



# **ARADEL HOLDINGS PLC**

## **Q1 2026**

# **Earnings Report Update**

**PREPARED BY:  
SAVEST RESEARCH**

## Company Overview

Aradel Holdings Plc is an integrated energy company engaged in the exploration, production, refining, and distribution of crude oil, natural gas, and related energy products across Nigeria. The company also maintains investments in selected non-oil and gas businesses, supporting diversification and long-term value creation.

The company's core operations are anchored by its upstream oil and gas activities, with its flagship asset being the Ogbale Marginal Field in Rivers State. Through its integrated business model, Aradel participates across multiple segments of the energy value chain, including hydrocarbon production, processing, and marketing.

Founded in 1992 and headquartered in Lagos, Aradel Holdings has established itself as a significant indigenous energy company in Nigeria, leveraging its asset base, operational expertise, and strategic investments to support energy development and sustainable growth within the country's oil and gas sector.

“ Commenting on the results, Mr. Adebite Falade, Chief Executive Officer of Aradel Holdings Plc, stated that Q1 2026 marked a significant milestone as the first full quarter reflecting the earnings impact of the Group’s enlarged asset base following the consolidation of NDW and its majority interest in Renaissance. He highlighted that production tripled to 12.9 mboe, operating cash flow increased 27-fold to ₦868.3 billion, while revenue and profit after tax reached ₦728.5 billion and ₦120.3 billion, respectively, demonstrating the strength of Aradel’s diversified upstream, gas, and refining portfolio. Management's focus for the remainder of 2026 remains on optimizing assets, improving operational efficiency, increasing production, and further diversifying revenue streams.

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## Commentary

## Revenue by Segment

Billion Naira	Q1 2025	Q1 2026	YOY
Crude Oil	188.68	534.04	183.05%
Gas	4.92	190.36	3765.42%
Refined Products	55.28	57.26	3.59%
Investment Properties	0.30	0.28	-8.93%

Source: Company's Financial Statement

Crude Oil remained Aradel's dominant earnings engine, contributing 68.3% of total segment revenue in Q1 2026, compared with 69.4% in Q1 2025. Performance was supported by stronger production volumes and favourable crude pricing, partly benefiting from heightened geopolitical risk in the Middle East, which sustained elevated oil prices. However, the segment remains exposed to oil price volatility, security disruptions, and potential moderation in prices should Middle East tensions ease.

The Gas segment increased its contribution to Group revenue to 24.4% from 18.1% in the prior year, reflecting rising domestic gas demand and stronger gas commercialization. The segment was the key beneficiary of Aradel's diversification strategy, providing a more stable earnings stream than crude oil. Key risks remain infrastructure constraints, pricing regulations, and execution challenges associated with expanding gas delivery capacity.

Refined Products contributed 7.3% of Group revenue, up from 4.0% a year earlier, supported by increased refinery throughput and stronger product sales. The segment benefited from favourable domestic demand conditions and ongoing efforts to deepen downstream integration. However, profitability remains sensitive to refining margins, feedstock availability, and regulatory developments within Nigeria's downstream petroleum market.

Aradel's revenue became more diversified, with Gas and Refined Products contributing 31.7% of revenue versus 22.1% in Q1 2025, reducing dependence on crude oil and enhancing earnings resilience.

## Financial Summary

Billion USD	Q1 2025	Q1 2026	YOY
Revenue	199.87	728.52	264.50%
Gross profit	78.89	256.28	224.86%
Operating profit	63.56	372.92	486.73%
Net Finance (cost)/income	(1.25)	(89.08)	7049.66%
Pre-tax profit (loss)	67.17	283.84	322.54%
Profit after taxation	34.20	120.29	251.76%
Earnings per share	7.77	15.24	96.14%
Net cash from operations	30.62	868.33	2735.83%
Net cash from investing	(72.50)	(132.27)	-82.45%
Net cash from financing	(9.62)	(634.37)	-6494.78%
Change in cash & equivalents	(51.50)	101.69	297.47%
Closing cash balance	360.54	1,600.35	343.88%

