



Qatar Navigation (Milaha)

Full Year 2025 Financial Results & Valuation Review

Current Price

QAR 11.14

As of Jan 28, 2026

Target Price

QAR 12.40

↑ +11.3% Upside

Market Cap

QAR 12.84 B

52-Week Range

9.80 - 11.50

Key Valuation Metrics (FY2025)

9.95x

P/E Ratio

↓vs 11.4x Peers

0.71x

P/B Ratio

Deep Value Zone

4.0%

Dividend Yield

DPS QAR 0.45

0.12x

Debt-to-Equity

Fortress Balance Sheet

Total Expected Return

15.3%

Investment Highlights



Strong Earnings Momentum

Achieved a 13.3% year-over-year net profit growth in FY2025 (QAR 1.27 billion), fueled by strong offshore services activity and operational enhancements.



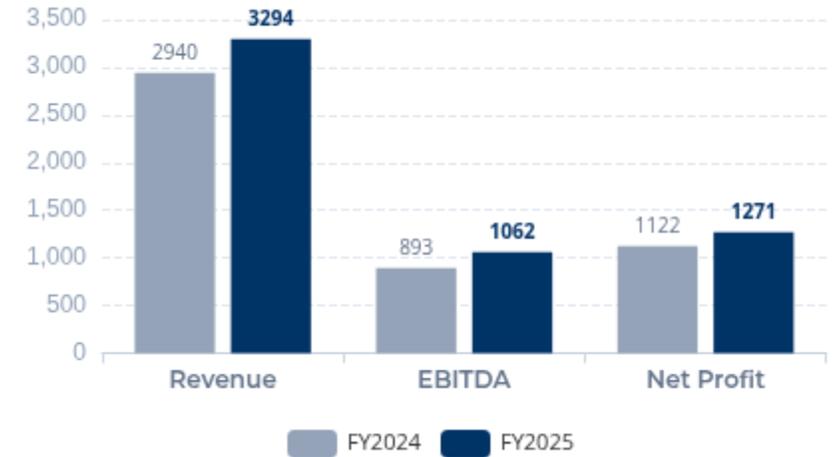
Strategic Asset Value

Nakilat 36.3% stake is capable of producing a constant recurring income (QAR 450-500M annually) and exposure to long-term LNG shipping contracts.

Key Performance Indicators (YoY)

METRIC (QAR MILLION)	FY2024	FY2025	CHANGE	% GROWTH
Operating Revenue	2,940	3,294	+354	12.0%
Operating Profit	593	688	+95	16.0%
EBITDA	893	1,062	+169	18.9%
Net Profit	1,122	1,271	+149	13.3%
EPS (QAR)	0.99	1.12	+0.13	13.1%
Dividend/Share (QAR)	0.40	0.45	+0.05	12.5%

Performance Trajectory



Commentary & Drivers

Broad-Based Expansion:

Double-digit growth across revenue, EBITDA, and net profit driven by strong offshore activity.

Margin Improvement:

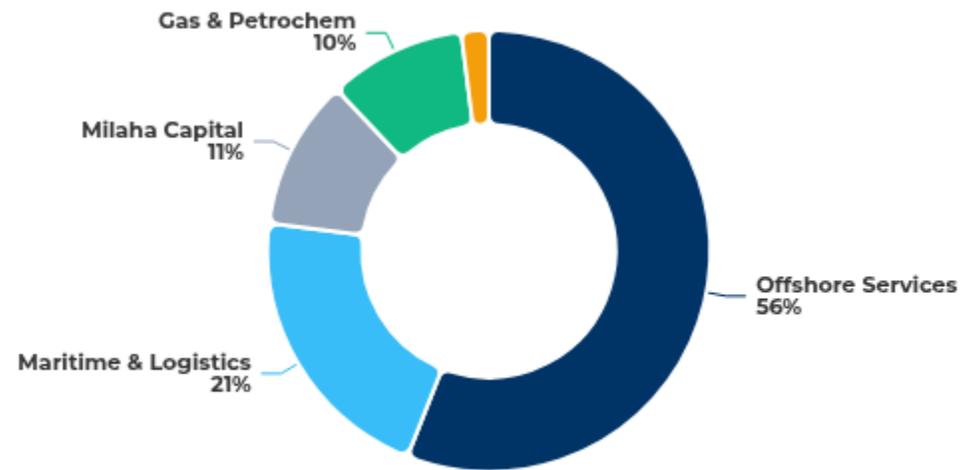
Operational efficiency and higher utilization rates boosted operating margins.

