

Capital Intensity

Strict Pre-Qualification Standards

Cyclical Nature



Industry Overview

Declining Crude Production and Tightening Rig Supply Creating Industry Constraints and Uncertainty in the Short Term

Current State

Maximum Sustainable Capacity Plan



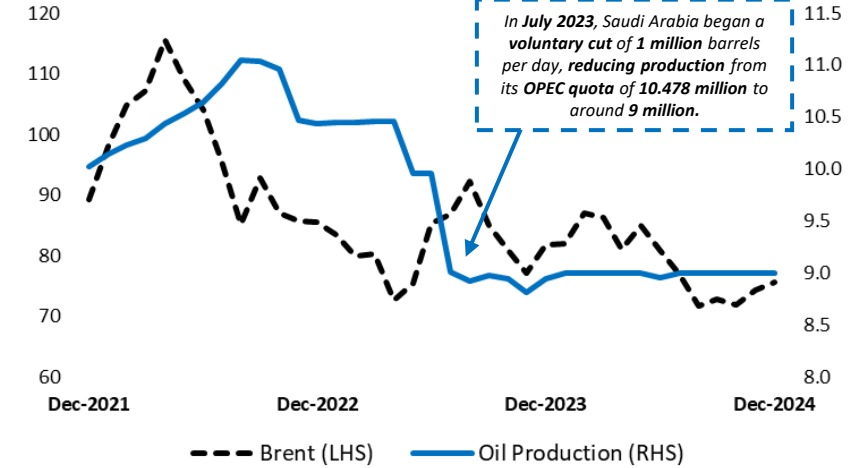
SAUDI ARAMCO

12 mmbd  13 mmbd

Crude Production Capacity

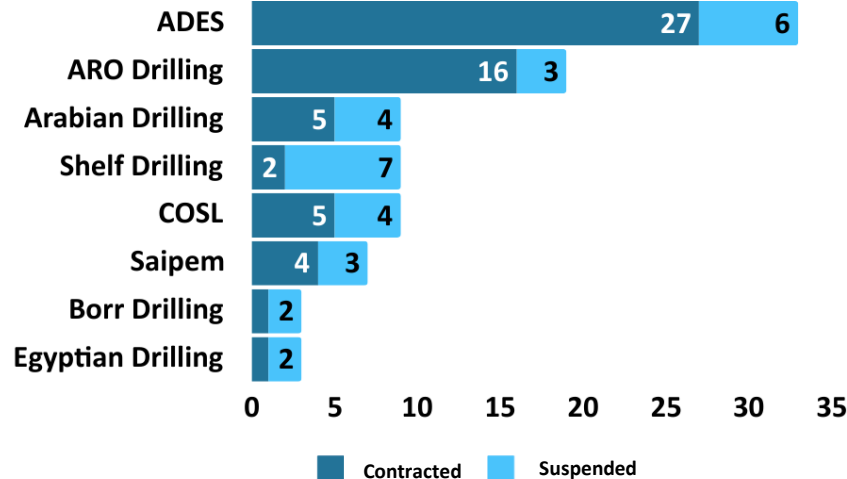
Canceled

Saudi Arabia Crude Oil Production

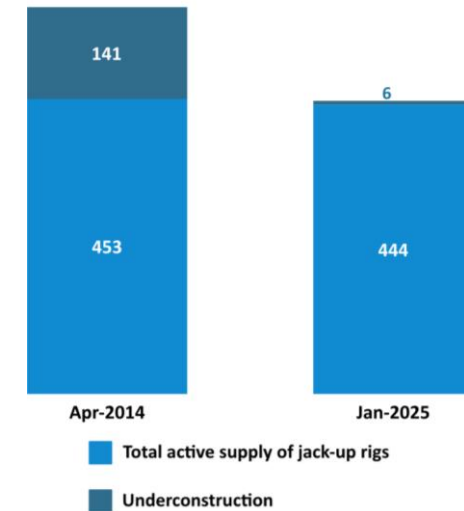


Going Forward

Suspended Rigs in Saudi Arabia



Significant Reduction in Jack-Up Supply



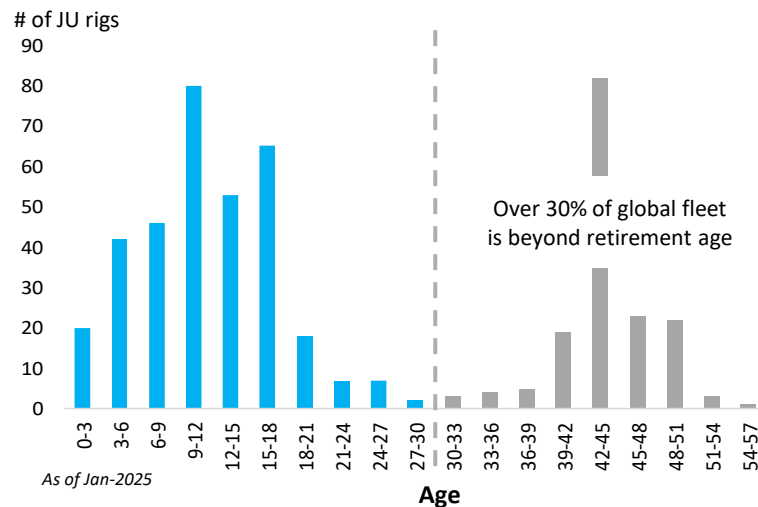
Industry Overview

Aging Jack-Up Fleet & Rising Energy Demand Create Growth Opportunities

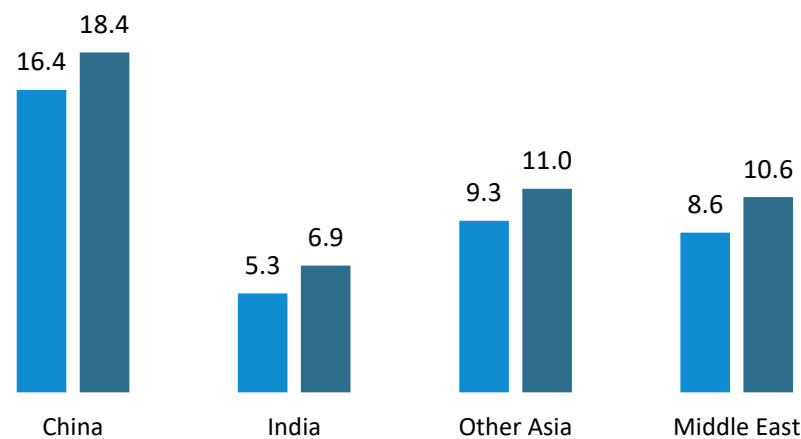
Current State

Going Forward

Aging Global Jack-Up Fleet

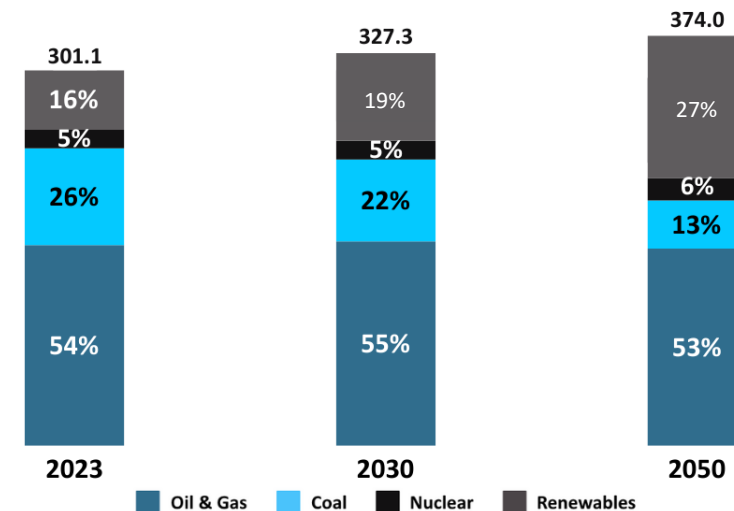


Expected Oil Demand from Asian Economies

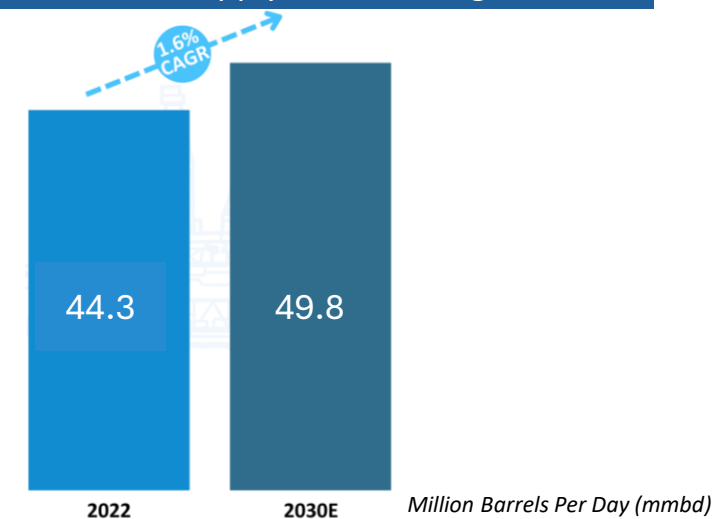


■ 2023 ■ 2029 Million Barrels Per Day (mmbd)

Expected Energy Allocation in 2050

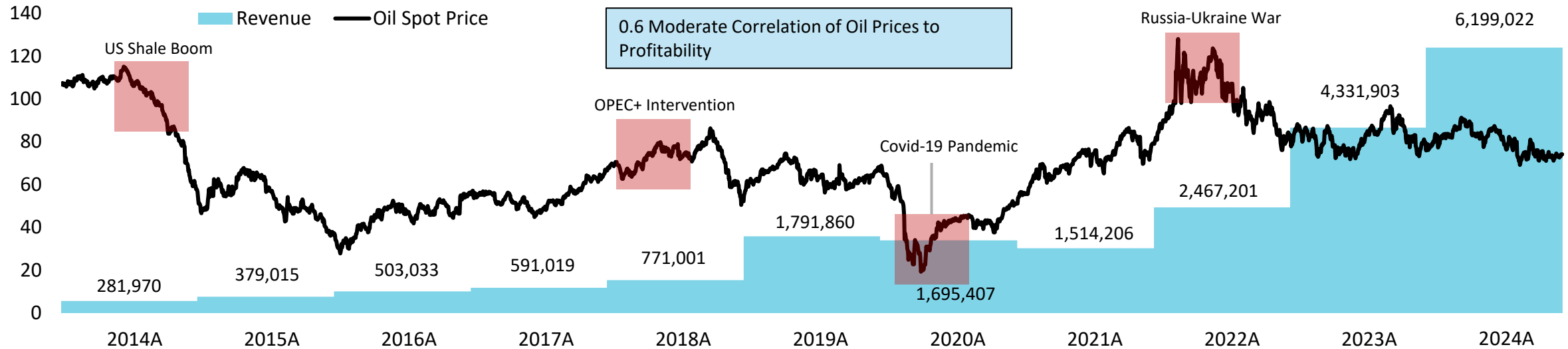


Expected Oil & Gas Supply in MENA Regions

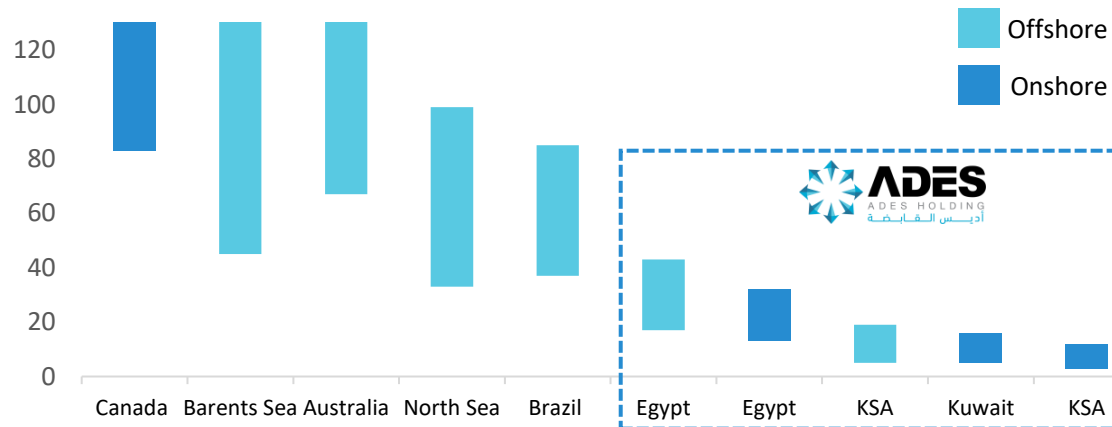


Industry Overview

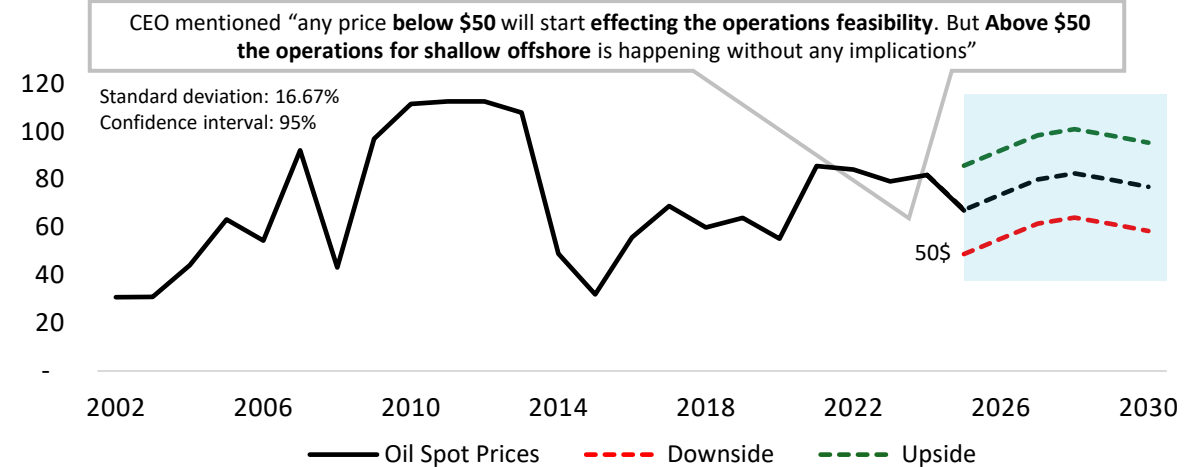
ADES has Shown Resilience in a Fluctuating Market, Making it Less Vulnerable to Market Cycles.



Global Oil Extraction Range Costs

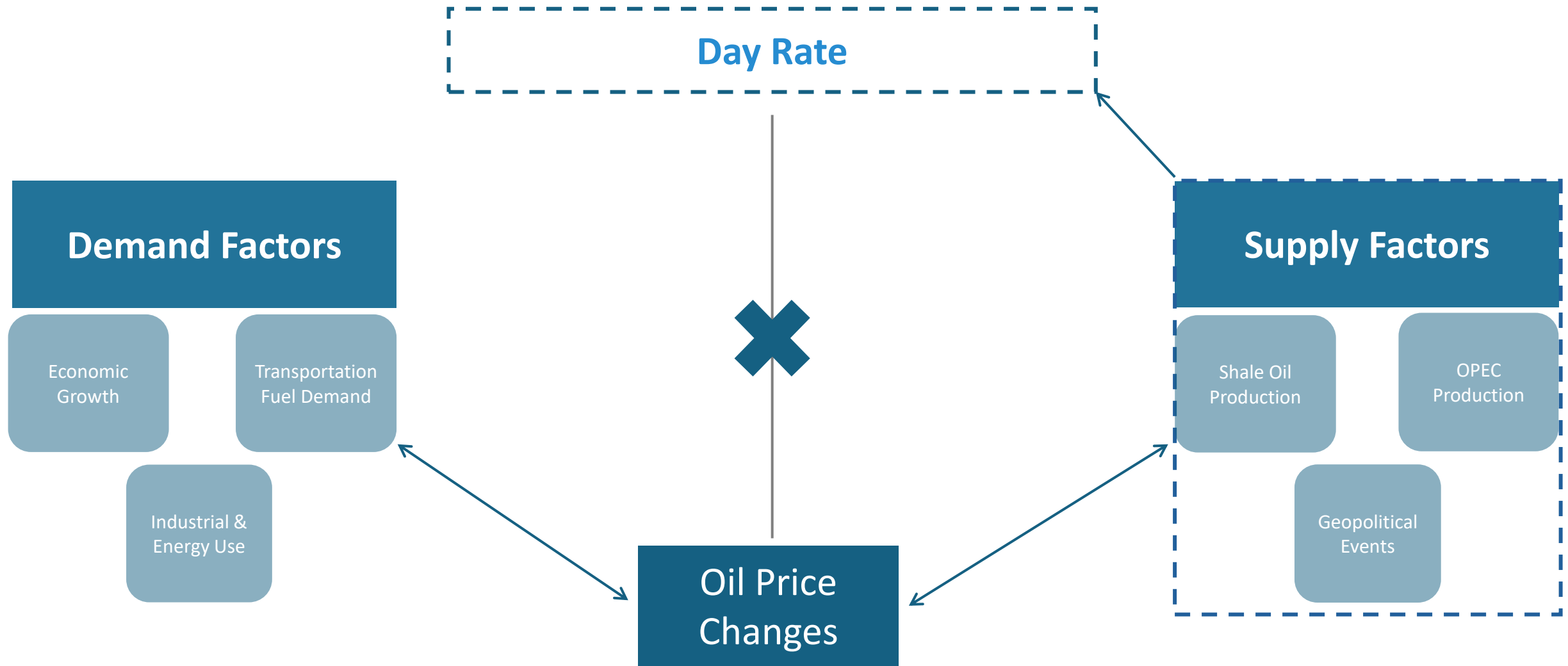


Average Oil Forecast from Different Agencies



Industry Overview

The Relation Isn't Directly between The Oil Price Changes and the Revenue.



Competitive Positioning

Market Leader with Cost Efficiency, Competitive Day Rates, and the Largest Premium Jack-Up Fleet Across Peers

1

Well Positioned in Attractive Markets

ADES is well positioned in the GCC and MENA markets, known for low lifting costs, non-harsh environments, and NOC dominance. Contracts are longer, with Aramco averaging 1,591 days, 88% above the global average.

2

In-House Maintenance & Refurbishment Team

Highly Capable asset management team handles most M&R jobs in-house, avoiding third-party providers and shipyard transportation, reducing costs and minimizing rig downtime.

3

Pursuing Cost Leadership

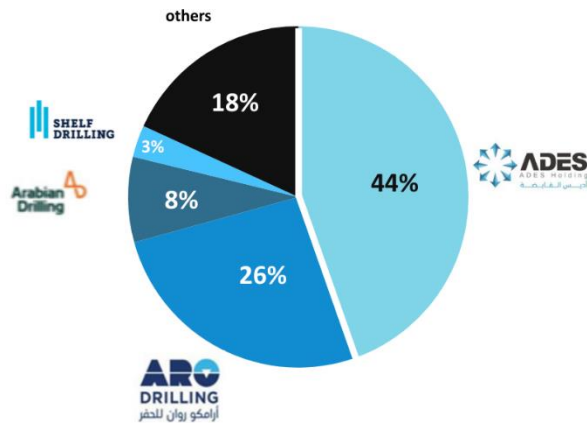
ADES' resilient business model leveraging local hiring, centralized operations, and economies of scale, achieving low operational costs, mainly due to its Egypt-based operations.

4

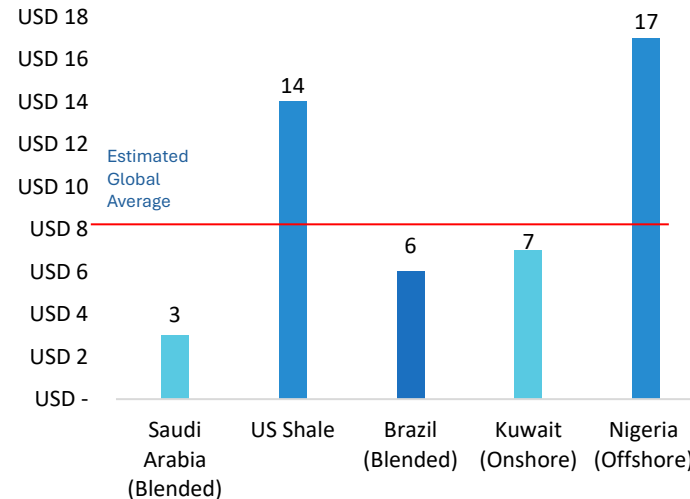
Competitive Pricing Proposition

ADES rig acquisition strategy "Buy to Contract" "Contract Acquisition" and cost cautious approach have allowed them to offer competitive day rates ~10-20% lower than the industry, ensuring high utilization rates for its fleet 98%

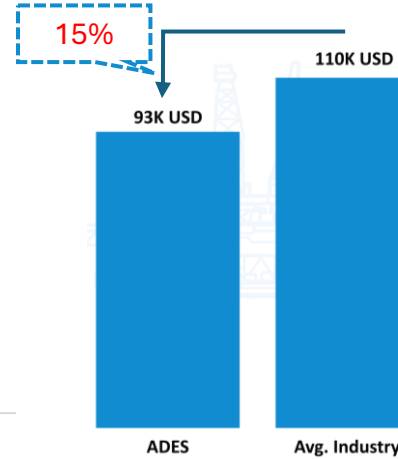
Offshore Market Share in Saudi Arabia



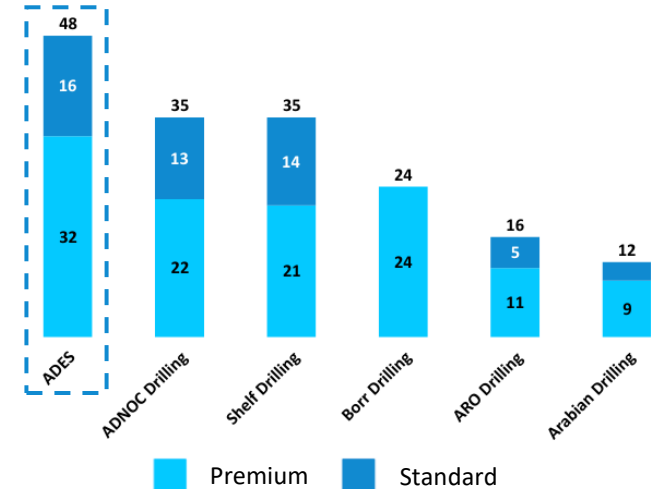
Lifting Cost per Region



ADES Day Rates vs Industry Average

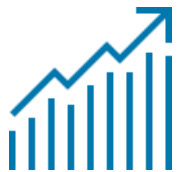


Jack Ups by Rig Managers





Thesis I

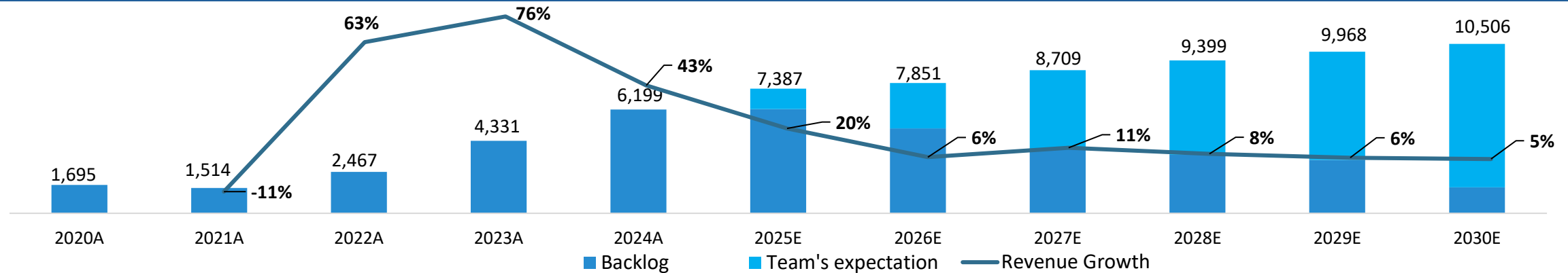


Marveling and Expanding Through a Disrupt Market

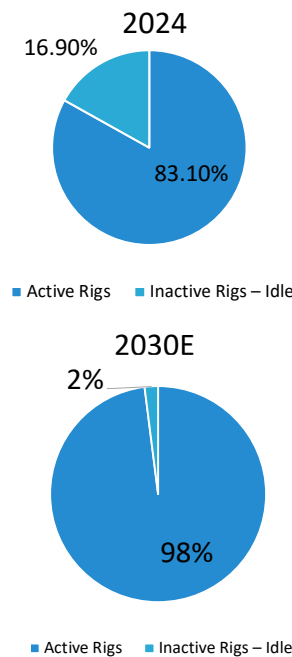
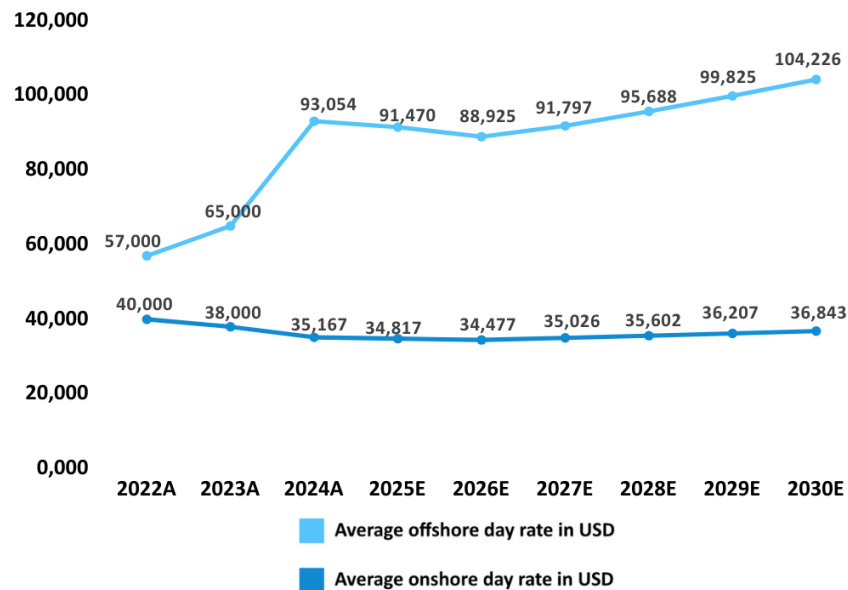
Financial Analysis

Profitability Analysis, Revenue Growth and a Remarkable Turnaround

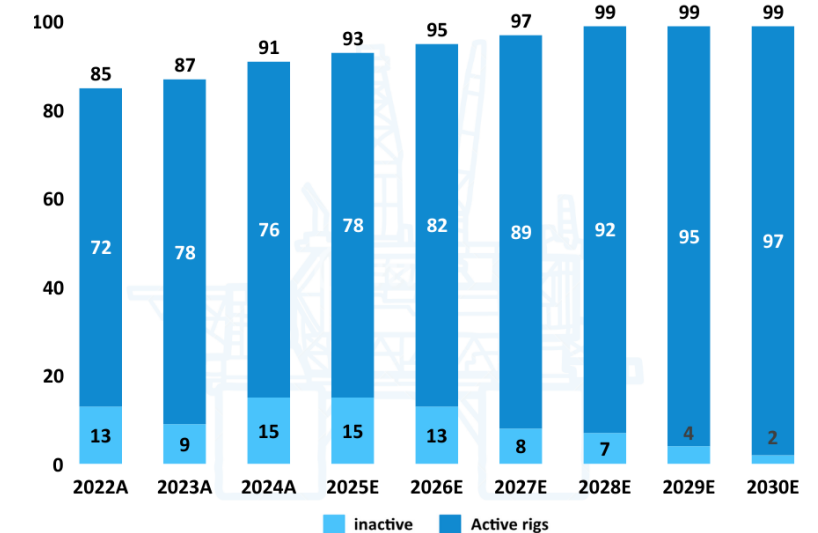
Revenue Growth



Offshore and Onshore Day Rates



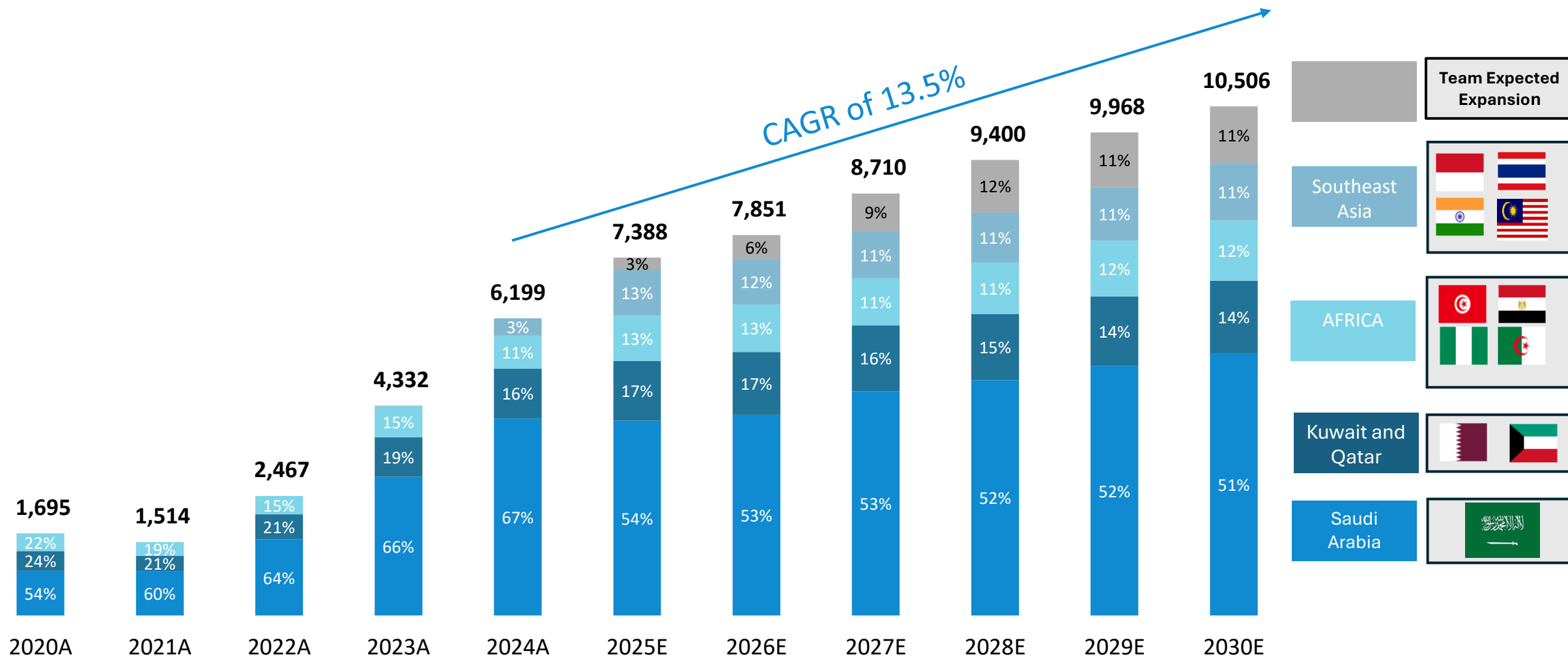
ADES Active and Inactive Rigs



Financial Analysis

Great Revenue Growth supported by Offshore Expansion

Revenue by Region, SAR (In millions)





