



9M 2025 Earnings Call Transcript

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Corporate Participants

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

Rahoof Khaleel Rahman – ADNOC L&S – Acting Chief Financial Officer

Thomas Backmann – ADNOC L&S – VP Investor Relations

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hello and good afternoon to everyone, and welcome to the ADNOC L&S Earnings Call for the Third Quarter of 2025. My name is Thomas Backmann, and I'm the Vice President, Investor Relations, at ADNOC L&S. On behalf of the entire team, I would like to warmly welcome everyone and sincerely thank you for your ongoing interest in ADNOC L&S. We are pleased to have you here with us for today's call.

By now, you should have received the Nine Month 2025 earnings presentation. If you haven't, you can download it from ADNOC L&S website in the Investor Relations section. I would like to direct your attention to our disclaimer on slide number two before we begin. It contains important information, and we advise caution on the interpretation and limitations of historical data and forward-looking statements. Our presenters today include Captain Abdulkareem Al Masabi, ADNOC L&S CEO, and Mr Rahoof Khaleel Rahman, 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

Thank you, Thomas. Good afternoon, everyone, and thank you for joining us today. It is an absolute pleasure to share these truly outstanding results. We have delivered a record-breaking third quarter and nine months for 2025, and for third quarter of this year, we have beat the market expectations and demonstrated the full strength and resilience of our business. Our results are influenced by efficiency and adherence to high health, safety and environmental standards, with ongoing improvements in safety and operational integrity.

Now let's turn to the numbers. Our Q3 results were nothing short of exceptional, with revenue surging 36% during the year to \$1.3 billion. EBITDA increased by 38% to reach \$379 million, and net profit climbed by an impressive 20% year on year to \$211 million.

Looking at our nine-month performance, revenues hit \$3.7 billion, representing a remarkable 39% year-on-year growth. EBITDA also saw robust expansion, rising 30% to \$1.1 billion. Supported by healthy margins at 30%, net profit for the period reached \$631 million, an increase of 9% year on year. These results underscore the momentum behind our business and reaffirm our position as the world's second largest energy maritime logistic company by market capitalisation.

During the first nine months of 2025, we've invested \$1.8 billion to expand our business, and this includes the Navig8 acquisition and growth in Integrated Logistics, with new offshore support vessels and flat-top barges. In Shipping, our new-build programme is progressing well, 14 LNG carriers, three delivered, nine very large ethane carriers, one already delivered, and four very large ammonia carriers. We have secured long-term contracts of 15-20 years for 13 LNG vessels with ADNOC Gas, starting Q2 in 2026, and all nine ethane carriers, with one who are chemical. These investments, along with the ILSP and onshore logistic contracts, position us for sustained value-accretive growth.



Given the resilience of our portfolio across Integrated Logistics, Shipping and Services, we have upgraded our dividends during the recent Majlis, ensuring more consistent returns to our shareholders, to pay \$325 million in 2025, this is up by 19% compared to 2024, and also transitioned to a quarterly payout.

Another milestone reached during the quarter, our free float has now reached 22% after ADNOC Group's successful \$317 million secondary offering, which was seven times oversubscribed, paving the way for potential inclusion in the MSCI Index. And these inflows will basically have inflows of around \$200 million to \$250 million. As a result, we are seeing a noticeable increase in trading activities, a clear reflection of growing investor interest and confidence.

Finally, on the business front, we have signed a landmark deal, a 50-years agreement with TA'ZIZ to develop the first port of exporting diversified chemicals in the UAE. This project is expected to generate around \$1.3 billion of revenue over the first 27 years, further diversifying our portfolio, growing our onshore long-term projected income model and reinforcing our strategic alignment with ADNOC.

Our competitive edge lies in our strategic alignment with ADNOC's global growth as the primary logistic and shipping arm of ADNOC, and we benefit from unmatched contract visibility and long-term revenue certainty. We have secured \$25 billion in forward contracted revenue, \$20 billion of which is with ADNOC Group. And this position has to support ADNOC's upstream and downstream expansion both regionally and globally. And looking ahead, over 65% of our revenue through 2030 is already contracted, providing strong visibility and confidence in our growth outlook.

Our balance sheet remains strong at 0.74 times net debt to EBITDA, with financial capacity fully secured to grow while maintaining financial discipline. For investors, this is a compelling entry point into a company with strong fundamentals and clear growth visibility. Our contracted revenues, strong outlook and disciplined capital structure make ADNOC Logistics and Services a resilient, growth-driven investment story. And we are not just delivering shareholder value, we are building a platform for sustained growth and global leadership.

