

Abraj Energy Services

Sector: Oil & Gas

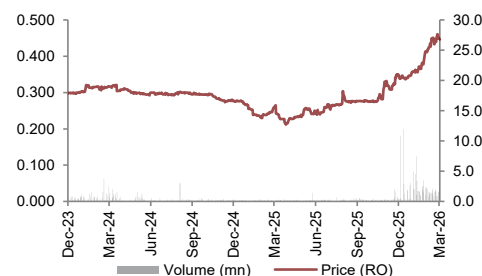
HOLD

1 April 2026

Target price (RO) 0.455

Current price (RO) 0.455

Return 0.0%



Exchange MSX
Index weight (%) 3.0%

(mn)	RO	USD
Market Cap	344	892
Enterprise value	439	439

Major shareholders

OQ SAOC	51.0%
The Saudi Omani Investment Company	9.8%
Social Protection Fund	6.1%
Others	33.1%

Valuation Summary (TTM)

PER TTM (x)	19.4
P/Book (x)	2.4
EV/EBITDA (x)	9.0
Dividend Yield (%)	3.8
Free Float (%)	33%
Shares O/S (mn)	770
YTD Return (%)	31%
Beta	0.6

Key ratios	2023	2024	2025
EPS (RO)	0.02	0.02	0.02
BVPS (RO)	0.19	0.19	0.19
DPS (RO)	0.02	0.02	0.02
Payout ratio (%)	99%	103%	74%

Price performance (%)	1M	3M	12M
Abraj Energy Services	9%	29%	72%
MSX 30 Index	8%	29%	76%
Services Index	6%	19%	84%

52 week	High	Low	CTL*
Price (RO)	0.46	0.21	116.5

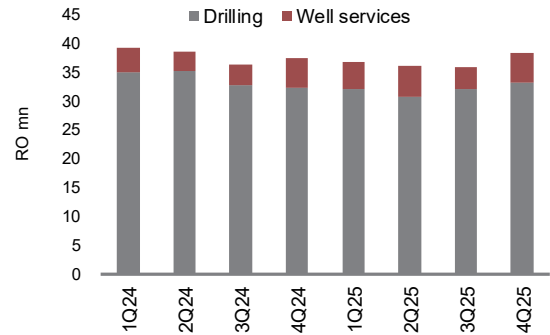
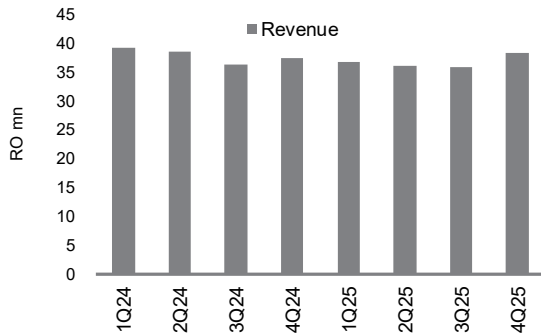
* CTL is % change in CMP to 52wk low

- **Topline in 2025 constrained by stacking of 4 rigs, resulting in a 2.9% YoY decline.**
- **Gross margins come under pressure, though lower operating expenses aid bottom-line growth of 4.7% YoY, lower than our expectation by 5.6%.**
- **Financial performance to recover on the redeployment of stacked rigs and addition of new rigs.**
- **We revise our medium-term estimates and increase our target price to RO 0.455 per share, implying a Hold rating.**

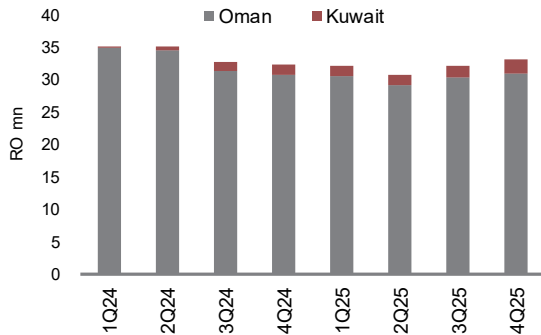
Abraj Energy reported 2025 revenue of RO 147mn, reflecting a 2.9% YoY decline but coming 1.2% above our expectations. Revenue from the drilling segment declined 5.4% YoY, contributing 87% of total revenue, while well services revenue increased by a strong 17.2% YoY, accounting for the remaining 13%. Pressure in the drilling segment resulted from the stacking of four rigs for a significant portion of 2025. However, the company has entered into contracts to redeploy three of these rigs. Gross margin declined by 48bps YoY to 24.6% in 2025, leading to a 4.8% YoY decline in gross profit, primarily due to the lower scale of operations. Net operating expenses decreased 22.8% YoY, driven by lower impairments and on account of losses on the disposal of property and equipment recorded in 2024. As a result, operating margins improved to 18.2% in 2025 from 17.0% in 2024. EBITDA margin improved to 33.2% in 2025, compared with 32.1% in the previous year. Finance costs increased 1.8% YoY due to higher debt levels. Net profit reached RO 18mn in 2025, up 4.7% YoY, coming below our expectations by 5.6%, primarily on account lower than expected gross margins.

