



RNS Number : 8385H
ADES International Holding PLC
08 December 2020

For the purpose of the Transparency Directive the Home Member state of the issuer is the United Kingdom.

ADES International Holding PLC

Q3 2020 Trading Update

London, 8 December 2020

Trading update - ADES continues to deliver resilient results

(London & Dubai, 8 December 2020) 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 performance over the nine-month period ending 30 September 2020 ("9M 2020").

Financial and Operational Highlights

- **Revenue** of US\$ 349 million for 9M 2020, compared to US\$ 342 million for the same period of 2019, representing a 2% year-on-year increase, despite this year's unprecedented global challenges. Revenue in Q3 2020 was US\$ 100 million, reflecting lower utilization rates.
- **EBITDA margin** in the quarter was in line with H1 2020.
- **Backlog** of US\$ 1.02 billion as at 30 September 2020.
- The year-to-date **utilization rate** stood at 90% (9M 2019: 95%).

- €€€ **Cash and cash equivalents** of US\$ 96.4 million as at 30 September 2020 (30 June 2020: US\$ 125.6 million), with a **net debt** of US\$ 651.6 million (30 June 2020: US\$ 621.4 million). The increase in net debt from the half year figure is attributable to capital expenditure, the relatively lower revenue quarter-on-quarter, broadly neutral working capital and the ongoing share buyback program.
- €€€ **LTM leverage ratios** were well below the covenants of 4.5x and 4.25x for gross and net leverage, respectively. This follows ADES' successful amendment of its bank covenants in late October as part of the Group's proactive efforts during the current market conditions.
- €€ **Recordable YTD Injury Frequency Rate (RIFR)** of 0.33¹ as of 30 September 2020, versus the IADC worldwide standard rate of 0.52².
- €€€ In respect to the two **LSTK contracts in Kuwait** for rigs 180 and 878 - which were delayed due to adverse market conditions as indicated in our Interim Results announced on 22 September 2020 -the counterparty has later sought to terminate both contracts on the grounds of force majeure. We remain in direct discussions with the counterparty in relation to the alleged grounds of the termination, and we believe progress is being achieved towards reaching a positive outcome and resolution. Furthermore, it is worth highlighting that the rigs shall be utilised in similar opportunities in Kuwait given the quality and readiness of the assets.
- €€€ In June 2020, ADES announced the launch of a **second share repurchase programme** highlighting the Board's confidence in the Company's outlook and current financial position. As of 7 December 2020, the Company has purchased in total 2.53 million treasury shares for approximately US\$ 24.9 million, in turn channelling cash back to shareholders.

1 Per 200,000 working hours

2 According to the latest published ISP report by IADC as of 30 June 2020

Outlook

- €€€ Despite the global challenges of COVID-19, the Group reiterates its FY 2020 guidance for a broadly flat performance year-on-year.
- €€€ Net debt figure expected to be broadly similar to the 3Q 2020 level.
- €€€ Two **new contracts** secured in Egypt and KSA, announced in early November, offering greater backlog visibility during current market conditions.
- €€€ **One of the temporary suspended land rigs in KSA** is set to re-commence operation, following the notice of work resumption received from the client in early December.

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

"I am pleased with the financial and operational performance ADES has delivered in the quarter. During the three-month period, ADES demonstrated its ability to adapt to the unfavourable market conditions and continue offering our high-quality services to our clients while delivering on our operational and financial targets."

"The health and safety of our employees and all our stakeholders is our top priority, particularly with the recent resurgence in COVID-19 cases across the world. The Group has tried and tested health and safety protocols, and business continuity procedures, which were introduced at the start of the pandemic. These measures have to date allowed us to effectively mitigate the risks posed by the pandemic and minimize the impact on our operations.

"Despite the heightened uncertainty facing businesses worldwide, I am confident that the relative resilience of the MENA market, ADES' differentiated business model, our liquid balance sheet, and our long-dated backlog see us well-positioned to weather the current challenges. Accordingly, the Group reiterates its FY 2020 guidance for a broadly flat year-on-year performance with healthy margins sustained."

-Ends-

Enquiries

ADES International Holding

Hussein Badawy

Investor Relations Officer

ir@adesgroup.com

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.3,500 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-six 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 communication. 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.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

TSTTRBMTMTJMTFM