At ADNOC Logistics and Services, health and safety and environment isn't just a priority, it's our leading principle. It's the way we plan, perform and measure success across every vessel, port call and project. Today I want to share what those principles look like in practise and the results our commitment has delivered.

We lead with 100% HSE, because our people, our partners and the communities we serve deserve nothing less. We have made consistent, measurable improvements over time with our lost time injury frequency, which has been decreasing from 0.35 in 2017 to just 0.02 in nine months of 2025. That is an extremely compelling indicator of safer operations and stronger control across the board.

Our total recordable incident rate has fallen from 0.65 in 2017 to 0.08 in nine months of 2025, a sustained downward trend that reflects discipline, learning and continuous improvement. And we are continuously active in holding safety campaigns.

ADNOC Logistics and Services, in collaboration with ZMI, successfully conducted the ADNOC Safety Day campaign under the theme, Safe by Choice, Not by Chance, across all sites, reinforcing our commitment to proactive safety culture. The Beat the Heat initiative was also rolled out company-wide, resulting in zero heat-related incidents during the campaign period. With that, I will now hand over to Rahoof to update you in detail on our financial results. Over to you, Rahoof.

Rahoof Khaleel Rahman – ADNOC L&S – Acting Chief Financial Officer

Thank you very much, Captain. Good day to all our analysts and investors joining the call. It's a privilege to present the financial results of ADNOC L&S for the nine-month period 2025. We sincerely appreciate your continued interest and engagement with our company.

I'm pleased to report that our results this quarter showcase the resilience and strength of our business model, underpinned by robust performance across all segments. Group revenue for the first nine months reached \$3.7 billion, representing a 39% year-on-year increase. EBITDA rose to \$1.1 billion, up 30% year on year. Net profit climbed to \$631 million, a 9% increase over the same period last year. In Q3 2025, we have delivered record EBITDA and net profit once again, with EBITDA up 38% year on year and net profit up 20% against Q3 2024.

Integrated Logistics remains the key value driver in the portfolio and has delivered exceptional value growth, with EBITDA up 26% versus the nine months of 2024. Shipping revenues and EBITDA have grown substantially after the acquisition of Navig8, with EBITDA up 39% versus the nine months of 2024. Services EBITDA grew 12% to \$51 million over the same period. Let's move to the next slide. This slide presents something we are particularly proud of, the delivery of value efficiency initiatives across the business to improve profitability in the face of tough market challenges, and we are keen to share with you the updates as we progress and deliver.

In 2025, we set a target to achieve over \$100 million in value efficiencies. I am pleased to report that we have already captured \$80 million in value efficiencies during the second and third quarters alone. These savings were delivered through a combination of operational improvements, cost optimisation and strategic initiatives across the business.

We are building additional resilience into our business, with approximately \$65 million in recurring value efficiencies expected annually from 2026 onwards. Our cost-saving initiatives span across OPEX, financing and project delivery, and we have revenue enhancements, ensuring that we continue to drive sustainable improvement in profitability. Looking ahead, we remain committed to our value efficiency programme, targeting further improvements and embedding a culture of continuous optimisation across ADNOC L&S. Next slide.

Here on this slide, we highlight the exceptional continuing growth. Our revenue increased by 39% year on year to \$3.7 billion, reflecting strong performance across all business segments. EBITDA rose 30% to \$1.1 billion, driven by record material handling volumes and expanded jack-up barge fleet and the successful integration of Navig8.

Net profit reached \$631 million, up 9% from last year, supported by robust operational execution and strategic project delivery. A key highlight worth emphasising in this is the resilience of our financial performance, which has remained robust despite the headwinds from lower shipping TC rates. This underscores the effectiveness of our strategic initiatives, aimed at future-proofing ADNOC L&S and enhancing long-term value creation.

We maintained a conservative leverage profile, with net debt to EBITDA at 0.74x, ensuring ample capacity to fund future growth. These results underscore our disciplined growth strategy, strong cash generation and prudent balance sheet management, positioning ADNOC L&S for continued expansion and value creation. Next slide.