Valuation: Abraj's top-line performance remained under pressure, though the bottom line was supported by higher one-off losses on asset disposals and impairments recorded in the previous year. We expect Abraj's revenue performance to recover in the current year, supported by new contracts to redeploy most of its previously stacked rigs. Three rigs has been contracted and the company is in negotiations to deploy one more rig. In addition, Abraj is expanding its fleet with three new rigs, for which it has secured contracts with PDO. These rigs are expected to become operational by through SH26 and FH27. We expect the full impact of this expansion to be reflected from 2028 onwards. The company's order backlog remains strong at RO 880mn, an over 30% CAGR in the past two year and Abraj continues to maintain its leadership position in the drilling segment with a market share of 26%. On the diversification front, the third rig in Kuwait is expected to become operational by 2Q26. The company is also undergoing prequalification to bid for additional regional projects. Abraj has also secured a five-year cementing contract with OQEP, which is expected to commence operations in 1H26. The company has guided for a revenue of between RO145-155mn, with a capex of between RO70-90mn. The increase in capex is on account of its investments in new rigs and the same is expected to normalize by 2027. Overall, we have revised our medium-term estimates, increasing our target price to RO 0.455 per share. However, at 18x its 2026e EPS, we believe the current valuation already reflects most of the upside, and therefore maintain our Hold rating on the stock.

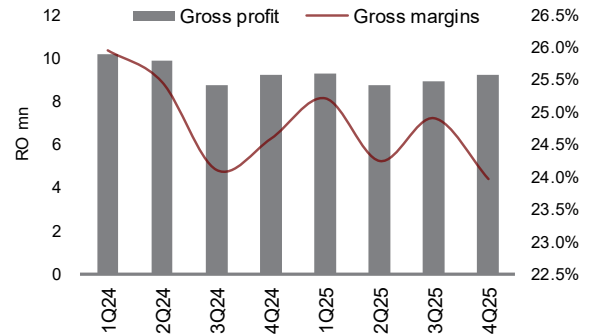
Revenue in 2025 continued to be constrained by stacked rigs, even as 4Q performance recovers



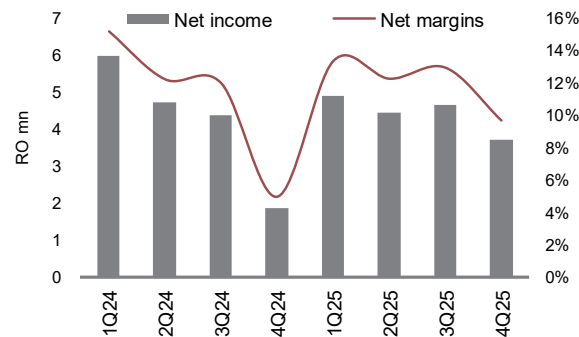
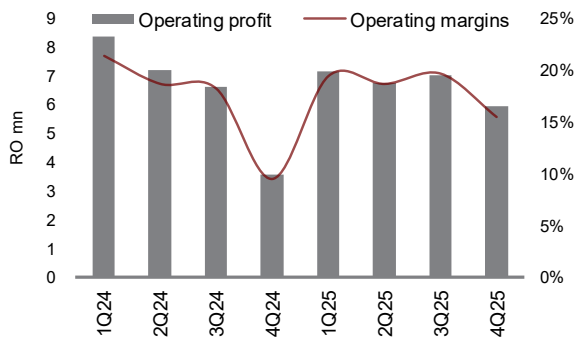
Kuwait's contribution to rig revenue limited



