Initiation Report

September 23 2025

Nour Eldin Sherif, CFA
noureldin.sherif@arqaamcapital.com
+971 55 780 9963

Hana Sultan
hana.sultan@arqaamsecurities.com
+20 109 702 1699

Abraj Energy Services

Initiate on Oman's leading driller with a Buy rating as rig additions drive 16% EPS CAGR at an attractive DY of 7%.

- **Abraj is the leading provider of onshore drilling services in Oman, with a 29% market share, operating 27 modern drilling rigs.**
- **16% EPS CAGR in FY 25-28e is driven by the addition of 8 new rigs in Oman and Kuwait at higher day rates (15% premium), reaching 35 by FY 28e.**
- **Following the capex cycle, we expect FCF expansion to OMR 29m in FY 28-29e (vs. OMR 10m in FY 26e), driving a resilient FY 28-29e FCFY of 9% and DY of 10%.**
- **We initiate with Buy and set a TP of OMR 0.36/share (29% upside). The stock trades at a 10% discount to regional peers and offers an above-average EPS CAGR of 16% and 7% DY.**

Abraj is the leading provider of onshore drilling services in Oman, with a 29% market share. The company operates 27 modern drilling rigs for new well development at an average rig age of 9.4 years, and 5 workover rigs for maintenance and restoration of existing wells (average rig age: 11.4 years); up from 8 drilling rigs in FY 20A. Abraj maintains strong, long-standing customer relationships with leading Oman NOCs, including OQEP and PDO, while catering to IOCs such as BP, Medco, and Occidental.

We expect a cumulative 56% increase in EPS over FY 25-28e on rig additions in Oman and Kuwait at higher day rates. We expect an EPS CAGR of 16% in FY 25-28e at OMR 24m in FY 28e (vs. FY 25e NI of OMR 15m) on i) adding 8 rigs, reaching 35 operating rigs by FY 28e (vs. 27 rigs in FY 25e), thanks to PDO's OMR 215m contract adding six rigs in Oman, and two rigs in Kuwait, ii) a 3% FY 25-29e CAGR in day rates due to higher-than-average day rates in Kuwait on adding a premium rig in FY 26e, and lucrative day rates from PDO.

We expect FCFY and DY expansion to 9% and 10% in FY 28-29e, respectively, following the capex cycle in FY 26-27e for rig additions in Oman and Kuwait. We expect a front-loaded capex of OMR 35m in FY 26e, on rig additions in Oman and Kuwait, reaching 35 rigs in FY 27e. Capex should remain elevated on the PDO contract, with a capex of OMR 78m over FY 26-28e, representing 15% of revenues. Following the capex cycle, we expect FCF expansion to OMR 29m in FY 28-29e, up from OMR 10m in FY 26e, driving a resilient FY 28-29e FCFY of 9% and DY of 10%.

Oman's onshore market is expected to grow at 6% CAGR through FY 27e, the highest in the region, on the back of a strong IOC presence, benefiting from low cost of lifting. The Omani drilling market is dominated by onshore drilling, which represents 18% of the major MENA onshore market. The Omani onshore market is expected to grow at the highest rate at a 6% CAGR through FY 27e, on the back of a strong IOC presence and low cost of lifting of USD 24/bbl (33% below global average—excl. MENA region).

Abraj expanded to Kuwait at a revenue CAGR of 36% over FY 25-29e as operations ramp up. The company expanded to Kuwait in FY 24A with the addition of two rigs, marking its first regional expansion. Revenues from Kuwait should reach OMR 24m by FY 29e (11% of total revenues), growing at a CAGR of 36% over FY 25-29e thanks to i) a total of 4 operational rigs in Kuwait by FY 27e, ii) higher day rates averaging at a 15% premium to Omani DR, and iii) commencement of operations of Abraj's first ever 4,000HP drilling rig in Q1 26e, at a higher day rate.

Initiate coverage with a TP of OMR 0.36 (29% upside) as the stock trades at a 10% discount to regional peers, despite above-average EPS CAGR of 16% and DY of 7%. We reached a TP of OMR 0.36/share using a DCF approach, assuming EBITDA and EPS CAGR in FY 25-28e of 12% and 16%, respectively, at an average WACC of 10%, using a CoE of 12% and CoD of 7%, with a debt weighting of 43%. Abraj trades at a FY 26e EV/EBITDA of 6.6x and P/E of 14.0x, at a 10% discount to regional peers. We think there is room for this discount to narrow on i) an attractive DY of 7% in FY 25-26e, well-above regional peers of 4% and ii) EPS CAGR of 16% in FY 25-28e vs. regional peers at 14%.

BUY OMR 0.36

Industrials / OMAN

Bloomberg code	ABRJ OM
Market index	MSX
Target Price	0.36
Upside (%)	29.1

Market data	**9/22/2025**
Last closing price	0.28
52 Week range	0.2-0.3
Market cap (OMR m)	213
Market cap (USD m)	554
Average Daily Traded Value (OMR m)	0.00
Average Daily Traded Value (USD m)	1.2
Free float (%)	29%

Year-end (local m)	2024	2025e	2026e	2027e
Revenues	152	144	149	174
EBITDA	52	49	49	56
Net income	17	16	15	18
EPS	0.02	0.02	0.02	0.02
EPS growth (%)	2.2	(8.4)	(5.7)	23.5
P/E (current price)	12.6	13.8	14.1	11.5
DPS	0.02	0.02	0.02	0.02
Div. yield (%)	7.7	7.3	6.8	8.5
FCF/share	-	-	-	-
FCF yield (%)	4.2	8.5	3.1	6.4
CAPEX	31	16	35	25
CAPEX/sales (%)	20.6	10.9	23.7	14.4
Net Debt/EBITDA (x)	1.7	1.7	2.0	1.8
EV/EBITDA (x)	6.2	6.6	6.6	5.8
RoAE (%)	14.7	10.6	10.0	12.3
RoIC (%)	11.1	10.0	9.9	11.0

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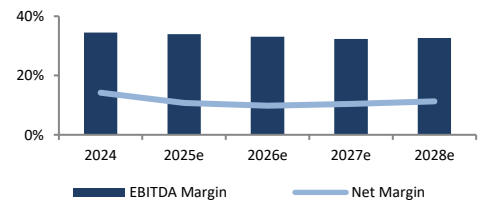
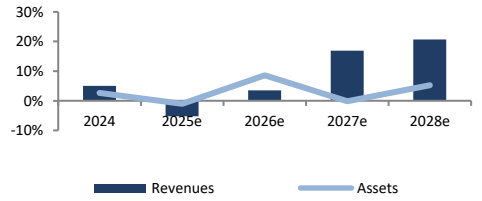
Abacus

Arqaam Capital Fundamental Data

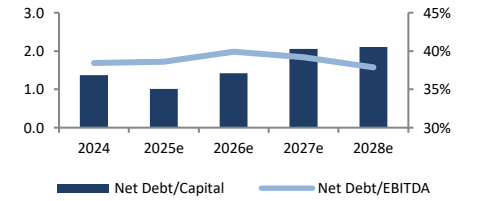
Profitability



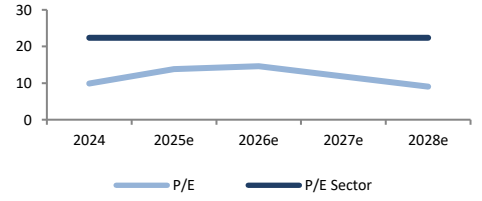
Growth



Gearing



Valuation



Abraj Energy Services

Year-end	2023	2024	2025e	2026e	2027e	2028e
Financial summary						
Reported EPS	0.02	0.03	0.02	0.02	0.02	0.03
Diluted EPS	0.02	0.03	0.02	0.02	0.02	0.03
DPS	0.02	0.02	0.02	0.02	0.02	0.03
BVPS	0.69	0.70	0.70	0.70	0.70	0.71
Weighted average shares	770.20	770.20	770.20	770.20	770.20	770.20
Average market cap	15,712.08	15,712.08	15,712.08	15,712.08	16,482.28	16,482.28

Year-end	2023	2024	2025e	2026e	2027e	2028e
Valuation metrics						
P/E (x) (current price)	12.9	12.6	13.8	14.1	11.5	8.8
P/E (x) (target price)	16.8	12.9	17.9	19.0	15.4	11.8
EV/EBITDA (x) (current price)	6.8	6.2	6.6	6.6	5.8	4.7
EV/EBITDA (x) (target price)	7.6	6.9	7.4	7.3	6.4	5.2
EV/FCF (x)	15.3	23.9	11.7	32.4	15.5	12.3
Free cash flow yield (%)	6.5	4.2	8.5	3.1	6.4	8.2
Dividend yield (%)	7.2	7.7	7.3	6.8	8.5	10.0

Year-end	2023	2024	2025e	2026e	2027e	2028e
Growth (%)						
Revenues	5.3	5.1	(5.2)	3.5	16.9	20.7
EBITDA	(2.5)	10.0	(6.6)	0.6	14.6	21.9
EBIT	(4.6)	15.4	(11.1)	0.3	16.4	23.6
Net income	0.3	30.0	(28.1)	(5.7)	23.5	31.1

Year-end	2023	2024	2025e	2026e	2027e	2028e
Margins (%)						
EBITDA	33.0	34.5	34.0	33.1	32.4	32.7
EBIT	17.7	19.4	18.2	17.6	17.6	18.0
Net	11.5	14.2	10.8	9.8	10.4	11.3

Year-end	2023	2024	2025e	2026e	2027e	2028e
Returns (%)						
RoAA	5.9	7.7	5.5	5.0	5.9	7.6
RoAE	11.4	14.7	10.6	10.0	12.3	16.0
RoIC	10.1	11.1	10.0	9.9	11.0	13.1
FCF margin	6.5	4.2	8.5	3.1	6.4	8.2

Year-end	2023	2024	2025e	2026e	2027e	2028e
Gearing (%)						
Net debt/Capital	34.4	36.8	35.1	37.1	40.3	40.5
Net debt/Equity	55.4	60.5	57.4	66.6	70.9	72.7
Interest cover (x)	4.1	5.1	4.0	3.4	3.9	4.5
Net debt/EBITDA (x)	1.7	1.7	1.7	2.0	1.8	1.6

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Abacus *Arqaam Capital Fundamental Data*

Company Profile

Abraj is the leading provider of onshore drilling services in Oman, with a 29% market share. The company operates 27 modern drilling rigs for new well development at an average rig age of 9.4 years, and 5 workover rigs for maintenance and restoration of existing wells (average rig age: 11.4 years); up from 8 drilling rigs in FY 20A. Abraj maintains strong, long-standing customer relationships with leading Oman NOCs, including OQEP and PDO, while catering IOCs such as BP, Medco, and Occidental.

Investment thesis

Initiate coverage with a TP of OMR 0.36 (29% upside) as the stock trades at a 10% discount to regional peers, despite an above-average EPS CAGR of 16% and DY of 7%. We set a TP of OMR 0.36/share using a DCF approach assuming EBITDA and EPS CAGR in FY 25-28e of 12% and 16%, respectively, and discounting our FCF at an average WACC of 10%, using a CoE of 12% and CoD of 7%, with a debt weighting of 43%. Abraj trades at a FY 26e EV/EBITDA of 6.6x and P/E of 14.0x, at a 10% discount to regional peers. We think there is room for this discount to narrow on i) EPS CAGR of 16% in FY 25-28e, well-above peers of 14%, on rig additions, and ii) an attractive DY of 7% in FY 25-26e vs. regional peers of 4%.

Abraj Energy Services

Year-end	2023	2024	2025e	2026e	2027e	2028e
Income statement (OMRmn)						
Sales revenue	144	152	144	149	174	210
Cost of sales	(111)	(114)	(108)	(111)	(130)	(156)
Gross profit	**33**	**38**	**36**	**37**	**44**	**53**
SG&A	-	-	-	-	-	-
EBITDA	**48**	**52**	**49**	**49**	**56**	**69**
Depreciation	(22)	(23)	(23)	(23)	(26)	(31)
EBIT	**26**	**29**	**26**	**26**	**31**	**38**
Interest expense	(6)	(6)	(7)	(8)	(8)	(8)
Share of results of associates & JV	-	-	-	-	-	-
Profit before tax	19	25	18	17	21	28
Taxes	(3)	(4)	(3)	(3)	(3)	(5)
Other post-tax income/(expense)	**-**	**-**	**-**	**-**	**-**	**-**
Net profit (group)	17	17	15	15	18	24
Minorities	-	-	-	-	-	-
Net profit (parent)	**17**	**17**	**15**	**15**	**18**	**24**
Arqaam adjustments (including dilution)	-	-	-	-	-	-
Arqaam Net profit	**17**	**17**	**15**	**15**	**18**	**24**

Year-end	2023	2024	2025e	2026e	2027e	2028e
Balance sheet (OMRmn)						
Cash and equivalents	8	5	9	19	7	10
Receivables	42	43	45	46	53	64
Inventories	24	28	27	28	33	39
Tangible fixed assets	197	205	198	211	210	206
Other assets including goodwill	5	2	2	2	2	2
Total assets	**276**	**284**	**281**	**305**	**305**	**321**
Payables	28	31	29	30	35	42
Interest bearing debt	89	94	93	117	111	118
Other liabilities	13	13	13	13	13	13
Total liabilities	**131**	**137**	**135**	**159**	**158**	**172**
Shareholders equity	146	146	146	146	146	149
Minorities	-	-	-	-	-	-
Total liabilities & shareholders equity	**276**	**284**	**281**	**305**	**305**	**321**

Year-end	2023	2024	2025e	2026e	2027e	2028e
Cash flow (OMRmn)						
Cashflow from operations	**38**	**45**	**43**	**45**	**46**	**54**
Net capex	(17)	(31)	(16)	(35)	(25)	(27)
Free cash flow	**21**	**14**	**28**	**10**	**21**	**26**
Equity raised/(bought back)	-	-	-	-	-	-
Dividends paid	15	16	15	15	18	21
Net inc/(dec) in borrowings	(5)	2	(2)	24	(5)	8
Other investing/financing cash flows	(6)	(6)	(7)	(8)	(8)	(8)
Net cash flow	**(14)**	**(3)**	**4**	**10**	**(12)**	**2**
Change in working capital	18	-	37	(16)	10	15

Nour Eldin Sherif, CFA
noureldin.sherif@arqaamcapital.com
+971 55 780 9963

Hana Sultan
hana.sultan@arqaamsecurities.com
+20 109 702 1699

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Table of Contents

Investment Thesis 5

Valuation 9

Peer analysis 11

Upside/downside risks 12

Key operating assumptions 14

Industry Overview 19

Closer look at Abraj 30

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Investment Thesis

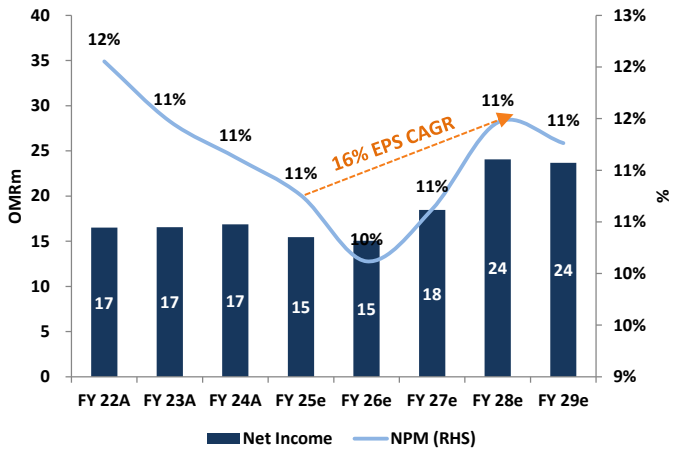
Lucrative contracts, rig additions, and premium day rates pave the way for growth.

We forecast an EPS CAGR of 16% in FY 25-28e, driven by rig additions and lucrative PDO day rates.

We expect net income to grow at a cumulative 56% over FY 25-28e, reaching OMR 24m in FY 28e (vs. a FY 25e net income of OMR 15m) on the back of i) 8 rigs coming into operation by FY 27e, ii) higher day rates in FY 25-29e; at a 3% CAGR on lucrative day rates with PDO and expansion to Kuwait in FY 27e, and iii) declining interest expense/sales ratio to 3% in FY 29e, down from 4% in FY 24A, on resilient FCF.

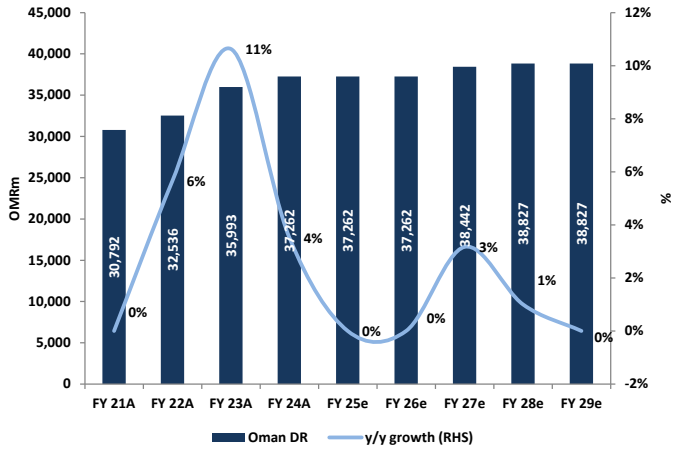
The main growth driver for Abraj is an OMR 215m (USD 560m) contract with Petroleum Development Oman (PDO), Oman's largest E&P player, for six rigs beginning operations in Q4 26e, at an implied day rate of USD 41.7k/day, which suggests a 12% premium over FY 24A Omani implied day rates. As such, we expect FY 27-29e FCFY and DY to average 8% and 10%, respectively.

Exhibit 1: NI to grow at a cumulative 56% over FY 25-28e…



Source: Arqaam Capital Research

Exhibit 2: …on growth in Omani day rates from the PDO contract



Source: Arqaam Capital Research

Oman's onshore market is expected to grow at 6% CAGR through FY 27e, the highest in the region, on the back of a strong IOC presence, benefiting from low cost of lifting.

