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ADES International Holding announces intention to float on the London Stock Exchange

Global offering to raise funds to support ramp-up of operations in key oil and gas drilling and production services markets in the Middle East and Africa, capitalizing on opportune industry backdrop and company's unique cost structure.

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Dubai, UAE — Dubai International Financial Centre-based ADES International Holding Ltd. ("ADES" or the "Company" and including its consolidated subsidiaries from time to time, the "Group"), a leading provider of offshore and onshore oil and gas drilling and production services in the Middle East and Africa, announced today its intention to proceed with a global offer of its existing shares. ADES intends to apply for admission of its ordinary shares to the standard listing segment of the Official List of the UK Listing Authority ("UKLA") and to trading on the main market of the London Stock Exchange (together, "Admission"). It is expected that Admission will occur in May 2017.

The Company is planning to raise up to USD 170 million through the issue of New Shares by the Company. The Selling Shareholder will also offer for sale a separate number of Sale Shares (together, the "Global Offer").

The Group is a leading oil and gas drilling and production services provider in the Middle East and Africa, offering offshore and onshore contract drilling as well as workover and production services in Egypt, Algeria and Saudi Arabia. Its clients include 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 (HSE) record, the Group currently operates a fleet of nine jack-up offshore drilling rigs, two 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 that in December 2016 was divided among Saudi Arabia (48%), Egypt (44% of total backlog) and Algeria (8%). ADES is pre-qualified in markets including Egypt, Saudi Arabia, Algeria, India, Mexico and the Saudi–Kuwaiti Neutral Zone. It has a workforce of nearly 1,300 employees.

Commenting on the prospective offering, ADES International Holding Ltd. Chief Executive Officer Dr. Mohamed Farouk said: "We have capitalized on the challenging industry backdrop that has prevailed for much of the past three years, growing our fleet and enhancing our profitability by leveraging our low cost structure and focused business model. Oil has fallen from a high of USD 126 per barrel in 2012 to c. USD 57 per barrel at the end of last year, dipping below USD 30 per barrel in the interim. Our annual revenues have expanded at a compound annual growth rate of 34% in the period 2014-16 as we have cost-effectively serviced a number of profitable contracts with a strong track record of renewals. Our backlog has grown at a CAGR of 107% in the period 2014-16. We are a cost-effective business that helps high-profile E&P players onshore and in shallow waters offshore maximize the value of their oil and gas resources. This has allowed us to build a business that has proved largely resilient through cycles in the oil market."

ADES has a differentiated, low cost (capital and operational expenditure) business model. The Company specializes in acquiring, reconditioning, deploying and operating legacy "fit-for-purpose" offshore assets, which it has generally acquired at very attractive prices, suited to the non-harsh, shallow-water environments in which its clients operate. It aims to deliver profitability at lower prices than its competitors in large part due to a highly skilled, low-cost, largely Egyptian workforce backed by an in-house refurbishment and maintenance team with significant technical and engineering capabilities, and relatively low overhead costs that make administrative expenses extremely competitive. Together, these factors have allowed the company to deliver work with lower capital and operating expenditures than many of its industry peers and competitors and have facilitated growth through market downturns.

ADES' business model is focused on providing recurring services to markets in a clearly defined footprint. The Company's current markets have relatively low break-even production costs for oil and gas and tend to have significant barriers to entry. The Group specialises in offshore services in shallow waters and non-harsh operating environments (compared with the harsh environment of, for example, the North Sea) in pre-selected markets with natural barriers to entry, including Egypt, Saudi Arabia and Algeria. The Group believes its focus on recurring workover and maintenance work has allowed it to deliver revenues that have been relatively resilient through global movements in oil and gas prices, from workovers and maintenance of client assets already in production. The Company believes this provides it with a degree of insulation from oil market cycles: Productive wells in lower-cost, non-harsh environments are typically less vulnerable to declining oil prices.

ADES has a proven ability to grow through innovation, customer care and its commitment to health, safety and the environment (HSE), underscored by both its introduction of the Mobile Offshore Production Unit (MOPU) to the Egyptian market in 2016 (allowing the profitable extraction of oil from marginal fields) and the expansion of its business lines from one in 2004 (offshore jack-up barge) to five in 2016 (namely offshore drilling and workover, onshore drilling and workover, jack-up barge, projects and mobile offshore production unit service). The Group's commitment to occupational health and safety processes resulted in a total recordable incident rate of 0.17% as of the third quarter of 2016 against an industry average of 0.45%.[1]

Together, these three factors have provided ADES with a strong competitive advantage that has allowed the Company to deliver substantial financial growth at very robust profitability levels despite the down cycle through which the global oil and gas production industry has recently passed. Highlights of its operational and financial performance follow:

Key Figures

34% Revenue CAGR	for the period 2014-16.
46% EBITDA CAGR	for the period 2014-16.
38%	Average return on average equity (ROAE) in 2014-16.
100%	USD-denominated revenue[2] vs. majority EGP-denominated cost base.

