أدنوك للإمداد والخدمات
ADNOC LOGISTICS & SERVICES

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Corporate Participants

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

Hugh Baker – ADNOC L&S – Chief Financial Officer

Thomas Backmann – ADNOC L&S – VP Investor Relations

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

Thank you, Ali, and hello, and good afternoon to everyone, and welcome to the ADNOC L&S Earnings Call for the full year 2025. My name is Thomas Backmann, and I'm the Vice President, Investor Relations here 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 with us for today's call.

By now, you should have received the full year 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 #2 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. Hugh Baker, 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*

Good afternoon, everyone, and thank you for joining us today.

It’s a privilege to present these exceptional results: In 2025, we achieved a record-setting full year performance, surpassing market expectations across all three key metrics and clearly demonstrating the robust strength and resilience of our business.

Revenues exceeded $5 billion dollars, representing a 41 percent increase over 2024. EBITDA rose 32 percent year-on-year to $1.5 billion dollars, while net profit grew 14 percent to USD 863 million dollars. In Q4 2025, revenues increased by 35 percent, EBITDA rose 39 percent, and net profit grew 29 percent to $232 million dollars year over year.

The company generated $1.4 billion dollars in operating free cash flow, reflecting strong cash conversion through effective cost management and working capital control. This performance enabled us to increase dividends at the recent Majlis, and provides more consistent quarterly returns for shareholders.

Our capital expenditure for 2025 was approximately $2.3 billion dollars, primarily allocated to the Navig8 acquisition, and ongoing vessel deliveries and associated completion costs for vessels delivered during the period as well as those scheduled for delivery in the coming years. Additionally, we continue to invest in our Integrated Logistics segment and have expanded our fleet with 7 Offshore Support Vessels and 5 Flat-top Barges welcomed into our fleet.

The year 2025 was a true milestone, marked by a series of bold and transformative achievements: we proudly executed the strategic acquisition of Navig8 – which as our platform for growth within our

Shipping segment, has driven remarkable growth and delivered outstanding results—outcomes that should truly excite our shareholders.

We successfully secured and deployed our $2 billion dollar Hybrid Capital Instrument and significantly expanded our free float. Our inclusion into the MSCI Emerging Market Index underscored our growing international prominence. We also forged a groundbreaking 50-year partnership with TA'ZIZ to establish the UAE's very first port dedicated to exporting diversified chemicals—further securing additional contracted Revenue at very high EBITDA margins. To top it off, we further rewarded our shareholders by enhancing our dividend payout – increasing it by approximately 20% to US$325 million dollars for 2025. These accomplishments demonstrate our ambition, leadership, and unwavering drive to deliver value to our shareholders and shape the future of our industry.

I would like to bring to your attention a couple of recent developments we are excited to announce already in this quarter. We have secured a revolving credit facility with ADNOC for US$2.0 billion dollars with a US$600m dollar uplift, at highly competitive rates of SOFR + 80bps. This facility replaces the unsecured senior corporate term facility and the revolving credit facility established with our parent company in 2023, which amounted to $1.5 billion and $400 million, respectively. This new facility provides even more favorable terms that will be utilized to support our growth ambitions.

We recently sold the Leicester, a 2017 VLCC, for $111 million dollars, earning a $27 million dollar gain from our 90% stake. Our eight wholly owned VLCCs now average just six years old—among the youngest worldwide.

Turning to slide 5

Our competitive advantage comes from our strategic partnership with ADNOC as it expands globally. As ADNOC's leading energy logistics provider, we benefit from secure long-term contracted revenue streams with growing EBITDA margins. We have secured $25 billion dollars in future contracted revenue, with $21 billion dollars coming directly from ADNOC. Over half of our revenue in 2026 is already contracted, providing resilient growth and the ability to better plan and optimize our assets.
We look forward to five of our LNG vessels commencing contracts with ADNOC Gas beginning from April 2026– with four on 15-year contracts and one on a 7-year contract.
Additionally, each time one of our nine VLECs are delivered, they commence 20-year contracts with Wanhua Chemicals. These contract commencements are expected to continue to contribute to the ongoing growth of EBITDA margins in our Gas Carrier segment.
We continue to demonstrate financial discipline despite our rapid growth, with our balance sheet showing a further reduction in our Net Debt to EBITDA ratio, down to 0.46 times, because of these excellent financial results.
For investors, this is a compelling entry point into a company with strong fundamentals and a clear growth trajectory.
ADNOC L&S stands out as a resilient, growth-focused investment due to its strong contracted revenues, optimistic outlook across all our segments, and disciplined capital structure.
We are not just delivering shareholder value we are building a platform for sustained growth and global leadership.