The major MENA countries (namely, KSA, Kuwait, Oman, Algeria, UAE, and Qatar) represent 15% of the global onshore drilling market. KSA represents the largest market share out of the region at 41%, followed by Kuwait at 20%, and Oman at 18%. Oman is expected to grow at the highest rate at a 6% CAGR through FY 27e, on the back of a strong IOC presence and low cost of lifting of USD 24/bbl (33% below global average—excl. MENA region). Abraj positions itself strategically in this regional market through its operations of an expected 31 rigs in FY 28e in Oman (+24% vs. FY 25e at 23 rigs) and an expected 4 rigs in FY 27e in Kuwait. Abraj is also expected to operate its first premium 4,000+ HP rig in Kuwait in Q1 26e.

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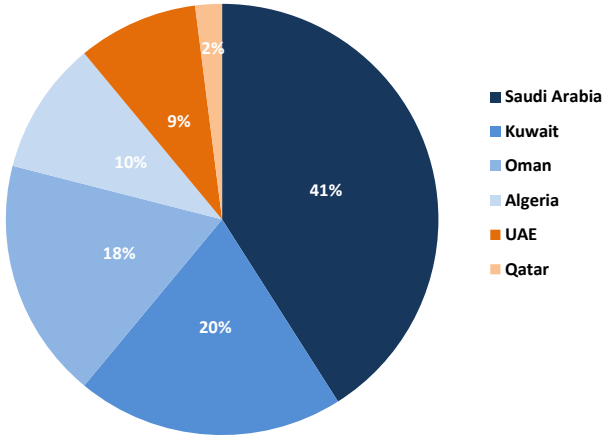
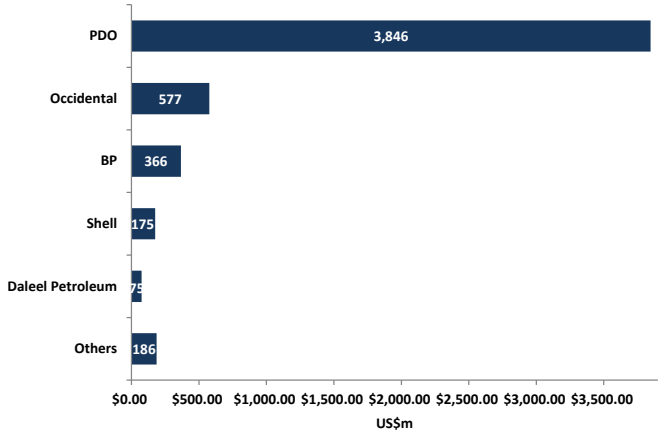
Exhibit 3: Oman holds the third-highest onshore drilling market share out of the major MENA players at 18%



Source: Rystad Energy AS, Company Prospectus, Arqaam Capital Research

Exhibit 4: PDO is the largest contributor to Oman's onshore drilling backlog at OMR 3,486m over FY 22 to FY 27e

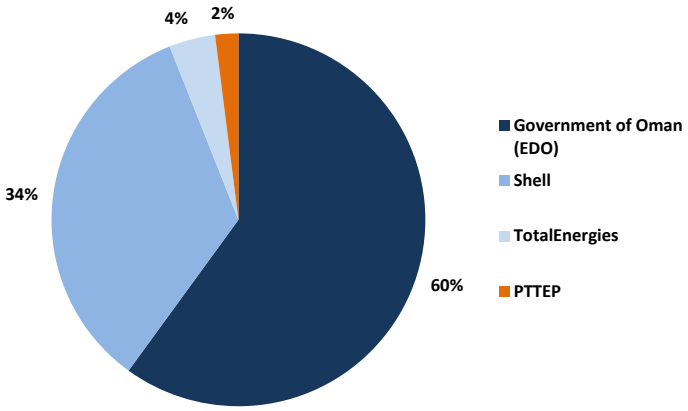


Source: Rystad Energy AS, Company Prospectus, Arqaam Capital Research

The PDO contract, worth OMR 215m, awarded in Jun-25, should drive Abraj's next chapter of growth.

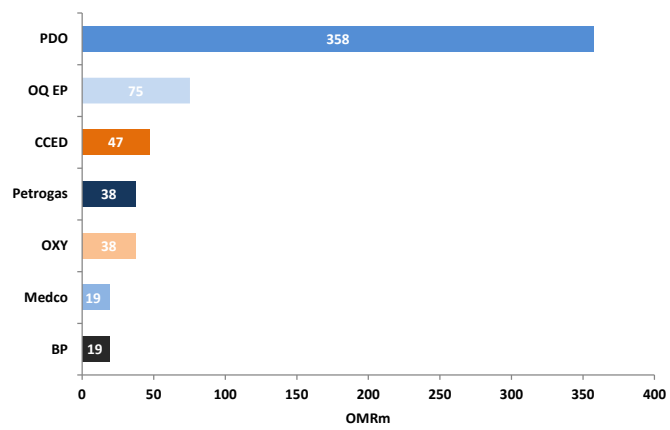
In Jun-25, Abraj announced its contract award from PDO, the largest Omani oil and gas producer, at OMR 215m for 6 rigs over 6 years, expected to begin operations in Q4 26e. The implied day rate is USD 41.7k/day, 12% higher than implied Omani day rates in FY 24A of USD 37.3k/day, enhancing revenue visibility and promoting growth in Abraj's overall day rates. PDO produces oil and gas on behalf of its shareholders out of the large Block 6 concession. PDO is a joint-venture operating company with a split ownership between the Government of Oman through EDO (Energy Development Oman – a wholly owned government entity) at 60% ownership, with the balance allocated between Shell (34% ownership), TotalEnergies (4% ownership), and PTTEP (2% ownership). PDO is also the largest contributor to Abraj's backlog.

Exhibit 5: PDO is largely owned by EDO, a wholly owned government entity



Source: Rystad Energy AS, Company Prospectus, Arqaam Capital Research

Exhibit 6: PDO is the largest contributor to Abraj's remaining FY 22A backlog at OMR 358m (excl. Jun-25 contract)



Source: Company Prospectus, Arqaam Capital Research

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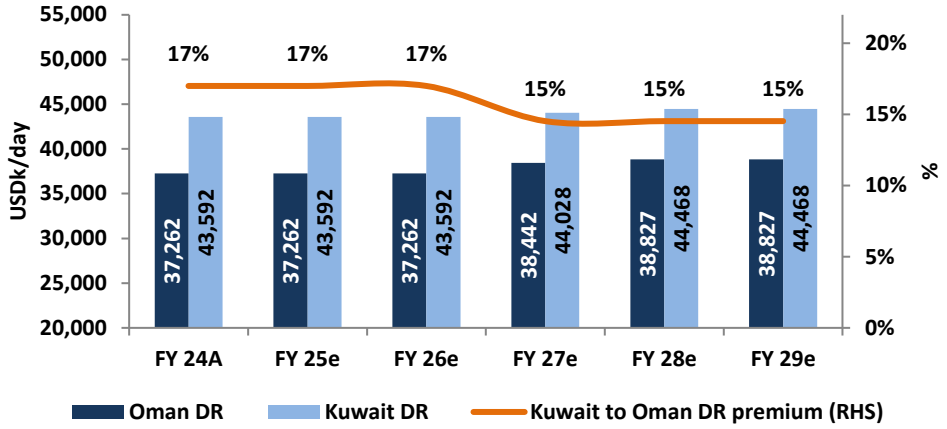
Day rates should grow at a 3% CAGR over FY 25-29e on the back of newly awarded rigs at higher day rates, and expansion into Kuwait.

We expect day rates to see a 3% CAGR from FY 25-29e, on i) Omani day rates growing 3% y/y in FY 27e thanks to commencement of operations of the PDO contracted rigs – which boasts an implied day rate of USD 41.7k/day, (+12% vs. FY 24A at Omani DR of USD 37.3k/day), and ii) ramp up of drilling operations in Kuwait lifting the overall average day rates. We expect Kuwaiti day rates to average at a 15% premium to day rates in Oman despite the PDO contribution. Overall, we expect Oman and Kuwait day rates to reach USD 38.8k/day and USD 44.5k/day in FY 29e, respectively (up from USD 37.3k/day and USD 43.6/day in FY 24A), driven by operations of 8 new premium rigs deploying over FY 26-28e.

Exhibit 7: Kuwait DR to average at a 15% premium to Omani DR over FY 25-29e



Source: Arqaam Capital Research. Note: Implied day rates are calculated by dividing total revenues by the number of operating rigs, which accounts for not only operating drilling rates, but also all services, including crew/maintenance/upkeep and rig movements.

Exhibit 8: PDO contract commencement in FY 27e to drive a 5% y/y growth in Abraj's overall DR to USD 38.7k/day

USDk/day	FY 24A	FY 25e	FY 26e	FY 27e	FY 28e	FY 29e
Overall DR	35,553	35,982	36,971	38,698	40,135	40,135
y/y growth (%)		1%	3%	5%	4%	0%
Oman DR	37,262	37,262	37,262	38,442	38,827	38,827
y/y growth (%)		0%	0%	3%	1%	0%
Kuwait DR	43,592	43,592	43,592	44,028	44,468	44,468
y/y growth (%)		0%	0%	1%	1%	0%

Source: Arqaam Capital Research. Note: Implied day rates are calculated by dividing total revenues by the number of operating rigs, which accounts for not only operating drilling rates, but also all services, including crew/maintenance/upkeep and rig movements.

Abraj's expansion into Kuwait paves the way for regional expansion and poses a 12% average contribution to revenues over FY 27-29e.

Abraj expanded to Kuwait in FY 24A with the additions of 2 rigs and marked its first regional expansion, sparking a move in a strategically important market. The Kuwait contracting market is dominated by Kuwait Oil Company (KOC), where demand for drilling rigs is underpinned by operations at the Greater Burgan and Raudhatain (Project Kuwait) fields – the two largest fields in Kuwait. As such, Abraj's drilling revenues from Kuwait should reach OMR 24m by FY 29e (11% of total FY 29e revenues), growing at a CAGR of 36% over FY 25-29e thanks to i) a low base in FY 25e on two operating rigs compared to a total of 4 operational rigs in Kuwait by FY 27e, ii) higher

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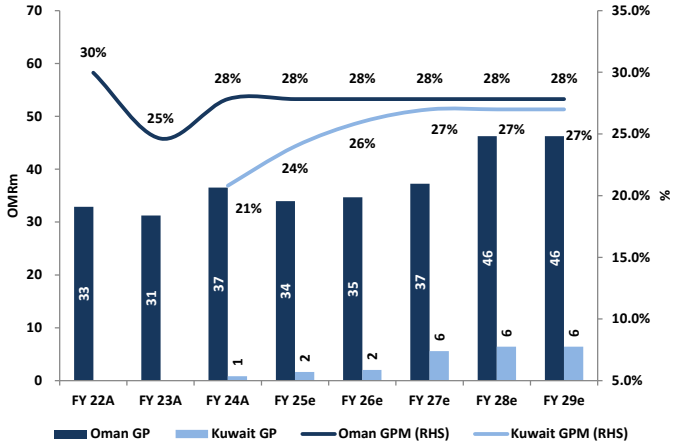
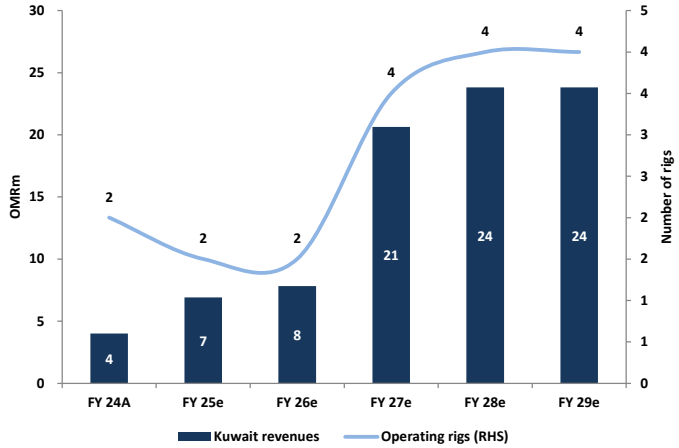
day rates averaging at a 15% premium to Omani DR over FY 25-29e, and iii) commencement of operations of Abraj's first ever 4,000HP drilling rig in Q1 26e, demanding a higher day rate on its contract. Abraj's expansion to Kuwait is expected to contribute an incremental OMR 6m in gross profit by FY 29e (12% of total GP), building on margin ramp-ups (27% GPM in FY 29e vs. 21% in FY 24A) as Abraj's footprint in the country expands.

Exhibit 9: Kuwait GPM should ramp up as Abraj's footprint grows



Source: Arqaam Capital Research

Exhibit 10: Kuwait drilling revenues to grow at a CAGR of 36% over FY 25-29e to OMR 24m

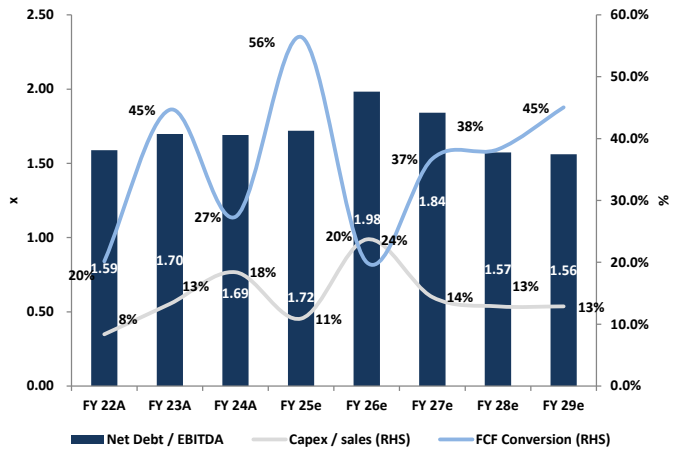


Source: Arqaam Capital Research

We expect FCFY and DY expansion to 9% and 10% in FY 28-29e, respectively, following the capex cycle in FY 26-27e for rig additions in Oman and Kuwait.

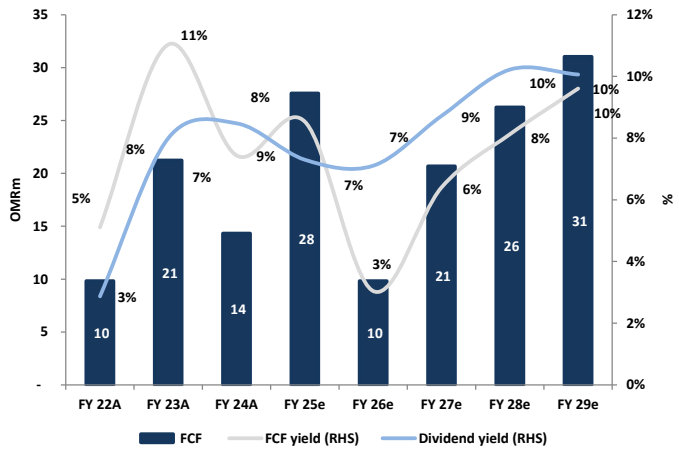
We expect a front-loaded capex of OMR 35m in FY 26e, on rig additions in Oman and Kuwait reaching 35 rigs in FY 27e. Associated with the PDO contract is capex of OMR 78m expected over FY 26-28e, representing 15% of revenues. **Following the capex cycle, we expect FCF expansion to OMR 29m in FY 28-29e, up from OMR 10m in FY 26e, driving a resilient FY 28-29e FCFY of 9% and DY of 10%.**

Exhibit 11: PDO capex requirements to be facilitated by debt…



Source: Arqaam Capital Research

Exhibit 12: …leading to attractive FCFY and DY in FY 27-29e



Source: Arqaam Capital Research

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Valuation: significant upside based on DCF, given solid FCF, 12% ROIC, and mid-double-digit growth

We initiate coverage on Abraj with a Buy recommendation at a DCF-based TP of OMR 0.36/share (29% upside).

We use a DCF approach based on Free Cash Flow to Firm (FCFF) to value Abraj. We assume an EBITDA and EPS CAGR in FY 25-28e of 12% and 16%, respectively, on a lucrative PDO contract of OMR 215m, and Abraj's regional expansion into Kuwait, operating a 4,000+ HP rig in FY 26e. We discount Abraj's FCFF at an average WACC of 10%, using a CoE of 12% and a CoD of 7%, with a debt weighting of 43%.

Despite an elevated CoE for 12% due to Abraj's low liquidity (average daily turnover of USD 1m) in comparison to its regional counterparts (ADNOCDRI, ADES, ARABIAND), we reach a TP of OMR 0.36/share with 29% upside.

P/E should decline to 9x in FY 28-29e, bearing the fruits of newly added rigs in Oman and Kuwait.

Exhibit 13: DCF Summary

OMRm		FY 25e	FY 26e	FY 27e	FY 28e	FY 29e
EBIT		26	26	31	38	38
(Taxes Paid)		(3)	(3)	(4)	(5)	(5)
+Depreciation		23	23	26	31	31
COPAT		46	46	53	64	64
Working capital changes		(3)	(1)	(7)	(11)	(6)
Net operating cash flow		43	45	46	53	58
CAPEX		(16)	(35)	(25)	(27)	(27)
Free cash flow		**28**	**10**	**21**	**26**	**31**
PV of FCF		27	9	17	19	21
WACC		10.2	10.2	9.9	10.0	9.9
PVOP	92					
PVTV	265					
Enterprise Value	**357**					
Debt	106					
Cash	-6					
Net Debt (Q2 25A)	111					
Investments	4					
Equity Value	**250**					
Number of Shares	770					
Fair Value (OMR/share)	**0.32**					
Target Price (OMR/share)	**0.36**					
Current Price	**0.28**					
Upside Potential	29.1%					

Source: Arqaam Capital Research

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Exhibit 14: WACC and terminal growth rate assumptions

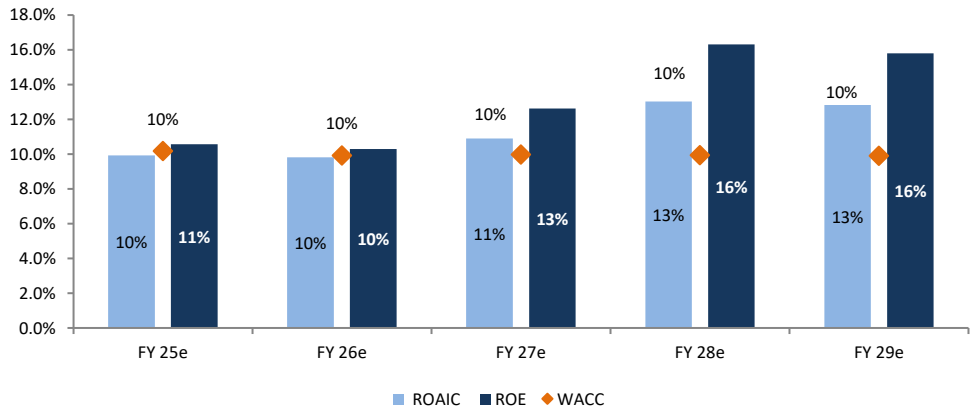
%		FY 25e	FY 26e	FY 27e	FY 28e	FY 29e
Weight of Equity		61%	56%	57%	56%	55%
Weight of Debt		39%	44%	43%	44%	45%
Ke		12%	12%	12%	12%	12%
Kd		7%	7%	7%	7%	7%
WACC		**10.2%**	**9.9%**	**10.0%**	**9.9%**	**9.9%**
Perpetual Growth Rate	2.0%					

Source: Arqaam Capital Research

ROIC reaches 3 ppts above WACC in FY 29e, with the PDO contract creating EVA

We expect an average ROIC of 12% in FY 27-29e, 2 ppts above the average WACC of 10%, primarily driven by positive EVA contributions from the lucrative OMR 215m PDO contract, and the operation of 8 more rigs over FY 25-29e, with the operations of a 4,000+ HP rig expected to commence in H1 26e. RoE should reach 16% by FY 29e, as overall day rates grow at a 3% CAGR driven by PDO contracted day rate and higher day rates in Kuwait.

