

PRESS RELEASE

SIMAH RATING AGENCY (TASSNIEF) DOWNGRADES SOLICITED NATIONAL SCALE ENTITY RATINGS OF RAWABI HOLDING COMPANY

Riyadh, October 02, 2025: Tassnief has downgraded the long-term entity rating of Rawabi Holding Company ('Rawabi Holding' or 'the Company') from "A-" (Single A Minus) to "BBB+" (Triple B Plus) and short-term rating from "T-3" to "T-4". The rating has been placed on "Rating Watch – Negative" Status. The rating of Sukuk has been downgraded from "A-" (Single A Minus) to "BBB+" (Triple B Plus). Tassnief considers the rated issuer or issuance to hold adequate creditworthiness, thus low credit risk. Risk profile may exhibit high variation with changes in economic / sector conditions.

Rating Rationale: The ratings of Rawabi Holding incorporate its strong market position as the third largest offshore support vessel (OSV) operator globally with youngest fleet and diversified operations across energy, specialized contracting, and industrial manufacturing segments – all of which have depicted growth. Despite exposure to cyclical sectors, the Company's business profile draws comfort from continued favorable industry dynamics, especially marine and oilfield services and lengthy association with Saudi Aramco from which majority of the Company's revenue is generated. Moreover, sizeable order backlog of over SAR 24billion supports revenue visibility over the medium term. Ratings also incorporate Rawabi's sound corporate governance framework.

The rating downgrade takes into account aggressive financial policy as evident from sizeable debt funded expansion of assets (both fixed assets and investments) resulting in low debt servicing cushion and weak coverage indicators. This was aggravated by acceleration of repayment schedule by one of the lenders. Moreover, sizeable exposure to blue chip listed equities results in elevated exposure to market risk. During recent months, sizeable investment holdings have been liquidated to provide liquidity support and reduce debt on balance sheet.

Rawabi has demonstrated strong growth in recent years, with revenue expanding at a three-year CAGR of 37% between 2021 and 2024. Growth has slowed sharply during the current year, with a sequential decline noted in 2Q2025. Management attributes this weaker interim revenue performance primarily to short-term operational and financing headwinds. In particular, (i) delayed delivery of new vessels resulting in lower charter income recognition; (ii) contracting business affected by slower execution of awarded projects; and (iii) temporary operational challenges in oilfield services business. Nevertheless, Tassnief expects recovery in revenue under its base case scenario during the remainder of the year and in 2026 due to significant increase in day rates (relative to existing contract rates) in a structurally tight OSV market coupled with delivery of new vessels.

The Company's aggressive financial policies to capitalize on business opportunities have resulted in low debt servicing cushion, highlighting increased balance sheet and refinancing risk. This is reflected in elevated net-debt-to-adjusted EBITDA of 11.7x at end-2024. Additionally, the DSCR ratios, both FFO-based and EBITDA-based, reflect limited debt servicing cushion. Going forward, sustained deleveraging will depend on the timely execution of vessel deployments, realization of higher-margin contracts, and disciplined financial management over the rating horizon. Moreover, Rawabi Holding, including some of its subsidiaries, is also considering multiple options to reduce debt levels on balance sheet; progress against these initiatives and its impact on leverage and coverage indicators will be tracked by Tassnief.

The "Rating Watch – Negative" status reflects the initiation of accelerated repayment of a bilateral term loan facility by one of the local banks, triggered by a covenant breach. In response, Rawabi Holding is actively engaging with financial institutions to refinance this facility. Tassnief has been informed that the refinancing process is expected to be finalized shortly. Tassnief will continue to closely monitor these developments, and if the issue remains unresolved in the near term, a further downgrade of the ratings may be considered.

Rating Triggers: Key rating triggers involve increasing debt servicing cushions and improving coverage ratios through reduction in debt levels, a shift towards a more conservative financial policy and timely finalization of the refinancing arrangement.

About the Company: Rawabi Holding is a diversified conglomerate through its wholly owned subsidiaries, consolidated and controlled joint ventures and affiliate investments, mainly focused on oil and gas services. The Company's operations are segregated into 5 segments including oil field services, marine, contracting, industrial & manufacturing and investment. . Tassnief believes that Company's focus on localization (local manufacturing), Saudization, ESG, training and strengthening resource capacity in a specialized industry will fuel their competitive advantage.

For further information on this rating announcement, please contact the Senior Rating Analyst, Mr. Talha Iqbal (Ext. 6627) at +966-112506627 or email at RS@Tassnief.com.

RELATED CRITERIA AND METHODOLOGY

Rating Methodology for Corporate (2024) can be found on the website: www.tassnief.com

TASSNIEF has conducted the exercise based on its approved Rating Methodologies and Policies in order to derive the credit rating opinion on Rawabi Holding Company. The credit ratings and observations contained herein are solely statements of opinion and not statements of fact or recommendations to purchase, hold or sell any securities or make any other investment decisions. All analyses related to the press release are merely opinions of TASSNIEF on the rating date and are not a guarantee of future performance. © Copyright 2025 by TASSNIEF