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ADES International Holding PLC
28 May 2019

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ADES International Holding PLC

Q1 2019 Trading Update

London, 28 May 2019

Q1 2019 Trading update - strong start to year, full year in line with expectations

(London & Dubai, 28 May 2019) ADES International Holding PLC. ("ADES" or the "Group"), a leading oil & gas drilling and production services provider in the Middle East and North Africa (MENA), updates the market on its financial and operational performance over the three months ended 31 March 2019 and on recent positive developments post the reporting period. The financial information included below is unaudited.

Q1 2019 Financial and Operational Highlights

• Financial Highlights

- Q1 2019 revenue increased to US\$ 108.7 million, up by 2.6 times compared to Q1 2018 (US\$ 41.2 million) and 1.4 times versus H1 2018 (US\$ 79.7 million).
- Profit margins are in line with expectations.
- Backlog as of 31 March 2019 at US\$ 1.5 billion (FY 2018: US\$ 1.2 billion).

- €€€€ Cash and Cash Equivalents have decreased to US\$ 23.6 million as of 31 March 2019 (FY2018: US\$ 130 million), giving a Net Debt as of 31 March 2019 at US\$ 533.2 million. The decrease in cash was driven by the completion of the Weatherford transaction in Algeria and Iraq for US\$ 72 million and planned capital expenditure associated with the acquisitions.

•€€€€ Operational Highlights

- €€€€ Recordable Q1 Injury Frequency Rate (RIFR) of 0.28, versus IADC worldwide standard rate at 0.68¹.
- €€€€ Growing Q1 utilization rate of 92% (Q1 2018: 77%).
- €€€€ Completed the Weatherford transaction, integration on track.
- €€€€ Secured first deep water drilling services contract in the Egyptian Mediterranean Basin using the Group's asset light model.
- €€€€ Renewed six contracts in KSA for the recently acquired rigs from Weatherford for three years each.
- €€€€ Secured two new contracts for new-build rigs in KSA for a tenure of seven years each.

1 According to the latest published ISP report by IADC as of announcement date

Recent news flow

- €€€€€€ **ADES secured additional KSA facility** - May 2019, ADES secured an additional SAR 540 million (US\$ 144 million) top-up to the SAR 525 million (US\$ 140 million) credit facility from Alinma Bank, one of the leading Saudi Arabia based financial institutions.
- €€€€€€ **ADES closes USD denominated bond offering** - April 2019, ADES closed its offering of US\$ 325 million in aggregate principal amount of 8.625% senior secured notes due in 2024.
 - **Secured a B+ credit rating** from S&P and Fitch.
 - **Bond proceeds were used for debt refinancing.**
- €€€€ **ADES secured new contracts in Algeria** - April 2019, ADES secured two new contracts for its onshore rigs ADES 2 and ADES 3. The ADES 2 contract comprises one firm well and four optional wells and adds an estimated backlog of US\$ 8 million. The ADES 3 contract was signed for two years firm and one year optional and will add an estimated backlog of US\$ 19 million.

Outlook

Trading in Q1 2019 has been positive and with the addition of incremental revenues from the now completed Weatherford acquisition and new Algerian contracts, this will drive sequential progress during Q2 2019.

We are trading in line with current expectations for FY 2019 with strong revenue visibility underpinned by the contracted backlog.

Dr. Mohamed Farouk, Chief Executive Officer of ADES International said:

"We delivered a strong operational performance in the first quarter of the year, significantly accelerating revenue growth which increased by almost threefold compared to Q1 2018. Our results were supported by the steady ramp up of utilisation rates and the increasing contribution from the 2018 acquisitions.

In line with our goal to optimise the Group's capital structure and cost of funding, we have successfully completed a US\$325 million bond offering and extended our KSA facility with a US\$ 144 million top-up. Together, these facilities have strengthened our balance sheet and provide ample liquidity for our capital expenditure requirements.

Our focus remains on extracting synergies and properly integrating the recently acquired rigs, tendering activity and maintaining excellent customer service and asset utilisation. ADES' growing order backlog combined with improving end markets and higher utilisation rates provide significant growth potential and visibility, underpinning our confidence for 2019 and beyond."

Enquiries

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About ADES International Holding (ADES)

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 North Africa, offering onshore and offshore contract drilling as well as workover and production services. Its c.4,000 employees serve clients including major national oil companies ("NOCs") such as Saudi Aramco and Kuwait Oil Company 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 thirty-four onshore drilling rigs, thirteen jack-up offshore drilling rigs, a jack-up barge, and a mobile offshore production unit ("MOPU"), which includes a floating storage and offloading unit.

For more information, visit investors.adihgroup.com

Shareholder Information

LSE: ADES INT.HDG

Bloomberg: ADES:LN

Listed: May 2017

Shares Outstanding: 43.8 million

Forward-Looking Statements

This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as "according to estimates", "aims", "anticipates", "assumes", "believes", "could", "estimates", "expects", "forecasts", "intends", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "should", "to the knowledge of", "will", "would" or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding business and management, future growth or profitability and general economic and regulatory conditions and other matters affecting the Group.

Forward-looking statements reflect the current views of the Group's management ("Management") on future events, which are based on the assumptions of the Management and involve known and unknown risks, uncertainties and other factors that may cause the Group's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause the Group's actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements.

The Group's business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to differ materially from those expressed or implied by the forward-looking statements contained in this prospectus. The information, opinions and forward-looking statements contained in this communication speak only as at its date and are subject to change without notice. The Group does not undertake any obligation to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this communication.

Terms and Definitions

Backlog - The total amount payable to the Company, based on firm commitments represented by signed drilling and services contracts, 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.

Recordable Injury Frequency Rate (RIFR) - The number of fatalities, lost time injuries, cases or substitute work and other injuries requiring medical treatment by a medical professional per 200,000 working hours

Utilisation Rate - our calculation of utilisation rate refers to our measure of the extent to which our assets under contract and available in the operational area are generating revenue under client contracts. We calculate our utilisation rate for each rig by dividing Utilisation Days by Potential Utilisation Days under a contract. Utilisation rates are principally dependent on our ability to maintain the relevant equipment in working order and our ability to obtain replacement and other spare parts. Because our measure of utilisation does not include rigs that are stacked or being refurbished or mobilised, our reported utilisation rate does not reflect the overall utilisation of our fleet, only of our operational, contracted rigs. For example, Admarine VIII and 88 were idle for all of 2016, yet we report a high utilisation rate for that year because we do not

include these rigs in the denominator of its utilisation rate calculation. "Potential Utilisation Days" are all calendar days (including holidays and weekends) when a rig is both under contract and available in the operational area. This does not include days when the rig is being refurbished or initially mobilised or is otherwise idle or stacked. "Utilisation Days" include all operating days, standby days, paid maintenance days, and moving days for which the Group is paid a fee.

Net Debt - is defined as total current and non-current interest-bearing loans and borrowing less bank balances and cash.

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