

Abu Dhabi National Insurance Co (ADNIC)

Disciplined cost control and underwriting support profitability

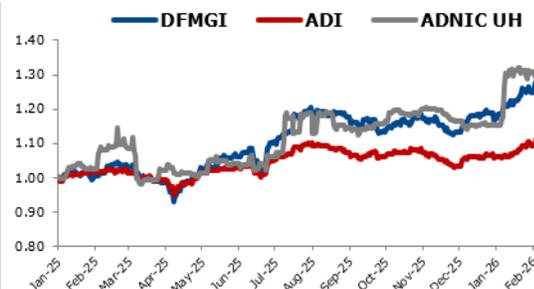
Current Price
AED 7.85

Target Price
AED 9.35

Upside/Downside (%)
+19%

Rating
BUY

- Gross written premiums (GWP) grew 13.4% YOY to AED 8.5 Bn in 2025, supported by resilient growth across selected business segments and territories.
- Premium retention ratio increased from 38.3% in 2024 to 42.3% in 2025, mainly due to overall low retention levels in commercial lines.
- Expense ratio declined 110 bps YOY to 21.9% in 4Q25, while net claims ratio grew 80 bps YOY to 71.3% in 4Q25.
- ADNIC proposed a 2025 dividend of AED 0.47 per share (AED 267.9 Mn), up from AED 0.45 per share (AED 256.5 Mn) in 2024.



Stock Information

Market Cap (AED, Mn)	4,474.50
Paid Up Capital (Mn)	570.00
52 Week High	8.24
52 Week Low	5.80
3M Avg. daily value (AED)	516,518

4Q25 Result Review (AED, Mn)

Total Assets	10,442
Total Liabilities	6,704
Total Equity	3,738
Insurance Service Result	113
Net Profit	128

4Q25 Net Profit in line with our estimate

Abu Dhabi National Insurance Co PJSC (ADNIC/the Company) reported a 14.2% YOY increase in net profit to AED 128 Mn in 4Q25, broadly in line with our estimate of AED 127 Mn. The rise in net profit is primarily driven by higher insurance revenue and net investment income, coupled with significant decrease in insurance service expenses and other operating expenses, partially offset by a decrease in income from reinsurance contracts, and lower finance income from insurance contracts.

P&L Highlights

ADNIC's total insurance revenue increased 12.0% YOY to AED 2,167 Mn in 4Q25, driven primarily by strong growth in the Consumer and Commercial segments. The Company reported a 13.4% YOY rise in Gross Written Premium (GWP) to AED 8.5 Bn in 2025, supported by solid underwriting performance. The Consumer segment revenue grew 19.5% YOY to AED 978 Mn, while the Commercial insurance segment revenue rose 6.5% YOY to AED 1,189 Mn in 4Q25. Meanwhile, insurance service expenses declined 22.3% YOY to AED 1,256 Mn in 4Q25 primarily driven by lower underwriting from the commercial line of business. Income from reinsurance contracts decreased from AED 917 Mn in 4Q24 to AED 439 Mn in 4Q25, while reinsurance contract expenses increased 13.0% YOY to AED 1,237 Mn in 4Q25. Consequently, ADNIC's insurance service result declined 19.9% YOY to AED 113 Mn in 4Q25. Net investment income rose 4.4% YOY to AED 74 Mn in 4Q25. Finance expense from reinsurance contracts declined to AED 18 Mn in 4Q25, compared to AED 133 Mn in 4Q24, whereas the Company recorded a net finance income from reinsurance contracts of AED 18 Mn in 4Q25, compared to an income of AED 105 Mn in 4Q24. Other operating expenses fell 17.5% YOY to AED 48 Mn in 4Q25, while tax expense rose 6.1% YOY to AED 13 Mn in 4Q25. Profit attributable to NCI stood at AED 2 Mn in 4Q25,

Financial Ratios

Dividend Yield (12m)	5.66
Dividend Pay-out (%)	56.39
Price-Earnings Ratio(x)	9.46
Price-to-Book Ratio (x)	1.32
Book Value (AED)	5.95
Return-on Equity (%)	14.58

Stock Performance

5 Days	-1.88%
1 Months	-2.48%
3 Months	8.73%
6 Months	12.30%
1 Year	17.16%
Month to Date (MTD%)	-1.75%
Quarter to Date (QTD%)	11.51%
Year to Date (YTD%)	11.51%

compared to nil in 4Q24. ADNIC's expense ratio decreased 110 bps YOY to 21.9% in 2025, reflecting improved cost efficiency and operating discipline, partially offset by the inclusion of risk adjustment, bad debt and insurance finance components. The net claims ratio increased by 80 bps YOY to 71.3% in 2025. Consequently, the combined ratio declined 30 bps YOY to 93.2% in 2025, reflecting disciplined underwriting approach and the effectiveness of enterprise risk and analytical management framework. The premium retention ratio increased from 38.3% in 2024 to 42.3% in 2025 mainly due to overall low retention levels in commercial lines.

