

ADNOC L&S

Valuation Update

Energy

09 Jul 2025

Buy

AED 6.15  
(upside 32%)

Continued growth push and favorable environment make the stock a compelling investment;  
Revise to Buy with FV AED 6.15/share.

- We revise our FV on ADNOC L&S to AED6.15/share as we roll forward our estimates and incorporate management guidance as well as higher than expected profits. The stock has corrected by 14% Ytd, providing a decent entry point
- We expect shareholder’s profits and EBITDA to register a medium term CAGR (FY24-FY29) of 9.5% and 9.7%, led by growth plans, contribution from Navig8 and higher margins following cost efficiencies in the Integrated Logistics business
- The stock trades on FY25 and FY26 P/E of 11.9x and 10.6x and offers FY25 dividend yield of 3.0%. We recommend Buy

**We revise our FV to AED6.15/share and recommend Buy:** ADNOC Logistics & Services has been one of the top performing companies since its IPO in June 2023, with a stellar price increase of 132% since IPO. We revise our Fair value to AED6.15/share owing to, i) rolling forward our valuation to December 2026, ii) incorporating management guidance for 2025 and medium term, iii) incorporating the addition of LNG carriers, iv) penciling in higher EBITDA margins for Integrated Logistics following cost efficiencies plan, v) adjusting our numbers for higher-than-expected profits, and vi) incorporating guidance of lower corporate tax rate of 6%. We believe the stock’s 14% correction Ytd provides a decent entry point to our Fair Value where we expect 32% upside from current levels. The stock trades at FY25e P/E of 11.9x and offers 3.0% dividend yield.

**ADNOC Logistics & Services to post 2024-2029 EBITDA CAGR of 9.7% to USD1.8bn by FY29e:** The company posted FY24 EBITDA of USD1.14bn, up 30% YoY while we expect EBITDA to register a 9.7% CAGR until 2029 to AED1.8bn. Our confidence is backed by, i) contribution from Navig8 which has started to reflect in financials from 1Q2025, ii) addition of DAS island LNG carriers which are contracted at higher rates than the current LNG carriers and expected to boost profits from FY26, iii) addition of 8-10 Ruwais LNG carriers which are expected to generate high single digit IRRs and expected to reflect in profits from 2028, iv) addition of 9 fully contracted VLECs expected to be delivered between FY25-FY27e and, v) addition of 4 VLACs, set to join the fleet between 2026-2028. On top of this, we believe the overall shipping market dynamics continue to stay favorable. We also believe the company’s swift and timely delivery of the EPC contract may result in additional contracts being awarded, which is an upside risk to our estimates.

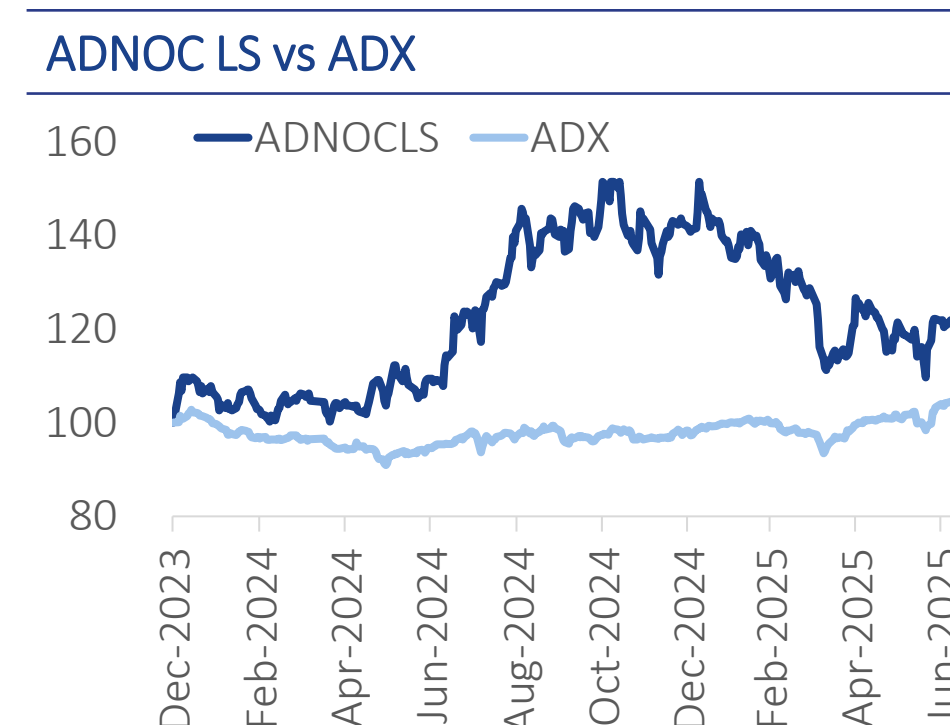
**The company is on a growth spree with additional +USD3bn capex expected by 2029:** ADNOC Logistics is a growth player and plans to incur additional growth capex of +USD3bn, beyond the already announced plans. This is on top of the acquisition of 80% stake in Navig8 for c.USD1bn, while USD0.34bn (with potential USD0.12bn uplift subject to financial performance) will be paid in June 2027 for the remaining 20% stake. After incorporating these, we foresee ADNOC L&S to post a revenue CAGR of 8.3% between FY24-FY29 to take the revenue to USD5.3bn in FY29e. Despite sizeable capital expenditure plans and company’s progressive dividend policy, our expected net debt/EBITDA stays well below company’s guided range of 2.0x-2.5x, implying further firepower for potential organic or inorganic growth, which is another upside to our estimates.

