

ADNOC Logistics & Services Plc (ADNOCLS)

Current Price	Target Price	Upside/Downside (%)	Rating
5.16	AED 6.70	+30%	BUY

2Q25 Net Profit higher than our estimate

- Revenue rose 39.8% YOY to USD 1,258 Mn in 2Q25, attributed to strong growth across all segments.
- Revenue from Integrated Logistics grew 20.8% YOY to USD 665 Mn in 2Q25 due to healthy growth across material handling volumes, expansion in JUB fleet with higher utilization rate, rise in chartering activity and execution of the G-Island and Hail & Ghasha project.
- Offshore Contracting revenue grew 28% YOY to USD 359 Mn, Offshore Services grew 5% YOY to USD 149 Mn, and Offshore Projects increased 23% YOY to USD 157 Mn in 2Q25.
- EBITDA of Integrated Logistics services increased 38.3% YOY to USD 238 Mn in 2Q25, and EBITDA Margin increased from 31.3% in 2Q24 to 35.8% in 2Q25.
- Revenue from the Shipping Segment almost doubled from USD 268 Mn in 2Q24 to USD 512 Mn in 2Q25, mainly driven by the consolidation of revenue from Navig8 tanker fleet.
- Tankers' revenue increased from USD 153 Mn in 2Q24 to USD 415 Mn in 2Q25, mainly due to Navig8 revenue contribution. Gas Carriers revenue increased 6% YOY to USD 43 Mn in 2Q25, and Dry Bulk & Container revenue declined 27% YOY to USD 55 Mn in 2Q25.
- EBITDA of the shipping segment grew 23.8% YOY to USD 147 Mn in 2Q25 with an EBITDA margin of 28.7%.
- Services Segment revenue marginally reduced 0.8% YOY to USD 81 Mn in 2Q25 and EBITDA declined 1.2% YOY to USD 15 Mn in 2Q25 with an 8 bps YOY reduction in EBITDA margin to 18.5%.
- Total EBITDA rose from USD 306 Mn in 2Q24 to USD 400 Mn in 2Q25 with EBITDA margin of 31.8% in 2Q25 compared to 34.0% in 2Q24.
- Net profit rose 10.2% YOY to USD 229 Mn in 2Q25 due to an increase in revenue across all segments, lower tax charges, which was partially offset by higher Direct costs, G&A expenses and finance costs.

Earnings Call Summary

- ADNOC L&S is introducing AI-enhanced logistics system for optimizing fleet durations through an integrated logistics management system and digitalizing port services.
- Secured a USD 531 Mn, 15-year contract in 2Q25 from Borouge to manage its logistics for c. 70% of the yearly production. This contract further strengthens ADNOCLS' revenue visibility.
- Invested c. USD 1.5 Bn in 1H25 for business expansion, which includes spends towards Navig8 acquisition and investments in the Integrated Logistics segment.
- Financing costs improved due to the use of a hybrid capital instrument, which will be utilized more fully by the 2025 year-end, contributing positively to overall financial performance despite market headwinds.
- ADNOC L&S raised its 2025 guidance following robust 1H25 growth, with midterm guidance appearing lower because of the higher base year from recent upgrades, and not due to a weak in performance.
- ADNOC L&S plans the next phase of integrated logistics expansion in energy fields with suboptimal logistics, aiming to leverage its platform to boost efficiency and cut costs. This follows growth from ZMI and Navig8 acquisitions, gas transport contracts, and the AW Shipping JV.
- ADNOC L&S aims to enter new markets through partnerships or acquisitions, given the need for location-specific assets and strong local relationships.
- Aims to keep a balanced fleet mix of 40–60% owned and chartered-in vessels, ensuring flexibility to scale down when markets soften while optimizing profitability over the cycle.




- ADNOC L&S pays 9% effective tax on Integrated Logistics business and 1% on Commercial Shipping, in line with international tax rates.
- Achieved USD 51 Mn out of the targeted USD 100 Mn savings in 1H25, plus USD 28 Mn from a contract termination and USD 8 Mn from asset sales. Additionally, ADNOC L&S expects more than USD 50 Mn additional savings in 2H25.

ADNOC LS – P&L

USD mm	2Q24	1Q25	2Q25	2Q25F	Var.	YOY Ch	QOQ Ch
Revenue	899	1,181	1,258	1,135	10.8%	39.8%	6.4%
Direct cost	-641	-952	-949	-848	11.9%	48.0%	-0.4%
Gross profit	258	229	309	287	7.5%	19.6%	34.8%
G&A expenses	-33	-56	-50	-53	-5.9%	54.3%	-10.5%
EBITDA	306	344	400	346	15.7%	30.9%	16.5%
EBIT	226	200	263	237	11.0%	16.1%	31.4%
Finance income	4	6	5	5	-13.4%	14.7%	-16.9%
Finance costs	-4	-26	-24	-25	-1.9%	NM	-8.2%
Profit before tax	230	196	251	222	13.3%	9.3%	27.9%
Income tax expense	-22	-12	-15	-13	13.5%	-31.0%	30.0%
Profit for the period	208	181	229	205	11.5%	10.2%	26.7%

FABS estimate & Co Data

Guidance:

	Revenue Guidance	EBITDA Guidance
 Integrated Logistics	2025: Mid to high single-digit YoY growth ↑ MT: Low single-digit reduction	2025: Mid to high teens YoY growth MT: Low single-digit growth
Offshore Contracting	2025: Higher material handling volumes, deployment of new JUBs with high utilization, Hail & Ghasha project acceleration MT: Sustainable volume growth enhancing operational efficiency to manage higher volumes effectively with continued high utilization	
Offshore Services	2025: Increasing the fleet of both owned and third-party offshore chartered vessels to enhance operational capacity and flexibility MT: Expanding the number of managed vessels to improve service offerings and operational efficiency	
Offshore Projects	2025: Completion of G-Island and other EPC Projects in 2025 MT: EPC focus remains on offshore oil and gas projects with critical marine logistics requirements	
 Shipping	2025: High 80% YoY growth ↑ MT: Low to mid single-digit growth ↓	2025: Mid 30% YoY growth ↑ MT: High single to low double-digit growth ↓
Tankers	2025: Expansion in tankers fleet with Navig8 acquisition adding 32 tankers MT: Tanker market expected to remain stable, with selective upside amid disciplined fleet growth	
Gas Carriers	2025: Continued softness in LNG rates gradually abates with new products coming online, driven by a high number of vessel deliveries and limited additional liquefaction capacity MT: High growth in 2026-29 due to 5x new LNGCs then another 8x LNGCs less 2x aged vessels targeted for disposal	
Dry-bulk & Containers	2025: Vessel demand for Sulphur cargoes in 2025 likely at a slower pace compared to the previous year MT: Sentiment remains mixed with every market trying to assess the tariff impact	
 Services	2025: Low double-digit YoY growth MT: Low double-digit growth ↑	2025: Low 20% YoY growth ↑ MT: Mid to high teens growth ↑
<small>Note: MT = Medium Term 2026-2029 CAGR, Guidance raised ↑ Guidance lowered due to higher base year (2025) ↓</small>		

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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