ADNOC Logistics & Services

FY 2024 Earnings Call Transcript

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ADNOC Logistics & Services PLC
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أدنوك للإمداد والخدمات بي أل سي
جزء من الطابق 28، الطابق 28، برج السراب، مربعة سوق
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Corporate Participants

Abdulkareem Al Masabi – ADNOC L&S – Chief Executive Officer

Nicholas Gleeson – ADNOC L&S – Chief Financial Officer

Thomas Backmann – ADNOC L&S – VP Investor Relations

Thomas Backmann – ADNOC L&S – Vice President, Investor Relations

Hello and good afternoon to everyone, and welcome to the ADNOC L&S earnings call for the full year 2024. My name is Thomas Buckmann, and I'm the Vice President of Investor Relations here at ADNOC L&S. We are glad to have you attending our call today, and on behalf of the team on the call, we greatly appreciate the level of interest and support that you show in ADNOC L&S.

By now, you should have received the full year 2024 earnings presentation. If you haven't, you can download it from our website in the Investor Relations section.

I would like just to direct your attention to our disclaimer on slide number 2 before we begin. It contains important information, and we advise caution on the interpretation and limitations of historical data and forward-looking statements.

Presenting today are Mr. Captain Abdulkareem Al Masabi, ADNOC L&S CEO, and Mr. Nicholas Gleeson, ADNOC L&S CFO. I will now hand over to our CEO for his opening remarks.

Abdulkareem Al Masabi – *ADNOC L&S – Chief Executive Officer*

Thanks, Thomas. A very good afternoon to you all, and thank you all for joining us. I'm delighted to be here today and pleased to report our outstanding 2024 annual results, which delivered an EBITDA of US $1.1 billion. And that is up by 31% year-on-year and a record net profit of $756 million, up by 20% year-on-year.

2024 was a year of milestones for ADNOC Logistics & Services. And during the year, we have added tremendous shareholder value with our share price up by 43%, along with record cash distributions to shareholders through dividends. During June 2024, we announced our largest acquisition, the one billion dollars acquisition of Navig8, which we successfully closed in January this year. We are excited by the immediate growth that Navig8 provides to our shipping business, and what Navig8 will provide as a platform for future growth.

Along with delivering further value to our shareholders, in 2024 we continued to invest in the expansion of our Integrated Logistics platform, acquiring 20 offshore assets and securing contracts for the deployment of 19 jack-up barges. Additionally, we invested in expanding our shipping fleet, adding eight LNG carriers, new build vessels, four ammonia carrier new building vessels and nine ethane carriers new vessels, which are scheduled to be delivered from 2025 and 2028. These investments highlight our commitment to allocating $8 billion in growth capex by 2029 across our entire business. And our strong financial performance and the significant growth opportunities we see across our various verticals give me great confidence in our ability to further strengthen the position of ADNOC Logistics and Services as a global energy maritime logistic leader in 2025 and beyond.

And we continue to be fully committed to health and safety and environments. So, before we dive into the specifics of our financial performance, I would like to spend a few moments to highlight our results and progress in this area. At ADNOC Logistics & Services, we are deeply committed to achieving our goals of zero major incidents involving our people and the community, and our dedication to safety is unwavering and our outstanding track record speaks for itself. We continue to strive for improvement, ensuring the safety of our employees and stakeholders remains our top priority.

Moving on to the right-hand side of the slide, you can see how we are continuing to innovate and integrate with AI systems, such as the AI-enabled Integrated Logistics Management System, the IMS, which is an AI enabled tool that helps create vessel routes and schedules, improving decision-making, operational efficiency and reducing carbon emission. The pilot project has now commenced with an anticipated scale up from 2027 and we are incredibly proud to have received several accolades in 2024, including the Ship Owner of the Year Award and the Ship Operator of the Year Award. These awards are a testament to our commitment to excellence and innovation in the maritime industry.

Additionally, our digital twin project was recognized as the runner up in the health and safety category at the IDS UK 57th International Conference. These achievements highlight our dedication to leveraging cutting edge technology to achieve operational superiority and maintain our leadership position in the industry.

And with that, I will now hand over to Nick to update you in detail on the full 2024 results. Thank you, Nick.

Nicholas Gleeson – *ADNOC L&S – Chief Financial Officer*

Thank you very much, Captain Abdulkareem, and I'd really like to thank everyone for joining us again today on the call.

Thank you very much, Captain Abdulkareem, and thank you to everyone who's joining the call today. It's a pleasure to see the increasing numbers with every call that we make. We appreciate very much the value and confidence placed in us by our investors and by the analysts who are covering the stock, and we intend to continue rewarding that confidence placed in us by continuing to deliver exceptional returns to our investors.

I'm proud to deliver, once again, extremely strong full year results for 2024. As we continue to deliver strong growth, we're delivering all-time highs every time, so you hear the word “record” repeatedly through the results. We ended 2024 with a consolidated net income of $756 million, up 22% on 2023. That included an effective tax rate of 9%, which will drop to 6% in 2025. More on that later. That also included financing costs at around 5% which will predominantly leave the P&L in 2025. Again, more on that later.

EBITDA margins were maintained despite the lower margin EPC works, which significantly increased in 2024. Once again, more on that later.

So, our financial position and profitability have continued to advance rapidly as we deliver on our transformational growth strategy for which we have now executed the key platform building phase, but there is much more to come. We've delivered records across all segments and key financial metrics, with revenues up 29% to $3.5 billion, EBITDA up 31% to $1.15 billion, and net income up 22% year-on-year to $756 million; all in line with the full year guidance we provided since midyear.

The leadership vision on transformational growth is progressing far ahead of schedule as we rapidly build a world leading end to end energy maritime logistics operation. We've committed $7 billion of CAPEX, organic and inorganic, predominantly against long-term contracts at or above targeted, unlevered rates of return. This already exceeds our five-year plan that we delivered at the time of the IPO. And as I said, there's much more to come.

With the support of Societe Generale and a pool of market leading banks, we delivered a world class perpetual capital security financing solution enabling $2 billion of equity financing capacity at a margin of just 125 basis points. To ensure our global competitiveness, we restructured our deep-sea shipping to benefit from concessions available under BEPS Pillar 2 to ensure an effective tax rate on par with international shipping income of peers.

