

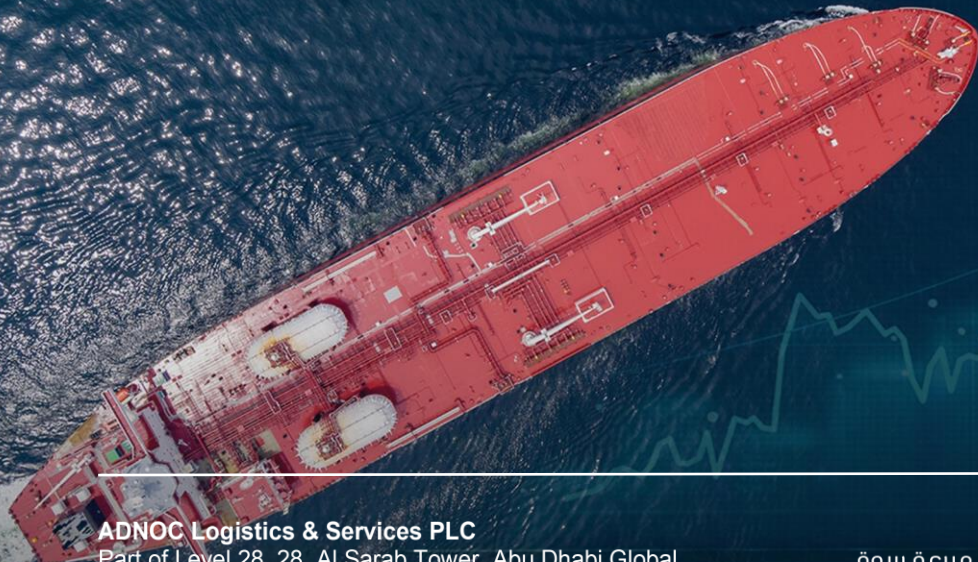


ADNOC Logistics & Services



Q1 2025 Earnings

Management Discussion & Analysis Report
12 May 2025



ADNOC Logistics & Services PLC
Part of Level 28, 28, Al Sarab Tower, Abu Dhabi Global
Market Square, Al Maryah Island, Abu Dhabi, UAE

أدنوك للإمداد والخدمات بي أل سي
جزء من الطابق 28، الطابق 28، برج السراب، مربعة سوق
أبوظبي العالمي، جزيرة الماريا، أبوظبي، الإمارات العربية المتحدة



ADNOC Logistics & Services

**MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE
AND RESULTS OF OPERATIONS**

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MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE AND RESULTS OF OPERATIONS

Financial Highlights

ADNOC Logistics & Services plc ("ADNOC L&S" or the "Company") reported strong financial results for the first quarter of 2025, showcasing significant growth in both revenue and EBITDA. This continued profitable growth is driven by the company's strategic growth initiatives, robust demand, improved operational efficiencies and enhanced by the recent Navig8 acquisition.

Each business segment contributed robustly to the financial success of Q1 2025:

Integrated Logistics: Profitable growth propelled by enhanced utilization and charter rates of Jack-Up Barges (JUBs), strengthened by additional acquisitions of two JUBs in Q4 2024; expedited Hail & Ghasha project execution; increased chartering activity for OSVs and JUBs; rising volumes in contracted logistics; strong momentum in third-party project volumes; steady EPC project advancement, particularly G-island; and strong momentum in third-party project volumes.

Shipping: Strong top-line growth boosted by Navig8 Tankers' revenue consolidation, one-off gains from the sale of MGC 'Yas' and early contract termination of LNGC 'Al Khaznah,' along with a Navig8 acquisition bargain gain, partially offset by lower Tankers & Dry-Bulk charter rates and reduced Dry-Bulk chartering activity. Strong EBITDA growth, with Net Income growth muted by the acquisition accounting impact of depreciation on the high value of the Navig8 acquisition.