Thesis II

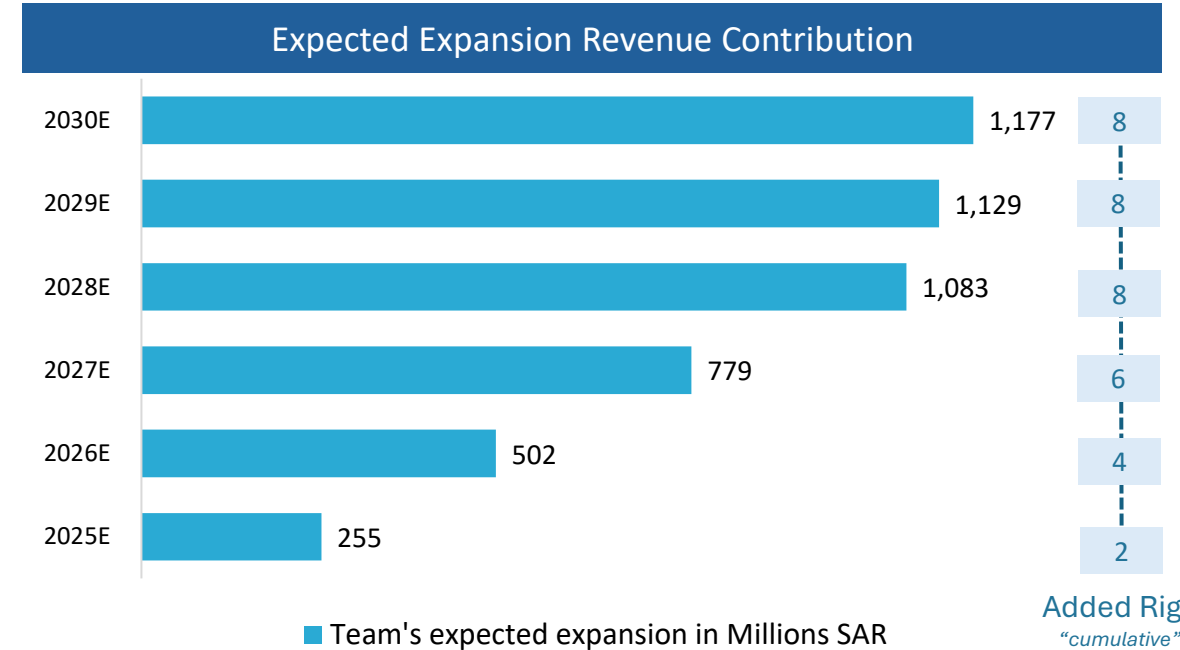
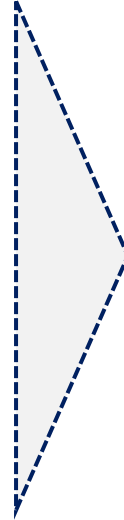


Mastering Growth with Strategic Rig Acquisition

Financial Analysis

Offshore Fleet Expansion to Unlock SAR 4Bn Growth Opportunity

Offshore Rig Assumption		
Initial Capex (mn)	\$106.67	SAR 400
Day Rate (USD/day)	\$91,470	SAR 343,012
Rig Utilization %	98%	
Useful life (Years)	22	
EBITDA Margin%	69.3%	
Required WC (Per Year)	\$762,499	SAR 2,859,373



Sensitivity Analysis							
Rig Capex (Million USD)	DAY RATE USD						
	66,087	77,750	91,470	105,191	120,969	139,114	
	55.7	18%	26%	35%	44%	54%	66%
	65.5	15%	22%	30%	37%	46%	56%
	77.1	13%	19%	25%	32%	39%	48%
	90.7	10%	16%	21%	27%	33%	40%
	106.7	8%	13%	18%	23%	28%	34%
	122.7	6%	11%	15%	20%	24%	30%
	141.1	5%	9%	13%	17%	21%	26%
	162.2	3%	7%	11%	14%	18%	22%
186.6	2%	5%	9%	12%	15%	19%	

Acquisition Criteria

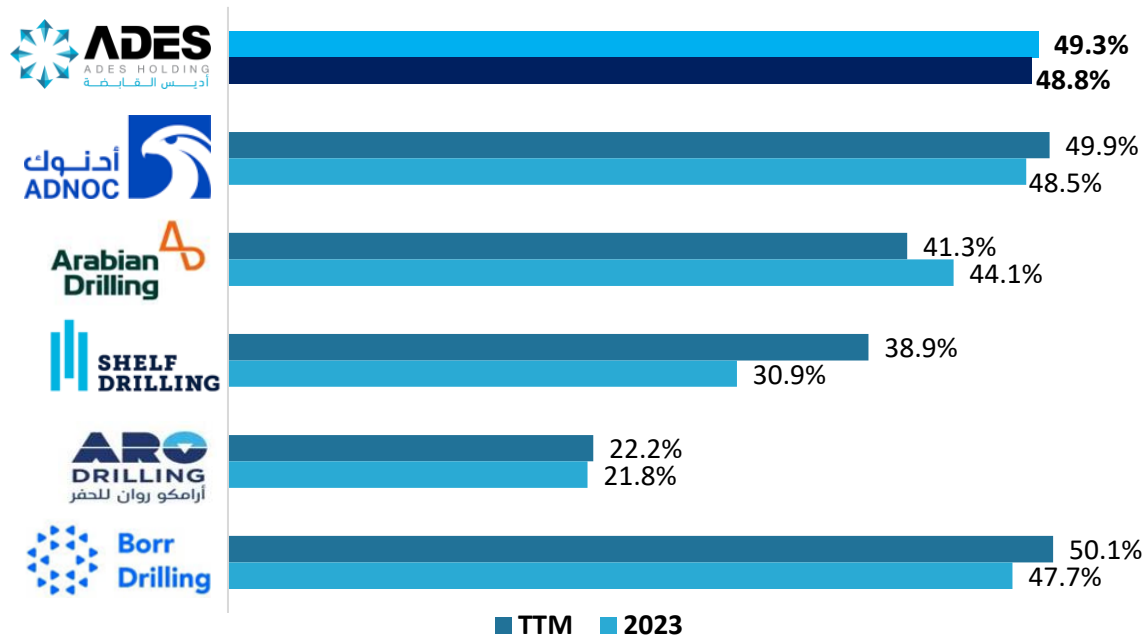
Payback Period	Unlevered IRR	Backlog to Net Debt Ratio
5 – 7 Years	18 -22%	2x or Higher



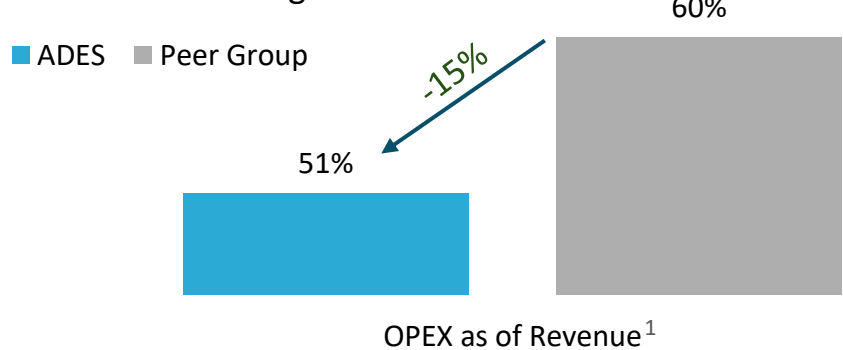
Financial Analysis

ADES Delivers Strong Margins and Robust Profitability Compared to Peers

EBITDA Margins* Among Competitors



ADES' Cost Advantage



Dupont Analysis Among Competitors

	ADES	ADNOC	Arabian Drilling	SHELF DRILLING	Borr Drilling	ARO DRILLING
Net Profit Margin	14.5%	35.7%	11.6%	0.7%	8.7%	-10.2%
Total Asset Turnover	0.31	0.53	0.37	0.48	0.30	0.36
Equity Multiplier	3.18	2.08	1.73	5.13	3.35	10.54
ROE	14.3%	39.3%	7.3%	1.8%	8.8%	-38.6%

ADES delivers strong profitability compared to its direct competitors in **Saudi market**.

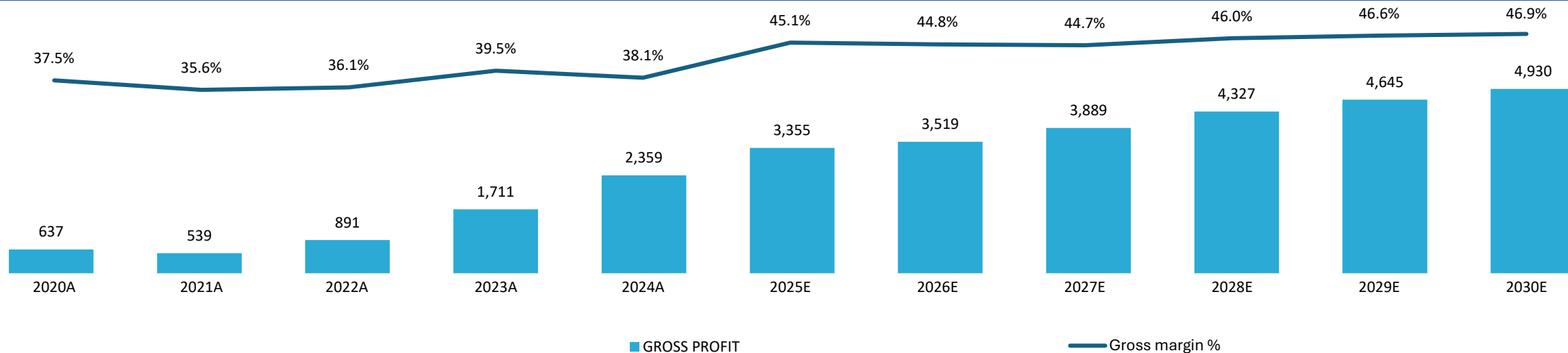
The reason behind **ADNOC's** higher **ROE**, And **Net Profit Margin**, their **unique position in UAE market** where it is the **only operator**, And the set of Dayrate is different by **re-engineering the Day rate to meet their targeted IRR**, In contrast to the situation in most different markets where **tenders is the way to set Dayrate**.



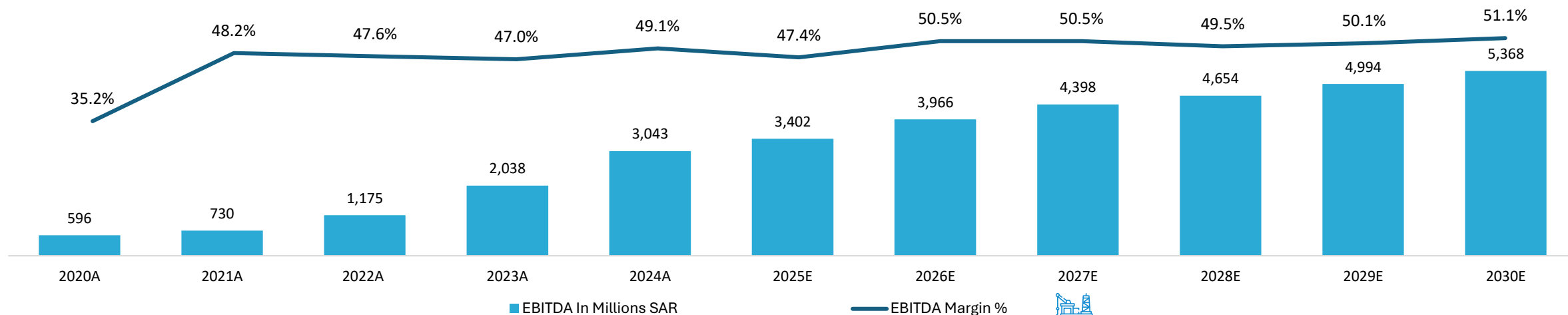
Financial Analysis

ADES Delivers Strong Margins and Robust Profitability Compared to Peers

Gross Profit and Gross Margins for ADES



EBITDA and EBITDA Margins for ADES



Thesis III

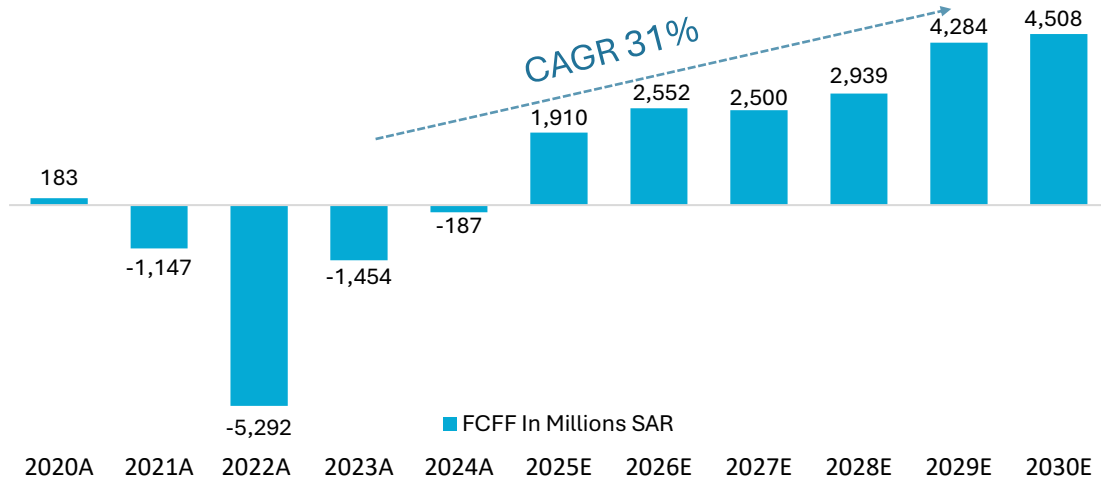


Balancing Growth, Rewarding Debt and Equity Holders

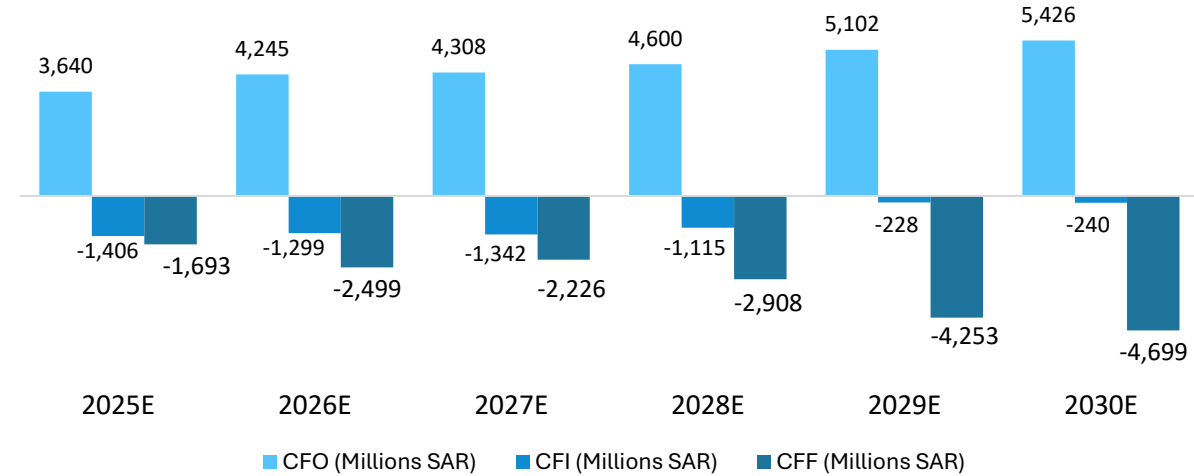
Financial Analysis

ADES is Not Done Growing, and Still has Plans For Paying Dividends

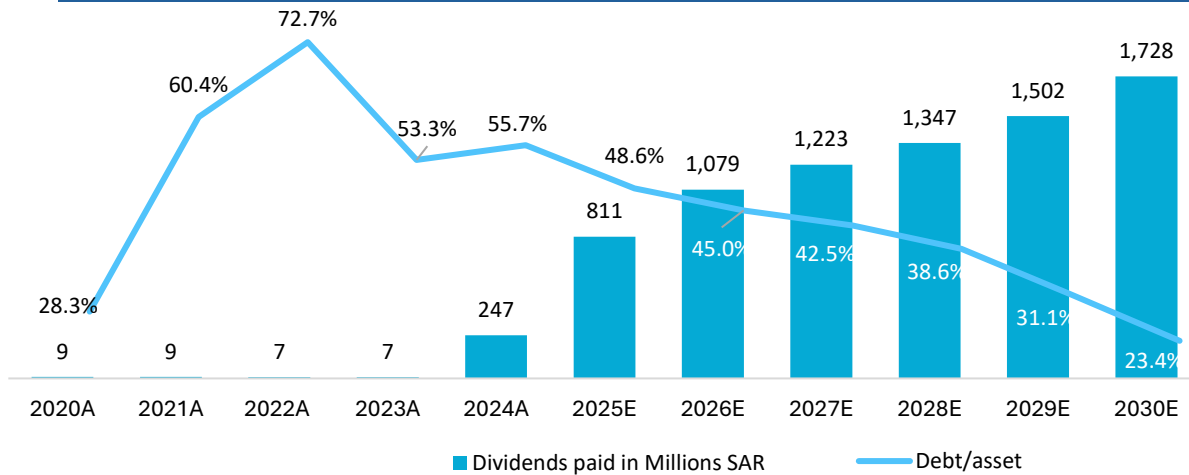
Free Cash Flow



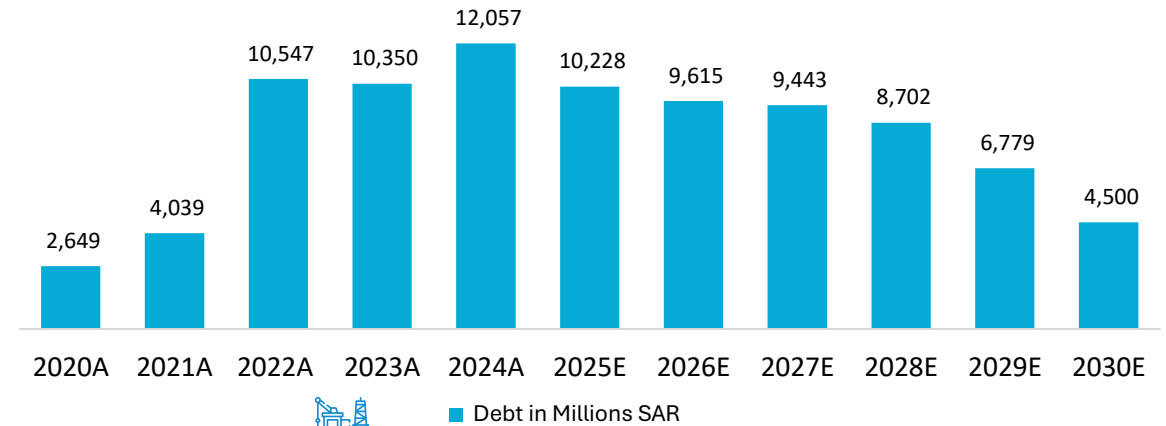
Company's Cash Flows



Debt to Assets and Expected Dividends



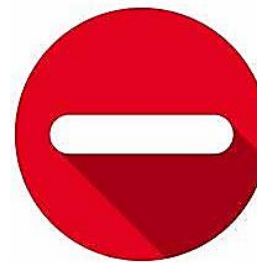
Debt Evolution



Environmental, Social, Governance

Oil & Gas Emissions

World Benefits & Drawbacks from the Industry



Transportation Revolution



Air Pollutants



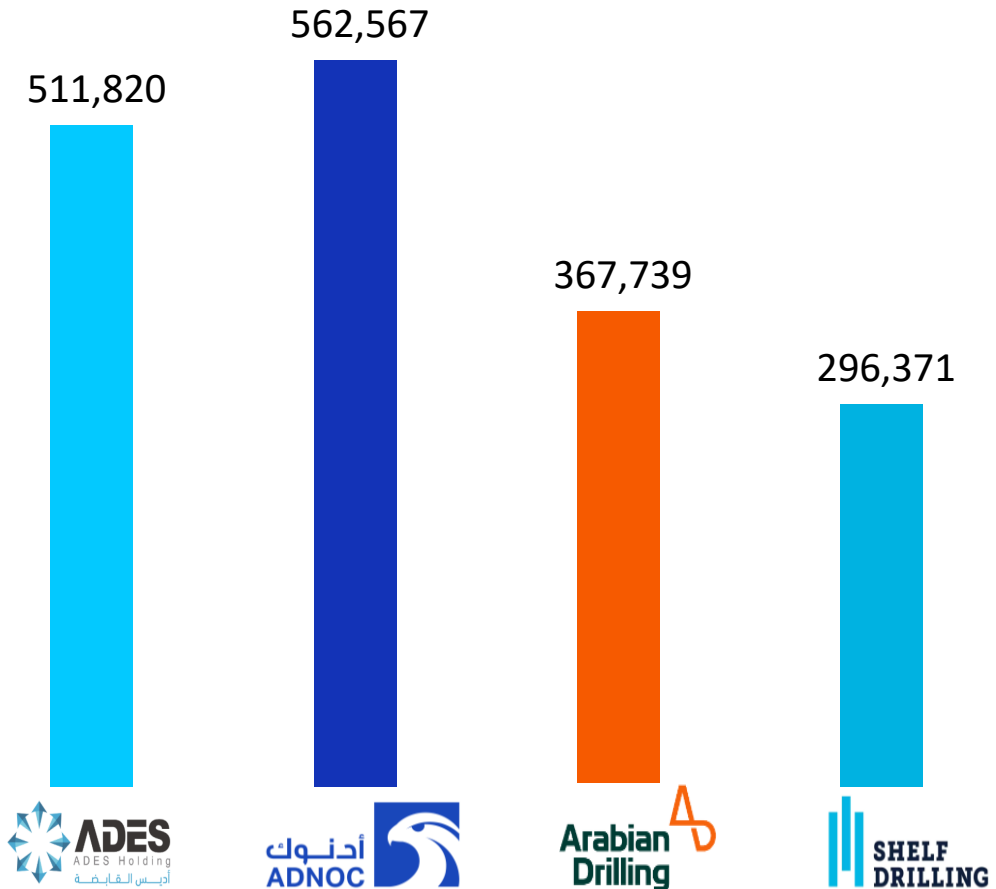
Economic Development



Spills & Leaks



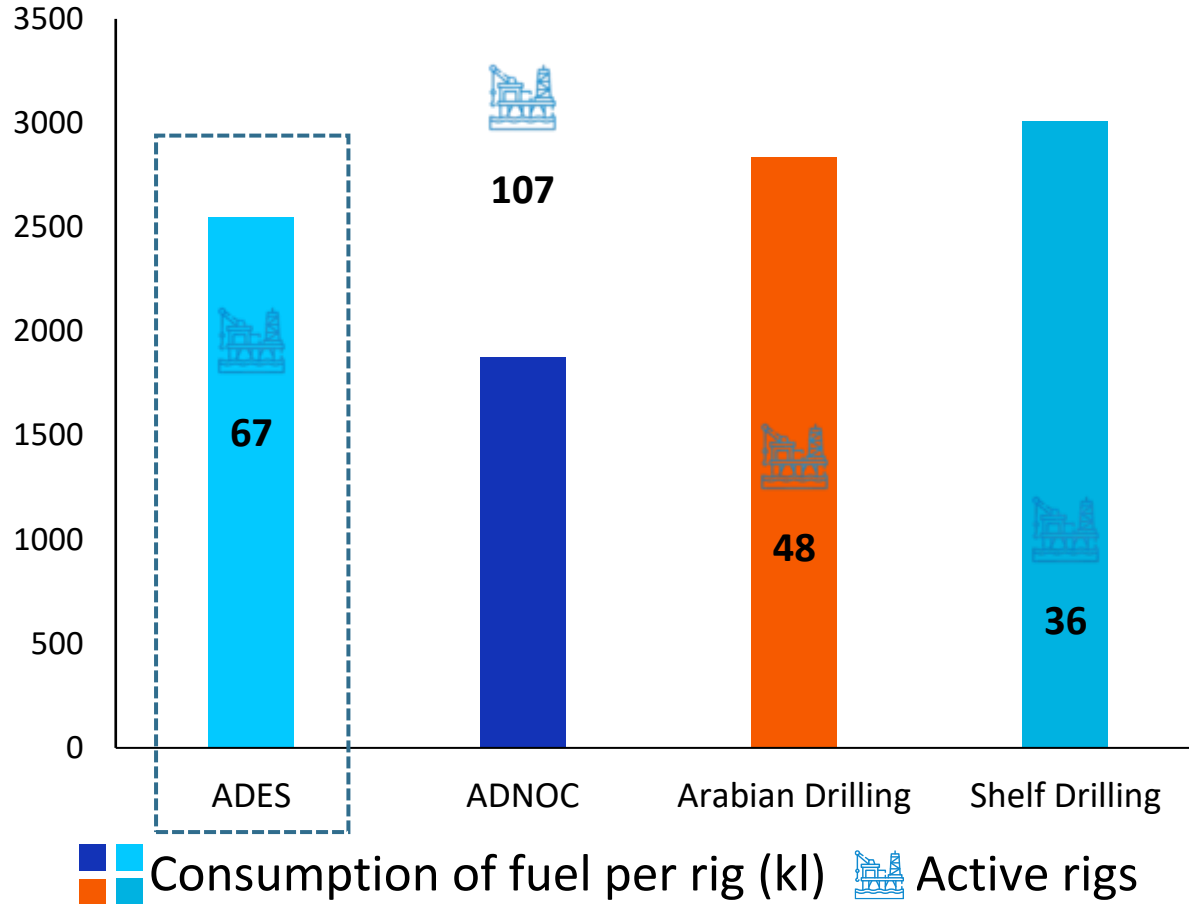
Greenhouse Gas emissions (tCO₂e)