Source: Company's Financial Statement

# Performance Highlights

- Aradel delivered an exceptionally strong revenue performance in Q1 2026, supported by higher crude oil production, stronger gas sales, increased refined product output, and favourable energy prices. The Middle East conflict provided an additional tailwind by sustaining elevated crude oil prices and tightening global energy markets. While Crude Oil remained the largest revenue contributor at 68.3% of segment revenue, Gas increased its contribution to 24.4% from 18.1%, while Refined Products expanded to 7.3% from 4.0%, highlighting the growing importance of the Group's diversification strategy beyond upstream oil production.
- Cost pressures increased during the quarter as the Group scaled operations across upstream, gas, and refining activities. Cost of sales rose broadly in line with production growth, while administrative expenses increased significantly due to business expansion and integration activities. In addition, finance costs rose sharply following acquisition-related obligations and higher borrowing costs. Nevertheless, the revenue uplift generated from stronger production volumes and favourable commodity prices more than offset the increase in operating costs.
- The Group demonstrated strong profitability conversion during the quarter. Operating margin improved to 51.2% from 31.8% in the prior year, while net profit margin remained robust at approximately 16.5%, reflecting strong operating leverage and improved earnings efficiency. The results indicate that a larger proportion of revenue translated into operating profit despite higher operating and financing costs. Elevated energy prices resulting from geopolitical tensions further supported profitability by enhancing realized prices across the hydrocarbon portfolio.
- Cash flow generation strengthened materially, with net cash generated from operating activities rising to ₦868.3 billion from ₦30.6 billion in the corresponding period of 2025. The improvement was driven by stronger earnings, improved working capital management, and higher cash receipts from hydrocarbon sales. The Middle East conflict indirectly supported cash generation through stronger oil prices and improved operating cash inflows. However, the Group also recorded substantial financing cash outflows related to debt repayments, acquisition obligations, and distributions to non-controlling interests.
- Aradel's balance sheet remains exceptionally strong, supported by substantial liquidity and retained earnings accumulation. Cash and cash equivalents increased to approximately ₦1.60 trillion, while retained earnings rose to ₦1.08 trillion, providing significant financial flexibility for future investments and production expansion. Although foreign currency translation losses and distributions to minority interests reduced reported equity during the quarter, the overall financial position remains robust. The strong liquidity profile places the Group in a favourable position to navigate commodity price volatility and capitalize on opportunities arising from evolving global energy market dynamics.

## Concerns Raised

Despite the strong Q1 performance, investors should closely monitor commodity price risk in Q2. A significant portion of Aradel's earnings remains linked to crude oil, which contributed 68.3% of segment revenue. Q1 earnings benefited from elevated oil prices driven by tensions in the Middle East. However, with the recent de-escalation of the conflict, any increase in OPEC+ supply or weakening global demand could put pressure on oil prices, thereby reducing revenue and profitability.

A second key watchpoint is the sharp increase in finance costs and financing obligations. While operating earnings expanded strongly, finance costs rose materially due to acquisition-related funding and borrowings. Sustained high interest rates, additional debt servicing requirements, or weaker operating cash flows could weigh on future earnings and reduce the profitability gains achieved in Q1.

Investors should also monitor the Group's ability to sustain its gas and downstream growth momentum. The growing contribution of Gas and Refined Products is central to Aradel's diversification strategy and earnings resilience. Any operational disruptions, infrastructure constraints, refinery throughput challenges, regulatory changes, or delays in project execution could slow diversification progress and increase the Group's dependence on the more volatile crude oil segment.

### OUR INSIGHT

“ Aradel delivered a strong Q1 2026 performance, driven by higher production, stronger energy prices, and growing contributions from Gas and Refined Products. The improving revenue mix, robust cash generation, and expanding margins highlight the success of its diversification strategy and strengthen earnings resilience.

The long-term investment case remains attractive, supported by a strong balance sheet, substantial liquidity, expanding gas operations, and increasing downstream integration. These position the Company to benefit from rising domestic energy demand and Nigeria's gas commercialization agenda.

Key watchpoints include oil price volatility, rising finance costs, and execution risks within gas and refining expansion projects. Investors should also monitor the sustainability of earnings once Middle East-related price support moderates and the pace at which non-crude businesses continue to increase their contribution to earnings.

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