Services: Strong earnings growth driven by Navig8 Commercial Pooling and profit share from Integr8 (bunkering), tempered by reduced KIZAD volumes and lower petroleum ports operations tonnage.

ADNOC L&S's well-timed acquisitions, coupled with forward-thinking strategies and operational excellence, have further strengthened our global presence, driving remarkable financial growth and reinforcing our leadership in the maritime and logistics sector.

The company recorded outstanding revenue growth for the period increasing 41% to \$1,181 million. EBITDA soared 20% year-on-year to \$344 million with EBITDA margin 29%. Net profit decreased 5% against Q1 2024 to \$185 million, due to the additional depreciation on Navig8 acquisition including fair value uplift depreciation of \$12 million in the quarter.

USD Million	Q1 25	Q1 24	YoY %	Q4 24	QoQ %
Revenue	1,181	840	41%	881	34%
Direct Costs	(952)	(600)	59%	(662)	44%
EBITDA ⁽¹⁾	344	286	20%	282	22%
Margin	29%	34%	-5%	32%	-3%
Net Profit	185	194	-5%	180	3%
EPS (\$ /share)	0.02	0.03	-5%	0.02	3%
EPS (AED /share)	0.09	0.10	-5%	0.09	3%
Capital expenditures	(70)	(125)	-44%	(450)	-84%
Free Cash Flow ⁽²⁾	202	157	29%	(162)	225%

USD Million	Q1 25	Q1 24	YoY %	Q4 24	QoQ %
Total Equity	5,982	4,600	30%	4,895	22%
Net Debt ⁽³⁾	1,104	(54)	-2157%	540	104%
Net Debt / EBITDA	0.80	(0.05)	N/A	0.48	68%

⁽¹⁾ EBITDA is calculated as profit before income tax, finance costs, finance income, depreciation and amortization

⁽²⁾ Free Cash Flow is calculated as EBITDA less working capital adjustments less income tax expense less capital expenditure

⁽³⁾ Net Debt and Cash is calculated as debt and debt-like items consisting of shareholder loan and current and non-current lease liabilities less cash and cash equivalents

Q1 2025 financial highlights:

Revenue for Q1 2025 was \$1,181 million, up \$341 million, (41%) against \$840 million in Q1 2024.

EBITDA for Q1 2025 was \$344 million, up \$58 million, (20%) against \$286 million in Q1 2024.

Net Profit for Q1 2025 was \$185 million, down \$9 million, (-5%) against \$194 million in Q1 2024.

Total Shareholder Returns since IPO were 155% as of 31 March 2025.

Segmental Results

INTEGRATED LOGISTICS

USD Million	Q1 25	Q1 24	YoY %	Q4 24	QoQ %
Revenue	628	512	23%	610	3%
Offshore Contracting	300	262	14%	278	8%
Offshore Services	136	125	8%	143	-5%
Offshore Projects	192	125	54%	189	2%
Direct Costs	(481)	(378)	27%	(463)	4%
Offshore Contracting	(192)	(159)	21%	(174)	11%
Offshore Services	(111)	(104)	7%	(119)	-7%
Offshore Projects	(177)	(115)	54%	(170)	5%
EBITDA ⁽¹⁾	182	159	15%	181	0%
Offshore Contracting	132	119	11%	127	4%
Offshore Services	35	28	21%	35	0%
Offshore Projects	16	11	40%	20	-23%
Margin	29%	31%	-2%	30%	-1%
Offshore Contracting	44%	45%	-1%	46%	-2%
Offshore Services	25%	23%	3%	24%	1%
Offshore Projects	8%	9%	-1%	11%	-3%
Net Profit	119	104	14%	116	3%
Offshore Contracting	86	80	8%	86	0%
Offshore Services	19	16	19%	14	39%
Offshore Projects	13	9	57%	16	-15%

⁽¹⁾ EBITDA is calculated as profit before income tax, finance costs, finance income, depreciation and amortization

Offshore Contracting

Year-on-Year Performance

Revenue from Offshore Contracting increased 14% to \$300 million in Q1 2025, compared to \$262 million in Q1 2024. Growth was strengthened by higher utilization and earnings from JUBs, supported

by additional acquisition of two JUBs; increasing contracted logistics volumes; and the accelerated execution of the Hail & Ghasha project, driving significant period-on-period expansion.

