Daily Bulletin

July 16, 2026

ADES secures SAR 858.3 mn in new offshore drilling contracts

Last Price: SAR 18.8 | Consensus Target Price: SAR 21.5 | YoY Performance: 41.7%

ADES Holding Co. (ADES) announced the signing of two offshore drilling service contracts with NEO NEXT+ Energy E&P UK Limited and Seplat Energy Producing Nigeria Unlimited (Seplat), with a combined value of SAR 858.3 mn. The contract with NEO NEXT+ Energy E&P UK Limited has a tenure of 550 days, with the financial impact expected to commence in 4Q26, while the contract with Seplat has a tenure of two years, with the financial impact expected to begin in 1Q27.

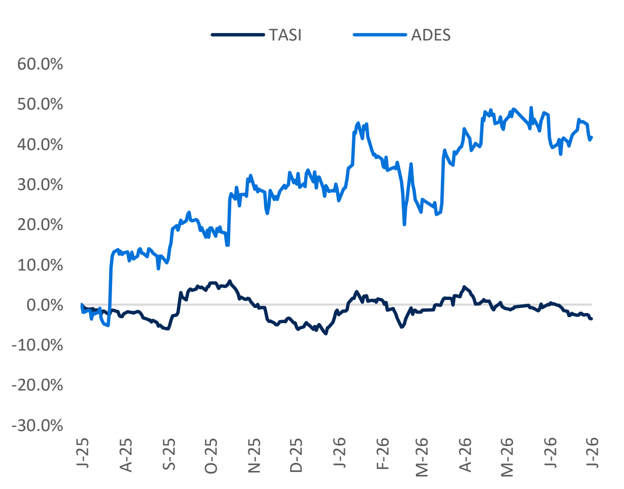
Under the contract with NEO NEXT+ Energy E&P UK Limited, ADES will deploy its Shelf Drilling Fortress jack-up rig in the UK North Sea with a North Sea operator. The contract value of SAR 483.0 mn is equivalent to 7.2% of ADES's 2025 total revenue of SAR 6,689.0 mn. The contract comprises two firm wells with a tenure of 550 days, along with two optional one-well extensions with a minimum duration of 275 days each. The contract reflects sustained demand in offshore drilling demand in the North Sea and follows ADES' recent contract extension for the Shelf Drilling rig in the Netherlands.

Additionally, ADES secured a contract for Shelf Drilling Odyssey jack-up rig in Nigeria with Seplat, one of Nigeria's leading independent energy companies. The firm contract, including mobilization and demobilization fees, is valued at approximately SAR 375.3 mn, inclusive of ADES' in-country partner's share. The contract duration is of two years firm period, with two unpriced optional one-year extensions. The contract follows the recent award of Shelf Drilling Victory in Nigeria with a series of contract secured during 1H26, supporting the company's strategy of securing long-term backlog.

Both contracts fall within ADES' Units Operations (drilling services) segment, which generated revenue of SAR 6,038.0 mn in 2025, accounting for 90.3% of the company's total revenue. With a combined contract value of SAR 858.3 mn, the awards are equivalent to approximately 14.2% of the segment's 2025 revenue. Applying ADES' 2025 net profit margin of 12.5%, the contracts could translate into around SAR 107.3 mn in incremental net profit. Together, these contracts strengthen the company's backlog visibility, support high fleet utilization, and reinforce its long-term growth strategy.

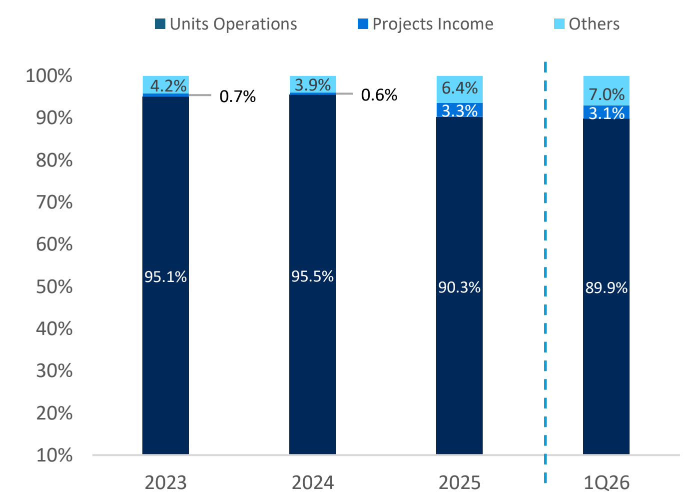
ADES stock price has increased 41.7% YoY, outperforming TASI, which is down 3.5% over the same period. The stock is currently trading at a 2026e P/E of 21.6x, with a consensus target price of SAR 21.5/share, implying an upside of 14.8% from the last close of SAR 18.8/share.

Relative price chart



Source: Tadawul, anbc research

Segment-wise revenue



Source: Company financials, anbc research

Disclaimer:

This report has been prepared on the basis of information believed to be reliable, but anb capital makes no guarantee, representation or warranty, express or implied, as to the accuracy, correctness or completeness of such information, nor do they accept any responsibility for loss or damage arising in any way (including by negligence) from errors in, or omissions from the information.

This report has been prepared by anb capital for information purposes only and is not and does not form part of nor should be considered advice, recommendation, offer for sale or solicitation of any offer to subscribe for, purchase or sell any securities, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever, and any views or opinions expressed herein are subject to change without notice.

This report and information contained herein, are provided for informational purpose only and does not take into consideration any investment objective, financial situation or particular needs of any recipient and are not designed with the objective of providing information to any particular recipient and only provides general information.