Please turn to slide 6
We set a very high standard for Health, Safety, and Environmental performance, and have achieved outstanding HSE results in 2025 due to our strong safety culture and commitment to protecting people, assets, and the environment.

The company reported zero fatalities, marine vessel incidents, or fires, along with a significant reduction in LTIF down 73 percent and TRIR down 57 percent, despite a 20 percent increase in hours worked. Environmental performance also improved, with a 56 percent reduction in carbon intensity since 2019 due to proactive initiatives. These achievements have earned ADNOC L&S multiple industry awards. The ongoing improvements reflect our strong governance and a unified commitment to excellence across the organization.

Now, Hugh will provide a detailed update on our results.

Hugh Baker – *ADNOC L&S – Chief Financial Officer*

Thank you very much, Captain Abdulkareem, and thank you to all the analysts and investors joining us on this call. As this is my first time speaking with many of you, I'd like to briefly introduce myself—I'm honored to serve as CFO of ADNOC L&S. I'm truly excited to be part of this incredible company, especially at such a dynamic time in our journey. The progress and momentum I've seen so far are remarkable, and I'm optimistic about our strong growth outlook and the opportunities ahead. I look forward to sharing more about our achievements and future plans with you today, and I look forward to speaking with you all more in the future.

Please turn to slide 7.
We are pleased to report record results across all three of our segments for the full year 2025, reflecting the ongoing resilience of our business model despite challenging market conditions. Integrated logistics continues to be a primary value driver within our portfolio, achieving notable growth with EBITDA increasing by 21% compared to 2024 and accounting for 55% of total EBITDA. Following the acquisition of Navig8, shipping revenues and EBITDA grew significantly, rising by 122% and 56% year-over-year, respectively. Services EBITDA increased by 8%, reaching $60 million dollars during the same period.

Turn to slide 8
In early 2025, we set a goal to achieve more than $100 million dollars in value efficiencies. I'm pleased to share that we have surpassed this target with $119 million dollars saved in 2025. These results came from streamlining logistics and services, using technology and AI to lower unit costs and boost material handling volumes, adding vessel charters for offshore logistics to increase revenue, optimizing shipping manpower, and refinancing higher cost debt.

We have expanded our recurring value efficiency target from $65 million dollars to $90 million dollars from 2026 to 2030. We expect to achieve this target through lower cost financing, Navig8 synergies, manpower efficiencies, disciplined capital management, the adoption of advanced technologies and AI to streamline operations, enhanced material handling processes, strategic vessel redeployments, and continued optimization of logistics and service workflows, among other ongoing initiatives designed to maximize operational and financial performance.

Turn to slide 9
We achieved a 41 percent year-on-year revenue increase, reaching $5 billion dollars, with strong results across all business segments. EBITDA grew by 32 percent to $1.5 billion dollars, due to record material handling volumes in integrated logistics, a larger jack-up barge fleet, and successful integration of Navig8.

However, full-year 2025 margins dropped by 200 basis points to 30 percent, mainly due to challenging shipping rates throughout most of the year. In contrast, quarterly EBITDA margins rose by 400 basis points to 33 percent, thanks to higher LNG and tanker TCE rates.

Net profit climbed 14 percent from last year to $863 million dollars, driven by solid operational performance and strategic project execution. Notably, our financial resilience continues despite lower shipping TC rates, supported by robust integrated logistics operations. This highlights the effectiveness of our strategic measures to future-proof ADNOC L&S and boost long-term value creation.

