FAB أبوظبي الأول للأوراق المالية SECURITIES

Earnings Call Insight | 3Q25

UAE Equity Research | Sector: Energy | Market: ADX

ADNOC Gas PLC

Current Price	Target Price	Upside/Downside (%)	Rating
AED 3.39	AED 4.30	+26.8%	BUY

3Q25 Net Profit lower than our estimate

- Revenue declined marginally 0.3% YOY to USD 4,856 Mn in 3Q25, primarily due to higher sales volumes, partially offset by an unfavourable pricing environment.
- Total sales volume rose 1.1% YOY to 959 trillion British thermal units (TBTU) in 3Q25.
- Domestic gas volume grew 4.2% YOY to 635 TBTU in 3Q25. In addition, Exports and Traded liquids volume grew 3.0% YOY to 273 TBTU in 3Q25.
- ADNOC LNG JV's sales volume declined 34.6% YOY to 46 TBTU in 3Q25 as planned maintenance activities were completed.
- Gross profit grew 10.7% YOY to USD 2,112 Mn in 3Q25, primarily due to lower feedstock cost partially offset by a marginal decline in revenue. Thus, gross margins expanded 430 bps YOY to 43.5% in 3Q25.
- EBITDA grew 3.5% YOY to USD 2,072 Mn in 3Q25. EBITDA Margin rose from 41.1% in 3Q24 to 42.7% in 3Q25.
- Net profit grew 7.6% YOY to USD 1,338 Mn in 3Q25 driven by higher other operating income, lower direct costs, lower finance costs and decline in tax expenses. Net profit margin rose from 25.5% in 3Q24 to 27.5% in 3Q25.

Earnings Call Summary

- Despite facing consumer and geopolitical challenges and operating in a lower oil price environment, the Company maintained an impressive asset reliability of 97.8% during 3Q25.
- The Company's Shutdown activity is anticipated to be higher than usual in 4Q25, particularly within the Adnoc LNG joint venture operations.
- Total capex for 2025 is projected at around USD 3 Bn, marking a significant increase from the previous year as the MERAM project reaches peak execution.
- The Board approved the quarterly dividend of USD 896 Mn for 3Q25, to be distributed in December 2025, marking ADNOC Gas's first quarterly distribution under its new payout structure.
- The Company reaffirmed its progressive dividend policy with 5% annual growth extended to 2030, totaling USD 24.4 Bn expected payouts through that period.
- The Company's RGD Phase 2 & 3 FIDs are expected in 1H26, each valued at around USD 3.5–4 Bn.
- The Bab Gas Cap project is scheduled for FID later in 2026, which could further increase CAPEX commitments.
- ADNOC Gas maintained profitability despite a 14% YOY decline in Brent prices (from USD 83 in 9M24 to USD 71/barrel in 9M25), mainly due to the stability of its domestic gas-driven model.
- ADNOC Gas signed a multi-year collaboration with AIQ and Gecko Robotics, targeting over USD 300 Mn in maintenance and inspection cost savings over five years.
- The Company committed CAPEX of USD 20 Bn till 2029, covering four major ongoing projects: IGDE-2, MERAM, RGD, and Ruwais LNG.
- If all four upcoming project FIDs move forward, the Company's total capital expenditure could increase to c. USD 27–28 Bn.
- The Company's LNG exports were temporarily lower in 3Q25 due to scheduled maintenance on two trains; other facilities will undergo maintenance in 4Q25.
- ADNOC Gas confirmed ongoing discussions to supply gas to AI and high-compute data centers in the UAE.

