

## ADNOC Gas PLC

Current Price	Target Price	Upside/Downside (%)	Rating
AED 3.68	AED 4.30	+17%	BUY

### 4Q25 Net Profit slightly higher than our estimate

- Revenue declined 9.3% YOY to USD 4,326 Mn in 4Q25, primarily due to an unfavourable pricing environment, partially offset by higher domestic gas and export & traded liquids sales volumes.
- Total sales volume rose 4.7% YOY to 910 trillion British thermal units (TBTU) in 4Q25.
- Domestic gas volume grew 4.9% YOY to 595 TBTU in 4Q25. Additionally, Exports and Traded liquids volume grew 10.5% YOY to 260 TBTU in 4Q25.
- ADNOC LNG JV's sales volume declined 18.0% YOY to 52 TBTU in 4Q25, mainly due to planned maintenance shutdowns.
- Gross profit declined 8.8% YOY to USD 1,880 Mn in 4Q25, due to higher decline in revenue offsetting decrease in costs. However, gross margins expanded 25 bps YOY to 43.5% in 4Q25.
- EBITDA fell 9.1% YOY to USD 1,885 Mn in 4Q25, mainly due to exclusion of domestic gas contract renewal recorded in 4Q24. EBITDA Margin rose marginally from 43.4% in 4Q24 to 43.6% in 4Q25.
- Net profit fell 15.1% YOY to USD 1,174 Mn in 4Q25, mainly driven by lower pricing environment, planned maintenance activities and a one-off positive impact in 4Q24 due to contract renewal. Net profit margin declined from 28.9% in 4Q24 to 27.1% in 4Q25.

### Earnings Call Summary

- ADNOC Gas operated in a challenging 2025 macro environment, with average oil prices down 14% YOY and 15% QOQ, yet delivered resilient earnings.
- Export volumes were largely flat due to maintenance activity, while lower commodity prices weighed on LNG and liquids performance, which was more than offset by domestic strength.
- Margin expansion was driven by contract renegotiations, pricing for flexibility, and value-added transactions, including gas-to-power collaborations within the GCC.
- Export realizations were impacted by a c. 10% decline in prices, though this was more than offset by strong domestic performance.
- Management reaffirmed a conservative leverage policy, with net debt capped at <2x EBITDA, even as growth capex accelerates.
- ADNOC Gas plans to invest c. USD 20 Bn through 2029 excluding Rich Gas Development Phases 2 and 3, targeting a c. 30% increase in gas processing capacity.
- The Company has already taken FID on Rich Gas Development Phase 1 and IGD Expansion Phase 2, with Phases 2 and 3 expected to reach FID in 1Q26.
- Rich Gas Development Phase 3 includes a new fifth fractionation train at Ruwais, and a new greenfield gas processing plant, expanding overall capacity.
- ADNOC Gas secured USD 74 Bn worth of gas sales agreements in 2025, including over USD 60 Bn in long-term LNG contracts across Asia and Europe.
- Ruwais LNG is progressing ahead of schedule, with Train 1 expected by end-2028 and Train 2 by mid-2029, increasing LNG capacity from 6 mtpa to 15 mtpa.
- ADNOC Gas delivered USD 15 Mn in value from AI and automation initiatives in 2025, including AI-enabled control rooms and drone-based inspections. These initiatives are expected to unlock up to USD 900 Mn in value by 2030, driven by autonomous operations and AI-led optimization.
- The Estidama pipeline was transferred to ADNOC, with ADNOC Gas paying usage fees instead of owning the asset. This move reflects capital discipline, as infrastructure assets typically generate lower returns compared to ADNOC Gas's core projects.

- The Company noted that while sulfur prices are currently at historically high levels due to supply disruptions, ADNOC Gas prioritizes higher-margin rich gas processing over sulfur, which is treated as a by-product, leading the company to remain conservative on sulfur income guidance despite elevated spot prices.
- The 40%+ EBITDA growth guidance for 2023-29 is driven by IGD2, MERAM, energy projects from 2H28 and Rich Gas Phase 1, supported by c. 30% capacity expansion and USD 20 Bn capex, while excluding Phases 2 and 3, which would lift guidance post-FID.
- Exports and Traded liquids margin guidance is driven by volumes versus commodity prices, with upside from operational optimization and spot demand, while 2026 guidance does not assume a material contribution from the MERAM project.
- The Company reiterated that Ruwais LNG remains on track for late 2028 commissioning, with any schedule upside limited to weeks or months and no plans to accelerate volumes ahead of contracted start dates.
- ADNOC Gas announced a total dividend commitment of USD 24.4 Bn for 2025 to 2030, with quarterly payments initiated in 3Q25. The Company's 4Q25 dividend of USD 896 Mn (4.29 fils per share) represents a 5% increase YOY, subject to AGM approval.
- ADNOC Gas has guided c. 36% EBITDA margin, sales volume of domestic gas products (2,430-2,510 TBTU), sales volume of exports & traded liquids (1,045-1,075 TBTU), sales volume of LNG JV products (230- 240 TBTU), Net profit unit margins of domestic gas products (1.10-1.14 \$/mmBTU), Net profit unit margins of exports & traded liquids (1.39-1.51 \$/mmBTU), Net profit unit margins of LNG JV products (1.35-1.45 \$/mmBTU), and Capex in the range of USD 4,000-4,500 Mn for FY2026.