Shareholder Returns:

Dividend increased by 12.5% to QAR 0.45/share reflecting confidence in cash flow sustainability.

Strategic Gains:

Revenue Contribution (%)



■ Offshore Services
 ■ Maritime & Logistics
 ■ Milaha Capital
 ■ Gas & Petrochem
 ■ Trading

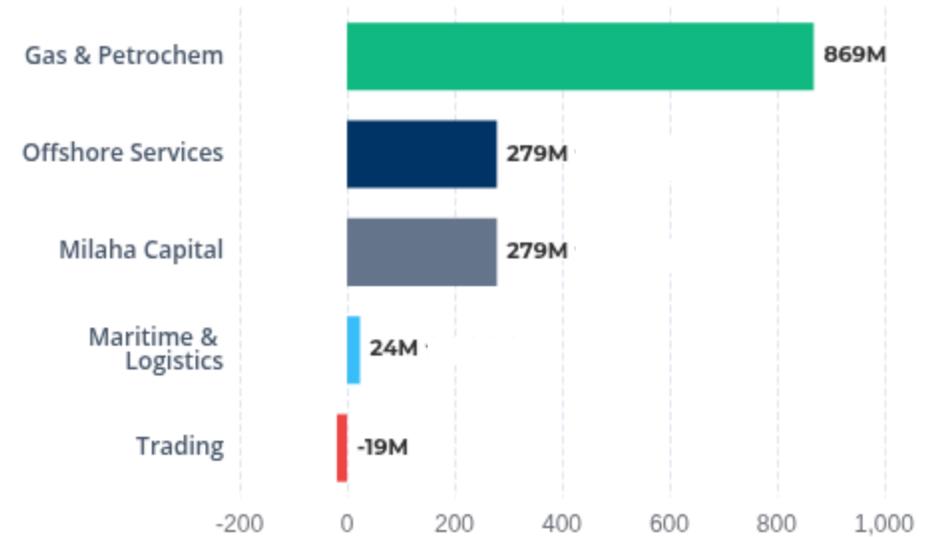
Offshore Dominance:

56% of the total revenue is attributed to expansion activities at North Field.

Growth Driver:

The offshore sector is benefiting from increased vessel utilization and higher day rates.

Segment Net Profit (QAR Million)



PERFORMANCE INSIGHTS

- ✓ **Gas & Petrochem:** Includes ~QAR 84M one-time gain from VLGC sale.
- ✓ **Maritime & Logistics:** Successful turnaround posted QAR 24M profit vs prior loss.
- ☑ **Trading:** Remains under pressure with QAR 19 M loss.

OFFSHORE SERVICES

Core Driver

REVENUE
QAR 1,832M

NET PROFIT
QAR 279M

GROWTH DRIVERS

North Field Expansion:

Surge in support vessel demand from massive LNG project execution.

Fleet Utilization:

New capacity additions achieved high utilization rates near 90%.

Pricing Power:

Offshore day rates trending higher globally and regionally.

Contract Wins:

Secured multiple long-term charters with QatarEnergy.

SECTOR OUTLOOK

Demand visibility remains robust through 2027; expecting continued profit margin expansion.

Gas & Petrochemical

REVENUE
QAR 320M

NET PROFIT
QAR 869M

KEY COMPONENTS

Nakilat Stake (36.3%):

Contributed QAR 1.69B total profit share (~QAR 632M to QNNS).