EBITDA increased 11% to \$132 million in Q1 2025, compared to Q1 2024 due to the same underlying drivers influencing revenue.

Quarter-on-Quarter Performance

Revenue increased 8% to \$300 million in Q1 2025, from \$278 million in the previous quarter, mainly driven by earnings from two new additions in JUBs and the accelerated execution of the Hail & Ghasha project.

EBITDA of \$132 million in Q1 2025 was 4% higher than the \$127 million achieved in Q4 2024 due to the same drivers influencing revenue.

Offshore Services

Year-on-Year Performance

Revenue from Offshore Services increased 8% to \$136 million in Q1 2025, compared to \$125 million in Q1 2024, driven by the increase in vessel chartering activity for OSVs.

EBITDA increased 21% to \$35 million in Q4 2024, compared to Q1 2024, due to the same drivers influencing revenue.

Quarter-on-Quarter Performance

Revenue decreased 5% to \$136 million in Q1 2025, from \$143 million in the previous quarter, mainly driven by the lower diesel sale volumes.

EBITDA is flat at \$35 million in Q1 2025, in line with the previous quarter.

Offshore Projects

Year-on-Year Performance

Revenue from Offshore Projects increased 54% to \$192 million in Q1 2025, compared to \$125 million in Q1 2024. The increase was mainly driven by EPC project advancements, particularly the G-island (71% completion rate).

EBITDA increased 40% to \$16 million in Q1 2025 compared to Q1 2024, due to the same factors influencing revenue.



Quarter-on-Quarter Performance

Revenue increased 2% to \$192 million in Q1 2025, from \$189 million in the previous quarter, due to accelerated progress towards G-island completion.

EBITDA of \$16 million in Q1 2025 was 23% lower than the \$20 million achieved in Q4 2024 due to income from a one-off variation order for one of the projects in the previous quarter.

SHIPPING

USD Million	Q1 25	Q1 24	YoY %	Q4 24	QoQ %
Revenue	469	251	87%	211	122%
Tankers	382	150	154%	99	284%
Gas Carriers	39	33	19%	42	-7%
Dry-Bulk and Containers	47	68	-30%	69	-32%
Direct Costs	(405)	(158)	157%	(151)	168%
Tankers	(332)	(79)	319%	(72)	363%
Gas Carriers	(29)	(28)	3%	(26)	12%
Dry-Bulk and Containers	(44)	(50)	-12%	(54)	-17%
EBITDA ⁽¹⁾	143	114	26%	81	78%
Tankers	90	81	12%	36	150%
Gas Carriers	48	15	220%	28	68%
Dry-Bulk and Containers	6	18	-68%	17	-65%
Margin	31%	45%	-15%	38%	-8%
Tankers	24%	54%	-30%	36%	-13%
Gas Carriers	121%	45%	76%	67%	54%
Dry-Bulk and Containers	12%	27%	-15%	24%	-12%
Net Profit	61	82	-25%	51	21%
Tankers	25	62	-59%	22	15%
Gas Carriers	37	7	447%	18	109%
Dry-Bulk and Containers	(0)	14	-103%	11	-103%

⁽¹⁾ EBITDA is calculated as profit before income tax, finance costs, finance income, depreciation and amortization

Tankers

Year-on-Year Performance

Revenue from Tankers increased 154% to \$382 million in Q1 2025, compared to \$150 million in Q1 2024. This growth was boosted by Navig8 Tankers revenue consolidation for the first time, partially offset by lower charter rates across Tanker asset classes.