Environmental, Social, Governance

ADES Achieving Sustainability with Energy Efficiency & Net-Zero Goals

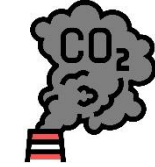
Energy Efficiency



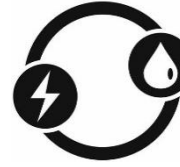
ADES Environment Highlights



Zero spills & Leaks



Minimal Lag in Carbon intensity



Alternative energy sources



Ranked 2 in energy efficiency

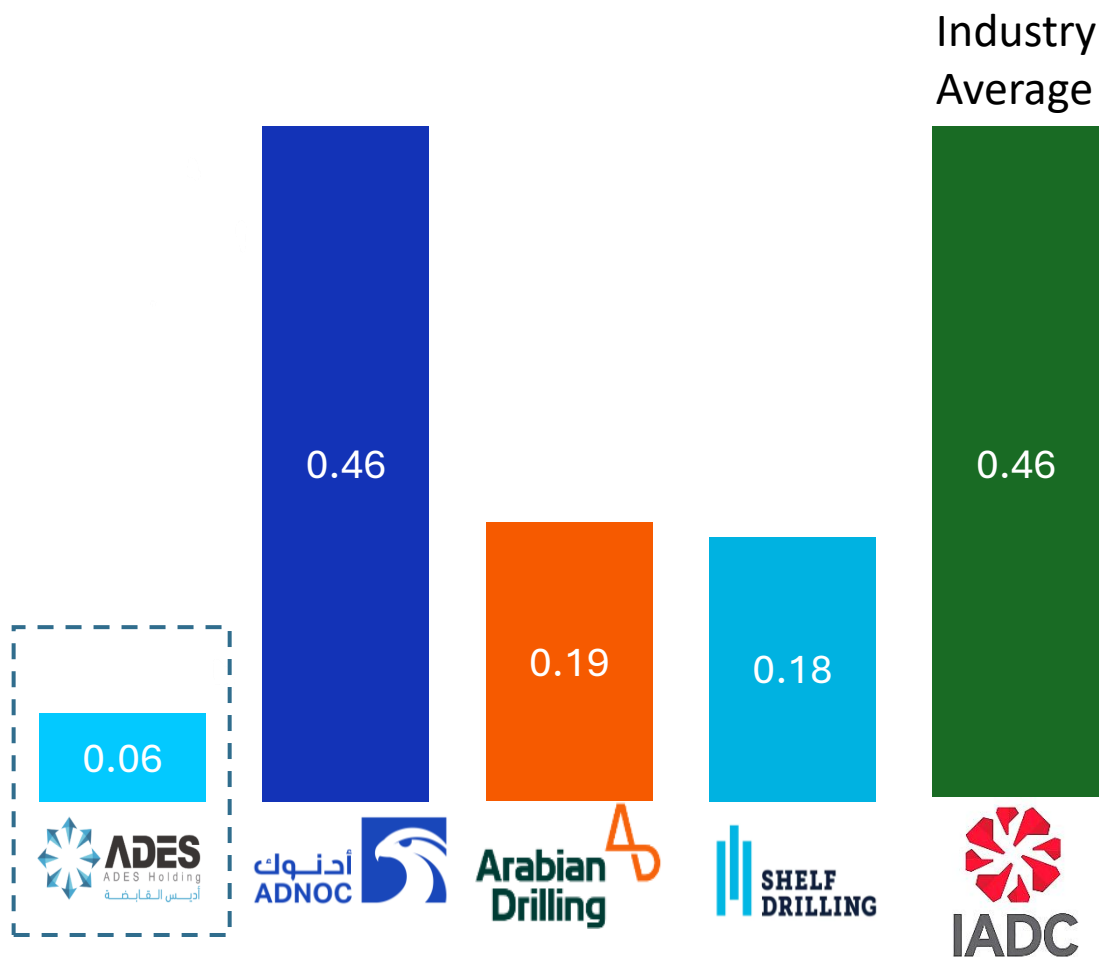


Aiming for net-zero emission by 2050

Environmental, Social, Governance

Setting the Standard in Safety & Employee Well-Being using AI

Total Recordable Incident Rate (TRIR)₂₀₂₄



ADES Social Highlights

Safety Excellence Through Lens of AI (RIGEYE)

Utilizing AI with employees' helmet and CCTV cameras to prevent residual behaviors

Real-Time Detection of Hazards and Unsafe Behaviors

Alarm Activation with Event severity



Employee Safety Culture

No-Blame Culture

Hand-Free Tools Program

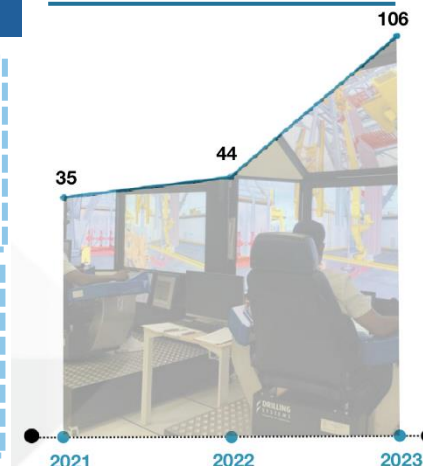
“Stop Work Authority”

Drilling For Non-Drillers

“Speak Up” Channel

Slips, Trips & Falls Program

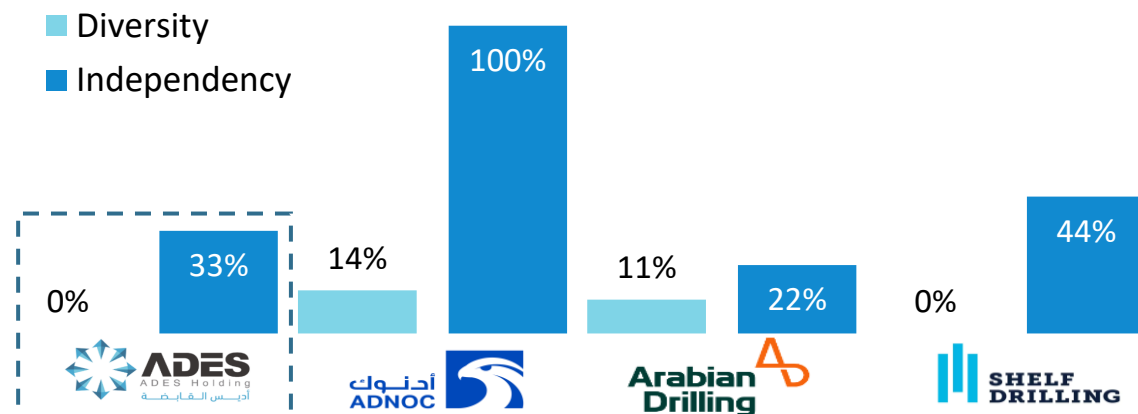
AVG Employee Training Hours



Environmental, Social, Governance

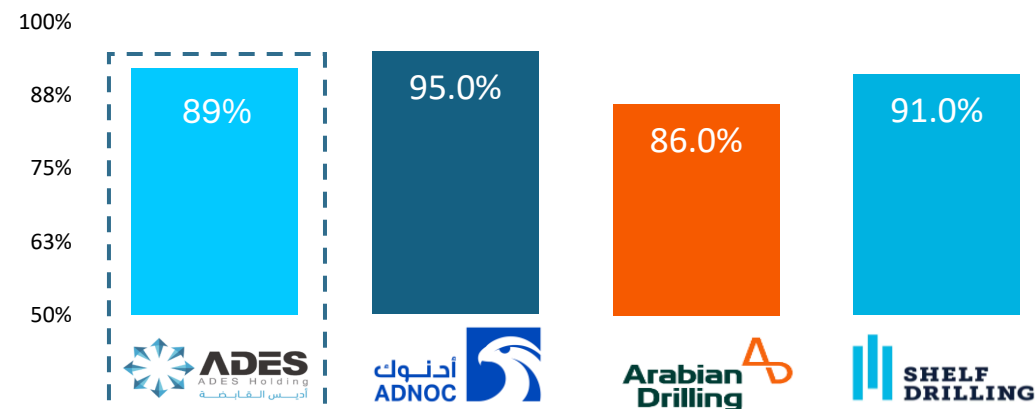
Strong Operations & Efficiency Amid Governance Challenges

Board Diversity & Independency



Rig Utilization

Q3



Superior Redeployment of all Suspended Rigs, Surpassing Peers

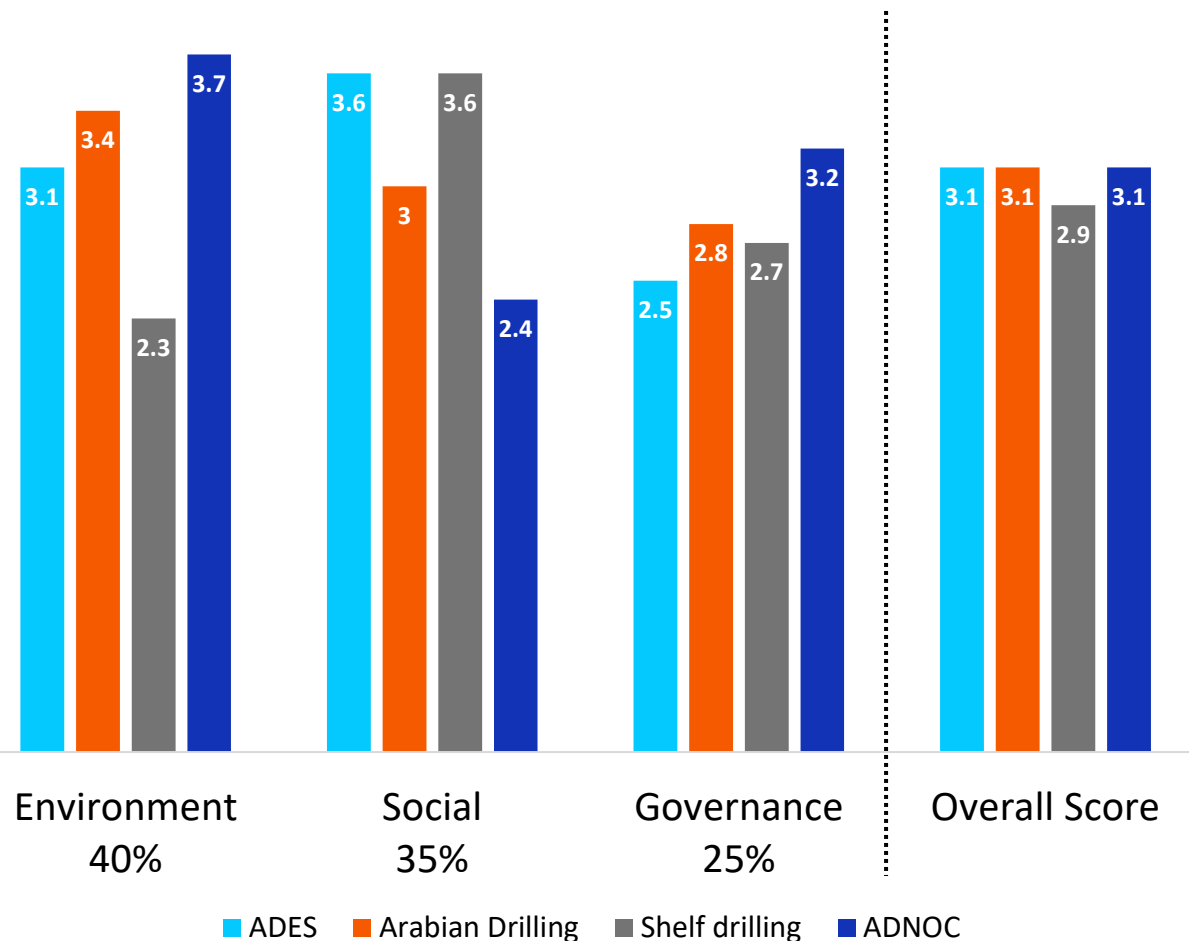
Rig Name	Admarine 501	Admarine 502	Admarine 503	Admarine 504	Admarine 262	Admarine 691
Redeployment Area	Nigeria*	Thailand	Thailand	Nigeria*	Egypt	Qatar

Currently, ~34 offshore contracts are suspended in the Saudi market, with **14 rigs redeployed**. ADES accounts for **43%** of these, outperforming its peers.

Environmental, Social, Governance

Strong Operations & Efficiency Amid Governance Challenges

ESG Scorecard



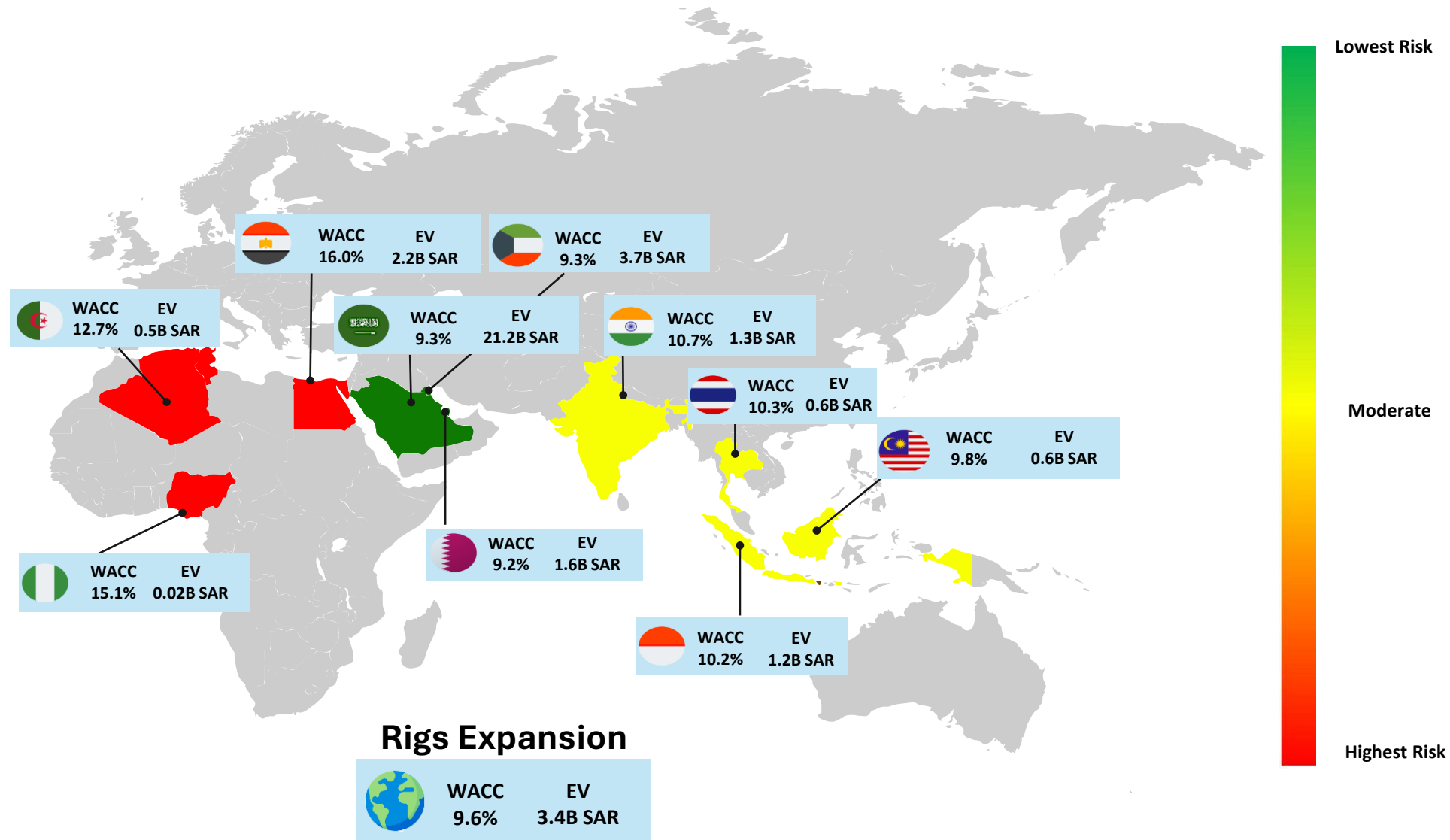
ADES ESG Rating

Evaluator	E	S	G
Bloomberg	1.56/10	4.79/10	2.11/10
Team Analysis	3.1/4	3.6/4	2.5/4
CSRHUB	52%		
MSCI	BB		

Valuation

Unique Regional Adjusted WACC Discount Rates and a Discounted Cash Flow Analysis Yielding a Target Price of SAR 21.33.

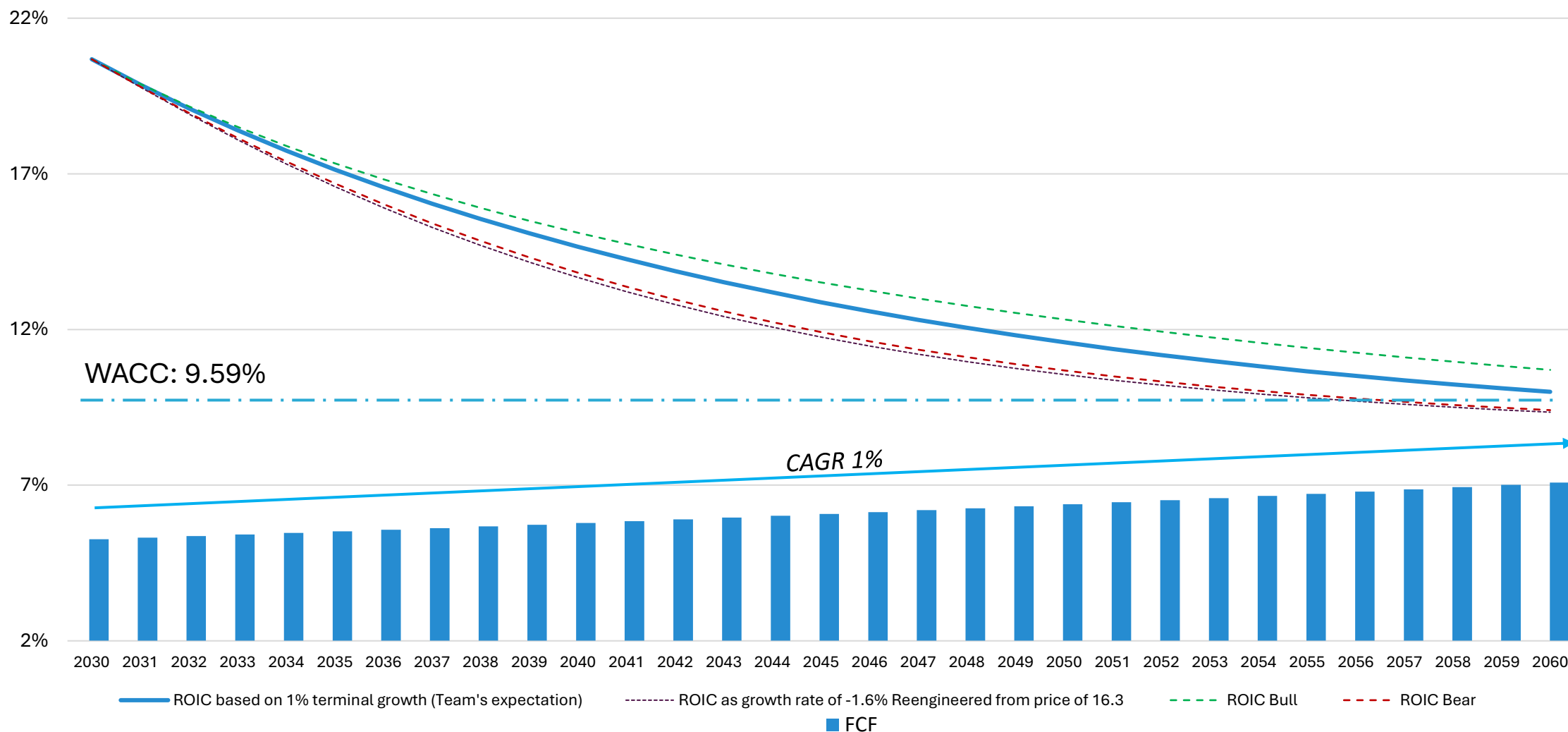
Global Sector Unlevered beta	0.82
Net D/E by 2030E	0.33
Effective Tax rate	15%
Levered beta for ADES	1.05
Risk-free rate (30-year US Treasury)	4.93%
Terminal growth	1%
Weight of debt	33.5%
Cost of debt	6.37%
Weight of equity	66.5%
Weighted Average WACC	9.4%
ESG Adjusted WACC	9.59%
The company's overall EV, SAR	35.8B
Debt, SAR	12.1B
Non-controlling interest, SAR	0.05B
Lease liabilities, SAR	0.4B
Cash , SAR	0.7B
Equity Value, SAR	24.1B



Target Price: **SAR 21.33**

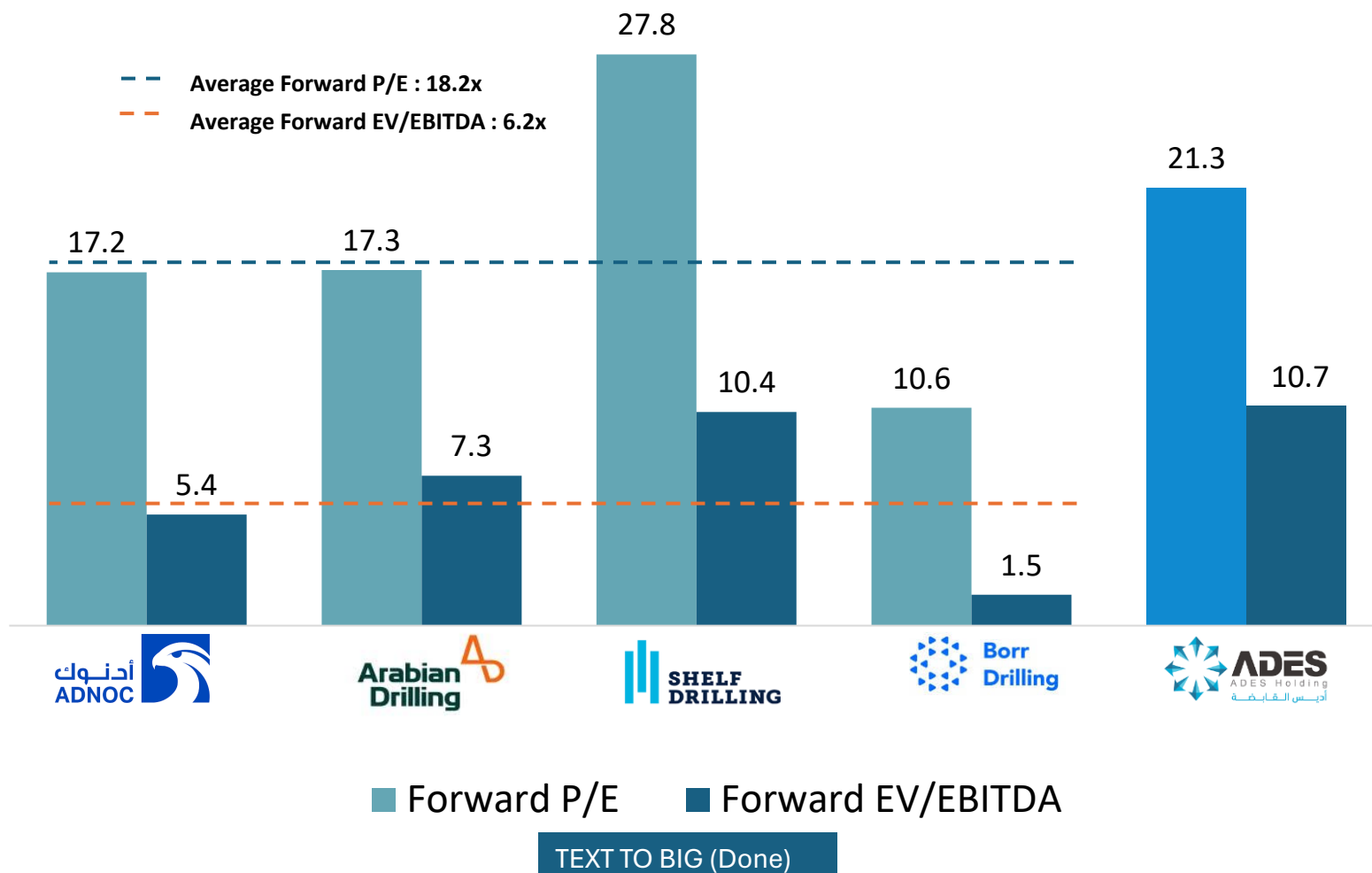
Valuation

Estimating Continuing Value - Terminal Growth, when will it Stop?



Valuation

Multiples Valuation

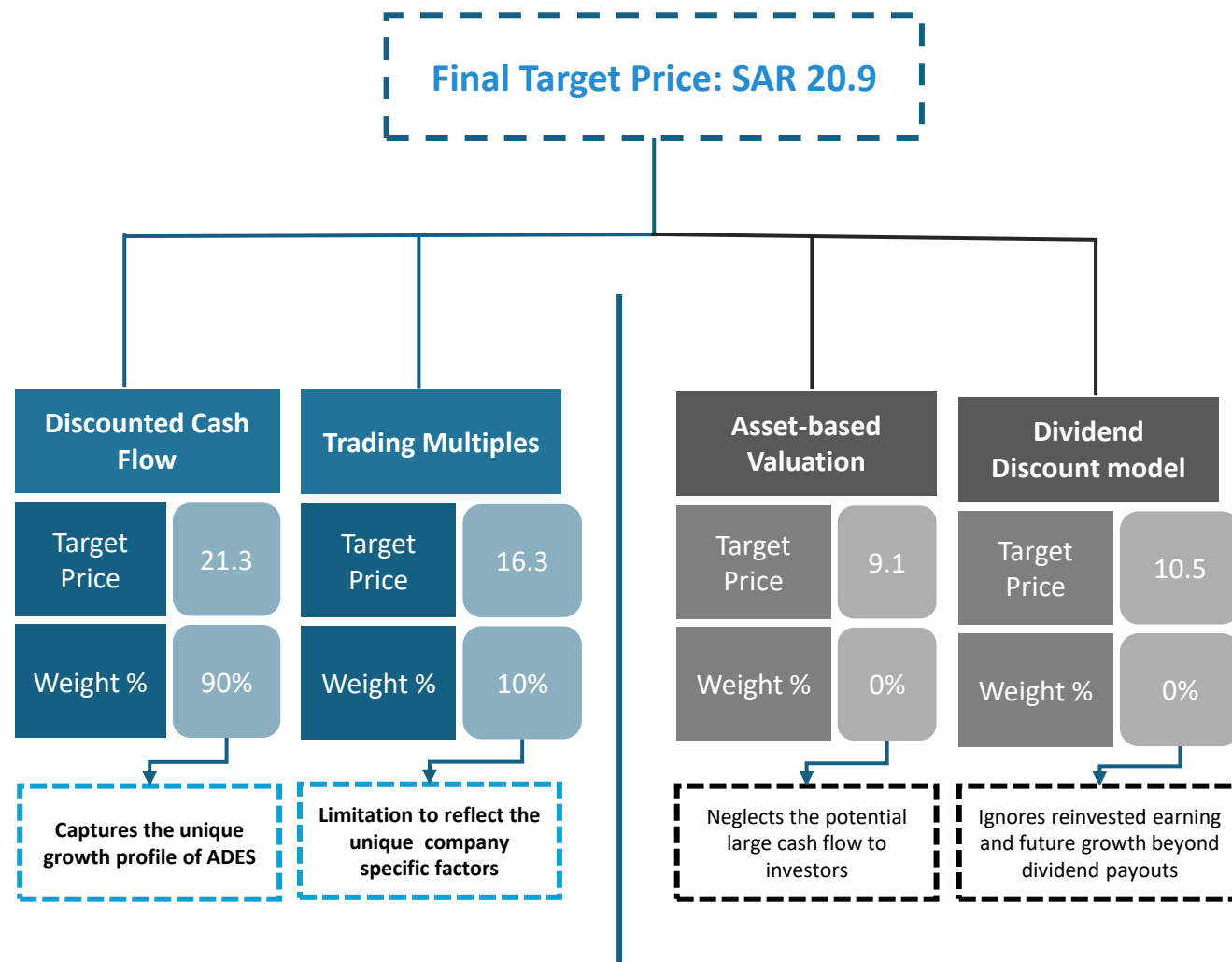
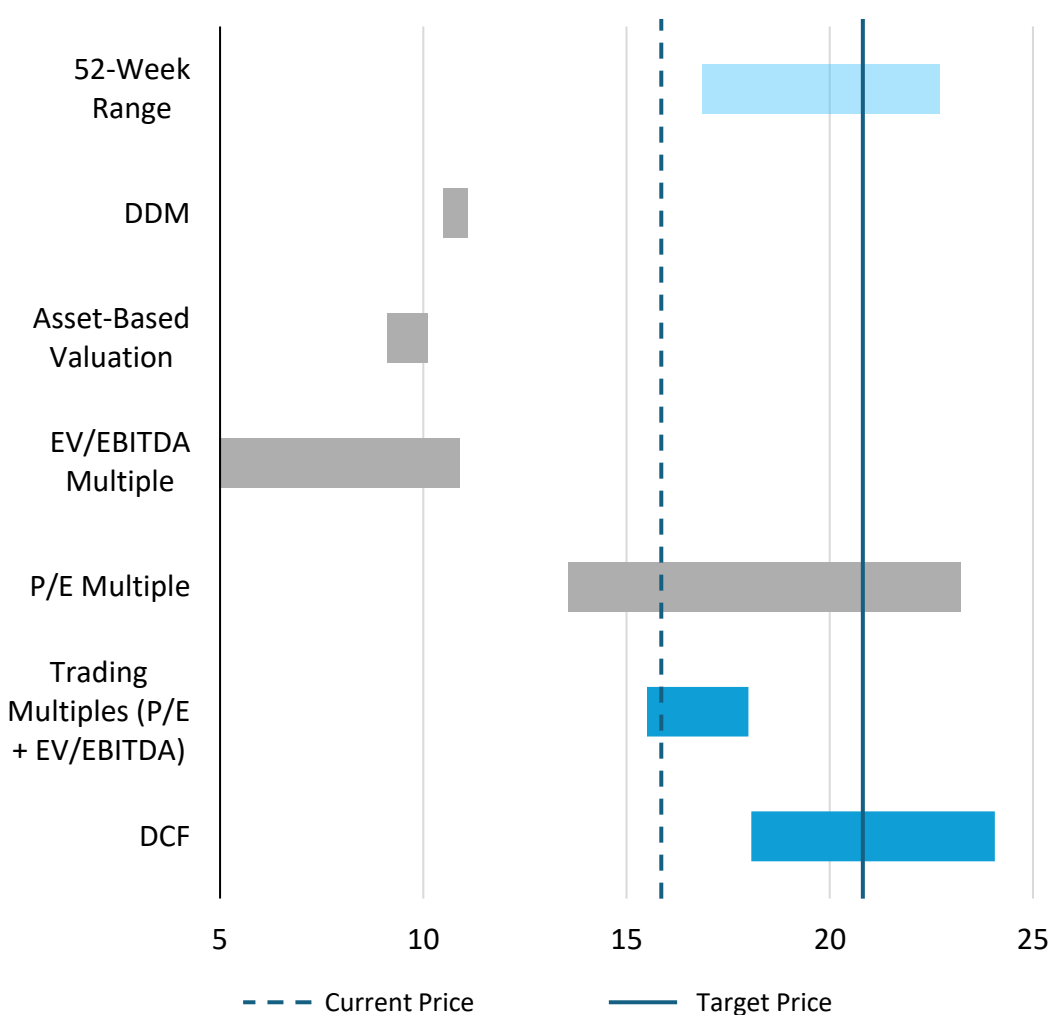