Exhibit 15: PDO OMR 215m contract contribution to boost ROIC to 13% in FY 29e, vs. WACC of 10%



Source: Arqaam Capital Research

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Peer analysis

Abraj trades at a blended 10% discount to regional peers, despite well-above peers' DY of 7% and EPS CAGR of 16%.

Abraj trades at a FY 26e EV/EBITDA of 6.6x and P/E of 14.0x, at a 10% discount to regional peers. We think there is room for this discount to narrow on i) EPS CAGR of 16% in FY 25-29e, 2 ppts above peers of 14%, on rig additions, and ii) an attractive DY of 7% in FY 25-26e vs. regional peers of 4%.

Exhibit 16: Peer analysis

Company Name	Country	Mkt Cap	P/E (x)		EV/EBITDA		EBITDAM (%)	DY (%)	ROE (%)	EPS CAGR (%)
		USDm	FY 25e	FY 26e	FY 25e	FY 26e	FY 25e	FY 25e	FY 25e	FY 25-28e
Odfjell Drilling Ltd.	Norway	1,897	10.9	7.6	5.5	4.8	52%	7%	4.6%	-3%
Precision Drilling Corp.	Canada	760	11.6	9.8	3.6	3.6	26%	N/A	6.2%	15%
Velesto Energy BHD	Malaysia	449	11.5	12.8	4.2	4.5	41%	9%	8.3%	-26%
Helmerich & Payne	USA	2,096	30.3	31.3	4.8	5.1	22%	5%	11.2%	18%
Hunting PLC	UK	732	12.4	9.4	5.1	4.4	14%	3%	5.3%	24%
Noble Corp. PLC	USA	4,809	23.6	21.8	5.9	6.1	33%	7%	9.5%	31%
Transocean Ltd.	Switzerland	3,112	40.2	31.1	7.0	7.0	34%	N/A	-0.4%	5%
Median		**1,897**	**12.4**	**12.8**	**5.1**	**4.8**	**33%**	**7%**	**6.2%**	**15.3%**
Mean		**1,979**	**20.1**	**17.7**	**5.1**	**5.1**	**32%**	**6%**	**6.4%**	**9.3%**
Regional peers										
Arabian Drilling Co.	Saudi Arabia	1,719	64.9	28.4	7.1	6.75	37%	4%	5.4%	57%
ADNOC Drilling Co. PJSC	UAE	23,175	16.3	15.4	11.5	10.91	46%	4%	36.9%	6%
ADES Holding Co.	Saudi Arabia	4,400	20.1	16.2	8.4	7.09	51%	3%	13.1%	14%
Median		**4,400**	**20.1**	**16.2**	**8.4**	**7.1**	**46%**	**4%**	**13.1%**	**14.0%**
Mean		**9,764**	**33.7**	**20.0**	**9.0**	**8.2**	**45%**	**3%**	**18.5%**	**25.7%**
Abraj Energy Services SAOG	**Oman**	**554**	**13.7**	**14.0**	**6.6**	**6.6**	**34%**	**8%**	**10.6%**	**16.0%**
Discount/premium		-87%	-32%	-14%	-22%	-7%	-12%	4%	-2%	2%

Source: Arqaam Capital Research

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Upside/downside risks

Day rate sensitivity – we anticipate an average FY 25-29e day rate of USD 38.4k/day (with Oman day rates averaging at USD 38.1k/day, and Kuwait day rates averaging 15% higher at USD 44.0k/day), vs. an average day rate of USD 33.7k/day in FY 21-24A. This projection is based on higher day rates on the OMR 215m PDO contract and the operations of premium rigs in Kuwait. Our sensitivity analysis reveals that a +/-10% fluctuation in day rates changes our EBITDA, EPS, and TP by 17%, 38%, and 14%, respectively.

Exhibit 17: Day rate sensitivity

	Day Rate (USD k/day)	Impact on EBITDA	Impact on EPS	TP (OMR/share)
Upper case (base case +10%)	49,914	+17%	+38%	0.41
Base case (forecast horizon)	**38,384**	**0%**	**0%**	**0.36**
Lower case (base case -10%)	29,405	-13%	-29%	0.31

Source: Arqaam Capital Research. Note: Implied day rates are calculated by dividing total revenues by the number of operating rigs, which accounts for n,ot only operating drilling rates, but also all services, including crew/maintenance/upkeep and rig movements.

Number of operating rigs – we anticipate the operations of 35 onshore drilling rigs for Abraj in FY 28e, which is 8 rigs above our FY 25e estimate of 27 rigs. These rigs should consist of i) 2 stacked rigs coming back online on contract renewals and extensions in H2 25e, ii) 6 rigs for the PDO contract of OMR 215m, and iii) 2 rigs commencing operations in Kuwait, one of which boasts 4,000+ HP. Our sensitivity analysis reveals that a +/-10% fluctuation in the number of operating rigs changes our EBITDA, EPS, and TP by 21%, 24%, and 50%, respectively.

Exhibit 18: Number of operating rigs sensitivity

	Average # of operating rigs	Impact on EBITDA	Impact on EPS	TP (OMR/share)
Upper case (base case +20%)	37	22%	26%	0.55
Base case (forecast horizon)	**31**	**0%**	**0%**	**0.36**
Lower case (base case -20%)	25	-19%	-22%	0.19

Source: Arqaam Capital Research

Gross profit margin (%) – we assume a flattish GPM as slight margin expansion in Oman in FY 25-27e is partially offset by margin ramp-ups in Kuwait on new operations commencement. We expect a FY 25-29e GPM of 25%. Our sensitivity analysis reveals that a +/-5 ppts fluctuation in the GPM changes our EBITDA, EPS, and TP by 38%, 15%, and 40%, respectively.

Exhibit 19: FY 25-29e GPM (%) sensitivity

	GPM (%)	Impact on EBITDA	Impact on EPS	TP (OMR/share)
Upper case (base case +5 ppts)	30%	15%	38%	0.50
Base case (forecast horizon)	**25%**	**0%**	**0%**	**0.36**
Lower case (base case -5 ppts)	20%	-15%	-38%	0.21

Source: Arqaam Capital Research

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Capex per rig – we assume a FY 25-29e capex per rig of OMR 750k (USD 2m) on rig maintenance and PDO-associated capex of OMR 78m for six new rigs. This amounts to a capex/sales ratio of 15% (vs. 19% in FY 22-24A). Our sensitivity analysis reveals that a +/-10% fluctuation in our capex per rig estimates changes our TP by +11/-14%.

Exhibit 20: Capex/rig sensitivity

	Capex/rig (OMRm)	TP (OMR/share)
Upper case (base case -10%)	0.67	0.40
Base case (forecast horizon)	**0.75**	**0.36**
Lower case (base case +10%)	0.82	0.31

Source: Arqaam Capital Research

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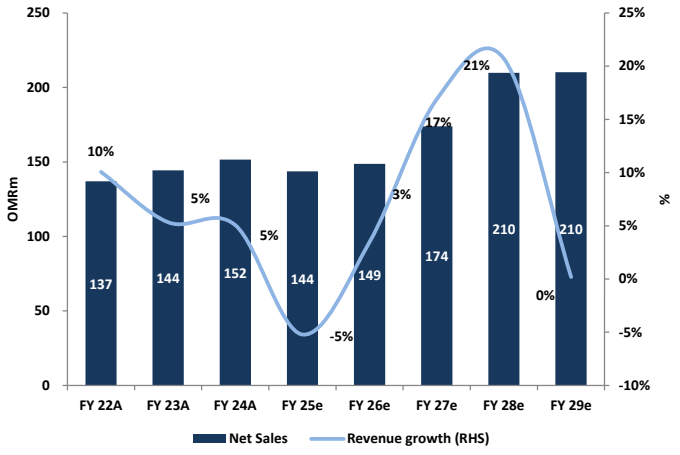
Key Operating Assumptions

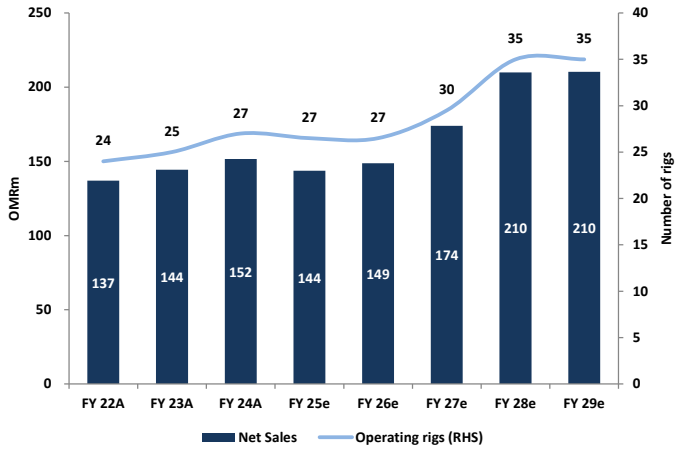
Revenues should grow at a 10% CAGR over FY 25-29e on new rig additions at higher day rates. We expect revenues to reach OMR 210m by FY 29e (vs. OMR 144m in FY 25e), growing at a 10% CAGR over FY25-29e on the back of i) adding 8 rigs to its operating fleet, reaching 35 rigs by FY 28e, (vs. 25 rigs in FY 25e), thanks to PDO's OMR 215m contract, adding 6 rigs over FY 26-29e, ii) a 3% FY 25-29e CAGR on day rates thanks to higher-than-average day rates in Kuwait on deployment of a premium rig in FY 26e, and lucrative day rates from PDO – with an estimated contract DR of USD 42.4k/day, a 12% premium on FY 24A day rates in Oman. Therefore, Abraj's overall implied day rates are expected to reach USD 40.1k/day in FY 29e. A total of 35 rigs should be operational by FY 28e across Oman & Kuwait, with an average utilization rate of 95%.

Exhibit 21: Revenues to reach OMR 210m by FY 28e…



Source: Arqaam Capital Research

Exhibit 22: …as 8 rigs become operational over FY 25-29e



Source: Arqaam Capital Research

Abraj has secured an attractive OMR 215m contract with PDO for the provision of six onshore drilling rigs for Block 6. In Jun-25, Abraj had announced the provision of 6 onshore drilling rigs to PDO, set to mobilize starting Q4 26e. The contracts all have a firm period of 6 years, adding OMR 215m to Abraj's backlog. The contract carries an implied day rate of USD 41.7k/day, which exhibits around a 12% premium over FY 24A implied day rates of USD 37.3k/day. The contract implies an associated capex of OMR 78m expected over FY 26-29e, representing 14% of total revenues, where capex per rig stands at OMR 13m (USD 34m).

A 3% CAGR over FY 25-29e in day rates on the back of newly awarded rigs at higher day rates and expansion to Kuwait. We project day rates to see a 3% CAGR from FY 25-29e, on i) Omani day rates growing at 3% in FY 27e thanks to commencement of operations of the PDO contract – which boasts an estimated day rate of USD 41.7k/day (an estimated 12% premium over FY 24A implied Oman day rates) and ii) ramp up of operations in Kuwait lifting the average day rates thanks to a 15% premium to day rates in Oman. Overall, we expect Oman and Kuwait day rates to reach USD 38.8k/day and USD 44.5k/day in FY 29e, respectively (up from USD 37.3k/day and USD 43.6k/day in FY 24A), thanks to 8 premium rigs becoming operational over FY 26-29e.

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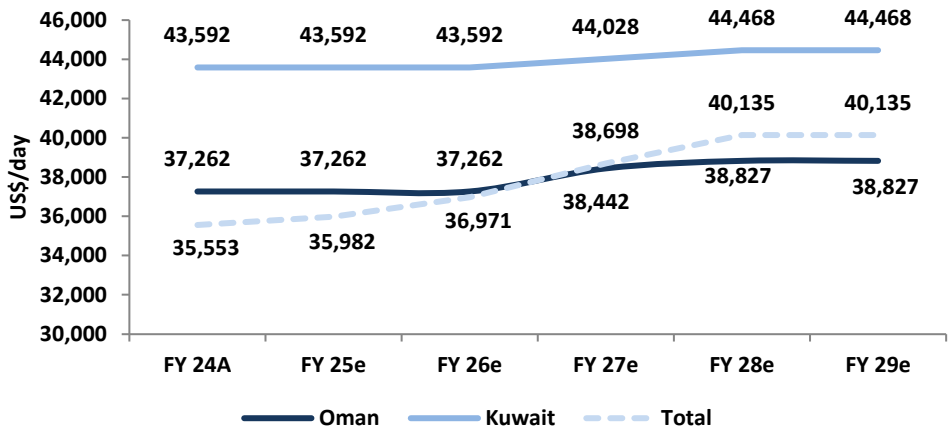
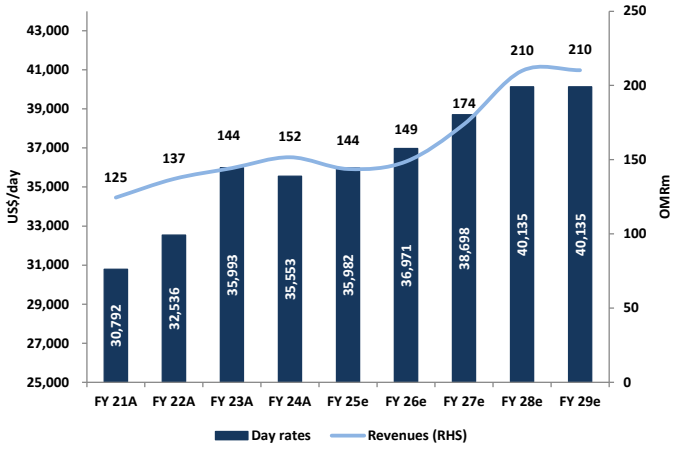
Exhibit 23: Day rates to grow at a 3% CAGR over FY 25-29e, reaching USD 40.1k*/day



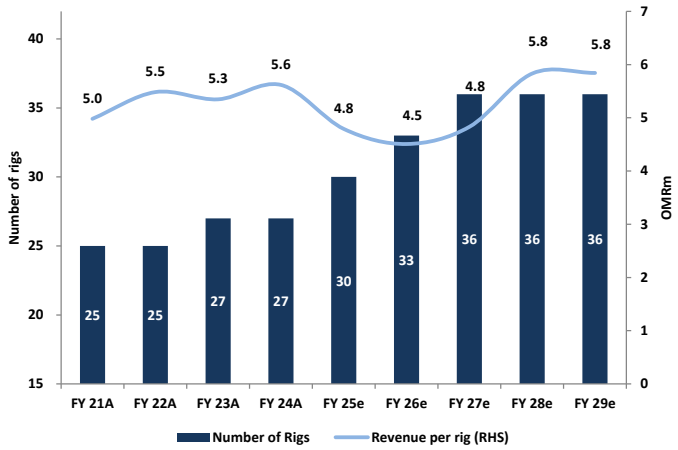
Source: Arqaam Capital Research. (*) Note: Implied day rates are calculated by dividing total revenues by the number of operating rigs, which accounts for not only operating drilling rates, but also all services, including crew/maintenance/upkeep and rig movements.

Exhibit 24: Revenue should grow at a 10% CAGR over FY25-29e, with a 3% CAGR in day rates



Source: Arqaam Capital Research. Note: Implied day rates are calculated by dividing total revenues by the number of operating rigs, which accounts for not only operating drilling rates, but also all services, including crew/maintenance/upkeep and rig movements.

Exhibit 25: Revenues per rig to grow at 5% CAGR on new operating rigs over FY 25-29e



Source: Arqaam Capital Research

We pencil in a substantial 8% CAGR for Omani drilling revenues over FY 25-29e on rig redeployment and new rig additions from the PDO contract. We expect Oman drilling revenues to reach OMR 166m by FY 29e, at an 8% CAGR over FY 25-29e on i) an expected 31 operating rigs by FY 28e (up from 25 rigs in FY 25e – resulting in a 7% y/y decline in revenues at OMR 122m) and ii) PDO's 6-year contract of OMR 215m. As of Q1 25A, 4 rigs were stacked on contract completion – which we expect to fully come back online by H2 25e. Accordingly, we expect revenues overall to decline 7% y/y in FY 25e at OMR 122m – it is worth noting that the decline in Oman drilling revenues should be partially offset by a 73% y/y increase in Kuwaiti drilling revenues at OMR 7m in FY 25e.