EBITDA was up 12% to \$90 million in Q1 2025, from \$81 million in Q1 2024, due to the same drivers influencing revenue.

Quarter-on-Quarter Performance

Revenue is up by 284%, from \$99 million in the previous quarter to \$382 million in Q1 2025, driven by Navig8 Tankers revenue contribution.

EBITDA of \$90 million in Q1 2025 was 150% higher than the \$36 million achieved in Q4 2024 due to the same factors influencing revenue.

Gas Carriers

Year-on-Year Performance

Revenue from Gas Carriers increased 19% to \$39 million in Q1 2025, compared to \$33 million in Q1 2024, supported by the commencement of LNGC “Al Shelila” operations in early 2025, and due to the VLGC ‘Al Maryah’ contributing income only since late Q1 2024.

EBITDA increased 220% to \$48 million in Q1 2025, from \$15 million for Q1 2024, driven by that revenue growth & one-off other income items related to the gain on sale of MGC “Yas” and early contract termination income of LNGC “Al Khaznah”.

Quarter-on-Quarter Performance

Revenue decreased 7% to \$39 million in Q1 2025, from \$42 million in the previous quarter, following the sale of MGC 'Yas'.

EBITDA of \$48 million in Q1 2025 was 68% higher than the \$28 million achieved in Q4 2024 driven by one-off income items including the gain on sale of MGC “Yas” and early contract termination income of LNGC “Al Khaznah”.

Dry-Bulk and Containers

Year-on-Year Performance

Revenue from Dry-Bulk decreased 30% to \$47 million in Q1 2025, compared to \$68 million in Q1 2024, primarily influenced by lower charter rates and chartering activity, along with lower contracted feeder container rates.

EBITDA was down 68% to \$6 million in Q1 2025, from \$18 million in Q1 2024 due to the same drivers influencing revenue.

Quarter-on-Quarter Performance

Revenue was down 32% to \$47 million in Q1 2025 comparing to the previous quarter due to lower charter rates and chartering activity, alongside the introduction of new contractual feeder rates.

EBITDA of \$6 million in Q1 2025 was 65% lower than \$17 million achieved in Q4 2024 due to the same drivers influencing revenue.

SERVICES

USD Million	Q1 25	Q1 24	YoY %	Q4 24	QoQ %
Revenue	84	77	9%	61	39%
Direct Costs	(66)	(64)	3%	(49)	36%
EBITDA ⁽¹⁾	18	12	52%	10	74%
Margin	21%	15%	6%	17%	4%
Net Profit	11	4	138%	3	253%

⁽¹⁾ EBITDA is calculated as profit before income tax, finance costs, finance income, depreciation and amortization

Year-on-Year Performance

Revenue from Services increased 9% to \$84 million in Q1 2025, from \$77 million in Q1 2024. Growth was driven by Navig8 Commercial Pooling, partially tempered by reduced KIZAD volumes and lower petroleum ports operations tonnage.

EBITDA was up 52% to \$18 million in Q1 2025, from \$12 million in Q1 2024 driven by contribution of Navig8 Commercial Pooling and profit share from Integr8 (bunkering), tempered by lower petroleum ports operations tonnage.

Quarter-on-Quarter Performance

Revenue increased 39% to \$84 million in Q1 2025, from \$61 million in Q4 2024, driven by the contribution of Navig8 Commercial Pooling.

EBITDA of \$18 million in Q1 2025 was 74% higher than the \$10 million achieved in Q4 2024 mainly due to the factors impacting revenue in addition to the first time addition of share of profit from Integr8 (bunkering).

Free Cash Flow

USD Million	Q1 25	Q1 24	YoY %	Q4 24	QoQ %
EBITDA ⁽¹⁾	344	286	20%	282	22%
Working Capital Adj.	(60)	17	-459%	21	-388%
Income Tax	(12)	(20)	-41%	(15)	-22%
Operating Free Cash Flow	272	283	-4%	288	-5%
Capital Expenditure ⁽²⁾	(70)	(125)	-44%	(450)	-84%
Free Cash Flow	202	157	29%	(162)	225%

(1) EBITDA is calculated as profit before income tax, finance costs, finance income, depreciation and amortization.