Our balance sheet remains strong, maintaining conservative leverage—with our net debt to EBITDA at 0.46x—providing significant capacity for future expansion. We are dedicated to optimizing capital allocation for growth, demonstrated by our recent signing of a revolving credit facility with ADNOC for US$2.0 billion dollars with a US$600m dollar uplift, at highly competitive rates of SOFR + 80bps, and we have fully utilized our $2 billion dollar Hybrid Capital Instrument to support upcoming investments. With healthy operating free cash flow and careful balance sheet management, ADNOC L&S is well-positioned for ongoing growth and increased value.

Next, we will discuss slides 10 to 13 on our Integrated Logistics businesses.

We achieved significant growth, notably in Offshore Contracting and related services. Net profit increased by 21 percent year-over-year to $544 million dollars, primarily driven by record material handling volumes, an expanded jack-up barge fleet, and higher charter rates.

Consistent strong logistics demand in 2025 was reflected in robust material volume growth, which rose 21 percent year-over-year. Vessel capacity rose by 40 percent due to container redesign to enable double-stacking and the integration of AI. This substantial increase created the flexibility to redeploy four vessels from Offshore Contracting to our Offshore Services fleet. These results demonstrate our ongoing pursuit to maximize profits and maintain strong utilization rates throughout our fleet.

Offshore Contracting reported an EBITDA margin of 43 percent at quarter end, while Offshore Services reached a peak EBITDA margin of 30 percent during the same period – our 5th consecutive quarter of EBITDA margin expansion.

In the fourth quarter - billing delays at G-Island temporarily impacted our Offshore Projects EBITDA, resulting in a 48 percent year-over-year decline. Both the Bu Haseer and LNG Berth upgrade projects are making steady progress. Looking ahead, we anticipate these projects to contribute positively, with expected revenue guidance of $100–150 million dollars in 2026.

Overall, our Integrated Logistics segment remained strong, with the EBITDA margin increasing by 300 basis points year-over-year to reach 33 percent in 2025.

Turn to slide 14
Our Shipping segment achieved record revenue up 122 percent and EBITDA up 56 percent year-over-year, mainly due to the consolidation of the Navig8 tanker fleet from 1Q 2025 and higher fourth quarter tanker rates. In our first year with the Navig8 platform, we have seen strong results and benefited from the increased scale this platform provides, as well as realizing profits of over 20% of the acquisition price of US$999 million dollars – showing our ability to make value accretive acquisitions.

Results were also boosted by one-time gains from selling a medium gas carrier, the customer termination for one of our older LNG vessel contracts, and additional earnings from new LNG and VLEC vessels. Net profit was slightly reduced by an extra US$54 million dollars in depreciation and financing costs attributed to the Navig8 acquisition. We expect another US$44 million dollars of depreciation in 2026.
Please turn to Slide 15

Tanker rates for all vessel categories reached their lowest point in the first quarter, subsequently demonstrating improvement over the following periods. In the fourth quarter, our TCE earnings reflected positive momentum, notably through higher spot rates within our VLCC fleet, driven by a substantial increase in rates during this timeframe.

The current product tanker and crude tanker markets are exhibiting strong fundamentals, supported by robust demand for end users to secure compliant seaborne transportation and ongoing geopolitical tensions. In the crude sector, market strength is further enhanced by a notable shift towards fleet consolidation, a development driving higher secondhand asset prices and positively influencing vessel availability and freight rates.

We maintain significant exposure to the spot market and are leveraging the current elevated rate environment, as well as increased demand from our customers, to secure additional long-term contract coverage. I will elaborate further on this strategy in the subsequent slide. As there is often a delay in capturing rising freight rates, we anticipate that these favourable rate trends will continue to underpin strong earnings through the first half of 2026.

Please turn to slide 16
This updated slide offers enhanced clarity regarding our current portfolio of vessels chartered out to customers under long-term charter agreements. Through leveraging favorable spot market conditions and robust demand from blue-chip customers to secure efficient and compliant vessels, we have successfully chartered out additional tankers at highly competitive rates and further increased our long-term contracted revenue. We remain committed to maintaining a modern tanker fleet that is largely exposed to the spot market, reflecting our positive long-term view on the tanker segment.