Forward P/E	18.2x
Forward EV/EBITDA	6.2x
Target Price	16.38



Valuation Summary

Reaching to Our Final Target Price of SAR 20.90 and an Upside of 28.5%



Risks

Critical Risk Overview, From Balance Sheet Health to Valuation Sensitivity

Business Risk

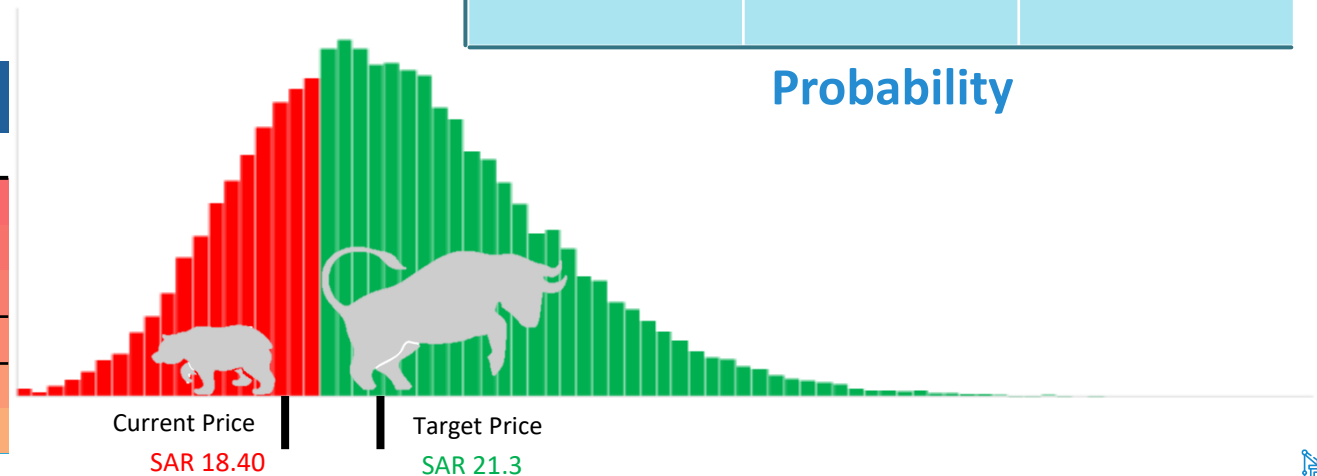
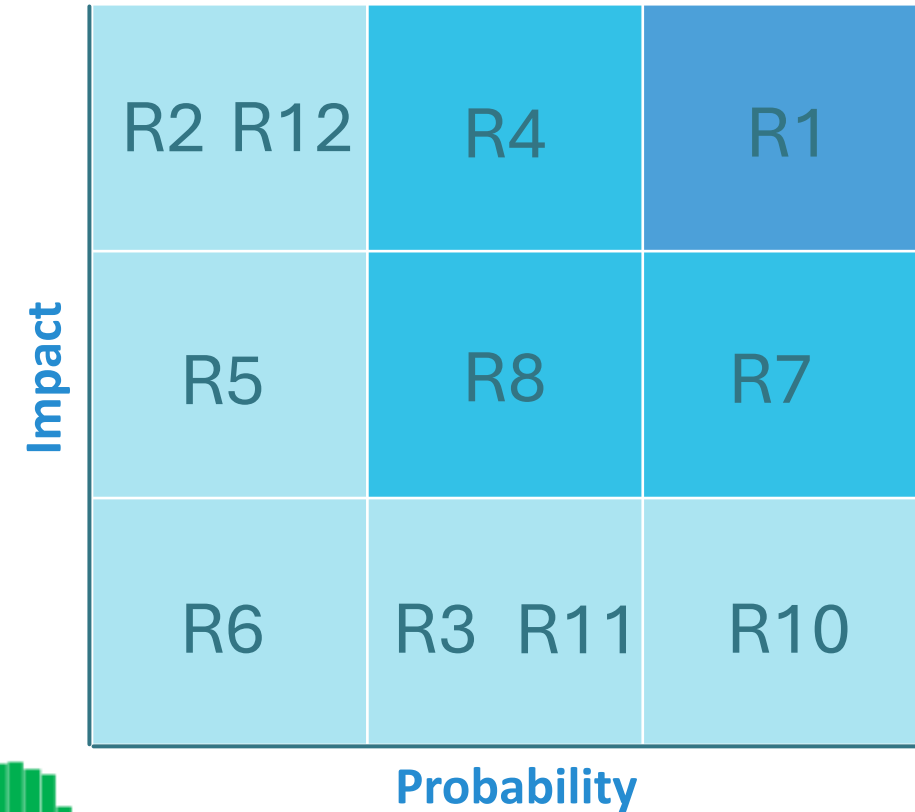
- Unexpected Downward Movement in Day Rates (**R1**)
- ADES can't reach its desired IRR through rig acquisition (**R2**)
- High competition in key region (**R3**)
- Oil price volatility (**R4**)
- Early Termination/non-renewal of contracts (**R5**)

Balance Sheet Risk

- Foreign Exchange Exposure (**R6**)
- High Debt Levels (**R7**)
- Liquidity Risk (**R8**)

Valuation Risk

- Interest Rates Fluctuations (**R10**)
- Political risk (**R11**)
- Long term prospectus for the oil and gas industry (**R12**)



Terminal Growth

		WACC						
		6.4%	7.4%	8.4%	9.4%	10.4%	11.4%	12.4%
Terminal Growth	-2%	26.0	23.1	20.7	18.8	17.1	15.8	14.6
	-1%	28.3	24.7	22.0	19.7	17.9	16.4	15.1
	0%	31.3	26.9	23.6	21.0	18.9	17.1	15.7
	1%	35.6	29.8	25.6	21.3	20.0	18.0	16.4
	2%	42.1	33.8	28.4	24.4	21.5	19.1	17.3
	3%	53.0	40.0	32.2	27.0	23.3	20.5	18.3

Summary

We issue a **BUY** recommendation, with a target price of **SAR 20.90**, and an upside of **28.5%**



Marveling and Expanding Through a Disrupt Market



Mastering Growth with Strategic Rig Acquisition



Balancing Growth, Rewarding Debt and Equity Holders



Target Price: **SAR 20.90**
28.5% Upside

Thank You For Listening!





Appendix Map

Main Deck

- 1. Investment Thesis
- 2. Business Overview
- 3. Industry Overview
- 4. Competitive Positioning
- 5. Financial Analysis – Thesis I
- 6. Financial Analysis – Thesis II
- 7. Financial Analysis – Thesis III
- 8. Environmental, Social & Governance
- 9. Valuation
- 10. Investment Risk
- 11. Summary

Business Overview

- 1. Company History
- 2. ADES Global Presence
- 3. ADES Offshore Fleet Details
- 4. ADES Onshore Fleet Details
- 5. Rig Acquisition Methodology
- 6. Rig Acquisition Transactions
- 7. Aramco Rig Efficiency Index
- 8. Contract Days per Region
- 9. Remaining Contract Maturity per Region
- 10. ADES Ownership

- 11. ADES Cost Efficiency Pillars
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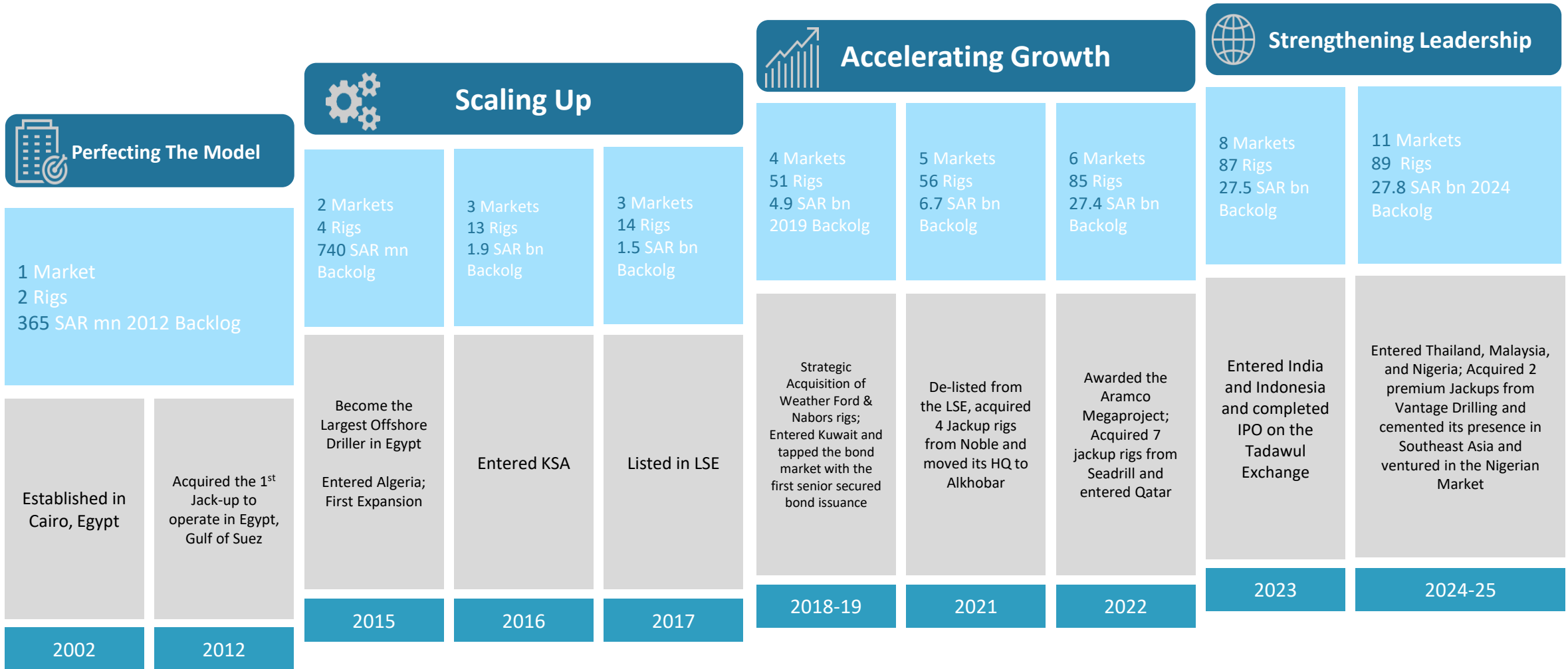
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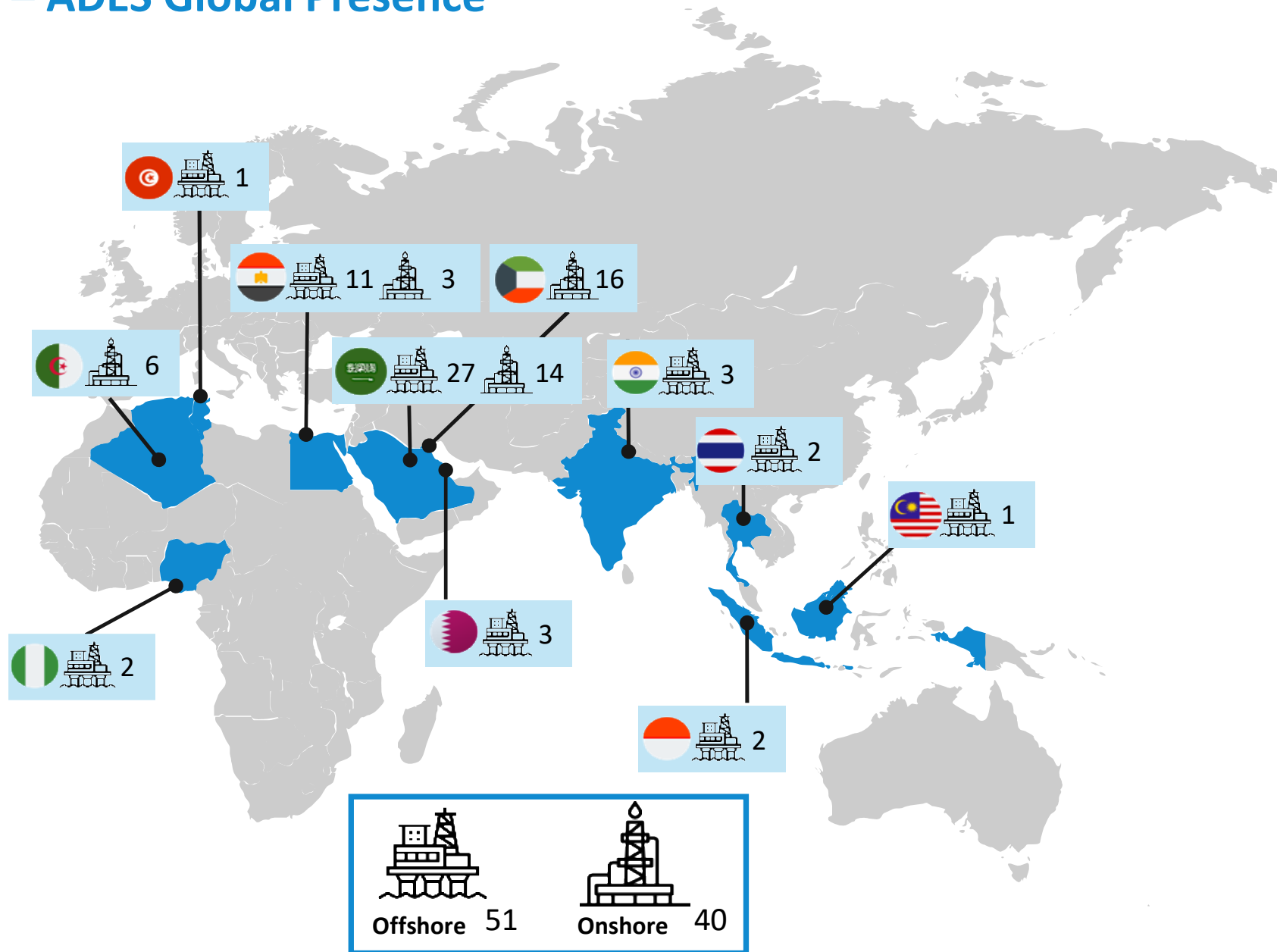
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- 44. DCF Analysis Build Up - I
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Appendix 1 – Company History



Appendix 2 – ADES Global Presence



Appendix 3 – ADES Offshore Fleet Details

Offshore Rig Name	Type	Operating Area	Status	Max working water depth (ft)	Current contract expiration	Contract Extension Option	Maximum drilling depth (ft)
Admarine 262	Jack-up rig	Egypt	Active	250	2026	N/A	20000
Admarine I	MOPU	Egypt	In Active	150	N/A	N/A	-
Admarine II	Jack-up barge	Egypt	Active	150	2025	N/A	-
Admarine III	Jack-up rig	Egypt	Active	250	2026	N/A	20000
Admarine IV	Jack-up rig	Egypt	Active	307	2024	N/A	20000
Admarine V	Jack-up rig	Egypt	Active	250	2026	1Y	20000
Admarine VI	Jack-up rig	Egypt	Active	250	2026	N/A	20000
Admarine VIII	Jack-up rig	Egypt	Active	300	2025	N/A	25000
Admarine 88	Jack-up rig	Egypt	Active	350	2026	N/A	25000
Admarine 260	Jack-up rig	Egypt	Active	250	2024	N/A	20000
Admarine 12	Jack-up barge	Egypt	In Active	150	-	N/A	-
Admarine IX	Jack-up rig	India	Active	300	2026	N/A	25000
Admarine X	Jack-up rig	India	Active	345	2026	N/A	25000
Admarine XI	Jack-up rig	India	Active	300	2026	N/A	25000
Emerald Driller	Jack-up rig	Indonesia	Active	375	2029	N/A	30000
Soehanah	Jack-up rig	Indonesia	Active	375	2025	3Q25	-
Admarine 261	Jack-up rig	KSA	Active	250	2031	N/A	20000
Admarine 266	Jack-up rig	KSA	Active	250	2032	N/A	20000
Admarine 655	Jack-up rig	KSA	Active	160	2031	N/A	15000
Admarine 656	Jack-up rig	KSA	Active	250	2026	N/A	20000
Admarine 657	Jack-up rig	KSA	Active	250	2024	N/A	20000
Admarine 337	Jack-up rig	KSA	Active	400	2027	N/A	30000
Admarine 339	Jack-up rig	KSA	Active	400	2026	N/A	30000
Admarine 510	Jack-up rig	KSA	Active	375	2025	N/A	30000
Admarine 511	Jack-up rig	KSA	Active	375	2025	N/A	30000
Admarine 680	Jack-up rig	KSA	Active	400	2027	2Y	30000
Admarine 681	Jack-up rig	KSA	Active	400	2028	2Y	30000
Admarine 682	Jack-up rig	KSA	Active	400	2028	2Y	30000
Admarine 683	Jack-up rig	KSA	Active	400	2027	2Y	30000
Admarine 684	Jack-up rig	KSA	Active	400	2027	2Y	30000
Admarine 685	Jack-up rig	KSA	Active	400	2028	2Y	30000
Admarine 686	Jack-up rig	KSA	Active	400	2028	2Y	30000
Admarine 687	Jack-up rig	KSA	Active	375	2028	2Y	30000
Admarine 688	Jack-up rig	KSA	Active	375	2029	2Y	30000
Admarine 689	Jack-up rig	KSA	Active	350	2028	2Y	35000
Admarine 690	Jack-up rig	KSA	Active	400	2028	2Y	30000
Admarine 692	Jack-up rig	KSA	Active	400	2028	2Y	30000
Admarine 693	Jack-up rig	KSA	Active	350	2028	2Y	35000
Admarine 694	Jack-up rig	KSA	Active	350	2028	2Y	35000
Admarine 695	Jack-up rig	KSA	Active	400	2028	2Y	30000
Admarine 501	Jack-up rig	KSA	Active	400	2025	N/A	30000
Admarine 505	Jack-up rig	KSA	Active	375	2027	1Y	30000
Admarine 506	Jack-up rig	KSA	Active	375	2026	1Y	30000
Admarine 507	Jack-up rig	KSA	Active	400	2026	1Y	30000
Topaz Driller	Jack-up rig	Malaysia/Thailand JDA	Active	375	2027	3Q27	-
Admarine 504	Jack-up rig	Nigeria	Active	400	2026	N/A	30000
Admarine 691	Jack-up rig	Qatar	Active	375	2026	1.5Y	30000
Sapphire Driller	Jack-up rig	Qatar	Active	375	2027	N/A	30000
Aquamarine Driller	Jack-up rig	Qatar	Active	375	2027	N/A	30000
Admarine 502	Jack-up rig	Thailand	Active	400	N/A	N/A	30000
Admarine 503	Jack-up rig	Thailand	Contracted	400	2025	N/A	30000

Appendix 4 – ADES Onshore Fleet Details

Rig Name	Type	Operating Area	Status	Horsepower	Current Contract expiration	Contract Extension Option
ADES 2	Onshore	Algeria	Active	1000	2024	N/A
ADES 3	Onshore	Algeria	In Active	1000	2023	N/A
ADES 801	Onshore	Algeria	Active	2000	N/A	N/A
ADES 802	Onshore	Algeria	Active	1500	N/A	N/A
ADES 814	Onshore	Algeria	Active	1500	N/A	N/A
ADES 828	Onshore	Algeria	Active	1500	N/A	N/A
ADES 810	Onshore	Algeria	Active	1500	2029	N/A
ADES 815	Onshore	Algeria	Active	1500	2029	N/A
ADES 1	Onshore	Egypt	Active	1500	2024	N/A
ADES 144	Onshore	KSA	Active	3000	2027	N/A
ADES 158	Onshore	KSA	Active	3000	2027	N/A
ADES 798	Onshore	KSA	Active	2000	2028	N/A
ADES 157	Onshore	KSA	Active	1700	2027	N/A
ADES 173	Onshore	KSA	Active	3000	2026	N/A
ADES 174	Onshore	KSA	Active	3000	2027	N/A
ADES 040	Onshore	KSA	Active	1000	2026	N/A
ADES 799	Onshore	KSA	Active	2000	2028	N/A
ADES 889	Onshore	KSA	Active	2000	2032	N/A
ADES 13	Onshore	KSA	Active	2000	2024	2Y
ADES 14	Onshore	KSA	Active	2000	2024	2Y
ADES 146	Onshore	KSA	In Active	750	N/A	N/A
ADES 800	Onshore	KSA	In Active	2000	N/A	N/A
ADES 827	Onshore	KSA	In Active	2000	N/A	N/A
ADES 155	Onshore	Kuwait	Active	3000	2025	N/A
ADES 776	Onshore	Kuwait	Active	3000	2025	N/A
ADES 870	Onshore	Kuwait	Active	3000	2025	N/A
ADES 871	Onshore	Kuwait	Active	3000	2025	N/A
ADES 180	Onshore	Kuwait	Active	3000	2029	N/A
ADES 878	Onshore	Kuwait	Active	3000	2029	N/A
ADES 808	Onshore	Kuwait	Active	2500	2029	N/A
ADES 809	Onshore	Kuwait	Active	2500	2029	N/A
ADES 880	Onshore	Kuwait	Active	3000	2029	1Y
ADES 879	Onshore	Kuwait	Active	3000	2029	1Y
ADES 102	Onshore	Kuwait	In Active	1500	N/A	N/A
ADES 171	Onshore	Kuwait	In Active	750	N/A	N/A
ADES 172	Onshore	Kuwait	In Active	750	N/A	N/A
ADES 160	Onshore	Kuwait	In Active	1250	N/A	N/A
Kuwait New-Build 3	Onshore	Kuwait	Contracted	N/A		
Kuwait New-Build 4	Onshore	Kuwait	Contracted	N/A		
ADES 830	Onshore	Tunisia	In Active	2000	2023	N/A

Appendix 5 – Rig Acquisition Methodology

ADES takes a disciplined and non-speculative approach to acquiring assets and follows 2 acquisition methodologies

Buy To Contract

The Group seeks to bid for and secure a drilling contract for a rig before or concurrently with finalising the acquisition.

Contract Acquisition

The Group aims to acquire rigs with ongoing contracts that are also acquired or are transferred to the Group.

Main Acquisition KPI's

Unlevered IRR

Minimum 18 -22%

Payback Period

5 – 7 Years

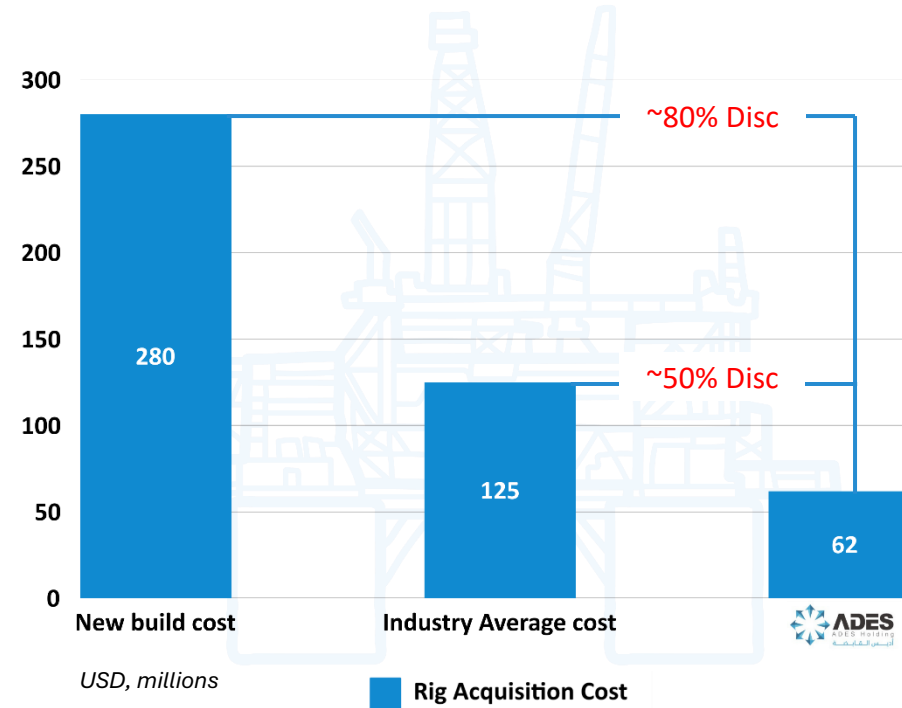
Backlog to Net Debt Ratio

2x or Higher

Depending on the Asset, Contract Framework, and Country of Investment

Appendix 6 – Rig Acquisition Transactions

Strategic Rig Acquisitions to Expand Market Presence and Strengthen Offshore Capabilities

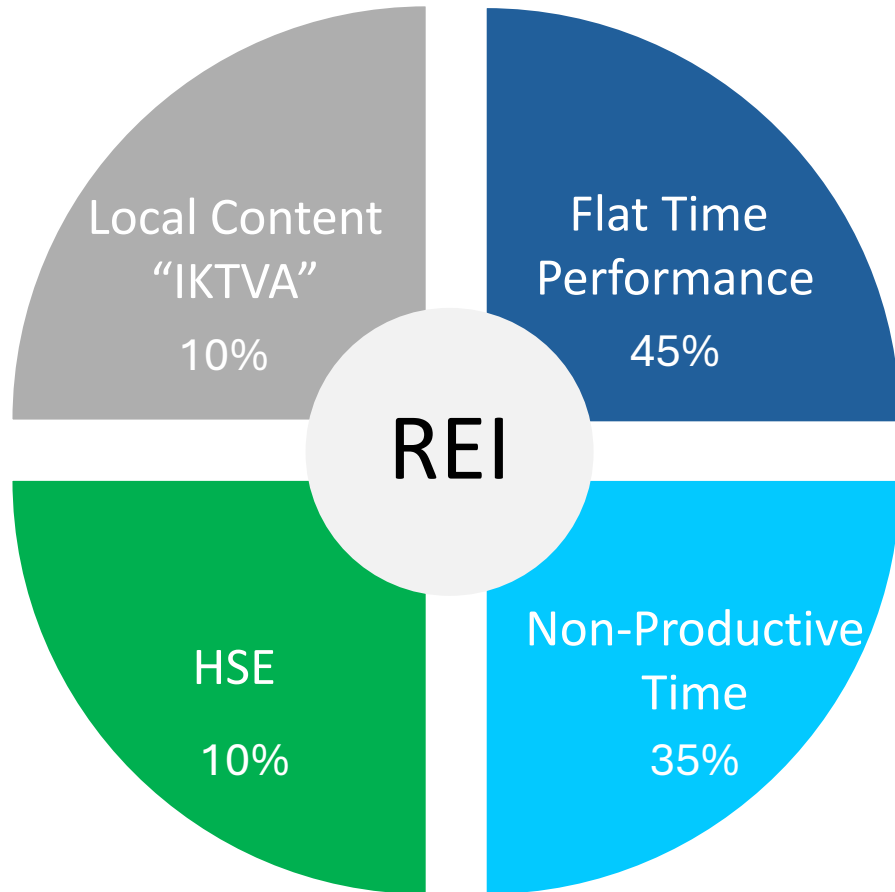


	2016	2018	2019	2021	2022	2022	2024
Seller	Hercules	Nabors	Weatherford	Noble	Vantage	Seadrill	Vantage
# of Rigs	3	3	31	4	3	7	2
Type of the rig	Jack-up Rigs	Jack-up Rigs	Onshore Rigs	Jack-up Rigs	Jack-up Rigs	Jack-up Rigs	Jack-Up Rigs
Strategic Rationale	KSA offshore market	Consolidated market share with Aramco	Kuwait onshore gas market	KSA offshore gas market	Entered Qatar	Solidify Presence in KSA	Entered Indonesia and Malaysia and Thailand JDA