One-Time Gain:

~QAR 84M realized from strategic sale of Very Large Gas Carrier (VLGC).

Recurring Income:

Stable dividends and associate income provide earnings floor.

Asset Base:

Fleet includes VLGCs and Floating Storage Offloading (FSO) unit.

SECTOR OUTLOOK

Stable recurring income stream; Nakilat benefiting from LNG super-cycle demand.

MARITIME & LOGISTICS

REVENUE
QAR 680M

NET PROFIT
QAR 24M

TURNAROUND SUCCESS

QTerminals Impact:

Strong performance in port operations drove segment profitability.

Volume Growth:

Handled over 3,000 vessels in 2025 across managed ports.

Expansion Plan:

Targeting acquisition/management of 3 new international ports by 2027.

Market Growth:

Qatar logistics market forecast to grow from \$10B to \$14B (2031).

SECTOR OUTLOOK

Growth acceleration expected as operational efficiencies scale and new ports come online.

Comprehensive Ratio Analysis

Financial Health & Valuation Assessment

PROFITABILITY RATIOS

METRIC	FY2025	ASSESSMENT
Operating Margin	20.9%	STRONG
EBITDA Margin	32.2%	HEALTHY
Net Margin	38.6%	EXCELLENT
ROA	6.4%	ABOVE AVG
ROE	7.2%	BELOW
ROIC	3.6%	BELOW

KEY INSIGHT

Exceptional margins driven by associate income and one-off gains, though capital intensity weighs on ROE/ROIC metrics compared to asset-light peers.

LIQUIDITY & LEVERAGE

METRIC	FY2025	ASSESSMENT
Current Ratio	2.08x	STRONG
Quick Ratio	2.04x	STRONG
Debt-to-Equity	0.12x	CONSERVATIVE
Interest Coverage	45.9x	EXCELLENT
Equity Ratio	88.9%	VERY STRONG

KEY INSIGHT

The minimum leverage on Fortress balance sheet gives it a lot of room to expand its fleet.

VALUATION METRICS

METRIC	QNNS	ASSESSMENT
P/E Ratio	9.95x	UNDERVALUED
P/B Ratio	0.71x	DEEP VALUE
EV/EBITDA	10.7x	FAIR
Dividend Yield	4.0%	Average

