



**Aradel Holdings Unaudited FY 2024 Report: Earnings Grows by Triple-digit as Production Increases.**



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**Key Highlights.**

**Aradel Holdings'** unaudited FY 2024 result showed strong financial performance, with triple-digit growth in earnings, wider profit margins, and robust liquidity. With higher oil prices, increased production levels, and subsidy removal, the oil company's revenue rose +162.74% to N581.02bn in FY 2024, with 64% generated from crude oil sales, 31% from refined products, and 5% from gas production. Despite the +164.31% and +231.34% growth in general expenses and cost of sales driven mainly by staff cost and crude oil handling prices, the inflow from finance income and share profit of an associate company preserved the bottom-line earnings (*see table 1*).

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Table 1:

KEY HIGHLIGHTS			
	FY 2023 (N'bn)	FY 2024 (N'bn)	Growth Rate
Revenue	221.14	581.02	162.74%
Cost of sales	78.81	261.13	231.34%
Gross Profit	142.33	319.81	124.69%
Finance income	6.61	15.96	141.45%
Finance Costs	11.72	23.03	96.50%
Operating expenses	20.37	53.84	164.31%
Profit Before Tax	112.16	321.60	186.73%
Profit After Tax	53.74	247.79	361.11%
Earnings per share	12.37	57.04	361.12%
Total Assets	923.43	1,744.93	88.96%
Shareholder's Equity	704.64	1392.89	97.67%
Borrowings	61.97	96.40	55.55%
Cash and Cash equivalent	194.62	422.21	116.94%
Inventories	15.97	47.84	199.54%

Source: Financial Statement, Proshare Research. Proshare.

### Ratios

In performance ratios, Aradel showed strong shareholder return, efficient asset utilisation, lower financial risk and healthy liquidity position, though a lower gross profit margin suggests rising cost pressure (see table 2).

Table 2:

RATIOS		
	2023	2024
Gross profit margin	64.36%	55.04%
Net profit Margin	24.30%	42.65%
Return on equity	7.63%	17.79%
Return on assets	5.82%	14.20%
Current Ratio	2.07x	2.41x
Acid-Test Ratio	1.94x	2.19x
Inventory Turnover Ratio	4.93x	5.46x
Debt-to-equity ratio	0.09x	0.07x

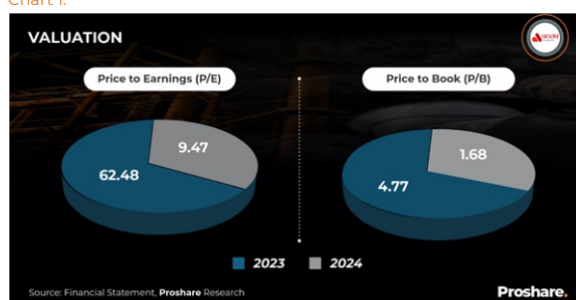
Source: Financial Statement, Proshare Research. Proshare.

### Valuation

Aradel Holding's price-to-earnings and price-to-book value declined to 9.47x and 1.68x in FY 2024 compared to 62.48x and 4.77x. This reveals stronger fundamental value relative to market perception, suggesting hidden potentials (see chart 1).



Chart 1:



### Share Price Movement.

After listing on the NGX on October 14, 2024, at N772.90, Aradel Holding's share price nosedived to a support level of N401.1 early in November. Later in the month, the share price recovered, rising to N730.4 on December 19, 2024. The rally reversed, and the price resumed a downward trend to settle at N598.00 on December 31, 2024, and returned a loss of -22.68% compared to NGX ASI's return of 37.65%. (see chart 2).

Chart 2:



### Closing Thought.

The expected impact of Trump’s baby drill on supply and oil prices might threaten the oil and gas industry’s performance in 2025. The dominant players like Aradel Holdings might likely see a slight decline in earnings from crude oil (which accounts for around 60%), but earnings from refined products and gas should provide mild support. Also, the recent approval of sale of Shell’s onshore assets to Renaissance Africa which is made of Aradel and other prominent operators will help deepen production capacity and dominance in the sector. The shell assets hold a combined estimated volume of 6.72bn barrels of oil and condensate and 56.27trn cubic feet of associated and non-associated gas.

For further updates on **Aradel Holdings**, follow the company **Proshare Investor Relations (IR) Portal**.

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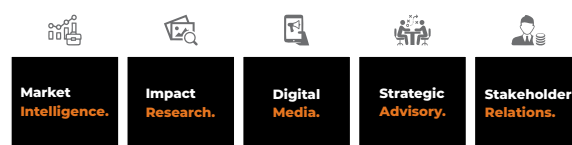
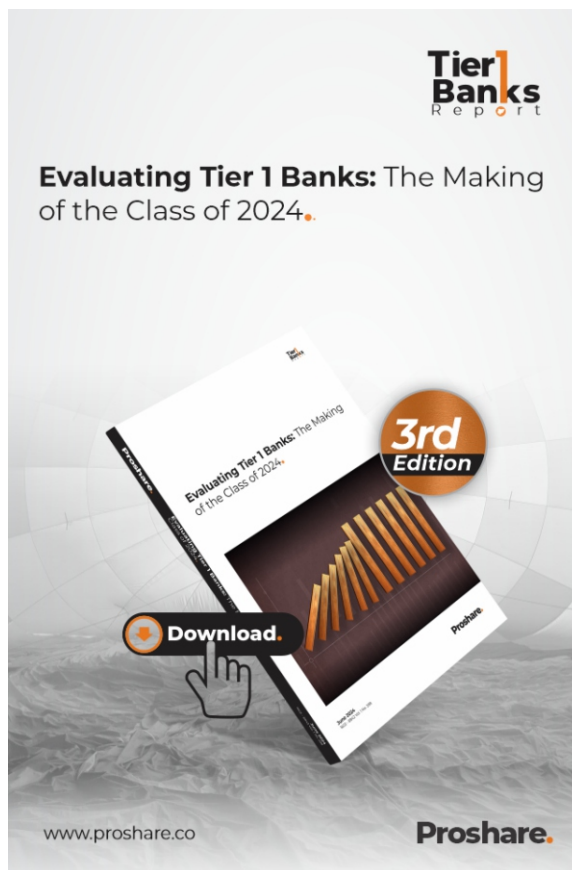
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**Teslim SHITTA-BEY**  
 Managing Editor/CE

  
**Tosin IGE**  
 Head, Research



### Contacts.

Olufemi <b>AWOYEMI</b> , <i>mni</i> ceo@proshare.co	www.proshare.co
Teslim <b>SHITTA-BEY</b> teslim.bey@proshare.co	+234 902 407 5284
Tosin <b>IGE</b> research@Proshare.co	@proshare
Ademidun <b>SHOGO</b> ireconomist@Proshare.co	proshare.co
	proshare.co
	proshare.co

Plot 590b, Lekan Asuni  
 Close, Off Toyin Omotosho Street,  
 Omole Phase 2, Isheri Olowora  
 Ikeja, Lagos, Nigeria **PC: 105102**  
 Tel: **0700 – PROSHARE**  
 E-mail: info@proshare.co