Appendix 7 – Aramco Rig Efficiency Index

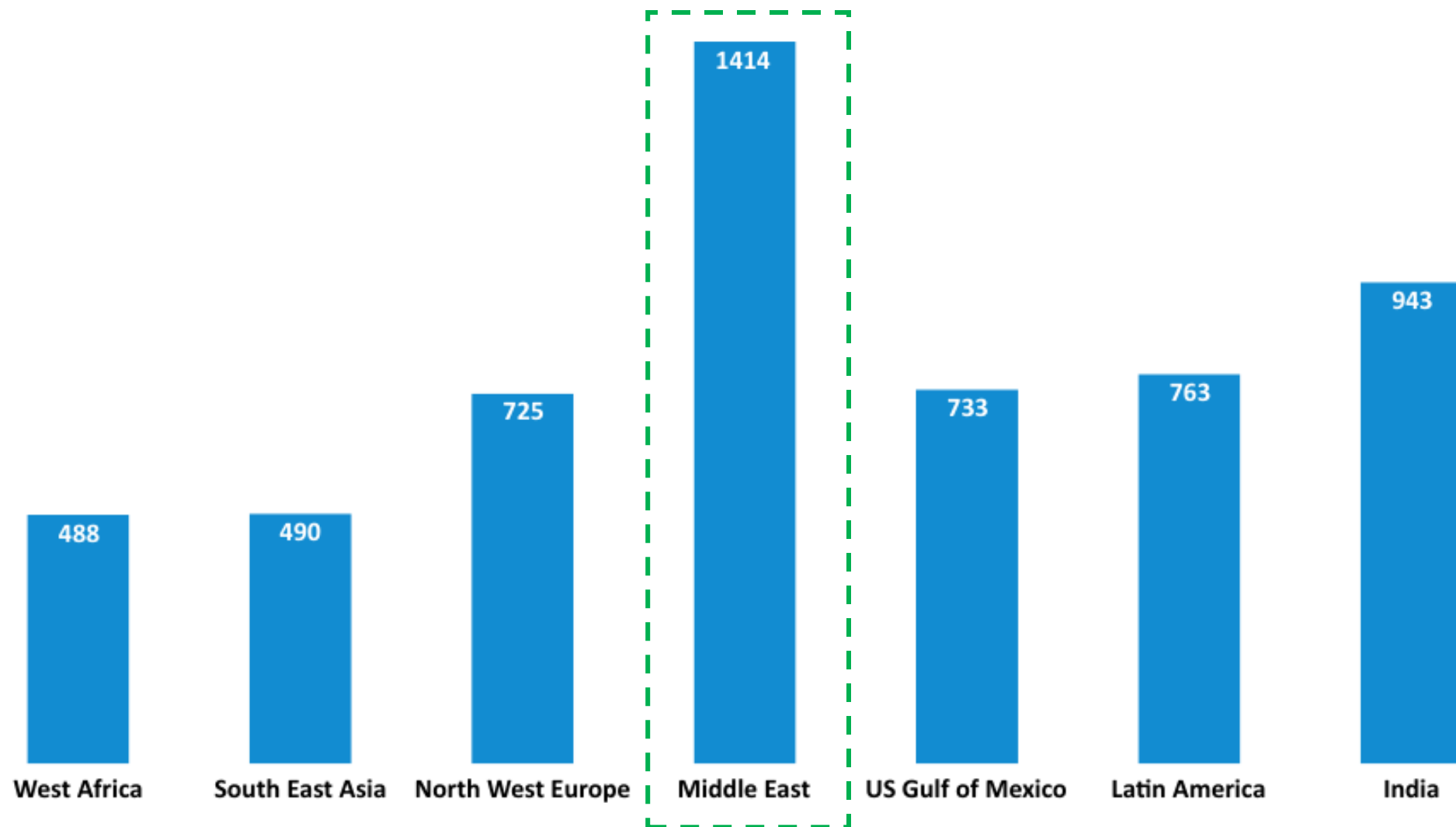
ADES Scoring High Scores Consistently Ensuring Continued Contracting From Aramco

Rig Efficiency Index Composition

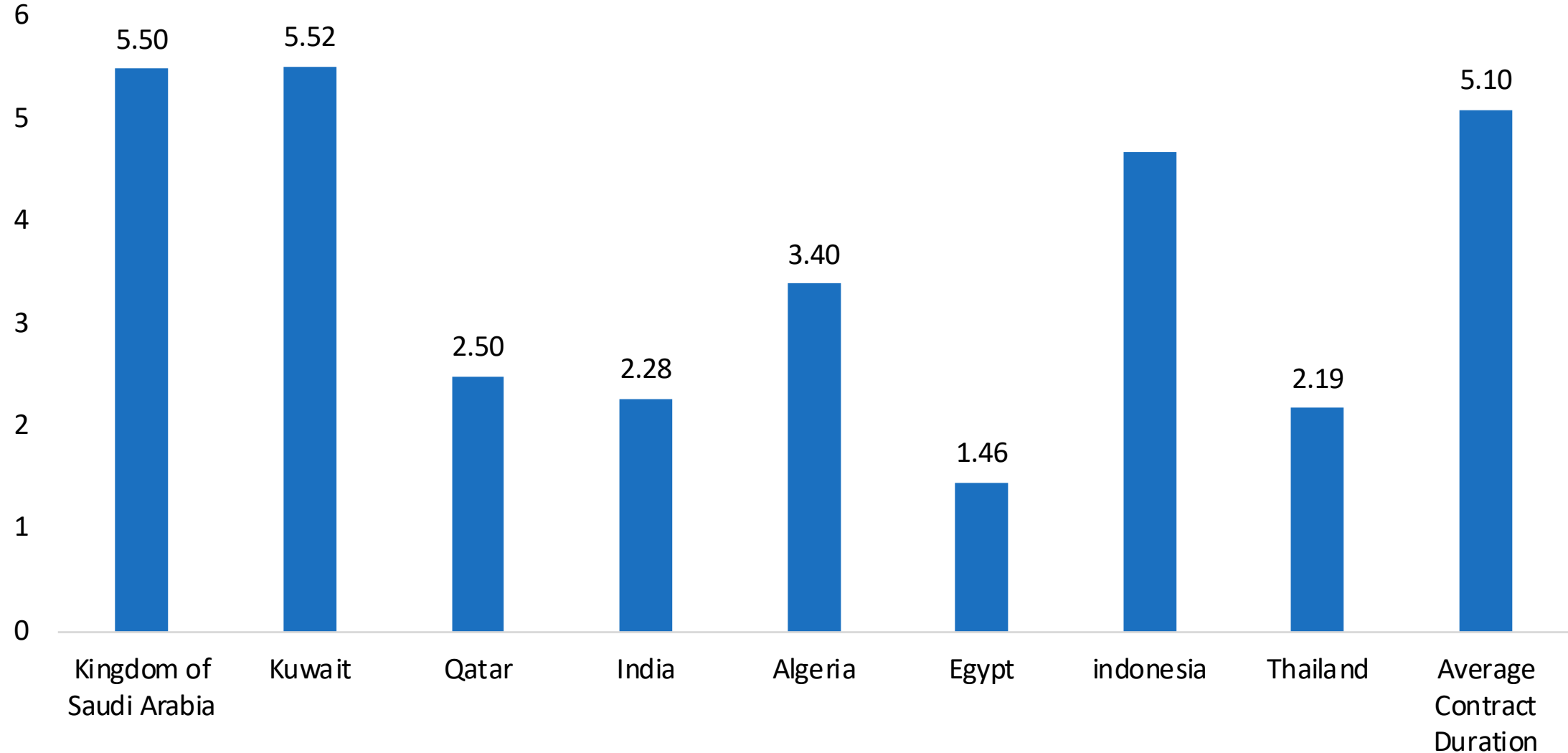


ADES REI Performance Score
90/100

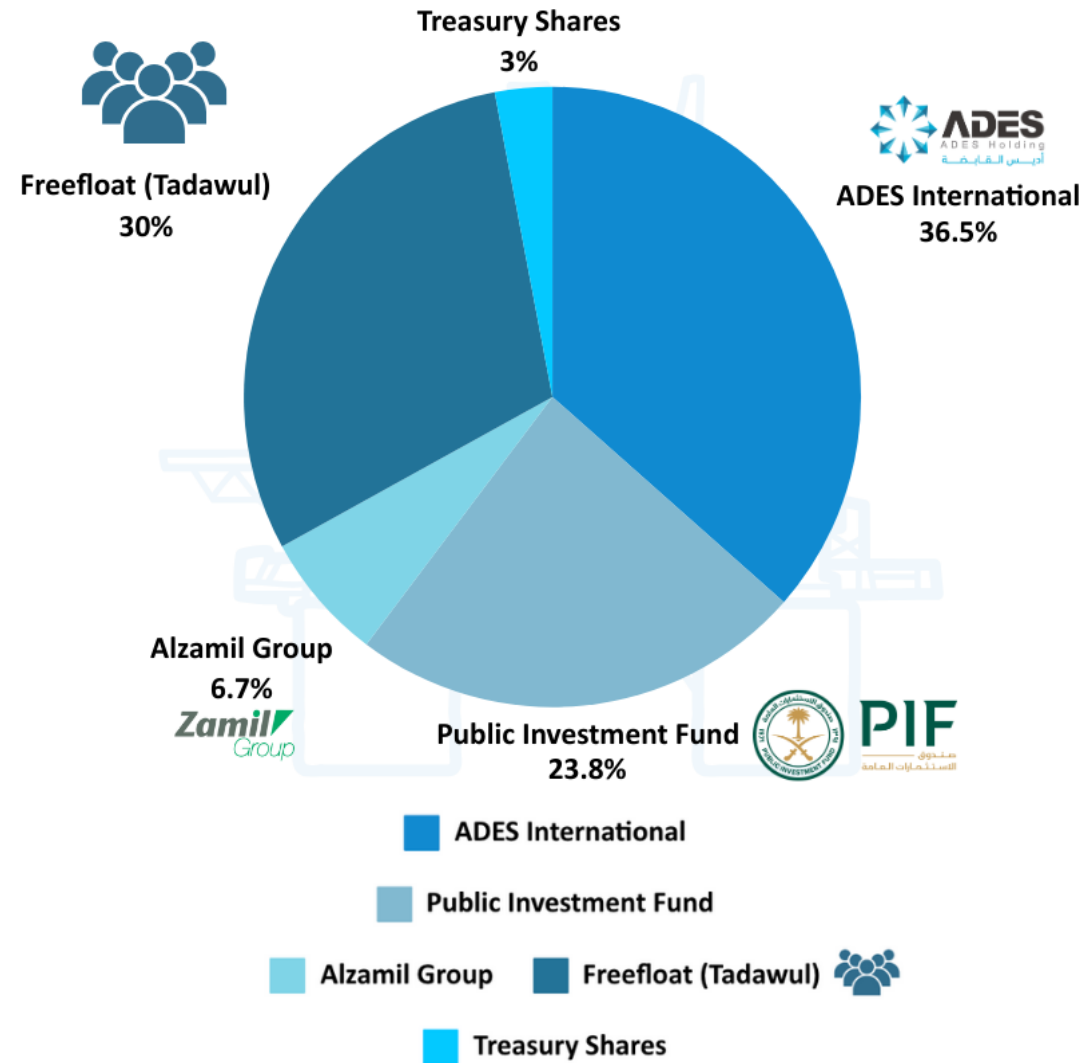
Appendix 8 – Contract Days Per Region



Appendix 9 – Remaining Contract Maturity Per Region



Appendix 10 – ADES Ownership Structure



Appendix 11 – ADES Cost Efficiency Pillars

1

In-House Maintenance & Refurbishment Team

Managing most of the M&R jobs without the need to appoint third-party service providers. This allows ADES to manage cost, also it allows them to perform certain M&R jobs on-site without moving the rigs to specific locations or shipyard to minimize rig downtime.

2

Relying on Local Talent

ADES is different compared to peers because in every area they aim to expand they make sure that the rig crew is from the same country, Rig crews from the local jurisdiction are typically paid lower salaries than their expatriate counterparts, but offer a comparable level of experience and competence

3

Shared Service Center in Cairo

Main Objective is to decrease overhead costs and monitoring the number of support function employees per rig, aiming to keep the number of such employees below 7 per rig.

Appendix 12 – Suspended Rigs and its Locations

Rig Name	Admarine 501	Admarine 502	Admarine 503	Admarine 504	Admarine 262	Admarine 691
Redeployment Area	Nigeria	Thailand	Thailand	Nigeria	Egypt	Qatar
Contract Type	Bare Boat Charter	Standard Contract	Standard Contract	Bare Boat Charter	Standard Contract	Standard Contract
Contract Duration	180 Days	18 + 9 Months	5 + 3 Years	1 Year	21 Months	1 Year + 18 months
Contract Date	7/2/2025	24/3/2024	29/12/2024	8/1/2025	5/5/2024	14/5/2024

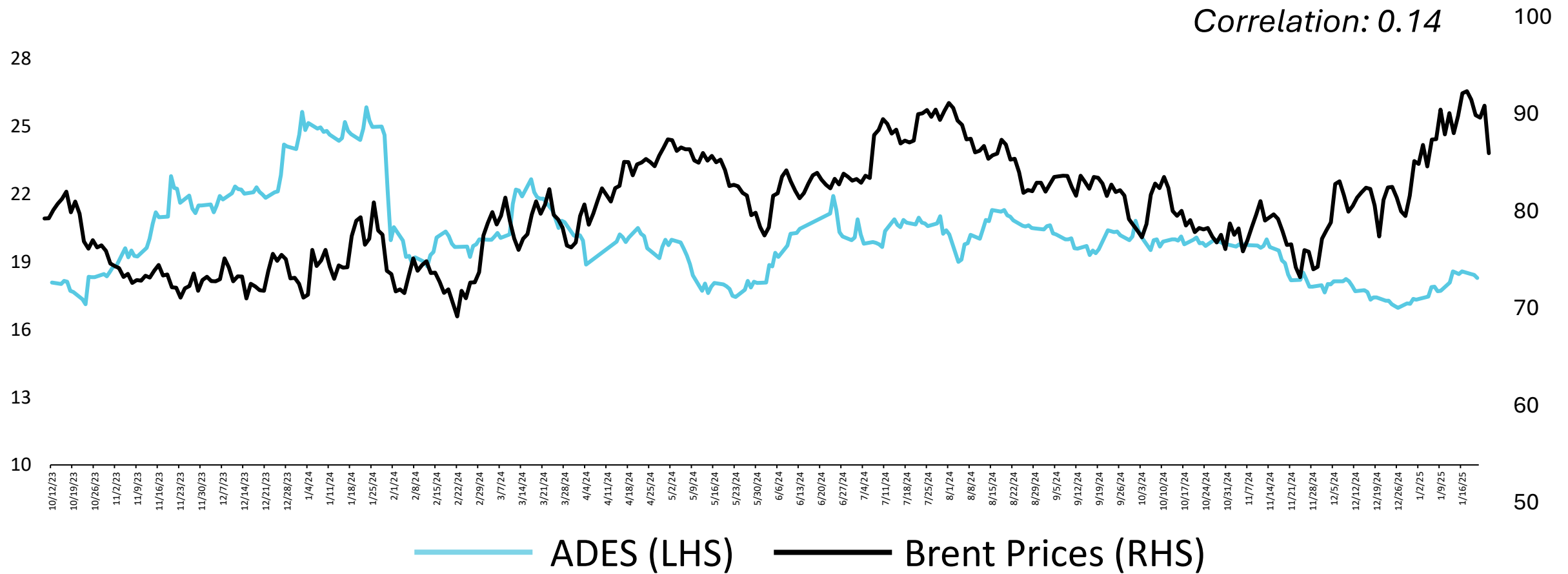
Bare Boat Charter (BBC): An arrangement for hiring a rig without its crew member, but in ADES situation they will provide the rig along with its senior crew member, in return they will receive a charter fee

Appendix 13 – Oil Price Effect on ADES



“ CEO Mentioned in an interview with Alarabia Business that until oil prices drops to mid \$50 per barrel, we will continue driving the market in a positive manner, because any price **below \$50** it will start **effecting the operations feasibility**. But **Above \$50 the operations for shallow offshore** is happening without any implications”

Appendix 14 – ADES sensitivity to Oil prices

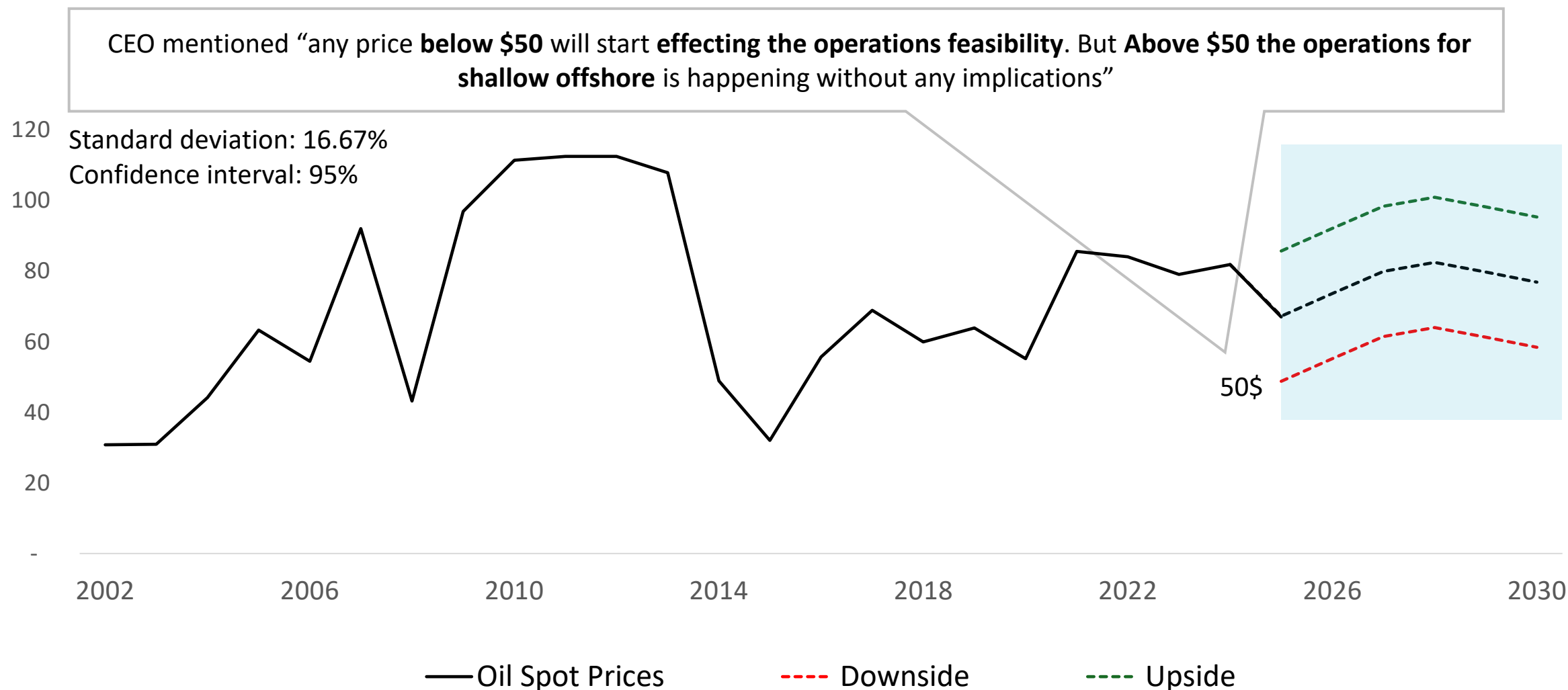


Appendix 15 – Industry Experts Interviewed

To Form a Comprehensive Understanding of the Drilling Industry we have Interviewed 3 Experts

Expert A	<ul style="list-style-type: none">• Consultant with 5+ years of experience in Offshore market
Expert B	<ul style="list-style-type: none">• VP with 17+ years of experience in the Rig market, former manager at one of the leading drilling companies
Expert C	<ul style="list-style-type: none">• Author with 7+ years of experience in the Oil industry

Appendix 16 – Average Oil Forecast from Different Agencies



Appendix 17 – Porter 5 Forces

New Entrants Threat

New entrants Threats is not concerning due to high barriers to entry and significant capital requirements and the need for advanced technology and skilled labor and the need to establish relationships with oil producers, these and other factors mentioned would make it harder for new companies to enter.

Competitive Rivalry

The drilling industry as a whole and specifically the MENA region is well known for its highly competitive landscape, driven by many local and international rig mangers. This intense competition arises from limited availability of contracts, forcing companies to aggressively compete on pricing, quality of service, and operational efficiency, making it a challenging environment for all participants.

Supplier Power

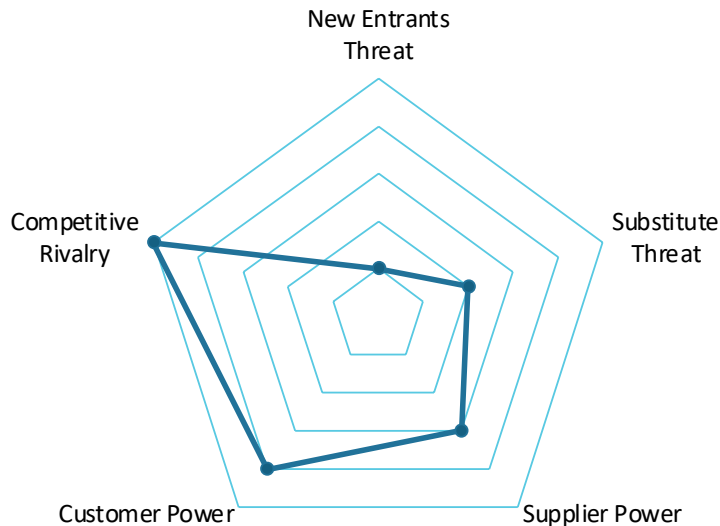
The bargaining power of suppliers in the drilling industry is moderate, it fluctuates with oil prices, which strongly influence drilling costs. When oil prices are high, suppliers like Shipyards and equipment manufacturers can negotiate higher prices. However, during low oil price periods, service companies are forced to lower costs, limiting suppliers' power.

Customer Power

The customer power in the industry is slightly above moderate due to the concentration of major clients who have significant influence over pricing and quality standards. However, some argue that neither buyers nor sellers hold dominant power, as the balance of bargaining strength prevents either parties from fully dictating terms. Overall, pricing in the industry tends to reflect market conditions and mutual negotiations between firms and their clients.

Substitute Threat

The threat of substitutes in the drilling industry is low to moderate. While the global transition to cleaner energy and reduced reliance on oil and gas may gradually affect demand, the current dependence on these resources ensures that substitutes do not pose a significant challenge in the near term.



Appendix 18 – Description of Peers

The Criteria Behind Selection of Peers

Our selection of **comparable companies for ADES** was guided by key criteria's, including company presence within the MENA and GCC markets, offshore operations, and a level of geographical diversification compared to ADES's global presence.



ADNOC Drilling

ADNOC Drilling is a UAE based drilling company with over 50 years of experience it is considered the largest drilling company in MENA in terms of both revenues and fleet size of 140 rigs, it operates exclusively in UAE which makes UAE a monopolistic market, and ADNOC just started venturing into the Jordanian market, it recently have acquired its pre-qualification status in Kuwait, by Kuwait Oil Company. This has opened the door for the largest drilling company to expand into new markets which makes ADNOC a competitor to watch for.



Arabian Drilling

Arabian Drilling, established in 1964, it is the first drilling company in Saudi Arabia. As of Q3-2024, 90% of its revenue are generated domestically, with primary focus on onshore operations. ADC has 45 onshore rigs out 57 rigs, comprising 79% of its total fleet. Looking ahead, Arabian drilling aims to further expand its presence in gas fields.



Shelf Drilling

Shelf Drilling is an international drilling company established in 2012 with presence across 12 countries and the company's operations mainly focused on offshore rigs with total fleet of 35 rigs (includes 5 rigs in harsh environment) also the company has presence in markets where ADES operates Such as Middle East, Southeast Asia, India, And West Africa.



Borr Drilling

Borr Drilling is an international drilling company established in 2016 with presence over 10 countries and the company's total fleet are 24 rigs (all of them are premium Jack-up rigs), this provides a competitive advantage due to the relatively young average age of the rigs (8 Years), and advance technologies incorporated in those rigs. Also, Borr have the same geographical presence to ADES.



ARO Drilling

Saudi Aramco Rowan Offshore Drilling Company (ARO) is a joint venture between Saudi Aramco and Valaris which operates mainly in offshore at Saudi Arabia. The total fleet of ARO is 16 rigs (9 owned, 7 leased) the fleet has decreased due to the suspension of Valaris 143, Valaris 147, and Valaris 148 which are leased from Valaris afterwords the company and Valaris agreed to terminate the three leased rigs. The company's expansion plan is to receive 20 rigs over a decade, as of now the company has received 2 rigs (Kingdom 1, And Kingdom 2) and ordered to build new rig (Kingdom 3) in the future, the company is expected to have higher market share in Saudi market which would make the market more competitive.

Appendix 19 – Comparison Among Peers



Fleet						
Offshore Rigs	51	35	12	35	24	16
Onshore Rigs	38	95	45	0	0	0
Total Fleet	89	140*	57	35	24	16
Profitability:						
EBITDA Margin%	49.3%	49.9%	41.3%	38.9%	50.1%	22.2%
Net Profit Margin%	14.5%	35.7%	11.6%	0.7%	8.7%	-10.2%
Solvency:						
Net Debt/Equity	1.91	0.58	0.27	2.99	1.86	N/A
Interest Coverage	3.77	16.44	6.80	2.18	2.06	N/A
Net Debt/EBITDA	3.94	1.05	1.05	3.15	3.65	N/A
Activity:						
Inventory Days	30	37	39	0	0	N/A
A/R Days	48	14	100	78	40	N/A
A/P Days	162	10	89	61	44	N/A
CCC	(83.19)	41.75	50.36	16.72	(4.05)	N/A
Total Assets Turnover	0.31	0.53	0.37	0.48	0.30	0.36
Capital Efficiency						
ROE	14.3%	39.3%	7.3%	1.8%	8.8%	-38.6%
ROA	8.5%	20.5%	6.4%	8.9%	10.0%	-3.7%
ROIC	5.6%	25.3%	5.9%	2.3%	4.5%	N/A
DuPont:						
Net Profit Margin%	14.5%	35.7%	11.6%	0.7%	8.7%	-10.2%
Total Assets Turnover	0.31	0.53	0.37	0.48	0.30	0.36
Equity Multiplier	3.18	2.08	1.73	5.13	3.35	10.54
ROE	14.3%	39.3%	7.3%	1.8%	8.8%	-38.6%
Valuation:						
P/E	23.28	17.77	22.23	26.90	12.07	N/A
EV/EBITDA	10.92	13.77	7.28	3.66	5.74	N/A
P/BV	3.32	6.99	1.62	3.47	1.07	N/A

ADNOC*: including 10 Island Rigs | Note²: All ratios are Trailing Twelve Months (TTM) | Note³: All balance Sheet Accounts are Averaged between Q3-23 till Q3-24 | Note⁴: The nominator for ROA are Net income + interest expense | Note⁵: Market Value of Equity: based on Volume Weighted Average Price (VWAP).

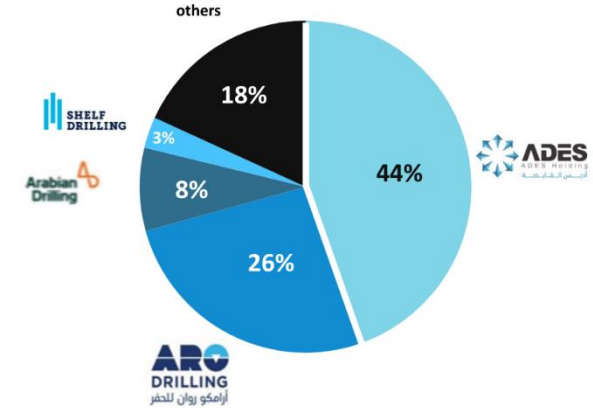
Appendix 20 – Market Structure of Drilling Sector

Market Structure in Saudi and GCC

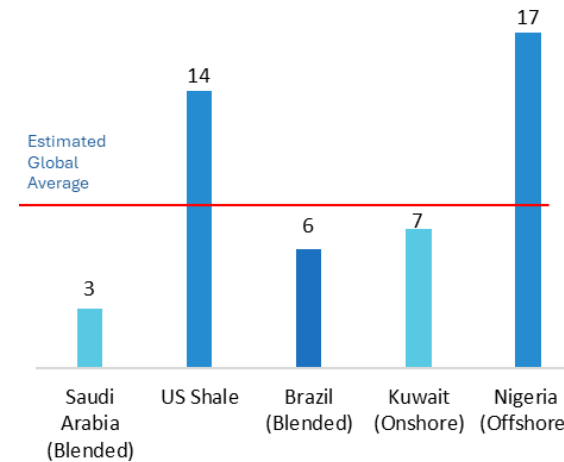
The drilling sector in the MENA and GCC regions are considered as an **oligopoly**, characterized by a few dominant players holding significant market shares. In addition, **high barriers to entry** for new entrance due to high capital requirements, and Stringent pre-qualification standards.