Turn to slide 17
I remind you that this slide provides valuable information to support the modelling of contracts within the Gas fleet and outlines the expected commencement of long-term contracts for our newly built LNG and VLEC vessels with ADNOC Gas and AW Shipping respectively. VLEC vessels commence their 20-year contracts on delivery of the vessel, while four of our LNG vessels will commence 15-year contracts and one will commence a seven year contract - all with ADNOC Gas from April 2026. As mentioned earlier, contracts for both vessel types will provide meaningful EBITDA contribution and support further expansion in EBITDA margins.

We celebrated the delivery of Al Sadaf during the fourth quarter, which is the latest of our newbuild LNG vessels, as well as Minjiang which is the second of nine Very Large Ethane Carriers to be delivered and subsequently went on contract within our Joint Venture – AW Shipping.
Currently, 15 out of 20 owned Gas vessels are on contract as shown in the slide, and four newly delivered LNG vessels and the Molten Sulphur vessel operate under spot contracts.

Turn to slide 18
During the year we have made strategic developments with the addition of two second-hand Handysize vessels which were added to enhance flexibility, while long-term feeder contracts and the 15-year strategic agreement continued to support Borouge's expanding container operations between Al Ruwais and the UAE's deepwater ports.

Given our container fleet operates on a 15-year contract, it was the challenging market conditions in our dry bulk fleet which has resulted in a significant drop in Dry Bulk & Container net profits to US$11 million dollars. We remain constructive on the dry bulk sector and maintaining our fleet which gives us the capability to provide an integrated customer solution while positioning us to capture upside when dry bulk rates recover.

Please turn to slidie 19
In our Services segment we made a full year profit of US$27 million dollars up 6 percent year-on-year. We made steady progress throughout the year while successfully integrating Navig8's bunkering business and commercial pooling.
Our fourth quarter results were impacted by lower volumes generated from petroleum port operations due to upgrades and maintenance and other one-off costs.

In 2026, we look forward to delivering the UAE's first chemical export port – with completion targeted for 4Q 2026. This project secures long-term contracted income, expands our onshore logistics footprint, and fully integrates chemical exports into ADNOC's supply chain, and is projected to deliver revenue of USD 1.3 billion dollars over the first 27 years – with EBITDA margins averaging over 80% over that period.

Please turn to slidie 20
Slide 20 is to provide a deeper insight on our long-term contracted activity.

In our Integrated Logistics business: The first pie chart shows 76% of 2026 revenue is contracted with the vast majority of this being Offshore Contracting revenue related to our ILSP contract with ADNOC. Additionally, Offshore Contracting and Offshore Services contracts are also highly contracted such as jack-up barges and other vessel types which typically run for one to three years and 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 58% that we show in 2027-29.

Focusing on Shipping, most of our gas fleet is under long-term contracts, with more vessels set to join ADNOC Gas and AW Shipping contracts soon. Our 53 tankers mainly work in the spot market, but as mentioned in a previous slide, we have secured additional long-term contracts at attractive rates which is being reflected here. However, our tanker fleet will continue to be a majority spot business given we expect to benefit from a favorable spot market, supported by the strong demand and supply trends mentioned earlier.

In Services, long-term contracts—such as Petroleum Port Operations (until 2045), Oil Spill Response (until 2041), Onshore Warehousing (until 2046), Borouge Container Terminal (until 2040), and the new TA'ZIZ chemicals export port (up to 50 years)—provide significant business visibility, with 87% contracted through year-end.

I would like to reiterate that during the remaining 2026 approximately 53% or $2.5 billion dollars of L&S's revenues are securely contracted, and while this ratio is currently 44% from 2027-29, we expect this to increase as Offshore Contracting and Services contracts are renewed as explained previously.

Please turn to slide 21
We continue to make strategic asset purchases within Integrated Logistics to support the higher demand we are experiencing throughout the business.
In the quarter, we purchased three Offshore Support Vessels and one Flat-top Barge to provide additional capacity to our Offshore Services segment which continues to experience significant growth in material handling volumes.