**Management’s FY2025 and medium-term guidance:** On a consolidated group level for 2025, the management has guided on mid to high 20% revenue growth and high teens EBITDA growth while for the medium term (2025-2029), the management has guided on low single digit reveene growth, high single digit EBITDA growth and high single digit consolidate net profit CAGR. The management has also guided on capital expenditure of +USD3bn in medium term while further evaluating M&A opportunities to expand and enhance the service offerings geographically and into adjacent business verticals.

Ticker	ADNOCLS UH
Market Cap (AED bln)	34.55
Stock Price (AED)	4.67
Fair Value (AED)	6.15
Upside/(Downside) (%)	31.76
52W High (AED)	5.90
52W Low (AED)	4.01
3M ADTV (AEDmn)	30.02

ADNOC Logistics & Services Financials			
USD mn	2024	2025e	2026e
Revenue	3,549	4,492	4,414
EBITDA	1,141	1,366	1,439
Shareholder’s profit	756	791	892
EPS (AED)	0.38	0.39	0.44
DPS (AED)	0.14	0.14	0.15
Total Assets	7,003	9,896	10,354
Total Equity	4,895	6,327	6,945
Total Liabilities	2,109	3,569	3,409
EBITDA Margin (%)	32.1	30.4	32.6
P/E (x)	12.5	11.9	10.6
P/B (x)	1.9	1.5	1.4
Div. Yield (%)	2.9	3.0	3.2

Source: Company Data, IS Research.



Source: Refinitiv, IS Research, \*both rebased to 100 as of 31-Dec-2023

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### We expect growth across all verticals, but led by Shipping

ADNOC L&S operates in three main segments, i.e, i) integrated logistics, ii) shipping and iii) marine services. We expect growth across all verticals, with Group's consolidated revenues expected to reach USD5.3bn in FY29e, from USD4.5bn expected in FY25e and USD3.5bn in FY24. On EBITDA, we expect Group consolidated EBITDA of USD1.8bn in FY29 versus USD1.37bn in FY25e and USD1.14bn in FY24.

**For Shipping business**, we expect revenue revenues of USD1.76bn in FY25 which we expect would increase to USD2.66bn by FY29. The growth in revenues is expected to be led by contribution from Navig8 which added 32 tankers to the fleet in early 2025. We also incorporate Das island and Ruwais island LNG carriers, both of which are contracted at higher prices to the current LNG carriers, further uplifting our estimates. On EBITDA, we expect shipping business to post EBITDA of USD506mn in FY25, which we expect would reach USD851mn by FY29e. EBITDA margins are expected to increase to 32% by FY29e versus 29% in FY25e, backed by better pricing on new LNG vessels.

