

ADNOC Logistics & Services PLC (ADNOCLS)

Current Price AED 5.70	Target Price AED 6.70	Upside/Downside (%) +18%	Rating BUY
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4Q25 Net Profit slightly lower than our estimate

- Revenue rose 34.7% YOY to USD 1,187 Mn in 4Q25, attributed to strong growth across shipping and marine segments partially offset by decline in revenue from integrated logistics.
- Revenue from Integrated Logistics declined 5.8% YOY to USD 574 Mn in 4Q25, due to decline in revenue from offshore projects impacted by completion of G-Island EPC project partially offset by increased in revenue from offshore contracting and services segments.
- Offshore Contracting revenue grew 29.1% YOY to USD 359 Mn in 4Q25 and Offshore Services grew 22.4% YOY to USD 175 Mn in 4Q25, driven by higher Offshore Support Vessel (OSV) chartering activity.
- Offshore project revenue declined from USD 189 Mn in 4Q24 to USD 40 Mn in 4Q25.
- EBITDA of Integrated Logistics services increased 7% YOY to USD 195 Mn in 4Q25, and EBITDA Margin increased from 29.7% in 4Q24 to 34.0% in 4Q25.
- Revenue from the Shipping Segment more than doubled from USD 211 Mn in 4Q24 to USD 519 Mn in 4Q25, mainly driven acquisition of Navig8 and growth in revenue from tankers and gas carrier segment partially offset by decline in revenue from dry bulk and containers segments.
- Tankers' revenue increased substantially from USD 99 Mn in 4Q24 to USD 406 Mn in 4Q25, driven by acquisition of Navig8, despite weaker charter rates across tanker segments. Gas Carriers revenue increased 23.8% YOY to USD 52 Mn in 4Q25 driven by the deployment of additional newbuild LNGCs during the year, including Al Rahba, Al Reef, and Al Sadaf. In contrast, Dry Bulk & Container revenue declined 11.6% YOY to USD 61 Mn in 4Q25, indicating decreased charter rates and chartering activity.
- EBITDA of the shipping segment grew from USD 81 Mn in 4Q24 to USD 181 Mn in 4Q25 with an EBITDA margin of 34.9% in 4Q25.
- Services Segment revenue increased from USD 61 Mn in 4Q24 to USD 94 Mn in 4Q25, driven by first-time contributions from Navig8 commercial pooling operations and ILSP warehouse activity, partially offset by lower volumes at the Borouge Container Terminal.
- Services Segment EBITDA declined from USD 10 Mn in 4Q24 to USD 9 Mn in 4Q25 with an EBITDA margin to 9.6%.
- Total EBITDA rose from USD 282 Mn in 4Q24 to USD 391 Mn in 4Q25 with EBITDA margin increasing from 32.0% in 4Q24 to 32.9% in 4Q25.
- Net profit of the Company increased 24.5% YOY to USD 224 Mn in 4Q25 driven by rise in revenue, higher other income and lower tax expenses.
- ADNOC L&S proposed USD 81.3 Mn (4.03 fils per share) dividend for 4Q25 subject to AGM approval and increased its 2025 dividend by 20% YOY to USD 325 Mn (18.88 fils per share). The Company guided USD 341 Mn dividend for 2026 with quarterly payment and PCS distribution, supported by contracted cash flows.

Earnings Call Summary

- The Company maintains strong revenue visibility, with 53% accounting USD 2.4 Bn of LNS's revenues for the remainder of 2026 already contracted, while the 2027–29 contracted ratio is 44%, and is expected to rise as offshore and services contracts are renewed.
- The Company further secured a USD 2 Bn (with USD 600 Mn upsize, total USD 2.6 Bn), unsecured revolving credit facility in 4Q25, with rate of SOFR +80bps, replacing higher-cost facilities and enhancing liquidity flexibility.

- The Company invested capex of USD 2.3 Bn in 2025 which includes Navig8 acquisition of USD 999 Mn, 50% AWS investments in VLECs and VLACs and accrued capex. The company further plans to deploy USD 7 Bn capex through 2026-2028, with c. USD 3 Bn additional funding capacity, offering upside beyond current guidance.
- ADNOC L&S has secured USD 25 Bn of future contracted revenue, with USD 21 Bn linked to ADNOC, providing high earnings visibility.
- The Company expects five LNG vessels to commence contracts with ADNOC Gas from April 2026, including four vessels on 15-year contracts and one on a seven-year contract. In addition, each of the nine VLCCs will enter 20-year contracts with one more chemicals upon delivery.
- The Company's offshore project's EBITDA declined 48.1% YOY to USD 28 Mn in 2025, due to billing delays. However, it is expected to normalize in 2026 by revenue contribution reaching USD 100 to 150 Mn.
- Tanker rates have recovered from 1Q25 lows and continue to strengthen, with positive momentum into 1H26 supporting earnings upside.
- The Company surpassed its 2025 efficiency target, delivering USD 119 Mn in savings through cost optimisation, technology and AI initiatives, operational efficiencies, and debt refinancing. Management also increased its recurring efficiency target to USD 90 Mn for 2026 to 2030, highlighting confidence in structural cost improvements.
- ADNOC L&S net debt/EBITDA reduced from 0.47x in 2024 to 0.46x in 2025, maintaining a conservative balance sheet despite aggressive growth investments. The Company further targets 2.0x to 2.5x Net Debt to EBITDA for medium term.
- The integrated logistics fleet has a diversified contract base, with 50% contracted to ADNOC and the remaining split across Iraq, the North Sea, and the US. Most offshore support vessels are on long-term contracts of one year or more, with over 90 to 95% secured for at least one year, while only a small portion operates on short-term, project-based assignments.
- AI adoption was a key driver of 2025 value efficiencies, supporting margin expansion and operational performance. AI-enabled vessel planning reduced turnaround times from 16-17 hours to 10-12 hours, while smart port systems cut vessel processing time from around three hours to under one minute, delivering significant operational time savings.
- The Company's consolidated revenue is expected to decline at a mid-single digit rate in FY2026, EBITDA and net profit are guided to grow at low-to-mid single digits. Meanwhile, for the medium term (2026-2029) Group's revenue CAGR is expected to be in low single digit range, Group's EBITDA CAGR is expected to be in mid to high single digit range and Group's Net income CAGR is expected to be in mid to high single digit range.
- The Company targets an average all-in cost of debt of around 5.0%, while HCI financing costs will be funded from retained earnings and will not impact the P&L. Additionally, effective tax rate declined to 6% in 2025 from 9% previously, supporting bottom-line growth.
- ADNOC L&S expects mid-teens reduction in revenue for 2026 and low single-digit reduction for medium term, flat 2026 EBITDA and low single-digit reduction for medium term under Integrated logistics segment. Shipping is expected to deliver flat revenue in 2026 and low-to-mid single-digit along with medium-term growth of high single-digit EBITDA growth in 2026 and high single-digit to low double-digit growth over the medium term.
- Services segment is expected to post high single-digit revenue growth in 2026 and low double-digit growth over the medium term alongside c.20% EBITDA growth in 2026 and mid-to-high teens growth over the medium term.