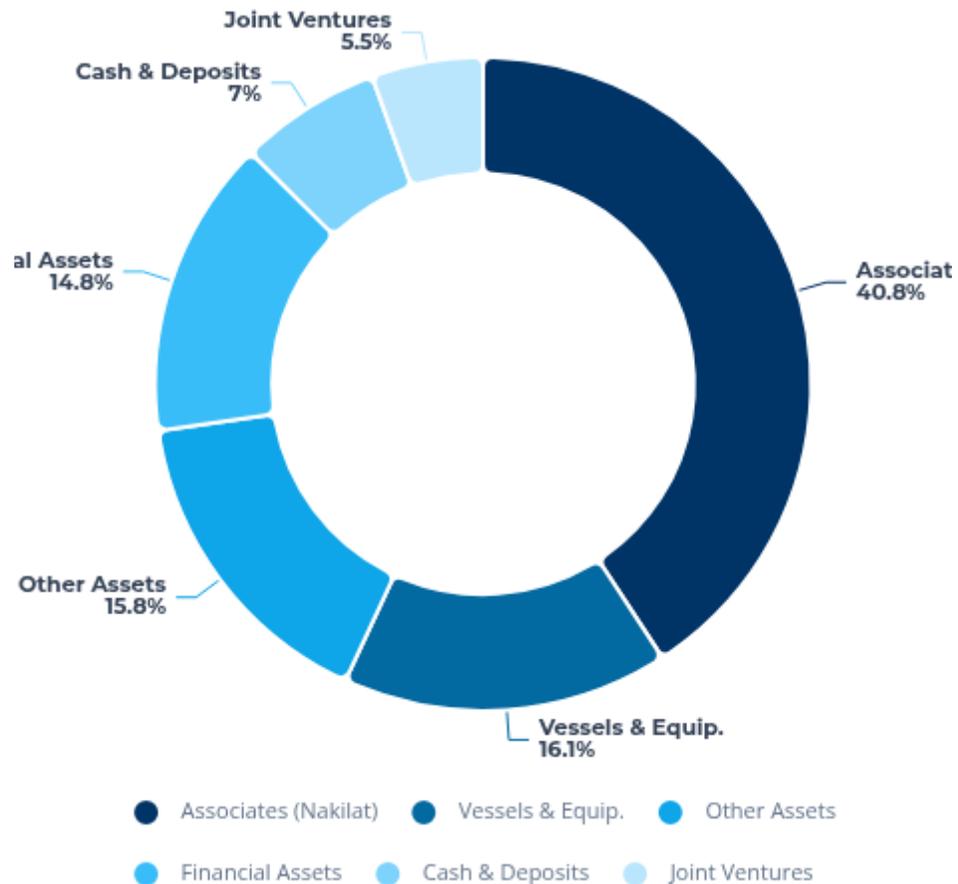
KEY INSIGHT

Trading at **13% P/E discount** to peers.

0.71x P/B signals significant undervaluation relative to asset quality.

But need to enhance ROE.

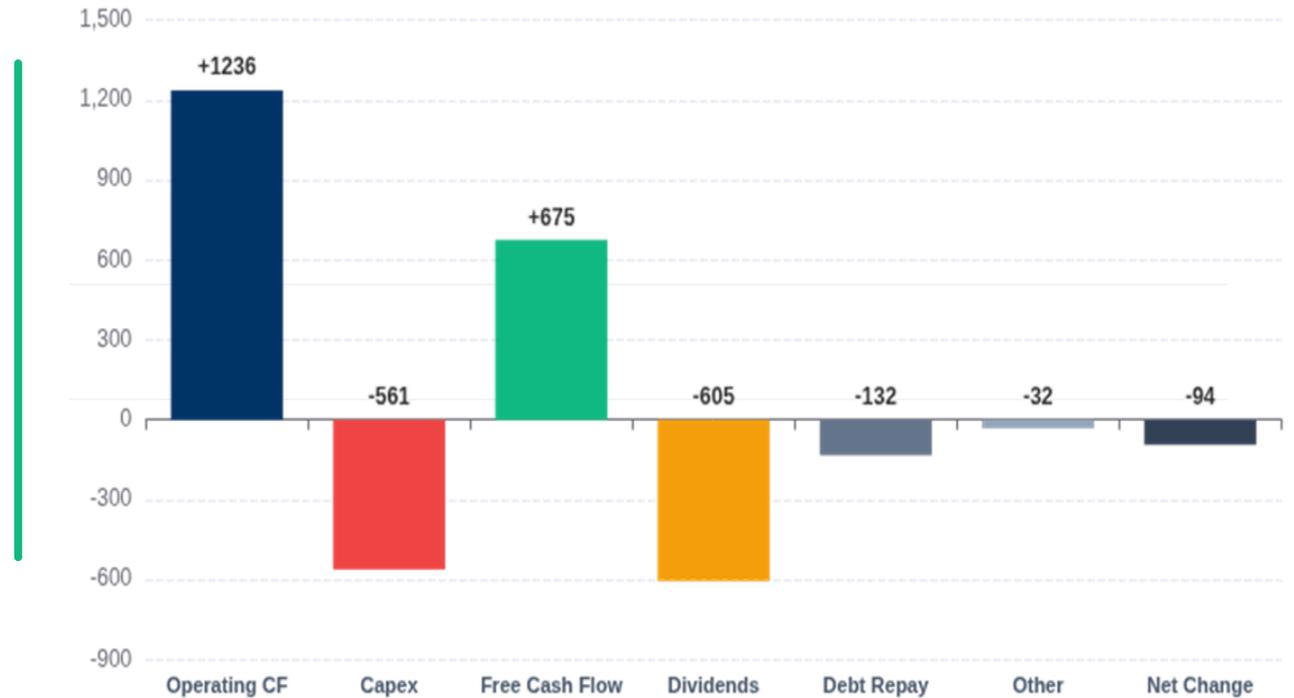
Total Assets Composition (QAR 20.26B)