### Integrated logistics EBITDA to stay flattish between FY24-FY29 as EPC business gets replaced by inherent business growth

For Integrated Logistics, we expect revenues to stay flattish between FY24-FY29, mainly due to our assumption of phasing out the G-island EPC contract in FY25, with no additional EPC contracts built into our estimates. In FY24 EPC revenue clocked in at USD620mn while for FY25e, we expect USD672mn while no additional revenue is built into our estimates from FY26 onwards. This remains an upside risk to our estimates as the company has the financial muscle and the capabilities to pursue other EPC contracts. We believe the overall growth of the segment would more than compensate the decline from EPC business, resulting in flattish revenues for the segment. Our FY25e, revenue estimate is AED2.46bn while for FY29e, we expect USD2.3bn.

On Integrated logistics' EBITDA front, we foresee margins to increase overtime from 32% in FY25e to 37% by FY29e, expected to be led by cost rationalization efforts as well as decline of EPC revenue, which generates lower EBITDA margins versus the rest of the business in the segment. We expect EBITDA of USD794mn in FY25e and USD860mn in FY29e.

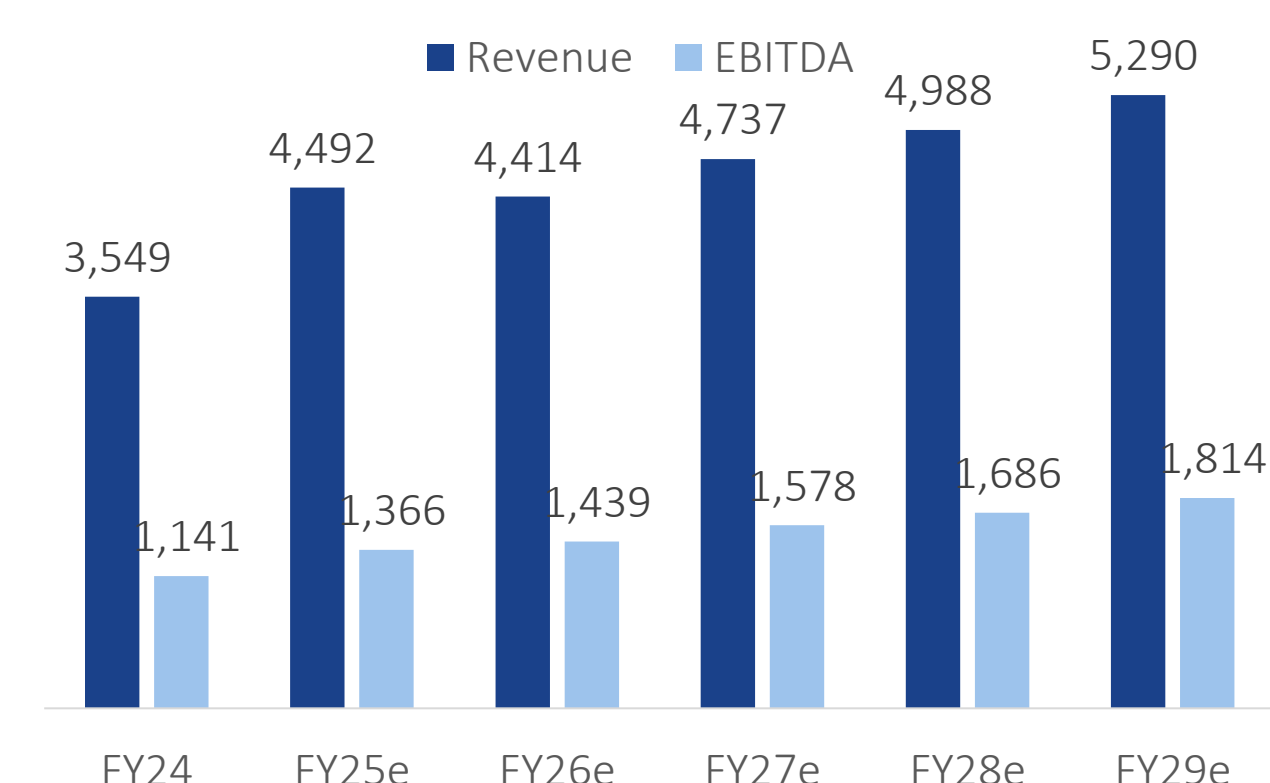
### Marine Services segment to grow backed by expansion in services

Marine Services is the smallest segment within ADNOC LS where the revenue and EBITDA is expected to register FY24-FY29e CAGRs of 9% and 13%, respectively, expected to be led by expansion in service offerings, both organically and also via the recent acquisition of Navig8.