(2) Refer to Note 11: Property, Plant and Equipment in Financial Statements for further details.

For Q1 2025, Operating Free Cash Flow decreased by 4% (\$10 million) to \$272 million, driven by the increase in Working Capital due primarily to higher trade and other receivables.

Free Cash Flow reached \$202 million for Q1 2025, marking an increase of \$45 million from \$157 million. This continued growth and outperformance in free cash flow delivery through improved profitability sees the business well-positioned to save on financing costs as the delivery of value-accretive transformational growth investment continues using free cash flows after dividends, reducing debt-financing requirements..

ADNOC L&S spent \$70 million in capital expenditures for Q1 2025. Additionally, the acquisition of Navig8, announced in January 2025, was funded through a Hybrid Capital Instrument, which is equity-accounted and priced at approximately SOFR+125bps. This instrument enhances the company's growth capacity within target leverage ratio of 2.0x-2.5x Net Debt/EBITDA. The company added \$153 million in property, plant and equipment in Q1 2025 (refer Note 6 PPE (Additions) in Financial Statements for further details).

Outlook

Group

The Company's EBITDA and Net Income guidance for 2025 are maintained, with continued strength and growth in Integrated Logistics returns helping to offset weaker than anticipated Shipping results in Q1 due to weaker shipping market rates. The outlook for ADNOC L&S remains confident in its medium-term (2026-2029) guidance, reflecting its continued positive long-term growth and strategic expansion.

- **Growth Investments:** After delivering significant committed growth in 2024, both organic and inorganic, the Company maintains its capital expenditure guidance, reflecting its commitment to long-term growth and strategic expansion. ADNOC L&S still anticipates an additional \$3 billion+ of value-accretive organic investment spend by 2029, beyond the projects already announced and incorporated in guidance, applying the same investment return criteria to protect shareholder returns.
- **Dividend Policy:** The Company's dividend policy remains unchanged with a projected total dividend payable for 2025 of \$287 million (a 5% increase from 2024 annualized dividend), in line with the stated progressive dividend policy and subject to relevant approvals.
- **Capital Structure:** The Company targets a 2.0-2.5x net debt / EBITDA ratio over the medium term, with the recently committed Hybrid Capital Instrument, debt, and free cash flows after dividends the primary funding sources for committed and anticipated growth investment.

Segmental Medium-Term Outlook

1. Integrated Logistics

- **Revenue:** We expect revenue growth in the low to mid-single digit percentage YoY in 2025. Growth driven by strong Offshore contracting volumes & Offshore Services including chartering coupled with good progress on JUB fleet growth, utilization and rates; & G-Island project progress.
Over the medium term, we expect a low single-digit percentage revenue reduction driven by the completion of the high top-line G-Island project, partially offset by growth in Offshore Contracting & Offshore Services.
- **EBITDA:** We expect EBITDA growth in the mid to high teens percentage YoY in 2025. Over the medium term, we expect low single-digit percentage growth driven by volume growth in Offshore Contracting & Offshore Services & continued strength in JUBs.

2. Shipping

- **Revenue:** We expect revenue growth in the low 80% range YoY in 2025. Over the medium term, we expect high single-digit percentage growth due to:
 - Tankers: a weaker start to 2025 tanker rates followed by anticipated market tightening & rates improvement already being seen, particularly in VLCCs

- Gas Carriers: we expect high growth in 2026-29 due to five LNG Carriers shifting to long-term contracted rates; then another 8x LNGCs already contracted from 2028; less revenues on 2x aged vessels targeted for disposal
- For Dry-Bulk and Containers, Sentiment remains mixed with every market trying to assess the tariff impact
- EBITDA: We expect EBITDA percentage growth in the mid to high 20%s YoY in 2025 driven by expansion in Tanker fleet with Navig8 acquisition partly offset by weaker rates on Tankers and Dry-Bulk.
Over the medium term, we target EBITDA growth in the mid-teens.