In the first nine months of 2025, ADNOC L&S delivered strong growth across all Integrated Logistics segments. Net profit rose 28% year on year to \$424 million, driven by record material handling volumes and expanded jack-up barge fleet and accelerated project delivery on G-Island and Bu Haseer projects. EBITDA increased 26% to \$635 million, with margins improving to 32%. Offshore contracting EBITDA margin declined compared to Q2 2025. In Q2 2025, we had a one-off EBITDA margin gain from a successful resolution of contractual matters with a key client. Q3 2025 EBITDA was also impacted by shorter operating hours in Q3 due to seasonal weather conditions.

Sequentially, offshore services delivered a fourth consecutive quarterly EBITDA margin increase as our growing fleet benefited from strong demand and increasing day rates. These results underscore our ability to deliver value, optimise contract profitability and maintain high utilisation across our fleet and projects. Next slide.

In Q3 2025, we continued to capitalise on strong logistics demand, achieving record material handling volumes and high vessel utilisation. Our AI-driven optimisation within the Integrated Logistics solutions platform enabled the redeployment of vessels, further enhancing efficiency. We chartered three additional jack-up barges during the quarter, maintaining high utilisation rates despite planned dry docking.

Further, we saw a 15% year-on-year increase in material handling volumes and consistently high utilisation rates across our fleet. Our focus remains on operational excellence and asset optimisation, which helps us drive robust performance. Next slide.

Our offshore services EBITDA is up 25% to \$126 million, and net profit 19% to \$70 million, nine months 2025 versus nine months 2024. We have achieved an uplift in EBITDA and net profit sequentially, by 15% and 26% respectively, reflecting the higher chartering activities on the back of demand and also higher EBITDA margin of 26% for the quarter, reflecting increasing day rates.

The fleet expanded from 67 to 76 assets through acquiring five OSVs and four flat-top barges year on year, enhancing our operational capacity. Vessel utilisation remains strong at 93%, reflecting higher demand and effective asset deployment, despite some dry docking and redeployment.

Further, ADNOC L&S accelerated EPC project delivery, with G-Island construction reaching 95.3% and Bu Haseer progressing towards finalisation within the year. The LNG berth upgrade project also resumed, and is now at 73% completion. Offshore projects grew EBITDA 16% to \$40 million, and net profit 17% to \$30 million. We are still guiding to \$200 million to \$250 million of EPC projects at mid- to high single-digit margins per year going forward. Let's move to the next slide.

Our Shipping segment delivered outstanding results in the first nine months of 2025. Revenue nearly doubled to \$1.48 billion, a remarkable 99% increase year on year, driven by successful integration of the Navig8 tanker fleet. Our EBITDA surged 39% to \$438 million, reflecting not only the benefits of strategic acquisitions but also one-time gains from vessel disposals and new LNG vessel deliveries. While net profit in the Shipping segment reflects higher post-acquisition depreciation charges, we all know that cash flows and EBITDA provide a more accurate lens through which to assess the underlying strength of our investments. I would like to draw your attention to the tanker EBITDA margins illustrated in the graph, starting Q1 2025. These margins are moderated by the significant scale of our relet and sub-charter business from N8, an area that continues to contribute meaningfully to our overall commercial strategy.

The Navig8 platform has expanded our footprint, adding scale and enabling deeper engagement with major trading houses and access to global commercial pools, which provide a natural hedge against spot market volatility and optimises TC performance. We continue to realise meaningful synergies in 2025, and we remain confident in our guidance to realise \$20 million per year of synergies from 2026.

Our gas carriers business delivered robust margins, with EBITDA up 64% and net profit doubling year on year. These achievements underscore the strength and flexibility of our diversified fleet and our ability to capture value in dynamic markets. We remain focused on optimising performance, leveraging our expanded platform and pursuing long-term growth opportunities to deliver sustainable value for our stakeholders.

I'll discuss our gas fleet more on the next slide, but I want to emphasise that the gas segment remains a significantly undervalued part of our business. It consistently delivers strong EBITDA margins, thanks in large part to the long-term contractual agreements in place. Next slide.

This new slide provides information to support the modelling of contracts within the gas fleet and outlines the expected commencement of long-term contracts for newly built LNGs and VLECs with ADNOC Gas and AW Shipping, respectively. The commencement of these contracts will positively impact EBITDA margins. The majority of our gas carrier fleet is secured on long-term contracts, providing ADNOC L&S with stable, predictable earnings and robust cash flow visibility through 2048.

In Q3, we continued our fleet renewal strategy, successfully selling two older LNG vessels, and are progressing five Das LNG vessels to long-term contracts with ADNOC Gas from 2026. Notably, 14 out of 17 owned vessels are now on long-term contracts, underscoring our disciplined approach to risk management and value creation.