Gross margins under pressure on lower scale



Lower impairments aids bottom-line performance





Income Statement (RO mn)	2023	2024	2025	2026e	2027e	2028e	2029e	2030e
Revenue	144	152	147	151	173	192	205	209
Cost of sales	(111)	(114)	(111)	(114)	(130)	(144)	(153)	(156)
Gross profit	33	38	36	37	43	49	52	53
Operating expenses - Net	(7)	(12)	(9)	(10)	(11)	(12)	(13)	(14)
Operating profit	26	26	27	28	32	36	39	40
Net finance cost	(6)	(6)	(6)	(6)	(9)	(9)	(8)	(7)
Net income before tax	19	20	21	22	23	28	31	32
Taxation	(3)	(3)	(3)	(3)	(4)	(4)	(5)	(5)
Net income	17	17	18	19	20	23	26	27

Balance Sheet (RO mn)	2023	2024	2025	2026e	2027e	2028e	2029e	2030e
Property and Equipment	191	201	190	248	241	232	223	214
Right-of-use assets	6	4	3	2	2	1	1	1
Others	5	1	14	14	14	14	14	14
Total non-current assets	202	206	207	264	256	247	238	229
Trade receivables	39	40	41	42	48	53	57	58
Inventory	24	28	27	28	32	35	37	38
Cash and cash equivalents	8	5	7	4	4	4	4	4
Other current assets	3	3	3	3	3	3	3	3
Total current assets	74	77	78	77	87	96	101	103
Total assets	276	283	285	341	343	343	340	332
Share Capital	77	77	77	77	77	77	77	77
Total reserves	69	69	69	74	79	85	91	98
Total equity	146	146	146	151	156	162	168	175
Term loan	13	17	27	41	40	37	34	30
Lease liabilities	2	1	1	1	0	0	0	0
Trade and other payables	18	16	14	15	17	19	20	20
Other current liabilities	14	19	15	15	17	18	18	19
Total current liabilities	47	53	57	72	74	74	73	69
Long term borrowings	72	74	72	110	106	99	91	81
Long term lease liabilities	4	3	2	2	1	1	1	0
Other non-current liabilities	8	7	7	7	7	7	7	7
Total non-current liabilities	83	84	81	118	114	107	99	88
Total Liabilities	131	137	139	190	187	181	171	157
Equity and liabilities	276	283	285	341	343	343	340	332

Cash Flows (RO mn)	2023	2024	2025	2026e	2027e	2028e	2029e	2030e
Cash from operations	33	38	38	40	39	46	52	56
Cash from investments	(1)	(27)	(27)	(80)	(17)	(19)	(21)	(21)
Cash from financing	(29)	(13)	(10)	37	(21)	(26)	(31)	(35)
Net changes in cash	4	(3)	2	(3)	0	0	0	0
Cash and cash equivalents	8	5	7	4	4	4	4	4

Ratios	2023	2024	2025	2026e	2027e	2028e	2029e	2030e
Per Share (RO)								
EPS	0.022	0.022	0.023	0.024	0.026	0.030	0.034	0.036
BVPS	0.189	0.190	0.190	0.196	0.202	0.210	0.218	0.227
DPS	0.021	0.022	0.017	0.018	0.019	0.023	0.025	0.027
FCF/share	0.019	0.014	0.015	(0.052)	0.028	0.034	0.041	0.046
Valuations								
M.Cap (RO mn)	230	213	344	344	344	344	344	344
EV (RO mn)	313	303	439	493	486	478	466	451
EBITDA (RO mn)	48	49	49	50	58	64	69	70
P/E	13.9	12.6	19.4	18.4	17.3	14.6	13.1	12.5
EV/EBITDA	6.6	6.2	9.0	9.8	8.4	7.4	6.8	6.4
EV/Sales	2.2	2.0	3.0	3.3	2.8	2.5	2.3	2.2
P/BV	1.6	1.5	2.4	2.3	2.2	2.1	2.0	2.0
P/S	1.6	1.4	2.3	2.3	2.0	1.8	1.7	1.6
Div. yield	7.1%	8.1%	3.8%	4.1%	4.3%	5.1%	5.7%	6.1%
Liquidity								
Cash Ratio	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Current ratio	1.6	1.4	1.4	1.1	1.2	1.3	1.4	1.5
Quick ratio	1.1	0.9	0.9	0.7	0.8	0.8	0.9	0.9
Return ratio								
ROA	6.0%	6.0%	6.2%	5.5%	5.8%	6.8%	7.7%	8.3%
ROE	11.4%	11.5%	12.1%	12.3%	12.7%	14.5%	15.6%	15.7%
ROCE	10.8%	10.7%	10.8%	9.1%	10.7%	12.1%	13.2%	13.9%
Cash cycle								
Payables turnover	6.2	6.9	7.7	7.7	7.7	7.7	7.7	7.7
Inventories turnover	4.7	4.0	4.1	4.1	4.1	4.1	4.1	4.1
Receivables turnover	3.7	3.8	3.6	3.6	3.6	3.6	3.6	3.6
Payable days	59	53	47	47	47	47	47	47
Inventory days	78	91	89	89	89	89	89	89
Receivables days	100	97	101	101	101	101	101	101
Cash Cycle	119	135	143	143	143	143	143	143
Profitability ratio								
Gross margins	22.8%	25.0%	24.6%	24.7%	25.1%	25.3%	25.4%	25.5%
EBITDA margins	33.1%	32.1%	33.2%	33.2%	33.3%	33.4%	33.4%	33.4%
Operating margins	17.8%	17.0%	18.2%	18.4%	18.6%	18.8%	18.9%	19.0%
Net margins	11.5%	11.1%	12.0%	12.3%	11.4%	12.2%	12.8%	13.1%
Leverage								
Total debt (RO mn)	91	95	102	153	147	138	126	112
Net debt (RO mn)	83	90	95	149	143	134	122	108
Debt/Capital	38.5%	39.4%	41.2%	50.4%	48.6%	46.1%	42.9%	39.0%
Debt/Total assets	32.9%	33.5%	35.9%	45.0%	42.9%	40.3%	37.2%	33.6%
Debt/Equity	62%	65%	70%	102%	94%	85%	75%	64%