GCC and Saudi markets are known for their **low lifting costs** for O&G and comprised of NOC's which are leaders in supply of O&G, high commitment of producing hydrocarbons with **long contract durations** for these characteristics the affect of oil prices fluctuations on drilling activities in these markets is considered **less sensitive** compared to other regions which make them attractive to drilling companies.

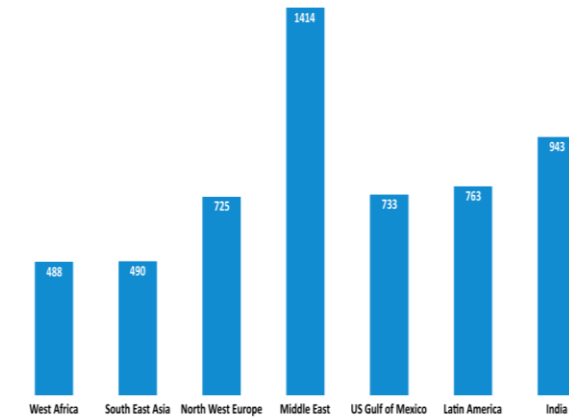
Market Share in Saudi



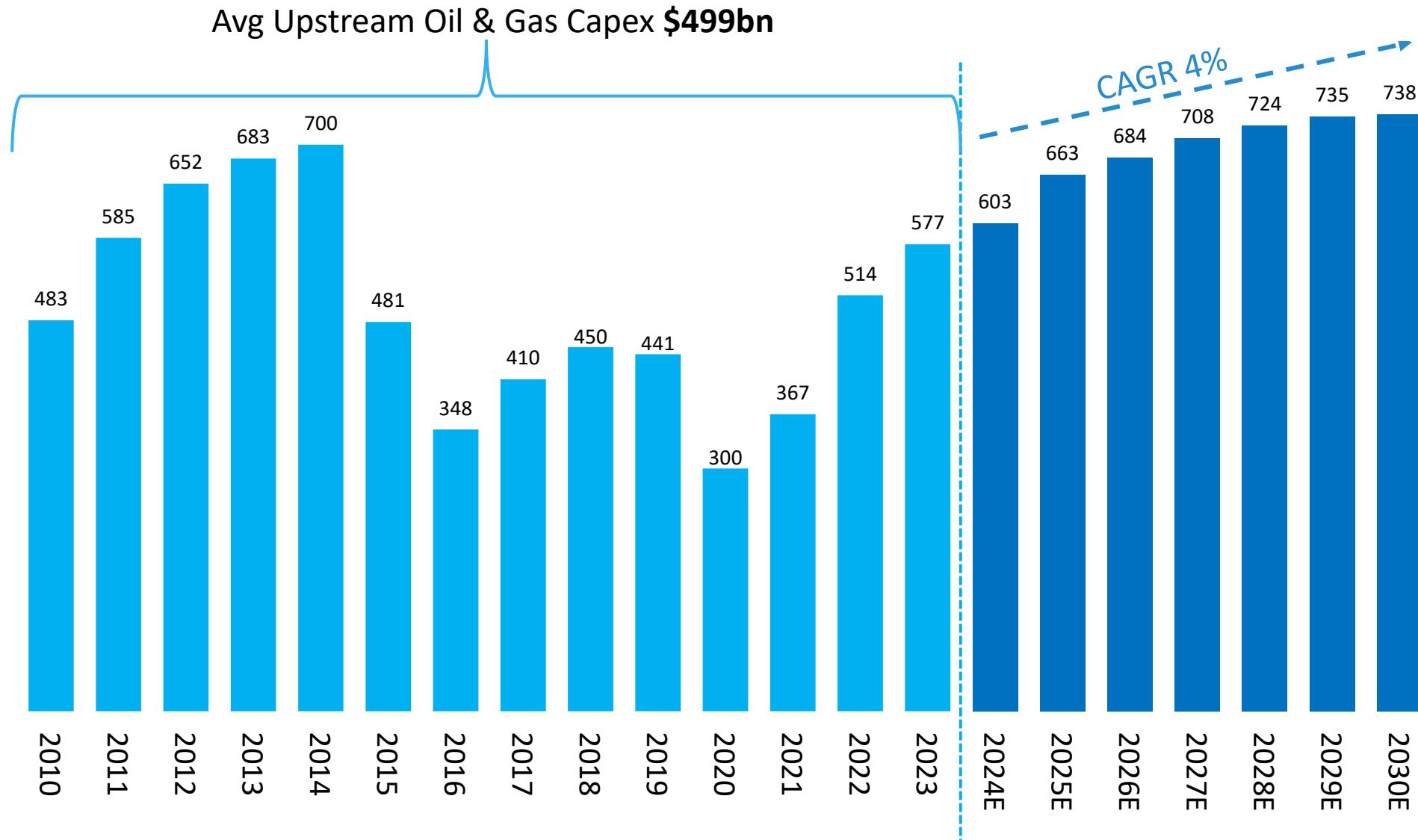
Lifting Cost per Region



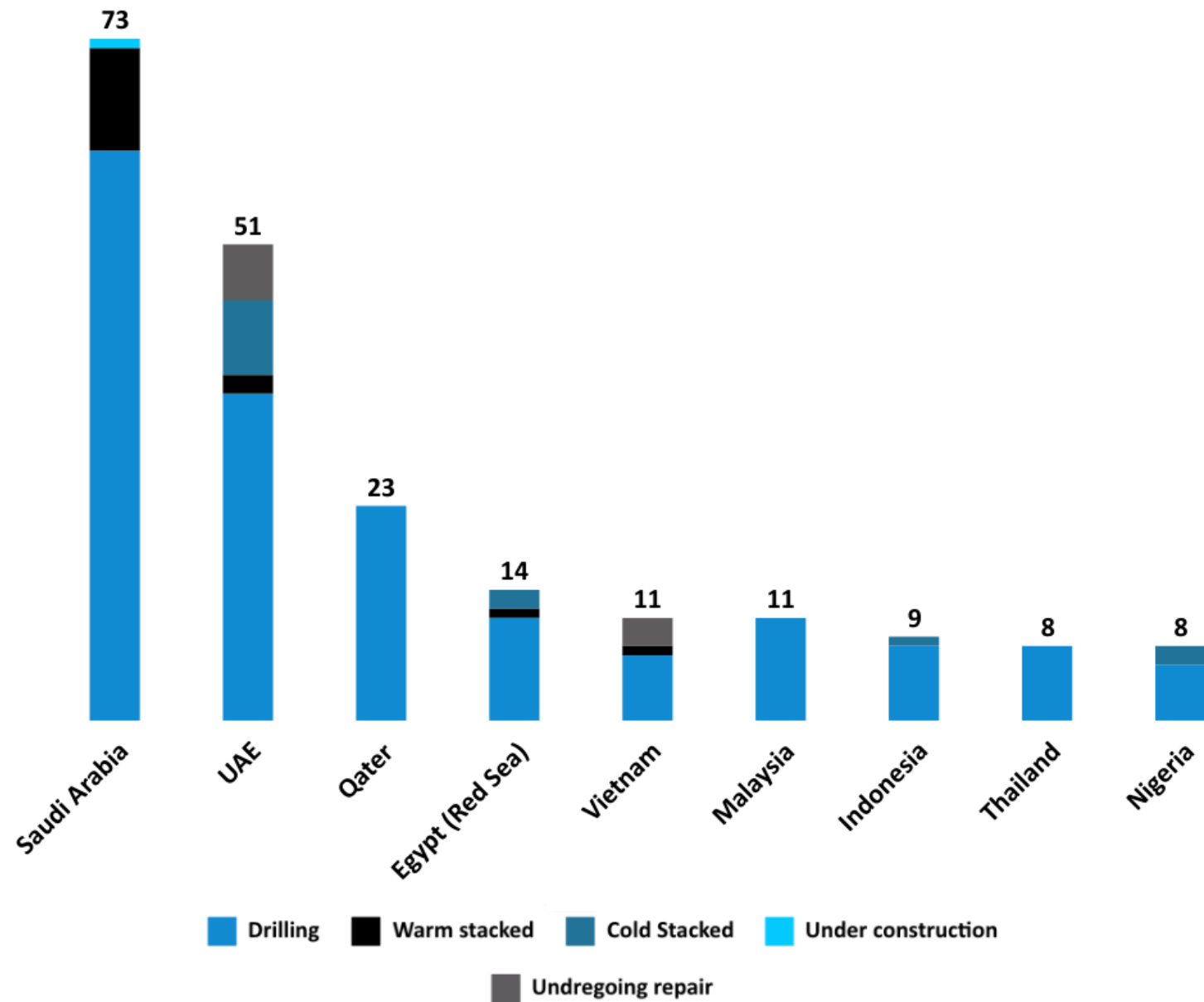
Contract days per region



Appendix 22 – Upstream Oil & Gas Capex Forecast



Appendix 21 – Rig Statues by Region



Appendix 23 – Gas Market Opportunities

ADES Rigs Operating in Gas Fields

- ADES has four jack-ups in Saudi Arabia, and Qatar.
- almost 50% of onshore rigs in Saudi Arabia (in total 14) operates on Gas.

Aramco's Plan Regarding Jafurah unconventional gas Field

- estimated investment up to *SAR 375bn (USD 100bn)*
- produce *2bn* cubic feet per day of gas
- Aramco is aiming to increase gas production by *50%* in 2030

ADES' management View About Al Jafurah Field

- there has been two tenders from Aramco
- ADES did not participate in those tenders due to lower day rates which didn't align to management's Criteria

Acquisition Criteria

Payback Period

5 – 7 Years

Unlevered IRR

18 -22%

Backlog to Net Debt Ratio

2x or Higher

Appendix 24 – Financial Analysis (Income Statement)

Income Statement in Millions SAR	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Revenue from contracts with customers	1,695.4	1,514.2	2,467.2	4,331.9	6,199.0	7,388.1	7,851.3	8,709.5	9,400.0	9,968.4
Cost of sales	(823.4)	(699.2)	(1,172.4)	(1,823.3)	(2,587.8)	(3,073.5)	(3,283.9)	(3,658.2)	(3,957.1)	(4,188.7)
GROSS PROFIT	872.0	815.0	1,294.8	2,508.6	3,611.2	4,314.7	4,567.4	5,051.3	5,442.9	5,779.8
General and administrative expenses	(177.7)	(157.6)	(246.1)	(369.8)	(407.8)	(510.0)	(521.7)	(567.7)	(588.3)	(597.3)
Others	(98.2)	72.5	126.1	(100.7)	(159.9)	(424.9)	(86.3)	(86.0)	(200.9)	(188.4)
EBITDA	596.1	729.9	1,174.7	2,038.1	3,043.4	3,379.7	3,959.4	4,397.7	4,653.8	4,994.1
Depreciation and amortization	(235.4)	(275.6)	(403.4)	(797.5)	(1,268.6)	(989.2)	(1,048.4)	(1,162.3)	(1,116.1)	(1,134.4)
EBIT	360.7	454.2	771.3	1,240.6	1,774.8	2,390.6	2,911.0	3,235.4	3,537.7	3,859.7
Finance costs	(244.6)	(305.2)	(303.0)	(711.3)	(803.9)	(628.3)	(605.0)	(590.5)	(570.2)	(555.0)
EBT	116.1	149.1	468.3	529.4	970.9	1,762.3	2,305.9	2,644.9	2,967.5	3,304.6
Income tax expense	(33.6)	(34.6)	(70.7)	(77.3)	(154.7)	(323.3)	(394.9)	(466.4)	(545.8)	(590.7)
Net income	82.6	114.4	397.6	452.1	816.2	1,438.9	1,911.0	2,178.5	2,421.7	2,713.9

Appendix 25 – Financial Analysis (Balance sheet)

Balance sheet in Millions SAR	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E
ASSETS									
Non-current assets									
Property and equipment	3,794.6	5,358.4	12,188.1	16,149.8	17,567.6	17,468.0	17,928.6	18,349.1	18,489.0
Intangible assets	1.3	1.0	0.6	0.4	4.0	0.4	0.4	0.4	0.4
Right of use assets	73.3	64.3	391.0	643.6	494.1	485.3	411.9	327.7	301.4
Others	236.0	117.5	352.4	272.9	302.5	272.9	272.9	272.9	272.9
Total non-current assets	4,105.2	5,541.2	12,932.1	17,066.6	18,368.2	18,226.5	18,613.7	18,950.0	19,063.7
Current assets									
Inventories	178.5	148.5	184.3	331.9	527.3	544.4	561.1	639.4	680.7
Trade receivables	671.5	769.5	1,144.5	1,591.6	1,886.1	1,913.2	1,840.4	2,053.4	2,226.5
Others			49.7	-	102.9				
Bank balances and cash	234.3	232.9	190.8	432.3	744.2	340.4	392.9	666.5	697.1
Total current assets	1,084.4	1,150.9	1,569.2	2,355.8	3,260.5	2,798.0	2,794.3	3,359.4	3,604.3
TOTAL ASSETS	5,189.6	6,692.1	14,501.3	19,422.5	21,628.7	21,024.5	21,408.1	22,309.4	22,668.0
EQUITY AND LIABILITIES									
Equity									
Share capital	-	-	1.0	1,129.1	1,129.1	1,129.1	1,129.1	1,129.1	1,129.1
Others	738.6	868.1	943.0	2,897.6	2,916.9	2,897.6	2,897.6	2,897.6	2,897.6
Retained earnings	928.2	1,025.4	1,278.1	1,721.5	2,446.8	3,006.0	3,770.4	4,641.8	5,610.5
Equity attributable to equity holders of the Parent	1,666.8	1,893.5	2,222.1	5,748.2	6,492.8	7,032.7	7,797.1	8,668.5	9,637.2
Non-controlling interests	35.3	29.5	36.3	28.7	45.2	28.7	28.7	28.7	28.7
Total equity	1,702.1	1,923.1	2,258.4	5,776.9	6,538.0	7,061.4	7,825.8	8,697.2	9,665.8
Liabilities									
Non-current liabilities									
Interest-bearing loans and borrowings	1,144.9	3,637.7	9,575.4	9,169.6	10,725.4	9,115.2	8,442.7	8,201.9	5,279.3
Others	1,333.9	115.6	236.9	841.1	962.6	841.1	841.1	841.1	841.1
Lease liabilities	52.4	38.4	270.1	487.4	352.4	349.2	327.2	339.7	308.3
Total non-current liabilities	2,531.1	3,791.8	10,082.4	10,498.1	12,040.3	10,305.5	9,611.0	9,382.7	6,428.7
Current liabilities									
Trade and other payables	560.6	497.9	1,056.6	1,482.7	1,107.2	2,349.9	2,579.7	2,781.6	2,941.8
Lease liabilities Current portion	15.9	18.4	106.6	156.5	163.1	154.1	178.5	166.6	168.5
Others	58.5	59.7	25.3	328.3	448.7	40.5	40.5	40.5	40.5
Interest-bearing loans and borrowings	321.4	401.2	972.1	1,180.1	1,331.3	1,113.2	1,172.5	1,240.8	3,422.6
Total current liabilities	956.3	977.2	2,160.5	3,147.5	3,050.4	3,657.6	3,971.3	4,229.5	6,573.4
Total liabilities	3,487.4	4,769.0	12,242.9	13,645.5	15,090.7	13,963.2	13,582.3	13,612.3	13,002.1
TOTAL EQUITY AND LIABILITIES	5,189.6	6,692.1	14,501.3	19,422.5	21,628.7	21,024.5	21,408.1	22,309.4	22,668.0

Appendix 26 – Financial Analysis (Cashflow Statement)

Cash flow in Millions SAR	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
OPERATING ACTIVITIES											
Profit for the year before income tax	116.1	149.1	468.3	529.4	970.9	1,762.3	2,305.9	2,644.9	2,967.5	3,304.6	3,816.2
<i>Adjustments to:</i>											
Depreciation and amortization	235.4	275.6	403.4	797.5	1,268.6	989.2	1,048.4	1,162.3	1,116.1	1,134.4	1,168.1
Finance costs	244.6	305.2	303.0	711.3	803.9	628.3	605.0	590.5	570.2	555.0	383.2
Others	73.8	(84.1)	(139.6)	794.9	124.8	375.4	34.3	27.2	134.0	120.7	56.6
<i>Working capital changes:</i>											
(Increase)/decrease in inventories	(15.9)	3.5	(37.1)	(147.6)	(184.5)	(72.2)	(21.7)	(90.7)	(41.0)	(33.1)	(36.6)
(Increase)/decrease in trade receivables	33.2	(193.1)	(86.6)	(398.9)	(127.6)	(394.3)	43.5	(227.8)	(307.3)	(139.4)	(115.0)
Increase/(decrease) in trade and other payables	(7.8)	(87.9)	321.5	34.6	69.2	351.0	229.9	201.9	160.2	159.9	153.6
Increase/(decrease) in Deferred revenue					171.3						
Cash flows from operations	679.4	368.3	1,232.9	2,321.0	3,096.6	3,639.6	4,245.4	4,308.2	4,599.7	5,102.1	5,426.1
Income tax paid	(36.2)	(39.2)	(46.9)	(26.9)	(73.8)	(323.3)	(394.9)	(466.4)	(545.8)	(590.7)	(677.6)
Provisions paid	(22.7)	(12.3)	(39.8)	(11.4)	(23.9)	-	-	-	-	-	-
Net cash flow from operating activities	620.4	316.8	1,146.2	2,282.7	2,998.8	3,316.2	3,850.4	3,841.8	4,054.0	4,511.4	4,748.5
INVESTING ACTIVITIES											
Purchase of property and equipment	(441.1)	(355.0)	(3,923.2)	(4,048.4)	(2,375.1)	(1,406.2)	(1,298.6)	(1,342.2)	(1,114.9)	(227.9)	(1,190.2)
Proceeds from sale of property and equipment	0.4	-	-	0.0	-	-	-	-	-	-	950.0
Others	2.9	(1,108.6)	(2,514.8)	311.9	(810.2)	-	-	-	-	-	-
Net cash flows used in investing activities	(437.8)	(1,463.6)	(6,438.0)	(3,736.5)	(3,185.3)	(1,406.2)	(1,298.6)	(1,342.2)	(1,114.9)	(227.9)	(240.2)
FINANCING ACTIVITIES											
Proceeds from loans and borrowings	252.7	4,336.5	6,566.7	3,351.7	3,193.6	1,000.0	500.0	1,000.0	500.0	1,500.0	-
Repayment of loans and borrowings	(320.0)	(1,774.6)	(899.4)	(3,554.6)	(1,427.8)	(1,044.4)	(1,113.2)	(1,172.5)	(1,240.8)	(3,422.6)	(2,279.3)
Interest paid	(218.7)	(247.2)	(372.5)	(869.7)	(818.9)	(605.2)	(585.5)	(567.9)	(548.0)	(533.6)	(361.0)
Payment of lease liabilities	(21.3)	(22.2)	(38.1)	(164.4)	(200.9)	(179.9)	(154.1)	(178.5)	(166.6)	(168.5)	(175.1)
Dividend payments	(8.9)	(9.0)	(7.0)	(6.8)	(247.5)	(863.4)	(1,146.6)	(1,307.1)	(1,453.0)	(1,628.4)	(1,883.2)
Others	(80.6)	(1,138.2)	-	3,129.8		-	-	-	-	-	-
Net cash flows from/(used in) financing activities	(396.8)	1,145.4	5,249.7	1,886.1	498.4	(1,692.9)	(2,499.4)	(2,226.0)	(2,908.5)	(4,253.1)	(4,698.5)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(214.2)	(1.5)	(42.0)	432.3	311.9	217.2	52.5	273.6	30.6	30.4	(190.2)
Cash and cash equivalents at 1 January	448.5	234.3	232.9	-	432.3	123.2	340.4	392.9	666.5	697.1	727.5
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	234.3	232.9	190.8	432.3	744.2	340.4	392.9	666.5	697.1	727.5	537.3

Appendix 27 – Forecasted Revenue and Backlog Contribution

Revenue by reigon Millions SAR	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
KSA	919	909	1,572	2,861	4,143	4,021	4,138	4,626	4,857	5,152	5,409
Kuwait	410	321	313	471	615	805	872	939	939	1,006	1,073
Egypt	317	251	342	535	486	642	734	734	825	917	1,009
Qatar	-	-	201	345	356	425	425	425	425	425	425
India	-	-	-	18	220	220	220	220	220	220	220
Algeria & Tunisia	49	33	40	102	197	235	235	235	235	235	235
Southeast asia					181	795	737	759	797	836	878
Nigeria						104	20	-	-	-	-
Team's expected expansion						198	403	615	836	853	870
Total	1,695.4	1,514.2	2,467.2	4,331.9	6,199.0	7,444.1	7,783.9	8,552.1	9,134.3	9,644.7	10,119.9

Backlog schedule by region Millions SAR	2025E	2026E	2027E	2028E	2029E	2030E
KSA	4,089	3,309	2,671	2,386	2,379	1,021
Kuwait	700	760	767	763	572	403
Egypt	366	95	-	-	-	-
Qatar	425	399	34	-	-	-
Tunisia	-	-	-	-	-	-
India	64	19	-	-	-	-
Algeria	59	59	59	59	30	-
Indonisia	161	161	161	161	80	-
Thailand	254	247	129	129	129	129
Nigeria	59	20	-	-	-	-
Total	6,177	5,068	3,821	3,499	3,190	1,554

Appendix 28 – Revenue Build up Offshore Segment

Implied Day rates by SAR (offshore)	2024A	2025E	2026E	2027E	2028E	2029E	2030E
KSA	360,822	360,822	360,822	378,863	397,806	417,696	438,581
Egypt	251,250	251,250	251,250	251,250	251,250	251,250	251,250
Qatar	319,507	388,116	388,116	388,116	388,116	388,116	388,116
India	204,588	225,047	247,552	272,307	299,538	329,491	362,441
Indonesia	445,002	400,502	360,451	371,265	389,828	409,320	429,786
Thailand	392,751	353,476	346,407	356,799	374,639	393,371	413,039
Malaysia	468,750	421,875	379,688	391,078	410,632	431,164	452,722
Nigeria	-	213,750	213,750	-	-	-	-
Team's expected expansion	-	348,953	343,719	355,503	370,739	386,628	403,198

Active Offshore rigs	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
KSA						27	28	29	29	29	29
Egypt						7	8	8	9	10	11
Qatar						3	3	3	3	3	3
India						3	3	3	3	3	3
Indonesia						2	2	2	2	2	2
Thailand						2	2	2	2	2	2
Malaysia						1	1	1	1	1	1
Nigeria						1	-	-	-	-	-
Team's expected expansion						2	4	6	8	8	8
Total	-	-	-	-	-	48	51	54	57	58	59

Fleet by region (offshore)	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
KSA			33	33	30	28	29	29	29	29	29
Egypt			10	10	11	11	11	11	11	11	11
Qatar			3	3	3	3	3	3	3	3	3
India			3	3	3	3	3	3	3	3	3
Indonesia			-	-	2	2	2	2	2	2	2
Thailand				-	1	2	2	2	2	2	2
Malaysia				-	1	1	1	1	1	1	1
Nigeria						1	-	-	-	-	-
Team's expected expansion			-	-	-	2	4	6	8	8	8
Total			49	49	51	53	55	57	59	59	59
Idle offshore rigs						5	4	3	2	1	-

Appendix 29 – Revenue Build up Onshore Segment

Implied Day rates by SAR (onshore)	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
KSA	110,029	126,713	133,054		131,250	127,313	123,493	129,668	136,151	142,959	150,107
Kuwait					183,750	183,750	183,750	183,750	183,750	183,750	183,750
Egypt											
Tunisia											
Algeria				80,625	80,625	80,625	80,625	80,625	80,625	80,625	80,625

Active Onshore rigs	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
KSA						10	10	13	13	14	14
Kuwait						12	13	14	14	15	16
Egypt						-	-	-	-	-	-
Tunisia						-	-	-	-	-	-
Algeria						8	8	8	8	8	8
Total	0	0	0	0	0	30	31	35	35	37	38

Fleet by region (onshore)	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
KSA			14	14	14	14	14	14	14	14	14
Kuwait			12	14	14	16	16	16	16	16	16
Egypt			3	3	1	1	1	1	1	1	1
Tunisia			1	1	1	1	1	1	1	1	1
Algeria			6	6	8	8	8	8	8	8	8
Total			36	38	38	40	40	40	40	40	40
Idle onshore rigs			13	9	9	10	9	5	5	3	2

Appendix 30 – Cost Structure

Gross margin without D&A	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
KSA	50.0%	54.8%	53.2%	59.6%	60.1%	60.1%	60.1%	60.1%	60.1%	60.1%	60.1%
Kuwait	53.6%	53.7%	54.7%	52.5%	53.1%	53.1%	53.1%	53.1%	53.1%	53.1%	53.1%
Egypt	53.3%	50.6%	53.0%	59.9%	66.2%	66.2%	66.2%	66.2%	66.2%	66.2%	66.2%
Qatar	N/A	N/A	44.4%	50.0%	53.2%	53.2%	53.2%	53.2%	53.2%	53.2%	53.2%
Tunisia	N/A	36.1%	-9.2%	27.7%	-22.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
India	N/A	N/A	N/A	69.7%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%	60.4%
Algeria	38.0%	28.0%	35.4%	40.2%	45.8%	45.8%	45.8%	45.8%	45.8%	45.8%	45.8%
Indonesia	N/A	N/A	N/A	N/A	63.6%	63.6%	63.6%	63.6%	63.6%	63.6%	63.6%
Thailand	N/A	N/A	N/A	N/A	42.1%	42.1%	42.1%	42.1%	42.1%	42.1%	42.1%
Malaysia	N/A	N/A	N/A	N/A	N/A	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%
Nigeria	N/A	N/A	N/A	N/A	N/A	66.7%	66.7%	66.7%	66.7%	66.7%	66.7%
Team's expected expansion	N/A	N/A	N/A	N/A	N/A	51.0%	51.0%	51.0%	51.0%	51.0%	51.0%
Total Gross margin% without D&A	51.1%	53.3%	52.1%	57.6%	58.8%	58.4%	58.2%	58.0%	57.9%	58.0%	58.0%
Total Gross margin% with D&A	37.5%	35.6%	36.1%	39.5%	42.7%	45.1%	44.8%	44.7%	46.0%	46.6%	46.9%

G&A As % of revenue	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
KSA	-9.43%	-8.09%	-9.02%	-7.06%	-5.63%	-5.38%	-5.13%	-4.88%	-4.63%	-4.38%	-4.13%
Kuwait	-8.71%	-11.86%	-10.53%	-8.54%	-6.04%	-5.79%	-5.54%	-5.29%	-5.04%	-4.79%	-4.54%
Egypt	-8.12%	-8.28%	-8.41%	-5.85%	-4.14%	-3.89%	-3.64%	-3.39%	-3.14%	-2.89%	-2.64%
Qatar	N/A	N/A	-6.80%	-6.22%	-4.94%	-4.69%	-4.44%	-4.19%	-3.94%	-3.69%	-3.44%
Tunisia	N/A	-14.81%	-14.77%	-9.88%	-8.52%	-8.27%	-8.02%	-7.77%	-7.52%	-7.27%	-7.02%
India	N/A	N/A	N/A	-5.55%	-5.94%	-5.69%	-5.44%	-5.19%	-4.94%	-4.69%	-4.44%
Algeria	-13.47%	-9.12%	-19.35%	-12.89%	-7.61%	-7.36%	-7.11%	-6.86%	-6.61%	-6.36%	-6.11%
Indonesia	N/A	N/A	N/A	N/A	-3.61%	-3.36%	-3.11%	-2.86%	-2.61%	-2.36%	-2.11%
Thailand	N/A	N/A	N/A	N/A	-12.54%	-12.29%	-12.04%	-11.79%	-11.54%	-11.29%	-11.04%
Malaysia	N/A	N/A	N/A	N/A	N/A	-12.29%	-12.04%	-11.79%	-11.54%	-11.29%	-11.04%
Nigeria	N/A	N/A	N/A	N/A	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Team's expected expansion	N/A	N/A	N/A	N/A	N/A	-6.90%	-6.65%	-6.40%	-6.15%	-5.90%	-5.65%
Corporate	-1.4%	-1.5%	-0.9%	-1.4%	-1.3%	-1.3%	-1.2%	-1.3%	-1.3%	-1.3%	-1.3%
Total G&A	-10.5%	-10.4%	-10.0%	-8.5%	-6.9%	-6.9%	-6.6%	-6.5%	-6.3%	-6.0%	-5.7%