### We revise Fair Value to AED6.15/share, incorporating the latest developments

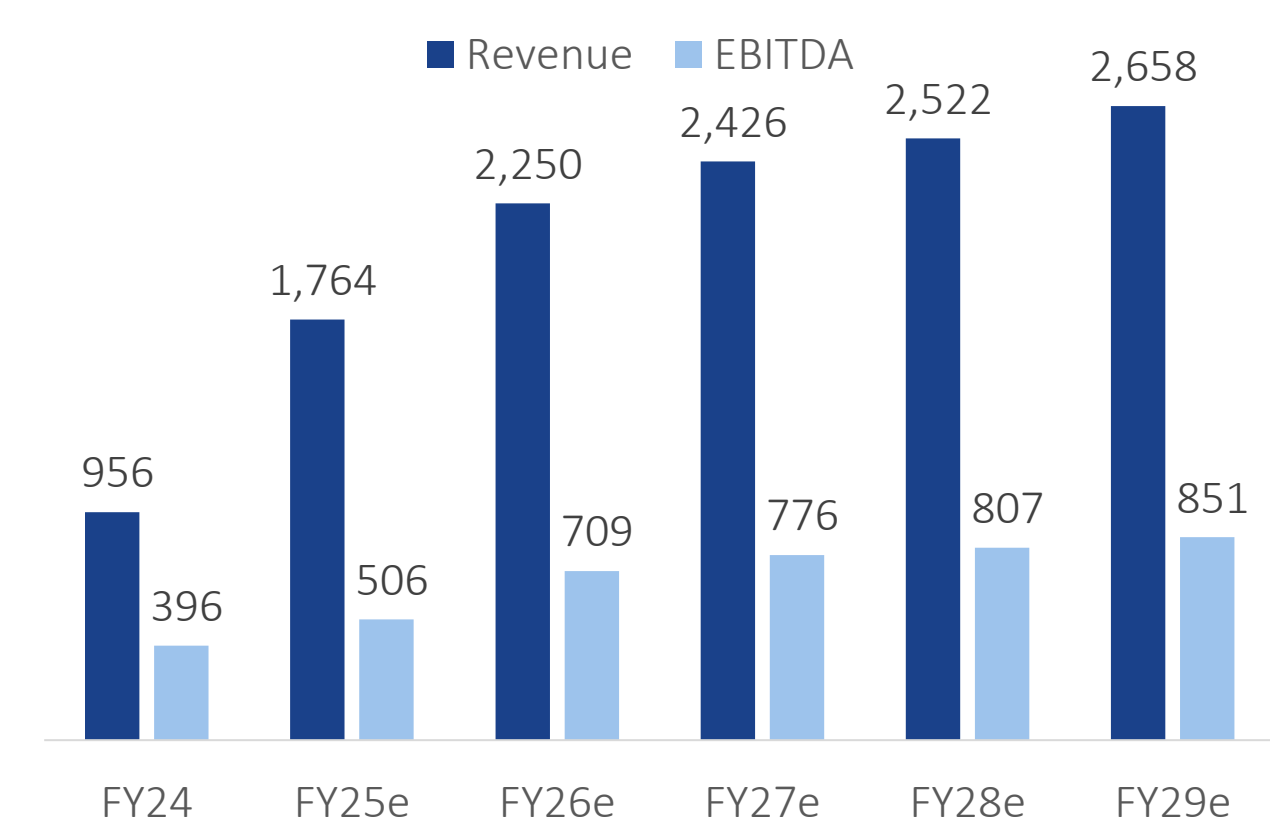
We recommend BUY on ADNOC LS with Fair Value of AED6.15/share., offering 32% price upside from current levels. We adjust our estimates to incorporate, i) Navig8 acquisition (post the publication of first consolidated accounts in 1Q25), ii) better priced LNG carriers, iii) faster than expected delivery of Das island carriers, iv) lower tax rates, and v) higher margins in the integrated logistics business post expected cost efficiencies. We now expect revenue, EBITDA and shareholder's profit for FY25e of USD4.5bn, USD1.37bn and USD791mn, respectively. The stock trades at FY25e P/E of 11.9x while offers 3% dividend yield.