FY2025 Cash Flow Bridge (QAR Million)

Operating Strength

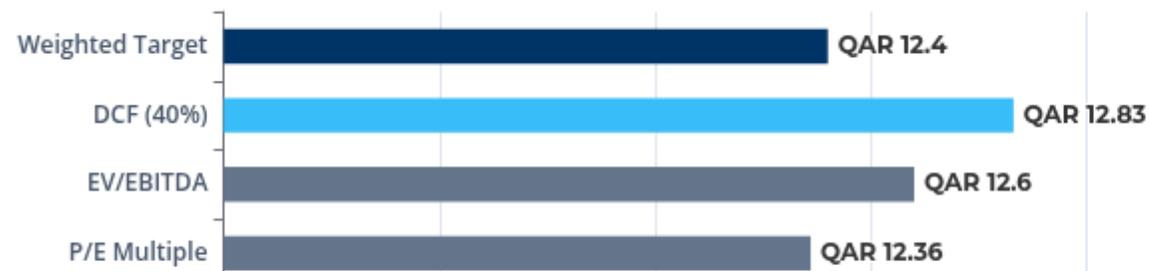
Robust OCF of QAR 1.236B driven by core offshore performance and efficient working capital management, fully covering capex requirements.



Regional Maritime & Logistics Peer Group

COMPANY	MARKET CAP	P/E RATIO	P/B RATIO	ROE	DIV YIELD	D/E RATIO
Qatar Navigation QNNS	QAR 12.8B	9.95x	0.71x	7.2%	4.0%	0.12x
Nakilat	QAR 24.2B	14.3x	1.12x	7.2%	4.5%	0.35x
DP World	~\$19.5B	11.2x	1.45x	12.3%	3.8%	0.65x
Bahri	SAR 35.1B	10.8x	1.15x	10.5%	5.2%	0.28x
Regional Average	-	11.4x	1.08x	9.3%	4.4%	0.35x

Valuation Methodology & Weighted Target



Target Price

QAR 12.40

+11.3% Upside

Relative Undervaluation

QNNS trades at a 13% P/E discount and 34% P/B discount to peer average, despite superior balance sheet strength.

BUY

Current Price	QAR 11.14
Target Price	QAR 12.40
Upside Potential	+11.3%
Dividend Yield	4.0%
Total Exp. Return	15.3%
Inv. Horizon	12-18 Months
Risk Profile	Medium

Risk Priority Matrix

High Priority Risks

Nakilat Dependency:	Associates contributed ~37% of net profit; performance heavily tied to single equity stake.
Earnings Quality:	FY2025 net profit boosted by QAR 84M non-recurring gain from VLGC sale; core growth is lower adjusted.

Medium Priority Risks

Capital Efficiency:	ROE of 7.2% remains below regional peer average of 9.3%, indicating potential capital drag.
Geographic Concentration:	~85% of revenue derived from Qatar; sensitive to local economic cycles.
Sector Cyclicity:	Offshore support segment exposed to oil & gas price volatility and exploration budget cuts.

Low Priority / Mitigated Risks

Financial Risk:	Minimal concern due to 46x interest coverage ratio and conservative 0.12x debt-to-equity.
Liquidity Risk:	Strong current ratio of 2.08x ensures ability to meet short-term obligations comfortably.

Trading Action Plan

Initiate / Entry QAR 11.14

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