Appendix 31 – Property Plant and Equipment in millions SAR

RIGS	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
Opening	3,700	3,932	5,862	-	13,979	17,933	18,964	19,864	20,764	21,664	21,664
Acquisitions through business combinations	-	1,554	2,559	9,113	-	-	-	-	-	-	-
Additions	70	102	157	583	859	1,031	900	900	900	-	950
Transfers	197	274	589	4,284	3,095	-	-	-	-	-	-
Reclassification	(35)	-	-	-	-	-	-	-	-	-	-
Retirement & disposal	-	-	(0)	-	-	-	-	-	-	-	(950)
Gross Value	3,932	5,862	9,167	13,979	17,933	18,964	19,864	20,764	21,664	21,664	21,664
Depreciation	(182)	(213)	(317)	(530)	(695)	(700)	(735)	(781)	(814)	(808)	(810)
Impairment	(19)	(76)	-	-	-	-	-	-	-	-	-
Retirement & disposal	-	-	0	-	-	-	-	-	-	-	-
Transfers	-	-	(30)	-	-	-	-	-	-	-	-
Accumulated depreciation	(460)	(660)	(949)	(1,297)	(1,826)	(2,521)	(3,221)	(3,956)	(4,738)	(5,552)	(6,359)
Net book value	3,272	4,913	7,871	12,153	15,412	15,743	15,908	16,026	16,112	15,305	14,495
Depreciation rate	-4.6%	-3.6%	-3.5%	-3.8%	-3.9%	-3.7%	-3.7%	-3.8%	-3.8%	-3.7%	-3.7%
Total PP&E	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Opening	4,232	4,558	6,495	-	18,321	19,854	21,263	22,561	23,903	25,018	25,246
Acquisitions through business combinations	-	1,563	3,637	13,573	-	-	-	-	-	-	-
Additions	330	374	3,563	4,750	1,533	1,408	1,299	1,342	1,115	228	1,190
Transfers	(0)	(0)	-	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-	-	-	-
Retirement & disposal	(3)	-	(0)	(3)	-	-	-	-	-	-	(950)
Gross Value	4,558	6,495	13,695	18,321	19,854	21,263	22,561	23,903	25,018	25,246	25,486
Depreciation	(216)	(260)	(370)	(666)	(818)	(803)	(838)	(922)	(975)	(965)	(977)
Impairment	(19)	(114)	-	-	-	-	-	-	-	-	-
Retirement & disposal	1	-	0	1	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	(530)	(764)	(1,137)	(1,507)	(2,171)	(2,989)	(3,792)	(4,630)	(5,552)	(6,527)	(7,492)
Net book value	3,795	5,358	12,188	16,150	16,865	17,470	17,931	18,351	18,491	17,754	17,017

Appendix 32 – Right of Use Assets and Lease Liabilities

ROU - Total	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Opening	108	100	101	-	798	884	995	1,132	1,288	829	994
Acquisitions through business combinations	-	-	-	449	-	-	-	-	-	-	-
Additions	17	8	370	429	86	111	137	156	151	166	179
Transfers	(25)	(6)	(22)	(42)	-	-	-	-	(611)	-	-
Reclassification	-	-	-	(38)	-	-	-	-	-	-	-
Retirement & disposal	-	(1)	1	(0)	-	-	-	-	-	-	-
Gross Value	100	101	449	798	884	995	1,132	1,288	829	994	1,173
Depreciation	(19)	(15)	(33)	(132)	(169)	(186)	(210)	(241)	(141)	(169)	(192)
Impairment	13	4	11	27	-	-	-	-	-	-	-
Retirement & disposal	-	-	-	8	-	-	-	-	-	-	-
Transfers	(1)	2	-	0	-	-	-	-	-	-	-
Accumulated depreciation	(20)	(27)	(36)	(58)	(154)	(323)	(509)	(719)	(386)	(527)	(697)
Net book value	73	64	391	644	561	486	412	328	302	298	285

Lease liabilities	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Opening	82.9	68.3	56.9	-	643.8	549.5	503.7	506.1	506.6	477.0	495.5
Acquisitions through business combinations	-	-	-	376.7	-	-	-	-	-	-	-
Additions	19.9	4.5	363.0	419.1	85.8	111.2	137.0	156.5	151.3	165.6	178.9
Lease terminations	(16.4)	-	(10.7)	(14.9)	-	-	-	-	(36.4)	-	-
Other adjustments	-	2.3	(0.8)	(0.8)	-	-	-	-	-	-	-
Accretion of interest	3.2	3.9	6.5	28.1	25.8	23.1	19.6	22.7	22.2	21.4	22.2
Payments	(21.3)	(22.2)	(38.1)	(164.4)	(205.9)	(180.1)	(154.2)	(178.6)	(166.7)	(168.5)	(175.2)
Total	68.3	56.9	376.7	643.8	549.5	503.7	506.1	506.6	477.0	495.5	521.6
Implied interest rate	3.7%	5.2%	1.6%	3.6%	3.5%	3.5%	3.1%	3.4%	3.4%	3.3%	3.3%
Payment ratio	28.4%	34.8%	10.9%	24.7%	24.7%	23.8%	21.0%	23.5%	23.2%	22.9%	22.7%

Appendix 33 – Financing Part 1 (In millions SAR)

Syndicate loan A	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Opening balance	3,330	3,106	2,863	2,604	2,331	2,041	-
Principal payment	(224)	(243)	(259)	(274)	(290)	(2,041)	-
Closing	3,106	2,863	2,604	2,331	2,041	-	-
Finance cost	225	182	161	144	128	112	-
Syndicate loan C	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Opening balance	1,840	1,583	1,302	1,004	688	353	-
Principal payment	(257)	(280)	(298)	(316)	(334)	(353)	-
Closing	1,583	1,302	1,004	688	353	-	-
Finance cost	122	90	71	53	34	15	-
BSF	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Opening balance	1,266	1,142	1,006	862	709	547	-
Principal payment	(124)	(135)	(144)	(153)	(162)	(547)	-
Closing	1,142	1,006	862	709	547	-	-
Finance cost	86	66	55	46	37	21	-
SNB	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Opening balance	1,359	1,253	1,137	1,013	881	741	593
Principal payment	(106)	(116)	(124)	(132)	(140)	(148)	(593)
Closing	1,253	1,137	1,013	881	741	593	-
Finance cost	95	75	63	55	47	39	16
Alrajhi	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Opening balance	1,421	1,281	1,128	963	789	605	409
Principal payment	(140)	(154)	(164)	(174)	(185)	(195)	(409)
Closing	1,281	1,128	963	789	605	409	-
Finance cost	99	75	62	51	41	30	15

Interest rate: 1.5%+6m SAIBOR for SAR portion
2%+6m LIBOR for USD portion

Interest rate: 1.5%+6m SAIBOR for SAR portion
2%+6m LIBOR for USD portion

Interest rate: 1.5%+3m SAIBOR

Interest rate: 1.5%+3m SAIBOR

Interest rate: 1.5%+3m SAIBOR

Appendix 34 – Financing Part 2 (In millions SAR)

ALINMA-IJARA	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Opening balance	996	895	786	669	546	415	277
Principal payment	(100)	(109)	(117)	(124)	(131)	(138)	(277)
Closing	895	786	669	546	415	277	-
Finance cost	66	53	44	36	29	22	14
MASHREQ	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Opening balance	18	12	7	-	-	-	-
Principal payment	(6)	(6)	(7)	-	-	-	-
Closing	12	7	-	-	-	-	-
Finance cost	1	1	0	-	-	-	-
REVOLVER SYNDICATION B	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Opening balance	75	-	-	-	-	-	-
Principal payment	(75)	-	-	-	-	-	-
Closing	-	-	-	-	-	-	-
Finance cost	5	-	-	-	-	-	-
CREDIT FACILITIES	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Opening balance	45	-	-	-	-	-	-
Principal payment	(45)	-	-	-	-	-	-
Closing	-	-	-	-	-	-	-
Finance cost	3	-	-	-	-	-	-
Syndicate loan D (THIS IS THE 3 BILLION DOLLAR)	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Opening balance	-	1,000	2,000	2,500	3,500	4,000	5,500
Additions	1,000	1,000	500	1,000	500	1,500	-
Principal payment	-	-	-	-	-	-	(1,000)
Closing	1,000	2,000	2,500	3,500	4,000	5,500	4,500
Finance cost	64	96	143	191	239	303	319
	2024E	2025E	2026E	2027E	2028E	2029E	2030E
SWAP Finance income	96.3	31.6	14.1	9.4	6.9	8.3	3.2

Interest rate: 1.75%+6m
SAIBOR

Interest rate: 2.75% +CBK
discount rate

Interest rate: 6.37%

Appendix 35 – Management Interviews - Expansion plan



CEO interviewed with CNBC talking about their recent expansions and mentioned that "We are planning the increase our offshore fleet by adding 10 offshore rigs, Each offshore rigs costs a (400 Million SAR). So, we are talking about a Capex of (4 Billion SAR)".



CFO interviewed with the teams from the CFA RC talking about their plans and mentioned that "We are planning to increase our offshore rig count by 8-10 rigs..".

Appendix 36 – CEO Interview - Interest Swap Agreement



CEO Mentioned in an interview with Alarabia Business
“At the same time, we took a proactive step by hedging approximately 60% of the debt to 4%”.

This entry to the swap agreement has effectively reduced finance cost till now & still remains as an asset to the company.

Appendix 37 – Team Rig Analysis

Onshore Rig Sensitivity

		Dayrate USD					
		25,649	30,175	35,500	40,825	46,949	53,991
RigCapex(Million USD)	20.9	16%	24%	33%	42%	53%	65%
	24.6	13%	20%	28%	36%	45%	55%
	28.9	10%	17%	24%	30%	38%	47%
	34.0	8%	14%	20%	26%	32%	40%
	40.0	6%	11%	17%	22%	27%	34%
	46.0	5%	9%	14%	19%	24%	29%
	52.9	3%	8%	12%	16%	21%	25%
	60.8	2%	6%	10%	14%	18%	22%
	70.0	1%	4%	8%	11%	15%	19%

Offshore Rig Sensitivity

RigCapex (Million USD)	Dayrate USD						
		66,087	77,750	91,470	105,191	120,969	139,114
	55.7	18%	26%	35%	44%	54%	66%
	65.5	15%	22%	30%	37%	46%	56%
	77.1	13%	19%	25%	32%	39%	48%
	90.7	10%	16%	21%	27%	33%	40%
	106.7	8%	13%	18%	23%	28%	34%
	122.7	6%	11%	15%	20%	24%	30%
	141.1	5%	9%	13%	17%	21%	26%
	162.2	3%	7%	11%	14%	18%	22%
	186.6	2%	5%	9%	12%	15%	19%

With the absence of Standardized ESG evaluation, ADES has been assessed in different metrics by ESG rating agencies based on its assigned industry. To address this challenge, we have reviewed the rating rationale from Bloomberg and MSCI. Identified comparable companies operating within the same operational area, this approach enables us to perform apples-to-apples comparison and select the most relevant and significant metric for the oil & gas industry. And below is the criteria for our assessment.

Rating	Description	ESG Scorecard Criteria
0	No effort or N/A.	No Evidence of Effort or Action taken to meet criterion or No disclosures
1	Minimal Effort with Limited Success	Limited evidence of effort with minimal progress toward achieving the criterion
2	Moderate Effort with partial success	Clear evidence of effort resulting in some measurable progress toward meeting the criterion
3	Industry Standard Effort & Success	Effort and outcomes align with industry standards for meeting the criterion.
4	Exceeding Industry Standards	Recognized as an industry innovator for exceptional effort.

Appendix 39 – ESG Scorecard

Pillar& Issue	ADES	Arabian Drilling	Shelf drilling	ADNOC	W%
Environment	3.1	3.4	2.3	3.7	40.00%
Carbon Emission	2.5% GHG emissions intensity, 2549 (kl) consumption per rig, and hybrid power & zero spills	2.2% GHG emissions intensity, 2833 (kl) consumption per rig, and zero spills	high GHG emissions per rig compared to competitors, 3010 (kl) consumption per rig, and 5 overboard spills	1.8% GHG emissions intensity, 1875 (kl) per rig, hybrid power, and zero on spills	13.33%
Objective targets	2	4	2	4	33.33%
Execution	2	3	1	4	33.33%
Alternative energy	3	3	3	4	33.33%
Spills & Leaks	4	4	2	4	13.33%
Transparency & Disclosures	3	3	3	3	13.33%
Social SCORE	3.6	3.0	3.6	2.4	35.00%
Workforce Safety Assurance	6% TRIR & RIG EYE technology safeguarding lives using AI, safety programs for employees, and 60% localization	19% TRIR, CCTV deployed in rigs, safety programs for employees, and 66.3% localization	18% TRIR, incentivizes to the identification and reporting of unsafe conditions by crews, and 89% localization	TRIR 46%, CCTV footage from rigs to enhance drilling activities, safety programs for employees, and 15.74% localization	20.00%
Incidents TRIR	4	3	3	1	50.00%
Safety & Training	4	3	4	3	50.00%
Community Engagement	3	3	4	3	10.00%
Transparency & Disclosures	3	3	3	3	5.00%
Governance SCORE	2.5	2.8	2.7	3.2	25.00%
Management	Management has relevant industry experience and high rig availability	Management has relevant industry experience and moderate rig availability	Management has relevant industry experience and high rig availability	Management has relevant industry experience & very high rig availability	10.00%
Experience	3	3	3	4	50.00%
Utilization rates	4	3	4	4	50.00%
Board of directors	9 seats, 3 are independent, and 0% female at the board	9 seats, 2 are independent, and 11% female seats at the board	9 seats, 4 are independent, and 0% female at the board	7 seats, 7 are independent, and 14% female at the board	10.00%
Experience	3	3	3	3	33.33%
Independence	1	1	2	4	33.33%
Diversity	0	2	0	2	33.33%
Audi committee	3	3	3	3	5.00%
SCORE	3.1	3.1	2.9	2.7	

ADES signifies a great position in ESG overall & adheres to globally recognized standards (GRI).














Appendix 40 – Management’ Bios

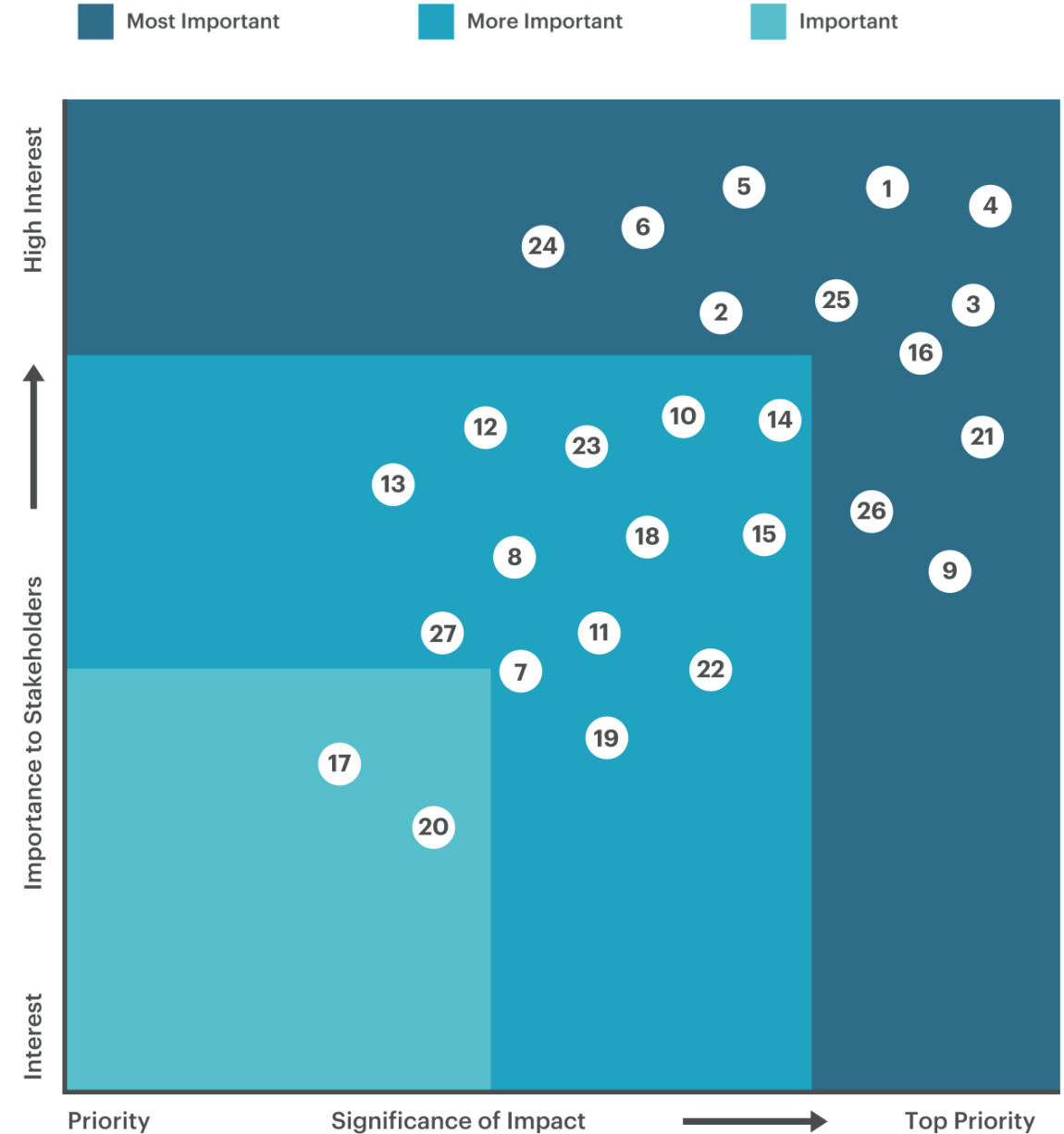
Individual & Responsibility	More than 7 years of experience	Gender	Age	Profile
Dr. Farouk (CEO & Vice Chairman)	YES	Male	59	Dr. Farouk is the Chief Executive officer of ADES Holding since December 2022, he is also the Vice Chairman. Dr. Khaleq serves as the Chief Executive Officer at ADES International Holding PLC since 2012 and serves as its Managing Director. He has led its expansion into new markets and services as ADES transforms into a leading global rig operator.
Mr. Badawy (CFO)	YES	Male	N/A	Mr. Badawy is the Group CFO at ADES Holding since September 2021. He was the Investor Relations Officer at ADES International Holding PLC since February 2016. Mr. Badawy's background in finance and marketing has key experience to his role.
Mr. Al-Dani (CIO)	YES	Male	50	Mr. Al- Adani is the Chief Information Officer of ADES Holding. He holds previous related positions, he was the Chief Technology Officer at United Nations, GB Auto Company, Americana International Restaurants PLC, and Lafarge Company.
Mr. Parmesh (CPO)	YES	Male	51	Mr. Parmesh is the Chief Human Resources Officer of ADES Holding. He holds 6 previous related position in Human resource departments
Mr. Samy (COO)	YES	Male	N/A	Mr. Naguib holds more than 12 years of experience in the oil & gas industry and served in International He was Vice President for Global Integrated Production Services at Schlumberger Ltd. (SLB) from 2016 to 2020 and was its Vice President for Well Services - Middle East and Asia from 2013 to 2016.

Appendix 41 – Board of Director’ Bios














Individual & Responsibility	Independent	Gender	Age	Profile
Mr. Abbas	NO	Male	49	Mr. Abbas has been Executive Chairman and Director at ADES International Holding PLC (Subsidiary) since May 22, 2016. Mr. Abbas has experience in founding, investing and managing trading and engineering services in the fields of Oil & Gas, Real Estate, Investment, Technology and process-related industries.
Dr. Farouk	NO	Male	59	Dr. Farouk is the Vice Chairman and the CEO of ADES Holding , he serves as the Chief Executive Officer at ADES International Holding PLC since 2012 and serves as its Managing Director. He has led its expansion into new markets and services as ADES transforms into a leading global rig operator.
Mr. Bennaceur	YES	Male	N/A	Mr. Bennaceur is the Chairman of DAMORPHE Company, a nano-technology focused start-up developing and selling high-value for the energy sector, he served over 40 years of experience in the fields of oil & gas, alternative energy, and multiple sectors
Mr. Al-Shathri	NO	Male	38	Mr. Al-Shathri is involved in more than 10 positions at different firms, he serves as a Lead Director in PIF, and served previously as an Advisor of Saudi Aramco from 2008 to 2015.
Mr. Al-Said	NO	Male	43	Mr. Al-Saeed holds a position in Saudi Jordanian Investment Fund Co. (Jordan) as a Non-executive Director, and Lead Director of PIF (Saudi Arabia), Mr. Fadi holds an experience of more than 18 years.
Mr. Al-Zamil	NO	Male	38	Mr. Al -Zamil serves as an Executive Director and Chairman of the Company, Zamil Investment since 2018, he hold positions in more than 4 companies
Mr. Al-Fayez	YES	Male	N/A	Mr. Al-Fayez is the Chief Executive Officer of Awqaf Investment Company, as well as a as a Board Member at 4 other companies and an Executive Committee member at Arriyadh Holding Company.
Mr. Cherif	YES	Male	N/A	Mr. Cherif was the founder of the private debt business at Gulf Capital, he has raised more than 800M of commitments for mezzanine and equity funds as well as structuring and executing more than 25 junior debt and structured equity transactions on the investment and divestment sides.
Mr. Soliman	NO	Male	66	Mr. Soliman has a wealth of international industry experience, having years with Schlumberger Limited after joining in 1982. His longstanding career with Schlumberger included senior roles in the Middle East, Europe, Latin America and the Caribbean.

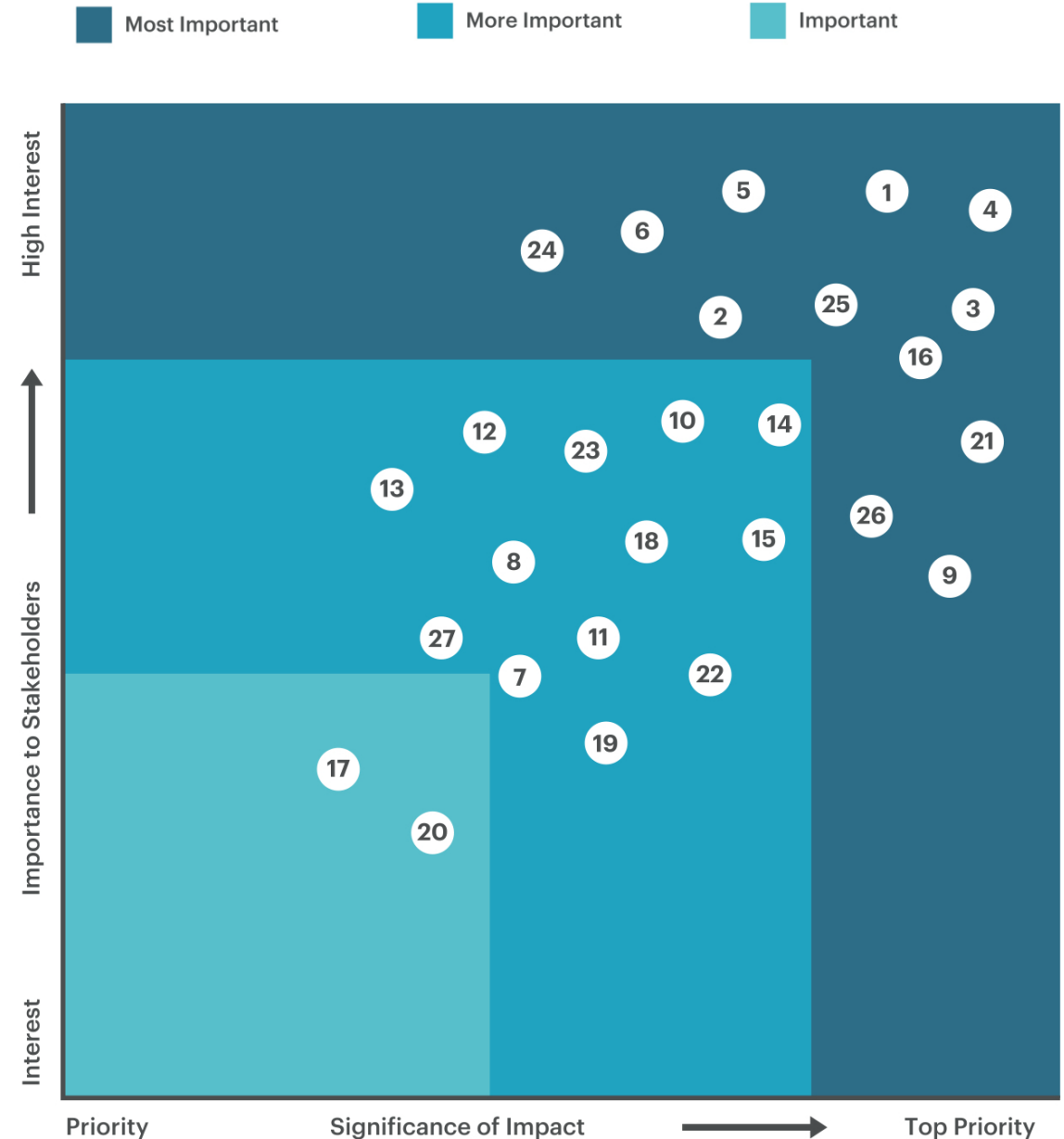
Appendix 42 – Materiality Matrix I

	Material Topics GRI	Description	Material Topic UN SDG	Boundaries	Priority
1	403	Health and Safety		ADES	Most important
2	201	Finances		ADES	Most important
3	401	Employee turnover rate		ADES	Most important
4	305	Emission		ADES	Most important
5	103-2	Workforce and Contractor Grievances		ADES	Most important
6	403	Climate Change Mitigation & Adaptation		ADES	Most important
7	303, 306	Waste Management		ADES	More important
8	410	Security of Infrastructure/Assets		ADES	More important
9	403	Safeguarding Health During the Modern Health Crisis		ADES	Most important
10	418	Cybersecurity and data protection		ADES	More important
11	406	Business Ethics, Integrity, Transparency & Anti-Corruption		ADES	More important
12	201	Infrastructure and overall services		ADES	More important
13	415	Compliance with International, Sustainability Regulations & Frameworks		ADES	More important



Appendix 43 – Materiality Matrix II

Material Topics GRI	Description	Material Topic UN SDG	Boundaries	Priority
14 301	Operational efficiency		ADES	More important
15 403	Emergency Preparedness		ADES	More important
16 201,203	Economic Growth		ADES	Most important
17 416	Customer Privacy and Safeguarding Customer Information		ADES	Important
18 204	Sustainable Procurement		ADES	More important
19 308	Compliance with Local Sustainability Regulations & Frameworks		ADES	More important
20 404	Training, Education, and Growth of Employees		ADES	Important
21 203	Economic Contribution to Sustainability Matters		ADES	Most important
22 308	Sustainability (Economic, Environmental, and Social) Assessment of the Supply Chain		ADES	More important
23 413	Local Community		ADES	More important
24 405,406	Equal Opportunity and Diversity		ADES	Most important
25 413	Corporate Volunteering		ADES	Most important
26 405	Equal Opportunity and Diversity		ADES	Most important
27 304	Biodiversity Conservation		ADES	More important



Appendix 44 – Valuation DCF Analysis Build Up-1

For the whole company	2025E	2026E	2027E	2028E	2029E	2030E
NOPAT	2,085.2	2,521.5	2,768.8	2,991.8	3,268.8	3,521.7
D&A	989.4	1,048.6	1,162.5	1,116.3	1,134.6	1,168.3
Other non-cash expenses	382.2	27.5	27.2	134.0	120.7	56.6
NWC	(122.7)	259.0	(116.7)	(188.1)	(12.7)	2.0
Capex	(1,408.4)	(1,298.6)	(1,342.2)	(1,114.9)	(227.9)	(1,190.2)
FCF	1,925.7	2,558.0	2,499.7	2,939.1	4,283.5	3,558.4

Countries EBITDA contribution %	2025E	2026E	2027E	2028E	2029E	2030E
KSA	56.0%	54.9%	55.6%	54.2%	54.1%	53.8%
Kuwait	9.7%	10.0%	9.8%	9.1%	9.2%	9.3%
Egypt	10.2%	11.1%	10.0%	10.5%	10.9%	11.4%
Qatar	5.3%	5.0%	4.5%	4.2%	4.0%	3.8%
Tunisia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
India	3.4%	3.6%	3.6%	3.7%	3.8%	3.9%
Algeria	2.3%	2.2%	2.0%	1.9%	1.7%	1.7%
Indonesia	4.5%	3.8%	3.6%	3.5%	3.4%	3.4%
Thailand	1.9%	1.8%	1.7%	1.7%	1.7%	1.7%
Malaysia	2.1%	1.8%	1.7%	1.6%	1.6%	1.6%
Nigeria	1.8%	0.3%	0.0%	0.0%	0.0%	0.0%
Team's expected expansion	2.9%	5.4%	7.6%	9.8%	9.6%	9.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Appendix 45 – Valuation DCF Analysis Build Up-2