For those of you with a sharp eye – you will see the addition of a Molten Sulphur vessel which is currently under construction and scheduled to be delivered in 4Q 2027. This vessel is to replace our current Molten Sulphur vessel "Janana" which is approximately 33 years of age.
As you can see, we are poised for significant fleet growth over the next few years, with a robust schedule of newbuild vessel deliveries driving our substantial fleet expansion. The majority of the 22

newbuild vessels will be tied to long-term contracts which will provide us with additional resilient high-margin EBITDA.

Turn to slide 22
At the top of this slide, it highlights our Shipping EBITDA spot exposure as a percentage of our total ADNOC L&S EBITDA.
For 2026, it shows a marginal decrease in our Shipping EBITDA spot exposure, this is due to the increased long-term chartering of our Tanker fleet as discussed in a prior slide – despite higher MSI base rate forecasts, which serve as a conservative basis for our future Shipping earnings.
On average, we expect Shipping EBITDA spot rate exposure accounts for only 26% of ADNOC L&S's total EBITDA across the next four years.

Turn to slide 23
ADNOC L&S continues to demonstrate robust cash flow generation and a strong financial position. For the full year, operating free cash flow was $1.4 billion dollars, reflecting our ability to convert strong EBITDA delivery and working capital improvements into tangible results. Our net debt-to-EBITDA ratio remains conservative at 0.46, providing ample headroom to fund future strategic expansion.
While the opportunistic and disciplined sale of our VLCC vessel – Leicester has netted us additional cash into what is a comparatively unlevered balance sheet – we are – as I will discuss in the next slide - very active in finding additional ways to utilize and invest our strong cash position to generate higher growth and reward shareholders.
In 2026, we secured a $2 billion dollar unsecured corporate revolving credit facility with ADNOC Group priced at SOFR + 80 bps. This facility has the ability to be upsized by an additional $600 million dollars and it replaces the unsecured senior corporate term facility and the revolving credit facility established with ADNOC in 2023, which amounted to $1.5 billion dollars and $400 million dollars, respectively. A reminder that our effective tax rate is under 1% for international shipping and roughly 6% overall.

Turn to slide 24
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 are committed to deploy approximately $7 billion dollars in CAPEX through to 2028, focused on fleet expansion and inorganic investments.
Importantly, we have over $3 billion dollars in additional capacity for growth.

This is not yet reflected in our guidance, offering meaningful upside. However, we are very much looking forward to announcing investments that will allow us to deploy this capacity effectively—as we remain a growth stock. We are currently assessing a number of initiatives that we expect to close during the course of this year, with activity weighted more toward the earlier part of the year rather than being back end loaded, while actively studying fleet requirements of our key partners of which ADNOC L&S is a leading beneficiary of their CAPEX expansion plans.

As you know, we remain committed to maintaining our two thirds to one third integrated logistics mix because our core business is as an Integrated Logistics company. Investments are likely to be focused on both onshore and offshore logistics. We continue to view the GCC as our home market, while actively identifying opportunities to further expand our global footprint if these opportunities present and our strict investment hurdles are met. Our strong balance sheet and high-performing assets put us in an outstanding position—any CFO would want to be in this position. Get ready for more big growth moves as we leverage our financial power to fuel expansion.

The bottom left of the graph shows debt excluded from our balance sheet: the entire $2 billion drawn from Hybrid Capital Instrument in 2025 and additional off-balance sheet debt for VLEC & VLAC newbuild capex costs (counted at 50% in the AWS JV).
Despite this robust investment program, 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.

Turn to slide 25
This is the first time we have given specific guidance for 2026.
So, on Integrated Logistics, revenues are a mid—teens reduction, and EBITDA is flat year-on-year. This is a result of a significant reduction in EPC project revenue – which we now guide to US$100–150 million dollars in 2026. In the mid-term for Integrated Logistics, we have a low-single-digit reduction in revenue but delivering a low-single-digit growth in EBITDA – for the same reasons previously mentioned.

In the shipping sector, we anticipate flat year-on-year revenue growth due to our Relets business transitioning to a separate Joint Venture during the latter half of the year, and it will then be consolidated at the EBITDA level. This Relet involves sub-chartering a vessel which is characterized by a very low EBITDA margin. Consequently, we expect a substantial increase in EBITDA margins and high single-digit EBITDA growth on an annual basis. Revenue, during the mid-term, we expect low to mid-single digit growth, and high single to low-double digit EBITDA growth.