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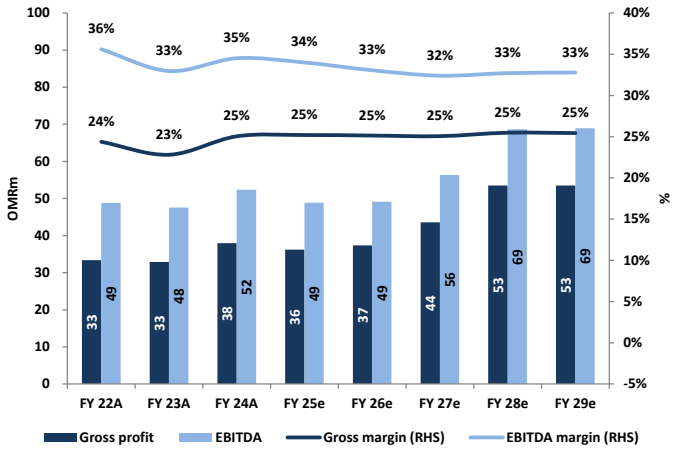
Abraj expansion to Kuwait should add OMR 24m in revenues by FY 29e on ramp-ups of new premium rigs. Abraj expanded to Kuwait in FY 24A with the addition of 2 rigs. Kuwait drilling revenues are expected to reach OMR 24m by FY 29e, growing at an 36% CAGR over FY 25-29e on the back of i) 4 operational rigs by FY 27e, ii) higher day rates in Kuwait averaging a 15% premium on Oman day rates over FY 25-29e, iii) commencement of operations on Abraj's first ever 4,000HP drilling rig in Q1 26e.

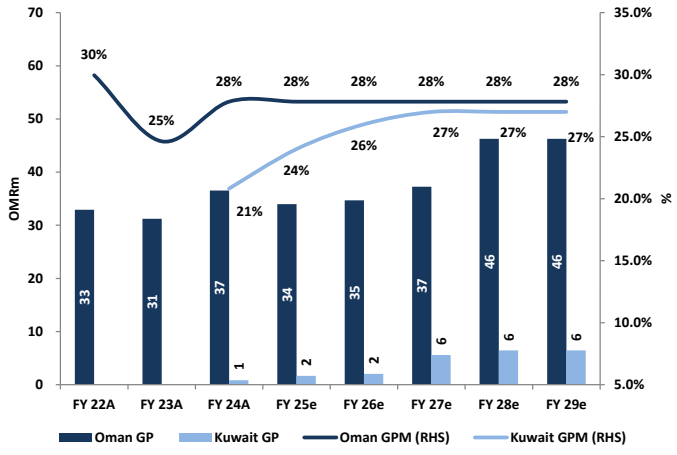
We expect flat GPM at 25% in FY 25-29e. We expect minimal expansion in GPM at 25% in FY 29e, as slight margin expansion in Oman on an increasing number of operating rigs at higher day rates is offset by ramp-ups in Kuwait. GPM in Kuwait is expected to ramp up to 27% in FY 28e, up from 21% in FY 24A, somewhat on par with Oman levels. Kuwait margin expansion is also attributed to higher day rates in the region and operating premium rigs.

Exhibit 26: We expect GPM to remain flat over FY 25-29e at 25%



Source: Arqaam Capital Research

Exhibit 27: Kuwait GPM to catch up with Oman GPM levels as Abraj's footprint grows



Source: Arqaam Capital Research

We expect 16% EPS CAGR in FY 25-28e on rig additions. In FY 25e, we expect NI of OMR 15m, down 8% y/y from FY 24A NI of OMR 17m, due to a 5% y/y decline in revenues on 4 stacked rigs in H1 25A. However, we expect net income to grow at a 16% CAGR over FY 25-28e, reaching OMR 24m in FY 28e, on a 10% revenue CAGR. Top line growth should trickle down to bottom line at a 11% NPM in FY 28e, slightly above 10% in FY 26e with anticipated 1 ppt expansion from FY 27-28e on the back of i) higher day rates in FY 27-28e; with day rates growing 5% y/y in FY 27e on lucrative day rates with PDO, ii) 8 rigs coming into operations by FY 28e, and iii) declining interest expense/sales ratio at 4% in FY 29e, down from 5% in FY 26e.

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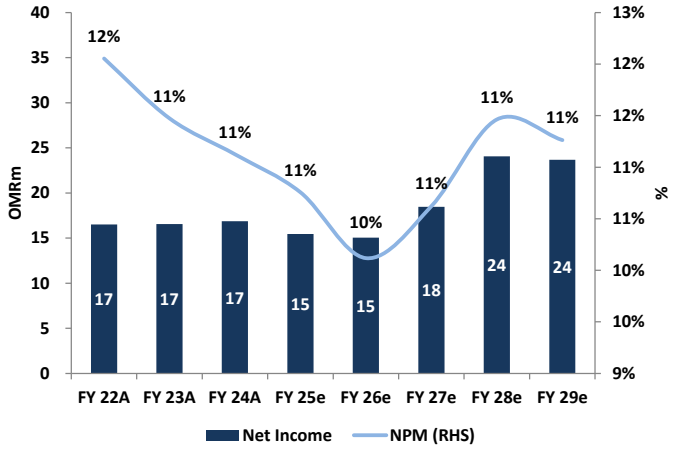
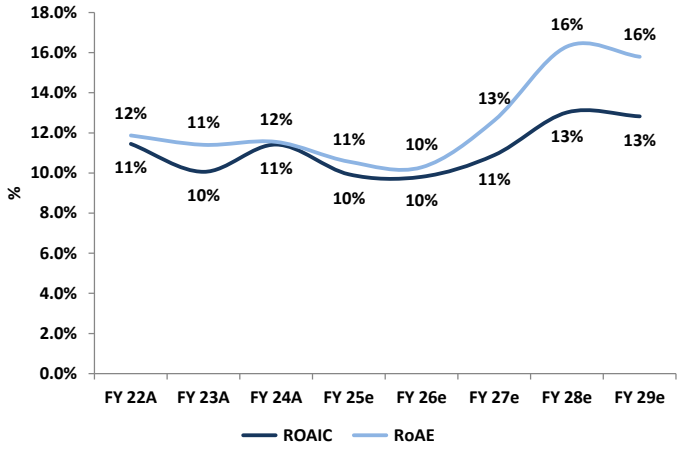
Exhibit 28: NI to grow at a 16% CAGR over FY 25-28e…



Source: Arqaam Capital Research

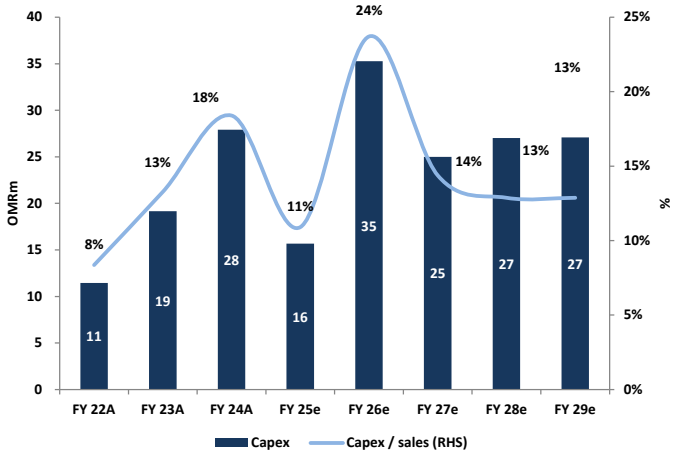
Exhibit 29: …translating to RoE of 16%, RoIC of 13%, by FY 29e



Source: Arqaam Capital Research

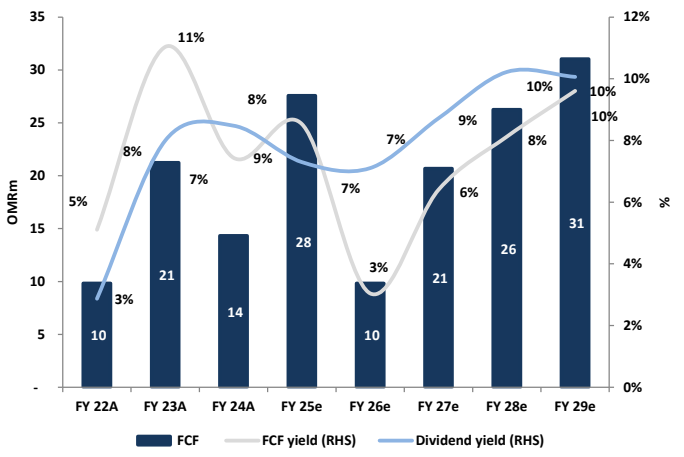
We assume an elevated Capex of OMR 78m in FY 26-28e on adding six new rigs associated with the OMR 215m PDO contract. The PDO contract is projected to add OMR 215m to Abraj's backlog, with operations commencing in Q4 26e. Associated with the PDO contract is capex of OMR 78m expected over FY 26-28e, representing 15% of revenues. Capex is expected to peak in FY 26e on PDO rig additions at OMR 35m (24% of sales). Capex per rig is assumed at OMR 13m with capex/sales of 15% over FY 25-29e (2 ppts below FY 22-24A average of 13%). We expect net debt/EBITDA to average 1.7x over FY 25-27e (in line with 1.7x in FY 22-24A) to support expansion plans as well as maintain an attractive dividend payout. As such, we assume a FCF conversion rate averaging 40% over FY 25-29e, up from the FY 22-24A average of 30%.

Exhibit 30: Capex to average 15% of revenues in FY 25-29e on PDO contract…



Source: Arqaam Capital Research

Exhibit 31: …but we expect resilient FCFY reaching 10% by FY 28e on increased debt and end of the capex cycle



Source: Arqaam Capital Research

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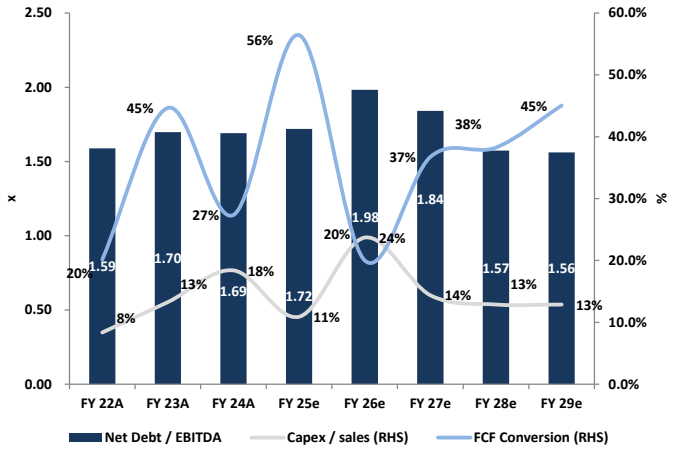
Net Debt should remain elevated at OMR 108m in FY 28e (+28% vs. FY 25e). We expect Net Debt to jump to OMR 108m in FY 28e (vs. OMR 84m in FY 25e), on account of i) PDO associated capex of OMR 78m (USD 200m) – where the attributable backlog is OMR 215m, and ii) the addition of a premium rig in Kuwait. However, we expect Net Debt/EBITDA to average 1.7x over FY 25-29e (in line vs. 1.7x over FY 21-24A) on higher EBITDA thanks to PDO and Kuwait rig ramp-ups elevating EBITDA, which we expect to reach OMR 69m in FY 29e (+41% vs. OMR 49m in FY 25e). Debt is utilized in covering up to 90% of Abraj's capex and WC needs to ensure enough cash flow to maintain dividends.

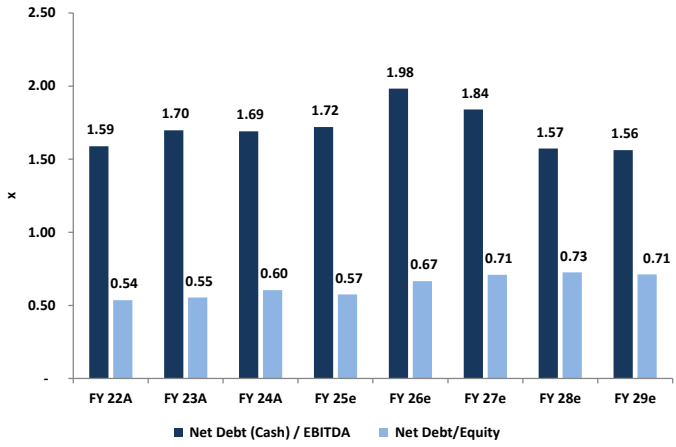
As such, we anticipate FCF to average OMR 23m over FY 25-29e, implying FCFY of 10% in FY 29e; and FY 25-29e dividend payouts averaging 96% on NI, implying a DY of 10% in FY 29e.

Exhibit 32: FCF conversion to average 40% over FY 25-29e



Source: Arqaam Capital Research

Exhibit 33: Debt should reach OMR 124m in FY 29e



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Industry Overview

Primer on the oil and gas industry

The oil and gas industry value chain consists of three key segments:

- **Upstream:** the exploration and production segment,
- **Midstream:** the transportation of crude hydrocarbons from upstream production facilities to downstream plants, and
- **Downstream:** the refining and processing segment.

In turn, the upstream segment is divided into three subcategories:

- **Operating companies:** They acquire oil and gas exploration leases with the target of finding and extracting oil and gas. There are national oil companies (NOC; e.g., ARAMCO, ADNOC, KOC, etc.), international oil companies (IOC; e.g., Shell, BP, Apache, ENI, etc.), and independents.
- **Oilfield services (OFS) companies:** They support and provide operating companies with a range of specialized services and technologies across the life cycle of an oil or gas field. Oilfield services include contract drilling services, well services, support vessels/tugs, logistics and supply services, etc. Abraj is an OFS company, providing drilling and production services to operating companies in Oman and, recently, Kuwait.
- **Equipment manufacturers:** Specialize in building equipment to support operating companies and oilfield service providers. They build drilling rigs, platforms, offshore vessels, subsea infrastructure, wellheads, pipelines, etc.

The oil and gas industry is crucial within the wider energy industry. It is responsible for the extraction of hydrocarbon resources, such as crude oil and natural gas, from beneath the Earth's surface. The industry plays a pivotal role in meeting global energy demands by drilling wells, both onshore (land-based) or offshore (underwater), to access and extract these valuable resources. The industry is divided into two primary phases:

- **Exploration:** Involves the search for potential hydrocarbon reserves beneath the Earth's surface. This phase includes geological and geophysical studies, drilling of exploratory wells, and seismic imaging.
- **Production:** Once viable reserves are confirmed, the production phase begins, which includes drilling production wells and extracting, processing, and transporting oil and gas.

Services and Drilling Rigs

- **Onshore Drilling:** Onshore drilling happens on land and includes drilling in deserts, plains, forests, and other terrestrial environments. Onshore drilling services are used to tap into oil and gas reservoirs located beneath the Earth's surface on land.
- **Offshore Drilling:** Offshore drilling involves drilling wells under the seabed. Offshore drilling can be conducted in shallow waters (nearshore) or deep waters (offshore). Offshore drilling platforms can be floating (e.g., drill ships), semi-submersible (partially submerged), or fixed (e.g., jack-up rigs and platforms).

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- **Land Rigs:** Land rigs are the rigs used in onshore drilling. They are mobile and can be transported to different land-based drilling sites. Land rigs vary in size and capabilities depending on the geological characteristics of the drilling location. They are typically differentiated by their horsepower rating, with >1,500hp rigs considered premium.

Types of onshore drilling contracts

- **Footage rate:** Commonly used in the US. The contractor is paid a fixed dollar amount per foot drilled; it is typically used where geological conditions are known and stable, and reluctantly used in regions with challenging political and geopolitical circumstances due to a higher risk of delay.
- **Turnkey:** A Contract that exposes the rig owner to higher risk, where the contractor is paid a lump sum for delivering a fully drilled and completed well. It includes all services, equipment, and third-party contributions required to complete the job. High risk profile, but characterized by higher earning potential based on performance, efficiency, and quality of work.
- **Lump-sum:** A Contract that is similar to a turnkey contract but outlines a specific scope of work, whereas turnkey contracts stipulate full and completed delivery of the well.
- **Day rate:** Historically, the most common contract, the rig contractor supplies the drilling rig and is responsible for their own rig and crew. The contractor is paid a fixed daily rate for the provision of the rig and crew.

Growth in energy demand and capacity expansion are key drivers for drilling activity.

Oil and gas consumption and capacity expansions serve as primary drivers of activity in the drilling industry and Abraj's services. Resilient demand for energy fuels the need for increased production, leading to investments in exploration and production (E&P) for new projects and ongoing production drilling to maintain output at existing fields. Growth in global energy demand has been shaped by an interplay between economic, population, and income growth, a relationship that has grown in strength as economies expand in terms of both economic output and population size.

Global oil demand is expected to grow at a CAGR of 0.8% to peak at 108 mbpd by FY 31e, up from 102 mbpd in FY 23A, and subject to penetration of renewable energy, is expected to decline to 91mbpd in FY 50e. Gas demand is expected to be more resilient, growing at 0.9% over FY 24-41e, reaching 4,530 billion cubic meters (bcm), up from 3,850 bcm in FY 23A.

Global demand for gas is expected to become 4,530 bcm in FY 41e, up from 3,850 bcm in FY 23A, implying a CAGR of 0.9%. This growth will largely be fueled by Asia (with a 3.2% FY 23A to FY 34e CAGR) and North America (with a 0.8% FY 23A to FY 34e CAGR). Demand is expected to peak at 4,530 bcm in FY 41e, before sustainably declining as growth in China slows down alongside a decline in North American and European demand.

Global rise in oil and gas consumption until FY 30e. The global supply of oil is expected to reach 115 mbpd, and 600m tonnes of Liquefied Natural Gas (LNG) per year in FY 30e. In comparison, FY 21A global oil supply was 98 mbpd, and LNG global supply was less than 400m tonnes.