These contracts deliver attractive unlevered IRRs and position us to benefit from ADNOC's growth in gas and chemicals. Our contracted revenue base ensures resilience against market volatility and supports our commitment to delivering sustainable long-term value for our stakeholders. Next.

Again, another new slide to provide greater insights to our tanker fleet TC earnings over the period. Tanker rates have been on an upward trajectory since Q1 2025, reflecting a strengthening market environment. While current rates may be below the exceptional highs seen in late 2023 and early 2024, they remain highly attractive, particularly when evaluated against investment thresholds.

These levels continue to support low double-digit unlevered IRRs, making them compelling from a returns perspective. The strength of the market is further evidenced by industry peers accelerating debt repayments and returning significant capital to shareholders through dividends.

The VLCC market continues to show strong momentum, supported by rising demand for seaborne crude oil transportation and a more favourable fleet structure, being very segmented. While geopolitical and trade dynamics introduce complexity, they also create opportunities. OPEC's increased output is being effectively absorbed, particularly by China's strategic stockpiling. We expect Q4 2025 VLCC TCEs to be further up by up to \$35,000 per day compared to Q3 2025.

On the clean product side, while rates were slightly softer compared to Q2 2025, the market remains fundamentally strong. Robust global demand and persistent low inventory levels have driven record high seaborne export volumes. Additionally, ongoing refinery closures and new capacity additions are reshaping global trade flows, contributing to longer term miles and enhancing vessel utilisation, plus tariff agreements between US and China have brought in more certainty to the market now. These dynamics continue to support a healthy outlook for product tankers. Next slide.

Like we split our tanker TCE rates, we have also done the same for our dry bulk fleet. Our dry bulk fleet, though intentionally smaller, plays a strategic role in complementing our core tanker and gas businesses. Operating on support contracts, it provides valuable flexibility to deliver integrated solutions to our customers and positions us to capture upside as market conditions improve.



This quarter, we expanded our fleet with the acquisition of two Handysize vessels, enhancing our capacity and flexibility to meet evolving market needs. Despite some market softness, we maintained high utilisation rates and benefited from our strategic contract coverage.

Our container fleet comprises three feeder vessels under a long-term 15-year contract, servicing up to 70% of Borouge's annual polyolefin production from Ruwais. The \$531 million contract adds stable, long-term revenue visibility to our Shipping segment and reinforces our commitment to reliable, customer-focused operations. Next slide.

Our Services segment continues to be a meaningful growth catalyst for ADNOC L&S. In the first nine months of 2025, revenue increased 7% year on year to \$269 million, with EBITDA rising 12% to \$51 million, and net profit up 21% to \$27 million. This strong performance was driven by higher commercial pool fees and contribution from Navig8's bunkering business.

On the growth side, notably, we signed the landmark 50-year agreement with TA'ZIZ to build and operate UAE's first dedicated chemicals export port, expected to generate approximately \$1.3 billion in revenue over 27 years for us. Completion of this is targeted for quarter four, 2026. This move secures long-term contracted income, expands our onshore logistics footprint and reinforces our commitment to diversified, sustainable growth. The next slide.

Now, this slide, which you might be familiar with, offers a deeper look into the strength and visibility of our long-term contracted revenue base, an essential aspect for investors to appreciate. First, it underpins our financial resilience. With low leverage and strong free cash flow generation, we are well-positioned to invest strategically and capitalise on market dislocations. In fact, periods of volatility can present attractive opportunities to everyone.

Second, it highlights the predictability of our earnings. Compared to industry peers, our revenue visibility is much higher. We encourage you to review our guidance in conjunction with this slide to understand where upside potential exists beyond what is currently captured. Let's move to the next slide.

We continue to execute on our disciplined fleet renewal and asset optimisation strategy. In Q3 2025, we successfully delivered and integrated new vessels across our LNGCs, VLECs and dry-bulk segments, further strengthening our operational capabilities and supporting future growth. Our ongoing investments in modern, efficient tonnage ensure that we remain at the forefront of industry standards, while vessel sales and redeployments have unlocked additional value and enhanced our capital efficiency.

The delivery schedule remains robust, with several new-builds set to join our fleet in the coming quarters. These actions not only improve our environmental footprint but also position us to capture new opportunities in global shipping markets. Next slide.