In Services, we have high-single-digit year-on-year growth in revenue, and we're projecting mid-20 percent year-on-year growth in EBITDA. In the mid-term, we guide for low-double-digit growth in revenues, and mid-to-high-teens growth in EBITDA.

Effectively our guidance has strengthened due to the higher base year, following our outperformance in 2025. Our base year for our guidance remains 2025. 2026 is a transition year, not a peak. The underlying earnings power of the business is still rising, and the medium-term outlook has strengthened, not weakened. Shareholders benefit from a combination of resilient contracted earnings, growing cash flows, and a clear path to a larger, more profitable fleet over 2027–2029.

Turn to slide 26
Slide 26 wraps that all up in terms of the ADNOC L&S Group 2026 mid-term guidance which remains unchanged. So, revenues for 2026 are expected to retract by mid-single digits ultimately and as discussed in the segmental guidance is due to lower contribution from EPC projects. On EBITDA we see low to mid-single digit YoY growth supported by higher spot shipping rates in the tankers and gas contract commencements. And in net profit, we are guiding towards low-to-mid-single digit year-on-year growth, delivering mid-to-high-single-digit growth thereafter.

CAPEX remains as planned, with significant continuing financial capacity. Again, we target 2 to 2.5 times net-debt-to-EBITDA. We're projecting all-in financing costs averaging 5%, our funding cost is SOFR + 80 basis points for our newly raised RCF with ADNOC and SOFR + 125 basis points for our hybrid capital instrument, which, of course, shows as zero on the P&L. Our effective tax rate remains 9% on Integrated Logistics, and less than 1% on commercial shipping.

And finally we expect to distribute US$341 million in 2026 dividends up 5% from the new baseline announced of US$325 million with quarterly payouts.

Thanks very much for listening in. With that, I'll hand back to Captain Abdulkareem.

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

Thank you, Hugh.
Our organization continues to experience significant growth, as demonstrated by the substantial expansion within ADNOC and its group companies. The global energy sector is also evolving rapidly, and we are positioned as a truly international company. Today, we rank among the largest integrated energy logistics companies and are well positioned to capture the massive growth of our sectors.

Thank you again for joining us today. I will now ask the moderator to open the call for Q&A.

Q&A Session:

Waleed Jimma

Hello, good afternoon, and thank you for the opportunity to ask questions. I just have one. Given the strong tanker rate trends we've seen over the past few months, is it fair to assume scope for upside to your full year shipping guidance should the current favorable pricing dynamics continue to play out? Thank you.

Hugh Baker (CFO)

Nice to speak to you. Absolutely, yes. Our short-term guidance is based on obviously high and elevated short-term rates. But as those rates continue, then we're able to be more confident that we're going to have a stronger year on the shipping side.

Abhishek Kumar (Bank of America)

Thank you very much. This is Abhishek Kumar from Bank of America. I just wanted to kind of touch base upon your guidance that you have given. Shipping rates have been very high. So just wanted to understand what are you considering in terms of shipping pricing for both VLCC as well as LR/MR tankers while giving this guidance. And again, I mean, in terms of the upside on the Integrated Logistics business as well, I mean, it is a flattish EBITDA guidance. So what are the various levers that you are considering and basing your assumptions on while guiding us?

Hugh Baker (CFO)

I mean the guidance on tankers, again, is very much based on the prevailing first quarter rates. And then obviously, we move into -- using the MSI rates, which are -- as you know, MSI is a third-party tanker consultant that provides estimates as to what future tanker rates will be. We've tended to outperform them in the past, but it's obviously very conservative and appropriate that we use them.

So at the moment, we're looking at 2026 rates averaging around sort of $24,000 for the MRs. We're looking at potentially the VLCC rates at an average of $57,000. Now be aware that we've obviously put two of our VLCCs out on period charter for the year at rates -- much higher than that. So, I think we do recognize that this is conservative, but it's the right way to do it.

Abhishek Kumar (Bank of America)

And on the Integrated Logistics business, what are the moving parts there wherein you can surpass the guidance?