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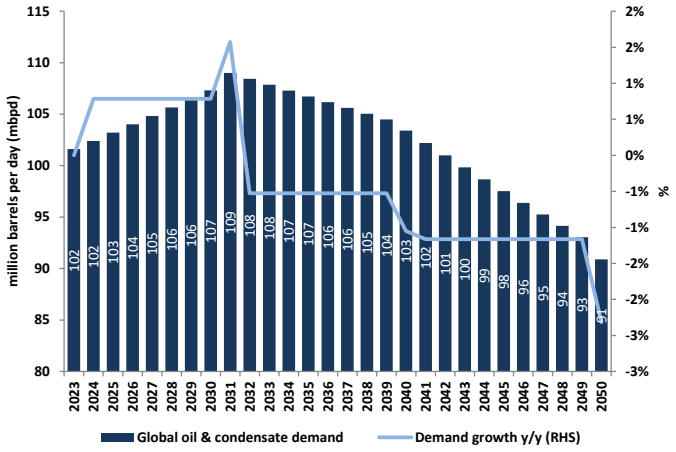
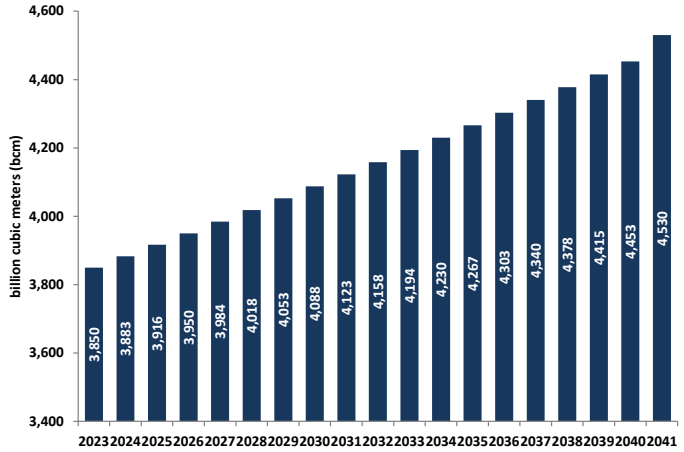
Exhibit 34: Global oil demand to grow to 109 mbpd in FY 31e



Source: Wood Mackenzie, Arqaam Capital Research

Exhibit 35: Global gas demand to reach 4,530 bcm by FY 41e

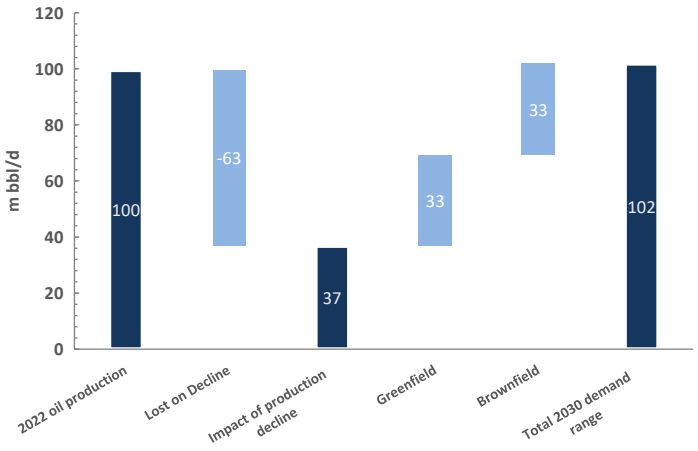


Source: Wood Mackenzie, Arqaam Capital Research

Extensive drilling to supply approximately 60-70 mbpd of new volumes by FY 30e. Roughly 60-70 mbpd of oil will need to be drilled out to satisfy FY 30e demand of approximately 102 mbpd. This demand is expected to be met by an evenly split allocation of brownfield and greenfield resources. The MENA region is expected to account for more than half of brownfield volumes (approx. 16 mbpd) and 15% of greenfield volumes (approx. 5 mbpd).

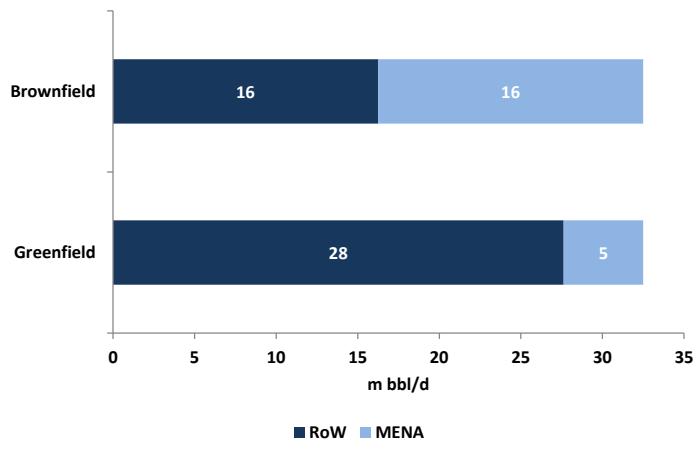
The MENA region is a key player in meeting FY 30e demand. The MENA region has substantial oil reserves that are likely to represent key sources of supply through FY 30e. The MENA region stands out in terms of both onshore and offshore oil supply volumes, expected to account for 31% of total global oil supply, contributing to MENA having among the largest reserves of oil across various resource pools.

Exhibit 36: Drilling activity is required to add 66 mbpd to meet the global oil demand of 102 mbpd by FY 30e



Source: Rystad Energy AS, Company Prospectus, Arqaam Capital Research

Exhibit 37: MENA region is expected to account for > 50% of brownfield volumes and 15% of greenfield volumes



Source: Rystad Energy AS, Company Prospectus, Arqaam Capital Research

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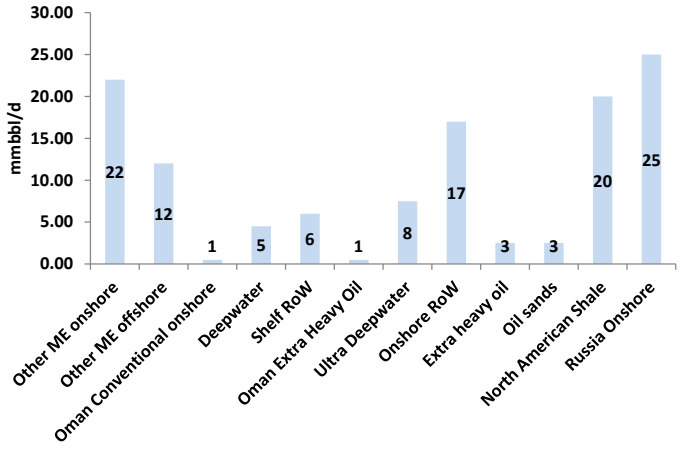
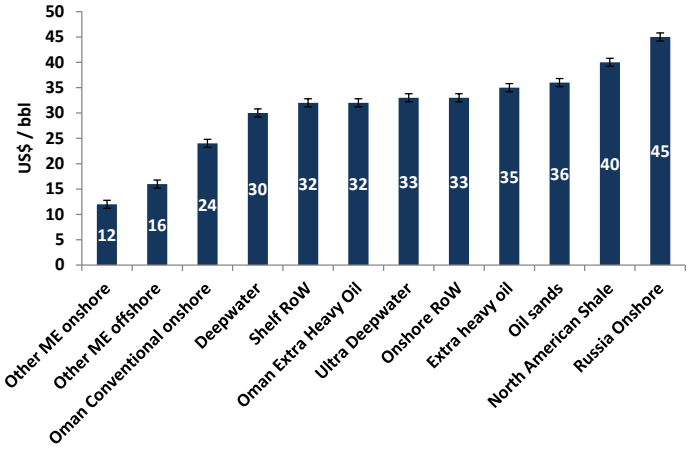
The MENA region's substantial oil production is propelled by a comparatively low cost of extraction. The weighted average cost of oil supply in the rest of the world (RoW), excluding the MENA region, was USD 36/bbl in FY 22A. By comparison, MENA's weighted average cost of supply of liquids is USD 13/bbl, and Oman's conventional onshore had a weighted average cost of supply of USD 24/bbl. In terms of onshore oil supply, RoW weighted average cost was more than twice that of the Middle East.

Exhibit 38: MENA region represents a substantial portion of global cumulative oil supply in FY 30e…



Source: Rystad Energy AS, Company Prospectus, Arqaam Capital Research

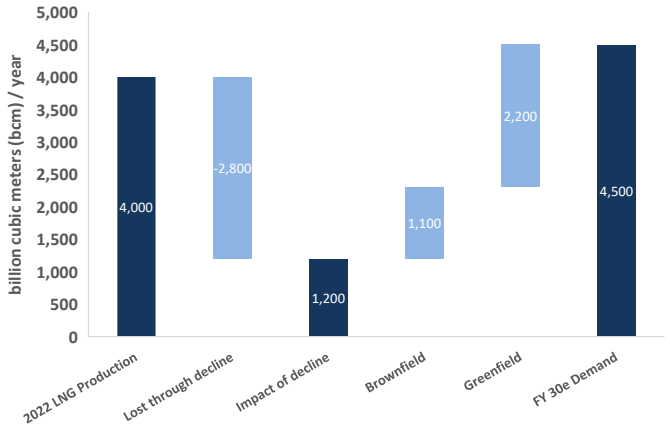
Exhibit 39: …due to its advantage with a comparatively low cost of oil supply at USD 13/bbl



Source: Rystad Energy AS, Company Prospectus, Arqaam Capital Research

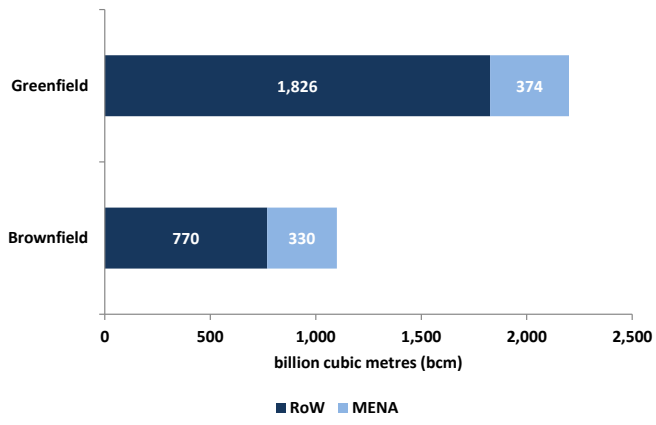
The MENA region is expected to account for around 21% of global gas supply volumes by FY 30e. Significant drilling is required to meet FY 41e gas demand, which is expected to be approximately 4,530 bcm, up from 3,850 in FY 23A. Future gas demand is expected to be met by greenfield drilling, accounting for 2/3 of the investment required, while the remaining balance should be covered by brownfield drilling. The MENA region is expected to be a key player in meeting growing demand, accounting for 30% of brownfield volumes and 17% of greenfield volumes. Oman is forecasted to represent 10% of MENA's contribution to increased brownfield gas volumes -- roughly 33 bcm, incrementally from Oman's total gas production of 42 bcm in FY 24A. The rest of MENA brownfield gas volumes are expected to be facilitated by Iran, Qatar, KSA, and Algeria.

Exhibit 40: MENA Global gas consumption anticipated to be approximately. 4,500bcm in FY 30e…



Source: Rystad Energy AS, Company Prospectus, Arqaam Capital Research

Exhibit 41: …with MENA expected to account for 30% and 17% of brownfield and greenfield supply, respectively



Source: Rystad Energy AS, Company Prospectus, Arqaam Capital Research

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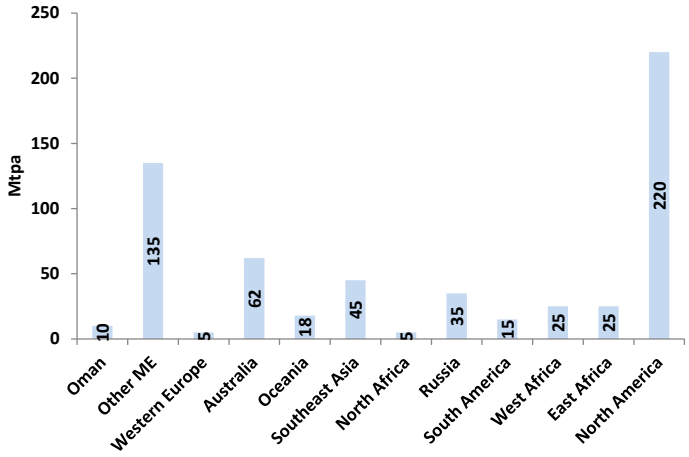
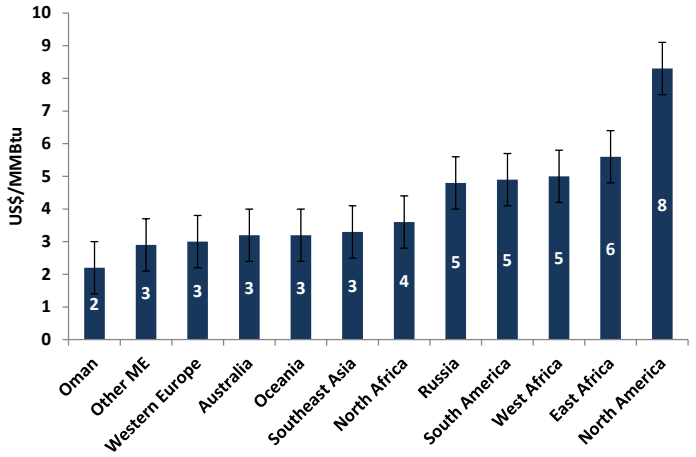
Oman has the lowest cost of LNG supply at only USD 2/mmBtu. The Middle East remains comparatively low compared to the rest of the world, with a USD 3/mmBtu cost of LNG extraction. North American gas represents the most voluminous gas supply, followed by the Middle East. North African cost is expected to remain high at USD 5/mmBtu, whilst North American Shale is the most expensive at USD 8.3/mmBtu. The combination of substantial reserves and a significantly lower cost of supply in the MENA region indicates that the region, particularly Oman, is likely to be a key player for the long-term global export of hydrocarbons.

Exhibit 42: North American gas represents the most voluminous LNG supply source…



Source: Rystad Energy AS, Company Prospectus, Arqaam Capital Research

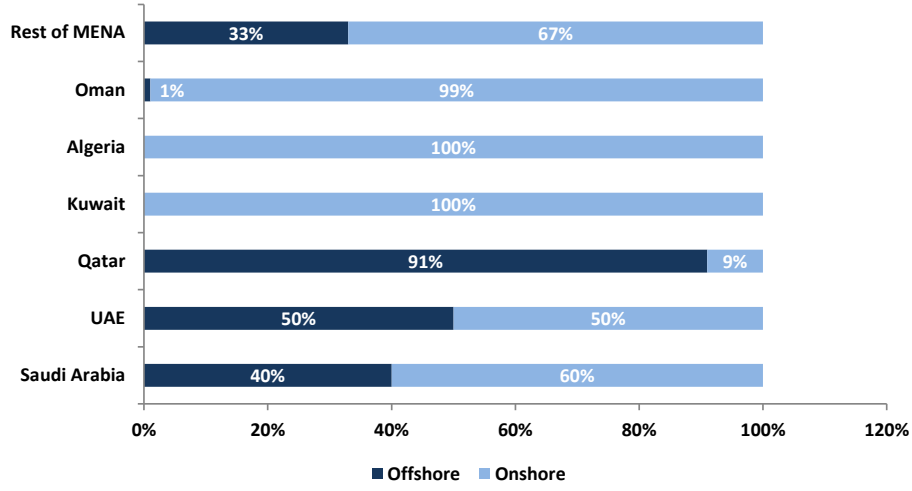
Exhibit 43: …even with North American Shale having the highest cost of supply at USD 8.3/mmBtu



Source: Rystad Energy AS, Company Prospectus, Arqaam Capital Research

Onshore supply services are set to account for 67% of oil and gas production in MENA between FY 21A and FY 30e. Oman, Kuwait, and Algeria are, and should remain, primarily onshore producers of oil and gas. In contrast, Qatar's production is skewed towards offshore production at 91%. Overall production of oil and gas in major MENA oil countries (Oman, Algeria, Kuwait, Qatar, UAE, and Saudi Arabia) is 29m boepd in FY 21A and is set to grow at a CAGR of 2%, to reach 33m boepd in FY 30e.

Exhibit 44: Oman, Kuwait, and Algeria are primarily onshore producers of oil and gas



Source: Rystad Energy AS, Company Prospectus, Arqaam Capital Research

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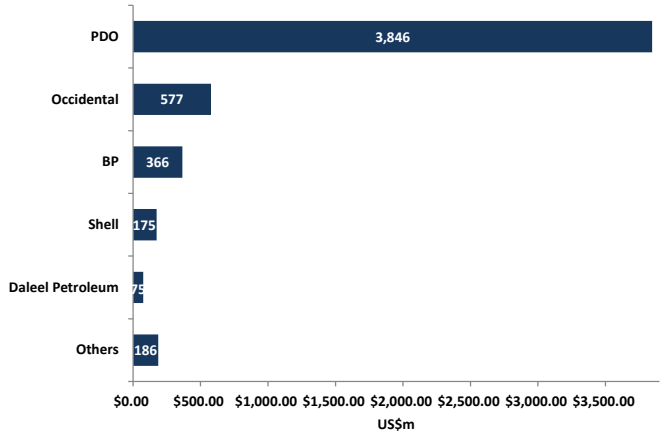
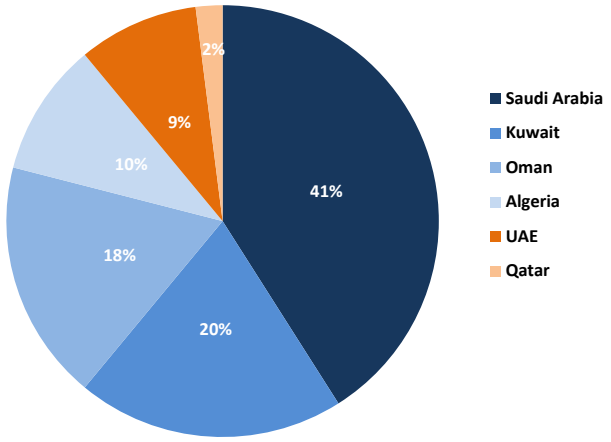
Onshore fields dominate oil and gas production in Oman. Oil and gas production totaled 1.7m boepd in FY 21A, where crude oil, condensate, and liquids comprised 58% of the total production and natural gas amounted to 42%. From FY 21A to FY 30e, only 1% of oil and gas production is expected to be derived from offshore fields.

