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ADES International Holding

09 May 2017

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## **ADES International Holding announces successful pricing of offering of ordinary shares on London Stock Exchange**

**9 May 2017** | For immediate release

**Dubai, UAE** - Dubai International Financial Centre-based ADES International Holding Ltd. ("ADES" or the "Company" and including its consolidated subsidiaries, the "Group") announced today that it has priced shares in its initial public offering on the London Stock Exchange at USD 16.50 per share.

ADES, a leading provider of offshore and onshore oil and gas drilling and production services in the Middle East and Africa, offered for sale 10,303,030 shares through the issue of New Shares by the Company. The company's sole shareholder, ADES Investments Holding Ltd. (the "Selling Shareholder"), has also offered for sale 4,453,228 existing Sale Shares (together, the "Global Offer"). The total shares included in the Global Offer are equivalent to 40% of the post-capital increase share base (assuming the full exercise of the 15% over-allotment option).

ADES raised gross proceeds of USD 170 million from the sale of the New Shares. The net proceeds to be received by the Company will be used primarily to fund capital expenditures related to the scale-up of the Group's operations in Egypt, Saudi Arabia and Algeria; and to fund ventures into new markets including Gulf Cooperation Council countries in the belief that this will create substantial risk-adjusted returns for shareholders.

ADES expects to be admitted to the standard listing segment of the Official List of the UK Financial Conduct Authority ("FCA") and to trading on the main market of the London Stock Exchange (together, "Admission"). At the offer price, the Company will have a market capitalization of USD 696.3 million at the commencement of unconditional dealing, which is expected to take place on 12 May 2017 at 8:00am London time under the ticker ADES.

On Admission, holders of the Offer Shares ("Shareholders") will be able to hold and transfer interests in the Offer Shares within CREST pursuant to a depositary interest arrangement established by the Company. The Offer Shares will not themselves be admitted to CREST, rather, the Depositary will issue the Depositary Interests in respect of underlying Offer Shares. The Depositary Interests are independent securities constituted under English law which are held and transferred directly through the CREST system. Depositary Interests have the same ISIN as the underlying Offer Shares and do not require a separate admission to trading on the London Stock Exchange.

ADES offers offshore and 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 Company has a diversified backlog<sup>1</sup> that as of December 2016 was divided among Saudi Arabia (48% of total backlog), Egypt (44%) and Algeria (8%).

ADES has delivered 46% compound annual growth in adjusted EBITDA<sup>2</sup> in the period 2014-2016 and an average 38% return on average equity<sup>3</sup> in the same timeframe. The Company's revenues are 100% US dollar-denominated<sup>4</sup>, while a significant portion of its operating cost base is denominated in Egyptian pounds. The number one offshore driller in Egypt by number of rigs<sup>5</sup>, ADES is also the third-largest offshore jack-up driller in the Middle East and North Africa<sup>6</sup>.

EFG Hermes is Sole Global Coordinator and Joint Bookrunner for the offering. Citigroup Global Markets Limited is Stabilising Manager and Joint Bookrunner. White & Case LLP is counsel to the Company, while Baker McKenzie is counsel to the Sole Global Coordinator and Joint Bookrunners.

1 "Backlog" is defined as the total amount payable to the Group during the remaining term of an existing contract plus any optional client extension provided for in such contract, assuming the contracted rig will operate (and thus receive an operating day rate) for all calendar days both in the remaining term and in the optional extension period. This calculation assumes that the client will exercise its option to extend its existing contract at the current day rate and under the contracted terms regarding currency of payment. Backlog also includes move fees and lump sum mobilisation and demobilisation payments as applicable under the contract.

2 "Adjusted EBITDA" is defined as operating profit for the year before depreciation and amortization, foreign exchange (gain)/loss, provision for impairment of accounts receivable, provisions and impairment of assets under construction.

3 "Return on average equity" is defined as the net profit for the year divided by the average equity. Average equity has been arrived at by adding the total equity at the beginning and end of the relevant period and dividing by 2.

4 A portion of amounts due under client contracts are typically payable in local currency at the prevailing exchange rate.

5 By number of offshore jack-up rigs, including MOPU and jack-up barge.

6 By number of offshore jack-up rigs, including MOPU and barge.

-Ends-

## About ADES International Holding.

ADES International Holding is a leading oil and gas drilling and production services provider in the Middle East and Africa offering offshore drilling, workover and mobile offshore production unit ("MOPU") services. ADES has a total workforce of over 1,200 employees across Egypt, Saudi Arabia and Algeria. The Group is the largest offshore

drilling operator in Egypt by number of rigs.

## For further information

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In connection with the Global Offer, a stabilising manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, effect transactions with a view to supporting the market price of the Ordinary Shares at a higher level than that which might otherwise prevail in the open market. The stabilising manager will not be required to enter into such transactions and such transactions may be effected on any stock market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Ordinary Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the stabilising manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilising measures, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Ordinary Shares above the offer price. Save as required by law or regulation, neither the stabilising manager nor any of its agents intends to disclose the stabilisation transactions conducted in relation to the Global Offer.

The information contained in this announcement is for background purposes only and does not purport to be full or complete. All information presented or contained in this announcement is subject to verification, correction, completion and change without notice. However, the Company does not undertake to provide the recipient of this announcement with any additional information, or to update this announcement or to correct any inaccuracies.

This announcement does not constitute a recommendation concerning the Global Offer. The price and value of securities and any income from them can go down as well as up. Past performance is not a guide to future performance. Information in this announcement or any of the documents relating to the Global Offer cannot be relied upon as a guide to future performance. Before purchasing any Ordinary Shares, persons viewing this announcement should ensure that they fully understand and accept the risks which will be set out in the Prospectus, when published.

### **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.

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