This slide highlights the increasing visibility and stability of our Shipping EBITDA, with a growing share secured through long-term contracts. Our forward vessel delivery schedule remains robust, with a significant number of new-builds joining the fleet through 2029 and beyond, supporting our growth ambitions.

The majority of our gas carriers, including Ruwais and Das LNGCs, VLGCs, and VLECs are secured on multi-year contracts, extending as far as 2048, delivering stable earnings and attractive unlevered IRRs. This disciplined approach to contracting shields us from market volatility and ensures a steady cash flow base, which our board members often refer to as infra-grade investments with AA-rated clients. Next slide.



ADNOC L&S continues to demonstrate robust cash flow generation and a strong financial position. For the first nine months of 2025, operating free cash flow approached \$1 billion, reflecting our ability to convert strong EBITDA delivery and working capital improvements into tangible results. Our net debt-to-EBITDA ratio remains conservative at 0.74x, providing ample headroom to fund future strategic expansion.

During the quarter, we further optimised our capital structure by repaying a portion of high-cost Navig8 loans, in line with our interest cost optimisation strategy. We expect to save \$4 million in interest cost per quarter going forward through this action. Our effective tax rate has also improved, reducing to less than 1% on international shipping and approximately 6% overall. Next slide.

This slide outlines how we are strategically funding our multi-year growth agenda, balancing both organic and inorganic investments, while maintaining leverage comfortably within our target range. We plan to deploy approximately \$7 billion in CAPEX through 2028, focused on fleet expansion and strategic investments.

We are targeting low double-digit unlevered IRRs on growth projects and a high single-digit unlevered IRR on long-term contracts. Importantly, we have over \$3 billion in additional growth projects in the pipeline. These are not yet reflected in our P&L projections, offering meaningful upside optionality. Despite this robust investment programme, we expect to maintain net debt to EBITDA within our 2x to 2.5x range, preserving ample balance sheet flexibility. Our funding strategy, supported by high cash flow visibility, hybrid capital instruments and structured debt, ensures we can pursue growth without compromising financial strength. Next slide.

Our segment-level guidance remains consistent with the previous earnings release, where we had upgraded expectations across several areas. And people are very familiar with this slide, so I'm not going through much on this. Next.

We remain firmly on track to deliver high 20% year-on-year revenue growth in 2025, followed by low single-digit growth thereafter. EBITDA is expected to grow by mid-20% year on year, with a mid- to high single-digit CAGR over the medium term.

Net profit is guided to grow by low to mid-double digits year on year, with mid- to high single-digit growth thereafter. This reflects the exceptional momentum we are seeing in 2025, supported by disciplined execution and a resilient business model.

Our average all-in finance cost has improved to 5%, down from 6%, reflecting proactive balance sheet optimisation. For reference, our senior unsecured facility is priced at SOFR plus 95 bps, and our hybrid capital instrument at SOFR plus 125 bps, with the latter having no impact on reported earnings. Our effective tax rate remains stable, approximately 9% for Integrated Logistics and below 1% for commercial shipping.

Finally, as announced at the investor Majlis, we have increased our 2025 dividend to \$325 million. From this new base, we are committed to delivering 5% annual dividend growth, with quarterly distributions going forward. Thank you all for your continued support and confidence in ADNOC L&S. With that, I'll now hand the call back to Captain Abdulkareem.

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

Thank you, Rahoof. This has been a defining moment for ADNOC Logistics and Services, and our strategy is delivering, not just in numbers, but in building a future-ready business. The record-breaking performance in the nine months of 2025 is proof that our vision that is set out at our IPO is working and that we are creating sustainable, long-term value for our shareholders.

And we are not just standing still. With a strong balance sheet and the confidence of our stakeholders, we are ready to invest up to \$3 billion to accelerate growth and capture new opportunities. The journey ahead is exciting, and together we will continue to lead, innovate and shape the future of energy logistics. Thank you again for joining us today, and I will now ask the moderator to open the call for Q&A. Thank you.

Q&A Session:

Faisal AlAzmeh

Hi and congratulations on the strong set of numbers. I have two questions on my end. The first relates to the guidance for the year. When looking at what you've highlighted in terms of maintaining guidance for the full year, it does imply a very soft Q4 relative to Q3. Is there anything that we should think about when it comes to that, or is it just a conservative approach to numbers?

And I would say probably given the pipeline of growth that you have, in terms of also when looking at the medium-term growth prospects, how should we think about the upside risk when it comes to the logistics business? What are the areas that can drive some of that guidance higher in the medium-term as well? Thank you.