Exhibit 45: Onshore drilling backlog in Oman by operator from FY 22A to FY 27e



Source: Rystad Energy AS, Company Prospectus, Arqaam Capital Research

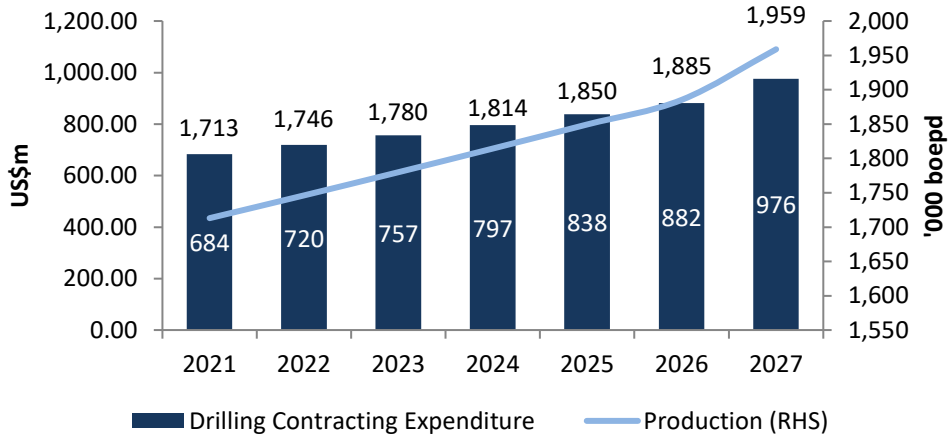
Exhibit 46: Oman holds the third-highest market share of MENA focus countries at 18%



Source: Rystad Energy AS, Company Prospectus, Arqaam Capital Research

Oman's onshore drilling market should grow at 6% CAGR, the highest within MENA. The MENA focus countries represent 15% of the global onshore drilling market. Saudi Arabia represents the largest market share of the MENA focus countries, contributing 41%, followed by Kuwait at 20%, Oman at 18%, Algeria at 10%, the UAE at 9%, and Qatar at 1%. Oman is expected to grow at the highest rate, at 6%, and the MENA market is set to grow at a 5% CAGR. The strong growth in Oman should be driven by the strong presence of IOCs in the country.

Exhibit 47: Drilling expenditure in Oman should remain resilient at 5%, driving 1% production CAGR in FY 27e



Source: Rystad Energy AS, Company Prospectus, Arqaam Capital Research

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Oman's increase in onshore rig demand will largely be fueled by IOCs such as Occidental, BP, and Shell. The onshore drilling contracting market in Oman is set to grow at a CAGR of 6% from FY 21A to FY 27e, aligning with the 2% CAGR expectation of hydrocarbon supply from FY 21A to FY 27e. The top 5 projects in Oman by hydrocarbon production are expected to be Khazzan/Makarem – at 1.7 mboepd, the Oman Central Gas Development- at 1.13 mboepd, Fahud – 0.89 mboepd, and Kauther – at 0.63 mboepd. The increase in onshore rig demand is driven by IOC presence such as Occidental, BP, and Shell, and is primarily linked to Khazzan/Makarem, Mukhaizna, and Mabrouk Northeast projects. By FY 27e, 50% of onshore rig demand in Oman will be related to gas fields, in comparison to 40% in FY 21A.

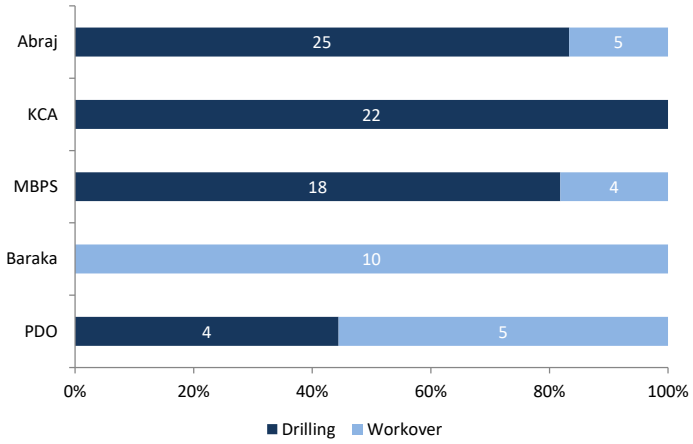
There are an estimated 152 onshore drilling rigs in Oman, with 97 drilling and 55 workover rigs. The top three rig operators in Oman are Abraj, KCA Deutag, and MBPS. Where the MBPS fleet is skewed towards lower horsepower class rigs, whereas Abraj and KCA Deutag operate similar horsepower distributions. Premium rigs – with over 1,500HP – typically earn higher day rates with a range of USD 28,000 to USD 40,000 in Oman. Day rates in Oman are estimated to be on par with average day rates in the MENA region overall.

Exhibit 48: Premium rigs earn higher day rates, ranging from USD 28,000-40,000

HP	Day Rate Range
0-1000	$20,000-25,000
1001-1500	$25,000-30,000
1501-2000	$28,000-34,000
2001+	$35,000-40,000

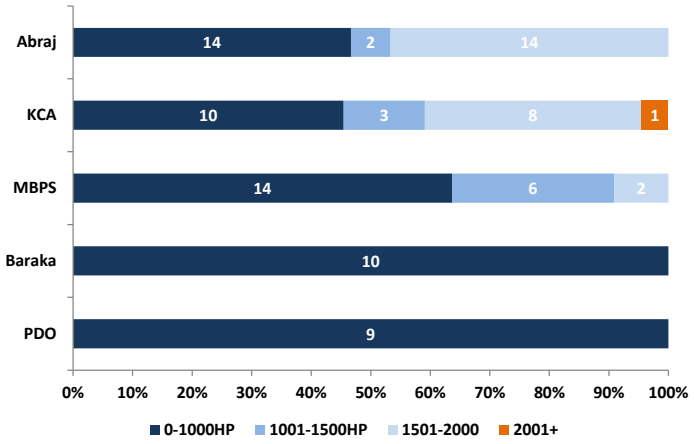
Source: Company Prospectus, Arqaam Capital Research

Exhibit 49: Top five rig operators in Oman drilling & workover breakdown



Source: Rystad Energy AS, Company Prospectus, Arqaam Capital Research

Exhibit 50: Top five rig operators in Oman fleet horsepower distribution



Source: Rystad Energy AS, Company Prospectus, Arqaam Capital Research

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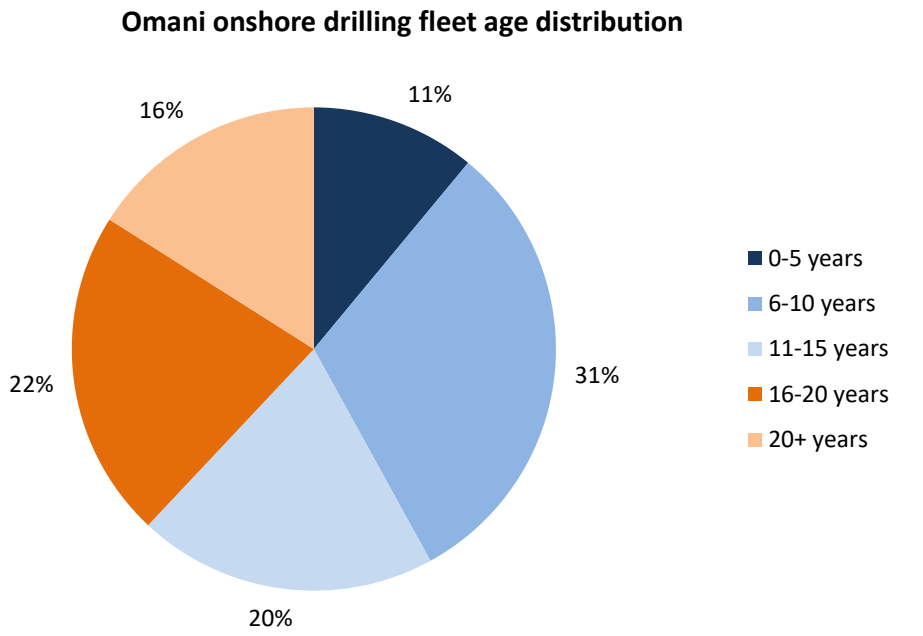
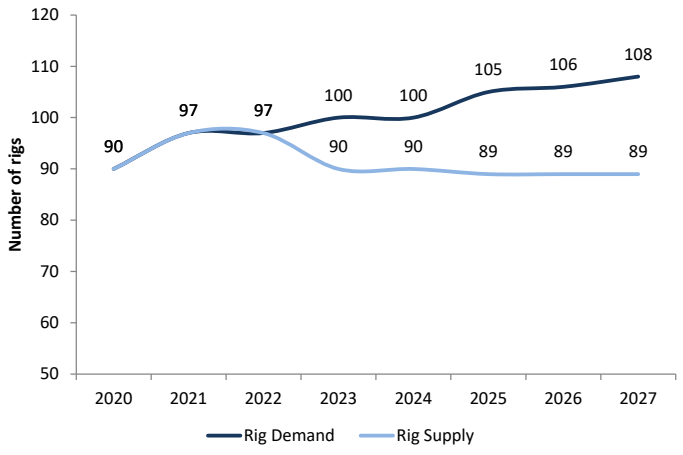
Exhibit 51: Abraj's average rig age of 9.4 years sits well below the Omani onshore drilling age of 13.4



Source: Rystad Energy AS, Company Prospectus, Arqaam Capital Research

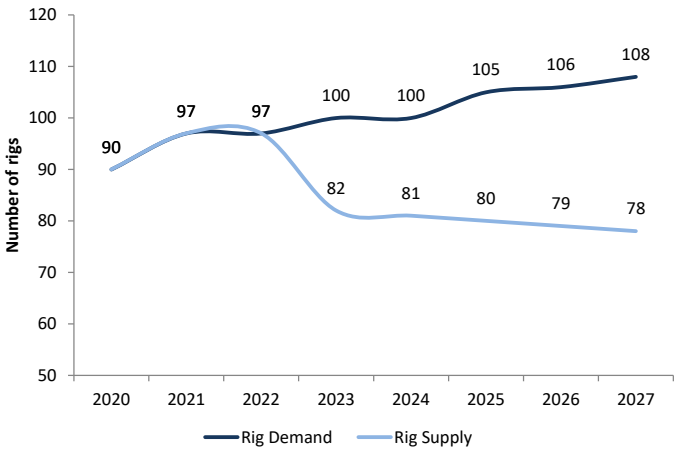
Oman may require 30 new rigs by FY 27e. Two scenarios can be outlined for the demand & supply balance of the Omani contracted onshore rig market, built around the FY 22A rig age distribution and contracted rig demand. Scenario 1 indicates that if rigs are retired after 25 years, then 30 rigs will be needed by FY 27e. If rigs are retired after 30 years, then 19 rigs will be needed by FY 27e – overall, substantial rig additions in Oman will be required to meet FY 27e demand.

Exhibit 52: 19 rigs would be required in Oman by FY 27e if rigs are retired at 30 years



Source: Rystad Energy AS, Company Prospectus, Arqaam Capital Research

Exhibit 53: 30 rigs would be required in Oman by FY 27e if rigs are retired at 25 years



Source: Rystad Energy AS, Company Prospectus, Arqaam Capital Research

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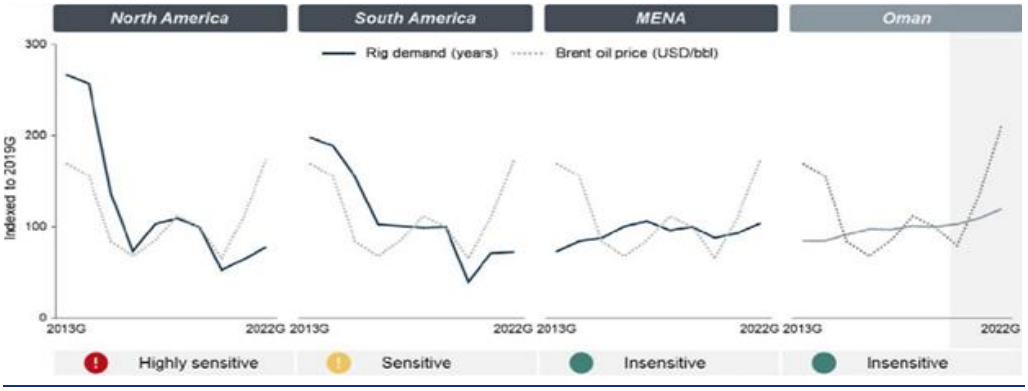
MENA countries exhibit resilience to oil market cyclicality, with Oman's onshore focus keeping costs low. Oman derives 99% of its oil and gas production from onshore fields. The lower risk profile associated with onshore drilling activities results in higher resilience during periods of low oil prices. Typically, onshore brownfield activities are performed on a continuous basis, regardless of the market cycle position, due to the low costs of incremental production volumes.

Exhibit 54: Onshore activity in MENA and Oman are typically insensitive to oil price volatility



Source: Rystad Energy AS, Company Prospectus, Arqaam Capital Research

Omani drilling contracts are typically secured for 5 years with extension options of 3 years or more. In general, MENA drilling contractors tend to secure long-term contracts, with firm periods of 3 years and optional extensions of 1 year or more. Oman stands out from other MENA countries with firm contract periods often being secured for 5 years with optional extension of 3 years or more. Some firm contract periods in Oman can be secured for up to 10 years.

Kuwait is also considered a country of strategic importance, representing 20% of the MENA focus countries' market. The Kuwaiti market is dominated by a single operator – Kuwait Oil Company. Kuwait's largest production field, Greater Burgan, will retain a sizeable rig demand through FY 27e. Raudhatain (Project Kuwait) is also considered to be of interest, and these two fields are expected to drive demand for both drilling and workover services. Large projects regarding the Raudhatain and Sabriya fields are expected to continue using hydraulic fracturing extensively.

Kuwait is expected to increase 0.6m boepd to become 3.3m boepd in FY 27e. Saudi Arabia currently accounts for most of the oil and gas volumes, representing 42% of production in FY 21A. Production in Kuwait is set to become 3.3m boepd by FY 27e, up from 2.7m boepd in FY 21A. The split between oil and gas in FY 21A is 74% oil and 26% gas, and is expected to increase to 29% by FY 30e. Growth in gas production in MENA is largely built on growth in European demand following initiatives to reduce dependence on Russian gas and lower the emission intensity of LNG.

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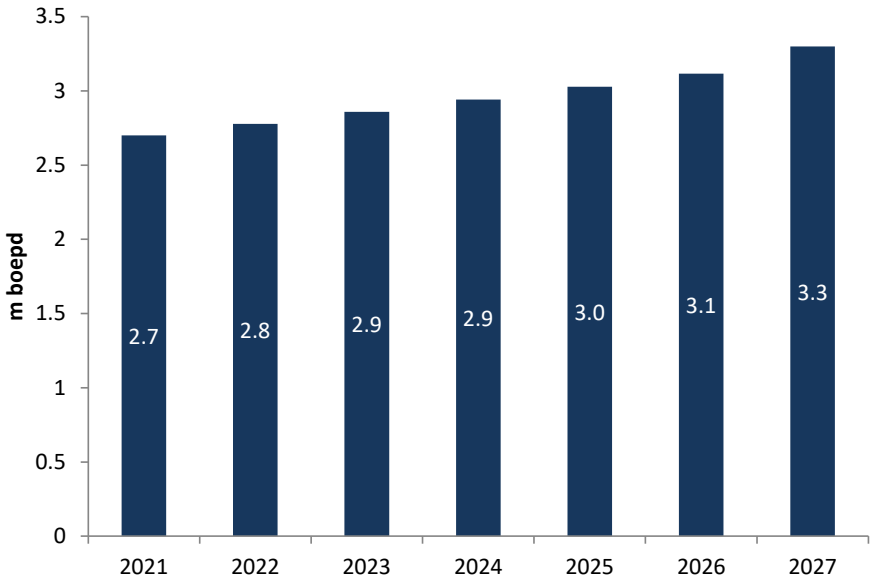
Exhibit 55: Kuwait oil and gas production to grow at 3% CAGR to FY 27e to become 3.3m boepd



Source: Rystad Energy AS, Company Prospectus, Arqaam Capital Research

Well Services Overview

Well services: various operations relating to the life cycle of a well can include: (i) well construction, (ii) well completion, (iii) well intervention, (iv) plugging, and (v) abandonment.

- **Well completion-related services**: intended to prepare the well for production, where different types of completion impact operations in different ways. In general, completion enables the connection between the reservoir and the surface, enables well stimulation treatments such as hydraulic fracturing to be conducted, acts to isolate the portion of the reservoir from which production will take place, protects the integrity of the reservoir, and enables well-testing. Abraj supports installing well completion equipment, though the equipment is provided by third-party vendors contracted through the customer.
- **Well intervention services:** operations carried out on an oil or gas well during the well's productive life. Well intervention aims to re-establish the integrity of a well or enhance productivity. For heavy interventions, drilling and workover rigs are typically used. For lighter interventions and well stimulation, coiled tubing, slickline, or wireline units can be used. Abraj's well services include hydraulic fracturing, sand management systems, coil tubing, and cementing – all of which are used for well intervention.

MENA Well Service Market

Abraj's targeted key well service markets in MENA are set to grow at 7% CAGR, to become USD 4.2bn in FY 27e, up from USD 2.8bn in FY 21A. The key target well service market includes: (i) cementing, (ii) coiled tubing, and (iii) hydraulic fracturing.

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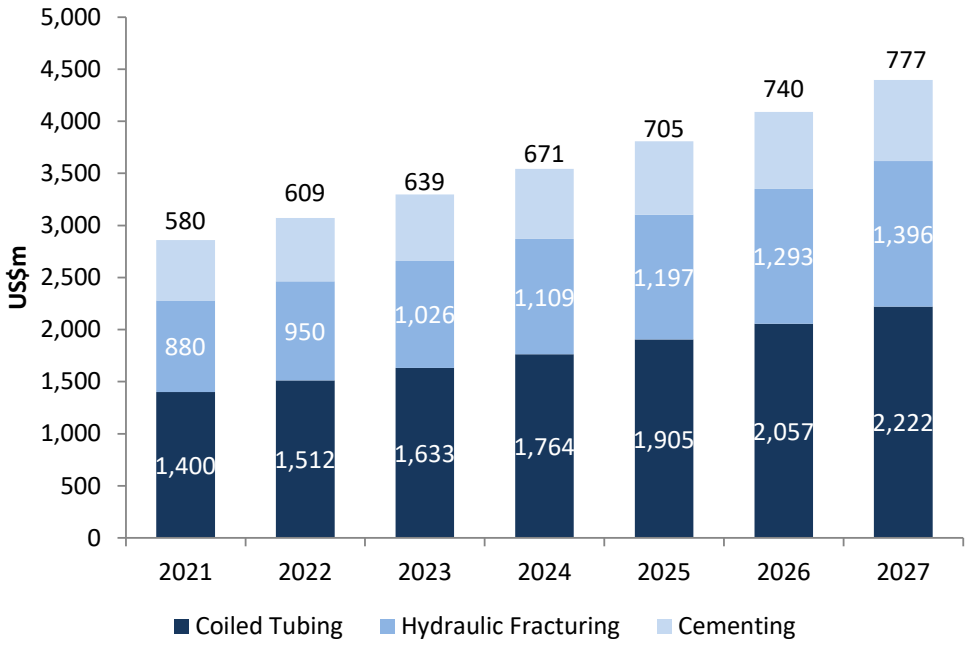
Coiled tubing makes up the largest share of the key well service market and was estimated to be around USD 1.4bn in FY 21A, set to become USD 2.2bn in FY 27e, growing at an 8% CAGR. The hydraulic fracturing market in MENA was worth USD 880mn in FY 21A, expected to also grow at an 8% CAGR, to become USD 1.4bn in FY 27e. Kuwait's contribution is significant to this market, estimated to be worth USD 290mn in FY 21A. Kuwaiti projects "Project Kuwait" and "Jurassic Gas" are expected to attract significant expenditure in hydraulic fracturing. The cementing market is expected to grow at a 5% CAGR to become USD 777mn in FY 27e, up from USD 580mn in FY 21A.

