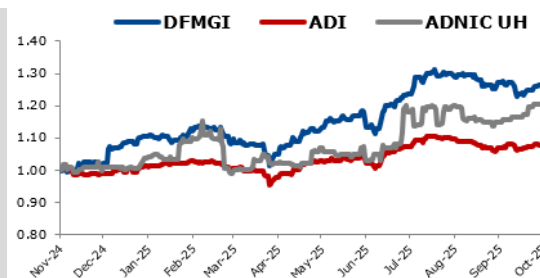


Abu Dhabi National Insurance Co (ADNIC)

Strong underwriting performance coupled with lower Insurance service expense, drove profitability

Current Price	Target Price	Upside/Downside (%)	Rating
AED 7.25	AED 8.78	+21%	BUY

- Net profit grew 18.7% YOY to AED 119 Mn during 3Q25, exceeding estimates on robust underwriting performance and lower insurance service expenses.
- Gross written premiums (GWP) grew 17.4% YOY to AED 7.2 Bn in 9M25, supported by resilient growth across major business lines.
- Premium retention ratio improved from 38.3% in 9M24 to 42.7% in 9M25.
- Expense ratio increased 180 bps YOY to 21.8% in 9M25.
- Net claims ratio declined 170 bps YOY to 71.5% in 9M25.



Stock Information

Market Cap (AED, Mn)	4,132.50
Paid Up Capital (Mn)	570.00
52 Week High	7.47
52 Week Low	5.80
3M Avg. daily value (AED)	367,125

3Q25 Net Profit is marginally in-line with our estimate

Abu Dhabi National Insurance Co PJSC (ADNIC/the Company) reported an 18.7% YOY increase in net profit to AED 119 Mn in 3Q25, marginally in-line with our estimate of AED 113 Mn. The rise in net profit is primarily driven by strong underwriting performance and a substantial reduction in insurance service expenses, which enhanced net insurance service results and lower tax expenses, partially offset by lower reinsurance income, a decline in net investment income.

P&L Highlights

ADNIC's total insurance revenue increased 6.7% YOY to AED 2,078 Mn in 3Q25, driven primarily by strong growth in the Commercial and Consumer segments. The Company reported a 17.4% YOY rise in Gross Written Premium (GWP) to AED 7.2 Bn in 9M25, supported by solid underwriting performance. The Commercial insurance segment revenue rose 11.4% YOY to AED 1,118 Mn in 3Q25, while the Consumer segment revenue grew 1.7% YOY to AED 960 Mn in 3Q25. Meanwhile, insurance service expenses declined 55.9% YOY to AED 1,169 Mn in 3Q25. Income from reinsurance contracts decreased significantly from AED 1,867 Mn in 3Q24 to AED 275 Mn in 3Q25, while reinsurance contract expenses edged down 0.1% YOY to AED 1,060 Mn in 3Q25. Consequently, ADNIC's insurance service result rose 18.9% YOY to AED 124 Mn in 3Q25. Net investment income declined 2.6% YOY to AED 81 Mn in 3Q25, mainly due to lower fair value gains and reduced interest income, offsetting dividend growth. Net finance expense from insurance contracts amounted to AED 31 Mn in 3Q25, compared to an income of AED 0.01 Mn in 3Q24, whereas the Company recorded a net finance income from reinsurance contracts of AED 22 Mn in 3Q25, compared to an expense of AED 12 Mn in 3Q24. Other operating expenses fell 7.6% YOY to AED 62 Mn in 3Q25, while tax expense decreased 8.3% YOY to AED 14 Mn in 3Q25. Profit attributable to NCI stood at AED 0.2 Mn in 3Q25, compared to AED 2 Mn in 3Q24.