### Consolidated Group revenue and EBITDA (USDmn)



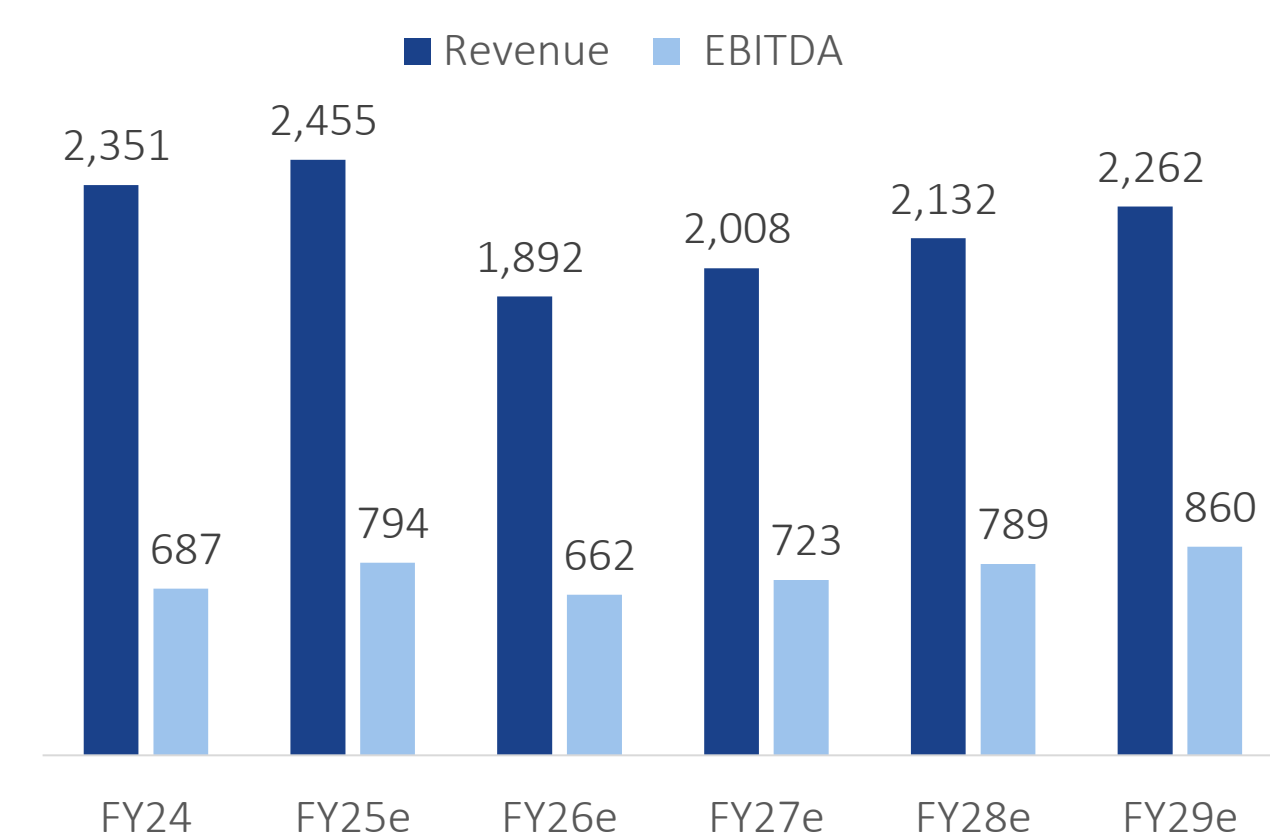
Source: Company Data, IS Research

### Shipping segment revenue and EBITDA (USDmn)



Source: Company Data, IS Research

### Integrated logistics revenue and EBITDA (USDmn)



Source: Company Data, IS Research

FY25 estimates	
Fair value	AED6.15/sh.
Revenue	USD4,492mn
EBITDA	USD1,366mn
Attributable profit	USD791mn
Recommendation	Buy
Upside	31.76%