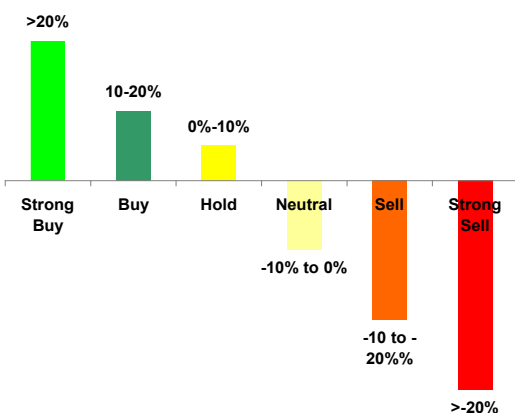
Key contacts

Research Team

Joice Mathew Sr. Manager - Research E-Mail: joice@usoman.com Tel: +968 2476 3311	Manna Thomas ACCA Research Associate Email: manna.t@usoman.com Tel: +968 2476 3347	Contact Address P. O Box: 2566; P C 112 Sultanate of Oman Tel: +968 2476 3300
---	---	--

Rating Criteria and Definitions

Rating



Rating Definitions

Strong Buy	This recommendation is used for stocks whose current market price offers a deep discount to our 12-Month target price and has an upside potential in excess of 20%
Buy	This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 10% to 20%
Hold	This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 0% to 10%
Neutral	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between 0% to -10%
Sell	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between -10% to -20%
Strong Sell	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential in excess of 20%
Not rated	This recommendation used for stocks which does not form part of Coverage Universe

Disclaimer

This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions. Opinion expressed is our current opinion as of the date appearing on this material only. We do not undertake to advise you as to any change of our views expressed in this document. While we endeavor to update on a reasonable basis the information discussed in this material, United Securities, its subsidiaries and associated companies, their directors and employees are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that prevent us from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true and are for general guidance only. While every effort is made to ensure the accuracy and completeness of information contained, the company takes no guarantee and assumes no liability for any errors or omissions of the information. No one can use the information as the basis for any claim, demand or cause of action.

Recipients of this material should rely on their own investigations and take their own professional advice. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment. Price and value of the investments referred to in this material may go up or down. Past performance is not a guide for future performance. United Securities LLC, and affiliates, including the analyst who has issued this report, may, on the date of this report, and from time to time, have long or short positions in, and buy or sell the securities of the companies mentioned herein or engage in any other transaction involving such securities and earn brokerage or compensation or act as advisor or have other potential conflict of interest with respect to company/ies mentioned herein or inconsistent with any recommendation and related information and opinions. United Securities LLC and affiliates may seek to provide or have engaged in providing corporate finance, investment banking or other advisory services in a merger or specific transaction to the companies referred to in this report, as on the date of this report or in the past.