Daily Bulletin

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Arabian Drilling Secures Aramco Contract Renewals Exceeding SAR 2bn

Last Price: SAR 92.05 | Consensus Target Price: SAR 97.84 | YTD Performance: -17.5%

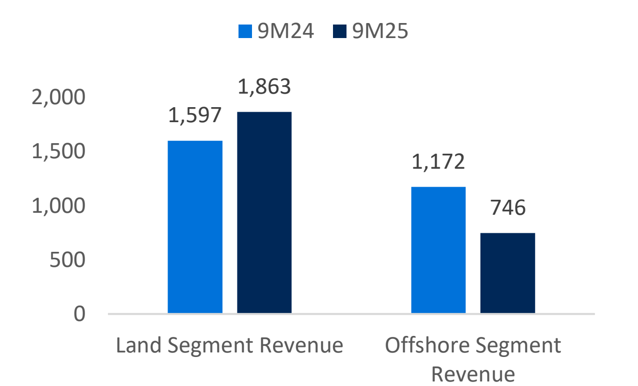
Arabian Drilling recently secured four rig contract extensions with Saudi Aramco, adding more than SAR 2 bn to its backlog and increasing the total backlog to SAR 12.2 bn by end-2025, the highest in the company's 61-year history. These renewals conclude all planned 2025 contract extensions, with two contracts originally expiring in 2026 also renewed ahead of schedule. Three extensions relate to rigs under the recently resumed program and one to an active contract, with management expecting financial contribution from these deployments to begin in 1Q26.

Operationally, the company reported a 5.8% YoY decline in 9M25 revenue to SAR 2.6 bn, primarily due to rig suspensions, although stronger unconventional activity provided partial support. Segment performance was mixed: onshore/unconventional revenue (71% of total revenue) rose 16.7% YoY to SAR 1.9 bn, driven by increased rig moves, while offshore revenue (29% of total revenue) declined 36.4% YoY to SAR 746 mn amid lower utilization. Before the latest contract wins, the backlog stood at SAR 10.9 bn in 9M25.

As of 9M25, the company's average remaining contract tenure stood at 2.4 years with a healthy book-to-bill ratio of 3.2x, highlighting multi-year revenue visibility. Utilization moderated to 73.8% in 3Q25 from 78.7% in 2Q25 due to the suspension of three rigs early in the quarter. Moreover, out of a total fleet of 61 rigs, the company operated 45 active rigs (37 land, 8 offshore) during 9M25, while 16 rigs remained inactive, 10 suspended (7 land, 3 offshore) and 6 without contracts (5 land, 1 offshore).

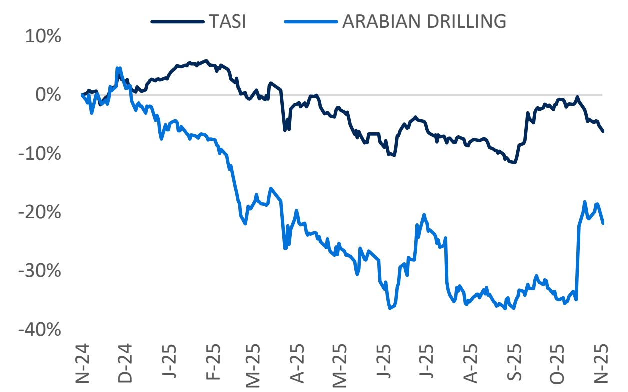
Arabian Drilling's share price has declined 19% YoY, significantly underperforming TASI, which fell 6% over the same period. The stock is currently trading at a forward 2026 P/E multiple of 28x. The latest 12M Bloomberg consensus target price of SAR 97.8 per share implies a potential upside of 6.3%.

Segment-wise revenue



Source: Company Financials, anbc research

Relative price performance



Source: Bloomberg, anbc research

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