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ADES International Holding PLC  
11 June 2020

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

## **ADES International Holding PLC**

### **Q1 2020 Trading Update**

London, 11 June 2020

# Trading update - strong performance despite the challenging environment

**(London & Dubai, 11 June 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 first quarter to 31 March 2020 ("Q1").

## **Key financial and operational highlights**

- Revenue of US\$ 132.7 million in Q1 2020, a 22% year-on-year increase from US\$ 108.7 million, with organic growth delivering a 7% year-on-year increase in Q1 2020. April has seen a continuation of Q1 2020 revenue trends.
- EBITDA margin broadly in line with FY 2019.
- Backlog at US\$ 1.34 billion at Q1 2020 (FY 2019: US\$ 1.31 billion).
- Q1 2020 utilization rate of 96% (Q1 2019: 92%).
- Cash and cash equivalents of US\$ 72.5 million (FY 2019: US\$ 119.6 million), giving net debt of US\$ 640.3 million as of 31 March 2020 (31 December 2019: US\$ 606.2). The increase in net debt was mainly due to the increase in working capital requirements, which reflects the Group's proactive efforts in securing essential supplies and inventory in order to mitigate any potential disruptions due to COVID-19. We expect net debt to reduce by the end of FY 2020.

- In May 2020 Fitch Ratings re-affirmed our 'B+' rating with Stable outlook.

## COVID-19

- The Group's activities have not been significantly impacted by the COVID-19 pandemic to date and operations are running within the normal course of business. However, we continue to monitor the situation closely, with robust health and safety protocols and business continuity plans in place to mitigate potential risks posed by the pandemic.
- Our top priority remains the well-being and safety of our employees, partners and the communities where we operate. Thus, since the beginning of the pandemic, the Crisis Management Board (CMB) has implemented a holistic plan covering situation monitoring, prevention measures and response and recovery efforts across the headquarters and operating countries.

## Outlook

- The Group continues to expect a similar EBITDA performance for 2020 to that achieved in FY 2019, as outlined previously, despite the strong start to the year.
- Whilst Q1 2020 utilization is marginally above the prior year comparison, the Group anticipates a modest reduction in utilization rates in FY 2020 due to the oil price volatility.
- ADES is well-equipped to weather the current challenging conditions due to its resilient balance sheet, strong liquidity position, long-dated order book and low-cost business model.

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

"I am very pleased with the Group's performance thus far in 2020, where the relative resilience of our markets and strength of our business model has allowed us to deliver growth despite the unprecedented global challenges.

In the recently published Annual Report, the Group outlined in some detail its focus on its environmental, social and governance (ESG) impact, the importance of a strong corporate culture and retaining the highest health and safety standards. The Group sees these as being essential to ensuring the business's continuity and sustainability.

The Board remains cautious on the near-term outlook, though longer term, we remain confident in ADES's prospects underpinned by the Group's strong fundamentals, operating business model and MENA region focus. Considering this resilient outlook, the Board believes the current share price to be heavily undervalued and presents a strong investment opportunity. The Board is thus proposing an extension to our current share buyback programme at the Group's upcoming annual general meeting."

## 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-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](http://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.

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