So, what are we doing with this extensive financial capacity and highly competitive platform to deliver shareholder value? We've completed the Navig8 transaction, the first one billion dollars for 80%, adding a fleet of 32 modern tankers with exceptional leadership, a 400 plus high-quality global team, and we now have a presence in 19 key locations globally, with operations across more than a thousand ports. We've continued to expand our Integrated Logistics platform, acquiring 20 additional offshore assets, and we've secured 17 additional jack-up barge contracts. We've committed to add 14 LNG carriers, 4 very large ammonia carriers and 9 very large ethane carriers contracted up to 20 years on delivery, which is 340 years of gas contracts added in 2024, alone.

So, moving on to the next page, let me move into a little bit more detail on the results highlights for 2024 on slide 6. Revenue grew to a record $3.5 billion, up 29% year-on-year as exceptional value delivery continues across all three business segments. Integrated Logistics grew EBITDA 30% driven by EPC, although the completion rate for 2024 was behind plan. More on that later on. Particularly strong growth in non-ILSP volumes, continued ILSP volume growth and new heights achieved in jack-up barge utilization and rates.

In shipping, we saw strong TCE rates in tankers and dry bulk in the first half of the year, softening typically in Q3 but remaining softer in Q4. LNG carrier rates have and continue to suffer from oversupply due to delays in new capacity coming online. The outlook remains weak for LNG carriers, but bear in mind our long term contracts beginning mid 2026 on five of the Jiangnan new builds and all Samsung Huwae builds deliver on to 20 year contracts. So, our exposure to that weak rate environment is limited.

Services revenue grew driven by sustainably higher PPO and onshore terminal activity rates driven by the continued growth in UAE production. As predicted, it’s been a great year of seeing projected growth delivered with our team capturing and contracting much of this anticipated growth. EBITDA increased to a record $1.1 billion, up 31% on 2023 in line with our guidance. We expanded our EBITDA margins by 60 basis points year-on-year, leveraging the strong demand environment for jack-up barges and the improved rates in tankers and dry bulk at the beginning of the year, and continuing to drive internal value efficiency programs. There's still a lot of margins left to squeeze.

Our record net profit followed suit, growing 22% to $756 million. We're pleased to have delivered against full year guidance to the market, and we want to highlight that the high proportion of long term contracted activity in the business enables us to guide clearly within a range that we explain in our presentation of contracted income percentages by segment. So, the point there is, please listen to us when we present our results. We have a very strong reason to be able to project the results where they land, and those that are following our presentations, understanding the percentage of contracted income that we share, we’ll be able to predict the results very well.

We maintain our progressive dividend policy with 5% annual growth and are pleased to see consistent positive feedback on the high proportion of profits being reinvested into highly valued [indiscernible 12:25] long term contract opportunities. Our annualized dividend payout for 2024 is $273 million.

Moving to slide 7, we provide a snapshot of our P&L balance sheet and cash flows. I've already talked through the new record highs in the P&L, delivering $0.10 per share EPS. I'd remind that we see the Navig8 acquisition contributing a 20% year-on-year EPS uplift in 2025.

Net debt to EBITDA at year end was 0.47x, ahead of the Navig8 acquisition completion for a billion dollars. That's for 80%. With bridge finance that transaction using the senior unsecured facility at 85 bps above SOFR, note that we've restructured the senior unsecured facility into a revolving credit facility with no additional fees incurred, enabling us to redraw after we repay that debt when we draw on the hybrid capital instrument. We plan to draw on the hybrid capital instrument in the very near future to repay the outstandings on the senior unsecured and that hybrid capital instrument financing is a payment from retained earnings, so there's no P&L impact of the financing costs.

We have an exceptionally strong balance sheet, also making strong inroads on working capital improvement in 2024, delivering operating free cash flows of a billion dollars, and free cash flows after investments and borrowings of $185 million. So, we're moving from strength to strength not only in terms of profitability, but in terms of balance sheet and potential to grow into the future to the great value of our shareholders.

If we move to the next slide, we can see the financial performance of the Integrated Logistics segment. On the G Island EPC project, the yearend completion rate was 54%, substantially below the 70% to 75% we guided towards. This was driven mainly by challenges in equipment availability in the last quarter of the year, due to the general strong demand environment we're experiencing in the offshore logistics space. The EBITDA net income effects are muted as the project delivers EBITDA margins in the mid to high single digits, and the remainder of the project is anticipated to complete within 2025. So ultimately, it's a deferral of revenue and of a small amount of EBITDA or net profit into the current year.

Integrated Logistics contributed 64% of ADNOC L&S revenues and 60% of EBITDA in 2024. Revenues grew to a record $2.3 billion, up 40% year-on-year. EBITDA grew to $687 million, up 30% year-on-year. And net profit grew to $448 million, up 19% year-on-year. So again, extremely strong growth in the Integrated Logistics segment.

This exceptional growth in value delivery is a compliment to the teams across our offshore contracting, offshore services and projects businesses, and is driven in no small part by the significant contribution from the 2022 acquired Zakher Marine business, providing strong profitable growth in jack-up barges in particular.

We added owned and charted in vessels to the offshore support fleet. Volumes continued to grow in ILSP and in particular in non-ILSP activities. The Hail and Ghasha Project activities were significantly grown in 2024. EBITDA margins contracted slightly due to the lower margins on EPC activities. However, offshore contracting and services both saw expanding margins.

We have a promising growth pipeline ahead for Integrated Logistics. So again, much more to come.

If we move to slide 9, I can talk through the Integrated Logistics offshore contracting, which is now newly sub segmented. We continue to add detail to our market updates to address frequently asked questions from investors and analysts and to help with the impact of such substantial growth on the ability of everyone on this call to get behind the numbers. We know this adds work on the modelling front, but hopefully it also adds value in understanding and projecting our profitable growth. Please keep asking us, and we commit to keep targeting the best-in-class information provision for our company.

We continue to invest heavily into offshore contracting to meet growing demand for our one stop shop, end to end logistics solutions. Not only do we see the slow, steady growth in ILSP volumes hampered somewhat this year by negative weather events in Q1, but in particular strong demand and profitable growth from comparable services with clients beyond ILSP. Our teams grew material handling volumes by 9% in 2024. We added nine new OSV's of various classes and seven jack-ups, all of which are contracted. We grew the jack-up barge fleet to meet strong demand within the market. With the market tightening and with rates continuing to improve, we delivered higher availability on the jack-ups, higher turnaround or quicker turnaround times, and hence higher profitable utilization.