3Q25 Result Review (AED, Mn)

Total Assets	10,616
Total Liabilities	7,005
Total Equity	3,611
Insurance Service Result	124
Net Profit	119

Financial Ratios

Dividend Yield (12m)	6.16
Dividend Pay-out (%)	61.54
Price-Earnings Ratio(x)	9.05
Price-to-Book Ratio (x)	1.27
Book Value (AED)	5.73
Return-on Equity (%)	14.65

Stock Performance

5 Days	-1.09%
1 Months	0.42%
3 Months	0.55%
6 Months	13.10%
1 Year	19.83%
Month to Date (MTD%)	-0.96%
Quarter to Date (QTD%)	2.11%
Year to Date (YTD%)	18.85%

Balance Sheet Highlights

ADNIC's expense ratio increased 180 bps YOY to 21.8% in 9M25, driven by ongoing investments to support business expansion. The net claims ratio declined 170 bps YOY to 71.5% in 9M25 driven by lower claims under the commercial segment. Consequently, the combined ratio rose 10 bps YOY to 93.3% in 9M25, reflecting higher operating expenses partially offset by reduced claims. The premium retention ratio improved from 38.3% in 9M24 to 42.7% in 9M25, highlighting improved underwriting efficiency and operational discipline.

Target Price and Rating

We maintain our BUY rating on ADNIC with a target price of AED 8.78. The Company delivered a strong operating performance in 3Q25, with gross written premiums (GWP) increasing 17.4% YOY to AED 7.2 Bn, supported by resilient growth across major business lines. Underwriting performance remained robust, reflected in a combined ratio of 93.3%, underscoring disciplined risk selection and effective cost management. ADNIC continued to strengthen its profitability profile, with the net claims ratio improving to 71.5% in 9M25, down from 73.2% in 9M24. Meanwhile, the premium retention ratio rose to 42.7% in 9M25, compared to 38.3% in 9M24, highlighting the Company's focus on enhancing operational efficiency and retaining profitable business. Investment income increased 10.4% YOY to AED 223.3 Mn in 9M25, supported by strategic allocation toward higher-yielding and more liquid assets and sustained contributions from the KSA subsidiary. Furthermore, the Company continues to reinforce its competitive position through advanced Enterprise Risk Management, robust reinsurance programs, and ongoing digital and AI-focused initiatives aimed at strengthening long-term profitability. The recently announced strategic partnership with Allianz Trade enhances ADNIC's commercial offering and expands its presence in the Trade Credit Insurance segment. Moreover, ADNIC remains well-aligned with the UAE's economic diversification agenda and is positioned to benefit from growth across key sectors. Based on the Company's sustained operational momentum, strong underwriting performance, and ongoing strategic investments, we continue to assign a BUY rating on the stock.

ADNIC - Relative valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
PE	11.23	10.38	11.04	10.40	9.95	8.68
PB	1.66	1.47	1.49	1.40	1.19	1.11
BVPS	4.398	4.967	4.922	5.212	6.174	6.567
EPS	0.651	0.705	0.663	0.704	0.736	0.844
DPS	0.350	0.400	0.400	0.450	0.450	0.50
Dividend yield	4.8%	5.5%	5.5%	6.2%	6.2%	6.9%