Rahoof Khaleel Rahman

I'll take this question in parts. So the first question was around the 2025 Q4 guidance. Now, anyone looking at this business can understand that Shipping is going up. VLCC and tanker rates have been exceptionally strong, and our guidance is partially, I would say, conservative. But anyone would understand that we would close \$1.45 billion in EBITDAs, so with the strong Shipping support.

Now, on the offshore logistics side, we foresee that business continues as usual, plus we are trying to get in more volumes transported through a lesser number of vessels. So in essence, what we have been trying to guide you, all analysts, is around EBITDA. You are all hitting whatever we also intend to. But you all have not been factoring for the additional depreciation on the net income side, which is actually an accounting impact, that's what we would see, in a normal acquisition. And you'd be seeing it in all companies across the globe when they do acquisitions.

So on Q4, you need to be careful on the net income to, say, factor the additional depreciation. And interest costs, we have saving on interest cost now as we go forward. So it's primarily on depreciation that you need to be careful, and that's it. So we're not guiding down on EBITDA. We're not guiding down on net income as well. And we wanted to maintain that conservative approach. That's it on the first question.



Now, if you ask about the medium-term guidance on Integrated Logistics, look, our strategy has been to grow around ADNOC. So if ADNOC increases its production of crude, or whether it be gas, exploration of crude and gas, whether it's investments in gas, whether it's investments in oil which ADNOC plans, we'll definitely be having upside.

Now, we know about ADNOC's plans for P5 and P6, which will be driving growth for our Integrated Logistics. Further, all these NOCs within this region have already factored in for maybe \$55 to \$65 per barrel for oil. So it's a bullish market. And when we work with our consultants, and we also know from our intelligence, we're guiding up on the medium-term, and it could go more than what we have put up on our slides.

Giuseppe Villari

Hi. Thanks for taking our questions. The first one is on daily rates and margins for the gas segment. We know that the contracted fleet that is going to join your gas carriers is contracted at higher day rates. So what do you think will be the impact in the medium term to blended daily rates and EBITDA margins?

And then, secondly, on offshore projects, you're due to complete G-Island and the other projects this year. So what do you foresee for next year? Do you have any specific project in the pipeline? And what do you think the financial contribution will be? Thanks.

Rahoof Khaleel Rahman

So your first question was around daily charter rates and EBITDA margins on the gas fleet, especially going forward on the VLECs and on the LNGCs. Now, anyone who's familiar with this business would know, and especially when we are targeting an IRR of around, say, high single digits to low double digits, EBITDA margins would be anywhere around, say, 75% to 80%, because if you look at any of the competitors, you would straight away get the OPEX around that.

Now, I don't want to guide you on the day rates. We will be publishing that as and when we enter into those contracts in the quarters. But I think you have a fair understanding about where the EBITDA lands. Now, on the EPC projects, may I give this question to CEO.

Abdulkareem Al Masabi

EPC projects, of course, you all know that we have landed on the G-Island project. That was the biggest EPC project that we have taken. Going forward, of course, we are eyeing projects of a similar nature, maybe not similar value or size. However, anything that is related to... That will have a marine spread between 30% to 50% marine spread, we're always eyeing these projects.

I don't expect, in the short term, that we will be landing on similar projects, because we don't want to be a big player in the EPC market rather than being a player in the projects where they yield big, let's call it, marine spread, that have big utilisations for our jack-up barges, for our boats. But if it is not tying up with our strategy, then we are not pursuing. We cannot be perceived as an EPC contractor as per se.

So we've always been very, very selective when it comes to EPC projects in terms of how will it tie up with our strategy. Anything that has high utilisation of marine spread, we're always going to go for it. But if it is not, then we don't go for these projects.

Abhishek Kumar

Thank you very much, and congratulations on a great quarter. My question is around, first, the \$3 billion of additional CAPEX that you have mentioned. What should we think about that in terms of timing of those CAPEX and the resultant growth coming out of that, and in terms of segments, where you are intending to deploy that CAPEX? That's first.

And second, G-Island project is going to come to an end in the fourth quarter, so there would be a margins release, etc. So how should we think about the margins for that particular offshore project during the fourth quarter, given the project is coming to a close? Thanks.