Cementing expenditure is set to increase the expenditure on a per-well basis. Cementing expenditure is related to the drilling of new wells, relating it to developments in well counts. As the MENA region increases its gas production, the volumes of high-pressure and high-temperature wells should increase, leading to an estimated required increase in cementing costs ranging from 20-30%, increasing the expenditure on a per-well basis and the overall market opportunity.

Exhibit 56: MENA coiled tubing, hydraulic fracturing, and cementing expenditures anticipated to grow at CAGRs of 8%, 8%, and 5%, respectively



Source: Rystad Energy AS, Company Prospectus, Arqaam Capital Research

Oman represents roughly 19% of the FY 21A MENA focus countries' well service market, despite only representing 6% of the MENA focus countries' production. Due to the nature of Omani hydrocarbon reservoirs, many wells are required to maximise production rates. This drives a service-intensive industry with a large addressable market for well service companies in Oman. The key well service market segments: (i) coiled tubing, (ii) hydraulic fracturing, and (iii) cementing, in Oman, represented roughly 22% of the FY 21A MENA focus countries' market in FY 21A and set to become USD 817mn by FY 27e, growing at a 5% CAGR from USD 610mn in FY 21A.

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Company Overview

A close look at Abraj's core services

Drilling & Workover Services: Abraj provides drilling & workover services. Their drilling services use integrated systems to drill new onshore oil and gas wells for Omani national oil companies (NOC; e.g., OQ, ADNOC, KOC, etc.), international oil companies (IOC; e.g., Shell, BP, Apache, etc.), as well as hybrid and independent operators. Abraj also provides workover rigs, used for maintaining, restoring, and reinstating the integrity of existing wells.

Well Services: Abraj provides a portfolio of oil and gas well services through (i) hydraulic fracturing, which is used to improve production in areas where natural oil and gas flows are restricted, (ii) cementing, to support and protect well casings and help achieve zonal isolation; and (iii) coil tubing, which uses a coil tubing fleet to provide matrix and fracture stimulation, wellbore cleanout, logging, perforating, nitrogen kick-off, sand control, cementing, well circulation and mechanical isolation services.

Abraj is the leading drilling and well service provider in Oman.

Abraj operates 27 rigs in Oman and Kuwait, serving clients like BP, Shell, Total, and PDO. Abraj is the leading provider of onshore drilling services in Oman, with a 29% market share in drilling rigs, operating the highest number of contracted drilling rigs. Through its two business segments (i) Drilling & Workover Services and (ii) Well Services, the company provides a wide range of complementary onshore and gas field services. Abraj operates 27 modern drilling rigs for new well development at an average rig age of 9.4 years, and 5 workover rigs for maintenance and restoration of existing wells (average rig age: 11.4 years); an expansion from 8 drilling rigs in FY 20A in the last five years.

Abraj operates one of the youngest drilling fleets in the MENA region and maintains strong customer relationships with 10 active clients. Abraj maintains strong, long-standing customer relationships with leading Oman NOCs (National Oil Companies), including OQEP, hybrid operators such as PDO -- a joint venture 60% owned by the government of Oman, 34% owned by Royal Dutch Shell, 4% owned by TotalEnergies, and 2% owned by PTTEP. Abraj also caters to IOCs (International Oil Companies) such as BP, Medco, and Occidental. Abraj benefits from long-term contracts with an average Drilling, Workover, and Well Service duration of 3.8 years, 7.9 years, and 9.6 years, respectively.

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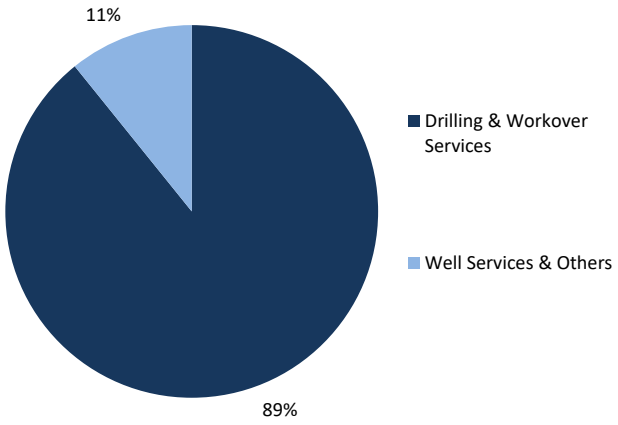
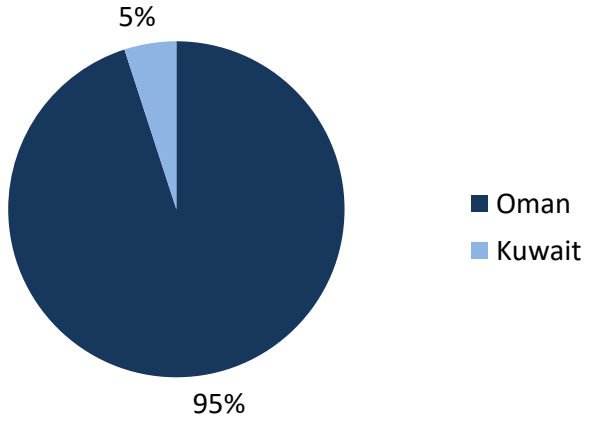
Exhibit 57: Drilling & Workover contributes 89% to FY 24A revenues



Source: Company Data, Arqaam Capital Research

Exhibit 58: Majority of backlog as of FY 24A sourced from local market contracts



Source: Company Data, Arqaam Capital Research

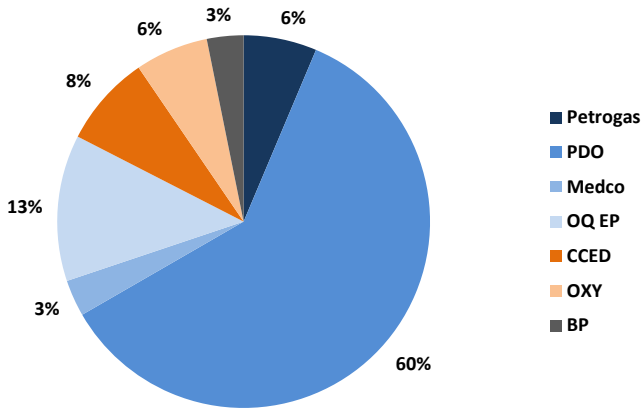
Abraj maintains a contractual backlog of OMR 757m as of H1 25A. Approximately 33% or OMR 248m of the company's contracts were awarded in FY 24A, supporting FY 24A backlog of OMR 591m. In FY 23A, where the outstanding backlog was valued at OMR 593m, 42% of contracts were firm period contracts – contracts where the customer is committed to the use of the rig. The remaining balance of FY 23A came from customer extension options – extension options that are up to the discretion of the customer.

Exhibit 59: Estimated FY 23A backlog was valued at OMR 593m, with 42% coming from firm period contracts

	FY 23e	FY 24e	FY 25e	FY 26e	FY 27e	FY 28e	FY 29e	FY 30e	FY 31eTotal (FY 23e - FY 31e)
Firm period contracts	80	56	47	40	18	7	0	0	0	248
Customer extension options	53	68	54	22	29	39	41	37	8	351
Total	**129**	**124**	**101**	**62**	**46**	**45**	**41**	**37**	**8**	**593**

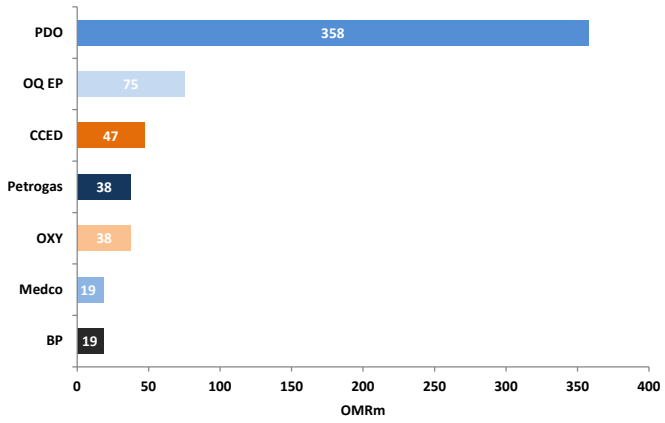
Source: Company Prospectus, Arqaam Capital Research

Exhibit 60: FY 23A estimated client contribution to backlog by contract tenors



Source: Company Data, Arqaam Capital Research

Exhibit 61: FY 23A estimated backlog by client by contract tenors



Source: Company Data, Arqaam Capital Research

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Exhibit 62: Abraj's Drilling Fleet as of FY 22A

No.	Horsepower	Year built	Contracted by	Status	Contract Start	Contract End	Non-productive time	Contract Duration
Rig 103	1000HP	2014	Petrogas	Active	2019	2026	1.71%	7 years
Rig 104	1000HP	2015	PDO	Active	2018	2022	0.90%	4 years
Rig 105	1000HP	2017	Medco	Active	2017	2024	0.55%	7 years
Rig 106	1000HP	2021	PDO	Active	2021	2027	3.74%	6 years
Rig 107	1000HP	2021	PDO	Active	2021	2027	3.17%	6 years
Rig 108	1000HP	2021	PDO	Active	2021	2027	0.52%	6 years
Rig 109	1000HP	2021	PDO	Active	2021	2027	1.35%	6 years
Rig 110	1000HP	2021	OQ EP	Active	2022	2025	N/A	3 years
Rig 111	1000HP	2007	OQ EP	Active	2022	2025	N/A	3 years
Rig 201	1500HP	2007	PDO	Active	2007	2024	0.13%	17 years
Rig 202	1500HP	2007	PDO	Active	2007	2025	1.13%	18 years
Rig 203	1600HP	2007	PDO	Active	2007	2025	7.65%	18 years
Rig 204	1600HP	2007	CCED	Active	2010	2027	1.54%	17 years
Rig 205	1800HP	2011	OQ EP	Active	2020	2023	5.72%	3 years
Rig 206	1800HP	2011	OXY	Active	2018	2023	0.00%	5 years
Rig 207	1800HP	2011	OXY	Active	2018	2023	0.75%	5 years
Rig 208	1600HP	2011	OXY	Active	2018	2023	1.07%	5 years
Rig 209	1800HP	2012	OXY	Active	2018	2023	0.09%	5 years
Rig 210	1800HP	2012	OQ EP	Active	2020	2023	1.13%	3 years
Rig 301	2000HP	2008	PDO	Active	2019	2022	8.20%	3 years
Rig 302	2000HP	2014	PDO	Active	2018	2023	0.92%	5 years
Rig 303	2000HP	2014	PDO	Active	2018	2024	0.67%	6 years
Rig 304	2000HP	2014	PDO	Active	2018	2024	0.55%	6 years
Rig 305	2000HP	2015	BP	Active	2015	2024	0.42%	9 years
Rig 306	2000HP	2015	-	Stacked	-	-	1.03%	

Source: Company Data, Arqaam Capital Research

Exhibit 63: Abraj's Workover Fleet as of FY 22A

No.	Horsepower	Year built	Contracted by	Status	Contract Start	Contract End	Non-productive time	Contract Duration
Hoist-001	550HP	2012	PDO	Active	2011	2028	2.93%	17 years
Hoist-002	550HP	2012	PDO	Active	2011	2028	2.40%	17 years
Hoist-003	550HP	2012	PDO	Active	2011	2028	2.51%	17 years
Hoist-004	750HP	2007	PDO	Active	2020	2030	1.32%	10 years
Hoist-005	750HP	2007	PDO	Active	2020	2030	0.52%	10 years

Source: Company Data, Arqaam Capital Research

Company Milestones

Since starting operations, the company has drilled well over 6,000km, drilling an average of 250 wells/year in the period FY 19A – FY 22A. Some of Abraj's milestones include:

- **FY 12A:** Commencement of well intervention services
- **FY 13A:** Inaugurated integrated hydraulic fracturing services
- **FY 14A:** Commenced coiled tubing and cementing
- **FY 21A:** Achieved the status of market leader in Oman in terms of drilling rigs
- **FY 23A:** Marked its first regional expansion into Kuwait

Abraj marks its first regional expansion operationally into Kuwait in FY 24A. Abraj expanded to Kuwait in FY 24A with 3 rigs and sees Kuwait as a growth market with high barriers to entry. In early FY 24A, Abraj began operations on 2 new rigs in Kuwait, ranging from 1,500-3,000 horsepower rigs. Management sees upside in expansion to Kuwait, supported by fast setup timelines—where rigs and camps are typically moved within a few weeks. The company is pursuing a gradual ramp-up strategy in Kuwait, in line with the country's plans to boost oil and

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gas production (expected 25 rig demand growth). Abraj has also signed its first strategic partnership with Sonatrech in Q1 25A with an aim to provide integrated oilfield services (Drilling, Workover, and Well) in Algeria.

Abraj has obtained pre-qualifications in Kuwait, Saudi Arabia, Algeria, and India, where it has been qualified to work with Cairn Energy. Pre-qualifications involve a thorough review of the company from both a financial and operational perspective. Abraj has also signed a contract to provide rigs for an oilfield services project with Saudi Arabian Chevron Inc. and Kuwait Gulf Oil Company (KGOC) in the Wafra region – within the Saudi Arabian-Kuwaiti neutral zone.

Exhibit 64: Pre-qualifications as of FY 22A

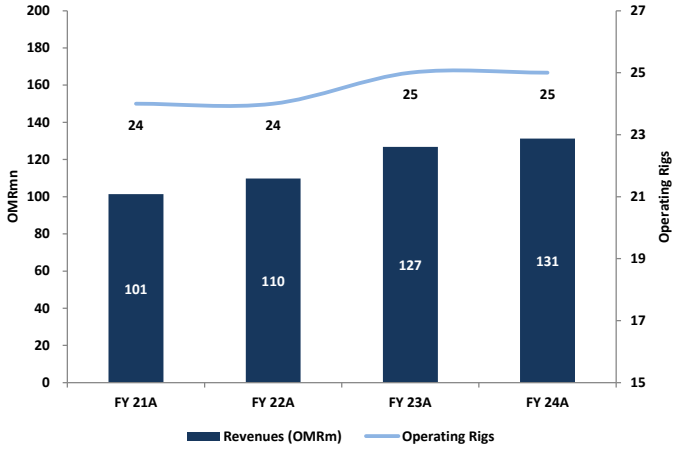
Country	(Potential) Customer	Pre-qualification application status
Kuwait	Kuwait Oil Company, Saudi Arabian Chevron Inc., Kuwait Gulf Oil Company	Pre-qualified for drilling & workover
Saudi Arabia	Aramco	Pre-qualified for water well drilling
Algeria	Sonatrech	Pre-qualified for cementing, coil tubing, and integrated fracturing
India	Cairn	Pre-qualified for drilling and coil tubing

Source: Company Prospectus, Arqaam Capital Research

Kuwait operations added OMR 4m of incremental revenue in Q4 24A. In FY 23A, Abraj acquired 2 premium drilling rigs in Kuwait and started rig operations in Q4 24A, generating OMR 4m in revenue, majorly contributing to the 5% y/y growth in FY 24A overall revenues.

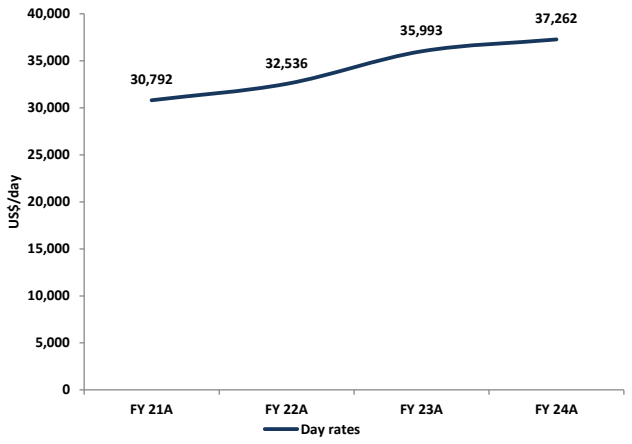
Future growth tied to Oman's gas push, LNG expansion, and selective regional market entry. Management links future growth to several strategic initiatives, including the acceleration of gas development in Oman, the potential development of a fourth LNG train, and further regional expansion in markets such as Kuwait and Algeria. The company is not pursuing aggressive growth, but rather a steady and gradual scale-up aligned with market opportunities.

Exhibit 65: Oman drilling revenue experienced 4% y/y growth…



Source: Company Data, Arqaam Capital Research

Exhibit 66: …following an estimated 4% day rate y/y growth



Source: Company Data, Arqaam Capital Research. Note: Implied day rates are calculated by dividing total revenues by the number of operating rigs, which accounts for not only operating drilling rates, but also all services, including crew/maintenance/upkeep and rig movements.