Balance Sheet Highlights

ADNIC's total financial assets (including Investment properties) increased 4.8% YOY to AED 5.4 Bn in 2025, driven by an increase in financial assets at fair value through other comprehensive income owing to reclassification of investments and an increase in investment properties, partially offset by a decrease in financial assets for unit-linked contracts, investments at amortized costs and investments at fair value through profit or loss. Total equity increased 6.2% YOY to AED 3.7 Bn in 2025. Insurance contract liabilities decreased 20.6% YOY to AED 6.2 Bn in 2025, comprising 65% of the liability from the Commercial Segment and the remaining from the Consumer Segment in 2025.

Target Price and Rating

We maintain our BUY rating on ADNIC with a revised target price of AED 9.35. The Company's stock price grew 10.2% since our last rating (November 2025). ADNIC delivered a strong operating performance in 4Q25 and 2025, with gross written premiums (GWP) rising 13.4% YOY to AED 8.5 Bn, supported by resilient growth across selected segments and geographies. Underwriting discipline remained evident, with a combined ratio of 93.2%, reflecting effective risk selection and enterprise risk management practices. The net claims ratio increased marginally to 71.3% in 2025 compared to 70.5% in 2024, while the premium retention ratio improved to 42.3% compared to 35.3% in 2024, driven by optimized retention levels in commercial lines. ADNIC's income from the investment increased 8.9% YOY to AED 296.9 Mn in 2025, supported by contributions from the KSA subsidiary and a strategic allocation toward more liquid, higher-yielding assets. The Company continues to strengthen its risk framework through disciplined underwriting and reinsurance protection, alongside investments in digital transformation and AI to enhance operational efficiency and data-driven decision-making. ADNIC's expense ratio (including bad debt, risk adjustment and finance income (expense) improved from 23.0% in 2024 to 21.9% in 2025. Looking ahead, the Company remains focused on disciplined diversification, operational efficiency, enhanced capital management, and continued digital and AI-led transformation to support sustainable profitability. Strategically, ADNIC advanced key initiatives during 2025, including a long-term partnership with Allianz Trade to expand Trade Credit Insurance solutions in the UAE, and a collaboration with the Sheikh Zayed Housing Program to provide specialized life insurance solutions for UAE Nationals. These initiatives align with national development priorities while supporting product diversification and long-term growth. The UAE insurance sector is undergoing structural transformation, driven by regulatory evolution, capital discipline, and a shift toward technical excellence and risk-based pricing. As a leading market participant, ADNIC remains well-positioned to shape industry standards, promote sustainable growth, and strengthen governance and risk management practices amid increasing demand for specialty solutions. ADNIC proposed a 2025 cash dividend of AED 0.47 per share, totaling AED 267.9 Mn, up from AED 0.45 per share, totaling AED 256.5 Mn in 2024, reflecting consistent earnings delivery and a commitment to shareholder returns. Thus, based on these factors, we continue to assign a BUY rating on the stock.

ADNIC - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	11.18	11.89	11.20	10.71	9.36	10.33
PB	1.59	1.60	1.51	1.28	1.20	1.34
BVPS	4.967	4.922	5.212	6.174	6.557	6.992
EPS	0.705	0.663	0.704	0.736	0.842	0.905
DPS	0.400	0.400	0.400	0.450	0.470	0.490
Dividend yield	5.1%	5.1%	5.1%	5.7%	6.0%	6.2%

FABS Estimates & Co Data

ADNIC – P&L

	4Q24	3Q25	4Q25	4Q25F	Var.	YOY Ch.	QOQ Ch	2024	2025	Change
AED Mn										
Insurance revenue	1,934	2,078	2,167	2,167	0.0%	12.0%	4.2%	7,176	8,254	15.0%
Insurance service expenses	-1,615	-1,169	-1,256	-1,206	4.1%	-22.3%	7.4%	-7,690	-4,523	-41.2%
Income from reinsurance contracts	917	275	439	292	50.4%	NM	NM	4,904	1,226	NM
Expenses from reinsurance contracts	-1,095	-1,060	-1,237	-1,112	11.2%	13.0%	16.6%	-3,941	-4,462	13.2%
Insurance Service Result	140	124	113	140	-19.5%	-19.9%	-9.1%	449	495	10.2%
Net Investment Income	70	81	74	82	-10.4%	4.4%	-9.1%	273	296.9	8.9%
Finance expense from insurance contracts, net	-133	-31	-18	-34	-47.6%	NM	NM	-103	-149	NM
Finance income from reinsurance contracts, net	105	22	18	26	-31.5%	NM	-16.7%	72	110	NM
Net Finance Result	182	195	186	214	-13.0%	2.2%	-4.8%	691	753	9.1%
Other operating expense	-58	-62	-48	-70	-31.7%	-17.5%	-22.2%	-224	-220	-1.7%
Profit Before tax	124	134	138	144	-3.8%	11.5%	3.3%	466	533	14.3%
Tax expense	-12	-14	-13	-15	-11.4%	6.1%	-9.4%	-47	-53	13.4%
Profit for the period	112	119	125	129	-3.0%	12.1%	4.8%	419	480	14.4%
Non-controlling interest	0.0	0.2	-2	2	NM	NM	NM	3	5	NM
Profit attributable	112	119	128	127	0.1%	14.2%	7.0%	417	475	14.0%