Captain Abdulkareem Al Masabi (CEO)

I think in the Integrated Logistics, it's all about additional units that we are bringing in, as the CFO just highlighted that the acquisition of more assets that will join our fleet. Of course, we are looking at substantiating our fleet from third-party either for chartering in additional jack-up barges or potentially maybe increasing the scope within ADNOC and within the GCC.

As you know that we are operating a few units now in U.S.A. and in the North Sea as well. So again, we are still positive about this market. And I think the rates within this market is still healthy. And also, if you look at the contracts within this region, it's one of the highest actually globally when it comes to the energy sector. So we are still positive.

Giuseppe Villari

Hi. Thank you for your presentation and for taking our questions. We have two, if we may. The first one is regarding the CapEx for the fourth quarter. It was higher than we expected. And I guess that's because you purchased the vessel, but could you give us a little bit more color around the rationale for that, given that it was higher than your '25 guidance? Did you find some interesting opportunity in the market? Or what were the drivers behind that?

And then second question on the additional $3 billion in CapEx. I know you've already given additional details on that, but could you tell us a bit more on the potential timing and potential scope of the CapEx deployment? Is it organic opportunity or inorganic? That would be great. Thank you very much.

Hugh Baker (CFO)

Guiseppe, the uptick in fourth quarter CapEx is mainly due to the delivery of the LNG vessel Al Sadaf, which delivered into a contract with ADNOC Gas.

Captain Abdulkareem Al Masabi (CEO)
The final instalments within the LNG vessels, as you know, these are like 60 percentage payment on completion. That's the main driver actually into this CapEx in Q4 or last month.

Hugh Baker (CFO)

And as for your second question, I mean, we have around -- we have headroom for around $300 billion of CapEx, and we are working very hard to fill that to make those -- bring that CapEx forward as much as we can. And we are working hard to invest money, which we expect to do during the second and third quarters.

Ahmed Es'haqi (SICO Bank)

Thank you for taking my questions. Ahmed Es'haqi from SICO Bank, Bahrain. I just had one question about -- I've seen that you've locked rates for 12 vessels. So I'm just -- and a general question, is this -- can we continue seeing this in the coming quarters, locking in more vessels, especially since VLCC rates are quite high. So is this a possibility or not?

Captain Abdulkareem Al Masabi (CEO)

I think the market is dynamic, Ahmed. And yes, we always assess the market on a day-by-day basis given the volatility that we are seeing today in the market. And you've seen is that the some of the VLCC rates are spiking beyond $130,000 a day. I think we have a very good balance today between hedging our exposure to the spot versus what we have in hand.

We still have four VLCCs, for example, and we've locked two in September or August last year, if you remember, and we have locked another two early this year at above $70,000 rates. I think, to me, it's very balanced. I would rather keep actually some of the vessels for spots that you're asking.

Ahmed Es'haqi (SICO Bank)

Okay. Makes sense. And just one more question, if I may. The question is about the Jack-Up project and mainly the Integrated Logistics segment. So the new vessels, the offshore support vessels and Jack-Up barges that are being added, are they mainly contracted to ADNOC or is it on spot? I think you've mentioned that the ones that are on spot will be on day rates. So I just wanted to understand if you could give us an insight of the percentage that is contracted to ADNOC and any others?

Captain Abdulkareem Al Masabi (CEO)

It's diverse, Ahmed, and it's a good question. Actually, I would say more than 50% is actually with ADNOC and the other 50% is split between Aramco, Qatar Energy. We have one unit in Iraq. And remember, we are operating a few units now in the North Sea and U.S. from a third-party. Usually, the terms for these are long-term. Majority of them are one year and above. Only a few -- and actually, it's very, very few actually that is actually on a project-based.

And they only come for project-based when they are in between long-term contracts. We utilize them for two months, three months. But usually, normally in the Jack-Up barges business, it's one year and above and usually two years, three years, and majority of our Jack-Up barges over 90% or 95%, I would say, is actually one year and above.

Hugh Baker (CFO)

Okay. I have a question on my screen from Lydia from Barclays, who asks me, if I can say that in my first few weeks, what has impressed me most about joining L&S? And how -- where do you feel that I can -- what I feel I can improve and need to work on. So I'm sitting here with my boss, so I'm not going to actually say I need to improve on anything.