Abdulkareem Al Masabi

So it's called the CAPEX capacity or the investment capacity, that we have announced before that we have in excess of \$3 billion. These would be similar expansion projects that have been already accomplished. So whether it be through adding more vessels to the fleet, basically to strengthen our position within the market, acquiring more market share, or through M&As or JVs, we are always looking at opportunities that are presented to us, or we are exploring opportunities that can grow in the Integrated Logistics.

I think this is a very, very important thing, to continue growing in the Integrated Logistics, given the position that we have within the region, and globally as well, but also adding some more vessels, whether it be the LNG vessels in the gas sector and, of course, any opportunities through an M&A or JV as well to continue expanding our footprint across the globe.

Today, I can tell you that we are very, very strong in terms of our presence globally, our geographical presence spanning from west to east across all major cities. And I think we do have very good opportunities, given the diversification that we have within this business. The second question?

Rahoof Khaleel Rahman

I'll take the question. Yes, exactly. So G-Island margins or the EPC margins, as you know, always hovered around 7% to 8%. Now, if you are looking at the margin impact on the full offshore logistics segment, of course, yes, the current margins which you see around 30% would go up to 40% once this project ends.

But then, if your question is specifically around whether there were, say, contingencies built up within this project's profits, say, we have been following IFRS in strict terms. So in essence, we have not been hiding profits under the carpet in any sense.

So all margins within the business continue to 7% to 8% margin, and we are happy that we delivered it. And we continue to deliver it at the 7% to 8% margin, keeping the margins intact, though, separately, we have benefited from the project in our offshore logistics side, giving vessels to the project, plus selling bunkers as well.

Ildar Khaziev

Thank you so much. My question is about exposure to the spot VLCC rates. I think during the call, you mentioned that you expect an increase of about

\$35,000 per day for the fourth quarter. And that, I think, implies about \$70,000 on average, and compares to a spot of \$90,000-100,000 at the moment. Is that just you being conservative, or there is an effect of mix in your contracts? Maybe there are some long-term contracts. I've seen that you have been chartering out vessels for two years at \$40,000-50,000. So how should we think about your spot exposure to VLCC rates? Thank you.

Abdulkareem Al Masabi

I think you need to look at the mix of it. We have secured long-term charters for two vessels, of course. That is known. But at the same time, when you look at the spot rate, it doesn't mean that all vessels are actually earning the same rate as the spot rate, because some of them are actually already engaged in long voyages, so they might catch it, they might not catch it. So we always look at the average, basically, over a period, and hence why we are giving this guidance in terms of average rates.

But it's difficult to catch up these high cycles sometimes when they only take two weeks, three weeks. A VLCC voyage sometimes takes over 40 or 45 days. So in order for it to catch this cycle, sometimes you do, sometimes you don't. But we are always looking at the average, basically, and hence why we are giving the guidance on that front.

Rahoof Khaleel Rahman

So to add onto that, at any point of time, almost 66% of your vessels are already fixed Or your order book is already filled. So in that case, what happens is much of these current fixtures would move into the next quarter. So some benefit from the current rates which you are seeing would also shift into the next quarter Q1 2026.

Abdulkareem Al Masabi

Correct, either December or maybe starting next quarter, basically.

Ahmed Eshaqi

I had a follow up to one of the previous questions about the additional \$3 billion of investments. Is there any timeline for these incremental investments? And one more question about the outlook for both the VLCC rates and the Integrated Logistics day rates. Is it sustainable, and should we expect these rates to remain strong, at least in the near term, or is it event driven?

Abdulkareem Al Masabi

Okay. So the \$3 billion, I think I've already answered it. But again, this is the investment capacity or the what's called CAPEX capacity that we have in our hand today, given all of these financing arrangements that we've done through HCI or other means of other instruments. So when we say we have \$3 billion ready capacity, that means we will always be eyeing the opportunity, just similar to what we have done in the past, either through growing our fleet in the Integrated Logistics or in the Shipping, or also through the JV and M&A.

So we are eyeing opportunities in all of the above, basically, and definitely we are going to continue basically in our sustainable growth. Any acquisitions or anything need to basically tie up with our long-term strategy and has to be basically supporting our mandate.

When it comes to the VLCC rates, for example, these are supported by some fundamentals today. If you look at the expansion in terms of volumes, either through OPEC or OPEC+, this is adding more volumes into the market, so again, more requirements for VLCCs. And also, if you look at the rate of new building versus the supply and the demand of the number of vessels in the market, again, that gives you an indication that hopefully that's sustainable, a positive, bullish market in the VLCC.