If we move to slide 10, which describes the performance of the offshore services and projects businesses. On G Island EPC, we delivered 52% of the anticipated 70% to 75% full year completion rate due to equipment availability. That leaves revenues of $445 million, attaching EBITDA of $30 million for 2025 delivery. We added two vessels to the services fleet in 2024 to meet growing volumes and activity levels. This fleet is also fully contracted at year end.

On slide 11, we provide the financial performance of the shipping segment. 2024 was very much a year of two halves in shipping, with a typical low seasonality of Q3 performance extending into Q4, and into the early part of 2025 which I'll come to later on. We delivered the first full year of 4 2023 built fuel VLCC's into a strong first half for tankers with high rates driven by growing ton mile demand and a supply somewhat constrained by limited Suez Canal transits. Dry bulk was strong also in the first half but languished somewhat in the second half with lower ton mile demand, particularly in relation to Chinese import demand.

The most significant impact percentage wise was on the gas carrier fleet, albeit lower numbers wise as our exposure was quite limited. This is driven by a combination of factors. The most important to watch is the rate environment for LNG carriers, with temporary oversupply driven by delays in new production coming online. We see rates in the single digit thousands per day at the moment, which will impact revenue delivery on our first six ADNOC gas targeted LNG carriers, until five of them go on to contract mid-2026.

We're already seeing an increase in scrapping inquiries on older steam turbine LNG carriers, and there could be more than 100 of those older assets now uneconomic leaving the fleet in the coming couple of years. This is likely to drive longer term market tightness as new projects come online. However, our exposure at the moment is limited. We only have one vessel that won't go to longer term contract by mid-2026, but it helps to explain why long-term rates remain extremely strong, although short term rates are week in the LNG carrier space.

On gas carriers, we also experienced off higher delays with dry docking of four owned and one chartered in vessel during this year. Nevertheless, shipping EBITDA was up 24% with an expanded EBITDA margin by 300 basis points on the back of the strength, particularly in the first half of the year. Hopefully that will spur analysts and those on the call to ask the question, What's next for tankers, what's next for dry bulk, and what's next for LNG? We'll cover that later on in the guidance, but bear in mind just how strong our EBITDA growth has been driven by the first half alone.

On slide 12, operating highlights for shipping, we took delivery of one wholly owned VLGC, the Al Markia [ph 20:23] in early 2024 and the first Jiangnan built LNG carrier, the Al Shelila, was delivered in November, more than two months ahead of schedule, increasing our own fleet to 52 vessels. Utilization remained at close to 100% across the fleet. We carried out an internal exercise to improve planning and execution of dry docks, further improving our cost efficiency and vessel availability, plus the commercial outcomes of dry dock plan.

We increased charter and activity to over 5000 days, with demand for dry bulk rising due to export sulphur delivered volumes up by almost 50% during the year. TCE rates were particularly high for tankers and dry bulk in the first half, driven by geopolitics and constraints in transits of the Suez and Panama Canals. TCE rates for the gas fleet were lower in 2024 than 2023, ending the year on a particular low which has persisted into 2025, as I mentioned. Note that we also had two charters in vessels in 2023 that were not continued in the full year 2024, which contributed to an overall lower number of LNG carrier days.

Moving on to slide 13, we want to give some additional information on time charter rates and the outlook in shipping, which is very important for what I'll show later on to be 25% of our overall revenue base exposed to the shipping spot market. Tanker markets remained relatively strong in 2024, well above the 10 year average, despite average earnings 13% down year-on-year to $35,000 a day. 2025 started with weak rates in the 20s, now moving markedly north. The outlook in tankers is overall very positive, in our view, with anticipated short supply in VLCC’s in particular due to increasing ton mile demand, limited new build deliveries and competition for yard slots.

The number of scrapping candidates continues to increase as older vessels have been held in market to benefit from the relatively strong rates past the age that you would normally see. Sanctions enforcement is seeing an increasing number of vessels unavailable for non-sanctioned trade and an increasing likelihood of a significant number of permanent exits from trade. A large number of the non eco fleet, those before 2009 delivery are likely to become scrapping candidates in the next few years. This makes us feel strongly bullish VLCC’s, bullish MR’s and cautiously optimistic on LR2’s, depending on the extent of transfer from clean to dirty trades.

Nevertheless, our guidance is prepared at the base to low average. So, the average between the base rate and the low rate projected by market analysts on market projections, and we're doing that as we wait to see the impact of trade wars on the market to avoid over promising performance in 2025. Still, although we're guiding based on a relatively pessimistic view on rates, our feeling internally is optimistic, at least in the medium term, and most likely by the end of 2025.

Same for the dry bulk fleet. We anticipate an increase in scrapping of non eco vessels and older fleet supporting long term rates. In 2025, we anticipate softening rates in dry bulk driven by lower Chinese import volumes, which is the result of challenges in the construction market in particular, although there's potential for upside driven by Chinese government stimulus, which might drive increased commodities consumption.

On LNG carriers, we don't see rates improving significantly until 2026, so we've guided based on sustained low rates until delivery to long term contracts. Therefore, overall, we've provided guidance based on a soft outlook across tankers, dry bulk and LNG, with potential for significant upside in tankers, particularly VLCC’s and MR’s and also some upside potential in dry bulk.

If we move to slide 14, we use slide 14 to provide a deeper insight on our long term contracted activity. It's critical for investors to understand just how long our long term contracted income goes for, for a number of reasons. Firstly, it underpins our financial security. We have low leverage and high free cash flow delivery, which positions us particularly well to invest and to benefit opportunistically from market retracements. So, a negative market event is not necessarily a negative for our company.

Secondly, from a valuation perspective, there's an important differential between a DCF analysis versus a multiples approach, and we see this as recognized in most of the analyses on our stock in the meantime.

Thirdly, the predictability of our financial results is high relative to others in the industry. In fact, very high. We encourage you to pay close attention to our guidance and to use this page to understand where volatility exists beyond the general expectation of delivering value accretive growth not yet captured in our guidance.

For Integrated Logistics, the pie chart on the right shows 87% of 2025 revenue is contracted for one year or more, dropping to 52% in 2026 to 2029 due in large part to anticipated completion of major projects this year. Offshore services contracts typically run for two to three years, so the 52% in 2026 to ‘29 is quite long by industry standards. Many of these contracts typically renew or roll over. So, a good example of that is the continued deployment of jack-up barges where replacement is expensive to the client, meaning there's inherent upside beyond that 52% that we show.