ADNOC LS – P&L

USD Mm	4Q24	3Q25	4Q25	4Q25F	Var.	YOY Ch	QOQ Ch
Revenue	881	1,322	1,187	1,076	10.4%	34.7%	-10.2%
Direct cost	-662	-1,044	-895	-780	14.8%	35.1%	-14.3%
Gross profit	219	278	292	296	-1.3%	33.4%	5.1%
G&A expenses	-36	-43	-55	-39	41.9%	51.7%	27.6%
EBITDA	282	379	391	335	16.8%	38.8%	3.2%
EBIT	190	234	247	262	-5.7%	29.5%	5.2%
Share of profit from joint venture	4	12	10	3	NM	NM	-14.5%
Profit before tax	195	229	245	245	0.4%	26.1%	7.0%
Income tax expense	-15	-19	-14	-10	35.3%	-9.1%	-26.9%
Profit for the period	180	205	224	233	-4.1%	24.5%	9.0%

FABS estimate & Co Data

Segmental 2026 & Medium-Term Outlook:

	Revenue Guidance		EBITDA Guidance
	Integrated Logistics	Shipping	Services
 Integrated Logistics	2026: Mid teens reduction MT: Low single-digit reduction	2026: Flat YoY MT: Low single-digit growth	
Offshore Contracting	2026: Higher material handling volumes, higher utilization of JUBs, delayed barge additions due to new-build shift partly offset by Hail & Ghasha ramp-up MT: Sustainable volume growth enhancing operational efficiency to manage higher volumes effectively with continued high utilization		
Offshore Services	2026: Growing the mix of owned and third-party offshore chartered vessels to improve capacity and deployment flexibility MT: Expanding our vessel fleet to enhance efficiency, service capabilities and meet growing offshore demand		
Offshore Projects	2026: Prudent assessment of major offshore EPC opportunities in the marine logistics market MT: Focus on delivering marine and offshore EPC scopes with predictable returns		
 Shipping	2026: Flat YoY MT: Low to mid single-digit growth	2026: High single digit growth MT: High single to low double-digit growth	
Tankers	2026: 2026 tanker market tightens as fleet growth slows, sanctioned flows persist, and demand lifts utilization & rates MT: Supported by steady oil demand, refinery shifts and balanced fleet supply amid ongoing geopolitical factors		
Gas Carriers	2026: Most of the fleet is secured on long-term charters at strong rates, ensuring earnings stability despite weak spot markets MT: Growth backed by 5 LNGCs from early Q2 2026 and 8 LNGCs under build for 2027–28 long-term contracts		
Dry-bulk & Containers	2026: Broadly balanced, freight easing as fleet growth peaks at the highest level since 2019 MT: Sentiment mixed as fleet growth slows, demand stabilizes, and trade risks ease		
 Services	2026: High single digit YoY growth MT: Low double-digit growth	2026: Mid 20%'s YoY growth MT: Mid to high teens growth	

Group 2026 and Medium-Term Guidance:

	FY 2026 Growth ¹	Medium-Term CAGR Growth ¹
Consolidated Revenue	Mid single-digit YoY reduction	Low single-digit growth
Consolidated EBITDA	Low to mid single-digit YoY growth	Mid to high single-digit growth
Consolidated Net Profit	Low to mid single-digit YoY growth	Mid to high single-digit growth
CAPEX	Medium-term: US\$3bn+ of incremental capacity by 2029, beyond the projects already announced, achieving the targeted unlevered IRR.	
Financial Capacity	<ul style="list-style-type: none"> Medium-term: Target 2.0-2.5x Net Debt to EBITDA Projected average all-in cost of debt finance 5.0% HCI financing costs are paid out of retained earnings, hence no P&L impact 	
Below The Line	<ul style="list-style-type: none"> ADNOC L&S effective tax rate (ETR) decreased to 6% from 9% during 2025 Dividends: 2026 targeted annual dividend of US\$341 million with quarterly payments plus PCS distributions. 	

¹2026-2029 CAGR with 2025 as base year

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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