[1] Source: International Association Drilling Contractors
[2] A portion of amounts due under client contracts are typically payable in local currency.

+90%	Average utilization rate[3] of operational, contracted rigs since 2012.
#1	Offshore driller[4] in Egypt with growing presence in recently-entered markets including Saudi Arabia and Algeria.
#3	Offshore jack-up driller in MENA.[5]
11	Chartered rigs, up from 4 in 2014.

"Prevailing oil prices have resulted in a large number of quality rigs sitting idle and available for hire or acquisition at what we believe are very attractive prices," noted Dr. Farouk. "Globally, the stock of idle jack-ups and floating rigs has expanded substantially since 2009. ADES is a proven specialist in markets with robust demand for drilling contracts, workovers and maintenance that we believe are substantially less vulnerable to lower oil prices. We accordingly view the current industry backdrop as extremely opportune for us to leverage our established platform and business model to sustain our steep growth trajectory and create significant value for all of our stakeholders. Tapping the equity market now will help us accelerate our expansion plans."

ADES will use the net proceeds of the Global Offer received by it to: fund capital expenditures related to the scale-up of the Group's operations in Egypt, Saudi Arabia and Algeria; and fund ventures into new markets including Gulf Cooperation Council countries in the belief that this will create substantial risk-adjusted returns for shareholders.

Concluded ADES Executive Chairman Ayman Abbas: "We operate not only in a region that has been largely resistant to the global downturn in oil markets, but in a region that has been brought into the global spotlight by Eni's Zohr supergiant field in Egypt. With multiple players now engaging in or contemplating accelerated deep-water campaigns in the Eastern Mediterranean, we see a substantial opportunity to grow our business in both our core competence of non-harsh, shallow waters and via an innovative, lower-risk approach to deep water opportunities in the region. Our admission to trading on the London Stock Exchange is a natural part of this evolution that will recognize our years of work on corporate governance and institutional strengthening."

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

Additional highlights of the offer

The Global Offer will comprise the issue by the Company of up to USD 170 million of Ordinary Shares ("New Shares") and the sale by the Selling Shareholder of additional Ordinary Shares ("Sale Shares") of ADES International Holding Ltd, a company with its registered office in the Dubai International Financial Centre. A further number of Ordinary Shares (in an amount up to 15% of the total aggregate number of Ordinary Shares offered in the Global Offer) will be made available by the Selling Shareholder pursuant to the Over-allotment Option to cover short positions arising from over-allotments made (if any) in connection with the Global Offer and sales made during the Stabilisation period (defined below).

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[3] The Group calculates its utilisation rate for its assets under contract and in place in the operational area by dividing utilisation days by potential utilisation days under a contract, where utilisation days include all operating days, standby days, paid maintenance days, and moving days for which the Group is paid a fee and potential utilisation days are all calendar days (including holidays and weekends) when a rig is both under contract and available in the operational area. Potential utilisation days do not include days when the rig is being refurbished or initially mobilised or is otherwise idle or stacked. Because the Group's measure of utilisation rate does not include rigs that are stacked or being refurbished or mobilised, the Group's reported utilisation rate does not reflect the overall utilisation of the Group's fleet, only of its operational, contracted rigs. Utilisation rates are principally dependent on the Group's ability to maintain the relevant equipment in working order and its ability to obtain replacement and other spare parts.
[4] By number of offshore jack-up rigs, including MOPU and jack-up barge.
[5] By number of offshore jack-up rigs, including MOPU and barge.

The New Shares and the Sale Shares will be offered to (a) to qualified investors in certain Member States of the European Economic Area, including to certain institutional investors in the United Kingdom and elsewhere outside the United States and (b) in the United States to Qualified Institutional Buyers in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

All Ordinary Shares sold in connection with the Global Offer will be subscribed for, or purchased, at the same Offer Price.

The Offer Shares are to be admitted to the standard listing segment of the Official List of the FCA and to trading on the London Stock Exchange's main market for listed securities. 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.

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ABOUT ADES INTERNATIONAL HOLDING LTD.

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 nearly 1,300 employees across Egypt, Saudi Arabia and Algeria. The Group is the largest offshore drilling operator in Egypt by number of rigs.

—Ends—

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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.

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