Turning to shipping, in 2025 most of our gas carrier contracts expire, and we take delivery of three additional LNG carriers for the 2026 ADNOC gas deployment. On top of that, we have the Navig8 fleet, including 20 of our tankers shifted to commercial pools, all on spot, plus the dry bulk fleet all on spot. So, we see the very high spot exposure there at 83%. As we deliver LNG carriers onto ADNOC and one-mile-long term contracts, the spot exposure reduces to 83% in the ‘26 to ‘29 period.

For the services business with PPO, petroleum ports operations and oil spill response, these deliver very high contracted activity. We also add in the share of profits from integrate bunkers, so there's very low exposure to the market in that part of the business.

I'd like to reiterate that in 2025 approximately 60% of L&S’s revenues are contracted for a year or more, and that 48% uncontracted, shown in ‘26 to ’29, conceals a number of contracts likely to roll over. We are very well risk protected by long term contracted revenue.

Please also take time to consider the value of the $16.6 billion of contracted activity from 2030 to 2050. Once again, think about the DCF value of that incredibly long contracted fleet with over 400 years of contracted activity in the gas part alone.

Moving to slide 15, we've added slide 15 to help clarify the contracted nature of key activity areas. In offshore contracting, non ILSP is typically short term, contracted one to three years. ILSP contracting is 10 years to 2032, with an inflation adjustment in 2027. For those with sharp ears, I'd pay attention to what's happened in the offshore markets in the recent couple of years, and how that's likely to be reflected in an inflation adjustment in 2027.

For offshore services, VP2’s and conventionals are typically contracted for one to two years, with ILSP diesel sales also captured in offshore services sub segment extending on contract to 2032.

Offshore projects, this is the named EPC project, particularly G Island, as well as the LNG birth upgrade project being delivered in 2025.

In shipping, tankers are currently 100% spot, including Navig8. Gas carriers are all but won contracted from labour of mid-2026 or delivery. Dry bulk is a spot exposure business, the majority of which is a chartered inactivity. The feeder containers are on period charters.

In services, petroleum ports operations are contracted until 2045. Oil spill responses contracted until 2032 to ’41. Onshore services are contracted until 2046. And the share of profits from Integrate are based on one-off services.

Moving to slide 16. I know it's a lot of information so far, we're getting close to question time, on slide 16, we provide new information to detail spot shipping versus contracted activity across the total ADNOC L&S revenue stream. So, the pie charts on top show the spot shipping market exposure just under a quarter over the period against the total ADNOC L&S revenue. So that's the combined exposure we have to tankers and dry bulk spot markets for some interim LNG exposure in 2025 and ’26. The point of this slide is that the exposure to volatility is very low, less than a quarter over our whole portfolio. This explains our willingness to maintain spot exposure in these segments where we feel the upside to turn charters remains significant.

Our 400 plus years of contracted gas coverage commencing mid 2026 provides an incredibly strong financial base to underpin financial capacity and the ability to move quickly to realize well priced opportunities as they arise. So, two key points to take away from this: you can rely on our guidance as we provide it, 75% of the revenues against which we're guiding a long term contract. The second point is not only do we have a strong balance sheet, strong free cash flows and excellent financial capacity provided by the hybrid capital instrument that enables us, in combination with our long term contracted activity, to be ready to move on very significant investment opportunities as they arise.

Moving to slide 17, we review the services businesses, which you'll recall was re-segmented to include the share of profits of Integrate from 2025. Integrate is a joint control activity, which we acquired together with Navig8 in which we also own 80%, but share effective control with the preexisting management. The business has high revenues but low EBITDA net profit margins as essentially, it's a trading business which takes credit risk but not product exposure.

Services delivers consistent performance as the bulk of its profitability is delivered against long term contracts in petroleum ports operations and oil spill response. In 2024, we saw an increase in volumes due to increased activity levels in the UAE, which are likely to be sustained and grow into the midterm. We also added the marine terminal operations contract from the beginning of the year.

EBITDA margin expanded by 200 basis points in 2024 on a full year basis, driven by improving cost efficiencies and one-off projects.

Moving to slide 18. We break down our cash flow profile. We delivered a billion dollars of operating free cash flows, funding $800 million of CAPEX to leave $185 million of free cash flows in the year. Net debt increased to $540 million with more than half of the gross debt related to leases. So this is the accounting for chartered vessels, predominantly. With net debt to EBITDA 0.47x at year end, and the hybrid capital instrument with $900 million of remaining capacity after we finance Navig8 and some preexisting debt, we're well positioned to continue to deliver value accretive growth.

With a net debt to EBITDA target of 2x to 2.5x and such a strong underpinning of long term contracted revenue, you can see we're at the beginning, not the end, of our transformative growth strategy. Our financing is priced between 85 bps and 125 bps over SOFR. This is absolutely market leading. This is coupled with unlevered returns targets of low double digits, excluding long-term shipping contracts where we accept high single digit, and we trust from that, you can see the tremendous potential for us to continue to deliver substantially more highly value accretive growth.

Beyond the ATI, the costs of which are equity returns, so don't hit the P&L, I'm excited to announce that we've completed our internal shipping income fiscal competitiveness review, delivering a structure that ensures our ability to compete with other major shipping multinationals on that segment of the business in line with BEPS Pillar 2, reducing our projected effective tax rate to 6% in 2025. Although it's been work in progress for the past two years, we felt it prudent to wait until we had our board approved audited financial statements in place to deliver this additional very positive news, which is secured from the first of November, 2024. So 2025 will be the first full year of impact of that improvement in rates on international shipping income.

If we move to slide 19. This addresses our performance on sustainability. We made significant progress once again, across the fleets, in 2023 and 2024. We continue to grow our investments in dual fuel and emission reduction technology enabled vessels to ensure a modern fleet meeting modern commitments to reduce carbon intensity, supporting sustainable long-term growth alongside our commitment to the UAE’s decarbonization and Net Zero agendas, and to ADNOC’s commitment to 2045 early delivery of Net Zero. We benefit from environmental, operational, economic and market advantages. Emissions reductions are met with fuel cost savings; operational flexibility improvements and greenhouse gas emissions reductions translate into market attractiveness to Blue Chip clientele; long term returns on asset values are enhanced by well timed, carefully planned investments.