The company is pretty good. And I've been very impressed by the quality of our earnings, the quality of our footprint, both in the UAE and within the wider GCC. And we have a $20 billion-plus book of long-term contract revenue. We are a business that made $1.5 billion and $863 million of net income. All of our divisions are really doing very well, and we are in a very strong position in all of our business areas.

So there's not a lot to dislike. It's a really -- it's -- my -- to answer your question, I think I've joined a really strong business.

So the next question from Lydia again from Barclays is, can you give us more examples on the -- of AI and how is that progressing quicker than we expected? And we're also going to talk about the safety stats.

Captain Abdulkareem Al Masabi (CEO)

I think one of the main pillars actually in 2025 and how we achieved our value efficiency initiatives were embedding the technology and artificial intelligence into our operations, trying to optimize and make our operations more efficiently, making sure that we continue to have very good margins within the logistics space. So a few examples in the ILMS, we have already started using the AI in vessels planning, vessels turnaround. We can say that we're already seeing very, very good results, reducing our carbon emissions, reducing the turnaround of the vessels.

Also processing the documentation today is very, very efficient, I would say. And to give you numbers, the turnaround of the vessels alongside the jetty used to be 16 to 17 hours. Today, we are already seeing between 10 and 12 hours around the jetty. The road planning of the vessels as well is very important for us where it takes into account the availability of resources and the receiving facilities and the weather components.

If you look at our Smart Port system that we have utilized, reducing the processing time for receiving vessels in our terminals in ADNOC have reduced from hours, three hours to just under one minute. Again, thousands of hours have been saved. Similarly, if you look at it in the HSE part where we have with it alongside AIQ, where we have the smart camera system that actually trigger unsafe acts on board our vessels, you can see our HSE results is at its best historical -- actually results or record you can see today.

Again, there are many, many other examples we use from ShipWatch as well from other systems that we are embedding even in the administration side. So it is very much embedded in our DNA. There is still big room for utilizing technology and AI within the operations.

Hugh Baker (CFO)

Okay. So the next question is regarding the revenue from -- this is from Muhammad Al-Maziri from -- regarding the revenue from the Services segment, which highlighted the contribution of Navig8's Commercial Pooling segment, he is aware that after acquiring Navig8 management has chosen to consolidate the Fleet segment, but opted out of consolidated the bunker fuel and Commercial Pooling segment. Is that still the case? I think that, obviously, we did -- Muhammad, to answer the question, we deconsolidated the Integrated Logistics business.

It remains deconsolidated. It had -- the revenue on that business is very, very high, and it's bunker trading and is a low-margin business. So we were -- we thought that deconsolidation was the right thing to do. And it's certainly -- the addition of that business is not helpful to our EBITDA margins, and we're very, very focused on a strong EBITDA margin performance.

The next question was about the discrepancy between the surging tanker rates globally and the product tanker segment that -- and the rates that we earned from our product tankers and how they performed. What's the expectation for rates going forward?

Captain Abdulkareem Al Masabi (CEO)

I think if you look at the crude market today, it's still very positive, very healthy and due to many reasons, one of which is the geopolitical situations, the change of routes between East and West, production, OPEC+, many, many things that is impacting actually the crude. And even if you look at the crude on water today, it is at its highest level, okay, in the past two decades as well, which contributed also to a much higher utilization for crude.

Definitely, product tankers, they do rally actually behind the VLCCs. Yes, it takes time for them. But again, if we remember, we were in the range of 2020 -- just north of $20,000. Today, we are already seeing $40,000 and in some cases, $50,000. So again, it's more than doubled actually in the product tanker side. Yes, maybe we have not reached the end of Q4 or Q3 2023, early Q1 2024. But again, it's still very, very good and very healthy, I would say, rates these days, especially in the product side.

Thomas Backmann (VP of Investor Relations)

I think that was the last question here on the chat. So, with that, we would like to thank all of you for joining today. And if you have any further questions, then please get hold of me or my IR team. We are here to help you. So, thank you and have a great day.