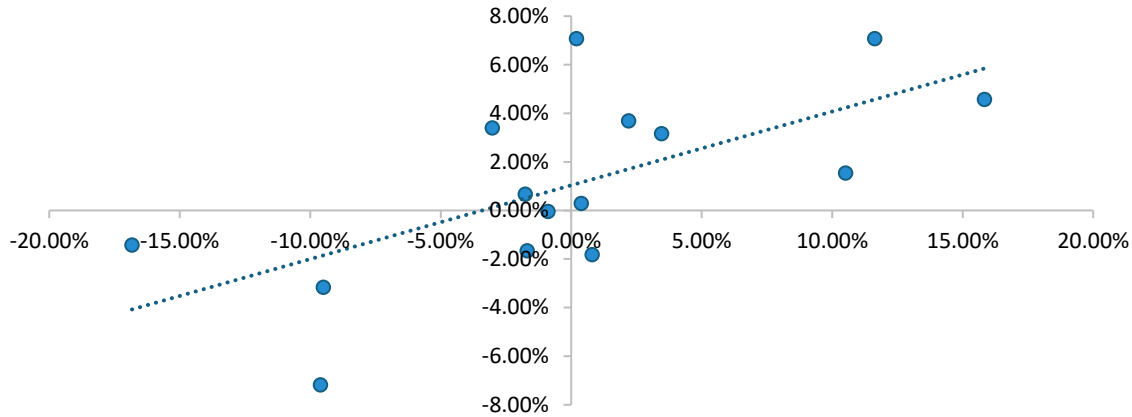
KSA	2025E	2026E	2027E	2028E	2029E	2030E	
FCFF	1,078.4	1,404.9	1,388.7	1,591.8	2,316.1	1,913.9	
Discounted	964.4	1,149.2	1,038.9	1,089.0	1,449.2	1,095.2	Equity risk premium 5.63%
EV	21,241				Terminal value discounted	14,154.3	Cost of equity 10.84%
							WACC 9.34%
							Growth 1%
Kuwait	2025E	2026E	2027E	2028E	2029E	2030E	
FCFF	186.9	256.4	244.4	266.9	392.6	329.8	
Discounted	167.1	209.7	182.8	182.6	245.6	188.7	Equity risk premium 5.63%
EV	3,659				Terminal value discounted	2,438.9	Cost of equity 10.84%
							WACC 9.34%
							Growth 1%
Egypt	2025E	2026E	2027E	2028E	2029E	2030E	
FCFF	196.0	283.3	250.4	307.4	468.2	405.1	
Discounted	162.9	203.1	154.8	163.8	215.2	160.6	Equity risk premium 15.57%
EV	2,227				Terminal value discounted	1,126.2	Cost of equity 21.27%
							WACC 15.96%
							Growth 1%
Qatar	2025E	2026E	2027E	2028E	2029E	2030E	
FCFF	101.1	128.1	113.4	123.8	169.9	133.8	
Discounted	90.6	105.0	85.1	85.0	106.9	77.0	Equity risk premium 5.48%
EV	1,582				Terminal value discounted	1,009.0	Cost of equity 10.68%
							WACC 9.24%
							Growth 1%
India	2025E	2026E	2027E	2028E	2029E	2030E	
FCFF	66.1	92.0	89.5	107.5	162.1	140.4	
Discounted	58.2	73.3	64.4	69.9	95.3	74.6	Equity risk premium 7.81%
EV	1,278				Terminal value discounted	826.1	Cost of equity 13.13%
							WACC 10.65%
							Growth 1%
Algeria	2025E	2026E	2027E	2028E	2029E	2030E	
FCFF	44.3	56.2	49.8	54.5	74.9	59.0	
Discounted	38.2	43.0	33.8	32.8	40.0	28.0	Equity risk premium 11.18%
EV	480				Terminal value discounted	254.6	Cost of equity 16.66%
							WACC 12.66%
							Growth 1%

Appendix 46 – Valuation DCF Analysis Build Up-3

Indonesia	2025E	2026E	2027E	2028E	2029E	2030E	
FCFF	86.3	98.2	89.5	102.5	147.6	121.9	
Discounted	76.4	78.9	65.2	67.7	88.4	66.3	Equity risk premium 7.38%
EV	1,218					768.1	Cost of equity 12.67%
							WACC 10.24%
							Growth 1%
Thailand	2025E	2026E	2027E	2028E	2029E	2030E	
FCFF	37.2	46.9	42.9	49.4	71.4	59.2	
Discounted	32.9	37.7	31.2	32.6	42.7	32.2	Equity risk premium 6.94%
EV	583					372.2	Cost of equity 12.21%
							WACC 10.26%
							Growth 1%
Malaysia	2025E	2026E	2027E	2028E	2029E	2030E	
FCFF	40.5	46.2	42.1	48.2	69.5	57.4	
Discounted	36.1	37.4	31.0	32.4	42.4	31.9	Equity risk premium 6.35%
EV	599					387.8	Cost of equity 11.59%
							WACC 9.85%
							Growth 1%
Nigeria	2025E	2026E	2027E	2028E	2029E	2030E	
FCFF	33.8	8.0	-	-	-	-	
Discounted	28.4	5.9	-	-	-	-	Equity risk premium 14.34%
EV	34					-	Cost of equity 19.98%
							WACC 15.10%
Team's expected expansion	2025E	2026E	2027E	2028E	2029E	2030E	
FCFF	55.1	137.6	189.0	287.2	411.3	337.9	
Discounted	49.3	112.5	141.3	196.3	257.0	193.1	Equity risk premium
EV	3,438					2,488.1	Cost of equity
							WACC 9.37%
							Growth 1%

EV	36,339
Debt	11,321
Non-controlling interests	29
lease liabilities	402
Cash	883
Equity	25,470
Num of shares	1,129
TP	22.53

Appendix 47 – Beta Calculation I



Beta calculation Data

Time horizon	From IPO till January 2025
Frequency	Monthly
Raw Beta	1.43
Adjusted Beta (according to Bloomberg)	1.28
R ²	0.428
Std Dev of Error	6.85
Std Dev of Beta	0.477

Simple smoothing process used by Bloomberg

$$\text{Adjusted Beta} = 0.33 + 0.67 (\text{Raw Beta})$$

Vasicek (Bayesian) shrinkage adjustment for a raw beta estimate

$$\beta_{\text{adj}} = \left(\frac{\sigma_{\epsilon}^2}{\sigma_{\epsilon}^2 + \sigma_b^2} \right) 1 + \left(1 - \frac{\sigma_{\epsilon}^2}{\sigma_{\epsilon}^2 + \sigma_b^2} \right) \beta_{\text{raw}}$$

where

σ_{ϵ} = standard error of the regression beta

σ_b = cross-sectional standard deviation of all betas

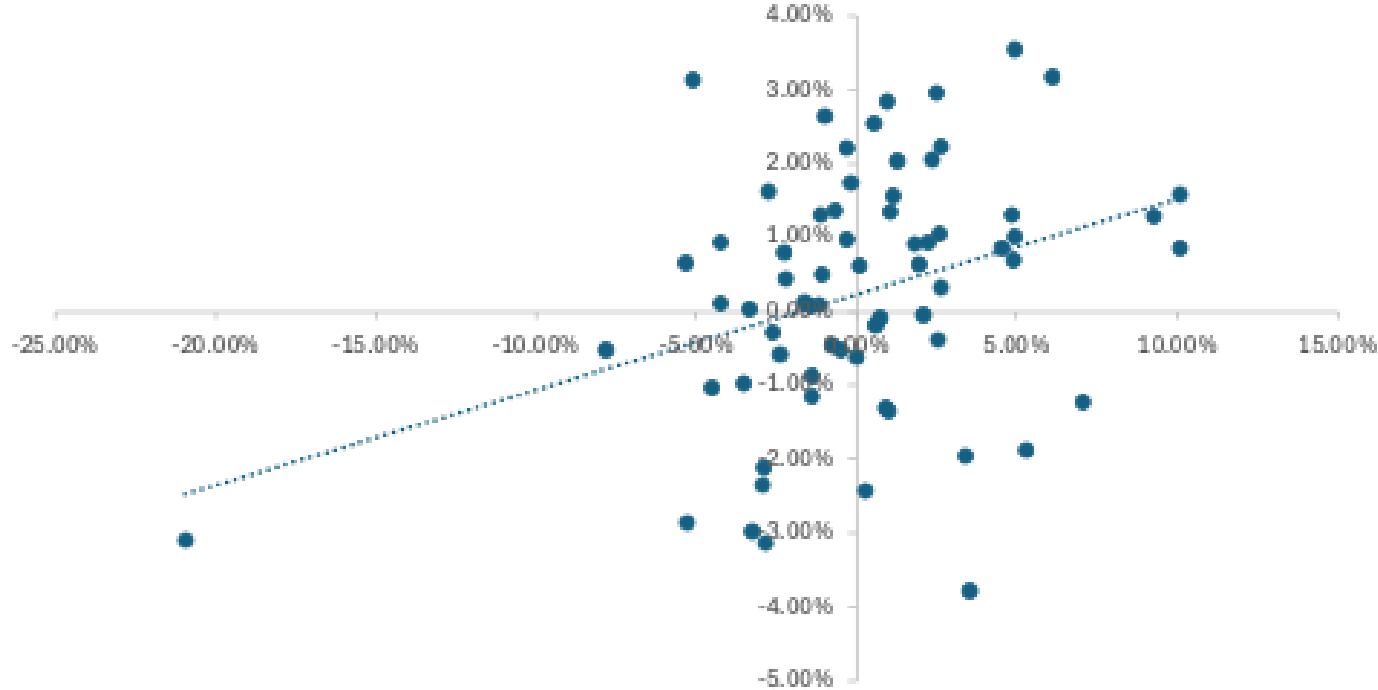
Adjusting beta : 1.002

Levering the unlevered setor's beta

$$\beta_{\text{levered}} = \beta_{\text{unlevered}} \times (1 + ((1-t) x^D / E))$$

Global Upstream Sector's Unlevered beta	0.82
Net D/E by 2030E	0.33
Tax rate	15%
Levered beta for ADES	1.05

Appendix 48 – Beta Calculation II



Beta calculation Data

Time horizon	From IPO till January 2025
Frequency	Weekly
Raw Beta	0.91
Adjusted Beta (according to Bloomberg)	1.61
R ²	0.12
Std Dev of Error	0.042
Std Dev of Beta	0.307

Vasicek (Bayesian) shrinkage adjustment for a raw beta estimate

$$\beta_{\text{adj}} = \left(\frac{\sigma_{\epsilon}^2}{\sigma_{\epsilon}^2 + \sigma_b^2} \right) 1 + \left(1 - \frac{\sigma_{\epsilon}^2}{\sigma_{\epsilon}^2 + \sigma_b^2} \right) \beta_{\text{raw}}$$

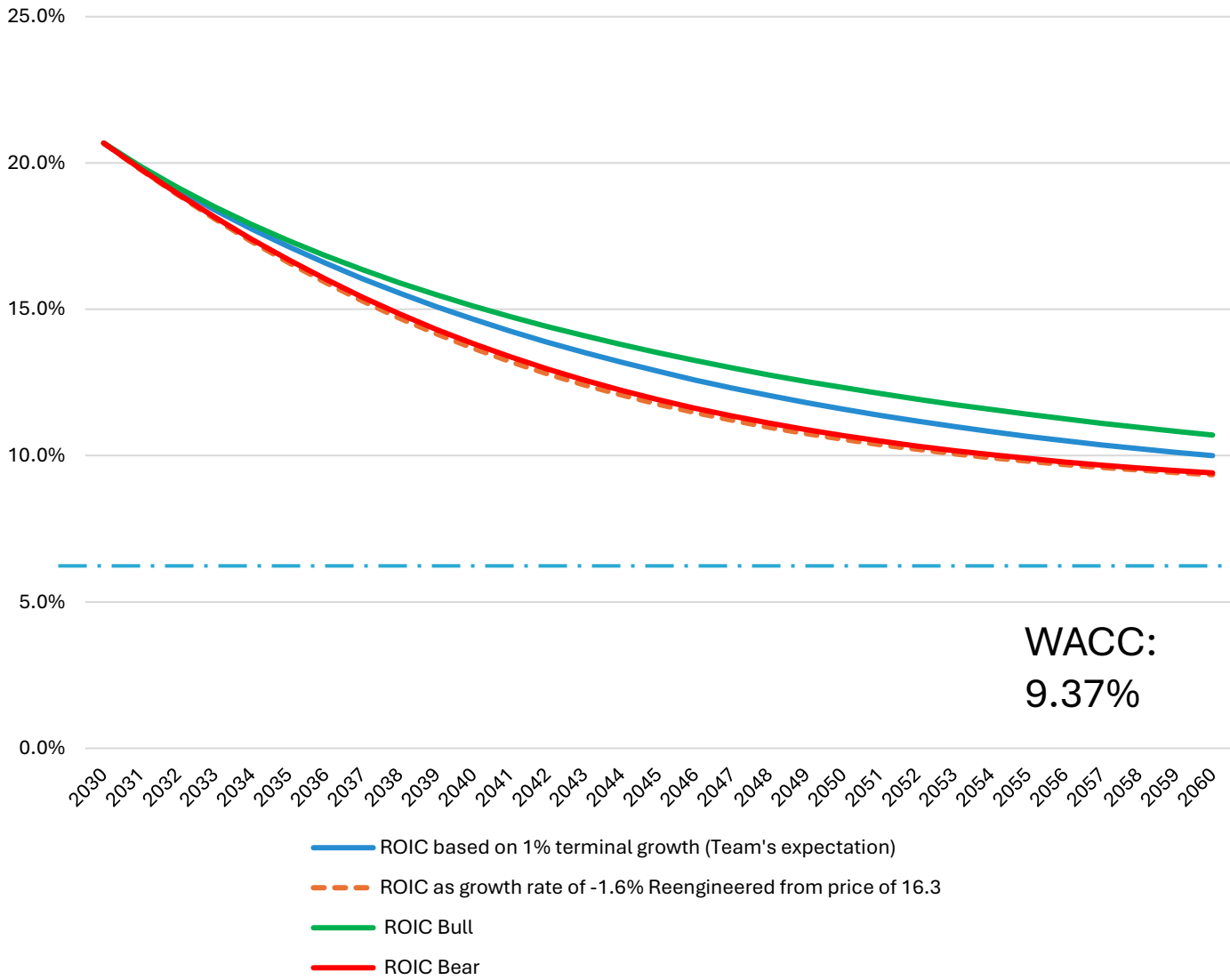
where

σ_{ϵ} = standard error of the regression beta

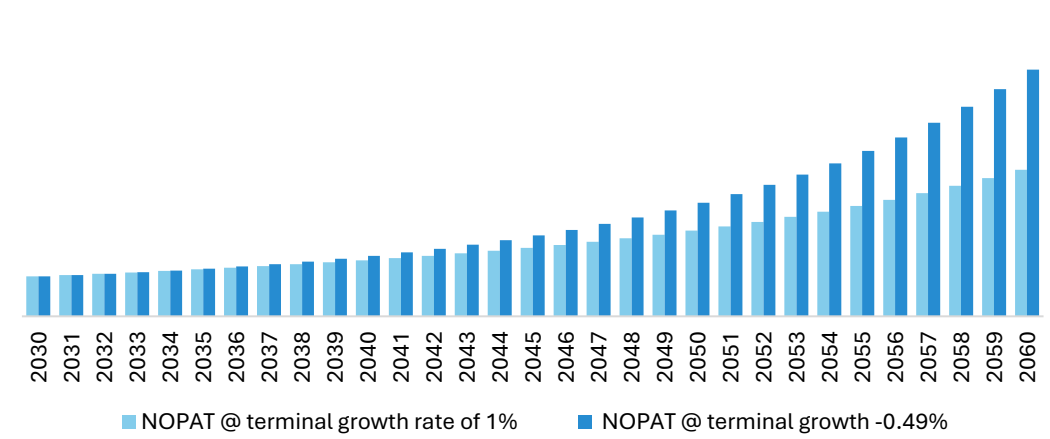
σ_b = cross-sectional standard deviation of all betas

Adjusting beta : 0.99

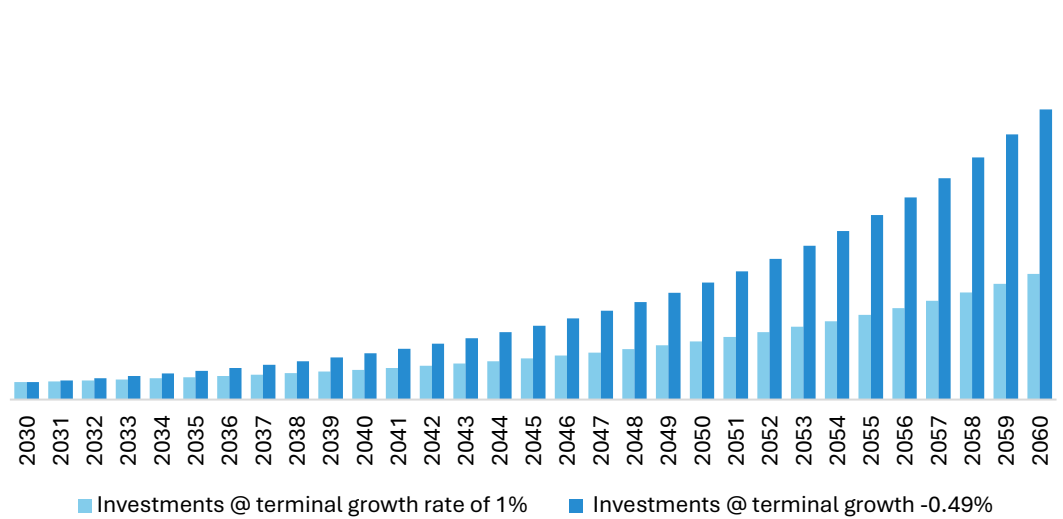
Appendix 49 – Continues Value



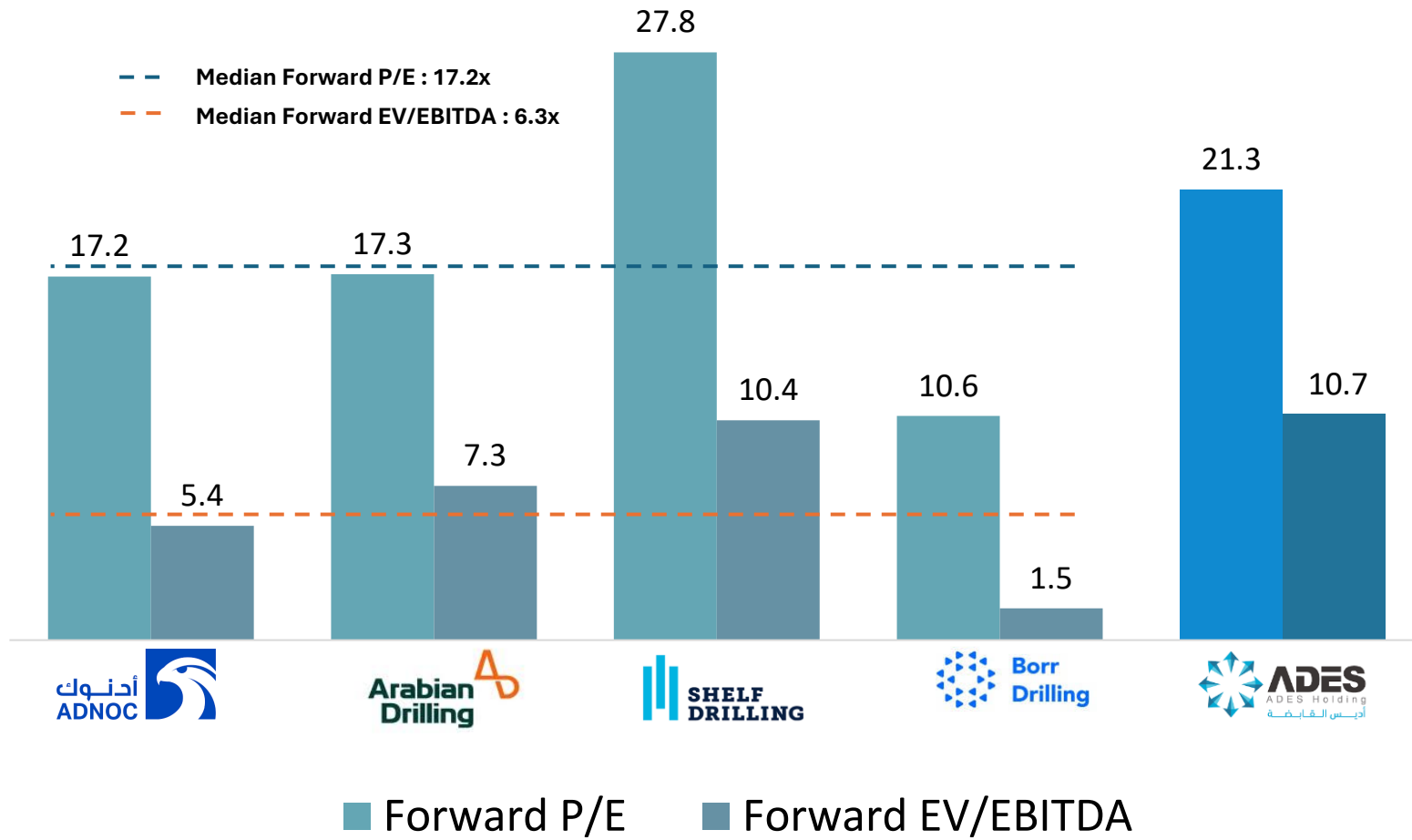
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Reinvestment



Appendix 50 – Multiples Median Valuation



Forward P/E	17.2x
Forward EV/EBITDA	6.3x
Target Price	16.03

Appendix 51 – Asset Based Valuation

Fair value of Liabilities	
Interest bearing Debt	12,056,690,000
Lease liability	352,374,000
Provisions	195,860,000
Deferred revenue	1,038,938,000
Trades & other payable	1,270,308,000
income tax payable	82,468,000
Deferred tax	94,068,000
Total Fair Value of Liabilities	15,090,706,000

Fair value of assets	
Rigs	20,330,500,000
Other PPE	1,506,685,000
Current assets except FVOIC	3,157,578,000
Derivative instruments	61,850,000
Prepayment & other receivables	215,186,000
FVOIC & JV	128,352,000
Total Fair Value of assets	25,400,151,000
Equity value	10,309,445,000
(-)minority interest	(29,497,000)
Equity value for shareholders	10,279,948,000
Number of shares	1,129,062,513
Price per share	9.10

Onshore Rig valuation			
Rigs age	Count	Sales comparison	TOTAL
> 35 years	7	80,000,000	560,000,000
20-35	4	94,000,000	376,000,000
5-20	27	128,000,000	3,456,000,000
5 or less	2	160,000,000	320,000,000
TOTAL	40		4,712,000,000

source: Esgian

Offshore Rig valuation			
Rigs age	Count	Sales comparison	TOTAL
> 35 years	19	187,500,000	3,562,500,000
20-35	0		
5-20	32	376,750,000	12,056,000,000
5 or less	0		
TOTAL	51		15,618,500,000

source: Esgian

#	Rig	Type	Year	water depth	Drill depth	\$	SAR
1-	Topaz driller	Jackup	2009	375	30,000	105,000,000	393,750,000
2-	Soehanah	Jackup	2007	375	25,000	85,000,000	318,750,000
3-	Baltic	Jackup	1983	375	30,000	60,000,000	225,000,000
4-	Spartin 151	Jackup	1981	150	25,000	40,000,000	150,000,000
5-	mesaieed	Jackup	2013	375	N/A	112,600,000	422,250,000
6-	Al bidda	Jackup	2013	400	33,000	112,600,000	422,250,000
7-	Laffan	Jackup	2013	350	30,000	112,600,000	422,250,000
8-	Jindal Pioneer	Jackup	2015	350	30,000	75,000,000	281,250,000

source:Esgian

Fair Value of Assets

25.4B

Fair Value of Liabilities

15.1b

Asset Based Valuation

9.1 SAR per Share

Appendix 52 – Monte Carlo Simulation



MC Simulation



Parameters Stressed

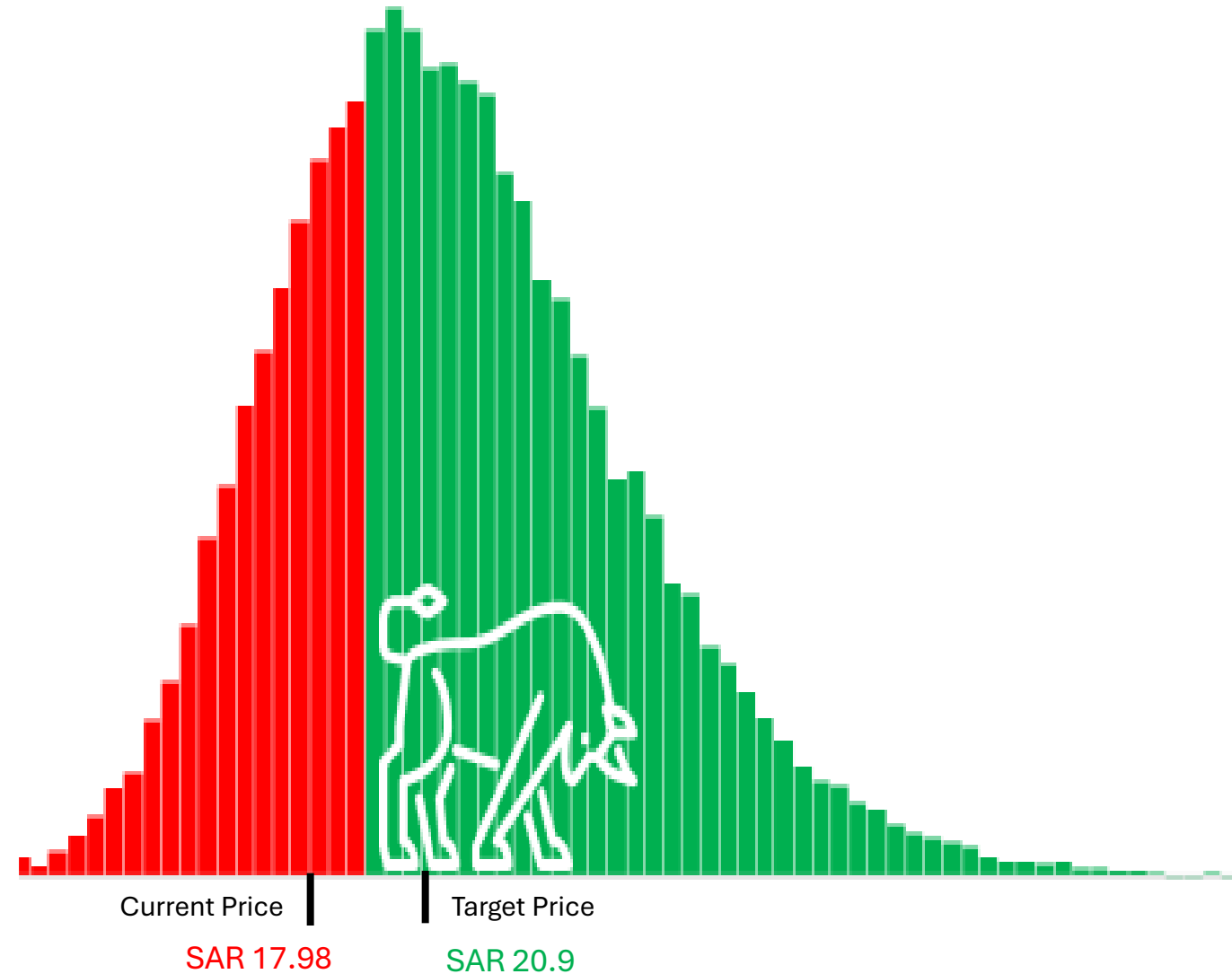
- Offshore Day Rates
- Onshore Day Rates
- Gross Margin

Each by $\pm 10\%$ Standard Deviation



Number of Trials

- 50,000



Appendix 53 – ESG, Adjusting WACC

Globally, investors are placing greater emphasis on ESG practices and actively pursuing divestment from non-renewable energy companies.

As ADES operates within the fossil fuel industry, it is unlikely to align with the standards of ESG investing, regardless of future disclosures. This could lead to a loss of investors, driving up the cost of capital, damaging the company's reputation, and resulting in client attrition.

To account for this risk, we have adjusted the WACC to reflect the company's position on our ESG scorecard.

ESG Rating

WACC bp

Adjusted to ADES

3.1/4

100 basis points

22.5 basis points

Final ESG Discount to the WACC

0.23%

Reference