On the left-hand side of the slide, you can see the main abatement project plans in 2024 to 2050 which include dual fuel, fleet modernization, air lubrication, FSIU deployment, and alternative and biofuels. On the right-hand side, we show ADNOC L&S’s shipping fleet, carbon intensity, annual efficiency ratio pathway to 2030. You can see we're making significant progress towards achieving the IMO emissions intensity reduction target of 40% by 2030.

We have important technological improvements underway, reviewing remotely operated landing craft, sea gliders for crew transportation, and investing in AI analytics to support health and safety, but also to improve efficiency realization on Integrated Logistics through our ILMS software platform. We still find careful planning and hard work to be particularly significant contributors to reducing carbon intensity, so it's a combination of high technology, application of artificial and human intelligence, and traditional manual delivery of efficiencies that combine to achieve these overall substantial outcomes.

On slide 20, we've introduced this slide in response to queries around our growth investment commitments and our capacity to fund those within target leverage. On the top left, you can see a breakdown of major investments making up $6.5 billion of committed organic and inorganic capex. And on the top right, you can see the evolution of that spend split again between organic and inorganic to reach $7 billion including incremental, smaller items over time. How this will be funded is addressed on the bottom left, and you should leave no room for doubt on our ability to fund the existing growth program, plus an additional $3 billion or more of new, highly value accretive investments which are not yet factored into our guidance. We can do all of that within our target leverage.

Moving to slide 21. The segmental 2025 and medium-term outlooks are provided here. On Integrated Logistics in 2025, we see low single digit year-on-year revenue growth, delivering high single digit year-on-year EBITDA growth. That translates to low single digit revenue reduction in 2025 whilst EBITDA grows at low single digits.

Offshore contracting benefits from continued growth in volumes handling, the full year impact of recent jack-up barge investments, continued strong rates in utilization and acceleration in Hail and Ghasha Project. I should highlight that the reason for the low single-digit revenue reduction is because we have the runoff of that very large EPC project going forward. So, it's very low impact on EBITDA, but it brings our revenues down one-off.

On offshore services, we benefit from growth in owned and charted in fleet. And offshore projects, we see G Island completion in 2025 and we project to add $200 million to $300 million of EPC projects annually, again at high single digit margins.

In 2025, shipping, we see mid to high 40% year-on-year revenue growth in 2025, delivering mid to high 20% year-on-year EBITDA growth. That translates to high single digit revenue growth and mid-teens percentage growth in the medium term. We added a modern fleet of 32 tankers with Navig8, and we've transferred 20 tankers into their commercial pools. We anticipate tankers outlook firming from 2026 and beyond, in line with market projections. But I would remind you that the guidance we're providing for 2025 is based on particularly soft outlook for tankers, dry bulk and LNG carriers. And we hope that for tankers and dry bulk we will see that improve during the year.

The services segment will deliver close to five times year-on-year revenue growth in 2025 which is driven by the inclusion of commercial pooling revenues. Commercial pooling revenues deliver a high topline number with a lower EBITDA margin, because we consolidate the revenues from all of the participants in the fleet. As a result, the EBITDA growth is around 100% or just over that year-on-year. In the midterm thereafter, revenues are projected flat with mid to high single digit growth in margins.

Moving to slide 22, what does all of this mean for 2025, a medium-term outlook for the company as a whole? In 2025, we see revenues growing in the mid to high 40% from 2024. So just think about that. All of the growth that we've delivered since IPO, and we're going to grow 40% in revenues from 2024 with EBITDA growing in the high teens, and net income growing in the low double digits with that increasing guidance due to the improved effective tax rate and the hybrid capital instrument financing.

In the medium term, we see revenues growing in low single digit year-on-year, EBITDA high single digit year-on-year, and net income high single digit year-on-year. Now I should point out, after noticing some differences in the treatment of our prior guidance, which combined current year and mid-term, we've separated the numbers. So we show 2025 and then we show a cumulative annual growth rate for 2026 to 2029 for absolute clarity. If you run the comparison with those numbers, you'll see that the guidance is only now including an uplift for Navig8; everything else is broadly in line with what we've had in the past, but we've separated out 2025 and then shown the future growth medium term thereafter.

On capex, we provide more detail on the scheduling of commitments and still anticipate to deliver an additional three plus billion dollars of value accretive investments not yet factored into this guidance. We anticipate an all in cost of debt finance at 6%, but in the near term, we anticipate to fully utilize the $2 billion of hybrid capital instrument capacity so that financing cost doesn't hit the P&L.

Effective tax rate on international shipping income has been reduced to 1% approximately or slightly below, so we're competitive internationally under BEPS Pillar 2, and that will deliver an effective tax rate of 6% in 2025 compared to the earlier guidance of 9%.

On dividends, we retain our 5% progressive dividend policy. So, for 2025, we anticipate dividends of $287 million and we'll be seeking AGM approval of a $136.5 million final dividend for 2024.

Remember in your modelling that HCI payments reduce consolidated retained earnings. So, if you find yourself projecting any challenges on future dividend capacity, please give us a call. We have very substantial free cash for dividends and for future investments, including that $3 million plus that we guided to.

So that's a tremendous amount of talking from me. I'm sorry, it’s a very long call. I do hope now that we've presented the results in a new format, we can reduce the level of content going forward. I'm sure there are some questions, so why don't we move across now to question time?

Q&A Session:

M

I have three questions, if possible. The first, if you can just talk a bit about the Integrated Logistics segment. We saw guidance for lower revenue from 2026 onwards, and the services segment guidance for meaningfully higher levels. Are these changes a function of this new segmentation? Or should we think about this in a different way?

The second question, for 2025 numbers, we saw the increase in net income guidance for the year. What is the effective tax rate that you're baking into that outlook? And are you still modeling for a conservative shipping rate? If you can just provide some more color on the rates that are baked into that guidance versus the current spot levels.

And third, any meaningful synergies that you've identified post the closure of the transaction, how should we think about the upside risks associated with it? Thank you.

Nick

Very good. So, number one on Integrated Logistics, I would think about it slightly differently. The major impacting factor is that we exit the G Island Project, which you remember was $975 million, which is effectively being delivered predominantly over two years, 2024 and 2025. So once we exit 2025, we move into a lower annual projected number for EPC projects, between $200 million and $300 million at a lower margin. So, there's a significant revenue impact, but not much impact on EBITDA margins and net income. That's really what's driving the change that you're seeing in Integrated Logistics.

