

ADNOC Logistics & Services PLC

Current Price
AED 5.62

Target Price
AED 6.70

Upside/Downside (%)
+19%

Rating
BUY

3Q25 Net Profit lower than our estimate

- Revenue rose 36.3% YOY to USD 1,266 Mn in 3Q25, attributed to strong growth across all segments.
- Revenue from Integrated Logistics grew 8.7% YOY to USD 662 Mn in 3Q25, due to growth of higher Jack-Up Barges (JUB) utilization and earnings from three new strategic acquisitions of JUBs, increased contracted logistics volumes, and faster execution of the Hail & Ghasha project, along with higher vessel chartering activity for OSVs, partially offset by Mooring project contribution & higher G-Island progress in 3Q24.
- Offshore Contracting revenue grew 22% YOY to USD 351 Mn and Offshore Services grew 19% YOY to USD 169 Mn. In contrast, Offshore Projects fell 21% YOY to USD 141 Mn in 3Q25.
- EBITDA of Integrated Logistics services increased 22.9% YOY to USD 215 Mn in 3Q25, and EBITDA Margin increased from 28.7% in 3Q24 to 32.5% in 3Q25.
- Revenue from the Shipping Segment more than doubled from USD 226 Mn in 3Q24 to USD 500 Mn in 3Q25, mainly driven by the consolidation of Navig8 Tankers revenues and proceeds from the sale of the MGC Yas and early termination of the LNGC Al Khaznah contract, supported by addition of newly inducted Al Shelila gas carrier and the contribution of LNGC 'Al Rahba' & 'Al Reef'. Revenue growth was partially offset by lower charter rates, renegotiation of long-term container feeder contracts.
- Tankers revenue increased substantially from USD 114 Mn in 3Q24 to USD 392 Mn in 3Q25. Gas Carriers revenue increased 21.6% YOY to USD 45 Mn in 3Q25. In contrast, Dry Bulk & Container revenue declined 17% YOY to USD 63 Mn in 3Q25.
- EBITDA of the shipping segment grew from USD 83 Mn in 3Q24 to USD 147 Mn in 3Q25 with an EBITDA margin of 29.4%.
- Services Segment revenue increased 10.8% YOY to USD 103 Mn in 3Q25, supported by Navig8 commercial pooling, ILSP warehouse activities partially offset by lower BCT volumes.
- Services Segment EBITDA declined 2.5% YOY to USD 18 Mn in 3Q25 with an EBITDA margin to 17.6%.
- Total EBITDA rose from USD 275 Mn in 3Q24 to USD 379 Mn in 3Q25 with EBITDA margin remaining stable at 30% in 3Q25 compared to 3Q24.
- Net profit rose 17.4% YOY to USD 205 Mn in 3Q25, driven by strong growth in Shipping and Integrated logistics segment and rise in share of profit from JV and associates.

Earnings Call Summary

- ADNOC L&S' 65% of revenue is secured through long-term contracts, totaling USD 25 Bn in forward contracted revenue, mainly with the ADNOC Group. The majority of its gas carrier fleet is contracted through 2048.
- Owned shipping fleet consist of 85 vessels including tankers (53), gas (18), dry bulk (11), and containers (3). This includes newbuild delivery of LNG vessels Al Shelila, Al Rahba, Al Reef, and VLEC vessels Yongjiang.
- Plans to invest up to USD 7 Bn through 2028, focusing on fleet expansion, infrastructure development, and strategic growth projects across integrated logistics and shipping segments, while targeting low double-digit unlevered IRRs from growth investments and high single-digit IRRs on long-term contracted assets.
- Incremental USD 3 Bn investment capacity available for fleet additions, mergers and acquisitions, and joint ventures, particularly aimed at strengthening its presence in integrated logistics, LNG, and the

broader gas transportation sector, while maintaining leverage within its 2.0x–2.5x net debt-to-EBITDA range.