FABS estimate & Co Data

ADNIC - Margins

	4Q24	3Q25	4Q25	YOY Ch.	QOQ Ch.
Premium Retention	38.3%	42.7%	42.3%	400	-40
Net claims ratio	70.5%	71.5%	71.3%	80	-20
Expense ratio	23.0%	21.8%	21.9%	-110	10
Combined ratio	93.5%	93.3%	93.2%	-30	-10
Net Profit ratio	5.8%	5.7%	5.9%	8	15

FABS estimate & Co Data

Key Developments:

- 18 April 2024:** Abu Dhabi National Insurance Company (ADNIC), one of the leading regional multi-line insurance providers for both corporates and individuals, has completed the strategic acquisition of a 51% stake in Allianz Saudi Fransi Cooperative Insurance Company in Saudi Arabia. The acquisition will make ADNIC one of the Tier - 1 listed insurers in Saudi Arabia, strengthening its position as a leading insurer in the Gulf region. As part of its strategic growth strategy, ADNIC has been actively exploring opportunities and expanding its geographical footprint.
- 17 September 2025:** Abu Dhabi National Insurance Company (ADNIC), a leading regional multi-line insurance provider, and Allianz Trade, the global leader in trade credit insurance, are pleased to announce the establishment of a long-term strategic partnership. This collaboration marks a major milestone in expanding access to Trade Credit Insurance solutions for businesses across the UAE. Through this partnership, ADNIC will expand its portfolio by offering tailored Trade Credit Insurance solutions that protect UAE-based companies against the risk of customer payment defaults.

Valuation:

We use the Residual Income, Dividend Discount Method (DDM), and Relative Valuation (RV) method to value ADNIC. We have assigned 50% weight to Residual Income and 25% weight each to DDM and RV methods.

Valuation Method	Target	Weight	Weighted Value
Residual Income Method	10.67	50.0%	5.34
Dividend Discount Method (DDM)	7.88	25.0%	1.97
Relative Valuation (RV)	8.18	25.0%	2.04
Weighted Average Valuation (AED)			9.35
Current market price (AED)			7.85
Upside/Downside (%)			+19%

1) Residual Income Method:

We have discounted the economic profit/excess equity using the cost of equity of 9.2%. Cost of equity is calculated by using the 10-year government bond yield of 4.9%, beta of 0.90, and equity risk premium of 4.8%. Government bond yield is calculated after adding Abu Dhabi's 10-year spread over a 10-year US risk-free rate. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	869
Terminal value (AED, Mn)	2,094
Shareholder's equity (As of Dec 2025)	3,121
FV to Common shareholders (AED, Mn)	6,084
No. of shares (Mn)	570
Current Market Price (AED)	7.85
Fair Value per share (AED)	10.67

Residual Income Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Net profit	511	545	596	627	639
Equity Charge	311	334	358	385	413
Excess Equity	199	211	238	242	226
Discounting Factor	0.93	0.85	0.78	0.71	0.65
Present Value of Excess Equity	185	179	185	173	147

Source: FAB Securities

2) DDM Method:

ADNIC's dividend grew in line with profit and paid regular dividends to its shareholders. Thus, we have valued ADNIC using the DDM valuation method. The dividend is discounted at the cost of equity of 9.2%.

Sum of PV (AED, Mn)	1,241
Terminal value (AED, Mn)	3,250
FV to Common shareholders (AED, Mn)	4,492
No. of share (Mn)	570
Current Market Price (AED)	7.85
Fair Value per share (AED)	7.88

DDM Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Dividend	279	300	328	345	351
Total Dividend	279	300	328	345	351
Discounting Factor	0.93	0.85	0.78	0.71	0.65
Present Value of Dividend	259	254	255	246	229

Source: FAB Securities

3) Relative Valuation:

We have used local peers to value ADNIC, and it is valued using the PB multiple. It is valued at a 2026 PB multiple of 1.3x compared to a peer multiple of 3.7x.

Company	Market (USD Mn)	P/B (x)		P/E (x)	
		2026F	2027F	2026F	2027F
GULF INSURANCE GROUP	331	NA	NA	12.6	11.3
BUPA	6,405	4.0	3.4	17.1	15.0
COMPANY FOR COOPERATIVE INSURANCE	5,481	3.4	2.9	16.1	13.1
Average		3.7x	3.2x	16.1x	13.1x
Median		3.7x	3.2x	15.3x	13.2x
Max		3.8x	3.3x	16.6x	14.1x
Min		3.5x	3.0x	14.4x	12.2x

Source: FAB Securities