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Exhibit 67: Implied day rates in Oman drilling fleets

Oman	FY 21A	FY 22A	FY 23A	FY 24A
Revenues	263	284	328	340
Number of Rigs	25	25	25	25
Operating Rigs	24	24	25	25
Utilization rate (%)	97.4%	99.8%	100%	100%
Day rates (USD /day)	**30,792**	**32,536**	**35,993**	**37,262**
Growth (y/y)		5.7%	10.6%	3.5%

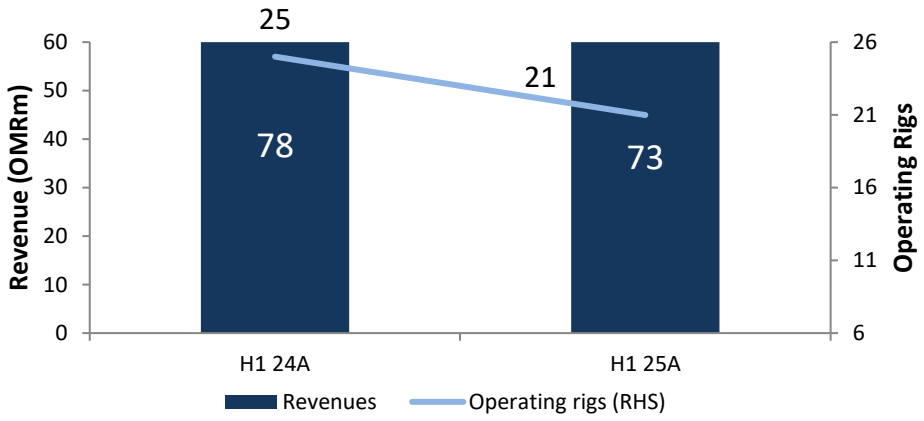
Source: Company Data, Arqaam Capital Research. Note: Implied day rates are calculated by dividing total revenues by the number of operating rigs, which accounts for not only operating drilling rates, but also all services, including crew/maintenance/upkeep and rig movements.

Abraj plans for new rig acquisition in line with growing regional markets. The company is on track for sustained growth, targeting low double-digit revenue growth from FY 25e to FY 27e, with 11 new rigs to be added by FY 27e, at stable EBITDA margins with a long-term target of 40%. Abraj targets capex of USD 550-600mn in the medium term.

A 5% CAGR in FY 22A-FY 24A revenues supported by Abraj's first international operational expansion into Kuwait in FY 24A. Abraj began operations of Rig-112 & Rig-211 in Kuwait ahead of schedule, marking their first international operations expansion. The company additionally continues its dedication to mechanization, operating 6 fully automated rigs, becoming the technological leader in Oman. The company has witnessed the expiry of a few of its contracts with no renewals at the end of FY 24A, leading to 4 stacked rigs in Q4 24A and into Q1 25A. Revenue growth of 5% in FY 24A was driven by: (i) rendering of services from the backlog – with OMR 220m worth of contracts awarded during the year, (ii) 2 new operating rigs in Kuwait in Q4 24A, which offset the impact of the stacked rigs; and (iii) an estimated 5% CAGR in day rates from FY 21A to FY 24A.

4 stacked rigs at the end of FY 24A, as well as Q1 25A, slow down topline growth. Abraj's revenues decline 6% y/y at OMR 36.8m in Q1 25A, down from OMR 39.2m in Q1 24A. This was mainly due to stacked rigs following contract expiry in FY 24A. However, the company expresses its intention to renew contracts with clients, having renewed Rigs 201, 202, and 203 contracts with PDO and CCED, with extensions from FY 24A to FY 27e.

Exhibit 68: Revenue declined 6% y/y in H1 25A on account of stacked rigs



Source: Company Data, Arqaam Capital Research

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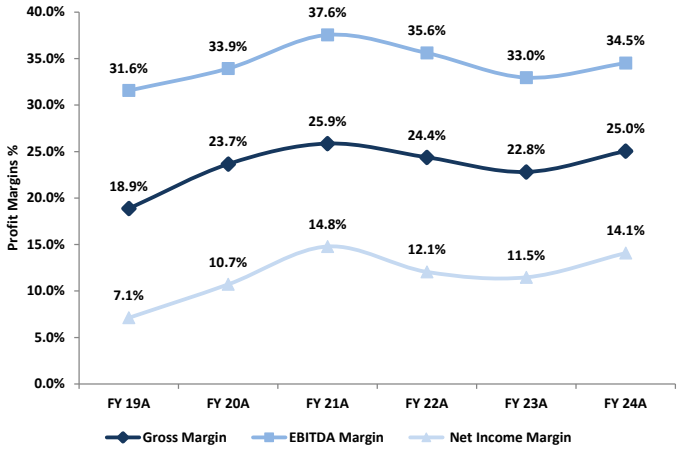
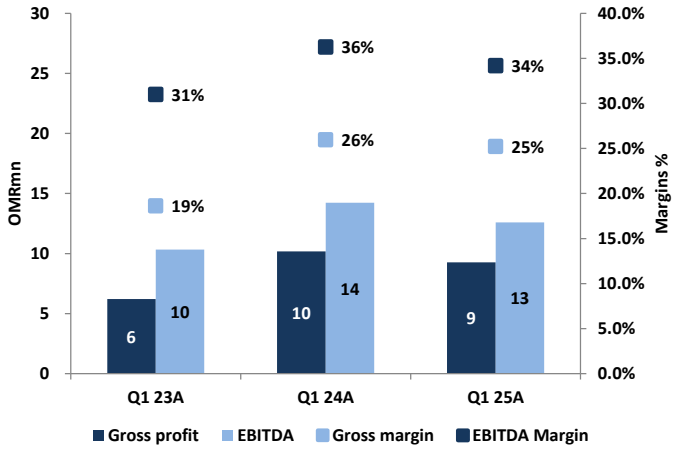
Management's long-term EBITDA margin target of 40% by increasing fleet utilization and operational efficiencies. Management aims to promote operational efficiencies to reach an LT EBITDA margin of 40%, up from 34.5% in FY 24A. Gross margins expanded to 25.0% in FY 24A from 22.8% in FY 23A—largely due to higher rig utilization and operational efficiency gains for much of the year, boosting margins. However, with 4 stacked rigs at the end of FY 24A, gross margins contracted to 17.5% in Q1 25A, coinciding with the decrease in Q1 25A revenues.

Exhibit 69: Management sees promising FY 24A margin expansion to 35%, up from 33% in FY 23A...



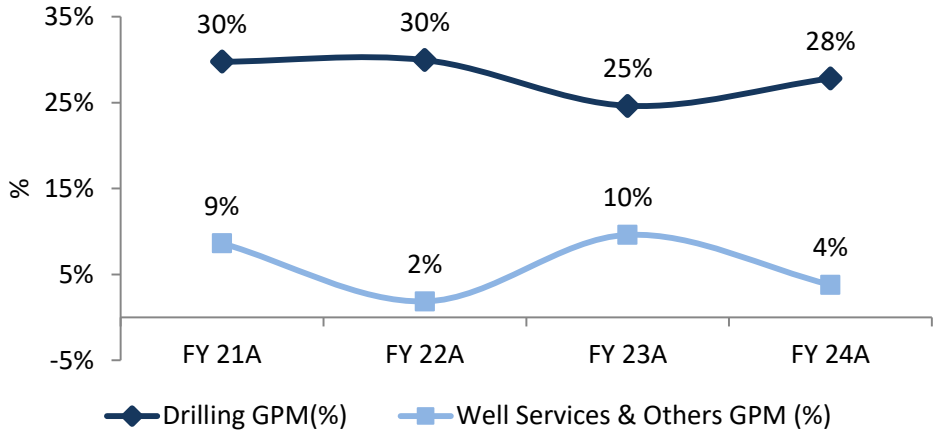
Source: Company Data, Arqaam Capital Research

Exhibit 70: ...but slight contract in margins with 34% EBITDAM in Q1 25A on 4 stacked rigs



Source: Company Data, Arqaam Capital Research

Exhibit 71: Drilling & Workover margins rebound from 25% in FY 23A to 28% in FY 24A, Well Services margins drop to 4% in FY 24A from 10% in FY 23A



Source: Company Data, Arqaam Capital Research

Abraj is modestly leveraged at 2x net debt/EBITDA and should conservatively expand. Management highlighted goals for expansion, targeting 36 drilling rigs by FY 27e, up from 27 in FY 24A. The average capex per drilling rig is estimated to be between USD 25-33m. The company is modestly leveraged at 1.7x Net Debt/EBITDA in FY 23A and FY 24A.

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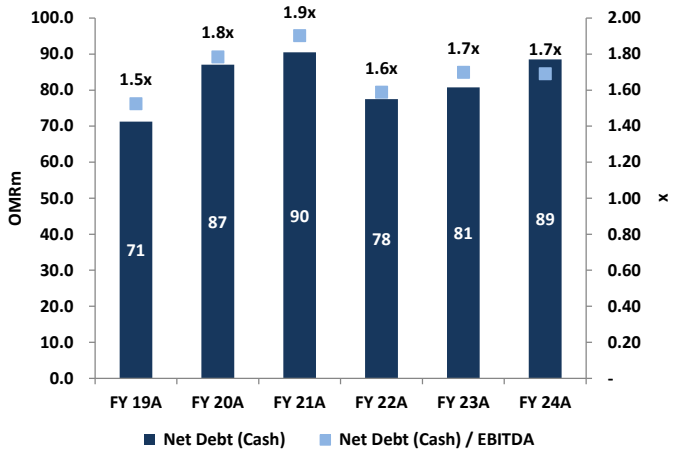
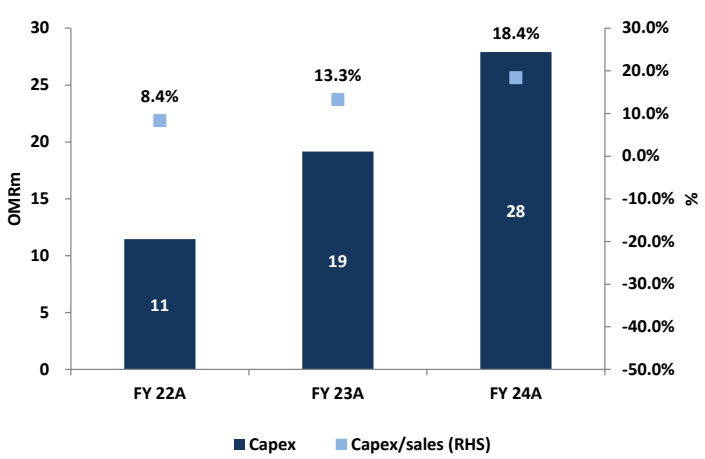
Exhibit 72: Stable net debt in line with capex plans, at 1.7x Net Debt/EBITDA in FY 24A



Source: Company Data, Arqaam Capital Research

Exhibit 73: Capex at OMR 20m over FY 22-24A, representing 13% of sales, largely on Kuwait rig additions



Source: Company Data, Arqaam Capital Research

Net Debt of 1.7x in FY 24A, primarily used for capex and working capital. Management has signaled its intention to fund 90% of capex and working capital needs with debt. Given Abraj's targeted expansion to operate 35 rigs by FY 29e, management has also highlighted its intent to execute non-aggressive growth strategies, meaning the increase in capex should not immensely stress the company's credit profile.

EBITDA increased 10% y/y in FY 24A to become OMR 52m, up from OMR 48m in FY 23A. EBITDA margin also expanded to 34.5%, compared to 33% in FY 23A. Growth and expansion in profitability were driven by gross margin expansion from 23% to 25% from FY 23A to FY 24A -- driven by a 5% y/y increase in the company's topline, and a slight decline in SG&A as a percentage, representing 3.8% of revenues in FY 24A, down from 4.3% in FY 23A. RoE also expanded to 15% in FY 24A, up from 11% in FY 23A – driven by a 30% y/y increase in Abraj's bottom line.

Abraj's net income grew at a CAGR of 19% over FY 19-24A, driven by (i) gross margin expansion to 25% in FY 24A, up from 19% in FY 19A, (ii) operational efficiencies considering Abraj's leading position in rig automation; and (iii) a 5% y/y decrease in financing expenses from debt repayments. We anticipate this growth trajectory of net income to continue aligning with the redeployment of the four stacked rigs and further international expansion with two rigs in Kuwait and the strategic partnership with Sonatrech in Algeria.

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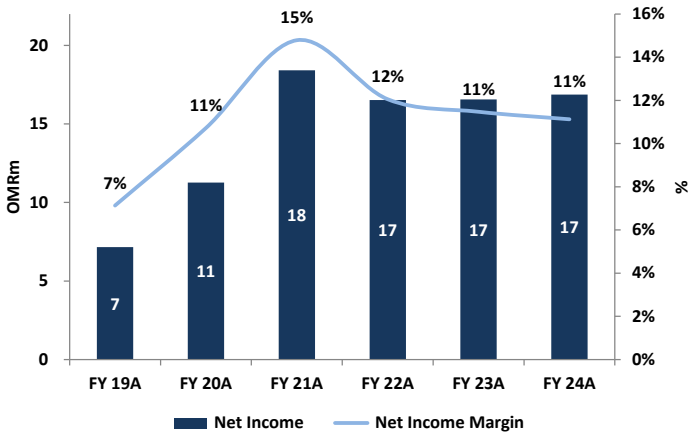
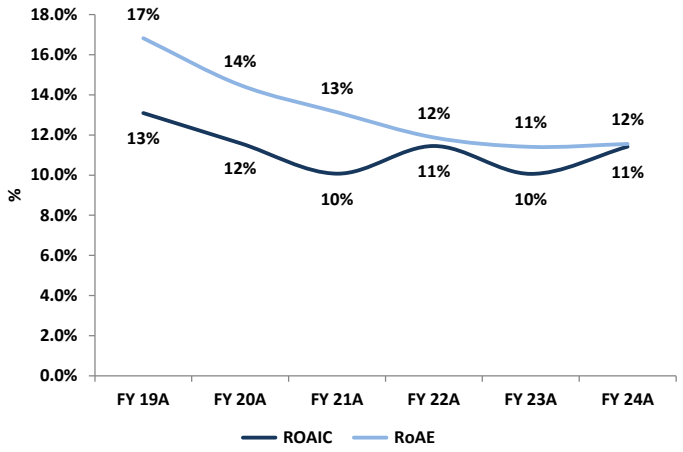
Exhibit 74: NI grew at a 19% CAGR from FY 19-24A



Source: Company Data, Arqaam Capital Research

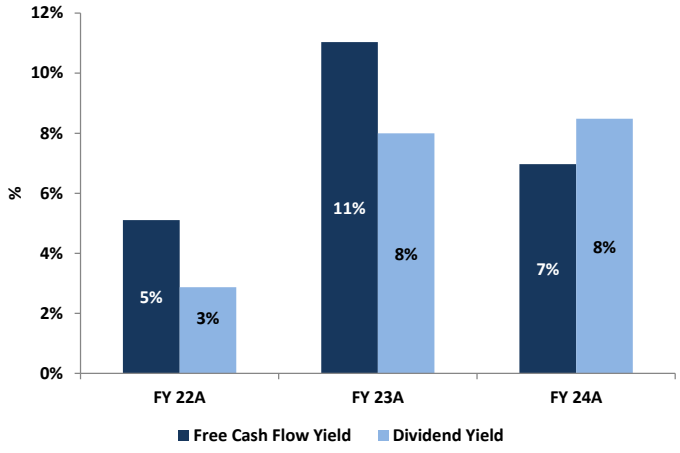
Exhibit 75: …driving a RoE of 12% in FY 24A



Source: Company Data, Arqaam Capital Research

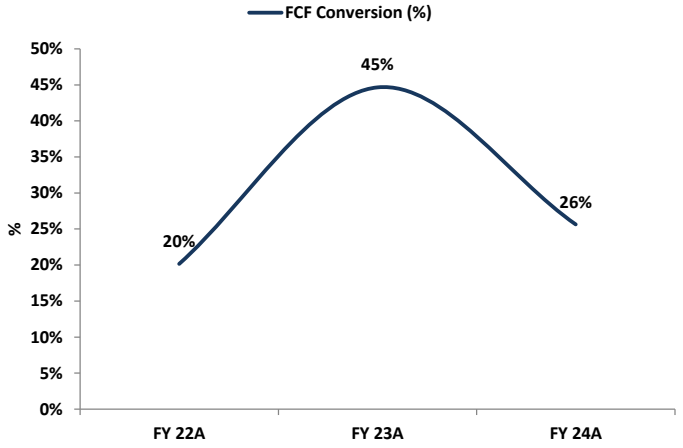
Dividend yield of 8% in FY 24A signals Abraj's dedication to issuing attractive dividends. Despite the contraction in FCF yield to 7% in FY 24A from 11% in FY 23A, and a decrease in FCF/EBITDA conversion rate to 26% in FY 24A from 45% in FY 23A, dividend yield remained stable at 8%, in line with the company's acknowledgement of dividend importance in MSX equities. The company issued OMR 16.3m of dividends in FY 24A, at a 97% payout of NI and 114% of FCF.

Exhibit 76: Dividend and FCF yields at 8% and 7%, respectively, in FY 24A…



Source: Company Data, Arqaam Capital Research

Exhibit 77: …with FCF yields in line with the trend in the FCF / EBITDA pattern



Source: Company Data, Arqaam Capital Research

IPO was oversubscribed by 9x, with OMR 93m in proceeds. The company is listed on the Muscat Stock Exchange (MSX) in Q1 23A, with over 377 million shares listed on the exchange, representing a 49% stake. Abraj's IPO was heavily anticipated, having been the largest IPO since the 2010 listing of telecom operator Nawras. Abraj's ownership structure comprises OQ EQ (51% stake) and public shareholders (49% stake).

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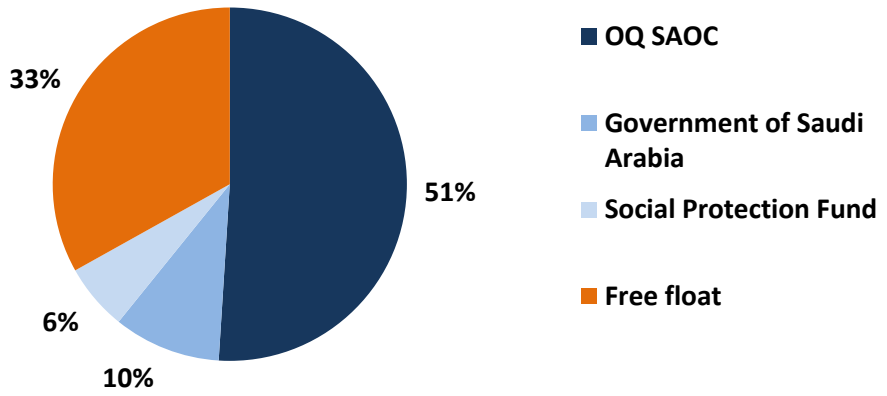
Exhibit 78: OQ EP holds a 51% stake in Abraj, with a 33% free float



Source: Company Data, Arqaam Capital Research

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