- ADNOC Gas plans to leverage robotics and AI to unlock USD 900 Mn in value by 2030, focusing on autonomous operations, AI-driven production optimization, and intelligent asset performance.
- The Company expects 2025 full-year results to remain strong, driven by domestic market resilience and project execution discipline.
- ADNOCGAS revised its 2025 sales volume outlook and now expects Domestic sales volume to range between 2,425–2,435 TBTU, compared to the earlier estimate of 2,410–2,450 TBTU. Exports and traded liquids sales volume have also been revised to 1,035-1,045 TBTU, up from the previous guidance of 990–1,010 TBTU.
- Expects the sales volumes (excluding sulphur) to range between 3,685 and 3,715 TBTU for 2025.
- LNG JV sales volume is anticipated to decline from the earlier range of 230–240 TBTU to 225–235 TBTU in 2025.
- ADNOC GAS guidance for Export, Traded Liquids, and ALNG JV products is anchored on a Brent price range of USD 60 to 70 per barrel.

Adnoc Gas - P&L

(USD Mn)	3Q24	2Q25	3Q25	3Q25F	Var.	YOY Ch	QOQ Ch
Revenue	4,870	4,657	4,856	4,855	0.0%	-0.3%	4.3%
Direct Cost	2,962	2,635	2,744	2,787	-1.5%	-7.3%	4.2%
Gross Profit	**1,908**	**2,023**	**2,112**	**2,068**	**2.1%**	**10.7%**	**4.4%**
Other Operating income	262	264	281	276	1.8%	7.2%	6.3%
Share of profit of equity-accounted investee	160	150	71	150	-53.1%	-55.8%	-52.9%
Recharges to equity accounted investees	156	152	146	154	-5.2%	-6.3%	-4.3%
Employee benefit expenses	-276	-295	-281	-305	-7.9%	2.0%	-4.8%
Other operating costs and administrative exp	-94	-81	-111	-93	18.8%	17.4%	37.5%
Share of operating costs in an equity acc inv	-57	-58	-65	-52	25.2%	13.0%	11.0%
Inventory Consumption	-17	-16	-19	-16	20.2%	8.5%	17.6%
Other expenses	-40	-52	-62	-57	9.3%	56.3%	18.9%
EBITDA	**2,002**	**2,087**	**2,072**	**2,125**	**-2.5%**	**3.5%**	**-0.7%**
Depreciation and amortisation	-308	-322	-332	-340	-2.4%	7.8%	3.1%
EBIT	**1,694**	**1,765**	**1,740**	**1,786**	**-2.6%**	**2.7%**	**-1.4%**
Finance Income	39	18	19	26	-27.1%	-50.6%	10.2%
Finance Cost	-51	-46	-44	-50	-12.1%	-14.4%	-5.1%
Profit before tax	**1,682**	**1,736**	**1,716**	**1,762**	**-2.7%**	**2.0%**	**-1.2%**
Income Tax expense	439	351	378	359	5.3%	-13.8%	7.6%
Net Income	**1,243**	**1,385**	**1,338**	**1,403**	**-4.7%**	**7.6%**	**-3.4%**

FABS estimate & Co Data

ADNOC Gas Management Guidance:

		Previous 2025 guidance	YTD 2025 actual	2025 updated guidance	
Financial	EBITDA Margin %	~36%	36.6%	**~36%**	
Sales volume	*(in TBTU)*				
	Domestic Gas Products	2,410 - 2,450	1,825	**2,425-2,435**	Shutdowns planned for Q4 (mostly affecting LNG)
	Exports & Traded Liquids	990 - 1,010	776	**1,035-1,045**	
	LNG JV Products	230 - 240	179	**225-235**	
Net Profit Unit Margins	*(in $/mmBTU)*				
	Domestic Gas Products	1.13 - 1.17	1.19	**1.14-1.16**	
	Exports & Traded Liquids	1.51 - 1.55	1.58	**1.49-1.51**	ETL, LNG margins consistent with 60-70$/bbl oil price range
	LNG JV Products	1.82 - 1.86	1.96	**1.79-1.81**	
	Sulphur ($ Millions)	180 - 200	233	**270-290**	
Investments	*($ Million)*				
	CAPEX	~3,000	2,047	~3,000	Mostly growth project driven (RGD phase 1, MERAM, IGD-E2)

Note: ADNOC Gas' proportionate 70% share of volumes includes LNG, LPG, Naphtha and Sulphu

Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

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