Source: Company Data, IS Research

### ADNOC Logistics: Financial overview

USD mn	2023	2024	2025e	2026e	2027e	2028e
<b>Income statement</b>						
Revenue	2,755	3,549	4,492	4,414	4,737	4,988
General & admin	(146)	(142)	(213)	(210)	(225)	(237)
<b>EBITDA</b>	<b>876</b>	<b>1,141</b>	<b>1,366</b>	<b>1,439</b>	<b>1,578</b>	<b>1,686</b>
Net finance cost	(5)	(2)	(82)	(69)	(63)	(57)
Profit before tax	622	829	860	971	1,098	1,187
Tax	(2)	(73)	(51)	(58)	(66)	(71)
<b>Attributable profit after tax</b>	<b>620</b>	<b>756</b>	<b>791</b>	<b>892</b>	<b>1,009</b>	<b>1,092</b>
EPS (AED)	0.31	0.38	0.39	0.44	0.50	0.54
DPS (AED)	0.06	0.14	0.14	0.15	0.16	0.16
<b>Balance Sheet</b>						
Property, Plant & Equipment	3,807	4,543	6,531	6,904	7,599	8,130
Total Non-Current Assets	4,259	5,370	7,744	8,130	8,859	9,415
Cash	216	199	494	515	363	447
Total Current Assets	1,487	1,633	2,152	2,224	2,117	2,310
<b>Total Assets</b>	<b>5,746</b>	<b>7,003</b>	<b>9,896</b>	<b>10,354</b>	<b>10,976</b>	<b>11,725</b>
Retained earnings	411	899	1,267	1,865	2,566	3,342
Total equity	4,406	4,895	6,327	7,669	8,469	9,368
Borrowings	100	550	830	710	590	470
Total Non-Current Liabilities	333	756	1,221	1,065	943	818
Total current liabilities	1,006	1,352	2,348	2,343	2,364	2,439
<b>Equity and liabilities</b>	<b>5,746</b>	<b>7,003</b>	<b>9,896</b>	<b>10,354</b>	<b>10,976</b>	<b>11,725</b>
<b>Key Ratios (%)</b>						
Revenue YoY	41.1	28.8	26.6	-1.7	7.3	5.3
Net Profit YoY	137.8	21.9	4.7	12.8	13.1	8.1
EBITDA YoY	93.3	30.2	19.8	5.3	9.7	6.8
EBITDA Margins	31.8	32.1	30.4	32.6	33.3	33.8

Source: Company Data, IS Research.

**About ADNOC Logistics & Services:** ADNOC L&S is an integrated energy logistics company that provides critical and highly specialized logistic services across the energy supply chain in UAE. It is a wholly-owned subsidiary and a dedicated logistics arm for ADNOC, with ADNOC Group companies contributing majority of total revenues. ADNOC L&S is of strategic importance within the entire energy ecosystem of Abu Dhabi and is a critical enabler for ADNOC. With unique services offered and a high contracted revenue mix (>65%), ADNOC L&S offer much better revenues and margins visibility compared to other logistic companies.

**Investment Case:** ADNOC L&S has been on a growth spree since its IPO in June 2023 with additional capital expenditure guidance of USD3bn+, beyond the already announced expansion plans. The company has also announced inorganic acquisition of Navig8, which started contributing to the company's financials from 1Q25. We expect a FY24-FY29e revenue CAGR of 8.3% while EBITDA and shareholder's profits are expected to post CAGRs of 9.7% and 9.5%, respectively. This is backed by rampant expansion of fleet as well as contribution from Navig8. We revise our Fair Value to AED6.15/share., with a Buy recommendation and 32% price upside.

#### Key Upside risks:

- Additional inorganic expansions.
- New EPC Contracts
- Further expansion of fleet
- Higher tanker and shipping rates

#### Key Downside risks:

- Delay in execution of key growth plans
- Delay in fleet expansion
- Sharp reduction in shipping rates





#### Recommendation History

Date	Recommendation	Target Price - AED
11 Jul 2023	BUY	3.73
22 Mar 2024	BUY	4.80
17 Oct 2024	HOLD	6.10
09 Jul 2025	Buy	6.15

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