Also, the geopolitical situations, they might impact them briefly, but again, we don't see that this will... Because if you look at the grey fleet or the shadow fleet, as we call it as well, this actually absorbs a lot of tonnage capacity. We also look at the ton miles travelled by vessels as well. And the increase of the demand, for example, from new export countries like Guyana or like in the Gulf of Mexico, all the way to China, that absorbs some good capacity of VLCCs.

So we are still bullish about the VLCC market, I think, in the medium term, and looking at the supply and demand of vessels versus the market requirement. And potentially maybe OPEC and OPEC+ may still continue to increase the volumes, so we're still positive about this market going forward.

And the logistics, I think, just to answer you, for us, it's always about looking at the oil prices versus if the IOCs or NOCs will continue their, basically, investments in terms of new volumes, upgrades, new gas projects, all of which we are seeing that there are still good, positive signs actually, especially here in the Gulf, one of the hottest markets in terms of projects or EPC projects. And this gives us a good indication that at least in the medium term, some of these projects will continue for three years, four years. So there is still a big demand for integrated logistics services.

Also, if you look at the supply side as well, in terms of vessels in this market, the PSVs, OSVs or platform support vessels, all of which are short in terms of supply, not a huge building programme that is happening today in terms of supply for these units, hence we are still positive about the market, at least for the medium term.

Mohamed El Messiry Hi, thank you for the presentation. I just wanted to touch base again about the tanker rates. Given that we have news in the market that tanker rates are already rising, beginning of September, the end of September, sorry, do you mind giving us a sense of how are you feeling in terms of... Just given that we're already halfway through the fourth quarter? And what percentage could we expect compared to the previous quarter, for instance, and how did it match up till now? Thank you.

Abdulkareem Al Masabi

I think if you look at the tankers, we need to be also careful in how we look at tankers. There is the medium range size, the MR side, there is the LR side, the product tankers, the chemicals and also the VLCC. The biggest increase that we have seen actually, or the biggest jump, has happened in the VLCCs versus the others. Yes, the LR2s and the MRs as well have increased, but not to the same extent as the very large crude carriers, the VLCCs. The biggest increase was in the VLCCs. And you know the number of vessels that we have.

So again, there will be impact, of course, positive impact. But when people say that's a huge impact from tankers, the majority of our tankers actually fall within the product tankers, within the product size of the range of tankers. So yes, we will see some good impact, but not in all, I would say, tanker fleet, and the majority of our tankers are actually in the LRs. Yes, there has been some positive uptick, I would say, in rates, but not to the same extent as the VLCCs.

And usually, these roll over to maybe two months to three months, and even to the extent that it may fall, the benefit of these ones, to the first quarter of 2026, given the long voyages that we are seeing within these vessels. Sometimes it takes over 45 days just to complete one voyage. So you will see these benefits either in December or maybe even in the first quarter of 2026.

I think if you are trailing the VLCC markets, at one stage it has almost doubled. Of course, it depends whether you catch up that moment, or you don't catch up that moment. Usually, it's momentarily reaching up to 90,000 sometimes, and it falls back all the way to 70,000. But the voyages is what matters, and what time are you catching up these. But again, as I would say, you will see them actually either in December or the first quarter of 2026.

Operator

Thank you. At this time, we currently have no further questions, so I'll hand back to the management team for any further remarks.

Abdulkareem Al Masabi

I think I would like to thank everybody for participating today. Again, we are continuing to deliver very strong results. And the main thing, actually, about ADNOC Logistics and Services is the resilient platform that we have created. Well, with all of these long-term contracts and the great visibility that we are seeing from a cash flow perspective, our operating cash flow, as you've seen it in the Q2 as well, has been extremely positive.

Our upgrade of dividend policy, I think that has been extremely positive as well. The incremental 3% free float, which actually entitled us to join the MSCI on 5th November, potentially trading on 25th November, which actually may yield another between \$200 million and \$250 million in terms of passive inflows into the share price, increases liquidity of share price. I think today, at any stage, we are over \$12 million at any given time, and I think this gives very good opportunities for new investors, basically, to join us in our great, actually, growth story.

The one thing, as well, is that we are continuing to grow. You've seen the massive growth within ADNOC. And I think we are always growing with ADNOC and its group companies. The energy sector as well, there is a huge growth globally, and we are a company that is not tied up to any local or region, but we are a global company today. We are one of the largest companies in the energy market and logistically. Thank you very much for joining us again, and I wish you a very good day.