The second question was in relation to the effective tax rate on shipping. So on international shipping income, that's income earned on vessels whose nationality of destination is different from its nationality of departure, on that income we're booking an effective tax rate of slightly below 1%. So the impact of that, given the proportionality of shipping to Integrated Logistics, is to reduce our projected effective tax rate from 9% to 6% in 2025. As we go forward, the impact will be more marked, because you see the incremental shipping investments we have going into the future.

Third question synergies was in relation to synergies on Navig8. Thank you. So, bear in mind that while we're going through the antitrust clearances, we can't work together on synergies. So, what I can tell you was on the day that we completed that while we can't work as a team on synergies with the Navig8 team until we have those clearances, what I can tell you is we'd done a lot of work on our side in the interim period. It became clear to us after completion that the Navig8 team had done the same. And literally on the day that we had clearances, we immediately met and began the discussions. So, we've announced to the market so far $20 million per annum of synergy benefits from the combination, beginning from first of January 2026. We're doing a lot of work right now to make sure that we find a way to exceed those numbers.

Ahmed

Thank you, Nick. Our next question comes from Mohamed. Please unmute locally and ask your questions.

Mohamed Congratulations on the results. I have a question regarding slide number 22, as I'm trying to understand the underlying assumptions behind Navig8's revenue and profitability protections for 2025. So the anticipated revenue growth of mid to high 40% seems somewhat reasonable, but still appears quite low, especially considering that Navig8's 2023 revenues of $1.9 billion should contribute more than 50% revenue growth compared to ADNOC L&S 2024 revenues. Furthermore, we're reviewing the consolidated net profit guidance, I expected low double digit year-on-year growth appears significantly lower than the previous 2024 pro forma guidance of over 50% growth. So, could you clarify the key factors behind the substantially expected decline in Navig8 earnings in 2025 versus 2023? Is this mainly due to the significant exposure to the spot market, operating leverage nature of Navig8 or are there other contributing factors? Thank you.

Nick So there's a couple of factors, and this also helps me to answer the second part of the question that we just had. So, when we're looking at the outlook at the moment for the tankers market, we're taking market analyst guidance at their base case to low case, we're taking the average of the two. So, we're taking what would be from a market perspective a more pessimistic view, while we wait for the outlook for the market in 2025 to become more clear.

In the meantime, since we've produced both numbers, most of the factors that we've seen come into play have been quite positive. So, we've seen a number of factors which are likely to result in the exit of older assets and of sanctioned assets from the fleet, and we've seen factors which are likely to see increase in ton mile growth for transportation. So, the output for tankers is improving, but we're guiding at the moment based on a lower output for tankers. That's impacting our own tankers fleet, plus the guidance that we're providing for the acquired fleet from the Navig8 business.

The numbers that you're referring to were the 90% revenue, 70% EBITDA, 50% growth from the acquisition of the Navig8 fleet, which was a comparison against our 2023 numbers and not the 2024 numbers. So that's the main component in the difference that you're seeing there. We're still guiding to that Navig8 contributing to a 20% overall improvement in our EPS in 2025, so we do see a very strong contribution from Navig8. It's being offset by the less optimistic view that we're taking on tankers, but in particular, the less optimistic view that we're taking on earnings that we're going to achieve in the dry bulk fleet, combination of the owned vessels and the chartered in fleet in 2025. So hopefully we'll see some improvement in the market outlook, which will result in us guiding more upwards on the numbers. But at the moment, we think it's prudent to take that more cautious view.

Mohamed That's clear. Just a follow up question here. The consolidated net profit guidance does not incorporate the dividends that is being paid for the hybrid instrument, right? So it's not the EPS, it's the net profit, so EPS would be lower?

Nick That's correct, the net profit guidance is not impacted by the dividends paid on the HCI, as these are drawn from retained earnings but do not impact net profits.

EPS will not be lower due to the HCI, as EPS is calculated as Net Income after minority interests dividend by the weighted average number of shares.

Mohamed That's great. Thank you very much.

Ahmed Thank you. Our next question comes from Hamed Amisiri [ph]. Please unmute locally and ask your question.

Hamed Concerning the medium-term outlook. It says in the services segment that revenue is expected to increase by five times. I just wondered if you could shed some color and that also. The thing I noticed is the number of jack-up barges, they increased from the last quarter, 39 barges to about 46. Just wanted to know how many barges are contracted, and how many are owned, and how many are [audio distortion 50:06]? Those are the questions I have. Thank you.

Nick So a couple of points. On the first one, the services business grows by five times, but the EBITDA grows by 100% or doubles. The reason for that is we're bringing in the commercial pools accounting from the Navig8 business to our results. So, what that does is commercial pooling, we bring to account the revenues for the commercial pool for all of the assets, but the earnings that we realize on commercial pooling are only in relation to the fees that we're generating on those assets, so it's a lower margin business. So, we dramatically increase the revenues in the services segment as a result of bringing in that activity. But the EBITDA that we bring in is only the fees.

In terms of jack-up barges, at the moment we have 33 units which are owned, and we have 13 vessels which have been charted in on the current fleet list. So, the number that you're talking to, the incremental jack-up barges, that was the incremental jack-up barges added during 2024, so it's not added since the last time that we reported the number of owned jack-up barges.

Hamed Okay. Thank you very much. But just a follow up question, regarding the services segment, because there's also a guidance of about $300 million. So to quantify the difference between the commercial pooling segment and the existing business of the services segment, can we subtract both and then derive to the commercial pooling premise or no?

Nick Not quite, because there are some other numbers in there. So, the services business includes a combination of the onshore business. You'll see some information that helps you to this respect in the backup slides to this deck, but what the services business includes is the onshore business, so the warehousing [indiscernible 52:16] project and so on that were previously included in Integrated Logistics. It includes the integrate business, which is the joint control business that we 80% own, the bunkering platform within Navig8. It's the commercial pooling from the Navig8 business, and it's the technical management and agency management in the Navig8 business on top of the marine services, the petroleum ports operations and the oil spill response that we used to report in the marine services business.

Hamed Thank you very much. Really appreciate it.