FABS Estimates & Co Data

ADNIC – P&L

AED Mn	3Q24	2Q25	3Q25	3Q25F	Var.	YOY Ch.	QOQ Ch	2024	2025F	Change
Insurance revenue	1,948	1,987	2,078	2,056	1.1%	6.7%	4.6%	7,176	8,254	15.0%
Insurance service expenses	-2,649	-1,163	-1,169	-1,193	-2.0%	-55.9%	0.5%	-7,690	-4,474	-41.8%
Income from reinsurance contracts	1,867	376	275	380	-27.6%	-85.3%	-26.9%	4,904	1,079	NM
Expenses from reinsurance contracts	-1,062	-1,083	-1,060	-1,121	-5.4%	-0.1%	-2.1%	-3,941	-4,315	9.5%
Insurance Service Result	104	117	124	123	0.7%	18.9%	5.8%	449	544	21.1%
Net Investment Income	83	71	81	72	11.8%	-2.6%	14.0%	273	305	12.0%
Finance income from insurance contracts, net	0	-31	-31	-21	51.0%	NM	-1.2%	-103	-165	60.3%
Finance (expenses) / income from reinsurance contracts, net	-12	26	22	19	13.9%	NM	-16.4%	72	119	64.9%
Net Finance Result	176	182	195	194	0.8%	11.3%	7.1%	691	803	16.2%
Other operating expense	-57	-55	-62	-58	7.0%	7.6%	13.1%	-224	-237	5.7%
Profit Before tax	118	128	134	136	-1.8%	13.1%	4.5%	466	566	21.3%
Tax expense	-16	-12	-14	-20	-29.9%	-8.3%	16.7%	-47	-85	80.7%
Profit for the period	103	116	119	116	3.2%	16.4%	3.2%	419	481	14.7%
Non-controlling interest	2	4	0	2	-90.3%	NM	NM	3	9	NM
Profit attributable	100	112	119	113	5.1%	18.7%	6.9%	417	472	13.3%

FABS estimate & Co Data

ADNIC - Margins

	9M24	1H25	9M25	YOY Ch.
Premium Retention	38.3%	42.9%	42.7%	440
Net claims ratio	73.2%	71.5%	71.5%	-170
Expense ratio	20.0%	21.4%	21.8%	180
Combined ratio	93.4%	92.9%	93.3%	10
Net Profit ratio	5.2%	5.6%	5.7%	58

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 Sep 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	10.83	50.0%	5.42
Dividend Discount Method (DDM)	9.08	25.0%	2.27
Relative Valuation (RV)	4.36	25.0%	1.09
Weighted Average Valuation (AED)			8.78
Current market price (AED)			7.25
Upside/Downside (%)			+21%

1) Residual Income Method:

We have discounted the economic profit/excess equity using the cost of equity of 9.0%. Cost of equity is calculated by using the 10-year government bond yield of 4.8%, beta of 0.90, and equity risk premium of 4.7%. 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)	1,029
Terminal value (AED, Mn)	1,885
Shareholder's equity (As of Sept 2025)	3,266
FV to Common shareholders (AED, Mn)	6,181
No. of shares (Mn)	570
Current Market Price (AED)	7.25
Fair Value per share (AED)	10.83

Residual Income Method

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Net profit	472	567	624	620	629	622
Equity Charge	282	301	329	360	390	421
Excess Equity	190	265	294	261	239	201
Discounting Factor	0.99	0.91	0.83	0.76	0.70	0.64
Present Value of Excess Equity	47¹	241	245	199	167	129

Source: FAB Securities, ¹Adjusted partial year

2) DDM Method:

ADNIC's dividend grew in line with profit and paid regular dividends to its shareholders. Thus, we valued ADNIC using the DDM valuation method. The dividend is discounted at the cost of equity of 8.8%.

Sum of PV (AED, Mn)	1,687
Terminal value (AED, Mn)	3,492
FV to Common shareholders (AED, Mn)	5,179
No. of share (Mn)	570
Current Market Price (AED)	7.25
Fair Value per share (AED)	9.08

DDM Method

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Dividend	283	340	374	372	377	373
Total Dividend	283	340	374	372	377	373
Discounting Factor	0.99	0.91	0.83	0.76	0.70	0.64
Present Value of Dividend	280	308	311	284	264	240

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 0.8x compared to a peer multiple of 3.4x.

Company	Market (USD Mn)	P/B (x)		P/E (x)	
		2025F	2026F	2025F	2026F
GULF INSURANCE GROUP	345	NA	NA	15.6	12.6
BUPA	6,177	4.1	3.8	18.4	16.2
COMPANY FOR COOPERATIVE INSURANCE	5,040	3.6	3.0	17.0	14.3
Average		3.9x	3.4x	17.0x	14.3x
Median		3.9x	3.4x	17.0x	14.4x
Max		4.0x	3.6x	17.7x	15.3x
Min		3.7x	3.2x	16.3x	13.5x

Source: FAB Securities

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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