**Adnoc Gas - P&L**

(USD Mn)	4Q24	3Q25	4Q25	4Q25F	Var.	YOY Ch	QOQ Ch
Revenue	4,771	4,856	4,326	4,851	-10.8%	-9.3%	-10.9%
Direct Cost	2,709	2,744	2,446	2,953	-17.2%	-9.7%	-10.9%
<b>Gross Profit</b>	<b>2,062</b>	<b>2,112</b>	<b>1,880</b>	<b>1,898</b>	<b>-0.9%</b>	<b>-8.8%</b>	<b>-11.0%</b>
Other Operating income	265	281	293	290	0.9%	10.2%	4.2%
Share of profit of equity-accounted investee	123	71	78	173	-54.7%	-36.1%	NM
Recharges to equity accounted investees	108	146	153	150	1.7%	41.7%	4.6%
Employee benefit expenses	-252	-281	-253	-304	-16.7%	0.3%	-10.1%
Other operating costs and administrative exp	-99	-111	-127	-133	-4.5%	28.6%	14.9%
Share of operating costs in an equity acc inv	-90	-65	-69	-82	-16.1%	-23.5%	5.8%
Inventory Consumption	-5	-19	-1	-22	-95.9%	-81.1%	-95.1%
Other expenses	-39	-62	-70	-72	-2.5%	77.4%	12.1%
<b>EBITDA</b>	<b>2,073</b>	<b>2,072</b>	<b>1,885</b>	<b>1,898</b>	<b>-0.7%</b>	<b>-9.1%</b>	<b>-9.0%</b>
Depreciation and amortisation	-322	-332	-361	-348	3.9%	12.1%	9.0%
<b>EBIT</b>	<b>1,750</b>	<b>1,740</b>	<b>1,523</b>	<b>1,550</b>	<b>-1.7%</b>	<b>-13.0%</b>	<b>-12.5%</b>
Finance Income	31	19	28	29	-1.0%	-8.2%	47.0%
Finance Cost	-64	-44	-41	-46	-9.7%	-35.1%	-5.4%
<b>Profit before tax</b>	<b>1,718</b>	<b>1,716</b>	<b>1,510</b>	<b>1,533</b>	<b>-1.5%</b>	<b>-12.1%</b>	<b>-12.0%</b>
Income Tax expense	337	378	337	411	-18.0%	0.1%	-10.8%
Re-measurement gain on employees' end of service benefit obligations	3	0	0	0	NM	NM	NM
<b>Net Income</b>	<b>1,384</b>	<b>1,338</b>	<b>1,174</b>	<b>1,122</b>	<b>4.6%</b>	<b>-15.1%</b>	<b>-12.3%</b>

FABS estimate & Co Data

## 2026 Management Guidance:

Financial		2025 actual	2026 guidance	
		EBITDA Margin %	36.8%	~36%
Sales volume	(in TBTU)	YTD 2025 actual	2026 guidance	Sales volumes growth driven by UAE demand
	Domestic Gas Products	2,420	2,430-2,510	
	Exports & Traded Liquids	1,036	1,045-1,075	
	LNG JV Products	231	230-240	
Net Profit Unit Margins	(in \$/mmBTU)	YTD 2025 actual	2026 guidance	ETL, LNG: consistent with 60-65\$/bbl oil price range
	Domestic Gas Products	1.16	1.10-1.14	
	Exports & Traded Liquids	1.53	1.39-1.51	
	LNG JV Products	1.79	1.35-1.45	
	Sulphur (\$ Millions)	341	250-300	
Investments	(\$ Million)	YTD 2025 actual	2026 guidance	Excluding RGD P2,3 spending
	CAPEX	3,639	4,000-4,500	

## 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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