Daily Bulletin

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ADES 3Q26 net profit down 56% YoY on suspensions and higher depreciation

Last Price: SAR 8.5 | Consensus Target Price: SAR 10.1 | YoY Performance: 0.8%

ADES Holding Co. (ADES) reported 3Q26 attributable net profit of SAR 94.9 mn, down 55.8% YoY and 31.9% below consensus of SAR 139.3 mn. Rig suspensions, higher depreciation and interest expenses, and non-recurring insurance costs weighed on earnings, partly offset by a SAR 77.8 mn one-off bargain purchase gain from the Saipem acquisition. Excluding this gain without tax or NCI adjustments, net profit would be SAR 17.1 mn.

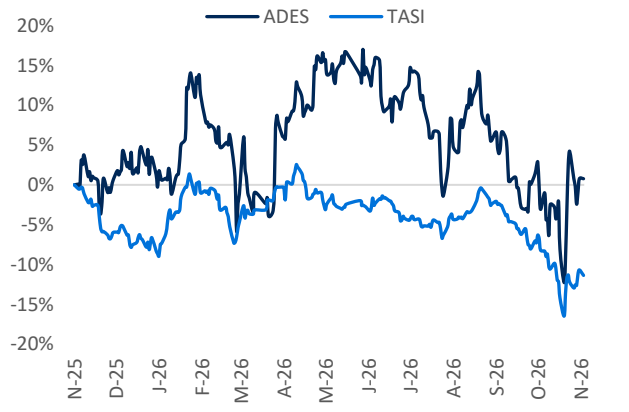
Revenue rose 34.8% YoY to SAR 2,229.0 mn, 1.0% above consensus, supported by Shelf Drilling and Egyptian brownfields, with a limited contribution from Saipem. Gross profit increased 16.4% YoY to SAR 704.5 mn, while gross margin fell 500 bps to 31.6%, below consensus of 34.5%. Operating profit rose 3.2% YoY to SAR 514.0 mn, 8.5% below consensus, with margin down 706 bps to 23.1%. Shelf's lower-margin operations and delayed restarts of suspended Saudi rigs weighed on margins. Despite resumption notices, regional developments slowed the return to full operations. Management expects margins to recover gradually as integration progresses.

For 9M26, revenue increased 44.0% YoY to SAR 6,773.1 mn. Offshore revenue rose 51.2% to SAR 5,756.7 mn, representing 85.0% of revenue, while onshore revenue grew 13.5% to SAR 1,016.4 mn. Attributable net profit fell 23.0% to SAR 459.8 mn. September's Saipem acquisition added five premium jackups and SAR 3.7 bn of backlog. Total backlog reached SAR 37.69 bn, up 8.6% from end-2025. The company reiterated FY26 EBITDA guidance of SAR 4.50–4.87 bn, implying 4Q26 EBITDA of SAR 1.33–1.70 bn, versus SAR 1.01 bn in 3Q26.

On 8 November, ADES announced two three-year ONGC contracts worth SAR 439.6 mn, including mobilization fees, equivalent to 6.6% of 2025 revenue. Operations are expected to begin by end-1Q27.

ADES's stock price has increased 0.8% YoY, outperforming TASI, which declined 11.4% during the same period. The stock is currently trading at a 2027e P/E of 15.0x, with a consensus target price of SAR 10.1/share.

Relative price chart



Source: Bloomberg, anbc research

Key financials (SAR mn)

	3Q26	3Q25	YoY (%)	2Q26	QoQ (%)	Cons.	Var (%)
Revenue	2,229	1,654	34.8	2,153	3.5	2,206	1.0
COGS	1,524	1,049	45.4	1,425	6.9	1,445	5.5
Gross profit	**705**	**605**	**16.4**	**728**	**(3.2)**	**761**	**(7.4)**
GM %	*31.6*	*36.6*		*33.8*		*34.5*	
Operating exp.	191	107	77.8	194	(1.7)	199	**(4.5)**
Operating profit	**514**	**498**	**3.2**	**534**	**(3.8)**	**562**	**(8.5)**
OM %	*23.1*	*30.1*		*24.8*		*25.5*	
Net income	**95**	**215**	**(55.8)**	**129**	**(26.2)**	**139**	**(31.9)**
Net margin (%)	*4.3*	*13.0*		*6.0*		*6.3*	
EPS (SAR)	**0.04**	**0.10**		**0.06**		**0.06**	

Source: Company financials, Bloomberg, anbc research

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