3. Services

- Revenue: We expect revenue growth in the low double-digit percentage range YoY in 2025 mainly from the addition of Navig8 commercial pool and technical management. The long-term stable nature of the Services contracted activity in Onshore Terminals, Petroleum Ports Operations and Oil Spill Response Services provides strong revenue visibility. Consequently, we expect revenues growth in the mid-single digit percentage over the medium term.
- EBITDA: We expect EBITDA growth in the high teens percentage YoY in 2025. We expect Services EBITDA to grow in the mid-teens percentage over the medium term.



Dividend

ADNOC L&S remains committed to delivering strong profitable growth and attractive shareholder returns. In line with its approved dividend policy, the AGM approved the distribution of cash dividend of \$136.5 million, equivalent to 6.78 fils per share, that was paid to shareholders on 16th April 2025. The Company remains committed to delivering long-term value to shareholders through a combination of value-accretive growth coupled with growing dividends.

In line with the Board-approved progressive dividend policy, the Company aims to increase annual dividends by at least 5% over the medium term, taking the 2023 annualized dividend (\$260 million) as a base.



Earnings Conference Call Details

ADNOC L&S will host the earnings webcast and conference call followed by a Q&A session for investors and analysts on Monday, May 12, 2025, at 2:00 pm UAE time / 10:00 am UK time through the following [link](#).

The call will be hosted by Abdulkareem Al Masabi (CEO) and Nicholas Gleeson (CFO).



About ADNOC Logistics & Services

ADNOC Logistics & Services, listed on the Abu Dhabi Securities Exchange (ADX symbol ADNOCLS / ISIN “AEE01268A239”) is a global energy maritime logistics company based in Abu Dhabi. Through its three business units; Integrated logistics, Shipping and Services, ADNOC L&S delivers energy products to more than 100 customers in over 50 countries.

To find out more, visit: www.adnocls.ae

For investors enquiries, please contact: IR@adnocls.ae

Cautionary Statement Regarding Forward-Looking Statements

This communication includes forward-looking statements which relate to, among other things, our plans, objectives, goals, strategies, future operational performance, and anticipated developments in markets in which we operate and in which we may operate in the future. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond our control and all of which are based on management's current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "would", "intends", "estimates", "plans", "targets", or "anticipates" or the negative thereof, or other comparable terminology. These forward-looking statements and other statements contained in this communication regarding matters that are not historical facts involve predictions and are based on the beliefs of our management, as well as the assumptions made by, and information currently available to, our management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure you that such expectations will prove to be correct. Given these uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to: our ability to enter into strategic alliances and third party transactions; failure to successfully implement our operating initiatives and growth plans, including our cost savings initiatives, due to general economic conditions, our reliance on information technology to manage our business; laws and regulations pertaining to environmental protection, operational safety, the extent of our related party transactions with other ADNOC Group companies; the introduction of new taxes in the UAE; failure to successfully implement new policies, practices, systems and controls that we implemented in connection with or following our IPO; any inadequacy of our insurance to cover losses that we may suffer; general economic, financial and political conditions in Abu Dhabi and elsewhere in the UAE; instability and unrest in regions in which we operate; the introduction of new laws and regulations in Abu Dhabi and the UAE; and other risks and uncertainties detailed in our International Offering Memorandum dated May 16th 2023 relating to our initial public offering and the listing of our shares on the Abu Dhabi Securities Exchange, and from time to time in our other investor communications. Except as expressly required by law, we disclaim any intent or obligation to update or revise these forward-looking statements.

Absolute figures and percentages included in this document have been subject to rounding adjustments.