Ahmed	Thank you. Our next question comes from [indiscernible 52:57]. Please unmute locally and ask your questions.
M	So I have two questions. First, the revenue progression for the shipping segment appears to differ. Could you please provide detail on how you managed to lower operating expense on the shipping side? Additionally, can you elaborate on the one-off insurance claim in gas carriers. My second question, typically the cyclical slowdown for the tankers occur in third quarter due to summer related factors. However, the slowdown appeared to have extended into the fourth quarter this year. What are the key reasons behind this prolonged weakness in tanker demand?
Nick	So let me answer the second question first. So typically every year, particularly in [audio distortion 53:42] a weak Q3, which is the result of seasonality, it's about relative warmth and coolness around the world and the [audio drop 53:53]
Ahmed	Nick, I believe the audio went silent.
Nick	Sorry, can you hear me clearly? I'm hearing somebody else's audio at the moment.
Ahmed	Yes, we can hear you clearly now. Please go ahead.
Nick	Alright. So on the tankers side, what we've seen in tankers is a reduction in ton mile demand due predominantly to where the logistics were moving and draws on inventory. And as a result of that, you've seen softening in tankers rates. Then the risk is going forward, and I think the market is also watching very closely what's happening in geopolitics and what's happening in trade relations between various nations, which might impact both dry bulk and tankers going forward. In general, as I mentioned during the call, we see these things moving in a relatively positive direction. So, we're quite hopeful of being able to come out with a more bullish view on tankers and dry bulk going forward. And then the final aspect of the fleet is LNG carriers. And what we've seen is significant additions to the LNG carrier fleet ahead of new production coming online. So, we're seeing delays in new production, but there's significant additional production capacity coming online over the next five years. Quite a bit of that starting from late 2026. So, what we expect to see is older assets exiting the LNG carrier fleet and then increasing ton mile demand for LNG carriers with very low new deliveries driving high prices. And that's one of the reasons that you see rates at the moment in the single digit thousands, but longer term rates above $90,000 a day. So, there's huge disparity between short term and long term rates in the LNG carrier space. The second question was in relation to OPEX in shipping and how we've managed to achieve OPEX reductions. So, there are a couple of areas that we can improve in OPEX, but predominantly the reductions that we've made have been in relation to repairs and maintenance spending, and we've made

improvements also in the costs associated with dry docking activities during the year.

Ahmed — Thank you. Our next question comes from [indiscernible 56:35]. Please, go ahead.

M — Yes, I have three questions, please. Thank you very much. So first of all, can you tell us what kind of impact you have seen so far from the new sanctions against the Russian Iranian fleets? Are you seeing more tankers being pulled into the dark fleets? So that's my first question.

And secondly, on your investments, if you could share any more details about your new $3 billion investment plan. What kind of segments are you looking at? That would be very helpful.

And separately, what sort of CapEx we should model for 2025 and 2026 if there are no new investments under that plan? Thank you.

Nick — So, we don't have any particular or special insight in terms of transition of fleet into the so called Dark Fleet, but you can see through what I'm sure you're reading that there are some drivers in the market for replacement of vessels which have been sanctioned, and that might create an incentive for certain players in the market to sell vessels. It's something that we're very distant from. It's not a part of the market that we're operating in or keeping a close watch on, although we're optimistic that the increased activity around sanctions is likely to result in a decrease in available assets in the market over time.

In relation to the second part of your question on investments, the $3 billion incremental, at any stage since IPO, we've had in our minds a list of opportunities that we seek to target that we haven't yet realized. And if we haven't yet realized an opportunity or become reasonably certain that it's going ahead, it hasn't been built into our guidance. So that $3 billion is our recognition of what we regard as high quality investment opportunities that we have ahead of us that we plan to invest in, but we haven't yet committed to and haven't yet added into our guidance. What we're trying to do by showing that number is to demonstrate just how much capacity we have to invest in these highly valuable opportunities that we have ahead of us.

In terms of CapEx details in 2025 and 2026, we've included in one of these slides, but the main items that you're going to see there are the deliveries of the first series of six LNG carriers, the first of which is already out, which are targeted towards ADNOC gas contracts mid-2026 as well as the installment payments that we're making on the 8 incremental LNG carriers, on our 50% share of the 9 very large ethane carriers and our 50% share of the four very large ammonia carriers. So that's the bulk of the investment that you see going out in 2025 and 2026. Of course, we have a series of smaller investments also being made in the Integrated Logistics space.

Ahmed — Thank you, Nick. Our next question comes from Ahmed Sauki. And please, if your question has been already answered, please lower your hand or remove your question from the Q&A box. Thank you. Please go ahead.

Ahmed S. So, I have two questions, one for the LNG. So, what percentage of the LNG fleet in 2024 was contracted?

And my second question is for your medium-term guidance. Is the commitment of $3 billion investments factored into your guidance or not?

Nick Okay. So, the second one first. So, the $3 billion is not factored into our guidance. That's blue-sky opportunity. We have a very firm idea of where that investment is likely to be directed. But because it's not committed, it's not yet factored into our guidance.

In relation to the LNG fleet, 100% utilized. You can see in the slides that we've delivered 99% utilization across the deep-sea asset classes, and we highlighted in the commentary just one item. So, we had one item of special dry docking, we had three vessels which went in for regular scheduled dry docking. So, the degree of unplanned off higher is extremely low in all of the fleet, including LNG.

Ahmed Thank you, Nick. We'll now move to the Q&A box. We'll start off by the first question, coming from [indiscernible 61:13]. I believe this was already answered, but the question is, "Have you baked into your medium-term guidance a tax rate of 9% or the potentially higher 15% rate?" If you want to add anything on that, Nick.

Nick Okay, so we're fortunate not to be subject to the potentially higher 15% rate, so it's important to look at the way that BEPS Pillar 2 works in the international shipping industry. But also bear in mind that we're a majority owned subsidiary of the ADNOC Group with a free float of 19% at the moment. So, when you look at our business, because the effective tax rate of the ADNOC Group is significantly higher than the base rate for BEPS Pillar 2, we're not subject to increases in our platform stemming from BEPS Pillar 2.

On top of that, international shipping income has been afforded a special protection globally under BEPS Pillar 2, which we also benefit from, which is one of the reasons that our effective rate is reducing from 9% to 6%. So we've had tax studies by two of the big four firms to confirm our projected tax position, and we've entered into appropriate agreements with the relevant authorities to confirm our tax position where that makes sense, so we're very comfortable with the way that we're projecting our effective tax rate going forward.

Ahmed Thank you very much. Our next question comes from Ahmed Kamel in the Q&A box. "How much of your net debt to guidance of 2x to 2.5x is required to drive the medium-term growth in EBITDA, the high teens in 2025 and the high single digit thereafter?"

