



RNS Number : 8601Z

ADES International Holding

20 December 2017

ADES signs PSA for three operational offshore jack-up rigs in the Arabian Gulf

(London & Dubai, 20 December 2017) ADES International Holding Ltd. ("ADES" or the "Group") (LON: ADES), the London-listed company providing offshore and onshore oil and gas drilling and production services in the Middle East and Africa through its subsidiaries, has signed a Purchase and Sale Agreement (PSA) with Nabors Drilling International II Limited, a subsidiary of Nabors Industries Ltd ("Nabors") (NYSE: NBR), to acquire three operating offshore jack-up rigs currently contracted by a major national oil company in the Arabian Gulf for a total purchase price of US\$83 million, payable in a combination of cash and ADES shares (the "Transaction").

The PSA also provides for the existing drilling contracts associated with the rigs to be transferred to ADES.

Transaction Highlights

- €€€€€€ Consideration for the Transaction will include a cash payment equivalent to 75% of the total Transaction value and the remaining 25% will be paid in the form of newly issued shares of ADES ("Consideration Shares").
- €€€€€€ The total number of Consideration Shares was calculated using the closing mid-market price of ADES shares on 18 December 2017, being the business day prior to the Transaction signing date.
- €€€€€€ Consideration Shares issued to Nabors as part of the transaction will be subject to a three-month lockup period.
- €€€€€€ In total, the acquisition is expected to add approximately US\$60 million annually to ADES' Group revenue, while maintaining margins and thereby further enhancing Group earnings.
- €€€€€€ The Transaction is expected to close in Q1 2018, subject to the fulfilment of the conditions precedent as agreed in the PSA, including the renewal of current drilling multi-year contract terms.

About the Acquired Rigs

- €€€€€€ The three ultra-shallow drilling rigs have each been in continuous service for more than 10 years, making them among the most in-demand assets in the region.
- €€€€€€ The rigs have recently been refurbished, with five-year inspections already implemented on two rigs and the third is due in 2018.

- Once completed, the Transaction will bring the number of the Group's rigs under contract in the Arabian Gulf to six, further cementing ADES' position as a major low-cost operator of offshore drilling rigs in the region.
- ADES and Nabors will collaborate to advance the integration and automation technology initiatives of Nabors Drilling Solutions and Canrig, including automating rig surface and downhole activities, within the offshore drilling space in the Middle East and beyond. Specifically, the companies will set up a high level technical, operational and commercial taskforce with the objective of introducing the Nabors value proposition within the region utilising ADES rigs.

ADES shall, in due course, invite its Shareholders to vote on a special resolution for the issuance and allotment of shares to be issued to Nabors in connection with this Transaction.

ADES is also finalising a separate PSA with Nabors to acquire two stacked offshore jack-up rigs in a similar cash and shares deal which, in line with the Company's strategy of minimising risk, will be contingent on the awarding of specified drilling contracts. Progress on these negotiations will be announced in due course.

Commenting on the acquisition, Dr. Mohamed Farouk, Chief Executive Officer of ADES International Holding, said:

"We are delighted to announce the signing of the PSA to purchase these rigs, which once closed, will double our Arabian Gulf fleet and number of contracted rigs. The acquisition will enhance the Group's position in the region's offshore drilling fields and serves as testimony to the confidence our clients have placed in us.

Nabors has a significant track record and strong operational experience in the oilfield services sector and we are very pleased with their decision to become a shareholder in the Group. We view their continued involvement and alignment with ADES, including the provision of access to their state of the art drilling technology, as a positive reinforcement of their confidence in our business.

On completion, the acquisition will have an immediate substantial and positive impact on our revenues and ADES' cash flow-generating ability, and is in line with our post-IPO growth strategy of scaling-up operations in existing and target markets."

-Ends-

Enquiries

ADES International Holding

Hussein Badawy

Investor Relations Officer

T: +2 (0)2 2527 7111

ir@adesgroup.com

Instinctif

David Simonson

Laura Syrett

George Yeomans

david.simonson@instinctif.com

laura.syrett@instinctif.com

george.yeomans@instinctif.com

+44 (0)20 7457 2020

+44 (0)20 7457 2020

+44 (0)20 7457 2020

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

About Nabors Industries

Nabors Industries (NYSE: NBR) owns and operates the world's largest land-based drilling rig fleet and is a provider of offshore platform rigs in the United States and numerous international markets. Nabors also provides directional drilling services, performance tools, and innovative technologies for its own rig fleet and those of third parties. Leveraging our advanced drilling automation capabilities, Nabors highly skilled workforce continues to set new standards for operational excellence and transform our industry.

investor.Nabors.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.

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

END

AGRLFFIVFDLALID