

Azerbaijan Oil & Gas Profile: SOCAR

Latest Updates

- Germany's Securing Energy for Europe (SEFE) has signed a 10-year natural gas supply agreement with Azerbaijan's SOCAR, starting in 2025. Under the contract, SOCAR will deliver up to 15TWh (about 1.5bcm) of gas annually to SEFE, gradually ramping up volumes.
- In Q4 2024, Azerbaijan hosted COP29. On the sidelines of the conference, SOCAR signed several agreements and hosted a number of events related to decarbonisation.
- It signed a Joint Research Agreement with Tree Energy Solutions to explore the development of an electric natural gas project in Azerbaijan, with the agreement outlining steps to evaluate the technical and commercial viability of deploying the latter's upstream module technology in the country.
- It also signed a Memorandum of Understanding with PowerChina covering collaboration on the deployment of renewable energies in Azerbaijan. Specifically, it outlines plans to jointly evaluate and invest in solar and wind power plant construction, integrated smart grid systems and green hydrogen production.
- It also hosted several events, including a forum on the Oil and Gas Methane Partnership 2.0 and events on SOCAR's activities in the field of decarbonisation and on accelerating decarbonisation in the oil and gas sector.

- On December 1 2024, SOCAR began supplying natural gas to Slovakia’s largest state-owned energy operator, SPP, following a short-term pilot contract. This was in anticipation of supply shortages following the termination of the Russia-Ukraine gas transit deal on January 1 2025, which had previously supplied Russian gas to Slovakia.

Strengths	Weaknesses
<ul style="list-style-type: none">Stakes in all major producing assets.Large proven reserves base.Strategic partnerships with key international oil producers.	<ul style="list-style-type: none">Maturing oil assets.High-cost and technically challenging gas asset base.Lack of geographical diversification.Ageing and low-efficiency downstream sector.
Opportunities	Threats
<ul style="list-style-type: none">Significant under-explored acreage offshore.Technological advances unlocking new exploration onshore.	<ul style="list-style-type: none">Chronic rig shortage in Caspian Sea region.Limited gas export avenues.Steep natural decline rates at the flagship ACG fields.

Company Overview

SOCAR is the NOC of Azerbaijan. It is 100% state-owned and has a dominant position in the upstream, downstream and midstream sectors. SOCAR holds a stake in all the major producing fields, operates Azerbaijan's two refineries, and owns most of the transport and retail infrastructure.

Major Upstream Assets In Azerbaijan

Name	Type	Reserves	Stake (%)
Absheron	Gas, gas condensate	350bcm gas; 45mn tonnes condensates - IIP	40.0
ACG	Oil	5mn-6mn bbl oil - P1	25.0

Source: SOCAR, BMI

Shah Deniz	Gas, gas condensate	625bcm gas; 100mn tonnes condensates - P1	16.7
Umid-Babek	Gas, gas condensate	600bcm gas; 120mn tonnes condensates - IIP	Under tender

Source: SOCAR, BMI

Key Financial Data

	2021	2022	2023	2024F	2025F	2026F
Gross revenue, USDmn	45,607	70,134	50,118	50,610	45,935	42,530
EBITDA Margin, %	10.0	9.6	7.3	7.0	7.2	7.0
EBITDA Net Leverage, x	2.0	0.5	1.6	1.4	1.4	1.4

Source: Fitch Ratings, BMI

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