Nick So to get to where we are at the moment, given now that we have the hybrid capital instrument in place, and without any other significant financial engineering, we wouldn't see ourselves going significantly above 2x net debt to EBITDA within the plan that we're showing today. And that's because we've been able to expand that hybrid capital instrument to $2 billion of capacity, and because our free cash flow delivery has continued to be so strong. So we're extremely comfortable on delivering a plan that's included in our guidance, well within the net debt to even to targets that was laid out.

Ahmed

Thank you. Our next question comes from Anna Antonova. “Could you please provide an approximate split of the additional $3 billion planned capex by segment? How much in Integrated Logistics, how much in shipping, and how much in services?

Nick

We don't do that because out of any opportunity, you can't guarantee whether you'll realize it or not, and some of what we hope to achieve beyond that $3 billion will also be inorganic, which we also tend not to guide to for the same reason.

What we can say is that we have very strong growth desire in the Integrated Logistics business, as well as related onshore services. We've already delivered significant growth in shipping. So, it's quite likely that a higher proportion of that $3 billion would be directed towards Integrated Logistics. But it all depends on realizing the right type of value accretive opportunities as they emerge.

Ahmed

Thank you. Our next question comes from Luca. “Looking at the jack-up barge market and the strength there, where do you see day rates now in the GCC and are you looking to expand further within this segment?”

Nick

Day rates on jack-up barges have just continued to improve in the GCC. There's a really strong backlog of demand, and so there are reasons to anticipate that rates and utilization will remain relatively high. So, the medium-term outlook for jack-up barges continues to be particularly strong in that segment.

Ahmed

Thank you. We have a question from [indiscernible 64:58]. He's asking, “Given the extremely low spot rates for LNG, what do you think is the breakeven cost for a spot LNG carrier on a dollar per day basis that would basically incentivize rebalancing in the market?”

Nick

I don't think people are making money on older LNG tonnage at the moment. I think older LNG carriers, if they're not already contracted at a profitable rate, it’s a very interesting time to look at letting them go from your fleet.

Ahmed

Perfect. Thank you. We have another question. “How many jack-up barges do you expect to operate in the medium term? Do you see operated jack-up barges growing more than the 46 in the medium term?” And he adds he recalls that there were contract expiries of jack-up barges in 2025 and now they seem to be contracted again. What percentage increase do you see on contraction of jack-up barges compared to previous dates?

Nick

So, where we are in jack-ups at the moment is 33 owned and 13 chartered in. I think that's maybe the increase that was being referred to earlier on, which is including the chartered in assets. There's strong demand there, and we have a strong operating capability in relation to jack-ups, so it's really a matter of what opportunities emerge in the space. But we're certainly the preeminent owner/operator of jack-up barges. So, as we see growth in the market, it's interesting for us to look at future opportunities, but we don't have anything that we can report at the moment in relation to future growth.

Ahmed

Perfect. We have also a question coming from Maya on the $3 billion incremental capex. “How much of that is contingent on the unconventional resources being developed by ADNOC Group?” And she's also asking if there's going to be any details on the breakdown by segment, but I believe you said you're not going to be sharing that at the moment.

Nick

So what I would say is that the list that we look at when we get to that $3 billion and we risk assess each of those opportunities, the list is much larger than $3 billion potentially. So, none of it is purely contingent on the development of new fuels and new energies, although that's obviously an area of interest for us as well, but we would anticipate still deploying the $3 billion irrespective of the timing of growth in new energies.

Ahmed

Thank you. Mohamed [indiscernible] has a follow up question on the new vessel added in November. He just wanted to check if it's within the tanker segment. I believe it's the LNG carrier that you were referring to, but please confirm there.

Nick

Yes, [indiscernible 67:45].

Ahmed

Perfect. And then John Pierre is asking, “Can you clarify what was your international shipping tax rate before it was reduced to less than 1% in November of 2024?”

Nick

Sure. It was 9%. So all of our taxes were being incurred at 9% until we restructured around the international shipping income.

Ahmed

Perfect. I believe Luca is asking another question on the strength in the jack-up market and in the GCC, and I believe that question has been answered. And then we have another question coming from Ahmed. “Is the HCI part of the $2 billion to $2.5 billion debt to EBITDA calculation or not? And if not, how much should we assume as an HCI balance as of 2029?”

Nick

So it's a good question. So, the HCI is not included as part of the net debt to EBITDA. We always intend to inform investors on what is and isn't included in the net debt to EBITDA. And by the way, we also risk assess our financing based on, for example, our ability to service debt financing, so our coverage ratios on debt and non-debt financing, and we’ll provide information to allow analysts to do the same. But the hybrid capital instrument is not captured in that net debt to EBITDA ratio.

Even if we went ahead and implemented our growth plans going forward without the hybrid capital instrument, using on balance sheet debt, we would still not go significantly above 2.5x or 3x net debt to EBITDA, so we'd still have a very conservative balance sheet from a financing perspective in relation to most other operators in the segments in which we operate.

Ahmed

Thank you. And I believe the second part of the question and how much should we assume as an HCI balance for by 2029?

Nick — I would assume that we will fully draw the $2 billion balance on the HCI within the coming two years. How much will still be there in 2029 depends on what other financing opportunities happen in the meantime. If you look at the speed with which we're growing our business, when we think about 2029 it seems a long way away in terms of size and structure of what the business will be like by then. So, if I was a betting person, I would assume we would have a different structure of our business, which would also mean a different financing structure by 2029 simply through the sheer speed of growth that we expect to achieve.

Ahmed — Perfect. I don't believe we have any further questions. I see that Eldar and [indiscernible 70:27] still have their hands raised. Let's go to them. Actually, they just lowered their hands. Okay. So with that, Nick, back to you for any closing remarks. I believe everything has been answered.

Nick — Listen, I'd like to thank everyone very much for your attention. I know, once again, it's an extremely long presentation. I think we've gone through the final raft of changes that we expect to make in relation to our guidance. Obviously, a lot happening with Navig8, the hybrid capital instrument, changes in taxation, explaining re-segmentation of the business, so I'm hopeful in future we can keep the calls a bit shorter. I really appreciate all of the positive attention and the very good questions that we're receiving.

Thank you so much for your attention. Thank you to those who are investing in the company. We plan to make good on our promise to continue delivering very strong value accretive growth to our shareholders. Thank you, everybody.

Ahmed — Thank you, Nick and thank you to the ADNOC L&S management team. With that we conclude the call and thank you for everyone attending. Have a good day. Thank you.