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ADES International Holding Ltd Pre-Close Trading Update for the Six Months to 30 June 2017

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London & Dubai - ADES International Holding Ltd (LON: ADES), the London-listed Company providing offshore and onshore oil and gas drilling and production services in the Middle East and Africa, today provides an update on its current trading.

Operational Performance

- Strong trading during 1H2017, in line with management's expectations
- Average utilisation rate was 87% in the first half of this year
- ADES' exemplary safety performance continued, achieving over 22.3 million man hours with a Recordable Injury Frequency Rate (per 200,000 working hours) of 0.45, below the IADC worldwide standard rate of 0.58

New Contract Wins/Renewals

- Awarded a contract by ENI IEOC through Belayim Petroleum Co. (Petrobel) for a flexible three-month drilling campaign to be led by ADMARINE 88
- Renewed an existing contract with Petrobel for ADMARINE V for six months on a call-out basis, with an option to extend
- Farm-in agreement signed with Fanar Petroleum Company for ADMARINE VIII offshore jack-up

Strong Cash Position

- ADES' cash position was in excess of US\$163.50 million as of 30 June 2017
- Raised US\$170 million at IPO in May 2017
- Net debt of US\$65.6 million

- Revenue for 1H2017 is expected to be in excess of US\$87.85 million (subject to final audit), representing approximately 45.6% YoY growth¹
- In June 2017, APICORP replaced EFG Hermes in the Group's US\$55 million syndicated loan, reducing the average cost of debt from 5.4% to 4.8%
- Costs remained broadly stable over the six-month period
- Strong balance sheet provides a platform to pursue further strategic growth

Outlook and Results

- The Group is on track to deliver on management's expectations for the full year
- ADES will be announcing its half year 2017 financial results on 12 September 2017
- The Group's strong backlog is supported by a healthy bid pipeline in ADES' core GCC markets

¹1H2016 Revenue was US\$60.35 million; all 2016 comparative figures relate to ADES S.A.E as ADES international Holding Ltd. was incorporated in May 2016

Commenting on the Company's trading performance in 1H2017, ADES' Managing Director, Dr. Mohamed Farouk said:

"While ADES' Board recognise the ongoing tough market conditions for the industry, our proposition of low-cost, non-harsh environment drilling services in jurisdictions particularly resilient to commodity price weaknesses leaves us well placed to execute our growth strategy through the second half of the year and beyond. We have been able to achieve continued excellent utilisation rates and deliver strong EBITDA performance consistently through the downturn and are still seeing strong bidding activity.

ADES' strategy is focused on growing and servicing our backlog, implementing cost efficiencies where possible. We are also maintaining a cautious approach to the Company's leverage profile. As part of this strategy, funds generated from the successful IPO in the period have provided us with the balance sheet strength and cash position to pursue our growing pipeline as well as other opportunities."

Enquiries

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NOTES TO EDITORS

About ADES International Holding

ADES International Holding extends oil and gas drilling and production services through its subsidiaries and is a leading service provider in the Middle East and Africa, offering onshore contract drilling as well as workover and production services in Egypt, Algeria and Saudi Arabia. The Company is pre-qualified in markets including Egypt, Saudi Arabia, Algeria, India, Mexico and the Saudi-Kuwaiti Neutral Zone. Its over 1,200 employees serve clients including major national oil companies ("NOCs") such as Saudi Aramco and Sonatrach as well as joint ventures of NOCs with global majors including BP and Eni. While maintaining a superior health, safety and environmental record, the Group currently has a fleet of nine jack-up offshore drilling rigs, three onshore drilling rigs, a jack-up barge, and a mobile offshore production unit ("MOPU"), which includes a floating storage and offloading unit.

The Group is the largest offshore drilling operator in Egypt by number of rigs. investors.adihgroup.com/

Forward-looking statements

Certain statements contained in this announcement, including any information as to the Group's strategy, plans or future financial or operating performance constitute "forward looking statements". These forward-looking statements can be identified by the use of forward looking terminology, including the terms "believes", "estimates", "anticipates", "projects", "expects", "intends", "aims", "plans", "predicts", "may", "will", "seeks" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding the intentions, beliefs or current expectations of the Directors of the Company concerning, amongst other things, the Group's results of operations, financial condition and performance, prospects, growth and strategies and the industry in which the Group operates.

By their nature, forward looking statements address matters that involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward looking statements are not guarantees of future performance and the Group's actual results of operations and financial condition, and the development of the business sector in which the Group operates, may differ materially from those suggested by the forward looking statements contained in this announcement. In addition, even if the Group's results of operations and financial condition, and the development of the industry in which the Group operates, are consistent with the forward looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods.

The Group's trading during 1H2017 has been strong, in line with the Board's expectations and the business has continued to expand, despite the weak oil price environment as demand for jack-up rigs in its core MENA markets has remained robust.

ADES has focused on maintaining its excellent operational performance during 1H2017. Following the successful completion of its IPO in May 2017, the Group is scaling up its operations in Egypt, Saudi Arabia and Algeria.

Average utilisation rate was 87% in the first half of this year, consistent with the Group's long-term performance.

ADES' exemplary safety performance continued, achieving over 22.3 million man hours with a Recordable Injury Frequency Rate (per 200,000 working hours) of 0.45, which is below the IADC worldwide standard rate of 0.58.

The quality of our services and superior safety record, together with our highly competitive day rates and business proposition, have continued to strengthen our relationships with top tier clients and key stakeholders.

Both new and existing clients continue to focus on costs, which is to the advantage of ADES' low-cost business model.

Through its subsidiaries, ADES has been awarded a contract by ENI IEOC, the Egyptian subsidiary of Italian oil major Eni, for a new drilling campaign offshore Egypt.

The contract was awarded by Belayim Petroleum Co. (Petrobel), a joint venture between ENI IEOC and Egyptian General Petroleum Corporation (EGPC), for a three-month drilling campaign to be led by ADES' offshore jack-up drill rig, ADMARINE 88. The initial three-month contract commenced in Q3 2017 and has the scope to be extended on a well-by-well basis thereafter.

Petrobel has also renewed an existing contract for ADES' ADMARINE V offshore jack-up drill rig for a six-month period beginning in June 2017 on a call-out basis, following its recent expiry, with an option to extend the contract for a further six months.

Both contracts were chartered for work on Petrobel-Eni concessions in Egypt's Gulf of Suez.

ADES has also entered a farm-in agreement for its ADMARINE VIII offshore jack-up drill rig with Fanar Petroleum Company, under its existing contract with the South Abu Zenima Petroleum Company (Petrozenima). The farm-in agreement's planned scope of work will see the rig perform a FRAC job on the concession's North July well to improve its productivity. Work is expected to commence before the Q3 2017.

Following a successful IPO in May 2017 which raised US\$170 million, ADES' cash position was in excess of US\$163.5 million as of 30 June 2017, with net debt of US\$65.6 million.

ADES' projected half year revenues, amounting to in excess of US\$87.85 million, have expanded by approximately 45.6% YoY as the Company has cost-effectively serviced a number of profitable contracts with a strong track record of renewals.² A healthy contract pipeline and strong bidding environment continuing into the second half of 2017 mean the Company is on course to meet its projected revenues for the full year.

In June 2017, APICORP replaced EFG Hermes in the Group's US\$55 million syndicated loan, reducing the average cost of debt from 5.4% to 4.8%.

As a result, ADES maintains a strong balance sheet and a robust cash position, providing the Group with the momentum to pursue further strategic growth opportunities.

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²See footnote 1

This information is provided by RNS
The company news service from the London Stock Exchange

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