- ADNOC L&S achieved USD 80 Mn in value efficiencies in 2Q25 and 3Q25, and is targeting USD 100 Mn total for 2025. From 2026 onward, it expects USD 65 Mn in recurring annual efficiencies.
- Expected to pay USD 325 Mn dividend for 2025, distributed quarterly. Also committed to 5% annual dividend growth from 2026.
- ADNOC L&S expects that the VLCC rates are projected to increase to USD 70K to USD 90K per day, supported by a robust oil and gas project pipeline. The Company remains optimistic about medium-term market fundamentals.
- ADNOC L&S maintains a conservative outlook for 4Q25 due to seasonal trends and depreciation impacts. For 2025, the Company expects revenue growth in the high 20% range, EBITDA in mid-20%, and net income up low to mid double digits. Medium-term (2026–2029) growth remains strong, driven by the Company's expansion and long-term contracts.
- In 9M25, ADNOC L&S invested USD 1.8 Bn in business expansion, including the Navig8 acquisition and growth in integrated logistics with new offshore vessels and barges. The Company's newbuild program is advancing, with LNG, ethane, and ammonia carriers under delivery.
- ADNOC L&S maintains a positive long-term outlook for tanker vessel demand, supported by rising ton-mile demand, limited newbuild deliveries, and a growing number of vessels eligible for scrapping (20+ years old).
- Tanker rates are expected to remain strong due to factors such as the OPEC+ unwinding schedule, seasonally higher demand, and additional sanctions on the dark fleet.
- Service segment growth was fueled by initial contributions from the recently acquired Navig8 commercial pooling business, with forecasts indicating continued strong growth supported by long-term contracts and fleet expansion.
- ADNOC L&S is expected to join the MSCI Emerging Market Index after ADNOC's USD 317 Mn share placement, raising free float to 22%. The inclusion is expected to attract over USD 200 Mn in passive inflows, boosting liquidity and global investor access.
- The Company entered in a 50-year partnership with TAZIZ to develop the UAE's first dedicated chemicals port at the TAZIZ Industrial Chemicals Zone in Ruwais. The project is expected to generate over USD 1.3 Bn in revenue during its first 27 years.
- Expanded fleet with two new LNG carriers, Al Rahba and Al Reef, which commenced operations in 2025, further enhancing gas transport capacity and long-term contract coverage.
- Accepted delivery of Very Large Ethane Carrier (VLEC) "Yong Jiang", the first of a planned series of nine VLECs, expanding ADNOC L&S's gas shipping capacity and supporting long-term ethane transport contracts linked to ADNOC's growth strategy.
- ADNOC L&S introduced the GCC's first AI-powered Smart Port Solution, cutting service sourcing time from 3 hours to just 45 seconds, saving 3,000 hours annually and boosting jetty utilization by 20%.
- The Company implemented double-stacking of container units and redesigned containers, boosting cargo capacity by up to 40%, enhancing vessel utilization, and reducing port handling times.
- Effective tax rate improved in 2025, averaging below 1% for international shipping activities and around 6% overall, reflecting efficient tax optimization structures.
- Warehouse management and ILSP activities were migrated from offshore contracting to the services segment in mid-2025, improving operational alignment and customer service delivery efficiency.

ADNOC LS – P&L

USD mm	3Q24	2Q25	3Q25	3Q25F	Var.	YOY Ch	QOQ Ch
Revenue	928	1,258	1,266	1,074	17.8%	36.3%	0.6%
Direct cost	-705	-949	-988	-778	26.9%	40.1%	4.2%
Gross profit	223	309	278	296	-6.2%	24.5%	-10.1%
G&A expenses	-37	-50	-43	-50	-14.2%	16.5%	-13.8%
EBITDA	275	400	379	351	8.1%	37.7%	-5.2%
EBIT	191	263	234	250	-6.1%	22.8%	-10.7%
Finance income	4	5	5	6	-4.7%	42.1%	15.0%
Finance costs	-6	-24	-22	-24	-6.7%	NM	-7.2%
Profit before tax	191	251	229	238	-3.9%	19.7%	-8.7%
Income tax expense	-16	-15	-19	-14	29.4%	12.6%	22.9%
Profit for the period	175	229	205	221	-6.9%	17.4%	-10.2%

FABS estimate & Co Data

ADNOC L&S Management Guidance:

Group 2025 and Medium-Term Guidance

أدنوك للخدمات
ADNOC LOGISTICS & SERVICES

Full-year & medium-term financial guidance maintained, underpinned by strong core performance, margin expansion, and sustained operational momentum

	FY 2025 Growth ¹	Medium-term CAGR Growth ²
Consolidated Revenue	High 20%'s YoY growth	Low single-digit growth
Consolidated EBITDA	Mid 20%'s YoY growth	Mid to high single-digit growth
Consolidated Net Profit	Low to mid double-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	- 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 subsidiary retained earnings, hence no P&L impact	
Below The Line	- ADNOC L&S effective tax rate (ETR) decreased to 6% from 9% during 2025 - Dividends: Targeted annual dividend per share growing by 5% annually from the 2025 new base dividend of US\$325 million with quarterly payments plus PCS distributions.	

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¹Compared to FY2024 actuals which exclude Navig8 ² 2026-2029 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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